

# 2009

Interim Report January - June



**Handelsbanken**

# Handelsbanken's Interim Report

January - June 2009

## SUMMARY JANUARY – JUNE 2009 COMPARED WITH JANUARY – JUNE 2008

- Operating profit increased by 14% to SEK 7,251m (6,352) and the profit after tax was SEK 5,294m (4,766)
- Earnings per share increased by 11% to SEK 8.49 (7.66)
- Net interest income rose by 24% to SEK 11,031m (8,893)
- The average volume of loans increased by 13% and household deposits rose by 21%
- Income increased by 25% to SEK 16,606m (13,254)
- The C/I ratio improved to 45.3% (49.0)
- Loan losses went up to SEK -1,835m (-678)
- The capital base went up by SEK 17bn to 122bn and the capital ratio according to Basel II increased to 18.4% (16.1)
- Tier 1 capital went up by SEK 14.3bn to 83.2bn and the tier 1 capital ratio according to Basel II increased to 12.6% (10.6)
- Handelsbanken's liquidity reserves exceeded SEK 450bn
- Return on shareholders' equity increased to 13.1% (12.9)

## SUMMARY OF Q2 2009 COMPARED WITH Q1 2008

- Operating profit was SEK 3,445m (3,806)
- Net interest income rose by 5% to SEK 5,638m (5,393) and was charged with SEK 83m (94) for the estimated fee to the Swedish Stabilisation Fund
- Household deposits increased by 2% to SEK 211bn
- Loan losses were SEK -939m (-896)
- Return on shareholders' equity was 12.4% (13.8)

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## Handelsbanken Group - Overview

SEK m	Q2 2009	Q2 2008	Change	Q1 2009	Change	Jan-Jun 2009	Jan-Jun 2008	Change	Full year 2008
<b>Summary income statement</b>									
Net interest income	5,638	4,494	25%	5,393	5%	11,031	8,893	24%	19,223
Net fee and commission income	1,856	1,706	9%	1,739	7%	3,595	3,445	4%	6,795
Net gains/losses on financial items at fair value	541	634	-15%	1,141	-53%	1,682	457	268%	3,169
Risk result - insurance	36	71	-49%	57	-37%	93	110	-15%	215
Other dividend income	124	216	-43%	11		135	216	-38%	225
Share of profits of associated companies	1	27	-96%	3	-67%	4	53	-92%	79
Other income	24	51	-53%	42	-43%	66	80	-18%	184
<b>Total income</b>	<b>8,220</b>	<b>7,199</b>	<b>14%</b>	<b>8,386</b>	<b>-2%</b>	<b>16,606</b>	<b>13,254</b>	<b>25%</b>	<b>29,890</b>
Staff costs	-2,539	-1,946	30%	-2,442	4%	-4,981	-3,929	27%	-8,114
Other administrative expenses	-1,178	-1,147	3%	-1,122	5%	-2,300	-2,368	-3%	-4,688
Depreciation, amortisation and impairments of property, equipment and intangible assets	-119	-102	17%	-120	-1%	-239	-199	20%	-427
<b>Total expenses</b>	<b>-3,836</b>	<b>-3,195</b>	<b>20%</b>	<b>-3,684</b>	<b>4%</b>	<b>-7,520</b>	<b>-6,496</b>	<b>16%</b>	<b>-13,229</b>
<b>Profit before loan losses</b>	<b>4,384</b>	<b>4,004</b>	<b>9%</b>	<b>4,702</b>	<b>-7%</b>	<b>9,086</b>	<b>6,758</b>	<b>34%</b>	<b>16,661</b>
Net loan losses	-939	-571	64%	-896	5%	-1,835	-678	171%	-1,605
Gains/losses on disposal of property, equipment and intangible assets	0	0	0%	0	0%	0	272	-100%	270
<b>Operating profit</b>	<b>3,445</b>	<b>3,433</b>	<b>0%</b>	<b>3,806</b>	<b>-9%</b>	<b>7,251</b>	<b>6,352</b>	<b>14%</b>	<b>15,326</b>
Taxes	-916	-1,003	-9%	-1,052	-13%	-1,968	-1,678	17%	-3,382
<b>Profit for the period from continuing operations</b>	<b>2,529</b>	<b>2,430</b>	<b>4%</b>	<b>2,754</b>	<b>-8%</b>	<b>5,283</b>	<b>4,674</b>	<b>13%</b>	<b>11,944</b>
Profit for the period from discontinued operations, after tax	0	48	-100%	11	-100%	11	92	-88%	187
<b>Profit for the period</b>	<b>2,529</b>	<b>2,478</b>	<b>2%</b>	<b>2,765</b>	<b>-9%</b>	<b>5,294</b>	<b>4,766</b>	<b>11%</b>	<b>12,131</b>
<b>Summary balance sheet</b>									
Loans to the public	1,498,730	1,368,844	9%	1,518,505	-1%	1,498,730	1,368,844	9%	1,481,475
of which mortgage loans	649,615	545,757	19%	628,698	3%	649,615	545,757	19%	615,263
Deposits and borrowing from the public	566,266	494,305	15%	566,054	0%	566,266	494,305	15%	543,760
of which households	233,376	200,885	16%	225,337	4%	233,376	200,885	16%	222,589
Total equity	77,162	69,510	11%	77,934	-1%	77,162	69,510	11%	74,963
Total assets	2,155,217	1,896,934	14%	2,275,281	-5%	2,155,217	1,896,934	14%	2,158,784
<b>Key figures</b>									
Return on equity, total operations, after actual tax *	12.4%	13.3%		13.8%		13.1%	12.9%		16.2%
Return on equity, continuing operations, after actual tax *	12.4%	13.1%		13.8%		13.1%	12.6%		16.0%
C/l ratio, continuing operations	46.7%	44.4%		43.9%		45.3%	49.0%		44.3%
Earnings per share, total operations, SEK **	4.06	3.98		4.43		8.49	7.66		19.46
- after dilution	3.96	3.96		4.29		8.24	7.64		19.31
Capital ratio according to Basel II	18.4%	16.1%		16.7%		18.4%	16.1%		16.0%
Tier 1 ratio according to Basel II	12.6%	10.6%		11.6%		12.6%	10.6%		10.5%

\* When calculating return on equity, shareholders' equity is adjusted for the impact of unrealised changes in the value of financial assets classified as "Available for Sale" and for cash flow hedges.

\*\* When calculating equity per share, shareholders' equity is adjusted for the impact of cash flow hedges.

## Business segments

### THE GROUP'S INCOME STATEMENT BY BUSINESS SEGMENT, JANUARY – JUNE 2009

SEK m	Branch office operations in Sweden	Branch office operations outside Sweden	Capital Markets	Asset Mgmt	Other operations	Adjustments & eliminations	Group Jan-Jun 2009	Group Jan-Jun 2008
Net interest income	6,912	3,538	248	81	273	-21	11,031	8,893
Net fee and commission income	1,603	747	722	506	17	0	3,595	3,445
Net gains/losses on financial items at fair value	345	131	2,114	-313	-611	16	1,682	457
Risk result - insurance				93			93	110
Share of profits associated companies					4		4	53
Other income	29	12	8	6	150	-4	201	296
<b>Total income</b>	<b>8,889</b>	<b>4,428</b>	<b>3,092</b>	<b>373</b>	<b>-167</b>	<b>-9</b>	<b>16,606</b>	<b>13,254</b>
Staff costs	-1,529	-1,412	-943	-248	-1,053	204	-4,981	-3,929
Other administrative expenses	-514	-585	-271	-120	-822	12	-2,300	-2,368
Internal purchased and sold services	-1,215	-408	22	-85	1,686		-	-
Depreciation and amortisation	-40	-43	-15	-13	-121	-7	-239	-199
<b>Total expenses</b>	<b>-3,298</b>	<b>-2,448</b>	<b>-1,207</b>	<b>-466</b>	<b>-310</b>	<b>209</b>	<b>-7,520</b>	<b>-6,496</b>
<b>Profit before loan losses</b>	<b>5,591</b>	<b>1,980</b>	<b>1,885</b>	<b>-93</b>	<b>-477</b>	<b>200</b>	<b>9,086</b>	<b>6,758</b>
Net loan losses	-1,333	-502					-1,835	-678
Gains/losses on disposal of property, equipment and intangible assets	0	0	-	0	0		0	272
<b>Operating profit</b>	<b>4,258</b>	<b>1,478</b>	<b>1,885</b>	<b>-93</b>	<b>-477</b>	<b>200</b>	<b>7,251</b>	<b>6,352</b>
Profit allocation	258	105	-276	-87	0		-	-
<b>Operating profit after profit allocation</b>	<b>4,516</b>	<b>1,583</b>	<b>1,609</b>	<b>-180</b>	<b>-477</b>	<b>200</b>	<b>7,251</b>	<b>6,352</b>
Internal income *	-2,453	-3,190	1,379	-294	4,413	145	-	-
Cost/income ratio, %	37.1	55.3	39.0	124.9			45.3	49.0
Cost/income ratio after profit allocation,	36.1	54.0	42.9	162.9			45.3	49.0
Loan loss ratio, %	0.27	0.18					0.23	0.10
Assets	1,159,433	897,199	309,435	78,667	894,943	-1,184,460	2,155,217	1,896,934
Liabilities	1,121,765	869,013	306,291	73,949	891,497	-1,184,460	2,078,055	1,827,424
Allocated capital	37,668	28,186	3,144	4,718	-	-	77,162	69,510
Return on allocated capital, %	17.5	8.6	68.5	-	-	-	13.1	12.6
Average number of employees	4,489	3,013	1,039	537	1,788		10,866	10,670

\* Internal income comprises income from transactions with other operating segments. Since interest income and interest expense are reported as income, this means that internal income includes the net amount of the internal funding cost among the segments.

The business segments are recognised in compliance with IFRS 8. Profit/loss for the segments is reported before and after internal profit allocation. Internal profit allocation means that the unit which is responsible for the customer is allocated all the profit deriving from its customers' transactions with the Bank, regardless of the segment where the transaction was performed. Furthermore, income and expenses for services performed internally are reported net on a separate line "Internal purchased and sold services". The adjustments and eliminations column shows items which do not belong to a business segment or which are

eliminated at Group level. These include translation differences and adjustments for pension costs in accordance with IAS 19.

The segment income statements include internal items such as internal interest, commissions and payment for internal services rendered. Return on allocated capital for the segments is calculated after standard tax (26.3%). For the Group, return on equity is calculated after actual tax.

## The Group

### JANUARY – JUNE 2009 COMPARED WITH JANUARY – JUNE 2008

Operating profit for the first half of 2009 went up by 14% to SEK 7,251m (6,352).

Demand for Handelsbanken's services continued to be good. The corporate market in Sweden was characterised by an increasing demand for credit commitments, but lower utilisation of existing credit facilities. The average lending volume increased by 13% and growth in household deposits was 21%.

Earnings per share increased by 11% to SEK 8.49 (7.66) and return on shareholders' equity after actual tax rose to 13.1% (12.9). The C/I ratio improved to 45.3% (49.0).

#### Income

SEK m	Jan-Jun 2009	Jan-Jun 2008	Change
Net interest income	11,031	8,893	24%
Net fee and commission income	3,595	3,445	4%
Net financial items	1,682	457	268%
Risk result - insurance	93	110	-15%
Other dividend income	135	216	-38%
Associated companies	4	53	-92%
Other income	66	80	-18%
<b>Total income</b>	<b>16,606</b>	<b>13,254</b>	<b>25%</b>

Income increased by 25%. Net interest income went up by 24% to SEK 11,031m, where changes in exchange rates represented SEK 252m or three percentage points of the increase. Net interest income grew by 10% in the Swedish branch operations, with the corresponding figure for Branch office operations outside Sweden being 40%. The underlying increase is primarily due to higher deposit and lending volumes, and to the Bank's favourable funding situation. The lower interest rates also led to decreased deposit margins. The estimated fees for the Swedish Stabilisation Fund reduced net interest income by SEK 177m (-) during the period.

The average volume of loans to the public grew by 13% to SEK 1,505bn (1,328), while the total average volume of deposits increased by 10% to SEK 534bn (487). Growth in the Group's deposits from households remained strong, increasing by 30% in Branch office operations outside Sweden and by 19% in Swedish branch operations.

Net fee and commission income increased by 4% to SEK 3,595m, largely due to higher lending commissions and brokerage income. Together with higher payment and guarantee commissions this offset a drop in mutual fund and asset management commissions. Net fee and commission income at Capital Markets and Branch office operations outside Sweden went up by 42% and 16% respectively while net fee and commission income went down by 5% in the Swedish branch office operations and by 14% at Handelsbanken Asset management.

Net gains/losses on financial items at fair value rose by SEK 1,225m to SEK 1,682m. Excluding the loss in the Bank's liquidity portfolio in the first half of 2008, the increase was SEK 236m or 16%. The earnings improvement is explained by the risk-free currency arbitrage which market conditions facilitated in the first quarter.

#### Expenses

SEK m	Jan-Jun 2009	Jan-Jun 2008	Change
Staff costs	-4,981	-3,929	27%
Other administrative expenses	-2,300	-2,368	-3%
Depreciation and amortisation	-239	-199	20%
<b>Total expenses</b>	<b>-7,520</b>	<b>-6,496</b>	<b>16%</b>
	Change	% points	
Oktagonen	319	5	
Performance-related costs	107	2	
IAS 19	155	2	
Exchange rate changes	218	3	
Lokalbanken	145	2	
	<b>944</b>	<b>15</b>	
Other costs	80	1	
<b>Total</b>	<b>1,024</b>	<b>16</b>	

Total expenses increased by 16% to SEK 7,520m and staff costs rose by 27% to SEK 4,981m. The increase is primarily explained by the items shown in the above table and excluding these, total expenses increased by 1%.

Expenses in the Branch office operations outside Sweden went up by SEK 554m or 29%. The expansion costs for new branch offices outside Sweden were SEK 250m (221).

In the branch office operations in Sweden and Handelsbanken Capital Markets expenses rose by 2% and 13% respectively. At Handelsbanken Asset Management, expenses fell by 20%, mainly because the period of comparison included an expense which arose in connection with the sale of SPP.

The average number of employees increased by 2% to 10,866 (10,670). Since the year-end, the number of employees has gone down by 187 or 2% to 10,785 (10,972).

Other administrative expenses fell by 3% to SEK 2,300m.

#### Loan losses

SEK m	Jan-Jun 2009	Jan-Jun 2008	Change
Net loan losses	-1,835	-678	-1,157
Loan loss ratio as a % of loans	0.23	0.10	0.13
Bad debts, net	4,385	1,680	2,705
Proportion of bad debts, %	0.28	0.12	0.16

Loan losses increased to SEK -1,835m, with SEK -1,333m (-377) deriving from the Swedish branch operations and SEK -502m (-301) from Branch office operations outside Sweden. SEK -1,693m (-697) of loan

losses consisted of a provision for probable but not yet incurred loan losses. The allocation to the collectively assessed provisions was SEK -16m (-104).

Loan losses in relation to lending were 0.23% (0.10) and net bad debts went up to SEK 4,385m (1,680), equivalent to 0.28% (0.12) of lending.

## Q2 2009 COMPARED WITH Q1 2009

Operating profit decreased by SEK 361m or 9% to SEK 3,445m (3,806), mainly attributable to net gains/losses on financial items at fair value going down by SEK 600m.

Earnings per share were SEK 4.06 (4.43) and return on shareholders' equity after actual tax was 12.4% (13.8).

### Income

SEK m	Q2 2009	Q1 2009	Change
Net interest income	5,638	5,393	5%
Net fee and commission income	1,856	1,739	7%
Net financial items	541	1,141	-53%
Risk result - insurance	36	57	-37%
Other dividend income	124	11	
Associated companies	1	3	-67%
Other income	24	42	-43%
<b>Total income</b>	<b>8,220</b>	<b>8,386</b>	<b>-2%</b>

Net interest income rose by 5% to SEK 5,638m mainly due to higher risk premiums and favourable funding. The estimated fee for the Stabilisation Fund reduced net interest income by SEK 83m (94).

Average lending volumes in the Handelsbanken Group totalled SEK 1,501bn (1,509). In the Swedish branch office operations lending increased by SEK 1.3bn and the reduction in the Group is primarily due to the average volume of corporate lending at Handelsbanken International, outside the Bank's domestic markets, going down by SEK 7bn. Household deposits rose by 1% to SEK 211m (208).

Net interest income in the Branch office operations in Sweden was more or less unchanged at SEK 3,459m (3,453). Falling market rates continued to place pressure on both deposit margins and the return on allocated capital, which was set off by increasing risk premiums in lending and favourable funding terms.

Net interest income in Branch office operations outside Sweden went up by 9% to SEK 1,844m (1,694), mainly due to increasing lending margins.

Net fee and commission income rose by 7% to SEK 1,856m due to an increase in equity-related income. Net fee and commission income improved in both the branch office operations, Handelsbanken Capital Markets and Handelsbanken Asset Management.

Net gains/losses on financial items at fair value decreased to SEK 541m (1,141). The decrease is primarily due to the fact that fixed-income and foreign-exchange related earnings at Handelsbanken Capital Markets went down by SEK 670m. The capital market is now functioning more efficiently and this has led to

less opportunity for currency arbitrage based on the Bank's access to funding in USD.

### Expenses

SEK m	Q2 2009	Q1 2009	Change
Staff costs	-2,539	-2,442	4%
Other administrative expenses	-1,178	-1,122	5%
Depreciation and amortisation	-119	-120	-1%
<b>Total expenses</b>	<b>-3,836</b>	<b>-3,684</b>	<b>4%</b>

Expenses rose by SEK 152m, or 4%, to SEK 3,836m. The increase is mainly due to performance-related remunerations, which were SEK 195m (0) in the second quarter.

Staff costs rose by 4% to SEK 2,539m. Adjusted for performance-related remunerations, staff costs were 4% lower. The average number of employees decreased by 132 or 1.2% to 10,800.

