

# Länsförsäkringar Bank

INTERIM REPORT, JANUARY – MARCH 2003

## Summary

- Positive volume trend. Lending to the general public rose 60% to SEK 22.5 billion (14.1)\* and deposits from the general public increased 25% to SEK 16.3 billion (13.0).
- Operating profit before loan losses amounted to SEK 15.6 M (2.6).
- Operating profit after loan losses amounted to SEK 5.8 M (loss: 5.0).
- Net interest income rose 18% to SEK 147.1 M (124.8).
- Administration expenses increased 7.4% to SEK 161.1 M (150.0).
- The office network is being expanded successively and today there are 80 (75) advisory offices.
- The number of customers rose to 410,000 (358,000).
- Mortgage loans increased by 178% to SEK 10.0 billion (3.6).

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

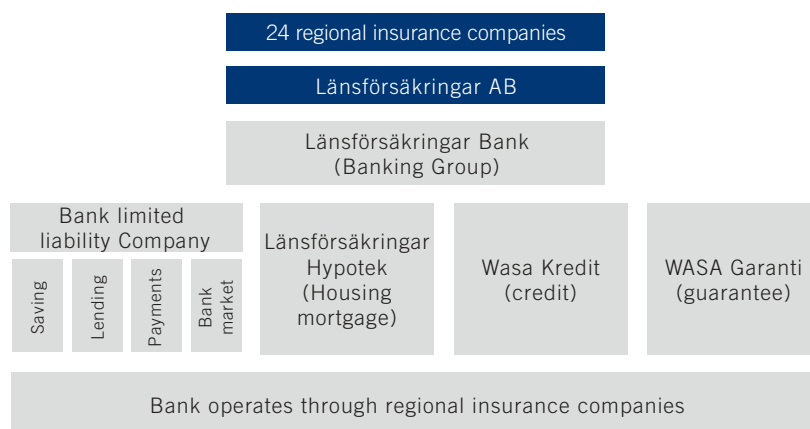
Länsförsäkringar experienced a strong volume growth in the bank during the first three months of the year. Both deposits and lending rose sharply. The earnings trend was favorable and revenues are increasing more than costs. With 2.9 million customers, Länsförsäkringar has a large growth potential in the banking operations. Naturally, this possibility is enhanced in pace with knowledge about Länsförsäkringar Bank steadily increasing.

\*Figures in parantheses refer to the first quarter of 2002.



## Key figures

Group	Q 1 2003	Q 1 2002	Full-year 2002
Return on equity, %	1.8	neg	1.9
Investment margin, %	2.5	3.1	3.0
Interest margin, %	2.3	2.9	2.8
I/C ratio before loan losses	1.09	1.01	1.01
I/C ratio after loan losses	1.03	0.96	0.99
Capital adequacy, %	8.52	8.41	8.08
Tier 1 ratio, %	7.94	7.78	7.45
Percentage of doubtful receivables, %	0.14	0.39	0.15
Provision ratio for doubtful receivables, %	83.70	73.36	83.35
<b>Parent Company</b>			
Return on equity, %	neg	neg	neg
Investment margin, %	1.3	2.0	1.8
Interest margin, %	1.1	1.8	1.6
I/C ratio before loan losses	0.87	0.81	0.84
I/C ratio after loan losses	0.84	0.79	0.82
Capital adequacy, %	27.05	20.98	24.30
Tier 1 ratio, %	25.22	19.38	22.40
Percentage of doubtful receivables, %	0.02	0.03	0.04
Provision ratio for doubtful receivables, %	95.55	94.26	90.28



Länsförsäkringar's organization is based on 24 independent and customer-owned regional insurance companies in cooperation. The regional insurance companies jointly own Länsförsäkringar AB. In turn, Länsförsäkringar AB owns Länsförsäkringar Bank (Bank group), with the subsidiaries Länsförsäkringar Hypotek, Wasa Kredit, WASA Garanti and the Parent Company. From the customer's viewpoint, the regional insurance companies operate as local banks, in the same manner as with non-life and life insurance.

## Group

### Total assets

The Group's total assets amounted at the end of the first quarter to SEK 24.4 billion (16.5), up 48%. Lending to the general public rose 60%, or SEK 8.4 billion to SEK 22.5 billion (14.1).

