

# Handelsbanken

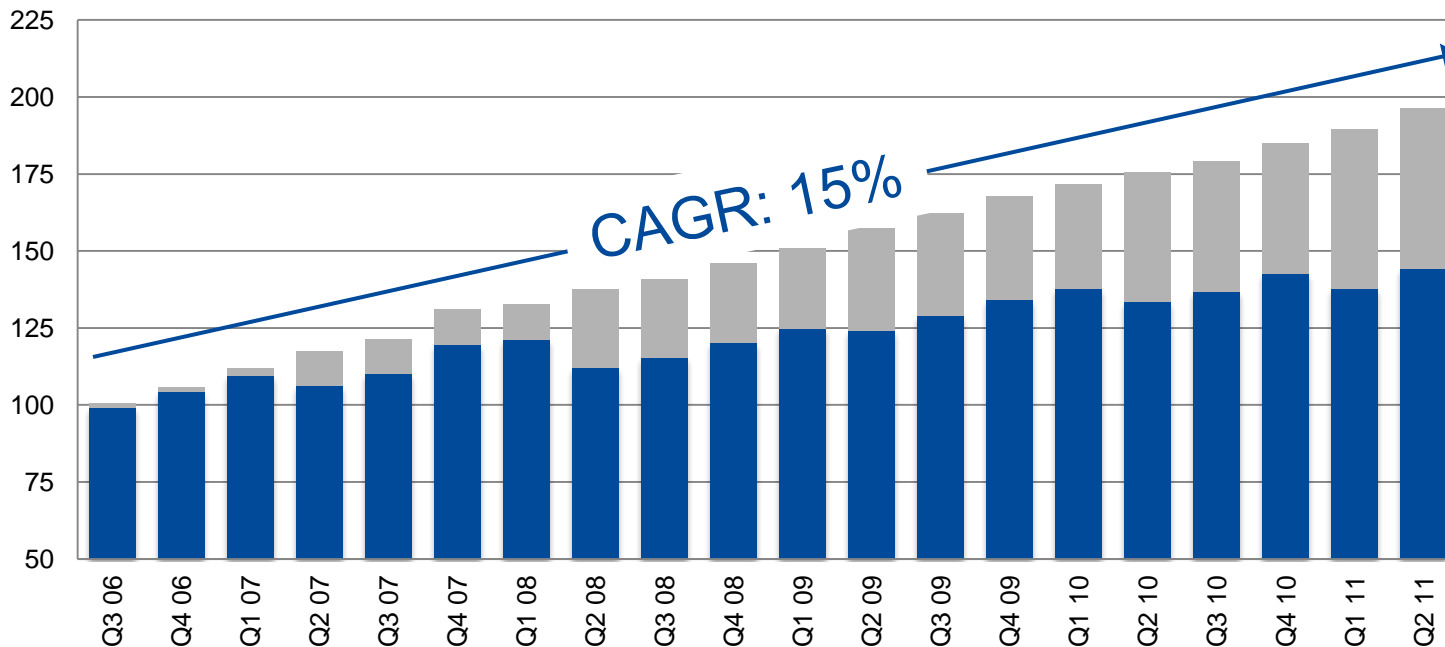
January – June 2011

20 July 2011

# Annual growth in equity including dividends

■ Adjusted equity per share    ■ Accumulated dividends in past 5 years

SEK/share



CAGR, compounded annual growth rate

## Summary January – June 2011

- Stable financial performance
  - Earnings per share grew by 12 per cent in the first six months and by 7 per cent compared with the first quarter
  - Return on equity increased to 13.6 per cent in the first six months and to 14.0 per cent in the second quarter
  - Net interest income increased by 8 per cent year on year and by 3 per cent compared with the first quarter of 2011
- The loan loss ratio fell to 0.05 per cent for January – June and was 0.04 per cent in the second quarter
- Increased demand for corporate credits
- The Tier 1 capital ratio according to Basel II rose to 17.4 per cent
- All bonds maturing up to the second quarter of 2012 have been pre-funded
- The liquidity reserve was maintained at over SEK 600 billion
- 100th branch in Great Britain announced
- Market share of net savings in mutual funds in Sweden was 71 per cent in the first quarter

