



# Annual Report 2004



Spintab

## Spintab in brief:

Spintab has 31 percent of the Swedish mortgage market

Mortgages for single-family homes account for approximately 60 percent of Spintab's loan portfolio

Spintab has access to the largest bank-owned branch network in Sweden: 781 branches

The average loan-to-value ratio in the portfolio is approximately 45 percent

Scandinavia's largest issuer in the euro market

Certified according to the ISO 9001 quality standard and ISO 14001 environmental standard.

## Spintab's ratings

	Moody's	Fitch	Standard & Poor's
Long-term ratings:	Aa3	AA-	
Short-term ratings:	P-1	F1+	A-1

## Highlights of 2004:

Continued high volume growth, SEK 29.9 billion (31.1)

The total loan portfolio amounted to SEK 428.6 billion as of December 31, 2004

Net interest income rose to SEK 5,092 million (4,887)

Loan losses produced a positive outcome of SEK 46 million (-18)

Jordbrukskredit was again successful in raising its market shares.



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While every care has been taken in the translation of this Annual Report, readers are reminded that the original Annual Report, signed by the Board of Directors, is in Swedish.

## Strong mortgage demand continued to benefit Spintab in 2004. Despite recent years' growth, credit quality remains high.

The growing debt burden of Swedish households since the mid-1990's has raised concerns about a housing bubble. Household debt as a percentage of disposable income is now at the same level as before the banking crisis in the early 1990's. Lower real interest rates are one of the factors that have contributed to the rise in household debt.

### Real household assets

The Riksbank has taken note of the phenomenon and conducted a thorough analysis of households' indebtedness and ability to pay. Its conclusion ("Financial Stability 2004:1") is that the majority of indebted households have enough financial reserves to cover major increases in interest rates or a future loss of income. The large percentage of borrowing is among households in the highest income classes, who also have real and financial assets. Among those with less economic margins, indebtedness is generally lower.

Together with the fact that the Swedish savings ratio remains high and growth in mortgage lending has been modest compared to many other Western nations, total mortgage debt in Sweden appears to be sound. Spintab therefore expect households to be able to handle any future interest rate increases. Although some

households may have borrowed too much, the increase in mortgage lending seems reasonable.

### Greater competition

On the other hand, we cannot assume that mortgage lending will continue to grow at the current annual level of around 7 percent. As early as next year Spintab and other Swedish mortgage institutions will probably see slower lending growth. Since households no longer expect housing prices to rise and there is little prospect of real wage increases of any significance, demand for mortgages is likely to decline.

The strong demand for mortgage loans in 2004 helped Spintab to boost its total lending by SEK 30 billion, with the retail market accounting for 93 percent. Spintab currently has 31 percent of the Swedish mortgage market.

Due to a combination of lower loan demand and new capital adequacy rules that are likely to reduce capital requirements for mortgage lending, competition in the mortgage market will remain tight in the years ahead. For customers, this means favorable loan terms, while for lenders it means continued pressure on interest margins.

For Spintab, the growing competition places a greater demand on

efficiencies and the ability to lend to the most attractive customers. The challenge for us is to continue to expand at the same time that we give priority to properties with low loan-to-value ratios and maintain the low risk in our loan portfolio. In this respect, we see Spintab's accessibility as a strong competitive advantage. The 781 branches of FöreningsSparbanken, its partly owned banks and the independent savings banks have financial advisers who use their competence and familiarity with the local market to make the lending process as efficient as possible and provide customers with good service.

### New funding forms

In the near future Spintab faces several changes. In the area of funding, the focus is on Sweden's development of covered bonds. Since July 2004 Swedish mortgage institutions have been able to convert their bond portfolios to covered bonds, to harmonize with the rest of Europe. For bond investors, covered bonds offer better transparency than regular bonds. Spintab's loan portfolio maintains such a high quality that essentially the entire portfolio can be converted to issue covered bonds.

Spintab is already today borrowing in the capital market at the same

Jan Lilja  
President



levels as the most highly respected European credit institutions that are funded with covered bonds. It is possible, therefore, that bond investors, based on their own credit analyses, are already valuing Spintab's funding on par with covered bonds.

#### Future loan products

Spintab's loan offering is probably the area that will undergo the most changes. As loan margins shrink, mortgage institutions have to think creatively. Innovative products designed for private customers' changing needs will be one of our most important

concerns in the future. Examples include loans with nonlinear interest rates, i.e. with interest payments adapted to each customer's financial situation.

We are currently developing and testing a number of new products and can expect to see a new type of loan product in the market within the next 12-18 months. In these efforts, the skilled and committed staffs of Spintab and FöreningsSparbanken play a vital role. In conclusion, I would therefore like to thank all our employees for their excellent work in 2004, which helped Spintab to

grow substantially while maintaining high credit quality. Continued attention to our employees' ideas and signals is one of the most important elements in the effort to retain our position as the leader in the Swedish mortgage market.

Stockholm, February 2005

A handwritten signature in blue ink, appearing to be 'J. Lilja', written over a light blue horizontal line.

Jan Lilja  
President

## Spintab's mission and business concept. Being the market's most accessible and knowledgeable company will help Spintab to retain its position as Sweden's leading mortgage institution.

### Spintab in brief

The Spintab Group is comprised of Sweden's largest mortgage institution for long-term financing of housing, AB Spintab, and FöreningsSparbanken Jordbrukskredit AB, which finances the Swedish forestry and agricultural sectors. Spintab is owned by FöreningsSparbanken and has one third of the total Swedish mortgage market. Its customers, who number over one million, consist of Swedish homeowners, businesses, municipalities and agricultural and forestry businesses.

Together with FöreningsSparbanken, Spintab should offer the market's most competitive and innovative mortgage products. Lending is supported by the strong competencies of the branch network's 1,500 private advisors, 750 business advisors and 200 specialized advisors for the forestry and agricultural sectors.

Spintab dominates the Swedish residential mortgage market, financing more than one of every three

single-family homes in Sweden. Of its total lending volume of SEK 429 billion, nearly 69 percent is comprised of loans to private individuals. Spintab's net increase in loans to private individuals was SEK 28 billion in 2004.

At year-end 2004 Spintab had funding from the Swedish and international capital markets of SEK 443 billion.

### Spintab, part of FöreningsSparbanken

Spintab's mortgage products are sold through 781 branches of FöreningsSparbanken, its partly owned banks and the independent savings banks. Spintab's loan products are also sold through FöreningsSparbanken's online bank. This gives Spintab Sweden's largest distribution network for loan products.

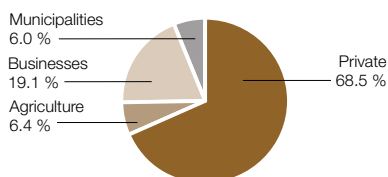
Its cooperation with these local banking networks ensures that Spintab can offer:

- Quick decisions – local lending processes speed up credit decisions.
- Competitive terms – a local presence means better familiarity with market conditions.
- An understanding of the customer's entire needs – private individuals get individual advice on their housing costs. Companies and other businesses get specialized expertise.
- Accurate credit evaluation – a local presence improves familiarity with customers and the properties they mortgage.

### Business concept

By utilizing high cost efficiency and low funding costs, Spintab provides customers of FöreningsSparbanken, its partly owned banks and Sweden's independent savings banks with competitive loans for the long-term financing of housing, municipal property holdings, agricultural properties and businesses with ties to the agricultural and forestry sector.

Loan portfolio in 2004 distributed by collateral



Spintab's gross lending

	Number of loans		Average loan amount, SEK 000s	
	2004	2003	2004	2003
Single-family homes	971,716	940,489	264	253
Condominiums	131,716	111,833	281	258
Agricultural properties	68,629	63,162	399	391
Multi-family housing	23,507	22,538	3,481	3,540
Commercial properties, other	1,834	2,016	474	419
Municipal loans and sureties	1,755	2,131	14,323	12,630
<b>TOTAL</b>	<b>1,199,157</b>	<b>1,142,169</b>		



**Vision**

Spintab wants to be Sweden's leading provider of residential mortgages and other financing for housing. No matter how customers come into contact with Spintab, they should receive the right loan for their particular wishes and needs. In the capital market, Spintab wants to be known as the mortgage institution with the highest credit ratings.

**Strategy**

To achieve its vision, Spintab focuses strategically on four areas:

- Offer the market's best mortgage expertise. Spintab provides the

bank's advisors with qualified information on mortgage loans and financial markets, so that they can offer their customers professional advice. This in turn means that customers can make better mortgage decisions.

- Be the most accessible lender in the market. Spintab's broad-based distribution network and extensive business support ensure an efficient lending process. To further accelerate the process and make it even easier for the customer, Spintab is improving alternative channels such as the internet and telephone bank.

- Provide tailor-made offerings. Through FöreningsSparbanken, Spin-

tab's customers receive loan offers that take into consideration their overall housing costs and financial situation. Customers receive competitive loan offers that Spintab develops together with the bank.

- Maintain low funding costs through high ratings. The high credit quality in Spintab's loan portfolio facilitates low funding costs in the Swedish and international capital markets. Together with efficient refinancing through issues of bonds, commercial papers and other securities, this means that Spintab can offer its customers competitive loan terms.

## Key financial highlights 2000-2004

### Spintab Group, 2000-2004

For definitions see page 28.	2004	2003	2002	2001	2000
<b>Profitability</b>					
Interest margin, %	0.96	1.01	1.01	1.02	0.94
Investment margin, %	1.11	1.17	1.22	1.22	1.17
Cost-income ratio excluding loan losses	0.01	0.03	0.04	0.04	0.06
Cost-income ratio including loan losses	0.00	0.04	0.07	0.09	0.13
Return on equity, %	17.0	16.5	15.9	14.5	13.1
Expense ratio, %	0.02	0.04	0.04	0.05	0.07
Earnings per share, SEK	144.04	133.17	120.18	109.17	97.87
<b>Capital</b>					
Capital base, SEK m.	23,673	22,723	20,048	21,879	21,922
Capital adequacy ratio, %	10.3	11.0	10.8	13.1	13.2
Primary capital ratio, %	8.2	8.5	8.8	9.7	9.8
No. of shares at start/end of period, million	23	23	23	23	23
Equity per share, SEK	819.13	767.57	706.59	706.30	705.39
<b>Credit quality</b>					
Loan loss level, %	- 0.01	0.005	0.04	0.06	0.08
Provision ratio for doubtful claims, %	73.3	70.2	73.4	77.4	61.5
Share of doubtful claims, %	0.04	0.04	0.04	0.04	0.10
<b>Other</b>					
Number of employees as of December 31	20	19	20	26	136

## Five-year summary 2000-2004

### Spintab Group, condensed profit and loss account over a five-year period

SEK million	2004	2003	2002	2001	2000 *
Interest receivable	20,900	21,921	21,449	20,520	20,416
Interest payable	- 15,808	- 17,034	- 16,902	- 16,319	- 16,503
<b>NET INTEREST INCOME</b>	<b>5,092</b>	<b>4,887</b>	<b>4,547</b>	<b>4,201</b>	<b>3,913</b>
Commissions receivable	34	37	42	43	45
Commissions payable	- 528	- 522	- 483	- 426	- 386
Other operating income	21	8	8	28	6
<b>TOTAL INCOME</b>	<b>4,619</b>	<b>4,410</b>	<b>4,114</b>	<b>3,846</b>	<b>3,578</b>
Staff costs	- 21	- 25	- 23	- 35	- 52
Other operating expenses	- 42	- 112	- 123	- 130	- 164
<b>PROFIT BEFORE LOAN LOSSES</b>	<b>4,556</b>	<b>4,273</b>	<b>3,968</b>	<b>3,681</b>	<b>3,362</b>
Loan losses	46	- 18	- 129	- 194	- 246
<b>OPERATING PROFIT</b>	<b>4,602</b>	<b>4,255</b>	<b>3,839</b>	<b>3,487</b>	<b>3,116</b>
Appropriations	0	0	0	0	2
Taxes	- 1,289	- 1,192	- 1,075	- 976	- 867
<b>PROFIT FOR THE FINANCIAL YEAR</b>	<b>3,313</b>	<b>3,063</b>	<b>2,764</b>	<b>2,511</b>	<b>2,251</b>

\* Staff costs include a surplus insurance refund from Alecta of SEK 55 million.

### Spintab Group, condensed balance sheet over a five-year period

SEK million	2004	2003	2002	2001	2000
<b>Assets</b>					
Loans to credit institutions	43,492	30,831	6,597	1,650	5,229
Loans to the public	428,628	398,752	367,645	340,997	321,332
Interest-bearing securities	50	0	100	50	10
Other assets	5,435	5,009	5,021	5,314	5,402
<b>TOTAL ASSETS</b>	<b>477,605</b>	<b>434,592</b>	<b>379,363</b>	<b>348,011</b>	<b>331,973</b>
<b>Liabilities</b>					
Amounts owed to credit institutions	70,022	39,054	12,717	17,524	11,422
Debt securities in issue	368,205	358,363	333,577	295,649	285,455
Other liabilities	15,514	14,247	12,818	12,079	12,514
Subordinated liabilities	5,024	5,274	4,000	6,514	6,358
<b>TOTAL LIABILITIES</b>	<b>458,765</b>	<b>416,938</b>	<b>363,112</b>	<b>331,766</b>	<b>315,749</b>
Shareholders' equity	18,840	17,654	16,251	16,245	16,224
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>477,605</b>	<b>434,592</b>	<b>379,363</b>	<b>348,011</b>	<b>331,973</b>

## Market trends. The global economy showed signs of weakening in 2004. Interest rates are expected to remain at a low, stable level.

### Signs of weaker economy

The economic expansion that gained momentum in 2002 leveled off in 2004. Exports, which in recent years had helped the Swedish economy to grow faster than the rest of Europe, began to decline in the summer of 2004. Internationally, the U.S. reported relatively weak economic development last year in spite of expansive fiscal policies. The outlook for 2005 is therefore for slightly weaker global growth.

The advantage in Sweden's case is that domestic inflation has not been affected by the recent economic upswing and is not expected to rise. Despite historically low interest rates and real wage increases, inflation remained low, at 0.4 percent (CPI), in 2004. There were few indications of higher price levels in the last year. Since households are no longer anticipating significant wage increases or higher real estate prices, we are not likely to see much demand-driven inflation. In addition, large multina-

tionals continue to compete for market shares, which should keep prices under control and ensure a steady supply of goods and services.

### Low interest rates

The Swedish krona remained stable against the euro in 2004 and rose against the U.S. dollar, due to which imported inflation was low. During the year the Riksbank cut its repo rate twice by a total of 0.75 percentage points.

The European Central Bank, ECB, is not likely to have to raise its discount rate in the year ahead. On the contrary, the economic slowdown, in combination with a stronger euro, may necessitate future rate cuts. With the help of low interest rates, the slowdown will not have to be dramatic and might pass relatively quickly, at least from a short-term perspective.

In the slightly longer term, however, Europe faces structural problems that could prove to be a

drag on the continent's economic growth. An expensive euro is threatening Europe's competitive strength, particularly in the light of cheaper Asian imports. Furthermore, many European countries are struggling with underfinanced pension systems and conflicts with an entrenched labor market, which are combining to stifle the continent's competitive chances.

### Declining dollar offsets higher oil prices

Regarding Sweden, the Swedish krona and the interest rate, prospects are brighter. The Swedish economy is still driven by exports, and a fluctuating currency is likely to offset some of Swedish industry's competitive disadvantages internationally. At the same time, industry benefited during the year from the declining dollar, which kept oil costs relatively low despite substantial price increases, and cheaper Asian input goods.

