

# Handelsbanken's Interim Report

JANUARY – MARCH 2016

## Summary January – March 2016, compared with January – March 2015

- Operating profit was SEK 4,967m (4,955)
- The period's profit after tax for total operations went up by 3% to SEK 4,043m (3,911)
- Earnings per share for total operations increased by 3% to SEK 2.12 (2.05)
- Return on equity for total operations rose to 13.1% (12.9)
- Income increased by 5% to SEK 10,243m (9,745)
- Net interest income went down by 2% to SEK 6,795m (6,916)
- The loan loss ratio decreased to 0.04% (0.07)
- The common equity tier 1 ratio increased to 22.7% (21.1) and the total capital ratio rose to 28.8% (28.2)
- The Bank is acquiring the Dutch asset management company Optimix
- Ten new regional advisory units within savings, pensions and private banking are being established in Sweden
- Capital gains from the sale of shares totalled SEK 827m (-)
- The Bank is making a provision of SEK 700m, mainly for early retirement of staff, to facilitate the adaptation of Swedish branch operations to changing customer behaviour brought about by advances in digital technology

## Summary of Q1 2016, compared with Q4 2015

- Operating profit fell by 10% to SEK 4,967m (5,533), but adjusted for items affecting comparability, it increased by 2%
- The period's profit after tax for total operations decreased to SEK 4,043m (4,501), and earnings per share were SEK 2.12 (2.36)
- Return on equity for total operations decreased to 13.1% (14.8)
- Income fell by 6% to SEK 10,243m (10,909)
- Net interest income declined by 3% to SEK 6,795m (6,971)
- The loan loss ratio decreased to 0.04% (0.10)

# Contents

Page

Group – Overview .....	3
Group performance .....	4
Group – Business segments .....	8
Handelsbanken Sweden .....	9
Handelsbanken UK .....	11
Handelsbanken Denmark .....	13
Handelsbanken Finland .....	15
Handelsbanken Norway .....	17
Handelsbanken the Netherlands .....	19
Handelsbanken Capital Markets .....	21
Other units not reported in the business segments .....	23
Key figures .....	24
The Handelsbanken share .....	24
Condensed set of financial statements – Group .....	25
Income statement .....	25
Earnings per share .....	25
Statement of comprehensive income .....	26
Quarterly performance .....	27
Balance sheet .....	28
Statement of changes in equity .....	29
Cash flow statement .....	29
Note 1 Accounting policies .....	30
Note 2 Net interest income .....	30
Note 3 Net fee and commission income .....	31
Note 4 Net gains/losses on financial transactions .....	31
Note 5 Other administrative expenses .....	31
Note 6 Loan losses and impaired loans .....	32
Note 7 Discontinued operations .....	33
Note 8 Loans and credit exposure .....	33
Note 9 Derivatives .....	35
Note 10 Goodwill and other intangible assets .....	36
Note 11 Due to credit institutions, deposits and borrowing from the public .....	36
Note 12 Issued securities .....	36
Note 13 Assets pledged, contingent liabilities and other commitments .....	36
Note 14 Classification of financial assets and liabilities .....	37
Note 15 Fair value measurement of financial instruments .....	39
Note 16 Related-party transactions .....	40
Note 17 Offsetting of financial instruments .....	41
Note 18 Assets and liabilities by currency .....	42
Note 19 Own funds and capital requirements in the consolidated situation .....	43
Note 20 Risk and capital management .....	47
Condensed set of financial statements – Parent company .....	52
Information on phone conference, etc. ....	57
Auditors' report concerning review of interim report .....	58
Share price performance and other information .....	59

# Handelsbanken Group – Overview

SEK m	Q1 2016	Q4 2015	Change	Q1 2015	Change	Jan-Mar 2016	Jan-Mar 2015	Change	Full year 2015
<b>Summary income statement</b>									
Net interest income	6,795	6,971	-3%	6,916	-2%	6,795	6,916	-2%	27,740
Net fee and commission income	2,170	2,343	-7%	2,310	-6%	2,170	2,310	-6%	9,320
Net gains/losses on financial transactions	1,162	1,503	-23%	428	171%	1,162	428	171%	2,608
Risk result - insurance	76	36	111%	26	192%	76	26	192%	157
Other dividend income	3	2	50%	3	0%	3	3	0%	281
Share of profit of associates	2	-11		1	100%	2	1	100%	17
Other income	35	65	-46%	61	-43%	35	61	-43%	213
<b>Total income</b>	<b>10,243</b>	<b>10,909</b>	<b>-6%</b>	<b>9,745</b>	<b>5%</b>	<b>10,243</b>	<b>9,745</b>	<b>5%</b>	<b>40,336</b>
Staff costs	-3,668	-3,353	9%	-3,126	17%	-3,668	-3,126	17%	-12,581
Other expenses	-1,303	-1,442	-10%	-1,228	6%	-1,303	-1,228	6%	-5,203
Depreciation, amortisation and impairments of property, equipment and intangible assets	-125	-112	12%	-127	-2%	-125	-127	-2%	-487
<b>Total expenses</b>	<b>-5,096</b>	<b>-4,907</b>	<b>4%</b>	<b>-4,481</b>	<b>14%</b>	<b>-5,096</b>	<b>-4,481</b>	<b>14%</b>	<b>-18,271</b>
<b>Profit before loan losses</b>	<b>5,147</b>	<b>6,002</b>	<b>-14%</b>	<b>5,264</b>	<b>-2%</b>	<b>5,147</b>	<b>5,264</b>	<b>-2%</b>	<b>22,065</b>
Net loan losses	-187	-475	-61%	-305	-39%	-187	-305	-39%	-1,597
Gains/losses on disposal of property, equipment and intangible assets	7	6	17%	-4		7	-4		7
<b>Operating profit</b>	<b>4,967</b>	<b>5,533</b>	<b>-10%</b>	<b>4,955</b>	<b>0%</b>	<b>4,967</b>	<b>4,955</b>	<b>0%</b>	<b>20,475</b>
Taxes	-929	-1,076	-14%	-1,063	-13%	-929	-1,063	-13%	-4,277
<b>Profit for the period from continuing operations</b>	<b>4,038</b>	<b>4,457</b>	<b>-9%</b>	<b>3,892</b>	<b>4%</b>	<b>4,038</b>	<b>3,892</b>	<b>4%</b>	<b>16,198</b>
Profit for the period pertaining to discontinued operations, after tax	5	44	-89%	19	-74%	5	19	-74%	145
<b>Profit for the period</b>	<b>4,043</b>	<b>4,501</b>	<b>-10%</b>	<b>3,911</b>	<b>3%</b>	<b>4,043</b>	<b>3,911</b>	<b>3%</b>	<b>16,343</b>
<b>Summary balance sheet</b>									
Loans to the public	1,902,479	1,866,467	2%	1,826,323	4%	1,902,479	1,826,323	4%	1,866,467
<i>of which mortgage loans</i>	<i>1,095,711</i>	<i>1,082,644</i>	<i>1%</i>	<i>1,029,440</i>	<i>6%</i>	<i>1,095,711</i>	<i>1,029,440</i>	<i>6%</i>	<i>1,082,644</i>
Deposits and borrowing from the public	1,042,076	753,855	38%	1,055,140	-1%	1,042,076	1,055,140	-1%	753,855
<i>of which households</i>	<i>364,890</i>	<i>356,432</i>	<i>2%</i>	<i>323,719</i>	<i>13%</i>	<i>364,890</i>	<i>323,719</i>	<i>13%</i>	<i>356,432</i>
Total equity	122,777	128,268	-4%	124,492	-1%	122,777	124,492	-1%	128,268
Total assets	2,856,843	2,522,133	13%	2,919,019	-2%	2,856,843	2,919,019	-2%	2,522,133
<b>Summary of key figures</b>									
Return on equity, total operations*	13.1%	14.8%		12.9%		13.1%	12.9%		13.5%
Return on equity, continuing operations*	13.1%	14.7%		12.8%		13.1%	12.8%		13.4%
C/I ratio, continuing operations	49.8%	45.0%		46.0%		49.8%	46.0%		45.3%
Earnings per share, total operations, SEK	2.12	2.36		2.05		2.12	2.05		8.57
- after dilution	2.07	2.30		2.01		2.07	2.01		8.39
Common equity tier 1 ratio, CRD IV	22.7%	21.2%		21.1%		22.7%	21.1%		21.2%
Total capital ratio, CRD IV	28.8%	27.2%		28.2%		28.8%	28.2%		27.2%

\* 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.

## Group performance

### JANUARY – MARCH 2016 COMPARED WITH JANUARY – MARCH 2015

The Group's operating profit was SEK 4,967m (4,955). The period's profit after tax for total operations grew by 3% to SEK 4,043m (3,911) and earnings per share increased to SEK 2.12 (2.05).

The common equity tier 1 ratio increased to SEK 22.7% (21.1) and the return on equity for total operations rose to 13.1% (12.9).

The C/I ratio was 49.8% (46.0).

#### Income

SEK m	Jan-Mar 2016	Jan-Mar 2015	Change
Net interest income	6,795	6,916	-2%
Net fee and commission income	2,170	2,310	-6%
Net gains/losses on financial trans.	1,162	428	171%
Other income	116	91	27%
<b>Total income</b>	<b>10,243</b>	<b>9,745</b>	<b>5%</b>

Income grew by 5% to SEK 10,243m (9,745).

Net interest income declined by 2% to SEK 6,795m (6,916). Adjusted for exchange rate movements of SEK -120m, net interest income was unchanged.

Higher lending volumes increased net interest income by SEK 390m, while lower lending margins had a negative impact of SEK -222m. Decreasing short-term interest rates reduced deposit margins by SEK 355m, and negative interest rates meant that increasing deposit volumes had a SEK -20m negative effect on net interest income. The decrease in interest rates also meant that the interest income on assets funded by equity declined by SEK 44m. The day effect had a SEK 22m positive impact on net interest income.

The benchmark effect in Stadshypotek increased to SEK 35m (-18). The cost for the Resolution Fund, which applies from 2016, amounted to SEK -255m (Stability Fund fee of SEK -234m). Together with fees for various deposit guarantees, government fees increased by SEK 20m to SEK -336m (-316).

The remainder of the change in net interest income of SEK 195m was chiefly attributable to rising deposit volumes contributing to a reduced need for market funding over the past twelve months.

The average volume of loans to the public grew by 4% to SEK 1,895bn (1,819). Exchange rate movements affected lending volumes negatively by SEK -28bn. Household lending increased by 7% to SEK 970bn (906), while corporate lending grew by 1% to SEK 925bn (913).

The average volume of deposits and borrowing declined by 2% to SEK 979bn (1,001). The average volume of household deposits went up by 12% to SEK 357bn (318), while corporate deposits decreased by 9% to SEK 621bn (683).

Net commission income fell by 6% to SEK 2,170m (2,310), chiefly as a result of lower brokerage income

and a lower net result from payments operations.

Brokerage income decreased by 28% to SEK 233m (322), owing to lower trading volumes, and payment commissions went down by 11% net to SEK 418m (469), due to lower net fee and commission income from card operations, which fell by 11% to SEK 279m (312). The decrease was chiefly attributable to falling interchange fees. Advisory commissions more than doubled to SEK 104m (50).

Net gains/losses on financial transactions rose to SEK 1,162m (428). This figure includes capital gains from the sale of shares totalling SEK 827m (-).

Other income amounted to SEK 116m (91).

#### Expenses

SEK m	Jan-Mar 2016	Jan-Mar 2015	Change
Staff costs	-3,668	-3,126	17%
of which Oktogonen	-	-199	
of which provision for early retirement	-700	-	
Other expenses	-1,303	-1,228	6%
Depreciation and amortisation	-125	-127	-2%
<b>Total expenses</b>	<b>-5,096</b>	<b>-4,481</b>	<b>14%</b>

Total expenses rose by 14% to SEK -5,096m (-4,481). Exchange rate effects were positive, amounting to SEK 66m.

Staff costs rose by 17% to SEK -3,668m (-3,126). Exchange rate effects reduced expenses by SEK 44m, while the impact of IAS 19 increased costs for defined benefit pensions by SEK 57m.

In order to facilitate the adaptation of Swedish branch operations to changing customer behaviour as a result of advances in digital technology, the Bank has decided to make a provision of SEK 700m, mainly to enable the early retirement of staff. These measures are expected to be fully implemented by year-end 2017, reducing expenses by SEK 600–700m per year, all other factors being equal.

Due to the announced changes in capital regulations, no provision for Oktogonen will be made for 2016 (SEK -199m in Q1 2015).

Adjusted for the above-mentioned items, underlying staff costs rose by 2%, which was chiefly attributable to annual salary increases and continued expansion in the Bank's growth markets. Variable remuneration, including social security costs and other payroll overheads, decreased to SEK -31m (-36).

The average number of employees rose to 11,835 (11,618). Excluding the expanding operations in the UK and the Netherlands, where the average number of staff rose by 223 and 36 respectively, the average number of employees decreased marginally.

Other expenses rose by 6% to SEK -1,303m (-1,228), chiefly due to higher IT costs and higher costs for purchased services. Exchange rate effects reduced other expenses by SEK 20m.

#### Loan losses

SEK m	Jan-Mar 2016	Jan-Mar 2015	Change
Net loan losses	-187	-305	-118
Loan loss ratio as a % of loans, acc.	0.04	0.07	-0.03
Impaired loans, net	3,508	4,676	-25%
Proportion of impaired loans	0.18	0.25	-0.07

Loan losses went down to SEK -187m (-305), and the loan loss ratio was 0.04% (0.07). Credit quality remained stable. Net impaired loans decreased by 25% to SEK 3,508m (4,676), equivalent to 0.18% (0.25) of lending.

#### Q1 2016 COMPARED WITH Q4 2015

Operating profit decreased by 10% to SEK 4,967m (5,533). Adjusted for items affecting comparability of SEK -642m relating to capital gains, the provision for early retirements and the provision for Oktogonen, the underlying profit increased by 2%. The period's profit after tax for total operations declined by 10% to SEK 4,043m (4,501). Earnings per share fell to SEK 2.12 (2.36) and return on equity decreased to 13.1% (14.8).

#### Income

SEK m	Q1 2016	Q4 2015	Change
Net interest income	6,795	6,971	-3%
Net fee and commission income	2,170	2,343	-7%
Net gains/losses on financial trans.	1,162	1,503	-23%
Other income	116	92	26%
<b>Total income</b>	<b>10,243</b>	<b>10,909</b>	<b>-6%</b>

Income fell by 6% to SEK 10,243m (10,909), mainly due to lower capital gains from the sale of shares. Exchange rate movements as a result of the strengthening Swedish krona reduced income by SEK 99m.

Net interest income fell by 3% to SEK 6,795m (6,971). Exchange rate movements reduced net interest income by SEK 84m and the day effect reduced it by a further SEK 23m. Government fees, which for 2016 consist of fees to the Swedish Resolution Fund and deposit guarantees, increased by SEK 169m to SEK -336m (-167).

The benchmark effect in Stadshypotek increased by SEK 91m to SEK 35m (-56).

Rising lending volumes increased net interest income by SEK 115m, while lower lending margins had a negative impact of SEK -95m.

Deposit margins decreased by SEK 23m. Higher margins in Norway partly offset the continuing pressure in Sweden.

The average volume of loans to the public increased by 1% to SEK 1,895bn (1,872). Exchange rate effects reduced lending by SEK 16bn. Both household and corporate lending rose by 1%. The total average volume of deposits and borrowing declined by 3% to SEK 979bn (1,004). Household deposits rose by 1%, while the average volume of corporate deposits went down by 5%.

Net fee and commission income declined by 7% to SEK 2,170m (2,343). Fund management commissions decreased by 6% to SEK 695m (743). Net flows, which remained positive, could not offset the negative effect of lower average market values. At the same time, lower customer activity meant that brokerage income went down by 12% to SEK 233m (266).

Net payment commissions declined by 15% to SEK 418m (493), chiefly due to lower card income. Net commissions from card operations fell by SEK 56m to SEK 279m (335), mainly due to the lower interchange fees that have applied since December 2015, as well as normal seasonal effects.

Net gains/losses on financial transactions decreased to SEK 1,162m (1,503). The decrease was wholly attributable to lower capital gains from the sale of shares. During the quarter, capital gains from the sale of shares in MasterCard and Visa of SEK 612m and SEK 215m respectively were realised, as compared with the capital gain from the sale of shares in SCA of SEK 1,207m in the fourth quarter of 2015.

Other income amounted to SEK 116m (92).

#### Expenses

SEK m	Q1 2016	Q4 2015	Change
Staff costs	-3,668	-3,353	9%
<i>of which Oktogonen</i>	-	-438	
<i>of which provision for early retirement</i>	-700	-	
Other expenses	-1,303	-1,442	-10%
Depreciation and amortisation	-125	-112	12%
<b>Total expenses</b>	<b>-5,096</b>	<b>-4,907</b>	<b>4%</b>

Expenses increased by 4% to SEK -5,096m (-4,907).

Exchange rate effects reduced expenses by SEK 60m.

Staff costs rose by 9% to SEK -3,668m (-3,353). The Bank has decided not to make any provision to Oktogonen for the 2016 financial year (Q4 2015: SEK -438m). At the same time, the Bank has made a provision of SEK -700m, primarily relating to the early retirement of staff, in order to facilitate the adaptation of Swedish branch operations to changing customer behaviour brought about by advances in digital technology. Adjusted for these two items, total expenses decreased by 2% and staff costs rose by 2%.

The period's provision for variable compensation was SEK -31m (-20), and the average number of employees increased to 11,835 (11,825).

Other expenses fell by 10% to SEK -1,303m (-1,442), as a result of seasonally higher costs in the comparison quarter.

## Loan losses

SEK m	Q1 2016	Q4 2015	Change
Net loan losses	-187	-475	-288
Loan loss ratio as a % of loans	0.04	0.10	-0.06
Impaired loans, net	3,508	4,028	-13%
Proportion of impaired loans	0.18	0.21	-0.03

Loan losses went down to SEK -187m (-475), and the loan loss ratio fell to 0.04% (0.10).

The quality of the credit portfolio remained stable. Net impaired loans decreased to SEK 3,508m (4,028), equivalent to 0.18% (0.21) of lending.

## FUNDING AND LIQUIDITY

In the first quarter, the volume of issued bonds increased to SEK 70bn (Q1 2015: 35bn), of which SEK 49bn was covered bonds and SEK 21bn senior bonds.

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 234% (203% at year-end 2015).

The Bank's liquidity reserve continued to exceed SEK 800bn. Cash funds and liquid assets invested with central banks amounted to SEK 511bn, while the volume of liquid bonds and other liquid assets totalled SEK 136bn. 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 151%. In USD, the LCR was 161%, and in EUR it was 134%. The Group's LCR, calculated according to the European Commission's delegated act, was 170%.

## 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. According to the current capital regulations, the Swedish Financial Supervisory Authority's assessment was that Handelsbanken's common equity tier 1 capital requirement at the end of the fourth quarter of 2015 corresponds to a common equity tier 1 ratio of 18.6%. At the end of the first quarter, the Bank's common equity tier 1 ratio was 22.7%. 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.

## Risk weights for corporate exposures

On 1 March, the Swedish Financial Supervisory Authority published two statements of opinion memoranda relating to higher capital requirements, chiefly for corporate exposures, for banks that use the IRB Approach to calculate capital requirements. The first memorandum deals with the need for higher risk weights for corporate exposures under Pillar 1, while the other relates to banks that use the advanced IRB Approach and deals with a maturity floor of at least 2.5 years under Pillar 2.

The memorandum relating to higher risk weights states that the Financial Supervisory Authority does not expect the average risk weight for corporate exposures to go below 30%. In order to achieve this, the Financial Supervisory Authority states, among other things, that the probability of default (PD) should be raised. This is to take place primarily through the actual loan loss history in the calculation models now being supplemented by a hypothetical downturn period of higher loan losses every five years during the period covered by the models.

Factoring in measures being taken, it is Handelsbanken's assessment that the Bank's capital level at the end of the first quarter already fulfilled the future capital requirement that would be the result of a 30% average risk weight for corporate exposures under Pillar 1 and the introduction of a maturity floor of 2.5 years under Pillar 2. However, the final formulation of the new capital regulations has not yet been determined.

## 31 March 2016 compared with 31 March 2015

SEK m	31 Mar 2016	31 Mar 2015	Change
Common equity tier 1 ratio, CRD IV	22.7%	21.1%	1.6
Total capital ratio, CRD IV	28.8%	28.2%	0.6
Risk exposure amount CRD IV, SEK m	456,104	492,968	-7%
Common equity tier 1 capital	103,624	104,201	-1%
Total own funds	131,176	138,844	-6%
Capital requirement, Basel I floor	95,358	92,209	3%
Total own funds, Basel I floor	132,628	140,976	-6%

Own funds were SEK 131bn (139), and according to the current regulations, the Bank's total capital ratio rose to 28.8% (28.2).

Common equity tier 1 capital amounted to SEK 104bn (104) and the common equity tier 1 ratio rose by 1.6 percentage points to 22.7% (21.1). The period's profit, including capital measures and after deducting for a dividend ratio of 50% for 2016, contributed 1.5 percentage points.

Higher lending volumes and credit risk migration in the loan portfolio reduced the common equity tier 1 ratio by 0.4 and 0.2 percentage points respectively. The effect of new lending volumes having lower risk than the credit portfolio average (known as volume migration) improved the common equity tier 1 ratio by 1.0 percentage point.



The effect of IAS 19 reduced the common equity tier 1 ratio by 0.6 percentage points.

The effect of exchange rate movements was -0.3 percentage points. AFS holdings and the net effect of other factors led to an increase of 0.6 percentage points.

#### 31 March 2016 compared with 31 December 2015

SEK m	31 Mar 2016	31 Dec 2015	Change
Common equity tier 1 ratio, CRD IV	22.7%	21.2%	1.5
Total capital ratio, CRD IV	28.8%	27.2%	1.6
Risk exposure amount CRD IV, SEK m	456,104	473,132	-4%
Common equity tier 1 capital	103,624	100,535	3%
Total own funds	131,176	128,489	2%
Capital requirement, Basel I floor	95,358	94,833	1%
Total own funds, Basel I floor	132,628	129,884	2%

The capital base amounted to SEK 131bn (128) and the total capital ratio rose to 28.8% (27.2). Common equity tier 1 capital increased to SEK 104bn (101), while the common equity tier 1 ratio according to CRD IV rose to 22.7% (21.2). The period's profit, including capital measures and after deducting for a dividend ratio of 50% for 2016, increased the common equity tier 1 ratio by 0.9 percentage points.

