

Handelsbanken

January – December 2015

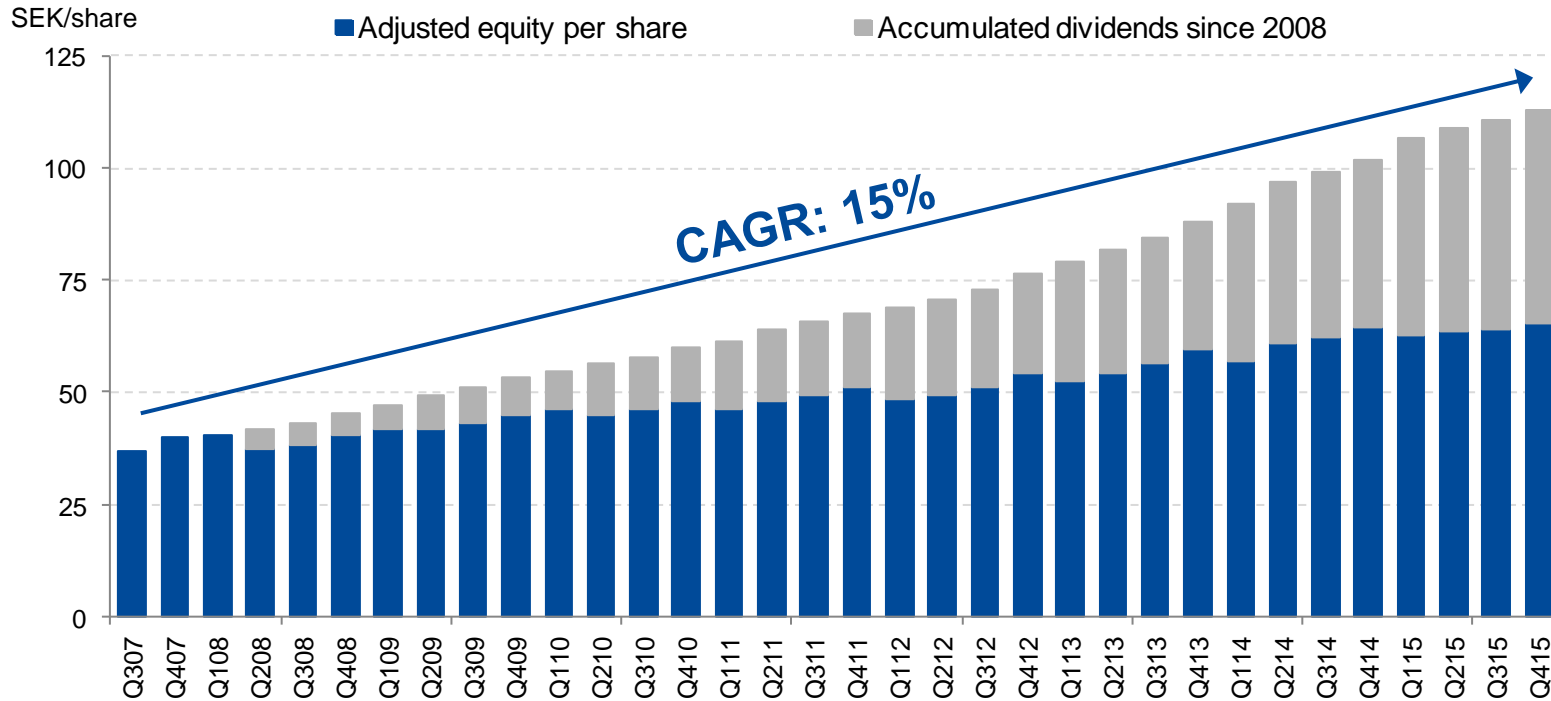
9 February 2016

Summary January – December 2015

- ROE increased to 13.5% (13.4)
- The corporate target of higher ROE than the average of peers was reached for the 44th consecutive year – full allocation to Oktogonen
- Operating profit increased by 7% to SEK 20,475m (19,212), the highest ever
- EPS amounted to SEK 8.57 (7.96)
- The loan loss ratio fell to 0.09% (0.10)
- CET1 ratio increased to 21.2% (20.4) and the liquidity reserve exceeded SEK 800bn
- The Board proposes an ordinary dividend of SEK 4.50 per share and an extra dividend of SEK 1.50 per share
- Higher activity in the Swedish corporate business during Q4
- Continued focus and big potential in the fee and commission generating business
- Largest player for new savings in the Swedish fund market with a market share of 31%
- In 2015, the Bank once again has the most satisfied customers and the highest credit ratings of all comparable banks after Moody's upgrade