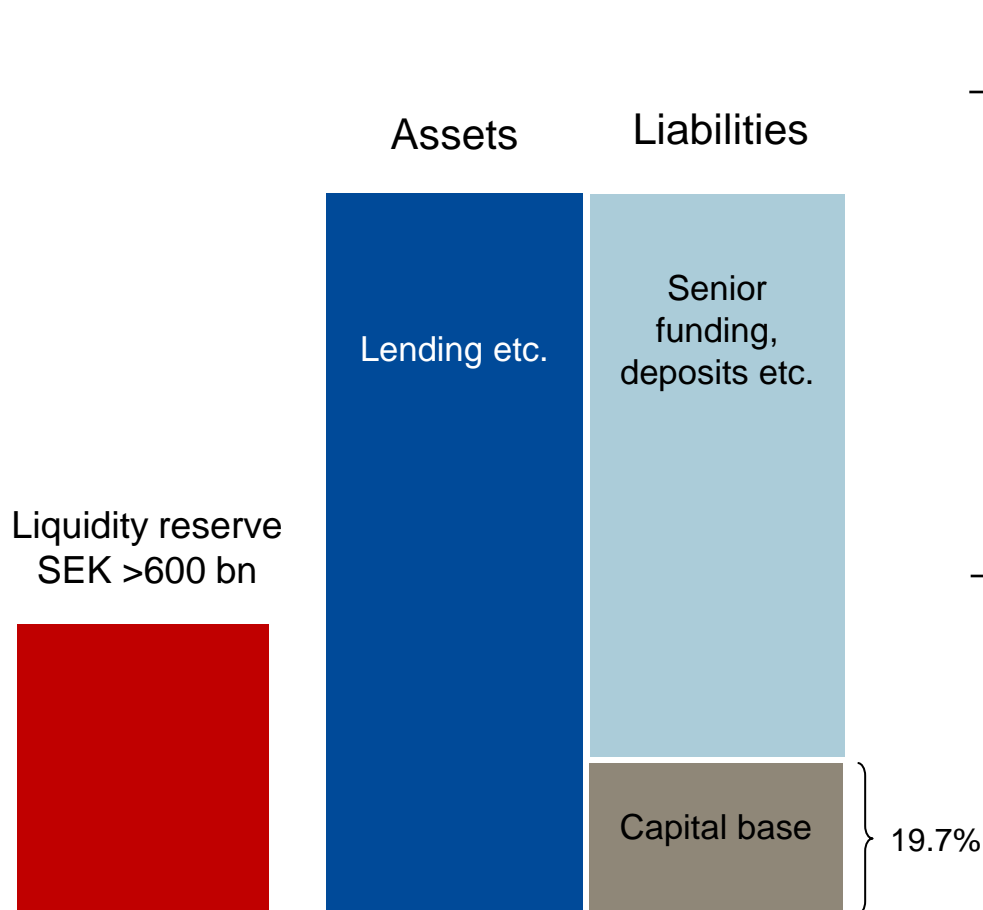
# Income statement, January – June

SEK m	Jan-Jun 2011	Jan-Jun 2010	Change
Net interest income	11,190	10,398	8%
Net fee and commission income	3,893	3,971	-2%
Net gains/losses on financial items at fair value	669	924	-28%
Risk result - insurance	119	96	24%
Other income	236	273	-14%
<b>Total income</b>	<b>16,107</b>	<b>15,662</b>	<b>3%</b>
Staff costs	-4,934	-4,708	5%
Other expenses	-2,692	-2,703	0%
<b>Total expenses</b>	<b>-7,626</b>	<b>-7,411</b>	<b>3%</b>
<b>Profit before loan losses</b>	<b>8,481</b>	<b>8,251</b>	<b>3%</b>
Net loan losses	-416	-920	-55%
Disposal tangible / intangible assets	1	0	
<b>Operating profit</b>	<b>8,066</b>	<b>7,331</b>	<b>10%</b>

# Income statement, quarterly change

<b>SEK m</b>	<b>Q2 2011</b>	<b>Q1 2011</b>	<b>Change</b>
Net interest income	5,683	5,507	3%
Net fee and commission income	1,949	1,944	0%
Net gains/losses on financial items at fair value	308	361	-15%
Risk result - insurance	38	81	-53%
Other income	191	45	324%
<b>Total income</b>	<b>8,169</b>	<b>7,938</b>	<b>3%</b>
Staff costs	-2,477	-2,457	1%
Other expenses	-1,385	-1,307	6%
<b>Total expenses</b>	<b>-3,862</b>	<b>-3,764</b>	<b>3%</b>
<b>Profit before loan losses</b>	<b>4,307</b>	<b>4,174</b>	<b>3%</b>
Net loan losses	-172	-244	-30%
Disposal tangible / intangible assets	1	0	
<b>Operating profit</b>	<b>4,136</b>	<b>3,930</b>	<b>5%</b>

