

Highlights of Handelsbanken's Annual Report

JANUARY – DECEMBER 2013

Summary January – December 2013, compared with January – December 2012

- The period's profit after tax for total operations increased by 2% to SEK 14,295m (14,038); excluding the year of comparison's recalculation of deferred taxes, the increase was 16%
- Earnings per share increased to SEK 22.52 (22.34)
- Operating profit increased by 6% to SEK 18,088m (17,108) and increased in all home markets outside Sweden
- Return on equity for total operations decreased to 13.9% (14.9); excluding the effect of the recalculation of deferred taxes in 2012, return on equity increased by 0.8 percentage points
- Income increased by 4% to SEK 36,327m (35,062)
- Net interest income increased by 2% to SEK 26,669m (26,081) and in the home markets outside Sweden, net interest income increased by 17%
- The C/I ratio improved to 47.0% (47.6)
- The loan loss ratio fell to 0.07% (0.08)
- The common equity tier 1 ratio according to Basel II increased to 19.2% (17.9) and the total capital ratio rose to 21.6% (20.7)
- The common equity tier 1 ratio according to Basel III was 18.9% and the Bank continues to build up capital
- The Bank's liquidity reserve exceeded SEK 800bn
- The Board proposes a total dividend of SEK 16.50 per share, with the ordinary dividend being SEK 11.50 per share (10.75)

Summary of Q4 2013, compared with Q3 2013

- The period's profit after tax for total operations decreased by 2% to SEK 3,527m (3,607) and earnings per share were SEK 5.55 (5.68)
- Operating profit declined by 2% to SEK 4,458m (4,571)
- Return on equity for total operations was 13.3% (14.2)
- Income increased by 3% to SEK 9,278m (9,009)
- Net fee and commission income rose by 11% to SEK 2,107m (1,896)
- The loan loss ratio was 0.07% (0.06)

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Handelsbanken Group – Overview

SEK m	Q4 2013	Q3 2013	Change	Q4 2012	Change	Full year 2013	Full year 2012	Change
Summary income statement								
Net interest income	6,772	6,683	1%	6,484	4%	26,669	26,081	2%
Net fee and commission income	2,107	1,896	11%	1,910	10%	7,804	7,369	6%
Net gains/losses on financial transactions	304	354	-14%	366	-17%	1,357	1,120	21%
Risk result - insurance	35	30	17%	88	-60%	142	196	-28%
Other dividend income	1	4	-75%	1	0%	161	152	6%
Share of profit of associates	7	5	40%	7	0%	9	8	12%
Other income	52	37	41%	35	49%	185	136	36%
Total income	9,278	9,009	3%	8,891	4%	36,327	35,062	4%
Staff costs	-2,980	-2,845	5%	-2,923	2%	-11,404	-11,167	2%
Other administrative expenses	-1,411	-1,187	19%	-1,511	-7%	-5,181	-5,069	2%
Depreciation, amortisation and impairments of property, equipment and intangible assets	-116	-125	-7%	-112	4%	-476	-464	3%
Total expenses	-4,507	-4,157	8%	-4,546	-1%	-17,061	-16,700	2%
Profit before loan losses	4,771	4,852	-2%	4,345	10%	19,266	18,362	5%
Net loan losses	-322	-284	13%	-395	-18%	-1,195	-1,251	-4%
Gains/losses on disposal of property, equipment and intangible assets	9	3	200%	-2		17	-3	
Operating profit	4,458	4,571	-2%	3,948	13%	18,088	17,108	6%
Taxes *	-966	-997	-3%	400		-3,915	-3,092	27%
Profit for the period from continuing operations	3,492	3,574	-2%	4,348	-20%	14,173	14,016	1%
Profit for the period pertaining to discontinued operations, after tax	35	33	6%	-64		122	22	455%
Profit for the period	3,527	3,607	-2%	4,284	-18%	14,295	14,038	2%
Summary balance sheet								
Loans to the public	1,696,339	1,682,552	1%	1,680,479	1%	1,696,339	1,680,479	1%
<i>of which mortgage loans</i>	955,251	934,913	2%	891,200	7%	955,251	891,200	7%
Deposits and borrowing from the public	825,205	807,630	2%	682,223	21%	825,205	682,223	21%
<i>of which households</i>	287,319	279,582	3%	267,450	7%	287,319	267,450	7%
Total equity	111,339	106,512	5%	103,850	7%	111,339	103,850	7%
Total assets	2,489,806	2,516,236	-1%	2,383,951	4%	2,489,806	2,383,951	4%
Summary of key figures								
Return on equity, total operations **	13.3%	14.2%		17.5%		13.9%	14.9%	
Return on equity, continuing operations **	13.2%	14.0%		17.8%		13.8%	14.8%	
C/I ratio, continuing operations	48.6%	46.1%		51.1%		47.0%	47.6%	
Earnings per share, total operations, SEK	5.55	5.68		6.78		22.52	22.34	
- after dilution	5.49	5.61		6.67		22.26	21.85	
Common equity tier 1 ratio, Basel II	19.2%	19.3%		17.9%		19.2%	17.9%	
Common equity tier 1 ratio, Basel III	18.9%	18.8%		-		18.9%	-	

* Full year 2012 includes a positive tax impact of SEK 1,682m due to changes in deferred taxes as a result of lowered corporate tax rate in Sweden

** When calculating return on equity, 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 and revaluation effects on defined-benefit pension plans.

ADJUSTED COMPARATIVE FIGURES

As of the first quarter of 2013, the revised IAS 19 (Employee benefits) applies. All comparative figures (income statement, balance sheet, key ratios and capital measurements) have been restated as if the regulations had also applied in 2012. Further details are given in Note 1 "Accounting policies" and in Note 22 "Restating of financial reports due to revised IAS 19 – The Group."

As of the first quarter of 2013, the breakdown of business segments has also been changed, with the equivalent restating of comparative figures. The breakdown of business segments is set out on page 8.

Group performance

JANUARY – DECEMBER 2013 COMPARED WITH JANUARY – DECEMBER 2012

The Group's operating profit grew by 6% to SEK 18,088m (17,108). In the home markets outside Sweden, the increase was 27%. In the fourth quarter, operating profit increased by 13% compared with the corresponding period of the previous year. The C/I ratio for the whole year went down to 47.0% (47.6).

The period's profit after tax for total operations increased by 2% to SEK 14,295m (14,038). Adjusted for the positive effect of the period of comparison's recalculation of deferred taxes due to a changed tax rate amounting to SEK 1,682m, the period's profits increased by 16%. Earnings per share increased to SEK 22.52 (22.34). Return on equity for total operations declined to 13.9% (14.9).

Income

SEK m	Full year 2013	Full year 2012	Change
Net interest income	26,669	26,081	2%
Net fee and commission income	7,804	7,369	6%
Net gains/losses on financial trans.	1,357	1,120	21%
Other income	497	492	1%
Total income	36,327	35,062	4%

Income increased by 4% to SEK 36,327m. A stronger Swedish kronor resulted in exchange rate effects of SEK -339m. Adjusted for this, income grew by 5%.

Net interest income rose by 2% to SEK 26,669m. Exchange rate movements had a negative effect of SEK -285m and in local currencies, net interest income increased by 3%.

Lower interest rates in Sweden meant that deposit margins in Swedish branch operations reduced net interest income by SEK 958m. This resulted in a reduction of 4 percentage points in the Group's growth in net interest income.

Net interest income fell by 2% in Sweden, but increased overall by 17% in other home markets. Net interest income grew by 23% in the UK, by 18% in Finland, while in the Netherlands the increase was 30%. Adjusted for exchange rate effects of SEK -257m, net interest income in home markets outside Sweden rose by 20%.

The cost for the Stabilisation Fund and various deposit guarantees was SEK -1,101m (-1,066).

The average volume of loans to the public grew by 4% to SEK 1,674bn (1,616). Exchange rate movements reduced the volume by SEK 17bn, and in local currencies, the increase was 5%. Household lending increased by 5% to SEK 800bn (759) and corporate lending by 2% to SEK 874bn (857). Credit demand from companies continued to be weak in Sweden.

The average volume of deposits and borrowing rose by 6% to SEK 731bn (690). Adjusted for exchange rate

effects of SEK -9bn, the volume grew by 7%. The average volume of household deposits went up by 6% to SEK 267bn (252) and corporate deposits also increased by 6% to SEK 464bn (438).

Net fee and commission income rose by 6% to SEK 7,804m (7,369), chiefly due to higher fund management commissions and increased advisory income.

Fund management commissions rose by 20% or SEK 328m to SEK 2,008m (1,680), while advisory commissions increased by 43% to SEK 278m (195).

Brokerage income rose by 5% to SEK 1,189m (1,137), and net payment commissions increased by 2% to SEK 1,638m (1,606).

Net gains/losses on financial transactions increased by 21% to SEK 1,357m (1,120), mainly as a result of increased business volumes.

Expenses

SEK m	Full year 2013	Full year 2012	Change
Staff costs	-11,404	-11,167	2%
Other administrative expenses	-5,181	-5,069	2%
Depreciation and amortisation	-476	-464	3%
Total expenses	-17,061	-16,700	2%

Total expenses rose by 2% to SEK -17,061m. Adjusted for exchange rate movements of SEK 184m, expenses increased by 3%.

Staff costs increased by 2% to SEK -11,404m (-11,167). The proposed dividend increase meant that the provision to the Oktogonen Foundation increased to SEK -1,096m (-1,020). Variable compensation, including social security costs and other payroll overheads, increased to SEK -136m (-127). Exchange rate movements reduced staff costs by SEK 123m.

The average number of employees increased by 3% or 311 to 11,503 (11,192), mainly as a result of a higher number of employees in the UK (+316) and the Netherlands (+20).

Other administrative expenses rose by 2% to SEK -5,181m (-5,069), chiefly due to higher costs for IT development.

Loan losses

SEK m	Full year 2013	Full year 2012	Change
Net loan losses	-1,195	-1,251	56
Loan loss ratio as a % of loans	0.07	0.08	-0.01
Impaired loans, net	3,041	3,197	-5%
Proportion of impaired loans, %	0.18	0.18	0.00

Loan losses went down to SEK -1,195m (-1,251) and the credit quality continued to be stable. The loan loss ratio fell to 0.07% (0.08). Net impaired loans fell to SEK 3,041m (3,197), equivalent to 0.18% (0.18) of lending.

Taxes

As of 2013, Swedish corporate tax is payable at 22%. The Group's tax expense in 2013 amounted to SEK -3,915m (-3,092). Restatement of deferred taxes had a positive effect of SEK 1,682m on last year's taxes. The effective tax rate was 21.6% (18.1).

Q4 2013 COMPARED WITH Q3 2013

The period's profit after tax for total operations decreased by 2% to SEK 3,527m (3,607) and earnings per share were SEK 5.55 (5.68).

Operating profit decreased by 2% to SEK 4,458m (4,571) and the C/I ratio was 48.6% (46.1).

Return on equity decreased to 13.3% (14.2).

Income

SEK m	Q4 2013	Q3 2013	Change
Net interest income	6,772	6,683	1%
Net fee and commission income	2,107	1,896	11%
Net gains/losses on financial trans.	304	354	-14%
Other income	95	76	25%
Total income	9,278	9,009	3%

Income increased by 3% to SEK 9,278m, mainly as a result of higher net fee and commission income and continued growth in net interest income. The effect of exchange rate movements was marginal.

Net interest income increased by 1% to SEK 6,772m.

Net interest income in Swedish branch operations declined by 1% as a result of lower deposit margins.

Net interest income in home markets outside Sweden rose by 2%.

The Group's costs for the Stabilisation Fund and various deposit guarantees amounted to SEK -281m (-285) and the benchmark effect in Stadshypotek was SEK 32m (-26).

The average volume of loans to the public increased by just under 1% to SEK 1,691bn (1,680). Credit demand from companies continued to be weak in Sweden with an average volume which fell by 1% during the quarter. The total average volume of deposits and borrowing rose by 7% to SEK 790bn (736). Household deposits grew by 2%, while corporate deposits increased by 10%.

Net fee and commission income rose by 11% or SEK 211m to SEK 2,107m (1,896) with increases in all income categories except guarantee commissions. Brokerage income increased by 25% to SEK 312m (250) and advisory income went up by 94% to SEK 68m (35). Net payment commissions increased by 7% to SEK 466m (434), mainly as a result of higher card income and fund management commissions increasing by 5% to SEK 537m (513).

Net gains/losses on financial transactions went down to SEK 304m (354).

Other income increased to SEK 95m (76).

Expenses

SEK m	Q4 2013	Q3 2013	Change
Staff costs	-2,980	-2,845	5%
Other administrative expenses	-1,411	-1,187	19%
Depreciation and amortisation	-116	-125	-7%
Total expenses	-4,507	-4,157	8%

Total expenses rose by 8% to SEK -4,507m. Staff costs increased by 5% and other administrative expenses increased by 19%.

The provision to the Oktogonen profit-sharing foundation was SEK -328m (-256), and accounts for 3 percentage points of the increase in staff costs. The period's provision for variable compensation was SEK -36m (-32). Recalculation of the Bank's pension liability, due to changes in the pension plan, led to a non-recurring income item which reduced staff costs by SEK 46m. Other non-recurring expenses totalled SEK 24m and exchange rate movements increased staff costs by SEK 15m.

The average number of employees decreased to 11,585 (11,825), chiefly due to an increased number of temporary employees during the previous quarter's holiday period.

Other administrative expenses, which seasonally increase in the fourth quarter, increased by 19% to SEK -1,411m (-1,187). The increase was general, across all expense categories.

Costs for expansion increased by SEK 11m to SEK 91m (80).

Loan losses

SEK m	Q4 2013	Q3 2013	Change
Net loan losses	-322	-284	-38
Loan loss ratio as a % of loans	0.07	0.06	0.01
Impaired loans, net	3,041	2,891	5%
Proportion of impaired loans, %	0.18	0.17	0.01

Loan losses were SEK -322m (-284), which corresponds to a loan loss ratio of 0.07% (0.06). Credit quality continued to be stable. Net impaired loans increased by 5% to SEK 3,041m (2,891), equivalent to 0.18% (0.17) of lending.

PERFORMANCE IN THE BUSINESS SEGMENTS

(January – December 2013 compared with January – December 2012)

Operating profit from branch operations in Sweden decreased by 4% to SEK 12,489m (13,040). Income decreased by 2% and expenses increased by 4%. The loan loss ratio was 0.03% (0.04).

Branch operations in the UK increased their operating profit by 14% to SEK 1,143m (1,006). Income increased by 27% and expenses by 40%. The loan loss ratio fell to 0.14% (0.16).

Operating profit from branch operations in Denmark increased by 88% to SEK 812m (432). Income increased by 11% and expenses by 3%. The loan loss ratio went down to 0.25% (0.61).

Operating profit from branch operations in Finland increased by 11% to SEK 683m (616). Income increased by 16% and expenses by 4%. The loan loss ratio increased to 0.30% (0.15)

Branch operations in Norway increased their operating profit by 25% to SEK 2,592m (2,066). Income increased by 14%, while expenses grew by only 1%. The loan loss ratio fell to 0.08% (0.11).

Operating profit from branch operations in the Netherlands increased by 11% to SEK 73m (66). Income increased by 24% and expenses by 25%. The loan loss ratio was 0.05% (-).

Operating profit from Handelsbanken International fell by 63% to SEK 133m (357). Income declined by 11% and expenses increased by 2%. The loan loss ratio increased to 0.22% (-0.04)

Handelsbanken Capital Markets increased its operating profit by 79% to SEK 1,101m (616). Income increased by 3%, while expenses decreased by 11%. The total mutual fund volume increased during the year to SEK 271bn (224).

FUNDING AND LIQUIDITY

Handelsbanken's strong position in the market ensures continued good access to both long-term and short-term funding. During the year, the Bank was active in several international markets and benchmark issues were completed in USD, EUR, GBP, CHF and JPY. During 2013, the issued bond volume was SEK 281bn (231), including SEK 40bn in extendible notes in the US market. The average maturity of bond issues during the year was 4.3 years.

During the fourth quarter, bonds with a total value of SEK 46bn (SEK 28bn in Q4 2012) were issued, including SEK 39bn in covered bonds and SEK 7bn in senior bonds.

Total liquidity reserves exceeded SEK 800bn.

Cash funds and liquid assets invested with central banks amounted to SEK 368bn, while the volume of liquid bonds totalled SEK 90bn. The remainder of the reserve mainly comprises an unutilised issue amount of covered bonds at Stadshypotek.

According to the Swedish definition applicable from January 2013, the Handelsbanken Group's liquidity coverage ratio (LCR) at the end of the period was 128%. In USD, the LCR was 170% and in EUR it was 110%. The Group's LCR according to the definition in CRD4 is estimated to be approximately 140%.

CAPITAL

SEK m	31 Dec 2013	31 Dec 2012	Change
Capital ratio, Basel II	21.6%	20.7%	0.9
Capital ratio, Basel III	21.6%	-	-
Common equity tier 1 ratio, Basel II	19.2%	17.9%	1.3
Common equity tier 1 ratio, Basel III	18.9%	-	-
Common equity tier 1 capital, Basel II	89,535	87,207	3%
Common equity tier 1 capital, Basel III	93,038	-	-
Total capital base, Basel II	100,406	100,503	0%
Total capital base, Basel III	106,393	-	-
Equity	111,339	103,850	7%

31 December 2013 compared with 31 December 2012

The capital base decreased to SEK 100bn (101), and the total capital ratio calculated according to Basel II increased to 21.6% (20.7). During the period, the Bank redeemed subordinated loans for a net value of SEK 3.5bn. At the end of the period, 89% (87) of the capital base was common equity tier 1 capital.

Common equity tier 1 capital increased to SEK 89.5bn (87.2) and the common equity tier 1 ratio according to Basel III was 18.9%. According to Basel II, the common equity tier 1 ratio increased by 1.3 percentage points to 19.2% (17.9) with the profit for the period after the proposed dividend contributing 0.7 percentage points and the conversion of staff convertibles 0.1 percentage point.

Higher lending volumes reduced the common equity tier 1 ratio by 0.4 percentage points and credit risk migration in the loan portfolio reduced it by 0.4 percentage points. At the same time, improved credit quality due to volume migration, i.e. the mix effect of the fact that new lending volumes are of higher credit quality than the portfolio average, made a positive contribution of 0.8 percentage points. The improvement in credit quality thus compensated for the entire increase in capital requirement resulting from credit risk migration and growing lending volumes.

The waiving of the transitional rules regarding investments in insurance holdings and capital contributions in Handelsbanken Liv had an impact of -0.5 percentage points.

IAS 19 had a positive effect of 0.2 percentage points and exchange rate movements of 0.1 percentage point.

Other effects, including model validation, advanced approach, and increased utilisation of collateral improved the common equity tier 1 ratio by 0.7 percentage points.

The definition of the leverage ratio has not yet been established. In the 2013 Pillar 3 report, Handelsbanken will illustrate how different definitions affect the size of the Bank's leverage ratio.

31 December 2013 compared with 30 September 2013

During the quarter, the common equity tier 1 ratio according to Basel II decreased by 0.1 percentage point to 19.2% (19.3). The period's profit, before a deduction for the dividend, made a positive contribution of 0.7 percentage points while the proposed dividend reduced the core tier 1 ratio by 1.1 percentage points. A slightly lower corporate loan volume had a positive effect of 0.1 percentage point. Positive volume migration raised the common equity tier 1 ratio by 0.2 percentage points, while credit risk migration had a negative impact of 0.2 percentage points. Exchange rate movements increased the ratio by 0.3 percentage points, and other factors by -0.1 percentage point.

Capital requirements for Swedish mortgage loans in Pillar 2

As a Pillar 2 supervisory measure, the Swedish Financial Supervisory Authority decided on 21 May to introduce a capital requirement equivalent to a 15% risk weight floor for Swedish mortgage loan portfolios. This will involve a capital requirement in Pillar 2 of approximately SEK 8bn for Handelsbanken in 2014, based on its Swedish mortgage loan volumes at the year-end. If the proposal from the Swedish authorities to increase the total capital requirement of systemically important banks by an additional 2 percentage points in 2015 is implemented, the Bank's add-on in Pillar 2 will increase to just over SEK 9bn.

During the fourth quarter, the Swedish Financial Supervisory Authority stated that it is motivated to increase the risk-weight floor in Pillar 2 to 25% if the new capital adequacy regulations allow for this. An implementation of this in 2015 would increase the Bank's capital requirement in Pillar 2 by approximately a further SEK 9bn.

RATING

During the year, Handelsbanken's short-term and long-term ratings with the rating agencies which monitor the Bank were unchanged.

	Long-term	Short-term	Financial strength
Standard & Poor's	AA-	A-1+	
Fitch	AA-	F1+	
Moody's	Aa3	P-1	C
DBRS	AA (low)		

EVENTS AFTER THE END OF THE REPORTING PERIOD

At the beginning of January 2014, the Bank issued a ten-year subordinated euro loan. The amount of the issue was EUR 1.5bn, the equivalent of SEK 13.2bn and it is fully included in the capital base. The effective interest rate of 2.66% is the lowest noted for this type of loan. The issue increases the Bank's total capital ratio according to Basel II by about 2.9 percentage points.

HANDELSBANKEN'S ANNUAL GENERAL MEETING ON 26 MARCH

The Board notes that the capital regulations for Swedish banks have still not yet been decided, making it impossible for the Bank to establish new capital goals. New goals will be determined once the new regulations have been decided.

The Board is proposing to the annual general meeting a total dividend of SEK 16.50 per share, of which the ordinary dividend be SEK 11.50 per share (10.75). In addition, it is proposed that the existing share repurchase programme for a maximum of 40 million shares be extended for an additional year.

The Board proposes that the record day for the dividend be Monday, 31 March 2014, which means that the Handelsbanken share will be traded ex-dividend on Thursday, 27 March 2014.

The Board is also proposing that the AGM resolves in favour of issuing a new convertible subordinated loan on market terms for a maximum amount of SEK 3.2bn directed at the Bank's employees.

