

Länsförsäkringar Bank

INTERIM REPORT, JANUARY–MARCH, 2006

Summary

- Income before loan losses amounted to SEK 54 M (51). Operating income after loan losses amounted to SEK 40 M (34).
- Profit after tax amounted to SEK 29 M (25).
- Revenue was up 3% to SEK 323 M (315) and administration expenses increased by 2% to SEK 270 M.
- Net interest income rose by 0.3% to SEK 220 M (219).
- The cost/income ratio declined to 0.83 (0.84).
- Loan losses remained low, amounting to SEK 14 M (16).
- Unconditional shareholders contribution totaling SEK 300 M have been received.
- Return on equity was 3.9% (4.0).
- Lending to the public increased by 19% to SEK 49 billion (41).
- Deposits from the public rose 12% to SEK 22 billion (19).
- Mortgage lending by the subsidiary Länsförsäkringar Hypotek rose by 28% to SEK 32 billion (25).
- During the third quarter of 2006, Länsförsäkringar Bank will submit an application, through Länsförsäkringar Hypotek AB, to the Swedish Financial Supervisory Authority, for permission to issue covered bonds.

Figures in parentheses pertain to January-March 2005.

Thomas Johansson, President of Länsförsäkringar Bank:

“The year has begun well. We continue to grow in line with our strategy. Our efforts to reduce costs and increase revenues have had a favorable impact on the result. We are improving on all fronts despite a more challenging market. During the period we were particularly successful in the area of savings, and are focusing intensively on generating even more meetings with customers in all of the channels through which we encounter banking and insurance customers.”



Key figures

Group	Jan. 1, 2006– Mar. 31, 2006	Jan. 1, 2005– Mar. 31, 2005	Full-year 2005
Return on equity, % ¹⁾	3.93	3.98	4.12
Return on total capital, %	0.30	0.31	0.43
Investment margin, %	1.66	1.98	1.85
Interest margin, %	1.52	1.82	1.69
Cost/income ratio before loan losses	0.83	0.84	0.84
Cost/income ratio after loan losses	0.88	0.89	0.88
Capital adequacy, %	11.70	11.54	11.28
Tier 1 ratio, %	9.52	9.04	9.02
Percentage of doubtful receivables, gross %	0.56	0.61	0.52
Percentage of doubtful receivables, net %	0.05	0.09	0.05
Provision ratio for doubtful receivables, %	90.82	85.92	91.02

Parent Company

Return on equity, % ¹⁾	neg	neg	neg
Return on total capital, %	neg	neg	neg
Investment margin, %	0.67	0.83	0.77
Interest margin, %	0.57	0.73	0.65
Cost/income ratio before loan losses	1.08	1.07	1.09
Cost/income ratio after loan losses	1.09	1.08	1.08
Capital adequacy, %	48.66	42.72	48.96
Tier 1 ratio, %	39.86	33.37	39.43
Percentage of doubtful receivables, gross %	0.17	0.22	0.19
Percentage of doubtful receivables, net %	0.00	0.00	0.00
Provision ratio for doubtful receivables, %	98.11	101.26	98.67

¹⁾ For reasons of comparability, the return on capital employed as per March 31, 2005 and December 31, 2005 has been adjusted by standard tax.

Quarterly development, Group

SEK M	Q1 2006	Q4 2005	Q3 2005	Q2 2005	Q1 2005
Net interest income	219.7	223.5	215.2	215.8	218.9
Net commission income	78.8	76.1	69.8	73.3	57.2
Other revenue	25.0	36.3	36.7	37.7	38.9
Total revenue	323.5	335.9	321.7	326.8	315.0
Personnel costs	–60.7	–63.3	–62.3	–63.3	–55.3
Other costs	–209.2	–219.8	–212.1	–211.9	–208.9
Total costs	–269.9	–283.1	–274.4	–275.2	–264.2
Income before loan losses	53.6	52.8	47.3	51.6	50.8
Loan losses	–13.5	–4.4	–10.8	–16.9	–16.4
Operating income	40.1	48.4	36.5	34.7	34.4

