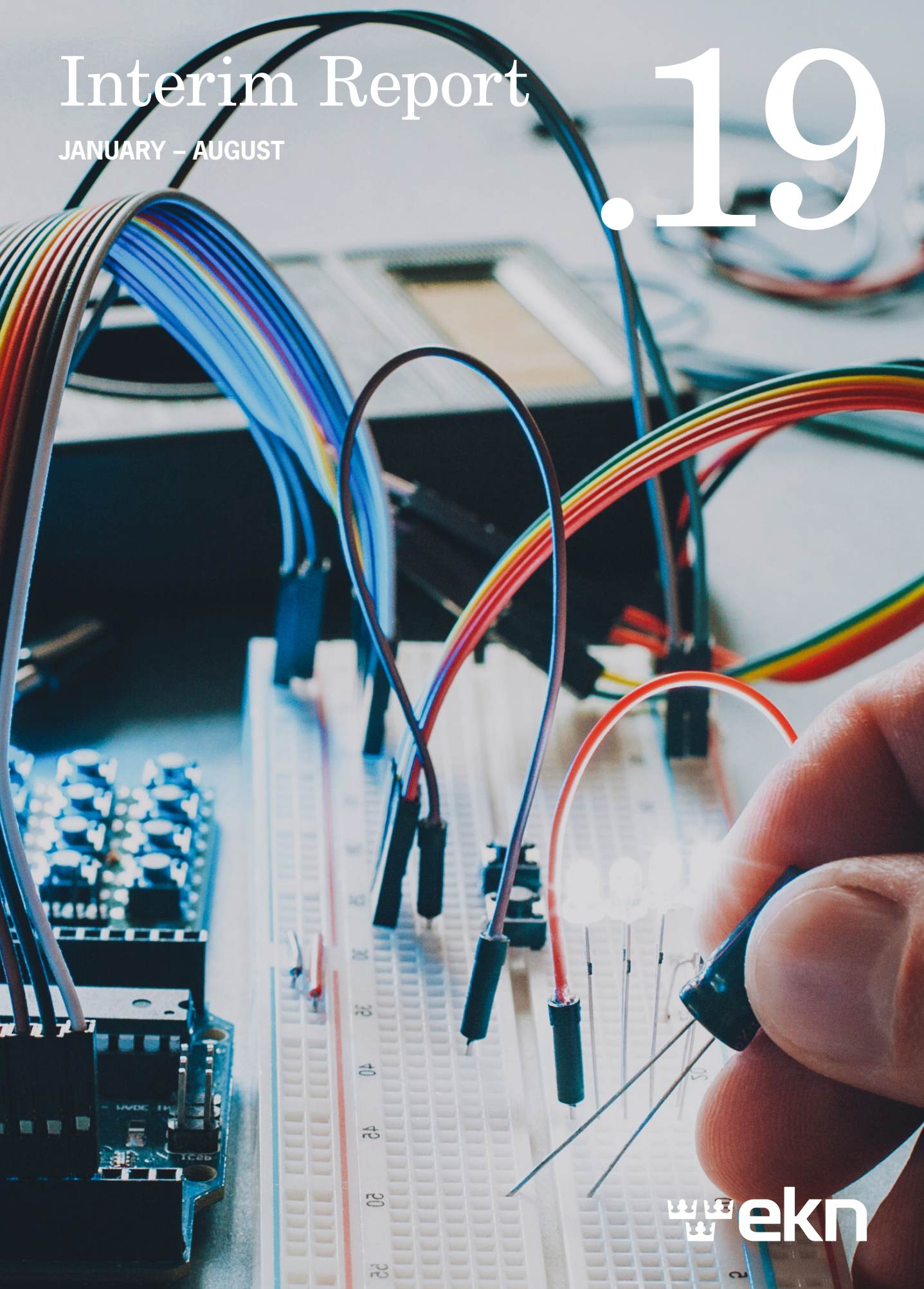


# Interim Report

JANUARY – AUGUST

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# The period at a glance

- EKN issued guarantees to a value of SEK 41.1 billion (SEK 45.3 billion).
- During the period, EKN issued guarantees for 1,505 new transactions (1,374 new transactions).
- Claims paid increased, but do not affect profit/loss results since provisions had been made previously.
- Small and medium-sized companies are using EKN in increasing numbers.
- A new solution has been launched to comply with the banks' capital adequacy rules.
- Profit for the period totalled SEK 586 million (SEK 931 million).

Figures in brackets refer to the corresponding period the previous year.

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<b>New transactions and profit/loss</b>	<b>January – August 2019</b>	<b>January – August 2018</b>
New guarantee offers, SEK millions	40,703	31,207
New guarantee offers, number	1,577	1,527
New transactions, volume of guarantees, SEK millions	41,100	45,321
New transactions, number	1,505	1,374
Claims paid, SEK millions	1,222	926
Profit/loss, SEK millions	586	931

<b>Outstanding exposure and accumulated profit/loss</b>	<b>30/04/2019</b>	<b>31/12/2018</b>
Utestående garantiutfästelser, mkr	88,288	94,769
Utestående garantier, mkr	208,039	193,295
Eget kapital	24,449	23,863

# The USA, wind power and large projects

Guarantee volume totalled SEK 41.1 billion and fell by ten per cent compared with the corresponding period in 2018. Compared with earlier years, issuing of guarantees is still at a high level. During the corresponding period in 2018, guarantee volume doubled compared with 2017.

