

Handelsbanken

January – September 2015

21 October 2015

Summary January – September 2015

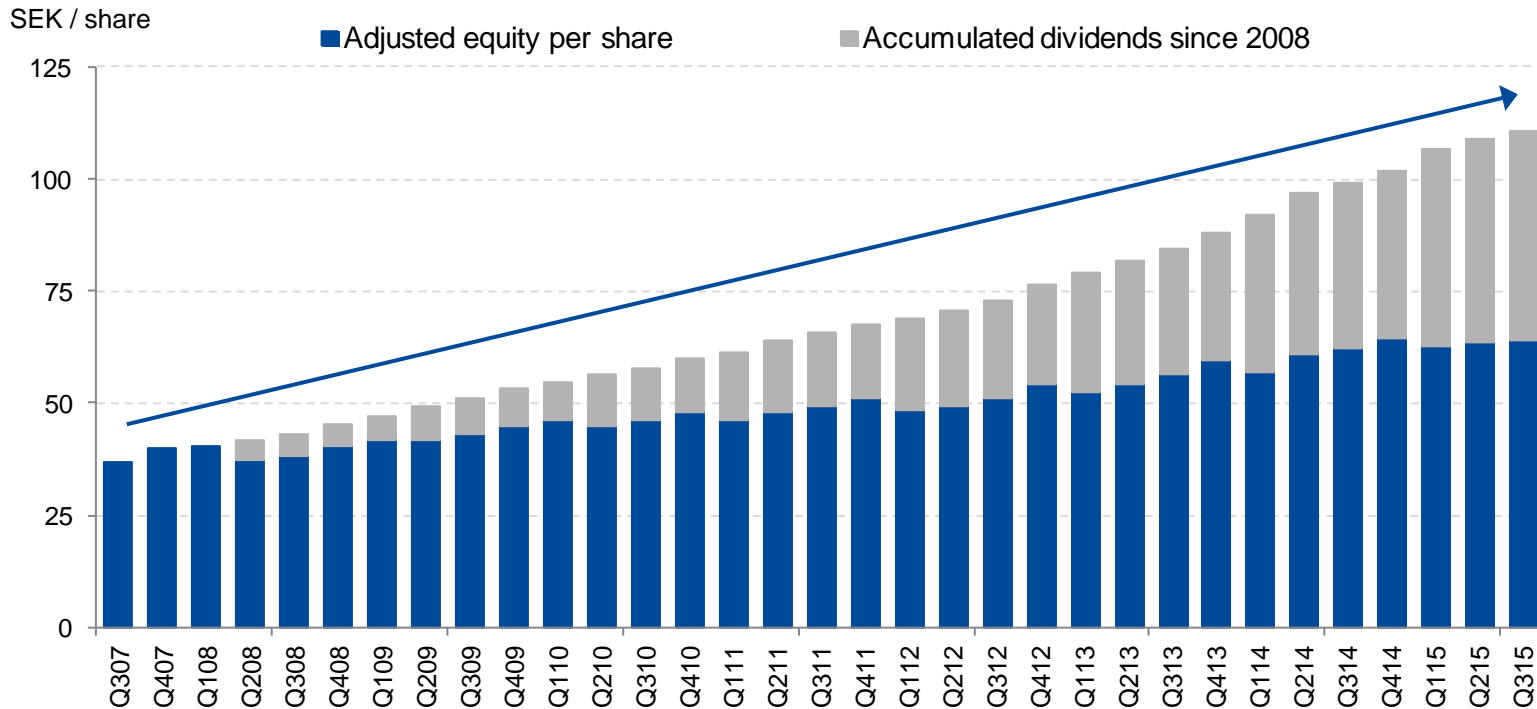
- Operating profit increased to SEK 14,942m (14,901)
- EPS unchanged at SEK 6.21 (6.21)
- ROE was 13.1% (14.1)
 - 12.7% during Q3
- Income increased by 2% to SEK 29,427m (28,758)
- C/I ratio was 45.4% (44.4)
 - 45.2% during Q3
- Loan loss ratio unchanged at 0.08% (0.08)
 - 0.10% during Q3
- CET1 ratio increased to 21.4% (21.1) and the liquidity reserve exceeded SEK 800bn
- Eight new branches in the UK and one new branch in the Netherlands in the third quarter
- In 2015, the bank once again has the most satisfied clients*
- Largest player for new savings in the Swedish fund market with a market share of 42%**

