

2011

Interim Report January – September



Handelsbanken's Interim Report

JANUARY – SEPTEMBER 2011

SUMMARY JANUARY – SEPTEMBER 2011, COMPARED WITH JANUARY – SEPTEMBER 2010

- Profit after tax for total operations went up by 14 per cent to SEK 9,277 million (8,133) and diluted earnings per share rose by 14 per cent to SEK 14.60 (12.85)
- Operating profit for continuing operations rose by 14 per cent to SEK 12,426 million (10,937)
- Return on equity for total operations was 13.8 per cent (12.8)
- Net interest income rose by 10 per cent to SEK 17,256 million (15,725)
- Income rose by 5 per cent to SEK 24,435 million (23,168)
- The loan loss ratio went down to 0.05 per cent (0.10)
- Tier 1 capital rose to SEK 92.9 billion (86.9) and the Tier 1 ratio was 17.4 per cent (15.7)
- The average volume of loans to the public grew by 4 per cent to SEK 1,538 billion (1,475)
- The Bank's net inflow to the Swedish mutual fund market was SEK 10.7 billion

SUMMARY OF Q3 2011, COMPARED WITH Q2 2011

- Profit after tax for total operations went up by 2 per cent to SEK 3,209 million (3,136) and diluted earnings per share rose by 1 per cent to SEK 5.00 (4.95)
- Operating profit for continuing operations went up by 5 per cent to SEK 4,360 million (4,136)
- Return on equity for total operations was 14.1 per cent (14.0)
- Net interest income rose by 7 per cent to SEK 6,066 million (5,683)
- Income increased by 2 per cent to SEK 8,328 million (8,169)
- The loan loss ratio was 0.04 per cent (0.04)
- The average volume of loans to the public grew by 1 per cent to SEK 1,574 billion (1,552) and the average volume of deposits by 7 per cent to SEK 660 billion (614)
- The total liquidity reserve increased to over SEK 700 billion
- According to SKI/EPSI surveys, Handelsbanken continues to have the most satisfied customers of all banking groups in northern Europe

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Handelsbanken Group – Overview

SEK m	Q3 2011	Q3 2010	Change	Q2 2011	Change	Jan-Sep 2011	Jan-Sep 2010	Change	Full year 2010
Summary income statement									
Net interest income	6,066	5,327	14%	5,683	7%	17,256	15,725	10%	21,337
Net fee and commission income	1,903	1,924	-1%	1,949	-2%	5,796	5,895	-2%	8,022
Net gains/losses on financial items at fair value	284	177	60%	308	-8%	953	1,101	-13%	1,377
Risk result - insurance	52	42	24%	38	37%	171	138	24%	205
Other dividend income	4	3	33%	141	-97%	146	189	-23%	190
Share of profit of associated companies	-8	1		18		12	15	-20%	11
Other income	27	32	-16%	32	-16%	101	105	-4%	154
Total income	8,328	7,506	11%	8,169	2%	24,435	23,168	5%	31,296
Staff costs	-2,498	-2,330	7%	-2,477	1%	-7,432	-7,038	6%	-9,504
Other administrative expenses	-1,206	-1,166	3%	-1,273	-5%	-3,668	-3,637	1%	-5,062
Depreciation, amortisation and impairments of property, equipment and intangible assets	-112	-114	-2%	-112	0%	-342	-346	-1%	-452
Total expenses	-3,816	-3,610	6%	-3,862	-1%	-11,442	-11,021	4%	-15,018
Profit before loan losses	4,512	3,896	16%	4,307	5%	12,993	12,147	7%	16,278
Net loan losses	-157	-294	-47%	-172	-9%	-573	-1,214	-53%	-1,507
Gains/losses on disposal of property, equipment and intangible assets	5	4	25%	1	400%	6	4	50%	-1
Operating profit	4,360	3,606	21%	4,136	5%	12,426	10,937	14%	14,770
Taxes	-1,181	-945	25%	-1,048	13%	-3,276	-2,932	12%	-3,962
Profit for the period from continuing operations	3,179	2,661	19%	3,088	3%	9,150	8,005	14%	10,808
Profit for the period from discontinued operations, after tax	30	46	-35%	48	-38%	127	128	-1%	217
Profit for the period	3,209	2,707	19%	3,136	2%	9,277	8,133	14%	11,025
Summary balance sheet									
Loans to the public	1,598,737	1,497,078	7%	1,567,152	2%	1,598,737	1,497,078	7%	1,513,687
of which mortgage loans	837,533	733,757	14%	795,344	5%	837,533	733,757	14%	758,847
Deposits and borrowing from the public	720,482	589,669	22%	645,895	12%	720,482	589,669	22%	564,142
of which households	253,210	240,896	5%	249,245	2%	253,210	240,896	5%	243,930
Total equity	91,696	84,698	8%	89,275	3%	91,696	84,698	8%	88,391
Total assets	2,475,566	2,188,032	13%	2,249,823	10%	2,475,566	2,188,032	13%	2,153,530
Summary of key figures									
Return on equity, total operations *	14.1%	12.7%		14.0%		13.8%	12.8%		12.9%
Return on equity, continuing operations *	14.0%	12.5%		13.8%		13.6%	12.6%		12.6%
C/I ratio, continuing operations	45.8%	48.1%		47.3%		46.8%	47.6%		48.0%
Earnings per share, total operations, SEK	5.15	4.35		5.04		14.90	13.08		17.72
- after dilution	5.00	4.27		4.95		14.60	12.85		17.44
Tier 1 ratio according to Basel II	17.4%	15.7%		17.4%		17.4%	15.7%		16.5%

* 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.

