



**Handelsbanken**  
January – June 2009

21 July 2009



### **January - June 2009 compared with January – June 2008**

- Operating profit increased by 14% till SEK 7,251m (6,352)
- Return on shareholders' equity increased to 13.1% (12.9)
- Net interest income rose by 24% to SEK 11,031m (8,893)
- The C/I ratio improved to 45.3% (49.0)
- The average volume of loans increased by 13%
- Household deposits rose by 21%
- The capital ratio increased to 18.4% (16.1)
- Tier 1 capital according to Basel II went up to 12.6% (10.6)
- The liquidity reserve exceeded SEK 450bn

## Income statement, January - June

SEK m	2009	2008	Change %
Net interest income	11,031	8,893	24
Net fee and commission income	3,595	3,445	4
Net gains/losses on financial items at fair value	1,682	457	268
Other income	298	459	-35
<b>Total income</b>	<b>16,606</b>	<b>13,254</b>	<b>25</b>
Staff costs	-4,981	-3,929	27
Other expenses	-2,539	-2,567	-1
<b>Total expenses</b>	<b>-7,520</b>	<b>-6,496</b>	<b>16</b>
<b>Profit before loan losses</b>	<b>9,086</b>	<b>6,758</b>	<b>34</b>
Loan losses, net	-1,835	-678	171
Disposal prop. equipmt./ intang. assets	0	272	-100
<b>Operating profit</b>	<b>7,251</b>	<b>6,352</b>	<b>14</b>

## Income statement, Q2 2009 compared to Q1 2009

SEK m	Q2	Q1	Change %
Net interest income	5,638	5,393	5
Net fee and commission income	1,856	1,739	7
Net gains/losses on financial items at fair value	541	1,141	-53
Risk result - insurance	36	57	-57
Other income	149	56	166
<b>Total income</b>	<b>8,220</b>	<b>8,386</b>	<b>-2</b>
Staff costs	-2,539	-2,442	4
Other expenses	-1,297	-1,242	4
<b>Total expenses</b>	<b>-3,836</b>	<b>-3,684</b>	<b>4</b>
<b>Profit before loan losses</b>	<b>4,384</b>	<b>4,702</b>	<b>-7</b>
Net loan losses	-939	-896	5
Disposal prop. equipmt./ intang. assets	0	0	0
<b>Operating profit</b>	<b>3,445</b>	<b>3,806</b>	<b>-9</b>

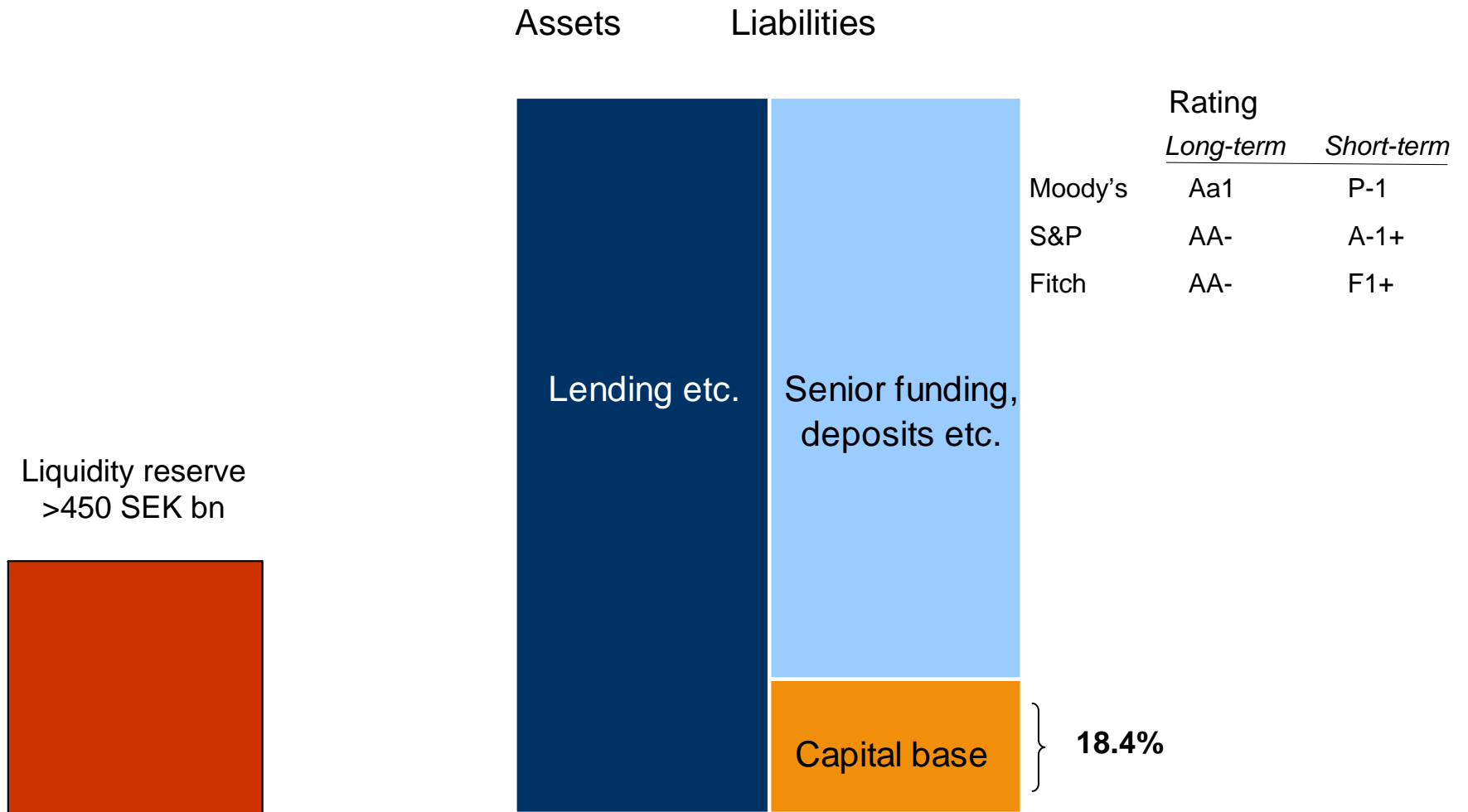
## Key ratios, January - June

	<b>2009</b>	<b>2008</b>
RoE, actual tax	13.1%	12.9%
RoE, after standard tax	13.3%	12.6%
C/I-ratio	45.3%	49,0%
Earnings per share continuing operations, SEK	8.47	7.51
moving 12 months	20.14	15.30

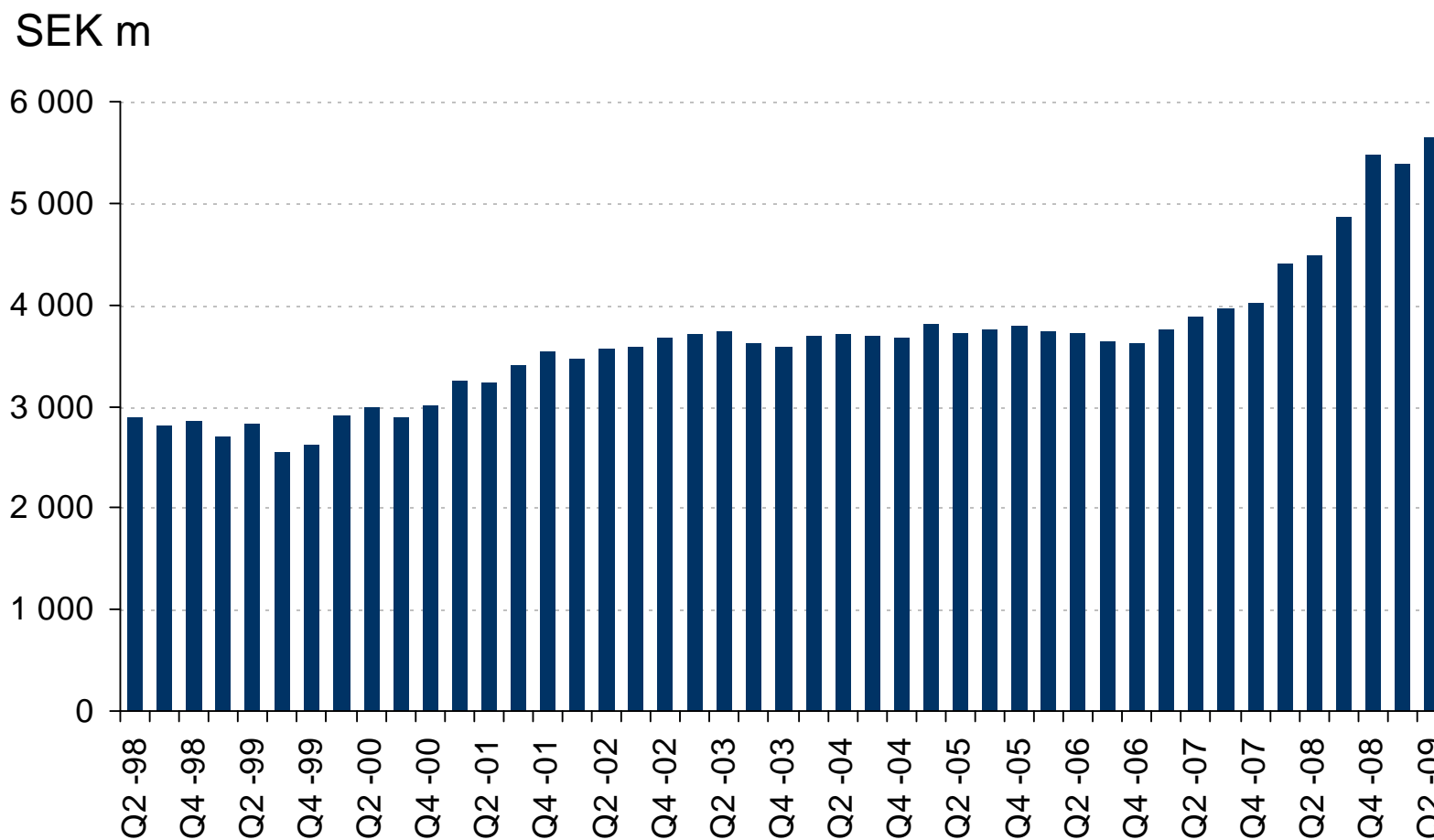
## Capital ratio and Tier I ratio, June 30

	<b>2009</b>	<b>2008</b>	<b>Change</b>
Capital ratio, Basel II	18.4%	16.1%	+ 2.3
Tier I ratio, Basel II	12.6%	10.6%	+ 2.0
Capital base, SEK m	122	105	+ 17
Tier I capital, SEK m	83	69	+ 14
Shareholders' equity, SEK m	77	70	+ 7

