



Swedbank

Press Release from FöreningsSparbanken

February 7, 2006

Changes in FöreningsSparbanken's accounting

In accordance with changes in the IAS 39 accounting framework and internal organizational adjustments, FöreningsSparbanken is restating its reported quarterly results.

Effects of adopting the IAS 39 fair value option

In November, 2005 the EU Commission approved a change in IAS 39 whereby the so-called "fair value option" can also be applied to financial liabilities when certain conditions are met. One of the conditions is that valuation at fair value reduces accounting volatility that does not reflect underlying economic conditions. The option allows financial instruments to irrevocably be valued at fair value.

After earlier preparations, the Group decided in the fourth quarter to apply the option to value certain distinct portfolios of fixed-rate loans and related liabilities at fair value since their aggregate interest rate exposure is hedged with derivatives. By doing so, the same valuation category is used for all financial instruments in these portfolios, and the accounts will provide a more accurate picture of operations. The change, reported in the P&L on the "Net gains and losses on items at fair value" line, will mainly affect the business area Swedish banking (through Spintab), but Swedbank Markets has also been affected.

Due to the application of the option, the previously reported quarterly results of 2005 and opening balances have been restated. Shareholders' equity, as of January 1 2005, increased by SEK 775 M. Compared with previously reported figures, income and operating profit have been affected by the following amounts:

Q 1	- 65 MSEK
Q 2	+ 106 MSEK
Q 3	- 255 MSEK
Total	- 214 MSEK

Business area reporting

The business area report has been partly adapted to the new group organization announced on August 24, 2005. Comparative figures for 2004 and for the first three quarters of 2005 have been restated.

- **Swedish banking** mainly consists of the Swedish branch network, the telephone and internet banks, and the Spintab and FöreningsSparbanken Finans subsidiaries. The business area also includes Swedbank Luxemburg and EnterCard, the jointly owned credit card company.
- **Baltic banking** consists of Hansabank Group and its operations in Estonia, Latvia, Lithuania and Russia.



- **Swedbank Markets** comprises Investment Banking and Merchant Banking in Sweden, the New York affiliate, First Securities in Norway and the Group's representative office in Shanghai.
- **Asset Management and Insurance** comprises the Robur Group.
- **Shared services and new operations** comprises IT and other shared services, Group Treasury, Group Staffs, the insurance company Sparia, as well as branches in Norway, Finland and Denmark, the representative office in Tokyo and the holdings in SpareBank1 Gruppen and Aktia.

Consolidation of EnterCard according to equity method

EnterCard Holding will henceforth be treated as a 50 percent owned joint venture instead of a subsidiary, and will therefore be consolidated according to the equity method. Results will be included in the Group P&L on the "Associates" income line. Profit and loss accounts and balance sheets for the second and third quarters of the year have been restated. Effects on income and costs are marginal and the period's profit attributable to Swedbank's shareholders is unchanged. Details regarding these effects will be disclosed in conjunction with the forthcoming publishing of the Group's year-end report on February 15th.

For further information:

Christer Westholm, Head of Accounting, FöreningsSparbanken, phone: +46-8-585 918 85
Henrik Bonde, Accounting Specialist, FöreningsSparbanken, phone: +46-8-585 935 67



Attachment

P&L FSB Group			
Restated according to IAS 39 "fair value option" and consolidation of EnterCard according to equity method			
SEK M	Q 3 2005	Q 2 2005	Q 1 2005
Net interest income	3 860	4 028	3 939
Net commission income	1 910	1 834	1 530
Net gains and losses on items at fair value	789	785	377
Net insurance	38	18	31
Share of profit/loss of associated companies	124	57	72
Other income	1 677	1 069	325
Total income	8 398	7 791	6 274
Staff costs excl profit-based costs	-1 700	-1 709	-1 697
Profit-based staff costs	-349	-444	-183
Other costs	-1 182	-1 416	-1 317
Total general administrative expenses	-3 231	-3 569	-3 197
Depreciation and write-off of tangible and intangible fixed assets	-133	-173	-136
Total costs	-3 364	-3 742	-3 333
Profit before loan losses	5 034	4 049	2 941
Loan losses	-97	-97	-99
Operating profit	4 937	3 952	2 842
Tax	-817	-736	-553
Profit from continuing operations	4 120	3 216	2 289
Profit from discontinued operations after tax			
Profit for the period	4 120	3 216	2 289
Attributable to:	4 037	3 184	2 088
Swedbank's shareholders	83	32	201