Other administrative expenses rose by SEK 56m or 5% to SEK 1,178m. The increase is mainly attributable to expenses of SEK 17m for the Danish government deposit guarantee and to SEK 21m in costs for increased functionality for the online services. Excluding these items, the increase was 2%.

### Loan losses

SEK m	Q2 2009	Q1 2009	Change
Net loan losses	-939	-896	-43
Loan loss ratio as a % of loans	0.24	0.23	0.01
Bad debts, net	4,385	3,937	448
Proportion of bad debts, %	0.28	0.24	0.04

Loan losses increased to SEK -939m, with SEK -761m deriving from the Swedish branch office operations and SEK -178m from Branch office operations outside Sweden. SEK -827m (-866) of loan losses were provisions for probable but not yet incurred losses.

The allocation to the collectively assessed provisions was SEK -16m (0).

Net bad debts increased to SEK 4,385m (3,937), equivalent to 0.28% (0.24) of lending.

## PERFORMANCE IN THE BUSINESS SEGMENTS

(Q2 2009 compared with Q1 2009)

In Branch office operations in Sweden operating profit went down by 6% to SEK 2,062m (2,196), mainly due to higher loan losses. Income increased by 2% and expenses by 3%. The loan loss ratio was 0.31% (0.23).

Operating profit from Branch office operations outside Sweden increased by 37% to SEK 855m (623). Improved net interest income contributed to income going up by 6%, while expenses increased by 3%. Loan losses went down by 45% to SEK 178m and the loan loss ratio fell to 0.13% (0.24).

Handelsbanken Capital Markets' operating profit declined by 52% to SEK 609m (1,276). The decrease is

primarily due to lower earnings from fixed income and foreign exchange trading.

Handelsbanken Asset Management's earnings went up by SEK 35m to SEK -29m (-64). The loss is due to the SEK 134m (143) provision to the deferred capital contribution at Handelsbanken Liv. In the asset management operations profit rose by 47% to SEK 47m (32) due to higher management commissions. Net savings in Handelsbanken's funds on the Swedish market went up by SEK 1.0bn (5.9).

## LIQUIDITY

The liquidity situation has strengthened further and at very short notice, the Bank is able to free up liquid funds of more than SEK 450bn, which is equivalent to about one third of the Bank's loans to the public. The liquidity reserve now guarantees Handelsbanken's normal funding requirement for over two years without access to new market funding. During the period, the Bank has continued to be a net lender to the Riksbank and to other central banks.

During the second quarter, Handelsbanken issued SEK 58bn in covered bonds. Within the present covered pool, the Bank can issue over SEK 250bn more in covered bonds. During the second quarter, the Bank also issued SEK 33bn in one- to seven-year bank bonds with no government guarantee. In the second quarter, the situation stabilised in the international capital market. This means that the Bank's access to the US interbank market did not generate the same positive impact on earnings as in the two previous quarters.

## CAPITAL-RELATED MATTERS

SEK m	30 Jun 2009	31 Mar 2009	Change
Tier 1 ratio according to Basel II	12.6%	11.6%	
Capital ratio according to Basel II	18.4%	16.7%	
Equity	77,162	77,934	-1%
Tier 1 capital	83,162	81,386	2%
Capital base	121,691	117,483	4%
Risk-weighted assets, Basel II	661,630	703,612	-6%

During the quarter the capital base went up by SEK 4.2bn to 121.7bn and the capital ratio according to Basel II increased to 18.4%. This year's dividend of

SEK 4.4bn contributed to the shareholders' equity going down by SEK 0.8bn to SEK 77.2bn. Tier 1 capital rose by SEK 1.8bn to SEK 83.2bn and the Tier 1 ratio went up by 1.0 percentage points to 12.6%. SEK 15,273m of the Tier 1 capital was hybrid capital. During the second quarter the calculation of capital requirements for derivative volumes was transferred to the Bank's IRB model, which had a positive effect on Tier 1 ratio by 0.1 percentage points. Earnings in the quarter increased the Tier 1 ratio by 0.2 percentage points. The remaining increase of 0.7 percentage points is due to lower risk-weighted assets. The fall is partly due to a reduction in volumes to counterparties with higher risk weights while volumes to better counterparties have increased and also because the Bank has acquired more collateral. Migration of credit risks was limited during the quarter and had only a marginal impact on the Tier 1 ratio.

## RATING

Handelsbanken's rating was unchanged with all three rating agencies which rate the Bank. All three agencies consider the Bank's outlook to be stable.

	Long-term	Short-term	Financial strength
Moody's	Aa1	P-1	B
Standard & Poor's	AA-	A-1+	
Fitch	AA-	F1+	

## EVENTS AFTER THE END OF THE PERIOD

In July, Handelsbanken agreed to take over parts of the bankruptcy estates of Plastal and Plastal Holdings. The units involved are equivalent to about 10% of the former Plastal Group. This means that units in Belgium, Norway and Sweden, with around 600 employees, will now form a new Group called Plastal Industri AB.

The transaction is considered to be a good way of looking after and protecting the Bank's collateral while a robust group is formed. The objective is to sell the company. Because of this until a sale, the operations will be recognised as "Non-current assets held for sale and discontinued operations" according to IFRS 5.

## Branch office operations in Sweden

Branch office operations in Sweden comprise six regional banks, Handelsbanken Finans's operations in Sweden and Stadshypotek. At Handelsbanken, the branches are the base of all operations – they have the responsibility for all customers. The regional banks deliver universal banking services and are run with the goal of having higher profitability than comparable banks. Handelsbanken Finans has a full range of finance company services. Handelsbanken Finans works through the Bank's branches and in financing collaborations with retailers and vendors. Stadshypotek is the Bank's mortgage company, and is completely integrated with the branch operations.

### INCOME STATEMENT

SEK m	Q2 2009	Q2 2008	Change	Q1 2009	Change	Jan-Jun 2009	Jan-Jun 2008	Change	Full year 2008
Net interest income	3,459	3,205	8%	3,453	0%	6,912	6,267	10%	13,428
Net fee and commission income	818	847	-3%	785	4%	1,603	1,690	-5%	3,275
Net gains/losses on financial items at fair value	214	387	-45%	131	63%	345	483	-29%	459
Other income	8	9	-11%	21	-62%	29	27	7%	50
<b>Total income</b>	<b>4,499</b>	<b>4,448</b>	<b>1%</b>	<b>4,390</b>	<b>2%</b>	<b>8,889</b>	<b>8,467</b>	<b>5%</b>	<b>17,212</b>
Staff costs	-774	-765	1%	-755	3%	-1,529	-1,530	0%	-3,025
Other administrative expenses	-268	-276	-3%	-246	9%	-514	-540	-5%	-1,079
Internal purchased and sold services	-614	-575	7%	-601	2%	-1,215	-1,141	6%	-2,249
Depreciation and amortisation	-20	-18	11%	-20	0%	-40	-36	11%	-81
<b>Total expenses</b>	<b>-1,676</b>	<b>-1,634</b>	<b>3%</b>	<b>-1,622</b>	<b>3%</b>	<b>-3,298</b>	<b>-3,247</b>	<b>2%</b>	<b>-6,434</b>
<b>Profit before loan losses</b>	<b>2,823</b>	<b>2,814</b>	<b>0%</b>	<b>2,768</b>	<b>2%</b>	<b>5,591</b>	<b>5,220</b>	<b>7%</b>	<b>10,778</b>
Net loan losses	-761	-375	103%	-572	33%	-1,333	-377	254%	-834
Gains/losses on disposal of property, equipment and intangible assets	0	0	0%	0	0%	0	0	0%	0
<b>Operating profit</b>	<b>2,062</b>	<b>2,439</b>	<b>-15%</b>	<b>2,196</b>	<b>-6%</b>	<b>4,258</b>	<b>4,843</b>	<b>-12%</b>	<b>9,944</b>
Profit allocation	142	85	67%	116	22%	258	204	26%	559
<b>Operating profit after profit allocation</b>	<b>2,204</b>	<b>2,524</b>	<b>-13%</b>	<b>2,312</b>	<b>-5%</b>	<b>4,516</b>	<b>5,047</b>	<b>-11%</b>	<b>10,503</b>
Internal income	-901	-1,906	53%	-1,552	42%	-2,453	-3,676	33%	-7,827
Cost/income ratio, %	37.3	36.7		36.9		37.1	38.3		37.4
Cost/income ratio after profit allocation, %	36.1	36.0		36.0		36.1	37.4		36.2
Loan loss ratio, %	0.31	0.16		0.23		0.27	0.08		0.09
Assets	1,159,433	1,015,130	14%	1,107,198	5%	1,159,433	1,015,130	14%	1,078,933
Liabilities	1,121,765	977,285	15%	1,068,909	5%	1,121,765	977,285	15%	1,043,061
Allocated capital	37,668	37,845	0%	38,289	-2%	37,668	37,845	0%	35,872
Return on allocated capital, %	17.3	19.2		17.8		17.5	18.8		20.3
Average number of employees	4,441	4,627	-4%	4,536	-2%	4,489	4,629	-3%	4,685
Number of branches	461	461	0%	461	0%	461	461	0%	461

### BUSINESS VOLUMES

Average volumes, SEK bn	Q2 2009	Q2 2008	Change	Jan-Jun 2009	Jan-Jun 2008	Change
Deposits and borrowing from the public						
Household	165	141	17%	164	138	19%
Corporate	148	137	8%	150	138	9%
<b>Total</b>	<b>313</b>	<b>278</b>	<b>13%</b>	<b>314</b>	<b>276</b>	<b>14%</b>
Loans to the public						
Household	483	453	7%	479	447	7%
of which mortgage loans	426	396	8%	422	391	8%
Corporate	488	468	4%	491	464	6%
of which mortgage loans	162	144	13%	159	144	10%
<b>Total</b>	<b>971</b>	<b>921</b>	<b>5%</b>	<b>970</b>	<b>911</b>	<b>6%</b>

## JANUARY – JUNE 2009 COMPARED WITH JANUARY – JUNE 2008

### Earnings performance

Operating profit decreased by 12% to SEK 4,258m (4,843) due to higher loan losses. Profit before loan losses increased by 7% to SEK 5,591m (5,220).

Income rose by SEK 422m or 5% to SEK 8,889m (8,467), which is entirely attributable to a 10% increase in net interest income to SEK 6,912m (6,267). Larger volumes and improved margins on lending had a positive impact on net interest income due to favourable funding. However, lower deposit margins had a negative impact on net interest income. In addition, net interest income was negatively affected by the Stabilisation Fund fee of which SEK 102m (0) was charged to branch office operations in Sweden.

Net fee and commission income fell by 5% to SEK 1,603m (1,690), mainly due to lower equity market-related income. Payment commissions continued to grow.

Net gains/losses on financial items at fair value, consisting mainly of early redemption charges and the result of exchange rate conversions, went down by 29% to SEK 345m (483).

Expenses rose by 2% to SEK 3,298m (3,247) and the C/I ratio improved to 37.1% (38.3). Staff costs remained mainly unchanged, as the cost of the annual salary adjustment for 2009 was neutralised by a 3% reduction in the number of employees.

Loan losses amounted to SEK -1,333m (-377), which corresponded to a loan loss ratio of 0.27%.

### Business development

The number of branches in Sweden remained unchanged at 461.

The average volume of deposits from households increased by 19%, or SEK 26bn, to SEK 164bn (138). At the end of the period, deposits from households totalled SEK 172bn. Since the corresponding period of the previous year, Handelsbanken's market share of household deposits in Sweden has increased sharply from 16.5% to 17.9% as at the end of May.

Loan volumes continued to grow, but the rate of growth was not as high as in previous quarters. Overall, the average volume of lending grew by SEK 59bn to

SEK 970bn (911), which was a 6% increase compared to the first six months of the previous year. Compared with the first six months of the previous year, corporate lending in Sweden went up by SEK 27bn. The average volume of mortgage loans grew by 8% to SEK 422bn (391).

Card operations continued to grow. The number of cards, the purchase volume per card, and the number of card transactions all increased. For example, the number of Allkort cards increased by 12%, while the net fee and commission income generated by this card was 20% higher compared with the corresponding period of the previous year. Total purchase volumes for Allkort charge cards, Bankkort debit cards and Business Cards grew by 7%.

## Q2 2009 COMPARED WITH Q1 2009

Operating profit decreased by 6% to SEK 2,062m (2,196) due to higher loan losses. Profit before loan losses increased by 2% to SEK 2,823m (2,768).

Net interest income remained largely unchanged between the quarters. Increased lending volumes and lending margins compensated for the negative impact that lower market interest rates had on deposit margins and the return on allocated capital. The margin on the mortgage loan portfolio went down to 0.64% compared to 0.66% in the previous quarter. The reduction was totally attributable to changes in the product mix.

The estimated fee to the Stabilisation Fund reduced net interest income by SEK -48m (-54).

The average volume of lending rose by SEK 1bn to SEK 971bn (970). Mortgage loans grew by SEK 8bn or 2% to SEK 426bn (418). Household deposits grew by SEK 3bn while average deposits from companies went down by SEK 4bn.

Net fee and commission income rose by 4% to SEK 818m (785) as the result of higher equity-related commission income. Net gains/losses on financial items at fair value, consisting mainly of early redemption charges and the result of currency exchange, went up by SEK 83m to 214m (131).

Expenses rose by 3% to SEK 1,676 m (1,622). Staff costs rose by 3% while the average number of employees went down by 2% to 4,441 employees.

The C/I ratio was 37.3% (36.9).

## Branch office operations outside Sweden

Branch office operations outside Sweden comprise the regional banks in Denmark, Finland and Norway, as well as the two regional banks in Great Britain. These countries, together with Sweden, are regarded as the Bank's domestic markets. The branch operations in these countries are run according to the same concept as in Sweden – to provide universal banking services with a higher service level and at lower cost than comparable banks. This business segment also includes Handelsbanken International and Handelsbanken Finans's operations outside Sweden. Handelsbanken International is responsible for branch operations outside the Bank's domestic markets, trade finance, as well as export finance and project finance.

### INCOME STATEMENT

SEK m	Q2 2009	Q2 2008	Change	Q1 2009	Change	Jan-Jun 2009	Jan-Jun 2008	Change	Full year 2008
Net interest income	1,844	1,284	44%	1,694	9%	3,538	2,522	40%	5,700
Net fee and commission income	388	322	20%	359	8%	747	644	16%	1,308
Net gains/losses on financial items at fair value	36	141	-74%	95	-62%	131	205	-36%	295
Other income	10	8	25%	2	400%	12	8	50%	18
<b>Total income</b>	<b>2,278</b>	<b>1,755</b>	<b>30%</b>	<b>2,150</b>	<b>6%</b>	<b>4,428</b>	<b>3,379</b>	<b>31%</b>	<b>7,321</b>
Staff costs	-702	-558	26%	-710	-1%	-1,412	-1,102	28%	-2,325
Other administrative expenses	-303	-236	28%	-282	7%	-585	-469	25%	-1,065
Internal purchased and sold services	-218	-150	45%	-190	15%	-408	-295	38%	-675
Depreciation and amortisation	-22	-16	38%	-21	5%	-43	-28	54%	-71
<b>Total expenses</b>	<b>-1,245</b>	<b>-960</b>	<b>30%</b>	<b>-1,203</b>	<b>3%</b>	<b>-2,448</b>	<b>-1,894</b>	<b>29%</b>	<b>-4,136</b>
<b>Profit before loan losses</b>	<b>1,033</b>	<b>795</b>	<b>30%</b>	<b>947</b>	<b>9%</b>	<b>1,980</b>	<b>1,485</b>	<b>33%</b>	<b>3,185</b>
Net loan losses	-178	-196	-9%	-324	-45%	-502	-301	67%	-771
Gains/losses on disposal of property, equipment and intangible assets	0	0	0%	0	0%	0	0	0%	-1
<b>Operating profit</b>	<b>855</b>	<b>599</b>	<b>43%</b>	<b>623</b>	<b>37%</b>	<b>1,478</b>	<b>1,184</b>	<b>25%</b>	<b>2,413</b>
Profit allocation	61	37	65%	44	39%	105	73	44%	224
<b>Operating profit after profit allocation</b>	<b>916</b>	<b>636</b>	<b>44%</b>	<b>667</b>	<b>37%</b>	<b>1,583</b>	<b>1,257</b>	<b>26%</b>	<b>2,637</b>
Internal income	-1,346	-2,638	49%	-1,844	27%	-3,190	-4,737	33%	-9,850
Cost/income ratio, %	54.7	54.7		56.0		55.3	56.1		56.5
Cost/income ratio after profit allocation, %	53.2	53.6		54.8		54.0	54.9		54.8
Loan loss ratio, %	0.13	0.21		0.24		0.18	0.16		0.20
Assets	897,199	489,087	83%	916,155	-2%	897,199	489,087	83%	846,548
Liabilities	869,013	470,178	85%	889,805	-2%	869,013	470,178	85%	823,428
Allocated capital	28,186	18,909	49%	26,350	7%	28,186	18,909	49%	23,120
Return on allocated capital, %	9.6	9.7		7.5		8.6	9.8		9.5
Average number of employees	3,003	2,708	11%	3,023	-1%	3,013	2,662	13%	2,781
Number of branches	245	214	14%	245	0%	245	214	14%	241

### BUSINESS VOLUMES

Average volumes, SEK bn	Q2 2009	Q2 2008	Change	Jan-Jun 2009	Jan-Jun 2008	Change
Deposits and borrowing from the public						
Household	46	37	24%	46	35	31%
Corporate	128	102	25%	125	104	20%
<b>Total</b>	<b>174</b>	<b>139</b>	<b>25%</b>	<b>171</b>	<b>139</b>	<b>23%</b>
Loans to the public						
Household	140	115	22%	139	114	22%
Corporate	373	295	27%	377	285	32%
<b>Total</b>	<b>513</b>	<b>410</b>	<b>25%</b>	<b>516</b>	<b>399</b>	<b>29%</b>

## JANUARY – JUNE 2009 COMPARED WITH JANUARY – JUNE 2008

### Earnings performance

Operating profit increased by 25% to SEK 1,478m (1,184). Profit before loan losses increased by 33%, or SEK 495m, to SEK 1,980m (1,485).