Handelsbanken Group – Business segments

January - December 2013	Home markets										Group Full year 2013
	Sweden	UK	Denmark	Finland	Norway	Nether- lands	Inter- national	Capital Markets	Other	Adj. & elim.	
SEK m											
Net interest income	16,424	2,624	1,519	1,219	3,574	230	660	151	313	-45	26,669
Net fee and commission income	3,528	213	329	412	364	23	308	2,658	-31		7,804
Net gains/losses on financial transactions	462	120	97	40	83	1	79	977	-502		1,357
Risk result - insurance								142			142
Share of profit of associates									9		9
Other income	27	13	18	5	12		6	10	255		346
Total income	20,441	2,970	1,963	1,676	4,033	254	1,053	3,938	44	-45	36,327
Staff costs	-3,300	-1,059	-546	-331	-662	-96	-510	-2,033	-2,858	-9	-11,404
Other administrative expenses	-1,190	-243	-175	-145	-232	-21	-181	-785	-2,209		-5,181
Internal purchased and sold services	-3,027	-317	-252	-239	-368	-56	-153	31	4,336	45	
impairments of property, equipment and intangible assets	-87	-41	-17	-10	-10	-1	-11	-50	-249		-476
Total expenses	-7,604	-1,660	-990	-725	-1,272	-174	-855	-2,837	-980	36	-17,061
Profit before loan losses	12,837	1,310	973	951	2,761	80	198	1,101	-936	-9	19,266
Net loan losses	-357	-168	-161	-268	-169	-7	-65				-1,195
Gains/losses on disposal of property, equipment and intangible assets	9	1			0		0	0	7		17
Operating profit	12,489	1,143	812	683	2,592	73	133	1,101	-929	-9	18,088
Profit allocation	902	30	47	70	43	4	38	-1,134	0		
Operating profit after profit allocation	13,391	1,173	859	753	2,635	77	171	-33	-929	-9	18,088
Internal income *	-1,104	-1,212	-395	-417	-3,606	-140	-50	-1,414	8,338		

January - December 2012	Home markets										Group Full year 2012
	Sweden	UK	Denmark	Finland	Norway	Nether- lands	Inter- national	Capital Markets	Other	Adj. & elim.	
SEK m											
Net interest income	16,781	2,142	1,397	1,032	3,098	177	766	517	209	-38	26,081
Net fee and commission income	3,375	94	290	375	329	26	328	2,438	114		7,369
Net gains/losses on financial transactions	579	91	55	30	87	2	86	658	-468		1,120
Risk result - insurance								196			196
Share of profit of associates									8		8
Other income	18	15	19	5	15		2	11	203		288
Total income	20,753	2,342	1,761	1,442	3,529	205	1,182	3,820	66	-38	35,062
Staff costs	-3,157	-793	-537	-326	-700	-77	-526	-2,255	-2,745	-51	-11,167
Other administrative expenses	-1,218	-178	-173	-143	-235	-18	-192	-768	-2,144		-5,069
Internal purchased and sold services	-2,828	-201	-235	-208	-316	-37	-108	-127	4,022	38	
impairments of property, equipment and intangible assets	-90	-12	-16	-21	-12	-7	-13	-54	-239		-464
Total expenses	-7,293	-1,184	-961	-698	-1,263	-139	-839	-3,204	-1,106	-13	-16,700
Profit before loan losses	13,460	1,158	800	744	2,266	66	343	616	-1,040	-51	18,362
Net loan losses	-420	-151	-368	-128	-200		16				-1,251
Gains/losses on disposal of property, equipment and intangible assets	0	-1	-	0	0		-2	0	0		-3
Operating profit	13,040	1,006	432	616	2,066	66	357	616	-1,040	-51	17,108
Profit allocation	641	15	27	44	31	1	20	-779	0		
Operating profit after profit allocation	13,681	1,021	459	660	2,097	67	377	-163	-1,040	-51	17,108
Internal income *	-2,178	-1,308	-538	-689	-4,131	-235	-44	-1,167	10,290		

* Internal income which is included in total income comprises income from transactions with other operating segments and Other. 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 segments and Other.

The business segments consist of the branch operations in Sweden, the UK, Denmark, Finland, Norway and the Netherlands, as well as Handelsbanken International and Capital Markets. The income statements by segment include internal items such as internal

interest, commissions and payment for internal services rendered, primarily according to the cost price principle. The part of Capital Markets' operating profit that does not involve risk-taking is distributed to the branch with customer responsibility.

Branch operations in Sweden

Branch operations in Sweden comprise six regional banks, as well as Handelsbanken Finans's and Stadshypotek's operations in Sweden. At Handelsbanken, the branches are the base of all operations, with responsibility for all customers of the Bank. The regional banks offer a full range of banking services at 462 branches throughout Sweden. Handelsbanken Finans offers finance company services and works through the Bank's branches. Stadshypotek is the Bank's mortgage company, and is completely integrated with the branch operations.

INCOME STATEMENT

SEK m	Q4 2013	Q3 2013	Change	Q4 2012	Change	Full year 2013	Full year 2012	Change
Net interest income	4,066	4,091	-1%	4,148	-2%	16,424	16,781	-2%
Net fee and commission income	978	886	10%	847	15%	3,528	3,375	5%
Net gains/losses on financial transactions	52	104	-50%	151	-66%	462	579	-20%
Other income	9	8	13%	7	29%	27	18	50%
Total income	5,105	5,089	0%	5,153	-1%	20,441	20,753	-2%
Staff costs	-814	-831	-2%	-782	4%	-3,300	-3,157	5%
Other administrative expenses	-326	-261	25%	-358	-9%	-1,190	-1,218	-2%
Internal purchased and sold services	-770	-719	7%	-766	1%	-3,027	-2,828	7%
Depreciation, amortisation and impairments of property, equipment and intangible assets	-21	-21	0%	-25	-16%	-87	-90	-3%
Total expenses	-1,931	-1,832	5%	-1,931	0%	-7,604	-7,293	4%
Profit before loan losses	3,174	3,257	-3%	3,222	-1%	12,837	13,460	-5%
Net loan losses	-75	-44	70%	-155	-52%	-357	-420	-15%
Gains/losses on disposal of property, equipment and intangible assets	2	3	-33%	0		9	0	
Operating profit	3,101	3,216	-4%	3,067	1%	12,489	13,040	-4%
Profit allocation	361	182	98%	197	83%	902	641	41%
Operating profit after profit allocation	3,462	3,398	2%	3,264	6%	13,391	13,681	-2%
Internal income	-278	-218	-28%	-304	9%	-1,104	-2,178	49%
Cost/income ratio, %	35.3	34.8		36.1		35.6	34.1	
Loan loss ratio, %	0.03	0.02		0.06		0.03	0.04	
Allocated capital	61,805	58,388	6%	57,244	8%	61,805	57,244	8%
Return on allocated capital, %	17.5	18.2		16.8		17.7	18.5	
Average number of employees	4,357	4,632	-6%	4,342	0%	4,420	4,397	1%
Number of branches	462	461	0%	461	0%	462	461	0%

BUSINESS VOLUMES

Average volumes, SEK bn	Q4 2013	Q3 2013	Change	Q4 2012	Change	Full year 2013	Full year 2012	Change
Loans to the public*								
Household	625	617	1%	595	5%	613	587	4%
of which mortgage loans	572	564	1%	542	6%	560	534	5%
Corporate	489	493	-1%	480	2%	490	481	2%
of which mortgage loans	255	251	2%	232	10%	248	226	10%
Total	1,114	1,110	0%	1,075	4%	1,103	1,068	3%
Deposits and borrowing from the public								
Household	227	222	2%	212	7%	220	207	6%
Corporate	170	162	5%	165	3%	166	164	1%
Total	397	384	3%	377	5%	386	371	4%

* Excluding loans to the National Debt Office.

JANUARY– DECEMBER 2013 COMPARED WITH JANUARY – DECEMBER 2012

Financial performance

Operating profit fell by 4% to SEK 12,489m (13,040), due to lower net interest income and higher expenses.

Net interest income went down by 2% to SEK 16,424m (16,781). Lower deposit margins reduced net interest income by SEK -958m, which was partly offset by higher deposit and lending volumes which increased net interest income by SEK 482m. Higher lending margins made a positive contribution of SEK 202m. The fees to the Stabilisation Fund and the deposit guarantee fell by SEK 45m and burdened net interest income by SEK -634m (-679). The benchmark effect in Stadshypotek affected net interest income positively and was SEK 19m (-14).

Net fee and commission income grew by 5% to SEK 3,528m (3,375), chiefly due to higher mutual fund commissions.

Net gains/losses on financial transactions fell by 20% to SEK 462m (579).

Total expenses rose by 4% to SEK -7,604m (-7,293), chiefly due to annual salary adjustments, as well as to increasing expenses for IT development. The C/I ratio was 35.6% (34.1).

Loan losses decreased to SEK -357m (-420). The loan loss ratio was 0.03% (0.04).

Business development

In the 2013 customer satisfaction survey, Handelsbanken once again had the most satisfied customers of the four major banks in Sweden, according to SKI (Swedish Quality Index). For private customers, Handelsbanken's index value was 74.2, as compared with the other three main competitors, all of which recorded scores within the range 64.1 – 66.2. Since the start of the financial crisis, Handelsbanken has increased its lead on the other three major banks and in the year's survey its lead further increased. Handelsbanken also received a considerably higher rating than the rest of the sector for customer satisfaction among corporate customers.

For the third consecutive year, Handelsbanken was acclaimed "Business Bank of the Year" in Finansbarometern's annual survey. The Bank received the highest rating of any bank during the eleven-year history of the survey.

The average volume of deposits from households continued to increase, amounting to SEK 220bn (207), a rise of 6% compared with the previous year. At the same time, figures from Svensk Fondstatistik mutual fund

statistics showed that for the fourth year running, Handelsbanken was the largest player in the Swedish market in terms of net inflows. During the year, new fund savings in the Bank's mutual funds in Sweden amounted to SEK 12.0bn, corresponding to a market share of 11.4%.

Two new branches were opened during the year: a branch in Sävar in the first quarter and in Bara during the fourth quarter. Thus the Bank had 462 branches in Sweden.

The average volume of mortgage loans to private individuals increased by 5% to SEK 560bn (534), while the average volume of lending to companies grew by SEK 9bn to SEK 490bn (481).

Q4 2013 COMPARED WITH Q3 2013

Operating profit went down by 4% to SEK 3,101m (3,216) as a result of increased expenses and somewhat higher loan losses.

Net interest income declined by 1% or SEK -25m, compared with the previous quarter and was SEK 4,066m (4,091). Deposit margins went down by SEK -87m as a result of lower short-term interest rates. Higher deposit and lending volumes positively affected net interest income by SEK 30m. Fees for the Swedish Stabilisation Fund and the deposit guarantee were SEK -161m (-172), and the benchmark effect in Stadshypotek increased to SEK 32m (-26).

Lending to households continued to grow and the average volume of mortgage loans to private individuals increased by 1% to SEK 572bn (564). The gross margin on the mortgage portfolio – before advisory and administration expenses – was unchanged for the fourth quarter running and was 0.88% (0.88). The average volume of corporate lending went down by 1% to SEK 489bn (493) and demand remained weak.

Net fee and commission income grew by 10% to SEK 978m (886), partly due to increased securities and payment commissions.

Net gains/losses on financial transactions declined to SEK 52m (104).

Expenses increased by 5% to SEK -1,931m (-1,832), as a result of other administrative expenses being seasonally higher in the fourth quarter. Staff costs decreased by 2%. The average number of employees fell to 4,357 (4,632) as a result of the employment of temporary holiday staff during the quarter of comparison.

Loan losses increased to SEK -75m (-44) and the loan loss ratio was 0.03% (0.02).

Branch operations in the UK

Branch operations in the UK comprise four regional banks and the asset management company Heartwood. Handelsbanken Finans's operations in the UK are also included. At Handelsbanken, the branches are the base of all operations, with responsibility for all customers of the Bank. The regional banks offer banking services at 161 branches throughout the UK.

INCOME STATEMENT

SEK m	Q4 2013	Q3 2013	Change	Q4 2012	Change	Full year 2013	Full year 2012	Change
Net interest income	719	682	5%	602	19%	2,624	2,142	23%
Net fee and commission income	73	73	0%	21	248%	213	94	127%
Net gains/losses on financial transactions	51	25	104%	24	113%	120	91	32%
Other income	4	0		3	33%	13	15	-13%
Total income	847	780	9%	650	30%	2,970	2,342	27%
Staff costs	-327	-271	21%	-210	56%	-1,059	-793	34%
Other administrative expenses	-75	-59	27%	-49	53%	-243	-178	37%
Internal purchased and sold services	-82	-82	0%	-56	46%	-317	-201	58%
Depreciation, amortisation and impairments of property, equipment and intangible assets	-14	-16	-13%	-3	367%	-41	-12	242%
Total expenses	-498	-428	16%	-318	57%	-1,660	-1,184	40%
Profit before loan losses	349	352	-1%	332	5%	1,310	1,158	13%
Net loan losses	2	-65		-101		-168	-151	11%
Gains/losses on disposal of property, equipment and intangible assets	0	1	-100%	-1		1	-1	
Operating profit	351	288	22%	230	53%	1,143	1,006	14%
Profit allocation	15	6	150%	6	150%	30	15	100%
Operating profit after profit allocation	366	294	24%	236	55%	1,173	1,021	15%
Internal income	-306	-312	2%	-302	-1%	-1,212	-1,308	7%
Cost/income ratio, %	57.8	54.5		48.5		55.3	50.2	
Loan loss ratio, %	-0.01	0.22		0.43		0.14	0.16	
Allocated capital	7,644	7,010	9%	5,878	30%	7,644	5,878	30%
Return on allocated capital, %	15.0	13.1		11.8		13.2	13.9	
Average number of employees	1,405	1,332	5%	1,022	37%	1,260	944	33%
Number of branches	161	151	7%	133	21%	161	133	21%

BUSINESS VOLUMES

Average volumes, GBP m	Q4 2013	Q3 2013	Change	Q4 2012	Change	Full year 2013	Full year 2012	Change
Loans to the public								
Household	3,580	3,344	7%	2,780	29%	3,252	2,537	28%
Corporate	8,677	8,509	2%	7,703	13%	8,381	7,119	18%
Total	12,257	11,853	3%	10,483	17%	11,633	9,656	20%
Deposits and borrowing from the public								
Household	821	779	5%	508	62%	688	463	49%
Corporate	4,132	3,093	34%	2,586	60%	2,988	2,326	28%
Total	4,953	3,872	28%	3,094	60%	3,676	2,789	32%

JANUARY– DECEMBER 2013 COMPARED WITH JANUARY – DECEMBER 2012

Financial performance

Operating profit increased by 14% to SEK 1,143m (1,006). The result was charged with expenses related to the continued expansion of the branch network and also negative exchange rate movements. Expressed in local currency, operating profit increased by 20%.

Profit before loan losses grew by 13% to SEK 1,310m (1,158), as a result of continuing growth in business volumes and customer numbers. In local currency, profit before loan losses grew by 19%.

Income increased by 27% and net interest income increased by 23% to SEK 2,624m (2,142), mainly as a result of larger business volumes but also due to larger lending margins.

Net fee and commission income more than doubled to SEK 213m (94). The increase is mainly explained by increased asset management commissions as a result of the acquisition of Heartwood at the end of May. However, improved payment commissions also made a contribution. During the year, Heartwood contributed asset management and advisory commissions of SEK 95m (-).

Net gains/losses on financial transactions increased by SEK 29m to SEK 120m (91) as a result of improved business volumes.

Expenses rose by 40% to SEK -1,660m (-1,184) as a result of the continuing expansion. The average number of employees increased by 33% to 1,260 (944).

Loan losses increased to SEK -168m (-151), but since the lending volume increased, the loan loss ratio went down to 0.14% (0.16).

Business development

According to the EPSI customer satisfaction survey, Handelsbanken had the most satisfied private and corporate customers among UK banks for the fifth year running. Private customers gave the Bank an index value of 83.8 as compared to the sector average of 74.4. Corporate customers gave the Bank an index value of 82.3 as compared to the sector average of 71.9.

Business volumes continued to grow. During the year, the end-of-period volume of deposits grew by 92%, while the lending volume increased by 15%.

On 1 January 2013, a fourth regional bank was formed, with its head office in Bristol. Twenty-eight new branches were opened in 2013, ten of these being opened in the fourth quarter. At the end of the year, the Bank had 161 branches in the UK. In addition, managers have been recruited for another nine new branches.

Work with integrating the Bank's acquisition of the asset management company Heartwood continues according to plan. Since the acquisition was made at the end of May, assets under management have increased from GBP 1.5bn to GBP 1.8bn.

Q4 2013 COMPARED WITH Q3 2013

Operating profit increased by SEK 63m, or 22%, to SEK 351m (288), of which SEK 11m was due to exchange rate movements.

Income increased by 9%, mainly as a result of net interest income increasing by 5% to SEK 719m (682) as a result of increased business volumes. Increased corporate deposits contributed to a 28% increase in the average volume of deposits. The average volume of lending rose by 3%.

Net fee and commission income was unchanged at SEK 73m.

Expenses rose by SEK 70m or 16% to SEK -498m (-428), chiefly as a result of the continued branch office expansion. Adjusted for exchange rate movements, expenses increased by 13%. The average number of employees rose by 5% to 1,405 (1,332).

Recoveries exceeded new provisions and loan losses amounted to SEK 2m (-65). The loan loss ratio was -0.01% (0.22).

Branch operations in Denmark

Branch operations in Denmark comprise the regional bank, as well as Handelsbanken Finans's and Stadshypotek's operations in Denmark. At Handelsbanken, the branches are the base of all operations, with responsibility for all customers of the Bank. The regional bank offers a full range of banking services at 56 branches throughout Denmark. Handelsbanken Finans offers finance company services and works through the Bank's branches. The mortgage operations at Stadshypotek are fully integrated with the branch operations.

INCOME STATEMENT

SEK m	Q4 2013	Q3 2013	Change	Q4 2012	Change	Full year 2013	Full year 2012	Change
Net interest income	397	403	-1%	360	10%	1,519	1,397	9%
Net fee and commission income	92	74	24%	73	26%	329	290	13%
Net gains/losses on financial transactions	35	29	21%	14	150%	97	55	76%
Other income	5	4	25%	5	0%	18	19	-5%
Total income	529	510	4%	452	17%	1,963	1,761	11%
Staff costs	-142	-137	4%	-137	4%	-546	-537	2%
Other administrative expenses	-49	-37	32%	-50	-2%	-175	-173	1%
Internal purchased and sold services	-69	-61	13%	-59	17%	-252	-235	7%
Depreciation, amortisation and impairments of property, equipment and intangible assets	-5	-4	25%	-4	25%	-17	-16	6%
Total expenses	-265	-239	11%	-250	6%	-990	-961	3%
Profit before loan losses	264	271	-3%	202	31%	973	800	22%
Net loan losses	-65	-29	124%	-87	-25%	-161	-368	-56%
Gains/losses on disposal of property, equipment and intangible assets	-	-	-	-	-	-	-	-
Operating profit	199	242	-18%	115	73%	812	432	88%
Profit allocation	17	12	42%	10	70%	47	27	74%
Operating profit after profit allocation	216	254	-15%	125	73%	859	459	87%
Internal income	-89	-106	16%	-97	8%	-395	-538	27%
Cost/income ratio, %	48.5	45.8		54.1		49.3	53.7	
Loan loss ratio, %	0.40	0.18		0.58		0.25	0.61	
Allocated capital	5,348	5,447	-2%	4,926	9%	5,348	4,926	9%
Return on allocated capital, %	12.6	14.6		7.4		12.7	7.3	
Average number of employees	625	625	0%	618	1%	624	617	1%
Number of branches	56	55	2%	54	4%	56	54	4%

BUSINESS VOLUMES

Average volumes, DKK bn	Q4 2013	Q3 2013	Change	Q4 2012	Change	Full year 2013	Full year 2012	Change
Loans to the public								
Household	30.6	29.4	4%	26.6	15%	29.1	25.5	14%
Corporate	27.9	29.8	-6%	27.7	1%	30.0	27.4	9%
Total	58.5	59.2	-1%	54.3	8%	59.1	52.9	12%
Deposits and borrowing from the public								
Household	9.3	9.2	1%	8.8	6%	9.1	8.7	5%
Corporate	14.6	12.3	19%	14.9	-2%	13.6	13.6	0%
Total	23.9	21.5	11%	23.7	1%	22.7	22.3	2%

JANUARY – DECEMBER 2013 COMPARED WITH JANUARY – DECEMBER 2012

Financial performance

Operating profit rose by 88% to SEK 812m (432) due to higher income and lower loan losses. Profit before loan losses increased by 22% to SEK 973m (800). Income increased by 11%, while expenses grew by 3%. Exchange rate movements had a negative impact on profits, and in local currency, profit before loan losses grew by 23%.

Net interest income increased by 9%, or SEK 122m, to SEK 1,519m (1,397). In local currency, the increase was 10%, mainly due to higher lending volumes. At the same time, lower deposit margins due to falling interest rates had a SEK -69m negative effect on net interest income. Fees for the Swedish Stabilisation Fund and the deposit guarantee, together with the Danish state deposit guarantee burdened net interest income by SEK -44m (-45).

Expenses increased by 3% to SEK -990m (-961). Exchange rate movements reduced expenses by SEK 8m. Expressed in local currency, expenses increased by 4%, mainly due to higher IT expenses. The average number of employees rose by 1% to 624 (617).

Loan losses decreased to SEK -161m (-368), which corresponds to a loan loss ratio of 0.25% (0.61).

Business development

The EPSI annual customer satisfaction survey showed that Handelsbanken had the most satisfied customers in Denmark. Private customers gave the Bank an index value of 76.6 as compared to the sector average of 65.8. Handelsbanken received an index value of 72.6 from corporate customers as compared to the sector average of 66.9.

The Bank continued to have a stable inflow of new customers, and market shares increased. The average volume of lending grew by 12% to DKK 59.1bn (52.9). The Bank's volume of lending to households increased by 14% while lending to companies rose by 9%. The average volume of deposits from the public grew by 2% to DKK 22.7bn (22.3).

Two new branches were opened during the year, one of which in the fourth quarter, bringing the Bank's total number of branches in Denmark to 56.

Q4 2013 COMPARED WITH Q3 2013

Operating profit decreased by 18% to SEK 199m (242) as a result of seasonally higher expenses and loan losses. Profit before loan losses for the quarter declined by 3%. Exchange rate movements affected the operating profit positively by SEK 5m.