Average annual growth in equity

Including dividends

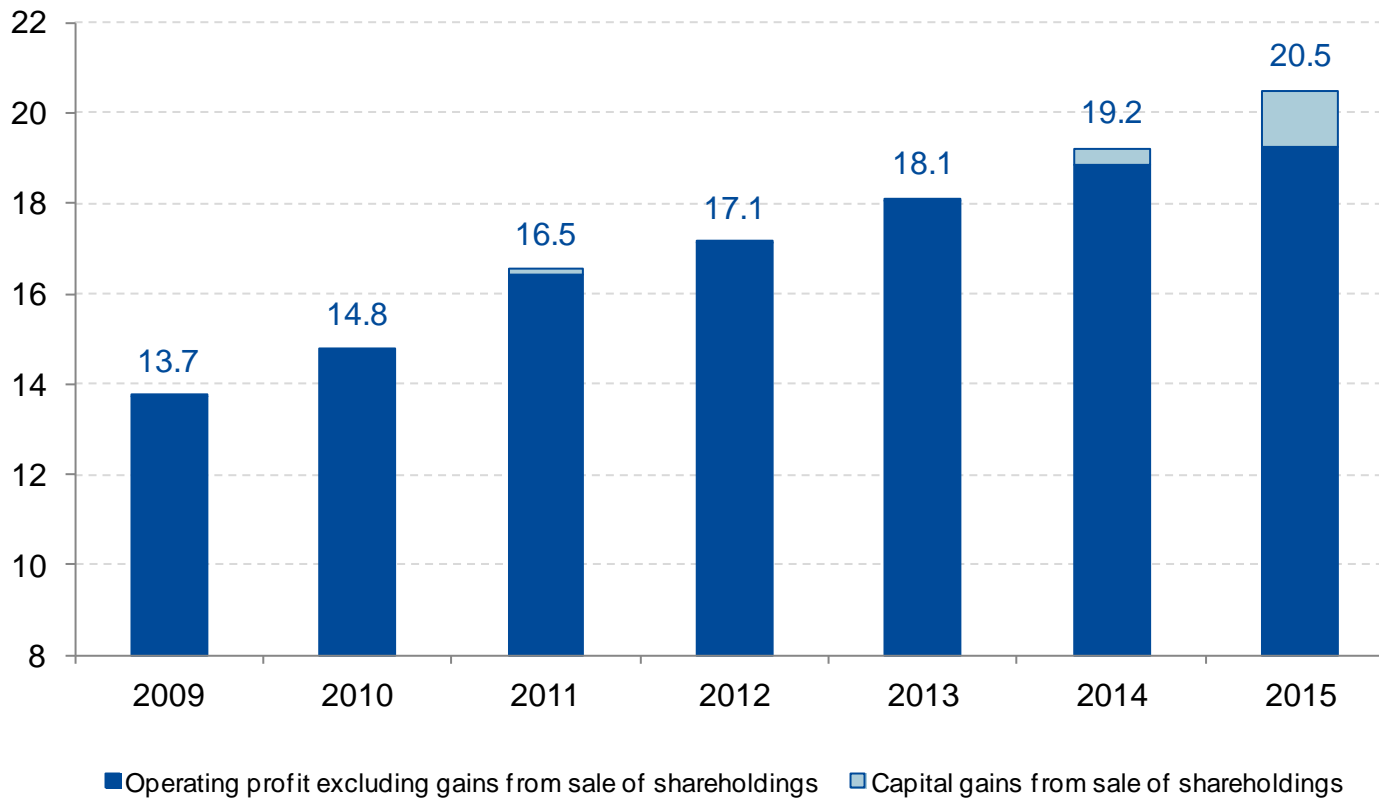


Dividends reinvested in ROE per quarter
CAGR = Compounded annual growth rate

Operating profit

SEK 20.5bn is the highest operating profit ever

SEK bn



Income statement, January – December

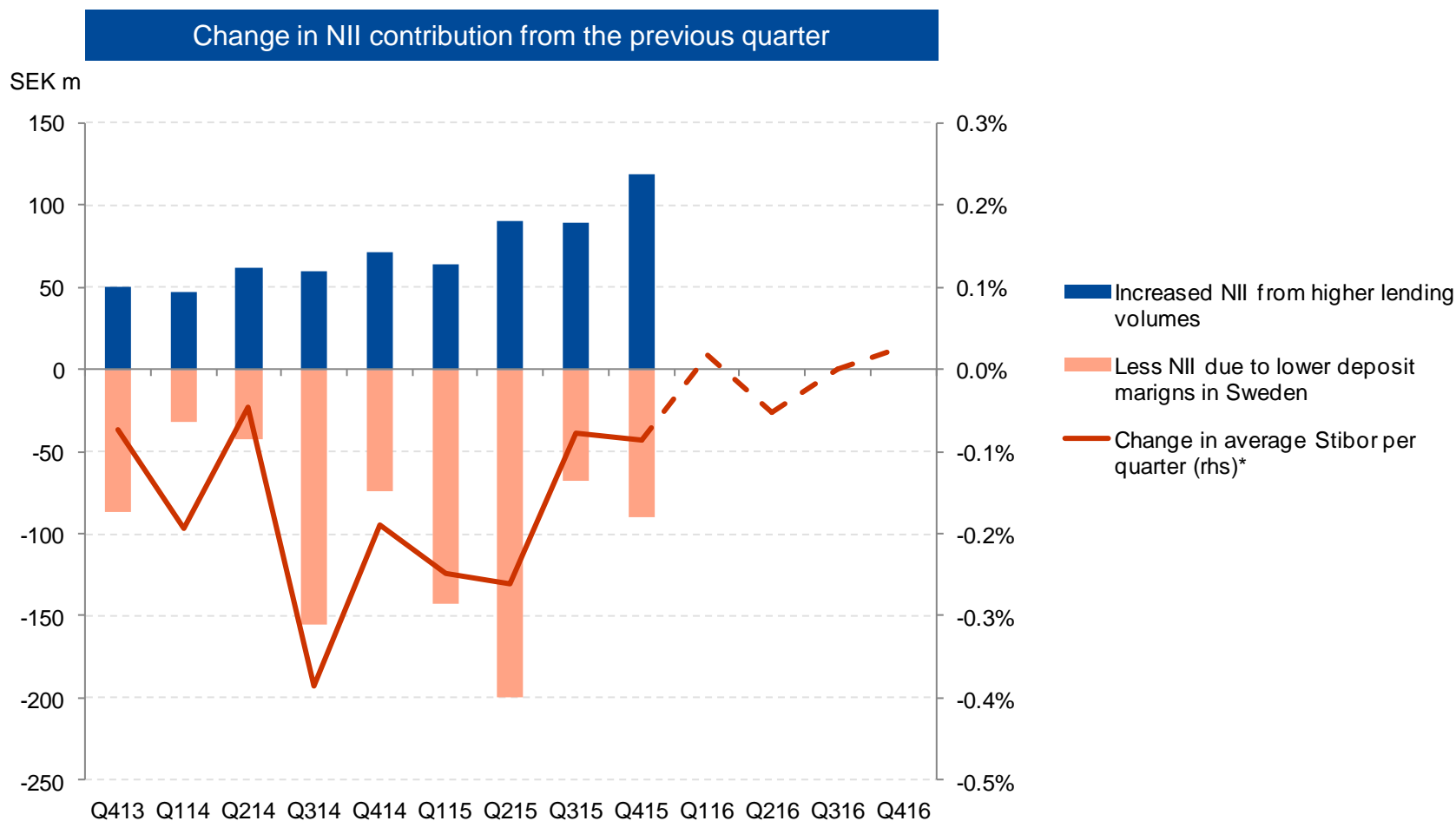
SEK m	Full year 2015	Full year 2014	Change
Net interest income	27,740	27,244	2%
Net fee and commission income	9,320	8,556	9%
Net gains/losses on financial transactions	2,608	1,777	47%
Risk result - insurance	157	165	-5%
Other income	511	572	-11%
Total income	40,336	38,314	5%
Staff costs	-12,581	-11,766	7%
Other expenses	-5,690	-5,561	2%
Total expenses	-18,271	-17,327	5%
Profit before loan losses	22,065	20,987	5%
Net loan losses	-1,597	-1,781	-10%
Gains/losses on disposal of property,	7	6	17%
Operating profit	20,475	19,212	7%
Taxes	-4,277	-4,069	5%
Net profit from discontinued operations	145	41	254%
Profit for the period	16,343	15,184	8%

Income statement, Q4

SEK m	Q4 2015	Q3 2015	Change
Net interest income	6,971	6,834	2%
Net fee and commission income	2,343	2,308	2%
Net gains/losses on financial transactions	1,503	226	
Risk result - insurance	36	40	-10%
Other income	56	53	6%
Total income	10,909	9,461	15%
Staff costs	-3,353	-2,953	14%
Other expenses	-1,554	-1,323	17%
Total expenses	-4,907	-4,276	15%
Profit before loan losses	6,002	5,185	16%
Net loan losses	-475	-458	4%
Gains/losses on disposal of property,	6	4	50%
Operating profit	5,533	4,731	17%
Taxes	-1,076	-1,028	5%
Net profit from discontinued operations	44	55	-20%
Profit for the period	4,501	3,758	20%

-1% adjusted for
Oktogonen

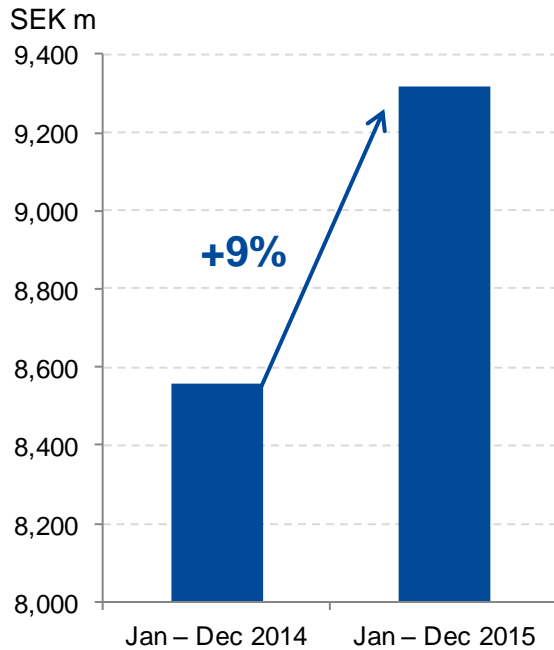
Underlying profit growth hidden by negative effects from lower interest rates



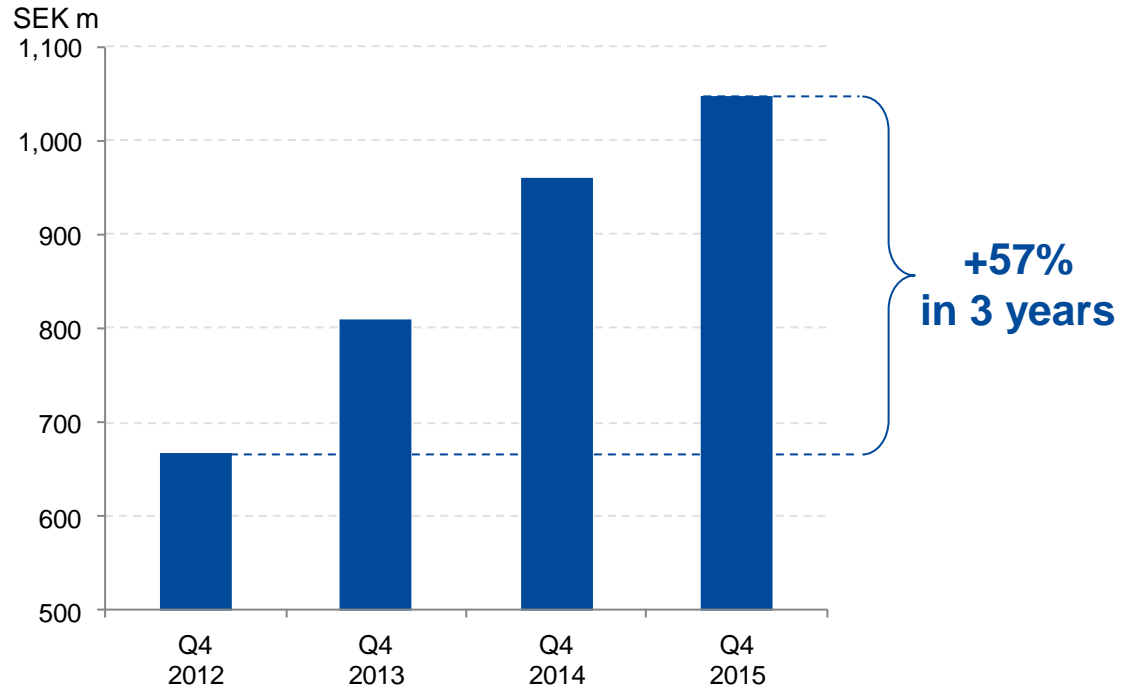
* Stibor expectations for 2016 are based on the pricing of FRA contracts in the fixed income market. Source: Macrobond 2 February 2016