Handelsbanken Group – Business segments

January - September 2011 SEK m	Branch office operations in Sweden	Branch office operations outside Sweden	Capital Markets	Other	Adjustments & eliminations	Group Jan-Sep 2011
Net interest income	11,655	4,924	503	199	-25	17,256
Net fee and commission income	2,742	1,076	1,986	-8		5,796
Net gains/losses on financial items at fair value	352	296	701	-396	0	953
Risk result - insurance			171			171
Share of profits of associated companies				12		12
Other income	17	43	13	174		247
Total income	14,766	6,339	3,374	-19	-25	24,435
Staff costs	-2,348	-2,024	-1,650	-1,923	513	-7,432
Other administrative expenses	-904	-705	-625	-1,434		-3,668
Internal purchased and sold services	-2,025	-761	-57	2,818	25	
Depreciation and amortisation	-68	-52	-34	-188		-342
Total expenses	-5,345	-3,542	-2,366	-727	538	-11,442
Profit before loan losses	9,421	2,797	1,008	-746	513	12,993
Net loan losses	-18	-555				-573
Gains/losses on disposal of property, equipment and intangible assets	0	1	0	5		6
Operating profit	9,403	2,243	1,008	-741	513	12,426
Profit allocation	478	94	-572	0		
Operating profit after profit allocation	9,881	2,337	436	-741	513	12,426
Internal income *	-1,942	-5,391	-749	8,082	-	

January - September 2010 SEK m	Branch office operations in Sweden	Branch office operations outside Sweden	Capital Markets	Other	Adjustments & eliminations	Group Jan-Sep 2010
Net interest income	9,495	5,244	443	579	-36	15,725
Net fee and commission income	2,759	1,158	1,886	92		5,895
Net gains/losses on financial items at fair value	454	148	1,132	-633		1,101
Risk result - insurance			138			138
Share of profits of associated companies				15		15
Other income	8	52	9	225		294
Total income	12,716	6,602	3,608	278	-36	23,168
Staff costs	-2,250	-1,954	-1,535	-1,812	513	-7,038
Other administrative expenses	-716	-748	-674	-1,500	1	-3,637
Internal purchased and sold services	-2,181	-622	-67	2,870		
Depreciation and amortisation	-63	-58	-33	-183	-9	-346
Total expenses	-5,210	-3,382	-2,309	-625	505	-11,021
Profit before loan losses	7,506	3,220	1,299	-347	469	12,147
Net loan losses	-113	-1,101				-1,214
Gains/losses on disposal of property, equipment and intangible assets	0	0		4		4
Operating profit	7,393	2,119	1,299	-343	469	10,937
Profit allocation	548	138	-686	0		
Operating profit after profit allocation	7,941	2,257	613	-343	469	10,937
Internal income *	-1,433	-4,425	-1,005	6,863		

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

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. Return on

allocated capital for the segments is calculated based on average allocated equity and a tax rate of 26.3 per cent. For the Group, return on equity is calculated after reported tax.

Group performance

JANUARY – SEPTEMBER 2011 COMPARED WITH JANUARY – SEPTEMBER 2010

Handelsbanken has shown a stable performance during the first nine months of the year. Profit after tax for total operations went up by 14 per cent to SEK 9,277 million (8,133) and earnings per share increased by 14 per cent to SEK 14.90 (13.08). Return on equity for total operations rose to 13.8 per cent (12.8).

Operating profit rose by 14 per cent to SEK 12,426 million (10,937), due to higher net interest income and lower loan losses. Adjusted for exchange rate movements of SEK -119 million, operating profit grew by 15 per cent.

The C/I ratio for continuing operations improved to 46.8 per cent (47.6).

Income

SEK m	Jan-Sep 2011	Jan-Sep 2010	Change
Net interest income	17,256	15,725	10%
Net fee and commission income	5,796	5,895	-2%
Net financial items	953	1,101	-13%
Other income	430	447	-4%
Total income	24,435	23,168	5%

Income rose by 5 per cent to SEK 24,435 million, as a result of higher net interest income. Disregarding exchange rate movements of SEK -471 million, income grew by 8 per cent.

Net interest income went up by 10 per cent, or SEK 1,531 million, to SEK 17,256 million, due to rising business volumes and improved interest margins as a result of the Bank's favourable funding situation. Excluding exchange rate movements of SEK -338 million, net interest income increased by 12 per cent. The fact that the Bank's refinancing was brought forward in time reduced net interest income by some SEK 250 million. The Group's costs for various government fees that are charged to net interest income rose by 71 per cent, or SEK 333 million, to SEK -805 million (-472). This increase was due to the fact that the full, standard fee is payable to the Swedish Stabilisation Fund as of 2011, compared with a halved fee in previous periods, and also to growing volumes of business.