Income grew by 4%. Net interest income declined by 1% to SEK 397m (403) as a result of average lending volumes declining by 1% because of reduced corporate lending. The average volume of deposits from households increased by 1%, while corporate deposits increased by 19%.

Net fee and commission income increased by 24% to SEK 92m (74), and net gains/losses on financial transactions grew to SEK 35m (29).

Expenses increased by SEK 26m to SEK -265m (-239), as a result of seasonally higher expenses in the fourth quarter. Exchange rate movements affected expenses negatively by SEK -5m.

Loan losses increased to SEK -65m (-29), and the loan loss ratio was 0.40% (0.18).

Branch operations in Finland

Branch operations in Finland comprise the regional bank, as well as Handelsbanken Finans's and Stadshypotek's operations in Finland. At Handelsbanken, the branches are the base of all operations, with responsibility for all customers of the Bank. The regional bank offers a full range of banking services at 45 branches throughout Finland. Handelsbanken Finans offers finance company services and works through the Bank's branches. The mortgage operations at Stadshypotek are fully integrated with the branch operations.

INCOME STATEMENT

SEK m	Q4 2013	Q3 2013	Change	Q4 2012	Change	Full year 2013	Full year 2012	Change
Net interest income	337	315	7%	277	22%	1,219	1,032	18%
Net fee and commission income	107	106	1%	107	0%	412	375	10%
Net gains/losses on financial transactions	12	6	100%	7	71%	40	30	33%
Other income	1	1	0%	0		5	5	0%
Total income	457	428	7%	391	17%	1,676	1,442	16%
Staff costs	-85	-79	8%	-86	-1%	-331	-326	2%
Other administrative expenses	-36	-35	3%	-43	-16%	-145	-143	1%
Internal purchased and sold services	-62	-59	5%	-65	-5%	-239	-208	15%
Depreciation, amortisation and impairments of property, equipment and intangible assets	-2	-2	0%	-5	-60%	-10	-21	-52%
Total expenses	-185	-175	6%	-199	-7%	-725	-698	4%
Profit before loan losses	272	253	8%	192	42%	951	744	28%
Net loan losses	-121	-77	57%	-58	109%	-268	-128	109%
Gains/losses on disposal of property, equipment and intangible assets	-	-		0		-	0	
Operating profit	151	176	-14%	134	13%	683	616	11%
Profit allocation	27	17	59%	18	50%	70	44	59%
Operating profit after profit allocation	178	193	-8%	152	17%	753	660	14%
Internal income	-99	-110	10%	-110	10%	-417	-689	39%
Cost/income ratio, %	38.2	39.3		48.7		41.5	47.0	
Loan loss ratio, %	0.54	0.34		0.28		0.30	0.15	
Allocated capital	6,121	6,288	-3%	5,427	13%	6,121	5,427	13%
Return on allocated capital, %	9.0	9.6		8.3		9.9	9.8	
Average number of employees	485	502	-3%	472	3%	490	478	3%
Number of branches	45	45	0%	45	0%	45	45	0%

BUSINESS VOLUMES

Average volumes, EUR m	Q4 2013	Q3 2013	Change	Q4 2012	Change	Full year 2013	Full year 2012	Change
Loans to the public								
Household	3,773	3,736	1%	3,534	7%	3,693	3,480	6%
Corporate	8,166	7,990	2%	7,524	9%	7,979	7,152	12%
Total	11,939	11,726	2%	11,058	8%	11,672	10,632	10%
Deposits and borrowing from the public								
Household	1,273	1,248	2%	1,277	0%	1,262	1,287	-2%
Corporate	2,457	1,597	54%	1,949	26%	1,764	2,135	-17%
Total	3,730	2,845	31%	3,226	16%	3,026	3,422	-12%

JANUARY – DECEMBER 2013 COMPARED WITH JANUARY – DECEMBER 2012

Financial performance

Operating profit improved by 11% to SEK 683m (616), chiefly due to rising net interest income. Income grew by 16%, while expenses increased by only 4%.

Net interest income increased by SEK 187m, or 18%, to SEK 1,219m (1,032) as a result of both higher lending margins and larger lending volumes. In local currency, net interest income rose by 19%. Fees for the Swedish Stabilisation Fund and the deposit guarantee burdened net interest income by SEK -47m (-48).

Net fee and commission income increased by 10% to SEK 412m (375), which was attributable to higher lending commissions and asset management income. Net gains/losses on financial transactions increased to SEK 40m (30).

Total expenses rose by 4% to SEK -725m (-698), chiefly due to increased expenses for internally purchased services. Staff costs rose by 2%, due mainly to a rise of twelve (3%) in the average number of employees.

Loan losses increased to SEK -268m (-128) and the loan loss ratio was 0.30% (0.15).

Business development

As in previous years, Handelsbanken had the most satisfied private and corporate customers among commercial banks in Finland, according to the EPSI customer satisfaction survey. Private customers gave the Bank an index value of 81.7, as compared to the sector average of 75.6.

The average volume of lending increased by 10% from the previous year. The Bank's lending to companies increased by 12%, while the average volume of lending to households rose by 6%.

The average volume of deposits from households decreased by 2%, while corporate deposits declined by 17%. However, in the fourth quarter, the average volume of deposits from companies increased and was thus 26% higher compared with the corresponding quarter of the previous year.

Q4 2013 COMPARED WITH Q3 2013

Operating profit went down by SEK 25m to SEK 151m (176) as a result of higher loan losses. Profit before loan losses increased by 8%. Income increased by 7% and expenses increased by 6%.

Net interest income improved by 7% to SEK 337m (315), mainly as a result of higher business volumes and increased lending margins.

Expenses increased by SEK 10m or 6%, to SEK -185m (-175). Staff costs increased by 8% to SEK -85m (-79). Half of the increase is explained by exchange rate movements and increased pension costs.

Loan losses increased to SEK -121m (-77) and the loan loss ratio was 0.54% (0.34).

Branch operations in Norway

Branch operations in Norway comprise the regional bank, as well as Handelsbanken Finans's and Stadshypotek's operations in Norway. At Handelsbanken, the branches are the base of all operations, with responsibility for all customers of the Bank. The regional bank offers a full range of banking services at 49 branches throughout Norway. Handelsbanken Finans offers finance company services and works through the Bank's branches. The mortgage operations at Stadshypotek are fully integrated with the branch operations.

INCOME STATEMENT

SEK m	Q4 2013	Q3 2013	Change	Q4 2012	Change	Full year 2013	Full year 2012	Change
Net interest income	902	918	-2%	865	4%	3,574	3,098	15%
Net fee and commission income	90	100	-10%	95	-5%	364	329	11%
Net gains/losses on financial transactions	22	19	16%	21	5%	83	87	-5%
Other income	3	4	-25%	-5		12	15	-20%
Total income	1,017	1,041	-2%	976	4%	4,033	3,529	14%
Staff costs	-161	-171	-6%	-182	-12%	-662	-700	-5%
Other administrative expenses	-66	-53	25%	-63	5%	-232	-235	-1%
Internal purchased and sold services	-104	-85	22%	-98	6%	-368	-316	16%
Depreciation, amortisation and impairments of property, equipment and intangible assets	-2	-3	-33%	-3	-33%	-10	-12	-17%
Total expenses	-333	-312	7%	-346	-4%	-1,272	-1,263	1%
Profit before loan losses	684	729	-6%	630	9%	2,761	2,266	22%
Net loan losses	-43	-25	72%	-59	-27%	-169	-200	-16%
Gains/losses on disposal of property, equipment and intangible assets	0	0	0%	0		0	0	
Operating profit	641	704	-9%	571	12%	2,592	2,066	25%
Profit allocation	22	7	214%	12	83%	43	31	39%
Operating profit after profit allocation	663	711	-7%	583	14%	2,635	2,097	26%
Internal income	-895	-911	2%	-947	5%	-3,606	-4,131	13%
Cost/income ratio, %	32.1	29.8		35.0		31.2	35.5	
Loan loss ratio, %	0.08	0.05		0.13		0.08	0.11	
Allocated capital	12,123	11,900	2%	11,873	2%	12,123	11,873	2%
Return on allocated capital, %	17.1	18.6		14.5		17.0	13.5	
Average number of employees	655	654	0%	640	2%	650	647	0%
Number of branches	49	49	0%	49	0%	49	49	0%

BUSINESS VOLUMES

Average volumes, NOK bn	Q4 2013	Q3 2013	Change	Q4 2012	Change	Full year 2013	Full year 2012	Change
Loans to the public								
Household	74.2	72.4	2%	69.3	7%	72.0	67.9	6%
Corporate	112.0	111.5	0%	109.6	2%	110.8	106.9	4%
Total	186.2	183.9	1%	178.9	4%	182.8	174.8	5%
Deposits and borrowing from the public								
Household	14.3	14.3	0%	13.2	8%	14.0	13.3	5%
Corporate	39.5	31.7	25%	38.7	2%	35.6	36.2	-2%
Total	53.8	46.0	17%	51.9	4%	49.6	49.5	0%

JANUARY – DECEMBER 2013 COMPARED WITH JANUARY – DECEMBER 2012

Financial performance

Operating profit rose by 25% to SEK 2,592m (2,066), mainly due to higher net interest income. Income increased by 14%, while expenses increased by 1%. The Norwegian krone weakened and exchange rate movements reduced operating profit by SEK 84m. In local currency, operating profit increased by 32%.

Net interest income increased by 15%, or SEK 476m, to SEK 3,574m (3,098), mainly as a result of higher lending margins and also larger lending volumes. Fees for the Swedish Stabilisation Fund and the deposit guarantee, together with the Norwegian state deposit guarantee burdened net interest income by SEK -97m (-103).

Net fee and commission income increased by 11% to SEK 364m (329), chiefly due to higher lending and payment commissions and increased fund management income.

Expenses rose by 1% to SEK -1,272m (-1,263). Staff costs went down by 5%, but were unchanged in local currency terms. The total increase in expenses was mainly attributable to rising IT expenses and expenses for other internally purchased services.

Loan losses went down to SEK -169m (-200), and the loan loss ratio was 0.08% (0.11).

Business development

As in previous years, Handelsbanken had private and corporate customers that were significantly more satisfied than the average among banks in Norway, according to the EPSI customer satisfaction survey. Private customers gave the Bank an index value of 75.0, as compared to the sector average of 69.8.

Business volumes continued to grow. The average volume of lending rose by 5%, with household lending increasing by 6% and corporate lending by 4%.

The average volume of deposits from households increased by 5%, while corporate deposits went down by 2%.

Q4 2013 COMPARED WITH Q3 2013

Operating profit decreased by SEK 63m, or 9%, to SEK 641m (704). Adjusted for exchange rate effects, operating profit went down by 7%.

Net interest income went down by 2% or SEK 16m, to SEK 902m (918). Expressed in local currency, the net interest income was unchanged.

Net fee and commission income decreased by 10% to SEK 90m (100), chiefly due to lower lending commissions.

Expenses increased by 7% to SEK -333m (-312). Staff costs declined by SEK 10m while other administrative expenses and expenses for services bought internally increased by SEK 32m, mainly due to higher IT development costs.

Loan losses increased to SEK -43m (-25) and the loan loss ratio was 0.08% (0.05).

Branch operations in the Netherlands

Since 1 January 2013, branch operations in the Netherlands are organised as a separate regional bank. At Handelsbanken, the branches are the base of all operations, with responsibility for all customers of the Bank. The regional bank offers banking services at 18 branches in the Netherlands.

INCOME STATEMENT

SEK m	Q4 2013	Q3 2013	Change	Q4 2012	Change	Full year 2013	Full year 2012	Change
Net interest income	66	61	8%	48	38%	230	177	30%
Net fee and commission income	6	6	0%	6	0%	23	26	-12%
Net gains/losses on financial transactions	0	0	0%	1	-100%	1	2	-50%
Other income	-	-	-	-	-	-	-	-
Total income	72	67	7%	55	31%	254	205	24%
Staff costs	-26	-25	4%	-21	24%	-96	-77	25%
Other administrative expenses	-6	-5	20%	-6	0%	-21	-18	17%
Internal purchased and sold services	-17	-13	31%	-12	42%	-56	-37	51%
Depreciation, amortisation and impairments of property, equipment and intangible assets	0	-1	-	-6	-	-1	-7	-86%
Total expenses	-49	-44	11%	-45	9%	-174	-139	25%
Profit before loan losses	23	23	0%	10	130%	80	66	21%
Net loan losses	-6	0	-	-	-	-7	-	-
Gains/losses on disposal of property, equipment and intangible assets	-	-	-	-	-	-	-	-
Operating profit	17	23	-26%	10	70%	73	66	11%
Profit allocation	1	0	-	0	-	4	1	300%
Operating profit after profit allocation	18	23	-22%	10	80%	77	67	15%
Internal income	-33	-35	6%	-57	42%	-140	-235	40%
Cost/income ratio, %	67.1	65.7	-	81.8	-	67.4	67.5	-
Loan loss ratio, %	0.17	0.01	-	-	-	0.05	-	-
Allocated capital	818	805	2%	540	51%	818	540	51%
Return on allocated capital, %	6.9	8.9	-	6.5	-	7.7	10.4	-
Average number of employees	110	103	7%	91	21%	102	82	24%
Number of branches	18	16	13%	13	38%	18	13	38%

BUSINESS VOLUMES

Average volumes, EUR m	Q4 2013	Q3 2013	Change	Q4 2012	Change	Full year 2013	Full year 2012	Change
Loans to the public								
Household	567	515	10%	313	81%	478	240	99%
Corporate	1,264	1,256	1%	1,325	-5%	1,250	1,417	-12%
Total	1,831	1,771	3%	1,638	12%	1,728	1,657	4%
Deposits and borrowing from the public								
Household	27	26	4%	22	23%	26	17	53%
Corporate	1,264	836	51%	499	153%	918	633	45%
Total	1,291	862	50%	521	148%	944	650	45%

JANUARY – DECEMBER 2013 COMPARED WITH JANUARY – DECEMBER 2012

Financial performance

Operating profit increased by 11% to SEK 73m (66). Income rose by 24%, while continuing investments in operations led to a 25% increase in expenses.

Net interest income increased by 30% to SEK 230m (177), mainly as a result of increased business volumes from private customers and increased corporate margins.

Expenses increased to SEK -174m (-139), as a result of the expansion of the regional head office and the branch network. The average number of employees rose to 102 (82).

Loan losses were SEK -7m (-), and the loan loss ratio was 0.05% (-).

Business development

According to the EPSI customer satisfaction survey in the Netherlands, Handelsbanken had more satisfied customers – both private and corporate – than the average in the sector.

At the beginning of 2013 the Bank decided to establish a regional bank in the Netherlands, at the same time designating this market as the Group's sixth home market. Five new branch offices were opened during the year, two of them in the fourth quarter. At the end of the year, the Bank had 18 branches in the Netherlands.

Average deposit volumes grew by 45% to EUR 944m (650), while lending volumes increased by 4% to EUR 1,728m (1,657). Household deposits grew by 53% and the average volume of lending to households increased by 99%.

Q4 2013 COMPARED WITH Q3 2013

Operating profit decreased by 26% to SEK 17m (23) as a result of higher loan losses. In local currency, operating profit went down by 19%.

Net interest income increased to SEK 66m (61) and total income rose by SEK 5m, or 7%, to SEK 72m (67).

Expenses rose to SEK -49m (-44) as a result of the continuing expansion. The average number of employees increased by 7% to 110 (103).

Loan losses were SEK 6m (0), which corresponds to a loan loss ratio of 0.17% (0.01).

Handelsbanken International

Handelsbanken International's main task is to support the Bank's customers in the home markets with their international business. The Bank has operations in 28 locations (19 branches and nine representative offices) in 18 countries outside its home markets.

INCOME STATEMENT

SEK m	Q4 2013	Q3 2013	Change	Q4 2012	Change	Full year 2013	Full year 2012	Change
Net interest income	176	170	4%	166	6%	660	766	-14%
Net fee and commission income	73	75	-3%	81	-10%	308	328	-6%
Net gains/losses on financial transactions	14	22	-36%	18	-22%	79	86	-8%
Other income	2	0		-1		6	2	200%
Total income	265	267	-1%	264	0%	1,053	1,182	-11%
Staff costs	-126	-125	1%	-140	-10%	-510	-526	-3%
Other administrative expenses	-58	-42	38%	-50	16%	-181	-192	-6%
Internal purchased and sold services	-47	-34	38%	-26	81%	-153	-108	42%
Depreciation, amortisation and impairments of property, equipment and intangible assets	-3	-2	50%	-2	50%	-11	-13	-15%
Total expenses	-234	-203	15%	-218	7%	-855	-839	2%
Profit before loan losses	31	64	-52%	46	-33%	198	343	-42%
Net loan losses	-14	-44	-68%	65		-65	16	
Gains/losses on disposal of property, equipment and intangible assets	0	0	0%	-1		0	-2	
Operating profit	17	20	-15%	110	-85%	133	357	-63%
Profit allocation	18	9	100%	9	100%	38	20	90%
Operating profit after profit allocation	35	29	21%	119	-71%	171	377	-55%
Internal income	2	-3		-8		-50	-44	-14%
Cost/income ratio, %	82.7	73.6		79.9		78.4	69.8	
Loan loss ratio, %	0.18	0.58		-0.70		0.22	-0.04	
Allocated capital	4,221	4,507	-6%	4,001	5%	4,221	4,001	5%
Return on allocated capital, %	2.5	2.0		8.6		3.1	6.8	
Average number of employees	498	511	-3%	533	-7%	511	536	-5%
Number of branches	19	19	0%	19	0%	19	19	0%

BUSINESS VOLUMES

Average volumes, SEK bn	Q4 2013	Q3 2013	Change	Q4 2012	Change	Full year 2013	Full year 2012	Change
Loans to the public								
Household	3.7	3.4	9%	3.5	6%	3.5	3.6	-3%
Corporate	29.3	29.7	-1%	31.4	-7%	29.7	33.1	-10%
Total	33.0	33.1	0%	34.9	-5%	33.2	36.7	-10%
Deposits and borrowing from the public								
Household	2.4	2.3	4%	2.8	-14%	2.4	2.9	-17%
Corporate	34.7	25.1	38%	22.4	55%	26.3	23.8	11%
Total	37.1	27.4	35%	25.2	47%	28.7	26.7	7%

JANUARY – DECEMBER 2013 COMPARED WITH JANUARY – DECEMBER 2012

Financial performance

Operating profit went down to SEK 133m (357) as a result of a deliberate reduction in business volumes and higher loan losses.

Net interest income decreased by 14% to SEK 660m (766), due to lower lending volumes and lower margins.

Net fee and commission income fell by 6% to SEK 308m (328), mainly due to lower business volumes leading to lower lending, payment and guarantee commissions.

Net gains/losses on financial transactions, which mainly consist of foreign exchange-related earnings and early redemption charges, decreased to SEK 79m (86).

Expenses increased by 2% to SEK -855m (-839). The average number of employees fell to 511 (536).

Loan losses amounted to SEK -65m (16), which corresponds to a loan loss ratio of 0.22% (-0.04).

Business development

The average volume of lending decreased by 10% to SEK 33.2bn (36.7) compared with the previous year. Deposits increased by 7% to SEK 28.7bn (26.7), mainly as a result of corporate deposits increasing by 11% to SEK 26.3bn (23.8).

Q4 2013 COMPARED WITH Q3 2013

Operating profit was more or less unchanged at SEK 17m (20). Increased expenses in the fourth quarter were offset by lower loan losses. Profit before loan losses decreased to SEK 31m (64).

Income went down by 1% and expenses increased by 15%.

Loan losses were SEK -14m (-44), which corresponds to a loan loss ratio of 0.18% (0.58).

Handelsbanken Capital Markets

Capital Markets comprises Handelsbanken's investment bank and asset management operations, including insurance savings. The unit has a functional and product responsibility throughout the Group for trading in financial instruments, structured products, cash management, corporate finance and debt capital markets, economic and financial research. The unit is also responsible for all savings products except for savings in bank accounts.

In the table below, the income figures and comments for Capital Markets' products throughout the Group are presented first, followed by the equivalent figures and comments for the Handelsbanken Capital Markets segment.

INCOME DISTRIBUTION IN THE GROUP FOR HANDELSBANKEN CAPITAL MARKETS' PRODUCTS

January - December 2013				Total income in the group from Capital Market's products	Change Jan-Dec 2013 / Jan-Dec 2012
SEK m	Capital Markets	Branch office operations	Other		
Net interest income	151			151	-71%
Commission income	2,978	1,967	-135	4,810	13%
of which brokerage income	789	452	-52	1,189	5%
of which mutual funds and custody	1,336	1,155	-56	2,435	20%
of which insurance	239	360	-28	571	-2%
Net fee and commission income	2,658	1,914	-55	4,517	20%
Net gains/losses on financial trans.	977	525	-1	1,501	27%
Risk result - insurance	142			142	-27%
Other income	10			10	-9%
Total income	3,938	2,439	-56	6,321	12%

JANUARY – DECEMBER 2013 COMPARED WITH JANUARY – DECEMBER 2012

The Group's brokerage income increased by 5% to SEK 1,189m (1,137). Asset management commissions increased by 20% to SEK 2,435m (2,028), of which fund commissions rose by 20% to SEK 2,008m (1,680), mainly due to positive changes in the value of the funds.

Insurance commissions went down to SEK 571m (583), due to fewer policies with guaranteed rates of return.

Net gains/losses on financial transactions increased by 27% to SEK 1,501m (1,178). Currency transactions related to branch operations, which are included in net gains/losses on financial transactions, resulted in a currency gain of SEK 525m (522).

Q4 2013 COMPARED WITH Q3 2013

Brokerage income increased by 25% to SEK 312m (250). Asset management commissions rose by 6% to SEK 661m (624), chiefly due to larger management volumes.

Net gains/losses on financial transactions went up by 15% to SEK 389m (337), chiefly as a result of higher customer activity.

Currency transactions for customers in the branch operations gave a net gain of SEK 136m (122).