Net fee and commission income

Net fee and commission income

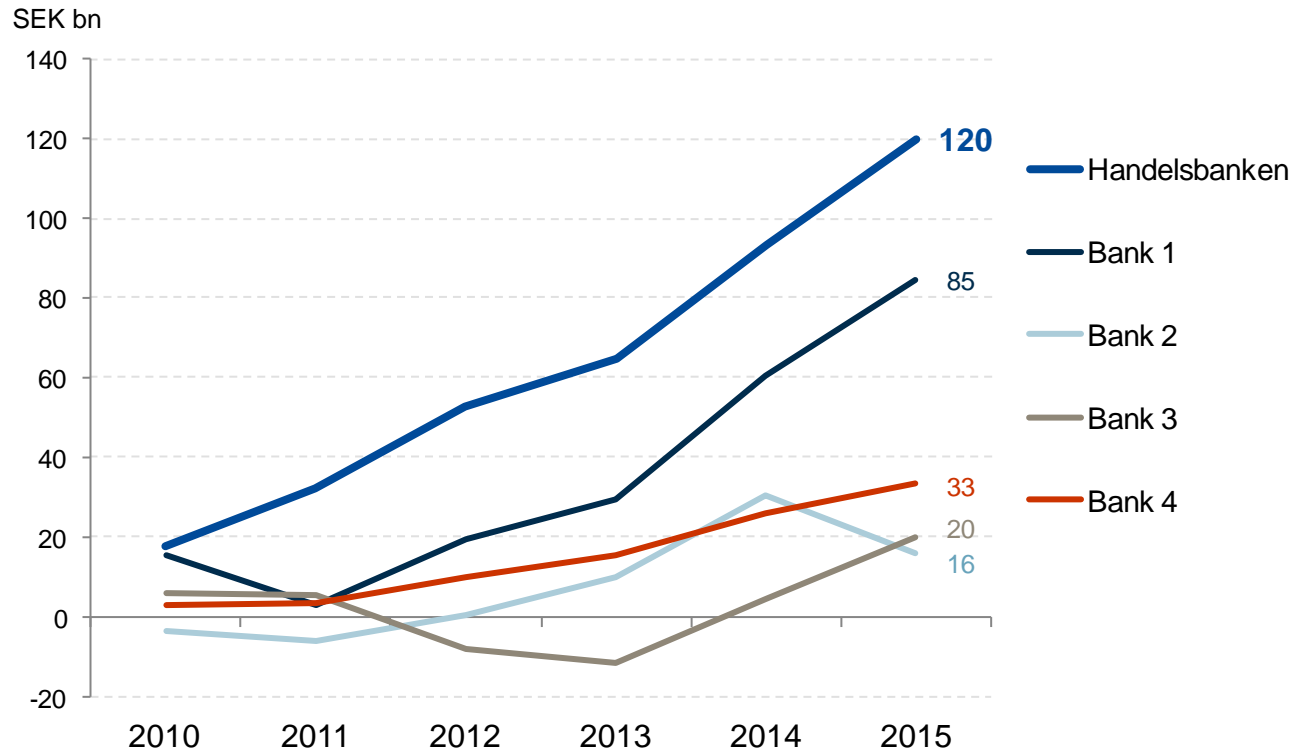


Net fee and commission income from mutual funds, asset management and insurance



Largest institution for new savings in the Swedish fund market

Accumulated net inflows into Swedish mutual funds



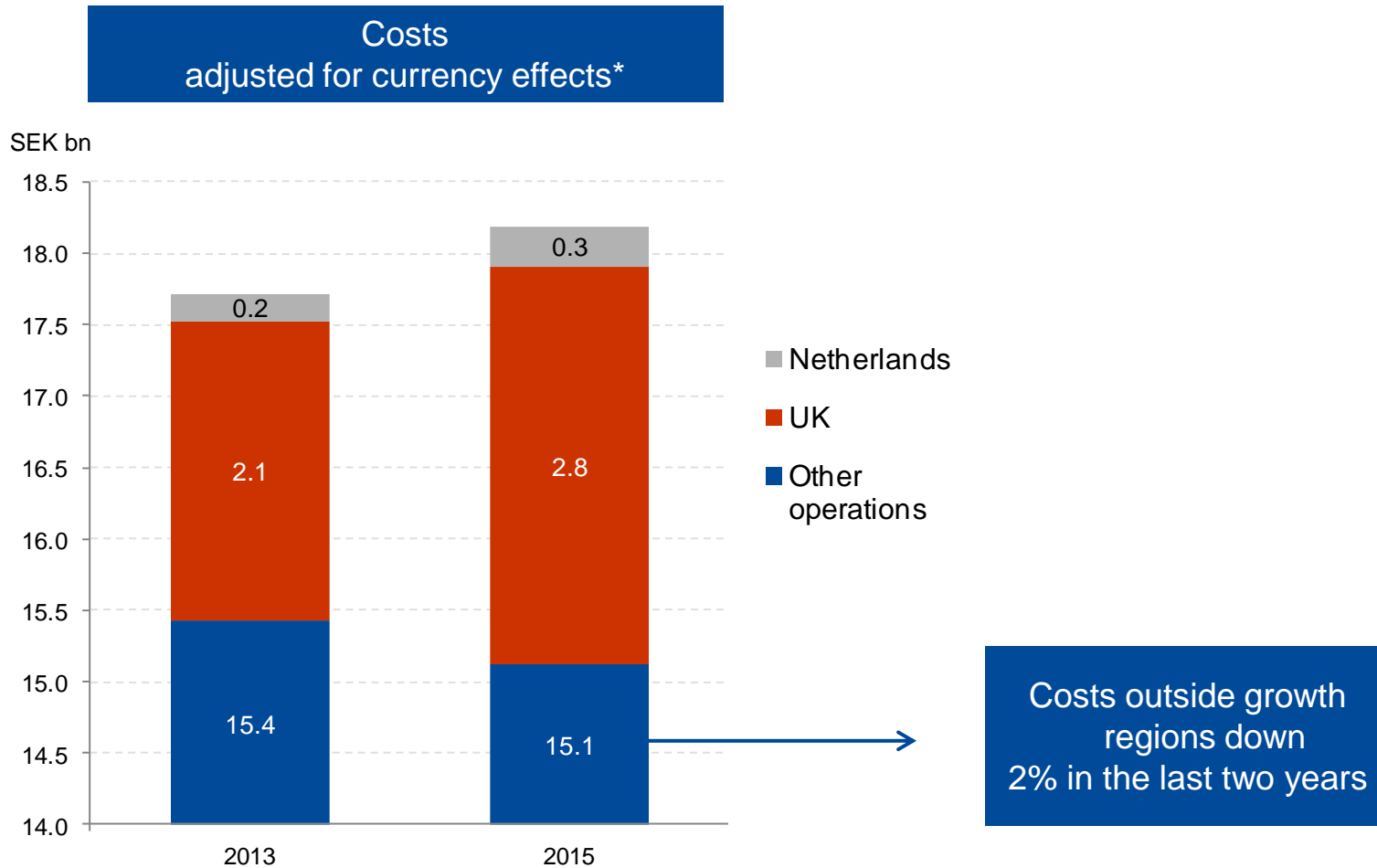
SEK 26.5bn in net inflow in 2015 corresponds to a market share of 31%

Handelsbanken's market share of total outstanding mutual fund volumes in Sweden is 11%*