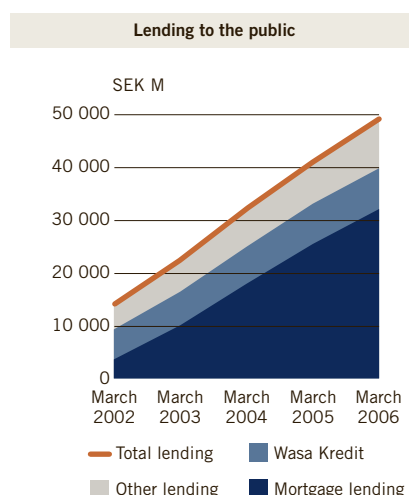
Group

Total assets

During the quarter, the Group's total assets grew by 19.4%, amounting at the end of the period to SEK 56.1 M billion (47.0).

Lending to the public increased by 18.6%, or SEK 7.6 billion, to SEK 48.5 billion (40.9).

Deposits from the public rose by 11.5%, or SEK 2.2 billion, to SEK 21.7 billion (19.5).



Diversified borrowing

Borrowing and securities issuance increased by 27.3% or SEK 6.2 billion to SEK 28.7 billion (22.6).

	Limit	Exercised March 31, 2006
Commercial paper	15 Mdr	3,04 Mdr
MTN (Medium Term Notes)	20 Mdr	10,51 Mdr
EMTN (Euro Medium Term Notes)	2 Mdr Euro	1,55 Mdr Euro

Capital adequacy

At March 31, 2006, the capital adequacy ratio was 11.70% (11.54) and the Tier 1 ratio 9.52% (9.04). Unconditional shareholders' contributions totaling SEK 300 M have been received during the year to date.

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

Rating

In January 2006, Standard & Poor's changed its outlook for Länsförsäkringar Bank from "stable" to "positive." Consequently, the rating for long-term borrowing is A- (positive) and the rating for short-term borrowing, A-2, was confirmed. Standard & Poor's referred to the strategic significance of the operations for the entire Länsförsäkringar Alliance and to the involvement of the owner. They also referred to the high capital adequacy and favorable trend of banking transactions among the regional insurance companies. The long-term credit rating from Moody's is A3/stable, and the short-term rating, P-2.

Earnings and profitability

The consolidated operating income before loan losses amounted to SEK 53.6 M (50.8), and after loan losses to SEK 40.1 M (34.4). This corresponds to a return on average equity of 3.93% (3.98).

Revenue

Net interest income rose by 0.3% to SEK 219.7 M (218.9). The increase is primarily attributable to higher volumes of lending to the public. The Group's investment margin, defined as net interest income as a percentage of average total assets, amounted to 1.7% (2.0). The change is due mainly to a lower margin in the housing loan operations. Net commission income rose to SEK 78.8 M (57.2). The asset management company's share of net commission income amounted to 85.7%.

Net profit from financial transactions amounted to SEK 0.0 M (4.8)

Other operating revenue amounted to SEK 25.0 M (34.1).

Expenses

Operating expenses rose SEK 5.6 M, to SEK 269.9 M (264.3). The increase is largely attributable to the increase in lending and deposit volumes.

The cost/income ratio – that is, costs in relation to revenue – amounted to 0.83 (0.84) before loan losses and 0.88 (0.89) 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) amounted to SEK 13.5 M (16.3).

Covered bonds

In the third quarter of 2006, Länsförsäkringar Bank will submit an application through its subsidiary, Länsförsäkringar Hypotek AB, to the Swedish Financial Supervisory Authority for permission to issue covered bonds, in accordance with the Act on Issuance of Covered Bonds (2003:1223).

