

CARL ERIC STÅLBERG'S SPEECH AT THE ANNUAL GENERAL MEETING OF FÖRENINGSSPARBANKEN HELD IN MALMÖ ON 25TH APRIL 2006

Esteemed shareholders, ladies and gentlemen!

A very warm welcome to the 2006 Annual General Meeting of FöreningsSparbanken!

Just as in previous years, we can look back on yet another successful 12 months for FöreningsSparbanken.

A quick summary tells us that ...

...for the **third** year in succession, we are the Nordic region's most profitable listed bank, ...and that for the **third** year in succession, our customers have voted us Business Bank of the Year.

Then add to that the fact that the Privata Affärer business magazine declared us Bank of the Year and that we have received a whole string of similar awards for our operations in all three Baltic states, and you will see why each and every one of us has good reason to feel happy and proud of the Group's successes.

FöreningsSparbanken's President, Jan Lidén, will be telling you about the Group's performance during the last financial year in a little while, so my speech will concentrate on the work of the Board of Directors and on prioritised areas, with special emphasis on our international strategy.

But first, a few words about the Board's work in 2005.

Corporate Governance is an important strategic item on the Board's agenda. Good corporate governance helps ensure efficient relationships between our owners, the Board, the President and the operational activities, both collectively and on a one to one basis. The Board's project involving a review of the fundamental principles of corporate governance was completed in 2004. In 2005, these principles were implemented and our efforts to refine and develop them are continuing. As a result, certain adjustments were made in 2005, in line with the Swedish Corporate Governance Code.

The Board's organisation and division of duties are shown in its work instructions. In 2005, the Board had a Presidium, a Compensation Committee, a Credit Committee, and an Audit Committee. The only Committee with decision-making powers is the Credit Committee. The Board also has at its disposal a directly subordinate and independent review function, Internal Audits, which is tasked with reviewing and evaluating efficiency, management, risk management and control within the Group. The function works proactively, suggesting improvements to internal control.

The Board intends to abolish its Presidium in conjunction with the Board Meeting held after the election of officers and which follows directly on from today's AGM. There will also, in future, be only one Deputy Chairperson, rather than the current two.

The Board met 17 times in 2005, including one in-depth Meeting. Board Meetings are normally held in Stockholm, but this year also saw a Meeting in Vilnius in Latvia, in conjunction with the Board's trip to the three Baltic States of Estonia, Latvia and Lithuania.

The Board adopts an annual plan for its work, which is where the Board decides which issues it will address in depth during the year. In 2005, these issues have included the question of our name and brandname strategy, the demographic trend in Sweden, succession planning, and the capital market's view of the Bank. Major decisions taken by the Board during the year included the acquisition of outstanding shares in AS Hansabank, the joint formation of a credit card company with Barclays Bank's credit card company, Barclaycard, and hence the sale of the Bank's corresponding operations to the new company, and the sale of our shares in Kundinkasso AB. The commercial agreement with the savings banks has also been the subject of the Board's deliberations. The Board has evaluated both the President and the bank management during the year, and has set goals both for the President, and for the operations, in 2006. The Board monitors operational risks and the capital situation on an ongoing basis, and to this end, receives a risk report at every Meeting it holds. The Board also receives reports on the security situation and regulatory compliance.

The Presidium which, in addition to myself, comprised the First and Second Deputy Chairpersons, prepared certain issues ahead of the Meetings. As I mentioned earlier, we intend to abolish the Presidium in conjunction with the Board Meeting after the election.

The Credit Committee held 23 meetings during the year and comprised, apart from myself, Bo Forslund, Ulrika Francke and Göran Johnsson. The President also sat on the Committee in the capacity of a co-opted member. The Committee takes decisions on credit issues not taken by the Board as a whole.

