

ANNUAL REPORT

# Swedish exports match global challenges

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# .22



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# The year in brief

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1,505

During the year, EKN guaranteed 1 505 new transactions of which 441 for SMEs (1,781 new transactions, SMEs 498).

127

The exports that EKN guaranteed went to 127 countries (139) . At year-end, EKN had guarantees outstanding for transactions in 140 countries (146).

64.8

The volume of guarantees amounted to SEK 64.8 billion, of which 2.6 billion was to SME

419

There were 419 customers, of which 275 were SMEs. (480, of which 326 SMEs).

881

Claims payments amounted to SEK 881 million (779).

799

During the year EKN recovered SEK 799 million (349).

7.0

Provisions for claims amounted to SEK 7.0 billion (1.2).

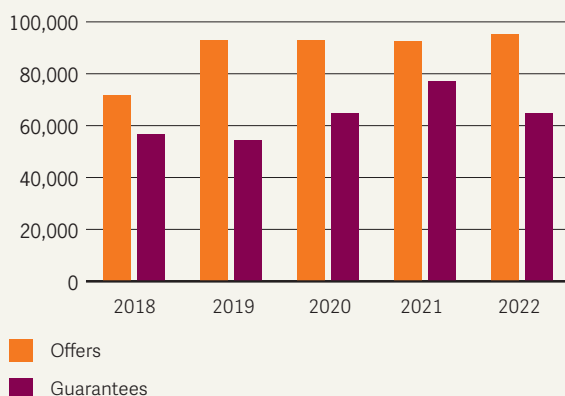
9%

The share of green transactions, according to EU-taxonomy, accounted for 9% of EKN's guarantee portfolio.

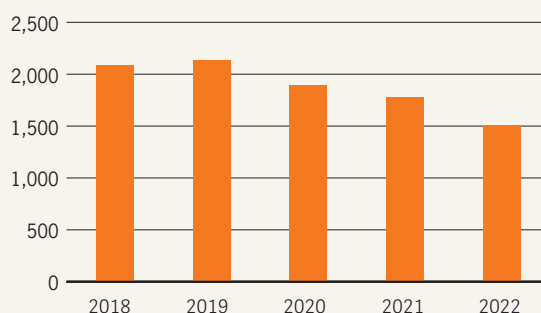
-912

The profit amounted to SEK -912 million (proforma 1,603). EKN continues to have a stable financial position.

### 1.1 NEW OFFERS AND GUARANTEES (SEK MILLION)



### 1.2 NUMBER OF NEW TRANSACTIONS



### 1.3 NUMBER OF CLIENTS

	31/12/2022	31/12/2021	31/12/2020	31/12/2019	31/12/2018
Number of clients	419	480	494	445	419

### 1.4 NEW OFFERS, GUARANTEES AND PROFIT/LOSS (SEK MILLION)

	2022	2021	2020	2019	2018
New offers	95,078	92,589	92,781	93,116	71,890
New guarantees	64,816	77,125	64,691	54,231	56,816
Earned premiums	2,020	1,911 **	1,080	1,729	1,384
Claims paid	-898	-799	-1,637	-1,861	-1,738
Profit/Loss	-912	1,603 **	194	1,067	1,004

### 1.5 OUTSTANDING EXPOSURE AND ACCUMULATED EARNINGS (SEK MILLION)

	31/12/2022	31/12/2021	31/12/2020	31/12/2019	31/12/2018
Offers outstanding	155,058	140,954	136,344	118,848	94,769
Guarantees outstanding	248,989	223,955	184,330	195,862	193,295
Provisions*	11,559	10,246	9,058	8,137	9,031
Outstanding claims, nominal*	15,056	13,855	13,012	12,595	11,429
Outstanding claims, calculated net value*	1,856	1,873	1,703	1,814	1,727
Equity*	25,267	26,060 **	24,712	24,930	23,863

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

\* In those balance sheet items the working capital credit guarantees for large corporates are included.

\*\* Proforma.

# Export credits for global transition

Swedish exports have held up well in a year with many challenges. Swedish companies innovation is in demand as the world transitions away from fossil fuel dependence. EKN is concluding a year with guarantee volume of SEK 65 billion.

Following considerable challenges for businesses, with pandemic restrictions, supply problems and struggling transport systems, international trade took off again. Swedish companies were quick to adapt and were positive about the future. However, everything changed on 24 February with Russia's war against Ukraine. Immediately it led not only to human suffering, but also to the outside world taking action. The consequences of the war have had a ripple effect, reinforcing negative trends – the energy crisis, food shortages, inflation and recession.

Nevertheless, Swedish exports have performed well. The strong dollar and euro, relative to the Swedish krona, have contributed to this. But the main reason is innovative Swedish companies engaging in successful ventures.

## Financing in focus at COP27

Extreme weather is a recurring reminder of rapid warming and the world's failure to curb greenhouse gas emissions. In August, a third of Pakistan's landmass was under water, with catastrophic results. Investments must now flow into transition projects. The cost of fossil-free solutions in energy and industry is falling. With its long and competitive history in mining, steel, forestry, energy, transport and telecoms, Swedish industry offers in-demand solutions to the world's challenges.

Individuals and stakeholders from around the world participated in COP27 in Sharm el-Sheikh to reach agreements on climate action. As seminar panellists, EKN's delegates highlighted the advantages of export financing. The need for in-

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When we work together, funding can be provided to support these important initiatives.

vestment and how best to obtain finance are issues that increasingly come into focus. We experienced great interest in the Swedish export credit system, which we presented along with SEK (Swedish Export Credit Corporation). EKN's guarantees are a key part of financing large projects in which Swedish goods and services are in demand.

It is clear that there needs to be more than one solution or one source of funding to meet these major needs. When we work together, funding can be provided to support these important initiatives. Like piecing together a large jigsaw puzzle, export credit institutions, commercial banks, development banks and Aid represent the different pieces that together produce visible results. I look forward to working more closely with other partners and appreciate the benefits of the reinsurance agreement Japan's NEXI and EKN concluded this spring.

## High guarantee volume

The guarantees issued this year amounted to SEK 64.8 billion. Telecoms operators, mainly in the US and high-income countries in Asia, are investing in 5G. As was the case when 3G and subsequently 4G were rolled out, Swedish telecoms dominate and EKN's guarantees are in demand to finance the transactions. Major deals include another wind power project in the North Sea and Sweden's long history in paper and pulp is also reflected in this year's guarantees.

EKN is adapting guarantees to company demand and last autumn, launched an import guarantee to secure Swedish export industry's access to raw materials.

### The export boom for SMEs

The sharp turnaround from optimism at the beginning of the year to an increasingly challenging market applies particularly to SMEs (small and medium-sized enterprises). EKN's local offices offer companies access to EKN's advisers and support across the whole of Sweden.

As the year progressed, many companies told us that access to funding had become more difficult. EKN's working capital guarantee is often crucial for SMEs to obtain bank funding. A new version adapted to scale-ups was launched to make it easier for companies with only one set of annual accounts to obtain a bank loan.

During a trip in October to the southern Swedish region of Skåne, it was inspiring to meet four companies in different industries – energy efficiency, plant-based alternatives to dairy products, transport logistic and organic farming – all of them inspired by the world's demand for sustainable alternatives.

### India's growth

Last autumn, I made my first visit to India since the pandemic, taking part in the 'India Sweden Economic Partnership' in New Delhi. India's economy is growing rapidly and is now the fifth largest in the world and many Swedish companies were represented at the highest level, viewing the Indian market with increasing interest. Among other opportunities, major investments are being made in 5G and I look forward to there being more areas where we can meet up and work together in 2023.

### Sweden's EU Presidency

Sweden is now taking over the Presidency of the Council of the European Union. In the Council's Exports Credit Group, EKN will prepare the EU's negotiating mandate in the OECD. EKN is a driving force in climate efforts within the EU and the OECD, and our aim is for the framework known as the 'Arrangement on Officially Supported Export Credits' to be renewed. Modernisation is necessary to achieve a level playing field and to facilitate investments that contribute to climate transition and is therefore crucial for Swedish exports.

### Strong financial position

On 24 February, EKN stopped issuing guarantees for transactions to Russia and has made provisions for the risk of non-payment. EKN has also



– Swedish exports have performed well, says EKN's Director General Anna-Karin Jatko.

made provisions for possible losses on outstanding guarantees issued for transactions to the state of Ghana, due to the country's rapidly increasing debt. The extensive provisions generated a loss of SEK 0.9 billion.

EKN has a strong financial position after many profitable years, with substantial capacity for both a deteriorating situation regarding claims and many new large export transactions.

Thank you to everyone at EKN for your amazing commitment to EKN's mission and all our excellent results. Thanks also to the members of the joint EKN and SEK Scientific Climate Council. Finally, I would like to thank export companies and banks for the trust you place in us and the export promotion organisations at Team Sweden for their valuable cooperation. I look forward to working with you all to promote Swedish exports during 2023 and to celebrate EKN's 90th anniversary.

Anna-Karin Jatko,  
Director General EKN



# Mission, delivery and costs

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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 15 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 15 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. See page 35 for outstanding offers and guarantees.

## 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 of transactions with a need for damage prevention measures.

The administrative profit/loss is presented in Note 22, page 59.



## 2.1 CLAIMS PAID IN RELATION TO OUTSTANDING GUARANTEES (MSEK)

	2022	2021	2020	2019	2018
Claims paid	898	799	1,637	1,861	1,738
Guarantees outstanding	248,989	223,955	184,330	195,862	193,295
<b>Claims paid/Guarantees outstanding</b>	<b>0.36%</b>	<b>0.36%</b>	<b>0.89%</b>	<b>0.95%</b>	<b>0.89%</b>

## 2.2 OPERATING COSTS IN RELATION TO RECEIVED PREMIUMS, NEW TRANSACTIONS AND EXPOSURE (MSEK)

	2022	2021	2020	2019	2018
Operating costs (MSEK)	283	277	251	257	240
Received premiums (MSEK)	2,400	4,527	1,926	1,411	1,433
<b>Costs as a percentage of received premiums</b>	<b>12%</b>	<b>6%</b>	<b>13%</b>	<b>18%</b>	<b>17%</b>
Number of new transactions	1,505	1,781	1,896	2,135	2,082
<b>Operating cost per transaction</b>	<b>187,795</b>	<b>156,084</b>	<b>132,312</b>	<b>120,539</b>	<b>115,194</b>
Exposure (non-binding and binding) (MSEK)	404,047	364,909	320,675	314,709	288,064
<b>Operating cost per million of exposure</b>	<b>700</b>	<b>758</b>	<b>783</b>	<b>817</b>	<b>833</b>

## 2.3 PREMIUM BASED OPERATIONS, ADMINISTRATIVE RESERVE (SEK THOUSAND)

Guarantees	Administrative reserve 31/12/2020	Result 2021	Income 2022	Costs 2022	Result 2022	Administrative reserve acc. 31/12/2022
Guarantee operations, administration	-313,636	64,368	343,915	-291,080	52,834	127,833
Guarantee operations, risk based	95,312	1,456,064	5,129,484	-6,094,211	-964,727	25,192,332
<b>Total</b>	<b>-218,325</b>	<b>1,775,503</b>	<b>5,473,399</b>	<b>-6,222,724</b>	<b>-911,894</b>	<b>25,320,165</b>

The 2022 guarantee volume is lower than in the previous year, resulting in lower administrative income. High discount rates lead to high interest income and thus high risk-related income in 2022, totalling SEK 5,129,484 thousand, significantly higher than projected. High provisions for possible future claims impact risk-related costs for the year, which amount to SEK 6,094,211, higher than projected. Operating costs for the business, which are included in administrative costs, are slightly lower than projected at SEK -281,631 thousand. Financial items are higher than projected. The profit/loss for the period amounts to SEK -911,894 thousand, lower than projected. The administrative surplus for 2022 amounts to SEK 52,833 thousand as at 31 December 2022. The surplus will be paid to the state in 2023.

Working capital guarantees large corporates Guarantees	Administrative reserve 31/12/2020	Result 2021	Income 2022	Costs 2022	Result 2022	Administrative reserve acc. 31/12/2022
Guarantee operations, administration	18,585	54,258	45,270	-346	44,923	117,768
Guarantee operations, risk based	139,505	286,322	308,862	-74,280	234,580	660,410
<b>Total</b>	<b>158,090</b>	<b>340,582</b>	<b>354,132</b>	<b>-74,626</b>	<b>279,505</b>	<b>778,178</b>

The accumulated surpluses relating to the Working Capital Credit Guarantees for large companies are recognised in the Balance Sheet as a liability to the Swedish State; the accumulated surpluses will be paid to the State with the final reporting of the guarantees.

# Reporting back on the letter of appropriation

The EKN Regulation with Instructions (2007:1217), consists of the primary tasks for the agency. The letter of appropriation, is annually assigned by the Swedish government and includes the objectives, reporting requirements and specific assignments for the organization. The results are stated in the tables below.

## THE REGULATION

Primary tasks	Results 2022 (target amounts in parentheses)
EKN shall promote Swedish exports and the internationalisation and competitiveness of Swedish industry by offering guarantees.	1. Number of new transactions guaranteed by EKN: 1,505 (1,700). 2. Guarantee volume (SEK billions): 64.8 (61.0). 3. Number of customers 419 (440).
The guarantee business operations must be self-sustaining over time.	Periods of surplus should carry periods where the costs to settle claims are higher than premium revenues. See pages 44–45.
Integrate a sustainability perspective, guided by the UN's Global Sustainable Development Goals.	EKN's guarantees can finance sustainable development in poor countries. We describe this on pages 25 and 29.
The activities are to be conducted in accordance with the UN Guiding Principles on Business and Human Rights, the recommendations in the OECD Guidelines for Multinational Enterprises, and the principles of sustainable business in the United Nations Global Compact.	EKN assesses how sustainability risks are managed. Presentation of sustainability risks in this year's transactions, pages 26–28.

