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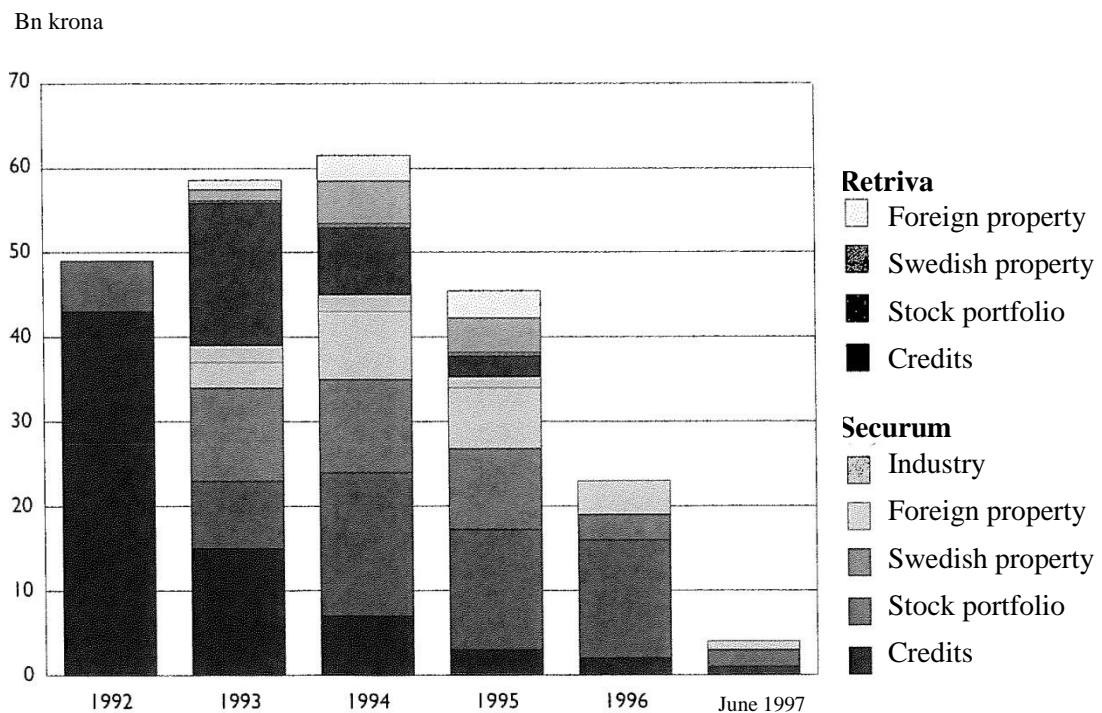
Securum board members 1992-1997

Document on CD-ROM

SECURUM / RETRIVA

- Assets initially worth 112 bn krona handled – valued at approximately 53 bn after devaluation.
- An approximate total of 1,600 credit exposures comprising an approximate total of 6,700 credits.
- A maximum of 900 staff in dismantlement organisations.
- Total cost of dismantlement of 3 bn krona for the entire period, corresponding approximately to an annual cost of 1% of the managed asset value.
- Concern responsible for a maximum of more than 30,000 people
- Five Initial Public Offerings executed.
- Assets in 14 countries outside Sweden.
- It was assumed that the allocated credit of 28 bn krona would be consumed over the course of 15 years. Some 18 bn could be returned after five years.

Securum/Retriva assets



TOWARDS THE FINISHING LINE

In our 1995 annual report, I foretold that we would be able to accomplish a large part of Securum's dismantlement work during 1996. As I write this in the spring of 1997, I note that development has occurred even faster than expected.

During the course of 1996, we dismantled assets worth 18 bn krona and with further sales in the first six months of 1997 of some 16 bn krona, the Securum project has largely been carried out.

In the new year, we decided to make a final report on Securum from its beginnings in 1992 to the end of 1997. Accordingly, this document describes the process and activity of Securum, a project that can be seen as a symbol of the greatest crisis to hit the Swedish financial system since the Kreuger crash in the 1930s.

MISSION ACCOMPLISHED

We now see the end of Project Securum. Our remaining assets relating to Swedish properties and property companies are being brought to the state-owned property company Vasakronan. What remains after that, in addition to a few foreign assets, are partly a number of unfinished credit exposures and partly some uncompleted matters of monitoring collateral and liquidations.

During the summer of 1997, this "Rump Securum" will be coordinated with Venantius AB, the state-run company for clearing state-administered property loans for which debtors cannot meet their obligations.

It is not without sadness that those of us who have worked on the project see it coming to its close. For many of us, the work on Securum has entailed unique opportunities to participating actively in very far-reaching economical decisions. This has meant both great responsibility and great stimulation in our work.

QUICKER THAN EXPECTED

When Securum was begun in 1992 to oversee the dismantlement of the "bad" credit accumulated in Nordbanken, this dismantlement process was expected to take 15 years. However, dismantlement has occurred in a much shorter period. There are several reasons for this.

The main single reason is probably the dramatic decrease in interest levels and a generally improved business climate in Sweden and abroad. The rate of dismantlement has also been positively affected by Securum's assets being largely restructured in order to be dismantled in larger, more cohesive blocks. Examples for this are Akzo Nobel, Norrportern, Addum and Castellum.

A SHORT BUT INTENSIVE EFFORT

The brevity of Securum's existence further underscores some of the aspects that were unique to the project. The business was built up during a short but very intensive period from nothing to a project organisation with more than 700 employees in several countries in Europe and the US. In addition to this came the concern's responsibility for a large number of companies totalling thousands of employees.

The purpose was to build an organisation up, take control of a number of credit exposures, turn the majority of these to assets by taking over the underlying securities, structuring these securities so that they were transformed into saleable assets, selling them and finally dismantling the organisation built for this purpose. We have accordingly passed through all the stages of a company's development in a fraction of the time it usually takes. This has provided our colleagues with some unique experience.

REDUCING THE COST TO THE TAXPAYER

The economic outcome for Securum and Retriva can now be added up. Companies were allocated a total capital of 27.8 bn krona, which was expected to be fully

consumed over the project's course. The capital was meant to cover expected, latent credit losses and running deficit, mainly interest, for the period up until the assets were realised.

When Securum acquired Retriva in early 1996, the entire capital of this company, 3.8 bn krona, was repaid to the state. Now, as the Securum project is being completed, close to 14 bn krona can be repaid. The cost to the taxpayer of financing is therefore significantly lower than what was expected when the crisis was at its worst.

The reduction in interest rates has had a positive influence, both on the values of our assets and on willingness to invest among potential buyers.

I further think that it has been important that we have always been able to state that value comes before time. Securum's assets have been up for sale, but we have not hurried through sales in such a way that we did not receive reasonable payment. I think this has been a decisive factor in Securum's success.

Forced sales would have led to significant losses in capital with consequent huge gains for buyers of the assets sold. Instead, these "recovery gains" have reduced taxpayer cost for the financial crisis.

THE STAFF BEHIND THE RESULT

Finally, I wish to highlight the fact that, regardless of the development of the state of the market or what resources we have been given or which organisational solutions we created, it is the people of Securum who have achieved these results.

I therefore wish to thank all the staff members who work or have worked on the project for the wholehearted contribution they have made. It takes something special to put all your energy into a project while knowing that the sooner the mission is accomplished, the sooner the position is lost.



At the same time, I think that in the changing climate the economy is working in today, it is something of an outcome of our times that one sees one's professional life subdivided into several different projects. Securum staff are used to this, as well as taking responsibility and finding solutions in unclear situations. They will therefore be very competitive in the labour market of the future.

Jan Kvarnström
CEO

THE WAY TO AND FROM THE BANKING CRISIS

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“Are the banks, then, a sector facing crisis or a sector of the future? It is noteworthy that a breakdown of the banking system of the kind we saw in the 1930s is highly unlikely today. The central banks that represent a significant part of lending to the banking system ultimately guarantee stability. The Swedish banking system is affected by events in other countries to a very limited degree. We can therefore remain entirely calm as regards the macroeconomic stability of the financial system.”

Quoted from a leader article in Ekonomisk debatt, year 13, No. 4, 1985.

The Swedish financial sector was transformed during the 1980s. An insular market that had been thoroughly regulated for 30 years was progressively replaced by several financial submarkets with significantly less restrictive rules than before. During a relatively brief period, the banks' lending ceiling was abolished along with interest and currency regulations. New financial instruments were established and the number of actors on the market increased. Sweden's borders opened to the world.

THE UPTURN

This financial systemic shift might never have been permitted to continue freely if it had not taken place in a Swedish economy that was heading for the boil. Swedish industry had a few good years behind it, profits were high and exports successful, much bolstered by devaluation that had led to an undervalued krona. Access to investable capital was good. The number of newly-formed companies grew. The price trend on the property market accelerated and the speculative element of the economy became ever more tangible.

SYSTEMIC ERRORS COME TO LIGHT

In this situation, the deregulation of the financial market engendered a number of imbalances that came to mark the Swedish economy for a long time to come. The systemic errors that came to light were partly institutional, i.e. relating to legislation and practices that had a negative influence on development, partly organisational, i.e. more conditioned by inefficient company and branch-specific structures, and finally interactive, i.e. dependent on the relationship between actors and the market framework.

An example of the latter was that the altered framework came to be interpreted in different ways, which became a decisive factor in the banks' failure to adapt to a larger market orientation. Equally fateful were the lack of skills and trailing education that came to light when the actors had to redefine their roles and duties – from the earlier strict observance of well-defined rules and frameworks to the commercial sale of credits and services in a competitive market.

THE FINANCIAL MARKET IS DEREGULATED

The deregulation of the financial market led to a significant credit expansion, which further increased access to capital – which in turn led to reduction in interest rates. A dramatic increase in competition between lenders on the market also contributed to this development. The earlier prudent culture of lending, informed by state regulation, was now replaced by a race between banks and finance companies in a deregulated market. In order to gain market shares, inadequate securities were accepted. This growth strategy was rewarded by short-term profits, but came to prove fateful for many actors in the longer term.

The many finance companies on the market often demonstrated a more aggressive sales culture than traditional banks and took great risks, mainly in lending to the property market. Among the banks, it was mainly those with no tradition of

extensive credit lending to large companies and property companies, such as Gota Bank and Nordbanken, who took great credit risks. Even in 1990, the banks actively marketed loans, but this year became the turning-point for the successes of the financial market.

FALLING PROPERTY PRICES

By the early 1990s, the Swedish economy began to slow down. Industrial production decreased and property prices fell. During 1990, several finance companies experienced extensive losses, among them Gamlestaden, Independent and Nyckeln. In September of 1990 cancelled payments. The situation for finance companies was made worse by a dramatic rise in interest rates in the autumn of 1990, which led to a fall in credit demand and lower earning power. The fall in property prices dealt an especially harsh blow to finance companies, as much of their lending was aimed at this sector.

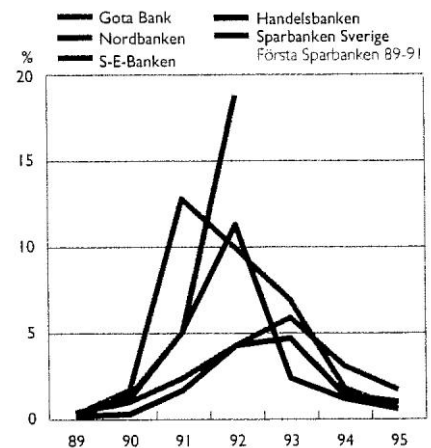
During the 1980s, the credits of the finance companies had developed towards greater property exposure. At the root of this development was speculation in undervaluation of properties. Property prices rose and rose. Towards the end of the 1980s, prices rose faster than rents, which, along with a relatively high rate of interest had a negative impact on the profitability of finance companies. This development then led to increasing property prices. Properties had to be sold in order to realise expected profits. Both banks and finance companies contributed to this merry-go-round by granting credits for these transactions. When property prices fell, so did the banks and finance companies, along with the property sector.

