



FöreningsSparbanken (Swedbank)
Preliminary year-end report for 2003
February 12, 2004

Operating profit rose by 40 percent to SEK 9,564 M

2003 in summary:

- Operating profit rose by 40 percent to SEK 9,564 M (6,848)
- Profit for the year rose by 53 percent to SEK 6,343 M (4,152)
- The return on equity rose to 15.9 percent (11.0)
- Earnings per share rose to SEK 12.02 (7.87)
- Total income rose by 6 percent to SEK 24,453 M (23,001)
- Net interest income rose by 4 percent to SEK 16,201 M (15,549)
- Net commission income amounted to SEK 5,739 M (5,764)
- Net profit on financial operations rose to SEK 801 M (441)
- Expenses rose by 1 percent to SEK 13,841 M (13,698)
- Loan losses decreased by 38 percent to SEK 987 M (1,603)
- Operating profit for the fourth quarter rose by 33 percent to SEK 2,467 M (1,848)
compared with the corresponding quarter of 2002
- The Board of Directors is recommending a cash dividend of
SEK 5.75 per share (5.50)

Profit trend fourth quarter 2003

Operating profit for the fourth quarter rose by SEK 619 M or 33 percent compared with the fourth quarter of 2002 and amounted to SEK 2,467 M (1,848). Income rose by SEK 393 M or 7 percent to SEK 6,183 M, while expenses rose to SEK 3,668 M (3,457). Compared with the third quarter of 2003, operating profit decreased by SEK 101 M or 4 percent.

Income

Net interest income rose by SEK 210 M or 5 percent and amounted to SEK 4,096 M (3,886) compared with the fourth quarter of 2002. Compared with the third quarter of 2003, net interest income decreased slightly.

Net commission income rose by SEK 123 M or 9 percent and amounted to SEK 1,562 M (1,439) compared with the fourth quarter of 2002. Asset management commissions rose by slightly over SEK 100 M mainly due to higher stock prices and thus higher fund asset values. Payment processing commissions rose by nearly SEK 60 M. Compared with the previous quarter, net commission income rose 6 percent or SEK 86 M.

Compared with the fourth quarter of 2002, net profit on financial operations rose by SEK 69 M, from SEK 188 M to SEK 257 M. The increase is mainly due to foreign exchange-related income. Compared with the third quarter of 2003, net profit on financial operations rose by SEK 125 M. The increase is mainly attributable to trading in fixed income-related instruments and currencies.

Other income amounted to SEK 268 M, against SEK 277 M in the fourth quarter of 2002. In the third quarter of 2003 other income amounted to SEK 294 M.

Expenses

Expenses rose by SEK 211 M or 6 percent compared with the fourth quarter of 2002. During the fourth quarter of 2002 expenses decreased by SEK 138 M through a reserve reduction owing to changes in the rules for actuarial calculations. Compared with the third quarter of 2003, expenses rose during the fourth quarter by SEK 302 M to SEK 3,668 M (3,366). In the Swedish retail operations, expenses increased by SEK 191 M. The increase was caused mainly by activity-based, seasonal fluctuations in expenses, including marketing measures, branch refurbishments and training to certify financial advisors. Expenses were also affected by the acquisition of EnterCard and the disposal of CASH terminals. In International Banking operations, expenses increased by SEK 90 M.

Loan losses

Loan losses decreased to SEK 155 M (360) compared with the fourth quarter of 2002. Compared with the third quarter of 2003, loan losses were largely unchanged.

Share of profits of associated companies

The share of profits and losses of associated companies rose to SEK 75 M (- 125) compared with the fourth quarter of 2002, mainly due to improved results at SpareBank 1 Gruppen. Compared with the third quarter of 2003, the share of associated company profit rose by SEK 20 M.

A quarterly profit trend for the Group can be found on page 12.

Profit trend for the Group for full-year 2003

The Group's operating profit rose by 40 percent to SEK 9,564 M (6,848). Income rose by 6 percent to SEK 24,453 M (23,001), while expenses rose by 1 percent to SEK 13,841 M (13,698). Loan losses decreased by 38 percent to SEK 987 M (1,603). Operating profit was affected by a capital gain of SEK 489 M on the sale of the shares in Erste Bank and by a write-down of the shareholding in SpareBank 1 Gruppen of SEK 311 M. The return on equity rose to 15.9 percent (11.0), while earnings per share increased to SEK 12.02 (7.87).

Income rose 6 percent

The Group's income rose by SEK 1,452 M or 6 percent and amounted to SEK 24,453 M (23,001). Excluding the capital gain on the sale of the shares in Erste Bank, income rose by SEK 963 M or 4 percent. Net interest income rose by 4 percent or SEK 652 M, mainly due to higher lending volumes, while net commission income decreased marginally. Net profit on financial operations rose by SEK 360 M through higher income from fixed income, equity and foreign exchange operations.

Net interest income

The Group's net interest income rose by 4 percent to SEK 16,201 M (15,549). In Swedish retail operations, net interest income from lending rose by approximately SEK 450 M due to higher volumes and by approximately SEK 100 M through higher margins. Higher deposit volumes raised net interest income by approximately SEK 200 M, while lower margins, mainly due to generally lower interest rates and a shift of deposits to high-interest accounts, affected net interest income negatively by approximately SEK 550 M. Net interest income in Swedbank Markets improved by approximately SEK 250 M, in part through trading in bonds and interest rate derivatives by the branch in Oslo. In the International banking operations, net interest income rose by approximately SEK 100 M.

Dividends received

Dividends received amounted to SEK 105 M (90).

Net commission income

Net commission income decreased slightly to SEK 5,739 M (5,764). Payment processing commissions continued to develop positively, rising by SEK 174 M or 10 percent to SEK 1,937 M (1,763). Compared with 2002, asset management commissions declined by SEK 165 M. The decrease was caused by lower stock prices and thus a decrease in the value of fund assets, as well as by a higher share of savings in fixed income funds, where commissions are lower. However, asset management commissions rose during the year from quarter to quarter. Brokerage commissions remained largely unchanged.

Net profit on financial operations

Net profit on financial operations rose by 82 percent to SEK 801 M (441). Profit from trading in fixed income securities rose by SEK 61 M, while profit from trading in equities and other financial instruments rose by SEK 160 M. Income from foreign exchange operations rose by SEK 139 M.

Other income

Other income rose by 39 percent to SEK 1,607 M (1,157). Income was affected by a capital gain of SEK 489 M on the sale of the shareholding in Erste Bank in June 2003. A capital gain of SEK 97 M from a branch sale is included in 2002.

Expenses rose slightly

The Group's expenses rose by SEK 143 M or 1 percent to SEK 13,841 M (13,698). Expenses in the Swedish operations rose by SEK 259 M in part due to the acquisition of HSB Bank and EMU preparations. In the International banking operations, expenses decreased by SEK 116 M, mainly through the rationalization of Hansabank's operations in Lithuania.

Staff costs

Staff costs decreased to SEK 6,978 M (7,005). In the Swedish operations, staff costs rose due to contractual wage increases and the recruitment of advisers to the Stockholm region, but decreased by nearly SEK 100 M as a result of the staff reduction program during the year. In the International banking operations, staff costs decreased by SEK 45 M.

The costs associated with Birgitta Johansson-Hedberg's retirement as President resulted in a charge against profit of SEK 28 M in 2003, of which SEK 23 M relates to pension costs.

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

	Dec 31	Dec 31
	2003	2002
Total number of employees	15,366	15,468
<i>Of which International banking operations</i>	<i>5,931</i>	<i>5,901</i>

Other expenses

Other expenses – i.e. other administrative expenses, depreciation of tangible fixed assets and amortization of goodwill – rose by 3 percent to SEK 6,863 M (6,693). Of the increase, SEK 78 M was attributable to the acquisitions of HSB Bank and EnterCard.

Expenses for premises rose by 6 percent to SEK 1,148 M (1,080), partly due to changes in the branch network in the Stockholm region. Computer expenses also rose, by 6 percent to SEK 1,333 M (1,257), mainly due to EMU preparations. Cash handling expenses in the form of security transports and alarms rose by 25 percent or SEK 62 M to SEK 315 M. Disposal expenses for CASH terminals were also charged against profit. On the other hand, depreciation of tangible fixed assets decreased by SEK 86 M to SEK 665 M (751) and amortization of goodwill, excluding holdings in associated companies, fell to SEK 613 M (663).

