



**Interim report for FöreningsSparbanken (Swedbank)**  
**January – September 2003**  
*October 24, 2003*

**Operating profit rose by 42 percent to SEK 7,097 M**

**January - September 2003 in summary:**

- Operating profit rose by 42 percent to SEK 7,097 M (5,000)
- Profit for the period rose by 57 percent to SEK 4,719 M (3,006)
- The return on equity rose to 16.0 percent (10.7)
- Earnings per share rose to SEK 8.94 (5.69)
- Total income rose by 6 percent to SEK 18,270 M (17,211)
- Net interest income rose by 4 percent to SEK 12,105 M (11,663)
- Net commission income decreased by 3 percent to SEK 4,177 M (4,325)
- Net profit on financial operations rose to SEK 544 M (253)
- Expenses decreased by 1 percent to SEK 10,173 M (10,241)
- Loan losses decreased by 33 percent to SEK 832 M (1,243)
- Operating profit for the third quarter rose by 85 percent to SEK 2,568 M (1,388)  
compared with the corresponding quarter previous year
- FöreningsSparbanken was named Commercial Bank of the Year

## **Strong profit trend in the Group**

The Group's operating profit for the first nine months of the year rose by 42 percent to SEK 7,097 M (5,000). Income rose by 6 percent to SEK 18,270 M (17,211), while expenses decreased by 1 percent to SEK 10,173 M (10,241). Loan losses decreased by 33 percent to SEK 832 M (1,243). Profit for the period was affected by a capital gain on the sale of the shares in Erste Bank of SEK 489 M and by a write-down of the shareholding in SpareBank 1 Gruppen of SEK 311 M. The return on equity rose to 16.0 percent (10.7), while earnings per share increased to SEK 8.94 (5.69).

Operating profit in the third quarter of the year rose by 85 percent or SEK 1,180 M compared with the third quarter of 2002, to SEK 2,568 M (1,388). The Group's profit trend in recent quarters is shown on page 10.

## **Income rose 6 percent**

The Group's income rose by SEK 1,059 M or 6 percent compared with the first nine months of 2002 to SEK 18,270 M (17,211). Excluding the capital gain on the sale of the shares in Erste Bank, income increased by SEK 570 M or 3 percent. Net interest income rose by 4 percent or SEK 442 M, partly due to higher lending volumes, while net commission income decreased by SEK 148 M. Net profit on financial operations rose by SEK 291 M through higher income from fixed income, equity and foreign exchange operations.

Income for the third quarter rose by SEK 267 M or 5 percent to SEK 6,016 M compared with the third quarter of 2002.

Comparative figures, regarding items in the profit and loss account, refer to the corresponding period previous year. Regarding items in the balance sheet, they refer to the previous year-end, unless stated otherwise.

## **Net interest income rose 4 percent**

The Group's net interest income for the period January to September 2003 rose by 4 percent to SEK 12,105 M (11,663). In the Swedish retail operations, net interest income from lending rose by approximately SEK 300 M due to higher volumes and by approximately SEK 100 M through higher margins. Higher deposit volumes raised net interest income by approximately SEK 150 M, while lower margins due to lower general interest rates and transfers of deposits to high-yielding accounts affected net interest income negatively by approximately SEK 400 M. Net interest income in Swedbank Markets improved by SEK 300 M, in part through successful trading in Norwegian bonds and interest rate derivatives by the branch in Oslo. In the International banking operations, net interest income was unchanged.

Net interest income in the third quarter was higher than both the second quarter of 2003 and the third quarter of 2002, amounting to SEK 4,114 M. Compared with the second quarter of 2003 the increase was 4 percent, and compared with the third quarter of 2002 the increase was 5 percent. Net interest income from Spintab's mortgage lending and trading at Swedbank Market's Oslo branch developed positively, while net interest income from FI-Holding declined.

## **Dividends received**

Dividends received amounted to SEK 101 M (87).

## **Net commission income rebounded in third quarter**

Net commission income decreased by 3 percent to SEK 4,177 M (4,325). Net payment commissions continued to develop positively, rising by 9 percent or SEK 116 M to SEK 1,439 M (1,323). Asset management commissions declined by SEK 269 M due to lower stock prices compared with the previous year and a higher share of savings in fixed income funds, where commissions are lower. Brokerage commissions remained largely unchanged.

During the year's third quarter net commission income rose by 5 percent or by SEK 75 M, compared with the second quarter, to SEK 1,476 M (1,401). Asset management commissions rose by 13 percent or SEK 66 M mainly due to higher stock prices and thus higher fund asset values. Payment processing commissions rose by 13 percent, from SEK 468 M to SEK 531 M.

## **Net profit on financial operations**

Net profit on financial operations rose by 115 percent to SEK 544 M (253). Profit from trading in fixed income securities rose by SEK 139 M, while profit from trading in equities and other financial instruments rose by SEK 95 M. Income from foreign exchange operations rose by SEK 57 M.

Net profit on financial operations decreased by SEK 51 M during the year's third quarter compared with the same quarter of 2002, partly as a result of lower foreign exchange-related income.

## **Other income**

Other income rose by 52 percent during the nine-month period to SEK 1,343 M (883). Income was affected by a capital gain of SEK 489 M from the sale of the shares in Erste Bank in June 2003. The first half of 2002 included a capital gain of SEK 95 M from a branch sale.

During the third quarter of 2003 other income amounted to SEK 292 M (267).

## **Expenses decreased**

The Group's expenses decreased by SEK 68 M or 1 percent to SEK 10,173 M (10,241). Expenses in the Swedish operations remained largely unchanged despite that the acquisition of HSB Bank resulted in an increase of SEK 85 M. In the International banking operations, expenses decreased by SEK 121 M, mainly through the rationalization of Hansabank's operations in Lithuania.

Expenses during the year's third quarter remained largely at the same level as the previous quarter and the third quarter of 2002.

## **Staff costs**

Staff costs decreased by 1 percent to SEK 5,151 M (5,219). Staff costs remained unchanged in the Swedish operations while decreasing by SEK 69 M in Hansabank.

## **Change in the number of Group employees in terms of full-time positions**

	<b>Sep 30 2003</b>	<b>Dec 31 2002</b>	<b>Sep 30 2002</b>
Total number of employees	15,359	15,468	15,461
<i>Of whom Hansabank</i>	<i>5,768</i>	<i>5,744</i>	<i>5,843</i>

## **IT expenses stable**

IT expenses include all development and production expenditures as well as computer equipment service costs and depreciation. IT expenses for the period January to September 2003, after deducting IT-related income from partly owned banks and independent savings banks, amounted to SEK 1,719 M (1,658). The corresponding expense in the Swedish operations was SEK 1,506 M (1,438). The increase in IT expenses is explained by the harmonization of the Bank's Swedish IT systems in the event of the country's EMU ascension, which affected expenses by approximately SEK 75 M.

## **Other expenses**

Other expenses – i.e. other administrative expenses, depreciation of tangible fixed assets and amortization of goodwill – were unchanged at SEK 5,022 M (5,022). Goodwill amortization, excluding associated company holdings, decreased to SEK 460 M (515).

## **Loan losses continue to decline**

The loan loss level for the first nine months of 2003 was 0.16 percent (0.24). Loan losses decreased by 33 percent to SEK 832 M (1,243), of which FI-Holding and Hansabank accounted for SEK 288 M (72). The Group's doubtful claims, gross, amounted to SEK 3,646 M as of September 30, 2003, compared with SEK 3,600 M on December 31, 2002. Loan loss reserves amounted to SEK 5,047 M (4,823). A specification of loan losses and claims is provided in Notes 3 and 4.

## Share of profits of associated companies amounted to SEK 55 M in third quarter

The share of profits and losses of associated companies amounted to SEK -191 M (-463). The change is primarily due to Marakanda, which was divested in early 2003 and was included as a loss of SEK -197 M during the first nine months of 2002. The share of SpareBank 1 Gruppen's loss was SEK -376 M (-413).

During the third quarter the share of profits of associated companies amounted to SEK 55 M (-380). The share of SpareBank 1 Gruppen's profit rose to SEK 7 M.

## Tax expense 26 percent

Consolidated profit before tax amounted to SEK 7,050 M (4,949) and the tax expense was SEK 1,855 M (1,474), or an effective tax rate of 26 percent (30). The lower tax rate for the period is mainly due to tax loss carryforwards that previously had not been utilized. The relatively high tax charge last year is mainly due to write-downs of shareholdings that are not tax deductible until they are realized.

## Interest rate risk

An increase in market interest rates of one percentage point as of September 30, 2003 would have reduced the value of the Group's interest-bearing assets and liabilities, including derivatives, by SEK 1,636 M (735). The decrease in the value of positions in SEK would have been SEK 1,280 M (469) and positions in foreign currency SEK 356 M (266). An interest rate increase of one percentage point would have reduced the Group's net profit on financial operations by SEK 296 M (194) as of September 30, 2003. The interest rate risk in Swedish kronor rose primarily because the Bank decided to position itself to reduce the negative effects on net interest income due to lower Swedish repo rates. Comparative figures refer to December 31, 2002.

## Capital adequacy

The capital adequacy ratio, which is calculated for the financial companies group, amounted to 11.0 percent (10.8) on September 30, 2003, of which the primary capital ratio was 7.2 percent (7.1). Market risks as a share of the total capital adequacy ratio amounted to 0.5 percentage points (0.5). Comparative figures refer to December 31, 2002.

### Specification of capital adequacy

SEK M	Sep 30 2003	Dec 31 2002	Sep 30 2002
Primary capital	41,849	40,266	39,423
Supplementary capital	25,837	25,103	26,141
Less shares, etc.	- 4,920	- 5,266	- 5,655
Expanded portion of capital base	991	1,105	1,156
<b>Capital base</b>	<b>63,757</b>	<b>61,208</b>	<b>61,065</b>
Risk-weighted amount for credit risks	553,343	539,379	530,980
Risk-weighted amount for market risks	29,171	25,674	28,181
<b>Total risk-weighted amount</b>	<b>582,514</b>	<b>565,053</b>	<b>559,161</b>
Capital adequacy ratio, %	11.0	10.8	10.9
Primary capital ratio, %	7.2	7.1	7.1

The risk-weighted amount for credit risks rose to SEK 553 billion (539) during the period. The increase is primarily attributable to higher lending by Spintab and Hansabank. The risk-weighted amount for market risks rose by SEK 3 billion during the period to SEK 29 billion. The change was mainly due to higher interest-rate risks.

