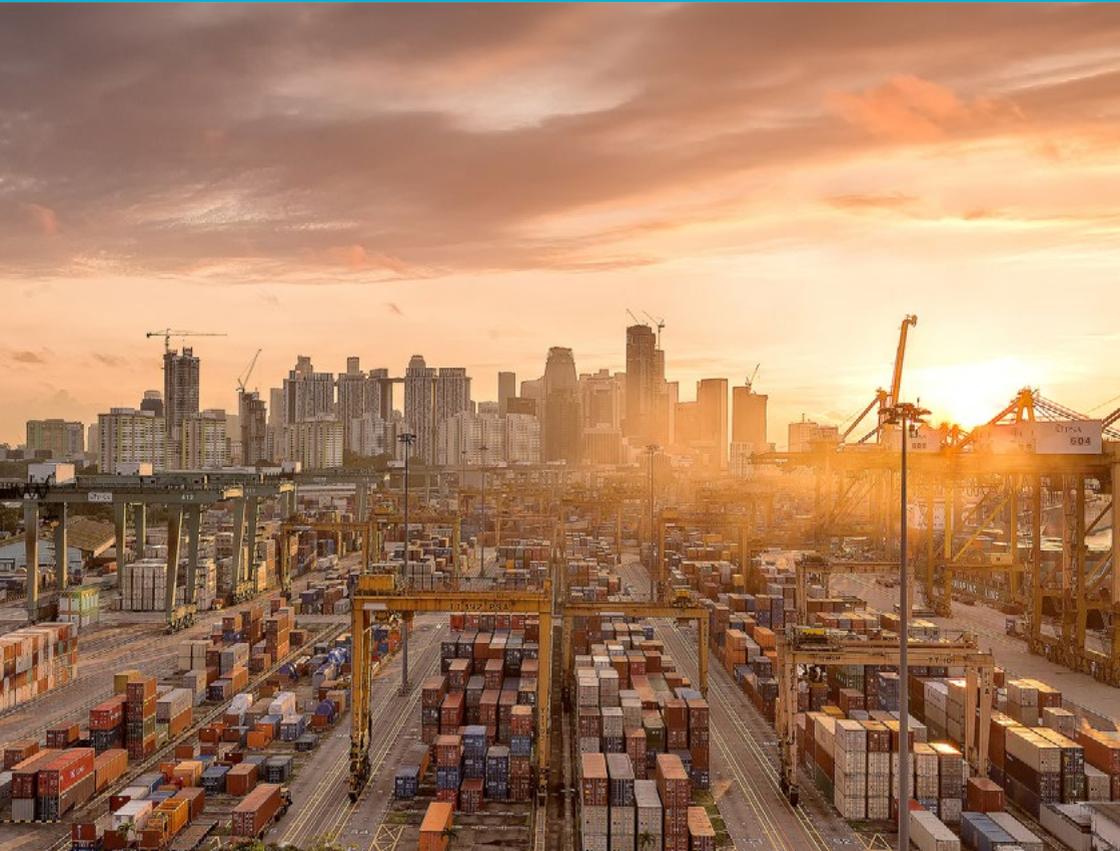


A GUIDE TO

The Swedish Export Credit System

ekn | SEK



The Swedish Export Credit System

Exports account for almost half of Sweden's GDP. To facilitate and promote exports and the internationalisation and competitiveness of Swedish industry, Sweden offers a government-backed export credit system. This system facilitates the financing of transactions with Swedish exporting companies and has strong benefits for all parties involved.

TWO SWEDISH GOVERNMENT BACKED ORGANISATIONS, EKN AND SEK

Swedish exporting companies and their customers around the world can benefit from the support of two Swedish government backed organisations, The Swedish Export Credit Agency, EKN, and The Swedish Export Credit Corporation, SEK.

EKN offers guarantees for payments and financing. The guarantees give international customers competitive financing terms, while lowering the risk for Swedish exporting companies and commercial banks.

SEK provides long term funding for Swedish export-related transactions. Enjoying a high credit rating, SEK can offer favourable loans to facilitate export deals.

How to finance a Swedish export contract

Export transactions often involve large contracts requiring long repayment periods. A common form of financing is an export credit provided by a commercial bank - a buyer's credit.

