

Highlights of Handelsbanken's Annual Report

JANUARY – DECEMBER 2015

Summary January – December 2015, compared with January – December 2014

- Return on equity for total operations rose to 13.5% (13.4)
- The corporate goal of higher return on equity than the average of peer banks was achieved for the 44th year running – full provision to the Oktogonen profit-sharing foundation
- Operating profit grew by 7% to SEK 20,475m (19,212), the highest figure ever
- The period's profit after tax for total operations rose to SEK 16,343m (15,184)
- Earnings per share for total operations increased by 8% to SEK 8.57 (7.96)
- The common equity tier 1 ratio according to CRD IV increased to 21.2% (20.4) and the total capital ratio rose to 27.2% (25.6)
- The Board proposes an increase in the ordinary dividend to SEK 4.50 per share and an extra dividend of SEK 1.50 per share
- Moody's upgraded Handelsbanken's long-term credit rating to Aa2, and thus the Bank has the highest rating in Europe of all peer banks
- Income increased by 5% to SEK 40,336m (38,314)
- Net interest income went up by 2% to SEK 27,740m (27,244) and in the UK, net interest income increased by 31%
- Net fee and commission income rose by 9% to SEK 9,320m (8,556)
- The Bank was the largest player for new savings on the mutual funds market in Sweden, with a market share of 31%
- The C/I ratio was 45.3% (45.2)
- The loan loss ratio was 0.09% (0.10)

Summary of Q4 2015, compared with Q3 2015

- Operating profit increased by 17% to SEK 5,533m (4,731)
- The period's profit after tax for total operations grew by 20% to SEK 4,501m (3,758) and earnings per share increased to SEK 2.36 (1.97)
- Return on equity for total operations rose to 14.8% (12.7)
- Income increased by 15% to SEK 10,909m (9,461)
- Net interest income increased by 2% to SEK 6,971m (6,834)
- Capital gains from the sale of shares in SCA totalled SEK 1,207m (-)
- The C/I ratio fell to 45.0% (45.2) and the loan loss ratio was 0.10% (0.10)

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Handelsbanken Group – Overview

SEK m	Q4 2015	Q3 2015	Change	Q4 2014	Change	Full year 2015	Full year 2014	Change
Summary income statement								
Net interest income	6,971	6,834	2%	6,883	1%	27,740	27,244	2%
Net fee and commission income	2,343	2,308	2%	2,228	5%	9,320	8,556	9%
Net gains/losses on financial transactions	1,503	226		264	469%	2,608	1,777	47%
Risk result - insurance	36	40	-10%	34	6%	157	165	-5%
Other dividend income	2	1	100%	2	0%	281	251	12%
Share of profit of associates	-11	18		22		17	18	-6%
Other income	65	34	91%	123	-47%	213	303	-30%
Total income	10,909	9,461	15%	9,556	14%	40,336	38,314	5%
Staff costs	-3,353	-2,953	14%	-3,026	11%	-12,581	-11,766	7%
Other administrative expenses	-1,442	-1,197	20%	-1,418	2%	-5,203	-5,099	2%
Depreciation, amortisation and impairments of property, equipment and intangible assets	-112	-126	-11%	-108	4%	-487	-462	5%
Total expenses	-4,907	-4,276	15%	-4,552	8%	-18,271	-17,327	5%
Profit before loan losses	6,002	5,185	16%	5,004	20%	22,065	20,987	5%
Net loan losses	-475	-458	4%	-697	-32%	-1,597	-1,781	-10%
Gains/losses on disposal of property, equipment and intangible assets	6	4	50%	4	50%	7	6	17%
Operating profit	5,533	4,731	17%	4,311	28%	20,475	19,212	7%
Taxes	-1,076	-1,028	5%	-935	15%	-4,277	-4,069	5%
Profit for the period from continuing operations	4,457	3,703	20%	3,376	32%	16,198	15,143	7%
Profit for the period pertaining to discontinued operations, after tax	44	55	-20%	-34		145	41	254%
Profit for the period	4,501	3,758	20%	3,342	35%	16,343	15,184	8%
Summary balance sheet								
Loans to the public	1,866,467	1,855,311	1%	1,807,836	3%	1,866,467	1,807,836	3%
<i>of which mortgage loans</i>	<i>1,082,644</i>	<i>1,062,001</i>	<i>2%</i>	<i>1,018,514</i>	<i>6%</i>	<i>1,082,644</i>	<i>1,018,514</i>	<i>6%</i>
Deposits and borrowing from the public	753,855	1,049,202	-28%	1,022,267	-26%	753,855	1,022,267	-26%
<i>of which households</i>	<i>356,432</i>	<i>351,120</i>	<i>2%</i>	<i>318,750</i>	<i>12%</i>	<i>356,432</i>	<i>318,750</i>	<i>12%</i>
Total equity	128,268	127,435	1%	126,827	1%	128,268	126,827	1%
Total assets	2,522,133	2,943,621	-14%	2,816,676	-10%	2,522,133	2,816,676	-10%
Summary of key figures								
Return on equity, total operations*	14.8%	12.7%		11.4%		13.5%	13.4%	
Return on equity, continuing operations*	14.7%	12.5%		11.5%		13.4%	13.3%	
C/I ratio, continuing operations	45.0%	45.2%		47.6%		45.3%	45.2%	
Earnings per share, total operations, SEK	2.36	1.97		1.75		8.57	7.96	
- after dilution	2.30	1.93		1.73		8.39	7.84	
Common equity tier 1 ratio, CRD IV	21.2%	21.4%		20.4%		21.2%	20.4%	
Total capital ratio, CRD IV	27.2%	27.4%		25.6%		27.2%	25.6%	

* 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.

A 3:1 stock split was carried out in May. The comparison figures in the above table have been adjusted for the new number of shares.

Group performance

JANUARY – DECEMBER 2015 COMPARED WITH JANUARY – DECEMBER 2014

The Group's operating profit increased by 7% to SEK 20,475m (19,212). The period's profit after tax for total operations rose to SEK 16,343m (15,184) and earnings per share were SEK 8.57 (7.96). The Board proposes an ordinary dividend of SEK 4.50 per share and also an extra dividend of SEK 1.50 per share.

The common equity tier 1 ratio increased to SEK 21.2% (20.4) and the return on equity for total operations increased to 13.5% (13.4).

The C/I ratio was 45.3% (45.2).

Income

SEK m	Full year 2015	Full year 2014	Change
Net interest income	27,740	27,244	2%
Net fee and commission income	9,320	8,556	9%
Net gains/losses on financial trans.	2,608	1,777	47%
Other income	668	737	-9%
Total income	40,336	38,314	5%

Income grew by 5% to SEK 40,336m (38,314).

Net interest income rose by 2% to SEK 27,740m (27,244). Exchange rate effects had a SEK 652m positive impact on net interest income.

Higher lending volumes increased net interest income by SEK 1,241m, while lower lending margins had a negative impact of SEK -49m. Decreasing short-term interest rates – particularly in Sweden – reduced deposit margins by SEK -2,037m, and negative interest rates meant that increased deposit volumes had a SEK -20m negative effect on net interest income. The decrease in interest rates also meant that the interest on assets funded by equity declined by SEK 477m.

The benchmark effect in Stadshypotek decreased to SEK -105m (-27), and the cost of the Swedish Stability Fund and various deposit guarantees went down by SEK 104m to SEK -1,118m (-1,222).

The remainder of the change in net interest income of SEK 1,160m was chiefly attributable to a change in the funding mix, since rising deposit volumes contributed to a reduced need for market funding.

Net interest income grew by 31% in the UK, by 16% in the Netherlands, and by 4% in Denmark. Net interest income fell by 3% in Sweden, by 6% in Norway, and by 2% in Finland.

The average volume of loans to the public grew by 6% to SEK 1,847bn (1,746). Exchange rate effects had a positive effect of SEK 22bn on lending volumes. Household lending increased by 8% to SEK 932bn (860), while corporate lending grew by 3% to SEK 915bn (886).

The average volume of deposits and borrowing rose by 13% to SEK 1,007bn (893). The average volume of household deposits went up by 13% to SEK 338bn (300) and corporate deposits increased by 13% to SEK 669bn (593).

Net fee and commission income rose by 9% to SEK 9,320m (8,556), mainly as a result of higher asset management, advisory and payment commissions. Fund management commissions grew by 21% to SEK 2,987m (2,475), as a result of increasing inflows and rising market values. Other asset management commissions increased by 11% to SEK 600m (540). Net payment commissions rose by 9% to SEK 2,027m (1,855), chiefly as a result of net commissions from card operations increasing by 10% to SEK 1,400m (1,270). Advisory commissions grew by 39% to SEK 326m (235), due to a higher level of activity on the market.

Net gains/losses on financial transactions increased by 47% to SEK 2,608m (1,777). Capital gains from the sale of shares in SCA had a SEK 1,207m positive impact on profits. Excluding the capital gains and non-recurring items in the period of comparison, the outcome was more or less unchanged.

Other income amounted to SEK 668m (737).

Expenses

SEK m	Full year 2015	Full year 2014	Change
Staff costs	-12,581	-11,766	7%
Other administrative expenses	-5,203	-5,099	2%
Depreciation and amortisation	-487	-462	5%
Total expenses	-18,271	-17,327	5%

Total expenses increased by 5% to SEK -18,271m (-17,327). Adjusted for exchange rate movements of SEK -470m, the increase was just under 3%.

Staff costs rose by 7% to SEK -12,581m (-11,766). Of this increase, three percentage points, or SEK -319m, stemmed from exchange rate effects. The preliminary provision to the Oktogonen profit-sharing foundation rose to SEK -858m (-795). The impact of IAS 19 increased costs for defined benefit pensions by SEK -196m, and two percentage points of the increase were attributable to this. Excluding these items, staff costs rose by 2%, which was chiefly attributable to annual salary increases and continued expansion in the Bank's growth markets.

The average number of employees rose to 11,819 (11,692). Excluding the expanding operations in the UK and the Netherlands, where the average number of staff rose by 227 and 28 respectively, the average number of employees decreased by 1%.

Variable remuneration, including social security costs and other payroll overheads, decreased to SEK -114m (-140).

Other administrative expenses went up by 2% to SEK -5,203m (-5,099), chiefly as a result of increasing costs for property and premises, as well as higher costs for purchased services. Adjusted for exchange rate movements of SEK -144m, other administrative expenses went down by 1%.

Loan losses

SEK m	Full year 2015	Full year 2014	Change
Net loan losses	-1,597	-1,781	-184
Loan loss ratio as a % of loans	0.09	0.10	-0.01
Impaired loans, net	4,028	4,591	-12%
Proportion of impaired loans	0.21	0.25	-0.04

Loan losses decreased to SEK -1,597m (-1,781), and the loan loss ratio was 0.09% (0.10). Credit quality remained stable, and the year's loan losses derived principally from a small number of exposures. Net impaired loans decreased by 12% to SEK 4,028m (4,591), equivalent to 0.21% (0.25) of lending.

Q4 2015 COMPARED WITH Q3 2015

Operating profit grew by 17% to SEK 5,533m (4,731), and the C/I ratio decreased to 45.0% (45.2).

Profit after tax for total operations grew during the period by 20% to SEK 4,501m (3,758) and earnings per share increased to SEK 2.36 (1.97).

Return on equity rose to 14.8% (12.7).

Income

SEK m	Q4 2015	Q3 2015	Change
Net interest income	6,971	6,834	2%
Net fee and commission income	2,343	2,308	2%
Net gains/losses on financial trans.	1,503	226	
Other income	92	93	-1%
Total income	10,909	9,461	15%

Income increased by 15% to SEK 10,909m (9,461). Exchange rate movements as a result of the stronger Swedish krona reduced income by SEK 74m.

Net interest income increased by 2% to SEK 6,971m (6,834). The fee for the Swedish Stability Fund decreased by SEK 158m to SEK -88m (-246). Together with fees for various other deposit guarantees, government fees affecting net interest income decreased by SEK 149m to SEK -167m (-316).

Exchange rate movements reduced net interest income by SEK 59m, and the benchmark effect in Stadshypotek amounted to SEK -56m (-36).

Rising lending volumes increased net interest income by SEK 119m, while lower lending margins had a negative impact of SEK 42m. Deposit margins and interest income related to equity decreased by SEK 93m.

The remainder of the change in net interest income – SEK 83m – was chiefly made up of reduced funding costs.

The average volume of loans to the public increased by 1% to SEK 1,872bn (1,861). Exchange rate effects reduced lending by SEK 14bn. Household lending grew by 2%, while corporate lending decreased by 1%. The total average volume of deposits and borrowing declined by 1% to SEK 1,004bn (1,018).

Household deposits rose by 2%, while corporate deposits went down by 3%.

Net fee and commission income increased by 2% to SEK 2,343m (2,308). Fund management commissions were unchanged at SEK 743m (743). The positive effect of continuing net inflows was offset by slightly lower average market values. Increasing transaction activity among customers was one factor in brokerage income growing by 25% to SEK 266m (212).

Net payment commissions fell by 9% to SEK 493m (543), mainly due to lower card income. Net commissions from card operations decreased by 13% to SEK 335m (385), chiefly due to lower interchange and service fees.

Net gains/losses on financial transactions rose to SEK 1,503m (226). This increase derived mainly from the result of the sale of the Bank's shares in SCA, which amounted to SEK 1,207m.

Other income amounted to SEK 92m (93m).

Expenses

SEK m	Q4 2015	Q3 2015	Change
Staff costs, excl. Oktogonen	-2,915	-2,931	-1%
Oktogonen	-438	-22	
Other administrative expenses	-1,442	-1,197	20%
Depreciation and amortisation	-112	-126	-11%
Total expenses	-4,907	-4,276	15%

Expenses increased by 15% to SEK -4,907m (-4,276). Exchange rate effects reduced expenses by SEK 35m.

Staff costs rose by SEK 400m to SEK -3,353m (-2,953). This increase was entirely attributable to the preliminary provision to the Oktogonen profit-sharing foundation rising to SEK -438m (-22). The period's provision for variable compensation was SEK -20m (-19).

Other administrative expenses increased by 20% to SEK -1,442m (-1,197). This increase, which was chiefly attributable to a seasonally higher activity level in the fourth quarter, was a general one across most expense categories.

The average number of employees fell to 11,825 (12,137).

Loan losses

SEK m	Q4 2015	Q3 2015	Change
Net loan losses	-475	-458	17
Loan loss ratio as a % of loans	0.10	0.10	0.00
Impaired loans, net	4,028	4,189	-4%
Proportion of impaired loans	0.21	0.22	-0.01

Loan losses increased slightly to SEK -475m (-458) and the loan loss ratio was 0.10% (0.10). The quality of the credit portfolio remained stable. Net impaired loans decreased to SEK 4,028m (4,189), equivalent to 0.21% (0.22) of lending.

FUNDING AND LIQUIDITY

The issue volume of bonds decreased during the year to SEK 181bn (189), of which SEK 139bn was covered bonds, SEK 32bn senior bonds and SEK 10bn was a subordinated loan in the form of an AT1 bond. SEK 50bn in covered bonds and SEK 12bn in senior bonds were issued in the fourth quarter.

The Bank has large volumes of liquid funds, mortgage loans and other assets that are not encumbered and therefore represent protection for the Bank's senior lenders. At the end of the period, the ratio of non-encumbered assets to all non-encumbered market funding was 203% (237).

At year-end, the Bank elected to reduce its volume of short-term deposits, but retained a liquidity reserve of over SEK 800bn. Cash funds and liquid assets invested with central banks amounted to SEK 236bn, while the volume of liquid bonds and other liquid assets totalled SEK 115bn. The remainder of the reserve mainly comprises an unutilised issue amount of covered bonds at Stadshypotek.

According to the current Swedish definition from January 2013, the Handelsbanken Group's liquidity coverage ratio (LCR) at year-end was 137%. In USD, the LCR was 429% and in EUR it was 161%. The Group's LCR, calculated according to the European Commission's delegated act, was 140%. At year-end, the net stable funding ratio (NSFR) was 100%.

CAPITAL

The Bank's goal is that its common equity tier 1 ratio under normal circumstances should exceed the common equity tier 1 capital requirement communicated to the Bank by the Swedish Financial Supervisory Authority by 1-3 percentage points. Factoring in the Board's proposed dividend, totalling SEK 6.00 per share, the Bank's common equity tier 1 ratio at year-end amounted to 21.2%. The Swedish Financial Supervisory Authority's assessment was that Handelsbanken's common equity tier 1 capital requirement at the end of Q3 2015 corresponded to a common equity tier 1 ratio of 18.6%, and the Bank is thus within the target range. The raising of the countercyclical buffer that becomes effective in Sweden and Norway in 2016 is expected to increase the common equity tier 1 capital requirement by an amount equivalent to 0.3 percentage points of the common equity tier 1 ratio.

31 December 2015 compared with 31 December 2014

SEK m	31 Dec 2015	31 Dec 2014	Change
Common equity tier 1 ratio, CRD IV	21.2%	20.4%	0.8
Total capital ratio, CRD IV	27.2%	25.6%	1.6
Risk exposure amount CRD IV, SEK m	473,132	480,388	-2%
Common equity tier 1 capital	100,535	98,084	2%
Total own funds	128,489	122,858	5%
Capital requirement, Basel I floor	94,833	90,406	5%
Total own funds, Basel I floor	129,884	124,961	4%

Own funds were SEK 128bn (123) and the Bank's total capital ratio rose to 27.2% (25.6). Of the increase of 1.6 percentage points, the Bank's AT1 issue contributed 2.1 percentage points, while matured subordinated loans reduced the ratio by 1.1 percentage points.

Common equity tier 1 capital amounted to SEK 101bn (98) and the common equity tier 1 ratio rose by 0.8 percentage points to 21.2% (20.4). The period's profit contributed 0.9 percentage points after a deduction for the dividend.

Higher lending volumes affected the common equity tier 1 capital ratio by -0.5 percentage points. Credit risk migration in the loan portfolio was neutral, and did not affect the common equity tier 1 ratio. The effect of the fact that new lending volumes are lower risk than the credit portfolio average, while exposures leaving the portfolio are higher risk (known as volume migration), improved the common equity tier 1 ratio by 1.0 percentage point.

The effect of IAS 19 (pensions) reduced the common equity tier 1 ratio by 0.8 percentage points.

The effect of AFS holdings increased the common equity tier 1 ratio by 0.6 percentage points.

Foreign exchange movements had a 0.2 percentage point negative effect, while the net effect of other factors was a decrease of 0.2 percentage points.

31 December 2015 compared with 30 September 2015

SEK m	31 Dec 2015	30 Sep 2015	Change
Common equity tier 1 ratio, CRD IV	21.2%	21.4%	-0.2
Total capital ratio, CRD IV	27.2%	27.4%	-0.2
Risk exposure amount CRD IV, SEK m	473,132	473,539	0%
Common equity tier 1 capital	100,535	101,123	-1%
Total own funds	128,489	129,571	-1%
Capital requirement, Basel I floor	94,833	93,543	1%
Total own funds, Basel I floor	129,884	131,148	-1%

Own funds amounted to SEK 128bn (130) and the total capital ratio fell to 27.2% (27.4).

Common equity tier 1 capital amounted to SEK 101bn (101), while the common equity tier 1 ratio according to CRD IV went down to 21.2% (21.4). The period's profit increased the common equity tier 1 ratio by 0.1 percentage point.

Increased IRB volumes reduced the common equity tier 1 ratio by 0.2 percentage points, and exposures in the standardised approach reduced it by a further 0.2 percentage points. The effect of improved credit quality through volume migration had a positive effect of 0.3 percentage points, while credit risk migration in the credit portfolio reduced the common equity tier 1 ratio by 0.2 percentage points.

Divestment of shares increased the common equity tier 1 ratio by 0.4 percentage points. IAS 19 had a positive effect of 0.1 percentage point, while exchange rate movements reduced the common equity tier 1 ratio by 0.1 percentage point. Other effects, net, had an impact of -0.4 percentage points.

Economic capital and available financial resources

Handelsbanken's internal assessment of the capital requirement is based on the Bank's model for Economic Capital (EC), which is measured in relation to the Bank's Available Financial Resources (AFR). The Board stipulates that the AFR/EC ratio for the Group must exceed 120%. At the end of the fourth quarter, Group EC totalled SEK 56.7bn, while AFR was SEK 129.5bn. Thus, the ratio between AFR and EC was 228%. For the parent company, EC totalled SEK 48.8bn, and AFR was SEK 104.2bn.

For the consolidated situation, EC totalled SEK 53.4bn, and AFR was SEK 125.8bn.

RATING

During the second quarter, Moody's upgraded Handelsbanken's long-term rating from Aa3 to Aa2, and thus the Bank has the highest rating in Europe of all peer banks. Otherwise, Handelsbanken's long-term and short-term ratings with the other rating agencies which monitor the Bank were unchanged.

	Long-term	Short-term	Counterparty Risk Assessment
Standard & Poor's	AA-	A-1+	
Fitch	AA-	F1+	
Moody's	Aa2	P-1	Aa1
DBRS	AA (low)		

HANDELSBANKEN'S AGM ON 16 MARCH

The Board proposes a total dividend of SEK 6.00 per share, comprising an ordinary dividend of SEK 4.50 per share and an extra dividend of SEK 1.50 per share.

In addition, the Board proposes that the existing repurchase programme for a maximum of 120 million shares be extended for another year. The Board also proposes that the AGM authorise the Board to be able to issue convertible debt instruments with the purpose of adapting the Bank's capital structure to the capital requirement prevailing at any time.