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

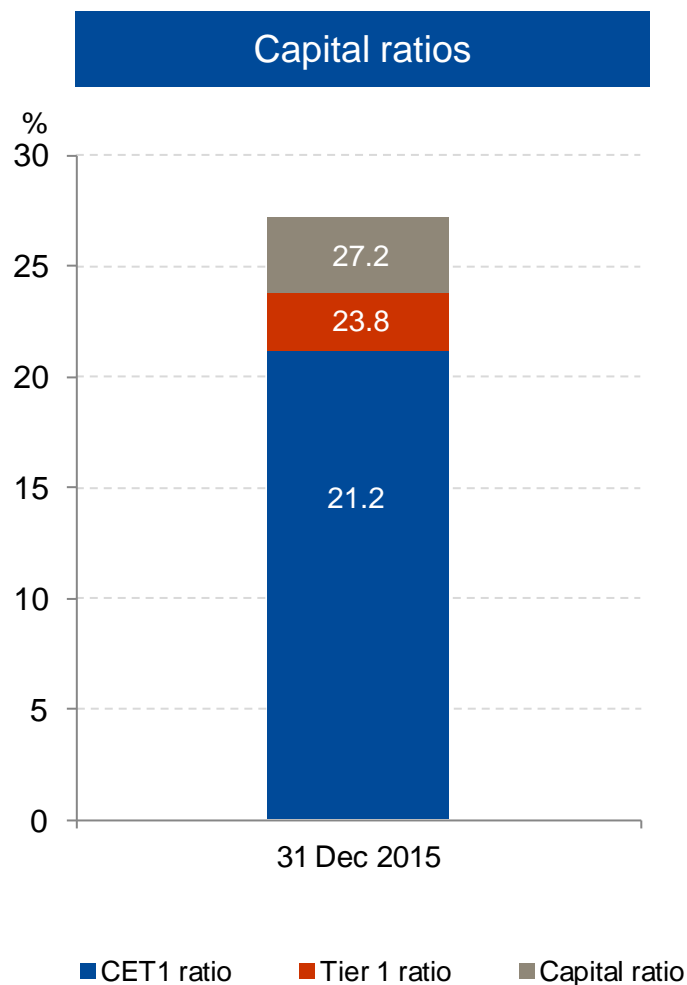
* As at 31 December 2015

Costs down outside growth regions



* Historical costs in home markets outside Sweden are adjusted to average exchange rates in Q4 2015

Financial stability

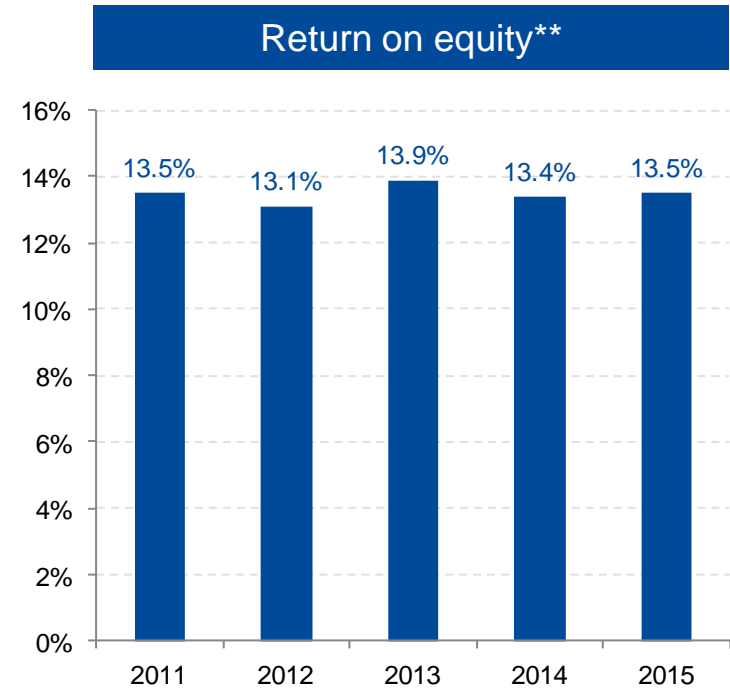
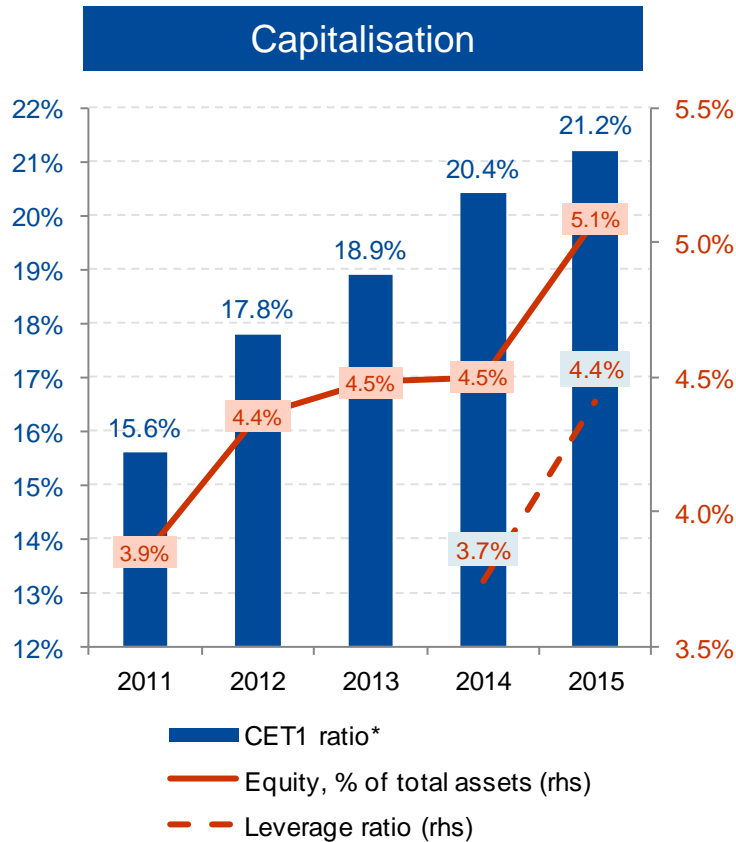


Capital CRD IV, %	31 Dec 2015	31 Dec 2014	Change
Capital ratio, %	27.2	25.6	+1.6%-points
Tier 1 ratio, %	23.8	22.1	+1.7%-points
Common equity tier 1 ratio, %	21.2	20.4	+0.8%-points
Leverage ratio, %	4.4	3.7	+0.7%-points
Total capital base, SEK bn	128.5	122.9	+5.6
Common equity tier 1 capital, SEK	100.5	98.1	+2.4

Liquidity	31 Dec 2015
LCR Total*	137%
LCR EUR*	161%
LCR USD*	429%
LCR according to the EU Commission's delegated act	140%
NSFR	100%

* According to the Swedish FSA's definition

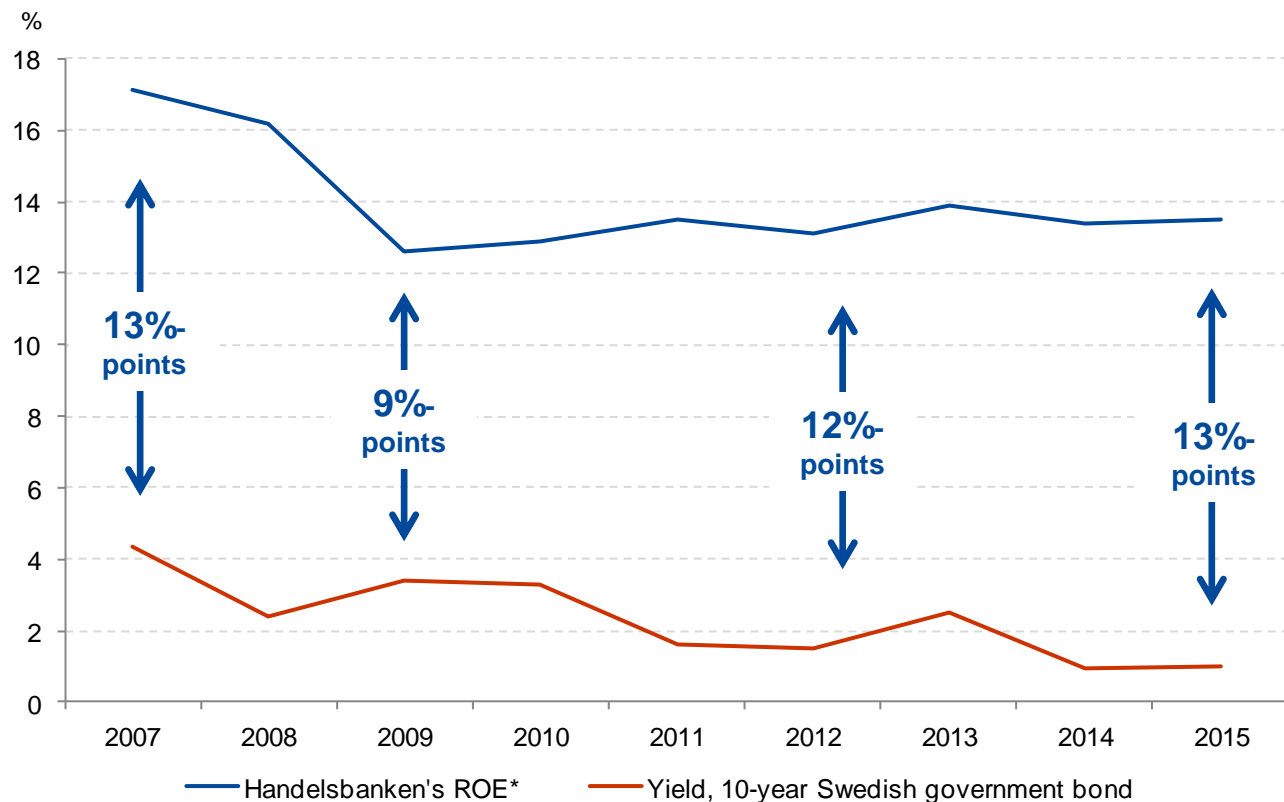
Stable return with stronger capital base



