

Handelsbanken

January - March 2010

28 April 2010

Summary

January – March 2010 compared with January – March 2009

Increasing earnings per share – up 14 percent compared with Q4 2009

Operating profit increased by 18 percent compared with Q4 2009 and was unchanged compared with the previous year despite unusually high trading income in Q1 2009

Lower expenses and decreasing loan losses

Impaired loans are falling

Tier 1 ratio continued to rise to 14.6 percent and return on equity grew during the quarter to 13.5 percent despite reinforced capitalisation

Stable deposit margin after five quarters with a declining trend

Bond issues at SEK 106 billion corresponding to two thirds of the maturing volume in 2010

Income statement, January – March

SEK m	2010	2009	Change %
Net interest income	5,316	5,393	-1
Net fee and commission income	1,983	1,739	14
Net gains/losses on financial items at fair value	500	1,141	-56
Other income	210	113	86
Total income	8,009	8,386	-4
Staff costs	-2,356	- 2,442	-4
Other expenses	-1,310	-1,242	5
Total expenses	-3,666	-3,684	0
Profit before loan losses	4,343	4,702	-8
Loan losses	-551	-896	-39
Disposal prop. equipmt./ intang. assets	0	0	0
Operating profit	3,792	3,806	0

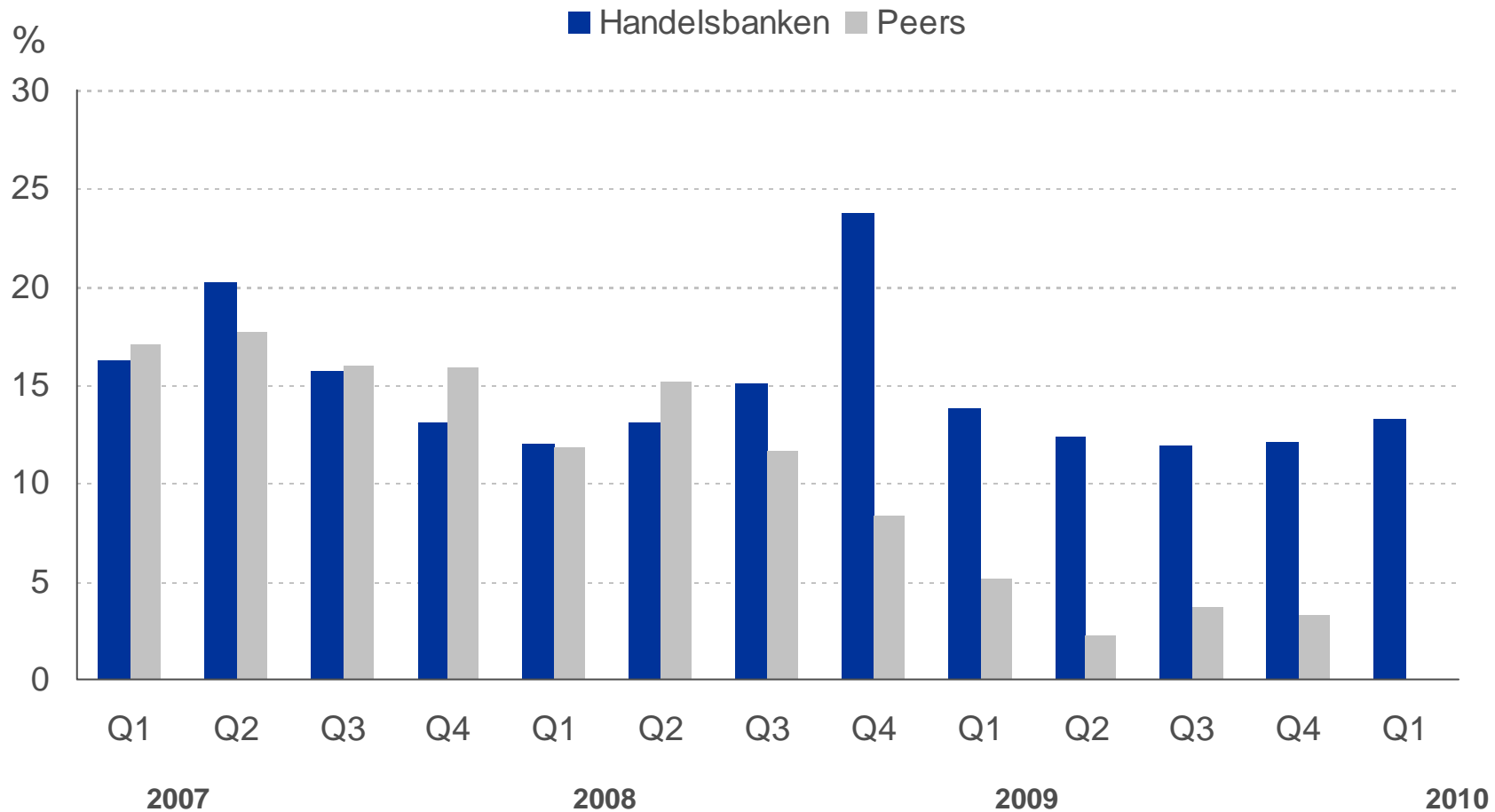
Income statement, quarterly change

SEK m	Q1 2010	Q4 2009	Change %
Net interest income	5,316	5,359	-1
Net fee and commission income	1,983	1,995	-1
Net gains/losses on financial items at fair value	500	497	1
Risk result - insurance	37	31	19
Other income	173	85	104
Total income	8,009	7,967	1
Staff costs	-2,356	-2,586	-9
Other expenses	-1,310	-1,472	-11
Total expenses	-3,666	-4,058	-10
Profit before loan losses	4,343	3,909	11
Net loan losses	-551	-691	-20
Disposal prop. equipmt./ intang. Assets	0	3	-100
Operating profit	3,792	3,221	18

