

# Länsförsäkringar Bank

INTERIM REPORT, JANUARY – MARCH 2004

## Summary

- Operating income amounted to SEK 32 M (15) before loan losses and SEK 28 M (6) after loan losses.
- Mortgage loans by the subsidiary Länsförsäkringar Hypotek rose by 78% to SEK 18 billion (10).
- Lending to the public increased by 42% to SEK 32 billion (23). Deposits from the public rose by 11% to SEK 18 billion (16).
- Effective January 1, 2004, Länsförsäkringar Fondförvaltning AB is included in the Bank Group.
- Revenues rose by 58% to SEK 278 M (176). Excluding Länsförsäkringar Fondförvaltning, the corresponding increase was 43%.
- Administration expenses increased by 53% to SEK 247 M (161). Excluding Länsförsäkringar Fondförvaltning, the corresponding increase was 27%.
- Net interest income rose by 24%.
- Return on equity was 5.7% (1.8).
- Capital adequacy amounted to 11.99% (8.52) and the Tier 1 ratio was 9.10% (7.94).
- The number of bank customers amounted to 539,000 (including mutual fund customers). The number of customers who have their current account, cards, savings and loans with the bank increased by 50%.
- The task of setting up an EMTN program was initiated during the period.

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

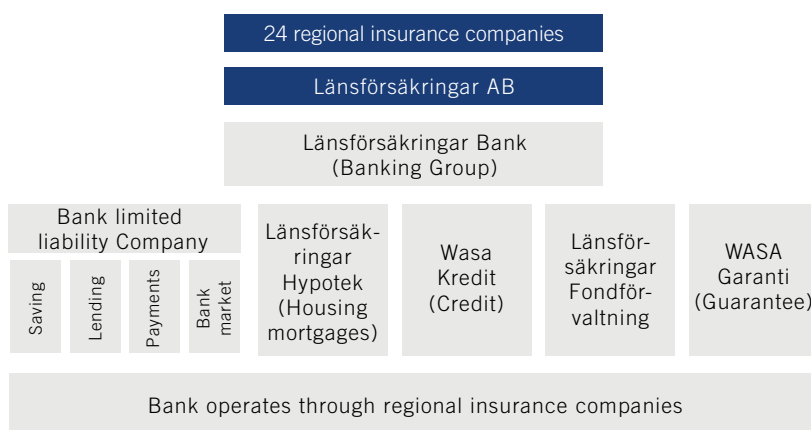
”The bank shows continued strong growth in earnings and volumes. Operating income showed a very positive development. Lending rose by 42% and deposits by 11%. We have strengthened our position in the mortgage market, with 78% growth in mortgage lending during the past 12 months. Our focus on broadening customers’ banking commitments has led to a doubling in the past year in the number of customers with a current account, cards, savings and loans with the bank.”

Figures in parentheses pertain to January – March 2003.



## Key figures

Group	Jan. 1–Mar. 31, 2004	Jan. 1–Mar. 31, 2003	Full-year 2003
Return on equity, %	5.73	1.78	2.98
Investment margin, %	2.12	2.54	2.59
Interest margin, %	1.91	2.33	2.39
Cost/income ratio before loan losses	0.89	0.92	0.90
Cost/income ratio after loan losses	0.90	0.97	0.94
Capital adequacy, %	11.99	8.52	13.00
Tier 1 ratio, %	9.10	7.94	9.95
Percentage of doubtful receivables, gross, %	0.65	0.85	0.69
Percentage of doubtful receivables, net, %	0.07	0.16	0.12
Provision ratio for doubtful receivables, %	88.68	81.00	83.14
<b>Parent Company</b>			
Return on equity, %	0.57	neg	neg
Investment margin, %	0.96	1.34	1.33
Interest margin, %	0.78	1.15	1.16
Cost/income ratio before loan losses	1.06	1.16	1.12
Cost/income ratio after loan losses	1.06	1.19	1.14
Capital adequacy, %	44.71	26.81	45.23
Tier 1 ratio, %	34.37	24.98	34.62
Percentage of doubtful receivables, gross, %	0.26	0.38	0.27
Percentage of doubtful receivables, net, %	0.01	0.04	0.00
Provision ratio for doubtful receivables, %	97.86	88.85	100.00