Deposits from the general public increased 25%, or SEK 3.3 billion to SEK 16.3 billion (13.0). Borrowing and issued securities rose 330%, or SEK 4.3 billion to SEK 5.6 billion (1.3). The borrowing program started by the bank comprises a commercial paper program issued in 2002 with a limit of SEK 4 billion, an MTN program issued in January 2003 with a limit of SEK 3 billion. Borrowing through certificates amounted at March 31, 2003 to SEK 2.8 billion and borrowing via the MTN program to SEK 1.1 billion.

### Capital adequacy and rating

At March 31, 2003, capital adequacy was 8.52% (8.41). The tier 1 ratio amounted to 7.94% (7.78). During the first quarter, the bank received an unconditional shareholder contribution of SEK 200 M. The target level for capital adequacy is 9.25%.

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

### Earnings and profitability

Operating profit before loan losses developed positively in the first quarter, amounting to SEK 15.6 M (2.6), and after loan losses to SEK 5.8 M (loss: 5.0), of which the insurance operations result in the WASA Garanti subsidiary was SEK 1.0 M (1.3). This corresponds to a return on average equity before taxes of 1.8%

(neg.) Revenues rose twice as much as costs during the quarter, compared with the year-earlier quarter.

### Revenues

Net interest income rose 18% and amounted to SEK 147.1 M (124.8). The change is attributable to increased business volume.

The Group's investment margin, that is, net interest as a percentage of average total assets, amounted to 2.54% (3.11). Commission revenues rose marginally to SEK 6.9 M (6.7). Other operating revenues rose by slightly less than 10% to SEK 21.7 M (19.8).

### Expenses

Expenses rose 7.4% or by SEK 11.1 M to SEK 161.1 M (150.0). The cost increase is largely related to increased deposits and lending volumes. The I/C ratio, that is, income in relation to costs, was 1.09 (1.01) before loan losses and 1.03 (0.96) after loan losses. The low I/C figure is due to the bank continuing to be burdened by high development costs. Group expenses include compensation to the regional insurance companies for sales and administration.

### Loan losses

Provision were made after individual review and after group-wise appraisal. The Group's loan losses amounted, net, to SEK 9.7 M (7.5).

### Knowledge and number of customers

Länsförsäkringar has a total of 2.9 million customers, of which 410,000 are bank customers. The share of non-life and life

insurance customers that are also bank customers is rising steadily. A contributing factor to this trend is that knowledge about the bank operations is increasing. The number of Internet customers increased 23% to 231,000 (188,000). The number of payments via the Internet has risen sharply, by 99% to 155,000 (78,000).

### Focus on homeowners

During 2002 an offering was launched that clearly illustrates the advantages of having banking and insurance business combined with Länsförsäkringar. The offering comprises mortgage loan, survivor benefits and homeowner insurance at reasonable rates. The development of attractive combination offerings for housing customers continues to be a prioritized area. During 2003, the offering is being expanded successively with damage prevention, savings programs and pension solutions.

### Certified advisors

Länsförsäkringar has 681 certified advisors who provide advice about funds and other savings forms. Certification means that the employees have been trained in accordance with the competence requirements set by Fondbolagens Förening (the Swedish Society of Unit Trusts).

\*Figures in parantheses refer to the first quarter of 2002.

## Parent Company

The bank's operating loss amounted to SEK 18.1 M (loss: 24.0). Operating revenues totaled SEK 96.8 M (88.8). Expenses, excluding loan losses, amounted to SEK 111.8 M (109.9). Credit losses for the year were SEK 3.0 M (2.9).

Deposits and borrowing, and certain lending, occurs in the Parent Company. Most of the lending operations are conducted through Länsförsäkringar Hypotek and Wasa Kredit.

## Subsidiaries

### Länsförsäkringar Hypotek

Länsförsäkringar Hypotek launched its own loans secured by first mortgages in 2002. Länsförsäkringar Hypotek developed very positively. Mortgage loans rose 178%, or SEK 6.4 billion to SEK 10.0 billion (3.6). The number of housing loan customers increased from 15,000 to 38,000. The loans average size amounts to about SEK 300,000. Most of the lending, more than 85%, pertain to house financing. The remainder is tenant-owner and leisure home financing. The first mortgages are placed in Länsförsäkringar Hypotek and second mortgages in the bank.