The average volume of loans to the public grew by 4 per cent to SEK 1,538 billion (1,475). Adjusted for exchange rate effects of SEK -30 billion, the increase was 6 per cent. Higher demand from companies during the second half of the period contributed to a 2 per cent increase in the average volume of corporate lending. Demand for household credit was stable and the average volume rose by 7 per cent to SEK 720 billion (670). The average volume of deposits increased by 15 per cent to SEK 623 billion (544), with figures of 7 per cent for the household sector and 20 per cent for the corporate sector.

Net fee and commission income fell by 2 per cent to SEK 5,796 million (5,895). The decrease was mainly due to a 19 per cent fall in brokerage income, as a result of lower turnover on the equity markets. The decline was offset by the fact the net commissions from payments operations rose by 10 per cent, and that fund management commissions also increased by 10 per cent due to increasing volumes.

Net gains/losses on financial items at fair value went down to SEK 953 million (1,101).

Expenses

SEK m	Jan-Sep 2011	Jan-Sep 2010	Change
Staff costs	-7,432	-7,038	6%
Other administrative expenses	-3,668	-3,637	1%
Depreciation and amortisation	-342	-346	-1%
Total expenses	-11,442	-11,021	4%

Total expenses increased by 4 per cent to SEK -11,442 million. Staff costs rose by 6 per cent, chiefly due to annual salary adjustments and a higher number of employees in Branch office operations outside Sweden. The allocation made to the Oktogonen Foundation increased to SEK -630 million (-561). Variable compensation, including social security costs and other payroll overheads, totalled SEK -178 million (-173).

The average number of employees increased by 4 per cent to 11,197 (10,818), chiefly due to the expansion in the UK.

Other administrative costs rose slightly to SEK -3,668 million (-3,637).

Loan losses

SEK m	Jan-Sep 2011	Jan-Sep 2010	Change
Net loan losses	-573	-1,214	-53%
Loan loss ratio as a % of loans	0.05	0.10	-0.05
Impaired loans, net	2,804	2,723	3%
Proportion of impaired loans, %	0.17	0.17	0.00

Loan losses went down to SEK -573 million and the loan loss ratio dropped to 0.05 per cent (0.10). Impaired loans totalled SEK 2,804 million (2,723), equivalent to 0.17 per cent (0.17) of lending.

The Bank does not have any sovereign exposures to Greece, Portugal, the Republic of Ireland, Italy or Spain.

Q3 2011 COMPARED WITH Q2 2011

Operating profit rose by 5 per cent to SEK 4,360 million (4,136), chiefly due to improved net interest income in branch office operations. The C/I ratio decreased to 45.8 per cent (47.3).

Profit after tax for total operations grew by 2 per cent to SEK 3,209 million (3,136) and earnings per share increased to SEK 5.15 (5.04). Tax expense rose by 13 per cent to SEK -1,181 million (-1,048). Return on equity was 14.1 per cent (14.0).

Income

SEK m	Q3 2011	Q2 2011	Change
Net interest income	6,066	5,683	7%
Net fee and commission income	1,903	1,949	-2%
Net financial items	284	308	-8%
Other income	75	229	-67%
Total income	8,328	8,169	2%

Net interest income rose by 7 per cent to SEK 6,066 million. The increase of SEK 383 million includes non-recurring items of SEK 115 million, which had an adverse effect on net gains/losses on financial items.

Adjusted for this, net interest income rose by 5 per cent, or SEK 268 million, due to growing volumes and rising net interest margins as a result of the Bank's favourable position on the funding market. Deposit margins in Sweden were virtually unchanged. Exchange rate movements had a SEK 32 million positive effect on net interest income, while the fact that the Bank's refinancing was brought forward in time reduced net interest income by some SEK 50 million. Fees for state guarantees and other deposit guarantees that are charged to net interest income increased by 20 per cent, or SEK 50 million, to SEK -306 million (-256). The benchmark effect in Stadshypotek amounted to SEK 9 million (-7).

The average volume of loans to the public increased by SEK 22 billion, or 1 per cent, to SEK 1,574 billion (1,552). SEK 10 billion of the increase was attributable to exchange rate effects. The average volume of household lending increased by 2 per cent, while corporate lending grew by 1 per cent.

Overall average deposits rose by 7 per cent to SEK 660 billion (614). The average volume of household deposits increased by 3 per cent, while corporate deposits grew by 10 per cent.

Net fee and commission income was down by 2 per cent to SEK 1,903 million (1,949). Lower equity related commission income was partly offset by increased insurance and lending commissions. Commission income from card operations increased by 7 per cent to SEK 460 million (431).

Net gains/losses on financial items at fair value decreased to SEK 284 million (308), chiefly due to lower customer activity.

Expenses

SEK m	Q3 2011	Q2 2011	Change
Staff costs	-2,498	-2,477	1%
Other administrative expenses	-1,206	-1,273	-5%
Depreciation and amortisation	-112	-112	0%
Total expenses	-3,816	-3,862	-1%

Total expenses fell by 1 per cent to SEK -3,816 million.

