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74TH YEAR OF OPERATIONS

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SHIP PORTRAITURE — A FORGOTTEN ART



Ship portraiture as an identifiable genre arose some time during the latter part of the 18th Century. The great breakthrough came around the middle of the 19th Century, and

the period of greatness lasted until the first few decades of the 20th Century when the painted picture was displaced by photography. The ship portraits we see reproduced on the following pages have all been at the Ship Portraiture exhibition which has been held at the Nordic Water Colour Museum in Skårhamn.

A genuine ship portrait has to fulfil several criteria. It has to be carried out by hand, in colour or monochrome. Materials and substrates may vary: water colours, gouache, oil or mixed technique, on paper, panel or canvas. The portrait must faithfully and in detail reproduce a named vessel. It must be possible to read the name of both the ship and its captain on the painting, directly on the picture, on the passe-partout or the frame. Hence the term Captain's Portrait which is sometimes used for this genre. In addition, the portrait

must be commissioned or be painted with the definite intention of being sold. It is therefore not possible to paint a "genuine" ship portrait of one's own boat or for one's own needs.

Special care and attention was given to correctly reproducing the rigging and characteristic details of the ship. It was less important that wind direction and the colours of the waves and sky were in agreement and were true to nature. The ship is at the centre, everything else is decoration and framing. The ship is therefore, in the vast majority of cases, painted straight from the side. A procedure which also facilitates the industrial element and the use of templates and standardised substrates. These special features contribute to the somewhat naive and illustrative expressions of the genre, but also to its undeniable charm. The standardised method of working means that it is quite easy to recognise the artist, even if there is no signature, which is unusual.



Key Figures

SWEDISH SHIPS' MORTGAGE BANK	2001	2000	1999	1998	1997
Operating income, MSEK	58.3	51.5	43.3	46.7	48.4
Balance sheet total, MSEK	5,417.2	3,944.4	3,469.7	2,537.2	2,614.5
Reserve fund, MSEK	943.3	885.0	833.5	790.2	743.4
Profit level, per cent	1.3	1.4	1.4	1.8	1.3
Return on equity, per cent	6.6	6.2	5.5	6.3	7.0
Solidity, per cent	17.4	22.4	24.0	31.1	28.4
Capital adequacy ratio, per cent	21.2	25.1	29.3	42.8	37.0
Number of employees	9	9	9	9	9

Erik Hast

Sweden, 1872-1947. Born in Österjörn, Västerbotten but active in Helsingborg, not just as a ship portrait artist but also as a decorator and sculptor. Often used a mixed technique, wave crests and ships may be painted in chalk while sea and sky may be in water colour or gouache. Liked to use recesses in the paper which changed character with time as the paper turned yellow.



AGNES. 60 x 50 cm.

"Agnes, Skärhamn. B.F.H.T. Berntsson. 1938." Three-masted schooner, built in Marstal in 1901. Sold in 1930 to Skärhamn and was then given the name Agnes. Sold on to Bergkvara in 1960. Continued sailing until 1963.



FALKEN. 70 x 57 cm.

"Falken. Lilla Tjörnekalf. Kapt. M. Johansson. E. Hast. 1918" Two-masted schooner, built in 1892. Bought in 1917 by the skipper and ship owner Martin Johansson. Disappeared on 28 Nov. 1918 with a cargo of earthenware and four men. She was en route from Höganäs to Kotka in Finland.



ALLY. 53 x 46 cm.

"Ally. MD 233. Skärhamn. Kapt. B. Olsson. E. Hast 1913" Yacht, built in Marstrand in 1906. Sailed until 1942 when she collided with the S/S Pylades at the Haneklo Lighthouse in the Göta Älv river.

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 shipowners, 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 943) 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.

J.H. Harrison

According to the small amount of information available, he was active in Swansea around the turn of the century. Both the examples reproduced are signed 1906. They are very similar and are notable for their characteristically blue, almost lavender-blue, colour.



BELONGS TO THE ÅLAND MARITIME MUSEUM

SOUTHERN BELLE. 79 x 54 cm.

"Southern Belle fr Mariehamn. Capten Axel Erikson. J. H. Harrison Swansea. August 24th. 1906" Barque, built in Nova Scotia in 1871. Came into Åland ownership in 1891 and remained so until she was broken up in 1919. The rigging was re-used for the newly built Carmen, which was launched in 1921 in Lemland Granboda. The Southern Belle in 1904 made a much talked-about fast voyage between Hull and Stockholm, taking only six days. The captain was Axel Erikson.



