

Handelsbanken
January - December 2009

18 February 2010

Summary

January – December 2009 compared with January – December 2008

Profit before loan losses rose by 3% to SEK 17,115m (16,661)

Return on equity was 12.6% (16.2)

Net interest income rose by 14% to SEK 22,000m (19,223)

The average volume of loans increased by 8%

Household deposits increased by 16%

Income in Great Britain exceeded SEK 1bn

Capital ratio increased to 20.2% (16.0)

Tier 1 capital ratio according to Basel II rose to 14.2% (10.5)

Income statement, January – December

SEK m	2009	2008	Change %
Net interest income	22,000	19,223	14
Net fee and commission income	7,393	6,795	9
Net gains/losses on financial items at fair value	2,457	3,169	-22
Other income	485	703	-31
Total income	32,335	29,890	8
Staff costs	-10,018	-8,114	23
Other expenses	-5,202	-5,115	2
Total expenses	-15,220	-13,229	15
Profit before loan losses	17,115	16,661	3
Loan losses	-3,392	-1,605	111
Disposal prop. equipmt./ intang. assets	4	270	-99
Operating profit	13,727	15,326	-10

Income statement, quarterly change

SEK m	Q 4 2009	Q 3 2009	Change %
Net interest income	5,359	5,610	-4
Net fee and commission income	1,995	1,803	11
Net gains/losses on financial items at fair value	497	278	79
Risk result - insurance	31	47	-34
Other income	85	24	254
Total income	7,967	7,762	3
Staff costs	-2,586	-2,451	6
Other expenses	-1,472	-1,191	24
Total expenses	-4,058	-3,642	11
Profit before loan losses	3,909	4,120	-5
Net loan losses	-691	-866	-20
Disposal prop. equipmt./ intang. assets	3	1	200
Operating profit	3,221	3,255	-1

Key ratios

	2009	2008	Change
Return on shareholders' equity	12.6%	16.2%	
C/I-ratio	47.1%	44.3%	
Earnings per share total operations, SEK	16:44	19:46	
Capital ratio, Basel II	20.2%	16.0%	+ 4.2
Tier I Capital ratio, Basel II	14.2%	10.5%	+ 3.7
Capital base, SEK bn	122	115	+ 7
Tier I Capital, SEK bn	85	76	+ 9
Shareholder's equity; SEK bn	83	75	+ 8

Change in net interest income

SEK m

Net interest income 2008	19,223	
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Deposits , branch offices in Sweden	-3,155	
Lending , branch offices in Sweden	4,152	
Deposits and lending, branch offices outside Sweden	1,874	
Exchange ratemovements	385	
Mandatory fees (deposit insurance, stability fund etc)	-451	
Other	-28	
Change in net interest income	2,777	
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Net interest income 2009	22,000	14%

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Deposits from the public, January – December

Average volumes, SEK bn	2009	2008	Change %
Branch offices in Sweden			
Private	168	145	16
Corporate	152	139	9
Total	320	284	13
Branch offices outside Sweden			
Private	45	37	19
Corporate	132	107	23
Total	177	144	22
Other operations	41	62	-34
Total	538	490	10

Loans to the public, January – December

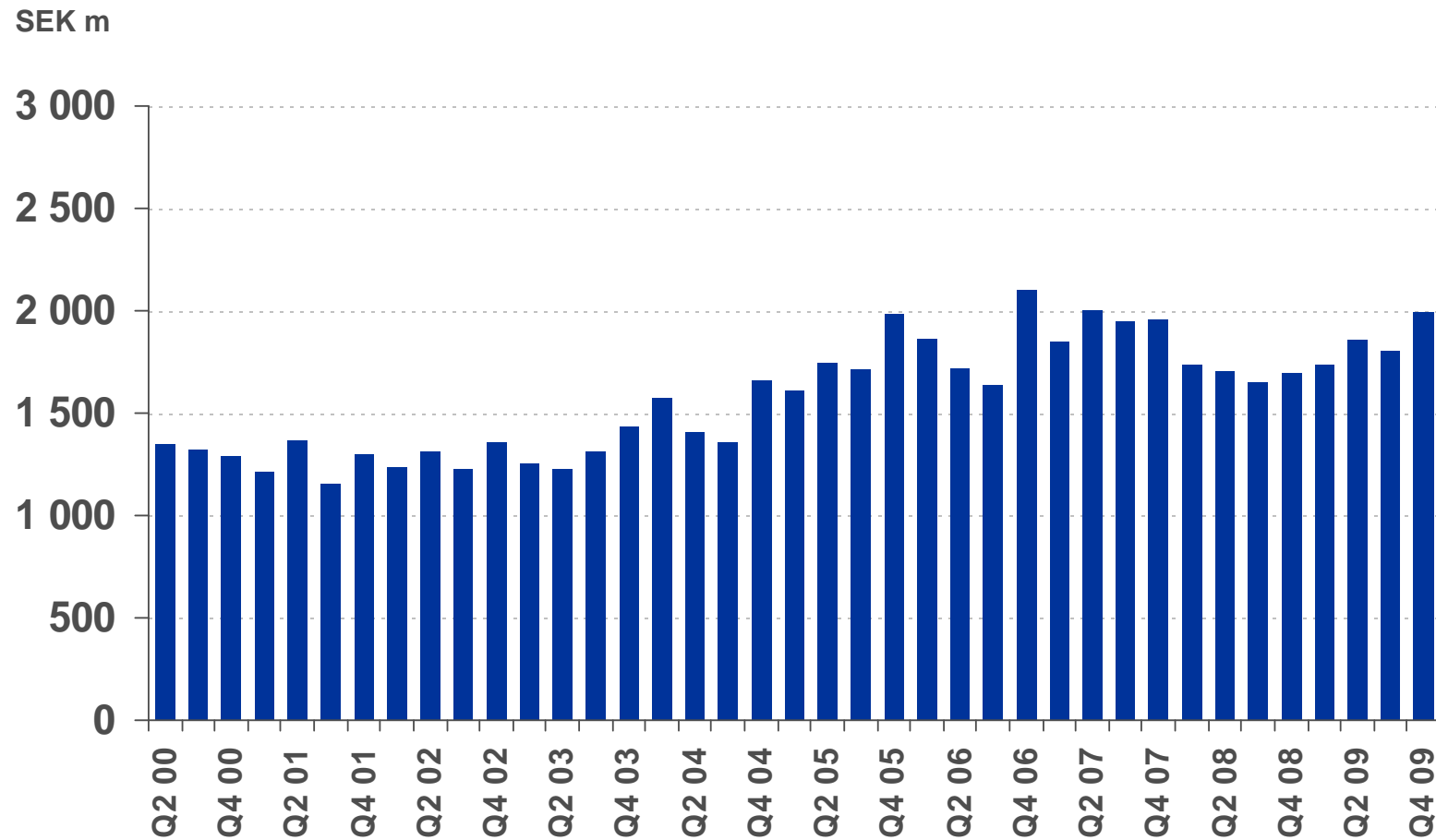
Average volumes, SEK bn	2009	2008	Change %
Branch offices in Sweden			
Private	490	458	7
<i>Of which mortgage loans</i>	433	400	8
Corporate	483	472	2
<i>Of which mortgage loans</i>	166	146	14
Total	973	930	5
Branch offices outside Sweden			
Private	139	120	16
Corporate	361	313	15
Total	500	433	15
Other operations	18	16	12
Total	1,491	1,379	8

