

Länsförsäkringar Bank

YEAR-END REPORT 2004

Summary

- Operating income amounted to SEK 171 M (104) before loan losses and SEK 127 M (65) after loan losses.
- Income after tax amounted to SEK 186 M (46).
- Revenues rose by 48% to SEK 1,214 M (822).
- Administration expenses rose by 42% to SEK 1,042 M (736).
- Net interest income rose by 18% to SEK 830 M (701).
- The return on equity was 8.8% (3,0%). The return before items affecting comparability amounted to 6,0%.
- Lending to the public increased by 31% to SEK 39 billion (30). Deposits from the public rose by 9% to SEK 19 billion (17).
- Mortgage lending by the subsidiary Länsförsäkringar Hypotek rose by 47% to SEK 24 billion (16).
- Rating increase from Standard & Poor's (A-/A-2). First credit rating from Moody's: A3/P-2.
- During the spring, an EMTN program was established to finance the expansion of lending operations and to diversify the founding portfolio.
- With its nationwide network of branch offices, Länsförsäkringar has Sweden's most satisfied bank customers, according to the 2004 Swedish Quality Index survey.
- The number of bank customers rose to 568,000 (452,000)

Figures in parentheses pertain to 2003.



Key figures

Group	2004	2003	2002	2001	2000
Return on equity, %	8.81	2.98	1.90	0.16	6.31
Return on equity before items affecting comparability, % ¹⁾	5.99	2.98	1.90	0.16	6.31
Return on total capital, %	0.49	0.17	0.11	0.01	0.48
Return on total capital before items affecting comparability, % ¹⁾	0.33	0.17	0.11	0.01	0.48
Investment margin, %	2.18	2.59	3.01	3.08	3.00
Interest margin, %	2.02	2.37	2.82	2.86	2.73
Cost/income ratio before loan losses	0.86	0.90	0.99	1.09	0.96
Cost/income ratio after loan losses	0.90	0.94	1.01	1.04	0.96
Capital adequacy, %	11.37	13.00	8.08	9.12	10.21
Tier 1 ratio, %	9.00	9.95	7.45	8.45	9.37
Percentage of doubtful receivables, %	0.15	0.12	0.18	0.47	0.68
Provision ratio for doubtful receivables, %	76.33	83.14	80.30	71.38	71.32
Parent Company	2004	2003	2002	2001	2000
Return on equity, %	2.95	Neg.	Neg.	Neg.	Neg.
Return on equity before items affecting comparability, % ¹⁾	Neg.	Neg.	Neg.	Neg.	Neg.
Return on total capital, %	0.17	Neg.	Neg.	Neg.	Neg.
Return on total capital before items affecting comparability, % ¹⁾	Neg.	Neg.	Neg.	Neg.	Neg.
Investment margin, %	1.01	1.33	1.77	1.82	1.57
Interest margin, %	0.86	1.15	1.58	1.60	1.31
Cost/income ratio before loan losses	1.07	1.12	1.19	1.37	1.19
Cost/income ratio after loan losses	1.08	1.14	1.22	1.30	1.16
Capital adequacy, %	45.64	45.23	24.30	22.49	27.76
Tier 1 ratio, %	36.45	34.62	22.40	20.82	25.50
Percentage of doubtful receivables, %	0.00	0.15	0.08	0.17	0.23
Provision ratio for doubtful receivables, %	98.47	100.00	83.33	74.98	80.13

¹⁾ Tax effect of deferred tax receivable

Quarterly development, Group

SEKM	Q4 2004	Q3 2004	Q2 2004	Q1 2004	Q4 2003
Net interest income	225.3	211.4	210.0	182.9	202.9
Net commission revenue	54.6	57.2	48.9	53.1	9.1
Other revenues	45.0	38.8	43.9	42.5	22.7
Total revenues	324.9	307.4	302.8	278.5	234.7
Personnel costs	-72.2	-52.0	-59.0	-53.3	-58.5
Other costs	-200.4	-210.0	-202.0	-193.3	-155.4
Total costs	-272.6	-262.0	-261.0	-246.6	-213.9
Income before loan losses	52.3	45.4	41.8	31.9	20.8
Loan losses	-16.2	-11.3	-13.4	-3.9	-5.3
Income from banking operations	36.1	34.1	28.4	28.0	15.5
Income from insurance operations	0.0	0.0	0.0	0.0	14.8
Operating income	36.1	34.1	28.4	28.0	30.3

Major strategic successes

For Länsförsäkringar's bank operations, significantly increased growth over the coming years is both a means and a goal. Robust growth and increased business volumes will enable us to offer customers even more competitive prices and products. Over the next few years, we will further improve our efficiency, primarily to strengthen our customer offering.

