



## Preliminary year-end report for FöreningsSparbanken (Swedbank) for 1999 February 10, 2000

### Merger work completed - fourth quarter developed positively

- Operating profit rose to SEK 6,454 M (6,326)
- Net commission income rose to SEK 4,903 M (4,280)
- Loan losses declined to SEK 636 M (1,002)
- Problem loans, net, declined to SEK 890 M (4,556)
- Earnings per share amounted to SEK 8.70 (8.75)
- A dividend of SEK 5.00 per share (4.67) is recommended
- Savings volumes rose to SEK 534 billion
- Lending rose to SEK 568 billion
- Approximately 500,000 Internet banking users as of year-end
- Problem-free Year 2000 transition
- FIH and Hansapank consolidated in the Group
- Resource Bank concluded at year-end

### Group profits

The Group's operating profit for 1999 amounted to SEK 6,454 M, an increase of 2 percent compared with 1998, when operating profit amounted to SEK 6,326 M. Excluding items affecting comparability, operating profit rose by 17 percent compared with the previous year. The return on equity amounted to 15.7 percent (16.9) and earnings per share were SEK 8.70 (8.75).

On November 1, 1999 FöreningsSparbanken, via FI-Holding A/S, acquired approximately 60 percent of the shares in Denmark's FIH, which is part of the Group as of that date. In addition, FöreningsSparbanken acquired 2.66 percent of the shares in Estonia's Hansapank on December 28, 1999; accordingly, FöreningsSparbanken holds a total of 52.64 percent of the votes in Hansapank as of year-end. Hansapank is reported according to the equity method in FöreningsSparbanken's profit and loss account for all of 1999 and according to the purchase method in FöreningsSparbanken's balance sheet as of December 31, 1999.

#### **Net interest income stable**

The Group's net interest income amounted to SEK 11,343 M (11,364). Improved net interest income from Swedbank Markets, a contribution from FIH and higher deposit and lending volumes were offset by lower deposit and lending margins, branch sales to independent savings banks and jointly owned banks in 1998 and a lower return on the bond portfolio.

#### **Substantial increase in net commission income**

Net commission income rose by SEK 623 M or 15 percent to SEK 4,903 M (4,280). The improvement is attributable primarily to fund and insurance savings.



**Net profit on financial operations**

Net profit on financial operations amounted to SEK 579 M (827). Excluding items affecting comparability, net profit was SEK 509 (569).

**Other income**

Other income amounted to SEK 2,252 M in 1999, compared with SEK 2,728 M in 1998. Both periods included items affecting comparability (approximately SEK 1,350 M in 1999 and SEK 1,800 M in 1998) attributable to real estate sales.

**Expenses**

Expenses for 1999 amounted to SEK 12,146 M (12,026), an increase of 120 M or less than 1 percent compared with 1998. The increase is attributable to the addition of FIH of Denmark to the Group and to expenses for the workforce reduction. Total IT expenses in 1999, after the deduction of income from independent savings banks and jointly owned banks, amounted to approximately SEK 1.9 billion.

**Resource Bank concluded**

Expenses associated with the Resource Bank amounted to SEK 94 M in the fourth quarter, or a total of SEK 575 M in 1999. This includes all expenses for the 1,080 employees (calculated as full-time positions) who left the Resource Bank during the year. The last Resource Bank employees left the Bank by year-end. Those employees who reached agreement on early retirement in connection with the merger also left the Bank no later than year-end. The expenses for these early retirements have been charged to previous financial years.

**Continued decline in loan losses and problem loans**

Loan losses declined to SEK 636 M (1,002). The loan loss level was 0.1 percent (0.2). The Group's problem loans, net, declined substantially to SEK 890 M (4,556) as of December 31, 1999. Excluding FIH and Hansapank, problem loans, net, amounted to SEK 1,775 M (4,556). A specification of loan losses and problem loans is provided in Notes 3 and 4.

**Continued low international risk exposure and interest rate risk**

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

An increase in market interest rates of one percentage point as of December 31, 1999 would have reduced the value of the Group's interest-bearing assets and liabilities, including derivatives, by SEK 849 M (490), of which SEK 562 M (440) relates to positions in SEK and SEK 287 M (50) to positions predominantly in foreign currency.

