

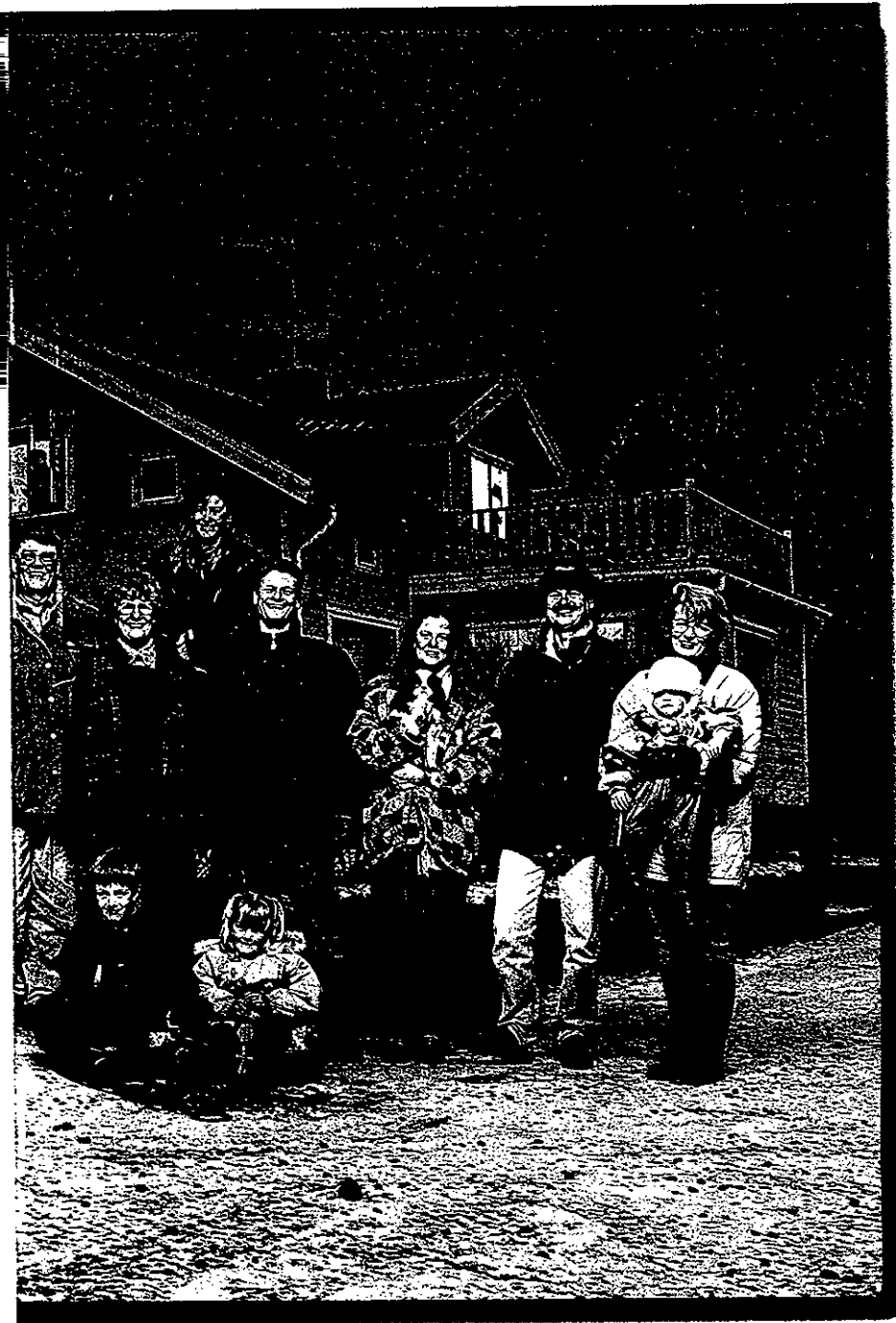
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# Sparbanken Sverige

*Swedbank*



*Annual Report 1995*



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## Financial information

Sparbanken Sverige expects to publish result reports on the following dates:

May 10	Interim Report January – March 1996
Aug. 22	Interim Report January – June 1996
Nov. 6	Interim Report January – September 1996
February 1997	Account Release for 1996

The reports and Annual Report can be requested from Sparbanken Sverige, Investor Relations, telephone Int +46-8-790 10 00 or fax Int +46-8-723 71 32. Topical financial information is also published on the Bank's home page on Internet, address: [www.sparbanken.se](http://www.sparbanken.se) where the Annual Report is also available.

*Whilst every care has been taken in the translation of this Annual Report readers are reminded that the original Annual Report signed by the Board of Directors is in Swedish.*

## Annual General Meeting

The Annual General Meeting of Sparbanken Sverige will be held in the Globe Arena, Stockholm, Sweden, on Wednesday April 24, 1996 at 1pm.

The doors will open and registration for the AGM begin at 12 noon. Participants in the AGM will be given an opportunity to visit an exhibition on future technology and marketing activities.

### *Notification of attendance, etc*

Stockholders who wish to attend the Annual General Meeting must be registered in the share register kept by the Swedish Securities Register Center (Värdepapperscentralen VPC AB) on Friday April 12, 1996, and must notify the Company Secretary, S-105 34 Stockholm, Sweden in writing or by telephoning Int +46-8-670 21 40 or faxing Int +46-8-790 27 77 of their intention not later than 3pm on Friday April 19, 1996.

When giving notice of attendance, stockholders should state name, address and telephone number.

To be qualified to attend, stockholders whose shares are nominee-registered must request that their shares are temporarily entered in the share register kept by the Swedish Securities Register Center not later than April 19, 1996.

### *Agenda*

Matters which by law and articles of association must be discussed by an Annual General Meeting include presentation of the Annual Report of the Board of Directors and the Auditor's Report as well as the Consolidated Accounts and the Consolidated Audit Report for the 1995 financial year, the matter of adopting the Statement of Income and Balance Sheet as well as the Consolidated Statement of Income and Consolidated Balance Sheet, the matter of discharging the Board of Directors from liability for the period covered by the report, distribution of the Bank's profit in accordance with the adopted balance sheet and adoption of record date for dividend as well as election of Board of Directors and Auditors.

The proposed introduction of a profit-sharing scheme for Sparbanken Sverige employees in accordance with the guidelines drawn up by the Board of Directors.

### *Dividend*

The Board of Directors recommends a dividend of SEK 3.50 per share and one share in Fastighets AB Tornet for each share in Sparbanken Sverige. Monday April 29, 1996 is proposed as the record date for right of dividend.

Should the AGM pass a resolution in accordance with the recommendation the following will apply: First day for listing of the shares in Fastighets AB Tornet is expected to be May 7. It is anticipated that the shares will be available to the recipients on the same day. Cash dividend is expected to be paid through the Swedish Securities Register Center on May 7. The Stock Exchange prospectus for Fastighets AB Tornet is expected to be published at the end of March/beginning of April.

## January–March

- ✦ To December 1994 inclusive, 250,000 customers made sure that they will be given preference to become stockholders of Sparbanken Sverige by opening share savings accounts.
- ✦ Sparbanken Direkt – the first telephone bank in Sweden – was relaunched.

## April–June

- ✦ Göran Collert is appointed Executive Chairman and Reinhold Geijer is appointed new President of Sparbanken Sverige.
- ✦ The Bank launches a new product – the development loan to local companies.
- ✦ Sparbanken Sverige Markets is the new name for the Bank's capital market, international and large customer activities.
- ✦ In mid-May, the Bank's principal owner – Sparbanksstiftelsernas Förvaltningsaktiebolag – makes an offer to the general public and institutions to acquire more than 20 percent of the Bank's capital and votes. The offer is more than three times oversubscribed and the Bank gains more than 160,000 new owners.
- ✦ The Sparbanken Sverige share is quoted on the O list of the Stockholm Stock Exchange.

## July–September

- ✦ New pricing for bank card transactions is implemented. Agreements have been made with leading companies in the grocery trade about future payment systems in the trade.

- ✦ Additional cash dispensers are offered to Sparbanken Sverige's Sparbankskort customers following the link-up of Föreningsbanken's, Handelsbanken's and S-E-Banken's cash dispensing units.
- ✦ Sparbanken Sverige participates in trial operations with smart cards in Lund.
- ✦ The opening hours of branch offices are adapted to local needs. Some branches introduce Saturday opening.
- ✦ As part of Sparbanken Sverige's activities directed at children and young people, a student package is launched. It is targeted at university students.

## October–December

- ✦ Sparbanken Sverige and Spintab issue undated subordinated loans at a total value of approximately SEK 2.3 billion on the Eurodollar market and in Japan.
- ✦ The Sparbanken Sverige share is quoted among the most-traded shares on the A list on the Stockholm Stock Exchange.
- ✦ Robur again becomes a wholly-owned subsidiary of the Bank.
- ✦ Sparbanken Sverige acquires 40 percent of Sparbanken Borås AB.
- ✦ Aggressive market activities are launched which bring about significant improvements for private clients and small companies.
- ✦ Sparbanken Sverige is voted the best bank/insurance company by corporate clients in a nationwide survey.

Key figures, Group	1995	1994*	1993	1992
Operating result, SEK M	4,306	4,064 (2,166)	–3,665	–11,660
Earnings per share, SEK	11.15	10.52 (5.61)	–13.17	–41.91
Lending, SEK M**	384,792	394,140	421,504	423,913
Total assets, SEK M**	467,354	480,017	506,068	504,244
Number of employees	9,661	9,901	10,639	11,945
Number of branches	607	624	660	700
Return on equity, %	16.4	19.3 (10.4)	–26.7	–70.3

\* In brackets, excluding non recurring capital gains of SEK 1,898M.

\*\* Figures for 1992–1994 adjusted for repurchase agreements and other repurchase transactions.

*In a very short period of time – from 1992 to 1995 – Sparbanken Sverige has moved from an organization in a crisis to being a homogeneous listed banking group which as early as 1995 attained the target it had set with regard to return on equity*

The rapid change in the Group has been achieved while, at the same time, Sweden has suffered a deep financial crisis. To have been able to implement such a comprehensive process during difficult times shows a strong will and ability to change in the organization.

The 1995 result, which is on par with the relative profitability target set by the Board of Directors, has created preconditions for more aggressive action both with regard to structural changes and marketing investments. Thus it was possible to repurchase Robur in 1995. In addition, the Board of Directors has recommended to the 1996 Annual General Meeting that it should decide that the shares in the Bank's subsidiary, Fastighets AB Tornet, be distributed to the Bank's stockholders. The Bank has also contributed to the restructuring of the former independent savings bank – Borås Sparbank.

#### **Aggressive marketing efforts**

As a first really broad and aggressive marketing measure, the Bank launched a customer offer for the private client market towards the end of 1995 which has already been very positively received. The principle behind the offer is that the Bank should create added value for customers who use the Bank in an efficient manner.

#### **Successful stockmarket introduction**

When the decisions to merge were made in 1992, one objective was to introduce the Bank on the stockmarket in order to gain access to the risk capital market. This objective was attained as early as June 1995 and five months later – in November – Sparbanken Sverige shares were registered among the most traded shares on the A list of the Stockholm Stock Exchange.

The stockmarket introduction was very successful and the offer was three times oversubscribed which at the time was not a matter of course seen against the background of very considerable fluctuations in interest rates and foreign exchange rates during Winter and Spring 1995.

During 1994, the introduction had been preceded by a widening of ownership of Sparbanken Sverige shares to institutions through a directed new share issue from the Bank as well as a sale of shares by the principal owner, Sparbanksstiftelsernas Förvaltningsaktiebolag. In 1994, the Bank also launched share savings accounts for the general public which came to facilitate the 1995 introduction.

#### **Strengthened operating result, lower loan losses and sound cost control**

1995 operating income after loan losses amounted to SEK 4,306M which is equivalent to a return on equity after standard tax of 16.4 percent. Compared with 1994 (excluding extraordinary income of SEK 1.9 billion), this means a very considerable improvement in return on stockholders' equity.

Lower loan losses is the single most important factor behind the strong improvement in income. Nevertheless, a few years remain until we will be able to talk about a fully "normalized" loss level over one business cycle, even if there has been a dramatic fall compared with 1992–94.

At 1995 year-end, the Group's net problem loans thus amounted to SEK 9.3 billion compared with SEK 23.5 billion at the 1992 year-end, SEK 18.8 billion at the end of 1993 and SEK 13.5 billion at the 1994 year-end.

Another factor which contributed to the satisfactory operating result is that costs in real terms continued to fall. After successfully having reduced expenses by SEK 2 billion between 1992 and 1994, the Board of Directors in 1994 decided to reduce the cost level still further during 1995–96 by SEK 800M in real terms. This program is running to plan and half the amount was realized in 1995 if certain exceptional costs are excluded, such as expenses of nearly SEK 100M for the staff bonus which the Bank granted in respect of 1995. A proposal will be put forward to the 1996 AGM for the introduction of a

profit-sharing system with criteria based on the Group's income development vis-a-vis other banks.

### **Dividend and dividend policy**

The Board of Directors recommends that the Annual General Meeting decide on a cash issue of SEK 3.50 per share which is in line with the Board's announcement prior to the publication of the Interim Report for the third quarter of 1995. This is equivalent to close to a 40 percent dividend increase compared with the total amount paid in dividend in the previous year and is equivalent to slightly more than 30 percent of operating income after standard tax.

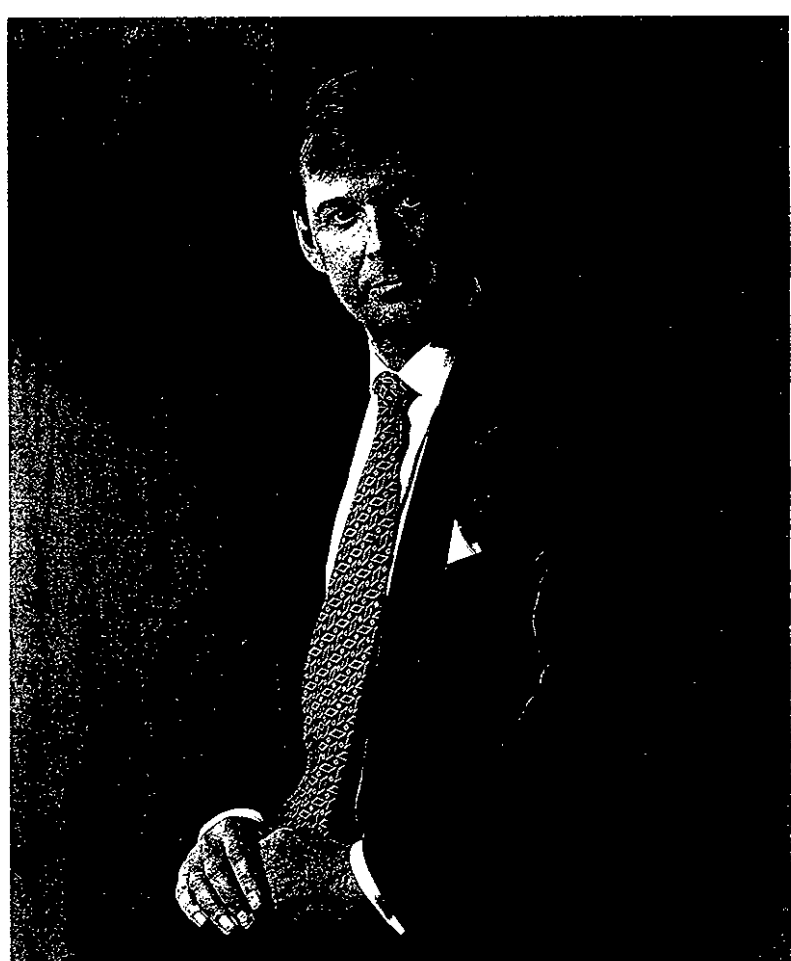
In addition, the Board of Directors recommends that the shares in Fastighets AB Tornet, which includes the properties repossessed by the Bank as a result of the finance crisis, be distributed to the Bank's stockholders which in accordance with new legislation can be done without any immediate tax effects for the recipient. The real effect on the Group's financial position of the proposed dividend and distribution of Tornet shares is generally countered by the satisfactory result in 1995.

Following this, the group can put the financial crises behind it and we will now be able to concentrate our efforts on our primary task, to develop as a fully comprehensive, successful financial Group for private individuals, corporates, municipalities and organizations. For that reason, the Board of Directors has considered itself able to revise the dividend policy for future years as follows:

An investment in the stock of the Bank should be regarded as an attractive long-term capital investment. The objective is that the dividend should amount to between 30 and 50 percent of the operating result after standard tax.

The dividend level will be set taking into account the Group's requirement for primary capital and the market's required rate of return. Dividend growth, which over a period of time is at least equivalent to the rate of inflation, is strived for.

The Group's capital adequacy ratio shall amount to at least 11 percent, of which the long-term primary capital ratio shall be in the range of 6.5-8.5 percent with 7.5 percent as the target.



Rembold Geijer, President

### **Outlook for 1996**

The development of the financial system can be said to be a reflection of trends in the economy. The dramatic development on the credit market over the past ten years with extreme phases of expansion and stagnation and a deep financial crisis at the end ultimately has its root in periods of overheating and crises in the Swedish economy. For the first time in several years, 1995 showed certain positive trends which favored the financial system. Growth in the economy was high, inflation low, the balance on current account showed a surplus and the deficit in the Government budget declined. A further positive effect is that market interest rates fell strongly during the second half of 1995. Although there are positive signs, some of which may be expected to continue during the current year, the growth rate in the economy has decreased so far during 1996.

At the same time, competition on the credit market will strengthen still further—a situation which has been an important starting point for the Group's actions since the merger in 1992. Among other things, this has been manifested in substantial cost reductions. Deregulation in pre-

vious years, establishment of new companies and new legislation – including the competition legislation – contribute to this increased competition. Furthermore, circumstances such as new technology, new forms of distribution and new ways of managing companies – including process orientation drawn from the industrial sector – are of great importance for the upheavals and competition on the credit market.

Sparbanken Sverige is at the forefront of all these areas, right from the utilization of the telephone bank and the work for the future with smart cards to the effectivization of the flows within the Bank. We also place great emphasis on providing our staff with the right sales administration support in order to strengthen our customer orientation and sales work. In the climate which I foresee for 1996 and future years, it is very important that sound cost control is maintained. The new investments which are necessary must be balanced by closures and other effectivization measures. In the first instance, the Board of Directors' earlier decision about cost savings of SEK 400M in 1996 will be realized.

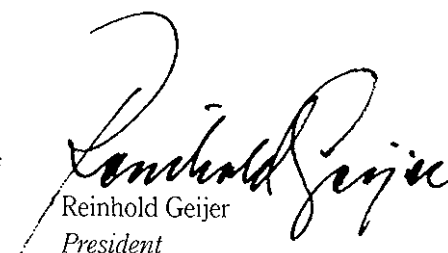
Another matter of urgency is to continue the work aimed at strengthening the Group's market offers to private clients. The marketing offensive, which was initiated in December 1995 and covers all the Group's principal product areas: savings, loans and salary/payment products, has proved to be successful already in the two first months of the year. For example, the number of customers who chose personal service in Sparbanken Direkt – our telephone bank – almost doubled in a month. The next step will be to

introduce a "loyalty" program for customers who have all their business in our Group. This will be implemented gradually during 1996.

The corporate market also contains a very good potential for the Group for further expansion. Today, we have approximately 100,000 local corporate customers. By gradually extending the expertise and improving the product offers we ought to have very good prerequisites for additional sales over the next few years, in line with what has already proved to be the case on the private client market.

Changes in work methods, efficiency measures, the offensive on the private client market and broadening activities directed at corporates create a focus on a central issue – the issue of proficiency. The Group's future profitability is wholly dependent on what we invest in extending our expertise to enable us to meet successfully the market's demands for change. When I look at the ability to change which our staff has shown during the past few years, I have good reason to be optimistic for the future.

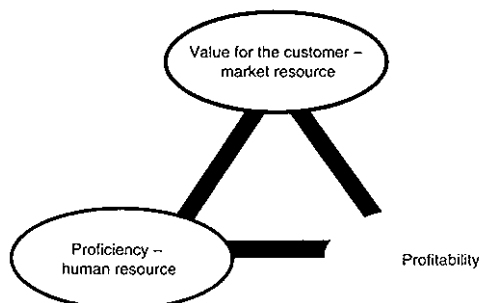
Stockholm, March, 1996



Reinhold Geijer  
President

*The decisions made by the Board of Directors and Executive Management of Sparbanken Sverige when the Bank was formed in 1992 were based on an awareness of a new competitive situation in the future involving more players on a market which was already deregulated at that time. This awareness places demands for change of the traditional full-range bank.*

Already when the Group was formed, extensive restructuring work was built into the strategy both in order to meet a rapidly changing external situation and to join together the merged companies. The process of change is based on the idea of a clear connection between the value for the customer, the proficiency of the staff and the Group's profitability. In addition to the monthly monitoring of its result, Sparbanken



Sverige is therefore also monitoring the views and demands on the Group by the customers and the employees at every branch office and Central Unit.

### **Consistent attitude research**

Since 1993, the Group has been carrying out extensive research among its customers and staff as well as measuring the market and human resource. The measuring of the market resource is the largest customer interview program carried out by a single company in Sweden. Within the framework of the human resource research, all employees are questioned about work conditions and work satisfaction.

The two surveys, which have so far been carried out in 1993 and 1995, show that those Local Savings Bank Units which have registered high values in market and human resource surveys also show good profitability.

The Local Savings Bank Units, whose customers appreciate the expertise of the local bank and in which the bank has a high level of activity, show higher profitability figures than banks in which either appreciation by the customers or activity level is lower.

When comparing the two surveys on market and human resource which have been carried out, it is clear that competition has increased very strongly since the earlier research, and that customers have more actively placed demands on the Bank. At the same time, customers feel that Sparbanken Sverige is taking bigger initiatives in its business contacts and that the level of activity has increased. The research findings vary on different local markets and in the Stockholm area – Sparbanken Sverige's largest single local branch office market – the customers are experiencing a significant improvement in the Group's visibility and level of activity.

### **Increased efficiency through process orientation**

For the continued process of change in Sparbanken Sverige, increased customer orientation

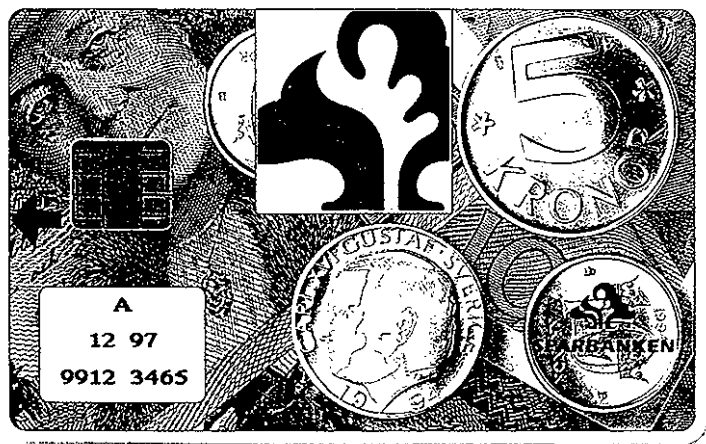


and increased efficiency through process orientation have been prioritized.

Process orientation is a method which has traditionally been used in industry but is also becoming increasingly important in service companies. The process orientation is achieved through reviewing and changing the flows – in our case, primarily between Central Support and Product Units and the branch office operation.

Based on the customer perspective, the following main processes have been identified:

- ✦ The relationship between the Bank and the customer. This includes customer care and sales work.
- ✦ Earning interest on money. This includes everything from stocktrading to fund and insurance products as well as traditional bank saving.
- ✦ To transfer money. This includes salaries-handling, Sparbankskort and Minutenskort, Sparbanksgiro and other transactions.
- ✦ Borrowing money. This includes Spintab loans, card credits and corporate credits.



Sparbanken Finans' so-called smart card.

With the analysis of the Bank's business flows which was carried out in 1995 as the starting point, Sparbanken Sverige's future effectiveness work from a customer perspective will be turned into reality in the aforementioned four main directions.

### New technology and new products

The need for change also applies to the development of new technology and new products.

Examples of use of new technology are found both in the Bank's current operations and in the ongoing development work.

Since September 1995, a trial has been underway in Lund which involves Sparbanken Finans and Sparbanken Finn with smart cards for small purchases and for developing a charge card with the lowest possible transaction costs. Approximately 750 savings bank customers in Lund have small purchase cards which can be loaded with up to SEK 1,000. The card is accepted in 72 stores in Lund and can be topped up from the bank account at a topping-up terminal on the bank premises and in five of the stores which take part in the trial. The trial with smart cards will be evaluated during 1996.

Internal development is increasingly aimed at creating sales supporting customer-oriented systems. One example of this is Visual Banker, an interactive customer support system which was developed during 1995 in collaboration with external partners and tested in two locations, Älmhult and Tåby. Starting at the 1995/1996 turn of year, this project has been extended to include a further ten locations throughout Sweden. With the aid of Visual Banker, the Bank's staff are able to improve advisory services to customers very considerably.

The automated credit application system with credit scoring which is under implementation is another example of efficiency-increasing in business support. The system significantly shortens the handling time of small standard credit matters.

### New routes to the Bank

New technology creates new routes between customer and bank. The possibility for the Bank's customers to carry out their business at times and in locations which suit them are important efficiency-increasing measures in Sparbanken Sverige's distribution methods.

As a supplement to the branch office operations and to increase access to the Group's services, at the 1994/95 turn of year Sparbanken Sverige relaunched an expanded telephone bank. In December 1995, Sparbanken Sverige launched new customer offers partly with the objective of stimulating customers to use alternative forms of distribution such as giro, card and telephone.



### **Proficiency development**

The process of change in the Bank is aimed at continued favorable profitability in a situation in which technological changes, increased competition and new customer demands rapidly change the operating criteria. This can be achieved if the necessary expertise is developed within the Group at the same time. The proficiency development programs which are currently prioritized include sales training for the branch office staff, training in a special insurance school and IT training. The Group is also carrying out very extensive training relating to the corporate segment.

### **Long-term change**

Each local board of directors, Presidents of the Local Savings Bank Units and Heads of the Central Units have an objective for the long-term

process of change within their unit. The objectives cover customer orientation, proficiency development, marketing and profitability ambitions, etc and were worked out in collaboration with the staff in 1993.

The rate of change in the world around us is very rapid. Sparbanken Sverige has therefore developed a strong association between local boards of directors, the Central Board of Directors, the Executive Management and other executives. This is achieved through regular meetings in which external issues and targets for change are discussed. In total, approximately 350 board members and executives participate in the recurring meetings who will all be responsible for ensuring that the Group's values and objectives are developed and firmly established throughout the organization.



In Sparbanken Sverige's branch in Täby, the "Visual Banker" sales support system is currentl

*At the beginning of 1995, there was hope of a continued positive economic trend for most industrialized countries. These expectations were however dampened in step with the decline in economic activities. Although the central banks in most industrialized countries more or less continuously reduced their base interest rates, growth slowed down. Sweden was one of the few countries in which growth was stronger than anticipated.*

Growth in the Swedish economy during 1995 emanated to a large extent from a very strong export trend and high investment activity in industry. Exports increased by approximately 13 percent in volume and investments in the manufacturing industry rose by more than 40 percent. An impor-

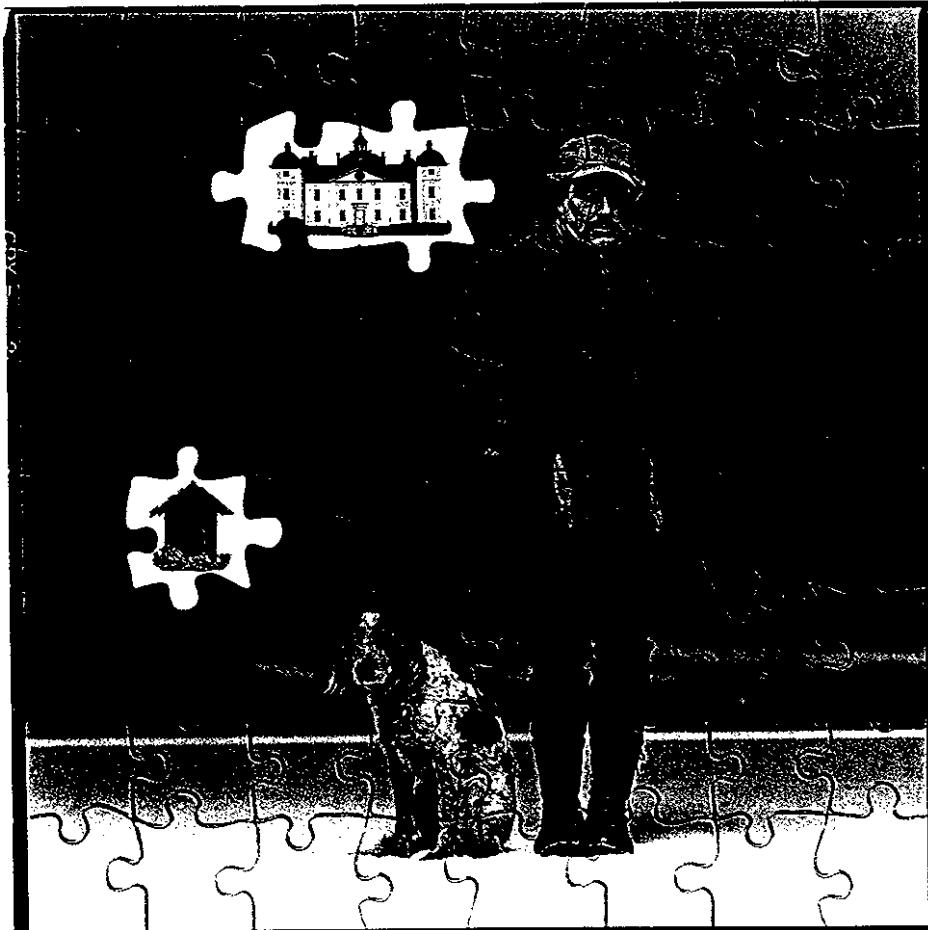
tant explanation for the high rate of increase was the strong competitiveness which Swedish industry had been provided with as a result of a weak SEK. The productivity improvements which have taken place in Swedish industry in recent years also contributed to strengthening competitiveness.

