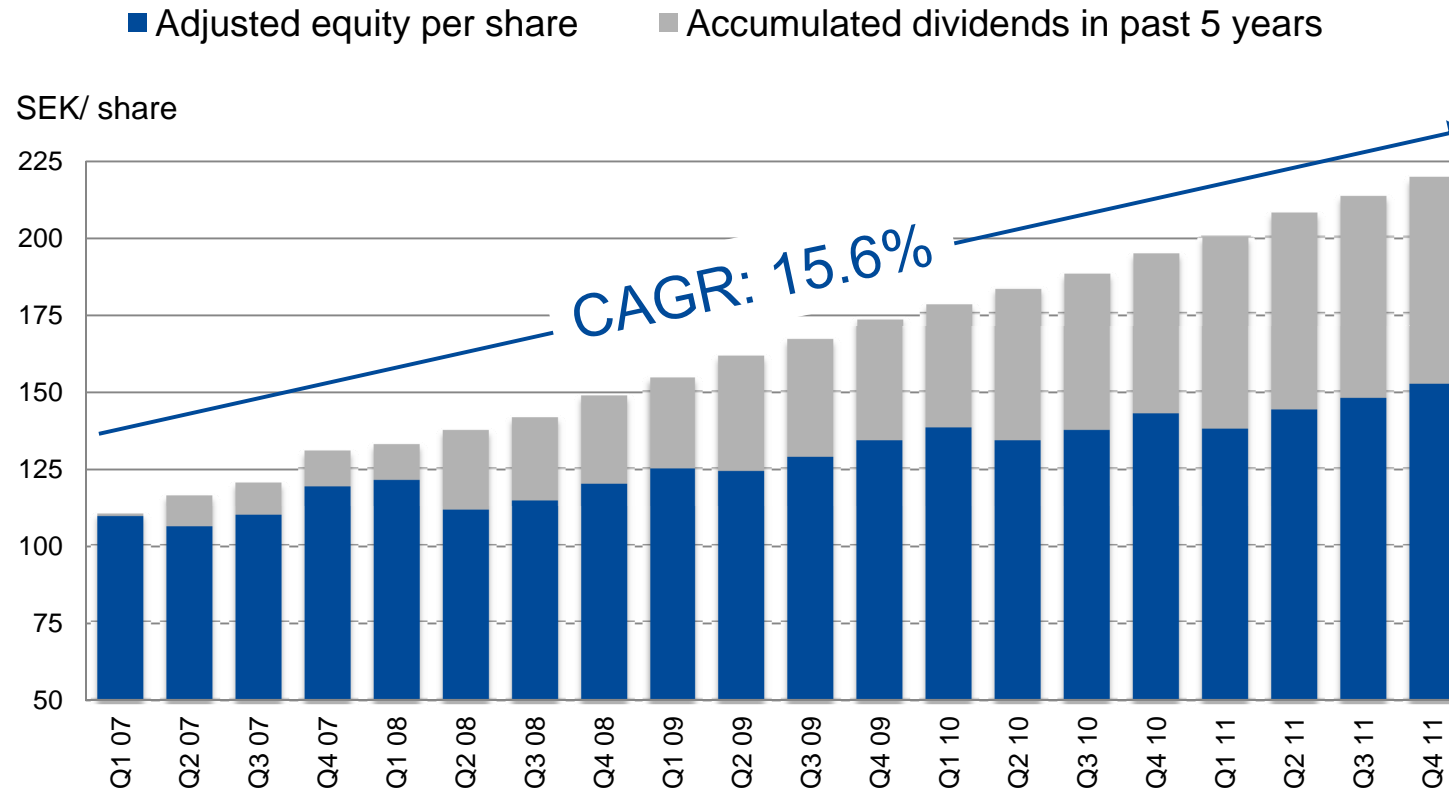


# Handelsbanken

January – December 2011

15 February 2012

# Average annual growth in equity including dividends



Dividends reinvested in RoE per quarter  
 CAGR, compounded annual growth rate

## Summary

- 40th consecutive year of higher return on equity than the average for competitors
- Stable growth in value – 15.6 per cent every year
- Earnings per share rose by SEK 2.06 to SEK 19.78
- Increased cost-effectiveness and productivity – C/I-ratio went down to 47.1 per cent
- Continued strong growth in the UK
  - Operating profit in local currency increased by 66 per cent
- All bonds maturing during 2012 have been prefinanced
- The liquidity reserve was maintained at over SEK 700 billion
- The Board proposes an increased dividend to SEK 9.75 per share

## Basic financial data

SEK m	2011	2011 compared with 2010
Income	32,809	+ 5%
Expenses	-15,464	+3%
Net loan losses	-816	-46%
Operating profit	16,536	+ 12%
Return on equity	13.5%	+ 0.6 % points
Tier I ratio	18.4%	+ 1.9 % points
Equity, SEK bn	94.5	+6.1
C/I-ratio, continuing operations	47.1	-0.9 % points