The increase in the Group's interest rate risk is largely attributable to foreign currency and is due primarily to the acquisitions of 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) as of December 31, 1999. The Group also holds positions in real rate related instruments, predominantly 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.

**Capital adequacy ratio 10.4 percent**

The capital adequacy ratio amounted to 10.4 percent on December 31, 1999 (11.6), 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 0.5 percentage points (0.5).



## Specification of capital adequacy

SEK M	Dec. 31 1999	Dec. 31 1998
Primary capital	26,785	23,625
Supplementary capital	22,486	23,266
Less shares, etc.	-3,650	-1,970
Augmented part of the capital base	854	-
Capital base	46,475	44,921
Risk-weighted amount for credit risks	429,972	371,374
Risk-weighted amount for market risks	17,316	15,057
Total risk-weighted amount	447,288	386,431
Capital adequacy ratio, %	10.4	11.6
Primary capital ratio, %	6.0	6.1

As of December 31, 1999 the FöreningsSparbanken financial companies group includes the FöreningsSparbanken Group, Eskilstuna Rekarne Sparbank AB, Färs och Frosta Sparbank AB, FöreningsSparbanken Sjuhärad AB, FöreningsSparbanken Söderhamn AB, Aktia Sparbank Ab in Finland and Sparebank 1 Group in Norway. The Group's insurance companies are not included.

## Business volumes

### Savings grow

Customer savings in FöreningsSparbanken amounted to SEK 534 billion (including SEK 11 billion in Hansapank and FIH) as of December 31, 1999. A year earlier the corresponding figure for FöreningsSparbanken was SEK 429 billion.

### Household deposits

Household deposits amounted to SEK 122 billion as of year-end, of which Hansapank accounted for SEK 5 billion. Excluding Hansapank, household deposits declined by SEK 2 billion, from SEK 119 to 117 billion. The decrease is partly due to SEK 3 billion in higher than normal withdrawals in December and partly to nearly SEK 2 billion from branch sales. Other deposits rose to SEK 72 billion (59), of which Hansapank och FIH accounted for SEK 6 billion.

### Robur's fund assets increase

Net contributions to Robur's funds during the year totaled SEK 13 billion (15), of which SEK 9 billion (7) was attributable to insurance savings in SparFond. Robur's share of net savings in the fund market was 23 percent.

Assets under management in Robur's funds amounted to SEK 291 billion (193) as of year-end 1999, the highest level ever and an increase of SEK 98 billion or 51 percent since December 31, 1998. Robur's market share for assets under management in the fund market was 34 percent (34) on December 31, 1999.

In addition to fund management, Robur includes SEK 24 billion (29) in discretionary asset management, of which SEK 22 billion is handled by the subsidiary FöreningsSparbanken Kapitalförvaltning.



### Continued high demand for unit-linked insurance

Sales of unit-linked insurance continued to rise. As of December 31, 1999 SparFond's assets under management amounted to SEK 40 billion, an increase of SEK 21 billion or 114 percent since December 31, 1998.

On a moving 12-month basis, SparFond's market share for new unit-linked insurance policies was 30 percent as of December 31, 1999, making it the leader in the Swedish market. At year-end SparFond had around 360,000 (182,000) policies. In addition, it has around 950,000 group life insurance policyholders.

### Savings and investments, the Group

SEK billion	Dec. 31 1999	Dec. 31 1998
<b>Deposits from the public</b>		
Households, SEK	116.9	119.1
Other, SEK	71.9	59.2
Households, foreign currency (1)	5.4	
Other, foreign currency (2)	11.7	9.1
<b>Total</b>	<b>205.9</b>	<b>187.4</b>
Discretionary management	24.4	29.1
Fund management	290.5	192.6
Retail bonds, interest-bearing	6.0	13.0
Retail bonds, stock index	5.1	6.0
Unit-linked insurance	39.6	18.5
<i>Of which in own companies</i>	<i>-37.9</i>	<i>- 18.1</i>
<b>Total</b>	<b>533.6</b>	<b>428.5</b>

(1) Of which Hansapank SEK 5.4 billion in 1999

(2) Of which FIH SEK 0.2 billion and Hansapank SEK 5.4 billion in 1999

### Lending rose

The Group's loans, net to the public and credit institutions other than banks, excluding lending to the National Debt Office and repurchase agreements (repos), amounted to approximately SEK 568 billion as of year-end, including a total of approximately SEK 58 billion from Hansapank and FIH. This means that the remaining part of the Group increased its lending by approximately SEK 15 billion or 3.1 percent.