"Covered bonds" refers to bonds that carry preferential rights to the total collateral of the issuing body. Länsförsäkringar Hypotek's total collateral will consist primarily of loans to individuals secured by mortgages on real estate such as single-family homes or leisure homes and by mortgages on tenant-owned apartments.

Provided the company obtains permission from the Financial Supervisory Authority and achieves a Triple A rating, borrowing through the issue of bonds will be in covered bonds.

In conjunction with its application, the company will announce when the issuance of covered bonds may begin and how the bonds and other debt instruments previously issued by Länsförsäkringar Bank will be handled.

The intention is that the holders of previously issued bonds will be given the opportunity to convert their holdings in order to participate in the subsidiary's secured debt.

IFRS

As of 2007, Länsförsäkringar Bank AB will apply the International Financial Reporting Standards (IFRS) in its reporting. The transition involves mainly changes with regard to the reporting of financial instruments in accordance with IAS 39. During 2006, work is focused on confirming the restated comparable values for the opening balances and the quarterly figures.

Basel II

As of January 1, 2007, Länsförsäkringar Bank, with subsidiaries, following approval by the Swedish Financial Supervisory Authority (Finansinspektionen) will calculate capital adequacy for credit risks in accordance with the Internal Ratings-based Approach (the IRB approach) for household borrowings. Work with realizing this goal is progressing as planned. During the first quarter a number of deliveries and production settings were implemented.

Customers

The number of customers grew to 594 000 (579 000), an increase by 2.5%.

Fixed-interest accounts exceed SEK 1 billion in February

In February, the volume of deposits passed the magic SEK 1 billion amount. It is mainly three-month and one-year deposits that are the most popular. In March, deposits in these products increased by nearly SEK 500 M.

... and securities services did it in March

In March, trading in the securities service segment rose by 14%. The business volume is now above SEK 1 billion.

Card business continues to grow

The total number of cards at the end of March was nearly 113,000. The number of new charge cards was 84,698 (64,319). The number of credit cards was 27,901 (26,180). The number of purchases with charge cards rose 14% and purchases with credit cards by 7%.

Significant events after the end of the period

Cooperation with ICA

Länsförsäkringar's more than 100,000 bank card customers will be able to withdraw cash in ICA's 1,400 food stores nationwide in Sweden. This is the result of a cooperation agreement the companies signed on April 3, 2006.

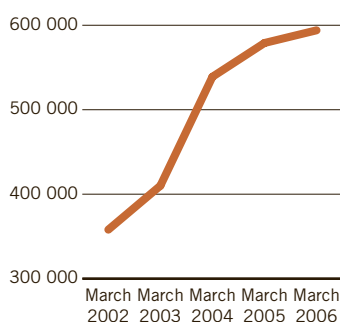
Through the cooperation, Länsförsäkringar's bank customers can withdraw a maximum of SEK 2,000 at each occasion without having to make any purchases. The withdrawal is free of charge to the customer.

Issuance

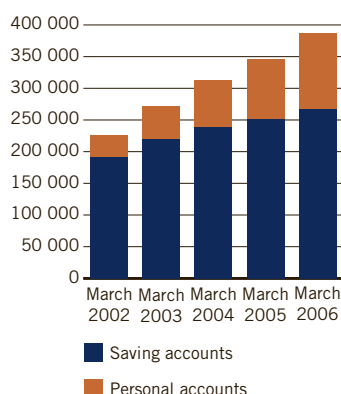
At the beginning of April, Länsförsäkringar Bank implemented the third large issue within the framework of the European Medium Term Note (EMTN) program.

The aim was to borrow EUR 400 M with two years maturity, which was met by a broad margin. The issue, which was oversubscribed by EUR 600 M, was closed on April 7.

