

Handelsbanken

January – June 2015

21 July 2015

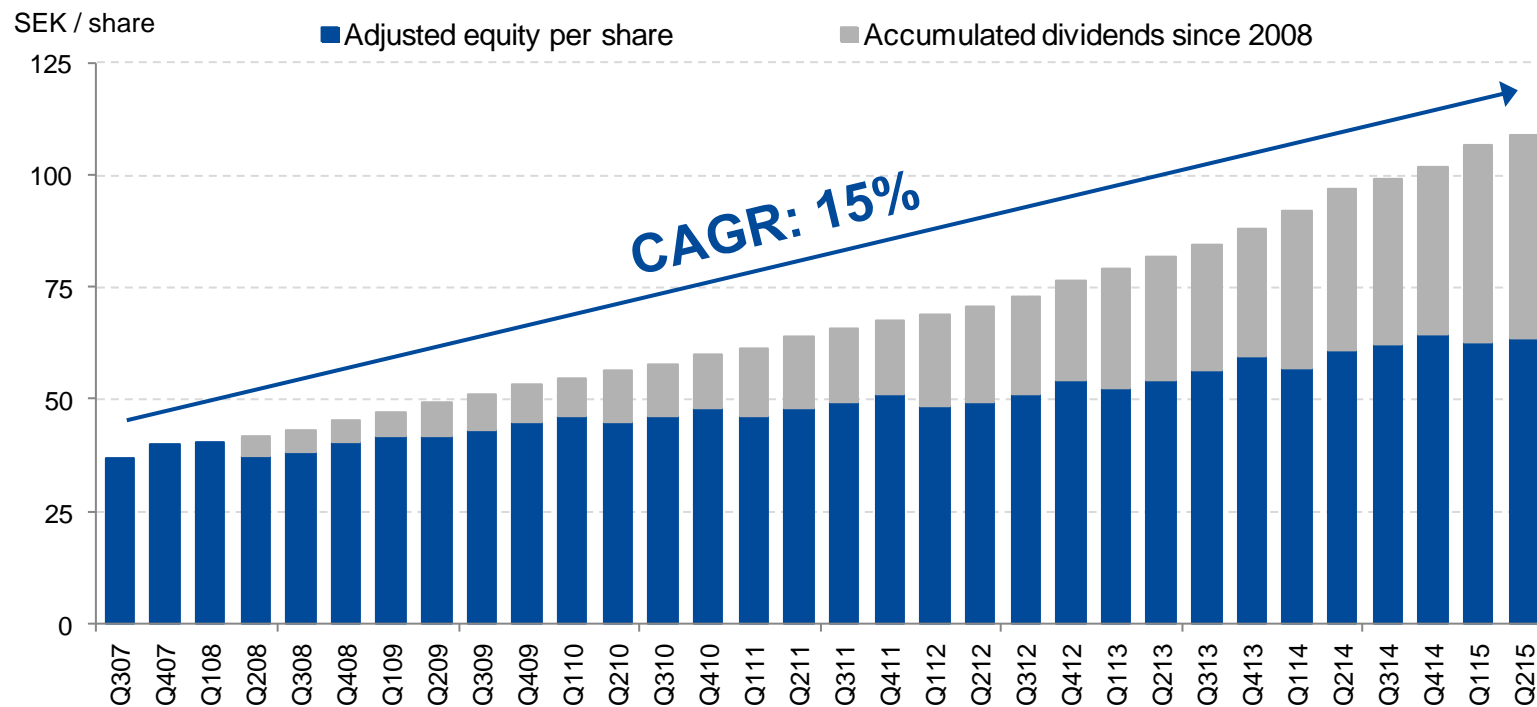
Summary Q2 2015

- The highest quarterly operating profit in the Bank's 143-year history*
- Operating profit increased by 6% to SEK 5,256m (4,955)
- EPS increased by 7% to SEK 2.19 (2.05)
- ROE increased to 14.5% (12.9%)
- C/I ratio dropped to 45.1% (46.0)
- Loan loss ratio was 0.08% (0.07)
- CET1 ratio increased to 21.3% (21.1) and the liquidity reserve exceeded SEK 800bn
- Moody's upgraded Handelsbanken's long term credit rating to Aa2 and the Counterparty Risk Assessment was set at Aa1

