

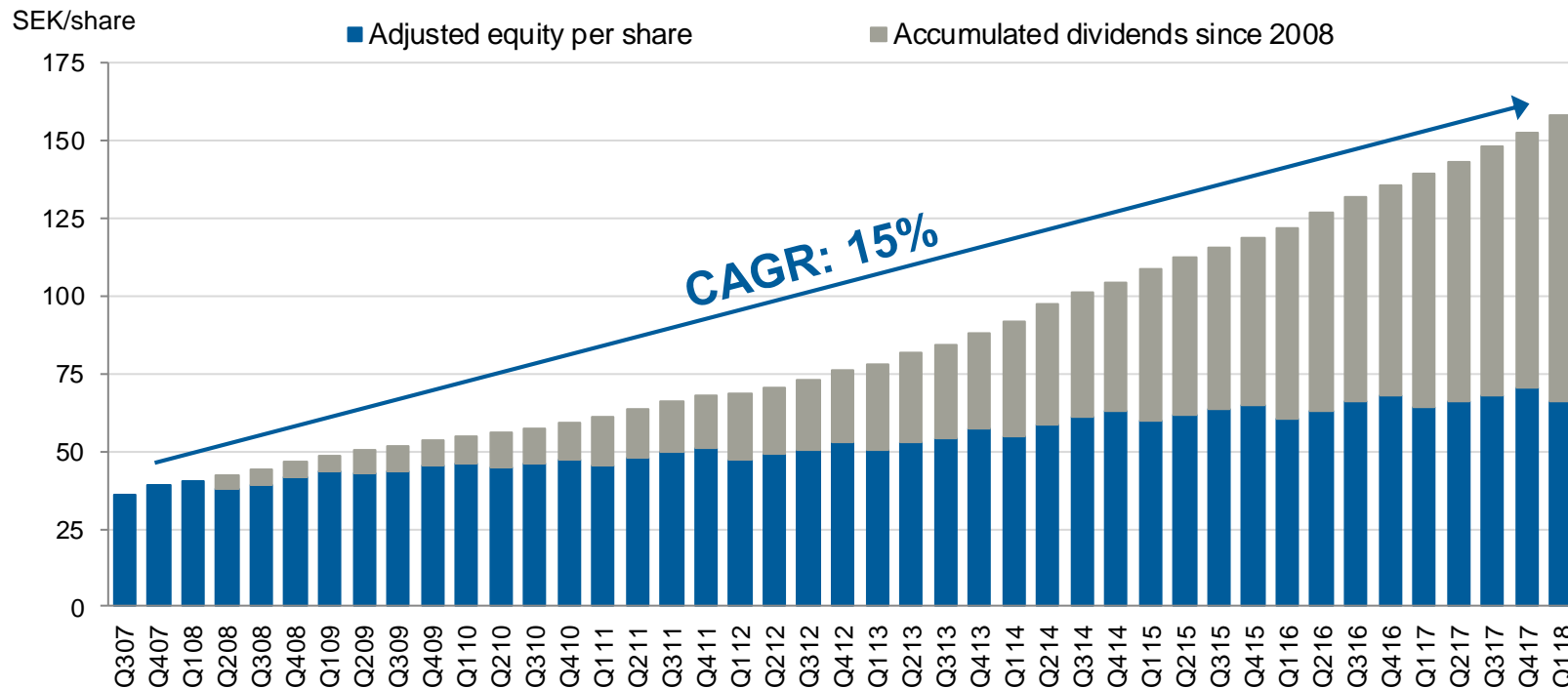
Handelsbanken

January – March 2018

25 April 2018

Average annual growth in equity

Including dividends*



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

Summary

- Continued growth in all home markets
- Operating profit went down by 3% to SEK 5,161m (5,347)
- The period's profit after tax decreased by 3% to SEK 4,004m (4,111)
- Earnings per share decreased to SEK 2.06 (2.11)
- Return on equity was 11.7% (12.4)
- Income increased by 3% to SEK 10,324m (10,036)
- Net interest income grew by 8% to SEK 7,648m (7,081), but adjusted for the raised resolution fee, net interest income grew by 11%
- Net fee and commission income grew by 5% to SEK 2,461m (2,354)
- The C/I ratio rose to 48.6% (44.8)
- The loan loss ratio pursuant to IFRS 9 was 0.03% (Q1 2017 according to IAS 39: 0.04)
- The common equity tier 1 ratio decreased to 21.6% (23.8) and the total capital ratio was 28.3% (29.7)

Income statement, January – March

SEK m	Jan-Mar 2018	Jan-Mar 2017	Change
Net interest income	7,648	7,081	8%
Net fee and commission income	2,461	2,354	5%
Net gains/losses on financial transactions	129	547	-76%
Risk result - insurance	41	36	14%
Other income	45	18	150%
Total income	10,324	10,036	3%
Staff costs	-3,217	-2,918	10%
Other expenses	-1,797	-1,580	14%
Total expenses	-5,014	-4,498	11%
Profit before loan losses	5,310	5,538	-4%
Net loan losses	-153	-196	-22%
Gains/losses on disposal of property, equipment and intangible assets	4	5	-20%
Operating profit	5,161	5,347	-3%
Taxes	-1,157	-1,236	-6%
Net profit from discontinued operations	-	-	
Profit for the period	4,004	4,111	-3%

← Unusually large year-end effect 2017

+6% adjusted for:

- Oktogonen: SEK -243m 2017, SEK -233m 2018
- Changed pension plan in Norway: SEK +239m 2017
- Changed pension plan in UK: SEK +141m 2018

Income statement, Q1

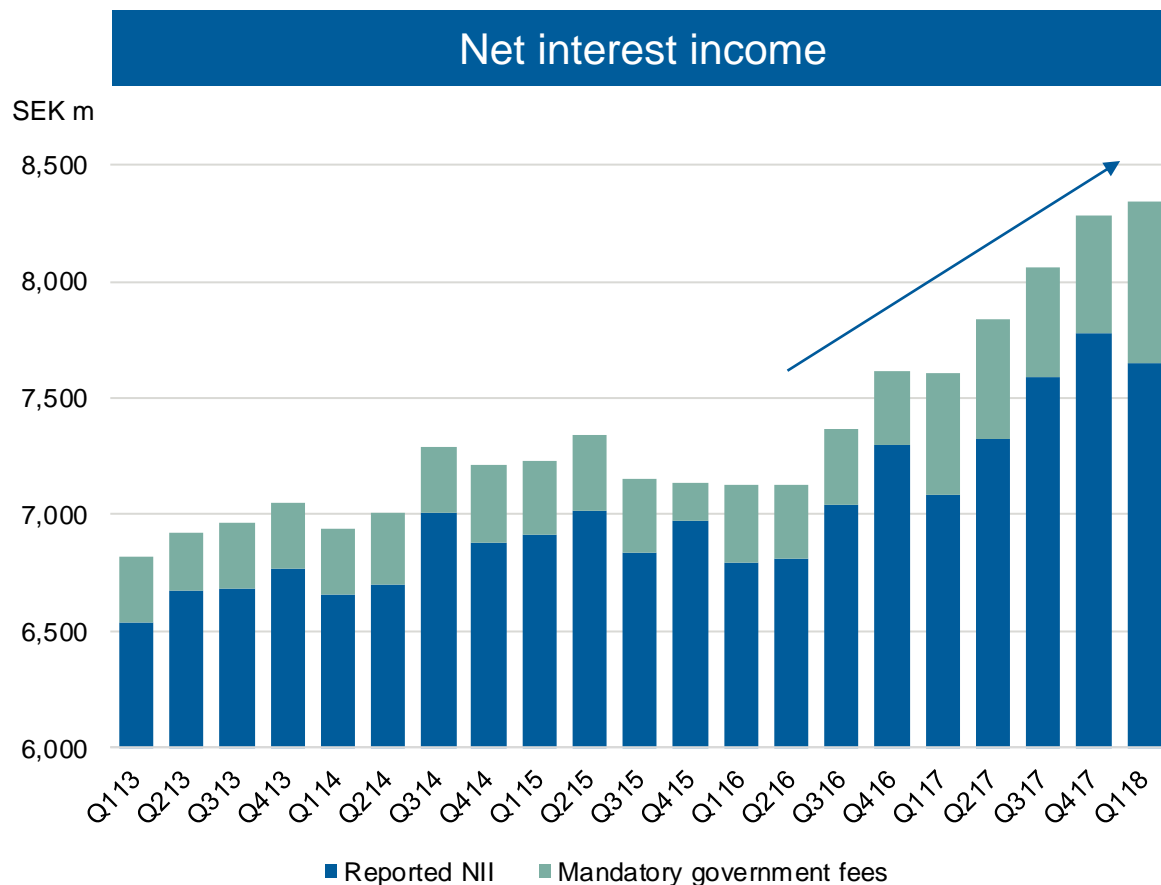
SEK m	Q1 2018	Q4 2017	Change
Net interest income	7,648	7,777	-2%
Net fee and commission income	2,461	2,501	-2%
Net gains/losses on financial transactions	129	164	-21%
Risk result - insurance	41	34	21%
Other income	45	676	-93%
Total income	10,324	11,152	-7%
Staff costs	-3,217	-3,178	1%
Other expenses	-1,797	-1,896	-5%
Total expenses	-5,014	-5,074	-1%
Profit before loan losses	5,310	6,078	-13%
Net loan losses	-153	-1,084	-86%
Gains/losses on disposal of property, equipment and intangible assets	4	3	33%
Operating profit	5,161	4,997	3%
Taxes	-1,157	-1,235	-6%
Net profit from discontinued operations	-	-	
Profit for the period	4,004	3,762	6%

