



Press Release

from FöreningsSparbanken

Swedbank

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Change in accounting for employee compensation

The Swedish Financial Accounting Standard Council's recommendation RR 29 Compensation to employees (IAS 19) entered into force in 2004. The recommendation details how various forms of compensation for employees should be reported and, for the FöreningsSparbanken Group, affects the valuation and reporting of the Group's defined-benefit pension commitments. The change in accounting principle took effect on January 1, 2004, due to which the opening shareholders' balance was adjusted. Comparative figures may not be adjusted according to the recommendation.

Valued in accordance with RR 29, the year's opening pension liability increases by nearly SEK 1.6 billion, including payroll tax, deferred income tax and the effects on associated companies. Consequently, the Group's opening shareholders' balance in 2004 is reduced by a corresponding amount.

Based on the conditions that existed at year-end, the reported pension cost for 2004 is expected to be the same as if it had been reported in accordance with the previous method.

The recommendation requires the Group to clarify the assumptions that serve as the basis for its calculation. The valuation is based on, among other things, the following annual assumptions:

- Cap on wage increases: 3.25%
- Increase in basic income amount: 2.5%
- Inflation: 2.0%
- Debt is discounted by 4.9 %
- The anticipated long-term return on assets held separately to cover pension commitments is estimated, after tax on returns and expenses, at 5.0%.

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