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73RD YEAR OF OPERATIONS

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THE SWEDISH SHIPPING INDUSTRY AND SWEDISH STAMPS



THE FIRST REAL link between Swedish shipping and Swedish stamps was presented in 1936. The 300th anniversary of the Post Office was marked with a series of stamps in twelve denominations, three of which show Swedish ships.

The stamp for 20 öre features the postal yacht *Hiorten*, which was built in Karlskrona and carried mail between Ystad and Stralsund between 1692 and 1702.

The 25 öre stamp depicts the paddle steamer *Constitutionen*. She too was built in Karlskrona and ran between Ystad and Stralsund, from 1824 and 1838.

A relatively modern ship at the time of issue, the *M/S Gripsholm*, is featured on the 60 öre stamp. She was launched at Newcastle-on-Tyne in 1925 and ran a regular service for the Swedish America Line between Gothenburg and New York until 1954. During the war she was used by the UN and the Red Cross.



An organised naval chart service was established early on in Sweden. Johan Månsson's book of naval charts was published in 1644, and was commemorated with its own stamp 300 years later. And in 1993, ahead of the 350th anniversary, two stamps were issued, both with the denomination of 2.90 kronor. One of them depicts hydrographic survey equipment from 1644, while the other shows a modern and up-to-date hydrographic survey vessel at work.

The name of this ship is *Nils Strömcröna*, after the director of the pilot service who, in the late 17th and early 18th Centuries, carried out extensive hydrographic surveys and published what were, for their time, very competent nautical charts.



Since 1936 there have been many pictures from Swedish shipping and the shipping industry on Swedish stamps. Some of them can be seen on the following pages.

Key Figures

SWEDISH SHIPS' MORTGAGE BANK	2000	1999	1998	1997	1996
Operating income, MSEK	51.5	43.3	46.7	48.4	67.6
Balance sheet total, MSEK	3,944.4	3,469.7	2,537.2	2,614.5	4,696.4
Reserve fund, MSEK	885.0	833.5	790.2	743.4	695.0
Profit level, percent	1.4	1.4	1.8	1.3	1.4
Return on equity, percent	6.2	5.5	6.3	7.0	10.8
Solidity, percent	22.4	24.0	31.1	28.4	14.8
Capital adequacy ratio, percent	25.1	29.3	42.8	37.0	18.9
Number of employees	9	9	9	9	9

Hydrographic surveying.



Johan Månsson, master pilot, with plummet, hourglass and compass.

MOTIF: Hydrographic survey 1643.

ISSUED: 2 October 1993.

The hydrographic survey vessel Nils Strömcrona during work with sounding rake.

MOTIF: Hydrographic survey 1643.

ISSUED: 2 October 1993.

Swedish Ships' Mortgage Bank

– PRESENTATION



THE SWEDISH SHIPS' MORTGAGE BANK (the Bank) was established in 1929, with the task of facilitating the financing of Swedish ship-owners, and contributing to

the rejuvenation of the Swedish merchant fleet.

Today, the Bank can also finance foreign-owned shipping operations if there is a significant Swedish interest or influence. The Bank does business on purely commercial terms, and in competition with other credit institutions.

Operations are governed by the Swedish Ships' Mortgage Bank Act (SFS 1980:1097). The most recent amendment came into force on 1 July 1998 (SFS 1998:310).

THE BANK IS SUBJECT TO PUBLIC LAW

The Swedish State has provided guarantees for the Bank's operations. These amount to MSEK 350. The Bank's reserve fund (currently MSEK 885) and the Swedish State guarantee are to be used to cover any losses.

The Bank's registered office is in Gothenburg. The Board – which consists of 7 Members and 7 Deputy Members – is appointed by the government.

The term of loans may be up to 15 years. The Bank

principally provides long-term loans against the security of Swedish or foreign ships.

Loans must be secured through balances with or guarantees from banks or the State or collateral in ships. The collateral must fall within 70% of the value of the ship as estimated by the Bank (in special cases 80%).

Loans are provided in foreign or Swedish currency and with floating or fixed interest rates at the option of the borrower. Interest rates are determined individually.

Operations are financed primarily through promissory note loans. Borrowing is in principle subject to the same terms as lending with regard to currencies and fixed interest terms.

LOANS TO SMALLER SHIPPING COMPANIES

In certain cases, loans of up to 90% of the vessel's value can be provided under the terms of a special ordinance. Preference will be given to smaller shipping companies.

BOARD FOR SHIPPING SUPPORT

The government has instructed the Board for Shipping Support to administer approved subsidies to Swedish shipping. The Bank's personnel also run the day-to-day operations of the Board for Shipping Support.

Shipping.

The City of Stockholm harbour tugs (picture above),

Bill, built in Åmål, Starkodder, built in Stockholm

and Bull, built in Lödöse.