As of September 30, 2003 the FöreningsSparbanken financial companies group included the FöreningsSparbanken Group, Eskilstuna Rekarne Sparbank AB, Färs och Frosta Sparbank AB, FöreningsSparbanken Sjuhärad AB, FöreningsSparbanken Söderhamn AB, Bergslagens Sparbank AB,

Vimmerby Sparbank AB, Aktia Sparbank Abp in Finland, Sparebank 1 Gruppen A/S and First Securities A/S in Norway. The Group's insurance companies are not included.

## **Business volumes**

### **Savings and investments**

Customers' total savings and investments in FöreningsSparbanken amounted to SEK 539 billion (488) as of September 30, 2003, an increase of 10 percent since the beginning of the year. Customers' deposits, excluding repurchase agreements (repos), rose by 7 percent to SEK 273 billion (254). Deposits in SEK rose by 4 percent to SEK 217 billion (208), while deposits in foreign currency rose to SEK 56 billion (46).

#### **Savings and investments, the Group**

<b>SEK billion</b>	<b>Sep 30 2003</b>	<b>Dec 31 2002</b>	<b>Sep 30 2002</b>
<b>Deposits from the public</b>			
Households, SEK	139.9	129.1	126.0
Other, SEK	76.9	78.5	73.9
Households, foreign currency	16.0	14.9	14.0
<i>Of which Hansabank</i>	<i>15.8</i>	<i>14.8</i>	<i>13.9</i>
Other, foreign currency	40.7	31.2	34.7
<i>Of which Hansabank</i>	<i>19.3</i>	<i>18.0</i>	<i>17.0</i>
<b>Subtotal</b>	<b>273.5</b>	<b>253.7</b>	<b>248.6</b>
<i>Of which HSB Bank</i>	<i>8.9</i>	<i>9.2</i>	
Discretionary asset management	23.9	17.9	17.0
Fund management	231.6	205.9	195.3
Retail bonds, interest-bearing	2.8	2.6	2.5
Retail bonds, equity linked	6.7	5.5	5.1
Unit-linked insurance	35.2	33.2	31.9
Less unit-linked insurance in own companies	- 34.7	- 30.8	- 29.6
<b>Total</b>	<b>539.0</b>	<b>488.0</b>	<b>470.8</b>

### **Sales and market shares**

In 2003 FöreningsSparbanken's objective is to reach a market share in Sweden of 22 percent for new sales of savings products – deposits from household customers, mutual funds, unit-linked insurance from all customer categories, retail bonds and equity linked bonds – excluding sales through partly owned and independent savings banks. For the period January to August 2003 this market share was 19.6 percent, compared with 18.3 percent for the full-year 2002. The market share for new household deposits during the same period was 24.6 percent, against 23.9 percent for the full-year 2002.

### **Lending**

The Group's total credit exposure, including contingent liabilities and derivatives, amounted to SEK 886 billion (856). Since year-end, credit exposure on the Swedish market increased by SEK 42 billion while on other markets the exposure decreased by SEK 12 billion.

The Group's lending to the public amounted to SEK 706 billion (673) as of September 30, an increase of SEK 33 billion or 5 percent since the beginning of the year. In the Swedish operations, lending rose by 5 percent to SEK 603 billion (573). Lending by Hansabank and FI-Holding amounted to SEK 103 billion (100). Of the change, SEK -2 billion was attributable to changes in exchange rates. Lending to private individuals amounted to SEK 328 billion (307), up SEK 21 billion or 7 percent from the beginning of the year. The increase is largely due to mortgage lending by Spintab arranged through the Swedish branch office network.

The Group's exposure to companies in the IT and telecommunications industries amounted to SEK 6.9 billion (5.8) as of September 30, 2003.

## Lending, Group

SEK billion	Sep 30 2003	Dec 31 2002	Sep 30 2002
Private individuals	328.0	306.9	296.3
<i>Of which Spintab</i>	<i>267.0</i>	<i>248.2</i>	<i>242.1</i>
Real estate management	147.3	144.1	136.9
Retail, hotels, restaurants	26.3	25.6	25.7
Construction	11.2	10.5	10.5
Manufacturing	50.6	50.7	50.7
Transportation	14.3	14.3	14.4
Forestry and agriculture	34.1	31.1	30.4
Other service businesses	19.3	18.9	14.0
Other business lending	61.0	56.9	66.3
Municipalities *)	14.0	13.7	12.8
<b>Total lending to the public</b>	<b>706.1</b>	<b>672.7</b>	<b>658.0</b>
Credit institutions incl. Nat'l Debt Office	49.4	64.4	45.5
Repurchase agreements (repos)	79.8	65.0	86.8
<b>Total lending</b>	<b>835.3</b>	<b>802.1</b>	<b>790.3</b>
<i>Of which lending to the public by:</i>			
<i>Hansabank</i>	<i>35.9</i>	<i>30.3</i>	<i>27.7</i>
<i>FI-Holding</i>	<i>66.9</i>	<i>70.1</i>	<i>71.4</i>
<i>HSB Bank</i>	<i>9.6</i>	<i>8.5</i>	

\*) Not including municipal corporations.

## Market shares

FöreningsSparbanken's subsidiary Spintab had a market share for consumer mortgage lending of 34 percent on August 31, 2003 (35 percent in December 2002), and a market share in commercial mortgage lending of 22 percent (22 percent in December 2002).

## Payments

### Cards

As of September 30, 2003 approximately 2.9 million FöreningsSparbanken bank cards were in issue in the Swedish market, an increase of 5 percent during the year. The trend toward greater card use is continuing. The number of card purchases by FöreningsSparbanken's customers rose by 21 percent during the last 12 months, while the number of card transactions cleared climbed 24 percent.

### Giro

Customers continue to switch from paper-based giro payments to an electronic, Internet-based giro system through the Internet bank. The number of private customers with giro accounts is 2.6 million (2.7), of whom 1.0 million (0.9) are Internet-based. Comparative figures refer to September 30, 2002.

### e-billing

With e-billing, bills are sent directly to the Internet bank, where customers can safely and conveniently approve payment. A total of 149 companies in Sweden offer the service, compared with 108 on September 30, 2002. The number of e-bills is rising steadily. During the period 546,000 e-bills were sent, compared with 353,000 in the same period of 2002.

## **Other**

### **FöreningsSparbanken named Commercial Bank of the Year 2003**

FöreningsSparbanken has been named Sweden's Commercial Bank of the Year in 2003 in the business magazine Affärsvärlden's Financial Barometer survey. The Barometer, Sweden's largest independent survey of the banking, financial services and insurance market, was conducted among financial managers and other key employees of the 2,000 companies and organizations in Sweden with more than 200 employees.

### **FöreningsSparbanken acquires EnterCard AS in Norway**

FöreningsSparbanken has reached an agreement with Terra Gruppen AS to acquire the remaining 35 percent of the shares in the Norwegian card company Enter Card AS for NOK 69 million. Earlier this year FöreningsSparbanken reached an agreement with SpareBank 1 Gruppen AS to acquire 65 percent of the shares in Enter Card for NOK 129 million. The price of all the shares in Enter Card thus amounts to NOK 198 million. The acquisition strengthens FöreningsSparbanken's position as the Nordic leader in card payment and administration services, at the same time that it creates opportunities for good synergies with the Swedish card business. Enter Card, which issues all types of Visa and Master Card products, has distribution agreements with SpareBank 1 Gruppen's and Terra Gruppen's member banks, among others. The acquisition requires regulatory approval.

### **Organizational change**

To better support retail customer contacts, FöreningsSparbanken as of September has put a new organization in place. The Savings, Lending and Payments business areas have been consolidated within a new unit, Customer Offerings and Products. Shared service functions have at the same time been brought together in another new unit, Joint Services. The head of Customer Offerings and Products is Kjell Hedman, former head of the Payments business area and Executive Vice President of FöreningsSparbanken. The head of Joint Services is Gert Engman, Executive Vice President and CIO of FöreningsSparbanken.

### **Accounting change**

The interim report has been prepared in accordance with recommendation RR20 Interim reporting of the Swedish Financial Accounting Standards Council and follows the same accounting principles as the most recent annual report. The recommendations that entered into force on January 1, 2003 have been taken into account but have not had an impact on earnings.,

## **Key ratios for the Group**

	<b>Jan-Sep 2003</b>	<b>Jan-Sep 2002</b>	<b>Full-year 2002</b>
Return on equity, %	16.0	10.7	11.0
Return on total equity, %	0.93	0.67	0.69
Earnings per share, SEK *	8.94	5.69	7.87
Earnings per share after dilution, SEK **	8.94	5.69	7.86
Equity per share, SEK *	76.26	71.01	73.13
Equity per share after dilution, SEK **	76.24	70.98	73.11
C/I ratio before loan losses	0.57	0.62	0.63
C/I ratio after loan losses	0.61	0.69	0.70
Capital adequacy ratio, %	11.0	10.9	10.8
Primary capital ratio, %	7.2	7.1	7.1
Loan loss ratio, net, %	0.16	0.24	0.23
Share of doubtful claims, %	0.27	0.30	0.27
Provision ratio for doubtful claims, % ***	138	126	134
No. of shares at beginning and end of period	527,808,843	527,808,843	527,808,843
Avg. no. of shares during the period	527,808,843	527,808,843	527,808,843
* No. of shares in calculation	527,808,843	527,808,843	527,808,843
** No. of shares after dilution	527,977,435	528,061,272	527,960,453
*** See Note 4			