Staff costs increased by 1 per cent, mainly due to exchange rate movements. The allocation to the Oktogonen profit-sharing foundation was unchanged, amounting to SEK -210 million (-210), while variable compensation, including social security costs and other payroll overheads, decreased to SEK -48 million (-64).

Other administrative expenses fell by 5 per cent to SEK -1,206 million, largely due to seasonally lower expenses than normal in the third quarter.

The average number of employees rose to 11,434 (11,091), chiefly attributable to the influx of temporary employees during the summer vacation period.

Loan losses

SEK m	Q3 2011	Q2 2011	Change
Net loan losses	-157	-172	-9%
Loan loss ratio as a % of loans	0.04	0.04	0.00
Impaired loans, net	2,804	3,777	-26%
Proportion of impaired loans, %	0.17	0.23	-0.06

Loan losses went down to SEK 157 million, while the loan loss ratio was unchanged at 0.04 per cent. Net impaired loans decreased by 26 per cent, or SEK 973 million, to SEK 2,804 million (3,777), since some individual large exposures are no longer regarded as impaired. Net impaired loans fell to 0.17 per cent (0.23) of lending.

PERFORMANCE IN THE BUSINESS SEGMENTS

(Q3 2011 compared with Q2 2011)

Operating profits for Branch office operations in Sweden increased slightly to SEK 3,182 million (3,180). Accumulated net inflow to the Bank's mutual funds since the start of the year was SEK 10.7 billion, compared with a net outflow of SEK 3.2 billion for the Swedish market as a whole. The loan loss ratio was 0.03 per cent (-0.01).

In Branch office operations outside Sweden, operating profit increased by 33 per cent to SEK 924 million (696), due to higher net interest income and lower loan losses. Expenses fell by 2 per cent. The loan loss ratio went down to 0.08 per cent (0.19).

Operating profits at Handelsbanken Capital Markets grew by 23 per cent to SEK 381 million (311). Income grew by 3 per cent, primarily due to increasing business volumes, and expenses fell by 5 per cent.

FUNDING AND LIQUIDITY

Handelsbanken continues to have a strong position in the funding market, and as a result the Bank is able to attract long-term market funding at attractive prices, even in the current financial turbulence. The Bank's funding costs and five-year CDS spread are among the very lowest in the European banking sector.

Early in the fourth quarter the Bank chose to issue a ten-year senior bond for EUR 1.25 billion. This issue was the first ten-year senior benchmark issue (i.e. over EUR 1 billion) to have been carried out in Europe since February 2011. The issue was heavily oversubscribed, with an order book of EUR 3 billion.

In the first nine months of the year, the issue volume of long-term funding amounted to SEK 167 billion, comprising SEK 59 billion in senior funding and SEK 108 billion in covered bonds. As at 30 September 2011, the Bank had pre-financed all bonds maturing up to the third quarter of 2012.

The Bank's total liquidity reserve increased, exceeding SEK 700 billion (600) at the end of the period. In the third quarter, cash funds and liquid assets placed with central banks increased by SEK 108 billion to SEK 339 billion, including the Bank's deposits with the Federal Reserve, which grew by SEK 93 billion to SEK 236 billion. This sharp rise was chiefly attributable to growing caution among international investors which increased dollar inflows to the Bank. The volume of liquid bonds was SEK 94 billion. The remainder of the reserve mainly comprises an unutilised issue amount for covered bonds at Stadshypotek.

CAPITAL

SEK m	30 Sep 2011	30 Jun 2011	Change
Tier 1 ratio according to Basel II	17.4%	17.4%	0.0
Capital ratio according to Basel II	19.0%	19.7%	-0.7
Equity	91,696	89,275	3%
Tier 1 capital	92,947	91,393	2%

The capital base amounted to SEK 102 billion (103) and the capital ratio according to Basel II was 19.0 per cent.

Equity increased by SEK 2.4 billion to SEK 91.7 billion during the quarter – up by SEK 7.0 billion from the previous year. Tier 1 capital went up by SEK 1.6 billion to 92.9 billion and the Tier 1 ratio according to Basel II was unchanged at 17.4 per cent. Profit for the quarter made a positive contribution of 0.3 percentage points, while the effect of increasing lending volumes had -0.2 percentage point impact. Credit quality continued to improve, and positive credit risk migration improved the Tier 1 ratio by 0.2 percentage points, chiefly because the new lending volumes are of very high quality. Exchange rate movements reduced the Tier 1 ratio by 0.2 percentage points.

RATING

During the period, Handelsbanken's short-term and long-term ratings were unchanged with the four rating agencies which monitor the Bank. All rating agencies gave the Bank a stable outlook.

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

DISCONTINUED OPERATIONS

Discontinued operations includes businesses acquired by the Bank to protect its claims that it intends to sell. Profit after tax stemmed mainly from operations in the Plastal Group and totalled SEK 127 million in the first nine months of 2011, as compared to 128 million in the corresponding period of the previous year.