Income rose by 31% or SEK 1,049m to SEK 4,428m (3,379) mainly as a result of higher net interest income. Net interest income increased by SEK 1,016m, of which SEK 252m was due to exchange rate changes. The fee to the Stabilisation Fund had an impact on net interest income of SEK -48m (-).

Expansion caused expenses to rise by 29% to SEK 2,448m (1,894). The operating deficit for new branches in the regional banks outside Sweden which have not yet reported a profit was SEK 199m (128).

Staff costs increased by SEK 310m, of which SEK 79m derives from Lokalbanken in Denmark, and SEK 137m is due to exchange rate effects. The average number of employees increased by 13% to 3,013 (2,662). Excluding Lokalbanken, which was acquired in the fourth quarter of 2008, the average number of employees increased by approximately 5%.

Loan losses amounted to SEK -502m (-301), which corresponds to a loan loss ratio of 0.18%.

### Business development

Handelsbanken had a total of 245 (214) branches outside Sweden.

The average volume of lending increased by 29% to SEK 516bn (399). Around 7% of the increase is due to exchange rate changes. Corporate lending rose by 32% to SEK 377bn (285) while loans to households grew by 22% to SEK 139bn (114). Deposits from the public rose by 23% to SEK 171bn (139).

## Q2 2009 COMPARED WITH Q1 2009

Operating profit increased by SEK 232m to SEK 855m as a result of improved net interest income and higher commissions.

Improved lending margins were the primary factor contributing to a 9% increase in net interest income. In the second quarter, net interest income was not charged any fee for the Danish government deposit guarantee (-31). Changes in exchange rates had a negative impact of SEK -21m on net interest income during the quarter. The average volume of lending decreased by 1% to SEK 513bn (520). Deposit volumes rose by 4% to SEK 174bn (168), chiefly due to a 5% increase in corporate deposits.

Net fee and commission income increased by 8% to SEK 388m (359). Net gains/losses on financial items at fair value decreased to SEK 36m (95), chiefly due to lower profit at Handelsbanken International.

Expenses increased by 3% to SEK 1,245m (1,203) and were affected by SEK 20m (0) in fees to the Danish and Norwegian government deposit guarantees. Expansion costs for new branch offices were SEK 118m (132).

Loan losses decreased to SEK -178m (-324) and the loan loss ratio was 0.13%.

## Branch office operations in Great Britain

### INCOME STATEMENT

SEK m	Q2 2009	Q2 2008	Change	Q1 2009	Change	Jan-Jun 2009	Jan-Jun 2008	Change	Full year 2008
Net interest income	208	146	42%	167	25%	375	303	24%	586
Net fee and commission income	23	20	15%	20	15%	43	43	0%	86
Net gains/losses on financial items at fair value	8	12	-33%	10	-20%	18	14	29%	21
Other income	3	-1		0		3	-1		4
<b>Total income</b>	<b>242</b>	<b>177</b>	<b>37%</b>	<b>197</b>	<b>23%</b>	<b>439</b>	<b>359</b>	<b>22%</b>	<b>697</b>
Staff costs	-122	-108	13%	-117	4%	-239	-214	12%	-444
Other administrative expenses	-34	-30	13%	-30	13%	-64	-56	14%	-125
Internal purchased and sold services	-26	-18	44%	-23	13%	-49	-34	44%	-63
Depreciation and amortisation	-4	-2	100%	-3	33%	-7	-5	40%	-12
<b>Total expenses</b>	<b>-186</b>	<b>-158</b>	<b>18%</b>	<b>-173</b>	<b>8%</b>	<b>-359</b>	<b>-309</b>	<b>16%</b>	<b>-644</b>
<b>Profit before loan losses</b>	<b>56</b>	<b>19</b>	<b>195%</b>	<b>24</b>	<b>133%</b>	<b>80</b>	<b>50</b>	<b>60%</b>	<b>53</b>
Net loan losses	-20	-58	-66%	-17	18%	-37	-58	-36%	-114
Gains/losses on disposal of property, equipment and intangible assets	-	-		0		0	-		-
<b>Operating profit</b>	<b>36</b>	<b>-39</b>		<b>7</b>	<b>414%</b>	<b>43</b>	<b>-8</b>		<b>-61</b>
Profit allocation	6	2	200%	13	-54%	19	3		35
<b>Operating profit after profit allocation</b>	<b>42</b>	<b>-37</b>		<b>20</b>	<b>110%</b>	<b>62</b>	<b>-5</b>		<b>-26</b>
Average number of employees	503	453	11%	491	2%	497	439	13%	459
Number of branches	62	49	27%	60	3%	62	49	27%	56

### BUSINESS VOLUMES

Average volumes, GBP m	Q2 2009	Q2 2008	Change	Jan-Jun 2009	Jan-Jun 2008	Change
Deposits and borrowing from the public						
Household	294	405	-27%	292	317	-8%
Corporate	862	1,058	-19%	862	1,119	-23%
<b>Total</b>	<b>1,156</b>	<b>1,463</b>	<b>-21%</b>	<b>1,154</b>	<b>1,436</b>	<b>-20%</b>
Loans to the public						
Household	990	759	30%	967	728	33%
Corporate	4,399	3,900	13%	4,425	3,826	16%
<b>Total</b>	<b>5,389</b>	<b>4,659</b>	<b>16%</b>	<b>5,392</b>	<b>4,554</b>	<b>18%</b>

### JANUARY – JUNE 2009 COMPARED WITH JANUARY – JUNE 2008

#### Earnings performance

Operating profit increased to SEK 43m (-8). Profit before loan losses rose by SEK 30m to SEK 80m (50) mainly due to improved net interest income.

Net interest income rose by 24% to SEK 375m (303). The previous problem involving the link to the Bank of England's base rate has now been solved. The increase of SEK 72m derived primarily from improved margins in corporate lending. A good increase in volumes, mainly to corporate customers, also made a positive contribution. Charges made to net interest income included the fee to the Stabilisation Fund.

Expenses rose by 16% to SEK 359m (309) due to the continued expansion of the branch network. In the past 12 months, Handelsbanken has opened 13 new branches. Compared with the corresponding period last year, the number of employees increased by 13% to 497.

Loan losses were SEK -37m (-58), corresponding to a loan loss ratio of 0.12%.

#### Business development

Average loan volumes rose by 18% to GBP 5,392m (4,554). Corporate loans went up by 16%, and household loans by 33%.

In the first quarter, some funding operations were transferred to Central Treasury, which explains the decrease in deposit volumes. Average deposit volumes in the remaining business rose 40% to GBP 1,154m (827).

Two branches were opened in the second quarter: Glasgow and Edinburgh, after which Handelsbanken had a total of 62 branches (49) in Great Britain.

#### Q2 2009 COMPARED WITH Q1 2009

Operating profit rose to SEK 36m (7), due to higher net interest income. Net interest income increased by 25% or by SEK 41m, which is entirely due to improved lending margins, primarily in corporate loans.

The average volume of lending was virtually unchanged at GBP 5,389m (5,395). Corporate loans decreased by 1% to GBP 4,399m (4,451), while loans to households rose by 5% to GBP 990m (944).

## Branch office operations in Denmark

### INCOME STATEMENT

SEK m	Q2 2009	Q2 2008	Change	Q1 2009	Change	Jan-Jun 2009	Jan-Jun 2008	Change	Full year 2008
Net interest income	387	199	94%	291	33%	678	395	72%	870
Net fee and commission income	73	52	40%	73	0%	146	99	47%	202
Net gains/losses on financial items at fair value	19	56	-66%	26	-27%	45	60	-25%	19
Other income	1	3	-67%	-1	-	-	1	-	-1
<b>Total income</b>	<b>480</b>	<b>310</b>	<b>55%</b>	<b>389</b>	<b>23%</b>	<b>869</b>	<b>555</b>	<b>57%</b>	<b>1,090</b>
Staff costs	-152	-93	63%	-154	-1%	-306	-186	65%	-421
Other administrative expenses	-75	-30	150%	-70	7%	-145	-65	123%	-171
Internal purchased and sold services	-40	-30	33%	-43	-7%	-83	-65	28%	-146
Depreciation and amortisation	-5	-2	150%	-5	0%	-10	-4	150%	-8
<b>Total expenses</b>	<b>-272</b>	<b>-155</b>	<b>75%</b>	<b>-272</b>	<b>0%</b>	<b>-544</b>	<b>-320</b>	<b>70%</b>	<b>-746</b>
<b>Profit before loan losses</b>	<b>208</b>	<b>155</b>	<b>34%</b>	<b>117</b>	<b>78%</b>	<b>325</b>	<b>235</b>	<b>38%</b>	<b>344</b>
Net loan losses	-49	-1	-	-77	-36%	-126	-1	-	-31
Gains/losses on disposal of property, equipment and intangible assets	-	-	-	-	-	-	-	-	-
<b>Operating profit</b>	<b>159</b>	<b>154</b>	<b>3%</b>	<b>40</b>	<b>298%</b>	<b>199</b>	<b>234</b>	<b>-15%</b>	<b>313</b>
Profit allocation	10	0	-	0	-	10	1	-	3
<b>Operating profit after profit allocation</b>	<b>169</b>	<b>154</b>	<b>10%</b>	<b>40</b>	<b>322%</b>	<b>209</b>	<b>235</b>	<b>-11%</b>	<b>316</b>
Average number of employees	679	493	38%	693	-2%	686	490	40%	545
Number of branches	54	40	35%	54	0%	54	40	35%	54

### BUSINESS VOLUMES

Average volumes, DKK bn	Q2 2009	Q2 2008	Change	Jan-Jun 2009	Jan-Jun 2008	Change
Deposits and borrowing from the public						
Household	8.3	5.1	63%	8.2	5.0	64%
Corporate	13.0	16.0	-19%	13.0	16.3	-20%
<b>Total</b>	<b>21.3</b>	<b>21.1</b>	<b>1%</b>	<b>21.2</b>	<b>21.3</b>	<b>0%</b>
Loans to the public						
Household	18.4	15.0	23%	18.3	14.7	24%
Corporate	21.4	18.6	15%	21.6	17.7	22%
<b>Total</b>	<b>39.8</b>	<b>33.6</b>	<b>18%</b>	<b>39.9</b>	<b>32.4</b>	<b>23%</b>

### JANUARY – JUNE 2009 COMPARED WITH JANUARY – JUNE 2008

#### Earnings performance

Operating profit was SEK 199m (234). Profit before loan losses increased by 38% to SEK 325m (235). Excluding Lokalbanken, which was acquired in the fourth quarter of 2008, the increase was 15%. Both income and expenses were affected by the 16% depreciation of the Swedish krona against the Danish krone compared with the same period last year.

Net interest income rose by SEK 283m, or 72%. Excluding Lokalbanken and the fees to the Danish government guarantee and the Swedish Stabilisation Fund as well as exchange rate changes, the increase was SEK 80m, or 20%. Total income, excluding the above-mentioned adjustments, increased by SEK 39m, or 7%.

Expenses, excluding Lokalbanken, fees to cover losses in the case of Danish banks failing and exchange rate changes, went up by 1%.

Loan losses were SEK -126m (-1), corresponding to a loan loss ratio of 0.40%.

#### Business development

The average loan volume increased by 23% to DKK 39.9bn (32.4). Excluding Lokalbanken, lending amounted to DKK 36.4bn, an increase of 12%, with household loans increasing by 14% and corporate loans 11%. Household deposits, excluding Lokalbanken, rose by 14%.

During the period, an equity-linked bond was issued which was well received by customers and the amount subscribed for was DKK 73m.

Handelsbanken had 54 branches in Denmark (40).

#### Q2 2009 COMPARED WITH Q1 2009

Operating profit rose by SEK 119m to SEK 159m (40), which is mainly attributable to an SEK 96m increase in net interest income to SEK 387m (291) and because the loan loss ratio fell to 0.33% (0.53). In the second quarter, net interest income was not charged with government guarantee fees (-31). The fee to the Swedish Stabilisation fund reduced the profit by SEK 3.5m (3.0).

Expenses were charged with SEK 16m (0) for fees to cover losses in the case of Danish banks failing. Adjusted for this, expenses fell by 6%.

## Branch office operations in Finland

### INCOME STATEMENT

SEK m	Q2 2009	Q2 2008	Change	Q1 2009	Change	Jan-Jun 2009	Jan-Jun 2008	Change	Full year 2008
Net interest income	257	240	7%	256	0%	513	463	11%	1,058
Net fee and commission income	69	69	0%	74	-7%	143	140	2%	259
Net gains/losses on financial items at fair value	3	18	-83%	5	-40%	8	35	-77%	61
Other income	3	-1		-1		2	-1		-3
<b>Total income</b>	<b>332</b>	<b>326</b>	<b>2%</b>	<b>334</b>	<b>-1%</b>	<b>666</b>	<b>637</b>	<b>5%</b>	<b>1,375</b>
Staff costs	-101	-84	20%	-101	0%	-202	-165	22%	-354
Other administrative expenses	-56	-56	0%	-56	0%	-112	-113	-1%	-216
Internal purchased and sold services	-41	-34	21%	-40	2%	-81	-72	13%	-151
Depreciation and amortisation	-5	-5	0%	-5	0%	-10	-6	67%	-16
<b>Total expenses</b>	<b>-203</b>	<b>-179</b>	<b>13%</b>	<b>-202</b>	<b>0%</b>	<b>-405</b>	<b>-356</b>	<b>14%</b>	<b>-737</b>
<b>Profit before loan losses</b>	<b>129</b>	<b>147</b>	<b>-12%</b>	<b>132</b>	<b>-2%</b>	<b>261</b>	<b>281</b>	<b>-7%</b>	<b>638</b>
Net loan losses	-38	-9	322%	-27	41%	-65	-14	364%	-140
Gains/losses on disposal of property, equipment and intangible assets	-	-		-		-	-		-
<b>Operating profit</b>	<b>91</b>	<b>138</b>	<b>-34%</b>	<b>105</b>	<b>-13%</b>	<b>196</b>	<b>267</b>	<b>-27%</b>	<b>498</b>
Profit allocation	13	8	63%	4	225%	17	11	55%	34
<b>Operating profit after profit allocation</b>	<b>104</b>	<b>146</b>	<b>-29%</b>	<b>109</b>	<b>-5%</b>	<b>213</b>	<b>278</b>	<b>-23%</b>	<b>532</b>
Average number of employees	505	504	0%	507	0%	506	501	1%	508
Number of branches	45	44	2%	45	0%	45	44	2%	45

### BUSINESS VOLUMES

Average volumes, EUR m	Q2 2009	Q2 2008	Change	Jan-Jun 2009	Jan-Jun 2008	Change
Deposits and borrowing from the public						
Household	1,436	1,176	22%	1,414	1,161	22%
Corporate	1,837	1,019	80%	1,727	1,031	68%
<b>Total</b>	<b>3,273</b>	<b>2,195</b>	<b>49%</b>	<b>3,141</b>	<b>2,192</b>	<b>43%</b>
Loans to the public						
Household	3,037	2,972	2%	3,031	2,942	3%
Corporate	7,426	6,647	12%	7,432	6,411	16%
<b>Total</b>	<b>10,463</b>	<b>9,619</b>	<b>9%</b>	<b>10,463</b>	<b>9,353</b>	<b>12%</b>

### JANUARY – JUNE 2009 COMPARED WITH JANUARY – JUNE 2008

#### Earnings performance

Operating profit decreased by 27% to SEK 196m (267). Profit before loan losses fell by 7% to SEK 261m (281). Loan losses were SEK -65m (-14), corresponding to a loan loss ratio of 0.11%.

Income and expenses were impacted by the Swedish krona weakening by 16% compared to the corresponding period in the previous year.

Net interest income went up by SEK 50m, or 11%. Excluding changes in exchange rates and fees to the Stabilisation Fund, net interest income fell by SEK 18m.

Expenses rose by 14% to SEK -405m (-356). Adjusted for exchange rate changes, expenses went down by 2%. In local currency, staff costs went up by 6% due to a higher number of employees and to collectively agreed salary adjustments. Other administrative expenses went down by 8%.

#### Business development

The average volume of loans to the public increased by 12% to EUR 10,463m (9,353). Household deposits went up by 22% to EUR 1,414m (1,161) while corporate deposits increased by 68% to EUR 1,727m (1,031).

In the second quarter, a new and improved online equity trading service was introduced.

The number of Handelsbanken branches in Finland remained unchanged during the quarter at 45 (45).

#### Q2 2009 COMPARED WITH Q1 2009

Operating profit went down by SEK 14m, or 13%, to SEK 91m (105), mainly due to loan losses being SEK 11m higher than the preceding quarter. The loan loss ratio was 0.15%.

Net interest income was virtually unchanged at SEK 257m (256). Average lending volumes were unchanged while deposits went up by 9%, mainly due to increased corporate deposits.

Expenses were more or less unchanged.