Business development

For the fourth year running, the Bank was the largest player in new savings in mutual funds in Sweden, with a net inflow of SEK 12bn. Net new savings in Handelsbanken's funds in the Group totalled SEK 16bn during the year. Morningstar, an independent mutual fund research company, gave Handelsbanken's funds the highest average grade of all the major Swedish banks in its three-year rating of mutual fund companies on the Swedish market. According to the Swedish

Quality Index (SKI), Handelsbanken also had the most satisfied savings customers of the four major banks in Sweden. Xact was the largest player in the Nordic market for exchange-traded funds, with a market share of 90% of the total assets under management.

Total fund volume, including exchange-traded funds, increased during the year by SEK 47bn to SEK 271bn (224), the highest ever volume. Total assets under management in the Group rose during the year by SEK 84bn to SEK 452bn (368).

Customers were more interested in structured investments during the year and the sales of capital-protected investments increased by 85%. Handelsbanken was the largest player in Sweden for capital-protected investments focused on the general public, with a market share of just over 22%.

The Bank's risk mandate is only used to undertake customer business. As a result of this, the Bank's customers are ensured that they can always get the best possible execution of their transactions.

The Private Banking operation continued to perform well, both with regard to the inflow of customers and the volumes managed. Since 2010, TNS Sifo Prospera has ranked Handelsbanken as number one for Private Banking, and this included 2013 as well.

In January, the Bank launched its "High income solutions" for occupational pensions. These solutions do not have any capital, premium or fixed fees. High demand for occupational pension solutions resulted in the sales volume increasing by 53%.

In the area of corporate finance, the Bank maintained its strong position and remained the leading adviser in acquisition and sales of companies in Sweden.

Exchange of business with large international companies at Large Corporates performed well.

INCOME STATEMENT IN HANDELSBANKEN CAPITAL MARKETS BUSINESS SEGMENT

All results for Handelsbanken Capital Markets products which are attributable to customers in branch operations are reported in branch operations. In the Capital Markets segment, only the results of transactions with institutional counterparties and corporate finance are reported, together with the risk result and yield split in the insurance operations.

SEK m	Q4 2013	Q3 2013	Change	Q4 2012	Change	Full year 2013	Full year 2012	Change
Net interest income	28	34	-18%	44	-36%	151	517	-71%
Net fee and commission income	707	588	20%	637	11%	2,658	2,438	9%
Net gains/losses on financial transactions	253	215	18%	242	5%	977	658	48%
Risk result - insurance	35	30	17%	88	-60%	142	196	-28%
Other income	2	10	-80%	3	-33%	10	11	-9%
Total income	1,025	877	17%	1,014	1%	3,938	3,820	3%
Staff costs	-512	-505	1%	-583	-12%	-2,033	-2,255	-10%
Other administrative expenses	-228	-164	39%	-189	21%	-785	-768	2%
Internal purchased and sold services	0	13	-100%	-31		31	-127	
Depreciation, amortisation and impairments of property, equipment and intangible assets	-11	-14	-21%	-14	-21%	-50	-54	-7%
Total expenses	-751	-670	12%	-817	-8%	-2,837	-3,204	-11%
Profit before loan losses	274	207	32%	197	39%	1,101	616	79%
Net loan losses								
Gains/losses on disposal of property, equipment and intangible assets	0	0	0%	0	0%	0	0	0%
Operating profit	274	207	32%	197	39%	1,101	616	79%
Profit allocation	-461	-233	98%	-252	83%	-1,134	-779	46%
Operating profit after profit allocation	-187	-26		-55	-240%	-33	-163	80%
Internal income	-412	-290	-42%	-297	-39%	-1,414	-1,167	-21%
Cost/income ratio, %	133.2	104.0		107.2		101.2	105.4	
Allocated capital	3,061	3,241	-6%	4,187	-27%	3,061	4,187	-27%
Return on allocated capital, %	-	-		-		-	-	
Average number of employees	1,448	1,486	-3%	1,481	-2%	1,464	1,550	-6%

INCOME DISTRIBUTION

SEK m	Q4 2013	Q3 2013	Change	Q4 2012	Change	Full year 2013	Full year 2012	Change
Asset management and custody	260	248	5%	227	15%	945	838	13%
Handelsbanken Liv	189	164	15%	221	-14%	690	846	-18%
Investment banking	576	465	24%	566	2%	2,303	2,136	8%
Total income	1,025	877	17%	1,014	1%	3,938	3,820	3%

JANUARY – DECEMBER 2013 COMPARED WITH JANUARY – DECEMBER 2012

Operating profit increased by 79% to SEK 1,101m (616).

Asset management operations, excluding Handelsbanken Liv, increased their profit to SEK 407m (306) and the investment bank to SEK 384m (-106).

Net interest income went down to SEK 151m (517). However, the decrease should be seen together with net gains/losses on financial transactions, which at the same time increased to SEK 977m (658).

Net fee and commission income grew by 9% to SEK 2,658m (2,438), chiefly due to higher mutual fund and advisory commissions.

The risk result in Handelsbanken Liv was SEK 142m (196).

In total, income rose by 3% to SEK 3,938m (3,820), while expenses fell by 11% to SEK -2,837m (-3,204). The reduction in expenses is chiefly attributable to staff costs. The average number of employees fell by 6% to 1,464 (1,550).

Q4 2013 COMPARED WITH Q3 2013

Operating profit grew by 32% to SEK 274m (207) due to seasonally higher levels of activity. Income increased by 17% to SEK 1,025m (877), chiefly due to higher fee and commission income. Asset Management, excluding Handelsbanken Liv, increased its income by 5% to SEK 260m (248).

Net fee and commission income increased by 20% to SEK 707m (588), and net gains/losses on financial transactions increased by 18% to SEK 253m (215), mainly as a result of seasonally higher customer activity.

Expenses increased by 12% to SEK -751m (-670) as a result of higher other administrative expenses. Staff costs rose by 1%. The average number of employees during the quarter declined by 3% to 1,448 (1,486) as a result of the employment of fewer temporary holiday staff.

Other units not reported in the business segments

Reported below are the income and expenses related to treasury and the central head office departments and also provisions to the Oktogonen profit-sharing foundation. Capital gains/losses, dividends, and other income and expenses that are not attributable to any of the segments are also reported here.

INCOME STATEMENT

SEK m	Q4 2013	Q3 2013	Change	Q4 2012	Change	Full year 2013	Full year 2012	Change
Net interest income	93	21	343%	-17		313	209	50%
Net fee and commission income	-19	-12	-58%	43		-31	114	
Net gains/losses on financial transactions	-135	-66	-105%	-112	-21%	-502	-468	-7%
Share of profit of associates	7	5	40%	7	0%	9	8	12%
Other income	27	14	93%	24	13%	255	203	26%
Total income	-27	-38	29%	-55	51%	44	66	-33%
Staff costs	-810	-680	19%	-759	7%	-2,858	-2,745	4%
Other administrative expenses	-567	-531	7%	-703	-19%	-2,209	-2,144	3%
Internal purchased and sold services	1,139	1,028	11%	1,104	3%	4,336	4,022	8%
Depreciation, amortisation and impairments of property, equipment and intangible assets	-58	-62	-6%	-50	16%	-249	-239	4%
Total expenses	-296	-245	21%	-408	-27%	-980	-1,106	-11%
Profit before loan losses	-323	-283	-14%	-463	30%	-936	-1,040	10%
Net loan losses								
Gains/losses on disposal of property, equipment and intangible assets	7	-1		0		7	0	
Operating profit	-316	-284	-11%	-463	32%	-929	-1,040	11%
Profit allocation	0	0	0%	0	0%	0	0	0%
Operating profit after profit allocation	-316	-284	-11%	-463	32%	-929	-1,040	11%
Internal income	2,110	1,985	6%	2,122	-1%	8,338	10,290	-19%
Average number of employees	2,002	1,980	1%	1,957	2%	1,982	1,941	2%

JANUARY – DECEMBER 2013 COMPARED WITH JANUARY – DECEMBER 2012

Operating profit was SEK -929m (-1,040). This figure includes the provision to the Oktogonen profit-sharing foundation, which increased to SEK -1,096m (-1,020). Adjusted for this, operating profit was SEK 167m (-20).

Q4 2013 COMPARED WITH Q3 2013

Operating profit was SEK -316m (-284). Adjusted for the provision to the Oktogonen profit-sharing foundation, the profit was SEK 12m (-28).

Income rose by SEK 11m and expenses went up by SEK 51m.

KEY FIGURES – GROUP

	Q4 2013	Q3 2013	Q4 2012	Full year 2013	Full year 2012
Return on equity, total operations *	13.3%	14.2%	17.5%	13.9%	14.9%
Return on equity, continuing operations *	13.2%	14.0%	17.8%	13.8%	14.8%
C/I ratio, continuing operations	48.6%	46.1%	51.1%	47.0%	47.6%
C/I ratio, continuing operations, incl. loan losses	52.0%	49.3%	55.6%	50.3%	51.2%
Earnings per share, total operations, SEK	5.55	5.68	6.78	22.52	22.34
- after dilution	5.49	5.61	6.67	22.26	21.85
Ordinary dividend, SEK				11.50	10.75
Total dividend				16.50	10.75
Adjusted equity per share, SEK **	177.71	169.01	162.63	177.71	162.63
Capital ratio, Basel II	21.6%	21.7%	20.7%	21.6%	20.7%
Tier 1 ratio, Basel II	21.5%	21.5%	20.4%	21.5%	20.4%
Capital base in relation to capital requirement Basel II	270%	271%	258%	270%	258%
Average number of employees, continuing operations	11,585	11,825	11,156	11,503	11,192
Number of branches in Sweden	462	461	461	462	461
Number of branches outside Sweden	348	335	313	348	313

* When calculating return on equity, 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 and revaluation effects on defined-benefit pension plans.

** When calculating equity per share, equity is adjusted for the impact of cash flow hedges and for dilution.

THE HANDELSBANKEN SHARE

	Q4 2013	Q3 2013	Q4 2012	Full year 2013	Full year 2012
Number of converted shares	173,428	82,160	822,942	2,838,683	8,744,470
Number of repurchased shares	-	-	-	-	-
Holding of own shares in trading book, end of period	-	-	-	-	-
Number of outstanding shares after repurchases and deduction for trading book, end of period	635,645,795	635,472,367	632,807,112	635,645,795	632,807,112
Number of outstanding shares after dilution, end of period	647,601,239	647,601,244	648,210,569	647,601,239	648,210,569
Average number of shares converted during the year	2,761,416	2,642,647	8,474,744	2,139,580	4,879,731
Average holdings of own shares (repurchased and holdings in trading book)	10,079	-	424,194	157,183	444,293
Average number of outstanding shares	635,558,449	635,449,759	632,113,192	634,789,509	628,498,080
- after dilution	647,591,165	647,719,618	647,786,779	647,533,862	649,930,793
Share price ordinary class A, SEK	316.00	274.90	232.40	316.00	232.40
Market capitalisation, SEK bn	201	175	147	201	147

Condensed set of financial statements – Group

INCOME STATEMENT – GROUP

SEK m		Q4 2013	Q3 2013	Change	Q4 2012	Change	Full year 2013	Full year 2012	Change
Interest income		13,573	13,569	0%	14,428	-6%	54,463	62,814	-13%
Interest expense		-6,801	-6,886	-1%	-7,944	-14%	-27,794	-36,733	-24%
Net interest income	Note 2	6,772	6,683	1%	6,484	4%	26,669	26,081	2%
Net fee and commission income	Note 3	2,107	1,896	11%	1,910	10%	7,804	7,369	6%
Net gains/losses on financial transactions	Note 4	304	354	-14%	366	-17%	1,357	1,120	21%
Risk result - insurance		35	30	17%	88	-60%	142	196	-28%
Other dividend income		1	4	-75%	1	0%	161	152	6%
Share of profit of associates		7	5	40%	7	0%	9	8	12%
Other income		52	37	41%	35	49%	185	136	36%
Total income		9,278	9,009	3%	8,891	4%	36,327	35,062	4%
Staff costs		-2,980	-2,845	5%	-2,923	2%	-11,404	-11,167	2%
Other administrative expenses	Note 5	-1,411	-1,187	19%	-1,511	-7%	-5,181	-5,069	2%
Depreciation, amortisation and impairments of property, equipment and intangible assets		-116	-125	-7%	-112	4%	-476	-464	3%
Total expenses		-4,507	-4,157	8%	-4,546	-1%	-17,061	-16,700	2%
Profit before loan losses		4,771	4,852	-2%	4,345	10%	19,266	18,362	5%
Net loan losses	Note 6	-322	-284	13%	-395	-18%	-1,195	-1,251	-4%
Gains/losses on disposal of property, equipment and intangible assets		9	3	200%	-2		17	-3	
Operating profit		4,458	4,571	-2%	3,948	13%	18,088	17,108	6%
Taxes		-966	-997	-3%	400		-3,915	-3,092	27%
Profit for the period from continuing operations		3,492	3,574	-2%	4,348	-20%	14,173	14,016	1%
Profit for the period pertaining to discontinued operations, after tax	Note 7	35	33	6%	-64		122	22	455%
Profit for the period		3,527	3,607	-2%	4,284	-18%	14,295	14,038	2%
Attributable to									
Shareholders in Svenska Handelsbanken AB		3,527	3,607	-2%	4,283	-18%	14,295	14,037	2%
Minority interest		0	0		1		0	1	

EARNINGS PER SHARE – GROUP

	Q4 2013	Q3 2013	Change	Q4 2012	Change	Full year 2013	Full year 2012	Change
Profit for the year, attributable to shareholders in Svenska Handelsbanken AB	3,527	3,607	-2%	4,283	-18%	14,295	14,037	2%
- of which interest expense on convertible subordinated loan after tax	-28	-27	4%	-35	-20%	-119	-162	-27%
Average number of outstanding shares, million	635.6	635.4		632.1		634.8	628.5	
Average number of outstanding shares after dilution, million	647.6	647.7		647.8		647.5	649.9	
Earnings per share, continuing operations, SEK	5.50	5.63	-2%	6.88	-20%	22.33	22.30	0%
- after dilution	5.44	5.56	-2%	6.77	-20%	22.07	21.82	1%
Earnings per share, discontinued operations, SEK	0.05	0.05	0%	-0.10		0.19	0.04	375%
- after dilution	0.05	0.05	0%	-0.10		0.19	0.03	
Earnings per share, total operations, SEK	5.55	5.68	-2%	6.78	-18%	22.52	22.34	1%
- after dilution	5.49	5.61	-2%	6.67	-18%	22.26	21.85	2%

Earnings per share after dilution is calculated by taking in account the effects of a conversion of outstanding convertible debt instruments. This means that the average number of shares is adjusted by potential shares and that the period's earnings are adjusted by the period's interest expense on the outstanding convertible debt instruments after tax.

STATEMENT OF COMPREHENSIVE INCOME – GROUP

SEK m	Q4 2013	Q3 2013	Change	Q4 2012	Change	Full year 2013	Full year 2012	Change
Profit for the period	3,527	3,607	-2%	4,284	-18%	14,295	14,038	2%
Other comprehensive income								
Items that cannot be reclassified into profit or loss								
Defined-benefit plans	341	851	-60%	1,320	-74%	1,402	2,583	-46%
Taxes on items that cannot be reclassified into profit or loss	-72	-188	62%	-236	69%	-307	-568	46%
Total items that cannot be reclassified into profit or loss	269	663	-59%	1,084	-75%	1,095	2,015	-46%
Items that can be reclassified into profit or loss								
Cash flow hedges	-1,045	173		691		-3,410	2,390	
Available-for-sale instruments	175	308	-43%	370	-53%	535	984	-46%
Translation differences for the period	1,942	-496		294		763	-126	
<i>of which hedging net investment in foreign operations</i>	<i>1,266</i>	<i>238</i>	<i>432%</i>	<i>-166</i>		<i>767</i>	<i>486</i>	<i>58%</i>
Taxes on items that can be reclassified into profit or loss	-72	-149	52%	-135	47%	514	-913	
<i>of which cash flow hedges</i>	<i>224</i>	<i>-38</i>		<i>-118</i>		<i>744</i>	<i>-565</i>	
<i>of which available-for-sale instruments</i>	<i>-17</i>	<i>-58</i>	<i>71%</i>	<i>-88</i>	<i>81%</i>	<i>-61</i>	<i>-248</i>	<i>75%</i>
<i>of which hedging net investment in foreign operations</i>	<i>-279</i>	<i>-53</i>	<i>-426%</i>	<i>71</i>		<i>-169</i>	<i>-100</i>	<i>-69%</i>
Total items that can be reclassified into profit or loss	1,000	-164		1,220	-18%	-1,598	2,335	
Total other comprehensive income for the period	1,269	499	154%	2,304	-45%	-503	4,350	
Total comprehensive income for the period	4,796	4,106	17%	6,588	-27%	13,792	18,388	-25%
Attributable to								
Shareholders in Svenska Handelsbanken AB	4,796	4,106	17%	6,587	-27%	13,792	18,387	-25%
Minority interest	0	0	0%	1	-100%	0	1	-100%

Discontinued operations only affects Translation differences for the period in Other comprehensive income.

QUARTERLY PERFORMANCE – GROUP

SEK m	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012
Interest income	13,573	13,569	13,544	13,777	14,428
Interest expense	-6,801	-6,886	-6,871	-7,236	-7,944
Net interest income	6,772	6,683	6,673	6,541	6,484
Net fee and commission income	2,107	1,896	1,924	1,877	1,910
Net gains/losses on financial transactions	304	354	440	259	366
Risk result - insurance	35	30	26	51	88
Other dividend income	1	4	155	1	1
Share of profit of associates	7	5	2	-5	7
Other income	52	37	20	76	35
Total income	9,278	9,009	9,240	8,800	8,891
Staff costs	-2,980	-2,845	-2,796	-2,783	-2,923
Other administrative expenses	-1,411	-1,187	-1,304	-1,279	-1,511
Depreciation, amortisation and impairments of property, equipment and intangible assets	-116	-125	-115	-120	-112
Total expenses	-4,507	-4,157	-4,215	-4,182	-4,546
Profit before loan losses	4,771	4,852	5,025	4,618	4,345
Net loan losses	-322	-284	-306	-283	-395
Gains/losses on disposal of property, equipment and intangible assets	9	3	4	1	-2
Operating profit	4,458	4,571	4,723	4,336	3,948
Taxes	-966	-997	-1,067	-885	400
Profit for the period from continuing operations	3,492	3,574	3,656	3,451	4,348
Profit for the period pertaining to discontinued operations, after tax	35	33	39	15	-64
Profit for the period	3,527	3,607	3,695	3,466	4,284
Earnings per share, continuing operations, SEK	5.50	5.63	5.76	5.45	6.88
- after dilution	5.44	5.56	5.69	5.39	6.77
Earnings per share, discontinued operations, SEK	0.05	0.05	0.06	0.02	-0.10
- after dilution	0.05	0.05	0.06	0.02	-0.10
Earnings per share, total operations, SEK	5.55	5.68	5.82	5.47	6.78
- after dilution	5.49	5.61	5.75	5.41	6.67

BALANCE SHEET – GROUP

SEK m		31 Dec 2013	30 Sep 2013	30 Jun 2013	31 Mar 2013	31 Dec 2012
Assets						
Cash and balances with central banks		334,794	345,109	211,274	219,746	236,545
Other loans to central banks	Note 8	35,160	34,403	34,327	40,312	12,370
Interest-bearing securities eligible as collateral with central banks		57,451	63,245	54,996	56,866	48,906
Loans to other credit institutions	Note 8	62,898	72,984	71,693	87,206	89,511
Loans to the public	Note 8	1,696,339	1,682,552	1,685,665	1,655,041	1,680,479
Value change of interest-hedged item in portfolio hedge		96	2,143	2,396	2,702	5,271
Bonds and other interest-bearing securities		64,125	63,947	65,575	72,049	68,354
Shares		48,595	41,929	38,698	35,488	30,146
Investments in associates		272	278	277	219	203
Assets where the customer bears the value change risk		86,015	81,766	77,144	75,098	69,590
Derivative instruments	Note 9	69,961	74,627	90,141	101,865	110,850
Reinsurance assets		4	1	1	1	1
Intangible assets	Note 10	7,835	7,716	7,747	7,162	7,206
Property and equipment		2,205	2,114	2,183	2,156	2,209
Current tax assets		405	785	387	365	129
Deferred tax assets		269	407	480	362	350
Net pension assets		1,733	1,907	1,043	1,964	766
Assets held for sale		1,247	1,159	1,084	985	854
Other assets		13,262	32,459	37,144	21,043	12,812
Prepaid expenses and accrued income		7,140	6,705	7,013	8,250	7,399
Total assets		2,489,806	2,516,236	2,389,268	2,388,880	2,383,951
Liabilities and equity						
Due to credit institutions	Note 11	171,624	169,761	197,223	213,004	183,945
Deposits and borrowing from the public	Note 11	825,205	807,630	636,776	642,314	682,223
Liabilities where the customer bears the value change risk		86,062	81,829	77,173	75,118	69,638
Issued securities		1,150,641	1,180,015	1,209,644	1,158,140	1,151,426
Derivative instruments	Note 9	61,529	71,564	73,086	92,369	106,044
Short positions		22,845	18,371	20,098	29,040	16,201
Insurance liabilities		622	632	672	679	666
Current tax liabilities		831	1,069	928	1,389	497
Deferred tax liabilities		7,413	7,568	7,363	8,027	8,713
Provisions		141	123	110	111	120
Liabilities related to assets held for sale		539	537	549	442	349
Other liabilities		13,189	31,302	24,139	24,724	17,848
Accrued expenses and deferred income		21,861	23,412	19,977	23,184	21,264
Subordinated liabilities		15,965	15,911	19,139	19,973	21,167
Total liabilities		2,378,467	2,409,724	2,286,877	2,288,514	2,280,101
Minority interest		2	2	2	2	2
Share capital		2,956	2,955	2,955	2,951	2,943
Share premium		2,843	2,813	2,798	2,659	2,337
Reserves		1,837	568	69	1,882	2,340
Retained earnings		89,406	89,406	89,406	89,406	82,191
Profit for the period, attributable to shareholders in Svenska Handelsbanken AB		14,295	10,768	7,161	3,466	14,037
Total equity		111,339	106,512	102,391	100,366	103,850
Total liabilities and equity		2,489,806	2,516,236	2,389,268	2,388,880	2,383,951

STATEMENT OF CHANGES IN EQUITY – GROUP

January - December 2013 SEK m	Share capital	Share premium	Defined benefit plans	Hedge reserve	Fair value reserve	Translation reserve	Retained earnings	Minority	Total
Opening equity	2,943	2,337		1,149	569	-1,393	101,290	2	106,897
Effects of implementing revised IAS 19			2,015				-5,062		-3,047
Opening equity after adjustment	2,943	2,337	2,015	1,149	569	-1,393	96,228	2	103,850
Profit for the period							14,295	0	14,295
Other comprehensive income			1,095	-2,666	474	594		0	-503
Total comprehensive income for the period			1,095	-2,666	474	594	14,295	0	13,792
Dividend							-6,822		-6,822
Conversion of convertible subordinated loan issued in 2008	13	506							519
Change of minority interests							0	0	0
Closing equity	2,956	2,843	3,110	-1,517	1,043	-799	103,701	2	111,339

January - December 2012 SEK m	Share capital	Share premium	Defined benefit plans	Hedge reserve	Fair value reserve	Translation reserve	Retained earnings	Minority	Total
Opening equity	2,902	793		-676	-167	-1,167	92,839	0	94,524
Effects of implementing revised IAS 19							-4,552		-4,552
Opening equity after adjustment	2,902	793		-676	-167	-1,167	88,287	0	89,972
Profit for the period							14,037	1	14,038
Other comprehensive income			2,015	1,825	736	-226		0	4,350
Total comprehensive income for the period			2,015	1,825	736	-226	14,037	1	18,388
Dividend							-6,110		-6,110
Conversion of convertible subordinated loan issued in 2008	41	1,544							1,585
Change of own shares in trading book							14		14
Change of minority interests								1	1
Closing equity	2,943	2,337	2,015	1,149	569	-1,393	96,228	2	103,850

During the period January to December 2013, convertibles for a nominal value of SEK 533 million (1,641) relating to the 2008 subordinated convertible bond were converted into 2,838,683 Class A shares (8,744,470). At the end of the period, the number of Handelsbanken shares in the trading book was 0 (0).