The Audit Committee held six meetings during the year. The Committee was chaired by Marianne Qvick Stoltz, and its other members were Berith Hägglund-Marcus, Thomas Johansson and Caroline Sundewall. The Internal Audit Manager, Håkan Berg, was a co-opted member of the Committee. The primary task of the Committee is to increase the Board's ability to obtain information on any deficiencies in routine or organisation with regard to steering, risk management and control. The Audit Committee examines the reliability and efficiency of the financial reporting, and ensures that the auditors' work is carried out efficiently and in an otherwise satisfactory manner. Items on the Committee's agenda in 2005, and which involved important principles or were of a specific nature, include the ongoing review of developments in the accounting sphere, with special reference to IFRS and the implementation of new IAS rules, reviews of the more important accounting principles ahead of the Interim and Annual Accounts, corporate governance issues based on the Swedish Corporate Governance Code, the integration of the Hansabank corporate group, policy issues relating to the external auditors' consultancy assignments, a review of the Internal Audit's risk analysis, audit plan, operations plan and budget, and reports from the external auditors on the evaluation of the Group's operations.

The Compensation Committee has held six Meetings during the year and comprised, in addition to myself, Bo Forslund and Ulrika Francke. The President presented reports to the Committee. The Committee prepares remuneration-related issues ahead of decisions by the Board, and this year has seen it address issues such as salary adjustments for the President and

persons reporting directly to him, and changes in and allocations to the profit-sharing foundation, Kopparmyntet.

If you would like to know more about corporate governance and the work of the Board, may I refer you to the Board's Corporate Governance Report and the Board's Internal Control Report. Both reports are available as a supplement to the Annual Report. More detailed information on Corporate Governance can also be found on our website.

The financial goals set by the Board are important control instruments that enable us to steer the operations in the right direction. The Board uses four parameters:

Earning capacity
Operational efficiency
Capital cover
Dividend

Earning capacity

The Group's return on equity shall exceed the average for other larger, listed Nordic banks. The banks used for comparison purposes are SEB, Handelsbanken, Nordea, Danske Bank and DnB NOR.

The earning capacity shall also be at least 20 per cent higher than the sum of the long-term risk-free interest rate plus a normal risk premium. For comparison purposes, the relevant figure for April 2006 is just over 12 per cent.

In 2005, FöreningsSparbanken's earning capacity was 24.6 per cent, whilst the average for the comparison banks was 17.9 per cent. Excluding capital gains, the bank's earning capacity was 20.4 per cent.

Operational efficiency

The metric for operational efficiency is the relationship between costs and income. This ratio is known as the cost-income ratio, or CIR. Our long-term goal is for the Group's CIR before credit losses to be below 0.50. In 2005, the CIR was 0.48, and if capital gains are excluded, it was 0.52.

Capital cover

The capital cover margin shall, at a minimum, correspond to the level deemed appropriate at any given time in order to maintain sustainable financial stability and to develop operations. The long term primary capital ratio shall be 7 per cent. At the end of the year, the primary capital ratio was 6.5 per cent. The reduction is principally due to the acquisition of Hansabank which initially had a negative effect of 2.3 percentage points on the primary capital ratio.

Dividend

The dividend shall, in the long-term, correspond to a minimum of 40 per cent of the result for the year after tax. The size of the dividend is based on the most recent dividend and is set with reference to the anticipated earnings trend, the capital adjudged necessary for operational development, and the market's required return.

The Board proposes that the dividend payment for 2005 be increased by 15 per cent to SEK 7.50 per share, corresponding to a dividend ratio of 32.5 per cent. Excluding capital gains, the dividend ratio is 40 per cent.

The Board intends to carry out a review of the way in which the financial goals are formulated during 2006.

The Board has concentrated its efforts on the following areas during the year:

- **Customer orientation**
- **National strategy**
- **International strategy**

The Bank's President, Jan Lidén, will return to the subject of the Group's important work on **customer orientation** and increased customer satisfaction in his address.

The **national strategy** refers primarily to our relationship with the savings banks. They are very important to us - both as customers and as partners. I can only say that we are in the middle of negotiations for a new agreement that will emphasise the businesslike nature of our relationship even more strongly - to the satisfaction of all parties concerned.