## Branch office operations in Norway

### INCOME STATEMENT

SEK m	Q2 2009	Q2 2008	Change	Q1 2009	Change	Jan-Jun 2009	Jan-Jun 2008	Change	Full year 2008
Net interest income	679	508	34%	645	5%	1,324	1,005	32%	2,197
Net fee and commission income	79	85	-7%	65	22%	144	170	-15%	329
Net gains/losses on financial items at fair value	24	24	0%	24	0%	48	46	4%	95
Other income	-2	4		1		-1	4		7
<b>Total income</b>	<b>780</b>	<b>621</b>	<b>26%</b>	<b>735</b>	<b>6%</b>	<b>1,515</b>	<b>1,225</b>	<b>24%</b>	<b>2,628</b>
Staff costs	-146	-129	13%	-151	-3%	-297	-256	16%	-512
Other administrative expenses	-74	-60	23%	-63	17%	-137	-122	12%	-257
Internal purchased and sold services	-56	-38	47%	-38	47%	-94	-71	32%	-161
Depreciation and amortisation	-4	-4	0%	-4	0%	-8	-8	0%	-16
<b>Total expenses</b>	<b>-280</b>	<b>-231</b>	<b>21%</b>	<b>-256</b>	<b>9%</b>	<b>-536</b>	<b>-457</b>	<b>17%</b>	<b>-946</b>
<b>Profit before loan losses</b>	<b>500</b>	<b>390</b>	<b>28%</b>	<b>479</b>	<b>4%</b>	<b>979</b>	<b>768</b>	<b>27%</b>	<b>1,682</b>
Net loan losses	-40	-10	300%	-167	-76%	-207	-17		-117
Gains/losses on disposal of property, equipment and intangible assets	0	-		0	0%	0	0		0
<b>Operating profit</b>	<b>460</b>	<b>380</b>	<b>21%</b>	<b>312</b>	<b>47%</b>	<b>772</b>	<b>751</b>	<b>3%</b>	<b>1,565</b>
Profit allocation	18	24	-25%	24	-25%	42	45	-7%	112
<b>Operating profit after profit allocation</b>	<b>478</b>	<b>404</b>	<b>18%</b>	<b>336</b>	<b>42%</b>	<b>814</b>	<b>796</b>	<b>2%</b>	<b>1,677</b>
Average number of employees	629	602	4%	626	0%	628	594	6%	605
Number of branches	48	46	4%	48	0%	48	46	4%	48

### BUSINESS VOLUMES

Average volumes, NOK bn	Q2 2009	Q2 2008	Change	Jan-Jun 2009	Jan-Jun 2008	Change
Deposits and borrowing from the public						
Household	8.6	8.5	1%	8.3	8.4	-1%
Corporate	35.8	35.3	1%	34.2	36.3	-6%
<b>Total</b>	<b>44.4</b>	<b>43.8</b>	<b>1%</b>	<b>42.5</b>	<b>44.7</b>	<b>-5%</b>
Loans to the public						
Household	49.4	45.2	9%	48.8	44.6	9%
Corporate	106.2	94.7	12%	105.6	91.7	15%
<b>Total</b>	<b>155.6</b>	<b>139.9</b>	<b>11%</b>	<b>154.4</b>	<b>136.3</b>	<b>13%</b>

### JANUARY – JUNE 2009 COMPARED WITH JANUARY – JUNE 2008

#### Earnings performance

Operating profit rose by 3% to SEK 772m (751), chiefly due to improved net interest income. Net interest income rose by SEK 319m or 32%, primarily as a result of rising lending margins. Average lending volumes increased by 13%.

Net fee and commission income went down by 15% to SEK 144m (170), partly due to several payment services being free of charge since 1 July 2008. Expenses increased by 17% partly due to higher staff costs. These went up by 16%, of which three percentage points was due to exchange rate fluctuations. The average number of employees increased by 6% to 628.

Loan losses increased to SEK -207m (-17) and the loan loss ratio was 0.24%.

#### Business development

In the second quarter, the average volume of lending was NOK 155.6bn, an NOK 2bn increase, or nearly 2%, compared to the previous quarter. Compared to the first quarter of 2009, the average volumes of deposits grew by NOK 3.9bn, or 10%, to NOK 44.4bn.

During the second quarter, Handelsbanken became a member of the Norwegian Banks' Guarantee Fund, which guarantees customers' deposits up to NOK 2m.

The number of branches in Norway was unchanged at 48.

### Q2 2009 COMPARED WITH Q1 2009

Operating profit rose by 47% to SEK 460m (312), chiefly due to lower loan losses. Profit before loan losses increased by 4%, primarily because larger business volumes and higher lending margins led to a 5% increase in net interest income. The loan loss ratio was 0.16%.

## Handelsbanken International

## INCOME STATEMENT

SEK m	Q2 2009	Q2 2008	Change	Q1 2009	Change	Jan-Jun 2009	Jan-Jun 2008	Change	Full year 2008
Net interest income	313	191	64%	335	-7%	648	356	82%	989
Net fee and commission income	144	96	50%	127	13%	271	192	41%	432
Net gains/losses on financial items at fair value	-18	31		30		12	50	-76%	99
Other income	5	3	67%	3	67%	8	5	60%	11
<b>Total income</b>	<b>444</b>	<b>321</b>	<b>38%</b>	<b>495</b>	<b>-10%</b>	<b>939</b>	<b>603</b>	<b>56%</b>	<b>1,531</b>
Staff costs	-181	-144	26%	-187	-3%	-368	-281	31%	-594
Other administrative expenses	-64	-60	7%	-63	2%	-127	-113	12%	-296
Internal purchased and sold services	-55	-30	83%	-46	20%	-101	-53	91%	-154
Depreciation and amortisation	-4	-3	33%	-4	0%	-8	-5	60%	-19
<b>Total expenses</b>	<b>-304</b>	<b>-237</b>	<b>28%</b>	<b>-300</b>	<b>1%</b>	<b>-604</b>	<b>-452</b>	<b>34%</b>	<b>-1,063</b>
<b>Profit before loan losses</b>	<b>140</b>	<b>84</b>	<b>67%</b>	<b>195</b>	<b>-28%</b>	<b>335</b>	<b>151</b>	<b>122%</b>	<b>468</b>
Net loan losses	-39	-117	-67%	-36	8%	-75	-217	-65%	-375
Gains/losses on disposal of property, equipment and intangible assets	0	0	0%	0	0%	0	0	0%	0
<b>Operating profit</b>	<b>101</b>	<b>-33</b>		<b>159</b>	<b>-36%</b>	<b>260</b>	<b>-66</b>		<b>93</b>
Profit distribution	14	3	367%	3	367%	17	13	31%	40
<b>Operating profit after profit allocation</b>	<b>115</b>	<b>-30</b>		<b>162</b>	<b>-29%</b>	<b>277</b>	<b>-53</b>		<b>133</b>
Average number of employees	686	656	5%	706	-3%	696	638	9%	664
Number of branches	36	35	3%	38	-5%	36	35	3%	38

## BUSINESS VOLUMES

Average volumes, SEK bn	Q2 2009	Q2 2008	Change	Jan-Jun 2009	Jan-Jun 2008	Change
Deposits and borrowing from the public						
Household	4.7	4.3	9%	4.9	4.4	11%
Corporate	34.9	19.2	82%	34.9	18.1	93%
<b>Total</b>	<b>39.6</b>	<b>23.5</b>	<b>69%</b>	<b>39.8</b>	<b>22.5</b>	<b>77%</b>
Loans to the public						
Household	4.2	3.0	40%	4.5	3.0	50%
Corporate	82.6	55.4	49%	86.0	51.8	66%
<b>Total</b>	<b>86.8</b>	<b>58.4</b>	<b>49%</b>	<b>90.5</b>	<b>54.8</b>	<b>65%</b>

JANUARY – JUNE 2009 COMPARED WITH  
JANUARY – JUNE 2008

## Earnings performance

Operating profit increased to SEK 260m (-66). Profit before loan losses rose by 122% or SEK 184m to SEK 335m (151).

Net interest income went up by SEK 292m, which is an 82% increase compared to the same period in 2008. The increase in earnings is largely due to higher business volumes and changes in exchange rates. The greatest increases were in New York and Luxembourg.

Total expenses increased by 34% or SEK 152m and staff costs rose by 31% or SEK 87m. The increase is explained by a continued expansion and changes in exchange rates. The average number of employees increased by 58 to 696 (638).

Loan losses were lower and amounted to SEK -75m (-217), which corresponds to a loan loss ratio of 0.11%.

## Business development

Handelsbanken had 36 branches and four representative offices in 18 countries outside the Nordic countries and Great Britain.

For Handelsbanken International's operations in Estonia, lending volumes remained unchanged and amounted to approximately SEK 2bn, with sovereign risk accounting for half of this. In Latvia, lending volumes were approximately SEK 5m. The Bank had no lending in Lithuania.

## Q2 2009 COMPARED WITH Q1 2009

Operating profit decreased by SEK 58m to SEK 101m (159). Income fell by 10%, mainly due to lower net gains/losses on financial items.

Net interest income was adversely affected by lower returns on allocated capital. The average lending volume was 8% lower at SEK 86.8bn (94.1).

Expenses rose by SEK 4m to SEK 304m (300). Loan losses were SEK -39m (-36) and the loan loss ratio was 0.12%.

## Handelsbanken Capital Markets

Capital Markets is Handelsbanken's investment bank. Its operations comprise equities, fixed income, commodities and foreign exchange trading, structured products, cash management, corporate finance and debt capital markets, as well as macroeconomic and financial research. There were just over 1,000 employees in six countries.

### INCOME STATEMENT

SEK m	Q2 2009	Q2 2008	Change	Q1 2009	Change	Jan-Jun 2009	Jan-Jun 2008	Change	Full year 2008
Net interest income	103	147	-30%	145	-29%	248	309	-20%	584
Net fee and commission income	380	258	47%	342	11%	722	510	42%	1,028
Net gains/losses on financial items at fair value	777	137	467%	1,337	-42%	2,114	-206		1,928
Other income	-1	5		9		8	6	33%	24
<b>Total income</b>	<b>1,259</b>	<b>547</b>	<b>130%</b>	<b>1,833</b>	<b>-31%</b>	<b>3,092</b>	<b>619</b>	<b>400%</b>	<b>3,564</b>
Staff costs	-521	-353	48%	-422	23%	-943	-782	21%	-1,654
Other administrative expenses	-142	-147	-3%	-129	10%	-271	-314	-14%	-581
Internal purchased and sold services	20	31	-35%	2		22	32	-31%	75
Depreciation and amortisation	-7	-3	133%	-8	-13%	-15	-6	150%	-34
<b>Total expenses</b>	<b>-650</b>	<b>-472</b>	<b>38%</b>	<b>-557</b>	<b>17%</b>	<b>-1,207</b>	<b>-1,070</b>	<b>13%</b>	<b>-2,194</b>
<b>Profit before loan losses</b>	<b>609</b>	<b>75</b>		<b>1,276</b>	<b>-52%</b>	<b>1,885</b>	<b>-451</b>		<b>1,370</b>
Net loan losses									
Gains/losses on disposal of property, equipment and intangible assets	-	-		-		-	-		-
<b>Operating profit</b>	<b>609</b>	<b>75</b>		<b>1,276</b>	<b>-52%</b>	<b>1,885</b>	<b>-451</b>		<b>1,370</b>
Profit allocation	-174	-83	110%	-102	71%	-276	-178	55%	-550
<b>Operating profit after profit allocation</b>	<b>435</b>	<b>-8</b>		<b>1,174</b>	<b>-63%</b>	<b>1,609</b>	<b>-629</b>		<b>820</b>
Internal income	66	2,608	-97%	1,313	-95%	1,379	4,597	-70%	8,391
Cost/income ratio, %	51.6	86.3		30.4		39.0	172.9		61.6
Cost/income ratio after profit allocation, %	59.9	101.7		32.2		42.9	242.6		72.8
Assets	309,435	597,889	-48%	694,053	-55%	309,435	597,889	-48%	630,197
Liabilities	306,291	593,431	-48%	690,266	-56%	306,291	593,431	-48%	625,423
Allocated capital	3,144	4,458	-29%	3,787	-17%	3,144	4,458	-29%	4,774
Return on allocated capital, %	41.0	-		91.3		68.5	-		13.2
Average number of employees	1,026	1,083	-5%	1,052	-2%	1,039	1,075	-3%	1,068

## JANUARY – JUNE 2009 COMPARED WITH JANUARY – JUNE 2008

### Earnings performance

Operating profit increased to SEK 1,885m (-451). In the first six months of the previous year, a negative result of SEK -1,033m arose in the liquidity portfolio, primarily in connection with the sale of American asset-backed securities. Excluding this effect, the operating profit improved by 224% or SEK 1,303m. The increase in profit is chiefly attributable to improved profitability in fixed income and foreign exchange trading.

Income remains at a historically high level and increased to SEK 3,092m (619). Net fee and commission income increased by 42% to SEK 722m. The improvement is attributable to most of the products and services at Capital Markets.

Expenses rose by 13% to SEK 1,207m (1,070), mainly due to increased staff costs. The average number of employees was 1,039 (1,075).

### Business development

Stock market activity was high up to the end of the second quarter, after which it declined pending company reports. Equity-related income continued to be good, but it did not reach the high levels of previous years. Handelsbanken's market position continued to improve and it had the largest market share, 42%, on the new trading venue Burgundy. According to Financial Hearings, Swedish institutions rank Handelsbanken's research as best in eight sectors. Market shares on the American market are increasing and according to the Greenwich survey, the Bank has significantly improved its market position compared to its competitors.

On the Nordic market, activity continues to be sluggish for corporate mergers and acquisitions as well as IPOs, while interest for new issues has increased. Handelsbanken was an advisor in ten public M&A transactions, of which four took place in the second

quarter. The Bank also arranged four new issues, of which two took place in the second quarter.

Interest in various funding solutions remained strong. The Bank carried out 72 bond issues, which was more than twice as many as in the corresponding period in 2008. In the second quarter, 38 bond issues were carried out. Handelsbanken was also the lead bank for seven syndicated loans, of which six were in the second quarter.

Earnings from fixed income and foreign exchange trading grew significantly. The large market fluctuations opened good business opportunities especially in the first quarter. In the second quarter, the market and business opportunities stabilised.

The Bank continued to be the market leader in structured products and was the largest issuer of capital-protected investments in Sweden, with 34% of new sales. Sales of the Bank's capital-protected investments and certificates increased by 42%.

The Bank maintained its leading position on the warrant and certificate markets; its market share was 50% for the Nordic region and 66% in Sweden.

Handelsbanken is Sweden's leading commodities broker. The large fluctuations in commodity prices have meant that price hedging has become increasingly important for many companies.

## Q2 2009 COMPARED WITH Q1 2009

Operating profit went down to SEK 609m (1,276). As the capital market stabilised during the quarter, opportunities diminished for the Bank to utilise its good position on the funding market to conduct currency arbitrage. This is why fixed income and currency trading, despite good profits, did not reach the historically high result achieved in the first quarter.

Net fee and commission income increased by SEK 38m to SEK 380m (342). The increase was due to higher equities commissions.

Expenses rose by 17% to SEK 650m (557). The increase is due to higher staff costs.

## Handelsbanken Asset Management

*This business segment comprises Handelsbanken's asset management and Handelsbanken Liv. Asset Management comprises fund management, discretionary management and Nordic custody services, as well as support to the branch offices regarding private banking, capital investment, portfolio systems and accounting for foundations.*

*Through the Bank's branch operations, Handelsbanken Liv focuses on providing asset protection solutions, private pension savings and collectively-agreed occupational pension solutions to private individuals.*

### INCOME STATEMENT

SEK m	Q2 2009	Q2 2008	Change	Q1 2009	Change	Jan-Jun 2009	Jan-Jun 2008	Change	Full year 2008
Net interest income	38	110	-65%	43	-12%	81	197	-59%	379
Net fee and commission income	257	292	-12%	249	3%	506	589	-14%	1,087
Net gains/losses on financial items at fair value	-138	-116	-19%	-175	21%	-313	-163	-92%	-116
<i>of which deferred capital contribution</i>	-134	-94	-43%	-143	6%	-277	-130	-113%	-143
Risk result - insurance	36	71	-49%	57	-37%	93	110	-15%	215
Other income	5	7	-29%	1	400%	6	16	-63%	28
<b>Total income</b>	<b>198</b>	<b>364</b>	<b>-46%</b>	<b>175</b>	<b>13%</b>	<b>373</b>	<b>749</b>	<b>-50%</b>	<b>1,593</b>
Staff costs	-124	-121	2%	-124	0%	-248	-230	8%	-474
Other administrative expenses	-62	-68	-9%	-58	7%	-120	-235	-49%	-351
Internal purchased and sold services	-35	-50	-30%	-50	-30%	-85	-109	-22%	-186
Depreciation and amortisation	-6	-3	100%	-7	-14%	-13	-6	117%	-15
<b>Total expenses</b>	<b>-227</b>	<b>-242</b>	<b>-6%</b>	<b>-239</b>	<b>-5%</b>	<b>-466</b>	<b>-580</b>	<b>-20%</b>	<b>-1,026</b>
<b>Profit before loan losses</b>	<b>-29</b>	<b>122</b>		<b>-64</b>	<b>55%</b>	<b>-93</b>	<b>169</b>		<b>567</b>
Net loan losses									
Gains/losses on disposal of property, equipment and intangible assets	0	-		-		0	-		-
<b>Operating profit</b>	<b>-29</b>	<b>122</b>		<b>-64</b>	<b>55%</b>	<b>-93</b>	<b>169</b>		<b>567</b>
Profit allocation	-29	-39	-26%	-58	-50%	-87	-99	-12%	-234
<b>Operating profit after profit allocation</b>	<b>-58</b>	<b>83</b>		<b>-122</b>	<b>52%</b>	<b>-180</b>	<b>70</b>		<b>333</b>
Internal income	-151	-232	35%	-143	-6%	-294	-424	31%	-746
Cost/income ratio, %	114.6	66.5		136.6		124.9	77.4		64.4
Cost/income ratio after profit allocation, %	134.3	74.5		204.3		162.9	89.2		75.5
Assets	78,667	80,723	-3%	70,304	12%	78,667	80,723	-3%	70,711
Liabilities	73,949	77,082	-4%	65,367	13%	73,949	77,082	-4%	66,908
Allocated capital	4,718	3,641	30%	4,937	-4%	4,718	3,641	30%	3,803
Return on allocated capital, %	-	6.6		-		-	2.6		6.5
Average number of employees	532	557	-4%	542	-2%	537	546	-2%	550

## JANUARY – JUNE 2009 COMPARED WITH JANUARY – JUNE 2008

### Earnings performance

Operating profit in the Handelsbanken Asset Management segment fell by SEK 262m to SEK -93m (169). Handelsbanken Liv's earnings declined by SEK 266m to SEK -172m (94). The decrease is due to the fact that the allocation to the deferred capital contribution increased to SEK 277m (130). The total return was negative at -3.45% (-5.27), and the company therefore received no yield split (0).