Loans to the household sector amounted to approximately SEK 254 billion (236). Excluding FIH and Hansapank, household lending rose by approximately SEK 16 billion or 6.8 percent compared with December 31, 1998.



## Lending, the Group

SEK billion	Dec. 31 1999	Dec. 31 1998
Households (1)	254.1	236.0
<i>Of which Spintab</i>	<i>198.2</i>	<i>184.7</i>
Real estate management	130.3	122.1
Retail, hotels, restaurants	21.2	16.3
Construction	8.2	8.6
Manufacturing	39.5	13.6
Transportation	9.1	4.2
Forestry and agriculture	23.1	20.6
Other service businesses	14.0	12.2
Other business lending, incl. credit institutions	38.6	31.7
Municipalities (2)	16.7	16.4
Other	12.8	12.4
<b>Total</b>	<b>567.6</b>	<b>494.1</b>
Repurchase agreements (repos)	5.9	10.1
<b>Total lending (3)</b>	<b>573.5</b>	<b>504.2</b>

(1) Of which Hansapank SEK 2.1 billion in 1999

(2) Municipal companies not included

(3) Of which FIH SEK 48.0 billion and Hansapank SEK 10.3 billion in 1999

## Payments increased

### Internet payments

The number of Internet payments more than doubled to 15.0 million in 1999, compared with approximately 6.5 million in 1998.

### e-billing

The use of electronic billing (e-billing) by the Bank's business customers continues to develop well. To date 18 business customers offer e-billing to the Bank's Internet banking customers.

### Cards

FöreningsSparbanken's card operations continued to report high growth. At year-end 1999 there were 2.4 million bank cards in issue, an increase of approximately 310,000 or 15 percent during the year. The number of card transactions cleared also rose, to approximately 135 million (105 million), up 29 percent compared with 1998.

The number of CASH card users amounted to around 362,000 (150,000) as of year-end, an increase of approximately 212,000 since December 31, 1998. The number of cards in issue with the CASH function, including bank cards with an integrated CASH function, rose by 2 million during the same period to 2.4 million, of which 2.1 million are bank cards with the integrated CASH function. During the fourth quarter of 1999 FöreningsSparbanken handled approximately 820,000 (360,000) CASH transactions. As of December 31, 1999 there were approximately 38,000 points of sale that accept the CASH card, an increase of slightly over 13,000 since December 31, 1998.



## New bank taking shape

### **Problem-free Year 2000 transition**

FöreningsSparbanken's IT systems handled the Year 2000 transition without any problems.

### **New sales support systems installed**

Since May 1999 the Bank has been working on a shared IT system while at the same time introducing new sales support systems. This is facilitating efficient customer service by giving the Bank's employees access to all customer and product information in one system. Productivity is rising as employees become familiar with the new systems. Disruptions in the systems during the summer and autumn have since been largely remedied.

### **Change in the number of full-time positions since 1996**

	Dec. 31	Sep. 30	June 30	March	Dec. 31	Sep. 30	Dec. 31
	1999	1999	1999	31 1999	1998	1998	1996
Permanent employees	9,002	8,950	8,978	9,075	9,146	8,895	12,350
Resource Bank	0	300	383	1,025	1,080	1,050	0
Early retirement, etc.	0	307	333	425	450	630	0
Temporary employees	820	954	1,052	1,014	1,058	588	399
<b>Subtotal</b>	<b>9,822</b>	<b>10,511</b>	<b>10,746</b>	<b>11,539</b>	<b>11,734</b>	<b>11,163</b>	<b>12,749</b>
Hansapank	2,825						
FIH	144						
<b>Total</b>	<b>12,791</b>						

### **Fund and insurance savings consolidated in Robur**

In December 1999 FöreningsSparbanken decided to consolidate its fund and insurance savings operations in a single company, Robur AB. This means, among other things, that the Bank's unit-linked insurance company, SparFond, will be incorporated in Robur under the name Robur Försäkring. In the future, Robur's fund business will operate under the name Robur Kapitalförvaltning. The consolidation, which will be implemented during the first half of 2000, will strengthen sales in the savings area while still maintaining the quality of the fund management operations.