The international strategy is based on four courses of action designed to generate growth for our owners:

The acquisition of universal banks

The acquisition of operations within specific product areas

Organic growth by opening new offices, principally in major Nordic cities

Majority ownership and the sale of minority holdings

The main driving force behind the strategy is the Board's firm conviction that there is significant long-term growth potential outside of Sweden. Growth is a prerequisite for generating increased shareholder value and thereby meeting our owners' legitimate demand for good returns on the money they have invested. At the same time, growth outside Sweden is a prerequisite for our ability to follow our customers out into the international arena and to be on site in the places where customers meet and do business. This belief in no way means that we will forego our efforts to retain and develop our strong market position in Sweden. Taking the above as its starting point, FöreningsSparbanken has acted consistently, delivered on agreed strategies, and lived up to its owners' demand for a good return on investments. We have taken a giant stride towards our goal of becoming a leading Nordic-Baltic bank during the year, at the same time as we have strengthened our position in other markets where our customers see our presence as offering added value.

The strategy for the acquisition of universal banks is exemplified most clearly by last year's acquisition of the outstanding shares in Hansabank.

The strategy for the acquisition of operations within specific product areas is best exemplified by the formation of Entercard in 2005, and which is jointly owned by FöreningsSparbanken and the world-leading banking group, Barclays. The aim of the company is to strengthen our positions in the Nordic debit and credit card market.

The strategy for organic growth by opening new offices, principally in major Nordic cities is exemplified by our launch in 2005 of banking operations in Copenhagen and Helsinki.

The Group's positions in the international market have been advanced. We opened offices in Moscow in August 2005. In March this year, we opened an office in St Petersburg, and later this year, we will be opening offices in the Russian enclave of Kaliningrad on the Baltic coast. Our subsidiary company, Swedbank Luxembourg, opened offices in Marbella on the southern coast of Spain in the autumn of 2005. Once the necessary permits have been obtained from the authorities, we will be strengthening our position in Shanghai in China by upgrading our office to the status of a full branch office.

Taken as a whole, this paints a picture of a bank with strong local roots, but an ever sharper international profile. I can safely say, without beating about the bush, that FöreningsSparbanken is, in some respects, very different from the bank that it was as little as one year ago. FöreningsSparbanken and Hansabank, which were formerly two strong banks in their respective markets, are now creating one of the leading banking groups in the Nordic region and Baltic States.

Let me give you a few facts to underline my claim: the Group now has a total of 8.5 million private customers and a total of over 400,000 corporate customers in the Nordic region and Baltic States.

Over half of FöreningsSparbanken's customers and over 40 per cent of our employees are now based on Estonia, Latvia, Lithuania and Russia. Around one third of the Group's total of 750 branch offices are to be found in the three Baltic states. Hansabank already accounts for almost one fifth of the Group's result.

The trend is both clear and fast-moving: more and more of our staff are now based outside of Sweden, and an increasingly large percentage of the Group's result will be generated outside of Sweden's borders.

And it is from this perspective that the Board's proposal to change the Parent Company's trading name from FöreningsSparbanken to Swedbank, which has been the Group's international name since 1983, should be viewed. The proposal will be discussed later in this Annual General Meeting, but I would, nonetheless, like to raise the question of our name in this context, because it is, amongst other things, a consequence of our international ambitions.

The name change symbolises the image of an international bank that aims to continue to grow. From a longer-term perspective, the use of a single name also paints a clearer picture of our operations and our product offering. Our customers will encounter us, under the same strong brandname, wherever they may be in the international arena. The use of a shared name also helps to both simplify and reinforce our communication with customers, partners and the capital market. I would now like, with the help of a short visual presentation, to describe the Board's work on the name and brandname issue over the past year.

To conclude, Sweden can look forward to another year of healthy growth in comparison with other European countries. The Baltic markets are undergoing an expansive period, with high growth and increasing demand for ever more advanced financial services and products.

A good economic climate is an important starting point for the Board's long-term goal of building the leading financial institution in the Nordic region and the Baltic States. And I would very much like to take this opportunity to clarify what **we** mean conceptually by "leading". By "leading", we mean that in every prioritised market, we will have the most

satisfied customers and the best profitability, and will be perceived as the most attractive employer.

FöreningsSparbanken's Board will continue to promote the Group's development in line with our established strategic orientation and to be responsible for ensuring that the Group continues to deliver added value - to the benefit of our shareholders, our customers, our partners, and our employees.

And with that, ladies and gentlemen, I would once again like to welcome you warmly, and to declare the Annual General Meeting open!