# Handelsbanken Group Financial strength



# Net interest income, quarterly





## Change in net interest income, Q2 compared to Q1

SEK m

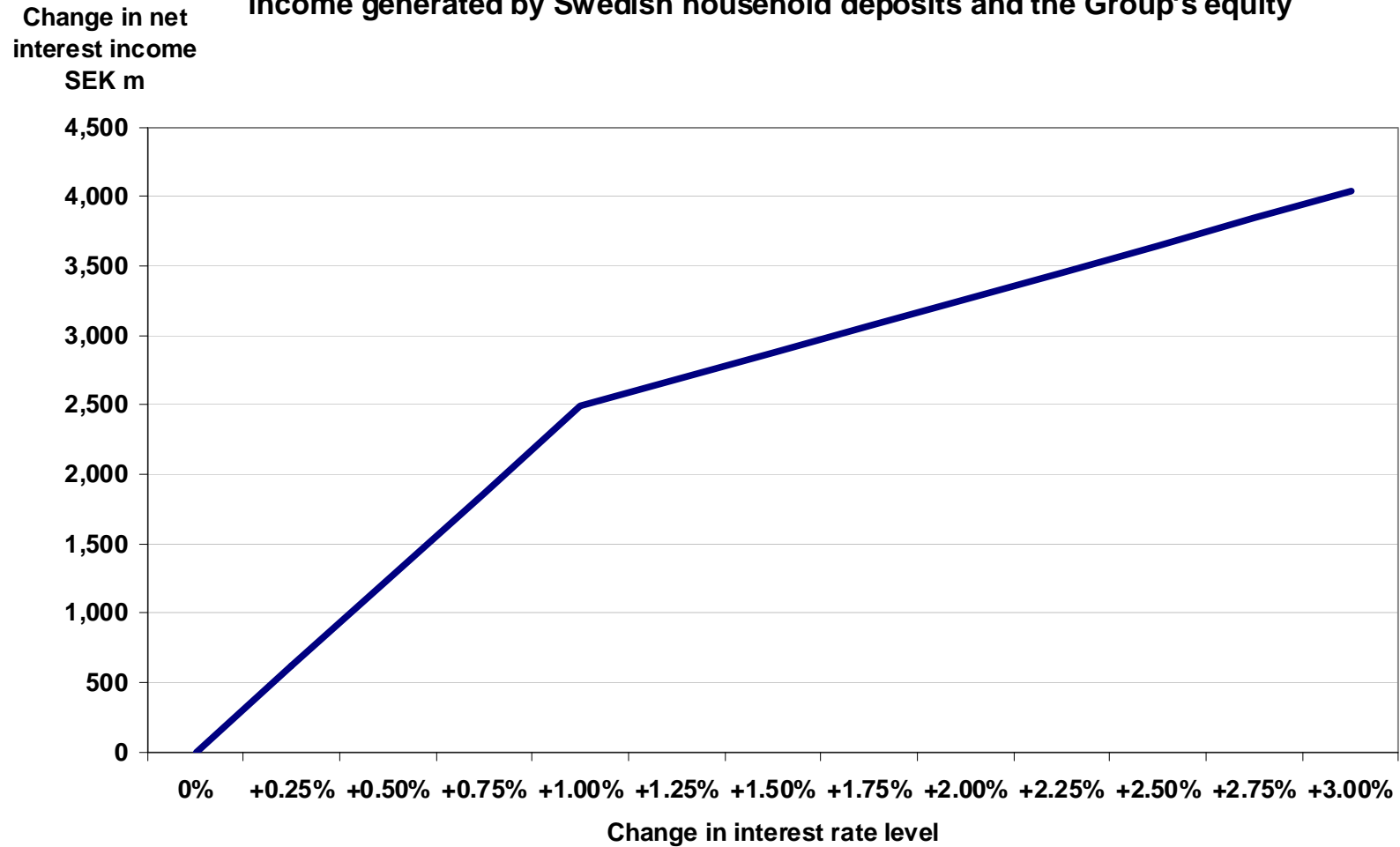
<b>Net interest income Q1 2009</b>	<b>5 393</b>	
Deposits in Sweden - margin	-40	
- volume	1	
Lending in Sweden - margin	13	
- volume	9	
Volume & margin branch offices outside Sweden	149	
Mandatory fees, deposit insurance, stability fund	46	
Other	67	
Change in net interest income	<b>245</b>	
<b>Net interest income Q2 2009</b>	<b>5 638</b>	<b>5%</b>

## Change in net interest income, January - June

SEK m	2009 vs. 2008
Deposit in Sweden - margin	-1 444
- volume	128
Lending in Sweden - margin	1 467
- volume	257
Volume & margin branch offices outside Sweden	1 016
Mandatory fees, deposit guarantees, stability fund	-234
Other	948
<b>Change in net interest income</b>	<b>2 138</b>

# Higher interest rates provide significant potential

Illustration of how changes in interest rate levels impact the net interest income generated by Swedish household deposits and the Group's equity



## Deposits from the public, January - June

Average volumes, SEK bn	2009	2008	Change %
<b>Branch offices in Sweden</b>			
Private	164	138	19
Corporate	150	138	9
<b>Total</b>	<b>314</b>	<b>276</b>	<b>14</b>
<b>Branch offices outside Sweden</b>			
Private	46	35	30
Corporate	125	104	20
<b>Total</b>	<b>171</b>	<b>139</b>	<b>23</b>
Other operations	49	72	-33
<b>Total</b>	<b>534</b>	<b>487</b>	<b>10</b>

## Loans to the public, January - June

Average volumes, SEK bn	2009	2008	Change %
<b>Branch offices in Sweden</b>			
Private	479	447	7
<i>Of which mortgage loans</i>	422	391	8
Corporate	491	464	6
<b>Total</b>	<b>970</b>	<b>911</b>	<b>7</b>
<b>Branch offices outside Sweden</b>			
Private	139	114	22
Corporate	377	285	33
<b>Total</b>	<b>516</b>	<b>399</b>	<b>30</b>
<b>Other operations</b>	<b>19</b>	<b>18</b>	<b>3</b>
<b>Total</b>	<b>1 505</b>	<b>1 328</b>	<b>13</b>

## Handelsbanken Group

# Fees and commissions

SEK m	Q2 2009	Q1 2009		Jan – Jun 09 / Jan – Jun 08	Q2 09/Q2 08
Brokerage	504	445	13%		
Mutual funds and custody	359	348	3%		
Advisory services	58	51	14%		
Insurance	132	131	1%		
Payments	584	585	0%		
Lending & deposits	269	251	7%		
Guarantees	134	134	0%		
Other	131	94	39%		
Commission expenses	-315	-300	5%		
<b>Total</b>	<b>1,856</b>	<b>1,739</b>	<b>7%</b>	<b>4%</b>	<b>9%</b>

## Handelsbanken Group

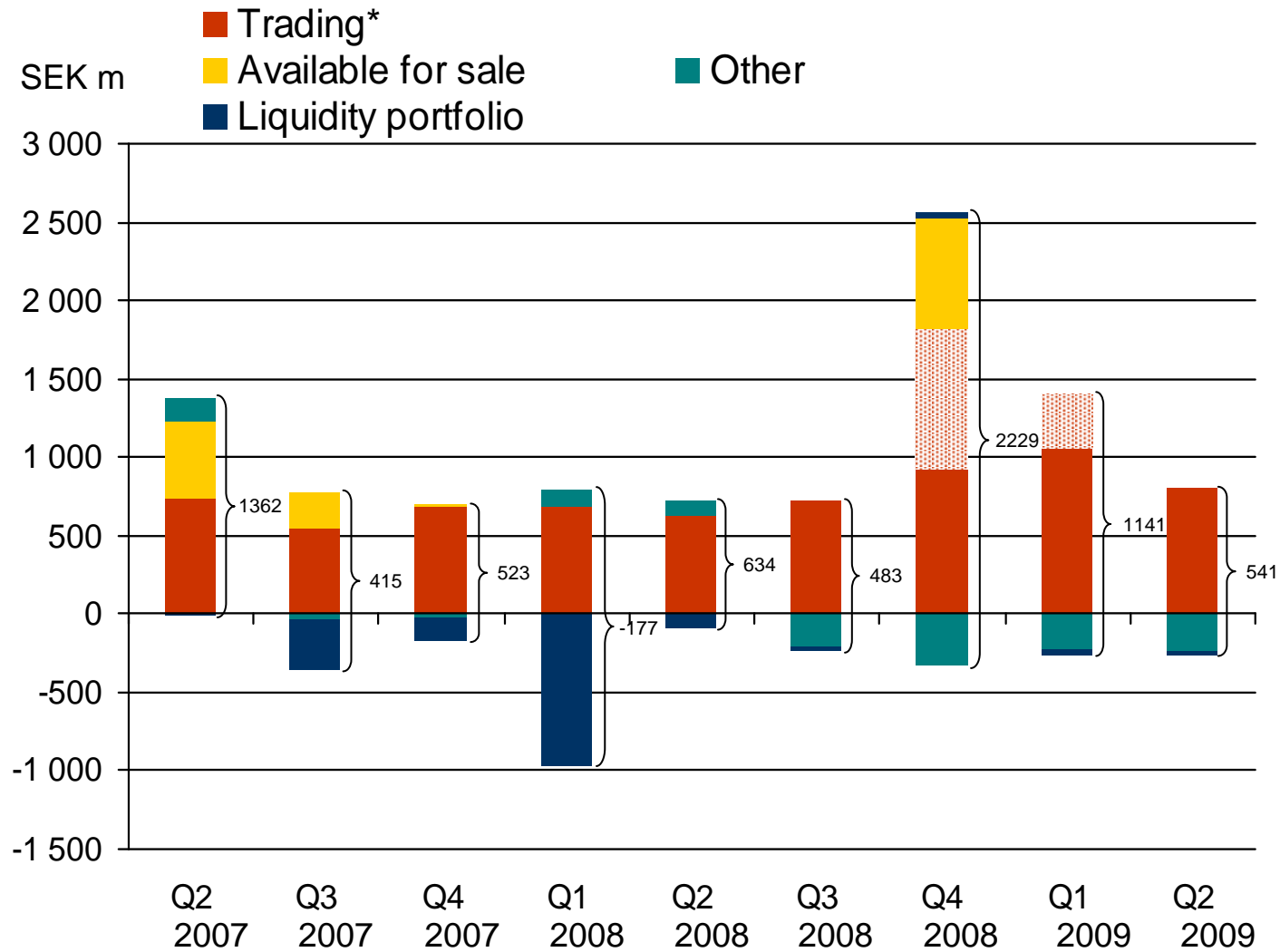
# Equity-related commissions

SEK m	Q2 2009	Q1 2009	Q4 2008	Q3 2008	Q2 2008
Brokerage	486	395	449	334	434
Mutual funds and custody	334	317	288	351	398
Corporate finance	58	51	49	58	37
Commission expenses	-51	-59	-60	-58	-69
<b>Total</b>	<b>827</b>	<b>704</b>	<b>726</b>	<b>685</b>	<b>800</b>