CONDENSED STATEMENT OF CASH FLOWS – GROUP

SEK m	Full year 2013	Full year 2012
Cash flow from operating activities	107,784	10,324
Cash flow from investing activities	-592	3,912
Cash flow from financing activities	-10,870	-18,010
Cash flow for the period	96,322	-3,774
Liquid funds at beginning of the period	236,545	251,857
Cash flow for the period	96,322	-3,774
Exchange rate differences on liquid funds	1,927	-11,538
Liquid funds at end of period	334,794	236,545

NOTES

Note 1 Accounting policies

Information relating to the Group has been stated in accordance with IAS 34. For both the Group and the parent company, the contents of this report also comply with the applicable provisions of the Swedish Act on Annual Reports in Credit Institutions and Securities Companies, the Swedish Financial Supervisory Authority's regulations and general guidelines FFFS 2008:25 on annual reports in credit institutions and securities companies and recommendations from the Swedish Financial Reporting Board.

On 1 January 2013, the revised IAS 19 Employee benefits came into effect for application within the EU. This impacts how Handelsbanken reports defined benefit pension plans since the "corridor" method for accounting of actuarial gains and losses has been removed. In addition, the current assumption for the return on plan assets has been replaced by an estimated yield equivalent to the discount rate for the pension liability. This impacts the calculation of the pension cost reported in the income statement. Accumulated actuarial gains and losses are reported in the transition against retained earnings. The resulting value changes in obligations and assets are reported in other comprehensive income. This change in policy has resulted in the Group's opening equity at the beginning of 2013 decreasing by SEK 3,047m. The comparative figures for 2012 have been adjusted and were communicated in a press release on 15 April. The adjusted comparison figures are shown in note 22.

IFRS 13 Fair Value Measurement also came into effect for application in the EU on 1 January 2013. The standard deals with common principles for fair value measurement of most of the assets and liabilities at fair value in the accounts, or for which information about fair value must be provided. IFRS 13 clarifies some of the principles for valuation credit risk components in model valuation of financial instruments. In the model valuation of derivatives, the Bank already takes a conservative approach where material positive differences between the value calculated at initial recognition and the transaction price are distributed over the life of the derivative. In addition, independent valuations of the total credit risk component in outstanding mark-to-model method OTC derivatives are performed on a regular basis. Changes in credit risks are recognised in profit/loss to the extent that the overall effect exceeds non-amortised day -1 effects. The application of IFRS 13 has not had any effect on the balance sheet and income statements. However, the new standard contains more extensive requirements for disclosures of fair value measurement. Disclosures of fair value measurement are provided in note 15.

As of the 2013 financial year, new disclosures are made concerning the set-off of financial assets and liabilities, in compliance with IFRS 7, Financial instruments: Disclosures, which came into effect for application in the EU on 1 January 2013. See note 17. The revised IAS 1 Presentation of financial statements, which came into effect for application in the EU on 1 January 2013, has affected the Bank's presentation of other comprehensive income. Items which will later be reclassified to the income statement are now separated from those items which are not reclassified.

In other respects, the report of the Group and the parent company has been prepared in accordance with the same accounting policies and calculation methods that were applied in the annual report for 2012.

Future amendments to regulations

As of the 2014 financial year, IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosures of Interest in Other Entities will come into effect for application in the EU. The new regulations mean that the current stipulations in IAS 27 and SIC 12 concerning when a company is to be consolidated in the consolidated annual accounts are being replaced by a number of assessment criteria for when an entity controls another entity. One of the effects of the new regulations is that fund units owned by the Bank through unit-linked insurance contracts will not be included in the assessment of whether controlling influence of a fund management company applies. If the new regulations had been applied at the end of the financial year, the balance sheet items Assets/Liabilities where the customer bears the value change risk would have been affected by SEK -5,085m as at 31 December 2013. The application of the new regulations does not affect the income statement, nor is it expected to have a significant effect on the Bank's capital adequacy.

None of the other changes in the accounting regulations issued for application are assessed to have a material impact on Handelsbanken's financial reports, capital adequacy, large exposures or other circumstances according to the applicable operating rules.

Note 2 Net interest income

SEK m	Q4 2013	Q3 2013	Change	Q4 2012	Change	Full year 2013	Full year 2012	Change
Interest income								
Credit institutions and central banks	402	424	-5%	502	-20%	1,575	2,295	-31%
Loans to the public	13,102	13,114	0%	13,819	-5%	52,614	59,084	-11%
Interest-bearing securities eligible as collateral with central banks	241	259	-7%	114	111%	2,106	1,534	37%
Interest-bearing securities	289	451	-36%	-788		1,898	1,967	-4%
Derivative instruments	-594	-689	14%	-584	-2%	-2,556	-1,198	-113%
Other interest income	349	376	-7%	483	-28%	1,459	1,498	-3%
Total interest income	13,789	13,935	-1%	13,546	2%	57,096	65,180	-12%
Of which interest income reported in Net gains/losses on financial transactions	216	366	-41%	-882		2,633	2,366	11%
Interest income according to income statement	13,573	13,569	0%	14,428	-6%	54,463	62,814	-13%
Interest expense								
Credit institutions and central banks	-260	-284	-8%	-418	-38%	-1,287	-2,066	-38%
General public	-1,169	-1,113	5%	-1,398	-16%	-4,608	-7,151	-36%
Issued securities	-5,851	-5,735	2%	-6,174	-5%	-23,137	-25,527	-9%
Derivative instruments	1,002	924	8%	561	79%	3,591	-319	
Subordinated liabilities	-273	-292	-7%	-341	-20%	-1,214	-1,359	-11%
Other interest expense	-368	-627	-41%	869		-3,294	-2,633	25%
Total interest expense	-6,919	-7,127	-3%	-6,901	0%	-29,949	-39,055	-23%
Of which interest expense reported in Net gains/losses on financial transactions	-118	-241	-51%	1,043		-2,155	-2,322	-7%
Interest expense according to income statement	-6,801	-6,886	-1%	-7,944	-14%	-27,794	-36,733	-24%
Net interest income	6,772	6,683	1%	6,484	4%	26,669	26,081	2%

Note 3 Net fee and commission income

SEK m	Q4 2013	Q3 2013	Change	Q4 2012	Change	Full year 2013	Full year 2012	Change
Brokerage and other securities commissions	312	250	25%	273	14%	1,189	1,137	5%
Mutual funds	537	513	5%	438	23%	2,008	1,680	20%
Custody and other asset management fees	124	111	12%	92	35%	427	348	23%
Advisory services	68	35	94%	51	33%	278	195	43%
Insurance	148	142	4%	137	8%	571	583	-2%
Payments	776	738	5%	709	9%	2,813	2,676	5%
Loans and deposits	284	272	4%	305	-7%	1,124	1,195	-6%
Guarantees	108	115	-6%	115	-6%	438	466	-6%
Other	127	108	18%	157	-19%	446	470	-5%
Commission income	2,484	2,284	9%	2,277	9%	9,294	8,750	6%
Securities	-47	-63	-25%	-54	-13%	-228	-216	6%
Payments	-310	-304	2%	-291	7%	-1,175	-1,070	10%
Other	-20	-21	-5%	-22	-9%	-87	-95	-8%
Commission expense	-377	-388	-3%	-367	3%	-1,490	-1,381	8%
Net fee and commission income	2,107	1,896	11%	1,910	10%	7,804	7,369	6%

Note 4 Net gains/losses on financial transactions

SEK m	Q4 2013	Q3 2013	Change	Q4 2012	Change	Full year 2013	Full year 2012	Change
Trading, derivatives, FX effect etc	-14	465		171		2,026	80	
Other financial instruments at fair value in profit/loss	184	-101		115	60%	-785	732	
<i>of which interest-bearing securities</i>	177	-93		87	103%	-707	730	
<i>of which loans</i>	7	-8		28	-75%	-78	2	
Financial instruments at amortised cost	132	8		78	69%	149	103	45%
<i>of which loans</i>	203	73	178%	128	59%	439	329	33%
<i>of which liabilities</i>	-71	-65	-9%	-50	-42%	-290	-226	-28%
Financial instruments available for sale	17	9	89%	4	325%	24	18	33%
Hedge accounting	-18	-11	-64%	11		2	205	-99%
<i>of which net gains/losses on fair value hedges</i>	-24	-23	-4%	17		-26	210	
<i>of which hedge ineffectiveness</i>	6	12	-50%	-6		28	-5	
Gains/losses on unbundled insurance contracts	3	-16		-13		-59	-18	-228%
Total	304	354	-14%	366	-17%	1,357	1,120	21%

Note 5 Other administrative expenses

SEK m	Q4 2013	Q3 2013	Change	Q4 2012	Change	Full year 2013	Full year 2012	Change
Property and premises	-288	-268	7%	-400	-28%	-1,118	-1,232	-9%
External IT costs	-467	-394	19%	-460	2%	-1,704	-1,588	7%
Communication	-95	-85	12%	-82	16%	-369	-345	7%
Travel and marketing	-108	-75	44%	-128	-16%	-378	-392	-4%
Purchased services	-277	-227	22%	-290	-4%	-1,031	-1,003	3%
Supplies	-58	-47	23%	-55	5%	-202	-190	6%
Other expenses	-118	-91	30%	-96	23%	-379	-319	19%
Other administrative expenses	-1,411	-1,187	19%	-1,511	-7%	-5,181	-5,069	2%

Note 6 Loan losses and impaired loans

Loan losses

SEK m	Q4 2013	Q3 2013	Change	Q4 2012	Change	Full year 2013	Full year 2012	Change
Specific provision for individually valued loan receivables								
Provision for the period	-412	-272	51%	-514	-20%	-1,287	-1,460	-12%
Reversal of previous provisions	115	68	69%	151	-24%	289	344	-16%
Total	-297	-204	46%	-363	-18%	-998	-1,116	-11%
Collective provisions								
Net provision for the period for individually valued receivables	-10	2		27		-60	77	
Net provision for the period for homogeneous loan receivables	4	8	-50%	6	-33%	15	5	200%
Total	-6	10		33		-45	82	
Other provisions								
Losses on off-balance sheet items	-9	-		-		-9	-	
Reversal of losses on off-balance-sheet items	-	-		-		0	0	
Change in collective provision for off-balance-sheet items	-7	-2	250%	-2	250%	-10	5	
Total	-16	-2		-2		-19	5	
Write-offs								
Actual loan losses for the period	-352	-376	-6%	-519	-32%	-1,503	-1,383	9%
Utilised share of previous provisions	290	236	23%	407	-29%	1,174	975	20%
Recoveries	59	52	13%	49	20%	196	186	5%
Total	-3	-88	-97%	-63	-95%	-133	-222	-40%
Net loan losses	-322	-284	13%	-395	-18%	-1,195	-1,251	-4%

Impaired loans

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

SEK m	31 Dec 2013	30 Sep 2013	30 Jun 2013	31 Mar 2013	31 Dec 2012
Impaired loans	6,944	6,799	7,266	7,006	7,325
Specific provision for individually assessed loans	-3,454	-3,467	-3,589	-3,522	-3,725
Provision for collectively assessed homogeneous groups of loans with limited value	-92	-94	-103	-113	-115
Collective provisions	-357	-347	-350	-280	-288
Impaired loans, net	3,041	2,891	3,224	3,091	3,197
Total impaired loans reserve ratio	56.2%	57.5%	55.6%	55.9%	56.4%
Proportion of impaired loans, %	0.18%	0.17%	0.19%	0.18%	0.18%
Impaired loans reserve ratio excl. collective provisions	51.1%	52.4%	50.8%	51.9%	52.4%
Loan loss ratio as a % of loans, accumulated	0.07%	0.07%	0.07%	0.06%	0.08%
Loans past due > 60 days	6,185	6,661	6,834	6,396	6,988
Loans past due > 60 days, which are not impaired	2,150	2,478	2,382	2,136	2,563

Impaired loans and loans which are overdue by more than 60 days, by sector

31 December 2013	Impaired loans				Loans past due > 60 days, which are not impaired
	SEK m	Gross	Provisions	Net*	
Private individuals	1,634	-790	844	689	1,316
Housing co-operative associations	101	-33	68	45	7
Property management	1,299	-394	905	560	526
Manufacturing	890	-517	373	189	9
Retail	705	-362	343	210	42
Hotel and restaurant	37	-24	13	11	9
Passenger and goods transport by sea	424	-423	1	1	1
Other transport and communication	110	-80	30	28	5
Construction	194	-116	78	71	88
Electricity, gas and water	72	-44	28	28	7
Agriculture, hunting and forestry	33	-25	8	7	2
Other services	153	-101	52	43	33
Holding, investment and insurance companies, funds etc.	1,138	-569	569	61	4
Other corporate lending	154	-68	86	74	101
Credit institutions	-	-	-	-	-
Total	6,944	-3,546	3,398	2,017	2,150

* Book value after deduction of specific provisions.

31 December 2012	Impaired loans				Loans past due > 60 days, which are not impaired
	SEK m	Gross	Provisions	Net*	
Private individuals	1,541	-852	689	584	1,611
Housing co-operative associations	32	-17	15	12	46
Property management	1,004	-365	639	365	465
Manufacturing	829	-473	356	174	118
Retail	1,085	-441	644	399	45
Hotel and restaurant	79	-36	43	42	19
Passenger and goods transport by sea	419	-406	13	13	0
Other transport and communication	288	-182	106	105	17
Construction	216	-106	110	107	66
Electricity, gas and water	88	-25	63	1	13
Agriculture, hunting and forestry	26	-15	11	9	36
Other services	415	-213	202	190	59
Holding, investment and insurance companies, funds etc.	1,153	-601	552	25	13
Other corporate lending	150	-108	42	42	55
Credit institutions	-	-	-	-	-
Total	7,325	-3,840	3,485	2,068	2,563

* Book value after deduction of specific provisions.

Note 7 Discontinued operations

Discontinued operations comprise the results from the Plastal Industri AB subsidiary, including the acquired parts of the Plastal Group. The Bank intends to divest Plastal Industri AB.

Note 8 Loans and credit exposure

SEK m	31 Dec 2013	30 Sep 2013	30 Jun 2013	31 Mar 2013	31 Dec 2012
Loans to the public	1,696,339	1,682,552	1,685,665	1,655,041	1,680,479
of which reverse repos	15,711	22,932	24,284	16,056	33,799
Loans to other credit institutions	62,898	72,984	71,693	87,206	89,511
of which reverse repos	33,874	38,562	42,463	53,826	59,241
Other loans to central banks	35,160	34,403	34,327	40,312	12,370
of which reverse repos	360	2,326	505	1,389	2,820

Loans to the public, by sector

SEK m	31 December 2013			31 December 2012		
	Loans gross	Provisions	Loans net	Loans gross	Provisions	Loans net
Private individuals	788,495	-790	787,705	743,454	-852	742,602
<i>of which mortgage loans</i>	642,459	-54	642,405	607,163	-44	607,119
<i>of which other loans with property mortgages</i>	77,461	-111	77,350	67,031	-115	66,916
<i>of which other loans to private individuals</i>	68,575	-625	67,950	69,260	-693	68,567
Housing co-operative associations	140,320	-33	140,287	129,131	-17	129,114
<i>of which mortgage loans</i>	128,524	-9	128,515	105,421	-4	105,417
Property management	461,726	-394	461,332	436,694	-365	436,329
Manufacturing	39,051	-517	38,534	45,170	-473	44,697
Retail	31,570	-362	31,208	33,646	-441	33,205
Hotels and restaurants	7,396	-24	7,372	8,234	-36	8,198
Passenger and goods transport by sea	14,733	-423	14,310	17,839	-406	17,433
Other transport and communication	26,972	-80	26,892	32,406	-182	32,224
Construction	12,295	-116	12,179	13,395	-106	13,289
Electricity, gas, water	23,620	-44	23,576	23,965	-25	23,940
Agriculture, hunting and forestry	8,365	-25	8,340	8,917	-15	8,902
Other services	22,996	-101	22,895	25,558	-213	25,345
Holding, investment, insurance, funds, etc.	73,272	-569	72,703	89,219	-601	88,618
Government and municipalities	20,935	-	20,935	36,711	-	36,711
Other corporate lending	28,496	-68	28,428	40,268	-108	40,160
Total loans to the public, before collective provisions	1,700,242	-3,546	1,696,696	1,684,607	-3,840	1,680,767
Collective provisions			-357			-288
Total loans to the public			1,696,339			1,680,479

Specification of Loans to the public – Property management

SEK m	31 December 2013			31 December 2012		
	Loans gross	Provisions	Loans net	Loans gross	Provisions	Loans net
Loans in Sweden						
State-owned property companies	7,798	-	7,798	9,213	-	9,213
Municipal-owned property companies	15,430	-	15,430	14,468	-	14,468
Residential property companies	73,571	-15	73,556	72,894	-13	72,881
<i>of which mortgage loans</i>	57,726	-1	57,725	52,759	-3	52,756
Other property management	151,410	-110	151,300	145,066	-129	144,937
<i>of which mortgage loans</i>	75,969	-3	75,966	61,097	-5	61,092
Total loans in Sweden	248,209	-125	248,084	241,641	-142	241,499
Loans outside Sweden						
Denmark	12,108	-117	11,991	10,623	-96	10,527
Finland	23,612	-	23,612	19,481	-10	19,471
Norway	76,457	-60	76,397	80,549	-74	80,475
UK	81,129	-69	81,060	69,699	-20	69,679
The Netherlands	12,633	-	12,633			
Other countries	7,578	-23	7,555	14,701	-23	14,678
Total loans outside Sweden	213,517	-269	213,248	195,053	-223	194,830
Total loans - Property management	461,726	-394	461,332	436,694	-365	436,329

Credit risk exposure

SEK m	31 Dec 2013	30 Sep 2013	30 Jun 2013	31 Mar 2013	31 Dec 2012
Loans to the public	1,696,339	1,682,552	1,685,665	1,655,041	1,680,479
<i>of which reverse repos</i>	15,711	22,932	24,284	16,056	33,799
Loans to other credit institutions	62,898	72,984	71,693	87,206	89,511
<i>of which reverse repos</i>	33,874	38,562	42,463	53,826	59,241
Unutilised part of granted overdraft facilities	122,572	121,733	120,103	120,386	132,534
Committed loan offers	246,518	247,486	247,482	240,965	239,774
Other commitments	9,046	16,248	10,637	21,851	20,779
Guarantees, credits	8,371	9,002	10,145	10,364	10,723
Guarantees, other	58,568	58,623	59,186	56,416	39,913
Documentary credits	7,190	7,559	8,187	9,609	30,164
Derivative instruments *	69,961	74,627	90,141	101,865	110,850
Treasury bills and other eligible bills	57,451	63,245	54,996	56,866	48,906
Bonds and other interest-bearing securities	64,125	63,947	65,575	72,049	68,354
Total	2,403,039	2,418,006	2,423,810	2,432,618	2,471,987

* Refers to the total of positive market values.

Note 9 Derivatives

SEK m	31 Dec 2013	30 Sep 2013	30 Jun 2013	31 Mar 2013	31 Dec 2012
Positive market values					
Trading	51,868	56,410	69,079	79,969	85,556
Fair value hedges	198	10,274	10,170	13,954	22,197
Cash flow hedges	23,930	12,105	12,533	11,423	7,046
Amounts set off in the balance sheet	-6,035	-4,162	-1,641	-3,481	-3,949
Total	69,961	74,627	90,141	101,865	110,850
Negative market values					
Trading	54,591	60,439	60,919	77,521	89,502
Fair value hedges	762	2,023	2,515	2,826	12,192
Cash flow hedges	12,211	13,264	11,293	15,503	8,299
Amounts set off in the balance sheet	-6,035	-4,162	-1,641	-3,481	-3,949
Total	61,529	71,564	73,086	92,369	106,044
Nominal value					
Trading	6,374,976	6,776,464	7,106,437	7,116,556	7,185,555
Fair value hedges	63,580	240,982	272,337	308,575	518,885
Cash flow hedges	703,460	543,797	510,452	392,017	268,215
Total	7,142,016	7,561,243	7,889,226	7,817,148	7,972,655

Derivative contracts are presented gross in the table. Offsetted amounts consist of the offsetted market value of contracts for which the bank has the legal right and intention to settle contractual cash flows net (including cleared contracts). These contracts are presented on a net basis in the balance sheet per counterparty and currency.