MOTIF: Tugs.

ISSUED: 16 November 1974.



From drawing to finished ship, a tanker of 230,000 dwt at fitting-out quay.

MOTIF: Picture of yard.

ISSUED: 16 November 1974.



The icebreakers Tor, 12,000 SHP (shaft horsepower), and Atle, 22,000 SHP. Both vessels have four propellers, two fore and two aft.

MOTIF: Icebreaker.

ISSUED: 16 November 1974.



The refrigerated cargo ship M/S Snow, 12,580 dwt. Built in France, La Ciotat, 1972.

MOTIF: Liner.

ISSUED: 16 November 1974.



The train ferry Skåne, built in Uddevalla in 1966, ran the Trelleborg-Sassnitz route, and could take 38 goods wagons.

MOTIF: Train ferry.

ISSUED: 16 November 1974.

Comments BY THE CHAIRMAN AND MANAGING DIRECTOR

THE SWEDISH SHIPS' MORTGAGE BANK had a satisfactory financial year 2000. Outstanding loans to shipping companies increased by just over 20% to SEK 3,569 million, profit by 18% to SEK 51 million and return on equity from 5.5% to 6.2%. With the expansion of operations, solidity fell from 24% to 22.4% and the capital adequacy ratio fell from 29.3% to 25.1%. The Bank's financial position is nevertheless very strong. There were again no credit losses or bad debts last year.

In 1998 we obtained approval from the Swedish Parliament enabling us to a greater extent to finance shipping companies which are foreign-owned, provided they have a significant Swedish interest. Equivalent liberalisation has now been accepted for loans to smaller shipping companies. We are now able to

serve our clients better as the merchant fleet becomes more international.

We conduct regular surveys among our clients to obtain views on how we can improve our service. We are pleased to note that the responses are positive. We are regarded as acting quickly, making serious-minded market valuations, having moderate profit margins and giving long loans with uncomplicated loan-agreements.

However, we are aware that our clients' requirements are becoming more demanding and that we have to make sure that we remain competitive.

Our staff remains unchanged, with nine people of strong loyalty and a high level of skill and expertise. In order to encourage good effort, we are introducing a performance-related pay system with effect from 1 January 2000. The

Board has felt it to be inappropriate to operate a bonus scheme based on volume as the quality of our lending is one of the Bank's traditional strengths. Instead we allocate bonuses on the basis of personal development of skills and good productivity. Personal development is planned on the basis of individual interviews which the Managing Director conducts with her staff.

The Bank's reserve fund increased last year by SEK 51 million to SEK 885 million. It is on the basis of this healthy financial position that we look forward to balanced expansion.

PEHR G GYLLENHAMMAR
Chairman

BIRGITTA WICKENBERG KARLSSON
Managing Director

Market Review



Managing Director,
BIRGITTA WICKENBERG KARLSSON

THE FIRST YEAR in the 21st Century was a good year for most shipping companies, fantastic for some and a source of concern for others. World sea-borne trade increased by over seven percent. The world merchant fleet increased by approximately two percent to nearly 766 million tonnes deadweight. About 43 million tonnes deadweight were delivered during the year, representing an increase of around two million tonnes compared with 1999. At the turn of the year, the vol-

ume of orders at the world's shipyards stood at 67.9 million tonnes deadweight, which is an increase of nearly 60% compared with one year ago. The increase is largely accounted for by tankers and container vessels.

Almost half of all new orders went to South Korea, which in 2000 came into conflict with the EU. At the request of the European yards, the Commission is now acting against what is described as unhealthy competition from South Korea. The EU suspects South Korea of building ships at prices which do not cover the costs of production, which the South Koreans vigorously refute. It is claimed that the difference consists in more modern facilities and substantially higher productivity. Japan is now the world's second-largest shipbuilding nation but is still the largest in terms of bulk tonnage. The third-largest shipbuilding nation is China.

All but two orders for new cruise

ships were placed in Europe, which also won almost 24% of all orders for container vessels.

During 2000, ships totalling 21 million tonnes deadweight were sold for scrap, which represents a sharp decrease compared with 1999, an unusually intensive year for scrapping.

On the freight markets, development was most spectacular on the tanker market. After a weak start to the year, freight rates began to rise in the spring when OPEC turned the taps back on to replenish the world's minimal oil stocks in a buoyant global economic climate. The upturn continued and during the fourth quarter tanker freight rates reached levels not seen since 1973. Deals for VLCCs were struck at levels exceeding USD 100,000 per day. A normal response to a development of this kind would be an intensive wave of speculative orders for new tankers. The fact that this speculative wave did not occur and that newly

tightened rules will come into force for the phasing-out of older tankers will probably mean continued high freight rates for tankers even if the world economy slows down.