### Market shares OMX Stockholm

Turnover, %	8,37	6,48	7,92	7,60	7,63
Number of trades, %	6,48	6,30	6,20	5,89	5,67

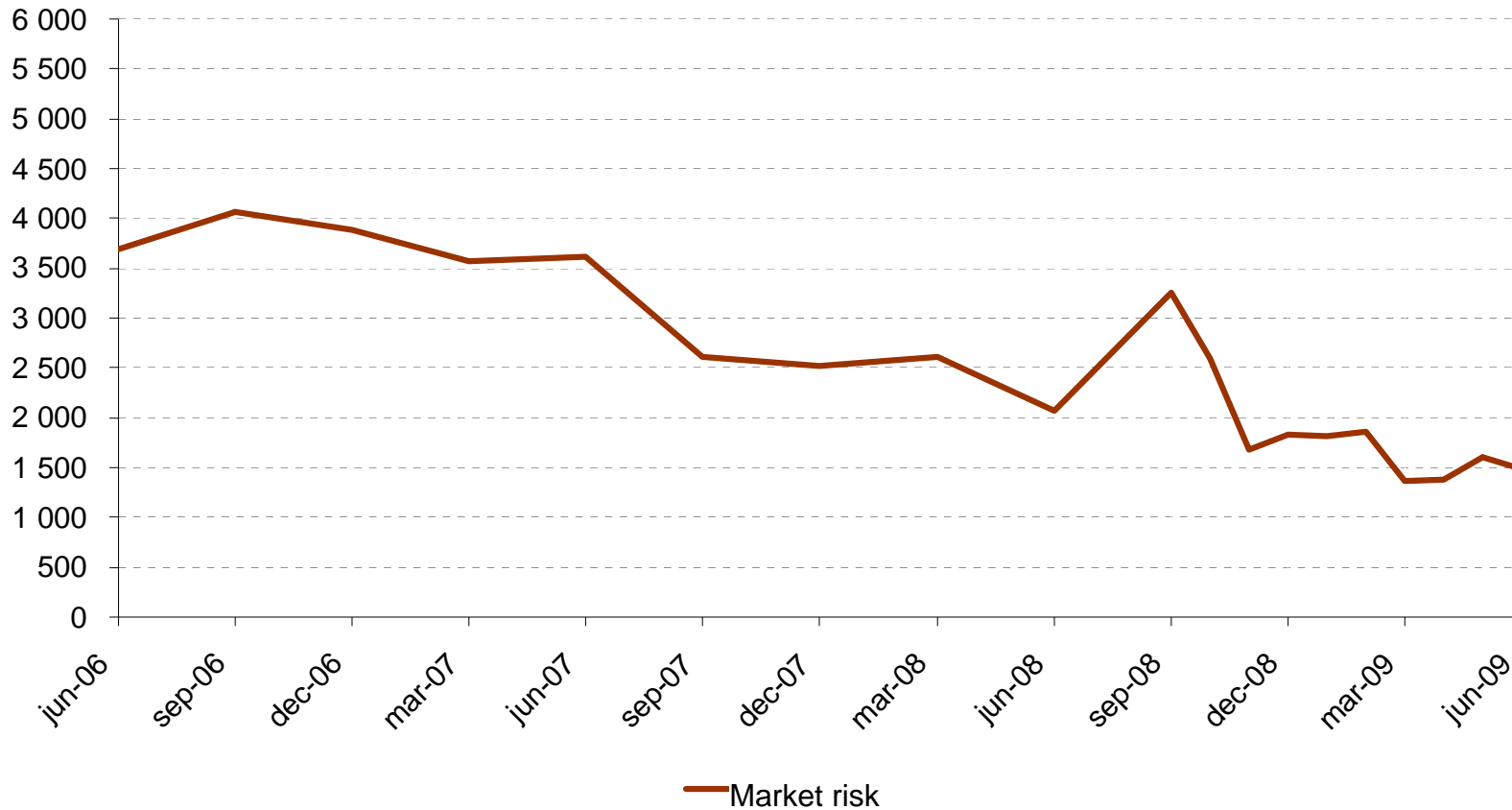
# Net gains/losses on financial items at fair value





# Market risks reduced by more than 50%

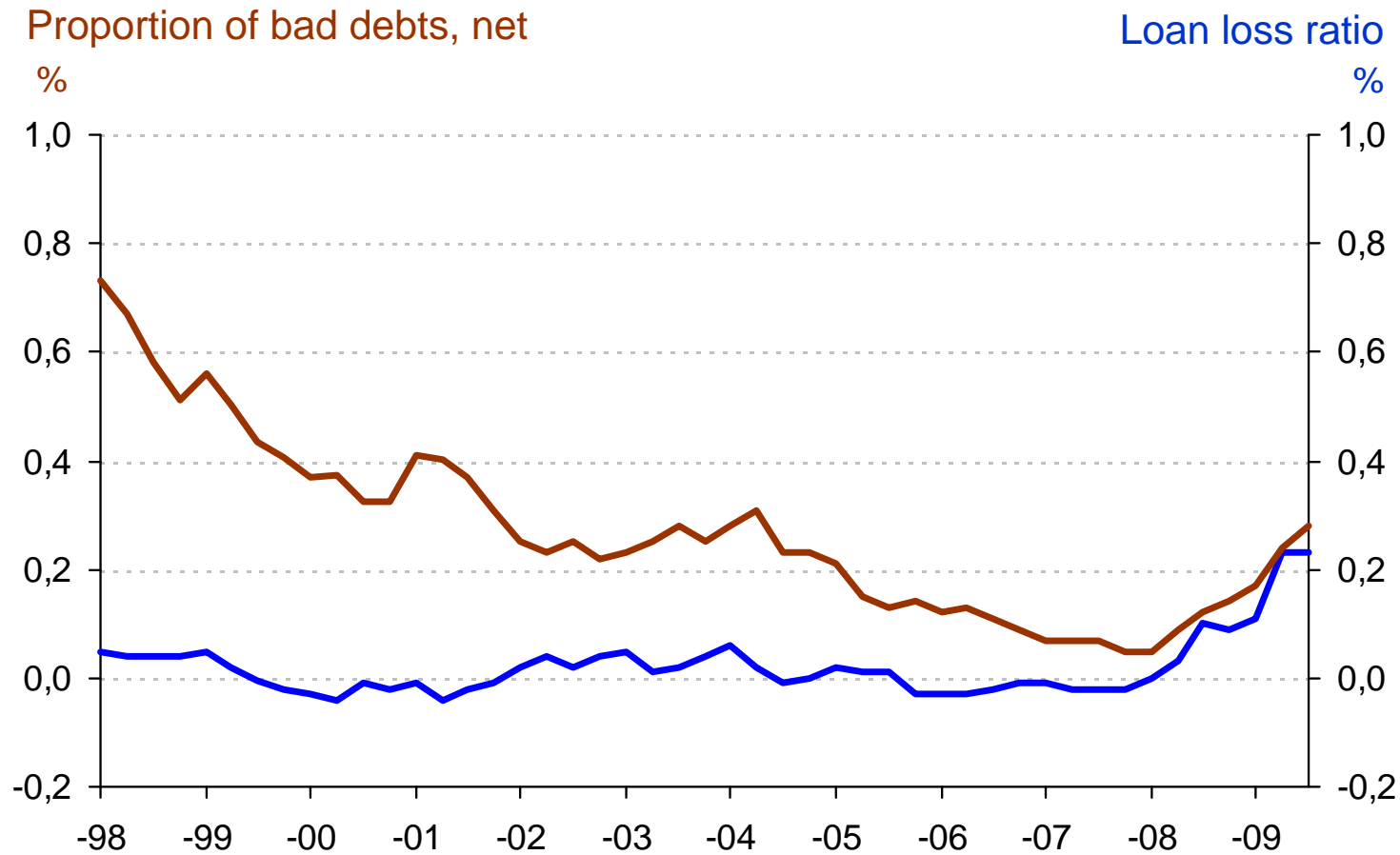
Handelsbanken's capital requirement for market risk in Basel II, SEK m



## Expenses, January – June

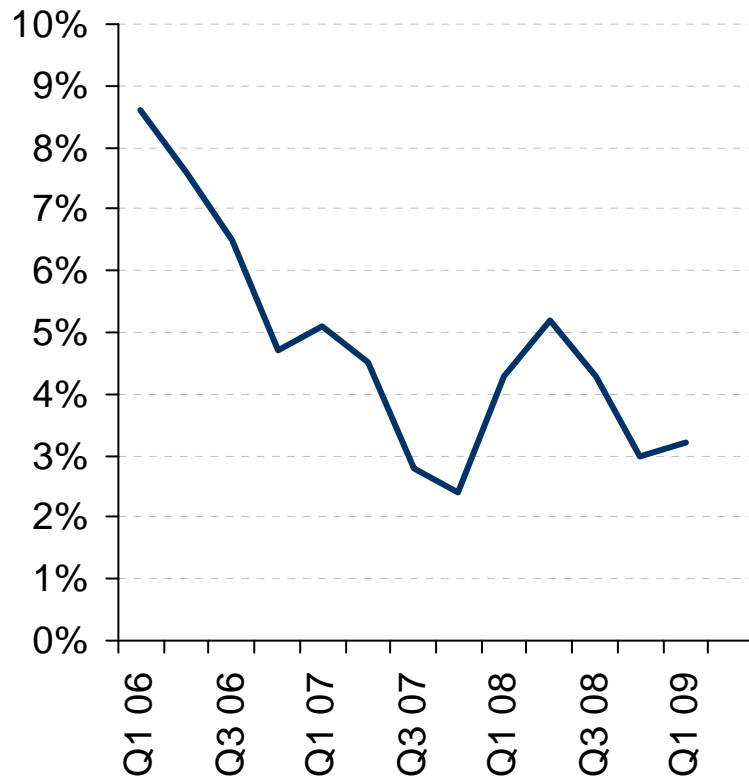
SEK m	2009	2008	Change SEK m	Change %	Change Q2-Q1 %
Staff costs	-4,981	-3,929	1,052	26.8	4.0
Other expenses	-2,300	-2,368	-68	-2.9	5.0
Depreciation	-239	-199	40	20.1	-0.8
<b>Total expenses</b>	<b>-7,520</b>	<b>-6,496</b>	<b>1,024</b>	<b>15.8</b>	<b>4.1</b>
				%-points	
Oktagonen			319	4.9	0.0
Performance-related remuneration			107	1.6	5.3
IAS19			155	2.4	0.0
Exchange rate fluctuations			218	3.4	-0.4
Lokalbanken			145	2.2	0.0
			<b>944</b>	<b>14.5</b>	<b>4.9</b>
Running costs			80	1.3	-0.5
			<b>1,024</b>	<b>15.8</b>	<b>4.1</b>

