

Sustainability in Swedbank,
extract from the 2004
Annual Report



Annual Report 2004



Employees. Its employees' understanding of customers' needs is the Bank's most important success factor. The efforts to continuously ensure access to employees with key competencies are therefore a strategic priority. During the year the Bank was named Competence Company of the Year 2004.

The competencies of its employees are FöreningsSparbanken's single most important competitive factor.

Continuously enhancing and correctly dimensioning the aggregated competence of its staff is imperative if the Bank is to realize its business concept over the long term. Ensuring that it has the skills it needs is therefore fundamental to the Bank's position in the market.

Competence Company of 2004

FöreningsSparbanken was named Competence Company of the Year in 2004. The award is given to the company that meets its competence needs and develops its human resources in the way that best supports its mission and facilitates business objectives.

Sweden's 13th best employer

FöreningsSparbanken's aim is to consistently be one of the 20 best companies to work for in Sweden. In the Universum "Business barometer" in 2004, the Bank climbed from 17th to 13th place.

It is even more important, however, that employees consider the

Bank to be a good employer, which the positive figures in the year's human capital survey indicate.

Human capital increases

For more than ten years, FöreningsSparbanken has continuously measured human capital in its Swedish operations. Among the indexes it uses are the "Satisfied Employee Index," which measures employees' opinions of their personal situation in the company; "Value-adding ability," which measures employees' opinions of their ability to create value for customers, and "Well-being," which measures employees' opinions on health-related issues. Human capital remains high, and most of the indexes the Bank uses trended higher during the year. See the table below.

Absenteeism drops

To ensure a systematic, long-term approach to health concerns, the Bank has introduced a new organization that integrates health and wellness issues with occupational health issues.

Absenteeism in the Swedish operations continues to decline and is

now 4.3 percent (4.6). The share of long-term healthy employees has increased to 74.8 percent (73.2).

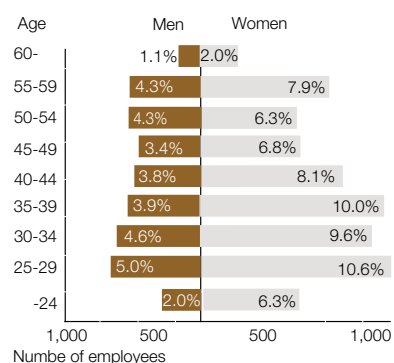
Rehabilitation for employees in the Swedish operations on long-term sick leave has eliminated approximately 70 percent of these cases. Of these employees, about 60 percent have returned to work full- or part-time.

New gender equality and diversity policy

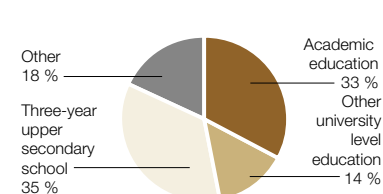
During the year the Board of Directors adopted a new gender equality and diversity policy for the Swedish operations. The policy reflects the strategic importance FöreningsSparbanken attaches to these issues. The gender equality objective for 2004 – to raise the share of women in managerial and specialist positions from 35 percent to 38 percent – was achieved. Gender equality and diversity plans were reviewed and approved during the year by the Equality Ombudsman and the Ombudsman against Ethnic Discrimination.

Together with 14 other companies, the Bank took part during the year in the EU's "Women to the

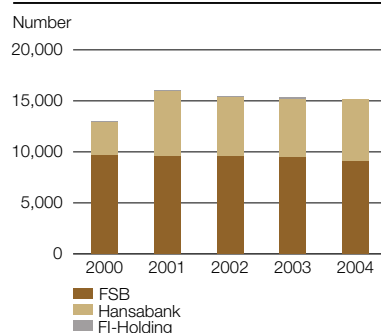
Group employees by age and gender in Sweden, December 31, 2004



Education level of Group employees December 31, 2004



Number of full-time positions in the Group



Top” project, which hopes to accelerate the process of promoting more women to top positions in business and the public sector.

Competence development

In the Swedish part of the Group, total training investments amounted to SEK 122 M, or about SEK 9,500 per employee.

The following areas were priorities during the year:

- Further implementing defined roles in the branch operations and ensuring that they serve as the basis for competence development
- Training and knowledge audits for around 6,000 employees based on the new Financial Advisory Services to Consumers Act
- Conducting certification programs for personal and business financial advisors
- Measures to raise the number of employees with individual development plans
- Measures to raise efficiency and reduce training costs by using alternative forms of learning, e.g. e-learning.

Leadership

FöreningsSparbanken has extensive programs for its managers, including programs to ensure that it generates new leaders at all levels and personal development programs to help managers in their current positions.