* Basel II 2011, CRD IV from 2012

** ROE 2012 is adjusted for effects from recalculations of deferred taxes in 2012

Stable ROE relative to the “risk-free interest rate”



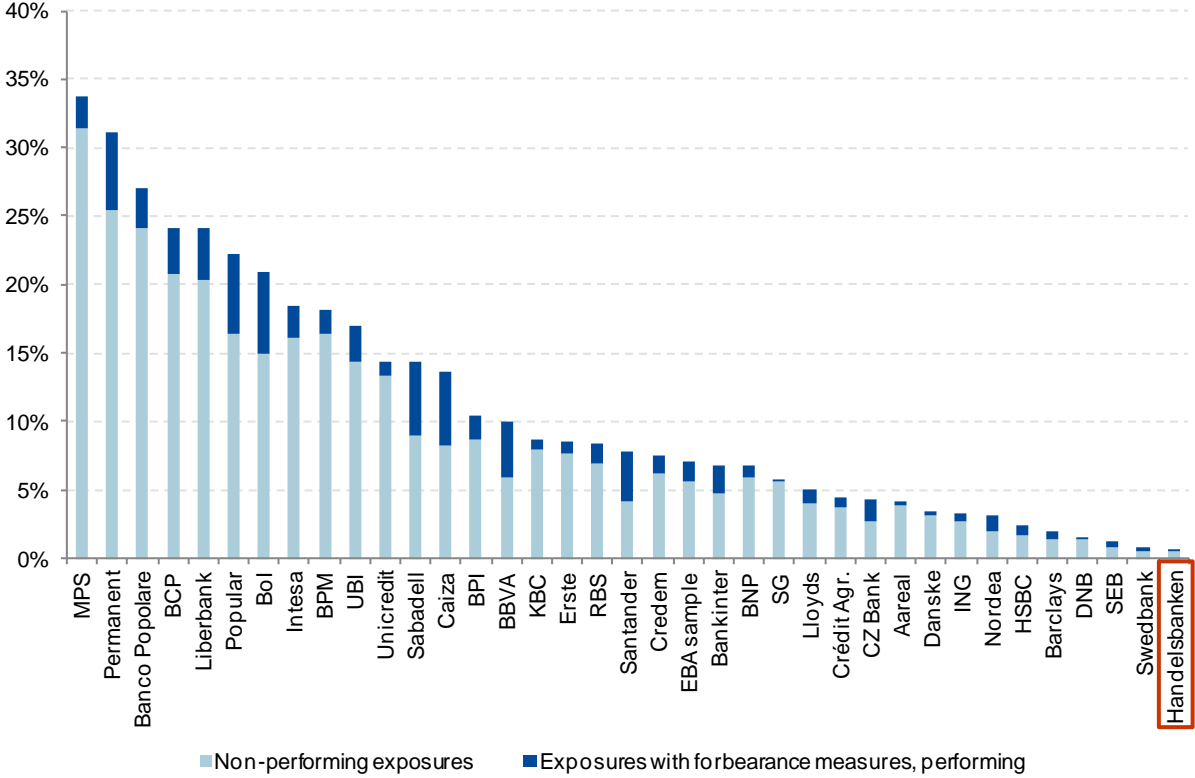
Stable return premium over the business cycle confirms the low risk profile

* Excluding capital gain from sale of SPP in 2007 and effects from recalculations of deferred taxes in 2012

Source: Handelsbanken and Factset

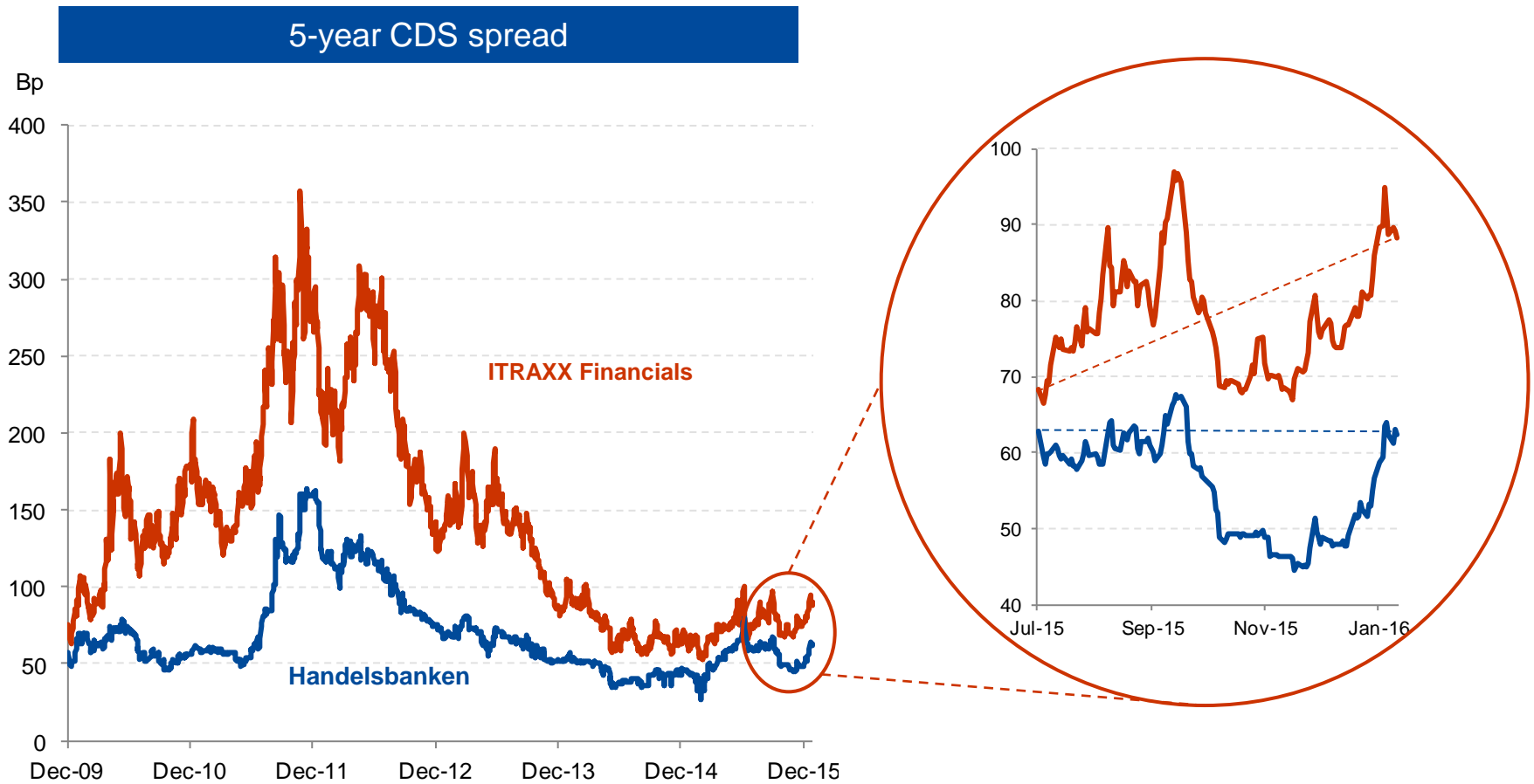
EBA 2015 transparency exercise

Non-performing exposures and performing exposures with forbearance measures as % of lending