Key ratios, January – March

	2010	2009	Change
Return on equity	13.5%	13.8%	
C/I-ratio	45.8%	43.9%	
Earnings per share total operations, SEK	4:59	4:43	
Capital ratio, Basel II	19.6%	16.7%	+2.9
Tier I ratio, Basel II	14.6%	11.6%	+3.0
Tier I capital, SEK bn	86	81	+5
Equity; SEK bn	85	78	+7

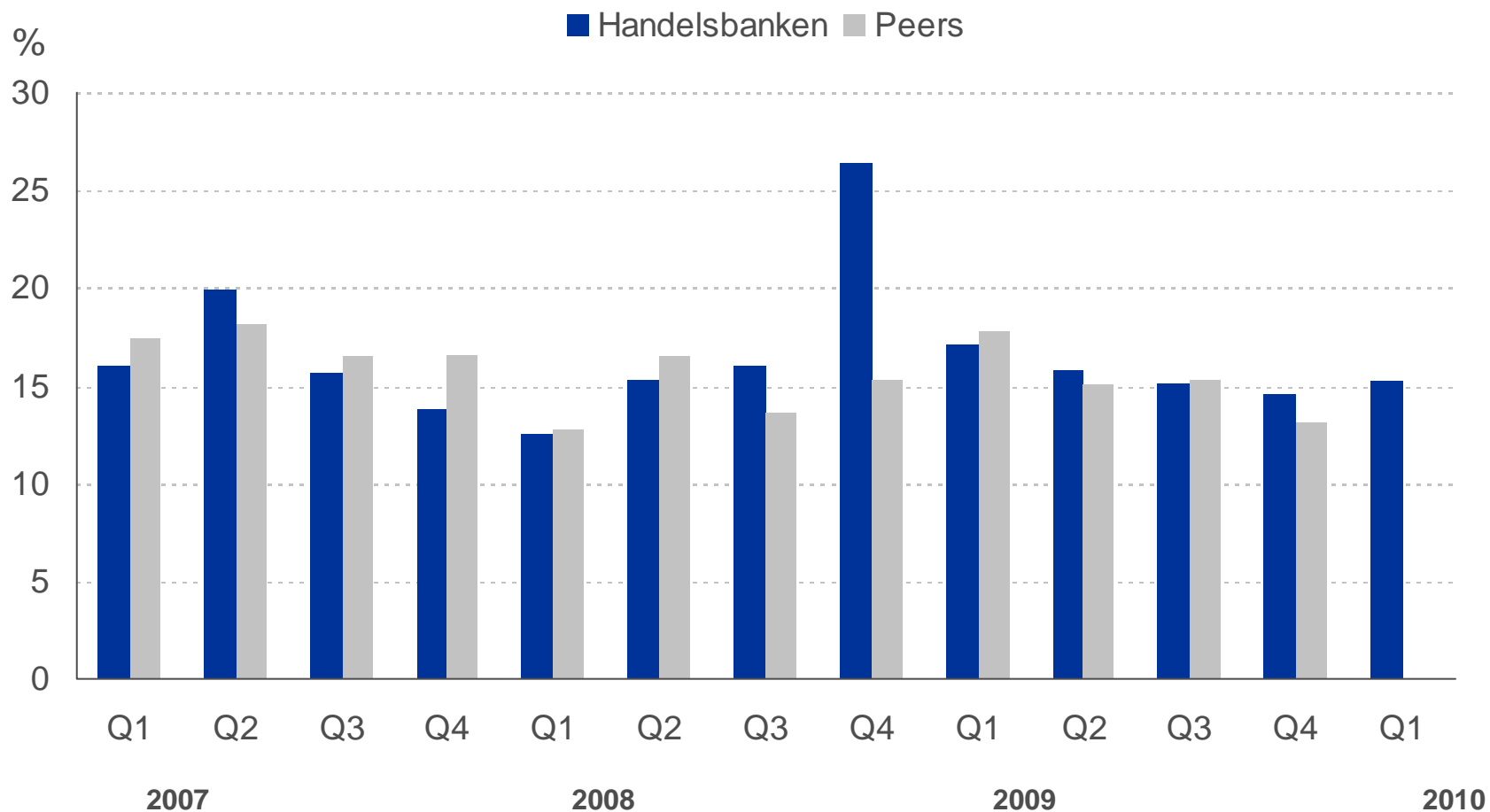
Return on equity



Handelsbanken: Published return on equity for continuing operations after tax

Peers (SEB, Nordea, Swedbank, Danske Bank, DnB NOR): Weighted average per quarter on return on equity after tax adjusted for items affecting comparability.