## LETTER OF APPROPRIATION

Objectives	Indicator of target achievements during 2021 (target value in parentheses)
Contribute to the implementation of Sweden's export and investment strategy:	
• Increased Swedish exports, both in absolute terms and as a share of GDP.	Value added in guaranteed exports, SEK billion: 37.0 (33).
• Increased number of exporting SME.	Number of SME customers: 275 (315).
• A leading role in promoting sustainable and fair international free trade.	Taking a leading role in advocating changes in international regulations: A report on the advocacy work on page 29.
The activities should be adapted to be in line with the Paris Agreement and to avoid creating lock-ins to fossil fuel dependency.	The Sustainability Policy in line with the objectives. EKN's Sustainability Policy is presented on pages 25–29.

<b>Reporting requirements</b>	<b>Page</b>
Total number of guaranteed transactions and guarantee volume, broken down by region and industry.	15, 21
The number of new customers among small and medium-sized companies.	21
EKN's reinsurance on the private market.	32
How guarantees for exports to operations with high greenhouse gas emissions are in line with the Paris Agreement 1.5°C temperature limit, contribute to the transition and avoid lock-in effects.	18, 25–28
Co-operate with other relevant parties engaged in export promotion activities.	19, 21
The result of activities to develop information and products for, above all, SMEs, whose products have high export potential and can contribute to climate transition globally, as well as activities to promote EKN's regional presence.	21–22
Efforts to issue guarantees for climate and environmental investments in Sweden that can contribute to climate transition in cases where they have a direct or indirect connection to Swedish exports.	22, 28
The activities that EKN has conducted to contribute to broader and more self-sustaining relations between Sweden and partner countries in development cooperation.	29
How EKN during the year, within its field of activity, contributed to the implementation of the Government of Sweden's feminist trade policy.	25, 28
Measures taken to increase transparency in operations including information to the public.	22, 26, 29
Measures taken to maintain effective information security.	38

<b>Assignments</b>	<b>Page</b>
<b>International activities</b> Represent Sweden in the working groups in the EU and OECD and other forums where regulatory issues regarding export credits are addressed, in dialogue with the Ministry for Foreign Affairs.	29



# Global outlook

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This section describes the conditions for Swedish exports in the context of global trade and the global economy.



# War and inflation

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Russia's war of aggression led to energy shortages and fuelled inflation. Oil and gas exporting countries performed well, while the opposite was true for Europe and the US. Disruptions in transport and global value chains eased.

24 February 2022 will go down in history as the day Russia attacked Ukraine. Russia began building up military equipment and troops in the late autumn of 2021 in the border areas with Ukraine and Belarus. Early on, the aim of the war on the Russian side seemed to be to achieve territorial and political control over Ukraine. The Ukrainian resistance forced Russia to withdraw troops from areas in northern and eastern Ukraine. But fighting has continued in southern and eastern Ukraine, and no end or solution seems to be in sight any time soon.

The world responded with trade sanctions, which were gradually extended throughout the year.

## **Increase in inflation after 30 years**

After successfully contributing to stable inflation of around two per cent for almost 30 years, central banks in high-income countries faced new challenges. The rate of inflation started to rise in summer 2021 in Europe and a few months earlier in the US. The US is often ahead of Europe in the business cycle, which has also been the case with inflation. The rate of inflation also rose in emerging markets and developing countries, but mostly from higher levels than in high-income countries.

Continuous increases in the policy rate by the US Federal Reserve contributed to the rate of inflation in the US appearing to peak at just under ten per cent in the summer of 2022. In Sweden and the euro area, on the other hand, inflation has continued to rise, reaching an annual rate of over ten per cent in late autumn. The war in Ukraine had a much greater impact on the rate of inflation in Europe than it did in the US. Much of this can be explained by the fact that many European

countries were heavily dependent on Russian natural gas for electricity generation, heating and industrial production.

## **Prices of energy, commodities and grain**

After the worst effects of the pandemic were over, many countries experienced strong economic recovery in 2021. The global economy grew by six per cent, according to the International Monetary Fund (IMF). The hope for 2022 was that this trend would continue.

However, high inflation in most countries and the negative effects of Russia's war of aggression have contributed to the global economy being estimated to grow by just over three per cent in 2022.

The war initially brought rising grain, energy and commodity prices, hitting import-dependent and vulnerable developing countries. It also affected the supply of commodities to companies, with supply chain issues arising.

The countries that maintained robust economic growth in 2022 were the oil and gas exporting countries and the commodity and food exporting countries. The MENA region (Middle East and North Africa) is forecast to grow by five per cent, thanks largely to oil exports. Latin America and Sub-Saharan Africa are also expected to have a higher growth rate than that of the global economy as a whole. The opposite is true for most countries in Europe and the US, with their growth rate lower than that of the global economy as a whole.

## **Trading functional again**

The disruption to production and global value chains caused by the pandemic eased during the year. The high cargo rates also fell and approached more normal levels. Strained relations between China and in particular the US, but also other Western countries, led to trade friction and uncertainty for companies planning to invest in China. In addition, the war in Ukraine has become a factor to be taken into account in trade relations. But despite rising tensions, global trade in goods and services grew. The IMF estimates that in 2022, global trade grew by 4.3 per cent.



# Issuing of guarantees

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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.

**4.1 NEW OFFERS DURING THE YEAR**

	2022		2021		2020	
	MSEK	Number	MSEK	Number	MSEK	Number
Guarantee for loss on claim for exporters	25,041	1,232	32,727	1,912	28,039	1,664
Loss on production and loss on claim	6,001	37	899	20	3,858	23
Guarantee for loss on claim for lenders	54,900	10	43,239	21	52,798	38
Guarantee for unfair calling	0	0	212	1	1,046	5
Counter guarantee	4,438	179	11,426	223	2,003	179
Letter of credit guarantee	3,976	189	3,361	166	3,858	232
Bill of exchange guarantee	32	4	31	7	3	1
Investment guarantee	0	0	0	0	0	0
Working capital credit guarantee for SME	690	101	694	113	1,177	207
<b>Total</b>	<b>95,078</b>	<b>1,752</b>	<b>92,589</b>	<b>2,463</b>	<b>92,781</b>	<b>2,349</b>

**4.2 NEW GUARANTEES DURING THE YEAR**

	2022		2021		2020	
	MSEK	Number	MSEK	Number	MSEK	Number
Guarantee for loss on claim for exporters	27,047	9,880	27,116	12,657	23,205	8,780
Loss on production and loss on claim	1,811	16	69	15	176	18
Guarantee for loss on claim for lenders	29,366	26	45,311	41	34,533	39
Guarantee for unfair calling	0	0	0	0	498	4
Counter guarantee	1,679	194	493	238	1,438	198
Letter of credit guarantee	4,028	189	3,388	166	3,839	231
Bill of exchange guarantee	37	8	2	1	0	0
Investment guarantee	0	0	0	0	0	0
Working capital credit guarantee for SME	848	157	747	129	1,002	191
<b>Total</b>	<b>64,816</b>	<b>10,470</b>	<b>77,125</b>	<b>13,247</b>	<b>64,691</b>	<b>9,461</b>

**4.3 NEW GUARANTEES, SEK MILLION, BY INDUSTRY**

INDUSTRY	2022		2021		2020	
Telecom	14,208	22%	21,963	28%	32,696	51%
Machinery	13,850	21%	8,960	12%	7,462	12%
Transport	10,452	16%	17,237	22%	12,615	19%
Power	9,910	15%	15,891	21%	1,549	2%
Paper and pulp	8,164	13%	5,905	8%	4,925	8%
Mining and steel	3,792	6%	3,249	4%	2,592	4%
Contracting work	2,067	3%	3	0%	22	0%
Others	2,374	4%	3,916	5%	2,831	4%

**4.4 NUMBER OF NEW TRANSACTIONS, BY INDUSTRY**

INDUSTRY	2022	2021	2020
Telecom	69	75	63
Machinery	406	539	509
Transport	67	136	185
Power	6	11	13
Paper and pulp	629	587	657
Mining and steel	132	142	134
Contracting work	4	4	3
Others	192	287	332

# Increase in Swedish exports

The data on Swedish exports refer to goods exports in the January – October period, for which statistics are available. The data on global and regional growth in 2022 are forecasts from the International Monetary Fund (IMF).

Swedish exports increased, despite the slower pace of global economic development, and are largely concentrated in Europe, North America and Northeast Asia. Around 90 per cent goes to these regions.

Despite a slowdown in economic growth in Sweden's largest export markets in Europe and the US, exports grew sharply in value, by 24 per cent. They were significantly boosted by a weakening of the krona against the euro by six per cent, and against the US dollar by 18 per cent.

## **Guarantees issued to Asia decreased**

Despite rising rates of inflation, high commodity and food prices and continued COVID-19 restrictions in China, Asia maintained good economic growth, at 4.4 per cent. China had a subdued growth rate during the year, while India continued to grow at a high rate, by 6.8 per cent. The larger countries in Southeast Asia have also performed comparatively well. Asia has thus strengthened its position as the world's growth engine.

Swedish exports to Asia increased by 15 per cent. Exports to China increased by three per cent.

Guarantees issued to Asia have decreased over the last three years, amounting to SEK 3.6 billion. Indonesia, India and the Philippines were the countries that received the largest amounts. Many Asian countries have relatively developed capital markets, which means they have less of a need for export credit guarantees.

## **High oil prices benefited the Middle East**

The Middle East's growing export earnings due to high oil and gas prices have bolstered foreign exchange reserves and created scope for increased

public spending, particularly in the Gulf States. The Middle East had the highest economic growth among the world's regions, with a growth rate of five per cent. But conditions are not equally favourable in all countries. Countries such as Egypt, which depend on grain imports, have been hit by the price rises caused by the war in Ukraine.

Swedish exports to the region increased by 17 per cent, with exports to Saudi Arabia increasing by 24 per cent and to the United Arab Emirates by 34 per cent.

Guarantees issued to the Middle East decreased to SEK 3.6 billion. They have been at a lower level since they stopped being issued to Iran in 2018. The United Arab Emirates dominated in terms of the guarantees issued. Other major countries in this regard were Iraq and Saudi Arabia.

## **Sharp increase in guarantees issued to Latin America**

Commodity and food exporters Brazil, Chile, Colombia and Peru have benefited from the high commodity prices of the last two years, but the impact has faded as prices for metals and oil in particular saw a slight decline. The economic growth of 3.5 per cent was significantly lower than in 2021, but growth at that time was based on recovery from the pandemic year of 2020.

Swedish exports to Latin America were exceptionally strong, increasing by 49 per cent. Exports to Brazil increased by 67 per cent.

Guarantees issued to Latin America were the highest since 2015, amounting to SEK 11 billion. A large proportion related to exports of equipment for the paper and pulp industry.

## **Commodity dependence and rising debt burden in Africa**

In Sub-Saharan Africa, the economy grew by 3.6 per cent, following a moderate drop in GDP in the pandemic year of 2020 and stable growth thereafter. Metal, oil and gas exporting countries such as Angola, Nigeria and Zambia have benefited from high global market prices. However, several countries have accumulated a growing public debt, and



for some countries a renegotiation of the debt is necessary to reach a sustainable debt level in the long run. This is due to large budget deficits in the countries' current expenditure while investments have been financed with hard currency loans.

Swedish goods exports to Africa increased by 26 per cent. Guarantees remained at a high level, at SEK 11.7 billion. Africa remained the second largest region in terms of guarantees issued, after OECD high-income countries. Ghana, Angola and Egypt were the three largest countries.

### Russia cut off

Russia has become increasingly isolated, and sanctions imposed by the EU, US and other countries have led to a shrinking economy and reduced trade with many Western countries. Ukraine's people and economy have been hit very hard. While Russia's economy shrank by 3.4 per cent, Ukraine's economy is estimated to have declined by 35 per cent.

No guarantees for exports to Russia and Belarus were issued after 24 February. EKN's monitoring of possible links to Russia was gradually adapted to the expanded sanctions. Sanctions and companies choosing to leave Russia led to a 53 per cent drop in Swedish exports to Russia.

Swedish exports to Ukraine decreased with 47 percent. EKN did not issue guarantees for exports to Ukraine either, but this was for credit assessment reasons. For the entire CIS region plus Ukraine and Georgia, guarantees decreased to SEK 660 million. For the Balkan region, they increased to SEK 6.5 billion. Almost the entire amount concerned guarantees for exports to Türkiye. Swedish exports to Türkiye increased by 35 per cent. Economic turbulence with high inflation and currency depreciation are factors contributing to the need for risk coverage.

### Need for guarantees in high-income countries

Guarantees issued to the OECD's high-income countries remained high, amounting to SEK 26.4 billion. The US, UK, Israel and Finland accounted for 94 per cent of these guarantees. Telecoms, power and transport were the dominant sectors. The ongoing climate transition is also an important reason for financing via export credit guarantees. Often the buyer is also seeking to diversify the financing to multiple lenders and risk takers to reduce vulnerability. Export credit guarantees also provide a higher degree of stability in financing costs when market conditions are volatile.

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

	2022		2021		2020		2019		2018	
	Number	MSEK	Number	MSEK	Number	MSEK	Number	MSEK	Number	MSEK
Asia	157	3,641	204	4,921	293	6,834	252	6,858	227	4,457
Latin America	413	10,991	379	6,876	395	8,203	521	8,030	525	5,686
CIS i.a	26	657	100	2,060	85	1,576	134	2,638	146	3,258
Balkans	117	6,513	111	3,482	93	3,924	101	3,957	54	1,452
Africa	374	11,730	374	20,791	431	6,512	421	5,012	428	5,934
Middle East	104	3,580	104	4,299	100	2,239	158	6,258	166	5,754
OECD high-income	45	26,381	166	33,414	132	33,999	54	19,727	105	29,037
Sweden	268	1,322	334	1,241	363	1,397	488	1,667	429	1,182
Other countries	1	1	9	42	3	6	6	84	2	56
<b>Total</b>	<b>1,505</b>	<b>64,816</b>	<b>1,781</b>	<b>77,125</b>	<b>1,896</b>	<b>64,691</b>	<b>2,135</b>	<b>54,231</b>	<b>2,082</b>	<b>56,816</b>

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

# Continued high guarantee volume

2022 is the third consecutive year with a significantly higher guarantee volume than in previous years. Guarantees for financing investments in telecom networks and power projects account for a large share. Two pulp mills also number among the major transactions.