* Source: SKI/EPSI

** Source: Moneymate

Average annual growth in equity

Including dividends

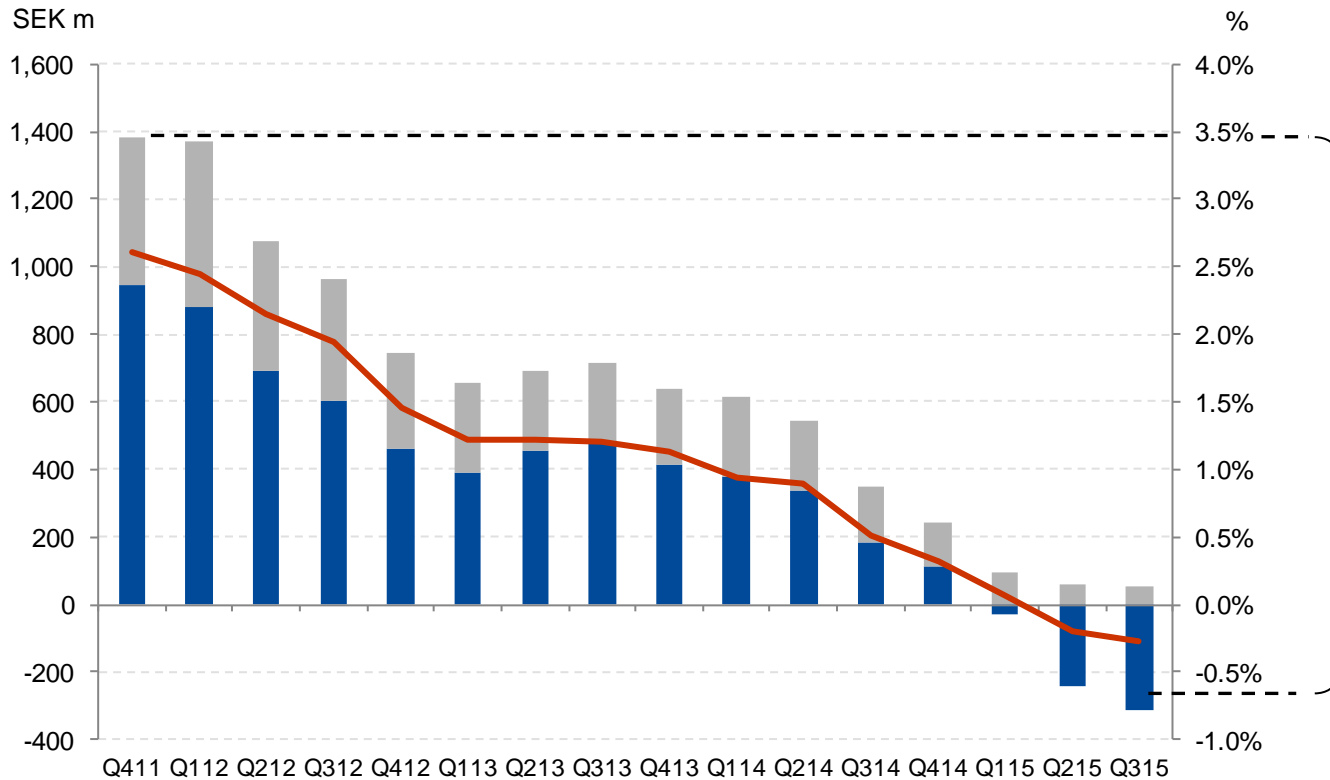


Dividends reinvested in ROE per quarter

Income statement, January – September

SEK m	Jan-Sep 2015	Jan-Sep 2014	Change
Net interest income	20,769	20,361	2%
Net fee and commission income	6,977	6,328	10%
Net gains/losses on financial transactions	1,105	1,513	-27%
Risk result - insurance	121	131	-8%
Other income	455	425	7%
Total income	29,427	28,758	2%
Staff costs	-9,228	-8,740	6%
Other expenses	-4,136	-4,035	3%
Total expenses	-13,364	-12,775	5%
Profit before loan losses	16,063	15,983	1%
Net loan losses	-1,122	-1,084	4%
Gains/losses on disposal of property, equipment and intangible assets	1	2	-50%
Operating profit	14,942	14,901	0%
Taxes	-3,201	-3,134	2%
Net profit from discontinued operations	101	75	35%
Profit for the period	11,842	11,842	0%

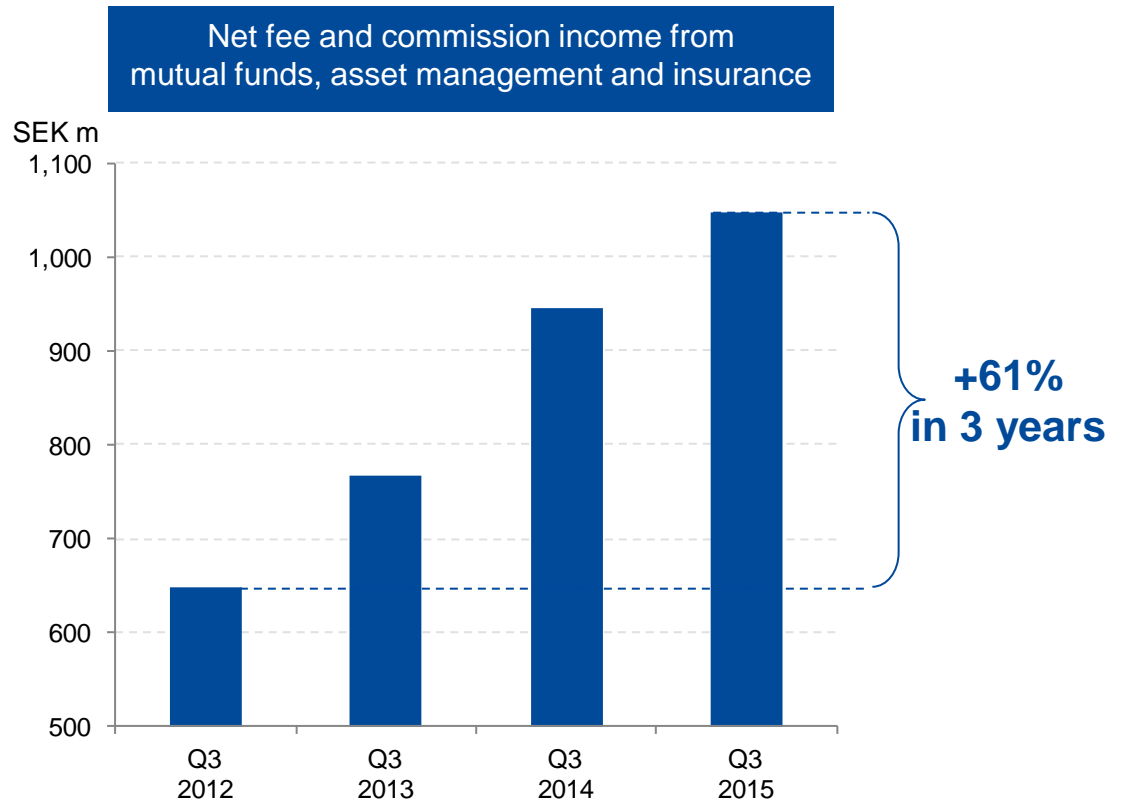
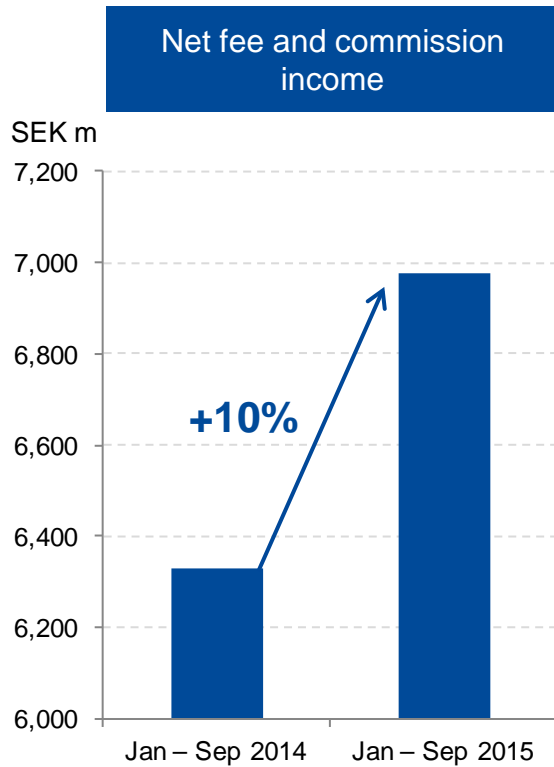
Net interest income from deposits and equity