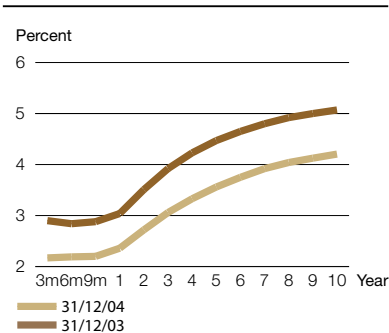
#### The Riksbank's change of the repo rate in 2004

April 7	Repo rate 2.00 percent	change -0.50 percentage points
February 11	Repo rate 2.50 percent	change -0.25 percentage points

#### The European Central Bank's interest rate in 2004

2004	Discount rate 2.00 percent	unchanged since June 6, 2003
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#### Yield curve



# The mortgage market. Demand for mortgage loans continued to rise in 2004. Despite the growth in mortgage lending, Swedish single-family homes are not overly mortgaged.

## Households are driving loan demand

Growth in the mortgage market is being driven largely by rising household demand, which has been a trend in recent years. On the other hand, the volume of new loans to the business sector – municipalities, tenant-owner associations and real estate companies – was low. An important exception was the agricultural and forestry sector, where demand has remained good.

A continued rise in housing prices affected growth in mortgage lending during the year. Prices are being driven by a shortage of new housing, at the same time that a younger generation of homeowners has entered the housing market. This generational shift tends to lead to higher mortgage levels on single-family homes. Another reason for rising mortgage demand is a growing interest in new energy sources, such as geothermal heat pumps, and a need to renovate to make up for neglected maintenance in the previous decade.

## Buyer's market

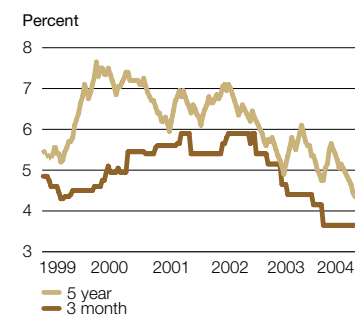
At the same time competition for mortgage customers has increased. The combination of banks' available capital and higher demand for mortgage loans in Sweden has attracted banks and smaller niche players. Many lenders now regard mortgages as a strategic growth area. In recent years the market has seen lower interest margins, more rate competition between lenders and a greater range of available services. In 2004, for example, most Swedish credit institutions eliminated their condominium surcharge and reduced mortgage rates for condominiums to the same level as single-family homes. In addition, the new capital adequacy rules being drafted by the EU (Basel II) are awaiting introduction in 2006, when they are likely to lead to greater price differentiation between different loans. Since capital adequacy requirements for single-family homes will probably be lower, competition among lenders will rise.

Against this background, improved service and efficiency have become important competitive factors. While households have benefited from cheaper loans and greater transparency when comparing rates, credit institutions have had to improve their service. An increase in refinancings, partly because many households prefer to divide up their loans, has also driven the need for efficiencies. One way for credit institutions to meet this demand is to increase sales via digital channels, which are especially popular among the younger generation.

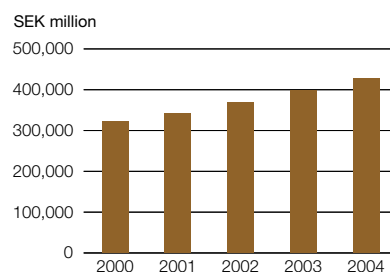
## Homeowner equity remains strong

Despite their increased borrowing, Swedish households remain on solid financial ground. Today 65 percent of the value of their single-family homes is equity. At the same time the effective interest rate on loans after tax is currently 3.9 percent, less than half what it was ten years ago.

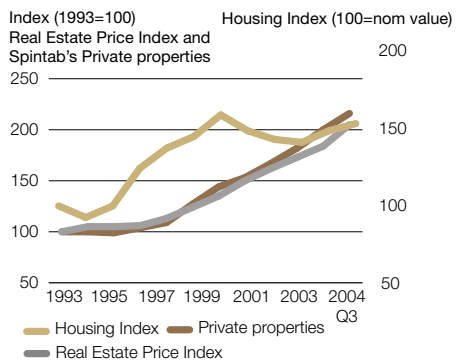
Spintab's mortgage rates, 1999-2004



Spintab's lending volume, 2000-2004



Real estate price trend compared with Housing Index



Housing Index: A value of 100 indicates that households are spending 15 percent of their pre-tax wage income on housing. The higher the index rises, the less of their incomes households use for housing.

Interestingly, households with the largest mortgages also have the highest share of financial assets.

Even from an international perspective, Swedish single-family homes are not overly mortgaged. In Sweden, interest expenses correspond to about 4 percent of disposable household income; in the U.S. and the UK, the figure is twice as high. Moreover, prices of single-family homes in Sweden have not risen as dramatically as in most other European countries, especially in comparison with economies such as Ireland and Spain.

The rising trend in housing prices in recent years is not expected to continue. Although real estate sales in the Stockholm region are maintaining a fast pace, market prices are likely to slow. Other large cities such as Gothenburg and Malmö, where the market has been extremely good, may see a slight decline in prices in the years ahead. Any decline will be tempered, however, by the low rate of new construction in Sweden, where only 22,000 housing units were

added in 2004, compared with a need of 30,000 annually, according to the National Board of Housing, Building and Planning.

#### **Cautious business sector**

An active market for Swedish multi-family housing has helped prices in recent years. Publicly listed real estate companies have been involved in a number of major structural deals, at the same time that international funds have bought and sold Swedish residential property portfolios.

Mortgage debt among property companies has not changed, however. This is mainly because of a widespread strategy to reduce debt and risks. In addition, the trend among condominium owners to convert their buildings to tenant-owner associations has all but disappeared in the last two years.

#### **Efficiencies in agricultural sector**

The exception is the agricultural and forestry sector, which in 2004 increased its new borrowing by an estimated 6 percent. Further invest-

ments in structural efficiencies and price increases for forests and land are the main reasons. Total mortgaging by this sector in Sweden is very low, however, at 15-20 percent of market value.

Growth opportunities among this group of borrowers are very good. The Swedish agricultural sector is expecting a new wave of investments as the EU reduces its agricultural subsidies, which have been distributed since the 1990's. This will create a need for efficiency improvements, e.g. in the form of robotic milking. Changes in the gift and inheritance tax laws could lead to more inter-generational property transfers among farmers, which in turn would benefit investments and the market for agricultural loans.

A small but important part of the sector consists of mortgages for small agricultural properties used for housing purposes, which has benefited from the overall growth in mortgage loans. Lending to this group of borrowers has been especially good in the Mälardalen region in recent years.

**Loan portfolio.** Spintab's lending grew by SEK 30 billion (31) in 2004, which increased the loan portfolio to SEK 429 billion. The main driving force was an increase in household demand for residential mortgages. Spintab's lending to the agricultural and forestry sector also noted good growth.

**Efficient lending**

Despite significant growth, the loan portfolio, which consists of mortgages for Swedish real estate, has maintained a high quality. One reason is that the properties Spintab has financed generally are not overly leveraged based on their estimated long-term market value.

To retain the market share while also maintaining high credit quality and low risks, it is important that Spintab has a competitive, efficient lending process from application to decision. The emphasis in consumer loan decisions is on the customer's solvency and collateral, although their overall housing costs and credit history are also significant factors. Collateral is valued internally by authorized appraisers who are familiar with the local markets.

To evaluate each customer's long-term solvency, Spintab does an affordability ("left-to-live-on") calculation. This is to determine whether the customer, based on cer-

tain formulas, can afford an interest rate of no less than Spintab's 5-year lending rate plus one percent. The calculation also includes amortization on a 40-year first mortgage and 15-year equal instalment plan on loans with loan-to-value (LTV) ratios over 75 percent. Customers that meet these criteria generally will be able to handle financial pressures in the future.

A new addition in 2004 is Spintab's support system for retail loans, which provides a more comprehensive and detailed risk assessment of the customer. This makes it easier for Spintab to charge fees based on a loan's risk. Other functions in the system improve and simplify the follow-up and analysis of the loan portfolio.

**Mortgage growth in large cities**

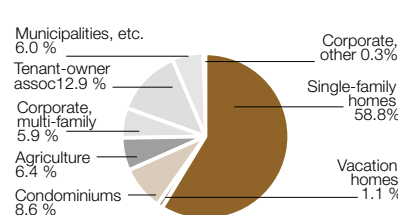
Spintab's lending has increased the most in large cities, which is also the segment of the market that has generated the fastest growth in



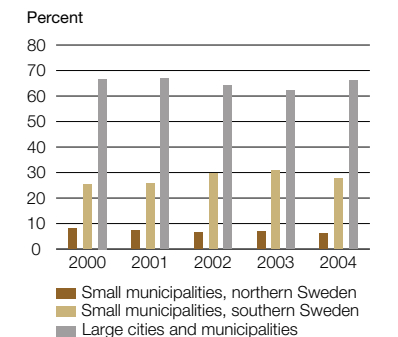
**Torun Wischer**  
Chief Loan Officer

recent years. But it is also the segment facing the toughest competitive pressures. Spintab's competitive advantages are its ability to quickly process loan applications through FöreningsSparbanken, its accessibility and new products such as an adjustable rate mortgage with a cap. In Stockholm, the bank has strengthened its position in recent years by adding over 100 financial advisers. Moreover, FöreningsSparbanken

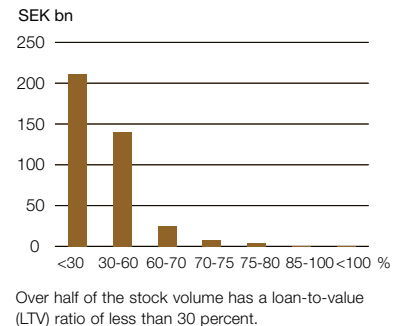
**Loan portfolio in 2004 distributed by collateral**



**Retail loans paid out in 2000-2004**



**Spintab's portfolio by LTV**



continues to improve its digital sales channels.

Spintab generally grants loans up to 75 percent of a property's estimated long-term market value. Today the average LTV ratio on the properties Spintab finances is 45 percent. New loans for residential housing therefore have not affected Spintab's high credit quality.

#### Higher credit value in companies

Swedish companies continue to consolidate their balance sheets, which is affecting Spintab's lending operations. New sales of mortgage loans in 2004 to companies, tenant-owner associations and municipalities were offset by repayments of old loans.

On the other hand, the overall credit quality of Spintab's corporate lending improved, which continues the trend in recent years. Low interest rates and an active approach to problem loans through reconstructions and settlements have helped Spintab to reduce its nonperforming loans to companies and poorly financed tenant-owner associations. These loans date back to the late 1980's and early 1990's and are not the result of recent expansion.

Thanks to the high credit quality in the total loan portfolio, less time is needed to manage problem loans. This leaves more time for proactive efforts to prevent new loan losses. Activities such as stress tests, which take into account changes in interest rates, vacancies and maintenance, among other factors, help Spintab to analyze the risks in its current portfolio for preventive purposes.

#### Solid growth in agricultural and forestry market

Jordbrukskredit's strong position in mortgage loans for the agricultural and forestry sector, where its portfolio accounts for nearly half the total market, helped it to generate considerable new lending in 2004. By capturing a large share of new lending to this customer group, Jordbrukskredit increased its portfolio from SEK 24.7 billion to SEK 27.4 billion. New borrowers include active farms, which account for a large share of Swedish agricultural production, and tenant farms, where farmers live on the property.

Lending to the agricultural and forestry sector is granted on the same basis as other customer categories,

which means that the customer's solvency is the most important factor here as well. Loan-to-value ratios vary geographically and by the nature of the business. Forest properties frequently are more solvent than other businesses.

Spintab's portfolio of loans to the agricultural and forestry sector maintains a very high credit quality.

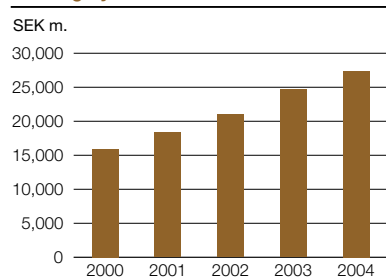
#### Interest fixing structure

In recent years Spintab's loan portfolio has had a stable interest fixing structure. Around 30 percent of the portfolio has an adjustable rate and approximately 50 percent is fixed up to 3 years. Lower interest rates in recent years have contributed to the large share of adjustable rate loans. A steeper yield curve in the last two years has helped to maintain this structure despite speculation about rate hikes. However, borrowers are tending to apply for more loans for the same assets in order to divide up their debt across different interest fixing periods.

#### High credit quality

Recoveries in 2004 exceeded new losses and provisions, thanks to

Lending by Jordbrukskredit 2000-2004



Spintab's loan portfolio distributed by remaining interest fixing period

	Dec. 31, 2004		Dec. 31, 2003	
	SEK m.	percent	SEK m.	percent
< 1 year	223,506	52	187,105	47
1-2 years	79,135	18	84,212	21
2-3 years	45,728	11	50,136	13
3-4 years	38,827	9	29,438	7
4-5 years	28,474	7	31,996	8
> 5 years	12,958	3	15,865	4
<b>TOTAL</b>	<b>428, 628</b>	<b>100</b>	<b>398,752</b>	<b>100</b>



which net loan losses positively affected profit by SEK 46 million (–18). Established loan losses amounted to SEK 138 million (213), while recoveries of established loan losses from previous years totaled SEK 13 million (39). Provisions for anticipated loan losses decreased during the year to a net reversal of SEK 171 million (156).

Although Spintab has low loan losses, one is trying constantly to further reduce them. An extensive support system, tools and follow-up routines are utilized for credit control at an aggregate level and by customer segment or geographic region. The principle is to clearly delegate work and responsibility between the branch network and central support

functions. Cooperation between central and local levels ensures efficiency in work with credit controls.

#### Doubtful, restructured and nonperforming loans

The percentage of nonperforming loans continues to decline. In six years nonperforming corporate loans have dropped from 1.18 to 0.04 percent of the portfolio volume. Nonperforming private loans also remain low, at 0.08 percent of the portfolio volume, which is largely the result of households' strong solvency.

Nonperforming loans with collateral valued in excess of Spintab's claim by a safe margin are not classified as doubtful in the portfolio.

At the same time, there are loans in the portfolio that are classified as doubtful but are not nonperforming – in other words, the borrower is currently paying both interest and instalments on the principal. When a provision is set aside for such a loan, the entire amount is reported as a doubtful claim. The total net volume of doubtful and restructured claims and nonperforming loans is shown in the table below.

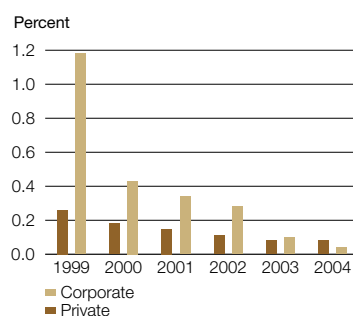
The volume of doubtful claims, after deducting provisions of SEK 117 million (249), amounted to SEK 151 million (233) as of December 31, 2004, corresponding to 0.04 percent (0.04) of total loans. Claims with interest concessions amounted to SEK 31 million (31).

#### Loan losses by category

SEK million	Established 2004	Anticipated * 2004	Total 2004	Total 2003
Single-family homes	14	– 16	– 2	8
Condominiums	1	– 1	0	1
Multi-family housing	122	– 154	– 32	48
Agricultural real estate	1	0	1	0
Writedown of the value of properties taken over	0	–	0	0
Recoveries of previous years' established losses	–13	0	– 13	– 39
<b>TOTAL</b>	<b>125</b>	<b>– 171</b>	<b>– 46</b>	<b>18</b>

\* Net change in provisions for anticipated loan losses

#### Nonperforming loans as a percentage of total loans



#### Spintab's doubtful, restructured and nonperforming loans, net

Loan amount, SEK million	2004	2003	2002	2001
Single-family homes	41	15	23	32
Individual condominiums	6	2	2	2
Multi-family housing/Commercial properties	101	211	239	104
Agricultural real estate	3	5	5	4
<b>TOTAL DOUBTFUL CLAIMS</b>	<b>151</b>	<b>233</b>	<b>269</b>	<b>142</b>
Nonperforming loans for which interest is booked as income	193	193	356	407
Claims with interest concessions	31	31	31	82
<b>TOTAL DOUBTFUL, RESTRUCTURED AND NONPERFORMING LOANS, NET</b>	<b>375</b>	<b>457</b>	<b>656</b>	<b>631</b>

## Funding. Spintab continued to internationalize its funding in 2004. Opportunities for efficient funding are better than in many years.

