

Annual Report 2001  
**Postgirot Bank AB**

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*Postgirot Bank belongs to the Nordea Group. Nordea is the leading financial services group in the Nordic and Baltic Sea region and operates through four business areas: Retail Banking, Corporate and Institutional Banking, Asset Management & Life and General Insurance. The Nordea Group has nearly 11 million customers, 1,245 branches and 125 insurance service centres in 22 countries. The Nordea Group is a world leader in Internet banking, with more than 2.8 million e-customers. The Nordea share is listed in Stockholm, Helsinki and Copenhagen.*

## Postgirot Bank – Five-year summary

### Income statement (SEKm)

	2001	2000	1999	1998	1997
Net interest income	1,660	1,584	1,502	1,638	1,785
Commissions, net	1,637	2,142	2,185	1,532	1,487
Net result from financial operations	109	99	43	107	–64
Other income	107	183	153	162	168
<b>Total operating income</b>	<b>3,513</b>	<b>4,008</b>	<b>3,883</b>	<b>3,439</b>	<b>3,376</b>
Personnel expenses	931	917	927	954	1,094
Personnel expenses affecting comparability	–	–	204	–	–
Other expenses	1,886	2,419	2,678	2,215	2,012
<b>Total expenses before loan losses</b>	<b>2,817</b>	<b>3,336</b>	<b>3,809</b>	<b>3,169</b>	<b>3,106</b>
Profit before loan losses	696	672	74	270	270
Loan losses	–5	–4	–8	–7	–6
<b>Operating profit</b>	<b>691</b>	<b>668</b>	<b>66</b>	<b>263</b>	<b>264</b>
Tax on profit for the year	–207	–178	–39	–77	–76
Minority share	–	0	–	–	–
<b>Net profit for the year</b>	<b>484</b>	<b>490</b>	<b>27</b>	<b>186</b>	<b>188</b>

### Balance sheet (SEKm)

	2001	2000	1999	1998	1997
Lending to credit institutions	52,700	27,967	21,045	25,257	30,526
Lending to the public	18,792	25,243	11,399	5,629	6,778
Interest-bearing securities					
– Fixed assets	11,621	14,276	17,479	17,716	13,258
– Current assets	–	1,928	8,204	3,872	5,206
Other assets	2,235	1,709	1,938	1,924	2,453
<b>Total assets</b>	<b>85,348</b>	<b>71,123</b>	<b>60,065</b>	<b>54,398</b>	<b>58,221</b>
Liabilities to credit institutions	18,517	15,630	10,685	7,310	7,234
Deposits and borrowing from the public	61,370	50,743	45,258	42,948	46,144
Other liabilities and appropriations	2,086	1,859	1,370	1,500	2,306
Subordinated liabilities	540	540	540	540	540
Minority interests	–	0	–	–	–
<b>Total liabilities</b>	<b>82,513</b>	<b>68,772</b>	<b>57,853</b>	<b>52,298</b>	<b>56,224</b>
Shareholders' equity	2,835	2,351	2,212	2,100	1,997
<b>Total liabilities and shareholders' equity</b>	<b>85,348</b>	<b>71,123</b>	<b>60,065</b>	<b>54,398</b>	<b>58,221</b>

## Postgirot Bank – Five-year summary

### Key ratios

	2001	2000	1999,	1998	1997
Return on average equity, %*	19.2	21.0	2.2	9.3	9.8
Return on total capital, %*	0.64	0.73	0.08	0.47	0.47
Cost/income ratio before loan losses*	0.80	0.83	0.98	0.92	0.92
Cost/income ratio after loan losses*	0.80	0.83	0.98	0.92	0.92
Investment margin, %	2.5	2.7	3.2	4.1	4.7
Capital base, SEKbn	3.3	2.9	2.8	2.6	2.5
Risk-weighted amount, SEKbn	18.3	22.5	19.5	18.9	9.4
Total capital ratio, %**	18.1	12.9	14.4	20.5	26.9
Tier 1 capital ratio, %	15.2	10.5	11.6	16.3	21.1
Average number of employees	1,997	2,187	2,444	2,633	2,976

\* Key ratios for 1999 are shown exclusive of personnel expenses affecting comparability as regards the return on equity of 9.0% and the return on total capital of 0.34%, as well as the cost/income ratios before and after loan losses of 0.93%.

\*\* Capital adequacy is calculated for the Bank only, as the Group does not constitute a financial corporate group.

### Definitions

#### Return on average equity

Operating profit after 28% standard tax in relation to average shareholder's equity, defined as the average of taxed shareholder's equity at the beginning and at the end of the year, adjusted for dividends paid and any new issues during the year.

#### Return on total capital

Operating profit in relation to the average of the year's opening and closing balance sheet total.

#### Cost/income ratio

Total costs in relation to operating income. The cost/income ratio is calculated excluding and including loan losses.

#### Investment margin

Net interest income in relation to the daily average of total assets.

#### Capital base

The capital base is the sum of primary and supplementary capital. Primary capital consists of shareholder's equity – less goodwill and proposed dividend – plus 72% of untaxed reserves. Supplementary capital refers to fixed-term subordinate loans, with some reduction if the remaining term is less than five years. This portion of the supplementary capital may not exceed 50% of the primary capital.

#### Risk-weighted amount

The book value of various assets on and off the balance sheet are valued in accordance with the Act on Capital Adequacy and Large Exposures. The valuation takes into account the level of credit risk deemed to exist, as well as market risk related to interest and exchange rate fluctuations. The risk classes for credit risks may be 0, 20, 50

or 100%, depending on the counterparty or the collateral in the individual transaction. The sum of the risk-weighted values constitutes the risk-weighted amount.

#### Total capital ratio

Capital base as a percentage of risk-weighted amounts.

#### Tier 1 capital ratio

Primary capital (see definition under Capital base) in relation to risk-weighted amount.

#### Average number of employees

The average number of employees is defined as paid hours worked divided by normal working hours. At Postgirot Bank, 1,600 hours is considered to be the normal number of working hours per year.

## Board of Directors' Report

*The term Postgirot Bank refers throughout this report to the Group, that is, the Parent Company Postgirot Bank AB (publ), corporate registration number 516401-9704, and subsidiaries. Postgirot Bank AB is a wholly owned subsidiary of Postgirot Holding AB, corporate registration number 556608-9149, which in turn, since December 3, 2001, has been a wholly-owned subsidiary of Nordea Bank Sweden AB (publ), corporate registration number 502010-5523. The Parent Company in the Group is Nordea AB (publ), corporate registration number 556547-0977. All companies have their registered head office in Stockholm.*

### Postgirot Bank in brief

Postgirot Bank is the leading bank in the Swedish payments market. Most Swedish companies, organisations and individuals have business relations with Postgirot Bank. The customer base comprises some 425,000 companies, associations and other organisations as well as about 800,000 individuals.

### Earnings and profitability

Compared with the preceding year, the profit trend was marked by an improvement in net interest income, a reduction in the demand for consulting services and lower information-processing and transfer costs. A new agreement was signed during the spring with Posten Sverige AB covering the purchase of services from Sweden Post's service outlet network (cash service). This resulted in lower income and costs. The impact of the agreement on profit was negative in an amount in the region of SEK 130m.

Operating profit for 2001 amounted to SEK 691m (668), corresponding to a return on equity of 19.2% (21.0).

Net profit for the year after tax amounted to SEK 484m (490).

### Income

Operating income fell to SEK 3,513m (4,008). Of this amount, 50% (42) comprised net interest, including the net result from financial transactions and 47% (53) net commission income.

Net interest income rose 5% to SEK 1,660m (1,584). The increase is due to lower charges for the deposit guarantee – which declined to SEK 25m (91), as well as by somewhat higher short-term market interest rates plus higher lending and deposit volumes. However, the investment margin declined to 2.5% (2.7).

Net commission income decreased to SEK 1,637m (2,142). Commission income declined as a result of the new agreement with Posten Sverige AB covering remuneration for services in Sweden Post's service outlet network, combined with a lower volume of giro payment forms. Commission income also includes transaction payments and remuneration from other banks.

The net result from financial transactions rose to SEK 109m (99). The result for interest-bearing securities was a deficit of SEK 1m (deficit 7), while foreign exchange transactions amounted to SEK 110m (106).

Other operating income totalled SEK 107m (183). The difference is attributable to income in the preceding year relating to gains on the sale of shares in subsidiaries and repayment of retained value added tax (VAT) of SEK 48m and SEK 16m, respectively.

### Expenses

Total operating expenses for the financial year declined 15% and amounted to SEK 2,822m (3,340).

Personnel expenses amounted to SEK 931m (917). The increase is primarily attributable to higher pension expenses as a result of changes in the actuarial computational base. Continuing rationalisation and changes in routines reduced personnel requirements during the year. The average number of employees decreased to 1,997 (2,187). Salary increases governed by agreements totalled 3.0%.

Other administrative expenses fell SEK 567m to 1,744m (2,311). The decline is primarily the result of the new agreement with Posten Sverige AB regarding services in Sweden Post's service out-

let network. The cost of transaction services also fell as a result of a lower volume of giro payment forms in the service outlet network. Due to the transition to *e*-postgiro and *e*-account withdrawals, the cost of transfers to and from customer accounts has decreased. Compared with prior years when a number of major projects – such as adjustment to EMU and the new millennium – were conducted, information processing and the need for consultants fell significantly.

Depreciation, amortisation and write-downs of tangible and intangible fixed assets amounted to SEK 142m (108). The new payments and group account system was depreciated in an amount of SEK 42m (20). In addition, acquired goodwill was written down by SEK 15 m (-).

Credit losses amounted to SEK 5m (4).

#### **Tax**

Of the total tax expenses for the year of SEK 207m (178), SEK 51m (13) consisted of deferred tax. This represented a tax rate of 29.9% (26.7).

#### **Financial structure**

##### **Lending**

Lending to credit institutions and the public increased during the year to an average of SEK 52.1bn (37.8), and accounted for 84% (75) of total assets at year-end.

Lending to credit institutions amounted to SEK 52,700m (27,967) at year-end. The increase is attributable to the expansion of trading in repos – the strategy selected during the sales process for Postgirot Bank and which was aimed at placing a large share of funds on the short-term liquidity market – in addition to the fact that borrowing from the public were substantial due to the calendar effect on the closing date.

Lending to the public amounted to SEK 18,792m (25,243). The decrease is due to a lower volume of deposited repos in relation to the public on the closing date compared with the preceding year. Lending to the public via the customer base increased, however. The average utilised amount totalled SEK 13.3bn (11.3).

##### **Interest-bearing securities**

###### *Current assets*

The trading portfolio comprises the bank's trading stock of financial assets. In connection with the sales process for Postgirot Bank, the portfolio was realised and funds invested in the short-term liquidity market. At year-end 2000/2001, the book value of the portfolio was SEK 1,928m.

###### *Fixed assets*

Portfolio investments consist primarily of Swedish and international bonds with very high credit ratings. On the closing date, the reported value of the fixed asset portfolio was SEK 11,621m (14,276) and the market value exceeded the book value by SEK 177m (298). The value, which is reported at the accrued acquisition value, has declined as Postgirot Bank, in view of the prevailing sale situation, elected to defer reinvestment of the bonds that matured during the year. The fixed asset portfolio during January 2002 was transferred to Nordea Bank Sweden AB.

##### **Other assets**

Other assets, which amounted to SEK 2,235m (1,709), consisted primarily of positive valuation items relating to derivatives, SEK 59m (177), equipment and capitalised R&D expenditures of SEK 305 m (352), as well as accrued income and prepaid expenses of SEK 483m (674).

### Liabilities to credit institutions

Short-term liability positions arise in Postgirot Bank's relations with various players in the payment market. These are accentuated during major payments periods, such as year-end. Compared with 2000, this liability item increased and amounted to SEK 18,517m (15,630) on the closing date.

### Deposits from the public

Deposits at December 31, 2001 amounted to SEK 48,786m (46,250). These accounted for 57% (65) of total assets and represent the bank's most important source of finance. Average deposits during the year totalled SEK 35.9m (35.5).

Payment volumes for the financial year amounted to SEK 4,840bn, of which domestic volumes accounted for SEK 4,670bn and international volumes for SEK 170bn. The volume decline compared to 2000 was 3.7%.