IT expenses

IT expenses include all development and production expenditures as well as computer equipment service costs and depreciation. IT expenses for the year, after deducting IT-related income from partly owned banks and independent savings banks, amounted to SEK 2,315 M (2,223). The corresponding expense in the Swedish operations was SEK 2,021 M (1,929). The increase in IT expenses is due to the harmonization of Swedish IT systems pending the country's possible EMU ascension, which affected expenses by nearly SEK 100 M.

Loan losses declined

The loan loss level during the year was 0.14 percent (0.23). Loan losses decreased by 38 percent to SEK 987 M (1,603), of which FI-Holding accounted for SEK 84 M (107) and Hansabank for SEK 256 M (23). The Group's doubtful claims, gross, amounted to SEK 3,862 M as of December 31, 2003, compared with SEK 3,600 M on December 31, 2002. Loan loss reserves amounted to SEK 5,053 M (4,823). A specification of loan losses and claims is provided in Notes 3 and 4.

Share of profits of associated companies improved

The share of profits and losses of associated companies amounted to SEK -116 M (-588). The change is primarily due to Marakanda, which was divested in early 2003 and was included as a loss of SEK -231 M in 2002. The share of SpareBank 1 Gruppen's loss was SEK -383 M (-564).

Tax expense 27 percent

Consolidated profit before tax amounted to SEK 9,545 M (6,772) and the tax expense was SEK 2,567 M (1,983), or an effective tax rate of 27 percent (29). The lower tax rate for the year 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 offsetable.

Interest rate risk

An increase in all market interest rates by one percentage point as of December 31, 2003 would have reduced the value of the Group's interest-bearing assets and liabilities, including derivatives, by SEK 1,770 M (735). The decrease in the value of positions in SEK would have been SEK 1,445 M (469) and positions in foreign currency SEK 325 M (266). An interest rate increase of one percentage point would have reduced the Group's net profit on financial operations by SEK 276 M (184) as of December 31, 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 of lower Swedish repo rates.

Capital adequacy

The capital adequacy ratio, which is calculated for the financial companies group, amounted to 10.8 percent (10.8) on December 31, 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).

Primary capital as of December 31, 2003 decreased by SEK 468 M due to deferred tax which has not been set aside on FöreningsSparbanken's share of the retained earnings in Hansabank. If distributed, this would correspond to an equivalent tax charge. The tax charge on FöreningsSparbanken's share of the proposed distribution from Hansabank for 2003 has been charged against profit.

The risk-weighted amount for credit risks rose to SEK 562 billion (539) during the year. The increase is primarily attributable to higher lending by Spintab and Hansabank. The risk-weighted amount for market risks was unchanged at SEK 26 billion.

Specification of capital adequacy

SEK M	Dec 31 2003	Dec 31 2002
Primary capital	42,158	40,266
Supplementary capital	24,848	25,103
Less shares, etc.	-4,282	-5,266
Expanded portion of capital base	971	1,105
Capital base	63,695	61,208
Risk-weighted amount for credit risks	561,860	539,379
Risk-weighted amount for market risks	25,660	25,674
Total risk-weighted amount	587,520	565,053
Capital adequacy ratio, %	10.8	10.8
Primary capital ratio, %	7.2	7.1

As of December 31, 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, BoStocken AB, Aktia Sparbank Abp in Finland, and 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 557 billion (488) as of December 31, 2003, an increase of SEK 69 billion or 14 percent. Customers' deposits, excluding repurchase agreements (repos), rose SEK 21 billion or 8 percent to SEK 275 billion (254). Deposits in SEK rose by SEK 14 billion or 7 percent to SEK 222 billion (208), while deposits in foreign currency rose to SEK 53 billion (46).

Savings and investments, the Group

SEK billion	Dec 31 2003	Dec 31 2002
Deposits from the public		
Households, SEK	135.4	129.1
Other, SEK	87.0	78.5
Households, foreign currency	16.7	14.9
<i>Of which Hansabank</i>	16.7	14.8
Other, foreign currency	35.8	31.2
<i>Of which Hansabank</i>	20.4	18.0
Subtotal	274.9	253.7
Discretionary asset management	22.6	17.9
Fund management	248.6	205.9
Retail bonds, interest-bearing	2.9	2.6
Retail bonds, equity linked	7.6	5.5
Unit-linked insurance	37.0	33.2
Less unit-linked insurance in own companies	- 37.0	- 30.8
Total	556.6	488.0

Sales and market shares

For 2003 one of FöreningsSparbanken's objectives was 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 2003 this market share preliminarily amounted to 19.5 percent, against 18.3 percent for the full-year 2002. During the same period the market share for new household deposits preliminarily was 23.8 percent, compared with 22.7 percent for the full-year 2002.

Lending

The Group's total credit exposure, including contingent liabilities and derivatives, amounted to SEK 906 billion (856). Credit exposure in the Swedish market rose from December 31, 2002 by SEK 47 billion and in other markets by SEK 3 billion.

The Group's lending to the public amounted to SEK 721 billion (673) at the end of the year, an increase of SEK 48 billion or 7 percent from the beginning of the year. In the Swedish operations, lending rose by 7 percent to SEK 614 billion (573). Lending by Hansabank and FI-Holding amounted to SEK 107 billion (100). Of the change, SEK -1 billion was attributable to changes in exchange rates. Consumer loans amounted to SEK 337 billion (307), up SEK 30 billion or 10 percent from the beginning of the year. The increase is largely due to mortgage lending by Spintab arranged through the Swedish branch office network.

Lending, Group

SEK billion	Dec 31 2003	Dec 31 2002
Private individuals	337.5	306.9
<i>Of which Spintab</i>	273.6	248.2
Real estate management	153.0	144.1
Retail, hotels, restaurants	27.6	25.6
Construction	10.9	10.5
Manufacturing	49.5	50.7
Transportation	15.5	14.3
Forestry and agriculture	34.8	31.1
Other service businesses	18.1	18.9
Other business lending	60.0	56.9
Municipalities *)	14.2	13.7
Total lending to the public	721.1	672.7
Credit institutions incl. Nat'l Debt Office	54.7	64.4
Repurchase agreements (repos)	50.6	65.0
Total lending	826.4	802.1
<i>Of which lending to the public by:</i>		
<i>Hansabank</i>	39.3	30.3
<i>FI-Holding</i>	67.9	70.1

*) Not including municipal companies.

Market shares

FöreningsSparbanken's subsidiary Spintab consolidated its position as Sweden's leading mortgage lender with an increased market share of 31 percent (30) as of December 31, 2003, including FöreningsSparbanken Jordbrukskredit.

Payments

Cards

As of year-end approximately 2.9 million FöreningsSparbanken bank cards were in issue in the Swedish market, an increase of 6 percent. The trend toward greater card use is continuing. The number of card purchases by FöreningsSparbanken's customers rose by 20 percent during the year, while the number of card transactions cleared climbed 23 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 in the Swedish market with giro accounts is 2.6 million (2.7), of whom 1.1 million (0.9) are Internet-based.

e-billing

With e-billing, bills are sent directly to the Internet bank, where customers can safely and conveniently approve payment. A total of 212 companies now offer the service, compared with 115 on December 31, 2002. The number of e-bills is rising steadily. During the year 758,000 e-bills were sent, compared with 506,000 in 2002.

Other

FöreningsSparbanken's Board recommends authorization to repurchase shares

The Board of Directors of FöreningsSparbanken will recommend to the Annual General Meeting on April 22, 2004 that it authorize the Board to decide to repurchase the bank's shares. The proposal also contains an authorization for the Board to sell repurchased shares. As proposed, the authorization would cover purchases on one or more occasions on the Stockholm Stock Exchange of up to 10 percent of all the shares in FöreningsSparbanken - including the trading done on an ongoing basis to facilitate securities operations – corresponding to nearly 52.8 million shares.

New financial objectives

The Board of Directors has established new financial objectives for FöreningsSparbanken's operations as of January 1, 2004.

