

# 2009

## Interim Report January–September



# Handelsbanken's Interim Report

January - September 2009

## **SUMMARY JANUARY – SEPTEMBER 2009, COMPARED WITH JANUARY – SEPTEMBER 2008**

- Operating profit rose by 4% to SEK 10,506m (10,110) and profit after tax grew to SEK 7,728m (7,576)
- Earnings per share increased by 2% to SEK 12.40 (12.16)
- Net interest income rose by 21% to SEK 16,641m (13,749)
- The average volume of loans increased by 11% and household deposits rose by 19%
- Income increased by 20% to SEK 24,368m (20,378)
- The C/I ratio for continuing operations was 45.8% (47.3)
- Loan losses were SEK -2,701m (-909)
- The capital base grew by SEK 11,027m to SEK 119,045m and the capital ratio according to Basel II increased to 19.1% (15.2)
- Tier 1 capital went up by SEK 13,260m to SEK 84,040m and the tier 1 ratio according to Basel II increased to 13.5% (10.0)
- Handelsbanken's liquidity reserves exceeded SEK 450bn
- Return on shareholders' equity was 12.8% (13.7)

## **SUMMARY OF Q3 2009, COMPARED WITH Q2 2009**

- Operating profit was SEK 3,255m (3,445)
- Net interest income was SEK 5,610m (5,638)
- The average volume of deposits from households rose by 2% to SEK 215bn
- Loan losses were SEK -866m (-939)
- Net impaired loans decreased to SEK 3,710m (4,385)
- Return on shareholders' equity was 12.0% (12.4)
- Handelsbanken has the most satisfied customers in the Nordic region according to SKI/EPFI 2009

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# Handelsbanken Group – Overview

SEK m	Q3 2009	Q3 2008	Change	Q2 2009	Change	Jan-Sep 2009	Jan-Sep 2008	Change	Full year 2008
<b>Summary income statement</b>									
Net interest income	5,610	4,856	16%	5,638	0%	16,641	13,749	21%	19,223
Net fee and commission income	1,803	1,656	9%	1,856	-3%	5,398	5,101	6%	6,795
Net gains/losses on financial items at fair value	278	483	-42%	541	-49%	1,960	940	109%	3,169
Risk result - insurance	47	55	-15%	36	31%	140	165	-15%	215
Other dividend income	2	8	-75%	124	-98%	137	224	-39%	225
Share of profits of associated companies	4	21	-81%	1	300%	8	74	-89%	79
Other income	18	45	-60%	24	-25%	84	125	-33%	184
<b>Total income</b>	<b>7,762</b>	<b>7,124</b>	<b>9%</b>	<b>8,220</b>	<b>-6%</b>	<b>24,368</b>	<b>20,378</b>	<b>20%</b>	<b>29,890</b>
Staff costs	-2,451	-2,015	22%	-2,539	-3%	-7,432	-5,944	25%	-8,114
Other administrative expenses	-1,046	-1,011	3%	-1,178	-11%	-3,346	-3,379	-1%	-4,688
Depreciation, amortisation and impairments of property, equipment and intangible assets	-145	-107	36%	-119	22%	-384	-306	25%	-427
<b>Total expenses</b>	<b>-3,642</b>	<b>-3,133</b>	<b>16%</b>	<b>-3,836</b>	<b>-5%</b>	<b>-11,162</b>	<b>-9,629</b>	<b>16%</b>	<b>-13,229</b>
<b>Profit before loan losses</b>	<b>4,120</b>	<b>3,991</b>	<b>3%</b>	<b>4,384</b>	<b>-6%</b>	<b>13,206</b>	<b>10,749</b>	<b>23%</b>	<b>16,661</b>
Net loan losses	-866	-231	275%	-939	-8%	-2,701	-909	197%	-1,605
Gains/losses on disposal of property, equipment and intangible assets	1	-2		0		1	270	-100%	270
<b>Operating profit</b>	<b>3,255</b>	<b>3,758</b>	<b>-13%</b>	<b>3,445</b>	<b>-6%</b>	<b>10,506</b>	<b>10,110</b>	<b>4%</b>	<b>15,326</b>
Taxes	-829	-999	-17%	-916	-9%	-2,797	-2,677	4%	-3,382
<b>Profit for the period from continuing operations</b>	<b>2,426</b>	<b>2,759</b>	<b>-12%</b>	<b>2,529</b>	<b>-4%</b>	<b>7,709</b>	<b>7,433</b>	<b>4%</b>	<b>11,944</b>
Profit for the period from discontinued operations, after tax	8	51	-84%	0		19	143	-87%	187
<b>Profit for the period</b>	<b>2,434</b>	<b>2,810</b>	<b>-13%</b>	<b>2,529</b>	<b>-4%</b>	<b>7,728</b>	<b>7,576</b>	<b>2%</b>	<b>12,131</b>
<b>Summary balance sheet</b>									
Loans to the public	1,476,030	1,428,618	3%	1,498,730	-2%	1,476,030	1,428,618	3%	1,481,475
of which mortgage loans	664,326	605,445	10%	649,615	2%	664,326	605,445	10%	615,263
Deposits and borrowing from the public	605,667	508,152	19%	566,266	7%	605,667	508,152	19%	543,760
of which households	232,226	207,038	12%	233,376	0%	232,226	207,038	12%	222,589
Total equity	79,779	71,352	12%	77,162	3%	79,779	71,352	12%	74,963
Total assets	2,147,756	1,964,087	9%	2,155,217	0%	2,147,756	1,964,087	9%	2,158,784
<b>Key figures</b>									
Return on equity, total operations, after current tax *	12.0%	15.4%		12.4%		12.8%	13.7%		16.2%
Return on equity, continuing operations, after current tax *	11.9%	15.1%		12.4%		12.7%	13.4%		16.0%
C/I ratio, continuing operations	46.9%	44.0%		46.7%		45.8%	47.3%		44.3%
Earnings per share, total operations, SEK	3.91	4.51		4.06		12.40	12.16		19.46
- after dilution	3.83	4.44		3.96		12.07	12.12		19.31
Capital ratio according to Basel II	19.1%	15.2%		18.4%		19.1%	15.2%		16.0%
Tier 1 ratio according to Basel II	13.5%	10.0%		12.6%		13.5%	10.0%		10.5%

\* When calculating return on equity, shareholders' equity is adjusted for the impact of unrealised changes in the value of financial assets classified as "Available for Sale" and for cash flow hedges.

## Business segments

### THE GROUP'S INCOME STATEMENT BY BUSINESS SEGMENT, JANUARY – SEPTEMBER 2009

SEK m	Branch office operations in Sweden	Branch office operations outside Sweden	Capital Markets	Asset Mgmt	Other	Adjustments & eliminations	Group Jan-Sep 2009	Group Jan-Sep 2008
Net interest income	10,247	5,434	361	108	522	-31	16,641	13,749
Net fee and commission income	2,477	1,156	1,036	755	-17	-9	5,398	5,101
Net gains/losses on financial items at fair value	378	153	2,574	-255	-914	24	1,960	940
Risk result - insurance				140			140	165
Share of profits of associated companies					8		8	74
Other income	50	9	4	7	155	-4	221	349
<b>Total income</b>	<b>13,152</b>	<b>6,752</b>	<b>3,975</b>	<b>755</b>	<b>-246</b>	<b>-20</b>	<b>24,368</b>	<b>20,378</b>
Staff costs	-2,286	-2,090	-1,385	-376	-1,597	302	-7,432	-5,944
Other administrative expenses	-730	-855	-385	-174	-1,225	23	-3,346	-3,379
Internal purchased and sold services	-1,843	-602	47	-121	2,519			
Depreciation and amortisation	-60	-64	-23	-20	-207	-10	-384	-306
<b>Total expenses</b>	<b>-4,919</b>	<b>-3,611</b>	<b>-1,746</b>	<b>-691</b>	<b>-510</b>	<b>315</b>	<b>-11,162</b>	<b>-9,629</b>
<b>Profit before loan losses</b>	<b>8,233</b>	<b>3,141</b>	<b>2,229</b>	<b>64</b>	<b>-756</b>	<b>295</b>	<b>13,206</b>	<b>10,749</b>
Net loan losses	-2,007	-694					-2,701	-909
Gains/losses on disposal of property, equipment and intangible assets	0	0	-	-	1		1	270
<b>Operating profit</b>	<b>6,226</b>	<b>2,447</b>	<b>2,229</b>	<b>64</b>	<b>-755</b>	<b>295</b>	<b>10,506</b>	<b>10,110</b>
Profit allocation	435	140	-449	-126	0			
<b>Operating profit after profit allocation</b>	<b>6,661</b>	<b>2,587</b>	<b>1,780</b>	<b>-62</b>	<b>-755</b>	<b>295</b>	<b>10,506</b>	<b>10,110</b>
Internal income *	-3,149	-4,287	1,271	-492	6,657	-	-	-
Cost/income ratio, %	37.4	53.5	43.9	91.5			45.8	47.3
Cost/income ratio after profit allocation, %	36.2	52.4	49.5	109.9			45.8	47.3
Loan loss ratio, %	0.27	0.17					0.23	0.09
Assets	1,145,174	814,581	301,560	81,636	794,136	-989,331	2,147,756	1,964,087
Liabilities	1,106,539	787,069	298,293	76,525	788,882	-989,331	2,067,977	1,892,735
Allocated capital	38,635	27,512	3,267	5,112	-		79,779	71,352
Return on allocated capital, %	17.1	9.3	51.5	-	-		12.7	13.4
Average number of employees	4,521	2,994	1,042	534	1,790		10,881	10,778

\* Internal income which is included in total income, comprises income from transactions with other operating segments. Since interest income and interest expense are reported net as income, this means that internal income includes the net amount of the internal funding cost among the segments.

The business segments are recognised in compliance with IFRS 8. Profit/loss for the segments is reported before and after internal profit allocation. Internal profit allocation means that the unit which is responsible for the customer is allocated all the profit deriving from its customers' transactions with the Bank, regardless of the segment where the transaction was performed. Furthermore, income and expenses for services performed internally are reported net on a separate line "Internal purchased and sold services". The Other column and the Adjustments and eliminations column show items which do not belong to a business

segment or which are eliminated at Group level. The Adjustments and elimination column includes translation differences and adjustments for pension costs in accordance with IAS 19.

The segment income statements include internal items such as internal interest, commissions and payment for internal services rendered. Return on allocated capital for the segments is calculated after standard tax (26.3%). For the Group, return on equity is calculated after current tax.

## The Group

### JANUARY – SEPTEMBER 2009 COMPARED WITH JANUARY – SEPTEMBER 2008

Operating profit for the first nine months of 2009 went up by 4% to SEK 10,506m (10,110).

Demand for Handelsbanken's services continued to be good. The corporate market in Sweden was characterised by an increasing demand for credit commitments, but lower utilisation of existing credit facilities.

The average lending volume increased by 11% and growth in household deposits was 19%.

Earnings per share increased by 2% to SEK 12.40 (12.16) and return on shareholders' equity after current tax was 12.8% (13.7). The C/I ratio for continuing operations decreased to 45.8% (47.3)

#### Income

SEK m	Jan-Sep 2009	Jan-Sep 2008	Change
Net interest income	16,641	13,749	21%
Net fee and commission income	5,398	5,101	6%
Net financial items	1,960	940	109%
Risk result - insurance	140	165	-15%
Other dividend income	137	224	-39%
Associated companies	8	74	-89%
Other income	84	125	-33%
<b>Total income</b>	<b>24,368</b>	<b>20,378</b>	<b>20%</b>

Total income grew by 20%, with net interest income rising by 21% to SEK 16,641m, where changes in exchange rates represented SEK 387m or three percentage points of the increase. Net interest income went up by 35% to SEK 5,434m (4,034) in branch operations outside Sweden, and by 6% to SEK 10,247m (9,647) in Swedish branch office operations. The underlying increase is primarily due to higher deposit and lending volumes, and to increased margins owing to the Bank's healthy funding situation. The lower interest rates also led to decreased deposit margins. The estimated fees for the Swedish Stabilisation Fund reduced net interest income by SEK 254m (-) during the period.

The average volume of loans to the public grew by 11% to SEK 1,496bn (1,351); the growth figure for Branch office operations outside Sweden was 22%, while for Swedish branch operations it was 6%. In total, the average volume of deposits increased by 10% to SEK 534bn (484). Growth in the Group's deposits from households was 19%; volumes increased by 25% in Branch office operations outside Sweden and by 18% in Swedish branch operations.

Net fee and commission income increased by 6% to SEK 5,398m, mainly due to higher brokerage income and lending commissions. Together with higher payment and guarantee commissions, this offset declining mutual fund and asset management commissions. Net fee and commission income at Capital Markets and Branch office operations outside Sweden went up by 41% and 20% respectively while the

corresponding figure went down by 1% in the Swedish branch office operations and by 10% at Handelsbanken Asset management.

Net gains/losses on financial items at fair value more than doubled, amounting to SEK 1,960m (940). Adjusted for the negative result in the Bank's liquidity portfolio of SEK 1,076m which arose in the corresponding period in 2008, the net result of financial items decreased slightly.

#### Expenses

SEK m	Jan-Sep 2009	Jan-Sep 2008	Change
Staff costs	-7,432	-5,944	25%
Other administrative expenses	-3,346	-3,379	-1%
Depreciation and amortisation	-384	-306	25%
<b>Total expenses</b>	<b>-11,162</b>	<b>-9,629</b>	<b>16%</b>
	Change	% points	
Lokalbanken	214	2	
Variable remunerations	151	2	
IAS 19 (pensions)	232	2	
Oktogonen	482	5	
Exchange rate changes	251	3	
	<b>1,330</b>	<b>14</b>	
Other costs	203	2	
<b>Total</b>	<b>1,533</b>	<b>16</b>	

Total expenses increased by 16% to SEK 11,162m. Staff costs increased by 25% to SEK 7,432m while other administrative expenses dropped by 1% to SEK 3,346m. Excluding the acquisition of Lokalbanken, performance-related remuneration, the corridor effect according to IAS 19, the allocation to the Oktogonen profit-sharing foundation and exchange rate movements, total expenses went up by 2%.

Expenses in Branch office operations outside Sweden went up by SEK 722m, or 25%. Expansion costs for new branch offices outside Sweden were SEK 360m (333).

In Branch office operations in Sweden and Handelsbanken Capital Markets expenses rose by 2% and 10% respectively. At Handelsbanken Asset Management, expenses fell by 13%, mainly because the period of comparison included expenses which arose in connection with the sale of SPP.

Excluding the acquisition of Lokalbanken, the number of employees fell by just over 300. Including Lokalbanken, the decrease was 113 employees, and at the end of the period the number of staff was 10,798 (10,911). As an average figure, the number of employees was 10,881 (10,778).

#### Loan losses

SEK m	Jan-Sep 2009	Jan-Sep 2008	Change
Net loan losses	-2,701	-909	-1,792
Loan loss ratio as a % of loans, accumulated	0.23	0.09	0.14
Impaired loans, net	3,710	2,163	1,547
Level of impaired loans, %	0.24	0.14	0.10

Loan losses increased to SEK -2,701m, with SEK -2,007m (-447) deriving from Swedish branch operations and SEK -694m (-462) from branch office operations outside Sweden. SEK -2,319m (-887) of loan losses, or 86%, consisted of specific provisions for probable but not actual loan losses. The allocation to the collectively assessed provisions was SEK -33m (-152).

Loan losses in relation to lending were 0.23% (0.09) and net impaired loans went up to SEK 3,710m (2,163), equivalent to 0.24% (0.14) of lending.

### Q3 2009 COMPARED WITH Q2 2009

Operating profit decreased by SEK 190m, or 6%, to SEK 3,255m (3,445), mainly due to net gains/losses on financial items at fair value going down by SEK 263m.

Earnings per share were SEK 3.91 (4.06) and return on shareholders' equity after current tax was 12.0% (12.4).

#### Income

SEK m	Q3 2009	Q2 2009	Change
Net interest income	5,610	5,638	0%
Net fee and commission income	1,803	1,856	-3%
Net financial items	278	541	-49%
Risk result - insurance	47	36	31%
Other dividend income	2	124	-98%
Associated companies	4	1	300%
Other income	18	24	-25%
<b>Total income</b>	<b>7,762</b>	<b>8,220</b>	<b>-6%</b>

Net interest income was more or less unchanged at SEK 5,610m. Adjusted for exchange rate effects of SEK -72m, net interest income grew by 1%. The estimated fee for the Swedish Stabilisation Fund burdened net interest income by SEK 77m (83).

Average lending volumes in the Handelsbanken Group totalled SEK 1,478bn (1,501). SEK 16bn of the SEK 23bn decrease was attributable to exchange rate movements. In Swedish branch office operations, lending was more or less unchanged, due to the weak demand for corporate loans. In Branch office operations outside Sweden lending volumes fell by SEK 24bn, two-thirds of which was attributable to exchange rate movements. In local currency, lending volumes to households increased in the Nordic countries as well as Great Britain.

The average volume of deposits amounted to SEK 536bn (536), affected by changes in exchange rates of SEK -5bn. Household deposits rose by 2% to SEK 215m (211). Net interest income in Swedish branch office operations decreased by 4% to SEK 3,335m (3,459). Falling market interest rates resulted in declining deposit margins, while the average volume of corporate lending dropped by 2%.

Net interest income in Branch office operations outside Sweden went up by 3% to SEK 1,896m (1,844), mainly due to positive trends in Great Britain and Norway. The exchange rate effect amounted to SEK -62m, and in local currency, net interest income increased by 6%.

Net fee and commission income fell by SEK 53m, or 3%, to SEK 1,803m, chiefly because lower customer activity led to brokerage income declining by SEK 82m. In total, net fee and commission income related to the equity market fell by 10% to SEK 745m (827).

Increased payment and lending commissions as well as rising asset management income helped to limit the decline in total net fee and commission income.

Net gains/losses on financial items at fair value decreased to SEK 278m (541). Lower volatility and reduced spreads on the market, coupled with a decline in customer activity, contributed to a decrease in profits for fixed income and foreign exchange trading.

#### Expenses

SEK m	Q3 2009	Q2 2009	Change
Staff costs	-2,451	-2,539	-3%
Other administrative expenses	-1,046	-1,178	-11%
Depreciation and amortisation	-145	-119	22%
<b>Total expenses</b>	<b>-3,642</b>	<b>-3,836</b>	<b>-5%</b>

Expenses fell by SEK 194m, or 5%, to SEK 3,642m, mainly due to lower staff costs and reduced costs for IT services and purchased services.