### Borrowing from the public

Other borrowing from the public amounted to SEK 12,584m (4,493) on the closing date. The increase is attributable to repo trading. In addition, there was a reduced requirement for other borrowings from the public and was limited to the major payment dates.

### Provisions

Provisions for pensions and deferred tax amounted to SEK 1,179m (273). The increase is attributable primarily to the fact that part of the pension commitment secured by Postens Pensionstiftelse 1996 was transferred to securing via account.

### Subordinated liabilities

A new debenture loan in the amount of SEK 540m, with a maturity of six years, was issued to Posten AB during the year, as a result of which the previous loan was prematurely redeemed. The loan was taken over by Nordea Bank Sweden AB. Since the remaining maturity of the loan exceeds five years, the amount in its entirety constitutes supplementary capital and is included in the calculation of the bank's capital base.

### Other liabilities

Other liabilities totalled SEK 907m (1,586), of which SEK 39m (183) consisted of negative valu-

ation relating to derivative instruments and SEK 471m (416) consisted of accrued expenses and prepaid income.

### Shareholders' equity

Shareholders' equity amounted to SEK 2,351m at the beginning of the year. At the annual general meeting of shareholders in March 2001, it was decided that no funds would be used for dividends. Following the addition of net profit for the year, amounting to SEK 484m, shareholders' equity totalled SEK 2,835m at December 31. A dividend of SEK 50 m has been proposed for the 2001 financial year.

### Capital adequacy

The capital base and capital adequacy are calculated for the bank alone, since the Group does not constitute a financial corporate group. At year-end and after the proposed dividend, the bank's capital base amounted to SEK 3,323m (2,898). In relation to the risk-weighted assets of SEK 18,372m (22,534), this provided a total capital ratio of 18.1% (12.9) and a Tier 1 capital ratio of 15.2% (10.5). The increase was due to a combination of a reduced risk-weighted amount and larger capital base.

#### Capital adequacy

December 31					
SEK m	2001	2000	1999	1998	1997
Capital base	3,323	2,898	2,800	2,635	2,522
Of which					
Tier 1 capital	2,783	2,358	2,260	2,095	1,982
Risk-weighted amount	18,372	22,534	19,522	12,874	9,393
Of which,					
for market risks	0	108	418	115	24
Total capital ratio, %	18.1	12.9	14.4	20.5	26.9
Tier 1 capital ratio, %	15.2	10.5	11.6	16.3	21.1

### Risk management

In pursuing its operations, Postgirot Bank is exposed to various types of financial and other risks. These comprise credit risks, including counterparty risks, market risks – primarily interest rate and foreign exchange risks, liquidity and financing risks as well as operational and legal risks.



### **Risk organisation**

Ultimate responsibility for risk management lies with the Board of Directors of Postgirot Bank, which defines the bank's risk management requirements via the established financial policy and credit policy/credit instructions.

The Investment Delegation and Credit Working Group are the Board's organisations for the ongoing management of risk and credit questions. The Credit Committee, under the supervision of the credit manager, is the highest decision-making body for credit and counterparty risks within the bank's own organisation and handles credit proposals from the business units. The Finance and Risk Committee, under the supervision of the President, makes ongoing decisions involving risk mandates and positioning in investment operations. In addition, the Committee deals with issues involving results and financial risks in financing operations.

The Finance Unit is responsible for managing the bank's liquidity and for taking into consideration market and credit risks within the given limits.

Credit and Risk, under the supervision of the Credit Manager, is the independent control body for financial risks and has overriding responsibility for the bank's credit processes. The Internal Bank is a function within Treasury, the purpose of which is to attain effective control of the bank's net interest payments.

In addition to Credit and Risk, there is the bank's Internal Audit, which is an independent auditing function directly subordinate to the Board, which also has a special Audit Working Group.

### **Risk management and control**

Postgirot Bank's operations are controlled by external and internal regulations.

Financial Policy states the overall objectives, division of responsibility, conditions underlying asset and liability management including capital supply, risk management in financial management and instructions for follow-up and measurement.

The Credit Policy provides the guidelines for attaining quality targets and what is otherwise required in order to contribute to sound credit granting. The basic principles are as follows:

- Credit may only be extended if there are good grounds indicating that the borrower can be expected to fulfil the loan undertaking.
- All credits must be backed by collateral unless there are special circumstances.
- Credit granting should focus on standardised credit arrangements and on corporate structures that are readily overviewed.
- The credit portfolio should offer favourable risk diversification.
- Investment may be made only in debt instruments with low credit risk, the lowest being A- (S & P) or equivalent.

In accordance with the General Advice on Credit Risks (FFFS 1995:49) issued by the Swedish Financial Supervisory Authority, the credit instructions encompass the basic regulations for credit granting and credit management in the form of systems for control and follow-up.

### **Credits risks**

Credit risk refers to the risk that the bank does not receive payment for credit granted, or the credit/account balance is exceeded, or to risks associated with financial transactions, referred to as counterparty risks. Credit risks also include the risk – as a result of lack of payment capacity – that collateral or sureties do not cover the bank's receivables. All credit granting and investment operations are controlled within the framework of a decision-making procedure established by the Board, via set limits for each lender/issuer. Utilised credits amounted to SEK 14,506m (14,708) on the closing date, including off-balance sheet credit of SEK 861m (576). In addition to total investments of SEK 68,234m (53,545), repo trading operations, involving mainly treasury bills, amounted to SEK 20,257m (21,071). Credit exposure is shown in note 42.

Loan losses amounted to SEK 5m (4) in 2001.

### **Counterparty risks**

Counterparty risks may be divided into settlement and payment risks. Settlement risks are regarded as a credit risk and arise from trading

in currencies or other transactions in which the bank has made irrevocable payment without reciprocal performance being made or confirmed. In currency trading, the time period during which the risk exists is usually assumed to be three days. Payment risk is the risk that a counterparty on the due date cannot pay the unrealised, booked profit inherent in the transaction. Future profits are normally included in the payment risk.

Counterparty risks are reduced by trading in financial instruments that are primarily settled through authorised and controlled markets.

Postgirot Bank limits its settlement risks. The total counterparty risk, in line with the Capital Adequacy and Major Exposures Act, amounted to SEK 136m (197) on the closing date.

### Market risks

SEKm	Total 31 Dec, 2001	Total 31 Dec, 2000
Interest-rate price risk	13	20
Net interest-rate risk	317	252
Foreign-exchange risk	1	1

#### *Interest-rate risk*

Interest-rate risk arises as a result of the mismatch of the fixed interest terms for assets and liabilities, including off-balance sheet commitments. Interest-rate risk may be viewed from two perspectives: interest-rate price risk and net interest-rate risk.

Interest-rate price risk refers to the risk that the market value of interest-rate related financial instruments moves in a manner that is unfavourable for the bank as a result of changes in overall interest rate levels. By means of such instruments as interest-rate futures, FRAs and interest rate swaps, the interest-rate price risk in the liquidity portfolio is kept low.

The fixed assets portfolio also carries an interest-rate price risk due to variations in interest rates during the terms of the various investments. The interest-rate price risk in the fixed assets portfolio is measured but not limited.

Sensitivity analysis, refer to Note 41, shows how the Group's interest-rate risks were distributed as of December 31, 2001. At year-end 2001, a 1 percent rise in market rates would have meant that the market value of the liquidity portfolio would have declined by SEK 13m (14), with the market value of the fixed assets portfolio falling by some SEK 230m (300).

The net interest risk refers to the risk that net interest, in the event of a change in overall interest rates, moves in a manner that is negative over the time horizon of the transaction plan and thus does not provide the planned contribution to operations. Since Postgirot Bank has a highly volatile volume of deposits on a day-to-day basis, a portion of the liquidity is invested in the overnight market. In this manner, part of the bank's interest income is exposed to variations in short-term market interest rates.

The net interest-rate risk is measured continually for the financial portfolio by means of an analysis of the change in the net interest rate over a moving 12-month period, with a 1 percent parallel shift in the yield curve. In addition, the net interest risk for all assets and liabilities is analysed. The net interest-rate risk in the fixed assets portfolio is limited by a duration measurement. As of the closing date, the duration for the fixed asset portfolio was 1.9 years (2.1).

In the case of the liquidity portfolio, the net interest-rate risk has been estimated to amount to SEK 329m (213) and to SEK 9m (24) for the fixed asset portfolio. The total net interest risk amounted to SEK 317m (252).

#### *Foreign-exchange risk*

Foreign-exchange risk refers to the risk that the value of assets and liabilities in foreign currency move in a negative manner for the bank as a result of changes in exchange rates. Foreign-exchange risk arises when the net of assets and liabilities, or off-balance-sheet commitments, in a foreign currency is not zero. Currency exposure in a single currency consists of the net position, long or short, in each currency translated to SEK. The foreign-exchange risk is measured

as the change in net position as a result of a 5 percent change in the exchange rate. Exchange-rate exposure, calculated in accordance with the Capital Adequacy and Major Exposures Act, amounted to SEK 22m (28) as of the closing date and the exchange-rate risk totalled SEK 1m (1).

#### **Liquidity and financing risks**

Liquidity risk refers to the risk that a financial instrument cannot be sold directly, or alternatively can only be sold as a considerable reduced price, at higher transaction costs or after a delay. Liquidity risk is affected by such factors as the type of instrument, the availability of market and clearing functions, the number of players in the market and so forth. Because investments in the liquidity portfolio are in highly liquid instruments with short maturities, the liquidity risk is limited. Monitoring of the liquidity position and rolling forecasts are conducted daily.

Financing risk means the risk that liquid funds are not available and that financing can only be partly conducted or can only be received at sharply higher prices. Deposits from customers, debenture loans and shareholders' equity generate a large and continuous liquidity surplus. However, fluctuations in liquidity can create a need for temporary short-term borrowing. This is measured continually and reported to the Board, and amounted to SEK 2,641m (1,985) on the closing date.

#### **Operational and legal risks**

Operational and legal risks refer to risks that cause financial loss as a result of shortcomings in routines or systems, lack of knowledge, non-existent or inappropriately designed or applied contract documents. Operational risks are counteracted primarily by effective internal checks, which, among other actions, are handled through independent credit and risk-control units as well as via active internal auditing. Effective internal control is ensured through the continual updating of routines and instructions. The control and follow-up of operations is a constant process in the bank.

#### **Personnel**

During the year, the Human Resources unit continued its active and future-oriented programmes aimed at ensuring that the bank is regarded as an attractive employer. The personnel strategy emphasises the need of a proactive and committed workforce with the appropriate skills. Workforce satisfaction and motivation are measured and presented in the form of an index. In 2001, Postgirot Bank attained its highest index value ever.

Active environmental programmes have been pursued over a number of years. During the year, these effects were strengthened through the "In Balance" project, which emphasises the importance of personal health by attaining a balance between work, leisure and family. A number of activities have been conducted which led to Postgirot Bank receiving a health diploma in December.

Workforce skills are extremely important for a company's success. The objective is that all employees should have a personal development plan that complies with Postgirot Bank's future business focus. Among other activities, a management development programme – aimed at senior executives – was conducted.

During the year a structured model for salary discussions was introduced.

#### **Subsidiaries**

The subsidiary eMM Marketplace AB has developed a marketplace on the Internet for inter-company transactions (B2B). The pilot project was completed on schedule through June 30, 2001. Subsequently, no operations were conducted in the company. No decision has been made regarding the future operations of the marketplace.

At year-end, shareholders' equity amounted to SEK 3m and operations reported a loss of SEK 32m. The company had no employees at year-end.

