



Quarterly Report

January-September 2013

DURING THE PERIOD EKN GUARANTEED 1,128 TRANSACTIONS. DOCKSTAVARVET, PRODUCING AND EXPORTING ALUMINIUM BOATS, IS AMONG EKN'S CUSTOMERS.

The period in brief

Lower volumes for guarantees and offers but a largely unchanged number of guaranteed transactions and offers.

EKN and the credit insurer Atradius have teamed up to raise small companies' risk-awareness and knowledge about insurance opportunities.

EKN signed a partnership agreement with EKN's counterpart in Mexico, Bancomext.

For the first time in 27 years, EKN is open to guaranteeing exports to Myanmar (Burma). EKN has rated the country in country risk category 7.

The period's transactions	January-September 2013	January-September 2012
Number of offers	1,304	1,293
Offer volume, SEK million	31,013	54,137
Number of guaranteed transactions	1,128	1,188
Guarantee volume, SEK billion	32,366	41,738
Result for the period, SEK million	1,262	1,728*
Outstanding exposure and accumulated earnings, SEK billion	30/09/2013	31/12/2012
Outstanding offers	119,974	131,774
Outstanding guarantees	198,262	204,396
Provisions	5,909	6,465*
Equity	22,778	21,620*

*) Pro forma - The items are recalculated in accordance with new accounting principles 2013

[Link to new accounting principles.](#)

Lingering uncertainty but lower guarantee volume

The guarantee volume has decreased by 23 per cent compared with the same period last year. The offer volume has decreased by 43 per cent. The number of guaranteed transactions and offers is however largely unchanged.

Despite a reduced level of concern in the financial market, lingering uncertainty is resulting in a continued strong demand for EKN's guarantees. The gradual stabilisation ensures an issuing of guarantees at levels lower than the historically high levels during and immediately after the financial crisis. Within the Berne Union, the global trade organisation for export credit agencies, there is a common view that the increase in demand for export credit guarantees have stagnated during 2013.

EKN's guarantees amounted to SEK 32.4 billion during the first nine months of 2013, compared with SEK 41.7 billion the previous year. The guarantee volume is evenly distributed between the three quarters. It is mainly the demand for guarantees for transactions with Asia that have declined.

The largely unchanged number of guaranteed transactions reflects an unchanged demand for guarantees in smaller transactions. The business area for SMEs, however, issued its biggest offer to date, for a transaction with Latvia.

In total for the first nine months, EKN has guaranteed 1,128 transactions in 107 countries. Premium income amounted to SEK 1,118 million, compared with SEK 1,577 million the previous year. At the end of the period, the outstanding guarantees amounted to SEK 198.3 billion, divided among transactions in 138 countries.

The offer volume amounted to SEK 31 billion and was 43 per cent lower than the previous year's SEK 54.2 billion. The number of offers,

however, was 1,304, slightly more than last year, which is another sign of the continued demand for EKN's guarantees in smaller transactions.

ASIA CONTINUES TO GROW

Asia is, as usual, the region with the fastest growing economy. In 2013, the region's economy is expected to expand by 6.3 per cent of the GDP and EKN anticipates similar levels of growth in 2014 and 2015. Stabilised commodity prices reduces the pace-setting for economic growth in Africa, Latin America and the CIS. EKN anticipates a growth of 6 per cent in Africa, and 3 per cent in Latin America and the CIS in 2014.

Banks from non-OECD countries show a growing interest in export credit guarantees from Sweden, as part of efforts to expand their business opportunities. More transactions in local currency can also be expected to occur.

RESPONSIBLE EXPORT

Out of the 1,128 new transactions that EKN guaranteed during the three quarters, 9 transactions were Class A and 241 transactions were Class B. Class A carries a risk of significant social and/or environmental impact. Class B implies some impact. In these transactions, EKN reviews the particular risk of negative impact and assesses how the risk is to be managed, in order to ensure that EKN guarantees responsible export. Out of the period's guarantee volume of SEK 32.4 billion, SEK 5.4 billion constituted Class A and B transactions.

Strong results

Good premium income and lower loss reserves gives a strong result for the period.

Premium income during the period amounted to SEK 1,118 million compared with SEK 1,577 million (Pro forma) for the same period in 2012. Premium income is comprised of premium revenue, the change in provisions for unearned premiums and residual risks, as well as the effects of reinsurance.

Total guarantee payments during the period amounted to the fairly low SEK 1 billion. Indemnifications, which are a part of the guarantee payments, amounted to SEK 211 million. Loss reserves made in the past have been released during the period and recoveries on old claims remain high. This explains the low level of guarantee payments for the period.

Operating expenses amounted to SEK 150 million and is slightly higher than last year's SEK 144 million.

The earnings from the financial items amounted to SEK 285 million and was lower than last year's SEK 411 million (Pro forma).

The reason for the previous year's good results is that EKN then disposed of assets and performed currency exchanges that resulted in profits for EKN.

RESULT

The result for the period amounted to SEK 1,262 million compared with last year's SEK 1,728 million. The differences are primarily due to a decrease in premium income of SEK 460 million compared to last year.

1,262 million
SEK
result for the period

Income statement in summary

Amounts in SEK million

	January-September 2013	January-September 2013 (Pro forma)
Premium earned	1,118	1,577
Other income	8	1
Claims incurred	1	-116
Operating costs	-150	-145
Operating profit	977	1,318
Financial items	285	411
RESULT FOR THE PERIOD	1,262	1,728

Balance sheet in summary

Amounts in SEK million

	30/09/2013	31/12/2012 (Pro forma)
Cash and securities	25,408	24,054
+ the Claim value	933	1,124
+ Premium claims	2,345	2,807
- Provisions	-5,909	-6,465
EQUITY CAPITAL	22,778	21,520

Accounting principles

In 2013, EKN has changed its accounting principles to come closer to those used in the insurance industry. The change having an impact on the result is that EKN books premiums and makes risk provisions only when the guarantee enters into force and not as previously when EKN assessed an offer to have a high probability of leading to a guarantee commitment. Provisions are now broken down, partly under "Premium earned" and partly under "Claims incurred".

The item "Premium earned" comprises premium income, changes in provisions for unearned premiums and unexpired risks and the effects of reinsurance.

The item "Claims incurred" comprises claims paid, recoveries, provisions for transactions expected to result in indemnification and changes in the value of claims.

*) Pro forma - The items are recalculated in accordance with new accounting principles 2013
Link to new accounting principles.

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.

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