# Bad debts and loan losses as a percentage of lending

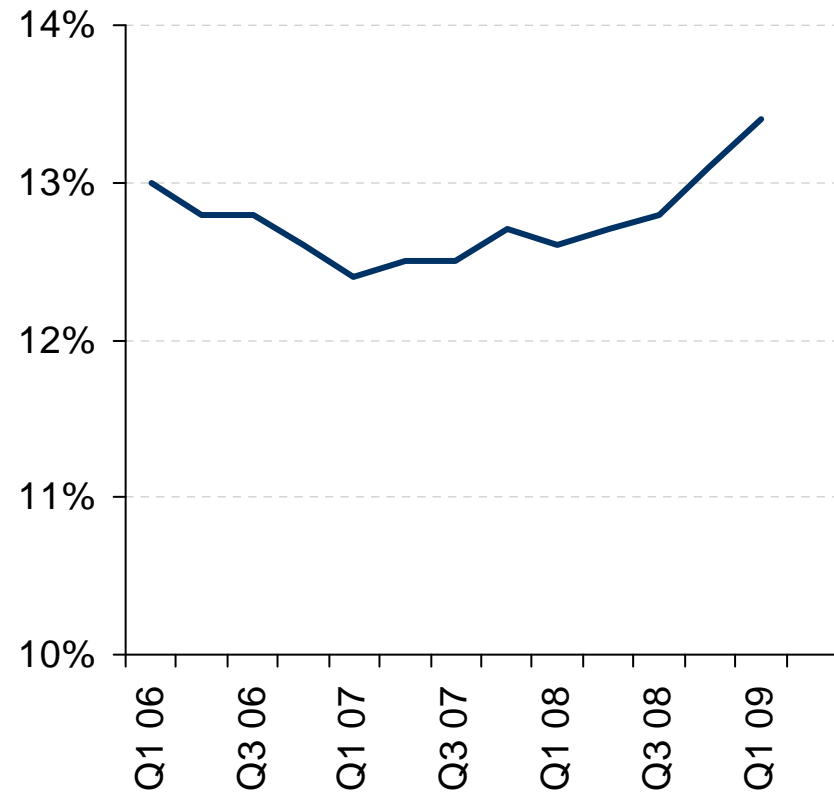


# Share of net bad debts

— SHB bad debt / Total bad debt, SHB and peers\*



— SHB loans to the public / Total loans to the public, SHB and peers\*



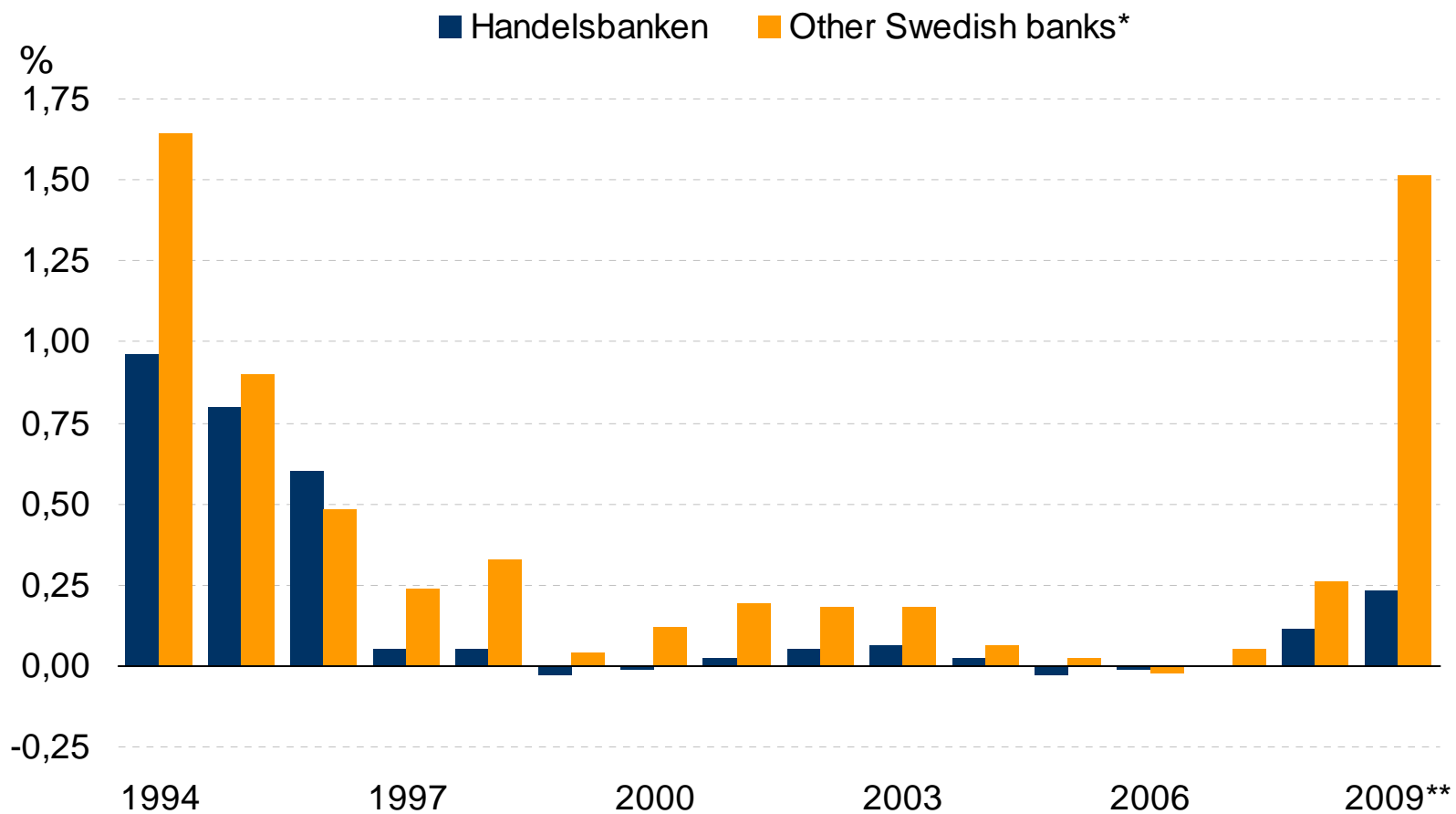
\* Peers: SEB, Nordea, Swedbank, Danske Bank and DnB NOR.

The exchange rate as at 30 June 09 (EUR, DKK and NOK) has been used when converting all quarters

## Loan loss ratio second quarter 2009

	%
Sweden	0.31
Norway	0.09
Finland	0.13
Denmark	0.31
Great Britain	0.13
International	0.12
<b>Group</b>	<b>0.24</b>

# Loan losses as a percentage of lending

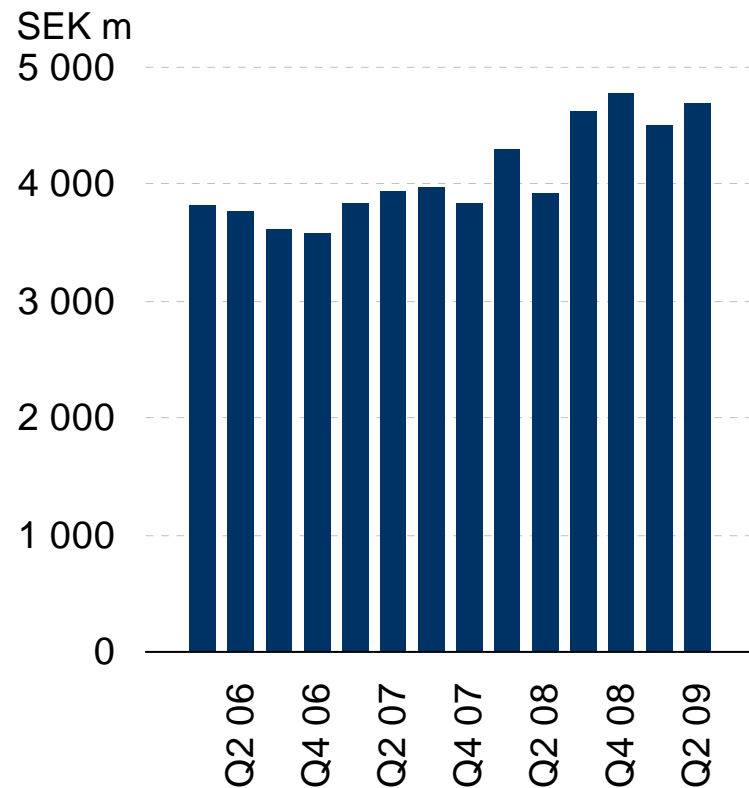


.Q2 2009: Average of SEB and Swedbank.