Loan securities diminished in value. Creditors became more restrictive in their lending. Lenders reacted by selling collateral, which further contributed to a fall in prices. Company liquidations and bankruptcies befell borrowers and lenders alike. The financial institutions that were hardest hit by the crisis were of course those that had taken the greatest risks and thereby contributed to speculation.

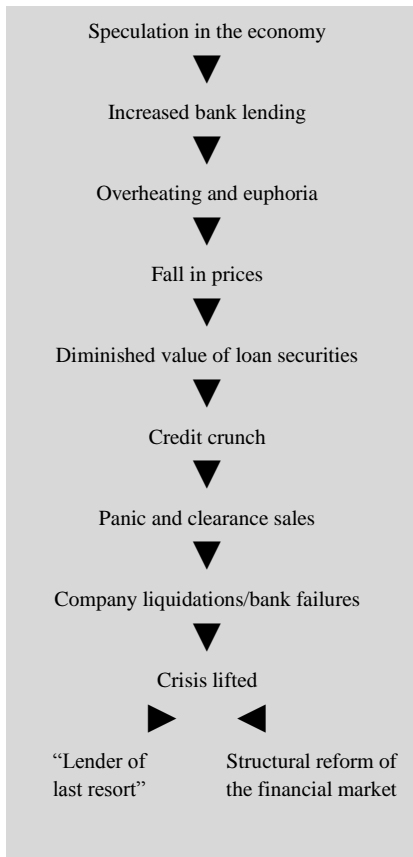
DOWNTURN AND LOSS OF CREDIT

In the early 1990s, this development was further affected by an international downturn. What had begun as a financial crisis caused by the fall in prices within one sector, the property market, now also came to wear the trappings of an industrial structural crisis. Company bankruptcies quickly increased in number and further added to the banks' credit losses. The greater part of credit losses was imputed to exposures related to finance and property business. Credit losses on the private loans market could therefore be maintained at a relatively low level.

Credit loss share of bank lending



Development model for financial crises



HISTORIC PARALLELS

The financial crisis we have undergone in the 1990s is, however, not a new phenomenon in Sweden’s history. We underwent similar crises in the 1870s and 1920s. The experience from these crises has shown that there is a need for special measures in order to break a crisis.

The railroad crisis of the 1870s was preceded by an international upturn. In Sweden, as in other industrialised nations, this greatly propelled the construction of railroads, amongst other things. The railroads were mainly financed by issuing bonds. There followed a significant downturn, and the bonds fell in value. Railway companies and lenders fell into difficulty, with resulting bankruptcies. In order to avoid a real bank crash, and following a government proposal, Parliament introduced the Railway Hypothecation Fund, to which banks could pawn their by then unsellable railway bonds.

During the deflation crisis of the 1920s, when the finances of Swedish industrial companies had significantly declined, business banks had to choose between allowing the companies fail or granting them further credits. Often, new loans were granted, which, should the companies fail, led to credit losses in the banking system. In order to avoid failing as well, banks started to cooperate to rescue the financial system. Finally, however, this was not enough, but the state was forced to function as “lender of last resort” and AB Kreditkassan af år 1922 [The 1922 Credit Fund Ltd.] was founded.

THE STATE AS GUARANTOR

During the crisis of the 1990s, the state yet again had to step in as guarantor and take responsibility for the development of the financial system. In other countries, state underwriting measures have mainly been intended to counter the incurrence of banking panic and thereby ensure that depositors do not lose their bank capital. However, in December of 1992, when the Swedish Parliament decided on measures to strengthen the financial system, the choice was to take it a step further. The state was to guarantee that banks and certain other credit institutions fulfilled their obligations in time, and this would happen by giving financial support to viable actors, who could be expected to achieve profitability in the long term.

In order to handle this banking support, the Bank Support Authority was introduced. The authority could grant support mainly in four ways:

- Issuing guarantees to cover future credit losses and lost returns on certain assets
- Granting loans or guarantees for loans
- Issuing guarantees on the issuing of new shares
- Granting other types of capital contribution

The Bank Support Authority was substantially formed according to the same pattern used in the 1920s when the Credit Fund was established to rescue the banks.

However, an important difference was that the main part of state support went to the state bank Nordbanken.

The state acting as guarantor for the financial system contributed to solving immediate pro

borrowing. By not lowering lending interest as quickly, the banks had the possibility to make money on the difference between interests and cover the credit losses.

CONSEQUENCES OF THE BANKING CRISIS

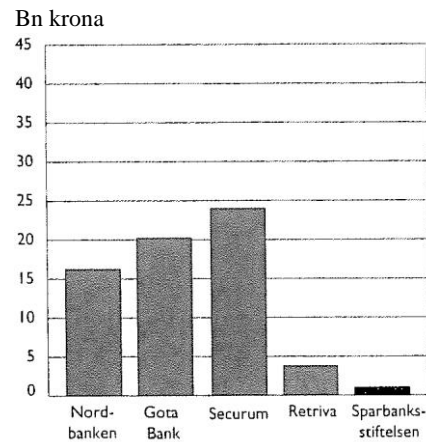
According to the principles applied in the crisis of the 1920s, the banks' bad credit exposures were separated from the conventional business and placed into separate companies, so-called "junk banks" in the vernacular. Nordbanken's problem credits were collected in Securum and Gota Bank's in Retriva. Nordbanken and Securum received 16.2 and 24 bn krona respectively. Gota Bank and Retriva received 20.2 and 3.8 bn krona respectively.

As with the subsequent consolidation of Nordbanken and Gota Bank, the formation of these junk banks is an example of the restructuring of the sector that was now introduced. The fusions that have occurred since have all pointed towards rebuilding larger and more competitive units that can provide all kinds of financial services – financial supermarkets.

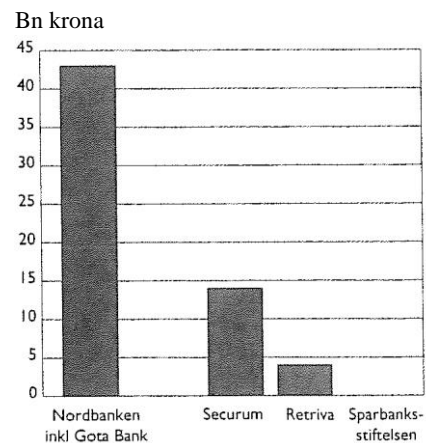
Compared with the financial crisis of the 1870s, when it took 14 years before the Railway Hypothecation Fund was dismantled, and the crisis of the 1920s, when state underwriting was maintained for some 15 years, it appears that this time, state support can be decommissioned relatively quickly. That 15 bn krona of the bank support paid out has been recouped in the first half of 1996 must also be seen as a plus. This figure will increase significantly if one includes the value of the state's remaining holdings in Nordbanken (not taking into account the value of Nordbanken before the banking crisis), the dividend from Nordbanken, the redemption from Nordbanken and the prognosticated value of Securum (corresponding to prognosticated own capital as of 30 June 1997). In total, the recouped amount will then rise to 61 bn krona, to be compared with the paid banking support of 65.3 bn krona.

The financial crisis of the 1990s has doubtless led to structural changes. But no larger remodelling of the framework has occurred since. The only significant exception is the limited depositor guarantee that was introduced in January of 1996. The deregulation that began in the first half of the 1980s has continued, and the changes that have been instituted have rather contributed to strengthening competition in both the lending and borrowing markets.

Paid-out bank support, totalling 65.3 bn krona



Recouped bank support* as of June 1997, totalling 61 bn krona



*which has partly not been realised

DEVELOPMENT OF THE CRISIS IN NORDBANKEN.

In connection with the 1920s financial crisis, AB Kreditkassan af år 1922 was formed to prevent a major banking crisis in Sweden. Kreditkassan rescued the Swedish Lantmännens Bank for example, which then changed its name to Jordbrukarbanken, which later changed its name to Sveriges Kreditbank. 1974 Sveriges Kreditbank merged with Postbanken under the name of Post och Kreditbanken, PKbanken. Finally, PKbanken changed its name to Nordbanken after the acquisition of old Nordbanken in 1990. Later that year, the finance company Nyckeln suspended their payments, which marked the start of the financial crisis of the 1990s. The banks credit losses rose sharply, Nordbanken reported credit losses of SEK 5.2 billion. The development led to that the government in 1992 decided to establish a Bank Support Authority (Bankstödsnämnden) in order to avoid a new banking crisis in Sweden. Earlier that same year, Securum had been formed to manage the bad credits in Nordbanken.

MERGER AND STRATEGIC CHOICE

Nordbanken had in connection with the acquisition of old Nordbanken increased considerably in size, but not to the level of S-E Banken and Handelsbanken. The ambition was to become a modern and competitive international commercial bank for business, equivalent to the two large commercial banks. This strategy meant that the volume of credit needed to be expanded by an increased number of new debtors, an enterprise that Nordbanken and PKbanken individually had begun already in the 1980s.

The acquisition of old Nordbanken, which for three consecutive years had distinguished itself as "Scandinavia's most profitable bank", was announced on December 7, 1989. In March 1990 Nordbanken's new CEO took office. In August, Nordbanken released a press communiqué in which losses of 1.7 billion were announced. These losses prompted the government to conduct a thorough review of the bank, which was presented by the Bank Inspection Board (Bankinspektionen) in November 1990. The investigation revealed that poor credit handling was the cause of the extensive credit losses. Nordbanken's CEO and the Board resigned at the end of 1990.

FINANCIAL DIFFICULTIES

Nordbanken's new leadership implemented a collective limitation of all loans in the bank to get a clearer picture of the bank's financial status. The result of this process exposed a bank in serious difficulty. The bank's exposure to certain individual credit commitments was much greater than expected. The commitment towards the Pensar Group, for example, was SEK 11.4 billion, representing approximately 90 percent of the bank's equity capital, and it was the largest one, but there were also a vast number of other commitments that could potentially turn into problems.

The value of the underlying collaterals was rated as weak. The bank's collateral securities for these commitments were weakened further by the crisis in Kuwait, which struck hard against the stock market, and also by the financial crisis led by Nyckeln's default. The result of the collective credit limitation was that the bank formed a new central unit called "Intensive Care" where the worst loans were placed. The aim was to create an operational unit of credit management, while problem loans were separated from the bank's daily operational activities.

IMPACT OF THE FINANCE COMPANY CRISIS

In connection with Nyckeln's suspension of payments the finance company crisis started in Sweden. This also erased the market for the finance companies' key financial instrument, the so-called market certificates (marknadsbevis). Other finance companies, including Gamlestaden, were drawn into the crisis. As the availability of funding sources for finance companies was limited, all other credit granting also stagnated in Sweden. This development struck hardest against real estate companies and led to a sharply negative trend in the property market, thus increasing banks' credit losses even further.