Note 10 Goodwill and other intangible assets

SEK m	Total		Other intangible assets		Total	
	Full year 2013	Full year 2012	Full year 2013	Full year 2012	Full year 2013	Full year 2012
Opening residual value	6,273	6,352	933	727	7,206	7,079
Additional during the period	144	-	596	333	740	333
The period's amortisation	-	-	-140	-118	-140	-118
The period's impairments	-	-	-2	-3	-2	-3
Foreign exchange effect	14	-79	17	-6	31	-85
Closing residual value	6,431	6,273	1,404	933	7,835	7,206

Note 11 Due to credit institutions, deposits and borrowing from the public

SEK m	31 Dec 2013	30 Sep 2013	30 Jun 2013	31 Mar 2013	31 Dec 2012
Due to credit institutions	171,624	169,761	197,223	213,004	183,945
<i>of which repos</i>	<i>748</i>	<i>816</i>	<i>2,097</i>	<i>3,200</i>	<i>2,391</i>
Deposits and borrowing from the public	825,205	807,630	636,776	642,314	682,223
<i>of which repos</i>	<i>7,604</i>	<i>10,442</i>	<i>12,289</i>	<i>5,204</i>	<i>12,294</i>

Note 12 Turnover of own debt instruments and shares

The Handelsbanken Group issues and repurchases debt instruments and equity-related securities which it has issued on its own account. This turnover is mainly intended as part of the Bank's securities operations and also as a component in funding its operations. During the period January to December 2013, the turnover was:

	Group	Parent company
Interest-bearing securities, bonds and certificates (SEK bn):		
Issued (sold):	1,681	864
Repurchased (bought):	272	26
Repaid:	1,381	838
Equity-related securities (SEK bn):		
Issued (sold):	1.5	1.5
Repurchased (bought):	1.3	1.3

Note 13 Assets pledged, contingent liabilities and other commitments

SEK m	31 Dec 2013	30 Sep 2013	30 Jun 2013	31 Mar 2013	31 Dec 2012
Assets pledged for own debt	754,265	751,303	763,360	747,573	750,684
Other pledged assets	41,679	36,265	35,612	33,027	2,564
Contingent liabilities	74,129	75,184	77,556	76,389	80,823
Other commitments	378,136	385,467	378,222	383,202	393,087

The total contingent liabilities mainly consist of credit guarantees.

Note 14 Classification of financial assets and liabilities

The tables show valuation categories for financial instruments in accordance with IAS 39.

31 December 2013	At fair value in income statement divided into		Derivatives identified as hedge instruments	Investments held to maturity	Loans and other receivables	Financial assets available for sale	Other financial assets/liabilities	Total carrying amount	Fair value
	Trading	Other							
SEK m									
Assets									
Cash and balances with central banks					334,185		609	334,794	334,794
Other loans to central banks					35,160			35,160	35,160
Interest-bearing securities eligible as collateral with central banks	32,611	19,819		3,463		1,558		57,451	57,471
Loans to other credit institutions					62,898			62,898	62,413
Loans to the public		2,580			1,693,759			1,696,339	1,701,517
Value change of interest hedged item in portfolio hedge					96			96	
Bonds and other interest-bearing securities	26,959	35,331		933		902		64,125	64,123
Shares	41,542	1,328				5,725		48,595	48,595
Investments in associates							272	272	272
Assets where the customer bears the value change risk		85,319			696			86,015	86,015
Derivative instruments	46,692		23,269					69,961	69,961
Other assets	68				12,846		348	13,262	13,262
Prepaid expenses and accrued income	480	791		117	3,848		1,904	7,140	7,140
Total financial assets	148,352	145,168	23,269	4,513	2,143,488	8,185	3,133	2,476,108	2,480,723
Other non-financial assets									13,698
Total assets								2,489,806	
Liabilities									
Due to credit institutions							171,624	171,624	173,128
Deposits and borrowing from the public							825,205	825,205	824,904
Liabilities where the customer bears the value change risk		85,366					696	86,062	86,062
Issued securities	17,420						1,133,221	1,150,641	1,167,147
Derivative instruments	48,790		12,739					61,529	61,529
Short positions	22,845							22,845	22,845
Other liabilities	19						13,170	13,189	13,189
Accrued expenses and deferred income	357						21,504	21,861	21,861
Subordinated liabilities							15,965	15,965	17,710
Total financial liabilities	89,431	85,366	12,739				2,181,385	2,368,921	2,388,375
Other non-financial liabilities									9,546
Total liabilities								2,378,467	

31 December 2012	At fair value in income statement divided into		Derivatives identified as hedge instruments	Investments held to maturity	Loans and other receivables	Financial assets available for sale	Other financial assets/liabilities	Total carrying amount	Fair value
	Trading	Other							
SEK m									
Assets									
Cash and balances with central banks					236,545		609	236,545	236,545
Other loans to central banks					12,370			12,370	12,370
Interest-bearing securities eligible as collateral with central banks	26,474	17,622		3,759		1,051		48,906	48,973
Loans to other credit institutions					89,511			89,511	89,292
Loans to the public		4,078			1,676,401			1,680,479	1,689,938
Value change of interest hedged item in portfolio hedge					5,271			5,271	
Bonds and other interest-bearing securities	30,535	35,073		1,340		1,406		68,354	68,351
Shares	23,078	1,863				5,205		30,146	30,146
Investments in associates							203	203	203
Assets where the customer bears the value change risk		68,565				1,025		69,590	69,590
Derivative instruments	83,357		27,493					110,850	110,850
Other assets	28					12,784		12,812	12,812
Prepaid expenses and accrued income	229	1,043		118	6,009	0		7,399	7,399
Total financial assets	163,701	128,244	27,493	5,217	2,039,916	7,662	203	2,372,436	2,376,469
Other non-financial assets								11,515	
Total assets								2,383,951	
Liabilities									
Due to credit institutions							183,945	183,945	186,259
Deposits and borrowing from the public							682,223	682,223	682,320
Liabilities where the customer bears the value change risk		68,613					1,025	69,638	69,638
Issued securities	13,756						1,137,670	1,151,426	1,167,175
Derivative instruments	85,933		20,111					106,044	106,044
Short positions	16,201							16,201	16,201
Other liabilities	19						17,829	17,848	17,848
Accrued expenses and deferred income	54						21,210	21,264	21,264
Subordinated liabilities							21,167	21,167	22,507
Total financial liabilities	115,963	68,613	20,111				2,065,069	2,269,756	2,289,256
Other non-financial liabilities								10,345	
Total liabilities								2,280,101	

Note 15 Fair value measurement of financial instruments

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between independent market participants. For financial instruments traded on an active market, the fair value is the same as the quoted market price. An active market is one where quoted prices are readily and regularly available from a regulated market, execution venue, reliable news service or equivalent, and where the price information received can easily be verified by means of regularly occurring transactions. The current market price is generally the same as the current bid price for financial assets or the current ask price for financial liabilities. For groups of financial instruments which are managed on the basis of the Bank's net exposure to market risk, the current market price is presumed to be the price which would be received or paid if the net position were divested.

For financial instruments where there is no reliable information about market prices, fair value is established using valuation models. In the case of model valuation, valuation models that are established in the market are always used. These are based on input data which can substantially be verified with market observations. If necessary, adjustments are made for other variables which a market player would be expected to take into consideration when pricing. The assumptions used in the valuation are based on internally generated experience and are continuously examined by the risk organisation. The models and input data which form the basis of the valuations are regularly validated by the independent risk control function to ensure that they are consistent with market practice and established financial theory. The result is compared with the actual outcome so as to identify any need to adapt the forecasting tool.

Interest-bearing securities issued by governments and Swedish mortgage bonds are valued using current market prices. Corporate bonds are valued using valuation techniques based on market yields for the corresponding maturity adjusted for credit and liquidity risk.

Equities listed on an active market are valued at market price. For valuations of unlisted equities and participating interests, the choice of valuation model is determined by what is assessed as being suitable for the instrument concerned.

The Group's holdings of unlisted securities mainly consist of the Bank's participating interests in various types of joint operations which are related to the Bank's business. For example, these may be participating interests in clearing organisations and infrastructure collaboration in Handelsbanken's home markets. In general, such holdings are valued at the Bank's share of the company's net asset value, or alternatively at the price of the last completed transaction. For unlisted equities for which the company agreement regulates the price at which the shares can be divested, the holdings are valued at a divestment price determined in advance. In all material respects, unlisted equities are classified as available for sale. Value changes for these holdings are thus reported in other comprehensive income.

Shares in private equity funds are valued according to accepted valuation models adopted by the European Venture Capital & Private Equity Association (EVCA). In these models, the market value of the investments is derived from a relative valuation of comparable listed companies in the same sector. Adjustments are made for profit/loss items that prevent comparison between the investment and the compared company and the value of the investment is then determined on the basis of profit multiples such as P/E and EV/EBITA. Most of the holdings in private equity funds are investment assets in the insurance operations. Value changes and capital gains on these holdings are not reported directly in the income statement but are

included in the basis for calculating the yield split in the insurance operations.

Derivatives which are traded on an active market are valued at market price. The majority of the Group's derivative contracts, including interest rate swaps and different types of linear currency related derivatives, are valued using valuation models that use listed market prices. The valuation of non-linear derivative contracts which are not actively traded is also based on reasonable estimates of market-based input data such as volatility. In the model valuation of derivatives, material positive differences between the value measured at initial recognition and the transaction price (day -1 effect), are distributed over the life of the derivative. Such differences occur when the applied valuation model does not capture all the components which affect the value of the derivative. As a consequence of the application of this principle, SEK 81m (55) has been recognised in net gains/losses on financial transactions during the year. At the end of the year, non-recognised day -1 gains amounted to SEK 396m (341). In addition, the Bank makes an independent valuation of the total credit risk component (own credit risk as well as counterparty risk) in outstanding mark-to-model method OTC derivatives. Changes in fair value due to changed credit risk are recognised in profit/loss to the extent that the overall effect exceeds non-amortised day -1 effects.

Lending that is classified to be measured at fair value is valued at the present value of expected future cash flows. In the calculation, the market rate is adjusted for credit risk. The credit risk premium is assumed to be the same as the original margin as long as there is no objective proof that the counterparty's repayment capacity has significantly deteriorated. Information about repayment capacity is retrieved from the Bank's internal rating system.

Assets where the customer bears the value change risk are mainly shares in unit-linked insurance contracts and mutual funds which are consolidated in the Group accounts. These mutual fund units are valued using the fund's current market value (NAV). The assets correspond to liabilities where the customer bears the value change risk. The valuation of these liabilities reflects the valuation of the assets. Since the policyholders/shareholders have prior rights to the assets, there is no motive to adjust the valuation for credit risk.

Valuation hierarchy

In the tables, financial instruments at fair value have been categorised in terms of how the valuations have been carried out and the extent of market data used in the valuation. The categorisation is shown as levels 1-3 in the table. The categorisation is based on the valuation method used on the balance sheet date. If the category for a specific instrument has changed since the previous balance sheet date (31 December 2012), the instrument has been moved between the levels in the table.

Financial instruments which are valued at the current market price are categorised as level 1. These financial instruments mainly comprise government instruments and other interest-bearing securities that are traded actively, listed equities and short positions in corresponding assets. Level 1 also includes the majority of shares in mutual funds and other assets which are related to unit-linked insurance contracts and similar agreements and the corresponding liabilities.

Financial instruments which are valued using valuation models which substantially are based on market data are categorised as level 2. Level 2 mainly includes interest-bearing securities and interest and currency-related derivatives. Since the end of the last financial year, interest-bearing securities worth SEK 1,733m were moved from level

2 to level 1 due to increased market activity. In addition, equities worth SEK 5m were moved from level 1 to level 2.

Financial instruments valued using models which to a material extent are based on input data that is not possible to verify using external market information, are categorised as level 3. These mainly consist of unlisted holdings of equities and fund shares. Level 3 also includes loans at fair value and for which the valuation has largely been affected by a credit risk assumption which cannot be verified by price information or other market information. A reasonable possible change in these credit risk assumptions would not have any significant effect on the Group's financial position or profit. Changes in level 3 holdings during the year are shown in a separate table.

During the year, a review has been completed of the valuation of assets and liabilities which are reported as Assets and Liabilities where the customer bears the value change risk. As a result of this, SEK 490m has been transferred between level 1 and level 3 under both items. The items consist of mutual fund units which the Bank owns but for which the counterparty bears the value change risk. The year's realised value changes on financial instruments in level 3 is SEK 141m, of which SEK 147m is included for calculation of the yield split in the insurance operations. The remaining amount has been recognised in net gains/losses on financial transactions.

31 December 2013 SEK m	Level 1	Level 2	Level 3	Total
Assets				
Interest-bearing securities eligible as collateral with central banks	53,988	-	-	53,988
Loans to the public	-	2,562	18	2,580
Bonds and other interest-bearing securities	52,612	10,580	-	63,192
Shares	45,384	1,823	1,388	48,595
Assets where the customer bears the value change risk	84,829	-	490	85,319
Derivative instruments	1,333	68,628	-	69,961
Total financial assets at fair value	238,146	83,593	1,896	323,635
Liabilities				
Liabilities where the customer bears the value change risk	84,876	-	490	85,366
Issued securities	4	17,332	84	17,420
Derivative instruments	2,158	59,371	-	61,529
Short positions	21,951	894	-	22,845
Total financial liabilities at fair value	108,989	77,597	574	187,160

31 December 2012 SEK m	Level 1	Level 2	Level 3	Total
Assets				
Interest-bearing securities eligible as collateral with central banks	44,808	339	-	45,147
Loans to the public	-	4,054	24	4,078
Bonds and other interest-bearing securities	53,204	13,810	-	67,014
Shares	28,060	526	1,560	30,146
Assets where the customer bears the value change risk	68,565	-	-	68,565
Derivative instruments	1,242	109,608	-	110,850
Total financial assets at fair value	195,879	128,337	1,584	325,800
Liabilities				
Liabilities where the customer bears the value change risk	68,613	-	-	68,613
Issued securities	5	13,674	77	13,756
Derivative instruments	2,508	103,536	-	106,044
Short positions	15,430	771	-	16,201
Total financial liabilities at fair value	86,556	117,981	77	204,614

Reconciliation of financial instruments in level 3

January - December 2013 SEK m	Shares	Derivatives, net position	Loans to the public	Assets where the customer bears the value change risk	Liabilities where the customer bears the value change risk	Issued securities
Carrying amount at beginning of year	1,560	-	24	-	-	-77
Acquisitions/issues	107	-	-	-	-	-1
Repurchases/sales	-304	-	-	-	-	-
Matured during the period	-1	-	-2	-	-	-
Unrealised value change in income statement	-12	-	0	-	-	-6
Unrealised value change in other comprehensive income	38	-	1	-	-	-
Transfer from level 1 or 2	-	-	3	490	-490	-
Transfer to level 1 or 2	-	-	-8	-	-	-
Carrying amount at end of period	1,388	-	18	490	-490	-84

January - December 2012 SEK m	Shares	Derivatives, net position	Loans to the public	Assets where the customer bears the value change risk	Liabilities where the customer bears the value change risk	Issued securities
Carrying amount at beginning of year	1,802	-3	25	-	-	-77
Acquisitions/issues	84	-	-	-	-	-
Repurchases/sales	-397	-	-	-	-	2
Matured during the period	-	-	-6	-	-	-
The period's value change realised in the income statement	76	-	-	-	-	-
Unrealised value change in income statement	23	-	0	-	-	-2
Unrealised value change in other comprehensive income	-28	-	-1	-	-	-
Transfer from level 1 or 2	-	-	6	-	-	-
Transfer to level 1 or 2	-	3	-	-	-	-
Carrying amount at end of period	1,560	-	24	-	-	-77

Note 16 Business combinations

On 24 May 2013, the acquisition of Heartwood Wealth Group Limited was completed with pertaining rights, asset management agreements and subsidiaries, etc. Heartwood Wealth Group Limited thus became a wholly owned subsidiary of Handelsbanken. The reason for the acquisition is to allow the Bank to expand its customer offering in the UK and take a major step forward for further growth in its savings business.

Heartwood manages GBP 1.8bn and has some 90 employees. The company has operations in London and Tunbridge Wells. It offers services such as discretionary management, financial advice and pension solutions.

To establish an acquisition balance sheet at the time of consolidation, the cost of acquisition at fair value reported in accordance with IFRS 3 was set at approximately GBP 44m. The acquisition analysis includes fair value measurement of the assets and liabilities in Heartwood, identifiable intangible assets, valuation of contingent liabilities, deferred taxes and maximum additional purchase price subject to certain conditions.

The table below shows how the cost of acquisition reported in the acquisition balance sheet was allocated over the acquired assets and liabilities in Heartwood at the time of the acquisition. The lower part of the table shows the carrying amounts and fair values for Heartwood's assets and liabilities.

At the time of the acquisition, a customer-related intangible asset and the Heartwood brand were identified, the values of which can be reliably measured and which are therefore reported separately. Goodwill was also identified. The goodwill arising from the acquisition is mainly due to the synergy effects with Handelsbanken's established operations in the UK and personnel-related resources.

Since the acquisition, Heartwood has contributed SEK 101m to the year's income. The contribution to the year's profit is only marginal. If Heartwood had been included in the consolidated accounts from 1 January 2013, the company would have contributed SEK 160m to the Group's income. The impact on the year's profit would have been only marginal.

SEK m	
Recognised cost of acquisition according to IFRS 3	446
Fair value of carried assets (as specified below)	101
Identifiable intangible assets	260
Deferred tax	-59
Total net assets acquired	302
Acquisition goodwill	144

SEK m	Carrying amount in Heartwood before acquisition	Fair value upon acquisition
Loans to credit institutions	93	93
Intangible assets	58	-
Property and equipment	7	7
Other assets	34	34
Total assets	192	134
Other liabilities	33	33
Total liabilities	33	33
Total net assets	159	101

Note 17 Offsetting of financial instruments

31 December 2013 SEK m	Derivatives	Repurchase agreements, securities lending/borrowing and similar agreements	Total
Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements			
Gross amounts of recognised financial assets	75,996	53,586	129,582
Gross amounts of recognised financial liabilities set off in the balance sheet	-6,035	-	-6,035
Net amounts of financial assets presented in the balance sheet	69,961	53,586	123,547
Related amounts not set off in the balance sheet			
Financial instruments not set off in the balance sheet	-41,036	-	-41,036
Collateral received	-10,540	-53,569	-64,109
Net amount	18,385	17	18,402
Financial liabilities subject to offsetting, enforceable master netting agreements and similar agreements			
Gross amounts of recognised financial liabilities	67,564	8,352	75,916
Gross amounts of recognised financial assets set off in the balance sheet	-6,035	-	-6,035
Net amounts of financial liabilities presented in the balance sheet	61,529	8,352	69,881
Related amounts not set off in the balance sheet			
Financial instruments not set off in the balance sheet	-41,036	-	-41,036
Assets pledged	-4,793	-7,889	-12,682
Net amount	15,700	463	16,163

31 December 2012 SEK m	Derivatives	Repurchase agreements, securities lending/borrowing and similar agreements	Total
Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements			
Gross amounts of recognised financial assets	114,799	96,313	211,112
Gross amounts of recognised financial liabilities set off in the balance sheet	-3,949	-	-3,949
Net amounts of financial assets presented in the balance sheet	110,850	96,313	207,163
Related amounts not set off in the balance sheet			
Financial instruments not set off in the balance sheet	-78,534	-	-78,534
Collateral received	-9,230	-96,290	-105,520
Net amount	23,086	23	23,109
Financial liabilities subject to offsetting, enforceable master netting agreements and similar agreements			
Gross amounts of recognised financial liabilities	109,993	14,686	124,679
Gross amounts of recognised financial assets set off in the balance sheet	-3,949	-	-3,949
Net amounts of financial liabilities presented in the balance sheet	106,044	14,686	120,730
Related amounts not set off in the balance sheet			
Financial instruments not set off in the balance sheet	-78,534	-	-78,534
Assets pledged	-6,647	-14,686	-21,333
Net amount	20,863	-	20,863

Derivative instruments are set off in the balance sheet when the settlement of two or more derivatives reflects the Bank's anticipated cash flows. This occurs when the Bank has both a contractual right and intention to settle the agreed cash flows with a net amount. The remaining counterparty risk in derivatives is reduced through netting agreements, i.e. netting positive values against negative values in all derivative transactions with the same counterparty in a bankruptcy situation. Handelsbanken's policy is to sign netting agreements with all bank counterparties. Netting agreements are supplemented with agreements for issuing collateral for the net exposure. The collateral used is mainly cash, but government securities are also used. Collateral for repurchase agreements and borrowing and lending of securities is normally in the form of cash or other securities.