SEK 6.6bn in lower annual NII due to lower interest rates

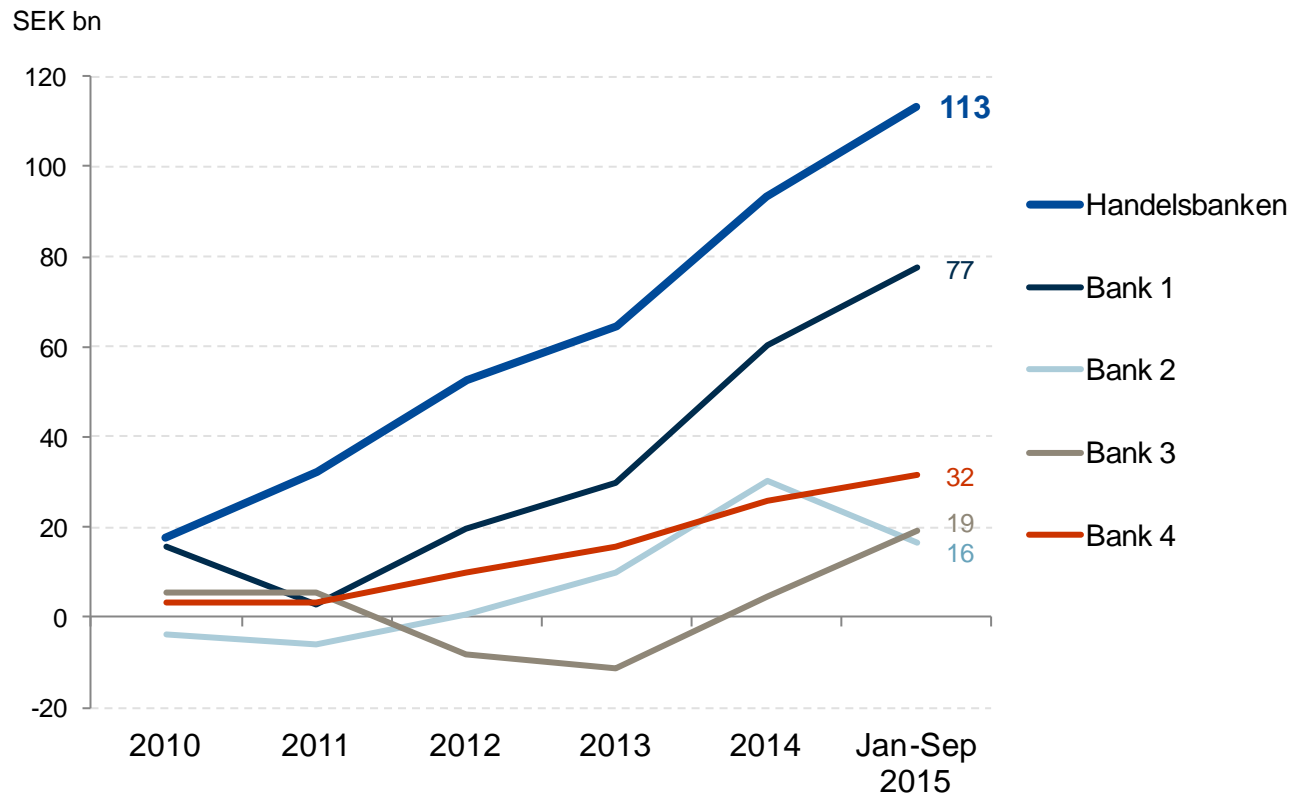
- NII from allocated capital in the group
- NII from deposits in Swedish branch operations
- 3M STIBOR, average per quarter (rhs)

Net fee and commission income



Largest player for new savings in the Swedish fund market

Net inflows into Swedish mutual funds
2010 – September 2015*



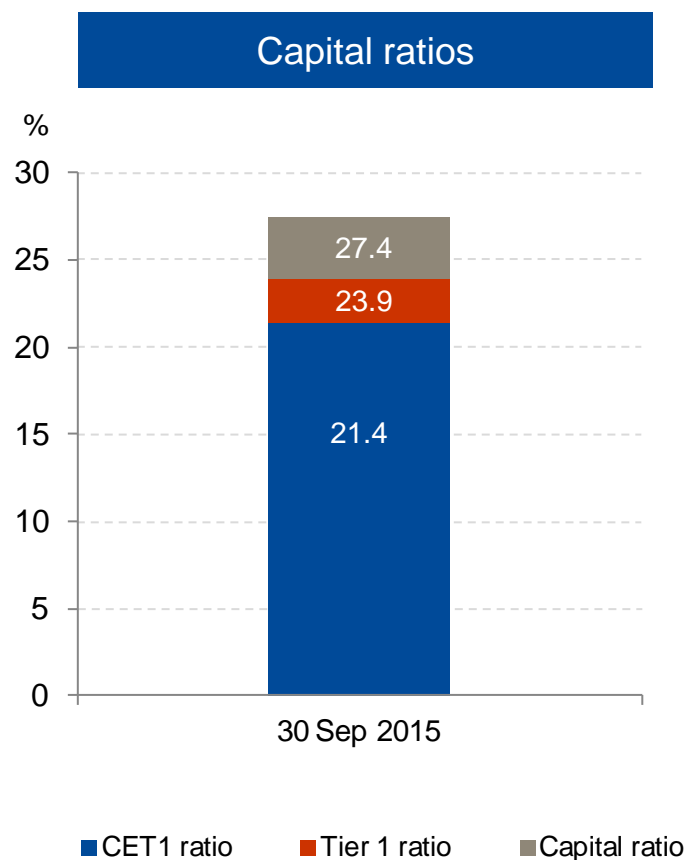
SEK 19.9bn in net inflow
January – September 2015

