

Länsförsäkringar Bank

INTERIM REPORT, JANUARY – SEPTEMBER 2005

Summary

- Operating income before loan losses rose by 26% to SEK 149.7 M (119.1). Operating income after loan losses amounted to SEK 105.6 M (90.5).
- Revenue was up 8% to SEK 963.5 M (888.7).
- Administration expenses increased by 6% to SEK 813.8 M (769.6).
- Net interest income rose by 8% to SEK 650.0 M (604.4).
- Return on equity after standard tax was 3.8% (4.3).
- Lending to the public increased by 21% to SEK 45.1 billion (37.4). Deposits from the public rose 10% to SEK 20.4 billion (18.6).
- Mortgage lending by the subsidiary Länsförsäkringar Hypotek rose by 32% to SEK 29.1 billion (22.0).
- A capital contribution of SEK 300 M was received in the form of an unconditional shareholders' contribution.
- Capital adequacy was 11.61% (11.69) and the Tier 1 ratio 9.26% (9.20).
- Sweden's most satisfied personal banking customers for second consecutive year. The total number of bank customers is 588,000 (565,000).



Tomas Johansson, President and CEO, Länsförsäkringar Bank

Länsförsäkringar's banking operations are going well. Volume growth continues and all key figures are pointing in the right direction. We are highly pleased with the much improved earnings results for our funds. Planning is now focused on market investments for continued expansion.



Figures in parentheses pertain to January – September 2004.



Key figures

Group	Jan. 1–Sept. 30, 2005	Jan. 1–Sept. 30, 2004	Full-year 2004
Return on equity, % ¹⁾	3.83	4.29	4.31
Return on total capital, %	0.30	0.33	0.33
Investment margin, %	1.88	2.19	2.18
Interest margin, %	1.73	2.00	2.02
Cost/income ratio before loan losses	0.84	0.87	0.86
Cost/income ratio after loan losses	0.89	0.90	0.90
Capital adequacy, %	11.61	11.69	11.37
Tier 1 ratio, %	9.26	9.20	9.00
Percentage of doubtful receivables, gross%	0.62	0.52	0.63
Percentage of doubtful receivables, net %	0.08	–0.03	0.15
Provision ratio for doubtful receivables, %	87.14	105.85	76.33

Parent Company

Return on equity, % ¹⁾	neg	0.69	neg
Return on total capital, %	neg	neg	neg
Investment margin, %	0.79	1.03	1.01
Interest margin, %	0.67	0.86	0.86
Cost/income ratio before loan losses	1.08	1.03	1.07
Cost/income ratio after loan losses	1.10	1.05	1.08
Capital adequacy, %	48.14	45.93	45.64
Tier 1 ratio, %	38.40	36.36	36.45
Percentage of doubtful receivables, gross %	0.21	0.23	0.14
Percentage of doubtful receivables, net %	0.01	0.00	0.00
Provision ratio for doubtful receivables, %	94.98	99.43	98.47

¹⁾For comparability reasons, the return at September 30, 2004 and December 31, 2004 has been adjusted for standard tax.

Quarterly development, Group

SEK M	Q3 2005	Q2 2005	Q1 2005	Q4 2004	Q3 2004
Net interest income	215.2	215.8	218.9	225.3	211.4
Net commission income	69.8	73.3	57.2	54.6	57.2
Other revenue	36.7	37.7	38.9	45.0	38.8
Total revenue	321.7	326.8	315.0	324.9	307.4
Personnel costs	–62.3	–63.3	–55.3	–72.2	–52.0
Other costs	–212.1	–211.9	–208.9	–200.4	–210.0
Total costs	–274.4	–275.2	–264.2	–272.6	–262.0
Income before loan losses	47.3	51.6	50.8	52.3	45.4
Loan losses	–10.8	–16.9	–16.4	–16.2	–11.3
Operating income	36.5	34.7	34.4	36.1	34.1

Group

Total assets

The Group's total assets after the third quarter amounted to SEK 49.0 billion (40.1), an increase of 22%.

Lending to the public increased by 21%, or SEK 7.7 billion, to SEK 45.1 billion (37.4).

