

# Interim Report

January–April 2021

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# The period at a glance

- The guarantee volume amounted to a record SEK 38.1 billion, up 34 per cent compared with the first four months of 2020.
- New guarantee offers amounted to SEK 26.8 billion, up 77 per cent compared with the first four months of 2020.
- The number of small and medium-sized enterprises (SMEs) rose to 351 (311); the highest it has ever been.
- As a result of the pandemic, which led to an exception in the EU regulations, EKN can temporarily, until the end of December 2021 offer guarantees to cover short-term supplier credits to high-income countries. During the period, EKN has issued 44 guarantees totalling SEK 427 million.
- The pandemic has led to an increased need for payment deferrals and, as a result, guarantee extensions. During the first four-month period of the year, 41 applications for payment deferrals were received.
- Claims payments have been at high levels for a couple of years due to some major claims. The majority of the settlements have now been paid, and only one major claim occurred in 2020. Claims payments for the period totalled SEK 0.2 billion, compared with SEK 0.7 billion in the year-earlier period.
- In addition to granting ordinary guarantees, EKN is continuing to offer the temporary solution of working capital credit guarantees for large corporates until the end of June. During the four-month period, EKN issued four guarantees totalling SEK 5.6 billion. These guarantees are not included in the compilations in this report.
- Profit for the period was SEK 590 million (SEK 175 million).

New transactions and profit/loss	January–April 2021	January–April 2020
New guarantee offers, SEK million	26,785	15,154
New guarantee offers, number	671	719
New transactions, volume of guarantees, SEK million	38,085	28,411
New transactions, number	650	671
Claims payments, SEK million	190	698
Profit/loss, SEK million	590	175

Outstanding exposure and accumulated profit/loss	30 Apr 2021	31 Dec 2020
Outstanding guarantee offers, SEK million	118,278	136,344
Outstanding guarantees, SEK million	211,497	184,330
Equity	25,301	24,712



# Record guarantee volume

The guarantee volume has never been as high during the first four months of the year. The number of transactions was down slightly year-on-year. The number of SME customers continues to increase. The level of claims payments has decreased.

Four transactions account for a large share of the period's guarantee volume. The transactions pertain to wind power in England, solar power in Angola, railways in Tanzania and telecoms in the US. Offers issued during the period amounted to SEK 26.8 billion and comprised two major transactions to Ghana concerning railways and hospitals and one transaction to Côte d'Ivoire concerning water distribution.

## **INCREASING NUMBER OF SME CUSTOMERS**

The number of SME customers increased to 351 (311), which is a record-high number. 31 of these were new customers. SMEs utilised EKN for export guarantees to 73 countries, compared with 59 in the year-earlier period. The guarantee volume was SEK 853 million, compared with SEK 878 million in the year-earlier period.

EKN's offering connected to the European Investment Fund's InnovFin Program for innovative companies concluded on 20 April. At the same time, EKN has applied for and been granted part of the European Commission's European Globalisation Adjustment Fund (EGF), which also applies to working capital financing guarantees and comes with low interest rates. The Fund entails emergency support, and is in place until the end of the year.

## **CONTINUED NEED FOR PAYMENT DEFERMENT**

Due to the crisis, EKN's guarantee holders have had customers who have been unable to meet their contractual payments. Guarantee holders wishing to accept a payment deferment must apply for EKN's consent to do so. There is still a need for payment deferments but these have declined to 41 applications compared with 144 in the corresponding period last year.

## **CLAIMS AND RECOVERIES**

In the past few years, major claims payments have been made concerning two bus transactions

and one power transaction with claims arising several years ago. These claims are almost entirely settled. Only one major new claim arose in the previous year, and none during the first four months of the year. Claims payments for the period thus declined to SEK 0.2 billion, compared with SEK 0.7 billion in the first four months of 2020.

Recoveries during the period amounted to SEK 0.1 billion. Claims prevention and recovery measures remained strained during the period as a result of travel limitations and closed courts and other public agencies in certain countries.