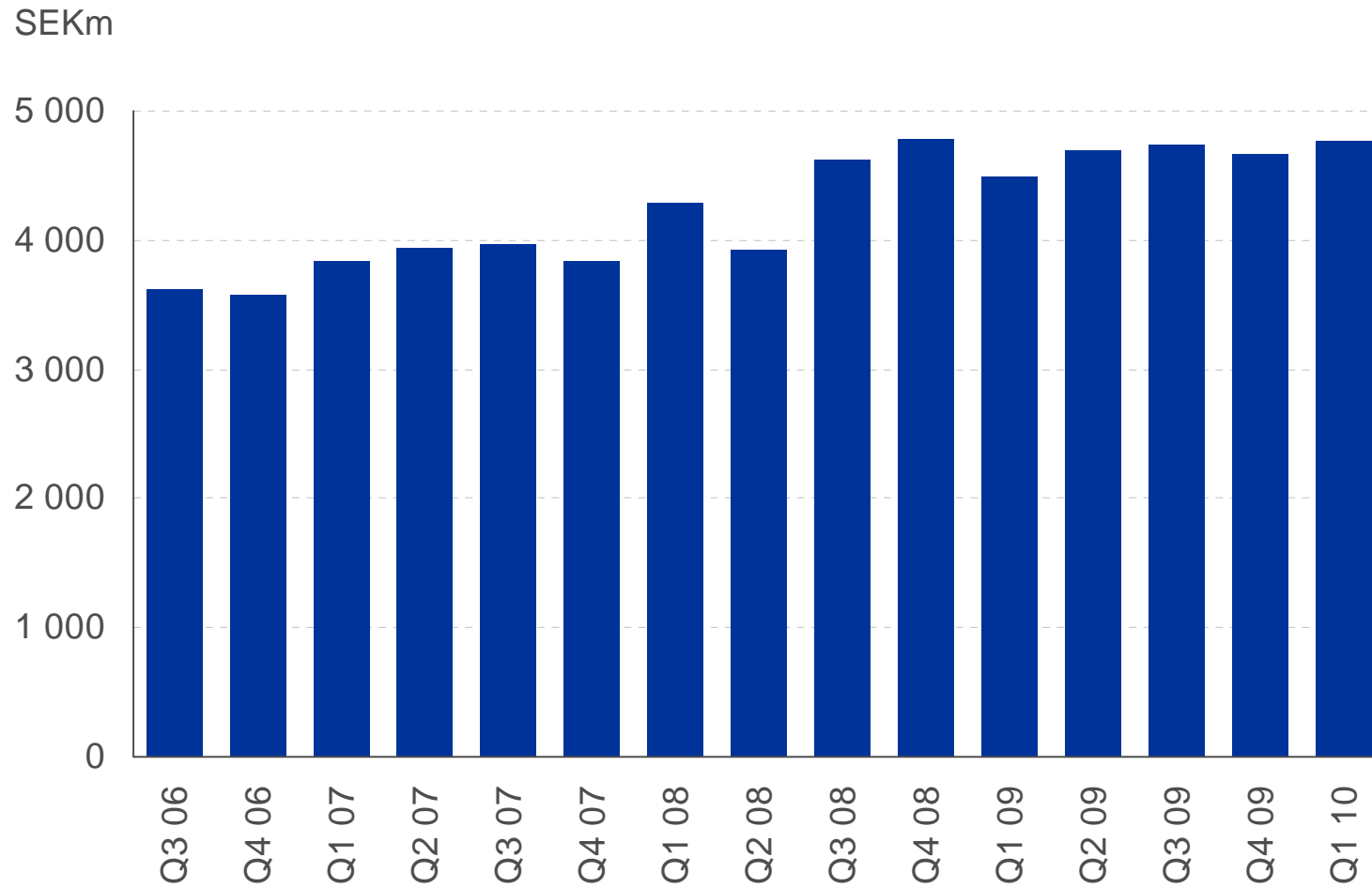
Return on equity before loan losses



Handelsbanken: Published return on equity for continuing operations before loan losses after tax

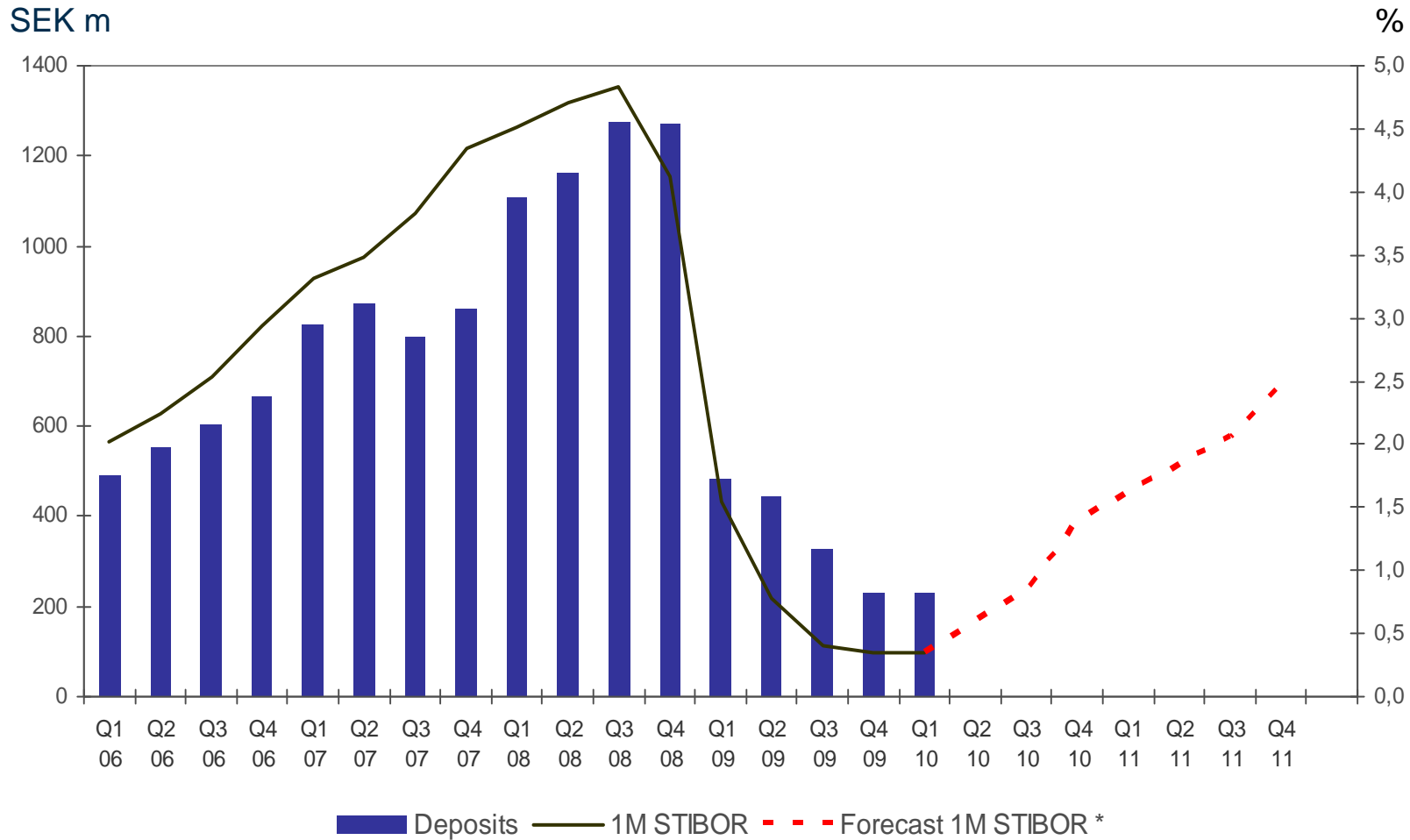
Peers (SEB, Nordea, Swedbank, Danske Bank, DnB NOR): Weighted average per quarter on return on equity after tax adjusted for items affecting comparability and loan losses.