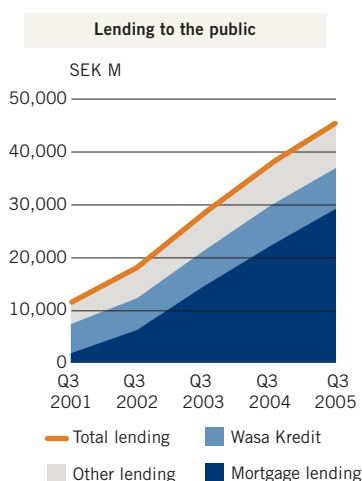
Deposits from the public rose by 10%, or SEK 1.8 billion, to SEK 20.4 billion (18.6).

Lending portfolio

Housing loans account for 72% (68) of the loan portfolio.

Lending portfolio

SEK M	Sept. 30, 2005	%	Sept. 30, 2004	%
Mortgages	32,732	72	25,500	68
Installment plans	3,426	8	3,416	9
Unsecured loans	3,192	7	3,098	8
Leasing	2,911	6	2,701	7
Agriculture	2,686	6	2,405	6
Apartment buildings	207	0.5	242	1
Other	201	0.5	211	1
Lending to the public, gross	45,355	100	37,573	100
Provisions	-243		-211	
Lending to the public, net	45 112		37 362	



Funding

To achieve optimal pricing for the bank's funding and reduce refinancing risks, the bank strives to spread its funding across geographical markets and products. Borrowing and issued securities increased by 44%, or SEK 7.0 billion, to SEK 22.7 billion (15.7).

	Limit	Utilized at Sept. 30, 2005
Commercial papers	SEK 15 billion	SEK 1.9 billion
MTN (Medium Term Note)	SEK 20 billion	SEK 11.2 billion
EMTN (Euro Medium Term Note)	EUR 2.0 billion	EUR 1.0 billion

Capital adequacy

At September 30, 2005, the capital adequacy ratio was 11.61% (11.69) and the Tier 1 ratio 9.26% (9.20). Unconditional shareholders' contributions amounting to SEK 300 M were received during the period.

The target level for capital adequacy is 10.5% (± 0.5) and for the Tier 1 ratio 8.5% (± 0.5).

Rating

The credit ratings was received in May 2004. The ratings from Standard & Poor's are A- (stable) for long-term borrowing and A-2/K-1 for short-term borrowing. The ratings from Moody's are A3 (stable) for long-term borrowing and Prime-2 for short-term borrowing.

Earnings and profitability

The Group's operating income amounted to SEK 149.7 M (119.1) before loan losses and SEK 105.6 M (90.5) after loan losses. This corresponds to a return on average equity of 3.83% (4.29).

Revenue

Net interest income rose by 7.5% to SEK 650.0 M (604.4). This was accomplished despite stiff competition in the lending market resulting in declining margins, particularly for mortgage operations. The increase in net interest income is primarily

attributable to higher volumes. The Group's investment margin, defined as net interest income as a percentage of average total assets, amounted to 1.9% (2.2).

Net commission income rose by 25.8% to SEK 200.3 M (159.1). The increase is attributable mainly to higher revenues in the fund company as a result of increased volumes. The fund management company accounts for 84.5% of net commission income.

Net income from financial transactions amounted to SEK 9.4 M (12.5).

Other operating revenue amounted to SEK 103.9 M (112.6). The reduction in operating revenue is due to an altered product mix in the fund company. The change will not impact earnings since costs have been reduced by an equal extent.

Expenses

Operating expenses rose by 5.8%, or SEK 44.2 M, to SEK 813.8 M (769.6), mainly as a result of the bank's further expansion and the related increase in volumes.

The cost/income ratio was 0.84 (0.87) before loan losses and 0.89 (0.90) after loan losses.

Loan losses

Depending on the product, provisions were mostly made after group-wise appraisal and only to a limited extent after individual review. The Group's net loan losses (both probable and confirmed) increased to SEK 44.1 M (28.6), mainly as a result of increased provisions in Wasa Kredit for a growing stock of unsecured loans.

Loan losses remain at a low level relative to the overall loan portfolio.

Interest-rate risk

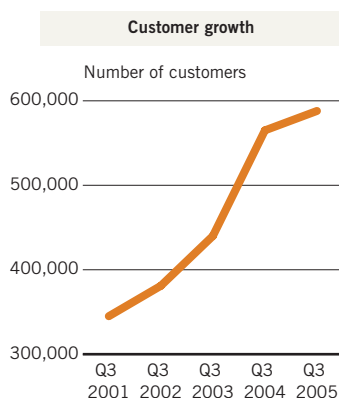
A 1-percentage point rise in the market rate of interest at September 30, 2005 would have resulted in an increase of SEK 9.3 M (7.0) in the value of Länsförsäkringar Bank's interest-bearing assets and liabilities, including derivatives.