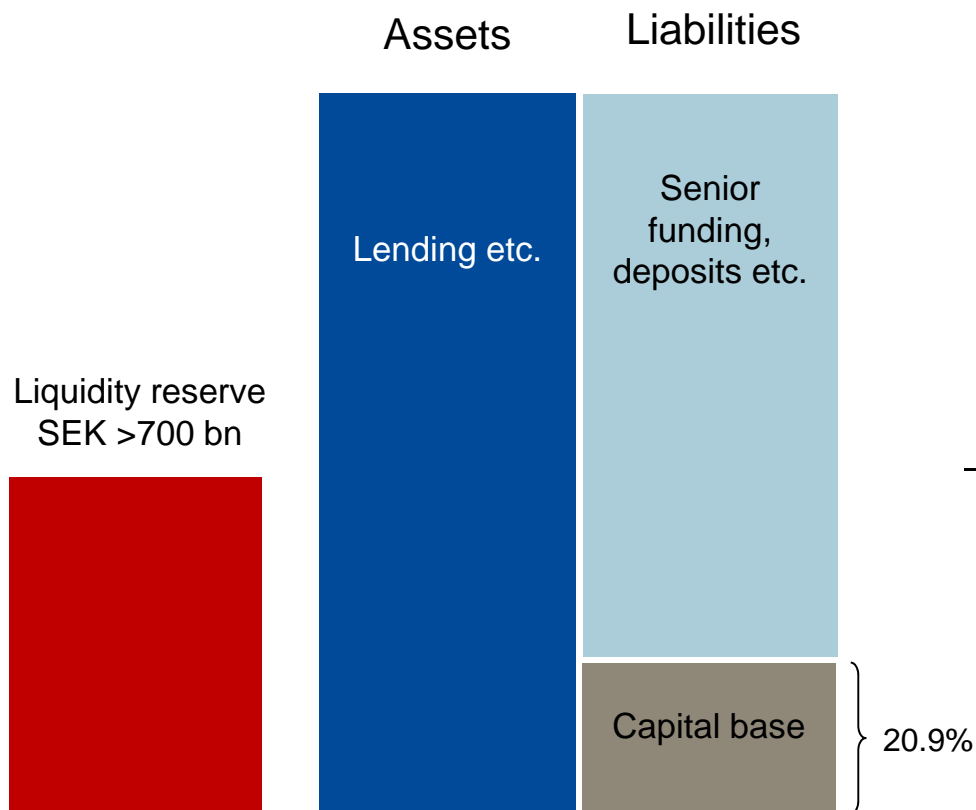
## Income statement, January – December

SEK m	Full year 2011	Full year 2010	Change
Net interest income	23,613	21,337	11%
Net fee and commission income	7,673	8,022	-4%
Net gains/losses on financial items at fair value	1,016	1,377	-26%
Risk result - insurance	209	205	2%
Other income	298	355	-16%
<b>Total income</b>	<b>32,809</b>	<b>31,296</b>	<b>5%</b>
Staff costs	-9,942	-9,504	5%
Other expenses	-5,522	-5,514	0%
<b>Total expenses</b>	<b>-15,464</b>	<b>-15,018</b>	<b>3%</b>
<b>Profit before loan losses</b>	<b>17,345</b>	<b>16,278</b>	<b>7%</b>
Net loan losses	-816	-1,507	-46%
Disposal tangible / intangible assets	7	-1	
<b>Operating profit</b>	<b>16,536</b>	<b>14,770</b>	<b>12%</b>

## Income statement, quarterly change

SEK m	Q4 2011	Q4 2010	Change
Net interest income	6,357	5,612	
Net fee and commission income	1,877	2,127	
Net gains/losses on financial items at fair value	63	276	
Risk result - insurance	38	67	
Other income	39	46	
<b>Total income</b>	<b>8,374</b>	<b>8,128</b>	<b>3%</b>
Staff costs	-2,510	-2,466	
Other expenses	-1,512	-1,531	
<b>Total expenses</b>	<b>-4,022</b>	<b>-3,997</b>	<b>1%</b>
<b>Profit before loan losses</b>	<b>4,352</b>	<b>4,131</b>	<b>5%</b>
Net loan losses	-243	-293	
Disposal tangible / intangible assets	1	-5	
<b>Operating profit</b>	<b>4,110</b>	<b>3,833</b>	<b>7%</b>

# Financial strength



Key ratios, capital	2011	2010	
Capital ratio, Basel II, %	20.9	20.9	+0.0
Tier I ratio, Basel II, %	18.4	16.5	+1.9
Core tier 1 ratio, Basel II, %	15.6	13.8	+1.8
Tier I capital, SEK bn	94	88	+6
Equity, SEK bn	95	88	+7

Rating	Long-term	Short-term
Moody's	Aa2	P-1
S&P	AA-	A-1+
Fitch	AA-	F1+
DBRS	AA (low)	

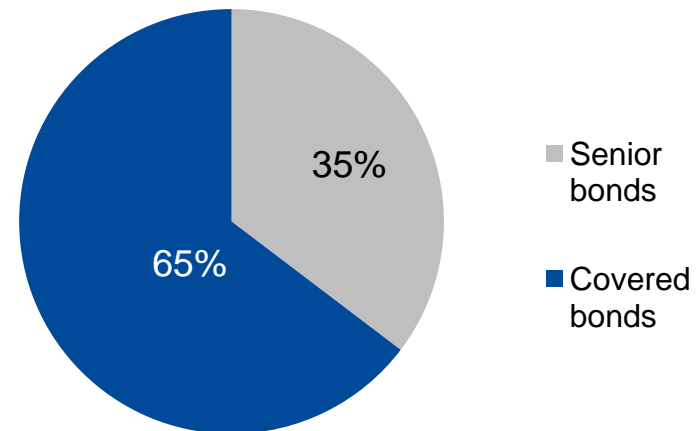
# Funding 2011

<b>Bond issuance, SEK bn</b>	<b>2011</b>
Senior bonds	74
Covered bonds	140
<b>Total</b>	<b>214</b>

Issues include:

- USD 1.25bn 5Y senior 3(a)(2) – first Nordic issue
- EUR 1.25bn 10Y senior
- Yuan 170m 2Y senior – first Nordic issue