The negative effect of increasing lending volumes was counteracted by decreasing volumes of derivatives; together, these had no net impact on the common equity tier 1 ratio. Improved credit quality through volume migration had a positive effect of 0.1 percentage points, and improved utilisation of collateral added 0.4 percentage points. Credit risk migration in the credit portfolio was neutral for the period.

IAS 19 had a positive effect of 0.3 percentage points, while exchange rate movements reduced the common equity tier 1 ratio by 0.1 percentage points. The impact of AFS holdings reduced the core tier 1 ratio by 0.2 percentage points, while other effects made a net positive impact of 0.1 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 first quarter, Group EC totalled SEK 54.6bn, while AFR was SEK 136.4bn. Thus, the ratio between AFR and EC was 250%. For the parent company, EC totalled SEK 47.7bn, and AFR was SEK 112.0bn.

For the consolidated situation, EC totalled SEK 31.4bn, and AFR was SEK 134.8bn.

#### RATING

In Q2 2015, 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. During the quarter, Handelsbanken's short-term and long-term ratings with the 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)		

#### EVENTS AFTER THE END OF THE REPORTING PERIOD

Handelsbanken acquires Dutch asset management company

Handelsbanken has entered into an agreement to acquire the Dutch asset management company, Optimix Vermogensbeheer N.V. The company mainly conducts discretionary asset management, with assets under management of around EUR 2bn, including own funds. This acquisition will add advanced asset management services to the Bank's customer offering and create a platform for the Dutch branch operations' growth within asset and wealth management.

The transaction, which is subject to the normal approval from public authorities, is expected to be completed during the third quarter of 2016 and will initially only have a marginal impact on the Bank's profits and financial position.

# Handelsbanken Group – Business segments

January - March 2016		Home markets							Adj. & elim.	Group Jan-Mar 2016
SEK m	Sweden	UK	Denmark	Finland	Norway	Nether-lands	Capital Markets	Other		
Net interest income	3,759	1,116	409	318	769	95	137	192		6,795
Net fee and commission income	1,004	119	98	93	84	5	742	25		2,170
Net gains/losses on financial transactions	132	50	17	13	38	1	240	671		1,162
Risk result - insurance							76			76
Other dividend income								2		2
Other income	11	1	3	3	4	-	2	14		38
<b>Total income</b>	<b>4,906</b>	<b>1,286</b>	<b>527</b>	<b>427</b>	<b>895</b>	<b>101</b>	<b>1,197</b>	<b>904</b>		<b>10,243</b>
Staff costs	-1,606	-473	-159	-90	-163	-44	-610	-469	-54	-3,668
Other expenses	-280	-106	-44	-70	-48	-8	-212	-535		-1,303
Internal purchased and sold services	-658	-120	-69	-58	-86	-20	0	1,011		
Depreciation, amortisation and impairments of property, equipment and intangible assets	-20	-13	-3	-3	-3	-1	-20	-62		-125
<b>Total expenses</b>	<b>-2,564</b>	<b>-712</b>	<b>-275</b>	<b>-221</b>	<b>-300</b>	<b>-73</b>	<b>-842</b>	<b>-55</b>	<b>-54</b>	<b>-5,096</b>
<b>Profit before loan losses</b>	<b>2,342</b>	<b>574</b>	<b>252</b>	<b>206</b>	<b>595</b>	<b>28</b>	<b>355</b>	<b>849</b>	<b>-54</b>	<b>5,147</b>
Net loan losses	-24	-41	-6	-23	-103	0	10			-187
Gains/losses on disposal of property, equipment and intangible assets	-1	3	0	0	0	-	0	5		7
<b>Operating profit</b>	<b>2,317</b>	<b>536</b>	<b>246</b>	<b>183</b>	<b>492</b>	<b>28</b>	<b>365</b>	<b>854</b>	<b>-54</b>	<b>4,967</b>
Profit allocation	202	8	19	32	23	0	-284	0		
<b>Operating profit after profit allocation</b>	<b>2,519</b>	<b>544</b>	<b>265</b>	<b>215</b>	<b>515</b>	<b>28</b>	<b>81</b>	<b>854</b>	<b>-54</b>	<b>4,967</b>
Internal income*	-111	-350	-104	-85	-684	-52	-579	1,965		

January - March 2015		Home markets							Adj. & elim.	Group Jan-Mar 2015
SEK m	Sweden	UK	Denmark	Finland	Norway	Nether-lands	Capital Markets	Other		
Net interest income	3,886	1,057	419	342	835	75	163	139		6,916
Net fee and commission income	1,135	103	128	100	100	7	736	1		2,310
Net gains/losses on financial transactions	101	49	13	22	29	0	433	-219		428
Risk result - insurance							26			26
Share of profit of associates								1		1
Other income	35	2	5	6	3	-	1	12		64
<b>Total income</b>	<b>5,157</b>	<b>1,211</b>	<b>565</b>	<b>470</b>	<b>967</b>	<b>82</b>	<b>1,359</b>	<b>-66</b>		<b>9,745</b>
Staff costs	-880	-445	-155	-93	-184	-38	-632	-657	-42	-3,126
Other expenses	-270	-91	-46	-38	-53	-8	-216	-506		-1,228
Internal purchased and sold services	-683	-101	-72	-63	-97	-22	-6	1,044		
Depreciation, amortisation and impairments of property, equipment and intangible assets	-24	-5	-4	-2	-3	0	-19	-70		-127
<b>Total expenses</b>	<b>-1,857</b>	<b>-642</b>	<b>-277</b>	<b>-196</b>	<b>-337</b>	<b>-68</b>	<b>-873</b>	<b>-189</b>	<b>-42</b>	<b>-4,481</b>
<b>Profit before loan losses</b>	<b>3,300</b>	<b>569</b>	<b>288</b>	<b>274</b>	<b>630</b>	<b>14</b>	<b>486</b>	<b>-255</b>	<b>-42</b>	<b>5,264</b>
Net loan losses	-74	-95	-24	-14	-95	0	-3			-305
Gains/losses on disposal of property, equipment and intangible assets	-3	-1	0	-	-	-	0	-		-4
<b>Operating profit</b>	<b>3,223</b>	<b>473</b>	<b>264</b>	<b>260</b>	<b>535</b>	<b>14</b>	<b>483</b>	<b>-255</b>	<b>-42</b>	<b>4,955</b>
Profit allocation	196	9	18	25	8	0	-256	0		
<b>Operating profit after profit allocation</b>	<b>3,419</b>	<b>482</b>	<b>282</b>	<b>285</b>	<b>543</b>	<b>14</b>	<b>227</b>	<b>-255</b>	<b>-42</b>	<b>4,955</b>
Internal income*	-75	-371	-61	-99	-718	-37	-610	1,971		

\* 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 the 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.

## INCOME STATEMENT

SEK m	Q1 2016	Q4 2015	Change	Q1 2015	Change	Jan-Mar 2016	Jan-Mar 2015	Change	Full year 2015
Net interest income	3,759	3,775	0%	3,886	-3%	3,759	3,886	-3%	15,278
Net fee and commission income	1,004	1,143	-12%	1,135	-12%	1,004	1,135	-12%	4,619
Net gains/losses on financial transactions	132	50	164%	101	31%	132	101	31%	383
Other income	11	16	-31%	35	-69%	11	35	-69%	61
<b>Total income</b>	<b>4,906</b>	<b>4,984</b>	<b>-2%</b>	<b>5,157</b>	<b>-5%</b>	<b>4,906</b>	<b>5,157</b>	<b>-5%</b>	<b>20,341</b>
Staff costs	-1,606	-908	77%	-880	83%	-1,606	-880	83%	-3,620
Other expenses	-280	-324	-14%	-270	4%	-280	-270	4%	-1,163
Internal purchased and sold services	-658	-636	3%	-683	-4%	-658	-683	-4%	-2,595
Depreciation, amortisation and impairments of property, equipment and intangible assets	-20	-21	-5%	-24	-17%	-20	-24	-17%	-88
<b>Total expenses</b>	<b>-2,564</b>	<b>-1,889</b>	<b>36%</b>	<b>-1,857</b>	<b>38%</b>	<b>-2,564</b>	<b>-1,857</b>	<b>38%</b>	<b>-7,466</b>
<b>Profit before loan losses</b>	<b>2,342</b>	<b>3,095</b>	<b>-24%</b>	<b>3,300</b>	<b>-29%</b>	<b>2,342</b>	<b>3,300</b>	<b>-29%</b>	<b>12,875</b>
Net loan losses	-24	-317	-92%	-74	-68%	-24	-74	-68%	-763
Gains/losses on disposal of property, equipment and intangible assets	-1	1		-3	67%	-1	-3	-67%	-2
<b>Operating profit</b>	<b>2,317</b>	<b>2,779</b>	<b>-17%</b>	<b>3,223</b>	<b>-28%</b>	<b>2,317</b>	<b>3,223</b>	<b>-28%</b>	<b>12,110</b>
Profit allocation	202	236	-14%	196	3%	202	196	3%	935
<b>Operating profit after profit allocation</b>	<b>2,519</b>	<b>3,015</b>	<b>-16%</b>	<b>3,419</b>	<b>-26%</b>	<b>2,519</b>	<b>3,419</b>	<b>-26%</b>	<b>13,045</b>
Internal income	-111	35		-75	-48%	-111	-75	-48%	46
Cost/income ratio, %	50.2	36.2		34.7		50.2	34.7		35.1
Loan loss ratio, %	0.01	0.11		0.03		0.01	0.03		0.07
Allocated capital	74,375	71,894	3%	71,297	4%	74,375	71,297	4%	71,894
Return on allocated capital, %	10.6	13.1		15.0		10.6	15.0		14.7
Average number of employees	4,412	4,427	0%	4,348	1%	4,412	4,348	1%	4,468
Number of branches	463	463	0%	463	0%	463	463	0%	463

## BUSINESS VOLUMES

Average volumes, SEK bn	Q1 2016	Q4 2015	Change	Q1 2015	Change	Jan-Mar 2016	Jan-Mar 2015	Change	Full year 2015
Loans to the public*									
Household	721	709	2%	668	8%	721	668	8%	688
of which mortgage loans	667	654	2%	615	8%	667	615	8%	633
Corporate	482	478	1%	478	1%	482	478	1%	477
of which mortgage loans	274	273	0%	269	2%	274	269	2%	270
<b>Total</b>	<b>1,203</b>	<b>1,187</b>	<b>1%</b>	<b>1,146</b>	<b>5%</b>	<b>1,203</b>	<b>1,146</b>	<b>5%</b>	<b>1,165</b>
Deposits and borrowing from the public									
Household	281	276	2%	248	13%	281	248	13%	263
Corporate	197	199	-1%	187	5%	197	187	5%	193
<b>Total</b>	<b>478</b>	<b>475</b>	<b>1%</b>	<b>435</b>	<b>10%</b>	<b>478</b>	<b>435</b>	<b>10%</b>	<b>456</b>

\* Excluding loans to the National Debt Office.

## JANUARY – MARCH 2016 COMPARED WITH JANUARY – MARCH 2015

### Financial performance

Operating profit declined to SEK 2,317m (3,223). Income fell by 5%, chiefly due to decreasing deposit margins and lower net fee and commission income. Expenses increased by 38%, or SEK 707m, as a result of the Bank making a provision of SEK 700m, in order to facilitate the adaptation of Swedish branch operations to changing customer behaviour as a result of advances in digital technology. These measures, which mainly relate to early retirements, are expected to be fully implemented by year-end 2017, reducing expenses by SEK 600–700m per year, all other factors being equal.

Net interest income went down by 3% to SEK 3,759m (3,886). Lower interest rates reduced the deposit margin by SEK 392m, while lower lending margins caused a further SEK 47m reduction. Growing lending volumes boosted net interest income by SEK 176m, while negative Swedish short-term interest rates meant that growing deposit volumes had a SEK -35m negative effect on net interest income. The benchmark effect in Stadshypotek increased by SEK 53m to SEK 35m (-18). Government fees increased slightly to SEK -169m (-167).

Net fee and commission income fell by 12% to SEK 1,004m (1,135), chiefly due to lower asset management commissions, and the fact that lower interchange fees reduced income from card operations.

Net gains/losses on financial transactions grew by 31% to SEK 132m (101). The increase in profit was chiefly attributable to an increased currency gain and higher early repayment charges.

Total expenses increased by 38% to SEK -2,564m (-1,857), as a result of higher staff costs due to the provision of SEK 700m for early retirements. Adjusted for the provision, staff costs were virtually unchanged. Other expenses fell by 2%. The C/I ratio was 50.2% (34.7).

Loan losses were SEK -24m (-74), and the loan loss ratio decreased to 0.01% (0.03).

### Business development

For several years, the Bank's asset management and fund management operations have shown strong performance. In the first quarter of the year, new savings in the Bank's mutual funds in Sweden amounted to SEK 7.6bn on a shrinking market, meaning that Handelsbanken remained the largest player for new savings in the Swedish mutual funds market.

The Bank has a financially strong customer base, and believes there is still a great deal of potential in developing the asset management operations. The Bank has therefore decided to further strengthen its local presence by establishing ten new regional advisory units within savings, pensions and private banking. At the

same time, the further decentralisation of business support enables the Bank to enhance the efficiency of administration by merging the eastern and southern regional banks in Sweden, with administrative functions being concentrated in Malmö.

The average volume of deposits from households was up by 13% from the corresponding period of the previous year, amounting to SEK 281bn (248). The average volume of mortgage loans to private individuals increased by 8% to SEK 667bn (615), while the average volume of lending to companies grew by 1% to SEK 482bn (478).

### Q1 2016 COMPARED WITH Q4 2015

Operating profit fell by 17% to SEK 2,317m (2,779), chiefly due to the Bank's decision to make a provision of SEK 700m, primarily for early retirements.

Net interest income declined slightly to SEK 3,759m (3,775). Deposit margins went down by SEK -41m as a result of the continuing decrease in short-term interest rates. Higher deposit volumes had a negative impact of SEK -6m due to negative margins. Higher lending volumes had a positive effect of SEK 51m on net interest income, while lending margins declined by SEK 40m.

Fees for the Resolution Fund and the deposit guarantee decreased to SEK -169m (-173), and the benchmark effect in Stadshypotek increased net interest income by SEK 91m to SEK 35m (-56).

The average volume of mortgages to private individuals grew by 2% to SEK 667bn (654). The gross margin on the mortgage portfolio – before advisory and administration expenses – was unchanged at 1.03% (1.03).

The average volume of lending to companies increased by 1% to SEK 482bn (478).

Net fee and commission income declined by 12% to SEK 1,004m (1,143), chiefly due to lower card commissions, owing to reduced interchange fees and lower brokerage income.

Net gains/losses on financial transactions grew to SEK 132m (50), chiefly due to an increased result from currency conversions and higher early repayment charges.

Expenses increased by SEK 675m to SEK -2,564m (-1,889). Excluding the provision of SEK 700m, expenses decreased by 1%. Adjusted for the provision, staff costs went down marginally. Other expenses fell by 2%. The average number of employees decreased to 4,412 (4,427).

Loan losses fell to SEK -24m (-317), and the loan loss ratio was 0.01% (0.11).

## 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 200 branches throughout the UK.*

### INCOME STATEMENT

SEK m	Q1 2016	Q4 2015	Change	Q1 2015	Change	Jan-Mar 2016	Jan-Mar 2015	Change	Full year 2015
Net interest income	1,116	1,193	-6%	1,057	6%	1,116	1,057	6%	4,570
Net fee and commission income	119	130	-8%	103	16%	119	103	16%	452
Net gains/losses on financial transactions	50	47	6%	49	2%	50	49	2%	194
Other income	1	2	-50%	2	-50%	1	2	-50%	7
<b>Total income</b>	<b>1,286</b>	<b>1,372</b>	<b>-6%</b>	<b>1,211</b>	<b>6%</b>	<b>1,286</b>	<b>1,211</b>	<b>6%</b>	<b>5,223</b>
Staff costs	-473	-480	-1%	-445	6%	-473	-445	6%	-1,870
Other expenses	-106	-135	-21%	-91	16%	-106	-91	16%	-429
Internal purchased and sold services	-120	-129	-7%	-101	19%	-120	-101	19%	-455
Depreciation, amortisation and impairments of property, equipment and intangible assets	-13	-11	18%	-5	160%	-13	-5	160%	-30
<b>Total expenses</b>	<b>-712</b>	<b>-755</b>	<b>-6%</b>	<b>-642</b>	<b>11%</b>	<b>-712</b>	<b>-642</b>	<b>11%</b>	<b>-2,784</b>
<b>Profit before loan losses</b>	<b>574</b>	<b>617</b>	<b>-7%</b>	<b>569</b>	<b>1%</b>	<b>574</b>	<b>569</b>	<b>1%</b>	<b>2,439</b>
Net loan losses	-41	-57	-28%	-95	-57%	-41	-95	-57%	-224
Gains/losses on disposal of property, equipment and intangible assets	3	-1		-1		3	-1		-12
<b>Operating profit</b>	<b>536</b>	<b>559</b>	<b>-4%</b>	<b>473</b>	<b>13%</b>	<b>536</b>	<b>473</b>	<b>13%</b>	<b>2,203</b>
Profit allocation	8	9	-11%	9	-11%	8	9	-11%	34
<b>Operating profit after profit allocation</b>	<b>544</b>	<b>568</b>	<b>-4%</b>	<b>482</b>	<b>13%</b>	<b>544</b>	<b>482</b>	<b>13%</b>	<b>2,237</b>
Internal income	-350	-358	2%	-371	6%	-350	-371	6%	-1,481
Cost/income ratio, %	55.0	54.7		52.6		55.0	52.6		53.0
Loan loss ratio, %	0.08	0.13		0.22		0.08	0.22		0.13
Allocated capital	10,911	10,452	4%	9,798	11%	10,911	9,798	11%	10,452
Return on allocated capital, %	15.6	17.0		15.3		15.6	15.3		16.8
Average number of employees	1,912	1,883	2%	1,689	13%	1,912	1,689	13%	1,794
Number of branches	200	197	2%	180	11%	200	180	11%	197

### BUSINESS VOLUMES

Average volumes, GBP m	Q1 2016	Q4 2015	Change	Q1 2015	Change	Jan-Mar 2016	Jan-Mar 2015	Change	Full year 2015
Loans to the public									
Household	5,288	5,094	4%	4,532	17%	5,288	4,532	17%	4,809
Corporate	10,566	10,357	2%	9,697	9%	10,566	9,697	9%	10,026
<b>Total</b>	<b>15,854</b>	<b>15,451</b>	<b>3%</b>	<b>14,229</b>	<b>11%</b>	<b>15,854</b>	<b>14,229</b>	<b>11%</b>	<b>14,835</b>
Deposits and borrowing from the public									
Household	2,060	1,948	6%	1,526	35%	2,060	1,526	35%	1,747
Corporate	6,744	6,744	0%	6,105	10%	6,744	6,105	10%	6,576
<b>Total</b>	<b>8,804</b>	<b>8,692</b>	<b>1%</b>	<b>7,631</b>	<b>15%</b>	<b>8,804</b>	<b>7,631</b>	<b>15%</b>	<b>8,323</b>

## JANUARY – MARCH 2016 COMPARED WITH JANUARY – MARCH 2015

### Financial performance

Operating profit increased by 13% to SEK 536m (473). Income rose by 6%, while expenses went up by 11%. Exchange rate movements reduced operating profit by SEK 21m, and expressed in local currency, operating profit grew by 18%. Profits take full account of expenses relating to continuing expansion, and 20 new branches have been opened over the past 12 months.

Profit before loan losses grew by 1% to SEK 574m (569), due to higher business volumes and an increasing number of customers. In local currency, the increase was 5%.

Net interest income grew by 6% to SEK 1,116m (1,057). Exchange rate movements reduced net interest income by SEK 45m, and expressed in local currency, net interest income grew by 10%. The underlying growth was mainly attributable to increasing business volumes, with lending contributing SEK 94m and deposit volumes SEK 17m. The margin effect was slightly positive.

Net fee and commission income increased by 16% to SEK 119m (103). The increase was mainly due to higher lending and deposit commissions. Heartwood's asset management operations contributed asset management and advisory commissions of SEK 60m (60).

Net gains/losses on financial transactions increased slightly to SEK 50m (49).

Expenses rose by 11% to SEK -712m (-642). In local currency, expenses were up by 16%, this being entirely due to the expanding operations.

The average number of employees grew by 13% to 1,912 (1,689).

Loan losses went down to SEK -41m (-95), and the loan loss ratio fell to 0.08% (0.22).

### Business development

Business volumes – particularly deposits from households – continued to grow. The average volume of deposits from households climbed by 35% compared with the corresponding period in the previous year, while lending to households grew by 17%. Overall, the average volume of lending increased by 11% to GBP 15.9bn, while deposits grew by 15% to GBP 8.8bn. In the first quarter, the lending/deposits ratio was 180%, compared with 186% in the corresponding quarter of 2015.

Three new branches were opened during the first quarter, bringing the total number of branches in the UK to 200. In addition, managers have been recruited for another six new branches.

## Q1 2016 COMPARED WITH Q4 2015

Operating profit fell by 4% to SEK 536m (559).

Exchange rate movements reduced operating profit by SEK -29m, and expressed in local currency, operating profit grew by 2%. Return on equity was 15.6% (17.0).

Income fell by 6% to SEK 1,286m (1,372); this was attributable to exchange rate movements reducing income by SEK -84m.

Net interest income declined by 6% to SEK 1,116m (1,193), as a result of exchange rate effects of SEK -73m and a day effect of SEK -11m. Expressed in local currency, net interest income was virtually unchanged.

Net fee and commission income fell by 8% to SEK 119m (130), mainly due to lower payment and asset management commissions.

Expenses decreased by 6% to SEK -712m (-755). The decrease was chiefly due to exchange rate effects. The average number of employees rose by 2% to 1,912 (1,883).

Loan losses went down to SEK -41m (-57), and the loan loss ratio was 0.08% (0.13).