Sum of interest income and loan losses



Earning capacity deposits SEK, quarterly

Swedish branch operations



Reference rate until 30 June 2008, 1M STIBOR and subsequently 3M STIBOR for variable deposits and loans.

* Source: Forward rates, Bloomberg

Change in net interest income

SEK m

Net interest income 2009	5,393	
Deposits, branch offices in Sweden - margins	-269	
- volumes	12	
Lending, branch offices in Sweden - margins	126	
- volumes	44	
Deposits and lending branch offices outside Sweden	226	
Mandatory fees (deposit insurance, stability fund etc)	12	
Exchange rate movements	-125	
Other	-103	
Change in net interest income	-77	
Net interest income 2010	5,316	-1%

3M STIBOR reference rate

Fees and commissions, January – March

SEK m	2010	2009	
Brokerage	467	445	5%
Mutual funds and custody	483	348	39%
Advisory services	39	51	-24%
Insurance	173	131	32%
Payments	570	585	-3%
Lending & deposits	330	251	31%
Guarantees	129	134	-4%
Other	85	94	-10%
Commission expenses	-293	-300	-2%
Total	1,983	1,739	14%

Net gains/losses on financial items at fair value

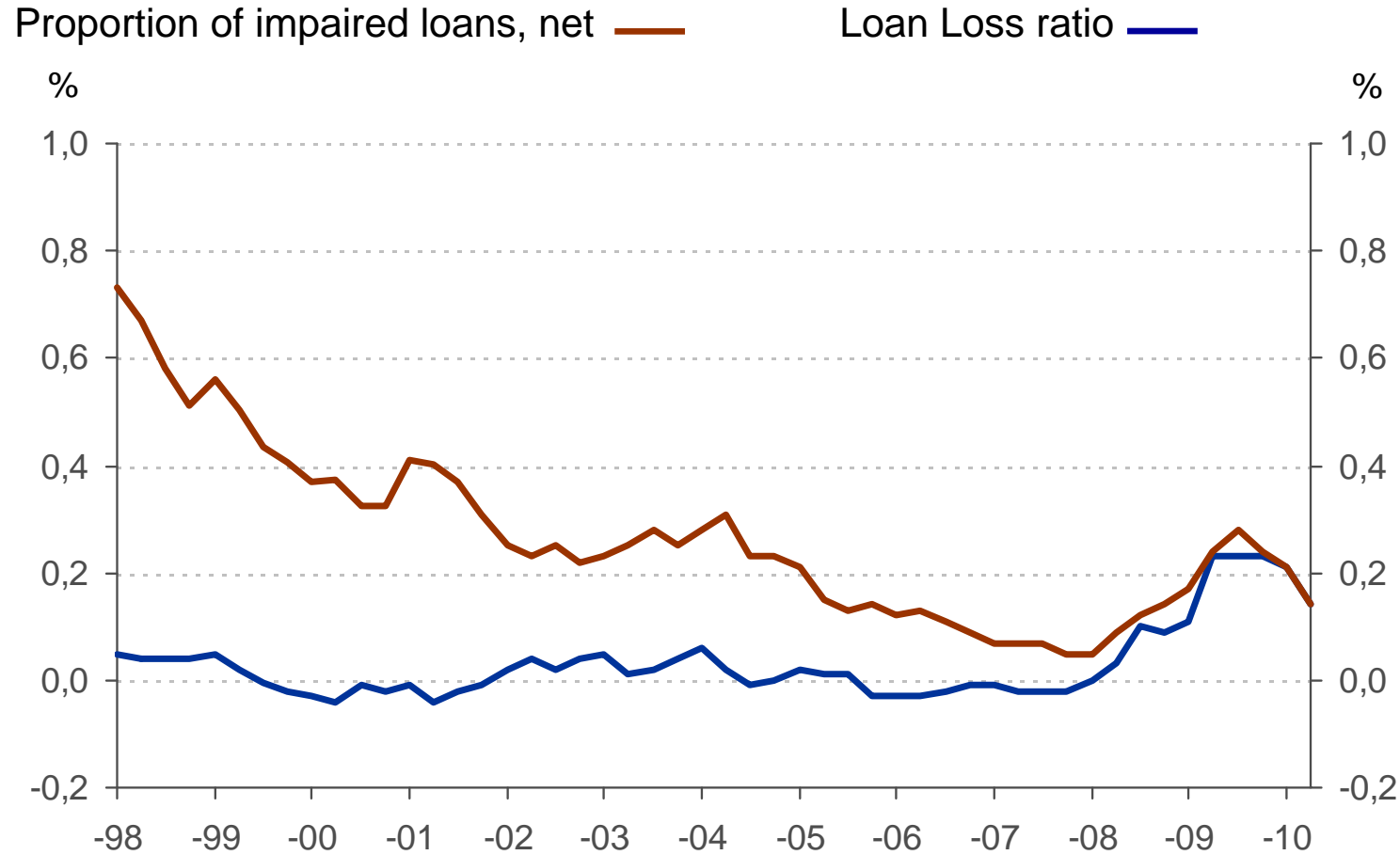


* Including fair value option.

Expenses, January – March

SEK m	2010	2009	Change	Change	Change
			SEK m	%	Q1-Q4%
Staff costs	-2,356	-2,442	-86	-3.5	-8.9
Other expenses	-1,195	-1,122	73	6.5	-13.0
Depreciation	-115	-120	-5	-4.2	16.2
Total expenses	-3,666	-3,684	-18	-0.5	-9.7
				% points	% points
Variable remuneration			91	2.5	-1.4
IAS19, pensions - corridor effect			-56	-1.5	-1.4
Oktagonen			24	0.6	-1.8
Exchange rate movements			-85	-2.3	-0.9
			-26	-0.7	-5.5
Running costs			8	0,2	-4.2
			-18	-0.5	-9.7

Impaired loans and loan losses as a percentage of lending



Branch office operations in Sweden

January – March 2010

Operating profit SEK	2,523m
RoE	17.5%
C/I ratio before loan losses	39.6%
Number of branch offices	461
Average number of employees	4,346

