

FC 11233



Swedbank



Annual Report 1994



MB
031589
E18

Annual General Meeting

The Annual General Meeting of Swedbank will be held in Berns' Salonger, Berzelii Park, Stockholm on Thursday April 6, 1995 at 1pm.

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) not later than Monday March 27, 1995, and must notify the Legal Department at the Bank's head office, Brunkebergstorg 8, S-105 34 Stockholm, Sweden, telephone: Int +46-8-790 19 79, or fax: Int +46-8-790 27 77 of their intention not later than 3pm on Monday April 3, 1995.

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. The stockholder must notify the nominee hereof in good time ahead of March 27, 1995.

Dividend

The Board of Directors recommends full dividend for the preferred shares and SEK 1.75 per common share. April 11, 1995 will be proposed as record day. Should the Annual General Meeting pass a resolution in accordance with the recommendation, it is expected that the dividend will be paid through the Swedish Securities Register Center on April 20, 1995.

Financial Information

Over the next 12 months, Swedbank expects to publish result reports on the following dates:

May 12	Interim Report January-March 1995
August 24	Interim Report January-June 1995
November 16	Interim Report January-September 1995

It is anticipated that the Preliminary Accounts Report for the 1995 full-year will be published in mid-February 1996.

The reports and Annual Report can be requested from the nearest Swedbank branch or from Swedbank, Investor Relations, telephone: Int +46-8-790 10 00 or fax: Int +46-8-723 71 32.

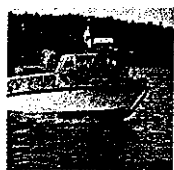
Contents

1	1994 Summary
2	The President's Review
6	External Conditions
8	History
9	The Savings Banks Sector
10	This is Swedbank
17	Four-Year Summary
18	Swedbank
22	Spintab
24	Sparbanken Finans
25	Fastighets AB Tornet
26	Other Subsidiaries
27	Associated Companies
28	Capital Stock and Ownership
31	The Board of Directors' Report
42	Accounting Principles
45	Statement of Income
46	Balance Sheet
48	Notes
60	Proposed appropriation of income
61	Report of the Auditors
62	Board of Directors and Auditors
64	Executive Management
66	Definitions
	Addresses

In this English version of the Annual Report "Swedbank" refers to Sparbanken Sverige AB and "Swedbank Group" or "the Group", to Sparbanken Sverige AB and its subsidiaries.

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.

94



Swedbank reported a significant earnings improvement in 1994, an operating result of SEK 4,064M compared with a loss of SEK 3,665M in 1993. The result includes capital gains of SEK 1,578M

from the sale of 90 percent of the formerly wholly-owned subsidiary, Robur Kapitalförvaltning, which was sold to independent savings banks. Swedbank has an option to repurchase half of the sold shares.

Swedbank was provided with an additional SEK 2,080M in stockholders' equity in a new share issue without right of preference for existing stockholders.

The new share issue combined with the sale of common stock from Swedbank's principal owners, the eleven Savings Bank Foundations, broadened the Bank's ownership circle to include several Swedish and international institutional investors.

The Bank acquired from Folksam 50 percent in the insurance companies, SparLiv and SparFond. The Bank's acquisition constitutes a step in Swedbank's investment in the private insurance market.

A share savings account was launched ahead of the planned stockmarket introduction during the second quarter of 1995. At the year-end approximately 250,000 share savings accounts had been opened with a total balance of more than SEK 1.8 billion.



Employees, Board Members and elected representatives within the Swedbank Group as well as the independent savings banks were offered the opportunity to become part-owners in Swedbank through an option program which

was initiated by Sparbanksstiftelsernas Förvaltningsbolag. Nearly half of those entitled to do so acquired call options equivalent to approximately 2.3 million common stock.



In Fall 1994 the Board of Directors decided to implement a cost-savings program of SEK 800M during 1995 and 1996.

The Bank participated in a new share issue in Aktia Bank in Finland, and subscribed shares for FIM 30M. Swedbank thus became the third largest owner in Aktia Bank with 7.5 percent of the votes.

Parts of the Group's property holdings in Stockholm were restructured and, as a result of this, the Bank made a capital gain of SEK 320M.

In January 1995 a modernized and nationwide telephone bank, Sparbanken Direkt, was launched. This will increase the customers' access to the Bank and its services and support the branch office operation.

Key figures, Group

	1994	1993	1992	Pro forma 1991
Earnings per common share, SEK	13.81	-11.88	-11.29	-2.10
Dividend per common share, SEK	1.75	0	0	0.40
Adjusted equity per common share, SEK	62.28	46.13	65.22	79.25
Operating income before loan losses, SEK M	7,854	8,066	6,849	5,919
Loan losses, SEK M	3,790	11,731	18,509	10,159
Operating result, SEK M	4,064	-3,665	-11,660	-4,240
Lending, SEK M	379,120	399,068	419,401	426,355
I/E ratio before loan losses	1.96	1.98	1.74	1.61
Provision ratio for doubtful claims, %	59	61	53	n/a
Capital adequacy ratio, %	12.7	9.3	9.3	8.9
Primary capital ratio, %	6.9	4.7	5.7	5.9
Number of employees	9,901	10,639	11,945	13,228
Number of branches	624	660	700	n/a

Definitions: see pages 30 and 66.

1994 became the turning point for Swedbank. In

March 1994 the last phase was carried out in the recapitalization plan for the Bank through a new share issue for more than SEK 2 billion to international and Swedish institutions. The whole recapitalization plan had then added a total of SEK 8 billion to the Group. As a result, the Group attained satisfactory capital adequacy without any need for Government support measures to be implemented. The Bank is now out of the financial crisis which began in the Swedish banking industry in 1990. The crisis was at its deepest at the 1992/93 turn of year, when the collapse in the hard currency policy had caused the Bank's customers large losses in addition to the problems created by the then two-year old real estate crisis.

1994 was also the first year in its three-year history that Swedbank was able to report a profit. Even if capital gains of a non-recurring nature from the sale of 90 percent of the shares in Robur and the divestment of various properties are excluded, operating income exceeded the expectations which the Board of Directors and the Executive Management had a year ago, when the spread of shares was accomplished. The outcome for 1994 was SEK 2.2 billion before the aforementioned capital gains of SEK 1.9 billion.

Results

Despite the positive earnings trend, 1994 was not a favorable year on the credit market. The deep crisis in the Government's finances with record growth in the national debt has placed a heavy burden on the financial markets. The rise in long-term interest rates was one of the largest increases in Swedish history. Even if the general situation in the economy has stabilized slightly, loan demand has remained weak. This, combined with increased competition on the deposit side, has also brought about reduced interest margins for the entire bank market and also for Swedbank. That interest margins would reduce, partly because of stiffer competition, had been assumed since the Bank was formed in 1992. To that ex-

tent, the trend in 1994 is a confirmation of our previous assumptions.

The turnaround in the 1994 result – from a loss of SEK 3.7 billion in 1993 to a profit of SEK 4.1 billion in 1994 – is a consequence of a decrease in loan losses to SEK 3.8 billion from SEK 11.7 billion in 1993. Lower short-term interest rates and some stabilization in the economic situation contributed to the lower loan losses.

The result also includes income of approximately SEK 1.6 billion from the sale of shares in Robur to independent savings banks, and of approximately SEK 0.3 billion from the sale of real estate. The sale of Robur was part of the recapitalization plan. Robur's funds still form an important component of the Bank's product supply, and it is the Bank's intention to become once again the majority owner of the company. The capital gain on the sale of real estate arose in connection with a major property transaction aimed at concentrating Swedbank's real estate holding in Stockholm to the Gallerian block and to the Spadab property on Stora Essingen.

Merger completed

During 1994 the decisions which were made in 1992 regarding the merger and foundation of Swedbank were completed. Thus, the merger into one bank has been achieved, a decentralized organization with 130 Local Savings Bank Units has been established and the decision to cut costs by SEK 2 billion in fixed monetary value until end-1994 has been realized. What is also important is that we have been able to convert to a common computer system and,





Göran Collert, President

from the 1993/94 turn of year, have begun using a uniform financial monitoring system within the Bank. On the marketing side, we were able to achieve a new and uniform deposit account structure as early as Fall 1993.

The continued work of change within the Group is aimed at increasing efficiency and therefore reducing costs as well as improving the integration of and collaboration between our valuable branch network – the most comprehensive bank distribution network in Sweden – and the central product units, Spintab, Robur, Swedbank Fondkommission, Sparbanken Finans, SparLiv and SparFond. These changes will create conditions for even better customer orientation and, as a full-range bank, meeting competition from various niche players on the banking market in the future.

As a complement to the branch network operation in an increasingly competitive market, the Bank at the 1994/95 turn of year established a modernized and nationwide telephone bank. In addition, the Bank has strengthened its competitiveness through in-

creased efforts in the insurance sector, including the acquisition during the year of a 50 percent stake in SparLiv and SparFond.

Process of change continues

In Fall 1994 the Board of Directors considered the guidelines for the continuation of the process of change. The main components will be:

- ✦ Increased expertise and customer-orientation in the branch office network.
- ✦ Completion of the Bank's two-tier philosophy which has already involved the winding up of the former regional head offices. A not inconsiderable proportion of the cost savings of SEK 2 billion until 1994 has its origin in this winding up process.
- ✦ Improved integration between the central functions and the branch office operation to ensure that our customer relation and service will strengthen. The integration work also aims at an effectiveness of the business processes between the central units and the branch office organization.

The Board has decided that the continued

process of change will create conditions for further cost savings of approximately SEK 800M in fixed monetary value until the 1996 year-end. In a first stage, these savings will be achieved through effectivization within the Group's staff and service functions and through the removal of any work duplication which remains. At the same time, a review will be made of the business processes. The cost savings which are now on the agenda are in addition to the previously implemented saving of SEK 2 billion. The necessity of continued effectivization is well illustrated by the increased competition on the banking market during 1994 and its influence on, among other things, the banks' interest margins.

Market-oriented pricing

A vital component in the Bank's change in marketing strategy is our pricing philosophy which simply means that the Bank's customers will pay in relation to the benefits provided by the Bank's products and services. Regulations on the banking market spanning several decades, however, have created a price scenario which differs from a market-oriented approach with subsidies between different products and between different customer groups.

In order to create fairer pricing in line with our long-term pricing philosophy, the Bank launched the Eken concept in 1993. This involves the pricing of individual transaction ser-

vices combined with a discount to the Bank's full-range customers. This first step in an adaptation to a new price philosophy has meant fairer prices between different customer groups, a rationalization of among other things the use of cheques, and increased income on transaction products which have been used particularly for improved interest compensation on long-term deposits with the Bank. Swedbank will proceed with market-orienting its pricing. This is necessary not least for competitive reasons as newly-established niche banks will otherwise offer better compensation than the established banks on individual savings products.

Furthermore, various commission revenues are expected to increase as a result of anticipated additional sales, particularly of various savings products (units in mutual funds, insurance, retail bonds, stocks, etc). Here, Swedbank has a good starting point given its strong customer base.

Planned stockmarket introduction

For 1995, it is planned to make Swedbank into a listed company. The stockmarket introduction is intended to take place in connection with the Savings Bank Foundations' selling shares from their jointly-owned management company for approximately SEK 3 billion on the market. The sale of shares is planned to take place during the second quarter of 1995.

The background to this planned share sale is that the Savings Bank Foundations raised loans with the Government as guarantor in connection with the solving of the crisis in Sparbanken Första in 1991/92. A first reduction of the Government's guarantee liability took place in connection with the sale of shares by the Savings Bank Foundations in Spring 1994. Through a sale of shares in the Bank during the second quarter of 1995, the Foundations intend to reduce still further their liabilities and thus the Government's guarantee responsibility.

Against the background of the debate regarding the banks which was conducted in 1994, it may be important to note that Swedbank never needed to obtain any financial assistance from the Government to solve the acute capital crisis in 1993. However, the Gov-



ernment's support in 1992 for a solution of the crisis in the former Sparbanken Första contained an interest subsidy to the Sparbanken Första Foundation, equivalent to approximately SEK 1 billion.

In preparation for the stockmarket introduction and the Foundations' sale of shares, the Bank launched a share savings account in 1994. The opening of a share savings account did not involve any commitment to acquire stock. However, customers planning to buy shares have been able to allocate funds in advance and, in addition, holders of share savings accounts will be given priority to at least two-thirds of the stock in the sale. At 1994 year-end a total of approximately 250,000 share savings accounts had been opened with a total balance of more than SEK 1.8 billion.

Confidence for 1995

As already established, 1994 was an important turning point for the Bank from a result viewpoint, which is also reflected in the recommendation of the Board of Directors for a dividend per common share of SEK 1.75.

What then are the earnings expectations for 1995? Let me first state that the crisis in the Government's finances creates uncertainty on the financial markets. There are risks for fluctuations in interest rates as well as exchange rates. In addition, the national debt crisis is affecting the domestic economy. The development, both directly in the households and in the housing sector, risks contributing to yet another year of weak loan demand. We therefore have good reason to continue to exercise some caution in evaluating results in the short term. At the same time, the rise in household

savings in recent years, which can be seen as an expression for the concern which people have for the future, also leads to positive effects on the result. Our traditionally strong standing with regard to household savings generates steadily growing commission income through the various investment products.

Liquidity in the banking system has increased in recent years as a result of the large budget deficits and weak loan demand. The Group applies a cautious investment policy and maintains an overall high liquidity. Some redistribution in the investments of surplus liquidity took place during the second half of 1994 and involved a strengthening of the Group's net interest income.

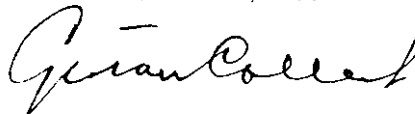
On an evaluation of the earnings trend for 1995, the additional measures which are being implemented to reduce costs should also be taken into account. These have already been commented on.

Loan losses are still difficult to assess, not least because the general economic situation is so uncertain. Criteria should however exist for slightly lower loan losses in 1995.

All in all, we anticipate that the 1994 result, excluding capital gains, will be exceeded in 1995.

Finally, I should like to extend my hearty thanks to every member of staff whose contribution has been absolutely decisive in enabling us to report a positive result for the first time.

Stockholm, March 9, 1995



Göran Collert

A rise in international interest rates began in February 1994, when the US Federal Reserve started to raise short-term interest rates in order to reduce inflationary pressures in the US economy. US long-term interest rates increased and although most European countries found themselves in a completely different economic situation to that of the United States, European long-term interest rates also rose.

The Swedish long-term interest rates rose significantly, partly as a result of the international trend and partly because of an increasing concern at the rapidly growing national debt and the ability of the political system to come to terms with these problems. The interest rate for the five-year Government bond rose from 6.3 percent in January to 10.5 percent in December. Short-term interest rates also rose during the year as a consequence of the Central Bank of Sweden's (Sveriges Riksbank) attempts to bring under control the inflationary impulses resulting from the weak SEK.

A glimmer of light for the Swedish economy

The substantial increase in interest rates and the negative trend in Government finances dominated the Swedish economy during 1994. Some negative trends in the Swedish economy, however, were broken during the year.

In 1994 the number of available jobs rose by around 30 percent compared with 1993. However, the increase took place from an historically low level. The number of redundancy notices also fell by nearly 70 percent, although from an abnormally high level. Even if unemployment remains high from a Swedish perspective, positive signals which point to increased employment thus exist.

The number of bankruptcies decreased in 1994 and was approximately on par with 1990 at the year-end. This contributed to a substantial decrease in loan losses which was the main reason why the results of Swedbank and most other Swedish banks improved during 1994. Preliminary information indicates that loan losses in the Swedish banking system nearly halved during 1994 compared with 1993.

Weak banking market during 1994

The banks' underlying earning capacity has deteriorated. Net interest income of the majority of

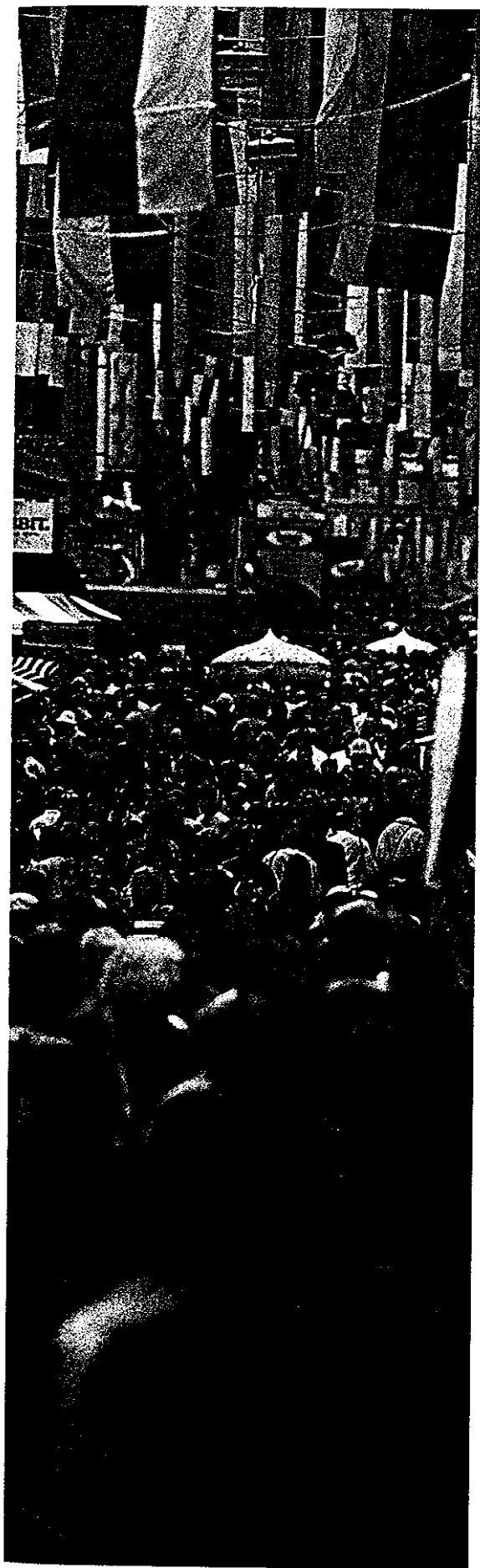
Swedish banks is decreasing in line with shrinking interest margins and falling loan volumes. The reason for the fall in lending is, among other things, that demand for loans from households has remained weak. Savings within the household sector have increased very considerably over the past five years, mainly through the amortization of liabilities. This development should be seen against the background of continued falling disposable income as a result of cuts in allowance levels and increased taxes. The households' consumption and loan demand is therefore expected to remain weak during 1995. The savings quota should remain high in the future as cuts in the transfer system have increased the demands on individual savings. A consequence of the weak domestic demand is that construction of new housing will probably remain low during 1995.

Towards the end of 1994 the first signals came that the previous decrease in the households' demand for loans had leveled out. During the latter part of 1994 the banks' lending to the household sector showed some stabilization for the first time in five years. At the same time, demand increased for loans from the corporate sector whose investments are likely to continue to rise despite high interest rates. From an historic perspective, however, the investment quota is expected to remain weak during 1995.

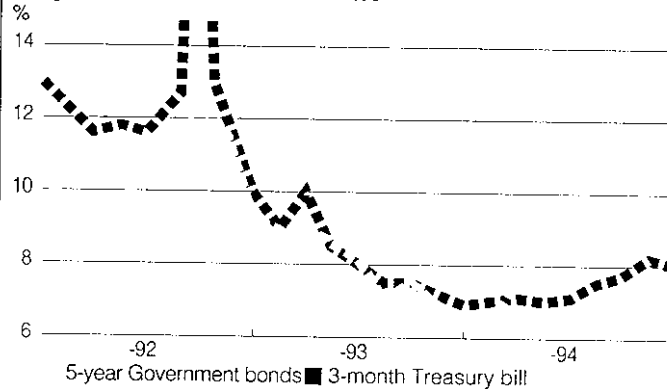
Economic policy decisive

The importance of political decisions for the Swedish economy will be accentuated during 1995, in particular, in coming to terms with unemployment and rationalizing public sector finances. The confidence of the outside world in the ability of politicians as well as its confidence in the Central Bank's inflation targets being met will be decisive for interest rates as well as for the SEK rate. As long as the imbalances remain, the financial markets will be characterized by uncertainty and this could result in concern about foreign exchange and interest rate disturbances.

While the export industry is moving towards a profitable year, the domestic market is preparing itself for continued difficulties. A limited rise in loan demand, as well as increased competition for household savings, will most probably result in a further decrease in the banks' interest margins.



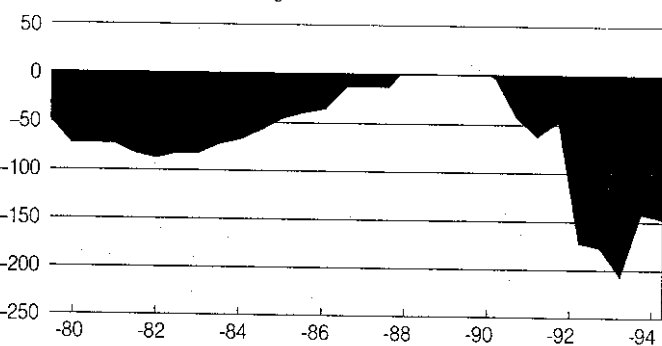
Long and short market interest rates



Source: Swedbank

The Government's Budget balance

SEK billion, rolling 12-month figures



Source: RRV

Total unemployment

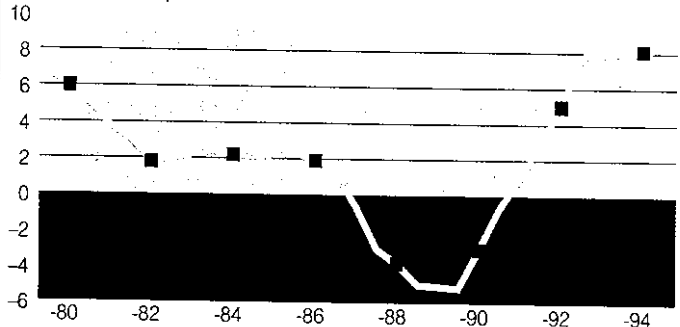
1,000 persons



Source: SCB; AMS

Household savings quota

Proportion of disposable income



Source: SCB

History

The Swedish savings bank sector is gathered around the original savings bank concept – to promote long-term savings and investments. This concept has permeated the operations of the savings banks dating back to the establishment of Sweden's first savings bank in Gothenburg in 1820.

Household deposits have always been the foundation stone of the operations as well as the savings bank's character as the people's bank. More than a century after the formation of the first savings bank, there were nearly 500 savings banks in Sweden.

The first commercial bank was formed in 1848. The division between commercial banks and savings banks became clear early on, when the operations of the savings banks were oriented towards household deposits with certain limited lending to housing, agriculture and municipalities. The bulk of the savings banks' surplus liquidity was invested in bonds or with the commercial banks.

In 1942, the savings banks in Sweden formed a jointly-owned commercial bank – Sparbankernas Bank. Sparbankernas Bank came to act as a clearing bank for Sweden's savings banks and to provide business support with regard to securities operations, international business, and in the corporate area in general.

During the 1960s, mortgage finance became one of the most important growth areas for the savings bank sector, partly because of the Government's "million program". In 1958 Sparbankernas Bank set up Spintab which came to account for a growing part of the savings banks' housing finance.

In 1969 new banking legislation was introduced which placed the operations of the savings banks and the commercial banks on an equal footing and, among other things, gave the savings banks the right to provide corporate loans. In collaboration with Sparbankernas Bank, during the 1970s the savings banks started the development of new products and a build-up of new expertise. During the 1970s, subsidiaries of Sparbankernas Bank were also established for the purpose of providing special financing. These companies formed the foundation for Sparbanken Finans.

During the 1960s and 1970s, the number of savings banks in Sweden decreased, mainly as a result of the creation of county savings banks.

During the 1980s Sparbankernas Bank established itself as one of Sweden's major players in the money market and capital market.

The formation of Sparbanken Första at the beginning of the 1980s became the origin of a long line of major savings bank mergers through which a number of regional banks were formed. One result of these mergers, which were carried out without any coordination, was increasing competition between savings banks. Instead of greater efficiency for the savings bank sector as a whole, the mergers resulted in cost increases without a corresponding rise in revenues.

Formation of Swedbank

Towards the end of the 1980s, the new situation in the financial markets – partly as a consequence of the extensive deregulation in the mid-1980s – was deemed to require a more united savings bank movement. In 1989, an initiative was therefore taken to establish a nationwide bank in the form of a limited liability company in order to facilitate funding and to be able in the long term to attain a spread of ownership.

Sparbanksgruppen AB was formed at the end of 1991 as a holding company of a Group which consisted of the Sparbankernas Bank Group and ten regional savings banks which at the same time were transformed into limited banking companies. Shortly thereafter, a decision was made to form Swedbank. The companies included in the Sparbanksgruppen AB Group and Sparbanken Första AB were merged into Sparbankernas Bank, the name of which was changed to Sparbanken Sverige AB (Swedbank) at the same time. The merger took place on December 31, 1992 with retroactive effect from January 1 in the same year.

Swedbank is now owned by eleven Savings Bank Foundations, 90 independent savings banks and a number of other Swedish and international investors.

The Savings Banks Sector

Today the savings bank sector consists of Swedbank with its subsidiaries and 90 independent savings banks.

Independent savings banks

The 90 independent savings banks in Sweden retain the original savings bank format. The difference between a savings bank and a limited banking company is partly that in accordance with legislation a savings bank must carry out its operations without any right for the founder or another party to participate in the profit. Furthermore, the operations must refer to a certain geographically-limited area. The board of a savings bank is appointed by the bank's principals, of whom half are appointed by municipalities and county councils.

The independent savings banks are linked to Swedbank in several respects. Through a collaboration agreement between Swedbank and the independent savings banks, these are given access – against remuneration – to various central functions, such as EDP systems, international operations and international funding as well as the products and services of the specialist units and the subsidiaries. The collaboration agreement also regulates the use of the joint market profile. Swedbank also functions as clearing bank for the independent savings banks. At the 1994 year-end, these banks together held 24.2 percent of the capital and 34.0 percent of the votes in Swedbank.