Employee turnover

External employee turnover in Sweden was 5 percent (6) in 2004. Internal

employee turnover was 14 percent (15).

The personnel reduction program to date has affected slightly over 300 employees, as planned. The program has not required any lay-offs. The cost in 2004 was SEK 241 M.

In 2004 an internal job office was established to promote job rotation and reallocate resources. In the future it will also work with employees who need a new career. To date the office has helped over 100 employees.

Priorities in 2005

To ensure satisfied customers, satisfied employees and strong profitability, the following areas will be priorities:

- local competence plans, mainly in the corporate segment
- strategic competence planning
- local management development
- wellness and occupational health.

Hansabank Group

The Hansabank Group remains the most popular employer in the Baltic region.

The number of full-time employees rose to 6,215, up 449 from 2003. Of its staff, 79 percent are women and 21 percent men. Around 80 percent of employees are younger than 40 and 73 percent have an academic or college-level education. The fact that it has so many young, well-educated employees gives Hansabank good potential in the future.

2004 was the first year after Hansabank’s changeover to a country-based organizational model. The

new organization has provided a clearer management structure with a more transparent decision-making process.

It was also a year of challenges for Hansabank. Among them were:

- Management renewal and integration of the life insurance operations acquired in Lithuania. These development projects affected the earnings of the Lithuanian operations positively in 2004.
- Decision to start banking operations in Russia. The Moscow office had 24 managers and specialists at year-end 2004. There were many applicants for every position, proof that Hansabank is also seen as an attractive employer in Moscow.
- During the fall a group-wide management recruitment project was initiated to ensure long-term access to management resources and strengthen the bank’s image as the most popular employer in the region. The purpose of the project is to determine Hansabank’s specific leadership needs and establish a permanent system to evaluate leaders.
- Competence, profitability and integrity have historically been Hansabank’s trademarks. In its future, long-term development, customer focus and employee development will also be important parameters.

Human capital development

Local bank in Sweden	2004	2003
Employee Index	68	65
Leadership	76	74
Well-being	75	75
Value-creating, private customers	81	75
Value-creating, commercial customers	74	75

Sustainability and the environment. Environmental work is an integral part of FöreningsSparbanken's operations.

The Bank's impact on the environment is both direct and indirect. The direct impact is mainly from business travel by employees and the consumption of paper and electricity. This is limited, however.

The Bank has an indirect impact by encouraging others, such as customers and suppliers, to reduce their affect on the environment. This is where the Bank has the most influence. The indirect environmental impact is based on the products customers choose and how they conduct their banking business. Those who use the Internet or telephone for routine banking help the environment by avoiding travel to and from the Bank.

Environmental analyses are an integral part of business loan evaluations. They can also determine whether it makes business sense to grant loans for environmental improvements.

The Bank also markets products with a direct environmental connection, including a WWF affinity card and funds whose investments are based on special environmental criteria.

Environment and profitability

Environmental work should promote sustainable development while generating profitability. The Bank believes that structured, systematic environmental work leads to new business opportunities, while at the same time reducing costs and risks.

Successfully conducted and communicated environmental work can produce competitive advantages and are important in creating a positive image of FöreningsSparbanken.

Many of the Bank's customers also make environmental demands. It is not uncommon that they require suppliers to have an environmental management system if they are going to do business with them. This applies to the financial sector as well.

Structured and well-documented environmental work qualifies the Bank's share for a broad spectrum of mutual funds that invest in socially responsible companies.

Sustainability and the environment

Long-term sustainable development and a connection with its communities have always been among the Bank's fundamental values.

The Bank also supports the Global Compact, the UN's voluntary initiative for companies to support basic human rights, workplace conditions according to ILO Convention standards and the environment.

A sustainability perspective means taking responsibility for your business in a way that goes beyond laws and regulations. This requires oversight and transparency – in other words, corporate governance.

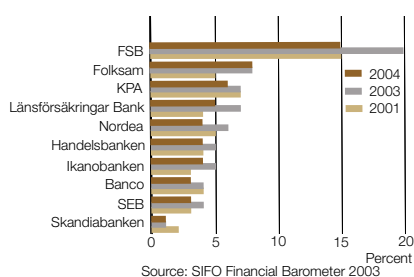
ISO 14001

FöreningsSparbanken has an environmental management system for its Swedish operations. Its aim, by utilizing a structured approach, is to reduce the Bank's environmental impact in a professional manner. Since 2003 the Bank's environmental management system has been certified according to the international ISO 14001 standard.