## Income statements

SEKm	Note	Group		Bank	
		2001	2000	2001	2000
<b>Income</b>					
Interest income		3,060	2,734	3,060	2,734
Interest expenses		-1,400	-1,150	-1,400	-1,150
<b>Net interest income</b>	1	<b>1,660</b>	<b>1,584</b>	<b>1,660</b>	<b>1,584</b>
Commission income	2	1,747	2,248	1,747	2,248
Commission expenses	3	-110	-106	-110	-106
Net result from financial operations	4	109	99	109	99
Other operating income	5	107	183	108	135
<b>Total operating income</b>		<b>3,513</b>	<b>4,008</b>	<b>3,514</b>	<b>3,960</b>
<b>Expenses</b>					
General administrative expenses					
– Personnel expenses	6	931	917	934	917
– Other administrative expenses	7	1,744	2,311	1,728	2,296
Depreciation and write-down of tangible and intangible fixed assets	8	142	108	120	104
<b>Total expenses before loan losses</b>		<b>2,817</b>	<b>3,336</b>	<b>2,782</b>	<b>3,317</b>
<b>Profit before loan losses</b>		<b>696</b>	<b>672</b>	<b>732</b>	<b>643</b>
Loan losses, net	9	-5	-4	-5	-4
Write-down of shares in subsidiaries		-	-	-55	-
<b>Operating profit</b>		<b>691</b>	<b>668</b>	<b>672</b>	<b>639</b>
Appropriations	10	-	-	-172	-40
Tax on profit for the year	11	-207	-178	-158	-166
Minority share		-	0	-	-
<b>Net profit for the year</b>		<b>484</b>	<b>490</b>	<b>342</b>	<b>433</b>
Net commission income	2, 3	1,637	2,142	1,637	2,142

## Balance Sheets

As per 31 December, SEKm	Note	Group		Bank	
		2001	2000	2001	2000
<b>Assets</b>					
Cash and balances with central banks	12	10	1	10	1
Treasury bills and other eligible bills	13, 17	2,468	3,745	2,468	3,745
Lending to credit institutions	14	52,700	27,967	52,700	27,967
Lending to the public	15	18,792	25,243	18,792	25,243
Bonds and other interest-bearing securities	16, 17	9,153	12,459	9,153	12,459
Shares and participations	18	11	2	11	2
Shares and participations in Group companies	19	–	–	3	20
Intangible assets	20	156	187	156	187
Tangible assets	21	149	165	124	152
Other assets	22	1,426	680	1,426	678
Prepaid expenses and accrued income	23	483	674	482	674
<b>Total assets</b>		<b>85,348</b>	<b>71,123</b>	<b>85,325</b>	<b>71,128</b>
Assets pledged for own liabilities	24	5,080	6,821	5,080	6,821
<b>Liabilities and shareholders' equity</b>					
Liabilities to credit institutions	25	18,517	15,630	18,517	15,630
Deposits from the public	26	48,786	46,250	48,788	46,253
Borrowing from the public	27	12,584	4,493	12,584	4,493
Other liabilities	28	436	1,170	412	1,155
Accrued expenses and prepaid income	29	471	416	471	416
Provisions	30	1,179	273	1,099	241
Subordinated liabilities	31	540	540	540	540
<b>Total provisions and liabilities</b>		<b>82,513</b>	<b>68,772</b>	<b>82,411</b>	<b>68,728</b>
Untaxed reserves	32	–	–	282	110
Minority interests		–	0	–	–
Share capital		300	300	300	300
Restricted reserves/Statutory reserve		1,243	1,119	1,040	1,040
Reserve for unrealised gains		–	5	–	5
Retained earnings		808	437	950	512
Net profit for the year		484	490	342	433
<b>Total shareholders' equity</b>	33	<b>2,835</b>	<b>2,351</b>	<b>2,632</b>	<b>2,290</b>
<b>Total liabilities and shareholders' equity</b>		<b>85,348</b>	<b>71,123</b>	<b>85,325</b>	<b>71,128</b>
Contingent liabilities	34	915	641	915	641
Commitments	35	22,976	24,382	22,976	24,382
<b>Additional information</b>					
Rental contracts for premises	36				
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## Cash flow statements

SEKm	Group		Bank	
	2001	2000	2001	2000
<b>Ordinary business</b>				
Operating profit	691	668	672	639
Adjustments for items not included in cash flow etc.	10	237	43	278
Income taxes paid	-53	-14	-53	-14
Cash flow from ordinary operations before changes in ordinary business assets and liabilities	648	891	662	903
Changes in ordinary business assets	2,962	6,970	2,961	6,993
Changes in ordinary business liabilities	3,951	313	3,942	300
<b>Net cash inflow/outflow from operating activities</b>	<b>7,561</b>	<b>8,174</b>	<b>7,565</b>	<b>8,196</b>
<b>Investment operations</b>				
Acquisition/sale of shares	-	43	-10	42
Acquisition/sale of financial fixed assets	2,844	3,053	2,844	3,053
Acquisition/sale of material and immaterial tangible assets	-94	-85	-60	-84
Group contribution paid to subsidiaries	-	-	-28	-19
<b>Net cash inflow/outflow from investment operations</b>	<b>2,750</b>	<b>3,011</b>	<b>2,746</b>	<b>2,992</b>
<b>Financial operations</b>				
Change in other borrowing	-	0	-	0
Group contribution received from Parent Company	-	301	-	301
Group contribution paid to Parent Company	-500	-298	-500	-298
<b>Net cash inflow/outflow from financial operations</b>	<b>-500</b>	<b>3</b>	<b>-500</b>	<b>3</b>
<b>Cash flow for the year</b>	<b>9,811</b>	<b>11,188</b>	<b>9,811</b>	<b>11,191</b>
Cash and cash equivalents at beginning of period	20,382	9,194	20,382	9,191
Cash and cash equivalents at end of period	30,193	20,382	30,193	20,382
<b>Change</b>	<b>9,811</b>	<b>11,188</b>	<b>9,811</b>	<b>11,191</b>

Liquid assets include cash and bank balances with central banks, in case of net receivables the net of day-to-day loans due and payable with terms up to five days, and the net of clearing receivables and liabilities.

	Group		Bank	
	2001	2000	2001	2000
<b>Liquid assets</b>				
Cash and balances with central banks	10	1	10	1
Lending to credit institutions	52,308	26,505	52,308	26,505
Lending to the public	5,500	12,213	5,500	12,213
Liabilities to credit institutions	-15,654	-14,563	-15,654	-14,563
Deposits and borrowing from the public	-11,971	-3,774	-11,971	-3,774
<b>Amount at year-end</b>	<b>30,193</b>	<b>20,382</b>	<b>30,193</b>	<b>20,382</b>

## Notes to the financial statement

### Accounting and valuation principles

*The annual report conforms to the provisions of the Act on Annual Accounts in Credit Institutions and Securities Companies and the regulations issued by the Swedish Financial Supervisory Authority. The recommendations from the Swedish Financial Accounting Standards Council are also applied.*

#### Changes in accounting principles

The accounting principles applied have been adapted to recommendation RR9 of the Swedish Financial Accounting Standards Council. In accordance with the recommendation concerning change of accounting principles, RR5, the recommendation is applied retroactively. Adjustments of information regarding yearly comparisons have been limited to the latest comparative figures.

#### Consolidated financial statements

The consolidated accounts are prepared in accordance with the Swedish Financial Accounting Standards Council's recommendation RR1:96, and includes Postgirot Bank AB (publ), corp. reg. no. 516401-9704, and those companies in which the Bank directly or indirectly owns more than 50% of the voting rights of the shares, see Note 19.

Shares in subsidiaries have been eliminated using the acquisition accounting method.

#### Reporting of business transactions

Business transactions are reported at the time that risks and rights are transferred between the parties. Buying and selling of interest-rate related financial instruments and currencies are thereby reported in accordance with trade date accounting. This means that acquisitions are reported on the balance sheet as of the date when the deal is closed, with corresponding reporting of liabilities, so-called securities settlement liability.

Forward transactions are registered on the trade date but regarded as off-balance sheet commitments until the settlement date, when they are reported on the balance sheet.

Deposit and lending transactions, including genuine repurchase transactions, called repos, are reported on the settlement date.

Assets and liabilities are in most cases reported in gross amounts. The netting of assets and liabilities is used, if a statutory right to offset the commitments exists and settlement occurs simultaneously.

Receivables and payables arising from the sale and purchase of securities are also reported net in those cases where the transaction is settled through a clearinghouse.

#### Valuation of assets and liabilities in foreign currencies

Receivables and liabilities in foreign currencies have been converted at the closing date rate. The close-of-trading rates have been used as the closing date rate, i.e. the average of buy and sell rates when the market closes. Forward contracts in foreign currencies have been valued at this rate, with addition or subtraction of forward transactions with corresponding remaining terms. When currency-related derivative instruments are used for currency hedging, the currency hedge and the corresponding protected item are translated at the rate as per year-end. For foreign banknotes, The Bank's buying rate has been used as the closing day rate. Unrealised gains and losses arising as a result of these valuation principles have been credited or charged to the operating profit.

#### Classification of financial instruments

Interest-bearing securities are reported on the balance sheet either as "Treasury bills and other eligible bills" or as "Bonds and other interest-bearing securities", depending on the category of issuer.

Interest-bearing securities and derivatives purchased with the intention to be held until maturity are classified as financial fixed assets. Other transferable securities and derivative instruments are classified as financial current assets.

Reclassification of the holding or premature disposal of securities purchased as fixed assets may only be done in exceptional cases and on the condition that a significant event has occurred.

#### Valuation of interest-bearing securities and derivatives

Financial fixed assets, which consist of interest-bearing securities, are reported at acquisition value/accrued acquisition value in a separate portfolio. Since the securities are intended to be held until maturity, no unrealised gains or losses are reported in the income statement. In relevant cases, exchange gains and losses are reported under "Other income" and "Other expenses".

Transferable securities and derivatives classified as financial current assets are valued at market value. Both unrealised and realised gains and losses are reported in the income statement under the item "Net result from financial operations". Gains resulting from a book value that exceeds the accrued acquisition value are transferred to the reserve for unrealised gains. Since these gains are not distributable, the reserve is reported under restricted shareholder's equity, after taking deferred tax into account.



The Bank utilises derivatives to hedge positions against price changes caused by fluctuations in interest rates and currencies. Holdings of interest-rate related derivatives in the trading portfolio are reported at market value, while those in the fixed-income portfolio are stated at accrued acquisition value. Currency related derivatives are reported at the current market value. Derivatives with a positive value are reported under "Other assets", while those with a negative value are reported under "Other liabilities".

The acquisition value of interest rate related instruments is calculated as the present value of future payment flows, discounted on the basis of the effective acquisition rate, i.e. the interest rate at which the instrument was acquired. This accrued acquisition value changes successively, so that it is equal to the instrument's nominal value on the maturity date. Thus any premium or discount is amortised or accreted into interest income over the remaining term of the instrument.

Close-of-trading rates have been used as market values for listed securities and derivatives. For unlisted securities and derivatives, close-of-trading rates for the most nearly comparable instruments, with possible mark-ups for credit risk, or close-of-trading rates from a number of established market players have been used.

#### **Financial liabilities**

Financial liabilities are stated at acquisition value.

#### **Lending and deposits**

Lending to the general public and credit institutions is classified as financial fixed assets and is reported at acquisition value. Loans that represent bad debts are reported on the balance sheet after deduction for possible and actual loan losses.

Deposits and borrowing from the general public is reported on the balance sheet at acquisition value.

#### **Genuine repurchase agreements**

A genuine repurchase transaction is defined as an agreement covering both the sale of an asset, usually interest-bearing securities, and the subsequent repurchase of the asset at an agreed price. Such agreements are reported as loan transactions rather than influencing securities holdings. The assets

are reported in the balance sheet of the transferring party and the purchase price received is posted as a liability (repo). The receiving party reports the payment as a receivable due from the transferring party (reverse repo). The difference between the purchase price in the spot market and the futures market is accrued over the term of the agreement.

#### **Pension expenses**

The Bank's pension obligations are secured by the book reserve method via credit insurance with FPG (the Swedish Pension Guarantee Mutual Insurance Company) and through government guarantees. Until the 28 February 2001 pension entitlements earned through 31 December 1996 were secured via the Posten Pension Fund 1996. Pensions in the subsidiary eMM Marketplace AB are secured by insurance.

Pension expenses are reported under personnel expenses in the income statement. The costs are calculated according to actuarial principles and include special wage tax and yield tax. Pension premiums paid are also reported here. Similarly, disbursed pensions and compensation from the pension fund are reported under personnel expenses up until 31 March 2001, at which time the Bank recovered an amount equivalent to the disbursed pensions attributable to the fund.