BELONGS TO THE ÅLAND MARITIME MUSEUM

ALBANIA. 68 x 42 cm

"Albania fr; Mariehamn. Capt: Gustaf Erikson. Swansea August 22th 1906. J.H. Harrison" Full rigger, built in St Johns in 1884. The Albania was bought to Åland in 1903, five years later she was sold in Rio de Janeiro. Captain Gustav Erikson was her commanding officer from 1906 to 1908.

Comments BY THE CHAIRMAN AND THE MANAGING DIRECTOR

THE SWEDISH SHIPS' MORTGAGE BANK reports a surplus for 2001 of SEK 58 million (SEK 51 million). This profit signifies an increase in surplus of 13 %.

Return on equity rose to 6.6 % (6.2 %), and loans granted by SEK 300 million to SEK 1,500 million. Outstanding loans to shipping companies increased by SEK 1,795 million or 50 % to SEK 5,364 million.

The Bank has therefore shown healthy growth which has been maintained with unchanged manning. This is due to the high motivation of the staff and the fact that our commitment to training and personal development has yielded results. We are probably one of the most efficient financial institutions in our sector.

The Bank introduced a bonus system on a trial basis in 2001.

The system rewards every member of staff

who attains specific targets. A bonus can be paid up to a maximum of 15 % of annual pay and 25 % for the Managing Director.

The system has turned out well with regard to increased motivation and raised skills. The Board has decided to modify the system for 2002 to a maximum bonus of 10 % of annual pay for the staff and 20 % for the Managing Director.

The bonus does not qualify for pension.

The growth in operations has meant that solidity has fallen to 17.4 % (22.4 %) and capital adequacy ratio to 21.2 % (25.1 %). Our balance sheet remains strong and has been built up to cope with the on-going expansion.

We have acquired several new clients and have consequently continued to increase our market share.

Our reserve fund has been strengthened

through the addition of the surplus from last year and amounts to SEK 943 million.

Despite a difficult economic climate, the Bank does not have any non-performing or doubtful credits.

We are committed to continued expansion on competitive terms, customised solutions and first-class service.

In truth, we exist to serve our clients and therefore provide our owner with a good return on capital, which we have ourselves built with our own profits.

PEHR G GYLLENHAMMAR

Chairman

BIRGITTA WICKENBERG KARLSSON

Arthur Victor Gregory

Australia, 1869-1957. Son of the Englishman George F. Gregory, who left the active seaman's life for Melbourne and a living as a ship painter. Arthur Victor helped his father in the studio early on and went on to become one of the last practitioners of the art. The water colours are relatively large and are characterised by high and dramatic seas, often clear blue-green.

Gregory is well known on Åland as he painted many of the large ocean-going sailing ships which transported wheat from Australia to Europe during the inter-war period.



BELONGS TO THE ÅLAND MARITIME MUSEUM



BELONGS TO THE ÅLAND MARITIME MUSEUM



BELONGS TO THE ÅLAND MARITIME MUSEUM

LAWHILL. 64,5 x 40 cm.

"A. V. Gregory. *The Lawhill* EA Öfverström Master 1922-1923"

Four-masted barque, built in 1892 in Dundee, Scotland. A good sailer, and easily recognisable from her distinctive rigging. Bought to Åland in 1913, and then by Gustaf Erikson in 1917. Made her last voyage in 1948.

HERZOGIN CECILIE.

74 x 49 cm. Unsigned. No text on picture.

Four-masted barque, built in 1902 in Bremerhaven. Came to Åland in 1921 and plied the wheat trade between Australia and England. On 25 April 1936 she ran aground off the coast of Devon. Parts of the interior were salvaged and can now be seen in the Åland Maritime Museum.

MOZART. 65 x 40 cm.

"A. V. Gregory"

Four-masted schooner, built in 1904 in Greenock, Scotland. Bought to Åland in 1922 after having carried saltpetre from Chile and Peru to Europe under a German flag. In 1935 she made an unusually stormy voyage, which lasted 110 days, and ended being scrapped.

Market Review



Managing Director,

BIRGITTA WICKENBERG KARLSSON

SWEDISH SHIPPING was affected by two events in particular last year: the terrorist attack on 11 September, which further exacerbated the economic downturn, and the decisions taken by the Swedish Parliament on shipping policy during the autumn.