At the beginning of the year, there was concern that the budget-political targets would not be attained and that it would not be possible to keep inflation under control. In early Summer, however, confidence in the economy and economic policy began to improve and a reassessment of the strength in financial policy took place. The economy proved to be stronger than anticipated and employment increased. This resulted in a rapid improvement in public finances. The SEK strengthened and interest rates fell which contributed to a slow-down in both inflation and inflation expectations. Sweden ended up in a positive circle in which various favorable factors gradually strengthened each other. The difference in interest rates vis-a-vis Germany decreased during the year. From having been approximately 4.5 percentage points above the corresponding

German interest rate, the Swedish ten-year interest rate was only approximately 2.4 percentage points above the German rate at the year-end. The interest gap to Germany, however, is still higher than for most other countries in the EU. As a consequence of the strict monetary policy of Sweden's Central Bank, Swedish short-term interest rates did not fall to the same extent as long-term interest rates.

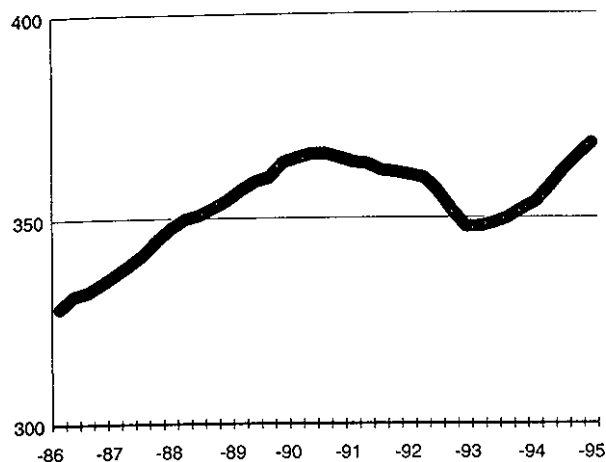
### **Labor market situation improved slightly**

The situation on the labor market brightened slightly in 1995. Compared with 1994, employment increased by nearly 2 percent on average. More and more people, however, found their way back to the labor market when prospects of obtaining work

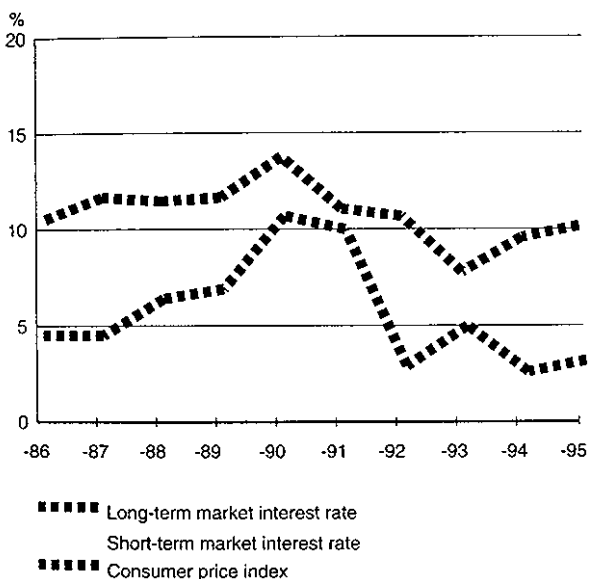


GNP, quarterly data, 1991 prices

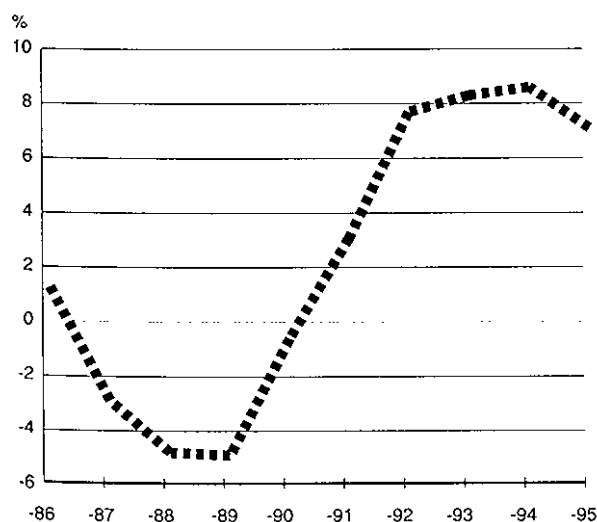
SEK billion



Market interest rates and consumer price index



Households' savings quota as a percentage of disposable income



increased. This checked the decline in the registered unemployment during the year.

Unemployment therefore remains at a level which as far as Sweden is concerned is historically very high. Despite the rise in employment in 1995, more than 450,000 fewer people were employed than in the peak year, 1991.

### Households saved less

Private consumption increased in 1995 despite the fact that the disposable income of households decreased. The households' savings quota therefore declined compared with 1994. The behaviour is however far removed from that of the 1980s when households had negative savings for a couple of years. The decline can instead be seen as a return to slightly more normal levels. Calculated in SEK, household savings amounted to approximately SEK 65 billion in 1995.

### Slow-down towards the end of the year

In the second half of the year, some negative trends again began to be noticed in the Swedish economy. Industrial production no longer increased as rapidly as before, and the influx of new order bookings showed a tendency to slow down. The growth rate declined in important markets for Swedish exports. The expectations of households and companies of the economic trend declined. For 1996, the question is whether Sweden is facing a temporary decline or a recession, a question which today is international.

### Structural changes

The economic trend in Sweden during the 1990s has so far involved substantial structural changes. Many signs are that these changes will continue. Thus, the growth in the economy has been carried wholly by exports and in recent years also by industrial investments. Domestic demand however, has fallen both with regard to private and public consumption, and housing construction.

Sweden belongs to those countries who for more than 20 years have had a high rate of inflation and deficit in balance on current account. Also in this respect the economy has undergone an important structural change and for a few years low inflation and a growing surplus in balance on current account have been reported.

*Sparbanken Sverige's business concept is to be the best banking choice for private individuals and local companies as well as municipalities, nationwide organizations and a number of large corporates.*

The Group's services should be of high quality and its operations are to be long-term and carried out with a requirement for good profitability. Sparbanken Sverige should combine local proximity and personal service close to the customer with the resources and expertise of a large bank.

### **Financial objectives and dividend policy**

The objective is that the return on equity after standard tax over one business cycle should exceed the average for other listed Swedish banking groups.

With regard to risk level in the lending operations, the Board of Directors considers that the Group's loan losses should not exceed 0.5 percent of the loan volume over one business cycle in a balanced economy.

In addition, it is the objective of the Board of Directors that investment in the stock of the Bank should be regarded as an attractive long-term capital investment. The objective is that the dividend in the long term should amount to 30–50 percent of the operating result after standard tax. The level is determined on the basis of, among other things, the Group's requirement of primary capital and the market's required rate of return. Over a period of time, an even dividend growth is strived for which is at least equivalent to the rate of inflation.

The Group's capital adequacy ratio should amount to at least 11 percent, of which the primary capital ratio in the long term should be in the range of 6.5–8.5 percent with 7.5 percent as the target.

### **Strategy**

Because of its large customer base and geographic proximity to its customers, the Bank holds a unique position on the Swedish financial market and, as a full-service bank, is able to offer

freedom of choice and access to services and products. This position forms the foundation for the Group's strategy.

External changes with increasing competition on the financial market place greater demands on cost efficiency. On Sparbanken Sverige's part, this means that the Group's two-level organization will be developed further and that at least 95 percent of all business decisions will be taken by the Local Savings Bank Units. Each branch will be a financial marketplace for the Group's combined supply of services and products and increased integration between the branch offices and the Central Units will be attained.

The Executive Management has chosen to focus its strategy on the following areas:

- ✦ Extended use of information technology with integration of new technology into the business operations.
- ✦ Proficiency development among all employees of the Group.
- ✦ Completion of the pricing philosophy that the added value for the customer forms the basis for the pricing of the Bank's services and products.
- ✦ Productivity improvement and cost control.

The work within the above strategic areas is aimed at increasing customer orientation through more profound customer relations, increased access and additional sales through existing and new distribution channels.

Through standardization of many of the Group's products and routines and through increased automation, greater cost efficiency is attained. As a result, the resources of the branch office are also freed for advanced individual advisory service and additional sales.

### **Operational structure**

The starting point for the operational structure within Sparbanken Sverige is proximity to the customers – which means a far-reaching decentralization of the decision-making process, efficiency – where the introduction of only two levels is aimed at contributing to short decision-making routes and lower costs, and an overall view – in which the organization is to reflect the Group's market orientation and strategy.

Sparbanken Sverige's operations are carried out in a two-level structure, split into 130 Local Savings Bank Units and a number of central Business and Service Units. This operational organization is aimed at providing, in the best possible way, the Local Savings Bank Units with efficient support and at the same time utilize the Group's benefits of large-scale operations.

### *Local Savings Bank Units*

The main responsibility for Sparbanken Sverige's customer contacts is vested in the 130 Local Savings Bank Units within which the Bank's 607 branch offices are organized. Each Local Savings Bank Unit is headed by a President who reports to a specially-appointed Member of Executive Management as well as to his own Board of Directors.

The local President is responsible for the result, customers, market and the Group's combined operations within the area. Therefore, expenses and revenues for all Group products and services which the Unit has sold within its area of operation are found in its result. The Local Savings Bank Unit is charged with costs for Central Units, both in the form of fixed charges and in the form of a flexible pricing dependent on the level of utilization.

Sparbanken Sverige's telephone bank is an alternative distribution channel which developed strongly in 1995 and at the beginning of 1996. The telephone bank shall increase the access and level of service for the Group's customers and at the same time provide more time for advanced advisory services and sales. Both income and expenses are distributed on the branch offices.

### *Independent Savings Banks*

Sparbanken Sverige collaborates with the 89 independent savings banks in Sweden. Through the approximately 350 branch offices of these banks, a large number of the Group's products and services are distributed. The branches of the Independent Savings Banks are with a few exceptions located in places where Sparbanken Sverige has no branch office.

### *Central Units*

The Central Units consist of business and service units. The Business Units comprise product

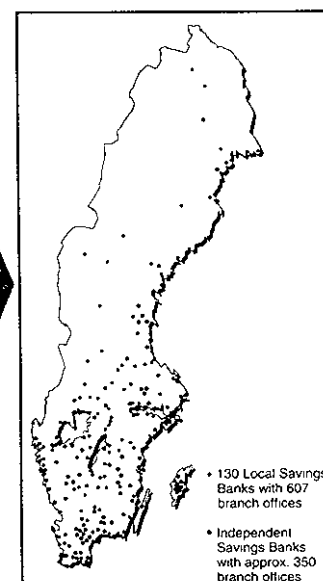
## Operational structure

### Central Units

- |  |
|--|
| <b>Business Units</b> <ul style="list-style-type: none"> <li>• Spintab</li> <li>• Robur</li> <li>• Sparbanken Finans</li> <li>• Swedbank Markets</li> <li>• Swedbank (Luxembourg)</li> <li>• SparLiv/SparFond</li> <li>• Sparbanken Fastighetsbyrå</li> <li>• Specialbanken</li> <li>• Tornet</li> </ul> |
|--|

### Service Units

### Local Savings Bank Units



and service-producing units in the Parent Bank as well as in subsidiaries and associated companies. The Service Units are responsible for providing support to the Group as a whole.

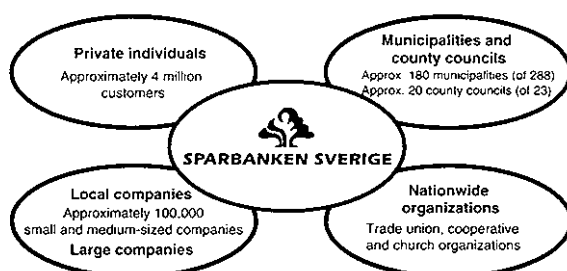
- ✦ *Spintab* is the market leader in the financing of privately-owned homes.
- ✦ *Robur* is Sweden's largest manager of securities funds.
- ✦ *Sparbanken Finans* is Sweden's largest issuer of bank cards and the largest processor of bank card transactions.
- ✦ *Swedbank Markets* combines the Bank's units covering the stock, money and foreign exchange markets, corporate finance, large customer operations as well as the Bank's international operations.
- ✦ *Swedbank Luxembourg* concentrates its operations on asset management on behalf of private clients.
- ✦ *SparLiv/SparFond* are responsible for the Group's life assurance and pension savings activities.
- ✦ *Sparbanken Fastighetsbyrå* is the most consulted realtor in Sweden.
- ✦ *Specialbanken* is the Group's "Work-out" Unit.
- ✦ *Tornet* owns and manages property-related real estate which Sparbanken Sverige has repossessed for protection of claims.

*The cornerstones of Sparbanken Sverige's market orientation consist of private clients, local companies, municipalities and nationwide organizations as well as a number of large corporates. The large customer base has been gradually built up during Sparbanken Sverige's 175-year history, and is the Group's most important asset.*

### Private client market

Sparbanken Sverige is the market leader in virtually all areas of the private client market and has nearly half of Sweden's population as customers. The objective is to be the best banking alternative for private clients and to satisfy customers' total needs for financial services.

Strong customer relations – good business base



### Savings and investments

Sparbanken Sverige holds a leading position in the market for savings and investments. Here, the Group offers a complete supply of products from traditional deposit accounts to mutual funds and pension insurance.

In 1995, the Bank successfully maintained its position. In common with several other universal banks, Sparbanken Sverige however noted some

decline with regard to traditional deposit services. New competitors such as the insurance companies have been especially active in this area through newly-established telephone banks.

Sparbanken Sverige enjoyed significant success on the markets for alternative savings products, among other things through sales of retail bonds, units in mutual funds, and insurance. Today, the Group is Sweden's largest issuer of retail bonds and, through Robur, the largest manager of securities funds.

Within the individual pension savings in the banking sector, Sparbanken Sverige has taken a market-leading position and at end-1995 accounted for 40 percent of the number of contracts signed and 23 percent of the total deposited volume.

Through Swedbank Markets, Sparbanken Sverige positions itself among the five largest securities brokers in Sweden. A not insignificant proportion of the business flow is generated from the Bank's private clients. For this customer segment, Swedbank Markets also develops a number of standardized investment products, including various equity index bonds.

### Lending operations

The Bank's lending to the household sector as well as the market as a whole continued to decline in 1995 which is mainly explained by the weak loan demand.

In 1995, the banks' outstanding loans in SEK fell by approximately SEK 1.8 billion and the currency loans were reduced by about the same amount. For Sparbanken Sverige, its lending to the household sector decreased by approximately SEK 3.3 billion and the decline comprises largely only loans in SEK. The market share for this lending has thus fallen by more than 1.0 percentage point to 23.4 percent at the year-end.

Spintab's financing of privately-owned homes

Private market	Market shares, %				Volumes, SEK billion			
	1995	1994	1993	1992	1995	1994	1993	1992
Sparbanken Sverige								
Deposits, SEK	23	24	25	26	93.5	97.8	96.3	99.5
Bank lending, SEK	23	25	25	26	44.1	47.3	49.6	58.4
Mortgage financing, Spintab	31	31	31	31	130.8	132.0	133.0	130.0
Personal Pension Saving	23	22	—	—	0.4	0.4	—	—
Retail bonds	18	17	14	—	22.7	15.6	6.7	—
Credit/charge cards (000)	46	42	41	42	1,763	1,697	1,525	1,460
Fund management	27	25	26	27	65.0	52.3	51.6	34.3

Sources: The Swedish Central Bank, Statistics Sweden, Obligationsframjandet, Svensk Fondstatistik, Sparbanken Sverige and Robur.

was largely unchanged as was its market share of 31 percent. During the past year, competition on the mortgage market increased and margins in new lending were squeezed. Spintab's new mortgage loans to the private client market run with a satisfactory margin.

In late 1995, the Bank prioritized increased activities with regard to loans to the private client market. The lowering of the interest rate on Sparbanks kort credits from 17 to 12.5 percent in December, and the adjustment of interest rates on union members' loans should be seen against the background of this ambition as well as the launch of new lending products. Experience within Sparbanken Sverige is that the risk level in household loans is low.

With the objective of effectivizing and simplifying the handling of loan applications relating to small amounts, a new, simplified loan-granting system with credit scoring was tested in the branch office operation during 1995. The system is intended to be implemented gradually during 1996.

#### *Salaries and payments*

For Sparbanken Sverige, everyday finances and thus the salary account is central in its contact with the customer. Through the salary and payment account, the foundation is often laid for a significantly more extensive business relationship. Sparbanken Sverige is the market leader with regard to salaries and payments, among other things through products such as the Savings Banks' traditional salary account, giro, card and telephone bank services.

With the large number of transactions carried out by the Bank there is a great deal to gain in increased efficiency. The salaries and payments sector has therefore been given high priority during 1995, both with regard to attaining more

rational handling and to profiling the Bank's automated transaction services more strongly. To replace manual with automated transactions can in some instances bring about cost savings of up to about 80 percent. At the same time, resources in the branch office are freed for more advanced advisory services and added sales.

The self-service ratio in the Group is already very high but there is scope for further improvements, not least through increased use of the telephone bank, cards with electronic processing service, auto-giro and automated transfers.

#### *New offer rewards customer loyalty*

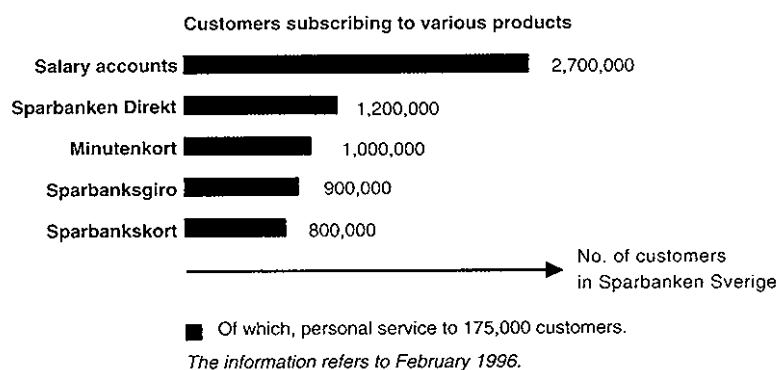
In December, Sparbanken Sverige launched a new customer offer. One aspect of this offer which attracted a great deal of attention was Sparbanken Sverige's general improvement of the salary account. In addition, the Bank offered customers who subscribe for the Bank's self-service products even more favorable terms.

During Spring 1996, the new customer offer will be supplemented with additional offers directed at, among others, the Bank's Eken customers.

The Eken concept was launched in 1993 when the Bank introduced a new pricing concept. Through the Eken concept customers who utilize several of the Group's financial services will receive a discount. At the 1995 year-end, there were 985,000 Eken customers.

#### **Corporates and organizations**

The Sparbanken Sverige Group provides a wide range of products and services to the corporate market. Local companies, which operate within the Local Savings Bank Units' area of operation, have an especially high priority in line with Sparbanken Sverige's business concept. In a nationwide customer survey, Sparbanken Sverige



was voted Bank of the Year among corporate customers.

The Bank's two so-called corporate packages attracted continued appreciation and at the year-end the number of corporate packages subscribed for amounted to 58,000 which is a slight increase over the previous year. In Spring 1995, the Bank launched a development loan for small companies. A total of SEK 200M has been allocated for this new loan.

An important launch in 1995 was the introduction of Sparbanken's Utbetalnings System, SUS – a salary payment system which simplifies corporate salaries-handling. For a long time, Sparbanken Sverige has been the market leader in salaries-handling and is continuously investing resources in simplifying communications between the Bank and its corporate customers.

A special Central Unit serves the Group's large corporate and organization customers which because of their size or orientation are not included in the term "local companies" and are therefore not served by only a Local Savings Bank Unit. For large corporates, central agreements about financial services are also entered into which leads to many Local Savings Bank Units being involved. Examples of this are group accounts and salary systems.

The five-year agreement which was concluded with the Central Student Grants Committee last year is a good example of how Sparbanken Sverige is able to meet the demands of large customers by providing first-class service to a large

number of their own customers. Sparbanken Sverige is now responsible for the payment of study funds to all university students in Sweden.

Sparbanken Sverige traditionally has very strong ties with nationwide organizations in Sweden, such as trade unions and church organizations. Aside from asset management services, payment services and the trade union member loans are some of the most important products within this customer segment.

The liquidity flows and credit requirements of the large customers contribute to increased volumes in the Bank which in turn provides benefits of scale in the development and production of a large number of services.

### Municipalities

The Sparbanken Sverige Group has business relations with the majority of the municipalities and county councils in Sweden. Salaries and payment products, bank and mortgage lending as well as various forms of commercial paper programs are some of the products offered to these customers. The Bank's extensive distribution network is a clear competitive advantage on this market on which the customers are generally responsible for a large number of payments to private individuals.

In 1995, the municipal market was characterized by increased competition, however the Group's relative market share vis-a-vis the entire municipal sector was largely maintained.

Corporate market	Market shares, %				Volumes, SEK billion			
	1995	1994	1993	1992	1995	1994	1993	1992
Sparbanken Sverige								
Bank deposits, SEK	11.5	12.7	11.6	12.1	18.1	20.9	16.4	16.3
Bank lending, SEK	18.3	19.9	19.2	19.3	56.1	58.5	52.3	63.4
Bank lending, foreign currency	15.1	14.1	14.3	16.1	11.0	11.2	17.0	30.1
Leasing via finance companies	7	7	9	10	2.6	2.6	3.1	3.9
Hire purchase via finance companies	15	17	21	27	1.5	1.3	1.5	1.8

Municipal market*	Market shares, %				Volumes, SEK billion			
	1995	1994	1993	1992	1995	1994	1993	1992
Sparbanken Sverige								
Bank deposits, SEK	39	43	41	36	6.6	8.7	9.2	5.5
Bank lending, SEK	30	38	38	33	6.5	5.5	5.0	5.9
Mortgage lending (Spintab)	35	35	36	36	6.8	7.2	8.9	9.8
Municipal certificates**	41	32	40	31	1.7	2.7	2.4	2.2

\* Municipal companies not included.

\*\* December 31, outstanding amount.

Sources: Statistics Sweden, The Swedish Central Bank och Sparbanken Sverige.



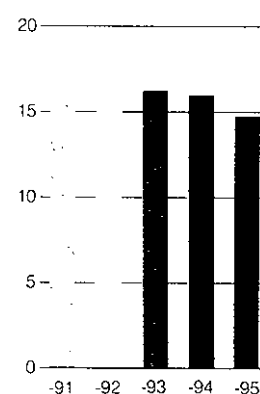
## Group Summary

SEK M	1995	1994	1993	1992	Pro forma 1991
<b>Statement of Income</b>					
Net interest income	11,155	10,377	11,348	12,719	11,731
Commissions and foreign exchange income	2,099	2,336	2,170	2,135	1,926
Other	1,533	3,329	2,813	1,284	1,909
Total revenue	14,787	16,042	16,331	16,138	15,566
Personnel expenses	4,401	4,121	4,094	4,558	4,675
Real estate and premises expenses	696	765	819	918	1,041
Other	3,168	3,302	3,352	3,813	3,931
Total expenses	8,265	8,188	8,265	9,289	9,647
Income before loan losses	6,522	7,854	8,066	6,849	5,919
Loan losses	2,216	3,790	11,731	18,509	10,159
Operating result	4,306	4,064	-3,665	-11,660	-4,240
Appropriations	86	-127	97	4,958	3,473
Taxes	-1,080	-96	263	3,562	184
Result	3,312	3,841	-3,305	-3,140	-583
<b>Balance Sheet*</b>					
<b>Assets</b>					
Cash and cheques in course of collection	2,794	3,219	3,627	4,078	3,332
Swedish and foreign banks	26,987	20,161	29,979	32,460	40,532
Lending	384,792	394,140	421,504	423,913	428,613
Interest-bearing securities					
trading portfolio	17,003	26,117	18,306	4,749	19,816
investment portfolio	11,212	14,330	11,785	18,533	13,216
Properties repossessed for protection of claim	124	146	468	972	184
Other	24,442	21,904	20,399	19,539	20,651
Total assets	467,354	480,017	506,068	504,244	526,344
<b>Liabilities and stockholders' equity</b>					
Deposits	141,484	144,086	144,077	142,239	148,442
Short-term funding	26,286	15,137	21,386	26,893	41,139
Long-term funding	194,691	211,561	243,714	223,556	198,449
Other liabilities	84,587	91,507	85,088	95,933	120,782
Stockholders' equity	20,306	17,726	11,803	15,623	17,532
Total liabilities and stockholders' equity	467,354	480,017	506,068	504,244	526,344
<b>Result</b>					
Investment margin, %	2.35	2.06	2.26 **	2.52 **	n.a.
Interest margin, %	2.00	1.80	2.00 **	2.08 **	n.a.
I/E ratio before loan losses	1.79	1.96	1.98	1.74	1.61
I/E ratio after loan losses	1.41	1.34	0.82	0.58	0.79
Return on equity, %	16.4	19.3	-26.7	-70.3	n.a.
Return on total capital, %	0.91	0.82	-0.73	-2.26	n.a.
Result before loan losses per employee, SEK 000	664	760	714	544	447
<b>Capital</b>					
Capital adequacy ratio, %	13.9	12.7	9.3	9.3	8.9
Primary capital ratio, %	7.4	6.9	4.7	5.7	5.9
Equity/assets ratio, %	4.3	3.7	2.3	3.1	3.3
Stockholders' equity, SEK M	20,306	17,726	11,803	15,623	17,532
<b>Loan quality</b>					
Loan loss level, %	0.6	0.9	2.7	4.3	n.a.
Share of doubtful claims, %	2.2	3.2	4.1	4.8	n.a.
Provision ratio for doubtful claims, %	57	59	61	53	n.a.
<b>Other information</b>					
Number of employees	9,661	9,901	10,639	11,945	13,228
Number of branches	607	624	660	700	n.a.

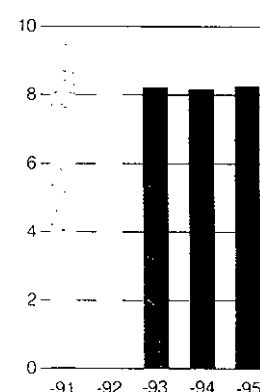
\* Figures for 1991-1994 have been adjusted for repurchase agreements and other repurchase transactions.  
 \*\* Not recalculated for repurchase agreements.

Definitions, see page 46.

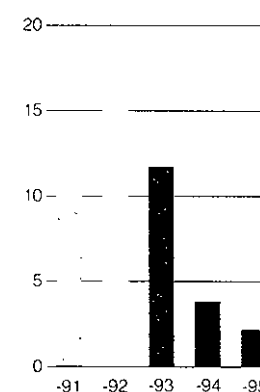
Income, SEK billion



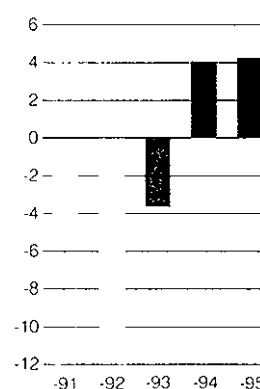
Expenses, SEK billion



Loan losses, SEK billion



Operating result, SEK billion



*The Group's traditional banking operation is headed by the Parent Bank – Sparbanken Sverige AB. This legal entity comprises Sparbanken Sverige's branch office operation, and Central Business and Service Units.*

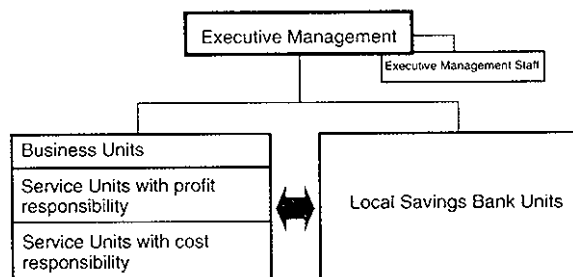
At the year-end, there were more than 8,000 employees in the Bank, of whom 6,150 in the branch office operation, 850 in the Business Units and 1,200 in the Service Units.

#### **Local Savings Bank Units**

The Bank's 607 branches are organized in 130 Local Savings Bank Units. The office network, which is nationwide, has the main responsibility for the Group's customer contacts. The Local Savings Bank Units are full-service banks and, in addition to the traditional banking operation,

also offer the products and services of other Business Units. During the year, two new branches were established whereas 19 branches were closed.

With the objective of supporting the decentralization of the Group, an internal result monitoring system is used. Great emphasis has been placed on the fact that the result for the Local Savings Bank Units should reflect the development of the entire Group. The local result therefore includes the result of local customer contact



regardless if this result has arisen in the local bank operation or is the result of the collaboration with the Central Business Units.

### Central Business Units

The Parent Bank includes four Business Units – Swedbank Markets, Specialbanken, Sparbanken Corporate, Organizational and Institutional Customers. The largest of these Units is Swedbank Markets.

#### Swedbank Markets

The Bank's capital market and international operations changed their name to Swedbank Markets in 1995.

More than 500 people work in Swedbank Markets. The two main functions of this unit are to provide business support and service to the savings banks and offer financial business solutions to corporates, institutions, organizations and municipalities. Business support to the Local Savings Bank Units is relayed via the units' branches in Umeå, Stockholm, Gothenburg and Malmö.

Swedbank Markets also has the responsibility for large Swedish corporates as well as Swedish and international institutions.

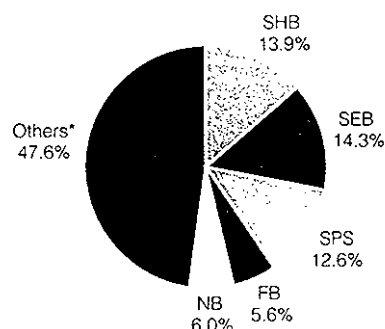
Sparbanken Sverige's branches abroad – in London and New York – as well as a representative office in Tokyo are included in Swedbank Markets. Trading in Swedish stocks with customers abroad is also carried on from the branches in New York and London.

*Swedbank Capital Market and Securities* is responsible for trading in equity, interest-bearing instruments and currencies. The unit is also involved with the development of new investment products as well as analyses of the stock market and the money and foreign exchange markets. In addition, the analysis function produces long-term macroeconomic analyses and forecasts, both from a Nordic and an international perspective.

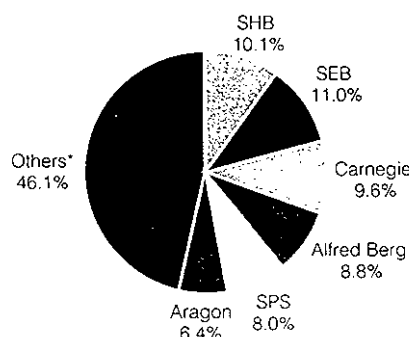
Within the analysis operation, continuous research is made of some 60 companies, equivalent to 95 percent of the market value on the Stockholm Stock Exchange.