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, Wasa Kredit, Länsförsäkringar Fondförvaltning 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

### Significant events

On January 1, 2004, Länsförsäkringar Bank acquired Länsförsäkringar Fondförvaltning AB (fund management) from Länsförsäkringar AB for a purchase price of SEK 115 M. The transaction was implemented in the form of a non-cash issue and resulted in a SEK 115 M increase in Länsförsäkringar Bank's shareholders' equity.

Obligations and rights pertaining to WASA Garanti have been transferred to the bank as part of the preparations to liquidate the company in 2004.

### Total assets

The Group's total assets at the end of the first quarter amounted to SEK 35.8 M (24.4), representing an increase of 47%.

Lending to the public rose by 42%, or SEK 9.5 billion, to SEK 32.0 billion (22.5).

Deposits from the public rose by 11%, or SEK 1.8 billion, to SEK 18.1 billion (16.3).

Borrowing and securities issued increased by 120%, or SEK 6.7 billion, to SEK 12.3 billion (5.6). The borrowing program started by the bank comprises a commercial paper program with a limit of SEK 6 billion and an MTN program with an original limit of SEK 7 billion. The limit for the MTN program has subsequently been raised to SEK 10 billion. To further diversify its borrowing, the bank initiated measures during the first quarter to set up an EMTN

program. On March 31, 2004, borrowing through certificates amounted to SEK 1.3 billion and borrowing via the MTN program totaled SEK 9.9 billion.

### Capital adequacy and rating

The bank's capital adequacy was 11.99% (8.52) and the Tier 1 ratio 9.10% (7.94). The target level for capital adequacy is 10.5% and the Tier 1 target is 8.5%. The permitted deviation range for both targets is +/-0.5 percentage points.

Länsförsäkringar Bank has a credit rating of K 1/BBB+/Stable by Standard & Poor's.

Effective January 1, 2004, the capital adequacy regulations issued by Finansinspektionen have been changed so that other intangible assets are now deducted from Tier 1 capital. This has a negative impact of approximately 0.35 percentage points on overall capital adequacy and the Tier 1 ratio.

### Earnings and profitability

Consolidated operating income amounted to SEK 31.9 M (14.6) before loan losses and SEK 28.0 M (5.8) after loan losses. This corresponds to a return on average equity of 5.7% (1.8).

### Revenues

Net interest income rose by 24% to SEK 182.9 M (147.1). The rise is attributable to increased volumes. The Group's investment margin, that is, net interest income as a percentage of average total assets, amounted

to 2.1% (2.5). Net commission revenue increased to SEK 53.1 M (6.9), largely due to the fact that Länsförsäkringar Fondförvaltning is now included in the Bank Group. Net income from financial transactions amounted to SEK 8.6 M (0). Other operating revenue rose by SEK 56% to SEK 33.9 M (21.7).

