

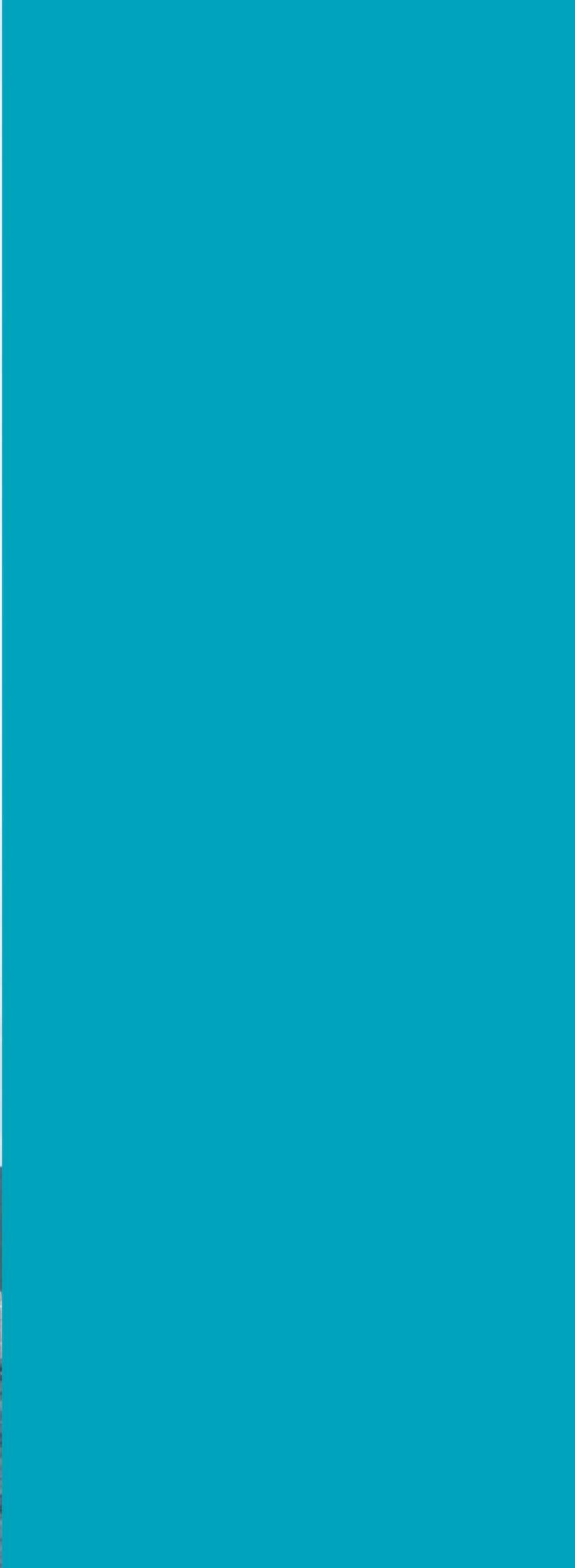
ANNUAL REPORT

A year with a world of opportunities

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CREATING
CONFIDENCE
IN YOUR EXPORTS

ekn



Contents

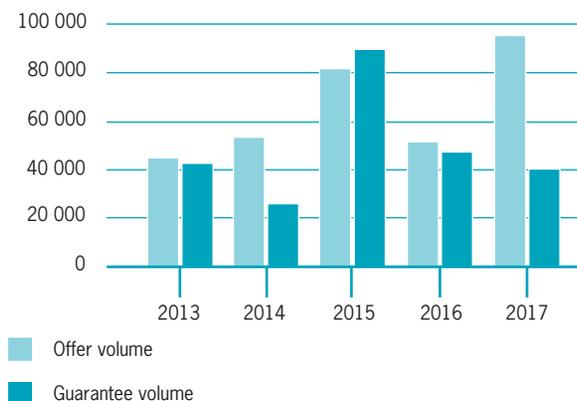
The year in brief	4
Director General's statement	6
Report of results	8
Mission, delivery and costs	8
Objectives and results	10
Global outlook	12
Issuing of guarantees	16
Risk developments	23
Collaboration	28
Financial reports	35
Statutory limit utilisation	36
Financial reporting principles	37
Profit analysis	40
Income statement	42
Balance sheet	44
Statement of appropriations	46
Cash flow statement	46
Notes to the income statement and balance sheet	47
Summary of key information	57
Board of Directors and Executive Management	60

The year in brief

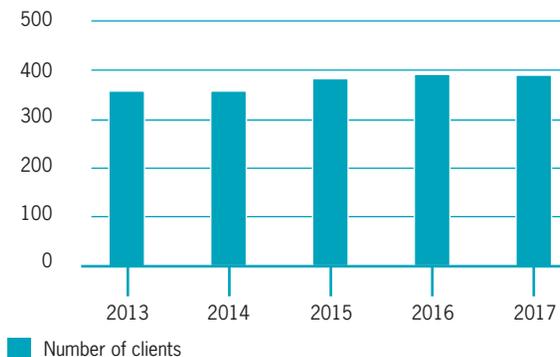
EKN guarantees growing numbers of smaller transactions for companies. The guarantee volume remains around SEK 40 billion, which is a significant amount in particular in an economic expansion. The guarantee volume for small and medium-sized enterprises remains at the same level as previous years. This is primarily attributable to these companies' needs for financing, EKN's regional presence and more than a thousand visits annually to companies and banks.

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- The guarantee volume amounted to almost SEK 40 billion for transactions to 133 countries (SEK 43.6 billion to 130 countries).
 - EKN guaranteed a record number of transactions during the year, 2,093 in total (1,821).
 - EKN guaranteed 575 transactions for SMEs (599).
 - The demand for guarantees to Iran continued to grow and the guarantee volume to Iran amounted to SEK 3.4 billion (SEK 1 billion).
 - Claim payments remained at a high level as expected, amounting to SEK 1.4 billion (SEK 1.5 billion). This was primarily due to a few transactions with claims that arose in earlier years.
 - Profit amounted to SEK 1.4 billion. EKN continues to have a stable financial position.
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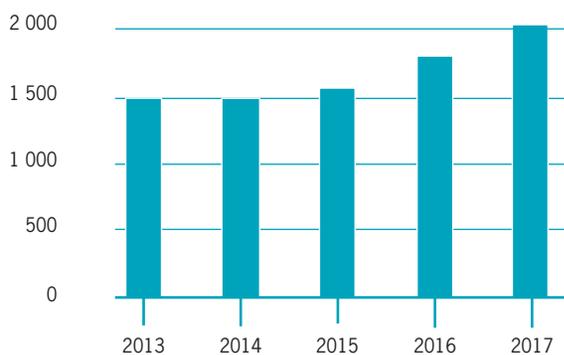
NEW OFFERS AND GUARANTEES (SEK MILLION)



NUMBER OF CLIENTS



NUMBER OF TRANSACTIONS



SEK
40
billion in new
guarantees.

NEW TRANSACTIONS AND PROFIT/LOSS (SEK MILLION)

	2017	2016
New offers	96,023	52,031
New guarantees	39,914	43,610
Earned premiums	2,121	1,534
Claims paid	-1,410	-1,529
Profit/Loss	1,418	-1,057

OUTSTANDING EXPOSURE AND ACCUMULATED EARNINGS (SEK MILLION)

	31/12/2017	31/12/2016
Offers outstanding	92,443	63,672
Guarantees outstanding	181,485	201,502
Provisions	10,066	11,623
Outstanding claims, nominal	9,878	8,924
Outstanding claims, calculated net value	1,532	1,523
Equity	22,860	21,434

EKN guaranteed transactions at a record high

Global trade and the world economy grew stronger in 2017. In the financial markets, liquidity and the appetite for risk remain sound. Swedish exports benefited from these positive developments and 2017 saw EKN guaranteeing a record-breaking number of transactions.

Traditionally the greatest need for EKN to cover risk has been in challenging markets in times of economic uncertainty. Now demand is high also in better times. Offers of financing have become increasingly important to export businesses, and banks are looking to cover risk. In 2016 the number of guaranteed transactions had already increased markedly, and 2017 saw this trend continuing with a further rise of 15 percent. Companies' order books have been filling faster, requiring more risk cover to do more business.

In 2017, EKN guarantees were particularly important for Swedish exports to Russia, Iran and African countries. Low commodity prices rose during the year, leading to greater demand from many commodity-dependent markets.

SWEDISH COMPANIES AND GLOBAL DEMAND

Despite political concerns around the world, the global economy continued to recover in 2017, which proved a better year than expected for both the global economy and for world trade. Growth in the Eurozone is now in line with North America, and with both Russia and Brazil rising above zero, positive effects are being felt in neighbouring markets in the CIS and Latin America. At the same time, growth in Asia continues to far exceed the rest of the world. Within a decade, Asia's total GDP is expected to double, and other Asian countries beyond India and China will be more prominent in world trade. My visits to Indonesia, China and India during the year gave me the opportunity to see and hear at first hand the level of interest in Swedish goods and services.

These positive developments in various parts of the world boosted Swedish exports in 2017. EKN's risk cover largely reflects the greater global demand for Swedish goods and services. In line with rising living standards and increasing urbanization across

the world, primary demand is for infrastructure, such as electrification, electricity transmission, and integrating telecoms and IT. These are industries in which Swedish companies are highly competitive and, correspondingly, where EKN has an extensive volume of guarantees. EKN has outstanding guarantees for transactions to 144 countries, many with uncertain business environments, unstable political situations and low level economic growth. It is in these markets that EKN makes the most difference.

TECHNOLOGICAL DEVELOPMENT AND SUSTAINABILITY

Digitalization is driving global development. It means greater demands for flexibility in business models and faster processes for Swedish exporters and their customers. Digitalization represents real potential for growth for Swedish companies in the form of more efficient and sustainable solutions for transport, mining, energy, and smart cities.

Meeting global demand will increasingly have to align to the 17 Goals of the UN 2030 Agenda for Sustainable Development. The private sector will be of key importance to achieving a sustainable future for our planet, and in this Swedish companies in particular have a great deal to contribute. EKN now reports annually on our own contribution to implementing the Sustainable Development Goals through the guarantees we issue. Trade is not just a major force in development. It is also a driving force for sustainable development.

COOPERATION FOR BOOSTING SME EXPORTS

For several years EKN has been investing in reaching out to more small and medium-sized enterprises - a particularly important target group for continued strong Swedish exports. For SMEs the primary need for EKN is in financing. With the bank

sharing the risk with EKN, new doors are opened. In addition to risk coverage from EKN, SMEs can also find important export support from Business Sweden and ALMI, and EKN further strengthened our cooperation with both these organisations in 2017. We also deepened our cooperation with SEK, Swedish Export Credit, our co-partner in the Swedish export credit system.

2017 saw recent increases in SME demand for EKN guarantees level off, in part due to strong liquidity and appetite for risk in the financial markets. EKN is continuing our drive to raise awareness among SMEs of our services. In 2017 EKN, along with ALMI and SEK, took the initiative to develop offers of financing for exporting SMEs, and this key work is continuing in 2018. EKN also increased our regional presence in 2017 by expanding our Gothenburg office.

A LONG TERM RISK PARTNER FOR SWEDISH COMPANIES

Close global cooperation between banks, exporters and buyers is a vital factor in the success of long-term business relationships. EKN's broad mandate to promote the internationalisation of Swedish companies creates important opportunities to cover risk in several parts of the value chain in export transactions. We will continue to work proactively to both minimize claims and be a long-term partner when problems occur in a transaction and payments fail.

Also looking ahead to 2018, after comprehensive work on development I am looking forward to the launch of a new customer portal, and new general terms and conditions based on international standards.

Finally I would like to add my continued thanks to the exporting companies and banks that trust EKN to play our role in promoting Swedish export.



Anna-Karin Jatko,
Director General EKN



Anna-Karin Jatko thanks the exporting companies and banks who trust EKN to participate in their transactions and contribute to exports.

Mission, delivery and costs

When Swedish goods and services reach out into the world, and when buyers need finance – that is when EKN is needed. Our mission is to promote Swedish exports by insuring the payment risk of companies and banks. Our activities are entirely financed from the insurance premiums.

EKN's task is to offer and issue guarantees, manage the outstanding exposure, adjust claims when guarantee holders are not paid and recover claims that arise. For some customers, extensive consultancy is included in the guarantee process.

OFFERS

With each application, EKN makes an assessment of the risk of non-payment and the possibility of recovery if payment is not made. EKN also assesses any sustainability issues in the transaction. The assessment results in a decision. If the decision is to guarantee the transaction, there is then a decision on the premium and the issue of an offer. Some offers issued during the year have not been taken up. They may be taken up next year, but some transactions are never done or are completed without EKN's guarantee. See page 19 for offers issued during the year.

TRANSACTIONS

When the company finalises the transaction or the bank makes a loan, EKN issues a guarantee. Some of the year's guaranteed transactions arise from offers in the same year, others from offers in previous years. For some transactions only one guarantee is issued. Other transactions may have several guarantees issued. See page 19 for transactions guaranteed during the year.

CLAIM PAYMENTS

Claim payments are made both in known problem transactions, where earlier payments under the repayment plan have failed, and in transactions where problems have arisen during the year. EKN expects recurrent non-payment to occur with a certain number of transactions and claims provisions are made for these.

GUARANTEES OUTSTANDING

Guarantees outstanding mainly consist of transactions that follow their amortisation repayment plan, but there are also transactions that require loss prevention work.

OUTSTANDING CLAIMS AND RECOVERY

When EKN indemnifies, EKN takes over the guaranteed claim and then works to recover all or part of the unpaid amounts. The claims are closed with repayment or write-off.

CLAIM PAYMENTS IN RELATION TO OUTSTANDING GUARANTEES (MSEK)

	2017	2016	2015	2014	2013
Claims paid	1,410	1,529	476	537	358
Guarantees outstanding	181,485	201,502	214,134	174,245	194,713
Claims paid/Guarantees outstanding	0.78%	0.76%	0.22%	0.31%	0.18%

COST OF CLAIMS

Most of the indemnified transactions are retained as provisions to cover any claims. When the guaranteed transaction runs without problems EKN liquefies the reserve. The premium paid for the many transactions that run as planned covers claim payments to the guarantee holders that have not received payment from their customers.

COST OF OPERATION

Over the last five years, the operating costs have amounted to between 12 and 18 per cent of premium income. The operating costs for a new transaction may vary widely from the average, depending on how time consuming the assessment is. The average has fallen somewhat in recent years as the number of transactions has increased. The cost of managing exposure is affected by the size of the exposure, but also by the number of transactions that involve an increased need for loss prevention work by EKN.

The administrative result is reported in Note 21.

OPERATING COSTS IN RELATION TO RECEIVED PREMIUMS, NEW TRANSACTIONS AND EXPOSURE

	2017	2016	2015	2014	2013
Operating costs (MSEK)	227	244	222	223	210
Received premiums (MSEK)	1,356	1,348	1,462	1,577	1,788
Costs as a percentage of received premiums	17%	18%	15%	14%	12%
Number of new transactions	2,093	1,821	1,557	1,529	1,518
Operating cost per transaction	108,689	134,012	142,689	146,029	138,598
Exposure (non-binding and binding) (MSEK)	273,928	265,174	287,120	300,062	312,283
Operating cost per million of exposure	830	920	774	744	674

EKN's guarantees

EKN offers guarantees for the entire transaction process, from sales and negotiation to manufacture and delivery and up until the customer's last payment.

A guarantee for loss on claim for exporting companies

protects the company against the risk of not receiving payment in accordance with the purchase agreement. Insuring receivables facilitates financing.

For lenders, the loss on claim guarantee gives protection against the risk of not being paid by the borrower. The guarantee makes it easier for buyers of Swedish exports to finance their purchases.

The loss on production guarantee, which is given in combination with the loss on claim guarantee, protects against losses if the buyer cancels the agreement during the manufacturing period and the costs incurred cannot be invoiced.

