

KEY FIGURES

	2010	2009	2008	2007	2006
Surplus for the year, SEK m	62.1	60.9	85.3	57.7	60.4
Balance sheet total, SEK m	6,927.7	7,698.5	8,644.0	6,841.8	6,737.6
Reserve fund, SEK m	1,521.3	1,459.3	1,398.3	1,313.1	1,255.4
Return on average balance sheet total, per cent	0.8	0.7	1.1	0.8	0.9
Return on equity, per cent	4.2	4.3	6.3	4.5	5.1
Equity/assets ratio, per cent	22.0	19.0	16.2	19.2	17.7
Capital adequacy quotient	2.97	2.47	2.12	2.64	-
Capital adequacy ratio, per cent	-	-	-	-	20.1
Number of employees	8	8	8	8	8

Definitions:

Return on average balance sheet total=Surplus for the year / Average balance sheet total

Return on equity=Surplus for the year / Average reserve fund

Equity/assets ratio=Reserve fund / Balance sheet total (both at the end of year)

Capital adequacy quotient=Capital base / Capital requirement

Capital adequacy ratio=Capital base / Total weighted risk capital

Capital base=Reserve fund

SWEDISH SHIPS' MORTGAGE BANK SUMMARY OF THE YEAR 2010

FACTS ABOUT THE BANK'S OPERATION

The Bank's operations are governed by the Swedish Ships' Mortgage Bank Act (SFS 1980:1097).

- The Bank can finance Swedish shipping companies and foreign shipping companies with a significant Swedish influence or interest.
- The maximum loan term is 15 years.
- The loan must be paid off in full when the ship reaches the age of 20 years (unless there are special circumstances).
- Loans are to be secured by collateral in ships (or balance in or guarantee from a bank or the Swedish State).
- Loans may be granted for up to 70 per cent of the value the Bank estimates the vessel to have (in special cases 80 per cent).
- Interest rates are determined individually.
- Loans may in some cases be granted for up to 90 per cent of the value of the ship according to a special ordinance. Preference shall be given to smaller shipping companies.
- Lending takes place in foreign or Swedish currency at a floating or fixed interest rate.



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SUMMARY 2010

The following 3 pages are a summary of the 2010 annual report. The full annual report is available in Swedish and can be downloaded from our website.

The Swedish Ship's mortgage bank (the Bank) is a credit institution financing Swedish shipping companies or foreign shipping companies with a significant Swedish influence or interest against ship mortgages as collateral.

The Bank disbursed loans during the year totalling SEK 587 million (previous year 87). The total amount of loans receivable at the end of the year at current exchange rates was SEK 5,931 million (6,915).

Loans granted by the Board but not yet disbursed amounted to SEK 0 million (90) at the end of the year.

The Bank's operations produced a surplus of SEK 62 million (61). Net interest

income increased with SEK 1 million compared with 2009.

No credit losses have occurred. As of the balance sheet day, the Bank does not have any doubtful credits or credits with interest remission. During 2009 and 2010 instalments deferrals in the total amount of SEK 42 million has been granted. Generally speaking, market values for ships have been sliding during 2010 and the same applies for ships financed by the Bank. This has resulted in numerous loans having a higher loan-to-value ratio than normally applied by the Bank. None of these loans is today deemed to be doubtful credits.

The weak freight markets have remained during the start of 2011. The current levels of income for several types of ships do not cover full capital costs.

Return on average balance sheet total amounted to 0.8 per cent (0.7) and re-

turn on equity was 4.2 per cent (4.3). The Bank's equity ratio amounted to 22.0 per cent (19.0). According to Basel II the Bank's capital requirement amounts to SEK 512 million (592) and the capital adequacy quotient 2.97 (2.47)

The surplus for the year of SEK 62 million was allocated to the reserve fund, which subsequently amounts to SEK 1,521 million.

According to the act concerning capital adequacy and major risk exposures of credit institutions and investment companies, the Bank is exempt from the provisions relating to the limitation of major exposures but remains subject to the provisions on capital adequacy ratios.

INCOME STATEMENT

SEK	2010	2009
INTEREST INCOME		
Lending to shipping companies:		
Interest	116,061,058	170,740,626
Short-term investments:		
Swedish financial institutions	7,889,517	488,568
interest-bearing securities	4,512,821	9,755,748
Long-term investments:		
interest-bearing securities	-	4,220,323
INTEREST COSTS	-53,145,860	-110,953,152
NET INTEREST INCOME	75,317,536	74,252,113
Other income	-	137,000
General administrative costs	-10,824,179	-10,972,326
Guarantee fund fee paid to the state	-2,100,000	-2,100,000
Inventory depreciation	-135,034	-207,390
Other operating expenses	-201,249	-176,250
Surplus allocated to the reserve fund	62,057,074	60,933,147

BALANCE SHEET

SEK	2010-12-31	2009-12-31
ASSETS		
Cash	10,000	10,000
Lending to credit institutions	680,421,766	452,254,332
Bonds and other interest-bearing securities:		
short-term investments	300,000,000	306,988,977
Lending to shipping companies	5,931,332,586	6,915,064,332
Tangible assets	135,035	270,069
Other receivables	-	337,104
Accrued interest income	12,462,564	20,274,192
Prepaid expenses and other accrued income	3,305,848	3,296,869
Total assets	6,927,667,799	7,698,495,875
LIABILITIES AND EQUITY		
Liabilities		
Liabilities to credit institutions	5,382,563,924	6,215,130,615
Accounts payable	801,806	65,852
Other liabilities	216,695	185,355
Accrued interest expenses	7,090,449	11,100,172
Deferred income and other accrued expenses	7,105,681	2,712,811
Other provisions	8,578,100	10,047,000
Equity		
Reserve fund, whereof surplus for the year SEK 62,1 million (60,9)	1,521,311,144	1,459,254,070
Total liabilities and equity	6,927,667,799	7,698,495,875
GUARANTEE FUND		
Swedish State guarantee (valid until 2025-06-30)	350,000,000	350,000,000
COLLATERAL PLEDGED	none	none
CONTINGENT LIABILITIES	none	none