Balance sheet

Restated according to IAS 39 "fair value option" and consolidation of EnterCard according to equity method

SEK M	30-sep-2005	30-jun-2005	31-mar-2005	1 jan 2005
Assets				
Loans to credit institutions	130 640	125 919	127 231	109 674
Loans to the public	805 977	789 968	758 011	733 131
Interest-bearing securities	85 711	79 915	83 931	80 372
Shares and participating interests	59 254	56 962	51 833	49 171
- for which customers bear the investment risk	52 777	49 073	43 844	41 576
Derivatives	37 792	59 498	33 517	36 032
Other assets	43 633	55 949	38 956	23 658
Total assets	1 163 007	1 168 211	1 093 479	1 032 038
<i>Liabilities, provisions and equity</i>				
Amounts owed to credit institutions	125 495	139 968	122 129	100 863
Deposits and borrowings from the public	329 178	318 651	309 777	285 610
Debt securities in issue	485 054	487 551	450 564	435 361
Liabilities for which customers bear the investment risk	52 826	49 106	43 854	41 580
Derivatives	35 744	47 297	34 497	47 108
Other liabilities and provisions	51 632	47 184	54 694	46 341
Subordinated liabilities	31 940	31 655	30 630	27 831
Equity	51 138	46 799	47 334	47 344
- Minority's	199	180	1 017	3 169
- Shareholders'	50 939	46 619	46 317	44 175
Total liabilities, provisions and equity	1 163 007	1 168 211	1 093 479	1 032 038



Business areas

Adapted (and restated) to new organisation

Swedish banking							
SEK M	2005-Q3	2005-Q2	2005-Q1	2004-Q4	2004-Q3	2004-Q2	2004-Q1
Net interest income	3 093	3 103	3 162	3 225	3 309	3 021	3 023
Net commission income	983	1 004	881	883	837	858	816
Net gains and losses on items at fair value	258	288	-111	14	28	31	65
Other income	1 697	1 073	349	257	280	218	201
Share in profit of associated companies	95	33	46	0	97	28	44
Income	6 126	5 501	4 327	4 379	4 551	4 156	4 149
Staff costs	-1 052	-1 185	-1 041	-1 056	-1 231	-1 051	-1 085
IT expenses	-163	-192	-188	-190	-178	-165	-153
Other costs	-1 011	-1 171	-1 087	-1 179	-1 089	-1 120	-1 065
Depreciation/amortization	-20	-23	-22	-24	-27	-26	-27
Expenses	-2 246	-2 571	-2 338	-2 449	-2 525	-2 362	-2 330
Profit before loan losses	3 880	2 930	1 989	1 930	2 026	1 794	1 819
Loan losses	-35	25	-60	-50	-77	-81	-81
Operating profit	3 845	2 955	1 929	1 880	1 949	1 713	1 738
Tax	-664	-574	-540	-538	-543	-497	-486
Discontinued operations							
Profit for the period	3 181	2 381	1 389	1 342	1 406	1 216	1 252
Profit for the period attributable to:							
Swedbank's shareholders	3 179	2 381	1 387	1 342	1 406	1 215	1 251
Minority	2	0	2	0	0	1	1
Allocated equity	26 456	26 456	26 456	24 325	24 325	24 325	24 325