EKN's guarantees amounted to SEK 64.8 billion, thus exceeding SEK 60 billion for the third year in a row. Swedish exports have developed robustly.

## Financing major telecoms transactions

One reason for the high volumes is Sweden's prominent role in digitalisation and connectivity. There is continued demand for 5G. Telecoms operators are investing heavily in expanding mobile networks. One of the largest transactions this year was a buyer credit guarantee for the financing of 5g expansion in the US. In telecoms, EKN has also encountered continued demand for supplier credit guarantees in Southeast Asia and letter of credit guarantees in Africa.

## Renewable energy

EKN is continuing to guarantee the financing of the offshore wind power project Dogger Bank,

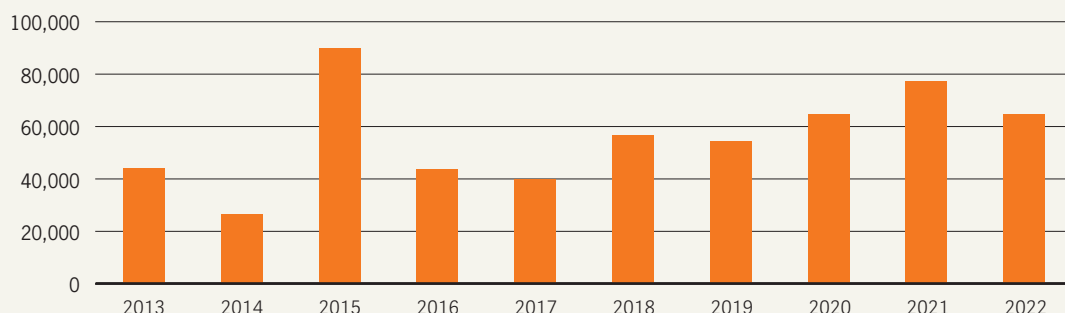
“

Swedish exports have developed robustly. 2022 is the third year with a high guarantee volume.

which is expected to become the largest in the world. The wind farm is being constructed in the North Sea, off the east coast of England. During the year, EKN issued guarantees for financing the Swedish deliveries of high voltage direct current (HVDC) converter stations and just over 500 kilometres of subsea cables. The deliveries were for the third phase in the area. EKN has previously guaranteed financing of the first and second phase, with the same type of deliveries from Sweden.

Swedish high-voltage cable has been exported for the Champlain Hudson Power Express project. In this transaction, EKN has issued counter-guarantees, which means that EKN shares the risk with a bank that issues performance bonds. The main objective of the project is to transfer green electricity – mostly from hydro-electric power – from Canada to New York. The

## 4.6 GUARANTEES ISSUED IN THE LAST TEN YEARS (MSEK)



city is currently heavily dependent on fossil fuel power, and the project will contribute significantly to the city's transition target of at least 70 per cent of its power supply coming from sustainable energy by 2030.

### **Pulp projects in South America and Finland**

Sweden is competitive in pulp and pulp, with companies exporting equipment for this industry. EKN has a long tradition of guaranteeing Swedish exports of such equipment. Pulp and paper mills are expanding as demand for pulp and paper remains strong, driven by increased demand for packaging materials and tissue paper. In 2022 EKN issued guarantees to two pulp mills, both of which were undertaking major expansion programmes. One transaction was for expanding capacity at a pulp mill in southern Brazil and the other for a new pulp mill in northern Finland.

### **Swedish exports from trading companies**

Swedish trading companies are an important channel for Swedish exports. Through their global networks and expertise in logistics and financing, they act as an effective intermediary between Swedish manufacturing companies and foreign buyers, often in difficult markets. They mainly export paper, pulp and wood products. As trading companies sell to many challenging markets, risk coverage from EKN is a key instrument. In the last ten years, the value of the trading companies' transactions, which EKN guarantees, has increased more than tenfold.

### **High commodity prices and the dollar**

Guarantee volume have been affected by high prices for commodities such as paper and steel, as well as by the high dollar exchange rate. EKN has increased its guarantee limits to commodity exporting companies.

Sweden has a competitive mining industry and successful companies exporting mining equipment. The world's mining industry is now expanding rapidly – new mines are being opened,

old ones are reopening and those that are operating are expanding. EKN encountered greater demand regarding exports to mines. Guarantees issued for the sector are somewhat hampered by the fact that exporters are struggling with disruption in supply chains.

Guarantee volume for exports of vehicles and construction equipment remained high, partly due to the high dollar exchange rate. One of the larger transactions was for refuse collection vehicles for Angola.

### **Estonian dairy**

EKN guaranteed financing for equipment for a newly established dairy in Estonia. The dairy is mostly owned by a cooperative of local farmers and will process half of all milk produced in Estonia. The transaction is a project financing and unusually large where in the food industry.

### **Team Sweden**

EKN, SEK, Business Sweden and the Swedish embassies have been working together for several years to promote Swedish exports for infrastructure projects such as wind power, solar power and transport solutions. Guarantees issued this year regarding exports to a solar power park in Angola stem from that cooperation.

Joint seminars and company visits were carried out, with Swedish export companies, international entrepreneurs and international banks taking part.

EKN works with Sida (Swedish International Development Cooperation Agency), Business Sweden, SEK (Swedish Export Credit Corporation), the Swedish Institute, Swedfund and NIR (International Council of Swedish Industry) on the opportunities to broaden in various ways Sweden's relationships with countries where the development has moved from Swedish aid to reciprocal trade. EKN is involved in a programme based on using the knowledge and influence of Team Sweden in specific infrastructure projects with clear sustainability links.

## Problems, claims and recovery

The largest claims payments related to business with Ecuador, Cuba, Armenia and India. Claims payments remained at a low level, with no major new claims occurring during the year. On the other hand, provisions for expected future claims payments increased.

Russia's invasion of Ukraine led to sanctions against banks and companies. EKN set aside significant provisions for expected losses for outstanding guarantees for transactions to Russia executed before 24 February. So far, claims payments for this commitment have been very limited.

The deterioration of the public finances of Ghana, where EKN has a large outstanding guarantee volume, led EKN to make provisions for expected claims.

During the year, EKN made a very large recovery on a bus transaction in Chile. Long-term, multi-year cooperation with the guarantee holder, the Swedish Embassy and other partners has resulted in the full amount of the claim being recovered, over a period of several years. In total, this is the largest recovery ever from a private debtor.

## EKN's contribution to Swedish growth

The transactions guaranteed during the year by EKN helped generate about 39,000 jobs in Sweden (39,500 in the preceding year) and over SEK 37 billion in GDP for Sweden (SEK 38 billion in the preceding year). This calculation is based on EKN's guarantee volume pursuant to a model based on the Swedish content of guaranteed exports and sectoral multipliers from Statistics Sweden for added value and employment. Different industries contribute to different amounts, depending on the share of imported capital goods and work intensity.

For exports to countries with EKN's highest country risk categories of 5, 6 and 7, EKN is of considerable significance. For the period from October 2021 to September 2022, Swedish goods exports to these countries amounted to SEK 83.5 billion (SEK 61 billion in the preceding year). Guarantee volumes for these countries during the period amounted to just over SEK 29 billion (SEK 21 billion in the preceding year). This corresponds to 35 per cent (36) of Swedish goods exports to these countries. EKN's share of total Swedish exports for this period was four per cent (4).

## EKN's guarantees

**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.

**Investment capital credit and working capital credit guarantees for SMEs** share the bank's risk in working capital credits or investment credits to small and medium-sized enterprises. It is also available with a higher coverage rate for new companies.

The **Green Investment and Working Capital credit Guarantee** has a higher coverage rate and is available for both SMEs and large companies, for green ventures or transactions, according to the EU taxonomy.

The **commodity guarantee is an import guarantee** that EKN provides to finance long-term supply contracts that enable Swedish companies to ensure long-term secure supply of commodities that are critical for production.



# Sharp turnaround for SMEs

Small and medium-sized enterprises had a challenging year and held off on new investments. This reduced demand for EKN's guarantees.

EKN launched a new guarantee for the financing needs of scale-up companies.

Sweden's exporting small and medium-sized enterprises (SMEs) recovered quickly from the effects arising from the pandemic in 2020 and 2021. In EKN's SME survey conducted in mid-February, 45 per cent of companies responded that they had increased their exports compared to the previous year. After 24 February exports slowed and SME's demand for export credit guarantees with short-term risk period declined rapidly. The number of new SME transactions guaranteed by EKN during the year was 441 compared to 498 in 2021.

In discussions with companies, EKN has noted increasing concerns about cost increases due to rising inflation and interest rates, rising input prices, struggling supply chains and sharply rising energy costs. In addition, during the pandemic, several companies have chosen to defer tax payments and have had to build up their stocks to ensure their supply capacity. This has led to liquidity issues and many companies have therefore chosen to hold off on new investments.

Claim payments amounted to SEK 66 million (37) in 2022.

## Caution and a wait-and-see approach

Despite challenges, many companies seem to have had good financing structure and solid foundation. Although business bankruptcies increased during the year, they did not affect exporting companies to the same extent. The banks gradually became stricter about their lending after the outbreak of the war in February and are now more restrictive. Exports from SMEs are slowing and companies are taking a more cautious approach.

## Reduced demand for EKN guarantees during the year

The number of applications from SMEs fell rapidly after the outbreak of war in February and did not increase again until the third quarter. Demand for short-term export credit guarantees and working capital guarantees declined in particular. The number of customers also fell. At year-end, 275 SMEs were customers of EKN, compared with 326 in the previous year.

However, the guarantee volume has increased by 30 per cent, amounting to SEK 2.6 million (2.0). The reason is that some customers, especially trading companies, are using EKN guarantees in an increasing number of transactions of larger size.

## Regional presence

In challenging times, it is even more important to reach out with information on how EKN can support SMEs to carry out more secure export transactions and increase their access to finance. EKN has offices in Luleå, Sundsvall, Stockholm, Gothenburg and Malmö and financing guides in Borlänge, Karlstad, Växjö and Malmö. EKN works closely with Business Sweden, Almi, regional chambers of commerce and commercial networks to reach out to SMEs across Sweden.

EKN's survey shows that 57 per cent of Sweden's exporting SMEs are aware of EKN. In 2020 and 2021, when companies were in urgent need of financing, the awareness rate was 61 per cent.

## New guarantee for scale-up companies

To make it easier for young growth companies with no previous history to gain access to bank financing, EKN launched the new working capital guarantee, Export Leap. It applies to credits for companies at an early stage of their development that export or have plans to export or are subcontractors in export transactions. By covering 75 per cent of the risk of banks and other creditors, EKN increases companies' ability to obtain working capital and loans. The company's results do not have to

be cashflow positive, but the future prospects and growth potential must be good. EKN's risk assessment is mainly based on forecasts rather than financial statements.

### Green working capital guarantee

During the year, EKN issued the first green working capital guarantee for an SME, to a shipping company. The guarantee will enable the company to continue to invest in environmentally friendly technology development. EKN shares the bank's risk when it provides loans for green investments or activities. In the event of a loss, EKN will reimburse up to 80 per cent of the outstanding credit.

### SME financing

One of the most important issues for SMEs has always been access to working capital. Access to

financing for SMEs has now been restricted again. Despite the launch of Export Leap and the Green Guarantee, with risk coverage of 75 per cent and 80 per cent respectively, banks are restrictive in their lending.

It is estimated that the needs of SMEs for guarantees will increase, in particular for working capital. EKN has the capacity to meet this demand. However, it is ultimately the banks' willingness to take risk that will determine the availability of capital for companies.

### Guaranteed SME export contribution to GDP

This year's guarantees issued for SME exports amounted to SEK 2.6 billion (2.0 billion). The transactions contribution to Swedish GDP is estimated at SEK 1.4 billion (1.1 billion) and 1,693 jobs (1,352).



Companies meet EKN at seminars organised throughout Sweden, under EKN's auspices, regional export cooperation and commercial partnerships.

## 4.7 SME'S AWARENESS OF EKN

	2022	2021	2020	2019	2018
Exporting SMEs	57%	61%	61%	48%	48%

# Working capital guarantees for large corporates

Working capital guarantees for large corporates were a temporary crisis solution to counter the effects of the pandemic. It has a separate income statement but is included in the balance sheet.

From March 2020 to mid-2021, EKN offered working capital guarantees for large corporates as a crisis measure. During the period in which the guarantees were offered, a total of 41 guarantees amounting to SEK 61 billion in aggregate were issued on behalf of 27 exporters.

## Early redemptions

In 2022, five guarantees were redeemed early. Throughout the period, from when the guarantee started to be offered in March 2020 until 31 December 2022, 14 guarantees have been redeemed prematurely. Outstanding guarantees at 31 December 2022 amounted to SEK 28 billion.

## Separate income statement

Unlike EKN's regular activities, working capital guarantees for large corporates have a planned end date. If claims arise during the term of the guarantees, which extend for a maximum of five years, settlement will take place when the last receivable is terminated. If no claims arise, operations will conclude when the final guarantee

outstanding expires. There will be a profit / loss when the last guarantee is terminated and/or any claims are settled. Therefore, this crisis solution is considered a separate activity.

Working capital credit guarantees for large companies are reported separately unless otherwise stated. A separate income statement is provided on page 48.

## Included in exposure and balance sheet

The working capital guarantees for large enterprises were issued within the framework for export credit guarantees decided by the Riksdag (Swedish Parliament). When EKN calculates the risk exposure and the utilisation of the framework at the end of the year, these guarantees are included. They are also included in EKN's balance sheet.

## Pricing

EKN must set a market price for working capital credit guarantees. In working capital credit guarantees for SMEs, which are part of regular guarantee operations, the price can sometimes exceed the expected loss. When EKN takes out premiums that are above the expected loss of regular guarantees, the surplus is paid to the state. However, for this temporary crisis solution, any potential surplus is paid to the state. Therefore, no analysis of what is considered to be a fee above the expected loss needs to be completed.