The course of the real estate market had great impact on banks' earnings. In general it was finance companies which accounted for high ratio loans on real estate, as banks often were prevented due to

capital adequacy requirements of 8 percent for loans to real estate companies. Capital adequacy requirements on loans to finance companies, however, were significantly lower, which meant that banks could lend money to finance companies, which in turn financed the real estate companies' high ratio loans. Later when the real estate market plummeted it struck through all the way down to the banking system. This incipient financial crisis meant that Nordbanken gained a provision requirement of SEK 5.2 billion, which meant that the bank presented a breakeven revenue for 1990.

INVOLVEMENT IN THE PENSER GROUP

Apart from the high loan to value ratio and weak balance sheets in the Penser Group, the risk was assessed as high even within the business itself, which mainly concerned the finance company Gamlestaden. In August 1991, a special report on Gamlestaden was presented, which showed that the company's requirement for provision amounted to SEK 2.7 billion. This meant that the company's equity revealed a deficit of 1.6 billion. The great need for provisions in Gamlestaden culminated in demands from the banks that the Penser Group's main company, Nobel Industrier, would execute the controversial consolidation warranty. This guarantee meant that Nobel Industrier, during the crisis in the autumn of 1990, had pledged to ensure that the solvency of Gamlestaden would never go below 16 percent. If that were to happen, Nobel Industrier had promised to inject new capital.

The other banks which were creditors to Gamlestaden demanded that Nobel Industrier would fulfill its commitment. This would have meant the Nobel Industrier bankruptcy. As Nordbanken's collateral in the Penser-commitment mainly consisted of shares in Nobel Industrier, the bank obviously wanted to avoid the implementation of the warranty. After intensive negotiations between the banks involved, an agreement was reached that meant that Nobel Industrier would execute its consolidation warranty and Nobel Industrier gave a capital injection of 2.3 billion to Gamlestaden. In order for Nobel Industries to fulfill its commitments, Nordbanken was forced to warrant a new rights issue of SEK 2 billion in Nobel Industrier, which meant that the bank demanded control of its collateral security. In addition, SEK 2.7 billion was injected into Nobel Industrier when the banks converted their claims on Nobel Industries into preferential shares in the company. This agreement was the context in which Nordbanken assumed control over the Penser Group's assets in Yggdrasil, Nobel Industrier and other companies in order to protect its collateral security.

In the autumn of 1991, Nordbanken credit losses amounted to SEK 10 billion, prompting the market to react strongly. In order to save the bank and the Swedish payments system, the state warranted another new rights issue of SEK 5.1 billion. The amount appeared at the time to be tremendously large, but it would later prove to have been a dramatic underestimation of the depth of the banks' crisis.

AGGRAVATION OF THE CRISIS

The crisis in Nordbanken was due not only to commitments in the Penser Group and the problems were not over because the banks had taken over its collateral securities in the group. The state of other credit commitments in "Intensive Care" gradually deteriorated due to rising interest rates and falling property prices, and this led to a further aggravation of the crisis within Nordbanken in 1992.

With the first quarterly financial statements of 1992, it was clear to the bank that the capital adequacy requirement of 8 percent in the future would not be achieved, despite last years rights issue. In order to save the bank it became necessary to inject additional capital and the "Intensive Care"-unit, which was now a subsidiary called Securum, had to be separated from the bank. This procedure presupposed, however, that the State assumed full ownership of the bank.

SECURUM BECOMES AN INDEPENDENT COMPANY

At the end of March / beginning of April 1992, the terms of a bill were established in which the government would contract to purchase the remaining shares in Nordbanken. Then, Nordbanken was given a capital injection of 10 billion and a promise of about as much to Securum. Finally, Securum received an additional injection of SEK 14 billion. Under the capitalization model that was produced this

would cover the cost of additional writedowns and to pursue the liquidation of the acquired credits over a 15-year period. At the turn of 1992/93 Securum was finally formally separated from Nordbanken and became an independent company owned by the state.

SECURUM PHASES

Thus, Securum was formed in 1992 to take care of the problem commitments that had arisen in Nordbanken as a result of the financial crisis in the early 1990s. The purpose was to streamline Nordbanken and create conditions for recovery, in a commercial manner, of as much as possible of the bad credits, while also helping to stabilize the financial markets and the real estate market.

FINANCING

When Securum was created, problem commitments at a gross value of SEK 67 billion were taken over. The "Purchase price" amounted to SEK 50 billion, because Nordbanken had already written down the assets by SEK 17 billion. In order to be able to carry out its mission, Securum needed a stable economy and financial sustainability. In this light, Securum was financed with SEK 24 billion by the government and SEK 27 billion from Nordbanken. State contributions took the form of equity while Nordbanken gave advantageous credits. The State gave a guarantee of SEK 10 billion for these credits.

THE MISSION

Securum's mission, which was established by the Government under Bill 1991/92: 153, has been to manage and liquidate the assets that were taken over from Nordbanken. This would be implemented at the same time as Securum, in the best possible way, should recover as much as possible of the acquired commitments, in order to minimize the State's and thereby also the taxpayers' cost.

THE DIFFERENT PHASES OF THE PROCESS

Initially, Securum was a credit organization with mainly non-performing loans. To ensure the value of these credits, Securum decided that, in cases where it would be the most economically advantageous option, it should take over the assets that were pledged against the credits. In doing so, Securum had started *the intake phase*, which thus entailed a rapid transformation from credits into other types of assets.

The assets that were acquired through the realization of collateral securities were afterwards sold to various asset companies within the Securum Group. The pricing for these internal transfers were made at market value, which meant that credit losses were limited to the finance company. The work of asset companies during the next phase, *the management phase*, focused on the different ways to increase the value of the acquired assets. Some examples of value-enhancing measures were restructurings, management changes and structural transactions.

In 1995, Securum went into its final phase, *the liquidation phase*, when funds were released by the disposal of assets. Securum has worked with the principle to divest the assets when their value would not be considered to be significantly increased by active management and when external conditions were deemed to be advantageous.

Summary of the "Securum process":

Nordbanken > Finance company > Asset companies > Shareholdings > Cash

Intake phase Management phase Liquidation phase

THE INTAKE PHASE

Securum assumed little more than 400 credit commitments from Nordbanken to a gross value of SEK 60

billion. The commitments included approximately 3,000 credits and were approximately 80 percent related to real estate. Only involvements with a minimum gross amount of SEK 15 million were eligible for transfer to Securum.

Since most of the credits were non-performing, the takeover of collateral securities to protect claims were usually the only economically viable option. The assets taken over were transferred to asset companies in the Securum Group. The transfer of assets was made at estimated market values and the difference between these values and credit amounts were reported as a credit loss in the finance company. Through this process Securum divested a low-yielding credit portfolio, in a planned way, and became the owner and manager of a real estate portfolio and other assets with significantly better returns.

LIQUIDATION OPTIONS

Most of the commitments that Securum acquired from Nordbanken were non-performing. An immediate handling of problem loans was required, in order to prevent the value of the credits and the corresponding assets from decreasing any further. The processing of problem loans within Securum took place in the credit organization which mainly consisted of Securum Finans, but also at the units in London and Luxembourg. During Securum's first six months, the credit management represented its core business.

The basic premise was that the credit commitments should be phased out as soon as possible and by one of three following alternatives procedures:

- A repayment plan, with or without concessions, depending on the customer's ability to pay.
- A reconstruction plan, depending on the companies chances of survival.
- Acquisition of the collateral security assets (pledge realization).

In most cases it was found that taking over the collateral security assets was the only economically viable option.

CREDIT LOSSES AS THE CORE BUSINESS

The assets taken over were transferred to the appropriate subsidiary within the Securum Group, holding the expertise needed to manage any specific type of asset. The transfer of assets was made at estimated market values, which were based on a range of assumptions about the potential future. The difference between the credit amount and the collateral securities market values was then reported as a credit loss in Securum Finans. Credit decisions, including the sale of assets, were taken in the Securum credit committee and then each asset company board approved the acquisition. A special real estate committee was formed to decide regarding the Swedish real estate and hotel cases, and to approve and coordinate the companies board decisions.

Thus, large credit losses arose in Securum Finans in the context of the intake phase, as the value of the credits were significantly higher than the value of the underlying collateral securities. Securum's total credit losses amounts to approximately SEK 16 billion. These losses were well in line with the base scenario created in the model that had defined the company's original capitalization. Namely, that the SEK 24 billion that Securum had received as equity upon formation would be needed to finance the decommissioning of the portfolio.

TRANSFORMING FROM CREDIT ORGANIZATION INTO INVESTMENT COMPANY

The takeover of collateral security assets had altered Securum's core business from a credit organization into more adequately resembling a mixed investment company, with interests in the real estate and the industrial sectors. In order to manage this transformation, specialized organizations were required which kept their own strategies and specific skills. Therefore, a review and calibration of Securum was

conducted during the first half of 1993, in order to make sure that all subsidiaries would carry out this assignment in the best possible way.

Given the large volume of real estate that were expected to be taken over - in Sweden just over 2500 -, Securum created four Swedish regional real estate companies: Securum Fastigheter Södra AB, Securum Fastigheter Västra AB, Securum Fastigheter Östra AB and Securum Fastigheter Norra AB. Securum also formed a special company for the hotel and tourism industry in Sweden, as well as a holding company for industrial companies.

A substantial part of Securum's involvement was located outside Sweden. Initially, Securum had interests in real estate, industry involvement and projects outside Sweden amounting to a total credit exposure of approximately SEK 14 billion. An organization equivalent to the Swedish one was therefore created also in the UK, where about 10 percent of Securum's total assets were located. Furthermore, Securum established a number of real estate companies in other countries where the company would come to own a significant real estate portfolio.

In the context of this intake phase, Securum converted a low-yielding credit portfolio with large credit losses into an asset portfolio with a more normal level of return, with an associated possibility of growth in value through active management. Securum had entered into its management phase.

Management Phase

As loans were turned into other assets types and transferred to the appropriate subsidiaries within the Securum group, the management phase began. In this phase Securum focused efforts on measures to increase the value of the assets acquired. This has meant that Securum worked actively with reconstruction, structural deals, management changes, purely management issues, and similar in order to prepare the various assets for sale.

Build-up of Asset Companies

Parallel to the intake phase, asset companies were established enable manage the collateral. This creation of asset companies was a necessary condition for Securum enabling the start of the next phase, the management phase. One of the basic ideas behind creating Securum was the need for other competencies than those found in banks in order to develop the assets in real estate, industrial companies, and hotels. Securum recruited qualified staff with specific industry knowledge to the various asset companies and their management boards. After that, Securum supported these operations as an active owner.

The work carried out during this phase was focused on measures to increase the value of the assets which would facilitate their future sale. The strategy was to recreate or increase the underlying profitability of the companies and provide them with a basis for developing their operations. Some of the companies were in dire financial trouble in the period before their takeover which led to them not being able to spend sufficient effort on their organisations as such. The support from Securum enabled these the companies to again have the opportunity to operate on commercial terms with an operatively active management. At the same time Securum set clear targets, strategies, and requirements for returns for each company.

Development of Assets

The asset companies worked intensively to lease empty premises and to improve results in the hotel and industrial companies. These efforts were made in order to avoid being forced to give too large a discount on future disposal, as it has been shown that discounts are disproportionately large in the sale of poorly performing assets (in both the bottom line and cash flow). After the confidence in the company has been re-established, operations stabilised, and profitability and cash flow improved, it has been possible to make economically viable disposals.

During the management phase, Securum's assets were restructured to add value and improve divestment opportunities for the various assets. The intent was to package the assets in suitable companies while still maintaining flexibility in divestment alternatives. Securum also contributed to several structural deals during the management phase. The goal of the structural deals was to create added value, as it is often better to own a smaller share in something that is better, larger, and stronger. At the same time it would avoid worsened liquidity and lock-in effects resulting from these transactions.