Fees and commissions, January – December

SEK m	2009	2008		Q4 09/ Q3 08	Q4 09/ Q4 08
Brokerage	1,862	1,676	11%		
Mutual funds and custody	1,567	1,559	1%		
Advisory services	196	192	2%		
Insurance	532	520	2%		
Payments	2,377	2,257	5%		
Lending & deposits	1,109	894	24%		
Guarantees	529	430	23%		
Other	424	502	-1%		
Commission expenses	-1,273	-1,235	3%		
Total	7,393	6,795	9%	11%	18%

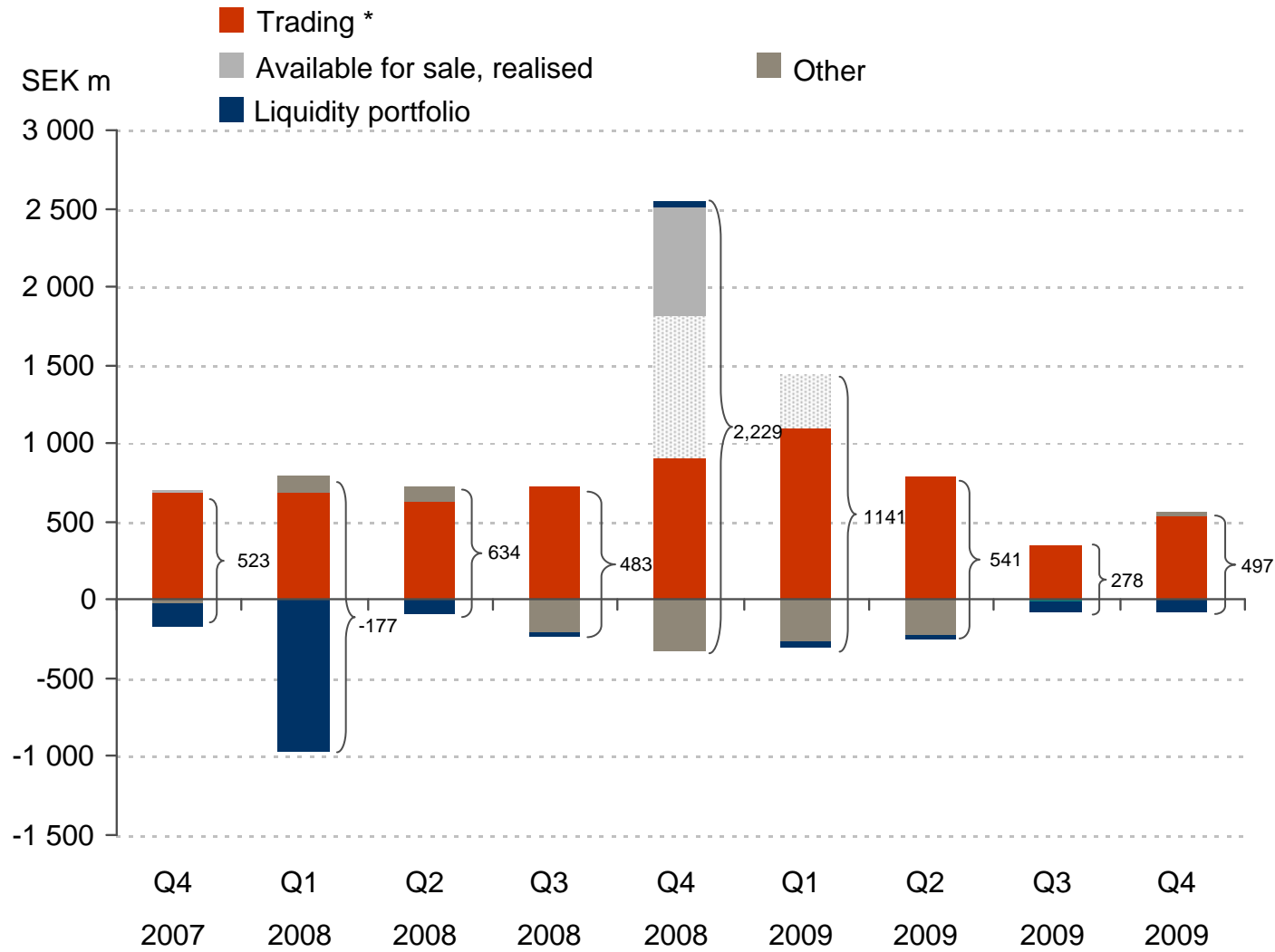
Handelsbanken Group

Net fees and commissions, quarterly



According to IFRS from 2004

Net gains/losses on financial items at fair value

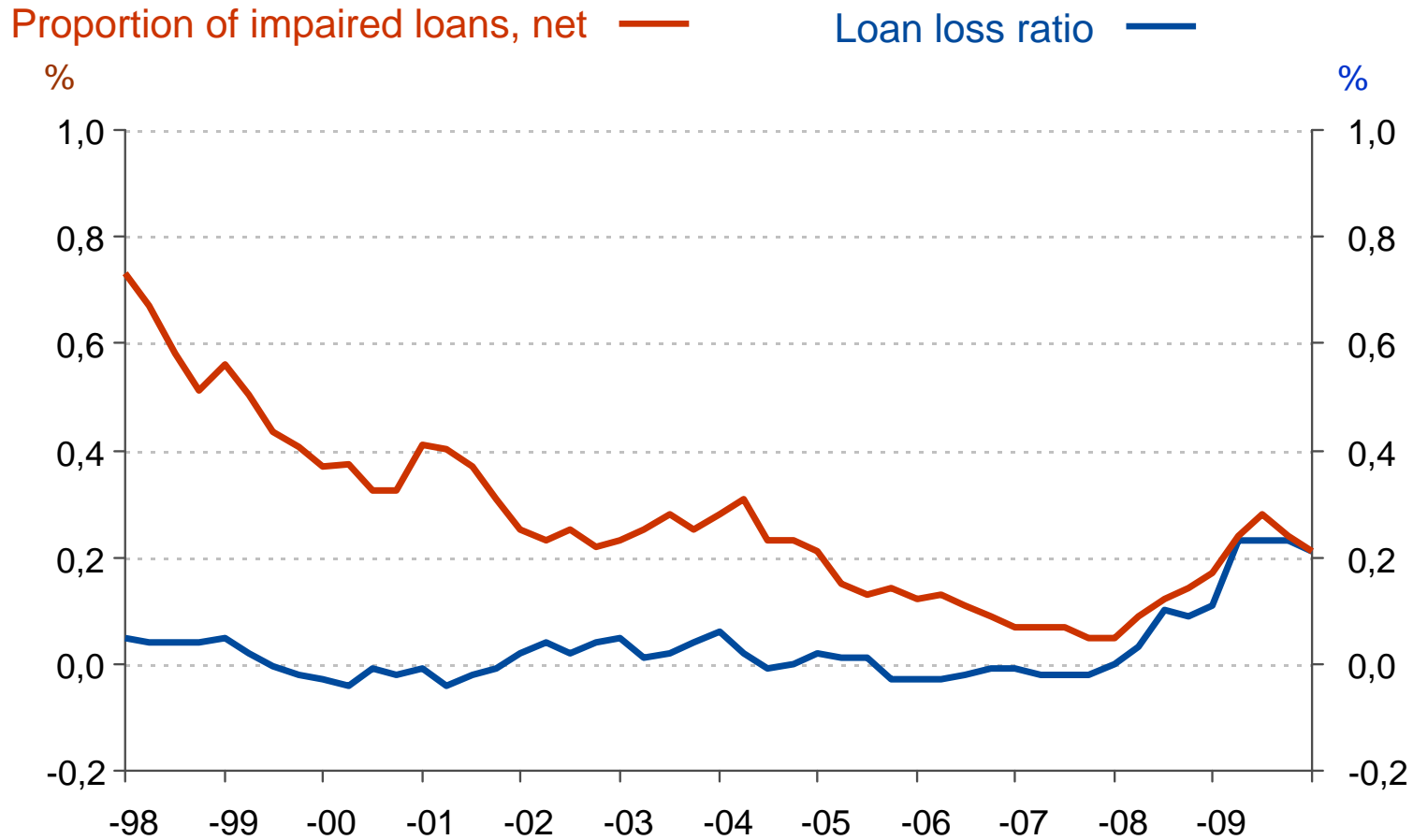


* Including fair value option.

Expenses, January – December

SEK m	2009	2008	Change SEK m	Change %	Change Q4-Q4 %
Staff costs	-10,018	-8,114	1,904	23.5	19.2
Other expenses	-4,719	-4,688	31	0.7	4.9
Depreciation	-483	-427	56	13.1	-18.2
Total expenses	-15,220	-13,229	1,991	15.1	12.7
				% points	% points
Lokalbanken			255	1.7	3.1
Variable remuneration			218	1.6	1.5
IAS19, pensions – corridor effect			310	2.3	2.1
Oktogonen			741	5.6	7.2
Exchange rate movements			327	2.5	2.0
			1,821	13.7	15.9
Running costs			170	1.4	-3.2
			1,991	15.1	12.7

Impaired loans and loan losses as a percentage of lending



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Loan loss ratio, January – December 2009

	%
Sweden	0.24
Norway	0.24
Finland	0.19
Denmark	0.30
Great Britain	0.24
International	0.08
Group	0.21

Branch office operations in Sweden

January – December 2009

Operating profit SEK	8,996m
RoE	17.3%
C/I ratio before loan losses	37.2%
Number of branch offices	461
Average number of employees	4,481

Average volumes, SEK bn

Loans	973
Deposits	320

Handelsbanken har kontor i Ljungby



och på ytterligare 460 platser i
Sverige

Handelsbanken

Branch office operations outside Sweden

January – December 2009

Operating profit SEK	3,496m
RoE	9.4%
- excl. operating deficit	10.7%
Total income increased by	24%
Net interest income increased by	28%
C/I ratio before loan losses	51.5%
Number of branch offices	244
Average number of employees	2,976
<i>Average volumes, SEK bn</i>	
Loans	500
Deposits	177

