

# Länsförsäkringar Bank

INTERIM REPORT, JANUARY – SEPTEMBER 2003

## Summary

- Operating income before loan losses more than doubled and amounted to SEK 68.3 M (33.3) and to SEK 34.6 M (14.3) after loan losses.
- Revenues increased 24% to SEK 587.4 M (472.2).  
Administration costs increased 14% to SEK 522.3 M (457.8).
- Net interest income rose 28%.
- Return on equity amounted to 3.1% (1.9).
- Lending to the general public rose 58% to SEK 27.9 billion (17.7) and deposits from the general public increased 25% to SEK 17.4 billion (13.9).
- Mortgage loans increased by 132% or SEK 8.2 billion and amounted to SEK 14.4 billion (6.2).
- The number of customers rose by 59,000 to 440,000 (381,000).
- The number of full customers, meaning those that have both their daily finances, savings and loans with the bank, increased by 50% since the beginning of the year.
- Länsförsäkringar's bank customers are among the most satisfied in Sweden, according to the 2003 Swedish Quality Index.
- The office network is being expanded successively and today there are 82 advisory offices.
- During the quarter, an agreement was signed with Finansiell ID-Teknik BID AB. In the beginning of 2004, customers will be able to order an electronic BankID via the Internet bank.

### **Tomas Johansson, Managing Director Länsförsäkringar Bank:**

”Länsförsäkringar's bank operations continued to develop positively. The number of full customers has increased by 50% since the beginning of the year. It is gratifying that operating income more than doubled during the most recent twelve-month period and that volume growth in lending remains strong. According to the latest Swedish Quality Index, Länsförsäkringar has the best-value banking services and the most loyal bank customers. This creates excellent prerequisites for the future.”

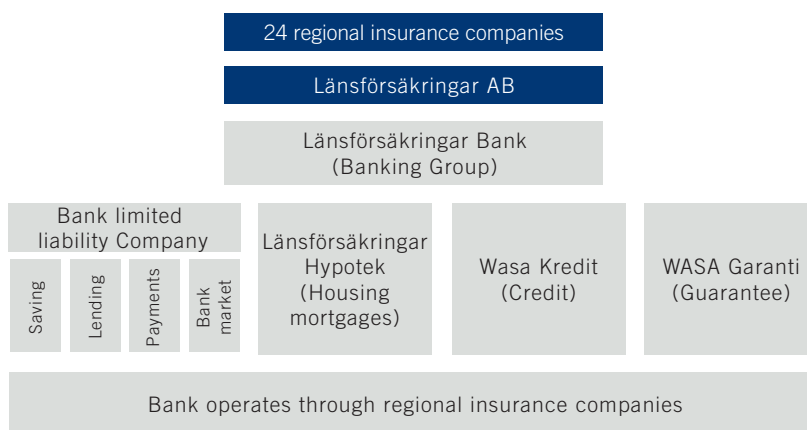
\*Figures in parentheses pertain to the first nine months of 2002.



## Key figures

Group	Jan–Sept 2003	Jan–Sept 2002	Full-year 2002
Return on equity, %	3.1	1.9	1.9
Investment margin, %	2.6	3.0	3.0
Interest margin, %	2.4	2.9	2.8
I/C ratio before loan losses	1.12	1.04	1.01
I/C ratio after loan losses	1.06	0.99	0.99
Capital adequacy, %	8.55	8.41	8.08
Tier 1 ratio, %	8.06	7.20	7.45
Percentage of doubtful receivables, %	0.22	0.35*	0.18*
Provision ratio for doubtful receivables, %	74.43	71.73*	80.30*
<b>Parent Company</b>			
Return on equity, %	neg	neg	neg
Investment margin, %	1.3	1.9	1.8
Interest margin, %	1.1	1.4	1.6
I/C ratio before loan losses	0.89	0.80	0.84
I/C ratio after loan losses	0.87	0.78	0.82
Capital adequacy, %	28.81	22.34	24.30
Tier 1 ratio, %	27.10	18.99	22.40
Percentage of doubtful receivables, %	0.03	0.06*	0.08*
Provision ratio for doubtful receivables, %	89.84	88.02*	83.33*

\*Comparative values 2002 were changed to apply to provisions for lending on own account and excluding earlier cooperation with SBAB.