Source: EBA 2015 "transparency exercise" based on data as at Q2 2015

Minimal risk differentiation in funding market despite new regulation



Source: Bloomberg

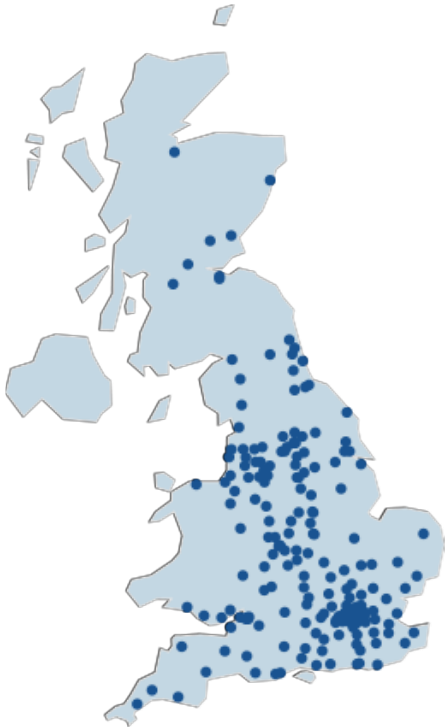
Handelsbanken's home markets

Number of branches, 31 Dec 2015:

Sweden	463
UK*	206
Denmark	57
Norway	50
Finland	46
Netherlands	23
Total**	845

* Including nine appointed branch managers
 ** In home markets

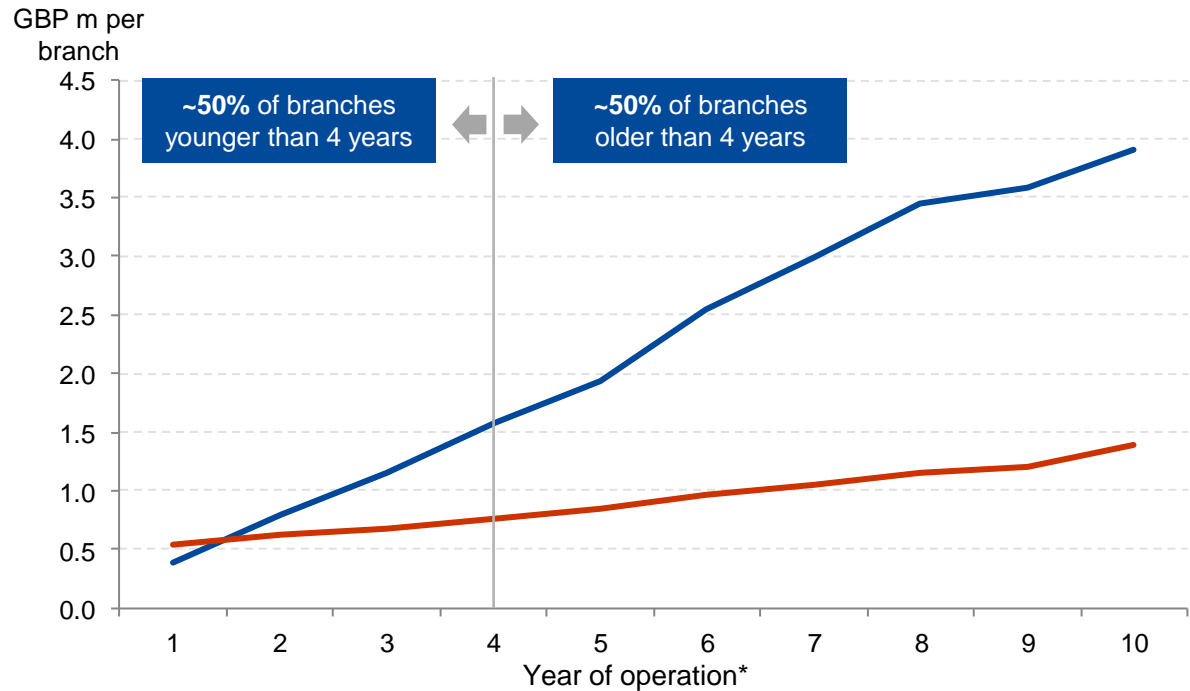




Continued expansion and increased availability

- 206 branches including appointed branch managers
- Almost 2,000 employees in the UK
- Operating profit 2015 increased by 36%

Income and expense trend in branches in the UK



— Average income per branch in the respective year of operation
 — Average cost per branch in the respective year of operation

* Year 1 = first full calendar year

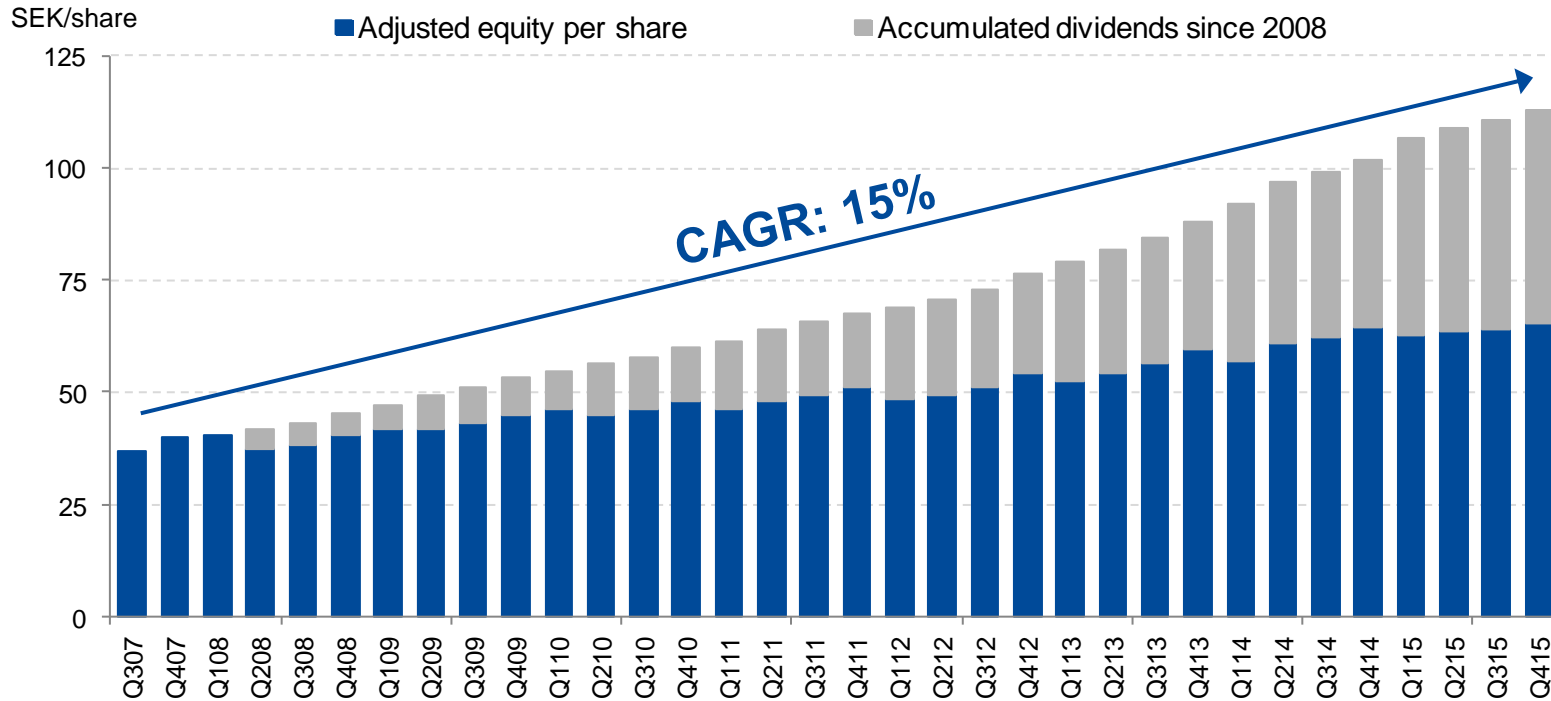
The Board's proposal to the AGM 2016

	2015	2014	2013	2012
Ordinary dividend per share, SEK	4.50	4.17	11.50	10.75
Total dividend per share, SEK	6.00	5.83	16.50	10.75
Total dividends, SEK bn	11.4	11.1	10.5	6.8
Payout ratio, ordinary dividend	53%	52%	51%	47%
Payout ratio, total dividend	70%	73%	73%	47%
Dividend growth, ordinary dividend	8%	9%	7%	10%
Dividend growth, total dividend	3%	6%	54%	10%

Record date for dividends:	18 March 2015
Ex-dividend date:	17 March 2015
Payment:	23 March 2015