#### **Costs for research and development**

A prerequisite for Postgirot Bank's operations and long-term competitiveness is a completely new integrated system architecture with underlying logical data structures, i.e. new platforms for payment and bank business. The projects Payment and Group Account Systems were strategic in this respect and comprise the foundation for these platforms. The costs for evaluation of these systems have been reported in the income statement on an ongoing basis.

The expenditures that have been capitalised consist of direct costs for consultants, licenses/software and remuneration to own personnel. Indirect costs are not included. An ongoing assessment is made as to whether capitalised expenditures are eligible for capitalisation.

Depreciation of capitalised expenditures commences when the pertinent system is put into operation.



### Leasing

The Swedish Financial Accounting Standards Council's recommendation RR6:99 has been applied in the consolidated accounts. This means that leased assets are reported as material assets that are depreciated, see below, and the commitments to make lease payments are reported as borrowing from the lessor. Furthermore, the lease payments are reported partly as amortisation and partly as interest expense.

### Depreciation

#### Equipment

Equipment is depreciated according to plan. The depreciation period varies depending on the nature of the equipment. Computers are depreciated over four years, other computer-related equipment over seven years, enveloping machines over ten years, and other equipment over five years. Depreciation is straight-line. The difference between depreciation according to plan and depreciation for tax purposes is posted to an excess depreciation reserve.

#### Leased assets

Leased assets are depreciated according to plan and by the percentages applied to equivalent acquired assets. Since all leased objects are company cars, the depreciation period is five years.

#### Intangible assets

Intangible assets, goodwill, and capitalised expenditures for research and development are depreciated according to plan over five years.

### Loan losses

Reported loan losses include the year's actual loan losses plus provisions for possible loan losses, less recovery of previous actual or possible loan losses.

Actual loan losses are losses for which the amount is established or is deemed highly probable because the debtor has been declared bankrupt, a proposed composition of claims has been accepted, or the claim has been relinquished in some other manner.

Provisions for possible loan losses have been made in an amount equal to the difference between the actual loan amount and the amount expected to be recovered, in view of

the debtor's repayment ability and the value of the collateral, if any. Provisions have been made if:

- payment of interest or overdraft is more than 60 days overdue or other circumstances give rise to uncertainty as to the repayment of the loan, and
- the borrower's repayment ability is not expected to improve sufficiently within two years, and
- the value of the collateral, if any, does not cover the loan amount.

Provisions for possible loan losses regarding overdrafts of SEK 100 to SEK 10 000 have, however, been made at 65% of the total overdrafts overdue for more than 60 days.

Loan losses are specified in Note 9, and non-performing loans are specified in Note 15.

### Tax

The Swedish Financial Accounting Standards Council's recommendation RR9 states that actual tax, including deferred tax, and tax for previous years are reported under tax on the net profit for the year. Deferred tax is calculated on temporary differences, losses carried forward, and other tax deductions. Temporary difference is the difference between the reported value of an asset or a liability and its value for tax purposes.

The item "Tax on the profit of the year" includes calculated tax on the year's profit, change in deferred tax liability, and adjustments of previous years' income taxes.

### Untaxed reserves

Untaxed reserves are reported in the legal entities only. In the Bank they are reported as "Profit equalisation reserve" and "Accumulated excess depreciations".

In the consolidated balance sheet, the untaxed reserves are divided into deferred tax liability reported under "Provisions" and restricted equity reported under "Other reserves".

### Group contributions

Group contributions given are treated as diminishing non-restricted reserves, while the accompanying tax deduction is treated as an increase of shareholder's equity. What is accounted for is, therefore, only the income tax pertaining to income and cost in the income statement.

## Notes

(SEKm unless otherwise indicated)

### Note 1

#### Net interest income

Group	2001			2000		
	Average balance	Interest	Average interest, %	Average balance	Interest	Average interest, %
<b>Interest income</b>						
Lending to credit institutions	24,351	1,034	4.2	19,160	790	4.1
– in SEK	23,229	988	4.3	17,877	734	4.1
– in foreign currencies	1,122	46	4.2	1,283	56	4.4
Lending to the public	27,863	1,212*	4.4	18,426	774*	4.2
– in SEK	25,837	1,122	4.3	16,643	696	4.2
– in foreign currencies	2,026	90	4.5	1,783	78	4.4
Interest-bearing securities	14,178	813**	5.7	20,216	1,130**	5.6
Other	1,190	1		1,209	40	
<b>Total interest income</b>	<b>67,582</b>	<b>3,060</b>		<b>59,011</b>	<b>2,734</b>	
* Of which credit charges		17			13	
** Of which securities classified as current assets		62			133	
Of which: Group companies		65			18	
<b>Interest expenses</b>						
Liabilities to credit institutions	16,945	668	3.9	12,903	445	3.5
– in SEK	15,500	607	3.9	12,016	411	3.4
– in foreign currencies	1,445	61	4.2	887	34	3.9
Deposits and borrowing from the public	45,436	634	1.4	41,879	529	1.3
– in SEK	44,778	626	1.4	41,353	522	1.3
– in foreign currencies	658	8	1.2	526	7	1.3
Subordinated liabilities	540	25	4.6	540	37	6.7
Other	4,355	73		3,435	139	
<b>Total interest expenses</b>	<b>67,276</b>	<b>1,400</b>		<b>58,757</b>	<b>1,150</b>	
Of which: Group companies		27			60	
<b>Net interest income</b>		<b>1,660</b>			<b>1,584</b>	
Interest margin, %		2.5			2.7	

## Note 1

Ctd.

Bank	2001			2000		
	Average balance	Interest	Average interest, %	Average balance	Interest	Average interest, %
<b>Interest income</b>						
Lending to credit institutions	24,351	1,034	4.2	19,160	790	4.1
– in SEK	23,229	988	4.3	17,877	734	4.1
– in foreign currencies	1,122	46	4.2	1,283	56	4.4
Lending to the public	27,863	1,212*	4.4	18,426	774*	4.2
– in SEK	25,837	1,122	4.3	16,643	696	4.2
– in foreign currencies	2,026	90	4.5	1,783	78	4.4
Interest-bearing securities	14,178	813**	5.7	20,216	1,130**	5.6
Other	1,223	1		1,214	40	
<b>Total interest income</b>	<b>67,615</b>	<b>3,060</b>		<b>59,016</b>	<b>2,734</b>	
* Of which credit charges		17			13	
** Of which securities classified as current assets		62			133	
Of which: Group companies		65			18	
<b>Interest expenses</b>						
Liabilities to credit institutions	16,945	668	3.9	12,903	445	3.5
– in SEK	15,500	607	3.9	12,016	411	3.4
– in foreign currencies	1,445	61	4.2	887	34	3.9
Deposits and borrowing from the public	45,441	634	1.4	41,882	529	1.3
– in SEK	44,783	626	1.4	41,356	522	1.3
– in foreign currencies	658	8	1.2	526	7	1.3
Subordinated liabilities	540	25	4.6	540	37	6.7
Other	4,233	73		3,329	139	
<b>Total interest expenses</b>	<b>67,159</b>	<b>1,400</b>		<b>58,654</b>	<b>1,150</b>	
Of which: Group companies		27			60	
<b>Net interest income</b>		<b>1,660</b>			<b>1,584</b>	
Interest margin		2.5			2.7	

The average balance refers to the average daily balance for the investments and financing sources that have generated interest income and interest expenses, respectively, according to the table.

## Note 2

### Commission income

	Group		Bank	
	2001	2000	2001	2000
Payment intermediary commissions	1,250	1,759	1,250	1,759
Lending commissions	179	159	179	159
Deposit commissions	317	329	317	329
Other commissions	1	1	1	1
<b>Total</b>	<b>1,747</b>	<b>2,248</b>	<b>1,747</b>	<b>2,248</b>
Of which: Group companies	49	17	49	17

Payment intermediary commissions include commission income for deposit slips in the post offices of SEKm 192 (621).

## Note 3

### Commission expenses

	Group		Bank	
	2001	2000	2001	2000
Payment intermediary commissions	105	102	105	102
Securities commissions	3	3	3	3
Other commissions	2	1	2	1
<b>Total</b>	<b>110</b>	<b>106</b>	<b>110</b>	<b>106</b>

## Note 4

### Net result from financial operations

	Group		Bank	
	2001	2000	2001	2000
Realised result, interest-bearing securities	0	-11	0	-11
Unrealised result, interest-bearing securities	-1	4	-1	4
Foreign exchange gains/losses	110	106	110	106
<b>Total</b>	<b>109</b>	<b>99</b>	<b>109</b>	<b>99</b>

## Note 5

### Other operating income

	Group		Bank	
	2001	2000	2001	2000
Data processing services and production	66	81	66	81
Capital gains, financial fixed assets*	-	48	-	0
Capital gains, equipment	0	0	0	0
Other	41	54	42	54
<b>Total</b>	<b>107</b>	<b>183</b>	<b>108</b>	<b>135</b>

\* Relates to capital gains from the sale of shares in group companies.

## Note 6

### Personnel expenses

	Group		Bank	
	2001	2000	2001	2000
Salaries and fees				
– to Board of Directors and President	5	4	5	4
– to other employees	577	618	575	616
Pension expenses (specification below)	134	63	133	63
Other social insurance charges	197	211	196	210
Other personnel expenses	18	21	25	24
<b>Total</b>	<b>931</b>	<b>917</b>	<b>934</b>	<b>917</b>

Personal bonuses and provisions for the incentive programme totalling SEKm 30 (49), excluding social insurance charges, are included in total personnel expenses.

### Salaries, remuneration and benefits of senior executives

The President of Postgirot Bank AB was paid a salary of SEK 1,652,000 and bonuses for 2000 and 2001 of SEK 334,000. The Bank's pension commitment to the President increased by SEK 243 000 during the year. For the President, an endowment insurance premium of SEK 766,000 was paid, the face value of which is 778,000 and corresponds to the value of this part of the pension commitment.

The President is entitled, but also obliged at the request of the Bank, to retire at the age of 60, and receives a pension equal to 75 percent of his salary from the month he turns 60 until the age of 65. If the employment is terminated by the Bank, the notice of termination is 12 months, and if the employment is terminated by the individual it is 6 months. If termination takes place at the Bank's initiative, severance pay equivalent to the value of the monthly salary and car benefit is paid monthly for 12 months after the expiry of the period of notice, in addition to termination salary. Any income from employment or own business activity is deducted from this compensation.

The former President of the Bank has received termination and severance pay of SEK 2,148,000 during the year. Furthermore, pension insurance premiums of SEK 3,688,000 were paid during 2001, of which SEK 387,000 comprise premiums for occupational pension insurance and SEK 3,301,000 comprise premiums for endowment insurance, whose face value of SEK 10,129,000 corresponds to the value of this part of the pension commitment. The period of notice for the former President expires on 30 June, 2002.

The President of eMM Marketplace AB received a salary of SEK 460,000 for 2001 and occupational pension insurance premiums of SEK 105,000 were paid during the year. The period of notice for the President of eMM Marketplace AB expired on 30 September 2001.

Director's fees were paid to members of the Board of Postgirot Bank AB in the amount of SEK 510,000. In addition, three Board members received fees of SEK 271,000 for participating in the Bank's two committees. No fees were paid to the Chairman of the Board or other Board members employed by in the Posten Group, with the exception of the employee representatives.

Posten's pension agreement and the general terms of termination of employment in Postgirot apply to other members of the Bank management, 10 persons.

The President and all members of the Bank management enjoy company car benefits.

## Note 6

*Ctd.*

Pension commitments, which are secured by the book reserve method, for the President, the former President and Executive Vice President, as well as other present-day and former senior executives in the Bank, amounted to SEKm 15.5 (12.5) on closing day.

### Loans to senior executives in the Bank

On closing day, the President had not utilised any amount (SEK 9,000) of the total credit limit of SEK 19,000 (49,000).

Of the credit limit granted to Board members and deputy Board members of the Bank or its subsidiaries totalling SEK 125,000 (230,000), SEK 6,000 (28,000) was utilised on closing day.