### Expenses

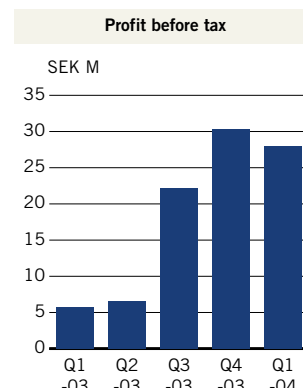
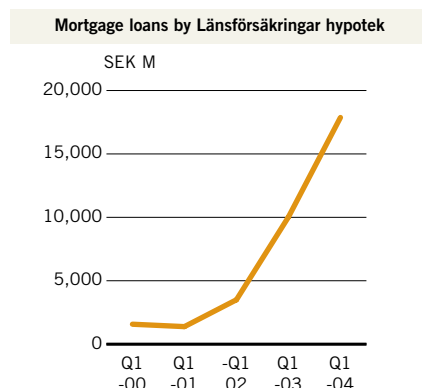
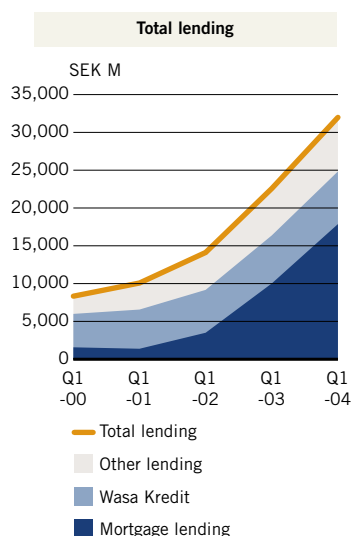
Operating expenses rose by 53%, or SEK 85.5 M, to SEK 246.6 M (161.1). The rise is primarily attributable to increased volumes but also to the fact that Länsförsäkringar Fondförvaltning is now included in the Group. The cost/income ratio amounted to 0.89 (0.92) before loan losses and 0.90 (0.97) after loan losses.

### Loan losses

Provisions were made after group-wise appraisal and individual review. The Group's loan losses (both probable and confirmed) amounted, net, to SEK 3.9 M (9.7).

### Broadening of customers' commitments

The bank aims to offer customers a total solution comprising banking and insurance services. The number of customers who have their current account, cards, savings and loans with the bank has risen by 50%, corresponding to an increase of 7,000 customers. Currently, 10.4% (9.8) of Länsförsäkringar's private-homeowner customers are also bank customers.



## Parent Company

Deposits, borrowing and some lending are conducted by the Parent Company. Lending to the public amounted to SEK 7.1 billion (6.1) and deposits from the public totaled SEK 18.1 billion (16.4). Most of the lending operations are conducted through Länsförsäkringar Hypotek and Wasa Kredit. The majority of the Bank Group's administration expenses are contained within the Parent Company.

## Subsidiaries

### Länsförsäkringar Hypotek

Länsförsäkringar Hypotek began operations in 2001. Mortgage lending rose during the period by 78%, or SEK 7.8 billion, to SEK 17.9 billion (10.0). The number of housing loan customers increased from 38,000 to 56,000. The loans' average size amounts to approximately SEK 300,000. Most of the lending, equivalent to 86%, pertains to financing of private homes. Tenant-owned apartments account for 10%, leisure homes account for 2% and other financing for the remaining 2%. Second ranking mortgages

are carried by the bank. Länsförsäkringar Hypotek's operating income amounted to SEK 10.1 M (8.6).

### Wasa Kredit

Wasa Kredit is a finance company offering leasing, installment plans and unsecured loans. The primary markets are cars, computers, leisure and engineering machinery. Wasa Kredit's operating income amounted to SEK 20.6 M (14.4). The lending volume totaled SEK 7.0 M (6.4).

### Länsförsäkringar Fondförvaltning

Länsförsäkringar Fondförvaltning manages SEK 37 billion (27) in 36 mutual funds with different investment orientations. Länsförsäkringar's mutual funds are marketed by the regional insurance companies and by insurance brokers, both as direct fund saving and via various unit-linked products. Länsförsäkringar's mutual funds can also be linked to premium pension plans, collective agreement pensions and occupational pension plans.

Profit before tax and appropriations amounted to SEK 4.3 M (1.8).