The various asset companies created by Securum during the management phase and some of the larger structural deals made by Securum to increase value in the asset base is briefly summarized below.

Streamlining and Divestment of Properties

The Swedish property operations Securum held initially consisted of the Swedish and Norwegian properties and was organised into four regional companies, each with several subsidiaries. The organisation was structured based on the fact that management and leasing operations benefit little from economies of scale. Many of the acquired properties had had financially weak owners or been managed in receiverships for a longer period, which often meant that vacancies were high

and maintenance and tenant refit requests were behind schedule. The Securum property operations started by inspecting all the properties and formulating measures aimed at improving the condition of the properties, thereby increasing rental rates. As this was being carried out, expenses were reduced and the conditions necessary for running an effective management at low costs was created.

In spring 1994, Securum Fastigheter Norra AB changed their name to Fastighets AB Norrporten and was listed on the Stockholm Stock Exchange small and midcap listing in early summer. Properties in the central and southern parts of Sweden were transferred to the newly formed and streamlined property company group Castellum in June. Castellum's operations are run via local property companies, which made use of the group's size through coordinating financing and project development. In Castellum, several individual properties were transferred to Kungsleden in 1996, when certain strategic properties were acquired from Kungsleden. Even prior to its merger with Securum, Kungsleden had specialised in piecemeal disposal of individual objects or smaller property stocks, took over the properties that didn't fit into Castellum's long-term stock. This restructuring enabled Castellum to concentrate operations geographically and to focus the organisation on development and management. The measures have led to a positive development in terms of efficiency and bottom line, and have significantly improved Castellum's market position. Through this, Castellum created a flexible structure that provided Securum with the ability to carry out its disposal through the sale of the entire group or its component parts.

Securum's foreign properties consisted of several larger individual objects, primarily in Great Britain, Germany, and Holland, but also in the US, Belgium, and Spain, with individual objects spread in several other countries. As the properties have been large and relatively dispersed, there were no synergies between them, which is why local property companies were established or acquired to manage the properties.

Industrial Operations

Addum Industri AB was formed in the summer of 1994 with the aim of taking care of Securum's commitments in Swedish industry companies. The companies' separate origins and varying industry affiliations meant that the industrial organisation could not make a natural group of companies. Several restructurings and disposal were carried out, resulting in a more homogenous group eventually taking form that was primarily concentrated in construction-related operations.

The international industrial operations consisted primarily of the London based Bricom group (see page 18).

Hotel Operations

Securum Hotell & Turism AB was formed in May 1993 in order to be manage the hotel and tourism facilities Securum took over. During its operations, the company implemented several structural measures. For example, hotel space was converted to other uses in order to increase the occupancy rates, and diverse tourist facilities in Åre were merged under joint management.

In January 1995, Securum Hotell & Turism transferred their properties to the newly formed company Pandox Hotellfastigheter AB in a non-cash consideration transaction. In addition to Securum's hotel properties, other parts of Skanska's Swedish hotel properties were also transferred into Pandox, which became one of the companies Securum and Skanska shared ownership of.

Securum's international operations also contained a large number of hotels, primarily in Great Britain, but also in Germany, Spain, Greece, and the US. In order to have a better understanding of operations and be able to participate in the work involving these hotel's structural development under Securum ownership, a management company was established to which staff with special hotel competency were recruited.

Finance and Management Companies

The operations of Securum's finance companies during the management phase consisted of packaging the final loans, that is to say the loans that weren't turned into other assets through realisation of collateral. The goal was to make the loans bankable and then obtain new external financing. The goal for operations was to liquidate the company's loan portfolio.

In conjunction with collateral realisations, Securum took over several blocks of shares in listed and unlisted companies. In order to achieve an effective and competent management of these share blocks, Securum formed management companies dedicated to active management of the shareholdings. These operations increased in significance in time with the gradual distribution of shareholdings from previously wholly-owned subsidiaries.

Ownership in Nobel Industrier

When Securum was formed, it also took over 73% of the common stock in Nobel Industrier, which lay in Nordbanken after the bank acquired the Penser group. At this point, Nobel Industrier was heavily in debt but maintained profitable core operations. Securum carried out an analyses of the company and set up an action plan for its ownership. The analyses showed that since the group's financial situation was too strained, the only alternative for the long-term survival of the group was to merge with another chemicals company. Together with Nobel Industrier, Securum made contact with the Dutch chemicals company group Akzo to determine whether there was an interest in merger. Both groups had complementing product assortments and relatively similar operations. The planned merger was made public in autumn 1993 and was implemented in February 1994. After the deal was carried out, Securum became the largest shareholder in Akzo Nobel with 18% of shares. As a part of the agreement, Securum took over, the Nobel Industrier holding of Spectra Physics, Celsius Industrier, and Nobelpharma. The takeover of these companies, which was one of Akzos conditions during negotiations, was done at a total price of SEK 4 billion and was possible due to Securum's financial strength.

Through the merging of Nobel Industrier and Akzo, Securum contributed to creating a powerful international chemicals company group, which was market leader in many product areas. At the same time, continued ownership in the new group gave Securum the ability to take part in its future value gains, which was expected as a result of the merger. The Akzo Nobel merger resulted in a profit of approximately SEK 5 billion. The deal meant that Securum significantly increased the value of its shares while acquiring a more fluid asset.

The Bricom Group

Another case where Securum's ability to act actively could be used to generate added value was the Bricom Group. This was a previously listed investment conglomerate that had been bought out from the exchange by a consortium shortly before the sudden drop in prices caused by the Kuwait crises. The group included several internationally operating companies from both the manufacturing and service industries. Turnover totalled SEK 3 billion roughly 6,000 employees.

The company group was under heavy financial strain but was not bankrupt. Securum took the initiative to buy out the consortium's remaining shareholders and could thereby manage disposal of the groups units more effectively. The assets were realised both through direct sales and in one case, the airport service company Servisair, through an exchange listing administered by Securum.

The sale of Servisair on the London exchange took place in two stages. 60% was sold in the first stage and after a year, when the price had stabilised at a higher level, the remaining 40% was sold. Before the company was listed, Securum financed the acquisition of a competitor. Through this acquisition, Servisair became a significantly more interesting business for its listing.

Fabege Ownership

Securum also took over loans and a significant shareholding in property business Fabege, which was experiencing severe difficulties as a result of the financial and property crisis. The company was near bankruptcy, but its creditors and larger

shareholders, including Securum, felt that its value would decrease significantly in bankruptcy. Instead, Fabege was reconstructed during the spring of 1993. This was later followed up by Securum transferring roughly 20 properties in the Stockholm area to the company in a non-cash consideration transaction. More recently, other companies have also transferred properties to Fabege in the same manner.

The Åre Area

In the Åre/Duved area, Securum took over a multitude of assets such as ski lifts, housing, and central facilities. The assets lay in several companies and group configurations. The organisations were restructured in order to achieve a more suitable mode of operation. Ski lift operations were consolidated in Åreliftarna AB and the remaining operations in Åre Invest AB, which also became the group's parent. In conjunction with this, several more assets were transferred to these operations in non-cash consideration transactions, which led to joint management of housing facilities as ownership was broadened. During 1995, a further in-kind share issue was carried out as Åreliftarna transferred in all assets and debts from Åre Invest in non-cash consideration transactions. This was done in order to fully be able to coordinate ownership and improve operational efficiency. Through these measures, Securum created operations within tourism with the potential for profitability.

In time, with the implementation of the management phase the asset portfolio gained liquidity and Securum gradually entered the final phase — the Disposal phase.

LIQUIDATION PHASE

At the time Securum did not determine the value of the various assets through active management, and when it was possible to obtain a price equal to Securum's target value, the asset was liquidated. This was done through sales of individual objects, partial ownership or disposals of holdings. With this phase, the settlement phase, Securum freed up capital, which was gradually returned to the state.

QUICK LIQUIDATION

Securum has chosen a relatively quick liquidation of their assets. This has been evident in the internal analyses that have been done, that this is the alternative that provides the highest current value. The starting point for Securum's liquidation plans was expectations about macroeconomic factors such as conjunctions and interest conditions and the development of various companies and industries. As a result of these analyses, liquidation plans for Securum's assets were also established. These liquidation plans covered how the work with each asset should be handled so that Securum could maximize value through the final divestment of the respective asset.

When the asset value could no longer be improved through active management that was defined in the liquidation plans and Securum could keep a selling price that corresponded to the established target value for the Securum asset that was liquidated. This could happen through sales of an individual object, partial ownership or a more comprehensive divestment from the asset portfolio.

At the end of 1995, the process of structuring Securum's organization, so that it would function more effectively even during the liquidation phase.

KNOWLEDGE OF THE MARKET

The correct timing for the liquidation of the assets has been important to achieve the best possible price during the sale. Securum has to know what the correct price for an asset is, how it should be sold, and which buyers pay best. This information is based on continual contact with and knowledge of markets and interests. In order to make the best decision possible, Securum has continually ensured that this competence is found within the company.

Should Securum has not achieved the value that is required for a financially defensible sale Securum has delayed liquidating. Securum has had the financial strength to wait for the right opportunity. At all times, it has been the economic outcome and not the time aspect that guided their liquidation process. The market knowledge that Securum does not have any time pressure with respect to liquidation, like that Securum has sufficient competence regarding both management and liquidation has strengthened Securum's position and has probably increased the value of their assets.

Below is a short report about how individual objects or larger holdings in the different asset companies, entirely or parts of the asset companies have been disposed of in the liquidation phase.

FIXED ASSETS

Securum's facilities in Sweden and Norway were initially included in Securum's Swedish real estate company. As previously mentioned, the business was built up in a small scale organization by a number of different subsidiaries, so that it would have a high degree of flexibility in future sales. This meant an openness for different disposal options, such as sales of individual facilities, lesser positions or an entire company.

The first larger disposal of facilities that occurred in the Swedish facility portfolio was the introduction of Fastighet's AB Norrporten, previously Securum Fastigheter Norra AB, on Stockholm's Fondbörs O list during the pre summer of 1994. Securum offered institutions and the public to sign for 60 percent of the shares in Norrporten. To avoid the market's uncertainty before the introduction to the exchange of a Norrland real estate company, that, in addition consisted of real estate that was taken over during the real estate crisis, Securum posted a guarantee where the company committed itself to buy back the shares at a certain price during the summer in the same year. With this guarantee, the interest in Norrporten was great, and the introduction was significantly oversubscribed. The remaining shares in Norrporten were disposed of thereafter in two stages in October and December 1996. After the sale of Norrporten, a number of well stocked and thereby highly valued real estate and real estate companies were disposed of, mainly in the Stockholm market.

Castellum worked further with the management of the real estate at the same time that Securum analyzed different methods of disposal for all of Castellum. During the Summer of 1996, a agreement in principle was concluded with The Morgan Stanley Real Estate Fund II about a sale of the majority of Castellum. The goal for this agreement was that the parties should collaborate in a combined risk project and actively participate in the restructuring of the Swedish real estate market. During the time that the discussions about sales continued, the market for real estate and real estate shares improved, which meant that the presuppositions for the business changed. This led to the dissolution of the intended collaboration, and Securum decided instead to list Castellum on the exchange during the fall of 1997. This process has been done and Securum obtained 1.8 billion SEK for 70 percent of the shares.

Kungsleden had about 1,500 properties after the real estate exchange with Castellum at the start of 1996. Up to and including May 1997, 705 properties have been sold gradually through a step by step liquidation at a value of nearly 4 billion SEK.