Sweden's most satisfied bank customers second year in a row

For the second year in a row the Swedish Quality Index (SKI) reported that Länsförsäkringar's bank customers are more satisfied than personal customers at other banks.

Länsförsäkringar ranked near the top in all categories, including image, expectations, product quality, service quality and value for money. Moreover, the study also showed that Länsförsäkringar was the bank that had the smallest discrepancy between customer expectations and their perceptions of service. Länsförsäkringar was among the group of banks that received the highest score for long-term saving.



Securities service expanded to include premium bonds

The securities service was further expanded with the bank becoming a distributor for the National Debt Office's October issuance of premium bond 05:02, starting October 12.

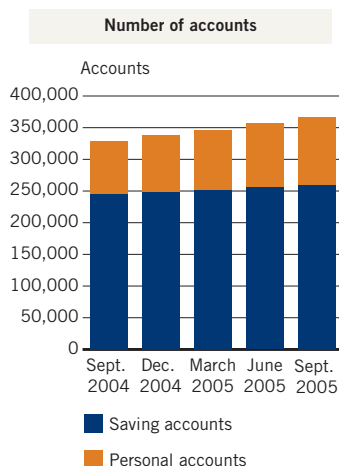
The securities service, launched in November 2002, currently offers a wide selection. Using the service, customers can trade all shares listed on the Stockholm Stock Exchange, receive detailed, real-time price quotes and have the ability to set up their own watch lists.

Three-month fixed-interest account launched

The Fixed-interest rate account with a new term – three months – was launched this autumn. This new savings alternative is designed to attract new customers on the deposits side, but is also a tool for retaining

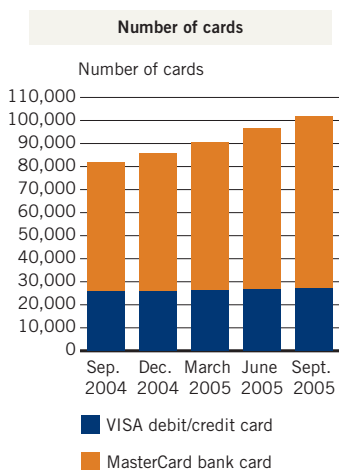
customers that currently maintain large balances in their savings accounts.

There has been a 12% total increase in the number of personal and savings accounts opened since September 30, 2004. The greatest increase has been in the number of personal accounts, up 28%.



Number of cards exceeds 100,000

The card stock has risen by 25% since September 2004, totaling almost 102,000 cards with the MasterCard bank card accounting for the greatest increase.



Internet bank

A total of 309,000 customers are now connected to the Internet bank, which is 10% more than at the end of September 2004. The number of customers who oversee their daily financial matters via the Internet bank has increase by 23%. Some 71% of

all payments arranged through the bank are made via the Internet with the remainder by mail giro. The Internet is becoming an increasingly important channel for both sales and customer communication. The number of loan applications received via the Internet is up 81% since September 2004.

The number of Bank-ID users through September increased by 136%, with the largest increase occurring ahead of this year's tax returns.

Simplifications for mutual fund customers

Länsförsäkringar is streamlining its mutual fund offerings to make things easier for customers, with the ambition of reducing the number of funds. Earlier this year, its short-term interest-bearing funds were combined and the Environmental Technology fund will be closed this autumn.

Continued successes for Fund-of-funds

Länsförsäkringar's Fund-of-funds have continued to develop very successfully. Since the start of the year, Fund-of-funds Normal saw a 23.4% gain. Fund-of-funds Aggressive saw even better returns, with a 30.2% gain. For the corresponding period, Stockholm Stock Exchange's SAX index saw a 22.7% gain.

Basel II

Länsförsäkringar Bank has chosen to implement the advanced internal ratings-based approach of Basel II, which provides significant opportunities for strategic and operational management of credit risk.

The Swedish Financial Supervisory Authority has now determined that Länsförsäkringar Bank's Basel application is complete, which means that Länsförsäkringar Bank is among the first companies to be in compliance with the new rules.

Parent Company

Deposits, funding and some of the Group's lending are conducted by the Parent Company. Lending to the public amounted to SEK 8.3 billion (7.8) during the period, while deposits from the public totaled SEK 20.4 billion (18.6). Most of the Group's lending operations are conducted through Länsförsäkringar Hypotek and Wasa Kredit. The major portion of the Bank Group's administration expenses is contained within the Parent Company.