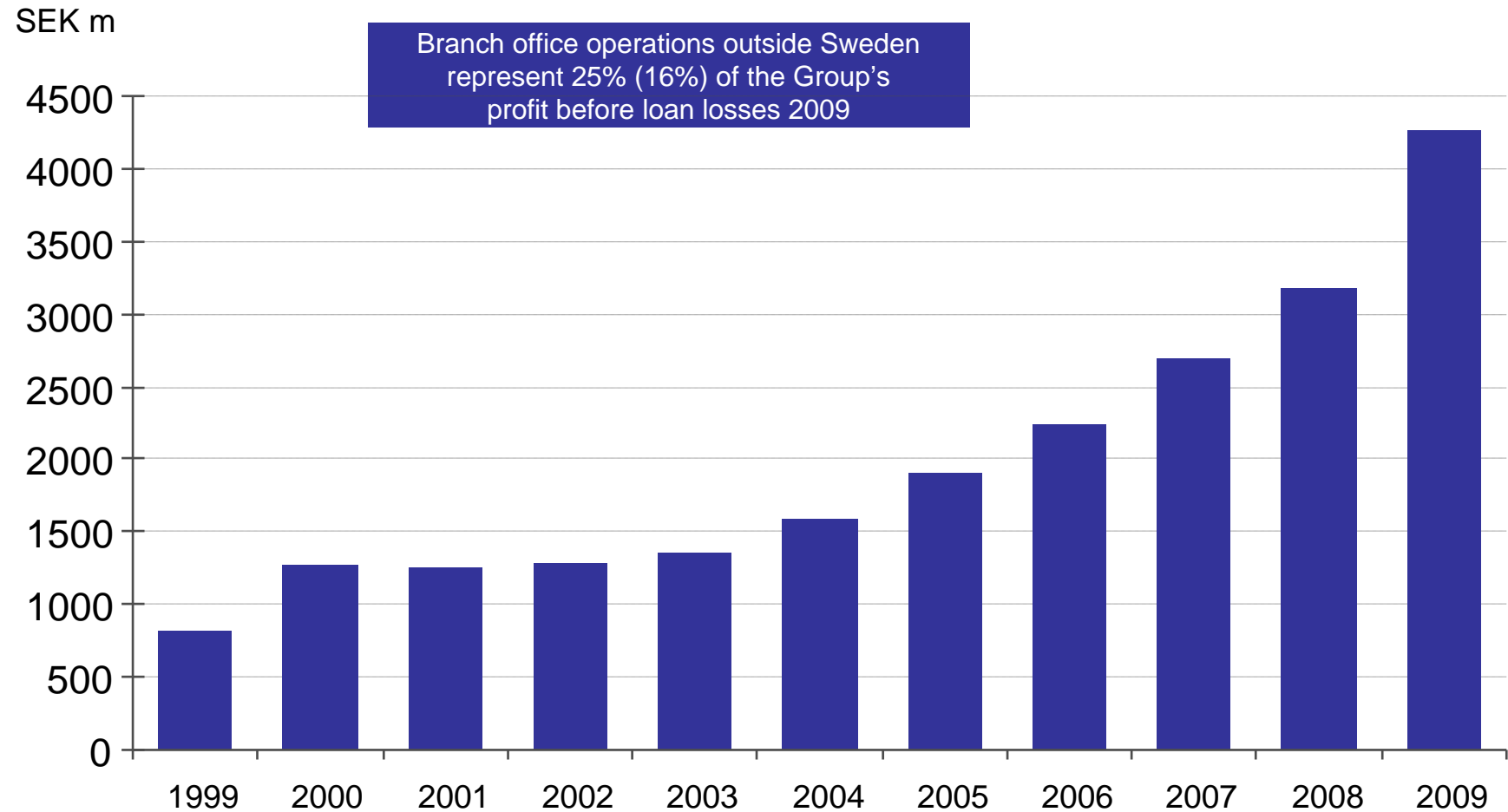
Handelsbanken has a branch in Hull



and in 61 other locations in Great Britain

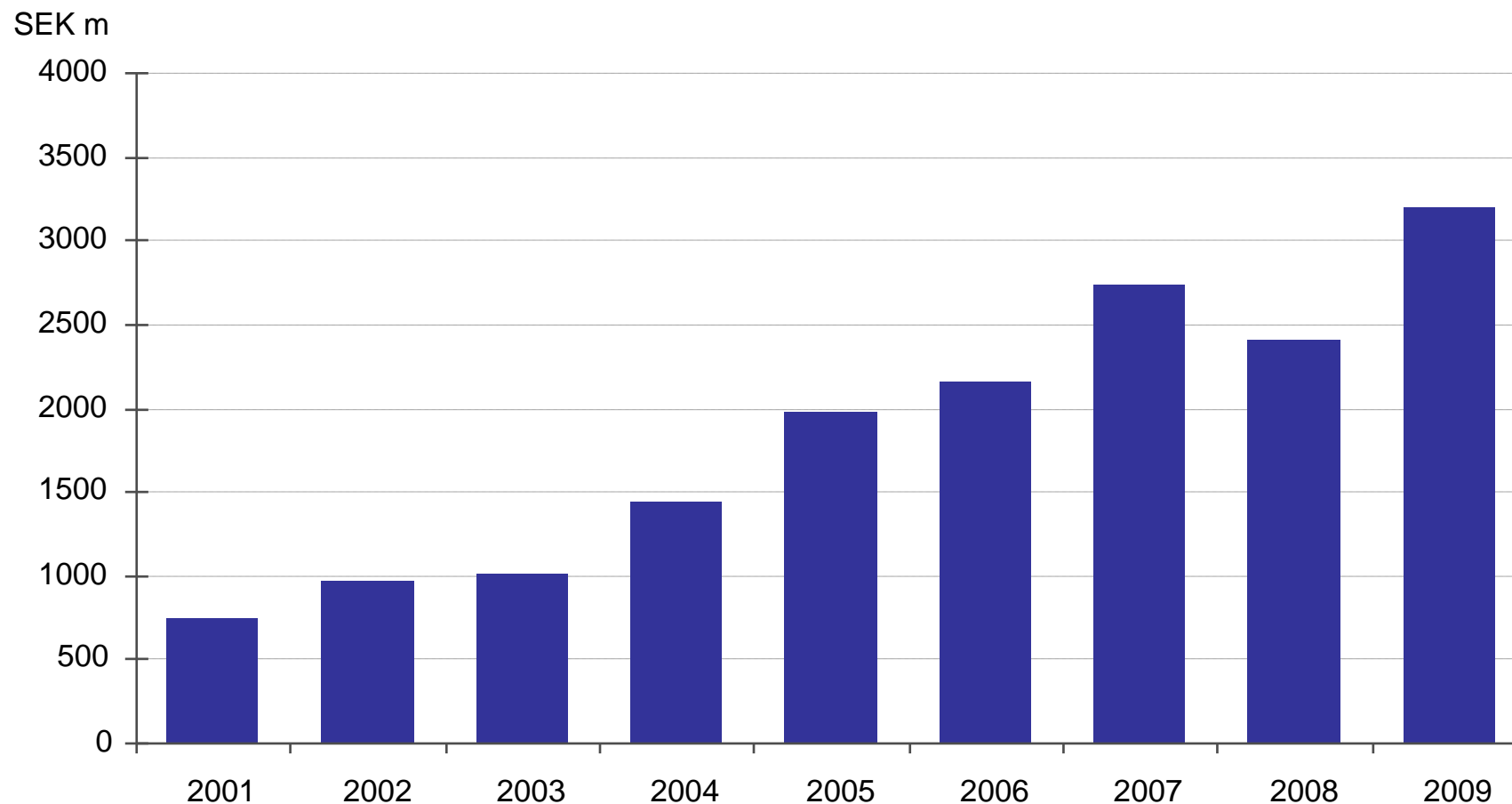
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Branch operations outside Sweden: Profit before loan losses