### Lower interest margins

Creditworthy mortgage institutions have continued to strengthen their position in the global capital market. At the same time as institutional investors such as pension funds have become more interested in fixed income investments with a credit risk, the supply of available corporate bonds has declined. As a result, the rate difference between government borrowing and corporate borrowing further declined in 2004 in Sweden and internationally, a trend that had started in the previous year.

At the same time international interest rates have fallen and affected both short- and long-term rates. The steep yield curve that dates back to 2003 continued in 2004.

For Spintab, market conditions have helped to maintain low funding costs and made path for better borrowing opportunities than in many years.

### International funding

Spintab has been able to continue to pursue its strategy to diversify funding to several different channels. This work began in 1999 due to investors' changing preferences in the previous decade. The goal

is to secure international funding from several different types of programs. In this way Spintab has access to a broader investor base in more markets, which increases its funding opportunities.

Spintab currently issues bonds and commercial paper through three market channels:

- Benchmark bonds in Sweden
- Foreign currency bonds (EMTN)
- Commercial paper in the euro market (ECP), France (CD) and the U.S. (USCP).

As a result, funding in foreign currency has risen in the last five years from 29 to 54 percent of total funding. In the process Spintab has become Scandinavia's largest issuer of euro bonds. Today Spintab is able to match its funding if anything happens to its loan portfolio, such as a change in fixed interest periods. The current distribution of loans in SEK and foreign currency is expected to continue long-term.

In 2004 Spintab issued long- and short-term bonds totaling approximately EUR 9.1 billion. The short-term funding program launched in the French market in 2003 has proven successful. Spintab now has access to funding in every major currency. A list of outstanding bonds and subordinated loans as of year-end can be found on pages 42-45 of the annual report.

Spintab's total outstanding funding in the capital market amounted to SEK 443 billion (403) as of December 31, 2004, of which outstanding subordinated loans amounted to SEK 5.0 billion (5.3).



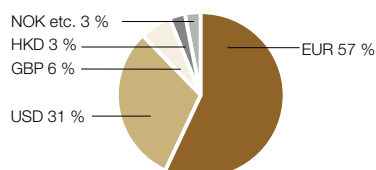
Jan Lilja  
President and Chief Financial Officer

### Higher ratings possible

In 2004 Standard & Poor's raised the Kingdom of Sweden's credit rating to the highest possible, AAA. This paves the way for Spintab and other Swedish lending institutions known for high quality to have the ratings raised as well. It is becoming evident, however, that investors are placing less emphasis on official ratings. In the aftermath of the credit scandals among international companies in recent years, investors are starting to do their own analyses. They are complementing the information available from ratings services with independent analyses of funding institutions' loans. As a result, institutions such as Spintab can now borrow at the same rates as the top international mortgage institutions.

This trend will probably impact Swedish plans to convert institutional funding to the so-called covered bonds currently used in Europe. The covered bond act that entered into force in Sweden in July 2004 gives

### International funding by currency



bondholders greater security than with current bonds. If it chooses, Spintab can convert its entire funding portfolio to covered bonds thanks to its high quality. Spintab is therefore well prepared for the harmonization with the rest of Europe that the covered bond act represents.

#### Risks

Spintab's loans are granted exclusively in SEK, which means that the foreign exchange risk must be eliminated from the funding. The currency derivatives used – mainly swaps with different maturities – entail risks vis-à-vis various counterparties, primarily banks. The currency derivative market continued to develop in 2004. For Spintab's part, it means that more counterparties are competing for its currency transactions, allowing it to reduce its exposure to each counterparty while at the same time lowering transaction costs.

Counterparty risks from currency derivatives are also reduced through the internal credit limits that are assigned to counterparties after Spintab's credit evaluation. All of its counterparties in currency transactions have the same or better rating than Spintab itself. Counterparty risks are also reduced with the help of Spintab's bilateral arrangements with a number of Swedish and inter-

national banks. Via standardized bilateral collateral arrangements, each party has the right to eliminate its currency risk vis-à-vis the counterparty. For Spintab, this is a further way to efficiently manage the currency exposure.

Spintab's interest rate risk – i.e. the risk that arises between its lending and funding due to differences in interest fixing periods – is limited. But because residential mortgages are constantly refinanced at new terms and new loans are granted, it cannot be eliminated completely. This risk is offset with interest rate derivatives such as swaps and futures, but is also reduced because Spintab works actively to minimize liquidity risk via various funding instruments in the capital market. The interest rate risk that remains affects Spintab's profit as it arises. Spintab's Board of Directors has established an interval for allowable interest rate risk, which it monitors continuously.

Spintab's liquidity is easy to forecast, since the due dates of its receipts and disbursements, such as mortgage interest, are known in advance. Spintab has focused its funding on liquid channels to increase flexibility in the event its loan portfolio should change radically. The liquidity risk in Spintab is therefore considered low.

#### Spintab's ratings

	Moody's	Fitch	Standard & Poor's
Long-term ratings:	Aa3	AA-	
Short-term ratings:	P-1	F1+	A-1

#### Spintab's capital base and risk-weighted investments on December 31, 2004, SEK million

##### Spintab Group:

Capital base	
Total primary capital	18,840
Total supplementary capital	4,833
<b>Total capital base</b>	<b>23,673</b>

##### Calculation of risk-weighted investments

Risk category	Balance sheet items	Off-balance sheet items <sup>1)</sup>	Total investments	Weighting ratio	Risk weighted amount
A	65,846	1,355	67,201	0%	–
B	14,613	4,730	19,343	20%	3,869
C	339,717	61	339,778	50%	169,889
D	55,974	–	55,974	100%	55,974
<b>Total</b>	<b>476,150</b>	<b>6,146</b>	<b>482,296</b>		<b>229,732</b>

Capital adequacy ratio in percent = 10.30

Primary capital ratio in percent = 8.20

<sup>1)</sup> See Note 30.

##### AB Spintab:

Capital base	
Total primary capital	18,670
Total supplementary capital	4,833
<b>Total capital base</b>	<b>23,503</b>

##### Calculation of risk-weighted investments

Risk category	Balance sheet items	Off-balance sheet items <sup>1)</sup>	Total investments	Weighting ratio	Risk weighted amount
A	91,045	1,355	92,400	0%	–
B	5,761	4,730	10,491	20%	2,098
C	339,717	61	339,778	50%	169,889
D	39,380	–	39,380	100%	39,380
<b>Total</b>	<b>475,903</b>	<b>6,146</b>	<b>482,049</b>		<b>211,367</b>

Capital adequacy ratio in percent = 11.12

Primary capital ratio in percent = 8.83

<sup>1)</sup> See Note 30.



## Board of Directors' report

### Spintab

AB Spintab (publ) (556003-3283) is a wholly owned subsidiary of FöreningsSparbanken AB (publ), registration number 502017-7753, Stockholm. The Spintab Group consists of the Parent Company, AB Spintab (publ), and the wholly owned subsidiary FöreningsSparbanken Jordbrukskredit AB (556061-5592).

### Business concept

By utilizing high cost efficiency and low funding costs, Spintab provides customers of FöreningsSparbanken, its partly owned banks and the independent savings banks with competitive loans for the long-term financing of housing, municipal property holdings, and agricultural and forestry properties.

### Market

The economic expansion that gained momentum in 2002 leveled off in 2004. Exports, which in recent years had helped the Swedish economy to grow faster than the rest of Europe, began to decline in the summer of 2004. Internationally, the U.S. reported relatively weak economic development last year in spite of expansive fiscal policies. The outlook for 2005 is therefore for slightly weaker global growth.

In the longer term, however, Europe faces structural problems that could prove to be a drag on the continent's economic growth. An expensive euro is threatening Europe's competitive strength, particularly in light of cheaper Asian imports. Furthermore, many European countries are struggling with underfinanced pension systems and conflicts with an entrenched labor market.

In Sweden, recent economic growth has not affected domestic inflation. The Swedish krona remained stable against the euro in 2004 and rose in value against the dollar, due to which imported inflation was low. During the year the Swedish Riksbank reduced its repo rate on two occasions by a total of 0.75 percentage points.

Demand for mortgage loans continued to rise in 2004, mainly due to rising housing prices. Increased borrowing in connection with intergenerational property transfers, together with a growing interest in new energy sources and a need to renovate to make up for neglected maintenance in the previous decade, have been key factors behind the substantial volume increase as well. The upward trend in housing prices in recent years is not expected to continue. Even if the Stockholm region, for example, maintains a high sales rate, the market as a whole will probably see a price decline. Since new construction in Sweden cannot keep pace with long-term demand, the decline is expected to be limited, however.

### Sales

One of the main reasons for Spintab's strong position in the Swedish mortgage lending market is an efficient sales network. Spintab's mortgages are sold primarily through the branches of FöreningsSparbanken, its partly owned banks and the independent savings banks. Through these banks, Spintab has access to the largest bank-owned network in Sweden, totaling 781 branches. Local advisors are the critical link in the sales effort. Their close relationships to customers, along with their expe-

rience and knowledge, are vital to Spintab's business relations.

Digital channels are important tools in Spintab's sales. The Internet and telephone banks are good alternatives for many customers who are looking to renew their loans, lock in interest rates or increase loan amounts.

### Products

Spintab's services are provided through individual bank branches. The key is to ensure that customers find the products attractive and that the branches receive enough sales support. This places high demands on quality and professionalism, as well as an understanding of geographical differences. It also requires that the range of products is adapted to various customers' needs and that the flow of information between Spintab and the branches works well and maintains a high quality.

Spintab's credit offering is facing change. As margins shrink, mortgage institutions are being forced to think creatively. Innovative mortgage products that are tailored to customers' new needs will be important in the future. The new products Spintab is currently developing and testing can be launched in the mortgage market within 12-18 months.

### Competition

In 2004 competition for market share in the mortgage market remained intense. With the combination of an expected decline in demand for mortgage loans and new capital adequacy rules that are expected to require a lower capital base, competition is likely to remain tight in the years ahead.

### Loan portfolio

Volume growth in recent years continued in 2004, although at a slightly lower level. Spintab's lending volume rose during the year by SEK 30 billion (31). During the second quarter SEK 6 billion in loans were taken over from FSB Boländirekt Bank (formerly HSB Bank). Spintab's loans to the public totaled SEK 429 billion (399) at year-end. The number of loans increased by around 55,000. Loans to private individuals and the agricultural and forestry sector grew well, while lending to the corporate segment was largely unchanged.

Despite the significant lending increase, Spintab's loan portfolio maintains a high quality. One reason is that the underlying properties have a low LTV ratio and are attractively located. Lending by sector is indicated in table below. Spintab's loan portfolio is well spread geographically across Sweden. Loans are granted to solvent borrowers. The large share of Spintab's loan portfolio consists of

single-family home financing, which accounts for approximately 60 per cent of the total portfolio.

The share of nonperforming loans continues to decrease and at year-end 2004 amounted to SEK 151 million (233).

### Funding

Spintab has sought funding in Sweden and internationally for years and is a well-known issuer in international capital markets, where it has become Scandinavia's leading issuer of euro bonds. Funding is matched primarily against the corresponding maturity dates of lending. At year-end 2004 Spintab's funding was raised in around ten different currencies and is therefore well diversified. Since July 2004 Swedish mortgage institutions are able to convert their bond portfolios to covered bonds, to harmonize with the rest of Europe. For investors, covered bonds offer better transparency than regular bonds. Spintab's loan portfolio maintains

such a high quality that essentially the entire portfolio can be converted for issuance of covered bonds.

### Exchange rate risks

Although Spintab grants loans in SEK, its funding is in every major international currency. For this reason, access to a liquid derivatives market where it can exchange all its foreign funding for SEK is vital. Thus, the exposure to exchange rate risks, despite extensive international funding in foreign currencies, is very limited. Spintab does not have open currency positions as of December 31, 2004.

### Interest rate risks

In Spintab's operations, interest rate risks arise primarily as a result of differences in interest fixing periods in lending and funding. By matching the flow of capital and interest rates by interest fixing period and using derivatives, Spintab can reduce its interest rate risks to a limited net value.

### Loan receivables

Sector/industry, SEK billion	Accrued acquisition value before provisions	Specific provisions for claims assessed individually	Collective provisions for claims assessed individually	Provisions for collectively valued homogenous groups	Book value of claims taking provisions into account	Book value of doubtful claims	Book value of non-performing loans where interest is entered as income
Private individuals	327,588	- 16		- 24	327,548	47	169
Real estate management	86,037	- 59	- 80		85,898	101	24
Other corporate lending	8,148	- 18			8,130	3	
Municipalities	7,052				7,052		
<b>SUBTOTAL</b>	<b>428,825</b>	<b>- 93</b>	<b>- 80</b>	<b>- 24</b>	<b>428,628</b>		
Credit institutions	43,492				43,492		
<b>TOTAL</b>	<b>472,317</b>	<b>- 93</b>	<b>- 80</b>	<b>- 24</b>	<b>472,120</b>	<b>151</b>	<b>193</b>

**Liquidity risks**

Spintab's liquidity is relatively easy to forecast, since the due dates of its lending and funding are known in advance. Liquidity exposure is also limited and is monitored regularly by Spintab and the FöreningsSparbanken Group.

**Operational risks**

Operational risks include risks associated with administrative error, inadequate controls, ambiguous lines of responsibility, faulty technical systems, various forms of criminal activity or insufficient preparedness for disruptions. Operational risks are managed using methods and techniques from FöreningsSparbanken. Spintab currently applies both qualitative methods such as self-evaluations and quantitative methods, where reporting is done in an operating loss database.

**Capital adequacy**

Spintab's capital adequacy ratio

should not fall below the level that at any given time is considered appropriate in order to maintain sustainable financial stability while also developing the business. The primary capital objective should not fall below 8 percent long-term.

**Profit analysis**

Operating profit for the Spintab Group amounted to SEK 4,602 million (4,255). The return on equity was 17.0 percent (16.5). Operating and profit trends for the last five years are indicated in the key financial ratios and condensed profit and loss account and balance sheet on pages 8 and 9. The continued strong volume increase during the year was offset by stronger competitive pressures that pinch margins, at the same time that lower interest rates produced a lower return on equity. Net interest income rose by 4.2 percent during the year to SEK 5,092 million (4,887).

Commissions payable rose by SEK 6 million due to higher commis-

sions paid to the independent savings banks and partly owned banks for loans they arranged.

Operating expenses decreased by SEK 74 million to SEK 63 million. The overwhelming share of the cost reduction is attributable to lower costs for premises and IT as well as other administrative expenses.

Staff costs and the number of employees are specified in Note 5. A distribution of administrative expenses is provided in Note 6. Recoveries from previous years' provisions exceeded new losses and provisions of SEK 46 million (-18). Loan losses are further specified in Note 8.

**Highlights following the conclusion of the year**

The storm in southern Sweden on January 9 affected many of our borrowers who own forest properties. Because the Spintab Group has a restrictive policy with regard to forest loans, the risk of major loan losses due to the storm is small.