The past year confirms that the strategy that Länsförsäkringar chose for its bank operations was the right one and it has been highly successful. We can report major successes in one area after another. According to the 2004 Swedish Quality Index survey, Länsförsäkringar has Sweden's most satisfied bank customers. Income before tax for 2004 amounts to SEK 126.7 M, the highest earnings the bank operations have ever reported and confirmation that the bank has achieved the necessary volume to continue to grow while maintaining strong profitability. It is important for us to maintain a strong relationship with our customers and an attractive total customer offering. During the year, we have seen our efforts to provide a total offering bear fruit. Home mortgages increased by almost 50%, the number of cards increased by nearly 26% and the number of Internet customers increased by 11%. The trends of the market shares of lending and deposits were very positive.

Another key area, and a measure of the strength of our strategy, is the confidence in the bank shown by the business community and the capital market. We note with satisfaction that the bank's S&P rating was upgraded in July to A- (stable), and that just prior to this, the bank received a rating of A3 (stable) from Moody's. In the capital market, the bank has a highly successful year behind it, credit margins having declined considerably and to a much greater extent than the rest of the market had expected.

Knowledge of customers and their requirements

The strategic target group, homeowners, was so selected because of the substantial growth potential it represents for bank operations. The linkage between home insurance and home financing is the key to homeowners – the mortgage opens the door to the wider engagement of the customer in all bank products that Länsförsäkringar offers.

Knowledge of customers and their requirements is a basic prerequisite for growth. Länsförsäkringar knows its customers well. This is because through its structure with 24 regional and independent insurance companies Länsförsäkringar is close to customers. When they entrust their banking and insurance requirements to Länsförsäkringar, other advantages arise: discounts that increase as the customer purchases more products; customers enjoy an ongoing overview of their banking and insurance business in one place. This overview is provided via the Internet and in semiannual mailings.

Clear-cut Internet sales targets

The personal meeting with the customer is supplemented by the Internet, which has become an increasingly important part of our total customer contacts. An increasing number of applications, particularly loan applications, are received via the Internet. Clear-cut sales targets are now being established for this customer interface channel, while at the same time the services are being extended and personalized offerings will be aimed at customers via the Internet. Länsförsäkringar's bank operations focus

on the target group composed of private and agricultural customers. As indicated above, our growth strategy focuses primarily on marketing to the existing customer base, which consists mainly of non-life insurance customers. This strategy and orientation is firm, given that it has proven successful and has great potential.

Promote awareness of bank operations

Länsförsäkringar's bank operations are based on a solid, healthy foundation. In order to realize our growth aims, however, we must substantially increase awareness of the bank operations. Current levels of awareness, generally and among our own non-life insurance customers, are too low. The existing bank customers, however, are very satisfied. Consequently, the problem we face is about awareness rather than attitudes. We need to deploy focused mass communications and individualized communications in order to substantially increase awareness of Länsförsäkringar's bank operations and the fact that our brand includes banking.

The past year was a good one for Länsförsäkringar Bank, in both financial and marketing terms. Operating income increased sharply as did revenue, and business volume rose by 27%. Nearly 8% of all new lending to the housing market is provided by Länsförsäkringar. With these results, we shall now proceed to further strengthen Länsförsäkringar in the Swedish bank market, to the benefit of Swedish consumers.

Stockholm, February 16, 2005

Länsförsäkringar Bank



TOMAS JOHANSSON
Managing Director

Group

Total assets

The Group's total assets amounted to SEK 43.0 billion (32.4), representing an increase of 33%. Lending to the public rose by 31%, or SEK 9.4 billion, to SEK 39.4 billion (30.0). Deposits from the public rose by 9%, or SEK 1.6 billion, to SEK 18.6 billion (17.0).

Market share, measured as deposits from households, amounted to 3.0% and 2.5% for lending to households.

Founding program

As a result of the expansion of its lending operations, in 2004 the bank increased its activities in the capital market. During the spring a Euro Medium Term Note (EMTN) program was established. The purpose of the program is to gain access to the Euro market and to supplement the established domestic MTN program. The framework of the program is EUR 1.5 billion.