* For continuing operations

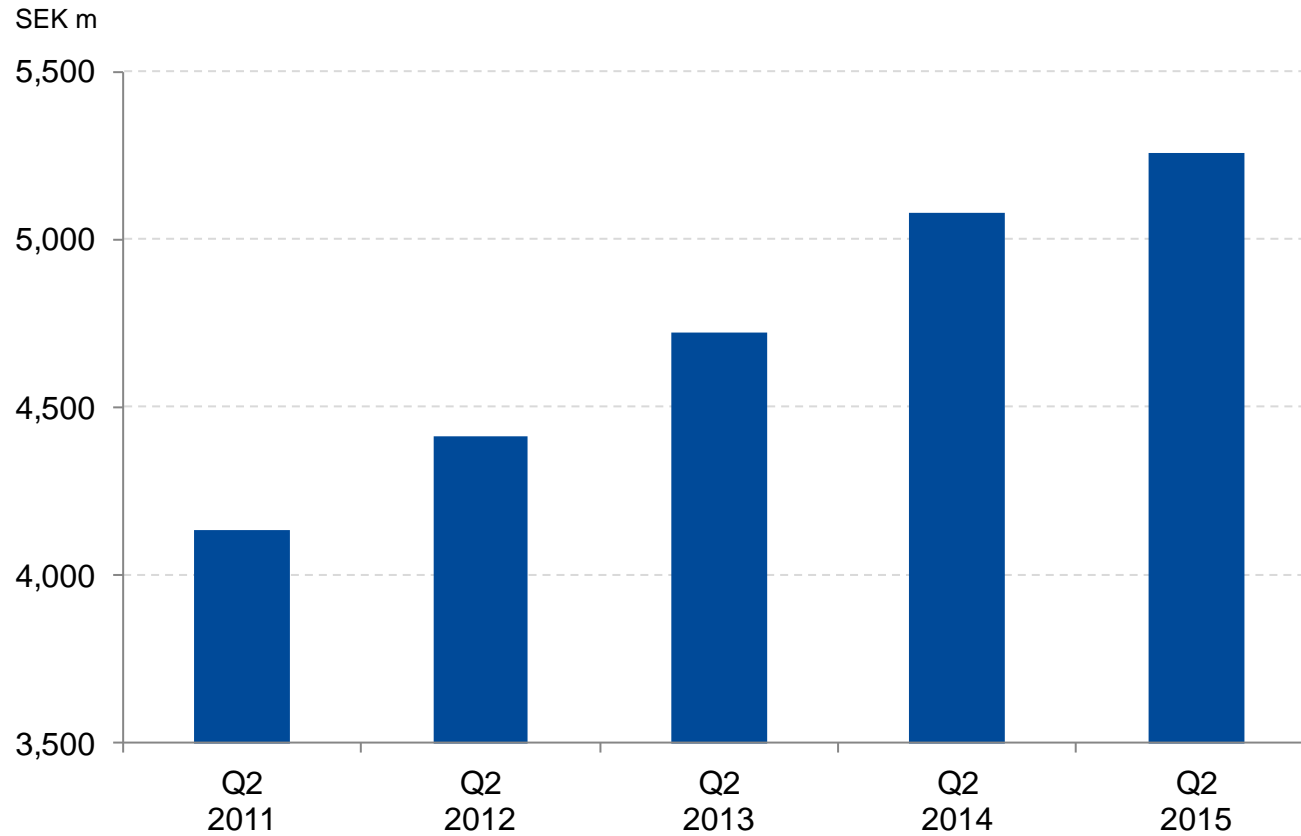
Average annual growth in equity

Including dividends



Dividends reinvested in ROE per quarter
 CAGR = Compounded Annual Growth Rate

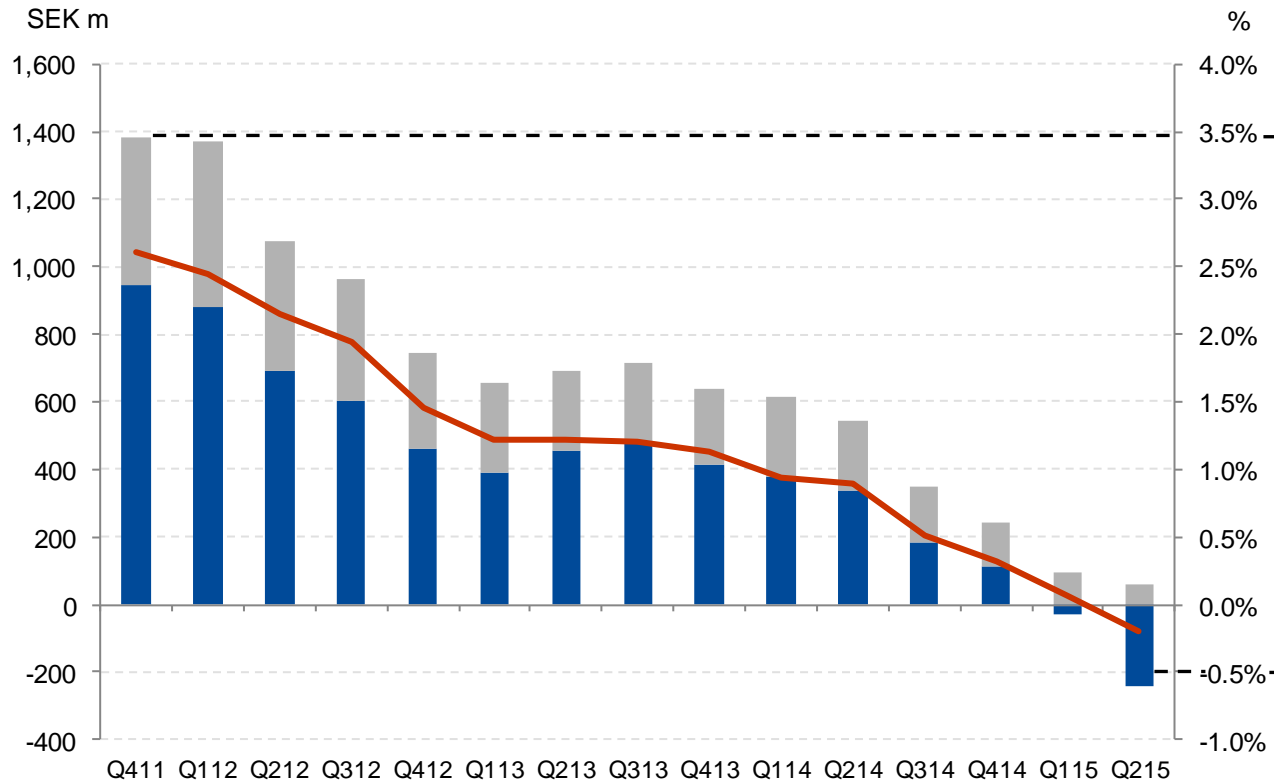
Operating profit, Q2



Income statement, Q2

SEK m	Q2 2015	Q1 2015	Change
Net interest income	7,019	6,916	1%
Net fee and commission income	2,359	2,310	2%
Net gains/losses on financial transactions	451	428	5%
Risk result - insurance	55	26	112%
Other income	337	65	418%
Total income	10,221	9,745	5%
Staff costs	-3,149	-3,126	1%
Other expenses	-1,458	-1,355	8%
Total expenses	-4,607	-4,481	3%
Profit before loan losses	5,614	5,264	7%
Net loan losses	-359	-305	18%
Gains/losses on disposal of property, equipment and intangible assets	1	-4	
Operating profit	5,256	4,955	6%
Taxes	-1,110	-1,063	4%
Net profit from discontinued operations	27	19	42%
Profit for the period	4,173	3,911	7%

