

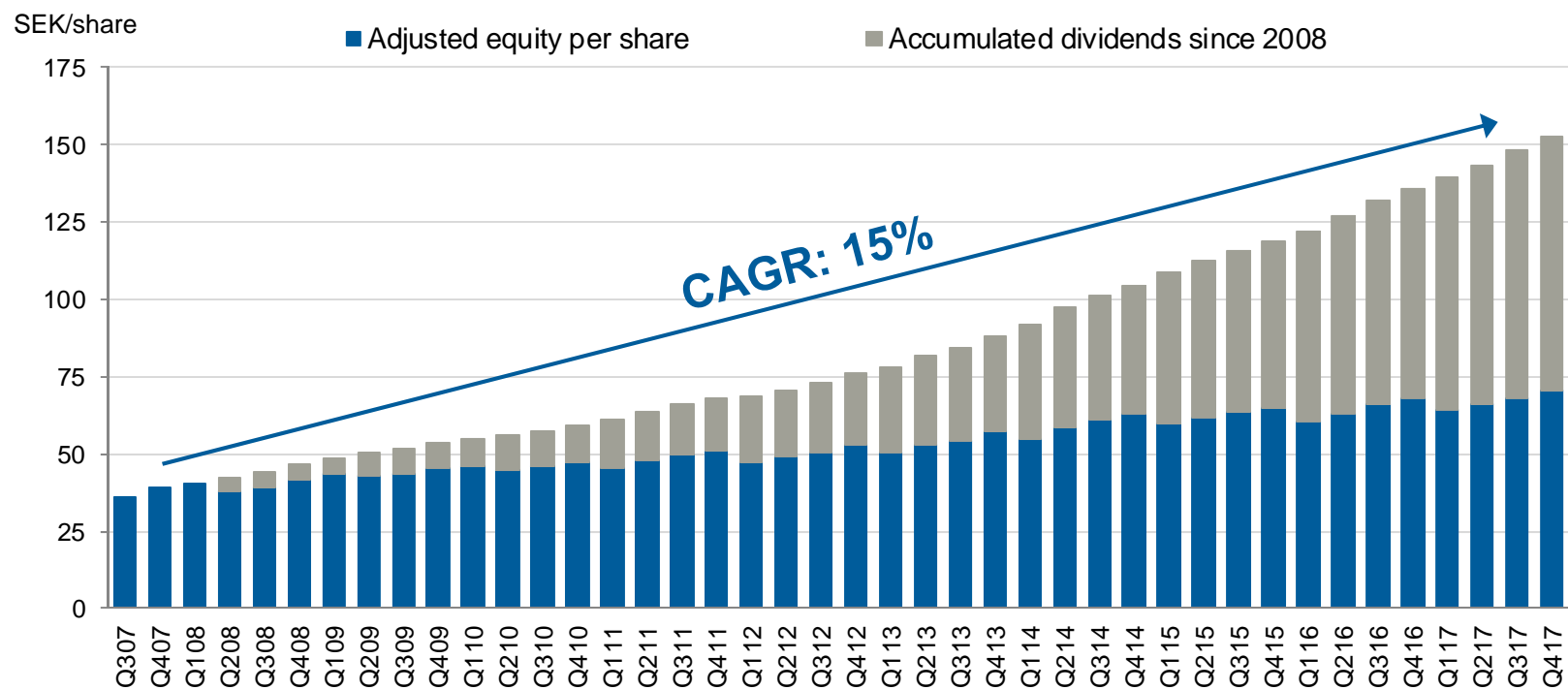
Handelsbanken

January – December 2017

7 February 2018

Average annual growth in equity

Including dividends*



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

Summary 2017

- Operating profit amounted to SEK 21,025m (20,633) and increased by 3% adjusted for non-recurring items
- EPS amounted to SEK 8.28 (8.43)
- ROE went down to 12.3% (13.1)
- Income increased to SEK 41,674m (40,763) and grew by 5% adjusted for non-recurring items
- Net interest income rose by 7% to SEK 29,766m (27,943)
- Net fee and commission income rose by 6% to SEK 9,718m (9,156)
- Continued growth in lending and assets under management in all home markets
- The loan loss ratio fell to 0.08% (0.09)
- The CET1 ratio amounted to 22.7% (25.1) and the total capital ratio amounted to 28.3% (31.4)
- The Board proposes an ordinary dividend per share of SEK 5.50 and an extra dividend per share of 2.00, and that the current buy-back mandate is extended one more year

Income statement, January – December

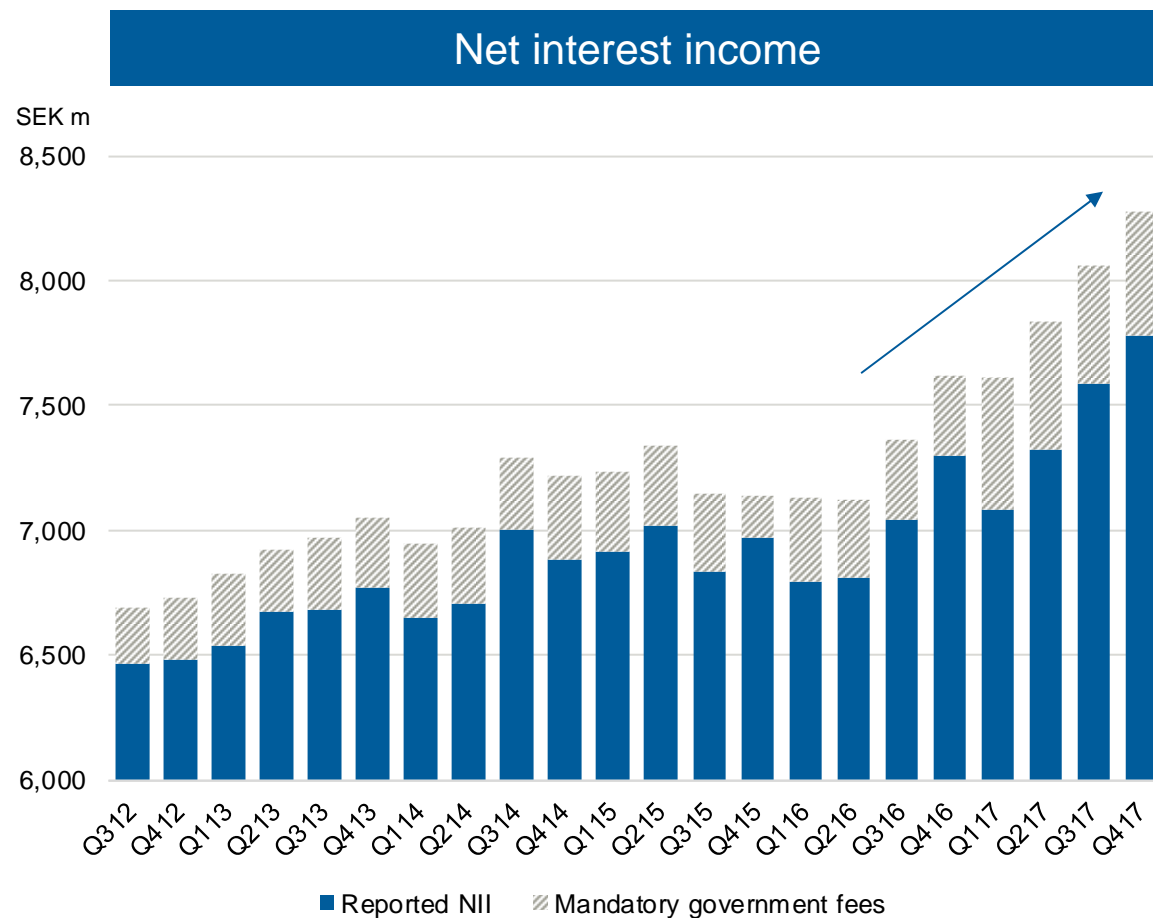
SEK m	Full year 2017	Full year 2016	Change	
Net interest income	29,766	27,943	7%	
Net fee and commission income	9,718	9,156	6%	
Net gains/losses on financial transactions	1,271	3,066	-59%	← SEK 1.7bn realised gains in 2016
Risk result - insurance	142	142	0%	
Other income	777	456	70%	← SEK 0.6bn in received dividend from VISA Sweden 2017
Total income	41,674	40,763	2%	
Staff costs	-12,472	-12,542	-1%	← +1% adjusted for: SEK -700m reserve 2016 SEK -768m Oktogonen 2017 SEK +239m one-off in Norway 2017
Other expenses	-6,508	-5,896	10%	
Total expenses	-18,980	-18,438	3%	
Profit before loan losses	22,694	22,325	2%	
Net loan losses	-1,683	-1,724	-2%	
Gains/losses on disposal of property, equipment and intangible assets	14	32	-56%	
Operating profit	21,025	20,633	2%	← +7% adjusted for the above
Taxes	-4,923	-4,401	12%	
Net profit from discontinued operations	-	13		
Profit for the period	16,102	16,245	-1%	