## Operational profit and loss account, the Group \*

SEK M	Jan- Sep 2003	Jan- Sep 2002	%	Q3 2003	Q3 2002	%	Full-year 2002
Interest receivable	36,335	39,903	-9	11,543	13,312	-13	52,013
Interest payable	- 24,230	- 28,240	-14	- 7,429	- 9,382	-21	- 36,464
Net interest income	12,105	11,663	4	4,114	3,930	5	15,549
Dividends received	101	87	16	2	0		90
Commissions receivable	5,589	5,658	-1	1,974	1,813	9	7,558
Commissions payable	- 1,412	- 1,333	6	- 498	- 444	12	- 1,794
Net commission income	4,177	4,325	-3	1,476	1,369	8	5,764
Net profit on financial operations	544	253		132	183	-28	441
Other operating income	1,343	883	52	292	267	9	1,157
<b>Total income</b>	<b>18,270</b>	<b>17,211</b>	<b>6</b>	<b>6,016</b>	<b>5,749</b>	<b>5</b>	<b>23,001</b>
General administrative expenses							
- Staff costs	- 5,151	- 5,219	-1	- 1,752	- 1,704	3	- 7,005
- Other	- 4,055	- 3,933	3	- 1,303	- 1,288	1	- 5,279
Total general administrative expenses	- 9,206	- 9,152	1	- 3,055	- 2,992	2	- 12,284
Depreciation and write-off of tangible fixed assets	- 507	- 574	-12	- 158	- 191	-17	- 751
Amortization of goodwill	- 460	- 515	-11	- 153	- 159	-4	- 663
<b>Total expenses</b>	<b>- 10,173</b>	<b>- 10,241</b>	<b>-1</b>	<b>- 3,366</b>	<b>- 3,342</b>	<b>1</b>	<b>- 13,698</b>
<b>Profit before loan losses</b>	<b>8,097</b>	<b>6,970</b>	<b>16</b>	<b>2,650</b>	<b>2,407</b>	<b>10</b>	<b>9,303</b>
Loan losses, net, including change in value of property taken over	- 832	- 1,243	-33	- 160	- 375	-57	- 1,603
Write-off of financial fixed assets		- 264			- 264		- 264
Reversal of write-off of financial fixed assets	23			23			
Share of profit/loss of associated companies	- 191	- 463	-59	55	- 380		- 588
<b>Operating profit</b>	<b>7,097</b>	<b>5,000</b>	<b>42</b>	<b>2,568</b>	<b>1,388</b>	<b>85</b>	<b>6,848</b>
Settlement of pensions	- 47	- 51	-8	3	- 13		- 76
Tax	- 1,855	- 1,474	26	- 669	- 477	40	- 1,983
Minority interest	- 476	- 469	1	- 166	- 184	-10	- 637
<b>Profit for the period</b>	<b>4,719</b>	<b>3,006</b>	<b>57</b>	<b>1,736</b>	<b>714</b>	<b>143</b>	<b>4,152</b>

\* The operational profit and loss account comprises the same legal entities and follows the same accounting principles as the profit and loss account prepared according to the instructions of the Financial Supervisory Authority, except that the insurance operations (consisting in large part of the pension and endowment insurance operations of Robur Försäkring) are integrated on a line-for-line basis in the income and expenses of the other operations. In the profit and loss account prepared according to the instructions of the Financial Supervisory Authority, insurance results are shown on a separate line. On an operating profit level, the two profit and loss accounts show the same results. The descriptions in the running text and the business area report are based on the operational profit and loss account unless indicated otherwise. The notes refer to the profit and loss accounts on pages 21 and 22.

## Quarterly profit trend for the Group

SEK M	Q3 2003	Q2 2003	Q1 2003	Q4 2002	Q3 2002	Q2 2002	Q1 2002	Q4 2001	Q3 2001
Net interest income	4,114	3,958	4,033	3,886	3,930	3,908	3,825	3,815	3,681
Net commission income	1,476	1,401	1,300	1,439	1,369	1,479	1,477	1,486	1,518
Net profit on financial operations	132	218	194	188	183	- 173	243	148	341
Other income	294	871	279	277	267	377	326	319	215
<b>Total income</b>	<b>6,016</b>	<b>6,448</b>	<b>5,806</b>	<b>5,790</b>	<b>5,749</b>	<b>5,591</b>	<b>5,871</b>	<b>5,768</b>	<b>5,755</b>
Staff costs	- 1,682	- 1,649	- 1,648	- 1,716	- 1,706	- 1,686	- 1,628	- 1,687	- 1,534
Allocation to profit-sharing fund	- 70	- 37	- 65	- 70	2	- 77	- 124	- 58	- 127
Other expenses	- 1,614	- 1,723	- 1,685	- 1,671	- 1,638	- 1,673	- 1,711	- 1,823	- 1,782
<b>Total expenses</b>	<b>- 3,366</b>	<b>- 3,409</b>	<b>- 3,398</b>	<b>- 3,457</b>	<b>- 3,342</b>	<b>- 3,436</b>	<b>- 3,463</b>	<b>- 3,568</b>	<b>- 3,443</b>
<b>Profit before loan losses</b>	<b>2,650</b>	<b>3,039</b>	<b>2,408</b>	<b>2,333</b>	<b>2,407</b>	<b>2,155</b>	<b>2,408</b>	<b>2,200</b>	<b>2,312</b>
Loan losses, net incl. change in value of property taken over	- 160	- 282	- 390	- 360	- 375	- 433	- 435	- 459	- 233
Write-off of financial fixed assets					- 264			- 10	
Reversal of write-off of financial fixed assets	23								
Share of associated companies' profit/loss	55	- 211	- 35	- 125	- 380	- 62	- 21	- 54	- 77
<b>Operating profit</b>	<b>2,568</b>	<b>2,546</b>	<b>1,983</b>	<b>1,848</b>	<b>1,388</b>	<b>1,660</b>	<b>1,952</b>	<b>1,677</b>	<b>2,002</b>

## **Business area report**

SEK M	Swedish branch operations		Swedbank Markets		Asset management and insurance		International banking operations		Treasury management		Other		Eliminations	
January - September	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
Net interest income	8,619	8,575	692	373	34	61	2,270	2,277	539	478	-63	-115	14	14
Net commission income	2,089	2,310	416	378	850	916	736	610	-21	-19	108	152	-1	-22
Financial transactions, net	94	87	171	80	11	1	216	134	54	-26	-2	-25	0	2
Other income	470	591	89	37	24	22	155	175	537	25	2,566	2,006	-2,397	-1,886
<b>Total income</b>	<b>11,272</b>	<b>11,563</b>	<b>1,368</b>	<b>868</b>	<b>919</b>	<b>1,000</b>	<b>3,377</b>	<b>3,196</b>	<b>1,109</b>	<b>458</b>	<b>2,609</b>	<b>2,018</b>	<b>-2,384</b>	<b>-1,892</b>
Staff costs	-2,843	-2,904	-405	-416	-193	-215	-684	-748	-11	-9	-1,060	-970	45	43
IT expenses	-547	-968	-185	-174	-58	-41	-109	-109	-5	-5	-720	-517	635	898
Other expenses	-3,055	-2,236	-238	-244	-156	-177	-425	-394	-20	-14	-876	-903	1,704	951
Depreciation/amortization	-184	-297	-12	-15	-178	-185	-367	-455	0	0	-226	-137		
<b>Total expenses</b>	<b>-6,629</b>	<b>-6,405</b>	<b>-840</b>	<b>-849</b>	<b>-585</b>	<b>-618</b>	<b>-1,585</b>	<b>-1,706</b>	<b>-36</b>	<b>-28</b>	<b>-2,882</b>	<b>-2,527</b>	<b>2,384</b>	<b>1,892</b>
<b>Profit before loan losses</b>	<b>4,643</b>	<b>5,158</b>	<b>528</b>	<b>19</b>	<b>334</b>	<b>382</b>	<b>1,792</b>	<b>1,490</b>	<b>1,073</b>	<b>430</b>	<b>-273</b>	<b>-509</b>		
Loan losses	-694	-907	-13	-62			-288	-72	0		163	-202		
Share of associated companies' profit/loss	82	-127	-10	-13			-275	-338			12	15		
Write-off/revaluation of financial fixed assets									23	-264				
<b>Operating profit/loss</b>	<b>4,031</b>	<b>4,124</b>	<b>505</b>	<b>-56</b>	<b>334</b>	<b>382</b>	<b>1,229</b>	<b>1,080</b>	<b>1,096</b>	<b>166</b>	<b>-98</b>	<b>-696</b>		
Return on allocated equity, %	17.5	19.0	26.5	neg	18.2	18.6	6.7	6.6	104.4	4.7				
C/I ratio	0.59	0.55	0.61	0.98	0.64	0.62	0.47	0.53	0.03	0.06	1.10	1.25		
No. of employees	6,901	7,180	568	550	264	279	5,932	6,006	18	18	1,676	1,428		

## **Business area accounting principles**

The business area report is based on FöreningsSparbanken's organization and internal accounts. The organizational changes implemented during the third quarter have necessitated adjustments in all quarters of 2003. The organizational change that affects the business areas means that a number of support functions that were previously part of the Retail business area and were reported in the Swedish branch operations now belong to the Joint Services unit, which is part of the Other business area. These units sell their services to the Swedish branch operations at cost, due to which the earnings of the business areas in question essentially are unaffected by the reorganization. Their reporting is affected, however, by various income and expense items as well as the number of full-time positions.

In addition, responsibility for a number of large business customers was transferred during the third quarter from Swedbank Markets to the Swedish branch operations. For accounting purposes, the organization and staff who manage these customers have been transferred to the Swedish branch operations as well. Comparative figures have been adjusted historically for all reported quarters due to the transfer of responsibility for these customers.

Market-based compensation is applied between business areas. All IT, Support and Group Staff costs are transferred at full cost-based internal prices to the business areas. Executive Management expenses are not distributed.

The Group's shareholders' equity (the year's opening equity balance excluding the dividend) is allocated to each business area at the beginning of the year. The allocation is based on capital adequacy rules and estimated capital requirements during the year. Estimated interest on allocated equity is calculated based on average Swedish demand loan rates.

Goodwill, including the effects on profit, financial expense and amortization, is allocated to each business area.

Return on equity is based on allocated shareholders' equity for the business areas. The return for the business areas is based on operating profit less estimated tax and minority interests.

## Swedish branch operations

The Swedish branch operations include customer responsibility for private customers, businesses, organizations, municipalities and county councils in Sweden as well as the Bank's own distribution channels: branches, ATM's, the Swedish telephone and Internet banks, the unit for products and customer offerings, HSB Bank, partly owned Swedish banks and private banking operations in Luxembourg.

The branch network in Sweden is organized in 88 local banks in six regions throughout the country. With 521 branches, FöreningsSparbanken has the largest branch network of any Swedish bank. The cooperation with the partly owned and independent savings banks adds another 304 branches. The branch network is complemented by 250 in-store banking locations. The agreement with Svensk Kassaservice (the Swedish postal service) also gives customers access to certain teller transactions at more than 1,000 post offices.