Branch office operations in Sweden

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

INCOME STATEMENT

SEK m	Q3 2011	Q3 2010	Change	Q2 2011	Change	Jan-Sep 2011	Jan-Sep 2010	Change	Full year 2010
Net interest income	4,033	3,204	26%	3,872	4%	11,655	9,495	23%	12,993
Net fee and commission income	896	920	-3%	931	-4%	2,742	2,759	-1%	3,819
Net gains/losses on financial items at fair value	98	170	-42%	100	-2%	352	454	-22%	704
Other income	3	7	-57%	-1		17	8	113%	16
Total income	5,030	4,301	17%	4,902	3%	14,766	12,716	16%	17,532
Staff costs	-780	-748	4%	-773	1%	-2,348	-2,250	4%	-3,012
Other administrative expenses	-329	-238	38%	-319	3%	-904	-716	26%	-1,010
Internal purchased and sold services	-639	-719	-11%	-638	0%	-2,025	-2,181	-7%	-2,958
Depreciation and amortisation	-24	-20	20%	-21	14%	-68	-63	8%	-85
Total expenses	-1,772	-1,725	3%	-1,751	1%	-5,345	-5,210	3%	-7,065
Profit before loan losses	3,258	2,576	26%	3,151	3%	9,421	7,506	26%	10,467
Net loan losses	-76	-56	36%	29		-18	-113	-84%	-99
Gains/losses on disposal of property, equipment and intangible assets	0	0	0%	0	0%	0	0	0%	0
Operating profit	3,182	2,520	26%	3,180	0%	9,403	7,393	27%	10,368
Profit allocation	127	222	-43%	170	-25%	478	548	-13%	811
Operating profit after profit allocation	3,309	2,742	21%	3,350	-1%	9,881	7,941	24%	11,179
Internal income	-723	-568	-27%	-667	-8%	-1,942	-1,433	-36%	-2,004
Cost/income ratio, %	34.4	38.1		34.5		35.1	39.3		38.5
Loan loss ratio, %	0.03	0.02		-0.01		-	0.02		0.01
Allocated capital	51,609	41,679	24%	48,775	6%	51,609	41,679	24%	43,880
Return on allocated capital, %	18.9	19.4		20.3		19.3	18.8		19.5
Average number of employees	4,679	4,552	3%	4,449	5%	4,508	4,402	2%	4,386
Number of branches	461	461	0%	461	0%	461	461	0%	461

BUSINESS VOLUMES

Average volumes, SEK bn	Q3 2011	Q3 2010	Change	Q2 2011	Change	Jan-Sep 2011	Jan-Sep 2010	Change	Full year 2010
Loans to the public*									
Household	575	541	6%	566	2%	566	528	7%	534
of which mortgage loans	522	484	8%	514	2%	513	472	9%	478
Corporate	487	463	5%	479	2%	475	466	2%	464
of which mortgage loans	219	192	14%	211	4%	212	187	13%	190
Total	1,062	1,004	6%	1,045	2%	1,041	994	5%	998
Deposits and borrowing from the public									
Household	198	185	7%	194	2%	194	179	8%	182
Corporate	157	149	5%	155	1%	156	151	3%	150
Total	355	334	6%	349	2%	350	330	6%	332

* excl. loans to the National Debt Office

JANUARY – SEPTEMBER 2011 COMPARED WITH JANUARY – SEPTEMBER 2010

Earnings performance

Operating profit increased by 27 per cent to SEK 9,403 million (7,393), due to improved net interest income and lower loan losses.

Net interest income rose by 23 per cent to SEK 11,655 million (9,495). An advantageous funding situation combined with rising interest rates improved the total interest margin by SEK 1,498 million. The effect of greater deposit and lending volumes amounted to SEK 558 million. Fees to the Swedish Stabilisation Fund and deposit protection scheme increased by 78 per cent or SEK 218 million, and reduced net interest income by SEK -497 million (-279).

Net fee and commission income decreased marginally to SEK 2,742 million (2,759). Payment commissions grew while securities-related income was lower.

Net gains/losses on financial items at fair value, which consists chiefly of currency conversions and early redemption charges, decreased to SEK 352 million (454).

Total expenses rose by 3 per cent to SEK -5,345 million (-5,210). Staff costs increased by 4 per cent as a result of the annual salary adjustment for 2011 and a 2 per cent increase in the average number of employees. The C/I ratio improved to 35.1 per cent (39.3).

Loan losses decreased to SEK -18 million (-113) and the loan loss ratio fell to 0.00 per cent (0.02).

Business development

At the beginning of October, Svenskt Kvalitetsindex (SKI) presented its annual survey of customer satisfaction. Among those banks offering a full range of services, Handelsbanken has had the most satisfied customers since the surveys started in 1989. In this year's survey, Handelsbanken retained its leading position. For private customers, Handelsbanken scored an index value of 77.8. This is to be compared with the three other major competitors, all of which scored between 69.5 and 70.7. For corporate customers, Handelsbanken had a significantly higher customer satisfaction than the rest of the sector. In addition, Handelsbanken has shown the most stable customer satisfaction over time among the full-service Swedish banks.

