

Interim Report

JANUARY – APRIL

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The period at a glance

- EKN issued guarantees to a value of SEK 23.2 billion (SEK 19.5 billion).
- The number of transactions guaranteed by EKN is higher than in the previous year. During the period EKN issued guarantees for 890 new transactions (814 new transactions).
- Provisions for claims have increased for a previously known, large telecom transaction in India. A new major claims transaction has been added and concerns a mining project in Armenia.
- A recovery of SEK 109 million has been made in a bus transaction for Chile.
- Profit for the period totalled SEK 452 million (SEK 480 million). The decrease is primarily a result of lower dissolutions of provisions for claims during the period.

The figures in parentheses refer to the corresponding period in the previous year.

New transactions and profit/loss	January – April 2019	January – April 2018
New guarantee offers, SEK millions	18,513	15,293
New guarantee offers, number	771	690
New transactions, volume of guarantees, SEK millions	23,232	19,547
New transactions, number	890	814
Claims paid, SEK millions	625	656
Profit/loss, SEK millions	452	480

Outstanding exposure and outstanding claims and accumulated profit/loss	30/04/2019	31/12/2018
Outstanding guarantee offers, SEK millions	87,305	94,769
Outstanding guarantees, SEK millions	208,095	193,295
Equity	24,315	23,863

Guarantees continue to increase

Business is booming. EKN issued more new guarantees and more guarantee offers than during the first four months of the previous year. The guarantee volume has increased by 19 per cent and the offer volume by 21 per cent. The number of small and medium-sized companies using EKN continues to increase.

EKN issued guarantees to a value of SEK 23.2 billion (SEK 19.5 billion). The issuing of guarantees is at a higher level, partly explained by one very large individual transaction. Guarantee offers have also increased in both number and volume.

For the first time in its history, EKN issued a guarantee offer for exports to Suriname. The transaction includes several Swedish companies in the agricultural sector as subcontractors, with a Swedish company as coordinator.

LAUNCH OF NEW TERMS AND CONDITIONS STARTED

At the beginning of the year, EKN launched new supplementary conditions for the supplier credit guarantee. The new conditions apply when the bank buys or pledges a receivable and the guarantee holder transfers the rights under the guarantee to the bank. The new conditions give the bank a better right to compensation and form part of the launch of new general terms and conditions.

SEVERAL SMALL AND MEDIUM SIZED COMPANIES

The number of small and medium-sized companies using EKN continues to increase and customers in this segment are using EKN in an increasing number of transactions. The guarantee volume for small and medium-sized companies increased to slightly more than SEK 1 billion from 680 million. The increase is partly due to an increase in the use of EKN by trading houses and new customers using the new EKN solution for innovative companies. The solution means that EKN covers 80 per cent of the risk to the bank when the bank provides the company with working capital credit.

EKN had several customers in the segment

compared to the same period for the previous year and the number of transactions increased to 890 compared to 814.

NEW CLAIMS

During the period, EKN started claims payment for a transaction for equipment for a mine in Armenia. Payment problems arose in the previous year and provisions were then made. EKN has since previously paid compensation in a larger telecom transaction for India and increased provisions for future indemnifications during the period.

RECOVERY

EKN has for several years paid claims in a bus transaction in Chile. During 2018, a significant recovery was made in the transaction and during the first four months of 2019, there were further recoveries.

TRANSACTIONS WITH A RISK OF ENVIRONMENTAL AND SOCIAL IMPACT

During the period, EKN guaranteed 19 new A-classified transactions, 404 B-classified transactions and 277 C-classified transactions for a total of 890 transactions. Guarantees issued during the period totalled SEK 1.3 million for A-classified transactions, SEK 7.3 billion for B-classified transactions and SEK 13.4 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.

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 by SEK 8 billion to SEK 262 billion.

Profit for the period totalled SEK 452 million (SEK 480 million).

Revenues for the period from premiums totalled SEK 607 million (SEK 548 million). The increase is primarily due to higher premium revenues for the period. Claims incurred² for the period totalled SEK -283 million (SEK -135).

Provisions for claims in already known problem transactions have been reduced and recoveries during the period have increased.

Although the revenue from premiums was slightly higher, the profit was still slightly lower due to higher claims incurred. The dissolvement of provisions for claims has been lower.

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

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 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 – April 2019	January – April 2018
Revenues from premiums	607	548
Other revenues	1	9
Claims incurred	-283	-495
Operating costs	-86	-75
Operating profit/loss	238	347
Financial items	214	132
PROFIT/LOSS FOR THE PERIOD	452	480

BALANCE SHEET SUMMARY

Amount in SEK millions	2019-04-30	2018-12-31
Intangible and tangible fixed assets	6	8
Financial fixed assets	26,156	26,117
Reinsurer share of actuarially-calculated provisions	706	757
Other receivables and accrual items	173	172
Cash and bank balances	8,066	7,753
TOTAL ASSETS	35,107	34,806

Equity	24,315	23,863
Liabilities to the State	59	135
Provisions	9,685	9,803
Other liabilities and accrual items	1,048	1,005
TOTAL EQUITY AND LIABILITIES	35,107	34,806

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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