## Profit and loss account

SEK million	Note	GROUP		AB SPINTAB	
		2004	2003	2004	2003
Interest receivable		20,900	21,921	20,493	21,545
Interest payable		- 15,808	- 17,034	- 15,827	- 17,054
<b>NET INTEREST INCOME</b>	1	<b>5,092</b>	<b>4,887</b>	<b>4,666</b>	<b>4,491</b>
Dividends received from Group companies		-	-	380	350
Commissions receivable	2	34	37	27	30
Commissions payable	3	- 528	- 522	- 473	- 473
Net profit on financial operations	4	- 2	- 2	- 2	- 2
Other operating income		23	10	22	9
<b>TOTAL INCOME</b>		<b>4,619</b>	<b>4,410</b>	<b>4,620</b>	<b>4,405</b>
Staff costs	5	- 21	- 25	- 18	- 23
Other administrative expenses	6	- 33	- 101	- 32	- 99
Depreciation of tangible fixed assets	7	- 9	- 11	- 9	- 11
Other operating expenses		0	0	0	0
<b>TOTAL EXPENSES</b>		<b>- 63</b>	<b>- 137</b>	<b>- 59</b>	<b>- 133</b>
<b>PROFIT BEFORE LOAN LOSSES</b>		<b>4,556</b>	<b>4,273</b>	<b>4,561</b>	<b>4,272</b>
Loan losses	8	46	- 18	46	- 18
<b>OPERATING PROFIT BEFORE APPROPRIATIONS AND TAXES</b>		<b>4,602</b>	<b>4,255</b>	<b>4,607</b>	<b>4,254</b>
Appropriations					
Change in tax allocation reserve		-	-	138	-
Taxes	9	- 1,289	- 1,192	- 1,329	- 1,192
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b>3,313</b>	<b>3,063</b>	<b>3,416</b>	<b>3,062</b>
Earnings per share, see page 8 for number of shares		144.04	133.17		



# Balance sheet

SEK million	Not	GROUP		AB SPINTAB	
		2004	2003	2004	2003
<b>Assets</b>					
Treasury bills and other bills eligible for refinancing with central banks	10	50	–	50	–
Loans to credit institutions	11	43,492	30,831	68,511	53,595
Loans to the public	12	428,628	398,752	401,224	374,026
Shares and participating interests	13	1	2	1	2
Shares in Group companies	14	–	–	1,750	1,450
Tangible assets	15	15	24	15	24
Other assets	16	1,889	1,461	2,263	1,807
Accrued income and prepayments	17	3,530	3,522	3,543	3,453
<b>TOTAL ASSETS</b>		<b>477,605</b>	<b>434,592</b>	<b>477,357</b>	<b>434,357</b>
<b>Liabilities, provisions and shareholders' equity</b>					
<b>Liabilities</b>					
Amounts owed to credit institutions	19	70,022	39,054	70,022	39,054
Debt securities in issue	20	368,205	358,363	368,205	358,363
Other liabilities	21	7,545	6,869	7,537	6,868
Accruals and deferred income	22	7,969	7,338	7,899	7,278
Provisions	23	–	40	–	–
Subordinated liabilities	24	5,024	5,274	5,024	5,274
<b>TOTAL LIABILITIES AND PROVISIONS</b>		<b>458,765</b>	<b>416,938</b>	<b>458,687</b>	<b>416,837</b>
Untaxed reserves	25	–	–	–	138
<b>Shareholders' equity</b>					
Subscribed capital		11,500	11,500	11,500	11,500
Other reserves		3,250	3,353	3,100	3,100
Profit brought forward		776	– 262	654	– 281
Profit for the financial year		3,313	3,063	3,416	3,062
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>18,840</b>	<b>17,654</b>	<b>18,670</b>	<b>17,382</b>
<b>TOTAL LIABILITIES, UNTAXED RESERVES AND SHAREHOLDERS' EQUITY</b>		<b>477,605</b>	<b>434,592</b>	<b>477,357</b>	<b>434,357</b>
<b>Group receivables from</b>					
Parent Company	18	38,584	27,477	38,288	27,394
Subsidiaries	18	–	–	25,877	23,301
<b>Group liabilities to</b>					
Parent Company	18	93,185	63,884	93,185	63,884
<b>Contingent liabilities</b>					
Other guarantees		1,296	–	1,296	–
<b>Assets pledged</b>					
Assets pledged for own liabilities		–	3,552	–	3,552
Securities pledged as collateral for forward contracts		50	–	50	–
<b>Commitments</b>					
Loans to the public, amount granted but not utilized		6,228	8,344	5,428	7,767
Interest rate and currency-related contracts	30	341,829	289,798	341,829	289,770

Notes not directly related to the profit and loss account or balance sheet:

- Note 26A – Remaining interest fixing periods, assets and liabilities
- Note 26B – Remaining maturities, assets and liabilities
- Note 27 – Currency distribution
- Note 28 – Interest rate risk
- Note 29A – Fair value
- Note 29B – Derivatives

# Statement of cash flows

SEK million, January-December	GROUP		AB SPINTAB	
	2004	2003	2004	2003
<b>Liquid assets at beginning of period *</b>	<b>2,407</b>	<b>2,887</b>	<b>2,324</b>	<b>2,796</b>
<b>Operating activities</b>				
Operating profit	4,602	4,255	4,607	4,254
Adjustments for non-cash items **	1,168	- 328	1,047	- 507
Taxes paid	1	1	1	0
Increase/decrease in loans to credit institutions	- 1,339	- 23,609	- 3,807	- 26,868
Increase/decrease in loans to the public	- 29,876	- 31,108	- 27,199	- 27,370
Increase/decrease in borrowings from the public	30,968	26,332	30,968	26,332
Change in other assets and liabilities, net	55	440	49	450
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>5,579</b>	<b>- 24,017</b>	<b>5,666</b>	<b>- 23,709</b>
<b>Investing activities</b>				
Change in fixed assets	-	-	- 300	- 300
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>-</b>	<b>-</b>	<b>- 300</b>	<b>- 300</b>
<b>Financing activities</b>				
Issuance of interest-bearing securities	163,463	131,942	163,463	131,942
Redemption of interest-bearing securities	- 150,038	- 103,905	- 150,038	- 103,905
Conditional shareholders' contribution	1,000	1,400	1,000	1,400
Increase/decrease in other funding	- 829	- 2,070	- 829	- 2,070
Group contributions paid	- 4,250	- 3,830	- 4,250	- 3,830
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>9,346</b>	<b>23,537</b>	<b>9,346</b>	<b>23,537</b>
<b>CASH FLOW FOR THE PERIOD</b>	<b>14,925</b>	<b>- 480</b>	<b>14,712</b>	<b>- 472</b>
<b>LIQUID ASSETS AT END OF PERIOD *</b>	<b>17,332</b>	<b>2,407</b>	<b>17,036</b>	<b>2,324</b>
* Of which securities pledged for OM, etc.				
- at beginning of period	-	100	-	100
- at end of period	50	-	50	-

Liquid assets include, where applicable, 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.

## \*\* Specification of adjustments for non-cash items in operating activities

	GROUP		AB SPINTAB	
	2004	2003	2004	2003
Capital gains on shares and participating interests	- 3	-	- 3	-
Unrealized translation differences from bonds	548	- 913	548	- 913
Accrued income and prepayments	- 8	- 227	- 90	- 294
Accruals and deferred income	631	812	622	800
Dividend Group companies ***	-	-	- 30	- 100
<b>TOTAL</b>	<b>1,168</b>	<b>- 328</b>	<b>1,047</b>	<b>- 507</b>

\*\*\* Refers to net between the pending dividend reported as income for the financial year and the dividend received during the year for the previous financial year.

## Changes in shareholders' equity

	GROUP				AB SPINTAB			
	Subscribed capital	Other reserves	Unrestricted equity	Total	Subscribed capital	Other reserves	Unrestricted equity	Total
<b>CLOSING EQUITY BALANCE DEC. 31, 2003</b>	<b>11,500</b>	<b>3,353</b>	<b>2,801</b>	<b>17,654</b>	<b>11,500</b>	<b>3,100</b>	<b>2,781</b>	<b>17,382</b>
Conditional shareholders' contributions <sup>1)</sup>			1,000	1,000			1,000	1,000
Group contributions paid			- 4,344	- 4,344			- 4,344	- 4,344
Tax reduction due to Group contributions paid			1,216	1,216			1,216	1,216
Change in tax allocation reserve		- 103	103	-			-	-
Profit for the year			3,313	3,313			3,416	3,416
<b>CLOSING EQUITY BALANCE DEC. 31, 2004</b>	<b>11,500</b>	<b>3,250</b>	<b>4,090</b>	<b>18,840</b>	<b>11,500</b>	<b>3,100</b>	<b>4,070</b>	<b>18,670</b>
Of which conditional shareholders' contributions			2,400	2,400			2,400	2,400

	GROUP				AB SPINTAB			
	Subscribed capital	Other reserves	Unrestricted equity	Total	Subscribed capital	Other reserves	Unrestricted equity	Total
<b>CLOSING EQUITY BALANCE DEC. 31, 2002</b>	<b>11,500</b>	<b>3,353</b>	<b>1,398</b>	<b>16,251</b>	<b>11,500</b>	<b>3,100</b>	<b>1,379</b>	<b>15,979</b>
Conditional shareholders' contributions			1,400	1,400			1,400	1,400
Group contributions paid			- 4,250	- 4,250			- 4,250	- 4,250
Tax reduction due to Group contributions paid			1,190	1,190			1,190	1,190
Profit for the year			3,063	3,063			3,062	3,062
<b>CLOSING EQUITY BALANCE DEC. 31, 2003</b>	<b>11,500</b>	<b>3,353</b>	<b>2,801</b>	<b>17,654</b>	<b>11,500</b>	<b>3,100</b>	<b>2,781</b>	<b>17,382</b>
Of which conditional shareholders' contributions			1,400	1,400			1,400	1,400

<sup>1)</sup> The condition for repayment is that unappropriated funds are available for distribution in accordance with the most recently adopted balance sheet and profit and loss account and that repayment is not contrary to generally accepted business practices. Repayment decisions are made by Spintab's Annual General Meeting.

## Accounting principles

The annual report has been prepared in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559) and the regulations and general advice of the Swedish Financial Supervisory Authority.

### Consolidated accounting

The consolidated accounts have been prepared in accordance with the purchase method of accounting and comprise AB Spintab (publ) and the wholly owned subsidiary FöreningsSparbanken Jordbrukskredit AB.

### Transaction day accounting

In the case of trades in, or the issuance of, financial instruments, transactions are reported as of the point in time when the significant risks and rights are transferred between parties. This principle does not apply, however, to demand loans and repurchase agreements.

### Hedge accounting

Spintab's fixed-term lending, funding and derivatives contain large interest rate risks that mutually offset each other. With the exception of any holdings of financial instruments for cash management purposes, Spintab therefore consistently applies hedge accounting using acquisition values for financial assets, liabilities and derivatives. With hedge accounting, the gains and losses that are realized when customers prepay their loans and when reallocations are made in the debt portfolio are accrued in such a way that they are entered as income at the same time as the corresponding accrued changes in value.

### Financial current assets

Financial instruments not intended to be held to maturity are reported as current assets and are held partly for cash management purposes and partly to reduce interest rate risks in funding.

For financial instruments held as part of cash management operations, their book value equals the market value at the end of each accounting period. To the extent Spintab's own bonds are included in cash management operations, they are not offset against the bond liability. Realized and unrealized exchange rate gains and losses are reported under "Net profit on financial operations."

Financial instruments that are held as a hedge against interest rate risks in fixed interest funding are valued at accrued cost. In such cases, hedge accounting using acquisition values is applied.

Premiums and discounts that arise in the acquisition of fixed interest financial instruments are entered as income in such a way that a constant effective yield is obtained over their term corresponding to the market rate of interest on the date of acquisition. In addition, the accrued premiums and discounts are included as part of the value of the protected funding.

If the interest rate risk protection is divested prior to the funding it protects, the price differences realized through its sale are amortized over the remaining interest fixing period of the protected funding.

### Financial fixed assets

Loan receivables are classified as financial fixed assets and reported after the deduction of established and anticipated loan losses.

The interest income compensation that arises when fixed interest loan receivables are prepaid is accrued over the remaining maturity of the prepaid loan.

### Financial liabilities

Premiums and discounts that arise in the issuance of fixed interest financial instruments are entered as income in such a way that a constant effective yield is obtained over their term corresponding to the market rate of interest on the issue date.

Accrued premiums and discounts are included in the financial instrument's book value.

Financial liabilities in foreign currency are protected against movements in exchange rates through combined interest rate and currency swaps and forward exchange contracts. Due to hedge accounting, they are valued at the exchange rate on the date the currency hedge went into effect.

### Derivatives

Deferred hedge accounting is applied for derivatives held solely for the purpose of eliminating interest rate and exchange rate risks in fixed interest lending and funding. Moreover, in the case of currency-related derivatives, they are valued at the exchange rate on the day they were acquired. If these derivatives are divested prior to the lending or funding they protect, the exchange rate gain or loss is accrued over the remaining interest fixing period of the protected financial asset or liability.

For derivatives held for cash management purposes, their book value equals the market value on the closing date. Realized and unrealized exchange rate gains and

losses are reported under “Net profit on financial operations.”

#### **Loan loss provisions**

Claims are reported at no more than the value at which they are expected to be recovered. In the balance sheet, loan receivables are reported net after deducting writedowns for established and anticipated loan losses.

Writedowns of anticipated loan losses are made on doubtful claims if the solvency of the borrower is not expected to improve sufficiently within two years. A writedown is made to the amount expected to be recovered in light of the value of the collateral.

When determining provisions for loan losses, an individual assessment is made of loans and guarantees.

Collateral in the form of mortgages on real estate is valued with the help of a cash flow method based on market analyses, which are applied to a model in which cash flows during a specific calculation period, together with the future residual value, are discounted to present value.

For homogenous groups of claims with limited value and similar credit risks, collective valuations have been applied. Valuations are based on previous experience with actual loan losses and estimations of probable losses for the groups in question.

#### **Accrued interest on nonperforming loans and doubtful claims**

In cases of nonperforming loans where the value of the collateral covers both principal and unpaid interest by a satisfactory margin, the interest is entered as income up to a maximum of 15 percent of the outstanding principal. Otherwise, no accrued or overdue interest is entered as income.

Of the mortgages valued collectively, a certain percentage, based on experience, is presumed to be doubtful claims, for which interest has not been entered as income. Accrued or unpaid interest on individual condominiums is not entered as income.

The writedown of accrued or overdue interest on doubtful claims entered as income in previous years' accounts is reported as a loan loss.

#### **Property taken over to protect claims**

Property taken over to protect claims has been valued

at the lower of acquisition value and market value less sales expenses. Market value is determined by an internal appraiser. Each property is assessed individually.

#### **Depreciation**

Equipment is depreciated according to plan at 20 percent of cost.

#### **Taxes**

Deferred tax has been calculated based on temporary differences and tax loss carry forwards. A temporary difference is the difference between an asset or liability's reported value and its value for tax purposes. Deferred tax has been calculated at a rate of 28 percent.

#### **Other**

In cases where changes have been made in the principles for classifying items in the balance sheet and profit and loss account, comparable figures have been adjusted for previous years, unless otherwise indicated.

#### **Introduction of IFRS from January 1, 2005**

From 2005 listed companies in the European Union (EU) must prepare their consolidated accounts according to the standards adopted by the EU – the International Reporting Standards, IFRS (formerly the International Accounting Standards – IAS). The standards are issued by the International Accounting Standards Board (IASB) and become mandatory for listed companies once approved by the EU. For Spintab, the rules will not become mandatory until they are adopted in national legislation, but since Spintab is a group with listed securities it may apply IFRS voluntarily.

Spintab's operations comprise in large part financial instruments that are reported according to IAS 39. IAS 39 is therefore the standard with the greatest effect on reported values compared with reporting according to previous principles.

To ensure uniform reporting within the Förenings-Sparbanken Group, Spintab intends to apply IFRS in its consolidated accounts from 2005. Reporting by the Parent Company complies with national regulations. The monetary effects of the introduction of IFRS will be presented in the first interim report in 2005.

