

2020

SVENSKA **SKEPPS**HYPOTEK

# SUMMARY 2020

The following 3 pages are a summary of the 2020 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 169 million (previous year 1,522). The total amount of loans receivable at the end of the year at balance date's exchange rates was SEK 6,883 million (9,226).

Loans granted by the Board but not yet disbursed amounted to SEK 1,730 million (3,149) at the end of the year.

Net profit for the year was SEK 109, a decrease of SEK 9 million compared with 2019. Total comprehensive income, after remeasurement of defined benefit pension obligations, was SEK 104 million against SEK 113 million 2019. The main explanation of the lower result in 2020 is a lower net interest income due to lower lending volumes. During the year, a close dialogue has been kept with the borrowers due to covid-19. Svenska Skeppshypotek has limited exposure to the shipping segments that have been most negatively affected by covid-19. Svenska Skeppshypotek had no doubtful or non-performing loans at year end.

Return on average balance sheet total was 1.2 per cent (1.2) and return on equity was 4.7 per cent (5.4). Svenska Skeppshypotek's equity ratio amounted to 27.4 per

cent (22.3). According to Basel III, Svenska Skeppshypotek's capital requirement amounts to SEK 637 million (780) and the total capital ratio was 28.5 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.

Net profit for the year of SEK 109 million was allocated to the reserve fund. The reserve fund amounts to SEK 2,371 million.

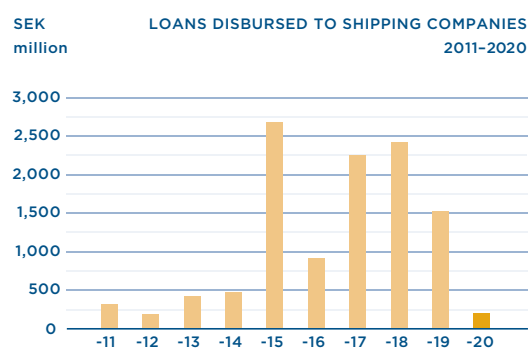
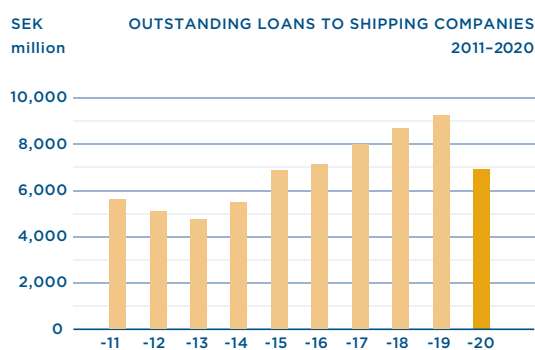
## INCOME STATEMENT

SEK THOUSAND	2020	2019
<b>INTEREST INCOME</b>		
LENDING TO SHIPPING COMPANIES	288,465	426,533
SHORT-TERM INVESTMENTS:		
Swedish financial institutions	830	198
interest-bearing securities	-140	-202
LONG-TERM INVESTMENTS:		
interest-bearing securities	829	597
<b>INTEREST COSTS</b>	<b>-158,689</b>	<b>-276,050</b>
<b>NET INTEREST INCOME</b>	<b>131,295</b>	<b>151,075</b>
General administrative costs	-20,556	-15,000
Guarantee fund fee paid to the state	-3,325	-4,550
Depreciation	-287	-281
Other operating expenses	-241	-241
Profit before credit losses	<b>106,886</b>	<b>131,003</b>
Net credit losses	2,457	-12,712
Net profit	<b>109,343</b>	<b>118,291</b>
<b>OTHER COMPREHENSIVE INCOME</b>		
Remeasurement of defined benefit pension obligations	-5,074	-4,809
Total comprehensive income allocated to the reserve fund	<b>104,269</b>	<b>113,482</b>

# BALANCE SHEET

SEK THOUSAND	2020-12-31	2019-12-31
<b>ASSETS</b>		
Lending to credit institutions	1,441,885	618,494
Bonds and other interest-bearing securities:		
short-term investments	–	52,428
long-term investments	286,468	235,842
Lending to shipping companies	6,883,342	9,225,677
Tangible assets	179	358
Accrued interest income	24,149	42,012
Prepaid expenses and other accrued income	1,190	1,757
Other assets	29	4
<b>Total assets</b>	<b>8,637,242</b>	<b>10,176,572</b>
<b>LIABILITIES AND EQUITY</b>		
<b>LIABILITIES</b>		
Liabilities to credit institutions	6,223,659	7,863,676
Accounts payable	949	89
Other liabilities	310	319
Accrued interest expenses	10,800	25,429
Deferred income and other accrued expenses	6,260	1,093
Other provisions	24,579	19,550
<b>EQUITY</b>		
Reserve fund, whereof total comprehensive income for the year SEK 104.3 million (113.5)	2,370,685	2,266,416
<b>Total liabilities and equity</b>	<b>8,637,242</b>	<b>10,176,572</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 2041.



# KEY FIGURES

	2020	2019	2018	2017	2016
Net profit*, SEK m	109.3	118.3	53.3	111.1	117.4
Total comprehensive income**, SEK m	104.3	113.5	–	–	–
Balance sheet total, SEK m	8,637.3	10,176.6	9,610.0	8,712.6	8,561.1
Reserve fund, SEK m	2,370.7	2,266.4	2,152.9	2,099.6	1,988.5
Return on total assets, per cent	1.3	1.2	0.6	1.3	–
Return on average balance sheet total, per cent	1.2	1.2	0.8	1.3	1.5
Return on equity, per cent	4.7	5.4	2.5	5.4	6.1
Equity/assets ratio, per cent	27.4	22.3	22.4	24.1	23.2
Leverage ratio, per cent	25.6	21.1	21.8	–	–
Tier 1 capital ratio, per cent	28.5	22.1	22.6	23.7	22.1
Total capital ratio, per cent	28.5	22.1	22.6	23.7	22.1
Number of employees	8	8	8	7	7

## Definitions:

Return on total assets = Net profit / Balance sheet total

Return on average balance sheet total = Net profit / Average balance sheet total

Return on equity = Net profit / Average reserve fund

Equity/assets ratio = Reserve fund / Balance sheet total (both at the end of year)

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

Tier 1 capital ratio = Tier 1 capital / Risk exposure amount

Total capital ratio = Capital base / Risk exposure amount

\* 2020 and 2019 have been adjusted for IFRS 9. No adjustment previous years.

\*\* For 2020 and 2019 Total comprehensive income includes remeasurement of defined benefit pension obligations.

No adjustment previous years.

# 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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