Income statement, Q4

SEK m	Q4 2017	Q3 2017	Change
Net interest income	7,777	7,587	3%
Net fee and commission income	2,501	2,355	6%
Net gains/losses on financial transactions	164	243	-33%
Risk result - insurance	34	19	79%
Other income	676	44	
Total income	11,152	10,248	9%
Staff costs	-3,178	-3,134	1%
Other expenses	-1,896	-1,477	28%
Total expenses	-5,074	-4,611	10%
Profit before loan losses	6,078	5,637	8%
Net loan losses	-1,084	-217	400%
Gains/losses on disposal of property, equipment and intangible assets	3	4	-25%
Operating profit	4,997	5,424	-8%
Taxes	-1,235	-1,251	-1%
Net profit from discontinued operations	-	-	
Profit for the period	3,762	4,173	-10%

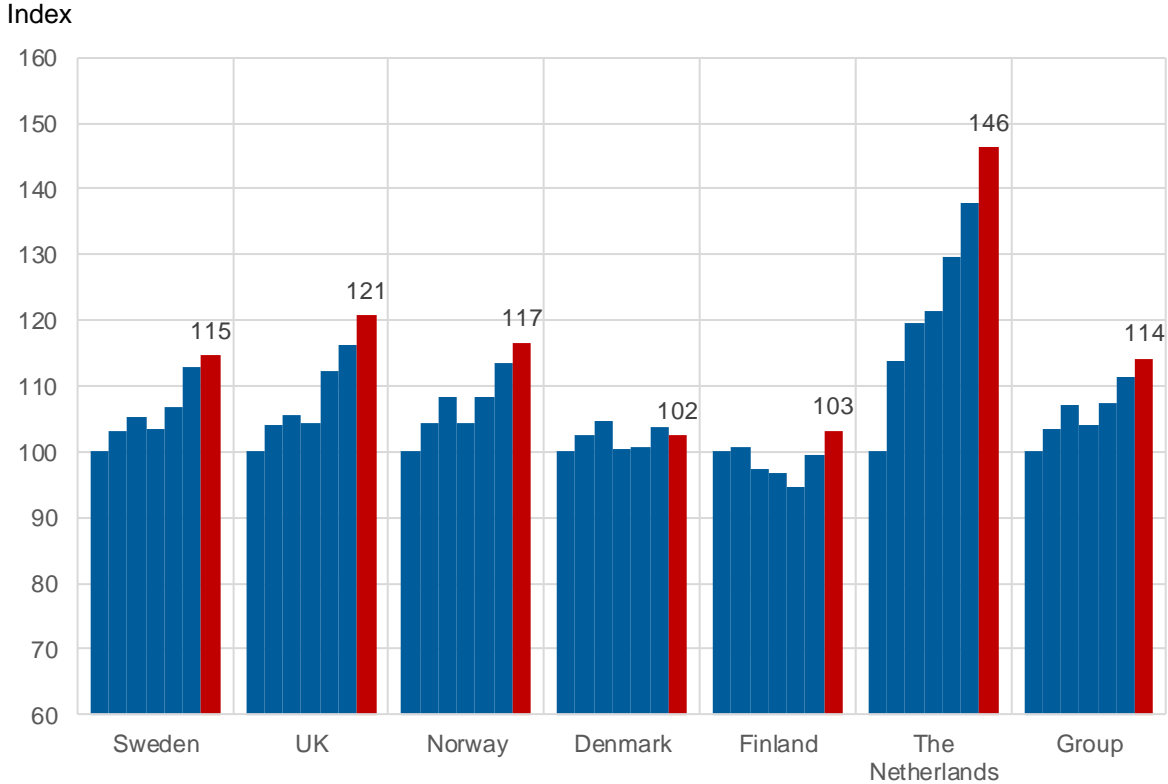
SEK 0.6bn in received dividend from
VISA Sweden 2017

Highest net interest income so far



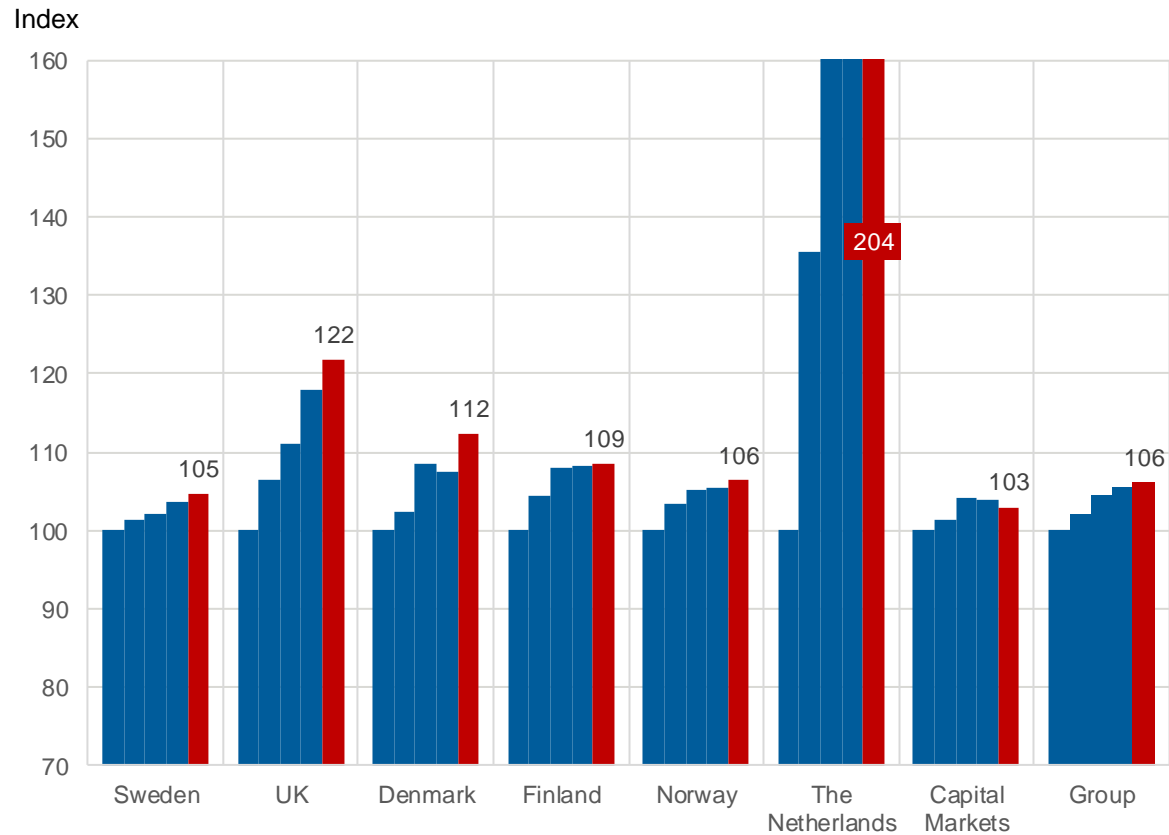
Widespread increase in net interest income in the Group

Net interest income Q2 2016 – Q4 2017
Local currency, index=100 Q2 2016



Widespread increase in net fee and commissions income in the Group

Net fee and commission income Q4 2016 – Q4 2017*
Local currency, index=100 Q4 2016