	Group		Bank	
	2001	2000	2001	2000
<b>Pension expenses</b>				
Compensation from pension fund in connection with changed securing method	-817	-	-817	-
Transfer to/withdrawal from pension liability	828	-2	828	-2
Early retirement	12	6	12	6
Pension benefits paid	55	56	55	56
Special wage tax and yield tax	26	12	26	12
Pension premiums paid	36	24	35	24
Compensation from Pension fund for pensions paid	-8	-36	-8	-36
Management and credit insurance charges	2	3	2	3
<b>Total</b>	<b>134</b>	<b>63</b>	<b>133</b>	<b>63</b>

The part of the pension commitment which was previously secured by the Posten Pension Fund 1996, has as of 1 March 2001 been secured the book reserve method. Compensation has been received in an amount corresponding to the pension commitment that was secured through the fund as of 28 February 2001. Cf. Note 30.

Decisions were made during 2001 regarding early retirement for 23 persons. The net profit for the year was thereby charged with SEKm 15 (7) for early retirement, including special wage tax. In addition, decisions were made regarding voluntary retirement for 7 persons. The net profit of the year was charged with SEKm 2 (1) for this, i.e. additional costs for severance pay including social insurance charges. Cf. Note 30.

	Group		Bank	
	2001	2000	2001	2000
<b>Average number of employees</b>				
Women	1,450	1,597	1,450	1,597
Men	547	590	541	584
<b>Total</b>	<b>1,997</b>	<b>2,187</b>	<b>1,991</b>	<b>2,181</b>

The average number of employees is defined as paid hours worked divided by normal working hours. At Postgirot Bank, 1,600 hours is considered to be the normal number of working hours per year.

## Note 7

### Other administrative expenses

	Group		Bank	
	2001	2000	2001	2000
Teller service costs	395	784	395	784
Consultants and computer costs	590	708	568	695
Rents and other costs of premises	163	139	161	138
Postage and telephone	352	413	351	413
Marketing costs	63	79	63	79
Capitalised development costs	-11	-52	-11	-52
Other	192	240	201	239
<b>Total</b>	<b>1,744</b>	<b>2,311</b>	<b>1,728</b>	<b>2,296</b>

	Group		Bank	
	2001	2000	2001	2000
<b>Remuneration to the Group's auditors</b>				
KPMG, auditing assignments	1.5	1.4	1.3	1.3
KPMG, other assignments	1.6	0.1	1.5	0.1
Öhrlings Pricewaterhouse Coopers, auditing assignments	0.1	0.0	0.1	0.0
Öhrlings Pricewaterhouse Coopers, other assignments	0.2	0.2	0.2	0.2
<b>Total</b>	<b>3.4</b>	<b>1.7</b>	<b>3.1</b>	<b>1.6</b>

By auditing assignments is meant auditing of the Annual Report, the accounting records and the administration of the Board of Directors and the President, other duties incumbent on the company's auditors to perform, and advice or other assistance occasioned by such auditing or performance of such duties. All else is other assignments.

## Note 8

### Depreciation and write-down of tangible and intangible fixed assets

	Group		Bank	
	2001	2000	2001	2000
Equipment	78	84	78	84
Leased assets	7	4	-	-
Goodwill	15	-	-	-
Other intangible fixed assets	42	20	42	20
<b>Total</b>	<b>142</b>	<b>108</b>	<b>120</b>	<b>104</b>

The Group's and the Bank's rental contracts for premises are found under "Additional information". Cf. Note 36.

## Note 9

### Loan losses, net

	Group		Bank	
	2001	2000	2001	2000
<b>Individually appraised receivables</b>				
The year's write-down of actual loan losses	8	6	8	6
Reversal of previous provisions for possible loan losses, reported in the year's accounts as actual loan losses	-2	-2	-2	-2
The year's provision for possible loan losses	5	6	5	6
Recovery of previously incurred losses	-4	-2	-4	-2
Reversal of previous provisions for possible loan losses	-4	-4	-4	-4
<b>Year's net costs for individually appraised claims</b>	<b>3</b>	<b>4</b>	<b>3</b>	<b>4</b>
<b>Receivables appraised by category</b>				
Transfer to reserve for possible loan losses	2	0	2	0
<b>Year's net costs for receivables appraised by category</b>	<b>2</b>	<b>0</b>	<b>2</b>	<b>0</b>
<b>The year's net cost for loan losses</b>	<b>5</b>	<b>4</b>	<b>5</b>	<b>4</b>

Receivables appraised by category refer to overdrafts of less than SEK 100.

The year's write-down and reversal of write-downs as stated above are attributable to the general public.

## Note 10

### Appropriations

	Group		Bank	
	2001	2000	2001	2000
Transfer to excess profit equalisation reserve	-	-	-185	-24
Withdrawal from transfer to excess depreciation reserve	-	-	13	-16
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-172</b>	<b>-40</b>

## Note 11

### Tax on profit for the year

	Group		Bank	
	2001	2000	2001	2000
Tax from previous years	-	0	-	0
Actual tax	-156	-165	-156	-165
Deferred tax liability	-51	-13	-2	-1
<b>Total</b>	<b>-207</b>	<b>-178</b>	<b>-158</b>	<b>-166</b>

### The Group

The tax cost represents 29.9% (26.7) of the Group's net profit.

The difference between the Group's tax cost and the tax cost calculated on the prevailing tax rate is explained below.

	2001		2000	
	SEKm	Percent	SEKm	Percent
Tax cost	-207	29.9	-178	26.7
Tax cost, 28% of pre-tax profit	-194	28.0	-187	28.0
<b>Difference</b>	<b>-13</b>	<b>-1.9</b>	<b>9</b>	<b>1.3</b>

### The difference consists of the following items

Added tax from previous years	-	-	0	0.0
Non-taxable income relating to divested operations	-	-	13	2.0
Other non-taxable income/non-deductible costs	-3	-0.4	1	0.1
Effects of acquisitions of minority interests	-1	-0.2	-	-
Non-utilised tax deductions	-9	-1.3	-5	-0.8
Other	-0	-0.0	-0	-0.0
<b>Total</b>	<b>-13</b>	<b>-1.9</b>	<b>9</b>	<b>1.3</b>

Tax deductions on closing day in the amount of SEKm 52 (19) refer to the subsidiary eMM Marketplace AB. Deferred tax assets regarding these items have not been reported as it is uncertain whether these will be set-off against future taxable profit.

Group contributions are, in accordance with the recommendations from the Swedish Financial Accounting Standards Council, charged or credited directly against shareholder's equity. The tax effect of group contributions given in 2000 is SEKm 140.

## Note 11

Ctd.

### Bank

The tax cost represents 31.6% (27.8) of the Bank's net profit.

The difference between the Bank's tax cost and the tax cost calculated on the prevailing tax rate is explained below.

	2001		2000	
	SEKm	Percent	SEKm	Percent
Tax cost	-158	31.6	-166	27.8
Tax cost, 28% of pre-tax profit	-140	28.0	-167	28.0
<b>Difference</b>	<b>-18</b>	<b>-3.6</b>	<b>1</b>	<b>0.2</b>

### The difference consists of the following items

Added tax from previous years	-	-	0	0.0
Non-taxable income/non-deductible costs	-3	-0.5	1	0.2
Non-deductible write-down of shares in subsidiaries	-15	-3.1	-	-
Other	-0	-0.0	-0	-0.0
<b>Total</b>	<b>-18</b>	<b>-3.6</b>	<b>1</b>	<b>0.2</b>

Group contributions are, in accordance with the recommendations from the Swedish Financial Accounting Standards Council, charged or credited directly against shareholder's equity. The tax effect of group contributions given in 2000 is SEKm 140.

## Note 12

### Cash and balances with central banks

	Group		Bank	
	2001	2000	2001	2000
Cash	3	1	3	1
Central Bank of Sweden, payable on demand	7	0	7	0
<b>Total</b>	<b>10</b>	<b>1</b>	<b>10</b>	<b>1</b>

## Note 13

### Treasury bills and other eligible bills

	2001		2000	
Group/Bank*	Fair value	Book value	Fair value	Book value
<b>Current assets</b>				
Eligible government securities	-	-	98	98
Other eligible securities	-	-	598	598
<b>Total current assets</b>	<b>-</b>	<b>-</b>	<b>696</b>	<b>696</b>
<b>Fixed assets</b>				
Eligible government securities	2,264	2,142	2,870	2,673
Other eligible securities	332	326	384	376
<b>Total fixed assets</b>	<b>2,596</b>	<b>2,468</b>	<b>3,254</b>	<b>3,049</b>
<b>Total treasury bills and other eligible bills</b>	<b>2,596</b>	<b>2,468</b>	<b>3,950</b>	<b>3,745</b>
<b>Maturity information</b>				
<b>Remaining maturity</b>				
Maximum 1 year		450		1,356
1-5 years		964		1,327
5-10 years		1,054		1,062
<b>Total</b>		<b>2,468</b>		<b>3,745</b>

Average remaining maturity period, years

	3.2	2.0
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\* The Group's eligible treasury bills are held by the Bank. The amounts are, therefore, the same for the Bank and the Group.

## Note 14

### Lending to credit institutions

	Group		Bank	
	2001	2000	2001	2000
Central Bank of Sweden	-	47	-	47
Other Swedish banks	39,523	16,961	39,523	16,961
Foreign banks	13,124	10,039	13,124	10,039
Other credit institutions	53	920	53	920
<b>Total</b>	<b>52,700</b>	<b>27,967</b>	<b>52,700</b>	<b>27,967</b>

Of which:

Group companies	35,391	-	35,391	-
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### Maturity information

<b>Remaining maturity</b>				
Payable on demand	37,336	17,439	37,336	17,439
Maximum 3 months	15,231	10,400	15,231	10,400
3 months-1 year	133	128	133	128
<b>Total</b>	<b>52,700</b>	<b>27,967</b>	<b>52,700</b>	<b>27,967</b>

Average remaining maturity period, years

	0.0	0.0	0.0	0.0
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## Note 15

### Lending to the public

	Group		Bank	
	2001	2000	2001	2000
<b>Lending to the public</b>	<b>18,792</b>	<b>25,243</b>	<b>18,792</b>	<b>25,243</b>
<b>Maturity information</b>				
<b>Remaining maturity</b>				
Payable on demand	6,834	4,961	6,834	4,961
Maximum 3 months	9,053	18,842	9,053	18,842
3 months–1 year	2,784	1,440	2,784	1,440
1–5 years	121	–	121	–
<b>Total</b>	<b>18,792</b>	<b>25,243</b>	<b>18,792</b>	<b>25,243</b>
Average remaining maturity period, years	0.2	0.1	0.2	0.1
Doubtful loans	18	14	18	14
Annual interest rate on credits other than problem loans	4.2	4.2	4.2	4.2
Reserve for possible loan losses	–14	–13	–14	–13

There are no loans with interest deferments.

A non-performing loan is a loan on which interest or utilised overdraft is more than 60 days past due, or for which other circumstances make it uncertain in terms of value, or for which the value of the collateral does not satisfactorily cover both capital requirements and accrued interest.

## Note 16

### Bonds and other interest-bearing securities

	2001		2000	
	Fair value	Book value	Fair value	Book value
Group/Bank*				
<b>Current assets</b>				
Issued by other borrowers than public agencies	–	–	1,232	1,232
<b>Fixed assets</b>				
Issued by other borrowers than public agencies	9,202	9,153	11,320	11,227
<b>Total</b>	<b>9,202</b>	<b>9,153</b>	<b>12,552</b>	<b>12,459</b>
Of which: Listed securities		7,442		9,332
Unlisted securities		1,711		3,127
Group companies		805		–
<b>Maturity information</b>				
<b>Remaining maturity</b>				
Maximum 1 year		2,521		4,195
1–5 years		6,632		8,264
<b>Total</b>		<b>9,153</b>		<b>12,459</b>
Average remaining maturity period, years		1.8		2.1

\* The Group's bonds and other interest-bearing securities are held by the Bank. The amounts are, therefore, the same for the Bank and the Group.