According to IFRS 8 from 2008

Branch operations outside Sweden: Profit after loan losses



According to IFRS 8 from 2008

Average lending, regional banks outside Sweden

Average volume, local currency reported in SEK bn*	2009	2008	Change %
Denmark **	56.5	49.2	15
Finland	109.1	104.7	4
Norway	187.7	174.9	7
Great Britain	65.3	57.4	14

	2009	2008	Change %
Net interest income, SEK m	6,098	4,712	29

* Average for 2008 is estimated on average exchange rates for 2009

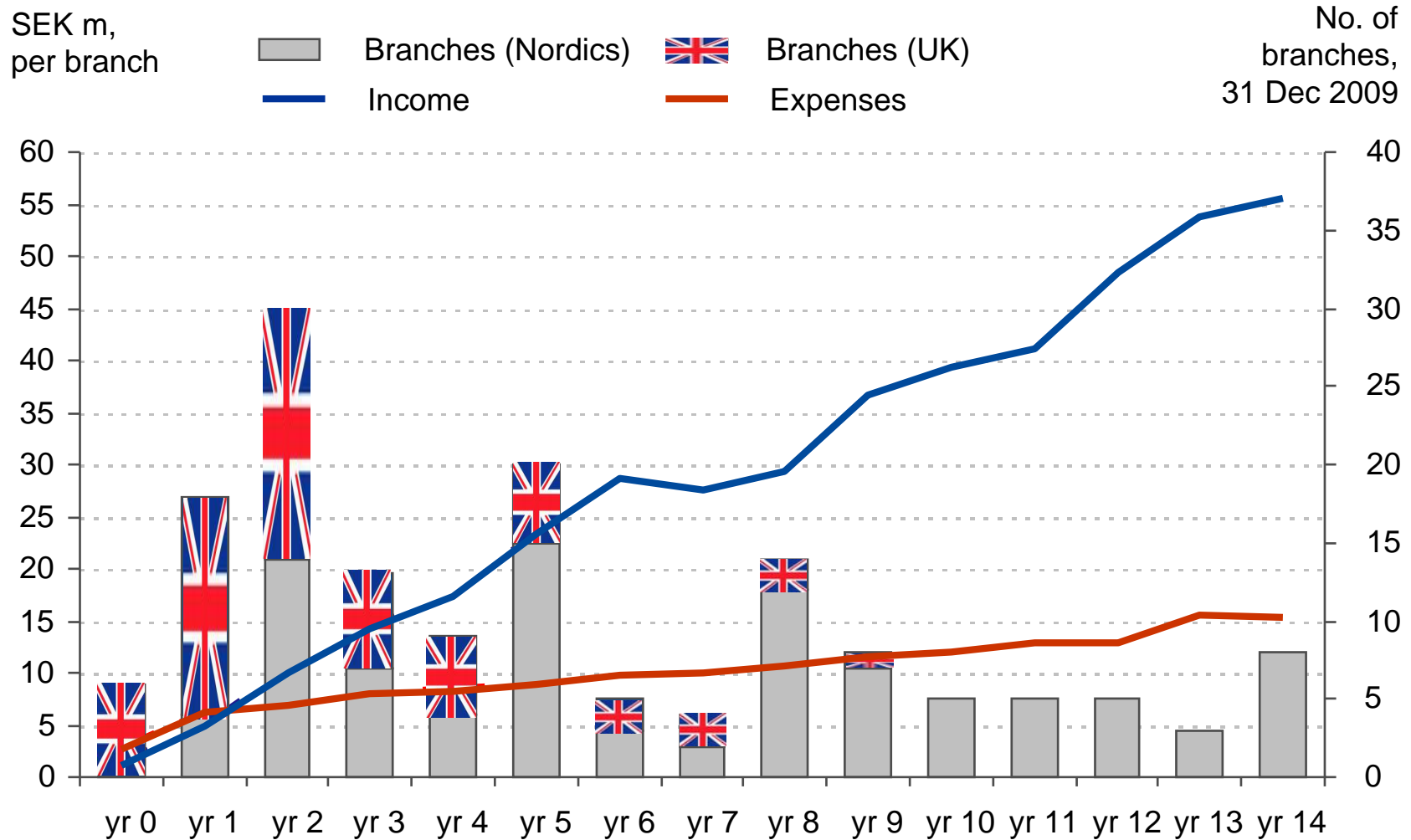
** Lokalbanken included from 21 October 2008

Regional banks outside Sweden 2009

SEK m	Nordic countries	Change	Great Britain	Change
Income	6,218	22%	1,043	50%
Expenses	-2,926	20%	-715	11%
Profit before loan losses	3,292	24%	328	519%
Profit before loan losses excl. expansion costs	3,384	22%	520	100%
C/I-ratio	47.1%	-0.6 % points	68.6%	-23.8 % points

Income and expenses trend – 153 branches opened 1995 – 2009

After 5 years, a new branch reports profits of just over SEK 14m on average.



Successful organic growth in Great Britain

Profit before loan losses:

January - December 2009: SEK 328m

Q4 2009 x 4: SEK 548m

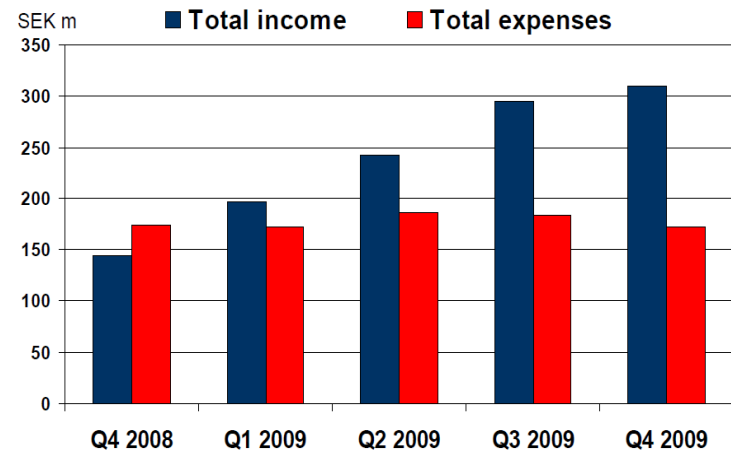
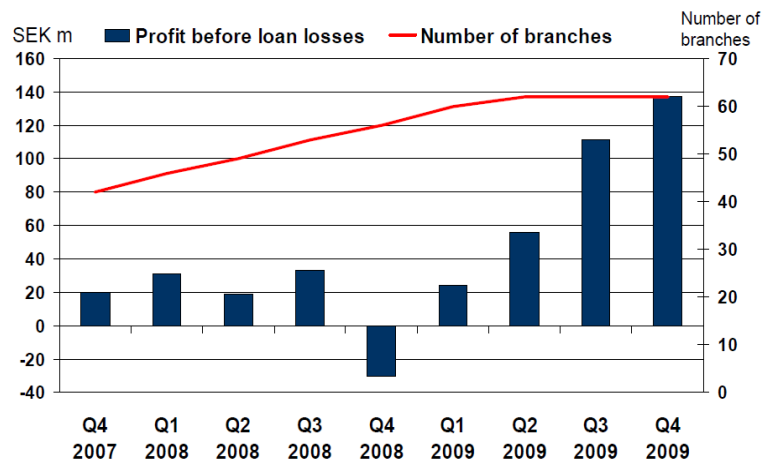
New branches in 2010

- Blackburn
- York
- High Wycombe
- Halifax
- Kendal
- Peterborough
- Hounslow
- Sunderland
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Handelsbanken – Branch office operations in Great Britain
Profit before loan losses, quarterly

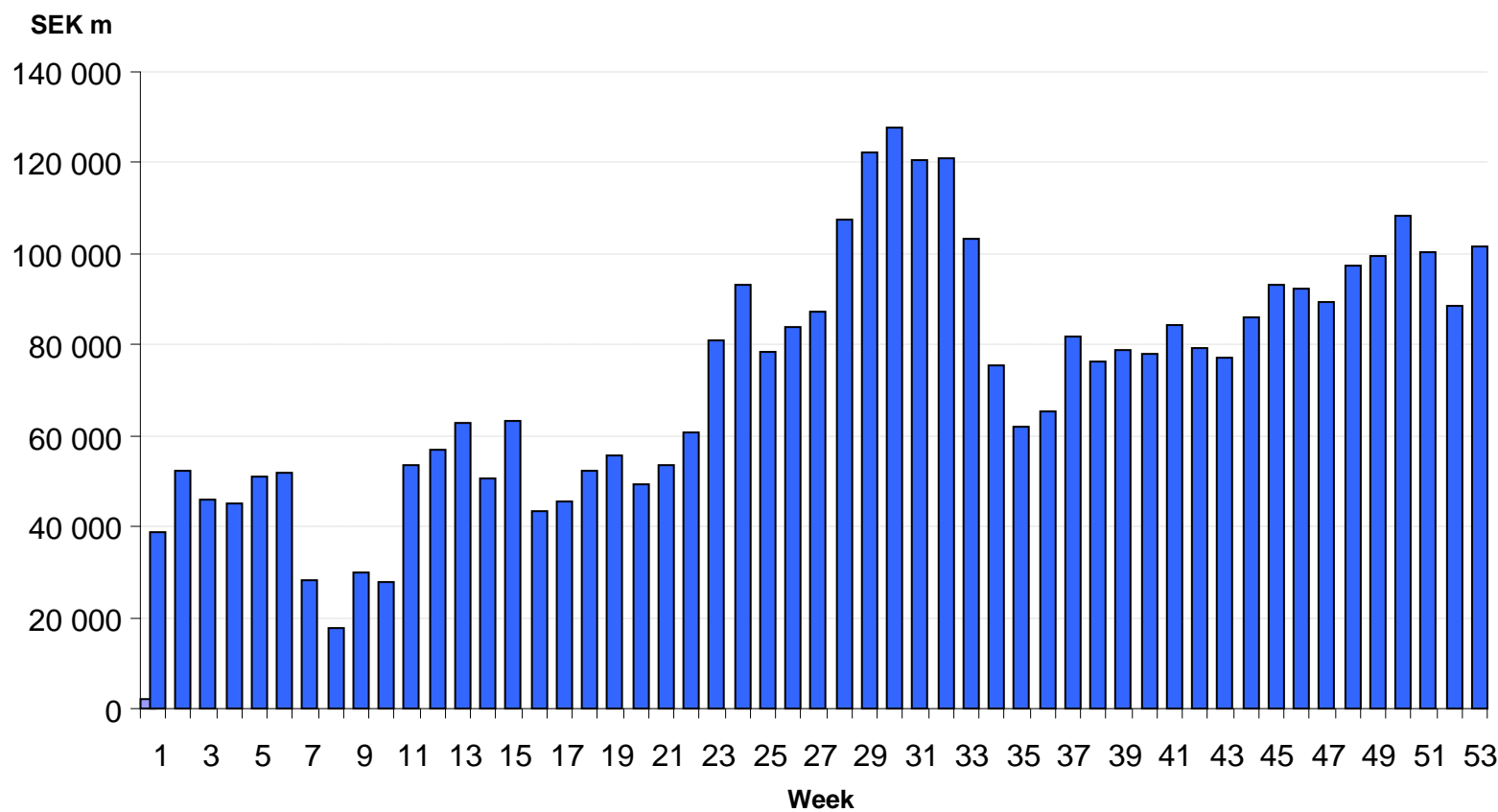
Handelsbanken – Branch office operations in Great Britain
Income and expenses trend, quarterly



Net lending in the Swedish interbank market including in credit at the Riksbank, weekly 2009