# Financial strength

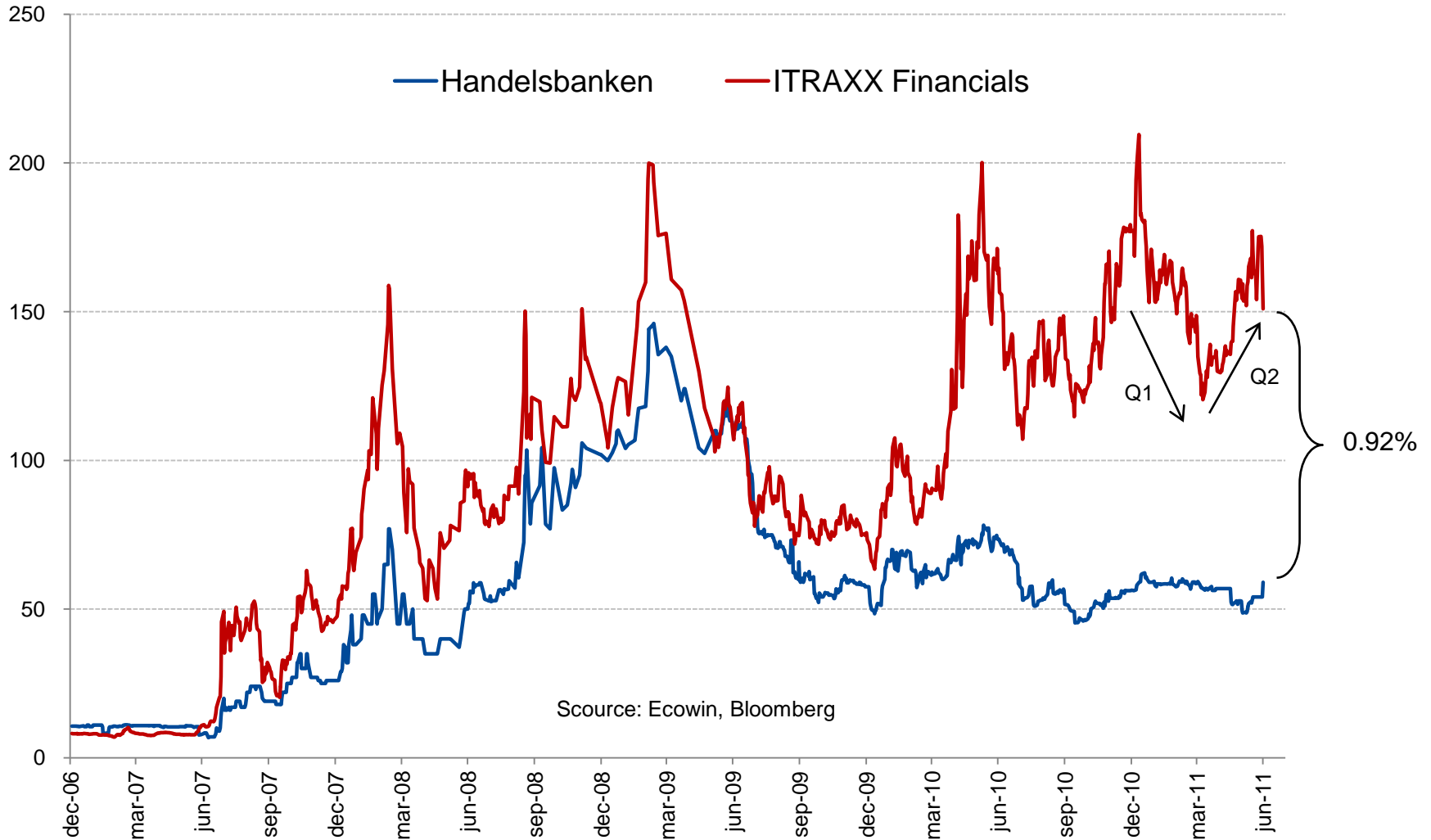


Key ratios, capital	2011 June	2010 June	
Capital ratio, Basel II, %	19.7	19.9	-0.2
Tier I ratio, Basel II, %	17.4	14.8	+2.6
Tier I capital, SEK bn	91	87	+4
Equity, SEK bn	89	83	+6

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

# ITRAXX Senior Financial 5Y and Handelsbanken's 5Y CDS spread

Basis points



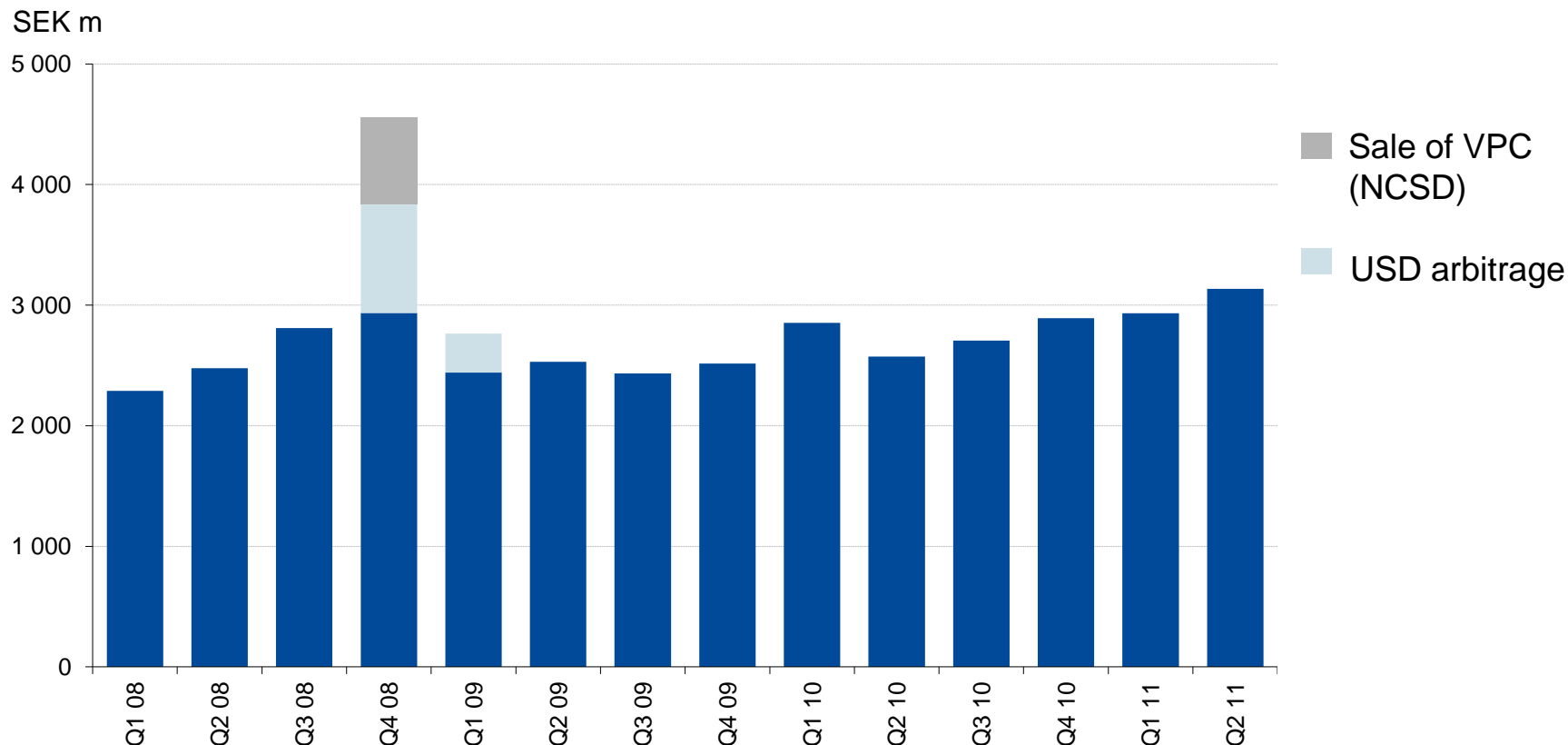
# Funding 2011

<b>Bond issuance, SEK bn</b>	<b>H1 2011</b>	<b>Full year 2010</b>
Senior bonds	48	75
Covered bonds	74	161
<b>Total</b>	<b>122</b>	<b>236</b>
<i>Senior 3(a)(2) issue in July</i>	8	