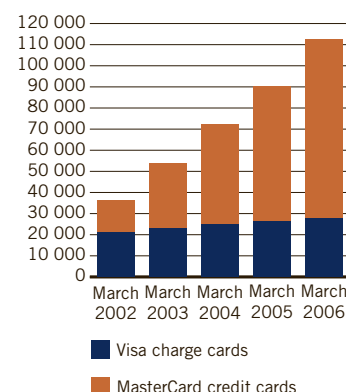
Customer trend



Number of accounts



Number of cards



Parent Company

Deposits, funding and some of the Group's lending are conducted by the Parent Company. Lending to the public rose to SEK 8.5 billion (8.0). Deposits from the public rose to SEK 21.7 billion (19.5). 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

Residential lending increased by 27.6% to SEK 32.4 billion (25.4), up SEK 7.0 billion. Since March 2005, the company's market share (private homes and tenant-owned apartments) has increased by 0.3%. The number of mortgage customers increased to 85 000 (73 000). Most of Länsförsäkringar's loans – approximately 85% – consist of loans for private homes, 13% of loans for tenant-owned apartments, 2% of loans for leisure homes and other financing. First-lien mortgages are carried by Länsförsäkringar Hypotek and second-lien mortgages by the bank. Länsförsäkringar's operating income amounted to SEK 8.5 M (5.9).

(SEK M)	Mar. 31, 2006	Mar. 31, 2005
Total assets	36 400	25 676
Lending volume	32 391	25 390
Operating profit	8	6
Return on shareholders' equity, %	1,4	1,4

Wasa Kredit AB

Wasa Kredit is a finance company whose operations focus on car financing, computer financing, financing for heavy machinery, and unsecured loans. Wasa Kredit's operating income before appropriations and tax amounted to SEK 21.7 M (29.2). The lending volume totaled SEK 7.7 billion (7.6).

(SEK M)	Mar. 31, 2006	Mar. 31, 2005
Total assets	8 060	7 941
Lending volume	7 717	7 614
Operating profit	22	29
Return on shareholders' equity	11,6	17,0

Länsförsäkringar Fondförvaltning AB

Länsförsäkringar Fondförvaltning manages SEK 58 billion (43) in 32 (34) mutual funds with different investment orientations.

Länsförsäkringar's mutual funds are distributed by the regional insurance companies and by insurance brokers – as direct fund saving and as various unit-linked products, such as premium, contractual and occupational pension plans.

Income before tax and appropriations amounted to SEK 20.7 M (9.3).

(SEK M)	Mar. 31, 2006	Mar. 31, 2005
Total assets	219	165
Assets under management	58 414	43 067
Net inflow	1 438	1 266
Operating income	21	9
Return on equity, %	89,8	71,9

Income statements

SEK 000s		Group			Parent Company		
		Jan. 1, 2006– Mar. 31, 2006	Jan. 1, 2005– Mar. 31, 2005	Full-year 2005	Jan. 1, 2006– Mar. 31, 2006	Jan. 1, 2005– Mar. 31, 2005	Full-year 2005
Interest income	Note 2	547 924	544 014	2 105 806	323 087	318 498	1 273 335
Interest expense	Note 3	–328 266	–325 091	–1 232 365	–235 267	–230 143	–918 198
NET INTEREST INCOME		219 658	218 923	873 441	87 820	88 355	355 137
Dividends received		–	–	3 422	–	–	39
Commission revenue		195 899	151 590	683 086	25 756	20 537	99 466
Commission expense		–117 119	–94 400	–406 682	–24 335	–23 477	–99 955
Net income from financial transactions		–	4 830	10 335	–	4 830	4 830
Other operating revenue		25 045	34 094	135 886	34 466	40 472	167 138
TOTAL OPERATING REVENUE		323 483	315 037	1 299 488	123 707	130 717	526 655
General administration expenses		–252 082	–245 265	–1 009 726	–124 840	–129 319	–529 247
Depreciation/amortization and impairment of tangible and intangible fixed assets		–7 478	–7 785	–33 378	–5 034	–5 093	–22 270
Other operating expenses		–10 293	–11 211	–53 832	–3 895	–5 362	–21 669
TOTAL EXPENSES BEFORE LOAN LOSSES		–269 853	–264 261	–1 096 936	–133 769	–139 774	–573 186
INCOME BEFORE LOAN LOSSES		53 630	50 776	202 552	–10 062	–9 057	–46 531
Loan losses, net	Note 4	–13 547	–16 339	–48 545	–720	–927	3 686
TOTAL OPERATING INCOME		40 083	34 437	154 007	–10 782	–9 984	–42 845
Tax on income for the period		–11 223	–9 642	–44 672	3 020	2 796	11 242
NET PROFIT/LOSS FOR THE PERIOD		28 860	24 795	109 335	–7 762	–7 188	–31 603
Earnings per share		3,02	2,60	11,45	–0,81	–0,75	–3,31