Länsförsäkringar's 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 (Bank group), with the parent company and the subsidiaries Länsförsäkringar Hypotek, AB, and WASA Garanti. 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.

## Group

### Ownership and the group's structure

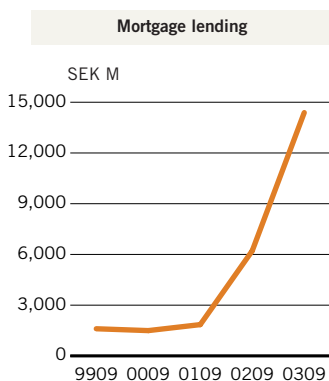
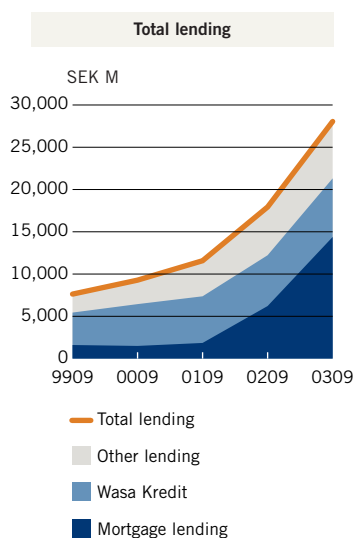
The bank is owned by Länsförsäkringar AB (publ) (556549-7020). Banking, together with non-life insurance and life assurance, is a core operation of the Länsförsäkringar Alliance.

The banking group comprises the Parent Company Länsförsäkringar Bank AB (publ) (516401-9878) and the wholly owned subsidiaries Länsförsäkringar Hypotek AB (Hypotek) (556244-1781), Wasa Kredit AB (Kredit) (556311-9204) and WASA Garanti Försäkring AB (Garanti) (516401-7831).

### Total assets

The Group's total assets amounted after the first nine months of the year to SEK 29.3 billion (19.1), which was an increase of 53% since the same period in 2002.

Lending to the general public rose 58%, or SEK 10.2 billion to SEK 27.9 billion (17.7).



Deposits from the general public increased 25%, or SEK 3.5 billion to SEK 17.4 billion (13.9).

Borrowing and issued securities rose 163%, or SEK 4.9 billion to SEK 7.9 billion (3.0). The borrowing program started by the bank comprises a commercial paper program with a limit of SEK 6 billion and an MTN program with a limit that initially was SEK 3 billion. This limit was increased to SEK 7 billion during the autumn. Additionally, in July the bank signed a syndicated credit certificate divided into a term loan and a revolving credit in the international capital market. The limit amounts to EUR 150 million. Borrowing through certificates amounted at September 30, 2003, to SEK 4.2 billion, while borrowing via the MTN program amounted to SEK 2.1 billion and the syndicated loan was SEK 0.8 billion.

### Capital adequacy and rating

At September 30, 2003, capital adequacy was 8.55% (8.41). The tier 1 ratio amounted to 8.06% (7.20). During the year, the bank received an unconditional shareholder contribution of SEK 480 M.

The target level for capital adequacy is 9.25%. It is expected that this level will be reached during the fourth quarter.

Länsförsäkringar Bank has received the ratings K1/BBB+/Stable from the Standard & Poor's credit rating institute.

### Earnings and profitability

Consolidated operating profit before loan losses amounted to SEK 68.3 M (33.3), and after loan losses to SEK 34.6 M (14.3), of which the profit from insurance operations was SEK 3.2 M (18.9). This corresponds to a return on average equity before taxes of 3.1% (1.9). Revenues rose nearly twice as much as costs, compared with the corresponding period in 2002.

### Revenues

Net interest income rose 28% and amounted to SEK 497.8 M (387.5). The increase is attributable mainly to higher borrowing volumes. The Group's investment margin, that is, net interest as a percentage of ave-

rage total assets, amounted to 2.6% (3.0).