Approximately 2 million customers use the Telephone bank. Since the start of the year the number of customers using the Internet bank has risen to 1.5 million, of whom approximately 1.3 million were private customers, or 22 percent of private customers at FöreningsSparbanken, the independent savings banks and partly owned banks. 33 percent of business customers in Sweden use the Internet bank.

## Profit trend

SEK M	Jan-Sep 2003	Jan-Sep 2002	Q3 2003	Q2 2003	Q1 2003	Q4 2002	Q3 2002	Q2 2002
Net interest income	8,619	8,575	2,845	2,884	2,890	2,931	2,907	2,899
Net commission income	2,089	2,310	785	679	625	720	717	800
Net profit on financial operations	94	87	35	32	27	25	40	26
Other income	470	591	149	186	135	219	171	190
<b>Total income</b>	<b>11,272</b>	<b>11,563</b>	<b>3,814</b>	<b>3,781</b>	<b>3,677</b>	<b>3,895</b>	<b>3,835</b>	<b>3,915</b>
Staff costs	-2,843	-2,904	-941	-953	-949	-1,065	-966	-987
IT expenses	-547	-968	-185	-182	-180	-342	-311	-325
Other expenses	-3,055	-2,236	-1,033	-1,010	-1,012	-867	-711	-806
Depreciation/amortization	-184	-297	-57	-61	-66	-95	-99	-99
<b>Total expenses</b>	<b>-6,629</b>	<b>-6,405</b>	<b>-2,216</b>	<b>-2,206</b>	<b>-2,207</b>	<b>-2,369</b>	<b>-2,087</b>	<b>-2,217</b>
<b>Profit before loan losses</b>	<b>4,643</b>	<b>5,158</b>	<b>1,598</b>	<b>1,575</b>	<b>1,470</b>	<b>1,526</b>	<b>1,748</b>	<b>1,698</b>
Loan losses	-694	-907	-100	-291	-303	-232	-250	-300
Share of profit/loss of associated companies	82	-127	34	24	24	-19	-103	-18
<b>Operating profit</b>	<b>4,031</b>	<b>4,124</b>	<b>1,532</b>	<b>1,308</b>	<b>1,191</b>	<b>1,275</b>	<b>1,395</b>	<b>1,380</b>
Tax	-1,129	-1,185	-434	-356	-339	-381	-421	-386
Minority interests	-5	-4	-3	0	-2	0	-1	-2
<b>Profit for the period</b>	<b>2,897</b>	<b>2,935</b>	<b>1,095</b>	<b>952</b>	<b>850</b>	<b>894</b>	<b>973</b>	<b>992</b>
Allocated equity	22,013	20,626	22,013	22,013	22,013	20,626	20,626	20,626
Return on allocated equity, %	17.5	19.0	19.9	17.3	15.4	17.3	18.9	19.2
<b>Income items</b>								
Income from external customers	10,614	10,940	3,600	3,555	3,459	3,718	3,695	3,683
Income from transactions with other segments	658	623	214	226	218	177	140	232
<b>Total income</b>	<b>11,272</b>	<b>11,563</b>	<b>3,814</b>	<b>3,781</b>	<b>3,677</b>	<b>3,895</b>	<b>3,835</b>	<b>3,915</b>
<b>Business volumes, SEK billion</b>								
Lending	590	536	590	576	560	553	536	530
Deposits	238	218	238	228	226	221	218	215
Mutual funds & insurance	155	135	155	153	139	142	135	156
Other investment volume	7	6	7	7	6	6	6	5

Shares and participations in associated companies, SEK billion	1	1	1	1	1	1	1	1
Risk-weighted volume, SEK billion	397	354	397	382	367	365	354	350
Total assets, SEK billion	635	566	635	619	599	589	566	562
Total liabilities, SEK billion	613	545	613	597	578	567	545	541
Full-time positions	6,901	7,180	6,901	6,933	7,070	7,252	7,180	7,172

Operating profit amounted to SEK 4,031 M, a decrease of SEK 93 M or 2 percent compared with the previous year. Compared with the previous quarter, operating profit rose by SEK 224 M or 17 percent, primarily due to lower loan losses.

Increased net interest income from lending and the acquisition of HSB Bank did not fully compensate for lower mutual fund and insurance commissions and a lower interest margin on deposits. As a result, income decreased by SEK 291 M or 3 percent to SEK 11,272 M. Last year included a capital gain of SEK 95 M on the sale of a branch to Sparbanken Nord. During the third quarter of 2003 net interest income decreased due to a lower deposit margin owing to generally lower interest rates. This was offset by increased lending and deposit volumes as well as increased fund management and payment commissions.

Expenses rose by SEK 224 M or 3 percent compared with the previous year to SEK 6,629 M, primarily due to the acquisition of HSB Bank and the costs to adapt systems in the event of Sweden's EMU ascension.

Loan losses amounted to SEK 694 M, a decrease of SEK 213 M or 23 percent compared with the previous year. The share of the profit of associated companies was positive, since the e-commerce company Marakanda was dissolved at the beginning of the year. The return on allocated equity fell to 18 percent (19).

The number of full-time positions in 2003 has been affected by an organizational transfer of local stock brokers to Swedbank Markets and the transfer of certain support units to the Joint Services unit in the Other business area. Expenses for the support operations that have been moved are reported in 2003 as other expenses instead of staff costs, expenses for premises, IT expenses, depreciation/amortization, etc.

## Swedbank Markets

Swedbank Markets is responsible for the Bank's Investment and Merchant Banking operations as well as for financial institutions. In addition to operations in Sweden and First Securities in Norway, the business area includes the international branches in Oslo, London and New York.

Swedbank Markets offers trading in securities and derivatives in the equity, fixed income and foreign exchange markets as well as financing solutions and professional analysis and advice. The research unit issues a steady stream of analyses on around 150 Nordic companies. For individual investors, Swedbank Markets offers stock trading and broad-market products, such as equity linked bonds, through the Group's Swedish branch network, independent savings banks and partly owned banks, as well as through the Internet bank and Telephone bank.

### Profit trend

SEK M	Jan-Sep 2003	Jan-Sep 2002	Q3 2003	Q2 2003	Q1 2003	Q4 2002	Q3 2002	Q2 2002
Net interest income	692	373	345	149	198	256	115	173
Net commission income	416	378	124	151	141	174	140	127
Net profit on financial operations	171	80	13	69	89	52	59	-169
Other income	89	37	14	66	9	12	11	15
<b>Total income</b>	<b>1,368</b>	<b>868</b>	<b>496</b>	<b>435</b>	<b>437</b>	<b>494</b>	<b>325</b>	<b>146</b>
Staff costs	-405	-416	-131	-129	-145	-153	-136	-139
IT expenses	-185	-174	-54	-67	-64	-66	-57	-63
Other expenses	-238	-244	-78	-84	-76	-97	-74	-87
Depreciation/amortization	-12	-15	-4	-4	-4	-5	-4	-6
<b>Total expenses</b>	<b>-840</b>	<b>-849</b>	<b>-267</b>	<b>-284</b>	<b>-289</b>	<b>-321</b>	<b>-271</b>	<b>-295</b>
<b>Profit before loan losses</b>	<b>528</b>	<b>19</b>	<b>229</b>	<b>151</b>	<b>148</b>	<b>173</b>	<b>54</b>	<b>-149</b>
Loan losses	-13	-62	-4	0	-9	-11	1	-63
Share of profit/loss of associated companies	-10	-13	-6	4	-8	0	-1	-5
<b>Operating profit/loss</b>	<b>505</b>	<b>-56</b>	<b>219</b>	<b>155</b>	<b>131</b>	<b>162</b>	<b>54</b>	<b>-217</b>
Tax	-141	16	-61	-43	-37	-46	-15	61
<b>Profit/loss for the period</b>	<b>364</b>	<b>-40</b>	<b>158</b>	<b>112</b>	<b>94</b>	<b>116</b>	<b>39</b>	<b>-156</b>
Allocated equity	1,834	1,990	1,834	1,834	1,834	1,990	1,990	1,990
Return on allocated equity, %	26.5	neg	34.5	24.4	20.5	23.3	7.8	neg
<b>Income items</b>								
Income from external customers	1,150	699	424	363	363	421	264	96
Income from transactions with other segments	218	169	72	72	74	73	61	50
<b>Total income</b>	<b>1,368</b>	<b>868</b>	<b>496</b>	<b>435</b>	<b>437</b>	<b>494</b>	<b>325</b>	<b>146</b>
<b>Business volumes, SEK billion</b>								
Lending	12	20	12	14	16	17	20	17
Deposits	0	0	0	0	0	0	0	0
Mutual funds and insurance	1	0	1	1	1	1	0	1
Shares and participating interests in associated companies, SEK billion	0	0	0	0	0	0	0	0
Risk-weighted volume, SEK billion	35	49	35	46	47	40	49	48
Total assets, SEK billion	253	210	253	246	247	205	210	243
Total liabilities, SEK billion	251	208	251	244	245	203	208	241
Full-time positions	568	550	568	562	558	526	550	551

Swedbank Markets' operating profit amounted to SEK 505 M, an increase of SEK 561 M compared with the previous year. The major profit improvement is mainly due to the fact that last year's profit was significantly

affected by changes in exchange rates. Compared with the previous quarter, operating profit rose by SEK 64 M or 41 percent, primarily owing to the operations of the Oslo branch. Trading in Norwegian bonds and interest rate derivatives for Norwegian financial institutions and companies, which was started by the Oslo branch in February in cooperation with First Securities, has developed very positively.

Conditions for fixed income and foreign exchange trading have been good, particularly during the first half-year, while market conditions for equity-related operations improved during the third quarter. The return on allocated equity rose to 26 percent, compared with a negative return for the period January to September 2002.

## Asset management and insurance

Asset management and insurance comprises the Robur Group and its operations in fund management, institutional and discretionary asset management, insurance and individual pension savings.