Financing of a large Swedish export contract usually involves a commercial bank as the arranger. The bank, or a group of banks, arranges and administers a loan to the buyer in the export contract. EKN is the guarantor, taking the repayment risk with a small portion of the risk retained by the arranging bank. SEK can provide funding, and also sometimes assume the role as arranger, usually jointly with one or more banks. See an example below.



* The Commercial Interest Reference Rate, CIRR, is a state-supported interest rate administered by SEK. It allows exporting companies to offer their customers funding at a favourable fixed rate.

Benefits

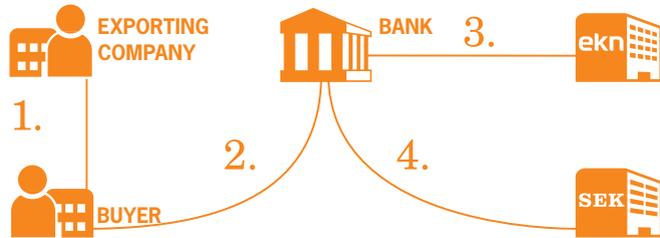
- **The exporting company** receives upfront payment and can still offer customers competitive financing.
- **The commercial bank** minimises its exposure to risk and capital loss thanks to the EKN guarantee. The bank also gains access to attractive funding options with SEK, which improves their balance sheet.
- **The buyer** receives access to attractive financing with long tenors. An export credit also diversifies the buyer's loan portfolio, and reduces the use of bank credit limits.
- With an EKN guarantee, **the commercial bank** can turn to SEK for optional funding of the loan. The loan is assigned to SEK together with the rights under the EKN guarantee. The loan is now on SEK's balance sheet, while the bank retains the 5 % non-covered portion.



How does it work?

To ensure the best conditions for all parties involved it is very important for the exporter and bank to contact EKN and SEK at an early stage. This is to enable structuring of the business agreements regarding securities, capital structure, and being OECD-compliant. In our environmental and social due diligence, EKN and SEK comply with international standards.

Below you will find a schematic outline for a buyer's credit. Please note that the steps can take place simultaneously.



1. The exporting company and the buyer sign a sales contract. Payment is to be made at delivery, or with a short credit period.
2. A bank signs a loan agreement with the buyer.
3. The bank applies for a guarantee – preferably before the contract is signed, and receives an offer from EKN. EKN normally covers 95 % of the loan. The bank notifies EKN of disbursements and receives the guarantee. This is when the premium is paid.
4. If the bank is looking for funding they will have contacted SEK and received an offer, before signing the contract. The bank will then assign the loan as well as the rights under the EKN guarantee to SEK.

The bank retains the 5 % risk share on the borrower as well as their obligations to EKN, and administers the loan. If the borrower fails to pay according to the loan agreement, EKN will indemnify SEK directly.

What are the advantages of the Swedish export credit system?

Swedish exporting companies, as well as their customers, suppliers, and commercial banks, can get support from either SEK, EKN, or both.

EKN covers the risk of non-payment, which allows exporting companies and commercial banks to offer more competitive credit terms to end-customers.

SEK functions as a complement to the commercial banks, and can refinance long-term credits that EKN guarantees.

In an export credit guaranteed by EKN, SEK can offer financing at market rates or a state-supported interest rate, CIRR*.

A guarantee from EKN is a guarantee from the Swedish state, which has the highest credit rating (AAA).

* CIRR is the state-supported rate, the so called Commercial Interest Reference Rate (CIRR). It's administered by SEK, and allows exporting companies to offer their customers funding at a favourable fixed rate.



CONTACT US

To find out more about how you can benefit from the Swedish export credit system, get in touch with us today.

www.ekn.se +46 8 788 00 00

www.sek.se +46 8 613 83 00

ekn

The Swedish Export Credit Agency

Kungsgatan 36, Box 3064, SE 103 61 Stockholm, Sweden

Tel +46 8 788 00 00 | www.ekn.se

SEK

The Swedish Export Credit Corporation

Klarabergsviadukten 61-63, Box 194, 101 23 Stockholm, Sweden

Tel +46 8 613 83 00 | www.sek.se