

# Pro forma statements

The following condensed pro forma income statements and balance sheets have been prepared for 1996. The calculations are based on the application of the purchase method of accounting.

## Consolidated income statement 1996

SEK M	Föreningsbanken	Sparbanken Sverige	Adjustment	FöreningsSparbanken pro forma
Interest income	10,887	42,736		53,623
Leasing income	90	1,031		1,121
Interest expenses	- 7,297	- 32,622	- 55	- 39,974
Dividends received	10	103		113
Commission revenue	840	3,292		4,132
Commission expenses	- 48	- 615		- 663
Net income from financial operations	217	1,145		1,362
Other operating revenue	507	780		1,287
<b>Total revenue</b>	<b>5,206</b>	<b>15,850</b>	<b>- 55</b>	<b>21,001</b>
Administrative expenses				
- Personnel expenses	- 1,412	- 4,222		- 5,634
- Other	- 1,373	- 3,456		- 4,829
Depreciation and writedowns of tangible and intangible assets	- 170	- 1,044		- 1,214
Goodwill		- 175	- 125	- 300
<b>Total expenses</b>	<b>- 2,955</b>	<b>- 8,897</b>	<b>- 125</b>	<b>- 11,977</b>
<b>Income before loan losses</b>	<b>2,251</b>	<b>6,953</b>	<b>- 180</b>	<b>9,024</b>
Loan losses, net	- 693	- 1,546		- 2,239
Change in the value of property taken over	- 398	- 105		- 503
<b>Operating income</b>	<b>1,160</b>	<b>5,02</b>	<b>- 180</b>	<b>6,282</b>
Appropriations		5		5
Taxes	- 137	- 1,435	15	- 1,557
<b>Net income</b>	<b>1,023</b>	<b>3,872</b>	<b>- 165</b>	<b>4,730</b>
Net interest income	3,611	10,361	- 55	13,917
of which, charge for deposit guarantee	118	228		346

### Consolidated balance sheet 1996

SEK M	Föreningsbanken	Sparbanken Sverige	Acquisition	Elimination	FöreningsSparbanken pro forma
Lending to the general public	86,512	381,187			467,699
Lending to credit institutions	7,033	53,858			60,891
Interest-bearing securities					
– Financial fixed assets	3,014	8,519			11,533
– Financial current assets	7,570	20,511			28,081
Leasing assets	282	2,345			2,627
Shares in Föreningsbanken		445	8,627	– 9,072	–
Goodwill		1,555		2,500	4,055
Building and land	7,926	4,146			12,072
Other assets	4,506	29,884		460	34,850
<b>Total assets</b>	<b>116,843</b>	<b>502,450</b>	<b>8,627</b>	<b>– 6,112</b>	<b>621,808</b>
Deposits from the general public	66,842	146,121			212,963
Loans from credit institutions	6,293	70,393			76,686
Securities issued, etc.	26,191	212,343			238,534
Subordinated loans	5,689	17,242			22,931
Other liabilities	5,787	36,301			42,088
Minority interests		1			1
Shareholders' equity	6,041	20,049	8,627	– 6,112	28,605
<b>Total liabilities and shareholders' equity</b>	<b>116,843</b>	<b>502,450</b>	<b>8,627</b>	<b>– 6,112</b>	<b>621,808</b>

### Key figures and data per share 1996

	Föreningsbanken	Sparbanken Sverige	FöreningsSparbanken pro forma
Income/costs ratio (I/C ratio)			
– before loan losses	1.78	1.86	1.83
– after loan losses	1.29	1.54	1.47
Investment margin, %	3.22	1.99	2.24
Interest margin, %	2.88	1.75	1.93
Return on equity (28% standard tax), % <sup>1)</sup>	14.9	20.1	15.8
Capital adequacy ratio, %	13.5	13.0	13.3
Primary capital ratio, %	7.5	7.0	7.2
Share of doubtful claims, %	1.7	1.5	1.5
Loan loss ratio, %	1.2	0.4	0.6
Net income per share after full tax, SEK	3.92	13.92	13.40
Net income per share (28% standard tax), SEK	3.20	13.72	12.82
Equity per share, SEK	23.15	72.07	81.09
Number of shares outstanding, million	261.00	278.18	352.78 <sup>2)</sup>
Capital base, SEK M	10,062	33,115	43,731
Number of full-time employees	3,504	9,130	12,634
Number of branches	496	597	1,093

1) For the new Group, pro forma shareholders' equity at year-end 1996 is used as the basis for computation of earnings capacity.

2) In calculating the number of shares, it has been assumed that all warrant holders have exercised their warrants to subscribe for new shares in Föreningsbanken. If all warrant holders instead accept the offer, the number of shares will amount to 351.42 million.