### Profit trend

SEK M	Jan-Sep 2003	Jan-Sep 2002	Q3 2003	Q2 2003	Q1 2003	Q4 2002	Q3 2002	Q2 2002
Net interest income	34	61	8	3	23	13	19	20
Net commission income	850	916	301	278	271	293	262	312
Net profit on financial operations	11	1	3	16	-8	10	2	0
Other income	24	22	8	1	15	8	7	8
<b>Total income</b>	<b>919</b>	<b>1 000</b>	<b>320</b>	<b>298</b>	<b>301</b>	<b>324</b>	<b>290</b>	<b>340</b>
Staff costs	-193	-215	-65	-62	-66	-42	-67	-75
IT expenses	-58	-41	-21	-19	-18	-22	-16	-12
Other expenses	-156	-177	-41	-65	-50	-65	-59	-59
Depreciation/amortization	-178	-185	-59	-59	-60	-62	-61	-62
<b>Total expenses</b>	<b>-585</b>	<b>-618</b>	<b>-186</b>	<b>-205</b>	<b>-194</b>	<b>-191</b>	<b>-203</b>	<b>-208</b>
<b>Profit before loan losses</b>	<b>334</b>	<b>382</b>	<b>134</b>	<b>93</b>	<b>107</b>	<b>133</b>	<b>87</b>	<b>132</b>
<b>Operating profit</b>	<b>334</b>	<b>382</b>	<b>134</b>	<b>93</b>	<b>107</b>	<b>133</b>	<b>87</b>	<b>132</b>
Tax	-94	-107	-38	-26	-30	-37	-24	-37
<b>Profit for the period</b>	<b>240</b>	<b>275</b>	<b>96</b>	<b>67</b>	<b>77</b>	<b>96</b>	<b>63</b>	<b>95</b>
Allocated equity	1 759	1 971	1 759	1 759	1 759	1 971	1 971	1 971
Return on allocated equity, %	18,2	18,6	21,8	15,2	17,5	19,5	12,8	19,3
<b>Income items</b>								
Income from external customers	1 788	2 042	629	624	535	611	586	697
Income from transactions with other segments	-869	-1 042	-309	-326	-234	-287	-296	-357
<b>Total income</b>	<b>919</b>	<b>1 000</b>	<b>320</b>	<b>298</b>	<b>301</b>	<b>324</b>	<b>290</b>	<b>340</b>
<b>Business volumes, SEK billion</b>								
Mutual funds & insurance	232	195	232	224	203	206	195	226
Other investment volume	24	19	24	24	18	20	19	21
Risk-weighted volume, SEK billion	0	0	0	0	0	0	0	0
Total assets, SEK billion	40	34	40	39	35	36	34	40
Total liabilities, SEK billion	38	32	38	37	33	34	32	38
Full-time positions	264	279	264	255	260	282	279	277

Operating profit for the ninemonth period was SEK 334 M, a decrease of SEK 48 M or 13 percent compared with the previous year. The decline is mainly due to lower global stock prices, which leads to lower asset management volumes and lower commission income. The return on allocated equity decreased slightly.

Compared with the previous quarter, operating profit rose by SEK 41 M or 44 percent due to the substantial rebound in stock prices.

### Fund savings, volumes and flows

Net contributions to Robur's mutual funds during the first nine months of 2003 totaled SEK 10.8 billion, against SEK 8.2 billion in the same period 2002. Of net contributions, SEK 3.0 billion (2.8) was from premium pension investments and SEK 1.6 billion (3.1) from unit-linked insurance in Robur Försäkring.

Robur's assets under management amounted to SEK 232 billion (206) on September 30, 2003. The change resulted from an increase in the value of fund assets of approximately SEK 15 billion, mainly because of rising stock prices during the first half-year. After net fund contributions of approximately SEK 11 billion, the increase in fund assets during the period was approximately SEK 26 billion. Institutional asset management operations managed SEK 38 billion (31), of which SEK 14 billion (13) was invested in Robur funds.

Robur's share of net contributions in the Swedish mutual fund market was 17 percent (16) for the first nine months of 2003. Its share of assets under management in the fund market was 28 percent (29) on June 30, 2003.

	Sep 30 2003	Dec 31 2002	Sep 30 2002
<b>Fund management, Robur</b>			
Assets under management (SEK billion)	232	206	195
<i>Of which:</i>			
<i>Swedish equities, %</i>	26.3	26.1	24.4
<i>Foreign equities, %</i>	35.4	35.0	36.5
<i>Interest-bearing securities, %</i>	38.3	38.9	39.1
Number of customers (thousands)	2 762	2 744	2 737
 <b>Unit-linked insurance, Robur Försäkring</b>			
Assets under management (SEK billion)	35.2	31.3	30.0
<i>Of which in Robur funds</i>	34.7	30.8	29.6
Number of policies (thousands)	676	635	631
 <b>Discretionary asset management, FöreningsSparbanken Kapitalförvaltning</b>			
Assets under management (SEK billion)	38	31	30
<i>Of which in Robur funds</i>	14	13	13

### Unit-linked insurance

Sales (premiums paid) of unit-linked insurance amounted to SEK 3.5 billion (4.5) during the first nine months of 2003. As of September 30, 2003 assets under management by Robur Försäkring amounted to SEK 35.2 billion (31.3).

The market share for new unit-linked insurance was 13 percent on June 30, 2003. Robur Försäkring had approximately 676,000 (635,000) policies as of September 30, in addition to around 1 million group life insurance policies.

### Fund management results

All of Robur's equity funds have had a positive absolute return during the year. Its Swedish funds have appreciated in value by nearly 20 percent, while its public savings funds generated a return of slightly over 11 percent during the first nine months of the year. Robur's funds that invest in both equities and fixed income instruments – blend funds – have posted returns of between 4 and 12 percent thus far this year. Its Swedish fixed income funds currently offer annual returns of between 3 and 7 percent.

Approximately 50 percent of Robur's funds have outperformed their comparative indexes. In the category equity funds, approximately 65 percent have a positive relative return, and in the category fixed income funds



the figure is 15 percent. The differences with regard to fixed income funds are small, however. Among blend funds, one of three has outperformed its comparative index thus far this year.

The highest relative returns were generated by the Realinvest industry-specific fund and funds that invest in Sweden and the Nordic and Pacific regions, while the Japan and Small Cap Europe funds were among those that performed poorest compared with their indexes.

## International banking operations

The International banking operations business area includes the subsidiaries Hansabank in the Baltic states and FI-Holding in Denmark as well as FöreningsSparbanken's interests in the associated companies SpareBank 1 Gruppen of Norway and Aktia of Finland.

### Profit trend

SEK M	Jan-Sep 2003	Jan-Sep 2002	Q3 2003	Q2 2003	Q1 2003	Q4 2002	Q3 2002	Q2 2002
Net interest income	2,270	2,277	748	743	779	695	791	760
Net commission income	736	610	249	258	229	256	216	206
Net profit on financial operations	216	134	87	56	73	107	58	14
Other income	155	175	40	75	40	44	48	90
<b>Total income</b>	<b>3,377</b>	<b>3,196</b>	<b>1,124</b>	<b>1,132</b>	<b>1,121</b>	<b>1,102</b>	<b>1,113</b>	<b>1,070</b>
Staff costs	-684	-748	-220	-237	-227	-257	-240	-253
IT expenses	-109	-109	-35	-37	-37	-39	-37	-38
Other expenses	-425	-394	-146	-146	-133	-187	-123	-138
Depreciation/amortization	-367	-455	-119	-121	-127	-122	-140	-161
<b>Total expenses</b>	<b>-1,585</b>	<b>-1,706</b>	<b>-520</b>	<b>-541</b>	<b>-524</b>	<b>-605</b>	<b>-540</b>	<b>-590</b>
<b>Profit before loan losses</b>	<b>1,792</b>	<b>1,490</b>	<b>604</b>	<b>591</b>	<b>597</b>	<b>497</b>	<b>573</b>	<b>480</b>
Loan losses	-288	-72	-103	-93	-92	-58	-30	-11
Share of profit/loss of associated companies	-275	-338	24	-244	-55	-106	-280	-45
<b>Operating profit</b>	<b>1,229</b>	<b>1,080</b>	<b>525</b>	<b>254</b>	<b>450</b>	<b>333</b>	<b>263</b>	<b>424</b>
Tax	-312	-189	-78	-167	-67	-23	-40	-88
Minority interests	-474	-471	-164	-144	-166	-167	-187	-147
<b>Profit for the period</b>	<b>443</b>	<b>420</b>	<b>283</b>	<b>-57</b>	<b>217</b>	<b>143</b>	<b>36</b>	<b>189</b>
Allocated equity	8,790	8,523	8,790	8,790	8,790	8,523	8,523	8,523
Return on allocated equity, %	6.7	6.6	12.9	neg.	9.9	6.7	1.7	8.9
<b>Income items</b>								
Income from external customers	3,377	3,196	1,124	1,132	1,121	1,102	1,113	1,070
<b>Business volumes, SEK billion</b>								
Lending	103	99	103	104	104	100	99	96
Deposits	35	31	35	35	35	33	31	31
Shares and participating interests in associated companies, SEK billion	1	1	1	1	2	1	1	2
Risk-weighted volume, SEK billion	147	146	147	152	154	150	146	146
Total assets, SEK billion	137	131	137	142	144	136	131	134
Total liabilities, SEK billion	128	122	128	133	135	127	122	125
Full-time positions	5,932	6,006	5,932	5,926	5,924	5,901	6,006	6,248

Operating profit for International banking operations amounted to SEK 1,229 M, an increase of SEK 149 M or 14 percent from the previous year. Despite SpareBank 1 Gruppen's loss of SEK 376 M (of which the goodwill write-off was SEK 311 M), the Norwegian result improved by SEK 37 M. Hansabank raised its

operating profit by SEK 166 M or 21 percent to SEK 961 M, while FI-Holding's profit declined by SEK 72 M or 11 percent to SEK 610 M. Aktia's profit improved by SEK 8 M.

Compared with the previous quarter, operating profit improved by SEK 271 M or 107 percent to SEK 525 M. The previous quarter was affected by a writedown of goodwill amounting to SEK 311 M. Hansabank's profit declined by SEK 34 M while FI-Holding's operating profit was unchanged.

Income during the nine month period rose by SEK 181 M or 6 percent compared with the previous year to SEK 3,377 M. Expenses declined by SEK 121 M or 7 percent to SEK 1,585 M. Loan losses rose by SEK 216 M to SEK 288 M.

The return on allocated equity was unchanged at 7 percent for the nine month period. For Hansabank, the return was 22 percent (21) and for FI-Holding 9 percent (10).

## Treasury management

The business area includes Treasury management in Sweden (the Parent Company, FöreningsSparbanken AB, and the subsidiary Spintab). Treasury management in Sweden is responsible for long-term funding, including funding for mortgage operations, the Bank's strategic short- and long-term portfolios, and certain other shareholdings such as the holding in OM HEX.