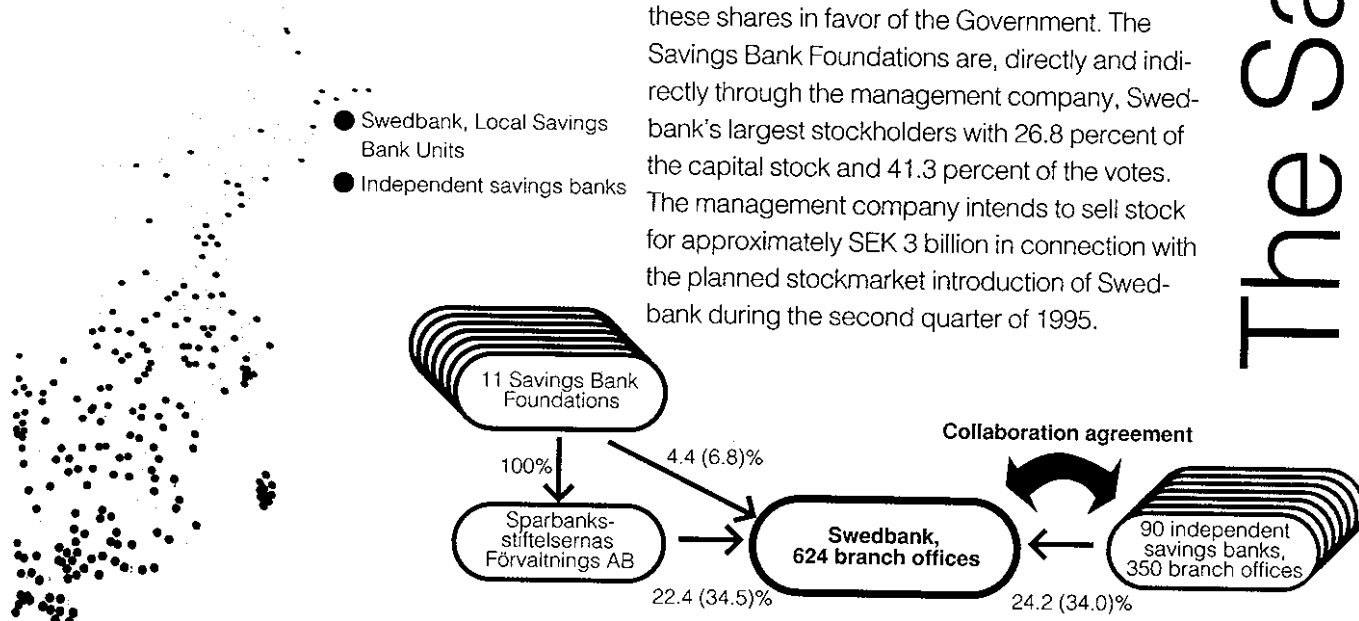
The independent savings banks have a total of approximately 350 branch offices which, with very few exceptions, are located where Swedbank has no offices. Through collaboration with these banks, the distribution capacity of the Swedbank Group is significantly strengthened. Today the independent savings banks account for up to 25 percent of the total sales of a number of the Group's products and services.

Savings Bank Foundations

The eleven Savings Bank Foundations in Sweden were formed when the eleven regional savings banks were restructured into limited liability banking companies. The principal task of the Foundations is, as stockholders in Swedbank, to promote the preservation and development of the savings bank movement's basic concepts and values.

Sparbanksstiftelsernas Förvaltningsaktiebolag

In Spring 1994, the Savings Bank Foundations formed a management company – Sparbanksstiftelsernas Förvaltningsaktiebolag – which is wholly owned by the Foundations. The Savings Bank Foundations have transferred the shares in Swedbank, equivalent to the major part of their holding, which they had previously pledged to the Government in connection with the Government's commitment for solving the crisis in the former Sparbanken Första to this company. The management company has in turn pledged these shares in favor of the Government. The Savings Bank Foundations are, directly and indirectly through the management company, Swedbank's largest stockholders with 26.8 percent of the capital stock and 41.3 percent of the votes. The management company intends to sell stock for approximately SEK 3 billion in connection with the planned stockmarket introduction of Swedbank during the second quarter of 1995.



Ownership refers to capital (and votes, respectively) at the 1994/95 turn of the year. The proposed exchange of preferred stock during Spring 1995 will involve changes in both ownership share and voting rights.

This is Swedbank

Swedbank's business concept is to be the best banking choice for private individuals and local companies as well as municipalities and nationwide organizations. 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. Swedbank should combine local proximity and personal service close to the customer with the resources and expertise of a large bank.

Strategy

Because of its large customer base and geographic proximity to its customers, the Bank holds a unique position on the Swedish financial market. These factors form the basis for Swedbank's strategy.

The future banking markets, with stiffening competition require continued effectiveness. For the Bank, this means that the two-tier organization will be developed and decision-making decentralized to the local level. The target is that in 1997 at least 95 percent of all business decisions will be taken by the Local

Savings Bank Units where the responsibility for the customer rests. Every branch will be a local financial marketplace for the Group's combined supply of services and products. The current support organization to the Local Savings Bank Units, which was necessary during the merger process, can be gradually wound-up as integration between the branches and the central units increases.

In order for the branch offices of the future to become financial marketplaces, the Bank has chosen to focus its strategy on the following areas:

- ✦ Pricing model, with all the Bank's services carrying their own costs
 - ✦ IT strategy, including standardization and automation
 - ✦ Personnel strategy, including increased expertise and incentives
 - ✦ Credit policy which, among other things, aims for long-term business relationships.
- Through a standardization of many of the Group's products and through increased automation, increased cost-efficiency is attained.

624 Branches in 130 Local Savings Bank Units

Staff Units
and Service Units

Executive
Management

Central Business Units
Specialbanken
Large Customers

Subsidiaries

Associated companies

Board of Directors

Board of Directors

Swedbank

Local Savings Bank Unit

The Group's 624 branch offices are organized in 130 Local Savings Bank Units.

Central Business Units

Central resource relating to stock, money and foreign exchange trading as well as international products and Corporate Finance.

Specialbanken

Swedbank's "Work-out" Unit.

Large Customers

Central Unit which serves large corporate and organization customers.

Subsidiaries

Spintab

Mortgage institution for long-term first mortgage housing finance.

SPS Administration AB

Owens Sparbanken Fastighetsbyrå, etc.

Sparbanken Finans

Finance company for both the private and the corporate markets.

Fastighets AB Torne

The Swedbank Group's "collateral care" company.

Swedbank (Luxembourg) S.A.

Wholly-owned bank in Luxembourg concentrating on private clients.

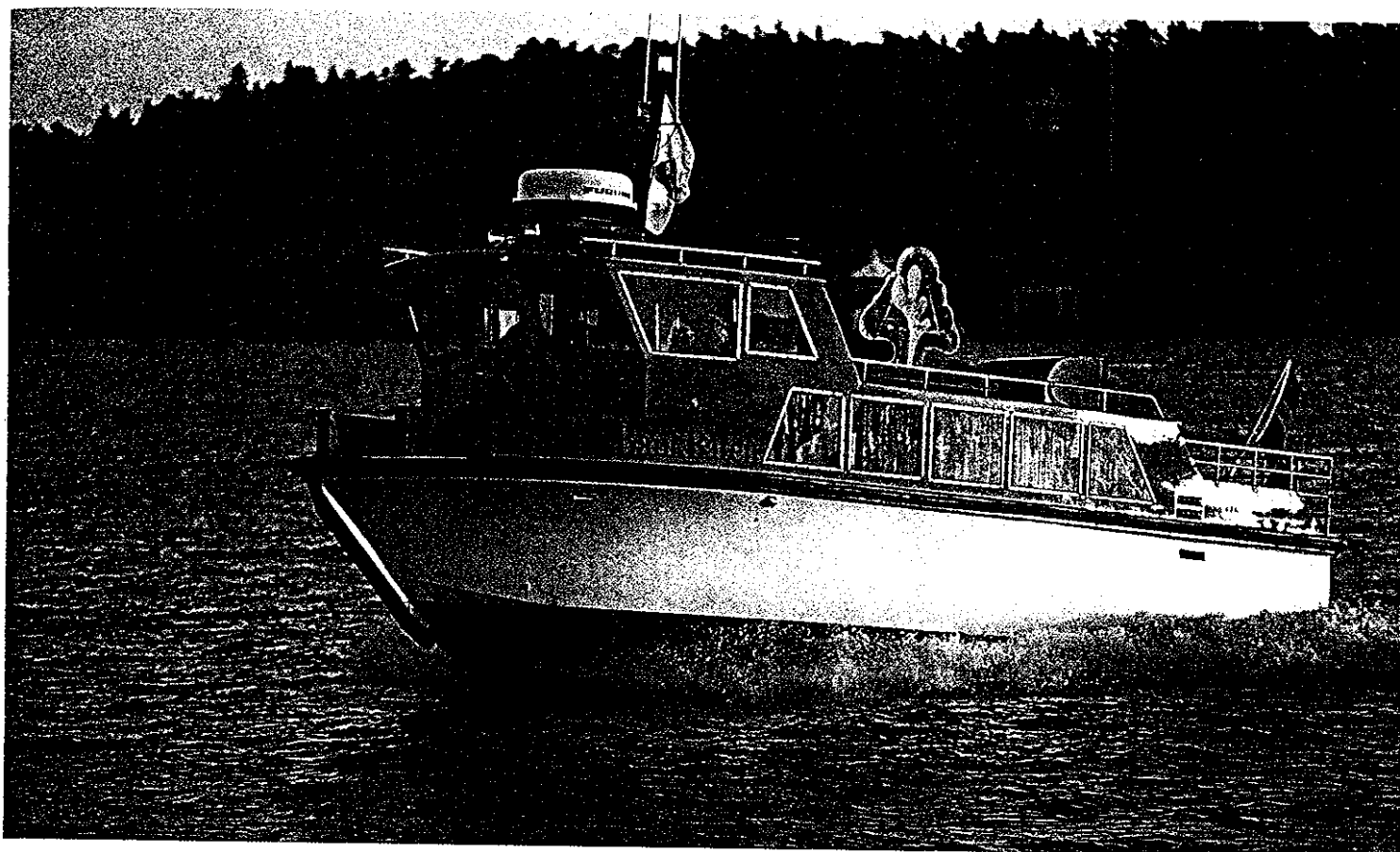
Associated companies

SparLiv and SparFond

Life assurance companies concentrating on personal insurance and capital insurance. Owned in equal parts by Swedbank and Folksam.

Robur

Company for management of securities funds. Swedbank currently owns 10 percent and the independent savings banks 90 percent of Robur.



One example of automation is the telephone bank – Sparbanken Direkt – which, in addition to accessibility, creates scope for individual advisory services as well as the sale of the Group's products and services. The central units have a significant responsibility to ensure that expertise is increased still further throughout the Group and specifically at the local level.

Central Business Units will link the substantial flows generated by Swedbank's broad customer base to the international money market, currency market and stockmarkets.

Financial targets

The target is that over one business cycle, the return on the Group's stockholders' equity after tax should exceed the average for other Swedish listed banking groups.

Operational organization

With the objective of taking maximum advantage of Swedbank's size and local roots, the operations are organized at two levels – the 130 Local Savings Bank Units with a total of

624 offices as well as specialized business and service operations, and the Executive Management.

Market orientation

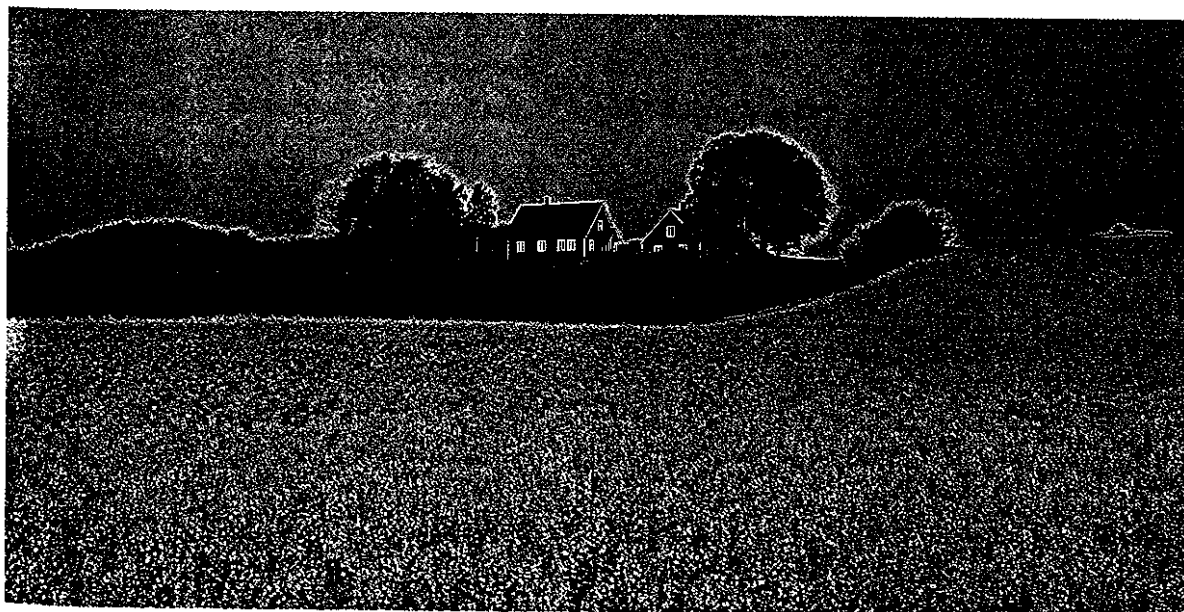
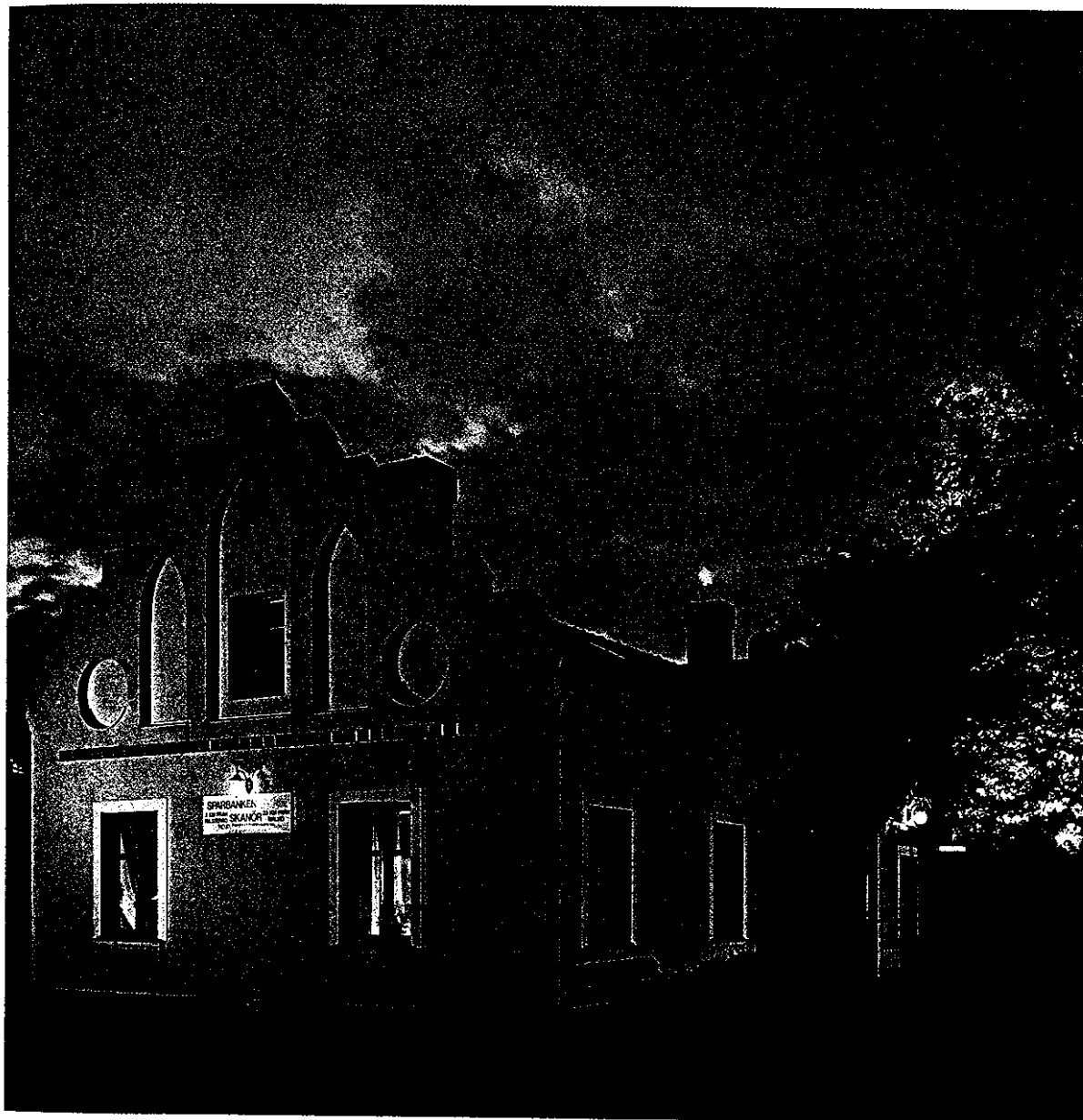
The Group's market orientation is formed around its customer base in which the prioritized customer segments consist of private individuals, local companies, municipalities and nationwide organizations. For the Group's private clients, it is mainly savings and investments and housing matters which are emphasized, as well as salary-handling and payment assignments.

The large customer base has been built up steadily and currently consists of:

- ✦ more than 4 million private individuals
- ✦ approximately 100,000 companies
- ✦ 180 municipalities
- ✦ 20 county councils
- ✦ nationwide organizations.

Private client market

The Bank provides its customers with a broad range of financial services in both the banking



Household market – market shares			
Percent	1994	1993	1992
Deposits (Bank)	24	25	26
Lending (Bank)	24	25	26
Mortgage finance (Spintab)	31	31	31
Individual pension savings	22	–	–
Retail bonds	17	14	–
Credit and debit cards	42	41	42
Fund management (Robur)	25	26	27
Household market – volume			
SEK billion	1994	1993	1992
Deposits (Bank)	97.8	96.3	100.6
Lending (Bank)	47.8	51.6	61.9
Mortgage finance (Spintab)	132.0	133.0	132.0
Individual pension savings	0.4	–	–
Retail bonds ¹	15.6	6.7	–
Credit and debit cards, number in thousands	1,697	1,525	1,460
Fund management (Robur)	52.3	51.6	34.3

¹Nominal

and insurance sectors within the framework of the Eken concept.

The Eken concept means, among other things, that some services offered by the Bank such as giro payments and cheque-handling are priced instead of being subsidized through the interest margin. In addition, the Eken concept involves discounts for customers who make use of several of the Bank's services. The Bank had a total of 925,000 Eken customers at the end of 1994.

With the objective of increasing access to the Group's services, the telephone banking service Sparbanken Direkt was launched in January 1995.

The private client market is targeted through the framework of the three marketing concepts: Savings and Investments, the Housing Bank, and Salaries and Payments.

Savings and Investments

All products which the Group is able to offer in this sector are marketed at Local Savings Bank Unit level. These consist mainly of:

- ✿ traditional bank savings
- ✿ retail bonds issued by Spintab and the Bank
- ✿ units in Robur's mutual and money market funds
- ✿ individual savings in shares and related products

✿ traditional life insurance and fund insurance through SparLiv and SparFond

✿ individual pension savings.

Increased savings among private individuals as well as the demand for alternative forms of investment to traditional bank deposits have led to a continuous development of new investment alternatives.

During the year customers showed increased interest in the Bank's long-term savings and capital savings accounts which at year-end accounted for more than half of the Bank's total household deposits. In step with the increase in the gap between short-term and long-term interest rates, interest in retail bonds also increased. At the end of 1994 Spintab had SEK 12.7 billion and the Bank more than SEK 2.9 billion nominal outstanding in retail bonds.

The Bank participated in two privatizations during 1994, AssiDomän and Pharmacia, and in both instances – together with the independent savings banks – it was the bank which the largest number of investors turned to for their stock acquisitions.

In January 1994 individual bank pension saving schemes were launched for the first time. Swedbank has acquired a market-leading position and at the year-end accounted for 22 percent of the total deposited amount. In addition to this during the year the sale of insurance policies through SparLiv and SparFond has increased.

The Housing Bank

In the private market, housing is normally the largest financial commitment for an individual. Through coordination of the Group's resources, clients' requirements within the areas linked to housing can be satisfied in a better and more focused way.

The Housing Bank concept includes Spintab's mortgage lending, the Bank's lending at variable interest rates and advisory services. Financing and advisory services are supplemented by Sparbanken Fastighetsbyrå's real estate brokerage services. The Housing Bank is being launched via special marketing points in the branch offices where the Group's full range of housing-related services is offered. An important objective is to reach those clients

of the Bank who have financed their housing outside the savings bank sector and to identify those customers of Spintab who are not yet clients of the Bank.

Spintab's share of private mortgage finance to households in Sweden amounted to 31 percent at the year-end, equivalent to SEK 132 billion. The market share has been stable in recent years. Housing finance is also an important product for the Bank. At the 1994 year-end loans against the collateral of privately-owned homes represented approximately 60 percent of the Bank's household loans.

Salaries and Payments

All the Group's salaries-handling and payment services are concentrated within the Salaries and Payments sector. The product range includes the Bank's salaries and transaction accounts, Minutenkortet, Sparbanksgiro and Sparbanken Finans charge cards and credit cards. Today Sparbanken Finans is behind slightly more than 40 percent of all credit cards and charge cards in Sweden.

Within the framework of the Eken concept, the use of cheques has been reduced by more than 90 percent over the past two years, whereas charge card transactions have increased by nearly 70 percent. Cash transactions have also reduced in number, whereas the use of the Bank's data response service has increased. The Eken concept has therefore meant new income as well as reduced costs.

In 1994 a decision was made regarding coordination of Swedbank's "Minuten" cash dispensers and certain commercial banks' cash dispensers. This means that Swedbank's

clients will be able to use the majority of other banks' cash dispensers. In the long term, this coordination will mean lower investment costs in new cash dispensers.

Corporate market

The Swedbank Group provides a wide range of products and services within the corporate market. The local companies, which operate within the Local Savings Bank Units' area of operation, have a high priority in line with Swedbank's business concept. In addition to traditional bank lending, Swedbank provides payment services both within Sweden and abroad. Sparbanken Finans offers financial services such as leasing, hire purchase and debt collection.

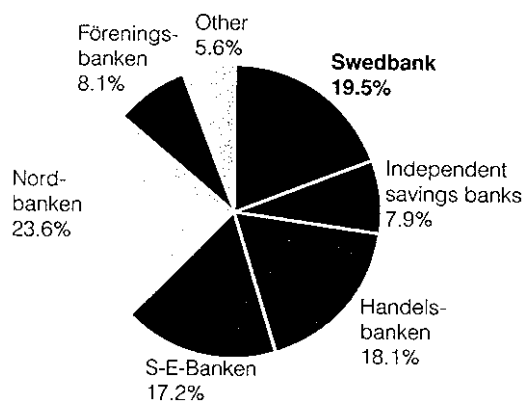
In the corporate market, two packages of services to companies were launched as early as 1993. By subscribing for a corporate package, clients receive a large number of services for an annual subscription fee. The number of corporate packages subscribed for amounted to nearly 58,000 at the year-end, an increase of 32 percent over the previous year.

Large Customers

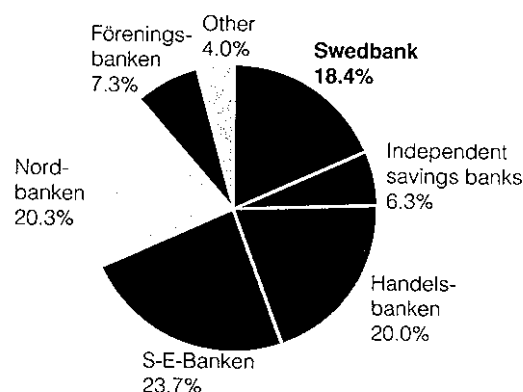
A special central unit serves the Group's major corporate and organization customers. Because of their size or operational orientation, these cannot be handled on a local market basis and are not included in the term "local companies". Large Customers' liquidity-flows and loan requirements contribute to larger volumes in the Bank which in turn generate economies of scale in the production of a large number of services.

For large companies and organizations,

**Deposits from the general public
(SEK and foreign currency)**
December 1994



**Bank lending to the general public
(SEK and foreign currency)**
December 1994





central agreements regarding financial services are also signed which lead to many Local Savings Bank Units becoming involved. Examples of this are group account arrangements and salary systems.

Swedbank traditionally has very good relations with nationwide organizations in Sweden, such as trades unions, the cooperative and church organizations. Payment services, trades union member loans and asset management are the most important products for these customers. At the 1994 year-end, Large Customers deployed more than 80 staff and was responsible for approximately 13 percent of the Bank's lending.

Specialbanken

Specialbanken consists of three Units: "Work-

Corporate market – market shares

Percent	1994	1993	1992
Bank deposits	12	11	11
Bank lending	17	18	18
Leasing	9	9	10
Hire purchase	18	20	27

Corporate market – volumes

SEK billion	1994	1993	1992
Bank deposits	20.7	18.0	17.7
Bank lending	64.1	69.4	93.5
Leasing	3.0	3.3	4.1
Hire purchase	1.3	1.4	1.8

out Companies", Aviation and Corporate. The Work-out Companies Unit handles insolvency, and exposures in which the Bank has entered into an ownership role because of loan losses that have arisen. The Aviation Unit is respons-

Municipal market – market shares

Percent	1994	1993	1992
Bank deposits	38	39	34
Bank lending	36	38	32
Mortgage lending (Spintab)	36	36	36
Municipal certificates	32	40	31

Municipal market – volumes

SEK billion	1994	1993	1992
Bank deposits	7.6	9.3	5.6
Bank lending	5.2	5.4	5.8
Mortgage lending (Spintab)	7.6	8.7	8.5
Municipal certificates*	26.1	35.0	36.6

* Amount issued during the year

ible for exposures in the area of aviation finance. These existing exposures, which amount to SEK 4.1 billion, are to be wound up.

The Corporate Unit handles exposures in which the Bank intends to develop the relationship and continue as a bank connection, but where the service provided is considered to be of such a specific nature as to require handling centrally, instead of by a Local Savings Bank Unit, until further notice. At the

1994 year-end, exposures involving a total lending of SEK 14.4 billion were handled within Specialbanken.

Municipal market

The Swedbank Group has business relations with the majority of the municipalities and county councils in Sweden. The products used by this customer category are primarily bank and mortgage lending as well as commercial paper programs on the Swedish money and capital markets. Through its extensive branch office network, the Bank is also an important partner for municipalities and county councils which make a large number of payments to private individuals.

In 1994 Swedbank accounted for approximately 36 percent of bank lending to Swedish municipalities and Spintab's share of mortgage lending to municipalities was 36 percent. During 1994 the Bank handled the salary payments of 180 municipalities and 20 county councils. The Bank's share of the municipal certificates market was 32 percent.