# 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.

## INCOME STATEMENT

SEK m	Q1 2016	Q4 2015	Change	Q1 2015	Change	Jan-Mar 2016	Jan-Mar 2015	Change	Full year 2015
Net interest income	409	418	-2%	419	-2%	409	419	-2%	1,678
Net fee and commission income	98	102	-4%	128	-23%	98	128	-23%	436
Net gains/losses on financial transactions	17	24	-29%	13	31%	17	13	31%	77
Other income	3	3	0%	5	-40%	3	5	-40%	17
<b>Total income</b>	<b>527</b>	<b>547</b>	<b>-4%</b>	<b>565</b>	<b>-7%</b>	<b>527</b>	<b>565</b>	<b>-7%</b>	<b>2,208</b>
Staff costs	-159	-160	-1%	-155	3%	-159	-155	3%	-629
Other expenses	-44	-46	-4%	-46	-4%	-44	-46	-4%	-178
Internal purchased and sold services	-69	-70	-1%	-72	-4%	-69	-72	-4%	-279
Depreciation, amortisation and impairments of property, equipment and intangible assets	-3	-6	-50%	-4	-25%	-3	-4	-25%	-15
<b>Total expenses</b>	<b>-275</b>	<b>-282</b>	<b>-2%</b>	<b>-277</b>	<b>-1%</b>	<b>-275</b>	<b>-277</b>	<b>-1%</b>	<b>-1,101</b>
<b>Profit before loan losses</b>	<b>252</b>	<b>265</b>	<b>-5%</b>	<b>288</b>	<b>-13%</b>	<b>252</b>	<b>288</b>	<b>-13%</b>	<b>1,107</b>
Net loan losses	-6	-63	-90%	-24	-75%	-6	-24	-75%	-299
Gains/losses on disposal of property, equipment and intangible assets	0	5	-100%	0	0%	0	0	0%	8
<b>Operating profit</b>	<b>246</b>	<b>207</b>	<b>19%</b>	<b>264</b>	<b>-7%</b>	<b>246</b>	<b>264</b>	<b>-7%</b>	<b>816</b>
Profit allocation	19	19	0%	18	6%	19	18	6%	72
<b>Operating profit after profit allocation</b>	<b>265</b>	<b>226</b>	<b>17%</b>	<b>282</b>	<b>-6%</b>	<b>265</b>	<b>282</b>	<b>-6%</b>	<b>888</b>
Internal income	-104	-53	-96%	-61	-70%	-104	-61	-70%	-295
Cost/income ratio, %	50.4	49.8		47.5		50.4	47.5		48.3
Loan loss ratio, %	0.03	0.31		0.12		0.03	0.12		0.37
Allocated capital	6,023	6,219	-3%	5,951	1%	6,023	5,951	1%	6,219
Return on allocated capital, %	13.7	11.3		14.8		13.7	14.8		11.2
Average number of employees	626	630	-1%	625	0%	626	625	0%	631
Number of branches	57	57	0%	57	0%	57	57	0%	57

## BUSINESS VOLUMES

Average volumes, DKK bn	Q1 2016	Q4 2015	Change	Q1 2015	Change	Jan-Mar 2016	Jan-Mar 2015	Change	Full year 2015
Loans to the public									
Household	39.1	37.9	3%	35.6	10%	39.1	35.6	10%	36.7
Corporate	28.7	28.2	2%	27.3	5%	28.7	27.3	5%	28.9
<b>Total</b>	<b>67.8</b>	<b>66.1</b>	<b>3%</b>	<b>62.9</b>	<b>8%</b>	<b>67.8</b>	<b>62.9</b>	<b>8%</b>	<b>65.6</b>
Deposits and borrowing from the public									
Household	11.3	11.5	-2%	10.1	12%	11.3	10.1	12%	11.1
Corporate	17.1	16.7	2%	15.7	9%	17.1	15.7	9%	16.9
<b>Total</b>	<b>28.4</b>	<b>28.2</b>	<b>1%</b>	<b>25.8</b>	<b>10%</b>	<b>28.4</b>	<b>25.8</b>	<b>10%</b>	<b>28.0</b>

## JANUARY – MARCH 2016 COMPARED WITH JANUARY – MARCH 2015

### Financial performance

Operating profit fell by 7% to SEK 246m (264), mainly due to lower fee and commission income than during the corresponding period of the previous year. The effect of exchange rate movements was marginal. Profit before loan losses decreased by 13%, or SEK 36m; of this figure, SEK 30m derived from lower net fee and commission income.

Net interest income fell by 2% to SEK 409m (419). Increasing lending volumes had a positive impact of SEK 27m, which was offset by the SEK -33m negative effect caused by pressure on lending margins. Fees for the Swedish Resolution Fund and the deposit guarantee burdened net interest income by SEK -12m (-15).

Net fee and commission income decreased by 23% to SEK 98m (128), chiefly due to a higher activity level during the period of comparison.

Net gains/losses on financial transactions increased to SEK 17m (13).

Expenses fell by 1% to SEK -275m (-277).

Loan losses went down to SEK -6m (-24), and the loan loss ratio fell to 0.03% (0.12).

### Business development

The Bank continued to have a stable inflow of new customers, and business volumes continued to increase. Compared with the corresponding period of the previous year, the average volume of deposits grew by 10% to DKK 28.4bn (25.8), while lending rose by 8% to DKK 67.8bn (62.9).

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

### Q1 2016 COMPARED WITH Q4 2015

Operating profit improved to SEK 246m (207), as a result of lower loan losses. The effect of exchange rate movements was marginal.

Net interest income went down to SEK 409m (418), as a result of the continuing pressure on lending margins, as well as day effects.

Net fee and commission income decreased by 4% to SEK 98m (102), partly due to seasonal effects.

Net gains/losses on financial transactions totalled SEK 17m (24).

Expenses fell by 2% to SEK -275m (-282). Loan losses decreased to SEK -6m (-63). The loan loss ratio fell to 0.03% (0.31).



# 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.

## INCOME STATEMENT

SEK m	Q1 2016	Q4 2015	Change	Q1 2015	Change	Jan-Mar 2016	Jan-Mar 2015	Change	Full year 2015
Net interest income	318	345	-8%	342	-7%	318	342	-7%	1,361
Net fee and commission income	93	93	0%	100	-7%	93	100	-7%	387
Net gains/losses on financial transactions	13	12	8%	22	-41%	13	22	-41%	60
Other income	3	7	-57%	6	-50%	3	6	-50%	23
<b>Total income</b>	<b>427</b>	<b>457</b>	<b>-7%</b>	<b>470</b>	<b>-9%</b>	<b>427</b>	<b>470</b>	<b>-9%</b>	<b>1,831</b>
Staff costs	-90	-90	0%	-93	-3%	-90	-93	-3%	-369
Other expenses	-70	-46	52%	-38	84%	-70	-38	84%	-161
Internal purchased and sold services	-58	-66	-12%	-63	-8%	-58	-63	-8%	-247
Depreciation, amortisation and impairments of property, equipment and intangible assets	-3	-4	-25%	-2	50%	-3	-2	50%	-11
<b>Total expenses</b>	<b>-221</b>	<b>-206</b>	<b>7%</b>	<b>-196</b>	<b>13%</b>	<b>-221</b>	<b>-196</b>	<b>13%</b>	<b>-788</b>
<b>Profit before loan losses</b>	<b>206</b>	<b>251</b>	<b>-18%</b>	<b>274</b>	<b>-25%</b>	<b>206</b>	<b>274</b>	<b>-25%</b>	<b>1,043</b>
Net loan losses	-23	-13	77%	-14	64%	-23	-14	64%	-83
Gains/losses on disposal of property, equipment and intangible assets	0	0		-		0	-		0
<b>Operating profit</b>	<b>183</b>	<b>238</b>	<b>-23%</b>	<b>260</b>	<b>-30%</b>	<b>183</b>	<b>260</b>	<b>-30%</b>	<b>960</b>
Profit allocation	32	32	0%	25	28%	32	25	28%	110
<b>Operating profit after profit allocation</b>	<b>215</b>	<b>270</b>	<b>-20%</b>	<b>285</b>	<b>-25%</b>	<b>215</b>	<b>285</b>	<b>-25%</b>	<b>1,070</b>
Internal income	-85	-72	-18%	-99	14%	-85	-99	14%	-367
Cost/income ratio, %	48.1	42.1		39.6		48.1	39.6		40.6
Loan loss ratio, %	0.08	0.04		0.05		0.08	0.05		0.07
Allocated capital	5,970	6,186	-3%	5,995	0%	5,970	5,995	0%	6,186
Return on allocated capital, %	11.2	13.6		14.8		11.2	14.8		13.8
Average number of employees	489	491	0%	481	2%	489	481	2%	496
Number of branches	46	46	0%	46	0%	46	46	0%	46

## BUSINESS VOLUMES

Average volumes, EUR m	Q1 2016	Q4 2015	Change	Q1 2015	Change	Jan-Mar 2016	Jan-Mar 2015	Change	Full year 2015
Loans to the public									
Household	3,952	3,962	0%	3,918	1%	3,952	3,918	1%	3,947
Corporate	8,742	8,657	1%	8,704	0%	8,742	8,704	0%	8,619
<b>Total</b>	<b>12,694</b>	<b>12,619</b>	<b>1%</b>	<b>12,622</b>	<b>1%</b>	<b>12,694</b>	<b>12,622</b>	<b>1%</b>	<b>12,566</b>
Deposits and borrowing from the public									
Household	1,381	1,363	1%	1,353	2%	1,381	1,353	2%	1,367
Corporate	2,052	1,886	9%	2,431	-16%	2,052	2,431	-16%	2,226
<b>Total</b>	<b>3,433</b>	<b>3,249</b>	<b>6%</b>	<b>3,784</b>	<b>-9%</b>	<b>3,433</b>	<b>3,784</b>	<b>-9%</b>	<b>3,593</b>

## JANUARY – MARCH 2016 COMPARED WITH JANUARY – MARCH 2015

### Financial performance

Operating profit went down by 30% to SEK 183m (260). Exchange rate effects were small, and expressed in local currency, operating profit declined by 29%. Return on equity was 11.2% (14.8).

Income went down by 9%. Net interest income fell by 7% to SEK 318m (342); this was primarily attributable to decreasing lending margins. Government fees, which for 2016 consist of fees to the Swedish Resolution Fund and the deposit guarantee, increased slightly to SEK -14m (-13).

Net fee and commission income fell by 7% to SEK 93m (100), while net gains/losses on financial transactions declined by 41% to SEK 13m (22).

Total expenses rose by 13% to SEK -221m (-196), which was mainly attributable to a non-recurring expense of SEK -30m. Staff costs decreased by 3%, and the average number of employees was 489 (481).

Loan losses rose to SEK -23m (-14), and the loan loss ratio was 0.08% (0.05).

### Business development

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

The average volume of deposits from households climbed by 2% compared with the corresponding period in the previous year, while lending to households grew by 1%.

The average volume of lending to companies grew marginally, while corporate deposits decreased by 16%, owing to reduced deposits from large corporates.

The Bank had 46 branches in Finland.

## Q1 2016 COMPARED WITH Q4 2015

Operating profit fell by 23% to SEK 183m (238), due to lower income and higher expenses. The effect of exchange rate movements was marginal.

Net interest income declined by 8% to SEK 318m (345). The decline was attributable to the continuing pressure on lending margins.

Net fee and commission income was unchanged at SEK 93m (93), and net gains/losses on financial transactions totalled SEK 13m (12).

Expenses increased by 7% to SEK -221m (-206). Adjusted for non-recurring expenses of SEK -30m, expenses decreased by 7%.

Loan losses were SEK -23m (-13), and the loan loss ratio was 0.08% (0.04).

# 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.

## INCOME STATEMENT

SEK m	Q1 2016	Q4 2015	Change	Q1 2015	Change	Jan-Mar 2016	Jan-Mar 2015	Change	Full year 2015
Net interest income	769	788	-2%	835	-8%	769	835	-8%	3,248
Net fee and commission income	84	89	-6%	100	-16%	84	100	-16%	395
Net gains/losses on financial transactions	38	22	73%	29	31%	38	29	31%	94
Other income	4	14	-71%	3	33%	4	3	33%	31
<b>Total income</b>	<b>895</b>	<b>913</b>	<b>-2%</b>	<b>967</b>	<b>-7%</b>	<b>895</b>	<b>967</b>	<b>-7%</b>	<b>3,768</b>
Staff costs	-163	-169	-4%	-184	-11%	-163	-184	-11%	-713
Other expenses	-48	-52	-8%	-53	-9%	-48	-53	-9%	-207
Internal purchased and sold services	-86	-93	-8%	-97	-11%	-86	-97	-11%	-370
Depreciation, amortisation and impairments of property, equipment and intangible assets	-3	-3	0%	-3	0%	-3	-3	0%	-13
<b>Total expenses</b>	<b>-300</b>	<b>-317</b>	<b>-5%</b>	<b>-337</b>	<b>-11%</b>	<b>-300</b>	<b>-337</b>	<b>-11%</b>	<b>-1,303</b>
<b>Profit before loan losses</b>	<b>595</b>	<b>596</b>	<b>0%</b>	<b>630</b>	<b>-6%</b>	<b>595</b>	<b>630</b>	<b>-6%</b>	<b>2,465</b>
Net loan losses	-103	-30	243%	-95	8%	-103	-95	8%	-222
Gains/losses on disposal of property, equipment and intangible assets	0	0	0%	-		0	-		6
<b>Operating profit</b>	<b>492</b>	<b>566</b>	<b>-13%</b>	<b>535</b>	<b>-8%</b>	<b>492</b>	<b>535</b>	<b>-8%</b>	<b>2,249</b>
Profit allocation	23	20	15%	8	188%	23	8	188%	57
<b>Operating profit after profit allocation</b>	<b>515</b>	<b>586</b>	<b>-12%</b>	<b>543</b>	<b>-5%</b>	<b>515</b>	<b>543</b>	<b>-5%</b>	<b>2,306</b>
Internal income	-684	-643	-6%	-718	5%	-684	-718	5%	-2,805
Cost/income ratio, %	32.7	34.0		34.6		32.7	34.6		34.1
Loan loss ratio, %	0.20	0.06		0.19		0.20	0.19		0.11
Allocated capital	13,383	12,966	3%	13,901	-4%	13,383	13,901	-4%	12,966
Return on allocated capital, %	12.0	14.1		12.2		12.0	12.2		13.6
Average number of employees	665	666	0%	673	-1%	665	673	-1%	676
Number of branches	50	50	0%	51	-2%	50	51	-2%	50

## BUSINESS VOLUMES

Average volumes, NOK bn	Q1 2016	Q4 2015	Change	Q1 2015	Change	Jan-Mar 2016	Jan-Mar 2015	Change	Full year 2015
Loans to the public									
Household	84.3	83.4	1%	79.5	6%	84.3	79.5	6%	81.3
Corporate	139.4	127.1	10%	116.3	20%	139.4	116.3	20%	120.5
<b>Total</b>	<b>223.7</b>	<b>210.5</b>	<b>6%</b>	<b>195.8</b>	<b>14%</b>	<b>223.7</b>	<b>195.8</b>	<b>14%</b>	<b>201.8</b>
Deposits and borrowing from the public									
Household	18.6	17.8	4%	16.6	12%	18.6	16.6	12%	17.3
Corporate	40.8	47.4	-14%	55.5	-26%	40.8	55.5	-26%	51.1
<b>Total</b>	<b>59.4</b>	<b>65.2</b>	<b>-9%</b>	<b>72.1</b>	<b>-18%</b>	<b>59.4</b>	<b>72.1</b>	<b>-18%</b>	<b>68.4</b>

## JANUARY – MARCH 2016 COMPARED WITH JANUARY – MARCH 2015

### Financial performance

Operating profit decreased by 8% to SEK 492m (535), which was wholly attributable to the depreciation of the Norwegian krone. Expressed in local currency, operating profit improved by 1%.

Income fell by 7%, but rose by 2% after adjustment for exchange rate effects. Lending margins had a negative effect on net interest income of SEK -124m, while increasing lending volumes had a positive effect of SEK 73m. The pressure on lending margins was partially offset by deposit margins increasing by SEK 49m. The fees for the Swedish Resolution Fund and the deposit guarantee burdened net interest income by SEK -27m (-25).

Net fee and commission income declined by 16% to SEK 84m (100). Adjusted for exchange rate movements, net interest income went down by 9%, chiefly due to lower deposit and lending commissions.

Expenses decreased by 11%, or SEK 37m, to SEK -300m (-337). Exchange rate effects reduced expenses by SEK 27m. Staff costs fell by 11%, and the average number of employees decreased to 665 (673).

Loan losses increased slightly to SEK -103m (-95) and the loan loss ratio was 0.20% (0.19).

### Business development

Business volumes continued to grow. The average volume of deposits from households climbed by 12%, while lending to households grew by 6%.

In total, the average volume of lending increased by 14% to NOK 223.7bn (195.8), while total deposits fell by 18%, due to a drop in corporate deposits.

During the quarter, Handelsbanken had 50 branches in Norway, which was unchanged.

## Q1 2016 COMPARED WITH Q4 2015

Operating profit decreased by 13% to SEK 492m (566), due mainly to higher loan losses. Expressed in local currency, profit before loan losses improved by 2%.

Net interest income declined by 2%, or SEK 19m, to SEK 769m (788). Exchange rate movements and day effects had negative impacts of SEK -12m and SEK -7m respectively. Expressed in local currency, net interest income was virtually unchanged. The higher lending volumes had a positive effect of SEK 30m on net interest income, but this was offset by a negative impact of SEK 30m from lending margins. Higher deposit margins positively affected net interest income by SEK 17m.

Net fee and commission income decreased by 6% to SEK 84m (89), primarily due to seasonal effects and exchange rate movements.

Net gains/losses on financial transactions increased to SEK 38m (22).

Expenses fell by 5% to SEK -300m (-317). The average number of employees was 665 (666).

Loan losses increased to SEK -103m (-30), and the loan loss ratio was 0.20% (0.06).

## 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	Q1 2016	Q4 2015	Change	Q1 2015	Change	Jan-Mar 2016	Jan-Mar 2015	Change	Full year 2015
Net interest income	95	88	8%	75	27%	95	75	27%	328
Net fee and commission income	5	5	0%	7	-29%	5	7	-29%	23
Net gains/losses on financial transactions	1	1	0%	0		1	0		5
Other income	-	-		-		-	-		-
<b>Total income</b>	<b>101</b>	<b>94</b>	<b>7%</b>	<b>82</b>	<b>23%</b>	<b>101</b>	<b>82</b>	<b>23%</b>	<b>356</b>
Staff costs	-44	-43	2%	-38	16%	-44	-38	16%	-158
Other expenses	-8	-11	-27%	-8	0%	-8	-8	0%	-37
Internal purchased and sold services	-20	-22	-9%	-22	-9%	-20	-22	-9%	-84
Depreciation, amortisation and impairments of property, equipment and intangible assets	-1	-1	0%	0		-1	0		-3
<b>Total expenses</b>	<b>-73</b>	<b>-77</b>	<b>-5%</b>	<b>-68</b>	<b>7%</b>	<b>-73</b>	<b>-68</b>	<b>7%</b>	<b>-282</b>
<b>Profit before loan losses</b>	<b>28</b>	<b>17</b>	<b>65%</b>	<b>14</b>	<b>100%</b>	<b>28</b>	<b>14</b>	<b>100%</b>	<b>74</b>
Net loan losses	0	0	0%	0	0%	0	0	0%	-2
Gains/losses on disposal of property, equipment and intangible assets	-	-		-		-	-		-
<b>Operating profit</b>	<b>28</b>	<b>17</b>	<b>65%</b>	<b>14</b>	<b>100%</b>	<b>28</b>	<b>14</b>	<b>100%</b>	<b>72</b>
Profit allocation	0	0	0%	0	0%	0	0	0%	0
<b>Operating profit after profit allocation</b>	<b>28</b>	<b>17</b>	<b>65%</b>	<b>14</b>	<b>100%</b>	<b>28</b>	<b>14</b>	<b>100%</b>	<b>72</b>
Internal income	-52	-50	-4%	-37	-41%	-52	-37	-41%	-175
Cost/income ratio, %	72.3	81.9		82.9		72.3	82.9		79.2
Loan loss ratio, %	0.00	0.00	0%	0.00		0.00	0.00		0.01
Allocated capital	921	851	8%	893	3%	921	893	3%	851
Return on allocated capital, %	9.8	6.4		4.9		9.8	4.9		6.4
Average number of employees	181	175	3%	145	25%	181	145	25%	159
Number of branches	23	23	0%	22	5%	23	22	5%	23

### BUSINESS VOLUMES

Average volumes, EUR m	Q1 2016	Q4 2015	Change	Q1 2015	Change	Jan-Mar 2016	Jan-Mar 2015	Change	Full year 2015
Loans to the public									
Household	1,238	1,141	9%	900	38%	1,238	900	38%	1,022
Corporate	1,273	1,233	3%	1,116	14%	1,273	1,116	14%	1,149
<b>Total</b>	<b>2,511</b>	<b>2,374</b>	<b>6%</b>	<b>2,016</b>	<b>25%</b>	<b>2,511</b>	<b>2,016</b>	<b>25%</b>	<b>2,171</b>
Deposits and borrowing from the public									
Household	53	47	13%	48	10%	53	48	10%	47
Corporate	408	600	-32%	811	-50%	408	811	-50%	703
<b>Total</b>	<b>461</b>	<b>647</b>	<b>-29%</b>	<b>859</b>	<b>-46%</b>	<b>461</b>	<b>859</b>	<b>-46%</b>	<b>750</b>

## JANUARY – MARCH 2016 COMPARED WITH JANUARY – MARCH 2015

### Financial performance

Operating profit doubled to SEK 28m (14), chiefly due to the continuing growth in deposit and lending volumes. Income grew by 23%, while expenses went up by 7%.

Net interest income increased by 27% to SEK 95m (75). Increasing lending volumes contributed SEK 13m, while higher lending margins contributed SEK 4m. Deposit margins were stable.

Net fee and commission income decreased to SEK 5m (7), due to lower lending commissions.

Expenses rose by 7% to SEK -73m (-68), as a result of the continuing expansion. The C/I ratio improved to 72.3% (82.9). The average number of employees increased by 25% to 181 (145).