Average annual growth in equity

Including dividends



Dividends reinvested in ROE per quarter
CAGR = Compounded annual growth rate

Appendix

Non-encumbered assets, NEA

30 December 2015

SEK bn	NEA	Accumulated coverage ratio in % of unsecured funding*
Cash with central banks and securities in the liquidity portfolio	352	42%
Mortgage loans	453	96%
Other household lending	203	120%
Property company lending lowest risk class (1-3)	238	148%
Other corporate lending lowest risk class (1-3)	150	166%
Loans to credit institutions lowest risk class (1-3)	46	171%
Other corporate lending	228	198%
Other assets	39	203%
Total non-encumbered assets (NEA)	1,709	203%
Encumbered assets without underlying liabilities**	57	
<i>Encumbered assets with underlying liabilities</i>	<i>756</i>	
Total assets, Group	2,522	

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

** Over-collateralisation in cover pool (OC)

Long-term bond funding, January – December

Long term bond issuance, SEK bn	2015	2014	Change
Senior bonds	32	29	3
Covered bonds	139	144	-5
Subordinated loans	10	16	-6
Total	181	189	-8

Issues in Q4 include:

- EUR 1.25bn, 5-year covered bonds
- EUR 1.25bn, 7- year senior bonds

Return on equity per home market

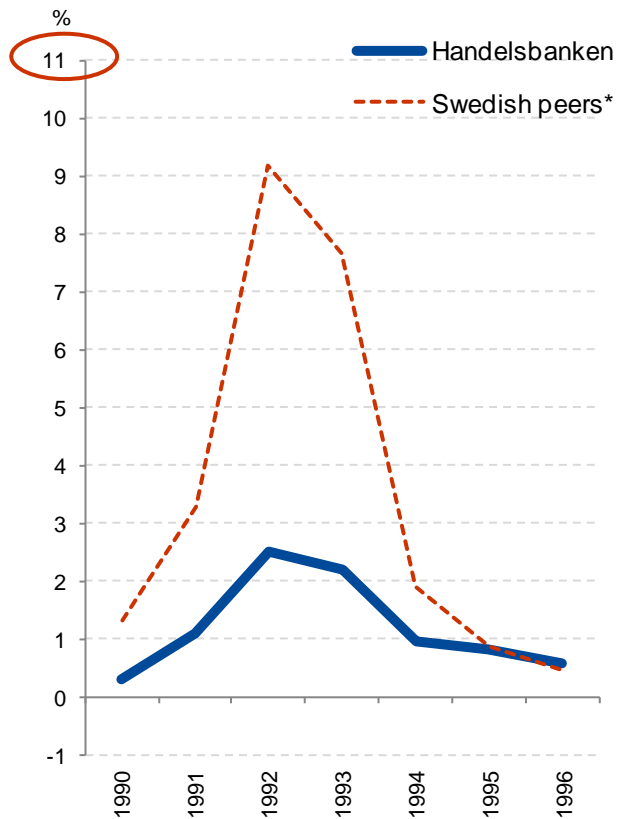
	Full year 2015
Handelsbanken UK	17%
Handelsbanken Sweden	15%
Handelsbanken Finland	14%
Handelsbanken Norway	14%
Handelsbanken Denmark	11%
Handelsbanken Netherlands	6%
Handelsbanken Group	14%

Income statement – five quarters

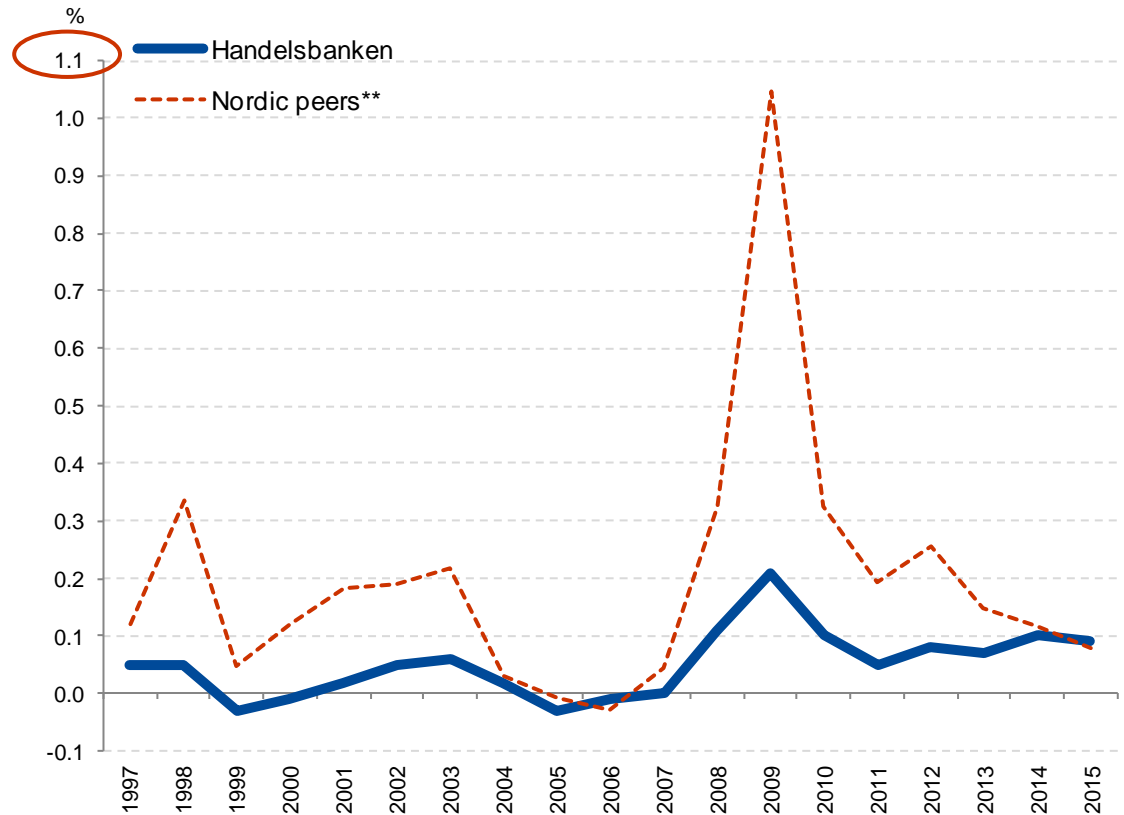
SEK m	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014
Net interest income	6,971	6,834	7,019	6,916	6,883
Net fee and commission income	2,343	2,308	2,359	2,310	2,228
Net gains/losses on financial transactions	1,503	226	451	428	264
Risk result - insurance	36	40	55	26	34
Other income	56	53	337	65	147
Total income	10,909	9,461	10,221	9,745	9,556
Staff costs	-3,353	-2,953	-3,149	-3,126	-3,026
Other expenses	-1,554	-1,323	-1,458	-1,355	-1,526
Total expenses	-4,907	-4,276	-4,607	-4,481	-4,552
Profit before loan losses	6,002	5,185	5,614	5,264	5,004
Net loan losses	-475	-458	-359	-305	-697
Gains/losses on disposal of property,	6	4	1	-4	4
Operating profit	5,533	4,731	5,256	4,955	4,311

Historical loan losses

1990 – 1996



1997 – 2015



* Gota bank (nationalised 1992), Nordea (Nordbanken [nationalised 1992]) and SEB. Swedbank included from 1995

** Danske Bank, DNB, Nordea, SEB, and Swedbank

Change in net interest income

NII Q3 2015 , SEK m	6,834	Change
Lending and deposits in Handelsbanken Sweden	-55	
Deposit margins	-90	
Deposit volumes	-5	
Lending margins	-21	
Lending volumes	61	
Lending and deposits in home markets outside Sweden	47	
Deposit margins	4	
Deposit volumes	6	
Lending margins	-21	
Lending volumes	58	
Total lending and deposits in home markets	-8	0%
Other in branch operations	100	
Mandatory government fees (deposit insur., stability fund etc.)	149	
Benchmark effect	-20	
Exchange rate movements	-59	
Other	-25	
Other	145	2%
NII Q4 2015	6,971	2%

Change in net interest income

NII 2014, SEK m	27,244	Change
Lending and deposits in Handelsbanken Sweden	-1,122	
Deposit margins	-1,897	
Deposit volumes	-106	
Lending margins	473	
Lending volumes	408	
Lending and deposits in home markets outside Sweden	257	
Deposit margins	-140	
Deposit volumes	86	
Lending margins	-522	
Lending volumes	833	
Total lending and deposits in home markets	-865	-3%
Other in branch operations	347	
Mandatory government fees (deposit insur., stability fund etc.)	104	
Benchmark effect	-78	
Exchange rate movements	652	
Other	336	
Other	1,361	5%
NII 2015	27,740	2%