Asset Management, excluding Handelsbanken Liv, reported an operating profit of SEK 79m (75). The same period in 2008 included a one-off expense, so that excluding this, the operating profit fell by SEK 89m. The underlying decline in earnings is attributable to lower net fee and commission income, as lower volumes under management led to reduced management commissions.

### Business development

The volume of assets managed by Handelsbanken Asset Management fell by 5% to SEK 189bn (199). The total volume of assets under management by the Group was SEK 236bn (248).

In the first half of the year, net savings in Handelsbanken's mutual funds on the Swedish market were SEK 7bn (-14), equivalent to a market share of 17%. Approximately SEK 3.5bn of the net inflow related to transfers from SPP's generation funds to the Bank's new generation funds.

## Q2 2009 COMPARED WITH Q1 2009

Operating profit was adversely affected by Handelsbanken Liv, amounting to SEK -29m (-64). The result for Asset Management excluding Handelsbanken Liv increased by SEK 15m to SEK 47m (32), which derived in part from larger fund volumes.

The operating loss in Handelsbanken Liv was SEK -76m (-96) and was negatively affected by the SEK -134m (-143) allocation to the deferred capital contribution. In the second quarter, the total return at Handelsbanken Liv was negative at -0.89% (-2.56). This meant that the company received no yield split for the period.

## Asset Management, excluding Handelsbanken Liv

### INCOME STATEMENT

SEK m	Q2 2009	Q2 2008	Change	Q1 2009	Change	Jan-Jun 2009	Jan-Jun 2008	Change	Full year 2008
Net interest income	12	42	-71%	10	20%	22	83	-73%	127
Net fee and commission income	171	187	-9%	163	5%	334	384	-13%	714
Net gains/losses on financial items at fair value	1	-3		0		1	-5		-5
Other income	4	0		0		4	7	-43%	15
<b>Total income</b>	<b>188</b>	<b>226</b>	<b>-17%</b>	<b>173</b>	<b>9%</b>	<b>361</b>	<b>469</b>	<b>-23%</b>	<b>851</b>
Staff costs	-87	-87	0%	-87	0%	-174	-161	8%	-342
Other administrative expenses	-33	-28	18%	-24	38%	-57	-157	-64%	-219
Internal purchased and sold services	-20	-34	-41%	-29	-31%	-49	-75	-35%	-134
Depreciation and amortisation	-1	0		-1	0%	-2	-1	100%	-3
<b>Total expenses</b>	<b>-141</b>	<b>-149</b>	<b>-5%</b>	<b>-141</b>	<b>0%</b>	<b>-282</b>	<b>-394</b>	<b>-28%</b>	<b>-698</b>
<b>Profit before loan losses</b>	<b>47</b>	<b>77</b>	<b>-39%</b>	<b>32</b>	<b>47%</b>	<b>79</b>	<b>75</b>	<b>5%</b>	<b>153</b>
Net loan losses									
Gains/losses on disposal of property, equipment and intangible assets	-	-		-		-	-		-
<b>Operating profit</b>	<b>47</b>	<b>77</b>	<b>-39%</b>	<b>32</b>	<b>47%</b>	<b>79</b>	<b>75</b>	<b>5%</b>	<b>153</b>
Profit allocation	-21	-32	-34%	-42	-50%	-63	-86	-27%	-163
<b>Operating profit after profit allocation</b>	<b>26</b>	<b>45</b>	<b>-42%</b>	<b>-10</b>		<b>16</b>	<b>-11</b>		<b>-10</b>
Average number of employees	327	362	-10%	337	-3%	332	358	-7%	357

### JANUARY – JUNE 2009 COMPARED WITH JANUARY – JUNE 2008

Operating profit was SEK 79m (75). The same period in 2008 included a one-off expense, so that excluding this, the operating profit fell by SEK 89m. Income declined by 23% to SEK 361m (469), mainly because lower management volumes led to lower commission income. The average volume of mutual fund assets under management fell by 25% to SEK 112bn (150).

Excluding the one-off cost in the comparison period, costs decreased by 6% to SEK 282m. This is partly due to a rationalisation of the range of funds on offer.

#### Business development

At the end of the period, Handelsbanken's mutual fund management company (Handelsbanken Fonder) managed 89 (95) mutual funds, with a total value of SEK 124bn (135). The decrease in volume was SEK 11bn, SEK 1bn of this was due to net outflows and SEK 10bn to lower market values.

In the first half of the year, net savings in Handelsbanken's mutual funds on the Swedish market were SEK 7bn (-14), equivalent to a market share of 17%. Approximately SEK 3.5bn of the net inflow related to transfers from SPP's generation funds to the Bank's new generation funds.

The Bank managed ten listed mutual funds under the XACT brand name at the end of the first quarter, of which seven are traded on the Stockholm stock exchange and three on the Oslo stock exchange. The assets managed in the XACT exchange-traded funds totalled SEK 16bn (10). Net flows were positive in the last 12 months, amounting to SEK 5bn.

Discretionary management volumes fell by 7% to SEK 80bn (86). SEK 15bn (22) of the managed assets were invested in Handelsbanken's mutual funds. In the past 12 months, the net outflow totalled SEK 5bn. Total assets under discretionary management in the Group were SEK 99bn (103).

### Q2 2009 COMPARED WITH Q1 2009

Operating profit increased by SEK 15m to SEK 47m (32). Income grew as a result of higher management commissions. This was due to a higher volume of assets managed, which in turn was caused by higher stock market values.

Like other expenses, staff costs were unchanged. The average number of employees fell by 10 or 3%.

## Handelsbanken Liv

### JANUARY – JUNE 2009 COMPARED WITH JANUARY – JUNE 2008

#### Earnings performance

Earnings decreased to SEK -172m (94). The weaker figure was mainly due to a lower financial result. The allocation to the deferred capital contribution totalled SEK 277m (130), which was the main reason for the SEK 181m decline in the financial result. The total return was -3.45% (-5.27). Thus the company received no yield split (0).

The administration result, which is the difference between the fees charged on the insurance contracts and the company's actual expenses, decreased by SEK 44m to SEK -17m (27). Operating expenses were virtually unchanged, while income was lower.

The risk result, which is the difference between the fees the company charges to cover the insurance risks (mortality, longevity, disability and accident) and the actual cost of these, decreased by SEK 17m to SEK 93m (110).

The available solvency margin was SEK 3,353m. The available solvency margin should be related to the required solvency margin which was SEK 1,421m, implying a solvency ratio of 2.4 (2.2).

#### Business development

Assets under management increased by 2% compared with the corresponding period in the previous year and were SEK 60bn (59), of which unit-linked and custody insurance represented SEK 34bn (32).

New sales increased by 7% and the net flow rose by 25%.

Premiums written were SEK 5.5bn (5.2). Insurance claims disbursed were SEK 2.2bn (2.5).

#### Handelsbanken Liv, break-down of results and key figures

SEK m	Jan-Jun 2009	Jan-Jun 2008	Full year 2008
Administration result	-17	27	53
Risk result	93	110	215
Financial result	-299	-118	-2
<i>of which deferred capital contribution</i>	-277	-130	-51
Other	51	75	149
<b>Operating profit</b>	<b>-172</b>	<b>94</b>	<b>415</b>
Total return, %	-3.45	-5.27	-1.22
AUM, SEK bn, end of period	60	59	54
<i>of which unit-linked and custody</i>	34	32	27
Solvency ratio, end of period	2.4	2.2	1.3

#### Handelsbanken Liv, investment assets

Exposure end of period, %	Jan-Jun 2009	Jan-Jun 2008	Full year 2008
Listed shares	14	20	10
Fixed income securities	76	69	77
Properties	6	6	6
Alternative investments	4	5	7
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>

### Q2 2009 COMPARED WITH Q1 2009

The operating loss was SEK -76m (-96). The allocation to the deferred capital contribution was SEK 9m lower at SEK -134m (-143). This was a contributing factor to the financial result amounting to SEK -147m (-152). In the second quarter, the total return was -0.89% (-2.56). The Other operating item increased by SEK 29m to SEK 40m (11) mainly due to higher return on the invested equity.

At the end of the quarter, 14% of the capital was invested in listed shares, as compared to 8% at the beginning of the quarter.

Assets under management increased by 11% compared to the previous quarter and were SEK 60bn (54), of which unit-linked and custody insurance represented SEK 34bn (28). Premiums written were SEK 3.2bn (2.3). Insurance claims disbursed were SEK 1.1bn (1.0).

## Other operations

The Other operations segment comprises Treasury and the central head office departments. It also includes capital gains/losses, dividends, and income and expenses that are not attributable to a specific segment.

### INCOME STATEMENT

SEK m	Q2 2009	Q2 2008	Change	Q1 2009	Change	Jan-Jun 2009	Jan-Jun 2008	Change	Full year 2008
Net interest income	205	-244		68	201%	273	-387		-835
Net fee and commission income	13	-13		4	225%	17	12	42%	97
Net gains/losses on financial items at fair value	-364	96		-247	-47%	-611	103		838
Share of profits associated companies	1	27	-96%	3	-67%	4	53	-92%	79
Other income	130	369	-65%	20		150	370	-59%	424
<b>Total income</b>	<b>-15</b>	<b>235</b>		<b>-152</b>	<b>90%</b>	<b>-167</b>	<b>151</b>		<b>603</b>
Staff costs	-535	-410	30%	-518	3%	-1,053	-733	44%	-1,456
Other administrative expenses	-415	-421	-1%	-407	2%	-822	-812	1%	-1,614
Internal purchased and sold services	847	744	14%	839	1%	1,686	1,513	11%	3,035
Depreciation and amortisation	-60	-60	0%	-61	-2%	-121	-120	1%	-220
<b>Total expenses</b>	<b>-163</b>	<b>-147</b>	<b>11%</b>	<b>-147</b>	<b>11%</b>	<b>-310</b>	<b>-152</b>	<b>104%</b>	<b>-255</b>
<b>Profit before loan losses</b>	<b>-178</b>	<b>88</b>		<b>-299</b>	<b>40%</b>	<b>-477</b>	<b>-1</b>		<b>348</b>
Net loan losses									
Gains/losses on disposal of property, equipment and intangible assets	-	0		0		0	272	-100%	271
<b>Operating profit</b>	<b>-178</b>	<b>88</b>		<b>-299</b>	<b>40%</b>	<b>-477</b>	<b>271</b>		<b>619</b>
Profit allocation	0	0	0%	0	0%	0	0	0%	1
<b>Operating profit after profit allocation</b>	<b>-178</b>	<b>88</b>		<b>-299</b>	<b>40%</b>	<b>-477</b>	<b>271</b>		<b>620</b>
Internal income	2,091	2,308	-9%	2,322	-10%	4,413	4,359	1%	9,035
Average number of employees	1,798	1,751	3%	1,779	1%	1,788	1,759	2%	1,749

### JANUARY – JUNE 2009 COMPARED WITH JANUARY – JUNE 2008

Operating earnings fell to SEK -477m (271) mainly due to an allocation to the Oktogonen profit-sharing foundation amounting to SEK -326m (-7) and to a capital gain of SEK 272m from the sale of the Styrpinnen property which had a positive impact on the period of comparison.

### Q2 2009 COMPARED WITH Q1 2009

The operating loss was SEK -178m (-299). The increase of SEK 121m is mainly due to dividend income in the second quarter.

The Bank's shares in Privatgirot were sold during the quarter. This had only a marginal impact on the Group's profit

# Handelsbanken Group

## HANDELSBANKEN GROUP – KEY FIGURES

	Q2 2009	Q2 2008	Q1 2009	Jan-Jun 2009	Jan-Jun 2008	Full year 2008
Return on equity, total operations, after actual tax *	12.4%	13.3%	13.8%	13.1%	12.9%	16.2%
Return on equity, total operations, after standard tax *	12.5%	13.5%	14.1%	13.3%	12.6%	15.0%
Return on equity, continuing operations, after actual tax *	12.4%	13.1%	13.8%	13.1%	12.6%	16.0%
Return on equity, continuing operations, after standard tax *	12.5%	13.3%	14.0%	13.3%	12.3%	14.7%
C/I ratio, total operations	46.7%	44.2%	44.0%	45.3%	48.8%	44.1%
C/I ratio, total operations, incl. loan losses	58.1%	52.1%	54.6%	56.4%	53.9%	49.4%
C/I ratio, continuing operations	46.7%	44.4%	43.9%	45.3%	49.0%	44.3%
C/I ratio, continuing operations, incl. loan losses	58.1%	52.3%	54.6%	56.3%	54.1%	49.6%
Earnings per share, total operations, SEK	4.06	3.98	4.43	8.49	7.66	19.46
- after dilution	3.96	3.96	4.29	8.24	7.64	19.31
Earnings per share, continuing operations, SEK	4.06	3.90	4.42	8.47	7.51	19.16
- after dilution	3.96	3.89	4.28	8.22	7.50	19.02
Earnings per share, discontinued operations, SEK	0.00	0.08	0.01	0.02	0.15	0.30
- after dilution	0.00	0.08	0.01	0.02	0.15	0.29
Dividend, SEK						7.00
Adjusted equity per share, SEK **	124.28	111.31	125.70	124.28	111.31	120.64
Average number of outstanding shares	623,054,226	623,233,165	623,469,462	623,469,462	622,480,250	623,288,912
after dilution	640,814,311	626,843,468	646,716,552	643,973,050	624,285,402	631,520,127
Capital ratio according to Basel II	18.4%	16.1%	16.7%	18.4%	16.1%	16.0%
Tier 1 ratio according to Basel II	12.6%	10.6%	11.6%	12.6%	10.6%	10.5%
Capital base in relation to capital requirement Basel II	230%	201%	209%	230%	201%	200%
Average number of employees	10,800	10,726	10,932	10,866	10,670	10,833
Number of branches in Sweden	461	461	461	461	461	461
Number of branches outside Sweden	245	214	245	245	214	241

\* When calculating return on equity, shareholders' equity is adjusted for the impact of unrealised changes in the value of financial assets classified as "Available for Sale" and for cash flow hedges.

\*\* When calculating equity per share, shareholders' equity is adjusted for the impact of cash flow hedges.

## INCOME STATEMENT - GROUP

SEK m	Q2 2009	Q2 2008	Change	Q1 2009	Change	Jan-Jun 2009	Jan-Jun 2008	Change	Full year 2008
Interest income	13,160	19,496	-32%	16,217	-19%	29,377	38,622	-24%	83,355
Interest expense	-7,522	-15,002	-50%	-10,824	-31%	-18,346	-29,729	-38%	-64,132
Net interest income	5,638	4,494	25%	5,393	5%	11,031	8,893	24%	19,223
Net fee and commission income Note 1	1,856	1,706	9%	1,739	7%	3,595	3,445	4%	6,795
Net gains/losses on financial items at fair value Note 2	541	634	-15%	1,141	-53%	1,682	457	268%	3,169
Risk result - insurance	36	71	-49%	57	-37%	93	110	-15%	215
Other dividend income	124	216	-43%	11		135	216	-38%	225
Share of profits of associated companies	1	27	-96%	3	-67%	4	53	-92%	79
Other income	24	51	-53%	42	-43%	66	80	-18%	184
<b>Total income</b>	<b>8,220</b>	<b>7,199</b>	<b>14%</b>	<b>8,386</b>	<b>-2%</b>	<b>16,606</b>	<b>13,254</b>	<b>25%</b>	<b>29,890</b>
Staff costs	-2,539	-1,946	30%	-2,442	4%	-4,981	-3,929	27%	-8,114
Other administrative expenses Note 3	-1,178	-1,147	3%	-1,122	5%	-2,300	-2,368	-3%	-4,688
Depreciation, amortisation and impairments of property, equipment and intangible assets	-119	-102	17%	-120	-1%	-239	-199	20%	-427
<b>Total expenses</b>	<b>-3,836</b>	<b>-3,195</b>	<b>20%</b>	<b>-3,684</b>	<b>4%</b>	<b>-7,520</b>	<b>-6,496</b>	<b>16%</b>	<b>-13,229</b>
<b>Profit before loan losses</b>	<b>4,384</b>	<b>4,004</b>	<b>9%</b>	<b>4,702</b>	<b>-7%</b>	<b>9,086</b>	<b>6,758</b>	<b>34%</b>	<b>16,661</b>
Net loan losses Note 4	-939	-571	64%	-896	5%	-1,835	-678	171%	-1,605
Gains/losses on disposal of property, equipment and intangible assets	0	0	0%	0	0%	0	272	-100%	270
<b>Operating profit</b>	<b>3,445</b>	<b>3,433</b>	<b>0%</b>	<b>3,806</b>	<b>-9%</b>	<b>7,251</b>	<b>6,352</b>	<b>14%</b>	<b>15,326</b>
Taxes	-916	-1,003	-9%	-1,052	-13%	-1,968	-1,678	17%	-3,382
<b>Profit for the period from continuing operations</b>	<b>2,529</b>	<b>2,430</b>	<b>4%</b>	<b>2,754</b>	<b>-8%</b>	<b>5,283</b>	<b>4,674</b>	<b>13%</b>	<b>11,944</b>
Profit for the period from discontinued operations, after tax Note 14	0	48	-100%	11	-100%	11	92	-88%	187
<b>Profit for the period</b>	<b>2,529</b>	<b>2,478</b>	<b>2%</b>	<b>2,765</b>	<b>-9%</b>	<b>5,294</b>	<b>4,766</b>	<b>11%</b>	<b>12,131</b>
Attributable to									
Holders of ordinary shares	2,529	2,478	2%	2,765	-9%	5,294	4,766	11%	12,131
Minority interest	0	-		0	0%	0	-		0