LIQUIDATION PHASE

Securum's real estate outside of Sweden are known in many companies as relatively few but large objects. The work was then directed at a step by step liquidation. This took a rather long time in many cases, and it often had to do with large and therefore difficult to sell objects.

Securum Swedish industrial holdings, which were held in Addum Industri, AB, consisted of a number of different companies. Initially, Addum disposed of certain smaller companies themselves, so that in that way it could get a more focused and homogenous Group structure. Among the companies that were liquidated was Facit, Lungastromsgruppen, Combi Heat, Robacks and the holdings in Gunnebo. The center of gravity around construction related business that was the result of the sales was important for the sale of Addum as a whole.

At the half year chagne in 1995, Securum began the sales process that led to the preliminary agreement that a sale of Addum could be signed in January 1996. On 29 March 1996, the final contract between Securum and Industri Kapital for a sale of Addum was signed.

The industrial company taht was included in Securum International and was located in Bricomgruppen lacked actual industrial synergies. Therefore, the strategy was selected to sell the included company. Securum liquidated the last parts of this group during 1995

HOTEL ASSETS

The work with seeling Padox HotelFastigheter, Securum's and Skanska's half owned company, has been allowed to take a rather long time. The Padox business, that actively managed hotel properties is a relatively new effort in Sweden that has needed time to get established. As a result of an improved result and cash flow in Padox, Securum together with Skanska have now been able to begin work with a public offering of the company during the summer of 1997, which means that Securum will sell all of its holdings for a purchase position of nearly 250 million SEK.

Securum's international hotel holdings, 20 odd hotels in five countries, has mainly been liquidated by individual sales to different buyers.

THE FINANCE BUSINESS

The finance business in Securum has been directed at lifting Securum's remaining loans to other financing institute as soon as the loans are "bankable". Also pure sales of parts of the loan portfolio have been done. In the end of 1996, a loan stock in Sweden was disposed of at a gross value of 1.2 billion SEK for about 100 MSEK and one in Great Britain.

HOLDINGS FROM THE FUSION AKZO NOBEL

In cooperation with Securum, participation in Akzo Nobel's fusion took over Securum's shares in Celsius, Spectra Physics, and in Nobelpharma. AS apart of the business, Securum also offered minority shareholders in Nobel Industries to acquire shares in both companies at the same terms. The sale of Spectra Physics was done by the shareholders in Nobel Industries retained signing rights that were then converted to shares, since the company was already publicly listed. The sale of Nobel pharma occurred in the same way, but this process was somewhat more complicated since it meant a new introduction of the company at the same time. The interest from other shareholders turned out to be cool, and the sale did not cause any great progress. Securum's nearly 10 percent holding in Celsius could still be disposed of relatively quickly.

DISPOSAL OF SHARE HOLDINGS

The sale of Securum's different share positions has generally been relatively problem free during the whole liquidation phase, even if they involved intensive work and several futures transactions as a result of changed presuppositions. Initially Securum's counter parties could sometimes see Securum as a undependable and difficult negotiation party. This position later was changed by a consequential posture from Securum's side, the financial strength and will to really sell at the right price. During the liquidation phase, Securum did nearly 30 sales of share positions in the asset portfolio. This has included many different types of transactions and posed different problems. Below are some examples of the business that has been done in the share market.

In April 1996, Securum did a partial sale of the Akzo Nobel holdings. The transaction consisted of two components, partly an options component, partly a pure share sale. The sale was done to the Dutch bank ABN AMRO, which in their turn created a holding company for the acquired Akzo Nobel shares before the resulting introduction of the new company to the Amsterdam Stock Exchange. The advantage of this construction was that investors in Holland could take advantage of certain tax advantages through this type of company and therefore were willing to pay a somewhat higher price than with a pure sale, which benefited Securum. The remaining shares in Akzo Nobel were disposed of in March 1997 through an offering to international institutions.

Securum's holdings in Nobel Biocare (previously Nobelpharma) were disposed of in four stages. Initially 19 percent were disposed of in combination with the minority shares in Nobel Industries who were offered shares in Nobel Biocare at the same terms as Securum when the Akzo and Nobel were merged. Thereafter, 10 percent were disposed of through shares and options in September 1994. This transaction was done mainly to try and improve the liquidity in the shares and thereby increase the value of the remaining holdings. In January 1996, 31 percent of Nobel Biocare was sold, and in June 1996, the remaining 40 percent of the company was sold.

During spring 1997, Securum did a sale of a larger industrial property in northern Stockholm, which had been taken over in connection with the Akzo-Nobel merger. The disposal occurred through a so called securitization. This meant that an obligation was issued and that lease payments from the property were thereafter paid as interest and amortization to the holders of the obligation. This was the first securitization of a property that was done in Sweden.

After mid-year 1997, Securum's assets mainly consisted of cash and a few remaining loans and assets transferred to other national companies. The cash that was in Securum was repaid to the State, and thereby Securum's mission was completed. Repaid cash came to 13-14 billion SEK, compared with the original problem involvement of a total of 50 billion SEK, alternatively the capital addition of 24 billion SEK.

THE SECURUM ORGANISATION

Organisational structure has been key to an efficient operation throughout the Securum project. The organisation has continually adapted to match existing conditions at all times. This section describes the principles behind the design of the organisational.

Large organisations like that of Securum, always need to establish a relatively strong central administration. For example, central competencies are required in fields such as consolidated reporting, information technology, taxation, and central financial administration.

Early in the project, a highly comprehensive, network-based data system was put in place. The system included capacity to process the financial operations and the large number of real properties that Securum eventually valued and managed.

The financial operations in Securum have been significant throughout the course of the project. An internal bank, Securum Treasury, was established early to manage financial flows, loan procurement, and currencies. Directly owned Securum companies, and several other companies that at times were part of the Securum group, have worked with Securum Treasury as counterparty.

The organisational issues related to the operative businesses are discussed below.

Project-specific organisational structure

Basic requirements for building the Securum organisation have included ensuring that it support flexible transactions, and have clear internal responsibilities with short decision-making processes while not compromising security, as well as ensuring professionalism and credibility in external contacts. Moreover, the organisation should be able to be continually remodelled as its basic premises changed. The dominant characteristic of this continual remodelling has been the insight of both individuals and units within the organisation that, as established, the organisation must function as though it were permanent, while it is actually only temporary.

Flexible transactions

During Securum's intake phase an agility and flexibility was achieved. This was done in several ways, including organising the finance business regionally to match the original Nordbanken organisation. This thereby facilitated transferring commitments, since the same people managed these activities throughout the process. Simultaneously, an organisation was established that would manage the incoming assets as they were taken over. The part of these operations assigned to manage properties was organised using a corresponding regional allocation. In regard to other asset classes, a central organisation was established instead, that was divided into two units, one for hotels and tourism, and the other for other industrial operations.

The Securum organisation

Schematic of organisational structure for the Securum Swedish operations

NORDBANKEN/ ORIGINAL CUSTOMER	Finance company	Asset Structuring	Asset Company Management		LISTING OR OTHER OWNERS/ CREDITORS
					Reconstructed
Regional			Properties		
Commitments					
Central					Norrporten
					Castellum
			Industrial		Addum
			Hotel & Tourism		Padox
			Shares		Shares

Several units eventually grew from these 'Disposal companies' which could be disposed of in a structured form. The northern properties company became Fastighets AB Norrporten, which was listed on the small and midcaps listing of the Stockholm Stock Exchange in 1994. The three other property companies was combined into Castellum AB, which was listed similarly in spring 1997. Industrial companies were combined in Addum Industri AB, which was sold to Industri Kapital in early 1996.

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Padox Hotellfastigheter AB was established from the company for hotel and tourist operations, in partnership with Skanska AB, which will be listed similarly on the Stockholm Stock Exchange in summer 1997.

For Securum commitments outside of Sweden, offices were established in London. Disposal activities here were run according to the same principles as the Swedish operations. However, since the assets located outside Sweden were greater and more widely spread, the prerequisites were not the same as for those in Sweden to allow selling complete structures. Instead, the organisation was therefore directed more towards developing and disposing units one at a time.

Clear Internal Responsibilities

It was also highly important to have a clear division of responsibility within Securum. The finance organisation held responsibility for a commitment until its collateral had been realised. Thereafter, they were transferred at carefully determined internal settlement prices to the asset organisation.

These internal settlement prices were to reflect the actual market values at the transaction date. Hereby, the asset organisation had a natural 'zero point' from which the value of working up these assets for disposal could be calculated. The finance organisation could also measure the actual loss of the commitment to a reasonable degree.

The finance organisation and the asset organisation worked independently of each other. Any differences in establishing these internal prices were monitored by the Securum senior management.

Organisation on three levels: Central; Region; Project Team

Internal Control and short Decision-Making Processes

Securum loan operations were dependent on careful internal control of decision-making. This was achieved through having an organisation on three levels. First: each case was prepared by a project team within the framework of set general directives. Thereafter, the case action plan was presented to a regional credit review. After approval there, the case was referred to the central credit committee, which included several representatives of the Securum board of directors. Each case was therefore separately considered on three levels.

Equally, it was important to keep decision-making processes short and to 'filter' the information for each case when it was moved up the decision-making hierarchy. Presentations made on the central level were therefore held by the project manager of the project team, or with them being present. Moreover, the processes ensured that each case was addressed as quickly as possible at each level.

Commercial consideration throughout the process

Throughout the Securum project process, from intake and management to disposal, the natural requirement involved keeping commercial considerations in focus as much as possible. Exceptions in this regard could primarily be related to issues involving suspected irregularities.

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In these cases, the principle applied was to prefer abstaining from a commercially justified settlement whenever it was suspected that a party that had acted incorrectly would obtain economic benefit. A second exception from strict commercial consideration involved allowing for labour market circumstances or similar.

In the disposal phase, great weight was assigned to internal corporate finance competencies and to establishing a constructive collaboration with investment banks and other external consultants.

Credibility in External Contacts

The character of the Securum project has meant that the issue of credibility in external contacts has had special significance. This may have involved the adequate treatment of borrowers. Or, this could involve Securum refraining from using its financial strength to dump rent levels or tendering non-commercially justified bids for various assets.

In order to obtain external review of how Securum has managed issues of this kind, a special market council was incorporated into the project that included representatives from various business sector organisations.

Irregularities

At an early stage, the Securum board of directors announced their policy of investigating irregularities in credit commitments, even when this would have negative economic consequences. An irregularities committee was therefore established in spring 1993. All commitments have been classified and approximately half of these have received remarks of some kind. However, financial criminality has been able to be proven in only a limited number of these commitments.

Continual Adaptation

Throughout its duration, the fact that the Securum project has been a process, has placed demands on its organisational form and function. This has meant that employees in the organisation have had temporary project-related employment forms, continually changing work tasks, moving between offices, and similar. Securum has already experienced a complete lifecycle of what is considered normal for most businesses: Starting with establishing the organisation, systems, and procedures; followed by full scale operations; and finally closing down. This process has been compressed into a fraction of the time this would normally take. This variability has been a significant component in the project's special character, and has thereby placed highly specific demands on the staff working within its operations.

The Securum Staff

Staff issues have been central to Securum throughout the course of the project. Some of the problems that had to be resolved are, of course, common to all companies, but many have been closely associated with the special nature of Securum. This chapter discusses staffing issues during various phases of Securum's operations.