Balance sheets

SEK 000s	Group			Parent Company		
	Mar. 31, 2006	Mar. 31, 2005	Dec. 31, 2005	Mar. 31, 2006	Mar. 31, 2005	Dec. 31, 2005
Assets						
Cash and central bank account balances	69 089	58 913	75 617	69 089	58 913	75 617
Lending to credit institutions	5 268 527	2 507 168	1 296 701	45 654 380	32 391 773	36 875 545
Lending to the public	Note 5 48 548 290	40 946 001	47 093 528	8 504 402	7 986 280	8 386 951
Shares and participations	7 969	5 234	7 469	7 969	5 234	7 469
Shares and participations in Group companies	–	–	–	2 444 400	1 991 400	2 444 400
Bonds and other interest-bearing securities	1 605 640	2 849 702	2 602 795	1 605 640	2 849 702	2 602 795
Intangible assets	104 811	83 925	101 367	90 487	70 688	86 843
Tangible assets	11 075	15 999	12 153	926	2 934	1 230
Other assets	289 194	295 679	283 260	73 478	102 067	73 693
Prepaid expenses and accrued income	165 273	197 133	188 282	201 769	196 185	241 861
ASSETS	56 069 868	46 959 754	51 661 172	58 652 540	45 655 176	50 796 404
Liabilities, provisions and shareholders' equity						
Liabilities to credit institutions	355 308	597 959	308 430	4 331 410	484 188	769 341
Deposits and borrowing from the public	22 489 368	19 997 402	21 534 743	21 727 419	19 452 867	20 772 309
Securities issued	27 926 757	21 630 065	24 849 788	27 926 757	21 630 065	24 849 788
Other liabilities	177 176	167 317	295 058	50 374	39 404	131 095
Accrued expenses and prepaid income	872 108	879 427	752 501	316 416	308 057	265 584
Provisions	19 358	21 251	19 719	3 974	5 867	4 335
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)	954 871	954 871	954 871	954 871	954 871	954 871
Restricted reserves	58 039	51 631	58 039	18 380	12 072	18 380
Profit brought forward	2 138 023	1 585 036	1 728 688	2 280 701	1 724 973	2 012 304
Net profit/loss for the period	28 860	24 795	109 335	–7 762	–7 188	–31 603
Total shareholders' equity	3 179 793	2 616 333	2 850 933	3 246 190	2 684 728	2 953 952
LIABILITIES, PROVISIONS AND SHAREHOLDERS' EQUITY	56 069 868	46 959 754	51 661 172	58 652 540	45 655 176	50 796 404
Memorandum items						
Assets pledged for own liabilities	1 100 000	1 000 000	500 000	1 100 000	1 000 000	500 000
Contingent liabilities	52 386	57 463	55 547	52 386	55 217	55 547
Commitments						
Loans approved but not disbursed	487 974	506 651	402 233	136 314	165 402	116 229
Unutilized lines of credit	806 010	805 377	902 148	1 827 744	7 239 735	6 736 825
Interest swaps	11 450 000	13 300 000	11 020 000	600 000	4 450 000	2 400 000
Currency swaps	15 201 490	10 000 050	11 428 490	15 201 490	10 000 850	11 428 490
Total commitments	27 945 474	24 612 078	23 752 871	17 765 548	21 855 987	20 681 544