All bonds maturing up to the second quarter of 2012 are pre-funded

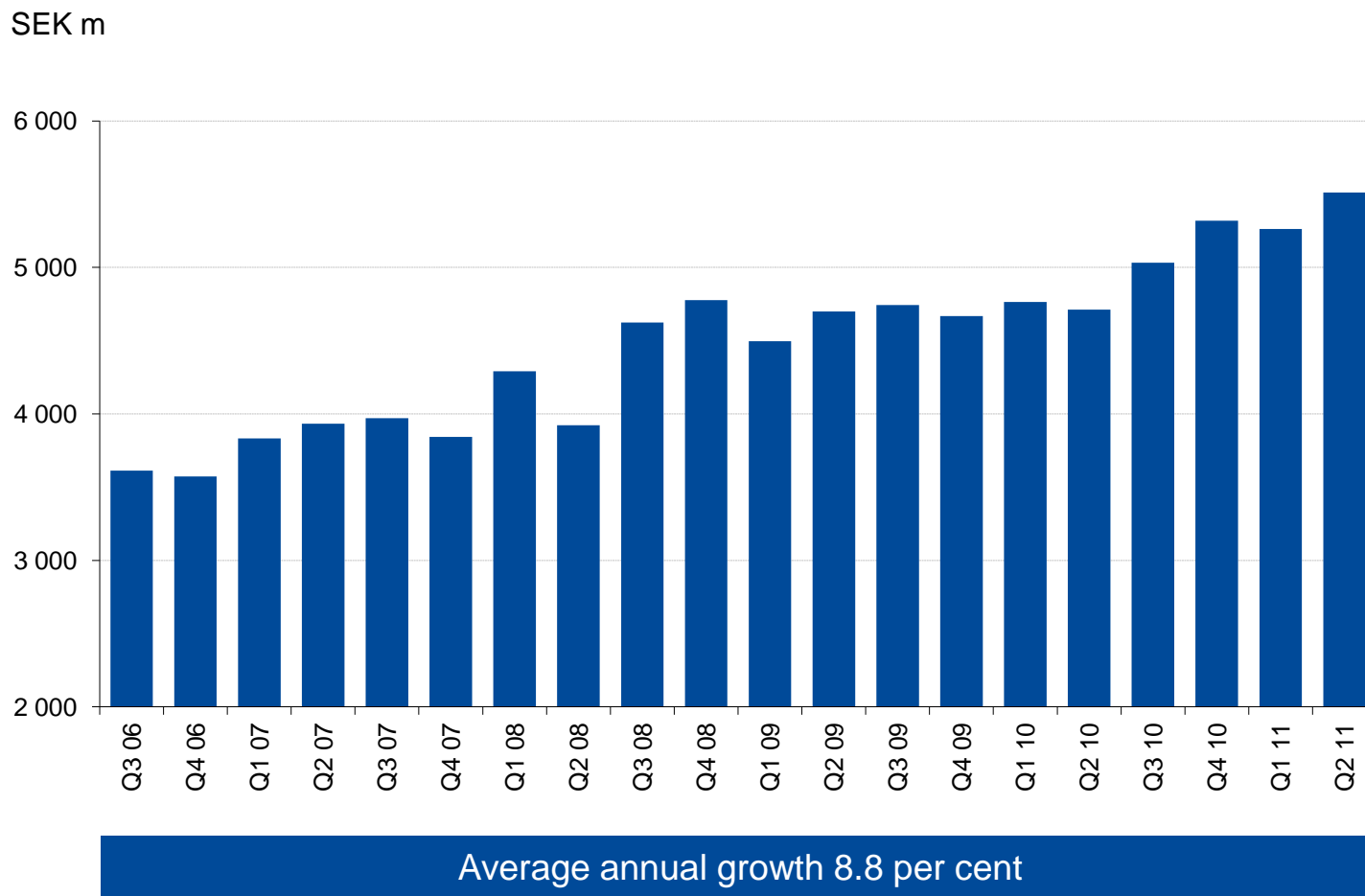


# Quarterly results, during the financial crisis, after losses and tax

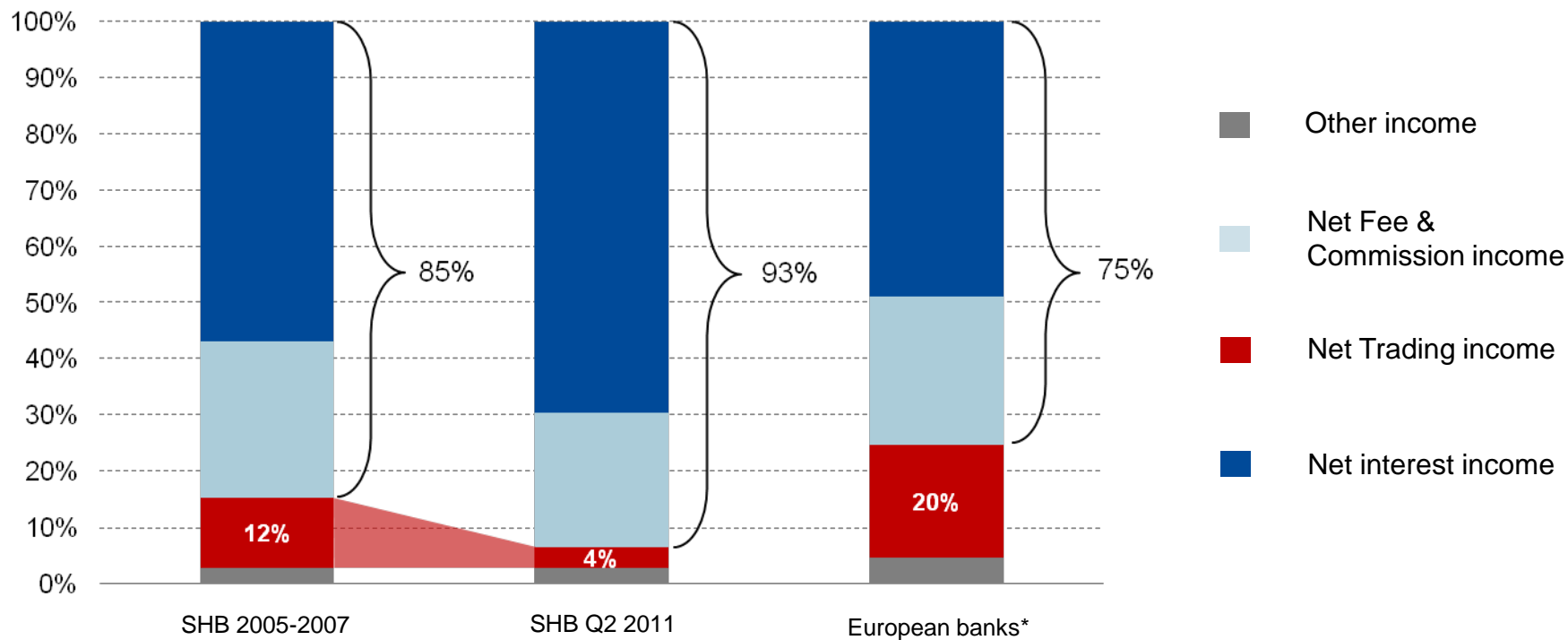


No individual quarter in the past five years with return on equity after loan losses and tax below 12 per cent