Loan losses amounted to SEK 0m (0), and the loan loss ratio was 0.00% (0.00).

### Business development

The average volume of lending to households grew by 38% to EUR 1,238m (900), while deposits from households increased by 10% to EUR 53m (48). Corporate lending went up by 14% to EUR 1,273m (1,116). As a result of reduced business volumes from a few large corporates, the average volume of deposits from companies decreased by 50% to EUR 408m (811). Business volumes with small and medium-sized companies continued to grow.

Handelsbanken has 23 branches in the Netherlands.

Handelsbanken has signed an agreement to acquire the Dutch asset manager, Optimix. The company is mainly active within discretionary asset management, with assets under management of EUR 2bn, including own funds. This acquisition will add advanced asset management services to the Bank's customer offering and create a platform for the Dutch branch operations' growth within asset and wealth management. With this purchase, Handelsbanken will become a full-service bank on the Dutch market.

The transaction, which is subject to the approval of the public authorities, is expected to be completed during the third quarter of 2016.

## Q1 2016 COMPARED WITH Q4 2015

Operating profit grew by 65% to SEK 28m (17), due to rising net interest income. Return on equity improved to 9.8% (6.4).

Income grew by 7% to SEK 101m (94), as a result of an 8% rise in net interest income, mainly due to a 9% increase in the average volume of lending to households during the quarter.

Expenses decreased by 5% to SEK -73m (-77), chiefly due to seasonally higher costs in the comparison quarter. The average number of employees increased to 181 (175).

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



## Handelsbanken Capital Markets

*Handelsbanken Capital Markets consists of Markets & Asset Management, Pension & Life, Handelsbanken International and Business Support. 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, research, debt capital markets and corporate finance, as well as co-ordinating the Bank's offering in the savings area.*

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

*Handelsbanken International encompasses the Bank's branches and representative offices in 19 countries outside the Bank's home markets, as well as the Financial Institutions (global banking collaborations) and Transaction Banking (cash management, trade finance and export finance) units.*

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

### INCOME STATEMENT

SEK m	Q1 2016	Q4 2015	Change	Q1 2015	Change	Jan-Mar 2016	Jan-Mar 2015	Change	Full year 2015
Net interest income	137	187	-27%	163	-16%	137	163	-16%	641
Net fee and commission income	742	758	-2%	736	1%	742	736	1%	2,972
Net gains/losses on financial transactions	240	214	12%	433	-45%	240	433	-45%	1,226
Risk result - insurance	76	36	111%	26	192%	76	26	192%	157
Other income	2	4	-50%	1	100%	2	1	100%	10
<b>Total income</b>	<b>1,197</b>	<b>1,199</b>	<b>0%</b>	<b>1,359</b>	<b>-12%</b>	<b>1,197</b>	<b>1,359</b>	<b>-12%</b>	<b>5,006</b>
Staff costs	-610	-590	3%	-632	-3%	-610	-632	-3%	-2,447
Other expenses	-212	-228	-7%	-216	-2%	-212	-216	-2%	-857
Internal purchased and sold services	0	-46		-6		0	-6		-86
Depreciation, amortisation and impairments of property, equipment and intangible assets	-20	-24	-17%	-19	5%	-20	-19	5%	-79
<b>Total expenses</b>	<b>-842</b>	<b>-888</b>	<b>-5%</b>	<b>-873</b>	<b>-4%</b>	<b>-842</b>	<b>-873</b>	<b>-4%</b>	<b>-3,469</b>
<b>Profit before loan losses</b>	<b>355</b>	<b>311</b>	<b>14%</b>	<b>486</b>	<b>-27%</b>	<b>355</b>	<b>486</b>	<b>-27%</b>	<b>1,537</b>
Net loan losses	10	5	-100%	-3		10	-3		-4
Gains/losses on disposal of property, equipment and intangible assets	0	0		0		0	0		0
<b>Operating profit</b>	<b>365</b>	<b>316</b>	<b>16%</b>	<b>483</b>	<b>-24%</b>	<b>365</b>	<b>483</b>	<b>-24%</b>	<b>1,533</b>
Profit allocation	-284	-317	-10%	-256	11%	-284	-256	11%	-1,209
<b>Operating profit after profit allocation</b>	<b>81</b>	<b>-1</b>		<b>227</b>	<b>-64%</b>	<b>81</b>	<b>227</b>	<b>-64%</b>	<b>324</b>
Internal income	-579	-545	-6%	-610	5%	-579	-610	5%	-2,347
Cost/income ratio, %	92.2	100.7		79.1		92.2	79.1		91.4
Loan loss ratio, %	-0.08	-0.04		0.02		-0.08	0.02		0.01
Allocated capital	4,981	5,671	-12%	6,243	-20%	4,981	6,243	-20%	5,671
Return on allocated capital, %	5.0	-0.1		11.4		5.0	11.4		4.5
Average number of employees	1,720	1,737	-1%	1,783	-4%	1,720	1,783	-4%	1,766

For more financial information about the different business areas within Handelsbanken Capital Markets, please see the Fact Book that is available at [handelsbanken.se/ireng](http://handelsbanken.se/ireng).

## JANUARY – MARCH 2016 COMPARED WITH JANUARY – MARCH 2015

### Financial performance

Operating profit decreased by SEK 118m, or 24%, to SEK 365m (483). Total income fell by 12% to SEK 1,197m (1,359), chiefly as a result of a lower activity level in the market reducing net gains/losses on financial transactions to SEK 240m (433).

Net fee and commission income increased by 1% to SEK 742m (736). Lower brokerage income was offset by increased advisory and asset management commissions.

Total expenses decreased by 4% to SEK -842m (-873). The decrease was mainly attributable to staff costs falling by 3% to SEK -610m (-632), as a result of a 4% fall in the average number of employees to 1,720 (1,783).

Loan losses consisted of recoveries of SEK 10m (-3), with the loan loss ratio being -0.08% (0.02).

### Business development

Asset management operations continued to show a strong performance. Net savings in Handelsbanken's mutual funds in Sweden during the quarter amounted to SEK 7.6bn, while total net savings on the Swedish market were negative. The Bank remained the largest player for new savings on the Swedish mutual funds market. The net flow for mutual funds in the rest of the Nordic region also showed a good development. Total net savings in the Handelsbanken Group's funds were SEK 7.8bn. During the period, Xact Kapitalförvaltning remained the largest player as regards 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. The total fund volume, including exchange-traded funds, increased to SEK 381bn (previous year: SEK 379bn).

The total volume of assets under management by Handelsbanken Liv was SEK 109bn (113). Premiums paid during the quarter amounted to SEK 3.3bn (4.3).

The Bank's business volumes on the market for capital markets financing grew slightly compared with the same period in the previous year. The Bank arranged 23 bond issues during the quarter for a value of EUR 4.1bn.

The average volume of lending in Handelsbanken International, i.e. the operations outside the Bank's home markets, increased by 1% from the corresponding period of the previous year to SEK 35.3bn (34.9). During the same period, deposits decreased by 38% to SEK 40.7bn (65.6)

## Q1 2016 COMPARED WITH Q4 2015

Operating profit rose by 16% to SEK 365m (316), due to lower expenses. Total income was virtually unchanged. An improved risk result in Handelsbanken Liv and higher net gains/losses on financial transactions offset lower net interest income and reduced net fee and commission income.

Total expenses decreased by 5% to SEK -842m (-888). Staff costs increased, partly due to annual salary adjustments. The overall decrease was attributable to lower other expenses and reduced costs for purchased services. The average number of employees fell by 1% to 1,720 (1,737).

Due to recoveries, there was a positive loan loss figure of SEK 10m (5), corresponding to a loan loss ratio of -0.08% (-0.04).

## 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	Q1 2016	Q4 2015	Change	Q1 2015	Change	Jan-Mar 2016	Jan-Mar 2015	Change	Full year 2015
Net interest income	192	177	8%	139	38%	192	139	38%	636
Net fee and commission income	25	23	9%	1		25	1		36
Net gains/losses on financial transactions	671	1,133	-41%	-219		671	-219		569
Share of profit of associates	2	-11		1	100%	2	1	100%	17
Other income	14	21	-33%	12	17%	14	12	17%	345
<b>Total income</b>	<b>904</b>	<b>1,343</b>	<b>-33%</b>	<b>-66</b>		<b>904</b>	<b>-66</b>		<b>1,603</b>
Staff costs	-469	-933	-50%	-657	-29%	-469	-657	-29%	-2,651
Other expenses	-535	-600	-11%	-506	6%	-535	-506	6%	-2,171
Internal purchased and sold services	1,011	1,062	-5%	1,044	-3%	1,011	1,044	-3%	4,116
Depreciation, amortisation and impairments of property, equipment and intangible assets	-62	-42	48%	-70	-11%	-62	-70	-11%	-248
<b>Total expenses</b>	<b>-55</b>	<b>-513</b>	<b>-89%</b>	<b>-189</b>	<b>-71%</b>	<b>-55</b>	<b>-189</b>	<b>-71%</b>	<b>-954</b>
<b>Profit before loan losses</b>	<b>849</b>	<b>830</b>	<b>2%</b>	<b>-255</b>		<b>849</b>	<b>-255</b>		<b>649</b>
Net loan losses									
Gains/losses on disposal of property, equipment and intangible assets	5	1	400%	-		5	-		7
<b>Operating profit</b>	<b>854</b>	<b>831</b>	<b>3%</b>	<b>-255</b>		<b>854</b>	<b>-255</b>		<b>656</b>
Profit allocation	0	1		0	0%	0	0	0%	1
<b>Operating profit after profit allocation</b>	<b>854</b>	<b>832</b>	<b>3%</b>	<b>-255</b>		<b>854</b>	<b>-255</b>		<b>657</b>
Internal income	1,965	1,686	17%	1,971	0%	1,965	1,971	0%	7,424
Average number of employees	1,830	1,816	1%	1,874	-2%	1,830	1,874	-2%	1,829

### JANUARY – MARCH 2016 COMPARED WITH JANUARY – MARCH 2015

Operating profit rose to SEK 854m (-255). The increase was chiefly attributable to capital gains from the sale of shares, which amounted to SEK 812m (-), as well as the fact that no provision was made for an allocation to the Oktogonen profit-sharing foundation (-199). The average number of employees fell to 1,830 (1,874).

### Q1 2016 COMPARED WITH Q4 2015

Operating profit rose to SEK 854m (831). Capital gains from the sale of shares decreased to SEK 812m (1,207). No provision was made to the Oktogonen profit-sharing foundation (SEK -438m). The average number of employees totalled 1,830 (1,816).

## KEY FIGURES – GROUP

	Q1 2016	Q4 2015	Q1 2015	Jan-Mar 2016	Jan-Mar 2015	Full year 2015
Return on equity, total operations*	13.1%	14.8%	12.9%	13.1%	12.9%	13.5%
Return on equity, continuing operations*	13.1%	14.7%	12.8%	13.1%	12.8%	13.4%
C/I ratio, continuing operations	49.8%	45.0%	46.0%	49.8%	46.0%	45.3%
C/I ratio, continuing operations, incl. loan losses	51.6%	49.3%	49.1%	51.6%	49.1%	49.3%
Earnings per share, total operations, SEK	2.12	2.36	2.05	2.12	2.05	8.57
- after dilution	2.07	2.30	2.01	2.07	2.01	8.39
Ordinary dividend, SEK						4.50
Total dividend						6.00
Adjusted equity per share, SEK**	60.88	65.14	62.41	60.88	62.41	65.14
Common equity tier 1 ratio, CRD IV	22.7%	21.2%	21.1%	22.7%	21.1%	21.2%
Total capital ratio, CRD IV	28.8%	27.2%	28.2%	28.8%	28.2%	27.2%
Own funds in relation to capital requirement according to Basel I floor	139%	137%	153%	139%	153%	137%
Average number of employees, continuing operations	11,835	11,825	11,618	11,835	11,618	11,819
Number of branches in Sweden	463	463	463	463	463	463
Number of branches outside Sweden	389	386	373	389	373	386

\* When calculating return on equity, equity is adjusted for the impact of unrealised changes in the value of financial assets classified as "Available for Sale" and for cash flow hedges and revaluation effects on defined-benefit pension plans.

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

## THE HANDELSBANKEN SHARE

	Q1 2016	Q4 2015	Q1 2015	Jan-Mar 2016	Jan-Mar 2015	Full year 2015
Number of converted shares	-	3,614	10,836	-	10,836	18,925
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	1,907,046,082	1,907,037,993	1,907,046,082	1,907,037,993	1,907,046,082
Number of outstanding shares after dilution, end of period	1,976,193,169	1,972,745,117	1,974,008,668	1,976,193,169	1,974,008,668	1,972,745,117
Average number of shares converted during the period	-	17,236	2,529	-	2,529	12,028
Average holdings of own shares (repurchased and holdings in trading book)	-	-	-	-	-	-
Average number of outstanding shares	1,907,027,157	1,907,044,393	1,907,029,686	1,907,027,157	1,907,029,686	1,907,039,185
- after dilution	1,972,726,192	1,972,887,071	1,971,862,552	1,972,726,192	1,971,862,552	1,971,862,552
Share price ordinary class A, end of period, SEK	103.30	112.90	129.77	103.30	129.77	112.90
Market capitalisation, end of period, SEK bn	197	215	247	197	247	215

# Condensed set of financial statements – Group

## INCOME STATEMENT – GROUP

SEK m		Q1 2016	Q4 2015	Change	Q1 2015	Change	Jan-Mar 2016	Jan-Mar 2015	Change	Full year 2015
Interest income		10,336	10,540	-2%	11,430	-10%	10,336	11,430	-10%	43,052
Interest expense		-3,541	-3,569	-1%	-4,514	-22%	-3,541	-4,514	-22%	-15,312
<b>Net interest income</b>	Note 2	<b>6,795</b>	<b>6,971</b>	<b>-3%</b>	<b>6,916</b>	<b>-2%</b>	<b>6,795</b>	<b>6,916</b>	<b>-2%</b>	<b>27,740</b>
Net fee and commission income	Note 3	2,170	2,343	-7%	2,310	-6%	2,170	2,310	-6%	9,320
Net gains/losses on financial transactions	Note 4	1,162	1,503	-23%	428	171%	1,162	428	171%	2,608
Risk result - insurance		76	36	111%	26	192%	76	26	192%	157
Other dividend income		3	2	50%	3	0%	3	3	0%	281
Share of profit of associates		2	-11		1	100%	2	1	100%	17
Other income		35	65	-46%	61	-43%	35	61	-43%	213
<b>Total income</b>		<b>10,243</b>	<b>10,909</b>	<b>-6%</b>	<b>9,745</b>	<b>5%</b>	<b>10,243</b>	<b>9,745</b>	<b>5%</b>	<b>40,336</b>
Staff costs		-3,668	-3,353	9%	-3,126	17%	-3,668	-3,126	17%	-12,581
Other expenses	Note 5	-1,303	-1,442	-10%	-1,228	6%	-1,303	-1,228	6%	-5,203
Depreciation, amortisation and impairments of property, equipment and intangible assets		-125	-112	12%	-127	-2%	-125	-127	-2%	-487
<b>Total expenses</b>		<b>-5,096</b>	<b>-4,907</b>	<b>4%</b>	<b>-4,481</b>	<b>14%</b>	<b>-5,096</b>	<b>-4,481</b>	<b>14%</b>	<b>-18,271</b>
<b>Profit before loan losses</b>		<b>5,147</b>	<b>6,002</b>	<b>-14%</b>	<b>5,264</b>	<b>-2%</b>	<b>5,147</b>	<b>5,264</b>	<b>-2%</b>	<b>22,065</b>
Net loan losses	Note 6	-187	-475	-61%	-305	-39%	-187	-305	-39%	-1,597
Gains/losses on disposal of property, equipment and intangible assets		7	6	17%	-4		7	-4		7
<b>Operating profit</b>		<b>4,967</b>	<b>5,533</b>	<b>-10%</b>	<b>4,955</b>	<b>0%</b>	<b>4,967</b>	<b>4,955</b>	<b>0%</b>	<b>20,475</b>
Taxes		-929	-1,076	-14%	-1,063	-13%	-929	-1,063	-13%	-4,277
<b>Profit for the period from continuing operations</b>		<b>4,038</b>	<b>4,457</b>	<b>-9%</b>	<b>3,892</b>	<b>4%</b>	<b>4,038</b>	<b>3,892</b>	<b>4%</b>	<b>16,198</b>
Profit for the period pertaining to discontinued operations, after tax	Note 7	5	44	-89%	19	-74%	5	19	-74%	145
<b>Profit for the period</b>		<b>4,043</b>	<b>4,501</b>	<b>-10%</b>	<b>3,911</b>	<b>3%</b>	<b>4,043</b>	<b>3,911</b>	<b>3%</b>	<b>16,343</b>
Attributable to										
Shareholders in Svenska Handelsbanken AB		4,042	4,501	-10%	3,911	3%	4,042	3,911	3%	16,342
Minority interest		1	0		0		1	0		1

## EARNINGS PER SHARE – GROUP

	Q1 2016	Q4 2015	Change	Q1 2015	Change	Jan-Mar 2016	Jan-Mar 2015	Change	Full year 2015
Profit for the year, attributable to shareholders in Svenska Handelsbanken AB	4,042	4,501	-10%	3,911	3%	4,042	3,911	3%	16,342
- of which interest expense on convertible subordinated loan after tax	-46	-46	0%	-55	-16%	-46	-55	-16%	-199
Average number of outstanding shares, million	1,907.0	1,907.0		1,907.0		1,907.0	1,907.0		1,907.0
Average number of outstanding shares after dilution, million	1,972.7	1,972.9		1,971.9		1,972.7	1,971.9		1,971.9
Earnings per share, continuing operations, SEK	2.12	2.34	-9%	2.04	4%	2.12	2.04	4%	8.49
- after dilution	2.07	2.28	-9%	2.00	3%	2.07	2.00	3%	8.32
Earnings per share, discontinued operations, SEK	0.00	0.02	-100%	0.01	-100%	0.00	0.01	-100%	0.08
- after dilution	0.00	0.02	-100%	0.01	-100%	0.00	0.01	-100%	0.07
Earnings per share, total operations, SEK	2.12	2.36	-10%	2.05	3%	2.12	2.05	3%	8.57
- after dilution	2.07	2.30	-10%	2.01	3%	2.07	2.01	3%	8.39

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.

## STATEMENT OF COMPREHENSIVE INCOME – GROUP

SEK m	Q1 2016	Q4 2015	Change	Q1 2015	Change	Jan-Mar 2016	Jan-Mar 2015	Change	Full year 2015
<b>Profit for the period</b>	<b>4,043</b>	<b>4,501</b>	<b>-10%</b>	<b>3,911</b>	<b>3%</b>	<b>4,043</b>	<b>3,911</b>	<b>3%</b>	<b>16,343</b>
<b>Other comprehensive income</b>									
<b>Items that may not subsequently be reclassified to profit or loss</b>									
Defined-benefit plans	1,501	495	203%	1,235	22%	1,501	1,235	22%	-3,152
Taxes on items that cannot be reclassified into profit or loss	-328	-107	-207%	-276	-19%	-328	-276	-19%	688
<b>Total items that may not subsequently be reclassified to profit or loss</b>	<b>1,173</b>	<b>388</b>	<b>202%</b>	<b>959</b>	<b>22%</b>	<b>1,173</b>	<b>959</b>	<b>22%</b>	<b>-2,464</b>
<b>Items that can be reclassified into profit or loss</b>									
Cash flow hedges	3,526	-1,691		1,251	182%	3,526	1,251	182%	-501
Available-for-sale instruments	-1,101	-947	-16%	1,415		-1,101	1,415		682
Translation differences for the period	-1,018	-2,034	50%	1,796		-1,018	1,796		-1,713
<i>of which hedging net investment in foreign operations</i>	<i>-208</i>	<i>-669</i>	<i>69%</i>	<i>890</i>		<i>-208</i>	<i>890</i>		<i>-394</i>
Taxes on items that can be reclassified into profit or loss	-672	616		-546	-23%	-672	-546	-23%	215
<i>of which cash flow hedges</i>	<i>-776</i>	<i>372</i>		<i>-275</i>	<i>-182%</i>	<i>-776</i>	<i>-275</i>	<i>-182%</i>	<i>110</i>
<i>of which available-for-sale instruments</i>	<i>58</i>	<i>97</i>	<i>-40%</i>	<i>-75</i>		<i>58</i>	<i>-75</i>		<i>18</i>
<i>of which hedging net investment in foreign operations</i>	<i>46</i>	<i>147</i>	<i>-69%</i>	<i>-196</i>		<i>46</i>	<i>-196</i>		<i>87</i>
<b>Total items that can be reclassified into profit or loss</b>	<b>735</b>	<b>-4,056</b>		<b>3,916</b>	<b>-81%</b>	<b>735</b>	<b>3,916</b>	<b>-81%</b>	<b>-1,317</b>
<b>Total other comprehensive income for the period</b>	<b>1,908</b>	<b>-3,668</b>		<b>4,875</b>	<b>-61%</b>	<b>1,908</b>	<b>4,875</b>	<b>-61%</b>	<b>-3,781</b>
<b>Total comprehensive income for the period</b>	<b>5,951</b>	<b>833</b>		<b>8,786</b>	<b>-32%</b>	<b>5,951</b>	<b>8,786</b>	<b>-32%</b>	<b>12,562</b>
Attributable to									
Shareholders in Svenska Handelsbanken AB	5,950	834		8,786	-32%	5,950	8,786	-32%	12,562
Minority interest	1	-1		0		1	0		0

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

In the first quarter of 2016, other comprehensive income totalled SEK 1,908m (4,875) 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 decreased, and this affected Other comprehensive income by SEK 1,173m after tax, compared with the period of comparison when the effect was SEK 959m after tax. The main reason for this year's change is a decrease in the discount rate for the Swedish pension commitments to 2.50% compared with 2.25% at the previous year-end.

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. Such changes in the value of hedge derivatives in cash flow hedges had a positive effect on other comprehensive income of SEK 2,750m (976) after tax. The value changes derived partly from exchange rate movements, but above all from decreasing discount rates in foreign currency.

During the quarter, unrealised changes in the value of financial assets classified as available for sale had a positive effect on other comprehensive income of SEK -1,043m (1,340) after tax. The negative result is mainly due to the fact that gains of SEK 827m from selling shares have been recognised in the income statement.