Average volumes, SEK bn

Loans	981
Deposits	328

Handelsbanken har kontor i Eriksberg, Göteborg

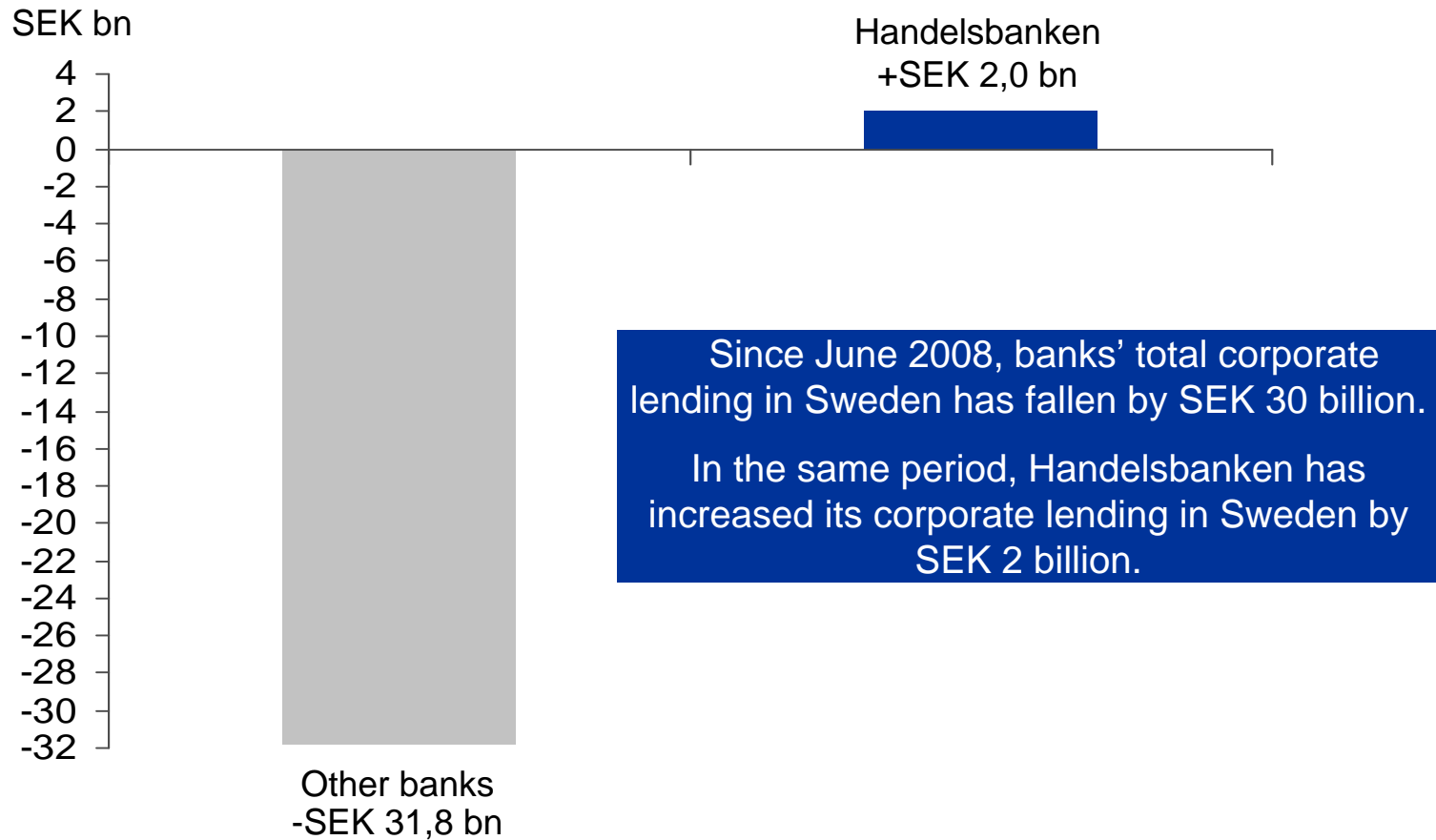


och på ytterligare 460 platser
i Sverige

Handelsbanken

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New loans to corporates in Sweden



Source: SCB

Refers to bank and mortgage loans to non-financial companies in Sweden during the period Jun 2008 – Feb 2010.

Household deposits in Sweden

SEK bn, end of period	Feb 2010	Dec 2009	Feb 2009	New loans	Share of new deposits
Handelsbanken	174.0	169.9	162.2	+11.8	30%
Other banks	783.3	772.2	755.3	+28.0	70%