# Net interest income minus loan losses



# Focus on long-term stable cash flows



\* 10 largest European banks by market cap (Source: SNL Financial)

## Expenses – trend

<b>SEK m</b>	<b>Jan-Jun 2011</b>	<b>Jan-Jun 2010</b>	<b>Change</b>	<b>Q2 / Q1</b>
Staff costs	-4,934	-4,708	5%	
Other administrative expenses	-2,462	-2,471	0%	
Depreciation and amortisation	-230	-232	-1%	
<b>Total expenses</b>	<b>-7,626</b>	<b>-7,411</b>	<b>3%</b>	<b>3%</b>

## Branch office operations in Sweden

### Jan – Jun 2011

Operating profit SEK 6,572m

RoE 19.5%

C/I ratio before loan losses 35.4%

Number of branch offices 461

Average number of employees 4,422

### *Average volumes, SEK bn*

Loans 1,032

Deposits 348

**Handelsbanken has a branch  
in Gällivare**



and in 460 other locations in Sweden

**Handelsbanken**

## Branch office operations outside Sweden

### Jan – Jun 2011

Operating profit SEK	1,381m
RoE, including new branches	8.3%
C/I ratio before loan losses	55.8%
Number of branch offices	279
Average number of employees	3,092

### *Average volumes, SEK bn*

Loans	450
Deposits	143

**Handelsbanken has a branch  
in Lincoln**

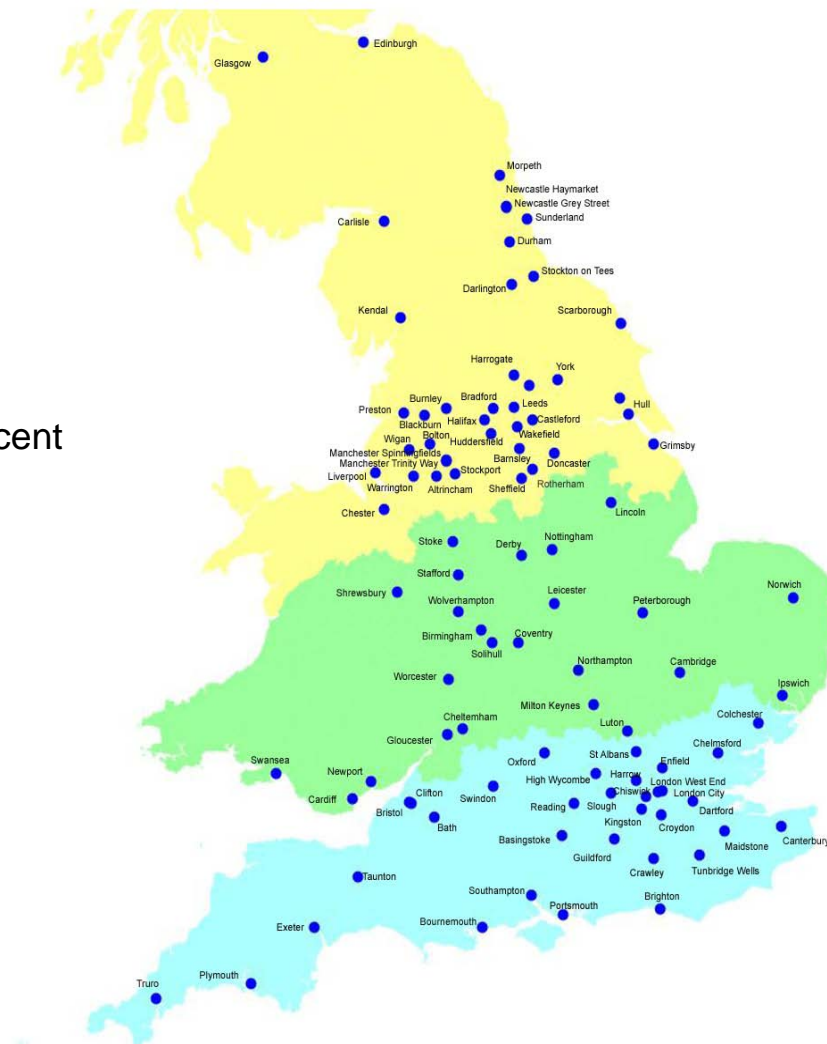


and in 94 other locations in Great Britain

**Handelsbanken**

# Branch operations in the UK

- 100th branch announced in May
- 102 branches including recruited branch managers
- First half 2011\*
  - Profit before loan losses increased by 27 per cent
  - Net interest income grew by 28 per cent
  - Average lending rose by 21 per cent