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

From January to April 2021, EKN guaranteed 30 new A transactions, 337 B transactions and 198 C transactions. The offered guarantee volume for the transactions was SEK 14.6 billion for A transactions, SEK 14.2 billion for B transactions and SEK 1.4 billion for C transactions. An A classification entails a significant risk of environmental and social impact, B entails some risk, C entails little or no risk.

## **WORKING CAPITAL CREDIT GUARANTEES FOR LARGE COMPANIES**

Last spring, EKN prepared a working capital credit guarantee for large companies, a guarantee that is only offered in times of crisis. The guarantee covered 75 per cent of the bank's risk for working capital financing to large companies. During the period, EKN issued four guarantees totalling SEK 5.6 billion. The offer will expire at the end of June. Crisis solutions are not included in the compilations in this report.

# Good capacity and strong finances

With earnings of over SEK 500 million, EKN further strengthened its financial position. At the end of the period, the statutory limit utilisation was SEK 374.5 billion, including the temporary crisis solution.

Profit for the period of SEK 590 million was significantly higher year-on-year (SEK 175 million) due to higher revenue on a few larger transactions during the period.

Reporting of working capital credit guarantees for large corporates will be reported separately to the state when all transactions have been completed and finally accounted for. The impact that working capital credit guarantees has on earnings is eliminated from EKN's reporting and is reported in an account as a liability to the state.

## **PREMIUMS<sup>1</sup>**

Revenues from premiums amounted to SEK 677 million (SEK 319 million). The increase was mainly due to guarantees relating to major transactions. For the same reason, provisions for unearned premiums and unexpired risks increased and amounted to negative SEK 1,349 million (negative SEK 34 million).

## **CLAIMS INCURRED<sup>2</sup>**

Claims incurred amounted to SEK 190 million (negative SEK 110 million) for the year. Claims payments declined and amounted to SEK 190 million (SEK 698 million). Provisions for these transactions have mainly been made at an earlier date and disbursements follow these provisions. No major new claims arose during the period. The

change in claims provisions amounted to SEK 0.2 million, compared with SEK 449 million in the year-earlier period.

## **OUTSTANDING GUARANTEES AND OFFERS**

EKN's outstanding guarantees in regular operations amounted to SEK 211.5 billion at the end of the period, compared with SEK 184,330 billion at the end of the year. Outstanding offers amounted to SEK 118.3 billion at the end of the period, compared with SEK 136.3 billion at the end of the year.

## **UTILISATION OF THE STATUTORY LIMIT**

EKN's statutory limit for issuing guarantees amounted to SEK 500 billion. When the utilisation of the statutory limit is calculated, 100 per cent of the guarantees and 50 per cent of the offers are included. The temporary crisis solution is included. At 30 April 2021, utilisation of the export credit framework totalled SEK 374.5 billion, compared with SEK 373.1 billion at the end of the year. EKN has a separate framework for investment credit guarantees. An outstanding investment credit guarantee was concluded during the period and the framework is no longer utilised.

EKN retains its strong financial position after many years of positive results. Statutory limit utilisation has scope for SEK 125 billion.

<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.

# Condensed Profit and Loss Statement and Balance Sheet

## CONDENSED PROFIT AND LOSS STATEMENT

Amount in SEK million	January–April 2021	January–April 2020
Revenues from premiums	677	319
Other revenues	0	0
Claims incurred	-190	110
Operating expenses	-91	-87
<b>Operating profit</b>	396	342
Financial items	193	-167
<b>PROFIT FOR THE PERIOD</b>	590	175

## CONDENSED BALANCE SHEET

Amount in SEK million	30 Apr 2021	31 Dec 2020
Intangible and tangible fixed assets	1	2
Financial fixed assets	27,498	27,223
Reinsurer share of actuarially-calculated provisions	376	403
Other receivables and accrued items	121	98
Cash and bank balances	9,123	7,509
<b>TOTAL ASSETS</b>	<b>37,120</b>	<b>35,235</b>

Equity	25,301	24,712
Liabilities to the State	337	290
Provisions	10,696	9,477
Other liabilities and accrued items	786	756
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>37,120</b>	<b>35,235</b>

# 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**

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