SEK 576m in received dividend from
VISA Sweden 2017

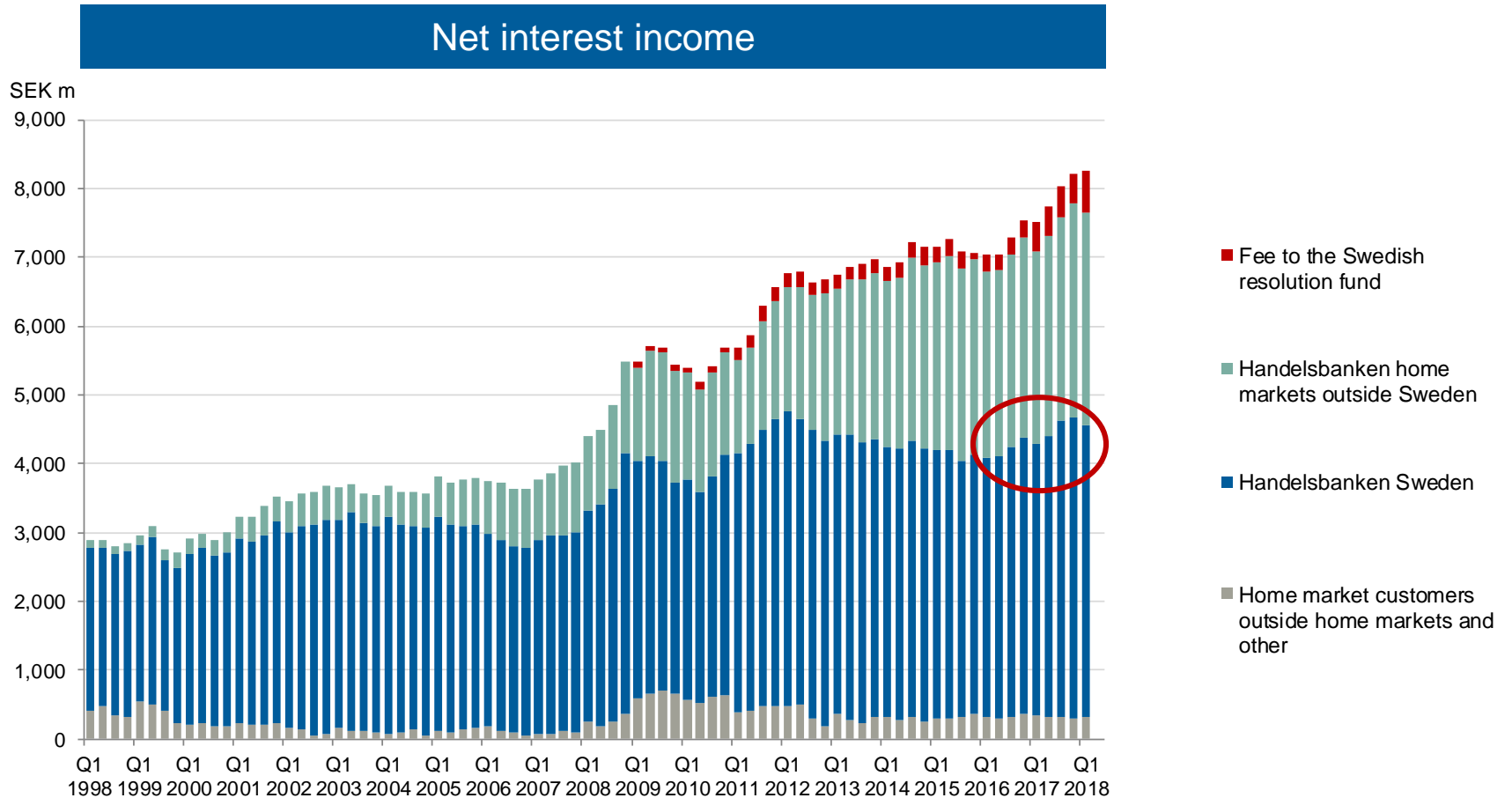
+3% adjusted for:

- Oktogonen: SEK -133m 2017, SEK -233m 2018
- Changed pension plan in UK: SEK +141m 2018