Change in common equity tier 1 ratio

CRD IV

Common equity tier 1 ratio Q315, %	21.4
Change, percentage points:	
Common equity tier 1 capital	-0.1
Earnings after estimated dividends*	0.1
Conversions of staff convertibles	0.0
Currency effects	-0.3
IAS 19	0.1
Other and rounding	0.0
Lending volume	-0.2
Lending growth	-0.4
Currency effects	0.2
Net effect different quality of inflows and outflows in loan portfolio	0.3
Credit risk migration in the lending portfolio	-0.2
Impact from sale of AFS shares	0.4
Other effects, net	-0.4
Change in common equity tier 1 ratio	-0.2
Common equity tier 1 ratio Q415, %	21.2

* Including the part of the capital gain from the sale of SCA shares that relates to the value change during Q4 2015

Change in common equity tier 1 ratio

CRD IV

Common equity tier 1 ratio Q414, %	20.4
Change, percentage points:	
Common equity tier 1 capital	0.8
Earnings after estimated dividends*	0.7
Conversions of staff convertibles	0.0
Currency effects	-0.3
IAS 19	-0.8
AFS holdings	0.7
Other and rounding	0.5
Lending volume	-0.4
Lending growth	-0.5
Currency effects	0.1
Net effect different quality of inflows and outflows in loan portfolio	1.0
Credit risk migration in the lending portfolio	0.0
Other effects, net	-0.6
Change in common equity tier 1 ratio	0.8
Common equity tier 1 ratio Q415, %	21.2

* Including the part of the capital gain from the sale of SCA shares that relates to the value change during Q4 2015

Mandatory government fees

2015	Stability Fund	Deposit guarantee	Total
Sweden	-434	-233	-667
UK	-71	-17	-88
Denmark	-31	-25	-56
Finland	-38	-13	-51
Norway	-76	-25	-101
Netherlands	-8	0	-8
Capital Markets	-31	-1	-32
Other	-115	-	-115
Total	-804	-314	-1,118

Fees and commissions

SEK m	Full year 2015	Full year 2014	Change
Brokerage and other securities commissions	1,071	1,104	-3%
Mutual funds	2,987	2,475	21%
Custody and other asset management fees	600	540	11%
Advisory services	326	235	39%
Insurance	639	637	0%
Payments	3,364	3,133	7%
Loans and deposits	1,096	1,131	-3%
Guarantees	421	424	-1%
Other	471	464	2%
Commission income	10,975	10,143	8%
Securities	-244	-225	8%
Payments	-1,337	-1,278	5%
Other	-74	-84	-12%
Commission expense	-1,655	-1,587	4%
Net fee and commission income	9,320	8,556	9%

Oktagonen quarterly



Effective tax rate

<u>Effective tax rate</u>	<u>Q415</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>
Per quarter	19.4%	21.7%	21.1%	21.5%	21.7%	20.8%	21.2%	21.1%	21.7%
Accumulated year to date	20.9%	21.4%	21.3%	21.5%	21.2%	21.0%	21.1%	21.1%	21.6%

Balance sheet

SEK bn	Full year 2015	Full year 2014	Change
Cash and central banks	237	506	-53%
Loans to the public	1,866	1,808	3%
Loans to other credit institutions	50	70	-30%
Interest-bearing securities	119	142	-16%
Other assets	250	291	-14%
Total assets	2,522	2,817	-10%
Deposits and borrowing from the public	754	1,022	-26%
Due to credit institutions	164	200	-18%
Issued securities	1,245	1,213	3%
Other liabilities	231	255	-9%
Total equity	128	127	1%
Total liabilities and equity	2,522	2,817	-10%

Loans to the public*

SEK bn, end of period	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014
<i>Households</i>	714	701	689	674	664
<i>Corporates</i>	469	465	460	466	462
Handelsbanken Sweden	1,183	1,166	1,149	1,140	1,126
<i>Households</i>	81	82	86	86	84
<i>Corporates</i>	129	121	125	124	120
Handelsbanken Norway	210	203	211	210	204
<i>Households</i>	64	64	62	59	54
<i>Corporates</i>	130	131	130	126	116
Handelsbanken UK	194	195	192	185	170
<i>Households</i>	35	36	35	35	35
<i>Corporates</i>	80	80	79	78	83
Handelsbanken Finland	115	116	114	113	118
<i>Households</i>	48	47	45	45	45
<i>Corporates</i>	36	38	38	35	35
Handelsbanken Denmark	84	85	83	80	80
<i>Households</i>	11	10	10	9	8
<i>Corporates</i>	11	11	10	10	11
Handelsbanken Netherlands	22	21	20	19	19
Other	55	65	68	73	72
<i>Households</i>	960	946	933	914	896
<i>Corporates</i>	903	905	904	906	893
Total lending to the public	1,863	1,851	1,837	1,820	1,789

* Excluding loans to the Swedish National Debt Office

Deposits from the public

SEK bn, end of period	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014
<i>Households</i>	280	275	271	253	250
<i>Corporates</i>	190	185	191	180	183
Handelsbanken Sweden	469	460	462	433	433
<i>Households</i>	26	24	23	20	19
<i>Corporates</i>	76	86	84	78	70
Handelsbanken UK	102	110	107	98	89
<i>Households</i>	18	17	19	18	17
<i>Corporates</i>	39	40	48	63	54
Handelsbanken Norway	57	57	67	81	71
<i>Households</i>	13	13	13	12	13
<i>Corporates</i>	17	18	23	19	26
Handelsbanken Finland	30	31	36	31	39
<i>Households</i>	14	14	14	12	13
<i>Corporates</i>	17	24	21	15	17
Handelsbanken Denmark	31	38	35	27	30
<i>Households</i>	1	1	1	1	0
<i>Corporates</i>	2	5	5	5	8
Handelsbanken Netherlands	3	6	6	6	8
Other	62	348	381	380	352
<i>Households</i>	356	351	349	324	319
<i>Corporates</i>	398	698	745	731	704
Total deposits from the public	754	1,049	1,094	1,055	1,022

Lending in home markets outside Sweden

Average volumes local currency

	Q4 2015	Q3 2015	Change
Private, local currency			
Denmark, DKK bn	37.9	37.0	2.4%
Finland, EUR m	3,962	3,959	0.1%
Norway, NOK bn	83.4	82.0	1.7%
UK, GBP m	5,094	4,900	4.0%
Netherlands, EUR m	1,141	1,067	6.9%

Corporate, local currency

Denmark, DKK bn	28.2	29.9	-5.7%
Finland, EUR m	8,657	8,556	1.2%
Norway, NOK bn	127.1	120.3	5.7%
UK, GBP m	10,357	10,136	2.2%
Netherlands, EUR m	1,233	1,117	10.4%

Lending in home markets outside Sweden

Average volumes local currency

Private, local currency	Full year 2015	Full year 2014	Change
Denmark, DKK bn	36.7	32.8	11.9%
Finland, EUR m	3,947	3,843	2.7%
Norway, NOK bn	81.3	76.3	6.6%
UK, GBP m	4,809	4,044	18.9%
Netherlands, EUR m	1,022	723	41.4%

Corporate, local currency

Denmark, DKK bn	28.9	28.3	2.1%
Finland, EUR m	8,619	8,438	2.1%
Norway, NOK bn	120.5	113.9	5.8%
UK, GBP m	10,026	9,109	10.1%
Netherlands, EUR m	1,149	1,209	-5.0%

Deposits in home markets outside Sweden

Average volumes local currency

	Q4 2015	Q3 2015	Change
Private, local currency			
Denmark, DKK bn	11.5	11.5	0.0%
Finland, EUR m	1,363	1,386	-1.7%
Norway, NOK bn	17.8	17.9	-0.6%
UK, GBP m	1,948	1,832	6.3%
Netherlands, EUR m	47	48	-2.1%

Corporate, local currency

Denmark, DKK bn	16.7	18.4	-9.2%
Finland, EUR m	1,886	2,205	-14.5%
Norway, NOK bn	47.4	47.2	0.4%
UK, GBP m	6,744	6,828	-1.2%
Netherlands, EUR m	600	703	-14.7%

Deposits in home markets outside Sweden

Average volumes local currency

Private, local currency	Full year 2015	Full year 2014	Change
Denmark, DKK bn	11.1	9.9	12.1%
Finland, EUR m	1,367	1,264	8.1%
Norway, NOK bn	17.3	15.3	13.1%
UK, GBP m	1,747	1,261	38.5%
Netherlands, EUR m	47	32	46.9%

Corporate, local currency

Denmark, DKK bn	16.9	13.7	23.4%
Finland, EUR m	2,226	3,249	-31.5%
Norway, NOK bn	51.1	47.1	8.5%
UK, GBP m	6,576	6,133	7.2%
Netherlands, EUR m	703	1,033	-31.9%