### **FöreningsSparbanken by Telephone**

At year-end 1999 approximately 834,000 customers (600,000) used FöreningsSparbanken by Telephone with personal assistance, an increase of 234,000 or 39 percent from a year earlier. The number of visitors to the Telephone Bank using personal assistance rose by 41 percent in 1999. The number of telephone banking customers who use the self-service option totaled approximately 1.8 million (1.5). The number of self-service visits to the Telephone Bank rose by 32 percent during the same period.

### **Internet for telephone bank users**

In September FöreningsSparbanken launched a new, simplified Internet banking service designed for telephone bank customers. During the period through January 2000, approximately 100,000 customers had been using the service.

### **Approximately 500,000 use FöreningsSparbanken by Internet**

At year-end 1999 FöreningsSparbanken by Internet had approximately 487,000 users, of whom around 100,000 were telephone banking customers with the simplified service. Of the users with full Internet banking accounts, around 361,000 were retail customers and 26,000



business customers. The rate of increase improved during the year and is now between 5,000 and 6,000 customers a week, compared with an average of slightly over 2,000 a week in 1998. The number of Internet payments more than doubled during the past 12-month period, from 6.5 million to 15 million. During the fourth quarter there were approximately 185,000 online fund purchases and sales, an increase of around 125,000 compared with the fourth quarter of 1998.

### **Continued strong growth for NetTrade**

At year-end 1999 FöreningsSparbanken's online equity trading service, NetTrade, had around 24,000 customers, an increase of about 14,000 or 140 percent since December 31, 1998. In November NetTrade accounted for approximately 25 percent of the number of stock trades and approximately 24 percent of the value of trades through local banks. The large number of new customers and the substantial increase in trading activity caused capacity problems during the fourth quarter. In order to maintain satisfactory service, the changeover to a new technical platform, NetTrade 3, has been pushed up to March. At that point, new customers will also be able to sign up for NetTrade.

### **New jointly owned bank established in Skåne**

As agreed in December 1998, Färs & Frosta Sparbank acquired FöreningsSparbanken's branch operations in Lund and Svalöv in the spring of 1999. In December Färs & Frosta Sparbank was reorganized as a banking corporation with the name Färs & Frosta Sparbank AB. In connection with the change, FöreningsSparbanken, in accordance with the above agreement, became a part-owner of the new bank with a 30-percent stake. The purchase price was SEK 257 M.

### **Nordic/Baltic alliances**

#### **FIH acquisition completed**

The acquisition of FIH of Denmark received the necessary government approval in October. FöreningsSparbanken owns 59.7 percent of FI-Holding, which in turn owns nearly 100 percent of FIH. FI-holding is included in FöreningsSparbanken's accounts as of November 1, 1999.

Work is under way to start an Internet bank in the Danish retail market, with a launch hoped for in the autumn of 2000.

### **Hansapank option exercised**

On December 28 FöreningsSparbanken exercised its option to acquire an additional 2.66 percent of the shares in Hansapank. Following the acquisition, FöreningsSparbanken's stake in Hansapank totals 52.64 percent of the votes. Hansapank's balance sheet is consolidated by FöreningsSparbanken as of December 31, 1999 according to the purchase method, while its profit and loss account was consolidated according to the equity method in 1999.

### **Norway**

In November 1999 SpareBank 1 Group signed a framework agreement to acquire the shares of VÅR Gruppen ASA. VÅR Gruppen's owners include the Norwegian Trade Union Confederation, with slightly over a 60-percent stake. If the necessary authorization is obtained, the new SpareBank 1 alliance will become the fourth largest financial group in Norway, with total assets of nearly SEK 180 billion. The acquisition will give the Norwegian Trade Union Confederation a 10-percent stake in SpareBank 1 Group.

FöreningsSparbanken's ownership interest will amount to 25 percent, with the remainder owned by the SpareBank 1 banks.



## **Sale of Robur's funds in Finland**

During the year Aktia began selling Robur's funds in Finland. In all, 12 of Robur's funds can now be purchased through the distribution network used by Aktia and the savings bank as well as the branches of some local cooperatively owned banks.