\* In local currency

## Summary January – June 2011

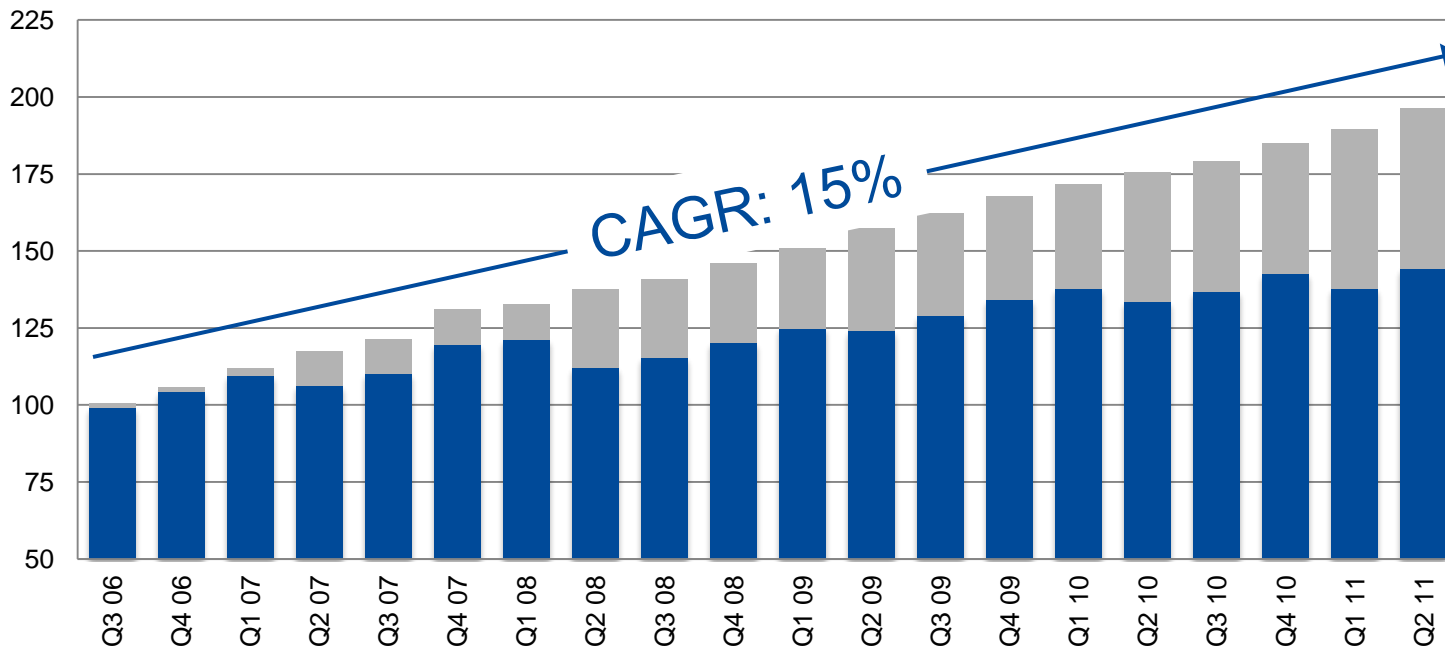
- Stable financial performance
- Earnings per share grew by 12 per cent and by 7 per cent compared with the first quarter
- Net interest income increased by 8 per cent year on year and by 3 per cent compared with the first quarter of 2011
- The loan loss ratio rose to 0.05 percent
- Return on equity after tax was 13.6 per cent
- The Tier 1 capital ratio according to Basel II was 17.4 per cent
- All bonds maturing up to the second quarter of 2012 have been pre-funded
- The liquidity reserve was maintained at over SEK 600 billion



# Annual growth in equity including dividends

■ Adjusted equity per share    ■ Accumulated dividends in past 5 years

SEK/share



CAGR, compounded annual growth rate

# Appendix

# Income statement, five quarters

<b>SEK m</b>	<b>Q2 2011</b>	<b>Q1 2011</b>	<b>Q4 2010</b>	<b>Q3 2010</b>	<b>Q2 2010</b>
Net interest income	5,683	5,507	5,612	5,327	5,082
Net fee and commission income	1,949	1,944	2,127	1,924	1,988
Net gains/losses on financial items at fair value	308	361	276	177	424
Risk result - insurance	38	81	67	42	59
Other income	191	45	46	36	100
<b>Total income</b>	<b>8,169</b>	<b>7,938</b>	<b>8,128</b>	<b>7,506</b>	<b>7,653</b>
Staff costs	-2,477	-2,457	-2,466	-2,330	-2,352
Other expenses	-1,385	-1,307	-1,531	-1,280	-1,393
<b>Total expenses</b>	<b>-3,862</b>	<b>-3,764</b>	<b>-3,997</b>	<b>-3,610</b>	<b>-3,745</b>
<b>Profit before loan losses</b>	<b>4,307</b>	<b>4,174</b>	<b>4,131</b>	<b>3,896</b>	<b>3,908</b>
Net loan losses	-172	-244	-293	-294	-369
Disposal tangible / intangible assets	1	0	-5	4	0
<b>Operating profit</b>	<b>4,136</b>	<b>3,930</b>	<b>3,833</b>	<b>3,606</b>	<b>3,539</b>
Operating profit discontinued operations	60	63	65	47	55
<b>Total operating profit</b>	<b>4,196</b>	<b>3,993</b>	<b>3,898</b>	<b>3,653</b>	<b>3,594</b>

## Change in net interest income

SEK m

<b>Net interest income Q1 2011</b>	<b>5,507</b>	
Deposits, branch offices in Sweden – margins	-4	
- volumes	10	
Lending, branch offices in Sweden – margins	63	
- volumes	50	
Deposits & lending, branch offices outside Sweden	21	
Mandatory government fees (deposit insurance, stabilisation fund etc)	-13	
Exchange rate movements	13	
Other	33	
Benchmark effect	3	
<b>Change in net interest income</b>	<b>176</b>	
<b>Net interest income Q2 2011</b>	<b>5,683</b>	<b>3%</b>

## Fee to the Stabilisation Fund, January – June

<b>SEK bn</b>	<b>2011</b>
Total liabilities and equity	2,548
Reduction for total equity, untaxed reserves and subordinated loans	-154
Reduction for intercompany liabilities	-321
<b>Basis for calculation of fee</b>	<b>2,073</b>

<b>SEK m</b>	
Fee 0.036%	746
No reduction from 2011	
<b>Total fee, H1 2011</b>	<b>373</b>