Total market	957.3	942.1	917.5	+39.8	100%

Almost one third of all new household deposits in Sweden in the past 12 months have gone to Handelsbanken

Source: SCB

Refers to bank deposits, SEK bn.

Branch office operations outside Sweden

January – March 2010

Operating profit SEK	699m
RoE	7.7%
- excl. operating deficit	8.8%
Total income increased by	4%
Net interest income increased by	4%
C/I ratio before loan losses	50.0%
Number of branch offices	244
Average number of employees	2,886
<i>Average volumes, SEK bn</i>	
Loans	468
Deposits	153

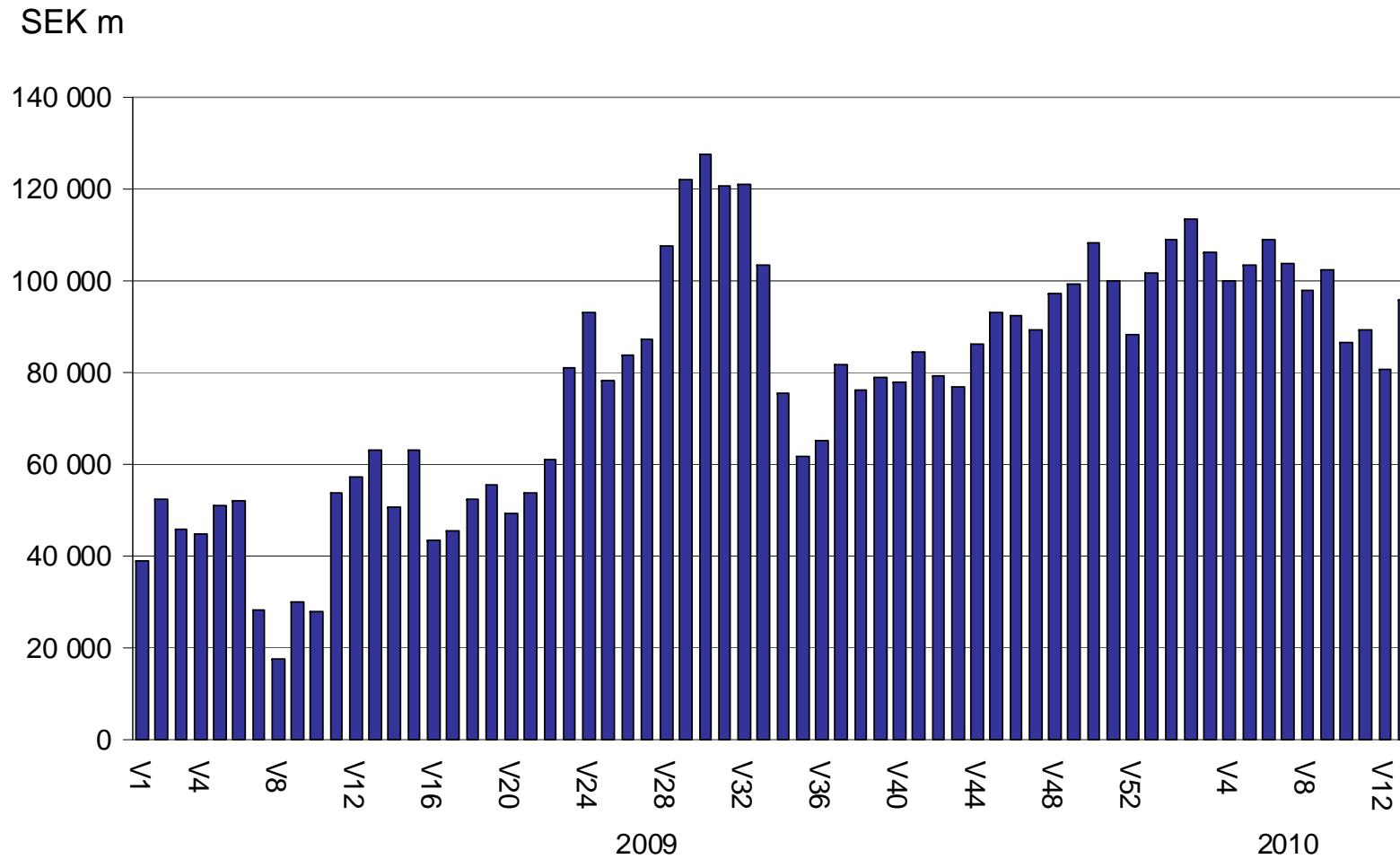
**Handelsbanken has a
branch in High Wycombe**