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 -972m (1,600) after tax during the period.



## QUARTERLY PERFORMANCE – GROUP

SEK m	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015
Interest income	10,336	10,540	10,436	10,646	11,430
Interest expense	-3,541	-3,569	-3,602	-3,627	-4,514
Net interest income	6,795	6,971	6,834	7,019	6,916
Net fee and commission income	2,170	2,343	2,308	2,359	2,310
Net gains/losses on financial transactions	1,162	1,503	226	451	428
Risk result - insurance	76	36	40	55	26
Other dividend income	3	2	1	275	3
Share of profit of associates	2	-11	18	9	1
Other income	35	65	34	53	61
<b>Total income</b>	<b>10,243</b>	<b>10,909</b>	<b>9,461</b>	<b>10,221</b>	<b>9,745</b>
Staff costs	-3,668	-3,353	-2,953	-3,149	-3,126
Other expenses	-1,303	-1,442	-1,197	-1,336	-1,228
Depreciation, amortisation and impairments of property, equipment and intangible assets	-125	-112	-126	-122	-127
<b>Total expenses</b>	<b>-5,096</b>	<b>-4,907</b>	<b>-4,276</b>	<b>-4,607</b>	<b>-4,481</b>
<b>Profit before loan losses</b>	<b>5,147</b>	<b>6,002</b>	<b>5,185</b>	<b>5,614</b>	<b>5,264</b>
Net loan losses	-187	-475	-458	-359	-305
Gains/losses on disposal of property, equipment and intangible assets	7	6	4	1	-4
<b>Operating profit</b>	<b>4,967</b>	<b>5,533</b>	<b>4,731</b>	<b>5,256</b>	<b>4,955</b>
Taxes	-929	-1,076	-1,028	-1,110	-1,063
<b>Profit for the period from continuing operations</b>	<b>4,038</b>	<b>4,457</b>	<b>3,703</b>	<b>4,146</b>	<b>3,892</b>
Profit for the period pertaining to discontinued operations, after tax	5	44	55	27	19
<b>Profit for the period</b>	<b>4,043</b>	<b>4,501</b>	<b>3,758</b>	<b>4,173</b>	<b>3,911</b>
Earnings per share, continuing operations, SEK	2.12	2.34	1.94	2.18	2.04
- after dilution	2.07	2.28	1.90	2.13	2.00
Earnings per share, discontinued operations, SEK	0.00	0.02	0.03	0.01	0.01
- after dilution	0.00	0.02	0.03	0.01	0.01
Earnings per share, total operations, SEK	2.12	2.36	1.97	2.19	2.05
- after dilution	2.07	2.30	1.93	2.14	2.01

## BALANCE SHEET – GROUP

SEK m		31 Mar 2016	31 Dec 2015	30 Sep 2015	30 Jun 2015	31 Mar 2015
<b>Assets</b>						
Cash and balances with central banks		463,957	202,630	452,271	447,289	498,865
Other loans to central banks	Note 8	43,790	34,118	74,145	106,646	31,529
Interest-bearing securities eligible as collateral with central banks		95,474	74,777	102,824	73,071	68,064
Loans to other credit institutions	Note 8	47,442	49,656	63,130	87,250	79,633
Loans to the public	Note 8	1,902,479	1,866,467	1,855,311	1,851,432	1,826,323
Value change of interest-hedged item in portfolio hedge		36	27	40	42	42
Bonds and other interest-bearing securities		53,856	44,513	62,017	56,502	64,830
Shares		39,318	30,387	61,462	73,395	66,793
Investments in associates		248	245	257	303	300
Assets where the customer bears the value change risk		104,316	105,146	100,539	105,786	106,851
Derivative instruments	Note 9	73,885	85,347	98,674	91,099	127,267
Reinsurance assets		10	10	6	6	6
Intangible assets	Note 10	8,304	8,254	8,230	8,192	8,145
Property and equipment		2,262	2,348	2,336	2,179	2,171
Current tax assets		588	143	1,064	558	100
Deferred tax assets		1,262	1,489	1,503	921	396
Net pension assets		-	-	-	-	-
Assets held for sale		1,671	1,442	1,512	1,393	1,291
Other assets		12,106	8,887	52,405	23,664	29,284
Prepaid expenses and accrued income		5,839	6,247	5,895	6,081	7,129
<b>Total assets</b>		<b>2,856,843</b>	<b>2,522,133</b>	<b>2,943,621</b>	<b>2,935,809</b>	<b>2,919,019</b>
<b>Liabilities and equity</b>						
Due to credit institutions	Note 11	192,902	163,770	222,941	218,571	220,675
Deposits and borrowing from the public	Note 11	1,042,076	753,855	1,049,202	1,093,551	1,055,140
Liabilities where the customer bears the value change risk		104,392	105,225	100,617	105,848	106,896
Issued securities	Note 12	1,258,169	1,245,367	1,258,088	1,214,721	1,206,189
Derivative instruments	Note 9	44,302	40,592	46,252	54,533	73,441
Short positions		10,181	2,416	21,027	20,421	21,338
Insurance liabilities		603	607	616	628	675
Current tax liabilities		460	996	1,358	842	764
Deferred tax liabilities		9,578	8,844	9,762	9,191	9,930
Provisions		796	113	99	98	91
Net pension liabilities		3,824	5,314	5,282	2,899	337
Liabilities related to assets held for sale		843	759	746	713	682
Other liabilities		12,527	14,206	41,220	30,962	37,615
Accrued expenses and deferred income		19,427	17,585	18,615	19,149	20,442
Subordinated liabilities		33,986	34,216	40,361	39,711	40,312
<b>Total liabilities</b>		<b>2,734,066</b>	<b>2,393,865</b>	<b>2,816,186</b>	<b>2,811,838</b>	<b>2,794,527</b>
Minority interest		5	4	5	4	4
Share capital		2,956	2,956	2,956	2,956	2,956
Share premium		3,204	3,204	3,204	3,204	3,204
Reserves		10,348	8,440	12,107	12,401	17,095
Retained earnings		102,222	97,322	97,322	97,322	97,322
Profit for the period, attributable to shareholders in Svenska Handelsbanken AB		4,042	16,342	11,841	8,084	3,911
<b>Total equity</b>		<b>122,777</b>	<b>128,268</b>	<b>127,435</b>	<b>123,971</b>	<b>124,492</b>
<b>Total liabilities and equity</b>		<b>2,856,843</b>	<b>2,522,133</b>	<b>2,943,621</b>	<b>2,935,809</b>	<b>2,919,019</b>

## STATEMENT OF CHANGES IN EQUITY – GROUP

January - March 2016 SEK m	Share capital	Share premium	Defined benefit plans	Hedge reserve	Fair value reserve	Translation reserve	Retained earnings	Minority	Total
<b>Opening equity</b>	<b>2,956</b>	<b>3,204</b>	<b>-1,461</b>	<b>4,940</b>	<b>2,024</b>	<b>2,937</b>	<b>113,664</b>	<b>4</b>	<b>128,268</b>
Profit for the period							4,042	1	4,043
Other comprehensive income			1,173	2,750	-1,043	-972		0	1,908
<b>Total comprehensive income for the period</b>			<b>1,173</b>	<b>2,750</b>	<b>-1,043</b>	<b>-972</b>	<b>4,042</b>	<b>1</b>	<b>5,951</b>
Dividend							-11,442		-11,442
Effects of convertible subordinated loans	-	-					-		
Change of minority interests							0	0	0
<b>Closing equity</b>	<b>2,956</b>	<b>3,204</b>	<b>-288</b>	<b>7,690</b>	<b>981</b>	<b>1,965</b>	<b>106,264</b>	<b>5</b>	<b>122,777</b>

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

During the period January to March 2016, no convertibles relating to the 2008 subordinated convertible bond were converted. During 2015, convertibles for a nominal value of SEK 1m were converted into 18,925 class A shares. 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	Jan-Mar 2016	Jan-Mar 2015	Full year 2015
Operating profit, total operations	4,997	4,978	20,656
Adjustment for non-cash items in profit/loss	-142	-542	4,200
Paid income tax	-1,998	-1,277	-4,878
Changes in the assets and liabilities of operating activities	286,075	-4,168	-292,273
<b>Cash flow from operating activities</b>	<b>288,932</b>	<b>-1,009</b>	<b>-272,295</b>
Change in shares	880	-7	3,675
Change in interest-bearing securities	1,000	3	11
Change in property and equipment	-99	-45	-510
Change in intangible assets	-101	-90	-456
<b>Cash flow from investing activities</b>	<b>1,680</b>	<b>-139</b>	<b>2,720</b>
Repayment of subordinated loans	0	0	-5,690
Issued subordinated loans	0	10,375	10,082
Dividend paid	-11,442	0	-11,124
<b>Cash flow from financing activities</b>	<b>-11,442</b>	<b>10,375</b>	<b>-6,732</b>
<b>Liquid funds at beginning of the year</b>	<b>202,630</b>	<b>454,532</b>	<b>454,532</b>
Cash flow for the period	279,170	9,227	-276,307
Exchange rate difference on liquid funds	-17,843	35,105	24,405
<b>Liquid funds at end of year*</b>	<b>463,957</b>	<b>498,864</b>	<b>202,630</b>

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

## NOTES

## Note 1 Accounting policies

## Accounting policies

This interim 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 interim 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 2016, regulations (FFFS 2015:20) regarding an amendment to the Swedish Financial Supervisory Authority's regulations and general guidelines (FFFS 2008:25) on annual reports in credit institutions and securities companies came into effect. The main difference is that the amount corresponding to internally developed software for the period is transferred from unrestricted equity to restricted equity in the 'Fund for internally developed software' item.

In other respects, the interim 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 2015.

## 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 analysing the financial effects of the new standard.

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

## Note 2 Net interest income

SEK m	Q1 2016	Q4 2015	Change	Q1 2015	Change	Jan-Mar 2016	Jan-Mar 2015	Change	Full year 2015
<b>Interest income</b>									
Loans to credit institutions and central banks	481	330	46%	370	30%	481	370	30%	1,356
Loans to the public	9,812	9,971	-2%	11,102	-12%	9,812	11,102	-12%	41,963
Interest-bearing securities eligible as collateral with central banks	118	126	-6%	116	2%	118	116	2%	651
Interest-bearing securities	193	172	12%	194	-1%	193	194	-1%	915
Derivative instruments	-419	-253	-66%	-610	31%	-419	-610	31%	-2,386
Other interest income	311	345	-10%	339	-8%	311	339	-8%	1,377
<b>Total interest income</b>	<b>10,496</b>	<b>10,691</b>	<b>-2%</b>	<b>11,511</b>	<b>-9%</b>	<b>10,496</b>	<b>11,511</b>	<b>-9%</b>	<b>43,876</b>
Of which interest income reported in Net gains/losses on financial transactions	160	151	6%	81	98%	160	81	98%	824
<b>Interest income according to income statement</b>	<b>10,336</b>	<b>10,540</b>	<b>-2%</b>	<b>11,430</b>	<b>-10%</b>	<b>10,336</b>	<b>11,430</b>	<b>-10%</b>	<b>43,052</b>
<b>Interest expense</b>									
Due to credit institutions and central banks	-282	-226	25%	-241	17%	-282	-241	17%	-908
Deposits and borrowing from the general public	-404	-377	7%	-595	-32%	-404	-595	-32%	-1,881
Issued securities	-4,392	-4,421	-1%	-4,835	-9%	-4,392	-4,835	-9%	-18,166
Derivative instruments	2,213	2,027	9%	1,831	21%	2,213	1,831	21%	8,364
Subordinated liabilities	-389	-425	-8%	-375	4%	-389	-375	4%	-1,695
Other interest expense	-407	-225	81%	-355	15%	-407	-355	15%	-1,574
<b>Total interest expense</b>	<b>-3,661</b>	<b>-3,647</b>	<b>0%</b>	<b>-4,570</b>	<b>-20%</b>	<b>-3,661</b>	<b>-4,570</b>	<b>-20%</b>	<b>-15,860</b>
Of which interest expense reported in Net gains/losses on financial transactions	-120	-78	54%	-56	114%	-120	-56	114%	-548
<b>Interest expense according to income statement</b>	<b>-3,541</b>	<b>-3,569</b>	<b>-1%</b>	<b>-4,514</b>	<b>-22%</b>	<b>-3,541</b>	<b>-4,514</b>	<b>-22%</b>	<b>-15,312</b>
<b>Net interest income</b>	<b>6,795</b>	<b>6,971</b>	<b>-3%</b>	<b>6,916</b>	<b>-2%</b>	<b>6,795</b>	<b>6,916</b>	<b>-2%</b>	<b>27,740</b>

## Note 3 Net fee and commission income

SEK m	Q1 2016	Q4 2015	Change	Q1 2015	Change	Jan-Mar 2016	Jan-Mar 2015	Change	Full year 2015
Brokerage and other securities commissions	233	266	-12%	322	-28%	233	322	-28%	1,071
Mutual funds	695	743	-6%	726	-4%	695	726	-4%	2,987
Custody and other asset management fees	147	150	-2%	147	0%	147	147	0%	600
Advisory services	104	89	17%	50	108%	104	50	108%	326
Insurance	158	155	2%	181	-13%	158	181	-13%	639
Payments	718	852	-16%	774	-7%	718	774	-7%	3,364
Loans and deposits	280	296	-5%	277	1%	280	277	1%	1,096
Guarantees	99	108	-8%	108	-8%	99	108	-8%	421
Other	119	122	-2%	114	4%	119	114	4%	471
<b>Commission income</b>	<b>2,553</b>	<b>2,781</b>	<b>-8%</b>	<b>2,699</b>	<b>-5%</b>	<b>2,553</b>	<b>2,699</b>	<b>-5%</b>	<b>10,975</b>
Securities	-66	-59	12%	-65	2%	-66	-65	2%	-244
Payments	-300	-359	-16%	-305	-2%	-300	-305	-2%	-1,337
Other	-17	-20	-15%	-19	-11%	-17	-19	-11%	-74
<b>Commission expense</b>	<b>-383</b>	<b>-438</b>	<b>-13%</b>	<b>-389</b>	<b>-2%</b>	<b>-383</b>	<b>-389</b>	<b>-2%</b>	<b>-1,655</b>
<b>Net fee and commission income</b>	<b>2,170</b>	<b>2,343</b>	<b>-7%</b>	<b>2,310</b>	<b>-6%</b>	<b>2,170</b>	<b>2,310</b>	<b>-6%</b>	<b>9,320</b>

## Note 4 Net gains/losses on financial transactions

SEK m	Q1 2016	Q4 2015	Change	Q1 2015	Change	Jan-Mar 2016	Jan-Mar 2015	Change	Full year 2015
Trading, derivatives, FX effect etc	-267	719		2		-267	2		1,965
Other financial instruments at fair value in profit/loss	583	-416		469	24%	583	469	24%	-497
<i>of which interest-bearing securities</i>	585	-346		477	23%	585	477	23%	-401
<i>of which loans</i>	-2	-70	97%	-8	75%	-2	-8	75%	-96
Financial instruments at amortised cost	36	-38		-9		36	-9		53
<i>of which loans</i>	86	94	-9%	99	-13%	86	99	-13%	482
<i>of which liabilities</i>	-50	-132	62%	-108	54%	-50	-108	54%	-429
Financial instruments available for sale	827	1,192	-31%	16		827	16		1,203
Hedge accounting	0	93	-100%	-50		0	-50		-21
<i>of which net gains/losses on fair value hedges</i>	2	72	-97%	-56		2	-56		-53
<i>of which cash flow hedge ineffectiveness</i>	-2	21		6		-2	6		32
Gains/losses on unbundled insurance contracts	-17	-47	64%	0		-17	0		-95
<b>Total</b>	<b>1,162</b>	<b>1,503</b>	<b>-23%</b>	<b>428</b>	<b>171%</b>	<b>1,162</b>	<b>428</b>	<b>171%</b>	<b>2,608</b>

## Note 5 Other administrative expenses

SEK m	Q1 2016	Q4 2015	Change	Q1 2015	Change	Jan-Mar 2016	Jan-Mar 2015	Change	Full year 2015
Property and premises	-308	-320	-4%	-305	1%	-308	-305	1%	-1,243
External IT costs	-408	-438	-7%	-391	4%	-408	-391	4%	-1,623
Communication	-85	-89	-4%	-88	-3%	-85	-88	-3%	-342
Travel and marketing	-68	-103	-34%	-72	-6%	-68	-72	-6%	-335
Purchased services	-264	-304	-13%	-235	12%	-264	-235	12%	-1,027
Supplies	-45	-47	-4%	-47	-4%	-45	-47	-4%	-182
Other expenses	-125	-141	-11%	-90	39%	-125	-90	39%	-451
<b>Other expenses</b>	<b>-1,303</b>	<b>-1,442</b>	<b>-10%</b>	<b>-1,228</b>	<b>6%</b>	<b>-1,303</b>	<b>-1,228</b>	<b>6%</b>	<b>-5,203</b>

## Note 6 Loan losses and impaired loans

## Loan losses

SEK m	Q1 2016	Q4 2015	Change	Q1 2015	Change	Jan-Mar 2016	Jan-Mar 2015	Change	Full year 2015
<b>Specific provision for individually assessed loans</b>									
Provision for the period	-344	-494	-30%	-409	-16%	-344	-409	-16%	-1,832
Reversal of previous provisions	57	102	-44%	95	-40%	57	95	-40%	372
<b>Total</b>	<b>-287</b>	<b>-392</b>	<b>-27%</b>	<b>-314</b>	<b>-9%</b>	<b>-287</b>	<b>-314</b>	<b>-9%</b>	<b>-1,460</b>
<b>Collective provisions</b>									
Net provision for the period for individually assessed loans	7	-15		38	-82%	7	38	-82%	0
Net provision for the period for homogeneous loans	1	-7		-2		1	-2		-3
<b>Total</b>	<b>8</b>	<b>-22</b>		<b>36</b>	<b>-78%</b>	<b>8</b>	<b>36</b>	<b>-78%</b>	<b>-3</b>
<b>Off-balance sheet items</b>									
Losses on off-balance sheet items	-2	0		0		-2	0		0
Reversal of previous losses on off-balance-sheet items	-	0		-		-	-		0
Change in collective provision for off-balance-sheet items	15	-6		-25		15	-25		-33
<b>Total</b>	<b>13</b>	<b>-6</b>		<b>-25</b>		<b>13</b>	<b>-25</b>		<b>-33</b>
<b>Write-offs</b>									
Actual loan losses for the period	-1,215	-296	310%	-205	493%	-1,215	-205	493%	-964
Utilised share of previous provisions	1,195	195		161		1,195	161		659
Recoveries	99	46	115%	42	136%	99	42	136%	204
<b>Total</b>	<b>79</b>	<b>-55</b>		<b>-2</b>		<b>79</b>	<b>-2</b>		<b>-101</b>
<b>Net loan losses</b>	<b>-187</b>	<b>-475</b>	<b>-61%</b>	<b>-305</b>	<b>-39%</b>	<b>-187</b>	<b>-305</b>	<b>-39%</b>	<b>-1,597</b>

## 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 Mar 2016	31 Dec 2015	30 Sep 2015	30 Jun 2015	31 Mar 2015
Impaired loans	7,390	8,844	8,863	8,979	8,903
Specific provision for individually assessed loans	-3,517	-4,444	-4,320	-4,077	-3,888
Provision for collectively assessed homogeneous groups of loans with limited value	-93	-94	-88	-93	-93
Collective provisions for individually assessed loans	-272	-278	-266	-230	-246
<b>Impaired loans, net</b>	<b>3,508</b>	<b>4,028</b>	<b>4,189</b>	<b>4,579</b>	<b>4,676</b>
Total impaired loans reserve ratio	52.5%	54.5%	52.7%	49.0%	47.5%
Proportion of impaired loans	0.18%	0.21%	0.22%	0.24%	0.25%
Impaired loans reserve ratio excl. collective provisions	48.8%	51.3%	49.7%	46.4%	44.7%
Loan loss ratio as a % of loans, acc.	0.04%	0.09%	0.08%	0.07%	0.07%
Loans past due > 60 days	4,473	4,657	5,286	5,737	6,389
Loans past due > 60 days, which are not impaired	1,270	1,218	1,504	1,853	1,989



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

31 March 2016		Impaired loans			Loans past due > 60 days, which are not impaired
SEK m	Gross	Provisions	Net*	Of which past due >60 days	
Private individuals	1,411	-745	666	469	787
Housing co-operative associations	37	-20	17	2	2
Property management	1,761	-723	1,038	218	209
Manufacturing	728	-512	216	64	22
Retail	537	-269	268	79	10
Hotel and restaurant	97	-30	67	67	100
Passenger and goods transport by sea	1,702	-521	1,181	0	-
Other transport and communication	59	-44	15	14	9
Construction	282	-177	105	47	94
Electricity, gas and water	76	-54	22	2	2
Agriculture, hunting and forestry	35	-16	19	2	1
Other services	82	-56	26	22	23
Holding, investment and insurance companies, funds etc.	457	-336	121	45	11
Other corporate lending	126	-107	19	19	0
Credit institutions	-	-	-	-	-
<b>Total</b>	<b>7,390</b>	<b>-3,610</b>	<b>3,780</b>	<b>1,050</b>	<b>1,270</b>

\* Book value after deduction of specific provisions.