A guarantee for unfair calling for exporting companies protects against the risk that the customer unfairly claims a contract guarantee.

With **a counter guarantee**, the bank issuing the contract guarantee shares the recourse risk on the exporting company with EKN, should the contract guarantee be claimed.

With a bill of exchange guarantee, EKN insures the bank against the payment risk in discounted bills of exchange. The guarantee improves the company's liquidity when the bank takes over bills of exchange and pays the exporting company.

The letter of credit guarantee shares the bank's risk on confirmed letters of credit. The guarantee makes it possible for the company to have more letters of credit confirmed by the bank.

An investment guarantee gives a company that has invested abroad compensation if it cannot dispose of the investment or the payment of the investment loan is not made due to government intervention in the investment country.

The working capital credit and the **Investment capital credit** guarantees share the bank's risk in working capital or investment credits to small and medium-sized enterprises.

Objectives and results

The Swedish government lays out the objectives for the year's operations in the annual letter of appropriation.

The objectives and reporting requirements specified in the letter of appropriation for 2017 are shown below.

In accordance with the letter of appropriation, EKN reported on the need for guarantee limits in February and August.

Objective	Strategy	Result
<p>Promote Swedish exports by issuing guarantees.</p> <p>Reporting requirements:</p> <ul style="list-style-type: none"> – Number and volume of guarantees entered into in 2016, by industry and market/region. – Number of new SME customers. 	<p>Exporting companies can do more business with EKN's guarantees.</p> <p>EKN has long-term relationships with most large exporting companies.</p> <p>EKN is reaching more and more SMEs with a regional presence and regional marketing.</p>	<p>Issuing of guarantees in the amount of SEK 43.6 billion. Guarantees issued in 1,821 transactions to 130 countries. During the year, 394 companies were customers of EKN, and 102 of them were new customers. Swedish exports and export credit guarantees are presented by world region and by industry on pages 18–19 and for SMEs on page 21.</p>
<p>Collaborate with other Swedish export promoters.</p>	<p>EKN has a local presence based in Almi offices. Business Sweden is also present at most of these offices. EKN participates in delegation trips and seminars together with Almi, Business Sweden and the Swedish Export Credit Corporation (SEK).</p>	<p>EKN has a regional cooperation with the Swedish Agency for Economic and Regional Growth, Almi, SEK and Business Sweden in Team Sweden. EKN cooperates with SEK and Almi both in terms of guarantees, development of new financing solutions and marketing.</p>
<p>Continue focus on raising SME awareness of EKN's services.</p>	<p>More account managers and other skills to the Small and Medium-Sized Enterprises Business Area.</p> <p>More customer visits and more regional marketing activities. Increased marketing.</p>	<p>39 percent of SMEs had knowledge about EKN. Among companies in need of financing and customer finance the awareness was 45 per cent. Two campaigns to increase awareness were conducted during the year.</p>
<p>Stronger and more efficient regional presence.</p>	<p>EKN has a mix of regional stationary and mobile employees and has during the year increased its emphasis on a regional presence by having more employees and external finance consultants placed locally.</p>	<p>The local presence was further expanded in Gothenburg.</p> <p>Four external financing consultants were contracted by EKN. They cover the regions of Norrland, Västmanland, Dalarna, Värmland, Skaraborg and Skåne. The guides are local entrepreneurs who work part-time for EKN.</p>
<p>Reporting requirements</p> <ul style="list-style-type: none"> – Expenses and income for both administrative operations and the risk-based operations. 	<p>EKN reports how the administrative expenses of the operations develop.</p>	<p>Expenses and income for the risk-based operations are reported in the income statement.</p> <p>Expenses and income for administrative operations are reported in Note 21 on page 55.</p>

Objective	Strategy	Result
<p>Monitor any changes to the EU's definition of marketable risk and suggest action if necessary.</p>	<p>EKN follows the financing conditions for companies on markets which are defined as marketable, in accordance with the EU's regulatory framework, i.e. where the private business sector operates.</p>	<p>EKN is of the opinion that private sector companies have the risk willingness and risk capacity for the marketable risks.</p>
<p>Rationalise and streamline operations.</p>	<p>Continued work in the strategic development areas Customer focus, Awareness and Work processes.</p>	<p>A project for more efficient management of smaller transactions has been implemented. A new decision tool for transactions up to MSEK 25 has been launched. It simplifies the work in about half of EKN's transactions. Read more about streamlining on page 34. Administrative costs are reported in Note 21 on page 55.</p>
<p>Participate in relevant international activities.</p>	<p>EKN has participated in and pushed issues involving anti-corruption, local costs, cooperation outside the OECD and state supported credits and guarantees for low-income countries.</p>	<p>The OECD has discussed proposals for strengthened anti-corruption guidelines. Work has been done to encourage countries outside the OECD to apply the OECD pricing and terms. The OECD guidelines for loans to low-income countries have been modified. See page 31.</p>
<p>Fair and sustainable global development and corporate responsibility. Contribute to Sweden's Global Development Policy (PGU). Make progress on human rights, working conditions, the environment, corruption and internet freedom. Ensure that operations are conducted in accordance with (and provide information about) international guidelines. Take measures to contribute to sustainable investments and to lowering climate impact.</p>	<p>EKN assesses whether there is a risk of adverse effects on people and the environment, where the exported product or service is to be used. EKN demands sustainable and responsible risk management and follows that action plans are followed. EKN affects international standards for export credits. Promote export of equipment that contributes to reducing climate impact.</p>	<p>EKN introduced new rules for managing risks of impact on human rights in telecom transactions. The rules were developed in close collaboration with the Institute for Human Rights and Business and were presented in the OECD. Read more, and about the review and requirements of the year's transactions on pages 21–22. Read about cooperation on sustainability issues on page 32 through EKN's contribution to Agenda 2030.</p>
<p>Report how EKN contributed to the implementation of the government's feminist foreign policy.</p>	<p>EKN contributes to women's opportunities by promoting exports in, for example, infrastructure and public transport.</p>	<p>EKN complies with IFC Performance Standards, which evaluates issues such as with effect on women's situation. See page 32.</p>
<p>Within the framework of the government's export strategy, provide support and expert knowledge within EKN's area of activity when so needed, in collaboration with other relevant organisations and authorities.</p>	<p>In particular, take into consideration how SME activity and regional presence can be used to promote Swedish exports.</p>	<p>On pages 29–30, cooperation with Team Sweden is described. The focus during the year has been on regional export cooperation. EKN has contributed to the Swedish Agency for Economical and Regional Growth website verksam.se/utland</p>



Global outlook

This section describes the conditions for Swedish exports in the context of the global economy, and reports the distribution of guarantees issued by markets and regions.

Who is taking the lead in world trade?

Growth in the global economy is high and the price of risk is falling. A recovery has occurred in the economies of both Russia and Brazil. More sanctions are imposed and those by the U.S. are most often more far-reaching than the EU's.

At the beginning of 2017, there were major fears regarding what the change in administration in the U.S. would bring. Donald Trump's presidency was to be different from his predecessors in many respects. A more protectionist and nationalist trade policy was a line that Trump pushed hard for in his election campaign.

Reaching new agreements for further trade liberalisation has not been on the U.S. agenda, which instead focused on renegotiations of existing agreements, such as the North American Free Trade Agreement (NAFTA).

LOWERED TRADE BARRIERS

The changed U.S. trade policy has created opportunities for other actors to come in. The EU's latest agreements with Canada and Japan on lowered trade barriers will lead to better conditions for even more trade between the countries. Full implementation still requires approval by the national parliaments and the European Parliament.

Another candidate for the position as the leader of world trade is China. In their rhetoric in the past year, China's leaders emphasised the importance of lower trade barriers and market solutions.

HIGHEST GROWTH IN FIVE YEARS

Economic growth in 2017 is expected to be the highest in the past five-year period. The growth rate in the Eurozone is on a par with the U.S. and the growth rate in Latin America is going from negative to weakly positive. A recovery is also noted in many raw material producing countries. This is primarily true when it comes to Russia and to some extent Brazil, while growth remains

weak in the large economies in Africa, which are dependent on raw material exports.

CONTINUED FALLING PRICE OF RISK

The trend of falling risk margins on corporate bonds, which began just over a year ago, continued during the year. The drop applies to bonds with a credit rating both above investment grade (BBB- or better) and below investment grade. The monetary policy continues to be expansive in many OECD countries, particularly in the Eurozone, which has retained liquidity of the capital markets.

The U.S. has begun a gradual, drawn-out increase of key interest rates. Interest rate rises in Europe are likely to begin in 2018 at the same time that support purchases of bonds are decreasing.

SANCTIONS

In recent years, international sanctions were introduced against a large number of companies, banks and private individuals in several countries. Those that affect EKN's activities the most concern Iran and Russia. But there is a long list of countries where there are sanctions against individual companies and private individuals. The direct sanctions, decided at an EU level, are mostly clear and manageable. The U.S. sanctions, which are far-reaching and cover a large number of companies, banks and private individuals, are difficult to handle, however. Banks prefer to refrain from a transaction rather than risk significant costs even upon a low likelihood for sanction violations. The U.S. has this impact potential since the majority of the world's trade and investments take place in U.S. dollars and that many companies have operations in the U.S.

Swedish export increase

The increase in Swedish exports stems from exports to Asia to a large extent. EKN is needed for some of the exports to Asia, but access to local financing is good. In the financing of the increased exports to Russia and Iran, EKN plays an important role.

The rate of economic growth among Asia's growth and developing countries shows striking stability. In the past five-year period, the annual growth for these countries has been in the range of 6.4 to 6.8 per cent. The needs for imports as a result of the rapid growth have benefited Swedish exporters in 2017. For the period January to October, Swedish product exports to Asia, excluding the Middle East, grew by 20 per cent. The increase in exports to China was 33 per cent, 36 per cent to Indonesia and 21 per cent to India.

In pace with the economies developing, bank loans and bond loans are becoming more accessible to creditworthy companies. Good access to local financing is an explanation of the limited number of guarantees issued to the countries in Asia. Guarantees issued reached nearly SEK 4 billion

in 2017, which is indeed an increase of 34 per cent compared with 2016, but only corresponds to nearly 10 per cent of the total issue of guarantees.

IRAN IS DOMINANT IN THE ISSUE OF GUARANTEES TO THE MIDDLE EAST

Rising oil prices during the year have an effect on the economic activity in the Middle East only on the long term. In spite of this, Swedish exports to the region grew by 12 per cent in the first 10 months of 2017 and to Iran by as much as 87 per cent. EKN's issue of guarantees to the Middle East increased by 27 per cent.

The need for guarantees for exports to Iran was extensive and comprised SEK 3.4 billion of a total of SEK 7.3 billion of the issue of guarantees to the region.



São Paulo, Brazil. Swedish exports to Latin America increased by 20 per cent.

IMPROVEMENT OF THE RUSSIAN ECONOMY

After a bleak 2016, with weak economic growth for the OSS region in general and a shrinking Russian economy, 2017 appears to generate a growth of more than 2 per cent for the OSS. Swedish product exports to Russia increased by 33 per cent in the first 10 months of 2017.

The issue of guarantees to the OSS increased by nearly 200 per cent. Russia was dominant and accounted for SEK 5 billion out of a total of SEK 6 billion in guarantee volume in the region.

RISING RAW MATERIAL PRICES WELCOME FOR AFRICA AND LATIN AMERICA

The rising raw material prices during the year have had a positive impact on the economic development in many countries in both Latin America and Africa. This is a welcome turn after two weak years in 2015 and 2016. In Latin America, the growth was even negative in 2016.

In the first 10 months of the year, product exports to Latin America increased by 20 per cent, which is almost twice as high a rate of increase as for the

Swedish product exports in total. EKN guarantees many smaller transactions to the region, but the guarantee volume decreased by one third.

Swedish exports to Africa are decreasing, but the need for EKN's guarantees increased by 50 per cent. Egypt, Nigeria and Ethiopia were the countries that were dominant during the year.

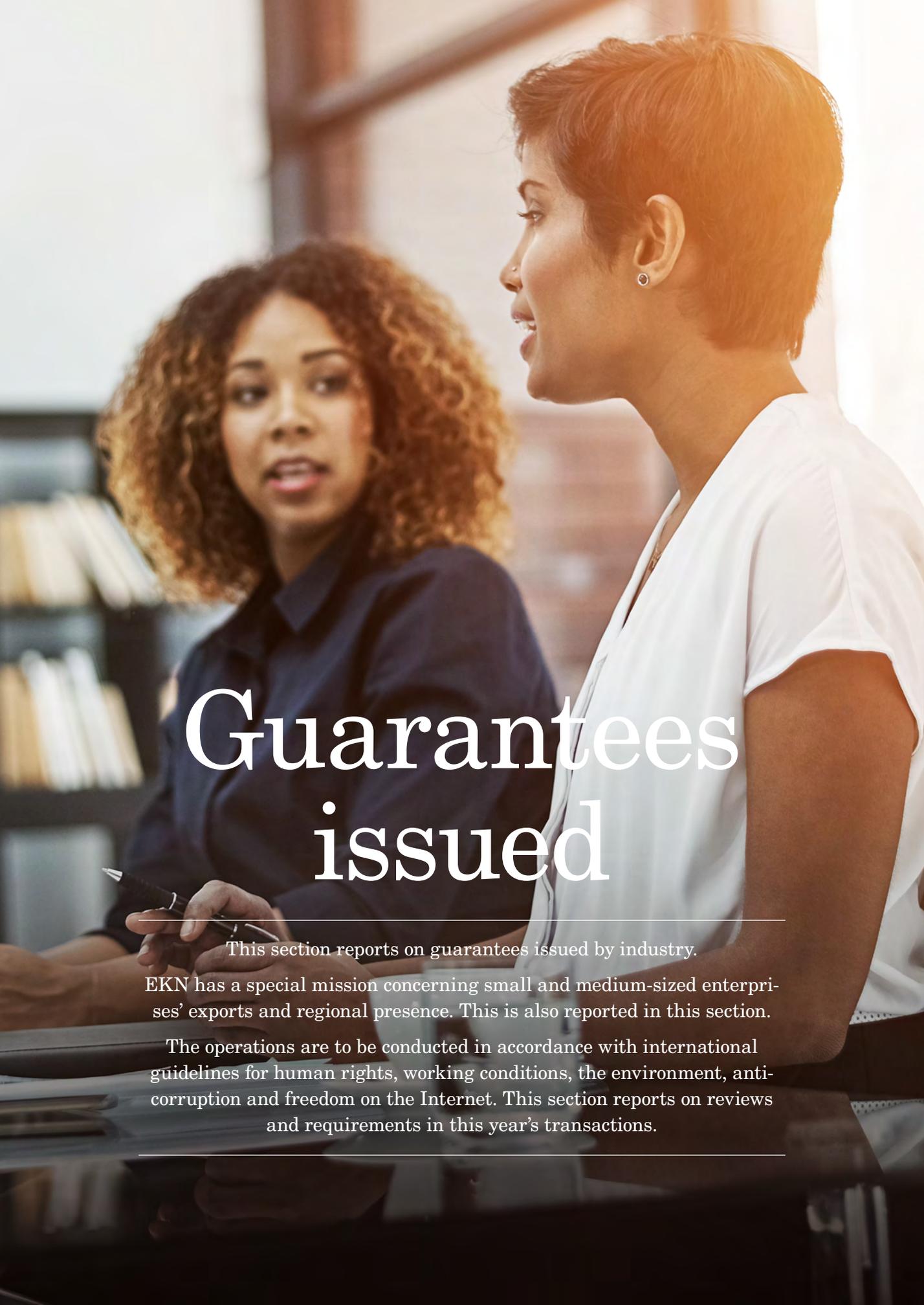
LOWER ISSUE OF GUARANTEES WITH THE OECD

EKN mostly issues guarantees for exports to growth and developing countries. Factors that primarily affect if EKN is needed in transactions to countries within the OECD are financing costs in the market, the borrower's credit rating and the companies' need to use several sources of financing. When the guarantee volume is high to high-income countries in the OECD, it is mainly because EKN was needed in a few very large transactions. This was the case in 2016, but in 2017, the issue of guarantees decreased by more than 60 per cent to SEK 7.2 billion.