The Group's return on equity shall exceed the average for all major, publicly listed Nordic banks (Handelsbanken, SEB, Nordea, Danske Bank and DnB NOR) and be at least 20 percent higher than the long-term risk-free rate of interest plus a normal risk premium. At current interest rates, this corresponds to a return of approximately 14 percent.

The Group's operational efficiency, measured as the C/I ratio before loan losses, shall fall below 0.5 over the long term.

FöreningsSparbanken's capital adequacy ratio shall correspond to no less than the level that at any given time is considered suitable in order to maintain long-term financial stability and to develop operations. The primary capital ratio shall be 7 percent over the long term.

FöreningsSparbanken's objective is to distribute to its shareholders a dividend corresponding to at least 40 percent of after-tax profit. The size of the annual dividend is based on the most recent dividend while also taking into consideration the expected profit trend, the capital that is expected to be needed to develop operations and the market's yield requirements.

The bank will not maintain an externally communicated loan loss target.

FöreningsSparbanken receives award for IT efficiency

FöreningsSparbanken received the Compass Prize 2003, awarded by the international consulting firm Compass Consulting, a leading IT benchmarking institute. FöreningsSparbanken's IT organization was recognized for "showing a steadily rising positive trend in improvements and, in most areas, ranking as world class." Among other things, FöreningsSparbanken reached its objective to complete around 20 percent more transactions without raising expenses.

FöreningsSparbanken named Sweden's best place to work in 2003

FöreningsSparbanken received an award as Sweden's best place to work in 2003. The competition was arranged by the occupational pension company Alecta. FöreningsSparbanken shared the award with television broadcaster Kanal 5. In the words of the jury, FöreningsSparbanken was awarded: "for having succeeded in a group...to develop and realize tools and programs that create working environments where soft values are one of the cornerstones of the effort to raise profitability." FöreningsSparbanken was also praised for its co-determination agreement, IDA, which encourages insight, involvement and responsibility on the part of employees.

Changes in Executive Management

FöreningsSparbanken President and CEO Birgitta Johansson-Hedberg announced in December that she is stepping down from her post no later than the Annual General Meeting in 2004. In October Nils-Fredrik

Nyblaeus left his position as CFO and was replaced temporarily by Jan Lidén, who at the time was Deputy CEO and Head of the Stockholm region.

Dividend

The bank's Board of Directors is recommending that the Annual General Meeting approve a cash dividend of SEK 5.75 per share (5.50). The proposed record day for the 2003 dividend is April 27, 2004. The last day for trading in the bank's share with the right to the dividend is April 22, 2004. If the Annual General Meeting adopts the Board's recommendation, the dividend is expected to be paid by VPC (the Swedish Securities Register Center) on April 30, 2004.

Annual General Meeting

FöreningsSparbanken's Annual General Meeting will be held at 2:00 p.m. (CET) on Thursday, April 22, 2004 at ELMIA Kongress & Konserthus in Jönköping. Shareholders who wish to attend must be directly recorded in the bank's share register maintained by VPC no later than April 8, 2004.

Application of accounting principles

The preliminary year-end report has been prepared in accordance with recommendation RR 20 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 this report.

Highlights following the conclusion of the year

Jan Lidén named new President of FöreningsSparbanken

In January 2004 Jan Lidén was named the new President and CEO of FöreningsSparbanken AB. He assumed the post on February 1, 2004. Until then Jan Lidén had served as Deputy CEO and Head of the Stockholm regions as well as Acting CFO. He will retain the latter two positions until a permanent solution is found.

Jan Lidén receives a fixed salary of SEK 6.5 M with no variable compensation. Jan Lidén has at his disposal for fee-based pension purposes an annual premium of SEK 3.5 M. The bank's commitment relates only to the premium's size. If terminated by the bank, Jan Lidén would receive his salary during a 12-month period of notice. Further, severance is payable for up to 12 months. A deduction is made if Jan Lidén obtains new employment. If Jan Lidén resigns, the period of notice is six months with no severance.

FöreningsSparbanken increases its interest in FI-Holding

In January 2004 FöreningsSparbanken acquired an additional 2.5 percent of the shares in FI-Holding, raising its holding in the Danish credit institution from 74.7 percent to 77.2 percent.

Key ratios for the Group

	2003	2002
Return on equity, %	15.9	11.0
Return on total equity, %	0.94	0.69
Earnings per share, SEK *	12.02	7.87
Earnings per share after dilution, SEK **	12.01	7.86
Equity per share, SEK *	79.42	73.13
Equity per share after dilution, SEK **	79.39	73.11
C/I ratio before loan losses	0.57	0.63
C/I ratio after loan losses	0.61	0.70
Capital adequacy ratio, %	10.8	10.8
Primary capital ratio, %	7.2	7.1
Loan loss ratio, net, %	0.14	0.23
Share of doubtful claims, %	0.28	0.27
Provision ratio for doubtful claims, % ***	131	134
No. of shares at beginning and end of year	527,808,843	527,808,843
Avg. no. of shares during the year	527,808,843	527,808,843
* No. of shares in calculation	527,808,843	527,808,843
** No. of shares after dilution	528,027,504	527,960,453
*** See Note 4		

Operational profit and loss account, the Group *

SEK M	Jan-Dec 2003	Jan-Dec 2002	%	Q4 2003	Q4 2002	%
Interest receivable	47,755	52,013	-8	11,420	12,110	-6
Interest payable	-31,554	-36,464	-13	-7,324	-8,224	-11
Net interest income	16,201	15,549	4	4,096	3,886	5
Dividends received	105	90	17	4	3	33
Commissions receivable	7,661	7,558	1	2,072	1,900	9
Commissions payable	-1,922	-1,794	7	-510	-461	11
Net commission income	5,739	5,764	0	1,562	1,439	9
Net profit on financial operations	801	441	82	257	188	37
Other operating income	1,607	1,157	39	264	274	-4
Total income	24,453	23,001	6	6,183	5,790	7
General administrative expenses						
- Staff costs	-6,978	-7,005	0	-1,827	-1,786	2
- Other	-5,585	-5,279	6	-1,530	-1,346	14
Total general administrative expenses	-12,563	-12,284	2	-3,357	-3,132	7
Depreciation and write-off of tangible fixed assets	-665	-751	-11	-158	-177	-11
Amortization of goodwill	-613	-663	-8	-153	-148	3
Total expenses	-13,841	-13,698	1	-3,668	-3,457	6
Profit before loan losses	10,612	9,303	14	2,515	2,333	8
Loan losses, net, including change in value of property taken over	-987	-1,603	-38	-155	-360	-57
Write-down/reversal of write-down of financial fixed assets	55	-264		32		
Share of profit/loss of associated companies	-116	-588	-80	75	-125	160
Operating profit	9,564	6,848	40	2,467	1,848	33
Settlement of pensions	-19	-76	-75	28	-25	
Tax	-2,567	-1,983	29	-712	-509	40
Minority interest	-635	-637	0	-159	-168	-5
Profit for the period	6,343	4,152	53	1,624	1,146	42
Earnings per share, SEK **	12.02	7.87	53	3.08	2.18	41
Earnings per share after dilution, SEK **	12.01	7.86	53	3.07	2.17	41

** See key ratios on page 10 for number of shares.

* 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 22 and 23.