Net commission revenues declined to SEK 19.1 M (23.1). Other operating revenues increased by slightly less than 15% to SEK 70.6 M (61.7).

### Expenses

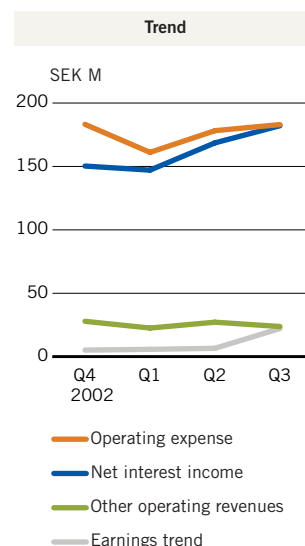
Administration expenses rose 14% or by SEK 64.5 M to SEK 522.3 M (457.8). The cost increase is largely related to increased volumes as well as to increased depreciation/amortization. The I/C ratio, that is, income in relation to costs, was 1.12 (1.04) before loan losses and 1.06 (0.99) after loan losses.

### Loan losses

Provisions were made after individual review and after Group-wise appraisal. The Group's loan losses (both probable and actual) amounted, net, to SEK 33.6 M (18.9). Probable and actual loan losses corresponded to 0.12% (0.11) of the total lending volume.

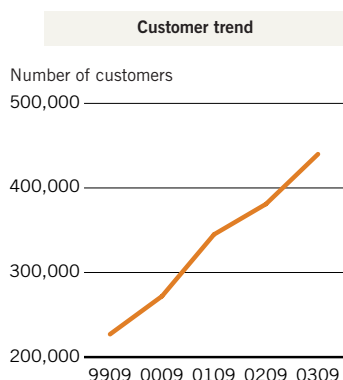
### Credit quality

Together with UC, Sweden's leading business and credit information agency, the bank conducts annual reviews to compare the quality of its loan portfolio with the national average. The result shows that the quality of the bank's lending is excellent. Loans more than 60 days overdue for payment amount to 0.12% (0.20) of the total portfolio.



### Full-range bank

The trend shows that the number of customers who are full customers, meaning that they have both their daily finances, savings and loans with the bank, is increasing steadily. The increase is 50% since the beginning of the year. Few customers leave the bank, and customer loyalty is higher, the more Länsförsäkringar products the customer has. Best value, excellent service and a local presence are the primary reasons for customers choosing Länsförsäkringar over other banks. The number of household insurance customers



who are also bank customers is increasing constantly and now amounts to 10.4%.

### Best-value bank with satisfied customers

With a score of 71 on the Swedish Quality Index, Länsförsäkringar's bank customers are among the most satisfied in Sweden. This was shown in the 2003 Swedish Quality Index, an annual index compiled at the Stockholm School of Economics. As a complement to the customer satisfaction index, image, customer expectations, product and service quality and value for money are also measured. Länsförsäkringar has excellent scores for all of these underlying factors and achieves the highest values of all banks with respect to value for money and customer loyalty.

### BankID

Länsförsäkringar Bank has purchased 10% of the share capital of Finansiell ID-Teknik BID AB, the owner and administrator of BankID. The BankID service improves Internet services and simplifies the customer's daily finances. In early 2004, customers will be able to order an electronic BankID via the Internet bank.

### Share trading via Internet

On November 18, it will be a year since share trading via the Internet was launched. Since then, the service has been continuously improved, for example by offering customers an opportunity to trade shares on a share marketplace and on the new market, as well as trade convertibles and subscription rights.

## Significant events after the end of the period

### Change in interest rates for tenant-owned apartments

Länsförsäkringar is setting the interest rate for tenant-owned apartments equal to the rate for private homes. This means 0.40% lower interest for new loans as of October 9. The new terms apply throughout the country. The interest-rate reduction means that Länsförsäkringar continues to offer the most economic and complete services.

## Parent Company

Deposits and borrowing, and certain lending, occurs in the Parent Company. Deposits from the public amounted to SEK 6.9 billion (5.6), while lending to the public amounted to SEK 17.5 billion (14.0). Most of the lending operations are conducted through Länsförsäkringar Hypotek and Wasa Kredit. The banking group's administrative costs are incurred mainly within the Parent Company.