Note 18 Assets and liabilities by currency

31 Dec 2013								
SEK m	SEK	EUR	NOK	DKK	GBP	USD	Other currencies	Total
Assets								
Cash and balances with central banks	342	48,191	4,263	85	46,585	235,126	202	334,794
Other loans to central banks	2,540	130	11,105	21,156	229	-	0	35,160
Loans to other credit institutions	4,120	11,124	132	151	583	43,811	2,977	62,898
Loans to the public	1,121,986	164,903	182,613	62,231	129,807	24,378	10,421	1,696,339
<i>of which corporates</i>	494,774	123,076	101,809	24,965	90,892	24,313	9,199	869,028
<i>of which households</i>	627,212	41,827	80,804	37,266	38,915	65	1,222	827,311
Interest-bearing securities eligible as collateral with central banks	26,826	6,727	1,137	6	-	21,202	1,553	57,451
Bonds and other interest-bearing securities	54,921	5,651	2,667	75	-	734	77	64,125
Other items not broken down by currency	239,039							239,039
Total assets	1,449,774	236,726	201,917	83,704	177,204	325,251	15,230	2,489,806
Liabilities								
Due to credit institutions	29,695	24,208	5,252	13,315	12,156	75,355	11,643	171,624
Deposits and borrowing from the public	429,266	83,433	52,273	32,072	69,091	153,580	5,490	825,205
<i>of which corporates</i>	192,500	70,681	36,810	20,758	59,905	151,938	5,293	537,885
<i>of which households</i>	236,766	12,752	15,463	11,314	9,186	1,642	197	287,320
Issued securities	477,393	227,389	18,769	226	89,640	317,453	19,771	1,150,641
Subordinated liabilities	10,472	4,427	-	-	-	143	923	15,965
Other items not broken down by currency, incl. equity	326,371							326,371
Total liabilities and equity	1,273,197	339,457	76,294	45,613	170,887	546,531	37,827	2,489,806
Other assets and liabilities broken down by currency and off-balance sheet items		102,703	-125,629	-38,049	-6,362	221,290	22,683	
Net foreign currency position		-28	-6	42	-45	10	86	59

31 December 2012								
SEK m	SEK	EUR	NOK	DKK	GBP	USD	Other currencies	Total
Assets								
Cash and balances with central banks	1,333	77,689	8,628	73	4	148,320	498	236,545
Other loans to central banks	2,444	-422	375	9,875	98	0	0	12,370
Loans to other credit institutions	9,928	11,844	2,845	250	134	60,822	3,688	89,511
Loans to the public	1,126,737	150,201	199,231	54,637	110,953	27,488	11,232	1,680,479
<i>of which corporates</i>	529,830	114,036	115,970	23,374	80,975	27,426	9,808	901,419
<i>of which households</i>	596,907	36,165	83,261	31,263	29,978	62	1,424	779,060
Interest-bearing securities eligible as collateral with central banks	28,612	3,332	183	5	0	15,727	1,047	48,906
Bonds and other interest-bearing securities	57,812	5,971	3,081	107	-	1,251	132	68,354
Other items not broken down by currency	247,786							247,786
Total assets	1,474,652	248,615	214,343	64,947	111,189	253,608	16,597	2,383,951
Liabilities								
Due to credit institutions	27,773	46,440	12,076	12,109	3,811	66,438	15,298	183,945
Deposits and borrowing from the public	413,908	65,822	57,421	23,578	43,836	72,803	4,855	682,223
<i>of which corporates</i>	192,469	53,594	41,591	13,088	37,894	71,543	4,631	414,810
<i>of which households</i>	221,439	12,228	15,830	10,490	5,942	1,260	224	267,413
Issued securities	478,244	268,211	15,999	365	64,320	310,628	13,659	1,151,426
Subordinated liabilities	10,896	4,655	-	-	4,300	186	1,130	21,167
Other items not broken down by currency, incl. equity	345,190							345,190
Total liabilities and equity	1,276,011	385,128	85,496	36,052	116,267	450,055	34,942	2,383,951
Other assets and liabilities broken down by currency and off-balance sheet items		136,415	-128,745	-28,910	5,010	196,266	18,627	
Net foreign currency position		-98	102	-15	-68	-181	282	22

Note 19 Related-party transactions

There have been no business transactions of material importance with related parties during the period. All business transactions with associated companies are made on market terms.

Note 20 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 Basel II.

Capital base

SEK m	31 Dec 2013	30 Sep 2013	30 Jun 2013	31 Mar 2013	31 Dec 2012
TIER 1 CAPITAL					
Equity, Group	111,339	106,512	102,391	100,366	103,850
Accrued dividend, current year	-10,485	-5,123	-3,415	-1,707	-6,804
Dividend for previous year (unpaid)	-	-	-	-	-
Deduction of equity outside the banking group	1,727	1,842	1,829	1,843	-1,018
Difference in earnings between the banking group and the Group	-680	-326	-227	-174	2,851
Minority interests, Group	-2	-2	-2	-2	-2
Equity, capital base	101,899	102,903	100,576	100,326	98,877
Minority interests, banking group	602	593	569	563	572
Deducted items					
Goodwill and other intangible assets	-8,296	-8,164	-8,136	-7,533	-7,458
Revaluation reserve	-100	-102	-104	-106	-108
Price adjustments for positions reported at fair value	-1	-7	-14	-12	-14
Deferred tax assets	-58	-62	-64	-66	-61
Special deduction for IRB institutions	-993	-875	-926	-1,111	-1,094
Capital contribution in companies outside the banking group	-3,691	-3,691	-3,691	-3,691	-1,483
Positions in securitisation	-245	-243	-256	-248	-248
Adjustments in accordance with stability filter					
Cash flow hedges	1,518	696	831	-879	-1,149
Unrealised accumulated gains, shares	-1,216	-1,072	-838	-1,043	-797
Unrealised accumulated gains/losses, fixed income instruments	116	129	147	144	170
Total common equity tier 1 capital	89,535	90,105	88,094	86,344	87,207
Innovative tier 1 capital contributions	7,705	7,679	7,785	8,715	9,323
Non-innovative tier 1 capital contributions	2,897	2,898	2,900	2,902	2,903
Total tier 1 capital	100,137	100,682	98,779	97,961	99,433
TIER 2 CAPITAL					
Perpetual subordinated loans	-	-	3,062	2,944	3,133
Dated subordinated loans	3,882	4,313	4,300	4,287	4,274
Additional items					
Unrealised accumulated gains, shares	1,216	1,072	838	1,043	797
Revaluation reserve	100	102	104	106	108
Deducted items					
Special deduction for IRB institutions	-993	-875	-926	-1,111	-1,094
Capital contribution in companies outside the banking group	-3,691	-3,691	-3,691	-3,691	-1,483
Positions in securitisation	-245	-243	-256	-248	-248
Total tier 2 capital	269	678	3,431	3,330	5,487
Total tier 1 and tier 2 capital	100,406	101,360	102,210	101,291	104,920
Deductible items from total capital base					
Capital contribution in insurance companies	-	-	-	-	-4,417
Surplus value pension assets	-	-	-	-174	-
Total capital base for capital adequacy purposes	100,406	101,360	102,210	101,117	100,503

Capital requirement

SEK m	31 Dec 2013	30 Sep 2013	30 Jun 2013	31 Mar 2013	31 Dec 2012
Credit risk according to standardised approach	4,225	4,089	3,885	3,690	3,654
Credit risk according to IRB approach	28,015	28,385	29,555	29,342	30,174
Interest rate risk	745	690	956	1,047	880
Equity price risk	11	11	22	26	26
Exchange rate risk	-	-	-	-	-
Commodities risk	14	10	10	16	9
Settlement risk	-	-	-	0	3
Operational risk	4,246	4,246	4,246	4,246	4,181
Total capital requirement according to Basel II	37,256	37,431	38,674	38,367	38,927
Adjustment according to transitional rules	44,039	43,363	42,957	41,990	41,454
Capital requirement according to Basel II, transitional rules	81,295	80,794	81,631	80,357	80,381
Risk-weighted assets, transitional rules	1,016,192	1,009,925	1,020,391	1,004,465	1,004,763
Risk-weighted assets, Basel II	465,701	467,888	483,425	479,588	486,588

Capital adequacy analysis

	31 Dec 2013	30 Sep 2013	30 Jun 2013	31 Mar 2013	31 Dec 2012
Capital requirement in Basel II compared to transitional rules	46%	46%	47%	48%	48%
Capital ratio, Basel II	21.6%	21.7%	21.1%	21.1%	20.7%
Capital ratio, transitional rules	9.9%	10.0%	10.0%	10.1%	10.0%
Tier 1 ratio, Basel II	21.5%	21.5%	20.4%	20.4%	20.4%
Tier 1 ratio, transitional rules	9.9%	10.0%	9.7%	9.8%	9.9%
Common equity tier 1 ratio, Basel II	19.2%	19.3%	18.2%	18.0%	17.9%
Common equity tier 1 ratio, Basel III	18.9%	18.8%	17.8%	17.5%	n.a.
Capital base in relation to capital requirement Basel II	270%	271%	264%	264%	258%
Capital base in relation to capital requirement according to transitional rules	124%	125%	123%	126%	125%

The quantitative information reported in this section refer to the minimum capital requirements under Pillar 1 of the capital adequacy regulations, Basel II. In the table, "According to Basel II" means that the figures are based on the minimum capital requirements after the transitional rules have ceased to apply.

History concerning statutory capital requirements (not adjusted for revised IAS 19)

SEK m	31 Dec 2012
Core tier 1 capital	90,107
Total tier 1 capital	102,333
Total capital base for capital adequacy purposes	101,879
Total capital requirement, Basel II	39,072
Capital requirement according to Basel II, transitional rules	80,498
Risk-weighted assets, transitional rules	1,006,219
Risk-weighted assets, Basel II	488,400
Capital ratio, Basel II	20.9%
Capital ratio, transitional rules	10.1%
Tier 1 ratio, Basel II	21.0%
Tier 1 ratio, transitional rules	10.2%

Credit risks IRB

SEK m	Exposure after credit risk protection (EAD)		Average risk weight, %		Capital requirement	
	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
Corporates	915,218	944,987	28.4	30.5	20,824	23,026
<i>of which repos and securities loans</i>	8,376	23,286	0.5	0.6	3	12
<i>of which other loans foundation approach</i>	140,425	341,048	35.8	44.5	4,023	12,137
<i>of which other loans advanced approach</i>	766,417	580,653	27.4	23.4	16,798	10,877
<i>of which large companies</i>	153,810		52.5		6,458	
<i>of which medium-sized companies</i>	72,305	72,467	57.4	61.2	3,323	3,549
<i>of which property companies</i>	401,705	380,147	20.0	21.7	6,435	6,612
<i>of which housing co-operative associations</i>	138,597	128,039	5.2	7.0	582	716
Households	789,722	752,176	7.3	7.5	4,604	4,530
<i>of which property loans</i>	705,004	665,969	5.2	5.4	2,934	2,885
<i>of which other loans</i>	84,718	86,207	24.6	23.8	1,670	1,645
Small companies	28,358	28,596	35.3	38.1	801	872
Institutions	100,503	128,748	11.9	9.5	954	976
<i>of which repos and securities loans</i>	48,863	76,588	0.8	0.6	31	38
<i>of which other loans</i>	51,640	52,160	22.3	22.5	923	938
Equity exposures	5,693	5,206	143.6	140.1	654	584
Exposures without a counterparty	2,204	2,279	100.0	100.0	176	182
Securitisation positions	878	1,323	3.1	3.5	2	4
<i>of which Traditional securitisation</i>	878	1,323	3.1	3.5	2	4
<i>of which Synthetic securitisation</i>	-	-	-	-	-	-
Total IRB	1,842,576	1,863,315	19.0	20.2	28,015	30,174
<i>of which repos and securities loans</i>	57,239	99,874	0.7	0.6	34	50
<i>of which other loans foundation approach</i>	200,840	402,016	36.0	43.0	5,778	13,845
<i>of which other loans advanced approach</i>	1,584,497	1,361,425	17.5	14.9	22,203	16,279

Handelsbanken is implementing the IRB model for its credit exposures in stages. Swedish, Danish, Finnish and Norwegian exposures to households and small companies, and corresponding exposures at Handelsbanken Finans and Stadshypotek have been approved for IRB reporting.

Corporate and institutional exposures at all regional banks, Stadshypotek and Handelsbanken Finans and also large companies and institutional exposures in foreign branches have been approved for calculation of the capital requirement according to the IRB approach. In 2010, Handelsbanken received permission from the Swedish Financial Supervisory Authority to report most of its corporate exposures to medium-sized companies, property companies and housing co-operative associations according to the advanced IRB approach. In 2013, Handelsbanken received permission from the Swedish Financial Supervisory Authority to report most of its corporate exposures to large companies according to the advanced IRB approach, with the first reporting occasion as at 30 June 2013. The table presents the corporate exposures as at 31 December 2013, split into the foundation and the advanced IRB approaches. In addition, repos and securities loans are reported separately since they give rise to very low capital requirements, while the volume varies considerably over time. The low capital requirement is due to the fact that the exposure in repos and securities loans is reported gross and the exposure is secured.

The average risk weight for the IRB exposures was 19.0% as at 31 December 2013. The risk-weighted assets decreased slightly during the year due to lower volumes with high risk weights and increased volumes with low risk weights. The risk weight for corporate exposures decreased due to the implementation of the advanced IRB approach for large companies and increased slightly due to the updating of the risk measurements during the year. The net effect is generally stable risk weights. The credit quality is very good. Almost 95% of Handelsbanken's corporate exposures were to customers with a repayment capacity assessed as normal or better than normal, i.e. with a risk classification between one and five on the Bank's ten-point risk classification scale.

The advanced IRB models are based on historical losses from both the recent financial crisis and the Swedish banking crisis of the early 1990s. These risk weights reflect the fact that Handelsbanken has reported low loan losses over a long period. The risk measurements applied contain safety margins to ensure that the risk is not underestimated.

The level of the risk weight in the corporate exposures should also be seen in the light of the portfolio composition and how various loans are classified in the different exposure classes. Handelsbanken has classified its lending to housing co-operative associations as companies while some other banks have opted to classify this as retail lending.

Note 21 Risk and capital management

Risks and uncertainty factors

Although the turbulence in the financial markets decreased during the year, the structural problems that brought on the crisis remain. The debt problems of certain countries are still a concern and both the financial sector and the real economy continue to be supported by massive stimulus in the form of monetary policy. Sooner or later the players in the economy must adapt to more normal circumstances. For the financial sector, apart from managing these circumstances, it also means adapting to significantly more stringent and extensive regulatory requirements – which have not yet been established in their entirety.

Handelsbanken's historically low tolerance of risk, sound capitalisation and strong liquidity situation means that the Bank is well equipped to cope with substantially more difficult market conditions than those experienced during the year. The core operations will continue to be run using the same business model, even under stricter regulations.

The liquidity situation is described in more detail under the heading Funding and liquidity on page 6.

Handelsbanken has low tolerance of market risks. For the fourth quarter of 2013, the average total exposure in the trading book, measured as Value-at-Risk (VaR), was SEK 16m (Q4 2012: SEK 13m). During the period, this risk varied between SEK 22m (24) and SEK 11m (7).

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

Liquidity and funding

Handelsbanken's liquidity situation is healthy. For a long period of time, the Bank has actively worked with liquidity measures and has adopted a conservative approach. Part of this work has involved centralising liquidity management with the purpose of strengthening control of the liquidity risks and of guaranteeing and optimising the Bank's funding in all scenarios. The Bank has worked for a long time

on extending the maturities of its funding by increasing bond issues and ensuring that liquidity risks are included in internal pricing. The Bank's funding programme covers the entire maturity spectrum in SEK, EUR and USD that the Bank needs to finance its lending and also creates the opportunity for issues in all currencies that are relevant for the Bank

Funding programmes/limits as 31 December 2013 - Group

Programme (in millions)	Programme size	Currency	Unutilised amount	Countervalue SEK m	Latest issue
ECP *	5,000	EUR	3,080	27,430	nov-13
ECP (Stadshypotek) *	4,000	EUR	2,521	22,452	nov-13
French Commercial Paper	7,500	EUR	6,889	61,352	dec-13
EMTCN (Stadshypotek) *	20,000	EUR	8,384	74,666	okt-13
MTN *	100,000	SEK	75,639	75,639	dec-13
Swedish Commercial Paper	25,000	SEK	24,805	24,805	dec-13
Swedish Commercial Paper (Stadshypotek)	90,000	SEK	90,000	90,000	jun-13
EMTN *	50,000	USD	25,660	166,030	nov-13
General funding > 1 y *	15,000	USD	12,650	81,851	jun-13
USCP	15,000	USD	7,994	51,724	dec-13
Extendible Notes	15,000	USD	7,920	51,246	okt-13
US 144A / 3(a)(2)	15,000	USD	5,150	33,323	sep-13
Stadshypotek US 144A	15,000	USD	12,250	79,262	maj-13
Stadshypotek AUD Covered Bond Programme	5,000	AUD	4,250	24,409	okt-12
Samurai	400,000	JPY	349,500	21,503	jun-13
Total				885,692	
Total programme (or limited) amounts, SEK m	1,402,188				
Unutilised amount, SEK m	885,692				
Available amount	63%				

* Under these programmes it is possible to issue in other currencies than the original programme currency. Currency conversion takes place at the time of issue.

As at 31 December 2013, the total liquidity reserves exceeded SEK 800bn. Balances with central banks and banks, as well as securities that are eligible as collateral with central banks, totalled SEK 460bn

(see table below). In addition, there was an unutilised issue amount for covered bonds and other liquidity-creating measures

Balances with central banks and banks, and securities holdings in the liquidity reserve

SEK m	Market value				
	31 Dec 2013	30 Sep 2013	30 Jun 2013	31 Mar 2013	31 Dec 2012
Cash and balances with and other lending to central banks	368,351	377,187	245,601	258,670	246,094
Balances with banks & the National Debt Office, overnight	2,182	1,827	2,770	9,701	17,288
Securities issued by governments and public entities	42,746	48,648	40,947	42,969	36,087
Covered bonds	43,318	49,566	54,449	57,910	73,541
Securities issued by non-financial companies	976	929	1,156	1,141	1,233
Securities issued by financial companies	2,505	2,214	2,785	2,119	2,706
Total	460,078	480,371	347,708	372,510	376,949
<i>of which in SEK</i>	<i>56,378</i>	<i>70,608</i>	<i>76,349</i>	<i>100,384</i>	<i>98,661</i>
<i>of which in EUR</i>	<i>59,496</i>	<i>81,996</i>	<i>69,425</i>	<i>63,374</i>	<i>85,505</i>
<i>of which in USD</i>	<i>250,024</i>	<i>247,795</i>	<i>164,579</i>	<i>187,881</i>	<i>166,328</i>
<i>of which in other currencies</i>	<i>94,180</i>	<i>79,972</i>	<i>37,355</i>	<i>20,871</i>	<i>26,455</i>

31 December 2013					
Market value, SEK m	SEK	EUR	USD	Other	Total
Cash and balances with and other lending to central banks	2,034	48,127	235,115	83,075	368,351
Balances with other banks and the National Debt Office, overnight	3	487	539	1,153	2,182
Securities issued by governments	20,609	7,690	12,979	1,462	42,740
Securities issued by municipalities and other public entities	6	-	-	-	6
Covered bonds, external issuers	26,097	2,329	-	8,267	36,693
Own covered bonds	6,499	73	-	53	6,625
Securities issued by non-financial companies	-	2	974	-	976
Securities issued by financial companies	1,130	788	417	170	2,505
Other securities	-	-	-	-	-
Total	56,378	59,496	250,024	94,180	460,078

Maturities for financial assets and liabilities

31 December 2013 SEK m	Up to 3 mths	3 - 12 mths	1 - 5 yrs	5 yrs -	Unspecified maturity	Total
Cash and balances with central banks	369,954	-	-	-	-	369,954
Interest bearing securities eligible as collateral with central banks	57,451	-	-	-	-	57,451
Bonds and other interest-bearing securities	64,125	-	-	-	-	64,125
Loans to credit institutions	57,728	997	1,619	2,263	291	62,898
-of which reverse repos	33,874	-	-	-	-	33,874
Loans to the public	135,545	173,373	355,863	1,027,699	3,859	1,696,339
-of which reverse repos	15,711	-	-	-	-	15,711
Other	55,730	-	-	-	183,309	239,039
-of which shares and participating interests	48,595	-	-	-	-	48,595
-of which claims on investment banking settlements	7,135	-	-	-	-	7,135
Total	740,533	174,370	357,482	1,029,962	187,459	2,489,806
Due to credit institutions	138,509	4,381	508	11,029	17,197	171,624
-of which repos	748	-	-	-	-	748
-of which deposits from central banks	68,507	1,401	-	-	1,634	71,542
Deposits and borrowing from the public	198,652	20,604	4,663	9,640	591,646	825,205
-of which repos	7,604	-	-	-	-	7,604
Issued securities	203,628	221,082	619,320	106,611	-	1,150,641
Subordinated liabilities	2,871	-	9,849	3,245	-	15,965
Other	29,622	-	-	-	296,749	326,371
-of which short positions	22,845	-	-	-	-	22,845
-of which investment banking settlement debts	6,777	-	-	-	-	6,777
Total	573,282	246,067	634,340	130,525	905,592	2,489,806

The table shows holdings of bonds and other interest-bearing securities in the time intervals in which they can be converted to liquidity if they are pledged as collateral or sold. This means that the table does not reflect the actual maturities for the included securities.

In "Other", assets and liabilities are reported as maturing in the time intervals that correspond to the contractual maturity dates, taking into account contractual amortisation plans.

Sight deposits are reported under "Unspecified maturity". "Other" includes market values in derivative transactions.

For maturities for SEK, USD and EUR assets and liabilities, see the Fact book.

Liquidity Coverage Ratio (LCR)

	31 Dec 2013	30 Sep 2013	30 Jun 2013	31 Mar 2013	31 Dec 2012
Liquidity Coverage Ratio (LCR), %					
EUR	110	119	118	132	301
USD	170	163	190	229	174
Total *	128	139	128	135	136

* In accordance with the Swedish Financial Supervisory Authority's directive FFFS 2012:6.

	31 Dec 2013	30 Sep 2013	30 Jun 2013	31 Mar 2013	31 Dec 2012
Liquidity Coverage Ratio (LCR) - decomposition, SEK m					
Liquid assets	162,346	241,407	155,703	186,891	210,299
Liquid assets level 1	130,591	209,400	114,666	154,375	161,442
Liquid assets level 2	31,755	32,007	41,037	32,516	48,857
Cash outflows	507,882	507,019	420,415	403,258	402,356
Deposits from customers	165,295	150,616	133,322	175,906	149,860
Market funding	265,572	277,439	200,704	163,881	207,681
Other cash flows	77,016	78,964	86,389	63,471	44,815
Cash inflows	380,912	333,567	298,888	265,085	247,176
Inflows from maturing lending to non-financial customers	22,080	22,827	21,610	29,381	26,122
Other cash inflows	358,832	310,740	277,278	235,704	221,054

The components are defined in accordance with the Swedish Financial Supervisory Authority's regulations and requirements for the liquidity coverage ratio and reporting of liquid assets and cash flows (FFFS 2012:6). Liquid assets level 1 corresponds to Chapter 3, Section 6. Liquid assets level 2 corresponds to Chapter 3, Section 7. Deposits from customers corresponds to Chapter 4, Sections 4-9. Market funding corresponds to Chapter 4, Sections 10-13. Other cash flows corresponds to Chapter 4, Sections 14-25. Loans to non-financial customers corresponds to Chapter 5, Section 4. Other cash inflows corresponds to Chapter 5, Sections 6-12.