### Sensitivity analysis

	Change	Effect on income, SEK M
Net interest income: Market interest rate	+ 1 percentage point	– 190
Net interest income: Market interest rate	– 1 percentage point	– 200
Number of employees	+/- 100 people	-/+ 39
Salary changes	+/- 1 per cent	-/+ 50
Loan loss level	+/- 0,1 percentage point	-/+ 480
Volume of problem loans	+/- SEK 1,000 M	-/+ 40

### Income statement<sup>1)</sup>

SEK M	Bank	Mortgage lenders	Finance companies	Fund management	Others	Adjustments	Group 1996
Interest income	28,462	29,054	370	8	243	- 4,514	53,623
Leasing income	-	-	1,160	-	26	- 65	1,121
Interest expenses	- 18,640	- 24,941	- 302	-	- 606	4,515	- 39,974
Dividends received	276	0	-	0	1	- 164	113
Commission revenue	2,956	50	149	489	592	- 104	4,132
Commission expenses	- 312	- 250	- 10	0	- 135	44	- 663
Net income from financial operations	1,344	- 3	1	18	53	- 51	1,362
Other operating revenue	833	43	28	-	587	- 204	1,287
<b>Total revenue</b>	<b>14,919</b>	<b>3,953</b>	<b>1,396</b>	<b>515</b>	<b>761</b>	<b>- 543</b>	<b>21,001</b>
Administrative expenses							
- Personnel expenses	- 5,067	- 143	- 114	- 66	- 257	13	- 5,634
- Other	- 4,319	- 231	- 118	- 93	- 437	369	- 4,829
Depreciation and writedowns of tangible and intangible assets	- 285	- 12	- 876	- 3	- 35	- 3	- 1,214
Goodwill	-	-	-	-	-	- 300	- 300
<b>Total expenses</b>	<b>- 9,671</b>	<b>- 386</b>	<b>- 1,108</b>	<b>- 162</b>	<b>- 729</b>	<b>79</b>	<b>- 11,977</b>
<b>Income before loan losses</b>	<b>5,248</b>	<b>3,567</b>	<b>288</b>	<b>353</b>	<b>32</b>	<b>- 464</b>	<b>9,024</b>
Loan losses, net	- 1,469	- 781	10	-	2	- 1	- 2,239
Change in the value of property taken over	0	- 59	-	-	- 582	138	- 503
<b>Operating income</b>	<b>3,779</b>	<b>2,727</b>	<b>298</b>	<b>353</b>	<b>- 548</b>	<b>- 327</b>	<b>6,282</b>
Appropriations							5
Taxes							- 1,557
<b>Net income</b>							<b>4,730</b>

### Balance sheet<sup>1)</sup>

SEK M	Bank	Mortgage lenders	Finance companies	Fund management	Other	Elimination	Adjustments	Group 1996
Lending to the general public	187,174	282,118	3,835	-	1,079	-	- 6,507	467,699
Lending to credit institutions	73,070	2,063	64	251	2,490	-	- 17,047	60,891
Interest-bearing securities								
- Financial fixed assets	20,781	-	-	-	-	-	- 9,248	11,533
- Financial current assets	39,792	108	-	-	168	-	- 11,987	28,081
Leasing assets	-	-	2,648	-	30	-	- 51	2,627
Shares in Föreningsbanken	9,072	-	-	-	-	- 9,072	-	-
Goodwill	-	-	-	-	-	4,230	- 175	4,055
Building and land	4,555	151	-	-	7,341	23	2	12,072
Other assets	44,330	7,303	235	569	848	- 13,405	- 5,030	34,850
<b>Total assets</b>	<b>378,774</b>	<b>291,743</b>	<b>6,782</b>	<b>820</b>	<b>11,956</b>	<b>- 18,224</b>	<b>- 50,043</b>	<b>621,808</b>
Deposits from the general public	211,277	805	13	-	1,356	-	- 488	212,963
Loans from credit institutions	77,628	7,662	4,864	107	8,616	-	- 22,191	76,686
Securities issued, etc.	14,722	244,496	-	-	-	-	- 20,684	238,534
Subordinated loans	14,629	8,841	141	-	-	-	- 680	22,931
Other liabilities	29,764	15,472	780	622	759	-	- 5,309	42,088
Untaxed reserves	1,489	-	-	-	39	-	- 1,528	-
Minority interests	-	-	-	1	-	-	-	1
Shareholders' equity	29,265	14,467	984	90	1,186	- 18,224	837	28,605
<b>Total liabilities and shareholders' equity</b>	<b>378,774</b>	<b>291,743</b>	<b>6,782</b>	<b>820</b>	<b>11,956</b>	<b>- 18,224</b>	<b>- 50,043</b>	<b>621,808</b>

<sup>1)</sup> Included in the table under Bank are the parent banks Sparbanken Sverige and Föreningsbanken, under Mortgage lenders Spintab and Föreningsbanken Kredit, under Finance companies Sparbanken Finans and Föreningsbanken Finans, under Fund management Robur and Föreningsbanken Fond & Kapitalförvaltning, and under Other, among others, Mandamus, Sparbanken Sverige Administration and Föreningsbanken Försäkring. In the above tables, each bank group's operations have been divided under the headings indicated without adjustment.