Stockholm's time as a centre for large tanker owners is now past. Nordström & Thulin Argonaut was delisted from the stock exchange, and by the summer all its operations had been closed down. For most Swedish tanker owners, 2000 was a pleasing year. The listed shipping companies Concordia and Broström reported record profits. The year started weakly for the product tanker owners in the area around Sweden. Activity increased during the summer, and during the autumn a temporary shortage of tonnage arose in certain segments in Northern Europe. The year finished strongly.

The wrecking of the Erika in December 1999 had an impact on the freight markets and also prompted extensive work within the EU to further tighten up safety relating to oil transport at sea. Two extensive proposals for packages of regulations, Erika I and Erika II, were tabled by the Commission within a short time. The former contained proposals for age limits for single-hull tankers and the latter a proposal to set up a general maritime safety agency within the EU.

The markets for dry cargo also developed favourably during the year, particularly for the largest tonnage, Capesize. Although freight rates for large tonnage fell during the last quarter, the rates at the end of the year was three times higher than during the summer of 1999. The strong world economy led to an increase in steel production by a record seven percent. Demand for bulk tonnage increased by five percent while the fleet only grew by two percent. Favourable conditions for bulk tonnage did not extend to smaller bulk tonnage in the area around Sweden. 2000 was a diffi-



cult year for this sector. Demand for freight was weak, and the strong competition meant that it was not possible to compensate for high bunker prices.

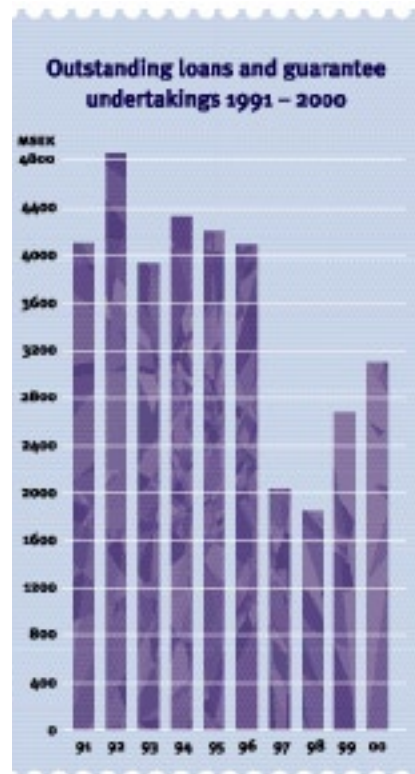
Despite an increase in new container ships, line shipping had a good year, owing to the favourable economic climate. Charter rates for a medium-sized container ship of 3000 TEU averaged USD 22,000 per day, which is USD 7,000 more than in 1999. On the Atlantic, the freight market overall developed positively. Atlantic Container Line, which in 1999 recorded the lowest freight rates in the line's history, made a profit of SEK 208 million in 2000.

The majority of new line vessels are container ships. The volume of orders remains at a very high level, and the vessels on order are becoming increasingly large. During 2000, sixty-six post-panamax vessels with an average size of 6,167 TEU were ordered.

Car carriers had a relatively good year. Reduced exports from the Far East to Europe were largely offset by increased exports to the United States. Exports from Europe to the United States also increased.

The cruise market continues to grow, and the cruise line companies continue to consolidate. Examples during the year were the takeover of Norwegian Cruise Line by Star Cruises and Carnival Cruises' acquisition of Costa Crociere. In the middle of last year there were cruise ships on order to a total value of SEK 200 billion at the world's shipyards.

Ferry traffic in the area around Sweden, which is now unable to operate duty-free sales, had a difficult year. The opening of the Öresund Fixed Link is also adversely affecting ferry travel in a significantly larger region. During the third quarter of the year, travel across the Öresund declined by 28 percent. Extensive consolidation is in progress in the sector. Stena Line



last year took over the Swedish part of Scandlines, and the Danish/German part will also be privatised. During the year, Stena AB began the repurchase of Stena Line AB from OM Stockholm Stock Exchange.

2000 was marked by very high crude-oil and bunker prices. Although prices fell towards the end of the year, crude-oil prices almost throughout the second half of the year were at levels above USD 30 per barrel. The average price in Rotterdam was USD 139 per tonne during 2000. The equivalent figure in 1999 was USD 94.

2000 was an intensive year for shipping policy in Sweden. The Danish decision to make it possible for passenger ships to be registered in the Danish international register brought the competitiveness of Swedish shipping towards the top of the political agenda. Proposals have been made for a net pay system. The issue of a tonnage tax will be the subject of further investigation.