The framework for the domestic MTN program was increased and now amounts to SEK 15 billion. The framework for the bank's domestic commercial paper program was also increased, and now amounts to SEK 15 billion.

The climate for new issues in Sweden and internationally has been highly positive. Combined with the upgrading of the S&P rating to A– and the new Moody's rating of A3, this enabled Länsförsäkringar Bank to significantly reduce its founding cost in the capital market.

In June 2004, the first issue under the EMTN was carried out. The issue attracted great interest and was oversubscribed. As a result, the amount was raised from the originally planned EUR 300 M to EUR 400 M, with a term of three years.

Capital adequacy

The Board of Directors of the bank has established a target capital adequacy ratio of 10.5%, and Tier 1 ratio of 8.5%. Both measures have permitted ranges of deviation of +/-0.5 percentage points. During the year, the bank received a shareholders'

contribution of SEK 300 M from the Parent Company, Länsförsäkringar AB. At year-end 2004, the Group's capital-adequacy ratio amounted to 11.37% (13.0). The Tier 1 ratio amounted to 9.0% (9.95).

Rating

In May 2004, Standard & Poor's upgraded its earlier rating of BBB+ (stable) to A– (stable). According to S&P, the upgrade was motivated by the fact that the bank had evolved from a niche bank into a full-range bank and achieved the growth and profitability targets it had set. S&P also pointed out that the quality of the asset quality had been maintained despite a substantial expansion in lending activity.

In May 2004, Länsförsäkringar Bank also received a rating from Moody's: A3 (stable). Moody's motivation was the bank's strategic role in the Länsförsäkringar Alliance and that given Länsförsäkringar's large customer base, the bank has considerable expansion potential. The bank's low risk profile and the solid level of its capital adequacy were further motivating factors.

S&P's upgrading to a rating on the A-scale combined with a Moody's rating on a corresponding level have made it possible to considerably expand the investor base in both the Swedish market and the Euro market.

Earnings and profitability

Consolidated operating income amounted to SEK 171.4 M (103.8) before loan losses and SEK 126.6 M (64.9) after loan losses. This corresponds to a return on average equity of 6.0% (3.0). Income after tax, SEK 186 M, includes SEK 98 M as an effect of the reporting of a deferred tax receivable. After this item, the return on capital amounts to 8.8%. The yield will gradually improve in pace with the increased volume.

Revenues

Net interest income rose by 18% to SEK 829.7 M (700.7). The rise is primarily attributable to increased volumes. The Group's investment margin, that is, net interest income as a percentage of average total

assets, amounted to 2.2% (2.6). Net commission revenue amounted to SEK 213.7 M (28.2), the increase largely being due to the fact that Länsförsäkringar Fondförvaltning has been included in the Banking Group since the beginning of the year. Total other operating revenue increased by approximately 82% to SEK 170.1 M (93.3).

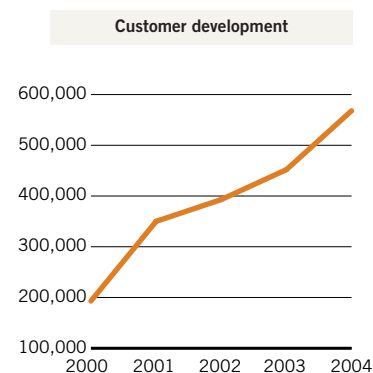
Expenses

Operating expenses rose by 42% to SEK 1,042.2 M (736.4). The rise is largely attributable to increased sales volumes but also to the fact that Länsförsäkringar Fondförvaltning has been included in the Group since the beginning of the year. The cost/income ratios – that is, costs in relation to revenue, amounted to 0.86 (0.90) before loan losses and 0.90 (0.94) after loan losses.

Personnel costs for the fourth quarter were charged with future individual pension commitments and other items of a nonrecurring nature.

Loan losses

Provisions were made after group-wise appraisal and, to a limited extent, after individual review. The Group's net loan losses (both probable and confirmed) amounted to SEK 44.8 M (38.9). The increase is due to increasing volumes. The proportion of doubtful loan receivables increased somewhat and amounted to 0.15% (0.12). The provision percentage for doubtful receivables declined to 76.33% (83.14).



Customers

Länsförsäkringar has a total of 568,000 (452,000) bank customers. This figure increased over the preceding year partly because the fund customers have been legally included in the Group since the beginning of the year.