### **Use of purchase method as the accounting method for the amalgamation**

In connection with the announcement in February 1997 of the proposed amalgamation between Föreningsbanken and Sparbanken Sverige, the financial consequences of the amalgamation were reported in accordance with the so-called pooling of interests accounting method. This method was selected since, in the opinion of Föreningsbanken's and Sparbanken Sverige's Boards of Directors and auditors, it best reflects the proposed amalgamation on an equal basis between the two banks.

In spite of the fact that the pooling of interests accounting method, in the opinion of the Boards of Directors, provides the truest and fairest view of the amalgamation, certain questions of interpretation arise with respect to the application of current recommendations and laws. It has proven to be difficult to reach a full consensus with, among others, the authorities involved regarding the questions of interpretation in the short time from February 1997 until the public release of this prospectus.

To avoid delaying the amalgamation process, the Boards of Directors have therefore decided to account for the amalgamation between Föreningsbanken and Sparbanken Sverige in this prospectus in accordance with the more traditional purchase accounting method.

### **Comments on the pro forma accounts**

The pro forma accounts describe the amalgamation as if it had been effected as of December 31, 1996 with respect to the balance sheet and January 1, 1996 with respect to the income statement under the conditions described below. The pro forma adjustments do not take into account, among other things, any efficiency improvements or cost savings in operations that can be achieved through the amalgamation. As a result, the pro forma accounts do not necessarily give a true and fair view of the financial position or earnings which would have resulted had the amalgamation been implemented as per the day, or the beginning of the period, from which the effects of the amalgamation have been taken into account.

The compensation for the remaining shares in Föreningsbanken has been estimated to correspond to 74.6 million new shares in Sparbanken Sverige at the average listed

share price during the ten business days prior to the announcement of the proposed amalgamation. Together with Sparbanken Sverige's book value of earlier holdings (excluding the holding in the trading portfolio) corresponding to 4.98 per cent of the shares in Föreningsbanken, SEK 445 M, the value of all the shares in Föreningsbanken is estimated at

SEK 9,072 M. According to a preliminary acquisition analysis at the estimated time of the acquisition – and which may change depending on, among other things, the results of the sale of branch operations to independent savings banks – this results in goodwill of approximately SEK 2,500 M. This goodwill is amortised in the pro forma accounts over 20 years by SEK 125 M a year. The main reason for selecting this amortisation period is the amalgamation's long-term structural significance for both banks. Föreningsbanken's and Sparbanken Sverige's well-established brand names, with their long, stable customer relationships, are another reason for selecting this amortisation period.

### *Income statement*

The income statement is based on a consolidation of both companies' income statements. Income is charged with annual goodwill amortisation of SEK 125 M. It is also charged with interest expenses of SEK 55 M based on the assumption that Föreningsbanken's contingent bonus dividend, after the deduction of the new issue proceeds, was financed with loans from January 1, 1996.

The income statement for Sparbanken Sverige for 1996 excludes Fastighets AB Tornet, which was distributed to Sparbanken Sverige's shareholders in 1996.

### *Balance Sheet*

The preliminary acquisition analysis has been taken into account in the pro forma balance sheet. The analysis is based on a purchase price for all the shares in Föreningsbanken of SEK 9,072 M according to above. Also reported is a preliminary assessment of surplus values in certain of Föreningsbanken's assets, including, among other things, a conservative estimate of the outcome of the sale of branch operations to independent savings banks. After deducting estimated taxes and dividends, among other things, a net receivable of SEK 460 M is reported

# Operations

Calculated pro forma for the operating year 1996, FöreningsSparbanken has a revenue level of SEK 21.0 billion, operating income of SEK 6.3 billion, lending to the public of SEK 468 billion and a capital adequacy ratio as of January 1, 1997 of 13.3 per cent. The new bank group will initially have the equivalent of 12,634 full-time employees.

The primary competitors within the most important product areas are, aside from other Swedish commercial banks, insurance companies and various niche players.

The credit institutions in the table below account for the dominant share of Swedish credit institutions' total assets.