In the area of liquidity, a number of new regulations have been gradually introduced with the purpose of strengthening market financial stability. The Swedish regulations implemented as of 2013 contain a measurement of banks' liquidity in the form of a short-term liquidity buffer – Liquidity Coverage Ratio (LCR). This measure is based on the LCR measure proposed internationally but it contains some deviations. In particular, the major changes to the ratio

proposed by the Basel Committee in January 2013 have not yet been implemented in the Swedish regulations.

At the end of the quarter, Handelsbanken's LCR according to the Swedish Financial Supervisory Authority's regulations was 128%, which shows that the Bank has high resistance to short-term disruptions in the funding market. This also applies in US dollars and euros.

Stress test with liquidity-creating measures

The Bank's liquidity position is regularly subjected to a stress test. In the test, the Bank's cash flows are stressed, based on certain defined assumptions. The stress test shows resistance to more long-term market disruptions. For example, it is assumed in the stress test that the Bank cannot obtain funding in the financial markets while there is a gradual disappearance of 10% of deposits from households and companies over the first month. It is further assumed that the Bank continues to conduct its core activities, i.e. loans to households and companies and that committed loan offers and other credit facilities are partly utilised by customers. Account is also taken of the fact that

holdings with central banks are utilised and that the Central Treasury liquidity portfolio can provide immediate additional liquidity. In addition, liquidity-creating measures – for example, unutilised facilities to issue covered bonds – are used in order to gradually provide liquidity to the Bank. The result of the stress test shows that also in a stressed scenario, the liquidity reserves cover the Bank's liquidity requirement for over two years, even if access to new funding in the markets were to disappear.

Non-encumbered assets, NEA

31 December 2013		
SEK bn	NEA	Accumulated coverage ratio in % of unsecured funding *
Holdings with central banks and securities in the liquidity portfolio	460	60%
Mortgage loans	340	105%
Other household lending	130	122%
Property company lending lowest risk class (1-3)	203	149%
Other corporate lending lowest risk class (1-3)	168	171%
Loans to credit institutions lowest risk class (1-3)	68	179%
Other corporate lending	224	209%
Other assets	101	222%
Total non-encumbered assets (NEA)	1,694	222%
Encumbered assets without underlying liabilities **	57	
Encumbered assets with underlying liabilities	739	
Total assets, Group	2,490	

31 December 2012		
SEK bn	NEA	Accumulated coverage ratio in % of unsecured funding *
Holdings with central banks and securities in the liquidity portfolio	360	46%
Mortgage loans	292	82%
Other household lending	124	98%
Property company lending lowest risk class (1-3)	195	123%
Other corporate lending lowest risk class (1-3)	194	147%
Loans to credit institutions lowest risk class (1-3)	86	158%
Other corporate lending	266	192%
Other assets	118	207%
Total non-encumbered assets (NEA)	1,635	207%
Encumbered assets without underlying liabilities **	51	
Encumbered assets with underlying liabilities	702	
Total assets, Group	2,388	

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

** Over-collateralisation in cover pool (OC).

Note 22 Restating of financial reports due to revised IAS 19 – Group

The restatement relates to accounting for defined-benefit pensions in accordance with the revised IAS 19 Employee benefits. The initial effect is recognised against retained earnings as of 1 January 2012. More details about the implications of the change can be found in note 1.

The Group	Q1	Adjustments	Q1	Q2	Adjustments	Q2	Jan-Jun	Adjustments	Jan-Jun
SEK m	2012	IAS 19	2012 adj.	2012	IAS 19	2012 adj.	2012	IAS 19	2012 adj.
Total income	8,866		8,866	8,839		8,839	17,705		17,705
Staff costs	-2,668	-113	-2,781	-2,670	-115	-2,785	-5,338	-228	-5,566
Other administrative expenses	-1,214		-1,214	-1,236		-1,236	-2,450		-2,450
Depreciation, amortisation and impairments of property, equipment and intangible assets	-122		-122	-117		-117	-239		-239
Total expenses	-4,004	-113	-4,117	-4,023	-115	-4,138	-8,027	-228	-8,255
Profit before loan losses	4,862	-113	4,749	4,816	-115	4,701	9,678	-228	9,450
Net loan losses	-291		-291	-288		-288	-579		-579
Gains/losses on disposal of property, equipment and intangible assets	0		0	0		0	0		0
Operating profit	4,571	-113	4,458	4,528	-115	4,413	9,099	-228	8,871
Taxes	-1,272	30	-1,242	-1,143	30	-1,113	-2,415	60	-2,355
Profit for the period from continuing operations	3,299	-83	3,216	3,385	-85	3,300	6,684	-168	6,516
Profit for the period pertaining to discontinued operations, after tax	49		49	29		29	78		78
Profit for the period attributable to	3,348	-83	3,265	3,414	-85	3,329	6,762	-168	6,594
Shareholders in Svenska Handelsbanken AB	3,348	-83	3,265	3,414	-85	3,329	6,762	-168	6,594
Minority interest	0		0	0		0	0		0
Earnings per share, continuing operations, SEK after dilution	5.28	-0.13	5.15	5.40	-0.13	5.27	10.68	-0.27	10.41
Earnings per share, total operations, SEK after dilution	5.15	-0.12	5.03	5.30	-0.13	5.17	10.42	-0.26	10.16
Earnings per share, total operations, SEK after dilution	5.36	-0.13	5.23	5.44	-0.13	5.31	10.81	-0.27	10.54
Earnings per share, total operations, SEK after dilution	5.22	-0.12	5.10	5.34	-0.13	5.21	10.54	-0.26	10.28
Profit for the period	3,348	-83	3,265	3,414	-85	3,329	6,762	-168	6,594
Other comprehensive income									
Cas flow hedges	-311		-311	1,689		1,689	1,378		1,378
Available-for-sale instruments	709		709	-474		-474	235		235
Translation differences for the period	261		261	-572		-572	-311		-311
Defined benefit plans		1,835	1,835	0	-1,033	-1,033		802	802
Tax related to other comprehensive income	-194	-483	-677	-161	272	111	-355	-211	-566
Total other comprehensive income	465	1,352	1,817	482	-761	-279	947	591	1,538
Total comprehensive income for the period	3,813		5,082	3,896		3,050	7,709		8,132
Attributable to									
Shareholders in Svenska Handelsbanken AB	3,813		5,082	3,896		3,050	7,709		8,132
Minority interest	0		0	0		0	0		0

The Group	Q3	Adjustments	Q3	Jan-Sep	Adjustments	Jan-Sep	Q4	Adjustments	Q4	Full year	Adjustments	Full year
SEK m	2012	IAS 19	2012 adj.	2012	IAS 19	2012 adj.	2012	IAS 19	2012 adj.	2012	IAS 19	2012 adj.
Total income	8,466		8,466	26,171		26,171	8,891		8,891	35,062		35,062
Staff costs	-2,562	-116	-2,678	-7,900	-344	-8,244	-2,811	-112	-2,923	-10,711	-456	-11,167
Other administrative expenses	-1,108		-1,108	-3,558		-3,558	-1,511		-1,511	-5,069		-5,069
Depreciation, amortisation and impairments of property, equipment and intangible assets	-113		-113	-352		-352	-112		-112	-464		-464
Total expenses	-3,783	-116	-3,899	-11,810	-344	-12,154	-4,434	-112	-4,546	-16,244	-456	-16,700
Profit before loan losses	4,683	-116	4,567	14,361		14,017	4,457	-112	4,345	18,818		18,362
Net loan losses	-277		-277	-856		-856	-395		-395	-1,251		-1,251
Gains/losses on disposal of property, equipment and intangible assets	-1		-1	-1		-1	-2		-2	-3		-3
Operating profit	4,405	-116	4,289	13,504	-344	13,160	4,060	-112	3,948	17,564	-456	17,108
Taxes	-1,167	30	-1,137	-3,582	90	-3,492	544	-144	400	-3,038	-54	-3,092
Profit for the period from continuing operations	3,238	-86	3,152	9,922	-254	9,668	4,604	-256	4,348	14,526	-510	14,016
Profit for the period pertaining to discontinued operations, after tax	8		8	86		86	-64		-64	22		22
Profit for the period attributable to	3,246	-86	3,160	10,008	-254	9,754	4,540	-256	4,284	14,548	-510	14,038
Shareholders in Svenska Handelsbanken AB	3,246	-86	3,160	10,008	-254	9,754	4,539	-256	4,283	14,547	-510	14,037
Minority interest	0		0	0		0	1		1	1		1
Earnings per share, continuing operations, SEK after dilution	5.14	-0.14	5.00	15.82	-0.40	15.42	7.28	-0.40	6.88	23.11	-0.81	22.30
Earnings per share, total operations, SEK after dilution	5.06	-0.13	4.93	15.46	-0.39	15.07	7.16	-0.39	6.77	22.60	-0.78	21.82
Earnings per share, total operations, SEK after dilution	5.15	-0.14	5.01	15.95	-0.40	15.55	7.18	-0.40	6.78	23.15	-0.81	22.34
Earnings per share, total operations, SEK after dilution	5.07	-0.13	4.94	15.59	-0.39	15.20	7.06	-0.39	6.67	22.63	-0.78	21.85
Profit for the period	3,246	-86	3,160	10,008	-254	9,754	4,540	-256	4,284	14,548	-510	14,038
Other comprehensive income												
Cas flow hedges	321		321	1,699		1,699	691		691	2,390		2,390
Available-for-sale instruments	379		379	614		614	370		370	984		984
Translation differences for the period	-109		-109	-420		-420	294		294	-126		-126
Defined benefit plans		461	461		1,263	1,263		1,320	1,320		2,583	2,583
Tax related to other comprehensive income	-423	-121	-544	-778	-332	-1,110	-135	-236	-371	-913	-568	-1,481
Total other comprehensive income	168	340	508	1,115	931	2,046	1,220	1,084	2,304	2,335	2,015	4,350
Total comprehensive income for the period	3,414		3,668	11,123		11,800	5,760		6,588	16,883		18,388
Attributable to												
Shareholders in Svenska Handelsbanken AB	3,414		3,668	11,123		11,800	5,759		6,587	16,882		18,387
Minority interest	0		0	0		0	1		1	1		1

The Group	31 Dec	Adjustments	1 Jan	31 Mar	Adjustments	31 Mar 2012	30 Jun	Adjustments	30 Jun 2012
SEK m	2011	IAS 19	2012	2012	IAS 19	adjusted	2012	IAS 19	adjusted
ASSETS									
Net pension assets	4,775	-4,775		4,925	-4,454	471	5,023	-5,023	
Other assets	2,449,591		2,449,591	2,455,007		2,455,007	2,541,560		2,541,560
Total assets	2,454,366	-4,775	2,449,591	2,459,932	-4,454	2,455,478	2,546,583	-5,023	2,541,560
LIABILITIES AND EQUITY									
Deferred tax liabilities	9,466	-1,624	7,842	9,589	-1,171	8,418	9,683	-1,473	8,210
Net pension liabilities		1,401	1,401					579	579
Other liabilities	2,350,376		2,350,376	2,357,616		2,357,616	2,439,886		2,439,886
Total liabilities	2,359,842	-223	2,359,619	2,367,205	-1,171	2,366,034	2,449,569	-894	2,448,675
Other equity	1,685		1,685	2,636		2,636	3,509		3,509
Defined benefit plans					1,352	1,352		591	591
Retained earnings	80,516	-4,552	75,964	86,743	-4,552	82,191	86,743	-4,552	82,191
Profit for the period	12,323		12,323	3,348	-83	3,265	6,762	-168	6,594
Total equity	94,524	-4,552	89,972	92,727	-3,283	89,444	97,014	-4,129	92,885
Total liabilities and equity	2,454,366	-4,775	2,449,591	2,459,932	-4,454	2,455,478	2,546,583	-5,023	2,541,560

The Group	30 Sep	Adjustments	30 Sep 2012	31 Dec	Adjustments	30 Dec 2012
SEK m	2012	IAS 19	adjusted	2012	IAS 19	adjusted
ASSETS						
Net pension assets	5,133	-5,133		4,673	-3,907	766
Other assets	2,508,189		2,508,189	2,383,185		2,383,185
Total assets	2,513,322	-5,133	2,508,189	2,387,858	-3,907	2,383,951
LIABILITIES AND EQUITY						
Deferred tax liabilities	9,922	-1,382	8,540	9,573	-860	8,713
Net pension liabilities		124	124			
Other liabilities	2,402,413		2,402,413	2,271,388		2,271,388
Total liabilities	2,412,335	-1,258	2,411,077	2,280,961	-860	2,280,101
Other equity	4,236		4,236	5,607		5,607
Defined benefit plans		931	931		2,015	2,015
Retained earnings	86,743	-4,552	82,191	86,743	-4,552	82,191
Profit for the period	10,008	-254	9,754	14,547	-510	14,037
Total equity	100,987	-3,875	97,112	106,897	-3,047	103,850
Total liabilities and equity	2,513,322	-5,133	2,508,189	2,387,858	-3,907	2,383,951

Condensed set of financial statements – Parent company

INCOME STATEMENT – PARENT COMPANY

SEK m	Q4 2013	Q3 2013	Change	Q4 2012	Change	Full year 2013	Full year 2012	Change
Net interest income	3,985	4,045	-1%	3,964	1%	15,962	16,431	-3%
Dividends received	8,054	21		8,240	-2%	8,995	9,152	-2%
Net fee and commission income	1,311	1,426	-8%	1,490	-12%	5,649	5,724	-1%
Net gains/losses on financial transactions	257	323	-20%	451	-43%	589	3,994	-85%
Other operating income	602	444	36%	222	171%	1,953	758	158%
Total income	14,209	6,259	127%	14,367	-1%	33,148	36,059	-8%
Staff costs	-2,175	-2,632	-17%	-2,102	3%	-9,977	-9,808	2%
Other administrative expenses	-1,366	-1,177	16%	-1,458	-6%	-5,075	-5,157	-2%
Depreciation, amortisation and impairments of property, equipment and intangible assets	-119	-126	-6%	-121	-2%	-498	-518	-4%
Total expenses before loan losses	-3,660	-3,935	-7%	-3,681	-1%	-15,550	-15,483	0%
Profit before loan losses	10,549	2,324	354%	10,686	-1%	17,598	20,576	-14%
Net loan losses	-311	-297	5%	-365	-15%	-1,189	-1,154	3%
Impairments of financial assets	-29	-		-722	-96%	-29	-820	-96%
Operating profit	10,209	2,027	404%	9,599	6%	16,380	18,602	-12%
Appropriations	25	25	0%	-4,142		4,267	-4,065	
Profit before tax	10,234	2,052	399%	5,457	88%	20,647	14,537	42%
Taxes	-2,284	-457	400%	-1,227	86%	-4,619	-2,985	55%
Profit for the period	7,950	1,595	398%	4,230	88%	16,028	11,552	39%

STATEMENT OF COMPREHENSIVE INCOME – PARENT COMPANY

SEK m	Q4 2013	Q3 2013	Change	Q4 2012	Change	Full year 2013	Full year 2012	Change
Profit for the period	7,950	1,595	398%	4,230	88%	16,028	11,552	39%
Other comprehensive income								
Items that can be reclassified into profit or loss								
Cash flow hedges	-1,472	6		733		-3,009	2,522	
Available-for-sale instruments	173	309	-44%	370	-53%	534	983	-46%
Translation differences for the period	1,837	-326		158		879	-10	
<i>of which hedging net investment in foreign operations</i>	<i>1,312</i>	<i>211</i>		<i>-44</i>		<i>901</i>	<i>481</i>	<i>87%</i>
Tax related to other comprehensive income	13	-107		-194		397	-962	
<i>of which cash flow hedges</i>	<i>318</i>	<i>-2</i>		<i>-138</i>		<i>656</i>	<i>-608</i>	
<i>of which available-for-sale instruments</i>	<i>-17</i>	<i>-58</i>	<i>71%</i>	<i>-88</i>	<i>81%</i>	<i>-61</i>	<i>-248</i>	<i>75%</i>
<i>of which hedging net investment in foreign operations</i>	<i>-288</i>	<i>-47</i>		<i>32</i>		<i>-198</i>	<i>-106</i>	<i>-87%</i>
Total items that can be reclassified into profit or loss	551	-118		1,067	-48%	-1,199	2,533	
Total other comprehensive income for the period	551	-118		1,067	-48%	-1,199	2,533	
Total comprehensive income for the period	8,501	1,477	476%	5,297	60%	14,829	14,085	5%

In an intra-group transaction during the second quarter of 2012, the parent company sold subsidiary shares to Handelsbanken Liv. The subsidiary contains properties. The transaction resulted in a net capital gain in the parent company of SEK 2,815m, but has no impact on the Group's income statement or on the assets held on behalf of the policyholders. Other information for the parent company with comments concerning financial performance, significant events and risk is covered by the report provided for the whole of the Handelsbanken Group.

BALANCE SHEET – PARENT COMPANY

SEK m	31 Dec 2013	30 Sep 2013	30 Jun 2013	31 Mar 2013	31 Dec 2012
Assets					
Cash and balances with central banks	334,794	345,023	211,158	219,496	236,447
Interest-bearing securities eligible as collateral with central banks	53,785	59,515	51,144	52,358	45,259
Loans to credit institutions	475,440	473,074	453,562	460,841	422,897
Loans to the public	685,372	691,725	703,996	694,576	731,967
Bonds and other interest-bearing securities	58,943	58,813	60,273	67,206	62,939
Shares	47,221	40,462	37,263	33,810	28,269
Shares in subsidiaries and investments in associates	46,153	46,161	46,160	45,753	45,734
Assets where the customer bears the value change risk	2,188	2,181	2,243	2,146	2,011
Derivative instruments	78,295	85,847	100,270	115,317	122,525
Intangible assets	1,750	1,705	1,715	1,646	1,643
Property and equipment	978	899	957	944	967
Current tax assets	-	642	105	-	-
Deferred tax assets	202	239	265	346	333
Other assets	16,468	25,631	26,133	14,224	18,428
Prepaid expenses and accrued income	5,272	4,816	4,942	5,875	5,347
Total assets	1,806,861	1,836,733	1,700,186	1,714,538	1,724,766
Liabilities and equity					
Due to credit institutions	226,631	229,132	264,573	284,862	243,332
Deposits and borrowing from the public	814,227	796,090	621,562	626,806	668,683
Liabilities where the customer bears the value change risk	2,236	2,244	2,273	2,166	2,059
Issued securities	532,607	562,521	568,481	530,401	531,284
Derivative instruments	77,143	86,430	87,599	109,121	126,922
Short positions	22,845	18,371	20,098	29,040	16,201
Current tax liabilities	816	-	-	635	340
Deferred tax liabilities	114	177	154	577	707
Provisions	128	109	94	104	116
Other liabilities	12,703	30,859	23,622	20,065	17,154
Accrued expenses and deferred income	9,915	11,879	11,034	10,679	9,531
Subordinated liabilities	15,965	15,911	19,138	19,973	21,167
Total liabilities	1,715,330	1,753,723	1,618,628	1,634,429	1,637,496
Untaxed reserves	773	783	823	816	5,038
Share capital	2,956	2,955	2,955	2,951	2,943
Share premium	2,843	2,813	2,798	2,659	2,337
Other funds	1,911	1,360	1,478	1,941	3,110
Retained earnings	67,020	67,021	67,021	67,021	62,290
Profit for the period	16,028	8,078	6,483	4,721	11,552
Total equity	90,758	82,227	80,735	79,293	82,232
Total liabilities and equity	1,806,861	1,836,733	1,700,186	1,714,538	1,724,766
Memorandum items					
Assets pledged for own debt	25,216	27,348	35,622	28,902	59,195
Other assets pledged	41,679	36,265	35,612	33,027	2,564
Contingent liabilities and commitments	121,509	123,391	129,902	135,041	131,586
Other commitments	518,414	536,427	514,056	550,944	475,287

SUBMISSION OF REPORT

I hereby submit this financial report.

Stockholm 5 February 2014

Pär Boman
President and Group Chief Executive

PRESS AND PHONE CONFERENCE

A press and analyst conference is being arranged at the Bank's head office on 5 February at 8.30 a.m. (CET).

A phone conference will be held on 5 February at 11.15 a.m. (CET).

Press releases, presentations, a fact book and a recording of the phone conference are available at www.handelsbanken.se/ireng

The Annual Report for 2013 will be published during the week starting 10 February and will then be available at www.handelsbanken.com. The printed version will be issued during the first week of March.

The Bank's 2014 annual general meeting will be held at the Grand Hotel's Winter Garden, Royal Entrance, Stallgatan 4, Stockholm, at 10.00 a.m. (CET) on 26 March.

The interim report for January – March 2014 will be published on 30 April 2014.

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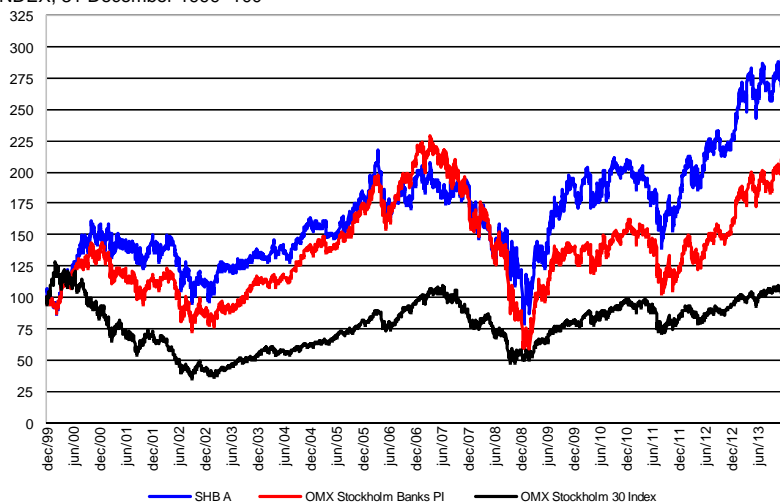
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Share price performance and other information

The Swedish stock market grew by 21% during the year. The Stockholm stock exchange's bank index rose by 42%. Handelsbanken's class A shares closed at SEK 316.00, a rise of 36%, but including dividends paid, the total return was 41%. Since 1 January 2000, Handelsbanken's share price has increased by 195%, excluding dividends, while the Stockholm Stock Exchange has risen by 11%.

SHARE PRICE PERFORMANCE, 31 DECEMBER 1999 – 31 DECEMBER 2013

INDEX, 31 December 1999=100



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