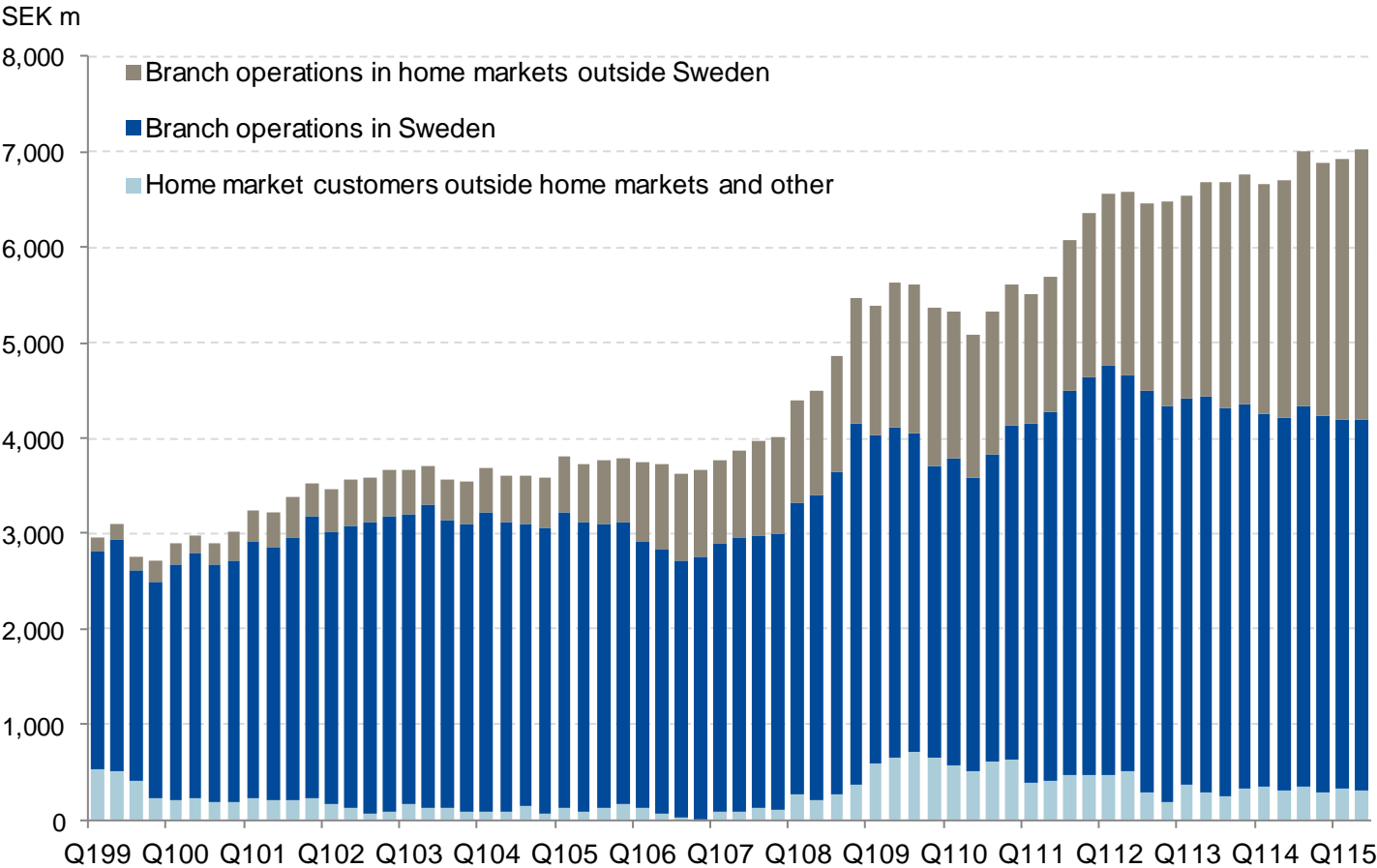
Net interest income from deposits and equity



SEK 1.6bn less NII per quarter due to lower interest rates

- NII from allocated capital in the group
- NII from deposits in Swedish branch operations
- 3M STIBOR, average per quarter (rhs)

Net interest income



Strengthened liquidity position with positive NII impact

Lower need to issue bonds

Long term issuance, SEK bn	Jan-Jun 2015	Jan-Jun 2014	Change
Senior bonds	2	22	-20
Covered bonds	62	73	-11
Subordinated loans	10	16	-6
Total	74	111	-37