## Income statements

SEK 000s		Group			Parent Company		
		Jan. 1– Mar. 31 2004	Jan. 1– Mar. 31 2003	Full-year 2003	Jan. 1– Mar. 31 2004	Jan. 1– Mar. 31 2003	Full-year 2003
Interest income	Note 2	471,630	352,057	1,593,678	316,364	238,139	1,021,581
Interest expense	Note 3	–288,766	–204,954	–893,004	–236,963	–166,937	–685,242
<b>Net interest income</b>		<b>182,864</b>	<b>147,103</b>	<b>700,674</b>	<b>79,401</b>	<b>71,202</b>	<b>336,339</b>
Dividends received		–	–	2,418	–	–	138
Commission revenue		136,745	25,175	111,316	27,913	13,069	58,084
Commission expense		–83,669	–18,297	–83,132	–22,029	–12,183	–61,233
Net income from financial transactions		8,611	–	–399	8,611	–	–399
Other operating revenue		33,914	21,678	91,284	33,065	24,695	123,377
<b>Total operating revenue</b>		<b>278,465</b>	<b>175,659</b>	<b>822,161</b>	<b>126,961</b>	<b>96,783</b>	<b>456,306</b>
General administration expenses		–231,470	–142,884	–650,219	–125,852	–97,111	–448,586
ADepreciation/amortization and write-downs of tangible and intangible fixed assets		–9,465	–12,721	–57,663	–6,759	–11,424	–49,777
Other operating expenses		–5,632	–5,451	–28,477	–1,888	–3,302	–12,755
<b>Total expenses before loan losses</b>		<b>–246,567</b>	<b>–161,056</b>	<b>–736,359</b>	<b>–134,499</b>	<b>–111,837</b>	<b>–511,118</b>
<b>Income before loan losses</b>		<b>31,898</b>	<b>14,603</b>	<b>85,802</b>	<b>–7,538</b>	<b>–15,054</b>	<b>–54,812</b>
Loan losses, net	Note 4	–3,861	–9 730	–38 871	545	–3 013	–11 066
<b>Income from banking operations</b>		<b>28,037</b>	<b>4,873</b>	<b>46,931</b>	<b>–6,993</b>	<b>–18,067</b>	<b>–65,878</b>
<b>Income from insurance operations</b>		<b>–</b>	<b>951</b>	<b>17,990</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total operating income</b>		<b>28,037</b>	<b>5,824</b>	<b>64,921</b>	<b>–6,993</b>	<b>–18,067</b>	<b>–65,878</b>
Tax on income for the year		–	–	–18,611	9,808	6,689	18,224
<b>NET PROFIT/LOSS FOR THE PERIOD</b>		<b>28,037</b>	<b>5,824</b>	<b>46,310</b>	<b>2,815</b>	<b>–11,378</b>	<b>–47,654</b>
Earnings per share		2.94	0.69	5.51	0.29	–1.35	–5.67

The conditions for receiving and paying Group contributions will exist at year-end. Accordingly, no current tax is being charged.

The tax effect of Group contributions received has been taken into account as of March 31, 2004/March 31, 2003.