31 December 2015		Impaired loans			Loans past due > 60 days, which are not impaired
SEK m	Gross	Provisions	Net*	Of which past due >60 days	
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	-	-	-	-	-
<b>Total</b>	<b>8,844</b>	<b>-4,538</b>	<b>4,306</b>	<b>1,317</b>	<b>1,218</b>

\* 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 Mar 2016	31 Dec 2015	30 Sep 2015	30 Jun 2015	31 Mar 2015
Loans to the public	1,902,479	1,866,467	1,855,311	1,851,432	1,826,323
of which reverse repos	14,279	7,742	15,803	16,428	20,799
Loans to other credit institutions	47,442	49,656	63,130	87,250	79,633
of which reverse repos	20,592	23,394	36,719	48,227	48,719
Other loans to central banks	43,790	34,118	74,145	106,646	31,529
of which reverse repos	462	0	595	1,288	0

## Loans to the public, by sector

SEK m	31 March 2016			31 December 2015		
	Loans gross	Provisions	Loans net	Loans gross	Provisions	Loans net
Private individuals	925,859	-745	925,114	912,517	-755	911,762
<i>of which mortgage loans</i>	749,880	-29	749,851	736,768	-31	736,737
<i>of which other loans with property mortgages</i>	115,015	-148	114,867	107,591	-146	107,445
<i>of which other loans to private individuals</i>	60,964	-568	60,396	68,158	-578	67,580
Housing co-operative associations	174,567	-20	174,547	169,595	-20	169,575
<i>of which mortgage loans</i>	150,920	-7	150,913	148,064	-7	148,057
Property management	518,781	-723	518,058	511,308	-697	510,611
Manufacturing	31,780	-512	31,268	33,540	-1,542	31,998
Retail	24,596	-269	24,327	24,236	-267	23,969
Hotels and restaurants	8,849	-30	8,819	8,981	-30	8,951
Passenger and goods transport by sea	9,821	-521	9,300	10,354	-543	9,811
Other transport and communication	13,378	-44	13,334	11,195	-60	11,135
Construction	16,186	-177	16,009	15,500	-92	15,408
Electricity, gas, water	26,724	-54	26,670	26,560	-52	26,508
Agriculture, hunting and forestry	11,351	-16	11,335	11,318	-15	11,303
Other services	20,392	-56	20,336	19,789	-66	19,723
Holding, investment, insurance, funds, etc.	73,541	-336	73,205	71,179	-282	70,897
Government and municipalities	18,982	-	18,982	22,452	-	22,452
Other corporate lending	31,554	-107	31,447	22,759	-117	22,642
<b>Total loans to the public, before collective provisions</b>	<b>1,906,361</b>	<b>-3,610</b>	<b>1,902,751</b>	<b>1,871,283</b>	<b>-4,538</b>	<b>1,866,745</b>
Collective provisions			-272			-278
<b>Total loans to the public</b>			<b>1,902,479</b>			<b>1,866,467</b>

## Specification of Loans to the public – Property management

SEK m	31 March 2016			31 December 2015		
	Loans gross	Provisions	Loans net	Loans gross	Provisions	Loans net
<b>Loans in Sweden</b>						
State-owned property companies	5,040	-	5,040	5,042	-	5,042
Municipal-owned property companies	11,025	-	11,025	12,242	-	12,242
Residential property companies	93,497	-29	93,468	91,484	-35	91,449
<i>of which mortgage loans</i>	77,691	-3	77,688	77,367	-4	77,363
Other property management	136,996	-58	136,938	136,333	-71	136,262
<i>of which mortgage loans</i>	59,844	-6	59,838	61,993	-7	61,986
<b>Total loans in Sweden</b>	<b>246,558</b>	<b>-87</b>	<b>246,471</b>	<b>245,101</b>	<b>-106</b>	<b>244,995</b>
<b>Loans outside Sweden</b>						
Denmark	16,726	-427	16,299	13,816	-89	13,727
Finland	28,818	-110	28,708	28,704	-22	28,682
Norway	91,495	-23	91,472	85,787	-58	85,729
UK	111,209	-62	111,147	115,669	-408	115,261
The Netherlands	16,051	-	16,051	14,539	-	14,539
Other countries	7,924	-14	7,910	7,692	-14	7,678
<b>Total loans outside Sweden</b>	<b>272,223</b>	<b>-636</b>	<b>271,587</b>	<b>266,207</b>	<b>-591</b>	<b>265,616</b>
<b>Total loans - Property management</b>	<b>518,781</b>	<b>-723</b>	<b>518,058</b>	<b>511,308</b>	<b>-697</b>	<b>510,611</b>

## Credit risk exposure

SEK m	31 Mar 2016	31 Dec 2015	30 Sep 2015	30 Jun 2015	31 Mar 2015
Loans to the public	1,902,479	1,866,467	1,855,311	1,851,432	1,826,323
<i>of which reverse repos</i>	14,279	7,742	15,803	16,428	20,799
Loans to other credit institutions	47,442	49,656	63,130	87,250	79,633
<i>of which reverse repos</i>	20,592	23,394	36,719	48,227	48,719
Unutilised part of granted overdraft facilities	127,904	129,216	125,876	107,218	101,604
Committed loan offers	257,692	267,200	266,098	279,578	268,801
Other commitments	31,167	24,441	27,959	23,201	23,472
Guarantees, credits	9,209	9,750	8,682	10,632	10,262
Guarantees, other	60,672	61,274	61,588	59,694	61,813
Letters of credit	4,470	6,433	5,322	6,815	7,474
Derivative instruments*	73,885	85,347	98,674	91,099	127,267
Interest-bearing securities eligible as collateral with central banks	95,474	74,777	102,824	73,071	68,064
Bonds and other interest-bearing securities	53,856	44,513	62,017	56,502	64,830
<b>Total</b>	<b>2,664,250</b>	<b>2,619,074</b>	<b>2,677,481</b>	<b>2,646,492</b>	<b>2,639,543</b>

\* Refers to the total of positive market values.

## Note 9 Derivatives

SEK m	31 Mar 2016	31 Dec 2015	30 Sep 2015	30 Jun 2015	31 Mar 2015
<b>Positive market values</b>					
Trading	54,524	50,673	60,170	57,358	87,567
Fair value hedges	23	38	45	20	68
Cash flow hedges	54,402	58,576	61,817	52,363	61,784
Amounts set off	-35,064	-23,940	-23,358	-18,642	-22,152
<b>Total</b>	<b>73,885</b>	<b>85,347</b>	<b>98,674</b>	<b>91,099</b>	<b>127,267</b>
<b>Negative market values</b>					
Trading	66,116	53,991	60,806	63,039	85,214
Fair value hedges	37	1	27	68	86
Cash flow hedges	9,921	10,241	9,467	10,611	10,293
Amounts set off	-31,772	-23,641	-24,048	-19,185	-22,152
<b>Total</b>	<b>44,302</b>	<b>40,592</b>	<b>46,252</b>	<b>54,533</b>	<b>73,441</b>
<b>Nominal value</b>					
Trading	3,368,807	3,441,484	4,454,988	4,987,375	5,693,338
Fair value hedges	13,482	8,297	9,419	12,055	14,566
Cash flow hedges	873,712	833,736	805,428	793,096	796,289
Amounts set off	-1,578,065	-1,414,478			
<b>Total</b>	<b>2,677,936</b>	<b>2,869,039</b>	<b>5,269,835</b>	<b>5,792,526</b>	<b>6,504,193</b>

Derivative contracts are presented gross in the table. Offsetted amounts consist of the offsetted market value of contracts for which the Bank has the legal right and intention to settle contractual cash flows net (including cleared contracts). These contracts are presented on a net basis in the balance sheet per counterparty and currency. 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		
	Jan-Mar 2016	Jan-Mar 2015	Full year 2015	Jan-Mar 2016	Jan-Mar 2015	Full year 2015	Jan-Mar 2016	Jan-Mar 2015	Full year 2015
Opening residual value	6,460	6,597	6,597	1,794	1,535	1,535	8,254	8,132	8,132
Additional during the period	-	-	-	101	88	455	101	88	455
The period's amortisation	-	-	-	-43	-46	-182	-43	-46	-182
The period's impairments	-	-	-	-1	-9	-17	-1	-9	-17
Foreign exchange effect	16	-36	-137	-23	16	3	-7	-20	-134
<b>Closing residual value</b>	<b>6,476</b>	<b>6,561</b>	<b>6,460</b>	<b>1,828</b>	<b>1,584</b>	<b>1,794</b>	<b>8,304</b>	<b>8,145</b>	<b>8,254</b>

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

SEK m	31 Mar 2016	31 Dec 2015	30 Sep 2015	30 Jun 2015	31 Mar 2015
Due to credit institutions	192,902	163,770	222,941	218,571	220,675
<i>of which repos</i>	768	290	2,537	5,854	1,117
Deposits and borrowing from the public	1,042,076	753,855	1,049,202	1,093,551	1,055,140
<i>of which repos</i>	8,952	0	14,699	9,138	7,025

## Note 12 Issued securities

SEK m	Jan-Mar 2016	Jan-Mar 2015
<b>Issued securities at beginning of year</b>	<b>1,245,367</b>	<b>1,212,613</b>
Issued	375,194	258,536
Repurchased	-5,419	-84,735
Matured	-335,467	-215,127
Foreign exchange effect etc	-21,506	34,902
<b>Issued securities at end of period</b>	<b>1,258,169</b>	<b>1,206,189</b>

## Note 13 Assets pledged, contingent liabilities and other commitments

SEK m	31 Mar 2016	31 Dec 2015	30 Sep 2015	30 Jun 2015	31 Mar 2015
Assets pledged for own debt	819,522	779,834	794,527	789,837	778,077
Other pledged assets	34,730	33,488	44,058	49,463	55,452
Contingent liabilities	74,351	77,457	75,592	77,141	79,549
Other commitments	416,763	420,857	419,933	409,997	393,877

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 March 2016	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									
<b>Assets</b>									
Cash and balances with central banks					463,957			463,957	463,957
Other loans to central banks					43,790			43,790	43,790
Interest-bearing securities eligible as collateral with central banks	30,153	64,790				531		95,474	95,474
Loans to other credit institutions					47,442			47,442	47,255
Loans to the public		1,510			1,900,969			1,902,479	1,919,772
Value change of interest-hedged item in portfolio hedge					36			36	
Bonds and other interest-bearing securities	15,535	33,561				4,760		53,856	53,856
Shares	33,089	813				5,416		39,318	39,318
Assets where the customer bears the value change risk		104,247			69			104,316	104,316
Derivative instruments	29,093		44,792					73,885	73,885
Other assets	91				12,015			12,106	12,106
Prepaid expenses and accrued income	321	746			4,769	3		5,839	5,839
<b>Total financial assets</b>	<b>108,282</b>	<b>205,667</b>	<b>44,792</b>		<b>2,473,047</b>	<b>10,710</b>		<b>2,842,498</b>	<b>2,859,568</b>
Investments in associates								248	
Other non-financial assets								14,097	
<b>Total assets</b>								<b>2,856,843</b>	
<b>Liabilities</b>									
Due to credit institutions							192,902	192,902	194,912
Deposits and borrowing from the public							1,042,076	1,042,076	1,042,031
Liabilities where the customer bears the value change risk		104,323					69	104,392	104,392
Issued securities	7,200						1,250,969	1,258,169	1,280,943
Derivative instruments	35,706		8,596					44,302	44,302
Short positions	10,181							10,181	10,181
Other liabilities	92						12,435	12,527	12,527
Accrued expenses and deferred income	248						19,179	19,427	19,427
Subordinated liabilities							33,986	33,986	37,041
<b>Total financial liabilities</b>	<b>53,427</b>	<b>104,323</b>	<b>8,596</b>				<b>2,551,616</b>	<b>2,717,962</b>	<b>2,745,756</b>
Other non-financial liabilities								16,104	
<b>Total liabilities</b>								<b>2,734,066</b>	

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									
<b>Assets</b>									
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			1,864,848			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
<b>Total financial assets</b>	<b>95,049</b>	<b>181,100</b>	<b>54,350</b>	<b>1,002</b>	<b>2,165,617</b>	<b>11,084</b>		<b>2,508,202</b>	<b>2,520,307</b>
Investments in associates								245	
Other non-financial assets								13,686	
<b>Total assets</b>								<b>2,522,133</b>	
<b>Liabilities</b>									
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
<b>Total financial liabilities</b>	<b>42,021</b>	<b>105,156</b>	<b>8,899</b>				<b>2,221,156</b>	<b>2,377,232</b>	<b>2,404,087</b>
Other non-financial liabilities								16,633	
<b>Total liabilities</b>								<b>2,393,865</b>	

## Note 15 Fair value measurement of financial instruments

31 March 2016 SEK m	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Interest-bearing securities eligible as collateral with central banks	93,410	2,064	-	95,474
Loans to the public	-	1,499	11	1,510
Bonds and other interest-bearing securities	49,950	3,906	-	53,856
Shares	33,082	4,972	1,264	39,318
Assets where the customer bears the value change risk	103,512	-	735	104,247
Derivative instruments	151	73,734	-	73,885
<b>Total financial assets at fair value</b>	<b>280,105</b>	<b>86,175</b>	<b>2,010</b>	<b>368,290</b>

<b>Liabilities</b>				
Liabilities where the customer bears the value change risk	103,588	-	735	104,323
Issued securities	-	7,200	-	7,200
Derivative instruments	661	43,641	-	44,302
Short positions	9,569	612	-	10,181
<b>Total financial liabilities at fair value</b>	<b>113,818</b>	<b>51,453</b>	<b>735</b>	<b>166,006</b>

31 December 2015 SEK m	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
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
<b>Total financial assets at fair value</b>	<b>242,592</b>	<b>96,101</b>	<b>2,025</b>	<b>340,718</b>
<b>Liabilities</b>				
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
<b>Total financial liabilities at fair value</b>	<b>107,308</b>	<b>48,014</b>	<b>732</b>	<b>156,054</b>

**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 same as 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 equities, and short positions in corresponding assets. Level 1 also includes the majority of shares in mutual funds and other assets which are related to unit-linked insurance contracts and similar agreements and the corresponding liabilities. Financial instruments which are valued using valuation models which substantially are based on market data are categorised as level 2. Level 2 mainly includes interest-bearing securities and interest- and currency-related derivatives. 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 2015), the instrument has been moved between the levels in the table.



During the period January–March, some of the volumes have been 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 630m were transferred from level 1 to level 2. On the liabilities side, derivatives worth SEK 118m were transferred from level 1 to level 2, and derivatives worth SEK 288m were moved from level 2 to level 1.

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 mainly based 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. Subsequently, the valuation is 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 value, 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 capture all the components which affect the value of the instrument.

As a consequence of the application of this principle, SEK 43m (26) has been amortised in net gains/losses on financial transactions during the period January–March 2016. At the end of the period, total non-recognised day 1 gains/losses amounted to SEK 564m (539).

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 – March 2016 SEK m	Shares	Loans to the public	Assets where the customer bears the value change risk	Liabilities where the customer bears the value change risk	Issued securities
Carrying amount at beginning of year	1,283	10	732	-732	-
Acquisitions/issues	3	-	-	-	-
Repurchases/sales	-3	-	-	-	-
Matured during the period	-	-	-	-	-
Unrealised value change in income statement	-39	-	3	-3	-
Unrealised value change in other comprehensive income	20	-	-	-	-
Transfer from level 1 or 2	-	1	-	-	-
Transfer to level 1 or 2	-	-	-	-	-
<b>Carrying amount at end of period</b>	<b>1,264</b>	<b>11</b>	<b>735</b>	<b>-735</b>	<b>-</b>

January – December 2015 SEK m	Shares	Loans to the public	Assets where the customer bears the value change risk	Liabilities where the customer bears the value change risk	Issued securities
Carrying amount at beginning of year	1,405	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	-	-	-	-
<b>Carrying amount at end of period</b>	<b>1,283</b>	<b>10</b>	<b>732</b>	<b>-732</b>	<b>-</b>

#### Note 16 Related-party transactions

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

## Note 17 Offsetting of financial instruments

31 March 2016 SEK m	Derivatives	Repurchase agreements, securities borrowing and similar agreements	Total
<b>Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements</b>			
Gross amounts of recognised financial assets	108,949	35,937	144,886
Gross amounts of recognised financial liabilities set off in the balance sheet	-35,064	-	-35,064
<b>Net amounts of financial assets presented in the balance sheet</b>	<b>73,885</b>	<b>35,937</b>	<b>109,822</b>
<b>Related amounts not set off in the balance sheet</b>			
Financial instruments not set off in the balance sheet	-22,342	-	-22,342
Collateral received	-25,069	-35,935	-61,004
<b>Net amount</b>	<b>26,474</b>	<b>2</b>	<b>26,476</b>
<b>Financial liabilities subject to offsetting, enforceable master netting agreements and similar agreements</b>			
Gross amounts of recognised financial liabilities	76,074	9,721	85,795
Gross amounts of recognised financial assets set off in the balance sheet	-31,772	-	-31,772
<b>Net amounts of financial liabilities presented in the balance sheet</b>	<b>44,302</b>	<b>9,721</b>	<b>54,023</b>
<b>Related amounts not set off in the balance sheet</b>			
Financial instruments not set off in the balance sheet	-22,342	-	-22,342
Assets pledged	-6,009	-9,721	-15,730
<b>Net amount</b>	<b>15,951</b>	<b>-</b>	<b>15,951</b>

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

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 includes set-off cash collateral of SEK 4,368m (964) derived from the balance sheet item Deposits and borrowing from the public. The amount set off for derivative liabilities includes set-off cash collateral of SEK 1,076m (664) derived from the 'Loans to the public' balance sheet item.

## Note 18 Assets and liabilities by currency

31 March 2016								
SEK m	SEK	EUR	NOK	DKK	GBP	USD	Other currencies	Total
<b>Assets</b>								
Cash and balances with central banks	122	61,125	14,335	74	58,537	327,360	2,404	463,957
Other loans to central banks	17,310	-	-	26,138	341	-	1	43,790
Loans to other credit institutions	2,256	9,034	308	182	1,270	32,400	1,992	47,442
Loans to the public	1,213,901	177,157	201,564	80,140	191,046	28,657	10,014	1,902,479
<i>of which corporates</i>	485,058	124,787	118,788	31,395	128,380	28,455	9,067	925,930
<i>of which households</i>	728,843	52,370	82,776	48,745	62,666	202	947	976,549
Interest-bearing securities eligible as collateral with central banks	60,673	5,917	93	7	-	28,258	526	95,474
Bonds and other interest-bearing securities	48,684	2,504	808	-	1,767	93	-	53,856
Other items not broken down by currency	249,845							249,845
<b>Total assets</b>	<b>1,592,791</b>	<b>255,737</b>	<b>217,108</b>	<b>106,541</b>	<b>252,961</b>	<b>416,768</b>	<b>14,937</b>	<b>2,856,843</b>
<b>Liabilities</b>								
Due to credit institutions	27,485	68,296	23,049	13,571	11,057	39,952	9,492	192,902
Deposits and borrowing from the public	490,839	80,591	50,588	28,239	115,985	268,676	7,158	1,042,076
<i>of which corporates</i>	201,048	65,482	32,415	14,624	90,765	266,188	6,664	677,186
<i>of which households</i>	289,791	15,109	18,173	13,615	25,220	2,488	494	364,890
Issued securities	461,928	237,099	23,711	382	76,738	416,838	41,473	1,258,169
Subordinated liabilities	10,573	13,795	-	-	-	9,618	-	33,986
Other items not broken down by currency, incl. equity	329,710							329,710
<b>Total liabilities and equity</b>	<b>1,320,535</b>	<b>399,781</b>	<b>97,348</b>	<b>42,192</b>	<b>203,780</b>	<b>735,084</b>	<b>58,123</b>	<b>2,856,843</b>
Other assets and liabilities broken down by currency (net)		144,139	-119,695	-64,216	-49,095	318,217	43,263	
<b>Net foreign currency position</b>		<b>95</b>	<b>65</b>	<b>133</b>	<b>86</b>	<b>-99</b>	<b>77</b>	<b>357</b>

  

31 December 2015								
SEK m	SEK	EUR	NOK	DKK	GBP	USD	Other currencies	Total
<b>Assets</b>								
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
<b>Total assets</b>	<b>1,535,807</b>	<b>237,500</b>	<b>200,001</b>	<b>94,614</b>	<b>253,568</b>	<b>185,965</b>	<b>14,678</b>	<b>2,522,133</b>
<b>Liabilities</b>								
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
<b>Total liabilities and equity</b>	<b>1,272,002</b>	<b>363,273</b>	<b>85,071</b>	<b>45,053</b>	<b>213,972</b>	<b>490,758</b>	<b>52,004</b>	<b>2,522,133</b>
Other assets and liabilities broken down by currency (net)		125,716	-114,803	-49,492	-39,555	304,831	37,406	
<b>Net foreign currency position</b>		<b>-57</b>	<b>127</b>	<b>69</b>	<b>41</b>	<b>38</b>	<b>80</b>	<b>298</b>

## 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 interim 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 Mar 2016	31 Dec 2015	30 Sep 2015	30 Jun 2015	31 Mar 2015
<b>TIER 1 CAPITAL</b>					
Equity, Group	122,777	128,268	127,435	123,971	124,492
Accrued unpaid dividend last year	-	-	-	-	-
Accrued dividend current year	-2,021	-11,442	-8,657	-6,084	-2,718
Result from unconsolidated entities	-202	-748	-597	-433	-202
Equity not part of the consolidated situation	1,731	172	135	97	58
Minority interests	-5	-4	-5	-4	-4
<b>Equity (consolidated entities)</b>	<b>122,280</b>	<b>116,246</b>	<b>118,311</b>	<b>117,547</b>	<b>121,626</b>
Deducted items					
Goodwill and other intangible assets	-8,293	-8,246	-8,223	-8,184	-8,136
Value adjustments (fair value)	-665	-553	-534	-430	-351
Special deduction for IRB institutions	-1,452	-1,395	-1,577	-1,668	-2,132
Positions in securitisation	-	-	-	-	-
Net pension assets	-	-	-	-	-
Own shares	-556	-577	-595	-462	-500
Adjustments in accordance with stability filter					
Cash flow hedges	-7,690	-4,940	-6,259	-4,082	-6,306
Unrealised accumulated gains, shares	-	-	-	-	-
<b>Common equity tier 1 capital, gross</b>	<b>103,624</b>	<b>100,535</b>	<b>101,123</b>	<b>102,721</b>	<b>104,201</b>
Threshold deductions					
Capital contributions to unconsolidated financial entities >10% CET1	-	-	-	-	-
Deferred tax assets >10% CET1	-	-	-	-	-
Amount of capital contributions and deferred tax assets >15%	-	-	-	-	-
<b>Common equity tier 1 capital</b>	<b>103,624</b>	<b>100,535</b>	<b>101,123</b>	<b>102,721</b>	<b>104,201</b>
Additional tier 1 instruments	11,570	11,933	11,955	17,766	18,317
<b>Total tier 1 capital</b>	<b>115,194</b>	<b>112,468</b>	<b>113,078</b>	<b>120,487</b>	<b>122,518</b>
<b>TIER 2 CAPITAL</b>					
Subordinated loans	17,111	17,150	17,622	17,275	17,455
Deducted items					
Tier 2 contribution in unconsolidated financial entities	-1,129	-1,129	-1,129	-1,129	-1,129
<b>Total tier 2 capital</b>	<b>15,982</b>	<b>16,021</b>	<b>16,493</b>	<b>16,146</b>	<b>16,326</b>
<b>Total own funds</b>	<b>131,176</b>	<b>128,489</b>	<b>129,571</b>	<b>136,633</b>	<b>138,844</b>

