

FöreningsSparbanken

(Swedbank)

Annual Report

1999



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Annual General Meeting

The Annual General Meeting will be held at Konsert-
huset, Gustaf Möllers gata 5, Malmö at 1:00 p.m. on
Wednesday, April 12, 2000. Registration for the meeting
begins at 11:30 a.m.

An exhibit on the Bank's operations will be arranged
in connection with the meeting.

Notification, etc.

Shareholders who wish to participate in the meeting
must be recorded in the share register maintained by
VPC AB ("VPC") (the Swedish Securities Register
Center) as of Friday, March 31, 2000 and must notify the
Company of their desire to attend not later than 3:00
p.m. on Thursday, April 6 in writing to FöreningsSpar-
banken, Company Secretary, SE-105 34 Stockholm,
Sweden, or by telephoning +46-8-670 21 40 or faxing
+46-8-411 56 64. Notifications may also be submitted
online at www.foreningssparbanken.se/ir under the
heading *bolagsstämma* (Annual General Meeting).

When notifying the Company, please indicate your
name, personal or corporate registration number (in the
case of Swedish citizens or companies), address and
telephone number. Proxies acting on behalf of share-
holders prior to the meeting must submit a signed proxy
statement and, in cases where the issuer of the proxy is a
legal entity, certified proof of registration or other docu-
mentation indicating the authorization of the signatory.

To be entitled to attend, shareholders whose shares
are nominee-registered must have them temporarily
re-entered in their own names in the share register
maintained by VPC. This registration process, which
normally takes several days, must be effected by March
31, 2000. Shareholders therefore should notify their
nominee well in advance of this date.

Agenda

Matters which by law and the Articles of Association
shall come before the Annual General Meeting include
the presentation of the annual report of the Board of
Directors and the Auditors' report as well as the

consolidated financial statements and the consolidated
Auditors' report for the financial year 1999, the adoption
of the profit and loss account and the balance sheet as
well as the consolidated profit and loss account and the
consolidated balance sheet, the discharge from liability
of the members of the Board of Directors for the period
covered by the report, the disposition of the Bank's
profit in accordance with the adopted balance sheet, the
approval of the record day for the dividend and the
election of the Board of Directors and Auditors.

The Board of Directors' proposal to acquire the
Bank's own shares in order to facilitate operations.

The Board of Directors' proposal regarding the
directed issue of shares and warrants to senior executives
and other key employees of the Estonian subsidiary
AS Hansapank and its subsidiaries.

The Board of Directors' proposal regarding the
issue of promissory notes with detachable warrants to
subscribe for shares and the transfer of warrants to
employees of FöreningsSparbanken and its wholly
owned Group companies as well as board members of
FöreningsSparbanken's local banking units.

A list of the matters that will be brought before the
Annual General Meeting will be included in the
notification, which is expected to be published on
Wednesday, March 8, 2000 in, among others, the follow-
ing newspapers: Dagens Nyheter, Svenska Dagbladet,
GöteborgsPosten and Sydsvenska Dagbladet.

Dividend

The Board of Directors recommends that shareholders
receive a dividend of SEK 5.00 per share. Monday, April
17, 2000 has been proposed as the record day for the right
to the 1999 dividend. The last day for trading in the
Bank's share with the right to the dividend is thereby
Wednesday, April 12, 2000.

If the Annual General Meeting adopts the Board of
Directors' recommendation, the dividend is expected to
be paid by VPC on Thursday, April 20, 2000.

Financial information 2000

FöreningsSparbanken's financial reports will be
released preliminarily on the following dates:

April 28	Interim report January-March 2000
August 24	Interim report January-June 2000
October 27	Interim report January-September 2000
February 2001	Preliminary year-end report for 2000

The Group's financial reports can be ordered by
telephone at +46-771-22 11 22 (press 3#) or at the nearest
FöreningsSparbanken branch, or can be accessed on the
Bank's home page on the Internet at
www.foreningssparbanken.se/ir.

While 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.

- The merger that created FöreningsSparbanken was completed. A unified computer system was introduced based on the new GP 2000 technical platform. The Resource Bank program was successfully concluded.
- FöreningsSparbanken launched Version 1.0 and the Bankbook.
- In a major international survey, FöreningsSparbanken was named the best Internet bank in Europe and the second best in the world.
- FöreningsSparbanken by Internet became the largest Internet bank in Sweden.
- FöreningsSparbanken was the first bank in the world to publicly test a banking service via WAP telephone.
- FöreningsSparbanken acquired 60 percent of the shares in Denmark's FIH.
- In December FöreningsSparbanken became the majority shareholder in Estonia's Hansapank.
- FöreningsSparbanken and its allied banks in the Nordic/Baltic region began a cooperation in the IT area.
- Sales of FöreningsSparbanken's products began in Finland and Norway.
- FöreningsSparbanken became a co-owner of Färs & Frosta Sparbank, which was converted to a limited banking company.
- Göran Ahlström was appointed the new President and CEO of FöreningsSparbanken on October 5.
- FöreningsSparbanken's rating was upgraded by Moody's.
- Year 2000 began without any problems.

Merger provides platform for 21st century

FöreningsSparbanken's merger work has now been completed according to plan. A new bank has been created that is better prepared for the challenges of the 21st century than the two former banks had been by themselves.

The merger was one of the largest and most overlapping in the Swedish banking market, and perhaps the most comprehensive ever in Sweden.

It has been an arduous process. The success we have had is due to the quality work of the Group's employees and the support of the Bank's strong network of local boards of directors and committed shareholders.

We integrated the IT systems of the two banks faster than planned, in addition to establishing a new technical platform that offers greater customer benefit and makes bank work more efficient.

The employees of the two former competing banks worked together to create a single bank. We began focusing on skills development to create a new way of working.

At the same time, over 150 branches of the former Föreningsbanken were sold to jointly owned banks and independent savings banks, thereby further enhancing the strategic alliances and cooperations with these banks.

FöreningsSparbanken's new trademark quickly became the most widely recognized among financial companies in the Swedish market. Furthermore, our presence in the Nordic/Baltic region was expanded to include Denmark, Estonia, Finland, Latvia, Lithuania, Norway and Poland, in addition to Sweden.

As a whole, it has been a major change process we have undergone. One that was necessary in order to capitalize on the opportunities available in the quickly developing banking sector. Still, changes of this scope would not have been possible without negative short-term consequences for customers and employees.

Due to the large workload of our employees and the fact that our IT systems were not yet fully implemented, there occasionally were unacceptably long lines and accessibility problems for customers and employees. These problems were caused in part because we moved too quickly in some respects, although many of the problems were largely unavoidable in such a sweeping merger and change process.

Foundation in place

Together, we have laid the foundation we need to be one of the leading full-service banks in the Nordic and Baltic regions in the 21st century. All our hard work will now bear fruit for customers and employees, and a foundation is in place for long-term appreciation in value for our shareholders. The direction and approach we decided on back in 1997 when the merger to create FöreningsSparbanken was approved remains essentially unchanged.

My role as CEO since early October 1999 has been to follow the route that has been laid out and set the stage for a more long-term solution to the question of who will fill the president's role.

As part of the Group-wide we are currently involved in, we are focusing on several main areas:

- increased quality and efficiency in the Group's IT use



FöreningsSparbanken President Göran Ahlström.

- greater clarity in an increasingly customer-driven organization, and
- further development of our product units.

By more clearly defining IT responsibility at the Group and operational level, we are now gradually improving operating stability and meeting the demands our customers place on accessibility to the Bank and our employees and systems. More efficient operations also pave the way for further, more concentrated development investments in the IT area. The clearer delegation of roles within the Group resulting from our current work to increase the customer focus throughout the operations is essentially aimed at further strengthening customer-oriented work. A stronger, more independent retail organization is gradually taking shape, where our various meeting places and channels work together to meet our customers' needs and demands.

The Bankbook

The successful launch last autumn of Version 1.0 and the Bankbook has made the Bank and its competencies available to customers in a completely new way.

By gearing the Bank's offerings to the stages of our customers' lives, they have the opportunity to better utilize the Bank to create value for themselves.

We have produced the Bankbook on the Internet and in printed form. Moreover, the communication logic in the Bankbook is reflected clearly and consistently in the display of the Bank's offerings at branch offices and in broad-based marketing campaigns. In this way, we encompass all our customers, regardless of the meeting places and channels they choose to contact the Bank.

Local presence and new technology

New technology offers new opportunities, but our customers get the most value from a combination of technology and interaction with the Bank's employees where it is convenient for them. This results in greater customer benefit and gives the Group its unique strength. Our already strong local presence is being bolstered and complemented in Sweden by the growing cooperation with jointly owned banks and independent savings banks. At the same time, we are making the Group's economies of scale, global expertise and network available locally. Strong product units skilled in product development and delivery, in combination with a strong customer presence through an extensive retail organization and locally active allied partners, are the clearest expression of this "glocal" approach.

Our cooperations with allied banks in the Nordic and Baltic regions are also based on this fundamental approach.

Our presence on the Internet with both banking and information services has also met with a very positive response in Sweden and internationally.

The goal that at least one million customers in the Swedish market will utilize our Internet services in 2001

remains unchanged. Rapid growth in Internet use among our customers is raising the level of value they receive due to the range of services and convenience that are made available. At the same time, more time is left for our employees to devote to qualified advisory services.

Focus on customer work

In 2000 our focus will be on further strengthening the entire retail operations. The new technical platform that was established last year will be utilized in combination with further investments in skills development to raise the quality of our customer work and increase the time our employees spend on local customers.

Furthermore, we are adding concrete content to our Nordic/Baltic alliances. The joint Internet banking solutions that we have already agreed on with SpareBank 1 Gruppen in Norway and that will be introduced in the Norwegian market this spring are of great importance in this respect.

For many of our business customers, the Nordic and Baltic regions are already their home market. The service that we can offer with the help of our allied banks in the other Nordic/Baltic nations further strengthens FöreningsSparbanken's position as the number one choice for business banking.

Small and medium-size companies are also a target group of the major campaign that we are planning this year through the launch of a business version of the Bankbook on the Internet. Here I expect significant potential for value-added for our business customers.

For private customers, the emphasis will be on our Internet offerings and pension savings. In addition, we will be involved in the continued development and marketing of our payment services, among other things.

The platform is in place. While we continue to work on its development, now is the time to begin to reap the fruits of the comprehensive change process we have carried out in recent years. It is worth noting in this respect that our profit level in the fourth quarter of 1999, if we overlook items affecting comparability, was the highest since the second quarter of 1997 and the third highest in the Bank's history.

My deepest gratitude goes out to all those colleagues and employees whose efforts have made this progress possible.

Stockholm, February 2000



Göran Ahlström
President and CEO

Key ratios over five years

KEY RATIOS, THE GROUP

	1999	1998	1997	1996 ¹⁾ Pro forma	1996 ²⁾	1995 ²⁾
PROFIT						
Operating profit SEK M	6,454	6,326	2,400	6,282	5,302	4,423
Investment margin, %	1.48	1.61	1.94	2.24	1.99	2.06
Interest margin, %	1.33	1.42	1.71	1.93	1.75	1.75
I/E ratio before loan losses	1.58	1.61	1.54	1.82	1.85	1.84
I/E ratio after loan losses	1.50	1.49	1.14	1.46	1.54	1.44
Return on equity, %	15.7	16.9	1.4	16.1	20.4	17.5
Return on total capital, %	0.83	0.91	0.37	1.01	1.08	0.9
Operating profit per share, SEK	8.74	8.63	3.27	8.55	9.15	7.63
Earnings per share, SEK	8.70	8.75	0.71	8.93	9.28	7.94
Profit before loan losses per employee, SEK 000	632	628	537	707	738	676
Profit after loan losses per employee, SEK 000	575	542	190	493	563	450
CAPITAL						
Capital adequacy ratio, %	10.4	11.6	11.8	13.3	13.0	13.9
Primary capital ratio, %	6.0	6.1	6.1	7.2	7.0	7.4
Equity/assets ratio, %	4.2	4.0	4.1	4.6	4.0	4.2
Total assets, SEK M	833,579	719,948	668,375		502,450	480,704
CREDIT QUALITY						
Loan loss ratio, net, %	0.1	0.2	0.3 ³⁾	0.6	0.4	0.6
Share of doubtful claims, %	0.1	0.8	1.3	1.5	1.5	2.2
Provision ratio for doubtful claims, %	85 ⁴⁾	49	50	52	52	57
OTHER						
Number of employees	12,791 ⁵⁾	11,734	12,454	12,749	12,749	13,613
Number of branches	818 ⁶⁾	695	1,077	1,093	1,093	1,114
ATM's	1,466 ⁷⁾	1,137	1,176	1,168	1,168	1,157
In-store banking units	150	72	20	5	5	

¹⁾ Refers to Föreningsbanken and Sparbanken Sverige. ²⁾ Refers to the former Sparbanken Sverige except "Other," which is pro forma.

³⁾ The loan loss level, gross, was 1.2%. ⁴⁾ See also Financial analysis – Problem loans and property taken over ⁵⁾ Of which, Hansapank 2,825 and FIH 144.

⁶⁾ Of which, Hansapank 164 and FIH 5. ⁷⁾ Of which Hansapank 430.

For definitions, see page 66

BANKING ANALYSTS WHO FOLLOW FÖRENINGSPARBANKEN'S PERFORMANCE

FIRM	ANALYST	FIRM	ANALYST
ABG Securities	Sigmund Håland	HSBC	Andrew Buchanan
Alfred Berg	Patrik Tillman	JP Morgan	Catherine Woods
Aros Securities	Ingemar Persson	Julius Bär	Axel Nygaard
Carnegie	Per Griberg	Lehman Brothers	Ian McEwen
Cheuvreux de Virieu Nordic	Mats Anderson	Matteus	Hans Jedemark
Conventum	Bengt Dahlström	Merita Nordbanken	Johan Ekwall
CSFB	Haakon Boenes	Merrill Lynch	Denise Vergot-Holle
Danske Securities	Mikael Hallåker	Morgan Stanley	Amit Mehta
Daiwa Europe	Tetsuaki Iwamoto	Nordiska	Jan Wolter
Deutsche Bank	Chris Mackinson	Orkla Securities	Andreas Ossmark
DNB Markets	Knut Ølstad	Paribas	Peter Thorne
Donaldsson, Lufkin & Jenrette	Rahul Shah	Salomon Smith-Barney	Ronit Ghose
Dresdner Kleinwort Benson	Ola Stavem	Schroders	Marc Rubinstein
Enskilda Securities	Thomas Johansson	Swedbank	Rodney Alfvén
Erik Penser	Håkan Persson	Warburg Dillon Read	Kian Abouhossein
Fox-Pitt Kelton	William Hawkins	Öhman	Magnus Andersson
Goldman Sachs	Susan Leadem		

Five-year summary

PROFIT AND LOSS ACCOUNT

SEK M	1999	1998	1997	1996 * Pro forma	1996 **	1995 **
Interest receivable	40,197	44,304	46,348	52,224	42,983	46,067
Interest payable	- 28,854	- 32,940	- 33,557	- 38,307	- 32,622	- 35,741
Net interest income	11,343	11,364	12,791	13,917	10,361	10,326
Dividends received	159	155	232	113	103	62
Commissions receivable	6,119	5,364	5,173	4,137	3,292	2,599
Commissions payable	- 1,216	- 1,084	- 948	- 784	- 615	- 497
Net commission income	4,903	4,280	4,225	3,353	2,677	2,102
Net profit on financial operations	579	827	930	1,363	1,145	1,209
Other operating income	2,252	2,728	1,133	1,290	780	859
Total income	19,236	19,354	19,311	20,036	15,066	14,558
General administrative expenses						
Staff costs	- 5,792	- 5,760	- 6,411	- 5,568	- 4,186	- 4,222
Other	- 5,556	- 5,598	- 5,503	- 4,782	- 3,492	- 3,306
Depreciation/amortization and write-downs of tangible and intangible fixed assets	- 798	- 668	- 596	- 673	- 435	- 391
Total expenses	- 12,146	- 12,026	- 12,510	- 11,023	- 8,113	- 7,919
Profit before loan losses	7,090	7,328	6,801	9,013	6,953	6,639
Loan losses, net, and change in the value of property taken over	- 636	- 1,002	- 1,512	- 2,731	- 1,651	- 2,216
Write-down of acquired property			- 2,889			
Operating profit	6,454	6,326	2,400	6,282	5,302	4,423
Profit earned prior to acquisition		- 32	- 666	- 429		
Appropriations	70	44	6	5	5	- 31
Taxes	- 1,904	- 1,719	- 1,398	- 1,557	- 1,435	- 1,080
Minority interest	- 28					
Profit for the financial year	4,592	4,619	342	4,301	3,872	3,312

BALANCE SHEET

SEK M	1999	1998	1997	1996 **	1995 **
Assets					
Loans to the public	569,409	516,909	499,110	383,533	384,084
Loans to credit institutions	104,516	71,462	89,202	53,858	28,250
Interest-bearing securities					
Treasury bills and other bills eligible for refinancing with central banks	28,019	37,121	5,929	11,481	15,249
Bonds and other interest-bearing securities	30,408	23,101	23,366	17,548	9,819
Shares and participating interests	12,031	9,331	6,082	4,423	3,685
Other assets	89,196	62,024	44,686	31,607	39,617
Total assets	833,579	719,948	668,375	502,450	480,704
Liabilities, provisions and shareholders' equity					
Deposits and borrowings from the public	210,537	190,355	216,941	146,121	147,983
Amounts owed to credit institutions	127,948	120,755	99,900	70,393	57,478
Debt securities in issue	344,082	290,778	251,294	212,343	203,307
Subordinated liabilities	25,352	24,754	23,321	17,242	17,910
Other liabilities	94,653	64,468	49,542	36,302	33,720
Shareholders' equity	31,007	28,838	27,377	20,049	20,306
Total liabilities, provisions and shareholders' equity	833,579	719,948	668,375	502,450	480,704

* Refers to Föreningsbanken and Sparbanken Sverige

** Refers to the former Sparbanken Sverige.

Owners and share data

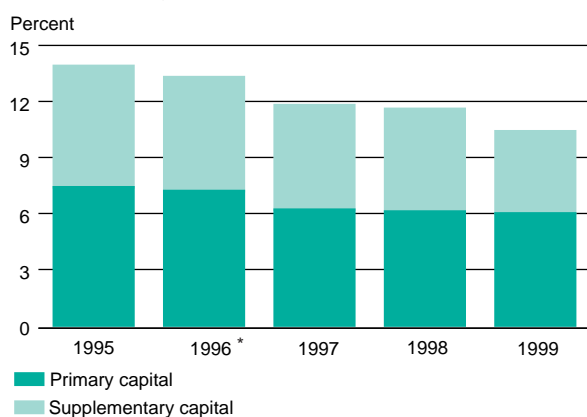
Return on equity

The Group's objective is a return on equity that exceeds the weighted average for listed Swedish banks over the long term.

Capital adequacy

The Group shall maintain a capital adequacy ratio of at least 11 percent, of which the primary capital ratio over the long term shall fall in the range of 6.5 to 8.5 percent, with a target of 7.5 percent.

CAPITAL ADEQUACY



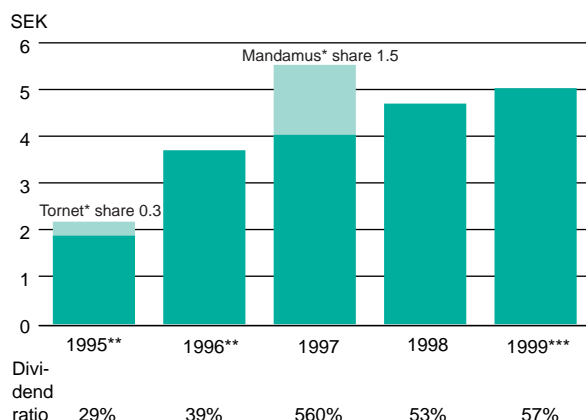
The figures for 1995 refer to Sparbanken Sverige

* Pro forma

Dividend

In the long term the dividend shall amount to at least 30 percent of profit for the financial year.

DIVIDEND, SEK PER SHARE



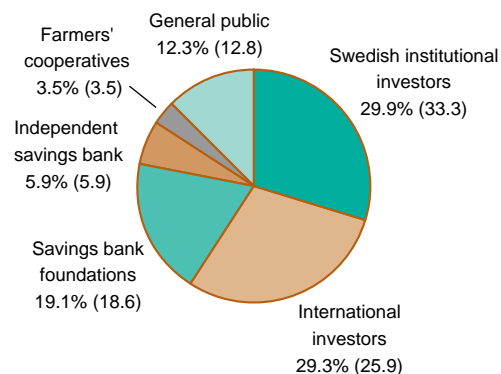
* Based on price on the first day of trading.

** The figures for 1995 -1996 refers to Sparbanken Sverige.

*** According to Board of Directors' proposal.

OWNERSHIP STRUCTURE

December 31, 1999



NO. OF SHAREHOLDERS, DECEMBER 31, 1999

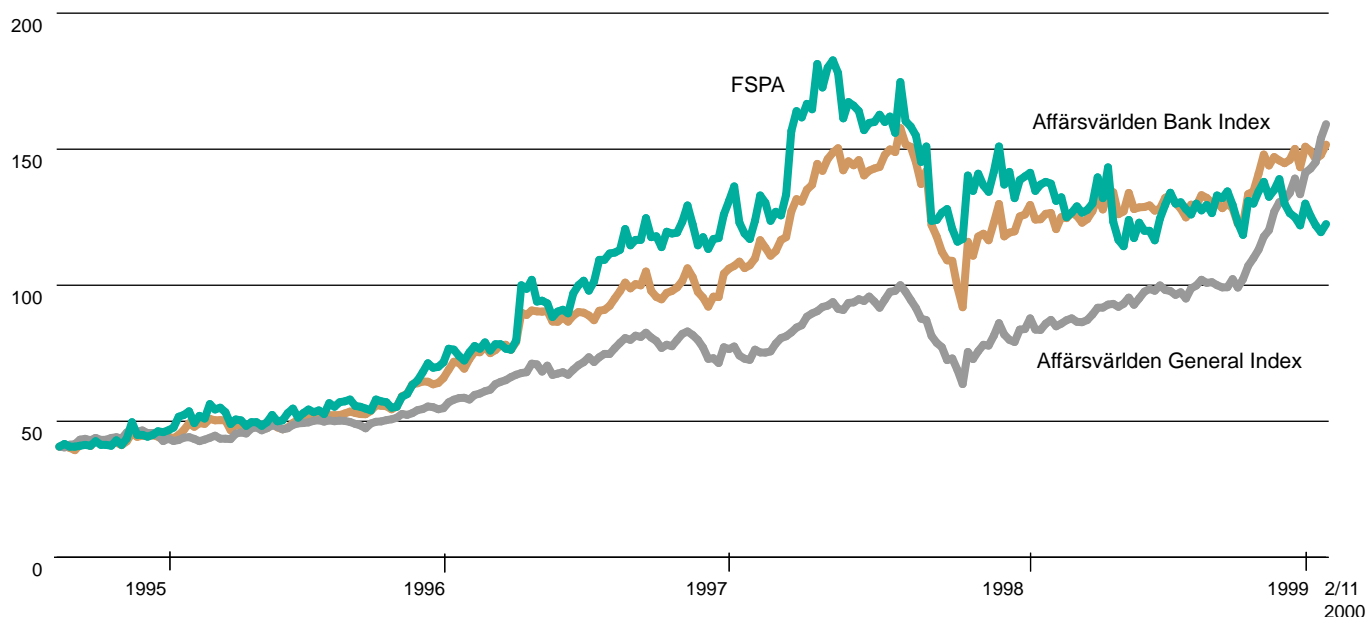
Size of holding	No. of shares	No. of shareholders
1 - 500	39,838,547	415,164
501 - 1,000	11,997,703	17,732
1,001 - 2,000	6,843,299	4,900
2,001 - 5,000	4,804,663	1,602
5,001 - 10,000	2,115,132	300
10,001 - 20,000	2,272,653	159
20,001 - 50,000	5,283,702	159
50,001 - 100,000	6,476,546	90
100,001 -	448,176,598	286
Total	527,808,843	440,392
of which, nominee-registered	377,436,281	13,780

SHAREHOLDERS, DECEMBER 31

Percent of capital and voting rights	1999	1998
Savings bank foundations	19.1	18.6
Independent savings banks	5.9	5.9
Fourth National Pension Insurance Fund	4.2	4.2
Farmers' cooperatives	3.5	3.5
SPP	3.3	3.6
SPK	2.5	2.6
Robur equity funds	2.5	2.3
Skandia	2.3	2.0
SEB equity funds	2.1	2.0
Föbundsdepån	1.6	1.8
SHB equity funds	1.7	0.9
Capital Group funds	1.0	1.5
AMF Försäkring	1.0	0.9
Other Swedish institutional investors	8.7	13.0
General public	12.3	12.8
Other international investors	28.3	24.4
Total	100.0	100.0

SHARE PERFORMANCE COMPARED WITH BANK INDEX AND GENERAL INDEX

SEK



CHANGES IN SUBSCRIBED CAPITAL

Year	Transaction	Par value per share, SEK	Price, %	Added number of shares	Accumulated number of shares	Capital SEK M
1990					4,880,000	2,440
1990	New share issue	500	100	1,000,000	5,880,000	2,940
1991	New share issue	500	120	960,000	6,840,000	3,420
1991	New share issue	500	100	1,200,000	8,040,000	4,020
1992	Split 5:1	100		32,160,000	40,200,000	4,020
1992	New share issue	100	100	10,000,000	50,200,000	5,020
1993	Split 10:1	10		451,800,000	502,000,000	5,020
1994	New share issue	10	573	38,000,000	540,000,000	5,400
1995	New share issue/reduction	10	650/630 ¹⁾	- 261,819,298	278,180,702	2,782
1995	Bonus issue	20			278,180,702	5,564
1996		20			278,180,702	5,564
1997	New share issue	20		72,717,269	350,897,971	7,018
1997	New share issue	20		974,591	351,872,562	7,037
1998		20			351,872,562	7,037
1999	Bonus issue 1:2	20		175,936,281	527,808,843	10,556

¹⁾ Prices are the result of the conversion of four different classes of preferred shares in the spring of 1995.

DATA PER SHARE

SEK	1999 ¹⁾	1998	1997	1996	1995
Operating profit per share	8.74	8.63	3.27	9.15	7.63
Earnings per share	8.70	8.75	0.71	9.28	7.94
Equity per share	58.75	54.64	51.87	48.05	48.66
Net asset value per share	70.89	66.78	59.64	n.a.	n.a.
Adjusted equity per share	58.75	54.91	51.91	48.59	48.91
Cash flow per share	21.64	25.96	n.a.	n.a.	n.a.
Cash dividend per share	5.00	4.67	4.00	3.67	2.33
Distribution of shares in real estate companies, per share ²⁾			1.50		0.30
Share price at year-end	125.00	139.33	119.67	77.67	56.62
Yield, %	4.00	3.35	3.34	4.70	4.14
P/E-tal	14.29	16.42	37.16	8.63	7.13
Price/equity per share, %	213	255	231	162	118

¹⁾ According to Board of Directors' proposal.

²⁾ Based on price on first day of trading.

Historical background

The first Swedish savings bank was founded in 1820 and the first agricultural cooperative bank (or föreningsbank) in 1915. Today's FöreningsSparbanken is the result of a merger between Sparbanken Sverige and Föreningsbanken in 1997.

FöreningsSparbanken traces its origin back to the savings bank movement in the early 1800's and the cooperative bank movement in the early 1900's. The first Swedish savings bank was founded in 1820 and the first cooperative bank in 1915, based on forerunners in Scotland and Germany. The original ideas behind both movements were to promote long-term savings and investments and to create financial security for individuals.

The first savings bank in Sweden was established in Gothenburg. Savings banks were considered a specific type of enterprise in accordance with special legislation. At their peak, in the early 1930's, there were nearly 500 savings banks in Sweden.

In the early 1940's the savings banks formed a jointly owned central bank, Sparbankernas Bank. In the 1960's and 1970's the number of savings banks declined substantially as they merged into larger units. In 1992 eleven of the largest regional savings banks, which had earlier converted into banking companies,

merged into Sparbankernas Bank. Together they formed Sparbanken Sverige, which was publicly listed in June 1995.

Föreningsbanken dates back to Sweden's agricultural cooperatives, the first of which was established in Västerhaninge, outside Stockholm. In the cooperatives, each member had one vote. These operations fell under special legislation for agricultural cooperatives. Individual cooperatives were affiliated with regional central associations.

Beginning in 1958 the organization included a shared central bank, which in 1974 changed its name to Föreningsbankernas Bank. In the early 1990's the 12 regional cooperative banks merged with Föreningsbankernas Bank to form Sveriges Föreningsbank. In 1992 this bank joined together with the local cooperative banks to form a single banking company, Föreningsbanken, which was publicly listed in January 1994.

Föreningsbanken and Sparbanken Sverige merged in 1997 to form FöreningsSparbanken.



Implementation of the merger

1999 was the last year of intensive merger work. In 2000 the Bank will begin to reap the fruits of these efforts.

Following the decision to merge Föreningsbanken and Sparbanken Sverige in 1997, the emphasis was on combining two banks into one while at the same time building a bank for the future.

1999 was the last year of the intensive merger work to create FöreningsSparbanken.

The merger prospectus outlined objectives for efficiency gains that were expected to result from the merger. Total efficiency gains beginning in the year 2000 were projected at no less than SEK 1.5 billion annually for comparable units, in part through a net reduction of at least 2,000 Bank employees.

After an extensive dialogue on the Bank's vision, all employees were asked to decide individually whether they wished to continue working for the Bank, take early retirement or leave for another career.

The first stage of the merger, which focused on internal changes, was implemented according to, and in some cases ahead of, schedule. In 1997 values and strategies were established for the new bank, the legal process was completed, boards, managers and specialists were appointed, and Föreningsbanken's headquarters and Föreningsbanken Data were sold.

Recognized trademark

FöreningsSparbanken's trademark was launched in September 1997 and after only two years was one of Sweden's best known, with the highest recognition factor among financial company brands in Sweden.

Branch consolidation

A new branch structure was established with a number

of geographic operating areas, i.e. local banks. In 1997 agreements were reached to sell the majority of the Föreningsbanken branches that naturally fit within the geographic areas of the jointly owned banks and independent savings banks. In 1998 144 such branches were transferred, followed in 1999 by 13 more.

Since the merger, the branch network has been changed through the consolidation of 283 branches in addition to those sold to jointly owned banks and independent savings banks. This was accomplished basically without leaving any local markets. At year-end 1999 FöreningsSparbanken, jointly owned banks and independent savings banks had approximately 990 branches, compared with 1,450 at the end of 1996. In 1999 43 branches were shut down, aside from which decisions were made to shut another eight. Since the decision on the merger, two new branches have been opened.

The number of in-store banking units has increased since the merger from 20 to around 150, of which 78 were put in place in 1999.

Successful workforce reduction program

The overwhelming share of the approximately 1,300 employees who chose to seek new employment outside the Bank with the support of the Resource Bank program have been successful in their efforts. The Bank thus has taken active responsibility for the change process that has affected many employees.

The operations of the Resource Bank were concluded in 1999.

FEBRUARY
Declaration of intent to merge.

APRIL
Agreement in principle on branch sales.

MAY
Over 95 percent of FöreningsSparbanken's shareholders accept the offer.

JUNE
The mission of the new bank is presented.

AUGUST
General meetings approve merger, vision and strategy established and bank management appointed.

SEPTEMBER
New trademark is introduced.

OCTOBER
Dialogue with employees begins.

NOVEMBER
Merger is officially implemented.

DECEMBER
Installation of new GP 2000 platform begins.

JANUARY
New organization.

FEBRUARY
Joint customer offer is launched.

MARCH
Agreements to sell branches are completed.

APRIL
Mandamus is distributed to the shareholders.

MAY
SEK 200 M is allocated for skills training for employees.

JUNE
Operating properties outside Stockholm are sold.

1997

1998

The number of temporary employees rose to approximately 1,100 in 1998, then declined by approximately 300 to 800 as of December 31, 1999.

Since the merger was implemented, around 1,000 people with expertise in IT and sales have been recruited.

Sale of operating properties completed

In order to improve opportunities to find new branch locations in the future and thereby increase its flexibility to adapt to the market as well as to free up capital, the Bank has sold its operating properties. Furthermore, two head offices were combined into one. This has led to a reduction in the amount of property used in the banking operations.

New IT platform introduced

Until the conversion in May 1999, the branches were using both computer systems from the merged banks. A new technical platform, GP 2000, with new customer and sales support systems, was gradually placed in operation in 1999. As a result, all customers are now part of a single system and can be offered all the Bank's products and services.

The considerable resources that have been invested in IT are essential in order to realize the Bank's vision of having branch employees devote 80 percent of their time to active customer-oriented work.

All employees now have access to new computer equipment based on a new technical platform and have received comprehensive training. The platform includes a new Windows-based customer support system that, among other things, makes it easier to get a quick overview of a customer's accounts and quickly execute all types of transactions. Also included in the platform are a new loan processing system, new cashier's system and a system for internal administrative routines. During the year new sales support systems were installed as well.

New ATM's

The replacement of FöreningsSparbanken's approximately 1,000 automated teller machines (ATM) began in the autumn of 1998 and was completed in 1999.

In addition to better future operating reliability and lower costs for operations and maintenance, the new ATM's are fitted for new areas of application, such as CASH card transfers and Internet banking.

Version 1.0 and the Bankbook

Version 1.0 of the new bank was launched in 1999, as was the Bankbook on the Internet, in printed form and as a display campaign at the branch offices. Based on FöreningsSparbanken's vision, an initiative has been taken to fundamentally change the way the Bank interacts with its customers. Simplicity, clarity, logic and pedagogy are the cornerstones of this development work. Customers and employees will have greater opportunities to understand, simplify and develop their relationship. To achieve this, the Bank is also gradually improving its business systems, which caused major changes in 1999. The goal is to give the concept of a "bank" a new meaning, to build the type of bank customers say they want. The Bankbook is now accessible to all Internet users at www.bankboken.nu. It has also been distributed in printed form to 1.7 million households.

Version 1.0 and the Bankbook are the first step in a gradual change in the way the Bank works.

TWO BANKS ARE NOW ONE

The past two years have been distinguished by merger work. Two banks are now one. Among the measures taken were as follows:

- Reduction of 2,150 employees, net
- 157 branches sold to jointly owned banks and independent savings banks
- 283 branch consolidations
- A single head office
- A single computer system
- Sale of operating properties.

JULY
Resource Bank starts.

SEPTEMBER
SparFond becomes a wholly owned subsidiary and installation of new ATM's begins.

DECEMBER
New jointly owned banks are established in Söderhamn and on Öland. Operating properties in Stockholm are sold.

MARCH
FöreningsSparbanken by Internet is equipped with a new platform for more than 1 million customers.

APRIL
Letter of intent is signed with Bergslagens Sparbank on a new jointly owned bank.

MAY
Conversion to a joint computer system. Training begins on the new platform with new systems and ways of working.

JUNE
Further skills development and systems training. Moody's upgrades FöreningsSparbanken's rating.

SEPTEMBER
Version 1.0 and the Bankbook are launched. All new ATM's are installed.

NOVEMBER
Decision to consolidate Robur and SparFond.

DECEMBER
New jointly owned bank with Färs & Frosta Sparbank.

1999

Vision

FöreningsSparbanken's vision is to be the leading bank for households and small and medium-size companies within its priority geographic area, the Nordic/Baltic region. This means creating value-added and opportunities for customers, shareholders, employees and the local community as "The Bank of Opportunities."

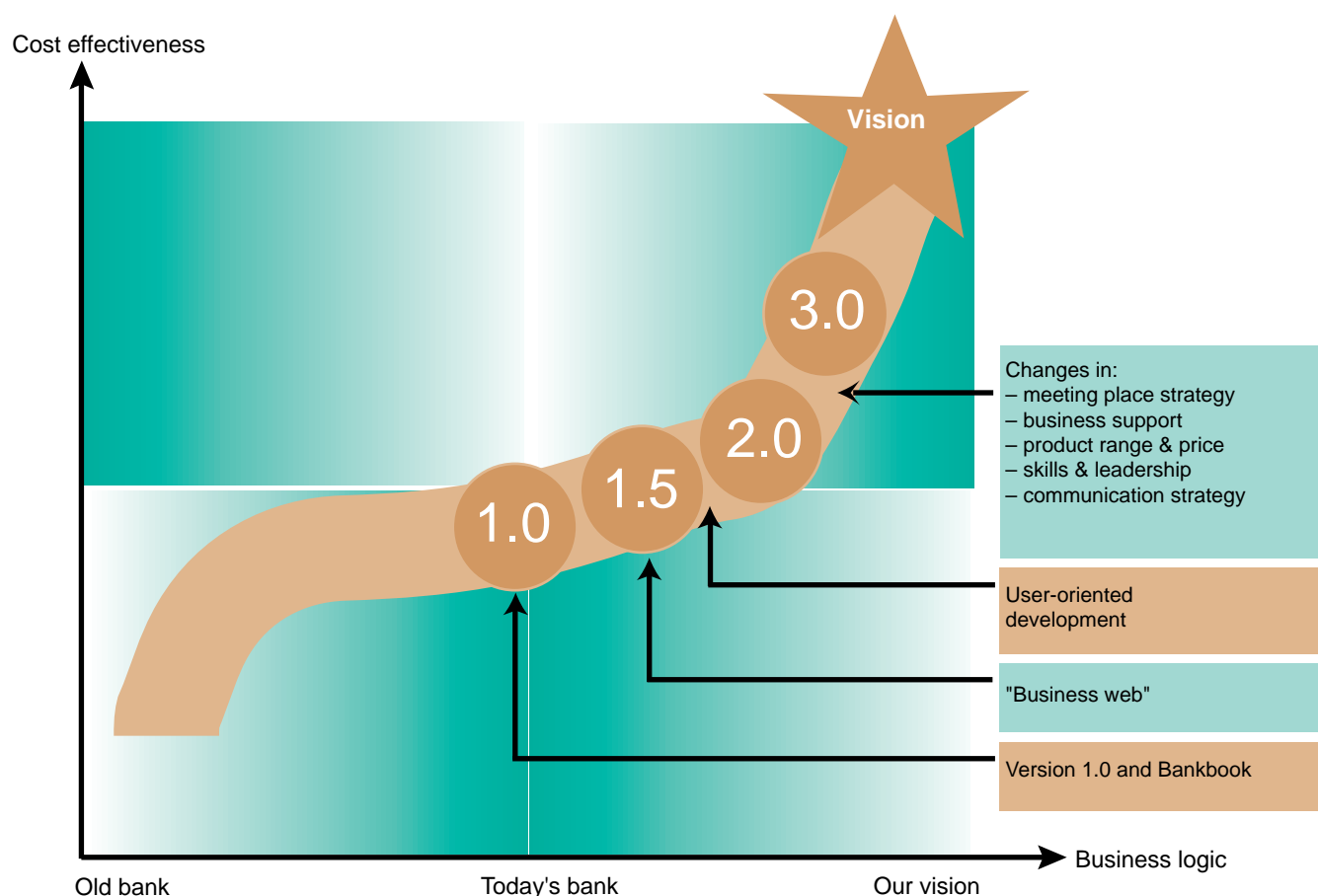
FöreningsSparbanken's vision includes two parallel objectives: to raise its competitive strength in the short term through increased cost efficiency and at the same time to change the Bank's business logic and way of working in order to make it a winner in its main markets in the long term.

This vision is based on a world in social transformation. We are leaving the industrial society behind and quickly replacing it with a society in which knowledge and innovation are the most important production factors.

The new economy

Today's knowledge society is accelerating the rate of globalization, with the flow of capital, skills and ideas crossing national borders with fewer restrictions. This, in combination with the deregulation of financial markets and rapid developments in information technology, is leading to completely new competitive conditions. Customers' habits are changing as well. At the same time, the market for financial services will expand in volume and complexity in pace with social and intellectual developments. The "new economy" is





already a reality today. Companies are increasingly competing without regard to national borders and without physical interaction with customers, who in turn have greater opportunities to find suppliers in any market and to be reached by any number of players. Mass communication is becoming more individualized and pricing more transparent. The determining factor for the Bank has to be the reality and day-to-day needs of its customers. To be truly customer-driven, FöreningsSparbanken has to offer the market's most competitive range of products and services, which means it will eventually have to operate without limitations with regard to suppliers.