At the turn of the year, the Swedish merchant fleet consisted of just over 500 ships with around 11.5 million tonnes deadweight in various registers. The merchant fleet sailing under the Swedish flag consisted of just over 200 ships with around 1.8 million tonnes deadweight. Thirteen new vessels were delivered to Swedish owners.

Summary

OF INCOME STATEMENTS AND BALANCE SHEETS

	2000	1999	1998	1997	1996
INCOME STATEMENT, SEK THOUSANDS					
Net interest income	59,958	55,940	58,570	59,383	79,201
Other operating income	3,968	—	—	—	506
General administrative costs	-6,753	-6,922	-6,242	-5,457	-6,196
Guarantee fund fee paid to the State	-5,330	-5,330	-5,330	-5,330	-5,330
Inventory depreciation	-216	-214	-113	-8	-28
Other operating expenses	-136	-136	-141	-206	-540
Surplus for the year	51,491	43,338	46,744	48,382	67,613
BALANCE SHEET, SEK THOUSANDS					
Assets					
Liquid assets	3,450	2,486	3,294	1,434	7,805
Interest bearing securities:					
short-term investments	208,979	312,945	229,064	163,057	231,498
long-term investments	542,978	382,332	408,817	356,370	308,394
Lending to shipping companies	3,123,799	2,709,542	1,842,174	2,049,183	4,072,409
Other assets	65,212	62,422	53,896	44,501	76,260
Total assets	3,944,418	3,469,727	2,537,245	2,614,545	4,696,366
Liabilities and equity					
Promissory note loans	3,025,146	2,606,894	1,726,138	1,851,047	3,822,595
Securities issued	—	—	—	—	1,800
Subordinated loans	—	—	—	—	125,000
Other liabilities	34,267	29,318	20,931	20,066	51,921
Reserve fund	885,005	833,515	790,176	743,432	695,050
Total liabilities and equity	3,944,418	3,469,727	2,537,245	2,614,545	4,696,366

New navigation marks.



Lateral marks, indicating limits of channel with particular main direction.

Albrektsund Canal.

MOTIF: Lateral marks.

ISSUED: 3 June 1982.



Cardinal marks, four different, mark obstacles and points of the compass. From left, south, north, west. Finland ferry in the Furusund Channel.

MOTIF: Cardinal marks.

ISSUED: 3 June 1982.

Administration Report

THE BOARD OF DIRECTORS OF THE SWEDISH SHIPS' MORTGAGE BANK hereby submits its report on its administration during 2000



DURING THE YEAR, the Bank disbursed loans amounting to MSEK 987 (preceding year MSEK 1,081). Total outstanding loans receivable at the year-end amounted to MSEK 3,569 (MSEK 2,941) at current exchange rates. The amendments to the Swedish Ships' Mortgage Bank Act passed in 1998 gave the Bank the opportunity to

work on a more international basis, and to finance foreign-flag vessels provided that there was a significant Swedish interest. The Bank has promoted these opportunities actively in its marketing, and this has led to an increase in interest from the shipping companies.

Loans granted by the Board, but not yet disbursed, amounted to approximately MSEK 1,200 (MSEK 1,500) at the end of the year. All loans have been accepted for disbursement. The loans will be disbursed during 2001 when the vessels for which the loans have been granted are delivered.

The Bank's operations have generated a surplus of MSEK 51 (MSEK 43). Profit in relation to the average balance sheet total amounted to 1.4% (1.4%). No credit losses have been incurred. The Bank has no non-performing credits, doubtful credits or credits with interest remission, as per the balance sheet date.

Return on equity was 6.2% (5.5%) and the Bank's solidity was 22.4% (24.0%). Capital adequacy ratio was 25.1% (29.3%).

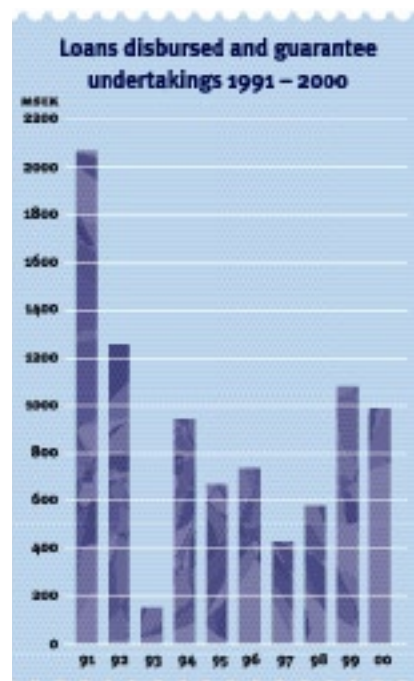
The surplus for the year of MSEK 51 was allocated to the reserve fund, which subsequently amounts to MSEK 885.

Allocated company-related SPP pension funds amounting to MSEK 4.8 after calculation at current value have affected earnings by MSEK 4.