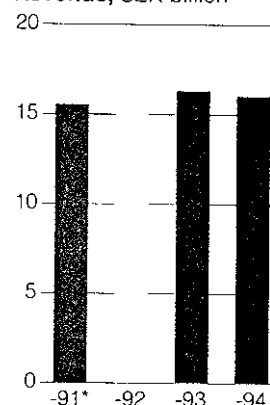


Group Summary

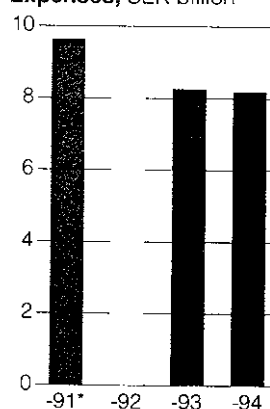
SEK M	1994	1993	1992	Pro forma 1991
Statement of Income				
Net interest income	10,377	11,348	12,719	11,731
Commissions and foreign exchange income	2,336	2,170	2,135	1,926
Other	3,329	2,813	1,284	1,909
Total revenue	16,042	16,331	16,138	15,566
Personnel expenses	4,121	4,094	4,558	4,675
Real estate and premises expenses	765	819	918	1,041
Other	3,302	3,352	3,813	3,931
Total expenses	8,188	8,265	9,289	9,647
Earnings before loan losses	7,854	8,066	6,849	5,919
Loan losses	3,790	11,731	18,509	10,159
Operating result	4,064	-3,665	-11,660	-4,240
Appropriations	-127	97	4,958	3,473
Taxes	-96	263	3,562	184
Result	3,841	-3,305	-3,140	-583
Balance sheet				
<i>Assets</i>				
Cash and cheques in course of collection	3,219	3,627	4,078	3,332
Swedish and foreign banks	14,629	17,590	29,831	39,402
Lending	379,120	399,068	419,401	426,355
Interest-bearing securities, trading portfolio	32,314	38,038	6,824	11,800
Interest-bearing securities, investment portfolio	11,282	6,364	11,309	13,662
Properties taken over for protection of claim	146	468	972	184
Other	22,990	21,773	19,882	20,789
Total assets	463,700	486,928	492,297	515,524
<i>Liabilities and stockholders' equity</i>				
Deposits	140,600	139,580	139,401	145,879
Short-term funding	15,137	21,386	26,893	41,139
Long-term funding	213,731	243,714	223,556	198,449
Other liabilities	76,506	70,445	86,824	112,525
Stockholders' equity	17,726	11,803	15,623	17,532
Total liabilities and stockholders' equity	463,700	486,928	492,297	515,524
Results				
Investment margin, %	2.13	2.26	n/a	n/a
Interest margin, %	1.87	2.00	2.08	n/a
I/E ratio before loan losses	1.96	1.98	1.74	1.61
I/E ratio after loan losses	1.34	0.82	0.58	0.79
Earning capacity on stockholders' equity, %	19.3	neg	neg	neg
Return on total capital, %	0.86	-0.75	-2.31	-
Capital				
Capital adequacy ratio, %	12.7	9.3	9.3	8.9
Primary capital ratio, %	6.9	4.7	5.7	5.9
Equity/assets ratio, %	3.8	2.4	3.2	3.4
Stockholders' equity	17,726	11,803	15,623	17,532
Loan quality				
Loan loss level, %	0.9	2.6	4.2	n/a
Share of doubtful claims, %	3.4	4.4	4.9	n/a
Provision ratio for doubtful claims, %	59	61	53	n/a
Other information				
Number of employees	9,901	10,639	11,945	13,228

Definitions, see page 66.

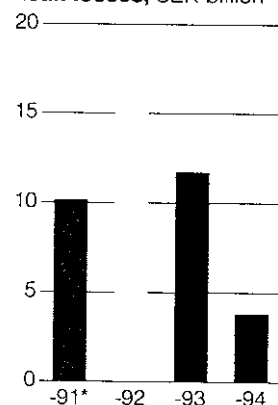
Revenue, SEK billion



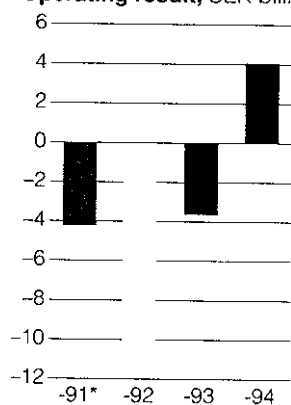
Expenses, SEK billion



Loan losses, SEK billion



Operating result, SEK billion



* Pro forma

Four-Year Summary

Swedbank

The formal structure of the Swedbank Group is shown in the organization plan below. Swedbank comprises the Group's traditional bank operations. Operations are mainly organized in two collaborating blocs – the Local Savings Bank Units and the Central Business and Service Units. In addition, there are a number of Executive Management Staff Units.

Local Savings Bank Units

The predominant part of the Swedbank Group's earnings is generated in the Local Savings Bank Units. By Local Savings Bank Unit is meant an organizational unit within the Parent Bank which acts as a virtually independent bank in its local market. However, a Local Savings Bank Unit is not a separate legal entity.

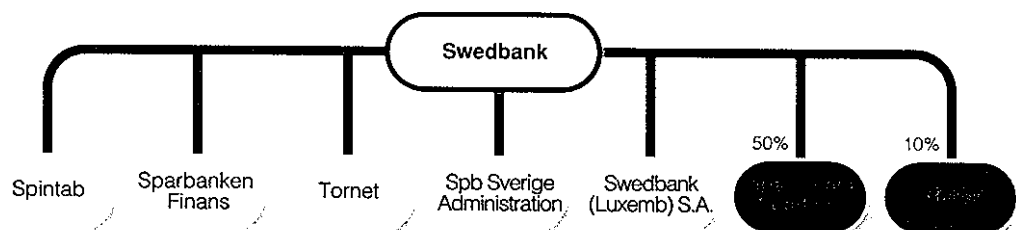
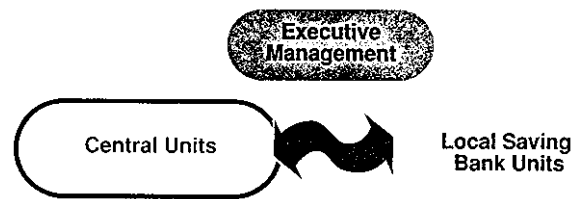
Swedbank is organized in 130 Local Savings Bank Units with a total of 624 branch offices. The size of the Local Savings Bank Units varies from a single branch office to at most 17 branches. The business volume in the smallest Local Savings Bank Units is less than SEK 1 billion and approximately more than SEK 20 billion in the largest. In total, branch office operations accounted for 64 percent of the Bank's total lending to the general public and 71 percent of the Bank's employees at the year-end.

Each Local Savings Bank Unit is headed by a President who is frequently the manager of the largest branch within each Local Savings Bank Unit. The Savings Bank Unit President reports to a specially-appointed member of the Executive Management as well as to his own board of directors.

Each Local Savings Bank Unit has its own board of directors which is appointed by Swedbank's Central Board of Directors. The

composition of the Local Savings Bank Unit's board should reflect the local market and through an extensive contact network, board members should have an opportunity to develop their relationship with private clients, local companies, and public life in general. The board's tasks include ensuring that the operations of the Local Savings Bank Unit are run in line with the Central Board's decisions. In addition, the board must continuously monitor the risk exposures and profitability of the Local Savings Bank Unit. The board's task also includes processing and examining credit matters within the framework of the loan limits delegated by the Central Board. Briefly, the loan limits mean that the largest risk exposure on a single client which a Local Savings Bank Unit may grant, following a decision by the local board, currently amounts to between SEK 5M and SEK 25M.

In addition to the traditional banking operation, the result of each Local Savings Bank Unit also reflects the subsidiaries' operations such as Spintab's lending and sales of Sparbanken Finans products. The Local Savings Bank Unit is also charged with costs for Central Units, both in the form of fixed cost charges and in the form of flexible charges, dependent on the degree of use. Local Savings Bank





Units are charged a computed cost for utilized capital.

The results of Local Savings Bank Units are thus based on Swedbank's principles for

internal auditing and are therefore not directly comparable with the result of a legally-independent bank. The result constitutes an incentive for selling the Group's total supply of products.

1994 Review for major Group companies

Company	Result before loan losses, SEK M	Result after loan losses, SEK M	Balance sheet total, SEK bn	Number of employees
Sparbanken Sverige AB	4,746	2,410	250.2	8,703
Spintab	2,600	1,642	248.0	312
Sparbanken Finans	418	435	5.9	330
Sparbanken Sverige Administration	22	22	0.3	487
Swedbank (Luxembourg) S.A.	36	17	2.2	54
Fastighets AB Tornet	27	27	6.6	15

The targets which are applied and adhered to in the internal monitoring of the result in Local Savings Bank Units are:

- ✦ earnings before loan losses per full-time employee
- ✦ loan losses as a percentage of total lending
- ✦ earnings after loan losses per full-time employee
- ✦ result before and after loan losses
- ✦ commissions and other income in relation to personnel expenses
- ✦ I/E ratio before and after loan losses.

Central Units

The Bank's Central Units consist of both Business and Service Units.

Through the Central Business Units (Securities, Treasury & Trading, International and Corporate Finance) the Local Savings Bank Units are integrated with the interest rate markets, foreign exchange markets and stock-markets. In addition to providing support for the Local Savings Bank Units, Central Business Units carry out business operations of their own, oriented towards large corporates and financial institutions. The independent savings banks have extensive business relations with the Bank's Central Units.

Securities, Treasury & Trading

These units trade in stock-, interest- and foreign exchange-related instruments. In its capacity as primary dealer and market-maker in Government securities, housing bonds and foreign exchange trading, the Bank is a major participant in these areas.

As regards stocks, the Bank is active in the creation of investment products for both private clients and institutions.

Apart from Stockholm, product sales are carried out from domestic branch offices (Gothenburg, Malmö, Umeå) as well as from the London and New York branches.

International

International comprises the International Services and International Market Units.

International Services is primarily responsible for development and production of, among other things, international payment

services, export and import finance as well as foreign exchange services to corporate and private clients of Local Savings Bank Units. International Market is responsible for risk evaluation of both countries and foreign banks.

The Bank has opted to collaborate with correspondent banks instead of building up an international network of its own. Branches are, however, located in London, New York and Luxembourg and there is also a representative office in Tokyo.

In the Nordic area, the Bank collaborates with the Danish Sparekassen Bikuben, the Norwegian Sparebanken Nor and the Finnish Skopbank within the Norden Banking Group.

Corporate Finance

Corporate Finance's operations comprise advisory services and raising capital, both interest-bearing and equity. The operation includes introductions on the Stockholm Stock Exchange and issues on behalf of already-listed companies as well as raising other venture capital for unlisted companies. Added to that are advisory services regarding acquisitions and sales of companies.

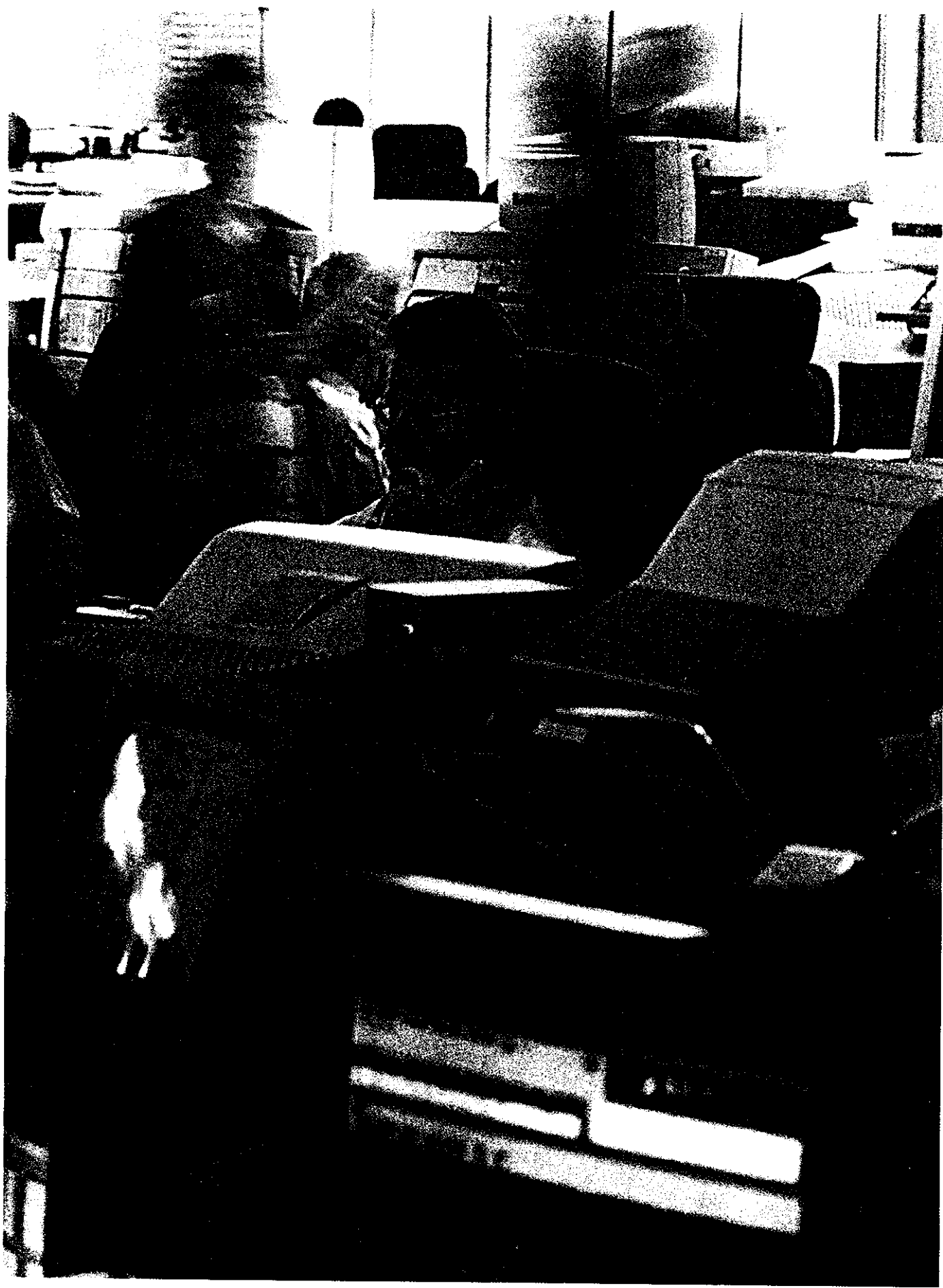
Advisory services and arranging interest-bearing financing packages relate to public issues of, for example, commercial paper and bond programs as well as placements of loans or securities direct with Swedish or international investors.

Central Service Units

The Central Service Units provide support to the Group as a whole. The Local Savings Bank Units are offered the use of the services of these Units on commercial terms.

The largest of the Central Service Units is Spadab which provides EDP services within the Group and for the independent savings banks including day-to-day service, maintenance and development.

is
s
en-
h
ck
ed
-
nd
ins
on-
ank
s
1



Spintab

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

Low funding costs and efficient administration shall enable Spintab to provide its customers with competitive loans. By placing high demands on collateral and the ability to make repayments in its lending operation, 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 Spintab, the Bank and the independent savings banks.

The Housing Bank

The Housing Bank is the common term for the Group's service to its customers with regard to housing. The Housing Bank aims to be the leading marketplace for all services within the sector in cooperation between Swedbank's branch office network, Spintab and Sparbanken Fastighetsbyrå.

Sales of Spintab's housing loans are mainly made through Local Savings Bank Units and independent savings banks.

Market review

Spintab is the largest bank-owned mortgage finance institution in Sweden with total lending of approximately SEK 241 billion, equivalent to a market share of 25 percent of the combined lending of the mortgage finance institutions. More than 90 percent of Spintab's loan portfolio refers to housing finance. Loans relating to the housing of private households dominate Spintab's loan portfolio.

Number of loans and average loan amount

At December 31, 1993 and 1994 distributed on the basis of pledged collateral:

Sector	Number of loans		Average loan amount, SEK T	
	1994	1993	1994	1993
Privately-owned homes	673,536	688,012	188	183
Condominiums	51,873	54,274	138	141
Agriculture	15,516	15,156	286	287
Multi-family buildings	22,983	25,294	2,808	2,648
Commercial buildings, other	1,831	2,173	1,655	1,603

Lending

Spintab only grants loans against collateral in real estate or against a guarantee by the Government, municipalities, banks, credit market companies or insurance companies. Loans to privately-owned homes may be granted up to 75 percent of the market value of the property. For condominiums, the upper limit is 60 percent of the market value.

The Local Savings Bank Units in Swedbank and the independent savings banks handle contacts with the customers on behalf of Spintab and handle loan applications in accordance with established guidelines.

Loan losses

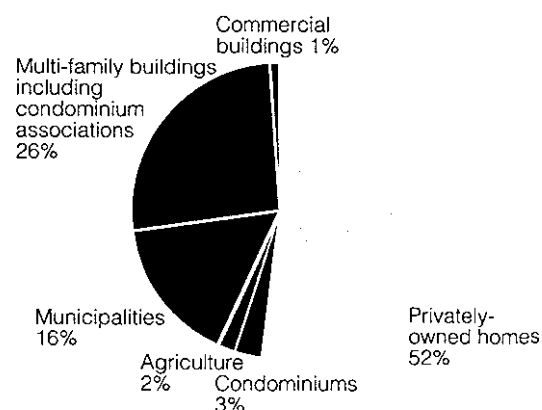
Spintab's loan losses in 1994 were SEK 958M which is equivalent to 0.4 percent of the loan portfolio. The bulk of the losses referred to loans against collateral of multi-family buildings.

During 1994, problem loans within the private client market decreased, whereas they increased with regard to loans to condominium associations.

Funding

Spintab refinances its lending by issuing bonds and other securities in Sweden and abroad. In 1994, Spintab issued bonds for SEK 45 billion. The most important buyers of housing bonds in Sweden are pension funds and insurance companies. The volume of outstanding Spintab bonds is approximately SEK 202 billion, of which SEK 22 billion is in foreign

Spintab's loan portfolio distributed on the basis of pledged collateral
December 1994



currency and SEK 9 billion in private bonds. The book value of Spintab's funding through private bonds increased from SEK 5 billion to SEK 9 billion during the year. The increase in funding on the retail bond market has mainly been used for repurchase of outstanding bonds as the demand for loans was weak during 1994. Loans in foreign currency are hedged vis-à-vis SEK.



Geographical distribution of loan portfolio

County	Share of Spintab's loan portfolio, %	The county's share of Sweden's population, %
Blekinge	1.7	1.7
Gotland	0.3	0.7
Gävleborg	3.4	3.3
Göteborg and Bohus	7.5	8.6
Halland	3.4	3.0
Jämtland	1.2	1.6
Jönköping	4.6	3.5
Kalmar	3.5	2.8
Kopparberg	3.4	3.3
Kristianstad	4.4	3.3
Kronoberg	2.3	2.0
Malmöhus	10.3	9.1
Norrbottn	2.7	3.1
Skaraborg	3.7	3.2
Stockholm	16.7	19.3
Södermanland	3.3	3.0
Uppsala	3.4	3.2
Värmland	3.4	3.3
Västerbotten	2.4	3.0
Västernorrland	1.9	3.0
Västmanland	3.8	3.0
Älvsborg	5.5	5.1
Örebro	3.4	3.2
Östergötland	3.8	4.7
Total	100.0	100.0

Loan losses distributed by category

SEK M	1994	1993
Privately-owned homes	269.2	289.0
Individual condominiums	80.1	76.5
Multi-family buildings including condominium associations	926.0	1,214.6
Agriculture	11.2	16.8
Write-down of value of repossessed properties	0.8	27.5
Sub-total	1,287.3	1,624.4
Recovery of previous actual losses	329.2	317.7
Loan losses	958.1	1,306.7

Spintab's long-term funding maturing 1995-98

SEK billion	1995	1996	1997	1998
	43	32	63	48

Five-year review

SEK M	1994	1993	1992	1991	1990
Operating income before loan losses	2,600	2,712	2,890	1,452	915
Loan losses	-958	-1,307	-1,681	-124	19
Operating income after loan losses	1,642	1,405	1,209	1,328	896
Unsettled loans and problem loans, net	5,248	5,245	4,879	3,402	1,008
Stockholders' equity	8,782	8,130	7,565	6,041	3,318
Total assets	248,050	255,941	254,419	243,641	209,980
Capital adequacy, %	15.2	14.3	12.3	8.9	5.2
of which, primary capital, %	7.9	7.2	7.0	5.4	3.5
I/E ratio before loan losses	6.0	6.6	7.1	2.3	2.1
Return on stockholders' equity, %	14.1	12.8	13.7	24.0	19.3

Sparbanken Finans

Sparbanken Finans, which is a wholly-owned subsidiary of Swedbank, 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 independent savings banks but also via retailers and delivery companies and organizations as well as through Sparbanken Finans' own sales force.

Market Review

Card market

The card market is dominated by bank-owned and supplier-owned companies. Competition within the entire card area is very keen and has increased because rôles and responsibilities for the redemption of bank card transactions have changed radically as a consequence of the new competition legislation. Collaboration with Local Savings Bank Units and with the independent savings banks creates criteria for a positive targeting of the local markets.

The number of savings bank card customers amounted to more than 1.1 million at the turn of the year. Usage, both with regard to the number of purchases per card and the number of customers who have used the card during the year, has increased significantly. During 1994 MasterCard Privat was launched. Through the introduction of this card, customers are offered a charge card with separate invoicing as a supplement to the bank card.

Corporate market

In the corporate area, competition from supplier-owned and other banks' finance companies is very keen. New players have emerged, among other things in the form of internationally-operating companies.

The final step in the total integration of Merkantil Leasing and Releasing, acquired in 1992, was taken during Fall 1994 when these two companies were merged into Sparbanken Finans.

In the second half of the year, sales increased to the extent that they corresponded with budget on a full-year basis. In the corporate sector, a number of rationalization measures have been implemented.

Operations in Kundinkasso developed positively. During late Fall, a new product – FakturaService – was launched. The service relieves companies of administrative work with invoicing and strengthens demand routines so that the flow of working capital is made more efficient.

Financing and funding

Virtually all financing is made through the Parent Company, Swedbank.

Capital adequacy

At December 31, 1994, the capital base amounted to SEK 665M. On the same date, the capital adequacy ratio was 13.0 percent, a strengthening by 0.6 percentage points compared with the situation a year earlier, a consequence of the fall in lending.

Five-year review

SEK M	1994	1993	1992	1991	1990
Operating income before loan losses	418	512	315	172	102
Loan losses	17	-172	-153	-89	-39
Operating income after loan losses	435	340	162	83	63
Stockholders' equity	581	580	513	408	333
Total assets	5,934	6,847	8,430	4,207	5,457
Capital adequacy, %	13.0	12.4	9.2	14.5	11.6
I/E ratio before loan losses	1.9	2.0	1.7	1.4	1.2
Return on equity, %	52.5	42.7	24.9	14.9	11.5

Outstanding loans

SEK M	1994	1993
Loans	2,606	2,725
Book value of leasing assets	2,778	3,481
Total	5,384	6,206

Fastighets AB Tornet was formed in 1993 to handle repossessed real estate-related property in a more businesslike manner than is possible within the framework of a traditional bank operation. The company was originally a wholly-owned subsidiary of SveaTornet AB which was a wholly-owned subsidiary of Swedbank.

In 1994 SveaTornet was merged into the Bank and Fastighets AB Tornet is therefore now directly owned by the Bank. The company is solely a collateral care company and manages properties which have been taken over by the Bank for protection of claims.

Real estate

In Tornet, there is real estate at a book value of SEK 7,192M, of which real estate outside Sweden accounts for SEK 2,618M. The lettable area is 1,617,000 m², of which 255,000 m² is outside Sweden. The number of properties totals 516, of which 27 are outside Sweden.

The vacancy ratio in Tornet's Swedish real estate holding at the year-end 1994 was 21 percent and in real estate outside Sweden 17 percent. A contributory factor to the reason the properties have come into Tornet's ownership is frequently that the properties have a high vacancy ratio.

The direct yield for 1994 of the Swedish real estate was 7.0 percent; the direct yield of properties outside Sweden was 7.4 percent. For Tornet's entire real estate holding the direct yield was 7.2 percent.

The financing of Tornet is mainly made through Swedbank.

Ownership and management

Ownership and management of the properties is handled through five regional subsidiaries in Sweden and two abroad. The companies have their own staff for management, commercial letting, control and technical management. The parent company has 15 employees with management and staff functions covering control, finance and legal matters as well as operational support for technology and project management to the regional companies.

Tornet also manages properties with a lettable area of approximately 300,000 m² which are owned by the Bank.

When the take-over process has been completed, the real estate holding is expected to amount to approximately SEK 11 billion in terms of value, and have a total lettable area of around 2,200,000 m².

For further information regarding the Bank Group's real estate, see Note 10 on page 51.

Real estate in Sweden

Location	m ²
Greater Stockholm	278,000
Linköping – Norrköping	312,000
Uppsala	84,000
Göteborg	68,000
Malmö	97,000
Others	523,000

Real estate outside Sweden

Paris	84,000
Bochum, Germany	25,000
Brussels	35,000
London	53,000
Amsterdam	21,000
Others	37,000

Other Subsidiaries

Sparbanken Sverige Administration AB

Sparbanken Sverige Administration AB, which is wholly-owned by the Bank, comprises the companies within the Swedbank Group which provide non-financial services. Four operating companies are included in the Group.

Sparbanken Fastighetsbyrå AB is Sweden's largest realtor and has more than 130 branches. Sparbanken Fastighetsbyrå reported a turnover of SEK 246M with a negative result of SEK 6M in 1994.

Mälarstaden Förvaltning AB manages residential properties and commercial properties in the Greater Stockholm area. In 1994 the company's turnover amounted to SEK 57M and operating income was SEK 5M.

The task of *Sparbanken Datainvest AB* is to provide Swedbank and independent savings banks with EDP equipment in a cost-efficient manner. The company's 1994 turnover amounted to SEK 195M and the net result for the year was SEK 18M.

Since the 1994/95 turn of year *Sparfrämjandet* is included in Sparbanken Sverige Administration AB. Sparfrämjandet's turnover and result for 1994 amounted to SEK 34M and SEK 4M, respectively.

Swedbank (Luxembourg) S.A.

Swedbank (Luxembourg) S.A. has its registered office in Luxembourg and a representative office in Nice. Its operations are concentrated on fund management and investment advisory services, primarily to expatriate Swedes. The bank's clients are mainly private individuals resident in Europe.

The bank was established in 1973 and has been a wholly-owned subsidiary of Swedbank since 1989.

The bank also sells administrative services to Robur International SICAV and to Swedbank's branch in Luxembourg.

As a step in Swedbank (Luxembourg) S.A.'s orientation towards private individuals, the bank's corporate loans have been transferred to Swedbank's branch in Luxembourg.

The bank manages funds of just under SEK 1,500M and has some 50 employees.