## Balance sheets

SEK 000s	Group			Parent Company		
	Mar. 31, 2004	Mar. 31, 2003	Dec. 31, 2003	Mar. 31, 2004	Mar. 31, 2003	Dec. 31, 2003
<b>Assets</b>						
Cash and central bank account balances	133,827	35,390	75,144	83,431	35,390	75,144
Eligible Treasury bills	1,196,656	–	–	1,196,656	–	–
Lending to credit institutions	672,703	640,149	602,095	22,889,582	14,408,587	21,076,011
Lending to the public Note 5	32,003,902	22,524,728	30,043,724	7,145,937	6,134,712	7,049,293
Shares and participations	3,833	500	3,833	3,833	500	3,833
Shares and participations in Group companies	–	–	–	1,486,900	906,900	1,251,900
Bonds and other interest-bearing securities	1,297,934	798,628	1,243,145	1,297,934	798,628	1,243,145
Assets in insurance operations	–	7,401	21	–	–	–
Intangible assets	90,011	108,817	77,655	72,418	108,817	77,655
Tangible assets	23,377	28,105	25,587	6,738	9,556	7,762
Other assets	238,949	217,098	237,538	76,477	71,220	76,795
Prepaid expenses and accrued income	147,331	70,414	96,980	97,015	51,099	54,778
<b>ASSETS</b>	<b>35,808,523</b>	<b>24,431,230</b>	<b>32,405,722</b>	<b>34,356,921</b>	<b>22,525,409</b>	<b>30,916,316</b>
<b>Liabilities, provisions and shareholders' equity</b>						
Liabilities to credit institutions	1,303,090	345,854	1,356,951	1,452,060	366,169	1,399,382
Deposits and borrowing from the public	19,267,557	17,926,062	18,154,223	18,126,890	16,386,845	17,012,814
Securities issued	11,173,291	3,937,011	9,120,062	11,173,291	3,937,011	9,120,062
Liabilities in insurance operations	–	5,569	5,400	–	–	–
Other liabilities	268,219	116,856	307,500	168,501	49,194	262,866
Accrued expenses and prepaid income	738,454	490,340	458,629	323,827	210,744	129,925
Provisions	24,280	17,965	21,010	7,566	–	4,296
Subordinated debt	1,050,000	180,000	1,050,000	1,050,000	180,000	1,050,000
<b>Shareholders' equity</b> Note 6						
Share capital (9,548,708 shares, par value of SEK 100 each)	954,871	839,871	839,871	954,871	839,871	839,871
Restricted reserves	55,051	12,072	55,051	12,072	12,072	12,072
Profit brought forward	945,673	553,806	990,715	1,085,028	554,881	1,132,682
Net profit/loss for the period	28,037	5,824	46,310	2,815	–11,378	–47,654
<b>Total shareholders' equity</b>	<b>1,983,632</b>	<b>1,411,573</b>	<b>1,931,947</b>	<b>2,054,786</b>	<b>1,395,446</b>	<b>1,936,971</b>
<b>LIABILITIES, PROVISIONS AND SHAREHOLDERS' EQUITY</b>	<b>35,808,523</b>	<b>24,431,230</b>	<b>32,405,722</b>	<b>34,356,921</b>	<b>22,525,409</b>	<b>30,916,316</b>
<b>Memorandum items</b>						
Assets on own debt	500,000	305,906	500,000	500,000	300,000	500,000
Contingent liabilities	59,103	24,340	29,412	59,103	19,794	29,949
Commitments	12,982,206	4,292,884	8,469,659	11,115,171	2,590,359	8,628,541