It is hoped that the new shipping policy will mean that the negative trend for the Swedish merchant fleet will be reversed. The Swedish-controlled merchant fleet consisted of just over 500 vessels with total deadweight of nearly 10.8 million tonnes at the turn of the year. Of these, 230 vessels totalling 1.7 million tonnes deadweight were sailing under the Swedish flag.

At the turn of the year, Swedish-based shipping companies had around 30 vessels on order, around half of which are expected to be delivered in 2002.

Around 47 million tonnes deadweight was added to the world merchant fleet in 2001, and an equal amount is expected from the world's shipyards this year. A total of around 88.4 million tonnes deadweight is on order. Shipyard prices, which started to rise during 2000, peaked at the beginning of 2001 and have since fallen to below 1999 levels in many cases.

Scrapping of old tonnage increased during 2001, particularly at break-up yards in China and India.

While tonnage trends in the Swedish shipping industry are positive following the decision by the Swedish Parliament on new subsidies for shipping, the mood is different in neighbouring countries. In Norway, there is great disappointment in shipping over the tax system and the reduction of the 'reimbursement scheme', which provides an employment subsidy for Norwegian seamen. In Finland,

ferry subsidies have been introduced which from the point of view of the industry are not competitive in comparison with the subsidies received by Swedish ferries.

The insurance market, which has faced a number of years of very tough competition and low premiums, has been hit hard by the terrorist atrocities. Premium costs for the shipping companies will increase in 2002. The insurance market Lloyd's in London has suffered heavy losses which must be recouped. The financial income of the P&I clubs has fallen and is no longer able to cover the premium losses. During 2001, the clubs therefore set targets of 25-30 per cent general rises in premiums.

Although the events of 11 September had an impact on the economy and cargo rates in general, cruise industry and to some extent also liner shipping were particularly affected. Several factors had an impact in the case of liner shipping. Germany has the fastest-growing merchant fleet in Northern Europe, and the German KG system has meant that large new container tonnage has been added to the market. In Germany, which controls more than 80 per cent of the fleet in the 1,000-2,000 TEU segment, 140 new ship orders were placed in 2001.

2001 started well for tanker shipping but ended considerably less well, particularly on the spot market. Product tanker shipping suffered when reduced air traffic also led to a reduced need for aviation fuel. Despite falling rates at the end of the year, the tanker shipping companies nevertheless achieved sufficiently good results during the first part of the year to be able to record positive earnings for the whole year. Concordia Maritime made a surplus of over SEK 250 million, and Broströms reported its best profit ever, just over SEK 430 million.

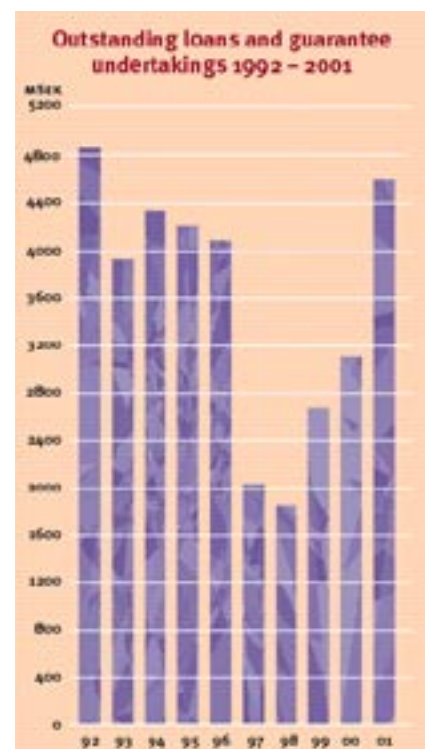
The events of 11 September came as a severe blow for the cruise industry. The profit which Star Cruises, for example, accumulated during the first nine months was wiped out during the last quarter. Deteriorating financial results also prompted further consolidation in the industry, and at the end of the year a merger process was initiated between P&O Princess Cruises and RCCL which was to lead to a new and world-leading cruise company. However, this has encountered tough opposition through a counter-bid from Carnival Cruises.

The trend towards falling passenger numbers in the ferry industry continued in 2001. This was most marked in the Öresund region, with competition from the Öresund Bridge. The ferry companies have continued their strategy with an increased focus on load. New tonnage with higher loading capacity have been used on the southern Swedish routes, while passenger capacity in several cases has been reduced. Traffic with Finland last year saw increased profitability for the major operators.