The average volume of deposits from households continued to increase, amounting to SEK 194 billion (179), a rise of 8 per cent compared with the previous year. At the same time, figures from Svensk Fondstatistik showed that Handelsbanken's share of the mutual funds market continues to grow.

In the first nine months of the year, the Bank's accumulated net inflow on the Swedish mutual fund market was SEK 10.7 billion, even though the total market showed a net outflow of SEK 3.2 billion. Net inflow was largest to the Bank's fixed-income funds and mixed funds.

The average volume of mortgage loans to private individuals grew by 9 per cent to SEK 513 billion (472). However, the rate of increase declined during the year.

Corporate credit demand increased during the spring and summer. In the second quarter, the average volume of corporate lending rose by SEK 19 billion. During the third quarter, corporate lending rose by SEK 8 billion. At the end of the quarter, corporate lending totalled SEK 491 billion, which represented a 7 per cent increase from the beginning of the year.

Q3 2011 COMPARED WITH Q2 2011

Operating profit increased slightly to SEK 3,182 million (3,180).

Net interest income rose by 4 per cent to SEK 4,033 million (3,872). SEK 39 million of the increase was attributable to higher loan volumes, while rising lending margins due to advantageous funding costs contributed SEK 141 million. Deposit margins decreased by SEK 13 million. The benchmark effect in Stadshypotek amounted to SEK 9 million (-7). Fees for the Swedish Stabilisation Fund and the deposit guarantee increased by 10 per cent or SEK 16 million to SEK -179 million (-163).

Lending to households continued to grow, although the rate of growth was declining. The average volume of mortgage loans to private individuals increased by SEK 8 billion to 522 billion (514). The margin for the mortgage loan portfolio amounted to 0.77 per cent. The volume of corporate lending continued to rise, although the growth rate was lower than in the second quarter. The average volume increased by 2 per cent to SEK 487 billion (479).

Net fee and commission income fell by 4 per cent to SEK 896 million (931), mainly due to lower securities commissions.

Net gains/losses on financial items at fair value amounted to SEK 98 million (100). Lower foreign-exchange related earnings were offset by higher early redemption charges.

Total expenses rose by 1 per cent to SEK 1,772 million (1,751). Staff costs rose by 1 per cent due to employment of temporary staff in the summer, and other expenses rose by 3 per cent.

Loan losses were SEK -76 million (recoveries of SEK 29 million), and the loan loss ratio was 0.03 per cent (-0.01).

Branch office operations outside Sweden

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

INCOME STATEMENT

SEK m	Q3 2011	Q3 2010	Change	Q2 2011	Change	Jan-Sep 2011	Jan-Sep 2010	Change	Full year 2010
Net interest income	1,776	1,742	2%	1,590	12%	4,924	5,244	-6%	6,933
Net fee and commission income	346	368	-6%	380	-9%	1,076	1,158	-7%	1,537
Net gains/losses on financial items at fair value	73	38	92%	136	-46%	296	148	100%	273
Other income	14	10	40%	20	-30%	43	52	-17%	66
Total income	2,209	2,158	2%	2,126	4%	6,339	6,602	-4%	8,809
Staff costs	-702	-652	8%	-676	4%	-2,024	-1,954	4%	-2,590
Other administrative expenses	-229	-236	-3%	-243	-6%	-705	-748	-6%	-1,054
Internal purchased and sold services	-256	-227	13%	-294	-13%	-761	-622	22%	-900
Depreciation and amortisation	-17	-20	-15%	-17	0%	-52	-58	-10%	-73
Total expenses	-1,204	-1,135	6%	-1,230	-2%	-3,542	-3,382	5%	-4,617
Profit before loan losses	1,005	1,023	-2%	896	12%	2,797	3,220	-13%	4,192
Net loan losses	-81	-238	-66%	-201	-60%	-555	-1,101	-50%	-1,408
Gains/losses on disposal of property, equipment and intangible assets	0	0	0%	1	-100%	1	0		0
Operating profit	924	785	18%	696	33%	2,243	2,119	6%	2,784
Profit allocation	32	54	-41%	44	-27%	94	138	-32%	202
Operating profit after profit allocation	956	839	14%	740	29%	2,337	2,257	4%	2,986
Internal income	-1,988	-1,570	-27%	-1,884	-6%	-5,391	-4,425	-22%	-5,954
Cost/income ratio, %	53.7	51.3		56.7		55.1	50.2		51.2
Loan loss ratio, %	0.08	0.19		0.19		0.17	0.30		0.28
Allocated capital	24,267	25,978	-7%	23,779	2%	24,267	25,978	-7%	25,117
Return on allocated capital, %	11.6	9.5		9.2		9.4	8.4		8.4
Average number of employees	3,188	2,940	8%	3,121	2%	3,124	2,906	8%	2,931
Number of branches	283	255	11%	279	1%	283	255	11%	262