ISSUE OF GUARANTEES BY REGION (SEK MILLION)

	2017		2016		2015		2014		2013	
	NUMBER	SEK MILLION								
Asia	191	3,925	163	2,928	162	2,934	149	2,731	119	6,425
Latin America	533	4,254	345	6,442	231	53,434	250	3,084	238	3,675
CIS	105	6,023	94	2,049	80	4,386	99	3,120	99	2,235
Balkans	67	2,933	46	1,493	27	2,326	37	1,061	48	2,233
Africa	381	6,626	368	4,424	371	5,765	364	6,262	355	4,899
Middle East	279	7,301	214	5,766	150	6,281	142	3,515	90	3,813
OECD high-income	128	7,215	127	19,069	98	4,965	115	5,402	310	18,915
Sweden	405	1,602	461	1,423	435	9,770	372	1,506	252	1,726
Other countries	4	35	3	16	3	195	1	14	7	30
TOTAL	2,093	39,914	1,821	43,610	1,557	90,056	1,529	26,695	1,518	43,950

Israel, Japan and South Korea are included in the OECD's high-income countries (not Asia or Middle East). Kazakhstan and Uzbekistan are included in CIS (not in Asia). Turkey is included in the Balkans (not in Asia). Sweden is reported separately (not included in the OECD's high-income countries).



Guarantees issued

This section reports on guarantees issued by industry.

EKN has a special mission concerning small and medium-sized enterprises' exports and regional presence. This is also reported in this section.

The operations are to be conducted in accordance with international guidelines for human rights, working conditions, the environment, anti-corruption and freedom on the Internet. This section reports on reviews and requirements in this year's transactions.

EKN guarantees growing numbers of export transactions

EKN guaranteed 2,093 export transactions to 133 countries with a total value of SEK 40 billion during the year. This guarantee volume is somewhat lower than last year. The number of transactions increased sharply. EKN guarantees growing numbers of smaller, current transactions for the larger companies.

EKN continues to have a guarantee volume of SEK 40 billion. Traditionally, EKN has been countercyclical and has had larger guarantee volumes during recessions than during economic expansions. This trend is now broken, with a high guarantee volume in 2015, 2016 and 2017, despite a strong economy.

The number of transactions continues to increase. EKN guaranteed 15 per cent more transactions in 2017 than 2016. The increase was 17 per cent in 2016. There are several reasons for the increase:

- More exporting companies offer their customers supplier financing and insure the risk with EKN. (138 companies in 2017, 111 companies in 2016).
- The Swedish trading houses, which play an important role as the channel out to the world market for several paper and pulp producers in Sweden, use EKN for growing numbers of transactions, mainly to South America and Africa and these high levels are expected to continue. In 2017, there were 611 transactions (466).
- EKN is guaranteeing more and more confirmed letters of credit (322 in 2017, 239 in 2016). The reason is that Swedish exports are increasing in many markets where the exporting companies use letters of credit. This means that many companies are met by the notice from their bank that the credit limit in a certain market has been reached. When EKN guarantees the banks' confirmed letters of credit it creates capacity for the bank and enables the bank to free up limits. Moreover, the demand for letter of credit guarantees for transactions to Iran continues to grow.

DEVELOPMENT COUNTRIES ARE DOMINANT

Most of the guaranteed transactions during the year pertain to exports to growth markets. Demand for guarantees to Iran continued to grow and the guarantee volume to Iran amounted to SEK 3.4 billion, compared with SEK 1.0 billion in 2016. The issue of guarantees for Iran is comprised solely of transactions with short credit periods this year as well. No banks offer long-term financing to Iran yet. During the year, EKN also guaranteed transactions to other difficult markets, such as Afghanistan, the Democratic Republic of the Congo, Sudan and Zimbabwe.

LARGE TELECOM TRANSACTIONS

The Swedish telecom industry's continued strong position in the world market means that EKN's issue of guarantees to the telecom sector is an important component even if the guarantee volume in 2017 was unusually low. The telecom development drives digitalisation with 5G, cloud-based services and the Internet of Things. This trend is most pronounced in the OECD's high-income countries. During the year, EKN issued offers for these kinds of transactions that have not yet been converted into guarantees. One of the offers is the largest that EKN ever issued in a transaction with a private buyer.

MINING EQUIPMENT IN DEMAND

Investments in the mining industry have gained speed as raw material prices have risen. This means a greater demand for financing of equipment from Swedish exporters for both new and existing mines. The investments mainly take place in OECD countries, but Africa is also a large and important market.

EXPORTS FOR TRANSMISSION PROJECTS

Demand for guarantees in electricity transmission increased compared with the previous year. It is often foreign contractors who are running the projects, with deliveries from Swedish companies. One such transaction that EKN guaranteed during the year is an electricity transmission project in Ethiopia where the Swedish company is a subcontractor of high-voltage components for a South African design-build contractor, which in turn has a contract with the buyer, the national electricity company.

Within power generation, EKN guaranteed, among other things, the financing of gas turbines for a natural gas project in Russia during the year.

NEW CUSTOMERS

At year-end, EKN had 392 customers, of which 259 were small and medium-sized enterprises. 81 companies had not previously used EKN, or had not done so in the past two years. Of them, 62 were SMEs.

PROBLEM TRANSACTIONS AND CLAIMS

Most of the claims paid during the year were in smaller transactions. Moreover, claims continued to be paid in a few large transactions. The biggest claim payments relate to transactions from 2010 to 2012 in the power industry.

Claim payments were also made regarding transactions with bus operators in two cities in Chile and Brazil.

In recent years, the Indian telecom market has been characterised by tough competition and price pressure. EKN has therefore increased its provisions for telecom transactions in the country.

The rate of increase for new problem transactions in the Middle East in the transport and construction sectors has levelled out. The buyers are dependent on government contracts and prevailing oil prices have reduced the scope of these contracts and to some extent delayed the payments.



Still high level of guarantee issuing despite favorable economic conditions. Demand within power increased.

NEW GUARANTEES, SEK MILLION, BY INDUSTRY

INDUSTRY	2017		2016	
	SEK MILLION	%	SEK MILLION	%
Transport	10,419	26%	7,386	17%
Machinery	9,294	23%	7,646	18%
Telecom	8,499	21%	19,332	44%
Power	4,677	12%	1,713	4%
Paper and pulp	2,997	8%	2,128	5%
Mining and steel	1,688	4%	644	1%
Others	2,340	6%	4,760	11%

NUMBER OF NEW TRANSACTIONS, BY INDUSTRY

INDUSTRY	2017	2016	2015
	Transport	235	199
Machinery	754	705	672
Telecom	73	40	45
Power	8	16	16
Paper and pulp	648	520	353
Mining and steel	72	46	26
Others	303	294	303

NEW OFFERS DURING THE YEAR

	2017		2016		2015	
	SEK MILLION	NUMBER	SEK MILLION	NUMBER	SEK MILLION	NUMBER
Guarantee for loss on claim for exporters	28,763	1,959	26,918	1,743	18,750	1,239
Loss on production and loss on claim	1,074	19	134	11	757	14
Guarantee for loss on claim for lenders	56,473	46	13,081	26	44,680	29
Guarantee for unfair calling	1	1	325	5	15	2
Counter guarantee	4,399	270	3,998	349	14,011	312
Letter of credit guarantee	3,927	325	6,865	241	2,266	246
Bill of exchange guarantee	496	6	142	4	113	3
Investment guarantee	396	1	0	0	8	1
Working capital credit guarantee ¹	495	151	568	156	505	147
TOTAL	96,023	2,778	52,031	2,535	81,105	1,993

¹ for small and medium-sized enterprises

NEW GUARANTEES DURING THE YEAR

	2017		2016		2015	
	SEK MILLION	NUMBER	SEK MILLION	NUMBER	SEK MILLION	NUMBER
Guarantee for loss on claim for exporters	20,136	5,978	14,390	4,059	13,306	3,208
Loss on production and loss on claim guarantee	168	14	15	2	130	7
Guarantee for loss on claim for lenders	12,707	35	25,180	40	64,275	32
Guarantee for unfair calling	1	1	27	2	15	1
Counter guarantee	2,428	276	1,129	337	9,390	318
Letter of credit guarantee	3,857	322	2,275	239	2,266	246
Bill of exchange guarantee	153	17	125	16	237	19
Investment guarantee	0	0	0	0	0	0
Working capital credit guarantee ¹	465	143	468	144	437	140
TOTAL	39,914	6,786	43,610	4,839	90,056	3,971
Number of transactions that the guarantees issued refer to		2,093		1,821		1,557

¹ for small and medium-sized enterprises

SMEs need financing

The issuing of guarantees to small and medium-sized enterprises has stabilised. The demand is primarily attributable to the need for financing. More than half of the transactions are brought by a bank. The Asian market is of major importance to the companies.

Guarantees issued to SMEs amounted to SEK 1.8 billion, a decrease compared to SEK 2.5 billion in 2016. The decrease is largely due to the fact that one of the SMEs that used EKN to a great extent in recent years is no longer defined in this category according to the EU definition.

In total, 259 SMEs in 2017 used EKN to gain access to more financing or to secure payment for their exports to the growth markets. 62 of the SMEs were new customers at EKN, which indicates that there is still more potential in reaching out to even more exporting companies. In general, exporting SMEs use EKN on an irregular basis and are not annually active customers.

The exports that EKN covered went mainly to Asia, with 25 per cent of the guarantees issued. This was followed by OECD countries with 19 per cent and Africa with 18 per cent. The number of guaranteed transactions reached 575, a decrease from the year before (599).

NEED FOR FINANCING DECIDES

SMEs contact EKN mainly due to financing needs. Banks have become more inclined to take risk, but it is nonetheless a challenge for many small companies to finance their business and their customer financing. Here, EKN offers solutions in two different ways:

- EKN shares the bank's risk on the company.
- When EKN insures the payment risk, the company can use the insured claim as security for bank loans.

EKN has close cooperation with local bank offices. Of 575 guaranteed transactions to SMEs during the year, around 60 per cent were brokered by a bank. In 24 per cent of the transactions, the working capital credit guarantee was used. During the

year, EKN expanded the working capital credit guarantee so that it can also be used by small and medium-sized enterprises that are part of larger corporate groups. To-date, four companies have used this possibility in five transactions.

EXPORT OPPORTUNITIES IN GROWTH MARKETS

Growing numbers of SMEs take advantage of export opportunities in growth markets, according to EKN's survey. Asia is the largest growth region for them. In the past ten years, their exports to Asian countries have increased by 67 per cent and exports to Asia account for half of the value of SME exports to growth regions. For the first time, China has climbed to second place among the most interesting export markets for small and medium-sized exporting companies. EKN receives many inquiries from SMEs that intend to export to Asia.

PROGRESS FOR SMES

Every day, EKN meets companies that export to markets all over the world. For example, EKN's clients include companies selling ice hockey equipment to Russia, forestry machines to the Philippines, pilot boats to the United Arab Emirates and blood analysis systems to African countries south of the Sahara. Besides the issue of guarantees, EKN offers extensive, free advice.

LARGER INVESTMENT IN MIDCORP

EKN has expanded the contacts with companies that are larger than SMEs, but do not belong to the very large corporate groups. They have sales from SEK 500 million up to SEK 5 billion. Of EKN's 81 new customers during the year, 17 are companies of this size.

Corporate responsibility in this year's issue of guarantees

EKN assesses whether there is a risk of negative impact on people or the environment in the activities in which the exported product or service will be used. EKN requires sustainable and responsible management of risks and follows up that action plans are followed.

EKN has introduced new rules for risks on human rights in telecom transactions. In this area there is a lack of international rules and standards. EKN and SEK developed the rules in close cooperation with the Institute for Human Rights and Business and presented them in the OECD to export credit agencies and banks.

EKN updated the process for tax-related risks. EKN is now reviewing the guarantee holder's tax policy in transactions that involve a tax haven.

EKN has had an external consultant review how EKN works with sustainability in relation to the international frameworks EKN is required to follow. In the review, it was confirmed that EKN complies with the frameworks. EKN also participated in a working group together with SEK, Swedfund and the Swedish Space Corporation (SSC). The purpose is to continue putting the UN's guiding principles for business and human rights into practice. In 2017, the group conducted a joint stakeholder dialogue with non-governmental organisations on the handling of human rights in high-risk situations. Recommendations are included in the development being made in 2018.

EKN has a continuous dialogue and training with companies and banks on sustainability risks in export transactions and EKN's requirements.

A AND B TRANSACTIONS

Category A projects have risk of significant adverse impact and a category B project has risk of some impact. EKN guaranteed transactions for ten A and 819 B projects. The corresponding guarantee volume was SEK 4.6 billion for A and SEK 22 billion for B transactions. When EKN issues guarantees

for exports for A and B transactions that exceed SEK 100 million, are projects (new or expanded facilities), and where the credit period exceeds two years, the guarantees issued are reported to the OECD. This is done by all government export credit institutes within the OECD.

The transactions that EKN reported during the year are described below. Our assessment is that the risks in these projects are handled responsibly by the buyer and in line with the frameworks EKN follows.

LNG TERMINAL IN RUSSIA: A

Extraction of gas from a land-based field and establishment of a new LNG facility and peripheral infrastructure in an Arctic environment. Impact on sensitive natural environments and biodiversity is managed through an action plan. Annual emissions of greenhouse gases are estimated at 5.3 million tonnes of CO₂^{eq}. An implementation plan for the minimisation of emissions is being prepared, as well as a plan for a changed climate. EKN has visited the project.

GOLD MINE IN ARMENIA: A

Open pit mine in central Armenia. The main risk is the impact on a sensitive environment. A protected area is planned as a compensation system for biological diversity. Limited resettlements and land acquisition will take place and follow international standards. Communication and involvement by the local population is under way and has a high priority.

TWO TRANSMISSION LINES IN ETHIOPIA: B

One line will be largely drawn in an urban environment. The main risks concern the loss of land. A route optimisation study has been done to avoid forcing people to relocate. Power lines generate electromagnetic fields which will be within guidelines for known health effects. The other line will largely be drawn through a forestry area, but partly through a nature reserve. The impact is deemed to be limited. In both projects, EKN requires that financial compensation is provided for land used according to international guidelines.

TWO TISSUE FACILITIES IN THE UAE: B

Extension of a factory and the construction of a new factory in an established industrial area. Anticipated emissions to air and water estimated to be below IFC's guidelines. The pulp comes from certified raw materials. The companies are deemed to have a good capacity to handle work environment issues and the rights of guest workers. EKN has visited one of the projects.

EXPANSION OF LOGISTICS CENTRE IN SAUDI ARABIA: B

Not expected to entail notable environmental and social changes. The centre handles logistics for dairies

and the system for health, safety and food handling is of a high standard. A general risk in Saudi Arabia concerns guest workers' working conditions. EKN has conducted a dialogue with the company regarding the situation of the guest workers.

UNDERGROUND MINE IN GHANA: B

The mine is located below an existing open pit mine. The main risk is dewatering from the mine, which is not expected to considerably affect the local watercourses. The mining company will replace affected wells with deeper drill holes and improve the water supply system of the nearby communities.