Key figures	1994	1993
Capital stock, LUF billion	3.0	3.0
Total assets, LUF billion	9.4	18.8
Earnings after tax, LUF M	40	6.6

SparLiv and SparFond

During 1994 the Bank acquired a 50 percent holding in SparLiv Livförsäkrings AB and SparFond Livförsäkrings AB. The remaining 50 percent is owned by Folksam.

Key figures in summary

SEK M	1994	1993	1992
SparLiv			
Premium income	519.0	471.4	493.4
Operating income	21.6	181.3	42.8
Funds for future bonuses	179.6	176.4	26.6
SparFond			
Premium income	846.5	156.8	59.7
Operating result	-5.9	16.7	-6.0

The 1994 result figures are preliminary.

SparLiv Livförsäkrings AB sells personal insurance of a traditional type, such as group life assurance, capital insurance and pension insurance.

SparFond Livförsäkrings AB sells capital insurance as an investment alternative and provides so-called change of generation solutions. The insurance policies are of a "Unit Linked" nature, which involves saving in investment funds with Robur as the principal fund manager.

Sales are made through the Bank and its client-advisors as well as through independent savings banks. From an administrative and insurance-technical viewpoint, the companies cooperate with Folksam.

The most prominent products are Sparbankens Kundförsäkring, a five-year capital insurance policy, and Sparbankens Pensionsförsäkring.

Robur

Robur, which is 10 percent-owned by Swedbank and 90 percent-owned by independent savings banks, is the savings bank sector's investment fund management company. Swedbank has an option to acquire a majority stockholding in Robur. See also page 31.

Robur offers a wide range of mutual funds and interest-bearing funds which invest in the Swedish market as well as internationally. Most important are the public savings programs (Allemansfonder) which accounted for 42 percent of total fund assets of SEK 52.3 billion at the 1994 year-end.

The subsidiary, Robur International Asset Management AB, manages a number of Luxembourg-based SICAV funds, including the Swedish Bond Fund with fund assets of approximately SEK 10 billion.

Robur has 60 employees of whom 20 work in the investment and analysis operations.

Robur's funds are marketed and sold by the Local Savings Bank Units and indepen-

dent savings banks. The company has no sales force of its own.

At year-end 1994 the share of the Swedish fund market amounted to 25 percent.

Earnings development

Robur's revenues consist primarily of management fees from the managed funds. The company's costs consist mainly of personnel and marketing expenses. For 1994 earnings before appropriations and taxes amounted to SEK 247.4M compared with SEK 160.0M for 1993. The income improvement is explained by a strong growth in average assets under management.

Funds under management

SEK M	Dec 31, 1994	Dec 31, 1993	Dec 31, 1992
Public savings programs	22,204	24,158	16,279
Swedish equity funds	14,081	10,676	6,550
Foreign equity funds	1,516	1,704	625
Bond and money market funds	2,042	2,195	2,124
Robur International SICAV funds	12,481	12,820	8,767
Total	52,324	51,553	34,345

Capital stock and ownership

Swedbank's capital stock of SEK 5,400M is divided into common stock of SEK 2,300M and preferred stock of SEK 3,100M. The preferred stock is classified in four different series, P1-P4. The common stock and preferred stock of series P4 each entitle the holder to one vote per share whereas shares of series P1-P3 each entitle the holder to one-tenth of a vote.

Spread of ownership and trading

Sparbanksstiftelsernas Förvaltningsaktiebolag (the "management company"), which is wholly owned by the Savings Bank Foundations, intends to sell a part of its stockholding in Swedbank. A sale of stock for approximately SEK 3 billion is planned to take place during the second quarter of 1995 to prepay one of the loans which the management company has raised and which have their origin in the financial crisis in the former Sparbanken Första. The Swedish Government has signed a guarantee for the loans in question and holds the management company's stock in Swedbank as collateral for its possible recourse claims.

Ahead of the planned sale of stock, the Bank has created a share savings account which gives the account holders right of preference on allocation of shares in case of oversubscription. Approximately 250,000 persons have opened share savings accounts. In connection with the sale, the Bank intends to apply for a listing of the common stock on the Stockholm Stock Exchange.

During Summer 1994 the management company issued options for a total of 2,331,900 common shares. The options carry the right to acquire common stock at a price of SEK 80 per share at the beginning of 1997. The offer was directed at employees and other persons with close links to the savings bank sector.

Trading in the common stock has been made through the Reuters system. Alfred Berg Fondkommission has quoted prices for the stock on a daily basis since September 1994. At the 1994/95 turn of year the price was SEK 50.75 per common share.

Dividend

The preferred stock carries the right of preference to dividend ahead of the common stock in accordance with what is stated in more detail in

the Bank's Articles of Association. Holders of preferred stock are not, however, entitled to compensation for non-payment of dividend in previous years.

Dividend policy

The objective of the Board of Directors is that an 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 20-30 percent of the profit after tax, provided the capital adequacy ratio of the Bank is not as a result affected in such a way that future expansion is hampered.

The Board of Directors of the Bank recommends that the 1995 Annual General Meeting resolve to pay a full dividend to the Bank's holders of preferred stock and a dividend of SEK 1.75 for each common share.

Swap of preferred shares for common shares

With the objective of making possible an exchange of preferred shares for common shares and thus simplifying the share structure of the Bank, the Board of Directors passed a resolution in February 1995 – subject to the approval of the 1995 Annual General Meeting – concerning two new share issues directed at holders of preferred stock. The exchange price for one new common share has been set at SEK 65 with regard to shares with low voting rights of series P1-P3 and at SEK 63 with regard to shares of series P4. The new share issues are conditional on – and the exchange presupposes that – the AGM on the recommendation of the Board of Directors also passes a resolution to reduce the capital stock through the redemption and withdrawal of preferred shares and on a bonus issue – the latter with the aim of ensuring that the Bank's capital stock following the exchange will amount to at least the amount that applied prior to that. The Board of Directors' recommendation as to the size of the reduction amount and the bonus issue, which depends on participation by holders of preferred shares, will be stated in the Notice of the AGM. Should holders of preferred shares not elect unanimously to participate in the exchange of shares, the Board of Directors may again raise the issue of an exchange but then on other terms.

Distribution of capital stock at December 31, 1994

Series of stock	Capital stock,		Share of capital, %	Share of votes, %
	SEK M	Votes per share		
Common stock A	2,300	1	42.6	65.5
Preferred stock 1	1,000	1/10	18.5	2.8
Preferred stock 2	500	1/10	9.3	1.4
Preferred stock 3	600	1/10	11.1	1.7
Preferred stock 4	1,000	1	18.5	28.6
Total	5,400		100.0	100.0

Development of capital stock¹

Year	Transaction ²	Price, %	Added number of shares	Accumulated number of shares	Capital stock, SEK M
1990				4,880,000	2,440
1990	New issue, P2	100	1,000,000	5,880,000	2,940
1991	New issue, Common stock	120	960,000	6,840,000	3,420
	New issue, P3	100	1,200,000	8,040,000	4,020
1992	Split 5:1		32,160,000	40,200,000	4,020
	New issue, P4	100	10,000,000	50,200,000	5,020
1993	Split 10:1		451,800,000	502,000,000	5,020
1994	New issue, Common stock	573	38,000,000	540,000,000	5,400

¹ 1990-92 refer to Sparbankernas Bank.

² The par value per share before the 1992 split was SEK 500. Following this split, the par value was SEK 100 and, following the 1993 split, the par value is SEK 10 per share.

Ownership structure

At the 1994/95 turn of year Swedbank had approximately 465 stockholders. During 1994 approximately 90 stockholders were added though the spread of ownership which took place in connection with the 1994 new share issue and share sale. The largest stockholders are shown in the following table:

Largest stockholders at December 31, 1994

Stockholders	Common stock	P1	P2	P3	P4	Proportion of capital, %	Proportion of votes, %
The Savings Bank							
Foundations	144,820,310	—	—	—	—	26.8	41.3
via Sparbanksstiftelsernas							
Förvaltningsaktiebolag	120,974,210	—	—	—	—	22.4	34.5
direct	23,846,100	—	—	—	—	4.4	6.8
Independent savings banks	17,949,980	—	—	12,500,000	100,000,000	24.2	34.0
Folksam	3,500,000	—	50,000,000	—	—	9.9	2.4
Allmänna Pensionsfonden,							
Fjärde Fondstyrelsen	8,500,000	—	—	—	—	1.6	2.4
Robur	6,115,400	—	—	15,000,000	—	3.9	2.2
AMF Pensionsförsäkrings AB	3,500,000	36,000,000	—	—	—	7.3	2.0
Försäkringsbolaget SPP							
Ömsesidigt	—	64,000,000	—	—	—	11.9	1.8
Sparinstitutens Pensionskassa	5,235,600	—	—	10,000,000	—	2.8	1.8
JP Morgan Capital Corp	5,300,000	—	—	—	—	1.0	1.5
AMF Sjukförsäkring AB	5,250,000	—	—	—	—	1.0	1.5
Tiger Management Corp	4,400,000	—	—	—	—	0.8	1.3
Konsumentkooperationens							
Pensionskassa	2,443,300	—	—	10,000,000	—	2.3	1.0
Others	22,985,410	—	—	12,500,000	—	6.5	6.8
Total	230,000,000	100,000,000	50,000,000	60,000,000	100,000,000	100.0	100.0

Distribution of stockholding at December 31, 1994

Number of shares	Stockholders		Stockholding	
	Number	%	Number	% of capital stock
1 – 1,000	113	24.3	94,260	–
1,001 – 5,000	124	26.6	298,610	–
5,001 – 10,000	30	6.5	239,990	–
10,001 – 20,000	17	3.7	236,310	–
20,001 – 50,000	25	5.4	812,230	0.2
50,001 – 100,000	14	3.0	1,009,290	0.2
100,001 –	142	30.5	537,309,310	99.6
Total	465	100.0	540,000,000	100.0

Key figures

SEK	1994	1993	1992	Pro forma 1991
Net earnings per share I	15.39	–17.21	–16.35	–4.16
Net earnings per share II	13.81	–11.88	–11.29	–2.10
Adjusted equity per common share I	62.28	46.13	65.22	79.25
Adjusted equity per common share II	63.72	–	–	–
Direct yield, %	3.4	–	–	–
Number of common shares I	230,000,000	192,000,000	19,200,000	3,840,000
Number of common shares II	278,180,702	–	–	–

Definitions

Net earnings per share I

Earnings after appropriations and estimated tax per common share. Dividend on preferred shares has been regarded as interest and has influenced the result.

Net earnings per share II

Earnings after appropriations and estimated tax per common share subject to all preferred shares being exchanged for common shares in accordance with the proposal of the Board of Directors.

Adjusted equity per common share I

Adjusted equity less the par amount of the preferred shares distributed per common share. Overvalues and undervalues after tax in the investment portfolio shall be taken into account. Dividend on preferred shares has been regarded as interest and has influenced the result.

Adjusted equity per common share II

Adjusted equity per share subject to all preferred shares being exchanged for common shares in accordance with the proposal of the Board of Directors.

Direct yield

Dividend per common share as a percentage of the price of the common share. At the 1994/95 year-end, the price in the Reuters-based trading was SEK 50.75 and the Board of Directors' proposal for dividend per common share is SEK 1.75.

Number of common shares I

Number of common shares in accordance with the accounts.

Number of common shares II

Number of common shares subject to all preferred shares being exchanged for common shares in accordance with the proposal of the Board of Directors.

Report of the Board of Directors

Swedbank is the parent company of the Swedbank Group which was formed on December 31, 1992 through mergers with retroactive effect from January 1 in the same year. The mergers, in which Sparbankernas Bank was the surviving entity, also comprised ten regional savings banks, Sparbanken Första AB and the service companies within Sparbanksgruppen AB.

At the time of formation, the Bank was a subsidiary of the holding company – Sparbanksgruppen AB – which was jointly owned by the Savings Bank Foundations. During Fall 1993 but with retroactive effect from January 1, 1993, Sparbanksgruppen AB was incorporated into Swedbank through a merger.

The year's events

Changes in Group structure

In January 1994 the Bank sold 90 percent of the shares in its previously wholly-owned subsidiary, Robur Kapitalförvaltning AB, to independent savings banks. In accordance with an agreement with the buyers,

the Bank has the right to call for repurchase of 50 percent of the sold stock at any time before January 1, 1998. If this right is exercised, the Bank must at the same time offer to repurchase the remaining stock. On repurchase, the purchase price per share will be equivalent to the 1994 selling price (i.e. SEK 180 per share) plus 12.5 percent annual interest from which any dividend from Robur to independent savings banks will be deducted (also adjusted for 12.5 percent interest). SEK 180 per share is equivalent to a total value for Robur of SEK 1,800M.

At end-April, the Bank acquired 50 percent of the shares in SparLiv Livförsäkrings AB and in SparFond Livförsäkrings AB from Folksam.

At the end of May, the captive company, SPS Reinsurance S.A. in Luxembourg, was formed as a wholly-owned subsidiary of the Bank.

The former subsidiary, SveaTor-net AB, was merged into the Bank during November following which SveaTor-net's former subsidiary, Fastighets AB Tor-net, became a wholly-owned subsidiary of the

Bank. During 1994 the Bank made an unconditional stockholder contribution of SEK 450M as well as a Group contribution of SEK 550M to Fastighets AB Tor-net. Thereafter, the equity in Fastighets AB Tor-net was SEK 259M at the year-end.

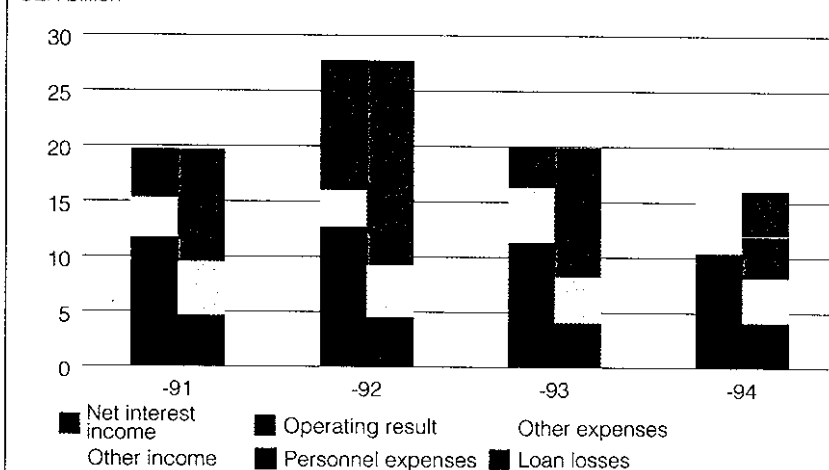
In December the Bank subscribed for stock for FIM 30M in a new share issue in the Finnish Aktia Sparbank Ab. Swedbank thus became Aktia Bank's third largest owner with 7.5 percent of the voting rights. In that connection, the banks signed a collaboration agreement.

For an account of the current Group structure, reference should be made to page 18 of this Annual Report. In addition to the subsidiaries stated therein, the Group includes AB Spafi, Transcredo AB, Swedbank Inc Delaware, Nordic Service Centre Ltd and SPS Reinsurance S.A.

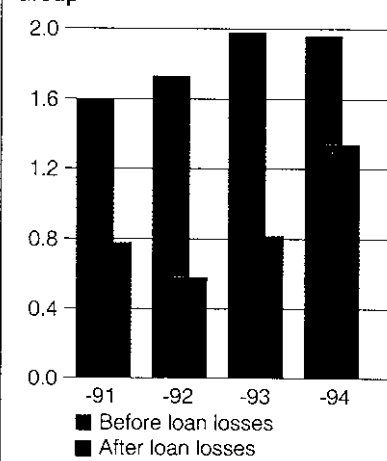
Capital base strengthened

The program for a recapitalization of the Group which was initiated during Fall 1993 was completed during the first quarter of 1994. The program was aimed at strengthening the Group's

Income and expenses, Group
SEK billion



I/E ratio before and after loan losses, Group



capital base and thereby making it possible for the Bank to withdraw its application for Government support which was submitted at the beginning of 1993. The program was implemented in four stages, of which the 1993 issues of perpetual subordinated loans by Spintab and by the Bank were the first two. Through these issues, the Group's supplementary capital was increased by a total of SEK 4,132M. In January the sale of 90 percent of Robur Kapitalförvaltning AB to independent savings banks was completed and in March a new issue of common stock in the Bank was carried out. The two latter steps strengthened the Group's primary capital by a total of SEK 3,658M.

In connection with the Bank's new issue of common stock, the Bank's principal owners, the Savings Bank Foundations, sold parts of their stockholdings in the Bank for a value of SEK 1,604M.

Planned stockmarket introduction

In February 1994 the Board of Directors of the Bank decided to aim for a listing of the Bank's stock on the Stockholm Stock Exchange during 1995. With the objective of preparing the planned stockmarket introduction, a share savings account was launched in May 1994. Holders of share savings accounts who comply with certain stipulated conditions are offered a right of preference to acquire at least two-thirds of the

stock to be sold in Sparbanksstiftelsernas Förvaltningsaktiebolag's planned sale of shares in the Bank. The share sale is expected to comprise shares at a value of approximately SEK 3 billion and is planned to take place in connection with the stockmarket introduction during the second quarter of 1995. At the year-end, there were approximately 250,000 sharesavings accounts with a total balance of more than SEK 1.8 billion.

Since September, 1994, Alfred Berg Fondkommission has quoted prices relating to the Bank's common stock in the Reuters system on a daily basis.

Increased access

In Spring 1994 the Bank entered into a collaboration agreement with Föreningsbanken, Svenska Handelsbanken and S-E-Banken with regard to joint utilization of the banks' cash dispensers. It is expected that the collaboration will begin in September 1995 and will mean that the savings banks sector's customers gain access to approximately 740 cash dispensers in addition to the existing 990 "Minuten" cash dispensers.

With the objective of increasing the customers' access to the Bank, development work has been carried out within Swedbank's telephone bank. A nationwide and more extensive telephone bank service under the name of Sparbanken Direkt was launched in January 1995.

Restructuring of real estate holding

In April the Bank acquired from Sifab AB the property on Stora Essingen in Stockholm in which the Group's EDP unit – Spadab – carries out its operations. The purchase price amounted to SEK 795M.

The Group's real estate holding in Central Stockholm was restructured in December 1994, concentrating the Bank's properties on the Gallerian block. Through an agreement with the National Pension Insurance Funds, the Spektern 13 property in Regeringsgatan (previously Sparbanken Första's head office) was exchanged for the National Pension Insurance Funds' Trollhättan 29 property which is located in Malmkillnadsgatan. At the same time, an agreement was made with Nordbanken to acquire the remaining 50 percent of the Trollhättan 30 property, which is also located in the Gallerian block. Following these transactions, the Bank is the sole holder of three of the five leasehold properties in Gallerian and in addition holds 50 percent of the other two properties. The Group's holding is thus equivalent to 85 percent of the total lettable area in the Gallerian block. The exchange of properties with the National Pension Insurance Funds gave rise to a capital gain in the Bank of SEK 320M in 1994.

Quarterly trend, Swedbank Group

SEK M	Q-92 ¹	Q1-93	Q2-93	Q3-93	Q4-93	Q1-94	Q2-94	Q3-94	Q4-94
Net interest income	3,180	2,923	3,076	2,624	2,723	2,573	2,359	2,630	2,815
Commissions and foreign exchange income	534	566	475	527	602	532	634	578	592
Other income	321	414	712	907	780	2,107	286	262	674
INCOME	4,034	3,903	4,263	4,058	4,105	5,212	3,279	3,470	4,081
Personnel expenses	1,140	1,020	998	1,063	1,014	990	982	1,032	1,117
Other expenses	1,183	967	976	985	1,241	1,027	1,043	921	1,076
EXPENSES	2,323	1,987	1,974	2,048	2,255	2,017	2,025	1,953	2,193
Earnings before loan losses	1,711	1,916	2,289	2,010	1,850	3,195	1,254	1,517	1,888
Credit losses ²	-4,627	-2,780	-3,020	-3,064	-2,868	-1,500	-1,200	-650	-440
Operating result	-2,916	-864	-731	-1,054	-1,018	1,695	54	867	1,448

¹ Q-92 is equivalent to one quarter of the 1992 full-year.

² For clarification of the 1994 loan loss trend, reference is made to page 35 under the section Lower loan losses.

Economic and financial review 1992-94

Result analysis

The Group's operating earnings have improved from an operating loss of SEK 11,660M in 1992 to an operating income of SEK 4,064M in 1994. The improvement is primarily explained by decreasing loan losses. The development of Swedish interest rates during this period has also affected the earnings trend significantly.

The Group's underlying earning capacity has also undergone changes during the period, mainly as a result of the cost savings which were made possible by the mergers in 1992. For a review of the Group's development during the years 1991 to 1994, including key figures, reference is made to page 17 of this Annual Report.

Net interest income trend

During Fall 1992 Sweden was forced to abandon its fixed exchange rate policy. As a result of the attempts to avoid this step, Swedish interest rates rose substantially. Following this, both the Bank and Spintab were able to invest their surplus liquidity at a very good yield. The high interest levels also contributed to increasing the margins between deposit and loan interest rates in the Swedish banking system. The Group's net interest income thus came to amount to SEK 12,719M in 1992.

During 1993 Swedish interest rates reduced, as did the margin between deposit and loan interest rates even though the effects of the 1992 turbulence in interest rates lingered on during the first two quarters of the year. However, the Swedish banks' loan volumes continued to fall and the Group's net interest income decreased by SEK 1,371M, equivalent to 10.8 percent, in 1993 compared with 1992.

In 1994, the margins between deposit and loan interest rates continued to reduce which in turn have contributed to a fall in the Group's interest margin.

Interest margin			
Percent	1994	1993	1992
Swedbank Group	1.87	2.00	2.08
Swedbank	2.32	2.46	2.75
Spintab	0.85	0.77	1.05

In the first half of 1994 Swedish long-term interest rates rose, whereas short-term rates fell slightly in relation to 1993. The effect of this was most noticeable in the Bank's deposit margin as lower short interest rates reduce the deposit margin primarily in the Bank's transaction accounts. The fact that many customers chose to move funds from transaction accounts to long-term savings and capital accounts with higher yields was also of importance to the deposit margin.

During the first few months of 1995 there has been a debate in the media regarding the banks' so-called interest gap, i.e. the difference between the banks' deposit and loan interest rates. For the Swedbank Group, this interest gap relating to SEK amounted to approximately 2.7 percent at 1994 year-end. The corresponding figure for the Bank was approximately 5.7 percent compared with approximately 6.3 percent at the 1993 year-end.

Lower short-term interest rates have the effect that the financing cost for the Bank's bond holdings and other fixed assets in the Group falls. During 1994 this contributed to an improvement in net interest income. The liquidity contribution to the Bank through the sale of Robur in January and the new share issue in March also contributed to increased interest income of approximately SEK 240M.

The Group's net problem loans decreased during the year which brought about lower financing costs.

In addition, the loss of interest as a result of lost interest income and concessions of interest amounted to SEK 4,002M in 1994, which is a decrease of SEK 1,118M over 1993.

Of the 1994 fall in net interest income, adjustments of the accrued acquisition value in the Group's investment portfolio accounts for SEK 186M.

The lending volume in the Group decreased by SEK 19.9 billion during the year which contributed to a decline in the Group's net interest income. Spintab's lending decreased slightly from SEK 242.5 billion to SEK 240.5 billion which in Spintab's net interest income was compensated by a higher interest margin.

The trading operations showed good results also in 1994.

Commission income increases

The Group's commission income has developed favorably over the past three years.

Behind the improvement is, among other things, an investment in increased sales of commission-generating products. Among these products can be mentioned pension insurance and capital insurance as well as retail bonds. Sales of units in Robur's funds continued to contribute to the increase in commission income.

The income from the investment banking operation which, among other things, includes securities trading and advisory services, developed positively and amounted to SEK 311M in 1994 compared with SEK 206M in the previous year. The Bank participated in two Government privatizations during 1994 which contributed to increased commission income.

During 1993 the "Eken concept" was launched in which the Bank, as the first Swedish bank to do so, systematically priced a number of

services which had previously been provided free of charge. The launch contributed both to increased income and lower costs, partly as a result of a decrease of more than 90 percent in the use of cheques among the Bank's customers. Sales of the packages of corporate services which were launched during 1993 increased by 32 percent in 1994.

The declining new lending, however, has had the effect that the Group's commission income with regard to Swedish as well as international lending operations has fallen over the past three years.

Other income

As a consequence of the falling long-term interest rates, in 1993 the Group was able to realize profits in the bond portfolio totaling SEK 1,244M. In 1994 a capital loss of SEK 1M arose in the bond portfolio.

In the first quarter of 1994, the sale of 90 percent of Robur contributed to a capital gain of SEK 1,578M in the Group. In the last quarter of the year a capital gain of SEK 320M arose on the restructuring of the real estate holding in Central Stockholm where some of the Bank's operations are housed.

Apart from these capital gains, the Group's other income which, among other things, consists of income from

Sparbanken Fastighetsbyrå AB, the sale of EDP services to independent savings banks, external real estate income as well as capital gains on stocks, fell by SEK 137M in relation to 1993, to SEK 1,432M during 1994. The fall is mainly explained by the sale of Robur which had the effect that previous years' fund management income disappeared.

Reduced costs

On the formation of Swedbank, it was stated that the Group's opening cost level should decrease by SEK 2 billion measured in fixed prices until end of 1994. The Group's expenses in current prices fell by SEK 1,459 or 15.1 percent from 1991 to 1994, allowing the target to be attained. The majority of the savings were implemented in 1992 and 1993 and were achieved mainly through the closure of the head offices of the former regional banks with ensuing staff redundancies. Group expenses during 1994 amounted to SEK 8,188M which is equivalent to a decrease of SEK 77M over 1993.

Despite a continued fall in staff during 1994, the Group's personnel expenses increased by 1 percent over 1993. This is mainly due to contractual salary increases. The Group's other expenses fell by 2 per-

cent in 1994. Whereas costs for premises and purchased services have both reduced, marketing expenses and EDP costs have increased.

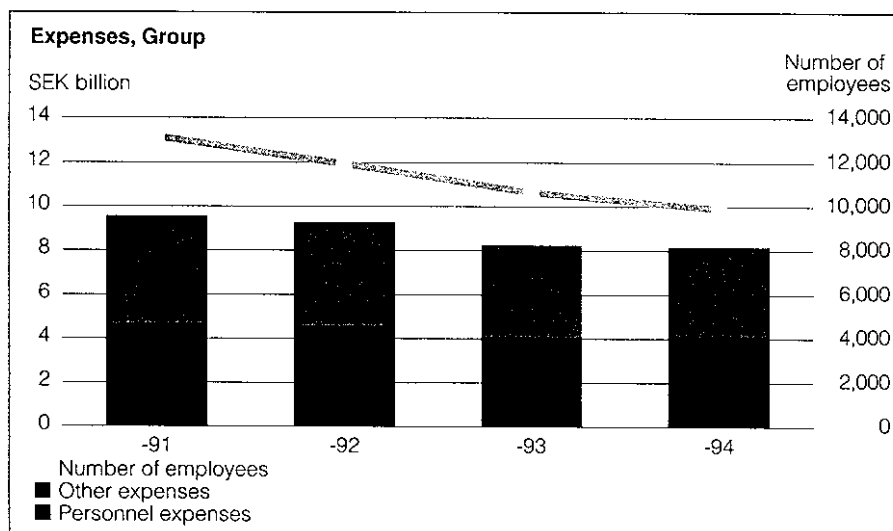
Group depreciation decreased between 1992 and 1993 as a result of lower depreciation in respect of Group goodwill. 1994 depreciation amounted to SEK 317M which is on par with the previous year.

