

# Handelsbanken

## Press release

Stockholm, 31 March 2008

### Termination of fixed income and FX trading in New York

**Handelsbanken is changing its organisation for proprietary trading in foreign exchange and fixed income securities and reduces its exposure to US asset-backed securities.**

The work of focusing on the Bank's core business and on reducing its earnings volatility has continued after the sale of SPP. As part of this process, the Bank has decided to close down its proprietary trading in foreign exchange and fixed income securities in New York, and to concentrate this operation to Stockholm.

The change only applies to proprietary trading - the client-driven business and the current funding operation will remain in New York.

As a consequence of the change, the Bank has divested a significant part of its exposure to US asset-backed securities. The sale comprises the Bank's entire exposure to asset-backed securities (AAA) secured by credit card receivables (SEK 11bn year-end 2007). These securities were part of the Bank's liquidity portfolio, which at year-end amounted to SEK 88bn.

The negative trend in the credit markets continued in the first quarter and the transaction has a net impact of SEK -279m. Since part of the divested securities have been booked as Available for Sale (AFS), the transaction means that previous mark-to-market write-downs against the Bank's equity must be reversed and booked over the profit & loss account. This amounts to SEK -210m and the transaction's total impact in the profit & loss account is SEK -489m, coupled with a reversal of previous write-downs against the Bank's equity of SEK 210m.

In the period January 1 to March 28, the mark-to-market impact in the profit & loss account related to the divested portfolio amounts to SEK -278m. The corresponding value change booked against the equity amounts to SEK -113m. The total profit & loss account effect of the divested portfolio in the period is thus SEK -767m and the amount booked directly against the Bank's equity SEK 97m.

In the same period, the earnings impact of the remaining part of the liquidity portfolio amounts to SEK -179m and the impact booked directly against equity to SEK -545m.

The combined impact on the liquidity portfolio from changes in market values as at March 28 consequently totals SEK -946m in the profit & loss account and SEK -448m booked directly against equity.

**Calculated impact on Handelsbanken's liquidity portfolio from valuation changes in the period January 1 to March 28**

<b>SEK m</b>	<b>P&amp;L account 1)</b>	<b>Equity</b>
<b>Credit card portfolio</b>		
Change in value Jan 1 to March 28 - Trading	-278	
Change in value Jan 1 to March 28 - AFS		-113
Realised loss at sale	-279	
Reversal of previous write-downs against equity 2)	-210	210
<b>Total impact from divested portfolio</b>	<b>-767</b>	<b>97</b>
Remaining liquidity portfolio, Trading	-179	
Remaining liquidity portfolio, AFS		-545
<b>Total calculated impact</b>	<b>-946</b>	<b>-448</b>

1) Before tax

2) Of which SEK 97m relates to valuation changes in 2007 and SEK 113m in 2008.

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