## Cash-flow statements

SEK 000s	Group		Parent Company	
	Jan. 1 – Mar. 31 2004	Jan. 1 – Mar. 31 2003	Jan. 1 – Mar. 31 2004	Jan. 1 – Mar. 31 2003
<b>Liquid funds, January 1</b>	<b>-679,712</b>	<b>1,210,049</b>	<b>-814,459</b>	<b>1,031,974</b>
<b>Operating activities</b>				
Operating income	28,037	5,824	-6,993	-18,067
<b>Adjustment for items not included in cash flow</b>				
Booked non-chargeable tax	-	-	9 808	6 689
Depreciation/amortization charged against earnings	9,465	12,721	6,759	11,424
	<b>37,502</b>	<b>18,545</b>	<b>9,574</b>	<b>46</b>
Increase in lending to the public	-1,960,178	-2,663,385	-96,644	-316,186
Increase in deposits and borrowing from the public	1,113,334	1,548,145	1,114,076	1,555,261
Increase in lending to subsidiaries	-	-	-1,710,839	-2,055,635
Change in other assets	-51,762	25,916	-41,919	2,508
Change in other liabilities	243,814	64,815	102,808	16,663
<b>Cash flow from operating activities</b>	<b>-617,290</b>	<b>-1,005,964</b>	<b>-622,944</b>	<b>-797,343</b>
<b>Investing activities</b>				
Change in fixed assets	-74,400	-310,847	-55,287	-310,026
Increase in shares in subsidiaries	-	-	-235,000	-100,000
Acquisition of Länsförsäkringar Fondförvaltning AB	-91,352	-	-	-
Change in assets in insurance operations	21	4,784	-	-
Change in liabilities in insurance operations	-5,400	175	-	-
<b>Cash flow from investing activities</b>	<b>-171,131</b>	<b>-305,888</b>	<b>-290,287</b>	<b>-410,026</b>
<b>Financing activities</b>				
Shareholders' contribution received	-	200,000	-	200,000
New share issue	115,000	-	115,000	-
Change in securities issued	2,053,229	231,488	2,053,229	231,488
<b>Cash flow from financing activities</b>	<b>2,168,229</b>	<b>431,488</b>	<b>2,168,229</b>	<b>431,488</b>
<b>Cash flow for the period</b>	<b>1,379,808</b>	<b>-880,364</b>	<b>1,254,998</b>	<b>-775,881</b>
<b>Liquid funds, March 31</b>	<b>700,096</b>	<b>329,685</b>	<b>440,539</b>	<b>256,093</b>
<b>Liquid funds include:</b>				
Cash and central bank account balances	133,827	35,390	83,431	35,390
Eligible Treasury bills	1,196,656	-	1,196,656	-
Other lending to/deposits in credit institutions	672,703	640,149	612,512	586,872
Liabilities to credit institutions	-1,303,090	-345,854	-1,452,060	-366,169
	<b>700,096</b>	<b>329,685</b>	<b>440,539</b>	<b>256,093</b>
Interest received amounted to	436,064	454,408	284,531	234,482
Interest paid amounted to	52,942	31,821	69,868	35,115
Taxes paid amounted to	891	564	570	334
Gross investments during the period	1,154	11,269	723	10,448

## 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 2003 Annual Report.

### NOTE 2 INTEREST INCOME

SEK 000s	Group			Parent Company		
	Jan. 1–Mar. 31 2004	Jan. 1–Mar. 31 2003	Full-year 2003	Jan. 1–Mar. 31 2004	Jan. 1–Mar. 31 2003	Full-year 2003
Interest income, lending to credit institutions	63,868	20,595	136,984	213,361	137,025	623,463
Interest income, lending to the public	391,476	322,328	1,428,079	86,717	92,018	369,544
Interest income, interest-bearing securities	16,286	8,687	26,504	16,286	8,687	26,504
Other interest income	–	447	2,111	–	409	2,070
<b>Total interest income</b>	<b>471,630</b>	<b>352,057</b>	<b>1,593,678</b>	<b>316,364</b>	<b>238,139</b>	<b>1,021,581</b>
Average interest rate, lending to the public	4.9%	5.9%	5.5%	4.9%	6.2%	5.7%

### NOTE 3 INTEREST EXPENSE

SEK 000s	Group			Parent Company		
	Jan. 1–Mar. 31 2004	Jan. 1–Mar. 31 2003	Full-year 2003	Jan. 1–Mar. 31 2004	Jan. 1–Mar. 31 2003	Full-year 2003
Interest expense, liabilities to credit institutions	72,783	56,277	370,015	36,046	4,196	37,921
Interest expense, deposits and borrowing from the public	106,980	143,588	504,485	92,049	122,359	433,458
Interest expense, interest-bearing securities	90,904	–	–	90,904	35,780	195,360
Interest expense, subordinated debt	15,099	2,679	10,010	14,964	2,192	10,010
Other interest expense, including government deposit insurance	3,000	2,410	8,494	3,000	2,410	8,493
<b>Total interest expense</b>	<b>288,766</b>	<b>204,954</b>	<b>893,004</b>	<b>236,963</b>	<b>166,937</b>	<b>685,242</b>
Average rate of interest during the period, deposits from the public	2.0%	3.1%	2.6%	2.0%	3.1%	2.6%



