

## SUMMARY 2012

The following 3 pages are a summary of the 2012 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 126 million (previous year 289). The total amount of loans receivable at the end of the year at current exchange rates was SEK 5,018 million (5,635).

Loans granted by the Board but not yet disbursed amounted to SEK 774 million (70) at the end of the year.

Net interest income increased with SEK 8 million compared with previous year and amounted to SEK 105 million (97).

The change mainly due to improved return on investments. Profit before credit losses was SEK 92 million compared with 84 the previous year. After provision for credit losses of SEK 15 million (27) the profit was SEK 77 million (57).

Svenska Skeppshypotek has as per 31 December 2012 made the assessment that loans need to be written down since it is doubtful whether the borrower can fulfil its contractual obligations. Loans have been written down with SEK 15 million (27) which subsequently have been charged the result. 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 normally applied by Svenska Skeppshypotek when granting new loans.

The weak freight markets have remained during the start of 2013.

The current levels of income for several types of ships do not cover full capital costs.

Return on average balance sheet total amounted to 1.1 per cent (0.8) and return on equity was 4.7 per cent (3.7). Svenska Skeppshypotek's equity ratio was 26.0 per cent (22.6). According to Basel II the Bank's capital requirement amounts to SEK 460 million (501) and the capital adequacy quotient to 3.59 (3.15).

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 77 million was allocated to the reserve fund, which subsequently amounts to SEK 1,655 million.

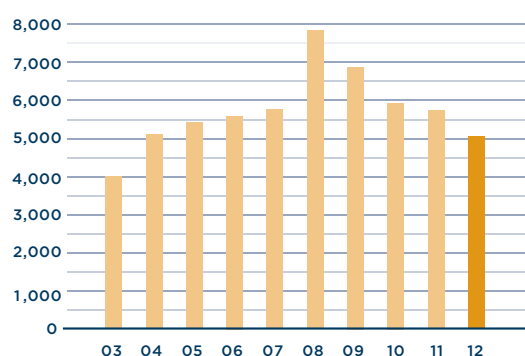
## INCOME STATEMENT

SEK	2012	2011
<b>INTEREST INCOME</b>		
LENDING TO SHIPPING COMPANIES:		
Interest	127,646,810	123,757,874
SHORT-TERM INVESTMENTS:		
Swedish financial institutions	5,250,250	15,525,551
interest-bearing securities	18,315,296	4,039,233
LONG-TERM INVESTMENTS:		
interest-bearing securities	15,352,067	10,684,870
<b>INTEREST COSTS</b>	<b>-61,283,254</b>	<b>-56,638,303</b>
<b>NET INTEREST INCOME</b>	<b>105,281,169</b>	<b>97,369,225</b>
Other income	280,000	–
General administrative costs	-11,412,870	-10,808,639
Guarantee fund fee paid to the state	-2,100,000	-2,100,000
Inventory depreciation	-161,839	-135,035
Other operating expenses	-211,250	-201,250
Profit before credit losses	<b>91,675,210</b>	<b>84,124,301</b>
Net credit losses	-15,000,000	-27,000,000
Profit allocated to the reserve fund	<b>76,675,210</b>	<b>57,124,301</b>

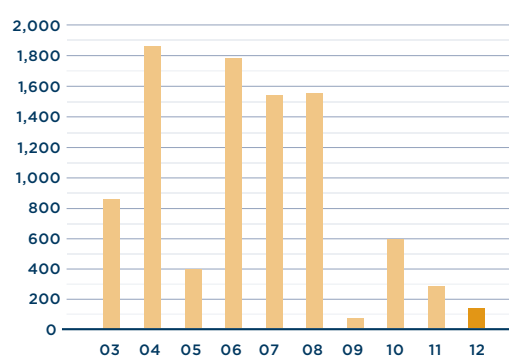
# BALANCE SHEET

SEK	2012-12-31	2011-12-31
<b>ASSETS</b>		
Cash	10,000	10,000
Lending to credit institutions	308,614,354	310,669,669
<b>BONDS AND OTHER INTEREST-BEARING SECURITIES:</b>		
short-term investments	434,126,014	600,000,000
long-term investments	584,535,179	407,897,408
Lending to shipping companies	5,017,973,570	5,635,307,983
Tangible assets	323,677	–
Accrued interest income	26,858,016	26,673,755
Prepaid expenses and other accrued income	3,398,492	3,164,866
<b>Total assets</b>	<b>6,375,839,302</b>	<b>6,983,723,681</b>
<b>LIABILITIES AND EQUITY</b>		
<b>LIABILITIES</b>		
Liabilities to credit institutions	4,703,735,344	5,385,569,106
Accounts payable	2,636,876	317,377
Other liabilities	181,170	223,962
Accrued interest expenses	5,693,519	8,829,778
Deferred income and other accrued expenses	1,670,738	2,224,013
Other provisions	6,811,000	8,124,000
<b>EQUITY</b>		
Reserve fund, whereof profit for the year SEK 76.7 million (57.1)	1,655,110,655	1,578,435,445
<b>Total liabilities and equity</b>	<b>6,375,839,302</b>	<b>6,983,723,681</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
<b>COMMITMENTS</b>		
	none	none

OUTSTANDING LOANS TO SHIPPING COMPANIES  
SEK million 2003-2012



LOANS DISBURSED TO SHIPPING COMPANIES  
SEK million 2003-2012



## KEY FIGURES

	2012	2011	2010	2009	2008
Profit for the year, SEK m	76.7	57.1	62.1	60.9	85.3
Balance sheet total, SEK m	6,375.8	6,983.7	6,927.7	7,698.5	8,644.0
Reserve fund, SEK m	1,655.1	1,578.4	1,521.3	1,459.3	1,398.3
Return on average balance sheet total, per cent	1.1	0.8	0.8	0.7	1.1
Return on equity, per cent	4.7	3.7	4.2	4.3	6.3
Equity/assets ratio, per cent	26.0	22.6	22.0	19.0	16.2
Capital adequacy quotient	3.59	3.15	2.97	2.47	2.12
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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