## Subsidiaries

### Länsförsäkringar Hypotek

Länsförsäkringar Hypotek began operations in 2001 by offering mortgages with its own financing. The loans are brokered by the bank offices at the 24 regional insurance companies. Mortgage loans rose during the most recent 12-month period by 132%, or SEK 8.2 billion to SEK 14.4 bil-

lion (6.2). The number of housing loan customers increased to slightly more than 46,000 during the same period. The loans' average size amounts to about SEK 300,000. Most of the lending, more than 88%, pertains to house financing. The remainder is tenant-owner and leisure home financing. Some 28% of the loans are in the Stockholm, Gothenburg and Malmö metropolitan regions. First mortgages are placed in Länsförsäkringar Hypotek, while second mortgages are carried by the bank. Länsförsäkringar Hypotek's operating profit amounted to SEK 38.7 M (21.9).

### Wasa Kredit

Wasa Kredit is a finance company whose operations focus on the markets for cars, computers and major appliances. Wasa Kredit's operating profit before appropriations and tax was SEK 42.3 M (37.1). The lending volume amounted to SEK 6.7 billion (6.0).

New contracts in the first nine months of the year amounted to SEK 3,248 M, distributed among 43,900 contracts, an increase of 23% compared with the year-earlier period. The volume in car financing was largely unchanged. The increase was primarily in unsecured credits and in the leisure sector (towable RVs, caravans, motorcycles, snow scooters and trailers).

### WASA Garanti

WASA Garanti works with risk commitment run-off activities in the areas of leaseholds, contracting insurance, credit guarantees and rental loss insurance. The company also handles claims that arose during the real-estate crisis of the early 1990s. During the year, the stock of leasing guarantees that the company handles declined faster than expected. Income before appropriations and tax amounted to SEK 3.2 M (18.9).

The plan is to liquidate WASA Garanti during the year and transfer existing business to the Parent Company.

## Income statements

(SEK 000s)		Group			Parent Company		
		Jan–Sept 2003	Jan–Sept 2002	Full-year 2002	Jan–Sept 2003	Jan–Sept 2002	Full-year 2002
Interest income		1,164,526	807,406	1,143,218	749,199	588,313	824,184
Interest expenses	Note 2	–666,776	–419,877	–605,399	–508,485	–372,614	–534,632
<b>Net interest income</b>		<b>497,750</b>	<b>387,529</b>	<b>537,819</b>	<b>240,714</b>	<b>215,699</b>	<b>289,552</b>
Dividends received		–	–	20	–	–	28,496
Commission revenues		80,567	62,598	85,094	41,300	29,392	40,179
Commission expenses		–61,470	–39,450	–57,508	–42,963	–28,299	–42,608
Net profit/loss from financial transactions		–	–206	–206	–	–206	–206
Other operating revenues		70,561	61,746	84,111	81,798	49,538	73,994
<b>Total operating revenues</b>		<b>587,408</b>	<b>472,217</b>	<b>649,330</b>	<b>320,849</b>	<b>266,124</b>	<b>389,407</b>
General administrative expenses		–437,305	–387,891	–563,859	–307,071	–283,178	–395,402
Depreciation/amortization and write-downs of tangible and intangible fixed assets		–43,429	–33,472	–46,327	–37,933	–29,180	–47,350
Other operating expenses		–41,578	–36,434	–30,864	–15,393	–17,983	–18,333
<b>Total expenses before loan losses</b>		<b>–522,312</b>	<b>–457,797</b>	<b>–641,050</b>	<b>–360,397</b>	<b>–330,341</b>	<b>–461,085</b>
<b>Profit/loss before loan losses</b>		<b>65,096</b>	<b>14,420</b>	<b>8,280</b>	<b>–39,548</b>	<b>–64,217</b>	<b>–71,678</b>
Loan losses, net	Note 3	–33,633	–18,942	–13,155	–9,968	–9,636	–11,980
<b>Profit/loss from banking business</b>		<b>31,463</b>	<b>–4,522</b>	<b>–4,875</b>	<b>–49,516</b>	<b>–73,853</b>	<b>–83,658</b>
<b>Profit from insurance business</b>		<b>3,161</b>	<b>18,868</b>	<b>24,386</b>	–	–	–
<b>Total operating profit/loss</b>		<b>34,624</b>	<b>14,346</b>	<b>19,511</b>	<b>–49,516</b>	<b>–73,853</b>	<b>–83,658</b>
Tax on the period's profit/loss		–	–	406	23,559	21,795	32,701
<b>NET PROFIT/LOSS FOR THE PERIOD</b>		<b>34,624</b>	<b>14,346</b>	<b>19,917</b>	<b>–25,957</b>	<b>–52,058</b>	<b>–50,957</b>
Earnings per share, SEK (No. of shares = 8,398,708)		4.12	1.71	2.37	–3.09	–6.20	–6.07