Smaller Swedish dry bulk tonnage is operating under severe competition, and 2001 was slightly worse than 2000. A chink of light was visible at the start of the autumn, however, and some upturn was noted during the last quarter. The competition comes principally from low-cost vessels sailing under Eastern European flags.

Bunker prices, which rose sharply in 2000, fell during 2001. The average price for marine diesel oil in Rotterdam was USD 190 per tonne, compared with USD 232 in 2000. Heavy fuel oil on average cost USD 116, compared with USD 139 in 2000.

A dozen merchant vessels were newly registered in the Swedish register in 2001. It is expected that more ships will adopt the Swedish flag during the current year as a result of the new Swedish shipping policy.



Summary

OF INCOME STATEMENTS AND BALANCE SHEETS

	2001	2000	1999	1998	1997
INCOME STATEMENT, SEK THOUSANDS					
Net interest income	71,901	59,958	55,940	58,570	59,383
–	3,968	–	–	–	–
General administrative costs	–7,972	–6,753	–6,922	–6,242	–5,457
Guarantee fund fee paid to the state	–5,330	–5,330	–5,330	–5,330	–5,330
Inventory depreciation	–142	–216	–214	–113	–8
Other operating expenses	–137	–136	–136	–141	–206
Surplus for the year	58,320	51,491	43,338	46,744	48,382
BALANCE SHEET, SEK THOUSANDS					
Assets					
Liquid assets	3,747	3,450	2,486	3,294	1,434
Interest-bearing securities:					
short-term investments	169,578	208,979	312,945	229,064	163,057
long-term investments	650,791	542,978	382,332	408,817	356,370
Lending to shipping companies	4,539,655	3,123,799	2,709,542	1,842,174	2,049,183
Other assets	53,431	65,212	62,422	53,896	44,501
Total Assets	5,417,202	3,944,418	3,469,727	2,537,245	2,614,545
Liabilities and equity					
Promissory note loans	4,450,592	3,025,146	2,606,894	1,726,138	1,851,047
Other liabilities	23,285	34,267	29,318	20,931	20,066
Reserve fund	943,325	885,005	833,515	790,176	743,432
Total Liabilities and Equity	5,417,202	3,944,418	3,469,727	2,537,245	2,614,545



BELONGS TO THE TJÖRN HEMBYGDSMUSEUM

S/S AGNE. 70 x 46, unsigned

No text on picture.

Steamer, built in Dumbarton in 1894 by M. McMillan & Son Ltd. She was commissioned by Mancestria SS Co Ltd and was therefore named the Mancestria. On 24 March 1900 she was bought by Svenska Ångfartygs AB Svithiod in Gothenburg and was given the name Agne. On a voyage from Gothenburg to Hull on 9 August 1917, the Agne was struck by a German torpedo. The vessel sank quickly, but the crew were rescued.

Administration Report

THE BOARD OF DIRECTORS OF THE SWEDISH SHIPS' MORTGAGE BANK
hereby submits its report on its administration during 2001



DURING THE YEAR, the Bank disbursed loans amounting to MSEK 1,673 (preceding year MSEK 987). Total outstanding loans receivable at the year-end amounted to MSEK 5,364 (MSEK 3,569) 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 there is 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 1,500 (MSEK 1,200) at the end of the year. The loans will be disbursed during 2002-2003 when the vessels for which the loans have been granted are delivered.

The Bank's operations have generated a surplus of MSEK 58 (MSEK 51). Profit in relation to the average balance sheet total amounted to 1.3 % (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.

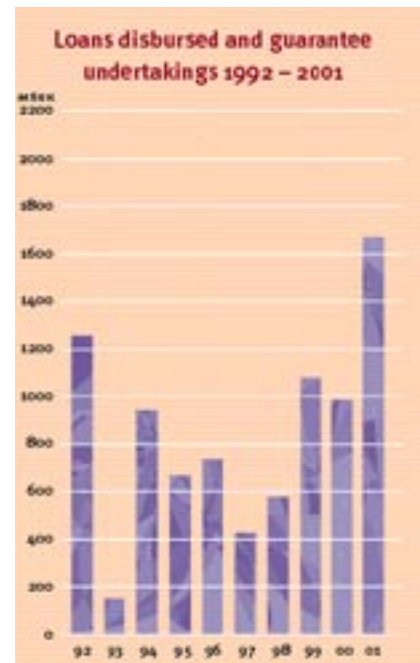
Return on equity was 6.6 % (6.2) and the Bank's solidity was 17.4 % (22.4). Capital adequacy ratio was 21.2 % (25.1).