Cash-flow statements

SEK 000s	Group		Parent Company	
	Jan. 1, 2006– Mar. 31, 2006	Jan. 1, 2005– Mar. 31, 2005	Jan. 1, 2006– Mar. 31, 2006	Jan. 1, 2005– Mar. 31, 2005
Liquid funds, January 1	1 063 888	1 528 172	389 384	1 193 335
Operating activities				
Operating income	40 083	34 437	–10 782	–9 984
Adjustment for items not included in cash flow				
Booked non-chargeable tax	–11 223	–9 642	3 020	2 796
Depreciation/amortization charged against earnings	7 478	7 785	4 730	5 093
	36 338	32 580	–3 032	–2 095
Increase in lending to the public	–1 454 762	–1 519 543	–117 451	19 441
Increase in deposits and borrowing from the public	954 625	309 657	955 110	343 439
Increase in lending to subsidiaries	–	–	–4 808 296	–1 502 682
Change in other assets	17 075	70 420	40 307	55 052
Change in other liabilities	1 364	–58 179	–30 250	–82 451
Cash flow from operating activities	–445 360	–1 165 065	–3 963 612	–1 169 296
Investing activities				
Change in fixed assets	987 311	–1 660 388	989 085	–1 659 595
Increase in shares in subsidiaries	–	–	–	–80 000
Increase in shares and participations	–500	–	–500	–
Liquidation of Wasa Garanti Försäkringsbolag	–	–60	–	–
Cash flow from investing activities	986 811	–1 660 448	988 585	–1 739 595
Financing activities				
Shareholders' contribution received	300 000	150 000	300 000	150 000
Change in securities issued	3 076 969	3 475 498	3 076 969	3 475 498
Cash flow from financing activities	3 376 969	3 625 498	3 376 969	3 625 498
Cash flow for the year	3 918 420	799 985	401 942	716 607
Liquid funds, December 31	4 982 308	2 328 157	791 326	1 909 942
Liquid funds include:				
Cash and central bank account balances	69 089	58 913	69 089	58 913
Other lending to/deposits in credit institutions ¹⁾	5 268 527	2 507 168	5 053 647	2 335 217
Liabilities to credit institutions	–355 308	–237 924	–4 331 410	–484 188
	4 982 308	2 328 157	791 326	1 909 942
Interest received amounted to	562 467	589 740	356 002	351 879
Interest paid amounted to	241 122	199 607	215 215	174 245
Gross investments during the year	9 856	5 750	8 374	4 938

1) Excluding subsidiaries

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 2005 Annual Report.

NOTE 2 INTEREST INCOME

SEK 000s	Group			Parent Company		
	Jan. 1, 2006– Mar. 31, 2006	Jan. 1, 2005– Mar. 31, 2005	Full-year 2005	Jan. 1, 2006– Mar. 31, 2006	Jan. 1, 2005– Mar. 31, 2005	Full-year 2005
Interest income, lending to credit institutions	66 472	35 570	261 214	228 761	224 878	883 055
Interest income, lending to the public	471 391	502 024	1 807 723	84 274	87 216	353 458
Interest income, interest-bearing securities	10 052	6 404	34 887	10 052	6 404	34 887
Other interest income	9	16	1 982	–	–	1 935
Total interest income	547 924	544 014	2 105 806	323 087	318 498	1 273 335
Average rate of interest on lending to the public during the period	3,8%	4,8%	4,0%	4,1%	4,4%	4,3%