Parent Company

Deposits, funding and some of the Group's lending are conducted by the Parent Company. Lending to the public amounted to SEK 8,0 billion (7,0) during the period, while deposits from the public totaled SEK 18.6 billion (17.0). Most of the Group's lending operations are conducted through Länsförsäkringar Hypotek AB and Wasa Kredit. The major portion of the Banking Group's administration expenses is contained within the Parent Company.

Subsidiaries

Länsförsäkringar Hypotek AB

Länsförsäkringar Hypotek was launched in 2001, offering first lien mortgages under its own administration. Mortgage lending during the year rose by SEK 7.6 billion to SEK 23.8 billion (16.2), representing an

increase of 47%. Market share for home mortgages (first lien mortgages) amounted to 2.5%. The number of home mortgage customers increased from 51,000 to 70,000. The average size of loans amounted to slightly more than SEK 300,000. Most of the lending, equivalent to 85%, pertains to financing single-family dwellings. Tenant-owner apartment and leisure home financing account for the remaining portions. First lien mortgages are carried by Länsförsäkringar Hypotek and second lien mortgages by the bank. Länsförsäkringar Hypotek's operating income amounted to SEK 27.0 M (50.1).

Wasa Kredit AB

Wasa Kredit is a finance company conducting leasing and financing operations 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 97.9 M (62.7) and the lending volume totaled SEK 7.7 billion (6.8).

New contracts during the year totaled SEK 4,926 M, distributed among 74,890 contracts, representing a year-on-year increase of 13% and 24%, respectively. Volumes in leasing and financing operations are

essentially unchanged. The increase occurred primarily in unsecured lending.

Länsförsäkringar Fondförvaltning AB

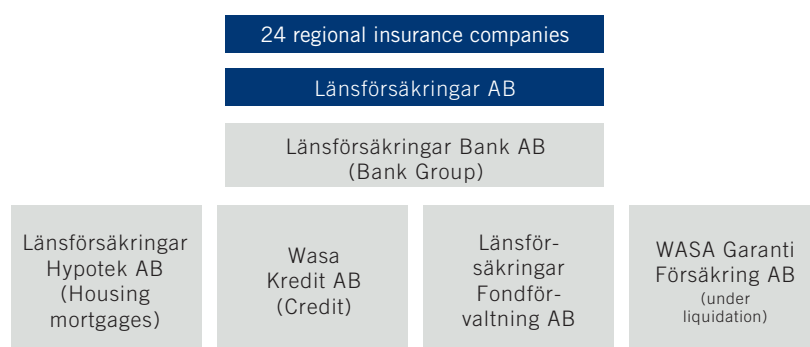
As of January 1, 2004, Länsförsäkringar Fondförvaltning AB has been a subsidiary of the Banking Group. Länsförsäkringar Fondförvaltning manages SEK 41.1 billion (34.2) in 34 (36) mutual funds with different investment orientations.

Länsförsäkringar's mutual funds are available as direct fund saving, as various unit-linked products and through the PPM system. All funds are managed by ABN Amro Bank and its subsidiary, Alfred Berg Kapitalförvaltning, commissioned by Länsförsäkringar Fondförvaltning. As of February 2005, however, the two Europe funds have been managed by Goldman Sachs Asset Management International AB.

Operating income amounted to SEK 46.1 M (21.2). The improvement is primarily the result of increased volume of assets under management. A 65% portion of the increase is due to net sales, 35% to value growth.

WASA Garanti Försäkring AB

Obligations and rights pertaining to WASA Garanti Försäkring AB have been transferred to the bank and liquidation of the company is aimed to be completed in 2005.



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, Länsförsäkringar Fondförvaltning AB and WASA Garanti 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.