# Definitions

## Anticipated loan losses

Write-downs for doubtful claims if the solvency of the borrower is not expected to improve sufficiently within two years and the value of the collateral does not cover the loan amount.

## Capital adequacy ratio

The closing-day capital base in relation to the closing-day risk-weighted amount.

## Capital base

The sum of primary and supplementary capital less deductions in accordance with chapter 2 § 7 of the Act on Capital Adequacy. To cover capital requirements for market risks, subordinated loans with original maturities of at least two years may be included in the expanded portion of the capital base.

## Cost-income ratio excluding loan losses

Operating expenses before loan losses as a ratio of operating income.

## Cost-income ratio including loan losses

Operating expenses after loan losses as a ratio of operating income.

## Doubtful claims

Claims where payments are not likely in accordance with contract terms. Such claims are not considered doubtful if there is collateral to cover the principal, interest and any late fees by a safe margin. Doubtful claims, gross, less specific provisions for claims assessed individually and provisions for homogenous claims assessed collectively constitute doubtful claims, net.

## Established loss

A loss, the amount of which has been determined or is overwhelmingly probable because a receiver in bankruptcy has given an estimate of the distributions from a bankrupt estate, a negotiated settlement has been reached or concessions of the debt have been made in another manner.

## Expense ratio

Total expenses (excl. loan losses) as a ratio of average loans.

## Interest fixing period

Contracted period during which interest on an asset or liability is fixed.

## Interest margin

The difference between the average interest rate on total assets and the average interest rate on total liabilities.

## Investment margin

Net interest income as a ratio of average total assets.

## Loan losses, net

Established and anticipated losses for the year less restored provisions and recoveries related to loan claims as well as the year's net expense for discharging guarantees and other contingent liabilities.

## Loan loss level

Loan losses as a ratio of total loans, gross, at the beginning of the year and property taken over to protect claims.

## Loan with interest concession

A loan on which an interest concession has been agreed. By interest concession is meant some form of allowance deviating from the original loan conditions due to solvency problems on the part of the borrower.

## Nonperforming loan

A loan on which interest or principal payments are overdue by more than 60 days.

## Number of employees

The average number of employees during the year is calculated as the total number of hours worked divided by the normal working hours per year (1,585 hours).

## Primary capital

Shareholders' equity in the Parent Company including 72 percent of tax allocation reserves as well as equity contributions and reserves that may be included in the capital base as primary capital according to chap. 2 § 6 of the Act on Capital Adequacy.

## Primary capital ratio

Closing-day primary capital in relation to the closing-day risk-weighted amount.

## Provision ratio for individually identified doubtful claims

Specific provisions for loan receivables assessed individually and provisions for collectively assessed homogenous groups of loan receivables as a ratio of total doubtful claims, gross.

## Restructured claim

Claim for which the borrower has been granted some form of concession due to a deteriorated financial position.

## Return on shareholders' equity

Profit for the financial year as a ratio of average shareholders' equity.

## Share of doubtful claims

Doubtful claims, net, in relation to the book value of loans to the public.

## Total provision ratio for doubtful claims

All provisions for anticipated loan losses as a ratio of total doubtful claims, gross.

# Notes to the financial statements

## 1. Net interest income

SEK million	GROUP				AB SPINTAB			
	2004 Interest	2004 Average balance	2003 Interest	2003 Average balance	2004 Interest	2004 Average balance	2003 Interest	2003 Average balance
<b>Interest receivable</b>								
Credit institutions	956	40,898	941	27,739	1,723	64,867	1,756	48,991
SEK	956	40,898	941	27,739	1,723	64,867	1,756	48,991
Loans to the public	19,941	413,471	20,978	384,483	18,767	387,417	19,787	361,532
SEK	19,940	413,449	20,976	384,431	18,766	387,395	19,785	361,480
Foreign currency	1	22	2	52	1	22	2	52
Interest-bearing securities	3	138	2	58	3	138	2	58
SEK	3	138	2	58	3	138	2	58
<b>TOTAL</b>	<b>20,900</b>		<b>21,921</b>		<b>20,493</b>		<b>21,545</b>	
SEK	20,899		21,919		20,492		21,543	
Foreign currency	1		2		1		2	
<b>Interest payable</b>								
Credit institutions	1,661	55,634	384	21,683	1,661	55,634	384	21,683
SEK	1,456	46,388	382	21,631	1,456	46,388	382	21,631
Foreign currency	205	9,246	2	52	205	9,246	2	52
Debt securities in issue	13,912	369,535	16,348	364,152	13,912	369,535	16,348	364,152
SEK	9,149	173,700	10,277	187,785	9,149	173,700	10,277	187,785
Foreign currency	4,763	195,835	6,071	176,367	4,763	195,835	6,071	176,367
Subordinated liabilities	230		297		230		297	
SEK	41		2		41		2	
Foreign currency	189		295		189		295	
Other	5		5		24		25	
SEK	0		0		19		20	
Foreign currency	5		5		5		5	
<b>TOTAL</b>	<b>15,808</b>		<b>17,034</b>		<b>15,827</b>		<b>17,054</b>	
SEK	10,646		10,661		10,665		10,680	
Foreign currency	5,162		6,373		5,162		6,374	
<b>TOTAL NET INTEREST</b>	<b>5,092</b>		<b>4,887</b>		<b>4,666</b>		<b>4,491</b>	
SEK	10,253		11,259		9,827		10,863	
Foreign currency	- 5,161		- 6,371		- 5,161		- 6,372	
<b>TOTAL AVERAGE BALANCE, ASSETS</b>		<b>459,452</b>		<b>420,409</b>		<b>459,077</b>		<b>420,041</b>
<b>TOTAL AVERAGE BALANCE, LIABILITIES</b>		<b>440,375</b>		<b>401,829</b>		<b>440,383</b>		<b>401,651</b>
Interest margin, %		0.96		1.01		0.87		0.98
Investment margin, %		1.11		1.17		1.02		1.14
Average interest rate on loans to the public, %		4.82		5.46		4.84		5.47
Interest receivable on securities classified as current assets, SEK million		3		2		3		2

## 2. Commissions receivable

SEK million	GROUP		AB SPINTAB	
	2004	2003	2004	2003
Payment commissions	34	37	27	30
<b>TOTAL</b>	<b>34</b>	<b>37</b>	<b>27</b>	<b>30</b>

## 3. Commissions payable

SEK million	GROUP		AB SPINTAB	
	2004	2003	2004	2003
Commissions payable to independent savings banks and partly owned banks	493	487	439	438
National Housing Credit Guarantee Board fees	10	11	10	11
Market maker fees	22	21	22	21
Other	3	3	2	3
<b>TOTAL</b>	<b>528</b>	<b>522</b>	<b>473</b>	<b>473</b>

## 4. Net profit on financial operations

SEK million	GROUP		AB SPINTAB	
	2004	2003	2004	2003
<b>Capital gains/losses</b>				
Other financial instruments	- 2	- 2	- 2	- 2
<b>TOTAL</b>	<b>- 2</b>	<b>- 2</b>	<b>- 2</b>	<b>- 2</b>
<b>Unrealized changes in value</b>				
Other financial instruments	-	-	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Changes in exchange rates	0	0	0	0
<b>TOTAL</b>	<b>- 2</b>	<b>- 2</b>	<b>- 2</b>	<b>- 2</b>

## 5. Staff costs

SEK million	GROUP		AB SPINTAB	
	2004	2003	2004	2003
Wages, salaries and remuneration	12	13	11	11
Allocation to profit-sharing funds	1	0	1	0
Social insurance charges	5	5	4	5
Pension costs	2	5	2	5
Training costs	0	0	0	0
Other staff costs	1	2	0	2
<b>TOTAL</b>	<b>21</b>	<b>25</b>	<b>18</b>	<b>23</b>

Costs for pension commitments for the current and former President and Executive Vice President amounted to SEK 0.9 million in the Group and SEK 0.7 million in AB Spintab. The Group has no pension commitment for any Board member.

The average number of employees in the Group in 2004, based on hours worked (with normal working hours per year of 1,585), was 20.5, of whom 19.5 were employed by AB Spintab. Of the Group's employees, 10 were women and 11 men, of whom 10 women and 10 men were employed by AB Spintab. As of December 31, 2004 the Board of Directors of the Group was comprised of 0 women and 15 men, while in AB Spintab the distribution was 0 women and 6 men. The number of other senior executives, including the President of the Group, was 6, 2 of whom were women and 4 men.

### Information on senior executives

The Executive Committee includes the Chairman of the Board and President of the Parent Company. Other senior executives include the President of the subsidiary, Board members who do not receive any compensation from the company other than Board fees, and persons in the company who, together with the President, make up Group Management.

Wages, salaries and remuneration	GROUP		AB SPINTAB	
	2004	2003	2004	2003
President, Parent Company	1	2	1	2
President, subsidiary	1	1	-	-
Chairman	-	-	-	-
Other Board members	1	1	1	1
Other senior executives	2	4	2	4
Other employees	7	5	7	4
<b>TOTAL</b>	<b>12</b>	<b>13</b>	<b>11</b>	<b>11</b>

Board fees are not paid to individuals with employment contracts with FöreningsSparbanken AB.

### Remuneration to President of the Parent Company, SEK 000s

Jan Lilja	2004
Fixed compensation, salary	894
Variable compensation, bonus	390
Other compensation /benefits	60
<b>TOTAL</b>	<b>1,344</b>
of which, pensionable compensation	894

### Remuneration to other senior executives, SEK 000s

	2004
Fixed compensation, salary	3,004
Variable compensation, bonus	0
Other compensation /benefits	186
<b>TOTAL</b>	<b>3,190</b>
of which, pensionable compensation	3,004

### Salary, pension and termination conditions for the President

The President is entitled to a pension from age 65 according to the provisions of the collective agreement in effect at the time.

To secure his pension, individual occupational pension insurance has also been obtained for the President. If terminated by the company, the President will receive his salary during a 12-month term of notice, and with certain exceptions, an added severance pay for a maximum of 6 months. If the President resigns, the term of notice is 6 months and there is no severance pay.

### Salary, pension and termination conditions to other senior executives

Other senior executives follow the collective agreement in force at the time.

Employee sick leave absences in percent	2004	2003
Total sick leave	1.4	0.9
Long-term sick leave	0.0	0.0
Sick leave for women	0.0	0.0
Sick leave for men	0.5	0.1
Sick leave for the age group 29 and younger	0.0	0.0
Sick leave for the age group 30-49	0.4	0.1
Sick leave for the age group 50 and older	0.0	0.0

Data on sick leave absences refer to employees of AB Spintab. Total sick leave is stated as a percentage of the aggregate number of normal working hours within each group. Long-term sick leave refers to leaves of absence for a total of 60 days or more.



**6. Other administrative expenses**

SEK million	GROUP		AB SPINTAB	
	2004	2003	2004	2003
Rents and other expenses for premises	3	18	3	18
IT expenses	7	39	7	39
Telecommunications, postage	0	16	0	16
Consulting fees	3	2	3	2
Advertising, public relations, marketing	0	4	0	3
Other	20	22	19	21
<b>TOTAL</b>	<b>33</b>	<b>101</b>	<b>32</b>	<b>99</b>

**Compensation paid to the Group's auditors for accounting work and consultations**

SEK million	GROUP		AB SPINTAB	
	2004	2004	2004	2004
	Accounting	Consultation	Accounting	Consultation
Deloitte & Touche	0.8	0.2	0.8	0.2
Ernst & Young	0.1	–	0.1	–
BDO Feinstein Revision AB	0.1	–	0.1	–
<b>TOTAL</b>	<b>1.0</b>	<b>0.2</b>	<b>1.0</b>	<b>0.2</b>

**7. Depreciation of tangible fixed assets**

SEK million	GROUP		AB SPINTAB	
	2004	2003	2004	2003
Equipment	9	11	9	11
<b>TOTAL</b>	<b>9</b>	<b>11</b>	<b>9</b>	<b>11</b>

**8. Loan losses, net**

SEK million	GROUP		AB SPINTAB	
	2004	2003	2004	2003
<b>Claims assessed individually</b>				
The year's write-off for established loan losses	122	193	122	193
Reversal of previous provisions for anticipated loan losses reported in the year's accounts as established	– 79	– 150	– 79	– 150
The year's provisions for anticipated loan losses	13	80	13	80
Recoveries from previous years' established loan losses	– 12	– 38	– 12	– 38
Recovered provisions for anticipated loan losses	– 78	– 62	– 78	– 62
<b>THE YEAR'S NET EXPENSE</b>	<b>– 34</b>	<b>23</b>	<b>– 34</b>	<b>23</b>
<b>Collective provisions for claims assessed individually</b>				
Allocation to/withdrawal from collective provisions	– 9	– 13	– 9	– 13
<b>Collectively assessed homogenous groups of claims with limited value and similar credit risk</b>				
The year's write-off for established loan losses	15	20	15	20
Recoveries from previous years' established loan losses	– 2	– 1	– 2	– 1
Allocation to/withdrawal from loan loss reserve	– 16	– 11	– 16	– 11
<b>THE YEAR'S NET EXPENSE FOR CLAIMS ASSESSED COLLECTIVELY</b>	<b>– 3</b>	<b>8</b>	<b>– 3</b>	<b>8</b>
<b>THE YEAR'S NET LOAN LOSS EXPENSE</b>	<b>– 46</b>	<b>18</b>	<b>– 46</b>	<b>18</b>

## 9. Taxes

SEK million	GROUP		AB SPINTAB	
	2004	2003	2004	2003
Income tax for the period	113	2	113	2
Tax related to previous years	–	0	–	0
Tax reduction from Group contributions paid	1,216	1,190	1,216	1,190
Deferred tax on change in tax allocation reserve	– 40	–	–	–
Deferred tax on contractual pension allocations	–	–	–	–
<b>TOTAL</b>	<b>1,289</b>	<b>1,192</b>	<b>1,329</b>	<b>1,192</b>

### Group

The tax charge represents 28.0 percent of the Group's profit before tax. The difference between the Group's tax charge and the tax charge based on current tax rates is explained below:

SEK million	percent
Tax charge	1,289 28
Tax charge, 28% of profit before tax	1,289 28
<b>DIFFERENCE</b>	<b>0</b>

### AB Spintab

The tax charge represents 28.0 percent of AB Spintab's profit before tax. The difference between AB Spintab's tax charge and the tax charge based on current tax rates is explained below:

SEK million	percent
Tax charge	1,329 28
Tax charge, 28% of profit before tax	1,329 28
<b>DIFFERENCE</b>	<b>0</b>

## 10. Treasury bills and other bills eligible for refinancing with central banks, current assets

Group 2004, SEK million	Accrued acquisition value	Fair value	Book value	Nominal value
Treasury bills (listed)	50	50	50	50
<b>TOTAL</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>

Group 2003, SEK million	Accrued acquisition value	Fair value	Book value	Nominal value
Treasury bills (listed)	–	–	–	–
<b>TOTAL</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

AB Spintab 2004, SEK million	Accrued acquisition value	Fair value	Book value	Nominal value
Treasury bills (listed)	50	50	50	50
<b>TOTAL</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>

AB Spintab 2003, SEK million	Accrued acquisition value	Fair value	Book value	Nominal value
Treasury bills (listed)	–	–	–	–
<b>TOTAL</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

## 11. Loans to credit institutions

Current assets, SEK million	GROUP		AB SPINTAB	
	2004	2003	2004	2003
Banks	43,492	30,831	43,196	30,748
Credit market companies	–	–	11,090	8,562
<b>TOTAL</b>	<b>43,492</b>	<b>30,831</b>	<b>54,286</b>	<b>39,310</b>
Fixed assets	–	–	–	–
Credit market companies	–	–	14,225	14,285 <sup>1)</sup>
<b>TOTAL</b>	<b>–</b>	<b>–</b>	<b>14,225</b>	<b>14,285</b>
<b>TOTAL</b>	<b>43,492</b>	<b>30,831</b>	<b>68,511</b>	<b>53,595</b>

<sup>1)</sup> Of which, SEK 500 million (410) consists of subordinated assets.