Subsidiaries

Länsförsäkringar Hypotek AB

Länsförsäkringar is well positioned in the highly competitive residential mortgage market, as demonstrated through increased market share. The company's market share (private homes and tenant-owned apartments) increased by 17 percent and amounted to 2.8%.

Mortgage lending rose by 32%, or SEK 7.1 billion, to SEK 29.1 billion (22.0). Currently, 98 percent of Länsförsäkringar's loans consist of loans for private homes and tenant-owned apartments, with the remaining 2 percent relating to loans for leisure homes and other financing. The number of mortgage customers increased from 63,000 to 79,000.

First-lien mortgages are carried by Länsförsäkringar Hypotek and second-lien mortgages by the bank. Länsförsäkringar Hypotek reported operating income of SEK 18.9 M (19.2).

SEK M	Sept. 30, 2005	Sept. 30, 2004
Total assets	29,174.0	22,424.6
Lending volume	29,091.6	22,023.1
Operating income	18.9	19.2
Return on equity, %	1.30	3.09

Wasa Kredit AB

Wasa Kredit is a finance company that is wholly owned by Länsförsäkringar Bank. Wasa Kredit has over 180 employees and offices in Stockholm, Gothenburg, Malmö, Umeå and Örebro.

Wasa Kredit conducts leasing and financing operations partly through venture partners in areas such as vehicle sales, computer/office sales, machinery sales and equestrian sports, and partly directly to business customers as well as unsecured lending in the Swedish market. The leasing and financing operations focus primarily on the cars, computers and heavy machinery markets as well as the leisure segment, including trailers and boats. Wasa Kredit's operating income before appropriations and tax amounted to SEK 83.8 M (70.0).

The lending volume totaled SEK 7.7 billion (7.6). Some 43% of lending pertains to car financing, 19% to unsecured loans, 16% to machinery financing and the remainder to supplier financing and leisure.

SEK M	Sept. 30, 2005	Sept. 30, 2004
Total assets	8,030.9	7,866.8
Lending volume	7,683.3	7,558.1
Operating income	83.8	70.0
Return on equity, %	18.7	16.2

Länsförsäkringar Fondförvaltning AB

Länsförsäkringar Fondförvaltning manages SEK 51 billion (38) in 34 (35) mutual funds with different investment orientations.

Länsförsäkringar's mutual funds are available both as direct fund saving and as various unit-linked products for example premium, contractual and occupational pension plans.

Mutual funds are an increasingly important aspect of Länsförsäkringar's savings offering, regardless of whether the customer invests in funds directly or through unit-linked insurance. During the first three quarters of 2005, Länsförsäkringar's funds generated returns of between 15 and 47%. Generally speaking, the stock funds performed better than most interest-bearing funds during September. The top performers were the Growth Market Fund and the SmallCap Fund, which grew 47.2% and 39.4% respectively.

Income before tax and appropriations amounted to SEK 40.6 M (21.9).

SEK M	Sept. 30, 2005	Sept. 30, 2004
Total assets	165.6	113.5
Assets under management	50,635	38,309
Net inflow	2,409	3,238
Operating income	40.6	21.9
Return on equity, %	62.0	68.6

Income statements

SEK 000s		Group			Parent Company		
		Jan. 1–Sept. 30 2005	Jan. 1–Sept. 30 2004	Full-year 2004	Jan. 1–Sept. 30 2005	Jan. 1–Sept. 30 2004	Full-year 2004
Interest income	Note 2	1,586,026	1,514,972	2,051,056	964,398	967,710	1,284,119
Interest expense	Note 3	–936,066	–910,591	–1,221,319	–699,918	–696,310	–915,693
Net interest income		649,960	604,381	829,737	264,480	271,400	368,426
Dividends received		–	9	3,140	–	9	87
Commission revenue		499,987	418,047	556,238	73,943	75,476	91,404
Commission expense		–299,735	–258,901	–342,519	–73,817	–73,104	–99,530
Net income from financial transactions		9,430	12,527	14,811	4,830	12,527	14,811
Other operating revenue		103,872	112,623	152,245	120,136	108,849	147,939
Total operating revenue		963,514	888,686	1,213,652	389,572	395,157	523,137
General administration expenses		–755,593	–721,757	–976,005	–390,597	–383,612	–525,054
Depreciation/amortization and write-downs of tangible and intangible fixed assets		–24,237	–28,455	–37,074	–16,018	–19,985	–25,325
Other operating expenses		–33,989	–19,392	–29,153	–14,100	–5,540	–9,060
Total expenses before loan losses		–813,819	–769,604	–1,042,232	–420,715	–409,137	–559,439
Income before loan losses		149,695	119,082	171,420	–31,143	–13,980	–36,302
Loan losses, net	Note 4	–44,130	–28,593	–44,787	–6,558	–6,517	–8,016
Operating income		105,565	90,489	126,633	–37,701	–20,497	–44,318
Tax on income for the period		–29,558	–	59,371	10,556	31,076	107,399
NET PROFIT/LOSS FOR THE PERIOD		76,007	90,489	186,004	–27,145	10,579	63,081
Earnings per share, SEK		7.96	9.48	19.48	–2.84	1.11	6.61
Earnings per share adjusted for standard tax		7.96	6.82	19.48	–2.84	–1.55	6.61