## Capital ratios and buffers

	31 Mar 2016	31 Dec 2015	30 Sep 2015	30 Jun 2015	31 Mar 2015
Common equity tier 1 ratio, CRD IV	22.7%	21.2%	21.4%	21.3%	21.1%
Tier 1 ratio, CRD IV	25.3%	23.8%	23.9%	25.0%	24.9%
Total capital ratio, CRD IV	28.8%	27.2%	27.4%	28.4%	28.2%
Risk exposure amount CRD IV, SEK m	456,104	473,132	473,539	481,134	492,968
Own funds in relation to capital requirement according to Basel I floor	139%	137%	140%	149%	153%
Institution-specific buffer requirements*	6.1%	6.1%	6.1%	5.6%	5.5%
<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%	0.6%	0.1%	
<i>of which systemic risk buffer requirement</i>	3.0%	3.0%	3.0%	3.0%	3.0%
Common equity tier 1 capital available for use as a buffer	18.2%	16.7%	16.9%	16.8%	16.6%

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

## Capital requirement

SEK m	31 Mar 2016	31 Dec 2015	30 Sep 2015	30 Jun 2015	31 Mar 2015
Credit risk according to standardised approach	5,949	6,433	6,127	5,906	5,960
Credit risk according to IRB approach	24,360	25,225	25,608	26,394	27,152
Market risks	796	825	849	968	1,054
Credit value adjustment risk (CVA)	568	713	645	567	617
Operational risk	4,815	4,655	4,655	4,655	4,655
<b>Total capital requirement</b>	<b>36,488</b>	<b>37,851</b>	<b>37,884</b>	<b>38,490</b>	<b>39,438</b>
Adjustment according to Basel I floor	58,870	56,982	55,659	54,309	52,771
<b>Capital requirement, Basel I floor</b>	<b>95,358</b>	<b>94,833</b>	<b>93,543</b>	<b>92,799</b>	<b>92,209</b>
Total own funds, Basel I floor	132,628	129,884	131,148	138,301	140,976

## Risk exposure amount

SEK m	31 Mar 2016	31 Dec 2015	30 Sep 2015	30 Jun 2015	31 Mar 2015
Credit risk according to standardised approach	74,358	80,406	76,583	73,825	74,506
Credit risk according to IRB approach	304,506	315,310	320,101	329,926	339,396
Market risk	9,954	10,318	10,612	12,110	13,178
Credit value adjustment risk (CVA)	7,104	8,911	8,056	7,086	7,701
Operational risk	60,182	58,187	58,187	58,187	58,187
<b>Total risk exposure amount</b>	<b>456,104</b>	<b>473,132</b>	<b>473,539</b>	<b>481,134</b>	<b>492,968</b>

## Capital requirement credit risks standardised approach\*\*

SEK m	Exposure amount		Risk-weighted exposure amount		Capital requirement		Average risk weight, %	
	31 Mar 2016	31 Dec 2015	31 Mar 2016	31 Dec 2015	31 Mar 2016	31 Dec 2015	31 Mar 2016	31 Dec 2015
Sovereign and central banks	541,069	270,402	113	72	9	6	0.0	0.0
Municipalities	56,197	58,231	16	18	1	1	0.0	0.0
Multilateral development banks	549	649	0	0	0	0	0.0	0.0
International organisations	0	1	0	0	0	0	0.0	0.0
Institutions	5,192	4,162	477	603	38	48	9.2	14.5
Corporates	12,523	12,232	11,852	11,570	948	926	94.6	94.6
Households	15,866	22,417	11,860	16,774	949	1,342	74.8	74.8
Collateral in real estate	79,110	70,925	28,358	25,367	2,269	2,029	35.8	35.8
Past due items	197	229	269	319	22	25	136.8	139.2
Equities	7,002	7,978	16,331	17,308	1,306	1,385	233.2	216.9
Other items	5,704	9,034	5,082	8,375	407	671	89.1	92.7
<b>Total</b>	<b>723,409</b>	<b>456,260</b>	<b>74,358</b>	<b>80,406</b>	<b>5,949</b>	<b>6,433</b>	<b>10.3</b>	<b>17.6</b>

\*\* 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 Mar 2016	31 Dec 2015	31 Mar 2016	31 Dec 2015	31 Mar 2016	31 Dec 2015	31 Mar 2016	31 Dec 2015
<b>Corporates</b>	<b>827,328</b>	<b>821,795</b>	<b>198,346</b>	<b>204,181</b>	<b>15,869</b>	<b>16,334</b>	<b>24.0</b>	<b>24.8</b>
Corporate lending	795,311	796,198	193,624	199,470	15,490	15,957	24.3	25.1
<i>of which other loans foundation approach *</i>	120,994	124,939	36,953	37,805	2,956	3,024	30.5	30.3
<i>of which other loans advanced approach *</i>	674,317	671,259	156,671	161,665	12,534	12,933	23.2	24.1
<i>of which large companies</i>	137,862	137,749	59,851	61,130	4,788	4,890	43.4	44.4
<i>of which medium-sized companies</i>	75,268	76,639	31,570	32,888	2,526	2,631	41.9	42.9
<i>of which property companies</i>	461,187	456,871	65,250	67,647	5,220	5,412	14.1	14.8
Counterparty risk	32,017	25,597	4,722	4,711	379	377	14.7	18.4
<b>Housing co-operative associations</b>	<b>175,518</b>	<b>170,587</b>	<b>6,439</b>	<b>6,248</b>	<b>515</b>	<b>500</b>	<b>3.7</b>	<b>3.7</b>
<b>Households</b>	<b>930,869</b>	<b>918,324</b>	<b>66,476</b>	<b>66,245</b>	<b>5,318</b>	<b>5,300</b>	<b>7.1</b>	<b>7.2</b>
Private individuals	903,907	891,487	58,972	58,841	4,718	4,707	6.5	6.6
<i>of which property loans</i>	825,270	810,312	43,965	43,517	3,517	3,481	5.3	5.4
<i>of which other loans</i>	78,637	81,175	15,007	15,324	1,201	1,226	19.1	18.9
Small companies	26,962	26,837	7,504	7,404	600	593	27.8	27.6
<i>of which property loans</i>	7,602	7,541	2,013	2,016	161	161	26.5	26.7
<i>of which other loans</i>	19,360	19,296	5,491	5,388	439	432	28.4	27.9
<b>Institutions</b>	<b>101,166</b>	<b>117,263</b>	<b>15,686</b>	<b>20,471</b>	<b>1,255</b>	<b>1,638</b>	<b>15.5</b>	<b>17.5</b>
Lending to institutions	17,179	19,203	5,749	6,767	460	541	33.5	35.2
Counterparty risk	83,987	98,060	9,937	13,704	795	1,096	11.8	14.0
<i>of which repos and securities loans</i>	32,894	31,143	766	424	61	34	2.3	1.4
<i>of which derivatives</i>	51,093	66,917	9,171	13,280	734	1,062	17.9	19.8
<b>Equity exposures</b>	<b>5,046</b>	<b>5,229</b>	<b>15,296</b>	<b>15,815</b>	<b>1,223</b>	<b>1,265</b>	<b>303.1</b>	<b>302.4</b>
<i>of which listed shares</i>	4,220	4,418	12,239	12,811	979	1,025	290.0	290.0
<i>of which other shares</i>	826	811	3,057	3,004	244	240	370.0	370.0
<b>Exposures without a counterparty</b>	<b>2,261</b>	<b>2,348</b>	<b>2,261</b>	<b>2,348</b>	<b>180</b>	<b>188</b>	<b>100.0</b>	<b>100.0</b>
<b>Securitisation positions</b>	<b>24</b>	<b>28</b>	<b>2</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>7.4</b>	<b>7.4</b>
<i>of which Traditional securitisation</i>	24	28	2	2	0	0	7.4	7.4
<i>of which Synthetic securitisation</i>	-	-	-	-	-	-	-	-
<b>Total IRB approach</b>	<b>2,042,212</b>	<b>2,035,574</b>	<b>304,506</b>	<b>315,310</b>	<b>24,360</b>	<b>25,225</b>	<b>14.9</b>	<b>15.5</b>

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

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 for institutions are reported separately in the table of 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 14.9% as at 31 March 2016. The decrease in the average risk weight was attributable primarily to improved average credit quality in the Bank's credit portfolio, as well as increased utilisation of collateral in capital adequacy.

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 interim report.

## Capital requirement market risks

SEK m	31 Mar 2016	31 Dec 2015	30 Sep 2015	30 Jun 2015	31 Mar 2015
Position risk in the trading book	789	819	844	963	1,045
Interest rate risk	778	804	826	946	1,033
of which general risk	598	512	489	603	704
of which specific risk	179	290	335	341	327
of which positions in securitisation instruments	-	-	-	-	0
of which non-delta risk	1	2	2	2	2
Equity price risk	11	15	18	17	12
of which general risk	1	1	3	2	2
of which specific risk	4	4	7	5	5
of which mutual funds	1	2	0	1	0
of which non-delta risk	5	8	8	9	5
Exchange rate risk	-	-	-	-	-
of which non-delta risk	-	-	-	-	-
Commodities risk	7	6	5	5	8
of which non-delta risk	0	0	0	0	0
Settlement risk	0	0	0	0	1
<b>Total capital requirement for market risks</b>	<b>796</b>	<b>825</b>	<b>849</b>	<b>968</b>	<b>1,054</b>

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 Mar 2016	31 Dec 2015	30 Sep 2015	30 Jun 2015	31 Mar 2015
Balance sheet according to accounting regulations	2,856,843	2,522,133	2,943,621	2,935,809	2,919,019
Deduction for assets not included in the banking group	-99,917	-103,655	-99,096	-105,213	-106,940
Adjustment for differences between carrying amount and leverage ratio exposure - derivatives	-29,163	-37,126	-49,606	-29,412	-49,167
Adjustment for differences between carrying amount and leverage ratio exposure - repos and securities loans	6,530	4,786	8,596	5,300	8,502
Assets reported off the balance sheet, gross (before adjustment for conversion factor)	476,586	483,859	480,000	474,213	456,981
Deduction from assets off the balance sheet after application of conversion factor	-300,702	-303,538	-304,092	-297,692	-285,498
Assets reported off the balance sheet, net	175,884	180,321	175,908	176,521	171,483
Additional adjustment	-19,747	-16,872	-18,390	-15,987	-18,489
<b>Assets on which the leverage ratio is calculated</b>	<b>2,890,430</b>	<b>2,549,587</b>	<b>2,961,033</b>	<b>2,967,018</b>	<b>2,924,408</b>
<b>Capital on which the leverage ratio can be calculated</b>					
Tier 1 capital	115,194	112,468	113,078	120,487	122,518
<b>Leverage ratio</b>					
Leverage ratio calculated on tier 1 capital	4.0%	4.4%	3.8%	4.1%	4.2%

## 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 come from net gains/losses on financial transactions.

The situation with regard to regulatory developments continues to evolve rapidly. During the quarter, the Swedish Financial Supervisory Authority presented a stricter view of how probability of default for companies is to be calculated. If such measures are carried out, this will have a negative impact on banks with low risk levels, including

Handelsbanken. However, the Bank's low tolerance of risk, sound capitalisation and strong liquidity situation mean that Handelsbanken 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. During the quarter, the Swedish Financial Supervisory Authority presented a stricter calculation method for probability of default for companies. 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 or in this interim 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 March 2016 - Group

Programme (in millions)	Currency	Programme size	Utilised amount	Countervalue SEK m
ECP*	EUR	5,000	4,024	37,128
ECP (Stadshypotek)*	EUR	4,000	97	895
French Commercial Paper	EUR	7,500	1,013	9,347
Swedish Commercial Paper	SEK	25,000	1,500	1,500
Swedish Commercial Paper (Stadshypotek)	SEK	90,000	0	0
USCP	USD	15,000	7,763	62,851
AMTN	AUD	5,000	1,275	7,952
AMTCN (Stadshypotek)	AUD	5,000	750	4,678
EMTN*	USD	50,000	22,632	183,233
EMTCN (Stadshypotek)*	EUR	20,000	11,159	102,961
US 144A/3(a)(2)	USD	20,000	11,650	94,321
Stadshypotek US 144A	USD	15,000	3,750	30,361
Samurai	JPY	400,000	192,300	13,848
MTN*	SEK	100,000	14,783	14,783
General funding >1 Y*	USD	15,000	2,649	21,447
Extendible Notes	USD	15,000	1,457	11,796
<b>Total</b>				<b>597,101</b>
Total programme (or limited) amounts, SEK m		1,695,459		
Unutilised amount, SEK m		1,098,358		
<b>Available amount</b>		<b>65%</b>		

\* 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 March 2016, total liquidity reserves continued to exceed SEK 800bn. Balances with central banks and banks, as well as securities that are eligible as collateral with central banks, totalled

SEK 647bn (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 Mar 2016	31 Dec 2015	30 Sep 2015	30 Jun 2015	31 Mar 2015
Cash and balances with and other lending to central banks	506,949	236,359	525,421	552,266	529,972
Balances with banks and the National Debt Office, overnight	3,618	1,180	983	30,860	6,115
Securities issued by governments and public entities	83,145	63,136	77,799	41,209	46,398
Covered bonds	52,096	50,096	54,230	48,093	65,733
Securities issued by non-financial companies	782	637	1,094	1,727	1,866
Securities issued by financial companies	102	233	978	847	593
<b>Total</b>	<b>646,692</b>	<b>351,641</b>	<b>660,505</b>	<b>675,002</b>	<b>650,677</b>
<i>of which in SEK</i>	<i>116,992</i>	<i>89,695</i>	<i>131,728</i>	<i>124,675</i>	<i>77,482</i>
<i>of which in EUR</i>	<i>70,363</i>	<i>55,471</i>	<i>84,111</i>	<i>76,119</i>	<i>114,826</i>
<i>of which in USD</i>	<i>348,004</i>	<i>114,702</i>	<i>360,074</i>	<i>351,298</i>	<i>368,213</i>
<i>of which in other currencies</i>	<i>111,333</i>	<i>91,773</i>	<i>84,592</i>	<i>122,910</i>	<i>90,156</i>

31 March 2016					
Market value, SEK m	SEK	EUR	USD	Other	Total
Cash and balances with and other lending to central banks	16,849	61,062	327,321	101,717	506,949
Balances with other banks and the National Debt Office, overnight	2,094	203	435	886	3,618
Securities issued by governments	54,000	6,383	16,676	-	77,059
Securities issued by municipalities and other public entities	2,316	277	3,378	115	6,086
Covered bonds, external issuers	38,594	2,360	-	8,611	49,565
Own covered bonds	2,512	19	-	-	2,531
Securities issued by non-financial companies	573	15	194	-	782
Securities issued by financial companies	54	44	-	4	102
<b>Total</b>	<b>116,992</b>	<b>70,363</b>	<b>348,004</b>	<b>111,333</b>	<b>646,692</b>

## Maturities for financial assets and liabilities

31 March 2016 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	507,747	-	-	-	-	-	-	507,747
Interest-bearing securities eligible as collateral with central banks	95,474	-	-	-	-	-	-	95,474
Bonds and other interest-bearing securities	53,856	-	-	-	-	-	-	53,856
Loans to credit institutions	38,216	3,555	1,194	102	631	3,744	-	47,442
-of which reverse repos	20,592	-	-	-	-	-	-	20,592
Loans to the public	64,190	218,727	177,921	172,370	350,577	918,694	-	1,902,479
-of which reverse repos	14,279	-	-	-	-	-	-	14,279
Other	47,245	-	-	-	-	-	202,600	249,845
-of which shares and participating interests	39,318	-	-	-	-	-	-	39,318
-of which claims on investment banking settlements	7,927	-	-	-	-	-	-	7,927
<b>Total</b>	<b>806,728</b>	<b>222,282</b>	<b>179,115</b>	<b>172,472</b>	<b>351,208</b>	<b>922,438</b>	<b>202,600</b>	<b>2,856,843</b>
Due to credit institutions	80,172	73,157	2,997	5,193	17	4,902	26,464	192,902
-of which repos	768	-	-	-	-	-	-	768
-of which deposits from central banks	18,471	57,765	1,703	-	-	-	7,724	85,663
Deposits and borrowing from the public	285,375	32,438	8,732	990	2,332	6,534	705,675	1,042,076
-of which repos	8,952	-	-	-	-	-	-	8,952
Issued securities	68,701	404,902	57,110	226,097	419,841	81,518	-	1,258,169
-of which covered bonds	1	73,023	25,053	169,159	282,208	34,030	-	583,474
-of which certificates and other securities with original maturity of less than one year	67,092	286,384	7,359	-	-	-	-	360,835
-of which senior bonds and other securities with original maturity of more than one year	1,608	45,495	24,698	56,938	137,633	47,488	-	313,860
Subordinated liabilities	-	-	2,468	2,947	28,571	-	-	33,986
Other	14,751	-	-	-	-	-	314,959	329,710
-of which short positions	10,181	-	-	-	-	-	-	10,181
-of which investment banking settlement debts	4,570	-	-	-	-	-	-	4,570
<b>Total</b>	<b>448,999</b>	<b>510,497</b>	<b>71,307</b>	<b>235,227</b>	<b>450,761</b>	<b>92,954</b>	<b>1,047,098</b>	<b>2,856,843</b>

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, please see the Fact Book which is available at [handelsbanken.se/ireng](http://handelsbanken.se/ireng).

## Liquidity coverage ratio (LCR)

	31 Mar 2016	31 Dec 2015	30 Sep 2015	30 Jun 2015	31 Mar 2015
Liquidity Coverage Ratio (LCR), %					
EUR	134	161	265	151	177
USD	161	429	127	126	129
<b>Total*</b>	<b>151</b>	<b>137</b>	<b>141</b>	<b>117</b>	<b>127</b>

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

	31 Mar 2016	31 Dec 2015	30 Sep 2015	30 Jun 2015	31 Mar 2015
Liquidity Coverage Ratio (LCR) - decomposition, SEK m					
<b>Liquid assets</b>	<b>360,481</b>	<b>283,573</b>	<b>343,712</b>	<b>339,101</b>	<b>280,048</b>
Liquid assets level 1	318,791	242,606	301,090	301,163	231,947
Liquid assets level 2	41,690	40,967	42,622	37,938	48,101
<b>Cash outflows</b>	<b>581,222</b>	<b>318,364</b>	<b>628,912</b>	<b>657,509</b>	<b>638,440</b>
Deposits from customers	192,835	141,589	202,316	189,379	213,217
Market funding	349,721	142,770	384,260	431,453	378,791
Other cash flows	38,666	34,005	42,336	36,677	46,432
<b>Cash inflows</b>	<b>342,332</b>	<b>111,599</b>	<b>385,628</b>	<b>367,535</b>	<b>418,667</b>
Inflows from maturing lending to non-financial customers	24,548	22,612	24,468	20,669	23,917
Other cash inflows	317,784	88,987	361,160	346,866	394,750

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 European 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 currently 70%, and it will be gradually raised to 100% by 2018, when the delegated act will 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.

By making requirements for a short-term liquidity buffer in FFFS 2012:6 as early as 2013, Sweden has moved more quickly than required by the EU. 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 NSFR is expected to be introduced in the EU in 2018.

At the end of March, Handelsbanken's LCR according to the Swedish Financial Supervisory Authority's regulation FFFS 2012:6 was 151%, 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 142% during the first quarter. The Bank's LCR, calculated according to the European Commission's delegated act, was 170%.