The Board proposes that the record day for the dividend be Friday, 18 March 2016, which means that the Handelsbanken share will be traded ex-dividend on Thursday, 17 March 2016, and that the dividend is then expected to be disbursed on 23 March 2016.

OTHER INFORMATION

IAS 19

A higher net pension debt at the end of 2015, coupled with updated actuarial estimates, means that in 2016, pension costs according to IAS 19 will increase staff costs in the Group by some SEK 225m.

Sale of Visa Europe

In November 2015, Visa Inc. announced that it intends to acquire Visa Europe Limited. The acquisition requires the approval of authorities. Handelsbanken is a member of Visa Sweden Economic Association and Visa Bankgruppe Fli in Norway. The Bank also has a Principal licence with Visa for card issuance in Finland, the UK and the Baltic countries. Through these organisations and the licence, the Bank is an indirect and direct part-owner of Visa Europe and will therefore receive units of the purchase price if the acquisition is completed.

It is intended that the purchase price will consist partly of a cash component and partly of preference shares. In addition, they intend to pay an additional purchase price if certain goals are achieved. It is expected that the transaction will be completed in the second or third quarter of 2016.

The part of the purchase price which accrues to Handelsbanken is partly dependent on the establishment of the final allocation principles and currency exchange rates. The preference shares are also associated with certain conditions which make it difficult to assess their value. It is therefore difficult at present to estimate the overall effects for Handelsbanken. The result will be reported when the transaction is completed.

EVENTS AFTER THE END OF THE REPORTING PERIOD

Organisational change at Handelsbanken Capital Markets

On 1 January 2016, the Merchant Banking International business area was reorganised within the Handelsbanken Capital Markets business segment. This unit has changed its name to Handelsbanken International, and in the future will comprise the Bank's offices outside its home markets, as well as Financial Institutions and Transaction Banking.

Corporate Finance and Debt Capital Markets, which were previously part of Merchant Banking International, have been transferred to the Markets & Asset Management business area. At the same time, the Large Corporates unit in Sweden is moving from Merchant Banking International to the Handelsbanken Sweden business segment.

These operations will be reported in accordance with the new organisational structure as of Q1 2016. Historical comparison figures will be distributed in March.

Handelsbanken Group – Business segments

January - December 2015		Home markets								Group Full year 2015
SEK m	Sweden	UK	Denmark	Finland	Norway	Nether- lands	Capital Markets	Other	Adj. & elim.	
Net interest income	15,185	4,570	1,678	1,361	3,248	328	734	636		27,740
Net fee and commission income	4,566	452	436	387	395	23	3,025	36		9,320
Net gains/losses on financial transactions	379	194	77	60	94	5	1,230	569		2,608
Risk result - insurance							157			157
Share of profit of associates								17		17
Other income	61	7	17	23	31	-	10	345		494
Total income	20,191	5,223	2,208	1,831	3,768	356	5,156	1,603		40,336
Staff costs	-3,601	-1,870	-629	-369	-713	-158	-2,466	-2,651	-124	-12,581
Other administrative expenses	-1,160	-429	-178	-161	-207	-37	-860	-2,171		-5,203
Internal purchased and sold services	-2,578	-455	-279	-247	-370	-84	-103	4,116		
Depreciation, amortisation and impairments of property, equipment and intangible assets	-88	-30	-15	-11	-13	-3	-79	-248		-487
Total expenses	-7,427	-2,784	-1,101	-788	-1,303	-282	-3,508	-954	-124	-18,271
Profit before loan losses	12,764	2,439	1,107	1,043	2,465	74	1,648	649	-124	22,065
Net loan losses	-763	-224	-299	-83	-222	-2	-4			-1,597
Gains/losses on disposal of property, equipment and intangible assets	-2	-12	8	0	6	-	0	7		7
Operating profit	11,999	2,203	816	960	2,249	72	1,644	656	-124	20,475
Profit allocation	881	34	72	110	57	0	-1,155	1		
Operating profit after profit allocation	12,880	2,237	888	1,070	2,306	72	489	657	-124	20,475
Internal income*	228	-1,481	-295	-367	-2,805	-175	-2,529	7,424		

January - December 2014		Home markets								Group Full year 2014
SEK m	Sweden	UK	Denmark	Finland	Norway	Nether- lands	Capital Markets	Other	Adj. & elim.	
Net interest income	15,734	3,497	1,610	1,389	3,439	283	847	495	-50	27,244
Net fee and commission income	3,908	344	385	440	390	26	3,041	22		8,556
Net gains/losses on financial transactions	400	158	116	76	102	7	1,537	-619		1,777
Risk result - insurance							165			165
Share of profit of associates								18		18
Other income	92	18	21	11	20	-	17	375		554
Total income	20,134	4,017	2,132	1,916	3,951	316	5,607	291	-50	38,314
Staff costs	-3,421	-1,471	-584	-351	-711	-127	-2,542	-2,587	28	-11,766
Other administrative expenses	-1,221	-333	-181	-158	-219	-28	-859	-2,100		-5,099
Internal purchased and sold services	-2,770	-379	-273	-232	-390	-68	-126	4,188	50	
Depreciation, amortisation and impairments of property, equipment and intangible assets	-85	-18	-19	-8	-11	-1	-79	-241		-462
Total expenses	-7,497	-2,201	-1,057	-749	-1,331	-224	-3,606	-740	78	-17,327
Profit before loan losses	12,637	1,816	1,075	1,167	2,620	92	2,001	-449	28	20,987
Net loan losses	-657	-203	-529	-277	-141	-1	27			-1,781
Gains/losses on disposal of property, equipment and intangible assets	0	4	1	0	-	-	0	1		6
Operating profit	11,980	1,617	547	890	2,479	91	2,028	-448	28	19,212
Profit allocation	930	35	62	85	66	8	-1,186	0		
Operating profit after profit allocation	12,910	1,652	609	975	2,545	99	842	-448	28	19,212
Internal income*	-492	-1,230	-468	-429	-3,430	-154	-1,858	8,061		

* 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 Handelsbanken Sweden, Handelsbanken UK, Handelsbanken Denmark, Finland, Handelsbanken Norway, Handelsbanken Netherlands and Handelsbanken 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 Handelsbanken Capital Markets' operating profit that does not involve risk-taking is distributed to branches with customer responsibility.

Handelsbanken Sweden

Handelsbanken Sweden comprises 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 463 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 2015	Q3 2015	Change	Q4 2014	Change	Full year 2015	Full year 2014	Change
Net interest income	3,753	3,696	2%	3,931	-5%	15,185	15,734	-3%
Net fee and commission income	1,127	1,141	-1%	1,069	5%	4,566	3,908	17%
Net gains/losses on financial transactions	49	93	-47%	87	-44%	379	400	-5%
Other income	16	5	220%	28	-43%	61	92	-34%
Total income	4,945	4,935	0%	5,115	-3%	20,191	20,134	0%
Staff costs	-903	-906	0%	-853	6%	-3,601	-3,421	5%
Other administrative expenses	-323	-266	21%	-352	-8%	-1,160	-1,221	-5%
Internal purchased and sold services	-632	-625	1%	-677	-7%	-2,578	-2,770	-7%
Depreciation, amortisation and impairments of property, equipment and intangible assets	-21	-22	-5%	-20	5%	-88	-85	4%
Total expenses	-1,879	-1,819	3%	-1,902	-1%	-7,427	-7,497	-1%
Profit before loan losses	3,066	3,116	-2%	3,213	-5%	12,764	12,637	1%
Net loan losses	-317	-136	133%	-100	217%	-763	-657	16%
Gains/losses on disposal of property, equipment and intangible assets	1	-		0		-2	0	
Operating profit	2,750	2,980	-8%	3,113	-12%	11,999	11,980	0%
Profit allocation	226	262	-14%	247	-9%	881	930	-5%
Operating profit after profit allocation	2,976	3,242	-8%	3,360	-11%	12,880	12,910	0%
Internal income	79	111	-29%	127	-38%	228	-492	
Cost/income ratio, %	36.3	35.0		35.5		35.2	35.6	
Loan loss ratio, %	0.11	0.05		0.04		0.07	0.06	
Allocated capital	70,065	66,754	5%	67,103	4%	70,065	67,103	4%
Return on allocated capital, %	13.3	15.2		15.6		14.9	15.7	
Average number of employees	4,418	4,702	-6%	4,343	2%	4,457	4,381	2%
Number of branches	463	463	0%	463	0%	463	463	0%

BUSINESS VOLUMES

Average volumes, SEK bn	Q4 2015	Q3 2015	Change	Q4 2014	Change	Full year 2015	Full year 2014	Change
Loans to the public*								
Household	709	693	2%	660	7%	688	645	7%
of which mortgage loans	654	639	2%	606	8%	633	593	7%
Corporate	468	464	1%	468	0%	466	473	-1%
of which mortgage loans	273	270	1%	268	2%	270	266	2%
Total	1,177	1,157	2%	1,128	4%	1,154	1,118	3%
Deposits and borrowing from the public								
Household	276	269	3%	245	13%	262	238	10%
Corporate	194	190	2%	170	14%	188	161	17%
Total	470	459	2%	415	13%	450	399	13%

* Excluding loans to the National Debt Office.

JANUARY – DECEMBER 2015 COMPARED WITH JANUARY – DECEMBER 2014

Financial performance

Operating profit increased marginally to SEK 11,999m (11,980). Profits before loan losses increased by 1%, or SEK 127m, to SEK 12,764m (12,637). Income rose by SEK 57m, while expenses went down by SEK 70m.

Net interest income declined by 3%, or SEK 549m, to SEK 15,185m (15,734). Lower interest rates reduced the deposit margin by SEK -1,897m, while higher lending margins had a SEK 473m positive effect on net interest income. Growing lending volumes boosted net interest income by SEK 408m, while negative Swedish short-term interest rates meant that growing deposit volumes had a SEK -106m negative effect on net interest income. The benchmark effect in Stadshypotek decreased by SEK 78m to SEK -105m (-27). The fees to the Stability Fund and the deposit guarantee decreased slightly, amounting to SEK -667m (-674). The remaining positive deviations were chiefly attributable to decreasing funding costs, due to lower market funding requirements.

Net fee and commission income grew by 17% to SEK 4,566m (3,908), chiefly due to increased fee and commission income in the asset management area. Insurance and payment commissions were also higher.

Net gains/losses on financial transactions decreased by 5% to SEK 379m (400).

Total expenses decreased by 1% to SEK -7,427m (-7,497). Staff costs rose by 5%. Adjusted for internal organisational changes and higher pension costs, the increase in staff costs was 3%. Other expenses fell by 6%. The C/I ratio improved to 35.2% (35.6).

Loan losses increased to SEK -763m (-657) and the loan loss ratio was 0.07% (0.06).

Business development

Just as in previous years, the major SKI (Swedish Quality Index) survey of customer satisfaction found that “overall, Handelsbanken has the most satisfied banking customers in Sweden.” For private customers, Handelsbanken’s index value was 72.4, as compared with the other major Swedish banks, all of which recorded scores in the 65.3 – 66.2 range. For corporate customers, Handelsbanken’s index value was 74.1, as compared with the other major Swedish banks, all of which recorded scores in the 64.4 – 70.2 range.

In 2015, Handelsbanken again won the “Swedish Business Bank of the Year” and “Sweden’s Small Enterprise Bank” awards in Finansbarometern’s annual survey. Handelsbanken continues to gain the highest ratings in the categories of customer satisfaction, electronic services, and service and customer treatment.

These are also the areas that customers in the survey consider to be most important.

In 2015, new savings in the Bank’s mutual funds in Sweden amounted to SEK 26.5bn, corresponding to a market share of 31%, and thus the Bank was the largest player for new savings in the Swedish mutual funds market. At the same time, the average volume of deposits from households was up by 10% from the previous year, amounting to SEK 262bn (238).

The average volume of mortgage loans to private individuals increased by 7% to SEK 633bn (593), while the average volume of lending to companies fell by 1% to SEK 466bn (473).

Q4 2015 COMPARED WITH Q3 2015

Operating profit decreased by 8% to SEK 2,750m (2,980), chiefly due to higher loan losses.

Net interest income went up by 2%, or SEK 57m, to SEK 3,753m (3,696). Deposit margins went down by SEK -90m as a result of lower short-term interest rate levels. Higher deposit volumes had a negative impact of SEK -5m due to negative margins. Higher lending volumes had a positive effect of SEK 61m on net interest income, while lending margins declined by SEK 21m.

Fees for the Swedish Stability Fund and the deposit guarantee increased to SEK -172m (-162), and the benchmark effect in Stadshypotek reduced net interest income by SEK 20m to SEK -56m (-36). Most of the remaining change was attributable to reduced funding costs.

The average volume of mortgages to private individuals grew by 2% to SEK 654bn (639). The gross margin on the mortgage portfolio – before advisory and administration expenses – was 1.03% (1.04).

The average volume of lending to companies increased by 1% to SEK 468bn (464).

Net fee and commission income decreased by 1% to SEK 1,127m (1,141) as a result of card commissions being somewhat higher during the comparison quarter.

Net gains/losses on financial transactions fell to SEK 49m (93), partly due to lower early redemption charges during the quarter.

Expenses rose by 3% to SEK -1,879m (-1,819). Staff costs were unchanged, while other administrative expenses increased, since there was a higher activity level in the fourth quarter than in the summer months of the third quarter. The average number of employees went down by 6%, or 284; this was mainly attributable to the employment of temporary summer staff in the comparison quarter.

Loan losses increased to SEK -317m (-136) and the loan loss ratio was 0.11% (0.05).

Handelsbanken UK

Handelsbanken UK comprises branch operations in five 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 197 branches throughout the UK.

INCOME STATEMENT

SEK m	Q4 2015	Q3 2015	Change	Q4 2014	Change	Full year 2015	Full year 2014	Change
Net interest income	1,193	1,180	1%	963	24%	4,570	3,497	31%
Net fee and commission income	130	114	14%	96	35%	452	344	31%
Net gains/losses on financial transactions	47	44	7%	40	18%	194	158	23%
Other income	2	1	100%	3	-33%	7	18	-61%
Total income	1,372	1,339	2%	1,102	25%	5,223	4,017	30%
Staff costs	-480	-482	0%	-401	20%	-1,870	-1,471	27%
Other administrative expenses	-135	-104	30%	-105	29%	-429	-333	29%
Internal purchased and sold services	-129	-116	11%	-87	48%	-455	-379	20%
Depreciation, amortisation and impairments of property, equipment and intangible assets	-11	-9	22%	-5	120%	-30	-18	67%
Total expenses	-755	-711	6%	-598	26%	-2,784	-2,201	26%
Profit before loan losses	617	628	-2%	504	22%	2,439	1,816	34%
Net loan losses	-57	-65	-12%	-86	-34%	-224	-203	10%
Gains/losses on disposal of property, equipment and intangible assets	-1	-2	-50%	3		-12	4	
Operating profit	559	561	0%	421	33%	2,203	1,617	36%
Profit allocation	9	8	13%	12	-25%	34	35	-3%
Operating profit after profit allocation	568	569	0%	433	31%	2,237	1,652	35%
Internal income	-358	-391	8%	-330	-8%	-1,481	-1,230	-20%
Cost/income ratio, %	54.7	52.8		53.7		53.0	54.3	
Loan loss ratio, %	0.13	0.15		0.25		0.13	0.15	
Allocated capital	10,452	10,723	-3%	9,430	11%	10,452	9,430	11%
Return on allocated capital, %	17.0	16.5		14.4		16.8	15.2	
Average number of employees	1,883	1,850	2%	1,638	15%	1,794	1,567	14%
Number of branches	197	195	1%	178	11%	197	178	11%

BUSINESS VOLUMES

Average volumes, GBP m	Q4 2015	Q3 2015	Change	Q4 2014	Change	Full year 2015	Full year 2014	Change
Loans to the public								
Household	5,094	4,900	4%	4,352	17%	4,809	4,044	19%
Corporate	10,357	10,136	2%	9,587	8%	10,026	9,109	10%
Total	15,451	15,036	3%	13,939	11%	14,835	13,153	13%
Deposits and borrowing from the public								
Household	1,948	1,832	6%	1,454	34%	1,747	1,261	39%
Corporate	6,744	6,828	-1%	6,267	8%	6,576	6,133	7%
Total	8,692	8,660	0%	7,721	13%	8,323	7,394	13%

JANUARY – DECEMBER 2015 COMPARED WITH JANUARY – DECEMBER 2014

Financial performance

Operating profit increased by 36% to SEK 2,203m (1,617). Income rose by 30%, while expenses went up by 26%. Exchange rate movements increased operating profit by SEK 210m; expressed in local currency, operating profit improved by 19%. Profits take full account of expenses relating to continuing expansion, and 19 new branches have been opened over the past 12 months.

Profit before loan losses grew by 34% to SEK 2,439m (1,816), as a result of growing business volumes and customer numbers. In local currency, the increase was 18%.

Net interest income rose by 31% to SEK 4,570m (3,497). Exchange rate movements increased net interest income by SEK 498m, and expressed in local currency, net interest income grew by 14%. The underlying growth in net interest income was primarily due to higher deposit and lending volumes which increased net interest income by SEK 482m. Higher lending margins had a positive impact of SEK 73m. At the same time, lower deposit margins had a SEK -23m negative effect.

Net fee and commission income increased by 31% to SEK 452m (344). This increase was due mainly to a rise of 31% in asset management commissions and a rise of 32% in net payment commissions. Heartwood's asset management operations contributed asset management and advisory commissions of SEK 256m (198).

Net gains/losses on financial transactions went up by 23% to SEK 194m (158), due to expanding business volumes and a higher number of customers.

Expenses rose by 26% to SEK -2,784m (-2,201). In local currency, expenses were up by 11%, with the underlying cost increase being entirely due to the expanding operations.

The average number of employees grew by 14% to 1,794 (1,567).

Loan losses were SEK -224m (-203). In local currency terms loan losses went down, and the loan loss ratio fell to 0.13% (0.15).

Business development

According to the EPSI customer satisfaction survey, Handelsbanken had the most satisfied private and corporate customers among UK banks for the seventh year running. Private customers gave Handelsbanken an index value of 83.6, compared with a sector average of 73.0. Corporate customers gave the Bank an index value of 80.7, as compared with the sector average of 72.7.

Business volumes – particularly deposits from households – continued to grow. In 2015, the average volume of deposits from households climbed by 39% compared with the previous year, while lending to households grew by 19%. Overall, the average volume of lending increased by 13% to GBP 14.8bn, while deposits grew by 13% to GBP 8.3bn. In the fourth quarter, the lending/deposits ratio was 178%, compared with 181% in the corresponding quarter of 2014.

Since the acquisition of Heartwood in May 2013, its assets under management have increased from GBP 1.5bn to GBP 2.5bn.

Two new branches were opened during the fourth quarter, bringing the total number of branches in the UK to 197. In addition, managers have been recruited for another nine new branches.

On 1 January 2015, the Bank established a fifth regional bank in the UK, with its head office in Leeds.

Q4 2015 COMPARED WITH Q3 2015

Operating profit was virtually unchanged at SEK 559m (561). Exchange rate movements reduced operating profit by SEK 10m, and expressed in local currency, operating profit grew by 2%. Return on equity was 17.0% (16.5).

Income increased by 2% to SEK 1,372m (1,339), mainly due to higher net fee and commission income. Exchange rate effects had a negative impact on income of SEK 24m.

Net interest income grew by 1% to SEK 1,193m (1,180), and adjusted for exchange rate movements, net interest income in local currency increased by 3%, chiefly due to larger business volumes.

Net fee and commission income grew by 14% to SEK 130m (114), primarily due to increased commissions on lending.

Expenses increased by 6%, or SEK 44m, to SEK -755m (-711). Exchange rate effects reduced expenses by SEK 13m. The average number of employees rose by 2% to 1,883 (1,850).

Loan losses went down to SEK -57m (-65), and the loan loss ratio was 0.13% (0.15).

Handelsbanken Denmark

Handelsbanken Denmark consists of the branch operations in Denmark, which are organised as a 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 57 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 2015	Q3 2015	Change	Q4 2014	Change	Full year 2015	Full year 2014	Change
Net interest income	418	417	0%	421	-1%	1,678	1,610	4%
Net fee and commission income	102	92	11%	99	3%	436	385	13%
Net gains/losses on financial transactions	24	18	33%	15	60%	77	116	-34%
Other income	3	4	-25%	3	0%	17	21	-19%
Total income	547	531	3%	538	2%	2,208	2,132	4%
Staff costs	-160	-162	-1%	-149	7%	-629	-584	8%
Other administrative expenses	-46	-42	10%	-53	-13%	-178	-181	-2%
Internal purchased and sold services	-70	-64	9%	-81	-14%	-279	-273	2%
Depreciation, amortisation and impairments of property, equipment and intangible assets	-6	-2	200%	-5	20%	-15	-19	-21%
Total expenses	-282	-270	4%	-288	-2%	-1,101	-1,057	4%
Profit before loan losses	265	261	2%	250	6%	1,107	1,075	3%
Net loan losses	-63	-190	-67%	-336	-81%	-299	-529	-43%
Gains/losses on disposal of property, equipment and intangible assets	5	1	400%	0		8	1	
Operating profit	207	72	188%	-86		816	547	49%
Profit allocation	19	18	6%	18	6%	72	62	16%
Operating profit after profit allocation	226	90	151%	-68		888	609	46%
Internal income	-53	-100	47%	-102	48%	-295	-468	37%
Cost/income ratio, %	49.8	49.2		51.8		48.3	48.2	
Loan loss ratio, %	0.31	0.94		1.85		0.37	0.73	
Allocated capital	6,219	6,281	-1%	6,008	4%	6,219	6,008	4%
Return on allocated capital, %	11.3	4.5		-3.5		11.2	8.5	
Average number of employees	630	640	-2%	627	0%	631	631	0%
Number of branches	57	57	0%	57	0%	57	57	0%

BUSINESS VOLUMES

Average volumes, DKK bn	Q4 2015	Q3 2015	Change	Q4 2014	Change	Full year 2015	Full year 2014	Change
Loans to the public								
Household	37.9	37.0	2%	34.3	10%	36.7	32.8	12%
Corporate	28.2	29.9	-6%	28.7	-2%	28.9	28.3	2%
Total	66.1	66.9	-1%	63.0	5%	65.6	61.1	7%
Deposits and borrowing from the public								
Household	11.5	11.5	0%	10.2	13%	11.1	9.9	12%
Corporate	16.7	18.4	-9%	13.8	21%	16.9	13.7	23%
Total	28.2	29.9	-6%	24.0	18%	28.0	23.6	19%

JANUARY – DECEMBER 2015 COMPARED WITH JANUARY – DECEMBER 2014

Financial performance

Operating profit rose by 49% to SEK 816m (547), chiefly due to lower loan losses. Profit before loan losses increased by 3%, or SEK 32m; of this figure, SEK 30m derived from exchange rate effects.