Corresponding to a market
share of 42%

Source: Moneymate. Mutual fund volumes include equity, mixed, hedge and fixed income funds. Competitor banks included are Danske Bank, Nordea, SEB and Swedbank.

* Accumulated since 2010

Financial stability



Capital CRD IV, %	30 Sep 2015	30 Sep 2014	Change
Capital ratio, %	27.4	25.6	+1.8
Tier 1 ratio, %	23.9	22.3	+1.6
Common equity tier 1 ratio, %	21.4	20.7	+0.7
Total capital base, SEK bn	129.6	124.5	+5.1
Common equity tier 1 capital, SEK bn	101.1	100.3	+0.8

Liquidity	30 Sep 2015
LCR Total*	141%
LCR EUR*	265%
LCR USD*	127%
LCR according to the EU Commission's delegated act	172%

* According to the Swedish FSA's definition

Handelsbanken's home markets

Number of branches, 30 Sep 2015:

Sweden	463
UK*	200
Denmark	57
Norway	51
Finland	46
Netherlands	23
Total**	840

* Including five appointed branch managers

** In home markets

Branch number
200

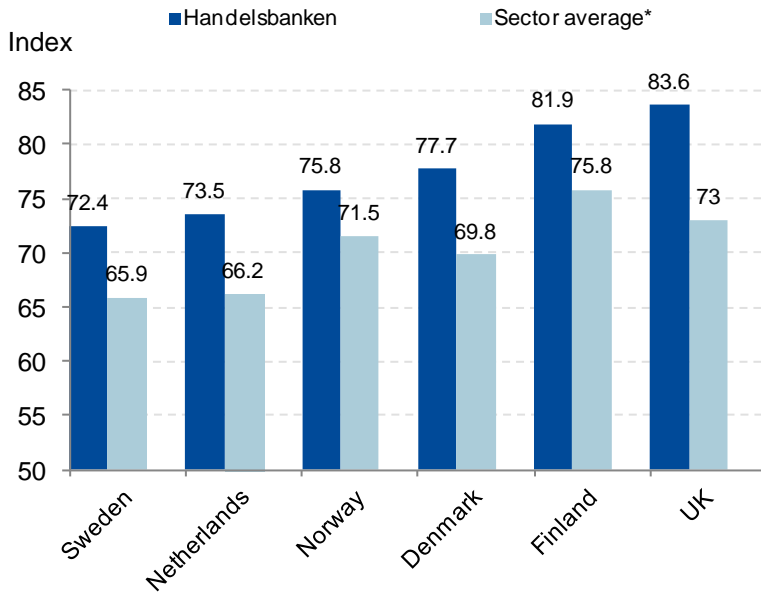


Return on equity in branch operations

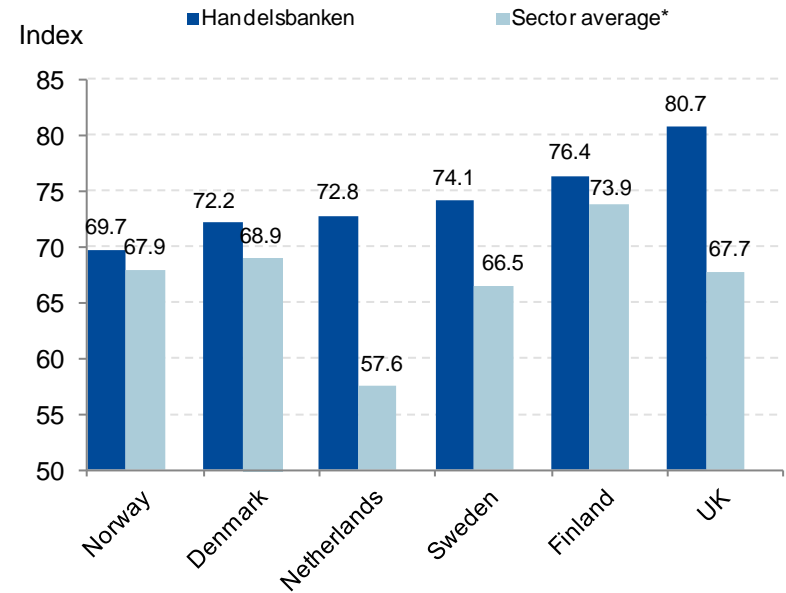
	Jan-Sep 2015
Branch operations in the UK	17%
Branch operations in Sweden	15%
Branch operations in Finland	14%
Branch operations in Norway	14%
Branch operations in Denmark	11%
Branch operations in the Netherlands	6%
Handelsbanken Group	13%