## 12. Loans to the public, fixed assets

SEK million	GROUP		AB SPINTAB	
	2004	2003	2004	2003
Accrued acquisition value (before accounting for provisions)	428,825	399,090	401,419	374,362
Specific provisions for claims assessed individually	– 93	– 208	– 91	– 206
Collective provisions for claims assessed individually	– 80	– 89	– 80	– 89
Provisions for collectively valued homogenous groups of claims with limited value and similar credit risk	– 24	– 41	– 24	– 41
<b>TOTAL PROVISIONS</b>	<b>– 197</b>	<b>– 338</b>	<b>– 195</b>	<b>– 336</b>
<b>BOOK VALUE</b>	<b>428,628</b>	<b>398,752</b>	<b>401,224</b>	<b>374,026</b>
Total provision ratio for doubtful claims, %	73.3	70.2	74.0	70.7
Provision ratio for doubtful claims identified individually, %	43.6	51.7	43.8	52.0
Book value of doubtful claims	151	233	148	228
Share of doubtful claims, %	0.04	0.04	0.04	0.04
Book value of nonperforming loans not included in doubtful claims and where interest is entered as income	193	193	174	180
<b>Restructured and reclassified claims:</b>				
Book value of claims restructured during the fiscal period before restructuring	184	124	184	124
Book value of claims restructured during the fiscal period after restructuring	122	45	122	45
Book value of doubtful claims returned in status to normal claims during the fiscal period	49	97	49	97

The number of loans on December 31, 2004 was 1,199,157 (1,142,161) in the Group and 1,130,528 (1,078,934) in AB Spintab. Outstanding loans to the President and Executive Vice President amount to SEK 1,130,000 (1,130,000) in the Group and SEK 0 (0) in AB Spintab. The corresponding amounts for Board members and deputies are SEK 16,229,000 (14,262,000) in the Group and SEK 6,525,000 (2,516,000) in AB Spintab. All loans are secured by mortgages on real estate or condominiums.

### 13. Shares and participating interests

SEK million	GROUP		AB SPINTAB	
	2004	2003	2004	2003
Fixed assets				
Condominium shares	1	2	1	2
<b>TOTAL</b>	<b>1</b>	<b>2</b>	<b>1</b>	<b>2</b>

### 14. Shares in Group companies, fixed assets

Shares in subsidiaries, SEK million

AB Spintab's shareholdings,

Dec. 31, 2004	Number	Par, SEK/share	Book value
FöreningsSparbanken Jordbrukskredit AB <sup>1)</sup> 100 %	1,240,000	500	1,750
<b>TOTAL</b>	<b>1,240,000</b>	<b>500</b>	<b>1,750</b>

<sup>1)</sup> Credit institution with registration number 556061-5592, Stockholm.

During the year the book value increased by SEK 300 million through shareholders' contributions from the Parent Company.

### 15. Tangible assets

SEK million	GROUP		AB SPINTAB	
	2004	2003	2004	2003
Fixed assets				
Equipment				
Acquisition value	84	97	84	97
– of which, purchased equipment	0	3	0	3
– of which, sold equipment	– 13	–	– 13	–
Accumulated depreciation	– 69	– 73	– 69	– 73
– of which, depreciation for the year	– 9	– 11	– 9	– 11
– of which, sold equipment	12	–	12	–
<b>TOTAL</b>	<b>15</b>	<b>24</b>	<b>15</b>	<b>24</b>

Specification of properties taken over to protect claims, located in Sweden outside metropolitan areas.

Group, 2004	No. of properties	Book value	Fair value
Single-family homes	1	0.2	0.2
<b>TOTAL</b>	<b>1</b>	<b>0.2</b>	<b>0.2</b>
AB Spintab, 2004	No. of properties	Book value	Fair value
Single-family homes	1	0.2	0.2
<b>TOTAL</b>	<b>1</b>	<b>.2</b>	<b>0.2</b>

### 16. Other assets

SEK million	GROUP		AB SPINTAB	
	2004	2003	2004	2003
Group contributions from subsidiaries	–	–	380	350
Accrued interest, derivatives	1,455	1,245	1,455	1,245
Other	434	216	428	212
<b>TOTAL</b>	<b>1,889</b>	<b>1,461</b>	<b>2,263</b>	<b>1,807</b>

### 17. Accrued income and prepayments

SEK million	GROUP		AB SPINTAB	
	2004	2003	2004	2003
Accrued interest	3,496	3,482	3,509	3,413
Other accrued income	4	0	4	0
Prepayments	30	40	30	40
<b>TOTAL</b>	<b>3,530</b>	<b>3,522</b>	<b>3,543</b>	<b>3,453</b>

### 18. Group receivables and liabilities

Transactions with FöreningsSparbanken AB fall under the following items in the profit and loss account and balance sheet:

SEK million	GROUP		AB SPINTAB	
	2004	2003	2004	2003
<b>Group receivables</b>				
Loans to credit institutions	37,782	26,961	37,486	26,878
Other assets	194	191	194	191
Accrued interest and prepayments	608	325	608	325
<b>TOTAL</b>	<b>38,584</b>	<b>27,477</b>	<b>38,288</b>	<b>27,394</b>
<b>Group liabilities</b>				
Amounts owed to credit institutions	69,988	39,054	69,988	39,054
Debt securities in issue	16,679	19,045	16,679	19,045
Other liabilities	5,074	4,857	5,074	4,857
Accruals and deferred income	1,444	928	1,444	928
<b>TOTAL</b>	<b>93,185</b>	<b>63,884</b>	<b>93,185</b>	<b>63,884</b>
<b>Profit and loss account</b>				
Interest receivable	947	913	944	910
Interest payable	2,056	1,675	2,056	1,675
Commissions payable	25	25	25	25
Other administrative expenses	6	16	6	16

Transactions with the subsidiary FöreningsSparbanken Jordbrukskredit AB fall under the following items in the profit and loss account and balance sheet:

SEK million	AB SPINTAB	
	2004	2003
<b>Group receivables</b>		
Loans to credit institutions	25,315	22,847
Group contributions from subsidiary	380	350
Accrued income and prepayments	182	104
<b>TOTAL</b>	<b>25,877</b>	<b>23,301</b>
<b>Group liabilities</b>		
No liabilities		
<b>Profit and loss account</b>		
Interest receivable	769	818

### 19. Amounts owed to credit institutions

SEK million	GROUP		AB SPINTAB	
	2004	2003	2004	2003
Banks	70,022	39,054	70,022	39,054
<b>TOTAL</b>	<b>70,022</b>	<b>39,054</b>	<b>70,022</b>	<b>39,054</b>

**20. Debt securities in issue, promissory notes**

SEK million	GROUP		AB SPINTAB	
	2004	2003	2004	2003
Bonds	285,001	273,664	285,001	273,664
Commercial paper	82,935	80,583	82,935	80,583
Other	269	4,116	269	4,116
<b>TOTAL</b>	<b>368,205</b>	<b>358,363</b>	<b>368,205</b>	<b>358,363</b>

**21. Other liabilities**

SEK million	GROUP		AB SPINTAB	
	2004	2003	2004	2003
Group contributions to Parent Company	4,344	4,250	4,344	4,250
Accrued interest, derivatives	2,762	2,528	2,762	2,528
Other	439	91	431	90
<b>TOTAL</b>	<b>7,545</b>	<b>6,869</b>	<b>7,537</b>	<b>6,868</b>

**22. Accruals and deferred income**

SEK million	GROUP		AB SPINTAB	
	2004	2003	2004	2003
Accrued interest	6,828	6,507	6,828	6,507
Other accruals and deferred income	1,141	831	1,071	771
<b>TOTAL</b>	<b>7,969</b>	<b>7,338</b>	<b>7,899</b>	<b>7,278</b>

**23. Provisions**

SEK million	GROUP		AB SPINTAB	
	2004	2003	2004	2003
Provisions for deferred tax	-	40	-	-
<b>TOTAL</b>	<b>-</b>	<b>40</b>	<b>-</b>	<b>-</b>

**24. Subordinated liabilities**

SEK million	GROUP		AB SPINTAB	
	2004	2003	2004	2003
Dated subordinated debentures	2,337	2,337	2,337	2,337
Undated subordinated debentures (perpetuals)	2,684	2,920	2,684	2,920
Guarantee fund certificates	3	17	3	17
<b>TOTAL</b>	<b>5,024</b>	<b>5,274</b>	<b>5,024</b>	<b>5,274</b>

**AB Spintab**

With regard to the undated subordinated debt, the following applies:

The debt instrument and interest are treated pari passu with all other undated subordinated liabilities of the Company. In the event of the Company's bankruptcy or liquidation, the debt instrument carries the right to payment from the Company's assets junior to other claims against the Company, including subordinated debt (debt with subordinated modes of payment) with dated maturities, but pari passu with other debt with subordinated modes of payment and undated maturities. The Company has the right to use all or parts of the debt to cover losses and thereby prevent liquidation.

The interest rate on the debt is constructed such that it rises in connection with the interest payments in October 2005 and August 2006.

AB Spintab has the right, after advance notification of no less 30 days and no more than 60, to terminate and repay the debt on any interest payment date that falls on or after the dates stipulated in the previous paragraph for each loan. The Company also has the right to prepay the debt if changes in tax regulations in Sweden force the Company contractually to pay tax for the holder of the debt instruments.

Prepayment or termination by the Company requires the consent of the Swedish Financial Supervisory Authority. A request for prepayment by the holder of the debt instruments may only be made if the Company defaults.

With regard to other conditions, see the list of debts on pages 42.

Interest expenses during the financial year amounted to SEK 230 million (297), including interest and currency swaps.

**25. Untaxed reserves**

SEK million	AB SPINTAB	
	2004	2003
Tax allocation reserve	-	138
<b>TOTAL</b>	<b>-</b>	<b>138</b>

## 26A. Remaining interest fixing period, assets and liabilities

### Group

Interest-bearing assets and liabilities including interest rate related derivatives (SEK million) distributed by remaining interest fixing periods.

Assets, nominal amount	< 3 mos.	3 mos.–1 yr.	1–2 yrs.	2–3 yrs.	3–4 yrs.	4–5 yrs.	5–10 yrs.	> 10 yrs.	Total
Treasury bills and other bills eligible for refinancing with central banks	50	–	–	–	–	–	–	–	50
Other assets	87	–	–	–	–	–	–	–	87
Loans to credit institutions	43,492	–	–	–	–	–	–	–	43,492
Loans to the public	151,283	72,223	79,135	45,728	38,827	28,474	12,275	683	428,628
<b>TOTAL ASSETS</b>	<b>194,912</b>	<b>72,223</b>	<b>79,135</b>	<b>45,728</b>	<b>38,827</b>	<b>28,474</b>	<b>12,275</b>	<b>683</b>	<b>472,257</b>
<b>Liabilities, nominal amount</b>	<b>&lt; 3 mos.</b>	<b>3 mos.–1 yr.</b>	<b>1–2 yrs.</b>	<b>2–3 yrs.</b>	<b>3–4 yrs.</b>	<b>4–5 yrs.</b>	<b>5–10 yrs.</b>	<b>&gt; 10 yrs.</b>	<b>Total</b>
Amounts owed to credit institutions	29,988	16,034	7,000	7,000	7,000	3,000	–	–	70,022
Debt securities in issue	187,871	43,756	52,727	23,498	17,914	37,090	2,239	–	365,095
Subordinated liabilities	2,608	–	1,861	–	470	–	2	–	4,941
<b>TOTAL LIABILITIES</b>	<b>220,467</b>	<b>59,790</b>	<b>61,588</b>	<b>30,498</b>	<b>25,384</b>	<b>40,090</b>	<b>2,241</b>	<b>–</b>	<b>440,058</b>
<b>NET</b>	<b>– 25,555</b>	<b>12,433</b>	<b>17,547</b>	<b>15,230</b>	<b>13,443</b>	<b>– 11,616</b>	<b>10,034</b>	<b>683</b>	<b>32,199</b>
Derivatives, positive, nom. amount	286,123	18,014	12,286	1,670	1,902	9,225	1,225	2	330,447
Derivatives, negative, nom. amount	– 252,843	– 37,802	– 12,640	– 5,100	– 6,615	– 5,512	– 9,936	–	– 330,448
<b>NET, INCLUDING DERIVATIVES</b>	<b>7,725</b>	<b>– 7,355</b>	<b>17,193</b>	<b>11,800</b>	<b>8,730</b>	<b>– 7,903</b>	<b>1,323</b>	<b>685</b>	<b>32,198</b>

### AB Spintab

Interest-bearing assets and liabilities including interest rate related derivatives (SEK million) distributed by remaining interest fixing periods.

Assets, nominal amount	< 3 mos.	3 mos.–1 yr.	1–2 yrs.	2–3 yrs.	3–4 yrs.	4–5 yrs.	5–10 yrs.	> 10 yrs.	Total
Treasury bills and other bills eligible for refinancing with central banks	50	–	–	–	–	–	–	–	50
Other assets	87	–	–	–	–	–	–	–	87
Loans to credit institutions	68,011	–	–	–	–	–	500	–	68,511
Loans to the public	138,811	68,276	75,031	43,430	36,481	26,918	11,628	649	401,224
<b>TOTAL ASSETS</b>	<b>206,959</b>	<b>68,276</b>	<b>75,031</b>	<b>43,430</b>	<b>36,481</b>	<b>26,918</b>	<b>12,128</b>	<b>649</b>	<b>469,872</b>
<b>Liabilities, nominal amount</b>	<b>&lt; 3 mos.</b>	<b>3 mos.–1 yr.</b>	<b>1–2 yrs.</b>	<b>2–3 yrs.</b>	<b>3–4 yrs.</b>	<b>4–5 yrs.</b>	<b>5–10 yrs.</b>	<b>&gt; 10 yrs.</b>	<b>Total</b>
Amounts owed to credit institutions	29,988	16,034	7,000	7,000	7,000	3,000	–	–	70,022
Debt securities in issue	187,871	43,756	52,727	23,498	17,914	37,090	2,239	–	365,095
Subordinated liabilities	2,608	–	1,861	–	470	–	2	–	4,941
<b>TOTAL LIABILITIES</b>	<b>220,467</b>	<b>59,790</b>	<b>61,588</b>	<b>30,498</b>	<b>25,384</b>	<b>40,090</b>	<b>2,241</b>	<b>–</b>	<b>440,058</b>
<b>NET</b>	<b>– 13,508</b>	<b>8,486</b>	<b>13,443</b>	<b>12,932</b>	<b>11,097</b>	<b>– 13,172</b>	<b>9,887</b>	<b>649</b>	<b>29,814</b>
Derivatives, positive, nom. amount	286,123	18,014	12,286	1,670	1,902	9,225	1,225	2	330,447
Derivatives, negative, nom. amount	– 252,843	– 37,802	– 12,640	– 5,100	– 6,615	– 5,512	– 9,936	–	– 330,448
<b>NET, INCLUDING DERIVATIVES</b>	<b>19,772</b>	<b>– 11,302</b>	<b>13,089</b>	<b>9,502</b>	<b>6,384</b>	<b>– 9,459</b>	<b>1,176</b>	<b>651</b>	<b>29,813</b>