Bonds 2011

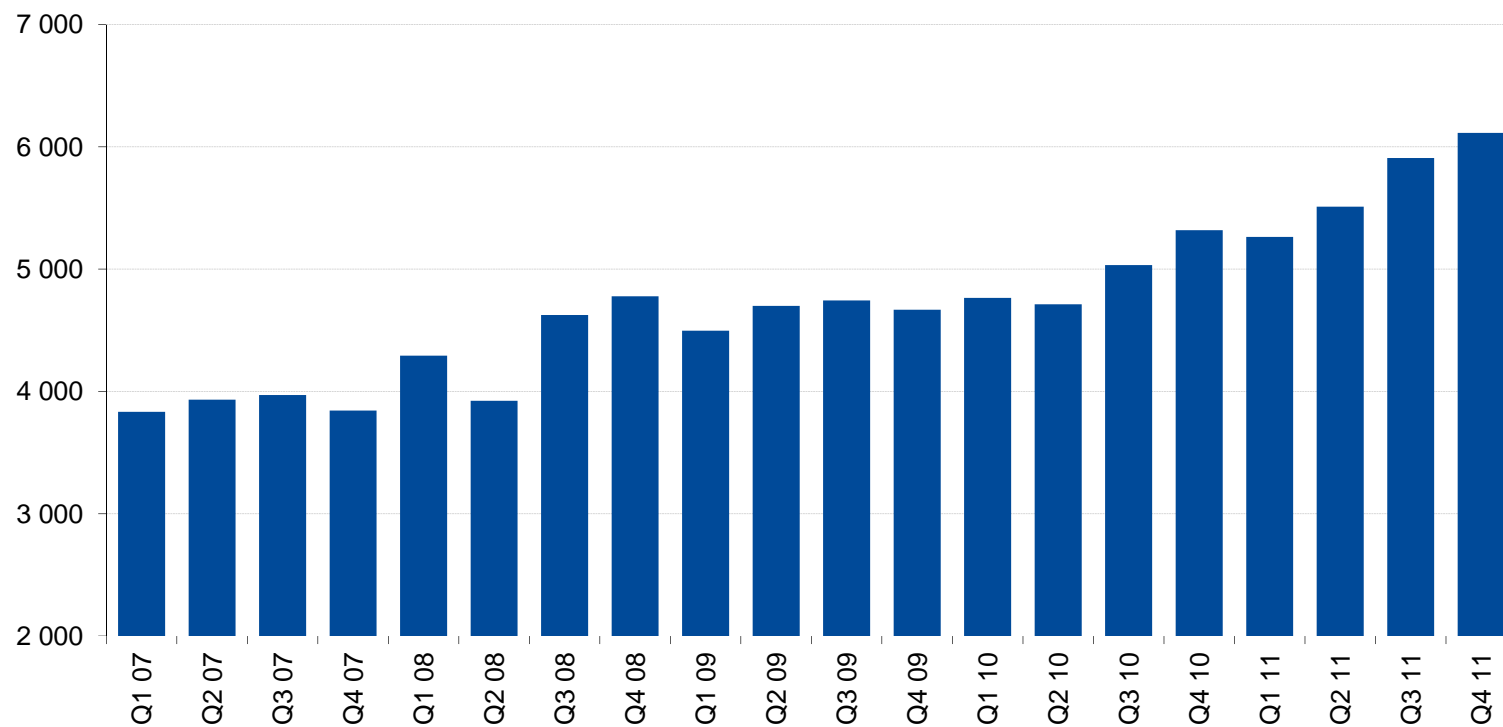


All bonds maturing under 2012 have been pre-funded



# Net interest income minus loan losses

SEK m



Average annual growth 10 per cent

## Expenses – trend

<b>SEK m</b>	<b>Full year 2011</b>	<b>Full year 2010</b>	<b>Change</b>	<b>Q4/Q3</b>	<b>Q4/Q4</b>
Staff costs	-9,942	-9,504	5%		
Other administrative expenses	-5,060	-5,062	0%		
Depreciation and amortisation	-462	-452	2%		
<b>Total expenses</b>	<b>-15,464</b>	<b>-15,018</b>	<b>3%</b>	<b>5%</b>	<b>1%</b>

## Branch office operations in Sweden

### Jan – Dec 2011

Operating profit SEK	13,416m
RoE	19.6%
C/I ratio before loan losses	34.8%
Number of branch offices	461
Average number of employees	4,478

### *Average volumes, SEK bn*

Loans	1,049
Deposits	353



## Branch office operations outside Sweden

### Jan – Dec 2011

Operating profit SEK	3,240m
RoE, including new branches	9.4%
C/I ratio before loan losses	54.9%
Number of branch offices	285
Average number of employees	3,144