Quarterly profit trend for the Group

SEK M	Q4 2003	Q3 2003	Q2 2003	Q1 2003	Q4 2002	Q3 2002	Q2 2002	Q1 2002	Q4 2001
Net interest income	4,096	4,114	3,958	4,033	3,886	3,930	3,908	3,825	3,815
Net commission income	1,562	1,476	1,401	1,300	1,439	1,369	1,479	1,477	1,486
Net profit on financial operations	257	132	218	194	188	183	- 173	243	148
Other income	268	294	871	279	277	267	377	326	319
Total income	6,183	6,016	6,448	5,806	5,790	5,749	5,591	5,871	5,768
Staff costs	-1,741	- 1,682	- 1,649	- 1,648	- 1,716	- 1,706	- 1,686	- 1,628	- 1,687
Allocation to profit-sharing fund	-86	- 70	- 37	- 65	- 70	2	- 77	- 124	- 58
Other expenses	-1,841	- 1,614	- 1,723	- 1,685	- 1,671	- 1,638	- 1,673	- 1,711	- 1,823
Total expenses	-3,668	- 3,366	- 3,409	- 3,398	- 3,457	- 3,342	- 3,436	- 3,463	- 3,568
Profit before loan losses	2,515	2,650	3,039	2,408	2,333	2,407	2,155	2,408	2,200
Loan losses, net including change in value of property taken over	-155	- 160	- 282	- 390	- 360	- 375	- 433	- 435	- 459
Write-down/reversal of write-down of financial fixed assets	32	23				-264			- 10
Share of profit/loss of associated companies'	75	55	- 211	- 35	- 125	- 380	- 62	- 21	- 54
Operating profit	2,467	2,568	2,546	1,983	1,848	1,388	1,660	1,952	1,677

Business area report

SEK M	Swedish Retail Operations		Swedbank Markets		Asset Management and Insurance		International Banking		Treasury Management		Shared Services and Group Staffs		Eliminations	
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
January - December														
Net interest income	11,523	11,497	843	638	45	74	3,069	2,972	797	610	-92	-258	16	16
Net commission income	3,007	3,030	622	552	1,168	1,209	1,002	866	-28	-26	-31	153	-1	-20
Financial transactions, net	124	112	339	132	8	11	264	241	66	-22	0	-33		0
Other income	652	810	98	49	35	30	181	219	545	26	3,313	2,684	-3,112	-2,571
Total income	15,306	15,449	1,902	1,371	1,256	1,324	4,516	4,298	1,380	588	3,190	2,546	-3,097	-2,575
Staff costs	-3,895	-3,969	-557	-569	-248	-257	-960	-1,005	-15	-13	-1,362	-1,253	59	61
IT expenses	-729	-1,310	-230	-240	-78	-63	-157	-148	-6	-7	-956	-677	823	1,188
Other expenses	-4,274	-3,103	-308	-341	-235	-242	-598	-581	-26	-29	-1,026	-1,052	2,215	1,326
Depreciation/amortization	-240	-392	-15	-20	-238	-247	-480	-577	0	0	-305	-178		
Total expenses	-9,138	-8,774	-1,110	-1,170	-799	-809	-2,195	-2,311	-47	-49	-3,649	-3,160	3,097	2,575
Profit before loan losses	6,168	6,675	792	201	457	515	2,321	1,987	1,333	539	-459	-614		
Loan losses	-826	-1,139	-17	-73			-340	-130			196	-261		
Share of profit/loss of associated companies	89	-146	-7	-13			-230	-444			32	15		
Write-down/reversal of write-down of financial fixed assets									55	-264				
Operating profit/loss	5,431	5,390	768	115	457	515	1,751	1,413	1,388	275	-231	-860		
Return on allocated equity, %	18.0	18.8	26.4	3.8	18.7	18.8	8.2	6.6	96.7	9.5				
C/I ratio	0.60	0.57	0.58	0.85	0.64	0.61	0.49	0.54	0.03	0.08	1.14	1.24		
Full-time employees	7,038	7,252	535	526	256	282	5 931	5 901	18	18	1,588	1,489		

Business area accounting principles

The business area report is based on FöreningsSparbanken's organization and internal accounts.

Market-based compensation is applied between business areas. All costs for IT, shared services and Group Staffs 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 Retail Operations

Swedish Retail Operations has customer responsibility for private customers, companies, organizations, municipalities and county councils in Sweden and includes the bank's own distribution channels in the form of branches, ATMs, the Swedish telephone and internet banks, the product and customer offerings unit, HSB Bank, partly owned Swedish banks and private banking operations in Luxembourg. FöreningsSparbanken Fastighetsbyrå AB (real estate brokerage) and FöreningsSparbanken Juristbyrå AB (legal services), which were previously part of Shared Services and Group Staffs, are included in the business area as of the fourth quarter of 2003. All four quarters of 2003 have been adjusted due to the organizational change. As of November 2003 the Norwegian card company EnterCard is included as well.

The branch network in Sweden is organized in 86 local banks in 6 regions throughout the country. With 516 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 235 in-store banking locations. The agreement with Svensk Kassaservice (the Swedish postal service) also gives customers access to certain teller transactions at around 1,000 post offices.

Approximately 2.1 million customers use the Telephone bank. Since the start of the year the number of customers using the Internet bank has risen to 1.6 million, of whom approximately 1.4 million were private customers, or 23 percent of private customers at FöreningsSparbanken, the independent savings banks and partly owned banks. 35 percent of corporate customers in Sweden use the Internet bank.

Profit trend

SEK M	Jan-Dec 2003	Jan-Dec 2002	Q4 2003	Q3 2003	Q2 2003	Q1 2003	Q4 2002	Q3 2002
Net interest income	11,523	11,497	2,909	2,843	2,881	2,890	2,929	2,904
Net commission income	3,007	3,030	819	818	717	653	720	717
Net profit on financial operations	124	112	31	33	33	27	25	40
Other income	652	810	182	150	185	135	219	171
Total income	15,306	15,449	3,941	3,844	3,816	3,705	3,893	3,832
Staff costs	-3,895	-3,969	-1,012	-954	-968	-961	-1,065	-966
IT expenses	-729	-1,310	-178	-186	-183	-182	-342	-311
Other expenses	-4,274	-3,103	-1,186	-1,043	-1,019	-1,026	-867	-711
Depreciation/amortization	-240	-392	-55	-57	-62	-66	-95	-99
Total expenses	-9,138	-8,774	-2,431	-2,240	-2,232	-2,235	-2,369	-2,087
Profit before loan losses	6,168	6,675	1,510	1,604	1,584	1,470	1,524	1,745
Loan losses	-826	-1,139	-132	-100	-291	-303	-232	-250
Share of profit/loss of associated companies	89	-146	7	34	24	24	-19	-103
Operating profit	5,431	5,390	1,385	1,538	1,317	1,191	1,273	1,392
Tax	-1,521	-1,566	-388	-435	-357	-341	-381	-421
Minority interests	-1	-4	4	-3	0	-2	0	-1
Profit for the period	3,909	3,820	1,001	1,100	960	848	892	970
Allocated equity	21,754	20,367	21,754	21,754	21,754	21,754	20,367	20,367
Return on allocated equity, %	18.0	18.8	18.4	20.2	17.7	15.6	17.5	19.1
Income items								
Income from external customers	14,417	14,649	3,710	3,630	3,590	3,487	3,716	3,692
Income from transactions with other business areas	889	800	231	214	226	218	177	140
Total income	15,306	15,449	3,941	3,844	3,816	3,705	3,893	3,832
Business volumes, SEK billion								
Lending	602	553	602	590	576	560	553	536
Deposits	238	221	238	238	228	226	221	218
Mutual funds & insurance	165	142	165	155	153	139	142	135
Other investment volume	8	6	8	7	7	6	6	6
Shares and participations in associated companies, SEK billion	1	1	1	1	1	1	1	1
Risk-weighted volume, SEK billion	402	371	402	397	388	373	371	360
Total assets, SEK billion	658	602	658	652	627	610	602	579
Total liabilities, SEK billion	636	582	636	630	605	589	582	558
Full-time employees	7,038	7,252	7,038	6,978	7,007	7,147	7,252	7,180

Operating profit amounted to SEK 5,431 M, a decrease of SEK 41 M compared with the previous year. Compared with the previous quarter, operating profit declined by SEK 153 M or 10 percent to SEK 1,385 M, primarily due to a seasonal increase in the expense level.

Income decreased by SEK 143 M or 1 percent compared with the previous year to SEK 15,306 M (15 449). 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. The previous year included a capital gain of SEK 97 M on the sale of a branch to Sparbanken Nord. During the fourth quarter net interest income rose by SEK 66 M due in part to the acquisition of EnterCard.

Expenses rose by SEK 364 M or 4 percent from the previous year to SEK 9,138 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 826 M, a decrease of SEK 313 M or 27 percent from the previous year. The share of the profit of associated companies was positive, since the e-commerce company Marakanda was dissolved the previous year.

The return on allocated equity was 18 percent (19).

The number of full-time positions decreased by the transfer of local stock brokers to Swedbank Markets and the transfer of certain support units to Shared Services and Group Staffs and increased by the acquisition of EnterCard. Expenses for the support operations that were moved are reported in 2003 as other expenses instead of staff costs, expenses for premises, IT expenses, depreciation/amortization, etc.