### 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 was SEK 14.4 M (11.2). The lending volume amounted to SEK 6.4 billion (5.7).

New contracts in the first quarter amounted to SEK 997 M, distributed among 13,300 contracts, an increase of 15% 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, and motorcycles, snow scooters and trailers) as well as in the home-PC business.

The margin on new contracts was slightly more than 0.35 percentage points higher compared with the corresponding period in the preceding year.

### WASA Garanti

WASA Garanti focuses on liquidating risk involvement within the contractor's all risk insurance segment as well as rental loss insurance. The company also handles the receivables that arose during the property crisis in the early 1990s. The stock of leasehold guarantees handled by the company declined more rapidly than expected during the year. Profit before appropriations and taxes amounted to SEK 1.0 M (1.3).

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

\*Figures in parantheses refer to the first quarter of 2002.

## Income statements

(SEK 000s)	Group			Parent Company		
	Q1 2003	Q1 2002	Full-year 2002	Q1 2003	Q1 2002	Full-year 2002
Interest income	352,057	243,054	1,143,218	238,139	177,903	824,184
Interest expense Note 2	-204,954	-118,252	-605,399	-166,937	-104,953	-534,632
<b>Net interest income</b>	<b>147,103</b>	<b>124,802</b>	<b>537,819</b>	<b>71,202</b>	<b>72,950</b>	<b>289,552</b>
Dividends received	–	–	20	–	–	28,496
Commission revenue	25,175	19,164	85,094	13,069	9,029	40,179
Commission expense	-18,297	-12,426	-57,508	-12,183	-8,711	-42,608
Net profit/loss from financial transactions	–	-26	-206	–	-26	-206
Other operating revenue	21,678	19,759	84,111	24,695	15,541	73,994
<b>Total operating revenue</b>	<b>175,659</b>	<b>151,273</b>	<b>649,330</b>	<b>96,783</b>	<b>88,783</b>	<b>389,407</b>
General administrative expenses	-142,884	-133,369	-563,859	-97,111	-96,675	-395,402
Depreciation/amortization and write-downs of tangible and intangible fixed assets	-12,721	-10,353	-46,327	-11,424	-9,252	-47,350
Other operating expense	-5,451	-6,306	-30,864	-3,302	-3,991	-18,333
<b>Total expenses before loan losses</b>	<b>-161,056</b>	<b>-150,028</b>	<b>-641,050</b>	<b>-111,837</b>	<b>-109,918</b>	<b>-461,085</b>
<b>Profit/loss before loan losses</b>	<b>14,603</b>	<b>1,245</b>	<b>8,280</b>	<b>-15,054</b>	<b>-21,135</b>	<b>-71,678</b>
Loan losses, net Note 3	-9,730	-7,541	-13,155	-3,013	-2,913	-11,980
<b>Profit/loss from banking business</b>	<b>4,873</b>	<b>-6,296</b>	<b>-4,875</b>	<b>-18,067</b>	<b>-24,048</b>	<b>-83,658</b>
<b>Profit from insurance business</b>	<b>951</b>	<b>1,313</b>	<b>24,386</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total operating profit/loss</b>	<b>5,824</b>	<b>-4,983</b>	<b>19,511</b>	<b>-18,067</b>	<b>-24,048</b>	<b>-83,658</b>
Tax on the period's profit/loss	–	–	406	6,689	5,338	32,701
<b>NET PROFIT/LOSS FOR THE PERIOD</b>	<b>5,824</b>	<b>-4,983</b>	<b>19,917</b>	<b>-11,378</b>	<b>-18,710</b>	<b>-50,957</b>
Earnings per share, SEK (No. of shares = 8,398,708)	0.69	-0.59	2.37	-1.35	-2.23	-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 has not been taken into consideration as per March 31, 2003/March 31, 2002.