*Swedbank Corporate Finance* is responsible for financial advisory services and raising capital via the risk capital market through new share issues and initial public offerings, etc, and via

**SAX-trading**  
(including premiums and conversion loans)  
**Number of deals January–December**



**SAX-trading**  
(including premiums and conversion loans)  
**Trading January – December**



\* Others all have market shares of less than 5%.

the capital market through interest-bearing financing. Added to that are advisory services regarding mergers and acquisitions.

*Swedbank Asset Management* is involved with equity and interest management, mainly on behalf of Swedish institutions.

*Swedbank Trade Services* is responsible for development, handling and specialist support relating to payment and financing of exports and imports.

*Swedbank Custody Services* handles custody management on behalf of Swedish and international institutions.

*Swedbank Large Corporate Customers* has the overall customer responsibility for large Swedish companies and institutions.

*Swedbank Financial Institutions* has the overall customer responsibility for international institutions. The unit also carries out analyses and evaluations of country risks and is involved with advisory and support services.

### Central Service Units and Executive Management Staff Units

Within their respective areas of responsibility, the Central Service Units in collaboration with the Group's Business units will ensure that set targets are attained with regard to result and policy. The Group's data production and central systems development resources are combined in the largest individual service unit, Spadab, which employs approximately 600 people.

Central Service Units comprise a number of units which operate with full profit responsibility which in principle are open to competition as well as a number of units, the activities of which operate with cost responsibility. Units with profit responsibility are:

- ✦ Group Finance
- ✦ Purchase/Supply
- ✦ Legal Services
- ✦ The Institute of Family Economics
- ✦ Marketing
- ✦ Personnel Administration, Training and Proficiency Development

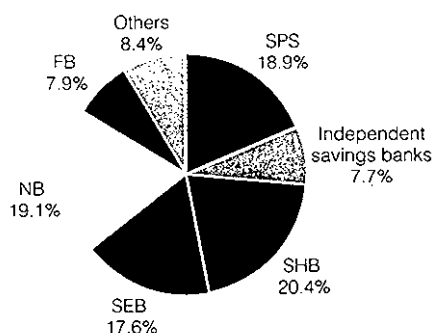
Service Units which operate with cost responsibility in addition to Spadab are:

- ✦ Controller
- ✦ Information
- ✦ Group Accounting
- ✦ Credit
- ✦ Control Systems and IT Systems
- ✦ Security

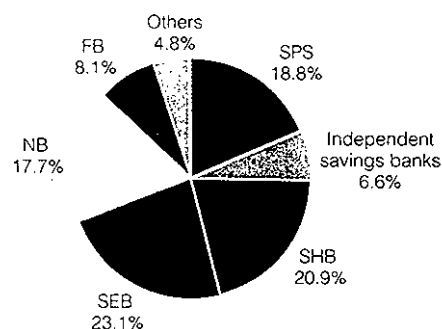
In 1995, an extensive review was carried out with regard to orientation, working methods and manning for these units. This has brought about increased collaboration and utilization of the Group's combined expertise and at the same time it has been possible to reduce costs significantly.

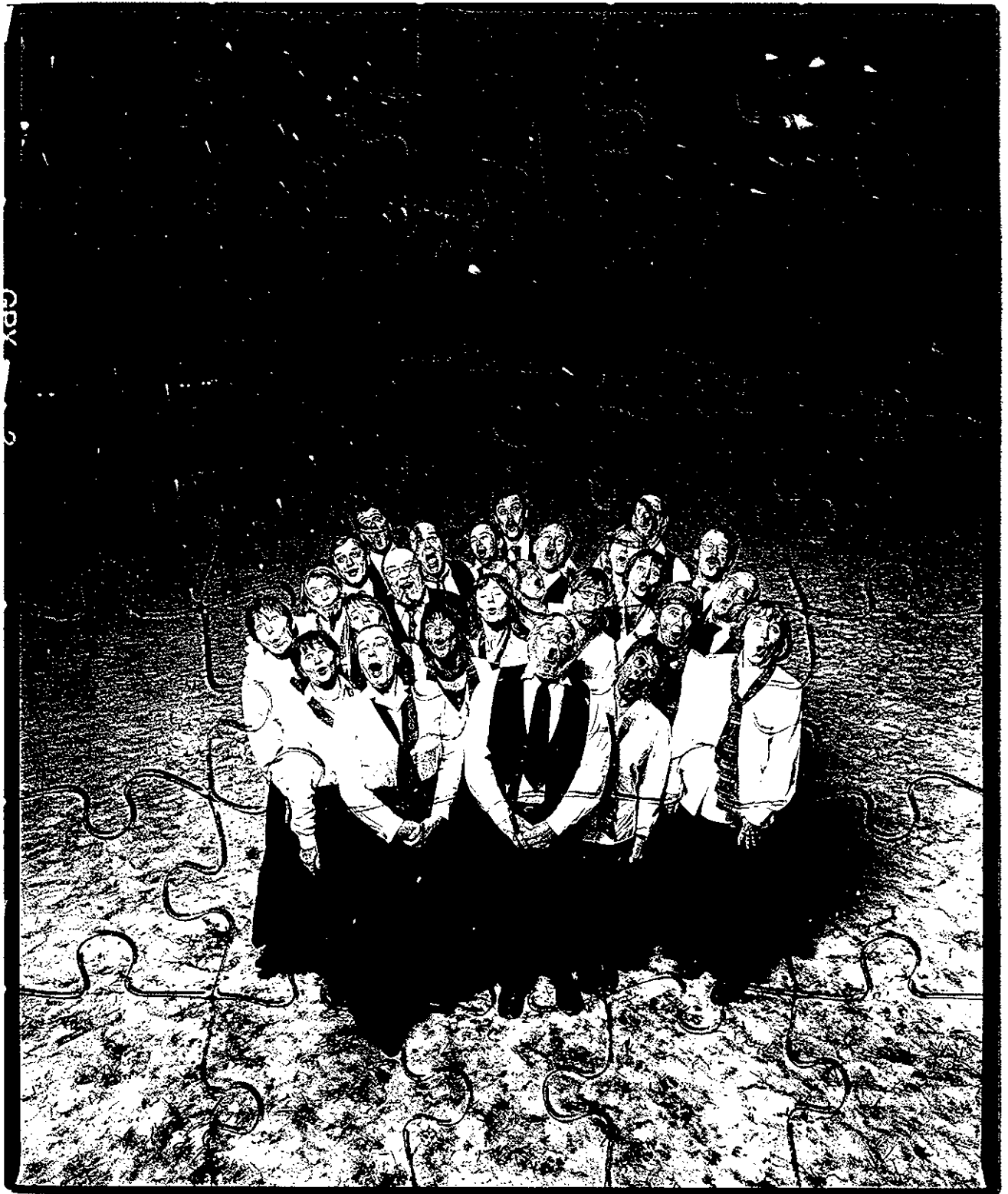
The Executive Management Staff Units consists of the Executive Management's resources for Groupwide issues within areas such as strategy, framework, policy and restructuring work. At the 1995 year-end, approximately 20 staff were employed in the unit.

**Bank deposits from the general public  
(SEK + foreign currency)**  
31 December 1995



**Bank lending to the general public  
(SEK + foreign currency)**  
31 December 1995





*Spintab is a wholly-owned subsidiary of Sparbanken Sverige and the savings bank sector's mortgage institution for long-term first mortgage financing of housing, municipal investments and family-owned farms.*

Spintab's principal operations are long-term first mortgage financing to households with mortgage deeds in properties as collateral.

Low funding costs and efficient administration shall enable Spintab to provide customers of the savings banks with competitive loans. By placing high demands on collateral and the ability of borrowers to make repayments, Spintab shall be able to raise capital on favorable terms.

Spintab's funding instruments shall also constitute value-for-money investment opportunities for the customers of the savings banks.

### Market position

Spintab is the largest bank-owned mortgage finance institution in Sweden with around one fourth of the combined lending of the mortgage finance institutions which together account for approximately 60 percent of the Swedish credit market. In the retail market, Spintab's position is stronger and the company's market share amounts to 31 percent. Spintab therefore forms the hub of Sparbanken Sverige's marketing concept "The Housing Bank". The Housing Bank is the common term for the Group's services to its customers with regard to housing and aims to be the leading marketplace for all housing services in cooperation between the savings banks, Spintab and Sparbanken Fastighetsbyrå.

Spintab offers market support, product development, training and provides information within the sector, whereas the Local Savings Bank Units within Sparbanken Sverige and the independent savings banks mainly handle contacts with the customers on behalf of Spintab and handle loan applications in accordance with established guidelines.

### Lending

More than 90 percent of Spintab's lending is related to residential mortgage financing and

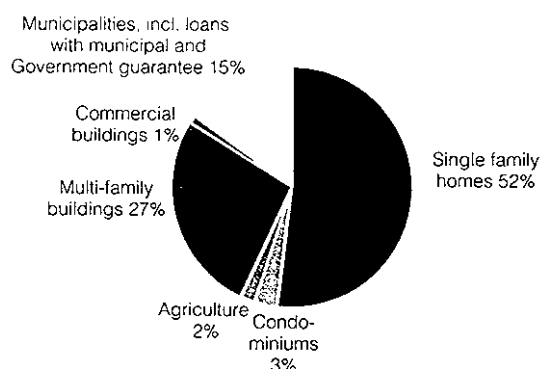
more than half of the loan portfolio consists of loans to privately-owned housing. The geographic spread of Spintab's loans portfolio corresponds closely to the distribution of population in Sweden.

Spintab only grants loans against collateral in real estate or guarantee by the Government, municipalities, banks, insurance companies or other credit market companies. Loans are normally granted up to 75 percent of the market value of a property.

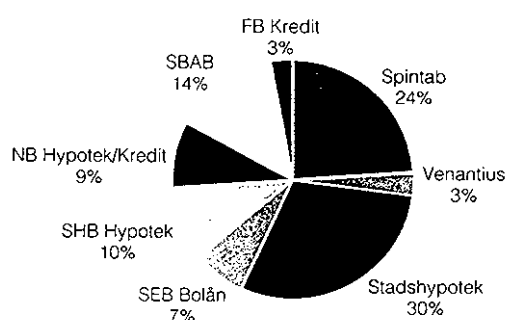
**Lending distributed on remaining duration, December 31**

	1995		1994	
	SEK M	%	SEK M	%
<1 year	64,833	27	57,598	24
1-2 years	73,548	31	35,904	15
2-3 years	53,913	22	67,405	28
3-4 years	25,714	11	50,258	21
4-5 years	15,282	6	24,569	10
>5 years	6,075	3	4,742	2
	239,365	100	240,476	100

**Spintab's loan portfolio distributed on the basis of collateral**  
31 December 1995



**The Swedish housing mortgage institutions' market shares**  
(as a proportion of the institutions' total lending)  
31 December 1995 preliminary



## Funding

Spintab refinances its lending by issuing bonds and other securities in Sweden and abroad. In 1995, Spintab issued bonds for approximately SEK 29 billion, of which approximately SEK 7 billion to private individuals in Sweden. Together with Sparbanken Sverige, Spintab was the market leader with regard to issuance to retail bonds during 1995. International investors account for 16 percent of total funding.

As the basic rule, Spintab's stockholders' equity shall be used for financing its lending. As a consequence of this, Spintab's funding does not fully match its lending. The investment of Spintab's stockholders' equity has contributed to the improvement of Spintab's net interest income.

### Number of loans and average loan amount

At December 31, distributed on the basis of pledged collateral

Sector	Number of loans		Average loan amount, SEK 000	
	1995	1994	1995	1994
Single family homes	665,114	673,536	187	188
Condominiums	49,206	51,873	135	138
Agriculture	15,588	15,516	283	286
Multi-family buildings	21,852	22,983	3,053	2,808
Commercial buildings, others	1,661	1,831	2,033	1,655

### Funding distributed by remaining duration, 31 December

	1995		1994	
	SEK M	%	SEK M	%
<1 year	75,312	33	56,419	25
1-2 years	67,973	30	31,895	14
2-3 years	42,067	18	61,473	27
3-4 years	23,969	10	49,231	21
4-5 years	14,971	7	24,205	11
>5 years	4,670	2	5,798	2
	228,962	100	229,021	100

### Spintab five-year summary

	1995	1994	1993	1992	1991
<b>Result</b>					
Operating income before loan losses, SEK M	3,031	2,600	2,712	2,890	1,452
Loan losses, SEK M	-756	-958	-1,307	-1,681	-124
Operating income before tax and appropriations, SEK M	2,275	1,642	1,405	1,209	1,328
Interest margin, %	1.0	0.9	0.8	1.0	0.8
Investment margin, %	1.4	1.2	1.1	1.3	1.0
<b>Capital</b>					
Lending, SEK billion	239.4	240.5	242.5	233.7	231.2
Equity, SEK M	10,419	8,782	8,130	7,565	6,041
Total assets, SEK billion	248.1	248.0	255.9	254.4	243.6
Capital adequacy ratio, %	17.5	15.2	14.3	12.3	8.9
Primary capital ratio, %	9.5	7.9	7.2	7.0	5.4
<b>Other information</b>					
Number of employees	334	367	355	341	322

*Spärbanken Fastighetsbyrå is Sweden's most consulted realtor and has more than 130 branches.*

In 1995, Sparbanken Fastighetsbyrå brokered 8,488 privately-owned homes, 3,001 condominiums and 1,614 holiday homes which is an increase over the previous year. The sales that

were made in 1995 were generally at slightly higher prices than in 1994.

In 1995, Sparbanken Fastighetsbyrå reported a turnover of SEK 253M (246). The result was SEK -17M (-6) and the number of employees at the year-end was 441.

The company is owned by Sparbanken Sverige's subsidiary, Sparbanken Administration AB.

*Sparbanken Finans, which is a wholly-owned subsidiary of Sparbanken Sverige, is the savings bank sector's finance company and supplements the traditional supply of banking products with finance company services.*

The supply of services is mainly offered by Local Savings Bank Units and independent savings banks, and also via retailers and supply companies, organizations and through own sales force.

### Card and private client market

On the card and private client markets, Sparbanken Finans offers company-linked card systems, business travel cards and Sparbanks-kort – Sweden's most widely used bank card. In addition to card services, the company provides financing services for cars, boats and caravans.

Spring and Summer were characterized by an intensive media debate about the restructuring of the market for processing of card transactions from the retail sector. As a consequence of changed competition legislation, the roles and responsibilities for card issuers and card processors were more clearly defined. The result was that processing of banking card transactions was priced. Over a period, the trade chose to pass these service charges on to the card users.

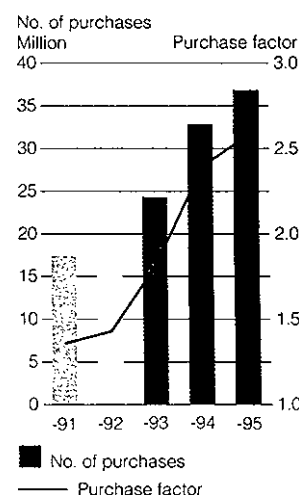
#### Outstanding loans

SEK M	1995	1994
Bank card loans	1,128	1,162
Other loans	1,591	1,444
Book value of leasing assets	2,796	2,778
Total	5,515	5,384

#### Five-year review

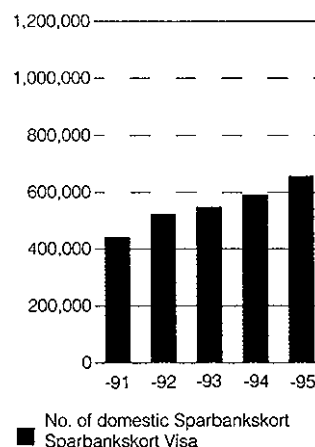
SEK M	1995	1994	1993	1992	1991
Operating income before loan losses	447	418	512	315	172
Loan losses	65	17	-172	-153	-89
Operating income after loan losses	512	435	340	162	83
Stockholders' equity	867	581	580	513	408
Total assets	6,011	5,934	6,847	8,430	4,207
Capital adequacy, %	17.1	13.0	12.4	9.2	14.5
I/E ratio before loan losses	1.9	1.9	2.0	1.7	1.4
Return on equity, %	50.9	52.5	42.7	24.9	14.9
Number of employees	359	364	368	298	321

#### Card usage Sparbankskort Full-year



Both the number of issued cards and their usage is increasing.

#### Development, Sparbankskort No. of cards at December 31, 1995



Of the outstanding cards, about 70 percent are held by Swedbank customers and the remainder by customers of independent savings banks.



After agreements had been signed with several leading retail factions, the trade ceased to pass the charges on to the consumer. The number of processed transactions increased significantly and Babs, the Section of Sparbanken Finance which is responsible for card processing, strengthened its market position.

During the year, Sparbankskort developed very positively both with regard to growth in number of cards and card use. The number of purchases using Sparbankskort increased by 12 percent over the previous year.

### Corporate market

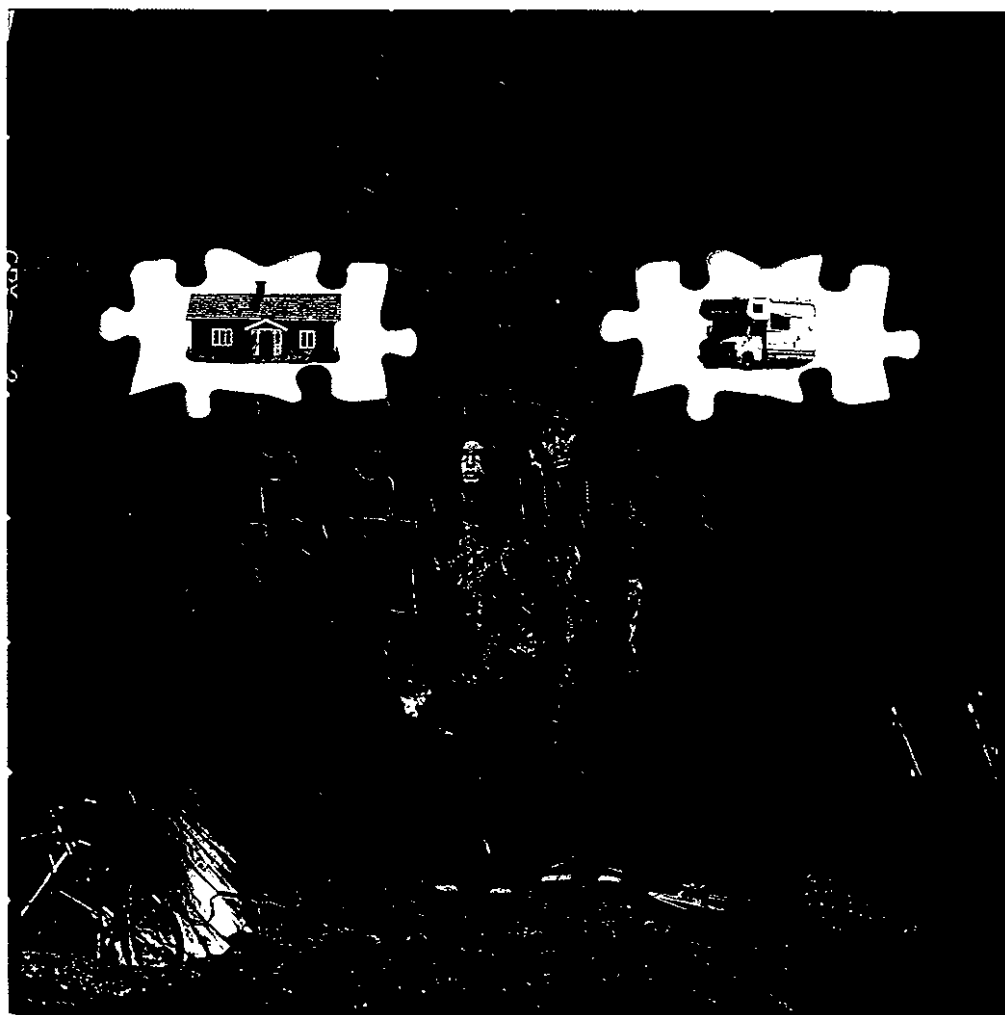
The corporate sector was characterized by tough competition, increased demand and increased sales volumes. In the area of car and vehicle fleet financing, sales developed positively with

an increased loan portfolio and strengthened market position. For other corporate services, sales via the savings banks increased by a full 30 percent.

Kundinkasso, which is the Group's debt collection company, increased its turnover and income. Through continuous effectivization work, it has been possible to handle larger volumes at unchanged cost levels.

### Income trend

Income for 1995 was SEK 512M, an improvement of SEK 77M over 1994. The improvement is mainly the result of positive revenue development and a very positive trend in loan losses which made it possible to dissolve previous provisions to such an extent that the dissolution exceeds the year's expense.



*Robur is the savings bank sector's investment fund management company. Since December 1995, Robur is a wholly-owned subsidiary of Sparbanken Sverige.*

Assets under management increased by 24 percent during the year to SEK 65 billion. The share of the Swedish fund market increased to 26.5 percent in 1995. The number of savers is in excess of 1 million.

Robur offers a wide range of mutual funds and interestbearing funds which invest in the Swedish as well as international markets. The public savings programs with 880,000 savers and assets of SEK 26 billion form an important part of the operations. For these funds, 1995 was a very good year with a 19–20 percent increase in value which was slightly better than the index. Sparbanken's Allemansfonder have thus beaten the index every year except one since its start in 1984.

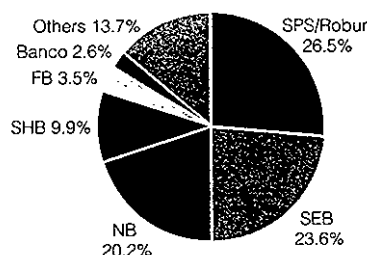
Major successes were also noted for interest-bearing fund management. Assets under management increased to SEK 19 billion. A new, short-term money market fund was launched during Spring and rapidly reached assets of SEK 2 billion. The annual yield of the long-term funds reached 25 percent.

At the year-end Robur had 58 employees, of whom 25 in the investment and analysis operation.

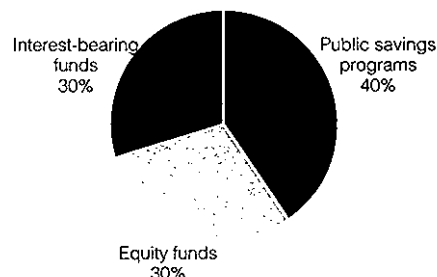
### Income trend

Income developed favorably during the year as a result of positive development of the fund assets. In addition to Robur's result, the fund operation generates significant commission income to the savings banks both through sales commissions to the branch offices and through stock commissions which are based on previously built-up sales. As a consequence of lower new sales of equity funds, sales commissions fell from the very high level of 1994. From 1996, Robur's sales and processing commissions have been abolished whereas the management fees have been increased.

**Fund assets**  
December 31, 1995



**Distribution of fund assets**  
December 31, 1995



### Income development

SEK M	1995	1994	1993	1992	1991
Revenues	373	347	277	199	184
Expenses	107	110	116	101	84
Financial income and expense	17	12	1	-29	-96
Income before depreciation	-2	-2	-2	-3	-2
Income before appropriations and taxes	281	247	160	66	2
Fund assets, SEK billion	65.0	52.3	51.6	37.6	31.3
Number of employees	58	57	48	47	48

*SparLiv/SparFond market their products through Sparbanken Sverige's branch offices. The insurance range forms an important supplement to the Group's other supply of savings products. Sales are handled by Sparbanken Sverige's staff.*

SparLiv sells traditional personal insurance such as group life insurance, capital and pension insurance. SparFond offers insurance as investment alternatives in the form of so-called unit linked. This means that the insurance savings are placed in funds which are mainly managed by Robur.

SparLiv/SparFond also work closely with the Bank's staff in the field of Personal Pension Saving.

In 1995, SparLiv's sales were dominated by the large number of Savings Bank Customer Insurance policies sold. The interest in change of generation products helped to increase the premium income. In SparFond, sales have changed from being investment-oriented in 1994, with large one-off premiums, to being of a more continuous nature in 1995. This change in the saving orientation explains the reduced premium income in SparFond in 1995.

Sparbanken Sverige owns 50 percent of SparLiv and SparFond. The remaining 50 percent of the two companies is owned by Folksam.

SEK M	SparLiv				SparFond			
	1995	1994	1993	1992	1995	1994	1993	1992
Premium income	728	520	471	493	434	847	157	60
Operating income	185	15	181	43	17	-6	17	-6
Number of new agreements	45,300	44,200	37,000	60,200	8,500	12,025	5,800	3,500
Managed capital	2,058	1,531	1,164	847	1,561	1,056	279	79



*With the objective of handling repossessed property-related real estate more expediently, Fastighets AB Tornet was formed in 1992.*

Today, Tornet with 2.3 million square meters of lettable space is one of Sweden's major property owners.

The Swedish real estate holding is spread throughout the country, whereas the foreign properties are mainly located in London, Germany, Paris, Brussels and Amsterdam.

Tornet's properties are owned and managed by five regional subsidiaries in Sweden and two in Europe. The average number of employees was 262 at the 1995 year-end.

#### **Distribution of Tornet shares**

Sparbanken Sverige's Board of Directors has recommended the 1996 Annual General Meeting to decide on a distribution of all shares in Tornet to

the Bank's stockholders. Tornet's role as a "collateral care" company has for formal reasons reduced the company's scope for action to protect the value of the repossessed real estate. The recommended distribution will enable Tornet to act more vigorously.

During January and February 1996, a number of properties have been transferred from Sparbanken Sverige and Spintab to Tornet. Ahead of the proposed distribution of the shares in Tornet, new share-holder equity has been added to Tornet following a decision by the Board of Directors of Sparbanken Sverige.

Tornet has prepared pro forma accounts for 1995 as if the properties had been owned for the full year, and as if write-downs effected during 1995 had already been made. Furthermore, interest expenses have been calculated as if the new issue and the stockholders' contribution had been included in the equity on January 1, 1995. The interest expenses have been calculated on market terms.

<b>Tornet's real estate holdings pro forma 1995</b>					
Main area of use	Book value, SEK M	Number	Lettable space, 000, sq. m.	Book value, SEK/sq. m.	Space vacancy ratio, %
<i>Sweden</i>					
Housing	3,035	547	751	4,041	13.1
Offices	1,033	98	269	3,844	26.0
Shops	607	54	134	4,528	15.8
Industry, inventory	1,029	118	576	1,789	22.8
Other	869	144	306	2,834	19.0
Swedish holding	6,573	961	2,036	3,229	18.6
<i>Abroad</i>					
Offices	1,696	20	198	8,553	34.8
Shops	474	5	45	10,611	4.5
Industry, inventory	415	5	57	7,252	3.8
Other	155	5	28	5,592	29.2
Holding abroad	2,740	35	328	8,355	24.8
<b>Total</b>	<b>9,313</b>	<b>996</b>	<b>2,364</b>	<b>3,940</b>	<b>19.5</b>

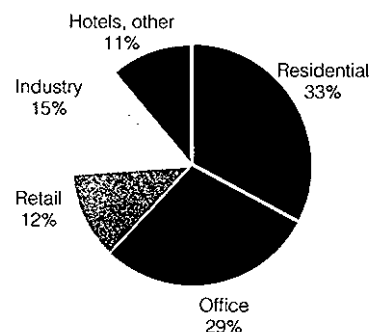
#### **Further information**

*Tornet will draw up an offering circular before its shares are listed. This information is expected to be available end-March, early April. The prospectus can be requested direct from Tornet by telephone, +46-8-723 70 00.*

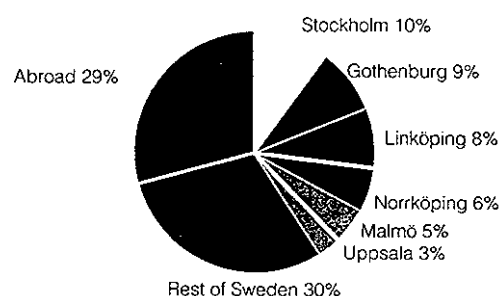
The Torner Group		
Statement of Income		
SEK M	1995	Pro forma 1995
Rental income excl interest subsidy	1,128.6	1,354.3
Operating, maintenance and administration expenses	-633.1	-766.8
Operating surplus	495.5	587.5
Depreciation	-6.5	-99.0
Result other operations	-0.1	-0.1
Write-down	-851.8	0.0
Other real estate expenses	-66.8	0.0
Sales of real estate	-3.2	0.0
Operating income after depreciation	-432.9	488.4
Concession of interest	105.7	139.0
Result before interest expenses	-327.2	627.4
Interest income	54.5	0.0
Interest expenses	-698.4	-525.5
Other financial income and expenses	-10.1	0.0
Result after financial income and expenses	-981.2	101.9
Minority interest	-1.8	-1.8
Appropriations	1,385.8	0.0
Taxes	-0.7	0.0
Result after taxes	402.1	100.1
Balance Sheet		
SEK M	1995	Pro forma 1995
Cash and bank	131.5	127.9
Real estate	8,914.5	9,313.4
Other assets	543.9	331.9
Total assets	9,589.9	9,773.2
Interest-bearing liabilities	8,048.6	6,087.1
Other liabilities	856.9	686.1
Total liabilities	8,905.5	6,773.2
Restricted equity	13.2	1,681.0
Non-restricted equity	671.2	1,319.0
Total stockholders' equity	684.4	3,000.0
Total liabilities and stockholders' equity	9,589.9	9,773.2
Key Ratios		
Percent	Pro forma 1995	
Equity/assets ratio, %	30.7	
Yield*		
interest subsidy included, %	8.3	
interest subsidy excluded, %	6.7	
Return on equity 1995, %	3.4	
*Excluding development properties etc., with a book value of SEK 818M.		

## Torner's real estate holdings

**Type of property\***  
Pro forma 1995



**Geographical distribution\***  
Pro forma 1995



\* Distributed by book value.

## Events in 1995

### Successful stockmarket introduction

As early as February 1994, the Sparbanken Sverige Board of Directors made a decision to seek a registration of the Bank's shares on the Stockholm Stock Exchange in 1995. The listing took place in June 1995 following the acquisition by the general public and institutions of more than 20 percent of the shares in the Bank from the principal owner – Sparbanksstiftelsernas Förvaltningsaktiebolag. On June 9, the Sparbanken Sverige share was quoted on the O list of the Stockholm Stock Exchange and on November 22 was transferred to the most traded shares on the A list.