Swedbank Markets

Swedbank Markets includes investment banking and merchant banking as well customer responsibility 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-Dec 2003	Jan-Dec 2002	Q4 2003	Q3 2003	Q2 2003	Q1 2003	Q4 2002	Q3 2002
Net interest income	843	638	144	348	151	200	258	118
Net commission income	622	552	206	124	151	141	174	140
Net profit on financial operations	339	132	168	13	69	89	52	59
Other income	98	49	9	14	66	9	12	11
Total income	1,902	1,371	527	499	437	439	496	328
Staff costs	-557	-569	-152	-131	-129	-145	-153	-136
IT expenses	-230	-240	-45	-54	-67	-64	-66	-57
Other expenses	-308	-341	-70	-78	-84	-76	-97	-74
Depreciation/amortization	-15	-20	-3	-4	-4	-4	-5	-4
Total expenses	-1,110	-1,170	-270	-267	-284	-289	-321	-271
Profit before loan losses	792	201	257	232	153	150	175	57
Loan losses	-17	-73	-4	-4	0	-9	-11	1
Share of profit/loss of associated companies	-7	-13	3	-6	4	-8	0	-1

Operating profit/loss	768	115	256	222	157	133	164	57
Tax	-215	-30	-74	-61	-43	-37	-46	-15
Profit/loss for the period	553	85	182	161	114	96	118	42
Allocated equity	2,093	2,249	2,093	2,093	2,093	2,093	2,249	2,249
Return on allocated equity, %	26.4	3.8	34.8	30.8	21.8	18.3	21.0	7.5
Income items								
Income from external customers	1,596	1,129	439	427	365	365	423	267
Income from transactions with other business areas	306	242	88	72	72	74	73	61
Total income	1,902	1,371	527	499	437	439	496	328
Business volumes, SEK billion								
Lending	12	17	12	12	14	16	17	20
Deposits		0			0		0	0
Mutual funds & insurance	1	1	1	1	1	1	1	0
Shares and participating interests in associated companies, SEK billion	0	0	0	0	0	0	0	0
Risk-weighted volume, SEK billion	32	34	32	35	40	41	34	43
Total assets, SEK billion	232	205	232	253	246	247	205	210
Total liabilities, SEK billion	230	203	230	251	244	245	203	208
Full-time employees	535	526	535	568	562	558	526	550

Swedbank Markets' operating profit amounted to SEK 768 M, an increase of SEK 653 M from the previous year. Fixed income and foreign exchange trading produced strongly improved results, at the same time that equity-related operations improved during the second half of the year. The profit improvement is also due to the fact that last year's result was affected by unfavorable fluctuations in exchange rates.

Compared with the previous quarter, operating profit rose by SEK 34 M or 15 percent.

The return on allocated equity rose to 26 percent (4).

Asset Management and Insurance

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

Profit trend

SEK M	Jan-Dec 2003	Jan-Dec 2002	Q4 2003	Q3 2003	Q2 2003	Q1 2003	Q4 2002	Q3 2002
Net interest income	45	74	11	8	3	23	13	19
Net commission income	1,168	1,209	318	301	278	271	293	262
Net profit on financial operations	8	11	-3	3	16	-8	10	2
Other income	35	30	11	8	1	15	8	7
Total income	1,256	1,324	337	320	298	301	324	290
Staff costs	-248	-257	-55	-65	-62	-66	-42	-67
IT expenses	-78	-63	-20	-21	-19	-18	-22	-16
Other expenses	-235	-242	-79	-41	-65	-50	-65	-59
Depreciation/amortization	-238	-247	-60	-59	-59	-60	-62	-61
Total expenses	-799	-809	-214	-186	-205	-194	-191	-203
Profit before loan losses	457	515	123	134	93	107	133	87
Operating profit	457	515	123	134	93	107	133	87

Tax	-128	-144	-34	-38	-26	-30	-37	-24
Profit for the period	329	371	89	96	67	77	96	63
Allocated equity	1,759	1,971	1,759	1,759	1,759	1,759	1,971	1,971
Return on allocated equity, %	18.7	18.8	20.2	21.8	15.2	17.5	19.5	12.8
Income items								
Income from external customers	2,450	2,653	662	629	624	535	611	586
Income from transactions with other business areas	-1,194	-1,329	-325	-309	-326	-234	-287	-296
Total income	1,256	1,324	337	320	298	301	324	290
Business volumes, SEK billion								
Mutual funds & insurance	249	206	249	232	224	203	206	195
Other investment volume	22	20	22	24	24	18	20	19
Risk-weighted volume, SEK billion	0	0	0	0	0	0	0	0
Total assets, SEK billion	42	36	42	40	39	35	36	34
Total liabilities, SEK billion	40	34	40	38	37	33	34	32
Full-time employees	256	282	256	264	255	260	282	279

Operating profit amounted to SEK 457 M, a decrease of SEK 58 M or 11 percent from the previous year. The decline is due in part to lower average prices on global stock markets compared with the previous year, which led to lower asset management volumes and lower commission income, as well as to lower interest rates, which negatively affected the return on liquid assets. The weaker dollar reduced fund volume by approximately SEK 5.5 billion during the year, which meant the loss of approximately SEK 40 M in gross income.

The return on allocated equity was 19 percent (19).

Fund savings, volumes and flows

Net contributions to Robur's mutual funds during the year totaled SEK 14.1 billion, against SEK 9.7 billion in the previous year. Of net contributions, SEK 3.1 billion (2.9) was from premium pension investments and SEK 1.6 billion (3.0) from unit-linked insurance in Robur Försäkring.

Robur's assets under management amounted to SEK 249 billion (206) on December 31, 2003. The change resulted from an increase in the value of fund assets of approximately SEK 29 billion, mainly because of rising stock prices. After net fund contributions of approximately SEK 14 billion, the increase in fund assets during the period was SEK 43 billion. Institutional asset management operations managed SEK 41 billion (31), of which SEK 18 billion (13) was invested in Robur funds.

Robur's share of net contributions in the Swedish mutual fund market was 20 percent (17). Its share of assets under management in the fund market was 28 percent (29) on December 31.

	Dec 31	Dec 31
	2003	2002
Fund management, Robur		
Assets under management (SEK billion)	249	206
<i>Of which:</i>		
<i>Swedish equities, %</i>	27.4	26.1
<i>Foreign equities, %</i>	36.3	35.0
<i>Interest-bearing securities, %</i>	36.3	38.9
Number of customers (thousands)	2,776	2,744
Unit-linked insurance, Robur Försäkring		
Assets under management (SEK billion)	37.0	31.3
<i>Of which in Robur funds</i>	37.0	30.8
Number of policies (thousands)	680	635

**Discretionary asset management,
FöreningsSparbanken Kapitalförvaltning**

Assets under management (SEK billion)	41	31
<i>Of which in Robur funds</i>	<i>18</i>	<i>13</i>

Unit-linked insurance

Sales (premiums paid) of unit-linked insurance amounted to SEK 4.4 billion (5.4) in 2003. Robur Försäkring's assets under management by amounted to SEK 37.0 billion (31.3).

The market share for new unit-linked insurance was 13 percent on December 31, 2003. Robur Försäkring had approximately 680,000 (635,000) policies as of year-end, in addition to around 1 million group life insurance policies.

Fund management results

All of Robur's equity funds appreciated in value during the year. Its Swedish funds appreciated by nearly 35 percent, while its public savings funds generated a return of slightly over 20 percent. Robur's funds that invest in both equities and fixed income instruments – blend funds – posted returns of between 7 and 17 percent, while its Swedish fixed income funds had returns of 3 to 7 percent.

Approximately 50 percent of Robur's funds outperformed their comparative indexes. In the category of equity funds, approximately 60 percent had a positive relative return, and in the category fixed income funds the figure was 20 percent. The differences with regard to fixed income funds were small, however. Among blend funds, one of three outperformed its comparative index.

The highest relative returns were generated by the Sweden and Small Cap Sweden funds, as well as the Eastern Europe and Realinvest industry-specific funds.