Balance sheets

SEK 000s	Group			Parent Company		
	Sept. 30, 2005	Sept. 30, 2004	Dec. 31, 2004	Sept. 30, 2005	Sept. 30, 2004	Dec. 31, 2004
Assets						
Cash and central bank account balances	60,016	135,000	146,399	60,016	71,423	72,253
Lending to credit institutions	1,176,020	1,487,776	1,577,252	34,573,641	28,398,227	29,923,518
Lending to the public Note 5	45,111,971	37,361,703	39,426,458	8,336,739	7,780,548	8,005,721
Shares and participations	5,234	3,833	5,234	5,234	3,833	5,234
Shares and participations in Group companies	–	–	–	2,181,400	1,856,400	1,911,400
Bonds and other interest-bearing securities	1,990,384	495,675	1,197,721	1,990,384	495,675	1,197,721
Intangible assets	93,489	83,712	82,005	79,735	68,297	67,680
Tangible assets	12,957	20,869	17,297	1,726	6,464	3,421
Other assets	347,818	276,103	307,363	125,692	85,307	111,253
Prepaid expenses and accrued income	162,404	232,589	255,869	209,568	189,414	242,051
ASSETS	48,960,293	40,097,260	43,015,598	47,564,135	38,955,588	41,540,252
Liabilities, provisions and shareholders' equity						
Liabilities to credit institutions	802,897	1,192,373	705,489	879,665	1,551,820	758,572
Deposits and borrowing from the public	21,205,047	19,561,841	19,537,770	20,408,702	18,622,708	18,599,418
Securities issued	21,890,565	14,790,733	18,154,567	21,890,565	14,790,733	18,154,567
Other liabilities	247,408	218,574	375,765	46,763	111,434	198,651
Accrued expenses and prepaid income	926,219	913,880	728,603	468,440	459,282	230,707
Provisions	20,614	23,775	21,806	5,230	7,061	6,422
Subordinated debt	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000
Shareholders' equity Note 6						
Share capital (9,548,708 shares, par value of SEK 100 each)	954,871	954,871	954,871	954,871	954,871	954,871
Restricted reserves	58,039	55,051	51,631	18,380	12,072	12,072
Profit brought forward	1,728,626	1,245,673	1,249,092	1,868,664	1,385,028	1,511,891
Net profit/loss for the period	76,007	90,489	186,004	–27,145	10,579	63,081
Total shareholders' equity	2,817,543	2,346,084	2,441,598	2,814,770	2,362,550	2,541,915
LIABILITIES, PROVISIONS AND SHAREHOLDERS' EQUITY	48,960,293	40,097,260	43,015,598	47,564,135	38,955,588	41,540,252
Memorandum items						
Assets pledged for own liabilities	500,000	500,000	500,000	500,000	500,000	500,000
Contingent liabilities	55,665	63,412	61,843	55,665	61,358	59,724
Commitments						
Loans approved but not disbursed	401,005	529,804	419,870	127,459	159,502	129,843
Unutilized overdraft facilities	804,675	698,571	715,417	3,642,949	4,012,801	8,666,357
Interest-rate swap agreements	9,570,000	13,600,000	13,050,000	1,800,000	5,750,000	4,650,000
Valutaswapavtal	10,001,240	4,568,100	5,465,350	10,001,240	4,568,100	5,465,350
Total commitments	20,776,920	19,396,475	19,650,637	15,571,648	14,490,403	18,911,550