Strong underlying growth in net interest income

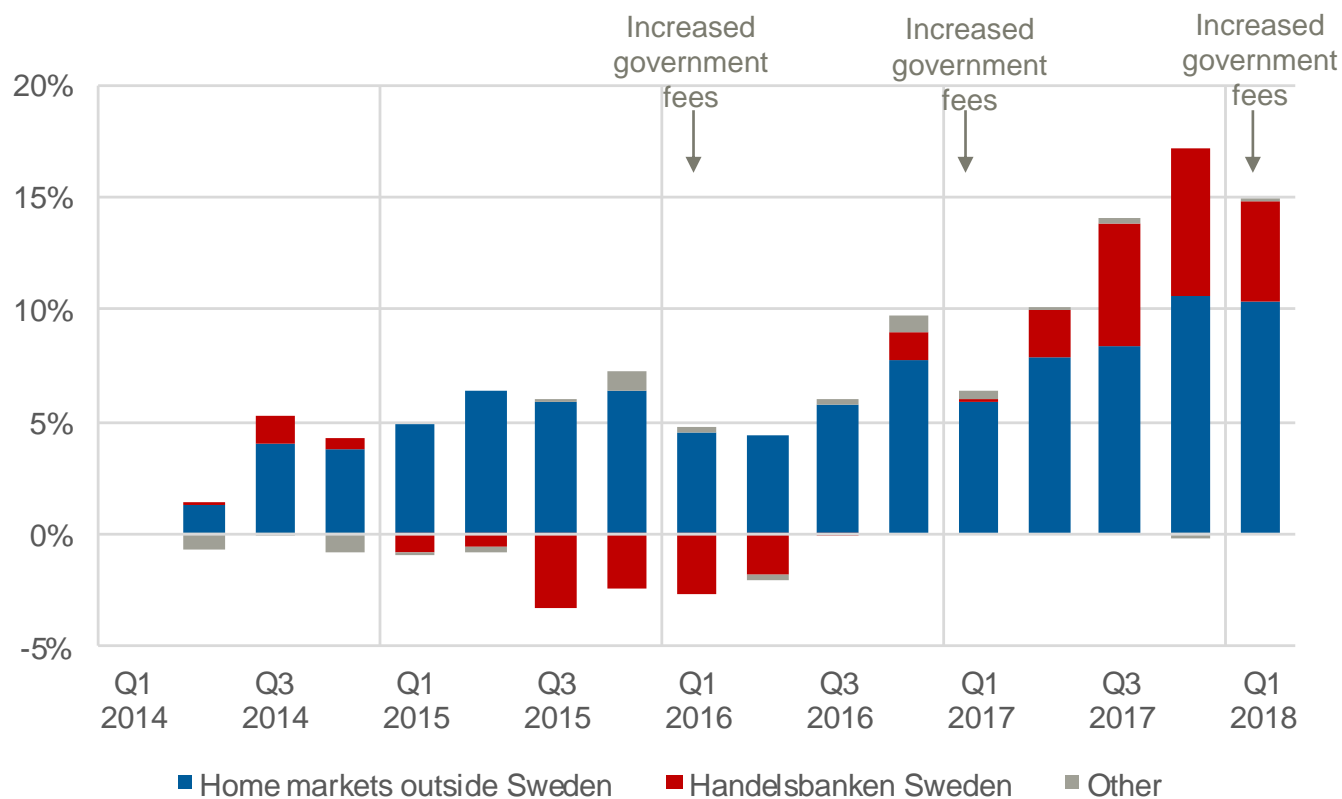


Broad growth in net interest income in the Group



Growth in net interest income

Accumulated growth in Group net interest income from Q1 2014



Strong growth outside Sweden

Strong growth also in Sweden since 2016

Positive trend in net interest margin since 2016

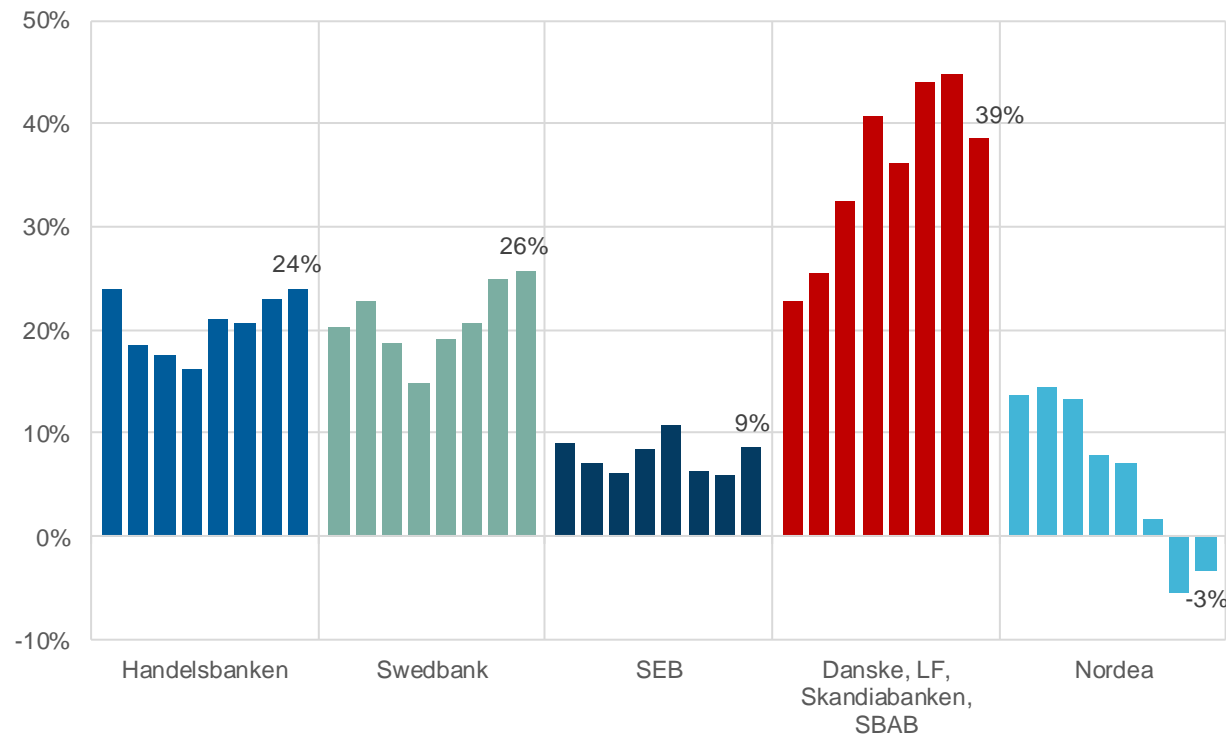


- Q4 margins positively affected by smaller balance sheet at year-end
- Q1 margins negatively affected by fewer days in the quarter

* Net interest income divided by average total assets

Market share new lending in Swedish mortgage market

Q2 2016 – Q1 2018*



Stable market share in the Swedish mortgage market

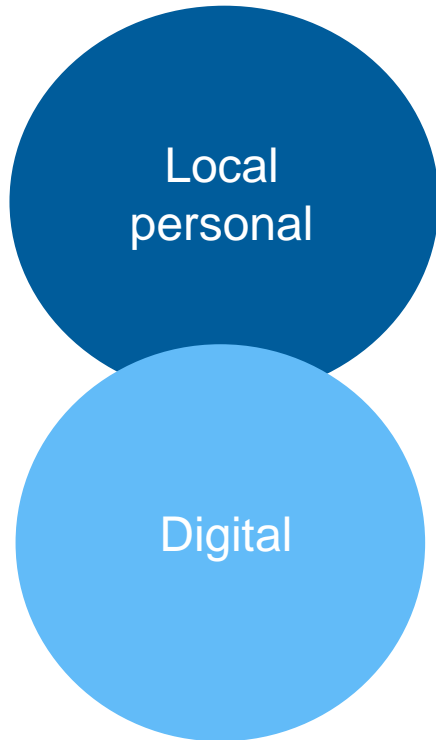
Market share in outstanding volume:				
23%	25%	14%	20%	14%

Source: Statistics Sweden, "Household lending, Swe, Collateral housing, Households, in SEK"

* January and February 2018

Local and digital – the mortgage operation

Differentiating factor

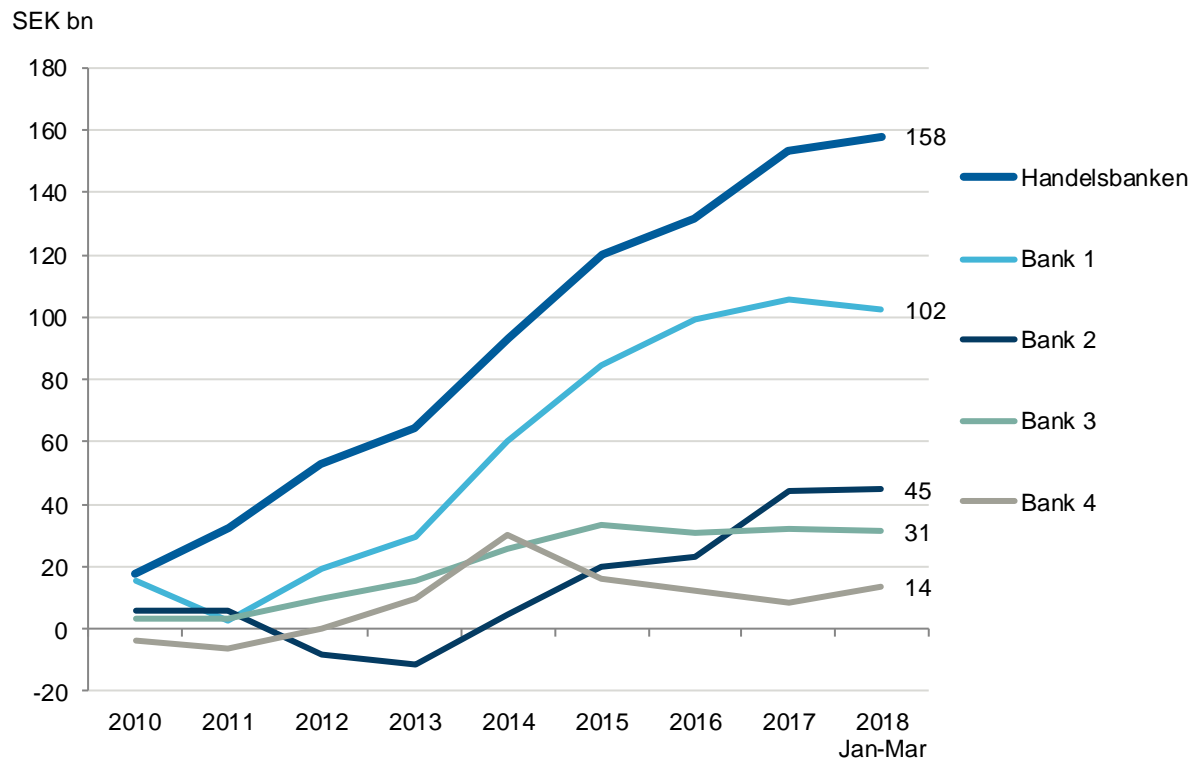


Mortgages

- Increased regulation increases need of advice
- The mortgage is an integrated – and central – part of a customer's total financial situation
- New digital tools increase value-added for customers and availability
- Digitalised mortgage process frees up time at the branch and increases efficiency

Largest institution for new savings in the Swedish mutual funds market

Accumulated net inflows into Swedish mutual funds



23% of the market's total net inflow since 2010

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

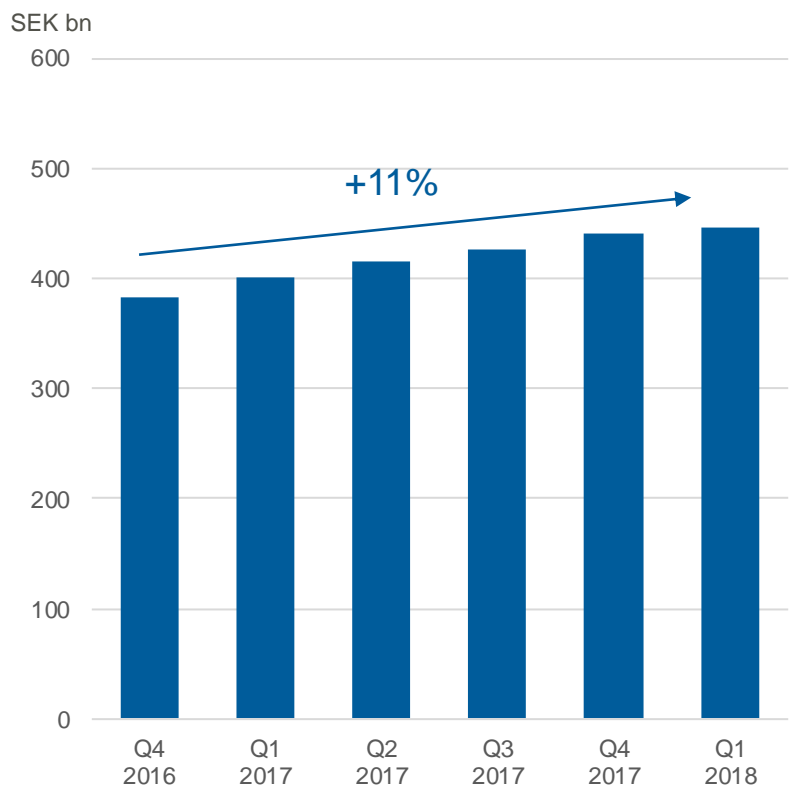
Net inflows in mutual funds since Q1 2017:

- Sweden: SEK +21.4bn
- Heartwood: SEK +3.7bn
- Other countries: SEK +5.8bn

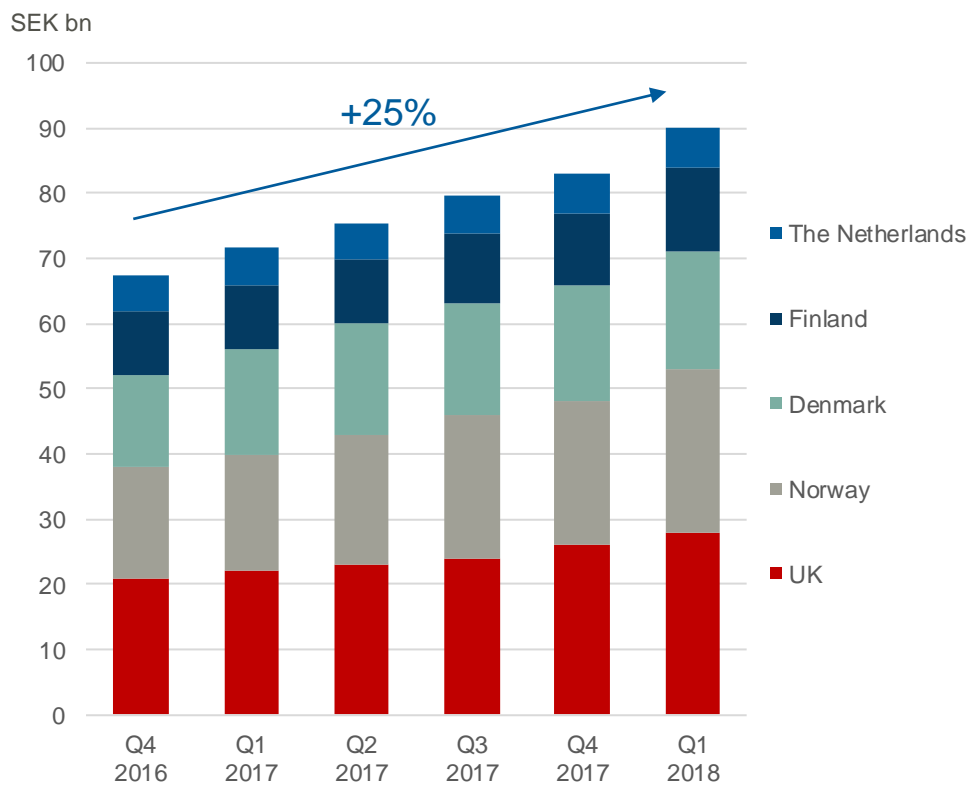
Source: Swedish Investment Fund Association. Mutual fund volumes include equity, mixed, hedge and fixed income funds. Competitor banks included are Danske Bank, Nordea, SEB and Swedbank