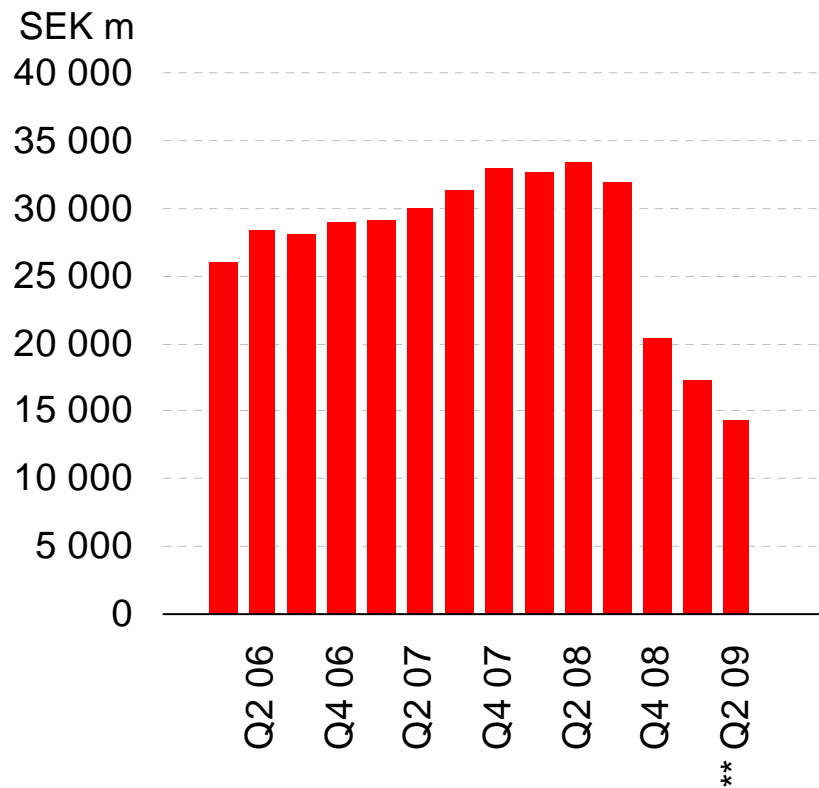
.\*\* Nordea is included with figures for Q1 2009

# Sum of interest income and loan losses

Handelsbanken



Peers \*



\* SEB, Nordea, Swedbank, Danske Bank and DnB NOR

\*\* Q2 09: Danske Bank and Nordea are included with figures for Q1 2009

## January – June 2009

■ Operating profit SEK	4,516m
■ RoE	17.5%
■ Income increased by	5%
■ Net interest income increased by	10%
■ C/I ratio before loan losses	36.1%
■ Number of branch offices	461
■ Average number of employees	4,489

### *Average volumes, SEK bn*

■ Loans	970
■ Deposits	314



Handelsbanken har  
kontor på Ekerö...

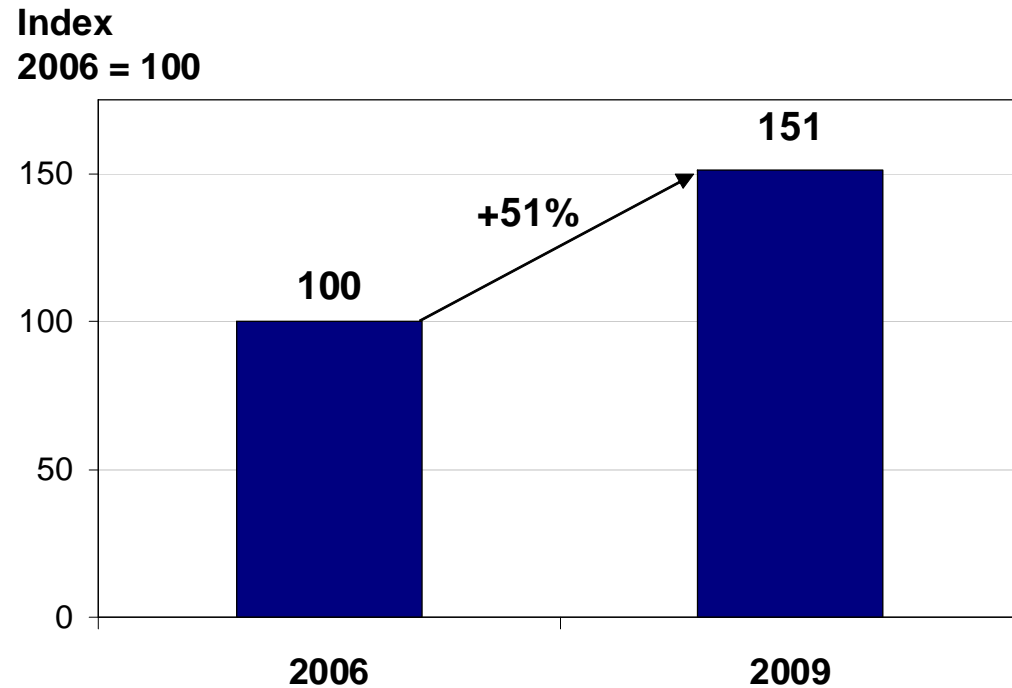
...och på ytterligare 460 platser  
i Sverige

Handelsbanken



## Branch operations in Sweden – increased productivity

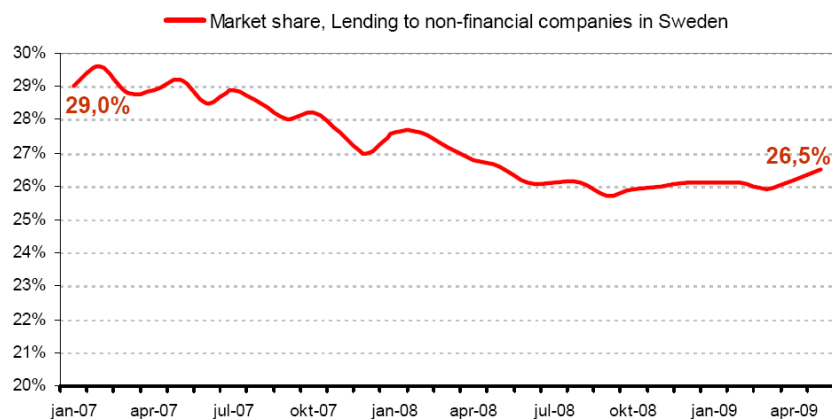
- The average working hours spent on talking to customers has increased by 51% since 2006
- The goal of increasing the time spent with customers by 50% between 2006 and 2010 was already achieved in 2009
- There is potential for even more improvement



# Loans to corporates in Sweden

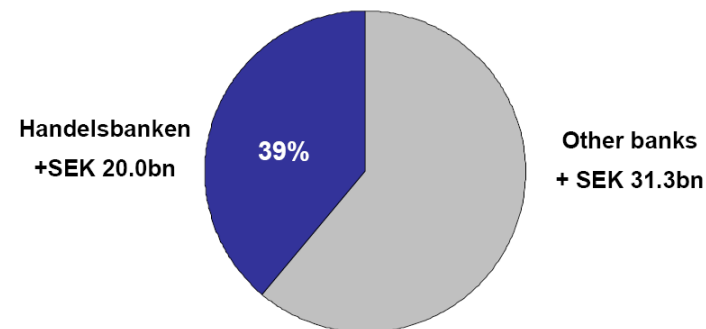
SEK bn, end of period	Dec 2008	May 2009	New loans
<b>Handelsbanken</b>	<b>425.6</b>	<b>428.1</b>	<b>+2.5</b>
Other banks	1 207.4	1 188.4	-19.0
<b>Total market</b>	<b>1 633.0</b>	<b>1 616.5</b>	<b>-16.5</b>

## Market shares in Sweden, Jan 2007 – May 2009



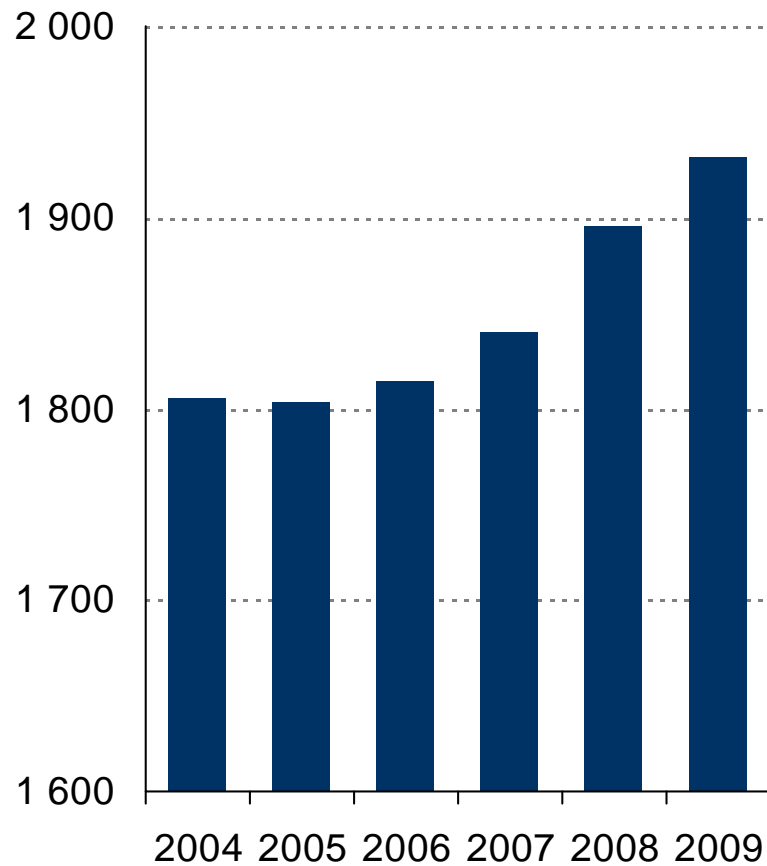
## Net new loans to corporates in Sweden, since June 2008

During the period June 2008 - May 2009, total lending to companies in Sweden increased by SEK 51.3bn

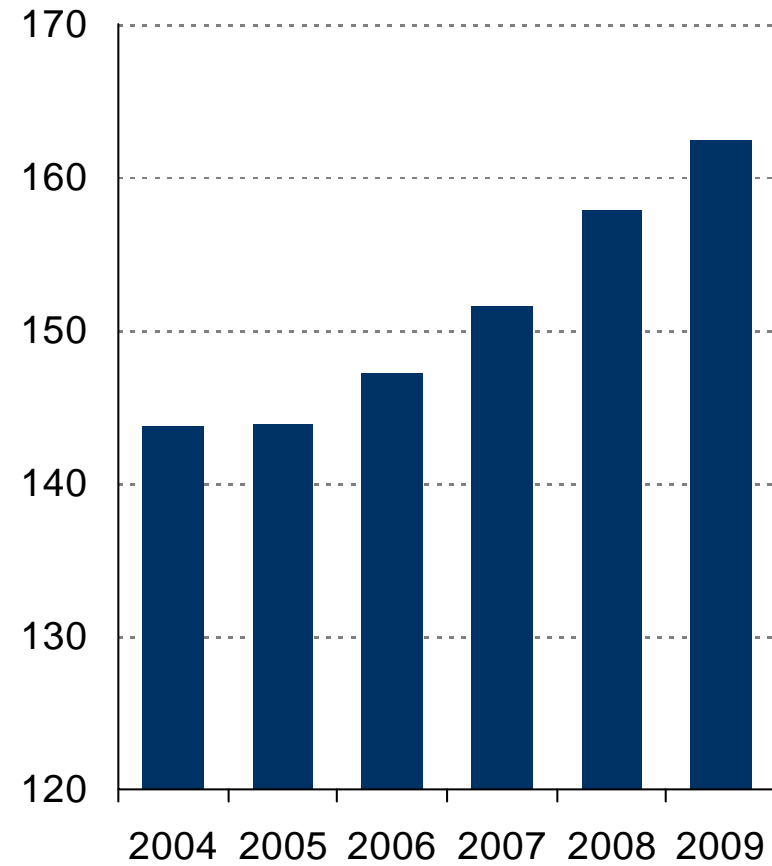


## Branch operations in Sweden – Active customers

Private customers, thousands



Corporate customers, thousands



## Branch office operations outside Sweden

### January – June 2009

■ Operating profit SEK	1,583m
■ RoE	8.6%
- excl. operating deficit	10.3%
■ Total income increased by	31%
■ Net interest income increased by	40%
■ C/I ratio	54.0%
■ Number of branch offices	245
■ Average number of employees	3,013