In August 1994 the Board of Directors decided that the Group would initiate an efficiency and rationalization program. 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 cost outcome in 1994. In order to attain this objective, certain non-recurring costs may arise in 1995 and 1996.

The program is primarily concentrated on three areas. Work within the first of these areas began in Fall 1994 and is aimed at reducing handling times and making the cooperation between the Central Units and the Local Savings Bank Units more efficient. The second area concerns the units which are currently handling the Group's problem exposures and collateral, and which is expected to be able to be downsized substantially in the future. During the latter part of the period, work in the third area is expected to start through a gradual reduction of the support functions which today assist the Local Savings Bank Units within the framework for the Group's decentralization process.

Lower loan losses

The earnings improvement in the past three years is mainly explained by substantially decreasing loan losses. For the Swedbank Group, 1992 losses amounted to SEK 18,509M which in 1993 reduced to SEK 11,731M and in 1994 to SEK 3,790M. The loan loss



level in the Group has thus fallen from 4.2 percent in 1992 to 0.9 percent in 1994.

In 1993 loan losses were evenly distributed throughout the year, albeit with a slight improvement in the final quarter. In 1994, the reported loan losses fell steadily. This is partly explained by dissolution of the general so-called forecast provisions which are made in the periodical accounts. In short, this means that provisions are made for expected problem exposures which are not as yet defined in detail. The forecast was gradually adjusted downward during 1994. As a result of this, the quarterly reporting does not give an accurate picture of the actual loan loss trend quarter by quarter. No provisions forecast are made in the Annual Accounts.

The Group's primary market – the households – accounted for only 16 percent of 1994 loan losses, whereas commercial real estate-related loans continued to form the biggest problem area. The Group's 20 largest losses accounted for SEK 1,500M of the loan losses in 1994 compared with SEK 2,299M in 1993. The number of loan losses in excess of SEK 100M was five and all related to real estate companies.

Of 1994 recoveries, the 20 largest items represented SEK 904M.

Group loan losses

SEK M	1994	1993	1992
New provisions	4,759	10,816	15,548
Actual, net	3,014	2,315	3,494
Recoveries	-3,983	-1,400	-533
Total	3,790	11,731	18,509

Group loan losses distributed by industry

SEK M	1994	%	1993	%	1992	%
Households	624	16.5	1,175	10.0	1,264	6.8
Real estate management	2,039	53.8	4,155	35.4	7,518	40.6
Multi-family buildings, Spintab	679	17.9	601	5.1	668	3.6
Wholesale and retail, hotels and restaurants	79	2.1	1,300	11.1	308	1.7
Construction operations	98	2.6	1,105	9.4	45	0.3
Manufacturing industry	25	0.6	488	4.2	315	1.7
Transport	132	3.5	541	4.6	597	3.2
Others	114	3.0	2,366	20.2	7,794	42.1
Total	3,790	100.0	11,731	100.0	18,509	100.0
of which, in the Bank	2,336		9,602		16,633	

Group loan losses distributed by size

1994		
SEK M	Number	Amount
< 50	> 100	2,623
50 – 500	11	1,167
Total		3,790

Group loan losses distributed by company

1994			
SEK M	Companies	Private	Total
Bank, etc	2,472	357	2,829
Spintab	712	246	958
Sparbanken Finans	-38	21	-17
Swedbank (Lux.) S.A.	20	0	20
Total	3,166	624	3,790

Tax situation

As a consequence of previous years' losses, unutilized losses brought forward of SEK 4.3 billion existed in the Group at the beginning of 1994. Of these, SEK 2.5 billion is expected to be utilized in the 1994 accounts, after which remaining losses to be carried forward would amount to approximately SEK 1.8 billion. Tax expense for 1994 amounts to SEK 0.1 billion.

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, however, is contesting in court.

Consolidated Balance Sheet

The Group's total assets have decreased in recent years. In 1992, they

amounted to SEK 492 billion and in 1993 to SEK 487 billion. In 1994, total assets fell to SEK 464 billion.

Loan portfolio

The Group's loans to the general public have reduced by SEK 35.3 billion or 9 percent over the past three years. In the Bank, the decrease amounts to SEK 37.7 billion, of which SEK 7.0 billion occurred in 1994. Of the 1994 decrease, lending in foreign currency accounts for SEK 12.0 billion, whereas lending in SEK increased by SEK 5.0 billion. Spintab's lending has shown greater stability than that of the Bank and amounted to SEK 240.5 billion at the 1994 year-end. In 1993 Spintab reported an increase in lending to SEK 242.5 billion from SEK 233.7 billion in 1992.

The distribution of the Group's lending has been comparatively stable. The household portion of the loan portfolio is nearly 50 percent. The proportion of loans to multi-family buildings increased, whereas the proportion of loans to real estate management as well as the finance and insurance industries decreased as a consequence of large loan losses within these sectors. In relation to the distribution of the population, the Group's lending is evenly distributed throughout the country.

Based on collateral provided, residential buildings and other properties account for more than 69 percent of the loan portfolio. The majority of the Group's housing finance is made via Spintab. Approximately 14 percent of the total collateral is attributable to municipalities and county councils. Municipalities in many instances, guarantee the financing on construction of multi-family buildings. Unsecured credits to companies and private individuals primarily consist of overdrafts. Other collateral relates to, for example, securities, floating

charge, ships and aircraft mortgages and leasing assets.

Problem loans

The Group's problem loans consist of doubtful claims as well as of claims with concessions of interest. Net pro-

blem loans means the volume of problem loans after deductions for provisions for anticipated loan losses.

During 1992 to 1994 the Group's gross problem loans have reduced from SEK 46,553M to SEK 31,727M. The decrease mainly took place in

1994 when the gross volume of problem loans fell by SEK 14,331M.

The reserve for anticipated loan losses fell by SEK 4,861M in 1992 to SEK 18,198M in 1994. Between 1992 and 1993, the reserve increased by SEK 4,215M, whereas it decreased by SEK 9,076M in 1994. As a consequence of this, net problem loans have reduced. At end-1992, they amounted to SEK 23,494M and they fell to SEK 18,784M in 1993 and to SEK 13,529M in 1994.

The provision ratio for doubtful claims amounted to 59 percent at year-end against 61 percent in 1993. At the same time, the share of doubtful claims was 3.4 percent as compared to 4.4 percent in 1993 and 4.4 percent in 1992.

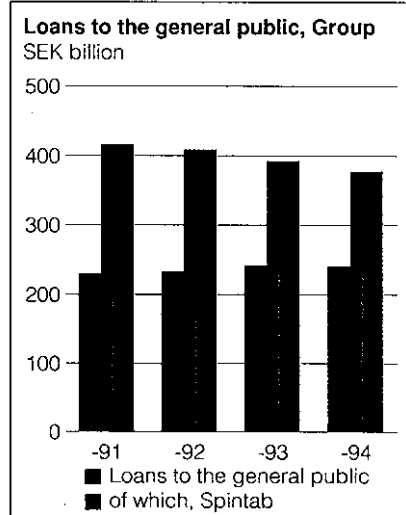
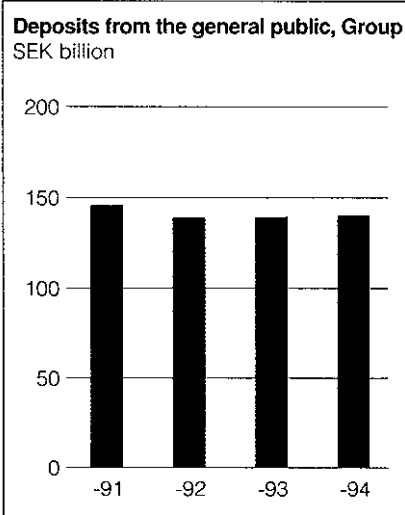
The most important items in the Consolidated Balance Sheet at December 31, 1994, SEK bn			
Assets	SEK	Foreign currency	Total
Net loans to households	181.1	1.0	182.1
Net loans to companies, municipalities, etc	162.5	30.1	192.6
Total net loans to the general public	343.6	31.1	374.7
<i>Of which, loans in the Bank to households</i>	<i>47.1</i>	<i>0.7</i>	<i>47.8</i>
<i>Of which, loans in the Bank to the general public</i>	<i>100.5</i>	<i>29.6</i>	<i>130.1</i>
<i>Of which, loans to the general public in Spintab</i>	<i>240.5</i>	<i>0.0</i>	<i>240.5</i>
Claims on Swedish banks and other financial institutions	4.5	4.2	8.7
Claims on foreign banks	0.6	7.4	8.0
Total claims on financial institutions	5.1	11.6	16.7
Investments in trading inventory (Trading portfolio and stocks held for dealing purposes)	34.0	0.3	34.3
Investments in investment portfolio (excluding intra-Group holdings of SEK 19.6 billion)	7.5	3.8	11.3
Total interest-bearing investments	41.5	4.1	45.6
Fixed assets and other assets	23.4	3.3	26.7
<i>Of this, real estate represents SEK 4.1 billion, cash SEK 2.4 billion, and accrued interest SEK 9.4 billion</i>			
Total assets for the Group	413.6	50.1	463.7
Liabilities			
Deposits from households (of which, savings and capital account SEK 70 billion)	97.8	0.0	97.8
Deposits from companies, municipalities, etc	36.4	6.4	42.8
Deposits from the general public (all deposits refer to the Bank)	134.2	6.4	140.6
Funding from Swedish banks and financial institutions	15.8	1.5	17.3
Funding from foreign banks and financial institutions	1.3	32.0	33.3
Total funding from banks and financial institutions	17.1	33.5	50.6
Short-term funding via Swedish and foreign commercial paper programs, etc	7.2	7.9	15.1
Long-term funding in the Bank	4.1	13.8	17.9
Long-term funding in Spintab (excluding the Bank's bondholding in Spintab)	166.2	29.6	195.8
Total long-term funding	170.3	43.4	213.7
<i>Of which, fixed term and perpetual subordinated loans</i>	<i>5.1</i>	<i>12.3</i>	<i>17.4</i>
<i>Of which, private bonds (book value)</i>	<i>10.2</i>	<i>0.0</i>	<i>10.2</i>
Accrued interest and other liabilities	23.5	2.5	26.0
Stockholders' equity including the year's result	16.8	0.9	17.7
Total liabilities and stockholders' equity for the Group	369.1	94.6	463.7

Gross Group problem loans distributed by size

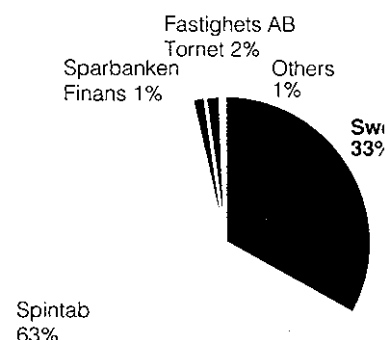
SEK M	1994	
	Number	Amount
< 50	> 1,000	16.9
50-500	117	13.1
500-1,000	2	1.0
Total		31.0

Group problem loans distributed by company

SEK M	1994	
	Gross	Provision
Bank	24,183	14,963
Loans guaranteed by the Bank in Swedbank (Lux) S.A., etc	1,646	670
Spintab	5,442	2,346
Sparbanken Finans	395	195
Swedbank (Lux) S.A.	61	24
Total	31,727	18,198



Group lending distributed by company December 1994



The number of large problem loans has fallen during the past three years. At the 1994 year-end, there were only 2 problem loans in excess of SEK 500M.

Of total gross problem loans, the

20 largest exposures represented SEK 5,909M which is a decrease of SEK 3,008M over the previous year.

In addition to the problem loans, there are unsettled claims in the Group for which accrued but unpaid

interest is also entered as income. At the 1994 year-end, these claims totaled SEK 2,176M which is a 42 per cent reduction over 1993.

Reposessed property

Property taken over for protection of claim amounted to SEK 1,051M in the Group at the year-end, of which real estate was SEK 146M, stocks and participations SEK 628M and other property SEK 277M. The majority of the real estate-related collateral which the Group has reposessed is owned in the form of subsidiaries of Fastighets AB Tornet and is not consolidated in the Group's Annual Accounts. The book value of the Tornet Group's real estate amounted to SEK 7,192M at the year-end. In addition, the Bank owns 15 non-consolidated real estate companies directly. The book value of the properties in these companies was SEK 1,074M at the 1994 year-end. The non-consolidated real estate holdings in Tornet and the Bank had a direct yield amounting to 7.2 percent in 1994. A compilation of these non-consolidated real estate holdings is found in Note 10 to the Balance Sheet.

Before the transfer to Tornet, necessary write-downs are booked as loan losses in the transferring company. For an account of applied valuation principles relating to reposessed real estate, reference is made to Accounting Principles on page 43. The Bank's financing of Tornet is included in the Bank's net loans to the general public.

Real estate

The book value of the Group's holding of real estate used in business operations increased by SEK 1,145M during 1994 to SEK 4,095M. The increase refers to acquisitions of properties used in the Bank's operations. The tax assessment value for the holding amounted to SEK 3,316M in 1994.

Group lending distributed by industry, net

SEK M	1994	%	1993	%	1992	%
Households ¹	182,138	48.0	186,113	46.6	193,956	46.2
Real estate management	27,251	7.2	31,289	7.8	37,826	9.0
Multi-family buildings in Spintab	87,232	23.0	86,703	21.7	77,982	18.6
Finance and insurance	2,081	0.6	2,178	0.6	5,481	1.3
Wholesale and retail, hotels and restaurants	8,856	2.3	11,173	2.8	18,356	4.4
Construction	8,798	2.3	7,398	1.9	6,550	1.6
Manufacturing industry	4,617	1.2	6,539	1.6	9,462	2.2
Transport	4,287	1.1	6,048	1.5	8,352	2.0
Forest and agriculture	6,345	1.7	6,608	1.7	3,435	0.8
Municipalities ²	16,154	4.3	17,383	4.4	17,911	4.3
Others	31,361	8.3	37,636	9.4	40,090	9.6
Total	379,120	100.0	399,068	100.0	419,401	100.0

¹ Personal entrepreneurs are distributed on available industry codes.

² Loans guaranteed by municipalities are distributed by industry.

Group lending distributed by collateral, net

SEK M	1994	%	1993	%
Residential properties				
including condominiums	230,073	60.7	236,711	59.3
Other real estate	32,504	8.6	31,994	8.0
Municipalities, county councils	53,004	14.0	53,215	13.3
Swedish financial institutions	1,905	0.5	1,901	0.5
Floating charge	9,511	2.5	9,192	2.3
Guarantees	6,755	1.8	7,535	1.9
Unsecured companies	8,180	2.1	5,804	1.4
Unsecured private individuals	10,716	2.8	11,786	3.0
Others	26,472	7.0	40,930	10.3
Total	379,120	100.0	399,068	100.0

Swedbank's lending distributed by industry, net

SEK M	1994	%	1993	%
Households ¹	47,832	33.9	50,901	33.6
Real estate management	20,387	14.5	21,652	14.3
Multi-family buildings	11,040	7.8	14,417	9.5
Wholesale and retail, hotels and restaurants	7,821	5.5	9,916	6.5
Construction	4,483	3.2	3,897	2.6
Manufacturing industry	3,849	2.7	5,521	3.6
Transport	3,381	2.4	3,995	2.6
Forest and agriculture	1,958	1.4	2,373	1.6
Municipalities ²	8,737	6.2	8,162	5.4
Others	31,548	22.4	30,707	20.3
Total	141,036	100.0	151,541	100.0

¹ Personal entrepreneurs are distributed on available industry codes.

² Loans guaranteed by municipalities are distributed by industry.

Group problem loans distributed by industry

SEK M	1994			
	Gross	Share in % of gross lending	Provisions	Share in % of net lending
Households ¹	4,097	2.2	2,224	1.0
Real estate management	13,024	37.2	7,758	19.3
Multi-family buildings in Spintab	4,561	5.1	1,793	3.2
Wholesale and retail, hotels and restaurants	1,447	14.7	990	5.2
Construction	790	8.7	312	5.4
Manufacturing industry	653	13.1	349	6.6
Transport	1,701	31.6	1,099	14.0
Forest and agriculture	229	3.5	111	1.9
Others	5,225	9.8	3,562	3.4
Total	31,727	8.0	18,198	3.6
of which, in the Bank	24,183	15.5	14,963	6.5

¹ Personal entrepreneurs are distributed on available industry codes.

Funding

The Group's deposits from the general public are made almost exclusively in the Bank. Over the past three-year period, these deposits have been stable. During 1994 the volume increased by SEK 1.0 billion to SEK 140.6 billion. Household deposits accounted for SEK 97.8 billion, of which longer term savings accounts constituted approximately SEK 70.0 billion. Interest on accounts for households are adjusted in line with general interest rates. Deposits from companies, municipalities, etc, represented SEK 42.8 billion, of which deposits on which the interest rate is linked to Stibor interest rates amounted to SEK 25.0 billion. For the remaining volume, the interest rate is linked to general interest rates.

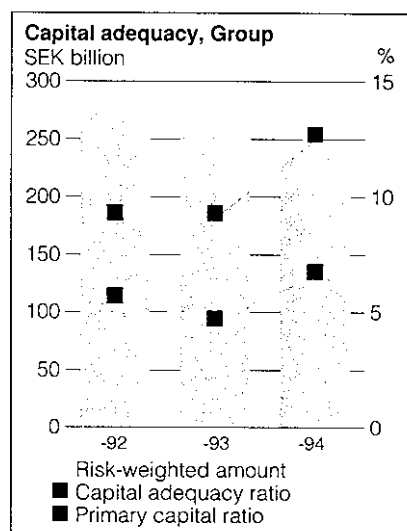
Group funding			
SEK billion	1994	1993	1992
Deposits from the general public	140.6	139.6	139.4
Swedish financial institutions and foreign banks	50.6	45.2	60.7
Short-term commercial paper funding	15.1	21.4	26.9
Long-term funding	213.7	243.7	223.6
Stockholders' equity (incl. the year's net profit)	17.7	11.8	15.6

The Group's long-term funding is mainly carried out in Spintab which finances its mortgage lending almost exclusively on the capital market. During 1994, however, the general public's interest in retail bonds increased and Spintab therefore issued SEK 7.9 billion nominal to this market. Spintab's long-term funding decreased by SEK 14.9 billion in 1994 to SEK 214.0 billion. At the same time, short-term funding increased by SEK 5.2 billion. The reduction in long-term funding, combined with increased short-term funding, reflects customers' switching from loans with long interest periods to loans with short interest periods.

Capital base strengthened

In 1994 the Group's capital base increased by SEK 7.8 billion and amounted to SEK 31.3 billion at the year-end. The increase is mainly explained by the strengthening of the primary capital which was brought about by the year's new share issue of SEK 2.1 billion and net result of SEK 3.8 billion. At the 1994 year-end, the primary capital amounted to SEK 17.0 billion which meant an improvement of SEK 5.2 billion.

The Group's supplementary capital consists of fixed-term and perpetual subordinated loans. At the 1994 year-end, the volume of fixed-term subordinated loans amounted to SEK 11.3 billion (11.3) and the volume of perpetual subordinated loans was SEK 6.2 billion (6.3). 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. At the 1994 year-end, fixed-period subordinated loans of SEK 8.5 billion and perpetual subordinated loans of SEK 6.2 billion were included in the Group's capital base. From the capital base is deducted stocks in companies which are not consolidated at SEK 0.4 billion.



As a result of reduced lending volumes, the Group's risk-weighted amount decreased by SEK 6.7 billion during the year and was SEK 246.8 billion at the year-end.

The Group's capital adequacy ratio amounted to 12.7 percent (9.3) at the year-end. The primary capital ratio was 6.9 percent (4.7). The corresponding ratios on the part of the Bank were 17.1 percent (13.7) and 11.1 percent (7.9). The proposed dividend of SEK 704M has been deducted from the capital base.

Liquidity

Swedbank's deposit volume from the household sector exceeds the loan volume to the same customer group by approximately SEK 50.0 billion. The Bank thus has a stable funding base, which can be said to be the main reason for the Group's good liquidity position.

The Group's surplus liquidity consists of investments in market-listed interest-bearing securities in SEK and net lending to financial institutions in SEK, less the Bank's short-term funding in foreign currency translated into SEK; total holdings in the Bank's investment portfolio have been included. The surplus liquidity increased by approximately 12 percent during the year and amounted to SEK 34 billion at the 1994 year-end.

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 one month. In the trading portfolio the trading operation's trading inventory of interest-bearing securities is reported. Trading inventories in stocks are shown under Shares

and participations in the Balance Sheet. Of the total trading portfolio in the Bank of SEK 31.5 billion, SEK 21.5 billion consists of certificates issued by the Central Bank of Sweden (Sveriges Riksbank) with two weeks' original maturity. The trading inventory, which in addition to the trading portfolio includes shares held for dealing purposes, amounted to SEK 33.5 billion in the Bank at the year-end.

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 11.3 billion at the 1994 year-end which is equivalent to an increase of SEK 4.9 billion during the year. The duration in the portfolio was 1.5 years. In the Group's investment portfolio, all intra-Group holdings of securities have been eliminated in accordance with the regulations of the Swedish Financial Supervisory Authority. Elimination of intra-Group holdings were made by SEK 19.6 billion. As a result of these eliminations, the write-down requirement in the portfolio amounted to only SEK 115M at the year-end.

During 1994, the Bank's Swedish investment portfolio increased by SEK 18.7 billion as a result of a changed investment strategy. Investments were made primarily in commercial paper and bonds issued by Spintab and in bonds issued by the Swedish Government.

The gross book value of the Bank's total investment portfolio, including holdings in foreign currencies, amounted to approximately SEK 36.8 billion at the 1994 year-end, of which approximately SEK 22.1 billion were in Spintab commercial paper and bonds. After adjustment for repurchase transactions and after value adjustment of SEK 744M, the Bank's investment portfolio amounted

to SEK 30.8 billion. The duration in the Bank's total investment portfolio, including off-balance items amounted to 1.7 years at the turn of the year (2.5 years). The average investment interest rate on the holding in the Bank's Swedish investment portfolio amounted to 9.6 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 reported net interest income from the Bank's deposits and lending as well as changes in value 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. Interest rate risks exist in both SEK and foreign currency.

Current accounting regulations affect the impact which the interest risks will have in the Statement of Income. Write-down of the Group's trading portfolio is made in the reported net interest income and affects the reported operating income. Write-down of the investment portfolio is made as an appropriation with no effect on the reported operating income. Other items with a current value risk, such as fixed-term bonds and subordinated debt instruments or fixed-term loans to customers, bring about no immediate effect on the result. Instead, these risks

manifest themselves as an influence on net interest income over time. All risks are subject to continuous monitoring.

At the 1994 year-end, the Group's net interest income in SEK would during the next full year have been negatively affected by SEK 350M by an immediate 1 percent interest rate increase 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 trading positions, which are taken within market risk limits stipulated by the Bank, are adjusted continuously.

The current value risk in the Bank's investment portfolio on 1 percent increase in interest rates on all maturities amounted to SEK -559M (-257M) at the turn of year. The increased risk reflects the Bank's aforementioned investment strategy in which an increasing proportion of the Bank's surplus liquidity has been invested in the investment portfolio. This has brought about an increase in the holdings in the Bank's investment portfolio. The duration in the portfolio has, however, fallen as newly-acquired securities have had a shorter tenor than the original holdings in the portfolio.

Other current value risks in the Group – including trading positions – calculated in the same way, amount-

Interest rate risk for the Bank by maturity												
+/- profit/loss in SEK M on a 1 percent increase in the interest rate on the respective tenor												
Maturity	95-03	95-06	95-12	1996	1997	1998	1999	2000-2001	2002-2004	2005-2009	>2009	Total
Current risk value												
Investment portfolio	-10	-8	-31	-42	-66	-108	-185	-41	-25	-43	0	-559
Current risk value												
Bank excluding investment portfolio	-8	-4	-4	-28	-25	-51	-49	10	-6	0	9	-156
Total current risk value												
Bank	-18	-12	-35	-70	-91	-159	-234	-31	-31	-43	9	-715
The table shows that the Bank's interest sensitivity (current risk value) is largest on maturities between 1996 and 1999.												

ed to SEK -156M at the same date. The distribution on various maturities of the current value risks is shown in the table on the previous page. Interest risks in foreign currency are taken exclusively by the Bank's trading departments within market risk limits. The combined current value risk in all foreign currencies amounted to SEK -47M at the turn of the year. The highest total current value risk in an individual currency amounted to SEK -32M.

Credit risk

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

When Swedbank was formed in 1992, a new credit decision-making procedure and loan policy adapted to the marketing strategy which applies for Swedbank was formed. This means that it should be possible to make locally approximately 95 percent of all business decisions mainly concerning households, housing finance, municipalities and local companies. This target has now 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 Savings Bank Unit is able to grant loans up to SEK 5, 10 and 25M, respectively. The objective is that the majority of the Local Savings Bank Units should have authority to grant loans up to SEK 10 or 25M. 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 de-

cided by the Credit Committee of the Board of Directors. A special decision-making procedure applies 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 64 percent of the Bank's total loan portfolio, and 73 percent of Spintab's portfolio.

Policy

The loan policy means that Swedbank 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. However, this target is not expected to be reached during 1995.

Monitoring and analysis

The central 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 the credit matters which are decided by the Central Credit Committee and the Credit Committee of the Board of Directors.

An overriding principle is that all loan decisions in Swedbank 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 loan exposures over a

certain level become the subject of internal rating in which the exposures are classified on the basis of an assessment of the borrower's ability to pay 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 developments in 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 of the development in 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

Based on instructions of the Board of Directors, the Finance Committee is responsible for planning and control of the Group's funding with equity and borrowed capital as well as for the handling of the Group's interest-, foreign currency- and liquidity-risks. The Finance Committee allocates risk mandates to "Group Treasury" which handles the Bank's investment portfolio and internal bank, as well as to the Trading Committee which in turn allocates risk mandates to various trading departments. All market risks within the trading department relating to both on- and off-balance sheet instruments are limited and monitored on a continuing basis. The Group's total risk level is continuously monitored by the Finance Committee.