Growth in mutual fund operations in all home markets

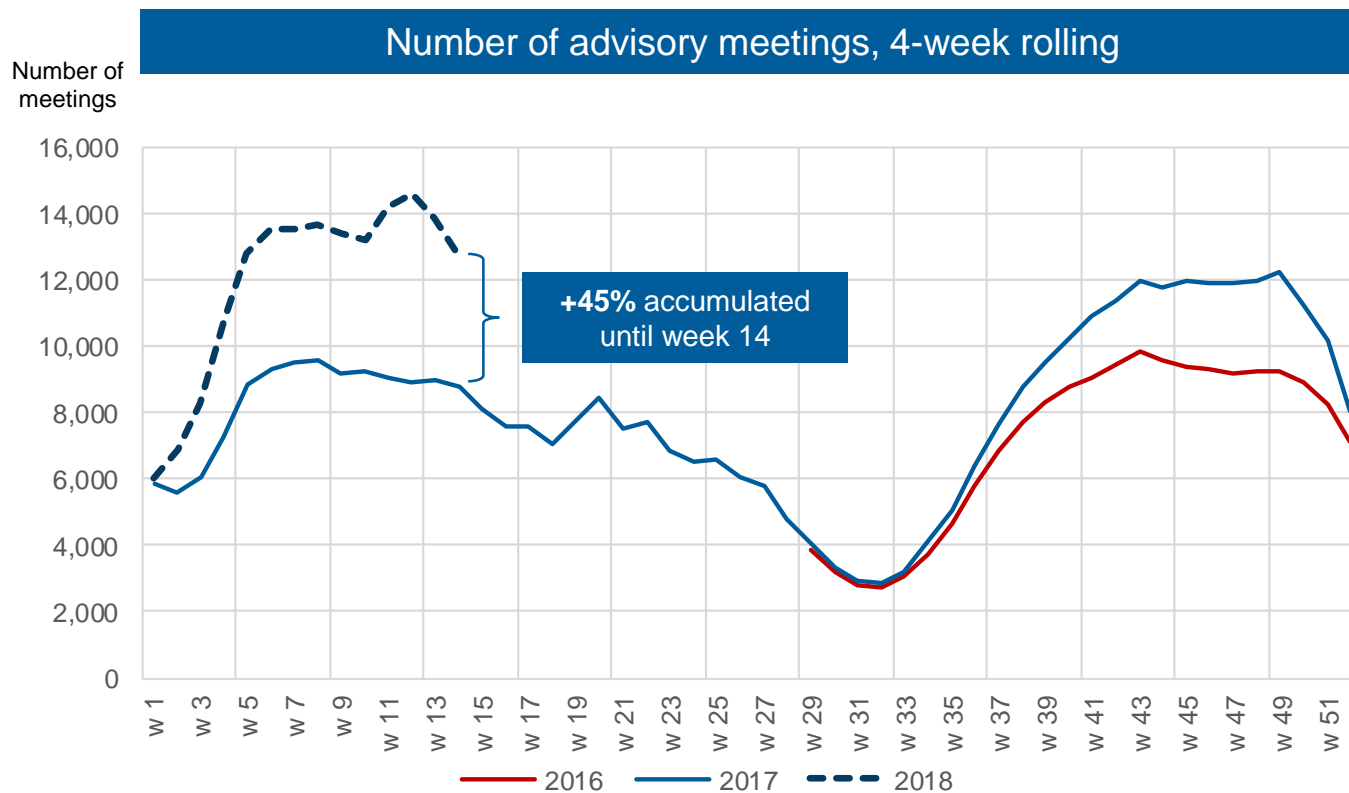
Funds under management in Sweden



Funds under management in other home markets

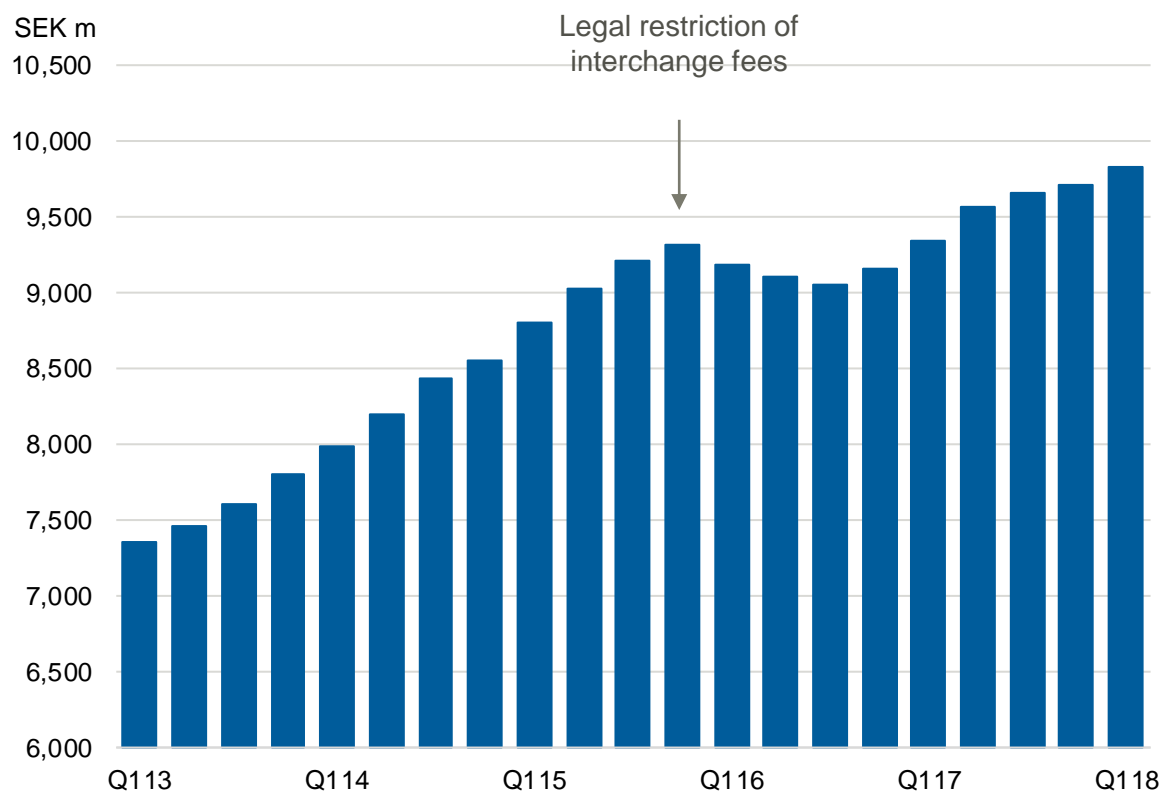


Sharp increase in number of advisory meetings



Continued increase in net fee and commission income in the Group

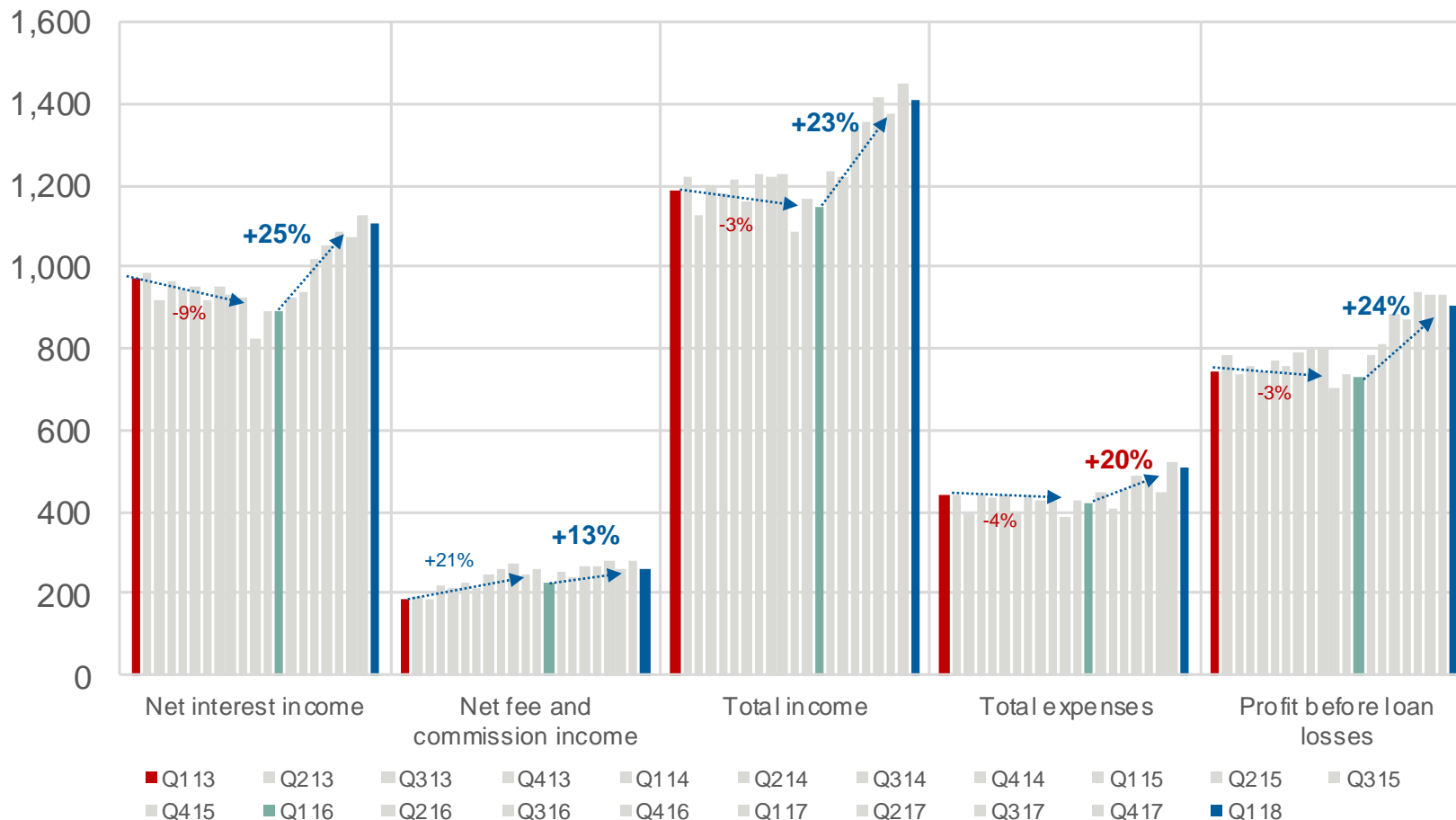
Net fee and commission income 12-month rolling



Increased productivity in Sweden

Income statement items in Sweden per number of employees*

SEK '000



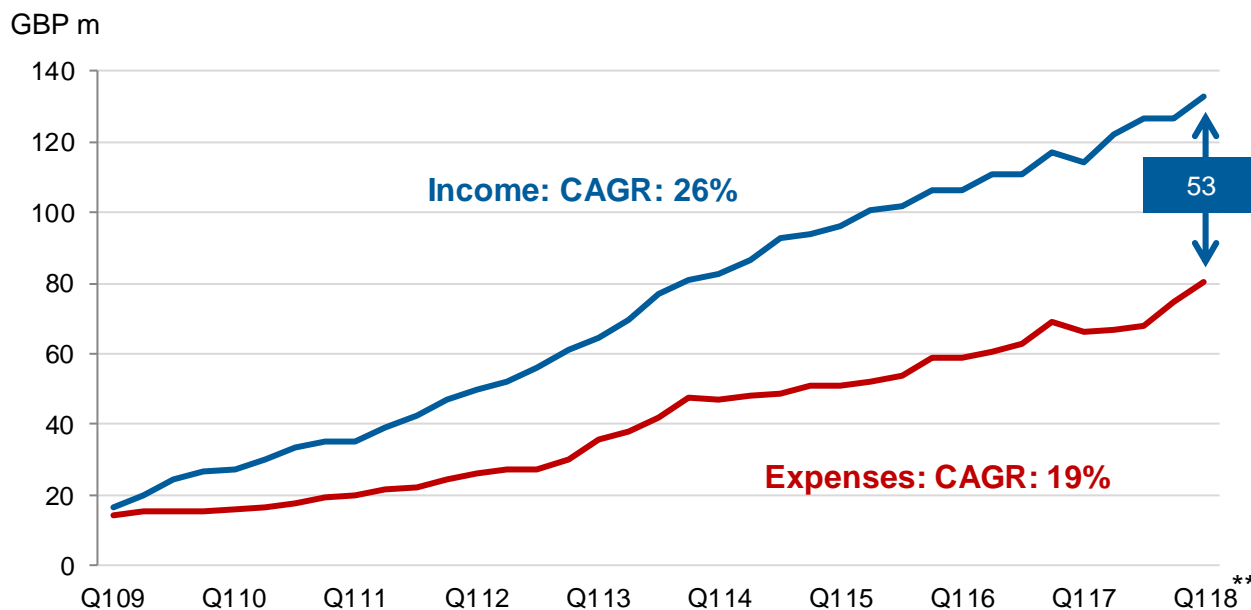
* NII adjusted for mandatory government fees, net fee and commission income, changed accounting of asset management fees related to MiFID 2, and expenses adjusted for staff reserve

Handelsbanken UK

Stable business development

- In local currency NII increased by 16% and net fee and commission income by 17% compared to Q1 2017
- Total lending* increased by 11%
- Total deposits* increased by 18% (households by 32%)
- Funds under management in Heartwood grew by GBP 0.3bn to GBP 3.4bn