Vision 2005

FöreningsSparbanken's vision for the year 2005 is based on the changing needs of customers and the technological advances that the knowledge society offers. The vision is to offer customers greater convenience as The Bank of Opportunities. FöreningsSparbanken is similar to a gigantic financial supermarket where customers have access to all the products and opportunities they see. They can reach the Bank's services through a variety of meeting places, such as branches, in-store banking, telephone banking, Internet banking and others that have not yet been developed. For example, the dramatic increase taking place in the use of the Internet and telecommunications within and between companies is also affecting households and institutions to a growing extent. Half the Swedish population already has access to the Internet.

Meeting places

The new economy demands increased cooperation between FöreningsSparbanken's various meeting places. The Bank is working to support its many customers as they enter the new economy, where a large part of their banking contacts will be via digital technology. At the same time, Internet developments are shifting the role of branches toward personal sales of knowledge-intensive services. It will be possible to purchase the Bank's products and services through either personal contacts or electronic channels. Greater use of new technology and the trend toward a cash-less society are leading to an increase in the number of transactions in the Bank's systems.

Greater competence

Every employee must be able to do more, and in addition to traditional skills must command new knowledge. A better understanding of the reality customers face, the transactions they make and the development opportunities that are available are necessary in order to understand and help to simplify and enhance the customer's banking experience. Administrative conditions are changing thanks to new technology, so that at least four of five employees are employed in operations directly affecting customers.

Value-added for all stakeholders

Part of the Bank's vision is to create value-added for all its stakeholders: customers, shareholders, employees and the local community. This is especially important to



guarantee the Bank's legitimacy in times of major change. The Bank's employees have to feel that their work provides them with the opportunity for personal development. The interplay between customer and employee is essential to creating value-added for other stakeholders. Increased shareholder value is therefore a byproduct of creating value-added for the three other stakeholder groups.

More customers

FöreningsSparbanken's vision necessitates a broad customer base that can be further developed. This is precisely the aim of the Nordic/Baltic strategy, which is also designed to strengthen the "glocal" approach that has distinguished our strategic work and change process. The goal is to increase the Bank's local presence in the Nordic region and countries around the Baltic Sea in order to create a large enough customer base for additional economies of scale and to increase the convenience of The Bank of Opportunities. The idea is that banking operations in each country can be managed locally in alliances or through co-ownership at the same time that global expertise and shared resources are utilized.

New communication logic

The vision is based on a business system with a communication logic that takes a more straightforward approach to broadening the dialogue between customer and bank and making it more efficient. The new communication logic gives customers a better opportunity to conduct their banking business when, where and how they want without having to worry about what hours their branch is open.

FöreningsSparbanken was the first bank in the Nordic region to offer banking services by telephone. Today it is one of the world's most highly developed Internet banks as well as the largest Internet and telephone bank in Sweden. In the future the Bank will continue to play a leading role in the development of new services and products aided by new technology.

Tracking customer opinions

Quality surveys are conducted on a continuous basis to track employees' competencies and customers' opinions of the Bank. Part of the vision is to build an intelligent company that is able to utilize its experience to be innovative and continuously renew itself on its customers' terms. This leads to added sales to new and existing customers.

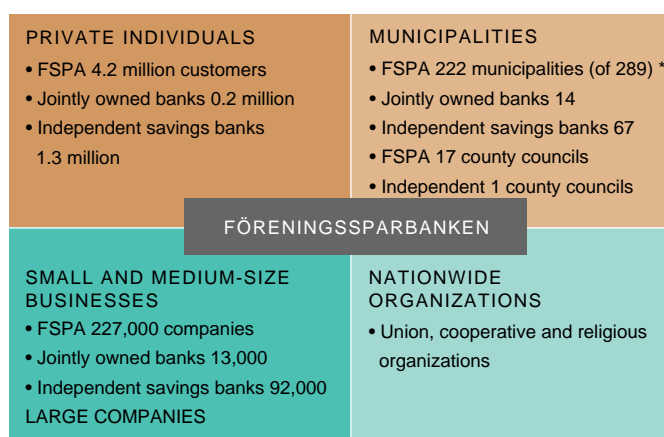
Version 1.0 and the Bankbook

FöreningsSparbanken will further enhance its image in the marketplace by integrating global expertise and a local presence under a strong, recognizable trademark. The launch of Version 1.0 and the Bankbook exemplifies the direction being taken to achieve the vision and will be followed by other, more highly developed versions.

FöreningsSparbanken's customers in Sweden

FöreningsSparbanken has the largest customer base of any Swedish bank with regard to private individuals, businesses, municipalities, county councils and large organizations.

Through its long-term commitment to the local community, FöreningsSparbanken has built strong relationships with large sectors of Sweden's population, businesses and organizations. The Bank has working relationships with approximately 4.2 million private individuals, the majority of Sweden's municipalities and county councils, and a large part of the country's small and medium-size businesses and agricultural customers.

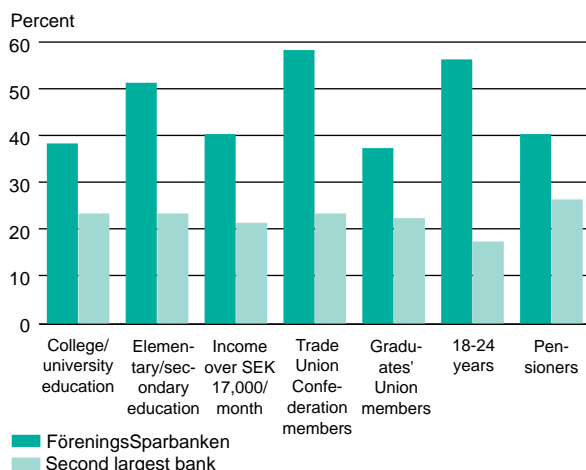


* 17 are customers of both FöreningsSparbanken and jointly owned banks or independent savings banks

Private individuals

Together with the jointly owned banks and independent savings banks, FöreningsSparbanken has geographic coverage throughout the country through around 1,000 branches, an equal number of ATM's and 150 in-store banking units. These banks together are the market leader in both telephone and Internet banking and remain steadily in the forefront in the development of new opportunities for customers to conveniently handle their banking transactions.

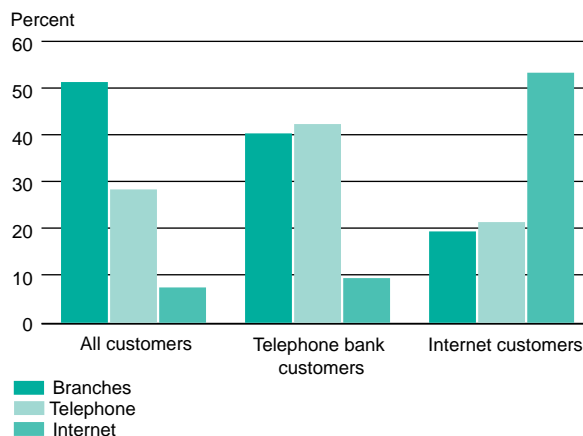
FÖRENINGSSPARBANKEN'S POSITION AMONG VARIOUS CUSTOMER GROUPS



In combination with a strong local presence, this explains the Bank's dominant position among so many different customer groups. Customers want to interact with the Bank in different ways. The branch is still the meeting place customers primarily use to carry out transactions, although a growing number are also choosing other meeting places. FöreningsSparbanken by Telephone and Internet are being utilized by more and more customers. Today 28 percent of customers consider the telephone to be the main way in which they contact the Bank.

Customers who use the telephone as their main means of contact also utilize branches and the Internet to some degree, while Internet banking customers tend to handle the large share of their transactions online, using branches to only a limited extent. The branch's role is changing over time from an emphasis on transactions to a meeting place to conduct business and discuss financial possibilities.

CUSTOMERS' MAIN METHOD OF CONTACTING THE BANK



Payments

In recent years customers have had access to several new payment alternatives. Traditional channels such as branches, cards and giro accounts have been complemented by FöreningsSparbanken by Telephone and Internet. With greater freedom of choice, customers can issue payments how and when it suits them best. As a result, channels outside the branches have substantially increased their share of total payment flows in recent years. This leaves branch personnel with more time to give advice and consult with customers how to best improve their financial situation.

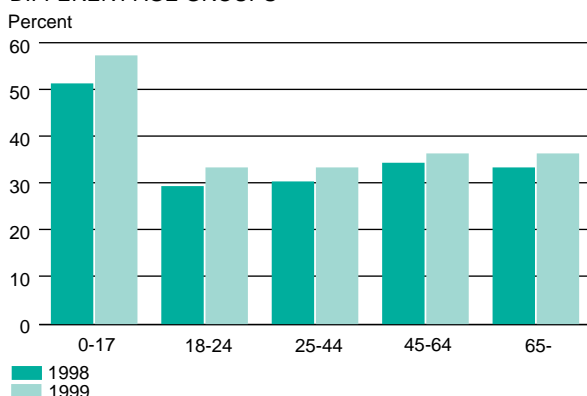
Due to the progress the new channels have made, the Bank has had to handle less cash, which is well in line with its objective to reduce this costly aspect of the business.

Savings

Customer demand for savings services varies in large part based on their stage in life. The types of savings they choose depends on their attitude toward risk, security, accessibility and the time period involved. In recent years there has been a shift from bank savings to fund savings. The share of customers who invest in funds rose by 9 percent in 1999.

Fund investments have increased among all age groups. In previous years the largest increase was among older customers. Today it is among children who have fund accounts opened for them by relatives.

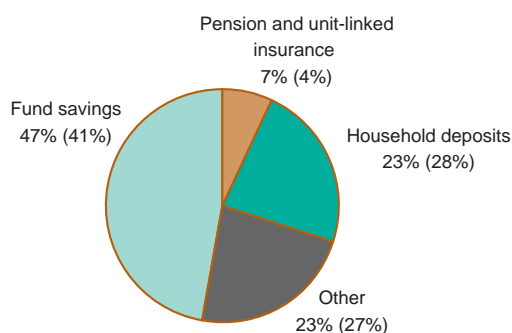
SAVINGS IN FÖRENINGSSPARBANKEN'S FUNDS FOR DIFFERENT AGE GROUPS



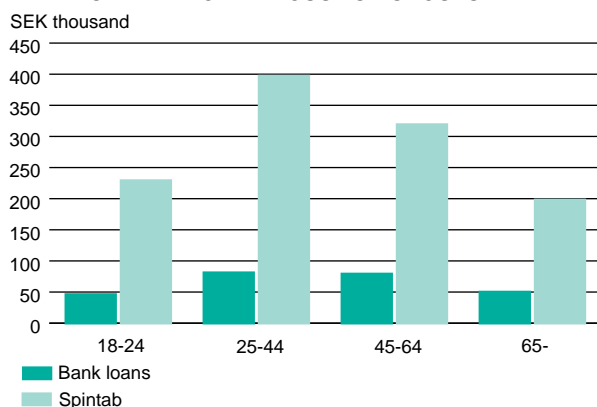
Because FöreningsSparbanken has so many retail customers and such a large market share for salary payments in Sweden, it also has a high share of household deposits. Bank savings are an important liquidity reserve for many customers.

SAVINGS AND INVESTMENTS

FöreningsSparbanken Dec. 31, 1999, SEK 534 bn



AVERAGE DEBT FOR VARIOUS AGE GROUPS



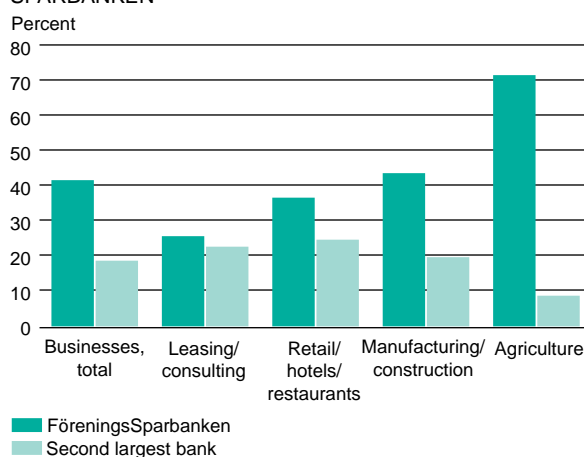
Due to increasing uncertainty about Swedish society's future safety net, pension savings has become an increasingly important issue for customers. In 1999 one third of all new pension insurance policies were signed with FöreningsSparbanken.

The number of customers who invest in individual pension savings rose strongly in 1999. Together with the jointly owned banks and independent savings banks, FöreningsSparbanken now has around 466,000 individual pension savings customers. This gives the Bank a strong position in this very important market. In 2000 four million Swedes will choose where they want to invest their so-called premium pensions. One of the Bank's priority areas will be to strengthen its market-leading position.

Lending

When it comes to borrowing as well, customers' needs are largely determined by their stage in life.

PERCENTAGE WHO ARE CUSTOMERS OF FÖRENINGSSPARBANKEN



Moving away from home and entering working life are two occasions when a person's borrowing needs especially increase. For most people, their home and its financing is their largest financial commitment. For years, FöreningsSparbanken has been a strong player in the housing area, and it continues to develop products and services that can help customers obtain secure, quality housing. In 1999 it introduced a new mortgage loan with a guaranteed interest rate. Today's low interest rates have led to great interest in products such as this one, which offer security. During the year FöreningsSparbanken maintained a leading position among mortgage institutions in the retail market, with a market share of slightly over 36 percent.

The Bank also offers customers financing solutions for all the needs that arise in their various stages of life. For example, it has developed loans for auto and boat financing, where the asset serves as collateral. As a whole, personal solutions are available for every customer's individual loan needs.

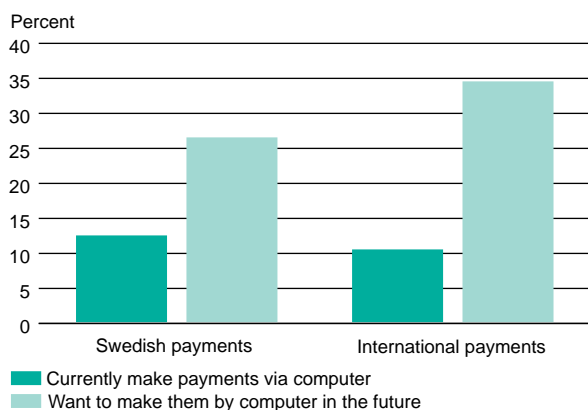
Businesses

FöreningsSparbanken has working relationships with a large share of the country's small and medium-size

companies and a strong position in most industries.

The Bank has a dominant position among smaller businesses, although it also has extensive relationships with a number of large companies. Most surveys rank FöreningsSparbanken as the best bank for small businesses and agricultural customers.

PERCENTAGE THAT MAKE PAYMENTS



Many business customers currently utilize the opportunity to make Swedish and international payments by computer, and considerably more want to do so in the future. This means that there is great potential for such services, particularly among small companies.

Business customers are an important customer group for FöreningsSparbanken and in 2000 will be one of those prioritized in the Bank's work with telephone and Internet services, among other things.

Agriculture

Throughout the 1990's agricultural and forestry customers have increased their borrowings due to structural transformation in their sectors as well as for intergenera-

tional real estate transfers. In 1999 FöreningsSparbanken, together with the jointly owned banks and independent savings banks, strengthened its position in this market. Continued efficiency improvements in agriculture will lead to further financing needs in the future. FöreningsSparbanken is therefore in a position to bolster its role as the best bank for farmers by utilizing the Group's entire range of products and services.

Municipalities and county councils

FöreningsSparbanken is the leading bank for Sweden's municipalities and county councils, including municipally owned companies, with a market share exceeding 50 percent in several product areas. One of the reasons for the Bank's success is its ability to utilize new communication technology. Use of the Bank's products such as e-billing and electronic salary specifications is an example of this. The close cooperation with the country's municipalities is also exemplified by the sharing of experiences regarding alternative forms of financing, such as funding programs in the money and capital markets. As a whole, the Bank's share of the municipal market was further strengthened in 1999.

On December 31, 1999 mortgage lending by Spintab to municipalities and municipally owned companies amounted to approximately SEK 41 billion and bank loans to approximately SEK 18 billion.

Organizations

The Bank has a strong position among Swedish organizations, especially unions, religious groups and sports clubs. The Bank's payment systems are one of the services these customers use extensively. The positive relationship with unions has helped the Bank to secure a large share of salary-account customers and a strong position in the pension savings market.



Market shares in Sweden

RETAIL MARKET											
FöreningsSparbanken	Date of market share	Market shares, percent					Volumes, SEK billion				
		1999	1998	1997	1996	1995	1999	1998	1997	1996	1995
Deposits, SEK	9912	28	29 (32) ¹⁾	34	35	37	117	119 (132) ¹⁾	131	145	142
Bank loan, SEK	9912	29	30 (34) ²⁾	36	39	40	59	59 (67) ²⁾	67	65	72
Mortgage financing	9912	36	37	37	36	35	192	182	173	164	151
Individual pension savings	9909	35	35	36	37	36	9	5	4	3	1
Retail market bonds	9910	18	24	27	26	26	15	23	28	32	33
Fund investments	9912	34	35	35	33	30	290	193	158	105	73
Unit-linked insurance *	9912	30	34	38	17	12	40	18	10	9	5
Bank cards (thousands)		n.a.	n.a.	n.a.	n.a.	n.a.	2,341	2,035	1,751	1,570	1,413
Credit/debit cards (thousands)		n.a.	n.a.	n.a.	n.a.	n.a.	889	741	671	566	518
CORPORATE MARKET											
FöreningsSparbanken	Date of market share	Market shares, percent					Volumes, SEK billion				
		1999	1998	1997	1996	1995	1999	1998	1997	1996	1995
Bank deposits, SEK	9912	13	15 (16) ³⁾	17	14	18	35	31 (34) ³⁾	37	31	35
Bank loans, SEK	9912	24	25 (26) ⁴⁾	27	24	27	95	91 (94) ⁴⁾	87	73	82
Bank loans, foreign currency	9912	10	14	18	18	18	6	9	12	11	12
Leasing via finance companies	9912	5	5	6	6	7	4	3	3	3	3
Installment purchases via finance companies	9909	15	16	17	18	19	6	5	4	3	2
MUNICIPAL MARKET **											
FöreningsSparbanken	Date of market share	Market shares, percent					Volumes, SEK billion				
		1999	1998	1997	1996	1995	1999	1998	1997	1996	1995
Deposits	9912	37	31	33	42	45	7	7	7	8	8
Bank loans	9912	26	28	29	29	31	8	8	8	7	7
Mortgage financing	9912	41	51	47	50	55	8	8	8	8	7
Municipal commercial paper	9912	22	35	39	48	30	1	1	2	3	2

¹⁾ Including deposits of SEK 13 billion, corresponding to a 3-percent market share, which was transferred to jointly owned banks and independent savings banks.

²⁾ Including bank loans of SEK 8 billion, corresponding to a 4-percent market share, which was transferred to jointly owned banks and independent savings banks.

³⁾ Including deposits of SEK 3 billion, corresponding to a 1-percent market share, which was transferred to jointly owned banks and independent savings banks.

⁴⁾ Including bank loans of SEK 3 billion, corresponding to a 1-percent market share, which was transferred to jointly owned banks and independent savings banks.

* Market shares refer to new policies.

** Does not include municipally owned companies. Bank loans of approximately SEK 10 billion to municipally owned companies are included in the corporate market. Mortgage financing by Spintab for municipally owned companies amounted to slightly over SEK 33 billion on December 31, 1999.

Sources: Statistics Sweden, Sveriges Riksbank, Finansforum and Försäkringsförbundet.

FöreningsSparbanken's position in the market

SAVINGS AND INVESTMENTS

1st household deposits
 1st equity and fixed income funds
 1st individual pension savings
 1st pension insurance
 1st-2nd retail market bonds
 2nd-5th stock brokerage

SALARIES AND PAYMENTS

1st direct salary deposits
 1st card clearance transactions
 1st bank cards
 1st CASH cards
 1st-2nd giro payments

HOUSING

1st-2nd mortgage loans
 1st-2nd real estate brokerage

MEETING PLACES

1st branches
 1st Internet bank
 1st telephone bank
 1st ATM's

CORPORATE MARKET, 10-25%

deposits
 lending
 payments
 leasing and factoring

Meeting places in Sweden

In order to give customers the opportunity to interact with the Bank where it is most convenient and at times that suit them best, the Bank is constantly developing and upgrading its meeting places.

FöreningsSparbanken's aim is to offer flexibility in its interaction with customers, allowing them to choose the meeting places that suit them best and benefit their relationship with the Bank. The development of new meeting places and upgrade of existing ones is a continuous process.

Today customers have the opportunity to contact the Bank in many different ways based on their individual needs and wants.

Branches

The number of traditional branches in Sweden decreased from 708 to 649. Branches that strictly offer advisory services have been established where meetings are held at times and in locations that suit customers. No cash is handled at these branches.

In 2000 FöreningsSparbanken will further improve its physical and digital meeting places. Changes in the operating environment and in customers' demands with regard to accessibility, convenience, competence, insight and simplicity require coordination and professionalism in the manner in which the Bank interacts with customers, regardless of whether it takes place physically or electronically. A shift has begun away from today's branch network, with its limitations in terms of flexibility, cost efficiency and customization, to a combination of meeting places in the local market that better meets customers' needs.

Self-service branches

Self-service branches have automated tellers that handle deposits and withdrawals and exchange bank notes, as well as PC's and telephones that give customers access to FöreningsSparbanken by Internet and Telephone for banking transactions. Self-service branches are utilized as an extended part of traditional branches and in separate locations with high customer traffic. They are manned during business hours in order to simplify and increase the service and accessibility offered to customers.

In 1999 the Bank completed installation of its new ATM's, which are based on PC functionality. This will make it possible to add new functions in the future other than cash withdrawals and balance information. The ATM's are accessible 24 hours a day, 365 days a year.

In-store banking

In-store banking is a cooperative effort with various retailers, which, as FöreningsSparbanken's agents, provide day-to-day banking services.

In-store banking gives customers the opportunity to deposit or withdraw up to SEK 8,000 at around 150 locations in the country.

The original idea behind the cooperation with the retail trade was to provide expanded cash-related services and accessibility in rural areas. Since then these services and accessibility have been expanded, making in-store banking an enhanced complement to cash-less branches. From store locations customers also have direct contact with FöreningsSparbanken by Telephone.

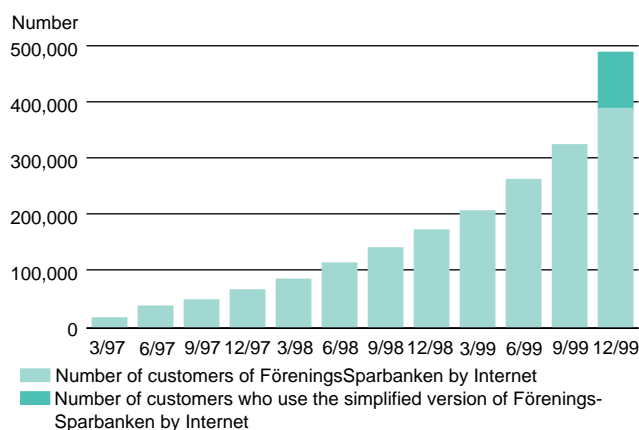
On-the-job banking

Some workplaces in Sweden today have a meeting place for the Bank's customers. It provides increased service and accessibility for the company's employees, who can access FöreningsSparbanken by Internet and Telephone as well as transfer money to their CASH cards. The Bank also offers advisory services and holds information seminars for these employees.

FöreningsSparbanken by Internet

1999 was an expansive year for FöreningsSparbanken by Internet. The number of customers who chose the Internet as a meeting place for their banking services increased from around 170,000 to nearly 400,000. Another 100,000 telephone banking customers began to use a simplified version of FöreningsSparbanken by Internet, so that at year-end there were a total of around a half million Internet banking users, including customers of jointly owned banks and independent savings banks. In December customers logged on a total of 1.7 million times, and for the year as a whole 12 million times, double the previous year.

CUSTOMERS WHO USE THE BANK'S INTERNET SERVICES



In 1999 there were approximately 15 million Internet payments, an increase of 8.5 million. In December the number of Internet payments topped 2 million, with an aggregate value of over SEK 4 billion.

The number of fund transactions during the fourth quarter of 1999 was approximately 185,000, an increase or

about 125,000 compared with the corresponding period of 1998. In total, customers made approximately 515,000 fund transactions in 1999.

Largest Internet bank in Sweden

In terms of customers, FöreningsSparbanken by Internet became Sweden's largest online bank in 1999. Among the reasons was an expansion of available capacity and the newly developed "Dialogue" Internet banking function, where services are adapted to the needs of each customer.

FöreningsSparbanken's home page, including FöreningsSparbanken by Internet, was one of the most popular web sites in Sweden, with nearly 2 million visits in September 1999, of which the home page accounted for slightly over 500,000.

Number 1 in Europe and number 2 in the world

In 1999 FöreningsSparbanken by Internet became a significant factor for creating value-added for customers and additional business for the Bank. Internal surveys show that customers are very pleased with the Bank's online service. This was confirmed by the results of a worldwide poll conducted by IBM and Interbrand which ranked FöreningsSparbanken number one in Europe and number two in the world.

New technical platform

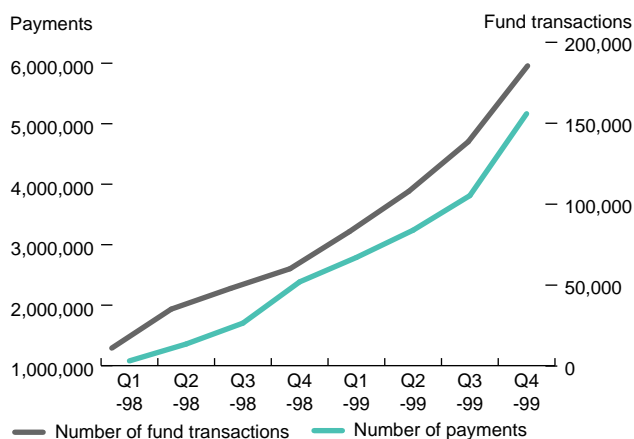
The rate of development for FöreningsSparbanken by Internet was high during the year, and several new products and services were developed and launched.

In March FöreningsSparbanken by Internet introduced a new technical platform that will allow it to continue to expand based on customers' needs and demands. The new platform has the capacity to handle more than a million customers and, with expanded hardware, in principle can handle an unlimited number.

Dialogue with customers

In July the first step was taken in the development of a personalized Internet bank with the possibility of individualized marketing to customers. The new function, called "Dialogue," gives customers access to their own pages where they can decide on the content as well as communicate directly with the Bank. FöreningsSparbanken by Internet can thereby be customized for each individual.

FÖRENINGSSPARBANKEN BY INTERNET



In September FöreningsSparbanken by Internet's customer service hours (by telephone and e-mail) were expanded to the same times as FöreningsSparbanken by Telephone, i.e. 6:00 a.m. to midnight seven days a week.

IP telephony

FöreningsSparbanken is offering its customers the future of telephony, allowing them to connect their computers to their phones using so-called IP telephony. This means, among other things, that they can use their computers for phone calls, increasing interactivity and reducing their telephone costs. Through a cooperation with Telia in IP services, FöreningsSparbanken has made it possible for customers to call the Bank over the Internet. In the first version, the customer can ask Bank employees questions. Next year business transactions and advanced advisory services will be possible with the help of the new technology.

E-billing

E-billing allows business customers to send their bills to FöreningsSparbanken by Internet, where the recipient brings it up on their computer screen, checks the bill and pays it with a click.

Beginning in 2000 customers will be able to take advantage of the tremendous value-added that e-billing offers, at the same time that the Bank's income will rise as a consequence of this new service.

Retail customers gain access to a simpler, more cost-effective payment channel, while businesses benefit from reduced costs.

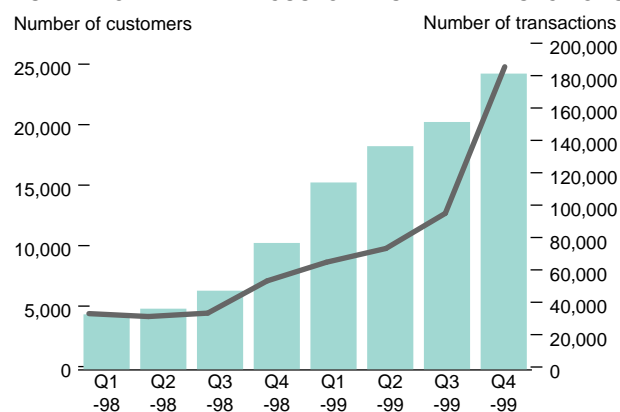
Funds by Internet

In October FöreningsSparbanken by Internet was expanded to include practically all types of savings. The fund trading service was increased, while endowment insurance and pension savings were introduced. Customers can now open, change or close savings and investment accounts via the Internet.

NetTrade

NetTrade is the Bank's online stock brokerage unit that offers equity trading in the Swedish and Norwegian stock markets. NetTrade charges a commission of 0.14 percent (SEK 95 minimum), making FöreningsSparbanken the only Swedish bank, together with the jointly owned banks and independent savings banks, to offer

NUMBER OF NETTRADE CUSTOMERS AND TRANSACTIONS



discount brokerage services over the Internet. At year-end 1999 NetTrade had 24,000 customers, an increase of 14,000, or more than double the figure of a year earlier. During the fourth quarter of 1999 NetTrade accounted for a fourth of total stock trades and over 20 percent of the value of stock trades in local banks.

Mobile Internet

In August FöreningsSparbanken by Internet conducted the world's first public test of a WAP (Wireless Application Protocol) service. WAP combines the Internet with mobile telephony and makes it possible to utilize certain Internet services from a mobile phone. Customers in the initial test were able to check the balance on their accounts. Later in the year FöreningsSparbanken introduced the first version of WAP services to all its Internet bank customers with WAP phones and Telia's DOF service.

The mobile services initially involved include account transfers, an account overview, the address of the nearest bank branch, current mortgage rates, business articles from newspapers and information on banking services via WAP phone.

Shopping Direct

Late in the year FöreningsSparbanken added links to a number of e-commerce sites to its home page. The aim is to make it easy, convenient and safe for customers to shop online. FöreningsSparbanken's "Direct payment" service assures secure online payments. At the time of payment, the customer chooses the account he would like debited and then approves the transaction with the help of a security device.

FöreningsSparbanken by Internet in Nordic/Baltic region

The first step was taken in the further development of FöreningsSparbanken by Internet throughout the Nordic and Baltic region when SpareBank 1 Gruppen selected FöreningsSparbanken's Internet banking solution during the year. Together, the two banking groups will work on the further development of this solution. The aim is that customers of FöreningsSparbanken and its allied banks in Sweden, Norway, Finland, Denmark, Estonia, Latvia, Lithuania and Poland will be able to move freely within an interconnected business system regardless of which of these countries they happen to be in.

Banking by ATM

In 1999 FöreningsSparbanken completed one of Europe's largest technical upgrades with regard to automated teller machines (ATM). In total, 1,036 new ATM's were installed at branches of FöreningsSparbanken and jointly owned banks and independent savings banks. The new ATM's are based on the latest PC technology, which facilitates improved efficiency in the management and operation of the machines, while at the same time allowing them to be used for a number of new services aside from cash withdrawals. One example of the new functions is individualized customer information via ATM, which will be tested in 2000.

Its large network of ATM's has long been one of FöreningsSparbanken's competitive advantages in the

household market. At year-end 1999 no less than 42 percent of Sweden's ATM's belonged to FöreningsSparbanken and jointly owned banks and independent savings banks. In 1999 slightly over 153 million cash withdrawals were made via these ATM's, of which 28 million were by customers of other banks.

The further development of the ATM's will increase FöreningsSparbanken's accessibility and market presence. In 2000 a relocation of ATM's will begin in order to put the Bank even closer to its customers than it is today and make the ATM's accessible during times when customers want to do their day-to-day banking business.

Telephone bank

FöreningsSparbanken by Telephone with self-service gives customers the opportunity to handle simple banking transactions by telephone round the clock. FöreningsSparbanken by Telephone with personal assistance offers a wide range of services, including the opportunity to borrow up to SEK 100,000. Customers can receive assistance with everything from simple cashier's transactions to advanced advisory services.

In 1999 the number of customers who chose telephone banking with personal assistance continued to rise. On average, 5,000 new customers were added each week. At year-end 1999 the number of customers using the self-service option exceeded 1.8 million, while the number using personal assistance topped 0.8 million. Altogether, approximately 50 million customer visits to FöreningsSparbanken by Telephone were recorded in 1999, making it the largest meeting place for telephone banking in Sweden and one of the largest in Europe.

Interest among the Bank's customers in savings and investments in securities and funds increased significantly during the year. This was evident by the traffic at FöreningsSparbanken by Telephone. Commission income on telephone orders rose by approximately 40 percent during the year. During the last two months both commissions and the number of transactions more than doubled.

Several new services were introduced during the year, including access to information on bank loans, expanded account statements by fax and English-language information. Additional services will be introduced in 2000.

FöreningsSparbanken by Telephone changed its phone number in 1999. In addition to cutting costs for the Bank, this now means that there is a single number shared with 66 jointly owned banks and independent savings banks. This number can also be accessed from outside Sweden.

Customer Center

Around 80 percent of phone calls to branches are general in nature and can be answered in a coordinated manner. During the year a Customer Center was established to increase accessibility for customers and relieve the branches of telephone work. The expectation is that the Customer Center will serve customers to a larger extent of both FöreningsSparbanken by Telephone and FöreningsSparbanken by Internet.

Jointly owned banks and independent savings banks

The cooperation with the jointly owned banks and independent savings banks is an important part of FöreningsSparbanken's operations. They account for about a fourth of the total sales of FöreningsSparbanken's products.

When Sparbanken Sverige was formed in 1992, there were 90-odd savings banks that conducted local banking operations in close cooperation with the former Sparbankernas Bank, which was converted to Sparbanken Sverige. This cooperation offered significant advantages for the jointly owned banks and independent savings banks as well as for Sparbanken Sverige. The jointly owned banks and independent savings banks gained access to the entire Sparbanken Sverige Group's range of products and services, while Sparbanken Sverige gained nationwide coverage and the ability to spread its fixed costs across a larger business volume.

When Föreningsbanken was formed in 1997 through the merger of Föreningsbanken and Sparbanken Sverige, practically all the jointly owned banks and independent savings banks chose to maintain this cooperation. An important element in the continued cooperation was an offer to the jointly owned banks and independent savings banks to acquire the Föreningsbanken branches in their respective operating areas. Sparbanken Finn, Sparbanken Gripen and Nova Sparbank decided against any branch acquisitions, however.

The cooperation between FöreningsSparbanken and the Finn and Gripen savings banks ended in 1999.

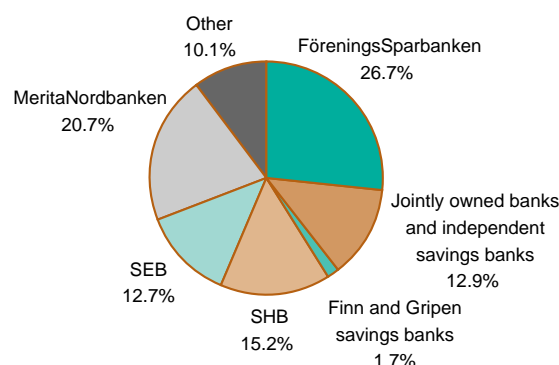
Coordinated market presence

The cooperation between FöreningsSparbanken and the jointly owned banks and independent savings banks is stipulated in a cooperation agreement. A significant part of the cooperation is a coordinated market presence. An important joint effort was implemented in 1999, when the jointly owned banks and independent savings banks took part in the development and launch of Version 1.0 and the Bankbook. In addition to marketing and product issues, close collaboration is maintained in a number of administrative areas. For example, FöreningsSparbanken is the clearing bank for the jointly owned banks and independent savings banks and provides them with a complete range of IT services on a fee basis.

A new, updated cooperation agreement is scheduled to be signed in the first quarter of 2000.

In accordance with an agreement from December 1998, Färs & Frosta Sparbank acquired FöreningsSparbanken's branch operations in Lund, Staffanstorps, Löddeköpinge and Svalöv in the spring of 1999. In December Färs & Frosta Sparbank was converted to a limited banking company with the name Färs & Frosta Sparbank AB. As agreed, FöreningsSparbanken became

MARKET SHARES FOR HOUSEHOLD DEPOSITS
December 31, 1999



a co-owner of the savings bank, with a 30-percent interest.

In early 2000 Bergslagens Sparbank will be converted to a limited banking company. As agreed, FöreningsSparbanken will sell its branch operations in Bergslagen to the new bank while at the same time taking an ownership position in it. The branch and share acquisitions are scheduled to take place during the first half of 2000.

In addition to the above-mentioned sales, nine smaller branch operations were sold to jointly owned banks and independent savings banks in 1999.

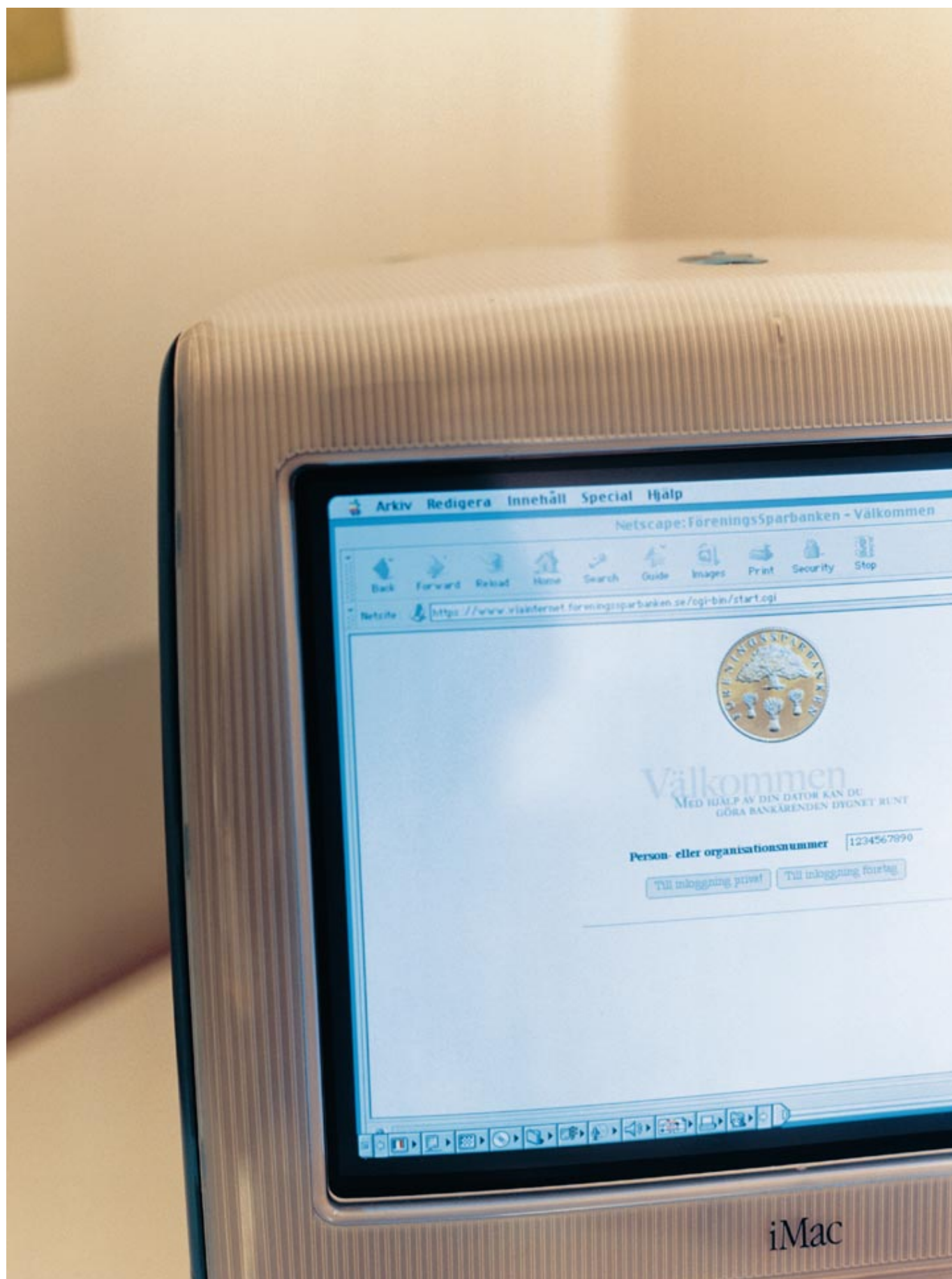
Besides being important partners, the jointly owned banks and independent savings banks together are one of the largest shareholders in FöreningsSparbanken. Their combined holding amounts to 5.9 percent of the Bank's capital and voting rights.