## Note 17

### Total holdings of interest-bearing securities, Notes 13 and 16

	2001		2000	
	Fair value	Book value	Fair value	Book value
Group/Bank*				
<b>Current assets</b>				
Eligible treasury bills	–	–	696	696
Bonds and other interest-bearing securities	–	–	1,232	1,232
<b>Total current assets</b>	<b>–</b>	<b>–</b>	<b>1,928</b>	<b>1,928</b>
<b>Fixed assets</b>				
Eligible treasury bills	2,596	2,468	3,254	3,049
Bonds and other interest-bearing securities	9,202	9,153	11,320	11,227
<b>Total fixed assets</b>	<b>11,798</b>	<b>11,621</b>	<b>14,574</b>	<b>14,276</b>
<b>Total interest-bearing securities</b>	<b>11,798</b>	<b>11,621</b>	<b>16,502</b>	<b>16,204</b>



## Note 17

*Ctd.*

Group/Bank*	2001	2000
	Book value	Book value
Total face value	11,552	16,082
Difference between book and face value		
– Higher book value	104	175
– Lower book value	–34	–53
<b>Net</b>	<b>70</b>	<b>122</b>

### Maturity information

#### Remaining fixed-interest period

Maximum 1 year	2,971	5,551
1–5 years	7,596	9,591
5–10 years	1,054	1,062
<b>Total</b>	<b>11,621</b>	<b>16,204</b>

Average remaining fixed-interest period, years	2.1	2.0
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### Issuer categories

Group/Bank*	2001			2000		
	Acquisition value	Fair value	Book value	Acquisition value	Fair value	Book value
<b>Current assets</b>						
Swedish government	–	–	–	98	98	98
Swedish municipalities	–	–	–	598	598	598
Swedish mortgage institutions	–	–	–	932	932	932
Other Swedish issuers	–	–	–			
– non-financial companies	–	–	–	100	100	100
– other financial companies	–	–	–	200	200	200
<b>Total current assets</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1,928</b>	<b>1,928</b>	<b>1,928</b>
<b>Fixed assets</b>						
Swedish government	2,142	2,264	2,142	2,673	2,870	2,673
Swedish municipalities	326	332	326	376	384	376
Swedish mortgage institutions	3,159	3,182	3,159	5,313	5,346	5,313
Other Swedish issuers						
– non-financial companies	2,569	2,573	2,569	2,424	2,446	2,424
– other financial companies	1,630	1,636	1,630	1,349	1,362	1,349
Foreign issuers	1,795	1,811	1,795	2,141	2,166	2,141
<b>Total fixed assets</b>	<b>11,621</b>	<b>11,798</b>	<b>11,621</b>	<b>14,276</b>	<b>14,574</b>	<b>14,276</b>
<b>Total interest-bearing securities</b>	<b>11,621</b>	<b>11,798</b>	<b>11,621</b>	<b>16,204</b>	<b>16,502</b>	<b>16,204</b>

\* The Group's interest-bearing securities are held by the Bank. The amounts are, therefore, the same for the Bank and the Group.

## Note 18

### Shares and participations

	Group		Bank	
	2001	2000	2001	2000
<b>Current assets</b>				
Other shares	9	–	9	–
<b>Fixed assets</b>				
Other shares and participations	2	2	2	2
<b>Total</b>	<b>11</b>	<b>2</b>	<b>11</b>	<b>2</b>

All shares and participations comprise unlisted securities, and the intention with the holding is long-term. The book value of the shares and participations is the same as the acquisition value, see specification below.

	Share of capital, %	No. of shares/ participations	Book value
<b>Shares held by the Bank, fixed assets</b>			
KC Kontocentralen AB	17	170	0
Eurogiro Network A/S	12	2,000	0
<b>Participations held by the Bank, fixed assets</b>			
Society for Worldwide Interbank Financial Telecommunication S.W.I.F.T	0.1319	122	2
<b>Total book value</b>			<b>2</b>

## Note 19

### Shares and participations in Group companies

	Group		Bank	
	2001	2000	2001	2000
<b>Shares in subsidiaries, fixed assets</b>	–	–	3	20

The shares in the subsidiary eMM Marketplace AB have been written down by an amount equal to the shareholder's equity of the company. The shares comprise unlisted securities and do not refer to holdings in credit institutions.

Corp. reg. no.	Domicile	Share of capital, %	Number of shares	Book value
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#### The Bank's shareholdings in subsidiaries

eMM Marketplace AB				
556588-4284	Stockholm	100	10,000	3
<b>Total book value</b>				<b>3</b>

## Note 20

### Intangible assets

	Group		Bank	
	2001	2000	2001	2000
<b>Goodwill</b>				
Acquisition value at the beginning of the year	–	2	–	–
Acquisitions during the year	15	–	–	–
Disposals during the year	–	–2	–	–
Acquisition value at year-end	15	–	–	–
Depreciations during the year	–15	–	–	–
<b>Book value</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Other intangible fixed assets</b>				
Capitalised expenditure for research and development				
– at the beginning of the year	207	155	207	155
– capitalisation for the year	11	52	11	52
– at year-end	218	207	218	207
Accumulated depreciation according to plan	–62	–20	–62	–20
(of which depreciation for the year)	(–42)	(–20)	(–42)	(–20)
<b>Book value</b>	<b>156</b>	<b>187</b>	<b>156</b>	<b>187</b>
<b>Total book value</b>	<b>156</b>	<b>187</b>	<b>156</b>	<b>187</b>

Capitalised expenditures for research and development refer to the development of the new Payments and Group Accounting Systems.

## Note 21

### Tangible assets

	Group		Bank	
	2001	2000	2001	2000
<b>Equipment</b>				
Acquisition value at the beginning of the year	438	511	437	477
Acquisitions during the year	52	38	51	37
Disposals during the year	-58	-111	-58	-77
Currency translation adjustment	-	0	-	-
Acquisition value at year-end	432	438	430	437
Accumulated depreciation according to plan (of which depreciation for the year)	-302	-285	-302	-285
	(-74)	(-84)	(-74)	(-84)
Depreciations during the year	-4	-	-4	-
Currency translation adjustment	-	0	-	-
<b>Planned residual value equipment</b>	<b>126</b>	<b>153</b>	<b>124</b>	<b>152</b>
<b>Leased assets</b>				
Acquisition value at the beginning of the year	23	20	-	-
Acquisitions during the year	23	7	-	-
Disposals during the year	-23	-4	-	-
Acquisition value at year-end	23	23	-	-
Accumulated depreciation according to plan (of which depreciation for the year)	18	-11	-	-
	(-7)	(-4)	(-)	(-)
Accumulated depreciation/disposals	-18	-	-	-
<b>Residual value according to plan, leased assets</b>	<b>23</b>	<b>12</b>	<b>-</b>	<b>-</b>
Accumulated excess depreciations	-	-	-3	-16
<b>Book value</b>	<b>149</b>	<b>165</b>	<b>121</b>	<b>136</b>

The leased assets consist of company cars with a lease term of 60 months. The lease term can, however, be further extended by two years. The asset is to be sold to a third party at the expiry of the lease term or after termination.

The lease payment is tied to the interest rate – Stibor 90 days plus 1.5 percentage points. The interest is adjusted quarterly if the difference is at least 0.25 percentage point on comparison with the last rate-setting date. Since the variable charge is negligible, it has not been calculated.

Future commitments for leasing agreements entered into have been reported under "Other liabilities". These amounted to SEKm 23 (16), of which SEKm 13 (11) is distributed over the period 2003 – 2006. A reconciliation between these obligations and their net present values has not been done, since it has not been deemed to be of significant importance.

## Note 22

### Other assets

	Group		Bank	
	2001	2000	2001	2000
Positive value of derivatives	59	177	59	177
Own tax claim	-	19	-	19
Deferred tax asset	5	7	5	7
Credit card redemption	174	120	174	120
Other	1,188	357	1,188	355
<b>Total</b>	<b>1,426</b>	<b>680</b>	<b>1,426</b>	<b>678</b>
Of which:				
Fixed assets	15	14	15	14
Group companies	16	313	16	313
	Group		Bank	
	2001	2000	2001	2000

### Specification of deferred tax asset

Pensions	2	2	2	2
Social insurance charges	3	3	3	3
Other	-	2	-	2
<b>Total</b>	<b>5</b>	<b>7</b>	<b>5</b>	<b>7</b>

The Group's and the Bank's deferred tax liabilities are reported under "Provisions". Cf. Note 30.

## Note 23

### Prepaid expenses and accrued income

	Group		Bank	
	2001	2000	2001	2000
Accrued interest	405	568	405	568
Other accrued income	46	62	46	62
Prepaid expenses	32	44	31	44
<b>Total</b>	<b>483</b>	<b>674</b>	<b>482</b>	<b>674</b>

## Note 24

### Assets pledged for own liabilities

	2001		2000	
	Face value	Book value	Face value	Book value
Group/Bank*				
Bonds	5,045	5,069	6,751	6,814
Pledged endowment insurance	-	11	-	7
<b>Total</b>	<b>5,045</b>	<b>5,080</b>	<b>6,751</b>	<b>6,821</b>

\* The Group's assets pledged for own liabilities are found in the Bank. The amounts are, therefore, the same for the Bank and the Group.

## Note 25

### Liabilities to credit institutions

	Group		Bank	
	2001	2000	2001	2000
Central Bank of Sweden	19	1	19	1
Other Swedish banks	7,756	4,510	7,756	4,510
Foreign banks	8,389	9,364	8,389	9,364
Other credit institutions	2,353	1,755	2,353	1,755
<b>Total</b>	<b>18,517</b>	<b>15,630</b>	<b>18,517</b>	<b>15,630</b>
Of which:				
Group companies	3,700	–	3,700	–
<b>Maturity information</b>				
<b>Remaining maturity</b>				
Payable on demand	7,685	5,701	7,685	5,701
Maximum 3 months	9,350	9,635	9,350	9,635
3 months–1 year	1,482	294	1,482	294
<b>Total</b>	<b>18,517</b>	<b>15,630</b>	<b>18,517</b>	<b>15,630</b>
Average remaining maturity period, years	0.1	0.1	0.1	0.1

## Note 26

### Deposits from the public

	Group		Bank	
	2001	2000	2001	2000
<b>Deposits from the public</b>	<b>48,786</b>	<b>46,250</b>	<b>48,788</b>	<b>46,253</b>
Of which:				
Group companies	9	1,345	11	1,349

The funds are payable on demand.

## Note 27

### Borrowing from the public

	Group		Bank	
	2001	2000	2001	2000
<b>Borrowing from the public</b>	<b>12,584</b>	<b>4,493</b>	<b>12,584</b>	<b>4,493</b>
<b>Maturity information</b>				
<b>Remaining maturity</b>				
Payable on demand	562	557	562	557
Maximum 3 months	12,017	3,933	12,017	3,933
3 months–1 year	5	3	5	3
<b>Total</b>	<b>12,584</b>	<b>4,493</b>	<b>12,584</b>	<b>4,493</b>
Average remaining maturity period, years	0.1	0.0	0.1	0.0

## Note 28

### Other liabilities

	Group		Bank	
	2001	2000	2001	2000
Negative value of derivatives	39	183	39	183
Employee withholding tax	17	19	17	19
Own tax liability	96	–	96	–
Credit card redemption	63	47	63	47
Accounts payable	99	114	98	110
Other	122	807	99	796
<b>Total</b>	<b>436</b>	<b>1,170</b>	<b>412</b>	<b>1,155</b>
Of which: Group companies	5	704	5	705

## Note 29

### Accrued expenses and prepaid income

	Group		Bank	
	2001	2000	2001	2000
Accrued interest expenses	273	234	273	234
Accrued personnel expenses	143	136	143	136
Other accrued expenses	29	16	29	16
Prepaid income	26	30	26	30
<b>Total</b>	<b>471</b>	<b>416</b>	<b>471</b>	<b>416</b>

## Note 30

### Provisions

	Group		Bank	
	2001	2000	2001	2000
<b>Provisions for pensions and similar commitments</b>				
FPG/SPV pensions	800	235	800	235
Pension commitments with government guarantee	288	–	288	–
Pensions, early retirement	11	2	11	2
<b>Total</b>	<b>1,099</b>	<b>237</b>	<b>1,099</b>	<b>237</b>
<b>Provisions for taxes</b>				
Deferred tax in allocation reserves	79	27	–	–
Deferred tax in excess depreciation reserve	1	5	–	–
<b>Total</b>	<b>80</b>	<b>32</b>	<b>–</b>	<b>–</b>
<b>Other provisions</b>				
Occupational injury commitments	–	4	–	4
<b>Total provisions</b>	<b>1,179</b>	<b>273</b>	<b>1,099</b>	<b>241</b>

## Note 30

*Ctd.*

Provisions for pensions and similar commitments in the Bank have been calculated in accordance with the Swedish Financial Supervisory Authority's regulation 2000:19. Cf. Note 6.