Cash-flow statements

SEK 000s	Group		Parent Company	
	Jan. 1–Sept. 30 2005	Jan. 1–Sept. 30 2004	Jan. 1–Sept. 30 2005	Jan. 1–Sept. 30 2004
Liquid funds, January 1	1,018,162	-679,712	683,325	-814,459
Operating activities				
Operating income	105,565	90,489	-37,701	-20,497
Adjustment for items not included in cash flow				
Booked non-chargeable tax	-29,558	–	10,556	31,076
Depreciation/amortization charged against earnings	24,237	28,455	16,018	19,985
	100,244	118,944	-11,127	30,564
Increase in lending to the public	-5,685,513	-7,317,979	-331,018	-731,255
Increase in deposits and borrowing from the public	1,667,277	1,407,618	1,809,284	1,609,895
Increase in lending to subsidiaries	–	–	-5,010,466	-6,423,154
Change in other assets	53,010	-174,174	18,044	-143,148
Change in other liabilities	68,067	369,090	84,653	180,690
Cash flow from operating activities	-3,796,915	-5,596,501	-3,440,630	-5,476,408
Investing activities				
Change in fixed assets	-824,044	717,676	-819,041	738,141
Increase in shares in subsidiaries	–	–	-270,000	-604,500
Acquisition of Länsförsäkringar Fondförvaltning AB	–	-91,352	–	–
Liquidation of Wasa Garanti Försäkringsaktiebolag	-62	–	–	–
Change in assets in insurance operations	–	21	–	–
Change in liabilities in insurance operations	–	-5,400	–	–
Cash flow from investing activities	-824,106	620,945	-1,089,041	133,641
Financing activities				
Shareholders' contribution received	300,000	300,000	300,000	300,000
New share issue	–	115,000	–	115,000
Change in securities issued	3,735,998	5,670,671	3,735,998	5,670,671
Cash flow from financing activities	4,035,998	6,085,671	4,035,998	6,085,671
Cash flow for the period	-585,023	1,110,115	-493,673	742,904
Liquid funds, September 30	433,139	430,403	189,652	-71,555
Liquid funds include:				
Cash and central bank account balances	60,016	135,000	60,016	71,423
Other lending to/deposits in credit institutions	1,176,020	1,487,776	1,009,301	1,408,842
Liabilities to credit institutions	-802,897	-1,192,373	-879,665	-1,551,820
	433,139	430,403	189,652	-71,555
Interest received amounted to	1,672,513	1,429,176	986,688	849,933
Interest paid amounted to	797,526	548,288	488,171	394,734
Gross investments during the period	29,048	10,668	26,802	8,885

Notes

NOTE 1 ACCOUNTING PRINCIPLES

This interim report is prepared in accordance with recommendation RR20 of the Swedish Financial Accounting Standards Council. The accounting principles and methods of computation remain unchanged compared with the 2004 Annual Report.

NOTE 2 INTEREST INCOME

SEK 000s	Group			Parent Company		
	Jan.1–Sept.30 2005	Jan.1–Sept.30 2004	Full-year 2004	Jan.1–Sept.30 2005	Jan.1–Sept.30 2004	Full-year 2004
Interest income, lending to credit institutions	210,645	257,040	340,325	674,165	668,089	884,256
Interest income, lending to the public	1,350,691	1,222,535	1,668,878	265,547	264,241	358,018
Interest income, interest-bearing securities	24,690	35,380	39,838	24,686	35,380	39,838
Other interest income	–	17	2,015	–	–	2,007
Total interest income	1,586,026	1,514,972	2,051,056	964,398	967,710	1,284,119
Average rate of interest on lending to the public during the period	4.3%	4.7%	4.7%	4.6%	4.8%	4.8%

NOTE 3 INTEREST EXPENSE

SEK 000s	Group			Parent Company		
	Jan.1–Sept.30 2005	Jan.1–Sept.30 2004	Full-year 2004	Jan.1–Sept.30 2005	Jan.1–Sept.30 2004	Full-year 2004
Interest expense, liabilities to credit institutions	282,008	302,141	411,341	82,788	129,592	159,689
Interest expense, deposits and borrowing from the public	230,897	266,915	347,342	193,962	225,206	293,368
Interest expense, interest-bearing securities	389,612	295,597	407,492	389,612	295,597	407,492
Interest expense, subordinated debt	26,395	38,133	47,406	26,452	38,111	47,406
Other interest expense, including government deposit insurance	7,154	7,805	7,738	7,104	7,804	7,738
Total interest expense	936,066	910,591	1,221,319	699,918	696,310	915,693
Average rate of interest on lending to the public during the period	1.3%	1.6%	1.5%	1.3%	1.6%	1.5%