Staff costs fell by 3% to SEK 2,451m. Performance-related remuneration totalled SEK 140m (195), and the allocation to the Oktogonen foundation amounted to SEK 163m (163). The average number of employees was 10,912 (10,800), the increase being due to the employment of temporary staff during the summer vacation period.

Other administrative expenses fell by SEK 132m, or 11%, to SEK 1,046m, with the reductions being generally spread across the various categories of expenses.

#### Loan losses

SEK m	Q3 2009	Q2 2009	Change
Net loan losses	-866	-939	73
Loan loss ratio as a % of loans, accumulated	0.22	0.24	-0.02
Impaired loans, net	3,710	4,385	-675
Level of impaired loans, %	0.24	0.28	-0.04

Loan losses decreased to SEK -866m, with SEK -674m (-761) deriving from Swedish branch operations and SEK -192m (-178) from Branch office operations outside Sweden. SEK -626m (-827) of loan losses, or 72%, consisted of specific provisions for probable but not actual loan losses.

Provisions for collectively assessed provisions were SEK -17m (-16).

Loan losses in relation to lending decreased to 0.22% (0.24) and net impaired loans fell to SEK 3,710m (4,385), equivalent to 0.24% (0.28) of lending.

## PERFORMANCE IN THE BUSINESS SEGMENTS

(Q3 2009 compared with Q2 2009)

In Branch office operations in Sweden operating profit went down by 5% to SEK 1,968m (2,062), mainly due to lower net interest income. Income declined by 5% while expenses fell by 3%. The loan loss ratio was 0.27% (0.31).

Operating profit from Branch office operations outside Sweden increased by 13% to SEK 969m (855).

Improved net interest income contributed to income going up by 2%, while expenses decreased by 7%. In local currency, net interest income grew by 6%. Loan losses were SEK -192m (-178), and the loan loss ratio increased slightly to 0.14% (0.13).

Handelsbanken Capital Markets' operating profit declined by 44% to SEK 344m (609). The decline is primarily due to lower earnings from fixed income and foreign exchange trading.

Handelsbanken Asset Management's operating profit went up by SEK 186m to SEK 157m (-29). The profit improvement was due mainly to improved return on capital, which resulted in a SEK 48m reversal of the deferred capital contribution in Handelsbanken Liv, compared with an allocation of SEK -134m in the preceding quarter. In asset management operations, profits decreased to SEK 35m (47), chiefly due to lower net interest income. Net fee and commission income was generally unchanged. Increasing mutual fund commissions were offset by lower transaction income in custody operations. Net savings in Handelsbanken's funds on the Swedish market rose by SEK 2.5bn (1.0).

## THE MOST SATISFIED CUSTOMERS IN THE NORDIC REGION

In early October, Svenskt Kvalitetsindex AB (Swedish Quality Index) and EPSI presented their surveys of customer satisfaction among banking customers in the Nordic countries. Handelsbanken remained in top position in all four countries, for both corporate and private customers.

In Sweden, Denmark and Norway, the gap between Handelsbanken and the rest of the banking sector widened, for corporate and private customers alike.

## LIQUIDITY

The Bank's liquidity situation remains strong: at very short notice, the Bank is able to free up additional liquid funds of more than SEK 450bn, which would secure the Bank's financing requirements for more than two years, without any further market funding. The current level exceeds the Bank's requirements; this is partly the result of a deliberate build-up of liquid funds during the financial crisis and partly because great market uncertainty resulted in large inflows of deposits from

institutional counterparties. During the period, the Bank also remained a net lender both to the Riksbank and to other central banks.

During the third quarter the situation on the capital markets steadily improved, and the cost of banks' borrowing gradually decreased. Handelsbanken's bond issues during the quarter totalled SEK 90bn, consisting of SEK 54bn in bank bonds and SEK 36bn in covered bonds. So far in 2009, the Bank has issued bond loans for a total value of SEK 225bn, and the outstanding volume of bonds has increased by SEK 74bn during the year.

## CAPITAL-RELATED MATTERS

SEK m	30 Sep 2009	30 Jun 2009	Change
Tier 1 ratio according to Basel II	13.5%	12.6%	
Capital ratio according to Basel II	19.1%	18.4%	
Equity	79,779	77,162	3%
Tier 1 capital	84,040	83,162	1%
Capital base	119,045	121,691	-2%
Risk-weighted assets, Basel II	624,726	661,630	-6%

The capital base amounted to SEK 119,045m and the capital ratio according to Basel II increased to 19.1%. Equity increased by SEK 2,617m to SEK 79,779m. Tier 1 capital rose by SEK 878m to SEK 84,040m and the Tier 1 ratio went up by 0.9 percentage points to 13.5%. SEK 14,770m of the Tier 1 capital was Tier 1 hybrid capital. Earnings in the quarter pushed up the Tier 1 ratio by 0.2 percentage points. The remaining increase of 0.7 percentage points is due to lower risk-weighted assets. The fall was chiefly due to a relative increase in volumes to counterparties with lower risk weights, as well as the Bank's acquisition of more collateral. As in the second quarter, migration of credit risks was limited and had only a marginal positive impact on the Tier 1 ratio.

## RATING

Handelsbanken's rating was unchanged with Standard & Poor's and Fitch, with a stable outlook.

During the third quarter, Moody's downgraded the Bank's long-term rating to Aa2 (Aa1), with a stable outlook, and its rating for financial strength to C+ (B).

	Long-term	Short-term	Financial strength
Standard & Poor's	AA-	A-1+	
Fitch	AA-	F1+	
Moody's	Aa2	P-1	C+

## DISCONTINUED OPERATIONS

Discontinued operations include the parts of Plastal taken over by the Bank; profit after tax in the third quarter totalled SEK 8m (0).

## Branch office operations in Sweden

Branch office operations in Sweden comprise six regional banks, Handelsbanken Finans's operations in Sweden and Stadshypotek. At Handelsbanken, the branches are the base of all operations – they have the responsibility for all customers. The regional banks deliver universal banking services and are run with the goal of having higher profitability than comparable banks. Handelsbanken Finans has a full range of finance company services. Handelsbanken Finans works through the Bank's branches and in financing collaborations with retailers and vendors. Stadshypotek is the Bank's mortgage company, and is completely integrated with the branch operations.

### INCOME STATEMENT

SEK m	Q3 2009	Q3 2008	Change	Q2 2009	Change	Jan-Sep 2009	Jan-Sep 2008	Change	Full year 2008
Net interest income	3,335	3,380	-1%	3,459	-4%	10,247	9,647	6%	13,428
Net fee and commission income	874	811	8%	818	7%	2,477	2,501	-1%	3,275
Net gains/losses on financial items at fair value	33	-96		214	-85%	378	387	-2%	459
Other income	21	7	200%	8	163%	50	34	47%	50
<b>Total income</b>	<b>4,263</b>	<b>4,102</b>	<b>4%</b>	<b>4,499</b>	<b>-5%</b>	<b>13,152</b>	<b>12,569</b>	<b>5%</b>	<b>17,212</b>
Staff costs	-757	-746	1%	-774	-2%	-2,286	-2,276	0%	-3,025
Other administrative expenses	-216	-242	-11%	-268	-19%	-730	-782	-7%	-1,079
Internal purchased and sold services	-628	-554	13%	-614	2%	-1,843	-1,695	9%	-2,249
Depreciation and amortisation	-20	-24	-17%	-20	0%	-60	-60	0%	-81
<b>Total expenses</b>	<b>-1,621</b>	<b>-1,566</b>	<b>4%</b>	<b>-1,676</b>	<b>-3%</b>	<b>-4,919</b>	<b>-4,813</b>	<b>2%</b>	<b>-6,434</b>
<b>Profit before loan losses</b>	<b>2,642</b>	<b>2,536</b>	<b>4%</b>	<b>2,823</b>	<b>-6%</b>	<b>8,233</b>	<b>7,756</b>	<b>6%</b>	<b>10,778</b>
Net loan losses	-674	-70		-761	-11%	-2,007	-447	349%	-834
Gains/losses on disposal of property, equipment and intangible assets	0	0	0%	0	0%	0	0	0%	0
<b>Operating profit</b>	<b>1,968</b>	<b>2,466</b>	<b>-20%</b>	<b>2,062</b>	<b>-5%</b>	<b>6,226</b>	<b>7,309</b>	<b>-15%</b>	<b>9,944</b>
Profit allocation	177	119	49%	142	25%	435	323	35%	559
<b>Operating profit after profit allocation</b>	<b>2,145</b>	<b>2,585</b>	<b>-17%</b>	<b>2,204</b>	<b>-3%</b>	<b>6,661</b>	<b>7,632</b>	<b>-13%</b>	<b>10,503</b>
Internal income	-696	-2,028	66%	-901	23%	-3,149	-5,704	45%	-7,827
Cost/income ratio, %	38.0	38.2		37.3		37.4	38.3		37.4
Cost/income ratio after profit allocation, %	36.5	37.1		36.1		36.2	37.3		36.2
Loan loss ratio, %	0.27	0.03		0.31		0.27	0.07		0.09
Assets	1,145,174	1,039,076	10%	1,159,433	-1%	1,145,174	1,039,076	10%	1,078,933
Liabilities	1,106,539	1,002,108	10%	1,121,765	-1%	1,106,539	1,002,108	10%	1,043,061
Allocated capital	38,635	36,968	5%	37,668	3%	38,635	36,968	5%	35,872
Return on allocated capital, %	16.0	20.1		17.3		17.1	19.0		20.3
Average number of employees	4,585	4,856	-6%	4,441	3%	4,521	4,705	-4%	4,685
Number of branches	461	461	0%	461	0%	461	461	0%	461

### BUSINESS VOLUMES

Average volumes, SEK bn	Q3 2009	Q3 2008	Change	Jan-Sep 2009	Jan-Sep 2008	Change
Deposits and borrowing from the public						
Household	170	147	16%	166	141	18%
Corporate	154	136	13%	151	137	10%
<b>Total</b>	<b>324</b>	<b>283</b>	<b>14%</b>	<b>317</b>	<b>278</b>	<b>14%</b>
Loans to the public*						
Household	494	465	6%	484	453	7%
of which mortgage loans	437	406	8%	427	396	8%
Corporate	478	473	1%	487	467	4%
of which mortgage loans	171	146	17%	163	145	12%
<b>Total</b>	<b>972</b>	<b>938</b>	<b>4%</b>	<b>971</b>	<b>920</b>	<b>6%</b>

\* excl. loans to the National Debt Office

## JANUARY – SEPTEMBER 2009 COMPARED WITH JANUARY – SEPTEMBER 2008

### Earnings performance

Operating profit decreased by 15% to SEK 6,226m (7,309) due to higher loan losses. Profit before loan losses increased by 6% to SEK 8,233m (7,756).

Income rose by SEK 583m or 5% to SEK 13,152m (12,569), which was entirely attributable to a 6% increase in net interest income to SEK 10,247m (9,647). Higher volumes and improved margins on lending due to the Bank's healthy funding situation had a positive impact on net interest income. However, lower deposit margins had a negative impact on net interest income. In addition, net interest income was negatively affected by the Stabilisation Fund fee, of which SEK 149m (0) was charged to branch office operations in Sweden.

Net fee and commission income decreased by 1% primarily due to lower equity-related income. Payment commissions continued to grow.

Net gains/losses on financial items at fair value decreased by 2% to SEK 378m (387).

Expenses rose by 2% to SEK 4,919m (4,813) and the C/I ratio improved to 37.4% (38.3). Staff costs remained mainly unchanged, as the cost of the annual salary adjustment for 2009 was neutralised by a 4% reduction in the work force.

Loan losses amounted to SEK -2,007m (-447), which corresponded to a loan loss ratio of 0.27% (0.07).

### Satisfied customers

The Bank continues to reap good results from its efforts invested in increasing availability for customers and in the time branch staff can devote to meeting customers. Together with Handelsbanken Direct, which offers personal service round the clock, every day of the year, these efforts have resulted in a rapid increase in the number of active customers.

This result was confirmed by the survey on customer satisfaction presented in early October by Swedish Quality Index. As in previous years, Handelsbanken was the major bank which had the most satisfied customers, on both the private and corporate side. Over the last ten years, Handelsbanken has presented a steady upward trend while the results for the other banks have fluctuated a great deal. This year, the gap between Handelsbanken and the other major banks was wider than it has been for a long time.

### Business development

Deposits from households continued to increase; at the end of the period they amounted to SEK 174bn compared with SEK 164bn at the start of the year. In the past year, Handelsbanken received 44% of new deposits from Swedish households. Thus, Handelsbanken's market share of household deposits in Sweden in the last 12 months increased from 16.7% to 18.1% as at 31 August 2009.

The Bank's position as the largest lender to non-financial companies was further confirmed during the period and its market share has increased over the past 12 months from 26.1% to 26.6% as at 31 August 2009. During the same period, Handelsbanken had nearly two-thirds of all new lending to non-financial companies in Sweden.

### Q3 2009 COMPARED WITH Q2 2009

Operating profit fell by SEK 94m or 5% to SEK 1,968m (2,062) as income decreased by SEK 236m.

Net interest income decreased by SEK 124m or 4% between the quarters. Lower interest rates had a negative impact on the deposit margin. Lending to households continued to grow and the average volume of mortgage loans to private customers increased by SEK 11bn to SEK 437bn (426). However, corporate lending decreased and the average volume of loans was SEK 478bn (488). The margin on the mortgage loan portfolio was largely unchanged at 0.63%, compared with 0.64% in the previous quarter. The estimated fee to the Stabilisation Fund reduced net interest income by SEK -46m (-49).

Net fee and commission income increased by 7% to SEK 874m (818), due in part to higher commissions from mutual fund management and income from structured products. Brokerage income was lower than in the previous quarter.

Net gains/losses on financial items at fair value decreased by SEK 181m to SEK 33m (214).

Expenses decreased by 3% to SEK 1,621m (1,676). The average number of employees rose by 144 as a result of the employment of temporary staff in the summer. The cost/income ratio was 38.0% (37.3).

Loan losses went down to SEK 674m (761), and the loan loss ratio was 0.27% (0.31).

## Branch office operations outside Sweden

Branch office operations outside Sweden comprise the regional banks in Denmark, Finland and Norway, as well as the two regional banks in Great Britain. These countries, together with Sweden, are regarded as the Bank's domestic markets. The branch operations in these countries are run according to the same concept as in Sweden – to provide universal banking services with a higher service level and at lower cost than comparable banks. This business segment also includes Handelsbanken International and Handelsbanken Finans's operations outside Sweden. Handelsbanken International is responsible for branch operations outside the Bank's domestic markets and trade finance, as well as export finance and project finance.

### INCOME STATEMENT

SEK m	Q3 2009	Q3 2008	Change	Q2 2009	Change	Jan-Sep 2009	Jan-Sep 2008	Change	Full year 2008
Net interest income	1,896	1,512	25%	1,844	3%	5,434	4,034	35%	5,700
Net fee and commission income	409	319	28%	388	5%	1,156	963	20%	1,308
Net gains/losses on financial items at fair value	22	25	-12%	36	-39%	153	230	-33%	295
Other income	-3	5		10		9	13	-31%	18
<b>Total income</b>	<b>2,324</b>	<b>1,861</b>	<b>25%</b>	<b>2,278</b>	<b>2%</b>	<b>6,752</b>	<b>5,240</b>	<b>29%</b>	<b>7,321</b>
Staff costs	-678	-575	18%	-702	-3%	-2,090	-1,677	25%	-2,325
Other administrative expenses	-270	-239	13%	-303	-11%	-855	-708	21%	-1,065
Internal purchased and sold services	-194	-164	18%	-218	-11%	-602	-459	31%	-675
Depreciation and amortisation	-21	-17	24%	-22	-5%	-64	-45	42%	-71
<b>Total expenses</b>	<b>-1,163</b>	<b>-995</b>	<b>17%</b>	<b>-1,245</b>	<b>-7%</b>	<b>-3,611</b>	<b>-2,889</b>	<b>25%</b>	<b>-4,136</b>
<b>Profit before loan losses</b>	<b>1,161</b>	<b>866</b>	<b>34%</b>	<b>1,033</b>	<b>12%</b>	<b>3,141</b>	<b>2,351</b>	<b>34%</b>	<b>3,185</b>
Net loan losses	-192	-161	19%	-178	8%	-694	-462	50%	-771
Gains/losses on disposal of property, equipment and intangible assets	0	-1		0	0%	0	-1		-1
<b>Operating profit</b>	<b>969</b>	<b>704</b>	<b>38%</b>	<b>855</b>	<b>13%</b>	<b>2,447</b>	<b>1,888</b>	<b>30%</b>	<b>2,413</b>
Profit allocation	35	38	-8%	61	-43%	140	111	26%	224
<b>Operating profit after profit allocation</b>	<b>1,004</b>	<b>742</b>	<b>35%</b>	<b>916</b>	<b>10%</b>	<b>2,587</b>	<b>1,999</b>	<b>29%</b>	<b>2,637</b>
Internal income	-1,097	-2,505	56%	-1,346	18%	-4,287	-7,242	41%	-9,850
Cost/income ratio, %	50.0	53.5		54.7		53.5	55.1		56.5
Cost/income ratio after profit allocation, %	49.3	52.4		53.2		52.4	54.0		54.8
Loan loss ratio, %	0.14	0.17		0.13		0.17	0.16		0.20
Assets	814,581	730,325	12%	897,199	-9%	814,581	730,325	12%	846,548
Liabilities	787,069	709,889	11%	869,013	-9%	787,069	709,889	11%	823,428
Allocated capital	27,512	20,436	35%	28,186	-2%	27,512	20,436	35%	23,120
Return on allocated capital, %	10.5	10.5		9.6		9.3	9.9		9.5
Average number of employees	2,956	2,778	6%	3,003	-2%	2,994	2,701	11%	2,781
Number of branches	245	219	12%	245	0%	245	219	12%	241

### BUSINESS VOLUMES

Average volumes, SEK bn	Q3 2009	Q3 2008	Change	Jan-Sep 2009	Jan-Sep 2008	Change
Deposits and borrowing from the public						
Household	44	38	16%	45	36	25%
Corporate	134	104	29%	128	104	23%
<b>Total</b>	<b>178</b>	<b>142</b>	<b>26%</b>	<b>173</b>	<b>140</b>	<b>24%</b>
Loans to the public						
Household	138	121	14%	139	116	20%
Corporate	351	326	8%	369	299	23%
<b>Total</b>	<b>489</b>	<b>447</b>	<b>9%</b>	<b>508</b>	<b>415</b>	<b>22%</b>

## JANUARY – SEPTEMBER 2009 COMPARED WITH JANUARY – SEPTEMBER 2008

### Earnings performance

Operating profit increased by 30% to SEK 2,447m (1,888). Profit before loan losses increased by 34%, or SEK 790m, to SEK 3,141m (2,351).