**NOTE 4 LOAN LOSSES, NET**

SEK 000s	Group			Parent Company		
	Jan. 1–Mar. 31 2004	Jan. 1–Mar. 31 2003	Full-year 2003	Jan. 1–Mar. 31 2004	Jan. 1–Mar. 31 2003	Full-year 2003
<b>Specific provision for individually appraised loan receivables</b>						
Write-off of confirmed loan losses during the period	337	579	15,186	218	579	1,349
Reversed provisions for probable loan losses reported in the interim accounts as confirmed losses	–125	–425	–992	–125	–425	–990
Provision for probable loan losses during the period	5,263	1,245	17,372	385	995	2,374
Payment received for prior confirmed loan losses	–2,754	–1,108	–14,977	–78	–144	–679
Reversed provisions no longer required for probable loan losses	–831	–823	–5,843	–578	–798	–3,396
<b>Net expense during the period for individually appraised loan receivables</b>	<b>1,890</b>	<b>–532</b>	<b>10,746</b>	<b>–178</b>	<b>207</b>	<b>–1,342</b>
<b>Group-wise provisions for individually appraised receivables</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</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	620	588	9 799	620	588	2,866
Payment received for previously confirmed loan losses	–600	–1,548	–2,487	–7	–	–17
Allocation/dissolution of provisions for loan losses	3,850	11,222	20,813	919	2,218	9,559
<b>Net expense for the period for homogenous loan receivables appraised by group</b>	<b>3,870</b>	<b>10,262</b>	<b>28,125</b>	<b>1,532</b>	<b>2,806</b>	<b>12,408</b>
<b>Net expense for period for fulfillment of guarantees</b>	<b>–1,899</b>	<b>–</b>	<b>–</b>	<b>–1,899</b>	<b>–</b>	<b>–</b>
<b>Net expense for the period for loan losses</b>	<b>3,861</b>	<b>9,730</b>	<b>38,871</b>	<b>–545</b>	<b>3,013</b>	<b>11,066</b>

## NOTE 5 LENDING TO THE PUBLIC

SEK 000s	Group			Parent Company		
	Mar. 31 2004	Mar. 31 2003	Dec. 31 2003	Mar. 31 2004	Mar. 31 2003	Dec. 31 2003
<b>Loan receivables, gross</b>						
Public sector	123,137	128,234	130,774	–	–	–
Commercial sector	3,698,228	3,496,146	3,619,121	317,771	271,758	311,879
Household sector	28,359,781	19,058,281	26,458,102	6,901,117	5,935,892	6,809,759
Other	8,225	3,693	8,072	3,333	1,273	3,134
<b>Total</b>	<b>32,189,371</b>	<b>22,686,354</b>	<b>30,216,069</b>	<b>7,222,221</b>	<b>6,208,923</b>	<b>7,124,772</b>
<b>Less:</b>						
<b>Specific Provisions for individually reserved loan receivables</b>						
Commercial sector	–34,808	–25,071	–28,589	–247	–247	–247
Household sector	–46,588	–39,176	–40,978	–16,879	–18,976	–17,198
	<b>–81,396</b>	<b>–64,247</b>	<b>–69,567</b>	<b>–17,126</b>	<b>–19,223</b>	<b>–17,445</b>
<b>Provisions for group-wise reserved loan receivables</b>						
Commercial sector	–12,881	–14,240	–13,243	–1,751	–1,473	–1,727
Household sector	–91,192	–83,139	–89,535	–57,407	–53,515	–56,307
	<b>–104,073</b>	<b>–97,379</b>	<b>–102,778</b>	<b>–59,158</b>	<b>–54,988</b>	<b>–58,034</b>
<b>Total provisions</b>	<b>–185,469</b>	<b>–161,626</b>	<b>–172,345</b>	<b>–76,284</b>	<b>–74,211</b>	<b>–75,479</b>
<b>Loan receivables, net</b>						
Public sector	123,137	128,234	130,774	–	–	–
Commercial sector	3,650,539	3,456,835	3,577,289	315,773	270,038	309,905
Household sector	28,222,001	18,935,966	26,327,589	6,826,831	5,863,401	6,736,254
Other	8,225	3,693	8,072	3,333	1,273	3,134
	<b>32,003,902</b>	<b>22,524,728</b>	<b>30,043,724</b>	<b>7,145,937</b>	<b>6,134,712</b>	<b>7,049,293</b>
<b>Doubtful loan receivables</b>						
Commercial sector	61,285	52,062	58,905	1,998	1,720	2,206
Household sector	147,864	141,040	148,383	75,955	75,945	73,272
	<b>209,149</b>	<b>193,102</b>	<b>207,288</b>	<b>77,953</b>	<b>77,665</b>	<b>75,478</b>
<b>Non-performing loan receivables included among doubtful loan receivables</b>						
Företagssektor	36,612	29,114	34,414	479	247	479
Household sector	89,423	77,853	82,245	44,836	41,666	40,185
	<b>126,035</b>	<b>106,967</b>	<b>116,659</b>	<b>45,315</b>	<b>41,913</b>	<b>40,664</b>