Net interest income rose by 4% to SEK 1,678m (1,610). In local currency, net interest income increased by 1%. Both deposit and lending margins fell, while the main positive contribution was made by lending volumes. Fees for the Swedish Stability Fund and the deposit guarantee, together with the Danish state deposit guarantee, burdened net interest income by SEK -56m (-51).

Net fee and commission income grew by 13% to SEK 436m (385), mainly as a result of the continuing flow of new customers and higher income, particularly in the area of asset management.

Net gains/losses on financial transactions declined to SEK 77m (116); this was chiefly attributable to high non-recurring income in the comparison period.

Expenses increased by 4% to SEK -1,101m (-1,057). Expenses, adjusted for the effects of exchange rate movements, increased by 1%.

Loan losses went down to SEK -299m (-529), and the loan loss ratio fell to 0.37% (0.73).

Business development

The EPSI annual customer satisfaction survey showed that Handelsbanken had the most satisfied customers among banks in Denmark – on both the private and corporate side. Private customers gave the Bank an index value of 77.7, as compared with the sector average of 69.8. From corporate customers the Bank received an index value of 72.2, as compared with the sector average of 68.9.

The Bank continued to have a stable inflow of new customers, and business volumes continued to increase. Compared with the previous year, the average volume of deposits grew by 19% to DKK 28.0bn (23.6), while lending rose by 7% to DKK 65.6bn (61.1).

The Bank had a total of 57 branches in Denmark, which was unchanged.

Q4 2015 COMPARED WITH Q3 2015

Operating profit improved to SEK 207m (72), mainly due to lower loan losses. In local currency, profit before loan losses grew by 2%.

Net interest income grew marginally to SEK 418m (417). Expressed in local currency, net interest income increased by 2%.

Net fee and commission income grew by 11% to SEK 102m (92), due to increased mutual fund and asset management commissions.

Net gains/losses on financial transactions totalled SEK 24m (18).

Expenses went up by 4% to SEK -282m (-270). Loan losses decreased to SEK -63m (-190), chiefly due to an increased provision made on a single customer exposure in the period of comparison. The loan loss ratio fell to 0.31% (0.94).

Handelsbanken Finland

Handelsbanken Finland consists of the branch operations in Finland, which are organised as a 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 46 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			Q4		Full year		
	2015	Q3 2015	Change	2014	Change	2015	2014	Change
Net interest income	345	333	4%	348	-1%	1,361	1,389	-2%
Net fee and commission income	93	96	-3%	110	-15%	387	440	-12%
Net gains/losses on financial transactions	12	10	20%	21	-43%	60	76	-21%
Other income	7	3	133%	6	17%	23	11	109%
Total income	457	442	3%	485	-6%	1,831	1,916	-4%
Staff costs	-90	-92	-2%	-97	-7%	-369	-351	5%
Other administrative expenses	-46	-35	31%	-46	0%	-161	-158	2%
Internal purchased and sold services	-66	-57	16%	-55	20%	-247	-232	6%
Depreciation, amortisation and impairments of property, equipment and intangible assets	-4	-2	100%	-2	100%	-11	-8	38%
Total expenses	-206	-186	11%	-200	3%	-788	-749	5%
Profit before loan losses	251	256	-2%	285	-12%	1,043	1,167	-11%
Net loan losses	-13	-5	160%	-113	-88%	-83	-277	-70%
Gains/losses on disposal of property, equipment and intangible assets	0	0		0		0	0	
Operating profit	238	251	-5%	172	38%	960	890	8%
Profit allocation	32	26	23%	26	23%	110	85	29%
Operating profit after profit allocation	270	277	-3%	198	36%	1,070	975	10%
Internal income	-72	-103	30%	-93	23%	-367	-429	14%
Cost/income ratio, %	42.1	39.7		39.1		40.6	37.4	
Loan loss ratio, %	0.04	0.02		0.42		0.07	0.25	
Allocated capital	6,186	6,014	3%	6,545	-5%	6,186	6,545	-5%
Return on allocated capital, %	13.6	14.4		9.4		13.8	12.4	
Average number of employees	491	508	-3%	483	2%	496	494	0%
Number of branches	46	46	0%	46	0%	46	46	0%

BUSINESS VOLUMES

Average volumes, EUR m	Q4			Q4		Full year		
	2015	Q3 2015	Change	2014	Change	2015	2014	Change
Loans to the public								
Household	3,962	3,959	0%	3,924	1%	3,947	3,843	3%
Corporate	8,657	8,556	1%	8,587	1%	8,619	8,438	2%
Total	12,619	12,515	1%	12,511	1%	12,566	12,281	2%
Deposits and borrowing from the public								
Household	1,363	1,386	-2%	1,332	2%	1,367	1,264	8%
Corporate	1,886	2,205	-14%	3,405	-45%	2,226	3,249	-31%
Total	3,249	3,591	-10%	4,737	-31%	3,593	4,513	-20%

JANUARY – DECEMBER 2015 COMPARED WITH JANUARY – DECEMBER 2014

Financial performance

Operating profit grew by 8% to SEK 960m (890). Exchange rate effects increased the operating profit by SEK 25m, and expressed in local currency, operating profit grew by 5%. Return on equity improved to 13.8% (12.4).

Income went down by 4%. Net interest income fell by 2% to SEK 1,361m (1,389). In local currency, net interest income fell by 5%, which was chiefly attributable to lower lending and deposit margins. Fees for the Swedish Stability Fund and the deposit guarantee decreased to SEK -51m (-52).

Net fee and commission income fell by 12% to SEK 387m (440), and net gains/losses on financial transactions declined by 21% to SEK 60m (76).

Total expenses rose by 5% to SEK -788m (-749), which was mainly attributable to movements in exchange rates. In local currency terms, expenses were up by 2%. The average number of employees was generally unchanged at 496 (494).

Loan losses went down to SEK -83m (-277), and the loan loss ratio fell to 0.07% (0.25).

Business development

According to the annual EPSI customer satisfaction survey, Handelsbanken had the most satisfied corporate customers and the second most satisfied private customers among banks in Finland. Private customers gave the Bank an index value of 81.9, as compared with the sector average of 75.8. Corporate customers gave the Bank an index value of 76.4, as compared with the sector average of 73.9.

An increased focus on savings resulted in more business with both new and existing customers.

The average volume of deposits from households climbed by 8% compared with the corresponding period in the previous year, while lending to households grew by 3%.

The average volume of lending to companies grew by 2%, while corporate deposits decreased by 31%, owing to reduced deposits from large corporates.

The Bank had 46 branches in Finland. A large number of branches changed or adapted their premises during the year, with the purpose of more efficiently managing changed customer behaviour and the increased focus on advisory services.

Q4 2015 COMPARED WITH Q3 2015

Operating profit decreased by 5% to SEK 238m (251), chiefly due to higher loan losses and exchange rate movements. Profit before loan losses, adjusted for exchange rate effects, were unchanged from the previous quarter.

Net interest income grew by 4% to SEK 345m (333). In local currency, net interest income rose by 5%. The increase was due to higher lending volumes and margins.

Net fee and commission income decreased by 3% to SEK 93m (96), primarily due to exchange rate effects.

Net gains/losses on financial transactions totalled SEK 12m (10).

Expenses increased by 11% to SEK -206m (-186).

Loan losses were SEK -13m (-5), and the loan loss ratio was 0.04% (0.02).

Handelsbanken Norway

Handelsbanken Norway consists of the branch operations in Norway, which are organised as a 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 50 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			Q4		Full year		
	2015	Q3 2015	Change	2014	Change	2015	2014	Change
Net interest income	788	785	0%	851	-7%	3,248	3,439	-6%
Net fee and commission income	89	103	-14%	97	-8%	395	390	1%
Net gains/losses on financial transactions	22	29	-24%	28	-21%	94	102	-8%
Other income	14	8	75%	6	133%	31	20	55%
Total income	913	925	-1%	982	-7%	3,768	3,951	-5%
Staff costs	-169	-177	-5%	-183	-8%	-713	-711	0%
Other administrative expenses	-52	-48	8%	-58	-10%	-207	-219	-5%
Internal purchased and sold services	-93	-85	9%	-100	-7%	-370	-390	-5%
Depreciation, amortisation and impairments of property, equipment and intangible assets	-3	-3	0%	-3	0%	-13	-11	18%
Total expenses	-317	-313	1%	-344	-8%	-1,303	-1,331	-2%
Profit before loan losses	596	612	-3%	638	-7%	2,465	2,620	-6%
Net loan losses	-30	-53	-43%	-41	-27%	-222	-141	57%
Gains/losses on disposal of property, equipment and intangible assets	0	6	-100%	-	-	6	-	-
Operating profit	566	565	0%	597	-5%	2,249	2,479	-9%
Profit allocation	20	14	43%	25	-20%	57	66	-14%
Operating profit after profit allocation	586	579	1%	622	-6%	2,306	2,545	-9%
Internal income	-643	-702	8%	-830	23%	-2,805	-3,430	18%
Cost/income ratio, %	34.0	33.3		34.2		34.1	33.1	
Loan loss ratio, %	0.06	0.10		0.08		0.11	0.07	
Allocated capital	12,966	13,007	0%	13,181	-2%	12,966	13,181	-2%
Return on allocated capital, %	14.1	13.9		14.7		13.6	15.9	
Average number of employees	666	691	-4%	672	-1%	676	672	1%
Number of branches	50	51	-2%	51	-2%	50	51	-2%

BUSINESS VOLUMES

Average volumes, NOK bn	Q4			Q4		Full year		
	2015	Q3 2015	Change	2014	Change	2015	2014	Change
Loans to the public								
Household	83.4	82.0	2%	77.9	7%	81.3	76.3	7%
Corporate	127.1	120.3	6%	116.0	10%	120.5	113.9	6%
Total	210.5	202.3	4%	193.9	9%	201.8	190.2	6%
Deposits and borrowing from the public								
Household	17.8	17.9	-1%	15.9	12%	17.3	15.3	13%
Corporate	47.4	47.2	0%	49.9	-5%	51.1	47.1	8%
Total	65.2	65.1	0%	65.8	-1%	68.4	62.4	10%

JANUARY – DECEMBER 2015 COMPARED WITH JANUARY – DECEMBER 2014

Financial performance

Operating profit fell by 9% to SEK 2,249m (2,479), chiefly due to lower net interest income and higher loan losses. The depreciation of the Norwegian krone reduced the operating profit by SEK 95m, and expressed in local currency, the profit declined by 6%.

Income decreased by 5%; this was attributable to a 6% decline in net interest income to SEK 3,248m (3,439). In local currency terms, income decreased by 1% and net interest income fell by 2%. Stiffer competition contributed to lending margins decreasing by SEK 441m, while increasing business volumes made a positive contribution to net interest income of SEK 188m. Higher deposit volumes and deposit margins had a positive impact of SEK 93m. Fees for the Swedish Stability Fund and the deposit guarantee burdened net interest income by SEK -101m (-104).

Net fee and commission income grew marginally to SEK 395m (390), chiefly due to the continuing increase in fund management commissions.

Expenses decreased by 2% to SEK -1,303m (-1,331). Staff costs were virtually unchanged, as was the average number of employees, which totalled 676 (672).

Loan losses increased to SEK 222m (-141) and the loan loss ratio was 0.11% (0.07).

Business development

According to the annual EPSI customer satisfaction survey, Handelsbanken had customers that were more satisfied than the average for banks in Norway. Private customers gave the Bank an index value of 75.8, as compared with the sector average of 71.5. Corporate customers gave the Bank an index value of 69.7, as compared with the sector average of 67.9.

Business volumes continued to grow. The average volume of deposits grew by 10%, while lending went up by 6%. The average volume of deposits from households increased by 13% to NOK 17.3bn (15.3), while lending to households grew by 7% to NOK 81.3bn (76.3).

The average volume of deposits from companies increased by 8% to NOK 51.1bn (47.1), while lending to companies grew by 6% to NOK 120.5bn (113.9).

Handelsbanken had 50 branches in Norway.

Q4 2015 COMPARED WITH Q3 2015

Operating profit was virtually unchanged at SEK 566m (565). In local currency, profit rose by 3%. Return on equity was 14.1% (13.9).

Net interest income grew marginally to SEK 788m (785). Exchange rate movements had a negative effect of SEK 25m, and expressed in local currency, net interest income grew by 3%. Lower lending margins were offset by rising lending and deposit volumes.

Net fee and commission income decreased by 14% to SEK 89m (103), chiefly due to lower card and lending commissions.

Net gains/losses on financial transactions totalled SEK 22m (29).

Expenses went up by 1% to SEK -317m (-313). The average number of employees decreased by 25 to 666 (691).

Loan losses went down to SEK -30m (-53), and the loan loss ratio was 0.06% (0.10).

Handelsbanken the Netherlands

Handelsbanken the Netherlands consists of the branch operations in the Netherlands, which are organised as a regional bank. The regional bank offers banking services at 23 branches in the Netherlands.

INCOME STATEMENT

SEK m	Q4 2015	Q3 2015	Change	Q4 2014	Change	Full year 2015	Full year 2014	Change
Net interest income	88	84	5%	73	21%	328	283	16%
Net fee and commission income	5	6	-17%	7	-29%	23	26	-12%
Net gains/losses on financial transactions	1	3	-67%	1	0%	5	7	-29%
Other income	-	-	-	-	-	-	-	-
Total income	94	93	1%	81	16%	356	316	13%
Staff costs	-43	-41	5%	-32	34%	-158	-127	24%
Other administrative expenses	-11	-8	38%	-9	22%	-37	-28	32%
Internal purchased and sold services	-22	-19	16%	-20	10%	-84	-68	24%
Depreciation, amortisation and impairments of property, equipment and intangible assets	-1	-1	0%	0	-	-3	-1	200%
Total expenses	-77	-69	12%	-61	26%	-282	-224	26%
Profit before loan losses	17	24	-29%	20	-15%	74	92	-20%
Net loan losses	0	1	-100%	0	-	-2	-1	100%
Gains/losses on disposal of property, equipment and intangible assets	-	-	-	-	-	-	-	-
Operating profit	17	25	-32%	20	-15%	72	91	-21%
Profit allocation	0	0	-	1	-100%	0	8	-100%
Operating profit after profit allocation	17	25	-32%	21	-19%	72	99	-27%
Internal income	-50	-45	-11%	-35	-43%	-175	-154	-14%
Cost/income ratio, %	81.9	74.2	-	74.4	-	79.2	69.1	-
Loan loss ratio, %	0.00	-0.02	-	0.00	-	0.01	0.01	-
Allocated capital	851	906	-6%	897	-5%	851	897	-5%
Return on allocated capital, %	6.4	8.5	-	7.4	-	6.4	9.2	-
Average number of employees	175	162	8%	141	24%	159	131	21%
Number of branches	23	23	0%	20	15%	23	20	15%

BUSINESS VOLUMES

Average volumes, EUR m	Q4 2015	Q3 2015	Change	Q4 2014	Change	Full year 2015	Full year 2014	Change
Loans to the public								
Household	1,141	1,067	7%	824	38%	1,022	723	41%
Corporate	1,233	1,117	10%	1,109	11%	1,149	1,209	-5%
Total	2,374	2,184	9%	1,933	23%	2,171	1,932	12%
Deposits and borrowing from the public								
Household	47	48	-2%	39	21%	47	32	47%
Corporate	600	703	-15%	1,007	-40%	703	1,033	-32%
Total	647	751	-14%	1,046	-38%	750	1,065	-30%

JANUARY – DECEMBER 2015 COMPARED WITH JANUARY – DECEMBER 2014

Financial performance

Operating profit decreased to SEK 72m (91), due to continued investment in the expansion of operations. The underlying business continues to show positive performance. Income rose by 13%, while expenses went up by 26%.

Net interest income increased by 16% to SEK 328m (283). A rise in lending volumes had a positive impact of SEK 45m, increasing lending margins by SEK 20m. At the same time, deposit margins had a negative impact on net interest income of SEK -16m.

Net fee and commission income decreased marginally and amounted to SEK 23m (26).

Expenses rose by 26% to SEK -282m (-224), as a result of the continuing investments in both infrastructure and the branch network. The average number of employees increased by 21% to 159 (131).

Loan losses were SEK -2m (-1), which corresponds to a loan loss ratio of 0.01% (0.01).

Business development

The EPSI annual customer satisfaction survey showed that Handelsbanken had the most satisfied customers of banks in the Netherlands – on both the private and corporate side. Private customers gave the Bank an index value of 73.5, as compared with the sector average of 66.2. From corporate customers, Handelsbanken received an index value of 72.8, as compared with the sector average of 57.6.

The average volume of deposits from households grew by 47% to EUR 47m (32), while lending to households increased by 41% to EUR 1,022m (723). As a result of reduced business volumes from a few large corporates, the average volume of deposits from companies decreased by 32% to EUR 703m (1,033), while lending to companies fell by 5% to EUR 1,149m (1,209). Business volumes with small and medium-sized companies continued to grow.

During the year, three new branches were opened, bringing the Bank's total in the Netherlands to 23.

Q4 2015 COMPARED WITH Q3 2015

Operating profit decreased to SEK 17m (25) due to an increase in expenses. Return on equity was 6.4% (8.5).

Income rose by 1% to SEK 94m (93), and net interest income grew by 5%. Corporate lending during the quarter increased by 10%.

Expenses rose by 12% to SEK -77m (-69). The average number of employees increased to 175 (162).

Loan losses amounted to SEK 0m (1), and the loan loss ratio corresponded to 0.00% (-0.02) of the lending volume.

Handelsbanken Capital Markets

In 2015, Handelsbanken Capital Markets consisted of the business areas Markets & Asset Management, Merchant Banking International and Pension & Life. It has employees in 24 countries.

Markets & Asset Management offers a full range of products and services linked to risk management, securities, derivatives, mutual funds and research, as well as co-ordinating the Bank's offering in the savings area.

Merchant Banking International operates in the following business areas: Debt Capital Markets, Corporate Finance, Cash Management, Trade Finance and Export Finance, and is also involved in global banking collaborations. These operations also include Handelsbanken's branches and representative offices at 24 locations in 19 countries outside the Bank's home markets.

Pension & Life comprises the Handelsbanken Liv subsidiary and offers pension solutions and other insurance solutions for private and corporate customers.

The segment also includes business support units in these areas.

A large part of the income from Handelsbanken Capital Markets's products, including asset management commissions and income from currency conversions, are booked directly in branch operations at the branch with customer responsibility and thus are not included in the income statement below.

INCOME STATEMENT

SEK m	Q4 2015	Q3 2015	Change	Q4 2014	Change	Full year 2015	Full year 2014	Change
Net interest income	209	164	27%	180	16%	734	847	-13%
Net fee and commission income	774	747	4%	740	5%	3,025	3,041	-1%
Net gains/losses on financial transactions	215	250	-14%	431	-50%	1,230	1,537	-20%
Risk result - insurance	36	40	-10%	34	6%	157	165	-5%
Other income	4	3	33%	5	-20%	10	17	-41%
Total income	1,238	1,204	3%	1,390	-11%	5,156	5,607	-8%
Staff costs	-595	-600	-1%	-628	-5%	-2,466	-2,542	-3%
Other administrative expenses	-229	-198	16%	-231	-1%	-860	-859	0%
Internal purchased and sold services	-50	-17	194%	-50	0%	-103	-126	-18%
Depreciation, amortisation and impairments of property, equipment and intangible assets	-24	-18	33%	-22	9%	-79	-79	0%
Total expenses	-898	-833	8%	-931	-4%	-3,508	-3,606	-3%
Profit before loan losses	340	371	-8%	459	-26%	1,648	2,001	-18%
Net loan losses	5	-10		-21		-4	27	
Gains/losses on disposal of property, equipment and intangible assets	0	0		0		0	0	
Operating profit	345	361	-4%	438	-21%	1,644	2,028	-19%
Profit allocation	-307	-328	-6%	-330	-7%	-1,155	-1,186	-3%
Operating profit after profit allocation	38	33	15%	108	-65%	489	842	-42%
Internal income	-589	-654	10%	-669	12%	-2,529	-1,858	-36%
Cost/income ratio, %	96.5	95.1		87.8		87.7	81.6	
Loan loss ratio, %	-0.03	0.06		0.15		0.01	-0.05	
Allocated capital	7,500	6,919	8%	7,448	1%	7,500	7,448	1%
Return on allocated capital, %	1.6	1.5		4.5		5.2	8.1	
Average number of employees	1,746	1,796	-3%	1,809	-3%	1,777	1,885	-6%

BUSINESS VOLUMES

Average volumes, SEK bn	Q4 2015	Q3 2015	Change	Q4 2014	Change	Full year 2015	Full year 2014	Change
Loans to the public								
Household	4.9	4.7	4%	4.2	17%	4.6	4.0	15%
Corporate	43.3	42.9	1%	41.1	5%	43.3	41.5	4%
Total	48.2	47.6	1%	45.3	6%	47.9	45.5	5%
Deposits and borrowing from the public								
Household	3.1	3.8	-18%	3.0	3%	3.4	2.7	26%
Corporate	48.3	51.9	-7%	63.2	-24%	58.7	46.7	26%
Total	51.4	55.7	-8%	66.2	-22%	62.1	49.4	26%

JANUARY – DECEMBER 2015 COMPARED WITH JANUARY – DECEMBER 2014

Financial performance

Operating profit fell by SEK 384m, or 19%, to SEK 1,644m (2,028). Total income decreased by 8% to SEK 5,156m (5,607) while expenses were down by 3%.