Income rose by 29% or SEK 1,512m to SEK 6,752m (5,240) mainly as a result of higher net interest income. Net interest income rose by SEK 1,400m to SEK 5,434m (4,034), of which exchange rate movements accounted for SEK 345m. The fees for the Swedish Stabilisation Fund and the Danish state deposit guarantee affected net interest income by SEK -95m (-) and SEK -42m (0) respectively. The fee for the Norwegian deposit guarantee was SEK 6m (-).

Expansion caused expenses to rise by 25% to SEK 3,611m (2,889). The operating deficit for branches in the regional banks outside Sweden which have not yet reported a profit was SEK 324m (214).

Staff costs increased by SEK 413m, of which SEK 116m derives from Lokalbanken in Denmark and SEK 127m is due to exchange rate effects. The average number of employees increased by 11% to 2,994 (2,701). Excluding Lokalbanken, which was acquired in the fourth quarter of 2008, the average number of employees increased by 4%.

Government fees to cover losses in the case of Danish banks being wound down reduce expenses, and amounted to SEK 30m (0).

Loan losses amounted to SEK -694m (-462), which corresponded to a loan loss ratio of 0.17% (0.16).

### Business development

The average volume of lending increased by 22% to SEK 508bn (415). Eight percent of the increase was due to exchange rate changes. Corporate lending rose by 23% to SEK 369bn (299) while lending to households grew by 20% to SEK 139bn (116). Deposits from the public rose by 24% to SEK 173bn (140).

## Q3 2009 COMPARED WITH Q2 2009

Operating profit increased by SEK 114m to SEK 969m as a result of improved net interest income and higher commissions.

The continued improvement for lending margins and the Bank's healthy funding situation contributed to net interest income increasing by 3%. During the third quarter, net interest income was burdened with a cost of SEK 16m for the Danish state guarantee scheme (-2). Changes in exchange rates had an impact of SEK -62m on net interest income during the quarter. The average lending volume decreased by 5% to SEK 489bn (513), most of which was attributable to movements in exchange rates. Adjusted for exchange rate changes, lending volumes in Great Britain increased, while volumes on the other domestic markets outside Sweden decreased. Deposit volumes rose by 2% to SEK 178bn (174), chiefly due to a 5% increase in corporate deposits.

Net fee and commission income increased by 5% to SEK 409m (388). Net gains/losses on financial items at fair value went down to SEK 22m (36).

Expenses fell by 7% to SEK 1,163m (1,245) and were affected by SEK 14m (16) in fees for the Danish state guarantee scheme. Expansion costs for new branch offices were SEK 113m (118).

Loan losses were SEK -192m (-178), and the loan loss ratio was 0.14% (0.13).

## Branch office operations in Great Britain

### INCOME STATEMENT

SEK m	Q3 2009	Q3 2008	Change	Q2 2009	Change	Jan-Sep 2009	Jan-Sep 2008	Change	Full year 2008
Net interest income	263	160	64%	208	26%	638	463	38%	586
Net fee and commission income	22	22	0%	23	-4%	65	65	0%	86
Net gains/losses on financial items at fair value	7	10	-30%	8	-13%	25	24	4%	21
Other income	2	2	0%	3	-33%	5	1	400%	4
<b>Total income</b>	<b>294</b>	<b>194</b>	<b>52%</b>	<b>242</b>	<b>21%</b>	<b>733</b>	<b>553</b>	<b>33%</b>	<b>697</b>
Staff costs	-120	-111	8%	-122	-2%	-359	-325	10%	-444
Other administrative expenses	-32	-32	0%	-34	-6%	-96	-88	9%	-125
Internal purchased and sold services	-29	-14	107%	-26	12%	-78	-48	63%	-63
Depreciation and amortisation	-2	-4	-50%	-4	-50%	-9	-9	0%	-12
<b>Total expenses</b>	<b>-183</b>	<b>-161</b>	<b>14%</b>	<b>-186</b>	<b>-2%</b>	<b>-542</b>	<b>-470</b>	<b>15%</b>	<b>-644</b>
<b>Profit before loan losses</b>	<b>111</b>	<b>33</b>	<b>236%</b>	<b>56</b>	<b>98%</b>	<b>191</b>	<b>83</b>	<b>130%</b>	<b>53</b>
Net loan losses	-70	1		-20	250%	-107	-57	88%	-114
Gains/losses on disposal of property, equipment and intangible assets	0	-		0	0%	0	-		-
<b>Operating profit</b>	<b>41</b>	<b>34</b>	<b>21%</b>	<b>36</b>	<b>14%</b>	<b>84</b>	<b>26</b>	<b>223%</b>	<b>-61</b>
Profit allocation	2	10	-80%	6	-67%	21	13	62%	35
<b>Operating profit after profit allocation</b>	<b>43</b>	<b>44</b>	<b>-2%</b>	<b>42</b>	<b>2%</b>	<b>105</b>	<b>39</b>	<b>169%</b>	<b>-26</b>
Average number of employees	504	474	6%	503	0%	499	451	11%	459
Number of branches	62	53	17%	62	0%	62	53	17%	56

### BUSINESS VOLUMES

Average volumes, GBP m	Q3 2009	Q3 2008	Change	Jan-Sep 2009	Jan-Sep 2008	Change
Deposits and borrowing from the public						
Household	318	420	-24%	301	351	-14%
Corporate	1,016	854	19%	913	1,031	-11%
<b>Total</b>	<b>1,334</b>	<b>1,274</b>	<b>5%</b>	<b>1,214</b>	<b>1,382</b>	<b>-12%</b>
Loans to the public						
Household	1,057	848	25%	997	768	30%
Corporate	4,461	4,065	10%	4,437	3,906	14%
<b>Total</b>	<b>5,518</b>	<b>4,913</b>	<b>12%</b>	<b>5,434</b>	<b>4,674</b>	<b>16%</b>

### JANUARY – SEPTEMBER 2009 COMPARED WITH JANUARY – SEPTEMBER 2008

#### Earnings performance

Operating profit increased to SEK 84m (26). Profit before loan losses rose by SEK 108m to SEK 191m (83), mainly as a result of improved net interest income.

Net interest income rose by 38% to SEK 638m (463). The increase of SEK 175m is due to rising volumes and higher lending margins for both companies and households. Charges made to net interest income included the fee of SEK 13m (0) to the Swedish Stabilisation Fund.

Expenses rose by 15% to SEK 542m (470) as a result of the continued expansion of the branch network. During the past 12 months, Handelsbanken has opened 9 new branch offices. Compared with the preceding year, the average number of employees increased by 11% to 499.

Loan losses amounted to SEK -107m (-57), corresponding to a loan loss ratio of 0.23%.

#### Business development

The average volume of lending rose by 16% to GBP 5,434m (4,674). Corporate lending went up by 14%, and lending to households by 30%.

The decrease in deposit volumes is entirely due to the fact that, as from the first quarter, some volumes are reported in the Central Treasury Department. Average deposit volumes in the remaining business increased by 35% to GBP 1,214m (896).

During the third quarter, three branch managers were recruited for branches scheduled to be opened in the future.

#### Q3 2009 COMPARED WITH Q2 2009

Operating profit rose to SEK 41m (36), due to higher net interest income. Net interest income increased by 26%, due to improved lending margins, chiefly to corporate customers.

Loans to the public went up by GBP 129m, and were entirely funded by higher deposits from the public, which rose by GBP 179m. Corporate lending increased by 1% to GBP 4,461m (4,399), while loans to households rose by 7% to GBP 1,057m (990).

## Branch office operations in Denmark

### INCOME STATEMENT

SEK m	Q3 2009	Q3 2008	Change	Q2 2009	Change	Jan-Sep 2009	Jan-Sep 2008	Change	Full year 2008
Net interest income	321	214	50%	387	-17%	999	609	64%	870
Net fee and commission income	69	40	73%	73	-5%	215	139	55%	202
Net gains/losses on financial items at fair value	0	-19		19	-100%	45	41	10%	19
Other income	-1	-2	50%	1		-1	-1	0%	-1
<b>Total income</b>	<b>389</b>	<b>233</b>	<b>67%</b>	<b>480</b>	<b>-19%</b>	<b>1,258</b>	<b>788</b>	<b>60%</b>	<b>1,090</b>
Staff costs	-154	-99	56%	-152	1%	-460	-285	61%	-421
Other administrative expenses	-64	-33	94%	-75	-15%	-209	-98	113%	-171
Internal purchased and sold services	-43	-35	23%	-40	8%	-126	-100	26%	-146
Depreciation and amortisation	-6	-1	500%	-5	20%	-16	-5	220%	-8
<b>Total expenses</b>	<b>-267</b>	<b>-168</b>	<b>59%</b>	<b>-272</b>	<b>-2%</b>	<b>-811</b>	<b>-488</b>	<b>66%</b>	<b>-746</b>
<b>Profit before loan losses</b>	<b>122</b>	<b>65</b>	<b>88%</b>	<b>208</b>	<b>-41%</b>	<b>447</b>	<b>300</b>	<b>49%</b>	<b>344</b>
Net loan losses	-19	1		-49	-61%	-145	0		-31
Gains/losses on disposal of property, equipment and intangible assets	0	-		-		0	-		-
<b>Operating profit</b>	<b>103</b>	<b>66</b>	<b>56%</b>	<b>159</b>	<b>-35%</b>	<b>302</b>	<b>300</b>	<b>1%</b>	<b>313</b>
Profit allocation	6	0		10	-40%	16	1		3
<b>Operating profit after profit allocation</b>	<b>109</b>	<b>66</b>	<b>65%</b>	<b>169</b>	<b>-36%</b>	<b>318</b>	<b>301</b>	<b>6%</b>	<b>316</b>
Average number of employees	672	496	35%	679	-1%	681	492	38%	545
Number of branches	54	40	35%	54	0%	54	40	35%	54

### BUSINESS VOLUMES

Average volumes, DKK bn	Q3 2009	Q3 2008	Change	Jan-Sep 2009	Jan-Sep 2008	Change
Deposits and borrowing from the public						
Household	8.5	5.2	63%	8.3	5.1	63%
Corporate	12.6	15.8	-20%	12.9	16.1	-20%
<b>Total</b>	<b>21.1</b>	<b>21.0</b>	<b>0%</b>	<b>21.2</b>	<b>21.2</b>	<b>0%</b>
Loans to the public						
Household	18.6	15.7	18%	18.4	15.0	23%
Corporate	20.7	19.1	8%	21.3	18.2	17%
<b>Total</b>	<b>39.3</b>	<b>34.8</b>	<b>13%</b>	<b>39.7</b>	<b>33.2</b>	<b>20%</b>

### JANUARY – SEPTEMBER 2009 COMPARED WITH JANUARY – SEPTEMBER 2008

#### Earnings performance

Operating profit was SEK 302m (300). Profit before loan losses increased by 49% to SEK 447m (300). Excluding Lokalbanken, which was acquired in the fourth quarter of 2008, the increase was 24%. Both income and expenses were affected by the 14% depreciation of the Swedish krona against the Danish krone compared with the same period last year.

Net interest income went up by SEK 390m, or 64%. Excluding Lokalbanken, the fees for the Danish state guarantee scheme and the Swedish Stabilisation Fund, and the effect of exchange rate movements, the increase was SEK 108m, or 18%. Total income, after the aforementioned adjustments, rose by SEK 97m, or 12%.

Expenses, excluding Lokalbanken and fees to cover losses in the case of Danish banks being closed down, as well as changes in exchange rates, went up by 3%.

Loan losses amounted to SEK -145m (0), which corresponds to a loan loss ratio of 0.31%.

#### Business development

The EPSI customer satisfaction survey showed that Handelsbanken has the most satisfied corporate customers in Denmark, and is also in top position as regards private customers. This year, the gap between Handelsbanken and the rest of the banking sector was wider than previously.

The average volume of lending increased by 20% to DKK 39.7bn (33.2). Excluding Lokalbanken, lending amounted to DKK 36.2bn, an increase of 9%, with loans to households increasing by 12% and loans to companies by 7%. Household deposits, excluding Lokalbanken, rose by 13%.

#### Q3 2009 COMPARED WITH Q2 2009

Operating profit fell by SEK 56m to SEK 103m (159), mainly due to net interest income being SEK 66m lower. The fall in net interest income was partly attributable to exchange rate movements and the lower fee for the Danish state deposit guarantee in the second quarter. Lending margins continued to improve.

The loan loss level went down to 0.12% (0.31%).

## Branch office operations in Finland

### INCOME STATEMENT

SEK m	Q3 2009	Q3 2008	Change	Q2 2009	Change	Jan-Sep 2009	Jan-Sep 2008	Change	Full year 2008
Net interest income	265	274	-3%	257	3%	778	737	6%	1,058
Net fee and commission income	76	65	17%	69	10%	219	205	7%	259
Net gains/losses on financial items at fair value	-5	21		3		3	56	-95%	61
Other income	-3	0		3		-1	-1	0%	-3
<b>Total income</b>	<b>333</b>	<b>360</b>	<b>-8%</b>	<b>332</b>	<b>0%</b>	<b>999</b>	<b>997</b>	<b>0%</b>	<b>1,375</b>
Staff costs	-88	-84	5%	-101	-13%	-290	-249	16%	-354
Other administrative expenses	-56	-50	12%	-56	0%	-168	-163	3%	-216
Internal purchased and sold services	-31	-37	-16%	-41	-24%	-112	-109	3%	-151
Depreciation and amortisation	-5	-4	25%	-5	0%	-15	-10	50%	-16
<b>Total expenses</b>	<b>-180</b>	<b>-175</b>	<b>3%</b>	<b>-203</b>	<b>-11%</b>	<b>-585</b>	<b>-531</b>	<b>10%</b>	<b>-737</b>
<b>Profit before loan losses</b>	<b>153</b>	<b>185</b>	<b>-17%</b>	<b>129</b>	<b>19%</b>	<b>414</b>	<b>466</b>	<b>-11%</b>	<b>638</b>
Net loan losses	-44	-46	-4%	-38	16%	-109	-60	82%	-140
Gains/losses on disposal of property, equipment and intangible assets	-	-		-		-	-		-
<b>Operating profit</b>	<b>109</b>	<b>139</b>	<b>-22%</b>	<b>91</b>	<b>20%</b>	<b>305</b>	<b>406</b>	<b>-25%</b>	<b>498</b>
Profit allocation	7	9	-22%	13	-46%	24	20	20%	34
<b>Operating profit after profit allocation</b>	<b>116</b>	<b>148</b>	<b>-22%</b>	<b>104</b>	<b>12%</b>	<b>329</b>	<b>426</b>	<b>-23%</b>	<b>532</b>
Average number of employees	501	519	-3%	505	-1%	504	507	-1%	508
Number of branches	45	44	2%	45	0%	45	44	2%	45

### BUSINESS VOLUMES

Average volumes, EUR m	Q3 2009	Q3 2008	Change	Jan-Sep 2009	Jan-Sep 2008	Change
Deposits and borrowing from the public						
Household	1,389	1,211	15%	1,405	1,178	19%
Corporate	2,387	1,028	132%	1,948	1,030	89%
<b>Total</b>	<b>3,776</b>	<b>2,239</b>	<b>69%</b>	<b>3,353</b>	<b>2,208</b>	<b>52%</b>
Loans to the public						
Household	3,060	3,055	0%	3,041	2,979	2%
Corporate	7,084	7,151	-1%	7,316	6,657	10%
<b>Total</b>	<b>10,144</b>	<b>10,206</b>	<b>-1%</b>	<b>10,357</b>	<b>9,636</b>	<b>7%</b>

### JANUARY – SEPTEMBER 2009 COMPARED WITH JANUARY – SEPTEMBER 2008

#### Earnings performance

Operating profit decreased by 25% to SEK 305m (406), chiefly due to lower net gains/losses on financial items and rising loan losses. Profit before loan losses fell by 11% to SEK 414m (466). Income and expenses were impacted by the Swedish krona depreciating by 14% compared to the corresponding period in the previous year.

Net interest income rose by SEK 41m or 6% and was affected by exchange rate changes of SEK 111m and fees to the Swedish Stabilisation Fund of SEK 18m.

Expenses went up by 10% to SEK -585m (-531); this was entirely attributable to the weaker Swedish krona. Adjusted for changes in exchange rates, expenses went down by 3%. The number of employees fell by 1%. Loan losses were SEK -109m (-60), which corresponds to a loan loss ratio of 0.12%.

#### Business development

The EPSI customer satisfaction survey showed that Handelsbanken has the most satisfied customers in Finland, too. This applies to private and corporate customers alike.

The average volume of lending rose by EUR 721m, while deposit volumes grew by EUR 1,145m. The average volume of deposits from companies grew by 89%.

#### Q3 2009 COMPARED WITH Q2 2009

Operating profit rose by SEK 18m, or 20%, to SEK 109m (91), chiefly due to lower expenses. Income and expenses were impacted by the Swedish krona appreciating by 3% compared to the previous quarter.

Net interest income in local currency grew by 7%, due to improved lending margins and larger deposit volumes. The average volume of corporate lending decreased by 3%, owing to lower credit demand.

The loan loss ratio was 0.15%.