### Definitions:

**Non-performing receivables** are claims 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 2004	Mar. 31 2003	Dec. 31 2003	Mar. 31 2004	Mar. 31 2003	Dec. 31 2003
<b>Restricted equity</b>						
Share capital	954,871	839,871	839,871	954,871	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
Other reserves	42,979	–	42,979	–	–	–
	<b>1,009,922</b>	<b>851,943</b>	<b>894,922</b>	<b>966,943</b>	<b>851,943</b>	<b>851,943</b>
<b>Non-restricted equity</b>						
Profit brought forward	945,673	553,806	990,715	1,085,028	554,881	1,132,682
Net profit/loss for the year	28,037	5,824	46,310	2,815	–11,378	–47,654
	<b>973,710</b>	<b>559,630</b>	<b>1,037,025</b>	<b>1,087,843</b>	<b>543,503</b>	<b>1,085,028</b>
<b>Total shareholders' equity</b>	<b>1,983,632</b>	<b>1,411,573</b>	<b>1,931,947</b>	<b>2,054,786</b>	<b>1,395,446</b>	<b>1,936,971</b>
<b>Change in shareholders' equity</b>						
Opening balance	1,931,947	1,205,749	1,205,749	1,936,971	1,206,824	1,206,824
Group contribution received	–	–	–	–	–	66,390
Tax effect of Group contribution received	–	–	–	–	–	–18,589
Group contribution paid	–	–	–69,600	–	–	–
Tax effect of Group contribution paid	–	–	19,488	–	–	–
Unconditional shareholders' contribution from Parent Company	–	200,000	730,000	–	200,000	730,000
New issue of shares in Länsförsäkringar Bank AB	115,000	–	–	115,000	–	–
Changed Group structure	–91,352	–	–	–	–	–
Net profit/loss for the period	28,037	5,824	46,310	2,815	–11,378	–47,654
<b>Closing balance</b>	<b>1,983,632</b>	<b>1,411,573</b>	<b>1,931,947</b>	<b>2,054,786</b>	<b>1,395,446</b>	<b>1,936,971</b>

**NOTE 7 DERIVATIVE INSTRUMENTS**

SEK 000s	Nominal value		Fair value	
	Group	Parent Company	Group	Parent Company
<b>Derivative instruments with positive values</b>				
Interest-rate derivatives	5,425,000	6,150,000	42,574	86,920
<b>Derivative instruments with negative values</b>				
Interest-rate derivatives	5,200,000	300,000	125,719	2,688

This interim report is unaudited.

Stockholm, April 23, 2004

**Tomas Johansson**  
Managing Director

**Reporting dates:**

Interim report, January – June 2004

August 30, 2004

Interim report, January – September 2004

October 26, 2004

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