Household deposits have increased by SEK 34bn



Stronger liquidity position

SEK bn	Q215	Q214	Change
Holdings with central banks and liquid bonds	675	578	97

Corporate deposits have increased by SEK 118bn

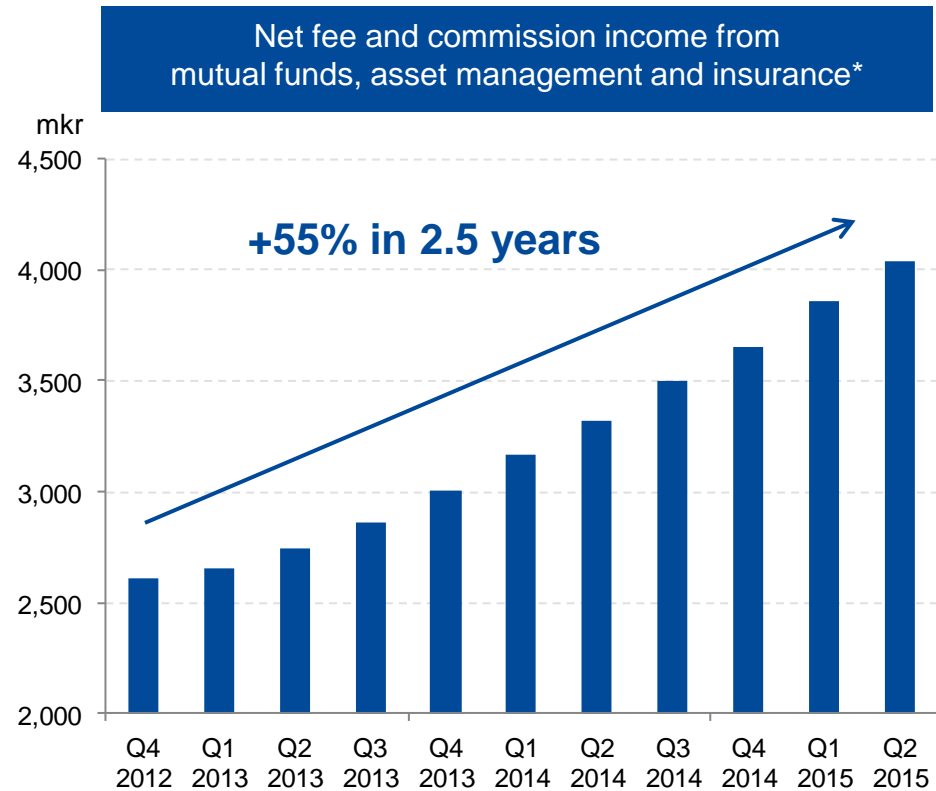
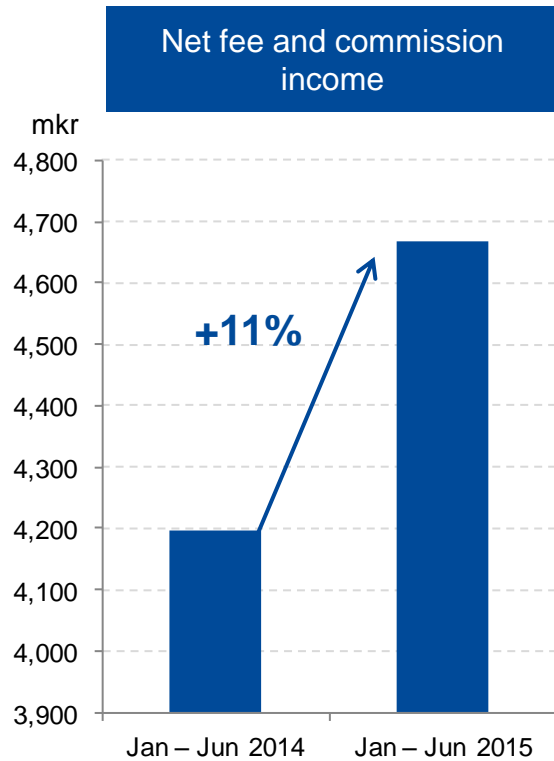


Even lower encumbrance level

%	Q215	Q214	Change
Non-encumbered assets as % of unsecured funding	242%	229%	13%

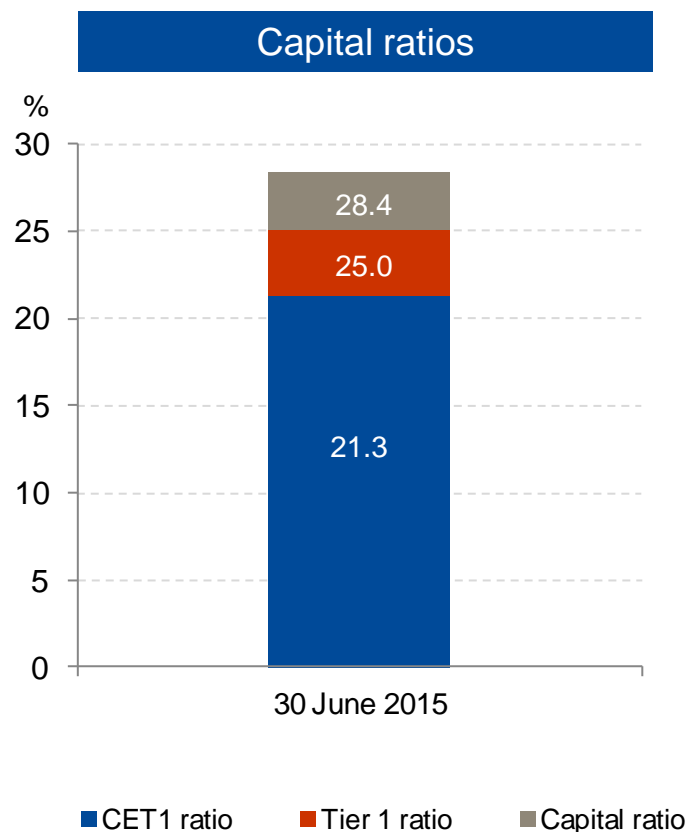
NII impact of around SEK 700m

Net fee and commission income



* 12-month rolling

Financial stability



Capital CRD IV, %	30 June 2015	30 June 2014	Change
Capital ratio, %	28.4	25.0	+3.4
Tier 1 ratio, %	25.0	21.7	+3.3
Common equity tier 1 ratio, %	21.3	20.1	+1.2
Total capital base, SEK bn	136.6	124.2	+12.4
Common equity tier 1 capital, SEK	102.7	99.8	+2.9

Liquidity	30 June 2015
LCR Total*	117%
LCR EUR*	151%
LCR USD*	126%
LCR according to the EU Commission delegated act	141%

* According to the Swedish FSA's definition

Highest credit rating after upgrade by Moody's in June 2015

	Rating	Outlook	Last issuer rating direction	Date
Handelsbanken	Aa2	Sta	Upgrade	June 2015
DNB	Aa3	Sta	Upgrade	June 2015
Nordea	Aa3	Sta	Affirm	June 2015
Pohjola Bank	Aa3	Sta	Affirm	June 2015
SEB	Aa3	Sta	Upgrade	June 2015
Swedbank	Aa3	Sta	Upgrade	June 2015
Danske Bank	A2	Sta	Upgrade	June 2015

Handelsbanken's home markets

Number of branches, 30 June 2015:

Sweden	463
UK*	197
Denmark	57
Norway	51
Finland	46
Netherlands**	23
Total***	837

* Including ten appointed branch managers
 ** Including one appointed branch manager
 *** In home markets



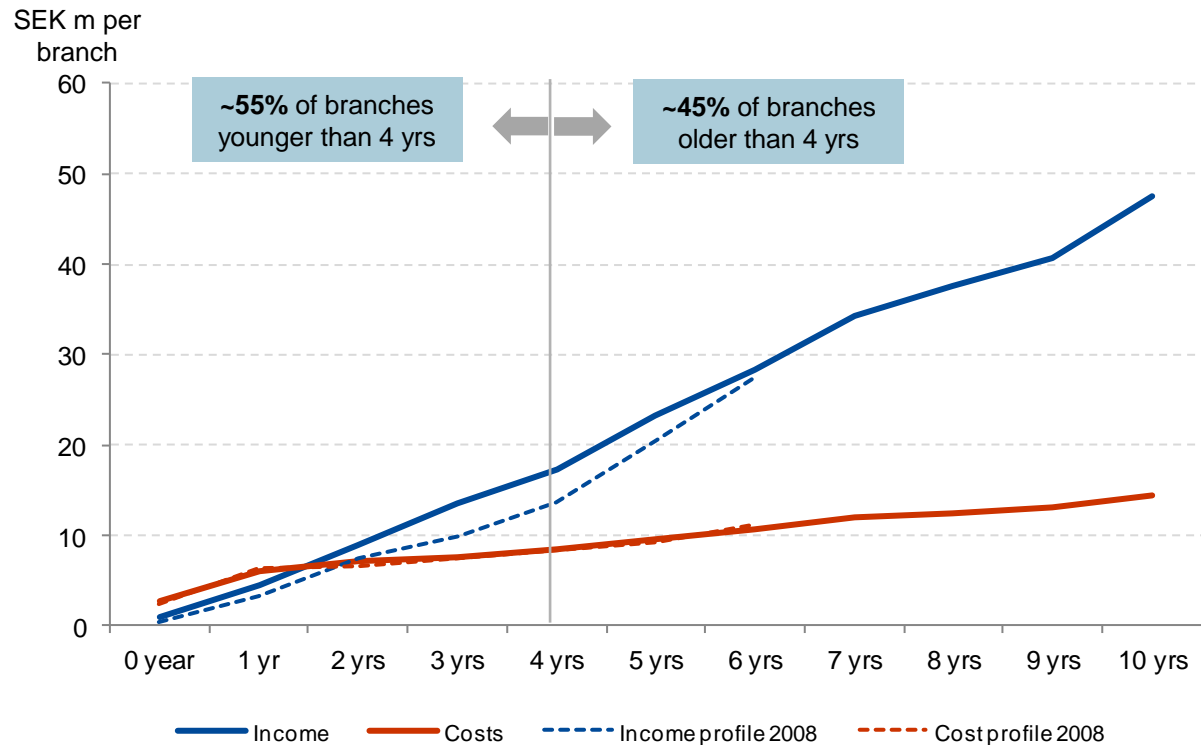
Return on equity in branch operations

	Q2 2015
Branch operations in Sweden	16%
Branch operations in the UK	18%
Branch operations in Denmark	14%
Branch operations in Norway	15%
Branch operations in Finland	12%
Branch operations in the Netherlands	6%

Continued expansion and increased availability

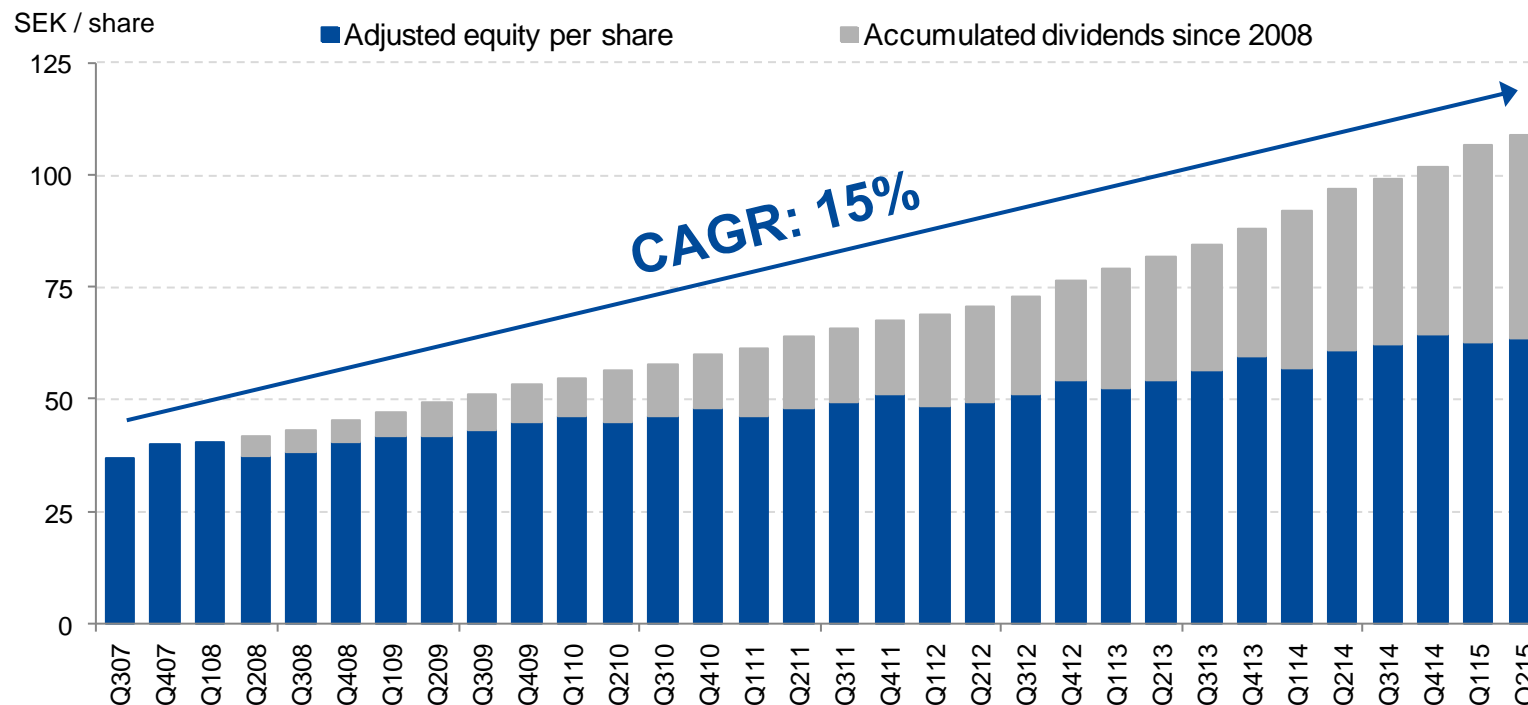
- 197 branches including appointed branch managers
- More than 1,900 employees in the UK
- Operating profit increased by 44% in January – June