## Branch office operations in Norway

### INCOME STATEMENT

SEK m	Q3 2009	Q3 2008	Change	Q2 2009	Change	Jan-Sep 2009	Jan-Sep 2008	Change	Full year 2008
Net interest income	716	569	26%	679	5%	2,040	1,574	30%	2,197
Net fee and commission income	83	81	2%	79	5%	227	251	-10%	329
Net gains/losses on financial items at fair value	18	27	-33%	24	-25%	66	73	-10%	95
Other income	-4	3		-2	-100%	-5	7		7
<b>Total income</b>	<b>813</b>	<b>680</b>	<b>20%</b>	<b>780</b>	<b>4%</b>	<b>2,328</b>	<b>1,905</b>	<b>22%</b>	<b>2,628</b>
Staff costs	-146	-137	7%	-146	0%	-443	-393	13%	-512
Other administrative expenses	-59	-61	-3%	-74	-20%	-196	-183	7%	-257
Internal purchased and sold services	-43	-43	0%	-56	-23%	-137	-114	20%	-161
Depreciation and amortisation	-5	-4	25%	-4	25%	-13	-12	8%	-16
<b>Total expenses</b>	<b>-253</b>	<b>-245</b>	<b>3%</b>	<b>-280</b>	<b>-10%</b>	<b>-789</b>	<b>-702</b>	<b>12%</b>	<b>-946</b>
<b>Profit before loan losses</b>	<b>560</b>	<b>435</b>	<b>29%</b>	<b>500</b>	<b>12%</b>	<b>1,539</b>	<b>1,203</b>	<b>28%</b>	<b>1,682</b>
Net loan losses	-42	-11	282%	-40	5%	-249	-28		-117
Gains/losses on disposal of property, equipment and intangible assets	0	-		0	0%	0	0		-
<b>Operating profit</b>	<b>518</b>	<b>424</b>	<b>22%</b>	<b>460</b>	<b>13%</b>	<b>1,290</b>	<b>1,175</b>	<b>10%</b>	<b>1,565</b>
Profit allocation	6	13	-54%	18	-67%	48	58	-17%	112
<b>Operating profit after profit allocation</b>	<b>524</b>	<b>437</b>	<b>20%</b>	<b>478</b>	<b>10%</b>	<b>1,338</b>	<b>1,233</b>	<b>9%</b>	<b>1,677</b>
Average number of employees	623	610	2%	629	-1%	626	599	5%	605
Number of branches	48	46	4%	48	0%	48	46	4%	48

### BUSINESS VOLUMES

Average volumes, NOK bn	Q3 2009	Q3 2008	Change	Jan-Sep 2009	Jan-Sep 2008	Change
Deposits and borrowing from the public						
Household	8.6	8.9	-3%	8.6	8.6	0%
Corporate	32.3	33.6	-4%	33.4	35.4	-6%
<b>Total</b>	<b>40.9</b>	<b>42.5</b>	<b>-4%</b>	<b>42.0</b>	<b>44.0</b>	<b>-5%</b>
Loans to the public						
Household	50.5	46.7	8%	49.4	45.3	9%
Corporate	103.0	102.4	1%	105.1	95.3	10%
<b>Total</b>	<b>153.5</b>	<b>149.1</b>	<b>3%</b>	<b>154.5</b>	<b>140.6</b>	<b>10%</b>

### JANUARY – SEPTEMBER 2009 COMPARED WITH JANUARY – SEPTEMBER 2008

#### Earnings performance

Operating profit rose by 10% to SEK 1,290m (1,175), chiefly due to improved net interest income. Income and expenses were impacted by the Swedish krona depreciating by 3% compared to the corresponding period in the previous year.

Net interest income rose by SEK 466m or 30%, primarily due to higher loan volumes and rising lending margins. Average lending volumes increased by 10%. The fee for the Swedish Stabilisation Fund was SEK 29m (0).

Net fee and commission income went down by 10% to SEK 227m (251), partly due to several payment services being free of charge since 1 July 2008. Expenses increased by 12%, partly due to higher staff costs. These went up by 13%, of which three percentage points was due to exchange rate fluctuations. The average number of employees increased by 5% to 626.

Loan losses increased to SEK -249m (-28) and the loan loss ratio was 0.19%.

#### Business development

The EPSI customer satisfaction survey showed that Handelsbanken has Norway's most satisfied corporate customers. Among private customers, too, the Bank was in top position. This year, the gap between Handelsbanken and the rest of the banking sector was wider than previously.

The average volume of lending increased by 10%, while the average volume of deposits decreased by 5%, owing to lower corporate volumes.

#### Q3 2009 COMPARED WITH Q2 2009

Operating profit was up by 13% to SEK 518m (460), their highest ever quarterly figure. The improvement was attributable to a SEK 33m rise in income, and also to a SEK 15m decrease in other administrative expenses during the third quarter. Loan losses were more or less unchanged and amounted to SEK -42m (-40), which corresponds to a loan loss ratio of 0.09%.

The average volume of corporate lending was NOK 3.3bn lower than the preceding quarter, partly due to a lower volume of syndicated loans.

## Handelsbanken International

## INCOME STATEMENT

SEK m	Q3 2009	Q3 2008	Change	Q2 2009	Change	Jan-Sep 2009	Jan-Sep 2008	Change	Full year 2008
Net interest income	331	295	12%	313	6%	979	651	50%	989
Net fee and commission income	159	111	43%	144	10%	430	303	42%	432
Net gains/losses on financial items at fair value	2	-14		-18		14	36	-61%	99
Other income	3	2	50%	5	-40%	11	7	57%	11
<b>Total income</b>	<b>495</b>	<b>394</b>	<b>26%</b>	<b>444</b>	<b>11%</b>	<b>1,434</b>	<b>997</b>	<b>44%</b>	<b>1,531</b>
Staff costs	-170	-144	18%	-181	-6%	-538	-425	27%	-594
Other administrative expenses	-59	-63	-6%	-64	-8%	-186	-176	6%	-296
Internal purchased and sold services	-48	-35	37%	-55	-13%	-149	-88	69%	-154
Depreciation and amortisation	-3	-4	-25%	-4	-25%	-11	-9	22%	-19
<b>Total expenses</b>	<b>-280</b>	<b>-246</b>	<b>14%</b>	<b>-304</b>	<b>-8%</b>	<b>-884</b>	<b>-698</b>	<b>27%</b>	<b>-1,063</b>
<b>Profit before loan losses</b>	<b>215</b>	<b>148</b>	<b>45%</b>	<b>140</b>	<b>54%</b>	<b>550</b>	<b>299</b>	<b>84%</b>	<b>468</b>
Net loan losses	-17	-105	-84%	-39	-56%	-92	-322	-71%	-375
Gains/losses on disposal of property, equipment and intangible assets	0	0	0%	0	0%	0	0	0%	0
<b>Operating profit</b>	<b>198</b>	<b>43</b>	<b>360%</b>	<b>101</b>	<b>96%</b>	<b>458</b>	<b>-23</b>		<b>93</b>
Profit distribution	14	6	133%	14	0%	31	19	63%	40
<b>Operating profit after profit allocation</b>	<b>212</b>	<b>49</b>	<b>333%</b>	<b>115</b>	<b>84%</b>	<b>489</b>	<b>-4</b>		<b>133</b>
Average number of employees	656	679	-3%	686	-4%	683	655	4%	664
Number of branches	36	36	0%	36	0%	36	36	0%	38

## BUSINESS VOLUMES

Average volumes, SEK bn	Q3 2009	Q3 2008	Change	Jan-Sep 2009	Jan-Sep 2008	Change
Deposits and borrowing from the public						
Household	3.3	4.5	-27%	4.4	4.4	0%
Corporate	39.9	24.2	65%	36.6	20.1	82%
<b>Total</b>	<b>43.2</b>	<b>28.7</b>	<b>51%</b>	<b>41.0</b>	<b>24.5</b>	<b>67%</b>
Loans to the public						
Household	3.3	3.6	-8%	4.1	3.2	28%
Corporate	74.6	68.4	9%	82.2	57.3	43%
<b>Total</b>	<b>77.9</b>	<b>72.0</b>	<b>8%</b>	<b>86.3</b>	<b>60.5</b>	<b>43%</b>

## JANUARY– SEPTEMBER 2009 COMPARED WITH JANUARY – SEPTEMBER 2008

## Earnings performance

Operating profit increased to SEK 458m (-23). Profit before loan losses rose by 84%, or SEK 251m, to SEK 550m (299). Income and expenses were impacted by the weakening of the Swedish krona compared to the corresponding period in the previous year.

Net interest income went up by SEK 328m, which was a 50% increase from the same period in 2008. The increase in income is largely due to higher business volumes and changes in exchange rates. The greatest increases were in New York and Luxembourg.

Total expenses grew by 27% or SEK 186m, of which SEK 68m was attributable to exchange rate movements. Staff costs increased by SEK 113m, and the average number of employees rose by 28 or 4%.

Loan losses were lower and amounted to SEK -92m (-322), which corresponds to a loan loss ratio of 0.09%.

## Business development

Handelsbanken had 36 branches and four representative offices in 18 countries outside the Nordic countries and Great Britain.

For Handelsbanken International's operations in Estonia, lending volumes remained unchanged and amounted to just over SEK 2bn, with sovereign risk accounting for half of this. Lending volumes totalled SEK 5m in Latvia and SEK 7m in Lithuania.

## Q3 2009 COMPARED WITH Q2 2009

Operating profit increased by SEK 97m to SEK 198m (101). Income increased by 11%, as a result of improved net interest income as well as higher commissions.

Corporate deposits grew by 14% to SEK 40bn (35), while corporate loans dropped by 10% to SEK 75bn (83). Household deposits were at the same level as household lending, amounting to SEK 3.3bn.

Expenses were down by 8%. Loan losses were SEK -17m (-39) and the loan loss ratio was 0.05%.

# Handelsbanken Capital Markets

Capital Markets is Handelsbanken's investment bank. Its operations comprise equities, fixed income, commodities and foreign exchange trading, structured products, cash management, corporate finance and debt capital markets, as well as macroeconomic and financial research. There were just over 1,000 employees in six countries.

## INCOME STATEMENT

SEK m	Q3 2009	Q3 2008	Change	Q2 2009	Change	Jan-Sep 2009	Jan-Sep 2008	Change	Full year 2008
Net interest income	113	138	-18%	103	10%	361	447	-19%	584
Net fee and commission income	314	227	38%	380	-17%	1,036	737	41%	1,028
Net gains/losses on financial items at fair value	460	830	-45%	777	-41%	2,574	624	313%	1,928
Other income	-4	4		-1	-300%	4	10	-60%	24
<b>Total income</b>	<b>883</b>	<b>1,199</b>	<b>-26%</b>	<b>1,259</b>	<b>-30%</b>	<b>3,975</b>	<b>1,818</b>	<b>119%</b>	<b>3,564</b>
Staff costs	-442	-418	6%	-521	-15%	-1,385	-1,200	15%	-1,654
Other administrative expenses	-114	-124	-8%	-142	-20%	-385	-438	-12%	-581
Internal purchased and sold services	25	33	-24%	20	25%	47	65	-28%	75
Depreciation and amortisation	-8	-5	60%	-7	14%	-23	-11	109%	-34
<b>Total expenses</b>	<b>-539</b>	<b>-514</b>	<b>5%</b>	<b>-650</b>	<b>-17%</b>	<b>-1,746</b>	<b>-1,584</b>	<b>10%</b>	<b>-2,194</b>
<b>Profit before loan losses</b>	<b>344</b>	<b>685</b>	<b>-50%</b>	<b>609</b>	<b>-44%</b>	<b>2,229</b>	<b>234</b>		<b>1,370</b>
Net loan losses									
Gains/losses on disposal of property, equipment and intangible assets	-	-		-		-	-		-
<b>Operating profit</b>	<b>344</b>	<b>685</b>	<b>-50%</b>	<b>609</b>	<b>-44%</b>	<b>2,229</b>	<b>234</b>		<b>1,370</b>
Profit allocation	-173	-79	119%	-174	-1%	-449	-257	75%	-550
<b>Operating profit after profit allocation</b>	<b>171</b>	<b>606</b>	<b>-72%</b>	<b>435</b>	<b>-61%</b>	<b>1,780</b>	<b>-23</b>		<b>820</b>
Internal income	-108	2,979		66		1,271	7,576	-83%	8,391
Cost/income ratio, %	61.0	42.9		51.6		43.9	87.1		61.6
Cost/income ratio after profit allocation, %	75.9	45.9		59.9		49.5	101.5		72.8
Assets	301,560	514,201	-41%	309,435	-3%	301,560	514,201	-41%	630,197
Liabilities	298,293	510,624	-42%	306,291	-3%	298,293	510,624	-42%	625,423
Allocated capital	3,267	3,577	-9%	3,144	4%	3,267	3,577	-9%	4,774
Return on allocated capital, %	15.0	48.8		41.0		51.5	-		13.2
Average number of employees	1,047	1,074	-3%	1,026	2%	1,042	1,074	-3%	1,068

## JANUARY – SEPTEMBER 2009 COMPARED WITH JANUARY – SEPTEMBER 2008

### Earnings performance

Operating profit increased to SEK 2,229m (234). In the previous year, a negative result of SEK -1,056m arose in the liquidity portfolio, primarily in connection with the sale of American asset-backed securities. Excluding this effect, the operating profit improved by 73% or SEK 939m. The increase in profit was chiefly attributable to improved profits in fixed income and foreign exchange trading and also higher fee and commission income.

Income remained at a historically high level and increased by 119% to SEK 3,975m (1,818). Net fee and commission income increased by 41% to SEK 1,036m. The improvement is attributable to most of the products and services at Capital Markets.

Expenses rose by 10% to SEK 1,746m (1,584), mainly due to increased staff costs. The average number of employees was 1,042 (1,074).

### Business development

Equity-related income continued to be good, but it did not reach the high levels of the previous year.

The Bank's international position continues to strengthen. According to Greenwich Associates, it is currently ranked number two for Nordic equities in the US, the UK and continental Europe

Activity continues to be sluggish for corporate mergers and acquisitions as well as IPOs, while interest for new issues has increased.

Interest in various funding solutions remained strong. The Bank carried out 97 bond issues, which represented a doubling compared with the corresponding period in 2008; and 26 were carried out in the third quarter. Handelsbanken was also the lead manager for eight syndicated loans, of which one was in the third quarter.

Earnings from fixed income and foreign exchange trading grew significantly. Large market fluctuations, especially in the first quarter, resulted in increased need from customers for products to hedge interest and currency rates. In the subsequent quarters, the market as well as business opportunities stabilised.

The Bank continued to lead the market in structured products. It had a 25% market share in Sweden of new sales of listed capital-protected investments. Sales of the Bank's capital-protected investments and certificates increased by 88% during the year.

The Bank maintained its leading position on the warrant and certificate markets; its market share was 49% for the Nordic region and 66% in Sweden. The Bank's market position was further strengthened by the launch of Bull & Bear certificates for commodities, equities and sector indexes.

### Q3 2009 COMPARED WITH Q2 2009

Operating profit decreased to SEK 344m (609), primarily due to lower profits in fixed income and foreign exchange trading. The decrease was mainly due to lower market volatility and reduced customer activity during the period.

Expenses decreased by 17% to SEK 539m (650). The change is due to lower staff costs.

## Handelsbanken Asset Management

*This business segment comprises Handelsbanken's asset management and Handelsbanken Liv. Asset Management comprises fund management, discretionary management and Nordic custody services, as well as support to the branch offices regarding private banking, capital investment, portfolio systems and accounting for foundations. Handelsbanken Liv provides asset protection solutions, private pension savings and collectively agreed occupational pensions to private individuals via Handelsbanken's branch operations.*

### INCOME STATEMENT

SEK m	Q3 2009	Q3 2008	Change	Q2 2009	Change	Jan-Sep 2009	Jan-Sep 2008	Change	Full year 2008
Net interest income	27	98	-72%	38	-29%	108	295	-63%	379
Net fee and commission income	249	252	-1%	257	-3%	755	841	-10%	1,087
Net gains/losses on financial items at fair value	58	-130		-138		-255	-293	13%	-116
<i>of which deferred capital contribution</i>	48	-60		-134		-229	-190	-21%	-51
Risk result - insurance	47	55	-15%	36	31%	140	165	-15%	215
Other income	1	11	-91%	5	-80%	7	27	-74%	28
<b>Total income</b>	<b>382</b>	<b>286</b>	<b>34%</b>	<b>198</b>	<b>93%</b>	<b>755</b>	<b>1,035</b>	<b>-27%</b>	<b>1,593</b>
Staff costs	-128	-127	1%	-124	3%	-376	-357	5%	-474
Other administrative expenses	-54	-51	6%	-62	-13%	-174	-286	-39%	-351
Internal purchased and sold services	-36	-35	3%	-35	3%	-121	-144	-16%	-186
Depreciation and amortisation	-7	-5	40%	-6	17%	-20	-11	82%	-15
<b>Total expenses</b>	<b>-225</b>	<b>-218</b>	<b>3%</b>	<b>-227</b>	<b>-1%</b>	<b>-691</b>	<b>-798</b>	<b>-13%</b>	<b>-1,026</b>
<b>Profit before loan losses</b>	<b>157</b>	<b>68</b>	<b>131%</b>	<b>-29</b>		<b>64</b>	<b>237</b>	<b>-73%</b>	<b>567</b>
Net loan losses									
Gains/losses on disposal of property, equipment and intangible assets	-	-		-		-	-		-
<b>Operating profit</b>	<b>157</b>	<b>68</b>	<b>131%</b>	<b>-29</b>		<b>64</b>	<b>237</b>	<b>-73%</b>	<b>567</b>
Profit allocation	-39	-78	-50%	-29	34%	-126	-177	-29%	-234
<b>Operating profit after profit allocation</b>	<b>118</b>	<b>-10</b>		<b>-58</b>		<b>-62</b>	<b>60</b>		<b>333</b>
Internal income	-198	-150	-32%	-151	-31%	-492	-574	14%	-746
Cost/income ratio, %	58.9	76.2		114.6		91.5	77.1		64.4
Cost/income ratio after profit allocation, %	65.6	104.8		134.3		109.9	93.0		75.5
Assets	81,636	79,208	3%	78,667	4%	81,636	79,208	3%	70,711
Liabilities	76,525	75,965	1%	73,949	3%	76,525	75,965	1%	66,908
Allocated capital	5,112	3,243	58%	4,718	8%	5,112	3,243	58%	3,803
Return on allocated capital, %	6.7	-		-		-	1.6		6.5
Average number of employees	530	563	-6%	532	0%	534	551	-3%	550

## JANUARY – SEPTEMBER 2009 COMPARED WITH JANUARY – SEPTEMBER 2008

### Earnings performance

Operating profit in the Handelsbanken Asset Management segment fell by SEK 173m to SEK 64m (237). Handelsbanken Liv's earnings declined by SEK 169m to SEK -50m (119). The decrease was mainly due to a lower financial result. The total return was negative at -1.20% (-5.56), and the company therefore received no yield split (0).

Asset Management, excluding Handelsbanken Liv, reported an operating profit of SEK 114m (119). The corresponding period in 2008 included a one-off expense, so that excluding this, the operating profit fell by SEK 98m. The underlying decline in earnings is attributable to lower volumes under management, resulting in decreased commission income and a lower net interest income.

### Business development

The volume of assets managed by Handelsbanken Asset Management increased by 15% to SEK 207bn (180). The total volume of assets under management by the Group was SEK 259bn (248).