The surplus for the year of MSEK 58 was allocated to the reserve fund, which subsequently amounts to MSEK 943.

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.



Aristides de Clerk

Born around 1840, active in Antwerp, Belgium, between 1875 and 1910. Painted mostly smaller vessels, occasionally in oil, but preferably in water colours and gouache, often mixed. Wave crests could be strengthened with oleum white and the sails recessed, so that with the ravages of time and poor paper they have turned yellow.



PRINS CARL. 68 x 51 cm

"Prins Carl från Uddevalla. Kapt. C. Ohlsson." Barque, built at the Stora Varvet shipyard in Stockholm in 1843. In 1872 Hälle in Bohuslän became her home port, and in 1890 Johan Jonasson became her main owner. On 26 August 1900 the Prins Carl sprung a leak, was towed to Åhus, inspected and condemned.



BELONGS TO THE ÅLAND MARITIME MUSEUM

NEPTUN. 81 x 55 cm

"Neptun från Åland. Capt K. J. Eriksson." Barque, built in Vasa in 1862. Sailed under the Åland flag from 1883 to 1890. The Neptun is said to have been lost later off the Jutland coast.

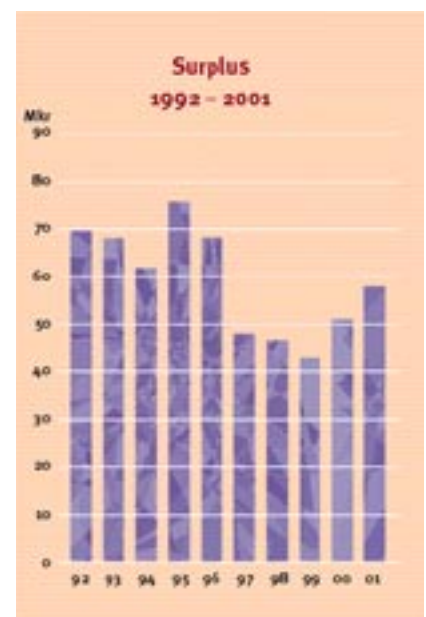
Income Statement

SEK		2001	2000
Interest income			
Lending to shipping companies:			
Interest		251,116,209	226,815,610
Compensation for funding costs		2,642,690	3,029,413
Short-term investments:			
Swedish financial institutions		192,439	133,003
Interest-bearing securities		8,851,477	11,451,528
Long-term investments:			
Interest-bearing securities		32,938,745	25,657,847
Other interest income		208,751	–
Interest costs	(note 1)	–224,049,049	–207,129,413
Net interest income	(note 2)	71,901,262	59,957,988
Repayment of SPP funds	(note 3)	–	3,967,406
General administrative costs	(note 4)	–7,971,962	–6,753,027
Guarantee fund fee paid to the state		–5,330,000	–5,330,000
Inventory depreciation		–142,492	–216,446
Other operating expenses		–136,833	–135,409
Surplus allocated to reserve fund		58,319,975	51,490,512



M/S MARIELLA.

Ferry built in 1985 by Wärtsilä in Turku, Finland. 2500 cabin berths and space for 400 cars. Belongs to the Viking Line. Gouache by Ragnar Källström.



Balance Sheet

SEK		2001-12-31	2000-12-31
ASSETS			
Cash		10,000	10,000
Lending to credit institutions	(note 5)	3,737,802	3,439,978
Bonds and other interest-bearing securities:	(note 6)		
short-term investments		169,578,229	208,978,685
long-term investments		650,790,546	542,977,826
Lending to shipping companies	(note 7)	4,539,654,898	3,123,799,380
Tangible assets	(note 8)	72,428	121,769
Other receivables	(note 9)	2,707,898	3,008,049
Accrued interest income		45,568,940	55,487,524
Prepaid expenses and other accrued income		5,081,722	6,594,906
Total assets		5,417,202,463	3,944,418,117
LIABILITIES AND EQUITY			
Liabilities			
Liabilities to credit institutions	(note 10)	4,344,890,882	2,893,375,858
Other borrowing	(note 11)	105,701,335	131,770,329
Other liabilities		8,059	8,059
Accrued interest expenses		22,023,973	33,489,763
Deferred income and other accrued expenses		1,252,967	768,836
Equity			
Reserve fund, whereof surplus for the year MSEK 58.3 (51.5)		943,325,247	885,005,272
Total liabilities and equity		5,417,202,463	3,944,418,117
Guarantee fund			
Swedish State guarantee		350,000,000	350,000,000
Collateral pledged			
Contingent liabilities		none	none