Markets & Asset Management

Operating profit decreased by SEK 127m, or 11%, to SEK 1,061m (1,188). The cost reductions of SEK 89m, corresponding to 5%, could not fully compensate for the SEK 216m fall in income, down 7%. Net fee and commission income decreased by 1% to SEK 1,648m (1,670), chiefly due to the continuing price squeeze on brokerage fees. Net gains/losses on financial transactions decreased by 17% to SEK 1,237m (1,490), primarily due to deteriorating market conditions for fixed income business. Expenses decreased by 5% to SEK 1,875m (1,964), mainly due to a 6% reduction in the workforce, to 504 employees (535).

Merchant Banking International

Operating profit decreased by SEK 172m, or 37%, to SEK 297m (469). The decrease was mainly due to lower net interest income, as well as recoveries in the period of comparison. Net interest income fell by 18%, mainly due to lower deposit margins. Loan losses amounted to SEK -4m (+27), corresponding to a loan loss ratio of 0.01% (-0.05).

Pension & Life

Operating profit went down by 23% to SEK 286m (371). Insurance commissions grew as the result of increases in both the number of people insured and assets under management. Income fell by 6%, however, primarily due to an increase in deferred capital contributions as a result of low market rates. Expenses rose by 10%, primarily due to the adaptation to the Solvency 2 regulations.

Business development

Net savings in Handelsbanken's mutual funds in Sweden during 2015 totalled SEK 26.5bn, corresponding to a market share of 31%. The Bank was thus the largest player for new savings on the mutual funds

market in Sweden. Total net savings in the Handelsbanken Group's funds were SEK 31.3bn. Xact remained the largest player for Nordic exchange-traded funds.

Morningstar, a mutual fund research company, gave Handelsbanken's funds the highest average grade of all the Swedish banks in its three-year rating of funds on the Swedish market.

Total fund volume, including exchange-traded funds, increased during the year by 14% to SEK 384bn (337).

Activity within capital market financing decreased slightly during the period. The Bank arranged 107 bond issues in 2015 for a value of EUR 9.6bn.

During the year, the average volume of lending outside the Bank's home markets increased by 5% to SEK 47.9bn (45.5). At the same time, deposits went up by 26% to SEK 62.1bn (49.4)

Demand for Handelsbanken's pension solutions remained firm. New sales in Sweden rose by 45%, and net insurance commissions were up by 8% from the previous year at SEK 631m (587).

Q4 2015 COMPARED WITH Q3 2015

Operating profit decreased by 4% to SEK 345m (361). Total income grew by 3% and expenses increased by 8%, chiefly due to higher system development costs.

Markets & Asset Management

Operating profit for Markets & Asset Management decreased by 7% to SEK 217m (233), owing to seasonally higher expenses. Income increased by 1%, while expenses rose by 6%.

Merchant Banking International

Operating profit for Merchant Banking International increased by 3% to SEK 77m (75), as a result of recoveries on previous provisions for loan losses. Profit before loan losses fell by 15%. Income increased by 3%, while expenses rose by 9%. The loan loss ratio was -0.03 percent (0.06).

Pension & Life

Operating profit at Pension & Life was more or less unchanged at SEK 51m (53).

BUSINESS AREAS

Markets & Asset Management

SEK m	Q4 2015	Q3 2015	Change	Q4 2014	Change	Full year 2015	Full year 2014	Change
Net interest income	42	4		7	500%	69	23	200%
Net fee and commission income	421	402	5%	403	4%	1,648	1,670	-1%
Net gains/losses on financial transactions	232	277	-16%	425	-45%	1,237	1,490	-17%
Other income	-6	-3	-100%	-6	0%	-18	-31	42%
Total income	689	680	1%	829	-17%	2,936	3,152	-7%
Staff costs	-237	-247	-4%	-268	-12%	-1,012	-1,069	-5%
Other expenses	-235	-200	18%	-232	1%	-863	-895	-4%
Total expenses	-472	-447	6%	-500	-6%	-1,875	-1,964	-5%
Profit before loan losses	217	233	-7%	329	-34%	1,061	1,188	-11%
Net loan losses	-	-		-		-	-	
Operating profit	217	233	-7%	329	-34%	1,061	1,188	-11%
Operating profit after profit allocation	2	-7		101	-98%	222	347	-36%
Average number of employees	501	511	-2%	507	-1%	504	535	-6%

Merchant Banking International

SEK m	Q4 2015	Q3 2015	Change	Q4 2014	Change	Full year 2015	Full year 2014	Change
Net interest income	160	155	3%	179	-11%	641	777	-18%
Net fee and commission income	206	207	0%	200	3%	799	819	-2%
Net gains/losses on financial transactions	25	17	47%	21	19%	86	91	-5%
Other income	5	4	25%	10	-50%	20	45	-56%
Total income	396	383	3%	410	-3%	1,546	1,732	-11%
Staff costs	-199	-196	2%	-199	0%	-802	-787	2%
Other expenses	-125	-102	23%	-140	-11%	-443	-503	-12%
Total expenses	-324	-298	9%	-339	-4%	-1,245	-1,290	-3%
Profit before loan losses	72	85	-15%	71	1%	301	442	-32%
Net loan losses	5	-10		-21		-4	27	
Operating profit	77	75	3%	50	54%	297	469	-37%
Operating profit after profit allocation	44	53	-17%	-16		204	298	-32%
Average number of employees	573	588	-3%	601	-5%	587	616	-5%

Pension & Life

SEK m	Q4 2015	Q3 2015	Change	Q4 2014	Change	Full year 2015	Full year 2014	Change
Net interest income	5	4	25%	1	400%	20	53	-62%
Net fee and commission income	158	151	5%	144	10%	626	587	7%
Net gains/losses on financial transactions	-42	-44	5%	-15	-180%	-94	-48	-96%
Other income	36	42	-14%	35	3%	159	166	-4%
Total income	157	153	3%	165	-5%	711	758	-6%
Staff costs	-43	-42	2%	-42	2%	-172	-168	2%
Other expenses	-63	-58	9%	-64	-2%	-253	-219	16%
Total expenses	-106	-100	6%	-106	0%	-425	-387	10%
Profit before loan losses	51	53	-4%	59	-14%	286	371	-23%
Net loan losses	-	-		-		-	-	
Operating profit	51	53	-4%	59	-14%	286	371	-23%
Operating profit after profit allocation	-8	-13	38%	23		63	197	-68%
Average number of employees	172	172	0%	166	4%	170	171	-1%

In addition to the above business areas, the segment also includes business support units. The operating profit for these business support units is zero, but gross income and expense are included in the segment's income statement.

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 2015	Q3 2015	Change	Q4 2014	Change	Full year 2015	Full year 2014	Change
Net interest income	177	175	1%	156	13%	636	495	28%
Net fee and commission income	23	9	156%	10	130%	36	22	64%
Net gains/losses on financial transactions	1,133	-221		-359		569	-619	
Share of profit of associates	-11	18		22		17	18	-6%
Other income	21	11	91%	74	-72%	345	375	-8%
Total income	1,343	-8		-97		1,603	291	451%
Staff costs	-933	-452	106%	-710	31%	-2,651	-2,587	2%
Other administrative expenses	-600	-496	21%	-564	6%	-2,171	-2,100	3%
Internal purchased and sold services	1,062	983	8%	1,030	3%	4,116	4,188	-2%
Depreciation, amortisation and impairments of property, equipment and intangible assets	-42	-69	-39%	-51	-18%	-248	-241	3%
Total expenses	-513	-34		-295	74%	-954	-740	29%
Profit before loan losses	830	-42		-392		649	-449	
Net loan losses								
Gains/losses on disposal of property, equipment and intangible assets	1	-1		1	0%	7	1	
Operating profit	831	-43		-391		656	-448	
Profit allocation	1	0		1	0%	1	0	
Operating profit after profit allocation	832	-43		-390		657	-448	
Internal income	1,686	1,884	-11%	1,932	-13%	7,424	8,061	-8%
Average number of employees	1,816	1,788	2%	1,872	-3%	1,829	1,931	-5%

JANUARY – DECEMBER 2015 COMPARED WITH JANUARY – DECEMBER 2014

Operating profit rose to SEK 656m (-448). This increase was chiefly attributable to capital gains from the sale of shares, which were higher than the previous year, totalling SEK 1,222m (306). The profit figure also includes the provision to the Oktogonen profit-sharing foundation, which increased to SEK -858m (-795). The average number of employees fell to 1,829 (1,931).

Q4 2015 COMPARED WITH Q3 2015

Operating profit increased to SEK 831m (-43), mainly due to the capital gain of SEK 1,207m from the sale of shares in SCA. The provision to the Oktogonen profit-sharing foundation increased to SEK -438m (-22). The average number of employees totalled 1,816 (1,788).

KEY FIGURES – GROUP

	Q4 2015	Q3 2015	Q4 2014	Full year 2015	Full year 2014
Return on equity, total operations*	14.8%	12.7%	11.4%	13.5%	13.4%
Return on equity, continuing operations*	14.7%	12.5%	11.5%	13.4%	13.3%
C/I ratio, continuing operations	45.0%	45.2%	47.6%	45.3%	45.2%
C/I ratio, continuing operations, incl. loan losses	49.3%	50.0%	54.9%	49.3%	49.9%
Earnings per share, total operations, SEK	2.36	1.97	1.75	8.57	7.96
- after dilution	2.30	1.93	1.73	8.39	7.84
Ordinary dividend, SEK				4.50	4.17
Total dividend				6.00	5.83
Adjusted equity per share, SEK**	65.14	64.02	64.13	65.14	64.13
Common equity tier 1 ratio, CRD IV	21.2%	21.4%	20.4%	21.2%	20.4%
Total capital ratio, CRD IV	27.2%	27.4%	25.6%	27.2%	25.6%
Own funds in relation to capital requirement according to Basel I floor	137%	140%	138%	137%	138%
Average number of employees, continuing operations	11,825	12,137	11,585	11,819	11,692
Number of branches in Sweden	463	463	463	463	463
Number of branches outside Sweden	386	389	369	386	369

* 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.

A 3:1 stock split was carried out in May. The comparative figures in the above table have been adjusted for the new number of shares.

THE HANDELSBANKEN SHARE

	Q4 2015	Q3 2015	Q4 2014	Full year 2015	Full year 2014
Number of converted shares	3,614	-	-	18,925	89,772
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	1,907,046,082	1,907,042,468	1,907,027,157	1,907,046,082	1,907,027,157
Number of outstanding shares after dilution, end of period	1,972,745,117	1,972,887,071	1,971,862,552	1,972,745,117	1,971,862,552
Average number of shares converted during the year	17,236	15,311	89,772	12,028	79,824
Average holdings of own shares (repurchased and holdings in trading book)	-	-	-	-	-
Average number of outstanding shares	1,907,044,393	1,907,042,468	1,907,027,157	1,907,039,185	1,907,017,209
- after dilution	1,972,887,071	1,973,425,509	1,972,501,884	1,971,862,552	1,958,988,573
Share price ordinary class A, end of period, SEK	112.90	119.90	122.20	112.90	122.20
Market capitalisation, end of period, SEK bn	215	229	233	215	233

A 3:1 stock split was carried out in May. The comparative figures in the above table have been adjusted for the new number of shares.

Condensed set of financial statements – Group

INCOME STATEMENT – GROUP

SEK m		Q4 2015	Q3 2015	Change	Q4 2014	Change	Full year 2015	Full year 2014	Change
Interest income		10,540	10,436	1%	12,512	-16%	43,052	50,899	-15%
Interest expense		-3,569	-3,602	-1%	-5,629	-37%	-15,312	-23,655	-35%
Net interest income	Note 2	6,971	6,834	2%	6,883	1%	27,740	27,244	2%
Net fee and commission income	Note 3	2,343	2,308	2%	2,228	5%	9,320	8,556	9%
Net gains/losses on financial transactions	Note 4	1,503	226		264	469%	2,608	1,777	47%
Risk result - insurance		36	40	-10%	34	6%	157	165	-5%
Other dividend income		2	1	100%	2	0%	281	251	12%
Share of profit of associates		-11	18		22		17	18	-6%
Other income		65	34	91%	123	-47%	213	303	-30%
Total income		10,909	9,461	15%	9,556	14%	40,336	38,314	5%
Staff costs		-3,353	-2,953	14%	-3,026	11%	-12,581	-11,766	7%
Other administrative expenses	Note 5	-1,442	-1,197	20%	-1,418	2%	-5,203	-5,099	2%
Depreciation, amortisation and impairments of property, equipment and intangible assets		-112	-126	-11%	-108	4%	-487	-462	5%
Total expenses		-4,907	-4,276	15%	-4,552	8%	-18,271	-17,327	5%
Profit before loan losses		6,002	5,185	16%	5,004	20%	22,065	20,987	5%
Net loan losses	Note 6	-475	-458	4%	-697	-32%	-1,597	-1,781	-10%
Gains/losses on disposal of property, equipment and intangible assets		6	4	50%	4	50%	7	6	17%
Operating profit		5,533	4,731	17%	4,311	28%	20,475	19,212	7%
Taxes		-1,076	-1,028	5%	-935	15%	-4,277	-4,069	5%
Profit for the period from continuing operations		4,457	3,703	20%	3,376	32%	16,198	15,143	7%
Profit for the period pertaining to discontinued operations, after tax	Note 7	44	55	-20%	-34		145	41	254%
Profit for the period		4,501	3,758	20%	3,342	35%	16,343	15,184	8%
Attributable to									
Shareholders in Svenska Handelsbanken AB		4,501	3,757	20%	3,342	35%	16,342	15,183	8%
Minority interest		0	1		0		1	1	

EARNINGS PER SHARE – GROUP

	Q4 2015	Q3 2015	Change	Q4 2014	Change	Full year 2015	Full year 2014	Change
Profit for the year, attributable to shareholders in Svenska Handelsbanken AB	4,501	3,757	20%	3,342	35%	16,342	15,183	8%
- of which interest expense on convertible subordinated loan after tax	-46	-46	0%	-62	-26%	-199	-170	17%
Average number of outstanding shares, million	1,907.0	1,907.0		1,907.0		1,907.0	1,907.0	
Average number of outstanding shares after dilution, million	1,972.9	1,973.4		1,972.5		1,971.9	1,959.0	
Earnings per share, continuing operations, SEK	2.34	1.94	21%	1.77	32%	8.49	7.94	7%
- after dilution	2.28	1.90	20%	1.75	30%	8.32	7.82	6%
Earnings per share, discontinued operations, SEK	0.02	0.03	-33%	-0.02		0.08	0.02	300%
- after dilution	0.02	0.03	-33%	-0.02		0.07	0.02	250%
Earnings per share, total operations, SEK	2.36	1.97	20%	1.75	35%	8.57	7.96	8%
- after dilution	2.30	1.93	19%	1.73	33%	8.39	7.84	7%

Earnings per share after dilution are calculated by taking into 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.

A 3:1 stock split was carried out in May. The comparative figures in the above table have been adjusted for the new number of shares.

STATEMENT OF COMPREHENSIVE INCOME – GROUP

SEK m	Q4 2015	Q3 2015	Change	Q4 2014	Change	Full year 2015	Full year 2014	Change
Profit for the period	4,501	3,758	20%	3,342	35%	16,343	15,184	8%
Other comprehensive income								
Items that may not subsequently be reclassified to profit or loss								
Defined-benefit plans	495	-2,382		-440		-3,152	-2,699	-17%
Taxes on items that cannot be reclassified into profit or loss	-107	523		96		688	592	16%
Total items that may not subsequently be reclassified to profit or loss	388	-1,859		-344		-2,464	-2,107	-17%
Items that can be reclassified into profit or loss								
Cash flow hedges	-1,691	2,792		3,468		-501	8,772	
Available-for-sale instruments	-947	196		455		682	295	131%
Translation differences for the period	-2,034	-879	-131%	397		-1,713	5,924	
<i>of which hedging net investment in foreign operations</i>	-669	-349	-92%	-364	-84%	-394	2,558	
Taxes on items that can be reclassified into profit or loss	616	-544		-740		215	-2,501	
<i>of which cash flow hedges</i>	372	-614		-763		110	-1,924	
<i>of which available-for-sale instruments</i>	97	-7		-57		18	-14	
<i>of which hedging net investment in foreign operations</i>	147	77	91%	80	84%	87	-563	
Total items that can be reclassified into profit or loss	-4,056	1,565		3,580		-1,317	12,490	
Total other comprehensive income for the period	-3,668	-294		3,236		-3,781	10,383	
Total comprehensive income for the period	833	3,464	-76%	6,578	-87%	12,562	25,567	-51%
Attributable to								
Shareholders in Svenska Handelsbanken AB	834	3,463	-76%	6,578	-87%	12,562	25,566	-51%
Minority interest	-1	1		0		0	1	-100%

Discontinued operations only affects Translation differences for the period and Defined-benefit plans in Other comprehensive income.

In 2015, other comprehensive income totalled SEK -3,781m (10,383) after tax. In individual periods, the results of all items within other comprehensive income may fluctuate due to changes in the discount rate, exchange rates and inflation.

The pension liability for the defined benefit pension plans has increased and this affected other comprehensive income by SEK -2,464m after tax, compared with the period of comparison when the effect was SEK -2,107m after tax. The main reason for this year's change is a decrease in the discount rate to 2.25% (3.00) relating to the Swedish pension commitment.

Most of the Group's long-term funding is hedged using derivatives, where all cash flows are matched until maturity. Cash flow hedging manages the risk of variations in the cash flows related to changes in variable interest rates and currencies on lending and funding. The underlying funding and the asset which is being funded are valued at amortised cost, while the derivatives which are hedging these items

are valued at market value. The impact on profit/loss of the market valuation is reported under Cash flow hedges. Over time, these values become zero at maturity for each individual hedge, but lead to volatility in other comprehensive income during their term. During the year, these value changes on hedge derivatives in cash flow hedges were SEK -391m (6,848) after tax. The value changes derived partly from exchange rate movements, but above all from changes in the discount rates of the respective currency.

During the year, unrealised changes in the value of financial assets classified as available for sale had a positive effect on other comprehensive income of SEK 700m (281) after tax.

Unrealised exchange rate effects related to the restatement of foreign branches and subsidiaries to the Group's presentation currency and the effect of hedging of net investments in foreign operations affected other comprehensive income by SEK -1,626m (5,361) after tax during the year.

QUARTERLY PERFORMANCE – GROUP

SEK m	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014
Interest income	10,540	10,436	10,646	11,430	12,512
Interest expense	-3,569	-3,602	-3,627	-4,514	-5,629
Net interest income	6,971	6,834	7,019	6,916	6,883
Net fee and commission income	2,343	2,308	2,359	2,310	2,228
Net gains/losses on financial transactions	1,503	226	451	428	264
Risk result - insurance	36	40	55	26	34
Other dividend income	2	1	275	3	2
Share of profit of associates	-11	18	9	1	22
Other income	65	34	53	61	123
Total income	10,909	9,461	10,221	9,745	9,556
Staff costs	-3,353	-2,953	-3,149	-3,126	-3,026
Other administrative expenses	-1,442	-1,197	-1,336	-1,228	-1,418
Depreciation, amortisation and impairments of property, equipment and intangible assets	-112	-126	-122	-127	-108
Total expenses	-4,907	-4,276	-4,607	-4,481	-4,552
Profit before loan losses	6,002	5,185	5,614	5,264	5,004
Net loan losses	-475	-458	-359	-305	-697
Gains/losses on disposal of property, equipment and intangible assets	6	4	1	-4	4
Operating profit	5,533	4,731	5,256	4,955	4,311
Taxes	-1,076	-1,028	-1,110	-1,063	-935
Profit for the period from continuing operations	4,457	3,703	4,146	3,892	3,376
Profit for the period pertaining to discontinued operations, after tax	44	55	27	19	-34
Profit for the period	4,501	3,758	4,173	3,911	3,342
Earnings per share, continuing operations, SEK	2.34	1.94	2.18	2.04	1.77
- after dilution	2.28	1.90	2.13	2.00	1.75
Earnings per share, discontinued operations, SEK	0.02	0.03	0.01	0.01	-0.02
- after dilution	0.02	0.03	0.01	0.01	-0.02
Earnings per share, total operations, SEK	2.36	1.97	2.19	2.05	1.75
- after dilution	2.30	1.93	2.14	2.01	1.73

A 3:1 stock split was carried out in May. The comparative figures in the above table have been adjusted for the new number of shares.