More satisfied and loyal customers in all home markets

Customer satisfaction Private



Customer satisfaction Corporate



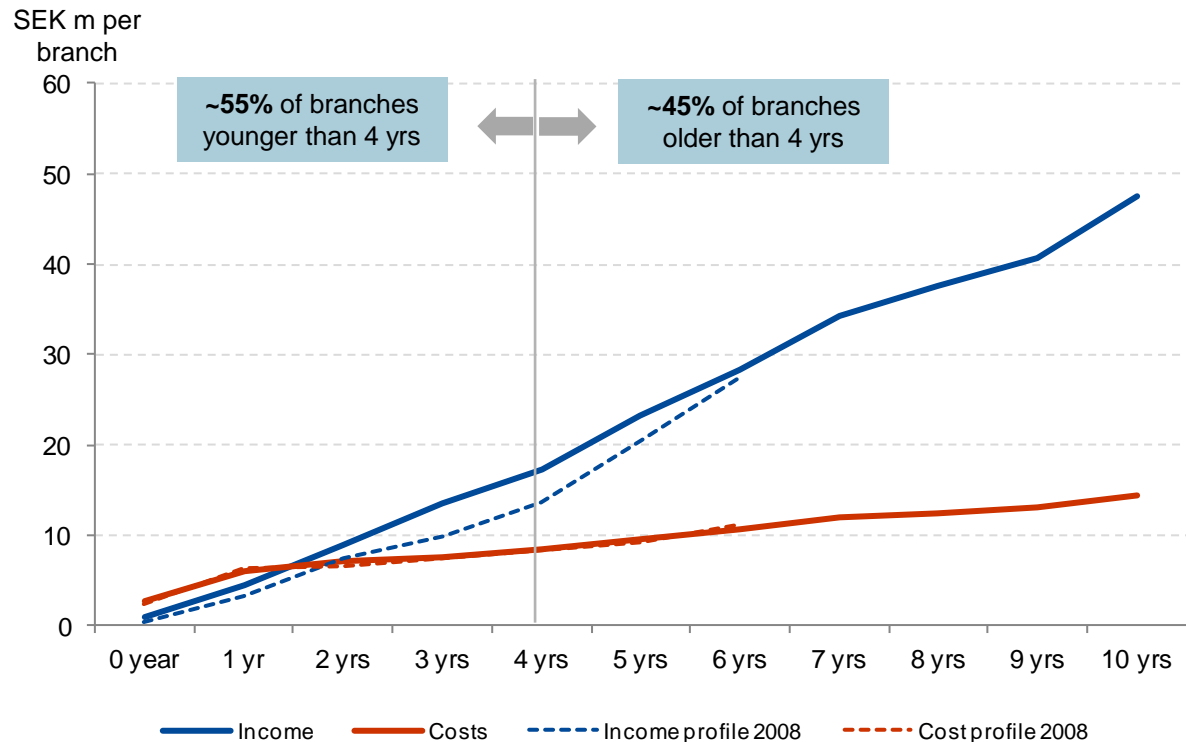
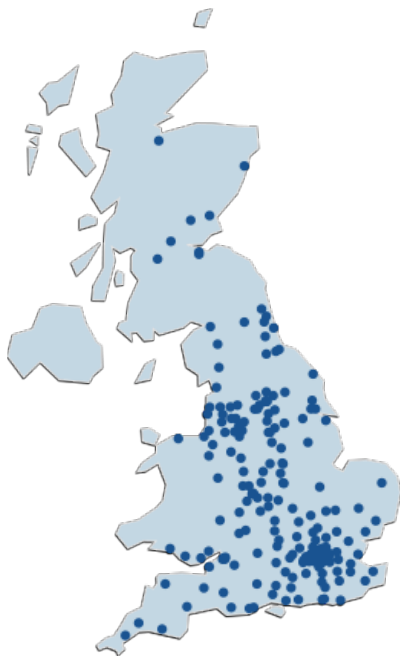
Source: SKI and EPSI 2015

* Average for Nordea, SEB and Swedbank in Sweden

Continued expansion and increased availability

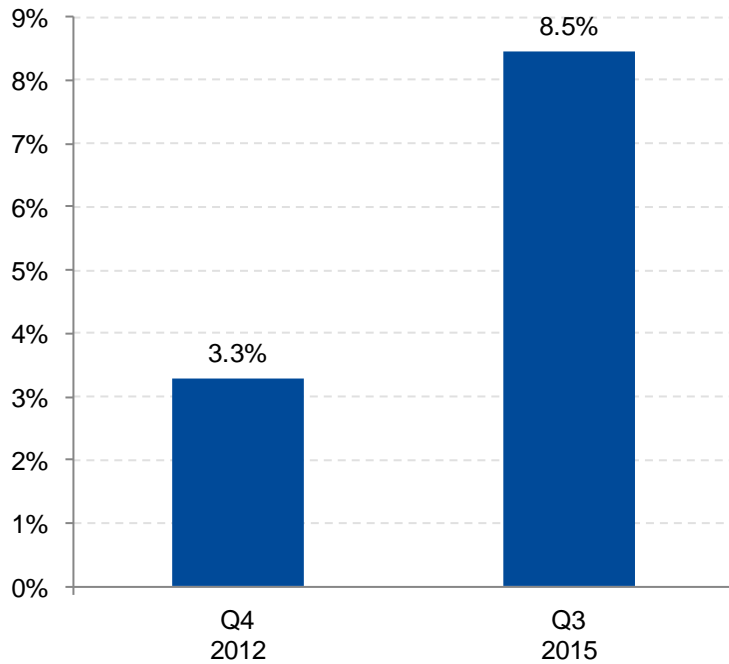
- 200 branches including appointed branch managers
- Almost 2,000 employees in the UK
- Operating profit increased by 37% in January – September