In the first nine months of the year, net new savings in Handelsbanken's mutual funds on the Swedish market were SEK 9bn (-18), equivalent to a market share of 14%. Approximately SEK 3.5bn of the net inflow related to transfers from SPP's generation funds to the Bank's new generation funds.

Assets under management in Handelsbanken Liv increased by 16% compared with the corresponding period in the previous year and were SEK 65bn (56), of which unit-linked and portfolio bond insurance represented SEK 38bn (29).

## Q3 2009 COMPARED WITH Q2 2009

Operating profit improved by SEK 186m to SEK 157m (-29) as a result of Handelsbanken Liv increasing its profit by SEK 198m to SEK 122m (-76). The total return was +2.25% (-0.89%), whereby the financial result improved by SEK 195m.

Asset Management, excluding Handelsbanken Liv, reported a quarterly result that decreased by SEK 12m to SEK 35m (47). This was due to lower income. Increased management commissions from a larger volume of assets managed were offset by lower transaction activity in Nordic custody services. Expenses remained unchanged.

## Asset Management, excluding Handelsbanken Liv

### INCOME STATEMENT

SEK m	Q3 2009	Q3 2008	Change	Q2 2009	Change	Jan-Sep 2009	Jan-Sep 2008	Change	Full year 2008
Net interest income	7	20	-65%	12	-42%	29	103	-72%	127
Net fee and commission income	170	168	1%	171	-1%	504	552	-9%	714
Net gains/losses on financial items at fair value	-1	-1	0%	1		0	-6	100%	-5
Other income	0	7	-100%	4	-100%	4	14	-71%	15
<b>Total income</b>	<b>176</b>	<b>194</b>	<b>-9%</b>	<b>188</b>	<b>-6%</b>	<b>537</b>	<b>663</b>	<b>-19%</b>	<b>851</b>
Staff costs	-89	-94	-5%	-87	2%	-263	-255	3%	-342
Other administrative expenses	-25	-28	-11%	-33	-24%	-82	-185	-56%	-219
Internal purchased and sold services	-25	-27	-7%	-20	25%	-74	-102	-27%	-134
Depreciation and amortisation	-2	-1	100%	-1	100%	-4	-2	100%	-3
<b>Total expenses</b>	<b>-141</b>	<b>-150</b>	<b>-6%</b>	<b>-141</b>	<b>0%</b>	<b>-423</b>	<b>-544</b>	<b>-22%</b>	<b>-698</b>
<b>Profit before loan losses</b>	<b>35</b>	<b>44</b>	<b>-20%</b>	<b>47</b>	<b>-26%</b>	<b>114</b>	<b>119</b>	<b>-4%</b>	<b>153</b>
Net loan losses									
Gains/losses on disposal of property, equipment and intangible assets	-	-		-		-	-		-
<b>Operating profit</b>	<b>35</b>	<b>44</b>	<b>-20%</b>	<b>47</b>	<b>-26%</b>	<b>114</b>	<b>119</b>	<b>-4%</b>	<b>153</b>
Profit allocation	-28	-63	-56%	-21	33%	-91	-149	-39%	-163
<b>Operating profit after profit allocation</b>	<b>7</b>	<b>-19</b>		<b>26</b>	<b>-73%</b>	<b>23</b>	<b>-30</b>		<b>-10</b>
Average number of employees	324	365	-11%	327	-1%	329	360	-9%	357

### JANUARY – SEPTEMBER 2009 COMPARED WITH JANUARY – SEPTEMBER 2008

Profits were SEK 114m (119). The same period in 2008 included a one-off expense, so that excluding this, the operating profit fell by SEK 98m. Income fell by 19% to SEK 537m (663), mainly due to lower net interest income and lower volumes under management led to reduced commission income. The average volume of mutual fund assets under management fell by 17% to SEK 119bn (143).

Excluding the one-off cost in the comparison period, expenses decreased by 6% to SEK 423m. This is partly due to a rationalisation of the range of funds on offer and to a lower number of employees.

#### Business development

At the end of the period, the Bank's mutual fund management company (Handelsbanken Fonder) managed 89 (97) mutual funds, with a total value of SEK 137bn (119). The increase in volume was SEK 18bn; SEK 7bn of this was due to net inflows and SEK 11bn to higher market values.

In the first nine months of the year, net savings in Handelsbanken's mutual funds on the Swedish market were SEK 9bn (-18), equivalent to a market share of 14%. Approximately SEK 3.5bn of the net inflow related to transfers from SPP's generation funds to the Bank's new generation funds.

The Bank managed ten listed mutual funds under the XACT brand name at the end of the quarter, of which seven are traded on the Stockholm stock exchange and three on the Oslo stock exchange. The assets managed in exchange-traded funds totalled SEK 17bn (11). Net flows were positive in the last 12 months, amounting to SEK 5bn.

Discretionary management volumes rose by 10% to SEK 85bn (77). SEK 16bn (17) of the managed assets were invested in Handelsbanken's mutual funds. In the past 12 months, the net inflow totalled SEK 1bn. Total assets under discretionary management in the Group were SEK 106bn (94).

### Q3 2009 COMPARED WITH Q2 2009

Operating profit fell by SEK 12m to SEK 35m (47) due to lower income. Increased management commissions from a larger volume of assets managed were offset by lower transaction activity in Nordic custody services.

Expenses remained unchanged. The average number of employees fell by 3 or 1%.

## Handelsbanken Liv

### JANUARY– SEPTEMBER 2009 COMPARED WITH JANUARY – SEPTEMBER 2008

#### Earnings performance

Earnings decreased to SEK -50m (119). The weaker figure was mainly due to a lower financial result. The allocation to the deferred capital contribution totalled SEK 229m (190), which was the main reason for the SEK 83m decline in the financial result. The total return was -1.20% (-5.56%). Thus the company received no yield split (0).

The administration result, which is the difference between the fees charged on the insurance contracts and the company's actual expenses, decreased to SEK -24m (45).

The risk result, which is the difference between the fees the company charges to cover the insurance risks (mortality, longevity, disability and accident) and the actual cost of these, decreased by SEK 25m to SEK 140m (165).

The available solvency margin was SEK 3,187m. The available solvency margin should be related to the operational solvency margin requirement, which was SEK 1,449m, giving a solvency ratio of 2.2 (1.9).

#### Business development

Assets under management increased by 16% compared with the corresponding period in the previous year and were SEK 65bn (56), of which unit-linked and portfolio bond insurance represented SEK 38bn (29).

New sales increased by 37% and the net flow rose by 51%.

Premiums written were SEK 7.9bn (6.6). Insurance claims disbursed were SEK 3.2bn (3.5).

The proportion of new policies taken out online continued to grow, reaching 23% over the last year.

#### Handelsbanken Liv, break-down of results and key figures

SEK m	Jan-Sep 2009	Jan-Sep 2008	Full year 2008
Administration result	-24	45	53
Risk result	140	165	215
Financial result	-251	-168	-2
<i>of which deferred capital contribution</i>	-229	-190	-51
Other	85	77	149
<b>Operating profit</b>	<b>-50</b>	<b>119</b>	<b>415</b>
Total return, %	-1.20	-5.56	-1.22
AUM, SEK bn, end of period	65	56	54
<i>of which unit-linked and portfolio bond</i>	38	29	27
Solvency ratio, end of period	2.2	1.9	1.3

#### Handelsbanken Liv, investment assets

Exposure end of period, %	30 Sep 2009	30 Sep 2008	31 Dec 2008
Listed shares	7	13	10
Fixed income securities	83	75	77
Properties	5	6	6
Alternative investments	5	6	7
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>

### Q3 2009 COMPARED WITH Q2 2009

Operating profit increased to SEK 122m (-76), which was mainly due to higher return. The total return was +2.25% (-0.89%). The financial result improved by SEK 195m to SEK 48m (-147), primarily due to a reversal of the deferred capital contribution by SEK 48m (-134).

The administration result was SEK -7m (-5), while the risk result improved to SEK 47m (36). The Other operations item was SEK 34m (40).

At the end of the quarter, 7% of the capital was invested in listed shares, as compared to 14% at the beginning of the quarter.

Assets under management increased by 8% compared with the previous quarter and were SEK 65bn (60), of which unit-linked and portfolio bond insurance represented SEK 38bn (34). Premiums written were SEK 2.3bn (3.2). Insurance claims disbursed were SEK 1.0bn (1.1).

## OTHER

Other includes operations not contained in the segment reporting. This includes treasury and the central head office departments as well as capital gains/losses, dividends, and income and expenses that are not attributable to a specific segment.

## INCOME STATEMENT

SEK m	Q3 2009	Q3 2008	Change	Q2 2009	Change	Jan-Sep 2009	Jan-Sep 2008	Change	Full year 2008
Net interest income	249	-263		205	21%	522	-650		-835
Net fee and commission income	-34	47		13		-17	59		97
Net gains/losses on financial items at fair value	-303	10		-364	17%	-914	113		838
Share of profits of associated companies	4	21	-81%	1	300%	8	74	-89%	79
Other income	5	27	-81%	130	-96%	155	397	-61%	424
<b>Total income</b>	<b>-79</b>	<b>-158</b>	<b>50%</b>	<b>-15</b>	<b>-427%</b>	<b>-246</b>	<b>-7</b>		<b>603</b>
Staff costs	-544	-337	61%	-535	2%	-1,597	-1,070	49%	-1,456
Other administrative expenses	-403	-356	13%	-415	-3%	-1,225	-1,168	5%	-1,614
Internal purchased and sold services	833	720	16%	847	-2%	2,519	2,233	13%	3,035
Depreciation and amortisation	-86	-55	56%	-60	43%	-207	-175	18%	-220
<b>Total expenses</b>	<b>-200</b>	<b>-28</b>		<b>-163</b>	<b>23%</b>	<b>-510</b>	<b>-180</b>	<b>183%</b>	<b>-255</b>
<b>Profit before loan losses</b>	<b>-279</b>	<b>-186</b>	<b>-50%</b>	<b>-178</b>	<b>-57%</b>	<b>-756</b>	<b>-187</b>	<b>-304%</b>	<b>348</b>
Net loan losses									
Gains/losses on disposal of property, equipment and intangible assets	1	-1		0		1	271	-100%	271
<b>Operating profit</b>	<b>-278</b>	<b>-187</b>	<b>-49%</b>	<b>-178</b>	<b>-56%</b>	<b>-755</b>	<b>84</b>		<b>619</b>
Profit allocation	0	0	0%	0	0%	0	0	0%	1
<b>Operating profit after profit allocation</b>	<b>-278</b>	<b>-187</b>	<b>-49%</b>	<b>-178</b>	<b>-56%</b>	<b>-755</b>	<b>84</b>		<b>620</b>
Internal income	2,244	2,013	11%	2,091	7%	6,657	6,372	4%	9,035
Average number of employees	1,794	1,748	3%	1,798	0%	1,790	1,755	2%	1,749

## JANUARY – SEPTEMBER 2009 COMPARED WITH JANUARY – SEPTEMBER 2008

Operating earnings fell by SEK 839m, mainly due to an allocation to the Oktogonen profit-sharing foundation amounting to SEK -489m (-7) and to the capital gain of SEK 272m from the sale of the Styrpinnen property which had a positive impact on the period of comparison.

## Q3 2009 COMPARED WITH Q2 2009

Operating profit was SEK -278m (-178). The decrease of SEK 100m is mainly due to the dividend income which was included in the second quarter of 2009.

# Handelsbanken Group

## HANDELSBANKEN GROUP – KEY FIGURES

	Q3 2009	Q3 2008	Q2 2009	Jan-Sep 2009	Jan-Sep 2008	Full year 2008
Return on equity, total operations, after current tax *	12.0%	15.4%	12.4%	12.8%	13.7%	16.2%
Return on equity, total operations, after standard tax *	11.8%	15.1%	12.5%	12.8%	13.4%	15.0%
Return on equity, continuing operations, after current tax *	11.9%	15.1%	12.4%	12.7%	13.4%	16.0%
Return on equity, continuing operations, after standard tax *	11.8%	14.8%	12.5%	12.8%	13.1%	14.7%
C/l ratio, total operations	48.5%	43.7%	46.7%	46.4%	47.0%	44.1%
C/l ratio, total operations, incl. loan losses	59.3%	46.9%	58.1%	57.3%	51.4%	49.4%
C/l ratio, continuing operations	46.9%	44.0%	46.7%	45.8%	47.3%	44.3%
C/l ratio, continuing operations, incl. loan losses	58.1%	47.2%	58.1%	56.9%	51.7%	49.6%
Earnings per share, total operations, SEK	3.91	4.51	4.06	12.40	12.16	19.46
- after dilution	3.83	4.44	3.96	12.07	12.12	19.31
Earnings per share, continuing operations, SEK	3.89	4.43	4.06	12.36	11.93	19.16
- after dilution	3.81	4.36	3.96	12.04	11.89	19.02
Earnings per share, discontinued operations, SEK	0.02	0.08	0.00	0.04	0.23	0.30
- after dilution	0.02	0.08	0.00	0.03	0.23	0.29
Dividend, SEK						7.00
Adjusted equity per share, SEK **	128.45	114.20	124.28	128.45	114.20	120.64
Average number of outstanding shares	623,357,100	623,469,462	623,054,226	623,469,462	622,834,417	623,288,912
Capital ratio according to Basel II ***	18.8%	15.0%	-	18.8%	15.0%	-
Capital ratio according to Basel II ****	19.1%	15.2%	18.4%	19.1%	15.2%	16.0%
Tier 1 ratio according to Basel II ***	13.3%	9.8%	-	13.3%	9.8%	-
Tier 1 ratio according to Basel II ****	13.5%	10.0%	12.6%	13.5%	10.0%	10.5%
Capital base in relation to capital requirement Basel II ****	238%	190%	230%	238%	190%	200%
Average number of employees, continuing operations	10,912	11,019	10,800	10,881	10,778	10,833
Number of branches in Sweden	461	461	461	461	461	461
Number of branches outside Sweden	245	219	245	245	219	241

\* When calculating return on equity, shareholders' equity is adjusted for the impact of unrealised changes in the value of financial assets classified as "Available for Sale" and for cash flow hedges.

\*\* When calculating equity per share, shareholders' equity is adjusted for the impact of cash flow hedges.

\*\*\* Excluding profit generated during the period since the interim report has not been examined by the auditors.

\*\*\*\* Including profit generated during the period.

## INCOME STATEMENT - GROUP

SEK m	Q3 2009	Q3 2008	Change	Q2 2009	Change	Jan-Sep 2009	Jan-Sep 2008	Change	Full year 2008
Interest income	11,351	22,754	-50%	13,160	-14%	40,728	61,376	-34%	83,355
Interest expense	-5,741	-17,898	-68%	-7,522	-24%	-24,087	-47,627	-49%	-64,132
Net interest income	5,610	4,856	16%	5,638	0%	16,641	13,749	21%	19,223
Net fee and commission income Note 1	1,803	1,656	9%	1,856	-3%	5,398	5,101	6%	6,795
Net gains/losses on financial items at fair value Note 2	278	483	-42%	541	-49%	1,960	940	109%	3,169
Risk result - insurance	47	55	-15%	36	31%	140	165	-15%	215
Other dividend income	2	8	-75%	124	-98%	137	224	-39%	225
Share of profits of associated companies	4	21	-81%	1	300%	8	74	-89%	79
Other income	18	45	-60%	24	-25%	84	125	-33%	184
<b>Total income</b>	<b>7,762</b>	<b>7,124</b>	<b>9%</b>	<b>8,220</b>	<b>-6%</b>	<b>24,368</b>	<b>20,378</b>	<b>20%</b>	<b>29,890</b>
Staff costs	-2,451	-2,015	22%	-2,539	-3%	-7,432	-5,944	25%	-8,114
Other administrative expenses Note 3	-1,046	-1,011	3%	-1,178	-11%	-3,346	-3,379	-1%	-4,688
Depreciation, amortisation and impairments of property, equipment and intangible assets	-145	-107	36%	-119	22%	-384	-306	25%	-427
<b>Total expenses</b>	<b>-3,642</b>	<b>-3,133</b>	<b>16%</b>	<b>-3,836</b>	<b>-5%</b>	<b>-11,162</b>	<b>-9,629</b>	<b>16%</b>	<b>-13,229</b>
<b>Profit before loan losses</b>	<b>4,120</b>	<b>3,991</b>	<b>3%</b>	<b>4,384</b>	<b>-6%</b>	<b>13,206</b>	<b>10,749</b>	<b>23%</b>	<b>16,661</b>
Net loan losses Note 4	-866	-231	275%	-939	-8%	-2,701	-909	197%	-1,605
Gains/losses on disposal of property, equipment and intangible assets	1	-2		0		1	270	-100%	270
<b>Operating profit</b>	<b>3,255</b>	<b>3,758</b>	<b>-13%</b>	<b>3,445</b>	<b>-6%</b>	<b>10,506</b>	<b>10,110</b>	<b>4%</b>	<b>15,326</b>
Taxes	-829	-999	-17%	-916	-9%	-2,797	-2,677	4%	-3,382
<b>Profit for the period from continuing operations</b>	<b>2,426</b>	<b>2,759</b>	<b>-12%</b>	<b>2,529</b>	<b>-4%</b>	<b>7,709</b>	<b>7,433</b>	<b>4%</b>	<b>11,944</b>
Profit for the period from discontinued operations, after tax Note 14	8	51	-84%	0		19	143	-87%	187
<b>Profit for the period</b>	<b>2,434</b>	<b>2,810</b>	<b>-13%</b>	<b>2,529</b>	<b>-4%</b>	<b>7,728</b>	<b>7,576</b>	<b>2%</b>	<b>12,131</b>
Attributable to									
Holders of ordinary shares	2,434	2,810	-13%	2,529	-4%	7,728	7,576	2%	12,131
Minority interest	0	-		0	0%	0	-		0

## EARNINGS PER SHARE

	Q3 2009	Q3 2008	Change	Q2 2009	Change	Jan-Sep 2009	Jan-Sep 2008	Change	Full year 2008
Earnings per share, continuing operations, SEK	3.89	4.43	-12%	4.06	-4%	12.36	11.93	4%	19.16
- after dilution	3.81	4.36	-13%	3.96	-4%	12.04	11.89	1%	19.02
Earnings per share, discontinued operations, SEK	0.02	0.08	-75%	0.00		0.04	0.23	-83%	0.30
- after dilution	0.02	0.08	-75%	0.00		0.03	0.23	-87%	0.29
Earnings per share, total operations, SEK	3.91	4.51	-13%	4.06	-4%	12.40	12.16	2%	19.46
- after dilution	3.83	4.44	-14%	3.96	-3%	12.07	12.12	0%	19.31