Income and expense trend in the UK



* Average volume

** Q1 2018 adjusted for non-recurring effect from change of pension plan
CAGR = Compounded Annual Growth Rate

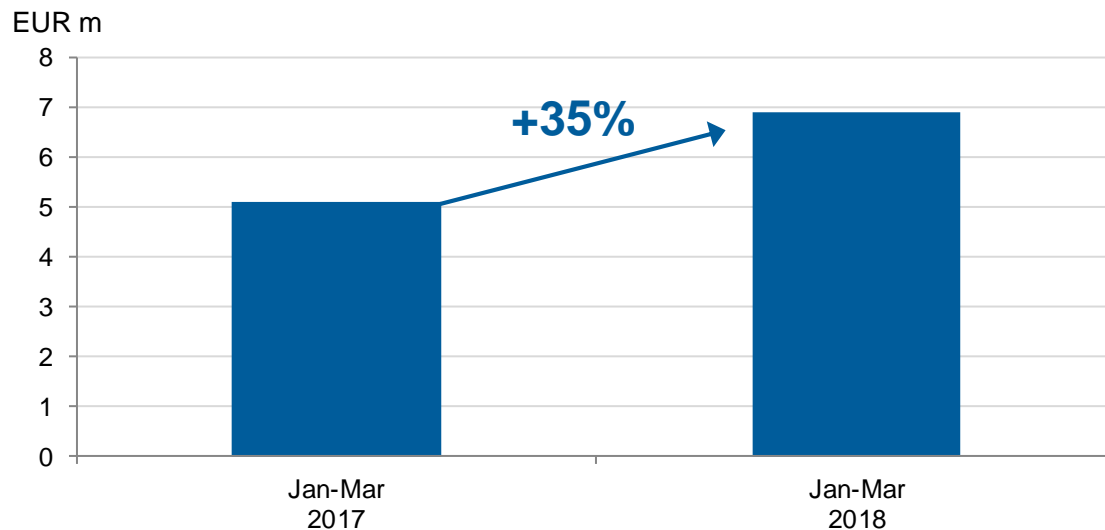
Handelsbanken the Netherlands



Strong progress

- Operating profit in local currency increased 35% compared to Q1 2017
 - ROE increased to 13.9% (12.0)
 - Lending* increased by 21% and deposits by 41%
 - The most satisfied customers according to EPSI
 - 28 branches

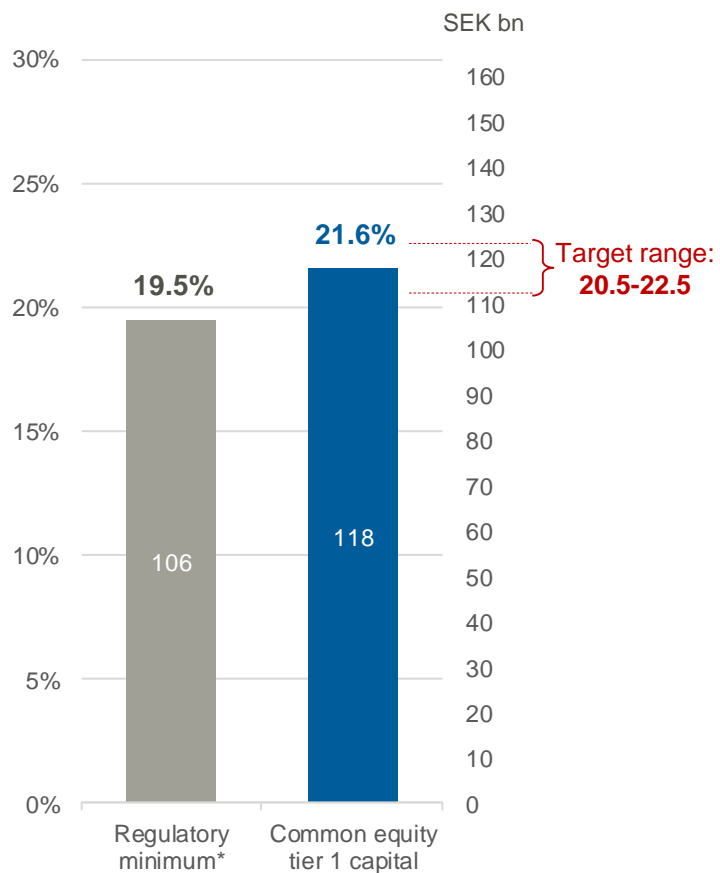
Operating profit in local currency



* Average volume

Financial stability

CET1 ratio Q1 2018

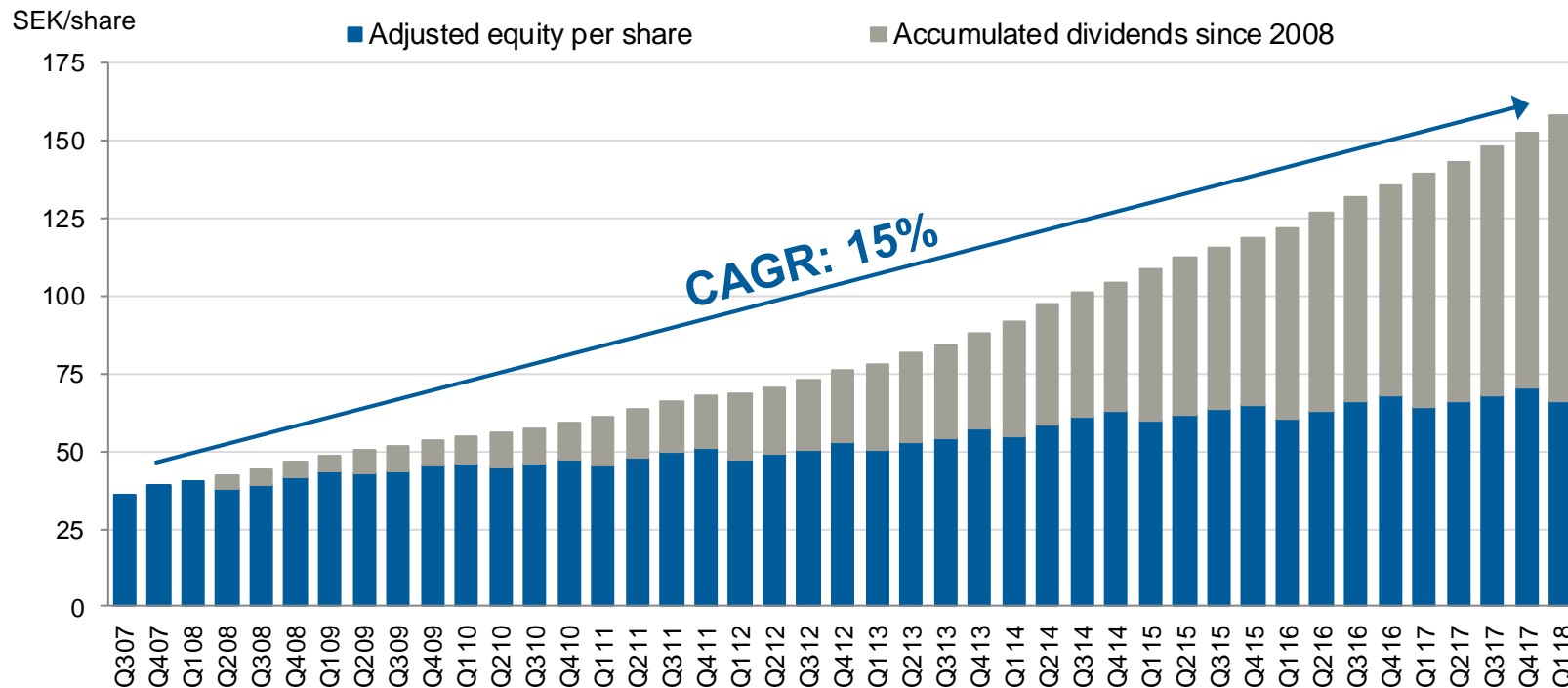


	31 Mar 2018	31 Dec 2017	Change
Capital CRR/CRD IV, %			
Capital ratio, %	28.3	28.3	0%-points
Tier 1 ratio, %	23.7	25.0	-1.3%-points
Common equity tier 1 ratio, %	21.6	22.7	-1.1%-points
Total own funds, SEK bn			
Common equity tier 1 capital, SEK bn	117.7	115.8	+1.9
Leverage ratio, %			
	4.3	4.6	-0.3%-points
Liquidity			
31 Mar 2018			
LCR	142%		
NSFR	102%		

* Estimated requirement by the Swedish FSA at the end of Q1 2018

Average annual growth in equity

Including dividends*



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

Appendix

Growth in all home markets

Q1 2018 compared to Q1 2017, local currency

	Lending*	Deposits*	Net fee and commission income, adjusted for MIFID 2 effects**
Sweden	6%	10%	-1%
UK	11%	18%	17%
Denmark	3%	13%	4%
Finland	0%	3%	7%
Norway	5%	-8%	1%
The Netherlands	21%	41%	15%
Home markets (based on reported in SEK)	7%	11%	3%