JOINTLY OWNED BANKS AND INDEPENDENT SAVINGS BANKS
DECEMBER 31, 1999, SEK M

Deposits	72,440
Lending	65,940
Lending via Spintab	67,390
Savings via Robur	70,520
Business volume	276,290
Aggregate assets	91,980

Excluding the Finn and Gripen savings banks.

Including FöreningsSparbanken Öland AB and Eskilstuna Rekarne Sparbank AB, which are part of the FöreningsSparbanken Group (ownership interests of 60 and 50 percent, respectively).



Nordic/Baltic region

FöreningsSparbanken's priority geographic areas are the Nordic region and the countries around the Baltic Sea. In 1999 FöreningsSparbanken acquired approximately 60 percent of Denmark's FIH and increased its share of the voting rights in Estonia's Hansapank to slightly over 52 percent.

Alliances

It is becoming increasingly important for FöreningsSparbanken to create opportunities for development not only on its own, but also in cooperation with other banks. It does so through alliances and co-ownership. For many years FöreningsSparbanken has had very positive experience with alliances through its long-standing cooperation with jointly owned banks and independent savings banks in Sweden. Outside Sweden's borders, an extensive business and development cooperation is now taking place with strategic partners, the allied banks, based on varying degrees of co-ownership. In Denmark and Estonia, FöreningsSparbanken has a majority interest in its allied banks.

Nordic/Baltic region

The area around the Baltic Sea has a total population of around 90 million. In 1999 FöreningsSparbanken strengthened its commitment to the Nordic/Baltic region and increased, among other things, its holding in Estonia's Hansapank to slightly over 52 percent, which makes Hansapank a subsidiary of FöreningsSparbanken.

In 1999 FöreningsSparbanken entered an alliance in Denmark, where it acquired approximately a 60-percent holding in FIH, FinansieringsInstituttet for Industri og Håndværk.

The partners in the alliance share a strategy to utilize local connection in combination with efficient technology and Internet solutions. This will create a joint platform that will greatly facilitate development work. The core of the Nordic/Baltic strategy consists of an improved range of services, expanded home market and cost efficiency in technological and product development.

Companies and private individuals

As globalization increases, so does customer demand for banking services beyond Sweden's borders. Consequently, a bank's international presence translates into greater customer benefit through better service and, over time, an expanded product range. Together with its allied banks, FöreningsSparbanken customizes offerings for Swedish companies and private individuals with crossborder business.

FöreningsSparbanken has representatives on location at all its allied banks in order to facilitate contacts between its Swedish business customers and the local banks.

Product exchange

The cooperation with the allied banks has led to in-

creased sales of Robur funds and SparFond's unit-linked insurance in Finland and Norway. Discussions on expanded sales cooperations are under way with other allied banks.

Development cooperation

The expanded cooperation projects between FöreningsSparbanken and its allied banks in the IT area are taking on ever-increasing importance. The participating banks have identified the Internet and bank cards as strategic areas for the future and are contributing both development funds and expertise. Concrete discussions are being held with all the allied banks on expanding the Internet banking cooperation, which will become an increasingly important strategic area.

Norway – SpareBank 1 Gruppen

During the year SpareBank 1 Gruppen adopted FöreningsSparbanken's Internet banking platform and began a cooperation in the card area. Moreover, Odin Fondsforvaltning is selling a number of Robur funds in the Norwegian market.

In November 1999 SpareBank 1 Gruppen Norway signed a framework agreement to acquire the shares of VÅR Gruppen ASA. VÅR is owned by, among others, the Norwegian Trade Union Confederation and its affiliated unions, which hold slightly over a 60-percent interest. The acquisition requires the approval of Norwegian regulatory authorities. A concession is expected before mid-year 2000.

Following the acquisition, the new SpareBank 1 Gruppen alliance will be the fourth largest banking and finance group in Norway, with total assets of nearly NOK 180 billion. The Group comprises banking operations throughout Norway, Odin Fondsforvaltning, product companies in life, property and unit-linked insurance, and card operations. As a result of the acquisition, the Norwegian Trade Union Confederation will become the owner of 10 percent of SpareBank 1 Gruppen. FöreningsSparbanken's ownership interest will remain 25 percent, with the remainder owned by the SpareBank 1 banks.

Denmark – FIH

In October 1999 FöreningsSparbanken acquired approximately 60 percent of the shares of Denmark's FIH, FinansieringsInstituttet for Industri og Håndværk, through the newly formed FI-Holding, which is 59.7-percent owned by FöreningsSparbanken and 40.3-percent by a number of FIH's shareholders. FIH is a corporate finance institution that lends to

Danish companies. For FöreningsSparbanken's business customers, the alliance with FIH gives them a partner in Denmark with a wide-ranging network of contacts in the Danish business community. In the household market, FöreningsSparbanken plans to introduce Internet banking solutions for Danish retail customers and the roughly 300,000 employees of FIH's corporate customers.

Finland – Aktia Sparbank

In 1999 FöreningsSparbanken's unit-linked insurance company, SparFond, established a subsidiary in Finland to provide unit-linked insurance solutions via Aktia Sparbank's branch network. During the year twelve Robur funds were made available in the Finnish market, in addition to which FöreningsSparbanken is selling Aktia Sparbank's Finland funds in Sweden.

Baltic region – Hansapank

In December 1999 FöreningsSparbanken exercised an option to increase its holding in Estonia's Hansapank to over 52 percent. Hansapank thus became a subsidiary of FöreningsSparbanken. During the year Hansapank strengthened its position as Estonia's leading bank, while establishing operations in Lithuania. It is the only bank with full-service operations in all three Baltic states.

Poland – Bank Handlowy

For many of FöreningsSparbanken's business customers, Poland is a fast-growing market where demand for household banking services is rapidly on the rise. FöreningsSparbanken has a development agreement with Bank Handlowy, in addition to holding slightly over 8 percent of its shares. The Polish banking market continues to undergo a structural transformation. Bank Handlowy is a commercial bank with a stated strategy to grow in the retail sector.

Cooperation in Eastern Europe

FöreningsSparbanken has a small shareholding in Austria's Erste Bank. The central bank for Austria's savings banks, Erste is the leader in the retail market and has a network of wholly and partly owned banks in Central Europe. A development cooperation between Erste Bank and FöreningsSparbanken in which expenses are shared strengthens both banks' development strategies, including in Internet banking.

Other international companies and branches

In addition to the alliances in the Nordic/Baltic region, FöreningsSparbanken has a subsidiary in Luxembourg, international branches in London and New York, and a representative office in Tokyo. The international units service FöreningsSparbanken's customers and take part in the Bank's global capital market operations and various international development projects.



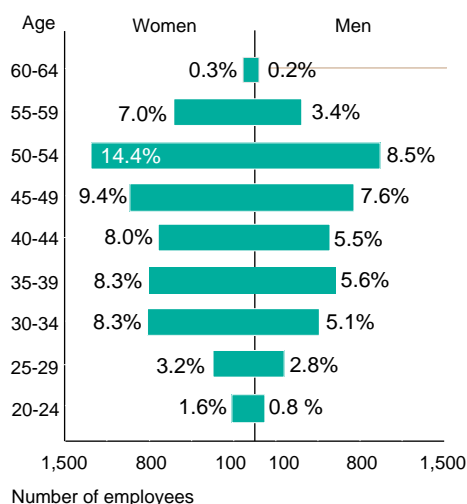
Employees

Maintaining a customer perspective is the guiding principle in interactions between FöreningsSparbanken's employees and customers.

FöreningsSparbanken's human resource strategy is based on the Bank's business concept and values and serves as the guiding principle in human resource and competence issues:

"Long-term profitability and winning relationships are achieved in tight competition by employees who can create value and leadership in a business distinguished by trust, development, opportunities and responsibility."

GROUP EMPLOYEES BY AGE AND GENDER
December 31, 1999
excl. FIH and Hansapank



Human capital measurements

With the support of continuous human capital measurements, FöreningsSparbanken is pursuing its efforts to develop the company by getting answers to such questions as:

- Are we working with the same values and objectives?
- Are we providing customers with value-added?
- Is the interaction with customers providing security and knowledge?
- Are we learning from customers, competitors and each other?
- Are we working to adapt and develop in order to meet the requirements of the future?

Leadership at all levels is measured regularly, and each manager receives personal feedback to work with and as a basis for a dialogue with employees.

In 1999, the last year of the merger work, the organization faced a great deal of stress due to the introduction of new technology. Measurements allow us to monitor and enhance the change process.

Development work in 1999

During the year major development efforts were implemented. All employees received training prior to the launch of Version 1.0 and the Bankbook.

Around 500 managers have been pedagogic leaders in the training process. During the year they themselves received training in the new communication logic and the impact of the new business support systems on the leadership role.

This training will continue, with the goal to create a genuine customer-oriented organization that can meet the demands of the future.

New ways of working and new support systems have required extensive development work involving all employees in Retail Banking.

During the year approximately 270 of the Bank's managers underwent various software training.

Around 300 people participated in business programs for corporate advisors and credit control officers, while around 600 participated in advisors' programs for the retail market.

Handshake 2000

The first "Handshake" signed by the Bank and union representatives in 1994 was a historic co-determination agreement for the Swedish labor market.

The agreement assures that employees are involved early on in planning, decision-making and implementation. The positive sentiment in the Handshake has led

to a sharing of ideas and responsibilities. This has been beneficial for customers, the Bank and employees, in particular with regard to how working hours are utilized and the opportunity to have a say at an early stage.

In 2000 the Handshake will be further developed and adapted to the new demands faced by the Bank. The purpose of the new Handshake is to assure that our employees' insight, commitment and sense of responsibility are among the Bank's most important assets both day-to-day and for its business development.

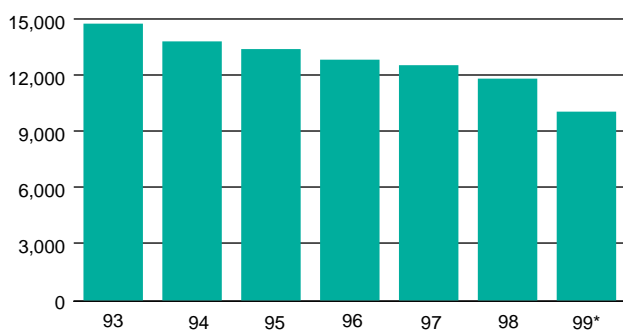
Workforce reduction

The various aspects of the workforce reduction program that began in 1997 in connection with the merger of Föreningsbanken and Sparbanken Sverige were completed in 1999.

In accordance with the approach to employee reductions spelled out in the declaration of intent signed by both banks prior to the merger, the reduction was made on a voluntary basis.

The Bank's two offers to employees included early retirement for those born no later than 1941 and the

NUMBER OF FULL-TIME POSITIONS 1993-1999



1993-1996 pro forma before the merger between Föreningsbanken and Sparbanken Sverige.

* Excluding FIH and Hansapank

opportunity to leave the Bank through the so-called Resource Bank.

A so-called pedagogic process was implemented in order to give every employee the opportunity to make a sensible, well-founded decision whether to remain with the Bank or find a new career outside it. Four dialogues were held during the winter of 1997-1998 to systematically review all the Bank's units. The dialogue covered four areas: the Vision, Customers, the Bank and Yourself.

The 1,358 employees who chose the Resource Bank have participated in customized development programs with the support of personal advisers. The goal of participants in the Resource Bank was to find a new job outside the Bank or start their own businesses, which was achieved by 87 percent, including those who decided to continue studying.

Of the employees who accepted the Resource Bank alternative, 97.6 percent have replied that "they do not regret their choice."

Leadership development

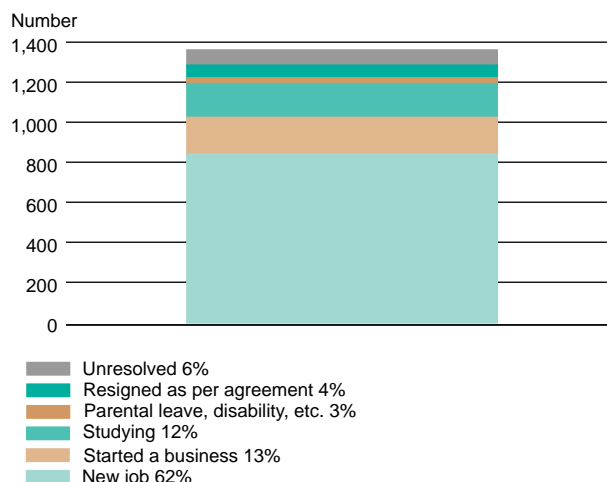
OUTCOME OF THE VARIOUS OFFERS	
	Number
Number of people who chose early retirement	1,409
Transition to the Resource Bank	1,358
	2,767

The Bank must develop leaders who are willing to take responsibility and cooperate in processes, networks and projects. The leadership role is a question of managing and developing people, managing the business and managing change. The Bank's philosophy emphasizes leaders who take action on their own, work toward the vision and promote skills development. Examples of development programs include "21st century leaders," "New managers," "Strategic leadership development for experienced managers" and "Development programs for women in executive positions."

Top employer

FöreningsSparbanken's vision is to have the "Right competence in the right place and the right time," with

RESOURCE BANK – RESULTS



the goal of maintaining a permanent spot among "Sweden's 20 best employers." The basic requirements for all recruitment positions are a post-secondary school education, IT skills and fluency in English.

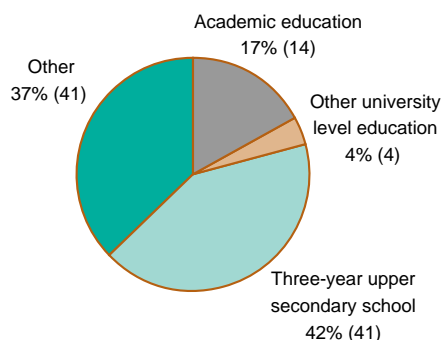
In 1999 around 450 employees were recruited from outside the Group, of whom 60 percent had a university-level education. Of the new recruits, 46 percent were women. Around half the new recruits are employees of the retail banking operations, including FöreningsSparbanken by Telephone. The average age of the external recruits was 31.

"World's best training"

FöreningsSparbanken's changing skill requirements, as manifested by the expression, "the world's best training," will be a primary concern in 2000. The Bank is in the midst of a comprehensive, strategic training effort based on the customers' expectations, increased competition and forward-looking competency requirements.

The goal at FöreningsSparbanken is to utilize new technical possibilities, new ways of working and skills-improvement measures to create better opportunities for employees and managers to meet or preferably surpass the expectations of customers with regard to professionalism and knowledge.

EDUCATION LEVEL
December 31, 1999



Quality work at FöreningsSparbanken

The increased emphasis on a customer orientation is crucial to the quality work at FöreningsSparbanken.

During the year the quality work at FöreningsSparbanken was further broadened and extended. The key to this work is establishing and strengthening a quality culture within the Bank.

A change in the approach to this work distinguished the entire Group's operations during the year. The most manifest expression of this was the launch of the Bankbook during the autumn. Version 1.0 and the Bankbook have created significant value-added for our customers. The knowledge and insight that the Bankbook provides raise the prospects of improved quality in interactions with customers.

Quality management

Efforts to establish a quality management system within the entire Group continued during the year. Work intensified at Spintab, where a foundation was laid for the implementation of an ISO 9001 quality management system for the entire company in 2000. Parts of FöreningsSparbanken Finans' operations have previously been certified. At the end of the year a decision was made to expand the ISO 9001 system to include the

entire company's operations. Within the banking operations, a pilot project was started to test quality management in a local bank.

Systems operations

To eliminate as far as possible the effects of disruptions to the Bank's IT systems, a separate organization has been created with responsibility for monitoring and reporting on IT operations. Reports are published daily on the Bank's intranet. In addition, messages on any disruptions which have occurred are distributed immediately. In this way, the local banks are able to minimize problems for their customers.

Idea Bank

The Idea Bank is an intranet-based, Group-wide tool for systematically collecting, monitoring and taking action on opinions, reactions and complaints from customers. During the year the Idea Bank was expanded to handle employees' suggestions. Thus, the Idea Bank is contributing to the creation of a better bank for both customers and employees.

Environmental work at FöreningsSparbanken

The emphasis of environmental work at FöreningsSparbanken is to create long-term profitability while at the same time contributing to a sustainable society.

Environmental work is part of the ongoing work at the Bank. It is integrated into day-to-day business operations, for example, through environmental analyses in the loan application process. New meeting places and new technology, including the Internet, not only play a central role in business development, but also significantly reduce the impact on the environment compared with conventional banking operations.

The priority in the Bank's internal environmental work is to continuously improve efficiency in the flow of material and resources. Responsibility for environmental work lies with the Bank's line organization, although it is also the responsibility of every employee to actively take part in this work. Conserving resources contributes to efficient cost controls and reduces the Bank's environmental impact.

A vital element in the environmental work is the

internal environmental support operations established in 1998, which coordinate environmental issues between units, subsidiaries and different levels of the Bank.

The outcome of the Bank's environmental efforts are frequently measured through human and market capital surveys that gauge employees' and customers' opinions.

The efforts the Bank is making will help to strengthen its environmental image and its brand. The commitment to the environment is also evident in cooperations and alliances in this area.

In summary, the Bank has clearly stated that it intends to make environmental issues an integral part of all its contacts with stakeholders. In the process, its business operations will develop a consistent approach to environmental issues.

ENVIRONMENTAL OBJECTIVES FOR 1999-2000	FULLFILLMENT OF ENVIRONMENTAL OBJECTIVES IN 1999
INTERPLAY Survey the opinions of customers and employees on the Bank's environmental work.	Completed.
Encourage local networks on environmental issues.	Completed. This is an ongoing process, however.
Intensify environmental communication internally and externally.	Completed. This is an ongoing process, however.
NEW WAYS OF WORKING Implement a life cycle analysis of cash versus card payments.	Completed.
Increase the number of Internet bank customers to at least 350,000 by year-end 1999.	Completed.
PRODUCTS Further development of the Environmental Fund. The objective for 1999 is an increase in assets under management of 25 percent.	Completed. Assets under management increased by 47 percent, from SEK 496 M to SEK 727 M.
Increase marketing and simplify administration of the European Investment Fund's (EIF) environmental loan.	Completed.
Develop environmental loans for private individuals.	A special environmental loan for the Kulingen wind power project was developed together with Birka Energi.
Expand the cooperation with the World Wildlife Fund on the marketing of the World Wildlife card.	Under way.
OPPORTUNITIES AND RISKS Implement a PC-based analysis system for evaluating environmental aspects in loan applications by mid-year.	Completed.
INTERNAL OPERATIONS Begin work on environmental management systems at three pilot branches. Coordinate the pilot project with the quality system.	Begun at two branches.
Begin internal environmental work at a minimum of 50 percent of all branches based on support material in the Bank's intranet.	Not achieved.
Establish a model for internal resource conservation.	Completed.
Establish an energy efficiency program during the year.	Not achieved. However, a foundation was laid in the form of methods that were developed for measurability.
Replace 15 percent of travel by air and car with train travel.	Not achieved, although there was an increase in train travel.
Use an environmental checklist in new construction and renovations.	Completed.
Reduce the Bank's total electricity consumption from 89 GWh to 75 GWh in 1999. Increase the share of environmentally friendly electricity use to 90 percent.	Electricity consumption 65 GWh, of which 87 percent is environmentally friendly electricity.
Make the majority of all purchases from suppliers that have been reviewed and approved in terms of environmental criteria.	Completed.
SKILLS DEVELOPMENT Develop a new intranet-based environmental training program for employees.	Preliminary study completed on skills and communication. Completed. Ongoing process.
Train all business loan officers in use of the environmental analysis system.	Completed. Ongoing process.
Consider environmental issues in all skills development.	Ongoing process.

IT at FöreningsSparbanken

The Bank's IT operations are managed from a business perspective, with an emphasis on customer service and profitability due to growing competition in the financial market. Furthermore, FöreningsSparbanken is playing an increasingly prominent role in the area of electronic commerce, where information technology is an integral aspect.

FöreningsSparbanken's products and services are based to a growing extent on the use of modern IT solutions that are often at the cutting edge of technology.

One example is the Bank's rapid expansion on the Internet. In 1999 FöreningsSparbanken became the largest Internet bank in Sweden and the best in Europe.

For hardware and services, the bank has agreements with IBM, ICL, NCR, Siemens Nixdorf and Sun, among others. In terms of consulting, FöreningsSparbanken works with such firms as WM-data and TietoEnator.



New ways of working and new systems

FöreningsSparbanken is gradually modernizing its central systems, in the process dividing them into components to reduce complexity, particularly in light of the adjustments that will be necessary if and when Sweden joins EMU.

Furthermore, the Bank's various retail sales channels are changing the way they work in order to capitalize on the financial advantages of the new branch system. Also, the Bank is continuously integrating its various sales channels, including branches, the telephone and Internet and ATM's, from a customer perspective. This is part of an overall focus on Customer Relationship Management, where all information follows the customer regardless of how he chooses to utilize the Bank.

Within the framework of its Nordic/Baltic strategy, the Bank is planning a new shared, multi-channel service platform called TouchDown Europe within the alliance. It will give customers and employees access to information via the Internet, WAP phones, digital TV and digital personal assistants such as the Palm Pilot and minicomputers with online connections.

The major IT investments in 1999 were important for realizing the Bank's vision to have branch employees devote 80 percent of their time to active customer work. The fact that the Bank temporarily had to work with three major systems at the same time – the former Föreningsbanken system, the former Sparbanken system and the new, unified FöreningsSparbanken system – resulted in added costs during the year.

Merger work

FöreningsSparbanken's key systems essentially consist of two parts: a back-end system (central account ledgers) and a front-end system (the branch system).

After the merger, the Bank decided to use Sparbanken Sverige's back-end system, since it was more comprehensive and could handle growing volumes without requiring design changes.

Neither bank's front-end system was selected, however. Instead, a new system was developed based on the GP 2000 technical platform that the Bank chose for its retail operations. The new front-end system gave employees from both banks the same opportunity to utilize the technology, thereby facilitating the merger.

The new, unified IT system for the entire Bank was placed in operation at the end of May 1999, after which

all customers were incorporated into a single system and could be offered all the Bank's products and services. The system also facilitated more efficient customer service by allowing employees to access all customer and product information in a single system.

Branch system

During the year the new GP 2000 technical platform and new branch system were installed in the entire Bank. The branch system is based on an integrated sales support and loan processing system in a Windows NT environment with central software distribution via FöreningsSparbanken's Group network.

All employees have access to the new technical platform. In connection with the installation of the branch system, a comprehensive training program was conducted. The new sales support system installed on the new platform gives employees a quick overview of each customer's accounts and speeds up the execution of all types of banking transactions.

The new loan processing system, which is also based on the new technical platform, significantly shortens processing times by incorporating administrative routines into the system itself. During the year a cashier's system was installed as well. The disruptions that initially affected the new systems have since been alleviated. The transition to a completely new IT environment has placed great demands on the employees, and the training period that ran parallel with day-to-day operations to some extent affected the Bank's level of service and accessibility.

Data Warehouse

A year ago the Bank established a new Data Warehouse infrastructure. This will provide a good source of information on customer relations and retail operations as well as better opportunities to control and monitor the operations. Each customer representative has access to information and tools to plan and implement sales activities.

Central systems

During the year a new card processing system was completed. Also, a number of vital central systems were adapted to meet the rising demand for euro-based products and services.

In addition, the central operating environment was consolidated in order to increase accessibility and reduce the operating expenses for the continuously growing volume of transactions.

In 1999 a transition began to continuous operations of central systems.

New ATM's

In 1999 FöreningsSparbanken completed its work on modernizing the network of approximately 1,000

ATM's. In addition to better future operating reliability and lower costs for operations and maintenance, the new ATM's are fitted for new areas of application, such as CASH card transfers and Internet banking.

Internet

In March 1999 the new Internet banking platform was placed in operation, considerably improving accessibility and speeding up customer service. Since then the number of new customers who have signed up for FöreningsSparbanken by Internet has increased significantly.

FöreningsSparbanken was the first Internet bank in Sweden to support WAP telephones and introduce a function for IP telephony whereby customers can speak directly to the Bank's Customer Center through their computer using the same line that is logged onto the Internet bank. Planning for the next stage in the development of the platform began during the year.

Reduced reliance on consultants

Toward the end of the year IT consulting services were reduced substantially in connection with the completion of Year 2000 compliance work and the major infrastructure investments.

Security

During the year the Bank began to link its GP 2000 technical platform to a security system integrated with the new branch system, which employees access using smart cards. The security system is based on PKI technology (Public Key Infrastructure), which offers a comprehensive tracing function along with protection against unauthorized intrusions.

Millennium shift

FöreningsSparbanken began the new millennium without any disruptions. During the period 1996-1999 extensive Year 2000 preparations were made. They had their intended effect. As an added benefit, the Year 2000 preparations provided the Bank with the opportunity to thoroughly review its computer systems and emergency plans.

EXTENSIVE ACTIVITIES IN 1999

- In May the conversion to a unified central system was completed.
- The new GP 2000 technical platform was installed at all workplaces.
- A new branch system for sales support and loan processing was introduced.
- New ATM's were installed.
- A new platform for Internet banking was installed.
- Year 2000 caused no problems.
- Net IT expenses remained unchanged from the previous year.

FöreningsSparbanken and EMU

Comprehensive preparations are under way at FöreningsSparbanken, as well as in the entire financial system in Sweden, to analyze how the euro's introduction will affect banks and how long the changeover will take.

Third and final stage of EMU begins

On January 1, 1999 the third and final stage of Europe's economic and monetary union, EMU, began. This marked another significant step in the political and economic integration process that has been under way since the European cooperation was initiated in the 1950's. Eleven of Europe's nations are included in the monetary union, while four others – Sweden, Denmark, Greece and Great Britain – are remaining outside for the time being.

Introduction of the euro

Technically, the introduction of the euro was carefully planned and has to be considered successful. Even the countries outside EMU, including Sweden, made extensive system modifications. The transition in international payment systems went very well and the euro has quickly become a major currency in the European capital market. Payments to and from Sweden are now made in euro before being converted to national currencies. Funding is also being secured in euro to a growing extent.

Only a few companies in EMU member states have yet to convert their accounting and invoicing to euro. For the public, the transition to the euro has not actually involved any changes, since it is still just an electronic currency. Bank accounts, salaries and so on are denominated in the old national currencies. The dual pricing that was introduced to familiarize people with the new currency is becoming common. Among banks and retailers, plans are being made for the replacement of bank notes and coins beginning on January 1, 2002. The goal is to make the replacement quickly, in no more than 1-2 months, in order to keep costs down.

The euro in Sweden

Demand for financial products in euro has been very low in Sweden. Strong initial interest in the euro has softened somewhat due to the decline in the new currency's value.

A few stocks have been listed in euro on the Stockholm Stock Exchange, but demand has been

limited here as well. According to a new bill before Parliament, companies could begin changing their accounting to euro in 2001, which would increase interest.

Change in competition, including for banks

One of the obvious trends in European businesses is globalization, which is bringing with it increased competition. The new unobstructed market of nearly 300 million people and single currency are also affecting Swedish companies, including those with local operations, in many ways. Banks are facing stiffer competition in the area of payments, for example, since the new currency simplifies cash management for large corporations. The Swedish market will be seeing a growing number of alternatives from totally new companies that utilize Internet technology and for whom the euro facilitates direct price comparisons. The Europeanization of Swedish business is also changing the knowledge needed by the Bank's employees, including with regard to EU subsidies.

Sweden and EMU

The Swedish EMU debate intensified in the autumn of 1999, particularly in the media. A national referendum may be possible in the future.

The Bank's preparations for EMU

Comprehensive preparations are under way throughout the financial system, primarily in terms of analyzing how the euro's introduction will affect banks and how long the changeover will take. FöreningsSparbanken is cooperating here with other banks through the Swedish Bankers Association.

FöreningsSparbanken's EMU work is being done by different operations but coordinated centrally. So far the Bank has been preparing as if Sweden would join EMU as early as 2002. Despite that it may not do so until considerably later, demand from business customers and the introduction of new bank notes and coins in Europe will affect the Bank much earlier.

Board of Directors' report

FöreningsSparbanken consists of FöreningsSparbanken AB (publ) and its subsidiaries and associated companies. The Group's structure, with the Parent Company and the most important wholly and partly owned companies, is shown in the illustration below.

Notes 20 and 21 to the balance sheet contain a specification of the holdings of shares in associated companies and subsidiaries. A summary of the Group's financial development with key ratios, profit and loss accounts and balance sheets for the past five years is shown on pages 6 and 7.

Changes in the Group structure

In September FI-Holding A/S issued an offer for the shares of Denmark's FIH, Finansieringsinstituttet for Industri og Håndværk A/S. FI-Holding, which was established as a Danish holding company for FIH, is 59.7-percent owned by FöreningsSparbanken and 40.3-percent by a number of FIH's former shareholders.

The shareholders of FIH accepted the offer and as of November 1, 1999 FIH is a subsidiary of FI-Holding, which is therefore included in the Group's profit and loss account and balance sheet as of that date. FöreningsSparbanken and the co-owners of FI-Holding have also reached the following option agreement:

The shareholders of FI-Holding have the opportunity as of 2001 to sell up to 25 percent of their holdings to FöreningsSparbanken. As of 2002 other shareholders have the opportunity to sell up to 50 percent, as of 2003 up to 75 percent and as of 2004 their entire original holding. The price will correspond to the shareholders' acquisition cost of the shares in FI-Holding – in total, slightly over SEK 3 billion appreciated by 4.5 percent annually.

For its part, FöreningsSparbanken at the same time has the opportunity to buy the other shareholders' holdings in FI-Holding during the period 2003-2005 at a price corresponding to the acquisition cost of the shares appreciated by 6 percent annually.

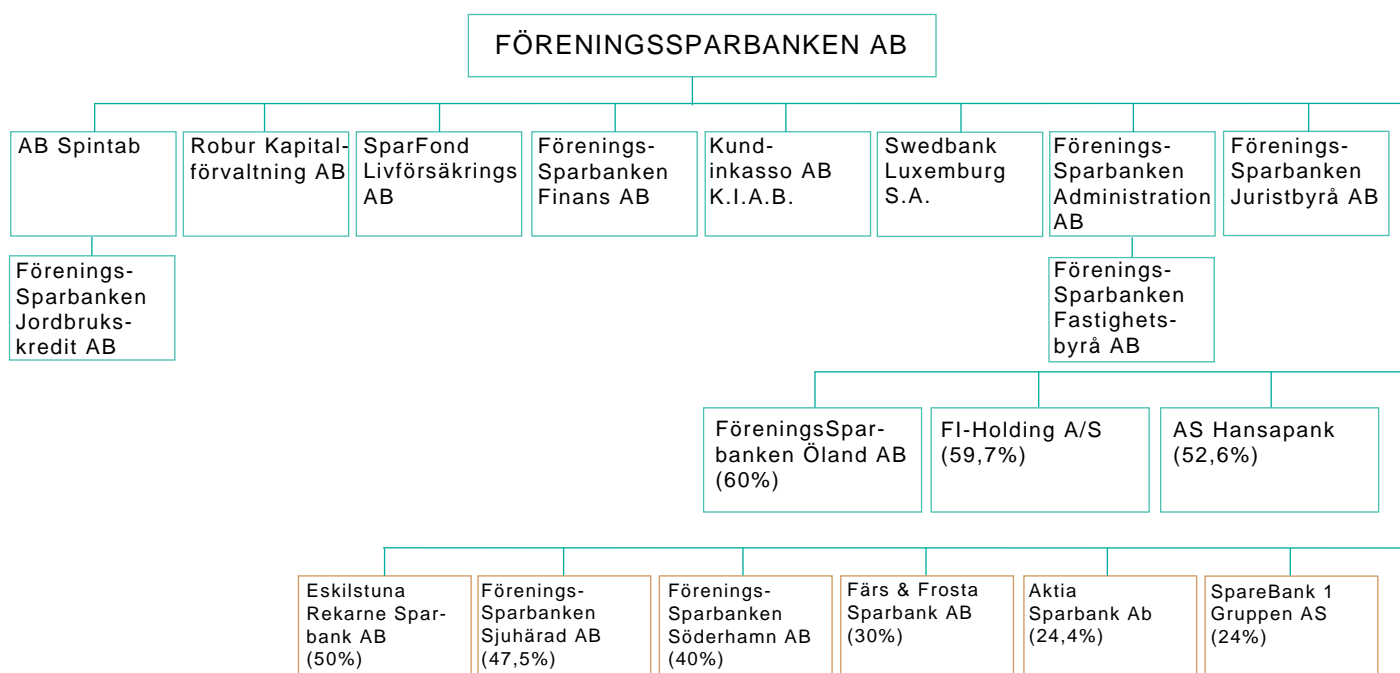
FI-Holding will not pay any dividends during the contract period.

In December 1999 FöreningsSparbanken exercised a call option to acquire an additional 2,093,832 shares in Estonia's Hansapank AS for SEK 144 M. The acquisition, comprising 2.66 percent of the shares, gives FöreningsSparbanken 52.64 percent of the voting rights in Hansapank as of December 31, 1999.

Hansapank is consolidated in FöreningsSparbanken's profit and loss account according to the equity method for all of 1999. In the balance sheet, Hansapank is consolidated according to the purchase method as of December 31, 1999.

FöreningsSparbanken became a co-owner of Färs & Frosta Sparbank AB by acquiring 30 percent of the shares of the new banking company in December 1999. The remaining 70 percent is owned by the Färs & Frosta Savings Bank Foundation. Earlier in the year Färs & Frosta Sparbank acquired FöreningsSparbanken's branch operations in Lund, Staffanstorps, Löddeköpings and Svalöv.

In order to expand the level of legal advice offered to customers, the bank established the wholly owned subsidiary FöreningsSparbanken Juristbyrå AB in September 1999. Through a number of local law firms (franchisees) in Sweden, FöreningsSparbanken Juristbyrå will offer legal advice to individuals and businesses. The focus will be on general law and services will be of high quality at a reasonable price.



Changes in the branch network

As an element in its continued cooperation with jointly owned banks and independent savings banks, FöreningsSparbanken sold 13 branches during the year.

In 1999 the operations of 43 branches were consolidated in FöreningsSparbanken AB. One new branch was opened. Following these changes, FöreningsSparbanken AB had 640 branches (695) as of year-end 1999.

OTHER IMPORTANT CHANGES IN 1999

Bonus issue

In June the Bank effected a bonus issue of 1:2 through a transfer of SEK 3,519 M from restricted reserves to subscribed capital, after which subscribed capital amounted to SEK 10,556 M. The number of shares rose by 175,936,281 to 527,808,843 at year-end 1999.

New company for payment terminals

Babs Pay-Link, a separate company 49-percent owned by the Bank and 51-percent by Point Transaction System AB, was established at midyear 1999 to increase efficiency in the development and administration of payment terminals.

VPC

Together with the three other major Swedish banks, FöreningsSparbanken acquired 75 percent of the shares of Värdepapperscentralen VPC AB (the Swedish Securities Register Center). Since the banks had previously owned shares of VPC, their combined holding following the acquisition amounted to 98.6 percent of the shares and each bank's stake to 24.65 percent.

SpareBank 1 Gruppen

FöreningsSparbanken, which already had an agreement on a strategic alliance with Norway's SpareBank 1 Gruppen AS, in January 1999 acquired approximately 24 percent of SpareBank 1 Gruppen's shares. During the autumn SpareBank 1 Gruppen and VÅR Gruppen ASA decided to merge. A framework agreement was reached whereby SpareBank 1 Gruppen will acquire the shares of VÅR Gruppen, which is active in banking and insurance. FöreningsSparbanken decided to take part in the transaction through a capital contribution of approximately NOK 340 M in 2000.

Consolidation of Robur and SparFond

FöreningsSparbanken has decided to combine the Bank's total range of fund and insurance savings products in a new, expanded Robur Group. The parent company will be Robur Kapitalförvaltning AB which will change its name to Robur AB, wholly owned by FöreningsSparbanken, with four underlying operations: asset management, insurance, sales and administration. The changes that have been adopted will be implemented during the first half of 2000 and require the approval of regulatory authorities.

HIGHLIGHTS AFTER DECEMBER 31, 1999

New President and CEO

At its meeting on February 10, 2000 the Board of Directors of FöreningsSparbanken appointed Birgitta Johansson-Hedberg the new President and Chief Executive Officer. She will assume her new post in connection with FöreningsSparbanken's Annual General Meeting on April 12, 2000.

Bergslagens Sparbank

An agreement had previously been reached with Bergslagens Sparbank on the savings bank's acquisition of the branch operations in Kopparberg and its conversion to a limited banking company. In February 2000 Bergslagens Sparbank AB was formed. The new company will acquire FöreningsSparbanken's branch operations in Lindesberg, Fellingsbro, Nora and Frövi. FöreningsSparbanken will be a co-owner of Bergslagens Sparbank AB, with 48 percent of its capital and voting rights. The remaining 52 percent will be owned by Sparbanksstiftelsen Bergslagen, a local foundation.

SpareBank 1 Gruppen

In February 2000 FöreningsSparbanken exercised its option to increase the holding in SpareBank 1 Gruppen from approximately 24 to 25 percent. FöreningsSparbanken plans to open a branch in Oslo in March 2000. The branch will provide capital market and international services for Norway's SpareBank 1 banks as well as cultivate certain portions of the Norwegian market for large corporations.

Issue of primary capital certificates

The Bank plans to issue primary capital certificates of approximately SEK 1.7 billion in 2000. An issue of such size will allow for a further increase in lending while at the same time strengthening the primary capital of the financial companies group in a cost-effective manner. It will also raise FöreningsSparbanken's capital adequacy, other conditions remaining the same, to 10.8 percent and the primary capital ratio to 6.4 percent.

The right of companies to acquire their own shares

On March 10, 2000 an amendment to the Swedish Companies Act will go into force that makes it possible for listed public companies such as FöreningsSparbanken to acquire and tender their own shares.

The Board of Directors of FöreningsSparbanken plans to recommend that the Annual General Meeting approve the acquisition of the Bank's own shares in order to facilitate continued trading in the share within Swedbank Markets' securities brokerage department.

Promissory notes with detachable warrants

The Board of Directors of FöreningsSparbanken will propose that the Bank's Annual General Meeting approve the issue of promissory notes with detachable warrants for subscription of new shares as well as the transfer of warrants to employees of the Bank and its wholly owned Group companies as well as board members of FöreningsSparbanken's local banking units.

Business areas

PROFIT PER BUSINESS AREA										
SEK M	Retail Banking		Swedbank Markets		Asset Management, incl. Insurance		Other		Group	
	1999	1998	1999	1998	1999	1998	1999	1998	1999	1998
Income	11,969	12,656	2,100	1,945	2,678	2,095	2,489	2,658	19,236	19,354
Internal sales commissions	1,683	1,336	- 270	- 262	- 1,413	- 1,074	—	—	—	—
Expenses	- 8,203	- 8,416	- 1,082	- 1,058	- 682	- 533	- 2,179	- 2,019	- 12,146	- 12,026
Profit before loan losses	5,449	5,576	748	625	583	488	310	639	7,090	7,328
Loan losses	- 607	- 1,032	- 11	- 8	—	—	- 18	38	- 636	- 1,002
Profit after loan losses	4,842	4,544	737	617	583	488	292	677	6,454	6,326
Estimated shareholders' equity	18,156	17,391	4,786	4,837	2,146	2,370	4,252	2,671	29,340	27,269
Return on equity after tax	19.2%	18.8%	11.1%	9.2%	19.6%	14.8%	—	—	15.7%	16.9%

The reported profit per business area includes both external and internal income and expenses. Internal sales commissions refer to market-based compensation paid to customer service units for brokered transactions.

Shareholders' equity has been distributed according to capital adequacy regulations, i.e. in relation to risk according to these regulations plus unamortized goodwill in each business area. The shareholders' equity distribution used in the 1998 comparisons has been adapted to the basis for the calculations in 1999.

The return on equity for the business areas is calculated based on operating profit after standard tax and for the Group on profit for the financial year.

Retail Banking

Retail Banking comprises local banks, FöreningsSparbanken by Internet, FöreningsSparbanken by Telephone, card operations, Spintab, FöreningsSparbanken Finans and jointly owned banks in Sweden.

Income declined by SEK 687 M or 5 percent compared with 1998, of which approximately SEK 240 M was due to branch sales to jointly owned banks and independent savings banks. Net interest income from deposits and lending, including mortgage lending via the local banks, declined by approximately SEK 700 M due to lower margins, but was affected positively by approximately SEK 150 M as a result of higher volumes. Commissions developed positively, primarily through growth in fund and pension savings.