Since the conditions for utilizing Group contributions will exist at year-end, no current tax will be charged.

The tax effect of Group contributions received was taken into consideration as per Sept. 30, 2003/Sept. 30, 2002.

## Balance sheets

(SEK 000s)	Group			Parent Company		
	Sept 30, 2003	Sept 30, 2002	Dec 31, 2002	Sept 30, 2003	Sept 30, 2002	Dec 31, 2002
<b>Assets</b>						
Cash and central bank account balances	36,855	32,840	68,774	36,855	32,840	68,774
Lending to credit institutions	206,812	355,521	1,408,026	18,779,018	10,333,708	13,081,425
Lending to the public Note 4	27,898,564	17,745,909	19,861,343	6,861,526	5,614,759	5,818,526
Shares and participations	2,700	500	500	2,700	500	500
Shares and participations in Group companies	–	–	–	1,206,900	814,151	806,900
Bonds and other interest-bearing securities	649,250	499,498	499,154	649,250	499,498	499,154
Assets in the insurance business	5,331	17,810	12,185	–	–	–
Intangible assets	91,874	106,728	108,518	91,874	106,728	108,518
Tangible assets	27,625	27,962	29,752	9,276	8,835	10,727
Other assets	239,639	218,992	235,507	99,027	68,547	74,065
Prepaid expenses and accrued income	97,071	112,780	77,921	48,414	51,291	50,761
<b>ASSETS</b>	<b>29,255,721</b>	<b>19,118,540</b>	<b>22,301,680</b>	<b>27,784,840</b>	<b>17,530,857</b>	<b>20,519,350</b>
<b>Liabilities, provisions and shareholders' equity</b>						
Liabilities to credit institutions	1,126,095	132,376	266,751	1,217,001	146,912	352,145
Deposits and borrowing from the public	18,545,784	15,214,659	16,377,917	17,482,098	13,998,008	14,831,584
Securities issued	6,756,120	1,705,195	3,705,523	6,756,120	1,705,195	3,705,523
Debt in the insurance business	6,408	9,604	5,394	–	–	–
Other liabilities	135,649	136,033	234,265	30,700	41,209	173,785
Accrued expenses and prepaid income	767,328	602,535	308,116	458,054	416,840	69,489
Provisions	17,965	17,960	17,965	–	–	–
Subordinated debt	180,000	180,000	180,000	180,000	180,000	180,000
<b>Shareholders' equity</b> Note 5						
Share capital (8,398,708 shares with a par value of SEK 100 each)	839,871	839,871	839,871	839,871	839,871	839,871
Restricted reserves	12,072	12,072	12,072	12,072	12,072	12,072
Profit/loss carried forward	833,805	253,889	333,889	834,881	242,808	405,838
Profit/loss for the period	34,624	14,346	19,917	–25,957	–52,058	–50,957
<b>Total shareholders' equity</b>	<b>1,720,372</b>	<b>1,120,178</b>	<b>1,205,749</b>	<b>1,660,867</b>	<b>1,042,693</b>	<b>1,206,824</b>
<b>LIABILITIES, PROVISIONS AND SHAREHOLDERS' EQUITY</b>	<b>29,255,721</b>	<b>19,118,540</b>	<b>22,301,680</b>	<b>27,784,840</b>	<b>17,530,857</b>	<b>20,519,350</b>
<b>Memorandum items</b>						
Assets pledged for own debt	705,964	510,790	500,915	700,000	500,000	490,000
Contingent liabilities	24,647	19,134	23,986	20,101	19,134	19,440
Commitments	5,282,297	1,073,106	2,902,213	4,598,483	2,147,246	4,445,249