BUSINESS VOLUMES

Average volumes, SEK bn	Q3 2011	Q3 2010	Change	Q2 2011	Change	Jan-Sep 2011	Jan-Sep 2010	Change	Full year 2010
Loans to the public									
Household	161	142	13%	153	5%	154	142	8%	143
Corporate	317	315	1%	304	4%	306	322	-5%	318
Total	478	457	5%	457	5%	460	464	-1%	461
Deposits and borrowing from the public									
Household	43	41	5%	41	5%	41	42	-2%	42
Corporate	109	99	10%	103	6%	105	104	1%	103
Total	152	140	9%	144	6%	146	146	0%	145

JANUARY – SEPTEMBER 2011 COMPARED WITH JANUARY – SEPTEMBER 2010

Earnings performance

Operating profit rose by 6 per cent to SEK 2,243 million (2,119). Excluding exchange rate movements of SEK -83 million, operating profit increased by 10 per cent.

Net interest income decreased by SEK 320 million, or 6 per cent, to SEK 4,924 million (5,244). The decrease was almost entirely attributable to exchange rate movements of SEK -299 million. Fees for state guarantees and other deposit guarantees which are charged to net interest income increased by 39 per cent or SEK 72 million to SEK -255 million (-183).

Expenses rose by 5 per cent to SEK -3,542 million (-3,382), mainly as a result of expansion in Great Britain.

Loan losses were halved to SEK -555 million (-1,101), and the loan loss ratio was 0.17 per cent (0.30).

The average volume of loans decreased by SEK 4 billion, or 1 per cent, to SEK 460 billion (464), which was entirely attributable to exchange rate movements of SEK -30 billion. In local currency, the average volume rose by 5 per cent.

Q3 2011 COMPARED WITH Q2 2011

Operating profit rose by 33 per cent to SEK 924 million (696), due to improved net interest income and lower loan losses. Profit before loan losses increased by 12 per cent to SEK 1,005 million (896).

Net interest income rose by SEK 186 million, or 12 per cent, to SEK 1,776 million (1,590), mainly as a result of higher lending volumes. In local currencies, both net interest income and lending volumes increased in all home markets. Exchange rate movements positively affected net interest income by SEK 27 million.

Expenses went down to SEK -1,204 million (-1,230), which is attributable to normal seasonal variations. Expansion costs for new branch offices were SEK -56 million (-49).

Loan losses went down to SEK -81 million (-201), and the loan loss ratio dropped to 0.08 per cent (0.19).

Branch office operations in Great Britain

INCOME STATEMENT

SEK m	Q3 2011	Q3 2010	Change	Q2 2011	Change	Jan-Sep 2011	Jan-Sep 2010	Change	Full year 2010
Net interest income	402	344	17%	358	12%	1,089	931	17%	1,270
Net fee and commission income	22	18	22%	21	5%	59	56	5%	73
Net gains/losses on financial items at fair value	18	14	29%	19	-5%	54	39	38%	61
Other income	0	0	0%	0	0%	0	0	0%	0
Total income	442	376	18%	398	11%	1,202	1,026	17%	1,404
Staff costs	-157	-136	15%	-147	7%	-444	-383	16%	-523
Other administrative expenses	-37	-33	12%	-36	3%	-103	-98	5%	-133
Internal purchased and sold services	-38	-27	41%	-38	0%	-109	-73	49%	-108
Depreciation and amortisation	-2	-3	-33%	-2	0%	-6	-8	-25%	-9
Total expenses	-234	-199	18%	-223	5%	-662	-562	18%	-773
Profit before loan losses	208	177	18%	175	19%	540	464	16%	631
Net loan losses	-43	-168	-74%	-26	65%	-125	-183	-32%	-220
Gains/losses on disposal of property, equipment and intangible assets	0	0	0%	0	0%	0	0	0%	0
Operating profit	165	9		149	11%	415	281	48%	411
Profit allocation	2	5	-60%	5	-60%	10	13	-23%	20
Operating profit after profit allocation	167	14		154	8%	425	294	45%	431
Average number of employees	777	600	30%	729	7%	732	564	30%	585
Number of branches	101	77	31%	95	6%	101	77	31%	83

BUSINESS VOLUMES

Average volumes, GBP m	Q3 2011	Q3 2010	Change	Q2 2011	Change	Jan-Sep 2011	Jan-Sep 2010	Change	Full year 2010
Loans to the public									
Household	2,029	1,366	49%	1,851	10%	1,849	1,260	47%	1,324
Corporate	5,900	4,863	21%	5,461	8%	5,480	4,701	17%	4,769
Total	7,929	6,229	27%	7,312	8%	7,329	5,961	23%	6,093
Deposits and borrowing from the public									
Household	353	343	3%	356	-1%	357	331	8%	335
Corporate	1,636	1,076	52%	1,335	23%	1,360	1,042	31%	1,071
Total	1,989	1,419	40%	1,691	18%	1,717	1,373	25%	1,406

JANUARY – SEPTEMBER 2011 COMPARED WITH JANUARY – SEPTEMBER 2010

Earnings performance

Operating profit rose by 48 per cent to SEK 415 million (281), due to higher income and lower loan losses. The stronger Swedish krona had a negative impact on the profit figure by SEK 23 million. In local currency, operating profit grew by 60 per cent.