Pension commitments with pension entitlement earned up until 31 December 1996, which are secured via the Posten Pension Fund 1996, have as of 1 March 2001 been secured through the book reserve method. Compensation of SEKm 817 has been received, corresponding to the pension commitment that was secured through the fund as of 28 February 2001. Cf. Note 6.

The portion of the pension liability that pertains to commitments conditional on the employees, altogether 542 persons (582), remaining in the same position (transitional rules), and that can therefore not be quantified, is reported under contin-

gent liabilities at an actuarially computed amount corresponding to the maximum outcome. Cf. Note 34.

Individual agreements on retirement prior to the age of 65 are booked as liabilities when the agreement is made. Provisions as per the balance sheet, therefore, refer to commitments falling due after closing day.

The Group's and the Bank's deferred tax assets are reported under "Other assets". Cf. Note 22.

By occupational injury commitments is meant the payment liability for occupational injuries occurring prior to 1 March 1994. This commitment was transferred to Posten Sverige AB as of 31 March 2001.

## Note 31

### Subordinated liabilities

	Face value	Interest rate	Due date	Group Book value		Bank Book value	
				2001	2000	2001	2000
Subordinated debenture loan, holder							
Nordea Bank Sweden AB	540	variable	2007-05-17	540	540	540	540
<b>Total book value</b>				<b>540</b>	<b>540</b>	<b>540</b>	<b>540</b>

Interest on the loan is paid every three months in arrears and is determined at the 90-day treasury bill rate plus 0,6 percentage point. The interest rate is an average of market makers' purchase quotes two banking days prior to a new interest rate period.

The holder is entitled to demand immediate repayment of the loan if the bank is declared bankrupt or has entered into liquidation. However, the debenture loan is subordinated to the Bank's other liabilities, which means that it does not carry en-

titlement to payment until other claimants have received payment.

The loan falls due for payment six years from the loan date, i.e. on 17 May 2007. The holder of the subordinated debenture is entitled to divide the loan into several subordinated debentures for which the combined nominal amount is equal to the original loan amount. The new subordinated debentures are subject to the same rules as the existing one.

## Note 32

### Untaxed reserves

	Group		Bank	
	2001	2000	2001	2000
Profit equalisation reserve				
– tax assessment year 1998	–	–	39	39
– tax assessment year 1999	–	–	31	31
– tax assessment year 2001	–	–	24	24
– tax assessment year 2002	–	–	185	–
Excess depreciation reserve	–	–	3	16
<b>Total</b>	<b>–</b>	<b>–</b>	<b>282</b>	<b>110</b>

## Not 33

### Shareholders' equity

	Group		Bank			Group		Bank	
	2001	2000	2001	2000		2001	2000	2001	2000
<b>Restricted equity</b>					<b>Reserve for unrealised gains distributed among balance sheet items</b>				
Share capital (300 000 shares with a face value of SEK 1 000 each)	300	300	300	300	Government securities eligible as collateral etc	–	0	–	0
Restricted reserve/ Statutory reserve	1,243	1,119	1,040	1,040	Lending to credit institutions	–	2	–	2
Reserve for unrealised gains	–	5	–	5	Bonds and other interest-bearing securities	–	–0	–	–0
<b>Total restricted shareholders' equity</b>	<b>1,543</b>	<b>1,424</b>	<b>1,340</b>	<b>1,345</b>	Other assets	–	5	–	5
<b>Unrestricted shareholders' equity</b>					Other liabilities	–	–2	–	–2
Retained earnings	808	437	950	512	<b>Total</b>	<b>–</b>	<b>5</b>	<b>–</b>	<b>5</b>
Net profit for the year	484	490	342	433	Withdrawal/allocation to reserve for unrealised gains	–5	4	–5	4
<b>Total unrestricted shareholders' equity</b>	<b>1,292</b>	<b>927</b>	<b>1,292</b>	<b>945</b>					
<b>Total shareholders' equity</b>	<b>2,835</b>	<b>2,351</b>	<b>2,632</b>	<b>2,290</b>					

### Change in shareholder's equity, 2001

Group	Restricted shareholders' equity				Unrestricted shareholders' equity		
	Share capital	Statutory reserve	Reserve for unrealised gains	Other reserves	Retained earnings	Net profit for the year	Total
Opening equity according to adopted balance sheet	300	1,040	5	79	429	491	2,344
Effect of change of accounting principle regarding income tax					8	–1	7
<b>Adjusted opening equity</b>	<b>300</b>	<b>1,040</b>	<b>5</b>	<b>79</b>	<b>437</b>	<b>490</b>	<b>2,351</b>
Distribution of profits according to decision at 2000 AGM							
– Provision to unrestricted reserves					+490	–490	0
Change in reserve for unrealised gains			–5		+5		0
Transfer between restricted and unrestricted reserves				+124	–124		0
Net profit for the year						484	484
<b>Total</b>	<b>300</b>	<b>1,040</b>	<b>–</b>	<b>203</b>	<b>808</b>	<b>484</b>	<b>2,835</b>

Bank	Restricted shareholders' equity			Unrestricted shareholders' equity		
	Share capital	Statutory reserve	Reserve for unrealised gains	Retained earnings	Net profit for the year	Total
Opening equity according to adopted balance sheet	300	1,040	5	504	434	2,283
Effect of change of accounting principle regarding income tax				8	–1	7
<b>Adjusted opening equity</b>	<b>300</b>	<b>1,040</b>	<b>5</b>	<b>512</b>	<b>433</b>	<b>2,290</b>
Distribution of profits according to decision at 2000 AGM						
– Provision to unrestricted reserves				+433	–433	0
Change in reserve for unrealised gains			–5	+5		0
Net profit for the year					342	342
<b>Total</b>	<b>300</b>	<b>1,040</b>	<b>–</b>	<b>950</b>	<b>342</b>	<b>2,632</b>

**Note 34****Contingent liabilities**

Nominal amount	Group		Bank	
	2001	2000	2001	2000
<b>Guarantees</b>				
Other	505	277	505	277
<b>Total guarantees</b>	<b>505</b>	<b>277</b>	<b>505</b>	<b>277</b>
<b>Other contingent liabilities</b>				
Granted but unutilised letters of credit	317	265	317	265
Conditional pension commitment	77	71	77	71
The Swedish Pension Guarantee Mutual Insurance Company	16	14	16	14
Redemption of shares	–	14	–	14
<b>Total other contingent liabilities</b>	<b>410</b>	<b>364</b>	<b>410</b>	<b>364</b>
<b>Total contingent liabilities</b>	<b>915</b>	<b>641</b>	<b>915</b>	<b>641</b>

**Note 35****Commitments**

Nominal amount	Group		Bank	
	2001	2000	2001	2000
Interest and currency related contracts	6,120	9,960	6,120	9,960
Other commitments				
– Granted but undisbursed credits	12,687	10,404	12,687	10,404
– Unutilised portion of approved overdraft facility	4,169	4,018	4,169	4,018
<b>Total</b>	<b>22,976</b>	<b>24,382</b>	<b>22,976</b>	<b>24,382</b>

## Additional information

### Note 36

#### Rental contracts for premises 2001

	Group	Bank
Year 2002	102	101
Year 2003	72	72
Year 2004	60	60
Year 2005	27	27
Year 2006 and later	1	1
<b>Total</b>	<b>262</b>	<b>261</b>

### Note 37

#### Capital adequacy analysis

Bank	2001	2000	Bank	31 Dec, 2001	31 Dec, 2000
<b>Primary capital</b>			Total capital base	3,323	2,898
Shareholder's equity			Total risk-weighted amount		
after proposed dividend	2,582	2,290	for credit and market risks	18,372	22,534
Profit equalisation reserve, 72 percent			<b>Total capital ratio in percent</b>	<b>18.1</b>	<b>12.9</b>
of total reserve	201	68			
<b>Total primary capital, gross</b>	<b>2,783</b>	<b>2,358</b>	<b>Tier 1 capital ratio in percent</b>	<b>15.2</b>	<b>10.5</b>
<b>Supplementary capital</b>			Capital base and capital adequacy are calculated for the Bank only, as the Group does not constitute a financial corporate group.		
Fixed-term subordinated debentures	540	540			
<b>Total supplementary capital</b>	<b>540</b>	<b>540</b>			
<b>Total capital base</b>	<b>3,323</b>	<b>2,898</b>			

Bank	31 Dec, 2001			31 Dec, 2000		
	Nominal amount	Recalculated amount	Risk-weighted amount	Nominal amount	Recalculated amount	Risk-weighted amount
<b>Items in balance sheet</b>						
Group A - 0%	60,617	60,617	0	24,954	24,954	0
Group B - 20%	8,223	8,223	1,645	26,549	26,549	5,310
Group C - 50%	151	151	75	1	1	0
Group D - 100%	16,303	16,303	16,303	16,862	16,862	16,862
<b>Total</b>	<b>85,294</b>	<b>85,294</b>	<b>18,023</b>	<b>68,366</b>	<b>68,366</b>	<b>22,172</b>
<b>Off-balance-sheet items</b>						
Group A - 0%	1,100	24	0	–	–	–
Group B - 20%	3,639	77	15	1,686	135	27
Group C - 50%	1,900	39	20	1,600	73	36
Group D - 100%	814	314	314	540	191	191
<b>Total</b>	<b>7,453</b>	<b>454</b>	<b>349</b>	<b>3,826</b>	<b>399</b>	<b>254</b>
<b>Total credit risks</b>	<b>92,747</b>	<b>85,748</b>	<b>18,372</b>	<b>72,192</b>	<b>68,765</b>	<b>22,426</b>

Bank	31 Dec, 2001			31 Dec, 2000		
	Specific risk	General risk	Total risk	Specific risk	General risk	Total risk
Interest rate risks	–	–	–	38	70	108
Currency risks	–	–	0	–	–	0
<b>Total market risk</b>	<b>–</b>	<b>–</b>	<b>0</b>	<b>–</b>	<b>–</b>	<b>108</b>



## Note 38

### Book and market values of items on and off the balance sheet

Group	Current assets		Fixed assets	
	Book value	Difference between book and market value	Book value	Difference between book and market value
<b>Assets</b>				
Cash and balances with central banks	10	–	–	–
Treasury bills and other eligible bills	–	–	52,700	128
Lending to credit institutions	–	–	18,792	0
Lending to the public	–	–	–	7
Bonds and other interest-bearing securities	–	–	9,153	49
Shares and participations	9	1	2	–
Intangible assets	–	–	156	–
Tangible assets	–	–	149	–
Other assets	1,411	–	15	–
Prepaid expenses and accrued income	483	–	–	–
<b>Total assets</b>	<b>1,913</b>	<b>1</b>	<b>83,435</b>	<b>184</b>
<b>Liabilities</b>				
Liabilities to credit institutions			18,517	–2
Deposits from the public			48,786	–
Borrowing from the public			12,584	0
Other liabilities				
– Derivatives			39	–
– Other			397	–
Accrued expenses and prepaid income			471	–
Provisions			1,179	–
Subordinated liabilities			540	–0
<b>Total liabilities</b>			<b>82,513</b>	<b>–2</b>
<b>Total surplus value</b>				<b>183</b>

Figures are provided for the Group only, since there is no difference between book and market value for the subsidiary.

## Note 39

### Derivative instruments

Group	Interest-rate related			Currency related		
	Book value	Fair value	Face value	Book value	Fair value	Face value
<b>Derivatives with positive value or zero value</b>						
Fully or partly taken up on the balance sheet						
– Futures/forwards with positive value	–	–	–	13	13	469
– Swaps with positive value	–	–	–	44	44	2,750
– Other derivatives with positive value	2	2	0	–	–	–
<b>Total</b>	<b>2</b>	<b>2</b>	<b>0</b>	<b>57</b>	<b>57</b>	<b>3,219</b>
<b>Derivatives with negative value</b>						
Fully or partly taken up on the balance sheet						
– Futures/forwards with negative value	–	–	–	7	7	511
– Swaps with negative value	–	–	–	29	29	2,389
– Other derivatives with positive value	3	3	0	–	–	–
<b>Total</b>	<b>3</b>	<b>3</b>	<b>0</b>	<b>36</b>	<b>36</b>	<b>2,900</b>

The Group's derivatives are found in the Bank. The amounts are, therefore, the same for the Bank and the Group.