Rating

Swedbank and Spintab are currently rated by four rating agencies. During 1994 two of the agencies took into account the recovery in the Swedish banking system as a result of which the rating of Swedbank and Spintab was strengthened. At the beginning of the year, Fitch strengthened the outlook for the Bank's A+ rating. During the summer Thompson Bankwatch increased its issuer rating of both the Bank and Spintab.

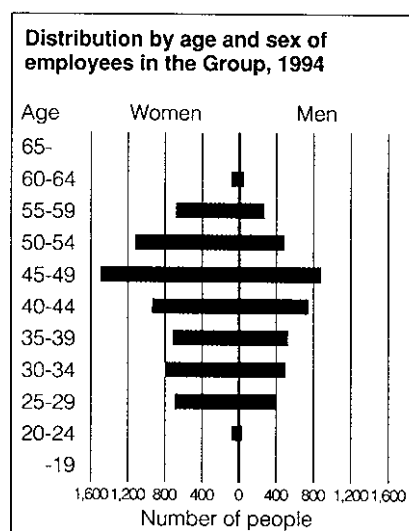
Rating March 9, 1995		
	Swedbank	Spintab
S&P		
Short-term	A2	A2
Long-term	-	-
Moody's		
Short-term	P-1	P-1
Long-term	A2	Aa3
Bankwatch		
Short-term	TBW-1	TBW-1
Issuer	C/D	B/C
Long-term	-	AA-
Fitch		
Short-term	F-1+	F-1+
Long-term	A+	

Personnel

The Group's personnel policy is built on the conviction that the Group's profitability and long-term survival is based on the proficiency of the staff in their dealings with the customer. The objective is to create conditions for a learning and decentralized organization with individual responsibility as the fundamental concept. It is therefore important that the staffing of the organization is influenced by the market's needs and by the Group's objectives. With this as the starting point, increased internal staff flexibility is given high priority. With the objective of developing efficient tools for the Group's managers in their work with both customers and staff, so-called marketing and human resource research was initiated during 1993. The research measures the customers' attitude to the Bank and the staff's attitude to their workplace, their managers and work

tasks, etc as well as their own proficiency. The outcome of the 1993 research was satisfactory and proved a clear link between profitability and a high level of both customer and staff satisfaction. All employees in the Group take part in the human resource research. New research is planned for Spring 1995.

During 1994 a number of measures were undertaken to increase staff expertise within several prioritized areas for the Bank. A large number of staff attend the Bank's corporate school, which combines theoretical and practical training in, among other things, economics and business administration, tax issues as well as credit analysis. Other Groupwide activities aimed at strengthening the expertise of the staff still further take place within the framework of the Bank's newly-started insurance school. In addition, further training of the Bank's private client advisors takes place on a continuous basis. Development of the expertise of the 130 Local Savings Bank Units was prioritized in 1994 and included training and management seminars for Savings Bank Unit Presidents and Local Saving Bank Unit boards. The basic view is that the creation of a learning organization is the most important criterion for a sustained and effective increase in expertise



in the workplace in close collaboration with customers and colleagues.

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 were forced to leave the Group. An important component in this cooperation is the co-determination agreement which was signed between the Bank and the Swedish Union of Financial Institution Employees at the beginning of 1994. In the agreement, the parties start from a common view of the Bank's environment and the Group's objectives, the need for change, and profitability. The agreement is based on a procedural view in which the staff will be given a full opportunity to participate in the process of change in the Group.

From end-1991, the number of employees in the Group has fallen by 3,327, of whom 738 left the organization during 1994. At the year-end, the number of employees in the Group amounted to 9,901.

Sensitivity analysis

The Group's result and capital adequacy sensitivity are illustrated in the following tables.

Result	Change	Effect on result, SEK M
Market interest rate	+/-1%	-/+350
Unsettled claims (calculated interest 7.9%)	+/-1 SEK bn	-/+79
Commissions and foreign exchange income	+/-1%	+/-23
Staff changes	+/-100 persons	-/+40
Salary changes	+/-1%	-/+40
Loan loss level	+/-5% points	-/+190

Capital adequacy	Change	Effect on capital adequacy, %
SEK billion		
Change in risk-weighted amount	+/-10	-/+0.49
Operating result after loan losses	+/-1	+/-0.61
Increase in capital base	+/-1	+/-0.41
Change in total lending, %	+/-1	-/+0.12
Change in direct yield requirement, repossessed properties percentage points	+/-1	-/+0.39

Accounting principles

This Annual Report has been prepared in accordance with the Banking Business

Act and the regulations of the Swedish Financial Supervisory Authority.

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 Swedbank Group this means, among other things, that the Consolidated Statement of Income and Balance Sheet are reported exclusive of appropriations and untaxed reserves, respectively. The Consolidated Accounts have been prepared in accordance with the purchase accounting method.

The Consolidated Accounts comprise Swedbank and those companies in which the Bank 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-company certificates of claim has been reversed in the Consolidated Statement of Income. The price difference between accrued acquisition value in the Bank's investment portfolio 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. Stockholders' equity is translated at the rate applicable on the date of investment and earning, respectively.

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 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. No appropriation to a foreign exchange reserve has been made in the 1994 Accounts as the receivables and liabilities in foreign currency are effectively hedged.

Valuation has been made at the average rate on balance sheet date in accordance with banks' 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 the maximum 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 and 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 in making 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.

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 losses. 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.

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

groups, 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 of 75 percent of the outstanding capital amount. For loans with surety of guarantee only, provision has been made of 50 percent of the outstanding capital amount.

For claims and guarantees vis-à-vis certain countries, provision for country risks has been made in accordance with the recommendation of the Swedish Financial Supervisory Authority.

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

Real estate taken over for protection of claim or which forms collateral for doubtful claims

Real estate taken over 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 take-over 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. Write-down of assets taken over is reported as an actual loan loss.

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. Write-down of the value of stocks taken over has been reported as actual losses.

Trading and investment portfolios of interest-bearing securities

The securities holding is split over two portfolios: a trading portfolio and an investment portfolio. 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, high interest risk limit and marginal changes in the total position.

The trading and investment portfolios contain Government securities, bonds and other interest-bearing securities such as commercial paper, debentures, capital market promissory notes, 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 in the investment portfolio, the acquisition value from 1993 is 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, principal, redemption and possible additional loan costs until date of maturity or redemption, gives the acquisition value of the instrument as the result.

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. Within the portfolios, a collective valuation has been made of listed financial instruments which means that the overvalues and undervalues which arise on the valuation have been netted against each other. Unlisted instruments have been valued item by item.

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

Stocks and stock-related instruments

The trading inventory, which consists of stocks and stock-related instruments such as Swedish and foreign stocks, convertibles, etc., has been valued at the lower of acquisition and market value. The inventory of listed securities has been valued collectively which means that the overvalues and undervalues which arise on the valuation have been netted. In the valuation have also been included stock-related instruments which are reported off-balance. 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 true and fair picture of the market values than the listed values. The difference between valuation in accordance with listed and theoretical values is insignificant. Realized profits and losses as well as unrealized excess losses have influenced net operating income under a separate heading.

Granted securities loans have been shown as claims relating to lent securities. The claim has been entered at the lower of the acquisition value or market value of 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 portfolio valuation of the trading inventory of stocks, etc.

Leasing assets

Leasing assets are shown at their actual residual values after 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

To 1993 inclusive, Group goodwill has been depreciated according to schedule by 20 percent or by the higher value which has been deemed necessary in each individual case.

Equipment for own use has been depreciated according to schedule by 20 percent of the acquisition value.

Real estate, with the exception of real estate taken over, has been depreciated by the highest fiscally permissible amount. Equipment, which for taxation purposes is regarded as fixed assets in real estate, has been shown either as increasing the acquisition value of the property, or as equipment, and has then followed the aforementioned principles for depreciation of equipment. 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.

Extraordinary income and expenses

The Swedish Financial Accounting Standards Council's recommendation RR4 has been applied and therefore no reporting of extraordinary income and expenses has been made. Of previous years' extraordinary items, merger results and issue expenses have been entered directly against stockholders' equity, whereas other items have influenced the result.

This means that the 1992 merger profit of SEK 11,231M in the Bank and SEK 341M in the Group as well as the 1993 merger loss of SEK 525M in the Bank and the Group are now reported as change in non-restricted equity under the heading "Change as a result of merger and restructuring" in Note 33. In the same way are reported 1992 issue expenses of SEK 20M in the Bank and SEK 97M in the Group, as well as SEK 8M in the Group 1993 under the heading "Issue expenses".

Stockholder contributions and Group contributions

Stockholder contributions and Group contributions are reported as appropriations. Share of income in subsidiaries, which was previously reported under operating revenue, has been reclassified to Group contribution.

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

Where changes of principles for classification of Balance Sheet and Statement of Income items have been made, comparative figures for previous years have been adjusted unless otherwise stated.

Statement of Income

SEK M	Note	Group			Bank		
		1994	1993	1992	1994	1993	1992
<i>Operating revenue</i>							
Net interest income	1	10,377	11,348	12,719	6,908	7,640	8,874
Commissions and foreign exchange income	2	2,336	2,170	2,135	1,878	1,731	1,792
Real estate income		178	166	207	188	184	220
Realized result, stocks		161	122	16	160	123	16
Dividend income	3	40	105	20	40	93	20
Realized result, investment portfolio		−1	1,244	59	−1	991	57
Other revenue	4	2,951	1,176	982	2,665	643	641
Total revenue		16,042	16,331	16,138	11,838	11,405	11,620
<i>Operating expenses</i>							
Personnel expenses	5	4,121	4,094	4,558	3,601	3,505	3,995
Real estate expenses		309	269	343	299	258	320
Premises expenses		456	550	575	417	494	497
Other expenses	6	2,985	3,032	3,283	2,491	2,880	2,703
Scheduled depreciation	7	317	320	530	284	267	269
Total expenses		8,188	8,265	9,289	7,092	7,404	7,784
Operating income before loan losses		7,854	8,066	6,849	4,746	4,001	3,836
Loan losses	8	3,790	11,731	18,509	2,336	9,602	16,633
Operating result		4,064	−3,665	−11,660	2,410	−5,601	−12,797
Share of result in associated companies		−3					
<i>Appropriations</i>							
Settlement of pensions	11	117	97	127	112	91	127
Change in untaxed reserves	12	−	−	−	2	3	2,031
Change in value adjustment reserve for investment portfolio		−115	−	384	−744	22	363
Group contributions	13	−123	−	−	1,539	2,902	3,601
Stockholder contributions	14	−3	−	4,447	−777	−1,289	4,347
Result before taxes		3,937	−3,568	−6,702	2,542	−3,872	−2,328
Taxes	15	−96	263	3 562	−81	−4	−15
Net result of the year		3,841	−3,305	−3,140	2,461	−3,876	−2,343

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

Balance Sheet

SEK M	Note	Group			Bank		
		31/12/94	31/12/93	31/12/92	31/12/94	31/12/93	31/12/92
<i>Assets</i>							
Cash	16	2,444	2,765	2,930	2,444	2,765	2,927
Cheques in course of collection	16	775	862	1,148	775	862	1,148
Swedish financial institutions	17	8,687	11,243	28,753	17,642	23,058	32,926
Foreign banks	18	8,023	8,525	6,676	10,238	12,367	9,758
Interest-bearing securities, trading portfolio	19	32,314	38,038	6,824	31,536	37,942	3,876
Interest-bearing securities, investment portfolio	20	11,282	6,364	11,309	30,839	12,132	19,067
Loans to the general public	21	374,734	393,761	410,008	130,076	137,124	167,730
Other assets	22	15,013	16,772	16,029	11,437	13,371	12,843
Stocks, current assets	23	2,779	1,697	614	2,663	1,565	610
Leasing assets	24	2,391	3,160	3,920	–	–	–
Stocks and participations, fixed assets	25	484	232	314	8,420	8,680	9,122
Intangible assets	26	–	8	18	–	7	17
Equipment	27	679	551	745	375	497	646
Real estate for accommodation of own premises	28	4,095	2,950	3,009	3,801	2,652	2,708
Total assets		463,700	486,928	492,297	250,246	253,022	263,378
Group receivables					39,971	28,553	27,153
Pledged assets							
Loans, pledged in respect of							
certain old outstanding bonds, book value		1,529	1,985	2,459	–	–	–
Government securities and bonds		2,958	1,082	500	2,958	1,082	500
Real estate mortgages		377	82	371	396	136	368
Other collateral		32	44	97	–	–	–
Loans to the general public, granted amount		410,956	418,337	447,814	154,682	162,024	198,087

SEK M	Note	Group			Bank		
		31/12/94	31/12/93	31/12/92	31/12/94	31/12/93	31/12/92
<i>Liabilities</i>							
<i>Liabilities in the course of clearing</i>							
and cashiers' cheques		5,576	5,334	5,204	5,575	5,334	5,204
Deposits from the general public	21	140,600	139,580	139,401	140,306	138,456	137,676
Swedish financial institutions	17	17,286	17,159	24,136	18,928	22,887	32,796
Foreign banks	18	33,319	28,067	36,562	35,042	28,259	34,840
Short-term funding	29	15,137	21,386	26,893	6,536	13,486	6,363
Long-term funding	30	213,731	243,714	223,556	17,949	22,085	21,018
Other liabilities	31	20,045	19,469	20,353	10,572	10,124	9,260
Provision for guarantees		157	288	339	817	2 395	1,724
General provision for country risk		73	83	166	73	83	164
Provision for pensions	32	50	45	64	49	44	60
Total liabilities		445,974	475,125	476,674	235,847	243,153	249,105
Untaxed reserves	12	–	–	–	7	9	12
<i>Stockholders' equity</i>							
	33						
Capital stock		5,400	5,020	5,020	5,400	5,020	5,020
Restricted reserves		4,679	2,196	1,472	2,802	1,004	373
Non-restricted reserves		3,806	7,892	12,271	3,729	7,712	11,211
Net result for the year		3,841	–3,305	–3,140	2,461	–3,876	–2,343
Total stockholders' equity		17,726	11,803	15,623	14,392	9,860	14,261
Total liabilities and stockholders' equity		463,700	486,928	492,297	250,246	253,022	263,378
Group liabilities					4,773	9,296	13,918
Guarantees		8,467	9,143	11,400	10,524	12,316	15,954
Letters of credit granted but not utilized		305	341	357	305	341	357
Other contingent liabilities		49	219	727	48	244	347

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.

Notes to the Statements of Income and Balance Sheets

Note 1 – Net interest income

SEK M	Group			Bank		
	1994	1993	1992	1994	1993	1992
Interest income						
Loans to the general public	40,966	46,773	53,946	12,439	16,525	23,381
Swedish financial institutions	939	1,593	5,730	1,195	1,814	5,626
Foreign banks	1,273	867	5,160	1,293	958	4,805
Interest-bearing securities, trading portfolio	3,085	2,065	984	2,760	1,906	741
Interest-bearing securities, investment portfolio	681	737	2,376	2,100	2,161	2,893
Others ¹	3,659	4,316	143	3,656	4,315	119
Total interest income	50,603	56,351	68,339	23,443	27,679	37,565
Leasing income	1,247	1,556	731	–	–	37
Scheduled depreciation	–948	–1,033	–488	–	–	–22
Net leasing income	299	523	243	–	–	15

Interest expenses

Deposits/loans from the general public	7,043	8,087	12,452	6,896	7,947	12,288
Swedish financial institutions	1,666	2,315	6,203	1,758	2,817	6,054
Foreign banks	2,451	2,395	8,834	2,422	2,349	8,126
Commercial paper and other short-term funding	634	2,309	3,055	369	310	374
Long-term funding	23,370	24,670	24,895	1,147	1,849	1,803
Others ¹	5,361	5,750	424	3,943	4,767	61
Total interest expenses	40,525	45,526	55,863	16,535	20,039	28,706
Net interest income	10,377	11,348	12,719	6,908	7,640	8,874

¹ Effective 1993, Other interest includes off-balance products relating to foreign banks.

SEK M	Group					
	1994		1993		1992	
	Monthly average	Interest rate, %	Monthly average	Interest rate, %	Monthly average	Interest rate, %
Interest income						
Loans to the general public	383,471	40,966	10.68	403,791	46,773	11.58
Swedish financial institutions, foreign banks	25,780	2,212	8.58	31,145	2,460	7.90
Interest-bearing securities	47,062	3,766	8.00	37,921	2,802	7.39
Others	26,919	3,659		26,116	4,316	
Total interest income	483,232	50,603	10.47	498,973	56,351	11.29
Net leasing income	3,021	299	9.89	3,519	523	14.86
Including leasing income	486,253	50,902	10.47	502,492	56,874	11.32

Interest expenses

Deposits from the general public	142,239	7,043	4.95	146,554	8,087	5.52
Swedish financial institutions, foreign banks	52,553	4,117	7.83	60,784	4,710	7.75
Funding	246,318	24,004	9.75	253,467	26,979	10.64
Others	30,062	5,361		27,895	5,750	
Total interest expenses	471,172	40,525	8.60	488,700	45,526	9.32
Stockholders' equity	15,081			13,792		
Net interest income		10,377			11,348	
Interest margin			1.87			2.00
Investment margin			2.13			2.26

SEK M	Bank					
	1994		1993		1992	
	Monthly average	Interest rate, %	Monthly average	Interest rate, %	Monthly average	Interest rate, %
Total interest income	259,421	23,443	9.04	271,127	27,679	10.21
Total interest expenses	246,181	16,535	6.72	258,603	20,039	7.75
Stockholders' equity	13,240			12,524		
Net interest income		6,908			7,640	
Interest margin			2.32			2.46
Investment margin			2.66			2.82

Bank

SEK 2,095M of the Bank's interest income and SEK 188M 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 and deposits from the general public was 9.6% (10.7%) and 4.9% (5.5%), respectively. The interest risk is described in the Report of the Board of Directors.

Note 2 – Commissions and foreign exchange income

SEK M	Group			Bank		
	1994	1993	1992	1994	1993	1992
Brokerage	383	293	174	383	293	174
Domestic lending operation	447	536	575	138	186	240
Domestic and international investment banking	311	206	97	311	185	119
Trust and legal services	98	94	124	98	94	124
Other domestic operations	640	575	548	685	537	535
International operations (incl. foreign exchange trading)	457	466	617	263	436	600
Total	2,336	2,170	2,135	1,878	1,731	1,792

Note 3 – Dividend income

SEK M	Group			Bank		
	1994	1993	1992	1994	1993	1992
Trading stocks	3	8	11	3	8	11
Stock held for industry-related purposes	15	54	9	15	54	9
Other stocks	22	43	–	22	31	–
Total	40	105	20	40	93	20

Note 4 – Other operating income

SEK M	Group			Bank		
	1994	1993	1992	1994	1993	1992
EDP services	213	258	324	268	247	319
Realtor operations	246	216	207	–	–	–
Securities management income	–	215	163	–	–	–
Capital gains on equipment, real estate, etc	406	62	11	406	58	10
Net operating income, real estate taken over	9	7	3	12	8	3
Allocated shares from the collective wage-earner fund system	–	–	86	–	–	83
Capital gains on sale of subsidiaries	1,578	–	–	1,581	–	–
Other operating income	499	418	188	398	330	226
Total	2,951	1,176	982	2,665	643	641

Note 5 – Personnel expenses

SEK M	Group			Bank		
	1994	1993	1992	1994	1993	1992
Salaries and remunerations ¹	2,599	2,609	2,745	2,255	2,223	2,388
Pension costs						
Calculated costs	99	61	129	94	56	122
Paid premiums	336	369	384	311	340	351
Social insurance charges	880	831	1,024	770	707	903
Appropriations to staff						
profit-sharing system	–	–	21	–	–	21
Other personnel expenses	207	224	255	171	179	210
Total	4,121	4,094	4,558	3,601	3,505	3,995
¹ Salaries and remunerations to Board, President and Executive Vice Presidents	41	50	69	32	31	55
to other staff in Sweden	2,485	2,488	2,613	2,183	2,158	2,307
to other staff outside Sweden	73	71	63	40	34	26
Total	2,599	2,609	2,745	2,255	2,223	2,388
Number of hours worked (000)	17,738	18,863	20,489	15,631	16,592	18,161

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

	1994	1993	1992
Swedbank	9,956	10,568	11,568
Spintab	367	355	341
Sparbanken Finans	364	367	298
Robur Kapitalförvaltning	–	48	47
Tornet	11	6	–
SveaTornet	–	92	1
Sparbanken Sverige Administration	545	525	711
Swedbank Luxembourg	55	54	81
Other companies	–	0	3
Total	11,298	12,015	13,050
of whom, outside Sweden	120	114	142

The number of employees in the Group on December 31, 1994 calculated as the number of employees excluding long-term absentees multiplied by percentage of hours worked

9,901	10,639	11,945
-------	--------	--------

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: 60 % women and 40 % men. Bank: 61 % women and 39 % men.

Information on remuneration of senior executives:

Total remuneration to Board of Directors decided by the Annual General Meeting SEK 1,600,000
Of which, to the Chairman in accordance with the Board of Directors' decision: SEK 200,000

President:
Salary SEK 3,709,000

Pension commitment from the age of 60: 75 percent of salary. Severance pay on notice of termination by the Bank: one year's salary following which the terms of the pension agreement apply.

For other members of the Executive Management:

On notice of termination by the Bank: two year's salary.

For all: settlement when new work has been obtained before the age of 55.

Pension commitment from age of 60 is paid at 70 percent of salary.

Note 6 – Other expenses

SEK M	Group			Bank		
	1994	1993	1992	1994	1993	1992
Telecommunications, postage, etc	467	443	413	414	385	372
Consultants and external services	459	606	426	392	475	325
Publicity and marketing	368	235	243	254	134	121
EDP costs	287	203	305	214	158	269
Transaction charges	184	227	318	184	227	318
Office material expenses	160	166	172	145	152	156
Rental, leasing of equipment	136	278	240	244	284	248
Security transports, alarm	106	104	103	106	103	102
Travel, representation	90	73	78	73	59	63
Insurance	43	50	48	50	38	36
Write-down of stock held for industry-related purposes	27	–	–	27	400	–
Capital loss on sale of subsidiaries	–	–	–	–	89	–
Other expenses	658	647	937	388	376	693
Total	2,985	3,032	3,283	2,491	2,880	2,703

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

Corresponding adjustments have been made in figures in previous years.

For the Bank SEK 4M in 1994 is included in insurance premiums relating to other companies in the Group.

Note 7 – Scheduled depreciation

SEK M	Group			Bank		
	1994	1993	1992	1994	1993	1992
Intangible assets	6	11	6	6	11	6
Group goodwill	–	1	217	–	–	–
Equipment	257	256	256	230	214	219
Real estate	54	52	51	48	42	44
Total	317	320	530	284	267	269

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

Note 8 – Loan losses

SEK M	Group			Bank		
	1994	1993	1992	1994	1993	1992
<i>Loan losses, individually assessed</i>						
The year's actual loan losses	12,753	7,534	6,363	11,445	12,610	5,846
of which, commitments transferred to SveaTornet AB				-	7,788	-
Restored previously-made provisions for anticipated loan losses which are reported as actual in the year's accounts	-9,986	-5,466	-2,869	-9,635	-8,714	-2,857
of which, commitments transferred to SveaTornet AB				-	-5,195	-
The year's provision for anticipated loan losses	4,759	10,781	15,298	3,530	6,693	14,012
Recovered from previous actual loan losses	-426	-165	-113	-143	-77	-87
Recovered provisions for anticipated loan losses	-3,434	-1,146	-420	-2,925	-899	-413
The year's net cost for individually-assessed claims	3,666	11,538	18,259	2,272	9,613	16,501

SEK M	Group			Bank		
	1994	1993	1992	1994	1993	1992
<i>Claims assessed groupwise</i>						
The year's actual loan losses	247	247	-	221	156	-
Provision/dissolution of reserve for loan losses	-39	35	200	-144	-85	82
Recovered from previous year's actual loan losses	-76	-7	-	-5	-	-
The year's net cost for claims assessed groupwise	132	275	200	72	71	82
<i>Country risks</i>						
Provision/dissolution of general reserve	-8	-82	50	-8	-82	50
The year's net cost for loan losses	3,790	11,731	18,509	2,336	9,602	16,633

Note 9 – Problem loans

SEK M	Group									Bank								
	Households			Companies			Total			Households			Companies			Total		
	1994	1993	1992	1994	1993	1992	1994	1993	1992	1994	1993	1992	1994	1993	1992	1994	1993	1992
Unsettled claims for which accrued interest is also entered as income	921	1,453	693	1,255	2,318	1,617	2,176	3,771	2,310	6	47	184	18	131	407	24	178	591
<i>Problem loans</i>																		
Doubtful claims	1,856	2,277	3,490	10,913	15,189	17,175	12,769	17,466	20,665	1,569	1,738	1,955	6,985	8,415	12,756	8,554	10,153	14,711
Claims with interest concessions	166	202	114	594	1,116	2,715	760	1,318	2,829	166	202	114	500	643	2,528	666	845	2,642
Total net problem loans	2,022	2,479	3,604	11,507	16,305	19,890	13,529	18,784	23,494	1,735	1,940	2,069	7,485	9,058	15,284	9,220	10,998	17,353
Provisions	2,424	3,102	1,622	15,774	24,172	21,437	18,198	27,274	23,059	1,976	2,541	1,532	12,987	14,203	18,698	14,963	16,744	20,230
Total gross problem loans	4,446	5,581	5,226	27,281	40,477	41,327	31,727	46,058	46,553	3,711	4,481	3,601	20,472	23,261	33,982	24,183	27,742	37,583
Provision ratio, doubtful claims, %	56.6	57.7	31.7	59.1	61.4	55.5	58.8	61.0	52.7	55.7	59.4	43.9	65.0	62.8	59.4	63.6	62.3	57.9
Loss of interest on problem loans ¹	623	766		3,379	4,354		4,002	5,120		556	656		2,854	3,353		3,410	4,009	
							1994	1993								1994	1993	
Current yield on problem loans during the period, SEK M							944	988								489	871	
Yield on average gross book value relating to problem loans, %							2.33	2.10								1.47	2.51	
Average interest on claims in SEK which do not constitute problem loans, %							11.13	11.84								10.52	11.10	

¹ 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		
	1994	1993	1992	1994	1993	1992
Book value						
Real estate, condominiums, etc	146	468	972	131	282	520
Shares and participations	628	345	247	523	217	246
Other property taken over	277	1	16	35	0	–
Total book value	1,051	814	1,235	689	499	766

SEK M	Group		Bank	
	SEK M	%	SEK M	%
Net yield booked in 1994				
Real estate, condominiums, etc	9	6	12	9

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	76	30
The Group's share of the companies' capital and reserves (excl deferred tax in untaxed reserves) of which, non-restricted equity	52	30
Book value of the Group's claims on the companies	7 637	86
The Group's share of the year's result before appropriations and taxes in the companies ¹	–462	–4
The Group's share of the year's result after appropriations and taxes in the companies	15	–4

¹Group contributions and stockholder contributions to taken-over companies have been classified as loan losses at SEK 493M in the Group.