## 4.8 THE ISSUING OF GUARANTEES RELATED TO THE TEMPORARY WORKING CAPITAL CREDIT GUARANTEES FOR LARGE CORPORATES

	2022		2021		2020	
	MSEK	Number	MSEK	Number	MSEK	Number
Offers	0	0	0	0	146,457	78
Guarantees	0	0	6,838	7	54,385	34



# Sustainability

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EKN's business operations are conducted in accordance with international guiding principles on human rights, working conditions, the environment, and combatting corruption. This section reports on assessment and conditions in this year's transactions and about the international cooperation in sustainability.



# Sustainability requirements

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As part of EKN's mission to promote Swedish exports, EKN also contributes to global development and climate transition. EKN's guarantees facilitate the financing of development projects, and sustainability requirements are imposed on the operations to which exports are directed.

Each year, EKN's guarantees are used in some transactions in which Swedish goods and services are exported to projects focusing on social development and renewable energy in low- and middle-income countries. The availability of financing is crucial for the implementation of such projects, and EKN's guarantees increase the availability of loans. In this way, EKN contributes to making the projects happen.

EKN uses its influence to manage sustainability risks responsibly and refrains from issuing guarantees if the risks are unacceptable.

EKN does not issue guarantees for transactions to operations that risk having a significant impact on people and the environment, where there are no plans for responsible risk management and where EKN's requirements are not considered.

## Screening and review

All applications for export credit guarantees are screened to select those applications that relate to exports to operations with elevated sustainability risk. This could include exports to high-risk industries in high-risk countries. When the export is going to an operation with an elevated sustainability risk, it is reviewed by EKN's team of sustainability specialists.

EKN classifies environmental and human rights risks prior to a decision on issuing a guarantee. A C means little or no sustainability risk. The transactions where the review shows a certain risk of negative impact are classified by EKN with a B and for significant negative impact EKN classifies the transaction with an A.

What is not classified are working capital guarantees to SMEs, because the guarantee does not relate to a specific export transaction or short-term letter of credit guarantees, where the risk object is a bank. In the case of exports of military equipment, EKN follows the assessment of the Inspectorate of Strategic Products (ISP) and does not make a classification.

## When the guarantee holder is an export company

Export companies offer their customers credit and insure themselves against the risk of non-payment with a guarantee from EKN. In the guarantee application, EKN asks companies for information about the buyer and its operations. If the operation involves risks of negative impacts on the environment and people, the risks must be managed responsibly.

The exporting company and EKN are generally not in a position to influence the buyer to manage risks in accordance with international regulations. If the risk is high and the review indicates serious shortcomings in management, EKN does not offer a guarantee, as there is no possibility of influencing the situation.

## When the guarantee holder is a lending bank

In larger transactions, a lending bank may be the guarantee holder. These so called buyer credit guarantees are requested, for example, for exports to projects, i.e. new plants or greatly expanded operations. For example, when a new railway is to be built, a wind or solar farm constructed or a factory built, there are always risks of negative impacts. EKN and the lending bank then require that the risks are managed responsibly and in accordance with international regulations. Often there is opportunity to exert an influence, as the project needs financing and EKN is needed to make the funds available. The requirements include an analysis by an independent consultant, a gap analysis with an action plan and an agreement on how the measures will be monitored over the years and how deficiencies will be remedied.

# Sustainability assessment in new transactions

During the year, EKN issued guarantees in 1,505 new transactions. Some concern projects in social development and climate transition, such as wind power in the North Sea. The guarantees issued for new transactions in 2022 include exports to operations with sustainability risks ranging from extensive to few or no risks.

Risks can arise in any type of business and in any country. Even in projects aimed at social development and climate transition, there are sustainability risks that must be managed responsibly.

## Risk areas in new transactions

The tables on the right show the number of new guaranteed transactions during the year that have been classified with regard to sustainability risks and where EKN has assessed the risks as acceptable.

Some of the transactions involve deliveries and loans that will last for several years. It is therefore too early to indicate the final guarantee volume for these new business transactions that began in 2022. The guarantee volume indicated in the table is what EKN has offered. The actual guarantee volume may be higher or lower during the period in which deliveries are made and loans are disbursed.

## New transactions for projects

When EKN receives applications for export financing guarantees for A- and B-rated projects where the guarantee amount exceeds SEK 100 million and the credit period exceeds two years, EKN follows the approach common to the OECD member countries. EKN publishes information on environmental and social risks at least 30 days prior to a decision. In order to give stakeholders greater opportunities to contribute further information prior to the decision, EKN informs them that new

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Risks can arise in any type of business and in any country.

A-projects are available via social media. After issuing a guarantee, EKN reports its assessment of environmental and social risks to the OECD.

In 2022, EKN has issued export finance guarantees to the following A- and B-rated projects:

## A-projects

Guarantee volume quoted in new guaranteed transactions for large A-projects totalled SEK 21.2 billion. The majority relates to an offshore wind farm in the UK. The guarantee also covers one pulp mill in Finland and one in Brazil.

## B-projects

Guarantee volume quoted in new guaranteed transactions for large B-projects totalled SEK 4.4 billion and related to a transmission project in the US, a hospital in Ghana, a dairy in Estonia, a tissue paper plant in Türkiye and a transformer station in Iraq.

## Unacceptable sustainability risks

EKN does not issue guarantees for transactions to operations that risk having a significant impact on people and the environment, where there are no plans for responsible risk management and where EKN's requirements are not considered. In these cases, the application is usually subsequently withdrawn during EKN's review process but in rare cases, transactions are subject to formal rejection by EKN's board.

EKN regularly holds dialogues with a number of export companies concerning sustainability risks in the transactions the companies are consider-

ing bidding on or submitting tenders for. In cases where EKN refrains from guaranteeing financing due to significant impact on climate, for example, EKN attempts to influence other export credit institutes and international regulations to follow suit in order to ensure competitive neutrality. In 2022 EKN refrained from guaranteeing financing of exports for a mining project due to the impact on sensitive natural areas and a lack of plans for managing the impact on biodiversity pursuant to international standards. EKN also refrained from reinsuring guarantees of exports for a hydroelec-

tric power project in which EKN's conditions could not be met.

### Follow-up of previously guaranteed transactions

During the year, EKN followed up on 15 major projects for which EKN had in previous years set requirements for responsible risk management as special conditions for the guarantee. Conditions are set and follow-up takes place in cooperation with other export credit institutes and financiers with the aim of maximising opportunities for influence.

## 5.1 NUMBER OF NEW TRANSACTIONS AND OFFERED GUARANTEE VOLUME IN THESE TRANSACTIONS

	2022		2021		2020	
	Number	MSEK	Number	MSEK	Number	MSEK
Category A transactions	53	23,437	65	23,010	66	3,042
Category B transactions	748	16,556	1,013	29,340	952	28,461
Category C transactions	447	14,742	455	11,373	511	21,842
Non-classified transactions	257	3,843	245	3,679	367	5,438

## 5.2 NEW A TRANSACTIONS, BY RISK AREAS

MAIN RISK AREAS	EKN'S ASSESSMENT AND ACTION	TRANS-ACTIONS	GUARANTEE VOLUME, MSEK
Impact on the bioversity.	No indications of unacceptable environmental impact. Mitigating measures have been taken.	5	19,450
Health and safety of local communities and impact on the bioversity.	No indications of unacceptable environmental impact. Mitigating measures have been taken.	2	1,877
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.	28	1,111
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 have been taken.	7	909
Health and safety of local communities. Minor relocation of people. Working environment and work conditions.	No indications of unacceptable environmental impact or risk of violation of human rights. Mitigating measures have been taken.	4	62
Risks associated with military end users.	No indications of unacceptable negative impact or risk of violation of human rights.	6	22
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.	1	6

# Climate-related financial risks and opportunities

EKN has begun analysing and reporting on its climate-related financial risks and opportunities. EKN analyses both the climate impact of its own operations and how climate risks constitute financial risks for EKN.

EKN has an impact on the climate through its guarantees to operations abroad and in Sweden. There is a negative climate impact when activities involve greenhouse gas emissions and a positive climate impact when activities contribute to climate transition.

Climate change poses physical risks, and the need for climate transition poses risks for counterparties with high carbon footprints. These are credit risks that have a financial impact on EKN.

EKN is committed to analysing and reporting these climate-related financial risks and opportunities, in accordance with the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations. The TCFD framework and recommendations are widely recognised as official guidance on reporting climate-related financial information. Launched in 2017, the framework is a market-driven initiative of the Financial Stability Board. EKN performs this work in close cooperation with SEK (Swedish Export Credit Corporation).

## Purpose of analysis and reporting

EKN's purpose in reporting is to increase understanding of its vulnerability to financial climate risks and how the organisation can be strengthened by maximising the opportunities in the green transition. It also aims to ensure that climate-related financial risks and opportunities are taken into account in the credit assessment of new and ongoing transactions.

EKN intends to measure, and over time reduce, the carbon footprint of EKN's guarantee portfolio to be in line with the Paris Agreement's 1.5-degree target. EKN also wants to contribute to a more transparent financial market and describe

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**EKN's green guarantees are a means of stimulating climate-smart export transaction.**

to stakeholders how EKN handles climate-related risks and opportunities. An initial pilot report for 2021 was published during the year.

## Lower proportion of fossil extraction

EKN has a restrictive stance on transactions with a negative climate impact, which prohibits guarantees for new fossil extraction projects. All new guarantees issued for the extraction and exploration of fossil fuels expired in 2022. Transactions related to fossil extraction and power generation represent a small and declining share of the portfolio.

In terms of credit risk, around a quarter of EKN's guarantee portfolio is exposed to counterparties in sectors with transitional risk, such as the transport and construction sectors. Exposure to direct fossil assets constitutes barely a couple of per cent of the portfolio, limiting the most substantial transitional risks. EKN analyses the financial climate risks to which it is exposed and its resilience to these, for example in relation to guarantees to countries exposed to transitional risks or physical climate risks. Analysis of selected projects shows that individual guarantee commitments are vulnerable to climate-related risks.

## Increasing proportion of green transactions

By supporting exports to businesses that contribute to climate transition, for example in renewable energy, EKN can reduce both its climate impact and its financial climate risks. The share of green transactions, which is deemed to meet the climate requirements of the EU taxonomy, accounted for nine per cent of EKN's guarantee portfolio at the turn of the year and is expected to increase over time. The launch of EKN's green guarantees is a means of specifically stimulating.

# International cooperation

EKN works in international contexts to increase investments in climate-friendly infrastructure and to get more countries to stop providing state-backed export credit guarantees for investments in fossil fuel power generation.

In international contexts EKN's guarantees are often highlighted as an example of how state-backed export credit guarantees can finance development in poor countries and also limit financing for operations with large greenhouse gas emissions.

## **EKN at COP27 in Sharm el-Sheikh**

The world needs massive investment in climate-resilient infrastructure. This requires many sources of funding. Aid, development banks, commercial banks and export credit agencies such as EKN need to work together. EKN participated in a number of seminars during COP27 in Sharm el-Sheikh to promote Swedish solutions in climate transition and increase awareness of the possibilities of using export finance as a tool to facilitate investment.

## **Restrictions on greenhouse gas emissions**

EKN's sustainability policy sets out restrictions for issuing guarantees regarding exports to operations with large greenhouse gas emissions. When EKN is assessing whether or not an export credit guarantee can be issued, it bases its decision on alignment with the Paris Agreement's 1.5-degree target and takes into account, for example, lock-in effects and transition plans. EKN does not guarantee the financing of fossil fuel extraction. For fossil fuel power generation, EKN only participates if there is a transition plan in the project.

With the aim of achieving level playing field, EKN and Sweden have continued to play a leading role in climate change mitigation efforts in both the EU and the OECD. Sweden, along with about ten other countries, has cooperated within E3F (Export Finance for Future) on how to end new guarantees and loans for fossil energy production by December 2022, in line with the call for action signed by 35 countries, including Sweden, in 2021.

## **Strengthened cooperation within the sector**

EKN participated in the Berne Union's newly established Climate Working Group, which brings together selected representatives from export credit agencies, multilateral insurance institutions, development finance institutions, commercial banks and private insurance companies. The aim is to disseminate practical solutions to climate and sustainable development challenges.

## **Incentivising financing for the green transition**

Within the OECD, government export credit institutions have common agreements on terms and conditions, premiums and rules, known as the Arrangement. Sweden has continued to push for the Arrangement to be modernised. This is important in order to further facilitate investments that contribute to the climate transition. Flexibility for long credit periods needs to be extended to favour green business. The application needs to be extended to projects that contribute to climate transition. The goal is a decision by the OECD in spring 2023.

In view of the fact that Sweden will hold the Presidency of the Council of the European Union in spring 2023, Sweden will also chair the Council Working Party on Export Credits. The main task of the Council Working Party is to prepare the EU's negotiating mandate in the OECD. EKN's ambition is to continue to promote progress in the modernisation of the Arrangement, including its climate sector agreement.

## **Efforts to combat corruption**

During the year, EKN participated in workshops to share and exchange experiences, arranged by the OECD Working Group on Export Credits. In order to clarify EKN's requirements for customers, dialogues have been conducted with some of the largest corporate customers. The focus has been on how companies' compliance and anti-corruption programmes work in difficult markets. EKN has been a supporting member of the Institute Against Bribery (IMM) since 2022 and participates in the newly launched Anti-corruption Network of the International Business Council (NIR). EKN has offered all employees digital anti-corruption training with IMM, in addition to regular, internal training initiatives.





# Risk developments

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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.

# Greater provision for increased risk of claims

The level of risk in the exposure increased. In recent years EKN has done more in difficult countries. The risk of losses has increased in outstanding guarantees for exports to Russia, Ghana and Ethiopia, among others.

At the end of 2022, EKN had outstanding guarantees in 140 countries and territories, six fewer than at the end of 2021. Outstanding guarantees increased to SEK 249,0 billion, from SEK 224,0 billion. This is mainly explained by a large number of guarantees being issued during the year and also by a weakened Swedish krona against the US dollar and the euro.

The outstanding guarantees presented do not include the temporary solution of working capital credit guarantees for large companies. This solution was offered from the beginning of the pandemic until 30 June 2021. Working capital credit guarantees for large companies are also not included in the basis for reporting provisions and concentration for countries and industries but are instead described separately.