Income and expense trend in branches in the UK



Average annual growth in equity

Including dividends



Dividends reinvested in ROE per quarter
 CAGR = Compounded Annual Growth Rate

Appendix

Income statement, January – June

SEK m	Jan-Jun 2015	Jan-Jun 2014	Change
Net interest income	13,935	13,357	4%
Net fee and commission income	4,669	4,195	11%
Net gains/losses on financial transactions	879	1,124	-22%
Risk result - insurance	81	85	-5%
Other income	402	367	10%
Total income	19,966	19,128	4%
Staff costs	-6,275	-5,797	8%
Other expenses	-2,813	-2,748	2%
Total expenses	-9,088	-8,545	6%
Profit before loan losses	10,878	10,583	3%
Net loan losses	-664	-587	13%
Gains/losses on disposal of property, equipment and intangible assets	-3	1	
Operating profit	10,211	9,997	2%
Taxes	-2,173	-2,112	3%
Net profit from discontinued operations	46	58	-21%
Profit for the period	8,084	7,943	2%

Non-encumbered assets, NEA

30 June 2015

SEK bn	IPT (NEA)	Accumulated coverage ratio in % of unsecured funding*
Cash with central banks and securities in the liquidity portfolio	675	78%
Mortgage loans	432	128%
Other household lending	159	146%
Property company lending lowest risk class (1-3)	230	172%
Other corporate lending lowest risk class (1-3)	166	192%
Loans to credit institutions lowest risk class (1-3)	83	201%
Other corporate lending	224	227%
Other assets	128	242%
Total non-encumbered assets (NEA)	2,097	242%
Encumbered assets without underlying liabilities**	56	
<i>Encumbered assets with underlying liabilities</i>	<i>783</i>	
Total assets, Group	2,936	

* Issued short and long unsecured funding and due to credit institutions

** Over-collateralisation in cover pool (OC)

Income statement – five quarters

SEK m	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014
Net interest income	7,019	6,916	6,883	7,004	6,704
Net fee and commission income	2,359	2,310	2,228	2,133	2,135
Net gains/losses on financial transactions	451	428	264	389	466
Risk result - insurance	55	26	34	46	43
Other income	337	65	147	58	299
Total income	10,221	9,745	9,556	9,630	9,647
Staff costs	-3,149	-3,126	-3,026	-2,943	-2,910
Other expenses	-1,458	-1,355	-1,526	-1,287	-1,389
Total expenses	-4,607	-4,481	-4,552	-4,230	-4,299
Profit before loan losses	5,614	5,264	5,004	5,400	5,348
Net loan losses	-359	-305	-697	-497	-272
Gains/losses on disposal of property, equipment and intangible assets	1	-4	4	1	1
Operating profit	5,256	4,955	4,311	4,904	5,077

Change in net interest income

NII Q1 2015 , SEK m	6,916	Change
Lending and deposits in Swedish branch operations	-103	
Deposit margins	-200	
Deposit volumes	-8	
Lending margins	77	
Lending volumes	28	
Lending and deposits in home markets outside Sweden	-5	
Deposit margins	12	
Deposit volumes	9	
Lending margins	-88	
Lending volumes	62	
Total lending and deposits in home markets	-108	-2%
Other branch operations	100	
Mandatory government fees (deposit insur., stabilisation fund etc)	-3	
Benchmark effect	23	
Day count effect	26	
Exchange rate movements	24	
Other	41	
Other	211	3%
NII Q2 2015	7,019	1%

Change in net interest income

NII Jan-Jun 2014, SEK m	13,357	Change
Lending and deposits in Swedish branch operations	-425	
Deposit margins	-955	
Deposit volumes	-27	
Lending margins	394	
Lending volumes	163	
Lending and deposits in home markets outside Sweden	116	
Deposit margins	-96	
Deposit volumes	46	
Lending margins	-235	
Lending volumes	401	
Total lending and deposits in home markets	-309	-2%
Other branch operations	102	
Mandatory government fees (deposit insur., stabilisation fund etc)	-37	
Benchmark effect	32	
Day count effect	0	
Exchange rate movements	463	
Other	327	
Other	887	7%
NII Jan-Jun 2015	13,935	4%

Change in common equity tier 1 ratio

CRD IV

Common equity tier 1 ratio Q115, %	21.1
Change, %-points:	
Common equity tier 1 capital	-0.3
Earnings after estimated dividends	0.1
Currency effects	-0.1
IAS 19	-0.5
Other and rounding	0.2
Lending volume	0.0
Lending growth	-0.1
Currency effects	0.1
Net effect different quality of inflows and outflows in loan portfolio	0.2
Credit risk migration in the lending portfolio	0.0
Other effects, net	0.3
Change in common equity tier 1 ratio	0.2
Common equity tier 1 ratio Q215, %	21.3