BALANCE SHEET – GROUP

SEK m		31 Dec 2015	30 Sep 2015	30 Jun 2015	31 Mar 2015	31 Dec 2014
Assets						
Cash and balances with central banks		202,630	452,271	447,289	498,865	454,532
Other loans to central banks	Note 8	34,118	74,145	106,646	31,529	51,047
Interest-bearing securities eligible as collateral with central banks		74,777	102,824	73,071	68,064	78,219
Loans to other credit institutions	Note 8	49,656	63,130	87,250	79,633	70,339
Loans to the public	Note 8	1,866,467	1,855,311	1,851,432	1,826,323	1,807,836
Value change of interest-hedged item in portfolio hedge		27	40	42	42	70
Bonds and other interest-bearing securities		44,513	62,017	56,502	64,830	63,725
Shares		30,387	61,462	73,395	66,793	46,546
Investments in associates		245	257	303	300	286
Assets where the customer bears the value change risk		105,146	100,539	105,786	106,851	94,763
Derivative instruments	Note 9	85,347	98,674	91,099	127,267	116,124
Reinsurance assets		10	6	6	6	6
Intangible assets	Note 10	8,254	8,230	8,192	8,145	8,132
Property and equipment		2,348	2,336	2,179	2,171	2,239
Current tax assets		143	1,064	558	100	115
Deferred tax assets		1,489	1,503	921	396	389
Net pension assets		-	-	-	-	-
Assets held for sale		1,442	1,512	1,393	1,291	1,196
Other assets		8,887	52,405	23,664	29,284	14,321
Prepaid expenses and accrued income		6,247	5,895	6,081	7,129	6,791
Total assets		2,522,133	2,943,621	2,935,809	2,919,019	2,816,676
Liabilities and equity						
Due to credit institutions	Note 11	163,770	222,941	218,571	220,675	200,074
Deposits and borrowing from the public	Note 11	753,855	1,049,202	1,093,551	1,055,140	1,022,267
Liabilities where the customer bears the value change risk		105,225	100,617	105,848	106,896	94,864
Issued securities	Note 12	1,245,367	1,258,088	1,214,721	1,206,189	1,212,613
Derivative instruments	Note 9	40,592	46,252	54,533	73,441	62,878
Short positions		2,416	21,027	20,421	21,338	20,648
Insurance liabilities		607	616	628	675	663
Current tax liabilities		996	1,358	842	764	957
Deferred tax liabilities		8,844	9,762	9,191	9,930	9,209
Provisions		113	99	98	91	68
Net pension liabilities		5,314	5,282	2,899	337	1,480
Liabilities related to assets held for sale		759	746	713	682	580
Other liabilities		14,206	41,220	30,962	37,615	14,578
Accrued expenses and deferred income		17,585	18,615	19,149	20,442	18,681
Subordinated liabilities		34,216	40,361	39,711	40,312	30,289
Total liabilities		2,393,865	2,816,186	2,811,838	2,794,527	2,689,849
Minority interest		4	5	4	4	3
Share capital		2,956	2,956	2,956	2,956	2,956
Share premium		3,204	3,204	3,204	3,204	3,203
Reserves		8,440	12,107	12,401	17,095	12,220
Retained earnings		97,322	97,322	97,322	97,322	93,262
Profit for the period, attributable to shareholders in Svenska Handelsbanken AB		16,342	11,841	8,084	3,911	15,183
Total equity		128,268	127,435	123,971	124,492	126,827
Total liabilities and equity		2,522,133	2,943,621	2,935,809	2,919,019	2,816,676

STATEMENT OF CHANGES IN EQUITY – GROUP

January - December 2015 SEK m	Share capital	Share premium	Defined benefit plans	Hedge reserve	Fair value reserve	Translation reserve	Retained earnings	Minority	Total
Opening equity	2,956	3,203	1,003	5,331	1,324	4,562	108,445	3	126,827
Profit for the period							16,342	1	16,343
Other comprehensive income			-2,464	-391	700	-1,625		-1	-3,781
Total comprehensive income for the period			-2,464	-391	700	-1,625	16,342	0	12,562
Dividend							-11,124		-11,124
Effects of convertible subordinated loans	0	1					1		2
Change of minority interests							0	1	1
Closing equity	2,956	3,204	-1,461	4,940	2,024	2,937	113,664	4	128,268

January - December 2014 SEK m	Share capital	Share premium	Defined benefit plans	Hedge reserve	Fair value reserve	Translation reserve	Retained earnings	Minority	Total
Opening equity	2,956	2,843	3,110	-1,517	1,043	-799	103,701	2	111,339
Profit for the period							15,183	1	15,184
Other comprehensive income			-2,107	6,848	281	5,361		0	10,383
Total comprehensive income for the period			-2,107	6,848	281	5,361	15,183	1	25,567
Dividend							-10,488		-10,488
Effects of convertible subordinated loans	0	360					49		409
Change of minority interests							0	0	0
Closing equity	2,956	3,203	1,003	5,331	1,324	4,562	108,445	3	126,827

During the period January – December 2015, convertibles for a nominal value of SEK 1m (6) relating to the 2008 subordinated convertible bond were converted into 18,925 class A shares (89,772). At the end of the period, the number of Handelsbanken shares in the trading book was 0 (0).

CASH FLOW STATEMENT, CONDENSED – GROUP

SEK m	Full year 2015	Full year 2014
Operating profit, total operations	20,656	19,304
Adjustment for non-cash items in profit/loss	4,200	3,686
Paid income tax	-4,878	-4,011
Changes in the assets and liabilities of operating activities	-292,273	33,819
Cash flow from operating activities	-272,295	52,798
Change in shares	3,675	-1,969
Change in interest-bearing securities	11	3,405
Change in property and equipment	-510	-391
Change in intangible assets	-456	-258
Cash flow from investing activities	2,720	787
Repayment of subordinated loans	-5,690	-2,905
Issued subordinated loans	10,082	16,612
Dividend paid	-11,124	-10,488
Cash flow from financing activities	-6,732	3,219
Liquid funds at beginning of the year	454,532	334,794
Cash flow for the period	-276,307	56,804
Exchange rate difference on liquid funds	24,405	62,934
Liquid funds at end of year	202,630	454,532

* Liquid funds are defined as Cash and balances with central banks.

NOTES

Note 1 Accounting policies

Accounting policies

This report has been prepared in accordance with IAS 34 Interim Financial Reporting. The consolidated accounts have been prepared in accordance with international financial reporting standards (IFRS) and interpretations of these standards as adopted by the EU. The accounting policies also follow the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559), and the regulations and general guidelines issued by the Swedish Financial Supervisory Authority, FFFS 2008:25 Annual reports in credit institutions and securities companies. RFR 1 Supplementary accounting rules for groups as well as statements from the Swedish Financial Reporting Board are also applied in the consolidated accounts.

The report for the parent company has been prepared in accordance with the Swedish Annual Accounts Act for Credit Institutions and Securities Companies, and the regulations and general guidelines issued by the Swedish Financial Supervisory Authority, FFFS 2008:25 Annual reports in credit institutions and securities companies. The parent company also applies RFR 2 Accounting for legal entities, as well as statements issued by the Swedish Financial Reporting Board.

On 1 January 2015, the interpretative communication IFRIC 21 Levies came into effect for application within the EU. This regulatory change has not had any material impact on the Group's financial position and earnings, nor has it had an impact on the capital adequacy.

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 2014.

Future amendments to regulations

IFRS 9 Financial Instruments, which is to replace IAS 39 Financial Instruments: Recognition and Measurement, was published by the IASB in July 2014. Assuming that IFRS 9 is adopted by the EU, and the date of implementation proposed by the IASB is not changed, this standard will be applied as of the 2018 financial year. The standard encompasses three areas: classification and measurement, impairment, and general hedge accounting. The Bank is currently analysing the financial effects of the new standard in more detail.

IFRS 15 Revenue from contracts with customers has also been published by the IASB. Assuming that IFRS 15 is adopted by the EU, and the date of implementation proposed by the IASB is not changed, this standard will be applied as of the 2018 financial year. The current assessment is that the new standard will not have any material impact on Handelsbanken's financial reports, capital adequacy or large exposures.

IFRS 16 Leases has also been published by the IASB. Assuming that IFRS 16 is adopted by the EU, and the date of implementation proposed by the IASB is not changed, this standard will be applied as of the 2019 financial year. The Bank is currently analysing the financial effects of the new standard.

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

Note 2 Net interest income

SEK m	Q4 2015	Q3 2015	Change	Q4 2014	Change	Full year 2015	Full year 2014	Change
Interest income								
Loans to credit institutions and central banks	330	333	-1%	389	-15%	1,356	1,642	-17%
Loans to the public	9,971	10,274	-3%	11,695	-15%	41,963	49,280	-15%
Interest-bearing securities eligible as collateral with central banks	126	192	-34%	189	-33%	651	719	-9%
Interest-bearing securities	172	186	-8%	222	-23%	915	1,016	-10%
Derivative instruments	-253	-645	61%	-160	-58%	-2,386	-2,484	4%
Other interest income	345	335	3%	267	29%	1,377	1,359	1%
Total interest income	10,691	10,675	0%	12,602	-15%	43,876	51,532	-15%
Of which interest income reported in Net gains/losses on financial transactions	151	239	-37%	90	68%	824	633	30%
Interest income according to income statement	10,540	10,436	1%	12,512	-16%	43,052	50,899	-15%
Interest expense								
Due to credit institutions and central banks	-226	-204	11%	-260	-13%	-908	-1,033	-12%
Deposits and borrowing from the general public	-377	-425	-11%	-718	-47%	-1,881	-3,686	-49%
Issued securities	-4,421	-4,502	-2%	-5,057	-13%	-18,166	-21,233	-14%
Derivative instruments	2,027	2,238	-9%	1,118	81%	8,364	4,838	73%
Subordinated liabilities	-425	-457	-7%	-341	25%	-1,695	-1,283	32%
Other interest expense	-225	-428	-47%	-411	-45%	-1,574	-1,523	3%
Total interest expense	-3,647	-3,778	-3%	-5,669	-36%	-15,860	-23,920	-34%
Of which interest expense reported in Net gains/losses on financial transactions	-78	-176	-56%	-40	95%	-548	-265	107%
Interest expense according to income statement	-3,569	-3,602	-1%	-5,629	-37%	-15,312	-23,655	-35%
Net interest income	6,971	6,834	2%	6,883	1%	27,740	27,244	2%

Note 3 Net fee and commission income

SEK m	Q4 2015	Q3 2015	Change	Q4 2014	Change	Full year 2015	Full year 2014	Change
Brokerage and other securities commissions	266	212	25%	261	2%	1,071	1,104	-3%
Mutual funds	743	743	0%	667	11%	2,987	2,475	21%
Custody and other asset management fees	150	147	2%	139	8%	600	540	11%
Advisory services	89	96	-7%	73	22%	326	235	39%
Insurance	155	158	-2%	155	0%	639	637	0%
Payments	852	890	-4%	828	3%	3,364	3,133	7%
Loans and deposits	296	257	15%	291	2%	1,096	1,131	-3%
Guarantees	108	102	6%	106	2%	421	424	-1%
Other	122	117	4%	128	-5%	471	464	2%
Commission income	2,781	2,722	2%	2,648	5%	10,975	10,143	8%
Securities	-59	-51	16%	-49	20%	-244	-225	8%
Payments	-359	-347	3%	-345	4%	-1,337	-1,278	5%
Other	-20	-16	25%	-26	-23%	-74	-84	-12%
Commission expense	-438	-414	6%	-420	4%	-1,655	-1,587	4%
Net fee and commission income	2,343	2,308	2%	2,228	5%	9,320	8,556	9%

Note 4 Net gains/losses on financial transactions

SEK m	Q4 2015	Q3 2015	Change	Q4 2014	Change	Full year 2015	Full year 2014	Change
Trading, derivatives, FX effect etc	719	32		-266		1,965	-955	
Other financial instruments at fair value in profit/loss	-416	225		588		-497	2,277	
<i>of which interest-bearing securities</i>	-346	241		551		-401	2,259	
<i>of which loans</i>	-70	-16	-338%	37		-96	18	
Financial instruments at amortised cost	-38	53		-65	-42%	53	160	-67%
<i>of which loans</i>	94	154	-39%	158	-41%	482	611	-21%
<i>of which liabilities</i>	-132	-101	-31%	-223	41%	-429	-451	5%
Financial instruments available for sale	1,192	0		-1		1,203	369	226%
Hedge accounting	93	-48		9		-21	-71	70%
<i>of which net gains/losses on fair value hedges</i>	72	-49		-2		-53	-81	35%
<i>of which cash flow hedge ineffectiveness</i>	21	1		11	91%	32	10	220%
Gains/losses on unbundled insurance contracts	-47	-36	-31%	-1		-95	-3	
Total	1,503	226		264	469%	2,608	1,777	47%

Note 5 Other administrative expenses

SEK m	Q4 2015	Q3 2015	Change	Q4 2014	Change	Full year 2015	Full year 2014	Change
Property and premises	-320	-304	5%	-297	8%	-1,243	-1,174	6%
External IT costs	-438	-373	17%	-439	0%	-1,623	-1,623	0%
Communication	-89	-82	9%	-87	2%	-342	-349	-2%
Travel and marketing	-103	-67	54%	-105	-2%	-335	-339	-1%
Purchased services	-304	-239	27%	-292	4%	-1,027	-995	3%
Supplies	-47	-45	4%	-63	-25%	-182	-207	-12%
Other expenses	-141	-87	62%	-135	4%	-451	-412	9%
Other administrative expenses	-1,442	-1,197	20%	-1,418	2%	-5,203	-5,099	2%

Note 6 Loan losses and impaired loans

Loan losses

SEK m	Q4 2015	Q3 2015	Change	Q4 2014	Change	Full year 2015	Full year 2014	Change
Specific provision for individually assessed loans								
Provision for the period	-494	-499	-1%	-619	-20%	-1,832	-1,982	-8%
Reversal of previous provisions	102	114	-11%	50	104%	372	305	22%
Total	-392	-385	2%	-569	-31%	-1,460	-1,677	-13%
Collective provisions								
Net provision for the period for individually assessed loans	-15	-38	-61%	53		0	76	
Net provision for the period for homogeneous loans	-7	6		-2	250%	-3	3	
Total	-22	-32	-31%	51		-3	79	
Off-balance sheet items								
Losses on off-balance sheet items	0	0		-2		0	-2	
Reversal of previous losses on off-balance-sheet items	0	-		0	0%	0	1	-100%
Change in collective provision for off-balance-sheet items	-6	-3	100%	0		-33	16	
Total	-6	-3	100%	-2	200%	-33	15	
Write-offs								
Actual loan losses for the period	-296	-235	26%	-604	-51%	-964	-1,998	-52%
Utilised share of previous provisions	195	150	30%	284	-31%	659	1,515	-57%
Recoveries	46	47	-2%	143	-68%	204	285	-28%
Total	-55	-38	45%	-177	-69%	-101	-198	-49%
Net loan losses	-475	-458	4%	-697	-32%	-1,597	-1,781	-10%

Impaired loans

Impaired loans includes all loans in respect of which all contracted cash flows will probably not 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 2015	30 Sep 2015	30 Jun 2015	31 Mar 2015	31 Dec 2014
Impaired loans	8,844	8,863	8,979	8,903	8,702
Specific provision for individually assessed loans	-4,444	-4,320	-4,077	-3,888	-3,734
Provision for collectively assessed homogeneous groups of loans with limited value	-94	-88	-93	-93	-93
Collective provisions for individually assessed loans	-278	-266	-230	-246	-284
Impaired loans, net	4,028	4,189	4,579	4,676	4,591
Total impaired loans reserve ratio	54.5%	52.7%	49.0%	47.5%	47.2%
Proportion of impaired loans	0.21%	0.22%	0.24%	0.25%	0.25%
Impaired loans reserve ratio excl. collective provisions	51.3%	49.7%	46.4%	44.7%	44.0%
Loan loss ratio as a % of loans	0.09%	0.08%	0.07%	0.07%	0.10%
Loans past due > 60 days	4,657	5,286	5,737	6,389	6,676
Loans past due > 60 days, which are not impaired	1,218	1,504	1,853	1,989	2,133

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

31 December 2015	Impaired loans				Loans past due > 60 days, which are not impaired
	SEK m	Gross	Provisions	Net*	
Private individuals	1,424	-755	669	494	757
Housing co-operative associations	35	-20	15	1	2
Property management	1,943	-697	1,246	410	149
Manufacturing	2,103	-1,542	561	49	21
Retail	394	-267	127	74	4
Hotel and restaurant	116	-30	86	85	168
Passenger and goods transport by sea	1,734	-543	1,191	0	-
Other transport and communication	78	-60	18	16	8
Construction	150	-92	58	40	77
Electricity, gas and water	73	-52	21	5	-
Agriculture, hunting and forestry	34	-15	19	3	0
Other services	101	-66	35	27	15
Holding, investment and insurance companies, funds etc.	500	-282	218	74	17
Other corporate lending	159	-117	42	39	0
Credit institutions	-	-	-	-	-
Total	8,844	-4,538	4,306	1,317	1,218

* Book value after deduction of specific provisions.

31 December 2014	Impaired loans				Loans past due > 60 days, which are not impaired
	SEK m	Gross	Provisions	Net*	
Private individuals	1,569	-813	756	575	1,148
Housing co-operative associations	49	-21	28	14	25
Property management	1,759	-589	1,170	885	397
Manufacturing	1,639	-726	913	70	113
Retail	596	-343	253	167	14
Hotel and restaurant	45	-25	20	11	260
Passenger and goods transport by sea	1,615	-405	1,210	-	-
Other transport and communication	49	-39	10	9	41
Construction	188	-114	74	42	56
Electricity, gas and water	32	-24	8	8	0
Agriculture, hunting and forestry	23	-16	7	1	2
Other services	73	-42	31	25	56
Holding, investment and insurance companies, funds etc.	316	-187	129	34	2
Other corporate lending	749	-483	266	266	19
Credit institutions	-	-	-	-	-
Total	8,702	-3,827	4,875	2,107	2,133

* 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 2015	30 Sep 2015	30 Jun 2015	31 Mar 2015	31 Dec 2014
Loans to the public	1,866,467	1,855,311	1,851,432	1,826,323	1,807,836
of which reverse repos	7,742	15,803	16,428	20,799	23,858
Loans to other credit institutions	49,656	63,130	87,250	79,633	70,339
of which reverse repos	23,394	36,719	48,227	48,719	42,138
Other loans to central banks	34,118	74,145	106,646	31,529	51,047
of which reverse repos	0	595	1,288	0	1,245

Loans to the public, by sector

SEK m	31 December 2015			31 December 2014		
	Loans gross	Provisions	Loans net	Loans gross	Provisions	Loans net
Private individuals	912,517	-755	911,762	852,466	-813	851,653
<i>of which mortgage loans</i>	736,768	-31	736,737	683,991	-30	683,961
<i>of which other loans with property mortgages</i>	107,591	-146	107,445	99,063	-101	98,962
<i>of which other loans to private individuals</i>	68,158	-578	67,580	69,412	-682	68,730
Housing co-operative associations	169,595	-20	169,575	153,058	-21	153,037
<i>of which mortgage loans</i>	148,064	-7	148,057	136,748	-9	136,739
Property management	511,308	-697	510,611	485,377	-589	484,788
Manufacturing	33,540	-1,542	31,998	38,508	-726	37,782
Retail	24,236	-267	23,969	27,736	-343	27,393
Hotels and restaurants	8,981	-30	8,951	8,299	-25	8,274
Passenger and goods transport by sea	10,354	-543	9,811	12,221	-405	11,816
Other transport and communication	11,195	-60	11,135	20,184	-39	20,145
Construction	15,500	-92	15,408	15,225	-114	15,111
Electricity, gas, water	26,560	-52	26,508	24,888	-24	24,864
Agriculture, hunting and forestry	11,318	-15	11,303	10,703	-16	10,687
Other services	19,789	-66	19,723	20,241	-42	20,199
Holding, investment, insurance, funds, etc.	71,179	-282	70,897	71,945	-187	71,758
Government and municipalities	22,452	-	22,452	35,627	-	35,627
Other corporate lending	22,759	-117	22,642	35,469	-483	34,986
Total loans to the public, before collective provisions	1,871,283	-4,538	1,866,745	1,811,947	-3,827	1,808,120
Collective provisions			-278			-284
Total loans to the public			1,866,467			1,807,836

Specification of Loans to the public – Property management

SEK m	31 December 2015			31 December 2014		
	Loans gross	Provisions	Loans net	Loans gross	Provisions	Loans net
Loans in Sweden						
State-owned property companies	5,042	-	5,042	5,684	-	5,684
Municipal-owned property companies	12,242	-	12,242	16,926	-	16,926
Residential property companies	91,484	-35	91,449	87,797	-19	87,778
<i>of which mortgage loans</i>	77,367	-4	77,363	70,370	-3	70,367
Other property management	136,333	-71	136,262	131,710	-105	131,605
<i>of which mortgage loans</i>	61,993	-7	61,986	64,392	-5	64,387
Total loans in Sweden	245,101	-106	244,995	242,117	-124	241,993
Loans outside Sweden						
Denmark	13,816	-89	13,727	14,446	-127	14,319
Finland	28,704	-22	28,682	27,483	-28	27,455
Norway	85,787	-58	85,729	79,859	-43	79,816
UK	115,669	-408	115,261	102,152	-255	101,897
The Netherlands	14,539	-	14,539	11,423	-	11,423
Other countries	7,692	-14	7,678	7,897	-12	7,885
Total loans outside Sweden	266,207	-591	265,616	243,260	-465	242,795
Total loans - Property management	511,308	-697	510,611	485,377	-589	484,788

Credit risk exposure

SEK m	31 Dec 2015	30 Sep 2015	30 Jun 2015	31 Mar 2015	31 Dec 2014
Loans to the public	1,866,467	1,855,311	1,851,432	1,826,323	1,807,836
<i>of which reverse repos</i>	7,742	15,803	16,428	20,799	23,858
Loans to other credit institutions	49,656	63,130	87,250	79,633	70,339
<i>of which reverse repos</i>	23,394	36,719	48,227	48,719	42,138
Unutilised part of granted overdraft facilities	129,216	125,876	107,218	101,604	102,778
Committed loan offers	267,200	266,098	279,578	268,801	271,001
Other commitments	24,441	27,959	23,201	23,472	14,134
Guarantees, credits	9,750	8,682	10,632	10,262	10,335
Guarantees, other	61,274	61,588	59,694	61,813	60,033
Letters of credit	6,433	5,322	6,815	7,474	5,369
Derivative instruments*	85,347	98,674	91,099	127,267	116,124
Interest-bearing securities eligible as collateral with central banks	74,777	102,824	73,071	68,064	78,219
Bonds and other interest-bearing securities	44,513	62,017	56,502	64,830	63,725
Total	2,619,074	2,677,481	2,646,492	2,639,543	2,599,893

* Refers to the total of positive market values.