* 12-month rolling

Growth in all home markets

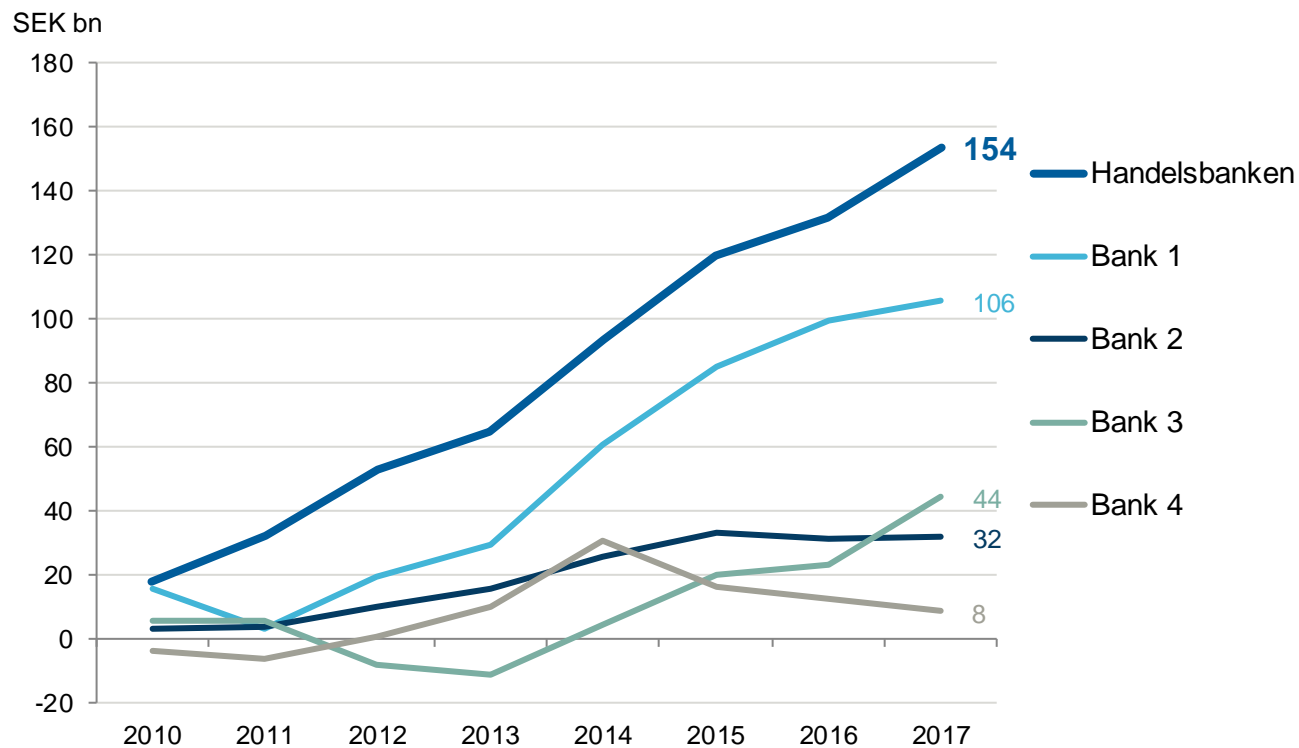
2017 compared to 2016, local currency

	Lending*	Deposits*	Net fee and commission income
Sweden	4%	11%	5%
UK	11%	27%	22%
Denmark	5%	16%	12%
Finland	2%	24%	9%
Norway	4%	6%	6%
The Netherlands	25%	72%	104%
Home markets	5%	13%	8%

* Average volume

Largest institution for new savings in the Swedish fund market

Accumulated net inflows into Swedish mutual funds



24% of the market's total net inflow since 2010

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

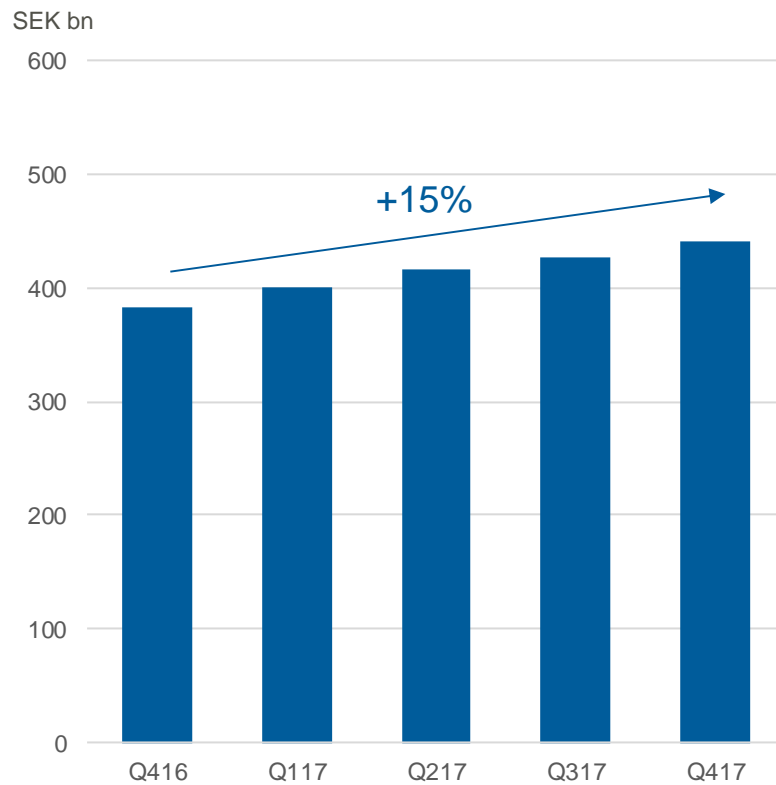
Other net inflow in mutual funds in 2017:

- Heartwood: +3.5 mdkr
- Other countries: +6.3 mdkr

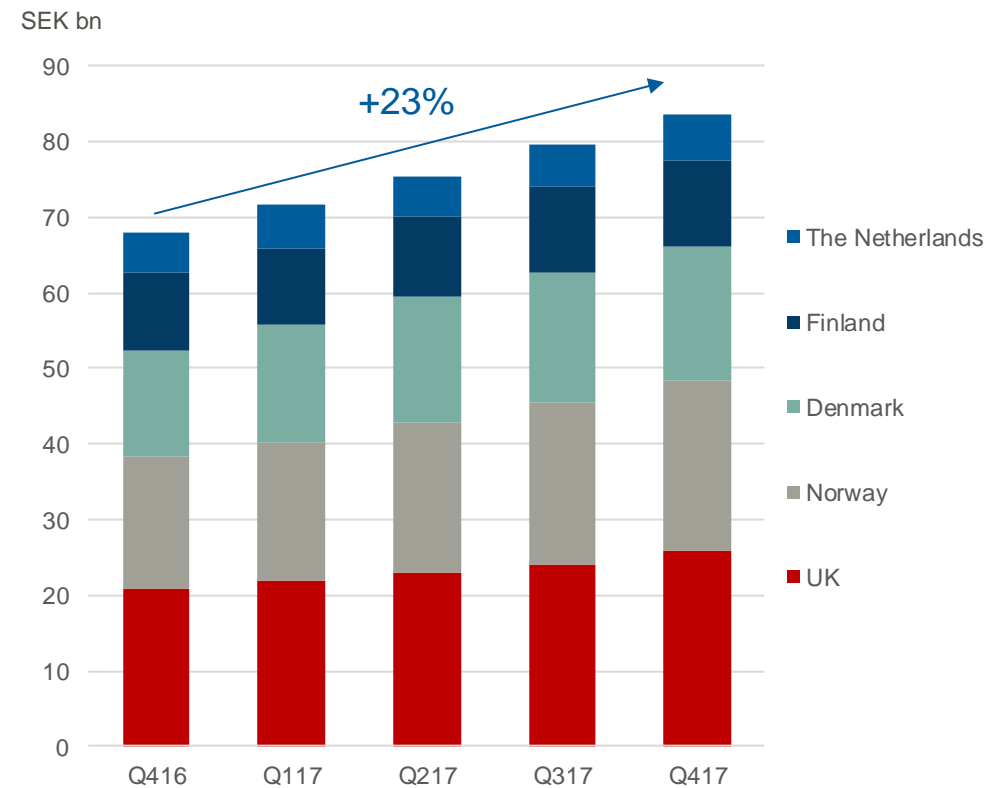
Source: Moneymate. Mutual fund volumes include equity, mixed, hedge and fixed income funds
Competitor banks included are Danske Bank, Nordea, SEB and Swedbank