FOLLOW-UP

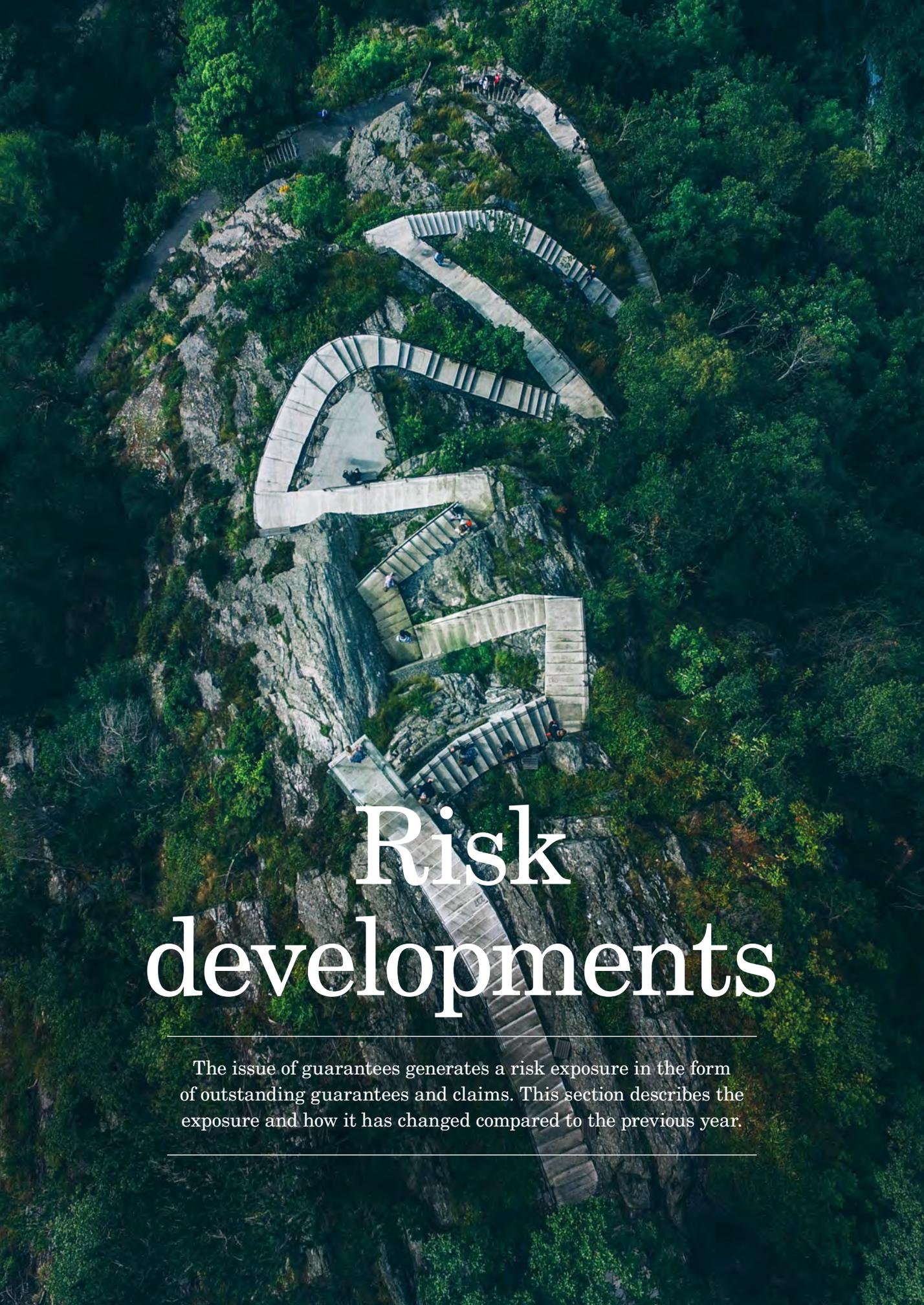
EKN conducted customary follow-up of a total of 35 transactions.

WHEN REQUIREMENTS CANNOT BE MET

Occasionally EKN's sustainability requirements cannot be met. In some cases, the transaction does not go to a decision, in others EKN makes a rejection. EKN rejected an application regarding exports to a coal power plant that was not expected to fulfil the joint OECD requirements for coal power plants that EKN complies with.

SUMMARY OF A TRANSACTIONS NOT REPORTED TO THE OECD, EITHER BECAUSE THE EXPORT IS TO EXISTING OPERATIONS (NOT PROJECT) OR BECAUSE THE EXPORT IS LESS THAN SEK 100 MILLION.

MAIN RISK AREAS	EKN'S ASSESSMENT AND MANAGEMENT	TRANS-ACTIONS	GUARANTEE VOLUME, MSEK
Personal integrity and freedom of expression. Telephone and internet surveillance.	Questionnaire on handling requests from the state. Assessment of the company's proximity to the state. Only export of standard telecom technology.	3	1 133
Risks that waste management and emissions affect groundwater and surface water as well as risks in the workplace and working conditions.	The exporter has prepared a letter of intent with summary measures focusing on the educational efforts of the buyer. Consultation with international Human Rights expert about available options to influence the company's management of environmental and social impact.	1	102
Biodiversity.	Offset areas are purchased/donated with similar ecosystems to minimize the area's overall biodiversity.	1	12
Unstable regional situation. Health and safety of residents and minor relocation.	Memorandum of Understanding with the affected communities in question in place. Focus on supporting the development of neighboring communities. Health and safety management and relocation are in line with international standards.	1	12
Risks of illegal detention and civilian victims in the military's anti-terrorism campaign in two different countries.	The exported product was civilian spare parts for existing military installations without direct connection to identified Human Rights risks. Sweden is conducting national efforts to reduce the country's negative Human Rights situation.	2	11

An aerial photograph of a winding stone staircase built on a rocky mountain peak. The staircase is made of light-colored stone steps and is surrounded by dense green forest. The path curves and zig-zags across the rocky terrain. Several people can be seen walking on the stairs. The overall scene is a mix of natural rock formations and lush vegetation.

Risk developments

The issue of guarantees generates a risk exposure in the form of outstanding guarantees and claims. This section describes the exposure and how it has changed compared to the previous year.

Lower exposure and lower risk

EKN's outstanding exposure decreased. After three years with rising risk in the outstanding guarantees, risk has now decreased. The commercial claims increased in pace with claims payments in a few previously known large problem transactions.

At the end of 2017, EKN had outstanding guarantees and claims in 144 countries. The outstanding guarantee volume decreased in 2017 to SEK 181.5 billion at year-end, from SEK 201.5 billion on 31 December 2016.

LOWER RISK IN EXPOSURE

EKN makes provisions for anticipated losses for every transaction. In the report, they are called "provisions for unearned premiums and unexpired risks" as long as the transaction is on-going and the provision is outstanding. Provisions in relation to the exposure decreased somewhat in 2017 to 6.2 per cent (6.3 per cent). This is a break in the trend after three years with rising needs for provisions. Risks in the surrounding world are no longer increasing and the exposure in high-income countries has increased somewhat.

EKN also makes claims provisions for transactions where payment was not made or where there is a high risk of payment default. In the report, they are called "provisions for claims" as long as EKN is expected to make claim payments in the transaction.

At year-end, provisions for claims amounted to SEK 3.5 billion, which corresponds to a decrease by SEK 0.6 billion from the previous year. As a percentage of the exposure, this corresponds to 1.9 per cent, which is nearly on the same level as the previous year (2.0 per cent) as a result of a simultaneously reduced exposure.

In 2016, large provisions were made for claims, but in 2017, new claims only gave rise to minor new provisions.

CONCENTRATION TO A FEW COUNTRIES

A large part of EKN's exposure is concentrated to a few countries. Brazil constitutes the largest country risk concentration, which is largely comprised of one single large transaction. Around 60 per cent of outstanding guarantees constitute exposures in the five largest countries and more than 80 per cent in the 15 largest countries. Guarantee volume in the 15 largest countries has decreased from the last year-end from SEK 166.6 billion to SEK 148.8 billion.

The final remaining working capital credit guarantees for large companies, which were issued as a special solution during the financial crisis, expired during the year and contributed to the decrease in EKN's exposure in Sweden.

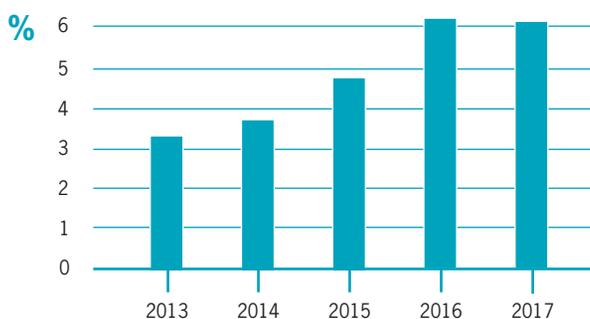
TELECOM MORE DOMINANT

In 2017, the concentration to the telecom industry increased due to other industries decreasing. This is the industry where EKN has the largest exposure. The defence sector is still a large industry, as a result of the export of Gripen aircraft.

COMMERCIAL CLAIMS INCREASING

The total amount of claims has increased in recent years, this is also true for 2017. It is the commercial

PERCENTAGE RISK IN RELATION TO GUARANTEE VOLUME



claims that have increased, mainly due to claim payments in a few large transactions.

This year's recoveries from commercial claims amounted to SEK 103 million where the majority is attributable to Saudi Arabia.

The majority of the political claims, i.e. the claims on states, continue to be paid as agreed. No new political claims have been added. The states that do not pay are North Korea, Syria, Venezuela and Zimbabwe.

FINANCIAL CRISIS GUARANTEES CONCLUDED

Since 2008, EKN has had working capital credit guarantees for large companies in its exposure. During the years of the financial crisis, they constituted a significant percentage of the exposure. The last guarantees expired in 2017.

From the fourth quarter of 2008 until the beginning of 2011, EKN issued working capital credit

guarantees to the single largest financier SEK and eight banks for financing for 39 large exporting companies as a temporary solution during the financial crisis. Working capital credit guarantees are normally only issued to SMEs. The guarantees enabled companies to borrow in a situation when the financial market was functioning poorly. In total, the guarantees comprised an amount of SEK 93.8 billion. The guarantee covered 75 per cent of the loan amount at most. The longest tenor for the guarantees was seven years.

All guarantees issued are now concluded and EKN had no credit losses from these guarantees. In total, SEK 2,349 million was paid in premiums for these guarantees. The activities only entailed administrative expenses and no claims costs. EKN paid in SEK 1,996 million to the treasury, which is the portion of the premiums that related to the risks in these guarantees.

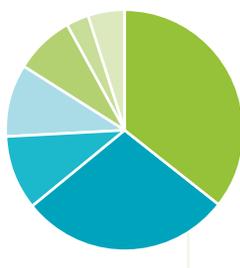
THE TEMPORARY SOLUTION DURING THE FINANCIAL CRISIS

YEAR	NUMBER OF OFFERS	OFFERS, MSEK	NUMBER OF GUARANTEES	GUARANTEES, MSEK
2008	2	622	0	0
2009	31	44,489	26	31,877
2010	47	49,394	54	61,652
2011	3	303	3	303
TOTAL	83	94,808	83	93,832

OUTSTANDING OFFERS AND GUARANTEES BY INDUSTRY

2017

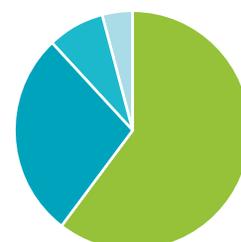
- Telecom 36% (2016, 32%)
- Defence 29% (2016, 30%)
- Power 10% (2016, 12%)
- Machinery 10% (2016, 11%)
- Transport 8% (2016, 8%)
- Contract work 3% (2016, 3%)
- Others 4% (2016, 4%)

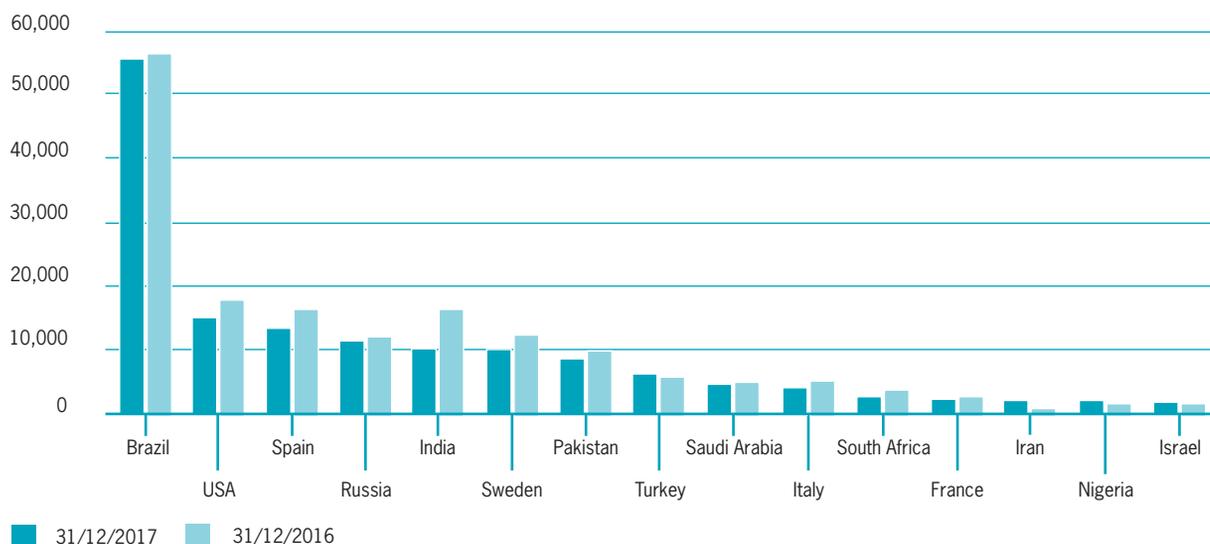


OUTSTANDING OFFERS AND GUARANTEES BY COUNTER PARTY

2017

- Foreign companies 60% (2016, 55%)
- Public buyers 28% (2016, 28%)
- Swedish companies 8% (2016, 12%)
- Banking/finance 5% (2015, 2%)



THE 15 BIGGEST COUNTRIES – OUTSTANDING GUARANTEES (SEK MILLION) 31/12/2017

POLITICAL RECOVERIES, CLAIMS PAID, OUTSTANDING CLAIMS (SEK MILLION)

	RECOVERIES 2017	PAYMENT OF CLAIMS 2017	OUTSTANDING CLAIMS 31/12/2017
Argentina	46	0	64
Bosnia and Herzegovina	8	0	28
Egypt	0.1	0	0.4
Indonesia	9	0	41
Iraq	40	0	378
Iran	4	0	15
Kenya	4	0	7
Cuba	26	0	1,822
North Korea	0	0	2,741
Pakistan	66	0	569
Serbia	4	0	43
Syria	0	0	10
Venezuela	0	0	4
Zimbabwe	0	0	43
Standard distribution of recoveries	-46		
TOTAL	161	0	5,765

Totals for 2016 Recoveries 804, Claims paid 0, Outstanding claims 6,021. Totals for 2015: Recoveries 246, Claims paid 76, Outstanding claims 5,335.

Totals for 2014 Recoveries 114, Claims paid 186, Outstanding claims 5,403. Totals for 2013: Recoveries 100, Claims paid 172, Outstanding claims 5,011.