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK m	Q3 2009	Q3 2008	Change	Q2 2009	Change	Jan-Sep 2009	Jan-Sep 2008	Change	Full year 2008
<b>Profit for the period</b>	<b>2,434</b>	<b>2,810</b>	<b>-13%</b>	<b>2,529</b>	<b>-4%</b>	<b>7,728</b>	<b>7,576</b>	<b>2%</b>	<b>12,131</b>
<b>Other comprehensive income</b>									
Cash flow hedges	31	-58		147	-79%	-68	3		-535
Available for sale instruments	1,465	-1,770		1,513	-3%	2,702	-3,665		-5,139
Translation differences for the period	-776	257		-217	-258%	-402	138		606
Tax related to other comprehensive income	-531	514		-383	-39%	-774	1,029		1,628
<b>Total other comprehensive income</b>	<b>189</b>	<b>-1,057</b>		<b>1,060</b>	<b>-82%</b>	<b>1,458</b>	<b>-2,495</b>		<b>-3,440</b>
<b>Total comprehensive income for the period</b>	<b>2,623</b>	<b>1,753</b>	<b>50%</b>	<b>3,589</b>	<b>-27%</b>	<b>9,186</b>	<b>5,081</b>	<b>81%</b>	<b>8,691</b>
Total comprehensive income for the period to									
Holders of ordinary shares	2,623	1,753	50%	3,589	-27%	9,186	5,081	81%	8,691
Minority interest	0	-		0	0%	0	-		0

## QUARTERLY PERFORMANCE FOR THE HANDELSBANKEN GROUP

SEK m	Q3 2009	Q2 2009	Q1 2009	Q4 2008	Q3 2008
Interest income	11,351	13,160	16,217	21,979	22,754
Interest expense	-5,741	-7,522	-10,824	-16,505	-17,898
Net interest income	5,610	5,638	5,393	5,474	4,856
Net fee and commission income	1,803	1,856	1,739	1,694	1,656
Net gains/losses on financial items at fair value	278	541	1,141	2,229	483
Risk result - insurance	47	36	57	50	55
Other dividend income	2	124	11	1	8
Share of profits of associated companies	4	1	3	5	21
Other income	18	24	42	59	45
<b>Total income</b>	<b>7,762</b>	<b>8,220</b>	<b>8,386</b>	<b>9,512</b>	<b>7,124</b>
Staff costs	-2,451	-2,539	-2,442	-2,170	-2,015
Other administrative expenses	-1,046	-1,178	-1,122	-1,309	-1,011
Depreciation, amortisation and impairments of property, equipment and intangible assets	-145	-119	-120	-121	-107
<b>Total expenses</b>	<b>-3,642</b>	<b>-3,836</b>	<b>-3,684</b>	<b>-3,600</b>	<b>-3,133</b>
<b>Profit before loan losses</b>	<b>4,120</b>	<b>4,384</b>	<b>4,702</b>	<b>5,912</b>	<b>3,991</b>
Net loan losses	-866	-939	-896	-696	-231
Gains/losses on disposal of property, equipment and intangible assets	1	0	0	0	-2
<b>Operating profit</b>	<b>3,255</b>	<b>3,445</b>	<b>3,806</b>	<b>5,216</b>	<b>3,758</b>
Taxes	-829	-916	-1,052	-705	-999
<b>Profit for the period from continuing operations</b>	<b>2,426</b>	<b>2,529</b>	<b>2,754</b>	<b>4,511</b>	<b>2,759</b>
Profit for the period from discontinued operations, after tax	8	0	11	44	51
<b>Profit for the period</b>	<b>2,434</b>	<b>2,529</b>	<b>2,765</b>	<b>4,555</b>	<b>2,810</b>
Earnings per share, continuing operations, SEK	3.89	4.06	4.42	7.24	4.43
- after dilution	3.81	3.96	4.28	7.09	4.36
Earnings per share, discontinued operations, SEK	0.02	0.00	0.01	0.07	0.08
- after dilution	0.02	0.00	0.01	0.07	0.08
Earnings per share, total operations, SEK	3.91	4.06	4.43	7.31	4.51
- after dilution	3.83	3.96	4.29	7.16	4.44

## BALANCE SHEET - GROUP

SEK m	30 Sep 2009	30 Jun 2009	31 Mar 2009	31 Dec 2008	30 Sep 2008
<b>Assets</b>					
Cash and balances with central banks	98,266	73,004	58,818	66,894	7,077
Treasury bills and other eligible bills	91,184	33,326	152,036	84,781	34,842
Loans to credit institutions	153,809	221,289	198,460	164,981	174,299
Loans to the public	Note 5 1,476,030	1,498,730	1,518,505	1,481,475	1,428,618
Value change of interest hedged item in portfolio hedge	2,831	2,134	442	144	-
Bonds and other interest-bearing securities	84,148	81,442	90,343	81,497	98,366
Shares	18,284	16,059	17,421	15,689	21,172
Participating interests	79	108	86	84	506
Assets where the customer bears the value change risk	43,327	38,311	31,644	31,552	34,087
Derivative instruments	Note 8 117,022	130,133	161,841	192,239	110,804
Reinsurance assets	17	17	17	13	16
Intangible assets	Note 7 7,252	7,433	7,147	7,057	6,435
Property and equipment	3,358	3,412	3,420	3,416	3,202
Current tax assets	220	899	1,416	1,100	46
Deferred tax assets	388	436	403	405	59
Net pension assets	4,925	4,817	4,736	4,646	4,944
Assets held for sale	781	-	-	-	-
Other assets	39,087	37,711	19,516	12,937	29,869
Prepaid expenses and accrued income	6,748	5,956	9,030	9,874	9,745
<b>Total assets</b>	<b>2,147,756</b>	<b>2,155,217</b>	<b>2,275,281</b>	<b>2,158,784</b>	<b>1,964,087</b>
<b>Liabilities and equity</b>					
Due to credit institutions	199,211	208,649	365,750	319,113	323,554
Deposits and borrowing from the public	605,667	566,266	566,054	543,760	508,152
Liabilities where the customer bears the value change risk	43,374	38,398	31,744	31,654	34,172
Issued securities	963,199	1,006,473	907,731	895,709	828,580
Derivative instruments	Note 8 119,368	117,240	158,209	169,640	88,032
Other trading liabilities	30,076	24,275	20,666	17,580	20,000
Insurance liabilities	906	967	1,556	865	881
Current tax liabilities	99	194	307	115	176
Deferred tax liabilities	8,171	8,079	7,995	7,933	7,059
Provisions	339	380	453	379	265
Liabilities held for sale	352	-	-	-	-
Other liabilities	20,383	25,484	53,406	15,951	6,856
Accrued expenses and deferred income	18,312	18,794	20,706	19,688	20,405
Subordinated liabilities	58,520	62,856	62,770	61,434	54,603
<b>Total liabilities</b>	<b>2,067,977</b>	<b>2,078,055</b>	<b>2,197,347</b>	<b>2,083,821</b>	<b>1,892,735</b>
Minority interest	1	1	1	1	0
Share capital	2,899	2,899	2,899	2,899	2,899
Reserves	-888	-1,077	-2,137	-2,346	-1,401
Retained earnings	70,039	70,045	74,406	62,278	62,278
Profit for the period	7,728	5,294	2,765	12,131	7,576
<b>Total equity</b>	<b>79,779</b>	<b>77,162</b>	<b>77,934</b>	<b>74,963</b>	<b>71,352</b>
<b>Total liabilities and equity</b>	<b>2,147,756</b>	<b>2,155,217</b>	<b>2,275,281</b>	<b>2,158,784</b>	<b>1,964,087</b>

## STATEMENT OF CHANGES IN EQUITY - GROUP

Jan - Sep 2009 SEK m	Share capital	Hedge reserve	Fair value reserve	Translation reserve	Retained earnings	Minority	Total
<b>Opening equity 2009</b>	<b>2,899</b>	<b>-252</b>	<b>-3,152</b>	<b>1,058</b>	<b>74,409</b>	<b>1</b>	<b>74,963</b>
Total comprehensive income for the period		-50	1,914	-406	7,728	0	9,186
Dividend					-4,364		-4,364
Holdings of own shares in trading book					-6		-6
<b>Shareholders' equity</b>	<b>2,899</b>	<b>-302</b>	<b>-1,238</b>	<b>652</b>	<b>77,767</b>	<b>1</b>	<b>79,779</b>

Jan - Sep 2008 SEK m	Share capital	Hedge reserve	Fair value reserve	Translation reserve	Retained earnings	Minority	Total
<b>Opening equity 2008</b>	<b>2,890</b>	<b>139</b>	<b>547</b>	<b>408</b>	<b>70,507</b>	<b>0</b>	<b>74,491</b>
Total comprehensive income for the period		2	-2,644	147	7,576	-	5,081
Dividend					-8,417		-8,417
Holdings of own shares in trading book					13		13
Options element of convertible subordinated loan					184		184
Reduction of share capital by means of cancellation	-22				22		-
Bonus issue	31				-31		-
<b>Shareholders' equity</b>	<b>2,899</b>	<b>141</b>	<b>-2,097</b>	<b>555</b>	<b>69,854</b>	<b>0</b>	<b>71,352</b>

## SUMMARY CASH FLOW STATEMENT - GROUP

SEK m	Jan-Sep 2009	Jan-Sep 2008	Full year 2008
Cash flow from operating activities	47,183	1,734	50,843
Cash flow from investing activities	-740	-1,105	-1,120
Cash flow from financing activities	-4,720	-7,136	-4,910
<b>Cash flow for the period</b>	<b>41,723</b>	<b>-6,507</b>	<b>44,813</b>
Liquid funds at beginning of the period	66,894	13,590	13,590
Cash flow in the period	41,723	-6,507	44,813
Exchange rate differences on liquid funds	-10,351	-6	8,491
<b>Liquid funds at end of period</b>	<b>98,266</b>	<b>7,077</b>	<b>66,894</b>

## ACCOUNTING POLICIES

The information concerning the Group has been prepared in accordance with IAS 34. The contents of the interim report also comply with the Swedish Act on Annual Reports in Credit Institutions and Securities Companies and the Swedish Financial Supervisory Authority's Regulations and General Guidelines FFFS 2008:25 on annual reports in credit institutions and securities companies.

As of the 2009 financial year, two changes have been introduced in the accounting standards which have an impact on the financial reports:

- Changes in IAS 1 have affected the presentation of the Group's and the parent company's financial reports so that changes in equity not deriving from transactions with the owners are presented in a separate statement of "Other comprehensive income". In addition to Total comprehensive income for the period, the statement of changes in equity thus only includes changes in equity deriving from transactions with the owners.
- The application of IFRS 8 Operating segments means that new policies for reporting business segments have been implemented. According to IFRS 8, presentation of the segment information is based on the same principles as those used for the internal reporting to central and managing functions. One effect of this for the Handelsbanken Group is that income for

the business segments is presented before the internal profit allocation at product level and that the profit allocation for the respective segments is reported after operating profit on a separate line in the income statement. In addition, income and expenses for internally rendered services according to the cost price principle are reported net on a separate line in the segment information. In other respects, the application of IFRS 8 has only resulted in a few minor changes in the presentation of segment profit and loss.

In all other respects, the Group's and the parent company's interim report has been prepared in accordance with the same accounting policies and methods of computation that were applied in the annual report for 2008. None of the other changes in standards or new interpretative communications which have come into force during the period have had a material impact on the parent company's or the Group's financial reports.

This report has not been examined by Handelsbanken's auditors.

## Notes

### Note 1 Net fee and commission income

SEK m	Q3 2009	Q3 2008	Change	Q2 2009	Change	Jan-Sep 2009	Jan-Sep 2008	Change	Full year 2008
Brokerage and other securities commissions	422	343	23%	504	-16%	1,371	1,223	12%	1,676
Mutual funds and custody	398	376	6%	359	11%	1,105	1,242	-11%	1,559
Advisory services	13	58	-78%	58	-78%	122	143	-15%	192
Insurance	131	125	5%	132	-1%	394	398	-1%	520
Payments	608	586	4%	584	4%	1,777	1,693	5%	2,257
Lending and deposits	296	238	24%	269	10%	816	646	26%	894
Guarantees	137	106	29%	134	2%	405	306	32%	430
Other	140	127	10%	131	7%	365	376	-3%	502
<b>Commission income</b>	<b>2,145</b>	<b>1,959</b>	<b>9%</b>	<b>2,171</b>	<b>-1%</b>	<b>6,355</b>	<b>6,027</b>	<b>5%</b>	<b>8,030</b>
Securities commissions	-51	-58	-12%	-51	0%	-161	-198	-19%	-258
Payment commissions	-249	-230	8%	-242	3%	-710	-675	5%	-907
Other commission expenses	-42	-15	180%	-22	91%	-86	-53	62%	-70
<b>Commission expense</b>	<b>-342</b>	<b>-303</b>	<b>13%</b>	<b>-315</b>	<b>9%</b>	<b>-957</b>	<b>-926</b>	<b>3%</b>	<b>-1,235</b>
<b>Net fee and commission income</b>	<b>1,803</b>	<b>1,656</b>	<b>9%</b>	<b>1,856</b>	<b>-3%</b>	<b>5,398</b>	<b>5,101</b>	<b>6%</b>	<b>6,795</b>

### Note 2 Net gains/losses on financial items at fair value

SEK m	Q3 2009	Q3 2008	Change	Q2 2009	Change	Jan-Sep 2009	Jan-Sep 2008	Change	Full year 2008
Available for sale, realised	12	-3		17	-29%	53	-494		171
Hedge accounting									
Fair value hedges	-83	-142	42%	-28	-196%	-97	3		-443
Hedge ineffectiveness	4	1	300%	-2		-6	1		-26
Transferred from equity referring to cash flow hedges	0	-		0	0%	-19	14		15
Instruments at fair value	212	322	-34%	-289		146	-127		1,150
Loan receivables, valued at amortised cost	140	-20		108	30%	375	-1		41
Financial liabilities, valued at amortised cost	-121	15		-170	29%	-528	46		17
Gains/losses on unbundled insurance contracts	48	-60		-134		-229	-190	-21%	-51
Trading / Other	66	370	-82%	1,039	-94%	2,265	1,688	34%	2,295
<b>Total</b>	<b>278</b>	<b>483</b>	<b>-42%</b>	<b>541</b>	<b>-49%</b>	<b>1,960</b>	<b>940</b>	<b>109%</b>	<b>3,169</b>

The allocation of the amounts over different lines is slightly adjusted compared with previously published information. The net result is unchanged.

Net gains/losses on financial items at fair value show the unrealised and realised changes in value of items the value of which is wholly or partly dependent on changes in market value.

"Available for sale, realised" corresponds to the realised result from divestment of financial assets categorised as available for sale.

"Fair value hedges" include the net result of unrealised and realised market value changes on financial assets and liabilities which are part of hedging packages. Interest income and interest expense for these instruments are recognised under net interest income. "Hedge ineffectiveness" reports the ineffective parts of cash flow hedges and hedges of net investments in foreign units.

"Instruments at fair value" refers to unrealised and realised value changes on instruments which upon initial recognition were classified at fair value in profit or loss. Interest income for these instruments is recognised under net interest income.

"Loan receivables, valued at amortised cost", consist of the gain/loss arising on loans which are redeemed ahead of time.

"Financial liabilities, valued at amortised cost", contain the gain/loss generated from repurchases of the Bank's own issued securities.

"Gains/losses on unbundled insurance contracts" correspond to the result generated when revaluing the financial part of liabilities to policyholders.

"Trading/other" contains unrealised and realised changes in market value and interest referring to financial assets and liabilities held for trading.

## Note 3 Other administrative expenses

SEK m	Q3 2009	Q3 2008	Change	Q2 2009	Change	Jan-Sep 2009	Jan-Sep 2008	Change	Full year 2008
Property and premises	-255	-250	2%	-276	-8%	-791	-738	7%	-1,028
External IT costs	-287	-294	-2%	-337	-15%	-954	-961	-1%	-1,309
Communication	-96	-95	1%	-99	-3%	-303	-309	-2%	-414
Travel and marketing	-68	-63	8%	-99	-31%	-251	-269	-7%	-394
Purchased services	-178	-160	11%	-216	-18%	-593	-559	6%	-771
Supplies	-80	-51	57%	-68	18%	-207	-175	18%	-235
Other expenses	-82	-98	-16%	-83	-1%	-247	-368	-33%	-537
<b>Other administrative expenses</b>	<b>-1,046</b>	<b>-1,011</b>	<b>3%</b>	<b>-1,178</b>	<b>-11%</b>	<b>-3,346</b>	<b>-3,379</b>	<b>-1%</b>	<b>-4,688</b>

## Note 4 Loan losses, impaired loans and collateral taken over

## Loan losses

SEK m	Q3 2009	Q3 2008	Change	Q2 2009	Change	Jan-Sep 2009	Jan-Sep 2008	Change	Full year 2008
<b>Specific provision for individually valued loan receivables</b>									
Provision for the period	-783	-217	261%	-912	-14%	-2 606	-1 026	154%	-1 262
Write-back of previous provisions	157	27	481%	85	85%	287	139	106%	189
<b>Total</b>	<b>-626</b>	<b>-190</b>	<b>229%</b>	<b>-827</b>	<b>-24%</b>	<b>-2 319</b>	<b>-887</b>	<b>161%</b>	<b>-1 073</b>
<b>Collective provisions</b>									
Provision for the period for individually valued receivables	1	-34		6	-83%	39	-112		-189
Provision for the period for homogenous loan receivables	-18	-14	29%	-22	-18%	-72	-40	80%	-69
<b>Total</b>	<b>-17</b>	<b>-48</b>	<b>-65%</b>	<b>-16</b>	<b>6%</b>	<b>-33</b>	<b>-152</b>	<b>-78%</b>	<b>-258</b>
<b>Provision for off-balance sheet items</b>									
Allocations for guarantee commitments	-12	-71	-83%	2		-42	-71	-41%	-95
Write-back of previous provisions	-	-		-		-	-		-
Guarantees honoured	-	-		-		-	-		-
<b>Total</b>	<b>-12</b>	<b>-71</b>	<b>-83%</b>	<b>2</b>		<b>-42</b>	<b>-71</b>	<b>-41%</b>	<b>-95</b>
<b>Write-offs</b>									
Actual loan losses for the period	-264	-70	277%	-172	53%	-550	-317	74%	-963
Utilised share of previous provisions	43	60	-28%	35	23%	134	280	-52%	495
Recoveries	10	88	-89%	39	-74%	109	238	-54%	289
<b>Total</b>	<b>-211</b>	<b>78</b>	<b>-98%</b>	<b>-98</b>	<b>115%</b>	<b>-307</b>	<b>201</b>	<b>-197%</b>	<b>-179</b>
<b>Net loan losses</b>	<b>-866</b>	<b>-231</b>	<b>275%</b>	<b>-939</b>	<b>-8%</b>	<b>-2 701</b>	<b>-909</b>	<b>197%</b>	<b>-1 605</b>

## Impaired loans

Impaired loans include all receivables for which all the contracted cash flows may not be fulfilled. The full amount of all receivables which give rise to a specific provision is included in impaired loans, including amounts which are covered by collateral. This means that the reserve ratio for impaired loans is stated without taking into account collateral received. Thus this key figure can vary substantially between the quarters even though the provisioning principles are unchanged.