Income statements

SEK 000s		Group		Parent Company	
		2004	2003	2004	2003
Interest income	Note 2	2,051,056	1,593,678	1,284,119	1,021,581
Interest expense	Note,3	-1,221,319	-893,004	-915,693	-685,242
Net interest income		829,737	700,674	368,426	336,339
Dividends received		3,140	2,418	87	138
Commission revenue		556,238	111,316	91,404	58,084
Commission expense		-342,519	-83,132	-99,530	-61,233
Net income from financial transactions		14,811	-399	14,811	-399
Other operating revenue		152,245	91,284	147,939	123,377
Total operating revenue		1,213,652	822,161	523,137	456,306
General administration expenses		-976,005	-650,219	-525,054	-448,586
Depreciation/amortization and write-downs of tangible and intangible fixed assets		-37,074	-57,663	-25,325	-49,777
Other operating expenses		-29,153	-28,477	-9,060	-12,755
Total expenses before loan losses		-1,042,232	-736,359	-559,439	-511,118
Income before loan losses		171,420	85,802	-36,302	-54,812
Loan losses, net	Note,4	-44,787	-38,871	-8,016	-11,066
Income from banking operations		126,633	46,931	-44,318	-65,878
Income from insurance operations		-	17,990	-	-
Total operating income		126,633	64,921	-44,318	-65,878
Tax on income for the period		59,371	-18,611	107,399	18,224
NET PROFIT/LOSS FOR THE YEAR		186,004	46,310	63,081	-47,654
Earnings per share, SEK (No. of shares: 9,548,708)		19.48	5.51	6.61	-5.67

Balance sheets

SEK 000s	Group		Parent Company	
	Dec. 31 2004	Dec. 31 2003	Dec. 31 2004	Dec. 31 2003
Assets				
Cash and central bank account balances	146,399	75,144	72,253	75,144
Lending to credit institutions	1,577,252	602,095	29,923,518	21,076,011
Lending to the public	Note 5 39,426,458	30,043,724	8,005,721	7,049,293
Shares and participations	5,234	3,833	5,234	3,833
Shares and participations in Group companies	–	–	1,911,400	1,251,900
Bonds and other interest-bearing securities	1,197,721	1,243,145	1,197,721	1,243,145
Assets in insurance operations	–	21	–	–
Intangible assets	82,005	77,655	67,680	77,655
Tangible assets	17,297	25,587	3,421	7,762
Other assets	307,363	237,538	111,253	76,795
Prepaid expenses and accrued income	255,869	96,980	242,051	54,778
TOTAL ASSETS	43,015,598	32,405,722	41,540,252	30,916,316
Liabilities, provisions and shareholders' equity				
Liabilities to credit institutions	705,489	1,356,951	758,572	1,399,382
Deposits and borrowing from the public	19,537,770	18,154,223	18,599,418	17,012,814
Securities issued	18,154,567	9,120,062	18,154,567	9,120,062
Liabilities in insurance operations	–	5,400	–	–
Other liabilities	375,765	307,500	198,651	262,866
Accrued expenses and prepaid income	728,603	458,629	230,707	129,925
Provisions	21,806	21,010	6,422	4,296
Subordinated debt	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	839,871	954,871	839,871
Restricted reserves	51,631	55,051	12,072	12,072
Profit brought forward	1,249,092	990,715	1,511,891	1,132,682
Net profit/loss for the year	186,004	46,310	63,081	–47,654
Total shareholders' equity	2,441,598	1,931,947	2,541,915	1,936,971
LIABILITIES, PROVISIONS AND SHAREHOLDERS' EQUITY	43,015,598	32,405,722	41,540,252	30,916,316
Memorandum items				
Pledged assets	500,000	500,000	500,000	500,000
Contingent liabilities	61,843	29,412	59,724	29,949
Commitments	21,050,637	8,469,659	18,911,550	8,628,541