## Increased level of risk

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 4.7 per cent at year-end, which was 0.5 percentage points higher compared to the previous year-end. Provisions have been falling for the last five years, but this trend was broken in 2022. The break in the trend can be explained by an increase in

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**Provisions for claims amounted to SEK 7.0 billion at the turn of the year (SEK 1.2 billion).**

the risk of losses in Russia, Ghana and Ethiopia, among others, meaning that a higher provision is applied to the guarantees in question.

## Major exposure to countries in 6 and 7

In recent years, commitment has increased in countries classified in country risk categories 6 and 7, the most severe country risk categories. For example, EKN has placed Ghana and Ethiopia in country risk category 7.

When the risk of loss increases, EKN increases the provision for loss in guarantees already issued. The increased provision has a negative impact on net income. If a claim is settled later, net income is not affected as long as the assessment of the final loss is unchanged. If an indemnification is made, the provision is reduced as payments are made in accordance with the guaranteed payment plan. This has a positive impact on net income. This means that the increased provisions made can be reduced if countries and borrowers take measures to strengthen their economies and financial positions.

## Increased share of provisions for claims

Provisions for claims are made for guarantees in transactions where non-payment has occurred or where there is an increased risk of this. In both cases, a specific assessment of the risk is made. Provisions for claims amounted to SEK 7.0 billion (SEK 1.2 billion). As a percentage of exposure, the provision for claims corresponds to 2.1 per cent (0.6 per cent). The increase was mainly related to



guarantee commitments in Russia, Ghana and Ethiopia. Sanctions against companies and banks, among others, have increased the risk of losses in Russia, while longstanding growing debt levels has increased risks in Ghana and Ethiopia.

#### Increased concentration in a few countries

EKN's exposure is largely concentrated in a few countries and industries. USA represented the largest risk concentration among countries, mainly due to large transactions in the telecoms sector. Brazil was the second largest country, with a large proportion relating to exports of Gripen fighter jet. The five largest countries accounted for 68 per cent of outstanding guarantees and the 15 largest countries 86 per cent. Exposure in the 15 largest countries increased to SEK 214.2 billion, from SEK 191.4 billion. Large numbers of guarantees have been issued in the US, UK and Türkiye, among other countries, but the weaker krona

against USD and EUR has also contributed to a higher guarantee amount in SEK. The Swedish krona weakened in 2022 by 13 per cent against the dollar and by eight per cent against the euro.

The industries with the most substantial concentration risks were defence and telecoms. As a result of the long credit terms of guarantees in these industries, they will continue to be substantial in the coming years. The share of outstanding commitments and guarantees in telecoms was 31 per cent (28 per cent). Defence accounted for 30 per cent (33 per cent). Counterparty exposure was dominated by foreign companies, which accounted for 65 per cent (62 per cent).

#### More reinsurance

In order to reduce the concentration risks in EKN's portfolio, some guarantees are reinsured on the private reinsurance market. In 2022, reinsurance was taken out on four different counterpart-



In recent years, exposure has increased in countries in the most severe country risk categories.

ties. This concerned two sovereign risks, a risk regarding a telecoms company and an increase in capacity for reinsurance regarding Brazil, in relation to Gripen fighter jet. At year-end, the reinsurance policies in the private market comprised SEK 20.6 billion, compared with SEK 9.9 billion the previous year-end. The largest amounts reinsured were in defence and telecoms, EKN's largest sectors in terms of exposure. The reinsured guarantee commitment pertained to loss on claim guarantees. EKN also reinsured with other export credit agencies and signed new framework agreements for reinsurance with other export credit agencies.

The metric that EKN uses to calculate risk concentration is unexpected loss. In total, reinsurance contributed to a reduction in unexpected loss of SEK 2.8 million, compared with SEK 1.8 million in 2021.

### Outstanding claims

Total outstanding claims amounted at year-end to SEK 15.1 billion (SEK 14.0 billion). Of these, commercial claims were SEK 9.5 billion and political claims SEK 5.6 billion. The increase is mainly due to claims payments in guarantees for business to Ecuador, Cuba, Armenia and India.

Payments for commercial claims during 2022 amounted to SEK 875 million, which is SEK 196 million more than the preceding year.

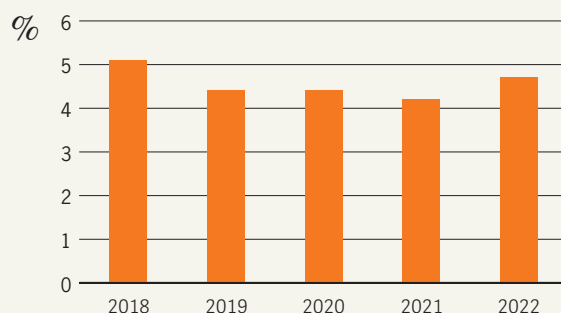
Recoveries from commercial claims increased, amounting to SEK 577 million compared with SEK 168 million in 2021. The largest amounts were recovered from debtors in Chile, Saudi Arabia, Qatar and Honduras.

At the end of 2022, EKN had outstanding political claims in 12 countries. Seven countries repaid under agreements. The bulk of the recovered amount of SEK 222 million came from Pakistan, Iraq, Zambia and Serbia.

Payments of SEK 8 million for political claims concerned Cuba and Suriname.

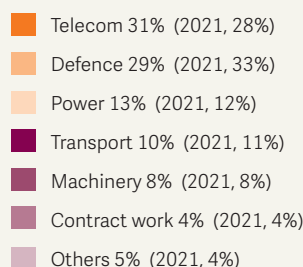
By far the two largest political claims concerned North Korea, SEK 2,839 million, and Cuba, SEK 1,900 million.

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



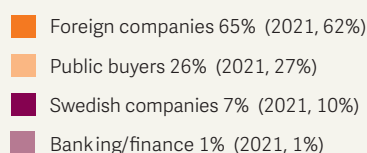
### 6.2 OUTSTANDING OFFERS AND GUARANTEES BY INDUSTRY

#### 2022



### 6.3 OUTSTANDING OFFERS AND GUARANTEES BY COUNTERPARTY

#### 2022



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

### Outstanding working capital credit guarantees for large companies

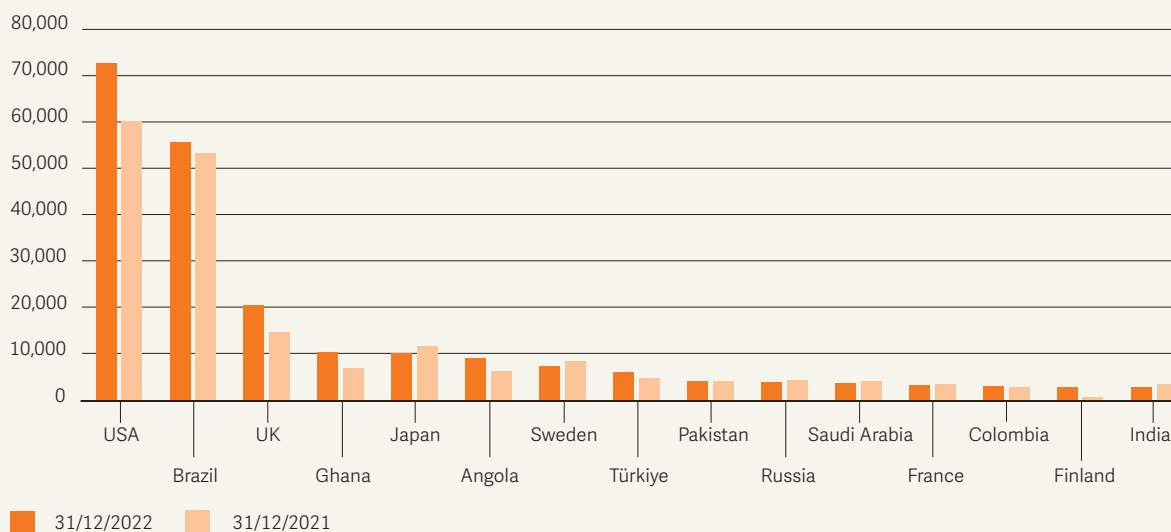
In spring 2020, EKN launched working capital credit guarantees for large corporates as a temporary measure to mitigate the effects of the pandemic. Normally, EKN only offers working capital credit guarantees to small and medium sized enterprises. This temporary measure ended on 30

June 2021, but there are guarantees outstanding. Towards the end of 2022, the guarantee exposure amounted to SEK 27.7 billion compared with SEK 42.4 billion in 2021. The expected loss in this exposure amounted to SEK 586 billion at year-end, and the unexpected loss due to risk concentration amounted to SEK 209 million.



EKN made provisions for the risk of non-payment regarding outstanding guarantees for exports to Russia, made before 24 February.

#### 6.4 THE 15 LARGEST COUNTRIES – OUTSTANDING GUARANTEES (SEK MILLION)



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



**6.5 RECOVERIES, CLAIMS PAID, OUTSTANDING CLAIMS (SEK MILLION)**

	Recoveries		Payment of claims		Outstanding claims	
	2022	2021	2022	2021	31/12/2022	31/12/2021
Political	222	197	8	101	5,587	5,579
Commercial	577	168	875	679	9,535	8,435
<b>Total</b>	<b>799</b>	<b>365</b>	<b>883</b>	<b>779</b>	<b>15,122</b>	<b>14,014</b>

**6.6 OUTSTANDING OFFERS**

	31/12/2022		31/12/2021		31/12/2020	
	MSEK	Number	MSEK	Number	MSEK	Number
Guarantee for loss on claim for exporters	25,359	1,784	29,800	2,149	28,043	2,286
Loss on production and loss on claim guarantee	5,264	32	4,664	21	3,856	19
Guarantee for loss on claim for lenders	103,666	33	78,443	57	91,159	70
Unfair calling guarantee	0	0	764	2	627	2
Counter guarantee	20,061	56	26,815	56	11,828	58
Letter of credit guarantee	49	1	43	1	39	1
Bill of exchange guarantee	31	3	60	8	281	3
Working capital credit guarantee for SME	628	65	365	63	375	69
Investment guarantee	0	0	0	0	136	1
<b>Total</b>	<b>155,058</b>	<b>1,974</b>	<b>140,954</b>	<b>2,357</b>	<b>136,344</b>	<b>2,509</b>

**6.7 OUTSTANDING GUARANTEES**

	31/12/2022		31/12/2021		31/12/2020	
	MSEK	Number	MSEK	Number	MSEK	Number
Guarantee for loss on claim for exporters	18,103	5,175	18,214	6,589	14,959	6,113
Loss on production and loss on claim guarantee	989	52	419	41	498	32
Guarantee for loss on claim for lenders	209,190	269	186,024	295	151,946	292
Unfair calling guarantee	154	4	491	4	562	5
Counter guarantee	16,596	274	15,698	315	12,962	294
Letter of credit guarantee	2,639	138	1,735	113	1,801	119
Bill of exchange guarantee	37	9	2	3	3	3
Working capital credit guarantee for SME	1,283	244	1,731	283	1,349	301
Investment guarantee	0	0	0	0	251	1
<b>Total</b>	<b>248,989</b>	<b>6,165</b>	<b>223,955</b>	<b>7,643</b>	<b>184,331</b>	<b>7,160</b>

**6.8 OUTSTANDING OFFERS AND GUARANTEES RELATED TO THE TEMPORARY WORKING CAPITAL CREDIT GUARANTEES FOR LARGE CORPORATES**

	31/12/2022		31/12/2021		31/12/2020	
	MSEK	Number	MSEK	Number	MSEK	Number
Offers	0	0	0	0	89,544	45
Guarantees	27,747	22	42,375	30	54,225	34



# Human resources

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The section reports on EKN's competence supply and the development work done for customer benefit, efficiency and quality assurance.

# Important mission attracts

EKN takes a long-term perspective in navigating the anticipated generational shift and took part in labour market fairs. Training was provided to promote learning and development. The valuable commitment among employees continued to grow.

EKN needs to be an employer that attracts relevant applicants and offers a stimulating and challenging working environment. Within the next ten years, 25 per cent of EKN's employees will be over 65. In order to cope with the generational shift, in a labour market with a growing skills shortage, EKN is working to attract younger staff to ensure that the age structure is sustainable.

## Attract and recruit

The basis of what EKN has to offer as an employer is its important export promoting mission. As an employee, you contribute to Swedish companies' exports and to sustainable transition. In addition to meaningful and customer-oriented tasks, EKN strives to be a workplace that offers continuous development and learning, where managers and employees work together to drive development and change.

In order to reach new target groups and generate greater awareness of EKN among students,

EKN has taken part in labour market fairs during the year. The response has been positive. EKN will continue to attend these fairs next year.

## Develop and retain

The employee engagement index score in this year's employee survey increased to 78 (76) out of 100.

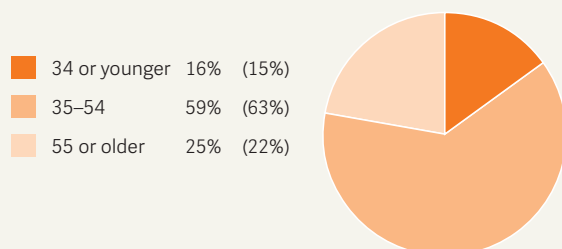
EKN provided training in areas such as credit assessment, IT tools and strengthening the underwriters' leadership role in complex transactions. In addition, all employees meet regularly to share information and knowledge on, for example, regional and country developments, various transactions and feedback from meetings and conferences. The aim is to provide everyone with a broad understanding of EKN's mission, develop its operations and create an inclusive culture.

The Swedish Export Academy training programme was carried out with Almi, Business Sweden, SEK (Swedish Export Credit Corporation), the Ministry for Foreign Affairs, Sida, the Ministry of Climate and Enterprise and Swedfund, with the aim of strengthening cooperation. Four employees from EKN participated.

## The working environment and health

All employees were offered lifestyle mapping, motivating healthy habits. EKN's sports club, of which all employees are members, carried out group activities.