## **Highlights after December 31, 1999**

### **Birgitta Johansson-Hedberg new President and CEO of FöreningsSparbanken**

The FöreningsSparbanken Board of Directors at a board meeting Februari 10<sup>th</sup> appointed Birgitta Johansson-Hedberg as new President and CEO of FöreningsSparbanken. Birgitta Johansson-Hedberg will assume her new position in conjunction with the Bank's Annual General Meeting, April 12<sup>th</sup>.

### **Issue of primary capital certificates**

The Bank intends to issue primary capital certificates during 2000 in the amount of 200 million euro, corresponding to SEK 1.7 billion. Such an issue improves opportunities for continued higher lending, while at the same time strengthening the primary capital ratio in a cost-effective manner. Other conditions being the same, an issue of this amount will raise the FöreningsSparbanken financial companies group's capital adequacy ratio to 10.8 percent and the primary capital ratio to 6.4 percent.

## **Other**

### **Annual General Meeting**

FöreningsSparbanken's Annual General Meeting will be held at 1:00 p.m. on April 12, 2000 at the Concert Hall in Malmö. Shareholders who wish to attend must be directly recorded in their own names in the Bank's share register by March 31.

### **Dividend**

The Bank's Board of Directors is recommending that the Annual General Meeting, as previously announced, approve a cash dividend of SEK 5.00 per share (4.67). The proposed record day for the right to the 1999 dividend is Monday, April 17, 2000. The last day for trading in the Bank's share with the right to the dividend is Wednesday, April 12, 2000. If the Annual General Meeting adopts the Board of Directors' recommendation, the cash dividend is expected to be paid by VPC (the Swedish Securities Register Center) on Wednesday, April 20, 2000.

Stockholm, February 10, 2000  
FöreningsSparbanken AB (publ)

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Key ratios for the Group January – December	1999	1998
Return on equity, %	15.7	16.9
Earnings per share, SEK	8.70	8.75
Operating profit per share, SEK	8.74	8.63
Equity per share, SEK	58.75	54.64
I/E ratio before loan losses	1.58	1.61
I/E ratio after loan losses	1.50	1.49
Capital adequacy ratio, %	10.4	11.6
Primary capital ratio, %	6.0	6.1
Loan loss ratio, net, %	0.1	0.2

A bonus issue during the second quarter of 1999 raised the number of shares to 527,808,843. Comparative per share figures for 1998 have been recalculated.

## **BUSINESS AREA REPORT**

	Retail banking		Swedbank Markets		Asset Mgmt. incl. insurance		Other		Group	
SEK M	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 with the addition of unamortized goodwill in each business area. The comparative shareholders' equity figure for 1998 has been modified to the 1999 computations. The return on equity for the business areas is calculated after standard tax and for the Group after reported tax.

### **Retail Banking**

Retail Banking comprises Local banks, FöreningsSparbanken by Internet, FöreningsSparbanken by Telephone, Spintab, FöreningsSparbanken Cards, 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 attributable to the branch sales to independent savings banks and jointly owned banks. Net interest income from deposits and lending in the local banks, including mortgage lending, declined by approximately SEK 700 M due to lower margins, but was affected positively by approximately SEK 150 M by higher volumes. Commissions improved mainly due to growth in fund and insurance savings.



Expenses declined slightly due to the reduction in the number of employees and to some extent to the 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 securities brokerage and corporate finance.

Income rose during the year and exceeded 1998 by 8 percent, mainly due to the trading operations' positive development. 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**

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

Due to volume growth for fund and insurance savings, income rose by approximately SEK 583 M or 28 percent compared with 1998.

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

### **Other**

Other comprises 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 independent savings banks and jointly owned banks. Income 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 for the Resource Bank of SEK 575 M (435).

For quarterly profit trends by business area, see appendix.