## Note 40

### Foreign currency

Group	EUR	DKK	NOK	GBP	USD	Other	Total
<b>Assets</b>							
Cash and balances with central banks	1	–	2	–	–	–	3
Lending to credit institutions	25	15	44	1	299	67	451
Lending to the public	706	206	73	169	1,136	89	2,379
Interest-bearing securities	183	–	–	–	49	370	602
Other assets	3	1	1	0	5	3	13
<b>Total assets</b>	<b>918</b>	<b>222</b>	<b>120</b>	<b>170</b>	<b>1,489</b>	<b>529</b>	<b>3,448</b>
<b>Liabilities</b>							
Liabilities to credit institutions	100	479	1	155	1,446	96	2,277
Deposits and borrowing from the public	218	19	7	7	74	166	491
Other liabilities	0	–	–	–	–	–	0
<b>Total liabilities</b>	<b>318</b>	<b>498</b>	<b>8</b>	<b>162</b>	<b>1,520</b>	<b>262</b>	<b>2,768</b>
<b>Positions not reported in balance sheet</b>	<b>–3</b>	<b>–1</b>	<b>–169</b>	<b>–0</b>	<b>–8</b>	<b>–</b>	<b>–181</b>
<b>Net position, foreign currencies</b>	<b>597</b>	<b>–277</b>	<b>–57</b>	<b>8</b>	<b>–39</b>	<b>267</b>	<b>499</b>

The Group's foreign currencies are found in the Bank. The amounts are, therefore, the same for the Bank and the Group.

## Note 41

### Remaining terms for assets and liabilities

Group	Financial items					Other items	Total
	<3 mths.	3–12 mths.	1–5 years	5–10 years	>10 years		
<b>Assets</b>							
Cash and balances with central banks	10	–	–	–	–	–	10
Treasury bills and other eligible bills	–	450	964	1,054	–	–	2,468
Lending to credit institutions	52,567	133	–	–	–	–	52,700
Lending to the public	15,887	2,784	121	–	–	–	18,792
Bonds and other interest-bearing securities	–	2,521	6,632	–	–	–	9,153
Other assets	1,123	–	–	–	–	1,102	2,225
<b>Total assets</b>	<b>69,587</b>	<b>5,888</b>	<b>7,717</b>	<b>1,054</b>	<b>–</b>	<b>1,102</b>	<b>85,348</b>
<b>Liabilities</b>							
Liabilities to credit institutions	17,035	1,482	–	–	–	–	18,517
Deposits from the public	48,786	–	–	–	–	–	48,786
Borrowing from the public	12,579	5	–	–	–	–	12,584
Other liabilities	–	–	–	–	–	2,086	2,086
Subordinated liabilities	540	–	–	–	–	–	540
Shareholders' equity	–	–	–	–	–	2,835	2,835
<b>Total liabilities</b>	<b>78,940</b>	<b>1,487</b>		<b>–</b>	<b>–</b>	<b>4,921</b>	<b>85,348</b>
<b>Positions not reported in balance sheet</b>							
Long positions	608	2,479	–	–	–	–	3,087
Short positions	1,204	1,818	11	–	–	–	3,033
<b>Difference between assets and liabilities incl. off-balance sheet positions</b>							
	<b>–9,949</b>	<b>5,062</b>	<b>7,706</b>	<b>1,054</b>	<b>–</b>	<b>–3,819</b>	<b>54</b>
<b>Cumulative interest rate exposure</b>	<b>–9,949</b>	<b>–4,887</b>	<b>2,819</b>	<b>3,873</b>	<b>3,873</b>	<b>–</b>	<b>3,873</b>

Figures are provided for the Bank only, since the subsidiary's financial assets and liabilities are negligible.

## Note 42

### Credit risk exposure

Group	Credit risk exposure on the balance sheet (book value)	Credit risk exposure off the balance sheet (market value)	Total credit risk exposure
Swedish government	6,810		6,810
Swedish municipalities and county councils	1,111		1,111
Swedish banks	37,237	96	37,333
Swedish intermediary institutions	3,922		3,922
Other financial activities	2,567		2,567
Foreign banks	16,003	7	16,010
Agriculture, hunting, fishing and forestry	739	1	740
Manufacturing	4,371	289	4,660
Electricity, gas, heat and water supply	1,267	3	1,270
Building and construction	553	164	717
Wholesale and retail trade	2,541	300	2,841
Hotel and restaurant business	3	6	9
Transport and communications	930	25	955
Property and leasing activities, corporate services	1,651	20	1,671
Other service sector	455	46	501
Not broken down by sector	397		397
Swedish general public	316		316
Foreign general public	1,006		1,006
<b>Total</b>	<b>81,879</b>	<b>957</b>	<b>82,836</b>

By credit is meant receivables and other investments in securities on the balance sheet, plus credit commitments off the balance sheet in the form of financial instruments, guarantees and irrevocable letters of credit.

Credit risk exposure on the balance sheet is divided into lending to customers of SEKm 13,645 and investments and deposits totalling SEKm 68,234. Customer lending includes giro credits to companies and private individuals, card credits, fixed-rate money-market based lending and clearing credits. The two biggest credit services are Girokredit Companies, which amounted to SEKm 2,137 on closing day, and fixed-rate lending. The portion of lending that is not aimed at municipalities is covered for the most part by real collateral or guarantees. Fixed-rate lending, which amounted to SEKm 10,643 on closing day, is money-market based lending that is mainly aimed at municipalities and big companies with very high credit ratings.

Other credit services are Girokredit Private, which is granted clearing credits of up to SEK 50,000 without collateral. Such credits are settlement credits between Postgirot Bank and another bank, card credits for postgiro accounts and card credits or credit cards for private individuals and companies.

The Group's credit risk exposure exists in the Bank. The amounts are, therefore, the same for the Bank and the Group.

## Note 43

### Genuine repurchase agreements

The amounts borrowed by selling security with subsequent repurchase of the same assets are included in liabilities to credit institutions in the amount of SEKm 9,021 (10,773), and in borrowing from the general public in the amount of SEKm 11,971 (3,851).

The amounts lent by purchasing security with subsequent resale of the same assets are included in lending to credit institutions in the amount of SEKm 14,757 (9,338), and in lending to the general public in the amount of SEKm 5,500 (11,733).

The Group's repurchase transactions exists in the Bank. The amounts are, therefore, the same for the Bank and the Group.

## Note 44

### Legal proceedings

Neither the Bank nor its subsidiaries are party to any disputes or legal proceedings that have had, or may have, any significant financial impact on the Group.

## Proposed distribution of earnings

The Group's unrestricted shareholder's equity amounts to SEKm 1,292. No transfer to the Group's restricted reserves is required. Following the proposed distribution, the Group's non-restricted shareholder's equity amounts to SEKm 1,242.

According to Postgirot Bank AB's balance sheet, the following amounts are at the disposal of the Annual General Meeting:

### Unrestricted shareholders' equity

Balance carried forward	SEK 945,227,784
Reversal of reserve for unrealised gains	SEK 5,152,814
Net profit for the year	SEK 341,963,024
<b>Total amount at disposal</b>	<b>SEK 1,292,343,622</b>

The Board of Directors propose that these earnings be distributed as follows:

Dividend to shareholders	SEK 50,000,000
To be carried forward	SEK 1,242,343,622
<b>Total</b>	<b>SEK 1,292,343,622</b>

Stockholm, 8 February, 2002

MAGNUS FALK  
Chairman

JAKOB GRINBAUM  
Vice Chairman

BO HARALD

GÖRAN LIND

ROLAND OLSSON

LILIAN ERLINGSSON  
Employee representative

ANNE-CHRISTIN LINDGREN  
Employee representative

PER-ERIC SKOTTHAG  
President

## Audit Report

*To the general meeting of the shareholders of Postgirot Bank AB (publ)*

*Corp. reg. no: 516401-9704*

We have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the board of directors and the president of Postgirot Bank AB (publ) for the year 2001. These accounts and the administration of the company are the responsibility of the board of directors and the managing director. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual accounts and the consolidated accounts are free of material misstatement. In our audit we have been assisted by the Bank's internal audit department, which has periodically examined the accounts and submitted reports to us thereon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the board of directors and the managing director, as well as evaluating the overall presentation of information in the annual accounts and the consolidated accounts. As a basis for our opinion concerning discharge from liability, we examined significant

decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any board member or the president. We also examined whether any board member or the managing director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act of Credit Institutions and Securities Companies or the Articles of Association. We believe that our audit provides a reasonable basis of our opinion set out below.

The annual accounts and the consolidated accounts have been prepared in accordance with the Annual Accounts Act of Credit Institutions and Securities Companies and, thereby, give a true and fair view of the company's and the group's financial position and results of operations in accordance with generally accepted accounting principles in Sweden.

We recommend to the general meeting of shareholders that the income statements and balance sheets of the parent company and the group be adopted, that the profit for the parent company be dealt with in accordance with the proposal in the administration report and that the members of the board of directors and the president be discharged from liability for the financial year.

Stockholm, 11 February, 2002

STEFAN HOLMSTRÖM  
Authorised Public Accountant  
Chairman

PER BERGMAN  
Authorised Public Accountant

ULLA NORDIN BUISMAN  
Authorised Public Accountant  
Appointed by the Financial  
Supervisory Authority

## Board of Director and Auditors

### Board of Directors

**Magnus Falk**

*Chairman.*

Born 1942. Vice President of Nordea. President of Nordea Bank Sweden and Head of Retail Sweden. Member since 2001.

**Per-Eric Skotthag**

*President.*

Born 1949. Member since 2000. Deputy member 1997–1999.

**Jakob Grinbaum**

*Vice Chairman.*

Born 1949. Vice President of Nordea. Head of Group Treasury in Nordea. Member since 2001.

**Bo Harald**

Born 1948. Vice President of Nordea. Head of Electronic Banking in Nordea. Member since 2001.

**Göran Lind**

Born 1946. Head of Credits Retail Sweden in Nordea Bank Sweden AB. Member since 2001.

**Roland Olsson**

Born 1943. Vice President of Nordea. Head of Household and General Insurance in Nordea. Member since 2001.

**Kurt Gustafsson**

Born 1954. Head of Electronic Banking Sweden in Nordea Bank Sweden AB. Member since 2001.

### Appointed by employees

**Full member****Lilian Erlingsson**

Born 1945. Clerk. Member since 2002. Deputy member 1999–2002.

**Anne-Christin Lindgren**

Born 1949. Clerk. Member since 1998.

**Deputy members****Mikael Beeckman**

Born 1955. 1st postman. Deputy member since 2002.

**Gunvi Hubler**

Born 1944. Senior Administrative Officer. Deputy member since 2002. Member 2001–2002. Deputy member 1996–2001.

The following persons were active on the Board of Directors of Postgirot Bank AB during 2001:

**Lennart Grabe****Dag Hasslegren****Ann Ahlberg****Lars Evander****Lisbeth Gustafsson****Evert Lindholm****Michael Sohlman****Käll Svensson****Toni Roth**

The following person was active on the Board of Directors of Postgirot Bank AB during 2002:

**Toni Roth**

### Auditors

The Bank's auditors are elected at the Annual General Meeting or appointed by the Swedish Financial Supervisory Authority.

### Elected at the 2001 Annual General Meeting

**Ordinary****Stefan Holmström**

Täby, born 1949. Chief auditor. Authorised Public Accountant, KPMG.

**Per Bergman**

Bromma, born 1946. Authorised Public Accountant, KPMG.

**Deputy members****Johan Baeckström**

Lidingö, born 1954. Authorised Public Accountant, KPMG.

**Göran Selander**

Täby, born 1957. Authorised Public Accountant, KPMG.

### Appointed by the Financial Supervisory Authority

**Ulla Nordin Buisman**

Stockholm, born 1950. Authorised Public Accountant Öhrlings PricewaterhouseCoopers.

## Addresses

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