NOTE 3 INTEREST EXPENSE

SEK 000s	Group			Parent Company		
	Jan. 1, 2006– Mar. 31, 2006	Jan. 1, 2005– Mar. 31, 2005	Full-year 2005	Jan. 1, 2006– Mar. 31, 2006	Jan. 1, 2005– Mar. 31, 2005	Full-year 2005
Interest expense, liabilities to credit institutions	96 873	110 542	361 019	14 423	27 910	93 983
Interest expense, deposits and borrowing from the public	79 118	80 606	301 635	68 569	68 339	254 576
Interest expense, interest-bearing securities	140 171	121 306	525 734	140 171	121 306	525 734
Interest expense, subordinated debt	8 603	9 207	34 432	8 603	9 207	34 432
Other interest expense, including government deposit insurance	3 501	3 430	9 545	3 501	3 381	9 473
Total interest expense	328 266	325 091	1 232 365	235 267	230 143	918 198
Average rate of interest on lending to the public during the period	1,3%	1,4%	1,2%	1,3%	1,4%	1,2%

NOTE 4 LOAN LOSSES, NET

SEK 000s	Group			Parent Company		
	Jan. 1, 2006– Mar. 31, 2006	Jan. 1, 2005– Mar. 31, 2005	Full-year 2005	Jan. 1, 2006– Mar. 31, 2006	Jan. 1, 2005– Mar. 31, 2005	Full-year 2005
Specific provision for individually appraised loan receivables						
Write-off of confirmed loan losses during the period	767	2 150	29 267	767	751	3 041
Reversed provisions for probable loan losses reported in the interim accounts as confirmed losses	-232	-1 729	-3 115	-232	-353	-1 739
Provision for probable loan losses during the period	11 427	12 410	23 376	125	119	973
Payment received for prior confirmed loan losses	-3 212	-4 790	-25 352	-332	-1 697	-10 921
Reversed provisions no longer required for probable loan losses	-938	-560	-3 468	-798	-458	-1 957
Net expense during the period for individually appraised loan receivables	7 812	7 481	20 708	-470	-1 638	-10 603
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	824	1 340	16 949	824	1 340	6 940
Payment received for previously confirmed loan losses	-468	-692	-2 518	-	-	-8
Allocation/dissolution of provisions for loan losses	5 685	8 704	16 887	672	1 719	3 466
Net expense for the period for homogenous loan receivables appraised by group	6 041	9 352	31 318	1 496	3 059	10 398
Net expense for the period for fulfillment of guarantees	-306	-494	-3 481	-306	-494	-3 481
Net expense for the period for loan losses	13 547	16 339	48 545	720	927	-3 686

NOTE 5 LENDING TO THE PUBLIC

SEK 000s	Group			Parent Company		
	Mar. 31, 2006	Mar. 31, 2005	Dec. 31, 2005	Mar. 31, 2006	Mar. 31, 2005	Dec. 31, 2005
Loan receivables, gross						
Public sector	149 271	125 635	133 952	–	–	–
Commercial sector	4 192 678	3 853 626	4 114 259	503 492	468 297	453 529
Household sector	44 445 524	37 174 339	43 061 907	8 080 656	7 597 931	8 013 701
Other	8 588	7 979	8 109	3 892	3 176	3 385
Total	48 796 061	41 161 579	47 318 227	8 588 040	8 069 404	8 470 615
Less:						
Provisions for individually reserved loan receivables						
Commercial sector	–50 539	–35 113	–36 988	–241	–247	–246
Household sector	–61 512	–53 781	–56 945	–11 549	–14 479	–12 449
	–112 051	–88 894	–93 933	–11 790	–14 726	–12 695
Provisions for group-wise reserved loan receivables						
Commercial sector	–18 294	–15 830	–16 714	–2 356	–2 112	–2 408
Household sector	–117 426	–110 854	–114 052	–69 492	–66 286	–68 561
	–135 720	–126 684	–130 766	–71 848	–68 398	–70 969
Total provisions	–247 771	–215 578	–224 699	–83 638	–83 124	–83 664
Loan receivables, net						
Public sector	149 271	125 635	133 952	–	–	–
Commercial sector	4 123 845	3 802 683	4 060 557	500 895	465 938	450 875
Household sector	44 266 586	37 009 704	42 890 910	7 999 615	7 517 166	7 932 691
Other	8 588	7 979	8 109	3 892	3 176	3 385
	48 548 290	40 946 001	47 093 528	8 504 402	7 986 280	8 386 951
Doubtful receivables						
Commercial sector	83 935	79 969	74 738	2 617	2 359	2 674
Household sector	188 882	170 930	172 128	82 632	79 729	82 120
	272 817	250 899	246 866	85 249	82 088	84 794
Non-performing receivables included among doubtful receivables						
Commercial sector	51 791	34 906	46 122	261	426	266
Household sector	126 536	106 793	116 503	54 499	49 375	55 110
	178 327	141 699	162 625	54 760	49 801	55 376