Income and expense trend for branches in the UK

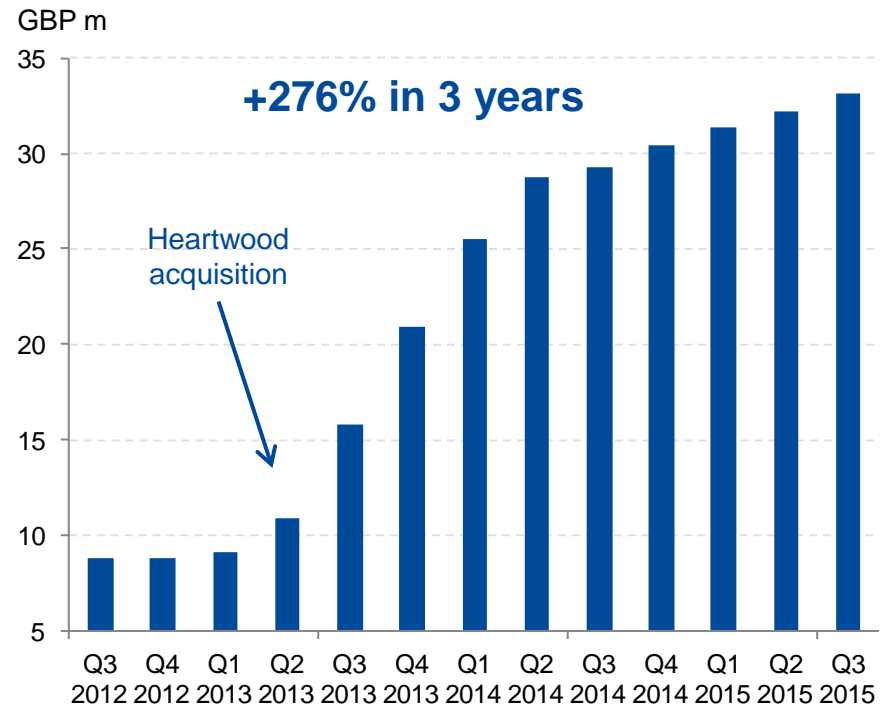


Net fee and commission income in the UK

Net fee and commission income,
% of total income



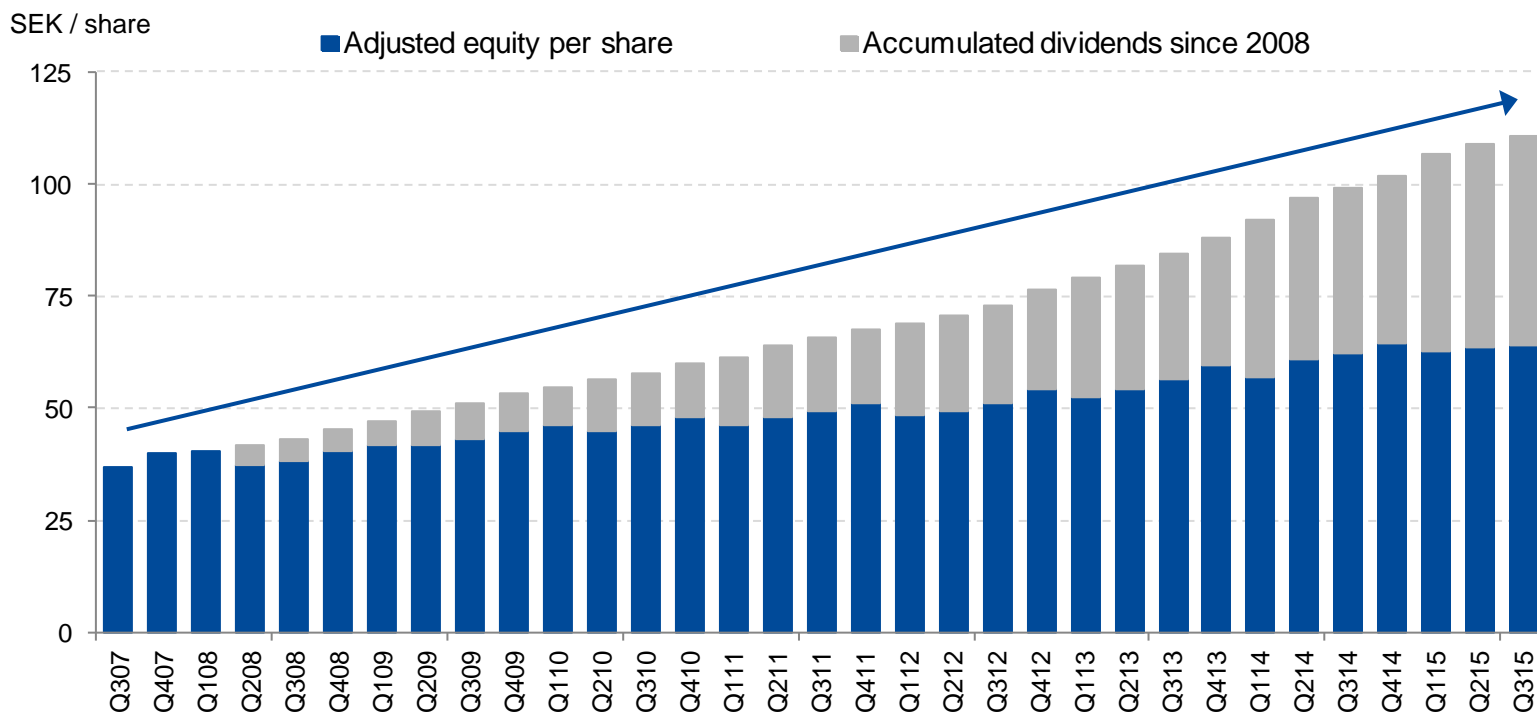
Net fee and commission income*



* 12-month rolling

Average annual growth in equity

Including dividends



Dividends reinvested in ROE per quarter

Appendix

Non-encumbered assets, NEA

30 September 2015

SEK bn	NEA	Accumulated coverage ratio in % of unsecured funding*
Cash with central banks and securities in the liquidity portfolio	661	73%
Mortgage loans	435	121%
Other household lending	160	138%
Property company lending lowest risk class (1-3)	235	164%
Other corporate lending lowest risk class (1-3)	170	183%
Loans to credit institutions lowest risk class (1-3)	91	193%
Other corporate lending	222	218%
Other assets	131	232%
Total non-encumbered assets (NEA)	2,105	232%
Encumbered assets without underlying liabilities**	57	
<i>Encumbered assets with underlying liabilities</i>	782	
Total assets, Group	2,944	