Agility

After Securum's management had been appointed in autumn 1992, a significant need for further recruitment was apparent. A large staff of employees would be necessary to handle the extensive number of cases to be transferred to Securum. The loans that were taken over almost exclusively involved the type that already was or soon would be in distress. Securum would therefore have to take over responsibility for each loans' collateral. The underlying value of the assets would decrease quickly if they weren't transferred to Securum's control as soon as possible. The highest priority was therefore staffing the positions for both loan and asset management.

The immediate need made recruitment through Nordbanken natural, as they had staff with financial competencies and the bank was at that time going through a restructuring phase. Still, the overhanging risk was that while working for Securum, someone might end up managing the liquidation of loans that they had been a part of granting, which might affect the liquidation process.

Similarly, staff for Securum's property operations were recruited from companies that were included in the portfolio of distressed credits. Here too, it was necessary to not mix in history too much, even though the problem in this case was less. The staff recruited in this way became rather more administrators of real estate activities than decision-makers.

It is difficult to completely avoid mistakes when a large number of employees are hired in a very short period. When someone turns out to be unable to perform a task they were recruited for, the first alternative is to assign that person to other tasks. In the event, this was not practically possible, Securum chose to let the person go, even though in some cases this was economically expensive. It was deemed more important to have the entire organisation fully focused on the task at hand.

Competency

The nature of Securum's task necessitated a wide variety of competencies which also needed to be put together at the same time.

First, was competency in managing loans. Most of the commitments taken over were in distress and would need to be liquidated via enforcement of pledges, processing sureties, and similar. This required good banking competencies to ensure that the work was carried out properly, as quickly as possible, and without legal loss to the creditors.

At the same time, management and development competencies were needed for the acquired assets. Primarily, this involved skills within the real estate sector. During the acquisition phase, roughly 2,500 properties, of which approximately 1,100 were taken over, were assessed. This entire process was also to be carried out in a very short time frame. It was therefore important to quickly create an organisation capable of this task.

Parallel to real estate skills, industrial management skills were needed. Securum ended up taking over ownership, in both Sweden and the UK, of several commercial companies of varying size. This required the capacity to both exercise ownership rights and properly manage the eventual sale of these assets. The latter required the creation of corporate finance capacity, similar to that in banks and brokers.

In the end, the large number of cases created the necessity of building an administration capable of managing operations at a satisfactory level of efficiency and internal control. The task was unique, it required the creation of a large commercial group administration that had only a limited life span, and to then disassemble it.

Free from conflict of interest

Securum took over approximately 400 commitments including approximately 3,000 separate loans. These commitments in various ways involved a large number of operations, primarily in Sweden. Since a total of some 700 people were recruited to work in various roles on the liquidation process, during the course of the project, conflicts of interests arose at various levels of the organisation. These ranged from very slight to severe. Some of those employed for the liquidation role may have become involved in cases they once were a part of creating.

Primarily, this risk was counteracted by Securum working to ensure that no one worked with the liquidation of loan commitments on which they had worked on setting up. This was important for two reasons, partly to safeguard Securum's external credibility, and partly purely in terms of operations, as it would negatively impact our case management. In some cases in the Securum build-

up phase, decision-makers were given other tasks for this reason, and in a few cases they had to be let go from the organisation.

One factor further complicating the situation was that those who had participated in earlier stages often had good knowledge of the cases in question, which could have been valuable during liquidation. Securum tried to handle the associated problems on a case by case basis.

One explanation for the success of the project was the structuring of Securum. The organisation functioned like a commercial enterprise. Conflict of interest issues have therefore been treated exactly the same as in any regular business, except in the direct loan operations.

Accessibility and Loyalty

Early on it was clear that many of those recruited would only be employed at Securum for a short period. For the newly appointed management, the primary concern lay in convincing prospective employees to remain at their disposal, and later, to induce them to work as quickly as possible, even though that would mean they would lose their jobs sooner.

The severance pay and bonuses discussed in media should be seen with this in mind. To maintain the pace of the processes, the Securum management made the assessment that a generous approach was appropriate in order to maximise focus on the liquidation process.

As already mentioned, the credit organisation was largely staffed with employees who had previously worked at Nordbanken. Many employees working in the Securum central organisation also came from the bank. In addition to regular recruitment from the market at large, a significant number of professional consultants were also contracted in, among others from KPMG's consulting organisation. One of the advantages of this type of recruiting was that it became easier to gradually adapt the size of the organisation.

Time Limits

One issue that became relevant early on was dealing with the redundancy of staff that were no longer necessary for the project. This problem has had high priority. Employees' concerns for what they would do after Securum was, of course, not simply a question of economic security, it also involved professional development, and such.

When starting Securum, several employees had already agreed with Nordbanken to return after they worked at Securum. Several others had gradually been able to be given new tasks in the asset companies formed as a starting point of the collateral acquired by Securum.

In order to contribute to raising employees' competitiveness on the labour market, a number of training programs were initiated early on, for example within the data sector. Securum also continuously worked with various forms of outplacement activities. It turned out that many of contractual employment security clauses that were added, including for longer redundancy notice periods were only necessary to a lesser degree. In most cases the employees who left the organisation found new jobs fairly quickly.

RETRIVA

Retriva, which was formed to take over the problem loans from Gota Bank, was similar to Securum in regard to its prerequisites and to the task at hand which could be clearly separated into phases. The description below emphasises the differences that existed between Retriva and Securum.

BACKGROUND

The Gota Bank group included three separate banks; Götabanken, Skaraborgsbanken and Wermlandsbanken. All these banks operated in southern and central Sweden. Their customers, other than private individuals, include primarily small and mid-sized companies. After the parent, Gota AB, entered bankruptcy in September 1992, another unit was formed within the bank – Gota Bank Special Commitments – to manage problem loans. This unit started operations in January 1993, and in December 1993 all problem loans which had been acquired from Gota Bank by the Bankstödsnämnden (Banking Support Authority) were sold to Retriva.

Loan portfolio

The customer categories in Gota Bank were to a significant degree reflected in the problem loans that arose. When these problem loans were separated from the bank's loan portfolio, all the problem commitments greater than SEK 5 million were transferred to Gota Bank Special Commitments. These were later transferred to Retriva, which took over 3,700 loans grouped into 1,200 commitments, combining loans that were related based on ownership or joint collateral. Two-thirds of these customer commitments were between SEK 5 to 15 million gross. In total, loans taken over from Gota Bank had a gross value of SEK 42 billion, corresponding to approximately half of the banks total lending.

Financing

In contrast to the procedure for Securum, which took over loans at gross value to write down later in its own income statement, Retriva's loan book was written down prior to being taken over from Gota Bank. In all, write downs of SEK 26 billion had been made for the commitments that were transferred to Retriva AB.

Retriva AB

Retriva KreditAB Kungsleden AB Borgkronan AB

Retriva (UK) Ltd Kungsleden International AB

Retriva.

Retriva was financed with SEK 3.8 billion in equity and 3.5 billion through nationally guaranteed debentures. The starting position was that equity would be completely exhausted during the course of the project over 10 to 15 years.

The Organisation

The organisation of the Retriva group was similar to that of Securum with three subsidiaries including a finance company that took over the loans from the bank, a property company for Swedish properties (Kungsleden), and an assets management company (Borgkronan), where operating businesses were collected. The foreign organisations were, however, organised differently. Retriva, which had a significantly smaller share of foreign commitments, chose to have separate foreign units within each of the finance and property companies.

Kungsleden

The Kungsleden property company was organised around four regional entities; in Stockholm, Gothenburg, Malmö and Karlstad. Local proximity was an important factor for the effective management of the properties involved. Activities during the management phase was characterised by maintenance and improving efficiencies in administrative management. That Retriva's loan book consisted of smaller and more geographically diverse loans than those in Securum was reflected in several figures, including that by the end of the intake process, Kungsleden owned more than 1,000 properties in more than 180 municipalities in Sweden, and that the median value for the properties was SEK 5 million.

Borgkronan

Industrial operations that were collected in the company Borgkronan, where relatively small, but required significant involvement. The activities conducted by Borgkronan were designed to provide necessary competencies for their wholly or partly owned subsidiaries through representation on the boards of directors and/or as project manager to drive the necessary change processes within these businesses. The management phase therefore largely involved financial reconstruction of separate companies.

Disposal

It wasn't until the asset intake process was mostly completed in early 1995 that the total portfolio structure could be overviewed. The Retriva asset portfolio then included over 1,000 properties that were spread widely across Sweden, approximately 50 smaller industrial businesses, and a small number of foreign properties, concentrated mostly in Belgium and Holland. Any premises for establishing any larger structures were lacking entirely. The Swedish properties were entirely too widely distributed geographically to enable building a long-term property management business and the industrial operations had no synergies between their various holdings. In spring 1995, the board of directors therefore decided to dispose the properties and companies separately. Disposal was planned to be completed by 1998 or 1999, which was much faster than the original plan that ran from 2003 to 2008. In 1995, a plan of action was prepared for each asset prior to sale.

As well, an organisation was established that could efficiently manage the large number of transactions on all levels, from decision-makers down to administrative tasks. Retriva's organisation was then ready to address the extensive sales activities when their operations were merged with Securum in early 1996-

Asset Portfolio

SEK Billion		1995	1994	1993
Loans		2.7	7.9	16.8
Swedish properties		4.4	5.0	1.3
Foreign properties		3.2	3.0	1.1
Shareholdings		0.8	0.5	0.3
Total		11.1	16.4	19.5

The board of directors and CEO

Sten Heckcher 1993- 1994

Lennart Larsson 1994- 1995

Goran Lindén 1995- 1996

CEO

Christer Villard 1993-1996

Board Directors

Hans Jacobsson 1993-1996

Torgny Hastad 1993-1996

Mats Israelsson 1993-1996

Lennart Larsson 1993-1996

Sirvell 1993-1996

Bjorn Svedin 1993-1995

Christer Villard 1993-1996

Rickard Hailing Employee rep

Hans 1993-1996 Employee rep

Mona Lundmark 1995-1996 Employee rep.

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SECURUM in Figures

Operations in Securum have been impacted by continual change from the beginning in 1992. As a result, traditional accounting methods do not always provide a fair representation of the project. For example, comparison of the income statements and balance sheets from year to year is very difficult to analyse since each phase in the Securum project involved changed circumstances and a new type of operation.

Total Gross volumes and financing, SEK billion

	Properties 3	Write-downs in GotaBank 26
Fr	Shares 7	Write-downs in Norbanken 17
From Gota Bank	Loans 102	Other 27
Loans 42		
Real assets 3		
From Norbanken		Debentures 14
Loans 60		
Real assets 7		
		Equity 28
	Total 112	Total 112

Repayments

1996	4
1997	8
1998	5-6
Total	17 - 18

Assets and Financing Taken Over

As the illustration above indicates, the combined Retriva and Securum took in a total of SEK 102 billion in loans to manage. Assets transferred from Norbanken to Securum had a gross value of over SEK 67 billion. This included real assets of SEK 7 billion, mostly shares in Nobel Industrier AB. These assets were acquired for SEK 50 billion, which involved a write-down in Norbanken of SEK 17 billion. Additional, write-downs of approximately the same amount were also seen as necessary which would be covered by equity in Securum (which totalled SEK 24 billion when it was formed).

Loans for a total gross value of SEK 42 billion were transferred from Gota Bank to Retriva that also took on SEK 3 billion in the form of real assets, primarily from the property management company Kungsleden. The loans had already been written down in Gota Bank to SEK 16 billion and additional write-downs were not seen as necessary when Retriva was formed, so the company was capitalised with only SEK 3.8 billion.