Baltic banking

SEK M	2005-Q3	2005-Q2	2005-Q1	2004-Q4	2004-Q3	2004-Q2	2004-Q1
Net interest income	738	620	645	611	601	575	526
Net commission income	284	268	234	221	210	206	199
Net gains and losses on items at fair value	166	134	105	127	95	101	120
Other income	33	35	21	42	64	61	32
Share in profit of associated companies	1	1	0	1	0	1	0
Income	1 222	1 058	1 005	1 002	970	944	877
Staff costs	-297	-276	-255	-251	-221	-224	-213
IT expenses	-46	-45	-35	-46	-36	-36	-30
Other costs	-164	-178	-138	-172	-121	-122	-117
Depreciation/amortization	-42	-80	-44	-45	-39	-43	-49
Expenses	-549	-579	-472	-514	-417	-425	-409
Profit before loan losses	673	479	533	488	553	519	468
Loan losses	-64	-81	-41	-26	-67	-63	-50
Operating profit	609	398	492	462	486	456	418
Tax	-32	-38	-37	-26	-29	-69	-15
Discontinued operations							
Profit for the period	577	360	455	436	457	387	403
Profit for the period attributable to:							
Swedbank's shareholders	515	357	256	250	265	226	225
Minority	62	3	199	186	192	161	178
Allocated equity	11 522	11 522	11 522	2 852	2 852	2 852	2 852



Swedbank Markets

SEK M	2005-Q3	2005-Q2	2005-Q1	2004-Q4	2004-Q3	2004-Q2	2004-Q1
Net interest income	205	201	222	270	241	236	249
Net commission income	250	282	111	133	145	146	159
Net gains and losses on items at fair value	143	185	164	171	-8	127	156
Other income	15	33	16	12	13	9	5
Share in profit of associated companies	0	7	15	19	2	9	9
Income	613	708	528	605	393	527	578
Staff costs	-250	-244	-154	-153	-148	-145	-160
IT expenses	-53	-62	-51	-50	-47	-48	-59
Other costs	-86	-86	-73	-60	-75	-83	-75
Depreciation/amortization	-3	-2	-2	-2	-2	-3	-3
Expenses	392	-394	-280	-265	-272	-279	-297
Profit before loan losses	221	314	248	340	121	248	281
Loan losses	1	-25	-1	-21	-2	19	-10
Operating profit	222	289	247	319	119	267	271
Tax	-62	-72	-78	-89	-34	-74	-76
Discontinued operations							
Profit for the period	160	217	169	230	85	193	195
Profit for the period attributable to:							
Swedbank's shareholders	141	188	169	230	85	193	195
Minority	19	29					
Allocated equity	2 545	2 545	2 545	2 405	2 405	2 405	2 405



Asset management and insurance

[illegible]



Shared services and new operations

SEK M	2005-Q3	2005-Q2	2005-Q1	2004-Q4	2004-Q3	2004-Q2	2004-Q1
Net interest income	-104	-102	3	-8	-79	27	-37
Net commission income	57	-30	-1	-25	22	-2	15
Net gains and losses on items at fair value	169	373	115	27	-49	52	105
Other income	697	859	781	754	768	800	790
Share in profit of associated companies	28	16	11	68	29	31	28
Income	847	1 116	909	816	691	908	901
Staff costs	-387	-370	-373	-276	-324	-398	-450
IT expenses	-166	-212	-189	-180	-190	-191	-200
Other costs	-194	-334	-300	-277	-311	-303	-342
Depreciation/amortization	-67	-68	-67	-63	-66	-70	-71
Expenses	-814	-984	-929	-796	-891	-962	-1 063
Profit before loan losses	33	132	-20	20	-200	-54	-162
Loan losses	1	-16	3	-2	13	5	-1
Operating profit	34	116	-17	18	-187	-49	-163
Tax	-9	-8	145	55	70	163	48
Discontinued operations				14	1 362	164	230
Profit for the period	25	108	128	87	1 245	278	115
Profit for the period attributable to:							
Swedbank's shareholders	25	108	128	87	1 245	250	70
Minority						28	45
Allocated equity	1 350	1 350	1 350	6 192	6 192	6 192	6 192



Eliminations

SEK M	2005-Q3	2005-Q2	2005-Q1	2004-Q4	2004-Q3	2004-Q2	2004-Q1
Net interest income	-77	200	-101	-66	-100	-142	-312
Net commission income	-2	-3	3	11	-11	6	1
Net gains and losses on items at fair value	50	-200	101	70	103	146	316
Other income	-758	-941	-839	-799	-846	-794	-802
Share in profit of associated companies							
Income	-787	-944	-836	-784	-854	-784	-797
Staff costs	8	-1	9	3	12	19	15
IT expenses	165	206	200	138	172	168	188
Other costs	614	739	627	643	670	597	594
Depreciation/amortization							
Expenses	787	944	836	784	854	784	797