## Profit and loss accounts

		1999	Group 1998	Change %	1999	The Bank 1998
<b>SEK M</b>						
Interest receivable		40,197	44,304	-9	19,850	22,725
Interest payable		- 28 854	- 32 940	-12	-13 018	-15 368
Net interest income	Note 1	11,343	11,364	0	6,832	7,357
Dividends received		159	155	3	4,106	6,204
Commissions receivable		6,119	5,364	14	4,473	4,035
Commissions payable		-1,216	- 1 084	12	-718	-672
Net commission income		4,903	4,280	15	3,755	3,363
Net profit on financial operations	Note 2	579	827	-30	488	758
Other operating income		2,252	2,728	-17	2,072	2,779
<b>Total income</b>		<b>19,236</b>	<b>19,354</b>	<b>-1</b>	<b>17,253</b>	<b>20,461</b>
General administrative expenses						
- Staff costs		-5,792	-5,760	1	-5,167	-5,222
- Other		-5,556	-5,598	-1	-4,981	-5,040
Depreciation and write-down of tangible fixed assets		-439	-374	17	-399	-333
Amortization of goodwill		-359	-294	22	-101	-101
<b>Total expenses</b>		<b>-12,146</b>	<b>-12,026</b>	<b>1</b>	<b>-10,648</b>	<b>-10,696</b>
<b>Profit before loan losses</b>		<b>7,090</b>	<b>7,328</b>	<b>-3</b>	<b>6,605</b>	<b>9,765</b>
Loan losses, net	Note 3	-635	-987	-36	-533	-735
Change in value of property taken over	Note 3	-1	-15	-93	-2	-2
Write-downs of financial fixed assets		-	-		-53	-43
<b>Operating profit</b>		<b>6,454</b>	<b>6,326</b>	<b>2</b>	<b>6,017</b>	<b>8,985</b>
Acquired loss		-	-32		-	-
Appropriations		70	44	59	-1,338	-933
Tax		-1,904	-1,719	11	-1,259	-1,916
Minority interest		-28	-		-	-
<b>Profit for the financial year</b>		<b>4,592</b>	<b>4,619</b>	<b>- 1</b>	<b>3,420</b>	<b>6,136</b>

Note 1,  
Of which charge for deposit  
guarantee. The charge is  
calculated based on account  
deposits as of December 31 of the  
year prior to the year in question  
and amounts to 0.499 percent  
(0.516).



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

	<b>Group</b>		<b>The Bank</b>	
	<b>1999</b>	<b>1998</b>	<b>1999</b>	<b>1998</b>
<b>SEK M</b>				
<b>Capital gains</b>				
Shares and participations	351	180	325	152
Interest-bearing securities	-54	278	-63	236
Other financial instruments	-1	2	4	5
<b>Total</b>	<b>296</b>	<b>460</b>	<b>266</b>	<b>393</b>
<b>Unrealized changes in value</b>				
Shares and participations	-33	220	-84	207
Interest-bearing securities	-5	- 86	-3	-72
Other financial instruments	2	1	1	1
<b>Total</b>	<b>-36</b>	<b>135</b>	<b>-86</b>	<b>136</b>
<b>Exchange rate fluctuations</b>	<b>319</b>	<b>232</b>	<b>308</b>	<b>229</b>
<b>Total</b>	<b>579</b>	<b>827</b>	<b>488</b>	<b>758</b>

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

	<b>Group</b>		<b>The Bank</b>	
	<b>1999</b>	<b>1998</b>	<b>1999</b>	<b>1998</b>
<b>SEK M</b>				
<i>Claims assessed individually</i>				
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
<b>The year's net expense for individually assessed claims</b>	<b>585</b>	<b>1,010</b>	<b>525</b>	<b>716</b>
<i>Claims assessed collectively</i>				
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
<b>The year's net expense for collectively assessed claims</b>	<b>50</b>	<b>29</b>	<b>50</b>	<b>78</b>
<i>Contingent liabilities</i>				
The year's net expense for discharged guarantees and other contingent liabilities	0	26	-42	19
<b>The year's net loan loss expense</b>	<b>635</b>	<b>1,065</b>	<b>533</b>	<b>813</b>
Change in the value of property taken over	1	15	2	2
<b>Total</b>	<b>636</b>	<b>1,080</b>	<b>535</b>	<b>815</b>
Less: applied to acquisition analysis		-78		-78
<b>Loan losses, net, and change in value of property taken over</b>	<b>636</b>	<b>1,002</b>	<b>535</b>	<b>737</b>



## Note 4. Problem loans

SEK M	Group		The Bank	
	12/31 1999	12/31 1998	12/31 1999	12/31 1998
Doubtful claims, gross	4,544	8,060	2,129	4,115
Provisions for anticipated loan losses	3,879	3,942	1,600	2,312
<b>Doubtful claims, net</b>	<b>665</b>	<b>4,118</b>	<b>529</b>	<b>1,803</b>
Claims with interest concessions	225	438	97	212
<b>Problem loans, net</b>	<b>890</b>	<b>4,556</b>	<b>626</b>	<b>2,015</b>
Unsettled claims for which has been entered as income	1,517	1,885	668	583
<i>Property taken over to protect claims:</i>				
- Buildings and land	19	25	12	19
- Shares and participations	81	26	7	16
- Other	71	5	0	5
Total	171	56	19	40
Doubtful claims as % of total lending	0.1%	0.8%	0.2%	0.8%
Provision ratio for doubtful claims	85%	49%	75%	56%