## Key figures for certain Swedish credit institutions at Group level 1996

	Förenings- Sparbanken pro forma	Handels- banken <sup>1)</sup>	Stadshypotek <sup>1)</sup>	Nordbanken	S-E-Banken
Net interest income, SEK M	13,917	9,410	4,311	10,655	7,576
Total revenues, SEK M	21,001	15,510	4,722	15,576	17,814
Total expenses, SEK M	- 11,977	- 6,992	- 1,131	- 7,493	- 10,641
Operating income before loan losses, SEK M	9,024	8,518	3,591	8,083	7,173
Loan losses and change in the value of property taken over, SEK M	- 2,742	- 1,799	- 575	- 651	- 1,303
Operating income after loan losses, SEK M	6,282	6,719	3,016	7,432	5,870
Loan loss level, %	0.6	0.6	0.2	0.3	0.5
Investment margin, %	2.2	1.8	1.2	3.0	1.4
Capital adequacy ratio, %	13.3	12.2	14.6	11.8	12.7
I/C ratio before loan losses	1.83	2.41	4.18	2.20	1.79
I/C ratio after loan losses	1.47	1.86	2.77	2.0	1.57
Lending to the general public, SEK bn	467.7	272.8	283.7	256.5	251.4
Total assets, SEK bn	621.8	571.1	298.2	367.6	550.6
Shareholders' equity, SEK bn	28.6	27.6	18.8	17.4	21.3
Average number of employees	14,483 <sup>2)</sup>	7,395	1,386	6,291	9,579
Number of branches in Sweden	1,093	479	44	281	273

Source: Annual reports.

1) Stadshypotek is now part of the Handelsbanken Group. Pro forma figures for the new Handelsbanken Group could not be compiled, however, due to a lack of sufficient data.

2) The number of employees recalculated in terms of full-time positions was 12,634 as of December 31, 1996.

The tables below indicate the amalgamated bank's pro forma market shares and volumes in various sectors of the market. In the case of mortgage loans, securities funds, securities trading, card services and insurance products, the figures include sales via the independent savings banks.

**Household market – FöreningsSparbanken  
volume and share of the total market  
December 31, 1996 pro forma**

	SEK bn	%
Bank deposits	146	35
Bank lending		
incl. mortgage financing	229	37
Individual pension savings	3	36
Private market bonds and private subordinated loans	32	26
Fund management	103	32

**Corporate market<sup>1)</sup> – FöreningsSparbanken  
volume and share of the total market  
December 31, 1996 pro forma**

	SEK bn	%
Bank deposits	34	14
Bank lending	89	25
Leasing	3	7
Installment plans	3	18

1) Relates to "non-financial companies".

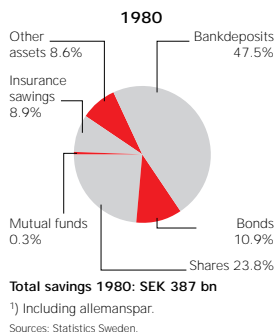
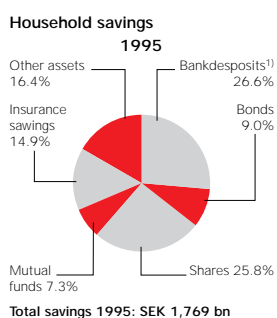
**Municipal market<sup>1)</sup> – FöreningsSparbanken  
volume and share of the total market  
December 31, 1996 pro forma**

	SEK bn	%
Bank deposits	8	39
Bank lending	8	31
Mortgage lending	9	41
Municipal commercial paper	3 <sup>2)</sup>	45

1) Includes non-municipally owned companies.

2) Outstanding amount as of December 31.

Sources: Riksbanken, Statistics Sweden, Obligationsfrämjandet, Fondbolagens Förening.



**Lending**

Public demand for credit has been weak during the 1990s compared with the second half of the 1980s. Since 1990, bank lending to the general public has declined by approximately 19 per cent. The decline in lending to the household sector has been particularly sharp. A comparison between 1990 and 1996 shows that lending to households declined by about 40 per cent. In contrast, mortgage institutions increased their lending to households by about 27 per cent during the same comparative years.

**Savings**

Household savings has risen during the past 15 years and at the same time changed character. In Sweden, as in other countries, traditional bank savings have increased less than other savings associated with the growing financial markets, primarily stocks, bonds and mutual funds with different investment goals.

In the 1990s the trend toward new forms of savings has been accentuated. Between 1991 and 1995 bank deposits increased by 3 per cent, while new savings forms such as mutual funds, insurance annuities, individual pension savings (IPS) and private market bonds increased by over 70 per cent, including appreciation in value. Traditional pension savings and savings in stocks and bonds grew by more than 80 per cent.