## Fees and commissions

<b>SEK m</b>	<b>Jan-Jun 2011</b>	<b>Jan-Jun 2010</b>	<b>Change</b>
Brokerage and other securities commissions	775	919	-16%
Mutual funds	867	757	15%
Custody	197	225	-12%
Advisory services	99	99	0%
Insurance	320	342	-6%
Payments	1,241	1,177	5%
Lending and deposits	574	619	-7%
Guarantees	238	261	-9%
Other	208	198	5%
<b>Commission income</b>	<b>4,519</b>	<b>4,597</b>	<b>-2%</b>
Commission expense	-626	-626	0%
<b>Net fee and commission income</b>	<b>3,893</b>	<b>3,971</b>	<b>-2%</b>

## Fees and commissions, quarterly change

<b>SEK m</b>	<b>Q2 2011</b>	<b>Q1 2011</b>	<b>Change</b>
Brokerage and other securities commissions	362	413	-12%
Mutual funds	415	452	-8%
Custody	96	101	-5%
Advisory services	55	44	25%
Insurance	168	152	11%
Payments	651	590	10%
Lending and deposits	291	283	3%
Guarantees	123	115	7%
Other	117	91	29%
<b>Commission income</b>	<b>2,278</b>	<b>2,241</b>	<b>2%</b>
Commission expense	-329	-297	11%
<b>Net fee and commission income</b>	<b>1,949</b>	<b>1,944</b>	<b>0%</b>

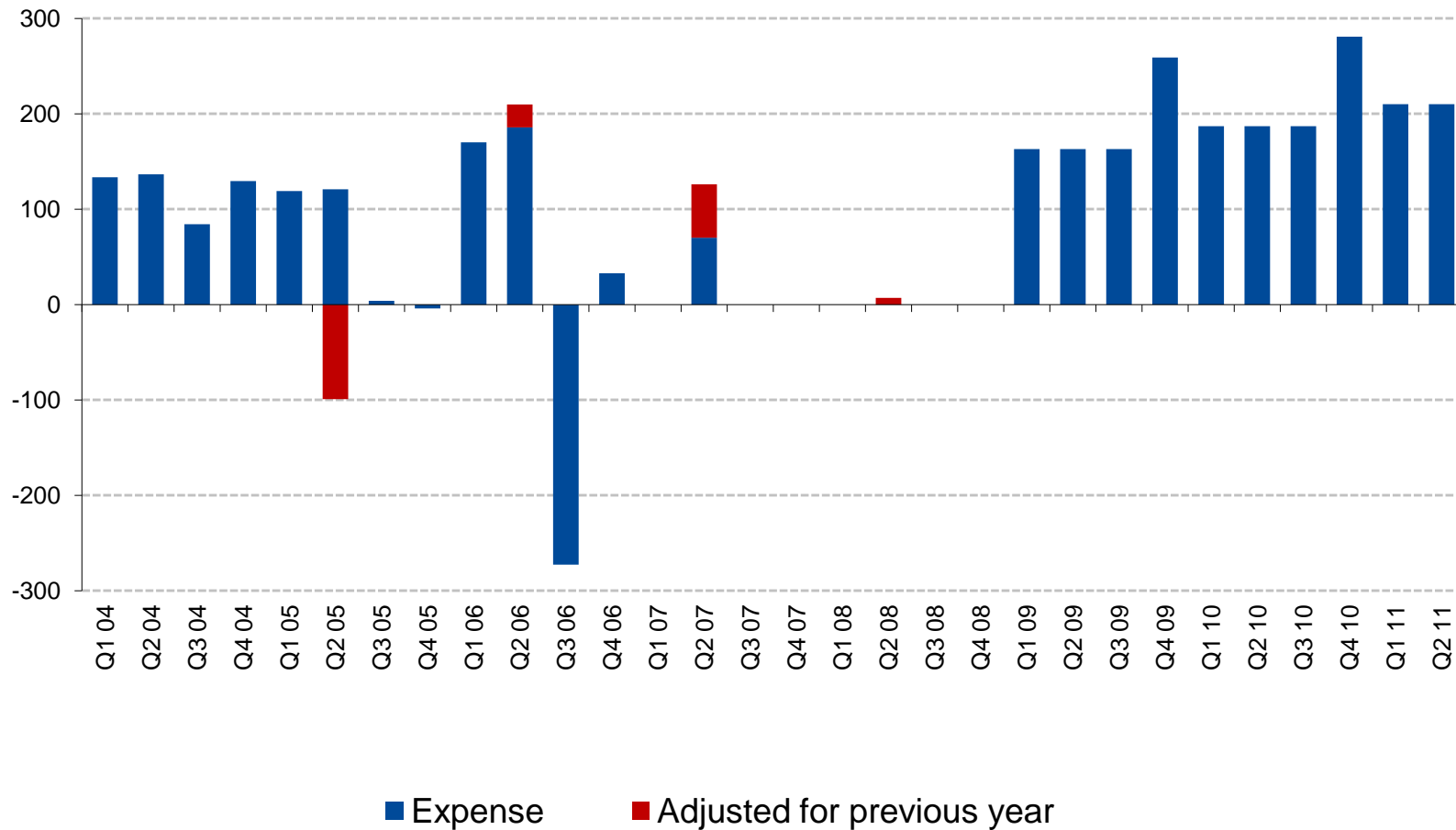
## Equity-related commissions

<b>SEK m</b>	<b>Q2 2011</b>	<b>Q1 2011</b>	<b>Q4 2010</b>	<b>Q3 2010</b>	<b>Q2 2010</b>
Brokerage	344	392	498	413	434
Mutual funds and custody	499	537	525	465	475
Corporate finance	55	44	73	52	60
Commission expense	-45	-52	-54	-50	-58
<b>Total</b>	<b>853</b>	<b>921</b>	<b>1,042</b>	<b>880</b>	<b>911</b>