## EARNINGS PER SHARE

	Q2 2009	Q2 2008	Change	Q1 2009	Change	Jan-Jun 2009	Jan-Jun 2008	Change	Full year 2008
Earnings per share, continuing operations, SEK	4.06	3.90	4%	4.42	-8%	8.47	7.51	13%	19.16
- after dilution	3.96	3.89	2%	4.28	-7%	8.22	7.50	10%	19.02
Earnings per share, discontinued operations, SEK	0.00	0.08	-100%	0.01	-100%	0.02	0.15	-87%	0.30
- after dilution	0.00	0.08	-100%	0.01	-100%	0.02	0.15	-87%	0.29
Earnings per share, total operations, SEK	4.06	3.98	2%	4.43	-8%	8.49	7.66	11%	19.46
- after dilution	3.96	3.96	0%	4.29	-8%	8.24	7.64	8%	19.31

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK m	Q2 2009	Q2 2008	Change	Q1 2009	Change	Jan-Jun 2009	Jan-Jun 2008	Change	Full year 2008
<b>Profit for the period</b>	<b>2,529</b>	<b>2,478</b>	<b>2%</b>	<b>2,765</b>	<b>-9%</b>	<b>5,294</b>	<b>4,766</b>	<b>11%</b>	<b>12,131</b>
<b>Other comprehensive income</b>									
Cash flow hedges	147	169	-13%	-246		-99	61		-535
Available for sale instruments	1,513	-704		-276		1,237	-1,895		-5,139
Translation differences for the period	-217	96		591		374	-119		606
Tax related to other comprehensive income	-383	160		140		-243	515		1,628
<b>Total other comprehensive income</b>	<b>1,060</b>	<b>-279</b>		<b>209</b>	<b>407%</b>	<b>1,269</b>	<b>-1,438</b>		<b>-3,440</b>
<b>Total comprehensive income for the period</b>	<b>3,589</b>	<b>2,199</b>	<b>63%</b>	<b>2,974</b>	<b>21%</b>	<b>6,563</b>	<b>3,328</b>	<b>97%</b>	<b>8,691</b>
Total comprehensive income for the period to									
Holders of ordinary shares	3,589	2,199	63%	2,974	21%	6,563	3,328	97%	8,691
Minority interest	0	-		0	0%	0	-		0

## QUARTERLY PERFORMANCE FOR THE HANDELSBANKEN GROUP

SEK m	Q2 2009	Q1 2009	Q4 2008	Q3 2008	Q2 2008
Interest income	13,160	16,217	21,979	22,754	19,496
Interest expense	-7,522	-10,824	-16,505	-17,898	-15,002
Net interest income	5,638	5,393	5,474	4,856	4,494
Net fee and commission income	1,856	1,739	1,694	1,656	1,706
Net gains/losses on financial items at fair value	541	1,141	2,229	483	634
Risk result - insurance	36	57	50	55	71
Other dividend income	124	11	1	8	216
Share of profits of associated companies	1	3	5	21	27
Other income	24	42	59	45	51
<b>Total income</b>	<b>8,220</b>	<b>8,386</b>	<b>9,512</b>	<b>7,124</b>	<b>7,199</b>
Staff costs	-2,539	-2,442	-2,170	-2,015	-1,946
Other administrative expenses	-1,178	-1,122	-1,309	-1,011	-1,147
Depreciation, amortisation and impairments of property, equipment and intangible assets	-119	-120	-121	-107	-102
<b>Total expenses</b>	<b>-3,836</b>	<b>-3,684</b>	<b>-3,600</b>	<b>-3,133</b>	<b>-3,195</b>
<b>Profit before loan losses</b>	<b>4,384</b>	<b>4,702</b>	<b>5,912</b>	<b>3,991</b>	<b>4,004</b>
Net loan losses	-939	-896	-696	-231	-571
Gains/losses on disposal of property, equipment and intangible assets	0	0	0	-2	0
<b>Operating profit</b>	<b>3,445</b>	<b>3,806</b>	<b>5,216</b>	<b>3,758</b>	<b>3,433</b>
Taxes	-916	-1,052	-705	-999	-1,003
<b>Profit for the period from continuing operations</b>	<b>2,529</b>	<b>2,754</b>	<b>4,511</b>	<b>2,759</b>	<b>2,430</b>
Profit for the period from discontinued operations, after tax	0	11	44	51	48
<b>Profit for the period</b>	<b>2,529</b>	<b>2,765</b>	<b>4,555</b>	<b>2,810</b>	<b>2,478</b>
Earnings per share, continuing operations, SEK	4.06	4.42	7.24	4.43	3.90
- after dilution	3.96	4.28	7.09	4.36	3.89
Earnings per share, discontinued operations, SEK	0.00	0.01	0.07	0.08	0.08
- after dilution	0.00	0.01	0.07	0.08	0.08
Earnings per share, total operations, SEK	4.06	4.43	7.31	4.51	3.98
- after dilution	3.96	4.29	7.16	4.44	3.96

## BALANCE SHEET - GROUP

SEK m	30 Jun 2009	31 Mar 2009	31 Dec 2008	30 Sep 2008	30 Jun 2008
<b>Assets</b>					
Cash and balances with central banks	73,004	58,818	66,894	7,077	7,823
Treasury bills and other eligible bills	33,326	152,036	84,781	34,842	30,609
Loans to credit institutions	221,289	198,460	164,981	174,299	184,882
Loans to the public	Note 5 1,498,730	1,518,505	1,481,475	1,428,618	1,368,844
Value change of interest hedged item in portfolio hedge	2,134	442	144	-	-
Bonds and other interest-bearing securities	81,442	90,343	81,497	98,366	108,161
Shares and participating interests	16,167	17,507	15,773	21,678	27,891
Assets where the customer bears the value change risk	38,311	31,644	31,552	34,087	38,704
Derivative instruments	Note 8 130,133	161,841	192,239	110,804	75,279
Reinsurance assets	17	17	13	16	20
Intangible assets	Note 7 7,433	7,147	7,057	6,435	6,368
Property and equipment	3,412	3,420	3,416	3,202	3,185
Current tax assets	899	1,416	1,100	46	788
Deferred tax assets	436	403	405	59	71
Net pension assets	4,817	4,736	4,646	4,944	4,807
Other assets	37,711	19,516	12,937	29,869	30,253
Prepaid expenses and accrued income	5,956	9,030	9,874	9,745	9,249
<b>Total assets</b>	<b>2,155,217</b>	<b>2,275,281</b>	<b>2,158,784</b>	<b>1,964,087</b>	<b>1,896,934</b>
<b>Liabilities and equity</b>					
Due to credit institutions	208,649	365,750	319,113	323,554	282,640
Deposits and borrowing from the public	566,266	566,054	543,760	508,152	494,305
Liabilities where the customer bears the value change risk	38,398	31,744	31,654	34,172	38,809
Issued securities	1,006,473	907,731	895,709	828,580	782,937
Derivative instruments	Note 8 117,240	158,209	169,640	88,032	79,594
Other trading liabilities	24,275	20,666	17,580	20,000	47,805
Insurance liabilities	967	1,556	865	881	910
Current tax liabilities	194	307	115	176	303
Deferred tax liabilities	8,079	7,995	7,933	7,059	7,064
Provisions	380	453	379	265	282
Other liabilities	25,484	53,406	15,951	6,856	16,073
Accrued expenses and deferred income	18,794	20,706	19,688	20,405	24,259
Subordinated liabilities	62,856	62,770	61,434	54,603	52,443
<b>Total liabilities</b>	<b>2,078,055</b>	<b>2,197,347</b>	<b>2,083,821</b>	<b>1,892,735</b>	<b>1,827,424</b>
Minority interest	1	1	1	0	0
Share capital	2,899	2,899	2,899	2,899	2,899
Reserves	-1,077	-2,137	-2,346	-1,401	-344
Retained earnings	70,045	74,406	62,278	62,278	62,189
Profit for the period	5,294	2,765	12,131	7,576	4,766
<b>Total equity</b>	<b>77,162</b>	<b>77,934</b>	<b>74,963</b>	<b>71,352</b>	<b>69,510</b>
<b>Total liabilities and equity</b>	<b>2,155,217</b>	<b>2,275,281</b>	<b>2,158,784</b>	<b>1,964,087</b>	<b>1,896,934</b>

## STATEMENT OF CHANGES IN EQUITY - GROUP

Jan - Jun 2009 SEK m	Share capital	Hedge reserve	Fair value reserve	Translation reserve	Retained earnings	Minority	Total
<b>Opening equity 2009</b>	<b>2,899</b>	<b>-252</b>	<b>-3,152</b>	<b>1,058</b>	<b>74,409</b>	<b>1</b>	<b>74,963</b>
Total comprehensive income for the period		-73	919	423	5,294	0	6,563
Dividend					-4,364		-4,364
<b>Shareholders' equity</b>	<b>2,899</b>	<b>-325</b>	<b>-2,233</b>	<b>1,481</b>	<b>75,339</b>	<b>1</b>	<b>77,162</b>

Jan - Jun 2008 SEK m	Share capital	Hedge reserve	Fair value reserve	Translation reserve	Retained earnings	Minority	Total
<b>Opening equity 2008</b>	<b>2,890</b>	<b>139</b>	<b>547</b>	<b>408</b>	<b>70,507</b>	<b>0</b>	<b>74,491</b>
Total comprehensive income for the period		44	-1,360	-122	4,766	-	3,328
Dividend					-8,417		-8,417
Holdings of own shares in trading book					-76		-76
Options element of convertible subordinated loan					184		184
Reduction of share capital by means of cancellation	-22				22		-
Bonus issue	31				-31		-
<b>Shareholders' equity</b>	<b>2,899</b>	<b>183</b>	<b>-813</b>	<b>286</b>	<b>66,955</b>	<b>0</b>	<b>69,510</b>

## SUMMARY CASH FLOW STATEMENT - GROUP

SEK m	Jan-Jun 2009	Jan-Jun 2008	Full year 2008
Cash flow from operating activities	11,460	223	50,843
Cash flow from investing activities	-212	179	-1,120
Cash flow from financing activities	-4,705	-6,120	-4,910
<b>Cash flow for the period</b>	<b>6,543</b>	<b>-5,718</b>	<b>44,813</b>
Liquid funds at beginning of the period	66,894	13,590	13,590
Cash flow in the period	6,543	-5,718	44,813
Exchange rate differences on liquid funds	-433	-49	8,491
<b>Liquid funds at end of period</b>	<b>73,004</b>	<b>7,823</b>	<b>66,894</b>

## Notes

### Note 1 Net fee and commission income

SEK m	Q2 2009	Q2 2008	Change	Q1 2009	Change	Jan-Jun 2009	Jan-Jun 2008	Change	Full year 2008
Brokerage and other securities commissions	504	444	14%	445	13%	949	880	8%	1,676
Mutual funds and custody	359	422	-15%	348	3%	707	866	-18%	1,559
Advisory services	58	37	57%	51	14%	109	85	28%	192
Insurance	132	137	-4%	131	1%	263	273	-4%	520
Payments	584	554	5%	585	0%	1,169	1,107	6%	2,257
Lending and deposits	269	203	33%	251	7%	520	408	27%	894
Guarantees	134	101	33%	134	0%	268	200	34%	430
Other	131	128	2%	94	39%	225	249	-10%	502
<b>Commission income</b>	<b>2,171</b>	<b>2,026</b>	<b>7%</b>	<b>2,039</b>	<b>6%</b>	<b>4,210</b>	<b>4,068</b>	<b>3%</b>	<b>8,030</b>
Securities commissions	-51	-69	-26%	-59	-14%	-110	-140	-21%	-258
Payment commissions	-242	-230	5%	-219	11%	-461	-445	4%	-907
Other commission expenses	-22	-21	5%	-22	0%	-44	-38	16%	-70
<b>Commission expense</b>	<b>-315</b>	<b>-320</b>	<b>-2%</b>	<b>-300</b>	<b>5%</b>	<b>-615</b>	<b>-623</b>	<b>-1%</b>	<b>-1,235</b>
<b>Net fee and commission income</b>	<b>1,856</b>	<b>1,706</b>	<b>9%</b>	<b>1,739</b>	<b>7%</b>	<b>3,595</b>	<b>3,445</b>	<b>4%</b>	<b>6,795</b>

### Note 2 Net gains/losses on financial items at fair value

SEK m	Q2 2009	Q2 2008	Change	Q1 2009	Change	Jan-Jun 2009	Jan-Jun 2008	Change	Full year 2008
Available for sale, realised	17	7	143%	24	-29%	41	-491		171
Hedge accounting									
Fair value hedges	371	123	202%	57		428	145	195%	-519
Hedge ineffectiveness	-2	0		-8	75%	-10	0		-26
Transferred from equity referring to cash flow hedges	0	14	-100%	-19		-19	14		15
Instruments at fair value	-289	-580	50%	223		-66	-449	85%	1,150
Loan receivables, valued at amortised cost	108	9		127	-15%	235	19		41
Financial liabilities, valued at amortised cost	-581	38		-237	-145%	-818	31		84
Gains/losses on unbundled insurance contracts	-134	-94	-43%	-143	6%	-277	-130	-113%	-51
Trading / Other	1,051	1,117	-6%	1,117	-6%	2,168	1,318	64%	2,304
<b>Summa</b>	<b>541</b>	<b>634</b>	<b>-15%</b>	<b>1,141</b>	<b>-53%</b>	<b>1,682</b>	<b>457</b>	<b>268%</b>	<b>3,169</b>

Net gains/losses on financial items at fair value show the unrealised and realised changes in value of items the value of which is wholly or partly dependent on changes in market value.

“Available for sale, realised” corresponds to the realised result from divestment of financial assets categorised as available for sale.

“Fair value hedges” include the net result of unrealised and realised market value changes on financial assets and liabilities which are part of hedging packages. Interest income and interest expense for these instruments are recognised under net interest income. “Hedge ineffectiveness” reports the ineffective parts of cash flow hedges and hedges of net investments in foreign units.

“Instruments at fair value” refers to unrealised and realised value changes on instruments which upon initial recognition were classified at fair value in profit or loss. Interest income for these instruments is recognised under net interest income.

“Loan receivables, valued at amortised cost”, consist of the gain/loss arising on loans which are redeemed ahead of time.

“Financial liabilities, valued at amortised cost”, contain the gain/loss generated from repurchases of the Bank’s own issued securities.

“Gains/losses on unbundled insurance contracts” correspond to the result generated when revaluing the financial part of liabilities to policyholders.

“Trading/other” contains unrealised and realised changes in market value and interest referring to financial assets and liabilities held for trading.

## Note 3 Other administrative expenses

SEK m	Q2 2009	Q2 2008	Change	Q1 2009	Change	Jan-Jun 2009	Jan-Jun 2008	Change	Full year 2008
Property and premises	-276	-254	9%	-260	6%	-536	-488	10%	-1,028
External IT costs	-337	-329	2%	-330	2%	-667	-667	0%	-1,309
Communication	-99	-102	-3%	-108	-8%	-207	-214	-3%	-414
Travel and marketing	-99	-99	0%	-84	18%	-183	-206	-11%	-394
Purchased services	-216	-221	-2%	-199	9%	-415	-399	4%	-771
Supplies	-68	-60	13%	-59	15%	-127	-124	2%	-235
Other expenses	-83	-82	1%	-82	1%	-165	-270	-39%	-537
<b>Other administrative expenses</b>	<b>-1,178</b>	<b>-1,147</b>	<b>3%</b>	<b>-1,122</b>	<b>5%</b>	<b>-2,300</b>	<b>-2,368</b>	<b>-3%</b>	<b>-4,688</b>

## Note 4 Loan losses, bad debts and collateral taken over

## Loan losses

SEK m	Q2 2009	Q2 2008	Change	Q1 2009	Change	Jan-Jun 2009	Jan-Jun 2008	Change	Full year 2008
<b>Specific provision for individually valued loan receivables</b>									
Provision for the period	-912	-628	45%	-911	0%	-1,823	-809	125%	-1,262
Write-back of previous provisions	85	76	12%	45	89%	130	112	16%	189
<b>Total</b>	<b>-827</b>	<b>-552</b>	<b>50%</b>	<b>-866</b>	<b>-5%</b>	<b>-1,693</b>	<b>-697</b>	<b>143%</b>	<b>-1,073</b>
<b>Collective provisions</b>									
Provision for the period for individually valued receivables	6	-73		32	-81%	38	-78		-189
Provision for the period for homogenous loan receivables	-22	-13	69%	-32	-31%	-54	-26	108%	-69
<b>Total</b>	<b>-16</b>	<b>-86</b>	<b>-81%</b>	<b>0</b>		<b>-16</b>	<b>-104</b>	<b>-85%</b>	<b>-258</b>
<b>Provision for off-balance sheet items</b>									
Allocations for guarantee commitments	2	-		-32		-30	-		-95
Write-back of previous provisions	-	-		-		-	-		-
Guarantees honoured	-	-		-		-	-		-
<b>Total</b>	<b>2</b>	<b>-</b>		<b>-32</b>		<b>-30</b>	<b>-</b>		<b>-95</b>
<b>Write-offs</b>									
Actual loan losses for the period	-172	-131	31%	-114	51%	-286	-247	16%	-963
Utilised share of previous provisions	35	104	-66%	56	-38%	91	220	-59%	495
Recoveries	39	94	-59%	60	-35%	99	150	-34%	289
<b>Total</b>	<b>-98</b>	<b>67</b>		<b>2</b>		<b>-96</b>	<b>123</b>		<b>-179</b>
<b>Change in value of repossessed property</b>									
Value change for the period	-	-		-		-	-		-
<b>Net loan losses</b>	<b>-939</b>	<b>-571</b>	<b>64%</b>	<b>-896</b>	<b>5%</b>	<b>-1,835</b>	<b>-678</b>	<b>171%</b>	<b>-1,605</b>

## Bad debts

Bad debts includes all receivables for which not all the contracted cash flows will probably be fulfilled. The full amount of all receivables which give rise to a specific provision is included in bad debts, including amounts which are covered by collateral. This means that the bad debt reserve ratio is stated without taking into account collateral received. Thus this key figure can vary substantially between the quarters even though the accounting policies are unchanged.