GOTHENBURG 8 MARCH 2002

Pehr G Gyllenhammar

*Anna-Lisa Engström
Åsa Kastman Heuman
Jan Källsson*

*Christer Berggren
Folke Patriksson
Ulla Olovsson
/Birgitta Wickenberg Karlsson*

Capital Adequacy Ratio

2001-12-31

CAPITAL BASE, SEK THOUSANDS		
Primary capital	= Reserve fund	943,325
Total capital base		943,325
CAPITAL REQUIREMENT, SEK THOUSANDS		
	Weighted average %	Weighted risk capital
Group A	0	0
Group B	20	214,867
Group D	100	4,233,989
Total weighted risk capital		4,448,856

$$\text{Capital adequacy ratio in \%} = \frac{\text{Total capital base} \times 100}{\text{Total weighted risk capital}} = 21,20 \%$$

Cash Flow Analysis

	2001	2000
DAY-TO-DAY OPERATIONS		
Interest received and compensation for funding costs	264,761,664	224,940,289
Interest payments received on interest-bearing securities	40,997,408	42,142,323
Interest paid	-235,514,839	-202,221,154
	70,244,233	64,861,458
Repayment of SPP funds	-	959 357
Administrative expenses paid	-11,031,506	-12,141,236
Cash flow from day-to-day operations	59,212,727	53,679,579
INCREASE/DECREASE IN ASSETS AND LIABILITIES OF DAY-TO-DAY OPERATIONS		
Increase/Decrease in lending to shipping companies	-1,415,855,518	-414,257,294
Increase/Decrease in borrowing	1,425,446,030	418,252,041
Investments in interest-bearing securities	-68,412,264	-56,679,495
	-58,821,752	-52,684,748
INVESTMENT OPERATIONS		
Investments in inventory	-93,151	-30,980
	-93,151	-30,980
Cash flow for the year	297,824	963,851
Liquid assets at the start of the period	3,449,978	2,486,127
Liquid assets at the end of the period	3,747,802	3,449,978

Liquid assets consist of cash and loans to credit institutions.

Notes

NOTE 1	INTEREST COSTS	2001	2000
	Liabilities to credit institutions	210,835,174	191,501,867
	Other borrowing	13,213,875	15,627,546
		<u>224,049,049</u>	<u>207,129,413</u>
NOTE 2	NET INTEREST INCOME	2001	2000
	Average interest rate during the year for		
	– lending to shipping companies	6.73	8.25
	– promissory note loans	6.09	7.71
NOTE 3	REPAYMENT OF SPP FUNDS		
	2001	2000	
	Of the remaining allocated company-related funds of SEK 3,765,877, a total of SEK 508,902 was received during the year for payment of premiums. The remaining sum of SEK 3,256,975 has been calculated at present value and is estimated to be utilisable over the next 7 years.	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 utilisable over the next 9 years.	
NOTE 4	GENERAL ADMINISTRATIVE COSTS	2001	2000
	Personnel costs:		
	Fees and salaries to the Board and Managing Director including:	1,351,842	1,256,934
	Chairman of the Board 100,000		
	Managing Director 919,342		
	Salaries to other employees	2,344,685	2,038,177
	Allocation to bonus scheme	376,000	–
	Pension costs in excess of the general pension plan	–	–
	Other pension costs	641,084	489,607
	Social contributions	1,357,564	1,112,917
	Other personnel costs	553,014	790,217
	Rent and other costs for premises	756,815	745,181
	Other administrative costs	1,905,471	1,475,992
		<u>9,286,475</u>	<u>7,909,025</u>
	Administrative compensation	<u>–1,314,513</u>	<u>–1,155,998</u>
		<u>7,971,962</u>	<u>6,753,027</u>
	Audit fee		
	KPMG AB	86,125	90,194
	Other auditors appointed by the government	32,500	32,500
		<u>118,625</u>	<u>122,694</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