On 20 December 1994, the Swedish Parliament passed a new Act concerning capital adequacy ratios and major risk exposures of credit institutions and investment companies. Under this Act, the bank is exempt from the provisions relating to the limitation of major exposures, but remains subject to the provisions on capital adequacy ratios.

The personnel of the Bank consisted of the Managing Director and 8.0 (8.0) employees. On the instructions of the government, the Bank's personnel also handle the day-to-day operations of the Board for Shipping Support.

The result of the Bank's operations during the year and its position at year-end are shown in the following Income Statement and Balance Sheet.



Special mark, indicating pipeline, yacht-racing course etc. Yacht racing, probably between Grötö (where the stamp's engraver, Martin Mörck, lives) and Kalvsund in the northern archipelago of Gothenburg.

MOTIF: Special mark. ISSUED: 3 June 1982.



Mid-channel mark, indicating middle of a channel, at traffic separation, or the start of a channel in open sea. The Swedish Maritime Administration's vessel Malmö during work off Ven.

MOTIF: Mid-channel mark. ISSUED: 3 June 1982.



Individual mark, located on bottom with small extent. Pilot boat during trial laying off Skogsudde Light.

MOTIF: Point mark.

ISSUED: 3 June 1982.

Income Statement

SEK		2000	1999
Interest income			
Lending to shipping companies:			
Interest		226,815,610	167,475,738
Compensation for funding costs		3,029,413	3,382,530
Short-term investments:			
Swedish financial institutions		133,003	97,922
Interest bearing securities		11,451,528	16,652,165
Long-term investments:			
Interest bearing securities		25,657,847	18,920,144
Interest costs	(note 1)	-207,129,413	-150,587,779
Net interest income	(note 2)	59,957,988	55,940,720
Repayment of SPP funds	(note 3)	3,967,406	—
General administrative costs	(note 4)	-6,753,027	-6,922,150
Guarantee fund fee paid to the State		-5,330,000	-5,330,000
Inventory depreciation		-216,446	-214,193
Other operating expenses		-135,409	-135,901
Surplus allocated to reserve fund		51,490,512	43,338,476

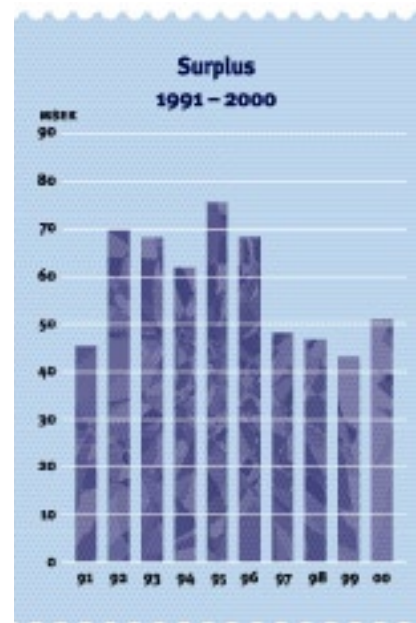


100 years of the Swedish Touring Club.

Before the full rigger of Chapman docked in Stockholm in 1949, she operated as a training vessel for both the Swedish Navy and the Gothenburg shipping company Transatlantic. Built under the name of Dunboyne in England in 1888.

MOTIF: The youth hostel of Chapman.

ISSUED: 21 June 1985.



Balance Sheet

SEK		2000-12-31	1999-12-31
ASSETS			
Cash		10,000	10,000
Lending to credit institutions	(note 5)	3,439,978	2,476,127
Bonds and other interest bearing securities:	(note 6)		
short-term investments		208,978,685	312,945,347
long-term investments		542,977,826	382,331,669
Lending to shipping companies	(note 7)	3,123,799,380	2,709,542,086
Tangible assets	(note 8)	121,769	307,235
Other receivables	(note 9)	3,008,049	—
Accrued interest income		55,487,524	55,392,402
Prepaid expenses and other accrued income		6,594,906	6,722,463
Total assets		3,944,418,117	3,469,727,329
LIABILITIES AND EQUITY			
Liabilities			
Liabilities to credit institutions	(note 10)	2,893,375,858	2,455,584,942
Other borrowing	(note 11)	131,770,329	151,309,204
Other liabilities		8,059	24,059
Accrued interest expenses		33,489,763	28,581,504
Deferred income and other accrued expenses		768,836	712,860
Equity			
Reserve fund, whereof surplus for the year MSEK 51.5 (43.3)		885,005,272	833,514,760
Total liabilities and equity		3,944,418,117	3,469,727,329
Guarantee fund			
Swedish State guarantee		350,000,000	350,000,000
Collateral pledged			
Contingent liabilities		none	none

