

SUMMARY 2014

The following 3 pages are a summary of the 2014 annual report. The full annual report is available in Swedish and can be downloaded from our website.

Svenska Skeppshypotekskassan (Svenska Skeppshypotek) offers financing for 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 469 million (previous year 401). The total amount of loans receivable at the end of the year at accounting date's exchange rates was SEK 5,320 million (4,773).

Loans granted by the Board but not yet disbursed amounted to SEK 1,243 million (747) at the end of the year.

Net interest income decreased with SEK 3 million compared with previous year and

amounted to SEK 93 million (96). Profit for the year was SEK 73 million compared with SEK 87 million the previous year. The result has been negatively impacted due to less brought back provisions for credit losses by SEK 7 million, higher provisions for pension costs by SEK 4 million and lower Swedish interest rates.

During 2011-2012 loans were written down since it was doubtful whether the borrower could fulfil its contractual obligations. During 2013-2014 all doubtful loans have been winded up with a positive effect on the result. Outstanding instalments deferrals as per 31 December 2014 amounted to SEK 6 million (8) at accounting date's exchange rates.

Return on average balance sheet total was 1.1 per cent (1.4) and return on equity was 4.1 per cent (5.1). Svenska Skeppshypotek's equity ratio amounted to 27.5 per cent (28.0). According to Basel III,

Svenska Skeppshypotek's capital requirement amounts to SEK 504 million (474) and the total capital ratio was 27.7 per cent (27.9).

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 73 million was allocated to the reserve fund, which subsequently amounts to SEK 1,816 million.

INCOME STATEMENT

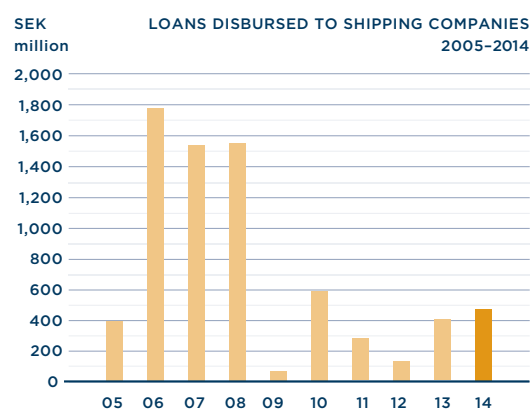
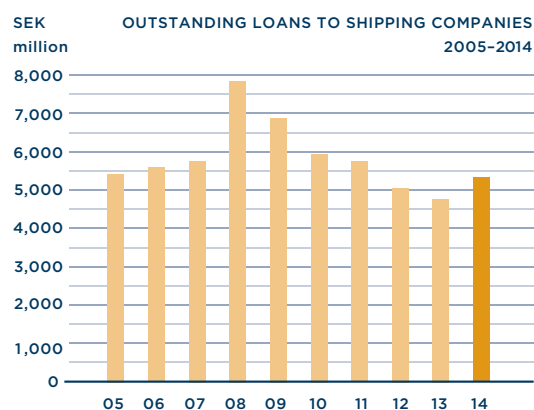
SEK	2014	2013
INTEREST INCOME		
LENDING TO SHIPPING COMPANIES	124,835,020	116,049,268
SHORT-TERM INVESTMENTS:		
Swedish financial institutions	2,106,312	4,077,742
interest-bearing securities	8,050,401	14,654,646
LONG-TERM INVESTMENTS:		
interest-bearing securities	12,584,463	13,076,197
INTEREST COSTS	-54,293,379	-51,688,544
NET INTEREST INCOME	93,282,817	96,169,309
General administrative costs	-17,604,460	-13,159,621
Guarantee fund fee paid to the state	-2,100,000	-2,100,000
Depreciation	-775,763	-770,230
Other operating expenses	-211,250	-211,250
Profit before credit losses	72,591,344	79,928,208
Net credit losses	691,121	7,477,263
Profit allocated to the reserve fund	73,282,465	87,405,471

BALANCE SHEET

SEK	2014-12-31	2013-12-31
ASSETS		
Cash	10,000	10,000
Lending to credit institutions	480,371,448	527,361,716
Bonds and other interest-bearing securities:		
short-term investments	455,892,570	112,672,713
long-term investments	319,247,770	785,082,013
Lending to shipping companies	5,319,603,531	4,772,834,157
Tangible assets	619,457	1,378,622
Accrued interest income	27,914,079	30,963,827
Prepaid expenses and other accrued income	955,319	3,298,138
Total assets	6,604,614,174	6,233,601,186
LIABILITIES AND EQUITY		
LIABILITIES		
Liabilities to credit institutions	4,769,014,511	4,474,994,706
Accounts payable	146,888	294,067
Other liabilities	202,700	182,116
Accrued interest expenses	6,632,026	6,599,504
Deferred income and other accrued expenses	2,108,458	2,271,667
Other provisions	10,711,000	6,743,000
EQUITY		
Reserve fund, whereof profit for the year SEK 73.3 million (87.4)	1,815,798,591	1,742,516,126
Total liabilities and equity	6,604,614,174	6,233,601,186
COLLATERAL PLEDGED	None	None
CONTINGENT LIABILITIES	None	None
COMMITMENTS	1,012,000,000*	747,000,000*

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. The guarantee is valid until 1 January 2035.

* Commitments refers to granted loans during 2012-2014 where binding loan agreements between lender and borrower have been entered into during 2013-2014.



KEY FIGURES

	2014	2013	2012	2011	2010
Profit for the year, SEK m	73.3	87.4	76.7	57.1	62.1
Balance sheet total, SEK m	6,604.6	6,233.6	6,375.8	6,983.7	6,927.7
Reserve fund, SEK m	1,815.8	1,742.5	1,655.1	1,578.4	1,521.3
Return on average balance sheet total, per cent	1.1	1.4	1.1	0.8	0.8
Return on equity, per cent	4.1	5.1	4.7	3.7	4.2
Equity/assets ratio, per cent	27.5	28.0	26.0	22.6	22.0
Capital adequacy quotient	–	3.67	3.59	3.15	2.97
Tier 1 capital ratio, per cent	27.7	–	–	–	–
Total capital ratio, per cent	27.7	27.9	–	–	–
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

Tier 1 capital ratio = Capital base / Risk exposure amount

Total capital ratio = Capital base / Risk exposure amount

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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