Strong growth in mutual fund operation in 2017

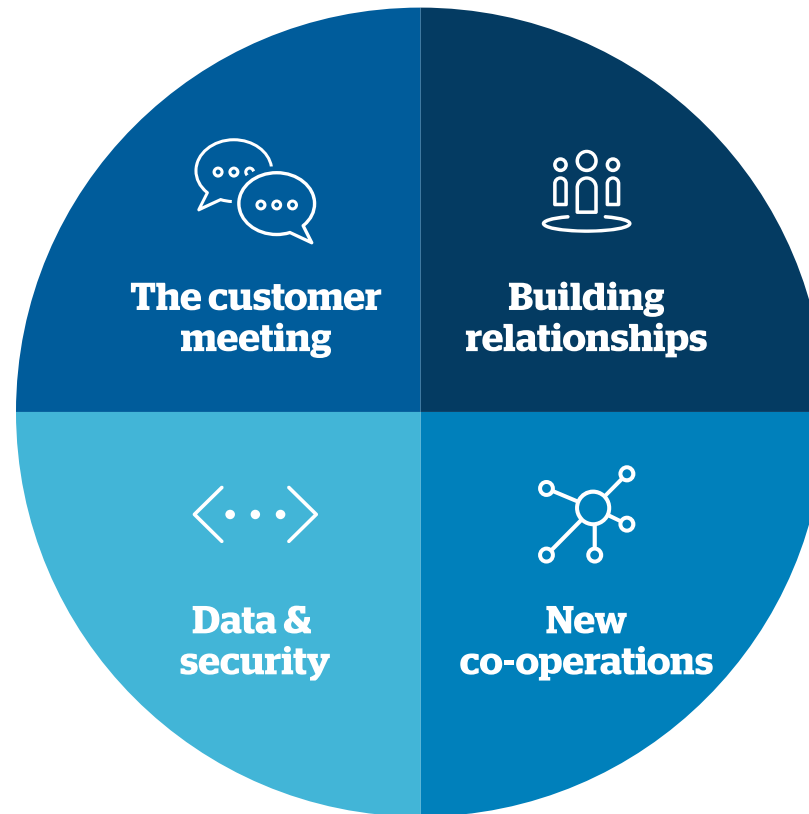
Funds under management in Sweden



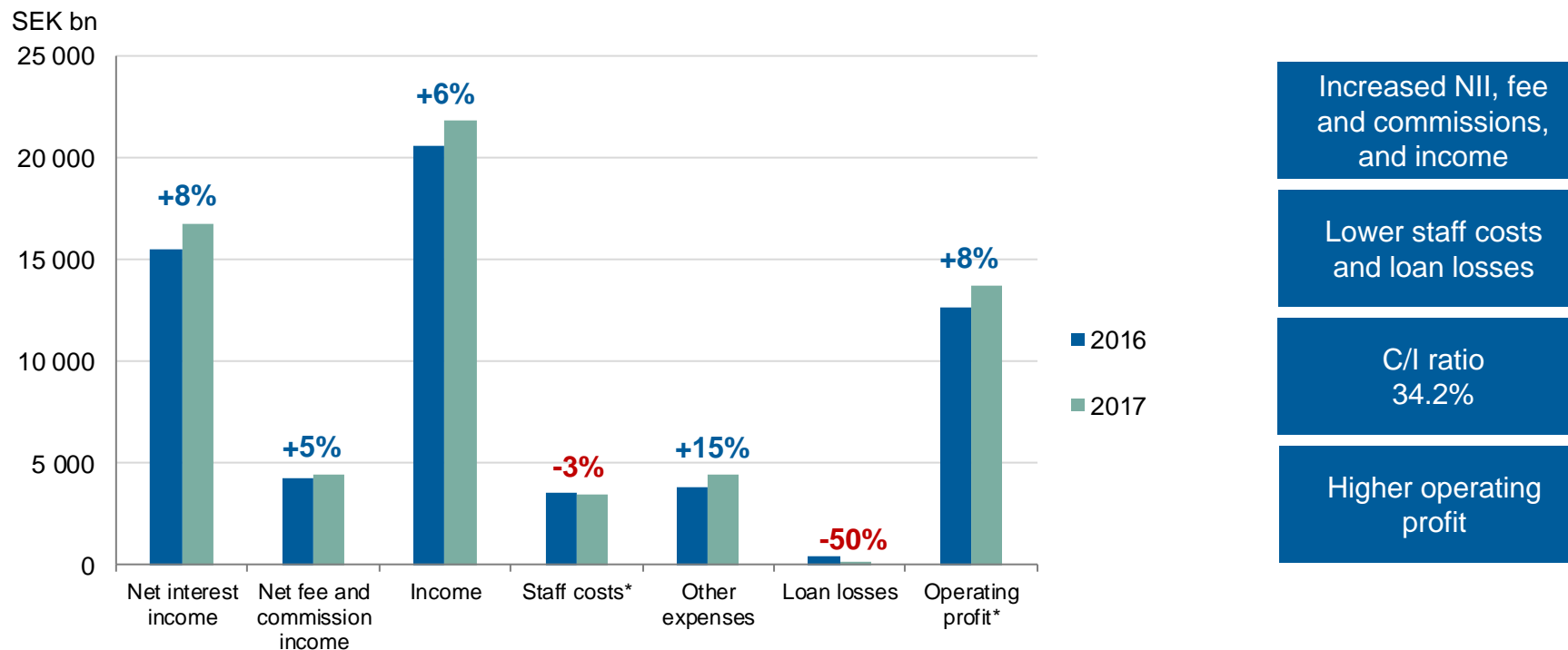
Funds under management in other home markets



Deepen and strengthen local relations with the help of digital tools



Strong performance in Handelsbanken Sweden

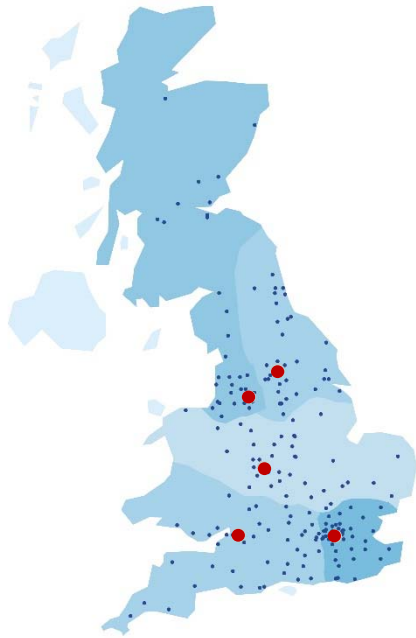


* Excluding SEK 700m in restructuring reserve in Q1 2016

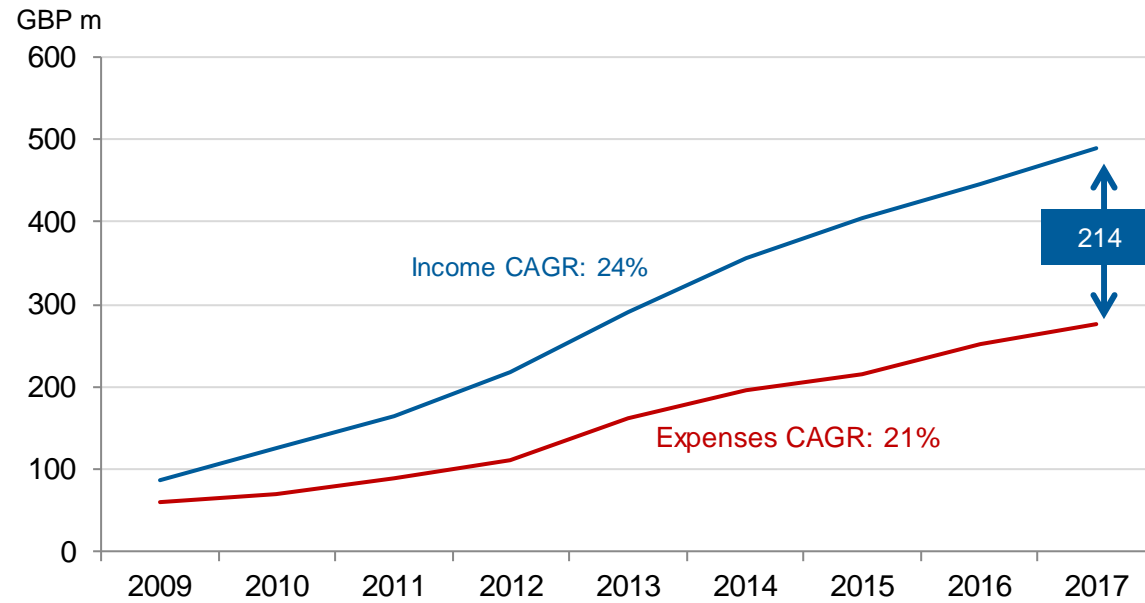
UK

Stable
business
development

- NII increased 11% and net fee and commission income 22%
- Lending in 2017* increased 11%
- Deposits in 2017* increased 27%, and 47% to households
- Funds under management in Heartwood grew by GBP 0.5bn to GBP 3.4bn



Income and expense trend in the UK



Selection of recognitions during the year



- Best Private Bank in the UK

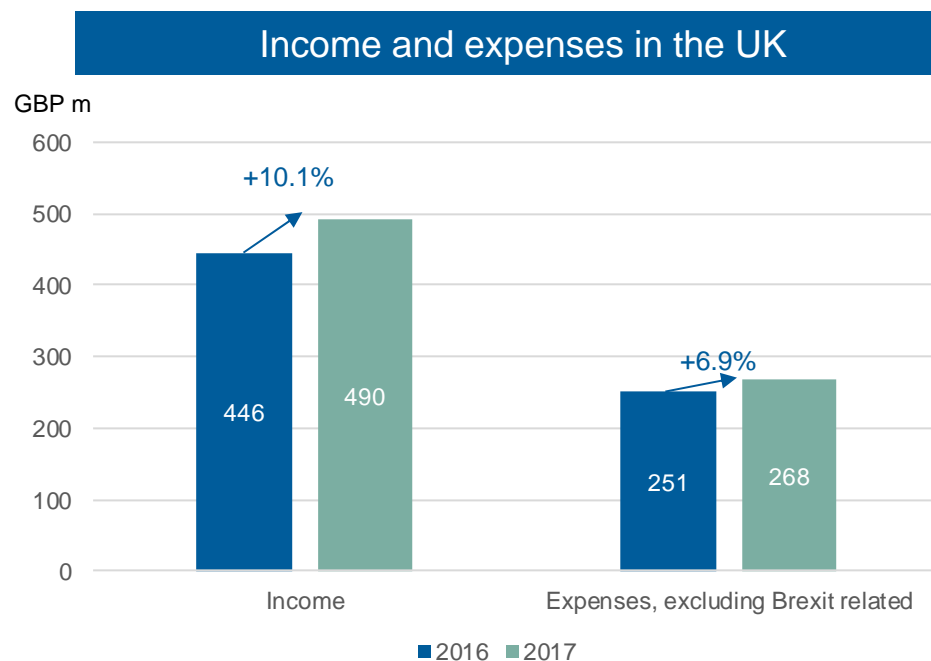


- Best Small Business bank



- Most satisfied private and corporate customers in the UK

Brexit preparations bring forward the next step in UK development



Stable business development driven by satisfied customers

SEK 86m in Brexit-related expenses in 2017

SEK 300m for continued development in 2018

Ongoing development initiatives:

- **Costs/investments:** Administration, organisation, reporting, IT support and development
- **Operating effects:** Brought forward development and improved business support increases the possibilities for new business and add support for our employees and customers

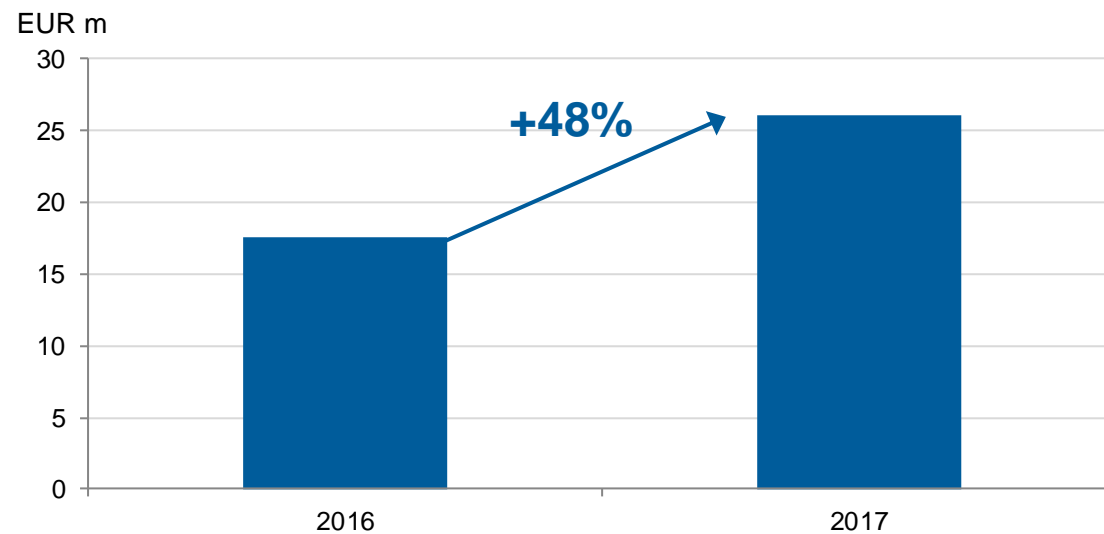
Handelsbanken the Netherlands



Strong progress

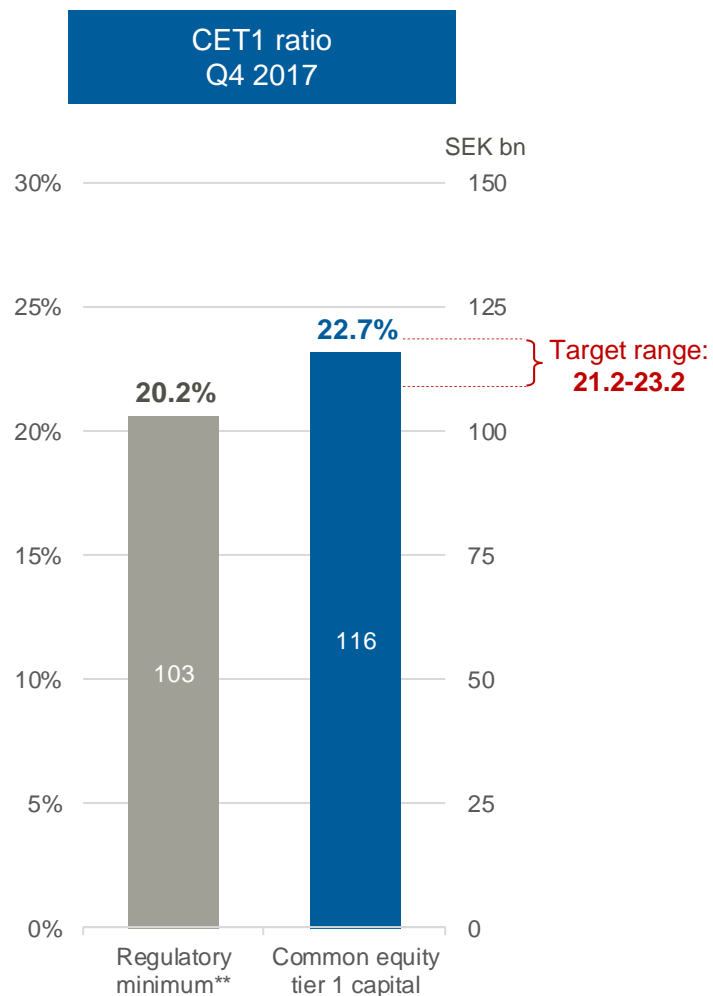
- Operating profit in local currency up by 48% compared to 2016
 - ROE increased to 14.3% (12.5)
 - Lending* increased 25% and deposits 72%
 - C/I ratio dropped by 1.9%-points
 - Net loan loss reversals gave a loan loss ratio of -0.01% (0.00)
 - The most satisfied customers according to EPSI
 - 28 branches

Operating profit in local currency



* Average volume

Financial stability



Capital CRR/CRD IV, %	31 Dec 2017	30 Sep 2017	Change
Capital ratio, %	28.3	28.5	-0.2%-points
Tier 1 ratio, %	25.0	25.9	-0.9%-points
Common equity tier 1 ratio, %	22.7	23.6	-0.9%-points
Total own funds, SEK bn	144.1	144.6	-0.5
Common equity tier 1 capital, SEK bn	115.8	119.5	-3.7
Leverage ratio, %	4.6	4.4	+0.2%-points

Liquidity	31 Dec 2017
LCR Total*	133%
LCR EUR*	175%
LCR USD*	482%
LCR according to the EU Commission's delegated act	139%
NSFR	102%

* According to the Swedish FSA's definition

** Estimated FSA requirement at the end of Q4 2017

The Board's proposal to the AGM 2018

	2017	2016	2015	2014	2013	2012
Ordinary dividend per share, SEK	5.50	5.00	4.50	4.17	3.83	3.58
Extra dividend per share, SEK	2.00	0.00	1.50	1.67	1.67	0.00
Total dividend per share, SEK	7.50	5.00	6.00	5.83	5.50	3.58
Total dividends, SEK bn	14.6	9.7	11.4	11.1	10.5	6.8
Payout ratio, ordinary dividend	66%	60%	53%	52%	51%	47%
Payout ratio, total dividend	91%	60%	70%	73%	73%	47%
Dividend growth, ordinary dividend	10%	11%	8%	9%	7%	10%
Dividend growth, total dividend	50%	-17%	3%	6%	54%	10%