Expenses declined slightly due to the reduction in the number of employees and to some extent through branch sales. Loan losses also declined, because of which profit after loan losses rose by SEK 298 M or 7 percent. The return on equity rose slightly to 19.2 percent.

Swedbank Markets

Swedbank Markets comprises the Bank's capital market, international and large corporate customer operations, as well as equity trading and corporate finance. Income rose by 8 percent during the year owing mainly to the positive development of the trading operations. The profit improvement compared with 1998 was SEK 120 M, an increase of 19 percent. The return on equity rose to 11.1 percent.

Asset Management including Insurance

Asset Management comprises Robur, including the Group's discretionary asset management, and SparFond.

Because of volume growth for fund and pension savings, income rose by approximately SEK 583 M or 28 percent compared with 1998.

Despite that internal sales commissions and other expenses rose, profit improved by SEK 95 M or nearly 20 percent. The return on equity rose to 19.6 percent.

Other

Other consists of income and expenses that do not fall under any of the business areas. This includes the Nordic/Baltic alliances, FöreningsSparbanken Fastighetsbyrå (real estate brokerage) and computer services for jointly owned banks and independent savings banks. Income also includes items affecting comparability of approximately SEK 1,420 M in 1999 and SEK 2,060 M in 1998. The expense level was affected by workforce reduction expenses of SEK 575 M (435) in the Resource Bank program.



RETAIL BANKING

PROFIT FROM RETAIL BANKING BUSINESS AREA

SEK M	1999	1998
Income	11,969	12,656
Internal sales commissions	1,683	1,336
Expenses	- 8,203	- 8,416
Profit before loan losses	5,449	5,576
Loan losses	- 607	- 1,032
Business area profit after loan losses	4,842	4,544
Estimated shareholders' equity	18,156	17,391
Return on equity after standard tax	19.2 %	18.8 %

Reported business area income and expenses are attributable to operations. Shareholders' equity, distributed according to capital adequacy regulations, includes SEK 1,616 M (1,562) in unamortized Group goodwill related to this business area. Goodwill amortization, SEK 101 M (85), is also charged against the business area's profit.

RETAIL BANKING CONSISTS OF:

- Local banks
- FöreningsSparbanken by Internet
- FöreningsSparbanken by Telephone
- FöreningsSparbanken Cards
- Spintab
- FöreningsSparbanken Finans
- Kundinkasso
- Jointly owned banks in Sweden

LOCAL BANKS

FöreningsSparbanken's 640 branches are organized into 121 local banks. FöreningsSparbanken has branches throughout the country and has more extensive branch coverage than any other bank in Sweden. The distribution network also includes the 340 branches of the jointly owned banks and independent savings banks. The local branch has overall responsibility for business contacts with customers in its operating area. The management of the branch thus also has responsibility for all meeting places in its operating area.

At year-end 1998, 5,972 of the Group's 12,791 employees worked at local banks. There are also 397 employees in centrally organized operations with local responsibilities, such as telephone and Internet banking. To support the decentralization of operations, a system of follow-ups has been put in place that emphasizes that the local bank's profit reflect that of the entire Group. Each local bank has specific objectives in terms of income, expenses and operating profit, as well as net interest income, commissions receivable and other income in relation to staff costs. There are also objectives for profit per employee both before and after loan losses.

The local bank's development is monitored and controlled from a broad-based perspective to ensure long-term profitability. This is done by continuously measuring profitability, customers' opinions of the bank (market capital), credit risk, employees' skills and leadership quality (human capital) in each local bank and at each branch.

Local boards

As another element in FöreningsSparbanken's decentralized approach, each local bank has its own board of directors. The board, which has been delegated responsibility, reflects the local bank's customer structure and operations. The work of the local board is

distinguished by forward-looking issues such as visions, strategies and objectives for the bank in the local market. One of the board's most important duties is to ensure that the local bank fulfills the objectives that have been established.

Branch sales

As part of the cooperation with the jointly owned banks and independent savings banks, FöreningsSparbanken offered them the opportunity to acquire former Föreningsbanken branches in their respective operating areas. The majority of the branch sales were effected in 1998. Thirteen such sales took place in 1999.

Further changes in the branch structure

Due to societal developments and customers' changing habits, FöreningsSparbanken's branch structure is continuously being modified. In 1999, 43 branches were shut down. One new branch was opened. In cases where branches were closed, customers have been offered alternative meeting places, such as nearby branches, in-store banking and special advisory offices.

New meeting places

New electronic meeting places such as FöreningsSparbanken by Telephone and Internet give customers more choice how and when they want to contact the Bank. The emphasis in developing meeting places is on flexibility, so that the Bank will be accessible as much as possible where and when customers want.

Personal interaction

Customers and the Bank have a large number of opportunities to interact through personal interaction:

- Branch offices offer full service in everything from simple cashier's transactions to advanced advisory services for both private and business customers. Branches are open during daytime hours and usually one evening a week.
- Advisory offices offer customers personal assistance,

although they do not handle cashier's transactions.

- Mobile sales representatives call on customers at their home.
- Telephone banking with personal assistance. Customers can receive assistance by telephone for everything from simple cashier's transactions to advanced advisory services. The telephone bank is open to both private and business customers from 6:00 a.m. to 12 midnight seven days a week.

Banking by Internet, Telephone and ATM

Customers increasingly want to be able to reach the Bank quickly, conveniently and at any time of day. New meeting places have therefore been developed where customers can take care of their banking business themselves.

- FöreningsSparbanken by Internet gives customers the opportunity to handle their banking business via the Internet at any time of day.
- FöreningsSparbanken by Telephone - Self-service gives customers the opportunity to handle simple banking transactions by telephone round the clock.
- In-store banking allows customers to deposit or withdraw up to SEK 8,000 from their FöreningsSparbanken accounts.
- Self-service is available at many branches, so that customers can quickly and conveniently access the Internet or Telephone bank for transactions.
- On-the-job banking gives customers access to the Internet or Telephone bank while at work.
- ATM's allow customers to quickly and conveniently withdraw money and receive the balances on all their FöreningsSparbanken accounts.

GREATER CONVENIENCE WITH NEW MEETING PLACES

	1999	1996
Users of FöreningsSparbanken by Internet	500,000	0
Users of FöreningsSparbanken by Telephone with self-service	1,800,000	900,000
Users of FöreningsSparbanken by Telephone with personal assistance	850,000	300,000
In-store banking	150	20

FÖRENINGSPARBANKEN CARD

FöreningsSparbanken is the market leader in the card area. The bank card is Sweden's largest, with 2.4 million in issue, of which around 668,000 are held by customers of jointly owned banks and independent savings banks. FöreningsSparbanken's range of cards consists of:

- bank cards linked to transaction accounts
- debit cards where purchases are reported in monthly statements,
- corporate cards for business owners and their employees, with convenient payment routines,
- affinity cards for businesses and organizations.

All retail market cards can be linked to a so-called CASH function, essentially an electronic wallet for quick, easy payments for small and automated purchases.

Several major deals highlighted the year with regard to card payments. A framework agreement was signed with the Swedish Federation of Trade and Services to cooperate on development work in the card area. In collaboration with Vattenfall, the Bank launched a priority account for electricity customers. Moreover, cooperation agreements were signed with Apoteks-bolaget (the National Corporation of Swedish Pharmacies), ICA and Statoil on card clearing and the joint development of electronic payments.

Work has begun to ensure that the Bank's cards will work smoothly with the euro the moment Sweden becomes a member of EMU.

Bank cards

The range of bank cards was expanded to meet the varying needs of the Bank's customer groups for convenient, safe payment services. Customers are offered cards linked to either Visa or MasterCard as well as to the World Wildlife Fund. There is also a national card for use only in Sweden. Card usage increased by 25 percent during the year. The number of customers who have activated their CASH function now numbers approximately 362,000.

Debit cards

The range of debit cards was broadened during the year. In addition to Visa and MasterCard debit cards, the Bank now offers a MasterCard Platinum card. An agreement was also signed on the issuance of American Express-affiliated cards.

Corporate cards

The number of corporate cards rose to approximately 50,000 at year-end. A MasterCard-affiliated corporate card linked to a transaction account was launched during the year. Purchased are debited to the company's transaction account in the same way as a Bank card.

Affinity cards

The cooperation with Hemköp was expanded during the year to include the first wood fiber-based, environmentally friendly card.

During the year a pilot project was launched in Karlstad together with the Swedish Federation of Trade and Services regarding the "All-round card," a combined bonus, loyalty, credit and debit card.

Card clearing via Babs

Babs, the FöreningsSparbanken unit responsible for clearing charge card transactions, offers safe, fast payment systems for card payments. During the year it became possible for customer companies to clear crossborder and multi-currency transactions.

Together with Point Transaction System AB, the Bank formed Babs Pay-Link AB to enhance the development and customization of retail card terminals.

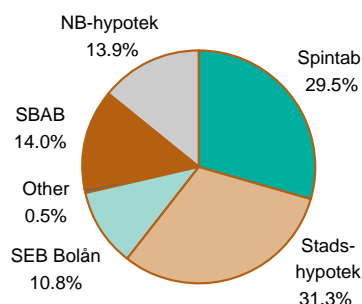
During the year the volume of clearing transactions rose by 30 percent. Approximately 10,000 combi-terminals, which handle both magnetic strips and electronic chips, were leased to Swedish retailers.

SPINTAB

Spintab is the mortgage institution of FöreningsSparbanken, jointly owned banks and independent savings banks for the long-term financing in Sweden of residential housing, municipalities and municipal property holdings, and agricultural and forestry properties.

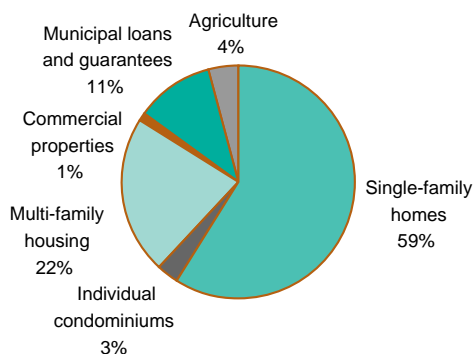
Spintab is also Sweden's largest residential retail mortgage provider, with a market share of 36.3 percent. Spintab's total market share as of December 31, 1999 was 29 percent, an increase for the year despite tighter competition.

SWEDISH MORTGAGE INSTITUTIONS' MARKET SHARES
June 30, 1999



Nearly 70 percent of Spintab's loan portfolio consists of mortgages for owner-occupier residences. Spintab grants loans only against collateral in the form of real estate, condominiums or guarantees by the government, municipalities, banks, insurance companies or other credit market companies. Loans are normally granted for up to 75 percent of the market value of a property. The sale of the company's products and services is handled through the branches of FöreningsSparbanken, jointly owned banks and independent savings banks at approximately 1,000 sales locations around the country, in addition to FöreningsSparbanken by Telephone and Internet.

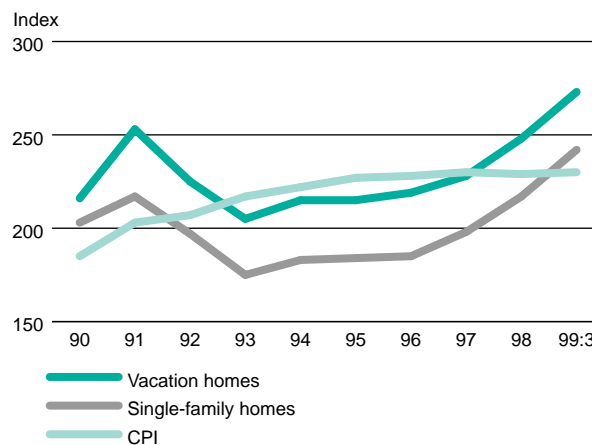
SPINTAB'S LOAN PORTFOLIO
December 31, 1999



Around one fourth of Spintab's funding is arranged outside Sweden, and Spintab's bonds are listed on six foreign exchanges. Other funding is obtained from Swedish institutional investors, companies and private investors.

During the year Spintab's subsidiary, FöreningsSparbanken Jordbrukskredit AB, increased its market share for mortgage lending to the agricultural and forestry sectors. Together with the Bank, jointly owned banks and independent savings banks, Jordbrukskredit is the largest lender in this sector.

TREND IN REAL ESTATE PRICES 1990 – 3 Q 1999



SPINTAB FIVE-YEAR SUMMARY

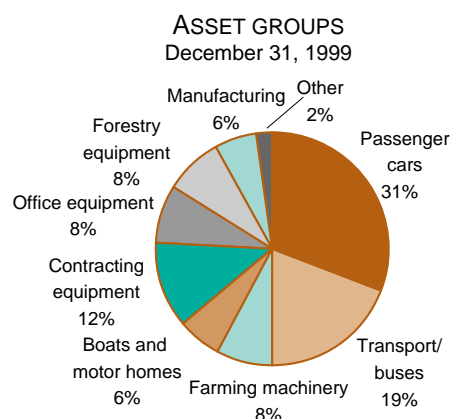
SEK M	1999	1998	1997	1996	1995
PROFIT					
Net interest income	3,737	3,677	3,375	3,806	3,530
Operating profit before loan losses	3,119	3,050	2,801	3,301	3,031
Loan losses	-218	-360	-572	-605	-756
Operating profit	2,901	2,690	2,229	2,696	2,275
Interest margin, %	0.9	0.9	0.8	1.0	1.0
Investment margin, %	1.1	1.2	1.3	1.5	1.4
Return on equity, %	12.3	11.6	11.4	16.9	17.1
CAPITAL					
Lending, SEK billion	307.8	296.4	285.3	246.6	239.4
of which, acquired subsidiary			37.7		
Shareholders' equity	16,206	16,192	15,929	13,419	10,419
Total assets, SEK billion	331.8	317.0	298.4	255.4	252.9
Capital adequacy ratio, %	14.7	16.0	17.9	18.7	17.5
Primary capital ratio, %	10.5	11.1	11.8	11.7	9.5
OTHER					
Number of employees	162	197	249	221	296
Number of loans, thousands	937	898	876	751	762

FÖRENINGSSPARBANKEN FINANS

FöreningsSparbanken Finans, a wholly owned subsidiary of FöreningsSparbanken, complements the Bank's traditional range of services by finance company products. Its role is to develop, market and produce the following products: installment payments, leasing, car leasing/fleet financing (AutoPlan) and factoring. Services are targeted to both businesses and individuals. Operations are divided into two business units: Bank and Commercial.

FöreningsSparbanken Finans' profit was its highest since the establishment of FöreningsSparbanken in 1997, amounting to SEK 269 M. Synergy effects from the merger between Sparbanken Finans and FöreningsSparbanken Finans have made the company one of Sweden's most cost-effective, profitable bank-owned finance companies.

The Bank business unit provides sales support and administers the production of finance company services in cooperation with bank branches.



Auto loans are a dedicated product in high demand in connection with car purchases. In cooperation with the country's major labor unions, FöreningsSparbanken Finans offers a special "Member's car loan."

Leasing and installment payments for companies in the manufacturing, transport, communication and contracting sectors have grown quickly. Equipment financing for forestry and agricultural customers is also a popular product with good growth.

Working capital - and the factoring service in particular - was in demand during the year. The business unit's sales were good in 1999, surpassing the previous year by nearly 20 percent.

The Commercial business unit cooperates with leading suppliers and retailers in select industries. The business idea is to help the supplier or retailer offer its customers product financing via FöreningsSparbanken. AutoPlan offers fleet financing and administration to large companies in one of the market's top fleet management systems. ISO certification has helped AutoPlan to achieve greater success in sales and customer satisfaction. The market position for boat and motor home financing was strengthened during the year.

FÖRENINGSPARBANKEN FINANS FIVE-YEAR SUMMARY

SEK M	1999	1998	1997 ¹⁾	1996 ¹⁾	1995
PROFIT					
Profit before loan losses	266	179	241	264	484
Loan losses	3	13	3	8	28
Operating profit	269	192	244	272	512
Return on equity, %	14.8	12.3	18.5	22.6	50.9
I/E ratio before loan losses	3.0	2.4	2.1	2.2	1.9
CAPITAL					
Lending	9,759	8,360	7,000	5,084	5,533
of which, acquired subsidiary		1,928			
Shareholders' equity	1,404	1,218	1,035	870	867
Total assets	10,126	8,769	7,311	5,357	6,011
Capital adequacy ratio, %	21.4	18.5	16.0	18.0	17.1
OTHER					
Number of employees	129	128	153	235	358

¹⁾ Bank card operations were transferred to the Bank in 1996. Allianskort and Kundinkasso were transferred to the Bank in 1997.

KUNDINKASSO

The company is a wholly owned subsidiary of FöreningsSparbanken.

Kundinkasso is a full-service company in collections and billing services.

The company offers a complete range of billing and collection services to FöreningsSparbanken, jointly owned banks, independent savings banks and external customers in a technically advanced environment.

FakturaService (Billings Services) and Inkassotjänster (Collection Services) are among the additional services offered as part of the Bank's business package.

KUNDINKASSO AKTIEBOLAG K.I.A.B. FIVE-YEAR SUMMARY

SEK M	1999	1998	1997	1996	1995
Net sales	234	199	171	63	52
Operating expenses	-27.4	-25.8	-24.9	-22.1	-22.5
Operating profit	207	173	147	41	30

FÖRENINGSPARBANKEN SJUHÄRAD

FöreningsSparbanken Sjuhärad is a banking company 47.5-percent owned by FöreningsSparbanken and 52.5-percent by a local foundation, Sparbanksstiftelsen Sjuhärad. The bank, which has 17 branches in Sjuhäradsbygden in southwestern Sweden, is the leader in its operating area.

Total assets are approximately SEK 5.4 billion. Operating profit amounted to SEK 77 M in 1999.

FÖRENINGSPARBANKEN SJUHÄRAD FIVE-YEAR SUMMARY

SEK M	1999	1998	1997	1996	1995
Operating profit/loss	77	65	43	41	-266
Return on equity, %	16.0	15.3	13.8	15.5	neg.
Total assets	5,371	5,740	4,582	5,167	5,876

ESKILSTUNA REKARNE SPARBANK

Eskilstuna Rekarne Sparbank is a banking company half-owned by FöreningsSparbanken. The other half is owned by a local foundation, Sparbanksstiftelsen Rekarne. The bank has six branches in Eskilstuna and is the leader in its operating area.

Total assets are approximately SEK 2.5 billion. Operating profit amounted to SEK 43 M in 1999.

ESKILSTUNA REKARNE SPARBANK FOUR-YEAR SUMMARY

SEK M	1999	1998	1997	1996
Operating profit	43	35	10	17
Return on equity, %	11.3	9.8	4.0	10.2
Total assets	2,477	2,606	2,072	911

FÖRENINGSPARBANKEN ÖLAND

FöreningsSparbanken Öland is a banking company 60-percent owned by FöreningsSparbanken and 40-percent by a local foundation, Sparbanksstiftelsen Öland. FöreningsSparbanken Öland has six branches and is the leader in its operating area.

FÖRENINGSPARBANKEN ÖLAND FIVE-YEAR SUMMARY

SEK M	1999	1998	1997	1996	1995
Operating profit	16	7	8	7	11
Return on equity, %	3.3	3.9	9.1	9.3	17.2
Total assets	1,538	1,596	792	847	776

Total assets are approximately SEK 1.5 billion.
Operating profit amounted to SEK 16 M in 1999.

FÖRENINGSSPARBANKEN SÖDERHAMN

FöreningsSparbanken Söderhamn is a banking company 40-percent owned by FöreningsSparbanken. Sparbanksstiftelsen Söderhamn, a local foundation, owns the remaining 60 percent. The bank has three branches and is the leader in its operating area.

Total assets are approximately SEK 0.8 billion.
Operating profit amounted to SEK 12 M in 1999.

FÖRENINGSSPARBANKEN SÖDERHAMN FIVE-YEAR SUMMARY

SEK M	1999	1998	1997	1996	1995
Operating profit	12	8	13	10	15
Return on equity, %	9.9	7.1	12.5	10.9	19.0
Total assets	801	904	650	574	533

FÄRS & FROSTA SPARBANK

In December 1998 an agreement was reached between FöreningsSparbanken and Färs & Frosta Sparbank on the acquisition of FöreningsSparbanken's branch operations in Lund, Staffanstorp, Löddeköpinge and Svalöv.

In 1999 Färs & Frosta Sparbank was converted to a banking company with the name Färs & Frosta Sparbank AB. FöreningsSparbanken became a co-owner, with a 30-percent holding, while the remainder is held by Sparbanksstiftelsen Färs & Frosta, a local foundation. The bank has 29 branches and is the leader in its operating area.

Total assets are approximately SEK 5.6 billion.
Operating profit amounted to SEK 18.5 M in 1999.

FÄRS & FROSTA SPARBANK FIVE-YEAR SUMMARY

SEK M	1999	1998	1997	1996	1995
Operating profit	19	73	73	62	66
Return on equity, %	2.8	11.8	13.5	13.0	16.4
Total assets	5,576	4,300	2,756	2,811	2,580



SWEDBANK MARKETS

PROFIT FROM SWEDBANK MARKETS BUSINESS AREA

SEK M	1999	1998
Income	2,100	1,945
Internal sales commissions	- 270	- 262
Expenses	- 1,082	- 1,058
Profit before loan losses	748	625
Loan losses	- 11	- 8
Business area profit after loan losses	737	617
Estimated shareholders' equity	4,786	4,837
Return on equity after standard tax	11.1 %	9.2%

Shareholders' equity, distributed according to capital adequacy regulations, includes SEK 44 M (47) in unamortized goodwill in the Group related to this business area. Goodwill amortization, SEK 2 M (2), is also charged against the business area's profit.

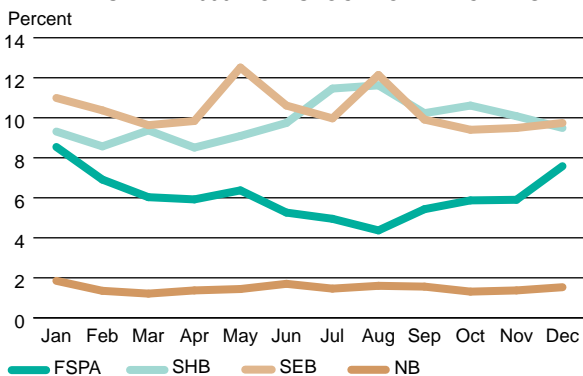
FöreningsSparbanken's capital market, international and large corporate customer operations are encompassed within Swedbank Markets. This means that Swedbank Markets procures capital, custom-designs financing solutions, trades in financial instruments and currencies, and coordinates large customer operations for all the business areas of the Bank. As of 2000 management of international payment flows has been moved to the Payments business area within the Bank.

Swedbank Markets' two main functions are to provide business support and service to FöreningsSparbanken's local banks, jointly owned banks and independent savings banks, and to offer financial business solutions to companies, institutions, organizations and municipalities.

Around 600 people work at Swedbank Markets. Business support for local banks is provided via branch offices in Umeå, Stockholm, Gothenburg and Malmö.

Swedbank Markets represents FöreningsSparbanken in the international market via branch offices in London, New York and Oslo, a representative office in Tokyo, and alliances and cooperations with banks in the Nordic and Baltic regions.

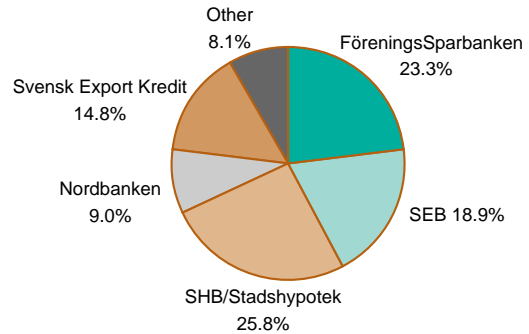
MARKET SHARE 1999 – OM STOCKHOLM EXCHANGE



Swedbank Securities Brokerage within Capital Market is responsible for trading in equities and equity-related derivatives as well as FöreningsSparbanken's equity trading via the Internet, NetTrade. It is also involved in the development of new investment products,

SHARE INDEX BONDS

Volume in nominal value
December 31, 1999



such as stock index bonds and listed call options. Its analysis operations continuously monitor around 150 Nordic companies.

Swedbank FX & Fixed Income within Capital Market is responsible for trading in fixed income and currencies, derivatives in the fixed income and currency areas. The analysis unit produces fixed income and currency forecasts, as well as FöreningsSparbanken's economic reports on the Swedish economy and macro-economic analyses from a Nordic and international perspective.

Swedbank Custody handles custody services for Swedish and international institutional investors.

Swedbank Commodities is responsible for trading and brokering electricity and agricultural derivatives.

Swedbank Corporate Banking has overall responsibility for coordinating all of FöreningsSparbanken's competencies for Nordic large corporate and institutional customers.

The debt financing section of Corporate Banking custom-designs financing solutions for businesses, institutions, organizations and municipalities. These solutions range from capital market products such as commercial paper and bonds to loan products such as acquisition, project and export financing.

Swedbank Corporate Finance provides advice to owners, boards of directors and corporate managements on ownership issues, risk capital procurement and stock market concerns. The unit works with, among other things, initial public offerings, new equity issues and corporate mergers and acquisitions.

Swedbank Market's International Department is responsible for marketing, sales and business development of the Bank's international services for businesses and foreign banks. The department, which has customer responsibility for financial institutions in and outside Sweden, is divided into three geographic market areas: the Nordic/Baltic region, Western Europe/North America and Rest of the World. The Nordic/Baltic area includes the Bank's representatives in Finland, the Baltic states, Poland and Austria. The unit also includes International Sales Support and the Bank's international branch in New York.

ASSET MANAGEMENT INCLUDING INSURANCE

PROFIT FROM THE ASSET MANAGEMENT BUSINESS AREA

SEK M	1999	1998
Income	2,678	2,095
Internal sales commissions	- 1,413	- 1,074
Expenses	- 682	- 533
Profit before loan losses	583	488
Loan losses		
Business area profit after loan losses	583	488
Estimated shareholders' equity	2,146	2,370
Return on equity after standard tax	19.6%	14.8 %

Reported business area income and expenses are attributable to operations. Shareholders' equity, distributed according to capital adequacy regulations, includes SEK 2,117 M (2,353) in unamortized goodwill in the Group related to this business area. Goodwill amortization, SEK 235 M (235), is also charged against the business area's profit.

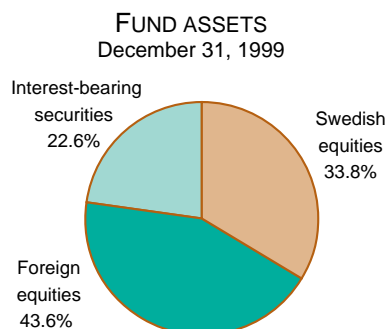
FöreningsSparbanken has decided to consolidate its entire array of fund and insurance services in a new, expanded Robur Group. The aim is to further strengthen marketing and sales in the rapidly growing market for pension and insurance savings, where the Bank has long been a market leader. The parent company will be Robur AB, wholly owned by FöreningsSparbanken, with four underlying operations: asset management, insurance, sales and administration. The changes that have been decided on will be implemented during the first half of 2000 and are subject to the approval of regulatory authorities.

ROBUR

Robur Kapitalförvaltning AB, the name of which is being changed to Robur AB, is a wholly owned subsidiary of FöreningsSparbanken.

Robur manages a wide range of equity and fixed income funds that invest in Sweden and internationally. Robur is the largest fund management company in the Nordic region. Assets under management by Robur amounted to approximately SEK 317 billion on December 31, 1999. Robur's share of the fund market was 34 percent at year-end 1999.

Sales of Robur's funds are handled through the branches of FöreningsSparbanken, jointly owned banks and independent savings banks as well as by Aktia Sparbank in Finland and SpareBank 1 Gruppen in Norway. In addition, funds are sold through FöreningsSparbanken by Internet and Telephone.



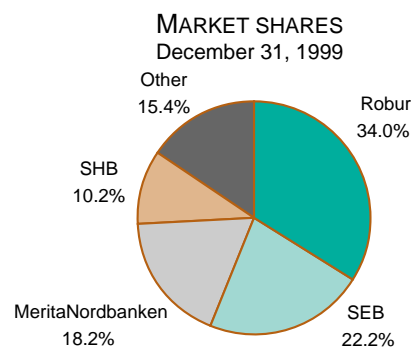
ASSET MANAGEMENT CONSISTS OF:

- Robur AB
- SparFond (changing its name to Robur Försäkring AB)
- FöreningsSparbanken Kapitalförvaltning (subsidiary of Robur AB)

SAVINGS AND INVESTMENTS

SEK billion	1999	1998	1997	1996	1995
Robur*	291	197	171	110	77
SparFond	40	18	10	9	5
of which in Robur	- 38	- 18	- 10	- 3	- 2
Discretionary asset management	24	25	17	15	8
Total	317	222	188	131	88

* 1995-1996 include Föreningsbanken Fond and Kapitalförvaltning.



In terms of sales, 1999 saw net contributions of slightly over SEK 13 billion, corresponding to 23 percent of total net savings in the fund market.

1999 was a good year for investors in Robur's funds. Total returns on the world's stock markets were good. Robur's funds performed well relative to their comparative indexes. The Contura fund was the top-performing equity fund in the Swedish market in the 1990's, appreciating 1,369 percent in value, which corresponds to an annual increase of 31 percent.

Robur has registered the maximum number of funds, 25, for inclusion in Sweden's new Premium Pension System. Robur's aim is to give customers the greatest possible choice. The basic alternatives will have low management fees (0.4-0.5 percent).

ROBUR FIVE-YEAR SUMMARY

SEK M	1999	1998	1997	1996	1995
PROFIT					
Income including net financial items	953	800	749	467	390
Expenses and depreciation	- 332	- 244	- 173	- 124	- 109
Operating profit	621	556	576	343	281
Assets under management, SEK billion	315	197	171	98	69
Of which, fund management	291	193	158	92	65
Shareholders' equity	96	92	90	83	233
OTHER					
Number of employees	154	110	97	68	59
Number of customers, thousands	2,300	2,300	2,000	1,380	1,230

FÖRENINGSSPARBANKEN KAPITALFÖRVALTNING

FöreningsSparbanken Kapitalförvaltning, a wholly owned subsidiary of Robur Kapitalförvaltning, is responsible for the Group's discretionary asset management.

The company handles equity and fixed income asset management services for municipalities, county councils, organizations and large private investors, as well as trust administration for large public institutions.

Assets under management amounted to approximately SEK 22 billion on December 31, 1999.

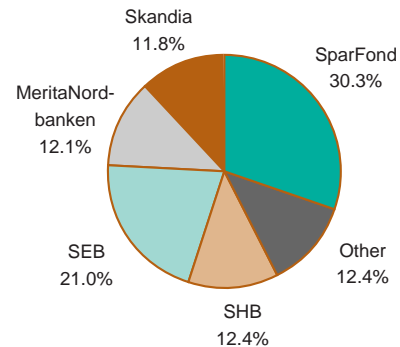
SPARFOND

SparFond Livförsäkring, the name of which is being changed to Robur Försäkring AB, is FöreningsSparbanken's insurance company for pension and life insurance. SparFond markets its policies through the branches of FöreningsSparbanken, jointly owned banks and independent savings banks. It offers insurance savings in equity and fixed income funds (unit-linked insurance) and group life insurance.

In 1999 a wholly owned subsidiary was established in Finland for unit-linked insurance operations in cooperation with Aktia Sparbank.

The life and pension insurance market continues to undergo strong growth and change. In 1998 and 1999 slightly over 1 million private sector employees were allowed to select their own managers and investment forms for their pension plan. Of those who actively chose unit-linked insurance (approximately 360,000), slightly over 20 percent selected SparFond. In 2000 around 900,000 employees of municipalities and county

MARKET SHARES FOR NEW UNIT-LINKED INSURANCE 1999

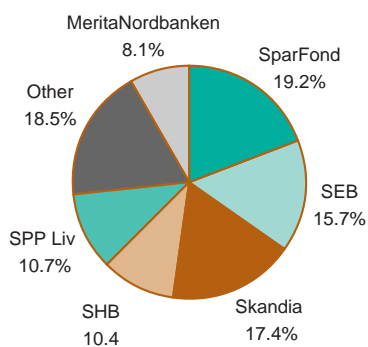


councils will also be able to choose whom they wish to manage a portion of their negotiated pension.

In the new public sector retirement pension system, an employee's aggregate lifetime income serves as the basis for his or her pension. The level of the new pension will probably be lower than the current ATP system, due to the shorter wage-earning period involved and the longer average life expectancy of the population. A portion of the pension fees paid into the new system is the so-called premium pension, which will be invested in funds that individuals may choose from. According to the timetable, the first opportunity to choose funds will be in the autumn of 2000. The annual volume that will be invested in this manner is estimated at SEK 15 billion and will rise as the system is fully introduced.

There will be a large demand for pension savings in the future, due to which marketing activities in this area will continue.

MARKET SHARES FOR NEW LIFE INSURANCE POLICIES INCLUDING UNIT-LINKED INSURANCE 1999



SPARFOND FIVE-YEAR SUMMARY

SEK M	1999 ¹⁾	1998	1997	1996	1995
Premium income	11,545	7,631	6,130	1,137	434
Disbursements	2,372	1,036	393	52	15
Operating profit	169	95	29	6	24
Assets under management	38,239	18,097	9,726	3,212	1,563
No. of new policies ²⁾	171,500 ³⁾	71,800	62,500	21,000	8,500

¹⁾ As of January 1, 1999 SparFond took over the group life insurance portfolio from SparLiv Livförsäkrings AB, comprising around 950,000 policyholders, with premium income of SEK 327 M and disbursements of SEK 174 M.

²⁾ Does not include group life insurance policies.

³⁾ Includes negotiated pensions, of which slightly over 70,000 were part of the pension plan between the Swedish Employers' Confederation and the Swedish Trade Union Confederation.

OTHER

Other includes income and expenses from other operations in the Group that do not fall under any of the three business areas, as well as jointly owned banks outside Sweden.

PAYMENTS

Electronic payments achieved a major breakthrough in 1999. This applies to everything from electronic receipts and disbursements using various support services such as VisIT to electronic billing and direct payments for e-commerce purchases.

Private payments

Electronic payments also increased substantially in this area. Together, FöreningsSparbanken and the jointly owned banks and independent savings banks are the leader in giro payments, one of Sweden's most frequently used payment systems, with approximately 1.8 million affiliated customers. In 1999, 115 million payments were processed, of which approximately 13 percent were Internet payments.

Business payments

1999 was a breakthrough year for electronic payments for businesses as well. With e-billing, FöreningsSparbanken's customer companies can reach over 675,000 Internet banking customers. Electronic bills make it easy for the private customer to pay and give the company accurate confirmation. Using Internet technology, in combination with electronic signatures and a smart card, companies can easily send extensive payment transactions and salary lists over the Internet. The number of companies that regularly use the FöreningsSparbanken by Internet quadrupled during the year.

Business customers have also been using more conventional electronic payment services to a growing extent. VisIT is a cash management tool that integrates a customer's accounting system with the Bank's IT system.

FöreningsSparbanken is the market leader in direct-deposit salary payments. Its largest customers are municipalities and county councils along with their large and medium-size affiliated companies. Direct-deposit salary payments through FöreningsSparbanken amounted to approximately SEK 128 billion in 1999.

OTHER IN THE BANK

Computer services provided to jointly owned banks and independent savings banks are an important part of the operations of FöreningsSparbanken IT. Income, expenses and profit in the Parent Company from these operations are included here, as are capital gains from the sale of tangible and financial fixed assets. Workforce reduction expenses from the Resource Bank program concluded during 1999 are charged against these earnings as well.

FÖRENINGSSPARBANKEN ADMINISTRATION

FöreningsSparbanken Administration, a wholly owned subsidiary of FöreningsSparbanken, is a holding company for operations not directly related to banking. The operating company FöreningsSparbanken Fastighetsbyrå is the holding company's largest subsidiary and one of Sweden's leading real estate brokers. Operations are handled through the company's 50 offices as well as through franchises in 98 locations.

Also included is the Bank's training and conference center, Skepparholmen Hotell och Konferens AB, whose operations have continued to develop well.

SWEDBANK (LUXEMBOURG)

Swedbank (Luxembourg), a wholly owned subsidiary of FöreningsSparbanken, specializes in banking services for Swedes living abroad and other expatriate Nordic citizens, particularly with regard to savings, investments and asset management. The bank also handles administrative services for Robur International SICAV.

Operations developed very well during the year.

AKTIA SPARBANK

Aktia Sparbank is Finland's largest savings bank. It is also the central financial institution for the 39 Finnish savings banks and the 44 cooperatively owned local banks around the country. Aktia Sparbank is approximately 25-percent owned by FöreningsSparbanken. In 1999 it raised its market shares. Lending rose by 22 percent. The number of fund investors more than doubled during the year, and sales of unit-linked insurance rose substantially.

AKTIA SPARBANK FIVE-YEAR SUMMARY

FIM M	1999	1998	1997	1996	1995
Operating profit	130	83	68	53	15
Return on equity, %	16.5	12.1	11.8	11.6	5.2
Total assets	16,279	14,192	11,227	10,298	8,653

HANSAPANK

In December 1999 FöreningsSparbanken increased its share of Hansapank's voting rights to 52.64 percent. Consequently, Hansapank has become a subsidiary of FöreningsSparbanken. Hansapank, whose home market is the three Baltic states, is a full-service bank with the goal of becoming the leading financial institution in the region. Hansapank is the largest bank in Estonia and the third largest commercial bank in Latvia. Operations in Lithuania were established in June 1999 but have already reported good growth.

In Estonia, Hansapank has a market share of approximately 50 percent for both bank deposits and lending and has a dominant position with approximately 70 percent of the retail market. It has successfully introduced banking services by telephone and the Internet. At year-end 1999 its Internet bank had over 100,000 customers.

The subsidiary bank in Latvia, Hansabanka, has grown from the seventh largest in the country to its current third place, with a market share of nearly 15 percent.

Wholly owned Hansa Capital is the leading leasing finance company in the Baltic states, with an estimated market share of 40 percent. Hansapank Markets covers the financial markets in all the Baltic states with a wide range of investment banking services.

Through rapid growth in its core operations and a successful merger in 1998, Hansapank has become the largest financial institution in the region, with total assets of slightly over EEK 34 billion and shareholders' equity of nearly EEK 5 billion.

Deposits amounted to approximately EEK 20 billion at year-end 1999 and lending to approximately EEK 19 billion.

HANSAPANK FIVE-YEAR SUMMARY

EEK M	1999	1998	1997 *	1996 *	1995 *
Operating profit/loss	819	- 59	570	367	211
Return on equity, %	17.0	neg.	44.6	50.6	55.5
Total assets	34,258	27,690	14,428	7,333	3,467

* Excluding AS Eesti Hoiupank, which was consolidated in 1998.

FINANSIERINGSINSTITUTTET FOR INDUSTRI OG HÅNDVÆRK A/S, FIH

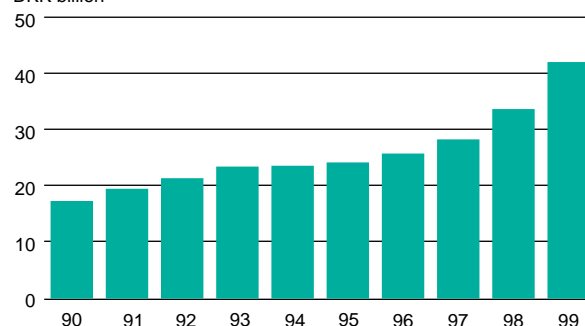
During the fourth quarter of 1999 FöreningsSparbanken, through FI-Holding, acquired 59.7 percent of FinansieringsInstituttet for Industri og Håndværk A/S. FIH is a corporate finance specialist offering financial solutions and advisory services. It has a strong position in this market.

FIH's operations are based on its close contacts with the Danish business community, which provide good opportunities for continued growth.

FIH

Lending over 10 years

DKK billion



FIH primarily finances Danish businesses. However, its customers also include Danish-owned companies operating abroad and foreign businesses active in Denmark.

FIH has two main business areas, Corporate Banking and Investment Banking. Corporate Banking comprises all activities and products related to business loans as well as all types of lending and intermediary services involving loan capital. Investment Banking is divided into two main areas: capital contributions in the form of shareholders' equity and subordinated loans as well as advisory services in connection with corporate acquisitions and divestments, share issues and other financial advice.