Net operating income of real estate taken over

	Group	Bank	Properties in real estate companies taken over which have not been included in the Consolidated Accounts
External income	20	20	1,014
Operating expenses	11	8	551
Net operating income	9	12	463

Real estate, etc, taken over for protection of claim

Specification of real estate taken over 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

	Number	Group				Bank				Properties in real estate companies taken over which have not been included in the Consolidated Accounts	
		Actual value, SEK M	Book value, SEK M	Direct yield, %		Actual value, SEK M	Book value, SEK M	Direct yield, %		Book value, ² SEK M	Direct yield, ³ %
<i>Sweden</i>											
Office premises										1,440	
of which, big city regions ¹										605	6
of which, other parts of Sweden										835	8
Multi-family buildings	7	63	63		61	61				2,122	
of which, big city regions										719	10
of which, other parts of Sweden										1,403	7
< SEK 10M	6	14	14		12	12					
> SEK 10M	1	49	49	16	49	49	16				
Industrial properties	6	24	23		24	23				1,066	
of which, big city regions										491	5
of which, other parts of Sweden	6	24	23		24	23				575	9
Agricultural properties	2	16	13		15	12					
of which, other parts of Sweden											
< SEK 10M	1	1	1		–	–					
> SEK 10M	1	15	12	0	15	12	0				
Privately-owned homes	35	23	18		9	9					
Condominiums	7	5	5		5	5					
Other real estate	21	21	21		21	21				669	
of which, big city regions	4	1	1		1	1				110	5
of which, other parts of Sweden										559	7
< SEK 10M	16	2	2		2	2					
> SEK 10M	1	18	18	4	18	18	4				
<i>Outside Sweden</i>											
Office premises										1,847	5
Apartment buildings											
Industrial properties										420	11
Other real estate	1	3	3		–	–				702	7
Total book value	79	155	146		135	131				8,266	7
of which, > SEK 10M – Sweden	3	82	79		82	79					
Book value in respect of doubtful claims with real estate as collateral			6,671				3,668				

¹By big city region is meant Stockholm, Gothenburg and Malmö.

²Book value is the same as actual value.

³By direct yield is meant the properties' actual net operating income during the year expressed as a percentage of average book value.

Realized profits and losses of repossessed real estate in the Bank and the Group amounted to net capital gains of SEK 4M and SEK 6M, respectively. Unrealized write-downs of properties after the date of repossession amounted to SEK 20M in the Bank and the SEK 26M 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 gain of SEK 3M. Unrealized write-downs amounted to SEK 738M.

Note 11 – Settlement of pensions

SEK M	Group			Bank		
	1994	1993	1992	1994	1993	1992
Calculated						
pension costs	99	61	128	94	56	122
Paid pensions	-9	-12	-10	-9	-12	-10
Payroll tax and tax on yield	-44	-44	-62	-44	-41	-59
Compensation in relation to insurance-technically computed pensions premiums as well as decrease of Provision for pensions	95	111	106	95	107	109
Appropriation to foundations or account Provision for Pensions	-24	-19	-35	-24	-19	-35
Total	117	97	127	112	91	127

Note 12 – Change in untaxed reserves

SEK M	Bank		C/F on Dec 31, 1994
	B/F on Jan 1, 1994	Dissolution 1994	
Accumulated excess depreciation			
–equipment	3	2	1
–real estate	6	0	6
Total	9	2	7

Note 13 – Group contributions

SEK M	Bank			Received	1993	1992
	1994	1993	1992	1994	1993	1992
Sparbanken Finans	–	–	–	428	1,348	487
Robur Kapitalförvaltning	–	–	–	–	158	69
Spintab	–	–	–	1,643	1,410	3,045
Tornet	550	–	–	–	–	–
Sparbanken Sverige Administration	–	14	–	18	–	–
Total	550	14	–	2,089	2,916	3,601

Amounts classified as shares in results in previous years have been reported as Group contributions from 1994. Information relating to 1992 and 1993 has been adjusted accordingly. The reported SEK 123M in the Group refers to funds contributed to companies which are not included in the Consolidated Accounts.

Note 14 – Shareholder contributions

SEK M	Group			Bank		
	1994	1993	1992	1994	1993	1992
Sparbanken Finans	–	–	–	–	-820	–
Spintab	–	–	–	-650	-469	–
Tornet	–	–	–	-31	–	–
Spafi	–	–	–	-93	–	–
Sparbanken Första AB	–	–	7,300	–	–	7,300
Repayment of conditional loan	–	–	-2,816	–	–	-2,816
Others	-3	–	-37	-3	–	-137
Total	-3	0	4,447	-777	-1,289	4,347

Note 15 – Taxes

SEK M	Group			Bank		
	1994	1993	1992	1994	1993	1992
Tax relating to previous years	-78	-35	12	-79	-3	–
Income tax	-10	-9	-56	-2	-1	-15
Deferred tax	-8	307	3,606	–	–	–
Total	-96	263	3,562	-81	-4	-15

Note 16 – Cash and receivables in course of collection

SEK M	Group			Bank		
	1994	1993	1992	1994	1993	1992
Cash	2,444	2,765	2,930	2,444	2,765	2,927
Receivables in course of collection	775	862	1,148	775	862	1,148
Total	3,219	3,627	4,078	3,219	3,627	4,075
of which, in foreign currency	108	127	154	107	127	151

Note 17 – Swedish financial institutions

SEK M	Group						Bank					
	1994	Assets 1993	1992	1994	Liabilities 1993	1992	1994	Assets 1993	1992	1994	Liabilities 1993	1992
The Central Bank of Sweden (Sveriges Riksbank)	–	1,910	12,281	2	–	8,622	–	1,910	12,281	2	–	8,622
National Debt Office ¹	638	1,991	2,938	1	1	1	638	1,991	2,938	1	1	1
Banking companies	2,775	2,214	4,162	4,184	418	2,903	2,771	1,791	4,012	4,161	416	2,795
Savings banks	3,193	2,948	3,774	7,645	12,926	7,493	3,193	2,948	3,775	7,645	12,926	7,493
Total banks	6,606	9,063	23,155	11,832	13,345	19,019	6,602	8,640	23,006	11,809	13,343	18,911
Intermediary institutions	538	901	1,071	1,398	197	737	5,689	916	1,214	3,294	5,130	8,350
Insurance companies	795	237	434	3,298	2,368	3,142	795	237	434	3,277	2,358	2,940
Finance companies	1,106	1,368	4,660	359	1,123	1,128	4,929	13,398	8,883	149	1,938	2,485
Stockbroker and securities broker companies	38	61	74	350	4	22	38	61	74	350	41	22
Others	15	13	551	49	122	88	–	3	507	49	77	88
Provision for anticipated loan losses	-411	-400	-1,192	–	–	–	-411	-197	-1,192	–	–	–
Total other financial institutions	2,081	2,180	5,598	5,454	3,814	5,117	11,040	14,418	9,920	7,119	9,544	13,885
Total	8,687	11,243	28,753	17,286	17,159	24,136	17,642	23,058	32,926	18,928	22,887	32,796
of which, in foreign currency	4,156	4,263	6,057	1,512	586	10,070	5,745	7,114	7,335	1,663	376	9,929
¹ National Savings Accounts, gross	-14,111	-18,286	-19,116				-14,111	-18,286	-19,116			
of which, claim on the National Debt Office	14,724	18,885	19,649				14,724	18,885	19,649			
Net	613	599	533				613	599	533			

Note 18 – Foreign banks

	Group						Bank					
	Assets			Liabilities			Assets			Liabilities		
SEK M	1994	1993	1992	1994	1993	1992	1994	1993	1992	1994	1993	1992
SEK	574	1,804	90	1,303	591	513	638	1,582	373	2,062	485	746
Foreign currencies	7,528	6,721	6,644	32,016	27,476	36,049	9,679	10,785	9,443	32,980	27,774	34,094
Reserve for anticipated loan losses	-79	-	-58	-	-	-	-79	-	-58	-	-	-
Total	8,023	8,525	6,676	33,319	28,067	36,562	10,238	12,367	9,758	35,042	28,259	34,840

Note 19 – Trading portfolio

	Group						Bank					
	Acquisition value			Market value			Acquisition value			Market value		
SEK M	1994	1993	1992	1994	1993	1992	1994	1993	1992	1994	1993	1992
<i>Instrument</i>												
Commercial paper	21,576	8,210	434	21,578	8,299	434	21,576	6,139	507	21,578	6,140	508
Government securities, Swedish	4,643	25,771	5,337	4,637	25,772	6,004	3,901	25,771	2,338	3,899	25,772	2,339
Bonds issued by												
Mortgage finance institutions	6,067	3,648	581	6,059	3,652	582	6,028	5,629	581	6,020	5,633	582
Corporate finance institutions	-	-	157	-	-	158	-	-	157	-	-	158
Other Swedish companies	-	1	3	-	1	3	-	-	-	-	-	-
Subordinated notes, Swedish	-	-	12	-	-	7	-	-	12	-	-	7
Other Swedish interest-bearing instruments	-	131	2	-	131	2	-	131	2	-	131	2
Foreign government securities and bonds	198	296	394	198	296	394	198	296	381	198	296	380
Other foreign instruments	-	5	6	-	5	6	-	-	-	-	-	-
Off-balance instruments	-	-	-	-158	-30	-100	-	-	-	-159	-30	-100
Total	32,484	38,062	6,926	32,314	38,126	7,490	31,703	37,966	3,978	31,536	37,942	3,876
Reserve	-170	-24	-102	-	-	-	-167	-24	-102	-	-	-
Total trading portfolio	32,314	38,038	6,824	32,314	38,126	7,490	31,536	37,942	3,876	31,536	37,942	3,876
of which, in foreign currency	274	432	568				274	427	534			

Effective 1994, intra-Group holdings in the trading portfolio are not eliminated.

Note 20 – Investment portfolio

	Group						Bank					
	Acquisition value			Market value			Acquisition value			Market value		
SEK M	1994	1993	1992	1994	1993	1992	1994	1993	1992	1994	1993	1992
<i>Instrument</i>												
Commercial paper	1,890	1,776	2,066	1,892	1,779	2,069	3,164	1,776	2,066	3,166	1,779	2,070
Government securities, Swedish	3,627	1,328	2,880	3,475	1,348	2,879	3,618	1,328	765	3,466	1,348	721
Bonds issued by												
Municipalities	25	29	34	26	30	34	25	29	34	26	30	34
Mortgage finance institutions	2,942	1,644	5,281	2,687	2,188	5,302	21,796	7,429	15,190	20,913	8,043	15,210
Municipal finance institutions	235	248	306	235	281	306	235	248	306	235	281	306
Corporate finance institutions	50	703	38	47	768	38	50	703	38	47	768	38
Other Swedish companies	1,204	98	136	1,196	101	134	1,238	98	136	1,230	101	134
Subordinated notes, Swedish	4	4	60	4	4	60	4	4	60	4	4	60
Other Swedish interest-bearing instruments	-	309	24	-	309	24	35	309	24	35	309	24
Foreign government securities and bonds	136	208	470	135	208	470	136	208	470	135	208	470
Other foreign instruments	1,284	17	14	1,277	19	15	1,282	-	-	1,274	-	-
Off-balance instruments	-	-	-	308	-345	-	-	-	-	308	-345	-
Total	11,397	6,364	11,309	11,282	6,690	11,331	31,583	12,132	19,089	30,839	12,526	19,067
Reserve	-115	-	-	-	-	-	-744	-	-22	-	-	-
Total investment portfolio	11,282	6,364	11,309	11,282	6,690	11,331	30,839	12,132	19,067	30,839	12,526	19,067
of which, in foreign currency	3,747	742	484				4,649	725	470			

The Bank's investment portfolio comprises holdings of 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 32M at December 31, 1994, has not been included in the portfolio's total undervalue.

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		
	1994	1993	1992
Remaining tenor			
< 1 year	2,399	806	1,516
1-5 years	19,042	15,496	11,342
6-10 years	8,232	5,805	6,979
> 10 years	3,997	3,248	5,027
Total	33,670	25,355	24,864
Average remaining tenor	5.17	4.58	6.28
Average coupon interest expressed as a percentage of the acquisition value at the year-end	9.73%	10.28%	11.65%

Note 21 – General Public – loans and deposits/funding

SEK M	Group					
	1994	Assets 1993	1992	1994	Liabilities 1993	1992
Foreign currency	33,550	52,459	62,839	6,377	7,704	5,080
SEK	358,809	368,039	368,912	134,223	131,876	134,321
Provision for anticipated loan losses	-17,625	-26,737	-21,743	-	-	-
Total	374,734	393,761	410,008	140,600	139,580	139,401

SEK M	Bank					
	1994	Assets 1993	1992	1994	Liabilities 1993	1992
Foreign currency	31,340	44,137	56,378	6,036	6,677	5,755
SEK	113,208	109,534	130,331	134,270 ¹	131,779	131,921
Provision for anticipated loan losses	-14,472	-16,547	-18,979	-	-	-
Total	130,076	137,124	167,730	140,306	138,456	137,676

¹ This includes normal deposits at SEK 108,934M (SEK 104,076M in 1993) and money market-related deposits at SEK 25,336M (SEK 27,703M in 1993).

Note 22 – Other assets

SEK M	Group			Bank		
	1994	1993	1992	1994	1993	1992
Accrued interest	9,358	11,127	11,420	5,689	6,691	7,071
Prepaid expenses and accrued income	1,778	2,451	346	1,677	3,077	1,375
Group contribution claim, subsidiaries	-	-	-	1,439	2,148	2,412
Securities settlement claims	1,104	452	191	1,104	452	191
Claim on lent securities	371	92	7	371	92	7
Real estate, etc taken over for protection of claim ¹	146	468	972	131	282	520
Other assets taken over for protection of claim	277	1	16	35	0	-
Deferred taxes recoverable	32	29	-	-	-	-
Other assets	1,954	2,185	3,144	992	629	1,267
Provision for anticipated loan losses	-7	-33	-67	-1	-	-
Total	15,013	16,772	16,029	11,437	13,371	12,843
of which, in foreign currency	1,931	925	692	1,822	440	213

¹ Tax assessment values in respect of taken-over real estate in Sweden in 1994 amount to SEK 114M in the Group and SEK 104M in the Bank.

Tax assessment values are not available for foreign assets booked at SEK 3M in the Group and SEK 0M in the Bank. See Note 10.

Note 23 – Stocks, etc, current assets

SEK M	Group			Bank		
	1994	1993	1992	1994	1993	1992
Trading stock	2,012	1,233	255	2,012	1,233	255
For protection of claim						
of which, Swedish						
listed companies	1	201	200	1	201	200
of which, other stocks	627	144	47	522	16	46
Other stocks	139	119	112	128	115	109
Total	2,779	1,697	614	2,663	1,565	610
of which, in foreign currency	79	20	0	11	20	0

Taken over for protection of claim

Holdings with book value in excess of SEK 100M, 1994:

SEK M	Group	
	Voting power, %	Book value
Allhus AB	9	155
GNW Förvaltning AB	36	107
Anders Diös AB	23	104
Others		262
Total		628

Note 24 – Leasing assets

SEK M	Group		
	1994	1993	1992
Acquisition values	4,110	5,175	5,941
Accumulated scheduled depreciation	-1,643	-1,910	-1,939
Provisions, anticipated losses	-76	-105	-82
Scheduled residual value	2,391	3,160	3,920
of which, in foreign currency	264	944	1,052

Note 25 – Holdings of shares and participations, fixed assets

Summary

Shares and participations, fixed assets

SEK M	Par value			Book value		
	1994	1993	1992	1994	1993	1992
A. Shares in subsidiaries in Sweden	6,348	6,756	6,830	7,127	7,669	8,158
B. Shares in subsidiaries outside Sweden	764	697	641	699	675	675
C. Other companies in Sweden				77	114	97
D. Stocks in associated companies				220	0	0
E. Other companies outside Sweden				46	0	0
The Bank's holding				8,169	8,458	8,930
F. Participations, subscription guarantee certificates, etc				251	222	192
Total shares and participations, Bank				8,420	8,680	9,122
G. Subsidiaries' holding				218	282	1,075
H. Subsidiaries' non-consolidated companies				14	12	69
I. Subsidiaries' participations, etc				2	4	5
Group holding of shares and participations (C+D+E+F+H+I-elimination-write-down)				484	232	314

Specification

	Number of shares	Par value in each currency	Par value 1994, SEK M	Par value 1993, SEK M	Book value 1994, SEK M	Book value 1993, SEK M	Percentage of capital of each company
A. Shares in subsidiaries in Sweden							
AB Spintab	12,000,000	500	6,000	6,000	6,428	6,428	100
Sparbanken Finans AB	345,000	1,000	345	345	415	415	100
Sparbanken Sverige Administration AB	10,000	100	1	1	1	1	100
Fastighets AB Tornet	1,000	1,000	1	–	251	–	100
AB Spafi in process of changing its name to Nordic Aircraft Management AB	50	1,000	0	–	0	–	100
Transcredo AB	1,000	1,000	1	–	32	–	100
Robur Kapitalförvaltning AB	–	–	–	10	–	25	–
SveaTornet AB	–	–	–	400	–	800	–
Total			6,348	6,756	7,127	7,669	

B. Shares in subsidiaries outside Sweden

Swedbank (Luxembourg) S.A., LUF	300,000	10,000	704	697	675	675	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. ¹	24,999	2,400	60	–	24	–	99
Total			764	697	699	675	

¹ 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	5,440	100	0.5	0.3	0.2	0.2	1
AB Svensk Exportkredit	31,100	1,000	31.1	31.1	44.5	44.5	5
AB Industri kredit	7,520	1,000	7.5	7.5	25.0	51.9	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
Fågelbro Klubb AB	2	5,000	0.0	0.0	0.1	0.3	0
OM Fondkommission AB	5,400	100	0.5	0.5	0.4	0.4	0
Robur Kapitalförvaltning AB	1,000,000	1	1.0	–	2.6	–	10
Bankfastighets AB Dukaten	1,180	1,000	1.2	1.2	1.2	1.2	5
The Royal Bachelor Club AB	40	500	0.0	0.0	0.1	0.1	1
Sorbinvest AB	8,333	120	1.0	–	1.0	–	3
convertible promissory note			–	1.0	–	1.0	–
Fastighets AB Norrlands Handelshus			–	1.8	–	1.8	–
convertible promissory note			–	6.0	–	6.0	–
stockholder contribution			–	–	–	4.5	–
Others			0.0	0.0	0.0	0.0	–
Total			44.9	51.5	77.5	114.3	

D. Stocks in associated companies

Sambox Väst AB	125	1,000	0.1	0.1	0.1	0.1	25
SparFond Livförsäkrings AB ¹	75,000	1,000	75.0	–	94.1	–	50
SparLiv Livförsäkrings AB	75,000	1,000	75.0	–	125.7	–	50
Total			150.1	0.1	219.9	0.1	
¹ Write-down of associated company, SparFond in the Group		–	–	–	6.1	–	
Total			150.1	0.1	213.8	0.1	

Note 25, continued

Specification

	Number of shares	Par value in each currency	Book value 1994, SEK M	Book value 1993, SEK M	Book value 1994, SEK M	Book value 1993, SEK M	Percentage of capital in each company
<i>E. Other companies outside Sweden</i>							
Exchange Clearing House Ltd, GBP	3,580	0			0	0	0
Swift S.C., BEL	160	5,000			0	0	0
Aktia Sparbank Ab, FIM	1,500,000	20			46	-	8
Total					46	0	

F. Participations and Subscription Guarantee Certificates:

	Book value	
	1994	1993
Subscription guarantee certificates in Spintab ¹	50	50
Subordinated debentures in subsidiaries ¹	70	70
Subordinated debentures in independent savings banks	98	63
Residential property participations and other	33	39
Total	251	222

¹ Eliminated in the Group.

Note 26 – Intangible assets

	Group			Bank		
SEK M	1994	1993	1992	1994	1993	1992
Goodwill	-	-	1	-	-	-
Other intangible assets	-	8	17	-	7	17
Total	-	8	18	-	7	17

Note 27 – Equipment

	Group			Bank		
SEK M	1994	1993	1992	1994	1993	1992
Acquisition values	1,859	1,442	1,560	1,283	1,179	1,247
Accumulated scheduled depreciation	-1,180	-891	-815	-908	-682	-601
Scheduled residual value	679	551	745	375	497	646
Accumulated excess depreciation	-	-	-	-1	-3	-4
Net value	679	551	745	374	494	642

Note 28 – Real estate for accommodation of own premises

	Group			Bank		
SEK M	1994	1993	1992	1994	1993	1992
Acquisition values	3,861	2,710	2,720	3,519	2,370	2,385
Revaluation	570	570	570	570	570	570
Accumulated scheduled depreciation	-336	-330	-281	-288	-288	-247
Scheduled residual value	4,095	2,950	3,009	3,801	2,652	2,708
Accumulated excess depreciation	-	-	-	-6	-6	-8
Net value	4,095	2,950	3,009	3,795	2,646	2,700
Tax assessment values on real estate	3,316 ¹	2,719	2,735	3,161	2,561	2,573

¹ Tax assessment values are not available on foreign assets booked at SEK160M (1993: SEK 145M, 1992: SEK 137M).

For depreciation principles, see "Accounting Principles".

Note 29 – Short-term funding

	Group			Bank		
SEK M	1994	1993	1992	1994	1993	1992
Commercial paper	5,438	13,402	6,229	4,048	8,197	2,456
Eurocommercial paper	258	580	1,626	258	173	1,485
Certificates						
In foreign currency	2,230	5,107	2,315	2,230	5,107	2,177
Certificates in SEK	7,211	2,293	12,456	-	9	245
Other short-term funding, SEK	-	4	4,267	-	-	-
Total	15,137	21,386	26,893	6,536	13,486	6,363
of which, in foreign currency	7,926			6,536		

Note 30 – Long-term funding

	Group			Bank		
SEK M	1994	1993	1992	1994	1993	1992
Bonds ¹	189,010	217,998	199,120	5,343	9,035	9,983
Subordinated loans	11,262	11,262	11,064	6,637	6,690	6,259
Perpetual subordinated loans	6,165	6,336	2,033	2,241	2,412	-
Mortgages in own real estate	239	81	51	301	148	350
Other long-term funding	7,055	8,037	11,288	3,427	3,800	4,426
Total	213,731	243,714	223,556	17,949	22,085	21,018
of which, in foreign currency	43,385	42,179	35,836	13,792	18,736	17,980

¹ Medium-term notes are included in the Bank's bonds at SEK 1,729M (SEK 2,309M in 1993 and SEK1 006M in 1992).

Specification of subordinated loans is shown on page 59.

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 8.9 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 requirements for reporting in the Bank: USD 150M at the corresponding value of SEK 1,119M. The loan is a perpetual subordinated loan with a call option at October 20, 1998. The interest rate during the first five-years is set at 6 months Libor + 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 17.4 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:

	Group		Bank	
SEK M	1994	1993	1994	1993
Other debt securities issued				
outside Sweden	5,696	13,982	4,306	8,370
Funding from the general public	7,055	8,041	3,427	3,800
Commercial paper	9,441	7,400	2,230	5,116
Bonds	189,010	217,998	5,343	9,035
Subordinated loans	17,427	17,598	8,878	9,102
Refinancing loans	-	-	-	-
Mortgages in own real estate	239	81	301	148
Total	228,868	265,100	24,485	35,571

Note 31 – Other liabilities

SEK M	Group			Bank		
	1994	1993	1992	1994	1993	1992
Accrued interest	11,162	11,838	12,834	4,329	3,806	4,827
Accrued expenses and prepaid income	2,395	1,801	1,717	1,536	2,549	982
Group contribution/stockholder contributions, liabilities to subsidiaries	–	–	–	794	–	–
Preliminary tax, interest	1,385	1,509	2,312	1,385	1,507	2,312
Securities payment liabilities	1,141	470	166	1,141	470	166
Liability, borrowed securities	102	401	220	102	401	220
Own tax liabilities	248	240	298	102	23	84
Deferred tax	–	–	299	–	–	–
Other liabilities	3,612	3,210	2,507	1,183	1,368	669
Total	20,045	19,469	20,353	10,572	10,124	9,260
of which, in foreign currency	2,385	497	–	1,745	344	–

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 obligation for which the foundations are responsible by SEK 3.1M.

Note 33 – Stockholders' equity

SEK M	Group			Bank		
	1994	1993	1992	1994	1993	1992
Capital stock						
On January 1, 1994	5,020	5,020	4,020	5,020	5,020	4,020
New share issue	380	–	1,000	380	–	1,000
At year-end ¹	5,400	5,020	5,020	5,400	5,020	5,020
Restricted reserves						
On January 1, 1994	2,196	1,472	3,294	1,004	373	231
Transferred from non-restricted reserves	602	633	715	–	631	142
Premium on new share issue	1,798	–	–	1,798	–	–
Change as a result of merger and restructuring	–	85	17	–	–	–
Transfer between restricted and non-restricted equity	83	6	–2,554	–	–	–
At year-end	4,679	2,196	1,472	2,802	1,004	373
Non-restricted reserves						
On January 1, 1994	7,892	12,271	62	7,712	11,211	9
Net result in previous year	–3,305	–3,140	1,586	–3,876	–2,343	427
Dividend paid	–	–	–294	–	–	–294
Appropriation to restricted reserves	–602	–633	–715	–	–631	–142
Issue expenses	–98	–8	–97	–98	–	–20
Change as a result of merger and restructuring	0	–607	9,155	–9	–525	11,231
Transfer between restricted and non-restricted equity	–83	–6	2,554	–	–	–
Translation difference	2	15	20	–	–	–
At year-end	3,806	7,892	12,271	3,729	7,712	11,211
Net result for the year	3,841	–3,305	–3,140	2,461	–3,876	–2,343
Total stockholders' equity	17,726	11,803	15,623	14,392	9,860	14,261

¹The capital stock consists of

Common capital stock SEK 2,300M	230,000,000 shares at SEK 10
Preferred capital stock SEK 3,100M	310,000,000 shares at SEK 10
SEK 5,400M	540,000,000 shares at SEK 10

Note 34 – Capital adequacy

Capital requirement

Group	Dec 31, 1994			Dec 31, 1993			Dec 31, 1992		
	Assets	Off-balance sheet items	Risk-weighted amount	Assets	Off-balance sheet items	Risk-weighted amount	Assets	Off-balance sheet items	Risk-weighted amount
Risk class									
0%	99,046	28,047	–	110,073	21,619	–	99,907	18,841	–
20%	25,003	19,205	8,842	25,531	20,005	9,107	28,643	29,843	11,697
50%	219,364	3,634	111,499	228,676	4,356	116,516	221,336	7,597	114,467
100%	120,287	6,170	126,457	122,648	5,237	127,885	142,411	5,750	148,161
Total	463,700	57,056	246,798	486,928	51,217	253,508	492,297	62,031	274,325
Requirement 8%			19,744			20,281			21,946

Bank

Risk class									
0%	104,596	28,454	–	103,807	21,769	–	88,847	17,709	–
20%	24,463	14,893	7,871	23,795	15,383	7,835	24,132	27,452	10,317
50%	28,334	2,692	15,513	32,279	3,502	17,891	38,978	7,163	23,070
100%	92,845	7,533	100,378	93,133	6,285	99,419	111,409	9,055	120,464
Total	250,238	53,572	123,762	253,014	46,939	125,145	263,366	61,379	153,851
Requirement 8%			9,901			10,012			12,308

Capital base

SEK M	Group			Bank		
	Dec 31, 1994	Dec 31, 1993	Dec 31, 1992	Dec 31, 1994	Dec 31, 1993	Dec 31, 1992
Taxed equity	17,022	11,804	15,624	13,688	9,860	14,261
Untaxed reserves, etc minus goodwill	–	–1	–4	–	–	–
Total primary capital	17,022	11,803	15,620	13,688	9,860	14,261
Perpetual subordinated loans	6,165	5,902	2,033	2,241	2,412	–
Fixed-term subordinated loans	8,511	5,901	7,810	5,588	4,930	5,389
Less shares in companies which are not consolidated	–373	–68	–5	–365	–63	–
Total capital base	31,325	23,538	25,458	21,152	17,139	19,650
Surplus	11,581	3,257	3,512	11,251	7,127	7,342
Capital adequacy ratio, percent	12.69	9.28	9.28	17.09	13.70	12.77
Primary capital ratio, percent	6.90	4.66	5.69	11.06	7.88	9.27

Note 35 – Items reported outside the balance sheet and their risk-weighted amounts

Off-balance commitments, which are reported below, are a phase of the Group's business operations.