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

** Over-collateralisation in cover pool (OC)

Income statement, Q3

SEK m	Q3 2015	Q2 2015	Change
Net interest income	6,834	7,019	-3%
Net fee and commission income	2,308	2,359	-2%
Net gains/losses on financial transactions	226	451	-50%
Risk result - insurance	40	55	-27%
Other income	53	337	-84%
Total income	9,461	10,221	-7%
Staff costs	-2,953	-3,149	-6%
Other expenses	-1,323	-1,458	-9%
Total expenses	-4,276	-4,607	-7%
Profit before loan losses	5,185	5,614	-8%
Net loan losses	-458	-359	28%
Gains/losses on disposal of property, equipment and intangible assets	4	1	
Operating profit	4,731	5,256	-10%
Taxes	-1,028	-1,110	-7%
Net profit from discontinued operations	55	27	104%
Profit for the period	3,758	4,173	-10%

Income statement – five quarters

SEK m	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014
Net interest income	6,834	7,019	6,916	6,883	7,004
Net fee and commission income	2,308	2,359	2,310	2,228	2,133
Net gains/losses on financial transactions	226	451	428	264	389
Risk result - insurance	40	55	26	34	46
Other income	53	337	65	147	58
Total income	9,461	10,221	9,745	9,556	9,630
Staff costs	-2,953	-3,149	-3,126	-3,026	-2,943
Other expenses	-1,323	-1,458	-1,355	-1,526	-1,287
Total expenses	-4,276	-4,607	-4,481	-4,552	-4,230
Profit before loan losses	5,185	5,614	5,264	5,004	5,400
Net loan losses	-458	-359	-305	-697	-497
Gains/losses on disposal of property, equipment and intangible assets	4	1	-4	4	1
Operating profit	4,731	5,256	4,955	4,311	4,904

Change in net interest income

NII Q2 2015 , SEK m	7,019	Change
Lending and deposits in Swedish branch operations	-81	
Deposit margins	-68	
Deposit volumes	-9	
Lending margins	-45	
Lending volumes	41	
Lending and deposits in home markets outside Sweden	34	
Deposit margins	7	
Deposit volumes	4	
Lending margins	-25	
Lending volumes	48	
Total lending and deposits in home markets	-47	-1%
Other branch operations	-25	
Mandatory government fees (deposit insur., stabilisation fund etc)	3	
Benchmark effect	-41	
Day count effect	25	
Exchange rate movements	-3	
Other	-97	
Other	-138	-2%
NII Q3 2015	6,834	-3%

Change in net interest income

NII Jan-Sep 2014, SEK m	20,361	Change
Lending and deposits in Swedish branch operations	-753	
Deposit margins	-1,416	
Deposit volumes	-64	
Lending margins	464	
Lending volumes	263	
Lending and deposits in home markets outside Sweden	185	
Deposit margins	-127	
Deposit volumes	65	
Lending margins	-372	
Lending volumes	619	
Total lending and deposits in home markets	-568	-3%
Other branch operations	222	
Mandatory government fees (deposit insur., stabilisation fund etc)	-62	
Benchmark effect	-37	
Day count effect	0	
Exchange rate movements	589	
Other	264	
Other	976	5%
NII Jan-Sep 2015	20,769	2%

Change in common equity tier 1 ratio

CRD IV

Common equity tier 1 ratio Q215, %	21.3
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Change, percentage points:	
Common equity tier 1 capital	-0.3
Earnings after estimated dividends	0.2
Currency effects	-0.1
IAS 19	-0.5
Other and rounding	0.1
Lending volume	-0.1
Lending growth	-0.2
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	0.1
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Common equity tier 1 ratio Q315, %	21.4

Change in common equity tier 1 ratio

CRD IV

Common equity tier 1 ratio Q314, %	20.7
Change, percentage points:	
Common equity tier 1 capital	0.2
Earnings after estimated dividends	0.1
Currency effects	0.2
IAS 19	-0.9
AFS holdings	0.6
Other and rounding	0.2
Lending volume	-0.8
Lending growth	-0.6
Currency effects	-0.2
Net effect different quality of inflows and outflows in loan portfolio	0.9
Credit risk migration in the lending portfolio	0.2
Other effects, net	0.2
Change in common equity tier 1 ratio	0.7
Common equity tier 1 ratio Q315, %	21.4

Long-term funding, January – September

Long term issuance, SEK bn	Jan - Sep 2015	Jan-Sep 2014	Change
Senior bonds	20	28	-8
Covered bonds	89	97	-8
Subordinated loans	10	16	-6
Total	119	141	-22

Issues in Q3 include:

- GBP 300m, 3 year covered bonds
- JPY 66.6bn, 5 and 10 year senior bonds
- USD 1.5bn, 5 year senior bonds

Mandatory government fees

Jan – Sep 2015, SEK m	Stabilisation Fund	Deposit guarantee	Total
Sweden	-320	-175	-495
UK	-51	-13	-64
Denmark	-23	-19	-42
Finland	-30	-10	-40
Norway	-59	-17	-76
Netherlands	-5	0	-5
Capital Markets	-48	-1	-49
Other	-180	-	-180
Total	-716	-235	-951

Fees and commissions

SEK m	Jan-Sep 2015	Jan-Sep 2014	Change
Brokerage and other securities commissions	805	843	-5%
Mutual funds	2,244	1,808	24%
Custody and other asset management fees	450	401	12%
Advisory services	237	162	46%
Insurance	484	482	0%
Payments	2,512	2,305	9%
Loans and deposits	800	840	-5%
Guarantees	313	318	-2%
Other	349	336	4%
Commission income	8,194	7,495	9%
Securities	-185	-176	5%
Payments	-978	-933	5%
Other	-54	-58	-7%
Commission expense	-1,217	-1,167	4%
Net fee and commission income	6,977	6,328	10%

Oktagonen quarterly



Effective tax rate

<u>Effective tax rate</u>	<u>Q315</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>
Per quarter	21.7%	21.1%	21.5%	21.7%	20.8%	21.2%	21.1%	21.7%	21.8%
Accumulated year to date	21.4%	21.3%	21.5%	21.2%	21.0%	21.1%	21.1%	21.6%	21.6%