### Profit trend

SEK M	Jan-Sep 2003	Jan-Sep 2002	Q3 2003	Q2 2003	Q1 2003	Q4 2002	Q3 2002	Q2 2002
Net interest income	539	478	236	142	161	132	107	211
Net commission income	-21	-19	-7	-6	-8	-7	-6	-8
Net profit on financial operations	54	-26	-5	57	2	4	16	-23
Other income	537	25	19	515	3	1	0	29
<b>Total income</b>	<b>1,109</b>	<b>458</b>	<b>243</b>	<b>708</b>	<b>158</b>	<b>130</b>	<b>117</b>	<b>209</b>
Staff costs	-11	-9	-3	-4	-4	-4	-3	-3
IT expenses	-5	-5	-2	-1	-2	-2	-2	-3
Other expenses	-20	-14	-6	-8	-6	-15	-4	-4
Depreciation/amortization	0	0	0	0	0	0	0	0
<b>Total expenses</b>	<b>-36</b>	<b>-28</b>	<b>-11</b>	<b>-13</b>	<b>-12</b>	<b>-21</b>	<b>-9</b>	<b>-10</b>
<b>Profit before loan losses</b>	<b>1,073</b>	<b>430</b>	<b>232</b>	<b>695</b>	<b>146</b>	<b>109</b>	<b>108</b>	<b>199</b>
Reversal of write-off of financial fixed assets		-264					-264	
Write-off of financial fixed assets	23		23					
<b>Operating profit</b>	<b>1,096</b>	<b>166</b>	<b>255</b>	<b>695</b>	<b>146</b>	<b>109</b>	<b>-156</b>	<b>199</b>
Tax	-203	-120	-71	-91	-41	-31	-30	-56
<b>Profit for the period</b>	<b>893</b>	<b>46</b>	<b>184</b>	<b>604</b>	<b>105</b>	<b>78</b>	<b>-186</b>	<b>143</b>
Allocated equity	1,141	1,307	1,141	1,141	1,141	1,307	1,307	1,307
Return on allocated equity, %	104.4	4.7	64.5	211.7	36.8	23.9	neg.	43.8
<b>Income items</b>								
Income from external customers	1,113	461	246	708	159	130	118	210
Income from transactions with other segments	-4	-3	-3	0	-1	0	-1	-1
<b>Total income</b>	<b>1,109</b>	<b>458</b>	<b>243</b>	<b>708</b>	<b>158</b>	<b>130</b>	<b>117</b>	<b>209</b>
<b>Business volumes, SEK billion</b>								
Lending	1	1	1	1	1	1	1	1
Other investment volume	10	8	10	9	9	8	8	7

Risk-weighted volume, SEK billion	6	8	6	6	8	7	8	7
Total assets, SEK billion	376	348	376	402	362	340	348	328
Total liabilities, SEK billion	375	347	375	401	361	339	347	327
Full-time positions	18	18	18	18	16	18	18	16

Treasury management's operating profit amounted to SEK 1,096 M for the period January to September 2003, an increase of SEK 930 M compared with the previous year. The increase was mainly due to a capital gain on the sale of the Bank's shareholding in Erste Bank of SEK 489 M and a revaluation of the shareholding in OM HEX of SEK 23 M, while last year's result was charged with a write-off of the OM HEX shares of SEK 264 M. Compared with the previous quarter, operating profit declined by SEK 440 M.

## Other

Other comprises IT and other joint services, Group Staffs, the support organization, the Group's own insurance company (Sparia), FöreningsSparbanken Fastighetsbyrå (real estate brokerage) and FöreningsSparbanken Juristbyrå (legal services). Other also includes central provisions for loan losses that are not reported by units with customer responsibility.

## Profit trend

SEK M	Jan-Sep 2003	Jan-Sep 2002	Q3 2003	Q2 2003	Q1 2003	Q4 2002	Q3 2002	Q2 2002
Net interest income	-63	-115	-68	28	-23	-143	-12	-160
Net commission income	108	152	25	51	32	1	35	71
Net profit on financial operations	-2	-25	-1	-12	11	-8	6	-21
Other income	2,566	2,006	855	829	882	678	639	659
<b>Total income</b>	<b>2,609</b>	<b>2,018</b>	<b>811</b>	<b>896</b>	<b>902</b>	<b>528</b>	<b>668</b>	<b>549</b>
Staff costs	-1,060	-970	-407	-317	-336	-283	-308	-320
IT expenses	-720	-517	-233	-256	-231	-160	-177	-155
Other expenses	-876	-903	-246	-312	-318	-149	-300	-235
Depreciation/amortization	-226	-137	-72	-77	-77	-41	-46	-44
<b>Total expenses</b>	<b>-2,882</b>	<b>-2,527</b>	<b>-958</b>	<b>-962</b>	<b>-962</b>	<b>-633</b>	<b>-831</b>	<b>-754</b>
<b>Profit before loan losses</b>	<b>-273</b>	<b>-509</b>	<b>-147</b>	<b>-66</b>	<b>-60</b>	<b>-105</b>	<b>-163</b>	<b>-205</b>
Loan losses	163	-202	47	102	14	-59	-96	-59
Share of profit/loss of associated companies	12	15	3	5	4	0	4	6
<b>Operating profit/loss</b>	<b>-98</b>	<b>-696</b>	<b>-97</b>	<b>41</b>	<b>-42</b>	<b>-164</b>	<b>-255</b>	<b>-258</b>
Appropriations	-47	-51	3	-20	-30	-25	-13	-22
Tax	24	111	13	1	10	9	53	68
Minority interests	3	6	1	-2	4	-1	4	4
<b>Profit/loss for the period</b>	<b>-118</b>	<b>-630</b>	<b>-80</b>	<b>20</b>	<b>-58</b>	<b>-181</b>	<b>-211</b>	<b>-208</b>
Allocated equity	162	163	162	162	162	163	163	163
<b>Income items</b>								
Income from external customers	304	304	106	97	101	105	107	126
Income from transactions with other segments	2,305	1,714	705	799	801	423	561	423
<b>Total income</b>	<b>2,609</b>	<b>2,018</b>	<b>811</b>	<b>896</b>	<b>902</b>	<b>528</b>	<b>668</b>	<b>549</b>
<b>Business volumes, SEK billion</b>								
Lending	0	3	0	0	2	2	3	5
Shares and participating interests in associated companies, SEK billion	0	0	0	0	0	0	0	0
Risk-weighted volume, SEK billion	-3	2	-3	-3	4	3	2	4
Total assets, SEK billion	7	7	7	8	10	6	7	6
Total liabilities, SEK billion	7	7	7	8	10	6	7	6

Full-time positions	1,676	1,428	1,676	1,656	1,577	1,489	1,428	1,447
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Other reported an operating loss of SEK 98 M for the period January to September 2003, an improvement of SEK 598 M compared with the previous year mainly due to lower loan losses and increased invoicing from central units. Compared with the previous quarter, operating profit was SEK 138 M lower.

## Eliminations

SEK M	Jan-Sep 2003	Jan-Sep 2002	Q3 2003	Q2 2003	Q1 2003	Q4 2002	Q3 2002	Q2 2002
Net interest income	14	14	0	9	5	2	3	5
Net commission income	-1	-22	-1	-10	10	2	5	-29
Net profit on financial operations	0	2	0	0	0	-2	2	0
Other income	-2,397	-1,886	-791	-801	-805	-685	-609	-614
<b>Total income</b>	<b>-2,384</b>	<b>-1,892</b>	<b>-792</b>	<b>-802</b>	<b>-790</b>	<b>-683</b>	<b>-599</b>	<b>-638</b>
Staff costs	45	43	15	16	14	18	16	14
IT expenses	635	898	202	223	210	290	294	306
Other expenses	1,704	951	575	563	566	375	289	318
<b>Total expenses</b>	<b>2,384</b>	<b>1,892</b>	<b>792</b>	<b>802</b>	<b>790</b>	<b>683</b>	<b>599</b>	<b>638</b>
<b>Business volumes, SEK billion</b>								
Mutual funds & insurance	-155	-135	-155	-154	-140	-143	-135	-157
Other investment volume	-7	-6	-7	-7	-6	-6	-6	-5
Total assets, SEK billion	-438	-350	-438	-424	-386	-355	-350	-327
Total liabilities, SEK billion	-438	-350	-438	-424	-386	-355	-350	-327

## **Profit and loss account, the Group \***

<b>SEK M</b>	<b>Jan-Sep 2003</b>	<b>Jan-Sep 2002</b>	<b>%</b>	<b>Q3 2003</b>	<b>Q3 2002</b>	<b>%</b>	<b>Full-year 2002</b>
Interest receivable	36,295	39,858	-9	11,532	13,299	-13	51,957
Interest payable	- 24,279	- 28,303	-14	- 7,443	- 9,404	-21	-36,547
Net interest income	12,016	11,555	4	4,089	3,895	5	15,410
Dividends received	100	86	16	1	0		89
Commissions receivable	5,288	5,325	-1	1,867	1,721	8	7,108
Commissions payable	- 1,338	- 1,250	7	- 470	- 421	12	- 1,685
Net commission income (Note 1)	3,950	4,075	-3	1,397	1,300	7	5,423
Net profit on financial operations (Note 2)	526	285	85	124	185	-33	466
Other operating income	1,324	856	55	289	256	13	1,126
<b>Total income</b>	<b>17,916</b>	<b>16,857</b>	<b>6</b>	<b>5,900</b>	<b>5,636</b>	<b>5</b>	<b>22,514</b>
General administrative expenses							
- Staff costs	- 5,115	- 5,163	-1	- 1,741	- 1,688	3	- 6,952
- Other	- 3,979	- 3,870	3	- 1,281	- 1,270	1	- 5,331
Total general administrative expenses	- 9,094	- 9,033	1	- 3,022	- 2,958	2	- 12,283
Depreciation and write-off of tangible fixed assets	- 507	- 571	-11	- 159	- 191	-17	- 747
Amortization of goodwill	- 460	- 515	-11	- 153	- 159	-4	- 663
<b>Total expenses</b>	<b>- 10,061</b>	<b>- 10,119</b>	<b>-1</b>	<b>- 3,334</b>	<b>- 3,308</b>	<b>1</b>	<b>- 13,693</b>
<b>Profit before loan losses</b>	<b>7,855</b>	<b>6,738</b>	<b>17</b>	<b>2,566</b>	<b>2,328</b>	<b>10</b>	<b>8,821</b>
Loan losses, net (Note 3)	- 832	- 1,243	-33	-160	- 375	-57	- 1,603
Write-off of financial fixed assets		- 264			- 264		- 264
Reversal of write-off of financial fixed assets	23			23			
Share of profit/loss of associated companies	- 191	- 463	-59	55	- 380		- 588
<b>Operating profit in banking operations</b>	<b>6,855</b>	<b>4,768</b>	<b>44</b>	<b>2,484</b>	<b>1,309</b>	<b>90</b>	<b>6,366</b>
Operating profit in insurance operations	242	232	4	84	79	6	482
<b>Profit before appropriations and tax</b>	<b>7,097</b>	<b>5,000</b>	<b>42</b>	<b>2,568</b>	<b>1,388</b>	<b>85</b>	<b>6,848</b>
Settlement of pensions	- 47	- 51	-8	3	- 13		- 76
Tax	- 1,855	- 1,474	26	- 669	- 477	40	- 1,983
Minority interest	- 476	- 469	1	- 166	- 184	-10	- 637
<b>Profit for the period</b>	<b>4,719</b>	<b>3,006</b>	<b>57</b>	<b>1,736</b>	<b>714</b>		<b>4,152</b>
Earnings per share, SEK *	8.94	5.69		3.29	1.35		7.87
Earnings per share after dilution, SEK *	8.94	5.69		3.29	1.35		7.86

\* Prepared according to the instructions of the Financial Supervisory Authority.

