

2019

SVENSKA **SKEPPS**HYPOTEK

# SUMMARY 2019

The following 3 pages are a summary of the 2019 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 1,522 million (previous year 2,340). The total amount of loans receivable at the end of the year at balance date's exchange rates was SEK 9,226 million (8,869).

Loans granted by the Board but not yet disbursed amounted to SEK 3,149 million (2,448) at the end of the year.

Profit before credit losses was SEK 126 million to be compared with SEK 103

million the previous year, an improvement of SEK 23 million or 22 per cent. The contributing factor to the improvement being a higher net interest, mainly due to higher exchange rates but also higher lending volumes and higher margins. Profit after credit losses was SEK 113 million compared with SEK 53 million previous year.

Previous year's provisions for credit losses and pertaining loans have been winded up during 2019 with a positive effect of SEK 1 million. During the year Svenska Skeppshypotek has charged the result with SEK 14 million as a general reserve for credit losses. Svenska Skeppshypotek had no doubtful or non-performing loans at year end.

Return on average balance sheet total was 1.1 per cent (0.6) and return on equity was 5.1 per cent (2.5). Svenska Skeppshypotek's equity ratio amounted to 22.3 per cent (22.4). According to Basel III, Svenska

Skeppshypotek's capital requirement amounts to SEK 780 million (742) and the total capital ratio was 22.1 per cent (22.6).

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 113 million was allocated to the reserve fund, which subsequently amounts to SEK 2,266 million.

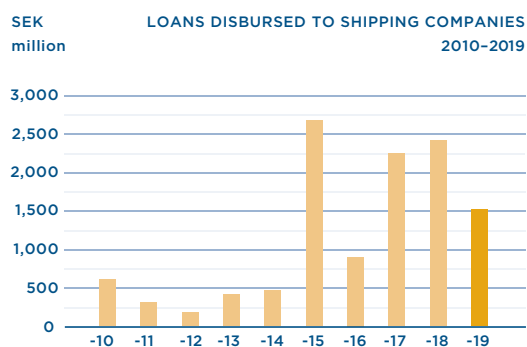
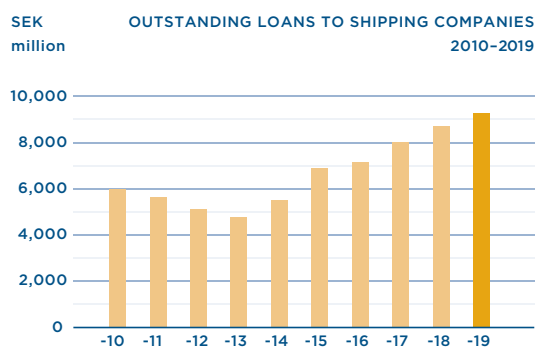
## INCOME STATEMENT

SEK	2019	2018
<b>INTEREST INCOME</b>		
LENDING TO SHIPPING COMPANIES	426,532,940	337,428,498
SHORT-TERM INVESTMENTS:		
Swedish financial institutions	197,378	–
interest-bearing securities	-201,568	2,018,215
LONG-TERM INVESTMENTS:		
interest-bearing securities	596,506	98,241
<b>INTEREST COSTS</b>	<b>-276,050,686</b>	<b>-214,999,880</b>
<b>NET INTEREST INCOME</b>	<b>151,074,570</b>	<b>124,545,074</b>
Other income	–	496,100
General administrative costs	-19,808,844	-17,761,552
Guarantee fund fee paid to the state	-4,550,000	-3,500,000
Depreciation	-280,378	-217,562
Other operating expenses	-241,250	-230,750
Profit before credit losses	<b>126,194,098</b>	<b>103,331,310</b>
Net credit losses	-12,711,889	-50,000,000
Profit allocated to the reserve fund	<b>113,482,209</b>	<b>53,331,310</b>

# BALANCE SHEET

SEK	2019-12-31	2018-12-31
<b>ASSETS</b>		
Lending to credit institutions	618,494,063	397,599,835
Bonds and other interest-bearing securities:		
short-term investments	52,428,000	30,291,175
long-term investments	235,841,630	260,972,820
Lending to shipping companies	9,225,676,792	8,868,865,304
Tangible assets	358,016	638,394
Accrued interest income	42,011,889	48,952,320
Prepaid expenses and other accrued income	1,757,123	2,734,352
Other assets	4,089	–
<b>Total assets</b>	<b>10,176,571,602</b>	<b>9,610,054,200</b>
<b>LIABILITIES AND EQUITY</b>		
<b>LIABILITIES</b>		
Liabilities to credit institutions	7,863,675,586	7,393,167,555
Accounts payable	89,339	223,108
Other liabilities	319,080	207,922
Accrued interest expenses	25,428,947	31,832,555
Deferred income and other accrued expenses	1,092,833	14,779,452
Other provisions	19,550,000	16,910,000
<b>EQUITY</b>		
Reserve fund, whereof profit for the year SEK 113.5 million (53.3)	2,266,415,817	2,152,933,608
<b>Total liabilities and equity</b>	<b>10,176,571,602</b>	<b>9,610,054,200</b>

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 2040.



# KEY FIGURES

	2019	2018	2017	2016	2015
Profit for the year, SEK m	113.5	53.3	111.1	117.4	55.3
Balance sheet total, SEK m	10,176.6	9,610.0	8,712.6	8,561.1	7,549.4
Reserve fund, SEK m	2,266.4	2,152.9	2,099.6	1,988.5	1,871.1
Return on total assets, per cent	1.1	0.6	1.3	–	–
Return on average balance sheet total, per cent	1.1	0.8	1.3	1.5	0.8
Return on equity, per cent	5.1	2.5	5.4	6.1	3.0
Equity/assets ratio, per cent	22.3	22.4	24.1	23.2	24.8
Leverage ratio	21.1	21.8	–	–	–
Tier 1 capital ratio, per cent	22.1	22.6	23.7	22.1	23.4
Total capital ratio, per cent	22.1	22.6	23.7	22.1	23.4
Number of employees	8	8	7	7	8

## Definitions:

Return on total assets = Profit for the year / Balance sheet total

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)

Leverage ratio = Reserve fund excluding profit for the year / Balance sheet total

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

# SVENSKA SKEPPSHYPOTEK

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