#### *Average volumes, SEK bn*

■ Loans	516
■ Deposits	171



**Handelsbanken har  
kontor i Brighton...**

*...och på ytterligare 61 platser i  
Storbritannien*

**Handelsbanken**

# Handelsbanken had 62 branches in Great Britain

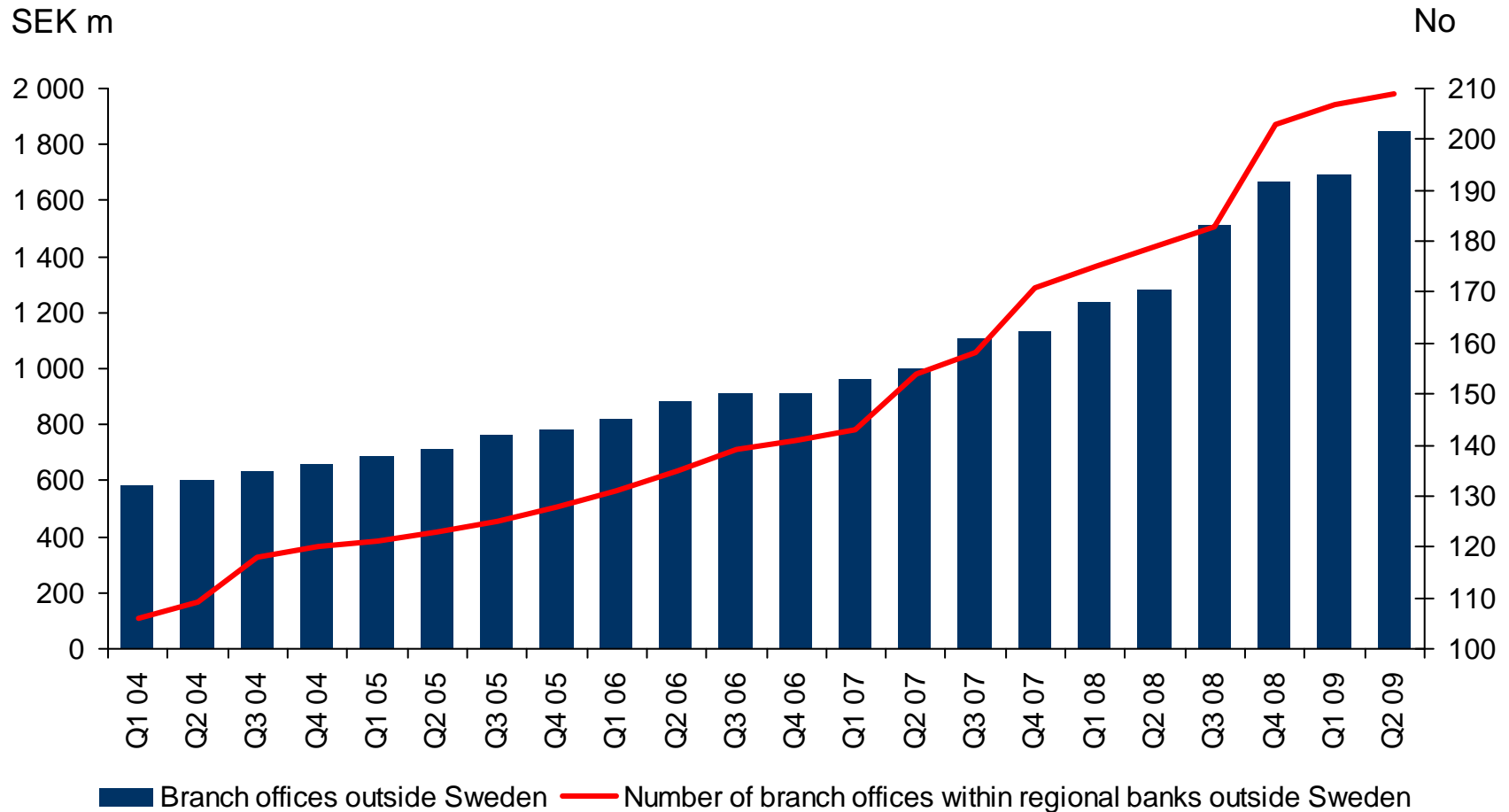


## January – June 2009

- Net interest income rose by 24% (Q2/Q1 +25%)
- Lending volumes rose by 18%
- Loan loss ratio: 0.12%

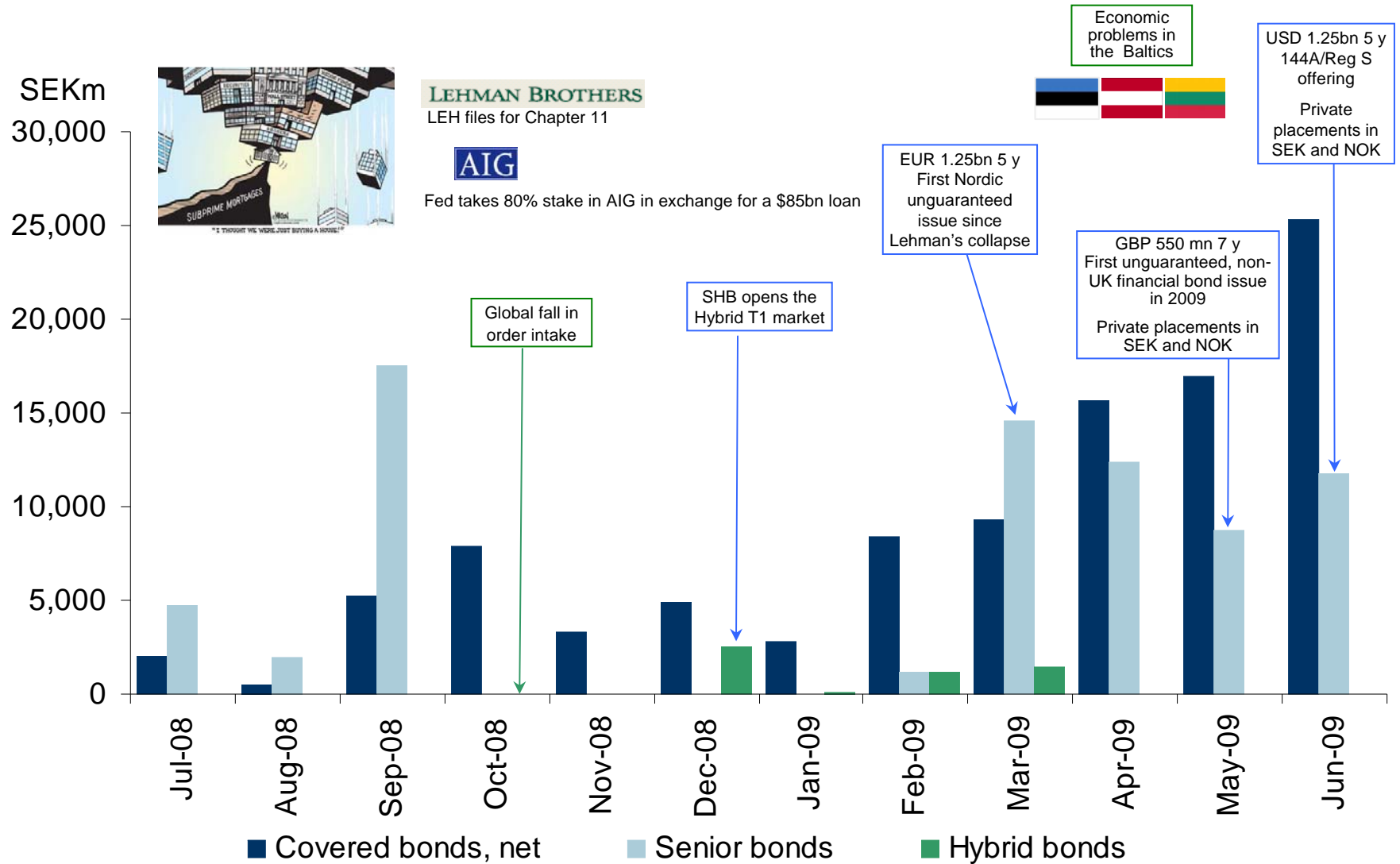
<b>1988</b> London	<b>2005</b> Liverpool Bournemouth Plymouth Maidstone Cambridge	<b>2008</b> Exeter Swansea St Albans Crawley Bradford Grimsby Dartford Kingston Shrewsbury Harrogate Lincoln Scarborough Stockport Tunbridge Wells
<b>1989</b> Manchester	<b>2006</b> Slough Sheffield Wolverhampton Oxford Leicester Swindon	<b>2009</b> Derby Huddersfield Warrington Harrow Glasgow Edinburgh
<b>1994</b> Birmingham	<b>2007</b> Doncaster Brighton Preston Bath Tees Valley Croydon Portsmouth London West End Milton Keynes Northampton Wakefield Enfield Coventry Basingstoke Carlisle Chester	
<b>2000</b> Nottingham		
<b>2001</b> Leeds Reading		
<b>2002</b> Bristol Newcastle upon Tyne		
<b>2003</b> Cardiff Southampton		
<b>2004</b> Norwich Guildford Chelmsford Stoke Hull		

# Net interest income outside Sweden, quarterly



\* Lokalbanken's 14 branch offices are included from October 21 2008.