Balance sheet

SEK bn	Jan-Sep 2015	Jan-Sep 2014	Change
Cash and central banks	526	437	20%
Loans to the public	1,855	1,781	4%
Loans to other credit institutions	63	71	-12%
Interest-bearing securities	165	138	20%
Other assets	335	274	22%
Total assets	2,944	2,701	9%
Deposits and borrowing from the public	1,049	934	12%
Due to credit institutions	223	202	10%
Issued securities	1,258	1,184	6%
Other liabilities	287	261	10%
Total equity	127	120	6%
Total liabilities and equity	2,944	2,701	9%

Loans to the public*

SEK bn, end of period	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014
<i>Households</i>	701	689	674	664	656
<i>Corporates</i>	465	460	466	462	472
Branch operations in Sweden	1,166	1,149	1,140	1,126	1,128
<i>Households</i>	82	86	86	84	88
<i>Corporates</i>	121	125	124	120	126
Branch operations in Norway	203	211	210	204	214
<i>Households</i>	64	62	59	54	50
<i>Corporates</i>	131	130	126	116	111
Branch operations in the UK	195	192	185	170	161
<i>Households</i>	36	35	35	35	34
<i>Corporates</i>	80	79	78	83	77
Branch operations in Finland	116	114	113	118	111
<i>Households</i>	47	45	45	45	42
<i>Corporates</i>	38	38	35	35	37
Branch operations in Denmark	85	83	80	80	79
<i>Households</i>	10	10	9	8	7
<i>Corporates</i>	11	10	10	11	10
Branch operations in the Netherlands	21	20	19	19	17
<i>Other</i>	65	68	73	72	64
<i>Households</i>	946	933	914	896	883
<i>Corporates</i>	905	904	906	893	891
Total lending to the public	1,851	1,837	1,820	1,789	1,774

* Excluding loans to the Swedish National Debt Office

Deposits from the public

SEK bn, end of period	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014
<i>Households</i>	275	271	253	250	245
<i>Corporates</i>	185	191	180	183	156
Branch operations in Sweden	460	462	433	433	401
<i>Households</i>	24	23	20	19	16
<i>Corporates</i>	86	84	78	70	70
Branch operations in the UK	110	107	98	89	86
<i>Households</i>	17	19	18	17	18
<i>Corporates</i>	40	48	63	54	58
Branch operations in Norway	57	67	81	71	76
<i>Households</i>	13	13	12	13	12
<i>Corporates</i>	18	23	19	26	29
Branch operations in Finland	31	36	31	39	41
<i>Households</i>	14	14	12	13	12
<i>Corporates</i>	24	21	15	17	17
Branch operations in Denmark	38	35	27	30	29
<i>Households</i>	1	1	1	0	0
<i>Corporates</i>	5	5	5	8	8
Branch operations in the Netherlands	6	6	6	8	8
Other	348	381	380	352	294
<i>Households</i>	351	349	324	319	311
<i>Corporates</i>	698	745	731	704	623
Total deposits from the public	1,049	1,094	1,055	1,022	934

Lending in home markets outside Sweden

Average volumes local currency

	Q3 2015	Q2 2015	Change
Private, local currency			
Denmark, DKK bn	37.0	36.3	1.9%
Finland, EUR m	3,959	3,948	0.3%
Norway, NOK bn	82.0	80.5	1.9%
UK, GBP m	4,900	4,709	4.1%
Netherlands, EUR m	1,067	980	8.9%

Corporate, local currency

Denmark, DKK bn	29.9	30.3	-1.3%
Finland, EUR m	8,556	8,558	0.0%
Norway, NOK bn	120.3	118.2	1.8%
UK, GBP m	10,136	9,913	2.2%
Netherlands, EUR m	1,117	1,132	-1.3%

Lending in home markets outside Sweden

Average volumes local currency

	Jan-Sep 2015	Jan-Sep 2014	Change
Private, local currency			
Denmark, DKK bn	36.3	32.4	12.0%
Finland, EUR m	3,942	3,816	3.3%
Norway, NOK bn	80.7	75.8	6.5%
UK, GBP m	4,714	3,941	19.6%
Netherlands, EUR m	982	689	42.5%

Corporate, local currency

Denmark, DKK bn	29.2	28.1	3.9%
Finland, EUR m	8,606	8,389	2.6%
Norway, NOK bn	118.3	113.2	4.5%
UK, GBP m	9,915	8,950	10.8%
Netherlands, EUR m	1,122	1,242	-9.7%

Deposits in home markets outside Sweden

Average volumes local currency

	Q3 2015	Q2 2015	Change
Private, local currency			
Denmark, DKK bn	11.5	11.3	1.8%
Finland, EUR m	1,386	1,366	1.5%
Norway, NOK bn	17.9	17.1	4.7%
UK, GBP m	1,832	1,681	9.0%
Netherlands, EUR m	48	47	2.1%

Corporate, local currency

Denmark, DKK bn	18.4	16.6	10.8%
Finland, EUR m	2,205	2,384	-7.5%
Norway, NOK bn	47.2	54.6	-13.6%
UK, GBP m	6,828	6,628	3.0%
Netherlands, EUR m	703	698	0.7%

Deposits in home markets outside Sweden

Average volumes local currency

Private, local currency	Jan-Sep 2015	Jan-Sep 2014	Change
Denmark, DKK bn	11.0	9.8	12.2%
Finland, EUR m	1,368	1,241	10.2%
Norway, NOK bn	17.2	15.2	13.2%
UK, GBP m	1,680	1,196	40.5%
Netherlands, EUR m	48	30	60.0%

Corporate, local currency

Denmark, DKK bn	16.9	13.6	24.3%
Finland, EUR m	2,340	3,196	-26.8%
Norway, NOK bn	52.4	46.2	13.4%
UK, GBP m	6,520	6,088	7.1%
Netherlands, EUR m	737	1,042	-29.3%