SEK m	30 Sep 2009	30 Jun 2009	31 Mar 2009	31 Dec 2008	30 Sep 2008
Impaired loans	8,546	8,711	7,479	5,367	4,801
Specific provision for individually assessed loan receivables	-4,188	-3,684	-2,909	-2,102	-2,097
Provision for collectively assessed homogenous groups of loan receivables with limited value	-203	-192	-172	-161	-136
Collective provisions for individually assessed loan receivables	-445	-450	-461	-482	-405
<b>Impaired loans, net</b>	<b>3,710</b>	<b>4,385</b>	<b>3,937</b>	<b>2,622</b>	<b>2,163</b>
Total impaired loans reserve ratio	56.6%	49.7%	47.4%	51.1%	55.0%
Level of impaired loans, %	0.24%	0.28%	0.24%	0.17%	0.14%
Impaired loans reserve ratio excl. collective provisions	51.4%	44.5%	41.2%	42.2%	46.5%
Loan loss ratio as a % of loans, accumulated	0.23%	0.23%	0.23%	0.11%	0.09%
Non-performing loans which are not impaired loans	2,256	2,262	2,243	1,709	1,583

## Impaired loans and/or non-performing loans, by sector

	Impaired loans			Of which non-performing	Non-performing loans which are not impaired loans
	Gross	Provisions	Net*		
Private individuals	1,107	-572	535	509	1,330
Housing co-operative associations	50	-23	27	19	63
Property management	1,449	-449	1,000	468	313
Manufacturing	2,825	-2,052	773	711	124
Retail	508	-243	265	101	72
Hotel and restaurant	14	-6	8	5	11
Other transport and communication	86	-57	29	25	12
Construction	267	-100	167	143	172
Electricity, gas and water	-	-	-	-	1
Agriculture, hunting and forestry	21	-9	12	9	2
Other services	57	-34	23	23	13
Holding, investment and insurance companies etc.	1,205	-291	914	1	40
Other corporate lending	957	-555	402	379	103
<b>Total</b>	<b>8,546</b>	<b>-4,391</b>	<b>4,155</b>	<b>2,393</b>	<b>2,256</b>

\* Book value after deduction of specific provisions

## Collateral taken over

SEK m	30 Sep 2009	30 Jun 2009	31 Mar 2009	31 Dec 2008	30 Sep 2008
Buildings and land	40	42	42	33	30
Shares and other participating interests	1	1	1	1	1
Other	49	52	38	24	18
<b>Total collateral taken over</b>	<b>90</b>	<b>95</b>	<b>81</b>	<b>58</b>	<b>49</b>

## Note 5 Loans to the public

SEK m	30 Sep 2009	30 Jun 2009	31 Mar 2009	31 Dec 2008	30 Sep 2008
SEK loans					
- to households	498,719	488,965	478,909	474,781	469,424
- to companies etc	453,170	447,928	465,128	456,277	448,400
<b>Total</b>	<b>951,889</b>	<b>936,893</b>	<b>944,037</b>	<b>931,058</b>	<b>917,824</b>
Foreign currency loans					
- to households	138,266	141,447	139,511	133,396	126,273
- to companies etc	390,708	424,713	438,495	419,762	387,227
<b>Total</b>	<b>528,974</b>	<b>566,160</b>	<b>578,006</b>	<b>553,158</b>	<b>513,500</b>
Provision for probable loan losses	-4,833	-4,323	-3,538	-2,741	-2,706
<b>Loans to the public</b>	<b>1,476,030</b>	<b>1,498,730</b>	<b>1,518,505</b>	<b>1,481,475</b>	<b>1,428,618</b>
of which National Debt Office	2,433	1,470	1,384	5,523	1,137
of which reverse repos	12,722	3,835	14,238	4,781	4,367

## Loans to the public, by sector

SEK m	30 September 2009			31 Dec 2008
	Lending before deduction of provisions	Provisions for probable loan losses	Lending after deduction of provisions	Lending after deduction of provisions
Private individuals	606,635	-572	606,063	574,541
<i>of which mortgage loans in Stadshypotek</i>	<i>461,157</i>	<i>-14</i>	<i>461,143</i>	<i>433,881</i>
<i>of which other mortgage loans</i>	<i>80,557</i>	<i>-33</i>	<i>80,524</i>	<i>76,939</i>
<i>of which other loans to private individuals</i>	<i>64,921</i>	<i>-525</i>	<i>64,396</i>	<i>63,721</i>
Housing co-operative associations	99,352	-23	99,329	92,151
Property management	345,818	-449	345,369	342,834
Manufacturing	68,787	-2,052	66,735	69,465
Retail	43,723	-243	43,480	40,173
Hotels and restaurants	7,729	-6	7,723	5,622
Shipping, passenger & goods transport by sea	16,912	-	16,912	13,385
Other transport and communication	34,710	-57	34,653	23,284
Construction	15,130	-100	15,030	13,546
Electricity, gas, water	22,665	0	22,665	21,439
Agriculture, hunting and forestry	4,665	-9	4,656	6,432
Other services	17,746	-34	17,712	16,686
Holding, investment, insurance companies, mutual funds etc.	117,775	-291	117,484	122,673
Government and municipalities	16,760	-	16,760	16,638
Other corporate lending	62,456	-552	61,904	123,088
<b>Total loans to the public, before taking into account collective provisions</b>	<b>1,480,863</b>	<b>-4,388</b>	<b>1,476,475</b>	<b>1,481,957</b>
Collective provisions			-445	-482
<b>Total loans to the public</b>			<b>1,476,030</b>	<b>1,481,475</b>

## Credit risk exposure

SEK m	30 Sep 2009	30 Jun 2009	31 Mar 2009	31 Dec 2008	30 Sep 2008
Loans to the public	1,476,030	1,498,730	1,518,505	1,481,475	1,428,618
<i>of which reverse repos</i>	12,722	3,835	14,238	4,781	4,367
Loans to credit institutions	153,809	221,289	198,460	164,981	174,299
<i>of which reverse repos</i>	64,864	62,763	78,099	48,870	73,934
Unutilised part of granted overdraft facilities	152,360	168,335	156,806	125,534	135,150
Credit commitments	213,962	216,776	215,801	246,281	262,992
Certificate programmes	23,976	27,631	30,062	25,469	29,634
Other commitments	1,264	1,086	1,316	249	99
Guarantees, credits	30,538	26,119	27,140	26,907	22,906
Guarantees, other	46,105	47,623	50,309	51,656	49,176
Documentary credits	46,650	53,490	58,962	56,647	65,401
Derivatives *	117,022	130,133	161,841	192,239	110,804
Treasury bills and other eligible bills	91,184	33,326	152,036	84,781	34,842
Bonds and other interest-bearing securities	84,148	81,442	90,343	81,497	98,366
<b>Total</b>	<b>2,437,048</b>	<b>2,505,980</b>	<b>2,661,581</b>	<b>2,537,716</b>	<b>2,412,287</b>

\* Refers to the total of positive market values

## Specification of Loans to the public – Property management

SEK m	30 September 2009			31 Dec 2008
	Loans before deduction of provisions	Provisions for probable loan losses	Lending after deduction of provisions	Lending after deduction of provisions
Lending in Sweden				
State-owned property companies	6,851	-	6,851	8,451
Municipal-owned property companies	17,945	-	17,945	18,596
Residential property companies	56,826	-82	56,744	56,982
Other property companies	121,689	-135	121,554	125,068
<b>Total lending in Sweden</b>	<b>203,311</b>	<b>-217</b>	<b>203,094</b>	<b>209,097</b>
Lending outside Sweden				
Denmark	5,378	-59	5,319	5,635
Finland	21,077	-	21,077	22,247
Norway	66,939	-72	66,867	60,352
Great Britain	39,899	-101	39,798	34,332
Other countries	9,214	-	9,214	11,171
<b>Total lending outside Sweden</b>	<b>142,507</b>	<b>-232</b>	<b>142,275</b>	<b>133,737</b>
<b>Total lending - Property management</b>	<b>345,818</b>	<b>-449</b>	<b>345,369</b>	<b>342,834</b>

## Note 6 Capital base and capital requirement in the banking group

The quantitative information provided in this section follows the directives and general guidelines of the Swedish Financial Supervisory Authority concerning publication of information relating to capital adequacy and risk management. Figures reported in this section refer to the minimum capital requirements under Pillar 1 of the new capital adequacy rules, Basel II.

### Capital base

SEK m	30 Sep 2009	30 Jun 2009	31 Mar 2009	31 Dec 2008	30 Sep 2008
<b>Tier 1 capital</b>					
Equity *	75,344		70,685		65,600
Equity **	76,531	75,084	72,468	70,488	67,060
Tier 1 capital contribution *	14,770		14,833		9,224
Tier 1 capital contribution **	14,770	15,273	15,146	11,579	9,224
Minority interests	240	1	1	1	0
Deducted items					
Goodwill and other intangible assets	-7,184	-7,365	-7,080	-6,990	-6,367
Revaluation reserve	-132	-133	-135	-137	-139
Deferred tax assets	-388	-436	-403	-405	-59
Special deduction for IRB institutions	-827	-910	-1,168	-903	-596
Capital contribution in insurance companies	-233	-233	-233	-233	-8
Positions in securitisation	-126	-139	-148	-140	
Adjustments in accordance with stability filter					
Cash flow hedges	302	325	433	252	-141
Unrealised accumulated gains/losses, shares	0	0	0	0	0
Unrealised accumulated gains/losses, fixed income instruments	1,087	1,695	2,505	2,342	1,806
<b>Total tier 1 capital *</b>	<b>82,853</b>		<b>79,290</b>		<b>69,320</b>
<b>Total tier 1 capital **</b>	<b>84,040</b>	<b>83,162</b>	<b>81,386</b>	<b>75,854</b>	<b>70,780</b>
<b>Tier 2 capital</b>					
Perpetual subordinated loans *	18,334		19,857		22,855
Perpetual subordinated loans **	18,334	20,412	19,542	22,916	22,855
Dated subordinated loans	24,089	25,833	26,367	25,912	23,075
Additional items					
Unrealised accumulated gains/losses, shares	0	0	0	0	0
Revaluation reserve	132	133	135	137	139
Deducted items					
Special deduction for IRB institutions	-827	-910	-1,168	-903	-596
Capital contribution in insurance companies	-233	-233	-233	-233	-8
Positions in securitisation	-126	-139	-148	-140	
<b>Total tier 2 capital *</b>	<b>41,369</b>		<b>44,810</b>		<b>45,465</b>
<b>Total tier 2 capital **</b>	<b>41,369</b>	<b>45,096</b>	<b>44,495</b>	<b>47,689</b>	<b>45,465</b>
<b>Total tier 1 and tier 2 capital *</b>	<b>124,222</b>		<b>124,100</b>		<b>114,785</b>
<b>Total tier 1 and tier 2 capital **</b>	<b>125,409</b>	<b>128,258</b>	<b>125,881</b>	<b>123,543</b>	<b>116,245</b>
Deductable items from total capital base					
Capital contribution in insurance companies	-4,717	-4,717	-6,317	-6,317	-6,317
Surplus value pension assets *	-1,930		-2,380		-2,050
Surplus value pension assets **	-1,647	-1,850	-2,081	-1,721	-1,910
<b>Total capital base for capital adequacy purposes *</b>	<b>117,575</b>		<b>115,403</b>		<b>106,418</b>
<b>Total capital base for capital adequacy purposes **</b>	<b>119,045</b>	<b>121,691</b>	<b>117,483</b>	<b>115,505</b>	<b>108,018</b>

\* As the interim report has not been examined by the Bank's auditors, the profit generated during the period and the accrued right to recover pension costs are excluded.

\*\* Including the profit generated in the period and the accrued right to recover pension costs.

## Capital requirement

SEK m	30 Sep 2009	30 Jun 2009	31 Mar 2009	31 Dec 2008	30 Sep 2008
Credit risk according to standardised approach	5,713	5,857	8,156	7,884	19,458
Credit risk according to IRB approach	39,205	42,189	43,371	44,864	30,751
Interest rate risk	1,520	1,348	1,235	1,690	2,995
Equity price risk	35	29	24	20	33
Exchange rate risk	-	-	-	-	189
Commodities risk	22	23	19	12	43
Settlement risk	-	0	-	-	1
Operational risk	3,484	3,484	3,484	3,292	3,257
<b>Total capital requirement according to Basel II</b>	<b>49,979</b>	<b>52,930</b>	<b>56,289</b>	<b>57,762</b>	<b>56,727</b>
Adjustment according to transitional rules	24,304	23,602	22,036	29,332	27,509
<b>Capital requirement according to Basel II, transitional rules</b>	<b>74,283</b>	<b>76,532</b>	<b>78,325</b>	<b>87,094</b>	<b>84,236</b>
Risk-weighted assets, Basel I	1,186,492	1,224,234	1,260,327	1,234,713	1,186,511
Risk-weighted assets, Basel II	624,726	661,630	703,612	722,002	709,091
Capital requirement according to Basel I (8% of risk-weighted assets)	94,919	97,939	100,826	98,777	94,921

## Capital adequacy analysis

	30 Sep 2009	30 Jun 2009	31 Mar 2009	31 Dec 2008	30 Sep 2008
Capital requirement in Basel II compared to Basel I	53%	54%	56%	58%	60%
Capital requirement in Basel II compared to transitional rules	67%	69%	72%	66%	67%
Capital ratio according to Basel II *	18.8%		16.4%		15.0%
Capital ratio according to Basel I *	10.1%		9.4%		9.1%
Capital ratio according to transitional rules *	12.7%		11.8%		10.1%
Capital ratio according to Basel II **	19.1%	18.4%	16.7%	16.0%	15.2%
Capital ratio according to Basel I **	10.2%	10.1%	9.5%	9.5%	9.2%
Capital ratio according to transitional rules **	12.8%	12.7%	12.0%	10.6%	10.3%
Tier 1 ratio according to Basel II *	13.3%		11.3%		9.8%
Tier 1 ratio according to Basel I *	7.1%		6.4%		5.9%
Tier 1 ratio according to transitional rules *	8.9%		8.1%		6.6%
Tier 1 ratio according to Basel II **	13.5%	12.6%	11.6%	10.5%	10.0%
Tier 1 ratio according to Basel I **	7.2%	6.9%	6.6%	6.2%	6.0%
Tier 1 ratio according to transitional rules **	9.1%	8.7%	8.3%	7.0%	6.7%
Capital base in relation to capital requirement Basel II	238%	230%	209%	200%	190%
Capital base in relation to capital requirement Basel I	127%	126%	119%	119%	115%
Capital base in relation to capital requirement according to transitional rules	160%	159%	150%	133%	128%

\* Excluding profit generated during the period since this report has not been examined by auditors.

\*\* Including profit generated during the period

Figures reported in this section refer to the minimum capital requirements under Pillar 1 of the new capital adequacy rules, Basel II.

## Credit risk IRB

SEK m	Exposure after credit risk protection (EAD)		Average risk weight, %		Capital requirement	
	30 Sep	30 Jun	30 Sep	30 Jun	30 Sep	30 Jun
	2009	2009	2009	2009	2009	2009
Corporates	922,794	976,292	42.7	43.7	31,536	34,122
<i>of which repos</i>	11,995	11,701	0.3	0.3	3	3
<i>of which other lending</i>	910,799	964,591	43.3	44.2	31,533	34,119
Households	597,380	587,866	9.3	9.7	4,436	4,550
<i>of which property lending</i>	523,767	512,284	7.0	7.1	2,922	2,919
<i>of which other lending</i>	73,613	75,582	25.7	27.0	1,514	1,631
Small companies	29,745	30,222	44.1	44.4	1,050	1,074
Institutions	167,160	161,400	11.8	14.5	1,579	1,869
<i>of which repos</i>	77,043	66,074	0.2	0.3	13	13
<i>of which other lending</i>	90,117	95,326	21.7	24.3	1,565	1,856
Other	14,060	14,560	53.7	49.3	604	574
<b>Total IRB</b>	<b>1,731,139</b>	<b>1,770,340</b>	<b>28.3</b>	<b>29.8</b>	<b>39,205</b>	<b>42,189</b>

Handelsbanken is implementing the IRB model for its credit exposures in stages. For corporate and institutional exposures, the exposures at all regional banks, Stadshypotek and Handelsbanken Finans have been approved for calculation of the capital requirement according to the IRB model. This also applies to exposures to institutions and large companies in Handelsbanken's foreign branches that are not part of the regional banking operations. Swedish, Finnish and Norwegian exposures to households and small companies, and corresponding exposures in the Handelsbanken Finans and Stadshypotek Groups have also been approved for IRB

reporting. Repos are reported separately in the table since they give rise to very low capital requirements, while the volume of repos varies considerably over time. The low capital requirement is because the exposure in repos is reported gross and the exposure is secured.

The total average risk weight for IRB exposures went down by 1.5 percentage points during the quarter. The decrease is mainly due to a fall in loan volumes where the main decrease has been for counterparties with a higher risk weight. To some extent the Bank's counterparties have also migrated to better risk classes.