## Cash flow statements

(SEK 000s)	Group		Parent Company	
	Jan–Sept 2003	Jan–Sept 2002	Jan–Sept 2003	Jan–Sept 2002
<b>Liquid funds at the beginning of the period</b>	<b>1,210,049</b>	<b>960,953</b>	<b>1,031,974</b>	<b>899,537</b>
<b>Operating activities</b>				
Operating profit/loss	34,624	14,346	–49,516	–73,853
<b>Adjustments for items not included in cash flow</b>				
Booked non-chargeable tax	0	0	23,559	21,795
Depreciation/amortization charged against earnings	43,428	33,471	37,933	29,179
	<b>78,052</b>	<b>47,817</b>	<b>11,976</b>	<b>–22,879</b>
Increase in lending to the public	–8,037,221	–5,293,102	–1,043,000	–1,120,174
Decrease in securities holdings	–	–	–	–
Increase in deposits and borrowing from the public	2,167,867	1,922,128	2,650,514	1,548,945
Increase in lending to subsidiaries	–	–	–6,884,063	–3,590,963
Change in other assets	–23,283	5,509	–24,814	34,740
Change in other liabilities	360,596	260,750	245,480	256,089
<b>Cash flow from operating activities</b>	<b>–5,453,989</b>	<b>–3,056,898</b>	<b>–5,043,907</b>	<b>–2,894,242</b>
<b>Investing activities</b>				
Increase in subordinated debentures	–	100,000	–	100,000
Change in fixed assets	–176,953	850,819	–169,934	870,785
Increase in shares in subsidiaries	–	–	–400,000	–200,000
Change in assets in the insurance business	6,854	18,599	–	–
Change in liabilities in the insurance operations	1,014	–5,185	–	–
<b>Cash flow from investing activities</b>	<b>–169,085</b>	<b>964,233</b>	<b>–569,934</b>	<b>770,785</b>
<b>Financing activities</b>				
Shareholder contributions received	480,000	100,000	480,000	100,000
Group contributions received	–	–	–	–
Change in issued securities	3,050,597	1,287,697	3,050,597	1,287,697
<b>Cash flow from financing activities</b>	<b>3,530,597</b>	<b>1,387,697</b>	<b>3,530,597</b>	<b>1,387,697</b>
<b>Cash flow for the period</b>	<b>–2,092,477</b>	<b>–704,968</b>	<b>–2,083,244</b>	<b>–735,760</b>
<b>Liquid funds at end of period</b>	<b>–882,428</b>	<b>255,985</b>	<b>–1,051,270</b>	<b>163,777</b>
<b>Liquid funds include:</b>				
Cash and central bank account balances	36,855	32,840	36,855	32,840
Other lending to/deposits in credit institutions	206,812	355,521	128,876	277,849
Liabilities to credit institutions	–1,126,095	–132,376	–1,217,001	–146,912
	<b>–882,428</b>	<b>255,985</b>	<b>–1,051,270</b>	<b>163,777</b>
Interest received amounted to	1,019,208	668,153	758,356	616,065
Interest paid amounted to	244,150	90,207	152,338	37,113
Taxes paid amounted to	2,447	3,231	1,343	863
Gross investment during the period	26,261	54,534	19,259	34,822

## Notes

### NOTE 1 ACCOUNTING PRINCIPLES

This interim report is prepared in accordance with recommendation RR:20 of the Swedish Financial Accounting Standards Council. In all other respects, the accounting principles and methods of computation remain unchanged compared with the 2002 Annual Report.

