



Interim report

January–March 2015

CONTINUED FOCUS ON SMALL AND MEDIUM-SIZED COMPANIES

The period in brief

EKN guaranteed 432 export transactions to 81 countries, with a total value of SEK 8.5 (7.4) billion

28 (21) companies became new customers

The number of guaranteed transactions for SMEs increased by 20 percent to 235

The volume of offers doubled to SEK 20.7 (9.8) billion

Claims paid were halved and amounted to SEK 109 (233) million

Figures in brackets refer to the corresponding values for the same period the previous year.

Transactions for the period	Jan – Mar 2015	Jan – Mar 2014
Offers, number	445	428
Volume of offers, SEK million	20 673	9 782
Guaranteed transactions, number	432	411
Volume of guarantees, SEK million	8 531	7 364
Claims paid, SEK million	-109	-233
Profit for the period, SEK million	500	486
Outstanding exposure and accumulated earnings, SEK million	2015-03-31	2014-12-31
Outstanding offers	131 410	110 635
Outstanding guarantees	181 752	178 337
Provision for exposure risk	5 793	5 685
Equity	23 288	23 737

Continued SME focus

Good liquidity and stronger growth forecasts have resulted in lower risk premiums in the market. Demand for EKN's guarantees is once again primarily geared toward exports to emerging markets.

Compared with the same period the previous year, EKN's guarantee volume for exports to emerging market increased by 28 percent to SEK 6,562 million. The guarantee volume for exports to OECD countries fell by 12 percent to SEK 1,969 million. The total volume of guarantees increased by 16 percent.

EKN's focus on reaching out to more small and medium-sized companies continued to be successful during the quarter. The number of new SME customers was 27, compared with 19 in the corresponding quarter of 2014. The volume of guarantees to SMEs amounted to SEK 1 billion, which is in line with the same period the previous year but covering more new transactions.

EKN's total volume of offers has doubled compared with the same period in 2014. The increase is due to a small number of large guarantee offers with a value of SEK 12 billion.

In February, EKN transferred SEK 2.3 billion to the Treasury as part settlement of the large surplus generated in recent years. The surplus is mainly attributable to special working capital credit guarantees for large corporates which were introduced as a temporary solution during the financial crisis. These guarantees are now beginning to mature and generate surpluses.

”EKN’s focus on reaching out to more small and medium-sized companies continued to be successful during the quarter.”

Karin Apelman, Director General

Lower level of uncertainty in the global economy

Uncertainty in the eurozone is declining and the risk appetite is increasing. Slowdown in several emerging markets, but growth levels continue to be high in Asia and Africa.

According to the International Monetary Fund (IMF), global economic growth is expected to be 3.5 percent in 2015, which is slightly higher than in 2014. In contrast to the numerous downward revisions in recent years, IMF's forecast for this year has remained stable since January. This testifies to a lower level of uncertainty, and an improvement can now be discerned in the eurozone.

Economic activity has been strong for several years in emerging and developing countries. However, growth slowed in 2014 compared with 2013 and a further accentuation of the slowdown is expected in 2015. Weak growth is most marked in Latin America and the CIS countries, where GDP is expected to fall by 2.6 percent. Growth in the economies of Asia and Africa remains high despite the slowdown.

Strong liquidity and favourable global growth prospects have contributed to low risk premiums. With more and less expensive financing options now available, demand for export credit guarantees is declining, particularly in OECD markets. However, an increase in demand for export credit guarantees is expected for exports to emerging markets and in particular Russia. Stronger economic growth for the global economy leads to an increase in trade, and this is contributing to improved opportunities for Swedish exports, notably to emerging and developing countries. The forecast is for Swedish exports to increase by 4.4 percent in 2015 – a positive trend change after three dismal years.

STRONG FINANCIAL POSITION

Premium income for the period amounted to SEK 331 million, a somewhat lower level than the previous year's SEK 449 million. The decline is mainly due to early redemption of working capital credit guarantees for large corporates totalling SEK 9 billion during the first quarter of the previous year. This reduced the provision requirement and had a positive effect on premium income. Claims incurred for the period amounted to minus SEK 19 million – a continuing low level, which is unchanged from the previous year. Claim payments for transactions where there appears to be a good possibility for recovery are not considered to have a significant effect on earnings. This is because the value of indemnified claims largely corresponds to claim payments. Provisions for expected claim payments are also at a low level.

Operating expenses amounted to SEK 52 million, which is unchanged from the previous year. Financial items were SEK 240 million, compared with SEK 107 million the previous year. Profit for the year includes a positive foreign exchange result of SEK 97 million, of which SEK 36 million relates to realised exchange gains.

Profit for the period was SEK 500 million, which is SEK 14 million higher than the corresponding quarter of 2014, and is due to good earnings on outstanding guarantees and increased finance income.

Condensed income statement

Amounts in SEK millions

	Jan – Mar 2015	Jan – Mar 2014
Premium income	331	449
Other income	0	0
Claims incurred (net of reinsurance)	-19	-19
Operating expenses	-52	-52
Operating profit	260	378
Financial items	240	107
PROFIT FOR THE PERIOD	500	486

Condensed balance sheet

Amounts in SEK millions

	31/03/2015	31/12/2014
Cash and securities	26 306	26 092
+ Claims value	1 204	1 363
+ Premium receivables	1 571	1 968
- Provisions	-5 793	-5 685
EQUITY	23 288	23 738

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

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