### Robur again a subsidiary

In 1993, a decision was made about an extensive recapitalization of the Group. One of the measures taken in that connection was the sale of 90 percent of the shares in the then subsidiary, Robur Kapitalförvaltning AB to the independent savings banks. Through the sale, a profit of nearly SEK 1.6 billion was realized which was included in the net result for 1994. In connection with the sale, Sparbanken Sverige obtained the right to repurchase before the 1997 year-end half of the sold shares at a price agreed in advance. At the same time, the purchasers obtained a right – but not a liability – to sell their remaining Robur shares should Sparbanken Sverige invoke its option.

Sparbanken Sverige's result and financial position improved significantly faster than could be anticipated at the time of the sale of Robur. Even ahead of the listing during Spring, the Bank's

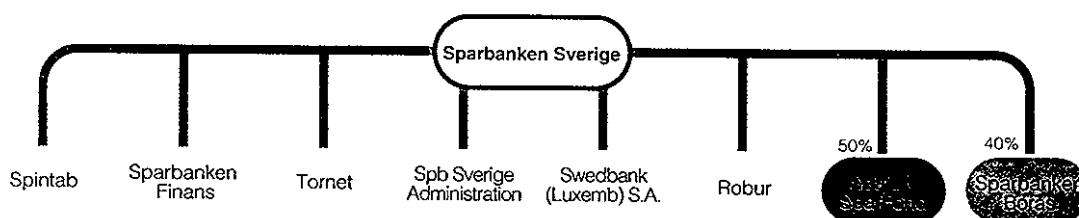
Board of Directors was therefore able to express its intention to utilize the Bank's call option relating to 45 percent of the shares in Robur. In June, the Bank acquired all the Robur shares of Borås Sparbank, equivalent to more than 10 percent, and in October, the Board decided to utilize the Bank's option and at the same time offer the independent savings banks the opportunity to sell their remaining shares in Robur at a price equivalent to 112 percent of the option price. The offer was accepted in full and in December, Robur again became a wholly-owned subsidiary of Sparbanken Sverige.

### Sparbanken Borås AB associated company

In Autumn 1995, the previously independent savings bank, Borås Sparbank, was transformed into a limited liability banking company when Sparbanken Sverige decided to participate with SEK 200M in a directed new share issue in the new bank. As a result, Sparbanken Sverige became the owner of 40 percent of Sparbanken Borås AB. The Bank's holding in Sparbanken Borås will be consolidated from 1996 in accordance with the equity method.

### Exchange of preferred stock

In Spring 1995, holders of previously-issued preferred shares were given the opportunity to exchange these for common shares. The objective, among other things, was to simplify the share structure in the Bank ahead of the planned listing. All holders of preferred shares accepted the offer which resulted in an increase in the number of common shares by 48,180,702.



The Sparbanken Sverige Group consists of the Parent Bank, Sparbanken Sverige AB, and its subsidiaries and associated companies. The most important companies from a size and strategic viewpoint are illustrated in the figure above. A summary of the Group's financial development in the past five years with key figures is printed on page 15 of this Annual Report.

## Important decisions after the 1995 year-end

### Proposal about spin-off of Tornet

The Sparbanken Sverige Board of Directors has recommended that the 1996 Annual General Meeting decide on a distribution of all the Bank's shares in Fastighets AB Tornet to the Bank's stockholders. In accordance with the proposal, the Bank's stockholders will receive one share in Tornet for each share in Sparbanken Sverige.

The Tornet Group, which is the Group's collateral care company, is not consolidated in Sparbanken Sverige. The real estate holding of the Tornet Group is therefore not reported in Sparbanken Sverige's Balance Sheet. The Bank's loans to the Tornet Group are however included in the Bank's loans to the general public. A distribution of the Bank's shares in Tornet will therefore have limited effects on the Bank's and the Group's reported result.

The capitalising of Tornet which the Bank has carried out ahead of the distribution of the Tornet shares will however be of importance. As a consequence of this, the equity of the Sparbanken Sverige Group and the Parent Company will decrease by approximately SEK 3 billion and SEK 2.7 billion respectively on the date of distribution. The amount of SEK 2.7 billion is the book value at the time of distribution. It includes book value at December 31, 1995, of SEK 251M with the addition of the new issue of SEK 1,668M and the stockholders' contribution of SEK 800M. One immediate effect of this will be that both the Bank's and the Group's capital adequacy ratio and primary capital ratio will decrease. In the Group, the distribution will have a negative effect on the primary capital ratio of approximately 1.3

percentage points and on the capital adequacy ratio of about 1.9 percentage points.

Of the interest-bearing liabilities in Tornet, about SEK 5 billion are loans from the Sparbanken Sverige Group. In addition to granted loans there are unutilized overdraft facilities and loan promises from Sparbanken Sverige of about SEK 900M. All loans from the Sparbanken Sverige Group have been given on market terms.

### Proposal for a profit-sharing system

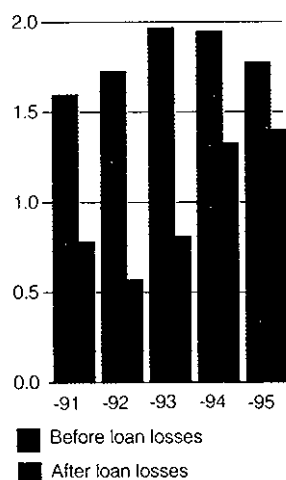
The Board of Directors has put forward a proposal to the Annual General Meeting for a profit-sharing system for the Group's employees. In brief, the proposal means that the Bank – when the Group's return on stockholders' equity exceeds a rated average for other listed banks and dividend has been paid to the Bank's stockholders – allocates a proportion of the result to a special profit-sharing foundation. The size of the allocations will be limited to 50 percent of a basic amount (currently equivalent to SEK 18,100) per employee per annum. In order for full allocation to be made, however, it is assumed that the primary capital ratio amounts to 7.5 percent. The employee will have the right to obtain – at the earliest, five years after the allocation has been made – an amount equivalent to his share of the allocation during the year in question. The funds of the foundation will primarily be invested in shares in Sparbanken Sverige.

### Eskilstuna/Rekarne Savings Bank

In February 1996, the Bank and Rekarne Sparbank concluded an agreement to initiate work aimed at coordinating the banks' operations in Eskilstuna.

Quarterly results								
SEK M	Q4 95	Q3 95	Q2 95	Q1 95	Q4 94	Q3 94	Q2 94	Q1 94
Net interest income	2,826	2,784	2,771	2,774	2,815	2,630	2,359	2,573
Commissions	687	497	481	434	593	578	633	532
Other income	440	316	382	395	674	262	286	2,107
<b>Total revenues</b>	<b>3,953</b>	<b>3,597</b>	<b>3,634</b>	<b>3,603</b>	<b>4,082</b>	<b>3,470</b>	<b>3,278</b>	<b>5,212</b>
Personnel expenses	1,180	1,065	1,111	1,045	1,117	1,032	982	990
Others	1,033	829	1,007	995	1,076	921	1,043	1,027
<b>Total expenses</b>	<b>2,213</b>	<b>1,894</b>	<b>2,118</b>	<b>2,040</b>	<b>2,193</b>	<b>1,953</b>	<b>2,025</b>	<b>2,017</b>
Loan losses	416	450	600	750	440	650	1,200	1,500
<b>Operating income</b>	<b>1,324</b>	<b>1,253</b>	<b>916</b>	<b>813</b>	<b>1,449</b>	<b>867</b>	<b>53</b>	<b>1,695</b>

I/E ratio before and after loan losses, Group



## Economic and financial review

### Result analysis

The 1995 result after loan losses exceeded that of the previous year although the 1994 result included non recurring capital gains of approximately SEK 1.9 billion. The Group's return on equity amounted to 16.4 percent which exceeds the average of other listed bank groups. Thereby one of the Group's central financial objectives was attained.

A strongly contributing factor to the result improvement was that loan losses decreased in 1995 also. The loan loss level amounted to 0.6 percent which should be compared with the

%	Group		Bank		Spintab	
	1995	1994	1995	1994	1995	1994
Interest margin	2.00	1.80	2.33	2.17	1.03	0.85
Investment margin	2.35	2.06	2.79	2.50	1.42	1.19

objective that the loan loss level of the Group over a normal business cycle should not exceed 0.5 percent.

The quarterly development in 1995 points to a positive trend in the Group's underlying earning capacity. In 1995, net interest income was between SEK 2,770M and 2,820M per quarter. Other income improved steadily during the year. In the last quarter, costs were, among other things, influenced by an exceptional bonus to the staff.

### Net interest income trend

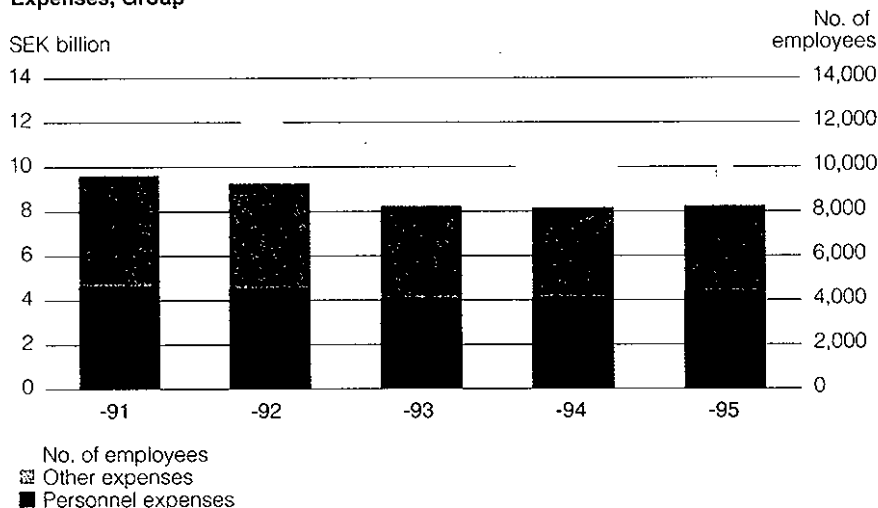
The Group's net interest income amounted to SEK 11,155M which is a 7 percent improvement over 1994. Net interest income increased both in the Bank and in Spintab and was on a par with 1994 in Sparbanken Finans.

Despite lower loan and deposit volumes in the Group, net interest income increased which means that the interest margin, i.e. the difference between average return on all assets and the interest expense for all liabilities, increased. The investment margin, i.e. net interest income in relation to average total assets, also increased.

The improvement in Spintab's margins is explained by the renewal of old loans with low margins and also by growing and more efficiently utilized equity.

The increase in the Bank's margins is partly due to a continued run-off of problem exposures

Expenses, Group





Spintab	
95	1994
03	0.85
42	1.19

as well as the Bank's growing stockholders' equity. The Bank's interest margin was also positively affected by the trend in market interest rates.

#### *Commissions and foreign exchange income*

The Group's total commission and foreign exchange income fell by 10 percent to SEK 2,099M in 1995. For the Bank, nervousness on the foreign exchange markets resulted in lower foreign exchange trading income. The result of the international operation recovered during the latter half of 1995.

Among other commission income is noted an increase in income from the Swedish lending operation, whereas brokerage and fund income fell compared with 1994 when the Bank successfully participated in several major Government privatizations. Income from the branch offices' sale of Robur products decreased over 1994, whereas revenues from retail bond sales increased. Card processing income in Sparbanken Finans also increased.

#### *Other income*

The Group's other income, which includes income from Sparbankens Fastighetsbyrå, the sale of EDP services to independent savings banks, external real estate income and capital gains on shares in the trading inventory, was largely unchanged compared with 1994. In 1995, income totaling just under SEK 100M was added – mainly from Robur but also from Sparfrämjandet which was acquired by the Bank in January 1995.

Towards the end of 1995, profits of SEK 112M in the Group's investment portfolio were realized compared with a capital loss of SEK 1M in 1994.

#### *Continued cost control*

In 1995, a previously-announced effectivization and rationalization program was initiated in the Group. Within the framework of this program, the objective is that the Group's cost level at the 1996 year-end, in fixed prices, should be SEK 800M lower than the 1994 cost outcome.

The program is running according to plan. In 1995, costs increased by 1 percent to SEK 8,265M which is explained by higher personnel expenses. Other expenses decreased by 5 percent.

The 7 percent increase in personnel expenses is due to central salary agreements and higher

social security charges as well as an increase in staff redundancy costs of SEK 108M and expenses of SEK 95M for an exceptional staff bonus.

Virtually all other costs have decreased in the Group which is an effect of staff reductions and actions aimed at raising internal efficiency.

The acquisition of shares in Sparbanken Borås AB as well as the repurchase of Robur give rise to Group goodwill totaling SEK 1,855M which will be written off over 10 years. In 1995, depreciation of this goodwill amounted to SEK 22M. Other depreciation amounted to SEK 337M which is a slight increase over 1994.

#### *Lower loan losses*

The Group's result improvement is largely explained by significantly falling loan losses. The loan loss level in the Group has fallen from 4.3 percent in 1992 to 0.6 percent in 1995.

Loan losses, Group			
SEK M	1995	1994	
New provisions	2,410	4,751	
Actual, net	3,466	3,014	
Recoveries	-3,660	-3,975	
Total	2,216	3,790	

Loan losses distributed by size				
SEK M	1995		1994	
	Number	Amount	Number	Amount
<50	>100	1,974	>100	2,623
50-500	3	242	11	1,167
Total		2,216		3,790

Loan losses distributed within the Group						
SEK M	Corporate		Private		Total	
	1995	1994	1995	1994	1995	1994
Bank	114	1,979	302	357	416	2,336
Spintab	682	712	74	246	756	958
Sparbanken						
Finans	-55	-38	-10	21	-65	-17
Swedbank						
Luxembourg	0	20	1	0	1	20
Group-adjustment	1,108	493	0	0	1,108	493
Total	1,849	3,166	367	624	2,216	3,790

Loan losses distributed by industry, Group					
SEK M	1995	%	1994	%	
Households	367	17	624	16	
Real estate management	2,136	96	2,718	72	
Retail, hotels, restaurants	108	5	79	2	
Construction operations	15	1	98	3	
Manufacturing industry	19	1	25	1	
Transport	74	3	132	3	
Others	-503	-23	114	3	
Total	2,216	100	3,790	100	

In 1995, the Group's loan losses amounted to SEK 2,216M which is a decrease of 42 percent over 1994.

SEK 2,410M was appropriated for anticipated loan losses which is approximately a 50 percent decrease over 1994. A favorable trend with regard to the inflow of new problem loans meant that, during the year, the Bank's Board of Directors on two occasions decided to revise the original loan loss forecast of SEK 3.0 billion to SEK 2.7 billion at the time of the 6-month

accounts and to SEK 2.4 billion in connection with the 9-month report.

As a result of the continued work-out of the problem exposures, actual loan losses increased over the previous year. In connection with the work-out, final agreements have been concluded regarding transfers of real estate to Tornet. Consequential write-downs and renewed valuations ahead of the spin-off of Tornet are included at nearly SEK 1 billion in the above-reported actual loan losses for the Group.

The most important items in the Consolidated Balance Sheet, December 31 1995, SEK billion

ASSETS	SEK	Foreign currency	Total
Net loans to households	182	1	183
Other loans, net	176	26	202
<b>Total loans, net</b>	<b>358</b>	<b>27</b>	<b>385</b>
<i>Of which, loans in the Bank to households</i>	<i>43</i>	<i>1</i>	<i>44</i>
<i>Of which, loans in the Bank, intra-Group lending excluded</i>	<i>109</i>	<i>24</i>	<i>133</i>
<i>Of which, loans in Spintab</i>	<i>239</i>	<i>—</i>	<i>239</i>
Claims on Swedish banks	8	2	10
Claims on foreign banks	10	7	17
<b>Total claims on banks</b>	<b>18</b>	<b>9</b>	<b>27</b>
Investments in trading inventory (trading portfolio and stocks held for dealing purposes)	15	4	19
Investments in investment portfolio (excluding investments in Spintab of SEK 21.2 billion)	11	—	11
<b>Total interest bearing investments</b>	<b>26</b>	<b>4</b>	<b>30</b>
<b>Fixed assets and other assets</b>	<b>22</b>	<b>3</b>	<b>25</b>
<i>Of which, real estate SEK 4.2 billion, cash SEK 2.3 billion, and accrued interest SEK 7.9 billion</i>			
<b>Total assets, Group</b>	<b>424</b>	<b>43</b>	<b>467</b>
<b>LIABILITIES</b>			
Deposits from households, of which, savings accounts SEK 70 billion	94	—	94
Deposits from companies	43	5	48
<b>Deposits from the general public (all deposits refer to the Bank)</b>	<b>137</b>	<b>5</b>	<b>142</b>
Funding from Swedish banks and financial institutions	22	3	25
Funding from foreign banks and financial institutions	7	26	33
<b>Total funding from banks and financial institutions</b>	<b>29</b>	<b>29</b>	<b>58</b>
<b>Short-term funding via Swedish and foreign commercial paper programs</b>	<b>13</b>	<b>13</b>	<b>26</b>
Long-term funding in the Bank	4	11	15
Long-term funding in Spintab (excluding the Bank's bond holding in Spintab of SEK 19.8 billion)	149	30	179
<b>Total long-term funding, Group</b>	<b>153</b>	<b>41</b>	<b>194</b>
<i>Of which, fixed-term and undated subordinated loans</i>	<i>4</i>	<i>14</i>	<i>18</i>
<i>Of which, retail bonds (book value)</i>	<i>16</i>	<i>—</i>	<i>16</i>
<b>Accrued interest and other liabilities</b>	<b>24</b>	<b>3</b>	<b>27</b>
<b>Stockholders' equity including the year's result</b>	<b>19</b>	<b>1</b>	<b>20</b>
<b>Total liabilities and stockholders' equity, Group</b>	<b>375</b>	<b>92</b>	<b>467</b>

The Group's 20 largest losses accounted for 29 percent of the loan losses, a decrease from 1994. Of 1995 recoveries, the 20 largest items represented 21 percent which is also a decrease.

#### *Investments and acquisitions*

In 1995, the Bank acquired the remaining 90 percent of the stock in Robur Kapitalförvaltning AB for an amount of SEK 1.9 billion and 40 percent of the stock in Sparbanken Borås AB for SEK 200M. The Bank also increased its holding in Svensk Exportkredit AB by SEK 215M.

The Bank acquired half of a property from Folksam for SEK 210M. The other half was already owned by the Group. Refurbishment costing SEK 92M was carried out of own and rented premises.

During the year, the installation was initiated of a new credit management system for promissory note loans and guarantees as well as a new loan security system. The new system was developed by the Bank during the period 1991 to 1995. The investment amounted to SEK 115M and was entered as cost on a continuous basis over the years. The installations were completed at the beginning of 1996.

#### *Tax situation*

As a consequence of previous years' losses, significant losses brought forward exist in the Group. In 1995, approximately SEK 1.4 billion of these will be utilized following which approximately SEK 0.6 billion will remain. These remaining losses are wholly attributable to the Torne Group.

In addition, the Bank has demanded a further tax deduction of approximately SEK 190M in the 1992 tax assessment and approximately SEK 530M in the 1993 tax assessment. The tax authorities have decided not to approve these allowances – a decision, which the Bank is contesting in court.

#### *Group assets*

The Group's total assets amounted to SEK 467 billion (480) at the 1995 year-end.

#### *Loan portfolio*

During the year, Group lending decreased by SEK 9,348M or 2.4 per cent. Excluding so-called repurchase agreements, lending reduced by SEK 8,683M or 2.3 per cent. Most of the decrease arose in the Bank.

Loan demand from the corporate sector increased during the latter part of the year following an earlier decline. Direct lending to the municipalities also increased. The households showed continued weak demand for loans. Spintab's lending to the sector nevertheless increased in the last quarter of 1995.

In relation to the distribution of the population, Group lending is evenly distributed over the country.

Loans against collateral in residential properties and other real estate account for nearly 70 percent of the loan portfolio. The majority of the Group's housing finance is made via Spintab.

13 percent of the total collateral is attributable to municipalities and county councils which in many instances guarantee the financing on con-

Group lending by sector, December 31				
SEK M	1995	%	1994	%
Households	182,379	48	187,499	48
Real estate management <sup>1</sup>	111,770	29	111,122	28
Finance and insurance <sup>2</sup>	5,363	1	10,740	3
Retail, hotels, restaurants	8,812	2	8,856	2
Construction	8,803	2	8,798	2
Manufacturing industry	5,062	1	4,617	1
Transport	3,302	1	4,287	1
Forest and agriculture	6,797	2	6,345	2
Municipalities	13,583	4	12,905	3
Others <sup>3</sup>	38,921	10	38,971	10
Total lending, net	384,792	100	394,140	100

<sup>1</sup> Multi-family housing included.

<sup>2</sup> Including repurchase agreements 3,587 (8,659).

<sup>3</sup> Including repurchase agreements 10,841 (6,434).

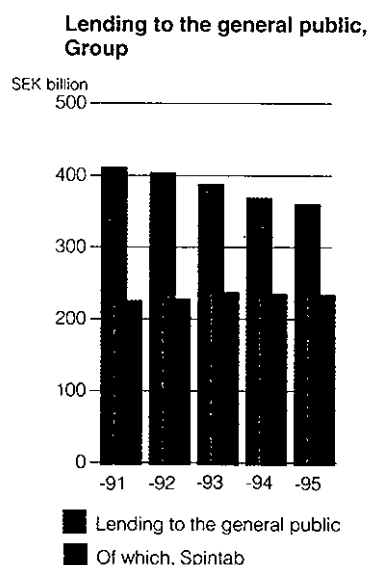
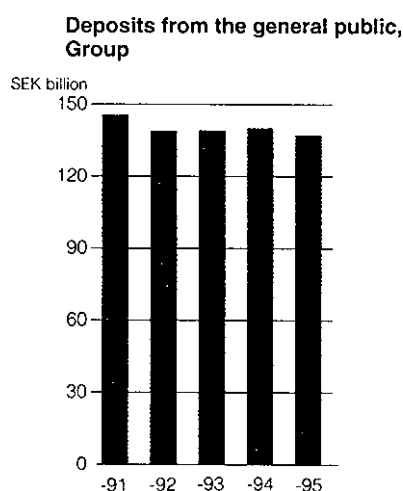
Bank lending by sector, December 31				
SEK M	1995	%	1994	%
Households	43,786	29	47,832	31
Real estate management <sup>1</sup>	21,237	14	22,387	14
Finance and insurance <sup>2</sup>	17,090	12	19,699	13
Retail, hotels, restaurants	7,665	5	7,821	5
Construction	4,624	3	4,483	3
Manufacturing industry	4,324	3	3,849	2
Transport	2,689	2	3,381	2
Forest and agriculture	2,312	2	1,958	1
Municipalities	6,503	4	5,488	4
Others <sup>3</sup>	38,722	26	39,158	25
Total lending, net	148,952	100	156,056	100

<sup>1</sup> Multi-family housing included.

<sup>2</sup> Including repurchase agreements 3,587 (8,659).

<sup>3</sup> Including repurchase agreements 10,841 (6,434).

struction of multi-family buildings. Unsecured credits to companies and private individuals primarily consist of overdrafts. Other collateral relates to, for example, securities, leasing assets, ships and aircraft mortgages.



Lending distributed by collateral, Group, December 31				
SEK M	1995	%	1994	%
Residential properties	231,633	60	230,073	58
Other real estate	29,976	8	32,504	8
Municipalities, county councils	50,289	13	53,004	13
Swedish financial institutions <sup>1</sup>	5,712	1	10,564	3
Floating charge	8,178	2	9,511	2
Guarantees	5,957	2	6,755	2
Unsecured, companies	3,906	1	8,180	2
Unsecured, private individuals	11,431	3	10,716	3
Others <sup>2</sup>	37,710	10	32,833	9
Total lending, net	384,792	100	394,140	100

<sup>1</sup> Including repurchase agreements 3,587 (8,659).

<sup>2</sup> Including repurchase agreements 10,841 (6,434).

### Problem loans

The Group's problem loans after provisions made reduced by SEK 4,139M or 31 percent in 1995, mainly as a result of work-out activities. As a consequence of this the proportion of doubtful claims has been brought down to 2.2 percent compared with 3.2 percent at the 1994 year-end. Gross problem loans amounted to SEK 20,532M which is equivalent to a decrease of 35 percent during 1995.

In addition to the problem loans, there are unsettled claims in the Group for which accrued interest is entered as income. At the 1995 year-end, these claims, which are mainly found in Spintab, totaled SEK 2,014M, a decrease of more than 7 percent over 1994.

The number of large problem loans decreased during 1995. Of total gross problem loans, the 20 largest exposures amounted to SEK 3,761M which is a decrease of SEK 2,148M over the previous year.

### Problem loans, Group, December 31

SEK M	Gross	Provisions	Net
Households	3,307	2,031	1,276
Real estate management	9,990	4,726	5,264
Retail, hotels, restaurants	1,118	611	507
Construction	566	250	316
Manufacturing industry	268	130	138
Transport	666	487	179
Forest and agriculture	251	106	145
Others	4,366	2,874	1,492
Total	20,532	11,215	9,317

### Problem loans gross, distributed by size

SEK M	1995		1994	
	Number	Amount	Number	Amount
<50	>100	12,740	>100	16,969
50-500	70	7,792	117	13,111
500-1,000	0	0	2	1,647
Total		20,532		31,727

### Problem loans, distributed within the Group

SEK M	1995		1994	
	Gross	Net	Gross	Net
Bank	14,250	5,576	24,183	9,147
Spintab	5,303	3,130	5,442	3,096
Sparbanken Finans	266	139	395	200
Swedbank				
Luxembourg	41	29	61	37
Group adjustment*	672	443	1,646	976
Total	20,532	9,317	31,727	13,456

\* Loans guaranteed by the Bank in Swedbank Luxembourg, etc.

Taken-over collateral				
SEK M	Group		Bank	
	1995	1994	1995	1994
Real estate	124	146	97	131
Shares and participations	838	628	474	523
Others	432	277	31	35
Total	1,394	1,051	602	689

### *Taken-over property*

Property taken over for protection of claim amounted to SEK 1.4 billion at the year-end. In addition to what is reported above, there was at the year-end, real estate in the Tornet Group at a book value of SEK 8,915M. In addition, there were additional non-consolidated real estate companies in the Bank with real estate assets at a combined book value of SEK 148M.

The value of shares and participations taken over increased in 1995. The increase is partly explained by taken-over shares in Fabège AB as well as an upward capitalization of Tornet. The proposed distribution of Tornet will have the effect of reducing stocks and participations taken over by approximately SEK 350M in the Group.

### *Real estate used in operations*

The book value of the Group's holding of real estate used in business operations amounts to SEK 4,202M. These properties are mainly located in Stockholm, other parts of Mälardalen, Western and Southern Sweden. During 1995, 45 small properties and condominiums were sold in several locations throughout Sweden. At the same time, one property was acquired. The intention is to concentrate the Group's real estate holding. The tax assessment value for the holding amounted to SEK 3,392M at the year-end.

## **Group financing**

### *Deposits and funding*

The Group's deposits from the general public are mainly made in the Bank. The deposit volume fell slightly in 1995. Of total deposits of SEK 141.5 billion, approximately SEK 5 billion referred to deposits in foreign currency. Of deposits in SEK, households accounted for SEK 93.5 billion whereas deposits from corporates, municipalities and organizations, etc., amounted to SEK 48 billion.

In addition to traditional deposits, the Group offers a large number of savings products. In

1995 for example, Spintab together with Sparbanken Sverige enjoyed significant success in retail bond sales. In Spintab, retail bonds now account for 6 percent of the company's loan financing of SEK 229 billion, equivalent to an increase of 3 percentage points since 1994. Interest on households' deposit accounts is largely adjusted by the Bank in accordance with the general interest rate situation. Of deposits from corporates and municipalities, etc approximately 75 percent was found in accounts with an interest rate linked to Stibor or similar interest rates whereas the remainder is adjusted according to the general interest rate situation.

The Group's long-term funding is mainly carried out in Spintab which finances its mortgage lending, primarily on the capital market.

Of the long-term funding in the Group, SEK 168 billion constitutes loans with a remaining tenor in excess of one year.

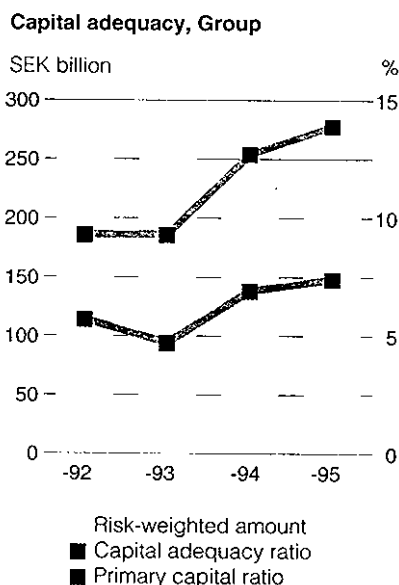
Group funding				
SEK billion	1995	%	1994	%
Households	93.5	22.3	97.8	22.4
Other general public	48.0	11.4	46.3	10.6
Swedish financial institutions and foreign banks	57.1	13.6	66.5	15.2
Short-term commercial paper funding	26.3	6.3	15.1	3.4
Long-term funding	194.7	46.4	211.6	48.4
Total	419.6	100	437.3	100

### *Capital base*

From 1995, calculation of capital base and capital adequacy ratio is made for the financial company group and not as before for the Group. The financial company group includes the Group's associated companies and the entire Tornet Group whereas insurance companies are excluded.

The capital base in the financial company group increased by SEK 2,019M in 1995 and amounted to SEK 33,344M at the year-end. In the primary capital the year's profit is reported less the recommended cash dividend of SEK 974M. Group goodwill is deducted direct from the primary capital which means that the primary capital was reduced by SEK 1,833M.

The supplementary capital consists of fixed-term and undated subordinated loans. At the 1995 year-end, the volume of fixed-term subordi-



nated loans amounted to SEK 9,998M and the volume of perpetual subordinated loans to SEK 8,119M, of which SEK 2,294M was raised during 1995. The supplementary capital may only be included in the capital base at an amount equivalent to the size of the primary capital. Of the total supplementary capital, however, not more than 50 percent may consist of fixed period subordinated loans reduced in relation to remaining tenor. In accordance with these rules, fixed-term subordinated loans of SEK 8,190M and undated subordinated loans at their full amount were included in the capital base at the 1995 year-end.

As a consequence of lower lending volumes, the risk-weighted amount reduced by SEK 7.7 billion during the year and amounted to SEK 239.1 billion at the year-end.

The capital adequacy ratio amounted to 13.9 percent at the year-end (12.7) and the primary capital ratio to 7.4 percent (6.9). The corresponding ratios in the Bank were 18.7 percent (17.1) and 12.8 percent (11.1).