The Swedish government guaranteed a total of SEK 14 billion in debentures for both companies, of which SEK 10 billion went to Securum.

Restructuring effects

The income statement item for restructuring effects consist of revenues and expenses excluding ongoing operations, such as for write-downs to match carrying amounts with estimated market value or the income on disposal. For Securum this is a significant part of the bottom line, and closely follows the project's phases.

During the intake phase in 1992 and 1993, provisions were taken for the loan book for a total of SEK 16 billion, in addition to the 17 billion write-down in Norbanken. During the management and disposal phases, significant gains were realisable as these assets were disposed. This applies especially to 1994, which was dominated by the sale of Nobel Industries to the Dutch-based Akzo, which generated a positive result of SEK 5 billion.

Costs of the disposal organisation

Expenses totalled over SEK 2 billion for the period from 1992 to 1997. This includes fixed costs for the units within Securum that managed the intake, management, and disposal of assets, and for loan management. However, these costs do not include costs for those units that worked with asset management, since these involve expenses that are normally part of running a management business.

Staff expenses make up 41% of the total disposal expenses. Procured services are 39% and consist of legal and accounting advice, and other consulting services. The latter item was relatively larger early in the project, due partly to the time needed to hire staff, as well partly due to the need for expert advice to build the organisational structure and control systems, and to analyse the complicated asset base.

(If the costs for the Retriva disposal organisation for the years 1993 to 1995 are included, the total costs are SEK 3 billion. In total, the disposal costs corresponded to an annual average expense of 1% of the asset volume.)

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SECURUM in figures

The Securum process

From loans to real assets

The diagram illustrates the process for Securum, which involves transforming loans to real assets. In the first 1.5 years, the loan book shrank by SEK 40 billion, while it was reduced more slowly later. During the management phase from 1994 to 1995, the total asset base remained stable, and then shrank swiftly in 1996 and 1997. In January 1996, though, the group added SEK 11 billion in assets on the merger with Retriva.

Securum acquired Retriva from the Swedish government for SEK 3.8 billion. The nation thereby got back the capital added to Retriva when the company was formed in 1993.

At the end of 1996, approximately SEK 12 billion remained in equity of the total of SEK 24 billion in capital added by the government when the company was formed. The original capitalisation plan anticipated that equity would be exhausted during the 10 to 15 year course of the project. When the Securum project was concluded in 1997, equity was estimated to be nearly SEK 14 billion, which will be returned to the Swedish government in 1997 and 1998.

Asset Portfolio

SEK billion	June 97 ¹	1996	1995	1994	1993	1993
Loans	1	2	3	7	15	43
Swedish properties	0 ³	3	10	11	11	0
Foreign properties	1	4	7	8	3	0
Shareholding portfolio	2 ⁴	14	14	17	8	6
Industrial	0	0	2	2	2	0
Total	4	23	36	45	39	49

External disposal of assets

<i>SEK billion</i>	<i>June 97 ¹</i>	<i>1996</i>	<i>1995</i>	<i>1994</i>	<i>1993</i>	<i>1993</i>
<i>Loans ²</i>	<i>1</i>	<i>2</i>	<i>2</i>	<i>5</i>	<i>2</i>	<i>12</i>
<i>Swedish properties</i>	<i>3 ³</i>	<i>3</i>	<i>2</i>	<i>1</i>	<i>0</i>	<i>9</i>
<i>Foreign properties</i>	<i>3</i>	<i>4</i>	<i>2</i>	<i>0</i>	<i>0</i>	<i>9</i>
<i>Shareholding portfolio</i>	<i>14 ⁴</i>	<i>7</i>	<i>1</i>	<i>1</i>	<i>0</i>	<i>23</i>
<i>Industrial</i>	<i>0</i>	<i>2</i>	<i>1</i>	<i>0</i>	<i>1</i>	<i>4</i>
<i>Total</i>	<i>21</i>	<i>18</i>	<i>8</i>	<i>7</i>	<i>3</i>	<i>57</i>

In all it is estimated that assets for a value of SEK 57 billion were disposed during the period from 1993 to mid-year 1997. The table for external disposals differs from the asset portfolio growth from 1992 to 1997 is explained by the following primary causes. Assets of SEK 11 billion were taken over from Retriva starting in 1996. External disposals includes realisation gains but excludes external financing of assets owned.

Consolidated Income Statement

SEK billion	Forecast 30/06/97	1996	1995	1994	1993	1992
Operating income	244	3,084	11,717	14,488	7,213	-147
Operating expenses	- 228	- 2430	- 9,830	- 12,583	- 6,427	- 43
Operating profit/loss	16	654	1,887	1,905	786	190
Depreciation	- 24	- 272	- 929	- 1,067	- 499	- 1
Operating profit/loss after depreciation	- 8	382	958	838	287	- 191
Restructuring effects	1,763	1,953	636	5,534	14,753	1,489
Profit/loss before net interest income	1,755	2,335	1,594	6,372	14,466	-1,680
<i>Financial income and expenses</i>						
Dividends	46	383	494	523	10	-
Interest income	221	658	740	627	405	-
Interest expense	- 355	-2,152	-2,789	-2,680	-2,034	-1
Other financial items	249	-81	-15	670	-46	-
Net financial income	161	1,192	-1,570	-860	-1,665	16
Profit/loss before taxes and minority interests	1,916	1,143	24	5,512	-16,131	-1,664
Tax	-10	-66	-60	-40	-18	-
Minority interests	-	-	-36	-168	-5	-
Reported profit	1,906	1,077	-72	5,304	-16,154	-1,664

An example for later years is Castellum which, in 1995, held properties valued at SEK 9 billion. In 1996, Castellum took in external financing, which is included in the figures for 1996 as a shareholding totalling SEK 3 billion. In addition, in many cases when Securum realized pledges, it took over mortgages on properties, shares and industrial assets. In these cases, Securum took possession of assets that had a greater value than the original Nordbanken loan receivables.

Securum's interest bearing financing was at most SEK 33 billion. Most of the loan management was managed through a central group treasury function, in order to take advantage of economies of scale in procuring financing on markets. Additionally, some mortgages in properties that were taken over remained as has external financing in subsidiaries within company operations.

Consolidated Balance Sheets

SEK billion	Forecast 30/06/97	1996	1995	1994	1993	1992
Assets						
Current assets						
Cash and equivalents	12,442	1,262	1,461	2,810	3,730	1,425
Shareholdings	1,801	10,421	-	-	-	6,972
Receivables – gov't	-	-	-	-	-	23,000
Loan receivables	824	1,781	2,261	5,075	11,903	20,887
Swedish disposal properties	-	- 272	- 929	- 1,067	- 499	- 1
Foreign disposal properties	1,398	4,376	-	-	-	-
Other current receivables	1,742	2,485	5,180	4,780	3,410	439
Total current asset	- 8	382	958	838	287	- 191
Fixed Assets						
Shares and participations	-	-	12,415	12,590	7,244	-
Facility properties	-	8,114	17,435	21,389	16,199	-
Other fixed assets	21	193	3,292	4,124	2,073	48
Total fixed assets	18,228	32,116	42,044	50,768	44,559	53,469
Liabilities and Equity						
Current Liabilities						
Current financial liabilities	3	876	2,244	1,275	758	580
Other current liabilities	574	2,527	4,254	4,819	4,395	4,818
Total current liabilities	576	3,403	6,498	6,094	5,143	5,398
Non-current liabilities						
Financial non-current liabilities	1,023	6,974	13,293	21,848	22,306	25,735
Other non-current liabilities	22	72	375	655	824	-
Total non-current liabilities	1,045	7,046	13,668	22,503	23,130	25,735
Debentures	5,000	10,000	10,000	10,007	10,007	-
Minority interests	-	-	665	755	130	-
Equity	11,607	11,667	11,213	11,409	6,149	22,336
Total Liabilities and Equity	18,228	32,116	42,044	50,768	44,559	53,469
Pledged assets	670	9,259	16,324	34,786	30,125	68
Contingent liabilities	860	860	2,668	3,500	4,190	26,783

Changed accounting policies starting 1 January 1996 mean that all assets excluding properties in Castellum are classed as current assets.

13,607 before disposition according to proposal in the government's financial spring budget for 1997.

SECURUM CHRONOLOGY

This chronology is a summary of information provided to the press during Securum's period of activity.

1992

APRIL-MAY

- The Nordbanken board decides to form Securum in order to handle investment losses and non-strategic holdings.
- In a proposition made to the Swedish Parliament, the government suggests reconstructing Nordbanken within a 20 bn krona framework.
- Project Securum is launched and recruitment begins.

JUNE-AUGUST

- Parliament votes in favour of the proposition, which enables the formation of Securum.

SEPTEMBER-OCTOBER

- Securum AB is formed, a board is designated and the first board meeting is held.
- The government contributes 10 bn krona to Nordbanken and guarantees a further 10 bn krona to Securum.
- Securum Finans AB is formed.

NOVEMBER-DECEMBER

- The transfer of liabilities from Nordbanken occurs at a high rate.
- The government decides to split Securum from Nordbanken.
- Securum takes over the controlling interest in Nobel Industrier AB and a minority holding in Esselte AB.
- The controlling interest in Kramo AB, Facit AB and Facit Partners is taken over.
- Fastighets AB Harry Sjögren is taken over.

1993

JANUARY-FEBRUARY

- Securum AB becomes directly owned by the state and is therefore separated from Nordbanken.
- Securum takes over Nordbanken's subsidiary in London and renames it Securum UK Holdings Ltd.
- Securum Fastigheter AB is acquired from Nordbanken and renamed Securum Fastigheter Östra AB.
- Securum takes over the British industrial concern Bricom.
- Securum merges the Kramo and Citarent operations.
- The office supplies wholesaler Neville & Gladstone is sold from the Bricom concern.

MARCH-APRIL

- Securum forms a special committee tasked with investigating any irregularity in connection with Securum's liabilities.
- Securum Industri Holding takes over approximately 50% of the voting interest and capital in Gunnebo AB, mainly by converting receivables.
- Securum takes over 28% of the voting interest and capital in Celtica.
- Securum participates in the reconstruction of Fabege AB.

MAY-JUNE

- Securum disposes of its holdings in International Business Systems AB.
- Securum Hotell & Turism AB is formed in order to handle Swedish commitments in the hotel and tourism industry.
- Securum participates in the reconstruction of Fermenta AB.
- Investments in the Åre / Duved area are aggregated in Åre Invest AB. New owners are brought in and Securum now owns 76% of the voting interest and capital in Åre Invest AB.
- Securum Industri Holding acquires 660,000 shares in Dala Djuggas Produktions AB.
- Securum Industri Holding acquires all the shares in the industrial group Daros.
- Securum Aktier AB acquires approximately 20% of the real estate company Pleiad Real Estate AB.

JULY-AUGUST

- Securum Hotell & Turism acquires the Kramer hotel in Malmö.
- Securum Industri Holding acquires Abstracta AB and Skaga AB and 90% of Westsamgruppen AB.

SEPTEMBER-OCTOBER

- The interest in the Norwegian real estate company Coronado A / S is dismantled.
- Securum Industri Holding acquires the hardware company Fraenkel Bygg och Industri AB.
- The Park International Hotel in Birmingham is sold.