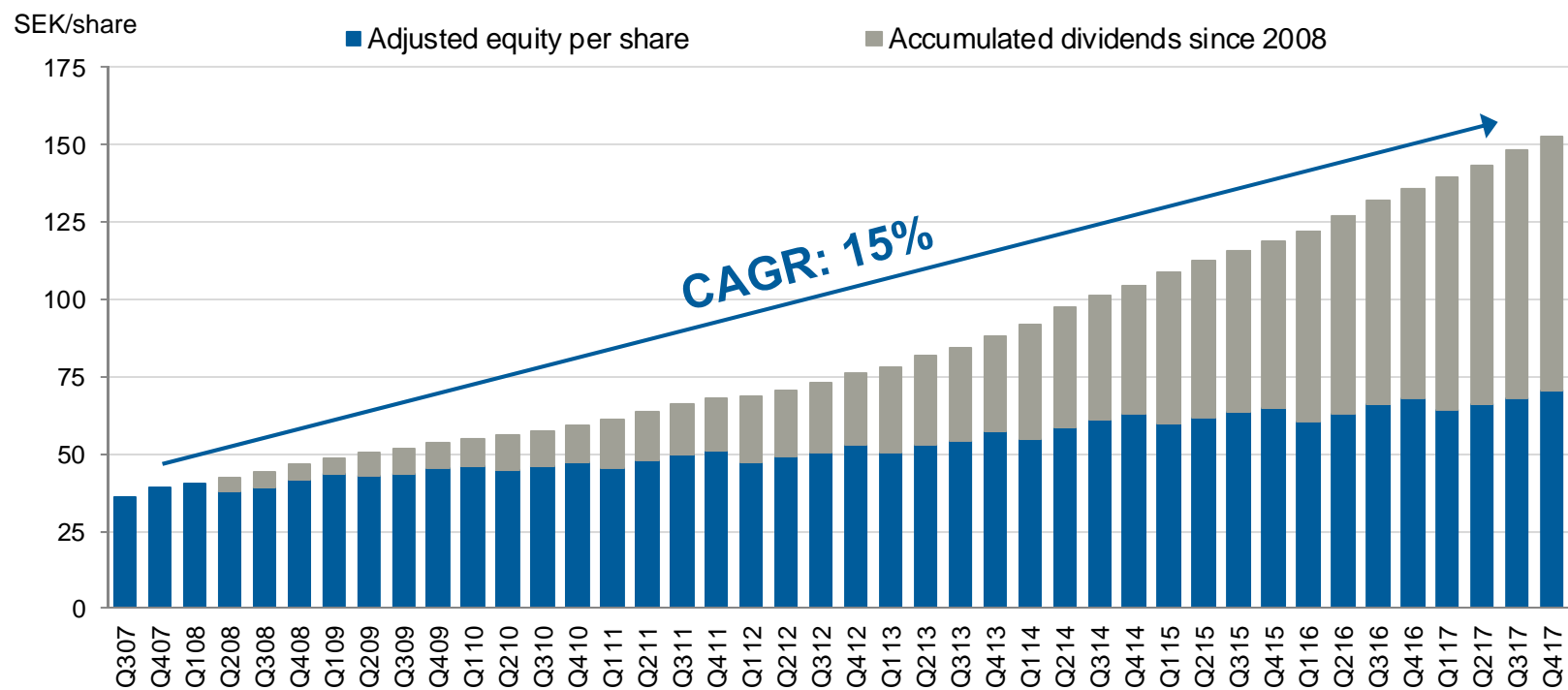
Ex-dividend date: March 22, 2018

Record date for dividends: March 23, 2018

Payment: March 28, 2018

Average annual growth in equity

Including dividends*



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

Appendix

Swedish housing market – stabilisation most likely

Market conditions

Sweden is in a booming economy

- Rising employment and population
- Improved state of surrounding economies

Households

- High savings rate and strong balance sheets
- Adapts to macro prudential supervisory initiatives

Price correction most apparent on owner-occupied apartments

- Longer sales processes, but sustained turnover

Construction sector and property developers

- New builds add to supply – wrong allocations?
- Buyers exist on the professional property market

Low interest rates in the foreseeable future

No credit restrictions in the banking sector

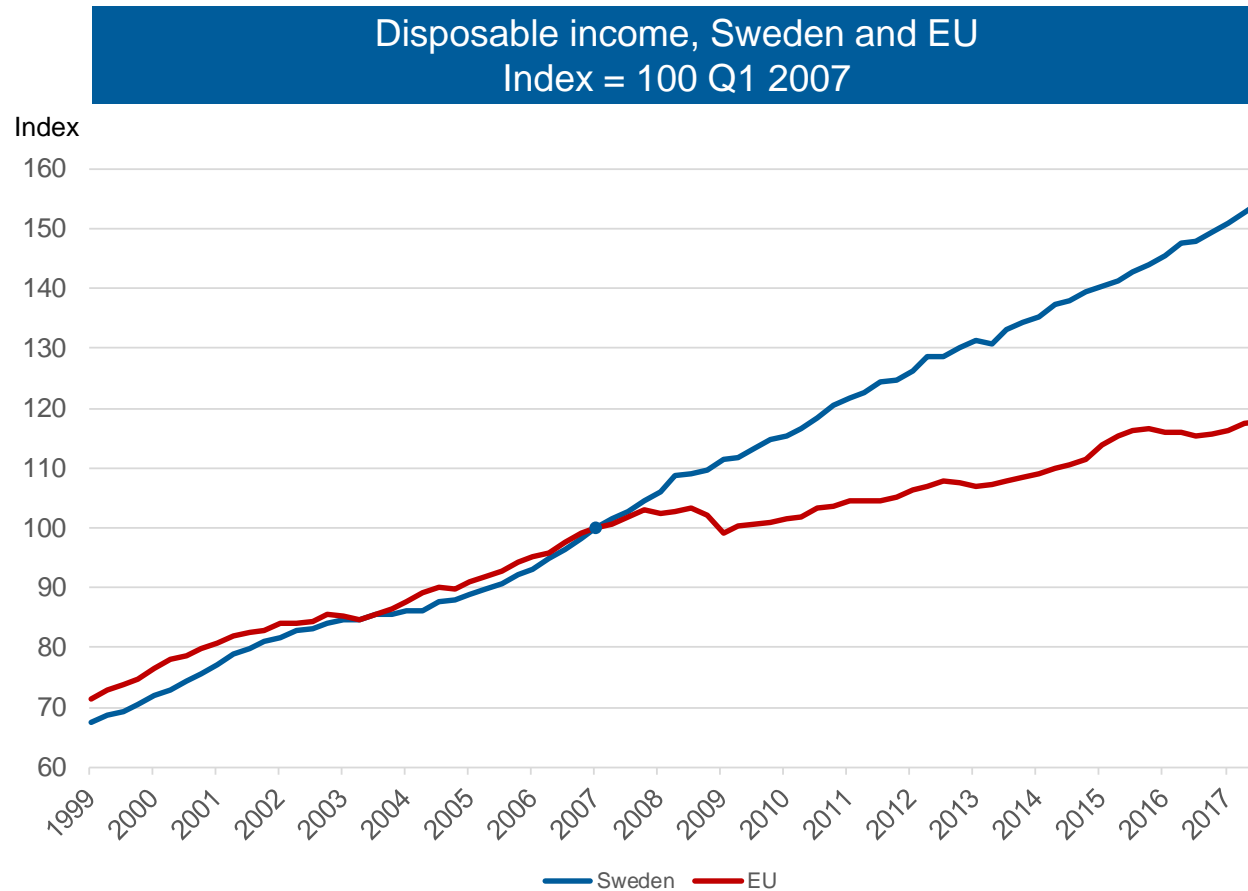
Handelsbanken

- Lending growth in line with market share. Local presence offers comfort in volatile markets
- Trend of falling LTVs on new lending. 67% of Stadshypotek's customers amortise
- Lending based on repayment capacity – imputed rate of interest 7.5%
- Debt to income ratio as part of the credit process for several years

Handelsbanken's credit portfolio

- Non-existent loan losses in Stadshypotek
- Very low share of impaired loans and late payments in Stadshypotek
- **No signs of deteriorating credit quality in the mortgage book**
- **No signs of deteriorating credit quality in lending to construction companies or property developers**

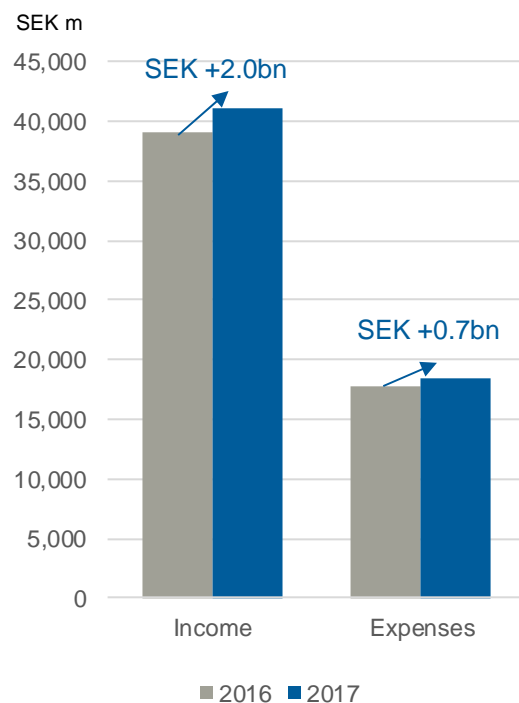
Strong income development among Swedish households



