



Quarterly Report  
january–march 2013

# The quarter in brief

**SEK 11 billion in new guarantees for Swedish export transactions**

**New guarantees for exports to 90 countries.**

**Offers for SEK 8 billion.**

**Protracted economic recovery in large parts of Europe and high economic activity in many emerging and developing countries.**

<b>Transactions for the period</b>	<b>January–March 2013</b>	<b>January–March 2012</b>
Number of offers	514	368
Volume of offers, SEK million	8,426	13,313
Number of guaranteed transactions	465	351
Volume of guarantees, SEK million	10,564	9,952
Earned premium	337	682*
Claims incurred	19	-316*
Result for the period	396	253*
<b>Outstanding exposure and accumulated earnings, SEK million</b>	<b>31/03/2013</b>	<b>31/03/2012</b>
Outstanding offers	126,866	124,390
Outstanding guarantees	203,492	204,394
Provision for risk exposure	6,242	6,659*
Equity	21,912	19,785*

\*) Pro forma – Entries are recalculated in accordance with new accounting policies for 2013  
Link to the new accounting policies.

# Continued high demand for EKN's services

An issuing of guarantees at a slightly higher level compared to the same period last year, continued large volume of outstanding offers and a drop in new offers.

EKN's issuing of guarantees totalled SEK 10.6 billion for the first quarter, and was slightly higher than the same period last year. Half of the volume of guarantees mainly concerned transactions in telecommunications, mining, construction and transport. The remaining guarantees related to transactions in the civil engineering sector. In total for the quarter, EKN guaranteed 930 transactions in 90 countries. Premium revenue was SEK 337 million, compared to SEK 682 million last year. Outstanding guarantees totalled SEK 203.5 billion at the end of the period, which is in line with last year.

The volume of offers of SEK 8.4 billion were 36 per cent lower than last year's SEK 13.3 billion. The outstanding volume of offers at the end of the period is slightly higher than at the end of the year, which alludes to a continued high provision of guarantees during the year. In recent years, an increasing proportion of offers have resulted in new guarantees.

## **BETTER PROSPECTS FOR THE GLOBAL ECONOMY**

The markets in emerging and developing countries where export companies demand EKN guarantees on a large scale are showing continued expansion. For 2013, growth in these economies is estimated to be approximately 5.5

percent. This entails sustained high demand for EKN's guarantees. Negative growth of just below zero per cent is expected within the Euro zone. The prevailing, somewhat better growth prospects for the global economy as a whole is having a positive impact on trade. An expansion of global trade of 4.5 percent is expected in 2013.

## **EKN DOWNGRADED TUNISIA**

In February EKN downgraded Tunisia to country risk category 4. Over the last ten years, EKN had placed Tunisia in country risk category 3. Political uncertainty and the lengthy transition process have had a negative impact on the country's economic growth.

## **RESPONSIBLE EXPORTS**

Of the 930 transactions that EKN guaranteed during the period, seven were Class A transactions, and 88 Class B transactions. A implies a substantial risk of social and environmental impacts. B implies some impact. For these transactions, EKN reviews the risk of negative impacts and assesses how the risk is managed, in order to ensure that EKN guarantees responsible exports. Of the volume of guarantees for the period of SEK 10.6 billion, SEK 0.8 billion were Class A and B transactions.

# Strong results

A continued strong provision of guarantees and lower provisions for damages led to stronger results than for the same period last year.

Earned premium for the period was SEK 337 million, compared to SEK 682 million (Pro forma) for the same period in 2012. Earned premium comprises premium income, changes in provisions for unearned premiums and unexpired risks and the effects of reinsurance.

However, the lower earned premium is balanced by the positive outcome of claims incurred, which amounted to SEK 19 million in the first quarter. Claims incurred comprise paid claims incurred, recoveries, and changes in the value of receivables and provisions for non-life transactions. For the corresponding period last year, provisions were made due to payment problems for transactions in Iran where claims incurred amounted to minus SEK 316 million (Pro forma).

The operating costs of SEK 53 million are slightly higher than last year's SEK 50 million.

Profit from financial items was SEK 86 million and is higher than the previous year's negative outcome of SEK 65 million (Pro forma). Last year's negative outcome can be explained by the fact that EKN made major exchanges of foreign currencies to Swedish kronor. These exchanges were an attempt to create a matching currency distribution between assets and liabilities on the balance sheet in connection with the provision for unexpected losses being removed from the accounts.

## **RESULT**

Profit for the period was SEK 396 million compared to the previous year's SEK 253 million (Pro forma). The profit can be explained by the issuing of guarantees continuing at a high level, a reduction in claim reserves and a good return on EKN's assets.

## Income statement in summary

Amounts in SEK million

	January–March 2013	January–March 2012 (Pro forma)
Earned premium	337,197	682,313
Other income	6,688	363
Claims incurred (net of reinsurance)	18,662	-315,740
Operating costs	-53,003	-49,577
<b>Operating profit</b>	<b>309,544</b>	<b>317,359</b>
Financial items	86,248	-64,743
<b>RESULT FOR THE PERIOD</b>	<b>395,792</b>	<b>252,616</b>

## Balance sheet in summary

Amounts in SEK million

	31/03/2013	31/12/2012 (Pro forma)
Cash and securities	24,530	24,054
+ Claims value	1,084	1,124
+ Premium receivables	2,540	2,807
- Provisions	-6,242	-6,465
<b>EQUITY</b>	<b>21,912</b>	<b>21,520</b>

Pro forma – Entries are recalculated in accordance with new accounting standards for 2013  
Link to the new accounting policies.

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

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

The logo for EKN, consisting of the lowercase letters 'ekn' in a bold, white, sans-serif font, centered on a dark blue background.

The Swedish Export Credits Guarantee Board

Kungsgatan 36, Box 3064, SE 10361 Stockholm, Sweden | Tel +46 8-7880000 | [www.ekn.se](http://www.ekn.se)