OUTSTANDING OFFERS BY GUARANTEE TYPE

	31/12/2017		31/12/2016		31/12/2015	
	SEK MILLION	NUMBER	SEK MILLION	NUMBER	SEK MILLION	NUMBER
Guarantee for loss on claim for exporters	19,076	1,478	22,740	1,325	13,945	914
Loss on production and loss on claim guarantee	978	7	654	11	569	4
Guarantee for loss on claim for lenders	58,610	57	17,988	37	38,026	35
Unfair calling guarantee	279	1	299	3	0	0
Counter guarantee	11,143	43	19,690	59	17,229	50
Letter of credit guarantee	77	3	600	2	48	1
Bill of exchange guarantee	495	7	125	4	132	5
Working capital credit guarantee ¹	234	54	331	58	293	51
Investment guarantee	1,551	2	1,245	2	2,745	2
TOTAL	92,443	1,652	63,672	1,501	72,986	1,062

¹ for SMEs

OUTSTANDING GUARANTEES BY GUARANTEE TYPE

	31/12/2017		31/12/2016		31/12/2015	
	SEK MILLION	NUMBER	SEK MILLION	NUMBER	SEK MILLION	NUMBER
Guarantee for loss on claim for exporters	15,805	4,556	14,761	3,558	14,866	3,248
Loss on production and loss on claim guarantee	803	24	841	15	1 824	18
Guarantee for loss on claim for lenders	142,893	322	162,201	406	155,816	432
Unfair calling guarantee	233	5	345	6	690	7
Counter guarantee	17,186	394	17,337	448	16,984	416
Letter of credit guarantee	3,263	206	1,918	134	1,302	108
Bill of exchange guarantee	131	26	114	28	270	45
Working capital credit guarantee ¹	369	136	486	148	479	137
Working capital credit guarantee ²	0	0	2,645	4	20,015	15
Investment guarantee	802	1	853	1	1,888	1
TOTAL	181,485	5,670	201,502	4,748	214,134	4,427

¹ for SMEs ² for large companies (temporary solution)

An aerial photograph of a wind turbine under construction in a rural landscape. The turbine's metal skeleton is visible, with four long blades extending outwards. The surrounding area consists of a mix of green fields and golden-brown harvested crops, with distinct tracks from agricultural machinery. The sky is not visible, as the image is a top-down view.

Collaboration

This section reports on how EKN is building and promoting awareness of EKN's services amongst small and medium-size enterprises.

EKN has the task of collaborating with other export promotion actors and reports the collaboration here.

EKN's mission includes participating in relevant international activities as reported in this section.

In collaboration with other actors, EKN will contribute to Agenda 2030, Sweden's policy for global development and the Addis Abeba Action Agenda for development financing. This is reported here.

EKN's competence supply is reported, as well as the ongoing work to improve the organisational efficiency.

Partnership and awareness

Together with Almi, EKN offers financing solutions for small and medium-sized enterprises. For large companies, EKN offers financing solutions with SEK, and often participates in Business Sweden's delegations.

The single most important distribution channels for reaching out to SMEs are the banks' corporate advisers and the customer visits made by EKN's personnel. During the year, regional managers and account managers for SMEs conducted around 1,000 client visits to inform about EKN's activities and discuss individual transactions, either on site with the client or at EKN's regional offices.

CLOSE TO THE COMPANIES AT LOCAL OFFICES

EKN shares its offices in Gothenburg, Malmö and Umeå with other organisations that promote Swedish exports. The presence in Gothenburg and Västra Götaland was strengthened by an additional two employees stationed in Gothenburg. EKN thereby has three employees at the Gothenburg office, which provides potential to reach out to even more companies in the region. Towards the end of the year, EKN moved to new offices in Gothenburg to be co-located with companies as well as SEK and Business Sweden. The idea is to make it easier for companies to easily get collaboration and support from EKN.

In Malmö, EKN shares an office with Almi Skåne and in Umeå, EKN's office is at the financing guide Gate 88. EKN works closely with Almi, SEK and Business Sweden throughout Sweden.

SOLUTION TOGETHER WITH ALMI

That a claim is insured by EKN is not always enough for companies to get financing from the bank. EKN and Almi have therefore developed a solution where an EKN-guaranteed claim can be used as collateral for loans from Almi. The first transaction was made this past spring as a pilot project and pertained to financing of environmental technology. The financing solution will be launched in 2018.

FINANCING GUIDES INCREASE REACH

Four financing guides have agreements with EKN. They cover the regions Norrland, Västmanland, Dalarna, Värmland, Skaraborg and Skåne. The guides are local entrepreneurs with a broad base in the local business community who work for EKN part time. This is a cost-effective way of expanding the regional effort and increase awareness of EKN and its products for SMEs.

REGIONAL COLLABORATION

EKN collaborates with the Swedish Agency for Economic and Regional Growth, Almi, SEK, Business Sweden and the Enterprise Europe Network regarding development and staffing of regional export activities. During the year, focus was on the six existing export centres, as well as the 15 future export centres following the Government's decision to establish a centre for every county. In addition, work continued together with the Swedish Agency for Economic and Regional Growth to develop the website verksamt.se/utland.

EKN is also a member of the Swedish Credit Insurance Association (KFF), an industry organisation that has the task of spreading awareness and knowledge of risk coverage and financing, primarily to SMEs.

BUSINESS DELEGATIONS

Business Sweden arranges business delegations when Swedish companies meet prospective buyers of Swedish goods and services and ministers. EKN participates annually in a number of delegations to countries where EKN's involvement is important in order for transactions to be carried out. Together with SEK, EKN presents the Swedish export credit system, which means that buyers of Swedish exports

get access to a competitive financing solution. Prior to planned private or government projects, EKN and SEK together with the embassy turn over a financing offer linked to the Swedish export.

REGIONAL ACTIVITIES

EKN participated in 14 DI Gazelle meetings in various locations in Sweden. The partnership with DI Gazelle includes advertising and the award of the export gazelle prize, which this year went to an exporting candy producer. EKN also participated in various business networking days and export meetings arranged by chambers of commerce, Business Sweden and private organisers, such as the Åre capital market days. EKN has partnerships with a number of organisers at the regional and local levels, such as Connect Väst, Connect Syd and Elmia Subcontractors' export day in Jönköping.

CAMPAIGNS FOR GREATER AWARENESS

EKN's mission includes increasing companies' awareness of EKN and the possibilities that EKN's guarantees provide. Two campaigns were

conducted, one during the spring and one during the autumn, with advertising in digital and print media, send-outs to exporting companies and banks, a campaign page on ekn.se and telemarketing.

In the evaluation of EKN's campaign work during the year, 54 per cent of the target group were aware of EKN, compared with 51 per cent in the evaluation of the 2016 campaign efforts.

AGILE TARGET GROUP

Small and medium-sized enterprises that export are an agile target group. In 2017, 2,900 companies were added, in a target group of 10,500 companies. The number of companies that no longer are a part of the target group was 1,900. EKN's measurement of the target group's awareness of EKN showed that 39 per cent of the companies were familiar with EKN. The companies were also asked about the need for financing and customer financing. Among the companies with this kind of needs, awareness was at 45 per cent.



A world of opportunities for Swedish exports, symbolised by our special versions of Shrove Tuesday Buns, has been the ongoing theme of recent EKN campaigns.

OECD agreements

Among other things, the work in the OECD concerned anti-corruption, local costs and government credits and guarantees to low-income countries. Work is under way for multilateral agreements for global competition neutrality.

ANTI-CORRUPTION

A number of workshops were arranged by the OECD for the exchange of experiences on the application of the OECD recommendation on anti-corruption. EKN and Sweden have been drivers of this with the goal of strengthening the guidelines to also cover bribery in the private sector. The proposal, which was addressed in the OECD in November, could not, however, be accepted unanimously, which means continued discussions in 2018.

LOCAL COSTS

An initial step has been taken to increase the permitted share of local costs in the export contract value in transactions with a export credit guarantee. At present, the permitted share is a maximum of 30 per cent. Representatives for European enterprise have in several contexts brought up the issue and are pushing to achieve an increase as export transactions often include commitments on local production. Continued discussions are taking place.

COLLABORATION WITH COUNTRIES OUTSIDE THE OECD

During the year, the IWG working group for export credits continued working to get several countries outside the OECD to apply the OECD agreement on terms and pricing. The goal is to achieve a new multilateral agreement for global competitive neutrality for government-supported credits and guarantees. A little progress was made when the group during the summer agreed to establish a coordinating and supporting function and appointed an IWG Secretary General.

GUIDELINES FOR LENDING TO LOW INCOME COUNTRIES

The OECD's export credit group agreed at the end of last year on a modification of the principles for sustainable lending to low income countries. The new guidelines clarify to which low income countries government supported export credits and guarantees should not be given, because of their extensive existing debts. A draft recommendation will be presented to the OECD's Trade Committee to make a ratification possible at the beginning of 2018.

Financial resources for development

In 2017, EKN guaranteed export transactions that in various ways contribute to several of the UN's global sustainable development goals, Agenda 2030. By working with corporate responsibility in the issue of guarantees, EKN contributes to the feminist foreign policy.

The sustainability goals of Agenda 2030 clarify the importance of the private sector in the efforts for a better world. Swedish companies have a great deal to contribute. EKN's guarantees can be crucial for the transactions to be realised, especially in some industries and in more risky markets, where the need is often the greatest.

CONTRIBUTIONS TO THE GOALS

EKN's guarantees contribute to development in both Sweden and in the buyer countries. In the buyer countries, EKN's contribution was the strongest in the telecom, transport and engineering sectors, and EKN contributed through guarantees to financing in the goal areas 7 and 9.

Goal 7, Sustainable energy for all:

- The power sector: guarantee volume SEK 1.2 billion.

Goal 9, Sustainable industry, innovations and infrastructure:

- The engineering sector as well as paper and pulp: guarantee volume SEK 5.2 billion.
- The telecom sector: guarantee volume SEK 7.5 billion.
- Transport equipment and construction equipment: guarantee volume SEK 7.7 billion.

EKN complements the private market's role. In developing countries with limited financing possibilities, this means that EKN's guarantees contribute to financial resources that strengthen the country's development opportunities.

In 2017, EKN's guarantees contributed to the

following financing in line with goal 17: Strengthen the means of implementation and revitalise the global partnership for sustainable development and in line with the Addis Abeba Action Agenda:

- Low-income countries: guarantee volume SEK 1.5 billion.
- Lower middle-income countries: guarantee volume SEK 8.5 billion.
- Inland low-income and lower middle-income countries: guarantee volume SEK 1.8 billion.
- Small island-based developing countries: guarantee volume SEK 0.64 billion.
- Africa: guarantee volume SEK 6.6 billion.

WOMEN'S RESOURCES AND POSITION

EKN shall report how the authority during the year within its area of operations contributed to the implementation of the Government's feminist foreign policy. By contributing to e.g. infrastructure and public transport, EKN contributes to the possibilities of women.

In transactions for projects that include risks to people and the environment, EKN requires the project to comply with the IFC's Performance Standards. In these standards, issues are evaluated with a bearing on the situation of women. This can concern special impact on vulnerable groups and discrimination, diseases, violence and trafficking. Other examples are women's perspectives in connection with population relocations and women's role in the use of land and natural resources in connection with the impact on native populations.

Growth and employment

Swedish companies increase their export opportunities by insuring their credit risks with EKN. This leads to jobs and growth in Sweden. The export transactions also contribute to economic growth and jobs in the countries to which exports are made, and in some transactions also to improved environmental consideration and social circumstances.

The transactions guaranteed by EKN in 2017 contributed to around 25,000 jobs in Sweden and more than SEK 24 billion of Sweden's GDP. These estimates are made according to the model that EKN presented in the 2016 Annual Report. The model builds on the guaranteed export's Swedish content and sectoral multipliers from Statistics Sweden for value added and employment. The estimates are based on the Swedish content in an export order where different industries contribute different amounts, depending for example on the proportion of imported input goods and work intensity.

EXPORTS TO MORE DIFFICULT MARKETS

In exports to countries with the highest country risk classes 5, 6 and 7, EKN contributed SEK 8.7 billion in guarantee volume for the period October 2016 to

the end of September 2017. (Export statistics for the full year are unavailable when the Annual Report is produced.) This corresponds to 6 per cent of Swedish product exports to these countries. EKN's share of total exports during the same period was 2.5 per cent. This indicates that EKN is important for the possibilities of exporting to difficult markets.

SME EXPORTS

The smaller companies are especially important to the future development of Swedish exports. EKN has a special assignment to promote exports from SMEs and guaranteed SEK 1.8 billion in 2017. This means a contribution to Swedish GDP of more than SEK 1 billion and contributed to nearly 1,300 jobs. These companies have around 6,000 employees in total.



When EKN participates in export transactions, it constitutes a contribution to growth and welfare both in Sweden and the buyer countries.

Supplying competence and efficiency

The number of Full Time Equivalent (FTEs) is on a par with the previous year. Efficiency projects are under way to facilitate for the clients and in the long term reduce the administrative costs.

In 2017, 13 new employees were hired, compared with 20 the previous year. The supply of competence mainly comprised recruitment of financial specialists. The assessment is that EKN has the competencies required.

Of the 11 people who left their employment at EKN, two entered retirement. The average employment period for those leaving permanent posts was 12 years. The number of FTEs was 135 at year-end, compared with 141 at the end of 2016.

One person was hired within the framework of modern preparedness jobs.

SIMPLIFIED DECISION SUPPORT FOR SMALLER TRANSACTIONS

A new decision tool for transactions up to SEK 25 million has been launched. The change simplifies the work in around half of EKN's transactions, with a time gain per transaction of between 50 and

70 per cent. This has enabled the increase in the number of transactions.

NEW TERMS

EKN has developed new general terms and conditions for four guarantee types and work is under way on new terms and conditions for the other guarantee types. Development work was under way during the year to implement the conditions in new processes for clients and employees and adapt systems. This work is continuing in 2018 and will contribute to efficiency enhancements.

MANAGEMENT AND EMPLOYEE SKILLS DEVELOPMENT

The employee survey resulted in a satisfied employee index of 67 compared with 56 the year before. During the year, work was done to simplify, improve and streamline work. These efforts will continue in 2018.

AGE AND GENDER DISTRIBUTION OF PERSONNEL

EKN TOTAL		
30 or younger	5%	(6%)
30–34	7%	(6%)
35–39	11%	(10%)
40–44	24%	(25%)
45–49	7%	(16%)
50–54	24%	(18%)
55–60	11%	(9%)
60 or older	11%	(10%)

NUMBER OF EMPLOYEES:

140

GENDER DISTRIBUTION:

Women: 54% Men: 46%



SICKNESS ABSENCE AS A PERCENTAGE OF DAYS WORKED

EKN TOTAL	2017	2016	2015
Younger than 30	0,8%	2,2%	1,6%
Between 30 and 49	1,6%	3,3%	3,3%
50 or older	3,0%	1,9%	3,9%
Women	2,4%	4,0%	4,7%
Men	1,8%	1,3%	1,8%
TOTAL SICKNESS ABSENCE	2,1%	2,8%	3,5%
Long-term sickness absence as a proportion of total absence. (Long-term absence refers to 60 days or more.)	42,5%	41,2%	42,7%

Accounting and financial statements

Statutory limit utilisation	36
Financial reporting principles	37
Profit analysis	40
Income statement	42
Balance sheet	44
Statement of appropriations	46
Cash flow statement	46
Notes to the income statement and balance sheet	47
Summary of key information	57

Statutory limit utilisation

Refers to guarantee amounts in SEK million

EXPORT CREDIT GUARANTEES	31/12/2017	31/12/2016	31/12/2015	31/12/2014	31/12/2013
Maximum amount of liability permitted by Swedish parliament	450,000	450,000	500,000	500,000	500,000
Authorisation given to EKN by Swedish government	450,000	450,000	500,000	500,000	500,000
Outstanding guarantee exposure (guarantees and offers)	250,380	238,482	259,497	243,857	259,846

INVESTMENT GUARANTEES

Maximum amount of liability permitted by Swedish parliament	10,000	10,000	10,000	10,000	10,000
Authorisation given to EKN by Swedish government	10,000	10,000	10,000	10,000	10,000
Outstanding guarantee exposure (guarantees and offers)	2,158	2,094	4,633	4,755	4,201

The Swedish parliament decides on the maximum amount to which EKN may commit the Swedish government in guarantees. The full amount of guarantees and binding offers is offset against the statutory limits, while 50 per cent of the amount of non-binding offers is offset. An offer becomes binding for EKN when the guarantee holder signs an agreement with the respective counterparties.