\*\* See key ratios on page 8 for number of shares.

## Profit and loss account, the Bank

SEK M	Jan-Sep 2003	Jan-Sep 2002	%	Q3 2003	Q3 2002	%	Full-year 2002
Interest receivable	14,098	17,205	-18	4,514	5,775	-22	21,585
Interest payable	- 8,736	- 11,911	-27	- 2,626	- 3,988	-34	-14,509
Net interest income	5,362	5,294	1	1,888	1,787	6	7,076
Dividends received	321	251	28	2	0		4,897
Commissions receivable	3,485	3,611	-3	1,233	1,172	5	4,801
Commissions payable	- 746	- 714	4	- 262	- 245	7	- 960
Net commission income (Note 1)	2,739	2,897	-5	971	927	5	3,841
Net profit on financial operations (Note 2)	299	75		41	110	-63	144
Other operating income	1,252	826	52	250	245	2	1,082
<b>Total income</b>	<b>9,973</b>	<b>9,343</b>	<b>7</b>	<b>3,152</b>	<b>3,069</b>	<b>3</b>	<b>17,040</b>
General administrative expenses							
- Staff costs	- 4,056	- 4,084	-1	- 1,397	- 1,349	4	- 5,505
- Other	- 3,152	- 3,059	3	- 1,007	- 1,011		- 4,224
Total general administrative expenses	- 7,208	- 7,143	1	- 2,404	-2,360	2	- 9,729
Depreciation and write-off of tangible fixed assets	- 312	- 353	-12	- 97	- 120	-19	-458
Amortization of goodwill	- 76	- 76		- 26	- 26		-101
<b>Total expenses</b>	<b>- 7,596</b>	<b>- 7,572</b>	<b>0</b>	<b>- 2,527</b>	<b>- 2,506</b>	<b>1</b>	<b>- 10,288</b>
<b>Profit before loan losses</b>	<b>2,377</b>	<b>1,771</b>	<b>34</b>	<b>625</b>	<b>563</b>	<b>11</b>	<b>6,752</b>
Loan losses, net (Note 3)	- 600	- 1,183	-49	- 106	- 387	-73	- 1,510
Write-off of financial fixed assets	- 311	- 966	-68		- 934		- 1,082
Reversal of write-off of financial fixed assets	23			23			
<b>Profit before appropriations and tax</b>	<b>1,489</b>	<b>- 378</b>		<b>542</b>	<b>- 758</b>		<b>4,160</b>
Appropriations	- 47	- 51	-8	3	- 13		- 237
Tax	- 311	- 116		- 129	- 56		- 1,377
<b>Profit for the period</b>	<b>1,131</b>	<b>- 545</b>		<b>416</b>	<b>- 827</b>		<b>2,546</b>

## **Balance sheet**

SEK M	Group			Bank		
	Sep 30 2003	Dec 31 2002	Sep 30 2002	Sep 30 2003	Dec 31 2002	Sep 30 2002
Loans to the public (Note 4)	102,153	98,662	104,825	151,370	119,369	127,009
Loans to credit institutions (Note 4)	733,116	703,397	685,480	208,689	209,225	209,698
Interest-bearing securities	76,595	64,884	66,417	84,207	69,350	72,227
- <i>Financial fixed assets</i>	1,373	2,729	2,195	864	170	249
- <i>Financial current assets</i>	75,222	62,155	64,222	83,343	69,180	71,978
Assets in insurance operations	36,369	32,242	30,938			
Other assets	61,910	58,318	57,514	72,863	71,815	60,692
<b>Total assets</b>	<b>1,010,143</b>	<b>957,503</b>	<b>945,174</b>	<b>517,129</b>	<b>469,759</b>	<b>469,626</b>
Amounts owed to credit institutions	108,059	102,814	90,516	137,034	103,222	99,926
Deposits and borrowings from the public	283,743	263,419	261,470	237,722	219,009	228,030
Debt securities in issue	433,888	420,254	436,442	34,269	45,064	53,377
Liabilities in the insurance operations	36,253	32,243	31,153			
Other liabilities	74,597	67,343	54,107	56,944	49,311	39,182
Subordinated liabilities	28,346	27,655	28,980	21,353	21,574	20,754
Minority interests	5,005	5,173	5,026			
Untaxed reserves				7,391	7,391	7,230
Shareholders' equity	40,252	38,602	37,480	22,416	24,188	21,127
<b>Total liabilities, provisions and shareholders' equity</b>	<b>1,010,143</b>	<b>957,503</b>	<b>945,174</b>	<b>517,129</b>	<b>469,759</b>	<b>469,626</b>
Assets pledged for own liabilities	73,957	103,000	64,340	38,251	71,208	27,974
Other assets pledged	49,155	8,903	46,773	49,151	8,799	46,769
Contingent liabilities	22,370	21,525	19,278	24,726	19,700	18,516
Commitments	3,179,266	2,438,988	2,503,792	2,881,068	2,173,974	2,208,382

## **Change in shareholders' equity**

SEK M	Group			Bank		
	Restricted equity	Non- restricted equity	Total sharehold- ers' equity	Restricted equity	Non- restricted equity	Total sharehold- ers' equity
<b>Closing balance Dec. 31, 2002</b>	<b>29,234</b>	<b>9,368</b>	<b>38,602</b>	<b>18,484</b>	<b>5,704</b>	<b>24,188</b>
Transfers between restricted and non-restricted equity	- 266	266		88	- 88	
Dividend		- 2,903	- 2,903		- 2,903	- 2 903
Translation difference		- 268	- 268			
Exchange rate difference subsidiary and associated company financing		102	102			
Profit for the period		4,719	4,719		1,131	1,131
<b>Closing balance September 30, 2003</b>	<b>28,968</b>	<b>11,284</b>	<b>40,252</b>	<b>18,572</b>	<b>3,844</b>	<b>22,416</b>
<b>Closing balance Dec. 31, 2001</b>	<b>27,911</b>	<b>9,572</b>	<b>37,483</b>	<b>17,845</b>	<b>6,730</b>	<b>24,575</b>
Transfers between restricted and non-restricted equity	1,052	- 1,052		920	- 920	
Dividend		- 2,903	- 2,903		- 2,903	- 2,903
Translation difference		- 284	- 284			
Exchange rate difference subsidiary financing		178	178			
Profit for the period		3,006	3,006		- 545	- 545
<b>Closing balance September 30, 2002</b>	<b>28,963</b>	<b>8,517</b>	<b>37,480</b>	<b>18,765</b>	<b>2,362</b>	<b>21,127</b>

## **Statement of cash flows**

SEK M	Group		Bank	
January – September	2003	2002	2003	2002
<b>Liquid assets at beginning of period *</b>	<b>58,569</b>	<b>94,153</b>	<b>47,087</b>	<b>72 828</b>
<b>Operating activities</b>				
Operating profit	7,097	5,000	1,489	- 378
Adjustments for non-cash items	2,272	3,812	7,939	8,909
Taxes	- 1,444	- 1,213	- 1,005	- 603
Decrease/increase in receivables from credit institutions	23,014	6,518	-9,896	8,895
Increase in loans to the public	- 36,093	- 30,623	- 3,085	- 1,820
Increase in holdings of securities classified as current assets	- 10,452	- 3,992	- 11,131	- 1,690
Increase in deposits and borrowings from the public, including retail bonds	16,055	9,685	13,551	6,631
Decrease/increase in amounts owned to credit institutions	17,788	- 19,058	46,174	- 1,838
Change in other assets and liabilities, net	- 8,230	- 6,866	- 7,181	- 3,875
<b>Cash flow from operating activities</b>	<b>10,007</b>	<b>- 36,737</b>	<b>36,855</b>	<b>14,231</b>
<b>Investing activities</b>				
Purchase of fixed assets	- 1,289	- 1,218	- 3,019	- 887
Sale of fixed assets	2,017	903	1,581	111
Branch sale	0	101	0	101
<b>Cash flow from investing activities</b>	<b>728</b>	<b>- 214</b>	<b>- 1,438</b>	<b>- 675</b>
<b>Financing activities</b>				
Issuance of interest-bearing securities	148,607	117,636	349	1,905
Redemption of interest-bearing securities	- 124,678	- 114,675	- 300	- 8,205
Increase/decrease in other funding	- 19,351	23,327	- 21,736	- 8,034
Dividend paid	- 2,903	- 2,903	- 2,903	- 2,903
<b>Cash flow from financing activities</b>	<b>1,675</b>	<b>23,385</b>	<b>- 24,590</b>	<b>- 17,237</b>
<b>Cash flow for the period</b>	<b>12,410</b>	<b>- 13,566</b>	<b>10,827</b>	<b>- 3,681</b>
Exchange rate differences in liquid assets	- 308	- 364		
<b>Liquid assets at end of period *</b>	<b>70,671</b>	<b>80,223</b>	<b>57,914</b>	<b>69,147</b>
* of which securities pledged for OM HEX, etc.				
At beginning of period	4,800	4,400	4,800	4,400
At end of period	2,461	5,547	2,461	5,547

