

SVENSKA **SKEPPS**HYPOTEK
SUMMARY OF THE YEAR

2017

SUMMARY 2017

The following 3 pages are a summary of the 2017 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 2,231 million (previous year 876). The total amount of loans receivable at the end of the year at balance date's exchange rates was SEK 7,955 million (7,174).

Loans granted by the Board but not yet disbursed amounted to SEK 3,016 million (4,124) at the end of the year.

Net interest income increased with SEK 13 million compared with previous year and amounted to SEK 129 million (116). The change mainly due to improved return on outstanding loans. Profit before credit losses was SEK 111 million compared with SEK 92 million previous year and profit after credit losses was SEK 111 million (117).

Svenska Skeppshypotek has as per 31 December 2017 no doubtful or non-performing loans. After the balance date, instalments deferral in the amount of SEK 8 million have been granted.

Return on average balance sheet total was 1.3 per cent (1.5) and return on equity was 5.4 per cent (6.1). Svenska Skeppshypotek's equity ratio amounted to 24.1 per cent (23.2). According to Basel III, Svenska Skeppshypotek's capital require-

ment amounts to SEK 671 million (678) and the total capital ratio was 23.7 per cent (22.1).

According to Finansinspektionen's regulations (FFFS 2014:12) regarding prudential requirements and capital buffers, 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 111 million was allocated to the reserve fund, which subsequently amounts to SEK 2,100 million.

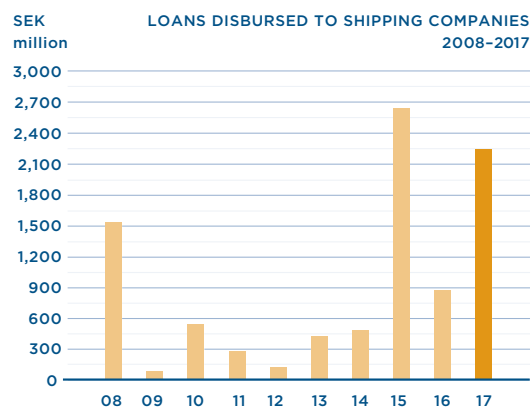
INCOME STATEMENT

SEK	2017	2016
INTEREST INCOME		
LENDING TO SHIPPING COMPANIES	264,849,065	208,342,488
SHORT-TERM INVESTMENTS:		
Swedish financial institutions	156,016	14,366
interest-bearing securities	3,469,204	1,396,801
LONG-TERM INVESTMENTS:		
interest-bearing securities	1,757,659	5,575,441
INTEREST COSTS	-141,066,183	-98,878,858
NET INTEREST INCOME	129,165,761	116,450,238
General administrative costs	-13,391,670	-19,437,181
Guarantee fund fee paid to the state	-4,200,000	-4,200,000
Depreciation	-243,175	-244,849
Other operating expenses	-211,250	-211,250
Profit before credit losses	111,119,666	92,356,958
Net credit losses	-	25,000,000
Profit allocated to the reserve fund	111,119,666	117,356,958

BALANCE SHEET

SEK	2017-12-31	2016-12-31
ASSETS		
Cash	–	10,797
Lending to credit institutions	428,335,505	1,037,920,268
Bonds and other interest-bearing securities:		
short-term investments	200,176,545	113,141,851
long-term investments	89,883,661	200,550,403
Lending to shipping companies	7,955,083,929	7,174,102,668
Tangible assets	34,737	266,339
Accrued interest income	36,811,390	31,592,458
Prepaid expenses and other accrued income	2,249,240	3,491,063
Total assets	8,712,575,007	8,561,075,847
LIABILITIES AND EQUITY		
LIABILITIES		
Liabilities to credit institutions	6,576,320,303	6,525,960,365
Accounts payable	61,917	6,679
Other liabilities	241,737	238,850
Accrued interest expenses	18,044,341	15,053,483
Deferred income and other accrued expenses	2,101,411	14,340,838
Other provisions	16,203,000	16,994,000
EQUITY		
Reserve fund, whereof profit for the year SEK 111.1 million (117.4)	2,099,602,298	1,988,482,632
Total liabilities and equity	8,712,575,007	8,561,075,847

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 2038.



KEY FIGURES

	2017	2016	2015	2014	2013
Profit for the year, SEK m	111.1	117.4	55.3	73.3	87.4
Balance sheet total, SEK m	8,712.6	8,561.1	7,549.4	6,604.6	6,233.6
Reserve fund, SEK m	2,099.6	1,988.5	1,871.1	1,815.8	1,742.5
Return on average balance sheet total, per cent	1.3	1.5	0.8	1.1	1.4
Return on equity, per cent	5.4	6.1	3.0	4.1	5.1
Equity/assets ratio, per cent	24.1	23.2	24.8	27.5	28.0
Capital adequacy quotient	–	–	–	–	3.67
Tier 1 capital ratio, per cent	23.7	22.1	23.4	27.7	–
Total capital ratio, per cent	23.7	22.1	23.4	27.7	27.9
Number of employees	7	7	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.
- Market based pricing.
- 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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