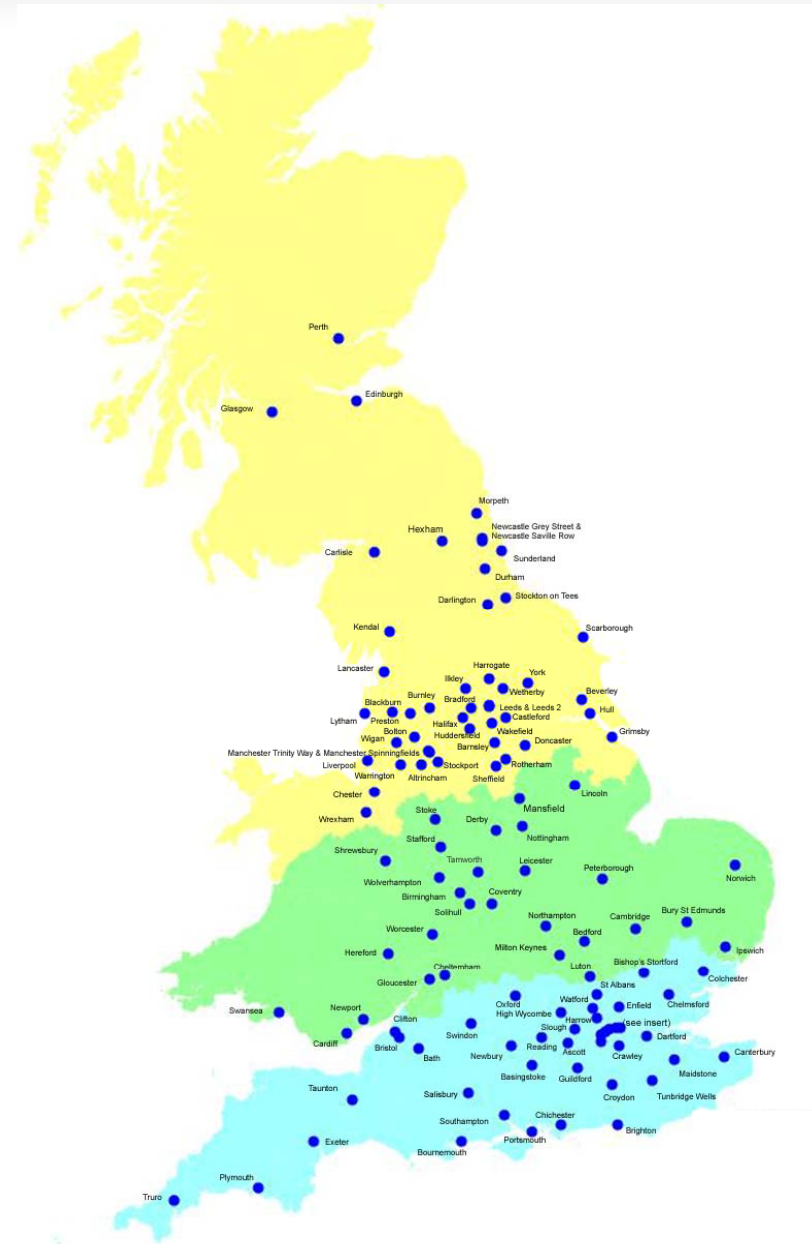
### *Average volumes, SEK bn*

Loans	468
Deposits	150



## Branch operations in the UK

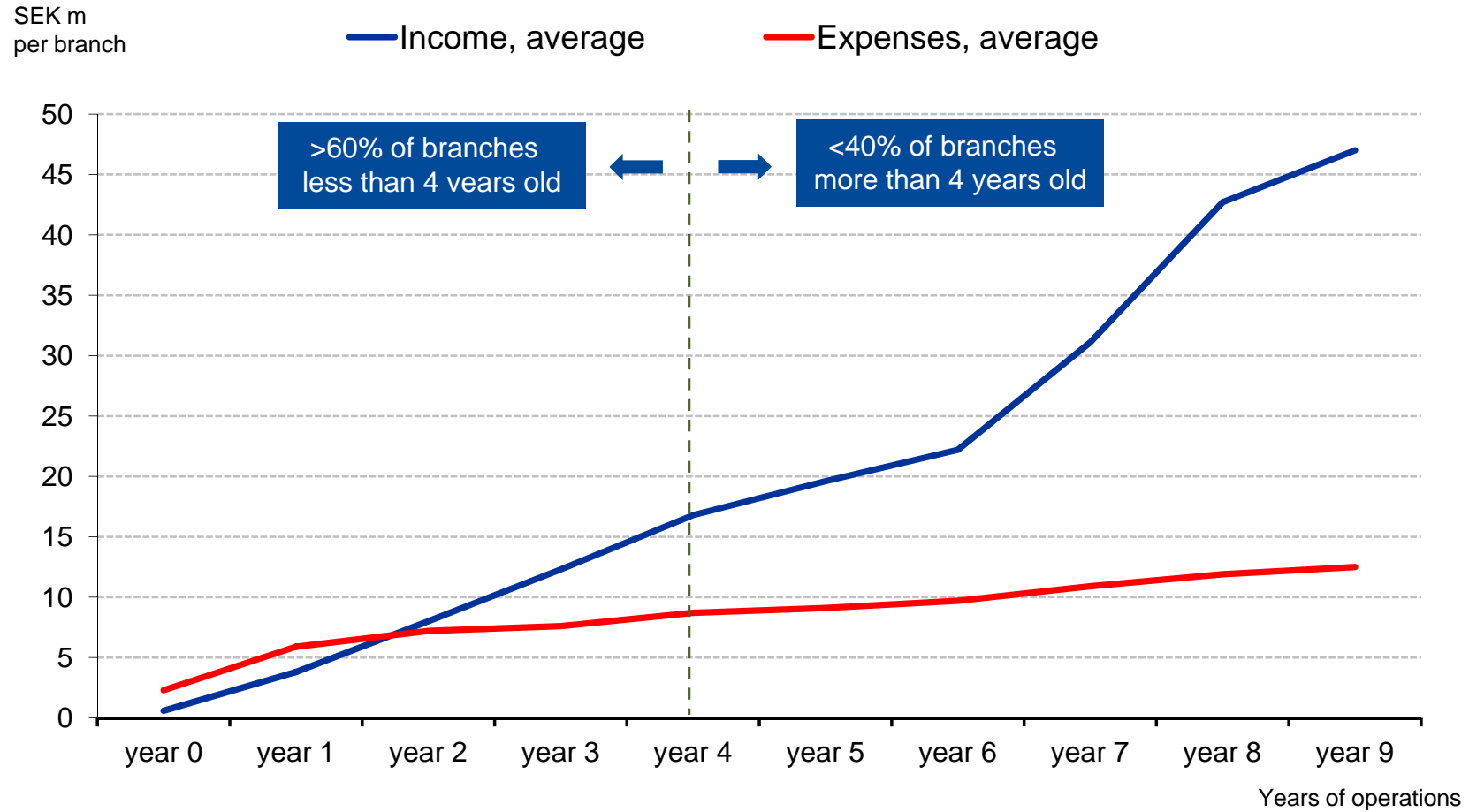
- 117 branches including recruited branch managers
- January – December 2011\*
  - Operating profit increased by 66 per cent
  - Net interest income grew by 30 per cent
  - Average deposits rose by 30 per cent
  - Average lending rose by 25 per cent



\* In local currency

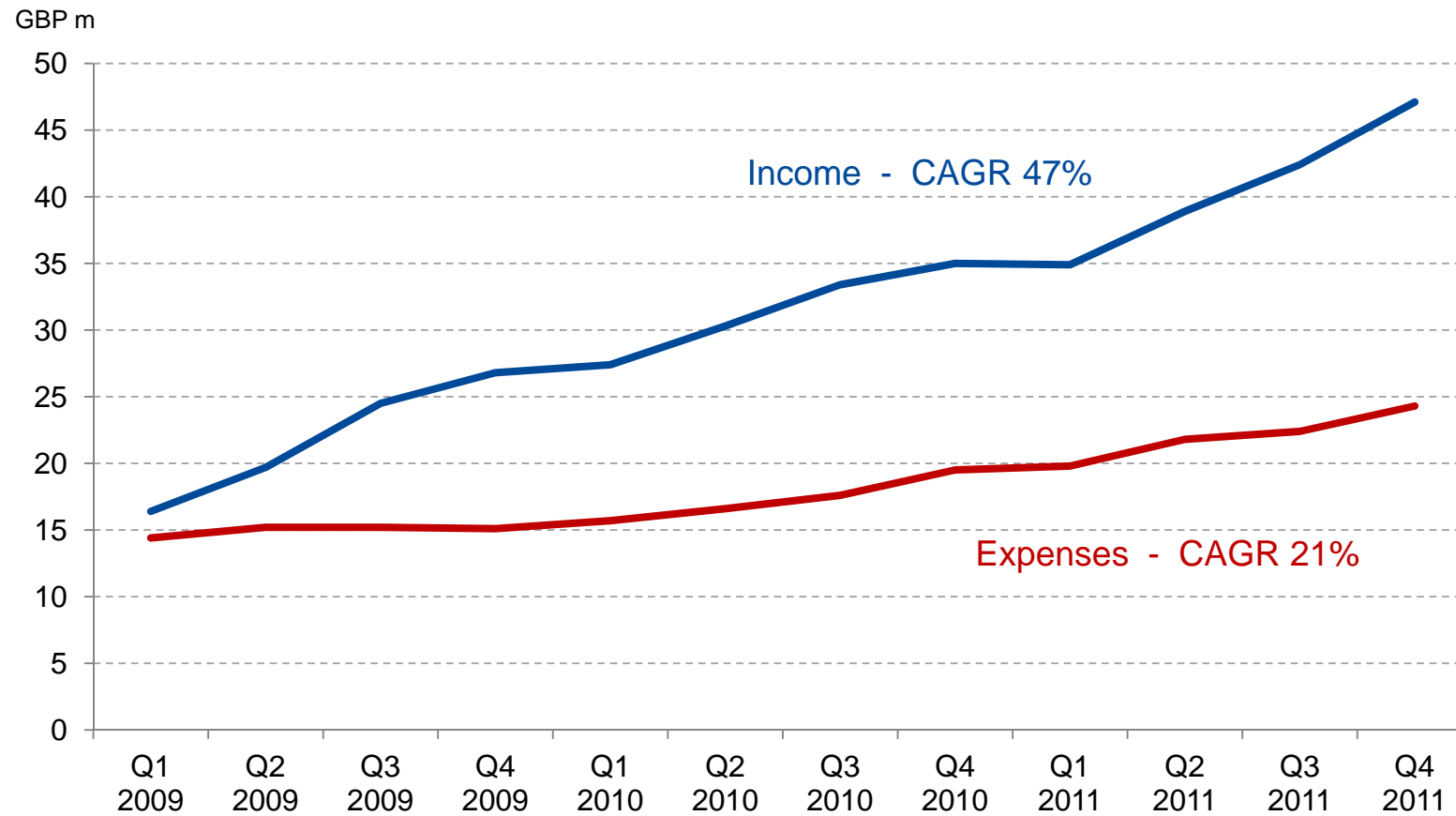
# Income and expenses trend, newly opened branches in the UK