At quarter-end, liquidity reserves of over SEK 450 bn

Handelsbanken's weekly net position with the Riksbank



Appendix

Handelsbanken Group

Income statement, five quarters

SEK m	Q4 2009	Q3 2009	Q2 2009	Q1 2009	Q4 2008
Net interest income	5,359	5,610	5,638	5,393	5,474
Net fee and commission income	1,995	1,803	1,856	1,739	1,694
Net gains/losses on financial items at fair value	497	278	541	1,141	2,229
Risk result - insurance	31	47	36	57	50
Other income	85	24	149	56	65
Total income	7,967	7,762	8,220	8,386	9,512
Staff costs	-2,586	-2,451	-2,539	-2,442	-2,170
Other expenses	-1,472	-1,191	-1,297	-1,242	-1,430
Total expenses	-4,058	-3,642	-3,836	-3,684	-3,600
Profit before loan losses	3,909	4,120	4,384	4,702	5,912
Loan losses, net	-691	-866	-939	-896	-696
Disposal prop. equipmt./ intang. assets	3	1	0	0	0
Operating profit, continuing operations	3,221	3,255	3,445	3,806	5,216
Operating profit, discontinued operations	12	125	0	15	61
Operating profit, incl. discount. op.	3,233	3,267	3,445	3,821	5,277

Handelsbanken Group

Change in net interest income

SEK m

Net interest income Q3 2009	5,610	
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Deposits, branch offices in Sweden	-95	
Lending, branch offices in Sweden	-73	
Deposits & Lending, branch offices outside Sweden	-20	
Exchange rate movements	0	
Mandatory fees (deposit insurance, stability fund etc)	-9	
Other	-54	
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Change in net interest income	-251	
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Net interest income Q4 2009	5,359	-4%

Fee to the Stabilisation fund, January – December

SEK bn	2009
Total liabilities and equity	2,349
Reduction for total equity, untaxed reserves and subordinated loans	-176
Reduction for intercompany liabilities	-259
Basis for calculation of fee*	1,914
SEK m	
Fee 0.036%	689
Reduction 50% during 2009 and 2010	-345
Total fee 2009	344

27 * Applies to credit institutions within the Group affected by the new Stabilisation fund law

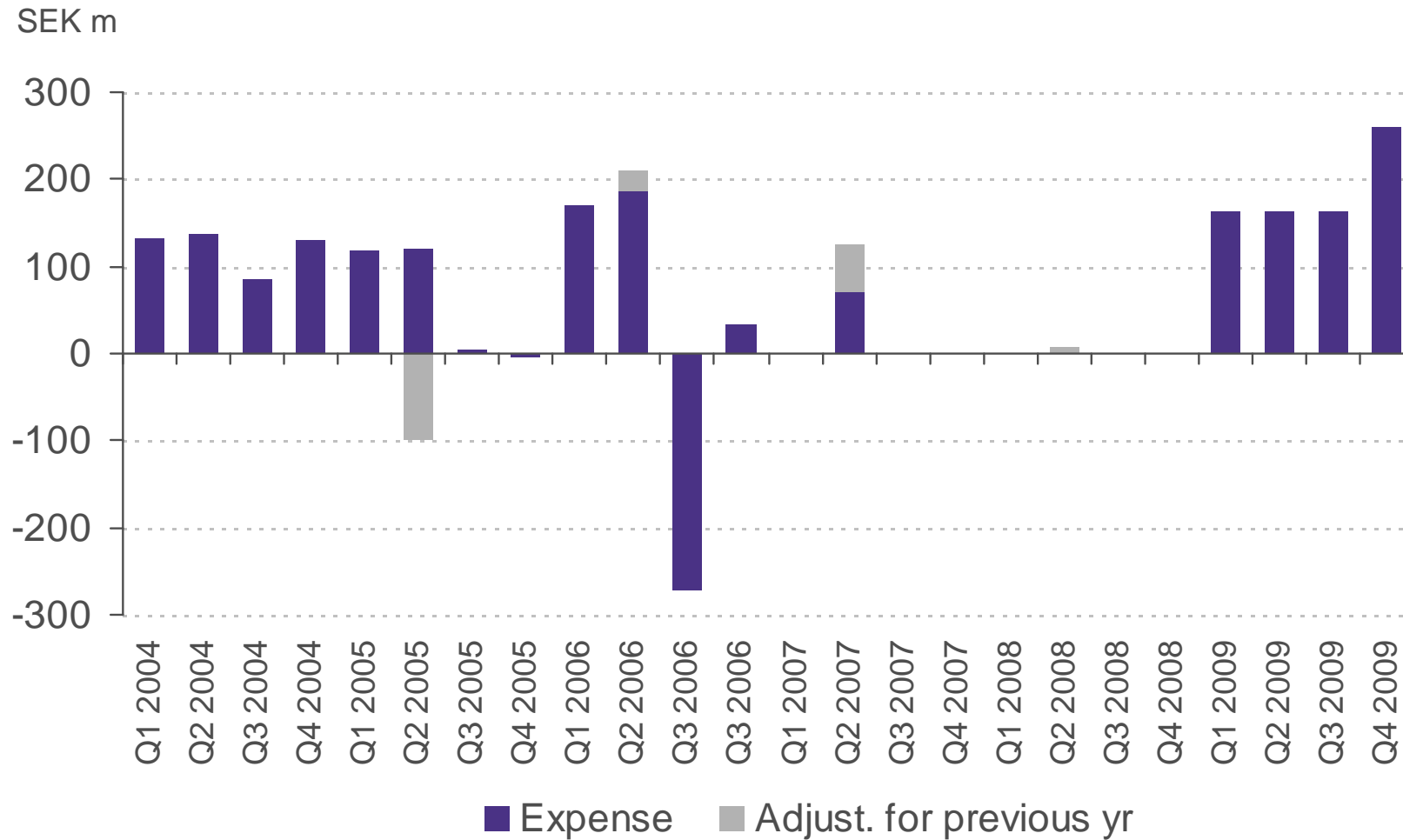
Equity-related commissions

SEK m	Q4 2009	Q3 2009	Q2 2009	Q1 2009	Q4 2008
Brokerage	461	412	486	395	449
Mutual funds and custody	438	371	334	317	288
Corporate finance	74	13	58	51	49
Commission expenses	-62	-51	-51	-59	-60
Total	911	745	827	704	726

Market shares OMX Stockholm

Turnover, %	7,63	7,57	7,49	7,10	7,30
Number of trades, %	5,74	5,87	5,89	5,68	5,73

Oktagonen quarterly 2004 – 2009



Handelsbanken Group

Effective tax burden

Corporation tax on the profit for banking operations

No tax on the administration result and the risk result in the insurance operations, except for outright risk insurance