and in 65 other locations in
Great Britain

Handelsbanken

Handelsbanken's position with the Riksbanken

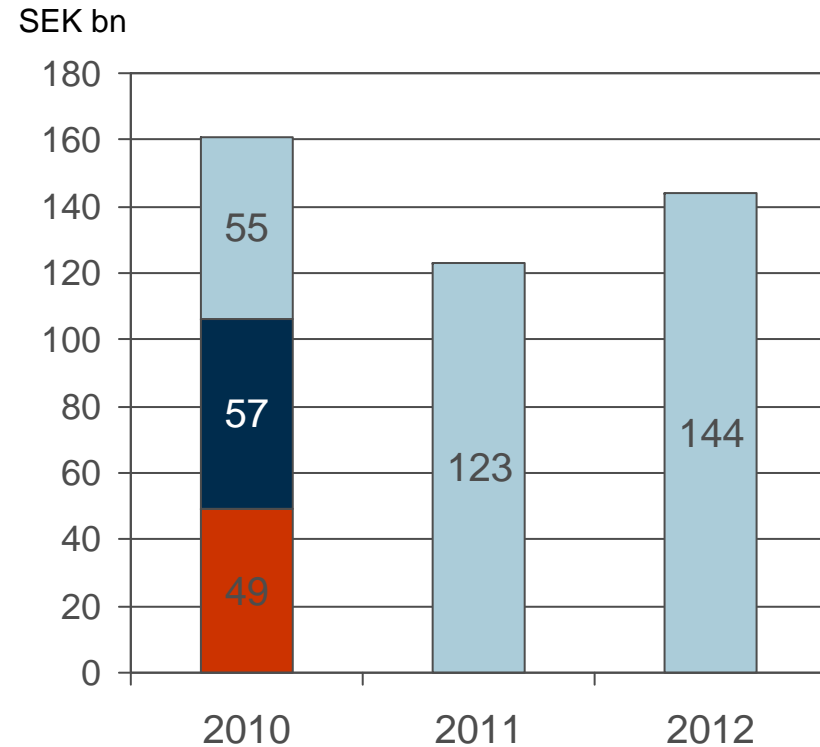


Maturing bonds and issued volume 2010

Bond issues in Q1 correspond to two thirds of SEK 161 billion in maturing volume in 2010

Issues in Q1:

- SEK 49bn in covered bonds
- SEK 57bn in bank bonds
- Maturities of 3-10 years



■ Issued covered bonds ■ Issued bank bonds
■ Maturing bond volume

Appendix

Income statement, five quarters

SEK m	Q1 2010	Q4 2009	Q3 2009	Q2 2009	Q1 2009
Net interest income	5,316	5,359	5,610	5,638	5,393
Net fee and commission income	1,983	1,995	1,803	1,856	1,739
Net gains/losses on financial items at fair value	500	497	278	541	1,141
Risk result – insurance	37	31	47	36	57
Other income	173	85	24	149	56
Total income	8,009	7,967	7,762	8,220	8,386
Staff costs	-2,356	-2,586	-2,451	-2,539	-2,442
Other expenses	-1,310	-1,472	-1,191	-1,297	-1,242
Total expenses	-3,666	-4,058	-3,642	-3,836	-3,684
Profit before loan losses	4,343	3,909	4,120	4,384	4,702
Loan losses, net	-551	-691	-866	-939	-896
Disposal prop. equipmt./ intang. Assets	0	3	1	0	0
Operating profit, continuing operations	3,792	3,221	3,255	3,445	3,806
Operating profit, discontinued operations	42	12	125	0	15
Operating profit, incl. discount. op.	3,834	3,233	3,267	3,445	3,821

Performance for the Group, five quarters

SEK m	Q1 2010	Q4 2009	Q3 2009	Q2 2009	Q1 2009
Total income	8,009	7,967	7,762	8,220	8,386
Total expenses	-3,666	-4,058	-3,642	-3,836	-3,684
Profit before loan losses	4,343	3,909	4,120	4,384	4,702
Loan losses, net	-551	-691	-866	-939	-896
Operating profit, incl. discount. op.	3,834	3,233	3,267	3,445	3,821
Earnings per share	4:59	4:04	3:91	4:06	4:43

Change in net interest income

SEK m

Net interest income Q4 2009	5,359	
Deposits, branch offices in Sweden - margins	0	
- volumes	0	
Lending, branch offices in Sweden - margins	38	
- volumes	14	
Deposits & Lending, branch offices outside Sweden	-91	
Mandatory fees (deposit insurance, stability fund etc)	-4	
Exchange rate movements	-31	
Other	31	
Change in net interest income	-43	
Net interest income Q1 2010	5,316	-1%