Change in common equity tier 1 ratio

CRD IV

Common equity tier 1 ratio Q214, %	20.1
Change, %-points:	
Common equity tier 1 capital	0.6
Earnings after estimated dividends	0.3
Currency effects	0.4
IAS 19	-0.8
AFS holdings	0.6
Other and rounding	0.1
Lending volume	-0.7
Lending growth	-0.3
Currency effects	-0.4
Net effect different quality of inflows and outflows in loan portfolio	0.8
Credit risk migration in the lending portfolio	0.2
Other effects, net	0.3
Change in common equity tier 1 ratio	1.2
Common equity tier 1 ratio Q215, %	21.3

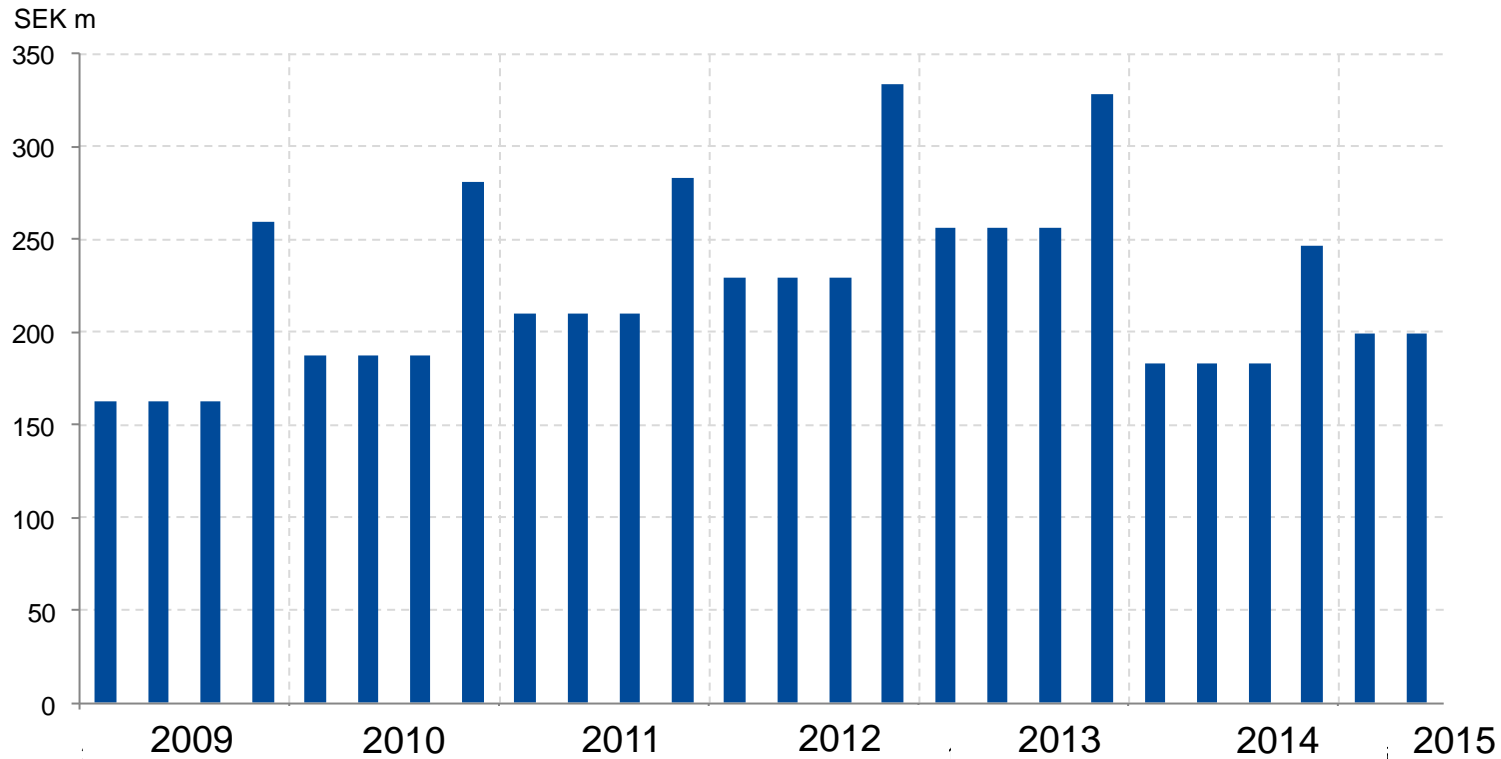
Mandatory government fees

Jan – Jun 2015, SEK m	Stabilisation Fund	Deposit guarantee	Total
Sweden	-210	-123	-333
UK	-33	-9	-42
Denmark	-15	-13	-28
Finland	-20	-7	-27
Norway	-39	-12	-51
Netherlands	-3	0	-3
Capital Markets	-33	-1	-34
Other	-117	-	-117
Total	-470	-165	-635

Fees and commissions

SEK m	Jan-Jun 2015	Jan-Jun 2014	Change
Brokerage and other securities commissions	593	621	-5%
Mutual funds	1,501	1,159	30%
Custody and other asset management fees	303	265	14%
Advisory services	141	111	27%
Insurance	326	321	2%
Payments	1,622	1,492	9%
Loans and deposits	543	568	-4%
Guarantees	211	209	1%
Other	232	219	6%
Commission income	5,472	4,965	10%
Securities	-134	-129	4%
Payments	-631	-602	5%
Other	-38	-39	-3%
Commission expense	-803	-770	4%
Net fee and commission income	4,669	4,195	11%

Oktagonen quarterly



Effective tax rate

<u>Effective tax rate</u>	<u>Q215</u>	<u>Q115</u>	<u>Q414</u>	<u>Q314</u>	<u>Q214</u>	<u>Q114</u>	<u>Q413</u>	<u>Q313</u>	<u>Q213</u>
Per quarter	21.1%	21.5%	21.7%	20.8%	21.2%	21.1%	21.7%	21.8%	22.6%
Accumulated year to date	21.3%	21.5%	21.2%	21.0%	21.1%	21.1%	21.6%	21.6%	21.5%