NOTE 4 LOAN LOSSES, NET

SEK 000s	Group			Parent Company		
	Jan.1–Sept.30 2005	Jan. 1–Sept. 30 2004	Full-year 2004	Jan. 1–Sept. 30 2005	Jan. 1–Sept. 30 2004	Full-year 2004
Specific provision for individually appraised loan receivables						
Write-off of confirmed loan losses during the period	3,778	1,283	22,211	2,100	830	1,163
Reversed provisions for probable loan losses reported in the interim accounts as confirmed losses	–2,675	–449	–635	–1,299	–449	–635
Provision for probable loan losses during the period	37,337	24,568	7,676	720	1,366	1,541
Payment received for prior confirmed loan losses	–13,081	–10,131	–11,733	–1,215	–439	–644
Reversed provisions no longer required for probable loan losses	–2,087	–4,287	–4,904	–1,522	–2,553	–2,933
Net expense during the period for individually appraised loan receivables	23,272	10,984	12,615	–1,216	–1,245	–1,508
Group-wise provisions for individually appraised receivables	–	–	–	–	–	–
Homogenous groups, appraised by group, of loan receivables of limited value and similar credit risk						
Write-off of confirmed loan losses during the period	5,387	3,907	23,830	5,387	3,907	5,765
Payment received for previously confirmed loan losses	–1,725	–1,842	–4,169	–28	–22	–2
Allocation/dissolution of provisions for loan losses	19,585	17,795	16,214	4,804	6,128	7,464
Net expense for the period for homogenous loan receivables appraised by group	23,247	19,860	35,875	10,163	10,013	13,227
Net expense for the period for fulfillment of guarantees	–2,389	–2,251	–3,703	–2,389	–2,251	–3,703
Net expense for the period for loan losses	44,130	28,593	44,787	6,558	6,517	8,016

NOTE 5 LENDING TO THE PUBLIC

SEK 000s	Group			Parent Company		
	Sept. 30 2005	Sept. 30 2004	Dec. 31 2004	Sept. 30 2005	Sept. 30 2004	Dec. 31 2004
Loan receivables, gross						
Public sector	121,841	115,350	108,682	–	–	–
Commercial sector	3,996,746	3,829,477	3,912,000	464,446	395,650	433,531
Household sector	41,228,325	33,619,318	35,587,228	7,952,844	7,461,967	7,650,583
Other	8,036	8,476	8,309	3,286	3,618	3,479
Total	45,354,948	37,572,621	39,616,219	8,420,576	7,861,235	8,087,593

Less:
Specific provisions for individually reserved loan receivables

Commercial sector	–48,218	–40,127	–25,563	–246	–247	–247
Household sector	–66,688	–55,556	–39,028	–13,071	–15,561	–15,171
	–114,906	–95,683	–64,591	–13,317	–15,808	–15,418

Provisions for group-wise reserved loan receivables

Commercial sector	–15,257	–13,814	–16,813	–2,361	–2,059	–2,188
Household sector	–112,814	–101,421	–108,357	–68,159	–62,820	–64,266
	–128,071	–115,235	–125,170	–70,520	–64,879	–66,454
Total provisions	–242,977	–210,918	–189,761	–83,837	–80,687	–81,872

Loan receivables, net

Public sector	121,841	115,350	108,682	–	–	–
Commercial sector	3,933,271	3,775,536	3,869,624	461,839	393,344	431,096
Household sector	41,048,823	33,462,341	35,439,843	7,871,614	7,383,586	7,571,146
Other	8,036	8,476	8,309	3,286	3,618	3,479
	45,111,971	37,361,703	39,426,458	8,336,739	7,780,548	8,005,721

Doubtful receivables

Commercial sector	91,258	56,754	75,266	2,607	2,306	2,618
Household sector	187,581	142,504	173,356	85,662	78,844	80,527
	278,839	199,258	248,622	88,269	81,150	83,145

Non-performing receivables included among doubtful receivables

Commercial sector	47,991	22,284	21,560	246	442	430
Household sector	125,933	79,775	84,905	54,428	47,202	49,011
	173,924	102,059	106,465	54,674	47,644	49,441

Definitions:

A **non-performing receivable** is a claim for which interest payments, amortization or overdrafts are more than 60 days past due.