Svenska Handelsbanken Group	30 Jun 2009	31 Mar 2009	31 Dec 2008	30 Sep 2008	30 Jun 2008
Bad debts	8,711	7,479	5,367	4,801	4,098
Specific provision for individually assessed loan receivables	-3,684	-2,909	-2,102	-2,097	-1,915
Provision for collectively assessed homogenous groups of loan receivables with limited value	-192	-172	-161	-136	-132
Collective provisions for individually assessed loan receivables	-450	-461	-482	-405	-371
<b>Bad debts, net</b>	<b>4,385</b>	<b>3,937</b>	<b>2,622</b>	<b>2,163</b>	<b>1,680</b>
Total bad debt reserve ratio	49.7%	47.4%	51.1%	55.0%	59.0%
Proportion of bad debts, %	0.28%	0.24%	0.17%	0.14%	0.12%
Bad debt reserve ratio excl. collective provisions	44.5%	41.2%	42.2%	46.5%	50.0%
Loan loss ratio as a % of loans	0.23%	0.23%	0.11%	0.09%	0.10%
Non-performing loans which are not bad debts	2,262	2,243	1,709	1,583	1,678
Book value of loan receivables restructured during the period, before restructuring	22	21	36	41	38
Book value of loan receivables restructured during the period, after restructuring	20	20	38	42	37
Bad debts which during the period have been reclassified as normal loans	53	36	127	30	23

## Bad debts and/or non-performing loans, by sector

	Bad debts			Of which non-performing	Non-performing loans which are not bad debts
	Gross	Provisions	Net*		
Private individuals	1,034	-482	552	532	1,175
Housing co-operative associations	48	-23	25	20	166
Property management	1,407	-404	1,003	596	371
Manufacturing	2,531	-1,548	983	1,445	102
Retail	642	-319	323	151	111
Hotel and restaurant	6	-3	3	3	13
Other transport and communication	112	-61	51	47	12
Construction	308	-120	188	166	189
Electricity, gas and water	-	-	-	-	3
Agriculture, hunting and forestry	19	-6	13	12	4
Other services	64	-30	34	34	16
Holding, investment and insurance companies etc.	1,340	-313	1,027	9	22
Other corporate lending	1,200	-567	633	588	78
<b>Total</b>	<b>8,711</b>	<b>-3,876</b>	<b>4,835</b>	<b>3,603</b>	<b>2,262</b>

\* Book value after deduction of specific provisions

## Collateral taken over

Svenska Handelsbanken Group	30 Jun 2009	31 Mar 2009	31 Dec 2008	30 Sep 2008	30 Jun 2008
Buildings and land	42	42	33	30	30
Shares and other participating interests	1	1	1	1	1
Other	52	38	24	18	7
<b>Total collateral taken over</b>	<b>95</b>	<b>81</b>	<b>58</b>	<b>49</b>	<b>38</b>

Note 5 Loans to the public

SEK m	30 Jun 2009	31 Mar 2009	31 Dec 2008	30 Sep 2008	30 Jun 2008
SEK loans					
- to households	488,965	478,909	474,781	469,424	460,998
- to companies etc*	447,928	465,128	456,277	448,400	442,702
<b>Total</b>	<b>936,893</b>	<b>944,037</b>	<b>931,058</b>	<b>917,824</b>	<b>903,700</b>
Foreign currency loans					
- to households	141,447	139,511	133,396	126,273	118,163
- to companies etc*	424,713	438,495	419,762	387,227	349,396
<b>Total</b>	<b>566,160</b>	<b>578,006</b>	<b>553,158</b>	<b>513,500</b>	<b>467,559</b>
Provision for probable loan losses	-4,323	-3,538	-2,741	-2,706	-2,415
<b>Loans to the public</b>	<b>1,498,730</b>	<b>1,518,505</b>	<b>1,481,475</b>	<b>1,428,618</b>	<b>1,368,844</b>
* of which National Debt Office	1,470	1,384	5,523	1,137	3,289

Loans to the public, by sector

SEK m	30 Jun 2009			31 Dec 2008
	Lending before deduction of provisions	Provisions for probable loan losses	Lending after deduction of provisions	Lending after deduction of provisions
Private individuals	597,573	-482	597,091	574,541
<i>of which mortgage loans in Stadshypotek</i>	<i>448,477</i>	<i>-15</i>	<i>448,462</i>	<i>433,881</i>
<i>of which other mortgage loans</i>	<i>82,390</i>	<i>-31</i>	<i>82,359</i>	<i>76,939</i>
<i>of which other loans to private individuals</i>	<i>66,706</i>	<i>-436</i>	<i>66,270</i>	<i>63,721</i>
Housing co-operative associations	94,096	-23	94,073	92,151
Property management	360,745	-404	360,341	342,834
Manufacturing	77,518	-1,548	75,970	69,465
Retail	40,689	-319	40,370	40,173
Hotels and restaurants	7,771	-3	7,768	5,622
Shipping, passenger & goods transport by sea	17,522	-	17,522	13,385
Other transport and communication	37,261	-60	37,201	23,284
Construction	14,999	-120	14,879	13,546
Electricity, gas, water	24,163	0	24,163	21,439
Agriculture, hunting and forestry	4,765	-6	4,759	6,432
Other services	18,564	-30	18,534	16,686
Holding, investment, insurance companies, mutual funds etc.	117,943	-313	117,630	122,673
Government and municipalities	13,133	-	13,133	16,638
Other corporate lending	76,311	-565	75,746	123,088
<b>Total loans to the public, before taking into account collective provisions</b>	<b>1,503,053</b>	<b>-3,873</b>	<b>1,499,180</b>	<b>1,481,957</b>
Collective provisions			-450	-482
<b>Total loans to the public</b>			<b>1,498,730</b>	<b>1,481,475</b>

In 2008, new sub-divisions of business sectors were implemented. This has affected the sector categories.

## Credit risk exposure

SEK m	30 Jun 2009	31 Mar 2009	31 Dec 2008	30 Sep 2008	30 Jun 2008
Loans to the public	1,498,730	1,518,505	1,481,475	1,428,618	1,368,844
<i>of which reverse repos</i>	3,835	14,238	4,781	4,367	16,549
Loans to credit institutions	221,289	198,460	164,981	174,299	184,882
<i>of which reverse repos</i>	62,763	78,099	48,870	73,934	100,794
Unutilised part of granted overdraft facilities	168,335	156,806	125,534	135,150	137,616
Credit commitments	216,776	215,801	246,281	262,992	252,932
Certificate programmes	27,631	30,062	25,469	29,634	25,367
Other commitments	1,086	1,316	249	99	86
Guarantees, credits	26,119	27,140	26,907	22,906	18,796
Guarantees, other	47,623	50,309	51,656	49,176	44,773
Documentary credits	53,490	58,962	56,647	65,401	55,134
Derivatives *	130,133	161,841	192,239	110,804	75,279
Treasury bills and other eligible bills	33,326	152,036	84,781	34,842	30,609
Bonds and other interest-bearing securities	81,442	90,343	81,497	98,366	108,161
<b>Total</b>	<b>2,505,980</b>	<b>2,661,581</b>	<b>2,537,716</b>	<b>2,412,287</b>	<b>2,302,479</b>

\* Refers to the total of positive market values

## Specification of Loans to the public - Property management

SEK m	30 Jun 2009			31 Dec 2008
	Lending before deduction of provisions	Provisions for probable loan losses	Lending after deduction of provisions	Lending after deduction of provisions
Lending in Sweden				
State-owned property companies	8,501	-	8,501	8,451
Municipal-owned property companies	18,119	-	18,119	18,596
Residential property companies	57,575	-65	57,510	56,982
Other property companies	122,219	-106	122,113	125,068
<b>Total lending in Sweden</b>	<b>206,414</b>	<b>-171</b>	<b>206,243</b>	<b>209,097</b>
Lending outside Sweden				
Denmark	5,903	-62	5,841	5,635
Finland	23,053	-1	23,052	22,247
Norway	71,025	-59	70,966	60,352
Great Britain	43,212	-111	43,101	34,332
Other countries	11,138	-	11,138	11,171
<b>Total lending outside Sweden</b>	<b>154,331</b>	<b>-233</b>	<b>154,098</b>	<b>133,737</b>
<b>Total lending - Property management</b>	<b>360,745</b>	<b>-404</b>	<b>360,341</b>	<b>342,834</b>

## Note 6 Capital base and capital requirement in the banking group

The quantitative information provided in this section follows the directives and general guidelines of the Swedish Financial Supervisory Authority concerning publication of information relating to capital adequacy and risk management. Figures reported in this section refer to the minimum capital requirements under Pillar 1 of the new capital adequacy rules, Basel II.

### Capital base

SEK m	30 Jun 2009	31 Mar 2009	31 Dec 2008	30 Sep 2008	30 Jun 2008
<b>Tier 1 capital</b>					
Equity	75,084	72,468	70,488	67,060	66,567
Tier 1 capital contribution	15,273	15,146	11,579	9,224	8,850
Minority interests	1	1	1	0	0
Deducted items					
Goodwill and other intangible assets	-7,365	-7,080	-6,990	-6,367	-6,300
Revaluation reserve	-133	-135	-137	-139	-141
Deferred tax assets	-436	-403	-405	-59	-71
Special deduction for IRB institutions	-910	-1,168	-903	-596	-627
Capital contribution in insurance companies	-233	-233	-233	-8	-8
Positions in securitisation	-139	-148	-140		
Adjustments in accordance with stability filter					
Cash flow hedges	325	433	252	-141	-183
Unrealised accumulated gains/losses, shares	-	-	-	-	-64
Unrealised accumulated gains/losses, fixed income instruments	1,695	2,505	2,342	1,806	877
<b>Total tier 1 capital</b>	<b>83,162</b>	<b>81,386</b>	<b>75,854</b>	<b>70,780</b>	<b>68,900</b>
<b>Tier 2 capital</b>					
Perpetual subordinated loans	20,412	19,542	22,916	22,855	22,032
Dated subordinated loans	25,833	26,367	25,912	23,075	22,718
Additional items					
Unrealised accumulated gains/losses, shares	-	-	-	-	64
Revaluation reserve	133	135	137	139	141
Deducted items					
Special deduction for IRB institutions	-910	-1,168	-903	-596	-627
Capital contribution in insurance companies	-233	-233	-233	-8	-8
Positions in securitisation	-139	-148	-140		
<b>Total tier 2 capital</b>	<b>45,096</b>	<b>44,495</b>	<b>47,689</b>	<b>45,465</b>	<b>44,320</b>
<b>Total tier 1 and tier 2 capital</b>	<b>128,258</b>	<b>125,881</b>	<b>123,543</b>	<b>116,245</b>	<b>113,220</b>
Deductible items from total capital base					
Capital contribution in insurance companies	-4,717	-6,317	-6,317	-6,317	-6,317
Surplus value pension assets	-1,850	-2,081	-1,721	-1,910	-1,952
<b>Total capital base for capital adequacy purposes</b>	<b>121,691</b>	<b>117,483</b>	<b>115,505</b>	<b>108,018</b>	<b>104,951</b>

## Capital requirement

SEK m	30 Jun 2009	31 Mar 2009	31 Dec 2008	30 Sep 2008	30 Jun 2008
Credit risk according to standardised approach	5,857	8,156	7,884	19,458	16,879
Credit risk according to IRB approach	42,189	43,371	44,864	30,751	29,944
Interest rate risk	1,348	1,235	1,690	2,995	1,806
Equity price risk	29	24	20	33	57
Exchange rate risk	-	-	-	189	174
Commodities risk	23	19	12	43	34
Settlement risk	0	0	0	1	0
Operational risk	3,484	3,484	3,292	3,257	3,257
<b>Total capital requirement according to Basel II</b>	<b>52,930</b>	<b>56,289</b>	<b>57,762</b>	<b>56,727</b>	<b>52,151</b>
Adjustment according to transitional rules	23,602	22,036	29,332	27,509	25,953
<b>Capital requirement according to Basel II, transitional rules</b>	<b>76,532</b>	<b>78,325</b>	<b>87,094</b>	<b>84,236</b>	<b>78,104</b>
Risk-weighted assets, Basel I	1,224,234	1,260,327	1,234,713	1,186,511	1,102,189
Risk-weighted assets, Basel II	661,630	703,612	722,002	709,091	651,874
Capital requirement according to Basel I (8% of risk-weighted assets)	97,939	100,826	98,777	94,921	88,175

## Capital adequacy analysis

	30 Jun 2009	31 Mar 2009	31 Dec 2008	30 Sep 2008	30 Jun 2008
Capital requirement in Basel II compared to Basel I	54%	56%	58%	60%	59%
Capital requirement in Basel II compared to transitional rules	69%	72%	66%	67%	67%
Capital ratio according to Basel II	18.4%	16.7%	16.0%	15.2%	16.1%
Capital ratio according to Basel I	10.1%	9.5%	9.5%	9.2%	9.6%
Capital ratio according to transitional rules	12.7%	12.0%	10.6%	10.3%	10.7%
Tier 1 ratio according to Basel II	12.6%	11.6%	10.5%	10.0%	10.6%
Tier 1 ratio according to Basel I	6.9%	6.6%	6.2%	6.0%	6.3%
Tier 1 ratio according to transitional rules	8.7%	8.3%	7.0%	6.7%	7.1%
Capital base in relation to capital requirement Basel II	230%	209%	200%	190%	201%
Capital base in relation to capital requirement Basel I	126%	119%	119%	115%	120%
Capital base in relation to capital requirement according to transitional rules	159%	150%	133%	128%	134%

Figures reported in this section refer to the minimum capital requirements under Pillar 1 of the new capital adequacy rules, Basel II. In the table, "According to Basel II" means that the figures are based on the minimum capital requirements in 2010, that is after the transitional rules have ceased to apply.

## Credit risk IRB

SEK m	Exposure after credit risk protection (EAD)		Average risk weight, %		Capital requirement	
	30 Jun	31 Mar	30 Jun	31 Mar	30 Jun	31 Mar
	2009	2009	2009	2009	2009	2009
Corporates	976,292	1,012,374	43.7	43.9	34,122	35,511
<i>of which repos</i>	11,701	35,495	0.3	0.4	3	12
<i>of which other lending</i>	964,591	976,879	44.2	45.4	34,119	35,499
Households	587,866	577,032	9.7	9.5	4,550	4,375
Small companies	30,222	30,905	44.4	44.2	1,074	1,093
Institutions	161,400	165,313	14.5	14.0	1,869	1,845
<i>of which repos</i>	66,074	77,248	0.3	0.5	13	30
<i>of which other lending</i>	95,326	88,065	24.3	25.8	1,856	1,815
Other	14,560	15,089	49.3	45.3	574	547
<b>Total IRB</b>	<b>1,770,340</b>	<b>1,800,713</b>	<b>29.8</b>	<b>30.1</b>	<b>42,189</b>	<b>43,371</b>

Handelsbanken is implementing the IRB model for its credit exposures in stages. For corporate and institutional exposures, the exposures at all regional banks, Stadshypotek and Handelsbanken Finans have been approved for calculation of the capital requirement according to the IRB model, as have exposures to institutions and large companies at Handelsbanken's foreign branches that are not part of the regional banking operations. Swedish, Finnish and Norwegian exposures to households and small companies, and corresponding exposures in the Handelsbanken Finans and Stadshypotek Groups have also been approved for IRB reporting. Repos are reported separately in the table since they give rise to very low capital requirements, while the volume of repos varies considerably over time. The low capital requirement is because the exposure in repos is reported gross and the exposure is secured.

The total average risk weight for IRB exposures went down by 0.3 percentage points during the quarter. The decrease is partly due to a reduction in volumes to counterparties with higher risk weights while volumes to better counterparties have increased and also because the Bank has acquired more collateral. During the quarter, certain derivative exposures to companies and institutions have been added for reporting according to the IRB model. This means that there is a lower capital requirement for credit risk measured using the standardised approach. Derivative transactions are mainly carried out with counterparties with high creditworthiness and therefore also a low risk weight. The average risk weight excluding repos has decreased for both companies and institutions. The effect of the Bank's customers migrating between risk classes was limited during the quarter. For private individuals and small companies the average risk weight has increased marginally.