### Group liquidity

Sparbanken Sverige's deposit volume from the household sector exceeds the loan volume to the same customer group by approximately SEK 50 billion. This can be said to be the main reason for the Group's good liquidity position.

The Group's surplus liquidity consists of market-listed interest-bearing securities in SEK and net lending to financial institutions in SEK less the Bank's short-term funding in SEK and in for-

eign currency translated into SEK. Total holdings in the Bank's investment portfolio have been included. The surplus liquidity decreased by SEK 6 billion during the year to SEK 22 billion.

The Bank's investments in interest-bearing securities are split into a trading portfolio and an investment portfolio. All interest-bearing securities in the trading and investment portfolios form a liquidity reserve.

Investments of surplus liquidity in the trading portfolio are characterized by a short holding period, normally not more than 1 month. In the trading portfolio, the trading operation's trading inventory of interest-bearing securities is reported. Of the Bank's trading portfolio of SEK 14.5 billion, SEK 4.2 billion consisted of certificates issued by the Central Bank of Sweden with 2 weeks' original maturity.

Investments in the investment portfolio are made in interest-bearing securities with a longer investment perspective. The book value of the Group's investment portfolio amounted to SEK 11.2 billion at the 1995 year-end which is equivalent to a decrease of SEK 3.1 billion during the year. The decrease is explained mainly by reclassification of the foreign currency investment portfolio. The duration in the portfolio was 1.4 years. In the Group's investment portfolio, all intra-Group holdings of securities and related off-balance business have been eliminated in accordance with the regulations of the Swedish Financial Supervisory Authority. The surplus value in the Group's investment portfolio amounted to SEK 146M at the year-end.

The gross book value of the Bank's investment portfolio amounted to SEK 32.4 billion at the 1995 year-end, of which SEK 21.2 billion was in Spintab commercial paper and bonds. The duration in the Bank's investment portfolio, including off-balance items amounted to 1.9 years at the turn of the year. The average investment interest rate on the holding in the Bank's Swedish investment portfolio amounted to 9.2 percent at the turn of the year.

### Interest rate risks

By interest rate risk is meant that changes in market interest rates can influence the Group's result. Such influence can relate to changes in the

Distribution of current value risks										
SEK M	96-06	96-12	1997	1998	1999	2000/ 2001	2002/ 2004	2005/ 2009	>2009	Total
Investment portfolio, Bank	-20	-32	-51	-89	-161	-171	-27	-12	0	-563
Bank, excluding investment portfolio	-22	-17	-9	-46	-26	-8	-6	-90	93	-131
<b>Total Bank</b>	<b>-42</b>	<b>-49</b>	<b>-60</b>	<b>-135</b>	<b>-187</b>	<b>-179</b>	<b>-33</b>	<b>-102</b>	<b>93</b>	<b>-694</b>
Investment portfolio, Group	-12	-17	-7	-8	-21	-49	-13	-12	0	-139
Spintab	6	0	-5	-39	-73	-18	-43	-22	0	-194

reported net interest income as well as changes in the Group's assets and liabilities with fixed interest. The influence on net interest income is generally termed net interest risk and the risk for change in value, current value risk.

Current accounting regulations affect the impact which the interest risk will have in the Statement of Income. Write-down of the Group's trading portfolio is made in the reported net interest income. Write-down of the investment portfolio, however, is made as an appropriation with no effect on the reported operating income. Other items with a current value risk bring about no immediate effect on the results as they are not market-valued. Instead, these risks manifest themselves as an influence on net interest income over time.

At the 1995 year-end, the Group's net interest income in SEK would have been negatively affected by approximately SEK 370M by an immediate interest rate increase of one percent on all maturities, on the assumption that deposits and loans in SEK within the framework of applicable agreements were interest-rate adjusted to the equivalent extent and also immediately. The effect of trading positions has not been taken into account in this calculation.

The current value risk in the Bank's investment portfolio on a 1 percent increase in interest rates on all maturities amounted to SEK -563M at the turn of the year. The current value risk in the Group portfolio amounted to SEK -139M. Other current value risks in the Bank in SEK, including trading positions, amounted to SEK -131M at the same date. Interest risks in foreign currency are taken exclusively by the Bank's trading departments within market risk limits. The combined currency value risk in all foreign currencies amounted to SEK -39M at the turn of

the year. The highest risk in any individual currency amounted to SEK -11M.

As a basic principle, Spintab matches its fixed interest lending with funding on the corresponding maturity. It is however difficult to attain exact matching. In addition, the company's equity is generally invested in Spintab's own lending which brings about currency value risks. Spintab's interest risks are limited. The distribution of current value risks at the turn of the year is shown in the table above.

### Derivative instruments

Derivative instruments are used in the Group in Swedbank Markets as well as in the Group Treasury and treasury departments in some subsidiaries. In Swedbank Markets, transactions are made in derivative instruments both with the objective of meeting customers' needs, and for covering and taking market positions. In other Units, the use of derivatives is mainly aimed at covering interest and currency risks in assets and liabilities.

The table below shows all derivative transactions in the Group at year-end distributed by counterparty categories. The volumes include interest derivatives, foreign exchange derivatives and equity derivatives. Total positive market values are given in order to illustrate consolidated credit risks. Negative market values do not constitute credit risks as the Group makes no loss if the counterparty defaults on such transactions. For transactions which are settled via a clearing organization no positive market values are reported as those transactions are settled continuously and are not subject to capital requirements. Only Group external transactions are reported. The transactions have been split into

Trading operations, by which are meant transactions within Swedbank Markets' area of responsibility, and Other operations by which are meant transactions within Group Treasury in the Bank and in Spintab and Tornet. Liabilities to counterparties which can be offset have not been taken into account.

Among options and forward contracts in the trading operations, currency options and short-term forward interest contracts account for the largest nominal amounts. Among swaps, interest swaps account for the largest nominal amounts.

The Group uses interest swaps to handle interest rate risks in the investment portfolio and in fixed term lending by branch offices. Interest swaps and combined interest and currency swaps are used to handle interest rate and currency risks in medium-term and long-term funding, particularly in Spintab.

### Risk handling

As stated above, derivative instruments may involve credit risks. These risks are handled within customary credit processes in the respective company. In some instances, customers have placed collateral in favor of the Group. As credit risk is regarded either a certain proportion of nominal amount or actual positive market value.

Derivative instruments also involve market risks, i.e. the value of the transactions (and therefore also the credit risk) can be affected by fluctuations in market prices such as interest rates and foreign exchange rates. These risks are limited and monitored within the overall handling of financial risks.

## Derivative instruments, trading

Swedish financial institutions				
SEK M	<5 years		>5 years	
	Nominal	Positive market-value	Nominal	Positive market-value
Bought options	5,894	41	—	—
Sold options	4,011	—	—	—
Forward contracts	292,356	2,229	—	—
Swaps	50,075	1,628	2,710	109
Total	352,336	3,898	2,710	109

Foreign financial institutions				
SEK M	<5 years		>5 years	
	Nominal	Positive market-value	Nominal	Positive market-value
Bought options	4,147	75	120	—
Sold options	6,559	—	—	—
Forward contracts	370,727	2,050	—	—
Swaps	100,648	2,410	3,082	323
Total	482,081	4,535	3,202	323

Other Swedish counterparties				
SEK M	<5 years		>5 years	
	Nominal	Positive market-value	Nominal	Positive market-value
Bought options	419	6	—	—
Sold options	1,576	—	—	—
Forward contracts	52,471	553	—	—
Swappar	6,305	143	133	—
Total	60,771	702	133	—

Other foreign counter parties				
SEK M	<5 years		>5 years	
	Nominal	Positive market-value	Nominal	Positive market-value
Bought options	94	2	—	—
Sold options	52	—	—	—
Forward contracts	3,269	12	—	—
Swaps	460	5	40	—
Total	3,875	19	40	—

## Derivative instruments, other operations

Swedish financial institutions				
SEK M	<5 years		>5 years	
	Nominal	Positive market-value	Nominal	Positive market-value
Bought options	—	—	—	—
Sold options	—	—	—	—
Forward contracts	303	1	—	—
Swaps	19,112	269	4,085	52
Total	19,415	270	4,085	52

Foreign financial institutions				
SEK M	<5 years		>5 years	
	Nominal	Positive market-value	Nominal	Positive market-value
Bought options	—	—	—	—
Sold options	—	—	—	—
Forward contracts	3,747	18	—	—
Swaps	30,456	2,397	1,248	282
Total	34,203	2,415	1,248	282



## Risk control

### Credit risks

The Bank's Central Board of Directors, which appoints the Board's Credit and Capital Market Committees, is ultimately responsible for the Group's lending. The Board also appoints the boards of directors of the Local Savings Bank Units.

When Sparbanken Sverige was formed, a new credit decision-making procedure and loan policy was drawn up which was adapted to the marketing strategy which applies to Sparbanken Sverige. This means that it should be possible to make locally more than 95 percent of the number of business decisions – mainly concerning households, housing finance, municipalities and local companies. This target has been attained.

### Decision-making procedure

The Local Savings Bank Units are organized in three categories dependent on business volume, customer base and expertise. Dependent on category, a Local Saving Bank Unit is able to grant loans up to SEK 5, 10 and 25M, respectively. Loans in excess of these amounts and up to SEK 100M are decided by the Central Credit Committee, whereas credits in excess of SEK 100M are decided by the Credit and Capital Market Committee of the Board of Directors. Special decision-making procedures apply for the subsidiaries.

With regard to the day-to-day management, each Local Savings Bank Unit has responsibility for its respective portion of the Group's loan portfolio. This means that Local Savings Bank Units are currently responsible for 61 percent of the banks total loan portfolio and a large part of Spintab's portfolio.

### Policy

Sparbanken Sverige's credit policy means that it strives for long-term business relations based on customer benefit and sustainable profitability and, in addition, that the purpose and understanding of the credit should be the guiding factor for the granting of credits. Furthermore, an all-round spread of risk is sought within the Bank's market segments. The objective is to create a balanced loan portfolio with satisfactory

yield in relation to normal credit risks. Over a business cycle, the loan loss level in the Group should not exceed 0.5 percent.

### Monitoring and analysis

The Credit Staff Unit is responsible for coordinating the credit organization and credit instructions. The Credit Staff Unit is responsible for the preparation and handling of credit matters which are decided by the Central Credit Committee and by the Board of Directors and its Credit and Capital Market Committees.

An overriding principle is that all loan decisions in Sparbanken Sverige are made by at least two persons or, for small loans, one person with the support of an EDP-based evaluation system which is currently being implemented. All corporate loan exposures over a certain level become the subject of internal rating in which exposures are classified on the basis of an assessment of the borrower's ability to repay and the quality of the collateral.

The Credit Staff Unit's responsibility also includes instructions and routines relating to risk control and monitoring. Among other things, the Unit prepares reports and analyses relating to new lending, lending distributed by industry, collateral and risk class as well as monitoring existing and newly-registered problem loans. The management and Board of Directors of the Local Savings Bank Unit are responsible for local monitoring.

In addition, the Credit Staff Unit is responsible for current analysis and monitoring and the development of the loan portfolio locally and centrally. The Credit Staff Unit is also involved with quality control and supporting activities as well as development relating to routines and development of expertise within the credit area.

### Financial risks

The Bank's Board of Directors, which appoints the Finance Committee of the Board of Directors, is ultimately responsible for the Groups handling of financial risks. Within the Board of Directors' guidelines, the Finance Committee is responsible for planning and control of the Group's liquidity and financing with own and external capital as well as for control of the Group's market risks, i.e. interest – foreign currency and share price risks.

### Decision-making procedure

Within the Board of Directors' guidelines, the Finance Committee decides on overall objectives for capital adequacy ratio, liquidity and limits for the Group's exposure for various market risks. The Finance Committee within the Executive Management distributes risk mandates within the limits of the Finance Committee to Group Treasury, Spintab and Swedbank Markets. The Trading Committee distributes risk mandates between the various trading departments within Swedbank Markets' area of responsibility. Spintab's Board of Directors determines risk limits for Spintab. Spintab's Finance Committee monitors Spintab's financial risk on a day-to-day basis.

### Policy

Financial risks within the Group must be carefully calculated. Market risks must be of such a size that they are limited in relation to the Group's stockholders' equity and capital base. Limits which are decided by the Finance Committee must relate to a number of key variables, whereas the limitation at a lower level must take into account risks over various ranges of maturity within various categories of instruments. The Group must maintain sound liquidity.

### Monitoring and analysis

Group Treasury compiles and reports the Group's financial risks on a continuous basis to the Finance Committee. Within the risk taking units, special risk-handling functions are responsible for continuous monitoring and analysis.

Rating, February 1996		
	Sparbanken Sverige	Spintab
<b>S&amp;P</b>		
Short-term	A2	A2
Long-term	-	-
<b>Moody's</b>		
Short-term	P-1	P-1
Long-term	A2	Aa3
Bank Financial Strength	C	
<b>Bankwatch</b>		
Short-term	TBW-1	TBW-1
Issuer	C	B/C
Long-term	-	AA-
<b>Fitch</b>		
Short-term	F-1	F-1+
Long-term	A+	AA-

## Rating

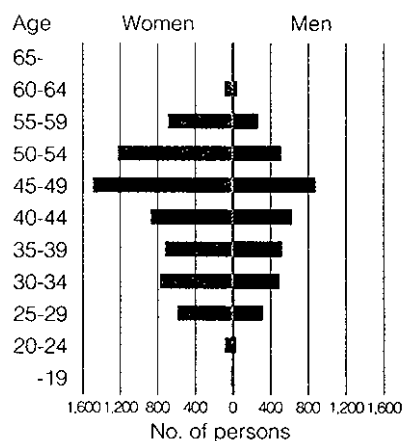
Four rating agencies have currently awarded Sparbanken Sverige and Spintab a rating. During the year, Thomson Bankwatch raised the Bank's issuer rating from previously C/D to current C. Spintab obtained a long AA- rating from Fitch. During the year, Fitch also downgraded the Bank's short-term rating from previously F-1+ to F-1.

## Personnel

The Group's personnel policy is built on the understanding that the Group's profitability and therefore ability is based on the proficiency of the staff in their dealings with the customer. The orientation of the policy is to create conditions for a learning organization with a decentralized organization structure and individual responsibility as the fundamental concept. It is therefore important that the staffing of the organization is influenced by the market's needs and the Group's objectives. With this as a starting point, increased internal staff flexibility is given high priority.

With the objective of supporting the development of proficiency in the Group, a number of training programs for the Group's staff are provided on a central initiative. In 1995, focus was placed on the Bank's in-house business school, the training of insurance sales staff, sales training for the branch office staff and IT training.

Distribution by age and gender of Sparbanken Sverige Group employees in 1995



Training and development of managers and future managers was also prioritized.

A good level of cooperation with the trade union organization, the Swedish Union of Financial Institution Employees, has been of great importance in recent years when a large number of employees had to leave their jobs. In 1995, the number of employees decreased by 330 full-time jobs, whereas approximately 90 full-time jobs were added through acquisition. The reduction in personnel was partly achieved through early retirement and partly through individual redundancy measures. With the objective of facilitating this process, nearly SEK 250M was used during 1995. For the costs which have been taken in connection with early retirement, the Bank received a discount from the pension institution of approximately SEK 90M in 1995 which is reported among appropriations. The number of employees will continue to decrease.

In December, an exceptional bonus was paid to all Bank employees in the Group. The bonus amounted to SEK 7,000 per full-time employee. The total cost amounted to SEK 95M including social security charges. The Bank's Board of Directors has recommended the 1996 Annual General Meeting to introduce a profitsharing system for the employees.

In 1994, the Bank's principal owner, issued options to the employees in the Group. Each was offered options with the right to purchase a maxi-

mum of 300 shares at a price of SEK 80 per share in January or February 1997. Nearly half of the Group's employees acquired options.

## Sensitivity analysis

The Group's result and capital adequacy sensitivity on a change of different variables one by one are illustrated in the following tables.

Result analysis		Effect on operating income SEK M
	Change	
Market interest rate <sup>1</sup>	+/- 1% point	-/+ 370
Problem loans <sup>2</sup>	+/- SEK 1 billion	-/+ 85
Commissions and foreign income	+/- 1%	+/- 21
Staff changes	+/- 100 persons	-/+ 40
Salary changes	+/- 1%	-/+ 37
Loan loss level	+/- 0.1% point	-/+ 400

<sup>1</sup> All maturities, SEK incl. adjustment of administratively determined interest rates on deposits and lending  
<sup>2</sup> Cost of capital, 8.5 percent.

Capital adequacy analysis		Effect on capital adequacy, %
	Change, SEK billion	
Risk-weighted amount	+/- 10	-/+ 0.56
Operating income	+/- 1	+/- 0.30
Capital base	+/- 1	+/- 0.42

This Annual Report has been prepared in accordance with the Banking Business Act and the regulations of the Swedish Financial Supervisory Authority.

The only important change in the Accounting Principles during 1995 applies to the reporting of repurchase agreements and other repurchase transactions. The change, which has no effect on the result, is described below. In addition, some classifications have been changed within loan losses.

### **Consolidated Accounts**

The Consolidated Financial Statements have been prepared in accordance with the recommendation of the Swedish Financial Accounting Standards Council (RR 01:91). For the Sparbanken Sverige Group this means, among other things, that the Consolidated Statement of Income and Balance Sheet are reported exclusive of untaxed reserves and those appropriations which involve change in these reserves, respectively. The Consolidated Accounts have been prepared in accordance with the purchase accounting method.

The Consolidated Accounts comprise Sparbanken Sverige and those companies in which the Bank directly or indirectly holds more than 50 percent of the voting power. Companies taken over for protection of claim are not consolidated. Special information about companies taken over is given in a Note. Associated companies have been consolidated in accordance with the equity method with the exception of SparLiv as that company constitutes a mutual insurance company.

Intra-Group certificates of claim in the investment portfolio have been eliminated in the Consolidated Balance Sheet. The portion of the change in the value adjustment account for the investment portfolio which refers to intra-Group certificates of claim has been reversed in the Consolidated Statement of Income. The price difference between accrued acquisition value in the Bank's holding of securities issued by Spintab and the corresponding liability in Spintab has been accrued over the remaining tenor of the loan.

### **Translation of foreign subsidiaries**

Assets and liabilities of foreign subsidiaries are translated into SEK at closing day rate, whereas

the statements of income are translated at the average rate for the financial year. Any translation difference that has arisen as a result influences restricted and non-restricted equity.

### **Assets and liabilities in foreign currency**

Assets and liabilities in foreign currency have been valued in accordance with the Swedish Financial Supervisory Authority's basic regulations which in principle correspond with the Swedish Accounting Board's Recommendation BFN R7. The principle means that unrealized exchange gains are also included in the net operating income whereas appropriation to a foreign exchange reserve for unrealized exchange gains is made on long-term receivables and liabilities in foreign currency unless the receivables and liabilities are effectively hedged.

Valuation has been made at the average rate on balance sheet date in accordance with official listed rates. Foreign bank notes, however, have been valued at the buying rates for notes applicable to the general public on balance sheet date.

Forward contracts have been valued at the daily rate for forward transactions with a corresponding tenor. Unrealized profits or losses, which have arisen as a result of the above valuation principles, are credited to or charged to the operating result.

### **Foreign subsidiaries**

Stocks in foreign subsidiaries and refinancing thereof have been valued at their acquisition price in the Parent Company. In the Group, translation of the subsidiary has been made in accordance with the current method and as a result of this, refinancing has also been translated at balance sheet rate taking deferred tax into account.

### **Lending**

Claims are shown at a maximum of the value at which they are deemed to be realizable.

By unsettled claims is meant claims where interest and amortizations or overdrafts beyond credit limit are overdue by more than 60 days. A doubtful claim is a claim which is unsettled or in respect of which other circumstances result in uncertainty with regard to its value for which the

value of the collateral does not adequately cover both the capital amount and accrued interest. Doubtful claims also include loans with concession of interest in respect of which provision has been made for anticipated loan losses. Accrued unpaid interest on doubtful claims has not been taken up as revenue.

Claims in respect of which an agreement has been made regarding concessions of interest have been entered at the claim value if the entire capital claim is expected to be realized. By claims with concession of interest is meant claims with any form of concession from the original loan conditions which has been granted because of the borrower's difficulties to make payments.

Problem loans consist of doubtful claims and claims with concessions of interest.

Net operating income has been charged with actual and anticipated loan losses less recovered amounts and reversals as well as the net cost for discharging guarantees and other contingent liabilities and change in value relating to repossessed real estate.

Losses are reported as actual losses in respect of which the amounts are confirmed or predominantly probable because receivers in bankruptcy have provided an estimate of dividend in bankruptcy, a recommendation regarding composition has been accepted or a claim conceded in any other way. This also includes amounts which have been reserved as anticipated. The previously-made provision is reported as a reversal.

Write-down for anticipated loan losses is made on doubtful claims where the loss is not finally established and the borrower's ability to make repayment is not deemed to be able to improve sufficiently within two years and the value of the collateral does not cover the loan amount.

Recovered amounts consist of realized amounts relating to finally-settled exposures as well as too-high provision amounts in earlier Accounts.

Effective 1995, loan losses relating to contingent liabilities are reported as the year's net cost for discharging guarantees and other contingent liabilities.

When determining the provision for anticipated loan losses, as a rule individual valuation of loans and guarantees has been made. For homo-

geneous groups of claims with a limited value and similar credit risk, valuation in groups has been applied. In this respect, previous experiences of the size of corresponding losses and anticipated development, have been taken into account. Claims which have been thus evaluated refer to private client loans in Sparbanken Sverige, private home mortgages and condominiums in Spintab and consumer credits in Sparbanken Finans.

When evaluating the need for write-downs in respect of claims valued by group, the following principles have been applied in the Bank in respect of unsettled claims referring to private clients which are less than SEK 100,000. For loans without collateral and overdrafts beyond credit limit, provision has been made by 75 percent of the outstanding capital amount. For loans with surety of guarantee only, provision has been made by 50 percent of the outstanding capital amount.

Provision for general country risks has ceased from 1995. Previous years' provisions have been transferred as anticipated loan losses for specific claims.

In the Balance Sheet, loan claims are reported net after deduction for any write-down made for both actual and anticipated loan loss. Estimated loss risks relating to guarantees and other off-balance commitments are reported under separate headings on the liabilities side.

### **Real estate repossessed for protection of claim or which forms collateral for doubtful claims**

Real estate repossessed for protection of claim has been valued at the lower of acquisition value and net sales value. The acquisition value consists of the actual value at the time of takeover where this is lower than the expenditure for the acquisition. Where external valuation has not been obtained, the value has been calculated on the basis that the income should cover the operating costs as well as a market-calculated financing cost for the real estate over a holding period of up to three years.

The valuation of outstanding loan amounts with real estate collateral has been judged on a direct yield requirement where capitalization is

made of the net operating income. The yield requirement for residential properties lies within the range of 7–10 percent and for other real estate within the range of 8–12 percent depending on the object's type, condition and location. For certain properties with high risk and rental losses, a higher yield requirement has been applied. Effective 1995, change in value as well as realized results relating to repossessed real estate is reported as change in value of repossessed real estate within loan losses.

### **Stocks taken over for protection of claim**

Where previously-pledged stocks have been taken over for protection of claim, write-down of the original loans has been made as actual losses by an amount equivalent to the difference between the estimated net equity value of the respective stocks and the amount of the loan.

As shown in the accounting principles for consolidated accounts, there are holdings of stocks taken over in real estate companies which are not consolidated. From 1995, change in value as well as realized results relating to repossessed real estate is reported as a change in value of repossessed real estate within loan losses.

### **Financial instruments**

The holding of financial instruments is split over three portfolios: a trading portfolio and an investment portfolio with interest-bearing securities and a trading portfolio with stocks and stock-related instruments.

The trading and investment portfolios with interest-bearing securities contain Government securities, bonds and other interest-bearing securities such as commercial paper, debentures, etc. The trading portfolio is characterized by a short-term investment scope, high turnover and major changes in the total position, whereas the investment portfolio is characterized by a long-term investment scope, low turnover and high interest risk limit.

The trading portfolio with stocks and stock-related instruments contains Swedish and foreign stocks, convertibles, etc.

Each portfolio has been valued at the lower of total acquisition values and total market values

on balance sheet date. For fixed interest discounting instruments and coupon instruments, the acquisition value, also for instruments included in the trading portfolio, is from 1995 equivalent to the accrued acquisition value. By this is meant the discounted current value of future payments which is obtained with the help of the effective acquisition interest rate. By this is meant the interest rate which, when it is applied to calculate the current value relating to future payments with regard to interest rates, principal, redemption and possible additional loan costs until date of maturity or redemption, gives the acquisition value of the instrument as the result. The change in the trading portfolio has no effect on the result.

Within the portfolios, a collective valuation has been made which means that the over- and under-values which arise on the valuation have been netted against each other. For financial institutions with low turnover, a prudent valuation has been applied on the calculation of the market value.

The portfolio valuation also includes the derivative instruments which are reported off-balance and which are attributed to the respective portfolio. On the market valuation of derivative instruments, theoretical calculations have been applied in some instances. In these instances, the calculations have been deemed to give a more accurate picture of the market values than the listed values. The difference between valuation in accordance with listed and theoretical values is not significant.

Realized profits and losses as well as unrealized losses in the trading portfolio relating to interest-bearing securities are included in the interest income. Profits and losses in the investment portfolio, which have been realized during the year, are included in net operating income under its own heading, whereas unrealized losses are reported as an appropriation under a separate heading.

Realized profits and losses as well as unrealized losses in the stock portfolio have influenced net operating income under a separate heading.

Reporting of repurchase agreements and other repurchase transactions has been changed. On a genuine repurchase transaction, the asset will in

the future be reported in the transferring (selling) party's balance sheet and the obtained purchase price is shown as a liability. With the recipient party, the asset is not reported in the balance sheet. The paid purchase price is reported as a claim on the transferring party. The difference between the purchase price for the spot stage and the forward stage is accrued over the maturity. Comparative figures for previous years have been recalculated taking this into account.

Granted securities loans have been reported as claims relating to the lent securities. Claims have been entered at the higher of acquisition value and market value for the lent securities.

Obtained securities loans have been shown as a liability referring to deposited securities. The liability has been valued at the higher of acquisition value and market value of the deposited securities. The valuation of granted and obtained securities loans is included in the valuation of the stock portfolio.

### **Leasing assets**

Leasing assets are shown at their acquisition value reduced by scheduled depreciation and where applicable with deduction of additional depreciation made because of the lessee's inability to pay. Such additional depreciation is reported as actual or anticipated losses within loan losses.

Net leasing income, leasing income less scheduled depreciation, is shown under Net interest income in the Statement of Income. Scheduled depreciation has been based on the acquisition value and computed in accordance with an annuity calculation over the contracted period. The scheduled depreciation is made down to zero or to the guaranteed residual value.

### **Depreciation**

Goodwill has been depreciated according to schedule by 10 percent. Refurbishment of rented premises has been capitalized and depreciated according to schedule by 5 percent. Equipment

and fixed assets in buildings for own use have been depreciated according to schedule by 20 percent of the acquisition value.

Real estate, with the exception of real estate taken over for protection of claim, has been depreciated by the highest fiscally permissible amount. However, in certain instances older fixed assets in real estate have been depreciated according to schedule by 6 percent. The effect on the result of this exception from the main principle is only minor.

### **Pension obligations**

The Group's pension obligations have been covered by insurance, through pension funds or through appropriations in the Balance Sheet to a Provision for pensions account. As operating expense is reported a computed pension cost relating to pension obligations which are covered by pension funds or the Provision for pensions account.

The computed insurance premium is restored as an appropriation under Settlement of pensions, where settlement is made against paid pensions, tax on salaries and dividend tax as well as any allowance from or allocation to the pension funds.

### **Stockholder contributions and Group contributions**

Where stockholder contributions or Group contributions in accordance with the regulations of the Swedish Financial Supervisory Authority are to be regarded as loan losses, these have been entered as loan losses in the Statement of Income.

### **Other information**

On the change of the Accounting Principles comparative figures for previous years have been recalculated in accordance with the recommendation of the Swedish Accounting Standards Council (RR5).

*Share of doubtful claims*

Net doubtful claims in relation to total lending.

*Number of employees*

The number of full-time jobs at the year-end is calculated as the number of employees related to hours worked excluding long-term absenteeism.

*Return on total capital*

Operating result before taxes in relation to average total assets.

*Direct yield*

Dividend per share expressed as a percentage of the market price at the year-end.

*I/E ratio*

Operating income in relation to operating expenses. The I/E ratio is calculated excluding and including losses.

*Adjusted equity*

Adjusted equity as per balance sheet adjusted for possible surplus values in the investment portfolio, less par amount of preferred shares and possible dividend on the preferred shares.

*Capital base*

The capital base is the total of primary and supplementary capital less deductions in accordance with Chapter 2 Para 7 of the legislation regarding capital adequacy. By primary capital is meant taxed equity minus goodwill and in the Parent Company 72 percent of untaxed reserves, etc. By supplementary capital is meant fixed-term subordinated debenture loans as well as reserves and non-fixed-term capital contributions after approval by the Swedish Financial Supervisory Authority.

*Capital adequacy ratio*

Capital base in relation to risk-weighted amount.

*Loan losses*

Actual and anticipated losses during the period less restored provisions and recoveries relating to loan claims. The year's net cost for discharging guarantees and other contingent liabilities as well as realized and unrealized change in value of repossessed property.

*Loan loss level*

Loan losses in relation to balance brought forward for loans, repossessed property and net loan guarantees.

*Net earnings per share*

Earnings after appropriations and estimated tax divided by number of shares. For the years 1991–1995 the dividend on preferred shares has been regarded as interest and influenced the result.

*Doubtful claims*

Claims which are overdue by more than 60 days as well as loans where other circumstances cause uncertainty with regard to their value and for which the value of the collateral does not cover both capital the amount and accrued interest by a safe margin.

*Investment margin*

Net interest income in relation to average total assets.

*Primary capital ratio*

Primary capital in relation to risk-weighted amount.

*Gross problem loans*

Doubtful claims for which interest is not taken up as income until payment is made and claims with interest concessions or grace.

*Net problem loans*

Gross problem loans less provisions made for anticipated loan losses.

*Provision ratio for doubtful claims*

Provision for anticipated loan losses in relation to gross doubtful claims.

*Result before loan losses per employee*

Result before loan losses in relation to average number of employees.

*Risk-weighted amount*

The total of risk-weighted values of all assets on- and off-balance sheet. The capital adequacy regulations of the Banking Business Act stipulate the percentage of the book value of the assets for which capital shall be provided. The percentage reflects the degree of loan risk which is deemed to exist and may be 0%, 20%, 50% or 100% depending on the counter-party or collateral in the individual transaction.