### 7.1 AGE DISTRIBUTION OF PERSONNEL



### 7.2 GENDER DISTRIBUTION OF PERSONNEL

#### NUMBER OF EMPLOYEES:

162 (153)

#### GENDER DISTRIBUTION:

Women: 56% Men: 44%

### 7.3 SICKNESS ABSENCE AS A PERCENTAGE OF DAYS WORKED

	2022	2021	2020
29 years or younger*	*		
30-49 years	1.59%	0.66%	2.94%
50 years or older	1.78%	3.10%	1.78%
Women	2.04%	2.29%	2.71%
Men	1.07%	1.23%	2.04%
<b>Total sickness absence</b>	<b>1.60%</b>	<b>1.82%</b>	<b>2.41%</b>
Long-term sickness absence** as a proportion of total absence	51.03%	60.17%	68.56%

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

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

# New products and development

EKN developed two new guarantees. A feasibility study for new systems architecture was performed.

The changing needs of export companies are stimulating EKN's product development. A large guarantee volume and complex transactions also generate a need to streamline and simplify internal processes. The process of how EKN works with development was changed to employ more agile methods and establish clearer priorities.

Previous digitalisation efforts have resulted in 80 per cent of this year's applications being submitted via EKN's customer portal, EKN Online.

## Export Leap

Launched in the autumn, Export Leap is a new version of the working capital credit guarantee adapted to the needs of fairly new SMEs. The bank receives a higher rate of cover, up to 75 percent. The aim is to encourage banks to offer loans to companies with good prospects. With this solution, EKN is able to accept companies with only one set of annual accounts.

## Commodity guarantee

EKN launched an import credit guarantee to secure the supply of commodities to Swedish companies. This meant expanding EKN's mission. Previously, the mission has only covered Swedish exports. Many Swedish companies are dependent on imported commodities – in particular industrial companies that develop climate-friendly solutions.

## New systems platform

EKN conducted a preliminary study on the need for a future systems platform and began work on a new systems architecture for EKN's business systems. Various functions are being prioritised and transferred in modules.

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80 per cent of this year's applications was submitted via EKN's digital customer portal.

## Streamlining

EKN screens the applications it receives to separate those with an elevated sustainability risk that need to be reviewed. The screening is based on information provided by the exporter or bank in the application to EKN, along with information in EKN's own systems. In 2022, the entire screening step of the process was automated, which, together with centralised management of sustainability risks, makes it even easier to manage applications in a consistent and efficient manner.

In the area of claims management, work was initiated to review and optimise the process and allocation of responsibilities, and to utilise legal resources more efficiently. Implementation of the new process and further development will continue in 2023. This is important in view of the risk of a rise in claims in the current austere economic situation.

Implementation of a new customer relationship management (CRM) system is largely complete. It provides the basis for the effective management of customer communication and marketing.

## Security

Security work during the year was characterised by global situation and by the new threats facing Sweden and Swedish government agencies.

Since February, EKN has had a heightened level of readiness and implemented a series of reinforcement measures to protect it against undesirable incidents.

# Financial reports

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# Statutory limit utilisation

Refers to guarantee amounts in SEK million

Export credit guarantees	31/12/2022	31/12/2021	31/12/2020	31/12/2019	31/12/2018
Maximum amount of liability permitted by Swedish parliament	475,000	500,000	500,000	450,000	450,000
Authorisation given to EKN by Swedish government	475,000	500,000	500,000	450,000	450,000
<b>Outstanding guarantee exposure (guarantees and offers)</b>	<b>369,392</b>	<b>351,911</b>	<b>373,145</b>	<b>272,014</b>	<b>254,001</b>
Distributed as follows:					
Binding offers, regular issuing of guarantees	30,254	30,208	43,928	37,795	30,358
Binding offers, working capital guarantees for large corporates	0	0	0		
Non-binding offers, regular issuing of guarantees	124,805	110,746	92,280	79,379	62,999
Non-binding offers, working capital guarantees for large corporates	0	0	89,544		
Offset by 50 %	-62,403	-55,373	-90,912	-39,690	-31,500
Guarantees, regular issuing of guarantees	248,989	223,955	184,080	194,529	192,143
Guarantees, working capital guarantees for large corporates	27,747	42,375	54,225		
<b>Investment guarantees</b>					
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
<b>Outstanding guarantee exposure (guarantees and offers)</b>	<b>0</b>	<b>0</b>	<b>387</b>	<b>3,007</b>	<b>2,563</b>
Distributed as follows:					
Binding offers	0	0	136	1673	1,411
Non-binding offers	0	0	0	0	0
Offset by 50 %	0	0	0	0	0
Guarantees	0	0	251	1,333	1,152
<b>Råvarugarantier</b>					
Av riksdagen medgivet högsta betalningsansvar	3,000				
Av regeringen lämnat bemyndigande till EKN	3,000				
<b>Utestående garantiåtaganden (garantier och garantiutfästelser)</b>	<b>0</b>				

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 2021, EKN had utilised SEK 352 billion of the statutory export credit guarantee limit. Statutory limit utilisation was SEK 373 billion at the same time last year. The share of the statutory limit utilisation comprising guarantees

and binding offers totalled SEK 97 billion and the share comprising non-binding offers was SEK 111 billion. The statutory export credit guarantee limit for 2021 was SEK 500 billion.

A statutory limit of SEK 10 billion is granted by the Swedish parliament for investment guarantees. Statutory limit utilisation was not used at all at the end of 2021.

In 2022, a framework was determined for commodity guarantees, up to an amount of SEK 3 billion. There were no guarantee commitments under this framework at year-end.

# 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.

The product, working capital credit guarantee for large corporates, is reported on a separate income statement. The product is included on the balance sheet, pages 49–50.

## 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 agree-

ments 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.

In order to provide a more accurate picture of administrative income, as of 2022, 40 percent of the administrative fee for the lender guarantee product is distributed over the term of the guarantee. This takes place after the date on which the guarantee is issued. The terms of the lender guarantees are often very long, around 14–18 years, and the administrative fee is distributed according to the same earning profile as the risk-related portion of the premium. Where other products are concerned, the full administrative fee will continue to be taken up as revenue when the guarantee is issued. These products have a short term, and much of the work on a guarantee takes place during the quotation process, i.e. before any guarantee is issued. Proforma is stated for 2021. In the income statement, changes in the provision

	31/12/2022	31/8/2022	30/4/2022	31/12/2021	31/12/2020
USD	10.7645	10.1852	9.3903	8.7991	8.6834
EUR	10.8951	10.5418	10.4457	10.1372	10.3143
CHF	11.1359	10.5121	10.1136	9.5404	9.5699
JPY	0.0759	0.0762	0.0793	0.0780	0.0829

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

for unearned administrative income, other interest income and unrealised exchange losses are affected. In the balance sheet, the result for the period, the provision for unearned administrative fees and other receivables are affected.

### 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 23).

# Profit analysis

EKN made a loss of SEK 912 million (SEK 1 603 million). This year's provision for possible future claims was significantly higher than previous year and had a negative impact on the result. High discount rates curbed the need for provisions and had a positive impact on the result. Comparison with previous year is stated proforma.

In the profit/loss analysis, working capital credit guarantees for large corporates are excluded, which is commented on in the separate income statement, page 48.

## Premiums <sup>1)</sup>

Income from premiums amounted to SEK 2,020 million, which is somewhat higher than previous year's SEK 1,911 million.

Guarantee income amounted to SEK 1,688 million, which is significantly lower than previous year's SEK 3,977 million. The difference is explained by a few major guarantees in 2021, with long credit terms concerning countries in the highest risk categories.

The year's earnings from premiums over expectation amounted to SEK 97 million and expenses for matched premiums amounted to SEK 4 million. SEK 92 million will be paid to the government in 2023 in respect of 2022.

The need for provision for unearned premiums and unexpired risks decreased and was dissolved by SEK 870 million, compared with the 2021 increase of SEK 1,413 million.

## Other revenues

Other revenues amounted to SEK 2 million, the same level as previous year. Of these, Sida accounted for less than SEK 1 million.

## Claims incurred <sup>2)</sup>

Claims incurred amounted to SEK 4,367 million, compared with SEK 419 million previous year.

Provisions for possible future claims increased to SEK 5,643 million, from SEK 121 million. The increase mainly concerned Russia, Ghana and Ethiopia.

Claims paid amounted to SEK 881 million, compared with SEK 779 million in 2021. Net claims (including deferred period compensation and claims prevention costs) amounted to SEK 898 million, increasing from SEK 799 million in 2021. Claims paid are in line with previous provisions. Indemnified claims amounted to a nominal SEK 15,056 million at year-end and were valued at SEK 1,856 million.

Net recoveries of claims amounted to SEK 776 million. This is an increase from SEK 324 million in 2021, when recovery opportunities were affected by the pandemic. The largest recoveries related to transactions in Chile, Pakistan, Saudi Arabia and Iraq.

## Reinsurance

New private reinsurance was taken out, and EKN also reinsured with other export credit agencies. Overall, reinsurance helps to reduce the negative result from the increase in claims provisions by a third.

The reinsurance portion of the change in unearned premiums and unexpired risks amounted to SEK -10 million, compared with SEK -71 million previous year. The reinsurance portion of the change in provisions for claims amounted to SEK 1,723 million, compared with SEK 0 million previous year. The cost for outward reinsurance amounted to SEK 563 million, compared with SEK 528 million in 2021.





### Increased operating costs

Operating costs amounted to SEK 283 million, which is SEK 6 million above previous year's level. The bulk of this relates to personnel costs, just under two-thirds of total operating costs. In 2021, travel costs were minimised due to COVID-19. Premises costs amounted to SEK 20 million, somewhat lower than previous year. The premises contract was renegotiated in 2021, and the reduced office space had an impact on the premises costs in 2022. Costs of IT operations decreased from SEK 18 million in 2021 to SEK 16 million in 2022. Consultancy costs amounted to SEK 42 million, which is SEK 9 million lower than previous year.

### Administrative result

EKN's administrative result was SEK 53 million, compared with SEK 319 million in 2021 (see note 22). In 2023, an administrative surplus of SEK 53 million will be paid to the state.

### Financial management

EKN's financial assets at year-end amounted to SEK 33,202 million, an increase from SEK 31,034 million at the end of 2021. Of the financial assets, SEK 24,015 million were investments in Swedish kronor. EKN had no investments in foreign currency. Revenue from financial management amounted to SEK 241 million (SEK 176 million).

Other interest income and other financial income amounted to SEK 3,171 million (SEK 556 million). Other interest expenses and other financial expenses amounted to SEK 1,735 million (SEK 351 million). The foreign currency result for 2022 was positive and amounted to SEK 39 million, an increase from previous year's SEK 6 million. Most of the foreign currency result is unrealised exchange rate fluctuations.

The result for financial items amounted to SEK 1,716 million (SEK 387 million the preceding year). The positive result is explained by a reduction in the need for provisions for all currencies due to higher discount rates.

In the event of an increase in interest rates, the present value of the provision will decrease, leading to a lower debt and a positive effect on the result. The market value of interest-bearing securities will decrease in proportion to the reduction in debt. EKN recognises investments in securities at cost and not at market value. This means that the positive effect of a reduction in provisions is offset by a reduction in the value of financial management.

### Financial position

EKN has a long-term mission, 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. EKN continues to enjoy a strong financial position after many years of positive results. EKN's equity decreased during the year to SEK 25,267 million, from SEK 26,060 million.

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1) Revenues from premiums consist of premium income, changes in provisions for unearned premiums and unexpired risks, and the effects of reinsurance.

2) Claims incurred comprises the estimated final cost to EKN after taking into account provisions, payments and recoveries.

# Income statement

## excluding working capital guarantees for large corporates

Amounts in SEK thousand

OPERATING INCOME AND EXPENSES		2022	2021
<b>Earned premiums (net of reinsurance)</b>			
Gross premium income	Note 1	1,688,244	3,976,588
Premiums paid for reinsurance		-562,922	-528,476
Change in provision for unearned premiums and unexpired risks	Note 2	869,924	-1,412,907
Reinsurer's share of unearned premiums and unexpired risks	Note 2	-9,754	-71,344
Change in provisions for unearned administrative income*		-62,334	-172,761
Earnings for the year, over expectation premiums	Note 17	96,741	119,595
<b>Total earned premiums (net of reinsurance)</b>		<b>2,019,898</b>	<b>1,910,695</b>
<b>Other revenue</b>			
Other revenue	Note 3	2,239	2,055
<b>Total</b>		<b>2,239</b>	<b>2,055</b>
<b>Claims incurred</b>			
Claims incurred (gross of reinsurance)	Note 4	-357,134	-420,481
Reinsurer's share of change in paid claims incurred	Note 5	7,287	-717
<b>Total claims incurred</b>		<b>-349,847</b>	<b>-421,199</b>
<b>Change in provisions for claims (gross of reinsurance)</b>			
Change in provisions for claims gross of reinsurance	Note 2	-5,643,309	121,438
Reinsurer's share of change in provisions for claims incurred	Note 2	1,722,765	0
<b>Total change in provisions for claims (gross of reinsurance)</b>		<b>-3,920,544</b>	<b>121,438</b>
<b>Year's costs for matched premiums</b>			
Year's costs for matched premiums	Note 6	-4,902	-5,870
<b>Total year's costs for matched premiums</b>		<b>-4,902</b>	<b>-5,870</b>
<b>Cost of submission of below expected loss based premiums</b>			
Cost of submission of below expectation premiums	Note 17	-91,839	-113,726
<b>Total cost of submission of below expected loss based premiums</b>		<b>-91,839</b>	<b>-113,726</b>
<b>Total claims incurred (net of reinsurance)</b>		<b>-4,367,133</b>	<b>-419,356</b>

Amounts in SEK thousand

		2022	2021
<b>Operating costs</b>	Note 7	<b>-282,631</b>	<b>-276,748</b>
<b>Operating profit/loss</b>		<b>-2,627,627</b>	<b>1,216,646</b>
<b>Interest income and other financial income</b>	Note 8		
Return – treasury management		241,102	176,049
Other interest income*		3,171,094	555,542
Other financial income		236	147
<b>Total interest income and other financial income</b>		<b>3,412,432</b>	<b>731,738</b>
<b>Interest expenses and other financial costs</b>	Note 9		
Interest expenses loans		-3,371	-3,885
Expenses – treasury management		-70	-78
Other interest expenses		-1,732,087	-346,757
<b>Total interest and other financial costs</b>		<b>-1,735,528</b>	<b>-350,721</b>
<b>Exchange rates differences</b>	Note 2, 10, 13		
Realised exchange rate gains		1,010,660	578,945
Unrealised exchange rate gains		3,421,950	1,982,822
Realised exchange rate losses		-444,095	-312,049
Unrealised exchange rate losses*		-3,949,687	-2,244,025
<b>Total exchange rates differences</b>		<b>38,829</b>	<b>5,693</b>
<b>Total financial items</b>		<b>1,715,733</b>	<b>386,710</b>
<b>Profit/loss for the period</b>		<b>-911,894</b>	<b>1,603,357</b>

\* Proforma 2021.