# Oktagonen quarterly 2004 – 2011

SEK m



## Key ratios

	<b>Jan-Jun 2011</b>	<b>Jan-Jun 2010</b>
Return on equity, total operations	13.6%	12.8%
Return on equity, continuing operations	13.4%	12.6%
C/I ratio, continuing operations	47.3%	47.3%
Earnings per share, total operations, SEK	9.75	8.73
- after dilution	9.59	8.57

## 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:

Second quarter 2011	25.3%
First quarter 2011	26.6%
Second quarter 2010	28.8%
January – June 2011	26.0%
January – December 2010	26.8%

# Balance sheet

<b>SEK bn</b>	<b>30 Jun 2011</b>	<b>30 Jun 2010</b>	<b>Change</b>
Loans to the public	1,567	1,511	4%
Loans to other credit institutions	104	145	-29%
Interest-bearing securities	112	163	-31%
Other assets	467	507	-8%
<b>Total assets</b>	<b>2,250</b>	<b>2,326</b>	<b>-3%</b>
Deposits and borrowing from the public	646	598	8%
Due to credit institutions	219	257	-15%
Issued securities	1,020	1,066	-4%
Other liabilities	276	322	-14%
Total equity	89	83	8%
<b>Total liabilities and equity</b>	<b>2,250</b>	<b>2,326</b>	<b>-3%</b>

# Loans to the public, quarterly

<b>Average volumes, SEK bn</b>	<b>Q2 2011</b>	<b>Q1 2011</b>	<b>Q4 2010</b>	<b>Q3 2010</b>	<b>Q2 2010</b>
Household	566	557	552	541	527
Corporate	479	460	457	463	470
<b>Branch office operations in Sweden</b>	<b>1,045</b>	<b>1,017</b>	<b>1,009</b>	<b>1,004</b>	<b>997</b>
Household	153	146	143	142	142
Corporate	304	296	306	315	326
<b>Branch office operations outside Sweden</b>	<b>457</b>	<b>442</b>	<b>449</b>	<b>457</b>	<b>468</b>
<b>Other operations</b>	<b>50</b>	<b>27</b>	<b>17</b>	<b>18</b>	<b>17</b>
Household	720	704	695	683	669
Corporate	832	782	780	796	813
<b>Total loans to the public</b>	<b>1,552</b>	<b>1,486</b>	<b>1,475</b>	<b>1,479</b>	<b>1,482</b>

## Deposits from the public, quarterly

<b>Average volumes, SEK bn</b>	<b>Q2 2011</b>	<b>Q1 2011</b>	<b>Q4 2010</b>	<b>Q3 2010</b>	<b>Q2 2010</b>
Household	194	191	190	185	178
Corporate	155	156	148	149	149
<b>Branch office operations in Sweden</b>	<b>349</b>	<b>347</b>	<b>338</b>	<b>334</b>	<b>327</b>
Household	41	39	40	41	42
Corporate	103	103	102	99	100
<b>Branch office operations outside Sweden</b>	<b>144</b>	<b>142</b>	<b>142</b>	<b>140</b>	<b>142</b>
<b>Other operations</b>	<b>122</b>	<b>106</b>	<b>61</b>	<b>70</b>	<b>68</b>
Household	235	230	230	226	220
Corporate	380	365	311	317	317
<b>Total deposits from the public</b>	<b>615</b>	<b>595</b>	<b>541</b>	<b>544</b>	<b>537</b>

## Average volumes – lending, home markets outside Sweden

<b>Private, local currency</b>	<b>Q2 2011</b>	<b>Q1 2011</b>	<b>Change</b>
Denmark, DKK bn	21.8	21.2	2.8%
Finland, EUR m	3,231	3,209	0.7%
Norway, NOK bn	62.8	60.9	3.1%
Great Britain, GBP m	1,851	1,667	11.0%

<b>Corporate, local currency</b>			
Denmark, DKK bn	19.7	19.4	1.5%
Finland, EUR m	6,728	6,600	1.9%
Norway, NOK bn	100.7	100.9	-0.2%
Great Britain, GBP m	5,461	5,081	7.5%

## Average volumes – lending, home markets outside Sweden

<b>Private, local currency</b>	<b>30 Jun 2011</b>	<b>30 Jun 2010</b>	<b>Change</b>
Denmark, DKK bn	21.5	19.1	12.6%
Finland, EUR m	3,220	3,137	2.6%
Norway, NOK bn	61.8	53.9	14.7%
Great Britain, GBP m	1,759	1,207	45.7%

### **Corporate, local currency**

Denmark, DKK bn	19.6	20.2	-3.0%
Finland, EUR m	6,664	6,781	-1.7%
Norway, NOK bn	100.8	101.6	-0.8%
Great Britain, GBP m	5,271	4,620	14.1%



## Average volumes – deposits, home markets outside Sweden

<b>Private, local currency</b>	<b>Q2 2011</b>	<b>Q1 2011</b>	<b>Change</b>
Denmark, DKK bn	8.3	8.1	2.5%
Finland, EUR m	1,227	1,214	1.1%
Norway, NOK bn	11.3	10.8	4.6%
Great Britain, GBP m	356	361	-1.4%

<b>Corporate, local currency</b>			
Denmark, DKK bn	10.2	12.2	-16.4%
Finland, EUR m	1,706	2,249	-24.1%
Norway, NOK bn	39.6	38.4	3.1%
Great Britain, GBP m	1,335	1,110	20.3%

## Average volumes – deposits, home markets outside Sweden

<b>Private, local currency</b>	<b>30 Jun 2011</b>	<b>30 Jun 2010</b>	<b>Change</b>
Denmark, DKK bn	8.2	8.5	-3.6%
Finland, EUR m	1,220	1,270	-3.9%
Norway, NOK bn	11.0	9.2	19.7%
Great Britain, GBP m	359	325	10.5%

**Corporate, local currency**

Denmark, DKK bn	11.2	12.5	-10.5%
Finland, EUR m	1,977	2,525	-21.7%
Norway, NOK bn	39.0	33.0	18.2%
Great Britain, GBP m	1,222	1,025	19.2%