

Interim Report.23

JANUARY–AUGUST

The Period at a glance

- EKN issued guarantee offers worth SEK 111.8 billion (SEK 49.0 billion) – the second-highest level of new guarantee offers EKN has reported for January – August.
- EKN issued guarantees worth SEK 73.1 billion (SEK 49.0 billion) – the highest volume of new guarantees EKN has reported for January – August.
- The number of transactions guaranteed by EKN was lower than the previous year. During the period, EKN issued guarantees for 988 new transactions (1,055 new transactions).
- Claims payments amounted to SEK 445 million (SEK 557 million).
- Recoveries amounted to SEK 393 million (SEK 612 million).
- Significant claims provisions have been dissolved.
- The period's result amounted to SEK 2,534 million (SEK -380 million). Significant dissolution of claims provisions and no new large claims provisions positively influenced the result.

The amounts in brackets refer to the corresponding period of the previous year.

New transactions and profit/loss	January–August 2023	January–August 2022
Guarantee offers, SEK million	111,757	48,953
Guarantee offers, number	1,134	1,013
New transactions, volume of guarantees, SEK million	73,088	49,021
New transactions, number	988	1,055
Claims payments, SEK million	-445	-557
Profit/loss, SEK million	2,534	-380*

Outstanding exposure and accumulated profit/loss	31 Aug 2023	31 Dec 2022
Outstanding guarantee offers, SEK million	198,618	155,058
Outstanding guarantees, SEK million	280,817	248,989
Equity, SEK million	27,802	25,267

*) Pro forma, accrual of administrative income

Record period

The period's guarantee volume of SEK 73.1 billion sets a record, and the offer volume of SEK 111.8 billion is the second-highest. The volumes are attributed to many large transactions, with the majority issued during the first tertial of the year.

The high volume of new guarantee offers is largely due to telecom and defense transactions.

Telecom accounts for one-third of the period's guarantee volume and is the largest industry. The second-largest industry is the transportation sector, representing one-fourth of the period's guarantee volume, with a major railway project in Türkiye and ongoing vehicle exports to dealers.

CHALLENGES FOR SMES

The period was challenging for many small and medium-sized enterprises (SMEs). Many have been cautious about new investments, and banks have been more restrictive. This contributed to a decrease in the guarantee volume for SMEs to SEK 1,515 million, compared to SEK 1,799 million in the corresponding period the previous year. The number of new transactions decreased to 251 from 273. However, towards the end of the period, there was an increased demand from SMEs for EKN's guarantees, and the guarantee volume and the number of customers began to rise.

During the period, EKN issued seven working capital credit guarantees totaling SEK 31 million for early-stage export companies. The initiative was launched at the end of 2022 and is called the Export Leap.

SUSTAINABILITY ASSESSMENT

Before deciding on guarantee issuance, EKN conducts an assessment of environmental and human rights conditions. A is used for significant negative impact, B signifies some negative impact, and C signifies little or no impact. During the period, EKN guaranteed 31 new A-classed, 317 new B-classed, and 360 new C-classed transactions. The offered guarantee volume for these transactions was SEK 8.4 billion for A-classed, SEK 12.2 billion for B-classed, and SEK 30.1 billion

Reduced claims provisions

Significant dissolution of claims provisions and no new large claims provisions positively affected the result.

The positive result is primarily explained by the dissolution of claims provisions related to outstanding guarantees for exports to Ghana. EKN has been able to dissolve a significant portion of the claims provisions made for these transactions before the year-end as planned loan disbursements for the guaranteed loan were not executed.

EKN upgraded Angola from country risk class 7 to 6, reducing the provision requirement for Angola guarantees.

CLAIMS PAYMENTS

Claims payments amounted to SEK 445 million, compared to SEK 557 million. These pertained to transactions for which EKN had previously made claims provisions.

RECOVERIES

Recoveries amounted to SEK 393 million, compared to SEK 612 million, primarily from recoveries under Paris Club agreements with Pakistan and Iraq, as well as buyers in Cuba.

Results and financial position

The period resulted in a profit of SEK 2,534 million, compared to a loss of SEK -380 million in the corresponding period the previous year.

Revenues from guarantee fees¹ amounted to SEK 1,228 million (SEK -44 million). Claims incurred for the period² amounted to SEK 1,079 million (SEK -1,314 million).

The result for financial items amounted to SEK 421 million (SEK 1,156 million). The lower result is explained by a smaller increase in discount rates during the period compared to the significant

increase in the same period the previous year.

Higher discount rates reduce the provision requirement for risk in EKN's transactions.

EKN has a strong financial position. The frame utilization leaves a scope of SEK 50 billion.

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- 1 Revenues from guarantee fees consist of fee income, changes in provisions for unearned guarantee fees and unexpired risks, and the effects of reinsurance.
 - 2 Claims incurred comprise 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

Amount in SEK million	January–August 2023	January–August 2022
Revenues from premiums	1,228	-44
Other revenues	1	1
Claims incurred (after issued reinsurance)	1,079	-1,314
Operating expenses	-194	-179
Operating profit/loss	2,114	-718
Financial items	421	1,156
PROFIT/LOSS FOR THE PERIOD	2 534	-380*

CONDENSED BALANCE SHEET

Amount in SEK million	31 Aug 2023	31 Aug 2022
Intangible and tangible fixed assets	7	8
Financial fixed assets	30,745	29,444
Reinsurer share of actuarially-calculated provisions	1,913	2,475
Other receivables and accrued items	177	82
Cash and bank balances	9,635	9,187
TOTAL ASSETS	42,477	41,196

Equity	27,802	25,267
Liabilities to the State	764	923
Provisions	13,291	14,266
Other liabilities and accrued items	620	744
TOTAL EQUITY AND LIABILITIES	42,477	41,196

*) Pro forma, accrual of administrative income

EKN – Creating confidence in your exports

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

The Swedish Export Credit Agency

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