Note 9 Derivatives

SEK m	31 Dec 2015	30 Sep 2015	30 Jun 2015	31 Mar 2015	31 Dec 2014
Positive market values					
Trading	50,673	60,170	57,358	87,567	75,789
Fair value hedges	38	45	20	68	69
Cash flow hedges	58,576	61,817	52,363	61,784	52,895
Amounts set off	-23,940	-23,358	-18,642	-22,152	-12,629
Total	85,347	98,674	91,099	127,267	116,124
Negative market values					
Trading	53,991	60,806	63,039	85,214	67,069
Fair value hedges	1	27	68	86	196
Cash flow hedges	10,241	9,467	10,611	10,293	8,242
Amounts set off	-23,641	-24,048	-19,185	-22,152	-12,629
Total	40,592	46,252	54,533	73,441	62,878
Nominal value					
Trading	3,441,484	4,454,988	4,987,375	5,693,338	5,548,273
Fair value hedges	8,297	9,419	12,055	14,566	22,471
Cash flow hedges	833,736	805,428	793,096	796,289	795,052
Amounts set off	-1,414,478				
Total	2,869,039	5,269,835	5,792,526	6,504,193	6,365,796

Derivative contracts are presented gross in the table. Offsetted amounts consists 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. As of 2015, the notional amounts associated with the offsetted market values are disclosed.

Note 10 Goodwill and other intangible assets

SEK m	Goodwill		Other intangible assets		Total	
	Full year 2015	Full year 2014	Full year 2015	Full year 2014	Full year 2015	Full year 2014
Opening residual value	6,597	6,431	1,535	1,404	8,132	7,835
Additional during the period	-	-	455	257	455	257
The period's amortisation	-	-	-182	-158	-182	-158
The period's impairments	-	-	-17	-9	-17	-9
Foreign exchange effect	-137	166	3	41	-134	207
Closing residual value	6,460	6,597	1,794	1,535	8,254	8,132

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

SEK m	31 Dec 2015	30 Sep 2015	30 Jun 2015	31 Mar 2015	31 Dec 2014
Due to credit institutions	163,770	222,941	218,571	220,675	200,074
<i>of which repos</i>	290	2,537	5,854	1,117	88
Deposits and borrowing from the public	753,855	1,049,202	1,093,551	1,055,140	1,022,267
<i>of which repos</i>	0	14,699	9,138	7,025	168

Note 12 Issued securities

SEK m	Full year 2015	Full year 2014
Issued securities at beginning of year	1,212,613	1,150,641
Issued	1,142,907	950,171
Repurchased	-72,680	-107,726
Matured	-1,043,828	-851,680
Foreign exchange effect etc	6,355	71,207
Issued securities at end of period	1,245,367	1,212,613

Note 13 Assets pledged, contingent liabilities and other commitments

SEK m	31 Dec 2015	30 Sep 2015	30 Jun 2015	31 Mar 2015	31 Dec 2014
Assets pledged for own debt	779,834	794,527	789,837	778,077	789,652
Other pledged assets	33,488	44,058	49,463	55,452	35,757
Contingent liabilities	77,457	75,592	77,141	79,549	75,737
Other commitments	420,857	419,933	409,997	393,877	387,913

Total contingent liabilities consist mainly of guarantees.

Note 14 Classification of financial assets and liabilities

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

31 December 2015	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					202,630			202,630	202,630
Other loans to central banks					34,118			34,118	34,118
Interest-bearing securities eligible as collateral with central banks	33,286	39,717		752		1,022		74,777	74,777
Loans to other credit institutions					49,656			49,656	49,445
Loans to the public		1,619			1,866,848			1,866,467	1,878,810
Value change of interest hedged item in portfolio hedge					27			27	
Bonds and other interest-bearing securities	7,788	32,996		250		3,479		44,513	44,513
Shares	22,757	1,049				6,581		30,387	30,387
Assets where the customer bears the value change risk		105,077				69		105,146	105,146
Derivative instruments	30,997		54,350					85,347	85,347
Other assets	10				8,877			8,887	8,887
Prepaid expenses and accrued income	211	642			5,392	2		6,247	6,247
Total financial assets	95,049	181,100	54,350	1,002	2,165,617	11,084		2,508,202	2,520,307
Investments in associates									245
Other non-financial assets									13,686
Total assets								2,522,133	
Liabilities									
Due to credit institutions							163,770	163,770	165,587
Deposits and borrowing from the public							753,855	753,855	753,825
Liabilities where the customer bears the value change risk		105,156					69	105,225	105,225
Issued securities	7,890						1,237,477	1,245,367	1,267,460
Derivative instruments	31,693		8,899					40,592	40,592
Short positions	2,416							2,416	2,416
Other liabilities	16						14,190	14,206	14,206
Accrued expenses and deferred income	6						17,579	17,585	17,585
Subordinated liabilities							34,216	34,216	37,191
Total financial liabilities	42,021	105,156	8,899				2,221,156	2,377,232	2,404,087
Other non-financial liabilities									16,633
Total liabilities								2,393,865	

31 December 2014	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							
Assets									
Cash and balances with central banks					454,040		492	454,532	454,532
Other loans to central banks					51,047			51,047	51,047
Interest-bearing securities eligible as collateral with central banks	42,095	34,377		749		998		78,219	78,223
Loans to other credit institutions					70,339			70,339	70,061
Loans to the public		2,181			1,805,655			1,807,836	1,823,256
Value change of interest hedged item in portfolio hedge					70			70	
Bonds and other interest-bearing securities	26,235	34,915		253		2,322		63,725	63,722
Shares	36,628	1,551				8,367		46,546	46,546
Assets where the customer bears the value change risk		94,674				89		94,763	94,763
Derivative instruments	63,450		52,674					116,124	116,124
Other assets	35				13,892		394	14,321	14,321
Prepaid expenses and accrued income	408	654		1	3,546	2	2,180	6,791	6,791
Total financial assets	168,851	168,352	52,674	1,003	2,398,678	11,689	3,066	2,804,313	2,819,386
Investments in associates								286	
Other non-financial assets								12,077	
Total assets								2,816,676	
Liabilities									
Due to credit institutions							200,074	200,074	202,411
Deposits and borrowing from the public							1,022,267	1,022,267	1,022,274
Liabilities where the customer bears the value change risk		94,775					89	94,864	94,864
Issued securities	12,423						1,200,190	1,212,613	1,243,804
Derivative instruments	54,780		8,098					62,878	62,878
Short positions	20,648							20,648	20,648
Other liabilities	16						14,562	14,578	14,578
Accrued expenses and deferred income	315						18,366	18,681	18,681
Subordinated liabilities							30,289	30,289	34,411
Total financial liabilities	88,182	94,775	8,098				2,485,837	2,676,892	2,714,549
Other non-financial liabilities								12,957	
Total liabilities								2,689,849	

Note 15 Fair value measurement of financial instruments

31 December 2015 SEK m	Level 1	Level 2	Level 3	Total
Assets				
Interest-bearing securities eligible as collateral with central banks	72,181	1,844	-	74,025
Loans to the public	-	1,609	10	1,619
Bonds and other interest-bearing securities	41,494	2,769	-	44,263
Shares	24,297	4,807	1,283	30,387
Assets where the customer bears the value change risk	104,345	-	732	105,077
Derivative instruments	275	85,072	-	85,347
Total financial assets at fair value	242,592	96,101	2,025	340,718
Liabilities				
Liabilities where the customer bears the value change risk	104,424	-	732	105,156
Issued securities	-	7,890	-	7,890
Derivative instruments	786	39,806	-	40,592
Short positions	2,098	318	-	2,416
Total financial liabilities at fair value	107,308	48,014	732	156,054

31 December 2014 SEK m	Level 1	Level 2	Level 3	Total
Assets				
Interest-bearing securities eligible as collateral with central banks	75,814	1,656	-	77,470
Loans to the public	-	2,168	13	2,181
Bonds and other interest-bearing securities	57,320	6,152	-	63,472
Shares	40,965	4,176	1,405	46,546
Assets where the customer bears the value change risk	93,976	-	698	94,674
Derivative instruments	630	115,494	-	116,124
Total financial assets at fair value	268,705	129,646	2,116	400,467
Liabilities				
Liabilities where the customer bears the value change risk	94,077	-	698	94,775
Issued securities	-	12,329	94	12,423
Derivative instruments	1,566	61,312	-	62,878
Short positions	20,560	88	-	20,648
Total financial liabilities at fair value	116,203	73,729	792	190,724

Valuation process

Handelsbanken's independent risk control function is responsible for checking and validating the fair value measurement of financial instruments. In general, the valuations are based on externally generated data as far as is possible, considering the circumstances in each case.

Financial instruments for which price information is easily available, and which are representative of real and frequently occurring transactions, are valued at their current market price. The current bid price is used for financial assets and the current ask price is used 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. These models can, for example, be based on price comparisons, present value calculations or option valuation theory depending on the nature of the instrument.

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 tables. 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 shares and short-term 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, as well as interest rate and currency-related derivatives. Financial instruments, the value of which to a material extent is affected by input data that cannot be verified using external market information, are categorised as level 3.

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 2014), the instrument has been moved between the levels in the table.

During the period January–December, some of the volumes were moved between level 1 and level 2, as a result of a new assessment of market activity. On the assets side, interest-bearing securities worth SEK 21m have been moved from level 1 to level 2, and shares and participating interests worth SEK 82m have been moved from level 2 to level 1. On the liabilities side, derivatives worth SEK 69m were transferred from level 1 to level 2, and short-term positions worth SEK 6m were moved from level 2 to level 1. Changes in level 3 holdings are reported in a separate table.

The holdings in level 3 mainly comprise unlisted shares and holdings in private equity funds. Holdings in private equity funds are valued using valuation models based mainly on a relative valuation of comparable listed companies in the same sector. The performance measurements used in the comparison are adjusted for factors which distort the comparison between the investment and the company used for comparison. The valuation is then made, based on earnings multiples, e.g. P/E ratios. Most of these holdings represent investment assets in the Group's insurance operations. Value changes on the investment assets are included in the basis for calculating the yield split in the insurance operations and are therefore not reported directly in the income statement.

The Group's holdings of unlisted shares consist mainly of the Bank's participating interests in various types of jointly owned 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

or alternatively at the price of the last completed transaction. In all material respects unlisted shares are classified as available for sale. Value changes for these holdings are thus reported in other comprehensive income.

Differences between the transaction price and the value produced using a valuation model

The models use input data in the form of market prices and other variables that are deemed to affect pricing. The models and input data which form the basis of the valuations are regularly validated to ensure that they are consistent with market practice and established financial theory. In cases where there are material positive differences between the value calculated with the help of a valuation model at initial recognition and the transaction price (day 1 gain/loss), the difference is distributed over the maturity period of the financial instrument. Such differences occur when the applied valuation model does not fully capture all the components which affect the value of the instrument.

As a consequence of the application of this principle, SEK 126m (88) has been amortised in net gains/losses on financial transactions during the period January–December 2015. At the end of the period, total non-recognised day 1 gains/losses amounted to SEK 539m (465).

The Bank regularly conducts separate valuations of the total credit risk component (own credit risk as well as counterparty risk) in outstanding model-valued derivatives. Changes in fair value due to changed credit risk are recognised in profit/loss to the extent that the overall effect exceeds non-recognised day 1 gains/losses.

Reconciliation of financial instruments in level 3

January – December 2015 SEK m	Shares	Loans to the public	Assets	Liabilities	Issued securities
			where the customer bears the value change risk	where the customer bears the value change risk	
Carrying amount at beginning of year	1,405	13	698	-698	-94
Acquisitions/issues	57	-	-	-	94
Repurchases/sales	-142	-	-	-	-
Matured during the period	-	-5	-	-	-
Unrealised value change in income statement	-116	-	34	-34	-
Unrealised value change in other comprehensive income	82	-	-	-	-
Transfer from level 1 or 2	-	2	-	-	-
Transfer to level 1 or 2	-3	-	-	-	-
Carrying amount at end of period	1,283	10	732	-732	-

January – December 2014 SEK m	Shares	Loans to the public	Assets	Liabilities	Issued securities
			where the customer bears the value change risk	where the customer bears the value change risk	
Carrying amount at beginning of year	1,388	18	490	-490	-84
Acquisitions/issues	56	-	-	-	-10
Repurchases/sales	-56	-	-	-	-
Matured during the period	-	-7	-	-	-
Unrealised value change in income statement	-62	-	208	-208	-
Unrealised value change in other comprehensive income	79	1	-	-	-
Transfer from level 1 or 2	-	1	-	-	-
Transfer to level 1 or 2	-	-	-	-	-
Carrying amount at end of period	1,405	13	698	-698	-94

Note 16 Related-party transactions

On 6 November, Svenska Handelsbanken AB sold 15,145,124 class A shares in Svenska Cellulosa Aktiebolaget, SCA, to Svenska Handelsbanken's Pension Foundation. The holding corresponded to 2.1% of the capital and 10.3% of the voting rights. The sale meant that the Bank reports a capital gain of SEK 1,207m, which has a positive impact on the Bank's earnings in Q4 2015. The sale did not lead to any increase in the Bank's equity, as the shares were recognised as available for sale and are thus reported at market value in the Bank's accounts. All business transactions with associated companies are made on market terms.

Note 17 Offsetting of financial instruments

31 December 2015 SEK m	Derivatives	Repurchase agreements, securities borrowing and similar agreements	Total
Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements			
Gross amounts of recognised financial assets	109,287	31,815	141,102
Gross amounts of recognised financial liabilities set off in the balance sheet	-23,940	-	-23,940
Net amounts of financial assets presented in the balance sheet	85,347	31,815	117,162
Related amounts not set off in the balance sheet			
Financial instruments not set off in the balance sheet	-25,660	-	-25,660
Collateral received	-35,678	-31,815	-67,493
Net amount	24,009	-	24,009
Financial liabilities subject to offsetting, enforceable master netting agreements and similar agreements			
Gross amounts of recognised financial liabilities	64,233	290	64,523
Gross amounts of recognised financial assets set off in the balance sheet	-23,641	-	-23,641
Net amounts of financial liabilities presented in the balance sheet	40,592	290	40,882
Related amounts not set off in the balance sheet			
Financial instruments not set off in the balance sheet	-25,660	-	-25,660
Assets pledged	-6,614	-290	-6,904
Net amount	8,318	-	8,318

31 December 2014 SEK m	Derivatives	Repurchase agreements, securities borrowing and similar agreements	Total
Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements			
Gross amounts of recognised financial assets	128,753	68,887	197,640
Gross amounts of recognised financial liabilities set off in the balance sheet	-12,629	-	-12,629
Net amounts of financial assets presented in the balance sheet	116,124	68,887	185,011
Related amounts not set off in the balance sheet			
Financial instruments not set off in the balance sheet	-45,652	-	-45,652
Collateral received	-38,191	-68,857	-107,048
Net amount	32,281	30	32,311
Financial liabilities subject to offsetting, enforceable master netting agreements and similar agreements			
Gross amounts of recognised financial liabilities	75,507	256	75,763
Gross amounts of recognised financial assets set off in the balance sheet	-12,629	-	-12,629
Net amounts of financial liabilities presented in the balance sheet	62,878	256	63,134
Related amounts not set off in the balance sheet			
Financial instruments not set off in the balance sheet	-45,652	-	-45,652
Assets pledged	-9,674	-256	-9,930
Net amount	7,552	0	7,552

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 if payments are suspended, 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.

The amount set off for derivative assets include set-off cash collateral of SEK 964m derived from the balance sheet item Deposits and borrowing from the public. The amount set off for derivative liabilities include set-off cash collateral of SEK 664m derived from the balance sheet item Loans to the public.

Note 18 Assets and liabilities by currency

31 December 2015								
SEK m	SEK	EUR	NOK	DKK	GBP	USD	Other currencies	Total
Assets								
Cash and balances with central banks	153	45,633	6,094	99	55,540	94,654	457	202,630
Other loans to central banks	15,998	-	2,103	15,653	364	-	-	34,118
Loans to other credit institutions	2,561	8,692	207	115	1,285	33,337	3,459	49,656
Loans to the public	1,190,747	174,047	190,881	78,738	195,097	27,213	9,744	1,866,467
<i>of which corporates</i>	475,424	122,999	110,217	31,446	131,228	27,024	8,758	907,096
<i>of which households</i>	715,323	51,048	80,664	47,292	63,869	189	986	959,371
Interest-bearing securities eligible as collateral with central banks	36,606	6,402	-	7	-	30,744	1,018	74,777
Bonds and other interest-bearing securities	39,770	2,726	716	2	1,282	17	-	44,513
Other items not broken down by currency	249,972							249,972
Total assets	1,535,807	237,500	200,001	94,614	253,568	185,965	14,678	2,522,133
Liabilities								
Due to credit institutions	25,008	53,015	19,818	14,977	13,142	29,439	8,371	163,770
Deposits and borrowing from the public	465,675	64,535	46,741	29,709	109,464	30,587	7,144	753,855
<i>of which corporates</i>	184,145	49,610	28,813	15,870	84,067	28,209	6,709	397,423
<i>of which households</i>	281,530	14,925	17,928	13,839	25,397	2,378	435	356,432
Issued securities	445,875	232,006	18,512	367	91,366	420,752	36,489	1,245,367
Subordinated liabilities	10,519	13,717	-	-	-	9,980	-	34,216
Other items not broken down by currency, incl. equity	324,925							324,925
Total liabilities and equity	1,272,002	363,273	85,071	45,053	213,972	490,758	52,004	2,522,133
Other assets and liabilities broken down by currency (net)		125,716	-114,803	-49,492	-39,555	304,831	37,406	
Net foreign currency position		-57	127	69	41	38	80	298

31 December 2014								
SEK m	SEK	EUR	NOK	DKK	GBP	USD	Other currencies	Total
Assets								
Cash and balances with central banks	223	81,932	2,342	97	55,782	312,782	1,374	454,532
Other loans to central banks	6,926	-	15,758	28,021	342	-	0	51,047
Loans to other credit institutions	1,719	10,075	275	288	874	54,871	2,237	70,339
Loans to the public	1,164,777	178,002	184,912	72,787	167,719	26,642	12,997	1,807,836
<i>of which corporates</i>	500,444	129,197	101,176	28,326	114,555	26,490	11,750	911,938
<i>of which households</i>	664,333	48,805	83,736	44,461	53,164	152	1,247	895,898
Interest-bearing securities eligible as collateral with central banks	40,967	6,576	1,080	6	-	28,597	993	78,219
Bonds and other interest-bearing securities	54,997	3,976	3,890	-	828	34	-	63,725
Other items not broken down by currency	290,978							290,978
Total assets	1,560,587	280,561	208,257	101,199	225,545	422,926	17,601	2,816,676
Liabilities								
Due to credit institutions	32,440	71,353	10,855	13,728	3,804	56,412	11,482	200,074
Deposits and borrowing from the public	444,033	120,068	61,616	30,218	106,728	249,885	9,719	1,022,267
<i>of which corporates</i>	191,628	105,379	44,311	17,550	87,548	247,678	9,423	703,517
<i>of which households</i>	252,405	14,689	17,305	12,668	19,180	2,207	296	318,750
Issued securities	459,264	236,831	22,625	342	89,923	371,593	32,035	1,212,613
Subordinated liabilities	10,308	18,887	-	-	-	117	977	30,289
Other items not broken down by currency, incl. equity	351,433							351,433
Total liabilities and equity	1,297,478	447,139	95,096	44,288	200,455	678,007	54,213	2,816,676
Other assets and liabilities broken down by currency (net)		166,635	-113,117	-56,885	-24,996	254,804	36,690	
Net foreign currency position		57	44	26	94	-277	78	22

Note 19 Own funds and capital requirements in the consolidated situation

Figures reported in this section refer to the minimum capital requirements under Pillar 1, according to the capital adequacy regulations applying at any time. On 1 January 2014, the European Capital Requirements Regulation (CRR) came into force. Own funds and capital requirement as of 2014 are calculated in accordance with the new EU regulations. All references to CRD IV in this report refer to the new regulations in their entirety regardless of legislative form (regulation, directive, executive decree or national implementation).