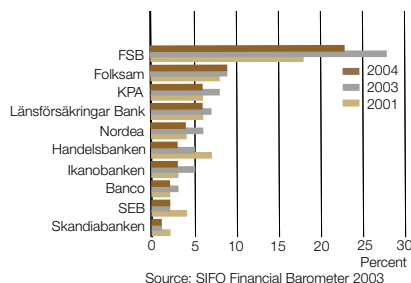
In connection with the introduction of its environmental management system, extensive training was provided for all employees and special environmental coordinators were appointed for every unit.

The environmental management system was reviewed in 2004 by

According to customers, FöreningsSparbanken works harder with environmental issues than any other company



According to customers, FöreningsSparbanken takes its social responsibility more seriously than any other company



external and internal environmental auditors, qualifying the Bank to maintain its certification.

All 133 franchises of FöreningsSparbanken Fastighetsbyrå were also environmentally certified in 2004.

Environmental and sustainability objectives

The Bank's most important objective

is to maintain its certification. This provides a guarantee that every one of its units sets its own environmental objectives, which are followed up and lead to continuous improvements. The Bank has also set as an overall objective that 25 percent of its customers who participate in the annual Financial Barometer survey name it as the bank that takes the

greatest responsibility for the environment. In 2004, 17 percent cited FöreningsSparbanken as the company that works the hardest with environmental issues.

In 2005 even greater focus will be placed on clarifying the significance of the Bank's environmental work internally and externally.

In 2004 the Bank was engaged in a number of projects involving sustainability and the environment

- The Internet bank's efforts to improve accessibility for visually impaired customers.
- "Payments through Internet" -school" for pensioners in cooperation with the Swedish Pensioners' National Organization, PRO, and the workers' educational association ABF.
- New gender equality and diversity policy established by the Board of Directors
- The Towns in Cooperation development partnership, initiated by the Bank.
- Participation in the "Rosengård's Friends" association in Malmö.
- The Bank presented the award for best annual report in the NGO sector in cooperation with Öhrings PricewaterhouseCoopers. The award for 2004 went to Save the Children Sweden.
- Together with the Confederation of Professional Employees (TCO), the Bank is pursuing a project to promote local and regional growth.
- In Göteborg, the Bank is participating in a car pool, which is expected to reduce business travel by up to 20 percent and help the environment. The pool includes vehicles powered by both gasoline and alternative fuels.
- The Telephone bank has been successful in marketing and selling the WWF affinity card and environmental funds.
- The Bank participated in World Environment Day.
- FöreningsSparbanken Fastighetsbyrå created an environmental product together with Anticimex. Scheduled for launch in 2005, it is designed to reduce household energy consumption.

Indirect impact in Sweden

Products and services	Environmental impact	2004	2003
Environmental analysis in corporate lending	With help of an environmental analysis model, companies' environmental work is analyzed from a risk perspective. This provides an incentive for commercial customers to review their environmental impact.	Around 228,000 commercial customers	Around 228,000 commercial customers
Environmental & socially responsible funds	Funds invested in companies engaged in credible sustainability work.	3 % of Robur's total assets under management. Volume has increased by 8 % to SEK 8.5 bn	3 % of Robur's total assets under management
WWF card	SEK 50 of the annual fee and SEK 1 per payment are donated to the World Wildlife Fund, WWF, which works to reduce CO ₂ emissions and preserve biological diversity.	SEK 3.0 M to WWF 26,764 active cards	SEK 2.1 M to WWF 21,011 active cards
Share of all giro payments made online	Affects travel and paper consumption.	49 percent	46 percent

Direct environmental impact in Sweden

	2004	CO ₂	2003	CO ₂	2002	CO ₂
Electricity	52.8 GWh		49.5 GWh		48.9 GWh	
	5.5 MWh/empl		5.1 MWh/empl		4.9 MWh/empl	
	128.8 kWh/sq.m.		121.7 kWh/sq.m.		119.7 kWh/sq.m.	
Stationery (purchases)						
– paper	96.3 kg/empl		94 kg/empl		52 kg/empl	
– envelopes	24.3 kg/empl		47 kg/empl		20 kg/empl	
– forms	21.5 kg/empl		18 kg/empl		25 kg/empl	
– supplies	2,980 SEK/empl		2,112 SEK/empl		1,275 SEK/empl	
Business travel						
– cars	674 km/empl	133 kg/empl	656 km/empl	132 kg/empl	677 km/empl	136 kg/empl
– rental cars	335 km/empl	66 kg/empl	276 km/empl	53 kg/empl	325 km/empl	65 kg/empl
– air	1,173 km/empl	192 kg/empl	725 km/empl	130 kg/empl	1,137 km/empl	85 kg/empl
– rail	555 km/empl	0.003 kg/empl	600 km/empl	0,003 kg/empl	616 km/empl	0.004 kg/empl
Security transports	2,133,000 km	512 tons	1,872,000 km	421 tons	1,560,000 km	352 tons