## 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 March 2016		
SEK bn	NEA	Accumulated coverage ratio in % of unsecured funding*
Holdings with central banks and securities in the liquidity portfolio	647	76%
Mortgage loans	432	126%
Other household lending	208	150%
Property company lending lowest risk class (1-3)	246	179%
Other corporate lending lowest risk class (1-3)	158	197%
Loans to credit institutions lowest risk class (1-3)	45	203%
Other corporate lending	229	229%
Other assets	38	234%
<b>Total non-encumbered assets (NEA)</b>	<b>2,003</b>	<b>234%</b>
<b>Encumbered assets without underlying liabilities**</b>	<b>58</b>	
Encumbered assets with underlying liabilities	796	
<b>Total assets, Group</b>	<b>2,857</b>	

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%
<b>Total non-encumbered assets (NEA)</b>	<b>1,709</b>	<b>203%</b>
<b>Encumbered assets without underlying liabilities**</b>	<b>57</b>	
Encumbered assets with underlying liabilities	756	
<b>Total assets, Group</b>	<b>2,522</b>	

\* 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	Q1 2016	Q4 2015	Change	Q1 2015	Change	Jan-Mar 2016	Jan-Mar 2015	Change	Full year 2015
Net interest income	3,589	3,867	-7%	3,833	-6%	3,589	3,833	-6%	15,250
Dividends received	2,302	10,924	-79%	242		2,302	242		11,978
Net fee and commission income	1,563	1,733	-10%	1,675	-7%	1,563	1,675	-7%	6,778
Net gains/losses on financial transactions	1,198	1,672	-28%	219	447%	1,198	219	447%	2,349
Other operating income	383	428	-11%	460	-17%	383	460	-17%	1,644
<b>Total income</b>	<b>9,035</b>	<b>18,624</b>	<b>-51%</b>	<b>6,429</b>	<b>41%</b>	<b>9,035</b>	<b>6,429</b>	<b>41%</b>	<b>37,999</b>
Staff costs	-3,057	-2,531	21%	-2,848	7%	-3,057	-2,848	7%	-10,904
Other administrative expenses	-1,245	-1,385	-10%	-1,195	4%	-1,245	-1,195	4%	-5,040
Depreciation, amortisation and impairments of property, equipment and intangible assets	-132	-116	14%	-132	0%	-132	-132	0%	-507
<b>Total expenses before loan losses</b>	<b>-4,434</b>	<b>-4,032</b>	<b>10%</b>	<b>-4,175</b>	<b>6%</b>	<b>-4,434</b>	<b>-4,175</b>	<b>6%</b>	<b>-16,451</b>
<b>Profit before loan losses</b>	<b>4,601</b>	<b>14,592</b>	<b>-68%</b>	<b>2,254</b>	<b>104%</b>	<b>4,601</b>	<b>2,254</b>	<b>104%</b>	<b>21,548</b>
Net loan losses	-176	-467	-62%	-307	-43%	-176	-307	-43%	-1,614
Impairments of financial assets	-	-		-		-	-		-15
<b>Operating profit</b>	<b>4,425</b>	<b>14,125</b>	<b>-69%</b>	<b>1,947</b>	<b>127%</b>	<b>4,425</b>	<b>1,947</b>	<b>127%</b>	<b>19,919</b>
Appropriations	37	14	164%	29	28%	37	29	28%	100
<b>Profit before tax</b>	<b>4,462</b>	<b>14,139</b>	<b>-68%</b>	<b>1,976</b>	<b>126%</b>	<b>4,462</b>	<b>1,976</b>	<b>126%</b>	<b>20,019</b>
Taxes	-343	-2,960	-88%	-440	-22%	-343	-440	-22%	-4,176
<b>Profit for the period</b>	<b>4,119</b>	<b>11,179</b>	<b>-63%</b>	<b>1,536</b>	<b>168%</b>	<b>4,119</b>	<b>1,536</b>	<b>168%</b>	<b>15,843</b>

### STATEMENT OF COMPREHENSIVE INCOME – PARENT COMPANY

SEK m	Q1 2016	Q4 2015	Change	Q1 2015	Change	Jan-Mar 2016	Jan-Mar 2015	Change	Full year 2015
<b>Profit for the period</b>	<b>4,119</b>	<b>11,179</b>	<b>-63%</b>	<b>1,536</b>	<b>168%</b>	<b>4,119</b>	<b>1,536</b>	<b>168%</b>	<b>15,843</b>
<b>Other comprehensive income</b>									
<b>Items that may subsequently be reclassified to profit or loss</b>									
Cash flow hedges	1,917	-567		279		1,917	279		195
Available-for-sale instruments	-1,100	-948	-16%	1,428		-1,100	1,428		694
Translation differences for the period	-1,153	-1,773	35%	1,926		-1,153	1,926		-1,155
<i>of which hedging net investment in foreign operations</i>	-203	-711	71%	872		-203	872		-444
Tax related to other comprehensive income	-320	379		-328	2%	-320	-328	2%	73
<i>of which cash flow hedges</i>	-422	125		-61		-422	-61		-43
<i>of which available-for-sale instruments</i>	57	97	-41%	-75		57	-75		18
<i>of which hedging net investment in foreign operations</i>	45	157	-71%	-192		45	-192		98
<b>Total items that may subsequently be reclassified to profit or loss</b>	<b>-656</b>	<b>-2,909</b>	<b>77%</b>	<b>3,305</b>		<b>-656</b>	<b>3,305</b>		<b>-193</b>
<b>Total other comprehensive income for the period</b>	<b>-656</b>	<b>-2,909</b>	<b>77%</b>	<b>3,305</b>		<b>-656</b>	<b>3,305</b>		<b>-193</b>
<b>Total comprehensive income for the period</b>	<b>3,463</b>	<b>8,270</b>	<b>-58%</b>	<b>4,841</b>	<b>-28%</b>	<b>3,463</b>	<b>4,841</b>	<b>-28%</b>	<b>15,650</b>

### Comment on results – Parent company January – March 2016, compared with January – March 2015

The parent company's accounts cover parts of the operations that, in organisational terms, are included in branch operations within and outside Sweden, Capital Markets, and central departments and administrative functions. Although most of Handelsbanken's business comes from 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.

The parent company's operating profit grew by 127% to SEK 4,425m (1,947), chiefly due to increased dividends and higher net gains/losses on financial transactions. Dividends have been received amounting to SEK 2,302m (242). Profit for the period rose by 168% to SEK 4,119m (1,536). Net interest income decreased by 6% to SEK 3,589m (3,833), and net fee and commission income decreased by 7% to SEK 1,563m (1,675). Since the start of the year, the parent company's equity has decreased to SEK 99,133m (107,112).

## BALANCE SHEET – PARENT COMPANY

SEK m	31 Mar 2016	31 Dec 2015	30 Sep 2015	30 Jun 2015	31 Mar 2015
<b>Assets</b>					
Cash and balances with central banks	463,957	202,630	452,271	447,289	498,865
Interest-bearing securities eligible as collateral with central banks	92,174	71,436	99,359	69,739	64,376
Loans to credit institutions	594,779	596,441	622,610	677,893	597,111
Loans to the public	757,955	733,988	743,084	754,302	746,347
Bonds and other interest-bearing securities	50,292	40,974	58,226	52,454	60,821
Shares	38,473	29,309	60,629	72,150	65,058
Shares in subsidiaries and investments in associates	45,784	45,815	45,787	45,797	45,803
Assets where the customer bears the value change risk	3,603	3,422	3,463	3,358	3,253
Derivative instruments	78,170	89,491	102,627	94,991	131,389
Intangible assets	1,994	1,962	1,880	1,855	1,814
Property and equipment	1,084	1,150	1,139	997	978
Current tax assets	498	-	943	442	-
Deferred tax assets	413	328	344	298	371
Other assets	12,424	18,299	48,377	16,893	25,206
Prepaid expenses and accrued income	4,292	4,813	4,265	4,599	5,433
<b>Total assets</b>	<b>2,145,892</b>	<b>1,840,058</b>	<b>2,245,004</b>	<b>2,243,057</b>	<b>2,246,825</b>
<b>Liabilities and equity</b>					
Due to credit institutions	203,177	173,533	234,423	229,639	234,167
Deposits and borrowing from the public	1,044,283	755,066	1,049,921	1,093,330	1,055,296
Liabilities where the customer bears the value change risk	3,680	3,501	3,540	3,420	3,297
Issued securities	663,056	676,950	678,617	640,400	646,022
Derivative instruments	64,603	61,109	70,511	76,581	100,481
Short positions	10,181	2,416	21,027	20,421	21,338
Current tax liabilities	-	847	-	-	174
Deferred tax liabilities	1,969	1,521	1,844	1,487	1,923
Provisions	487	96	107	102	104
Other liabilities	11,943	13,751	34,743	30,224	36,981
Accrued expenses and deferred income	8,855	9,370	10,467	10,377	9,768
Subordinated liabilities	33,986	34,216	40,361	39,711	40,312
<b>Total liabilities</b>	<b>2,046,220</b>	<b>1,732,376</b>	<b>2,145,561</b>	<b>2,145,692</b>	<b>2,149,863</b>
<b>Untaxed reserves</b>	<b>539</b>	<b>570</b>	<b>601</b>	<b>627</b>	<b>659</b>
Share capital	2,956	2,956	2,956	2,956	2,956
Share premium	3,204	3,204	3,204	3,204	3,204
Other funds	10,388	9,585	12,494	11,640	13,083
Retained earnings	78,466	75,524	75,524	75,524	75,524
Profit for the period	4,119	15,843	4,664	3,414	1,536
<b>Total equity</b>	<b>99,133</b>	<b>107,112</b>	<b>98,842</b>	<b>96,738</b>	<b>96,303</b>
<b>Total liabilities and equity</b>	<b>2,145,892</b>	<b>1,840,058</b>	<b>2,245,004</b>	<b>2,243,057</b>	<b>2,246,825</b>

January – March 2016 SEK m	Restricted equity			Unrestricted equity					Total
	Share capital	Statutory reserve	Fund for internally developed software	Share premium	Hedge reserve *	Fair value reserve *	Translation reserve *	Retained earnings	
<b>Opening equity</b>	<b>2,956</b>	<b>2,682</b>		<b>3,204</b>	<b>1,349</b>	<b>2,016</b>	<b>3,538</b>	<b>91,367</b>	<b>107,112</b>
Profit for the period								4,119	4,119
Other comprehensive income					1,495	-1,043	-1,108		-656
<b>Total comprehensive income for</b>					<b>1,495</b>	<b>-1,043</b>	<b>-1,108</b>	<b>4,119</b>	<b>3,463</b>
Dividend								-11,442	-11,442
Effects of convertible subordinated	-			-					-
Fund for internally developed software			1,459					-1,459	
<b>Closing equity</b>	<b>2,956</b>	<b>2,682</b>	<b>1,459</b>	<b>3,204</b>	<b>2,844</b>	<b>973</b>	<b>2,430</b>	<b>82,585</b>	<b>99,133</b>

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	
<b>Opening equity</b>	<b>2,956</b>	<b>2,682</b>		<b>3,203</b>	<b>1,197</b>	<b>1,304</b>	<b>4,595</b>	<b>86,648</b>	<b>102,585</b>
Profit for the period								15,843	15,843
Other comprehensive income					152	712	-1,057		-193
<b>Total comprehensive income for</b>					<b>152</b>	<b>712</b>	<b>-1,057</b>	<b>15,843</b>	<b>15,650</b>
Dividend								-11,124	-11,124
Effects of convertible subordinated	0			1					1
<b>Closing equity</b>	<b>2,956</b>	<b>2,682</b>		<b>3,204</b>	<b>1,349</b>	<b>2,016</b>	<b>3,538</b>	<b>91,367</b>	<b>107,112</b>

\* Included in fair value fund.

During the period January to March 2016, no convertibles relating to the 2008 subordinated convertible bond were converted. During 2015, convertibles for a nominal value of SEK 1m were converted into 18,925 class A shares. At the end of the period, the number of Handelsbanken shares in the trading book was 0 (0).

## CASH FLOW STATEMENT, CONDENSED – PARENT COMPANY

SEK m	Jan-Mar 2016	Jan-Mar 2015	Full year 2015
Operating profit	4,425	1,947	19,919
Adjustment for non-cash items in profit/loss	-267	-527	-7,338
Paid income tax	-1,702	-1,105	-4,221
Changes in the assets and liabilities of operating activities	243,308	-6,694	-293,815
<b>Cash flow from operating activities</b>	<b>245,764</b>	<b>-6,379</b>	<b>-285,455</b>
Change in shares	880	-7	3,618
Change in interest-bearing securities	1,000	0	0
Change in property and equipment	-61	-47	-415
Change in intangible assets	-95	-89	-447
<b>Cash flow from investing activities</b>	<b>1,724</b>	<b>-143</b>	<b>2,756</b>
Repayment of subordinated loans	0	0	-5,690
Issued subordinated loans	0	10,375	10,082
Dividend paid	-11,442	0	-11,124
Received group contributions	10,635	8,330	8,727
<b>Cash flow from financing activities</b>	<b>-807</b>	<b>18,705</b>	<b>1,995</b>
<b>Liquid funds at beginning of the year</b>	<b>202,630</b>	<b>454,532</b>	<b>454,532</b>
Cash flow for the period	246,681	12,183	-280,704
Exchange rate difference on liquid funds	14,646	32,150	28,802
<b>Liquid funds at end of year</b>	<b>463,957</b>	<b>498,865</b>	<b>202,630</b>

## 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 Mar 2016	31 Dec 2015	30 Sep 2015	30 Jun 2015	31 Mar 2015
Common equity tier 1 capital	90,361	90,624	89,515	90,291	89,864
Total tier 1 capital	101,931	102,557	101,470	108,057	108,181
Total tier 2 capital	15,982	16,021	16,493	16,146	16,326
Total own funds	117,913	118,578	117,963	124,203	124,507
<b>Capital ratios and buffers</b>					
Common equity tier 1 ratio, CRD IV	20.7%	19.9%	19.6%	19.5%	19.0%
Tier 1 ratio, CRD IV	23.3%	22.6%	22.3%	23.4%	22.9%
Total capital ratio, CRD IV	27.0%	26.1%	25.9%	26.8%	26.3%
Risk exposure amount, CRD IV	436,936	454,661	455,557	462,658	473,426
Own funds in relation to capital requirement according to transitional rules	236%	237%	237%	250%	250%
Institution-specific buffer requirements	3.1%	3.1%	3.1%	2.6%	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%	0.6%	0.1%	-
<i>of which systemic risk buffer requirement</i>	-	-	-	-	-
Common equity tier 1 capital available for use as a buffer	16.2%	15.4%	15.1%	15.0%	14.5%

## Capital requirement – Parent company

SEK m	31 Mar 2016	31 Dec 2015	30 Sep 2015	30 Jun 2015	31 Mar 2015
Credit risk according to standardised approach	10,645	11,120	10,822	10,562	10,572
Credit risk according to IRB approach	19,541	20,377	20,791	21,577	22,293
Market risk	796	825	849	968	1,054
Credit value adjustment risk (CVA)	568	713	645	567	617
Operational risk	3,405	3,338	3,338	3,338	3,338
<b>Total capital requirement</b>	<b>34,955</b>	<b>36,373</b>	<b>36,445</b>	<b>37,012</b>	<b>37,874</b>
Adjustment according to Basel I floor	15,563	14,150	13,797	13,157	12,579
<b>Capital requirement, Basel I floor</b>	<b>50,518</b>	<b>50,523</b>	<b>50,242</b>	<b>50,169</b>	<b>50,453</b>
Total own funds, Basel I floor	118,994	119,602	119,161	125,491	126,242

## Capital requirement credit risks standardised approach \* – Parent company

SEK m	31 Mar 2016	31 Dec 2015	30 Sep 2015	30 Jun 2015	31 Mar 2015
Sovereign and central banks	9	6	1	3	2
Municipalities	1	1	3	2	2
Multilateral development banks	0	0	0	0	0
International organisations	0	0	0	0	0
Institutions	71	81	77	83	71
Corporates	916	872	665	638	757
Households	930	1,319	1,307	1,285	1,217
Collateral in real estate	2,269	2,029	1,999	1,880	1,799
Past due items	21	25	26	30	17
Equities	6,050	6,129	6,169	6,156	6,168
Other items	378	658	575	485	539
<b>Total</b>	<b>10,645</b>	<b>11,120</b>	<b>10,822</b>	<b>10,562</b>	<b>10,572</b>

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



## Capital requirement credit risks IRB – Parent company

SEK m	31 Mar 2016	31 Dec 2015	30 Sep 2015	30 Jun 2015	31 Mar 2015
Corporates	14,734	15,162	14,899	15,319	16,426
Households	2,080	2,049	2,132	2,178	2,252
Private individuals	1,563	1,544	1,640	1,672	1,739
<i>of which property loans</i>	746	723	761	765	706
<i>of which other loans</i>	817	821	879	907	1,033
Small companies	517	505	492	506	513
Institutions	1,255	1,638	1,560	1,882	1,480
Equity exposures	1,384	1,436	2,108	2,118	2,055
<i>of which listed shares</i>	979	1,025	1,692	1,656	1,678
<i>of which other shares</i>	405	411	416	462	377
Exposures without a counterparty	87	92	92	80	78
Securitisation positions	0	0	0	0	2
<b>Total IRB</b>	<b>19,540</b>	<b>20,377</b>	<b>20,791</b>	<b>21,577</b>	<b>22,293</b>

## Capital requirement market risks – Parent company

SEK m	31 Mar 2016	31 Dec 2015	30 Sep 2015	30 Jun 2015	31 Mar 2015
Position risk in the trading book	789	819	844	963	1,045
Interest rate risk	778	804	826	946	1,033
<i>of which positions in securitisation instruments</i>	-	-	-	-	0
Equity price risk	11	15	18	17	12
Exchange rate risk	-	-	-	-	-
Commodities risk	7	6	5	5	8
Settlement risk	0	0	0	0	1
<b>Total capital requirement for market risks</b>	<b>796</b>	<b>825</b>	<b>849</b>	<b>968</b>	<b>1,054</b>

## Leverage ratio – Parent company

SEK m	31 Mar 2016	31 Dec 2015	30 Sep 2015	30 Jun 2015	31 Mar 2015
Balance sheet according to accounting regulations	2,145,892	1,840,058	2,245,004	2,243,057	2,246,825
Adjustment for differences between carrying amount and leverage ratio exposure - derivatives	-21,580	-29,556	-42,716	-22,719	-42,811
Adjustment for differences between carrying amount and leverage ratio exposure - repos and securities loans	8,312	4,792	8,606	5,300	8,501
<i>Assets reported off the balance sheet, gross (before adjustment for conversion factor)</i>	<i>525,339</i>	<i>530,343</i>	<i>524,456</i>	<i>519,612</i>	<i>505,993</i>
<i>Deduction from assets off the balance sheet after application of conversion factor</i>	<i>-335,227</i>	<i>-338,334</i>	<i>-337,337</i>	<i>-331,422</i>	<i>-310,024</i>
Assets reported off the balance sheet, net	190,112	192,009	187,120	188,190	195,969
Additional adjustment	-7,500	-5,880	-6,393	-4,733	-5,981
<b>Assets on which the leverage ratio is calculated</b>	<b>2,315,236</b>	<b>2,001,423</b>	<b>2,391,621</b>	<b>2,409,095</b>	<b>2,402,503</b>
<b>Capital on which the leverage ratio can be calculated</b>					
Tier 1 capital	101,930	102,557	101,470	108,058	108,182
<b>Leverage ratio</b>					
Leverage ratio calculated on tier 1 capital	4.4%	5.1%	4.2%	4.5%	4.5%

## SUBMISSION OF REPORT

I hereby submit this report.

Stockholm, 20 April 2016

Frank Vang-Jensen, President and Group Chief Executive

## PRESS AND TELEPHONE CONFERENCE

A conference for members of the press and analysts is being arranged at the Bank's head office at 9.00 a.m. (CET) on 20 April.

A phone conference will be held at 11 a.m. (CET) on 20 April.

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

The interim report for January–June 2016 will be published on 15 July 2016.

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

Frank Vang-Jensen, President and Group Chief Executive  
Tel: +46 (0)8 22 92 20

Ulf Riese, CFO  
Tel: +46 (0)8 22 92 20

Mikael Hallåker, Head of Investor Relations  
Tel: +46 (0)8 701 29 95, [miha11@handelsbanken.se](mailto:miha11@handelsbanken.se)

# Auditors' report concerning review of interim report

*To the Board of Svenska Handelsbanken AB (publ), corporate identity number 502007-7862*

## INTRODUCTION

We have reviewed the interim report for Svenska Handelsbanken AB (publ) as at 31 March 2016 and for the three-month period ending as at this date. The Board of Directors and the Chief Executive are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act for Credit Institutions and Securities Companies. Our responsibility is to express a conclusion on this interim report based on our review.

## FOCUS AND SCOPE OF THE REVIEW

We have conducted our review in accordance with the International Standard on Review Engagements ISRE 2410 *Review of interim financial information performed by the auditors elected by the company*. A review consists of making inquiries, primarily to persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review differs from and is substantially

less in scope than an audit conducted in accordance with the International Standards on Auditing. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

## CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim report is not, in all material respects, in accordance with IAS 34 and the Annual Accounts Act for Credit Institutions and Securities Companies for the Group and in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies for the parent company.

Stockholm, 20 April 2016

KPMG AB  
Anders Bäckström, Authorised Public Accountant

Ernst & Young AB  
Jesper Nilsson, Authorised Public Accountant

## Share price performance and other information

The Swedish stock market fell by 6% during the first quarter. The Stockholm stock exchange's bank index fell by 12%. Handelsbanken's class A shares closed at SEK 103.30, a decline of 9%, but including dividends paid amounting to SEK 6.00, the total return was -3%. Since 1 January 2000, Handelsbanken's share price has increased by 190%, excluding dividends, while the Stockholm stock exchange has risen by 14%.

### SHARE PRICE PERFORMANCE SINCE 31 DEC 1999



### ANALYSTS WHO MONITOR THE BANK

Company	Analyst	Email address
ABG SUNDAL COLLIER	Magnus Andersson	magnus.andersson@abgsc.se
ARCTIC SECURITIES	Roy Tilley	roy.tilley@arcticsec.no
AUTONOMOUS	Jacob Kruse	jkruse@autonomous-research.com
BANK OF AMERICA MERRILL LYNCH	Johan Ekblom	johan.ekblom@baml.com
BARCLAYS	Christoffer Rosquist	christoffer.rosquist@barclays.com
BERENBERG BANK	Adam Barrass	adam.barrass@berenberg.com
CARNEGIE	Tobias Kaj & Peter Kessiakoff	tobias.kaj@carnegie.se
CITIGROUP	Ronit Ghose	ronit.ghose@citi.com
CREDIT SUISSE	Jan Wolter	jan.wolter@credit-suisse.com
DANSKE BANK	Pawel Wyszynski	pw@danskebank.se
DEUTSCHE BANK	Omar Keenan	omar.keenan@db.com
DNB	Adonis Catic	Adonis.Catic@dnb.se
EVLI	Jaakko Tyrväinen	jaakko.tyrvainen@evli.com
EXANE BNP PARIBAS	Andreas Håkansson	andreas.hakansson@exanebnpparibas.com
GOLDMAN SACHS	Heiner Luz	heiner.luz@gs.com
J P MORGAN	Daniel Do-Thoi	daniel.do-thoi@jpmorgan.com
KEEFE, BRUYETTE & WOODS	Karl Morris	kmorris@kbw.com
KEPLER CHEUVREUX	Mats Anderson	manderson@keplercheuvreux.com
MACQUARIE SECURITIES	Edward Firth	edward.firth@macquarie.com
MEDIOBANCA	Riccardo Rovere	riccardo.rovere@mediobanca.it
MORGAN STANLEY	Alice Timperley	alice.timperley@morganstanley.com
NORDEA	Richard Henze	rickard.henze@nordea.com
PARETO	Vegard Eid Mediås	Vegard.Eid.Medias@paretosec.com
ROYAL BANK OF CANADA	Adrian Cighi	adrian.cighi@rbccm.com
SEB ENSKILDA EQUITIES	Masih Yazdi	masih.yazdi@seb.se
SOCIETE GENERALE	Geoff Dawes	geoff.dawes@sgcib.com
SPAREBANK 1 MARKETS	Odd Weidel	odd.weidel@sb1markets.no
SWEDBANK	Bengt Kirkøen	Bengt.Kirkoen@swedbank.no
UBS	Anton Kryachok	anton-a.kryachok@ubs.com