## Note 7 Goodwill and other intangible assets

SEK m	Jan-Sep 2009	Jan-Sep 2008	Full year 2008
Opening residual value	7,057	6,283	6,283
Additional during the period	279	176	836
Depreciation, amortisations and impairments	-84	-24	-62
<b>Closing residual value</b>	<b>7,252</b>	<b>6,435</b>	<b>7,057</b>

## Note 8 Derivatives

SEK m	30 Sep 2009	30 Jun 2009	31 Mar 2009	31 Dec 2008	30 Sep 2008
<b>Positive market values</b>					
Trading	100,873	116,074	150,187	184,987	108,030
Fair value hedges	15,537	13,491	11,079	6,659	2,449
Cash flow hedges	612	568	575	593	325
<b>Total</b>	<b>117,022</b>	<b>130,133</b>	<b>161,841</b>	<b>192,239</b>	<b>110,804</b>
<b>Negative market values</b>					
Trading	114,987	113,255	153,448	166,660	85,186
Fair value hedges	3,499	3,063	3,630	2,833	2,782
Cash flow hedges	882	922	1,131	147	64
<b>Total</b>	<b>119,368</b>	<b>117,240</b>	<b>158,209</b>	<b>169,640</b>	<b>88,032</b>

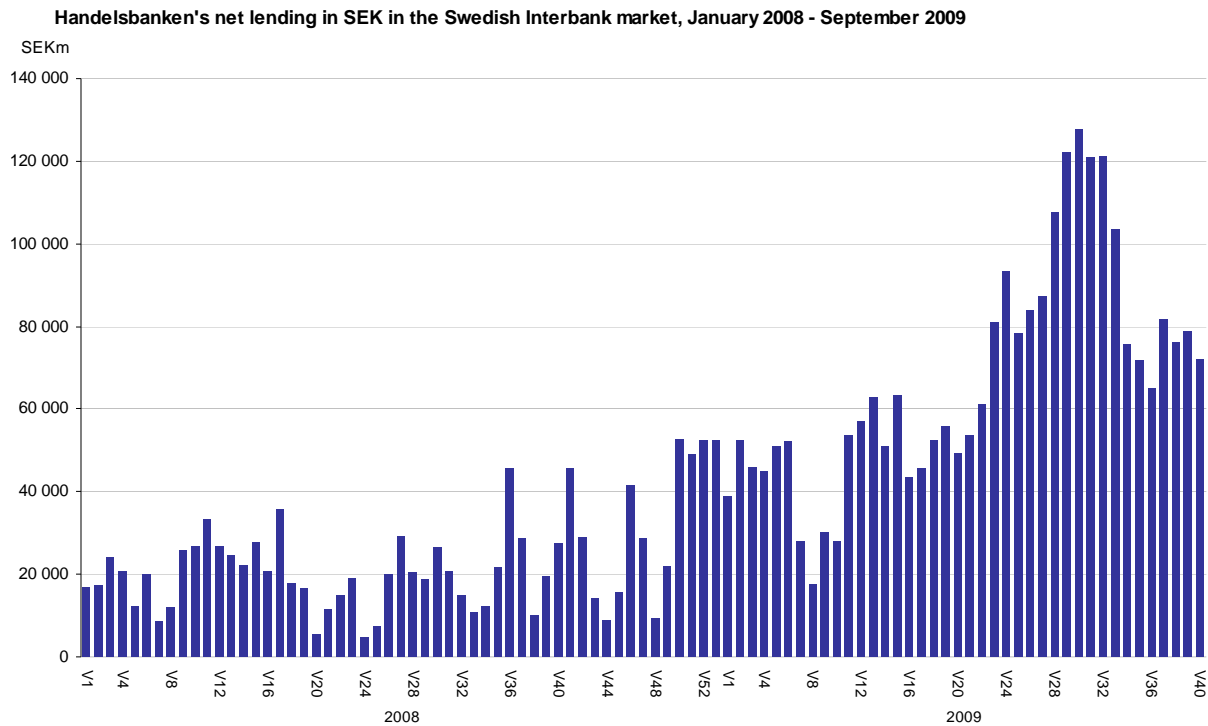
**Note 9 Risk and uncertainty factors**

During the third quarter, the trend on the financial markets indicated improved economic prospects in Handelsbanken's environment. Nevertheless, there is still a recession with considerable uncertainty in terms of future trends for the business cycle. Handelsbanken's historically low tolerance of risks means that the Bank is well equipped to cope with circumstances of this kind.

Despite the recession, Handelsbanken's loan losses fell during the third quarter compared with the second quarter. The credit risk, measured as the average risk weight in approved IRB exposures was lower at the

end of the third quarter compared with the beginning of 2009 and was more or less unchanged compared with the previous quarter.

During the current crisis, Handelsbanken has had full access to the funding markets with neither government nor central bank support. Handelsbanken's total liquidity reserve is large and covers the Bank's funding requirements for more than two years without access to new funding in the market.



The Bank has low market risks in its business operations. For the third quarter of 2009, the total exposure for Handelsbanken Capital Markets' trading portfolio, measured as Value-at Risk (VaR), was on average SEK 45m (38). During the period, the risk varied between SEK 24m (22) and 72m (67).

A stable earnings capacity and low loan losses have contributed to a healthy capital situation. This, combined with a low-risk credit portfolio

means that the Tier 1 capital ratio of 13.5% exceeds by a large margin the current legal requirement.

Other aspects of the Bank's risk and capital management are described in Handelsbanken's 2008 annual report and Risk and Capital Management - Information according to Pillar 3. No material changes have occurred since the publication of these documents that are not presented in this year's interim reports.

## Note 10 The Handelsbanken share

	Q3 2009	Q3 2008	Q2 2009	Jan-Sep 2009	Jan-Sep 2008	Full year 2008
Number of repurchased shares, end of period	-	-	-	-	-	-
Holding of own shares in trading book, end of period	35,224	-	-	35,224	-	-
Number of outstanding shares after repurchases and deduction for trading book, end of period	623,434,238	623,469,462	623,469,462	623,434,238	623,469,462	623,469,462
Number of outstanding shares after dilution, end of period	637,208,064	639,172,622	639,813,134	637,208,064	639,172,622	642,794,090
Average holdings of own shares (repurchased and holdings in trading book)	112,362	-	415,236	-	3,261,578	2,146,861
Average number of outstanding shares after dilution	623,357,100	623,469,462	623,054,226	623,469,462	622,834,417	623,288,912
	638,086,833	639,572,683	640,814,311	642,048,431	628,202,157	631,520,127
Share price ordinary class A, SEK	178.00	152.00	145.75	178.00	152.00	126.00
Market capitalisation, SEK bn	111	95	91	111	95	79

## Note 11 Turnover of own debt instruments and shares

The Handelsbanken Group issues and repurchases debt instruments which it has issued on its own account and its own shares. This turnover is mainly intended as part of the Bank's securities operations and also as a component in financing its operations. During the period January to September 2009, the turnover was:

### Interest-bearing securities, bonds and certificates (SEK bn):

	Handelsbanken Group	Parent company
Issued (sold):	1,260	772
Repurchased (bought):	173	33
Repaid:	1,015	683

### Equity-related securities (SEK bn):

Issued (sold):	5.9
Repurchased (bought):	5.3

## Note 12 Contingent liabilities

Total contingent liabilities and commitments are SEK 123,375m (137,610). This amount includes SEK 80m (124) relating to a number of civil actions which the Group is bringing in general courts of law. The largest individual amount in dispute is SEK 43m (43). The Bank's assessment is that the actions will essentially be settled in its favour. None of the disputed amounts, nor any insurance compensation, has been recognised in income.

The data for contingent liabilities is reported in notional amounts and an assessed expected value is included in the total amount for the civil actions that the Group is bringing

The Group is currently pursuing a tax dispute. The total amount in dispute is approx. SEK 20m, excluding interest, which in the case of a positive judgement would increase the Group's income by the same amount.

## Note 13 Related-party transactions

During the period, normal business transactions have been carried out between Group companies. There have been no other transactions of material significance with related companies. In this context, Svenska Handelsbanken Pensionsstiftelse (pension foundation), Svenska Handelsbankens Personalstiftelse (staff foundation) and Pensionskassan SHB, försäkringsförening (pension fund) are related companies. These companies use Handelsbanken AB for customary banking and accounting services.

## Note 14 Discontinued operations

Discontinued operations consist mainly of the following items:

- The parts of the Plastal Group acquired during the period. See also note 15.
- The net amount of the compensation Handelsbanken received up to and including the first quarter of 2009 for asset management assignments performed by Handelsbanken on behalf of SPP/Storebrand.

## Note 15 Acquisition

Through an agreement on 2 July 2009 with the receiver in bankruptcy for the Plastal Group and Plastal Holding, the assets and liabilities in the Swedish operations and 100% of the shares in Plastal AS, Plastal NV and Plastal Building AB were acquired. The shares were taken over and paid for on the agreement date and the assets and liabilities were taken over and paid for on 1 September 2009. The total purchase price was SEK 381m. Most of this amount has been repaid to the Bank through amortisation of the Bank's claims on the bankruptcy estate.

The Plastal Group's operations consist of manufacturing exterior plastic components for the auto industry. As a result of the acquisition the Bank has taken over operations which are deemed to be financially sustainable and which generate a positive cash flow. The acquired parts of the Plastal Group conduct operations in Sweden, Norway and Belgium.

In the Group's financial reports, the acquired operations are reported as discontinuing operations. This means that the operations are separately reported in the Group's balance sheet and that the operations' profit after tax of SEK 11m is reported separately in the Group's income statement. The Group's income and profits would have been essentially the same if the acquired operations had been part of the Group for the whole reporting period.

The table below shows how the purchase price is distributed between assets and liabilities in the acquired operations.

SEK m	Recognised value (IFRS) at time of acquisition	Recognised value in Plastal before acquisition
Cash	60	60
Intangible assets	7	7
Property and equipment	271	271
Other assets	301	301
Prepaid expenses and accrued income	14	14
<b>Total assets</b>	<b>653</b>	<b>653</b>
Current tax liability	2	2
Pension liability	32	-
Other liabilities	165	165
Accrued expenses and deferred income	73	73
<b>Total liabilities</b>	<b>272</b>	<b>240</b>
<b>Total net assets</b>	<b>381</b>	<b>413</b>

# Parent company

## INCOME STATEMENT

SEK m	Q3 2009	Q3 2008	Change	Q2 2009	Change	Jan-Sep 2009	Jan-Sep 2008	Change	Full year 2008
Net interest income	3,728	3,339	12%	3,775	-1%	10,941	9,536	15%	13,297
Dividends received	2,346	41		584	302%	3,014	1,354	123%	1,557
Net fee and commission income	1,430	1,367	5%	1,533	-7%	4,368	4,187	4%	5,661
Net gains/losses on financial items	237	748	-68%	370	-36%	1,859	205		2,304
Other income	126	154	-18%	138	-9%	423	767	-45%	904
<b>Total income</b>	<b>7,867</b>	<b>5,649</b>	<b>39%</b>	<b>6,400</b>	<b>23%</b>	<b>20,605</b>	<b>16,049</b>	<b>28%</b>	<b>23,723</b>
Staff costs	-2,346	-1,996	18%	-2,479	-5%	-7,094	-5,963	19%	-7,556
Other administrative expenses	-1,002	-978	2%	-1,168	-14%	-3,203	-3,259	-2%	-4,480
Depreciation, amortisation and impairments of property, equipment and intangible assets	-162	-127	28%	-139	17%	-437	-369	18%	-498
<b>Total expenses before loan losses</b>	<b>-3,510</b>	<b>-3,101</b>	<b>13%</b>	<b>-3,786</b>	<b>-7%</b>	<b>-10,734</b>	<b>-9,591</b>	<b>12%</b>	<b>-12,534</b>
<b>Profit before loan losses</b>	<b>4,357</b>	<b>2,548</b>	<b>71%</b>	<b>2,614</b>	<b>67%</b>	<b>9,871</b>	<b>6,458</b>	<b>53%</b>	<b>11,189</b>
Net loan losses	-872	-278	214%	-1,185	-26%	-2,953	-959	208%	-1,580
<b>Operating profit</b>	<b>3,485</b>	<b>2,270</b>	<b>54%</b>	<b>1,429</b>	<b>144%</b>	<b>6,918</b>	<b>5,499</b>	<b>26%</b>	<b>9,609</b>
Appropriations	27	28	-4%	24	13%	83	85	-2%	2,795
<b>Profit before tax</b>	<b>3,512</b>	<b>2,298</b>	<b>53%</b>	<b>1,453</b>	<b>142%</b>	<b>7,001</b>	<b>5,584</b>	<b>25%</b>	<b>12,404</b>
Taxes	-486	-641	-24%	-281	73%	-1,313	-1,409	-7%	-3,097
<b>Profit for the period</b>	<b>3,026</b>	<b>1,657</b>	<b>83%</b>	<b>1,172</b>	<b>158%</b>	<b>5,688</b>	<b>4,175</b>	<b>36%</b>	<b>9,307</b>

# Parent company

## BALANCE SHEET

SEK m	30 Sep 2009	30 Jun 2009	31 Mar 2009	31 Dec 2008	30 Sep 2008
<b>Assets</b>					
Cash and balances with central banks	97,997	72,766	57,415	64,774	6,810
Treasury bills and other eligible bills	82,859	25,047	142,670	70,691	22,472
Loans to credit institutions	384,707	446,302	419,016	381,874	363,824
Loans to the public	742,352	778,086	814,005	790,613	757,905
Bonds and other interest-bearing securities	70,725	69,956	80,646	73,832	89,523
Shares	14,652	11,724	13,450	10,980	15,162
Shares in subsidiaries and participating interests	33,476	33,476	33,438	33,435	32,189
Assets where the customer bears the value change risk	1,200	1,269	1,285	1,704	1,527
Derivative instruments	118,160	130,367	166,639	195,054	110,758
Intangible assets	1,773	1,881	1,864	1,848	1,742
Property and equipment	1,754	1,776	1,766	1,785	1,772
Current tax assets	1,136	1,594	1,587	980	770
Deferred tax assets	247	260	321	233	77
Other assets	20,529	30,378	17,698	16,714	24,094
Prepaid expenses and accrued income	4,572	3,942	7,076	7,639	6,796
<b>Total assets</b>	<b>1,576,139</b>	<b>1,608,824</b>	<b>1,758,876</b>	<b>1,652,156</b>	<b>1,435,421</b>
<b>Liabilities and equity</b>					
Due to credit institutions	225,663	225,465	387,306	373,996	339,299
Deposits and borrowing from the public	576,021	535,503	531,788	505,903	478,335
Liabilities where the customer bears the value change risk	1,234	1,286	1,287	1,720	1,526
Issued securities	467,022	540,284	461,826	427,426	382,946
Derivative instruments	131,872	133,298	173,134	183,488	92,150
Other trading liabilities	30,076	24,275	20,666	17,580	20,000
Deferred tax liabilities	89	95	95	93	14
Provisions	323	350	430	352	244
Other liabilities	19,599	23,219	52,655	15,786	3,840
Accrued expenses and deferred income	9,757	9,606	12,450	11,438	11,688
Subordinated liabilities	58,536	62,873	62,641	61,306	54,603
<b>Total liabilities</b>	<b>1,520,192</b>	<b>1,556,254</b>	<b>1,704,278</b>	<b>1,599,088</b>	<b>1,384,645</b>
<b>Untaxed reserves</b>	<b>2,363</b>	<b>2,455</b>	<b>2,496</b>	<b>2,490</b>	<b>1,425</b>
Share capital	2,899	2,899	2,899	2,899	2,899
Statutory reserve	2,682	2,682	2,682	2,682	2,682
Retained earnings	42,315	41,872	45,031	35,690	39,595
Profit for the period	5,688	2,662	1,490	9,307	4,175
<b>Total equity</b>	<b>53,584</b>	<b>50,115</b>	<b>52,102</b>	<b>50,578</b>	<b>49,351</b>
<b>Total liabilities and equity</b>	<b>1,576,139</b>	<b>1,608,824</b>	<b>1,758,876</b>	<b>1,652,156</b>	<b>1,435,421</b>
<b>Memorandum items</b>					
Collateral pledged for own debt	161,075	106,359	250,805	226,726	110,379
Other collateral pledged	12,035	6,754	8,586	6,943	19,920
Contingent liabilities and commitments	152,550	155,378	167,373	180,826	170,000
Other commitments	380,563	387,549	373,549	365,425	396,367

## SUBMISSION OF REPORT

I hereby submit this interim report.

Stockholm 28 October 2009

Pär Boman  
President and group chief executive

This report has not been examined by Handelsbanken's auditors.

## PHONE CONFERENCE

A phone conference with the Bank's CFO, Mr Ulf Riese, will be held on 28 October 2009 at 3 p.m. CET.

Press releases, presentations, a fact book and a recording of the phone conference are available at [www.handelsbanken.se/ireng](http://www.handelsbanken.se/ireng).

Highlights of the annual report for January-December 2009 will be published on 18 February 2010.

### **For further information, please contact:**

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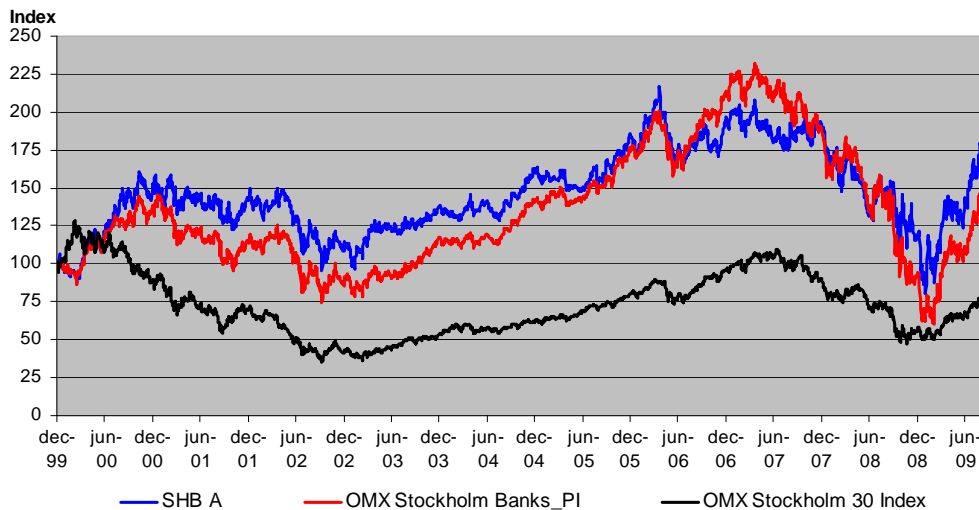
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## The Handelsbanken share

The Swedish stock market rose by 35% during the first nine months of the year. The Stockholm stock exchange's bank index went up by 50%. Handelsbanken's class A shares closed at SEK 178 on 30 September 2009, an increase of 41%. Since 31 December 1999, Handelsbanken's share price has increased by 66% while the Stockholm stock exchange has fallen by 25%.

### SHARE PRICE PERFORMANCE, 30 DECEMBER 1999 – 30 SEPTEMBER 2009



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# Handelsbanken