Cash-flow statements

SEK 000s	Group		Parent Company	
	Dec. 31 2004	Dec. 31 2003	Dec. 31 2004	Dec. 31 2003
Liquid funds, January 1	-679,712	1,210,050	-814,459	1,031,974
Operating activities				
Operating income	126,633	64,921	-44,318	-65,878
Adjustment for items not included in cash flow				
Booked non-chargeable tax	59,371	-18,611	107,399	18,224
Depreciation/amortization charged against earnings	37,074	57,663	25,325	49,777
	223,078	103,973	88,406	2,123
Increase in lending to the public	-9,382,734	-10,182,381	-956,428	-1,230,767
Increase in deposits and borrowing from the public	1,383,547	1,776,306	1,586,604	2,181,230
Increase in lending to subsidiaries	-	-	-7,987,643	-8,800,151
Change in other assets	-228,715	-15,655	-221,730	-6,750
Change in other liabilities	339,035	221,357	38,692	153,816
Cash flow from operating activities	-7,665,789	-8,096,400	-7,452,099	-7,700,499
Investing activities				
Change in fixed assets	12,290	-766,626	34,415	-759,940
Increase in shares in subsidiaries	-	-	-659,500	-445,000
Increase in shares and participations	-1,401	-3,333	-1,401	-3,333
Acquisition of Länsförsäkringar Fondförvaltning AB	-91,352	-	-	-
Change in assets in insurance operations	21	12,164	-	-
Change in liabilities in insurance operations	-5,400	6	-	-
Cash flow from investing activities	-85,842	-757,789	-626,486	-1,208,273
Financing activities				
Increase in subordinated debentures	-	870,000	-	870,000
Shareholders' contribution received	300,000	730,000	300,000	730,000
New issue	115,000	-	115,000	-
Group contribution provided	-	-50,112	-	-
Group contribution received	-	-	126,864	47,800
Change in securities issued	9,034,505	5,414,539	9,034,505	5,414,539
Cash flow from financing activities	9,449,505	6,964,427	9,576,369	7,062,339
Cash flow for the year	1,697,874	-1,889,762	1,497,784	-1,846,433
Liquid funds at year-end	1,018,162	-679,712	683,325	-814,459
Liquid funds include:				
Cash and central bank account balances	146,399	75,144	72,253	75,144
Other lending to/deposits in credit institutions	1,577,252	602,095	1,369,644	509,779
Liabilities to credit institutions	-705,489	-1,356,951	-758,572	-1,399,382
	1,018,162	-679,712	683,325	-814,459
Interest received amounted to	1,961,782	1,399,099	1,127,016	1,023,816
Interest paid amounted to	1,048,785	784,593	841,010	641,340
Gross investments during the period	15,652	24,862	12,186	18,050

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 2003 Annual Report.

In the report, recommendation RR29, "Employee Benefits," is taken into consideration. Most of the company's (the Group's) pension commitments are managed by pension institutions. Since these institutions have not been able to provide the pension liabilities of the various companies in accordance with RR29, the commitments are reported as if they were defined-contribution schemes based on URA 42. The remaining defined-benefit schemes amount to a minor sum, and have for some time been calculated in accordance with actuarial principles. The deviation from the RR29 method of calculation is deemed unlikely to have any significant effect.

NOTE 2 INTEREST INCOME

SEK 000s	Group		Parent Company	
	2004	2003	2004	2003
Interest income, lending to credit institutions	340,325	136,984	884,256	623,463
Interest income, lending to the public	1,668,878	1,428,079	358,018	369,544
Interest income, interest-bearing securities	39,838	26,504	39,838	26,504
Other interest income	2,015	2,111	2,007	2,070
Total interest income	2,051,056	1,593,678	1,284,119	1,021,581
Average interest rate, lending to the public	4.7%	5.5%	4.8%	5.7%

NOTE 3 INTEREST EXPENSE

SEK 000s	Group		Parent Company	
	2004	2003	2004	2003
Interest expense, liabilities to credit institutions	411,341	174,655	159,689	37,921
Interest expense, deposits and borrowing from the public	347,342	504,485	293,368	433,458
Interest expense, subordinated debt	47,406	10,010	47,406	10,010
Interest expense, interest-bearing securities	407,492	195,360	407,492	195,360
Other interest expense, including government deposit insurance	7,738	8,494	7,738	8,493
Total interest expense	1,221,319	893,004	915,693	685,242
Average rate of interest during the period, deposits from the public	1.5%	2.6%	1.5%	2.6%

NOTE 4 LOAN LOSSES, NET

SEK 000s	Group		Parent Company	
	2004	2003	2004	2003
Specific provision for individually appraised loan receivables				
Write-off of confirmed loan losses during the year	22,211	15,186	1,163	1,349
Reversed provisions for probable loan losses reported in the interim accounts as confirmed losses	-635	-992	-635	-990
Provision for probable loan losses during the year	7,676	17,372	1,541	2,374
Payment received for prior confirmed loan losses	-11,733	-14,977	-644	-679
Reversed provisions no longer required for probable loan losses	-4,904	-5,843	-2,933	-3,396
Net expense during the year for individually appraised loan receivables	12,615	10,746	-1,508	-1,342
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 year	23,830	9,799	5,765	2,866
Payment received for previously confirmed loan losses	-4,169	-2,487	-2	-17
Allocation/dissolution of provisions for loan losses	16,214	20,813	7,464	9,559
Net expense for the year for homogenous loan receivables appraised by group	35,875	28,125	13,227	12,408
Net expense for the year for fulfillment of guarantees	-3,703	-	-3,703	-
Net expense for the year for loan losses	44,787	38,871	8,016	11,066

All information pertains to receivables due from public.