## Quarterly profit trend for the Group

SEK M	1999 4Q	1999 3Q	1999 2Q	1999 1Q	1998 4Q	1998 3Q
Net interest income *	3,052	2,711	2,717	2,863	2,828	2,694
Commissions, net	1,362	1,202	1,258	1,081	1,039	1,127
Financial operations, net	267	184	23	105	326	62
Other income	201	243	349	1,618	570	378
<b>Total income</b>	<b>4,882</b>	<b>4,340</b>	<b>4,347</b>	<b>5,667</b>	<b>4,763</b>	<b>4,261</b>
Staff costs	1,360	1,449	1,564	1,419	1,555	1,390
Other expenses	1,645	1,546	1,631	1,532	1,896	1,431
<b>Total expenses</b>	<b>3,005</b>	<b>2,995</b>	<b>3,195</b>	<b>2,951</b>	<b>3,451</b>	<b>2,821</b>
<b>Profit before loan losses</b>	<b>1,877</b>	<b>1,345</b>	<b>1,152</b>	<b>2,716</b>	<b>1,312</b>	<b>1,440</b>
Loan losses, incl. changes in value	- 272	- 104	- 2	- 258	- 26	- 266
<b>Operating profit</b>	<b>1,605</b>	<b>1,241</b>	<b>1,150</b>	<b>2,458</b>	<b>1,286</b>	<b>1,174</b>
* Of which deposit guarantee fee	138	138	137	143	146	146



Balance sheets SEK M	Group		The Bank	
	12/31 1999	12/31 1998	12/31 1999	12/31 1998
Loans to the public	569,409	516,909	191,162	209,758
Loans to credit institutions	104,516	71,462	135,536	91,573
Interest-bearing securities	58,427	60,222	44,256	66,885
- Financial fixed assets	6,135	5,307	6,035	6,687
- Financial current assets	52,292	54,915	38,221	60,198
Other assets	101,227	71,355	67,327	63,220
<b>Total assets</b>	<b>833,579</b>	<b>719,948</b>	<b>438,281</b>	<b>431,436</b>
Deposits and borrowings from the public	210,537	190,355	197,539	187,308
Amounts owed to credit institutions	127,948	120,755	121,989	131,137
Debt securities in issue	344,082	290,778	40,506	36,528
Subordinated liabilities	25,352	24,754	15,204	17,070
Other liabilities	94,653	64,468	40,604	37,873
Shareholders' equity	31,007	28,838	22,439	21,520
<b>Total liabilities, provisions and shareholders' equity</b>	<b>833,579</b>	<b>719,948</b>	<b>438,281</b>	<b>431,436</b>



## Condensed statement of cash flows

		<b>Group</b>	<b>The Bank</b>	
	1999	1998	1999	1998
<b>SEK M</b>				
Liquid assets at beginning of period *	54,486	40,785	54,819	39,921
<b>Operating activities</b>				
Operating profit	6,454	6,326	6,017	8,985
Adjustments for non-cash items				
including taxes paid	-126	-3,967	2,302	-6,545
Increase 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 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
<b>Cash flow from operating activities</b>	<b>-814</b>	<b>-36,133</b>	<b>-1,456</b>	<b>-12,712</b>
<b>Investing activities</b>				
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
<b>Cash flow from investing activities</b>	<b>-2,771</b>	<b>3,021</b>	<b>-1,525</b>	<b>4,061</b>
<b>Financing activities</b>				
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/decrease in other funding	30,299	12,886	752	23,744
Dividend paid	-2,463	-2,111	-2,463	-2,111
<b>Cash flow from financing activities</b>	<b>13,437</b>	<b>46,813</b>	<b>2,156</b>	<b>23,549</b>
Cash flow for the period	9,852	13,701	-825	14,898
Acquired liquid assets	10,821			
<b>Liquid assets at end of period *</b>	<b>75,159</b>	<b>54,486</b>	<b>53,994</b>	<b>54,819</b>
* of which securities pledged for OM, etc.				
at beginning of period	4,769	1,523	4,769	1,523
at end of period	4,657	4,769	4,657	4,769

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.