FIH FIVE-YEAR SUMMARY

DKK M	1999	1998	1997	1996	1995
Operating profit	570	450	386	654	607
Return on equity, %	9.2	7.2	7.1	12.0	12.1
Total assets	55,546	46,742	41,351	36,350	30,462

SPAREBANK 1 GRUPPEN

Sparebank 1 Gruppen AS is a holding company in which FöreningsSparbanken owns approximately 24 percent of the shares. The remaining 75 percent is owned by a number of cooperating Norwegian savings banks. The Sparebank 1 alliance has approximately NOK 150 billion in assets under management, 368 branches, 4,600 employees and around 1.3 million customers. The alliance is Norway's fourth largest banking group.

The SpareBank 1 Gruppen owns several product companies that are active in insurance, bank cards, fund management and real estate brokerage.

Financial analysis

Profit trend

The Group's operating profit for 1999 amounted to SEK 6,454 M (6,326). The return on equity was 15.7 percent (16.9) and earnings per share amounted to SEK 8.70 (8.75). Operating profit for 1999 therefore exceeded the 1998 result by SEK 128 M. Excluding items affecting comparability, operating profit rose by SEK 736 M, or 17 percent.

Group income declined, expenses rose slightly and loan losses dropped. Net interest income remained largely unchanged, while net commission income rose substantially, primarily due to higher income from fund and insurance savings. Net profit on financial operations decreased, as did other income. The latter was affected primarily by lower capital gains. Expenses rose slightly, owing mainly to workforce reduction expenses and depreciation. All remaining expenses for the workforce reduction programs following the establishment of FöreningsSparbanken have now been charged against profit.

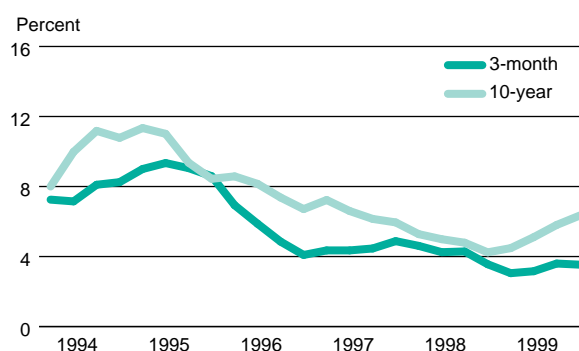
Operating profit in the Bank amounted to SEK 6,017 M (8,985). The decrease stems mainly from lower dividends from subsidiaries, particularly Mandamus, as well as lower capital gains on the sale of financial fixed assets. Spintab's operating profit amounted to SEK 2,901 M (2,690), FöreningsSparbanken Finans' to SEK 269 M (192), Robur's to SEK 620 M (556), and Kund-inkasso's to SEK 211 M (178). SparFond's profit amounted to SEK 169 M (87). The acquisition of FIH improved operating profit by SEK 64 M.

Net interest income

The Group's net interest income amounted to SEK 11,343 M (11,364). Net interest income was affected positively by volume changes in both mortgage lending and deposits. The FIH acquisition and property sales also contributed to higher net interest income. On the other hand, lower margins on deposits and lending as well as the branch sales affected net interest income negatively. Margins improved during the fourth quarter of 1999, however, and net interest income rose compared with the previous quarters.

Expenses for the State's compulsory deposit guarantee were charged against net interest income in the amount of SEK 556 M (594). The Group's interest margin was 1.33 percent (1.42) and its investment margin 1.48 percent (1.61). The corresponding margins for Spintab were 0.88 percent (0.89) and 1.14 percent (1.21).

INTEREST RATES



Dividends received

Dividends received amounted to SEK 159 M (155). Dividend income was attributable primarily to the shareholding in Svensk Exportkredit and Swedbank Markets' trading portfolios.

Net commission income

Net commission income rose in 1999 by SEK 623 M, or 15 percent, to SEK 4,903 M.

Commissions receivable rose by SEK 755 M, or 14 percent. Growth in the savings area for both Robur's fund operations and SparFond's insurance products contributed greatly to this increase, as did income from payment services. Brokerage commissions rose as well.

Commissions payable rose by SEK 132 million, or 12 percent, compared with 1998.

Net profit on financial operations

The Group's net profit on financial operations amounted to SEK 579 M (827). Of this amount, SEK 326 M (375) was attributable to Swedbank Markets' trading operations. This profit also includes approximately SEK

QUARTERLY TREND IN GROUP PROFIT

SEK M	Q 4, 1999	Q 3, 1999	Q 2, 1999	Q 1, 1999	Q 4, 1998
Net interest income*	3,052	2,711	2,717	2,863	2,828
Net commissions	1,362	1,202	1,258	1,081	1,039
Net profit on financial operations	267	184	23	105	326
Other income	201	243	349	1,618	570
Total income	4,882	4,340	4,347	5,667	4,763
Staff costs	1,360	1,449	1,564	1,419	1,555
Other expenses	1,645	1,546	1,631	1,532	1,896
Total expenses	3,005	2,995	3,195	2,951	3,451
Profit before loan losses	1,877	1,345	1,152	2,716	1,312
Loan losses including change in value	-272	-104	-2	-258	-26
Operating profit	1,605	1,241	1,150	2,458	1,286

* of which, charge for deposit guarantee

70 M related to appreciation in the value of the holding of primary capital certificates in Sparebanken Nor, which was acquired in 1998. During the third quarter of 1999 the Bank decided to divest the holding, which was reclassified from a fixed to a current asset. Corresponding nonrecurring income in 1998 amounted to approximately SEK 260 M. Excluding items affecting comparability, net profit was therefore SEK 509 M (567).

Other operating income

Other operating income declined during the year by SEK 476 M to SEK 2,252 M. Capital gains on property and branch sales amounted to SEK 1,359 M (1,331). Capital gains on financial fixed assets decreased by approximately SEK 500 million. Due to the sale of operating properties, income from real estate operations declined, while income from associated companies rose. FöreningsSparbanken's share of the equity of Hansapank changed from SEK -5 M in the previous year to SEK 109 M in 1999.

Expense trend

The Group's expenses rose by SEK 120 M, or 1 percent, to SEK 12,146 M.

Expenses declined due to the branch transfers by approximately SEK 130 M, but rose through the FIH acquisition by SEK 78 M.

The cost of the Resource Bank amounted to SEK 575 M (435) in 1999. This included all charges related to the 1,080 employees (in terms of full-time positions) who left the Resource Bank during the year. The last Resource Bank employees left the Bank as of year-end. Those employees who agreed to early retirement in connection with the merger have also left the Bank by year-end. The cost of these early retirements was charged against previous financial years.

Staff costs

Staff costs amounted to SEK 5,792 M (5,760), an increase of just under 1 percent primarily due to personnel changes, the cost of which amounted to SEK 515 M (403). Following a Board decision on June 1, 1999, SEK 40 M was allocated to Kopparmyntet, FöreningsSparbanken's profit-sharing fund. Including payroll tax, the total cost amounted to SEK 50 M. The criteria for allocations to the fund were altered during the year such that FöreningsSparbanken's return on equity is now compared with a weighted average of the returns for listed banks not only in Sweden, but also Denmark, Finland and Norway. No other allocations to Kopparmyntet were made during the year.

During the past year the number of full-time positions, excluding FIH and Hansapank, was reduced by 1,912. Since the start of 1997 the number of full-time positions, excluding FIH and Hansapank, has dropped by 4,703, gross, and after new hires and other acquired operations by 2,927, net. Excluding the effect of business sales and acquisitions, the net decrease was 2,150 full-time positions. Consequently, the goal of a net reduction of 2,000 full-time positions established at the time of the merger in 1997 has been surpassed by 150 full-time positions.

Other administrative expenses

Other administrative expenses amounted to SEK 5,556 M, a decrease of SEK 42 M, or 1 percent, compared with 1998.

Expenses for premises and rents amounted to SEK 975 M (964). Because of the property sales, expenses for premises declined, while rents rose. Branch consolidations and more efficient use of premises limited the increase in rents, however.

IT expenses rose by SEK 179 M in 1999 to SEK 1,401 M (1,222). During the year certain types of expenses, particularly data communication expenses, were reclassified from telecommunication to IT expenses, which affected the comparison by SEK 77 M. In addition to charges for integrating the computer systems and for Year 2000 compliance, major development resources were allocated for customer-oriented and efficiency-raising systems. The latter included the new technical platform and new generation of ATM's, as well as the Internet bank and sales support, credit support and cashier systems. Operating charges for redundant computer and communication systems also affected the expense level in 1999. Operating disruptions during the summer and autumn have since been largely remedied.

The Group's total IT expenses, after deducting income from jointly owned banks and independent savings banks, amounted to approximately SEK 1.9 billion in 1999.

PERSONNEL CHANGES

Change in the number of full-time positions from Dec. 31, 1996 to Dec. 31, 1999

Retirement, approx.	- 1,300
Branch transfers and sales	- 761
Other business sales	- 212
Other attrition, etc.	- 2,430
Gross decrease	- 4,703
Acquired operations	+ 3,165
New hires – permanent positions	+ 1,157
New hires – temporary employees	+ 423
Net change	+ 42
– of which in 1997	- 295
– of which in 1998	- 720
– of which in 1999	+ 1,057

PERSONNEL CHANGES

Goal for net decrease in full-time positions from Dec. 31, 1996 to Dec. 31, 1999

Net change	+ 42
Less acquired operations:	
FIH	- 144
Hansapank	- 2,825
Net decrease excluding FIH and Hansapank	- 2,927
Plus/less:	
Branch transfers and sales	+ 761
Other business sales	+ 212
Acquired operations excluding FIH and Hansapank	- 196
Net decrease excluding sales and acquisitions	- 2,150
Net decrease goal	2,000
Net decrease over and above goal	150

The decrease in telecommunication and postage expenses was due to, among other things, the above-mentioned reclassification of data communication expenses and to the cancellation of the toll-free telephone banking number. Other expenses, including marketing expenses, declined during the year despite the strong, wide-scale introduction of the Bank's new market platform in the autumn of 1999.

Depreciation/amortization and write-down of tangible and intangible fixed assets

The depreciation/amortization and write-down of tangible and intangible fixed assets rose during the year by SEK 130 M, or 19 percent, to SEK 798 M. Substantially higher investments in new technology caused an increase in depreciation of equipment, while property depreciation declined due to divestments. Amortization of goodwill rose due to the FIH acquisition and the fact that SparFond only affected the Group's goodwill amortization for one quarter in 1998.

Loan losses, net, and change in value of property taken over

Loan losses, net, and the change in value of property taken over amounted to SEK 636 M (1,002). The loan loss level, net, was 0.1 percent (0.2). A distribution of loan losses is shown in the following tables.

THE GROUP'S LOAN LOSSES AND CHANGES IN VALUE

SEK M	1999	1998
Established	1,536	1,282
Provisions	855	1,810
Recoveries	- 1,756	- 2,027
Change in value of property taken over	1	15
Total	636	1,080
Less: applied to acquisition analysis		- 78
Total	636	1,002

LOAN LOSSES AND CHANGES IN VALUE DIVIDED WITHIN THE GROUP

SEK M	1999	1998
FöreningsSparbanken AB	535	815
Spintab	218	360
FIH	24	
Other	- 141	- 95
Total	636	1,080
Less: applied to acquisition analysis		- 78
Total	636	1,002

THE GROUP'S LOAN LOSSES AND CHANGES IN VALUE BY SECTOR

SEK M	1999	%	1998	%
Households	64	10	237	22
Real estate management	58	9	468	43
Retail, hotels, restaurants	116	18	175	16
Construction	11	2	72	7
Manufacturing	211	33	170	16
Transportation	16	3	15	1
Other	160	25	- 57	- 5
Total	636	100	1,080	100
Less: applied to acquisition analysis			- 78	
Total	636		1,002	

Appropriations

Appropriations include the settlement of pensions in the amount of SEK 70 M (44). The settlement was affected positively by a refund of SEK 145 M from SPK of 1998 pension expenses. The corresponding amount in the previous year, which then related to 1997 pension expenses, was SEK 40 M. The Financial Supervisory Authority changed its instructions regarding the highest interest assumption permitted in the calculation of premium reserves for pension funds, resulting in an expense of approximately SEK 60 M in 1999 and also affecting the pension settlement.

Tax charge

The Group's profit before tax amounted to SEK 6,524 M (6,338) and the tax charge to SEK 1,903 M (1,718), corresponding to an effective tax rate of 29.2 percent (27.1). The higher tax charge during the year was primarily due to a higher taxable than reported capital gain on property sales.

The Group's assets

The Group's assets amounted to nearly SEK 834 billion (720) at year-end 1999. The acquisition of FIH and consolidation of Hansapank increased the Bank's asset base by SEK 66 and 17 billion, respectively. Due to strong volume growth in insurance savings and mortgage lending, SparFond's total assets increased by SEK 21 billion and Spintab's by SEK 17 billion.

Lending

Of the Group's assets, loans to the public accounted for 68 percent (72) and loans to credit institutions for 13 percent (10).

The Group's total loans to the public and credit institutions other than banks and the National Debt Office, excluding resale agreements (so-called repos), amounted to SEK 568 billion (494) at year-end 1999. Of the increase, FIH and Hansapank accounted for SEK 48 and 10 billion, respectively. Nearly half, or SEK 254 billion (236), of the loans are to households, with mortgage loans accounting for SEK 198 billion (185). This makes Spintab the market leader in terms of single-family home financing.

GROUP LOANS, NET, BY SECTOR

SEK M	1999	%	1998	%
Households	254,112	45	236,015	48
Real estate management	130,339	23	122,115	25
Retail, hotels, restaurants	21,211	4	16,252	3
Construction	8,171	1	8,551	2
Manufacturing	39,493	7	13,563	3
Transportation	9,077	2	4,230	1
Forestry and agriculture	23,113	4	20,646	4
Other service businesses	13,986	2	12,214	3
Other business loans, including credit institutions	38,627	7	31,698	6
Municipalities	16,712	3	16,362	3
Other	12,792	2	12,423	2
Total	567,633	100	494,069	100
Resale agreements (repos)	5,889		10,137	
Total loans	573,522		504,206	

GROUP LOANS, NET, BY COLLATERAL

SEK M	1999
Residential properties, incl. condominiums	293,896
Other real estate	88,563
Municipalities, county councils, etc	52,979
Credit institutions	5,480
Chattel mortgages	18,665
Guarantees	11,223
Unsecured	62,789
Other	34,038
Total	567,633
Resale agreements (repos)	5,889
Total loans	573,522

Problem loans and property taken over

The Group's problem loans, net, declined by SEK 3.7 billion to SEK 0.9 billion on December 31, 1999. As a result, the share of doubtful claims, net, declined to 0.1 percent (0.8) of the Group's loans. The provision ratio for doubtful claims was 85 percent (49). The change from the previous year was affected by provisions of SEK 0.9 billion in FIH and Hansapank for loans not reported as doubtful claims.

Property taken over to protect claims amounted to just under SEK 0.2 billion (0.1) at year-end.

Low international risk exposure

FöreningsSparbanken's international risk exposure is affected to only a limited extent by FIH and Hansapank and remains low. See the table below.

THE GROUP'S PROBLEM LOANS 1999

SEK M	Gross	Provisions	Net
FöreningsSparbanken AB	2,226	1,600	626
Spintab	1,770	902	868
FöreningsSparbanken Finans	196	61	135
Other	188	42	146
Hansapank and FIH	389	1,274	- 885
Total	4,769	3,879	890

THE GROUP'S PROBLEM LOANS 1998

SEK M	Gross	Provisions	Net
FöreningsSparbanken AB	4,327	2,312	2,015
Spintab	3,666	1,469	2,197
FöreningsSparbanken Finans	233	61	172
Other	272	100	172
Total	8,498	3,942	4,556

THE GROUP'S PROBLEM LOANS BY SECTOR 1999

SEK M	Gross	Provisions	Net	% of net loans
Households	1,136	450	686	0.3
Real estate management	1,605	997	608	0.5
Retail, hotels, restaurants	450	323	127	0.8
Construction	175	120	55	0.8
Manufacturing	212	134	78	0.6
Transportation	71	41	30	0.6
Forestry and agriculture	199	115	84	0.4
Other	532	425	107	0.1
Total	4,380	2,605	1,775	0.3
Hansapank and FIH	389	1,274	- 885	- 1.5
Total	4,769	3,879	890	0.2

FÖRENINGSPARBANKEN'S EXPOSURE IN SPECIFIC COUNTRIES AND REGIONS AS OF DECEMBER 31, 1999

SEK M	Lending ¹⁾	Derivatives ²⁾	Investments ³⁾	Guaranties ⁴⁾	Other ⁵⁾	Total	of which credit institutions ⁶⁾
Sweden	505,909	10,973	45,094	10,527	787	573,290	61,060
OECD ⁷⁾	77,576	17,751	11,479	1,127	2,246	110,179	49,581
Latin America ⁸⁾	345	0	85	1	33	464	78
of which Brazil ⁹⁾	142	0	0	0	0	142	8
Baltic region ¹⁰⁾	11,586	64	702	881	692	13,925	1,973
Russia	141	0	7	0	0	148	0
Japan	2,187	241	238	0	4	2,670	2,670
Rest of East Asia ^{11), 12)}	1,316	0	0	213	353	1,882	712
of which South Korea ¹³⁾	338	0	0	0	43	381	381
of which China	21	0	0	0	42	63	62
Other countries ^{12), 14)}	1,563	0	85	25	320	1,993	771

¹⁾ Including the public and credit institutions. Excluding repos. Book value in SEK M.

²⁾ Including clearing institutions. Primarily forward contracts and swaps in interest rates and currencies. Market value in SEK M.

³⁾ Holdings in securities excluding trading portfolios in stocks. Book value in SEK M.

⁴⁾ Loan guarantees, construction guarantees and performance guarantees. Book value in SEK M.

⁵⁾ Letters of credit, endorsed acceptances, shareholdings and primary capital certificates in, among others, Aktia Sparbank, Bank Handlowy, Erste Bank and SpareBank 1 Gruppen.

⁶⁾ Including National Debt Office.

⁷⁾ Excluding Sweden, Japan, Hungary, Mexico, Poland, Turkey, South Korea and the Czech Republic.

⁸⁾ Of which with subsidiaries of listed Swedish companies SEK 128 M.

⁹⁾ Of which with subsidiaries of listed Swedish companies SEK 128 M.

¹⁰⁾ Estonia, Latvia, Lithuania and Poland.

¹¹⁾ China, Hong Kong, India, Malaysia, Philippines, Singapore, South Korea, Taiwan, Thailand and Vietnam.

¹²⁾ Of which shipping: Rest of East Asia, SEK 798 M, other countries according to definition in note 14, SEK 975 M. These commitments do not entail any true country risk, since they are merely the countries in which ship-owners are registered.

¹³⁾ Of which SEK 156 M with state guaranty.

¹⁴⁾ Algeria, Andorra, Bahamas, Bermuda, British Virgin Islands, Cayman Islands, Croatia, Cyprus, Czech Republic, Egypt, Gibraltar, Hungary, Iran, Israel, Jordan, Kenya, Lebanon, Liberia, Malta, Monaco, Oman, Puerto Rico, Saudi Arabia, South Africa, Tunisia, Turkey and the United Arab Emirates.

THE MOST IMPORTANT ITEMS IN THE CONSOLIDATED BALANCE SHEET AS PER DECEMBER 31, 1999, SEK BILLION

ASSETS	SEK	Foreign currency	Total
Loans to households	251.8	2.3	254.1
Loans to the public, other	242.5	72.8	315.3
Total loans to the public	494.3	75.1	569.4
<i>of which</i>			
<i>loans by the Parent Company</i>	174.6	16.6	191.2
<i>of which</i>			
<i>loans to households</i>	50.5	0.2	50.7
<i>repos</i>	7.1	1.9	9.0
Loans to Swedish banks and other credit institutions	20.6	0.9	21.5
Loans to foreign banks	59.7	23.3	83.0
Total loans to banks and other credit institutions	80.3	24.2	104.5
<i>of which</i>			
<i>repos</i>	64.3	0.0	64.3
Interest-bearing securities	42.4	16.0	58.4
<i>of which</i>			
<i>financial fixed assets in the Parent Company</i>	6.0	0.0	6.0
<i>financial current assets in the Parent Company</i>	28.3	9.9	38.2
<i>of which</i>			
<i>trading portfolio</i>	5.6	8.2	13.8
<i>holdings in other Group companies</i>	11.1	10.0	21.1
(elimination of intra-Group securities holdings 6.9 bn)			
Other	72.1	29.2	101.3
<i>of which</i>			
<i>cash and balances with central banks</i>	3.3	3.7	7.0
<i>shares in the trading portfolio (listed Swedish and foreign)</i>	5.4	0.5	5.9
<i>shares and participating interests for which life insurance</i>			
<i>policyholders bear the investment risk</i>	38.4	0.0	38.4
<i>shares in associated companies</i>	1.0	1.2	2.2
<i>goodwill</i>	5.0	2.6	7.6
<i>derivatives</i>	7.0	15.4	22.4
<i>accrued interest</i>	4.4	1.4	5.8
Total assets	689.1	144.5	833.6
LIABILITIES	SEK	Foreign currency	Total
Deposits and borrowing from households	116.9	5.4	122.3
<i>of which the Parent Company</i>	115.1	0.0	115.1
<i>of which</i>			
<i>transaction accounts in the Parent Company</i>	41.6	0.0	41.6
Deposits and borrowings from the public, other	76.2	12.0	88.2
Total deposits and borrowings from the public	193.1	17.4	210.5
<i>of which</i>			
<i>repos</i>	4.5	0.0	4.5
Amounts owed to Swedish banks and credit institutions	44.6	1.2	45.8
Amounts owed to foreign banks	29.9	52.2	82.1
Total amount owed to banks and credit institutions	74.5	53.4	127.9
<i>of which</i>			
<i>repos</i>	44.6	0.0	44.6
Securities in issue and subordinated liabilities	198.0	171.4	369.4
<i>of which</i>			
<i>retail market bonds</i>	11.0	0.0	11.0
<i>of which</i>			
<i>subordinated liabilities</i>	1.5	0.0	1.5
<i>other subordinated liabilities</i>	1.6	22.3	23.9
<i>of which</i>			
<i>undated subordinated liabilities</i>	0.0	14.1	14.1
(elimination of intra-Group securities holdings 6.9 bn)			
Other	73.7	21.1	94.8
<i>of which</i>			
<i>provisions for life insurance for which policyholders bear the risk</i>	38.4	0.0	38.4
<i>derivatives</i>	9.8	11.6	21.4
<i>accrued interest</i>	4.1	3.2	7.3
Shareholders' equity, including profit for the financial year	31.0	0.0	31.0
Total liabilities, provisions and shareholders' equity	570.3	263.3	833.6

Interest-bearing securities

FöreningsSparbanken's holding of interest-bearing securities, including Treasury bills and other bills eligible for refinancing with central banks, amounted to approximately SEK 58 billion (60) at year-end. This does not include intra-Group holdings of SEK 7 billion.

The Parent Company's holding amounted to SEK 44 billion, of which SEK 30 billion was placed in a portfolio which in large part is eligible for refinancing with the Riksbank and therefore is an immediately disposable liquidity reserve. The remaining holding is included primarily in the Bank's securities operations.

As of year-end the subsidiaries held considerable liquidity reserves that were placed in interest-bearing securities, most notably SEK 10 billion in Spintab, SEK 8 billion in FIH and SEK 2 billion in Hansapank.

Shares and participating interests for which life insurance policyholders bear the investment risk

Shares and participating interests for which life insurance policyholders bear the risk rose by SEK 20 billion to SEK 38 billion at year-end 1999. A corresponding provision is reported on the liability side of the balance sheet. The substantial increase was due to higher insurance savings in SparFond in combination with rising stock prices during the year.

Intangible fixed assets

The Group's total goodwill at year-end amounted to SEK 7.6 billion (4.1). The change from the previous year is due to the FIH acquisition and FöreningsSparbanken's increased holding in Hansapank.

Refund of surplus funds from SPP

In the autumn of 1999 SPP notified FöreningsSparbanken of a refund of surplus funds. The announced refund for the Group amounted to slightly over SEK 300 M. Pending a clarification of SPP's rules and conditions for the refund, it has not been reported as an asset in the 1999 balance sheet.

The Group's liabilities

Of the SEK 803 billion (691) in Group liabilities, debt securities in issue accounted for 43 percent (42), deposits and borrowings from the public for 26 percent (27), and amounts owed to credit institutions for 16 percent (16). The Group's shareholders' equity amounted to SEK 31 billion (29) at year-end.

Deposits and borrowings from the public

The Group's deposits and borrowings from the public amounted to SEK 211 billion (190) at year-end 1999. Of the increase, SEK 6 billion was attributable to Hansapank and to some extent FIH. During the year deposits of nearly SEK 2 billion were transferred to jointly owned banks and independent savings banks, making the underlying increase SEK 17 billion or 9 percent.

Debt securities in issue and subordinated liabilities

At year-end debt securities in issue amounted to SEK 344 billion (291). Of the increase, FIH accounted for SEK 43 billion.

The Group's debt securities in issue are primarily issued by Spintab to finance fixed-term mortgage loans. The interest fixing periods of Spintab's funding are well matched with its lending. The average remaining interest fixing period on Spintab's funding was 2.0 years (2.1). For the Group as a whole, the average remaining interest fixing period for debt securities in issue was 2.3 years (2.1). Of the securities, 74 percent (79) were bonds and the remaining 26 percent (21) primarily short-term funding instruments.

In addition to bond loans and commercial paper programs, the Bank, Spintab, FIH and Hansapank issue fixed-term and undated subordinated liabilities. Altogether, this type of liability amounted to SEK 25 billion (25) at year-end.

Financial risks

Financial risks refer to market risks such as interest rate, currency and share price risks, as well as liquidity risks.

Interest rate risks

The Group's interest rate risks arise when interest fixing periods on assets and liabilities, including derivatives, do not coincide.

The Group's fixed-interest assets consist primarily of loans. The interest rate risk in these assets is largely eliminated either because they are financed with fixed-term funding or because the Group has arranged swap contracts where it pays a fixed interest rate.

A rise in market interest rates of one percentage point would have reduced the value of the Group's positions with fixed interest rates, including derivatives, by SEK 849 M (490) as of December 31, 1999. The decrease in the value of positions in SEK would have

IMPACT ON THE VALUE OF ASSETS AND LIABILITIES IN SEK AND FOREIGN CURRENCY, INCLUDING DERIVATIVES, IF MARKET INTEREST RATES RISE BY ONE PERCENTAGE POINT

SEK M	< 3 mos.	3-12 mos.	1-2 yrs.	2-3 yrs.	3-4 yrs.	4-5 yrs.	5-10 yrs.	> 10 yrs.	Total
FöreningsSparbanken Group									
SEK	- 110	- 18	91	- 154	- 150	- 246	- 25	50	- 562
Foreign currency	229	- 32	- 95	- 27	- 85	21	- 135	- 163	- 287
Total	119	- 50	- 4	- 181	- 235	- 225	- 160	- 113	- 849
of which financial current assets valued at market by the Group									
SEK	- 38	- 7	- 41	- 31	- 14	22	46	- 2	- 65
Foreign currency	3	- 17	- 26	- 11	- 80	- 28	- 207	0	- 366
Total	- 35	- 24	- 67	- 42	- 94	- 6	- 161	- 2	- 431

amounted to SEK 562 M (440) and in foreign currency to SEK 287 M (50). The Group's interest rate risk in foreign currency is primarily in the foreign subsidiaries Hansapank and FIH. An increase in interest rates of one percentage point would have reduced the Group's net profit on financial operations by SEK 431 M (194), of which SEK 366 M (18) in foreign currency.

The Group also holds positions in real interest rate instruments, denominated in SEK, which a one-percent increase in real interest rates would have reduced in value by SEK 42 M (4) as of December 31, 1999, of which SEK 9 M would affect reported net profit on financial operations.

An increase in interest rates would also impact net interest income. The effect would depend on the remaining interest fixing period on the Group's fixed-term assets, liabilities and derivatives and the extent to which the Bank matches the interest rates on variable-term deposits and lending. If market interest rates rise by one percentage point and then remain at the new level for one year, at the same time that the Bank raises its deposit and loan rates by the same amount, the Group's net interest income would fall by an estimated SEK 280 M (130).

Currency risks

Currency risks arise when the value of assets and liabilities in a currency, including derivatives, do not coincide in terms of size.

The Group's currency risks are managed by adapting the total value of assets and liabilities, including derivatives, in a currency to the desired level. This is mainly done using derivatives, such as interest rate swaps and forward exchange agreements.

Approximately 18 percent of the Group's assets and 32 percent of its liabilities were denominated in foreign currency as of year-end. Slightly over half of the Group's assets and nearly a third of its liabilities in foreign currency are in the subsidiaries FIH and Hansapank. Nearly another third of the Group's liabilities in foreign currency are attributable to loans raised by Spintab. Since Spintab does not maintain any open currency positions, this funding is swapped in its entirety to SEK. The Parent Company also had more liabilities than assets in foreign currency at year-end. The large part of the currency risk in the additional liabilities was eliminated through forward exchange agreements and interest rate swaps.

At year-end Hansapank had an asset position in euros with an equivalent value of SEK 3 billion. The position was created because slightly over half of the bank's euro-denominated lending is financed in EEK.

FöreningsSparbanken's strategic holdings in foreign companies and subsidiaries are generally financed in each company's national currency. One exception, however, is approximately SEK 1.6 billion of the holding in Hansapank, which is financed in euros. An adjustment in the exchange rate between EEK and the euro would occur only in extreme circumstances. The value of the

Estonian currency, EEK, is based on a currency board with the euro, and the exchange rate between EEK and DEM (as of 1999 between EEK and the euro) has been totally fixed according to Estonian law since a currency reform in 1992. In addition, the Norwegian savings banks have issued primary capital certificates in NOK with a value corresponding to SEK 400 M, financed in SEK. As a whole, the Group's exposure to currency risks is limited.

Share price risks

Exposure to share price risks arises due to holdings in equities as well as equity and equity-related derivatives. Share price risk refers to the risk of losses stemming from changes in stock prices and expectations of their future volatility. The Bank's equity trading is primarily customer-related. Positions in the Bank's trading operations are normally such that only limited losses can arise from large share price movements. The purpose of these positions, among other things, is to create liquidity for the Bank's customers.

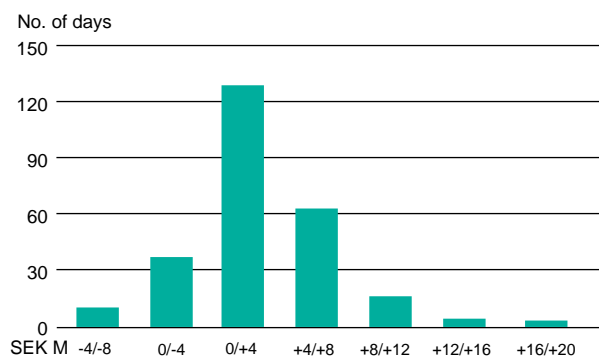
At worst, a +/- 10-percent move in equity prices would change the value of the positions in the trading operations by SEK -8 M as of year-end.

In addition to the holdings of the trading operations, a portion of the reserves in the Group's insurance company is invested in listed equities. The market value of this holding was SEK 305 M at year-end.

Market risks in the Bank's trading operations

The Bank's trading operations are handled by Swedbank Markets, with the primary purpose of satisfying customer demand for transactions in the financial market. Position-taking is limited in scope, due to which the risk level in these operations is low. This is indicated clearly in the diagram below, which shows that the daily earnings of the operations in 1999 remained at a stable level with minor variations. The stable earnings and minor variations should also be seen against the background of the substantial price fluctuations in the stock, fixed income and, to some extent, the currency market during certain periods of the year.

DAILY EARNINGS BY THE BANK'S TRADING OPERATIONS, 1999



Daily earnings of the Bank's trading operations. The height of the bars indicates the number of days with the earnings level shown horizontally at the bottom of the diagram.

Liquidity risks

Liquidity risks arise because the maturity structures of cash flows from assets and liabilities, including derivatives, do not coincide. The risk is that the Bank cannot meet its payment obligations or that the financing expense increases due to considerable financing requirements on a specific day. The Group actively manages its liquidity in order to avoid these risks. This is accomplished by maintaining a liquidity buffer for unforeseen events, for example, in the form of assets eligible for refinancing with the Riksbank. Furthermore, the Group's liquidity situation is continuously monitored and its funding is planned in such a way as to avoid excessive short-term financing needs. The Group's liquidity risk is also reduced by maintaining a spectrum of financing sources. The Group maintains good liquidity preparedness based on a conservative risk profile in this area.

Derivatives

Derivatives are used in the Group by Swedbank Markets, Group Treasury and certain subsidiaries. In Swedbank Markets, derivatives are used to meet customer needs and to cover and take market positions. In other units, derivatives are used primarily to reduce interest rate and currency risks. Derivatives impact the Group's financial risks because the value of the instruments is affected by movements in interest rates and the price of currencies and equities. Financial risks linked to derivatives are limited and monitored as part of the overall management of financial risks. The cash flows that arise from the Group's derivative transactions are monitored and followed up in the same way as other cash flows within the Group. The table in Note 25 divides the Group's total derivative positions as of December 31, 1999 into interest, currency and equity derivatives as well as other. Contracts with positive and negative market values are summed up separately. The table also indicates how large a share of the Group's derivatives are settled via a clearing organization.

In contracts with positive market values, the Group has a receivable from the counterparty. To the extent a contract is settled via a clearing organization, the Bank has a receivable from it. The clearing organization manages and reduces counterparty risks through the use of margin collateral and continuous settlements. As a result, the counterparty risk in these contracts is negligible and is not considered a credit risk for the Bank. These contracts are not included, either, in the risk-weighted amount when calculating the Bank's capital requirements for counterparty risks. For other contracts, so-called OTC derivatives, a positive market value can be said to entail a credit risk.

Capital base and capital adequacy

The calculation of the capital base and capital adequacy (Note 40) is based on the concept of the "financial companies group," not the group definition according to the Annual Accounts Act. The financial companies group includes financial companies in which the ownership interest exceeds 20 percent. Insurance companies are not included. As of December 31, 1999 the FöreningsSparbanken financial companies group included the FöreningsSparbanken Group, Eskilstuna Rekarne Sparbank AB, Färs & Frosta Sparbank AB, FöreningsSparbanken Sjuhärad AB, FöreningsSparbanken Söderhamn AB, Aktia Sparbank Ab in Finland and SpareBank 1 Gruppen in Norway.

The capital adequacy ratio amounted to 10.4 percent (11.6) on December 31, 1999, of which the primary capital ratio was 6.0 percent (6.1). Market risks as a share of the total capital adequacy ratio amounted to 0.4 percentage points (0.5).

Proposals for new capital adequacy rules

The Basle Committee on Banking Supervision and the EU are jointly reviewing capital adequacy rules. Their review comes as a consequence of the rapid development in recent years of methods to quantify risks, a trend which is still very much under way. The objective of the review is to adapt capital adequacy rules so that capital requirements better reflect a bank's real risks than is the case today.

Among the expected outcomes of the review is that banks will be permitted, with the approval of supervisory authorities, to base their capital requirement for credit risks on internal ratings, possibly in combination with external credit ratings for customers that have gone through the rating process.

For banks that do not meet the standard required in order to base their capital requirement on internal credit risk assessments, the requirement will instead be based on standard rules in the same way as today. When there is an external rating for a customer, the standard rules are intended to be based on it.

The Basle Committee and the EU are also considering whether to introduce capital requirements for operational risks. These risks are more difficult to quantify than other banking risks. The proposals to date have therefore based the capital requirement totally on standard values. This part of the draft has been strongly criticized, since it would mean that there would be no direct tie between the capital requirement and the actual risk.

The Basle Committee and the EU have invited banks to a discussion about the new regulations. A final proposal is expected in late 2000 or early 2001, with the new rules going into force during the latter half of 2003.

SENSITIVITY ANALYSIS, 12 MONTHS		Effect on operating profit, SEK M
	Change	
<i>Net interest income</i>		
<i>Market interest rate</i>		
Increased interest rates on variable-rate deposits and loans	+ 1%-point	- 280
<i>Market interest rate</i>		
Decreased interest rates on variable-rate deposits and loans (except low-interest accounts)	-1%-point	- 460
<i>Net profit on financial operations</i>		
Market interest rate	+ 1%-point	- 431
	- 1 %-point	+ 410
Net commission income	+/- 1 %	+/- 49
Stock prices	+/- 10 %	+/- 340
Staff changes	+/- 100 employees	+/- 45
Salary changes	+/- 1 %	+/- 51
Problem loans ¹⁾	+/- 1 billion	+/- 35
Loan loss level	+/- 0.1% point	+/- 575

¹⁾ Cost of capital 3.5 percent.

RATINGS, FEBRUARY 2000				
	FSPA	Spintab	FIH	Hansapank
MOODY'S				
Short-term	P-1	P-1	P-1	P-3
Long-term	Aa3	Aa3	A1	Baa2
Bank Financial Strength	B			D +
BANKWATCH				
Short-term	TBW-1	TBW-1		
Issuer	B/C	B/C		
Long-term	AA-	AA-		
FITCHIBCA				
Short-term	F-1	F-1+		
Long-term	A+	AA-		
JAPAN R & I				
	AA-			
S&P				
Short-term	A-1	A-1		
Long-term	A			



The Group's risk control

Credit risks

The Board of Directors has overall responsibility for the credit risk exposure and sets the guidelines for managing credit risks through its Credit and Capital Market Committee. In special instructions, the Board has delegated responsibility for certain issues to this committee, which reports regularly to the Board. The Board also appoints the Central Credit Committee and the boards of the local banks.

The local banks are divided into three categories based on their total loan volume. This categorization is the primary determining factor for the local bank's credit limits, although consideration is also given to its competence and the local market's structure. Special approval procedures apply for subsidiaries.

Local banks have credit and commercial responsibility for approximately 70 percent of the Bank's total loan portfolio and, through an integrated credit processing system, have customer responsibility for a large part of Spintab's portfolio.

Monitoring and analysis

The Central Credit Unit, which is independent from the business operations, is responsible for coordinating and monitoring the Group's loan operations. Its monitoring role also includes active evaluations and, when necessary, initiating measures in consultation with the unit in question. The Central Credit Unit prepares and oversees the work of the Bank's Central Credit Committee in accordance with the Bank's approval procedures.

As an overriding principle, all credit decisions at FöreningsSparbanken are made by at least two persons or, in the case of small loans, by one person with the support of an IT-based evaluation system. All corporate loan exposure over a certain level is subject to internal ratings, where it is classified based on an assessment of the borrower's solvency and the quality of the collateral.

The Central Credit Unit's responsibility extends to the Group's credit reporting, credit instructions and routines for credit risk control and monitoring.

The managements and boards of the local banks are responsible for local monitoring.

Financial risks

Overall policy

The Board of Directors sets the financial policy for the Group. This includes risk profiles, delegation of responsibilities, risk management, risk control and reporting. FöreningsSparbanken maintains a low risk profile with limited risks in financial markets.

When trading financial products, the Bank weighs risk against expected return. FöreningsSparbanken's activities in financial markets are designed to meet customers' long-term needs and, in addition, facilitate the Group's own financing and portfolio management.

The Bank participates in trading in markets in Sweden and internationally in such a way and to such an extent that it maintains its reputation as a professional business partner. The Group's own funding is structured in such a way as to ensure a stable, long-term investor base in a number of markets in the world. The financial risks covered by the financial policy include interest rate risk, currency risk, share price risk (market risks) and liquidity risk. Also covered are counterparty risks in non-standardized derivative contracts (so-called OTC derivatives), which are related to market risks and disposal risks.

Responsibility for management and control

FöreningsSparbanken's Board of Directors is ultimately responsible for how the Group manages its financial risks. It decides on the overall objectives for capital adequacy, liquidity and limits for the Group's exposure to various financial risks. This also includes issues regarding the control of the Group's financial risks.

The Board of Directors appoints the Bank's Finance Sub-Committee and Trading Sub-Committee. The Finance Sub-Committee distributes and monitors risk mandates in the Group within the limits set by the Board. The Trading Sub-Committee distributes risk mandates between the various departments within Swedbank Markets' area of responsibility. Each subsidiary's finance committee continuously monitors the company's financial risks. The subsidiaries FIH and Hansapank, which joined the Group in 1999, still work with the financial risk limits previously established by each company's board. The local finance committees within these subsidiaries are responsible for continuous monitoring and control of financial risks. During the next year the risk limits of these companies will be incorporated into the Group's limit structures and continuous risk monitoring.

A keystone in the Group's risk management is that the risk-taking unit is responsible for continuous monitoring and control of all risks that arise in its operations, including financial risks. Consequently, unit managers are responsible for adequately monitoring and controlling the risks in their operations on a daily basis within the guidelines established for the Group.