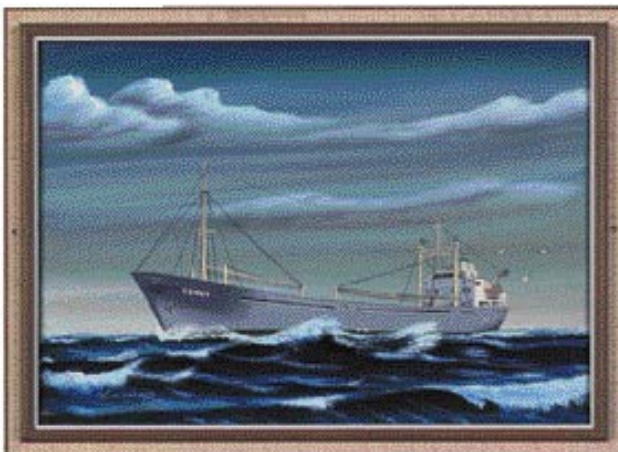
NOTE 5	LENDING TO CREDIT INSTITUTIONS	2001-12-31	2000-12-31
	Payable on demand	3,737,802	3,439,978

NOTE 6	BONDS AND OTHER INTEREST-BEARING SECURITIES	PURCHASE VALUE	MARKET VALUE	NOMINAL VALUE
	Short-term investments			
	Mortgage institutions	174,976,120	170,655,200	168,000,000
	Accumulated amount in value adjustment account	-5,397,891		
	Book value	169,578,229		
	Long-term investments (bonds)			
	Mortgage institutions	648,745,725	658,808,815	650,800,000
	Accumulated amount in value adjustment account	2,044,821		
	Book value	650,790,546		

	2001-12-31	2000-12-31
Remaining duration		
Maximum three months	0	17,040,148
Longer than three months but maximum one year	169,578,229	191,938,537
Longer than one year but maximum five years	650,790,546	542,977,826
Remaining fixed interest term		
Maximum three months	0	17,040,148
Longer than three months but maximum one year	169,578,229	191,938,537
Longer than one year but maximum five years	650,790,546	542,977,826

Average remaining duration 2.0 years (2.1 years).

Average effective interest rate in per cent of the purchase value 5.35% (5.2%).



A. Turpeinen

Active in Turku during the 1970s. Sought out his clients in the classic way, by simply visiting ships which called in and offering his services. Usually painted in gouache.



M/S COMET. 55 x 40 cm

"A Turpeinen, 1974."

Cargo vessel, built in Stockholm in 1958. In the same year that the ship portrait was painted, 1974, the ship owner and skipper, Leif Evertsson, sold the vessel on to Panama.

Notes

NOTE 7	LENDING TO SHIPPING COMPANIES	2001-12-31	2000-12-31
	Loans in SEK	117,106,334	137,653,067
	Loans in foreign currency	4,253,557,503	2,792,909,196
	Interest-subsidised lending	103,661,061	122,047,117
	Loans to smaller shipping companies in accordance with SFS 1988:103	65,330,000	71,190,000
		<u>4,539,654,898</u>	<u>3,123,799,380</u>
	Remaining duration		
	Maximum three months	—	—
	Longer than three months but maximum one year	—	—
	Longer than one year but maximum five years	251,528,295	234,382,666
	Longer than five years	4,288,126,603	2,889,416,714
	<i>Average remaining duration 12.1 years (11.8 years).</i>		
	Remaining fixed interest term		
	Maximum three months	2,660,686,583	2,033,115,036
	Longer than three months but maximum one year	1,419,347,383	810,715,164
	Longer than one year but maximum five years	233,298,682	179,502,512
	Longer than five years	226,322,250	100,466,668
	<i>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.</i>		
	<i>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 2001 was MSEK 98.3 (MSEK 93.7).</i>		
NOTE 8	TANGIBLE ASSETS		
	Equipment		
	Acquisition value brought forward	1,148,936	
	Acquisition value for the year	93,151	
	Total acquisition value		<u>1,242,087</u>
	Accumulated depreciation brought forward	1,027,167	
	Depreciation for the year	142,492	
	Total accumulated depreciation		<u>-1,169,659</u>
	Book value		<u>72,428</u>
	<i>Equipment acquired prior to 31 December 1996 has been written off in full.</i>		
	<i>Equipment acquired as of 1 January 1997 has been activated with a depreciation period of 3 years.</i>		
NOTE 9	OTHER RECEIVABLES	2001-12-31	2000-12-31
	Relating to SPP funds, of which current portion:	500,509	439,368
	long-term portion:	2,207,389	2,568,681
		<u>2,707,898</u>	<u>3,008,049</u>