**Banking operations**

Pro forma, SEK M	1996
<b>Income</b>	
Operating revenues	14,919
Personnel expenses	- 5,067
Other operating expenses	- 4,604
<b>Income before loan losses</b>	<b>5,248</b>
Loan losses	- 1,469
<b>Income after loan losses</b>	<b>3,779</b>
Investment margin, %	2.6
Interest margin, %	2.2
I/C ratio before loan losses	1.55
Return on equity, %	9.4
<b>Balance sheet data</b>	
Lending, SEK bn	187.2
Stockholders' equity, SEK bn	29.3
Total assets, SEK bn	378.8
<b>Credit quality</b>	
Loan loss ratio, %	0.7
Share of doubtful claims, %	1.8
<b>Other</b>	
Average number of employees	13,098
Number of branches	1,093

The local banks of FöreningsSparbanken, together with the collective commercial and service units, will comprise FöreningsSparbanken's banking operations. The branch network will serve as an advisory and sales channel for traditional banking services and account for the sales of other products, such as mortgage loans, fund participations and insurance products. Telephone banking and the Internet are examples of new, complementary ways of distributing the bank's services.

### Deposit and lending services

Products on the deposit side include, among others, transaction accounts with self-service options and savings accounts. Bank deposits from the general public amounted to SEK 211 billion pro forma in 1996 in FöreningsSparbanken's banking operations. The market share for bank deposits amounted to approximately 25 per cent pro forma.

FöreningsSparbanken's banking operations had lending to the general public in 1996 totaling SEK 187 billion pro forma, which corresponded to approximately 26 per cent of the entire market.

### Cards and payment services

Automated payments and transactions that customers handle themselves account for a growing share of the total payment flow. FöreningsSparbanken will offer a complete range of card products with withdrawal, payment and credit functions, as well as giro services for private individuals and businesses. Systems for salary payments and electronic payment services for businesses are among the other products in the payment services area.

The card market is dominated by banking and supplier-owned companies. Sparbanks-kortet, which was developed by Sparbanken Sverige, is Sweden's most widely spread bank card. In cooperation with the World Wildlife Fund (WWF), Föreningsbanken launched its "Världsnaturkortet" in the fall of 1996. Föreningsbanken donates 0.5 per cent of the purchases customers make on their cards to the WWF's Swedish conservation project.

During the year Sparbanken Sverige launched a pilot programme with cash cards, or so-called smart cards, for small purchases. This operation will be expanded in 1997.

### Brokerage services, international services and large corporate customers

FöreningsSparbanken will conduct extensive

commercial operations in the stock, money and currency markets. In bond trading, its pro forma market share in 1996 for spot customer trading in government bonds and mortgage bonds was 14 and 16 per cent, respectively. In the currency market, the market share for customer trading in SEK and foreign currencies pro forma was 11 per cent. FöreningsSparbanken's market share for stock trading on the Stockholm Stock Exchange in 1996 was 10 per cent in terms of volume and 17 per cent in terms of number of trades. Trading in Swedish stocks for customers outside Sweden is also handled via New York and London.

FöreningsSparbanken will offer a wide range of international services as well as a number of services and products targeted to large Swedish corporations and institutions. In addition to international branches in London and New York, the bank has a representative office in Tokyo and a subsidiary in Luxembourg.

## Mortgage lending operations

Pro forma, SEK M	1996
Operating revenues	3,953
Personnel expenses	- 143
Other operating expenses	- 243
<b>Income before loan losses</b>	<b>3,567</b>
Loan losses	- 840
<b>Income after loan losses</b>	<b>2,727</b>
Investment margin, %	1.4
Interest margin, %	1.0
I/C ratio before loan losses	10.2
Return on equity, %	13.6

### Balance sheet data

Lending, SEK bn	282.1
Shareholders' equity, SEK bn	14.5
Total assets, SEK bn	291.7

### Credit quality

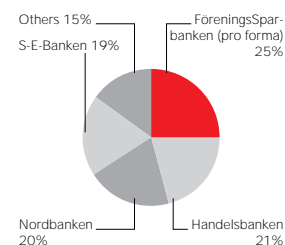
Loan loss ratio, %	0.3
Share of doubtful claims, %	1.1

### Other

Average number of employees	366
Number of loans, thousands	861

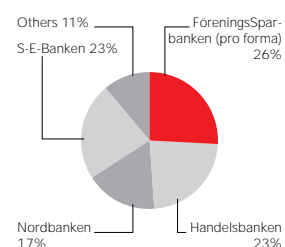
The FöreningsSparbanken Group will include the second largest mortgage lending institution in Sweden. Both Sparbanken Sverige's mortgage operations (Spintab) and

### Saving deposits from the general public<sup>1)</sup>, market shares 1996



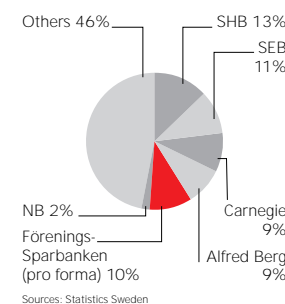
<sup>1)</sup> Relates to Swedish and international general public (SEK and foreign currency).  
Sources: Riksbanken, Statistics Sweden

### Banklending to the general public<sup>1)</sup>, market shares 1996



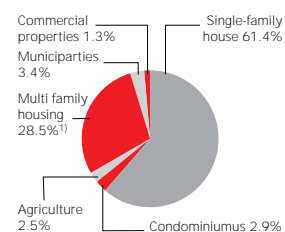
<sup>1)</sup> Relates to Swedish and international general public (SEK and foreign currency).  
Sources: Riksbanken, Statistics Sweden

### SAX trading (including premium bonds and conversion loans) Share of trading volume 1996



Sources: Statistics Sweden

### Mortgage loans December 31, 1996 pro forma



<sup>1)</sup> Includes condominium associations

The mortgage lending operations will include long-term financing of, among other things, housing and municipal investments. FöreningsSparbanken has a pro forma market share of approximately 36 per cent of the private market.