The Group's financial risk control unit, which is directly subordinate to the Group's Chief Financial Officer, fills a risk control and monitoring function independent of that of the risk-taking units. The unit has overall responsibility for monitoring compliance with risk limits, the development of measurement methods, limitations and the review of financial risks within the Group.

Risk-taking units in the Group have local risk control functions responsible for continuously monitoring and compiling financial risks. Reports are continuously filed with the Group unit for financial risk control.

Limiting market risks

By market risks are meant the risk that changes in interest rates, exchange rates and share prices will lead to a decline in the value of the Bank's net assets and liabilities, including derivatives.

Market risks are controlled primarily through daily monitoring of risk exposures vis-à-vis established limits and continuous analysis of outstanding positions. Limits on interest risks are calculated using sensitivity measures based on interest rate fluctuations in individual currencies. The limit structure includes limits on option-related risks, so-called non-linear risk.

The Group's currency risk exposure is limited and controlled by limiting holdings in individual currencies as well as at the aggregate level. The limit structure also includes specific measures for limiting option-related risk.

Limits on share price risk exposure are based on sensitivity measures of share price movements. The limit structure also includes specific limits on option-related risk.

These sensitivity measures are complemented by continuous scenario and stress tests for more comprehensive analysis of the potential loss risks of the Group's positions from various fluctuations in underlying risk factors as well as their expected volatility.

Liquidity risks

Liquidity risks arise due to the fact that the maturity structures of cash flows from assets and liabilities, including derivatives, do not coincide. The risk is that the Bank cannot meet its payment obligations or that the financing expense will increase owing to considerable financing requirements on a specific day.

The Group's liquidity limits restrict accumulated net payment outflows resulting from the Group's positions in the days ahead as well as for longer periods of time.

Operative risks

The Group's risk policy defines operative risks as administrative risks, IT risks and legal risks.

Responsibility for their management rests within the entire Group and with each responsible manager, who must identify, limit and control his or her unit's operative risks. The Board of Directors' Audit and Security Committee has responsibility for monitoring operative risks in particular.

During the year a self-evaluation of operative risks was conducted by all units of the Bank. This material is being used for a more extensive evaluation in 2000. Work has also begun to establish a clearer reporting routine for situations that arise in which an operative risk has affected an asset's value.

Administrative risks

By administrative risk is meant the risk of disruptions and losses, financial or in terms of confidence, owing to internal deficiencies in the organization, for example, a lack of competence on the part of the personnel, poorly defined lines of authority or shortcomings in execution, control, information or follow-ups.

The organization and routines are reviewed on a continuous basis.

IT risks

By IT risks is meant the risk of losses, both financial or in terms of confidence, that may arise, for example, as a result of disruptions in computer operations and telecommunications, deficiencies in equipment or its use, inadequacies in security products, and system or software errors. The Bank's IT environment is continuously undergoing considerable change, primarily with regard to the modernization of infrastructure and introduction of completely new applications in a number of areas. The major change in the applications platform during the year is nearly complete.

The new millennium arrived without any losses stemming from operative risks.

Legal risks

By legal risks is meant the risk of losses, financial or in terms of confidence, owing to a lack of familiarity with applicable regulations, erroneous advice given to customers or insufficient documentation and control of agreements and confirmations with business and contractual partners. By legal risks is also meant, in the case of transactions of an international nature, the risks entailed in the application and interpretation of international law.

Work is continuously done within the Group to minimize insufficiencies in documentation and confirmations with business and contractual partners as well as to promote skills development. Terms in the Bank's standard contracts are always well-documented and comply with current laws and other regulations. In individually designed contracts, uniform standards are sought.

Internal Audit

The purpose of Internal Audit is to review and evaluate internal controls in the Group. Internal Audit is an internal review function independent from the operative units in accordance with the general advice of the Swedish Financial Supervisory Authority (FFFS 1999:12).

Internal Audit is directly subordinate to the Board of Directors.

Accounting principles

The annual report has been prepared in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559) and the regulations and general advice of the Swedish Financial Supervisory Authority.

Consolidated accounting

The consolidated accounts have been prepared in accordance with Recommendation RR 1:96 of the Swedish Financial Accounting Standards Council.

The consolidated accounts comprise FöreningsSparbanken AB and those companies in which the Bank directly or indirectly holds more than 50 percent of the voting rights of the shares. These companies are reported in the consolidated accounts in accordance with the purchase accounting method. The consolidated accounts also comprise associated companies, i.e. companies in which the Bank directly or indirectly holds more than 20 percent of the voting rights of the shares and where the ownership interest is an element in a long-term affiliation between the Bank and the company. Associated companies are consolidated in accordance with the equity method, with the exception of Eskilstuna Rekarne Sparbank AB, which is consolidated according to the proportional method.

Dormant companies and other companies of insignificant size are not consolidated.

Companies taken over to protect claims have not been consolidated since they are of little significance or are expected to be divested within the near future.

Foreign subsidiaries and associated companies

Shares in foreign subsidiaries and associated companies that are refinanced in the same currency are valued at their acquisition price in the Parent Company.

In the Group, subsidiaries and associated companies are translated in accordance with the current method. This means that assets and liabilities are translated to SEK at the closing day rate, while the profit and loss account is translated at the average rate for the financial year. Translation differences that arise from the use of the current method directly impact restricted and non-restricted equity. As a result, any translation differences attributable to financing in foreign currency of the investment in a subsidiary's shares are applied directly against shareholders' equity, taking into account deferred tax.

International branches, subsidiaries and associated companies are classified as independent operations according to the definition in Recommendation RR 8:98 of the Swedish Financial Accounting Standards Council.

Assets and liabilities in foreign currency

Assets and liabilities in foreign currency are valued at the average of the closing day's quoted buying and selling rates according to the Bank's official exchange

rate list. Outstanding forward contracts are valued at closing-day market prices. Holdings of foreign bank notes have been valued at the closing-day buying rates for each currency.

Financial assets

The holding of financial instruments is divided into financial fixed assets and financial current assets. Securities which are intended to be held until maturity or for the long term are classified as financial fixed assets. Other securities as well as derivatives are classified as financial current assets.

Exchange rate differences on the purchase of interest-bearing securities are reported as interest and accrued so that the effective yield during the instrument's fixed interest period is constant. The instrument's acquisition value adjusted by exchange rate differences expensed or entered as income is termed its accrued acquisition value.

Financial fixed assets, which consist of interest-bearing securities, are valued at their accrued acquisition value. Realized gains/losses on financial fixed assets are reported under Other operating income and Other operating charges, respectively.

Financial current assets, which consist of transferable securities and derivatives in the trading operations, are valued at fair value. The gain that arises when book value exceeds acquisition value – or in the case of interest-bearing securities its accrued acquisition value – is allocated to a reserve for unrealized gains. The reserve is reported under restricted shareholders' equity after taking into account deferred tax. Other financial current assets are valued at the lower of accrued acquisition value and fair value. In the profit and loss account, both unrealized and realized gains are reported under Net profit on financial operations.

Derivatives with positive book value are reported under Other assets, while those with negative book value fall under Other liabilities.

Repos

In a true repurchase transaction, where in essence the repurchase is irrevocable, the asset is still reported on the selling party's balance sheet and the proceeds obtained are reported as a liability. The security sold is reported as a pledged asset and a memorandum item on the balance sheet. The receiving party does not report the security on its balance sheet. The proceeds it pays are instead reported as a claim on the selling party. The difference between the proceeds based on the spot rate and forward rate is accrued over maturity as interest.

Stock loans

Stock loans to others remain on the balance sheet as securities and as assets pledged and memorandum items, while stocks on loan from others are not reported

as assets. Stocks on loan to others are valued in the same way as other security holdings of the same type. In cases where the borrowed stocks are sold, i.e. short-selling, an amount corresponding to the security's fair value is taken up as a liability.

Hedge accounting

To protect certain assets and liabilities or payment flows stipulated by contract against interest risks, share price risks or currency risks, these positions are matched against positions with corresponding flows and maturities. Deferred hedge accounting is applied for positions that are individually or collectively identified and which have an effective hedge, i.e. a high correlation when values change. The effectiveness of the hedge is evaluated regularly until maturity.

If hedge accounting is suspended because the protected position is realized although the hedged position remains on the balance sheet (at acquisition value), the capital gain/loss is accrued over the remaining maturity of the hedged position.

At Spintab, all fixed-rate funding is reported according to hedge accounting, since it is matched by fixed-rate lending. As a result, any exchange rate differences realized from the repurchase of Spintab's funding are accrued over the remaining maturity of that funding. When the Bank buys Spintab's debt instruments, there is a corresponding accrual in the consolidated accounts of the difference between the Bank's acquisition value of the purchased instrument and Spintab's book value of the same.

Lending and provisions for loan losses

Claims are reported at the maximum value at which they are expected to be received. On the balance sheet, claims are reported net after the deduction of write-downs for both established and anticipated loan losses. On the liability side, anticipated loan losses are reported with regard to guarantees and other contingent liabilities. Operating profit is charged with established and anticipated loan losses less restored provisions and recoveries, as well as with the net cost of discharging guarantees and other contingent liabilities.

Provisions for anticipated loan losses as a rule are based on an individual assessment of loans and guarantees. For homogenous groups of claims with limited value and similar credit risks, collective valuations have been used. Provisions are made for anticipated losses if the solvency of the borrower is not expected to improve sufficiently within two years and the value of the collateral does not cover both the principal and accrued interest by a safe margin. Property taken over to protect claims is valued at the lower of acquisition value and fair value.

Changes in value and capital gains/losses on property taken over are reported in the profit and loss account under Change in value of property taken over.

Property used as collateral for doubtful claims is valued at fair value.

Leasing assets

The Group's leasing operations consist of financial leasing and are therefore reported as lending in accordance with the recommendation (RR6) the Swedish Financial Accounting Standards Council. As such, leasing fees are reported partly as an interest receivable and partly as amortization.

Financial liabilities

Financial liabilities are reported at either accrued acquisition value or, when the liability has a short fixed-interest period, at nominal value.

Price differences arising from issues are taken up as interest and accrued in the same way as interest-bearing assets.

Depreciation/Amortization

Equipment used in operations is depreciated according to schedule by 20 percent of acquisition value.

Real estate, with the exception of properties taken over to protect claims, is depreciated at the highest amount allowable for tax purposes.

Goodwill amortization is based on an item's economic life, which means that goodwill is amortized according to schedule by 5 percent for Föreningsbanken AB, AS Hansapank, FIH Holding and SparFond Livförsäkringsaktiebolag. Other goodwill is amortized according to schedule by 10 or 20 percent.

Pension obligations

The Group's pension obligations are covered through insurance, allocations to pension funds and allocations on the balance sheet under Provision for pensions.

The computed pension expense relating to pension obligations covered by pension funds or the provision for pensions account is reported as an operating expense. The computed pension premium is restored as an appropriation under Settlement of pensions, where settlement is made against pension payments, payroll tax, tax on returns and any allowance from, or allocation to, the pension funds.

Tax

Estimated tax on profit for the financial year, including deferred tax and adjusted for income taxes from previous years, is reported under Tax on profit for the financial year.

Other taxes are comprised of foreign tax on capital.

Profit and equity according to generally accepted accounting principles in the U.S. (U.S. GAAP)

The consolidated accounts have been prepared in accordance with generally accepted accounting principles in Sweden, which in certain respects differ from generally accepted accounting principles in the U.S.

A summary of the estimated effects on the Group's profit and equity of the application of U.S. principles is reported in Note 42.

Profit and loss account

SEK M	Note	Group		The Bank	
		1999	1998	1999	1998
Interest receivable	1	40,197	44,304	19,850	22,725
Interest payable	1	- 28,854	- 32,940	- 13,018	- 15,368
Net interest income*		11,343	11,364	6,832	7,357
Dividends received	2	159	155	4,106	6,204
Commissions receivable	3	6,119	5,364	4,473	4,035
Commissions payable	4	- 1,216	- 1,084	- 718	- 672
Net profit on financial operations	5	579	827	488	758
Other operating income	6	2,252	2,728	2,072	2,779
Total income		19,236	19,354	17,253	20,461
Staff costs	7	- 5,792	- 5,760	- 5,167	- 5,222
Other general administrative expenses	8	- 5,556	- 5,598	- 4,981	- 5,040
Total general administrative expenses		- 11,348	- 11,358	- 10,148	- 10,262
Depreciation/amortization and write-downs of tangible and intangible fixed assets	9	- 798	- 668	- 500	- 434
Total expenses		- 12,146	- 12,026	- 10,648	- 10,696
Profit before loan losses		7,090	7,328	6,605	9,765
Loan losses, net	10	- 635	- 987	- 533	- 735
Change in value of property taken over	11	- 1	- 15	- 2	- 2
Write-downs of financial fixed assets				- 53	- 43
Operating profit		6,454	6,326	6,017	8,985
Profit earned prior to acquisition			- 32		
Appropriations	12	70	44	- 1,338	- 933
Tax on profit for the year	13	- 1,903	- 1,718	- 1,259	- 1,916
Other taxes		- 1	- 1		
Minority share		- 28			
Profit for the financial year		4,592	4,619	3,420	6,136
* of which, charge for deposit guarantee		- 556	- 594	- 543	- 590

Balance sheet

SEK M	Note	Group		The Bank	
		1999	1998	1999	1998
<i>Assets</i>					
Cash and balances with central banks		6,990	2,794	4,123	2,749
Treasury bills and other bills eligible for refinancing with central banks	14	28,019	37,121	16,904	37,002
Loans to credit institutions	10, 15	104,516	71,462	135,536	91,573
Loans to the public	10, 16	569,409	516,909	191,162	209,758
Bonds and other interest-bearing securities in the banking operations	17	29,665	22,753	27,352	29,883
Bonds and other interest-bearing securities in the insurance operations	18	743	348		
Shares and participating interests in the banking operations	19	9,695	6,122	8,523	5,343
Shares and participating interests in the insurance operations	19	168	24		
Shares and participating interests for which life insurance policyholders bear the investment risk		38,374	18,097		
Shares and participating interests in associated companies	20	2,168	3,185	1,934	3,243
Shares and participating interests in Group companies	21			23,306	16,196
Intangible fixed assets	22	7,673	4,130	1,764	1,860
Tangible assets	23	2,369	4,057	1,491	3,765
Other assets	24, 25	26,607	25,302	22,740	22,940
Prepayments and accrued income	26	7,183	7,644	3,446	7,124
Total assets		833,579	719,948	438,281	431,436

Balance sheet

SEK M	Note	Group		The Bank	
		1999	1998	1999	1998
<i>Liabilities, provisions and shareholders' equity</i>					
Amounts owed to credit institutions	27	127,948	120,755	121,989	131,137
Deposits and borrowings from the public	28	210,537	190,355	197,539	187,308
Debt securities in issue	29	344,082	290,778	40,506	36,528
Other liabilities	25, 30	37,804	32,604	32,290	30,730
Accruals and deferred income	31	11,046	11,625	3,328	3,270
Actuarial provisions		602	150		
Provisions for life insurance for which the policyholder bears the investment risk		38,373	18,097		
Provisions	32	2,572	1,911	31	318
Subordinated liabilities	33	25,352	24,754	15,204	17,070
Minority interests		4,256	81		
Untaxed reserves	34			4,955	3,555
Subscribed capital	35	10,556	7,037	10,556	7,037
Reserves	35	14,056	16,724	6,168	10,091
Profit or loss brought forward	35	1,803	458	2,295	- 1,744
Profit for the financial year	35	4,592	4,619	3,420	6,136
Total liabilities, provisions and shareholders' equity		833,579	719,948	438,281	431,436
Assets pledged for own liabilities	36	69,200	79,951	69,016	79,676
Other assets pledged	37	54,447	22,682	15,482	7,464
Contingent liabilities	38	14,576	13,694	15,746	13,765
Commitments	39	2,181,463	1,897,637	2,018,784	1,841,013

Notes not directly related to the profit and loss account or balance sheet.

Note 40 – Capital adequacy analysis

Note 41 – Disclosure of financial income and expenses as well as premium income and expenses for insurance and reinsurance attributable to the Bank and with regard to other companies in the Group, as well as information on subordinated assets

Note 42 – Summary of material differences between generally accepted accounting principles in Sweden and the U.S.

Note 43 – Disclosure of fair value

Note 44 – Interest fixing periods

Statement of cash flows

SEK M	Note	Group		The Bank	
		1999	1998	1999	1998
<i>Liquid assets at beginning of the financial year</i>		54,486	40,785	54,819	39,921
Operating activities					
Operating profit		6,454	6,326	6,017	8,985
Adjustments for non-cash items, including taxes paid	46	- 126	- 3,967	2,302	- 6,545
Increase/decrease in short-term investments		1,287	- 16,577	- 17,249	- 23,900
Increase/decrease in loans to the public		- 11,662	- 33,269	3,876	- 15,732
Increase/decrease in holdings of securities classified as current assets		- 1,165	- 894	- 1,916	7,729
Increase/decrease in deposits and borrowings from the public, including retail bonds		886	- 8,814	9,206	- 8,318
Increase/decrease in amounts owed to credit institutions		3,829	25,966	- 398	29,355
Change in other assets and liabilities, net		- 317	- 4,904	- 3,294	- 4,286
Cash flow from operating activities		- 814	- 36,133	- 1,456	- 12,712
Investing activities					
Purchase of fixed assets		- 8,073	- 5,503	- 7,850	- 5,478
Sale of fixed assets		5,241	5,335	6,264	6,350
Branch sales		61	3,189	61	3,189
Cash flow from investing activities		- 2,771	3,021	- 1,525	4,061
Financing activities					
Issuance of interest-bearing securities		93,773	103,639	8,450	2,863
Redemption of interest-bearing securities		- 108,172	- 67,601	- 4,583	- 947
Increase in funding		30,299	12,886	752	23,744
Dividends paid		- 2,463	- 2,111	- 2,463	- 2 111
Cash flow from financing activities		13,437	46,813	2,156	23,549
Cash flow for the financial year		9,852	13,701	- 825	14,898
Acquired liquid assets		10,821			
<i>Liquid assets at end of the period *</i>		75,159	54,486	53,994	54,819
*) of which securities pledged for OM, etc.					
– at beginning of the financial year		4,769	1,523	4,769	1,523
– at end of the financial year		4,657	4,769	4,657	4,769

Analysis of the consolidated statement of cash flows

The statement of cash flows shows receipts and disbursements during the year as well as liquid assets at the beginning and end of the year.

The statement of cash flows is reported according to the indirect method and is based on operating profit for the period as well as changes in the balance sheet. Operating profit is adjusted for changes that are not included in cash flow from operating activities. In the case of operations that are acquired or sold, the acquired units' opening balances and the divested units' closing balances are excluded. Reported cash flows are divided into receipts and disbursements from operating activities, investing activities and financing activities.

Operating activities

Cash flow from operating activities is based on operating profit for the period. Adjustments are made for income taxes paid and for items not included in cash flow from operating activities. Changes in the assets and liabilities of the operating activities consist of items that are part of normal business activities - such as loans to and deposits and borrowings from the public as well as loans and amounts owed to credit institutions - and that are not attributable to investing and financing activities.

Profit-generated cash flow includes interest receipts of SEK 41,256 M (43,565) and interest payments, including capitalized interest, of SEK 28,050 M (33,072).

Investing activities

Investing activities consist of the purchase and sale of fixed assets. When businesses are acquired or divested, any liquid assets brought forward are deducted.

Acquired liquid assets in FI-Holding and Hansapank are reported as a separate item.

Purchases of shares/participating interests in 1999 include acquisitions of shares of Sparebank 1 Gruppen, VPC (the Swedish Securities Register Center) and FI-Holding as well as the increased holding in Hansapank.

Financing activities

The issuance and repayment of bond loans with maturities exceeding one year are reported gross. The item Change in other funding includes the net change in funding with short-term maturities and high turnover.

Liquid assets

Liquid assets include cash and balances with central banks, for net claims the net of demand loan receivables and demand loan liabilities with maturities up to five days, and Treasury bills, other bills and mortgage bonds eligible for refinancing with Sveriges Riksbank taking into account repos and short-selling.

Specification of liquid assets

	1999	1998
Cash and balances with central banks	6,990	2,794
Demand loans, net	887	0
Securities eligible for refinancing adjusted for repos and short-selling	67,282	51,692
Total	75,159	54,486

Definitions

ADJUSTED EQUITY PER SHARE

Shareholders' equity according to the balance sheet and the equity portion of the difference between the book value and fair value in the holding of financial fixed assets divided by the number of shares brought forward at year-end.

CAPITAL ADEQUACY RATIO

Capital base in relation to the risk-weighted amount.

CAPITAL BASE

The capital base is the sum of primary and supplementary capital less deductions in accordance with chapter 2 § 7 of the Act on the Capital Adequacy. By primary capital is meant equity less goodwill and 72 percent of the untaxed reserves in the Parent Company. The financial companies group also includes minority shares that accrue to companies covered by group-based accounting. By supplementary capital is meant fixed-term subordinated liabilities (less a certain reduction if their remaining maturity is less than five years) as well as reserves and undated equity contributions approved by the Swedish Financial Supervisory Authority. To cover capital requirements for market risks, subordinated loans with original maturities of at least two years may be included in the capital base.

CASH FLOW PER SHARE

Cash flow for the period divided by the number of shares.

DOUBTFUL CLAIMS

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

DURATION

The average weighted maturity in years of payment flows calculated at present value expressed in number of years.

EQUITY/ASSETS RATIO

Shareholders' equity carried forward including minority interest as a percentage of total assets at year-end.

I/E RATIO

Total income in relation to total expenses, both of which are adjusted for scheduled depreciation of leasing assets. The I/E ratio is calculated excluding and including loan losses.

INTEREST FIXING PERIOD

Contracted period during which interest on an asset or liability is fixed.

INTEREST MARGIN

The difference between the average interest on total assets after deducting scheduled depreciation of leasing assets and the average interest on total liabilities.

INVESTMENT MARGIN

Net interest income in relation to average total assets.

LIQUID ASSETS

The statement of cash flows includes liquid assets according to the following definition. Cash and balances with central banks, for net claims the net of demand loan receivables and demand loan liabilities with maturities up to five days, and Treasury bills, other bills and mortgage bonds eligible for refinancing with Sveriges Riksbank taking into account repos and short-selling.

LOAN LOSSES, NET

Established and anticipated losses for the year less restored provisions and recoveries related to loan claims as well as the year's net expense for discharging guarantees and other contingent liabilities.

LOAN LOSS LEVEL, GROSS

Loan losses, net, and changes in the value of property taken over plus loan losses and changes in value applied in the acquisition analysis in relation to the loan balance brought forward as well as property taken over and loan guarantees.

LOAN LOSS LEVEL, NET

Loan losses, net, and changes in the value of property taken over in relation to the loan balance brought forward as well as property taken over and loan guarantees.

MATURITY

Time remaining until a liability or asset falls due for payment.

NET ASSET VALUE PER SHARE

Shareholders' equity according to the balance sheet and the equity portion of the difference between the book value and fair value of the assets and liabilities divided by the number of shares brought forward at year-end.

NUMBER OF EMPLOYEES

The number of full-time positions at year-end is calculated as the number of employees in relation to hours worked excluding long-term absences.

OPERATING PROFIT PER SHARE

Operating profit after standard tax divided by the average number of shares.

P/E RATIO

Share price at year-end in relation to profit per share.

PRIMARY CAPITAL RATIO

Primary capital in relation to the risk-weighted amount.

PROBLEM LOANS, GROSS

Doubtful claims for which interest is not entered as income until payment is made and claims with interest concessions.

PROBLEM LOANS, NET

Problem loans, gross, less provisions made for anticipated loan losses.

PROFIT BEFORE LOAN LOSSES PER EMPLOYEE

Profit before loan losses in relation to the average number of employees.

PROFIT PER SHARE

Profit for the financial year divided by the number of shares. For 1995, the dividend on preferred shares was treated as interest and affected profit.

PROVISION RATIO FOR DOUBTFUL CLAIMS

Provisions for anticipated loan losses in relation to doubtful claims, gross.

RETURN ON EQUITY

Profit for the financial year in relation to average shareholders' equity. Average shareholders' equity is adjusted for new issues and dividends.

RETURN ON TOTAL CAPITAL

Operating profit in relation to the average of total assets brought forward at the beginning of the year and carried forward at year-end.

RISK-WEIGHTED AMOUNT

The total of assets on the balance sheet and off-balance sheet commitments divided by credit and market risks valued and risk-weighted according to current capital adequacy regulations. Volumes are weighted in relation to estimated risk so that they will be included in the risk-weighted volume at 0, 20, 50 or 100 percent.

SHARE OF DOUBTFUL CLAIMS

Doubtful claims, net, in relation to total lending.

STANDARD TAX

Standard tax rate of 28 percent.

TOTAL LENDING

Lending to the public excluding the National Debt Office and to credit institutions excluding banks.

YIELD

Dividend per share in relation to the share price at year-end.

Notes

note 1 – net interest income

Group	1999	1999	1998	1998
SEK M	Interest	Average balance	Interest	Average balance
Interest receivable				
Credit institutions	3,136	99,809	5,238	97,525
SEK	2,089	78,612	4,593	87,257
Foreign currency	1,047	21,197	645	10,268
Loans to the public	33,293	529,072	36,916	507,101
SEK	31,858	501,252	35,543	482,763
Foreign currency	1,435	27,820	1,373	24,338
Interest-bearing securities	2,085	54,521	2,113	46,009
SEK	1,754	48,027	1,866	41,605
Foreign currency	331	6,494	247	4,404
Other	1,683		37	
SEK	1,683		37	
Foreign currency				
Total	40,197		44,304	
SEK	37,384		42,039	
Foreign currency	2,813		2,265	
Interest payable				
Credit institutions	5,287	119,480	6,124	112,854
SEK	3,083	73,011	4,704	88,307
Foreign currency	2,204	46,469	1,420	24,557
Deposits and borrowings from the public	3,994	207,161	5,696	201,598
SEK	3,770	185,957	5,419	195,824
Foreign currency	224	21,204	277	5,774
Debt securities in issue	16,449	306,096	18,965	286,076
SEK	11,161	193,578	14,642	210,899
Foreign currency	5,288	112,518	4,323	75,177
Subordinated liabilities	1,689		1,850	
SEK	382		454	
Foreign currency	1,307		1,396	
Other	1,435		305	
SEK	1,435		305	
Foreign currency				
Total	28,854		32,940	
SEK	19,831		25,524	
Foreign currency	9,023		7,416	
Total net interest	11,343		11,364	
SEK	17,553		16,515	
Foreign currency	- 6,210		- 5,151	
Total average balance, assets		765,092		707,139
Total average balance, liabilities		735,445		679,657

Interest margin	1.33	1.42
Investment margin	1.48	1.61
Average interest rate on loans to the public	6.29	7.28
Average interest rate on deposits from the public	1.93	2.83
Interest receivable on securities classified as current assets	1,759	1,779

NOTES

The Bank	1999	1999	1998	1998
SEK M	Interest	Average balance	Interest	Average balance
Interest receivable				
Credit institutions	4,499	138,087	5,939	112,587
SEK	3,495	117,682	5,290	102,202
Foreign currency	1,004	20,405	649	10,385
Loans to the public	11,984	207,385	14,226	209,181
SEK	11,022	187,874	12,861	185,004
Foreign currency	962	19,511	1,365	24,177
Interest-bearing securities	2,213	56,302	2,518	52,634
SEK	1,688	47,501	2,111	45,564
Foreign currency	525	8,801	407	7,070
Other	1,154		42	
SEK	1,154		42	
Foreign currency				
Total	19,850		22,725	
SEK	17,359		20,304	
Foreign currency	2,491		2,421	
Interest payable				
Credit institutions	4,757	135,783	6,319	119,873
SEK	2,638	90,960	4,874	95,129
Foreign currency	2,119	44,823	1,445	24,744
Deposits and borrowings from the public	3,954	203,311	5,614	199,586
SEK	3,740	198,750	5,375	194,497
Foreign currency	214	4,561	239	5,089
Debt securities in issue	2,356	45,606	1,913	34,621
SEK	481	10,587	795	15,443
Foreign currency	1,875	35,019	1,118	19,178
Subordinated liabilities	1,092		1,225	
SEK	234		293	
Foreign currency	858		932	
Other	859		297	
SEK	859		297	
Foreign currency				
Total	13,018		15,368	
SEK	7,952		11,634	
Foreign currency	5,066		3,734	
Total net interest	6,832		7,357	
SEK	9,407		8,670	
Foreign currency	- 2,575		- 1,313	
Total average balance, assets		463,214		428,884
Total average balance, liabilities		442,759		405,971
Interest margin	1.35		1.51	
Investment margin	1.47		1.72	
Average interest rate on loans to the public	5.78		6.80	
Average interest rate on deposits from the public	1.94		2.81	
Interest receivable on securities classified as current assets	1,831		1,981	

note 2 – dividends received

SEK M	Group		The Bank	
	1999	1998	1999	1998
Shares and participating interests	159	155	157	152
Shares in associated companies			26	30
Shares in Group companies*			3,923	6,022
Total	159	155	4,106	6,204
* of which through Group contributions			3,755	3,195

note 3 – commissions receivable

SEK M	Group		The Bank	
	1999	1998	1999	1998
Payment processing commissions	1,493	1,399	1,485	1,395
Lending commissions	368	322	341	299
Deposit commissions	47	80	43	75
Guarantee commissions	137	118	136	118
Securities commissions				
Brokerage	549	494	510	485
Asset management	2,521	1,979	1,249	1,007
Other securities commissions	179	161	175	168
Other commissions				
Real estate brokerage commissions	168	241		
Other	657	570	534	488
Total	6,119	5,364	4,473	4,035

note 4 – commissions payable

SEK M	Group		The Bank	
	1999	1998	1999	1998
Payment processing commissions	593	574	585	570
Securities commissions	131	89	90	71
Other commissions	492	421	43	31
Total	1,216	1,084	718	672

note 5 – net profit on financial operations

SEK M	Group		The Bank	
	1999	1998	1999	1998
Realized gains				
Shares/participating interests	351	180	325	152
Interest-bearing securities	- 54	278	- 63	236
Other financial instruments	- 1	2	4	5
Total	296	460	266	393
Unrealized changes in value				
Shares/participating interests	- 33	220	- 84	207
Interest-bearing securities	- 5	- 86	- 3	- 72
Other financial instruments	2	1	1	1
Total	- 36	135	- 86	136
Change in exchange rates	319	232	308	229
Total	579	827	488	758

note 6 – other operating income

SEK M	Group		The Bank	
	1999	1998	1999	1998
Income from real estate operations	25	168	30	192
Capital gains, financial fixed assets	15	518	2	575
Capital gains, properties, equipment	1,371	1,019	1,423	1,077
Capital gains, divested operations	- 12	312	- 12	312
IT services	503	415	532	437
Share of equity of associated companies	165	44		
Other operating income	185	252	97	186
Total	2,252	2,728	2,072	2,779

note 7 – staff costs

SEK M	Group		The Bank	
	1999	1998	1999	1998
Wages, salaries and other remuneration	3,795	3,722	3,407	3,378
Pension costs				
Calculated costs	46	79	42	74
Premiums paid	383	396	320	362
Social insurance charges	1,272	1,282	1,149	1,165
Allocation to profit-sharing fund	40		38	
Training costs	129	130	119	123
Other staff costs	127	151	92	120
Total	5,792	5,760	5,167	5,222
Wages, salaries and remuneration to the Board, President and Executive Vice Presidents	88	68	59	46
to other employees in Sweden	3,622	3,590	3,311	3,296
to other employees outside Sweden	79	62	37	35
Bonuses and comparable remuneration to the President and Executive Vice Presidents	6	2		1
Total	3,795	3,722	3,407	3,378
Number of hours worked (thousands)	19,528	20,917	17,840	19,039

Average number of employees based on 1,570 hours per employee	Group	
	1999	1998
FöreningsSparbanken AB	11,363	12,127
Spintab	191	233
FöreningsSparbanken Finans	135	140
Robur Kapitalförvaltning	155	113
Mandamus	4	11
Juristbyrå	1	
Fastighetsbyrå	192	338
Skepparholmen	33	33
Swedbank Luxembourg	51	46
Kundinkasso	38	37
FöreningsSparbanken Företagskredit		1
Sparia	1	2
SparFond	116	123
FöreningsSparbanken Öland	70	65
Eskilstuna Rekarne Sparbank	57	56
FI-Holding	28	
Total	12,435	13,325
of whom, in		
Luxembourg	49	46
Great Britain	18	23
USA	24	31
Japan	2	2
Denmark	28	
Total	121	102

The number of employees in the Group on December 31 excluding long-term absentees in relation to hours worked expressed as full-time positions

12,791 11,734

Average number of employees by gender: Group, 61% women and 39% men; the Bank, 59% women and 41% men. The underlying employee turnover was 4 percent, excluding the offer issued in connection with the merger and excluding FI-Holding and Hansapank.

Average number of employees in percent	Women	Men
Sweden	58	42
Luxembourg	38	62
Great Britain	29	71
USA	19	81
Japan	50	50
Denmark	63	37
Baltic states	71	29

Information on remuneration paid to senior executives

Directors' fees and remuneration, SEK thousand

Annual remuneration to the Board of Directors approved by the Annual General Meeting	6,000
of which, to the Chairman	1,200
Remuneration paid to the President	
To Reinhold Geijer until October 5, 1999*	3,915
To Göran Ahlström as of October 5, 1999	771

* In addition to which, salary during term of notice and severance pay amounted to SEK 12,131,000.

The Chairman of the Board, in his capacity as Chairman of the Board of Spintab AB, receives annual compensation of SEK 225,000 and in his capacity as Chairman of SparFond Livförsäkrings AB receives annual compensation of SEK 500,000. Remuneration is not paid to members of the Board with employment agreements with the Group, with the exception of Göran Ahlström, who received director's fees of SEK 149,000 for the period after October 5, 1999, when he was appointed President. In addition to his fee as determined by the Annual General Meeting, the First Deputy Chairman received as a benefit free housing in Stockholm, while the Second Deputy Chairman was paid a consulting fee of SEK 240,000 for special assignments over and above his Board work.

Pensions SEK 000	Group 1999	The Bank 1999
The year's costs for pensions and similar benefits:		
To current and former Presidents and Executive Vice Presidents (50 individuals)	105,184	74,517

The year's expense includes modifications to the basic interest assumption determined by the Financial Supervisory Authority. Commitments with regard to pensions have been secured through insurance or pension funds with assets amounting to SEK 181 M.

Pension commitments

President Göran Ahlström, who receives a pension from his previous position as president of another company, in his capacity as President of the Bank receives a premium-based pension amounting to 35 percent of his final salary. Other members of the Executive Management have the right to retire at age 60 with 60-70 percent of their salary less other pensions received.

Termination conditions for the Executive Management

On notice of termination from the Bank, salary is paid during the term of notice, i.e. 6-12 months. To this is added severance pay for 12-24 months. Settlement is made if the individual in question obtains new employment; in several cases settlement requires that termination takes place before age 55.

Loans to senior executives in the Group

SEK thousands	Group 1999	The Bank 1999
President, Deputy President and Executive Vice Presidents (a total of 43 individuals)	39,311	27,101
Members of the Board of Directors and their deputies (a total of 91 individuals)	76,585	22,170

The Group has not pledged any assets or other collateral or committed to contingent liabilities on behalf of any senior executives.

note 8 – other administrative expenses

SEK M	Group		The Bank	
	1999	1998	1999	1998
Expenses for premises	78	249	67	232
Rents, etc.	897	715	823	689
IT expenses	1,401	1,222	1,272	1,110
Telecommunications, postage	620	757	530	667
Consulting and outside services	620	635	558	576
Travel, entertainment	223	235	193	212
Office supplies	166	233	156	224
Advertising, public relations, marketing	574	594	465	440
Security transports, alarm systems	152	165	151	165
Other administrative expenses	689	648	625	611
Other overhead expenses	136	145	141	114
Total	5,556	5,598	4,981	5,040

Compensation to the Group's Auditors for auditing work and consultations 1999:

SEK M	Group		The Bank	
	Audit	Consultation	Audit	Consultation
Deloitte & Touche	11	7	5	3
Ernst & Young	2	4	1	0
Arthur Andersen	1	0	1	0
Other	2	1	1	1
Total	16	12	8	4

note 9 – depreciation/amortization and write-downs of tangible and intangible assets

SEK M	Group		The Bank	
	1999	1998	1999	1998
Depreciation				
Equipment	435	307	398	269
Real estate	3	67	0	64
Amortization of goodwill	359	294	101	101
Other intangible assets	1		1	
Total	798	668	500	434

With regard to depreciation and amortization principles, see "Accounting Principles."

note 10 – loan losses, net

SEK M	Group		The Bank	
	1999	1998	1999	1998
Claims assessed individually				
The year's write-down for established loan losses	2,599	3,510	1,714	2,502
Reversal of provisions previously made for anticipated loan losses	- 1,174	- 2,325	- 803	- 1,643
The year's provisions for anticipated loan losses	841	1,782	599	895
Recoveries from previous years' established loan losses	- 697	- 411	- 458	- 208
Recovered provisions for anticipated loan losses	- 984	- 1,546	- 527	- 830
The year's net expense for individually assessed loan losses	585	1,010	525	716
Claims assessed collectively				
The year's established loan losses	109	94	107	93
Recoveries from previous years' established loan losses	- 13	- 13	- 12	- 11
Allocations/withdrawals from loan loss reserve	- 46	- 52	- 45	- 4
The year's net expense for collectively assessed claims	50	29	50	78
Contingent liabilities				
The year's net expense for discharged guarantees and other contingent liabilities	0 *	26 *	- 42	19
Total loan losses	635	1,065	533	813
Less: loan losses applied directly to the acquisition analysis		- 78		- 78
Net loan loss expense for the year	635	987	533	735

* of which
 established
 provisions
 recovered

2 3
 14 28
 - 16 - 5

Loan losses divided by category

SEK M	Group		The Bank	
	1999	1998	1999	1998
Write-down of, and provisions for, claims				
Credit institutions	24	18	24	18
General public	2,367	3,074	1,613	1,867
Total	2,391	3,092	1,637	1,885
Recoveries of claims				
Credit institutions	- 28	- 75	- 28	- 75
General public	- 1,728	- 1,952	- 1,076	- 997
Total	- 1,756	- 2,027	- 1,104	- 1,072
Total	635	1,065	533	813

Loan losses and change in value of property taken over

SEK M	Group		The Bank	
	1999	1998	1999	1998
Total loan losses	635	1,065	533	813
Total change in value of property taken over, see Note 11	1	15	2	2
Total	636	1,080	535	815
Less: loan losses applied directly to the acquisition analysis		- 78		- 78
The year's net expense for loan losses and change in value of property taken over	636	1,002	535	737

Problem loans

SEK M	Group		The Bank	
	1999	1998	1999	1998
Unsettled claims for which accrued interest has also been entered as income	1,517	1,885	668	583
Problem loans				
Doubtful claims	665	4,118	529	1,803
Claims with interest concessions	225	438	97	212
Total net problem loans	890	4,556	626	2,015
Provisions	3,879	3,942	1,600	2,312
Total gross problem loans	4,769	8,498	2,226	4,327
Provision ratio, doubtful claims, %	85.4 *	48.9	75.1	56.2
Lost interest on problem loans**	155	668	154	273
Current yield on problem loans during the financial year, SEK M	159	352	86	179
Average yield on gross mean value of problem loans, %	2.35	3.11	2.44	2.90
Average interest rate on claims in SEK which do not constitute problem loans, %	6.29	6.85	5.70	5.72

* The change from the previous year was affected by provisions in FIH and Hansapank of SEK 885 M with regard to loans not reported as doubtful claims.