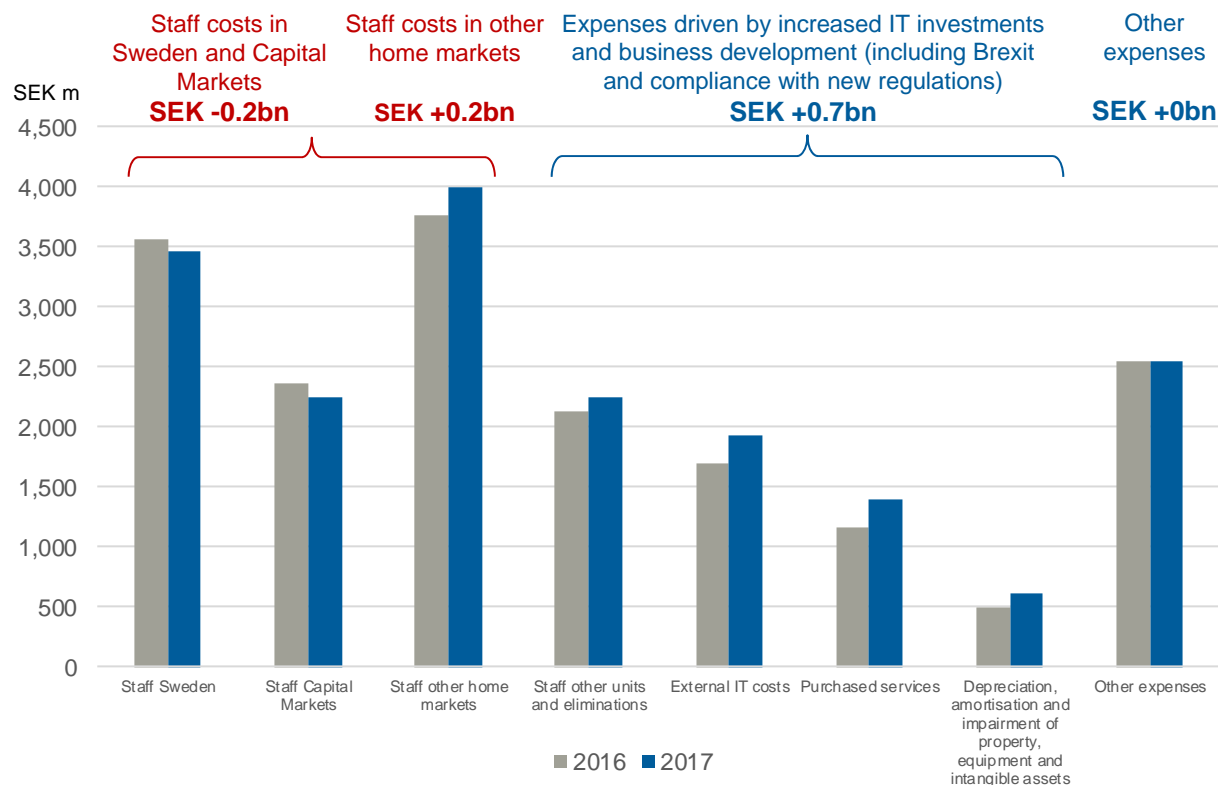
Source: Macrobond

Increased IT efforts

Income* and expenses**



Expenses**



* Adjusted to capital gains and dividends from sale of shares in MasterCard, Visa and Industrivärden
 ** Adjusted for Oktogonen allocation 2017, impact of new pension solution in Norway in 2017 and provision to restructuring reserve in 2016

Return on equity per home market

	Full year 2017
Handelsbanken Sweden	15.3%
Handelsbanken the Netherlands	14.3%
Handelsbanken Norway	14.1%*
Handelsbanken Finland	12.8%
Handelsbanken UK	10.2%
Handelsbanken Denmark	9.7%
Handelsbanken Group	12.3%

* 13.1% excluding one-off effect

Income statement – five quarters

SEK m	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016
Net interest income	7,777	7,587	7,321	7,081	7,299
Net fee and commission income	2,501	2,355	2,508	2,354	2,447
Net gains/losses on financial transactions	164	243	317	547	269
Risk result - insurance	34	19	53	36	6
Other income	676	44	39	18	104
Total income	11,152	10,248	10,238	10,036	10,125
Staff costs	-3,178	-3,134	-3,242	-2,918	-2,981
Other expenses	-1,896	-1,477	-1,555	-1,580	-1,632
Total expenses	-5,074	-4,611	-4,797	-4,498	-4,613
Profit before loan losses	6,078	5,637	5,441	5,538	5,512
Net loan losses	-1,084	-217	-186	-196	-832
Gains/losses on disposal of property, equipment and intangible assets	3	4	2	5	18
Operating profit	4,997	5,424	5,257	5,347	4,698

Change in net interest income from previous quarter

NII Q3 2017, SEK m	7,587	
Lending margin	-1	
Lending volume	55	
Deposit margin	4	
Deposit volume	8	
Day count effect	0	
Mandatory government fees	-24	
Other, including allocation from Central Treasury	28	
Handelsbanken Sweden	70	1%
Lending margin	-3	
Lending volume	53	
Deposit margin	10	
Deposit volume	2	
Day count effect	0	
Exchange rate movements	59	
Mandatory government fees	-3	
Other, including allocation from Central Treasury	30	
Home markets outside Sweden	148	2%
Capital Markets	-4	0%
Benchmark effect	-50	
Other in Central Treasury and other units	66	
Allocated out from Central Treasury	-40	
Other units and other	-24	0%
Change in NII	190	3%
<i>Of which related to government fees</i>	-26	0%
<i>Of which related to currency effects</i>	65	1%
NII Q4 2017	7,777	

Change in net interest income from previous year

NII Jan - Dec 2016, SEK m	27,943	
Lending margin	-27	
Lending volume	597	
Deposit margin	18	
Deposit volume	127	
Day count effect	0	
Mandatory government fees	-372	
Other, including allocation from Central Treasury	832	
Handelsbanken Sweden	1,175	4%
Lending margin	-111	
Lending volume	640	
Deposit margin	-56	
Deposit volume	148	
Day count effect	-21	
Exchange rate movements	-117	
Mandatory government fees	-265	
Other, including allocation from Central Treasury	470	
Home markets outside Sweden	688	2%
Capital Markets	-85	-1%
Benchmark effect	7	
Other in Central Treasury and other units	1,232	
Allocated out from Central Treasury	-1,194	
Other units and other	45	0%
Change in NII	1,823	7%
<i>Of which related to government fees</i>	-724	-3%
<i>Of which related to currency effects</i>	-115	0%
NII Jan - Dec 2017	29,766	

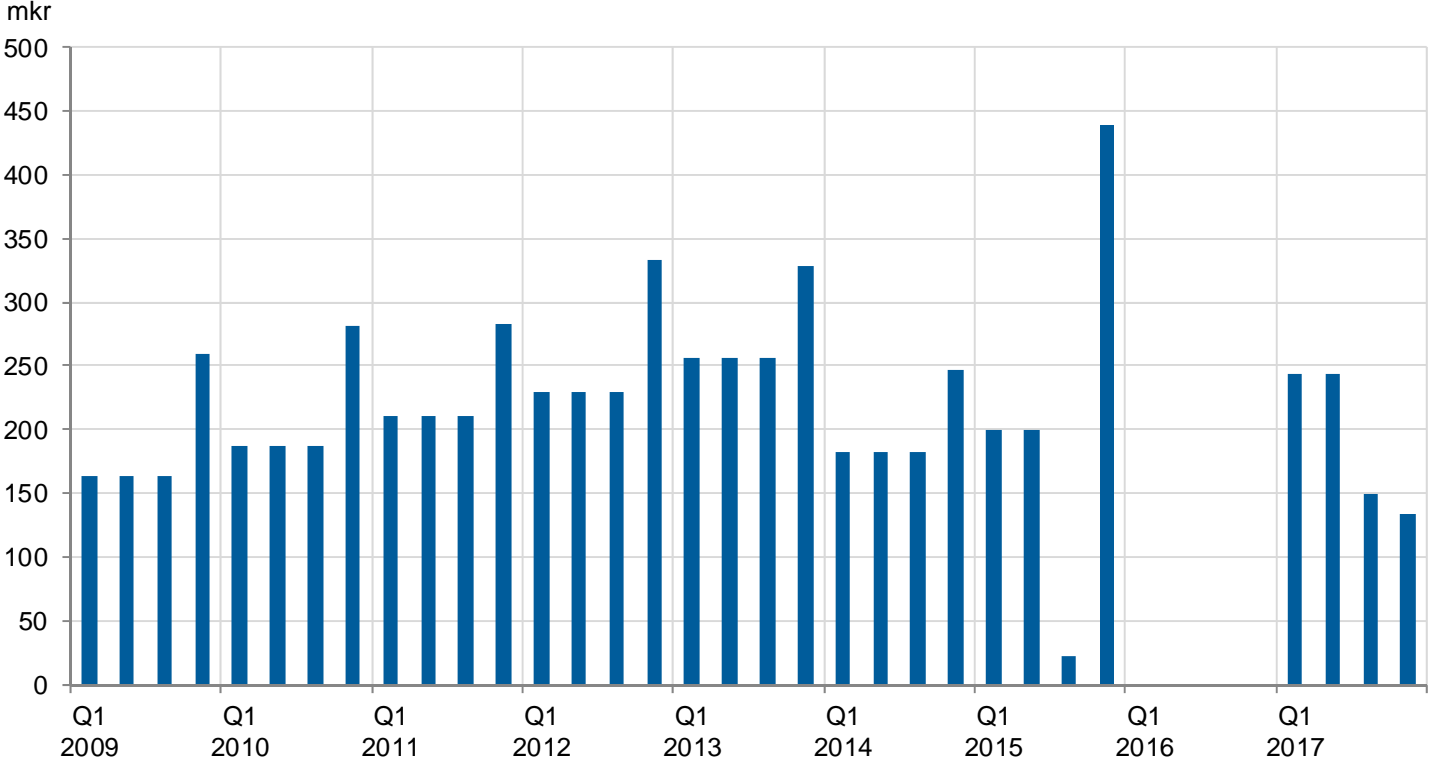
Fees and commissions

SEK m	Full year 2017	Full year 2016	Change
Brokerage and other securities commissions	886	916	-3%
Mutual funds	3,559	3,023	18%
Custody and other asset management fees	722	623	16%
Advisory services	234	317	-26%
Insurance	664	634	5%
Payments	3,359	3,185	5%
Loans and deposits	1,238	1,172	6%
Guarantees	381	422	-10%
Other	496	488	2%
Total fee and commission income	11,539	10,780	7%
Securities	-264	-260	2%
Payments	-1,491	-1,289	16%
Other	-66	-75	-12%
Total fee and commission expense	-1,821	-1,624	12%
Net fee and commission income	9,718	9,156	6%