### NOTE 2 INTEREST EXPENSES

(SEK 000s)	Group			Parent Company		
	Jan–Sept 2003	Jan–Sept 2002	Full-year 2002	Jan–Sept 2003	Jan–Sept 2002	Full-year 2002
Interest expenses	666,776	419,877	605,399	508,485	372,614	534,632
of which, fee for depositor guarantee	6,365	5,652	7,534	6,365	5,652	7,534

### NOTE 3 LOAN LOSSES, NET

(SEK 000s)	Group			Parent Company		
	Jan–Sept 2003	Jan–Sept 2002	Full-year 2002	Jan–Sept 2003	Jan–Sept 2002	Full-year 2002
<b>Specific provision for individually appraised loan receivables</b>						
Write-off of confirmed loan losses during the period	5,044	3,656	2,899	3,080	3,695	3,117
Reversed provisions for possible loan losses reported in the interim report as confirmed losses	–856	–1,641	–1,861	–854	–1,680	–2,079
Provision for possible loan losses during the period	24,420	21,065	10,253	2,015	3,268	3,892
Payment received for prior confirmed loan losses	–8,476	–9,805	–10,337	–425	–339	–407
Reversed, provisions, no longer required for possible loan losses	–4,834	–13,991	–33,061	–2,406	–5,984	–6,916
<b>Net expenses during the period for individually appraised loan receivables</b>	<b>15,298</b>	<b>–716</b>	<b>–32,107</b>	<b>1,410</b>	<b>–1,040</b>	<b>–2,393</b>
<b>Group-wise provisions for individually appraised receivables</b>						
	–	–	–	–	–	–
<b>Homogenous groups, appraised by group, of loan receivables of limited value and similar credit risk</b>						
Write-off of confirmed loan losses during the period	0	0	20,597			2,229
Payment received for previously confirmed loan losses	–1 418	–1 915	–6 960	–		–13
Allocation/dissolution of provisions for loan losses	19,753	21,573	31,625	8,558	10,676	12,157
<b>Net expenses for the period for homogenous loan receivables appraised by group</b>	<b>18,335</b>	<b>19,658</b>	<b>45,262</b>	<b>8,558</b>	<b>10,676</b>	<b>14,373</b>
<b>Net expenses for the period for loan losses</b>	<b>33,633</b>	<b>18,942</b>	<b>13,155</b>	<b>9,968</b>	<b>9,636</b>	<b>11,980</b>



#### NOTE 4 LENDING TO THE PUBLIC

(SEK 000s)	Group			Parent Company		
	Sept 30 2003	Sept 30 2002	Dec 31 2002	Sept 30 2003	Sept 30 2002	Dec 31 2002
<b>Loan receivables, gross</b>						
Public sector	130,335	67,701	91,645	–	–	–
Corporate sector	3,567,596	3,268,862	3,182,795	324,923	250,143	243,772
Household sector	24,382,310	14,572,544	16,735,067	6,614,207	5,434,241	5,645,609
Other	3,880	3,968	3,791	1,936	1,538	1,366
<b>Total</b>	<b>28,084,121</b>	<b>17,913,075</b>	<b>20,013,298</b>	<b>6,941,066</b>	<b>5,685,922</b>	<b>5,890,747</b>
<b>Less:</b>						
<b>Specific provisions for individually appraised receivables</b>						
Corporate sector	–34,567	–34,359	–21,932	–247	–247	–247
Household sector	–47,781	–53,448	–37,457	–17,965	–19,626	–19,204
	<b>–82,348</b>	<b>–87,807</b>	<b>–59,389</b>	<b>–18,212</b>	<b>–19,873</b>	<b>–19,451</b>
<b>Provisions for homogenous groups of loan receivables appraised by group</b>						
Corporate sector	–14,374	–14,121	–12,494	–3,585	–2,623	–1,138
Household sector	–88,835	–65,238	–80,072	–57,743	–48,667	–51,632
	<b>–103,209</b>	<b>–79,359</b>	<b>–92,566</b>	<b>–61,328</b>	<b>–51,290</b>	<b>–52,770</b>
<b>Total provisions</b>	<b>–185,557</b>	<b>–167,166</b>	<b>–151,955</b>	<b>–79,540</b>	<b>–71,163</b>	<b>–72,221</b>
<b>Loan receivables, net book value</b>						
Public sector	130,335	67,701	91,645	–	–	–
Corporate sector	3,518,655	3,220,382	3,148,369	321,091	247,273	242,387
Household sector	24,245,694	14,453,858	16,617,538	6,538,499	5,365,948	5,574,773
Other	3,880	3,968	3,791	1,936	1,538	1,366
	<b>27,898,564</b>	<b>17,745,909</b>	<b>19,861,343</b>	<b>6,861,526</b>	<b>5,614,759</b>	<b>5,818,526</b>
<b>Doubtful loan receivables</b>						
Corporate sector	77,817	64,585	42,264	2,128	1,600	1,479
Household sector	165,313	160,289	140,056	81,279	72,583	78,520
	<b>243,130</b>	<b>224,874</b>	<b>182,320</b>	<b>83,407</b>	<b>74,183</b>	<b>79,999</b>
<b>Nonperforming loan receivables included among doubtful loan receivables</b>						
Corporate sector	47,334	7,003	18,919	247	247	247
Household sector	98,169	73,514	71,423	43,187	37,823	41,833
	<b>145,503</b>	<b>80,517</b>	<b>90,342</b>	<b>43,434</b>	<b>38,070</b>	<b>42,080</b>