SEK M	Group				
	Par amount 1994	Recalculated amount 1994	Risk-weighted amount 1994	Risk-weighted amount 1993	Risk-weighted amount 1992
<i>Guarantees</i>	8,466	5,644	4,667	5,245	6,127
Credit guarantees	2,535	2,535	2,173	2,392	3,480
Other guarantees	5,644	2,822	2,441	2,853	2,647
Own acceptances	287	287	53	–	–
<i>Letters of credit</i>	305	61	37	34	34
<i>Other contingent liabilities</i>	49	19	12	82	11
<i>Obligations for future payments</i>	31,017	30,065	1,173	364	429
Repurchase agreements	28,762	28,762	345	279	402
Commercial paper programs	1,903	951	476	–	–
Others	352	352	352	85	27
<i>Interest-related and foreign exchange-related contracts</i>	984,341	20,348	4,958	5,662	9,037
Forward interest contracts	86,300	–	–	–	–
Forward foreign exchange contracts	347,931	10,556	2,617	2,369	6,987
Interest and foreign exchange swaps	191,837	9,559	2,275	3,233	1,967
FRA	342,542	78	17	13	45
Acquired options	8,037	146	47	46	38
Acquired interest rate guarantees	1,833	9	2	1	–
Financial futures	5,556	–	–	–	–
Others	305	–	–	–	–
<i>Other obligations</i>	2,173	1,092	1,092	332	377
Long-term credit promises	2,173	1,092	1,092	332	353
Delivery undertakings	–	–	–	–	24
Less provision for anticipated loan losses	–	–173	–111	–303	–497
Total	1,026,351	57,056	11,828	11,416	15,518

SEK M	Bank				
	Par amount 1994	Recalculated amount 1994	Risk-weighted amount 1994	Risk-weighted amount 1993	Risk-weighted amount 1992
<i>Guarantees</i>	10,524	7,681	6,704	8,413	11,030
Credit guarantees	4,550	4,550	4,189	5,564	8,569
Other guarantees	5,687	2,844	2,462	2,849	2,461
Own acceptances	287	287	53	–	–
<i>Letters of credit</i>	305	61	37	34	34
<i>Other contingent liabilities</i>	48	19	12	82	11
<i>Obligations for future payments</i>	31,016	30,064	1,172	358	408
Repurchase agreements	28,762	28,762	345	278	402
Commercial paper programs	1,903	951	476	–	–
Others	351	351	351	80	6
<i>Interest-related and foreign exchange-related contracts</i>	935,859	15,500	3,625	4,311	8,341
Forward interest contracts	75,090	–	–	–	–
Forward foreign exchange contracts	348,801	10,562	2,611	2,358	6,954
Interest and foreign exchange swaps	153,704	4,706	948	1,893	1,304
FRA	342,533	77	17	13	45
Acquired options	8,037	146	47	46	38
Acquired interest rate guarantees	1,833	9	2	1	–
Financial futures	5,556	–	–	–	–
Others	305	–	–	–	–
<i>Other obligations</i>	2,169	1,089	1,089	332	190
Long-term credit promises	2,169	1,089	1,089	332	166
Delivery undertakings	–	–	–	–	24
Less provision for anticipated loan losses	–	–843	–781	–2,417	–1,887
Total	979,921	53,571	11,858	11,113	18,127

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

SEK M	1994	Bank	1993
<i>Issued stock options</i>			
Book values of stocks for which options have been issued	1,583		549
Redemption price for stocks	1,552		512
Premiums referring to options entered as liabilities	153		60

Subordinated assets

The combined volume of assets which the Parent Company received in accordance with the Banking Business Act Chapter 2 Para 15 a may amount to 30 percent of the capital base. The limit for such assets is therefore SEK 6,346M. Assets of this kind amount SEK 131M.

Pledged assets in favor of Group companies

The Parent Company has pledged assets in real estate mortgages in favor of the subsidiary, Spintab, for SEK 20M.

Contingent liabilities in favor of Group companies

The Parent Company has issued contingent liabilities totalling SEK 2,233M, of which SEK 2,114M 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 179M in total.

Specification of subordinated loans

Fixed-term subordinated loans in SEK

Final maturity	Bank SEK
1995-08-10	6,000,000
1995-12-10	1,262,000
1996-01-02	5,000,000
1996-08-10	10,000,000
1996-09-30	100,000,000
1996-10-10	5,342,000
1997	103,196,000
1998	176,000,000
1999	412,520,000
2000	924,788,000
2001	713,041,600
2010	395,431,866
2019	110,720,000
Total	2,963,301,466

Fixed-term subordinated loans with interest payment on maturity

Final maturity	SEK
2001-12-05	8,498,776
Total	8,498,776

Fixed-term subordinated loans in foreign currencies

Final maturity	SEK
1996-02-25	117,250,000
1996-04-04	140,700,000
1996-05-15	117,250,000
1997	559,700,000
1998	186,600,000
2000	602,000,000
2002	1,941,600,000
Total	3,665,100,000

		Exchange rate	SEK
<i>Perpetual subordinated loans in foreign currencies</i>			
USD	150,000,000	1993-1998-10-20 7.4625	1,119,375,000
USD	50,000,000	1993-1998-10-20 7.4625	373,125,000
JPY	10,000,000,000	1993-1999-11-18 0.07485	748,500,000
Total			2,241,000,000
Total subordinated loans in the Bank			8,877,900,242

Proposed appropriation of income

SEK M

The following amounts are at the disposal of the Annual General Meeting

Net result for the year	2,461
Profit brought forward from the previous year	3,836
Other changes during the year of non-restricted reserves	-107
Total amount available for appropriation	6,190

The Board of Directors proposes:

Dividend to stockholders	704
Amount to be carried forward	5,486

The Group's non-restricted earnings amount to SEK 7,647M. The Board of Directors proposes that SEK 551M be transferred to restricted reserves in Group companies.

Board of Directors

Following the Annual General Meeting, the Board of Directors consists of the following Members: Leif Lewin, Nils Stormby, Bo Forslund, Göran Collert, Ronald Bergman, Kurt Lodenius, Per-Göran Nyberg, Hans Olsson, Madeleine Ramel, Bengt Rosén, Håkan Tidlund, Monica Ulfhielm and Håkan Vestlund.

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

The Board of Directors has elected Leif Lewin Chairman of the Board, Nils Stormby First Deputy Chairman and Bo Forslund Second Deputy Chairman.

Stockholm, March 9, 1995

Leif Lewin

Nils Stormby

Bo Forslund

Ronald Bergman

Kurt Lodenius

Per-Göran Nyberg

Hans Olsson

Madeleine Ramel

Bengt Rosén

Håkan Tidlund

Monica Ulfhielm

Håkan Vestlund

Kaisa Bratt

Lillemor Smedenvall

Göran Collert
President

Report of the Auditors

We have examined the Annual Report, the Consolidated Financial Statements and the accounting records and the administration by the Board of Directors for the 1994 financial year. In our examination we have been assisted by the Bank's internal audit department which has 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 Operations Act.

We recommend

that the Statement of Income and the Balance Sheet be adopted,
that the appropriated earnings be appropriated in accordance with the proposal 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.

The 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 9, 1995

Per Nilsson

Christian Westrup

Ulf Egenäs
*Authorized
Public Accountant*

Torbjörn Hanson
*Authorized
Public Accountant*

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

Board of Directors and Auditors



Leif Lewin



Nils Stormby



Bo Forslund



Ronald Bergman



Madeleine Ramel



Bengt Rosén



Håkan Tidlund



Monica Ulfhielm



Marianne Stoltz Qvick



Monica Sundström



Rolf Westergren



Sören Eriksson

Board Members elected by the Annual General Meeting

*Leif Lewin*³

Chairman. Born 1936.
Elected 1984.
Optionholding: option with right to buy 300 shares.

Nils Stormby^{1,2}

First Deputy Chairman.
Born 1929. Elected 1991.
Stockholding: 5,325
Optionholding: option with right to buy 300 shares.

*Bo Forslund*³

Second Deputy Chairman.
Former Member of the Swedish Parliament. Born 1939.
Elected 1991.
Stockholding: 1,000
Optionholding: option with right to buy 300 shares.

Ronald Bergman

President of Nordström & Thulin AB.
Born 1931.
Elected 1991.
Optionholding: option with right to buy 300 shares.

*Göran Collert*³

President of Swedbank.
Born 1937. Elected 1978.
Stockholding: 10,000.
Optionholding: option with right to buy 300 shares.

*Kurt Lodenius*³

Former Municipal Commissioner. Born 1936.
Elected 1983.
Optionholding: option with right to buy 600 shares.

*Per-Göran Nyberg*²

Executive Vice President of Swedbank. Born 1936.
Elected 1984.

Hans Olsson^{1,2}

Finance Director. Controller, the Swedish Metal Workers' Union. Born 1942. Elected 1992.

*Madeleine Ramel*¹

Born 1927. Elected 1991.
Optionholding: option with right to buy 300 shares.

*Bengt Rosén*³

Former Member of the Swedish Parliament. Born 1936.
Elected 1992.

*Håkan Tidlund*³

President of Folksam.
Born 1943. Elected 1994.
Optionholding: option with right to buy 600 shares.

*Monica Ulfhielm*²

Director Karolinska Sjukhuset. Born 1942. Elected 1992.
Optionholding: option with right to buy 300 shares.

*Håkan Vestlund*³

Municipal Commissioner. Born 1942. Elected 1992.
Optionholding: option with right to buy 300 shares.

Employee Representatives

Kaisa Bratt

Swedbank. Born 1941.
Elected 1992.
Optionholding: option with right to buy 300 shares.

Lillemor Smedenvall

Swedbank. Born 1950.
Elected 1993.
Optionholding: option with right to buy 300 shares.

Company Secretary

Olov Lydén

Born 1948. Employed by the Bank since 1982.

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

¹ Member of the Central Board of Directors' Security Committee.

² Member of the Central Board of Directors' Audit Committee.

³ Member of the Central Board of Directors' Credit Committee.



Göran Collert



Kurt Lodenius



Per-Göran Nyberg



Hans Olsson



Håkan Vestlund



Kaisa Bratt



Lillemor Smedenvall



Bengt Skoglund



Carina Raderman



Olov Lydén

Deputy Board Members appointed by the AGM

Bengt Skoglund

Deputy President of Swedbank. Born 1933. Elected 1991. Stockholding: 1,000. Optionholding: option with right to buy 300 shares.

Marianne Stoltz Qvick

Businesswoman. Born 1949. Elected 1994. Optionholding: option with right to buy 200 shares.

Monica Sundström

President of Landstingsförbundet. Born 1941. Elected 1994. Optionholding: option with right to buy 200 shares.

Rolf Westergren

President of Piteådalens Sparbank. Born 1930. Elected 1992. Optionholding: option with right to buy 300 shares.

Deputy Employee Representatives

Sören Eriksson

Swedbank. Born 1939. Elected 1992. Optionholding: option with right to buy 300 shares.

Carina Raderman

Swedbank. Born 1949. Elected 1993.

Auditors

Ulf Egenäs

Authorized Public Accountant, Deloitte & Touche AB.

Olle Gunnarsson

Authorized Public Accountant, Öhrlings Reveko AB. Appointed by the Swedish Financial Supervisory Authority.

Torbjörn Hanson

Authorized Public Accountant, Ernst & Young AB.

Per Nilsson

President of Varbergs Sparbank.

Christian Westrup

Chairman, The National Association of Independent Savings Banks.

Deputy Auditors

Olof Cederberg

Authorized Public Accountant, Ernst & Young AB.

Jan Larsson

Authorized Public Accountant, Deloitte & Touche AB.

Valdemar Löwhagen

President of Sparbanken in Lidköping.

Christer Svedebäck

President of Tjustbygdens Sparbank.

Executive Management



Göran Collert



Bengt Skoglund



Gunnar Andersson



Sören Andersson



Reinhold Geijer



Göran Gunnarsson



Lars-Erik Kvist



Håkan Källåker



Lars Strandberg



Carl Eric Stålborg



Göran Theodorsson



Lars-Olof Ödlund

Executive Management

*Göran Collert**

President.
Born 1937.
Employed since 1968.
Stockholding: 10,000.
Optionholding: option with right to buy 300 shares.

*Bengt Skoglund**

Deputy President.
Born 1933. Employed since 1991. Previously employed 1955-1986.
Stockholding: 1,000.
Optionholding: option with right to buy 300 shares.

Gunnar Andersson

Head of Corporate Communication and Marketing. Born 1939. Employed since 1992.
Stockholding: 1,000.
Optionholding: option with right to buy 300 shares.

*Sören Andersson**

Head of Bank Development.
Born 1945.
Employed since 1969.
Optionholding: option with right to buy 300 shares.

Yngve Andersson

Head of Savings Bank Zone Stockholm. Born 1942.
Employed since 1993.
Stockholding: 2,000.
Optionholding: option with right to buy 300 shares.

*Peter Carrick**

Head of Development of Markets and Products. Born 1952. Employed since 1979.
Optionholding: option with right to buy 300 shares.

Lars Eklund

Head of Legal and Security.
Born 1945. Employed since 1989.
Optionholding: option with right to buy 300 shares.

Gert Engman

Head of Specialbanken. Born 1949. Employed since 1993.
Optionholding: option with right to buy 300 shares.

*Reinhold Geijer**

Head of Development of Local Savings Bank Units. Born 1953. Employed since 1985.
Optionholding: option with right to buy 300 shares.

Göran Gunnarsson

Head of Savings Bank Zone Central. Born 1943.
Employed since 1984.
Previously employed 1966-78.
Optionholding: option with right to buy 600 shares.

Lars-Erik Kvist

Chief Credit Officer. Born 1945. Employed since 1974.
Optionholding: option with right to buy 300 shares.

*Håkan Källåker**

Head of Central Business Unit. Born 1949. Employed since 1990. Previously employed 1980-1989.
Stockholding: 500.

Jan Lidén

President of Sparbanken Finans AB. Born 1949.
Employed since 1990.
Optionholding: option with right to buy 300 shares.

Nils-Fredrik Nyblæus

Head of Savings Bank Zone West. Born 1951.
Employed since 1991.
Optionholding: option with right to buy 300 shares.



Yngve Andersson



Peter Carrick



Lars Eklund



Gert Engman



Jan Lidén



Nils-Fredrik Nyblæus



Ingrid Persson



Birgitta Schött



Valdemar Svensson



Judith Fecske Sand

Ingrid Persson
Head of Personnel.
Born 1948.
Employed since 1994.

Birgitta Schött
Head of Savings Bank Zone
North. Born 1937.
Employed since 1975.

Lars Strandberg
President of Spintab AB.
Born 1935.
Employed since 1993.
Optionholding: option with
right to buy 300 shares.

*Carl Eric Ståhlberg**
Chief Financial Officer.
Born 1951.
Employed since 1975.
Optionholding: option with
right to buy 300 shares.

Göran Theodorsson
Head of Savings Bank Zone
South. Born 1948.
Employed since 1969.
Employed in Spadab 1969-
1980.

Optionholding: option with
right to buy 300 shares.

Lars-Olof Ödlund
Head of Large Customers.
Born 1937. Employed
since 1993.
Stockholding: 2,000 shares.
Optionholding: option with
right to buy 300 shares.

Co-opted Member
Valdemar Svensson
Head of Spadab. Born 1943.
Employed since 1988.

Internal Audit
Judith Fecske Sand
Head of Internal Audit. Born
1942. Employed since 1985.
Optionholding: option with
right to buy 300 shares.

*The stockholdings and optionhold-
ings shown relate to the holdings
of the individuals and their family
and related interests.*

** Member of the Executive
Management Working
Committee.*

SWEDEN

Swedbank

Brunkebergstorg 8
S-105 34 Stockholm
Tel: +46 8 790 10 00
Fax: +46 8 796 80 92

Spintab

Regeringsgatan 13
S-106 11 Stockholm
Tel: +46 8 790 21 00
Fax: +46 8 10 79 70

Sparbanken

Fastighetsbyrå

Regeringsgatan 13
S-103 27 Stockholm
Tel: +46 8 787 78 80
Fax: +46 8 21 51 32

Sparbanken Finans

Regeringsgatan 25
S-105 34 Stockholm
Tel: +46 8 790 22 00
Fax: +46 8 21 34 67

SparLiv and SparFond

Drottninggatan 29
PO Box 16426
S-103 27 Stockholm
Tel: +46 8 657 20 00
Fax: +46 8 790 00 94

Robur

Brunkebergstorg 8
S-105 34 Stockholm
Tel: +46 8 790 24 00
Fax: +46 8 796 49 85

Sparbankskort

See Sparbanken Finans

ABROAD

Subsidiary

Swedbank (Luxembourg) S.A.

Göran Rylander
8-10, Avenue de la Gare
L-1610 Luxembourg
PO Box 1305
L-1013 Luxembourg
Tel: +352 404 94 01
Fax: +352 40 49 08/07
Telex: 1771

Branches

USA

Swedbank, New York
Kaj Norberg
12 East 49th Street, 20th floor
New York, NY 10017
Tel: +1 212 486 84 00
Fax: +1 212 486 32 20
Telex: 49606814

Swedbank,

Cayman Islands

See Swedbank, New York

United Kingdom

Swedbank, London
Erik Träff
Swedbank House
42 New Broad Street
London EC2M 1SB
Tel: +44 171 256 60 00
Fax: +44 171 638 11 01
Telex: 290315

Nordic Service Centre Ltd

Hans Andersson
14 Waterloo Place
London SW1Y 4AR
Tel: +44 171 930 8917
Fax: +44 171 930 14 96
Telex: 896562

Luxembourg

Swedbank Luxembourg
Claes-Johan Geijer
8-10, Avenue de la Gare
L-1610 Luxembourg
PO Box 1305
L-1013 Luxembourg
Tel: +352 404 94 01
Fax: +352 40 49 06
Telex: 1771

Representative offices

Finland

Norden Banking Group
Olof Lindfors
Mikaelsgatan 4
PO Box 400
SF-0101 Helsinki 10
Tel: +358 0 133 46 79
Fax: +358 0 133 50 41
Telex: 122284 skop sf

Denmark

Norden Banking Group
Ole Mølgaard
Silkegade 8
DK-1113 Copenhagen K
Tel: +45 33 12 01 33
Fax: +45 33 12 33 01
Telex: 19832

Norway

Norden Banking Group
Rolf Nagel Dahl
Kirkegatan 14-18
PO Box 1172 Sentrum
N-0107 Oslo 1
Tel: +47 22 31 90 50
Fax: +47 22 31 99 85
Telex: 19470 ubnbk n

France

Swedbank S.A.
Boel Pettersson
37, Avenue Jean Medecin
F-06000 Nice
Tel: +33 93 82 46 47
Fax: +33 93 82 46 48

The People's Republic of China

The Industrial and Commercial Bank of China
Li Lihui
15 Cuiwei Road
Haidian District
Beijing
Tel: +86 821 72 73
Telex: 22770

Japan

Swedbank
Robert Stenram
Sweden Center
6-11-9 Roppongi, Minato-ku
Tokyo 106
Tel: +81 354 74 60 41
Fax: +81 354 74 60 44

Production: Wildeco

Translation: Swedish Business Services Ltd, London
Photographers: Anders Rising, Peter Nerström,
Chad Ehlers/ Tiofoto, Konny Domnauer,
Conny Hedengren, /Megapix
Printing: Stellan Ståls Tryckerier AB, 1995

Definitions

Number of employees

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

Stockholders' equity

Total taxed equity plus untaxed reserves less standard tax.

Earning capacity

Operating income before loan losses.

I/E ratio after loan losses

Operating income in relation to operating expenses, including loan losses.

I/E ratio before loan losses

Operating income in relation to operating expenses, excluding loan losses.

Capital base

The total of primary capital (taxed equity and untaxed reserves less standard tax and minority interest in equity less goodwill) and supplementary capital (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.

Primary capital ratio

Primary capital in relation to risk-weighted amount.

Loan losses

Actual and anticipated losses during the period less restored provisions and recoveries.

Loan loss level

Loan losses in relation to balance brought forward for loans to the general public, financial institutions (excluding banks) as well as leasing assets, repossessed property and loan guarantees.

Doubtful claims

Loans on which interest and/or principal has not been paid 60 days after maturity or for which the value is otherwise uncertain.

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 doubtful claims (Gross).

Share of doubtful claims

Net doubtful claims in relation to total loans to the general public and financial institutions (excluding banks), and leasing assets.

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. For example, a claim on a bank in the OECD area is entered at 20%. A claim which is secured by mortgage in a residential property is entered at 50%.

Investment margin

Net interest income in relation to average total assets.

Interest margin

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

Return on total assets

Operating income after standard tax in relation to average total assets.

Return on stockholders' equity

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

Equity ratio

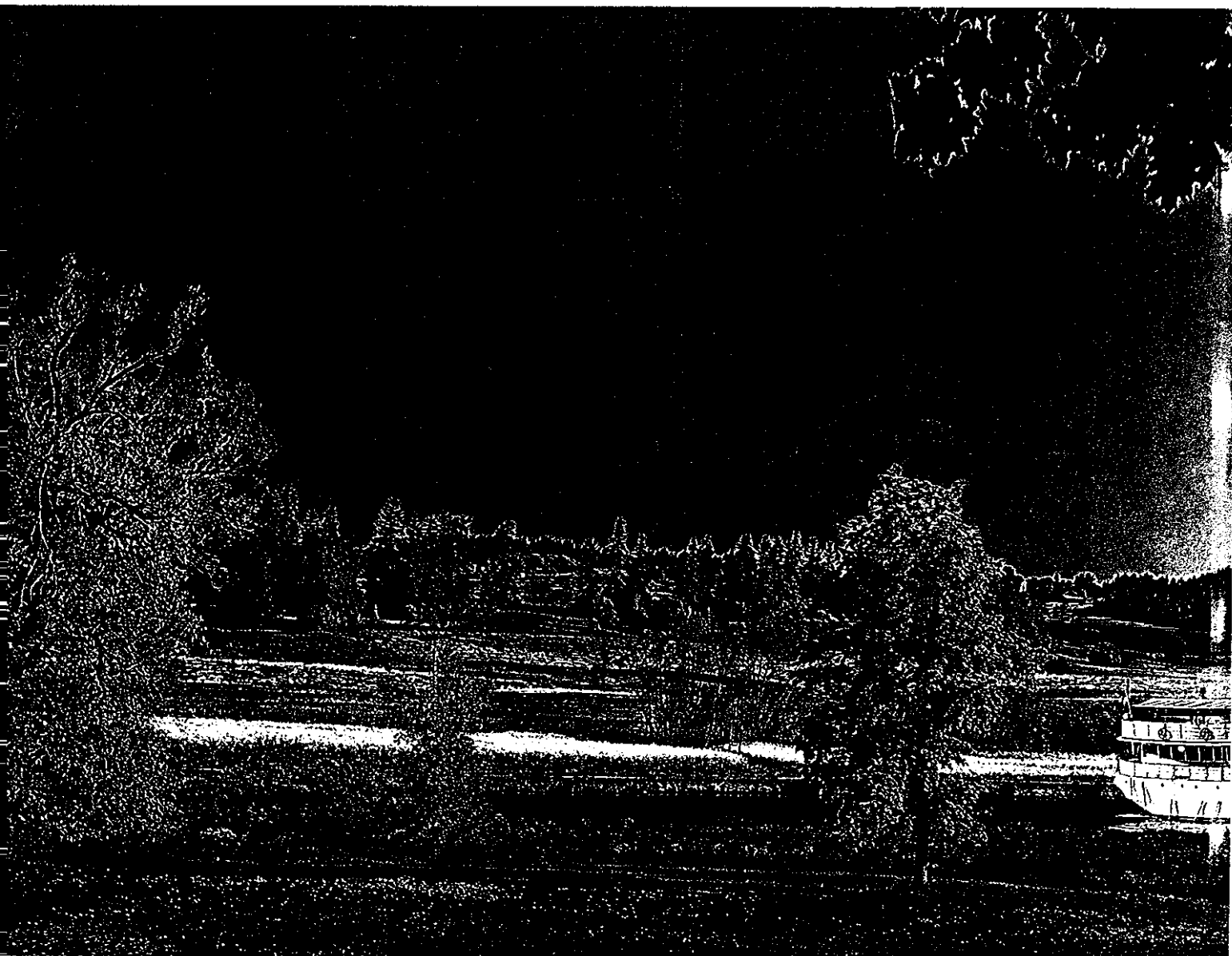
Stockholders' equity as a percentage of total assets at year-end.

Standard tax

Standard tax rate of 28%.

Total lending

Total loans to the general public and Swedish financial institutions excluding banks, and leasing assets.



SWEDBANK

Sparbanken Sverige AB (publ)

Organization No. 502017-7753

The Company has its registered office in Stockholm

Visiting address: Brunkebergstorg 8

Postal address: S-105 34 Stockholm

Telephone: +46-8-790 10 00

Fax: +46-8-796 80 92

Telex: General 12826 Swedbnk s