International Banking

The International Banking 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-Dec 2003	Jan-Dec 2002	Q4 2003	Q3 2003	Q2 2003	Q1 2003	Q4 2002	Q3 2002
Net interest income	3,069	2 972	799	748	743	779	695	791
Net commission income	1,002	866	266	249	258	229	256	216
Net profit on financial operations	264	241	48	87	56	73	107	58
Other income	181	219	26	40	75	40	44	48
Total income	4,516	4,298	1,139	1,124	1,132	1,121	1,102	1,113
Staff costs	-960	-1,005	-276	-220	-237	-227	-257	-240
IT expenses	-157	-148	-48	-35	-37	-37	-39	-37
Other expenses	-598	-581	-173	-146	-146	-133	-187	-123
Depreciation/amortization	-480	-577	-113	-119	-121	-127	-122	-140
Total expenses	-2,195	-2,311	-610	-520	-541	-524	-605	-540
Profit before loan losses	2,321	1,987	529	604	591	597	497	573
Loan losses	-340	-130	-52	-103	-93	-92	-58	-30
Share of profit/loss of associated companies	-230	-444	45	24	-244	-55	-106	-280
Operating profit	1,751	1,413	522	525	254	450	333	263
Tax	-401	-212	-89	-78	-167	-67	-23	-40
Minority interests	-632	-638	-158	-164	-144	-166	-167	-187
Profit for the period	718	563	275	283	-57	217	143	36

Allocated equity	8,790	8,523	8,790	8,790	8,790	8,790	8,523	8,523
Return on allocated equity, %	8.2	6.6	12.5	12.9	neg.	9.9	6.7	1.7
Income items								
Income from external customers	4,516	4,298	1,139	1,124	1,132	1,121	1,102	1,113
Business volumes, SEK billion								
Lending	107	100	107	103	104	104	100	99
Deposits	37	33	37	35	35	35	33	31
Shares and participating interests in associated companies, SEK billion	1	1	1	1	1	2	1	1
Risk-weighted volume, SEK billion	149	150	149	147	152	154	150	146
Total assets, SEK billion	144	136	144	137	142	144	136	131
Total liabilities, SEK billion	135	127	135	128	133	135	127	122
Full-time employees	5,931	5,901	5,931	5,932	5,926	5,924	5,901	6,006

Operating profit for International Banking amounted to SEK 1,751 M, an increase of SEK 338 M or 24 percent from the previous year. Despite SpareBank 1 Gruppen's loss of SEK 383 M (of which the goodwill write-down was SEK 311 M), the result improved by SEK 181 M. Hansabank raised its operating profit by SEK 166 M or 15 percent to SEK 1,238 M, while FI-Holding's profit declined by SEK 62 M or 7 percent to SEK 849 M. Aktia's profit improved by SEK 22 M or 50 percent.

Compared with the previous quarter, operating profit declined marginally. Hansabank's profit decreased by SEK 35 M, while FI-Holding's improved by SEK 44 M.

Income rose by SEK 218 M or 5 percent compared with the previous year to SEK 4,516 M. Expenses declined by SEK 116 M or 5 percent to SEK 2,195 M. Loan losses rose by SEK 210 M to SEK 340 M, mainly due to one-time recoveries in Lithuania in 2002.

The return on allocated equity was 8 percent (7) for 2003. For Hansabank, the return was 22 percent (21) and for FI-Holding 10 percent (10).

Treasury Management

The business area includes Treasury Management in Sweden (the parent company, FöreningsSparbanken AB, and the subsidiary Spintab). Treasury Management is responsible for long-term funding in the Swedish market and management of the bank's strategic short-term portfolio, interest-bearing fixed assets and strategic shareholdings, including the holding in OMHEX. Treasury Management is also responsible for managing issues regarding the Group's balance sheet and capital and risk structure.

Profit trend

SEK M	Jan-Dec 2003	Jan-Dec 2002	Q4 2003	Q3 2003	Q2 2003	Q1 2003	Q4 2002	Q3 2002
Net interest income	797	610	258	236	142	161	132	107
Net commission income	-28	-26	-7	-7	-6	-8	-7	-6
Net profit on financial operations	66	-22	12	-5	57	2	4	16
Other income	545	26	8	19	515	3	1	0
Total income	1,380	588	271	243	708	158	130	117
Staff costs	-15	-13	-4	-3	-4	-4	-4	-3
IT expenses	-6	-7	-1	-2	-1	-2	-2	-2
Other expenses	-26	-29	-6	-6	-8	-6	-15	-4
Depreciation/amortization	0	0	0	0	0	0	0	0
Total expenses	-47	-49	-11	-11	-13	-12	-21	-9
Profit before loan losses	1,333	539	260	232	695	146	109	108

Write-down/reversal of write-down of financial fixed assets	55	-264	32	23				-264
Operating profit	1,388	275	292	255	695	146	109	-156
Tax	-285	-151	-82	-71	-91	-41	-31	-30
Profit for the period	1,103	124	210	184	604	105	78	-186
Allocated equity	1,141	1,307	1,141	1,141	1,141	1,141	1,307	1,307
Return on allocated equity, %	96.7	9.5	73.6	64.5	211.7	36.8	23.9	neg.
Income items								
Income from external customers	1,386	591	273	246	708	159	130	118
Income from transactions with other business areas	-6	-3	-2	-3	0	-1	0	-1
Total income	1,380	588	271	243	708	158	130	117
Business volumes, SEK billion								
Lending	0	1	0	1	1	1	1	1
Other investment volume	11	8	11	10	9	9	8	8
Risk-weighted volume, SEK billion	6	7	6	6	6	8	7	8
Total assets, SEK billion	368	340	368	373	373	350	340	348
Total liabilities, SEK billion	367	339	367	372	372	349	339	347
Full-time employees	18	18	18	18	18	16	18	18

Treasury Management's operating profit amounted to SEK 1,388 M in 2003, an increase of SEK 1,113 M compared with the previous year. The increase was mainly due to a capital gain of SEK 489 M on the sale of the bank's shareholding in Erste Bank and a revaluation of the shareholding in OMHEX of SEK 55 M, while the result 2002 was charged with a write-down of the OMHEX shares of SEK 264 M. Compared with the previous quarter, operating profit rose by SEK 37 M. The tax charge was affected by, among other things, the fact that write-offs and reversal of write-offs of fixed assets are not tax deductible or taxable, respectively.

Shared Services and Group Staffs

Shared Services and Group Staffs comprise IT and other services, Group Staffs and the Group's own insurance company (Sparia). The business area also includes a few loan loss provisions that are not reported by other units with customer responsibility.

Profit trend

SEK M	Jan-Dec 2003	Jan-Dec 2002	Q4 2003	Q3 2003	Q2 2003	Q1 2003	Q4 2002	Q3 2002
Net interest income	-92	-258	-27	-69	29	-25	-143	-12
Net commission income	-31	153	-40	-8	13	4	1	35
Net profit on financial operations	0	-33	1	1	-13	11	-8	6
Other income	3,313	2,684	747	854	830	882	678	639
Total income	3,190	2,546	681	778	859	872	528	668
Staff costs	-1,362	-1,253	-342	-394	-302	-324	-283	-308
IT expenses	-956	-677	-240	-232	-255	-229	-160	-177
Other expenses	-1,026	-1,052	-183	-236	-303	-304	-149	-300
Depreciation/amortization	-305	-178	-80	-72	-76	-77	-41	-46
Total expenses	-3,649	-3,160	-845	-934	-936	-934	-633	-831
Profit before loan losses	-459	-614	-164	-156	-77	-62	-105	-163
Loan losses	196	-261	33	47	102	14	-59	-96
Share of profit/loss of associated companies	32	15	20	3	5	4	0	4

Operating profit/loss	-231	-860	-111	-106	30	-44	-164	-255
Appropriations	-19	-76	28	3	-20	-30	-25	-13
Tax	-17	120	-45	14	2	12	9	53
Minority interests	-2	5	-5	1	-2	4	-1	4
Profit/loss for the period	-269	-811	-133	-88	10	-58	-181	-211
Allocated equity	162	163	162	162	162	162	163	163
Income items								
Income from external customers	406	409	102	106	97	101	105	107
Income from transactions with other business areas	2,784	2,137	579	672	762	771	423	561
Total income	3,190	2,546	681	778	859	872	528	668
Business volumes, SEK billion								
Lending		2				2	2	3
Risk-weighted volume, SEK billion	-2	3	-2	-3	-3	4	3	2
Total assets, SEK billion	8	6	8	7	8	10	6	7
Total liabilities, SEK billion	8	6	8	7	8	10	6	7
Full-time employees	1 588	1 489	1 588	1 599	1 582	1 500	1 489	1 428

The business area reported an operating loss of SEK 231 M, an improvement of SEK 629 M compared with the previous year, mainly due to lower loan losses and increased internal invoicing. Compared with the previous quarter, the operating result declined marginally.