NOVEMBER-DECEMBER

- Securum UK Holdings Ltd sells the flight services company Airworks.
- Nobel Industrier AB, which is 70% owned by Securum, and the Dutch chemical concern Akzo N. V. announce plans for a merger.
- In connection with the Akzo-Nobel merger, Securum commits to buying Nobel's shares in Nobelpharma AB, Spectra Physics AB and Celsius AB, while simultaneously acquiring certain rights and obligations.
- The interest in Dala Djuggas is sold.
- Gamlestaden is transferred to creditors and Securum acquires some 20 investments.
- Securum Industri Holding acquires Ljungströmgruppen AB, Ferm & Persson AB, Westamarin A / S, Tre Tranor AB and Electrosvede AB.

1994

JANUARY-FEBRUARY

- The Akzo N. V. AGM approves the merger with Nobel Industrier AB.
- 80% of the holdings in Facit AB are sold.
- The British company Steel Aviation is sold.
- Securum acquires shares in Nobelpharma AB, Spectra Physics AB and Celsius AB as part of the Akzo merger.
- The Celsius shares are sold.
- The minority shareholders in Nobel Industrier AB are offered to acquire shares in Nobelpharma AB and Spectra Physics AB on the same terms as Securum.

MARCH-APRIL

- Securum Industri Holding places a public bid on Kramo AB.
- Nobelpharma is quoted on the Stockholm Stock Exchange.
- Securum's Luxembourg offices, Securum Luxembourg S. A., are dismantled.
- The Securum Finans offices in Malmö are dismantled.
- Securum Fastigheter Norra AB is renamed Fastighets AB Norrporten.
- The public and institutions are offered to acquire up to 60% of Norrporten shares.

MAY-JUNE

- Securum exchanges property in Belgium for Retriva's properties in Great Britain amongst others.
- As part of the deal above, Securum acquires Retriva's shares in Esselte AB.
- Securum and Retriva reach a final agreement on exchanges of claims on debtors as part of streamlining the winding up of problem credits.
- Fastighets AB Norrporten is quoted on the Stockholm Stock Exchange.
- Securum and PGA European Tour Courses reach an agreement on developing Kungsängen Golf Club. PGA European Tour Courses are consequently brought in as half owners.
- Securum winds up its interest in Ljungströmgruppen.

JULY-AUGUST

- The interest in Combi Heat Nordic AB is wound up.
- The flotation of the British subsidiary Servisair plc is begun in London.
- Securum and Fabege implement a deal structure in which Securum gives Fabege some 20 buildings in exchange for shares and convertible bonds in Fabege.
- Bailey's Hotel in London is sold for £ 20 million.
- Storstaden Förvaltning AB is sold.

SEPTEMBER-OCTOBER

- Securum aggregates its Swedish property holdings in Castellum AB, which becomes one of Sweden's largest property concerns.
- Securum's investments in 13 companies are aggregated in Addum Industri AB.
- Securum sells 7% of the shares in Nobelpharma AB and issues purchase options on a further 7%.
- Jan Kvarnström is designated as new CEO of Securum AB after Lars Thunell.
- Securum Finans AB in Gothenburg is wound up.

NOVEMBER-DECEMBER

- Fastighets AB Corallen in Värnamo sells its building concern to Skanska.
- Westsamgruppen AB sells its subsidiary Maxitech AB.
- Securum's shareholdings in Aker Brygge I A / S are sold.
- Securum's shareholdings in Skandingen AB are sold.
- Securum's Belgian offices are dismantled.
- Addum sells AB Röbbäcks in Umeå.

1995

JANUARY-FEBRUARY

- Securum signs a refinancing agreement of approx 20 bn krona. The purpose is to pay the main part of Securum's debt to Nordbanken.
- Securum and Skanska form Pandox Hotellfastigheter AB, a part-owned building management company for hotels in Sweden.

- A large office building in Spain, Commercial Muelle, is sold.
- Securum finally acquires 100% of the ownership of the München Sheraton Towers Hotel.
- The Park International Hotel in Leicester, UK is sold.

MARCH-APRIL

- Securum's 49% share in an Aframax tanker is sold.
- Castellum dismantles its subsidiary Hultevik Fastigheter AB.
- The George Hotel in London is sold.
- Addum sells its 49% share in Gunnebo.
- Securum acquires 1,615,380 shares in Esselte from Retriva.

MAY-JUNE

- Addum reaches an agreement on the sale of its 91% holdings in Westsamgruppen AB.
- Securum receives new board members in connection with the AGM.
- Securum negotiates the sale of its British subsidiary ANC plc.
- Addum Industri AB sells Tre Tranor AB.
- Castellum reaches an agreement with the Pension Funds on the sale of 13 office and commercial buildings in central Stockholm.

JULY-AUGUST

- Securum reaches an agreement on hiring The Ark to the Seagrams Company.
- Castellum reaches an agreement with Svenska Bostäder on selling its subsidiary Fastighets AB Burspråket.

SEPTEMBER-OCTOBER

- Securum sells 7% of shares in Nobelpharma in connection with the purchase option issued in 1994.
- Securum sells the entirety of its 40% holdings in Servisair plc.

NOVEMBER-DECEMBER

- Securum sells 10,000,000 shares in Fabege AB.
- The Swedish Bank Support Authority decides that Securum and Retriva should merge.

1996

JANUARY-FEBRUARY

- Securum sells 31% of the voting interest and capital in Nobelpharma AB.
- Securum sells 11,000,000 shares in Klöver AB.
- Securum reaches an agreement on the sale of its holdings in Addum Industri AB.
- Securum sells the Gucci Building in London.

MARCH-APRIL

- Securum sells practically all of its holdings in Esselte.
- Retriva, which is now part of the Securum concern, sells its holdings in PEAB.
- Securum sells its remaining holdings (8,605,764 shares) in Klöver.
- Securum sells its remaining holdings (3,700,000 shares) in Facit AB.
- Securum sells some 3.5 million shares in Akzo Nobel N. V. and issues 2.1 million purchase options in the company.

MAY-JUNE

- Securum sells a convertible promissory note in Lindvallen.
- Securum sells its remaining loan portfolio in Great Britain.
- Securum sells its holdings in Kristiania Eiendomsförvaltning A / S.
- Securum sells a number of Retriva investments, among them Borgkronan AB.
- Securum sells its remaining holdings (40%) in Nobel Biocare AB.
- Kungsleden sells 19 residential properties in Jönköping.

JULY-AUGUST

- Securum sells its entire holdings, some 10% of the capital, in Realia Fastighets AB.
- Securum reaches an agreement in principle with The Morgan Stanley Real Estate Fund II, LP on the sale of the controlling interest in Castellum AB.
- Securum sells a commercial and office building, the Richmond Center, in central Cologne.
- Securum sells The Montague Hotel in London.
- Securum sells Silverdalens Mekaniska Verkstad.

SEPTEMBER-OCTOBER

- Securum sells the remaining 50% of its shares in European Tour Course Stockholm AB.
- Securum sells 5,000,000 shares in Lennart Wallenstam Byggnads AB.
- Kungsleden sells housing stock in Hammarkullen in Gothenburg, comprising some 60 apartments.
- Securum sells 1,000,000 shares in Fastighets AB Norrporten.
- Securum sells 61,500,000 shares in Fabege AB.

NOVEMBER-DECEMBER

- Securum sells the remainder of the credit portfolio of private individuals that belonged to its subsidiary Retriva Kredit AB.
- Securum sells a shopping centre, Kew Retail Park and two Holiday Inns in London and Edinburgh respectively.
- Securum sells 21% of the shares in Spectra Physics AB.
- Securum sells Stockamöllan AB.
- Securum reaches an agreement in principle on the sale of its entire holdings (77.5% of controlling interest and capital) in the real estate company Pays-Bas Property Fund N. V.
- Securum decides to prepare the flotation of the real estate company Castellum AB with a view to a stock market notation in the spring of 1997. As a consequence, Securum and Morgan Stanley jointly decide to discontinue their discussions on joint ownership of Castellum.
- Securum demands the conversion of all its convertible promissory notes in Fabege AB.
- Securum sells its remaining holdings (15%) of Fastighets AB Norrporten.

1997

JANUARY-FEBRUARY

- Securum sells its remaining holdings (40%) of the votes and capital in Spectra Physics AB.
- Securum sells most of its holdings in Lennart Wallenstam Byggnads AB.

- Securum sells the remainder of its holdings (13% of the capital and 12% of the votes) in Fabege AB.
- Securum examines sales alternatives for its remaining holdings in Akzo Nobel N. V.

MARCH-APRIL

- Securum sells 7.3 million shares in Akzo Nobel N. V.
- Securum sells three large properties abroad, one of which is The Ark.
- Securum decides to sell 65% of the shares in its entirely owned subsidiary Castellum AB by a notation of the company on the Stockholm Stock Exchange O listing.
- Securum sells two buildings in Germany: an office building in Hamburg and an office and commercial building in Braunschweig.
- Securum decides to await a stabilisation of the market before implementing the sale of Castellum shares.
- Securum sells a large industrial building in north Stockholm.
- Securum is intended to be dismantled in the second half of 1997. According to the government's proposal, the remainder of the assets relating to Swedish buildings or real estate companies is to be transferred to Vasakronan Holding AB and other assets to Venantius AB.
- Securum announces that the sale price of Castellum shares will be determined by a tender among institutional investors. The price range has been fixed at 50 to 60 krona per share.

MAY-JUNE

- The sale of Castellum AB is carried out.
- Securum has sold the remainder of its operations in Portugal.
- Securum sells the Swede Ship concern.
- Securum and Skanska decide the sale of up to 90% of the shares in the subsidiary Pandox Hotellfastigheter AB through a notation of the company on the Stockholm Stock Exchange O listing.
- Securum sells the remainder of its holdings in Lennart Wallenstam Byggnads AB (1.4% of the capital and 0.9% of the votes).

RETRIVA CHRONOLOGY

1993

DECEMBER

- The State, represented by the Swedish Bank Support Authority, acquires the shares in Retriva AB from Gota Bank.
- The government makes a decision on the capitalisation of Retriva.
- Retriva acquires problem debts with a gross value of 42 bn krona from Gota Bank for 16 bn krona.

1994

JANUARY

- Retriva begins its operations.

AUGUST

- Retriva winds up its business in the US and sells the Occidental Hotel in Atlanta for 380 million krona.

DECEMBER

- Boro-Hus is sold in an executive auction.

1995

JANUARY

- In January and February, Retriva sells 28.5 million shares in Rottneros. Capital gains amount to 227 million krona.
- Retriva carries out the reconstruction of Infra City in Bredden together with Diligentia Invest and Industrikredit.

MARCH

- Retriva sells buildings worth 400 million krona to Wallenstam in exchange for shares.

MAY

- The Retriva AB board decides that all assets are to be dismantled in a period of three to four years, which is significantly faster than the 10 to 15 years that had been expected when the contract had been drafted in late 1993.

SEPTEMBER

- Under Retriva's direction, the stock market quoted Dutch real estate company Pays-Bas Property Fund is reconstructed by bringing in new buildings among other measures. Retriva's share after reconstruction amounts to 77% of the capital.

NOVEMBER

- In November and December, Retriva sells its entire holdings in Bylock & Nordsjöfrakt.

DECEMBER

- Kungsleden determines individual business plans for all its remaining 1,000 Swedish properties.
- Kungsleden sells 76 properties to Wihlborgs for 563 million krona.
- Borgkronan sells the Steridose concern to the APV concern.

1996

JANUARY

- Retriva sells the entirety of its Måldata holdings.
- Retriva sells the entirety of its Catena holdings.
- The business is coordinated with Securum when Securum acquires the Retriva AB shares from the Swedish Bank Support Authority.