The yield split has already been taxed

Corporation tax on yield on shareholders' equity in the insurance operations

Effective tax burden January-December 2009: 25.6% and January-December 2008: 22.1% (Q4 2009: 22.4%, Q3 2009: 25.5% and Q4 2008: 13.5%)

Balance sheet, 31 December

SEK bn	2009	2008	Change %
Loans to the public	1,477	1,481	0
Loans to credit institutions	168	165	2
Interest-bearing securities	176	166	6
Other assets	302	3478	-13
Total assets	2,123	2,159	-2
Deposits and borrowing from the public	550	544	1
Due to credit institutions	240	319	-25
Issued securities	966	896	8
Other liabilities	284	325	-13
Shareholders' equity	83	75	11
Total liabilities and equity	2,123	2,159	-2

Loans to the public, quarterly

Average volumes SEK bn	Q4 2009	Q3 2009	Q2 2009	Q1 2009	Q4 2008
Branch offices in Sweden	977	972	971	970	960
Private	505	494	483	476	472
Corporate	472	478	488	494	488
Branch offices outside Sweden	480	489	513	520	489
Private	142	138	140	139	131
Corporate	338	351	373	381	358
Other operations	19	17	17	19	13
Total	1,476	1,478	1,501	1,509	1,462
Private	647	632	622	615	602
Corporate	829	846	879	894	860

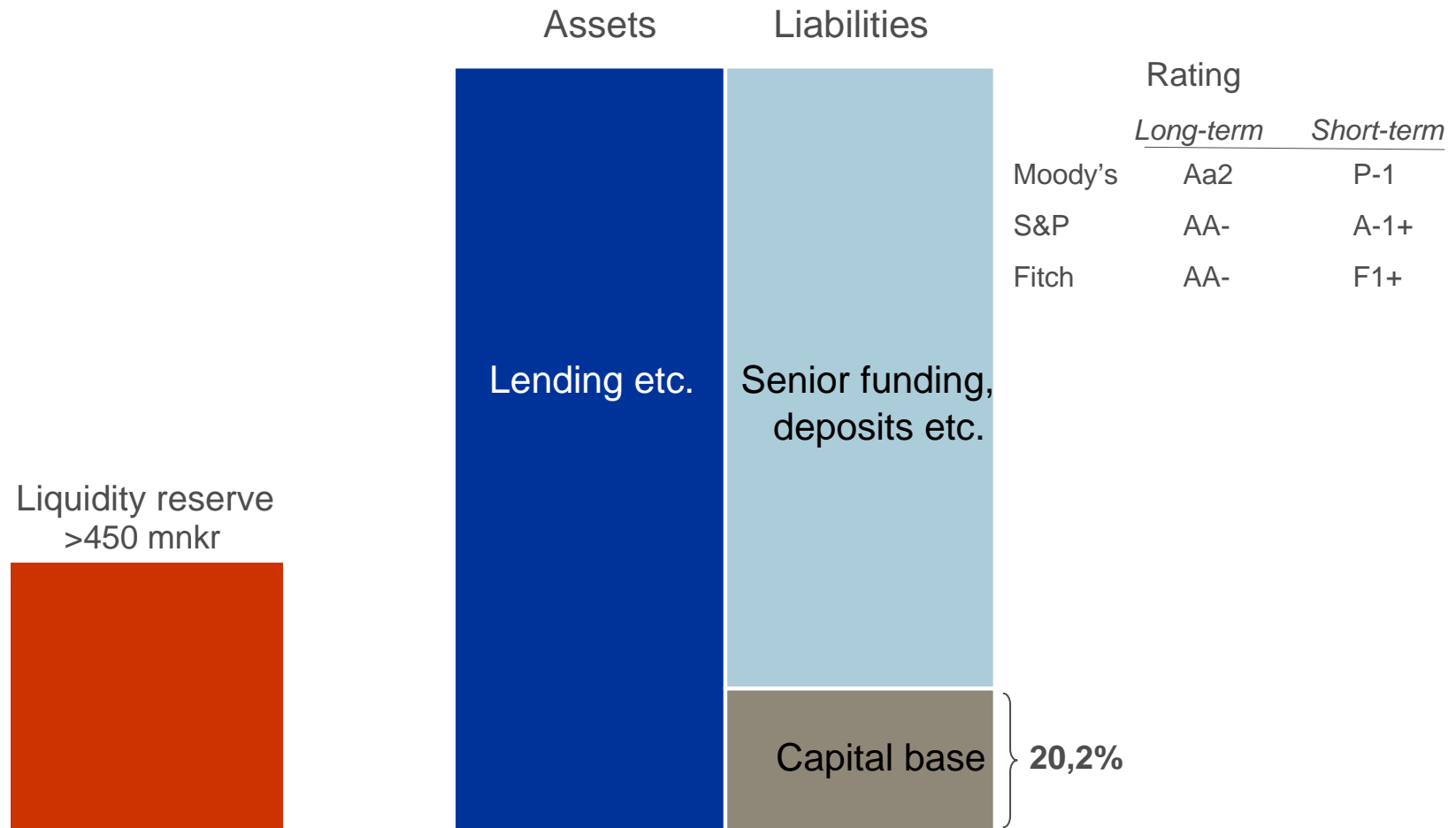
Deposits from the public, quarterly

Average volumes SEK bn	Q4 2009	Q3 2009	Q2 2009	Q1 2009	Q4 2008
Branch offices in Sweden	329	324	313	314	303
Private	173	170	165	162	157
Corporate	156	154	148	152	146
Branch offices outside Sweden	186	178	174	168	157
Private	42	44	46	46	41
Corporate	144	134	128	122	116
Other operations	34	34	49	50	47
Total	549	536	536	532	507
Private	215	215	211	208	199
Corporate	334	321	325	324	308

Loans to the public – Branch offices in Sweden, quarterly

Average volumes SEK bn	Q4 2009	Q3 2009	Q2 2009	Q1 2009	Q4 2008
Mortgage loans	625	608	588	574	563
Private	449	437	426	418	413
Corporate	176	171	162	156	150
Bank loans	352	364	383	396	396
Private	56	58	57	58	58
Corporate	296	306	326	338	338
Total Branch offices in Sweden	977	972	971	970	960
Private	505	494	483	476	472
Corporate	472	478	488	494	488

Financial strength



According to IFRS 8 from 2008