In private market bonds, FöreningsSparbanken is pro forma the second largest issuer.

#### Mortgage institution lending Dec. 31, 1996

	SEK bn	%
Stadshypotek	284	28
FöreningsSparbanken pro forma	282	28
SBAB	135	13
Nordbanken Hypotek	104	10
Handelsbanken Hypotek	103	10
S-E-Banken Bolån	88	9
Venantius	23	2
<b>Total</b>	<b>1,019</b>	<b>100</b>

Source: National Housing credit Guarantee Board.

In the discussions that led to the amalgamation proposal, one of the issues that was brought up concerned the possible future transfer of shares in Sparbankernas Jordbrukskreditaktiebolaget, which is a wholly owned subsidiary of AB Spintab, to Landshypotek AB. At the same time a transfer would be made of the shares in Lantbrukskredit AB, which is owned by Landshypotek AB, to FöreningsSparbanken. No negotiations have been held and none are planned at present.

Spintab and Föreningsbanken Kredit are also described on pages 44 and 114, respectively.

#### Fund management

Pro forma, SEK M	1996
Operating revenues	515
Personnel expenses	- 66
Other operating expenses	- 96
<b>Operating income</b>	<b>353</b>
Fund assets, SEK bn	105
Average number of employees	89

In the area of fund management, FöreningsSparbanken will manage a wide range of equity and interest-bearing funds with investments in the Swedish and international capital market.

FöreningsSparbanken's fund management operations are the largest in Sweden, with total assets under management pro forma of SEK 105 billion at year-end 1996. Both Robur and Föreningsbanken Fonder raised their market shares in 1996 and at year-end both fund management companies accounted for nearly one-third of the Swedish fund market. The total number of fund investors in Robur and Föreningsbanken Fonder was approximately 1.7 million.

#### Fund market in Sweden – assets under management and market shares Dec. 31, 1996

	SEK bn	%
FöreningsSparbanken <sup>1)</sup>	103	32
S-E-Banken Fonder	70	22
Nordbanken Kapitalförvaltning	61	19
Handelsbanken Fonder	31	10
Others	54	17
<b>Total</b>	<b>319</b>	<b>100</b>

<sup>1)</sup>Robur (excluding institutional funds) and Föreningsbanken Fonder.

Source: Fondbolagens förening.

Robur and Föreningsbanken Fond & Kapitalförvaltning are described on page 44 and 115, respectively.

#### Finance company services

Pro forma, SEK M	1996
Operating revenues	1,396
Personnel expenses	- 114
Other operating expenses	- 994

**Income before loan losses** **288**

Loan losses 10

**Income after loan losses** **298**

Investment margin, % 5,5

Interest margin, % 4,6

I/C ratio before loan losses 2,3

Return on equity, % 21,7

#### Balance sheet data

Lending, SEK bn 3,8

Shareholders' equity, SEK bn 1,0

Total assets, SEK bn 6,8

#### Credit quality

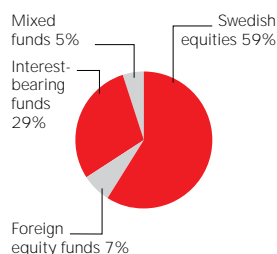
Loan loss ratio, % - 0,3

Share of doubtful claims, % 2,4

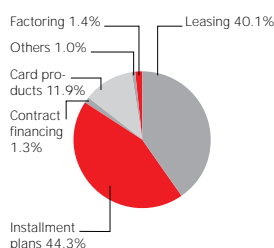
#### Other

Average number of employees 285

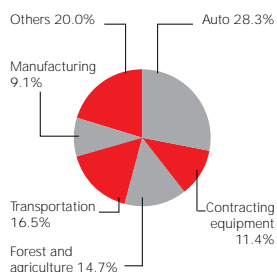
#### Fund assets December 31, 1996 pro forma



#### Finance Company Loans December 31, 1996 pro forma



#### Leasing and installment plans December 31, 1996 pro forma



In the area of finance company operations, FöreningsSparbanken will offer services that complement the bank's traditional selection of loans. These services will primarily be offered by local bank branches, though also via retailers, brokers and organisations.

