

Press Release

Stockholm, 20 December 2000

Handelsbanken to acquire SPP Liv

Handelsbanken has entered into an agreement with the mutual insurance company SPP to acquire SPP Livförsäkring AB, SPP Fonder AB and the SPP brand. The price is set at SEK 7.1 billion.

Background

Through the acquisition, Handelsbanken will become the market leader in the occupational pension area. The Bank already enjoys a very strong position in the private insurance area through Handelsbanken Liv. Handelsbanken is thus set to become the dominant player - and the largest commercial bank - in the expanding Swedish pensions market.

After the acquisition, Handelsbanken will have a market share of approximately 35% of new premiums in the occupational pensions area, 25% in the private pensions area and 16% in the capital insurance area.

The volume of assets managed by Handelsbanken will increase by approximately SEK 90 billion to SEK 250 billion.

Handelsbanken's market share of the PPM selection after the acquisition will be 17%, making Handelsbanken the second largest player.

Opportunities

Handelsbanken gains access to a large and attractive customer base of 610 000 people through its acquisition of SPP Liv, and believes there is great cross-selling potential for bank and insurance products.

Furthermore, the Bank believes there will be synergies from the coordination of the operations of SPP Liv and Handelsbanken Liv.

Handelsbanken also aims to initiate a conversion process, as soon as possible, to turn SPP Liv into a profit-distributing company similar to what is ongoing in Handelsbanken Liv. The conversion of Handelsbanken Liv is planned to take place on 1 January 2002.

The acquisition will not lead to any redundancies at Handelsbanken Liv or SPP Liv. The acquisition will open up new development opportunities for the employees.

Sales at SPP Liv will carry on as before, including cooperation with insurance brokers.

Cooperation will also be maintained with the Swedish employee organisations, for example via their representation on the Board of SPP Liv.

Effect on results

Return on equity and earnings per share will in principle remain unchanged through the first year, but will thereafter rise. In a five-year perspective, earnings per share will increase by approximately SEK 1.00. Return on equity will go up during the same period by almost 2 percentage points.

The acquisition is conditional upon the approval of the authorities.

"We are pleased to be able to acquire SPP Liv, one of the strongest brands in the insurance market," says Arne Mårtensson, Chief Executive Officer, Handelsbanken. "This will make us one of the leading players also in the life insurance area. The Group will now control three strong brand names, firstly Handelsbanken but also Stadshypotek, and now adding a third, SPP."

"Handelsbanken will be a good owner for SPP Liv, allowing it to further develop and retain its strong brand name," says Lars Otterbeck, Chief Executive Officer, SPP. "We have carried through the Board's decision in a favourable manner and are now free to give our full attention to our ITP assignment under our new brand name, Alecta. For our employees at Alecta and SPP Liv, this will mark a new start in two strongly focused companies."

Handelsbanken has been advised on the acquisition by Handelsbanken Investment Banking and Merrill Lynch, while SPP have engaged the services of Deutsche Bank.

For further information, please contact:

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A press conference will be held today at 11.00 a.m. local time in the Board room at Handelsbanken, Kungsträdgårdsgatan 2. Analysts are welcome to attend.

A telephone meeting for analysts will be held at 12.30 p.m local time, in English. A separate invitation will follow with information on how to link up and participate.

Handelsbanken is a Nordic universal bank with highly decentralised operations. Individual branch offices are responsible for all customers in their geographical areas. Handelsbanken runs a universal banking operation in all the Nordic countries, namely traditional corporate business, investment banking and trading, and retail banking including life insurance. Total assets amounted as at 30 September 2000 to SEK 1 039 billion. The Bank has more than 500 branches in the Nordic region and 19 in the rest of the world.

Försäkringsbolaget SPP, Ömsesidigt, is changing names on 1 February 2001 to Alecta Pensionsförsäkring Ömsesidigt. Alecta's core operation is the collective-agreement based ITP plan (occupational pensions for private sector salaried employees), administered and managed on behalf of SAF and PTK. Alecta will have premium income of approx. SEK 15 billion, SEK 360 billion in assets managed, 28 000 corporate customers and 1.4 million policy-holders. Alecta will continue to be one of the largest asset managers in the Nordic region.