Refers to the average of 101 branches opened in the UK 2000 – 2011



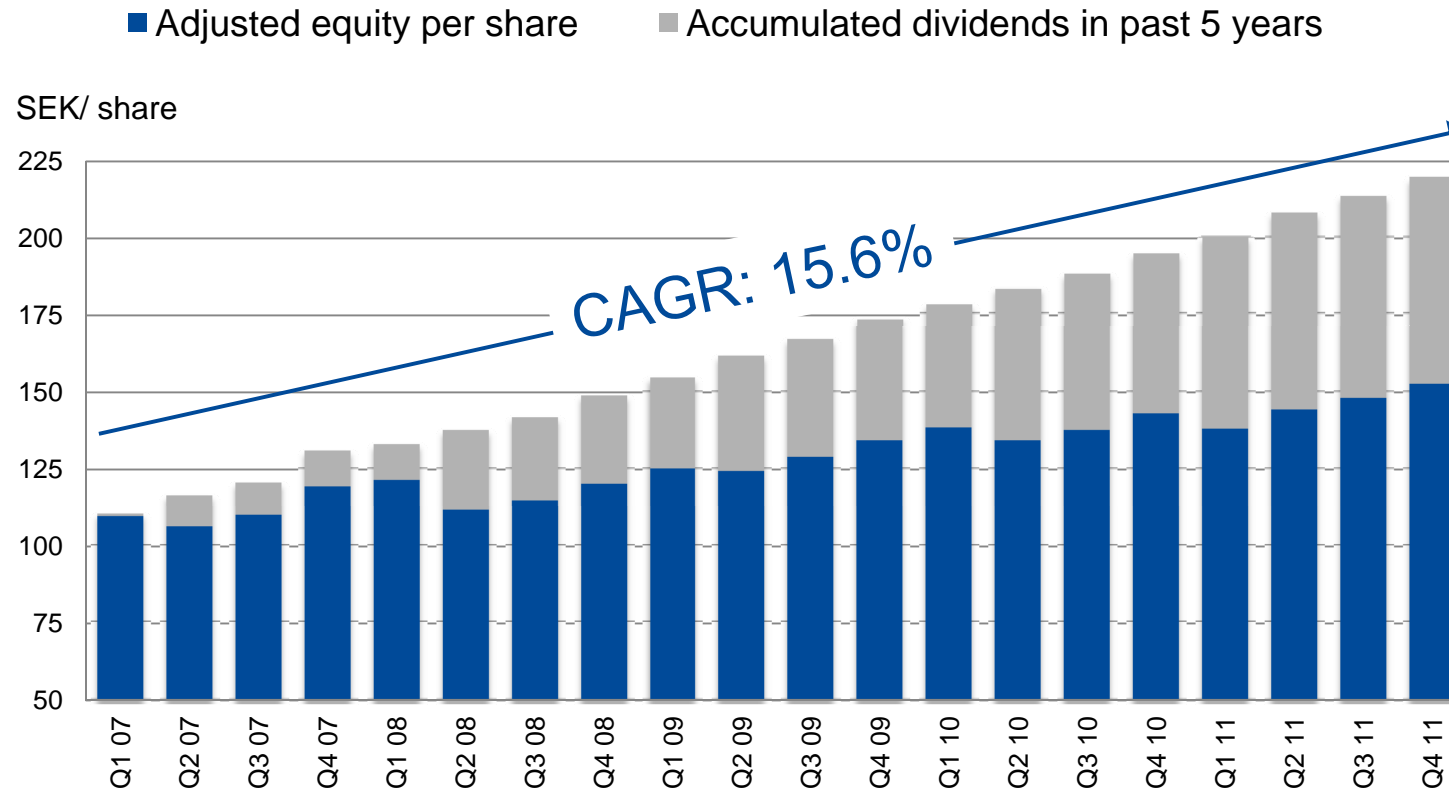
In order to eliminate the effects of exchange rate movements, the GBP exchange rate = SEK 11.00 for the whole period.