At the end of 2017, EKN had utilised SEK 250.4 billion of the statutory export credit guarantee limit. Statutory limit utilisation was

SEK 238.5 billion at the same time last year.

The share of the statutory limit utilisation comprising guarantees and binding offers totaled SEK 229.2 billion and the share comprising non-binding offers was SEK 42,4 billion. The statutory export credit guarantee limit for 2017 was SEK 450 billion.

A statutory limit of SEK 10 billion is granted by the Swedish parliament for investment guarantees. Statutory limit utilisation at the end of 2017 was SEK 2.2 billion, compared to SEK 2.1 billion in

EXPORT CREDIT GUARANTEES	31/12/2017	31/12/2016	31/12/2015	31/12/2014	31/12/2013
Binding offers	48,502	13,239	24,260	20,106	18,611
Non-binding offers	42,390	49,188	45,981	102,894	96,474
Guarantees	180,683	200,649	212,246	172,304	192,998
TOTAL	250,380	263,076	282,488	295,304	308,083

INVESTMENT GUARANTEES

Binding offers	1,162	1,237	2,737	2,814	2,486
Non-binding offers	389	8	8	0	0
Guarantees	802	853	1,888	1,941	1,715
TOTAL	2,158	2,098	4,633	4,755	4,201

Financial reporting principles

EKN complies with the Annual Reports and Budget Documentation Ordinance (2000:605) (FÅB), as well as the Ordinance on the Bookkeeping of Government Agencies (2000:606). EKN has opted for convergence with the policies of IFRS and insurance accounting.

The layout is based on the Annual Accounts Act for Insurance Companies (1995:1560).

In order to do this, EKN has been granted an exemption from the National Financial Management Authority (ESV) with respect to the layout of income statements, balance sheets and cash flow statements as stipulated in FÅB.

Unless otherwise specified, all amounts are reported in SEK thousands.

CHANGES IN FINANCIAL REPORTING PRINCIPLES

EKN changed two accounting principles in 2016, in accordance with new guidelines for the accounting of guarantees in the Swedish state.

Firstly, binding offers are no longer reported as contingent liabilities. Secondly, the costs arising when a premium is sorted under anticipated loss, so-called matching, is moved from earned premiums and reported separately under claims incurred.

Premium receivables are from 2017 reported as long-term receivables.

Early May 2017, EKN switched to daily exchange rates for current transactions and for the provisions for anticipated losses. Average exchange rates for the period are used.

EKN changed its reporting periodicity from quarterly reporting to tertiary reporting in 2017. EKN transferred to the government Chart of accounts affecting comparative figures in some notes.

PREMIUMS

EKN's premium is to cover the expected loss and EKN's operating costs over time. Revenue from

guarantees is recognised when a guarantee is issued and when liability is incurred. Liability is incurred when the insurance period has begun or the premium has fallen due for payment. A provision is made for unearned premiums when revenue is recognised in the income statement, which is for the share of the premium referring to the period after the balance sheet date. The premium is later earned during the term of the guarantee and adjustments are made for changes in unexpired risks.

EKN's premium reflects the expected loss in each guarantee. Two exceptions from this can occur, due to international regulations. One occurs when a premium determined by EKN is checked against international agreements and the EU's state aid rules that set mini premiums. This may mean that the premium in the case in question deviates from EKN's risk assessment and partly exceeds the correct expected premium. Exceeding premiums are reported as debt to the Swedish state.

The other case occurs when EKN, within the framework of the EU's rules for export credit guarantees, takes a lower premium than expectation would indicate, due to matching of other countries Export Credit Agencies premiums. Premiums below expectation are reported as claim on the Swedish state. In its instruction, EKN has been given the right to use each year's calculated shortfall due to matching against corresponding surpluses. The deduction for loss may only be used in years when a surplus arises.

Reinsurance costs and reinsurer's share of unearned premiums and unexpired risks are separately reported.

REINSURER'S SHARE OF CLAIMS INCURRED

Administrative revenue is not accrued because accrual of administrative expenses and revenue would have difficulty providing a truer and fairer image in light of the operations of the agency. The

	31/12/2017	31/12/2016	30/09/2016	30/06/2016
USD	8.2322	7.9725	8.8386	9.0971
EUR	9.8497	9.4839	9.6222	9.5669
CHF	8.4281	8.2707	8.9018	8.9111
JPY	0.0731	0.0722	0.0794	0.0777

The rates are attached to each period's reports. In the table, rates have been rounded to four decimal points.

reason is that a large portion of the work is spent on the offer process, i.e. before there was a guarantee, while the term of an individual guarantee can be very long.

MEASUREMENT OF EXPOSURE

EKN's outstanding exposure consists of outstanding guarantees, recently overdue amounts in problem transactions and reported delays. Provisions for the outstanding risk exposure are divided up into two parts for accounting purposes on the income statement and balance sheet. One part refers to provisions for unearned premiums and unexpired risks, the other refers to provisions for future claims.

EKN values all outstanding guarantees every tertiary on the basis of the risk assessment applicable at the time for transactions with equivalent remaining terms. Provisions for unearned premiums and unexpired risks referred to on-going guarantees that retain their original value, or where a minor value adjustment has been made. These are guarantees that EKN could enter into again at the time of measurement. After they are entered into, transactions can be measured at a lower risk than was the case when the guarantee was issued as the result of an improvement in the underlying risk. In these cases, this results in a positive effect on profit for the period. However, the premature redemption of a guarantee measured at a lower value would result in a corresponding lower repayment of the remaining premium. As a result, prepayments reflect the new lower value. If the guarantee measured at a lower value remains in EKN's exposure, the premium paid also remains in EKN's provision.

Provisions for claims are provisions for guarantees with such a risk that EKN could not have agreed to issue a new guarantee at the time of valuation. Given that the time is long from the indication that an indemnification payment is highly likely to the point when indemnification is

actually paid, this provision is required. Amounts are deducted from provisions for the portion of the premium that, according to calculation, corresponds to the administration costs. In cases where reinsurance has been taken out, the risk associated with the reinsurer is calculated in the same way as for other exposure.

MEASUREMENT OF INDEMNIFIED CLAIMS

In the event of claims adjustment, EKN takes over the claim from the guarantee holder. Claims increase as a result of stipulated capitalized interest, past due unpaid interest and accrued interest not yet due according to new repayment agreements. Claims decrease as interest is paid and repayments are made or when written down. A decision in favour of a write-down is made when the possibilities of recovery are considered exhausted, in EKN's opinion, or when the debtor is granted debt relief.

The value of the claims reflects the expected recoveries. All claims exceeding SEK 10 million are valued every tertials. The claims are valued at incremental five per cent levels. The basis for assessing sovereign risks is the country's debt, its income level and how well it has honoured its debt payments. This assessment is supplemented with information about the general risk situation in the country, and how long the remaining term is on EKN's claim. Other additional information that is used may include the ability to dispose of assets, realise collateral or the prospects of debt reduction.

FOREIGN EXCHANGE MANAGEMENT

Currency effects on the asset and liability sides are recognised under financial items. EKN balances assets and liabilities in all guarantee currencies every quarter. This is to reduce the effect of exchange rate changes on profit/loss. Assets and liabilities in foreign currencies have been measured at the bid price on the balance sheet date at the Riksbank.

CONCENTRATION RISKS

A large portion of EKN's exposure is concentrated to a limited number of countries and counter parties. Claims in respect of these risks can have a significantly more negative outcome than normally expected, or in other words can result in unexpected losses. Indemnified claims are also concentrated to a limited number of countries. EKN uses an in-house developed simulation model to calculate both the expected and unexpected loss in order to analyse, assess and report the cumulative risk of loss associated with the portfolio.

EKN simulates large number (600,000) of potential future outcomes to obtain a loss distribution curve which can be used to see how much provisions and buffer equity EKN needs to have to keep its operations self-sustaining over time for a given level of confidence. In accordance with the adopted portfolio risk policy, EKN's provisions and equity shall be equivalent to a level of confidence of at least 95 per cent for the horizon of the entire portfolio's term, which was defined as 20 years. This means that 95 per cent of all simulated scenarios meet the requirement that the premiums are to cover the costs of EKN's operations, which has been deemed a satisfactory level of confidence. The unexpected loss of the exposure and claim portfolio is instead included in equity and recognised separately as a note under the equity line item in the balance sheet.

MISCELLANEOUS

Other assets and liabilities have been measured and revenue and expenses have been accrued in general under the rules of the FÅB and generally accepted accounting practices. Operating costs in excess of SEK 50,000 are accrued over the period to which the cost relates. Fixed assets include purchases in excess of SEK 20,000. Computers and other IT equipment are depreciated over three years. Other office equipment is depreciated over five years. EKN capitalises costs for intangible assets and these are depreciated over five years.

EKN's financial assets, in the form of investments with the Swedish National Debt Office (Riksgälden) and bonds in foreign currency are planned to be held to maturity. Bonds are therefore recognised as fixed assets at amortised cost. These are long-term investments with a term in excess of one year. Amortised cost means that the cost is adjusted by

the difference between the amount paid for the asset and the amount to be received on the maturity date. Premiums or discounts are accrued as interest over the term of the asset. Premium receivables are from 2017 reported as long-term receivables.

CALCULATION OF LIMIT UTILISATION

The full amount of guarantees and binding offers and half of the amount of non-binding offers are offset in the calculation of the utilisation of the guarantee limits adopted by the Swedish parliament. Binding offers are offers for which unconditional agreements have been reported between the exporter and the buyer, but where no guarantee agreement has been issued between EKN and the guarantee holder. Non-binding offers arise when EKN decides to issue an offer. However, no underlying agreement between the exporter and the buyer has been reported for a non-binding offer, nor has a guarantee agreement been issued by EKN.

Profit analysis

EKN had a profit of SEK 1,377 million (loss: -1,057). Premiums increased compared with the previous year. The costs for EKN's claims decreased during the year, but the disbursements under the claims of the previous year are continuing. The results from financial items were lower than the preceding year.

The stronger earnings compared with the year before are attributable to that year's large claims costs not being followed by new claims of the same size in 2017. During the year EKN's claims costs amounted to SEK - 772 million and claim payments amounted to SEK 1, 410 million net. The results from financial items decreased during the year due to lower interest income, higher financial expenses and a lower foreign currency result. In total, financial results amounted to SEK 253 million.

PREMIUMS

Revenues from the premiums amounted to SEK 2,121 million during the year, which is higher than SEK 1,534 million in the year before. The guarantee income amounted to SEK 1,251 million, which is higher than the previous year's SEK 902 million. The increase in the guarantee income is mainly due to some larger transactions and that guarantees issued in 2017 to a greater extent went to non-OECD countries than was the case in 2016. The issue of guarantees to countries outside the OECD normally entails higher premiums since the risks are often higher.

EKN's premiums generally reflect the risk of the transaction. In some transactions, the premium diverges from EKN's risk assessment. It can be higher or lower than the assessed risk. The shares of premiums divergent from expected loss that are earned during the year are recognised as a transfer to the treasury ("recognition under revenue heading"). In 2017, these shares amounted to SEK 113 million and will be paid in 2018.

The provision requirement for unearned premiums and unexpired risks was reduced by SEK 698 million, compared with the previous year when SEK 578 million was reversed. During 2017, the need for provisions for current transactions decreased. This is attributable to repayments on guaranteed outstanding loans in 2017.

OTHER REVENUES

Other revenues amounted to SEK 2.9 million, which is SEK 0.5 million higher than the year before. Of the other revenues, SIDA accounted for SEK 1.2 million.

LOWER CLAIMS INCURRED

Claims incurred amounted to SEK - 772 million in 2017. They were SEK -3,198 million the year before. The decrease of claims incurred is mainly attributable to the larger transactions that were a part of EKN's portfolio in 2016 were not followed by new claims in 2017.

Indemnified claims amounted to a nominal SEK 10,046 million at year end and were valued at SEK 1,576 million. The value of indemnified claims increased from SEK 1,523 million at 31 December 2016, an increase of SEK 53 million.

LOWER CLAIM COMPENSATION AND RECOVERY

Net claims paid amounted to SEK 1,410 million, a decrease from SEK 1,529 million the previous year. The largest payments refer to transactions with Spain, the Cayman Islands and Chile. The net recoveries of claims amounted to SEK 236 million. This is a decrease from SEK 1,059 million in 2016 when recoveries were made from Iran after the sanctions on the country were removed. Of the year's recoveries, payments from Pakistan, Argentina and Iraq accounted for the majority.

REINSURANCE

During the year, no new reinsurance contracts were signed; the costs for ongoing contracts were SEK 24 million, which was lower than SEK 80 million in the previous year. The reinsurers' share of unearned premiums and unexpired risks was SEK 70 million at the end of the year, compared to SEK -119.0 million at the end of the previous year.

REDUCED OPERATING COSTS

Operating costs amounted to SEK 227 million, which is SEK 16 million below the previous year's level. The majority of EKN's operating costs relate to personnel expenses, which, as in the previous year, account for two thirds of EKN's total operating costs. They amounted to SEK 137 million, a decrease of SEK 14 million. In 2017, EKN also took internal claims prevention costs against the risk provision, in accordance with the Ordinance on Lending and Guarantees (2011:211). These costs amounted to SEK 15 million.

Travel expenses amounted to SEK 10.3 million, decreasing by SEK 0.4 million. The majority of the expenses are for travel abroad and relate to client visits, follow up on guaranteed transactions and international partnerships. Premises costs amounted to SEK 18.6 million and were on a par with the previous year. EKN rents office space in Gothenburg and Malmö. The cost of operating the offices was SEK 1.8 million, corresponding to a decrease of SEK 1.0 million.

Entertainment and conference costs totalled SEK 3.3 million, corresponding to an increase of SEK 0.1 million. Consultancy costs amounted to SEK 32.2 million, an increase of SEK 4.9 million because of the costs of development projects. Other items decreased by SEK 6.0 million to SEK 24.1 million, which is mainly attributable to lower IT costs.

EKN's administrative results for 2017 were SEK -21.2 million, which can be compared with SEK -35.3 million in the previous year (see Note 21).

FINANCIAL MANAGEMENT

The value of EKN's cash and cash equivalents was SEK 27,388 million at year end, which was a decrease from SEK 27,965 million at the end of 2016. SEK 21,973 million of EKN's financial assets were in Swedish kronor (SEK) and the equivalent value of foreign assets was SEK 5,415 million. Revenue from financial management totalled SEK 413,6 million, which is a decrease from the previous year's SEK 534.1 million. The return, in the form of recognised interest income, was 1.3 per cent in 2017, which is lower than in 2016 (2.3 per cent). SEK 21,890 million of EKN's assets is invested with

the National Debt Office, and foreign assets in the amount of SEK 3,964 million are invested in bonds. The foreign exchange earnings for 2017 came in at SEK -44 million, a decrease from SEK 126 million the previous year. Most of the foreign exchange earnings are unrealised.

The total profit from financial items was SEK 253 million, which can be compared with the previous year's SEK 848 million. Most of the profit from financial items are unrealised gains. The reason for the decrease is the lower interest income recognised in the management, which is because investments with higher interest rates are gradually replaced with new investments with a lower interest rate. The lower foreign currency result is attributable to EKN not being able to perfectly match assets and liabilities in the balance sheet. In 2017, the Swedish krona strengthened against the U.S. dollar and weakened somewhat against the euro. The effect of the change in exchange rates and the difficulty to perfectly match assets and liabilities resulted in an exchange-rate difference of SEK -44 million. The decrease in interest income on premium receivables is an unrealised loss on future premium payments. The last item shows a decrease from SEK 210 million to SEK -57 million.