* Average volume

** Fee and commission income in Sverige, Finland and Norway adjusted for changed accounting of asset management fees in regards to MIFID 2

Income statement – five quarters

SEK m	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Net interest income	7,648	7,777	7,587	7,321	7,081
Net fee and commission income	2,461	2,501	2,355	2,508	2,354
Net gains/losses on financial transactions	129	164	243	317	547
Risk result - insurance	41	34	19	53	36
Other income	45	676	44	39	18
Total income	10,324	11,152	10,248	10,238	10,036
Staff costs	-3,217	-3,178	-3,134	-3,242	-2,918
Other expenses	-1,797	-1,896	-1,477	-1,555	-1,580
Total expenses	-5,014	-5,074	-4,611	-4,797	-4,498
Profit before loan losses	5,310	6,078	5,637	5,441	5,538
Net loan losses	-153	-1,084	-217	-186	-196
Gains/losses on disposal of property, equipment and intangible assets	4	3	4	2	5
Operating profit	5,161	4,997	5,424	5,257	5,347

Change in net interest income from previous quarter

NII Q4 2017, SEK m	7,777	
Lending margin	-9	
Lending volume	49	
Deposit margin	-1	
Deposit volume	4	
Day count effect	-16	
Mandatory government fees	-83	
Other, including allocation from Central Treasury	-74	
Handelsbanken Sweden	-130	-2%
Lending margin	-8	
Lending volume	34	
Deposit margin	67	
Deposit volume	-10	
Day count effect	-53	
Exchange rate movements	46	
Mandatory government fees	-62	
Other, including allocation from Central Treasury	-36	
Home markets outside Sweden	-22	0%
Capital Markets	-6	0%
Benchmark effect	-28	
Statliga avgifter i CET	-40	
Other in Central Treasury and other units	-7	
Allocated out from Central Treasury	104	
Other units and other	29	0%
Change in NII	-129	-2%
<i>Of which total volumes</i>	77	1.0%
<i>Of which total margins</i>	49	0.6%
<i>Of which total government fees</i>	-191	-2.5%
<i>Of which total currency effects</i>	46	0.6%
<i>Of which total day count</i>	-63	-0.8%
<i>Of which Benchmark effect</i>	-28	-0.4%
<i>Of which other</i>	-19	-0.2%
NII Q1 2018	7,648	

Change in net interest income from previous year

NII Jan - Mar 2017, SEK m	7,081	
Lending margin	-17	
Lending volume	203	
Deposit margin	2	
Deposit volume	31	
Day count effect	0	
Mandatory government fees	-69	
Other, including allocation from Central Treasury	145	
Handelsbanken Sweden	295	4%
Lending margin	2	
Lending volume	159	
Deposit margin	33	
Deposit volume	32	
Day count effect	0	
Exchange rate movements	46	
Mandatory government fees	-53	
Other, including allocation from Central Treasury	72	
Home markets outside Sweden	291	4%
Capital Markets	-8	0%
Benchmark effect	-27	
Statliga avgifter i CET	-40	
Other in Central Treasury and other units	256	
Allocated out from Central Treasury	-200	
Other units and other	-11	0%
Change in NII	567	8%
<i>Of which total volumes</i>	425	6.0%
<i>Of which total margins</i>	20	0.3%
<i>Of which total government fees</i>	-168	-2.4%
<i>Of which total currency effects</i>	40	0.6%
<i>Of which total day count</i>	0	0.0%
<i>Of which Benchmark effect</i>	-27	-0.4%
<i>Of which other</i>	277	3.9%
NII Jan - Mar 2018	7,648	

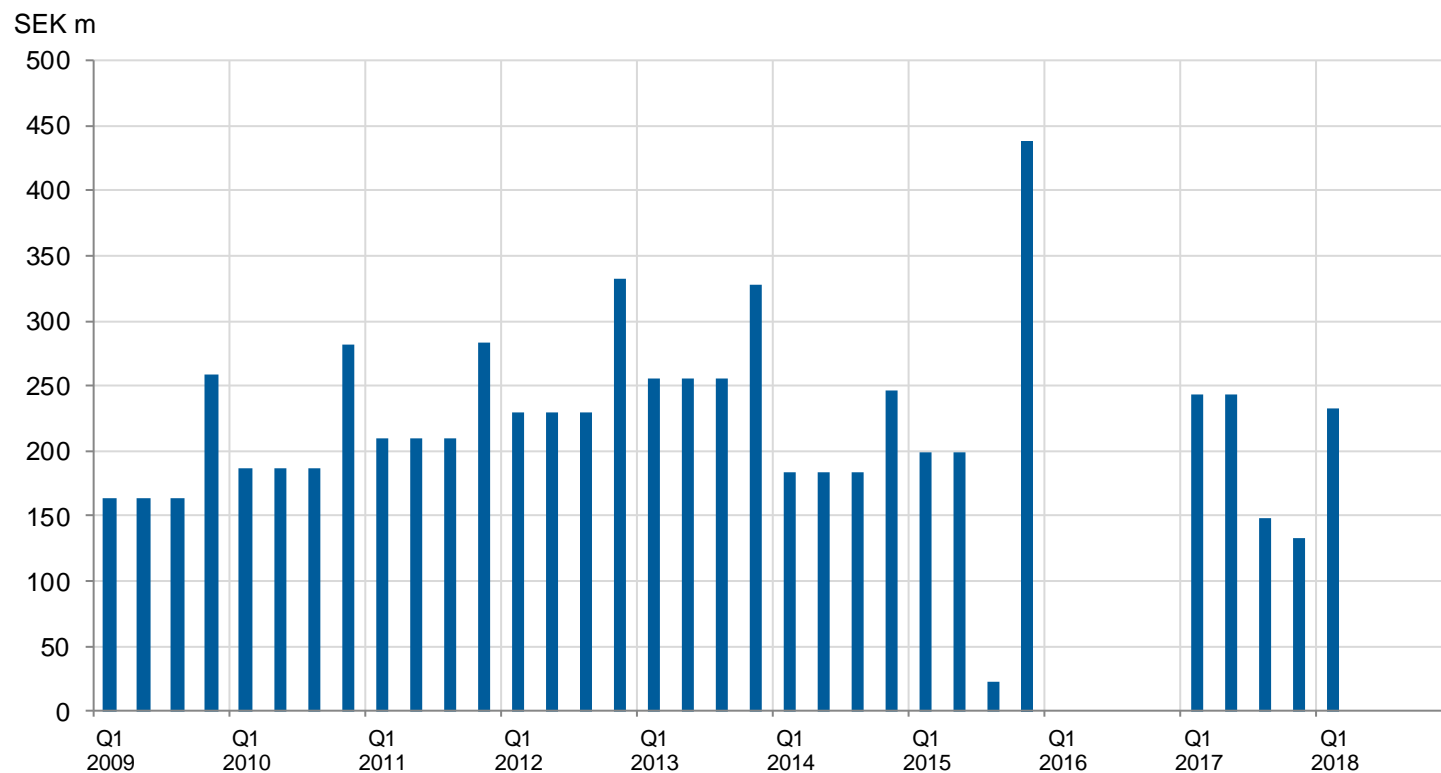
Fees and commissions

SEK m	Jan-Mar 2018	Jan-Mar 2017	Change
Brokerage and other securities commissions	181	261	-31%
Mutual funds	889	849	5%
Custody and other asset management fees	245	164	49%
Advisory services	62	56	11%
Insurance	176	160	10%
Payments	826	760	9%
Loans and deposits	330	301	10%
Guarantees	93	97	-4%
Other	125	124	1%
Total fee and commission income	2,927	2,772	6%
Securities	-59	-72	-18%
Payments	-384	-331	16%
Other	-23	-15	53%
Total fee and commission expense	-466	-418	11%
Net fee and commission income	2,461	2,354	5%

Mandatory government fees

Q1 2018, SEK m	Resolution fund	Deposit guarantee	Total
Sweden	-284	-60	-344
UK	-53	-6	-59
Denmark	-23	-4	-27
Finland	-30	-3	-33
Norway	-65	-5	-70
The Netherlands	-9	0	-9
Capital Markets	-21	0	-21
Other	-132	-	-132
Total	-617	-78	-695

Oktagonen quarterly



Effective tax rate

	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Effective tax rate	2018	2017	2017	2017	2017	2016	2016	2016	2016
Per quarter	22.4%	24.7%	23.1%	22.8%	23.1%	26.7%	19.8%	20.7%	18.7%
Accumulated year to date	22.4%	23.4%	23.0%	23.0%	23.1%	21.3%	19.7%	19.7%	18.7%