The total market for leasing in Sweden amounted to slightly more than SEK 40 billion at year-end 1996. FöreningsSparbanken's share pro forma amounted to approximately 7 per cent.

At year-end 1996 FöreningsSparbanken had a pro forma share of the instalment plan market of approximately 18 per cent.

The large part of the card operations in Sparbanken Sverige was transferred in 1996 from Sparbanken Finans to the bank, which explains the decrease in income for the finance company operations between 1995 and 1996.

Sparbanken Sverige's and Föreningsbanken's finance company operations are described on page 45 and 116, respectively.

## Other operations

In addition to the insurance operations and Mandamus, Other operations include Sparbanken Sverige Administration and Swedbank Luxembourg.

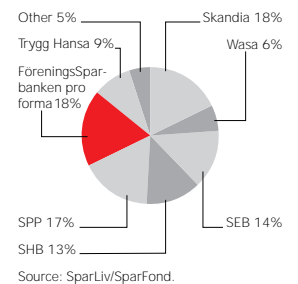
### Insurance operations

Sparbanken Sverige and Föreningsbanken both conduct traditional insurance operations in the form of life and pension insurance. In addition, Föreningsbanken offers a specific form of non-life insurance. Sparbanken Sverige's insurance operations are conducted by two companies it owns jointly with the insurance company Folksam, SparLiv and SparFond. Föreningsbanken's insurance operations were acquired from Lantbrukarnas Trygghetsförsäkring ("LTF") in 1996.

FöreningsSparbanken's pro forma market share with respect to new premiums for life and pension insurance was 18 per cent in 1996. Total capital under management amounted to approximately SEK 9 billion on December 31, 1996.

Sparbanken Sverige's and Föreningsbanken's respective insurance operations are described on pages 46 and 121.

**New premiums for life and pension insurance, market shares 1996**



# Shareholder structure

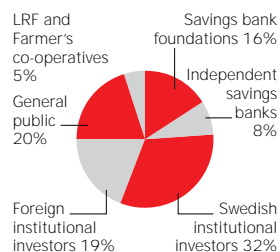
The FöreningsSparbanken share is expected to be one of the most widely distributed shares in Sweden. The number of shareholders in FöreningsSparbanken is estimated at approximately 600,000.

Provided that this offer is fully accepted, FöreningsSparbanken's ownership structure pro forma will be distributed as follows:

Shareholder	No. of shares	%
Savings bank foundations	57,039,020	16.3
– via the Management Company	32,552,211	9.3
– directly	24,486,809	7.0
Independent savings banks	27,828,897	7.9
LRF and Farmer's co-operatives	16,370,852	4.7
SPP	11,249,466	3.2
Sparinstitutens pensionskassa	10,497,869	3.0
Fjärde AP-Fonden	10,300,000	2.9
AMF pensions-försäkrings AB	9,802,260	2.8
Folksam	6,060,000	1.7
Förbundsdepån	5,798,092	1.6
JP Morgan Capital Corp.	5,300,000	1.5
AMF sjukförsäkring AB	5,250,000	1.5
Fidelity funds	5,194,021	1.5
Trygg-Hansa Försäkring	5,125,300	1.5
S-E-Banken equity funds	5,037,240	1.4
Skandia	4,640,064	1.3
Sparbanken equity funds	3,920,000	1.1
Others	162,005,717	46.1
<b>Total</b>	<b>351,418,798</b>	<b>100.0</b>

Sources: Föreningsbanken and Sparbanken Sverige.

Shareholder structure pro forma



# Board of Directors and Executive Management

The Central Board of Directors of FöreningsSparbanken will be proposed to consist of 18 members and one deputy, in addition to employee representatives. The aim over time is to reduce the number of members of the Board of Directors and increase the proportions of women.

The principal shareholders in Föreningsbanken and Sparbanken Sverige, the Federation of Swedish Farmers (LRF) and the Management Company of the savings bank foundations, respectively, are in agreement in proposing the following candidates to the Board of Directors of FöreningsSparbanken:

Göran Collert, Executive Chairman

Bo Dockered, First Deputy Chairman<sup>1)</sup>

Göran Ahlström, Second Deputy Chairman, President of Sydkraft AB

Bo Forslund, Second Deputy Chairman, former Member of Parliament, Chairman of Sparbanksstiftelsen Norrland

Reinhold Geijer, President and Chief Executive Officer

Ronald Bergman, Chairman of Nordström & Thulin AB

Håkan Hellmo, President of Svenska Lantmännen

Birgitta Johansson-Hedberg, President and Chief Executive Officer of Liber AB

Göran Johnsson, Chairman of the Swedish Metal Workers' Union

Hans Jonsson, Chairman of the Federation of Swedish Farmers

Kurt Lodenius, former Municipal Commissioner, Chairman of Roslagens Sparbank

Per Molin, former President of Avesta Sheffield AB

Anna-Stina Nordmark-Nilsson, President of Piteå Tidningen AB

Per-Göran Nyberg, Chairman of Sparbanksstiftelsen Alfa

Marianne Qvick Stoltz, Businesswoman

Karin Starrin, Governor of Halland County

Hans Tidlund, President of Folksam

Leif Zetterberg, President of the Federation of Swedish Farmers

Bo Söderberg, Deputy Member and Deputy President and Chief Executive Officer

<sup>1)</sup> Bo Dockered will have special tasks related to small companies and agriculture and related industry matters in addition to environmental and ethic issues.