Own funds

SEK m	31 Dec 2015	30 Sep 2015	30 Jun 2015	31 Mar 2015	31 Dec 2014
TIER 1 CAPITAL					
Equity, Group	128,268	127,435	123,971	124,492	126,827
Accrued unpaid dividend last year	-	-	-	-	-
Accrued dividend current year	-11,442	-8,657	-6,084	-2,718	-11,124
Result from unconsolidated entities	-748	-597	-433	-202	-733
Equity not part of the consolidated situation	172	135	97	58	598
Minority interests	-4	-5	-4	-4	-3
Equity (consolidated entities)	116,246	118,311	117,547	121,626	115,565
Deducted items					
Goodwill and other intangible assets	-8,246	-8,223	-8,184	-8,136	-8,123
Value adjustments (fair value)	-553	-534	-430	-351	-1
Special deduction for IRB institutions	-1,395	-1,577	-1,668	-2,132	-2,103
Positions in securitisation	-	-	-	-	-
Net pension assets	-	-	-	-	-
Own shares	-577	-595	-462	-500	-466
Adjustments in accordance with stability filter					
Cash flow hedges	-4,940	-6,259	-4,082	-6,306	-5,331
Unrealised accumulated gains, shares	-	-	-	-	-1,457
Common equity tier 1 capital, gross	100,535	101,123	102,721	104,201	98,084
Threshold deductions					
Capital contributions to unconsolidated financial entities >10% CET1	-	-	-	-	-
Deferred tax assets >10% CET1	-	-	-	-	-
Amount of capital contributions and deferred tax assets >15%	-	-	-	-	-
Common equity tier 1 capital	100,535	101,123	102,721	104,201	98,084
Additional tier 1 instruments	11,933	11,955	17,766	18,317	8,043
Total tier 1 capital	112,468	113,078	120,487	122,518	106,127
TIER 2 CAPITAL					
Subordinated loans	17,150	17,622	17,275	17,455	17,860
Deducted items					
Tier 2 contribution in unconsolidated financial entities	-1,129	-1,129	-1,129	-1,129	-1,129
Total tier 2 capital	16,021	16,493	16,146	16,326	16,731
Total own funds	128,489	129,571	136,633	138,844	122,858

Capital ratios and buffers

	31 Dec 2015	30 Sep 2015	30 Jun 2015	31 Mar 2015	31 Dec 2014
Common equity tier 1 ratio, CRD IV	21.2%	21.4%	21.3%	21.1%	20.4%
Tier 1 ratio, CRD IV	23.8%	23.9%	25.0%	24.9%	22.1%
Total capital ratio, CRD IV	27.2%	27.4%	28.4%	28.2%	25.6%
Risk exposure amount CRD IV, SEK m	473,132	473,539	481,134	492,968	480,388
Own funds in relation to capital requirement according to Basel I floor	137%	140%	149%	153%	138%
Institution-specific buffer requirements*	6.1%	6.1%	5.6%	5.5%	2.5%
<i>of which capital conservation buffer requirement</i>	2.5%	2.5%	2.5%	2.5%	2.5%
<i>of which countercyclical capital buffer requirement</i>	0.6%	0.6%	0.1%		
<i>of which systemic risk buffer requirement</i>	3.0%	3.0%	3.0%	3.0%	
Common equity tier 1 capital available for use as a buffer	16.7%	16.9%	16.8%	16.6%	15.9%

* Information is only provided regarding the buffer requirements which have come into force.

Capital requirement

SEK m	31 Dec 2015	30 Sep 2015	30 Jun 2015	31 Mar 2015	31 Dec 2014
Credit risk according to standardised approach	6,433	6,127	5,906	5,960	5,575
Credit risk according to IRB approach	25,225	25,608	26,394	27,152	26,944
Market risks	825	849	968	1,054	939
Credit value adjustment risk (CVA)	713	645	567	617	534
Operational risk	4,655	4,655	4,655	4,655	4,439
Total capital requirement	37,851	37,884	38,490	39,438	38,431
Adjustment according to Basel I floor	56,982	55,659	54,309	52,771	51,975
Capital requirement, Basel I floor	94,833	93,543	92,799	92,209	90,406
Total own funds, Basel I floor	129,884	131,148	138,301	140,976	124,961

Risk exposure amount

SEK m	31 Dec 2015	30 Sep 2015	30 Jun 2015	31 Mar 2015	31 Dec 2014
Credit risk according to standardised approach	80,406	76,583	73,825	74,506	69,686
Credit risk according to IRB approach	315,310	320,101	329,926	339,396	336,795
Market risk	10,318	10,612	12,110	13,178	11,739
Credit value adjustment risk (CVA)	8,911	8,056	7,086	7,701	6,676
Operational risk	58,187	58,187	58,187	58,187	55,492
Total risk exposure amount	473,132	473,539	481,134	492,968	480,388

Capital requirement credit risks standardised approach**

SEK m	Exposure amount		Risk-weighted exposure amount		Capital requirement		Average risk weight, %	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
Sovereign and central banks	270,402	558,624	72	46	6	4	0.0	0.0
Municipalities	58,231	64,086	18	20	1	2	0.0	0.0
Multilateral development banks	649	762	0	0	0	0	0.0	0.0
International organisations	1	0	0	0	0	0	0.0	0.0
Institutions	4,162	2,277	603	574	48	46	14.5	25.2
Corporates	12,232	12,771	11,570	10,389	926	831	94.6	81.3
Households	22,417	19,212	16,774	14,350	1,342	1,147	74.8	74.7
Collateral in real estate	70,925	57,765	25,367	20,994	2,029	1,680	35.8	36.3
Past due items	229	144	319	186	25	15	139.2	129.9
Equities	7,978	7,110	17,308	16,393	1,385	1,311	216.9	230.6
Other items	9,034	7,409	8,375	6,734	671	539	92.7	90.9
Total	456,260	730,160	80,406	69,686	6,433	5,575	17.6	9.5

** Information about capital requirements for the exposure classes where there are exposures.

Credit risks IRB

SEK m	Exposure amount		Risk-weighted exposure amount		Capital requirement		Average risk weight, %	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
	Corporates (excl. housing co-op. assoc.)	824,013	807,909	204,426	225,120	16,354	18,010	24.8
<i>of which repos and securities loans</i>	9,324	14,060	260	57	21	5	2.8	0.4
<i>of which other loans foundation approach *</i>	143,430	142,048	42,501	46,601	3,400	3,728	29.6	32.8
<i>of which other loans advanced approach *</i>	671,259	651,801	161,665	178,462	12,933	14,277	24.1	27.4
<i>of which large companies</i>	137,749	149,446	61,130	72,577	4,890	5,806	44.4	48.6
<i>of which medium-sized companies</i>	76,639	74,041	32,888	33,723	2,631	2,698	42.9	45.5
<i>of which property companies</i>	456,871	428,314	67,647	72,162	5,412	5,773	14.8	16.8
Housing co-operative associations **	168,369	150,952	6,003	5,619	480	449	3.6	3.7
Households	918,324	867,447	66,245	69,012	5,300	5,521	7.2	8.0
Private individuals	891,487	839,719	58,841	61,380	4,707	4,910	6.6	7.3
<i>of which property loans</i>	810,312	756,225	43,517	42,051	3,481	3,364	5.4	5.6
<i>of which other loans</i>	81,175	83,494	15,324	19,329	1,226	1,546	18.9	23.2
Small companies	26,837	27,728	7,404	7,632	593	611	27.6	27.5
<i>of which property loans</i>	7,541	7,535	2,016	1,529	161	122	26.7	20.3
<i>of which other loans</i>	19,296	20,193	5,388	6,103	432	489	27.9	30.2
Institutions	117,263	134,409	20,471	16,671	1,638	1,334	17.5	12.4
<i>of which repos and securities loans</i>	31,143	51,433	424	661	34	53	1.4	1.3
<i>of which other loans</i>	86,120	82,976	20,047	16,010	1,604	1,281	23.3	19.3
Equity exposures	5,229	6,102	15,815	18,110	1,265	1,449	302.4	296.8
<i>of which listed shares</i>	4,418	5,584	12,811	16,195	1,025	1,296	290.0	290.0
<i>of which other shares</i>	811	518	3,004	1,915	240	153	370.0	370.0
Exposures without a counterparty	2,348	2,239	2,348	2,239	188	179	100.0	100.0
Securitisation positions	28	269	2	24	0	2	7.4	8.8
<i>of which Traditional securitisation</i>	28	269	2	24	0	2	7.4	8.8
<i>of which Synthetic securitisation</i>	-	-	-	-	-	-	-	-
Total IRB approach	2,035,574	1,969,327	315,310	336,795	25,225	26,944	15.5	17.1
<i>of which repos and securities loans</i>	40,467	65,493	683	717	55	57	1.7	1.1
<i>of which other loans foundation approach *</i>	237,156	233,633	80,714	82,984	6,457	6,639	34.0	35.5
<i>of which other loans advanced approach *</i>	1,757,951	1,670,201	233,912	253,094	18,713	20,248	13.3	15.2

* The foundation approach means the IRB approach without own estimates of LGD and CCF. The advanced approach means the IRB approach with own estimates of LGD and CCF.

** Refers to housing co-operative associations which are included in the Corporate exposure class and are reported in the advanced approach.

The capital requirement for credit risk is calculated according to the standardised approach and the IRB Approach according to CRR. There are two different IRB approaches: a foundation approach and an advanced approach.

In the foundation approach, the Bank uses its own method to determine the probability of the customer defaulting within one year (PD), while the other parameters are stated in the CRR regulations. In the IRB Approach with own estimates of LGD and CCF, the Bank uses its own methods to calculate the loss given default (LGD) and the exposure amount.

Handelsbanken uses the foundation approach for exposures to institutions and for certain product and collateral types for corporate exposures in the whole of the regional banking operations and in the following subsidiaries: Stadshypotek AB, Handelsbanken Finans AB, Handelsbanken Finans (Shanghai) Financial Leasing Co. Ltd and Rahoitus Oy.

The advanced IRB approach is applied to the majority of exposures to large corporates, medium-sized companies, property companies and housing co-operative associations in regional bank operations (excluding the Netherlands), Handelsbanken Capital Markets, Stadshypotek AB and Handelsbanken Finans AB, and retail exposures in Sweden, Norway, Finland and Denmark, as well as in

the subsidiaries Stadshypotek AB, Handelsbanken Finans AB and Rahoitus Oy.

At the year-end, the IRB Approach was applied to 80% of the total risk-weighted exposure amount for credit risk. For the remaining credit risk exposures, the capital requirement is calculated using the standardised approach.

Repos and securities loans are reported separately in the table illustrating the capital requirement according to the IRB Approach, since they give rise to very low capital requirements, while the volumes vary considerably over time. The low capital requirement is due to the exposure being reported gross and being secured.

The total average risk weight for exposures approved for the IRB Approach decreased during the quarter and amounted to 15.5% as at 31 December 2015. The main reason for the decrease in average risk weight is that equity exposure, which has a considerably higher risk weight than average, diminished during the quarter.

Credit quality is good. Of Handelsbanken's corporate exposures, 97% were to customers with a repayment capacity assessed as normal or better than normal, i.e. with a rating grade between one and five on the Bank's ten-point risk rating scale. The IRB Approach is based on historical losses from both the financial crisis of recent years and the Swedish banking crisis in 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 reflects 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 corporate, while some other banks have opted to classify this as retail lending.

The capital requirement for equity exposures in the IRB Approach is calculated according to a simplified risk weight method.

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

Capital requirement market risks

SEK m	31 Dec 2015	30 Sep 2015	30 Jun 2015	31 Mar 2015	31 Dec 2014
Position risk in the trading book	819	844	963	1,045	927
Interest rate risk	804	826	946	1,033	908
<i>of which general risk</i>	512	489	603	704	566
<i>of which specific risk</i>	290	335	341	327	338
<i>of which positions in securitisation instruments</i>	-	-	-	0	0
<i>of which non-delta risk</i>	2	2	2	2	4
Equity price risk	15	18	17	12	19
<i>of which general risk</i>	1	3	2	2	3
<i>of which specific risk</i>	4	7	5	5	7
<i>of which mutual funds</i>	2	0	1	0	1
<i>of which non-delta risk</i>	8	8	9	5	8
Exchange rate risk	-	-	-	-	-
<i>of which non-delta risk</i>	-	-	-	-	-
Commodities risk	6	5	5	8	8
<i>of which non-delta risk</i>	0	0	0	0	0
Settlement risk	0	0	0	1	4
Total capital requirement for market risks	825	849	968	1,054	939

The capital requirement for market risks is calculated for the Bank's consolidated situation. The capital requirement for interest rate risks and equity price risks is, however, only calculated for positions in the trading book. When calculating the capital requirement for market risks, the standardised approach is applied.

Capital requirement operational risk

Handelsbanken uses the standardised approach according to which calculation of the capital requirement is based on the Bank's income in various business segments.

Leverage ratio

Effective as of 2015, the provisions of CRD IV include a reporting requirement regarding a non risk-based leverage ratio. The measurement is to undergo evaluation and no decision regarding a binding requirement has yet been taken.

SEK m	31 Dec 2015	30 Sep 2015	30 Jun 2015	31 Mar 2015	31 Dec 2014
Balance sheet according to accounting regulations	2,522,133	2,943,621	2,935,809	2,919,019	2,816,676
Deduction for assets not included in the banking group	-103,655	-99,096	-105,213	-106,940	-95,097
Adjustment for differences between carrying amount and leverage ratio exposure - derivatives	-37,126	-49,606	-29,412	-49,167	-43,931
Adjustment for differences between carrying amount and leverage ratio exposure - repos and securities loans	4,786	8,596	5,300	8,502	3,312
<i>Assets reported off the balance sheet, gross (before adjustment for conversion factor)</i>	<i>483,859</i>	<i>480,000</i>	<i>474,213</i>	<i>456,981</i>	<i>457,641</i>
<i>Deduction from assets off the balance sheet after application of conversion factor</i>	<i>-303,538</i>	<i>-304,092</i>	<i>-297,692</i>	<i>-285,498</i>	<i>-284,089</i>
Assets reported off the balance sheet, net	180,321	175,908	176,521	171,483	173,552
Additional adjustment	-16,872	-18,390	-15,987	-18,489	-18,489
Assets on which the leverage ratio is calculated	2,549,587	2,961,033	2,967,018	2,924,408	2,836,023
Capital on which the leverage ratio can be calculated					
Tier 1 capital	112,468	113,078	120,487	122,518	106,127
Leverage ratio					
Leverage ratio calculated on tier 1 capital	4.4%	3.8%	4.1%	4.2%	3.7%

Note 20 Risk and capital management

Risks and uncertainty factors

Handelsbanken provides credit through its branch operations, exercising a low risk tolerance. The credit process is based on the conviction that a decentralised organisation with local presence ensures high quality in credit decisions. Handelsbanken's exposure to market risk is also low. Essentially, market risks in the banking operations are only taken as part of meeting customers' investment and risk management needs. During the past few years, the Bank has worked actively to reduce the market risks in its balance sheet. One result of this is that a much smaller part of the Bank's earnings comes from net gains/losses on financial transactions.

The situation with regard to regulatory developments continues to evolve rapidly. Handelsbanken's low tolerance of risk, sound

capitalisation and strong liquidity situation mean that the Bank is well equipped to operate under the new, stricter regulations and also under substantially more difficult market conditions than those experienced during the last few years. The Bank's liquidity position is described in more detail below under the heading Liquidity and funding.

The Bank's risk and capital planning is described in Handelsbanken's Annual Report and in Handelsbanken's Risk and Capital Management – Information according to Pillar 3. No material changes have occurred since the publication of these documents that are not presented in the interim reports for the year and these highlights of the annual report.

Liquidity and funding

Handelsbanken has a strong liquidity position. For a long 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 aim 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. Handelsbanken's funding programme covers the maturities in all currencies that the Bank needs to fund its lending and enables the Bank to issue all currencies of relevance to the Bank.

Funding programmes/limits as at 31 December 2015 - Group

Programme (in millions)	Currency	Programme size	Utilised amount	Countervalue SEK m
ECP *	EUR	5,000	3,271	29,881
ECP (Stadshypotek) *	EUR	4,000	106	968
French Commercial Paper	EUR	7,500	673	6,148
Swedish Commercial Paper	SEK	25,000	400	400
Swedish Commercial Paper (Stadshypotek)	SEK	90,000	0	0
USCP	USD	15,000	7,032	58,734
AMTN	AUD	5,000	650	3,956
AMTCN (Stadshypotek)	AUD	5,000	750	4,565
EMTN *	USD	50,000	23,681	197,793
EMTCN (Stadshypotek) *	EUR	20,000	10,864	99,243
US 144A/3(a)(2)	USD	20,000	10,900	91,041
Stadshypotek US 144A	USD	15,000	3,750	31,322
Samurai	JPY	400,000	192,300	13,335
MTN *	SEK	100,000	15,392	15,392
General funding >1 Y*	USD	15,000	2,324	19,411
Extendible Notes	USD	15,000	3,804	31,773
Total				603,962
Total programme (or limited) amounts, SEK m		1,722,839		
Unutilised amount, SEK m		1,118,877		
Available amount		65%		

* 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 2015, the total liquidity reserves exceeded SEK 800bn, despite the fact that the Bank opted to reduce the volume of short-term deposits over the year-end. Balances with central banks and banks, as well as securities that are eligible as collateral with

central banks, totalled SEK 352bn (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

Market value					
SEK m	31 Dec 2015	30 Sep 2015	30 Jun 2015	31 Mar 2015	31 Dec 2014
Cash and balances with and other lending to central banks	236,359	525,421	552,266	529,972	503,842
Balances with banks and the National Debt Office, overnight	1,180	983	30,860	6,115	15,467
Securities issued by governments and public entities	63,136	77,799	41,209	46,398	66,273
Covered bonds	50,096	54,230	48,093	65,733	60,623
Securities issued by non-financial companies	637	1,094	1,727	1,866	1,855
Securities issued by financial companies	233	978	847	593	269
Total	351,641	660,505	675,002	650,677	648,329
<i>of which in SEK</i>	<i>89,695</i>	<i>131,728</i>	<i>124,675</i>	<i>77,482</i>	<i>104,832</i>
<i>of which in EUR</i>	<i>55,471</i>	<i>84,111</i>	<i>76,119</i>	<i>114,826</i>	<i>93,087</i>
<i>of which in USD</i>	<i>114,702</i>	<i>360,074</i>	<i>351,298</i>	<i>368,213</i>	<i>329,059</i>
<i>of which in other currencies</i>	<i>91,773</i>	<i>84,592</i>	<i>122,910</i>	<i>90,156</i>	<i>121,351</i>

31 December 2015					
Market value, SEK m	SEK	EUR	USD	Other	Total
Cash and balances with and other lending to central banks	15,998	45,560	94,626	80,175	236,359
Balances with other banks and the National Debt Office, overnight	0	43	75	1,062	1,180
Securities issued by governments	33,915	6,900	16,933	-	57,748
Securities issued by municipalities and other public entities	2,045	275	3,068	-	5,388
Covered bonds, external issuers	35,707	2,554	-	10,521	48,782
Own covered bonds	1,314	-	-	-	1,314
Securities issued by non-financial companies	502	135	-	-	637
Securities issued by financial companies	214	4	-	15	233
Total	89,695	55,471	114,702	91,773	351,641

Maturities for financial assets and liabilities

31 December 2015 SEK m	Up to 1 mth	1 - 6 mths	6 - 12 mths	1 - 2 yrs	2 - 5 yrs	5 yrs -	Unspec. maturity	Total
Cash and balances with central banks	236,748	-	-	-	-	-	-	236,748
Interest-bearing securities eligible as collateral with central banks	74,777	-	-	-	-	-	-	74,777
Bonds and other interest-bearing securities	44,513	-	-	-	-	-	-	44,513
Loans to credit institutions	31,142	13,902	163	111	544	3,794	-	49,656
-of which reverse repos	14,572	8,822	-	-	-	-	-	23,394
Loans to the public	57,089	224,541	161,697	171,861	344,260	907,019	-	1,866,467
-of which reverse repos	7,742	-	-	-	-	-	-	7,742
Other	34,952	-	-	-	-	-	215,020	249,972
-of which shares and participating interests	30,387	-	-	-	-	-	-	30,387
-of which claims on investment banking settlements	4,565	-	-	-	-	-	-	4,565
Total	479,221	238,443	161,860	171,972	344,804	910,813	215,020	2,522,133
Due to credit institutions	69,675	67,660	1,431	5,567	20	5,304	14,113	163,770
-of which repos	290	-	-	-	-	-	-	290
-of which deposits from central banks	13,042	55,149	-	-	-	-	1,333	69,524
Deposits and borrowing from the public	3,106	43,608	7,717	1,071	2,376	6,604	689,373	753,855
-of which repos	-	-	-	-	-	-	-	0
Issued securities	97,531	343,665	109,631	164,410	453,780	76,350	-	1,245,367
-of which covered bonds	1	34,922	60,876	106,534	321,093	32,306	-	555,732
-of which certificates and other securities with original maturity of less than one year	96,702	269,765	7,719	-	-	-	-	374,186
-of which senior bonds and other securities with original maturity of more than one year	828	38,978	41,036	57,876	132,687	44,044	-	315,449
Subordinated liabilities	-	-	2,464	2,942	18,923	9,887	-	34,216
Other	8,940	-	-	-	-	-	315,985	324,925
-of which short positions	2,416	-	-	-	-	-	-	2,416
-of which investment banking settlement debts	6,524	-	-	-	-	-	-	6,524
Total	179,252	454,933	121,243	173,990	475,099	98,145	1,019,471	2,522,133

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 securities included.