*Interest margin*

The difference between average interest on total assets and average interest on total liabilities.

*Return on stockholders' equity*

Operating income after standard tax in relation to average stockholders' equity. Average stockholders' equity is adjusted for new issues, dividends and includes minority interest.

*Operating result per share*

Operating result after standard tax divided by number of share carried forward. For 1991–1995 dividends on preferred shares have influenced the result.

*Standard tax*

Standard tax rate of 28% (1991–1993 30%).

*Equity ratio*

Stockholders' equity carried forward as a percentage of total assets at the year-end.

*Total lending*

Total loans to the general public and Swedish financial institutions excluding banks, and leasing assets with deduction for provisions relating to problem loans.



SEK M	Note	Group		Bank	
		1995	1994	1995	1994
<i>Operating revenue</i>					
Net interest income	1	11,155	10,377	7,217	6,908
Commissions and foreign exchange	2	2,099	2,336	1,582	1,878
Real estate income		202	178	219	188
Realized result, stocks		176	161	175	160
Dividend income	3	62	40	72	40
Realized result, investment portfolio		112	-1	112	-1
Other revenue	4	981	2,951	620	2,665
<b>Total revenue</b>		<b>14,787</b>	<b>16,042</b>	<b>9,997</b>	<b>11,838</b>
<i>Operating expenses</i>					
Personnel expenses	5	4,401	4,121	3,829	3,601
Real estate expenses		274	309	264	299
Premises expenses		422	456	380	417
Other expenses	6	2,809	2,985	2,279	2,491
Scheduled depreciation	7	359	317	307	284
<b>Total expenses</b>		<b>8,265</b>	<b>8,188</b>	<b>7,059</b>	<b>7,092</b>
<b>Operating income before loan losses</b>		<b>6,522</b>	<b>7,854</b>	<b>2,938</b>	<b>4,746</b>
Loan losses	8	2,216	3,790	416	2,336
<b>Operating result</b>		<b>4,306</b>	<b>4,064</b>	<b>2,522</b>	<b>2,410</b>
Share of result in associated companies		2	-3		
<i>Appropriations</i>					
Settlement of pensions	11	103	117	101	112
Change in untaxed reserves	12	-	-	-262	2
Change in value adjustment reserve for investment portfolio		115	-115	744	-744
Group contributions	13	-134	-123	-1,491	1,539
Stockholder contributions	14	-	-3	-91	-777
<b>Result before taxes</b>		<b>4,392</b>	<b>3,937</b>	<b>1,523</b>	<b>2,542</b>
Taxes	15	-1,080	-96	-223	-81
<b>Net result for the year</b>		<b>3,312</b>	<b>3,841</b>	<b>1,300</b>	<b>2,461</b>

Problem loans and real estate taken over are specified in Note 9 and Note 10, respectively.

SEK M	Note	Group		Bank	
		95-12-31	94-12-31	95-12-31	94-12-31
<i>Assets</i>					
Cash	16	2,310	2,444	2,310	2,444
Cheques in course of collection	16	484	775	484	775
Swedish financial institutions	17	15,464	17,827	27,181	26,782
Foreign banks	18	16,796	12,923	18,061	15,138
Interest-bearing securities, trading portfolio	19	17,003	26,118	14,473	25,340
Interest-bearing securities, investment portfolio	20	11,212	14,330	32,409	36,056
Loans to the general public	21	377,045	381,168	131,954	136,510
Other assets	22	13,949	14,003	9,094	10,428
Stocks, current assets	23	3,155	2,780	2,776	2,663
Leasing assets	24	2,485	2,391	–	–
Stocks and participations, fixed assets	25	1,100	484	10,978	8,420
Intangible assets	26	1,732	–	2	–
Equipment	27	417	679	259	375
Real estate for accommodation of own premises	28	4,202	4,095	3,919	3,801
<b>Total assets</b>		<b>467,354</b>	<b>480,017</b>	<b>253,900</b>	<b>268,732</b>
Group receivables				40,497	39,971
Pledged assets					
Loans, pledged in respect of certain old outstanding bonds, book value		1,230	1,529	–	–
Government securities and bonds		27,478	21,517	27,478	21,517
Real estate mortgages		174	377	174	396
Other collateral		36	32	–	–
Loans to the general public, granted amount		431,170	417,390	171,351	161,116

SEK M	Note	Group		Bank	
		95-12-31	94-12-31	95-12-31	94-12-31
<i>Liabilities</i>					
Liabilities in the course of					
clearing and cashiers' cheques		6,088	5,576	6,088	5,575
Deposits from the general public	21	141,484	144,086	141,191	143,791
Swedish financial institutions	17	24,487	22,775	25,911	24,417
Foreign banks	18	32,602	43,694	34,384	45,417
Short-term funding	29	26,286	15,137	5,740	6,536
Long-term funding	30	194,691	211,561	14,745	17,949
Other liabilities	31	20,882	19,255	10,198	9,782
Provision for guarantees		152	157	372	817
Provision for pensions	32	42	50	39	49
Deferred tax		333	-	-	-
Minority interest		1	-	-	-
<b>Total liabilities</b>		<b>447,048</b>	<b>462,291</b>	<b>238,668</b>	<b>254,333</b>
<b>Untaxed reserves</b>	12	-	-	269	7
<i>Stockholders' equity</i>					
	33				
Capital stock		5,564	5,400	5,564	5,400
Restricted reserves		5,828	4,679	2,638	2,802
Non-restricted reserves		5,602	3,806	5,461	3,729
Net result for the year		3,312	3,841	1,300	2,461
<b>Total stockholders' equity</b>		<b>20,306</b>	<b>17,726</b>	<b>14,963</b>	<b>14,392</b>
<b>Total liabilities and stockholders' equity</b>		<b>467,354</b>	<b>480,017</b>	<b>253,900</b>	<b>268,732</b>
Group liabilities				4,277	4,773
Guarantees				7,933	10,524
Letters of credit granted but not utilized				393	305
Other contingent liabilities				10	48

Capital adequacy is described in Note 34.

Specification of items reported outside the Balance Sheet is shown in Note 35.

Issued stock options, subordinated assets, pledged assets and contingent liabilities in favor of Group companies are specified in Note 36.

## Note 1 – Net interest income

	Group		Bank	
SEK M	1995	1994	1995	1994
<i>Interest income</i>				
Swedish financial institutions	817	939	1,661	1,195
Foreign banks	525	1,273	749	1,293
Trading portfolio	2,454	2,447	2,227	2,122
Investment portfolio	1,310	681	3,240	2,100
Loans to the general public				
in SEK	38,195	38,624	11,100	10,287
in foreign currency	1,903	2,342	1,861	2,151
Other <sup>1</sup>	5,760	5,795	5,768	5,793
<b>Total interest income</b>	<b>50,964</b>	<b>52,101</b>	<b>26,606</b>	<b>24,941</b>
Leasing income	1,105	1,247	–	–
Scheduled depreciation	–857	–948	–	–
Net leasing income	248	299	–	–
<b>Total interest income, including net leasing income</b>	<b>51,212</b>	<b>52,400</b>	<b>26,606</b>	<b>24,941</b>

*Interest expenses*

<i>Deposits</i>				
in SEK	7,017	6,351	7,024	6,302
in foreign currency	665	692	625	594
Swedish financial institutions	2,220	1,666	2,216	1,758
Foreign banks	1,837	2,451	2,034	2,422
Certificates and other				
short-term funding	1,897	634	431	369
Long-term funding	20,358	23,370	1,062	1,147
Other <sup>1</sup>	6,063	6,859	5,997	5,441
<b>Total interest expenses</b>	<b>40,057</b>	<b>42,023</b>	<b>19,389</b>	<b>18,033</b>
<b>Total net interest income</b>	<b>11,155</b>	<b>10,377</b>	<b>7,217</b>	<b>6,908</b>

<sup>1</sup> Other interest includes interest on repurchase agreements and other repurchase transactions.

	Group			
	1995		1994	
SEK M	Monthly average	Interest rate, %	Monthly average	Interest rate, %
Interest income	474,363	51,212 10.80	503,416	52,400 10.41
Interest expenses	455,451	40,057 8.80	488,335	42,023 8.61
Stockholders' equity	18,912		15,081	
Net interest income	11,155		10,377	
Interest margin		2.00		1.80
Investment margin	474,363	2.35	503,416	2.06

	Bank			
	1995		1994	
SEK M	Monthly average	Interest rate, %	Monthly average	Interest rate, %
Interest income	258,944	26,606 10.27	276,813	24,941 9.01
Interest expenses	244,174	19,389 7.94	263,573	18,033 6.84
Stockholders' equity	14,770		13,240	
Net interest income	7,217		6,908	
Interest margin		2.33		2.17
Investment margin	258,944	2.79	276,813	2.50

*Bank*

SEK 3,624M of the Bank's interest income and SEK 502M of the Bank's interest expenses refer to other companies in the Group.

The average interest rate during the year on the Bank's loans to and deposits from the general public was 9.8 percent (9.6 percent) and 5.5 percent (4.9 percent), respectively. The interest risk is described in the Report of the Board of Directors.

*Interest analysis*

Monthly averages have been calculated as the average of the balance for the year B/F, and the balance for the respective months C/F.

In the monthly averages, repos are reported net under the item "Interest-bearing securities". A corresponding adjustment has been made of the interest on repos. Because of this net reporting, the monthly average in the following table differs from the monthly average used in the calculation of the above interest and investment margins.

	Group			
	1995		1994	
SEK M	Monthly average	Interest rate, %	Monthly average	Interest rate, %
<i>Interest income</i>				
Lending <sup>1</sup>				
in SEK	339,222	38,409 11.32	347,080	38,847 11.19
in foreign currency	29,242	1,930 6.60	38,750	2,389 6.16
Swedish and foreign banks	17,424	1,101 6.32	23,408	1,942 8.30
Interest-bearing securities,				
repos incl., net	44,953	3,782 8.41	46,964	3,766 8.02
Others	27,136	3,855	26,912	3,659
<b>Total</b>	<b>457,977</b>	<b>49,077 10.72</b>	<b>483,114</b>	<b>50,603 10.47</b>
<b>Leasing income</b>	<b>2,389</b>	<b>248 10.38</b>	<b>3,002</b>	<b>299 9.96</b>
<b>Total interest income</b>	<b>460,366</b>	<b>49,325 10.71</b>	<b>486,116</b>	<b>50,902 10.47</b>

*Interest expenses*

<i>Deposits<sup>2</sup></i>				
in SEK	139,670	7,886 5.65	136,469	6,840 5.01
in foreign currency	9,370	754 8.04	10,845	758 6.99
Swedish and foreign banks	41,476	3,099 7.47	47,433	3,562 7.51
Funding	221,745	22,255 10.04	246,220	24,004 9.75
Others	29,193	4,176	30,068	5,361
<b>Total interest expenses</b>	<b>441,454</b>	<b>38,170 8.65</b>	<b>471,035</b>	<b>40,525 8.60</b>
Stockholders' equity	18,912		15,081	
<b>Total net interest</b>	<b>460,366</b>	<b>11,155</b>	<b>486,116</b>	<b>10,377</b>

	Bank			
	1995		1994	
SEK M	Monthly average	Interest rate, %	Monthly average	Interest rate, %
<i>Interest income</i>				
Lending <sup>1</sup>				
in SEK	106,695	12,133 11.37	105,004	10,793 10.28
in foreign currency	28,949	1,929 6.66	37,084	2,192 5.91
Swedish and foreign banks	19,106	1,309 6.85	28,069	1,942 6.92
Interest-bearing securities,				
repos incl., net	60,791	5,486 9.02	58,552	4,860 8.30
Others	29,565	3,862	30,708	3,656
<b>Total interest income</b>	<b>245,106</b>	<b>24,719 10.09</b>	<b>259,417</b>	<b>23,443 9.04</b>

*Interest expenses*

<i>Deposits<sup>2</sup></i>				
in SEK	139,408	8,156 5.85	140,929	6,881 4.88
in foreign currency	8,862	714 8.06	8,967	660 7.36
Swedish and foreign banks	41,831	3,029 7.24	48,751	3,535 7.25
Funding	22,415	1,493 6.66	27,353	1,516 5.54
Others	17,828	4,110	20,177	3,943
<b>Total interest expenses</b>	<b>230,344</b>	<b>17,502 7.60</b>	<b>246,177</b>	<b>16,535 6.72</b>
Stockholders' equity	14,762		13,240	
<b>Total net interest income</b>	<b>245,106</b>	<b>7,217</b>	<b>259,417</b>	<b>6,908</b>

<sup>1</sup> Includes loans to the general public and financial institutions other than banks.

<sup>2</sup> Includes deposits from the general public and financial institutions other than banks.

## Note 2 – Commissions and foreign exchange income

SEK M	Group		Bank	
	1995	1994	1995	1994
Brokerage	318	383	318	383
Domestic lending operation	468	447	130	138
Domestic and international investment banking	304	311	309	311
Trust and legal services	82	98	82	98
Other domestic operations <sup>1</sup>	854	810	689	685
International operations (incl. foreign exchange trading)	73	287	54	263
<b>Total</b>	<b>2,099</b>	<b>2,336</b>	<b>1,582</b>	<b>1,878</b>

<sup>1</sup> In other domestic operations, processing commissions and service charges relating to card transactions are reported net. Expenses amounted to SEK 63M.

## Note 3 – Dividend income

SEK M	Group		Bank	
	1995	1994	1995	1994
Trading stocks	29	3	29	3
Stock held for industry-related purposes	33	15	43	15
Other stocks	–	22	–	22
<b>Total</b>	<b>62</b>	<b>40</b>	<b>72</b>	<b>40</b>

## Note 4 – Other operating income

SEK M	Group		Bank	
	1995	1994	1995	1994
EDP-services	170	213	255	268
Realtor operations	253	246	–	–
Securities management income	61	–	–	–
Capital gains on equipment, real estate, etc	36	406	36	406
Net operating income, repossessed real estate	–	9	–	12
Net operating income, other taken-over property	23	–	–	–
Capital gains on sale of subsidiaries	–	1,578	–	1,581
Other operating income	438	499	329	398
<b>Total</b>	<b>981</b>	<b>2,951</b>	<b>620</b>	<b>2,665</b>

## Note 5 – Personnel expenses

SEK M	Group		Bank	
	1995	1994	1995	1994
Salaries and remunerations <sup>1</sup>	2,705	2,599	2,336	2,255
Pension costs				
Calculated costs	113	99	109	94
Paid premiums	374	336	346	311
Social insurance charges	972	880	846	770
Training expenses	62	43	53	38
Other personnel expenses	175	164	139	133
<b>Total</b>	<b>4,401</b>	<b>4,121</b>	<b>3,829</b>	<b>3,601</b>
<sup>1</sup> Salaries and remunerations to Board, President and Executive Vice President	45	41	32	32
to other staff in Sweden	2,578	2,485	2,255	2,183
to other staff outside Sweden	82	73	49	40
<b>Total</b>	<b>2,705</b>	<b>2,599</b>	<b>2,336</b>	<b>2,255</b>
Number of hours worked (000)	17,083	17,738	14,840	15,631

Average number of employees in the Group calculated at 1,570 hours per employee

	1995	1994
Sparbanken Sverige	9,452	9,956
Spintab	334	367
Sparbanken Finans	359	364
Robur Kapitalförvaltning	59	–
Tornet	16	11
Sparbanken Sverige Administration	612	545
Swedbank Luxembourg	49	55
<b>Total</b>	<b>10,881</b>	<b>11,298</b>
of whom, outside Sweden	120	120

The number of employees in the Group on December 31 calculated as the number of employees excluding long-term absentees related to hours worked expressed in full-time jobs **9,661**

The information regarding distribution of personnel by country and place of work stipulated in the Banking Business Act is not included in this Annual Report. The information can be obtained from the Bank on request.

Average number of employees by gender; Group: 59 percent women, 41 percent men. Bank: 61 percent women, 39 percent men.

## Information on remuneration of senior executives:

Annual remuneration to Board of Directors decided by the Annual General Meeting: SEK 2,550T  
of which, to the Chairman of the Board SEK 1,050T

Remuneration to the President during the period Jan. 1 – April 6, 1995: SEK 1,273T. From April 6, contractual pension is paid.

Remuneration to the President from April 7, 1995, and salary as Executive Vice President Jan. 1 – April 6: SEK 2,484T.

Remuneration to Members of the Board of Directors is not paid to persons with an employment agreement with the Bank. The total of any external Board fees to the Chairman and Members of the Executive Management is paid to the Bank.

Board Members and Deputy Members except the Chairman and employees of the Bank are, in addition to the annual remuneration, paid SEK 6,000 per whole-day meeting and SEK 3,000 per half-day meeting.

## Pension commitments

President: From the age of 60, 75 percent of salary. For other Members of the Executive Management: from the age of 60, 70 percent of salary.

## Notice of termination

On notice of termination by the Bank, salary is paid during the term of notice which is 12 months. To this is added severance pay during 24 months. Settlement is made when new work has been obtained before the age of 55.

## Note 6 – Other expenses

SEK M	Group		Bank	
	1995	1994	1995	1994
Telecommunication, postage, etc	500	467	423	414
Consultants and external services	421	459	358	392
Publicity and marketing	349	368	230	254
EDP costs	237	287	189	214
Transaction charges	103	184	137	184
Office material expenses	140	160	126	145
Rental, leasing of equipment	94	136	198	244
Security transport, alarm	108	106	108	106
Travel, representation	104	90	86	73
Insurance	41	43	47	50
Write-down of stock held for industrial purposes	–	27	–	27
Net operating income repossessed real estate	8	–	6	–
Other expenses	704	658	371	388
<b>Total</b>	<b>2,809</b>	<b>2,985</b>	<b>2,279</b>	<b>2,491</b>

EDP costs do not include machine rental, consultants and telephone lines.

## Note 7 – Scheduled depreciation

SEK M	Group		Bank	
	1995	1994	1995	1994
Refurbishment of rented premises	0	6	0	6
Group goodwill	22	–	–	–
Equipment	267	257	243	230
Real estate	70	54	64	48
<b>Total</b>	<b>359</b>	<b>317</b>	<b>307</b>	<b>284</b>

With regard to depreciation principles, please refer to "Accounting Principles".

## Note 8 – Loan losses

SEK M	Group		Bank	
	1995	1994	1995	1994
<i>Loan losses, individually assessed</i>				
The year's actual loan losses	8,554	11,799	6,640	9,262
Restored previously-made provisions for anticipated loan losses which are reported as actual in the year's accounts	-6,884	-10,076	-5,749	-8,212
The year's anticipated loan losses	2,377	4,543	970	3,314
Recovered from previous actual loan losses	-1,104	-401	-600	-118
Recovered provisions for anticipated loan losses	-2,280	-3,175	-1,446	-2,666
<b>The year's net cost for individually-assessed claims</b>	<b>663</b>	<b>2,690</b>	<b>-185</b>	<b>1,580</b>

SEK M	Group		Bank	
	1995	1994	1995	1994
<i>Claims assessed groupwise</i>				
The year's actual loan losses	163	247	148	221
Provision/dissolution of reserve for loan losses	-154	-39	-74	-144
Recovered from previous years' actual loan losses	-61	-76	-3	-5
<b>The year's net cost for claims assessed groupwise</b>	<b>-52</b>	<b>132</b>	<b>71</b>	<b>72</b>
<i>Contingent liabilities</i>				
The year's net cost for discharged guarantees and other contingent liabilities	43	17	83	227
<i>Reposessed real estate</i>				
Change in value of reposessed real estate including result of divestments	1,562	951	447	457
<b>The year's net cost for loan losses</b>	<b>2,216</b>	<b>3,790</b>	<b>416</b>	<b>2,336</b>

## Note 9 – Problem loans

SEK M	Group				Bank			
	Households		Companies		Households		Companies	
	1995	1994	1995	1994	1995	1994	1995	1994
Unsettled claims for which accrued interest is also entered as income	859	921	1,155	1,255	2,014	2,176	19	6
<i>Problem loans</i>								
Doubtful claims	1,295	1,856	7,088	10,840	8,383	12,696	1,114	1,569
Claims with interest concessions	181	166	753	594	934	760	181	166
<b>Total net problem loans</b>	<b>1,476</b>	<b>2,022</b>	<b>7,841</b>	<b>11,434</b>	<b>9,317</b>	<b>13,456</b>	<b>1,295</b>	<b>1,735</b>
Provisions	2,121	2,424	9,094	15,847	11,215	18,271	1,689	1,976
<b>Total gross problem loans</b>	<b>3,597</b>	<b>4,446</b>	<b>16,935</b>	<b>27,281</b>	<b>20,532</b>	<b>31,727</b>	<b>2,984</b>	<b>3,711</b>
Provision ratio, doubtful claims, %	62.1	56.6	56.2	59.4	57.2	59.0	60.3	55.7
Loss of interest on problem loans <sup>1</sup>	466	623	2,298	3,379	2,764	4,002	384	556
					1995	1994		
Current yield on problem loans during the period, SEK M					758	944		
Yield on average gross book value relating to problem loans, %					2.75	2.33		
Average interest on claims in SEK which do not constitute problem loans, %					11.23	11.13		

<sup>1</sup> Loss of interest has been calculated as the difference between the interest payment which was realized on the problem loans and the interest income which would have been reported had the loans not been problem loans.

## Note 10 – Property taken over

SEK M	Group		Bank	
	1995	1994	1995	1994
<b>Book value</b>				
Real estate,				
condominiums, etc	124	146	97	131
Shares and participations <sup>1</sup>	838	628	474	523
Other property taken over	432	277	31	35
<b>Total book value</b>	<b>1,394</b>	<b>1,051</b>	<b>602</b>	<b>689</b>
<b>Yield</b>				
	Group		Bank	
	SEK M	%	SEK M	%
Net yield booked in 1995				
Real estate, condominiums, etc.	-8	-	-6	-
Other taken-over property	23	5	-	-

<sup>1</sup> see Note 23.

## Information on subsidiaries taken over for protection of claim which have not been included in the Consolidated Accounts

	Real estate companies	Other companies
Book value of shares and participations	347	99
The Group's share of the companies' capital and reserves (excl. deferred tax in untaxed reserves) of which, non-restricted equity	363	43
	277	41
Book value of the Group's net claims on the companies	7,170	5
The Group's share of the year's result before appropriations and taxes in the companies <sup>1</sup>	-524	-7
The Group's share of the year's result after appropriations and taxes in the companies	291	-7

<sup>1</sup> Group contributions and stockholder contributions to taken over companies have been classified as loan loss at SEK 956M in the Group.

## Net operating income of repossessed real estate

	Group	Bank	Properties in real estate companies which have not been included in the Consolidated Accounts
External income	7	6	1,234 <sup>1</sup>
Operating expenses	15	12	623
<b>Net operating income</b>	<b>-8</b>	<b>-6</b>	<b>611</b>

<sup>1</sup> Including interest subsidy of SEK 106M.

## Real estate, etc. taken over for protection of claim

Specification of real estate repossessed for protection of claim and doubtful claims with real estate as collateral.  
Actual value in accordance with the Swedish Financial Supervisory Authority's definition.

					Properties in real estate companies taken over which have not been included in the Consolidated Accounts			
Group <sup>1</sup>								
	Actual value, <sup>2</sup>	Book value, <sup>2</sup>	Direct yield <sup>3</sup>		Book value, <sup>2</sup>	Direct yield, <sup>3</sup>		
Number	SEK M	SEK M	%	Number	SEK M	%	Lettable area m <sup>2</sup>	
<i>Sweden</i>								
Business and office premises	1	32	30	8.6	143	1,554	6.7	383,136
Multi-family homes	4	23	23	7.8	497	2,762	8.9	689,983
Industrial properties	9	26	24	2.0	117	1,007	8.6	558,491
Agriculture properties	1	1	0	3.5	–	–	–	–
Privately-owned homes	47	40	35	0.5	–	–	–	–
Condominiums	7	5	5	0.0	–	–	–	–
Other real estate	14	7	7	4.6	137	879	8.1	323,733
<i>Outside Sweden</i>								
Business and office premises	–	–	–	–	25	2,170	6.4	242,966
Multi-family homes	–	–	–	–	–	–	–	–
Industrial properties	–	–	–	–	5	415	11.1	57,206
Other real estate	–	–	–	–	7	276	4.4	27,835
Total	83	134	124	4.2	931	9,063	7.8	2,283,350

## Book value in respect of doubtful claims

with real estate as collateral 4,630

<sup>1</sup> Of the Group's properties, none is located in the big city regions: Stockholm, Gothenburg and Malmö.<sup>2</sup> Book value is the same as actual value.<sup>3</sup> By direct yield is meant the properties' actual net operating income or, alternatively, adjusted upwards to a full-year when the acquisition was made during the year, expressed as a percentage of average book value. The net operating income for non-consolidated subsidiaries includes interest subsidies of SEK 126M.

Realized profits and losses of repossessed real estate in the Group amounted to a net capital gain of SEK 2M. Write-downs of properties after the date of repossession amounted to SEK 36M in the Group. The change in value is reported as a loan loss. In taken-over real estate companies, which have not been included in the Consolidated Accounts, net realized profits and losses amounted to a capital loss of SEK 3M. Write-downs amounted to SEK 919M.

**Note 11 – Settlement of pensions**

SEK M	Group		Bank	
	1995	1994	1995	1994
Calculated pensions costs	113	99	109	94
Paid pensions	-12	-9	-12	-9
Payroll tax and tax on yield	-62	-44	-60	-44
Compensation in relation to insurance-technically computed pension premiums as well as decrease of Provision for pensions	87	95	87	95
Appropriation to foundations or account Provisions for pensions	-23	-24	-23	-24
<b>Total</b>	<b>103</b>	<b>117</b>	<b>101</b>	<b>112</b>

**Note 12 – Change in untaxed reserves**

SEK M	B/F on Jan 1, '95	Bank		
		Disso- lution 1995	Appro- priation 1995	C/F on Dec 31, '95
Accumulated excess depreciation				
– equipment	1	1	–	–
– real estate	6	–	–	6
Appropriation to accrual reserve	–	–	263	263
<b>Total</b>	<b>7</b>	<b>1</b>	<b>263</b>	<b>269</b>

**Note 13 – Group contributions**

SEK M	Granted		Received	
	1995	1994	1995	1994
Sparbanken Finans	–	–	105	428
Spintab	–	–	–	1,643
Tornet	1,354	550	–	–
Sparbanken Sverige Administration	119	–	–	18
Nordic Aircraft Management	123	–	–	–
<b>Total</b>	<b>1,596</b>	<b>550</b>	<b>105</b>	<b>2,089</b>

SEK 134M (1994: SEK 123M) reported in the Group refers to funds contributed to companies which are not included in the Consolidated Accounts.

**Note 17 – Swedish financial institutions**

SEK M	Group Assets		Group Liabilities		Bank Assets		Bank Liabilities	
	1995	1994	1995	1994	1995	1994	1995	1994
The Central Bank of Sweden (the Riksbank)	523	–	–	2	523	–	–	2
National Debt Office <sup>1</sup>	1,091	638	–	1	1,091	638	–	1
Banking companies	6,398	3,256	5,956	6,603	6,388	3,252	5,934	6,581
Savings banks	2,089	3,193	6,573	7,645	2,089	3,193	6,573	7,645
<b>Total banks</b>	<b>10,101</b>	<b>7,087</b>	<b>12,529</b>	<b>14,251</b>	<b>10,091</b>	<b>7,083</b>	<b>12,507</b>	<b>14,229</b>
Housing mortgage institutions	1	628	4,446	176	7,809	5,778	5,879	2,072
Other credit market companies	1,632	1,607	987	1,581	5,571	5,431	1,047	1,371
Insurance companies	3,341	8,838	4,991	4,044	3,341	8,838	4,980	4,023
Stockbrokers/securities brokers	632	63	920	2,674	632	63	920	2,673
Other	87	15	614	49	67	–	578	49
Provision for anticipated loan losses	-330	-411	–	–	-330	-411	–	–
<b>Total other financial institutions</b>	<b>5,363</b>	<b>10,740</b>	<b>11,958</b>	<b>8,524</b>	<b>17,090</b>	<b>19,699</b>	<b>13,404</b>	<b>10,188</b>
<b>Total</b>	<b>15,464</b>	<b>17,827</b>	<b>24,487</b>	<b>22,775</b>	<b>27,181</b>	<b>26,782</b>	<b>25,911</b>	<b>24,417</b>
of which, in foreign currency	2,543	4,156	2,893	1,512	2,767	5,745	2,840	1,663
<sup>1</sup> National Savings Accounts, gross of which, claim on the National Debt Office	-13,195	-14,111	–	–	-13,195	-14,111	–	–
	13,653	14,724	–	–	13,653	14,724	–	–
<b>Net</b>	<b>458</b>	<b>613</b>	<b>458</b>	<b>613</b>	<b>458</b>	<b>613</b>	<b>458</b>	<b>613</b>

**Note 14 – Stockholder contributions**

SEK M	Group		Bank	
	1995	1994	1995	1994
Spintab	–	–	–	-650
Tornet	–	–	-91	-31
Nordic Aircraft Management	–	–	–	-93
Other	–	-3	–	-3
<b>Total</b>	<b>–</b>	<b>-3</b>	<b>-91</b>	<b>-777</b>

**Note 15 – Taxes**

SEK M	Group		Bank	
	1995	1994	1995	1994
Tax relating to previous years	-3	-78	–	-79
Income tax	-725	-10	-223	-2
Deferred tax	-352	-8	–	–
<b>Total</b>	<b>-1,080</b>	<b>-96</b>	<b>-223</b>	<b>-81</b>

**Note 16 – Cash and receivables in course of collection**

SEK M	Group		Bank	
	1995	1994	1995	1994
Cash	2,310	2,444	2,310	2,444
Receivables in course of collection	484	775	484	775
<b>Total</b>	<b>2,794</b>	<b>3,219</b>	<b>2,794</b>	<b>3,219</b>
of which, in foreign currency	89	107	89	107



## Note 18 – Foreign banks

	Group				Bank			
	Assets		Liabilities		Assets		Liabilities	
SEK M	1995	1994	1995	1994	1995	1994	1995	1994
SEK	9,505	5,547	7,064	11,678	9,511	5,611	7,384	12,437
Foreign currencies	7,381	7,528	25,538	32,016	8,640	9,679	27,000	32,980
Reserve for anticipated loan losses	-90	-152	-	-	-90	-152	-	-
<b>Total</b>	<b>16,796</b>	<b>12,923</b>	<b>32,602</b>	<b>43,694</b>	<b>18,061</b>	<b>15,138</b>	<b>34,384</b>	<b>45,417</b>

## Note 19 – Trading portfolio

	Group				Bank			
	Acquisition value		Market value		Acquisition value		Market value	
SEK M	1995	1994	1995	1994	1995	1994	1995	1994
<i>Instrument</i>								
Commercial paper	7,182	25,095	7,184	25,097	7,182	25,095	7,184	25,097
Government securities, Swedish <sup>1</sup>	3,784	-860	3,922	-866	1,254	-1,602	1,278	-1,604
Bonds issued by								
Mortgage finance institutions	2,938	1,855	3,012	1,847	2,938	1,816	3,012	1,808
Corporate finance institutions	1,309	-	1,316	-	1,309	-	1,316	-
Other Swedish companies	202	-	203	-	202	-	203	-
Subordinated notes, Swedish	-	-	-	-	-	-	-	-
Other Swedish interest-bearing instruments	10	-	10	-	10	-	10	-
Foreign government securities and bonds	1,357	198	1,364	198	1,357	198	1,364	198
Other foreign instruments	335	-	335	-	335	-	335	-
Off-balance instruments	-	-	-229	-158	-	-	-229	-159
<b>Total</b>	<b>17,117</b>	<b>26,288</b>	<b>17,117</b>	<b>26,118</b>	<b>14,587</b>	<b>25,507</b>	<b>14,473</b>	<b>25,340</b>
Value adjustment reserve	-114	-170	-	-	-114	-167	-	-
<b>Total trading portfolio</b>	<b>17,003</b>	<b>26,118</b>	<b>17,117</b>	<b>26,118</b>	<b>14,473</b>	<b>25,340</b>	<b>14,473</b>	<b>25,340</b>
of which, in foreign currency	4,029	274	-	-	4,029	274	-	-

<sup>1</sup>Refer to short-term positions.