GOTHENBURG, 23 FEBRUARY 2001

Pehr G Gyllenhammar

Jan Källsson
Åsa Kastman Heuman
Anna-Lisa Engström

Christer Berggren
Folke Patriksson
Ulla Olovsson
/Birgitta Wickenberg Karlsson

Capital Adequacy Ratio

2000-12-31

CAPITAL BASE, SEK THOUSANDS		
Primary capital	= Reserve fund	885,005
Total capital base		885,005
CAPITAL REQUIREMENT, SEK THOUSANDS		
	Weighted average %	Weighted risk capital
Group A	0	0
Group B	20	154,683
Group D	100	3,371,858
Total weighted risk capital		3,526,541

$$\text{Capital adequacy ratio in \%} = \frac{\text{Total capital base} \times 100}{\text{Total weighted risk capital}} = 25.10 \%$$

Cash Flow Analysis

	2000	1999
DAY-TO-DAY OPERATIONS		
Interest received and compensation for funding costs	224,940,289	162,176,040
Interest payments received on interest bearing securities	42,142,323	35,973,752
Interest paid	-202,221,154	-142,094,513
	64,861,458	56,055,279
Repayment of SPP funds	959,357	—
Administrative expenses paid	-12,141,236	-12,551,066
Cash flow from day-to-day operations	53,679,579	43,504,213
INCREASE/DECREASE IN ASSETS AND LIABILITIES OF DAY-TO-DAY OPERATIONS		
Increase/Decrease in lending to shipping companies	-414,257,294	-867,367,998
Increase/Decrease in borrowing	418,252,041	880,756,067
Investments in interest bearing securities	-56,679,495	-57,396,516
	-52,684,748	-44,008,447
INVESTMENT OPERATIONS		
Investments in inventory	-30,980	-303,346
	-30,980	-303,346
Cash flow for the year	963,851	-807,580
Liquid assets at the start of the period	2,486,127	3,293,707
Liquid assets at the end of the period	3,449,978	2,486,127

Liquid assets consist of cash and loans to credit institutions.

Notes

NOTE 1	INTEREST COSTS	2000	1999
	Liabilities to credit institutions	191,501,867	133,084,827
	Other borrowing	15,627,546	17,502,952
		<u>207,129,413</u>	<u>150,587,779</u>
NOTE 2	NET INTEREST INCOME	2000	1999
	Average interest rate during the year for		
	– lending to shipping companies	8.25	6.87
	– promissory notes	7.71	6.34
NOTE 3	REPAYMENT OF SPP FUNDS		
	Of total company-related funds of SEK 4,796,788, a total of SEK 1,030,911 was received during the year, partly in the form of cash disbursement of SEK 959,357 and partly for payment of premiums of SEK 71,554. The remaining sum of SEK 3,765,877 has been calculated at present value and is estimated to be utilized over the next 9 years.		
NOTE 4	GENERAL ADMINISTRATIVE COSTS	2000	1999
	Personnel costs:		
	Fees and salaries to the Board and Managing Director including:	1,256,934	1,152,813
	Chairman of the Board	100,000	
	Managing Director	848,184	
	Salaries to other employees	2,038,177	2,043,859
	Pension costs in excess of the general pension plan	–	–
	Other pension costs	489,607	496,972
	Social contributions	1,112,917	1,081,866
	Other personnel costs	790,217	544,419
	Rent and other costs for premises	745,181	681,125
	Other administrative costs	1,475,992	2,099,082
		<u>7,909,025</u>	<u>8,100,136</u>
	Administrative compensation	–1,155,998	–1,177,986
		<u>6,753,027</u>	<u>6,922,150</u>
	Audit fee		
	KPMG Bohllins AB	90,194	82,115
	Auditors appointed by the government	32,500	28,000
		<u>122,694</u>	<u>110,115</u>

*The position of Managing Director of the Bank is subject to a mutual period of notice of 2 years.
The Managing Director is entitled to draw a pension, equivalent to 70% of salary, on retirement at 62 years of age.*

Notes

NOTE 5	LENDING TO CREDIT INSTITUTIONS	2000-12-31	1999-12-31
	Payable on demand	3,439,978	2,476,127

NOTE 6	BONDS AND OTHER INTEREST BEARING SECURITIES	PURCHASE VALUE	MARKET VALUE	NOMINAL VALUE
	Short-term investments			
	Mortgage institutions	220,840,430	209,195,085	205,700,000
	Accumulated amount in value adjustment account	-11,861,745		
	Book value	208,978,685		
	Long-term investments (<i>bonds</i>)			
	Mortgage institutions	544,924,508	553,805,855	545,300,000
	Accumulated amount in value adjustment account	-1,946,682		
	Book value	542,977,826		

	2000-12-31	1999-12-31
Remaining duration		
Maximum three months	17,040,148	6,947,192
Longer than three months but maximum one year	191,938,537	305,998,155
Longer than one year but maximum five years	542,977,826	382,331,669
Remaining fixed interest term		
Maximum three months	17,040,148	6,947,192
Longer than three months but maximum one year	191,938,537	305,998,155
Longer than one year but maximum five years	542,977,826	382,331,669

Average remaining duration 2.1 years (1.5 years).