Mandatory government fees

2017	Resolution fund	Deposit guarantee	Total
Sweden	-812	-225	-1,037
UK	-154	-19	-173
Denmark	-59	-15	-74
Finland	-90	-11	-101
Norway	-169	-23	-192
The Netherlands	-18	0	-18
Capital Markets	-65	-1	-66
Other	-363	-	-363
Total	-1,730	-294	-2,024

Oktagonen quarterly



Effective tax rate

	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Effective tax rate	2017	2017	2017	2017	2016	2016	2016	2016	2015
Per quarter	24.7%	23.1%	22.8%	23.1%	26.7%	19.8%	20.7%	18.7%	19.4%
Accumulated year to date	23.4%	23.0%	23.0%	23.1%	21.3%	19.7%	19.7%	18.7%	20.9%

Change in common equity tier 1 ratio from previous quarter

CRR/CRD IV

Common equity tier 1 ratio Q3 2017, %	23.6
Change, percentage points:	
Common equity tier 1 capital	-0.7
Earnings after estimated dividends	-0.6
Currency effects	0.1
IAS 19	0.0
AFS holdings	-0.1
Other and rounding	-0.1
Lending volume	-0.2
Lending growth	-0.1
Currency effects	-0.1
Net effect different quality of inflows and outflows in loan portfolio	-0.1
Credit risk migration in the lending portfolio	-0.3
Other effects, net	0.4
Change in common equity tier 1 ratio	-0.9
Common equity tier 1 ratio Q4 2017, %	22.7

Change in common equity tier 1 ratio from previous year

CRR/CRD IV

Common equity tier 1 ratio Q4 2016, %	25.1
Change, percentage points:	
Common equity tier 1 capital	0.1
Earnings after estimated dividends	0.2
Currency effects	-0.2
IAS 19	0.8
Effect new PD models	-0.2
AFS holdings	-0.1
Other and rounding	-0.4
Lending volume	-0.4
Lending growth	-0.6
Currency effects	0.2
Net effect different quality of inflows and outflows in loan portfolio	-0.2
Credit risk migration in the lending portfolio	-0.2
Effect new PD models and IRB model for sovereign risk	-2.2
Other effects, net	0.5
Change in common equity tier 1 ratio	-2.4
Common equity tier 1 ratio Q4 2017, %	22.7

Balance sheet

SEK bn	Full year 2017	Full year 2016	Change
Cash and central banks	265	225	18%
Loans to the public	2,066	1,964	5%
Loans to other credit institutions	20	31	-37%
Interest-bearing securities	179	161	11%
Other assets	237	247	-4%
Total assets	2,767	2,628	5%
Deposits and borrowing from the public	942	829	14%
Due to credit institutions	175	179	-2%
Issued securities	1,277	1,262	1%
Other liabilities	231	222	4%
Total equity	142	136	4%
Total liabilities and equity	2,767	2,628	5%

Non-encumbered assets, NEA

31 December 2017

SEK bn	NEA	Accumulated coverage ratio in % of unsecured funding*
Cash with central banks and securities in the liquidity portfolio	444	53%
Mortgage loans	549	118%
Other household lending	190	141%
Property company lending lowest risk class (1-3)	276	174%
Other corporate lending lowest risk class (1-3)	141	191%
Loans to credit institutions lowest risk class (1-3)	19	193%
Other corporate lending	248	223%
Other assets	9	224%
Total non-encumbered assets (NEA)	1,876	224%
Encumbered assets without underlying liabilities**	61	
<i>Encumbered assets with underlying liabilities</i>	<i>830</i>	
Total assets, Group	2,767	

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

** Over-collateralisation in cover pool (OC)

Long-term bond funding

Long term bond issuance, SEK bn	2017	2016	Change
Senior bonds	22	50	-28
Covered bonds	138	148	-10
Subordinated loans	3	0	3
Total	163	198	-35

Lending to the public*

SEK bn, end of period	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016
<i>Households</i>	806	796	785	770	760
<i>Corporates</i>	497	496	491	480	471
Handelsbanken Sweden	1,303	1,292	1,276	1,250	1,231
<i>Households</i>	90	91	89	92	93
<i>Corporates</i>	155	154	151	151	152
Handelsbanken Norway	245	245	240	243	245
<i>Households</i>	70	69	67	67	65
<i>Corporates</i>	143	138	133	133	128
Handelsbanken UK	213	207	200	200	193
<i>Households</i>	38	37	37	36	36
<i>Corporates</i>	86	86	86	86	84
Handelsbanken Finland	124	123	123	122	120
<i>Households</i>	61	58	57	56	56
<i>Corporates</i>	38	37	38	38	40
Handelsbanken Denmark	99	95	95	94	96
<i>Households</i>	21	20	19	18	16
<i>Corporates</i>	19	17	16	16	16
Handelsbanken the Netherlands	40	37	35	34	32
<i>Other</i>	40	41	42	46	45
<i>Households</i>	1,095	1,080	1,062	1,047	1,034
<i>Corporates</i>	968	960	949	942	929
Total lending to the public	2,064	2,040	2,010	1,989	1,963

* Excluding loans to the Swedish National Debt Office

Deposits from the public

SEK bn, end of period	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016
<i>Households</i>	336	335	328	314	309
<i>Corporates</i>	233	232	232	247	199
Handelsbanken Sweden	569	567	560	561	508
<i>Households</i>	48	45	41	38	37
<i>Corporates</i>	98	97	95	88	80
Handelsbanken UK	146	142	136	126	117
<i>Households</i>	20	21	21	20	21
<i>Corporates</i>	40	47	45	52	44
Handelsbanken Norway	60	68	66	72	65
<i>Households</i>	15	16	15	14	14
<i>Corporates</i>	26	27	25	25	22
Handelsbanken Finland	41	43	40	39	36
<i>Households</i>	17	17	17	16	16
<i>Corporates</i>	24	22	27	18	21
Handelsbanken Denmark	41	39	44	34	37
<i>Households</i>	1	1	1	1	1
<i>Corporates</i>	6	7	6	8	2
Handelsbanken the Netherlands	7	8	7	9	3
<i>Other</i>	78	245	266	209	64
<i>Households</i>	445	443	430	410	404
<i>Corporates</i>	497	669	690	640	425
Total deposits from the public	942	1,112	1,120	1,050	829

Lending in home markets outside Sweden

Average volumes local currency

	Q4 2017	Q3 2017	Change
Private, local currency			
Denmark, DKK bn	45.1	44.3	1.8%
Finland, EUR m	4,107	4,058	1.2%
Norway, NOK bn	89.7	88.8	1.0%
UK, GBP m	6,311	6,210	1.6%
The Netherlands, EUR m	2,136	2,027	5.4%

Corporate, local currency

Denmark, DKK bn	28.7	27.6	4.0%
Finland, EUR m	8,901	8,858	0.5%
Norway, NOK bn	151.9	149.7	1.5%
UK, GBP m	12,874	12,411	3.7%
The Netherlands, EUR m	1,803	1,697	6.2%

Lending in home markets outside Sweden

Average volumes local currency

Private, local currency	Full year 2017	Full year 2016	Change
Denmark, DKK bn	44.1	40.8	8.1%
Finland, EUR m	4,061	3,975	2.2%
Norway, NOK bn	88.7	85.9	3.3%
UK, GBP m	6,127	5,527	10.9%
The Netherlands, EUR m	1,959	1,434	36.6%

Corporate, local currency

Denmark, DKK bn	28.7	28.8	-0.3%
Finland, EUR m	8,935	8,761	2.0%
Norway, NOK bn	149.1	143.1	4.2%
UK, GBP m	12,264	11,007	11.4%
The Netherlands, EUR m	1,728	1,519	13.8%

Deposits in home markets outside Sweden

Average volumes local currency

	Q4 2017	Q3 2017	Change
Private, local currency			
Denmark, DKK bn	13.3	13.1	1.5%
Finland, EUR m	1,569	1,547	1.4%
Norway, NOK bn	20.1	20.3	-1.0%
UK, GBP m	4,232	3,965	6.7%
The Netherlands, EUR m	109	92	18.5%

Corporate, local currency

Denmark, DKK bn	19.3	19.8	-2.5%
Finland, EUR m	2,698	2,658	1.5%
Norway, NOK bn	48.3	51.4	-6.0%
UK, GBP m	9,174	9,113	0.7%
The Netherlands, EUR m	749	710	5.5%

Deposits in home markets outside Sweden

Average volumes local currency

Private, local currency	Full year 2017	Full year 2016	Change
Denmark, DKK bn	12.8	11.9	7.6%
Finland, EUR m	1,596	1,451	10.0%
Norway, NOK bn	19.9	19.3	3.1%
UK, GBP m	3,775	2,569	46.9%
The Netherlands, EUR m	91	62	46.8%

Corporate, local currency

Denmark, DKK bn	19.1	15.7	21.7%
Finland, EUR m	2,671	1,991	34.2%
Norway, NOK bn	49.4	46.3	6.7%
UK, GBP m	8,654	7,218	19.9%
The Netherlands, EUR m	739	420	76.0%

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