# Income statement

## for working capital guarantees for large corporate

Amounts in thousand SEK

OPERATING INCOME AND EXPENSES	2022	2021
<b>Premiums earned (after outward reinsurance)</b>		
Premium income	-255,801	48,277
Change in provisions for unearned premiums and unexpired risks	496,613	288,923
<b>Total premiums earned (after outward reinsurance)</b>	<b>240,811</b>	<b>337,200</b>
<b>Total operating costs</b>	<b>-346</b>	<b>-1,237</b>
<b>Operating profit</b>	<b>240,465</b>	<b>335,963</b>
<b>Interest income and other financial income</b>		
Other interest income	90,831	21,201
<b>Total interest income and other financial income</b>	<b>90,831</b>	<b>21,201</b>
<b>Interest expenses and other financial expenses</b>		
Other interest expenses	-50,832	-16,415
<b>Total interest expenses and other financial expenses</b>	<b>-50,832</b>	<b>-16,415</b>
<b>Exchange rate differences</b>		
Unrealised exchange rate gains	22,490	9,877
Unrealised exchange rate losses	-23,448	-10,043
<b>Total exchange rate differences</b>	<b>-958</b>	<b>-167</b>
<b>Financial items</b>	<b>39,041</b>	<b>4,620</b>
<b>Profit/loss for the period</b>	<b>279,506</b>	<b>340,582</b>

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 amounted to SEK 241 million (337) and operating costs to less than SEK 1 million (1). Financial items amounted to SEK 39 million (5) and profit to SEK 280 million (341). The result is reported as a debt to the state (note 23).

# Balance sheet

Amounts in SEK thousand

ASSETS		31/12/2022	31/12/2021
<b>Intangible and tangible fixed assets</b>			
Intangible fixed assets	Note 11	0	40
Tangible fixed assets	Note 12	8,790	3,818
<b>Total intangible and tangible fixed assets</b>		<b>8,790</b>	<b>3,857</b>
<b>Financial fixed assets</b>			
Other non-current securities holdings	Note 15	24,015,000	23,075,000
Stocks and shares	Note 14	13,102	15,237
Premium receivables	Note 16	3,560,221	4,929,492
Reinsurer's share of net worth of indemnified claims	Note 13	1,889,563	1,917,793
Pension assets	Note 13	–33,744	–44,874
<b>Total financial fixed assets</b>		<b>29,444,142</b>	<b>29,892,648</b>
<b>Reinsurer's share of actuarially-calculated provisions</b>			
Reinsurer's share of unearned premiums and unexpired risks	Note 2	751,960	335,055
Reinsurer's share of provisions for claims incurred		1,722,765	0
<b>Total reinsurer's share of actuarially-calculated provisions</b>		<b>2,474,724</b>	<b>335,055</b>
<b>Receivables</b>			
Account receivables*		6,173	7,431
Under expectation premium share	Note 17	9,043	10,893
Other receivables		698	20
<b>Total receivables</b>		<b>15,913</b>	<b>18,345</b>
<b>Accruals and deferrals</b>			
	Note 18		
Prepaid expenses		11,544	9,120
Accrued income		54,310	62,459
<b>Total accruals and deferrals</b>		<b>65,854</b>	<b>71,579</b>
<b>Cash and bank balances</b>			
National debt office	Note 19	9,186,042	7,956,122
Cash and cash equivalents	Note 20	896	2,509
<b>Total cash and bank balances</b>		<b>9,186,937</b>	<b>7,958,631</b>
<b>Total assets</b>		<b>41,196,360</b>	<b>38,280,116</b>

\* Proforma 2021.



## BALANCE SHEET

Amounts in SEK thousand

EQUITY AND LIABILITIES		31/12/2022	31/12/2021
<b>Equity</b>	Note 21		
Retained earnings	Note 22	26,179,226	24,456,611
Profit/loss for the period*		-911,894	1,603,357
<b>Total equity</b>		<b>25,267,332</b>	<b>26,059,967</b>
<b>Liabilities to the state</b>	Note 23		
Liabilities to the state		922,850	867,468
<b>Total liabilities to the state</b>		<b>922,850</b>	<b>867,468</b>
<b>Provisions</b>			
Provision for unearned premiums and unexpired risks gross of reinsurance	Note 14	12,959	14,210
Provisions for unearned administrative fees*		56,660	172,761
Provision for claims gross of reinsurance	Note 2	7,201,094	9,338,707
Provisions for pension liabilities	Note 2	6,995,418	1,242,507
<b>Total provisions</b>		<b>14,266,131</b>	<b>10,768,185</b>
<b>Liabilities</b>			
Borrowings for fixed assets, national debt office	Note 24	6,323	3,857
Over expected loss based premium share	Note 17	194,039	278,618
Trade payables		17,945	18,246
Liabilities to guarantee holders		10,376	14,312
Other current liabilities	Note 25	467,044	250,248
<b>Total liabilities</b>		<b>695,728</b>	<b>565,282</b>
<b>Accruals and deferrals</b>	Note 26		
Accrued costs		17,995	19,214
Prepaid income		26,325	0
<b>Total accruals and deferrals</b>		<b>44,319</b>	<b>19,214</b>
<b>Total equity and liabilities</b>		<b>41,196,360</b>	<b>38,280,116</b>

\* Proforma 2021.

# Statement of appropriations

Amounts in thousand SEK

REVENUE HEADING	ESTIMATED AMOUNT	REVENUE
2127 001 Surplus transfer from the Swedish Export Credits Guarantee Board	—	368,796
2811 Other revenue	—	86

# Financing analysis

Amounts in thousand SEK

OPERATIONS FOR THE YEAR		2022	2021
Profit/loss for the year		-911,894	1,603,357
Correction/proforma 2021		0	172,146
Depreciation charged against earnings	Note 11,12	1,601	95,
Disposals	Note 12	0	-1,922
Change in current receivables		7,562,	8,660
Change in current liabilities		153,086	-173,592
Payment to government		-368,882	-131,850
Change below expectation premiums	Note 23	91,839	113,726
Working capital credit guarantees large corporates	Note 23	279,506	340,582
<b>Cash flow from operations for the year</b>		<b>-747,183</b>	<b>1,932,058</b>
<b>Investments</b>			
Investment in fixed assets	Note 12	-6,533	-2,946
Disposals	Note 12	0	1,981
Change in actuarially calculated net worth of indemnified claims	Note 13	17,100	-169,976
Change in premium receivables		1,369,251	499,718
Change in pension assets	Note 14	2,136	270
Change in other non-current securities holdings	Note 15	-940,000	-3,000,000
<b>Total investments</b>		<b>441,953</b>	<b>-2,670,954</b>
<b>Remainder after net investments</b>		<b>-305,230</b>	<b>-738,896</b>
<b>Financing etc.</b>			
Change in provisions for actuarially-calculated risk of exposure	Note 2	1,475,628	1,188,025
Change in provisions for pension liabilities	Note 14	-1,219	-1,298
Change in provisions for unearned administrative fees*		56,660	0
Change in borrowings for fixed assets, national debt office	Note 24	2,466	1,937
<b>Total financing etc.</b>		<b>1,533,536</b>	<b>1,188,664</b>
<b>Change in cash and cash equivalents</b>		<b>1,228,306</b>	<b>449,768</b>
<b>Cash and cash equivalents at start of year</b>		<b>7,958,631</b>	<b>7,508,863</b>
<b>Cash and cash equivalents at end of year</b>		<b>9,186,937</b>	<b>7,958,631</b>

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

	2022	2021
Premium income – risk-based share	1,826,441	3,572,649
Premium income – administrative share*	402,845	605,794
Premium repayments/refunds	–74,603	–36,830
Change in premiums in arrears and counter guarantees	–478,302	–121,853
Over expected loss based premium share	–1,785	–63,145
Other reinsurance income	13,647	19,974
<b>Total premium income</b>	<b>1,688,244</b>	<b>3,976,588</b>

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.

\* Proforma 2021.

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

ASSETS	Closing balance 31/12/21	Change	Working capital guarantees for large corporates	Exchange rate changes	Closing balance 31/12/22
Reinsured share of unearned premiums and unexpired risks	335,055	260,939	0	155,966	751,960
Reinsured share of provisions for claims incurred	0	20,142	0	1,702,623	1,722,765
<b>Total reinsured share of provisions</b>	<b>335,055</b>	<b>281,081</b>	<b>0</b>	<b>1,858,588</b>	<b>2,474,724</b>
<b>Liabilities</b>					
Provision for unearned premiums	–8,851,056	1,573,268	–598,020	1,066,822	–6,808,987
Provision for unexpired risks	–487,651	–116,890	–11,567	200,867	–392,107
<b>Total provision premiums and unexpired risks</b>	<b>–9,338,707</b>	<b>1,456,378</b>	<b>–586,453</b>	<b>1,267,689</b>	<b>–7,201,094</b>
<b>Provision for claims gross of reinsurance</b>	<b>–1,242,507</b>	<b>–5,643,309</b>	<b>0</b>	<b>–109,601</b>	<b>–6,995,418</b>
<b>Total change in provision for unearned premiums and unexpired risks</b>	<b>–10,246,159</b>	<b>–3,905,850</b>	<b>–586,453</b>	<b>3,016,676</b>	<b>–11,721,787</b>

**NOTE 3. OTHER REVENUE**

	2022	2021
Administration income within government	348	349
Administrative income outside of government*	1,891	1,706
<b>Total other revenue</b>	<b>2,239</b>	<b>2,055</b>

\* 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)**

	2022	2021
Recoveries net*	776,329	323,686
Claims paid net*	-898,341	-799,013
Change in indemnified claims	139,511	395,923
Change in provision for expected loss indemnified claims	-374,633	-341,077
<b>Total claims incurred (gross of reinsurance)</b>	<b>-357,134</b>	<b>-420,481</b>

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

**NOTE 5. REINSURER'S SHARE OF CLAIMS INCURRED**

	2022	2021
Recoveries net	-10,390	-316
Change in indemnified claims	21,363	-619
Change in provision for expected loss indemnified claims	-3,686	217
<b>Total reinsurer's share of claims incurred</b>	<b>7,287</b>	<b>-717</b>

**NOTE 6. COSTS FOR MATCHED PREMIUM**

	2022	2021
Change in the year's cost matched premiums	-4,902	-5,870
<b>Total, year's cost matched guarantee premiums</b>	<b>-4,902</b>	<b>-5,870</b>

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, 4,902 (5,870), reduce transfer to the government, not expected loss based premiums, see also note 23.

**NOTE 7. OPERATING COSTS**

	2022	2021
Payroll expenses (excluding employer's contributions, pension premiums and other charges according to law and agreement)	-98,528	-92,645
Of which, payroll expenses non-employed personnel	-2,986	-2,520
Social costs	-35,500	-33,384
Other costs for personnel	-50,512	-46,872
Premises costs	-20,413	-22,533
Other operating costs	-76,077	-80,363
Depreciation	-1,601	-951
<b>Total operating costs</b>	<b>-282,631</b>	<b>-276,748</b>

SEK 143,800 was paid to the chair of the board Sven-Eric Söder.

Director General Anna-Karin Jatko was paid salary of SEK 1,541,342 including luncheon voucher benefits. No remuneration was paid for the office of Board Member of EKN.

Peter Yngwe, Vice Chair, received SEK 108,400.

Carina Lundberg Markow received SEK 71,700, Åke Nordlander received SEK 71,900, Dag Juhlin Dannefelt and Anna Lundmark Lundbergh received SEK 72,000 each, Stefan Sjöquist and Jan Wäreby received SEK 72 200 kronor each.

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**

	2022	2021
Return on treasury management*	241,102	176,049
Other interest income**	3,171,094	555,542
Other financial income	236	147
<b>Total interest income and other financial income</b>	<b>3,412,432</b>	<b>731,738</b>

\* Interest income from financial management amounts to SEK 241,031 thousand and interest income relating to the Swedish National Debt Office interest account amounts to SEK 0 thousand.

\*\* Other interest income is mainly related to provisions. Proforma 2021.

**NOTE 9. INTEREST EXPENSES AND OTHER FINANCIAL COSTS**

	2022	2021
Expenses – treasury management	-70	-78
Interest expenses loans	-3,371	-3,885
Other interest expenses*	-1,732,087	-346,757
<b>Total interest expenses and other financial costs</b>	<b>-1,735,528</b>	<b>-350,721</b>

\* Other interest expenses is mainly related to provisions.



**NOTE 10. EXCHANGE RATE DIFFERENCES**

	2022	2021
Realised exchange rate gains	1,010,660	578,945
Realised exchange rate losses	-444,095	-312,049
Unrealised exchange rate gains	3,421,950	1,982,822
Unrealised exchange rate losses*	-3,949,687	-2,244,025
<b>Total exchange rate differences</b>	<b>38,829</b>	<b>5,693</b>

\* Unrealised exchange rate gains and losses is mainly related to engagement in foreign currency. Proforma 2021.