A **doubtful receivable** is a non-performing receivable or a receivable for which payments are unlikely to be made in accordance with the terms of the claim, and for which the value of the collateral is not adequate with a secure margin to cover both the principal and accrued interest, including penalties for possible late payments.

NOTE 6 SHAREHOLDERS' EQUITY

SEK 000s	Group			Parent Company		
	Sept. 30 2005	Sept. 30 2004	Dec. 31 2004	Sept. 30 2005	Sept. 30 2004	Dec. 31 2004
Restricted equity						
Share capital	954,871	954,871	954,871	954,871	954,871	954,871
Statutory reserve	8,779	2,371	2,371	8,679	2,371	2,371
Share premium reserve	9,701	9,701	9,701	9,701	9,701	9,701
Other reserves	39,559	42,979	39,559	–	–	–
	1,012,910	1,009,922	1,006,502	973,251	966,943	966,943
Non-restricted equity						
Profit brought forward	1,728,626	1,245,673	1,249,092	1,868,664	1,385,028	1,511,891
Net profit/loss for the year	76,007	90,489	186,004	–27,145	10,579	63,081
	1,804,633	1,336,162	1,435,096	1,841,519	1,395,607	1,574,972
Total shareholders' equity	2,817,543	2,346,084	2,441,598	2,814,770	2,362,550	2,541,915
Change in shareholders' equity						
Shareholders' equity, opening balance	2,441,598	1,931,947	1,931,947	2,541,915	1,936,971	1,936,971
Group contribution received	–	–	–	–	–	176,200
Tax effect of Group contribution received	–	–	–	–	–	–49,337
Unconditional shareholders' contribution from Parent Company	300,000	300,000	300,000	300,000	300,000	300,000
New share issue in Länsförsäkringar Bank AB	–	115,000	115,000	–	115,000	115,000
Changed Group structure	–62	–91,352	–91,353	–	–	–
Net profit/loss for the period	76,007	90,489	186,004	–27,145	10,579	63,081
Shareholders' equity, closing balance	2,817,543	2,346,084	2,441,598	2,814,770	2,362,550	2,541,915

NOTE 7 DERIVATIVE INSTRUMENTS

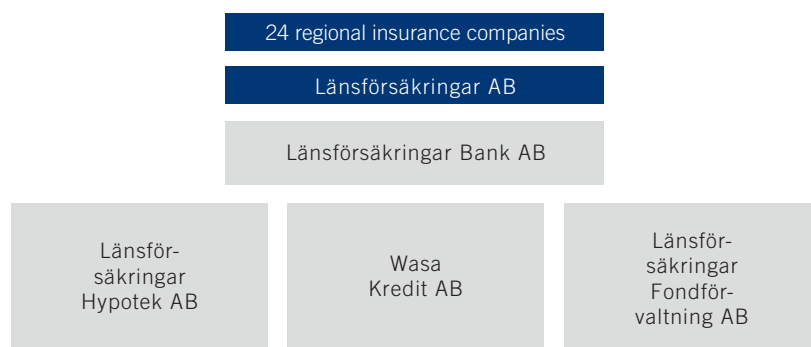
SEK 000s	Nominal value		Fair value	
	Group	Parent Company	Group	Parent Company
Derivative instruments with positive value				
Interest-rate derivatives	2,690,000	900,000	9,150	4,690
Currency derivatives	10,001,240	10,001,240	246,531	246,531
Derivative instruments with negative value				
Interest-rate derivatives	6,880,000	900,000	218,488	4,690
Currency derivatives	–	–	–	–

This interim report is unaudited.
Stockholm, October 25, 2005

Tomas Johansson
President and CEO

Reporting dates:

Year-end report 2005: February 14, 2006



The Länsförsäkringar Alliance organization is based on 24 independent and customer-owned regional insurance companies. The regional insurance companies jointly own Länsförsäkringar AB. In turn, Länsförsäkringar AB owns Länsförsäkringar Bank AB (Bank Group), with the Parent Company and the subsidiaries Länsförsäkringar Hypotek AB, Wasa Kredit AB and Länsförsäkringar Fondförvaltning AB. Customer contact always occurs at the regional insurance companies. From the customer's viewpoint, the regional insurance companies operate as local banks, in the same manner as with non-life insurance and life assurance.

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