** Lost interest has been calculated as the difference between the interest payments which were received on problem loans and the interest receivable which would have been reported had the loans not constituted problem loans.

note 11 – change in value of property taken over

SEK M	Group		The Bank	
	1999	1998	1999	1998
Realized change in value				
Real estate	- 2	1	- 1	2
Other property	2	11	2	0
Total	0	12	1	2
Unrealized change in value				
Real estate	1	0	1	0
Other property	0	3	0	0
Total	1	3	1	0
Total	1	15	2	2

Property taken over

SEK M	Group		The Bank	
	1999	1998	1999	1998
Book value				
Buildings and land	19	25	12	19
Condominiums	1	1	0	0
Shares and other participating interests	80	25	7	16
Other property taken over	71	5	0	5
Total	171	56	19	40

Property taken over for the protection of claims

Group 1999	Number	Book value	Fair value
		SEK M	SEK M
Sweden			
Single-family homes	8	2	2
Other properties	9	3	3
Other countries			
Other properties	5	14	14
Total	22	19	19

None of the properties are located in Stockholm, Gothenburg or Malmö.

note 12 – appropriations

SEK M	Group		The Bank	
	1999	1998	1999	1998
Allocation to untaxed reserves			- 1,400	- 975
Settlement of pensions	70	44	62	42
Total	70	44	- 1,338	- 933

Allocations/withdrawals

The Bank, SEK M		1999	1998
Accumulated accelerated depreciation			
Equipment		- 89	- 113
Real estate			4
Tax allocation reserve		- 1,311	- 866
Total		- 1,400	- 975

Settlement of pensions

SEK M	Group		The Bank	
	1999	1998	1999	1998
Calculated pension costs	46	86	42	82
Pensions paid	- 11	- 11	- 11	- 11
Payroll tax and tax on return	- 66	- 84	- 65	- 82
Refund from SPK	145	40	140	40
Allowance from pension funds	17	7	17	7
Provisions for pension funds	- 61	6	- 61	6
Total	70	44	62	42

note 13 – tax on profit for the year

SEK M	Group		The Bank	
	1999	1998	1999	1998
Tax related to previous years	2	1	2	- 1
Estimated tax on profit for the year	- 1,540	- 1,010	- 1,484	- 1,805
Deferred tax	- 365	- 709	223	- 110
Total	- 1,903	- 1,718	- 1,259	- 1,916

note 14 – treasury bills and other bills eligible for refinancing with central banks

Group	Fair value		Book value		Accrued acquisition value		Nominal amount	
	1999	1998	1999	1998	1999	1998	1999	1998
SEK M								
Treasury bills and other bills eligible for refinancing with central banks								
Current assets								
Swedish government	23,425	35,859	23,247	35,451	23,236	35,398	23,348	34,792
Swedish municipalities	472	1,018	472	1,018	482	991	476	986
Foreign governments	2,812	615	2,812	615	2,820	615	3,048	797
Total	26,709	37,492	26,531	37,084	26,538	37,004	26,872	36,575
Fixed assets								
Swedish government	904		921		921		1,000	
Swedish municipalities	550	39	552	37	552	37	533	36
Foreign governments	15		15		15		16	
Total	1,469	39	1,488	37	1,488	37	1,549	36
Total	28,178	37,531	28,019	37,121	28,026	37,041	28,421	36,611
of which								
in foreign currency			2,966	937				
The Bank								
SEK M								
Treasury bills and other bills eligible for refinancing with central banks								
Current assets								
Swedish government	13,232	35,740	13,054	35,332	13,042	35,274	13,119	34,679
Swedish municipalities	472	1,018	472	1,018	482	991	476	986
Foreign governments	1,905	615	1,905	615	1,914	614	2,145	797
Total	15,609	37,373	15,431	36,965	15,438	36,879	15,740	36,462
Fixed assets								
Swedish government	904		921		921		1,000	
Swedish municipalities	550	39	552	37	552	37	533	36
Foreign governments								
Total	1,454	39	1,473	37	1,473	37	1,533	36
Total	17,063	37,412	16,904	37,002	16,911	36,916	17,273	36,498
of which								
in foreign currency			1,905	937				
Summary of maturities								
SEK M					Group		The Bank	
					1999	1998	1999	1998
Remaining maturity								
≤ 1 year					24,081	27,021	13,223	26,956
> 1 year – 5 years					2,330	7,533	2,180	7,492
> 5 years – 10 years					1,570	1,251	1,463	1,238
> 10 years					38	1,316	38	1,316
Total					28,019	37,121	16,904	37,002
Average remaining maturity					1.0 year	1.2 years	1.4 years	1.2 years

The nominal value in the Group in 1999 exceeded the book value by SEK 402 M.

Group	Discounting instrument	Coupon instrument	Total
SEK M			
Surplus value		245	245
Discounted value	- 243	- 404	- 647
Total	- 243	- 159	- 402

The nominal value in the Bank in 1999 exceeded the book value by SEK 369 M.

The Bank	Discounting instrument	Coupon instrument	Total
SEK M			
Surplus value		245	245
Discounted value	- 210	- 404	- 614
Total	- 210	- 159	- 369

note 15 – loans to credit institutions

SEK M	Group		The Bank	
	1999	1998	1999	1998
Fixed assets				
Swedish banks	19,869	13,088	20,086	13,226
Other Swedish credit institutions	1,689	4,501	36,497	24,263
Provision for anticipated loan losses	- 1	- 36	- 1	- 36
Total	21,557	17,553	56,582	37,453
Foreign banks	76,059	49,328	72,054	49,539
Other foreign credit institutions	6,908	4,589	6,908	4,589
Provision for anticipated loan losses	- 8	- 8	- 8	- 8
Total	82,959	53,909	78,954	54,120
Total	104,516	71,462	135,536	91,573
of which				
in foreign currency	24,168	16,131	20,142	16,087
Group companies			7,522	20,360
associated companies	63	220	63	220
Subordinated claims				
	1999	1998	1999	1998
Group companies			59	174
Associated companies	210	150	210	150
Other	76	112	76	112
Total	286	262	345	436
Summary of maturities*				
SEK M	1999	1998	1999	1998
Remaining maturity				
Payable on demand	16,691	12,309	14,333	18,335
≤ 3 months	53,710	52,831	87,272	58,364
> 3 months – 1 year	30,616	5,348	30,460	10,485
> 1 year – 5 years	3,474	974	3,446	4,344
> 5 years	25		25	45
Total	104,516	71,462	135,536	91,573
Average remaining maturity	1.6 years	0.2 years	1.3 years	0.3 years

note 16 – loans to the public

SEK M	Group		The Bank	
	1999	1998	1999	1998
Fixed assets				
Swedish public	504,665	501,195	183,503	192,640
Foreign public	67,826	13,019	8,700	12,794
Insurance companies	788	6,593	550	6,593
Provision for anticipated loan losses, Swedish public	- 2,556	- 3,739	- 1,561	- 2,120
Provision for anticipated loan losses, foreign public	- 1,314	- 159	- 30	- 149
Total	569,409	516,909	191,162	209,758
of which				
in foreign currency	75,168	23,732	16,569	23,499
Group companies			29	29
Subordinated claims				
	1999	1998	1999	1998
Group companies				
Associated companies				
Other	309	160	309	160
Total	309	160	309	160
Summary of maturities*				
SEK M	1999	1998	1999	1998
Remaining maturity				
Payable on demand	7,035	8,388	5,479	6,535
≤ 3 months	120,689	123,260	46,288	68,524
> 3 months – 1 year	103,680	84,986	46,070	40,170
> 1 year – 5 years	237,957	213,391	50,033	36,919
> 5 years	100,048	86,884	43,292	57,610
Total	569,409	516,909	191,162	209,758
Average remaining maturity	3.6 years	3.5 years	3.8 years	4.1 years

* The Bank always retains the right to terminate loans for repayment within one year according to chap. 2 § 19 of the Swedish Banking Act.

note 17 – bonds and other interest-bearing securities

Group	Fair value		Book value		Accrued acquisition value		Nominal amount	
	1999	1998	1999	1998	1999	1998	1999	1998
SEK M								
Issued by other than public agencies								
Current assets								
Swedish mortgage institutions	12,431	12,506	12,431	12,506	9,919	12,316	12,365	12,066
Other Swedish issuers								
Non-financial companies	1,177	1,542	1,178	1,542	1,178	1,522	1,192	1,554
Swedish banks	22		22		22		22	
Financial companies	2,438	1,622	2,436	1,622	2,423	1,626	2,444	1,629
Other issuers outside Sweden	9,022	1,812	9,019	1,812	9,152	1,805	8,607	1,805
Total	25,090	17,482	25,086	17,482	22,694	17,269	24,630	17,054
of which, subordinated				366				
Fixed assets								
Swedish mortgage institutions	2,555	3,262	2,535	3,103	2,535	3,102	2,500	2,964
Non-financial companies	786	1,534	787	1,529	787	1,529	794	1,550
Financial companies	580	674	575	639	575	639	571	631
Other issuers outside Sweden	681		682		682		683	
Total	4,602	5,470	4,579	5,271	4,579	5,270	4,548	5,145
of which, subordinated				349				
Total	29,692	22,952	29,665	22,753	27,273	22,539	29,178	22,199
of which								
in foreign currency			13,006	3,029				
listed			19,162	14,855				
The Bank								
SEK M								
Issued by other than public agencies								
Current assets								
Swedish mortgage institutions	18,401	18,286	18,400	18,286	15,890	18,100	18,310	17,780
Other Swedish issuers								
Non-financial companies	990	1,531	991	1,531	991	1,510	1,004	1,542
Swedish banks	22		22		22		22	
Financial companies	1,973	1,604	1,972	1,604	1,964	1,609	1,966	1,612
Other issuers outside Sweden	1,407	1,812	1,406	1,812	1,406	1,805	1,407	1,805
Total	22,793	23,233	22,791	23,233	20,273	23,024	22,709	22,739
of which, subordinated				366				
Fixed assets								
Swedish mortgage institutions	3,246	4,636	3,202	4,483	3,202	4,483	3,168	4,345
Non-financial companies	786	1,534	787	1,529	787	1,529	794	1,550
Other financial companies	578	673	572	638	572	638	568	630
Total	4,610	6,843	4,561	6,650	4,561	6,650	4,530	6,525
of which, subordinated				349				
Total	27,403	30,076	27,352	29,883	24,834	29,674	27,239	29,264
of which								
in foreign currency			8,038	5,662				
Group companies			4,613	7,609				
listed			12,335	21,337				

The book value in the Group in 1999 exceeded the nominal value by SEK 487 M.

Group	Discounting instrument	Coupon instrument	Total
SEK M			
Surplus value		593	593
Discounted value	- 34	- 72	- 106
Total	- 34	521	487

The book value in the Bank in 1999 exceeded the nominal value by SEK 113 M.

The Bank	Discounting instrument	Coupon instrument	Total
SEK M			
Surplus value		216	216
Discounted value	- 19	- 84	- 103
Total	- 19	132	113

Summary of maturities SEK M	Group		The Bank	
	1999	1998	1999	1998
Remaining maturity				
≤ 1 year	12,973	11,202	14,752	14,585
> 1 year – 5 years	10,194	10,768	11,421	13,084
> 5 years – 10 years	3,988	625	1,126	1,895
> 10 years	2,510	158	53	319
Total	29,665	22,753	27,352	29,883
Average remaining maturity	3.8 years	1.5 years	1.5 years	1.7 years

note 18 – bonds and other interest-bearing securities in the insurance operations

Group SEK M	Fair value		Book value		Accrued acquisition value		Nominal amount	
	1999	1998	1999	1998	1999	1998	1999	1998
Current assets								
Swedish Government	442	109	441	109	446	105	418	99
Swedish municipalities	1		1		1		1	
Agricultural mortgage lenders	29		29		29		29	
Swedish mortgage institutions	153	122	153	122	153	118	148	113
Non-financial companies	9	106	9	106	9	106	9	106
Financial companies	34	11	34	11	34	10	34	10
Other issuers outside	8		8		8		8	
Total	676	348	675	348	680	339	647	328
of which listed			675	348				
Fixed assets								
Swedish mortgage institutions	11		11		11		11	
Financial companies	6		5		5		5	
Other issuers outside Sweden	54		52		52		52	
Total	71		68		68		68	
of which listed			62					
Total	747	348	743	348	748	339	715	328

Summary of maturities SEK M	1999	1998
Remaining maturity		
≤ 1 year	204	126
> 1 year – 5 years	364	208
> 5 years – 10 years	175	14
> 10 years		
Total	743	348
Average remaining maturity	3.0 years	1.9 years

The book value in the Group in 1999 exceeded the nominal value by SEK 28 M.

Group SEK M	Discounting instrument	Coupon instrument	Total
Surplus value		31	31
Discounted value	- 3		- 3
Total	- 3	31	28

note 19 – shares and participating interests

SEK M	Group		The Bank	
	1999	1998	1999	1998
Current assets				
Trading stock	6,271	3,645	5,930	3,553
For protection of claims	81	26	7	16
Fund shares	741	673		
Total	7,093	4,344	5,937	3,569
Fixed assets				
Condominiums	34	35	31	31
Shares in credit institutions	2,027	1,215	2,027	1,215
Other shares	541	528	528	528
Total	2,602	1,778	2,586	1,774
Shares and participating interests	9,695	6,122	8,523	5,343
Insurance operations				
Current assets				
Other shares	168			
Fixed assets				
Other shares		24		
Total	168	24		
Group	Number	Book value	% of voting rights	
SEK M		1999	1999	
Current assets				
Trading stock*		6,271		
Other				
Fund shares		741		
Shares for protection of claims		80		
Condominiums for protection of claims		1		
Total		7,093		
Fixed assets in Sweden				
Credit institutions				
HSB Bank AB	2,000	52		9.10
AB Svensk Exportkredit	74,200	273		10.59
Other				
OM Gruppen AB*	3,723,721	506		4.45
Skandrenting AB	97,250	17		4.60
Other**		5		
Condominiums		34		
Total		887		
Fixed assets outside Sweden				
Credit institutions				
Baltic Rim Fund Ltd, Jersey	750	10		4.97
Bank Handlowy*, shares	5,825,163	481		8.33
Bank Handlowy*, convertibles***	1,211,000	85		
Erste Bank Wien*	1,773,589	737		4.00
Sparebanken Midt-Norge*	598,300	128		9.97
Sparebanken Rogaland*	653,750	153		8.79
Sparebanken Nord-Norge*	632,350	107		9.82
Sparebanken Vest*	6,150	1		0.25
Other**		13		
Total		1,715		
Total		9,695		

The Bank SEK M	Number	Book value 1999	% of voting rights 1999
Current assets in Sweden			
Trading stock*		5,930	
Other			
Shares for protection of claims		7	
Total		5,937	
Fixed assets in Sweden			
Credit institutions			
HSB Bank AB	2,000	52	9.10
AB Svensk Exportkredit	74,200	273	10.59
Other			
OM Gruppen AB*	3,723,721	506	4.45
Skandrenting AB	97,250	17	4.60
Other**		5	
Condominiums		31	
Total		884	
Fixed assets outside Sweden			
Credit institutions			
Baltic Rim Fund Ltd, Jersey	750	10	4.97
Bank Handlowy*, shares	5,825,163	481	8.33
Bank Handlowy*, convertibles***	1,211,000	85	
Erste Bank Wien*	1,773,589	737	4.00
Sparebanken Midt-Norge*	598,300	128	9.97
Sparebanken Rogaland*	653,750	153	8.79
Sparebanken Nord-Norge*	632,350	107	9.82
Sparebanken Vest*	6,150	1	0.25
Other**		0	
Total		1,702	
Total		8,523	

The market value of the shares in OM Gruppen AB was SEK 689 M at year-end.

The market value of the shares and convertibles in Bank Handlowy was SEK 736 M at year-end.

The market value of the shares in Erste Bank was SEK 668 M at year-end.

The market value of the primary capital certificates in Sparebanken Midt-Norge was SEK 146 M at year-end.

The market value of the primary capital certificates in Sparebanken Rogaland was SEK 175 M at year-end.

The market value of the primary capital certificates in Sparebanken Nord-Norge was SEK 117 M at year-end.

The market value of the primary capital certificates in Sparebanken Vest was SEK 1 M at year-end.

* These companies are listed; the others are not. All holdings in the trading stock are listed.

** A specification can be obtained from FöreningsSparbanken AB, Group Accounting.

*** After conversion, corresponds to 1.3 percent of the capital.

note 20 – shares and participating interests in associated companies

SEK M	Group		The Bank	
	1999	1998	1999	1998
Fixed assets in Sweden				
Credit institutions	2,165	3,185	1,933	3,243
Other associated companies	3		1	
Total	2,168	3,185	1,934	3,243

Group SEK M	Number	Book value 1999	% of voting rights 1999
Fixed assets in Sweden			
Credit institutions			
FöreningsSparbanken Sjuhärads AB	950,000	287	47.50
Share of profit according to equity method		25	
FöreningsSparbanken Söderhamn AB	256,000	62	40.00
Share of profit according to equity method		1	
VPC AB	147,900	270	24.65
Share of profit according to equity method		- 6	
Färs & Frosta Sparbank AB	1,478,700	257	30.00
Other			
Babs Paylink AB	490	1	49.00
Share of profit according to equity method		2	
Other		0	
Total		899	

NOTES

Fixed assets outside Sweden			
Credit institutions			
Aktia Sparbank Ab	8,600,000	190	24.39
Share of profit according to equity method		94	
SpareBanken 1 Gruppen	151,500	742	24.01
Share of profit according to equity method		- 4	
Indirectly owned associated companies		247	
Total		1,269	
Total		2,168	

The Bank SEK M	Number	Book value 1999	% of voting rights 1999
Fixed assets in Sweden			
Credit institutions			
FöreningsSparbanken Sjuhärads AB	950,000	287	47.50
Eskilstuna-Rekarne Sparbank AB*	865,000	125	50.00
FöreningsSparbanken Söderhamns AB	256,000	62	40.00
VPC AB	147,900	270	24.65
Färs & Frosta Sparbank AB	1,478,700	257	30.00
Other			
Babs Paylink AB	490	1	49.00
Other		0	
Total		1,002	
Fixed assets outside Sweden			
Credit institutions			
Aktia Sparbank Ab	8,600,000	190	24.39
SpareBanken 1 Gruppen	151,500	742	24.01
Total		932	
Total		1,934	

The share of voting rights of each company corresponds to the share of their equity.

Information on registered addresses and registration numbers can be found in the list of addresses.

* Eskilstuna Rekarne Sparbank AB is consolidated according to the proportional method.

note 21 – shares and participating interests in Group companies

SEK M	The Bank	
	1999	1998
For protection of claims		
Fixed assets		
Shares in Swedish credit institutions	12,598	12,598
Shares in credit institutions outside Sweden	7,333	119
Shares in other Swedish companies	3,359	3,463
Shares in other companies outside	16	16
Total	23,306	16,196

Group SEK M	Number	Book value 1999	% of voting rights 1999
Current assets			
For protection of claims			
Connecta SA in liquidation	219,695	0	100
Pamir Holding BV in liquidation	40	0	100
Total		0	

The Bank SEK M	Number	Book value 1999	% of voting rights 1999
Current assets			
For protection of claims			
Connecta SA in liquidation	219,695	0	100
Pamir Holding BV in liquidation	40	0	100
Total		0	
Fixed assets in Sweden			
Credit institutions			
AB Spintab	23,000,000	11,928	100
FöreningsSparbanken Finans AB	345,000	415	100
FöreningsSparbanken Företagskredit AB	200,000	120	100
FöreningsSparbanken Öland AB	780,000	135	60
Other			
FöreningsSparbanken Administration AB	10,000	7	100
Kundinkasso AB	50,000	5	100
Robur Kapitalförvaltning AB	10,000,000	1,946	100
SparFond Livförsäkrings AB	150,000	1,245	100
Sparia Försäkringsbolag AB	30,000	30	100
Mandamus AB	500	120	100
FöreningsSparbanken Juristbyrå AB	5,000	6	
Other		0	
Total		15,957	
Fixed assets outside Sweden			
Credit institutions			
Swedbank (Luxembourg) S.A	299,999	119	100
FI-Holding A/S *	597,000	4,491	59.7
AS Hansapank**	45,463,982	2,723	52.64
Other credit institutions			
Other			
Swedbank Securities Inc	100	16	100
Other		0	
Total		7,349	
Total		23,306	

* FöreningsSparbanken AB and the other shareholders of FI-Holding A/S have reached the following option agreement: As of 2001 the other shareholders of FI-Holding have the opportunity to sell up to 25 percent of their holdings to FöreningsSparbanken AB. As of 2002 they have the opportunity to sell up to 50 percent, as of 2003 up to 75 percent, and as of 2004 their entire holdings. The price will correspond to the shareholders' acquisition cost of the shares in FI-Holding – in total slightly over SEK 3 billion – appreciated by 4.5 percent annually. During the period 2003-2005 FöreningsSparbanken AB has the opportunity to buy other shareholders' holdings in FI-Holding at a price corresponding to their acquisition cost of the shares in FI-Holding A/S appreciated by 6 percent annually.

** Book value includes SEK 237.7 M, corresponding to the acquisition value of 5.1 percent of the voting rights sold to Bank Handlowy with so-called double options expiring in 2002.

Hansapank is a listed company and the market value of its shares was SEK 2,467 M at year-end.

All other shares are unlisted.

The share of the voting rights in each company corresponds to the share of their equity.

Information on registered addresses and registration numbers can be found in the list of addresses.

note 22 – intangible fixed assets

SEK M	Group		The Bank	
	1999	1998	1999	1998
Goodwill	7,646	4,129	1,758	1,859
Other	27	1	6	1
Total	7,673	4,130	1,764	1,860

SEK M	Group		The Bank	
	1999	1998	1999	1998
Acquisition value	8,707	4,853	2,025	2,020
added during the year	3,854	1,097	5	18
Accumulated amortization	- 1,034	- 723	- 261	- 160
of which, amortization during the year	359	- 294	- 102	- 101
Total	7,673	4,130	1,764	1,860

Specification of goodwill

Company	Year of acquisition	Acquisition value	Book value	Amortization period
Robur	1995	1,752	1,029	10
Föreningsbanken	1997	2,000	1,743	20
SparFond	1998	887	827	20
FI-Holding	1999	2,362	2,342	20
Hansapank	1999	1,277	1,205	20

note 23 – tangible assets

SEK M	Group		The Bank	
	1999	1998	1999	1998
Current assets				
Properties taken over to protect claims	19	25	12	19
Total	19	25	12	19
Fixed assets				
Equipment	1,883	1,245	1,457	1,154
Properties used in the Group's operations	467	2,787	22	2,592
Total	2,350	4,032	1,479	3,746
Total	2,369	4,057	1,491	3,765

Specification of tangible fixed assets

	Group		The Bank	
	1999	1998	1999	1998
Equipment, acquisition value				
Balance brought forward	3,008	3,093	2,663	2,724
Added during the year	1,464	827	833	739
Deducted during the year	- 566	- 912	- 430	- 800
Balance carried forward	3,906	3,008	3,066	2,663

	Group		The Bank	
	1999	1998	1999	1998
Equipment, accumulated depreciation				
Accumulated depreciation at beginning of year	1,763	2,296	1,509	2,012
Acquired accumulated depreciation	271			
Change in accumulated depreciation due to sales and disposals	- 446	- 840	- 298	- 772
Depreciation for the year	435	307	398	269
Accumulated depreciation at year-end	2,023	1,763	1,609	1,509

	Group		The Bank	
	1999	1998	1999	1998
Buildings used in operations, acquisition value, etc.				
Balance brought forward including revaluations	3,101	5,290	2,871	4,811
Added during the year	470	73		30
Depreciation for the year	- 2,974	- 2,262	- 2 843	- 1,970
Write-downs for the year	- 11			
Balance carried forward	586	3,101	28	2,871

	1999	1998	1999	1998
Tax assessment value	43	2,137	22	2,107

	Group		The Bank	
	1999	1998	1999	1998
Buildings used in operations, accumulated depreciation				
Accumulated depreciation at beginning of year	314	654	279	553
Acquired accumulated depreciation	75			
Change in accumulated depreciation due to sales and disposals	- 273	- 407	- 273	- 338
Depreciation for the year	3	67		64
Write-downs for the year	- 11			
Accumulated depreciation at year-end	108	314	6	279

note 24 – other assets

SEK M	Group		The Bank	
	1999	1998	1999	1998
Current assets				
Security settlement claims*	116	1,584	116	1,584
Derivatives*	22,383	17,185	17,617	16,319
Other assets**	4,108	6,533	1,252	1,842
Group contributions, shareholders' contributions			3,755	3,195
Total	26,607	25,302	22,740	22,940

	1999	1998	1999	1998
Of which				
in foreign currency	16,128	8,322	11,214	7,472

* Booked on the balance sheet according to current netting rules.

	1999	1998	1999	1998
Gross security settlement claims	3,826	4,039	3,826	4,039
Gross derivatives	23,922	17,769	19,156	16,903

** Repossessed leasing assets amounted to SEK 4 M (1).

Property taken over to protect claims SEK 71 M in Group.

note 25 – derivatives

Group, 1999

Derivatives with positive fair values or nil value**Derivatives reported wholly or in part on the balance sheet**

SEK M	Interest-rate-related			Currency-related			Equity-related			Other	
	Fair value	Book value	Nominal value	Fair value	Book value	Nominal value	Fair value	Book value	Nominal value	Fair value	Nominal value
Options held	13	13	562	26	26	986	2,993	1,742	9,636		
Forward contracts with positive value	610	610	505,792	8,366	8,366	230,022	105	105	1,483		
Swaps with positive value	7,139	5,853	199,740	9,904	5,413	79,253					
Other derivatives with positive value	45	45	8,686							4	4
Total	7,807	6,521	714,780	18,296	13,805	310,261	3,098	1,847	11,119	4	5
of which, cleared	249	249					190	190			

Derivatives not reported on the balance sheet

Forward contracts with positive value	88		2,147	99		2,536					
Other derivatives with positive value											
Total	88		2,147	99		2,536					
of which, cleared	1										
Total	7,895	6,521	716,927	18,395	13,805	312,797	3,098	1,847	11,119	4	5
of which, cleared	250	249					190	190			

The unrealized gain on positive derivatives deferred due to hedge accounting is SEK 7,215 M.

Derivatives with negative fair values**Derivatives reported wholly or in part on the balance sheet**

Options issued				19	19	974	3,447	2,197	8,825		
Forward contracts with negative value	685	685	534,853	6,547	6,547	215,328	145	145	1,491		
Swaps with negative value	7,448	7,019	245,063	2,608	2,631	50,926					
Other derivatives with negative value	125	125	11,190				82	82	82	0	2
Total	8,258	7,829	791,106	9,174	9,197	267,228	3,674	2,424	10,398	0	2
of which, cleared	250	250					190	190			

Derivatives not reported on the balance sheet

Forward contracts with negative value	13		575	6		860					
Other derivatives with negative value											
Total	13		575	6		860					
of which, cleared	4										
Total	8,271	7,829	791,681	9,180	9,197	268,088	3,674	2,424	10,398	0	2
of which, cleared	254	250					190	190			

The unrealized loss on negative derivatives deferred due to hedge accounting is SEK 1,675 M.

The note does not include the options on FI-Holding. For information on them, refer to Note 21.

The Bank, 1999

Derivatives with positive fair values or nil value**Derivatives reported wholly or in part on the balance sheet**

SEK M	Interest-rate-related			Currency-related			Equity-related			Other	
	Fair value	Book value	Nominal value	Fair value	Book value	Nominal value	Fair value	Book value	Nominal value	Fair value	Nominal value
Options held	10	10	462	26	26	986	2,939	1,688	9,539		
Forward contracts with positive value	606	606	513,564	8,366	8,366	230,659	105	105	1,483		
Swaps with positive value	5,003	4,931	147,559	3,247	2,226	30,124					
Other derivatives with positive value	45	45	8,686							4	4
Total	5,664	5,592	670,271	11,639	10,618	261,769	3,044	1,793	11,022	4	4
of which, cleared	249	249					190	190			

Derivatives not reported on the balance sheetForward contracts with positive value
Other derivatives with positive value

Total											
of which, cleared											
Total	5,664	5,592	670,271	11,639	10,618	261,769	3,044	1,793	11,022	4	4
of which, cleared	249	249					190	190			

The unrealized gain on positive derivatives deferred due to hedge accounting is SEK 2,344 M.

Derivatives with negative fair values**Derivatives reported wholly or in part on the balance sheet**

Options issued				17	17	928	3,420	2,170	8,697		
Forward contracts with negative value	682	682	534,343	7,048	7,048	232,336	145	145	1,491		
Swaps with negative value	6,067	5,716	197,316	1,288	1,288	26,141					
Other derivatives with negative value	125	125	10,845							0	0
Total	6,874	6,523	742,504	8,353	8,353	259,405	3,565	2,315	10,188	0	0
of which, cleared	249	249					190	190			

Derivatives not reported on the balance sheetForward contracts with negative value
Other derivatives with negative value

Total											
of which, cleared											
Total	6,874	6,523	742,504	8,353	8,353	259,405	3,565	2,315	10,188	0	0
of which, cleared	249	249					190	190			

The unrealized loss on negative derivatives deferred due to hedge accounting is SEK 1,601 M.

The note does not include the options on FI-Holding. For information on them, refer to Note 21.

note 26 – prepayments and accrued income

SEK M	Group		The Bank	
	1999	1998	1999	1998
Accrued interest income	5,799	5,947	2,350	3,022
Prepayments and accrued income	1,384	1,697	1,096	4,102
Total	7,183	7,644	3,446	7,124
of which				
in foreign currency	2,129	610	718	629

note 27 – amounts owed to credit institutions

SEK M	Group		The Bank	
	1999	1998	1999	1998
Swedish banks	40,724	49,409	39,264	49,277
Other Swedish credit institutions	5,117	3,764	12,565	12,987
Total	45,841	53,173	51,829	62,264
Foreign banks	82,107	67,582	70,160	68,873
Other foreign credit institutions				
Total	82,107	67,582	70,160	68,873
Total	127,948	120,755	121,989	131,137
of which				
in foreign currency	53,386	36,231	40,677	36,614
Group companies			7,358	12,352
associated companies	287	756	287	756
Summary of maturities				
SEK M				
Remaining maturity				
Payable on demand	41,459	26,721	23,433	26,623
≤ 3 months	70,874	81,647	83,191	93,587
> 3 months – 1 year	13,000	11,106	14,909	10,857
> 1 year – 5 years	1,669	1,281	446	70
> 5 years	946		10	0
Total	127,948	120,755	121,989	131,137
Average remaining maturity	0.3 years	0.2 years	0.2 years	0.2 years

note 28 – deposits and borrowings from the public

SEK M	Group		The Bank	
	1999	1998	1999	1998
Deposits in SEK				
Swedish public	187,312	179,282	185,905	177,883
Foreign public	992	1,192	243	317
Other	4,848	5,297	5,243	5,332
Total	193,152	185,771	191,391	183,532
Deposits in foreign currency	17,384	4,088	6,148	3,768
Total	210,536	189,859	197,539	187,300
Borrowings in SEK	1	115		8
Borrowings in foreign currency		381		
Total	1	496		8
Total	210,537	190,355	197,539	187,308
of which				
Group companies			1,184	864
Deposits				
Summary of maturities				
SEK M				
Remaining maturity				
Payable on demand	185,559	178,026	176,436	175,467
≤ 3 months	21,577	10,054	19,282	10,054
> 3 months – 1 year	2,194	533	761	533
> 1 year – 5 years	1,156	1,246	1,010	1,246
> 5 years	50		50	
Total	210,536	189,859	197,539	187,300
Average remaining maturity	0.0 years	0.0 years	0.0 years	0.0 years

NOTES

Borrowings				
Summary of maturities	Group		The Bank	
SEK M	1999	1998	1999	1998
Remaining maturity				
Payable on demand				
≤ 3 months	1	189		
> 3 months – 1 year		99		
> 1 year – 5 years		202		2
> 5 years		6		6
Total	1	496		8
Average remaining maturity	0.2 years	1.6 years		10.1 years

note 29 – debt securities in issue

SEK M		Group		The Bank	
		1999	1998	1999	1998
Promissory notes in issue					
Commercial papers		53,661	15,988	17,725	5,567
Certificates in foreign currency		7,402	11,549	7,402	11,549
Certificates in SEK		22,107	31,095	156	8,661
Bond loans		254,456	230,365	14,073	9,601
Other		6,456	1,781	1,150	1,150
Total		344,082	290,778	40,506	36,528
of which					
in foreign currency		149,204	77,436	35,472	22,495
Group companies					
Summary of maturities		Group		The Bank	
SEK M		1999	1998	1999	1998
Remaining maturity					
≤ 1 year		157,117	118,477	32,777	27,996
> 1 year – 5 years		155,563	152,680	7,616	8,372
> 5 years – 10 years		29,865	14,384	112	159
> 10 years		1,537	5,237	1	1
Total		344,082	290,778	40,506	36,528
Average remaining maturity		2.3 years	2.1 years	0.7 years	0.7 years

note 30 – other liabilities

SEK M		Group		The Bank	
		1999	1998	1999	1998
Own tax liabilities		550	204	536	139
Security payment liabilities*		654	193	654	193
Liability, stock loans		1,521	1,543	1,521	1,543
Derivatives**		21,406	19,791	17,794	18,465
Group contributions, shareholders' contributions				205	2,978
Other		13,673	10,873	11,580	7,412
Total		37,804	32,604	32,290	30,730
of which					
in foreign currency		12,925	8,600	9,725	7,016
Booked on the balance sheet according to current netting rules.					
* Gross security payment liabilities		4,537	2,648	4,537	2,648
** Gross derivatives		22,945	20,375	19,333	19,049

note 31 – accruals and deferred income

SEK M		Group		The Bank	
		1999	1998	1999	1998
Accrued interest		7,248	7,004	1,711	441
Accruals and deferred income		3,798	4,621	1,617	2,829
Total		11,046	11,625	3,328	3,270
of which					
in foreign currency		3,723	1,073	1,431	249

note 32 – provisions

SEK M	Group		The Bank	
	1999	1998	1999	1998
Provisions for pensions	26	30	10	11
Provisions for taxes				
Deferred tax	2,113	1,554	- 2	221
Other taxes	273	241		
Other provisions	160	86	23	86
Total	2,572	1,911	31	318

The Bank's and Group's pension commitments are covered by insurance, pension funds or provisions on the balance sheet to a Provision for pensions reserve.

Other allocations include provisions for guarantees of SEK 35 M (86) in the Group and SEK 23 M (86) in the Bank.

note 33 – subordinated liabilities

SEK M	Group		The Bank	
	1999	1998	1999	1998
Subordinated liabilities	10,892	8,662	6,576	6,582
Undated subordinated liabilities	14,086	15,948	8,628	10,488
Other	374	144		
Total	25,352	24,754	15,204	17,070
of which				
in foreign currency	22,259	21,091	13,186	14,508

Expenses for subordinated liabilities are reported in Note 1.

Liability conditions are approved by the Swedish Financial Supervisory Authority. No single liability accounts for more than 10 percent of the sum total of the subordinated liabilities.

Specification of subordinated liabilities, the Bank

Fixed-term subordinated liabilities

Maturity	Currency	Nominal amount	Book amount in SEK M	Coupon interest rate (%)
1985/2000	SEK	1	1	11.95
1985/2000	SEK	1	1	11.95
1986/2001	SEK	2	2	12.25
1990/2001	SEK	30	30	Variable
1990/2001	SEK	30	30	Variable
1990/2001	SEK	200	200	13.30
1991/2001	SEK	50	50	11.94
1991/2001	SEK	7	6	Zero-coupon bond
1991/2001	SEK	4	3	Zero-coupon bond
1991/2001	SEK	622	515	Zero-coupon bond
1992/2002	USD	20	170	9.05
1996/2003	USD	100	853	Variable
1992/2006	SEK	919	510	Zero-coupon bond
1993/2008	SEK	216	90	Zero-coupon bond
1998/2008	FRF	1,000	1,289	5.50
1998/2008	FRF	400	536	5.50
1999/2009	EUR	200	1,710	Variable
1994/2010	SEK	1,301	469	Zero-coupon bond
1989/2019	SEK	111	111	11.00
Total			6,576	

Undated subordinated liabilities

Maturity	Right to prepayment for FöreningsSparbanken	Currency	Nominal amount	Book amount in SEK M	Coupon interest rate (%)
1995/undated	2000	USD	100	853	Variable
1995/undated	2002	JPY	10,000	828	3.60
1995/undated	2002	USD	125	1,065	Variable
1996/undated	2011	JPY	10,000	835	4.35
1996/undated	2006	USD	150	1,253	7.50
1996/undated	2001	USD	100	853	Variable
1997/undated	2012	USD	50	426	8.01
1997/undated	2007	USD	50	426	7.74
1997/undated	2012	USD	200	1,673	7.50
1998/undated	2028	JPY	5,000	416	5.00
Total				8,628	

note 34 – untaxed reserves

Change in untaxed reserves

The Bank, 1999

SEK M	Opening balance	Allocation	Closing balance
Accumulated accelerated depreciation, equipment	129	89	218
Allocation to tax allocation reserve*	3,426	1,311	4,737
Total	3,555	1,400	4,955

* Specification of allocations

Allocated 1995	264
Allocated 1996	1,208
Allocated 1997	1,088
Allocated 1998	866
Allocated 1999	1,311

note 35 – shareholders' equity

SEK M	Group		The Bank	
	1999	1998	1999	1998
Restricted equity				
Subscribed capital	10,556 *	7,037	10,556 *	7,037
Share premium reserve	3,530	7,049	3,530	7,049
Legal reserve	5,484	5,483	2,638	2,638
Reserve for unrealized gains	19	396		404
Other reserves	5,023	3,796		
Total reserves	14,056	16,724	6,168	10,091
Non-restricted equity				
Profit brought forward	1,803	458	2,295	- 1,744
Profit for the financial year	4,592	4,619	3,420	6,136
Total	31,007	28,838	22,439	21,520

* 527,808,843 shares at a par value of SEK 20

Group SEK M	Subscribed capital	Restricted reserves	Non-restricted reserves	Profit for financial year	Total
Balance brought forward	7,037	16,724	458	4,619	28,838
Bonus issue	3,519	- 3,519			
Transfer between restricted and non-restricted equity		849	3,770	- 4,619	
Dividend			- 2,463		- 2,463
Translation difference		2	38		40
Profit for the financial year				4,592	4,592
Balance carried forward	10,556	14,056	1,803	4,592	31,007

The Bank SEK M	Subscribed capital	Share premium reserve	Legal reserve	Reserve for unrealized gains	Profit brought forward	Profit for financial year	Total
Balance brought forward	7,037	7,049	2,638	404	- 1,744	6,136	21,520
Bonus issue	3,519	- 3,519					
Profit disposition according to decision of AGM					6,136	- 6,136	
Dividend					- 2,463		- 2,463
Transfer between restricted and non-restricted equity				- 404	404		
Group contributions paid					- 53		- 53
Tax reduction due to Group contributions paid					15		15
Profit for the financial year						3,420	3,420
Balance carried forward	10,556	3,530	2,638		2,295	3,420	22,439

Specification of reserve for unrealized gains

SEK M	Group		The Bank	
	1999	1998	1999	1998
Balance sheet item				
Bonds	- 2	387		404
Shares and participating interests	21	9		
Total	19	396		404

note 36 – assets pledged for own liabilities

SEK M	Group		The Bank	
	1999	1998	1999	1998
Assets pledged for own liabilities, book amount				
Real estate mortgages, nominal amount	0	0	0	0
Government securities and bonds pledged for liabilities, credit institutions	44,535	51,943	44,535	51,943
Government securities and bonds pledged for deposits from the public	4,523	6,641	4,523	6,641
Other pledges	238	278	238	238
Government securities and bonds pledged with Sveriges Riksbank	19,720	20,854	19,720	20,854
Loans pledged for certain outstanding bonds	184	235		
Total	69,200	79,951	69,016	79,676

note 37 – other assets pledged

SEK M	Group		The Bank	
	1999	1998	1999	1998
Other assets pledged, book amount				
Shares pledged for stock loans	8,605	2,416	8,605	2,416
Government securities and bonds pledged for other liabilities	7,027	2,165	6,877	5,048
Assets registered for insurance policyholders	38,815	18,101		
Total	54,447	22,682	15,482	7,464

note 38 – contingent liabilities

SEK M	Group		The Bank	
	1999	1998	1999	1998
Contingent liabilities, nominal amount				
Loan guarantees	5,414	5,353	7,153	5,440
Other guarantees	7,338	6,756	6,963	6,736
Accepted and endorsed notes	127	335	127	335
Letters of credit granted but not utilized	1,440	926	1,426	926
Other contingent liabilities	257	324	77	328
Total	14,576	13,694	15,746	13,765
Provision for anticipated loan losses	- 35	- 86	- 23	- 86

note 39 – commitments

SEK M	Group		The Bank	
	1999	1998	1999	1998
Commitments, nominal amount				
Commercial paper and certificate programs	426	403	426	403
Other interest-, equity- or currency-related contracts	2,114,407	1,838,876	1,958,557	1,782,136
Loans granted but not utilized	30,011	24,601	23,083	23,645
Overdraft facilities granted but not utilized	36,619	33,757	36,718	34,829
Total	2,181,463	1,897,637	2,018,784	1,841,013

note 40 – capital adequacy analysis

I. Calculation of total capital base

SEK M	Financial companies group		The Bank	
	1999	1998	1999	1998
Primary capital (net)	26,785	23,625	21,452	19,666
Supplementary capital	22,486	23,266	14,090	15,505
Settlement, equities, etc.	- 3,650	- 1,970	- 3,060	- 1,970
Expanded portion of capital base in foreign subsidiary	854			
Total	46,475	44,921	32,482	33,201

II. Calculation of risk-weighted amount with regard to credit risks

SEK M	Financial companies group		The Bank	
	1999	1998	1999	1998
On-balance sheet items				
Group A – 0%	0	0	0	0
Group B – 20%	16,167	12,487	13,831	11,098
Group C – 50%	147,463	146,070	15,687	19,644
Group D – 100%	246,623	191,786	137,953	138,605

Off-balance sheet items	Financial companies group		The Bank	
	1999	1998	1999	1998
Group A – 0%	0	0	0	0
Group B – 20%	3,654	3,350	1,131	2,247
Group C – 50%	557	1,802	221	1,578
Group D – 100%	15,508	15,879	15,392	14,299
Total	429,972	371,374	184,215	187,471

III. Calculation of risk-weighted amount with regard to market risks

SEK M	1999	1998	1999	1998
Risk-weighted amount for interest rate risks	7,355	5,887	3,842	5,527
of which, specific risks	3,067	1,511	1,075	1,259
of which, general risks	4,288	4,376	2,767	4,268
Risk-weighted amount for share price risks	529	4,610	216	4,552
of which, specific risks	262	1,996	151	1,975
of which, general risks	267	2,614	65	2,577
Risk-weighted amount for liquidation risks	37	30	37	30
Risk-weighted amount for counterparty risks and other risks	6,822	3,419	6,266	3,419
Risk-weighted amount for currency risks	2,573	1,111	1,446	1,325
Total	17,316	15,057	11,807	14,853

IV. Calculation of total capital adequacy ratio

SEK M	1999	1998	1999	1998
Total capital base	46,475	44,921	32,482	33,201
Total risk-weighted amount for credit risks and market risks	447,288	386,431	196,022	202,324
Total capital adequacy ratio, percent	10.4	11.6	16.6	16.4
Primary capital ratio, percent	6.0	6.1	10.9	9.7

Specification of II.