Eliminations

SEK M	Jan-Dec 2003	Jan-Dec 2002	Q4 2003	Q3 2003	Q2 2003	Q1 2003	Q4 2002	Q3 2002
Net interest income	16	16	2	0	9	5	2	3
Net commission income	-1	-20	0	-1	-10	10	2	5
Net profit on financial operations		0	0	0	0	0	-2	2
Other income	-3,112	-2,571	-715	-791	-801	-805	-685	-609
Total income	-3,097	-2,575	-713	-792	-802	-790	-683	-599
Staff costs	59	61	14	15	16	14	18	16
IT expenses	823	1,188	188	202	223	210	290	294
Other expenses	2,215	1,326	511	575	563	566	375	289
Total expenses	3,097	2,575	713	792	802	790	683	599
Business volumes, SEK billion								
Mutual funds & insurance	-166	-143	-166	-155	-154	-140	-143	-135
Other investment volume	-8	-6	-8	-7	-7	-6	-6	-6
Total assets, SEK billion	-450	-368	-450	-452	-403	-385	-368	-364
Total liabilities, SEK billion	-450	-368	-450	-452	-403	-385	-368	-364

Profit and loss account, the Group *

SEK M	Jan- Dec			Q4	Q4	%
	2003	2002	%	2003	2002	
Interest receivable	47,701	51,957	-8	11,406	12,099	-6
Interest payable	- 31,615	- 36,547	-13	- 7,336	- 8,244	-11
Net interest income	16,086	15,410	4	4,070	3,855	6
Dividends received	104	89	17	4	3	33
Commissions receivable	7,239	7,108	2	1,951	1,783	9
Commissions payable	-1,820	- 1,685	8	- 482	- 435	11
Net commission income (note 1)	5,419	5,423	0	1,469	1,348	9
Net profit on financial operations (note 2)	776	466	67	250	181	38
Other operating income	1,591	1,126	41	267	270	-1
Total income	23,976	22,514	6	6,060	5,657	7
General administrative expenses						
- Staff costs	- 6,937	- 6,952	0	- 1,822	- 1,789	2
- Other	- 5,516	- 5,331	3	- 1,537	- 1,461	5
Total general administrative expenses	-12,453	- 12,283	1	- 3,359	- 3,250	3
Depreciation and write-off of tangible fixed assets	-665	- 747	-11	-158	-176	-10
Amortization of goodwill	-613	- 663	-8	-153	-148	3
Total expenses	-13,731	- 13,693	0	- 3,670	- 3,574	3
Profit before loan losses	10,245	8,821	16	2,390	2,083	15
Loan losses, net (note 3)	- 987	- 1,603	-38	-155	- 360	-57
Write-down/reversal of write-down of financial fixed assets	55	- 264		32		
Share of profit/loss of associated companies	-116	- 588	-80	75	-125	
Operating profit in banking operations	9,197	6,366	44	2,342	1,598	47
Operating profit in insurance operations	367	482	-24	125	250	-50
Profit before appropriations and tax	9,564	6,848	40	2,467	1,848	33
Settlement of pensions	-19	- 76	-75	28	- 25	
Tax	- 2,567	- 1,983	29	- 712	- 509	40
Minority interest	- 635	- 637	0	- 159	- 168	-5
Profit for the period	6,343	4,152	53	1,624	1,146	42
Earnings per share, SEK **	12.02	7.87	53	3.08	2.18	41
Earnings per share after dilution, SEK **	12.01	7.86	53	3.07	2.17	41

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

** See key ratios on page 10 for number of shares.

Profit and loss account, the Bank

SEK M	Jan-Dec 2003	Jan-Dec 2002	%	Q4 2003	Q4 2002	%
Interest receivable	18,316	21,585	-15	4,218	4,380	-4
Interest payable	-11,216	-14,509	-23	-2,480	-2,598	-5
Net interest income	7,100	7,076	0	1,738	1,782	-2
Dividends received	5,515	4,897	13	5,194	4,646	12
Commissions receivable	4,764	4,801	-1	1,279	1,190	7
Commissions payable	-1,008	-960	5	-262	-246	7
Net commission income (note 1)	3,756	3,841	-2	1,017	944	8
Net profit on financial operations (note 2)	506	144		207	69	
Other operating income	1,528	1,082	41	276	256	8
Total income	18,405	17,040	8	8,432	7,697	10
General administrative expenses						
- Staff costs	-5,466	-5,505	-1	-1,410	-1,421	-1
- Other	-4,324	-4,224	2	-1,172	-1,165	1
Total general administrative expenses	-9,790	-9,729	1	-2,582	-2,586	0
Depreciation and write-off of tangible fixed assets	-409	-458	-11	-97	-105	-8
Amortization of goodwill	-101	-101	0	-25	-25	0
Total expenses	-10,300	-10,288	0	-2,704	-2,716	0
Profit before loan losses	8,105	6,752	20	5,728	4,981	15
Loan losses, net (note 3)	-820	-1,510	-46	-220	-327	-33
Write-down of financial fixed assets	-447	-1,082	-59	-136	-116	17
Reversal of write-off of financial fixed assets	55			32		
Profit before appropriations and tax	6,893	4,160	66	5,404	4,538	19
Appropriations	-568	-237		-521	-186	
Tax	-1,728	-1,377	25	-1,417	-1,261	12
Profit for the period	4,597	2,546	81	3,466	3,091	12

Balance sheet

SEK M	Group		Bank	
	Dec. 31 2003	Dec. 31 2002	Dec. 31 2003	Dec. 31 2002
Loans to credit institutions (Note 4)	76,643	98,662	124,423	119,369
Loans to the public (Note 4)	749,752	703,397	212,055	209,225
Interest-bearing securities	77,174	64,884	81,908	69,350
- <i>Financial fixed assets</i>	1,233	2,729	802	170
- <i>Financial current assets</i>	75,941	62,155	81,106	69,180
Assets in insurance operations	38,199	32,242		
Other assets	60,566	58,318	77,983	71,815
Total assets	1,002,334	957,503	496,369	469,759
Amounts owed to credit institutions	95,441	102,814	115,756	103,222
Deposits and borrowings from the public	283,616	263,419	235,498	219,009
Debt securities in issue	442,103	420,254	42,471	45,064
Liabilities in the insurance operations	38,082	32,243		
Other liabilities	69,149	67,343	48,708	49,311
Subordinated liabilities	26,826	27,655	20,180	21,574
Minority interests	5,198	5,173		
Untaxed reserves			7,940	7,391
Shareholders' equity	41,919	38,602	25,816	24,188
Total liabilities, provisions and shareholders' equity	1,002,334	957,503	496,369	469,759
Assets pledged for own liabilities	97,730	104,807	60,290	73,015
Other assets pledged	11,988	7,096	11,984	6,992
Contingent liabilities	22,188	21,525	25,017	19,700
Commitments	3,283,527	2,438,988	2,973,326	2,173,974

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
Opening balance Jan. 1, 2002	27,911	9,572	37,483	17,845	6,730	24,575
Transfers between restricted and non- restricted equity	1,323	-1,323		639	-639	
Dividend		-2,903	-2,903		-2,903	-2,903
Group contributions					-42	-42
Tax reduction					12	12
Translation difference		-321	-321			
Exchange rate difference subsidiary and associated company financing		191	191			
Profit for the year		4,152	4,152		2,546	2,546
Closing balance December 31, 2002	29,234	9,368	38,602	18,484	5,704	24,188
Transfers between restricted and non- restricted equity	903	-903		643	-643	
Dividend		-2,903	-2,903		-2,903	-2,903
Group contributions					-92	-92
Tax reduction					26	26
Translation difference		-183	-183			
Exchange rate difference subsidiary and associated company financing		60	60			
Profit for the year		6,343	6,343		4,597	4,597
Closing balance December 31, 2003	30,137	11,782	41,919	19,127	6,689	25,816