## Balance sheets

(SEK 000s)	Group			Parent Company		
	March 31, 2003	March 31, 2002	Dec 31, 2002	March 31, 2003	March 31, 2002	Dec 31, 2002
<b>Assets</b>						
Cash and central bank account balances	35,390	49,159	68,774	35,390	49,159	68,774
Lending to credit institutions	640,149	424,678	1,408,026	14,408,587	8,052,763	13,081,425
Lending to the public	Note 4	22,524,728	14,093,025	19,861,343	6,134,712	4,831,496
Shares and participations	500	500	500	500	500	500
Shares and participations in Group companies	–	–	–	906,900	614,151	806,900
Bonds and other interest-bearing securities	798,628	1,408,831	499,154	798,628	1,408,831	499,154
Assets in the insurance business	7,401	26,792	12,185	–	–	–
Intangible assets	108,817	91,624	108,518	108,817	91,624	108,518
Tangible assets	28,105	25,659	29,752	9,556	9,084	10,727
Other assets	217,098	257,401	235,507	71,220	100,464	74,065
Prepaid expenses and accrued income	70,414	122,375	77,921	51,099	77,841	50,761
<b>ASSETS</b>	<b>24,431,230</b>	<b>16,500,044</b>	<b>22,301,680</b>	<b>22,525,409</b>	<b>15,235,913</b>	<b>20,519,350</b>
<b>Liabilities, provisions and shareholders' equity</b>						
Liabilities to credit institutions	345,854	496,251	266,751	366,169	785,760	352,145
Deposits and borrowing from the public	17,926,062	14,304,842	16,377,917	16,386,845	13,121,298	14,831,584
Securities issued	3,937,011	59,335	3,705,523	3,937,011	59,335	3,705,523
Debt in the insurance business	5,569	14,454	5,394	–	–	–
Other liabilities	116,856	134,681	234,265	49,194	40,115	173,785
Accrued expenses and prepaid income	490,340	391,672	308,116	210,744	173,364	69,489
Provisions	17,965	17,960	17,965	–	–	–
Subordinated debt	180,000	80,000	180,000	180,000	80,000	180,000
<b>Shareholders' equity, Note 5</b>						
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	553,806	153,889	333,889	554,881	142,808	405,838
Profit/loss for the period	5,824	–4,983	19,917	–11,378	–18,710	–50,957
<b>Total shareholders' equity</b>	<b>1,411,573</b>	<b>1,000,849</b>	<b>1,205,749</b>	<b>1,395,446</b>	<b>976,041</b>	<b>1,206,824</b>
<b>LIABILITIES, PROVISIONS AND SHAREHOLDERS' EQUITY</b>	<b>24,431,230</b>	<b>16,500,044</b>	<b>22,301,680</b>	<b>22,525,409</b>	<b>15,235,913</b>	<b>20,519,350</b>
<b>Memorandum items</b>						
Assets pledged for own debt	305,906	940,138	500,915	300,000	915,365	490,000
Contingent liabilities	24,340	18,631	23,986	19,794	18,631	19,440
Commitments	4,292,884	1,732,475	2,902,213	2,590,359	2,825,099	4,445,249

## Cash-flow statements

(SEK 000s)	Group		Parent Company	
	Q1 2003	Q1 2002	Q1 2003	Q1 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	5,824	-4,983	-18,067	-24,048
<b>Adjustments for items not included in cash flow</b>				
Booked non-chargeable tax	-	-	6,689	5,338
Depreciation/amortization charged against earnings	12,721	10,353	11,424	9,252
	<b>18,545</b>	<b>5,370</b>	<b>46</b>	<b>-9,458</b>
Increase in lending to the public	-2,663,385	-1,640,218	-316,186	-336,911
Decrease in securities holdings	-	-	-	-
Increase in deposits and borrowing from the public	1,548,145	1,012,311	1,555,261	672,235
Increase in lending to subsidiaries	-	-	-2,055,635	-1,161,130
Change in other assets	25,916	-42,495	2,508	-23,727
Change in other liabilities	64,815	48,535	16,663	11,519
<b>Cash flow from operating activities</b>	<b>-1,005,964</b>	<b>-616,497</b>	<b>-797,343</b>	<b>-847,472</b>
<b>Investing activities</b>				
Change in fixed assets	-310,847	-17,989	-310,026	-3,766
Increase in shares in subsidiaries	-	-	-100,000	-
Change in assets in the insurance business	4,784	9,617	-	-
Change in liabilities in the insurance operations	175	-335	-	-
<b>Cash flow from investing activities</b>	<b>-305,888</b>	<b>-8,707</b>	<b>-410,026</b>	<b>-3,766</b>
<b>Financing activities</b>				
Shareholder contributions received	200,000	-	200,000	-
Change in issued securities	231,488	-358,163	231,488	-358,163
<b>Cash flow from financing activities</b>	<b>431,488</b>	<b>-358,163</b>	<b>431,488</b>	<b>-358,163</b>
<b>Cash flow for the period</b>	<b>-880,364</b>	<b>-983,367</b>	<b>-775,881</b>	<b>-1,209,401</b>
<b>Liquid funds at end of period</b>	<b>329,685</b>	<b>-22,414</b>	<b>256,093</b>	<b>-309,864</b>
<b>Liquid funds include:</b>				
Cash and central bank account balances	35,390	49,159	35,390	49,159
Other lending to/deposits in credit institutions	640,149	424,678	586,872	426,737
Liabilities to credit institutions	-345,854	-496,251	-366,169	-785,760
	<b>329,685</b>	<b>-22,414</b>	<b>256,093</b>	<b>-309,864</b>
Interest received amounted to	454,408	239,497	234,482	173,706
Interest paid amounted to	31,821	4,660	35,115	6,531
Taxes paid amounted to	564	808	334	216
Gross investment during the period	11,269	16,527	10,448	10,670