Average effective interest rate as a percentage of purchase value 5.2 % (4.8 %).

“Norden 98” – Shipping.

The cruise ship Albatros is 185 metres long, and is one of the large cruise ships which dock in Stockholm Harbour every summer.

MOTIF: The cruise ship Albatros.

ISSUED: 14 May 1998.



Notes

NOTE 7	LENDING TO SHIPPING COMPANIES	2000-12-31	1999-12-31
	Loans in SEK	137,653,067	183,581,600
	Loans in foreign currency	2,792,909,196	2,345,984,937
	Interest-subsidised lending	122,047,117	138,835,549
	Loans to smaller shipping companies in accordance with SFS 1988:103	71,190,000	41,140,000
		<u>3,123,799,380</u>	<u>2,709,542,086</u>

Remaining duration		
Maximum three months	—	—
Longer than three months but maximum one year	—	181,800
Longer than one year but maximum five years	234,382,666	208,726,505
Longer than five years	2,889,416,714	2,500,633,781
<i>Average remaining duration 11.8 years (11.3 years).</i>		

Remaining fixed interest term		
Maximum three months	2,033,115,036	1,754,104,924
Longer than three months but maximum one year	810,715,164	623,944,410
Longer than one year but maximum five years	179,502,512	221,892,751
Longer than five years	100,466,668	109,600,001

Under ordinances SFS 1980:561 and SFS 1981:413, an interest subsidy system was introduced for Swedish buyers of ships from Swedish yards. This system has now been terminated, but it is estimated that interest subsidies on remaining loans will continue until 2003.

A special fund, administered by the Bank (by Government decree of 1987) may be used to cover losses in connection with new loans to smaller shipping companies. The capital balance of the fund on 31 December 2000 was MSEK 93.7 (MSEK 90.0).

NOTE 8	TANGIBLE ASSETS		
	Equipment		
	Acquisition value brought forward	1,117,956	
	Acquisition value for the year	30,980	
		<u>1,148,936</u>	
	Total acquisition value		1,148,936
	Accumulated depreciation brought forward	810,721	
	Depreciation for the year	216,446	
		<u>1,027,167</u>	
	Total accumulated depreciation		-1,027,167
	Book value		121,769

Equipment acquired prior to 31 December 1996 has been written off in full.

Equipment acquired as of 1 January 1997 has been activated with a depreciation period of 3 years.

NOTE 9	OTHER RECEIVABLES	2000-12-31	1999-12-31
	Relating to SPP funds, of which current portion:		439,368—
	long-term portion:	2,568,681	—
		<u>3,008,049</u>	—

Notes

NOTE 10	LIABILITIES TO CREDIT INSTITUTIONS	2000-12-31	1999-12-31
	Swedish banks	1,987,260,422	1,934,857,261
	Swedish financial companies	906,115,436	520,727,681
		<u>2,893,375,858</u>	<u>2,455,584,942</u>
	Remaining duration		
	Maximum three months	—	—
	Longer than three months but maximum one year	—	—
	Longer than one year but maximum five years	87,215,529	40,990,955
	Longer than five years	2,806,160,329	2,414,593,987
	<i>Average remaining duration 12.3 years (11.8 years).</i>		
	Remaining fixed interest term		
	Maximum three months	2,002,275,023	1,723,383,130
	Longer than three months but maximum one year	740,678,800	565,994,639
	Longer than one year but maximum five years	49,955,367	56,607,172
	Longer than five years	100,466,668	109,600,001
NOTE 11	OTHER BORROWING	2000-12-31	1999-12-31
	Other borrowing	131,770,329	151,309,204
	Remaining duration		
	Maximum three months	—	—
	Longer than three months but maximum one year	—	—
	Longer than one year but maximum five years	131,770,329	151,309,204
	Longer than five years	—	—
	<i>Average remaining duration 2.8 years (3.5 years).</i>		
	Remaining fixed interest term		
	Maximum three months	6,865,000	—
	Longer than three months but maximum one year	—	—
	Longer than one year but maximum five years	124,905,329	151,309,204
	Longer than five years	—	—

Accounting and Evaluation Principles

THIS ANNUAL REPORT has been prepared in accordance with the Swedish Act concerning Annual Reports for Credit Institutions and Investment Companies (1995:1559). The directions of the Swedish Financial Supervisory Authority have been observed.