### **Note 1. Specification of net commission income**

SEK M	Group		Bank	
January – September	2003	2002	2003	2002
Payment processing commissions	2,170	2,041	1,685	1,603
Brokerage	209	215	168	171
Asset management	1,404	1,618	762	944
Other securities commissions	123	120	115	118
Other commissions receivable	1,382	1,331	755	775
<b>Total commissions receivable</b>	<b>5,288</b>	<b>5,325</b>	<b>3,485</b>	<b>3,611</b>
Payment processing commissions	- 731	- 718	-624	- 613
Securities commissions	- 100	- 109	-69	- 77
Other commissions payable	- 507	- 423	-53	- 24
<b>Total commissions payable</b>	<b>- 1,338</b>	<b>- 1,250</b>	<b>-746</b>	<b>- 714</b>
<b>Total commissions, net</b>	<b>3,950</b>	<b>4,075</b>	<b>2,739</b>	<b>2,897</b>



**Note 2. Specification of net profit on financial operations**

SEK M	Group		Bank	
January – September	2003	2002	2003	2002
<b>Capital gains/losses</b>				
Shares/participating interests	54	- 84	38	- 85
Interest-bearing securities	443	- 55	451	- 56
Other financial instruments	33	31	1	1
<b>Total</b>	<b>530</b>	<b>- 108</b>	<b>490</b>	<b>- 140</b>
<b>Unrealized changes in value</b>				
Shares/participating interests	- 9	109	3	139
Interest-bearing securities	- 302	60	- 343	- 13
Other financial instruments	- 55	- 81	0	0
<b>Total</b>	<b>- 366</b>	<b>88</b>	<b>- 340</b>	<b>126</b>
<b>Change in exchange rates</b>	<b>362</b>	<b>305</b>	<b>149</b>	<b>89</b>
<b>Total</b>	<b>526</b>	<b>285</b>	<b>299</b>	<b>75</b>

**Note 3. Specification of loan losses, net, and change in the value of property taken over**

SEK M	Group		Bank	
January – September	2003	2002	2003	2002
<i>Specific provisions for claims assessed individually</i>				
The period's write-off for established loan losses	- 828	-920	- 438	-562
Reversal of previous provisions for anticipated loan losses reported in the period's accounts as established	468	474	227	234
The period's provisions for anticipated loan losses	- 619	- 627	- 222	-319
Recoveries from previous years' established loan losses	323	436	91	147
Recovered provisions for anticipated loan losses	213	257	50	81
<b>The year's net expense</b>	<b>- 443</b>	<b>- 380</b>	<b>- 292</b>	<b>- 419</b>
<i>Collective provisions for individually assessed claims</i>				
<b>Allocations to collective provisions</b>	<b>- 292</b>	<b>- 786</b>	<b>- 233</b>	<b>- 710</b>
<i>Collectively valued homogenous groups of claims with limited value and similar credit risk</i>				
The period's write-off for established loan losses	- 80	-82	- 57	- 56
Recoveries from previous years' established loan losses	7	23	2	13
Allocations/withdrawals from loan loss reserve	- 10	- 12	- 13	- 15
<b>The period's net expense for collectively assessed claims</b>	<b>- 83</b>	<b>- 71</b>	<b>- 68</b>	<b>- 58</b>
<i>Contingent liabilities</i>				
<b>The period's net expense for discharged guarantees and other contingent liabilities</b>	<b>- 8</b>	<b>-6</b>	<b>- 1</b>	<b>4</b>
<b>The period's net loan loss expense</b>	<b>- 826</b>	<b>-1,243</b>	<b>- 594</b>	<b>- 1 183</b>
Change in the value of property taken over	- 6	0	- 6	0
<b>Total loan losses, net, and change in value of property taken over</b>	<b>- 832</b>	<b>-1,243</b>	<b>- 600</b>	<b>- 1 183</b>

#### Note 4. Claims

(Loans to credit institutions and loans to the public)

SEK M	Group			Bank		
	Sep 30 2003	Dec 31 2002	Sep 30 2002	Sep 30 2003	Dec 31 2002	Sep 30 2002
Accrued acquisition value (before accounting for provisions)	840,316	806,882	795,311	362,937	331,292	339,515
Specific provisions for individually assessed claims	- 1,206	- 1,259	- 1,429	- 630	- 696	- 846
Provisions for collectively valued homogenous groups of claims with limited value and similar credit risk	- 209	- 199	- 199	- 115	- 102	- 107
Collective provisions for individually assessed claims	- 3,632	- 3,365	- 3,378	- 2,133	- 1,900	- 1,855
<b>Total provisions</b>	<b>- 5,047</b>	<b>- 4,823</b>	<b>- 5,006</b>	<b>- 2,878</b>	<b>- 2,698</b>	<b>- 2,808</b>
<b>Book value</b>	<b>835,269</b>	<b>802,059</b>	<b>790,305</b>	<b>360,059</b>	<b>328,594</b>	<b>336,707</b>
Book value of doubtful claims	2,231	2,142	2,349	1,103	1,057	1,320
Book value of unsettled claims not included in doubtful claims and for which accrued interest has been entered as income	543	599	709	127	186	219
<b>Property taken over to protect claims:</b>						
- Buildings and land	12	13	12	1	1	1
- Shares and participating interests	14	13	14	10	7	7
- Other	2	2	4	0	0	1
<b>Total</b>	<b>28</b>	<b>28</b>	<b>30</b>	<b>11</b>	<b>8</b>	<b>9</b>
Doubtful claims as % of total lending	0.27	0.27	0.30	0.31	0.32	0.39
Total provision ratio for doubtful claims, %*	138	134	126	156	145	124
Provision ratio for individually identified doubtful claims, %	39	40	41	40	43	42

\* Total provision, i.e. including collective provision for individually assessed claims, in relation to book value before provision for individually identified doubtful claims.

#### Specification of claims

Sector/Industry SEK M September 30, 2003	Accrued acquisition value before accounting for provisions	Specific provisions for individually assessed claims	Collective provisions for individually assessed claims	Provisions for collectively valued homogenous groups of claims	Book value of claims after accounting for provisions	Book value of doubtful claims	Book value of unsettled claims for which interest is entered as income
Consumers	328,411	47	140	209	328,015	169	205
Real estate management	147,969	222	399		147,348	502	141
Retail, hotels, restaurants	26,870	194	386		26,290	148	12
Construction	11,317	20	91		11,206	63	1
Manufacturing	52,000	346	1,016		50,638	516	117
Transportation	14,537	25	224		14,288	106	8
Forestry and agriculture	34,167	38	63		34,066	97	7
Other service businesses	19,760	80	337		19,343	212	40
Other business lending	62,160	213	976		60,971	418	12
Municipalities	13,969				13,969		
<b>Lending</b>	<b>711,160</b>	<b>1,185</b>	<b>3,632</b>	<b>209</b>	<b>706,134</b>	<b>2,231</b>	<b>543</b>
Credit institutions incl. Nat'l Debt Office	49,388	21			49,367	0	
Repurchase agreements - credit institutions incl. Nat'l Debt Office	53,526				53,526		
Repurchase agreements - public	26,242				26,242		
<b>Total lending to credit institutions and the public</b>	<b>840,316</b>	<b>1,206</b>	<b>3,632</b>	<b>209</b>	<b>835,269</b>	<b>2,231</b>	<b>543</b>

## Warrant program

In the spring of 2000 employees of FöreningsSparbanken and wholly owned Group companies in Sweden and members of local bank boards were offered the opportunity to buy warrants in FöreningsSparbanken on market terms. The 8,008,100 outstanding warrants carry the right to subscribe for an equal number of shares during a specific period in 2005, as detailed in their terms and conditions. The premium was SEK 15 and the subscription price SEK 187. On September 30, 2003 the price of the FöreningsSparbanken share was SEK 114 and the warrant SEK 2.40.

## Derivatives

The Group trades in derivatives in the normal course of business and for the purpose of hedging certain positions with regard to the value of equities, interest rates and foreign currencies. The following table is prepared in accordance with the directives of the Financial Supervisory Authority and includes all derivatives in the Group. Generally, derivatives are reported at fair value. Exceptions are made for derivatives that are accounted for as hedges. The deviations between book and fair value reported below correspond to opposing deviations for other positions included in the portion of the Group's operations covered by hedge accounting.

## Specification of Group derivatives as of September 30, 2003

### Derivatives with positive fair values or nil value

SEK M	Interest-related		Currency-related		Equity-related		Other	
	Fair value	Book value	Fair value	Book value	Fair value	Fair value	Book value	Fair value
Derivatives reported entirely or partly on the balance sheet	16,026	13,985	13,292	11,921	831	824	0	1
Derivatives not reported on the balance sheet				2				

### Derivatives with negative fair values

SEK M	Interest-related		Currency-related		Equity-related		Other	
	Fair value	Book value	Fair value	Book value	Fair value	Fair value	Book value	Fair value
Derivatives reported entirely or partly on the balance sheet	19,181	16,037	24,931	19,297	703	703		
Derivatives not reported on the balance sheet	331		2 098					

## Ratings, September 2003

S&P		Moody's		BFSR	Fitch		R/I
Short	Long	Short	Long		Short	Long	Long
FöreningsSparbanken							
A-1	A	P-1	Aa3	B	F1	A+	AA-
Spintab							
A-1	-	P-1	Aa3	-	F1+	AA-	-
Hansabank							
-	-	P-1	A1	C	F2	A-	-
FIH							
-	-	P-1	A1	-	-	-	-

## **Financial information 2003**

The Group's financial reports can be obtained or ordered on FöreningsSparbanken's website at <http://www.foreningssparbanken.se/ir> or at the nearest branch of FöreningsSparbanken.

### **FöreningsSparbanken will publish financial reports on the following dates:**

- Year-end report for 2003 on February 16, 2004
- Interim report January – March 2004 on May 4, 2004
- Interim report January – June 2004 on August 18, 2004
- Interim report January – September 2004 on October 29, 2004

In Stockholm on December 5, FöreningsSparbanken will organize a capital markets day for investors and analysts.

The Annual General Meeting will be held in Jönköping on April 22, 2004

## **Stockholm, October 24, 2003**

*Birgitta Johansson-Hedberg*

President and Chief Executive Officer

This interim report has not been reviewed by the Bank's auditors.

### **FöreningsSparbanken AB (publ)**

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