FINANCIAL POSITION

EKN's mission is long term and the agency must be self-sustaining over time. Thus, after years with lower claims paid than premiums received, it is part of EKN's task to be able to operate during years with higher claims costs. EKN delivered SEK 113 million under the income heading. At the end of 2017, EKN had a strong financial position and good financial results. During the year, EKN's equity increased to SEK 22,811 million, from SEK 21,434 million.

Income statement

Amounts in SEK thousand

OPERATING INCOME AND EXPENSES		2017	2016
EARNED PREMIUMS (net of reinsurance)		Jan-Dec	Jan-Dec
Gross premium income ¹	Note 1	1,265,642	902,367
Premiums paid for reinsurance		-24,415	-80,006
Change in provision for unearned premiums and unexpired risks	Note 2	698,000	578,000
Reinsurer's share of unearned premiums and unexpired risks	Note 2	70,000	-119,000
Earnings for the year, over expectation premiums	Note 22	112,194	253,004
TOTAL EARNED PREMIUMS (NET OF REINSURANCE)		2,121,421	1,534,364
OTHER REVENUE			
Other revenue	Note 3	2,877	2,418
TOTAL		2,877	2,418
CLAIMS INCURRED			
Claims incurred (gross of reinsurance)	Note 4	-1,066,302	-1,077,920
Reinsurer's share of change in paid claims incurred	Note 5	-4,770	-12,143
TOTAL CLAIMS INCURRED		-1,071,072	-1,090,063
CHANGE IN PROVISIONS FOR CLAIMS (gross of reinsurance)			
Change in provisions for claims gross of reinsurance	Note 2	60,000	-2,085,000
Reinsurer's share of change in provisions for claims incurred	Note 5	-174,000	230,000
TOTAL CHANGE IN PROVISIONS FOR CLAIMS (gross of reinsurance)		426,000	-1,855,000
YEAR'S EXPENSES MATCHED PREMIUMS			
Year's expenses matched premiums	Note 6	-14,527	-11,909
TOTAL YEAR'S EXPENSES MATCHED PREMIUMS		-14,527	-11,909
COST OF SUBMISSION OF BELOW EXPECTATION PREMIUMS			
Cost of submission of below expectation premiums	Note 22	-71,613	-241,094
TOTAL COST OF SUBMISSION OF BELOW EXPECTATION PREMIUMS		-71,613	-241,094
TOTAL CLAIMS INCURRED (net of reinsurance)		-731,212	-3,198,066

Amounts in SEK thousand

		2017	2016
OPERATING COSTS	Note 7	-227,486	-244,117
OPERATING PROFIT/LOSS		1,165,601	-1,905,401
INTEREST INCOME AND OTHER FINANCIAL INCOME	Note 8		
Return – treasury management		413,646	534,117
Other interest income		-57,194	209,639
Other financial income		27	0
TOTAL INTEREST INCOME AND OTHER FINANCIAL INCOME		356,479	743,756
INTEREST EXPENSES AND OTHER FINANCIAL COSTS	Note 9		
Interest expenses loans		-3,882	-11,379
Expenses – treasury management		-58,118	-9,473
Other interest expenses		1,955	-844
TOTAL INTEREST AND OTHER FINANCIAL COSTS		-60,045	-21,696
EXCHANGE RATES DIFFERENCIES	Note 10		
Realised exchange rate gains		5,231	1,210
Unrealised exchange rate gains		1,849,924	984,809
Realised exchange rate losses		-46,620	-28,398
Unrealised exchange rate losses		-1,852,270	-831,650
TOTAL EXCHANGE RATES DIFFERENCIES		-43,735	125,972
TOTAL FINANCIAL ITEMS		252,699	848,032
PROFIT/LOSS FOR THE PERIOD		1,418,300	-1,057,370

Balance sheet

Amounts in SEK thousand

ASSETS		31/12/2017	31/12/2016
Intangible and tangible fixed assets			
Intangible fixed assets	Note 11	7,326	9,256
Tangible fixed assets	Note 12	577	1,043
TOTAL INTANGIBLE AND TANGIBLE FIXED ASSETS		7,903	10,298
FINANCIAL FIXED ASSETS			
Other non-current securities holdings	Note 15	23,819,350	23,371,658
Stocks and shares		39,583	0
Premium receivables	Note 16	4,441,392	4,630,964
Actuarially - calculated net worth of indemnified claims	Note 13	1,619,000	1,574,000
Reinsurer's share of net worth of indemnified claims		-43,000	-51,000
Pension assets	Note 14	17,112	17,756
TOTAL FINANCIAL FIXED ASSETS		29,893,437	29,543,378
REINSURER'S SHARE OF ACTUARIALLY-CALCULATED PROVISIONS			
Reinsurer's share of unearned premiums and unexpired risks		255,000	137,000
Reinsurer's share of provisions for claims incurred		108,000	248,000
TOTAL REINSURER'S SHARE OF ACTUARIALLY-CALCULATED PROVISIONS		363,000	385,000
RECEIVABLES			
Account receivables		159	226
Under expectation premium share	Note 17	44,382	59,222
Other receivables		3,977	5,558
TOTAL RECEIVABLES		48,518	65,007
ACCRUALS AND DEFERRALS			
Prepaid expenses	Note 18	8,414	6,527
Accrued income		130,950	157,460
TOTAL ACCRUALS AND DEFERRALS		139,364	163,987
CASH AND BANK BALANCES			
National Debt Office	Note 19	2,035,386	2,857,630
Cash and cash equivalents		1,533,225	1,735,678
TOTAL CASH AND BANK BALANCES		3,568,611	4,593,309
TOTAL ASSETS		34,020,834	34,760,979

Amounts in SEK thousand

EQUITY AND LIABILITIES		31/12/2017	31/12/2016
EQUITY	Note 20		
Retained earnings	Note 21	21,441,300	22,491,103
Profit/loss for the period		1,418,300	-1,057,370
TOTAL EQUITY		22,859,599	21,433,733
LIABILITIES TO THE STATE	Note 22		
Liabilities to the state		64,005	486,849
TOTAL LIABILITIES TO THE STATE		64,005	486,849
PROVISIONS			
Provision for unearned premiums and unexpired risks gross of reinsurance	Note 2	6,988,000	7,941,000
Provision for claims gross of reinsurance	Note 2	3,460,000	4,067,000
Provisions for pension liabilities		16,580	17,355
TOTAL PROVISIONS		10,464,580	12,025,355
LIABILITIES			
Borrowings for fixed assets, National Debt Office	Note 23	7,841	10,170
Over expectation premium share	Note 17	285,089	394,612
Trade payables		13,010	3,948
Liabilities to guarantee holders	Note 17	9,272	25,652
Other current liabilities	Note 24	301,744	337,397
TOTAL LIABILITIES		616,955	771,842
Accruals and deferrals	Note 25		
Accrued costs		15,694	20,449
Prepaid income		0	22,812
Total accruals and deferrals		15,694	43,262
TOTAL EQUITY AND LIABILITIES		34,020,834	34,760,979

Statement of appropriations

Recognition under revenue heading 2127
Amounts in SEK thousand

REVENUE HEADING	ESTIMATED	REVENUE
2127 001 Surplus transfer from the Swedish Export Credits Guarantee Board	-	486,849
2811 Other income	-	43

Cash flow statement

Amounts in SEK thousand

OPERATIONS FOR THE YEAR		2017	2016
Profit/loss for the year		1,418,300	-1,057,370
Depreciation/amortisation charged against earnings	Note 11,12	3,441	3,443
Retirements	Note 11,12	-446	0
Change in current receivables		226,535	28,704
Change in current liabilities		-180,125	-202,554
Payment to government	Note 22	-486,892	-515,049
Change below expectation premiums		71,613	241,094
Cash flow from operations for the year		1,052,425	-1,501,732
INVESTMENTS			
Investment in fixed assets	Note 11,12	-1,045	-897
Change in actuarially-calculated net worth of indemnified claims	Note 13	-53,000	532,000
Change in pension assets	Note 14	643	549
Change in other non-current securities holdings	Note 15	-487,274	691,085
TOTAL INVESTMENTS		-540,676	1,222,737
Remainder after net investments		511,749	-278,995
FINANCING ETC.			
Change in provisions for actuarially-calculated risk of exposure	Note 2	-1,538,000	1,790,000
Change in provisions for pension liabilities	Note 14	-775	-950
Change in Borrowings for fixed assets, National Debt Office	Note 23	2,329	830
TOTAL FINANCING		-1,536,446	1,789,880
CHANGE IN CASH AND CASH EQUIVALENTS		- 1,024,697	1,510,885
Cash and cash equivalents at beginning of year		4,593,309	3,082,423
CASH AND CASH EQUIVALENTS AT END OF YEAR		3,568,611	4,593,309

Cash and cash equivalents are defined as short-term investments, and as cash and bank balances.

Notes to the income statement and balance sheet

Amounts in SEK thousand

NOTE 1. GROSS PREMIUM INCOME

	2017	2016
Premium income – risk-based share	1,223,892	1 266,409
Premium income – administrative share	205,391	207,771
Premium repayments/refunds	-58,181	-126,595
Change in premiums in arrears and counter guarantees	-73,302	-251,538
Over expectation premium share*		
TOTAL PREMIUM INCOME	1,265,642	902,367

*Pro forma. In 2016 attorney costs, SEK 81 thousands, were included in premium income – risk-based share, and is now recognized as operating costs.

Premium payments are divided into a share for risk-based operations and an administrative share. EKN's guarantee holder can redeem the premium for the remaining risk period if the guarantee holder terminates the insurance before everything has been paid.

Income from total premiums for premiums in arrears is recognised when the guarantee enters into force. Payments of premiums in arrears are recognised as premium payments when they are paid on an ongoing basis during the period of validity of the guarantee. The change in premiums in arrears covers all new revenue from premiums in arrears (present value and risk-adjusted) less the premiums in arrears due for payment during the period and decreases premium receivables. Premiums can be both below or exceeding expected loss. A share of premiums exceeding expected loss reduces gross premium income, because EKN is not entitled to retain this share and it is recognised as a latent liability. They are paid to the treasury under EKN's revenue heading each year after the premium shares have been earned and a surplus has been accumulated

NOTE 2. CHANGE IN PROVISION FOR UNEARNED PREMIUMS AND UNEXPIRED RISKS

ASSETS	UB 2016-12-31	Förändring	Valutakurs-förändring	UB 2017-12-31
Reinsured share of unearned premiums and unexpired risks	137,000	70,000	48,000	255,000
Reinsured share of provisions for claims incurred	248,000	-174,000	34,000	108,000
TOTAL REINSURED SHARE OF PROVISIONS	385,000	-104,000	82,000	363,000
LIABILITIES				
Provision for unearned premiums	-7,155,000	454,000	-236,000	-6,465,000
Provision for unexpired risks	-786,000	244,000	19,000	-523,000
TOTAL PROVISION PREMIUMS AND UNEXPIRED RISKS	-7,941,000	698,000	217,000	-6,988,000
Provision for claims gross of reinsurance	-4,067,000	600,000	7,000	-3,460,000
TOTAL CHANGE IN PROVISION FOR UNEARNED PREMIUMS AND UNEXPIRED RISKS	-11,623,000	1,194,000	-128,000	-10,085,000

NOTE 3. OTHER REVENUE

	2017	2016
Administration income within government	1,358	1,663
Administrative income outside of government	1,462	515
Administrative income service exports*	58	240
TOTAL	2,877	2,418

* Refers to consultation on export credit insurance issues provided to EKN's counterpart in New Zealand and constitutes EKN's service exports.

NOTE 4. CLAIMS INCURRED (GROSS OF REINSURANCE)

	2017	2016
Recoveries net*	236,119	1,058,605
Claims paid net*	-1,410,420	-1,528,525
Change in indemnified claims	1,104,000	1,805,000
Change in provision for expected loss indemnified claims	-996,000	-2,413,000
TOTAL CLAIMS INCURRED (GROSS OF REINSURANCE)	-1,066,302	-1,077,920

* Costs of recovery and claim prevention measures are included in the amounts.

NOTE 5. REINSURER'S SHARE OF CLAIMS INCURRED

	2017	2016
Recoveries net	-7,770	-6,143
Change in indemnified claims	12,000	3,000
Change in provision for expected loss indemnified claims	-9,000	-9,000
TOTAL REINSURER'S SHARE OF CLAIMS INCURRED	-4,770	-12,143

NOTE 6. COSTS FOR MATCHED PREMIUM

	2017	2016
The year's cost for matched premium	-14,527	-11,909
TOTAL YEAR'S COST FOR MATCHED PREMIUM	-14,527	-11,909

EKN's premiums are set so as to correspond to the anticipated loss in each guarantee in accordance with EKN's mandate. There are exceptions to the main rule. In cases where EKN, within the framework of EU regulations, takes lower premiums than would be expected, so-called matching of premiums, provision is made for the expected loss and the transaction is entered with a loss.

NOTE 7. OPERATING COSTS

	2017	2016
Payroll expenses (excluding employer's contributions, pension premiums and other charges according to law and agreement)	-77,048	-93,357
Of which, payroll expenses non-employed personnel	-584	-1,225
Social costs	-29,242	-29,573
Other costs for personnel	-36,390	-31,788
Premises costs	-18,552	-18,518
Other operating costs	-62,814	-67,347
Depreciation	-3,441	-3,443
TOTAL OPERATING COSTS	-227,486	-244,117

Payroll expenses related to claims are now recognized as claim prevention measures costs, explaining the reduction of payroll expenses.

Chair Jan Roxendal was paid SEK 110,000.

Director general Anna-Karin Jatko was paid SEK 1466,656 including luncheon voucher benefits. No remuneration was paid for the office of Board Member at EKN.

Vice chair Peter Yngwe, received SEK 89,375

Ola Asplund, Inger Dovlin, Fredrika Gullfot, Hans Lindberg, Camilla Melander, Elisabeth Nilsson and Åke Nordlander received SEK 55,000 each.

No other benefits or future obligations have been agreed for EKN's Board of Directors and Director General.

NOTE 8. INTEREST INCOME AND OTHER FINANCIAL INCOME

	2017	2016
Return on treasury management	413,646	534,117
Other interest income	-57,194	209,639
Other financial income	27	0
TOTAL INTEREST INCOME AND OTHER FINANCIAL INCOME	356,479	743,756

The change in other interest income is explained by the fact that the long-term interest rate in Swedish kronor has increased in 2017. The long-term interest rate in Swedish kronor is used in discounting the premium receivables with corresponding maturities. In 2016, the interest rate has fallen from 0.99% to 0.16% by September 2016. In 2017, it has risen from 0.55% to 0.78%, resulting in a reduction in the value of the premium receivables

NOTE 9. INTEREST EXPENSES AND OTHER FINANCIAL COSTS

	2017	2016
Expenses – treasury management	-352	-3,485
Interest expenses loans	-3,882	-11,379
Other interest expenses	1,955	-844
Loss on disposal of securities	-57,767	-5,988
TOTAL INTEREST EXPENSES AND OTHER FINANCIAL COSTS	-60,046	-21,696

NOTE 10. EXCHANGE RATE DIFFERENCES

	2017	2016
Realised exchange rate gains	5,231	1,210
Realised exchange rate losses	-46,620	-28,398
Unrealised exchange rate gains	1,849,924	984,809
Unrealised exchange rate losses	-1,852,270	-831,650
TOTAL EXCHANGE RATE DIFFERENCES	-43,735	125,972

In 2017, the Swedish krona strengthened against the US dollar and weakened somewhat against the euro. The effect of the change in exchange rates and the difficulty of perfectly matching assets and liabilities gave an exchange rate difference of SEK -44 million.