Balance sheet

SEK bn	Jan-Jun 2015	Jan-Jun 2014	Change
Cash and central banks	554	477	16%
Loans to the public	1,851	1,765	5%
Loans to other credit institutions	87	77	13%
Interest-bearing securities	130	110	19%
Other assets	314	251	25%
Total assets	2,936	2,680	10%
Deposits and borrowing from the public	1,094	943	16%
Due to credit institutions	219	206	6%
Issued securities	1,215	1,175	3%
Other liabilities	284	239	19%
Total equity	124	117	6%
Total liabilities and equity	2,936	2,680	10%

Loans to the public*

SEK bn, end of period	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014
<i>Households</i>	689	674	664	656	648
<i>Corporates</i>	460	466	462	472	473
Branch operations in Sweden	1,149	1,140	1,126	1,128	1,121
<i>Households</i>	86	86	84	88	85
<i>Corporates</i>	125	124	120	126	123
Branch operations in Norway	211	210	204	214	208
<i>Households</i>	62	59	54	50	46
<i>Corporates</i>	130	126	116	111	103
Branch operations in UK	192	185	170	161	149
<i>Households</i>	35	35	35	34	35
<i>Corporates</i>	79	78	83	77	80
Branch operations in Finland	114	113	118	111	115
<i>Households</i>	45	45	45	42	41
<i>Corporates</i>	38	35	35	37	35
Branch operations in Denmark	83	80	80	79	76
<i>Households</i>	10	9	8	7	6
<i>Corporates</i>	10	10	11	10	11
Branch operations in the Netherlands	20	19	19	17	17
Other	68	73	72	64	68
<i>Households</i>	933	914	896	883	865
<i>Corporates</i>	904	906	893	891	888
Total lending to the public	1,837	1,820	1,789	1,774	1,753

* Excluding loans to the Swedish National Debt Office

Deposits from the public

SEK bn, end of period	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014
<i>Households</i>	271	253	250	245	245
<i>Corporates</i>	191	180	183	156	157
Branch operations in Sweden	462	433	433	401	402
<i>Households</i>	23	20	19	16	15
<i>Corporates</i>	84	78	70	70	77
Branch operations in UK	107	98	89	86	92
<i>Households</i>	19	18	17	18	17
<i>Corporates</i>	48	63	54	58	49
Branch operations in Norway	67	81	71	76	66
<i>Households</i>	13	12	13	12	11
<i>Corporates</i>	23	19	26	29	30
Branch operations in Finland	36	31	39	41	41
<i>Households</i>	14	12	13	12	12
<i>Corporates</i>	21	15	17	17	14
Branch operations in Denmark	35	27	30	29	26
<i>Households</i>	1	1	0	0	0
<i>Corporates</i>	5	5	8	8	10
Branch operations in the Netherlands	6	6	8	8	10
Other	381	380	352	294	306
<i>Households</i>	349	324	319	311	309
<i>Corporates</i>	745	731	704	623	634
Total deposits from the public	1,094	1,055	1,022	934	943

Lending in home markets outside Sweden

Average volumes local currency

	Q2 2015	Q1 2015	Change
Private, local currency			
Denmark, DKK bn	36.3	35.6	2.0%
Finland, EUR m	3,948	3,918	0.8%
Norway, NOK bn	80.5	79.5	1.3%
UK, GBP m	4,709	4,532	3.9%
Netherlands, EUR m	980	900	8.9%

Corporate, local currency

Denmark, DKK bn	30.3	27.3	11.0%
Finland, EUR m	8,558	8,704	-1.7%
Norway, NOK bn	118.2	116.3	1.6%
UK, GBP m	9,913	9,697	2.2%
Netherlands, EUR m	1,132	1,116	1.4%

Lending in home markets outside Sweden

Average volumes local currency

	Jan-Jun 2015	Jan-Jun 2014	Change
Private, local currency			
Denmark, DKK bn	35.9	31.9	12.5%
Finland, EUR m	3,933	3,799	3.5%
Norway, NOK bn	80.0	75.4	6.1%
UK, GBP m	4,620	3,842	20.2%
Netherlands, EUR m	940	653	44.0%

Corporate, local currency

Denmark, DKK bn	28.8	28.1	2.5%
Finland, EUR m	8,631	8,288	4.1%
Norway, NOK bn	117.3	113.3	3.5%
UK, GBP m	9,805	8,853	10.8%
Netherlands, EUR m	1,124	1,303	-13.7%

Deposits in home markets outside Sweden

Average volumes local currency

	Q2 2015	Q1 2015	Change
Private, local currency			
Denmark, DKK bn	11.3	10.1	11.9%
Finland, EUR m	1,366	1,353	1.0%
Norway, NOK bn	17.1	16.6	3.0%
UK, GBP m	1,681	1,526	10.2%
Netherlands, EUR m	47	48	-2.1%

Corporate, local currency

Denmark, DKK bn	16.6	15.7	5.7%
Finland, EUR m	2,384	2,431	-1.9%
Norway, NOK bn	54.6	55.5	-1.6%
UK, GBP m	6,628	6,105	8.6%
Netherlands, EUR m	698	811	-13.9%

Deposits in home markets outside Sweden

Average volumes local currency

Private, local currency	Jan-Jun 2015	Jan-Jun 2014	Change
Denmark, DKK bn	10.7	9.7	10.3%
Finland, EUR m	1,359	1,242	9.4%
Norway, NOK bn	16.9	14.8	14.2%
UK, GBP m	1,604	1,127	42.3%
Netherlands, EUR m	48	28	71.4%

Corporate, local currency

Denmark, DKK bn	16.2	13.7	18.2%
Finland, EUR m	2,407	3,081	-21.9%
Norway, NOK bn	55.0	44.4	23.9%
UK, GBP m	6,367	5,899	7.9%
Netherlands, EUR m	755	1,014	-25.5%