The short-term investments referred to under interest-bearing securities have, in all essentials, been valued at the lower of cost or market value, as per balance

sheet date. Interest-bearing securities that refer to long-term investments have been valued at cost value, with appropriate premium and discount adjustments shown as interest. Accrual accounting is applied during the remaining term.

The valuation of outstanding loans, from the point of view of the credit risk, has been made in accordance with the Financial Supervisory Authority's directions.

Loans in foreign currencies to ship-

ping companies have been valued at the historical exchange rate, in view of the fact that the equivalent borrowing in the same currency has likewise been valued at the historical exchange rate. Thus, there is no currency risk involved.

The interest risk is limited, due to the fact that the interest terms for the Bank's long-term borrowing correspond to investments in outstanding loans.

Auditors' Report



WE HAVE EXAMINED the annual report, the accounts and

the administration of the Swedish Ships' Mortgage Bank by the Board of Directors and Managing Director for the year 2000. The Board and Managing Director are responsible for the record of accounts. Our responsibility lies in commenting on the annual report and accounts, on the basis of our audit.

Our examination was carried out in accordance with generally accepted auditing standards. This means that we have planned and carried out the audit in order to ensure, as much as is reasonable, that the annual report does not contain any essential errors. An audit entails the scrutiny of a selected number of supporting documents for the amounts and other information contained in the accounts.

An audit also entails checking the accounting principles and the application of same by the Board and the Managing Director, as well as analysing and assessing the information in the annual report, as a whole.

We have scrutinised the important decisions, actions and conditions of the Bank in order to assess whether any member of the Board or the Managing Director has a liability towards the Bank, or has in any other way acted contrary to the Law on Annual Reports or the regulations governing the operations of the Bank that are included in the Law pertaining to the Swedish Ships' Mortgage Bank.

We consider that our audit gives us reasonable grounds for the following statement.

The Annual Report has been prepared in accordance with the Law on Annual Reports, and we therefore recommend that the Income Statement and Balance Sheet be adopted.

The Board of Directors and the Managing Director have not taken any action or been guilty of negligence, which, in our opinion, could lead to financial liability towards the Bank.

We therefore recommend that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

GOTHENBURG, 13 MARCH 2001

Lars Johan Cederlund

Lena Möllerström

AUTHORISED PUBLIC ACCOUNTANT

AUDITORS APPOINTED
BY THE GOVERNMENT



Maritime motifs.

The Figureheads Hall in Karlskrona Maritime Museum is full of figureheads from Swedish warships. Most of them were carved from pine by Johan Törnström, 1744-1828.

MOTIF: Figurehead from the liner Carl XIII.

ISSUED: 9 May 1997.



This compass rose is from the 18th Century and has been placed here on a modern naval chart of Sandhamn in the Stockholm archipelago.

MOTIF: Compass rose 18th Century.

ISSUED: 9 May 1997.



Compass rose from a hand-drawn map, in an atlas by the Portuguese Diego Homem from 1568. In the background a naval chart of the Karlskrona archipelago.

MOTIF: Compass rose 16th Century.

ISSUED: 9 May 1997.

Board of Directors

MEMBERS

CHAIRMAN

PEHR G GYLLENHAMMAR
M.D.HC; D.TECH.HC;
London

CHRISTER BERGGREN

*Head of Section, Ministry of Industry,
Employment and Communications, Stockholm*

ÅSA KASTMAN HEUMAN

*Director-General for Administrative
and Legal Affairs, Ministry of Industry,
Employment and Communications, Stockholm*

ANNA-LISA ENGSTRÖM

*Managing Director,
Dag Engström Rederi AB, Lysekil*

DEPUTY CHAIRMAN

JAN KÄLLSSON

*Managing Director,
Erik Thun AB, Lidköping*

ULLA OLOVSSON

*Deputy Chairman,
SEKO, Stockholm*

FOLKE PATRIKSSON

*Managing Director,
B&N Nordsjöfrakt AB, Skärhamn*

DEPUTY MEMBERS

TURE AXELSSON

*Shipowner,
Charterfrakt AB, Skärhamn*

LARS-GÖRAN HOLMGREN

*Union Secretary,
SEKO, Stockholm*

HANS-YNGVE JOHNSON

*Shipowner,
Ektank AB, Gothenburg*

ANDERS LINDSTRÖM

*Director General
National Mediation Office, Stockholm*

MORGAN JOHANSSON

*Member of Parliament
Lund*

AGNETA RODOSI

*Treasurer,
Statliga Akademiska Hus AB, Gothenburg*

BO SEVERED

*Managing Director,
Stena Line AB, Gothenburg*

MANAGING DIRECTOR

BIRGITTA WICKENBERG KARLSSON



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