**NOTE 11. INTANGIBLE FIXED ASSETS**

	31/12/2022	31/12/2021
Opening balance cumulative acquisition value	16,232	16,232
<b>Closing balance cumulative acquisition value</b>	<b>16,232</b>	<b>16,232</b>
Opening balance cumulative depreciations	-16,192	-15,800
Depreciation for the year	-40	-392
<b>Closing balance cumulative depreciations</b>	<b>-16,232</b>	<b>-16,192</b>
<b>Total intangible assets</b>	<b>0</b>	<b>40</b>

**NOTE 12. PROPERTY, PLANT AND EQUIPMENT**

	31/12/2022	31/12/2021
Opening balance cumulative acquisition value	12,612	11,647
Acquisitions for the year	6,533	2,946
Discarded	0	-1,981
<b>Closing balance cumulative acquisition value</b>	<b>19,145</b>	<b>12,612</b>
Opening balance cumulative depreciations	-8,794	-10,158
Depreciation for the year	-1,561	-559
Discarded	0	1,922
<b>Closing balance cumulative depreciations</b>	<b>-10,356</b>	<b>-8,794</b>
<b>Total property, plant and equipment</b>	<b>8,790</b>	<b>3,818</b>

**NOTE 13. ACTUARIALLY CALCULATED NET WORTH OF INDEMNIFIED CLAIMS**

	Closing balance 31/12/21	Change	Exchange rate changes	Closing balance 31/12/22
Gross value of outstanding claims	13,969,671	139,511	1,049,045	15,158,227
Provision for expected loss, gross	-12,051,878	-374,633	-842,153	-13,268,664
<b>Actuarially calculated net worth of indemnified claims</b>	<b>1,917,793</b>	<b>-235,122</b>	<b>206,892</b>	<b>1,889,563</b>
Reinsurer's share of net worth of indemnified claims	-114,442	21,363	-9,352	-102,431
Provision for expected loss – reinsurer's share	69,568	-3,686	2,806	68,687
<b>Reinsurer's share of net worth of indemnified claims</b>	<b>-44,874</b>	<b>17,677</b>	<b>-6,547</b>	<b>-33,744</b>
<b>Total actuarially calculated net worth of indemnified claims</b>	<b>1,872,919</b>	<b>-217,445</b>	<b>200,345</b>	<b>1,855,819</b>

**NOTE 14. PENSION ASSETS AND PROVISION FOR PENSION LIABILITY**

Pension assets of KSEK 13,102 KSEK (15,237) have been funded by the National Debt Office for future pension payments. Pensions debts amount to KSEK 12,959 (14,210). 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 24,015 million at year-end 2022, compared with SEK 23,075 million in 2021.

**NOTE 16. PREMIUM RECEIVABLES**

	31/12/2022	31/12/2021
Receivables related to premiums charged	51,732	58,399
<b>Total receivables for advance premiums</b>	<b>51,732</b>	<b>58,399</b>
Receivables related to premiums in arrears, nominal	4,170,600	5,185,541
Receivables related to premiums in arrears, present value adjusted	-509,850	-82,424
Receivables related to premiums in arrears, risk adjustment	-152,260	-232,023
<b>Receivables related to premiums in arrears, net</b>	<b>3,508,490</b>	<b>4,871,094</b>
<b>Total premium receivables</b>	<b>3,560,221</b>	<b>4,929,492</b>

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

**NOTE 17. NOT EXPECTED LOSS BASED PREMIUMS**

	Closing balance 31/12/2021	Change during the year	Of which non- disposable premiums earned during the year	Exchange rate change	Closing balance 31/12/2022
Asset – Share of premiums below expected loss based premium	10,893	2,730	–4,902	322	9,043
Liability – Share of premiums exceeding expected loss based premium	–257,191	–4,514	88,582	–8,457	–181,580
Liability – Share of premiums exceeding expected loss based premium (matrix)	–21,428	0	8,159	809	–12,459
<b>Total liabilities to government – share of premiums exceeding expected loss based premium</b>	<b>–278,618</b>	<b>–4,514</b>	<b>96,741</b>	<b>–7,648</b>	<b>–194,039</b>
<b>Total liabilities to government – share of premiums exceeding expected loss based premium</b>			<b>91,839</b>		

**NOTE 18. ACCRUALS AND DEFERRALS**

PREPAID EXPENSES AND ACCRUED INCOME	31/12/2022	31/12/2021
Prepaid rent first quarter of next year	5,026	4,439
Other prepaid expenses, annual fees	6,518	4,681
<b>Total prepaid expenses</b>	<b>11,544</b>	<b>9,120</b>
Accrued interest income	54,310	62,459
<b>Total accrued income</b>	<b>54,310</b>	<b>62,459</b>
<b>Total accruals and deferrals</b>	<b>65,854</b>	<b>71,579</b>

**NOTE 19. NATIONAL DEBT OFFICE**

	31/12/2022		31/12/2021	
Currency	Amount in foreign currency	Equivalent value SEK	Amount in foreign currency	Equivalent value SEK
SEK	2,443,540	2,443,540	3,019,261	3,019,261
USD	160,616	1,674,001	240,240	2,172,289
EUR	374,724	4,166,779	175,901	1,798,942
GBP	50,504	635,159	50,869	619,234
CHF	407	4,589	265	2,611
JPY	3,315,396	261,974	4,379,086	343,787
<b>Total national debt office</b>		<b>9,186,042</b>		<b>7,956,122</b>

As of 31/12/2022, EKN's cash and cash equivalents in the form of bank balances consisted of SEK 2,443,540 (3,019,261) thousand, of which SEK 904,071 (834,218) thousand was invested in an interest bearing account with the National Debt Office and SEK 1,539,469 (2,185,043) thousand was invested in Swedish commercial banks. Bank deposits in currency amounted to an equivalent value of SEK 6,742,502 (4,936,861) thousand.

**NOTE 20. LIQUID ASSETS**

	31/12/2022		31/12/2021	
Currency	Amount in foreign currency	Equivalent value SEK	Amount in foreign currency	Equivalent value SEK
SEK	776	776	964	964
USD	2	22	110	995
EUR	9	98	54	550
<b>Total liquid assets</b>		<b>896</b>		<b>2,509</b>

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
<b>Closing balance 2021</b>	<b>9,578,611</b>	<b>75,000</b>	<b>16,541,000</b>	<b>20,000</b>	<b>-1,758,000</b>	<b>1,775,503</b>	<b>26,232,113</b>
Correction/proforma 2021						-172,146	-172,146
<b>A Opening balance 2022</b>	<b>9,578,611</b>	<b>75,000</b>	<b>16,541,000</b>	<b>20,000</b>	<b>-1,758,000</b>	<b>1,603,357</b>	<b>26,059,967</b>
Change in equity last year	1,603,357					-1,603,357	0
Proforma 221 provision for distribution of administrative fees	172,146						172,146
Change current year*	2,630,112	0	-1,681,000	13,000	-1,015,000	0	1,603,357
Change in equity this year	0	0	0	0	0	-911,894	-911,894
<b>B Total change this year</b>	<b>4,405,615</b>	<b>0</b>	<b>-1,681,000</b>	<b>13,000</b>	<b>-1,015,000</b>	<b>-2,515,251</b>	<b>-792,636</b>
<b>C Closing balance 2022</b>	<b>13,984,226</b>	<b>75,000</b>	<b>14,860,000</b>	<b>33,000</b>	<b>-2,773,000</b>	<b>-911,894</b>	<b>25,267,332</b>

The administrative result for the year is not included in the change for the year, but is recognised as a liability to the state; see note 23.

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

<b>ADMINISTRATIVE INCOME</b>	<b>2022</b>	<b>2021</b>
Administrative share of premium	402,594	605,794
Distribution of unearned administrative fee*	-62,334	0
Administrative remuneration Sida, other government	348	349
Other administrative income	1,891	1,701
<b>Total</b>	<b>342,498</b>	<b>607,844</b>
<b>CLAIMS INCURRED</b>		
Costs of claim prevention	-510	-3,919
Administrative expenses for recovery of claims	-7,940	-7,738
<b>Total</b>	<b>-8,450</b>	<b>-11,657</b>
<b>OPERATING COSTS</b>		
Salaries	-98,528	-92,646
Other personnel costs	-86,013	-80,256
Premises costs	-20,413	-22,533
Other operating costs	-76,077	-80,362
Depreciation	-1,601	-951
<b>Total</b>	<b>-282,631</b>	<b>-276,748</b>
<b>Accumulated shortfall/surplus of operating profit/loss</b>	<b>51,417</b>	<b>319,439</b>
Interest on accumulated administrative surplus	1,416	0
<b>Results of operations, administrative</b>	<b>52,833</b>	<b>319,439</b>
<b>Accumulated administrative surplus</b>	<b>127,833</b>	<b>330,070</b>
<b>Liability to the Swedish state</b>	<b>52,833</b>	<b>255,070</b>
<b>Administrative reserve, share of equity</b>	<b>75,000</b>	<b>75,000</b>
<b>EKN'S RISK-BASED OPERATIONS</b>		
Operating profit/loss, risk-based	-2,576,211	1,069,968
Financial items, risk-based	1,714,317	386,095
<b>Results of operations, risk-based</b>	<b>-861,893</b>	<b>1,456,064</b>
<b>Share of equity for risk-based operations</b>	<b>25,192,332</b>	<b>26,157,113</b>

\*Proforma 2021 distribution of unearned administrative fee not included above, estimated at SEK 172,761 thousand and accumulated administrative surplus estimated at SEK 146,678 thousand.

**NOTE 23. SUBMITTED TO THE GOVERNMENT**

	<b>31/12/2022</b>	<b>31/12/2021</b>
Undisposed premiums to report against revenue heading*	-91,839	-113,726
Accumulated administrative surplus	-52,833	-255,070
Working capital credit guarantees large corporates	-778,178	-498,672
<b>Total submitted to the government</b>	<b>-922,850</b>	<b>-867,468</b>

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



**NOTE 24. BORROWINGS FOR FIXED ASSETS, NATIONAL DEBT OFFICE**

EKN's loan limit for fixed assets was SEK 8,700 (11,000) thousand at 31 December 2022\*.

	31/12/2022	31/12/2021
Undisposed premiums to report against revenue heading	3,857	1,920
Profit settlements relating to working capital credit guarantees to large companies	3,997	2,946
Total submitted to the government	-1,530	-1,009
<b>Total loan for fixed assets, the national debt office</b>	<b>6,323</b>	<b>3,857</b>

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

**NOTE 25. OTHER CURRENT LIABILITIES**

	31/12/2022	31/12/2021
Liabilities Swedish Tax Agency	2,994	2,822
Employee taxes	3,125	2,949
Other pension debts	5	52
Liabilities to reinsurers*	500,136	241,704
Liabilities to reinsurers (present value-adjusted)	-54,336	-1,884
Future premium repayments	10,196	502
Reserve for staff turnover	1,873	1,742
Other current liabilities	3,051	2,362
<b>Total other current liabilities</b>	<b>467,044</b>	<b>250,248</b>

\* 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:	31/12/2022	31/12/2021
Accrued holiday and overtime pay	13,314	13,494
Other accrued costs	4,681	5,720
<b>Total accrued costs</b>	<b>17,995</b>	<b>19,214</b>
Prepaid premiums	26,325	0
<b>Total prepaid income</b>	<b>26,325</b>	<b>0</b>
<b>Total accruals and deferrals</b>	<b>44,319</b>	<b>19,214</b>

# Summary of key information

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

(SEK million)	2022	2021	2020	2019	2018
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>	8.7	11.0	11.0	12.0	13.0
Loan limit with the National Debt Office for fixed assets, <u>utilised</u>	6.3	3.9	1.9	7.5	7.5
Income from appropriated revenue*	1,925	1,966	943	1,558	1,223
Income from unappropriated revenue	92	114	132	160	135
<b>Profit/loss for the year**</b>	<b>-912</b>	<b>1,603</b>	<b>194</b>	<b>1,067</b>	<b>1,004</b>
<b>Retained earnings</b>	<b>26,179</b>	<b>24,457</b>	<b>24,518</b>	<b>23,863</b>	<b>22,860</b>
Number of employees, Full Time Equivalents***	148	146	141	131	133
Average number employees	159	157	149	142	146
Operating costs per Full Time Equivalent, SEK thousand***	1,910	1,779	1,779	1,964	1,803

\* Proforma 2019.

\*\* Proforma 2021.

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





Stockholm, 14 February 2023

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

Sven-Eric Söder

Anna-Karin Jatko

Dag Juhlin-Dannfelt

Carina Lundberg Markow

Anna Lundmark Lundbergh

Åke Nordlander

Stefan Sjöquist

Jan Wäreby

Peter Yngwe

# Board of Directors

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## **Sven-Eric Söder, Chairman**

Former Director-General the Folke Bernadotte Academy (FBA). Former state secretary Ministry for Foreign Affairs and Ministry of Enterprise.  
Chairman since 2021.

**Other assignment:** Chairman of the Swedish National Council on Medical Ethics.



## **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.



## **Carina Lundberg Markow**

Former executive director and chief strategist in responsible asset management, Folksam.  
Board member since 2021.

**Other board memberships:** Member of the Nordic Museum Foundation's board, member of the Board of Trustees WWF World Wide Fund for Nature, member of the The Swedish Anti-Corruption Institutes Ethics Committee.



## **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.





**Dag Juhlin-Dannfelt**

Ambassador and Deputy Director-General, Head of Department for Trade Promotion, Nation Branding and CSR, Ministry for Foreign Affairs.



**Anna Lundmark Lundbergh**

CEO, Almi Värmland AB.  
Board member since 2021.



**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, Kebni AB, Defentry AB, Wineally AB and Agapi Boating AB



**Philip Bergling,  
Staff representative**

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

# Executive Management

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Front row: **Anna-Karin Jatko**, Director General,  
**Lovisa Onn**, Director of HR.

Rear row: **Peter Tuving**, Chief Credit Officer, **Beatrice  
Arnesson**, Director of Communications, **Johan Damell**,  
General Counsel, **Carina Nordström**, Director of  
business development and operational support,  
**Carl-Johan Karlsson**, Director of business area for  
small and medium-sized companies and midcorp, **Marie  
Aglert**, Director of business area for large corporates.



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# EKN – Creating confidence in your exports

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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](http://www.ekn.se)