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 maturity tables in SEK, EUR and USD, see the Fact Book at handelsbanken.se/ireng.

Liquidity coverage ratio (LCR)

	31 Dec 2015	30 Sep 2015	30 Jun 2015	31 Mar 2015	31 Dec 2014
Liquidity Coverage Ratio (LCR), %					
EUR	161	265	151	177	154
USD	429	127	126	129	137
Total*	137	141	117	127	140

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

	31 Dec 2015	30 Sep 2015	30 Jun 2015	31 Mar 2015	31 Dec 2014
Liquidity Coverage Ratio (LCR) - decomposition, SEK m					
Liquid assets	283,573	343,712	339,101	280,048	312,480
Liquid assets level 1	242,606	301,090	301,163	231,947	270,364
Liquid assets level 2	40,967	42,622	37,938	48,101	42,116
Cash outflows	318,364	628,912	657,509	638,440	595,043
Deposits from customers	141,589	202,316	189,379	213,217	205,068
Market funding	142,770	384,260	431,453	378,791	351,164
Other cash flows	34,005	42,336	36,677	46,432	38,811
Cash inflows	111,599	385,628	367,535	418,667	372,482
Inflows from maturing lending to non-financial customers	22,612	24,468	20,669	23,917	25,437
Other cash inflows	88,987	361,160	346,866	394,750	347,045

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.

As of 1 October 2015, due to the EU Commission's delegated act, there is a European minimum requirement for banks' liquidity in the form of a short-term liquidity buffer – Liquidity Coverage Ratio (LCR). The minimum requirement is initially 60% and it will be gradually raised to 100% by 2018 when the delegated act must be fully implemented. However, according to the delegated act, the LCR is based on the less stringent LCR proposed by the Basel Committee in 2013 and certain EU-specific changes, for example, that the liquidity reserve may include a higher proportion of covered bonds.

Sweden has moved more quickly than required by the EU. As early as 2013, Sweden made requirements for a short-term liquidity buffer through FFFS 2012:6. The requirement amounts to 100% but the definition of what comprises a short-term liquidity buffer differs from what applies at EU level. The LCR which the Swedish Financial Supervisory Authority has implemented is based on the stricter LCR measurement, mainly in terms of deposit outflow assumptions and the composition of the liquidity portfolio. This was first proposed by the Basel Committee in 2010. The minimum requirement for the structural liquidity ratio NSFR, is expected to be introduced in the EU in 2018.

At the end of December, Handelsbanken's LCR according to the Swedish Financial Supervisory Authority's regulation FFFS 2012:6 was 137%, which shows that the Bank has high resistance to short-term disruptions in the funding market. This also applies in US dollars and euros. The LCR, as an average of daily observations according

to the same regulation, was 140% during the fourth quarter. The Bank's LCR, calculated according to the European Commission's delegated act, was 140%.

At the year-end, the net stable funding ratio (NSFR) was 100%.

Stress test with liquidity-creating measures

The Bank's liquidity position is regularly subjected to stress tests. In these tests, the Bank's cash flows are stressed, based on certain defined assumptions. For example, in the stress test aimed at demonstrating resistance to more long-term market disruptions, it is assumed that the Bank is unable to obtain funding in the financial markets at the same time as it experiences 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 the liquidity reserves, even in a stressed scenario, cover the Bank's liquidity requirement for over three years, even if access to new funding in the markets were to disappear.

Non-encumbered assets, NEA

31 December 2015		
SEK bn	NEA	Accumulated coverage ratio in % of unsecured funding*
Holdings with central banks and securities in the liquidity portfolio	352	42%
Mortgage loans	453	96%
Other household lending	203	120%
Property company lending lowest risk class (1-3)	238	148%
Other corporate lending lowest risk class (1-3)	150	166%
Loans to credit institutions lowest risk class (1-3)	46	171%
Other corporate lending	228	198%
Other assets	39	203%
Total non-encumbered assets (NEA)	1,709	203%
Encumbered assets without underlying liabilities**	57	
Encumbered assets with underlying liabilities	756	
Total assets, Group	2,522	

31 December 2014		
SEK bn	NEA	Accumulated coverage ratio in % of unsecured funding*
Holdings with central banks and securities in the liquidity portfolio	648	77%
Mortgage loans	400	125%
Other household lending	151	142%
Property company lending lowest risk class (1-3)	221	169%
Other corporate lending lowest risk class (1-3)	169	189%
Loans to credit institutions lowest risk class (1-3)	63	196%
Other corporate lending	223	223%
Other assets	117	237%
Total non-encumbered assets (NEA)	1,992	237%
Encumbered assets without underlying liabilities**	57	
Encumbered assets with underlying liabilities	768	
Total assets, Group	2,817	

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

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

Condensed set of financial statements – Parent company

INCOME STATEMENT – PARENT COMPANY

SEK m	Q4 2015	Q3 2015	Change	Q4 2014	Change	Full year 2015	Full year 2014	Change
Net interest income	3,867	3,709	4%	3,922	-1%	15,250	16,082	-5%
Dividends received	10,924	87		8,763	25%	11,978	9,664	24%
Net fee and commission income	1,733	1,647	5%	1,642	6%	6,778	6,112	11%
Net gains/losses on financial transactions	1,672	210		347	382%	2,349	1,117	110%
Other operating income	428	372	15%	603	-29%	1,644	2,188	-25%
Total income	18,624	6,025	209%	15,277	22%	37,999	35,163	8%
Staff costs	-2,531	-2,670	-5%	-2,333	8%	-10,904	-10,441	4%
Other administrative expenses	-1,385	-1,170	18%	-1,364	2%	-5,040	-5,006	1%
Depreciation, amortisation and impairments of property, equipment and intangible assets	-116	-131	-11%	-112	4%	-507	-478	6%
Total expenses before loan losses	-4,032	-3,971	2%	-3,809	6%	-16,451	-15,925	3%
Profit before loan losses	14,592	2,054		11,468	27%	21,548	19,238	12%
Net loan losses	-467	-470	-1%	-739	-37%	-1,614	-1,825	-12%
Impairments of financial assets	-	-		-		-15	-	
Operating profit	14,125	1,584		10,729	32%	19,919	17,413	14%
Appropriations	14	28	-50%	27	-48%	100	111	-10%
Profit before tax	14,139	1,612		10,756	31%	20,019	17,524	14%
Taxes	-2,960	-362		-2,342	26%	-4,176	-3,823	9%
Profit for the period	11,179	1,250		8,414	33%	15,843	13,701	16%

STATEMENT OF COMPREHENSIVE INCOME – PARENT COMPANY

SEK m	Q4 2015	Q3 2015	Change	Q4 2014	Change	Full year 2015	Full year 2014	Change
Profit for the period	11,179	1,250		8,414	33%	15,843	13,701	16%
Other comprehensive income								
Items that may subsequently be reclassified to profit or loss								
Cash flow hedges	-567	1,792		2,046		195	3,249	-94%
Available-for-sale instruments	-948	196		454		694	295	135%
Translation differences for the period	-1,773	-802	-121%	390		-1,155	5,634	
<i>of which hedging net investment in foreign operations</i>	-711	-321	-121%	-296	-140%	-444	2,675	
Tax related to other comprehensive income	379	-332		-441		73	-1,311	
<i>of which cash flow hedges</i>	125	-395		-450		-43	-709	94%
<i>of which available-for-sale instruments</i>	97	-7		-57		18	-14	
<i>of which hedging net investment in foreign operations</i>	157	70	124%	66	138%	98	-588	
Total items that may subsequently be reclassified to profit or loss	-2,909	854		2,449		-193	7,867	
Total other comprehensive income for the period	-2,909	854		2,449		-193	7,867	
Total comprehensive income for the period	8,270	2,104	293%	10,863	-24%	15,650	21,568	-27%

Comment on results – Parent company

The parent company's accounts cover parts of the operations that, in organisational terms, are included in banking operations within and outside Sweden, Capital Markets, and central departments and staff functions. Although most of Handelsbanken's business is based on the local branches and is co-ordinated by them, in legal terms a sizeable part of business volumes are outside the parent company in wholly-owned subsidiaries – particularly in the Stadshypotek AB mortgage institution. Thus, the performance of the parent company is not equivalent to the performance of business operations in the Group as a whole. To obtain a comprehensive and more representative picture of Handelsbanken's position, results and performance, see the comments regarding the Group.

During the financial year, the parent company's operating profit increased by 14% to SEK 19,919m (17,413). Profit for the period grew by 16% to SEK 15,843m (13,701). Net interest income decreased by 5% to SEK 15,250m (16,082) and net fee and commission income increased by 11% to SEK 6,778m (6,112). Dividends received increased to SEK 11,978m (9,664). The parent company's equity increased to SEK 107,112m (102,585).

BALANCE SHEET – PARENT COMPANY

SEK m	31 Dec 2015	30 Sep 2015	30 Jun 2015	31 Mar 2015	31 Dec 2014
Assets					
Cash and balances with central banks	202,630	452,271	447,289	498,865	454,532
Interest-bearing securities eligible as collateral with central banks	71,436	99,359	69,739	64,376	74,362
Loans to credit institutions	596,441	622,610	677,893	597,111	568,589
Loans to the public	733,988	743,084	754,302	746,347	737,483
Bonds and other interest-bearing securities	40,974	58,226	52,454	60,821	59,652
Shares	29,309	60,629	72,150	65,058	44,949
Shares in subsidiaries and investments in associates	45,815	45,787	45,797	45,803	45,764
Assets where the customer bears the value change risk	3,422	3,463	3,358	3,253	3,024
Derivative instruments	89,491	102,627	94,991	131,389	120,051
Intangible assets	1,962	1,880	1,855	1,814	1,805
Property and equipment	1,150	1,139	997	978	1,032
Current tax assets	-	943	442	-	-
Deferred tax assets	328	344	298	371	361
Other assets	18,299	48,377	16,893	25,206	19,195
Prepaid expenses and accrued income	4,813	4,265	4,599	5,433	4,996
Total assets	1,840,058	2,245,004	2,243,057	2,246,825	2,135,795
Liabilities and equity					
Due to credit institutions	173,533	234,423	229,639	234,167	210,099
Deposits and borrowing from the public	755,066	1,049,921	1,093,330	1,055,296	1,020,962
Liabilities where the customer bears the value change risk	3,501	3,540	3,420	3,297	3,125
Issued securities	676,950	678,617	640,400	646,022	633,128
Derivative instruments	61,109	70,511	76,581	100,481	87,718
Short positions	2,416	21,027	20,421	21,338	20,648
Current tax liabilities	847	-	-	174	829
Deferred tax liabilities	1,521	1,844	1,487	1,923	1,669
Provisions	96	107	102	104	87
Other liabilities	13,751	34,743	30,224	36,981	14,148
Accrued expenses and deferred income	9,370	10,467	10,377	9,768	9,809
Subordinated liabilities	34,216	40,361	39,711	40,312	30,289
Total liabilities	1,732,376	2,145,561	2,145,692	2,149,863	2,032,511
Untaxed reserves	570	601	627	659	699
Share capital	2,956	2,956	2,956	2,956	2,956
Share premium	3,204	3,204	3,204	3,204	3,203
Other funds	9,585	12,494	11,640	13,083	9,778
Retained earnings	75,524	75,524	75,524	75,524	72,947
Profit for the period	15,843	4,664	3,414	1,536	13,701
Total equity	107,112	98,842	96,738	96,303	102,585
Total liabilities and equity	1,840,058	2,245,004	2,243,057	2,246,825	2,135,795
Memorandum items					
Assets pledged for own debt	30,185	45,274	43,662	43,009	42,225
Other assets pledged	33,520	44,081	49,481	55,468	35,758
Contingent liabilities	120,002	120,257	120,988	125,649	80,471
Other commitments	489,646	509,461	497,076	514,492	487,070

CHANGE IN SHAREHOLDER'S EQUITY – PARENT COMPANY

January – December 2015 SEK m	Restricted equity		Unrestricted equity					Total
	Share capital	Statutory reserve	Share premium	Hedge reserve *	Fair value reserve *	Translation reserve *	Retained earnings	
Opening equity	2,956	2,682	3,203	1,197	1,304	4,595	86,648	102,585
Profit for the period							15,843	15,843
Other comprehensive income				152	712	-1,057		-193
Total comprehensive income for the period				152	712	-1,057	15,843	15,650
Dividend							-11,124	-11,124
Effects of convertible subordinated loans	0		1					1
Closing equity	2,956	2,682	3,204	1,349	2,016	3,538	91,367	107,112

January – December 2014 SEK m	Restricted equity		Unrestricted equity					Total
	Share capital	Statutory reserve	Share premium	Hedge reserve *	Fair value reserve *	Translation reserve *	Retained earnings	
Opening equity	2,956	2,682	2,843	-1,343	1,023	-451	83,048	90,758
Profit for the period							13,701	13,701
Other comprehensive income				2,540	281	5,046		7,867
Total comprehensive income for the period				2,540	281	5,046	13,701	21,568
Dividend							-10,488	-10,488
Effects of convertible subordinated loans	0		360				49	409
Merger difference							338	338
Closing equity	2,956	2,682	3,203	1,197	1,304	4,595	86,648	102,585

* Included in fair value fund.

During the period January – December 2015, convertibles for a nominal value of SEK 1m (6) relating to the 2008 subordinated convertible bond were converted into 18,925 class A shares (89,772). At the end of the period, the number of Handelsbanken shares in the trading book was 0 (0).

CASH FLOW STATEMENT – PARENT COMPANY

SEK m	Full year 2015	Full year 2014
Operating profit	19,919	17,413
Adjustment for non-cash items in profit/loss	-7,338	-6,480
Paid income tax	-4,221	-3,905
Changes in the assets and liabilities of operating activities	-293,815	37,326
Cash flow from operating activities	-285,455	44,354
Change in shares	3,618	-1,666
Change in interest-bearing securities	0	3,395
Change in property and equipment	-415	-200
Change in intangible assets	-447	-248
Cash flow from investing activities	2,756	1,281
Repayment of subordinated loans	-5,690	-2,905
Issued subordinated loans	10,082	16,612
Dividend paid	-11,124	-10,488
Dividends received from group companies	8,727	7,950
Cash flow from financing activities	1,995	11,169
Liquid funds at beginning of the year	454,532	334,794
Cash flow for the period	-280,704	56,804
Exchange rate difference on liquid funds	28,802	62,934
Liquid funds at end of year	202,630	454,532

OWN FUNDS AND CAPITAL REQUIREMENT – PARENT COMPANY

Figures reported in this section refer to the minimum capital requirements under Pillar 1. On 1 January 2014, the European Capital Requirements Regulation (CRR) came into force. Own funds and capital requirement as of 2014 are calculated in accordance with the new EU regulations.

Own funds and capital ratios – Parent company

SEK m	31 Dec 2015	30 Sep 2015	30 Jun 2015	31 Mar 2015	31 Dec 2014
Common equity tier 1 capital	90,624	89,515	90,291	89,864	85,142
Total tier 1 capital	102,557	101,470	108,057	108,181	93,185
Total tier 2 capital	16,021	16,493	16,146	16,326	16,731
Total own funds	118,578	117,963	124,203	124,507	109,916
Capital ratios and buffers					
Common equity tier 1 ratio, CRD IV	19.9%	19.6%	19.5%	19.0%	18.5%
Tier 1 ratio, CRD IV	22.6%	22.3%	23.4%	22.9%	20.2%
Total capital ratio, CRD IV	26.1%	25.9%	26.8%	26.3%	23.9%
Risk exposure amount, CRD IV	454,661	455,557	462,658	473,426	460,401
Own funds in relation to capital requirement according to transitional rules	237%	237%	250%	250%	227%
Institution-specific buffer requirements	3.1%	3.1%	2.6%	2.5%	2.5%
<i>of which capital conservation buffer requirement</i>	2.5%	2.5%	2.5%	2.5%	2.5%
<i>of which countercyclical capital buffer requirement</i>	0.6%	0.6%	0.1%	-	-
<i>of which systemic risk buffer requirement</i>	-	-	-	-	-
Common equity tier 1 capital available for use as a buffer	15.4%	15.1%	15.0%	14.5%	14.0%

Capital requirement – Parent company

SEK m	31 Dec 2015	30 Sep 2015	30 Jun 2015	31 Mar 2015	31 Dec 2014
Credit risk according to standardised approach	11,120	10,822	10,562	10,572	10,221
Credit risk according to IRB approach	20,377	20,791	21,577	22,293	21,941
Market risk	825	849	968	1,054	939
Credit value adjustment risk (CVA)	713	645	567	617	534
Operational risk	3,338	3,338	3,338	3,338	3,197
Total capital requirement	36,373	36,445	37,012	37,874	36,832
Adjustment according to Basel I floor	14,150	13,797	13,157	12,579	12,317
Capital requirement, Basel I floor	50,523	50,242	50,169	50,453	49,149
Total own funds, Basel I floor	119,602	119,161	125,491	126,242	111,610

Capital requirement credit risks standardised approach * – Parent company

SEK m	31 Dec 2015	30 Sep 2015	30 Jun 2015	31 Mar 2015	31 Dec 2014
Sovereign and central banks	6	1	3	2	4
Municipalities	1	3	2	2	1
Multilateral development banks	0	0	0	0	0
International organisations	0	0	0	0	0
Institutions	81	77	83	71	76
Corporates	872	665	638	757	798
Households	1,319	1,307	1,285	1,217	1,112
Collateral in real estate	2,029	1,999	1,880	1,799	1,686
Past due items	25	26	30	17	14
Equities	6,129	6,169	6,156	6,168	6,076
Other items	658	575	485	539	454
Total	11,120	10,822	10,562	10,572	10,221

* Information about capital requirements for the exposure classes where there are exposures.

Capital requirement credit risks IRB – Parent company

SEK m	31 Dec 2015	30 Sep 2015	30 Jun 2015	31 Mar 2015	31 Dec 2014
Corporates	15,162	14,899	15,319	16,426	16,579
Households	2,049	2,132	2,178	2,252	2,290
Private individuals	1,544	1,640	1,672	1,739	1,770
<i>of which property loans</i>	723	761	765	706	698
<i>of which other loans</i>	821	879	907	1,033	1,072
Small companies	505	492	506	513	520
Institutions	1,638	1,560	1,882	1,480	1,334
Equity exposures	1,436	2,108	2,118	2,055	1,654
<i>of which listed shares</i>	1,025	1,692	1,656	1,678	1,296
<i>of which other shares</i>	411	416	462	377	358
Exposures without a counterparty	92	92	80	78	82
Securitisation positions	0	0	0	2	2
Total IRB	20,377	20,791	21,577	22,293	21,941

Capital requirement market risks – Parent company

SEK m	31 Dec 2015	30 Sep 2015	30 Jun 2015	31 Mar 2015	31 Dec 2014
Position risk in the trading book	819	844	963	1,045	927
Interest rate risk	804	826	946	1,033	908
<i>of which positions in securitisation instruments</i>	-	-	-	0	0
Equity price risk	15	18	17	12	19
Exchange rate risk	-	-	-	-	-
Commodities risk	6	5	5	8	8
Settlement risk	0	0	0	1	4
Total capital requirement for market risks	825	849	968	1,054	939

Leverage ratio – Parent company

SEK m	31 Dec 2015	30 Sep 2015	30 Jun 2015	31 Mar 2015
Balance sheet according to accounting regulations	1,840,058	2,245,004	2,243,057	2,246,825
Adjustment for differences between carrying amount and leverage ratio exposure - derivatives	-29,556	-42,716	-22,719	-42,811
Adjustment for differences between carrying amount and leverage ratio exposure - repos and securities loans	4,792	8,606	5,300	8,501
<i>Assets reported off the balance sheet, gross (before adjustment for conversion factor)</i>	530,343	524,456	519,612	505,993
<i>Deduction from assets off the balance sheet after application of conversion factor</i>	-338,334	-337,337	-331,422	-310,024
Assets reported off the balance sheet, net	192,009	187,120	188,190	195,969
Additional adjustment	-5,880	-6,393	-4,733	-5,981
Assets on which the leverage ratio is calculated	2,001,423	2,391,621	2,409,095	2,402,503
Capital on which the leverage ratio can be calculated				
Tier 1 capital	102,557	101,470	108,058	108,182
Leverage ratio				
Leverage ratio calculated on tier 1 capital	5.1%	4.2%	4.5%	4.5%

PRESS AND TELEPHONE CONFERENCE

A press and analyst conference is being arranged at the Bank's head office on 9 February at 9.00 a.m. (CET).

A phone conference will be held on 9 February at 11.00 a.m. (CET).

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

The Annual Report for 2015 will be published during the week starting 15 February and will then be available at handelsbanken.se/ireng.

The Bank's 2016 AGM will be held at the Grand Hotel's Winter Garden, Royal Entrance, Stallgatan 4, Stockholm, at 9.30 a.m. (CET) on 16 March.

The interim report for January – March 2016 will be published on 20 April 2016.

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Share price performance and other information

The Swedish stock market fell by 1% during the year. The Stockholm stock exchange's bank index decreased by 4%. Handelsbanken's class A shares closed at SEK 112.90, a decline of 8%, but including dividends paid amounting to SEK 5.83, the total return was -3%. Since 1 January 2000, Handelsbanken's share price has increased by 217%, excluding dividends, while the Stockholm stock exchange has risen by 21%.

SHARE PRICE PERFORMANCE SINCE 31 DEC 1999



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