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		
	Mar. 31, 2006	Mar. 31, 2005	Dec. 31, 2005	Mar. 31, 2006	Mar. 31, 2005	Dec. 31, 2005
Restricted equity						
Share capital	954 871	954 871	954 871	954 871	954 871	954 871
Statutory reserve	18 480	2 371	18 480	18 380	2 371	18 380
Share premium reserve	–	9 701	–	–	9 701	–
Other reserves	39 559	39 559	39 559	–	–	–
	1 012 910	1 006 502	1 012 910	973 251	966 943	973 251
Non-restricted equity						
Profit brought forward	2 138 023	1 585 036	1 728 688	2 280 701	1 724 973	2 012 304
Net profit/loss for the year	28 860	24 795	109 335	–7 762	–7 188	–31 603
	2 166 883	1 609 831	1 838 023	2 272 939	1 717 785	1 980 701
Total shareholders' equity	3 179 793	2 616 333	2 850 933	3 246 190	2 684 728	2 953 952
Change in shareholders' equity						
Opening balance	2 850 933	2 441 598	2 441 598	2 953 952	2 541 915	2 541 915
Group contributions received	–	–	–	–	–	199 500
Tax effect of Group contributions received	–	–	–	–	–	–55 860
Group contributions provided	300 000	150 000	300 000	300 000	150 000	300 000
Changed Group structure	–	–60	–	–	1	–
Net profit/loss for the year	28 860	24 795	109 335	–7 762	–7 188	–31 603
Closing balance	3 179 793	2 616 333	2 850 933	3 246 190	2 684 728	2 953 952

NOTE 7 DERIVATIVE INSTRUMENTS

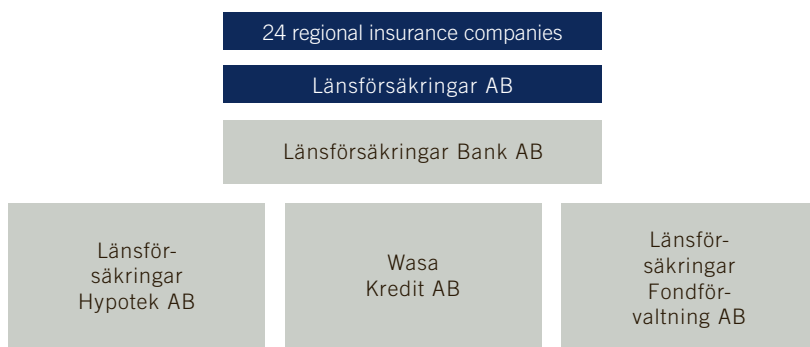
SEK 000s	Nominal value		Fair value	
	Group	Parent Company	Group	Parent Company
Derivative instruments with positive value				
Interest-rate derivatives	6 720 000	600 000	70 910	9 570
Currency derivatives	10 001 240	10 001 240	370 985	370 985
Derivative instruments with negative value				
Interest-rate derivatives	5 330 000	–	95 583	–
Currency derivatives	5 200 250	5 200 250	12 384	12 384

This interim report is unaudited.
Stockholm, April 25, 2006


Tomas Johansson
President and CEO

Reporting dates:

Interim report, January–June	August 29, 2006
Interim report, January–September	October 23, 2006



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 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.

**For further information, contact**

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