NOTE 11. INTANGIBLE FIXED ASSETS

	31/12/2017	31/12/2016
Opening balance cumulative acquisition value	13,828	13,454
Acquisitions for the year	962	374
Closing balance cumulative acquisition value	14,790	13,828
Opening balance cumulative depreciations	-4,573	-1,959
Depreciation for the year	-2,892	-2,613
Closing balance cumulative depreciations	-7,465	-4,572
TOTAL INTANGIBLE ASSETS	7,326	9,256

NOTE 12. PROPERTY, PLANT AND EQUIPMENT

	231/12/2017	31/12/2016
Opening balance cumulative acquisition value	10,341	9,817
Acquisitions for the year	83	524
Retirements	-446	0
Closing balance cumulative acquisition value	9 979	10 341
Opening balance cumulative depreciations	-9,298	-8,467
Depreciation for the year	-549	-831
Retirements	446	0
Closing balance cumulative depreciations	-9,400	-9,298
TOTAL PROPERTY, PLANT AND EQUIPMENT	577	1,043

NOTE 13. ACTUARIALLY CALCULATED NET WORTH OF INDEMNIFIED CLAIMS

	UB 31/12/2016	Förändring	Valutakurs- förändring	UB 31/12/2017
Gross value of outstanding claims	9,065,000	1,104,000	-123,000	10,046,000
Provision for expected loss, gross	-7,491,000	-996,000	60,000	-8,424,000
Actuarially calculated net worth of indemnified claims	1,574,000	108,000	-63,000	1,619,000
Reinsurer's share of net worth of indemnified claims	-141,000	12,000	8,000	-121,000
Provision for expected loss – reinsurer's share	90,000	-9,000	-3,000	78,000
Reinsurer's share of net worth of indemnified	-51,000	3,000	5,000	-43,000
TOTAL ACTUARIALLY CALCULATED NET WORTH OF INDEMNIFIED CLAIMS	1,523,000	111,000	-58,000	1,576,000

NOTE 14. PENSION ASSETS AND PROVISION FOR PENSION LIABILITY

Pension assets of SEK 17,112,000 (17,756,000) have been funded by the National Debt Office for future pension payments. Pension liabilities refer to the former employees who received an occupational pension as per 31 December 2003.

NOTE 15. OTHER NON-CURRENT SECURITY HOLDINGS

Provisions and accumulated earnings from EKN's operations are invested with the National Debt Office and in securities to balance the market risk in the balance sheet. These investments consist of liquid bonds issued in SEK, EUR and USD. Bonds must meet the requirements of EKN's financial policy to be eligible for investment. In particular, the bond must be issued by a government or be guaranteed by the government of a sovereign state that meets EKN's rating requirements. In addition, exposure to a single counterparty is limited by a limit of a maximum of 25 per cent of the investments, to limit concentration to a given counterparty. Reports on financial management are sent on a monthly basis to the Chief Financial Officer (and quarterly to the Director General and the Board of Directors).

Currency	31/12/2017				31/12/2016			
	Book value	Market value in currency	Book value	Market value in SEK thousand	Book value	Market value in currency	Book value	Market
SEK	19,855,000	19,855,000	19,855,000	19,855,000	17,955,000	19,193,740	17,955,000	19,193,740
USD	163,003	160,449	1,341,871	1,320,848	289,742	286,900	2,635,809	2,609,958
EUR	266,249	267,026	2,622,480	2,630,126	290,674	294,167	2,780,849	2,814,262
SUMMA			23,819,350	23,805,974			23,371,658	24,617,960

CREDIT RISK, BOOK VALUE, SEK THOUSAND

CURRENCY/RATING	AAA	AA	A	Total currency
SEK	19,855,000	0	0	19,855,000
USD	157,003	6,000	0	163,003
EUR	118,063	148,186	0	266,249

LIQUIDITY RISK, BOOK VALUE, SEK THOUSAND

Counterparty/maturity	<1 year	1–5 years	5–10 years	Total
Swedish government	2,547,716	12,519,693	4,915,000	19,982,409
Foreign governments	191,817	1,217,256	710,930	2,120,003
Credit agencies guaranteed by Swedish or foreign government	29,713	1,152,155	535,070	1,716,938
TOTAL	2,769,246	14,889,104	6,161,000	23,819,350

FOREIGN EXCHANGE SENSITIVITY, BOOK VALUE, SEK THOUSAND

Change in the book value of the assets in the event of an increase in the value of SEK by SEK 1 in relation to each currency.

Currency	Change SEK	Change	Change in per cent of total portfolio
USD	163,003	12%	1%
EUR	266,249	10%	1%
TOTAL	429,252	11%	2%

NOTE 16. PREMIUM RECEIVABLES

	31/12/2017	31/12/2016
Receivables related to premiums charged	43,845	27,578
Receivables related to premiums for counter guarantees and investment guarantees	143,734	136,531
TOTAL RECEIVABLES FOR ADVANCE PREMIUMS	187,579	164,109
Receivables related to premiums in arrears, nominal	4,944,259	5,159,585
Receivables related to premiums in arrears, present value adjusted	-355,410	-304,175
Receivables related to premiums in arrears, risk adjustment	-335,035	-388,555
Receivables related to premiums in arrears, net	4,253,813	4,466,855
TOTAL PREMIUM RECEIVABLES	4,441,392	4,630,964

Receivables relating to premiums in arrears relate almost entirely to JAS Brazil.

NOTE 17. NON-EXPECTATION PREMIUMS

	Closing balance 31/12/2016	Change during the year	<i>Of which non- disposable premiums earned during the year</i>	Exchange rate change	Closing balance 31/12/2017
Asset – Share of premiums below expected loss	59,222	0	-14,527	-313	44,382
Liability – Share of premiums exceeding expected loss	-206,838	-37,832	57,310	13,375	-173,985
Liability – Share of premiums exceeding expected loss (matrix)	-187,774	0	54,884	21,785	-111,104
Total liabilities to government – share of premiums exceeding expected loss	394,612	-37,832	112,194	35,160	-285,089
TOTAL LIABILITIES TO GOVERNMENT – SHARE OF PREMIUMS EXCEEDING EXPECTED LOSS			97,668		

NOTE 18. ACCRUALS AND DEFERRALS

PREPAID EXPENSES AND ACCRUED INCOME CONSISTED OF:	2017	2016
Prepaid rent first quarter of next year	4,274	4,028
Other prepaid expenses, annual fees	4,140	2,487
Prepaid pension expenses	0	12
TOTAL PREPAID EXPENSES	8,414	6,527
Accrued interest income	130,950	157,460
TOTAL ACCRUED INCOME	130,950	157,460
TOTAL ACCRUALS AND DEFERRALS	139,364	163,987

NOTE 19. CASH AND BANK BALANCES

EKN's cash and cash equivalents (bank balances) are distributed as follows:

Currency	31/12/2017		31/12/2016	
	Amount in thousands of currency	Equivalent value in SEK thousand	Amount in thousands of currency	Equivalent value in SEK thousand
SEK	2,080,333	2,080,333	2,989,670	2,989,670
USD	108,138	890,215	118,038	1,073,802
EUR	53,092	522,937	48,500	463,995
CHF	1,137	9,587	766	6,823
JPY	896,790	65,541	759,285	59,019
TOTAL		3,568,611		4,593,309

As of 31/12/2017, EKN's cash and cash equivalents in the form of bank balances consisted of SEK 2,080,333 (2,989,670) thousand, of which SEK 2,035,386 (2,857,630) thousand was invested in an interest bearing account with the National Debt Office and SEK 44,946 (132,040) thousand was invested in Swedish commercial banks Bank deposits in currency amounted to an equivalent value of SEK 1,488,279 (1,603,639) thousand.

NOTE 20. RETAINED EARNINGS

	Change in equity	Equity – administrative reserve	Equity for concentration risks in exposure	Equity for concentration risks in indemnified claims	Equity for concentration risks in reinsurance	Profit/Loss for the period	Total
Closing balance 2016	7,529,568	383,536	15,158,000	50,000	-630,000	-1,057,370	21,433,734
Corrections	-22,278	29,886					7,608
A Opening balance 2017	7,507,289	413,422	15,158,000	50,000	-630,000	-1,057,370	21,441,341
Change in equity last year	-1,057,370					1,057,370	0
Change current year	380,710	-16,709	-456,000	14,000	78,000		0
Revenue heading 2811	-43						-43
Change in equity this year						1,418,300	1,418,300
B Total change this year	-672,201	-16,709	-456,000	14,000	78,000	2,676,670	1,418,258
C Closing balance 2017	6,835,089	396,713	14,702,000	64,000	-552,000	1,418,300	22,859,599

NOTE 21. EKN'S ADMINISTRATIVE AND RISK INCOME AND EXPENSES

ADMINISTRATIVE INCOME	2017	2016
Administrative share of premium	205,391	207,771
Administrative remuneration Sida, other government	729	1,663
Administrative remuneration of service exports	58	240
Other administrative income	2,032	515
TOTAL	208,210	210,189
Claims incurred		
Costs of claim prevention	-226	-1,236
Administrative expenses for recovery of claims	86	1,939
TOTAL	-140	704
Operating costs		
Salaries	-77,048	-92,132
Other personnel costs	-65,631	-61,361
Premises costs	-18,552	-18,518
Other operating costs	-62,814	-68,663
Depreciation	-3,441	-3,443
TOTAL	-227,486	-244,117
Accumulated shortfall/surplus of operating profit/loss	-19,416	-33,224
Interest on accumulated administrative surplus	-1,795	-2,117
Results of operations, administrative	-21,211	-35,341
Accumulated administrative surplus	392,211	413,422
Administrative reserve, share of equity	392,211	413,422
EKN's risk-based operations		
Operating profit/loss, risk-based	1,146,185	-1,842,373
Financial items, risk-based	254,494	850,149
Results of operations, risk-based	1,400,679	-992,224
SHARE OF EQUITY FOR RISK-BASED OPERATIONS	22,467,388	21,097,156

NOTE 22. SUBMITTED TO THE GOVERNMENT

	2017	2016
Undisposed premiums to report against revenue heading*	97,668	241,094
Adjustment last years payment	-33,664	0
Profit settlements relating to operating credit guarantees to large companies	0	245,755
TOTAL SUBMITTED TO THE GOVERNMENT	64,004	486,849

* Non-expected loss premiums to report against revenue heading are paid to the treasury the following year; refers to premiums above expected and matched premiums.

NOTE 23. BORROWINGS FOR FIXED ASSETS, NATIONAL DEBT OFFICE

EKN's loan limit for fixed assets was SEK 13,000 (14,000) thousand at 31 December 2017*.

	31/12/2017	31/12/2016
Undisposed premiums to report against revenue heading	10,170	11,000
Profit settlements relating to operating credit guarantees to large companies	0	1,668
Total submitted to the government	-2,329	-2,499
TOTAL LOAN FOR FIXED ASSETS, THE NATIONAL DEBT OFFICE	7,841	10,170

* See notes 11–12 for specification of the assets.

NOTE 24. OTHER CURRENT LIABILITIES

	31/12/2017	31/12/2016
Liabilities Swedish Tax Agency	4,704	2,501
Employee taxes	2,601	2,755
Liabilities KÅPAN, EKN's sports association, recreation deduction	541	110
Liabilities to reinsurers*	255,542	337,068
Liabilities to reinsurers (present value-adjusted)	-7,814	-12,593
Future premium repayments	5,201	2,878
Reserv återvunna medel	39,583	0
Reserve for staff turnover	884	612
Other current liabilities	2,848	4,066
TOTAL OTHER CURRENT LIABILITIES	301,744	337,397

*Liabilities to reinsurers consist of premiums for purchased reinsurance not yet paid, because the premiums are due annually.

NOTE 25. ACCRUALS AND DEFERRALS

Accrued expenses and deferred income consisted of:	31/12/2017	31/12/2016
Accrued holiday and overtime pay	9,796	9,720
Audit and annual report for 2017	1,117	1,800
Other accrued costs	4 781	8,929
TOTAL ACCRUED COSTS	15,694	20,449
Prepaid recovery Iraq	0	22,812
TOTAL PREPAID INCOME	0	22,812
TOTAL ACCRUALS AND DEFERRALS	15,694	43,262

Summary of key information

PURSUANT TO CHAPTER 2 SECTION 4 OF THE ANNUAL REPORTS AND BUDGET DOCUMENTATION ORDINANCE

(SEK million)	2017	2016	2015	2014	2013
Credit with the National Debt Office for indemnifications, <u>granted</u>	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited
Credit with the National Debt Office for indemnifications, <u>utilised</u>	0	0	0	0	0
Loan limit with the National Debt Office for fixed assets, <u>granted</u>	13.0	14.0	14.7	13.0	6.7
Loan limit with the National Debt Office for fixed assets, <u>utilised</u>	7.8	10.2	11.0	8.8	2.5
Income from appropriated revenue	1,997	1,285	1,002	-811	1 762
Income from unappropriated revenue	65	487	515	2,288	11
Profit/loss for the year	1,418	-1,057	194	1,824	1,743
Retained earnings	21,441	22,491	22,542	20,964	21,509
Number of employees, Full Time Equivalent	135	141	141	141	139
Average number employees	140	145	148	157	148
Operating costs per Full Time Equivalent, SEK thousand	1,680	1,731	1,576	1,584	1,514

Stockholm, 14 February 2018

We affirm that the annual report provides a true and fair view of the agency's results of operations, expenses, revenues and financial position.

Jan Roxendal

Ola Asplund

Inger Dovlin

Fredrika Gullfot

Anna-Karin Jatko

Hans Lindberg

Camilla Mellander

Elisabeth Nilsson

Åke Nordlander

Peter Yngwe

Board of Directors



Jan Roxendal, Chairman

Former CEO Intrum Justitia, CEO ABB Group, CEO ABB Financial Services, CEO Gambro AB. Elected chair in 2010.

Other board memberships: Vice chair, AP2. Board member Catella AB and Magnolia Bostad AB. CEO and chair of Roxtra AB.



Peter Yngwe

Former CEO and President, AB Svensk Exportkredit. Board member since 2014.

Other board memberships: Member of the Selection Panel of the Hellenic Financial Stability Fund.



Ola Asplund

Senior Advisor at IF Metall, former head of research. Board member since 2014.

Other board memberships: member of the Industrial Council's Development Committee (Industrins utvecklingsråd), the board of Swerea IVF, the Royal Swedish Academy of Engineering Sciences, the National Innovation Council (Nationella Innovationsrådet), the board of the Royal Institute of Technology and the Advising Council, SWEDAC.



Inger Dovlin

Former director of Ericsson and Nordea. Board member since 2013.



Fredrika Gullfot

CEO Simris Alg AB. Board member since 2016.

Other board memberships: Board member of Simris Alg AB and Svensk Egenvärd.



Anna-Karin Jatko

Director General EKN. Board member and Director General since 2016.



Hans Lindberg

CEO and member of the executive board of the Swedish Bankers' Association. Board member since 2016.

Other board memberships: chair of Affärsbankernas Service AB and Betalinfrastukturer i Sverige AB. Member of the Royal Swedish Academy of Engineering Sciences. Member of the executive board of the Swedish Bankers' Association.



Camilla Mellander

Ambassador and Head of the Department of Trade Promotion, Nation Branding and CSR at the Ministry for Foreign Affairs. Board member since 2016.



Elisabeth Nilsson

County Governor of Östergötland. Board member since 2016.

Other board memberships: Chair, AB Göta Kanalbolag. Vice chair, Skandia council. Board member of Boliden.



Åke Nordlander

Budget Director, Ministry of Finance. Board member since 2015.



Bo Lindgren, Staff representative

Works in the SME and Midcorp team. Employed at EKN since 1988 and has been a staff representative on the board since 2008.

Executive Management



Gun Lidholm, Director of HR, **Beatrice Arnesson**, Director of Communications, **Anna-Karin Jatko**, Director General, **Carl-Johan Karlsson**, Director of business area for small and medium-sized companies and Midcorp, **Stefan Karlsson**, Director of Risk Advisory & CSR, **Marie Aglert**, Director of business area for large corporates, **Patrick Nimander**, CFO, **Johan Damell**, General Counsel

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