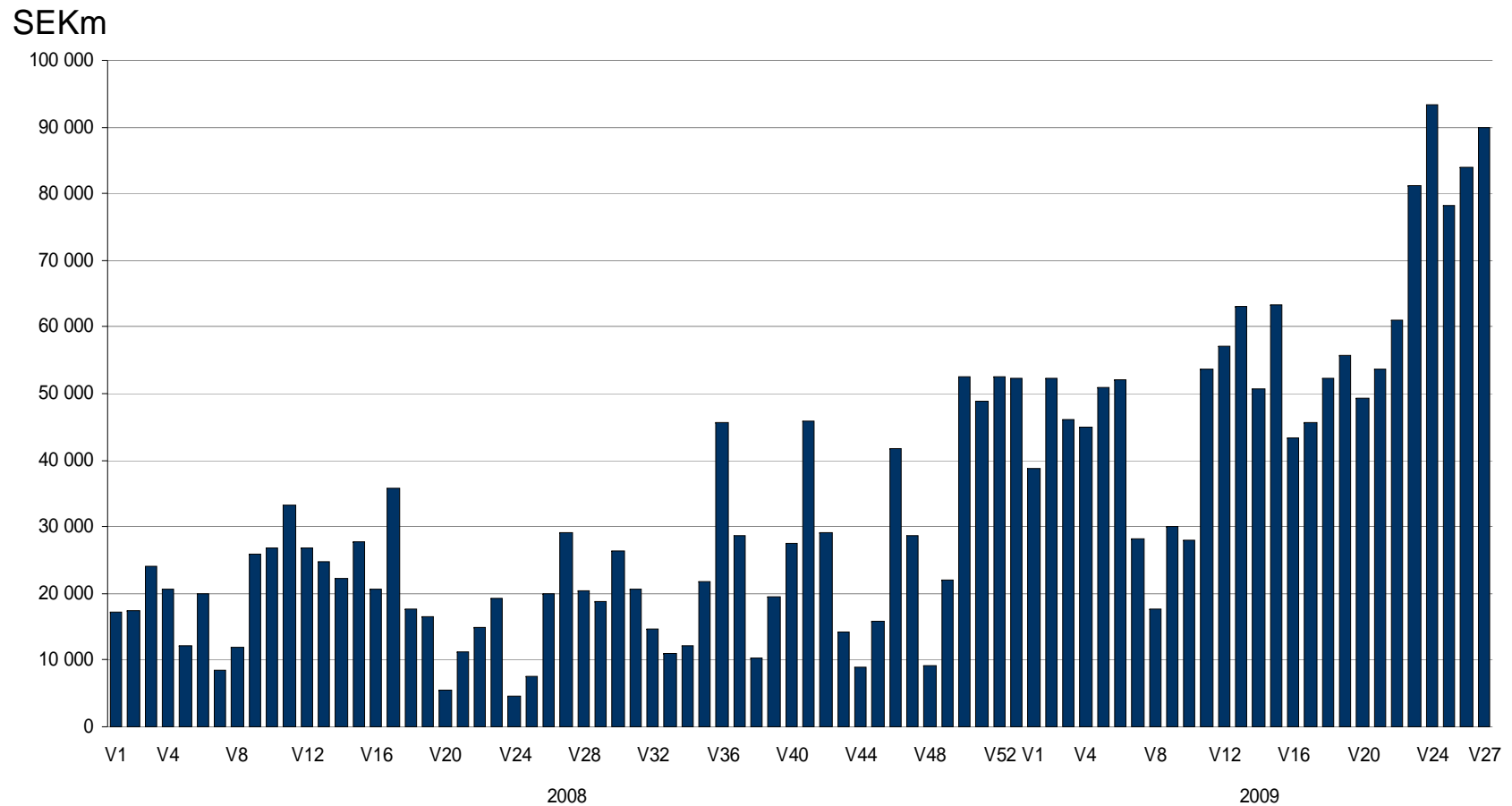
# Continued issuance of bonds in a turbulent market



# Net lending in SEK in the Swedish interbank market

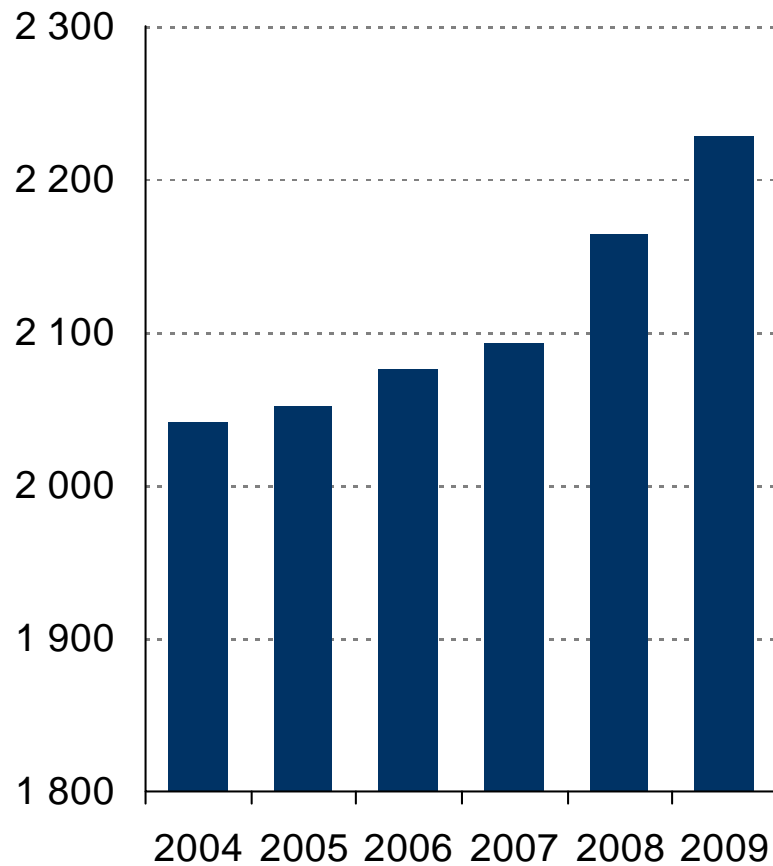
28 January 2008 – 30 June 2008, weekly

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

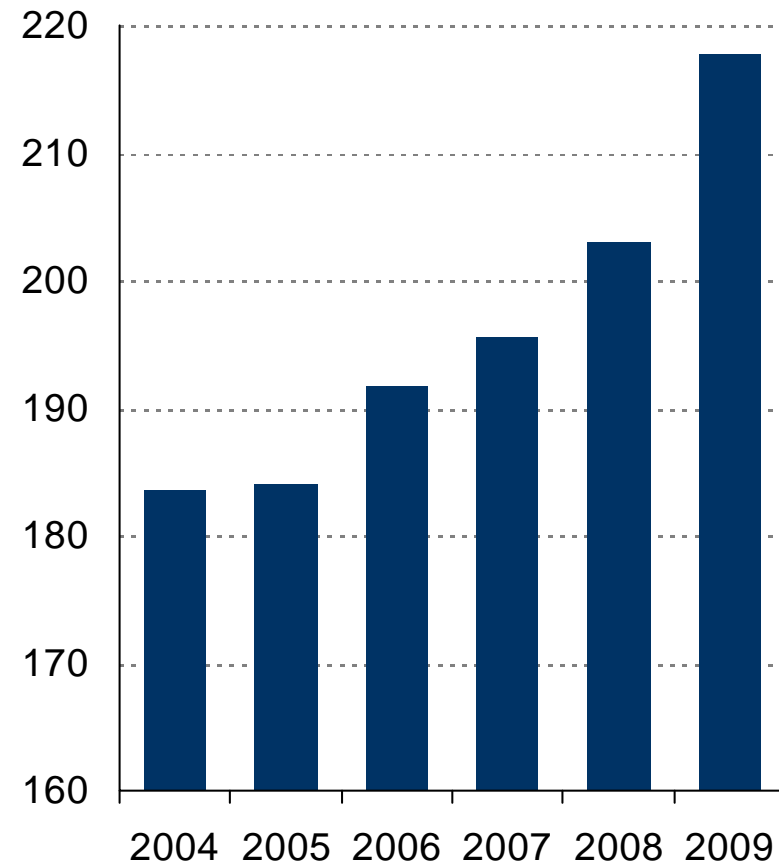




Private customers, thousands



Corporate customers, thousands



## Summary

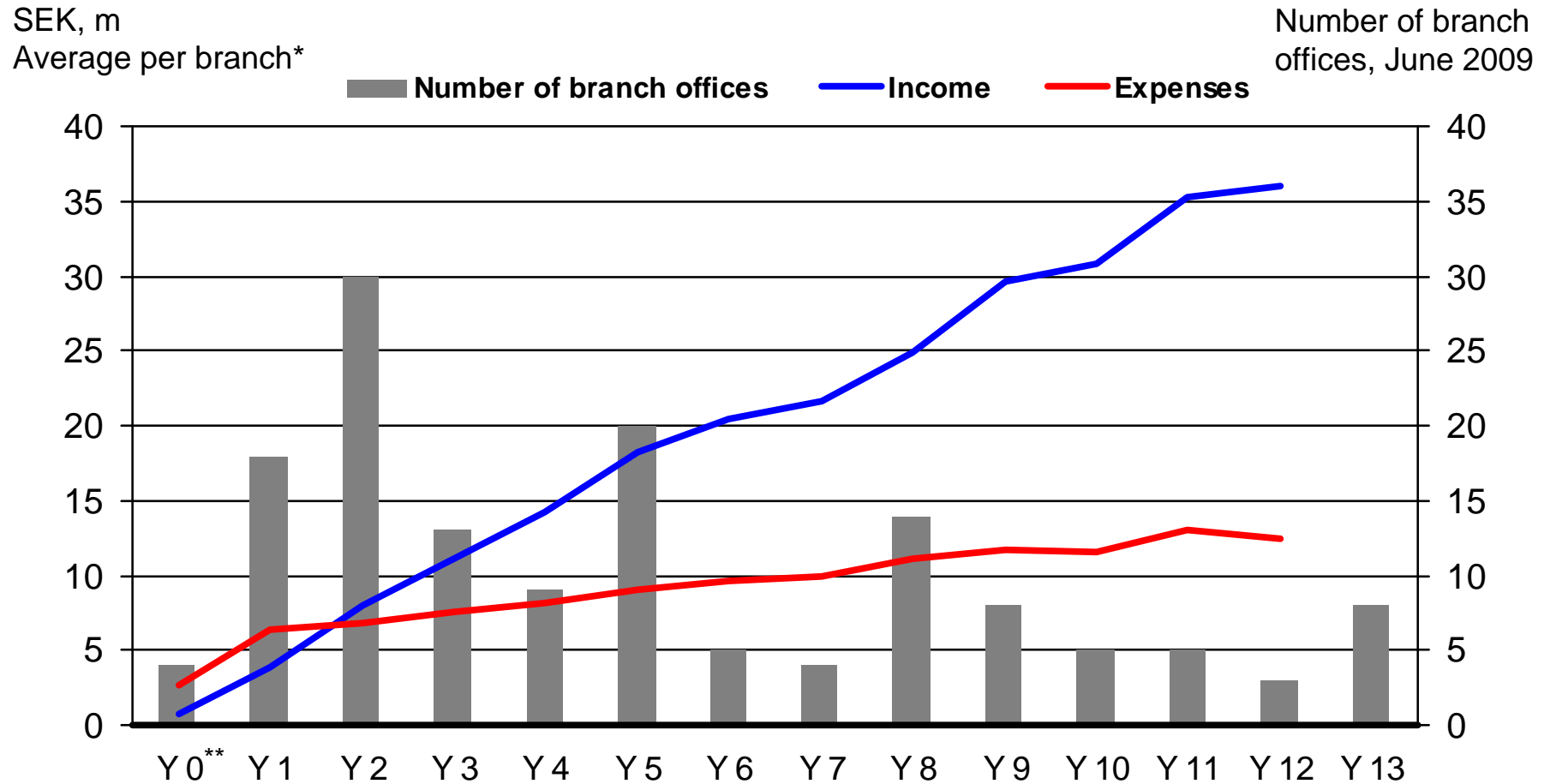
- During April and May, Handelsbanken's lending to Swedish companies increased by SEK 2.3bn, while the total market decreased by SEK 28.5bn
- The Bank had 39% of new lending to Swedish companies during the period June 2008 to May 2009
- The Bank took one-third of new Swedish household deposits from January to May
- Great Britain: Net interest income increasing, new branches opening, loan loss ratio 0.13% in the second quarter
- During the second quarter, SEK 91bn was issued in new long-term bond funding, without a government guarantee
- The liquidity reserve is sufficient to fund the Bank for more than 2 years without access to the capital markets
- The loan loss ratio outside Sweden was 0.13% during the second quarter
- Swedish branch operations have increased the time spent with customers by 51% since 2006
- The number of active customers is increasing