Change in common equity tier 1 ratio from previous quarter

CRR/CRD IV

Common equity tier 1 ratio Q4 2017, %	22.7
Change, percentage points:	
Common equity tier 1 capital	0.4
Earnings for the period	0.8
Deducted dividends (based on prior year's total payout ratio)	-0.7
Currency effects	0.7
IAS 19	-0.3
Effect new PD models	0.1
AFS holdings	0.0
Other and rounding	-0.2
Lending volume	-0.9
Lending growth	-0.4
Currency effects	-0.5
Net effect different quality of inflows and outflows in loan portfolio	0.1
Credit risk migration in the lending portfolio	-0.1
Effect new risk weights for SPL*	-0.4
Other effects, net	-0.2
Change in common equity tier 1 ratio	-1.1
Common equity tier 1 ratio Q1 2018, %	21.6

* SPL = Special Property Lending

Change in common equity tier 1 ratio from previous year

CRR/CRD IV

Common equity tier 1 ratio Q1 2017, %	23.8
Change, percentage points:	
Common equity tier 1 capital	0.2
Earnings for the period	3.1
Deducted dividends (based on prior year's total payout ratio)	-3.2
Currency effects	0.6
IAS 19	0.0
Effect new PD models	0.1
AFS holdings	-0.1
Other and rounding	-0.3
Lending volume	-1.3
Lending growth	-0.8
Currency effects	-0.5
Net effect different quality of inflows and outflows in loan portfolio	0.2
Credit risk migration in the lending portfolio	-0.6
Effect new risk weights for SPL* in UK and IRB model for sovereign risk	-0.9
Other effects, net	0.2
Change in common equity tier 1 ratio	-2.2
Common equity tier 1 ratio Q1 2018, %	21.6

* SPL = Special Property Lending

Balance sheet

SEK bn	Jan-Mar 2018	Jan-Mar 2017	Change
Cash and central banks	377	466	-19%
Loans to the public	2,143	1,991	8%
Loans to other credit institutions	35	35	0%
Interest-bearing securities	163	163	0%
Other assets	246	268	-8%
Total assets	2,964	2,923	1%
Deposits and borrowing from the public	1,066	1,050	2%
Due to credit institutions	194	206	-6%
Issued securities	1,332	1,296	3%
Other liabilities	240	239	0%
Total equity	132	132	0%
Total liabilities and equity	2,964	2,923	1%

Non-encumbered assets, NEA

31 March 2018

SEK bn	NEA	Accumulated coverage ratio in % of unsecured funding*
Cash with central banks and securities in the liquidity portfolio	526	58%
Mortgage loans	580	122%
Other household lending	200	144%
Property company lending lowest risk class (1-3)	295	177%
Other corporate lending lowest risk class (1-3)	149	193%
Loans to credit institutions lowest risk class (1-3)	21	196%
Other corporate lending	265	225%
Other assets	26	228%
Total non-encumbered assets (NEA)	2,062	228%
Encumbered assets without underlying liabilities**	60	
<i>Encumbered assets with underlying liabilities</i>	<i>839</i>	
Total assets, Group	2,961	

* Issued short and long non-secured funding and liabilities to credit institutions

** Over-collateralisation in cover pool (OC)

Long-term bond funding

Long term bond issuance, SEK bn	Q1 2018	Q1 2017	Change
Senior bonds	8	10	-2
Covered bonds	53	47	6
Subordinated loans	8	0	8
Total	69	57	12

Lending to the public*

	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017
SEK bn, end of period					
<i>Households</i>	819	806	796	785	770
<i>Corporates</i>	506	497	496	491	480
Handelsbanken Sweden	1,325	1,303	1,292	1,276	1,250
<i>Households</i>	95	90	91	89	92
<i>Corporates</i>	167	155	154	151	151
Handelsbanken Norway	262	245	245	240	243
<i>Households</i>	76	70	69	67	67
<i>Corporates</i>	157	143	138	133	133
Handelsbanken UK	233	213	207	200	200
<i>Households</i>	43	38	37	37	36
<i>Corporates</i>	93	86	86	86	86
Handelsbanken Finland	136	124	123	123	122
<i>Households</i>	64	61	58	57	56
<i>Corporates</i>	41	38	37	38	38
Handelsbanken Denmark	105	99	95	95	94
<i>Households</i>	24	21	20	19	18
<i>Corporates</i>	21	19	17	16	16
Handelsbanken the Netherlands	45	40	37	35	34
<i>Other</i>	37	40	41	42	46
<i>Households</i>	1,129	1,095	1,080	1,062	1,047
<i>Corporates</i>	1,014	968	960	949	942
Total lending to the public	2,143	2,064	2,040	2,010	1,989

* Excluding loans to the Swedish National Debt Office

Deposits from the public

SEK bn, end of period	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017
<i>Households</i>	344	336	335	328	314
<i>Corporates</i>	245	233	232	232	247
Handelsbanken Sweden	590	569	567	560	561
<i>Households</i>	52	48	45	41	38
<i>Corporates</i>	101	98	97	95	88
Handelsbanken UK	153	146	142	136	126
<i>Households</i>	21	20	21	21	20
<i>Corporates</i>	44	40	47	45	52
Handelsbanken Norway	65	60	68	66	72
<i>Households</i>	16	15	16	15	14
<i>Corporates</i>	30	26	27	25	25
Handelsbanken Finland	46	41	43	40	39
<i>Households</i>	18	17	17	17	16
<i>Corporates</i>	22	24	22	27	18
Handelsbanken Denmark	40	41	39	44	34
<i>Households</i>	1	1	1	1	1
<i>Corporates</i>	12	6	7	6	8
Handelsbanken the Netherlands	13	7	8	7	9
Other	159	77	245	267	209
<i>Households</i>	459	445	443	430	410
<i>Corporates</i>	606	497	669	690	640
Total deposits from the public	1,066	942	1,112	1,120	1,050

Lending in home markets outside Sweden

Average volumes local currency

	Q1 2018	Q4 2017	Change
Private, local currency			
Denmark, DKK bn	46.0	45.1	2.0%
Finland, EUR m	4,125	4,107	0.4%
Norway, NOK bn	90.2	89.7	0.6%
UK, GBP m	6,416	6,311	1.7%
The Netherlands, EUR m	2,218	2,136	3.8%
Corporate, local currency			
Denmark, DKK bn	28.9	28.7	0.7%
Finland, EUR m	8,879	8,901	-0.2%
Norway, NOK bn	156.2	151.9	2.8%
UK, GBP m	13,247	12,874	2.9%
The Netherlands, EUR m	1,997	1,803	10.8%

Lending in home markets outside Sweden

Average volumes local currency

	Jan-Mar 2018	Jan-Mar 2017	Change
Private, local currency			
Denmark, DKK bn	46.0	43.4	6.0%
Finland, EUR m	4,125	4,024	2.5%
Norway, NOK bn	90.2	88.0	2.5%
UK, GBP m	6,416	5,916	8.5%
The Netherlands, EUR m	2,218	1,780	24.6%
Corporate, local currency			
Denmark, DKK bn	28.9	29.6	-2.4%
Finland, EUR m	8,879	8,922	-0.5%
Norway, NOK bn	156.2	145.8	7.1%
UK, GBP m	13,247	11,719	13.0%
The Netherlands, EUR m	1,997	1,695	17.8%

Deposits in home markets outside Sweden

Average volumes local currency

	Q1 2018	Q4 2017	Change
Private, local currency			
Denmark, DKK bn	13.2	13.3	-0.8%
Finland, EUR m	1,511	1,569	-3.7%
Norway, NOK bn	20.1	20.1	0.0%
UK, GBP m	4,336	4,232	2.5%
The Netherlands, EUR m	118	109	8.3%
Corporate, local currency			
Denmark, DKK bn	21.4	19.3	10.9%
Finland, EUR m	3,006	2,698	11.4%
Norway, NOK bn	43.0	48.3	-11.0%
UK, GBP m	8,851	9,174	-3.5%
The Netherlands, EUR m	1,077	749	43.8%

Deposits in home markets outside Sweden

Average volumes local currency

	Jan-Mar 2018	Jan-Mar 2017	Change
Private, local currency			
Denmark, DKK bn	13.2	12.2	8.2%
Finland, EUR m	1,511	1,625	-7.0%
Norway, NOK bn	20.1	19.6	2.6%
UK, GBP m	4,336	3,297	31.5%
The Netherlands, EUR m	118	78	51.3%
Corporate, local currency			
Denmark, DKK bn	21.4	18.5	15.7%
Finland, EUR m	3,006	2,771	8.5%
Norway, NOK bn	43.0	48.8	-11.9%
UK, GBP m	8,851	7,840	12.9%
The Netherlands, EUR m	1,077	768	40.2%

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