### Derivatives

The Group uses 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 currencies. The following specification is prepared in accordance with the directives of the Swedish 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 that are included in the portion of the Group's operations covered by hedge accounting.



## Specification of derivatives in the Group as of December 31, 1999

### 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	Book value	Fair value	Book value
Derivatives reported entirely or in part on the balance sheet	7,807	6,521	18,296	13,805	3,098	1,847	4	4
Derivatives not reported on the balance sheet	88		99					

### Derivatives with negative fair values

SEK M	Interest-related		Currency-related		Equity-related		Other	
	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value
Derivatives reported entirely or in part on the balance sheet	8,258	7,829	9,174	9,197	3,674	2,424		
Derivatives not reported on the balance sheet	13		6					

## FöreningsSparbanken's ratings

S&P		Moody's		BFSR*	Bankwatch			FitchIBCA		Japan R/I
Short	Long	Short	Long		Short	Long	Issuer	Short	Long	
A-1	A	P-1	Aa3	B	TBW-1	AA-	B/C	F-1	A+	AA-

\*Bank Financial Strength Rating

## Spintab's ratings

S&P		Moody's		Short	FitchIBCA		
Short	Long	Short	Long		Short	Long	Issuer
A-1	-	P-1	Aa3	TBW-1	AA-	AA-	B/C

## Financial information

The Group's financial reports can be accessed on FöreningsSparbanken's home page on the Internet at <http://www.foreningssparbanken.se/ir> or at the nearest branch of FöreningsSparbanken.

FöreningsSparbanken will preliminarily release earnings reports on the following dates:

Interim report for January-March	April 28, 2000
Interim report for January-June	August 24, 2000
Interim report for January-September	October 27, 2000

The Annual General Meeting will be held in Malmö at 1:00 p.m. on April 12, 2000.



## Appendix

### Quarterly profit trend by business area

SEK M	1999 4Q	1999 3Q	1999 2Q	1999 1Q	1998 4Q	1998 3Q
<b>Retail Banking</b>						
Income	3,251	2,959	2,857	2,902	3,135	3,083
Internal sales commissions	491	405	414	373	341	358
Expenses	- 2,039	- 2,049	- 2,187	- 1,928	- 2,234	- 1,940
Profit before loan losses	1,703	1,315	1,084	1,347	1,242	1,501
Loan losses	- 240	- 98	- 1	- 268	- 56	- 263
<b>Profit after loan losses</b>	<b>1,463</b>	<b>1,217</b>	<b>1,083</b>	<b>1,079</b>	<b>1,186</b>	<b>1,238</b>
<b>Swedbank Markets</b>						
Income	567	375	574	584	539	340
Internal sales commissions	- 85	- 45	- 71	- 69	- 77	- 65
Expenses	- 299	- 230	- 276	- 277	- 284	- 250
Profit before loan losses	183	100	227	238	178	25
Loan losses	- 4	- 2	- 4	- 1	- 6	- 2
<b>Profit after loan losses</b>	<b>179</b>	<b>98</b>	<b>223</b>	<b>237</b>	<b>172</b>	<b>23</b>
<b>Asset Management</b>						
Income	804	677	624	573	503	648
Internal sales commissions	-406	- 360	-343	- 304	- 264	- 293
Expenses	-216	- 158	-159	-149	- 149	- 159
Profit before loan losses	182	159	122	120	90	196
Loan losses						
<b>Profit after loan losses</b>	<b>182</b>	<b>159</b>	<b>122</b>	<b>120</b>	<b>90</b>	<b>196</b>
<b>Other</b>						
Income	260	329	292	1,608	586	190
Internal sales commissions						
Expenses	- 451	- 558	- 573	- 597	- 784	- 472
Profit before loan losses	- 191	- 229	- 281	1,011	- 198	- 282
Loan losses	-28	- 4	3	11	36	- 1
<b>Profit after loan losses</b>	<b>- 219</b>	<b>- 233</b>	<b>- 278</b>	<b>1,022</b>	<b>- 162</b>	<b>- 283</b>