

# SUMMARY 2011

The following 3 pages are a summary of the 2011 annual report. The full annual report is available in Swedish and can be downloaded from our website.

Svenska Skeppshypotekskassan (Svenska Skeppshypotek) is a credit institution financing Swedish shipping companies or foreign shipping companies with a significant Swedish influence or interest against ship mortgages as collateral.

Svenska Skeppshypotek disbursed loans during the year totalling SEK 289 million (previous year 587). The total amount of loans receivable at the end of the year at current exchange rates was SEK 5,635 million (5,931).

Loans granted by the Board but not yet disbursed amounted to SEK 70 million (0) at the end of the year.

Svenska Skeppshypotek's operations produced a profit of SEK 57 million (62). The deteriorated profit due to impairment

charges of SEK 27 million for a doubtful loan. Net interest income increased with SEK 22 million compared with previous year, mainly due to higher Swedish interest rates.

Svenska Skeppshypotek has as per 31 December 2011 made the assessment that one loan needs to be written down since it is doubtful whether the borrower can fulfil its contractual obligations. The loan has been written down with SEK 27 million which subsequently has been charged the result. Outstanding instalments deferrals as per 31 December 2011 amount to SEK 50 million. Generally speaking, market values for ships have been sliding during the last years and the same applies for ships financed by Svenska Skeppshypotek. This has resulted in numerous loans having a higher loan-to-value ratio than what Svenska Skeppshypotek applies when granting new loans.

The weak freight markets have remai-

ned during the start of 2012. 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 (0.8) and return on equity was 3.7 per cent (4.2). Svenska Skeppshypotek's equity ratio amounted to 22.6 per cent (22.0). According to Basel II the Bank's capital requirement amounts to SEK 501 million (512) and the capital adequacy quotient to 3.15 (2.97).

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

The profit for the year of SEK 57 million was allocated to the reserve fund, which subsequently amounts to SEK 1,578 million.

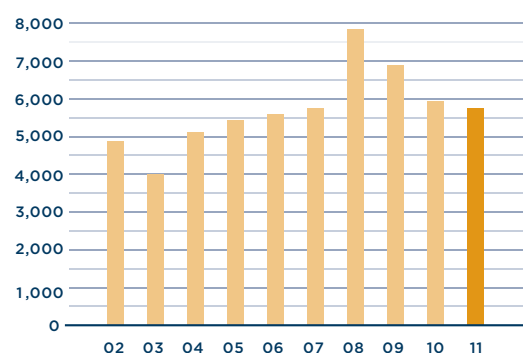
## INCOME STATEMENT

SEK	2011	2010
<b>INTEREST INCOME</b>		
LENDING TO SHIPPING COMPANIES:		
Interest	123,757,874	116,061,058
SHORT-TERM INVESTMENTS:		
Swedish financial institutions	15,525,551	7,889,517
interest-bearing securities	4,039,233	4,512,821
LONG-TERM INVESTMENTS:		
interest-bearing securities	10,684,870	–
<b>INTEREST COSTS</b>	<b>-56,638,303</b>	<b>-53,145,860</b>
<b>NET INTEREST INCOME</b>	<b>97,369,225</b>	<b>75,317,536</b>
General administrative costs	-10,808,639	-10,824,179
Guarantee fund fee paid to the state	-2,100,000	-2,100,000
Inventory depreciation	-135,035	-135,034
Other operating expenses	-201,250	-201,249
Profit before credit losses	<b>84,124,301</b>	<b>62,057,074</b>
Net credit losses	-27,000,000	–
Profit allocated to the reserve fund	<b>57,124,301</b>	<b>62,057,074</b>

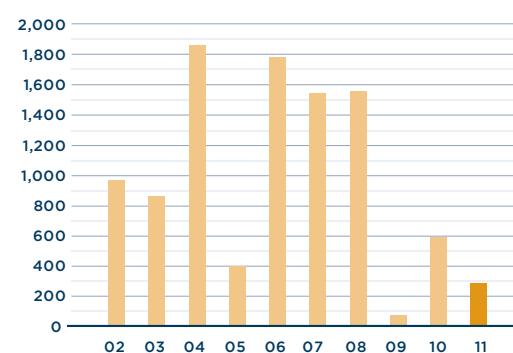
# BALANCE SHEET

SEK	2011-12-31	2010-12-31
<b>ASSETS</b>		
Cash	10,000	10,000
Lending to credit institutions	310,669,669	680,421,766
<b>BONDS AND OTHER INTEREST-BEARING SECURITIES:</b>		
short-term investments	600,000,000	300,000,000
long-term investments	407,897,408	–
Lending to shipping companies	5,635,307,983	5,931,332,586
Tangible assets	–	135,035
Accrued interest income	26,673,755	12,462,564
Prepaid expenses and other accrued income	3,164,866	3,305,848
<b>Total assets</b>	<b>6,983,723,681</b>	<b>6,927,667,799</b>
<b>LIABILITIES AND EQUITY</b>		
<b>LIABILITIES</b>		
Liabilities to credit institutions	5,385,569,106	5,382,563,924
Accounts payable	317,377	801,806
Other liabilities	223,962	216,695
Accrued interest expenses	8,829,778	7,090,449
Deferred income and other accrued expenses	2,224,013	7,105,681
Other provisions	8,124,000	8,578,100
<b>EQUITY</b>		
Reserve fund, whereof profit for the year SEK 57,1 million (62,1)	1,578,435,445	1,521,311,144
<b>Total liabilities and equity</b>	<b>6,983,823,681</b>	<b>6,927,667,799</b>
<b>GUARANTEE FUND</b>		
Swedish State guarantee (valid until 2025-06-30)	350,000,000	350,000,000
<b>COLLATERAL PLEDGED</b>		
	none	none
<b>CONTINGENT LIABILITIES</b>		
	none	none

OUTSTANDING LOANS TO SHIPPING COMPANIES  
SEK million 2002-2011



LOANS DISBURSED TO SHIPPING COMPANIES  
SEK million 2002-2011



## KEY FIGURES

	2011	2010	2009	2008	2007
Profit for the year, SEK m	57.1	62.1	60.9	85.3	57.7
Balance sheet total, SEK m	6,983.7	6,927.7	7,698.5	8,644.0	6,841.8
Reserve fund, SEK m	1,571.4	1,521.3	1,459.3	1,398.3	1,313.1
Return on average balance sheet total, per cent	0.8	0.8	0.7	1.1	0.8
Return on equity, per cent	3.7	4.2	4.3	6.3	4.5
Equity/assets ratio, per cent	22.6	22.0	19.0	16.2	19.2
Capital adequacy quotient	3.15	2.97	2.47	2.12	2.64
Number of employees	8	8	8	8	8

### Definitions:

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

Return on equity = Profit 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 base = Reserve fund

## FACTS

Svenska Skeppshypotek's operations are governed by the Act (1980:1097) on Svenska Skeppshypotekskassan.

- Svenska Skeppshypotek 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 Svenska Skeppshypotek estimates the vessel to have.
- 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 is to be given to smaller shipping companies.
- Lending takes place in foreign or Swedish currency at a floating or fixed interest rate.

## SVENSKA SKEPPSHYPOTEK

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