NOTE 5 LENDING TO THE PUBLIC

SEK 000s	Group		Parent Company	
	2004	2003	2004	2003
Loan receivables, gross				
Public sector	108,682	130,774	–	–
Commercial sector	3,912,000	3,619,121	433,531	311,879
Household sector	35,587,228	26,458,102	7,650,583	6,809,759
Other	8,309	8,072	3,479	3,134
Total	39,616,219	30,216,069	8,087,593	7,124,772
Less:				
Specific provisions for individually reserved loan receivables				
Commercial sector	–25,563	–28,589	–247	–247
Household sector	–39,028	–40,978	–15,171	–17,198
	–64,591	–69,567	–15,418	–17,445
Provisions for group-wise reserved loan receivables				
Commercial sector	–16,813	–13,243	–2,188	–1,727
Household sector	–108,357	–89,535	–64,266	–56,307
	–125,170	–102,778	–66,454	–58,034
Total provisions	–189,761	–172,345	–81,872	–75,479
Loan receivables, net				
Public sector	108,682	130,774	–	–
Commercial sector	3,869,624	3,577,289	431,096	309,905
Household sector	35,439,843	26,327,589	7,571,146	6,736,254
Other	8,309	8,072	3,479	3,134
	39,426,458	30,043,724	8,005,721	7,049,293
Doubtful receivables				
Commercial sector	75,266	58,905	2,618	2,206
Household sector	173,356	148,383	80,527	73,272
	248,622	207,288	83,145	75,478
Non-performing receivables included among doubtful receivables				
Commercial sector	21,560	34,414	430	479
Household sector	84,905	82,245	49,011	40,185
	106,465	116,659	49,441	40 664

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	
	2004	2003	2004	2003
Restricted equity				
Share capital	954,871	839,871	954,871	839,871
Statutory reserve	2,371	2,371	2,371	2,371
Share premium reserve	9,701	9,701	9,701	9,701
Other reserves	39,559	42,979	–	–
	1,006,502	894,922	966,943	851,943
Unrestricted equity				
Profit brought forward	1,249,092	990,715	1,511,891	1,132,682
Net profit/loss for the year	186,004	46,310	63,081	–47,654
	1,435,096	1,037,025	1,574,972	1,085,028
Total shareholders' equity	2,441,598	1,931,947	2,541,915	1,936,971

Change in shareholders' equity (Group)

	Share capital	Restricted reserves	Unrestricted reserves	Profit/loss for the year	Total
Opening balance	839,871	55,051	990,715	46,310	1,931,947
As adopted by Annual General Meeting			46,310	–46,310	0
Transfers between restricted and unrestricted equity		–3,420	3,420		0
New issue of shares in Länsförsäkringar Bank AB	115,000		–		115,000
Changed Group structure			–91,353		–91,353
Unconditional shareholders' contribution from Parent Company			300,000		300,000
Net profit/loss for the year				186,004	186,004
Closing balance	954,871	51,631	1,249,092	186,004	2,441,598

Change in shareholders' equity (Parent Company)

	Share capital	Restricted reserves	Unrestricted reserves	Profit/loss for the year	Total
Opening balance	839,871	12,072	1,132,682	–47,654	1,936,971
As adopted by Annual General Meeting			–47,654	47,654	0
New issue	115,000				115,000
Unconditional shareholders' contribution			300,000		300,000
Group contribution received			176,200		176,200
Tax effect on Group contribution received			–49,337		–49,337
Net profit/loss for the year				63,081	63,081
Closing balance	954,871	12,072	1,511,891	63,081	2,541,915

NOTE 7 DERIVATIVE INSTRUMENTS

(tkr)	Nominal value		Fair value	
	Group	Parent Company	Group	Parent Company
Derivative instruments with positive values				
Interest-rate derivatives	4,450,000	4,650,000	36,654	63,365
Currency derivatives	897,250	897,250	6,515	6,515
Derivative instruments with negative values				
Interest-rate derivatives	9,450,000	–	176,517	–
Currency derivatives	4,568,100	4,568,100	61,091	61,091

This report is unaudited.
Stockholm, February 16, 2005

Tomas Johansson
Managing Director

Reporting dates:

Interim Report, January–March 2005: April 26, 2005

Interim Report, January–June 2005: August 30, 2005

Interim Report, January–September 2005: October 25, 2005



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