Notes

NOTE 10	LIABILITIES TO CREDIT INSTITUTIONS	2001-12-31	2000-12-31
	Swedish banks	3,504,707,689	1,987,260,422
	Swedish financial companies	840,183,193	906,115,436
		<u>4,344,890,882</u>	<u>2,893,375,858</u>
	Remaining duration		
	Maximum three months	—	—
	Longer than three months but maximum one year	—	—
	Longer than one year but maximum five years	120,667,214	87,215,529
	Longer than five years	4,224,223,668	2,806,160,329
	<i>Average remaining duration 12.4 years (12.3 years).</i>		
	Remaining fixed interest term		
	Maximum three months	2,632,080,345	2,002,275,023
	Longer than three months but maximum one year	1,371,940,665	740,678,800
	Longer than one year but maximum five years	114,547,622	49,955,367
	Longer than five years	226,322,250	100,466,668
NOTE 11	OTHER BORROWING	2001-12-31	2000-12-31
	Other borrowing	105,701,335	131,770,329
	Remaining duration		
	Maximum three months	—	—
	Longer than three months but maximum one year	—	—
	Longer than one year but maximum five years	105,701,335	131,770,329
	Longer than five years	—	—
	<i>Average remaining duration 1.8 years (2.8 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	—	—

Accounting and Valuation 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 the balance sheet date.

Interest-bearing securities which 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 shipping 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. No currency risk is therefore 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 2001. 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, 11 MARCH 2002

Lars Johan Cederlund

Lena Möllerström

AUTHORISED PUBLIC ACCOUNTANT

AUDITORS APPOINTED BY THE GOVERNMENT

H. Crane

Active during the first few decades of the 20th Century in Great Britain, probably for the most part in London. Worked in gouache in the smaller format. A particular characteristic is a number of birds, very simply shaped, between the viewer and the ship.



BELONGS TO THE ÅLAND MARITIME MUSEUM

LINGARD. 39 x 24 cm

"H Crane, London. Lingard, Mariehamn." Barque, built in Norway in 1893. Bought to Åland in 1925 by the ship owner Gustaf Erikson, when she was known as the Wathara. Under her original name, the Lingard, she sailed the North Sea and Baltic Sea routes until 1935, when she collided with the steamer Gerd. Then became a museum ship and finally a salvage pontoon.



BELONGS TO THE ÅLAND MARITIME MUSEUM

S/S MINERVA. 38 x 24 cm

"Crane, London. Minerva, Mariehamn." Cargo steamer, built in Great Britain in 1889. Bought in 1930 in Sweden by the Åland ship owner Arthur Andersson for the newly formed ship owning company Minerva, in whose ownership she stayed until 1939.



BELONGS TO THE ÅLAND MARITIME MUSEUM

S/S EDGAR. 18 x 36 cm

"H Crane, S/S Edgar." Cargo steamer, unknown origin. The ship owner Gustaf Erikson in Mariehamn invested in steamers in 1920. One of them was the S/S Edgar, named after his son. However, the investment was short-lived, and the Edgar was sold two years later.

Board of Directors

MEMBERS

CHAIRMAN

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

CHRISTER BERGGREN

Deputy Director, Ministry of Industry,
Employment and Communications, Stockholm

ÅSA KASTMAN HEUMAN

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

JAN KÄLLSSON

Managing Director,
Erik Thun AB, Lidköping

DEPUTY CHAIRMAN

ANNA-LISA ENGSTRÖM

Managing Director,
Dag Engström Rederi AB, Lysekil

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 JOHANSSON

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



Production and graphic design: Larsson Communications and Radiator, Gothenburg.

Paper of cover: Confetti 250 g. Paper of inside pages: Lessebo Bok natural white 150 g. Printing and repro: Ofta Grafiska, Gothenburg.

Portrait photographs: Gunnar Jönsson. Special thanks to the Åland Maritime Museum, exhibition curator and museum director Kjell Ekström, Nordic Water Colours Museum, programme co-ordinator Eva Blume, the photographers Christer Hallgren and Kjell Söderlund and private individuals on Tjörn who have lent their ship portraits. In cases where the ship portraits have been photographed without a frame, for the sake of common expression we have afterwards added a frame of different origin.