**26B. Remaining maturity, assets and liabilities**

Group Book value, SEK million	Payable on demand	< 3 mos.	> 3 mos. – 1 yr.	> 1 yr. – 5 yrs.	> 5 yrs. – 10 yrs.	> 10 yrs.	Total	Average maturity
<b>Assets</b>								
Treasury bills and other bills eligible for refinancing with central banks	–	50	–	–	–	–	50	0.21
Other assets	–	–	–	–	–	87	87	58.00
Loans to credit institutions	22,992	20,500	–	–	–	–	43,492	0.00
Loans to the public	–	151,283	72,223	192,164	12,275	683	428,628	1.49
<b>TOTAL ASSETS</b>	<b>22,992</b>	<b>171,833</b>	<b>72,223</b>	<b>192,164</b>	<b>12,275</b>	<b>770</b>	<b>472,257</b>	
<b>Liabilities</b>								
Amounts owed to credit institutions	–	27,807	18,215	24,000	–	–	70,022	1.12
Debt securities in issue	–	107,745	85,668	171,787	2,270	735	368,205	1.38
Subordinated liabilities	–	–	823	4,199	2	–	5,024	2.25
<b>TOTAL LIABILITIES</b>	<b>–</b>	<b>135,552</b>	<b>104,706</b>	<b>199,986</b>	<b>2,272</b>	<b>735</b>	<b>443,251</b>	

AB Spintab Book value, SEK million	Payable on demand	< 3 mos.	> 3 mos. – 1 yr.	> 1 yr. – 5 yrs.	> 5 yrs. – 10 yrs.	> 10 yrs.	Total	Average maturity
<b>Assets</b>								
Treasury bills and other bills eligible for refinancing with central banks	–	50	–	–	–	–	50	0.21
Other assets	–	–	–	–	–	87	87	58.00
Loans to credit institutions	22,992	32,219	3,300	9,375	625	–	68,511	0.47
Loans to the public	–	138,811	68,276	181,860	11,628	649	401,224	1.59
<b>TOTAL ASSETS</b>	<b>22,992</b>	<b>171,080</b>	<b>71,576</b>	<b>191,235</b>	<b>12,253</b>	<b>736</b>	<b>469,872</b>	
<b>Liabilities</b>								
Amounts owed to credit institutions	–	27,807	18,215	24,000	–	–	70,022	1.12
Debt securities in issue	–	107,745	85,668	171,787	2,270	735	368,205	1.38
Subordinated liabilities	–	–	823	4,199	2	–	5,024	2.25
<b>TOTAL LIABILITIES</b>	<b>–</b>	<b>135,552</b>	<b>104,706</b>	<b>199,986</b>	<b>2,272</b>	<b>735</b>	<b>443,251</b>	

**27. Currency distribution**

Group, 2004 SEK million	SEK	EUR	USD	GBP	Other	Total
<b>Assets</b>						
Loans to credit institutions	43,492	–	–	–	–	43,492
Loans to the public	428,628	–	–	–	–	428,628
Interest-bearing securities	–	–	–	–	–	–
Other assets not distributed	5,485	–	–	–	–	5,485
<b>TOTAL</b>	<b>477,605</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>477,605</b>
<b>Liabilities</b>						
Amounts owed to credit institutions	59,534	–	10,488	–	–	70,022
Deposits and borrowings from the public	–	–	–	–	–	–
Debt securities in issue and subordinated liabilities	180,165	110,375	58,993	12,052	11,644	373,229
Other liabilities not distributed	34,354	–	–	–	–	34,354
<b>TOTAL</b>	<b>274,053</b>	<b>110,375</b>	<b>69,481</b>	<b>12,052</b>	<b>11,644</b>	<b>477,605</b>
Other assets and liabilities, including positions in derivatives		110,375	69,481	12,052	11,644	
Net position in currency		–	–	–	–	

**AB Spintab, 2004**

SEK million	SEK	EUR	USD	GBP	Other	Total
<b>Assets</b>						
Loans to credit institutions	68,511	-	-	-	-	68,511
Loans to the public	401,224	-	-	-	-	401,224
Interest-bearing securities	-	-	-	-	-	-
Other assets not distributed	7,622	-	-	-	-	7,622
<b>TOTAL</b>	<b>477,357</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>477,357</b>
<b>Liabilities</b>						
Amounts owed to credit institutions	59,534	-	10,488	-	-	70,022
Deposits and borrowings from the public	-	-	-	-	-	-
Debt securities in issue and subordinated liabilities	180,165	110,375	58,993	12,052	11,644	373,229
Other liabilities not distributed	34,106	-	-	-	-	34,106
<b>TOTAL</b>	<b>273,805</b>	<b>110,375</b>	<b>69,481</b>	<b>12,052</b>	<b>11,644</b>	<b>477,357</b>
Other assets and liabilities, including positions in derivatives		110,375	69,481	12,052	11,644	
Net position in currency		-	-	-	-	

**Group, 2003**

SEK million	SEK	EUR	USD	GBP	Other	Total
<b>Assets</b>						
Loans to credit institutions	30,831	-	-	-	-	30,831
Loans to the public	398,698	54	-	-	-	398,752
Interest-bearing securities	-	-	-	-	-	-
Other assets not distributed	5,009	-	-	-	-	5,009
<b>TOTAL</b>	<b>434,538</b>	<b>54</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>434,592</b>
<b>Liabilities</b>						
Amounts owed to credit institutions	39,000	54	-	-	-	39,054
Deposits and borrowings from the public	-	-	-	-	-	-
Debt securities in issue and subordinated liabilities	187,369	90,612	66,400	8,274	10,983	363,637
Other liabilities not distributed	31,900	-	-	-	-	31,900
<b>TOTAL</b>	<b>258,269</b>	<b>90,666</b>	<b>66,400</b>	<b>8,274</b>	<b>10,983</b>	<b>434,592</b>
Other assets and liabilities, including positions in derivatives		90,612	66,400	8,274	10,983	
Net position in currency		-	-	-	-	

**AB Spintab, 2003**

SEK million	SEK	EUR	USD	GBP	Other	Total
<b>Assets</b>						
Loans to credit institutions	53,595	-	-	-	-	53,595
Loans to the public	373,972	54	-	-	-	374,026
Interest-bearing securities	-	-	-	-	-	-
Other assets not distributed	6,736	-	-	-	-	6,736
<b>TOTAL</b>	<b>434,303</b>	<b>54</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>434,357</b>
<b>Liabilities</b>						
Amounts owed to credit institutions	39,000	54	-	-	-	39,054
Deposits and borrowings from the public	-	-	-	-	-	-
Debt securities in issue and subordinated liabilities	187,369	90,612	66,400	8,274	10,983	363,637
Other liabilities not distributed	31,665	-	-	-	-	31,665
<b>TOTAL</b>	<b>258,034</b>	<b>90,666</b>	<b>66,400</b>	<b>8,274</b>	<b>10,983</b>	<b>434,357</b>
Other assets and liabilities, including positions in derivatives		90,612	66,400	8,274	10,983	
Net position in currency		-	-	-	-	

**28. Interest rate exposure with a parallel shift in the yield curve of +1 percentage point**

Interest rate exposure, SEK million	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2016 and there- after		Total
											2015		
Loans	- 706	- 1,186	- 1,136	- 1,219	- 1,065	- 240	- 147	- 88	- 46	- 135	- 11	- 11	- 5,990
Cash and bank balances	- 1	-	-	-	-	-	-	-	-	-	-	-	- 1
Liquidity portfolio	- 2	-	-	-	-	-	-	-	-	-	-	-	- 2
Strategic portfolio, current assets	16	-	-	-	-	-	-	-	-	-	-	-	16
Hedge portfolio	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest rate swaps, SEK	85	56	125	223	65	161	88	116	60	102	-	-	1,081
Funding	582	898	740	796	1,338	4	4	5	5	82	-	-	4,454
<b>TOTAL</b>	<b>- 26</b>	<b>- 232</b>	<b>- 271</b>	<b>- 200</b>	<b>338</b>	<b>- 75</b>	<b>- 55</b>	<b>33</b>	<b>19</b>	<b>49</b>	<b>- 11</b>	<b>- 11</b>	<b>- 442</b>

**29A. Fair value****Fair value**

The fair value of deposits and loans with variable interest rates corresponds to their accrued acquisition value. For financial assets and liabilities listed on an authorized exchange or marketplace, the sales value on the most recent trading day is used. When calculating the fair value of Spintab's fixed rate funding, future contracted cash flows have been discounted using Spintab's estimated financing expense. This corresponds to the closing-day interest rates in the deposit market for terms of up to one year and by the closing-day interest rates on Spintab's benchmark bonds for longer maturities. For the loan portfolio (loans to the public), which normally is not subject to trading, fair value has been calculated by discounting the loans' future contracted cash flows by an interest rate corresponding to Spintab's estimated finance expense plus the specific customer margin on each loan.

Group, 2004		Book	Fair
Assets, SEK million		value	value
Treasury bills and other bills eligible for refinancing with central banks	current assets	50	50
Loans to credit institutions			
Banks	current assets	43,492	43,492
Loans to the public	fixed assets	428,628	436,381
Shares and participating interests	current assets	-	-
	fixed assets	1	1
Tangible assets			
Equipment	fixed assets	15	15
Buildings and land	current assets	0	0
Other assets	current assets	1,802	3,372
	fixed assets	87	87
Accrued income and prepayments	current assets	3,530	3,536
<b>TOTAL ASSETS</b>		<b>477,605</b>	<b>486,934</b>

Liabilities, SEK million		Book	Fair
		value	value
Amounts owed to credit institutions			
Banks		70,022	69,588
Borrowings from the public		-	-
Debt securities in issue		368,205	366,352
Other liabilities		7,545	19,225
Accruals and deferred income		7,969	7,412
Provisions		-	-
Subordinated liabilities		5,024	4,825
<b>TOTAL LIABILITIES AND PROVISIONS</b>		<b>458,765</b>	<b>467,402</b>



## 29B. Derivatives

Group, 2004, SEK million

Derivatives with positive values or nil value	Interest-rate related			Foreign exchange-related		
	Fair value	Book value	Nominal value	Fair value	Book value	Nominal value
Derivatives reported partly or entirely on the balance sheet						
Forward contracts	2	2	2	–	–	–
Swaps	1,219	479	26,117	865	120	26,442
Options	0	2	630	–	–	–
<b>TOTAL</b>	<b>1,221</b>	<b>483</b>	<b>26,749</b>	<b>865</b>	<b>120</b>	<b>26,442</b>
of which, cleared	2	2	2	–	–	–
Derivatives not reported on the balance sheet						
Forward contracts	44	–	1,518	41	–	7,003
<b>TOTAL</b>	<b>44</b>	<b>–</b>	<b>1,518</b>	<b>41</b>	<b>–</b>	<b>7,003</b>
of which, cleared	–	–	–	–	–	–
<b>TOTAL POSITIVE</b>	<b>1,265</b>	<b>483</b>	<b>28,267</b>	<b>906</b>	<b>120</b>	<b>33,445</b>
of which, cleared	2	2	2	–	–	–

Derivatives with negative values	Interest-rate related			Foreign exchange-related		
	Fair value	Book value	Nominal value	Fair value	Book value	Nominal value
Derivatives reported partly or entirely on the balance sheet						
Forward contracts	4	4	7,044	–	–	–
Swaps	5,594	1,995	80,415	5,929	– 91	122,038
Options	1	2	638	–	–	–
<b>TOTAL</b>	<b>5,599</b>	<b>2,001</b>	<b>88,097</b>	<b>5,929</b>	<b>– 91</b>	<b>122,038</b>
of which, cleared	4	4	7,044	–	–	–
Derivatives not reported on the balance sheet						
Forward contracts	–	–	–	1,909	–	59,869
<b>TOTAL</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1,909</b>	<b>–</b>	<b>59,869</b>
of which, cleared	–	–	–	–	–	–
<b>TOTAL NEGATIVE</b>	<b>5,599</b>	<b>2,001</b>	<b>88,097</b>	<b>7,838</b>	<b>– 91</b>	<b>181,907</b>
varav clearat	4	4	7,044	–	–	–

### Other derivatives

Credit Default Swap with a fair value of SEK 0 million, a book value of SEK -1 million and a nominal value of SEK 10,115 million.

All derivatives are covered by hedge accounting, since they are held to eliminate interest rate and exchange rate risks. As a result, a surplus value corresponding to SEK 1,568 million and an undervaluation corresponding to SEK 11,527 million have been deferred. These differences in value are matched by equivalent offsetting differences between the book and fair values in Spintab's lending and funding.

### Differences between book value and fair value

Because of the application of hedge accounting, certain financial assets have been reported at both a higher and lower value than their fair value. The scope of these deviations is indicated in the table above and corresponds in principle to equivalent offsetting deviations in other asset and liability items.

## 30. Specification of off-balance-sheet commitments

Group, 2004, SEK million	Nominal value	Market value	Converted amount	AB Spintab, 2004, SEK million	Nominal value	Market value	Converted amount
Group A	91,841	209	1,355	Group A	91,841	209	1,355
Group B	247,832	1,574	4,730	Group B	247,832	1,574	4,730
Group C	2,156	46	61	Group C	2,156	46	61
<b>TOTAL COMMITMENTS</b>	<b>341,829</b>	<b>1,829</b>	<b>6,146</b>	<b>TOTAL COMMITMENTS</b>	<b>341,829</b>	<b>1,829</b>	<b>6,146</b>

## Proposed distribution of profit

AB Spintab (publ)

The following amounts are at the disposal of the Annual General Meeting: SEK million

Retained earnings	2,781
Conditional shareholders' contributions	1,000
Profit for the year	3,416
Group contributions paid	-4,344
Tax reduction due to Group contributions paid	<u>1,216</u>
Total available	4,070

The Board of Directors proposes that the following amount  
be carried forward

Total 4,070

The Group's unappropriated earnings amount to SEK 4,090 million.  
No transfers to restricted reserves are required.

Stockholm, February 2, 2005

Jan Lidén  
Chairman

Kjell Hedman  
Deputy Chairman

Mats Holmfeldt

Lars Ljungälv

Ragnar Udin

Jan Lilja  
President

## Auditors' report

To the Annual General Meeting of AB Spintab (publ), registration number 556003-3283.

We have audited the annual report, the consolidated accounts, the accounting records and the administration by the Board of Directors and the President of AB Spintab (publ) for the year 2004. These accounts, the administration of the Company and the application of the Annual Accounts Act for Credit Institutions and Securities Companies when preparing the annual report are the responsibility of the Board of Directors and the President. Our responsibility is to express an opinion of the annual report and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit in order to obtain reasonable assurance that the annual report is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles and their application by the Board of Directors and the President and significant estimates made by the Board of Directors and the President when preparing the annual report as well as evaluating the overall presentation of information in the annual report. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the Company in order to be able to determine the liability, if any, to the Company of any of the members of the Board of Directors or the President. We also examined whether any of the members of the Board of Directors or the President has, in any other way, acted in contravention of the Swedish Companies Act, the Act Governing Financial Operations, the Annual Accounts Act for Credit Institutions and Securities Companies or the Company's Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

The annual report and the consolidated financial accounts have been prepared in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies and thereby gives a true and fair view of the Company's and the Group's profit and financial position in accordance with generally accepted auditing standards in Sweden. The statutory Board of Directors' Report is consistent with the other parts of the annual report.

We recommend that the Annual General Meeting of shareholders adopt the profit and loss account and balance sheets of the Parent Company and the Group, deal with the profit in accordance with the proposal in the Board of Directors' Report and discharge the members of the Board of Directors and the President from liability for the financial year.

Stockholm, February 24, 2005

Deloitte & Touche Aktiebolag

Ernst & Young Aktiebolag

Jan Palmqvist  
Authorized Public Accountant

Torbjörn Hanson  
Authorized Public Accountant

Ulf Järlebro  
Authorized Public Accountant  
Appointed by the Swedish Financial Supervisory Authority

## List of bond loans

See Note 20.