# Appendix

# Handelsbanken Group - Regional banks in Denmark, Finland, Norway and Great Britain

## Income and expenses trend – 153 branches opened 1995-2009



\* Refers to figures for 2000 - 2008

\*\* Refers to the period January – June 2009

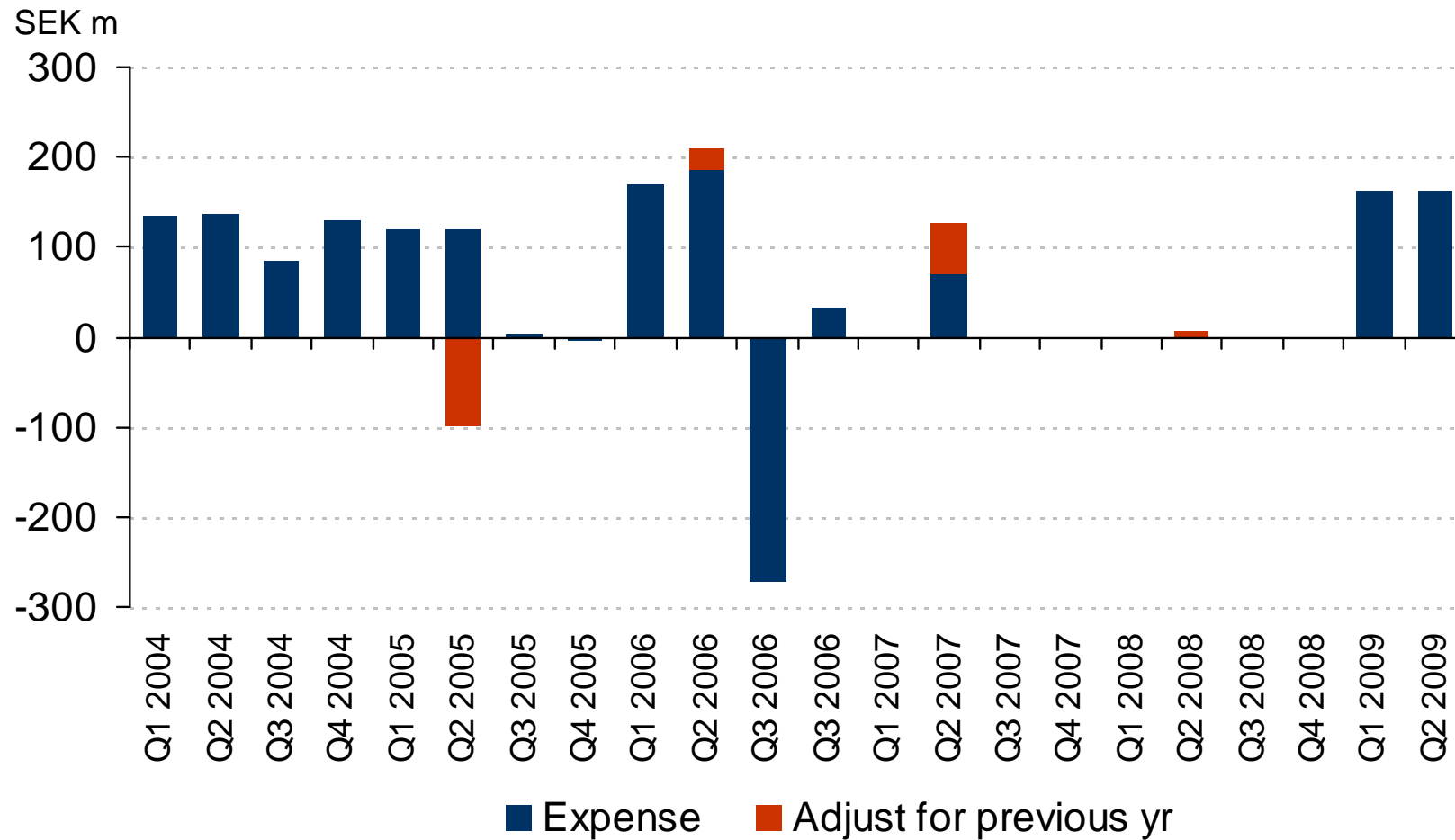
## Income statement, five quarters

SEK m	Q2 2009	Q1 2009	Q4 2008	Q3 2008	Q2 2008
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 income	149	56	65	74	294
<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 expenses	-1,297	-1,242	-1,430	-1,118	-1,249
<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>
Loan losses, net	-939	-896	-696	-231	-571
Disposal prop. equipmt./ intang. assets	0	0	0	-2	0
<b>Operating profit, continuing operations</b>	<b>3,445</b>	<b>3,806</b>	<b>5,216</b>	<b>3,758</b>	<b>3,433</b>
Operating profit, discontinued operations	0	15	61	70	68
<b>Operating profit, incl. discount. op.</b>	<b>3,445</b>	<b>3,821</b>	<b>5,277</b>	<b>3,828</b>	<b>3,501</b>

## Fee to the Stabilisation fund, January – June

SEK bn	2009
Total liabilities and equity	2 304
reduction for total equity, untaxed reserves and subordinated loans	-145
reduction for intercompany liabilities	-201
<b>Base for calculation of fee*</b>	<b>1 958</b>
SEK m	
Fee 0.036%	705
reduction 50% during 2009 and 2010	-352
<b>Total fee 2009</b>	<b>353</b>
<b>Accrued fee Jan-Jun</b>	<b>177</b>

# Oktagonen quarterly 2004 – 2009



## 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-June 2009 was 27.1% and Q2 2009 26.6%, Q1 2009 27.6% and Q2 2008 29.2%



## Balance sheet, June 30

SEK bn	2009	2008	Change %
Loans to the public	1,499	1,369	9
Loans to credit institutions	221	185	19
Interest-bearing securities	115	139	-17
Other assets	320	204	57
<b>Total assets</b>	<b>2,155</b>	<b>1,897</b>	<b>14</b>
Deposits and borrowing from the public	566	494	15
Due to credit institutions	209	283	-26
Issued securities	1,006	783	28
Other liabilities	297	267	11
Shareholders' equity	77	70	10
<b>Total liabilities and equity</b>	<b>2,155</b>	<b>1,897</b>	<b>14</b>

## Loans to the public, quarterly

Average volumes SEK bn	Q2 2009	Q1 2009	Q4 2008	Q3 2008	Q2 2008
Branch offices in Sweden	971	970	960	938	921
Branch offices outside Sweden	513	520	489	447	410
Private	140	139	131	121	115
Corporate	373	381	358	326	295
Other operations	17	19	13	14	15
Total	1 501	1 509	1 426	1 399	1 346
Private	622	615	602	586	568
Corporate	879	894	860	813	778

## Lending outside Sweden, January - June

Average volumes	2009	2008	Change %
*Denmark, DKK bn	39.9	32.4	23
Finland, EUR m	10,463	9,325	12
Norway, NOK bn	154.4	136.3	13
Great Britain, GBP m	5,392	4,554	18
Rest of the world, SEK bn	91	55	65

\* Lokalbanken included from October 21 2008

Handelsbanken Group

Deposits from the public, quarterly

Average volumes SEK bn	Q2 2009	Q1 2009	Q4 2008	Q3 2008	Q21 2008
Branch offices in Sweden	313	314	303	283	278
Private	165	162	157	147	141
Corporate	148	152	146	136	137
Branch offices outside Sweden	174	168	157	142	139
Private	46	46	41	38	37
Corporate	128	122	116	104	102
Other operations	49	50	47	54	62
Total	536	532	507	479	479
Private	211	208	199	185	177
Corporate	325	324	308	294	302

## Loans to the public – Branch offices in Sweden, quarterly

Average volumes SEK bn	Q2 2009	Q1 2009	Q4 2008	Q3 2008	Q2 2008
Mortgage loans	588	574	563	552	540
Private	426	418	413	406	396
Corporate	162	156	150	146	144
Bank loans	383	396	396	385	380
Private	57	58	58	59	57
Corporate	326	338	338	327	323
Total					
Branch offices in Sweden	971	970	960	938	921
Private	483	476	472	465	454
Corporate	488	494	488	473	467

## Conditional bonus\* in relation to total insurance assets

SEK m	2009:Q2	2008	2007	2006	2005	2004
Conditional bonus	1,757	3,327	4,824	5,713	4,874	3,552
% of total insurance assets	7.1	12.8	18.0	21.7	20.3	16.7