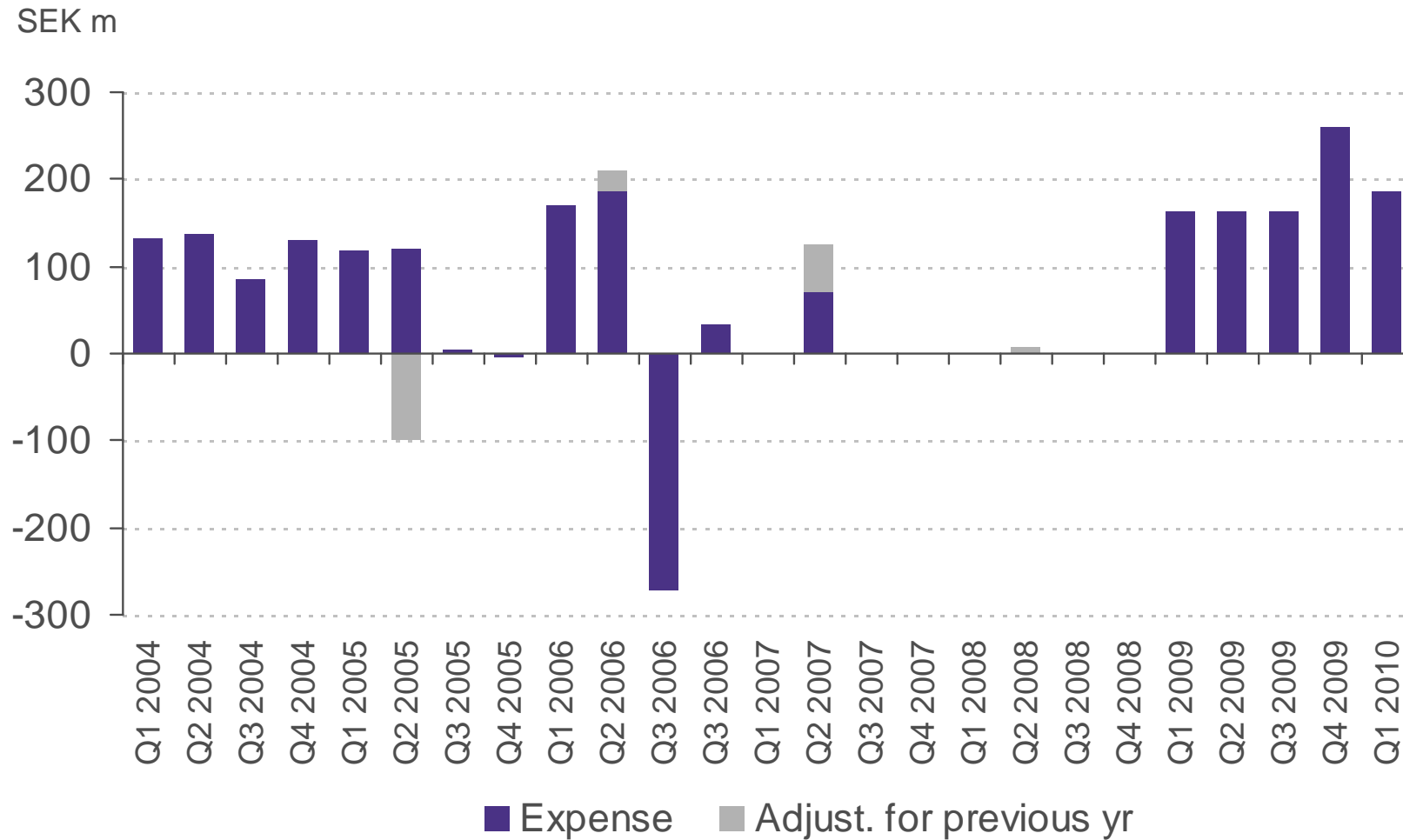
3M STIBOR reference.rate

Fee to the Stabilisation fund, January – March

SEK bn	2010
Total liabilities and equity	2,445
Reduction for total equity, untaxed reserves and subordinated loans	-175
Reduction for intercompany liabilities	-281
Basis for calculation of fee*	1,989
SEK m	
Fee 0.036%	716
Reduction 50% during 2009 and 2010	-358
Total fee 2010	358
Accrued fee, Q1	90

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

Oktagonen quarterly 2004 – 2010



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-March 2010: 25.5% (Q4 2009: 22.4%, Q3 2009: 25.5% and Q1 2009: 27.6%)

Balance sheet, 31 March

			Change
SEK bn	2010	2009	%
Loans to the public	1,468	1,518	-3
Loans to credit institutions	178	198	-10
Interest-bearing securities	191	242	-21
Other assets	385	317	21
Total assets	2,222	2,275	-2
Deposits and borrowing from the public	581	566	3
Due to credit institutions	218	366	-40
Issued securities	1,026	908	13
Other liabilities	312	357	-13
Shareholders' equity	85	78	9
Total liabilities and equity	2,222	2,275	-2

Loans to the public, quarterly

Average volumes	Q1	Q4	Q3	Q2	Q1
SEK bn	2010	2009	2009	2009	2009
Branch offices in Sweden	981	977	972	971	970
Private	515	505	494	483	476
Corporate	466	472	478	488	494
Branch offices outside Sweden	468	480	489	513	520
Private	142	142	138	140	139
Corporate	326	338	351	373	381
Other operations	14	19	17	17	19
Total	1,463	1,476	1,478	1,501	1,509
Private	657	647	632	622	615
Corporate	806	829	846	879	894

Deposits from the public, quarterly

Average volumes	Q1	Q4	Q3	Q2	Q1
SEK bn	2010	2009	2009	2009	2009
Branch offices in Sweden	328	329	324	313	314
Private	173	173	170	165	162
Corporate	155	156	154	148	152
Branch offices outside Sweden	153	186	178	174	168
Private	42	42	44	46	46
Corporate	111	144	134	128	122
Other operations	69	34	34	49	50
Total	550	549	536	536	532
Private	215	215	215	211	208
Corporate	335	334	321	325	324

Financial strength