## Management, Nominating Committee and Executive Committee

Reinhold Geijer will be proposed to serve as President and Chief Executive Officer of FöreningsSparbanken and Bo Söderberg as his deputy.

The principal shareholders are in agreement that seven candidates shall be nominated prior to the Annual General Meeting in 1998 to serve on the Nominating Committee of FöreningsSparbanken.

The intention is that FöreningsSparbanken's Executive Committee of the Central Board of Directors shall include the Chairman of the Central Board of Directors, the First and Second Deputy Chairmen and the bank's President and his deputy.

# Definitions

*Average number of employees*

The average number of employees of FöreningsSparbanken is calculated based on 1,570 working hours a year.

*Capital adequacy ratio*

Capital base in relation to the risk-weighted amount.

*Capital base*

The capital base is the sum of primary and supplementary capital less deductions in accordance with chapter 2 § 7 of the legislation on capital adequacy. By primary capital is meant taxed equity less goodwill and 72 per cent of the untaxed reserves in the Parent Company, etc. By supplementary capital is meant fixed-term subordinated loans as well as reserves and undated capital contributions approved by the Swedish Financial Supervisory Authority.

*Credit institutions*

By credit institutions is meant banking companies, savings banks, member banks, credit market companies, such finance companies and credit market companies that conduct operations with the support of points 3–5 in the transitional regulations of the Credit Market Company Act (1992:1610), Konungariket Sveriges stadshypotekskassa, Sveriges allmänna hypoteksbank and Svenska skeppshypotekskassan. By securities firm is meant a Swedish corporation that has been approved to conduct securities operations in accordance with the Securities Operations Act (1991:981).

*Doubtful claims*

Claims for which interest, principal or overdrafts are overdue by more than 60 days (nonperforming loan) and loans for which other circumstances cause uncertainty as to their value and for which the value of their collateral does not cover both principal and accrued interest by a safe margin. Doubtful claims also include loans with interest concessions, for which provisions are made for anticipated loan losses.

<i>Equity per share</i>	Stockholders' equity divided by the number of shares.
<i>Households</i>	Households include private individuals.
<i>I/C ratio before loan losses</i>	Operating revenues in relation to total costs, excluding loan losses.
<i>I/C ratio after loan losses</i>	Operating revenues in relation to total costs, including loan losses.
<i>Interest margin</i>	The difference between average interest on total assets and average interest on total liabilities.
<i>Interest risk</i>	The risk that the value or earnings of a unit of measurement will be adversely affected by a change in interest rates.
<i>Investment margin</i>	Net interest income in relation to average total assets.
<i>Loan losses, net</i>	Established losses and provisions for anticipated losses during the period less restored provisions and recoveries related to loan claims as well as the net cost for the year of discharging guarantees and other contingent liabilities.
<i>Loan loss level</i>	Loan losses, net, including changes in the value of property taken over.
<i>Net income per share</i>	Income after appropriations and standard tax divided by the number of shares.
<i>Net income per share after full tax</i>	Income after appropriations and full tax in relation to the number of shares.
<i>Operating income per share</i>	Operating income after standard tax divided by the number of shares carried forward.
<i>Primary capital ratio</i>	Primary capital in relation to the risk-weighted amount.
<i>Problem loans</i>	Doubtful claims for which interest is not entered as income until payment is made and claims with interest concessions.
<i>Return on shareholders' equity</i>	Operating income after standard tax and minority interest, divided by average shareholders' equity.

<i>Risk-weighted amount</i>	The sum of risk-weighted values of all assets and off-balance-sheet items. The capital adequacy regulations of the Swedish Banking Act stipulate the percentage of the book value of the assets for which capital must be provided. The percentage reflects the degree of credit risk and market risk that is deemed to exist and may be 0 per cent, 20 per cent, 50 per cent or 100 per cent depending on the counterparty or collateral in the individual transaction.
<i>Share of doubtful claims</i>	Doubtful claims, net, in relation to total lending.
<i>Standard tax</i>	Standard tax rate of 28 per cent.
<i>Shareholders' equity</i>	The sum of taxable shareholders' equity and untaxed reserves less standard tax.