### Bonds issued in Sweden AB Spintab (publ)

Issue no.	Original interest rate, %	Issue/final payment date	Issue/final payment year	Outstanding loan debt, book value in SEK 000s, Dec. 31, 2004
166	6.75	05-05	1997/14	1,488,274
168	6.00	04-20	1997/09	33,572,093
170	5.75	06-15	1999/05	32,587,836
171	5.00	06-21	2000/06	50,740,608
172	5.00	06-20	2001/07	22,291,735
173	5.00	06-18	2002/08	17,130,563
7169	1)	00-05-02	2000/09	13,092
7170	1)	00-05-02	2000/14	5,143
			TOTAL	157,829,344

1) Zero coupon bond

See Note 20.

### Bonds issued in Sweden Sparbankernas Inteckningsaktiebolag (merged with AB Spintab 1991)

Issue no.	Original interest rate, %	Issue/final payment date	Issue/final payment year	Outstanding loan debt, book value in SEK 000s, Dec. 31, 2004
121	11.00	03-10	1985/05	27,900
123	12.00	08-10	1985/05	2,450
124	11.50	09-10	1985/05	426,300
125	11.50	12-10	1985/05	245,880
			TOTAL	702,530

# List of bond loans

See Note 20.

## Bonds issued abroad for AB Spintab (publ)

Original interest rate, %	Issue date	Final payment date	Interest adjustment (RR) and redemption (U)	Currency	Outstanding loan debt, book value in local currency 000s, Dec. 31, 2004
2.144	03-07-10	05-01-10		EUR	200,000
4.500	04-01-12	05-01-12		GBP	75,000
4.560	02-01-18	05-01-18		HKD	150,000
4.023	04-01-20	05-01-20		GBP	60,500
2.080	04-01-21	05-01-21		EUR	25,000
2.080	04-01-26	05-01-26		EUR	100,000
4.023	04-01-28	05-01-28		GBP	27,500
2.829	03-01-28	05-01-28		EUR	500,000
1.370	03-01-28	05-01-28		USD	250,000
1.100	04-02-04	05-02-04		USD	65,000
2.146	03-08-14	05-02-14		EUR	200,000
4.045	04-02-12	05-02-14		GBP	20,000
1.140	04-02-13	05-02-14		USD	100,000
2.060	04-02-18	05-02-18		EUR	30,000
1.084	04-02-18	05-02-18		USD	120,000
2.854	03-02-18	05-02-18		EUR	600,000
1.800	03-08-18	05-02-18		HKD	80,000
2.230	03-02-21	05-02-21		HKD	80,000
0.560	04-03-04	05-03-04		HKD	400,000
1.081	04-03-05	05-03-05		USD	40,000
2.152	03-09-12	05-03-14		EUR	200,000
1.090	04-03-18	05-03-18		USD	65,000
2.040	03-03-21	05-03-21		HKD	78,000
1.140	03-09-22	05-03-22		USD	200,000
1.670	03-09-23	05-03-23		HKD	120,000
1.072	04-03-24	05-03-24		USD	70,000
1.670	03-09-29	05-03-29		HKD	80,000
0.700	04-04-06	05-04-06		HKD	140,000
2.145	03-10-08	05-04-08		EUR	100,000
2.143	03-10-08	05-04-08		EUR	200,000
2.133	03-10-10	05-04-11		EUR	200,000
2.110	04-04-20	05-04-20		EUR	100,000
2.043	04-04-21	05-04-21		EUR	20,000
4.330	04-04-22	05-04-22		GBP	15,000
1.000	04-05-04	05-05-04		HKD	78,000
4.450	02-05-09	05-05-09		USD	20,000
2.300	04-05-14	05-05-14		EUR	50,000
4.900	04-05-14	05-05-16		GBP	16,000
4.960	04-05-19	05-05-19		GBP	10,000
1.390	04-05-27	05-05-27		HKD	100,000
1.380	03-12-01	05-06-01		HKD	78,000
1.090	03-06-20	05-06-01		USD	100,000
0.815	04-03-08	05-06-08		HKD	79,000
0.880	04-04-06	05-07-06		HKD	138,000
1.120	04-01-26	05-07-27		USD	500,000
2.072	04-01-26	05-07-27		EUR	250,000
1.425	04-07-29	05-07-29		USD	40,000
2.133	03-08-01	05-08-01		EUR	200,000
2.075	04-02-02	05-08-03		EUR	200,000
2.067	04-02-19	05-08-19		EUR	135,000
1)	01-11-20	05-08-09		USD	76,606
3.170	02-08-30	05-08-30		HKD	50,000
4.922	04-08-31	05-08-31		GBP	25,000
4.850	01-09-07	05-09-07		HKD	80,000
1.760	04-09-07	05-09-07		USD	100,000
2.037	04-03-11	05-09-12		EUR	1,000,000
5.420	02-10-02	05-09-23		AUD	20,000
2.185	04-10-05	05-10-05		USD	24,500
2.115	04-04-19	05-10-19		SEK	500,000

## List of bond loans

Original interest rate, %	Issue date	Final payment date	Interest adjustment (RR) and redemption (U)	Currency	Outstanding loan debt, book value in local currency 000s, Dec. 31, 2004
2.295	03-10-31	05-10-31		USD	12,000
1.180	04-11-05	05-11-07		HKD	230,000
2.036	04-05-10	05-11-10		EUR	500,000
2.085	04-11-15	05-11-15		NOK	100,000
2.066	04-05-17	05-11-17		EUR	400,000
2.071	04-05-25	05-11-25		EUR	160,000
1.030	04-11-26	05-11-28		HKD	160,000
1.070	04-11-26	05-11-28		HKD	206,500
2.070	04-05-28	05-11-28		EUR	150,000
2.100	04-12-07	05-12-07		EUR	15,000
2.092	04-06-07	05-12-07		EUR	200,000
2.500	04-12-16	05-12-16		USD	25,000
1.180	04-12-22	05-12-22		HKD	200,000
1)	02-03-04	05-12-29		HKD	80,000
1)	02-03-13	05-12-29		HKD	80,000
2.180	04-06-30	05-12-30		HKD	100,000
2.102	04-07-12	06-01-12		EUR	100,000
2.143	04-01-20	06-01-20		EUR	1,000,000
2.160	04-02-10	06-02-10		USD	15,000
0.519	04-08-17	06-02-17		CHF	200,000
5.050	02-02-22	06-02-22		HKD	50,000
2.116	04-09-03	06-03-03		EUR	200,000
2.270	03-03-28	06-03-17		USD	20,000
2.320	03-04-10	06-03-31		USD	14,000
2.200	04-10-07	06-04-07		EUR	400,000
1.885	03-04-10	06-04-10		USD	50,000
2.570	03-04-14	06-04-18		USD	10,000
4.893	04-10-19	06-04-20		GBP	150,000
2.150	04-10-20	06-04-21		EUR	300,000
2.170	04-11-17	06-05-17		EUR	500,000
2.115	04-12-08	06-06-08		SEK	2,000,000
2.170	04-12-10	06-06-10		EUR	300,000
2.080	03-06-16	06-06-16		HKD	80,000
2.176	04-12-23	06-06-26		EUR	500,000
2.530	04-07-29	06-07-29		HKD	100,000
2.290	03-08-07	06-08-07		USD	10,000
1.810	03-08-08	06-08-08	R 05	HKD	400,000
2.590	04-08-17	06-08-17		HKD	130,000
2.440	04-08-23	06-08-23		HKD	210,000
1)	02-12-04	06-10-31		USD	10,400
2.440	04-09-07	06-09-07		HKD	170,000
1.760	04-11-17	06-11-17		HKD	78,000
2.050	04-12-07	06-12-07		HKD	90,000
1.945	04-12-08	06-12-08		HKD	100,000
3.850	03-12-19	06-12-19		NOK	200,000
3.480	03-01-16	07-01-16		HKD	78,000
5.520	02-02-19	07-02-21		HKD	81,000
2.170	04-03-02	07-03-02		HKD	120,000
2.572	02-03-19	07-03-19		HKD	156,000
4.680	03-09-26	07-09-26		NOK	500,000
5.250	02-05-30	07-09-28		HKD	175,000
1)	02-11-29	07-10-31		SGD	3,466
1.738	02-11-13	07-11-13		HKD	78,000
5.580	98-03-02	07-12-17		NOK	250,000
3.500	04-12-20	07-12-20	RR U EVERY HALF YEAR	USD	25,000
1.324	03-02-21	08-02-21		HKD	78,000
3.410	04-03-17	08-03-17		NOK	500,000
0.268	04-03-29	08-03-31		HKD	160,000
4.000	03-04-01	08-04-01		HKD	80,000

## List of bond loans

Original interest rate, %	Issue date	Final payment date	Interest adjustment (RR) and redemption (U)	Currency	Outstanding loan debt, book value in local currency 000s, Dec. 31, 2004
3.950	03-04-16	08-04-16		HKD	80,000
3.900	03-04-25	08-04-25		HKD	80,000
3.150	03-06-05	08-06-05		USD	10,000
3.075	03-06-23	08-06-23	U 05	HKD	95,000
3.560	03-07-25	08-07-25		HKD	100,000
3.850	03-07-30	08-07-30		HKD	80,000
5030	03-10-10	08-10-10		AUD	51,000
5.138	03-10-16	08-10-16		AUD	19,000
5.387	03-11-21	08-11-21		AUD	34,000
2)	02-12-12	08-12-01		SEK	205,000
6.098	01-11-29	08-12-18		SEK	216,200
7.948	01-11-29	08-12-18		SEK	251,920
4.375	99-05-12	09-04-20		EUR	500,000
2.250	04-09-08	09-09-08	U 05	USD	10,000
3.750	04-09-24	09-09-24	RR U EVERY YEAR	USD	10,000
4.910	04-11-02	09-10-30		GBP	5,000
1)	04-12-06	09-12-04		HKD	100,000
2.077	04-12-06	09-12-13		EUR	50,000
2.550	04-12-22	09-12-22	RR U EVERY HALF YEAR	HKD	40,000
1.870	00-05-11	10-05-11		JPY	2,000,000
7.050	02-04-05	10-12-15		NOK	180,000
6.910	02-07-11	12-07-11		NOK	110,000
2)	04-05-24	14-05-24		EUR	10,000
1)	04-12-14	14-12-14		SEK	200,000
5.720	04-12-14	14-12-15	U EVERY HALF YEAR	USD	30,000
1)	04-12-06	14-12-30		HKD	130,000
2)	04-04-07	15-12-01		SEK	500,000
2)	04-06-01	15-12-01		SEK	200,000
2.192	04-08-11	16-08-11	U 09 14	JPY	3,000,000
2)	03-08-04	18-08-06	RR U 04	JPY	500,000
2)	03-07-14	23-07-14	U EVERY YEAR	JPY	500,000
2.150	03-08-28	23-08-29		JPY	1,000,000
2)	03-09-08	23-09-08	U EVERY YEAR	JPY	1,000,000
2)	03-06-26	33-06-27	U EVERY YEAR	JPY	1,000,000
2)	03-08-19	33-08-19	U EVERY YEAR	JPY	1,000,000
2)	03-08-26	33-08-26	U EVERY YEAR	JPY	1,000,000
2.300	04-03-16	34-03-16	U 09 14 19 24 29	JPY	10,000,000
				TOTAL IN SEK	126,469,462
				BONDS, TOTAL	285,001,336

1) Zero coupon bond

2) Index bond

## List of undated subordinated loans

See Note 24.

AB Spintab (publ)

Original interest rate, %	Issue date	Final payment date and year	Interest adjustment (RR) and redemption (U)	Currency	Outstanding loan debt, book value in local currency 000s, Dec. 31, 2004
4.460	03-02-17	13-02-17	U RR 08/09/10/11/12/13	SEK	500,000
4.750	03-02-17	13-02-17	U RR 08/09/10/11/12/13	SEK	470,000
2.955	03-05-14	13-05-14	U RR 08/09/10/11/12/13	EUR	150,000
6.938	95-10-31	PERPETUAL	U 04/05	USD	125,000
7.500	96-08-14	PERPETUAL	U 04/05/06	USD	230,000
				TOTAL	5, 021,274

## Board of Directors\*, Auditors and Executive Committee

### Board members appointed by the Annual General Meeting:

Jan Lidén  
Chairman of the Board  
President and CEO of  
FöreningsSparbanken AB  
Born 1949

Kjell Hedman  
Deputy Chairman  
Head of Customer Offerings and  
Products at FöreningsSparbanken  
AB  
Born 1951

Jan Lilja  
President of AB Spintab  
Born 1957

Mats Holmfeldt  
Head of Loans and Financing within  
Customer Offerings and Products  
Born 1964

Lars Ljungälv  
President of Färs & Frosta Sparbank  
AB  
Born 1969

Ragnar Udin  
President of Sparbanken Alingsås  
Born 1945

### Auditors appointed by the Annual General Meeting:

Deloitte & Touche Aktiebolag  
Jan Palmqvist

Ernst & Young Aktiebolag  
Torbjörn Hanson

Auditor appointed by the Swedish  
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Ulf Järlebro  
Authorized Public Accountant

### Spintab's Executive Committee

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\* Board members' shareholdings:  
Since AB Spintab is a wholly owned  
subsidiary of FöreningsSparbanken,  
Board members have no sharehold-  
ings in the Company.



**Sustainability and the environment.** As part of FöreningsSparbanken, Spintab is greatly committed to ethics and the environment. It is why, for example, environmental risk analyses are generally conducted in connection with business loan evaluations.

As part of FöreningsSparbanken, Spintab has a strong local connection in Sweden. Its local presence has helped the bank to build a tradition of commitment and concern for the community, which has become part of the entire group's values. The bank's impact on social issues such as the environment and ethics has therefore become an important part of its work.

Environmental and ethical practices are tied to the FöreningsSparbanken Group's long-term profitability. The image of the bank and Spintab has a direct effect on earnings via the brand's importance to the public, customers and counterparties. It affects important relationships such as customer loyalty, but can also help to reduce other important expenses and risks.

#### **Environment**

In 2003 FöreningsSparbanken was the first bank in the Nordic region to have its environmental management system certified according to the international ISO 14001 standard. The program requires that the Group

have environmental coordinators and that all employees receive supervised environmental training. In addition, periodic measurements are taken of the Group's direct and indirect environmental impact.

Direct environmental effects consist mainly of consumables used in the Group's operations, such as office supplies and electricity, but also of the staff's travel and valuable transports. The measurements help in controlling direct environmental effects.

The greatest environmental impact is indirect, however, in the form of the choices FöreningsSparbanken's customers make. The bank therefore intends to provide customers with environmentally friendly product and service alternatives. There are already several examples, one of which is online banking, which reduces travel by customers. Moreover, business loan evaluations generally include an environmental risk analysis. The analysis looks at the customer's environmental work from a risk perspective and gives the customer an incentive to reduce its environmental impact.

One example is how activities in properties affect the local environment.

One of the objectives of the bank's environmental work is to be the best financial company in terms of working with the environment. In 2004 FöreningsSparbanken was ranked in several international environmental surveys and was named the best Swedish bank in the Dow Jones Sustainability Index.

#### **Ethics**

Ethics and morals are also important issues. Spintab and the rest of FöreningsSparbanken have increased their efforts to promote good governance, particularly in light of the scandals that have occurred in the business sector. For example, Spintab constantly tries to ensure that it does not do business with any banking counterparties with questionable ethical business morals. It is obvious that a company's reputation and esteem are becoming more important, which is why the entire bank has broadened ethical issues to include such areas as money laundering, bribes and corruption.





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The printer and paper bear the Swan mark, the symbol of environmental protection in the Nordic countries.

## Financial information 2005

Preliminary dates for financial information:

Interim report January – March 2005	April 28
Interim report January – June 2005	August 18
Interim report January – September 2005	October 27

The FöreningsSparbanken Group's financial reports can be ordered by telephoning the nearest FöreningsSparbanken branch or accessed online on the bank's website at [www.fsb.se/ir](http://www.fsb.se/ir)

Spintab's financial reports can be accessed on its own home page at [www.spintab.se](http://www.spintab.se)



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**Spintab**