Financial companies group

SEK M	1999			1998		
	Total investments	Risk-weighted amount		Total investments	Risk-weighted amount	
On-balance sheet items						
Group A – 0%	161,584	0		163,848	0	
Group B – 20%	80,834	16,167		62,436	12,487	
Group C – 50%	294,925	147,463		292,140	146,070	
Group D – 100%	246,623	246,623		191,786	191,786	
Off-balance sheet items	Nominal amount	Converted amount	Risk-weighted amount	Nominal amount	Converted amount	Risk-weighted amount
Group A – 0%	66,291	1,892	0	3,298	819	0
Group B – 20%	240,260	18,274	3,654	511,256	16,752	3,350
Group C – 50%	16,491	1,114	557	92,724	3,604	1,802
Group D – 100%	27,058	15,508	15,508	26,439	15,879	15,879
Total			429,972			371,374

The Bank

SEK M	1999			1998		
	Total investments	Risk-weighted amount		Total investments	Risk-weighted amount	
On-balance sheet items						
Group A – 0%	165,979	0		165,087	0	
Group B – 20%	69,156	13,831		55,489	11,098	
Group C – 50%	31,374	15,687		39,288	19,644	
Group D – 100%	137,953	137,953		138,605	138,605	
Off-balance sheet items	Nominal amount	Converted amount	Risk-weighted amount	Nominal amount	Converted amount	Risk-weighted amount
Group A – 0%	56,297	443	0	16,339	1,035	0
Group B – 20%	59,375	5,654	1,131	422,230	11,239	2,247
Group C – 50%	5,573	441	221	87,155	3,156	1,578
Group D – 100%	24,779	15,392	15,392	24,214	14,299	14,299
Total			184,215			187,471

note 41 – disclosure of financial income and expenses and premium income and expenses for insurance and reinsurance attributable to the Bank and with regard to other companies within the Group as well as information on subordinated assets

SEK M	1999
Received from other Group companies:	
Financial income	1,957
Premium income for insurance and reinsurance	229
Paid to other Group companies:	
Financial expenses	645
Premium expenses for insurance and reinsurance	21

Subordinated assets

The total volume of assets which the Bank may own in accordance with chap. 2 § 15 of the Swedish Banking Act amounts to 30 percent of the capital base. Thus, the limit for such assets is SEK 9,745 M. Assets of this type amounted to SEK 948 M on December 31, 1999.

note 42 – summary of material differences between generally accepted accounting principles in Sweden and the U.S

Marketable securities

Marketable securities include a trading portfolio and securities held as protection against interest rate risks in fixed rate funding. Securities held as protection against interest rate risks are stated at amortized cost, while the trading portfolio is marked to market. According to U.S. GAAP, marketable securities are classified as marked to market, trading or available for sale. Interest-bearing securities intended to be held to maturity are stated at amortized cost. Securities, including derivatives, currently traded are marked to market with the change in market value included in reported earnings. Other securities are stated in the balance sheet at market with the change in market value during the holding period reported as a separate component of equity without being included in reported earnings. When these securities are sold, the realized gain or loss is included in reported earnings.

Repurchase of own bonds

Price differences realized as a result of the repurchase of the company's own bonds are amortized over the remaining maturity of these securities. According to U.S. GAAP, such differences are recognized in their entirety when they arise.

Interest income compensation from loan prepayments

Interest income compensation received when loans are prepaid is accrued over the remaining maturity of the loans. According to U.S. GAAP, such interest income compensation is recognized in its entirety when it arises.

Accounting for Robur Kapitalförvaltning

In 1994 90 percent of the shares of the subsidiary Robur Kapitalförvaltning was sold to jointly owned banks and independent savings banks with an option to repurchase these shares in 1997 at the latest. In 1995 these shares were repurchased. According to U.S. GAAP, the income recognized on this sale should not be included in shareholders' equity as their risks and reward were not, in substance, transferred to the buyers.

Write-down of acquired property

In connection with the acquisition of Föreningsbanken, certain assets were written down based on a discounting of future cash flows. According to U.S. GAAP, such write-downs should not be made if the nominal value of future cash flows exceeds book value. The write-down would be accounted for as goodwill and amortized using a declining balance depreciation method over 20 years.

Sale and leaseback of properties

Leases ranging between 3-10 years were signed on certain properties sold in 1999. According to U.S. GAAP, the reported gain on the property sale is reduced by the present value of the contracted rents.

The application of the above U.S. GAAP would have had the following effect on the profit and shareholders' equity of FöreningsSparbanken:

SEK M	1999	1998
Profit for the financial year according to Swedish GAAP	4,592	4,619
Reporting of securities	251	- 50
Repurchase of own bonds	39	- 408
Interest income compensation	- 71	60
Reporting of gain on sale of subsidiary	175	173
Write-down of acquired property	- 338	- 363
Sale and leaseback of properties	- 984	
Deferred tax on the above adjustments	214	111
Estimated profit for the financial year according to U.S. GAAP	3,878	4,142
SEK M	1999	1998
Shareholders' equity according to Swedish GAAP	31,007	28,838
Reporting of securities	178	408
Repurchase of own bonds	- 520	- 559
Interest income compensation	971	1,042
Reporting of gain on sale of subsidiary	- 1,029	- 1,205
Write-down of acquired property	1,965	2,303
Sale and leaseback of properties	- 984	
Deferred tax on the above adjustments	99	- 249
Estimated shareholders' equity according to U.S. GAAP	31,687	30,578

The application of U.S. GAAP would not have significantly affected the reported balance sheet items in FöreningsSparbanken.

note 43 – disclosure of fair value

In accordance with the provisions of the Swedish Financial Supervisory Authority, credit institutions are obligated to provide a comparison of the book and fair values of balance sheet items. The table compares the book and fair values of asset and liability items that are not booked at fair value. The line on the balance sheet where each item belongs is indicated. The book value of current assets reported on the balance sheet at fair value is shown in the table as two lump sums, one for assets and one for liabilities.

Comparison between the book and fair value of the Group's assets and liabilities.

Assets SEK billion	Book value	1999 Fair value	Difference
Assets not reported at fair value on the balance sheet			
Financial instruments			
Interest-bearing			
Treasury bills and other bills eligible for refinancing with central banks			
Current assets – reported as hedges	0.5	0.7	0.2
Bonds and interest-bearing securities			
Current assets – reported as hedges	0.0	0.0	0.0
Fixed assets	4.6	4.6	0.0
Other assets			
Swaps – reported as hedges*	5.3	7.0	1.7
Other current assets reported as hedges	0.6	1.9	1.3
Shares/participating interests			
Fixed assets	2.6	2.9	0.3
Loans			
Loans to credit institutions	104.5	104.5	0.0
Loans to the public	569.4	569.5 – 574.1	0.1 – 4.7
Real estate			
Tangible assets	0.5	0.5	0.0
Profit brought forward, discontinued hedge accounting			
Accruals and deferred income	0.0	0.0	0.0
Assets reported at fair value on the balance sheet			
Current assets	133.9	133.9	
Other	11.7	11.7	
Total	833.6	837.2 – 841.8	3.6 – 8.2
Liabilities SEK M	Book value	1999 Fair value	Difference
Liabilities not reported at fair value on the balance sheet			
Financial instruments			
Tangible assets			
Interest-bearing			
Debt securities in issue	344.1	342.1	- 2.0
Other liabilities			
Swaps – reported as hedges*	2.7		- 2.7
Other current assets reported as hedges	0.6	1.9	1.3
Others valued at acquisition value	31.5	31.5	0.0
Subordinated liabilities	25.4	27.9	2.5
Deposits and borrowings			
Amounts owed to credit institutions	127.9	128.0	0.1
Deposits and borrowings from the public	210.5	210.5	0.0
Profit brought forward, discontinued hedge accounting			
Accruals and deferred income			0.0
Liabilities reported at fair value on the balance sheet			
Current assets with negative value	55.1	55.1	
Other	4.8	4.8	
Total	802.6	801.8	- 0.8

* The fair value of swaps reported as hedges is reported net under assets.

It has not been considered meaningful to include a special calculation of the fair value of shares that constitute fixed assets but are not publicly listed. The same decision was made in the case of the following items: intangible assets, provisions and equipment. In the table, the fair value of these items has therefore been equated with book value.

Financial instruments

In the table, financial instruments are divided into the categories fixed assets and current assets reported as hedges. Hedge accounting is applied when current assets are held to offset market risks in assets and liabilities reported at acquisition value on the balance sheet. Current assets reported as hedges are taken up on the balance sheet at (accrued) acquisition value. If the hedge is effective, any decline in the value of the protected item is compensated by a corresponding increase in the value of the protecting position, and vice versa. To the extent the fair value of the hedged instrument deviates from its book value, this deviation is offset by an equivalent deviation in the opposite direction between the book value and fair value of the protected position. Financial instruments that constitute current assets and are not reported as hedges are taken up on the balance sheet at fair value. The fair value of other financial instruments (assets or liabilities) is calculated in the same way as the value of these current assets. This means that to the extent listed market prices exist for

assets and liabilities, fair value is calculated on the basis of the median price when the market closed on December 31, 1999. For OTC instruments, the calculation of fair value is based on prices of comparable listed instruments. The double options in FI-Holding described in Note 21 have not been taken into account, since their fair value cannot be determined.

Deposits and loans

Variable rate deposits and loans are valued at nominal amounts. The fair value of deposits and loans with fixed interest rates has been calculated by discounting future contracted cash flows during the fixed interest period. The calculation therefore does not include an estimation of the value represented by future margins that have not been stipulated in advance on deposits and loans. When calculating the fair value of the Bank's fixed rate deposits, discounting has been applied with the Bank's estimated financing expense. This corresponds to the interest rates in the deposit market for maturities of up to one year and by the interest rates on Spintab's so-called benchmark bonds for longer maturities.

The fair value of the Group's fixed rate loans has been stated in the form of an interval. The lower end of the interval is calculated by discounting the loan portfolio's contracted cash flow with the new loan rates for various maturities applied at the end of 1999. The high end is calculated by discounting the loan portfolio's contracted cash flow with the Group's funding rate for various maturities. According to the instructions of the Swedish Financial Supervisory Authority, the discount rate selected should reflect both the loan's interest fixing period and the market's valuation of the credit risk in each loan. The discount rate should also reflect a potential buyer's cost to administer the loans and its required return on invested risk capital. In FöreningsSparbanken's opinion, too many subjective considerations come into play in determining such an interest level. Since there is practically no trading in loan portfolios in Sweden, it is also likely that opinions of what constitutes a correct level will differ among experts. Therefore, instead of using a fair value figure, the Bank has chosen to use the above-mentioned interval, which is based on easily explained, fairly objective discount rates.

Profit brought forward realized by discontinuing hedge accounting

If hedge accounting is discontinued when the protecting position is realized at the same time that the protected position remains on the balance sheet and is reported at acquisition value, the capital gain or loss is accrued over the remaining maturity of the protected position. Realized gains that have not been entered as profit are reported on the balance sheet as deferred income, while realized losses that have not been entered as expenses are reported as prepayments. Since these items do not represent an actual receivable from, or liability to, an outside party, the fair value of the items is SEK 0.

note 44 – interest fixing periods

The Group's interest-bearing assets and liabilities including interest-related derivatives distributed by interest fixing periods.

	<= 3 mos.	3 mos. – 1 yr.	1 yrs. – 2 yrs.	2 yrs. – 3 yrs.	3 yrs. – 4 yrs.	4 yrs. – 5 yrs.	5–10 yrs.	>10 yrs.	Total
Assets, nominal value, SEK M									
Loans to credit institutions	99,211	4,563	253	237	188	63	1		104,516
Loans to the public	244,468	76,217	69,400	51,032	44,815	38,598	35,324	9,555	569,409
Financial fixed assets	272	3,224	1,422	263	759	111	111	3	6,165
Financial current assets	25,436	11,742	2,602	1,287	4,957	1,302	4,778	45	52,149
Total assets	369,387	95,746	73,677	52,819	50,719	40,074	40,214	9,603	732,239
Liabilities, nominal value, SEK M									
Amounts owed to credit institutions	106,132	18,663	1,016	599	637	339	562		127,948
Deposits and borrowings from the public	207,387	1,999	720	169	157	103	1	1	210,537
Debt securities in issue and subordinated liabilities	135,238	57,869	61,256	31,367	28,526	22,770	20,082	11,439	368,547
Total liabilities	448,757	78,531	62,992	32,135	29,320	23,212	20,645	11,440	707,032
Net	- 79,370	17,215	10,685	20,684	21,399	16,862	19,569	- 1,837	25,207
Derivatives, nominal value, net*	47,472	- 6,511	- 3,826	- 10,626	- 9,573	- 6,809	- 10,593	2,508	2,042
Net, including derivatives	- 31,898	10,704	6,859	10,058	11,826	10,053	8,976	671	27,249

* For options, delta-weighted nominal amounts are used.

note 45 – currency distribution

Group 1999					
SEK M	SEK	Euro	USD	Other	Total
Assets					
Loans to credit institutions	80,348	5,395	14,526	4,247	104,516
Loans to the public	494,241	12,268	16,285	46,615	569,409
Interest-bearing securities	41,713	3,026	6,741	6,948	58,428
Other assets, not distributed	101,226				101,226
Total	717,528	20,689	37,552	57,810	833,579
Liabilities					
Amounts owed to credit institutions	74,562	11,924	33,153	8,309	127,948
Deposits and borrowings from the public	193,153	1,631	7,871	7,882	210,537
Interest-bearing securities	197,971	41,148	91,819	38,496	369,434
Other liabilities, not distributed	125,660				125,660
Total	591,346	54,703	132,843	54,687	833,579
The Bank 1999					
SEK M	SEK	Euro	USD	Other	Total
Assets					
Loans to credit institutions	115,394	4,421	12,907	2,814	135,536
Loans to the public	174,593	3,102	10,792	2,675	191,162
Interest-bearing securities	34,313	2,789	7,154		44,256
Other assets, not distributed	67,327				67,327
Total	391,627	10,312	30,853	5,489	438,281
Liabilities					
Amounts owed to credit institutions	81,312	7,330	28,283	5,064	121,989
Deposits and borrowings from the public	191,391	542	4,994	612	197,539
Interest-bearing securities	7,052	3,535	40,949	4,174	55,710
Other liabilities, not distributed	63,043				63,043
Total	342,798	11,407	74,226	9,850	438,281
Group 1998					
SEK M	SEK	Euro	USD	Other	Total
Assets					
Loans to credit institutions	55,331	1,749	10,522	3,860	71,462
Loans to the public	493,177	7,175	13,714	2,843	516,909
Interest-bearing securities	56,256	298	3,395	273	60,222
Other assets, not distributed	71,355				71,355
Total	676,119	9,222	27,631	6,976	719,948
Liabilities					
Amounts owed to credit institutions	84,524	9,006	22,095	5,130	120,755
Deposits and borrowings from the public	185,886	169	3,742	558	190,355
Interest-bearing securities	217,005	15,740	66,803	15,984	315,532
Other liabilities, not distributed	93,306				93,306
Total	580,721	24,915	92,640	21,672	719,948
The Bank 1998					
SEK M	SEK	Euro	USD	Other	Total
Assets					
Loans to credit institutions	75,486	1,426	10,855	3,806	91,573
Loans to the public	186,259	7,118	13,583	2,798	209,758
Interest-bearing securities	60,286	298	6,028	273	66,885
Other assets, not distributed	63,220				63,220
Total	385,251	8,842	30,466	6,877	431,436
Liabilities					
Amounts owed to credit institutions	94,523	8,859	22,660	5,095	131,137
Deposits and borrowings from the public	183,540		3,678	90	187,308
Interest-bearing securities	16,595	2,013	30,195	4,795	53,598
Other liabilities, not distributed	59,393				59,393
Total	354,051	10,872	56,533	9,980	431,436

The distribution between currencies in the table above is not representative of the Bank's currency exposure. The Group obtains financing in the currencies that offer the most favorable terms at the time. The loans can then be exchanged to other currencies through transactions in the derivative market, which is why the table above does not accurately reflect exposure to exchange rate risks.

note 46 – specification of adjustments for non-cash items in operating activities

SEK M	Group		The Bank	
	1999	1998	1999	1998
Tax paid	- 1,081	- 1,802	- 1,070	- 1,733
Settlement of pensions	70	44	62	42
Unrealized changes in value/currency changes	169	- 152	169	- 124
Capital gains on financial fixed assets	- 15	- 575	- 2	- 575
Capital gains on property and equipment	- 1,359	- 1,331	- 1,411	- 1,389
Share of capital of associated companies	- 165	- 44		
Depreciation and write-down of tangible fixed assets	438	374	399	333
Depreciation and write-down of financial fixed assets			65	44
Amortization of goodwill	359	294	101	101
Write-down of loans	1,350	1,414	1,035	963
Allocation to insurance reserve	452	44		
Dividend, Group companies*			2,100	- 3,069
Accrued income and prepayments	2,045	- 1,610	1,016	- 1,763
Accruals and deferred income	- 2,209	- 346	57	911
Other	- 180	- 277	- 219	- 286
Total	- 126	- 3,967	2,302	- 6,545

* Refers to net between the unreceived dividend reported as income for the financial year and the dividend received during the year for the previous financial year.

Proposed disposition of profit

SEK M

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

Profit for the financial year	3,420
Profit brought forward	2,295
Total available	5,715
The Board of Directors recommends:	
Dividend to shareholders:	
Cash	- 2,639
To be carried forward	3,076

The Group's non-restricted earnings thereafter amount to SEK 3,756 M. The proposed allocation to restricted reserves in Group companies is SEK 48 M.

Board of Directors

Following the Annual General Meeting of 1999, the Board of Directors consisted of the following members: Göran Ahlström, Tore Andersson, Göran Collert, Bo Dockered, Bo Forslund, Reinhold Geijer, Birgitta Johansson-Hedberg, Göran Johnsson, Hans Jonsson, Kurt Lodenius, Per Molin, Anna-Stina Nordmark-Nilsson, Per-Göran Nyberg, Marianne Qvick Stoltz and Leif Zetterberg.

In addition, the Board of Directors included the following employee representatives: Kaisa Bratt and Håkan Johnson.

The Board of Directors elected Göran Collert as Chairman, Bo Dockered as First Deputy Chairman and Göran Ahlström and Bo Forslund as Second Deputy Chairmen.

Reinhold Geijer resigned as a member of the Board and President on October 5, 1999. On the same day the Board appointed Göran Ahlström as the new President.

Stockholm, February 18, 2000

GÖRAN COLLERT

BO DOCKERED

BO FORSLUND

GÖRAN AHLSTRÖM

TORE ANDERSSON

BIRGITTA JOHANSSON-HEDBERG

GÖRAN JOHNSSON

HANS JONSSON

KURT LODENIUS

PER MOLIN

ANNA-STINA NORDMARK-NILSSON

PER-GÖRAN NYBERG

MARIANNE QVICK STOLTZ

LEIF ZETTERBERG

KAISA BRATT

HÅKAN JOHNSON

Auditors' report

To the Annual General Meeting of FöreningsSparbanken AB (publ), registration number 502017-7753.

We have examined the annual report, the consolidated financial statements, the accounting records and the administration by the Board of Directors and the President of FöreningsSparbanken AB for the year 1999. Assistance has been provided by FöreningsSparbanken's internal auditing department. The accounting records and the administration of the Company are the responsibility of the Board of Directors. Our responsibility is to express an opinion of the annual report, the consolidated financial statements and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit in order to reasonably assure ourselves that the annual report and the consolidated financial statements

are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements.

An audit also includes assessing the accounting principles and their application by the Board of Directors, as well as evaluating the overall presentation of information in the annual report and the consolidated financial statements. We have examined significant decisions, actions taken and the circumstances of the Company in order to determine the liability, if any, to the Company of the President or any of the members of the Board of Directors and whether they have otherways acted in contravention of the Swedish Companies Act, the Swedish Banking Act, the Annual Accounts Act for Credit Institutions and Securities Companies or the Company's Articles of Association. We believe that our audit has provided us with a reasonable basis for our opinion as set forth below.

The annual report and the consolidated financial accounts have been prepared in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies and thus provide a true and fair view of the Company's and the Group's profit and financial position in accordance with generally accepted auditing standards in Sweden.

We recommend that the Annual General Meeting adopt the profit and loss accounts and balance sheets of the Parent Company and the Group, deal with the profit in the Parent Company in accordance with the proposal in the Board of Directors' Report, and discharge the members of the Board of Directors and the President from liability for the financial year.

Stockholm, February 18, 2000

ULF EGENÄS
Authorized Public Accountant

TORBJÖRN HANSON
Authorized Public Accountant

PETER MARKBORN
Authorized Public Accountant appointed
by the Swedish Financial Supervisory Authority

Board of Directors and Auditors

Directors

Elected by the Annual General Meeting

Göran Collert, Chairman

Bo Dockered, First Deputy
Chairman

Göran Ahlström, Second Deputy
Chairman and President as of
October 5, 1999

Bo Forslund, Second Deputy
Chairman

Reinhold Geijer, President (to
October 5, 1999)

Tore Andersson

Birgitta Johansson-Hedberg

Göran Johnsson

Hans Jonsson

Kurt Lodenius

Per Molin

Anna-Stina Nordmark-Nilsson

Per-Göran Nyberg

Marianne Qvick Stoltz

Leif Zetterberg

Employee representatives

Kaisa Bratt

Håkan Johnson

Company Secretary

Olov Lydén

Deputy Directors

Elected by the Annual General Meeting

Lars Idermark

Employee representatives

Monica Hellström

Ulla Vilu

Auditors

Ulf Egenäs

Authorized Public Accountant,
Deloitte & Touche AB
Chairman

Torbjörn Hanson

Authorized Public Accountant,
Ernst & Young AB

Peter Markborn

Authorized Public Accountant,
Arthur Andersen AB
Appointed by the Swedish Financial
Supervisory Authority

Deputy Auditors

Olof Cederberg

Authorized Public Accountant,
Ernst & Young AB

Jan Larsson

Authorized Public Accountant,
Deloitte & Touche AB

Nominating Committee for the Annual General Meeting of 2000

Thomas Halvorsen, President of the
Fourth National Pension Insurance
Fund, Chairman of the Nominating
Committee

Lorentz Andersson, Municipal
Commissioner of Skellefteå

Jan-Erik Erenius, former President
of AMF Pension

Eva Karin Hempel, Farmer, Board
Member of the Federation of
Swedish Farmers

Carl Axel Petri, former President
of the Court of Appeal, Chairman of
Sparbanksstiftelsernas Förvaltnings
AB

Arne Torstensson, President of
Ulricehamns Sparbank

Kent Torwald, Executive Vice
President of the Federation of
Swedish Farmers

Board work

Board work during the year

In 1999 the Board of Directors held a total of 17 meetings.

The Board's work during the year was devoted to, among other things, the following issues:

- The completion of the integration process following the merger between Föreningsbanken and Sparbanken Sverige, with an emphasis on the consolidation of the Bank's branch operations and IT systems as well as the introduction of a new technical platform.
- Future strategic and structural alternatives for FöreningsSparbanken.
- The continued development of the Bank's Nordic/Baltic strategy.
- Cooperation and share acquisition with regard to Finansintittet for Industri og Håndværk (FIH) in Denmark.
- Development of the organization and operations in the retail area.
- Development of a new market and communication strategy.
- Operating stability and accessibility with regard to the Group's IT-related operations.
- The development of Internet operations.
- Preparations and compliance work for the millennium shift.
- Appointment of a new President and CEO.
- Change in the local bank structure in the Stockholm, Gothenburg and Malmö metropolitan areas.
- Financial risks and long-term funding.
- Information and communication policy for the Group.

The Board's Credit and Capital Market Committee

The Board has established a Credit and Capital Market Committee, which consists of the Chairman of the Board, the President and five other members appointed from within the Board, as well as four deputies.

The Committee held 27 meetings during the year.

The Committee responds to credit and limit queries submitted to the Board within certain limits, provided that the cases in question are not of a principle nature or otherwise are of major significance.

During the year the Committee had the following members: Göran Collert, Chairman, Bo Forslund, Deputy Chairman, Göran Ahlström, Reinhold Geijer (to October 5), Birgitta Johansson-Hedberg, Kurt Lodenius and Anna-Stina Nordmark-Nilsson. Deputies: Bo Dockered, Göran Johnsson, Per Molin and Per-Göran Nyberg

The Board's Audit and Security Committee

The Board has established an Audit and Security

Committee, which consists of five members appointed from within the Board.

The Committee held five meetings during the year.

The Committee is responsible for, among other things, maintaining the Board's contacts with internal audit and security functions and the external auditors appointed for the Bank in order to provide the Board with greater access to information on auditing and security operations in the Bank, to facilitate and improve opportunities for the internal audit unit and external auditors to communicate with the Board and to evaluate the Bank's security work.

In addition, the Committee is responsible for reviewing the report compiled at least once a year that describes and evaluates the operative risks in the Bank. The Committee also has the right to initiate action on matters regarding operative risks and conditions noted in the Bank's organization that relate to such risks. During the year the Committee had the following members: Göran Ahlström, Chairman to October 5 and member from the same date, Bo Forslund, member and Chairman as of October 5, Anna-Stina Nordmark-Nilsson, Per-Göran Nyberg and Marianne Qvick Stoltz.

The Board's Nominating Committee

The Board has established a Nominating Committee, which consists of two members appointed from within the Board. The Committee is responsible for preparing issues regarding the nomination of the members and chairmen of the boards of the local banks prior to the elections at the Board's meeting held in connection with the Bank's Annual General Meeting.

During the year the Committee had the following members: Bo Forslund, Chairman, and Per-Göran Nyberg.

The Board's Finance Committee

Until the Annual General Meeting on April 29, 1999 the Bank had a Finance Committee, which consisted of the Chairman of the Board, the First Deputy Chairman of the Board, the President and four other members appointed from within the Board.

The Committee had been responsible, in accordance with the principles instituted by the Board, for setting guidelines for the Group's long-term supply of equity and loan capital and for approving the Bank's market funding with a maturity of over ten years.

In addition, within the overall framework instituted by the Board, the Committee established guidelines for managing the Group's financial risks and approving limits on these risks.

Since the Finance Committee was dissolved, its responsibilities have rested with the Board.

FöreningsSparbanken's Board of Directors



BO DOCKERED

First Deputy Chairman since 1997. Born 1941. Honorary Doctor of Agronomy. Elected 1984. Other directorships: Chairman of AMU-Gruppen AB, AB Trav och Galopp, Nationella Stiftelsen för Hästhållningens Främjande, Sveaskog AB, Sveriges Lantbruksuniversitet and Beridna Högvakten, and Board Member of Spira AB and the Royal Swedish Academy of Agriculture and Forestry. Deputy Member of the Board of Directors' Credit and Capital Market Committee. Holding: 1,350 shares.

BO FORSLUND

Second Deputy Chairman since 1997. Born 1939. Former Member of the Swedish Parliament, Chairman of the Sundsvall City Council. Elected 1991. Other directorships: Chairman of the Savings Bank Foundation Norrland and Member of the Supervisory Board of Aktia Sparbank Ab, Norrlands Travsällskap and Stall Apanage AB. Chairman of the Board of Directors' Nominating Committee and the Audit and Security Committee, and Deputy Chairman of the Board's Credit and Capital Market Committee. Holding: 4,000 shares.

GÖRAN COLLETT

Executive Chairman since 1995. Born 1937. Graduate Business Administrator and Bachelor of Laws. Elected 1978. Other directorships: Chairman of AB Spintab, SparFond Livförsäkrings AB, Call in One CIO AB, Sölvesborgs Kakelservice AB, and Board Member of Fastighets AB Tornet, the Supervisory Board of Aktia Sparbank Ab, Bank Handlowy w Warszawie, SpareBank 1 Gruppen and Nutida svenskt silver. Chairman of the Board of Directors' Credit and Capital Market Committee. Holding: 40,000 shares.

GÖRAN AHLSTRÖM

Second Deputy Chairman to October 5. President and CEO as of October 5, 1999. Born 1936. Master of Engineering. Elected 1995. Other directorships: Chairman of Fastighets AB Tornet and Board Member of the Swedish Bankers Association, Sydkraft AB, Svensk-Danska Broförbindelsen AB SVEDAB, the Öresund Consortium, PreussenElektra AG, Hamburgische Elektrizitäts-Werke AG and the Federation of Swedish Industries. Member of the Board of Directors' Credit and Capital Market Committee and the Audit and Security Committee. Holding: 1,050 shares.

LARS IDERMARK

Deputy President and CEO until April 12, 2000. Born 1957. Agronomist. Employed since 1993. Deputy member of the Board since 1997. Deputy Chairman of the Employers' Organization of the Swedish Banking Institutions and Board Member of Robur AB, SparFond Livförsäkrings AB, Swedbank (Luxembourg) SA and Södra Skogsägarna. Holding: 3,156 shares.



TÖRE ANDERSSON

President of Folksam. Born 1943. Folk High School. Elected 1998. Other directorships: Chairman of Folksam Auto, Folksam Inter, Folksam/LO Fondförsäkring and Hälsoinvest AB, and Board Member of Euresa Holding, Folksam ömsesidig sakförsäkring, Folksam ömsesidig livförsäkring, the Board of the Swedish Insurance Association, ICMIF International Co-operative and Mutual Insurance Federation, KFO Kooperationens Förhandlingsorganisation, KP Pension & Försäkring and Vår Bank og Forsikring. Holding: -.

GÖRAN JOHNNSSON

Chairman of the Swedish Metal Workers' Union. Born 1945. Elementary school and labor movement training. Elected 1997. Other directorships: Deputy Chairman of EMF and Nordiska Metall, and Board Member of Fastighetsbolaget Svärdfisken HB, LO Landsorganisationen i Sverige, the Fourth National Pension Insurance Fund and the Swedish Academy of Jazz. Deputy Member of the Board of Directors' Credit and Capital Market Committee. Holding: 15 shares.

KAISA BRATT

Bank employee. Born 1941. Secondary School Graduate. Elected 1992. Other directorship: Delegate of Sparinstituten Pensionskassa (SPK). Holding: 480 shares.

BIRGITTA JOHANSSON-HEDBERG

President and CEO as of April 2000. Born 1947. Former President of Liber AB. Reg. Psychologist. Elected 1994. Other directorships: Chairman of AB Lindex and Autobyttel AB, Deputy Chairman of the Fourth National Pension Insurance Fund, and Board Member of Aktiemarknadsnämnden, Telia AB, ProfilGruppen AB, Spira AB and Södra Skogsägarna. Member of the Board of Directors' Credit and Capital Market Committee. Holding: 9,645 shares.

**HANS JONSSON**

Chairman of the Federation of Swedish Farmers. Born 1949. Graduate Economist, École Berlitz. Elected 1997. Other directorships: Chairman of the EU's Advisory Committee on Joint Agricultural Policy, President of CEA Confédération européenne de l'agriculture, Vice President of COPA Comité des Organisations Professionnelles Agricoles, Chairman of the Central Board of the Nordic Farmers' Organizations NBC, and Board Member of IFAP International Federation of Agricultural Producers, Swedish Meats, Svensk Mjölk, the Royal Swedish Academy of Agriculture and Forestry and the Fourth National Pension Insurance Fund. Holding: 303 shares.

PER MOLIN

Former President of Avesta Sheffield AB. Born 1937. Mining Engineer. Elected 1995. Other directorships: Chairman of Bulten AB and the Industrial Council of the Swedish Academy of Engineering Sciences, Deputy Chairman of Höganäs AB, and Board Member of Finarvedi SpA, Gradic Wire AB, Hydropulsor AB, Johnson Metall AB, Scancem AB, Siemens AB and Wilh. Beckers AB. Deputy Member of the Board of Directors' Credit and Capital Market Committee. Holding: -.

HÅKAN JOHNSON

Bank employee. Born 1955. Economist. Elected 1997. Other directorships: Board Member of Finansförbundet and Delegate of Sparinstitutens Pensionskassa (SPK). Holding: 522 shares.

KURT LODENIUS

Former Municipal Commissioner. Chairman of the Norrtälje Municipal Council. Born 1936. Economist. Elected 1983. Other directorships: Chairman of Roslagens Sparbank, Deputy Chairman of Norrtälje Tidning AB, and Board Member of FöreningsSparbanken Kapitalförvaltning AB. Member of the Board of Directors' Credit and Capital Market Committee. Holding: 3,000 shares.

**LEIF ZETTERBERG**

President of the Federation of Swedish Farmers. Born 1949. Secondary School Graduate. Elected 1996. Other directorships: Chairman of LRF Media, LRF Försäkring AB, Mandamus Sverige AB, Spira AB, Swede Agri AB and Swede Agri Invest AB, and Board Member of ICC-Sweden, the Royal Swedish Academy of Agriculture and Forestry and TV4 AB. Holding: 3,000 shares.

ANNA-STINA NORDMARK-NILSSON

Managing Director of Norrbotten County Council. Born 1956. Graduate Business Administrator. Elected 1996. Other directorships: Chairman of Almi Företagspartner Norrbotten AB and Board Member of AMU-Gruppen AB, the Norrland Foundation and Umeå University. Member of the Board of Directors' Credit and Capital Market Committee and the Audit and Security Committee. Holding: 969 shares.

MARIANNE QVICK STOLTZ

Businesswoman. Born 1949. Diploma in Retail Economics, studied at CHF, Lausanne. Elected 1994. Other directorships: Chairman of Tidsforum Göteborg AB, Deputy Chairman of Western Sweden's Trade and Industry Council, and Board Member of Göteborg & Co AB. Member of the Board of Directors' Audit and Security Committee. Holding: 321 shares.

PER-GÖRAN NYBERG

Former Bank Executive. Born 1936. Graduate Business Administrator. Elected 1984. Other directorships: Chairman of Savings Bank Foundation Alfa, Byggmästare Axel Alms Stiftelse, FöreningsSparbankens stiftelse för bevarande av bankens historiska värden, Första Sparbankens stiftelse för vetenskaplig forskning, Stiftelsen för internationellt utvecklingssamarbete, Stiftelsen Sparbankernas Företagsinstitut and Stiftelsen MS-hemmet, and Board Member of European Savings Bank Group (ESBG), World Savings Banks Institute and Elmia AB. Member of the Board of Directors' Audit and Security Committee and the Board's Nominating Committee and Deputy Member of the Credit and Capital Market Committee. Holding: 300 shares.

Executive Management



LARS IDERMARK*

Deputy President and CEO until April 12, 2000. Responsible for coordinating Swedish retail operations. Born 1957. Agronomist. Employed since 1993. Holding: 3,156 shares.

GÖRAN AHLSTRÖM*

President and CEO as of October 5, 1999. Born 1936. Master of Engineering. Employed since 1999. Holding: 1,050 shares.

NILS-FREDRIK NYBLÆUS*

Deputy President and CEO from April 12, 2000. Accounting and Financial Control, Finance, Financial Risk Control, Internal Services, Investor Relations and Human Resource Administration. Born 1951. Graduate Business Administrator. Employed since 1991. Holding: -.



ANDERS BORGCRA NTZ*

Product Area Loans and President of AB Spintab. Born 1961. Graduate Business Administrator. Employed since 1985. Holding: 150 shares.

PETER NILSSON*

Product Area Savings and President of Robur AB. Born 1957. University studies. Employed since 1998. Holding: 10,000 shares.

GERT ENGMAN*

FöreningsSparbanken by Telephone and the Internet. Chief Information Officer, CIO from March 1, 2000. Born 1949. University studies. Employed since 1993. Holding: 480 shares.

LARS-ERIK KVIST*

Credit and Credit Risks. Born 1945. Graduate Business Administrator. Employed since 1974. Holding: 2,580 shares.

** Members of the Executive Management's Working Committee.*



ELISABETH STRÖM*
Market Communications and Information. Born 1962. Diploma in Market Economics DRMI. Employed since 1997. Holding: 300 shares.

GÖRAN THEODORSSON *
Human Resources and Skills Development. Born 1948. Economist. Employed since 1969. Holding: 480 shares.

ANNIKA WIKSTRÖM*
Jointly Owned and Independent Savings Banks as well as SpareBank 1 Gruppen in Norway. Born 1951. Bachelor of Arts. Employed since 1986. Holding: 150 shares.

JAN LIDÉN*
Swedbank Markets and Product Area Payments. Born 1949. Graduate Business Administrator. Employed since 1990. Holding: 480 shares.



SÖREN ANDERSSON
Strategic Development and Planning. Born 1945. Bachelor of Arts. Employed since 1969. Holding: 480 shares.

LEIF EKBLOM
Market Area Bohuslän except for Kungälv, Skaraborg, Värmland and Älvsborg except for Ale. Born 1954. Business Economist. Employed since 1977. Holding: 153 shares.

HÅKAN BERG
Market Area Stockholm. Born 1955. Bachelor of Laws. Employed since 1984. Holding: -.

KJELL ARDHEDE
Market Area Gothenburg and Northern Halland. Born 1944. Business Economist. Employed since 1993. Holding: 500 shares.

** Members of the Executive Management's Working Committee.*



BENGT-ERIK LINDGREN

Market Area Gävleborg, Jämtland, Dalarna and acting in Market Area Norrbotten, Västerbotten and Västernorrland. Born 1950. University studies. Employed since 1975. Holding: 900 shares.

LENNART HAGLUND

Market Area Skåne and Southern Halland. Born 1947. Market Economist. Employed since 1999. Holding: 500 shares.

ROGER GULLQVIST

Chief Information Officer (to January 31, 2000). Born 1952. Employed since 1996. Holding: -.

LARS EKLUND

Operative Risks, Security, Environment/Quality, Legal Affairs and EMU. Born 1945. Bachelor of Laws. Employed since 1989. Holding: 1,980 shares.



INGRID PERSSON

Market Area Gotland, Sörmland, Uppsala, Västmanland, Örebro and Östergötland. Born 1948. University studies. Employed since 1994. Holding: 750 shares.

ANDERS NYBLOM

Market area Blekinge, Jönköping, Kalmar and Kronoberg. Born 1954. Business Economist. Employed since 1993. Holding: 1,500.

JUDITH SAND

Internal Audit. Born 1942. Bachelor of Laws and Socionomist. Employed since 1985. Holding: 480 shares.

OLOV LYDÉN

Secretary of the Board of Directors. Born 1948. Bachelor of Laws. Employed since 1982. Holding: 2,500 shares.



TORBJÖRN HANSON
Authorized Public Accountant, Ernst & Young AB.

ULF EGENÄS
Authorized Public Accountant, Deloitte & Touche AB.
Chairman.

PETER MARKBORN
Authorized Public Accountant, Arthur Andersen AB.
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