## Notes

### NOTE 1 ACCOUNTING PRINCIPLES

This interim report was 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 EXPENSE

(SEK 000s)	Group			Parent Company		
	Q1 2003	Q1 2002	Full-year 2002	Q1 2003	Q1 2002	Full-year 2002
Interest expense	204,954	118,252	605,399	166,937	104,953	534,632
of which, fee for depositor guarantee	2,410	1,875	7,534	2,410	1,875	7,534

### NOTE 3 LOAN LOSSES, NET

(SEK 000s)	Group			Parent Company		
	Q1 2003	Q1 2002	Full-year 2002	Q1 2003	Q1 2002	Full-year 2002
<b>Specific provision for individually appraised loan receivables</b>						
Write-off of confirmed loan losses during the period	579	1,020	2,899	579	1,020	3,117
Reversed provisions for possible loan losses reported in the interim report as confirmed losses	-425	-647	-1,861	-425	-647	-2,079
Provision for possible loan losses during the period	1,245	2,299	10,253	995	2,021	3,892
Payment received for prior confirmed loan losses	-1,108	-2,599	-10,337	-144	-95	-407
Reversed provisions, no longer required for possible loan losses	-823	-5,480	-33,061	-798	-3,273	-6,916
<b>Net expense during the period for individually appraised loan receivables</b>	<b>-532</b>	<b>-5,407</b>	<b>-32,107</b>	<b>207</b>	<b>-974</b>	<b>-2,393</b>
<b>Group-wise provisions for individually appraised receivables</b>						
	-	-	-	-	-	-
<b>Homogeneous groups, appraised by group, of loan receivables of limited value and similar credit risk</b>						
Write-off of confirmed loan losses during the period	588	89	20,597	588	89	2,229
Payment received for previously confirmed loan losses	-1,548	-235	-6,960	-	-1	-13
Allocation/dissolution of provisions for loan losses	11,222	13,094	31,625	2,218	3,799	12,157
<b>Net expense for the period for homogeneous loan receivables appraised by group</b>	<b>10,262</b>	<b>12,948</b>	<b>45,262</b>	<b>2,806</b>	<b>3,887</b>	<b>14,373</b>
<b>Net expense for the period for loan losses</b>	<b>9,730</b>	<b>7,541</b>	<b>13,155</b>	<b>3,013</b>	<b>2,913</b>	<b>11,980</b>



#### NOTE 4 LENDING TO THE PUBLIC

(SEK 000s)	Group			Parent Company		
	March 31, 2003	March 31, 2002	Dec. 31, 2002	March 31, 2003	March 31, 2002	Dec. 31, 2002
<b>Loan receivables, gross</b>						
Public sector	128,234	60,308	91,645	–	–	–
Corporate sector	3,496,146	3,119,267	3,182,795	271,758	185,908	243,772
Household sector	19,058,281	11,065,698	16,735,067	5,935,892	4,711,059	5,645,609
Other	3,693	1,956	3,791	1,273	1,310	1,366
<b>Total</b>	<b>22,686,354</b>	<b>14,247,229</b>	<b>20,013,298</b>	<b>6,208,923</b>	<b>4,898,277</b>	<b>5,890,747</b>