#### Definitions:

**Nonperforming receivables** are claims for which interest, amortization and overdrafts are more than 60 days past due.

A **doubtful receivable** is a nonperforming claim or receivable for which it is likely that payments will not be continued in accordance with the terms of the contract, and for which the value of the security provided does not cover, by a satisfactory margin, both the principal and the interest, including compensation for any delays.

#### NOTE 5 SHAREHOLDERS' EQUITY

(SEK 000s)	Group			Parent Company		
	Sept 30 2003	Sept 30 2002	Dec 31 2002	Sept 30 2003	Sept 30 2002	Dec 31 2002
<b>Restricted shareholders' equity</b>						
Share capital	839,871	839,871	839,871	839,871	839,871	839,871
Statutory reserve	2,371	2,371	2,371	2,371	2,371	2,371
Share premium reserve	9,701	9,701	9,701	9,701	9,701	9,701
	<b>851,943</b>	<b>851,943</b>	<b>851,943</b>	<b>851,943</b>	<b>851,943</b>	<b>851,943</b>
<b>Unrestricted shareholders' equity</b>						
Profit carried forward	833,805	253,889	333,889	834,881	242,808	405,838
Net profit/loss for the year	34,624	14,346	19,917	-25,957	-52,058	-50,957
	<b>868,429</b>	<b>268,235</b>	<b>353,806</b>	<b>808,924</b>	<b>190,750</b>	<b>354,881</b>
<b>Total shareholders' equity</b>	<b>1,720,372</b>	<b>1,120,178</b>	<b>1,205,749</b>	<b>1,660,867</b>	<b>1,042,693</b>	<b>1,206,824</b>
<b>Change in shareholders' equity</b>						
Opening shareholders' equity	1,205,748	1,005,832	1,005,832	1,206,824	994,751	994,751
Group contributions received	-	-	-	-	-	115,320
Tax effect of Group contributions received	-	-	-	-	-	-32,290
Received unconditional shareholders' contribution from Parent Company	480,000	100,000	180,000	480,000	100,000	180,000
Net profit/loss for the period	34,624	14,346	19,917	-25,957	-52,058	-50,957
<b>Closing shareholders' equity</b>	<b>1,720,372</b>	<b>1,120,178</b>	<b>1,205,749</b>	<b>1,660,867</b>	<b>1,042,693</b>	<b>1,206,824</b>

#### NOTE 6 DERIVATIVES

(SEK 000s)	Book value		Actual value	
	Group	Parent Company	Group	Parent Company
<b>Derivatives with positive value</b>				
Interest-related	775,000	-	504	-
<b>Derivatives with negative value</b>				
Interest-related	4,800,000	300,000	21,951	3,719

This interim report is unaudited.  
Stockholm October 24, 2003.

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Managing Director



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