Statement of cash flows

SEK M January – December	Group		Bank	
	2003	2002	2003	2002
Liquid assets at beginning of year *	58,569	94,153	47,087	72,828
Operating activities				
Operating profit	9,564	6,848	6,893	4,160
Adjustments for non-cash items	3,062	5,202	706	2,648
Taxes	-1,862	-1,231	-1,302	-659
Decrease/increase in receivables from credit institutions	8,574	-10,174	-24,060	-4,027
Decrease/increase in loans to the public	-41,824	-40,288	2,694	-1,251
Decrease/increase in holdings of securities classified as current assets	-8,712	1,427	-7,027	2,793
Increase in deposits and borrowings from the public, including retail bonds	22,928	12,724	18,643	7,989
Decrease/increase in amounts owned to credit institutions	9,166	-18,846	28,862	-14,528
Change in other assets and liabilities, net	-6,936	1,743	-7,022	-,26
Cash flow from operating activities	-6,040	-42,595	18,387	-2,901
Investing activities				
Purchase of fixed assets	-1,590	-2,235	-4,195	-1,787
Sale of fixed assets	2,083	1,253	1,705	142
Branch sale		101		101
Cash flow from investing activities	493	-881	-2,490	-1,544
Financing activities				
Issuance of interest-bearing securities	177,391	159,224	3,042	1,547
Redemption of interest-bearing securities	-145,319	-137,577	-,813	-8,380
Decrease in other funding	-15,772	-11,091	-10,070	-11,560
Dividend paid	-2,903	-2,903	-2,903	-2,903
Cash flow from financing activities	13,397	7,653	-10,744	-21,296
Cash flow for the year	7,850	-35,823	5,153	-25,741
Exchange rate differences in liquid assets	-178	-369		
Acquired liquid assets		608		
Liquid assets at end of year *	66,241	58,569	52,240	47,087
* of which securities pledged for OMHEX, etc.				
At beginning of year	4,800	4,400	4,800	4,400
At year-end	3,207	4,800	3,207	4,800

Note 1. Specification of net commission income

SEK M January – December	Group		Bank	
	2003	2002	2003	2002
Payment processing commissions	2,931	2,728	2,264	2,143
Brokerage	303	293	249	240
Asset management	1,943	2,062	1,065	1,181
Other securities commissions	133	205	125	203
Other commissions receivable	1,929	1,820	1,061	1,034
Total commissions receivable	7,239	7,108	4,764	4,801
Payment processing commissions	-993	-964	-841	-824
Securities commissions	-146	-144	-103	-102
Other commissions payable	-681	-577	-64	-34
Total commissions payable	-1,820	-1,685	-1,008	-960
Total commissions, net	5,419	5,423	3,756	3,841

Note 2. Specification of net profit on financial operations

SEK M	Group		Bank	
	2003	2002	2003	2002
January – December				
Capital gains/losses				
Shares/participating interests	123	- 55	100	- 65
Interest-bearing securities	401	46	408	40
Other financial instruments	43	- 17	1	1
Total	567	- 26	509	- 24
Unrealized changes in value				
Shares/participating interests	-69	81	-28	118
Interest-bearing securities	-154	139	-165	- 10
Other financial instruments	-55	- 75	0	0
Total	-278	145	-193	108
Change in exchange rates	487	347	190	60
Total	776	466	506	144

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

SEK M	Group		Bank	
	2003	2002	2003	2002
January – December				
<i>Specific provisions for claims assessed individually</i>				
The year's write-off for established loan losses	-1,151	- 1,553	-594	- 994
Reversal of previous provisions for anticipated loan losses reported in the year's accounts as established	516	802	248	414
The year's provisions for anticipated loan losses	-837	- 961	-414	- 386
Recoveries from previous years' established loan losses	471	560	124	172
Recovered provisions for anticipated loan losses	270	428	61	114
The year's net expense	-731	- 724	-575	- 680
<i>Collective provisions for individually assessed claims</i>				
Allocations to collective provisions	-144	- 762	-150	- 755
<i>Collectively valued homogenous groups of claims with limited value and similar credit risk</i>				
The year's write-off for established loan losses	-115	- 117	-80	- 82
Recoveries from previous years' established loan losses	10	30	2	17
Allocations/withdrawals from loan loss reserve	-7	- 14	-6	- 10
The year's net expense for collectively assessed claims	-112	- 101	-84	- 75
<i>Contingent liabilities</i>				
The year's net expense for discharged guarantees and other contingent liabilities	8	- 14	-3	1
The year's net loan loss expense	-979	-1,601	-812	1,509
Change in the value of property taken over	-8	-2	-8	- 1
Total loan losses, net, and change in value of property taken over	- 987	- 1,603	-820	- 1,510

Note 4. Claims (Loans to credit institutions and loans to the public)

SEK M	Group		Bank	
	Dec. 31 2003	Dec. 31 2002	Dec. 31 2003	Dec. 31 2002
Accrued acquisition value (before accounting for provisions)	831,448	806,882	339,423	331,292
Specific provisions for individually assessed claims	-1,341	-1,259	-787	-696
Provisions for collectively valued homogenous groups of claims with limited value and similar credit risk	-211	-199	-108	-102
Collective provisions for individually assessed claims	-3,501	-3,365	-2,050	-1,900
Total provisions	-5,053	-4,823	-2,945	-2,698
Book value	826,395	802,059	336,478	328,594
Book value of doubtful claims	2,304	2,142	1,015	1,057
Book value of unsettled claims not included in doubtful claims and for which accrued interest has been entered as income	396	599	124	186
Property taken over to protect claims:				
- Buildings and land	11	13	0	1
- Shares and participating interests	12	13	7	7
- Other	2	2	0	0
Total	25	28	7	8
Doubtful claims as % of total lending	0.28	0.27	0.30	0.32
Total provision ratio for doubtful claims *	131	134	154	145
Provision ratio for individually identified doubtful claims	40	40	47	43

* 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 December 31, 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	337,882	44	149	211	337,478	315	195
Real estate management	153,657	247	435		152,975	410	33
Retail, hotels, restaurants	28,253	189	489		27,575	163	10
Construction	11,060	20	90		10,950	69	1
Manufacturing	51,058	374	1,154		49,530	486	100
Transportation	15,714	20	209		15,485	140	4
Forestry and agriculture	34,864	31	71		34,762	84	5
Other service businesses	18,509	61	356		18,092	190	39
Other business lending	60,872	336	548		59,988	447	9
Municipalities	14,229				14,229		
Lending	726,098	1,322	3,501	211	721,064	2,304	396
Credit institutions incl. Nat'l Debt Office	54,703	19			54,684		
Repurchase agreements - credit institutions incl. Nat'l Debt Office	22,697				22,697		
Repurchase agreements - public	27,950				27,950		
Total lending to credit institutions and the public	831,448	1,341	3,501	211	826,395	2,304	396

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 December 31, 2003 the price of the FöreningsSparbanken share was SEK 141.50 and the warrant SEK 3.85.

Group derivatives as of December 31, 2003

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.

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 partly on the balance sheet	17,116	15,241	11,898	10,552	1,106	1,100	12	13
Derivatives not reported on the balance sheet	85		123					

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 partly on the balance sheet	20,275	17,626	22,795	17,800	1,040	1,026	10	10
Derivatives not reported on the balance sheet			1,700					

Ratings, December 2003

S&P	Moody's		BFSR	Fitch		R/I
	Short	Long		Short	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	F1	A- -
FIH						
-	-	P-1	A1	-	-	- -

Financial information 2004

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:

- 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

The annual report is scheduled to be published around March 20. It will be made available to the public at FöreningsSparbanken's headquarters at Brunkebergstorg 8 in Stockholm and online at <http://www.foreningssparbanken.se/ir>.

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

Audit report

This year-end report has not been reviewed by the bank's auditors.

Stockholm, February 12, 2004

Jan Lidén

President and Chief Executive Officer

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