#### Less:

##### Specific provisions for individually appraised loan receivables

Corporate sector	–25,071	–22,308	–21,932	–247	–247	–247
Household sector	–39,176	–58,142	–37,457	–18,976	–22,122	–19,204
	<b>–64,247</b>	<b>–80,450</b>	<b>–59,389</b>	<b>–19,223</b>	<b>–22,369</b>	<b>–19,451</b>

##### Provisions for homogenous groups of loan receivables appraised by group

Corporate sector	–14,240	–14,039	–12,494	–1,473	–905	–1,138
Household sector	–83,139	–59,715	–80,072	–53,515	–43,507	–51,632
	<b>–97,379</b>	<b>–73,754</b>	<b>–92,566</b>	<b>–54,988</b>	<b>–44,412</b>	<b>–52,770</b>
<b>Total provisions</b>	<b>–161,626</b>	<b>–154,204</b>	<b>–151,955</b>	<b>–74,211</b>	<b>–66,781</b>	<b>–72,221</b>

##### Loan receivables, net book value

Public sector	128,234	60,308	91,645	–	–	–
Corporate sector	3,456,835	3,082,920	3,148,369	270,038	184,756	242,387
Household sector	18,935,966	10,947,841	16,617,538	5,863,401	4,645,430	5,574,773
Other	3,693	1,956	3,791	1,273	1,310	1,366
	<b>22,524,728</b>	<b>14,093,025</b>	<b>19,861,343</b>	<b>6,134,712</b>	<b>4,831,496</b>	<b>5,818,526</b>

##### Doubtful loan receivables

Corporate sector	52,062	54,075	42,264	1,720	1,152	1,479
Household sector	141,040	156,134	140,056	75,945	69,696	78,520
	<b>193,102</b>	<b>210,209</b>	<b>182,320</b>	<b>77,665</b>	<b>70,848</b>	<b>79,999</b>

##### Nonperforming loan receivables included among doubtful loan receivables

Corporate sector	29,114	29,029	18,919	247	247	247
Household sector	77,853	71,994	71,423	41,666	38,201	42,080
	<b>106,967</b>	<b>101,023</b>	<b>90,342</b>	<b>41,913</b>	<b>38,448</b>	<b>42,327</b>

#### Definitions:

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

**A doubtful loan 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 any delays.

**NOTE 5 SHAREHOLDERS' EQUITY**

(SEK 000s)	Group			Parent Company		
	March 31, 2003	March 31, 2002	Dec. 31, 2002	March 31, 2003	March 31, 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/loss carried forward	553,806	153,889	333,889	554,881	142,808	405,838
Net profit/loss for the year	5,824	-4,983	19,917	-11,378	-18,710	-50,957
	<b>559,630</b>	<b>148,906</b>	<b>353,806</b>	<b>543,503</b>	<b>124,098</b>	<b>354,881</b>
<b>Total shareholders' equity</b>	<b>1,411,573</b>	<b>1,000,849</b>	<b>1,205,749</b>	<b>1,395,446</b>	<b>976,041</b>	<b>1,206,824</b>
<b>Change in shareholders' equity</b>						
Opening shareholders' equity	1,205,749	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	200,000	-	180,000	200,000	-	180,000
Net profit/loss for the period	5,824	-4,983	19,917	-11,378	-18,710	-50,957
<b>Closing shareholders' equity</b>	<b>1,411,573</b>	<b>1,000,849</b>	<b>1,205,749</b>	<b>1,395,446</b>	<b>976,041</b>	<b>1,206,824</b>

**NOTE 6 DERIVATIVES**

(SEK 000s)	Nominal value		Actual value	
	Group	Parent Company	Group	Parent Company
<b>Derivatives with positive value</b>				
Interest-related	875,000	-	1,444	-
<b>Derivatives with negative value</b>				
Interest-related	2,900,000	300,000	3,433	2,417

This interim report is unaudited.  
Stockholm, April 28, 2003

**Tomas Johansson**  
Managing Director

**Forthcoming financial reports:**

Interim report for January – June 2003 will be published on August 27, 2003.

Interim report for January – September 2003 will be published on October 24, 2003.



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