## Income and expenses trend, branches in the UK



Number of branches: 60	→	104
C/I-ratio, %: 82	→	51

# Average annual growth in equity including dividends



Dividends reinvested in RoE per quarter  
 CAGR, compounded annual growth rate



# Appendix

## Income statement, five quarters

SEK m	Q4 2011	Q3 2011	Q2 2011	Q1 2011	Q4 2010
Net interest income	6,357	6,066	5,683	5,507	5,612
Net fee and commission income	1,877	1,903	1,949	1,944	2,127
Net gains/losses on financial items at fair value	63	284	308	361	276
Risk result - insurance	38	52	38	81	67
Other income	39	23	191	45	46
<b>Total income</b>	<b>8,374</b>	<b>8,328</b>	<b>8,169</b>	<b>7,938</b>	<b>8,128</b>
Staff costs	-2,510	-2,498	-2,477	-2,457	-2,466
Other expenses	-1,512	-1,318	-1,385	-1,307	-1,531
<b>Total expenses</b>	<b>-4,022</b>	<b>-3,816</b>	<b>-3,862</b>	<b>-3,764</b>	<b>-3,997</b>
<b>Profit before loan losses</b>	<b>4,352</b>	<b>4,512</b>	<b>4,307</b>	<b>4,174</b>	<b>4,131</b>
Net loan losses	-243	-157	-172	-244	-293
Disposal tangible / intangible assets	1	5	1	0	-5
<b>Operating profit</b>	<b>4,110</b>	<b>4,360</b>	<b>4,136</b>	<b>3,930</b>	<b>3,833</b>
Operating profit discontinued operations	37	39	60	63	65
<b>Total operating profit</b>	<b>4,147</b>	<b>4,399</b>	<b>4,196</b>	<b>3,993</b>	<b>3,898</b>

## Income statement, quarterly change

SEK m	Q4 2011	Q3 2011	Change
Net interest income	6,357	6,066	5%
Net fee and commission income	1,877	1,903	-1%
Net gains/losses on financial items at fair value	63	284	-78%
Risk result - insurance	38	52	-27%
Other income	39	23	
<b>Total income</b>	<b>8,374</b>	<b>8,328</b>	<b>1%</b>
Staff costs	-2,510	-2,498	0%
Other expenses	-1,512	-1,318	15%
<b>Total expenses</b>	<b>-4,022</b>	<b>-3,816</b>	<b>5%</b>
<b>Profit before loan losses</b>	<b>4,352</b>	<b>4,512</b>	<b>-4%</b>
Net loan losses	-243	-157	55%
Disposal tangible / intangible assets	1	5	
<b>Operating profit</b>	<b>4,110</b>	<b>4,360</b>	<b>-6%</b>

## Change in net interest income

SEK m

<b>Net interest income Q3 2011</b>	<b>6,066</b>	
Deposits, branch offices in Sweden - margins	-17	
- volumes	32	
Lending, branch offices in Sweden - margins	100	
- volumes	22	
Deposits & lending, branch offices outside Sweden	113	
Mandatory government fees (deposit insurance, stabilisation fund etc)	43	
Exchange rate movements	9	
Benchmark effect	-10	
Other	-1	
<b>Change in net interest income</b>	<b>291</b>	
<b>Net interest income Q4 2011</b>	<b>6,357</b>	<b>5%</b>

## Change in net interest income

SEK m

<b>Net interest income 2010</b>	<b>21,337</b>	
Deposits, branch offices in Sweden - margins	1,770	
- volumes	278	
Lending, branch offices in Sweden - margins	115	
- volumes	519	
Deposits & lending, branch offices outside Sweden	193	
Mandatory government fees (deposit insurance, stabilisation fund etc)	-470	
Exchange rate movements	-326	
Benchmark effect	-104	
Other	301	
<b>Change in net interest income</b>	<b>2,276</b>	
<b>Net interest income 2011</b>	<b>23,613</b>	<b>11%</b>

## Fee to the Stabilisation Fund, January – December

<b>SEK bn</b>	<b>2011</b>
Total liabilities and equity	2,782
Reduction for total equity, untaxed reserves and subordinated loans	-185
Reduction for intercompany liabilities	-348
<b>Basis for calculation of fee</b>	<b>2,249</b>
<b>SEK m</b>	
Fee 0.036%	810
No reduction from 2011	
<b>Total fee, January - December 2011</b>	<b>810</b>

## Fees and commissions

<b>SEK m</b>	<b>Full year 2011</b>	<b>Full year 2010</b>	<b>Change</b>
Brokerage and other securities commissions	1,400	1,867	-25%
Mutual funds	1,639	1,590	3%
Custody	370	374	-1%
Advisory services	212	223	-5%
Insurance	647	605	7%
Payments	2,568	2,455	5%
Lending and deposits	1,239	1,231	1%
Guarantees	475	521	-9%
Other	426	428	0%
<b>Commission income</b>	<b>8,976</b>	<b>9,294</b>	<b>-3%</b>
Commission expense	-1,303	-1,272	2%
<b>Net fee and commission income</b>	<b>7,673</b>	<b>8,022</b>	<b>-4%</b>

## Fees and commissions, quarterly change

<b>SEK m</b>	<b>Q4 2011</b>	<b>Q3 2011</b>	<b>Change</b>
Brokerage and other securities commissions	315	310	2%
Mutual funds	370	402	-8%
Custody	84	89	-6%
Advisory services	51	62	-18%
Insurance	124	203	-39%
Payments	677	650	4%
Lending and deposits	350	315	11%
Guarantees	125	112	12%
Other	119	99	20%
<b>Commission income</b>	<b>2,215</b>	<b>2,242</b>	<b>-1%</b>
Commission expense	-338	-339	0%
<b>Net fee and commission income</b>	<b>1,877</b>	<b>1,903</b>	<b>-1%</b>