Intra-Group holdings in the trading portfolio are not eliminated in the consolidated accounts.

## Note 20 – Investment portfolio

	Group				Bank			
	Acquisition value		Market value		Acquisition value		Market value	
SEK M	1995	1994	1995	1994	1995	1994	1995	1994
<i>Instrument</i>								
Commercial paper	973	1,890	973	1,892	2,444	3,164	2,445	3,166
Government securities, Swedish	7,428	6,638	7,499	6,468	7,428	6,629	7,499	6,459
Bonds issued by								
Municipalities	48	25	49	26	48	25	49	26
Mortgage finance institutions	2,021	2,638	2,007	2,401	21,770	23,661	21,922	22,795
Municipal finance institutions	-	235	-	235	-	235	-	235
Corporate finance institutions	297	50	296	47	297	50	296	47
Other Swedish companies	440	1,545	441	1,537	421	1,579	421	1,572
Subordinated notes, Swedish	1	4	1	4	1	4	1	4
Other Swedish interest-bearing instruments	-	-	-	-	-	35	-	35
Foreign government securities and bonds	-	136	-	135	-	136	-	135
Other foreign instruments	4	1,284	4	1,277	-	1,282	-	1,274
Off-balance instruments	-	-	88	308	-	-	88	308
<b>Total</b>	<b>11,212</b>	<b>14,445</b>	<b>11,358</b>	<b>14,330</b>	<b>32,409</b>	<b>36,800</b>	<b>32,721</b>	<b>36,056</b>
Value adjustment reserve	-	-115	-	-	-	-744	-	-
<b>Total investment portfolio</b>	<b>11,212</b>	<b>14,330</b>	<b>11,358</b>	<b>14,330</b>	<b>32,409</b>	<b>36,056</b>	<b>32,721</b>	<b>36,056</b>
of which, in foreign currency	-	3,747	-	-	-	4,649	-	-

The Bank's investment portfolio comprises holdings of SEK 1,354M (1994: SEK 1,150M) book value acquired with the objective of covering interest risks in fixed-interest funding. Against this background, the unrealized surplus value on these holdings, which amounts to SEK 210 M at December 31, 1995, has not been included in the portfolio's market value.

## Trading and investment portfolios, Bank

Overview of tenor for bonds in par values (excluding repurchase agreements). The values refer to tenor until the bonds' maturity.

SEK M	Bank	
	1995	1994
Remaining tenor		
<1 year	4,512	2,399
1-5 years	20,231	19,042
6-10 years	6,172	8,232
>10 years	985	3,997
<b>Total</b>	<b>31,900</b>	<b>33,670</b>
Average remaining tenor	3.87	5.17

## Note 21 – General public – loans and deposits/funding

SEK M	Group		Bank	
	1995	1994	1995	1994
<i>Lending</i>				
SEK	360,407	365,243	113,577	119,642
Foreign currency	27,385	33,550	26,629	31,340
Provision for anticipated loan losses <sup>1</sup>	-10,747	-17,625	-8,252	-14,472
<b>Total lending</b>	<b>377,045</b>	<b>381,168</b>	<b>131,954</b>	<b>136,510</b>
<sup>1</sup> Of which in foreign currency	-1,007	-2,406	-763	-1,736
<i>Deposits</i>				
SEK				
Households				
transaction accounts	15,764	16,298	15,764	16,298
other	70,014	74,389	69,943	74,288
Corporations/Associations				
transaction accounts	4,326	5,050	4,326	5,050
other	3,782	3,569	3,840	3,569
Money market accounts	24,859	25,362	24,859	25,362
Special/fixed interest accounts	8,648	8,192	8,648	8,192
Other	8,926	4,849	8,926	4,996
<b>Total deposits in SEK</b>	<b>136,319</b>	<b>137,709</b>	<b>136,306</b>	<b>137,755</b>
Foreign currency	5,165	6,377	4,885	6,036
<b>Total deposits</b>	<b>141,484</b>	<b>144,086</b>	<b>141,191</b>	<b>143,791</b>

## Note 22 – Other assets

SEK M	Group		Bank	
	1995	1994	1995	1994
Accrued interest	7,865	8,348	4,915	4,680
Prepaid expenses and accrued income	1,197	1,778	1,066	1,677
Group contribution/claim, subsidiaries	–	–	105	1,439
Securities settlement claims	920	1,104	920	1,104
Claim on lent securities	932	371	932	371
Real estate, etc taken over for protection of claim <sup>1</sup>	124	146	97	131
Other asset taken over for protection of claim	432	277	31	35
Deferred taxes recoverable	–	32	–	–
Other assets	2,489	1,954	1,030	992
Provision for anticipated loan losses	-10	-7	-2	-1
<b>Total</b>	<b>13,949</b>	<b>14,003</b>	<b>9,094</b>	<b>10,428</b>
of which, in foreign currency	2,206	1,931	1,709	1,822

<sup>1</sup> Tax assessment values in respect of repossessed real estate in Sweden in 1995 amount to SEK 127M (1994: SEK 114M) in the Group and SEK 102M (1994: SEK 104M) in the Bank.

Tax assessment values are not available of foreign assets booked at less than SEK 0M in the Group. See Note 10.

## Note 23 – Stocks, etc, current assets

SEK M	Group		Bank	
	1995	1994	1995	1994
Trading stock <sup>1</sup>	2,270	2,012	2,270	2,012
For protection of claim				
of which, Swedish listed companies	250	1	250	1
of which, other stocks	588	627	224	522
Other stocks	47	140	32	128
<b>Total</b>	<b>3,155</b>	<b>2,780</b>	<b>2,776</b>	<b>2,663</b>
of which, in foreign currency	136	79	119	11

<sup>1</sup> The trading stock is reported at market value.

## Note 24 – Leasing assets

SEK M	Group	
	1995	1994
Acquisition values	4,133	4,110
Accumulated scheduled depreciation	-1,610	-1,643
Provision, anticipated loan losses	-38	-76
<b>Scheduled residual value</b>	<b>2,485</b>	<b>2,391</b>
of which, in foreign currency	162	264

## Stocks taken over for protection of claim, 1995.

SEK M	Voting power, %	Group		Par value, SEK M	Market-value, SEK M	Book value, SEK M
		Share amount				
Listed						
Fabege AB	10	88,356,164		88	148	148
Realia Fastighets AB	40	9,979,071		75	67	67
Wihlborg & Son AB	1.90	2,500,000		25	35	35
Other					588	588
<b>Total</b>					<b>838</b>	<b>838</b>

**Note 25 – Holdings of shares and participations, fixed assets***Summary***Shares and participations, fixed assets**

SEK M	Par value		Book value	
	1995	1994	1995	1994
A. Shares in subsidiaries in Sweden	6,357	6,348	9,058	7,127
B. Shares in subsidiaries outside Sweden	739	764	699	699
C. Other companies in Sweden	76	45	290	77
D. Stocks in associated companies	190	150	420	220
E. Other companies outside Sweden	46	47	46	46
<b>The Bank's holding</b>	<b>7,408</b>	<b>7,354</b>	<b>10,513</b>	<b>8,169</b>
F. Participations, subscription guarantee certificates, etc			465	251
<b>Total shares and participations, Bank</b>			<b>10,978</b>	<b>8,420</b>
G. Subsidiaries' holdings			227	218
H. Subsidiaries' non-consolidated companies			0	14
I. Subsidiaries' participations, etc			3	2
<b>Group holding of shares and participation (C+D+E+F+H+I—elimination-write-down)</b>			<b>1,100</b>	<b>484</b>

Shares and participations, fixed assets, are specified on page 60.

**Note 26 – Intangible assets**

SEK M	Group		Bank	
	1995	1994	1995	1994
Goodwill	1,730	—	—	—
Refurbishment of rented premises	2	—	2	—
<b>Total</b>	<b>1,732</b>	<b>—</b>	<b>2</b>	<b>—</b>

**Note 27 – Equipment**

SEK M	Group		Bank	
	1995	1994	1995	1994
Acquisition values	1,777	1,859	1,394	1,283
Accumulated scheduled depreciation	-1,360	-1,180	-1,135	-908
<b>Scheduled residual value</b>	<b>417</b>	<b>679</b>	<b>259</b>	<b>375</b>
Accumulated excess depreciation	—	—	—	-1
<b>Net value</b>	<b>417</b>	<b>679</b>	<b>259</b>	<b>374</b>

**Note 28 – Real estate for accommodation of own premises**

SEK M	Group		Bank	
	1995	1994	1995	1994
Acquisition values	4,031	3,861	3,695	3,519
Revaluation	570	570	570	570
Accumulated scheduled depreciation	-399	-336	-346	-288
<b>Scheduled residual value</b>	<b>4,202</b>	<b>4,095</b>	<b>3,919</b>	<b>3,801</b>
Accumulated excess depreciation	—	—	-6	-6
<b>Net value</b>	<b>4,202</b>	<b>4,095</b>	<b>3,913</b>	<b>3,795</b>
Tax assessment values on real estate	3,392 <sup>1</sup>	3,316 <sup>1</sup>	3,238	3,161

<sup>1</sup>Tax assessment values are not available on foreign assets booked at SEK 137M (1994: SEK 160M).

For depreciation principles, see "Accounting Principles".

**Note 29 – Short-term funding**

SEK M	Group		Bank	
	1995	1994	1995	1994
Commercial paper	11,170	5,438	4,109	4,048
Eurocommercial paper	125	258	125	258
Certificates in foreign currency	1,506	2,230	1,506	2,230
Certificates in SEK	13,485	7,211	—	—
<b>Total</b>	<b>26,286</b>	<b>15,137</b>	<b>5,740</b>	<b>6,536</b>
Of which, in foreign currency	12,801	7,926	5,740	6,536

**Note 30 – Long-term funding**

SEK M	Group		Bank	
	1995	1994	1995	1994
Bonds <sup>1</sup>	172,080	186,840	3,608	5,343
Subordinated loans	9,614	11,262	5,115	6,637
Undated subordinated debts	8,058	6,165	3,423	2,241
Mortgages in own real estate	58	239	58	301
Other long-term funding	4,881	7,055	2,541	3,427
<b>Total</b>	<b>194,691</b>	<b>211,561</b>	<b>14,745</b>	<b>17,949</b>
of which, in foreign currency	41,633	43,385	11,117	13,792

<sup>1</sup>Medium-term notes are included in the Bank's bonds at SEK 567M (1994: SEK 1,729M).

Specification of bond loans and subordinated loans is shown on page 61.

There is a requirement that individual subordinated liabilities be specified if they exceed 10 percent of all subordinated liabilities.

The Bank's subordinated liabilities amount to SEK 8.5 billion. The subordinated liabilities consist of a number of subordinated loans with provision to receive payment only after other creditors have received payment.

The following subordinated loans fulfill the requirement for reporting in the Bank: USD 150M at the corresponding value of SEK 991.3M. The loan is an undated subordinated debt with a call option at October 20, 1998. The interest rate during the first five-years is set at Libor 6 months + 1.75%. The loans and conditions are approved by the Swedish Financial Supervisory Authority. Otherwise, no individually-issued loan forms more than 10 percent of the total subordinated liabilities.

The Group's subordinated liabilities amount to SEK 17.7 billion. No loan in the Group represents more than 10 percent of the subordinated liabilities.

**Short-term funding and long-term funding stated in accordance with the Swedish Financial Supervisory Authority's regulations**

SEK M	Group		Bank	
	1995	1994	1995	1994
Other debt securities issued outside Sweden	11,295	5,696	4,234	4,306
Funding from the general public	4,881	7,055	2,541	3,427
Commercial papers	14,991	9,441	1,506	2,230
Bonds	172,080	186,840	3,608	5,343
Subordinated loans	17,672	17,427	8,538	8,878
Refinancing loans	—	—	—	—
Mortgages in own real estate	58	239	58	301
<b>Total</b>	<b>220,977</b>	<b>226,698</b>	<b>20,485</b>	<b>24,485</b>

**Note 31 – Other liabilities**

SEK M	Group		Bank	
	1995	1994	1995	1994
Accrued interest	8,706	10,371	3,179	3,538
Accrued expenses and prepaid income	2,883	2,396	1,660	1,536
Group contributions/ stockholder contributions, liabilities to subsidiaries	34	–	559	794
Preliminary tax, interest	1,522	1,385	1,522	1,386
Securities payment liabilities	894	1,141	894	1,141
Liability, borrowed securities	1,070	102	1,070	102
Own tax liabilities	999	248	332	102
Other liabilities	4,774	3,612	982	1,183
<b>Total</b>	<b>20,882</b>	<b>19,255</b>	<b>10,198</b>	<b>9,782</b>
of which, in foreign currency	2,744	2,385	2,114	1,745

**Note 32 – Provisions for pensions**

The Bank's and the Group's pension obligations are covered by insurance, through foundations or through appropriations in the Balance Sheet to a Provision for pensions reserve.

The net wealth of the foundations exceeds the pension obligations for which the foundations are responsible by SEK 6.1M.

**Note 33 – Stockholders' equity**

SEK M	Group		Bank	
	1995	1994	1995	1994
<b>Capital stock</b>				
On January 1, 1995	5,400	5,020	5,400	5,020
Bonus issue	164	–	164	–
Net share issue	–	380	–	380
At year-end	5,564	5,400	5,564	5,400
<b>Restricted reserves</b>				
On January 1, 1995	4,679	2,196	2,802	1,004
Transferred from non-restricted reserves	550	602	–	–
Transferred to capital stock	–164	–	–164	–
Premium on new share issue	–	1,798	–	1,798
Transfer between restricted and non-restricted equity	763	83	–	–
At year-end	5,828	4,679	2,638	2,802
<b>Non-restricted reserves</b>				
On January 1, 1995	3,806	7,892	3,729	7,712
Net result in previous year	3,841	–3,305	2,461	–3,876
Dividend paid	–704	–	–704	–
Appropriation to restricted reserves	–550	–602	–	–
Expense for distribution of shares	–25	–	–25	–
Issue expenses	–	–98	–	–98
Change as a result of merger and restructuring	–	–	–	–9
Added because an associated company has become a subsidiary	6	–	–	–
Transfer between restricted and non-restricted equity	–763	–83	–	–
Translation difference	–9	2	–	–
At year-end	5,602	3,806	5,461	3,729
<b>Net result of the year</b>	<b>3,312</b>	<b>3,841</b>	<b>1,300</b>	<b>2,461</b>
<b>Total stockholders' equity</b>	<b>20,306</b>	<b>17,726</b>	<b>14,963</b>	<b>14,392</b>

The capital stock consists of 278,180,702 shares at SEK 20.

**Note 34 – Capital adequacy***Capital requirement**Financial company group<sup>1</sup>*

SEK M	1995			1994		
	Assets	Off-balance sheet items	Risk-weighted amount	Assets	Off-balance sheet items	Risk-weighted amount
<b>Risk class</b>						
0%	99,933	544	–	113,640	1,009	–
20%	38,617	15,526	10,828	26,727	17,481	8,842
50%	219,928	2,777	111,353	219,364	3,634	111,499
100%	111,230	5,667	116,897	120,287	6,170	126,457
<b>Total</b>	<b>469,708</b>	<b>24,514</b>	<b>239,078</b>	<b>480,018</b>	<b>28,294</b>	<b>246,798</b>
requirement 8%			19,126			19,744

*Bank*

<b>Risk class</b>						
0%	108,411	759	–	121,359	1,416	–
20%	38,019	11,848	9,974	26,187	13,169	7,871
50%	27,652	2,204	14,927	28,334	2,692	15,513
100%	79,813	6,287	86,100	92,845	7,533	100,378
<b>Total</b>	<b>253,895</b>	<b>21,098</b>	<b>111,001</b>	<b>268,725</b>	<b>24,810</b>	<b>123,762</b>
requirement 8%			8,880			9,901

*Capital base*

SEK M	Financial company group		Bank	
	1995	1994	1995	1994
Taxed equity	19,308	17,022	13,989	13,688
Untaxed reserves, etc, minus goodwill	–1,686	–	190	–
<b>Total primary capital</b>	<b>17,622</b>	<b>17,022</b>	<b>14,179</b>	<b>13,688</b>
Undated subordinated debts	8,119	6,165	3,423	2,241
Fixed-term subordinated loans	8,190	8,511	3,787	5,588
Less shares in companies which are not consolidated	–587	–373	–587	–365
<b>Total capital base</b>	<b>33,344</b>	<b>31,325</b>	<b>20,802</b>	<b>21,152</b>
Capital adequacy ratio, percent	13.95	12.69	18.74	17.09
Primary capital ratio, percent	7.37	6.90	12.77	11.06

<sup>1</sup>From 1995, capital adequacy refers to the financial company group, for 1994 to the Group.

**Note 35 – Items reported outside the Balance Sheet and their risk-weighted amounts**

Off-balance commitments, which are reported below, are part of the financial company group's business operations.

SEK M	Financial company group (from 1995)			Group
	Par amount 1995	Recalculated amount 1995	Risk-weighted amount 1995	Risk-weighted amount 1994
Credit guarantees	1,969	1,969	1,672	2,173
Other guarantees	4,983	2,492	2,165	2,441
Own guarantees	235	235	93	53
<i>Total guarantees</i>	<i>7,187</i>	<i>4,696</i>	<i>3,930</i>	<i>4,667</i>
<i>Letters of credit</i>	<i>393</i>	<i>79</i>	<i>40</i>	<i>37</i>
<i>Other contingent liabilities</i>	<i>10</i>	<i>4</i>	<i>3</i>	<i>12</i>
Commercial paper programs	1,693	846	169	476
Other	230	188	166	352
<i>Obligations for future payments</i>	<i>1,923</i>	<i>1,034</i>	<i>335</i>	<i>828</i>
Forward interest contracts	83,002	–	–	–
Forward foreign exchange contracts	181,617	6,259	1,718	2,617
Interest and foreign exchange swaps	209,984	10,130	2,218	2,275
FRA	527,465	373	84	17
Acquired options	6,367	171	37	47
Acquired interest rate guarantees	2,603	8	2	2
Financial futures	10,373	–	–	–
Other	513	–	–	–
<i>Total interest- and foreign exchange-related contracts</i>	<i>1,021,924</i>	<i>16,941</i>	<i>4,059</i>	<i>4,958</i>
<i>Long-term credit promises</i>	<i>3,816</i>	<i>1,908</i>	<i>1,908</i>	<i>1,092</i>
<i>Less provision for anticipated loan losses</i>		<i>–116</i>	<i>–114</i>	<i>–111</i>
<b>Total</b>	<b>1,035,253</b>	<b>24,546</b>	<b>10,161</b>	<b>11,483</b>

SEK M	Bank			
	Par amount 1995	Recalculated amount 1995	Risk-weighted amount 1995	Risk-weighted amount 1994
Credit guarantees	2,893	2,893	2,608	4,189
Other guarantees	4,806	2,403	2,078	2,462
Own guarantees	235	235	93	53
<i>Total guarantees</i>	<i>7,934</i>	<i>5,531</i>	<i>4,779</i>	<i>6,704</i>
<i>Letters of credit</i>	<i>393</i>	<i>79</i>	<i>40</i>	<i>37</i>
<i>Other contingent liabilities</i>	<i>10</i>	<i>4</i>	<i>3</i>	<i>12</i>
Commercial paper programs	1,693	846	169	476
Other	230	188	166	351
<i>Total obligations for future payments</i>	<i>1,923</i>	<i>1,034</i>	<i>335</i>	<i>827</i>
Forward interest contracts	83,002	–	–	–
Forward foreign exchange contracts	180,313	6,354	1,701	2,611
Interest and foreign exchange swaps	169,986	6,012	1,213	948
FRA	527,465	373	84	17
Acquired options	6,367	171	37	47
Acquired interest rate guarantees	2,603	8	2	2
Financial futures	10,373	–	–	–
Other	513	–	–	–
<i>Total interest- and foreign exchange-related contracts</i>	<i>980,622</i>	<i>12,918</i>	<i>3,037</i>	<i>3,625</i>
<i>Long-term credit promises</i>	<i>3,816</i>	<i>1,908</i>	<i>1,908</i>	<i>1,089</i>
<i>Less provision for anticipated loan losses</i>		<i>–346</i>	<i>–343</i>	<i>–781</i>
<b>Total</b>	<b>994,698</b>	<b>21,128</b>	<b>9,759</b>	<b>11,513</b>

### Note 36 – Issued stock options, subordinated assets, pledged assets and and contingent liabilities

SEK M	1995	Bank 1994
<i>Issued stock options</i>		
Book values of stocks for which options have been issued	621	1,583
Redemption price for stocks	676	1,552
Premiums referring to options entered as liabilities	41	153

#### Contingent liabilities in favor of Group companies

The Parent Company has issued contingent liabilities totaling SEK 997M, of which SEK 993M refers to a guarantee for the subsidiary, Swedbank (Luxembourg) S.A., in respect of those credits which have been taken over from a risk viewpoint by the Parent Company's branch in Luxembourg.

The Subsidiaries have in turn issued contingent liabilities in favor of the Parent Company or fellow subsidiaries for SEK 3,013M in total.

#### Subordinated assets

The combined volume of assets which the Parent Company may own in accordance with BRL Chapter 2 Para 15 may amount to 30 percent of the capital base. The limit for such assets is therefore SEK 6,241M. Assets of this kind amount to SEK 433M.

#### Specification of shares and participations in accordance with Note 25.

	Shares	Par value in each Amount	Par value -95, currency	Par value -94, SEK M	Book value -95, SEK M	Book value -94, SEK M	Percentage of capital of each company
<i>A. Shares in subsidiaries in Sweden</i>							
AB Spintab	12,000,000	500	6,000	6,000	6,427.6	6,427.6	100
Sparbanken Finans AB	345,000	1,000	345	345	415.1	415.1	100
Sparbanken Sverige Administration AB	10,000	100	1	1	1	1	100
Fastighets AB Törnet	1,000	1,000	1	1	251	251	100
Nordic Aircraft Management AB	50	1,000	0	0	17.1	0	100
Transredo AB	–	–	–	1	–	32.6	–
Robur Kapitalförvaltning AB	10,000,000	1	10	–	1,946.2	–	100
<b>Total</b>			6,357	6,348	9,058	7,127.3	

#### B. Shares in subsidiaries outside Sweden

Swedbank (Luxembourg) S.A., LUF	300,000	10,000	678.6	704	674.8	674.8	100
Swedbank Inc Delaware, USD	2,000	1	0	0	0	0	100
Nordic Service Centre Ltd, GBP	100	1	0	0	0	0	100
SPS Reinsurance S.A.*SEK	24,999	2,400	60	60	24	24	99
<b>Total</b>			738.6	764	698.8	698.8	

\* 20,000 shares, 25 percent paid

#### C. Other companies in Sweden

Upplysningscentralen UC AB	1,500	100	0.2	0.2	0.2	0.2	15
Bankgirocentralen BGC AB	510	1,000	0.5	0.5	0.5	0.5	11
Värdepapperscentralen VPC AB <sup>1</sup>	13,600	100	1.4	0.5	0.2	0.2	1
AB Svensk Exportkredit <sup>1</sup>	62,200	1,000	62.2	31.1	259.8	44.5	9
AB Industri kredit <sup>4</sup>	7,520	1,000	7.5	7.5	25	25.0	5
Stockholms Fondbörs AB	10,234	100	1.0	1.0	1.2	1.2	4
Penningmarknadsinformation PMI AB	75	5,000	0.4	0.4	0.5	0.5	9
OM Gruppen AB <sup>2</sup>	16,200	5	0.1	0.5	0.4	0.4	0
Robur Kapitalförvaltning AB <sup>3</sup>	–	–	–	1.0	–	2.6	–
Parkerings AB Dukaten	1,402	1,000	1.4	1.4	1.2	1.2	5
Sorbinvest AB	8,333	120	1.0	1.0	1.0	1.0	3
Other <sup>6</sup>			0	0.0	0	0.2	0.0
<b>Total</b>			75.7	45.1	290	77.5	

#### D. Stocks in associated companies

Sambox Väst AB <sup>1</sup>	167	1,000	0.2	0.1	0.2	0.1	33
SparFond Livförsäkrings AB <sup>2</sup>	75,000	1,000	75	75.0	94.1	94.1	50
SparLiv Livförsäkrings AB	75,000	1,000	75	75.0	125.7	125.7	50
Sparbanken Borås AB	400,000	100	40	–	200	–	40
<b>Total</b>			190.2	150.1	420	219.9	

<sup>1</sup> Write-down of associated company.

SparFond in the Group	–	–	–	–	–4.3	–6.1	
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#### E. Other companies outside Sweden

Aktia Sparbank AB, FIM	1,500,000	20	45.9	47.2	46.4	46.4	7.5
Other			0	0	0	0	
<b>Total</b>			45.9	47.2	46.4	46.4	

F. Participations and Subscription Guarantee Certificates	Book value	
	1995	1994
Subscription Guarantee Certificates in Spintab <sup>1</sup>	50	50
Subordinated debentures in subsidiaries <sup>2</sup>	70	70
Subordinated debentures in independent savings banks	152	98
Subordinated debentures in insurance companies	160	–
Residential property participations and other	33	33
<b>Total</b>	465	251

<sup>1</sup> The holding in these companies has changed in 1995

<sup>2</sup> The market value at Dec. 31, 1995, was SEK 1,552 M.

<sup>3</sup> From 1995, Robur Kapitalförvaltning AB is a subsidiary.

<sup>4</sup> To be acquired by Nordbanken in 1996, subject to approval by the Government and relevant authorities.

<sup>5</sup> Eliminated in the Group.

<sup>6</sup> Specification may be obtained from Sparbanken Sverige, Consolidated Accounts.

Specification of long-term funding according to Note 30  
Subordinated debentures

Maturity		Original nominal amount	Amount reported*	Interest rate, %
1981/1996	SEK	25	2	11.50
1986/1996	SEK	50	5	11.85
1986/1996	SEK	10	1	11.65
1990/1996	SEK	5	5	14.00
1990/1996	SEK	100	100	14.65
1991/1996	LUF	500	113	10.00
1991/1996	LUF	600	136	9.25
1991/1996	LUF	500	113	9.25
1982/1997	SEK	6	1	12.10
1985/1997	USD	75	500	<sup>2</sup>
1990/1997	SEK	50	50	14.32
1991/1997	SEK	50	50	12.20
1992/1997	SEK	10	1	11.60
1988/1998	SEK	100	100	11.60
1991/1998	SEK	25	25	11.95
1991/1998	SEK	25	25	11.95
1991/1998	SEK	26	26	11.95
1984/1999	SEK	10	3	11.90
1989/1999	SEK	1,000	350	8.68
1989/1999	SEK	50	50	11.65
1985/2000	SEK	17	6	11.95
1985/2000	SEK	20	7	11.95
1990/2000	DEM	50	232	<sup>2</sup>
1990/2000	DEM	50	232	<sup>2</sup>
1986/2001	SEK	18	7	12.25
1990/2001	SEK	30	30	<sup>2</sup>
1990/2001	SEK	30	30	<sup>2</sup>
1990/2001	SEK	200	200	13.30
1991/2001	SEK	5	3	<sup>1</sup>
1991/2001	SEK	100	50	11.94
1991/2001	SEK	10	6	<sup>1</sup>
1991/2001	SEK	200	200	<sup>2</sup>
1991/2001	SEK	300	195	12.80
1992/2002	XEU	35	296	<sup>2</sup>
1992/2002	XEU	35	298	<sup>2</sup>
1992/2002	USD	20	132	9.05
1992/2002	USD	100	665	<sup>2</sup>
1992/2002	JPY	3,126	203	6.36
1992/2002	USD	23	153	<sup>2</sup>
1994/2010	SEK	1,895	404	<sup>1</sup>
1989/2019	SEK	250	111	11.00
1993/undated	USD	150	991	<sup>2</sup>
1993/undated	JPY	10,000	632	5.00
1993/undated	USD	50	331	<sup>2</sup>
1995/undated	JPY	10,000	636	3.60
1995/undated	USD	125	833	<sup>2</sup>
				8,538

Other long-term funding

Maturity		Original nominal amount	Amount reported*	Interest rate, %
1991/1996	DEM	50	232	2.00
1991/1996	XEU	3	26	9.35
1991/1996	XEU	5	43	9.40
1991/1996	XEU	5	43	9.30
1993/1996	USD	30	200	<sup>2</sup>
1995/1996	SEK	13	12	<sup>1</sup>
1987/1997	JPY	3,000	194	4.90
1990/1997	JPY	10,000	614	7.00
1991/1997	XEU	30	256	10.25
1994/1997	SEK	444	373	<sup>1</sup>
1995/1997	SEK	18	15	<sup>1</sup>
1988/1998	JPY	1,823	112	6.00
1991/1998	USD	54	363	<sup>2</sup>
1991/1998	DEM	250	1,161	8.50
1993/1998	SEK	473	392	<sup>1</sup>
1995/1998	SEK	127	97	<sup>1</sup>
1995/1998	SEK	186	146	<sup>1</sup>
1989/1999	JPY	10,000	648	5.25
1994/1999	SEK	168	126	<sup>1</sup>
1994/1999	SEK	64	53	3.00
1994/1999	SEK	75	57	<sup>3</sup>
1995/1999	SEK	46	34	<sup>1</sup>
1995/1999	SEK	337	253	<sup>1</sup>
1990/2000	JPY	7,500	452	7.00
1990/2000	JPY	3,000	189	<sup>1</sup>
1993/2001	SEK	7	3	<sup>4</sup>
1991/2003	USD	14	87	11.99
1993/2004	SEK	7	3	<sup>4</sup>
1993/2005	SEK	10	4	<sup>4</sup>
1993/2005	SEK	8	3	<sup>4</sup>
1995/2005	SEK	32	12	<sup>1</sup>
1995/2010	SEK	8	3	<sup>1</sup>
				6,207

<sup>1</sup> Zero-coupon bond

<sup>2</sup> FRN

<sup>3</sup> Interest adjustment loan

<sup>4</sup> Real interest rate loan

\* For loans in foreign currencies, "Amount reported" refers to current equivalent in SEK.

