

SUMMARY 2013

The following 3 pages are a summary of the 2013 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 401 million (previous year 126). The total amount of loans receivable at the end of the year at current exchange rates was SEK 4,773 million (5,018).

Loans granted by the Board but not yet disbursed amounted to SEK 747 million (774) at the end of the year.

Net interest income decreased with SEK 9 million compared with previous year and

amounted to SEK 96 million (105). The change mainly due to deteriorated return on investments. Profit before credit losses was SEK 80 million compared with SEK 92 million the previous year. After provision for credit losses of SEK 7 million (-15) was brought back the profit was SEK 87 million (77).

During 2011-2012 loans in the total amount of SEK 42 million was written down since it was doubtful whether the borrower could fulfil its contractual obligations. During 2013 all doubtful loans have been winded up with a positive result of approximately SEK 7 million. Outstanding instalments deferrals as per 31 December 2013 amount to SEK 8 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 normally applied by Svenska Skeppshypotek when granting new loans.

Return on equity was 5.1 per cent (4.7). Svenska Skeppshypotek's equity ratio amounted to 28.0 per cent (26.0). According to Basel II the Bank's capital requirement amounts to SEK 747 million (460) and the capital adequacy quotient to 3.67 (3.59).

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 87 million was allocated to the reserve fund, which subsequently amounts to SEK 1,743 million.

INCOME STATEMENT

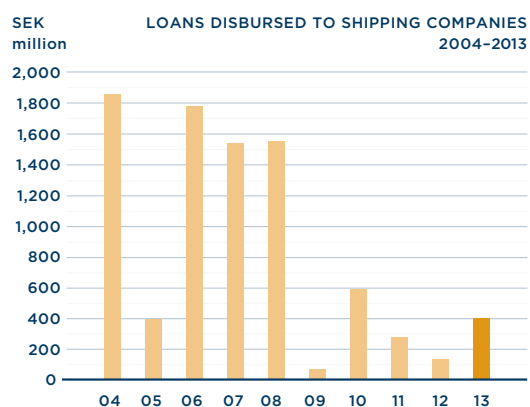
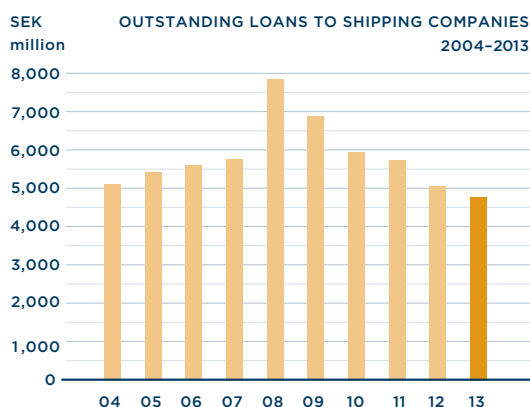
SEK	2013	2012
INTEREST INCOME		
LENDING TO SHIPPING COMPANIES:		
Interest	116,049,268	127,646,810
SHORT-TERM INVESTMENTS:		
Swedish financial institutions	4,077,742	5,250,250
interest-bearing securities	14,654,646	18,315,296
LONG-TERM INVESTMENTS:		
interest-bearing securities	13,076,197	15,352,067
INTEREST COSTS	-51,688,544	-61,283,254
NET INTEREST INCOME	96,169,309	105,281,169
Other income	–	280,000
General administrative costs	-13,159,621	-11,412,870
Guarantee fund fee paid to the state	-2,100,000	-2,100,000
Inventory depreciation	-770,230	-161,839
Other operating expenses	-211,250	-211,250
Profit before credit losses	79,928,208	91,675,210
Net credit losses	7,477,263	-15,000,000
Profit allocated to the reserve fund	87,405,471	76,675,210

BALANCE SHEET

SEK	2013-12-31	2012-12-31
ASSETS		
Cash	10,000	10,000
Lending to credit institutions	527,361,716	308,614,354
Bonds and other interest-bearing securities:		
short-term investments	112,672,713	434,126,014
long-term investments	785,082,013	584,535,179
Lending to shipping companies	4,772,834,157	5,017,973,570
Tangible assets	1,378,622	323,677
Accrued interest income	30,963,827	26,858,016
Prepaid expenses and other accrued income	3,298,138	3,398,492
Total assets	6,233,601,186	6,375,839,302
LIABILITIES AND EQUITY		
LIABILITIES		
Liabilities to credit institutions	4,474,994,706	4,703,735,344
Accounts payable	294,067	2,636,876
Other liabilities	182,116	181,170
Accrued interest expenses	6,599,504	5,693,519
Deferred income and other accrued expenses	2,271,667	1,670,738
Other provisions	6,743,000	6,811,000
EQUITY		
Reserve fund, whereof profit for the year SEK 87.4 million (76.7)	1,742,516,126	1,655,110,655
Total liabilities and equity	6,233,601,186	6,375,839,302
COLLATERAL PLEDGED	None	None
CONTINGENT LIABILITIES	None	None
COMMITMENTS	747,000,000*	None

The Swedish state has issued a guarantee of SEK 350 million as security for Svenska Skeppshypotek's debts. The guarantee can be called upon in the event that Svenska Skeppshypotek's equity, together with its borrowers' payment responsibility in accordance with §36 Act on Svenska Skeppshypotekskassan (1980:1097), is not sufficient to meet Svenska Skeppshypotek's debts.

*Commitments refers to granted loans during 2012 where binding loan agreements between lender and borrower have been entered into during 2013.



KEY FIGURES

	2013	2012	2011	2010	2009
Profit for the year, SEK million	87.4	76.7	57.1	62.1	60.9
Balance sheet total, SEK million	6,233.6	6,375.8	6,983.7	6,927.7	7,698.5
Reserve fund, SEK million	1,742.5	1,655.1	1,578.4	1,521.3	1,459.3
Return on average balance sheet total, per cent	1.4	1.1	0.8	0.8	0.7
Return on equity, per cent	5.1	4.7	3.7	4.2	4.3
Equity/assets ratio, per cent	28.0	26.0	22.6	22.0	19.0
Capital adequacy quotient	3.67	3.59	3.15	2.97	2.47
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.

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