## Information about the companies and consolidation

In the banking group, the Group's subsidiaries are fully consolidated, while the associated companies are either fully consolidated or consolidated in accordance with the equity method. Companies that are not part of the banking group and thus not included in the capital base are shown in the table

	Corporate identity no.	Reg. Office
Handelsbanken Liv Försäkrings AB (Group)	516401-8284	Stockholm
Handelsbanken Liv Försäkrings AB	516401-8326	Stockholm
Svenska Re S.A.	RCS Lux B-32053	Luxembourg
Handelsbanken Skadeförsäkrings AB	516401-6767	Stockholm
Handelsbanken Renting AB	556043-2766	Stockholm

Note 7 Goodwill and other intangible assets

SEK m	Jan-Jun 2009	Jan-Jun 2008	Full year 2008
Opening residual value	7,057	6,283	6,283
Additional during the period	414	97	836
Depreciation, amortisations and impairments	-38	-12	-62
<b>Closing residual value</b>	<b>7,433</b>	<b>6,368</b>	<b>7,057</b>

Note 8 Derivatives

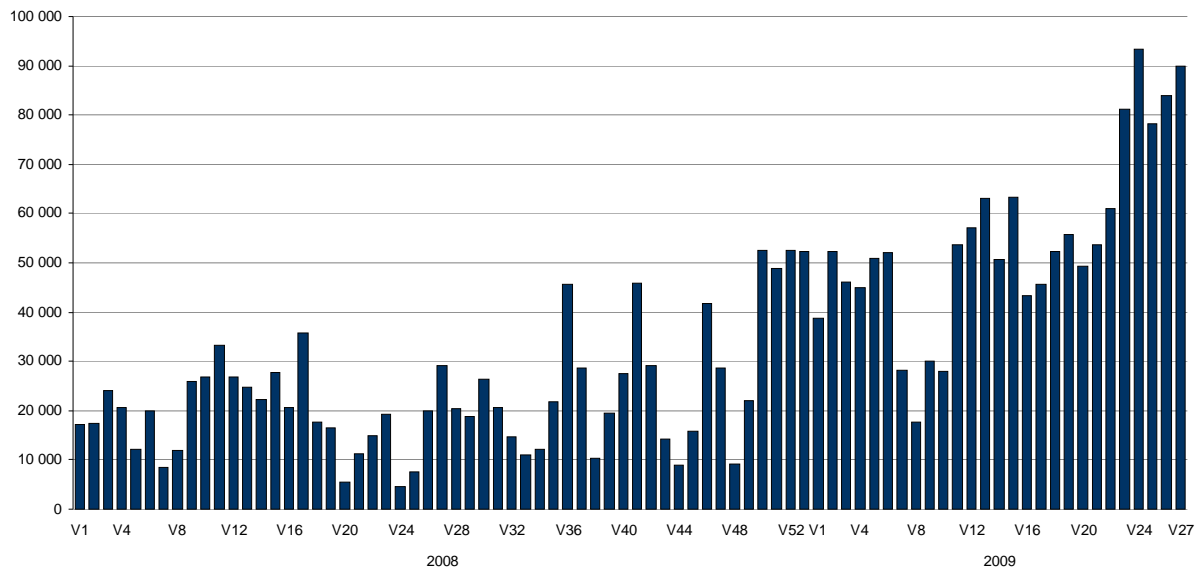
SEK m	Trading	Fair value hedge	Cash flow hedge	Total
Positive market values	116,074	13,491	568	130,133
Negative market values	113,255	3,063	922	117,240

Note 9 Risk and uncertainty factors

The recession in Handelsbanken's domestic markets is still serious but the Bank's historically low risk tolerance means that the Bank is well-equipped. A recovery has been seen in the financial markets and the Bank has still been able to raise funding under normal conditions without government guarantees or central bank financing.

Loan losses were generally unchanged compared to the previous quarter. The total average risk weight for approved IRB exposures was virtually unchanged.

**Handelsbanken's net lending in SEK on the Swedish Interbank market, 2008 - June 2009**  
SEKm



Handelsbanken has full access to the funding markets. During the second quarter, Handelsbanken issued SEK 58bn in covered bonds. In April and until 30 June 2009, bonds were issued with maturities of one to seven years for a value of SEK 33bn. One of these was a five-year bond for USD 1.25 billion.

The Bank has low market risks in its business operations. For the second quarter of 2009, the total exposure for Handelsbanken Capital Markets' trading portfolio, measured as Value-at Risk (VaR), was on

average SEK 32m (SEK 32m in Q2 2008). During the period, the risk varied between SEK 19m (19) and 50m (49).

Other aspects of the Bank's risk and capital management are described in Handelsbanken's 2008 annual report and in Handelsbanken's Risk and Capital Management - Information according to Pillar 3. No material changes have occurred since the publication of these documents that are not presented in this quarterly report.

## Note 10 Handelsbanken's shares

	Q2 2009	Q2 2008	Q1 2009	Jan-Jun 2009	Jan-Jun 2008	Full year 2008
Number of repurchased shares, end of period	-	-	-	-	-	-
Holding of own shares in trading book, end of period	-	619,080	26,798	-	619,080	-
Number of outstanding shares after repurchases and deduction for trading book, end of period	623,469,462	622,850,382	623,442,664	623,469,462	622,850,382	623,469,462
Number of outstanding shares after dilution, end of period	639,813,134	640,141,834	642,444,228	639,813,134	640,141,834	642,794,090
Average holdings of own shares (repurchased and holdings in trading book)	415,236	3,314,759	-	-	4,943,443	2,146,861
Average number of outstanding shares after dilution	623,054,226	623,233,165	623,469,462	623,469,462	622,480,250	623,288,912
	640,814,311	626,843,468	646,716,552	643,973,050	624,285,402	631,520,127
Share price ordinary class A, SEK	145.75	143.50	116.50	145.75	143.50	126.00
Market capitalisation, SEK bn	91	89	73	91	89	79

## Note 11 Turnover of own debt instruments and shares

The Handelsbanken Group issues and repurchases debt instruments which it has issued on its own account and its own shares. This turnover is mainly intended as part of the Bank's securities operations and also as a component in financing its operations. During the period January to June 2009, the turnover was:

### Interest-bearing securities, bonds and certificates (SEK bn):

	Group	Parent company
Issued:	844	536
Repurchased:	130	21
Repaid:	656	442

### Equity-related securities (SEK bn):

Issued:	2.3
Repurchased:	2.2

## Note 12 Contingent liabilities

Total contingent liabilities and commitments are SEK 127,350m (118,830). This amount includes SEK 80m (124) relating to a number of civil actions which the Group is bringing in general courts of law. The largest individual amount in dispute is SEK 43m (43). The Bank's assessment is that the actions will essentially be settled in its favour. None of the disputed amounts, nor any insurance compensation, has been recognised in income.

The data for contingent liabilities is reported in notional amounts and an assessed expected value is included in the total amount for the civil actions that the Group is bringing.

The Group is currently pursuing a tax dispute. The total claim is approximately SEK 20m, excluding interest, which in the case of a positive judgement would increase the Group's income by the same amount.

## Note 13 Related-party transactions

During the first six months of the year, normal business transactions have been carried out between Group companies. There have been no other transactions of material significance with associated companies. In this context, Svenska Handelsbanken Pensionsstiftelse (pension foundation), Svenska Handelsbankens Personalstiftelse (staff foundation) and Pensionskassan SHB, försäkringsförening (pension fund) are associated companies. These companies use Handelsbanken AB for customary banking and accounting services.

## Note 14 Discontinued operations

Discontinued operations include the net amount of the compensation Handelsbanken received up to and including the first quarter of 2009

for asset management assignments performed by the Bank on behalf of SPP/Storebrand and also the income and expenses Handelsbanken pays/incurs for the services that the Bank still sells to SPP. The net profit during the first six months was SEK 11m (92).

## Note 15 Accounting policies etc.

The information concerning the Group has been prepared in accordance with IAS 34. The contents of the interim report also comply with the Swedish Act on Annual Reports in Credit Institutions and Securities Companies and the Swedish Financial Supervisory Authority's regulations and general guidelines FFFS 2008:25 on annual reports in credit institutions and securities companies.

As of the 2009 financial year, two changes have been introduced in the regulations which have an impact on the financial reports:

Changed regulations in IAS 1 have affected the presentation of the Group's and the parent company's financial reports so that changes in equity not deriving from transactions with the owners are presented in a separate statement of "Other comprehensive income". In addition to total comprehensive income for the period, the statement of changes in equity thus only includes changes in equity deriving from transactions with the owners.

The application of IFRS 8 Operating segments means that new policies for reporting business segments have been implemented. According to IFRS 8, presentation of the segment information is based on the same principles as those used for the internal reporting to central and managing functions. One effect of this for the Handelsbanken Group is that income for the business segments is presented before the internal profit allocation at product level and that the profit allocation for the respective segments is reported after operating profit on a separate line in the income statement. In addition, income and expenses for internally rendered services according to the cost price principle are reported net on a separate line in the segment information. The division of segments has been changed so that the "Other operations" segment comprises fewer items than before. In other respects, the application of IFRS 8 has only resulted in a few minor changes in the presentation of segment profit and loss.

In all other respects, the Group's and the parent company's interim report has been prepared in accordance with the same accounting policies and calculation methods that were applied in the annual report for 2008. None of the other changes in standards or new interpretative communications which have come into force during the period have had a material impact on the parent company's or the Group's financial reports.

This interim report has not been examined by Handelsbanken's auditors.

## Parent company

### INCOME STATEMENT

SEK m	Q2 2009	Q2 2008	Change	Q1 2009	Change	Jan-Jun 2009	Jan-Jun 2008	Change	Full year 2008
Net interest income	3,775	3,140	20%	3,438	10%	7,213	6,197	16%	13,297
Dividends received	584	1,242	-53%	84		668	1,313	-49%	1,557
Net fee and commission income	1,533	1,385	11%	1,405	9%	2,938	2,820	4%	5,661
Net gains/losses on financial items	370	-357		1,252	-70%	1,622	-543		2,304
Other income	138	187	-26%	159	-13%	297	613	-52%	904
<b>Total income</b>	<b>6,400</b>	<b>5,597</b>	<b>14%</b>	<b>6,338</b>	<b>1%</b>	<b>12,738</b>	<b>10,400</b>	<b>22%</b>	<b>23,723</b>
Staff costs	-2,479	-1,923	29%	-2,269	9%	-4,748	-3,967	20%	-7,556
Other administrative expenses	-1,168	-1,109	5%	-1,033	13%	-2,201	-2,281	-4%	-4,480
Depreciation, amortisation and impairments of property, equipment and intangible assets	-139	-123	13%	-136	2%	-275	-242	14%	-498
<b>Total expenses before loan losses</b>	<b>-3,786</b>	<b>-3,155</b>	<b>20%</b>	<b>-3,438</b>	<b>10%</b>	<b>-7,224</b>	<b>-6,490</b>	<b>11%</b>	<b>-12,534</b>
<b>Profit before loan losses</b>	<b>2,614</b>	<b>2,442</b>	<b>7%</b>	<b>2,900</b>	<b>-10%</b>	<b>5,514</b>	<b>3,910</b>	<b>41%</b>	<b>11,189</b>
Net loan losses	-1,185	-578	105%	-896	32%	-2,081	-681	206%	-1,580
<b>Operating profit</b>	<b>1,429</b>	<b>1,864</b>	<b>-23%</b>	<b>2,004</b>	<b>-29%</b>	<b>3,433</b>	<b>3,229</b>	<b>6%</b>	<b>9,609</b>
Appropriations	24	28	-14%	32	-25%	56	57	-2%	2,795
<b>Profit before tax</b>	<b>1,453</b>	<b>1,892</b>	<b>-23%</b>	<b>2,036</b>	<b>-29%</b>	<b>3,489</b>	<b>3,286</b>	<b>6%</b>	<b>12,404</b>
Taxes	-281	-492	-43%	-546	-49%	-827	-768	8%	-3,097
<b>Profit for the period</b>	<b>1,172</b>	<b>1,400</b>	<b>-16%</b>	<b>1,490</b>	<b>-21%</b>	<b>2,662</b>	<b>2,518</b>	<b>6%</b>	<b>9,307</b>

# Parent company

## BALANCE SHEET

SEK m	30 Jun 2009	31 Mar 2009	31 Dec 2008	30 Sep 2008	30 Jun 2008
<b>Assets</b>					
Cash and balances with central banks	72,766	57,415	64,774	6,810	7,572
Treasury bills and other eligible bills	25,047	142,670	70,691	22,472	19,947
Loans to credit institutions	446,302	419,016	381,874	363,824	335,023
Loans to the public	778,086	814,005	790,613	757,905	760,754
Bonds and other interest-bearing securities	69,956	80,646	73,832	89,523	97,800
Shares and participating interests	45,200	46,888	44,415	47,351	51,467
Assets where the customer bears the value change risk	1,269	1,285	1,704	1,527	1,481
Derivative instruments	130,367	166,639	195,054	110,758	79,127
Intangible assets	1,881	1,864	1,848	1,742	1,731
Property and equipment	1,776	1,766	1,785	1,772	1,782
Current tax assets	1,594	1,587	980	770	1,273
Deferred tax assets	260	321	233	77	58
Other assets	30,378	17,698	16,714	24,094	23,966
Prepaid expenses and accrued income	3,942	7,076	7,639	6,796	6,583
<b>Total assets</b>	<b>1,608,824</b>	<b>1,758,876</b>	<b>1,652,156</b>	<b>1,435,421</b>	<b>1,388,564</b>
<b>Liabilities and equity</b>					
Due to credit institutions	225,465	387,306	373,996	339,299	307,390
Deposits and borrowing from the public	535,503	531,788	505,903	478,335	463,266
Liabilities where the customer bears the value change risk	1,286	1,287	1,720	1,526	1,489
Issued securities	540,284	461,826	427,426	382,946	353,255
Derivative instruments	133,298	173,134	183,488	92,150	82,655
Other trading liabilities	24,275	20,666	17,580	20,000	47,805
Deferred tax liabilities	95	95	93	14	118
Provisions	350	430	352	244	256
Other liabilities	23,219	52,655	15,786	3,840	13,987
Accrued expenses and deferred income	9,606	12,450	11,438	11,688	15,523
Subordinated liabilities	62,873	62,641	61,306	54,603	52,443
<b>Total liabilities</b>	<b>1,556,254</b>	<b>1,704,278</b>	<b>1,599,088</b>	<b>1,384,645</b>	<b>1,338,187</b>
<b>Untaxed reserves</b>	<b>2,455</b>	<b>2,496</b>	<b>2,490</b>	<b>1,425</b>	<b>1,422</b>
Share capital	2,899	2,899	2,899	2,899	2,899
Statutory reserve	2,682	2,682	2,682	2,682	2,682
Retained earnings	41,872	45,031	35,690	39,595	40,856
Profit for the period	2,662	1,490	9,307	4,175	2,518
<b>Total equity</b>	<b>50,115</b>	<b>52,102</b>	<b>50,578</b>	<b>49,351</b>	<b>48,955</b>
<b>Total liabilities and equity</b>	<b>1,608,824</b>	<b>1,758,876</b>	<b>1,652,156</b>	<b>1,435,421</b>	<b>1,388,564</b>

We hereby confirm that this six-monthly report provides a true and fair overview of the Bank's and the Group's operations, financial position and results and describes material risks and uncertainty factors faced by the Bank and the companies that are part of the Group.

Stockholm, 20 July 2009

Hans Larsson  
Chairman of the board

Fredrik Lundberg  
Vice Chairman

Anders Nyrén  
Vice Chairman

Jon Fredrik Baksaa  
Board member

Ulrika Boëthius  
Board member

Tommy Bylund  
Board member

Göran Ennerfelt  
Board member

Lone Fonss Schroeder  
Board member

Jan Johansson  
Board member

Sverker Martin-Löf  
Board member

Bente Rathe  
Board member

Pär Boman  
Group chief executive

## Auditors' report

*To the board of Svenska Handelsbanken AB (publ), business organisation number 502007-7862*

### INTRODUCTION

We have reviewed the interim report for Svenska Handelsbanken AB (publ) for the period 1 January – 30 June 2009. The board and the chief executive are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act for Credit Institutions and Securities Companies. Our responsibility is to express a conclusion on this interim report based on our review.

### FOCUS AND SCOPE OF THE REVIEW

We have conducted our review in accordance with the Standard on review engagements SÖG 2410, Review of interim financial information performed by the auditor elected by the company, issued by FAR SRS. A review consists of making enquiries, primarily to persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review differs from and is substantially less in scope

than an audit conducted in accordance with the Standards on Auditing in Sweden, RS, and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

### CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim report is not, in all material respects, prepared in accordance with IAS 34 and the Annual Accounts Act for Credit Institutions and Securities Companies.

Stockholm, 21 July 2009

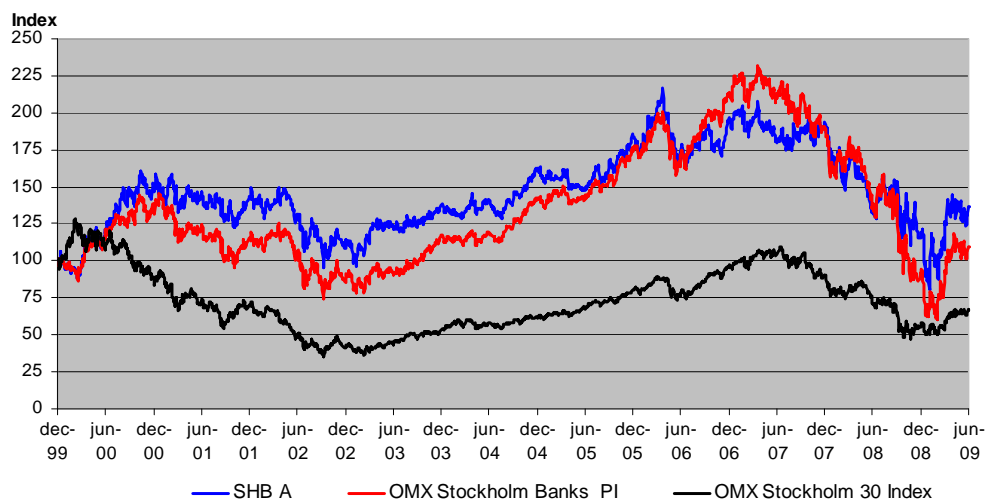
KPMG AB  
Stefan Holmström, Authorised Public Accountant

Ernst & Young AB  
Erik Åström, Authorised Public Accountant

## Handelsbanken's shares

The Swedish stock market grew by 24% during the first six months of the year. The Stockholm stock exchange's bank index went up by 25%. Handelsbanken's class A shares closed at SEK 145.75, an increase of 16%.

### SHARE PRICE PERFORMANCE, 30 DECEMBER 1999 – 30 JUNE 2009



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ÖHMAN	Francis Dallaire	francis.dallaire@ohman.se

## Phone conference

A phone conference with the Bank's CFO, Mr Ulf Riese, will be held on 21 July 2009 at 3 p.m. CET.

Press releases, presentations, a fact book and a recording of the phone conference are available at [www.handelsbanken.se/ireng](http://www.handelsbanken.se/ireng).

The interim report for January to September 2009 will be published on 28 October.

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