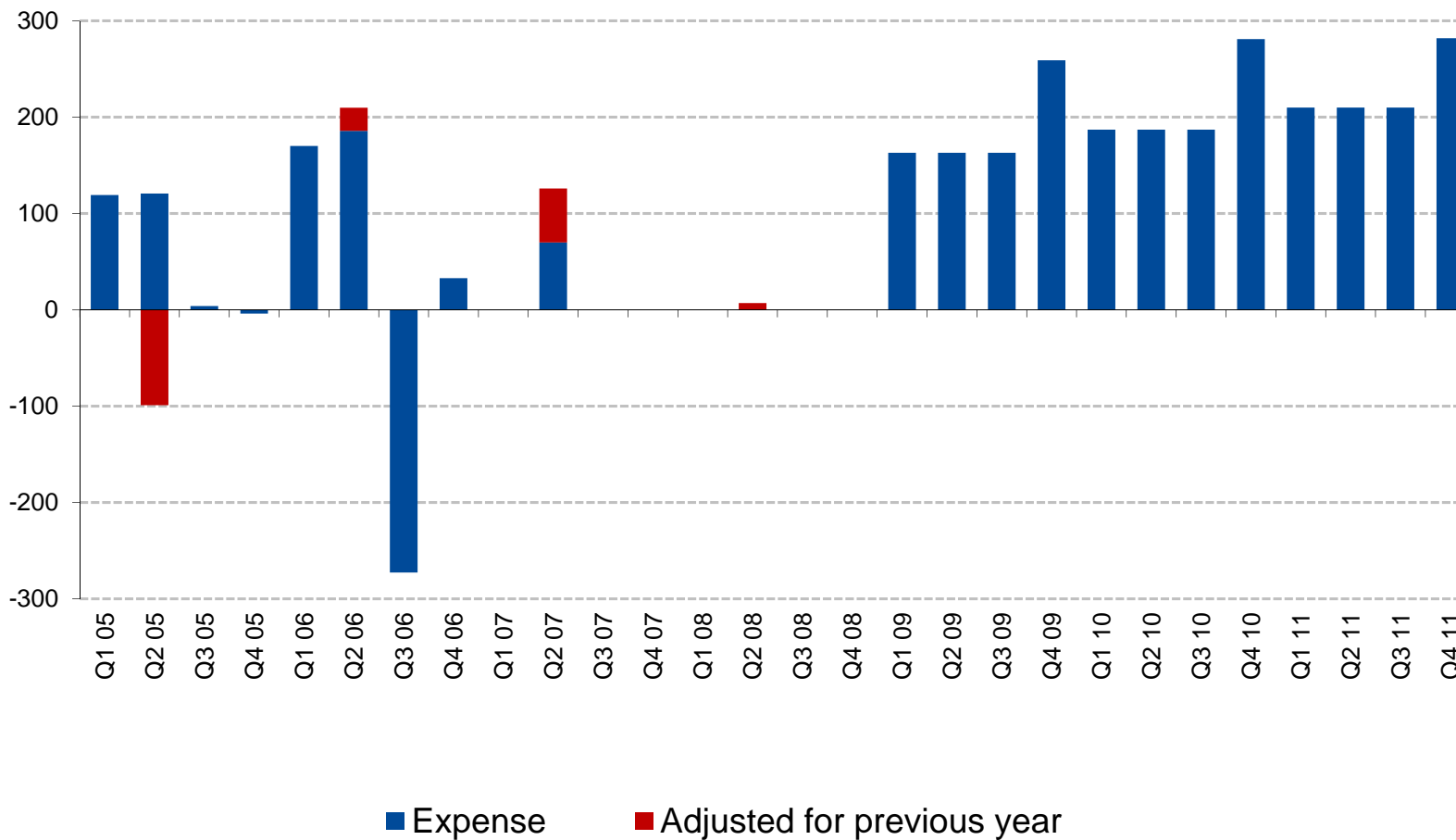


## Equity-related commissions

<b>SEK m</b>	<b>Q4 2011</b>	<b>Q3 2011</b>	<b>Q2 2011</b>	<b>Q1 2011</b>	<b>Q4 2010</b>
Brokerage	302	300	344	392	498
Mutual funds and custody	447	481	499	537	525
Corporate finance	51	62	55	44	73
Commission expense	-59	-59	-45	-52	-54
<b>Total</b>	<b>741</b>	<b>784</b>	<b>853</b>	<b>921</b>	<b>1,042</b>

# Oktagonen quarterly 2005 – 2011

SEK m

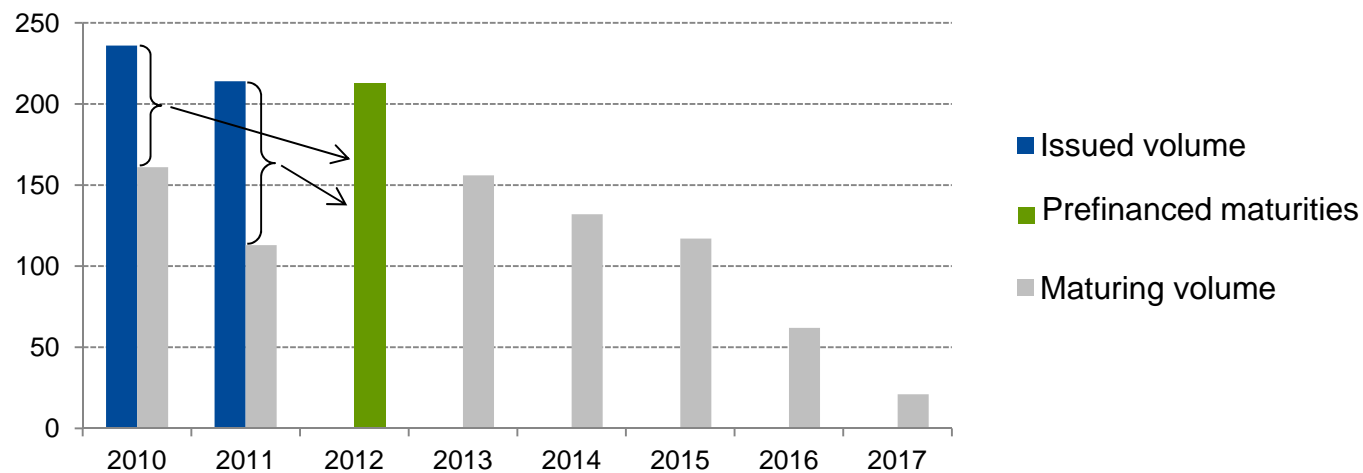


## Key ratios

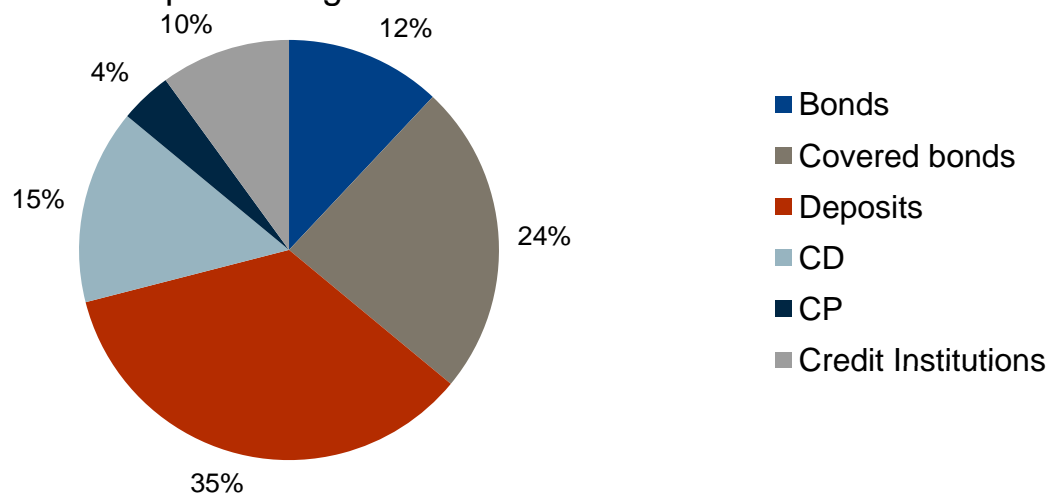
	<b>Full year 2011</b>	<b>Full year 2010</b>
Return on equity, total operations	13.5%	12.9%
Return on equity, continuing operations	13.4%	12.6%
C/I ratio, continuing operations	47.1%	48.0%
Earnings per share, total operations, SEK	19.78	17.72
- after dilution	19.39	17.44