SEK M

The following amount are at the disposal of the Annual General Meeting:

Net result of the year	1,300
Profit brought forward from the previous year	6,190
Other changes during the year of non-restricted reserves	-729
<b>Total amount available for appropriation</b>	<b>6,761</b>

The Board of Directors recommends:

Dividend to stockholders:

Cash	974
All shares (278,180,702) in Fastighets AB Tornet	2,719
<b>Amount to be carried forward</b>	<b>3,068</b>

The Group's non-restricted earnings amount to SEK 8,914M. The Board of Directors proposes that SEK 603M be transferred to restricted reserves in Group companies.

### Board of Directors

Following the 1995 Annual General Meeting, the Board of Directors consists of the following Members: Göran Ahlström, Ronald Bergman, Göran Collert, Bo Forslund, Reinhold Geijer, Kurt Lodenius, Per Molin, Per-Göran Nyberg, Hans Olsson, Madeleine Ramel, Bengt Rosen, Nils Stormby, Monica Sundström, Håkan Tidlund and Monica Ulfhielm.

In addition, The Board of Directors includes the following Employee Representatives: Kaisa Bratt and Lillemor Smedenvall.

The Board of Directors has elected Göran Collert as Chairman, Nils Stormby as First Deputy Chairman and Bo Forslund as Second Deputy Chairman.

*Stockholm, March 11, 1996*

Göran Collert

Nils Stormby

Bo Forslund

Göran Ahlström

Reinhold Geijer

Ronald Bergman

Kurt Lodenius

Per Molin

Per-Göran Nyberg

Hans Olsson

Madeleine Ramel

Bengt Rosén

Monica Sundström

Håkan Tidlund

Monica Ulfhielm

Kaisa Bratt

Lillemor Smedenvall



We have examined the Annual Report, the Consolidated Financial Statements and the accounting records and the administration by the Board of Directors for the 1995 financial year. The Bank's internal audit department has continuously examined the accounts and submitted reports to us on work carried out. The examination has been carried out in accordance with generally accepted accounting standards.

### **The Bank**

The Annual Report has been prepared in accordance with the Swedish Banking Business Act.

#### *We recommend*

that the Statement of Income and the Balance Sheet be adopted,  
that the appropriated earnings be dealt with in accordance with the recommendation in the Report of the Board of Directors and,  
that the Members of the Board of Directors be discharged from liability for the financial year.

### **Group**

The Consolidated Financial Statements have been prepared in accordance with the Swedish Banking Business Act.

#### *We recommend*

that the Consolidated Statement of Income and the Consolidated Balance Sheet be adopted.

*Stockholm, March 11, 1996*

Per Nilsson

Ulf Egenäs  
*Authorized Public  
Accountant*

Torbjörn Hanson  
*Authorized Public  
Accountant*

Christian Westrup

Olle Gunnarsson  
*Authorized Public  
Accountant  
the Swedish  
Financial  
Supervisory Authority*

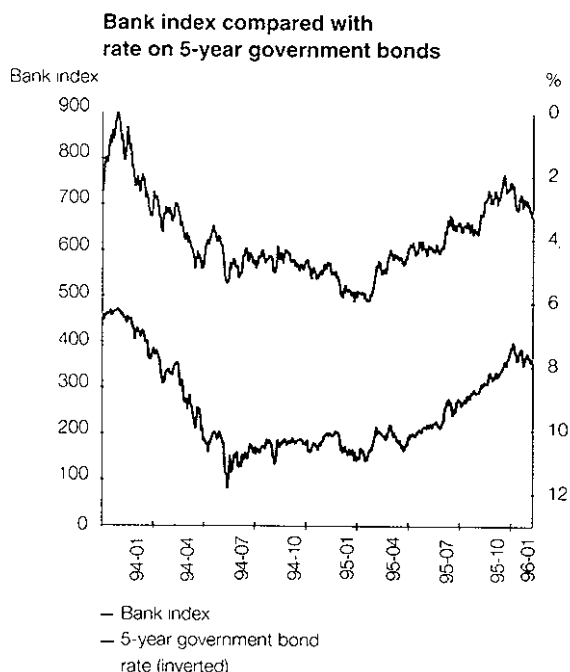
### Development on the Stockholm Stock Exchange

In 1995, trading volume on the Stockholm Stock Exchange amounted to approximately SEK 628 billion which means some increase over the previous year. Trading in Sparbanken Sverige shares, which were listed for the first time on June 9,

amounted to more than SEK 5 billion, equivalent to 27 percent of all outstanding shares.

The banks' share of the total stockmarket value increased from 5 to 10 percent during the year. The increase is mainly explained by the listing of Sparbanken Sverige and Nordbanken. At the year-end, Sparbanken Sverige's market capitalization was SEK 23.5 billion and Nordbanken's SEK 24.7 billion. The combined market capitalization of the banks quoted on the A list was more than SEK 110 billion at the year-end.

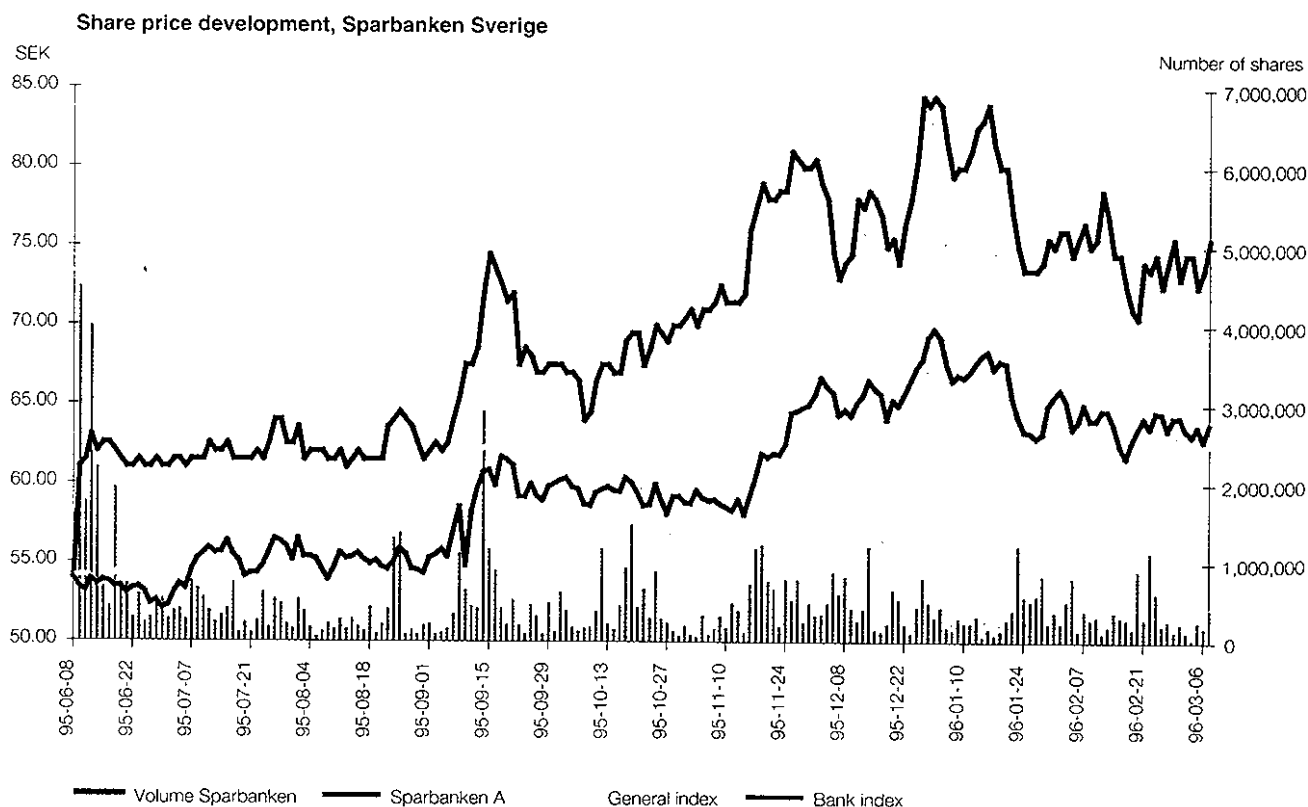
The bank index rose by 27 percent during 1995, whereas the Sparbanken Sverige share increased by more than 38 percent. The development for the Bank as well as the sector thus exceeded the general index which rose by approximately 18 percent. Bank shares are among the more interest-sensitive shares on the stockmarket which is illustrated in the diagram below.



### Trading and listing

Sparbanken Sverige shares were traded in the Reuter system until May 5. At that time, the price paid was SEK 53.00. The last price paid in 1994 was SEK 50.75.

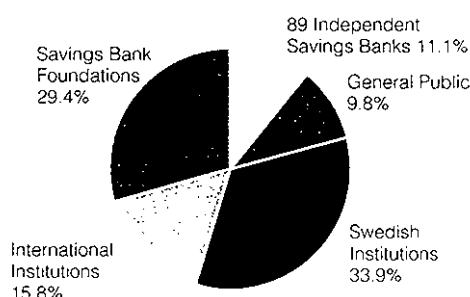
In May, the Bank's principal owner – Sparbanksstiftelsernas Förvaltningsaktiebolag – offered the general public and institutional investors the opportunity to acquire shares equivalent to a



maximum of 22.6 percent of capital and votes in the Bank. The offer was more than three times oversubscribed. It was possible to offer full allocation to customers who had previously opened share savings accounts.

The price for the share sale was determined through bids by major investors. Share savings account holders and other members of the general public received a discount vis-a-vis the institutional price. The discounted price amounted to SEK 53.94 per share and the institutional price to SEK 58.00.

**Ownership structure**



On June 9, the Bank's shares were quoted on the O list of the Stockholm Stock Exchange. On November 22 the share was transferred to the most traded stocks on the A list.

### Capital stock

At the 1995 year-end, there was only one class of stock in Sparbanken Sverige – common stock series A. All shares therefore had equal voting rights and an equal right to share in the Bank's assets and profit. The par value of the share is SEK 20, the number of shares 278,180,702 and the capital stock amounts to SEK 5,563,614,040. The Bank's shares are non-restricted and no restrictions with regard to voting rights are included in the Bank's Articles of Association.

### Stockholders

Today, Sparbanken Sverige has around 130,000 stockholders.

Sparbanksstiftelsernas Förvaltningsaktiebolag remains the largest individual stockholder which together with the 11 Savings Bank Foundations

### The largest stockholders December 29, 1995

The major owners	%
The Savings Bank Foundations	29.4
Independent Savings Banks	11.1
Folksam incl AMF S + AMF Trygg	4.6
AMF P	3.8
SPP	3.4
4:th AP-Fonden	3.1
Sparinstitutens pensionskassa	2.4
SEB Fonder	2.3
Förbundsdepån	2.1
JP Morgan Capital Corp	1.9
Sparbankens aktiefonder	1.1
Trygg Hansa Försäkring	1.1
SHB Fonder	1.0
KP Pension & Försäkring	1.0
Other Swedish Institutions	8.0
Other International Institutions	13.9
The General Public	9.8
<b>Total</b>	<b>100.0</b>

Source: The Swedish Securities Register Center and DN owner service.

just over 29 percent of the Bank. The combined ownership of the independent savings banks is equivalent to approximately 11 percent which is some reduction compared with the date of the listing.

Nearly 16 percent of the shares are registered abroad. Approximately 34 percent of the shares are owned by Swedish institutional investors and approximately 10 percent by private individuals.

### Dividend

#### Cash dividend

In accordance with the dividend policy, the Bank's Board of Directors has decided to recommend a cash dividend of SEK 3.50 per share. The cash dividend would then amount to a total of SEK 974M which is equivalent to just over 31 percent of the Group's earnings after tax. In the previous year, a dividend of SEK 1.75 per common share was paid. At the same time preferred stockholders received a full dividend. A total of SEK 704M was therefore paid for 1994 which, distributed on the current number of shares, is equivalent to approximately SEK 2.50 per share.

### Distribution of Tornet shares

The Bank's Board of Directors has also recommended a distribution of shares in the Bank's subsidiary, Fastighets AB Tornet. As a consequence of a decided change in legislation from January 1, 1996, such distribution does not give rise to any immediate tax consequences for the Bank's stockholders according to Swedish tax regulations. It is the view of the Board of Directors that a distribution of the Tornet shares will maximize the value for the Bank's stockhold-

ers while, at the same time, the Bank in this way is able to leave its role as owner of Tornet.

In order to make it possible for Tornet to act as an independent listed real estate company, new equity has been added ahead of the proposed share distribution. It is therefore estimated that a distribution of Tornet's shares will reduce the equity of the Sparbanken Sverige Group by approximately SEK 3 billion, equivalent to approximately SEK 11 per share.

### Data per share 1991-95

SEK M	1995	1994	1993	1992	Pro forma 1991
Earnings per share, (standard tax)	11.15	10.52	-13.17	-41.91	-15.24
Net profit per share	11.91	13.81	-11.88	-11.29	-2.10
Stockholders' equity per share	73.00	77.07	61.47	81.37	91.31
Adjusted equity per share	73.37	62.28	46.13	65.22	79.25
after cash dividend	69.87				
after cash dividend and distribution of Tornet shares	58.58				
Cash dividend per share	3.50	2.50 <sup>1,2</sup>			
Market price at year-end	84.50	50.75			
Yield, %	4.10	4.90			
P/E-ratio	7.58	4.82			
Market price/adjusted equity, %	115	82			

<sup>1</sup> Sparbanken Sverige has no outstanding convertible loans or other option rights which would bring about a dilution of the number of outstanding shares.

<sup>2</sup> 1995 Dividend in accordance with the Board of Directors' recommendation.

<sup>3</sup> Distributed among current number of shares (278,180,702).

### Ownership distribution Sparbanken Sverige December 29, 1995

Number of shares	Number of shares				Number of owners			
	Direct registered	Nominee-registered	Total	%	Direct registered	Nominee-registered	Total	%
1-500	19,889,593	512,350	20,401,943	7.33	121,853	2,469	124,322	95.25
501-1 000	3,023,498	467,394	3,490,892	1.25	3,454	515	3,969	3.04
1001-2 000	2,021,948	630,447	2,652,395	0.95	1,095	343	1,438	1.10
2 001-5 000	230,290	676,870	907,160	0.33	68	185	253	0.19
5 001-10 000	162,675	677,548	840,223	0.30	25	88	113	0.09
10 001-20 000	198,092	1,147,014	1,345,106	0.48	15	76	91	0.07
20 001-50 000	91,360	2,436,813	2,528,173	0.91	3	71	74	0.06
50 001-100 000	140,625	4,674,005	4,814,630	1.73	2	61	63	0.05
100 001-	42,364,146	198,836,034	241,200,180	86.71	27	169	196	0.15
Total	68,122,227	210,058,475	278,180,702	100	126,542	3,977	130,519	100

### Change in capital stock

Year	Transaction	Par value per share, SEK	Price, %	Added number of shares	Accumulated number of shares	Capital stock SEK M
1990				4,880,000	2,440	
1990	New issue	500	100	1,000,000	5,880,000	2,940
1991	New issue	500	120	960,000	6,840,000	3,420
	New issue	500	100	1,200,000	8,040,000	4,020
1992	Split 5:1	100		32,160,000	40,200,000	4,020
	New issue	100	100	10,000,000	50,200,000	5,020
1993	Split 10:1	10		451,800,000	502,000,000	5,020
1994	New issue	10	573	38,000,000	540,000,000	5,400
1995	New issue/reduction	10	650/630 <sup>1</sup>	-261,819,298	278,180,702	2,782
	Stock dividend	20	-	0	278,180,702	5,564

<sup>1</sup> These prices refer to conversion of four different kinds of preferred stock in Spring 1995, and the ensuing new issue and reduction.

## Board of Directors

### Board Members elected at the Annual General Meeting

#### Göran Collert<sup>1,2</sup>

Executive Chairman since 1995. Former President and CEO of Sparbanken Sverige. Born 1937. Elected 1978. Other directorships: Chairman of AB Spintab, Fastighets AB Tornet and SparFond Livförsäkrings AB. Deputy Chairman of SparLiv Livförsäkrings AB and Board Member of the Swedish Bankers' Association. Holdings: 10,000 shares and option to buy 300 shares.

#### Nils Stormby<sup>1,4</sup>

First Deputy Chairman. Senior Research Fellow. Born 1929. Elected 1991. Other directorships: Chairman of the Savings Bank Foundation Skåne. Board Member of Ad Hoc AB, Medscand Diagnostik AB and Medscand Medical AB. Holdings: 5,325 shares and option to buy 300 shares.

#### Bo Forslund<sup>1,2</sup>

Second Deputy Chairman. Former Member of the Swedish Parliament. Born 1939. Elected 1991. Other directorships: Chairman of the Savings Bank Foundation Norrland and Långsele Tvätten AB. Holdings: 1,000 shares and option to buy 300 shares.

#### Göran Ahlström<sup>1</sup>

President of Sydkraft AB. Born 1936. Elected 1995. Other directorships: Chairman of OKG AB. Board Member of Sydkraft AB, Svensk-Danska Broförbindelsen AB, Öresundskonsortiet, PreussenElektra AG, Neste Sverige AB, The Federation of Swedish Industries and The Swedish Power Association. Holdings: --

#### Ronald Bergman<sup>1</sup>

President of Nordström & Thulin AB. Born 1931. Elected 1991. Other directorships: Board Member of Argonaut AB, Nord Jahre Tankers, Nordström and Thulin with subsidiaries in Sweden and abroad, Lloyds Register Nordic Committee, Nordisk Skibs Redarförening, the Baltic and International Maritime Council, and Governor of the Stockholm Chamber of Commerce. Holdings: option to buy 300 shares.

#### Reinhold Geijer<sup>1,2</sup>

President and CEO of Sparbanken Sverige since 1995. Born 1953. Elected 1995. Other directorships: Chairman of Sparbanken Finans AB. Board Member of the Wahlgrenska Foundation and Deputy Board Member of the Swedish Bankers' Association. Holdings: 4,000 shares and option to buy 300 shares.

#### Kurt Lodenius<sup>1</sup>

Former Municipal Commissioner. Born 1936. Elected 1983. Other directorships: Chairman of Roslagens Sparbank and Sparbankernas Andra Allemansfond AB. Board Member of the National Association of Independent Savings Banks, Norrtälje Industri och Hantverkshus AB and Norrtälje Tidning AB. Holdings: 500 shares and option to buy 600 shares.

#### Per Molin

President of Avesta Sheffield AB. Born 1937. Elected 1995. Other directorships: Board Member of Höganäs AB, ABB Service AB, The Federation of Swedish Industries, the Swedish Steel and Metals Association, the Council of the Swedish Iron Masters' Association, (the Steering Committee of the Nordic Steel Association) and the Industrial Council of the Swedish Academy of Engineering Sciences. Holdings: --

#### Per-Göran Nyberg<sup>3</sup>

Former Executive Vice President of Sparbanken Sverige. Born 1936. Elected 1984. Other directorships: Chairman of Tivox AB, Deputy Chairman of European Savings Bank Group (ESBG) and Board Member of Elmia AB and the Savings Bank Foundation Alfa. Holdings: --

#### Hans Olsson<sup>1,2</sup>

Controller, the Swedish Metal Workers' Union. Born 1942. Elected 1992. Other directorships: Board Member of Exabi Burlöv AB, Bergaliden AB, Hilab AB and Fastighets AB Storheden. Holdings: --

#### Madeleine Ramel<sup>1</sup>

Born 1927. Elected 1991. Holdings: option to buy 300 shares.

#### Bengt Rosén<sup>1</sup>

Attorney. Born 1936. Elected 1992. Other directorships: Board Member of Skaraborgs Läns Sparbank and the Föder och Spannmål Trade Association. Holdings: --

#### Monica Sundström<sup>1</sup>

President of the Association of County Councils. Born 1941. Elected 1994. Other directorships: Chairman of the Swedish Road Authority. Board Member of AB Tipstjänst. Holdings: option to buy 200 shares.

#### Håkan Tidlund<sup>1</sup>

President of Folksam. Born 1943. Elected 1994. Other directorships: Board Member of Folksam ömsesidig sakförsäkring, Folksam ömsesidig livförsäkring, Posten AB, SparFond and SparLiv Livförsäkrings AB. Holdings: option to buy 600 shares.

#### Monica Ulfhielm<sup>1</sup>

Director Karolinska Sjukhuset. Born 1942. Elected 1992. Other directorships: Board Member of the Royal Institute of Technology in Stockholm and Stockholm Care AB. Holdings: option to buy 300 shares.

### Employee Representatives

#### Kaisa Bratt

Sparbanken Sverige. Born 1941. Elected 1992. Other directorships: Delegate of Sparinstitutens Pensionskassa (SPK). Holdings: option to buy 300 shares.

#### Lillemor Smedenwall

Sparbanken Sverige. Born 1950. Elected 1993. Other directorships: Deputy Chairman of Finansförbundet, Board Member of the Trygghetsfonden Foundation, Delegate for Sparinstitutens Pensionskassa (SPK). Holdings: option to buy 300 shares.

**Company Secretary***Olov Lydén*

Born 1948. Employed by the Bank since 1992.

Holdings: –

**Deputy Board Members****Board Members elected at the Annual General Meeting***Bertil Håkansson*

President of PMH Invest AB and President of Korsvirket AB. Born 1931.

Elected 1995. Other directorships:

Chairman of PMH International AB.

Board Member of Sparbanken Syd and

Kungsäter Industri AB.

Holdings: –

*Marianne Stoltz Qrick*

Businesswoman. Born 1949. Elected 1995. Other directorships: Board Member

of Watch Market AB. HIGAB,

Västsvenska Handelskammarens Service

AB, Företagarna Göteborgsdistriktets

Servicebolag, Göteborgs Auktionsverk

AB and Göteborg Pantbelåning AB.

Chairman of Företagarna i Göteborg.

Holdings: option to buy 200 shares.

*Carl Eric Stålberg*

Deputy President of Sparbanken Sverige until 24 January 1996.

Holdings: option to buy 300 shares.

**Employee Representatives***Björn Nykvist*

Sparbanken Sverige. Born 1951. Elected

1995. Other directorships: Chairman of

the Guldeken Foundation.

Holdings: option to buy 300 shares.

*Carina Raderman*

Sparbanken Sverige. Born 1949.

Elected 1993.

Holdings: –

**Auditors***Ulf Egenäs*

Authorized Public Accountant, Deloitte &amp; Touche AB.

*Olle Gumarsson*

Authorized Public Accountant, Öhrlings

Coopers &amp; Lybrand AB. Appointed by

the Swedish Financial Supervisory

Authority.

*Torbjörn Hanson*

Authorized Public Accountant, Ernst &amp; Young AB.

*Per Nilsson*

President of Varbergs Sparbank.

*Christian Westrup*,

B.L.L.

**Deputy Auditors***Olof Cederberg*

Authorized Public Accountant, Ernst &amp; Young AB.

*Jan Larsson*

Authorized Public Accountant, Deloitte &amp; Touche AB.

*Valdemar Lövhagen*

President of Sparbanken in Lidköping.

*Jan Åkesson*

President of Sparbanken in Enköping.

The stockholdings and optionholdings shown relate to the holdings of the individuals and their family and related interests.

<sup>1</sup> Member of the Board of Directors' Credit and Capital Market Committee.

<sup>2</sup> Member of the Board of Directors' Finance Committee.

<sup>3</sup> Member of the Board of Directors' Audit Committee.

<sup>4</sup> Member of the Board of Directors' Security Committee.



Nils Stormby

Göran Collert

Reinhold Geijer

Bo Forslund



Marianne Stoltz Quick

Monica Ulfhielm

Per Molin

Per-Göran Nyberg

Carina Raderman

Björn Nykvist



Bertil Håkansson

Ronald Bergman

Kaisa Bratt

Madeleine Ramel

Kurt Lodenius

Göran Ahlström



Lillemor Smedenvall

Monica Sundström

Håkan Tidlund

Bengt Rosén

Hans Olsson

Olov Lydén

**Executive Management***Reinhold Geijer\**

President and CEO. Born 1953. Employed since 1985.

Holdings: 4,000 shares and option to buy 300 shares.

*Gunnar Andersson*

Head of Corporate Communication and Marketing.

Born 1939. Employed since 1992.

Holdings: 1,000 shares and option to buy 300 shares.

*Sören Andersson\**

Head of Bank Development.

Born 1945. Employed since 1969.

Holdings: option to buy 300 shares.

*Peter Carrick\**

Head of Development of Markets and Products.

Born 1952. Employed since 1979.

Holdings: option to buy 300 shares.

*Lars Eklund*

Head of Savings Bank Zone Stockholm and Sparbanken Sverige Corporate Unit.

Born 1945. Employed since 1989.

Holdings: option to buy 300 shares.

*Gert Engman*

Head of Savings Bank Zone West

Born 1949. Employed since 1993.

Holdings: option to buy 300 shares.

*Göran Gunnarsson\**

Head of Savings Bank Zone Central.

Born 1943. Employed since 1984.

Previously employed 1966-1978.

Holdings: 100 shares and option to buy 600 shares.

*Lars-Erik Kvist\**

Deputy President.

Chief Credit Officer. Head of Legal and Security.

Born 1945. Employed since 1974.

Holdings: option to buy 300 shares.

*Håkan Källåker\**

Head of Swedbank Markets.

Born 1949. Employed since 1990.

Previously employed 1980-1989.

Holdings: 500 shares.

*Jan Lidén\**

President of AB Spintab.

Born 1949. Employed since 1990.

Holdings: option to buy 300 shares.

*Nils-Fredrik Nyblæus*

Head of Finance and Accounting.

Born 1951. Employed since 1991.

Holdings: option to buy 300 shares.

*Ingrid Persson*

Head of Personnel.

Born 1948. Employed since 1994.

Holdings: -

*Birgitta Schött*

Head of Savings Bank Zone North.

Born 1937. Employed since 1975.

Holdings: option to buy 300 shares.

*Bengt Skoghund*

Responsible for relations with Local Savings Bank Units. Born 1933.

Employed since 1991. Previously

employed 1955-1986.

Holdings: 1,000 shares and option to buy 300 shares.

*Lars Strandberg*

Responsible for the Group's restructuring work/effectivization

and rationalization projects.

Born 1935. Employed since 1993.

Holdings: option to buy 300 shares.

*Göran Theodorsson*

Head of Savings Bank Zone South.

Born 1948. Employed since 1969.

Worked in Spadab 1969-1980.

Holdings: option to buy 300 shares.

*Lars-Olof Ölund*

Head of Group Finance and

Specialbanken.

Born 1937. Employed since 1993.

Holdings: 2,000 shares and option to buy 300 shares.

## Co-opted Member:

*Valdemar Svensson*

Head of Spadab.

Born 1943. Employed since 1988.

Holdings: -

**Internal Audit***Judith Sand*

Head of Internal Audit.

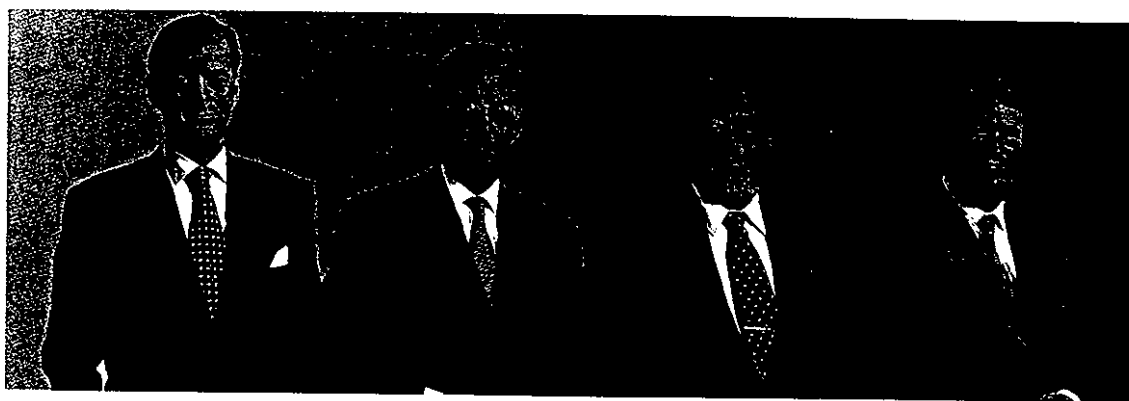
Born 1942. Employed since 1985.

Holdings: option to buy 300 shares.

The stockholdings and optionholdings shown relate to the holdings of the individuals and their family and related interests.

\* Member of the Executive Management Working Committee.





Reinhold Geijer

Lars-Erik Kvist

Sören Andersson

Peter Carrick



Gunnar Andersson

Göran Gunnarsson

Ingrid Persson

Lars Eklund

Gert Engman



Håkan Källåker

Birgitta Schött

Nils-Fredrik Nyblæus

Jan Lidén

Göran Theodorsson



Lars Strandberg

Lars-Olof Ödlund

Bengt Skoglund

Valdemar Svensson

Judith Sand

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*The pictures in this Annual Report are taken from Sparbanken Sverige's activities during the Fall and from the launch in Winter and Spring of a new private client market concept. Photographer: Jonas Karlsson. Other photographs: Anders Rising*

*Production: Wildca. Print: Tryckcentra AB, 1996*



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*Swedbank*

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