A new large transaction to the United States contributed to the high guarantee volume as did a large transaction involving a wind power project.

The guarantee volume was highest in the OECD's high-income countries, which is mainly explained by the large transaction in the USA. The second largest region is Latin America, where short-term transactions dominate. In Asia, the guarantee volume doubled compared with the same period last year. Telecom transactions and export of vehicles have contributed to this.

## **EPC CONTRACTORS CHOOSE SWEDISH SUPPLIERS**

EKN has increasingly frequent contact with EPC (Engineering, Procurement and Construction) contractors. These companies take on turn-key responsibility for large contracts and then purchase goods and services from a large number of suppliers in different countries. Sweden has attractive suppliers for these projects and what these companies offer is reinforced by means of financing solutions from EKN and the Swedish Export Credit Corporation (SEK). The increase in guarantee offers during the period to SEK 40.7 million is partly explained by this.

## **SMALL AND MEDIUM-SIZED COMPANIES ARE USING EKN IN INCREASING NUMBERS**

Issuing of guarantees for small and medium-sized companies increased, in terms of number of transactions, transaction volume and number of customers. During the period, 314 small and medium-sized companies were EKN customers, compared with 267 in the same period the previous year. The guarantee volume increased to SEK 2.0 billion, compared with SEK 1.3 billion the previous

year. The number of transactions increased from 410 to 497.

## **TRANSACTIONS WITH RISK OF ENVIRONMENTAL AND SOCIAL IMPACT**

During the period, EKN guaranteed 35 new A-classified transactions, 693 B-classified transactions and 442 C-classified transactions out of a total of 1,505 transactions. Guarantees issued during the period totalled SEK 6.5 billion for A-classified transactions, SEK 13.5 billion for B-classified transactions and SEK 17.9 billion for C-classified transactions. An A-classification means a significant risk of environmental and social impact. In the A-classified transactions, EKN has specifically examined the risk of negative impact and assessed how the risk is to be managed.

The number of A-classified transactions has increased. This is partly due to the fact that, with effect from July 2018, EKN has classified all transactions for fossil energy recovery as A, because of the negative climate impact.

## **NEW SOLUTION FOR COMPLYING WITH CAPITAL ADEQUACY RULES**

EKN has introduced the opportunity, on certain terms, to provide a right to claims adjustment in advance in transactions with a credit period exceeding seven years. The banks' capital adequacy rules for "distressed exposure" and the valuation of government export guarantees have meant that this is greatly in demand.



# Good capacity and strong finances

EKN's statutory limit for the issuing of guarantees amounts to SEK 450 billion. Utilisation of the statutory limit for the period has increased to SEK 268 billion, compared with SEK 254 billion at year end.

Profit for the period totalled SEK 586 million (SEK 931 million).

Revenues for the period from premiums <sup>1</sup> amounted to SEK 572 million (SEK 930 million). The reduction is mainly due to changes in provisions for unearned premiums for the period. Claims incurred for the period<sup>2</sup> amounted to SEK minus 332 million (SEK minus 197 million).

Provisions for claims in already known problem transactions are unchanged, but recoveries during the period have increased.

Profit for the period is lower than the corresponding period the previous year due to lower premiums and higher claims incurred and operating costs. The financial result is higher than the previous year: SEK 511 million compared with SEK 326 million.

EKN retains its strong financial position after many years of positive results. Statutory limit utilisation has scope for almost SEK 200 billion. EKN has good capacity for future export transactions.

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

<sup>2</sup>) Claims incurred is the estimated final cost to EKN after taking into account provisions, payments and recoveries.

# Profit and Loss Statement and Balance Sheet summary

## SUMMARY PROFIT AND LOSS STATEMENT

Amount in SEK millions	January – August 2019	January – August 2018
Revenues from premiums	572	930
Other revenues	1	21
Claims incurred	-332	-197
Operating costs	-166	-150
<b>Operating profit/loss</b>	<b>75</b>	<b>605</b>
Financial items	511	326
<b>PROFIT/LOSS FOR THE PERIOD</b>	<b>586</b>	<b>931</b>

## BALANCE SHEET SUMMARY

Belopp i mkr	31/08/2019	31/12/2018
Intangible and tangible fixed assets	5	8
Financial fixed assets	28,475	26,117
Reinsurer share of actuarially-calculated provisions	678	757
Premiums receivable and other receivables	30	37
Accrual items	130	134
Cash and bank balances	6,249	7,753
<b>TOTAL ASSETS</b>	<b>35,568</b>	<b>34,806</b>

Equity	24,449	23,863
Liabilities to the State	94	135
Provisions	9,787	9,803
Other liabilities	1,221	990
Accrual items	16	15
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>35,568</b>	<b>34,806</b>

## **EKN – CREATING CONFIDENCE IN YOUR EXPORTS**

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



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