# Funding

SEK bn Bond issues and maturity structure



Group's lending structure



## Effective tax rate

Q4 2011	26.7%
Q3 2011	27.1%
Q4 2010	26.9%
January – December 2011	26.4%
January – December 2010	26.8%

## Balance sheet

<b>SEK bn</b>	<b>31 Dec 2011</b>	<b>31 Dec 2010</b>	<b>Change</b>
Loans to the public	1,591	1,514	5%
Loans to other credit institutions	107	123	-14%
Interest-bearing securities	104	119	-13%
Other assets	652	397	64%
<b>Total assets</b>	<b>2,454</b>	<b>2,154</b>	<b>14%</b>
Deposits and borrowing from the public	725	564	28%
Due to credit institutions	202	252	-20%
Issued securities	1,140	964	18%
Other liabilities	294	286	3%
Total equity	95	88	7%
<b>Total liabilities and equity</b>	<b>2,454</b>	<b>2,154</b>	<b>14%</b>

## Loans to the public, quarterly

	Q4 2011	Q3 2011	Q2 2011	Q1 2011	Q4 2010
<b>Average volumes, SEK bn</b>					
Household	580	575	566	557	552
Corporate	489	487	479	460	457
<b>Branch office operations in Sweden</b>	<b>1,069</b>	<b>1,062</b>	<b>1,045</b>	<b>1,017</b>	<b>1,009</b>
Household	166	161	153	146	143
Corporate	327	317	304	296	306
<b>Branch office operations outside Sweden</b>	<b>493</b>	<b>478</b>	<b>457</b>	<b>442</b>	<b>449</b>
<b>Other operations</b>	<b>32</b>	<b>34</b>	<b>50</b>	<b>27</b>	<b>17</b>
Household	746	736	720	704	695
Corporate	848	838	832	782	780
<b>Total loans to the public</b>	<b>1,594</b>	<b>1,574</b>	<b>1,552</b>	<b>1,486</b>	<b>1,475</b>

## Deposits from the public, quarterly

Average volumes, SEK bn	Q4 2011	Q3 2011	Q2 2011	Q1 2011	Q4 2010
Household	201	198	194	191	190
Corporate	162	157	155	156	148
<b>Branch office operations in Sweden</b>	<b>363</b>	<b>355</b>	<b>349</b>	<b>347</b>	<b>338</b>
Household	44	43	41	39	40
Corporate	118	109	103	103	102
<b>Branch office operations outside Sweden</b>	<b>162</b>	<b>152</b>	<b>144</b>	<b>142</b>	<b>142</b>
<b>Other operations</b>	<b>186</b>	<b>153</b>	<b>122</b>	<b>106</b>	<b>61</b>
Household	245	241	235	230	230
Corporate	466	419	380	365	311
<b>Total deposits from the public</b>	<b>711</b>	<b>660</b>	<b>615</b>	<b>595</b>	<b>541</b>



## Home markets outside Sweden – average lending volumes

	Q4 2011	Q3 2011	Change
<b>Private, local currency</b>			
Denmark, DKK bn	22.6	22.1	2.3%
Finland, EUR m	3,262	3,253	0.3%
Norway, NOK bn	65.9	64.6	2.0%
Great Britain, GBP m	2,197	2,029	8.3%
<b>Corporate, local currency</b>			
Denmark, DKK bn	23.8	21.6	10.2%
Finland, EUR m	6,887	6,855	0.5%
Norway, NOK bn	102.1	100.3	1.8%
Great Britain, GBP m	6,326	5,900	7.2%

## Home markets outside Sweden – average lending volumes

	31 Dec 2011	31 Dec 2010	Change
<b>Private, local currency</b>			
Denmark, DKK bn	21.9	19.5	12.3%
Finland, EUR m	3,239	3,160	2.5%
Norway, NOK bn	63.5	55.3	14.8%
Great Britain, GBP m	1,936	1,324	46.2%
<b>Corporate, local currency</b>			
Denmark, DKK bn	21.1	20.1	5.0%
Finland, EUR m	6,768	6,745	0.3%
Norway, NOK bn	101.0	102.1	-1.1%
Great Britain, GBP m	5,692	4,769	19.4%

## Home markets outside Sweden – average deposit volumes

	Q4 2011	Q3 2011	Change
<b>Private, local currency</b>			
Denmark, DKK bn	8.7	8.7	0.0%
Finland, EUR m	1,348	1,277	5.6%
Norway, NOK bn	11.9	12.0	-0.8%
Great Britain, GBP m	400	353	13.3%
<b>Corporate, local currency</b>			
Denmark, DKK bn	12.9	11.2	15.2%
Finland, EUR m	2,120	1,671	26.9%
Norway, NOK bn	35.6	35.9	-0.8%
Great Britain, GBP m	1,763	1,636	7.8%

## Home markets outside Sweden – average deposit volumes

	31 Dec 2011	31 Dec 2010	Change
<b>Private, local currency</b>			
Denmark, DKK bn	8.4	8.5	-1.2%
Finland, EUR m	1,266	1,263	0.2%
Norway, NOK bn	11.5	9.6	19.8%
Great Britain, GBP m	367	335	9.6%
<b>Corporate, local currency</b>			
Denmark, DKK bn	11.6	12.3	-5.7%
Finland, EUR m	1,936	2,515	-23.0%
Norway, NOK bn	37.4	33.2	12.7%
Great Britain, GBP m	1,461	1,071	36.4%