Income rose by 17 per cent and net interest income grew by 17 per cent to SEK 1,089 million (931), due to higher business volumes and favourable funding costs in relation to the customer interest rate. Average deposit volumes rose by 25 per cent, while lending volumes grew by 23 per cent. Exchange rate movements affected net interest income by SEK -77 million. In local currency, net interest income rose by 27 per cent.

Net gains/losses on financial items at fair value grew by 38 per cent to SEK 54 million (39), due to the increased volume of customer business.

Expenses rose by 18 per cent to SEK -662 million (-562) as a result of the continued expansion of the branch network. The expansion of the branch network caused the average number of employees to rise by 30 per cent to 732 (564). In local currency, expenses rose by 28 per cent.

Loan losses fell to SEK -125 million (-183).

Business development

In EPSI's independent survey of customer satisfaction, for the third year running, Handelsbanken was ranked No. 1 in Great Britain for customer satisfaction and loyalty, for both individual and corporate customers.

The average volume of loans rose by 23 per cent to GBP 7,329 million (5,961), with loans to households rising by 47 per cent. Deposit volumes grew by 25 per cent to GBP 1,717 million (1,373), while corporate deposits increased by 31 per cent.

Eighteen branches were opened during the first nine months of the year. Since the same period in 2010, the Bank has opened 24 new branches in Great Britain. The total number of branches was 111 (77) including recruited branch managers.

Q3 2011 COMPARED WITH Q2 2011

Operating profit rose by 11 per cent to SEK 165 million (149) due to higher income. Adjusted for exchange rate movements, profit before loan losses rose by 17 per cent.

Net interest income, in local currency, grew by 11 per cent, due to greater business volumes and lending margins. The average volume of corporate deposits grew by 23 per cent.

Loan losses were SEK -43 million (-26).

Branch office operations in Denmark

INCOME STATEMENT

SEK m	Q3 2011	Q3 2010	Change	Q2 2011	Change	Jan-Sep 2011	Jan-Sep 2010	Change	Full year 2010
Net interest income	317	290	9%	280	13%	869	897	-3%	1,199
Net fee and commission income	56	70	-20%	70	-20%	196	223	-12%	290
Net gains/losses on financial items at fair value	13	12	8%	19	-32%	40	45	-11%	55
Other income	8	3	167%	8	0%	18	11	64%	16
Total income	394	375	5%	377	5%	1,123	1,176	-5%	1,560
Staff costs	-137	-137	0%	-131	5%	-399	-415	-4%	-551
Other administrative expenses	-46	-53	-13%	-79	-42%	-171	-155	10%	-229
Internal purchased and sold services	-56	-48	17%	-58	-3%	-161	-143	13%	-204
Depreciation and amortisation	-4	-4	0%	-4	0%	-12	-14	-14%	-17
Total expenses	-243	-242	0%	-272	-11%	-743	-727	2%	-1,001
Profit before loan losses	151	133	14%	105	44%	380	449	-15%	559
Net loan losses	10	-23		-21		-141	-65	117%	-367
Gains/losses on disposal of property, equipment and intangible assets	0	0	0%	0	0%	0	0	0%	0
Operating profit	161	110	46%	84	92%	239	384	-38%	192
Profit allocation	4	3	33%	5	-20%	10	5	100%	12
Operating profit after profit allocation	165	113	46%	89	85%	249	389	-36%	204
Average number of employees	628	624	1%	625	0%	625	628	0%	627
Number of branches	54	53	2%	54	0%	54	53	2%	53

BUSINESS VOLUMES

Average volumes, DKK bn	Q3 2011	Q3 2010	Change	Q2 2011	Change	Jan-Sep 2011	Jan-Sep 2010	Change	Full year 2010
Loans to the public									
Household	22.1	19.7	12%	21.8	1%	21.7	19.3	12%	19.5
Corporate	21.6	19.6	10%	19.7	10%	20.2	20.0	1%	20.1
Total	43.7	39.3	11%	41.5	5%	41.9	39.3	7%	39.6
Deposits and borrowing from the public									
Household	8.7	8.5	2%	8.3	5%	8.4	8.5	-1%	8.5
Corporate	11.2	12.2	-8%	10.2	10%	11.2	12.4	-10%	12.3
Total	19.9	20.7	-4%	18.5	8%	19.6	20.9	-6%	20.8

JANUARY – SEPTEMBER 2011 COMPARED WITH JANUARY – SEPTEMBER 2010

Earnings performance

Operating profit decreased to SEK 239 million (384), partly due to higher loan losses. SEK 22 million of the decrease was due to exchange rate movements.

Income fell by 5 per cent but increased by 2 per cent after adjustment for exchange rate movements. Net interest income decreased by SEK 28 million, of which SEK 59 million was due to exchange rate movements. Adjusted for this, net interest income grew by 4 per cent. The fee for the Swedish Stabilisation Fund reduced net interest income by SEK -28 million (-12).

Expenses rose by SEK 16 million, primarily due to increased fees for the Danish deposit guarantee fund of SEK 22 million. Total expenses were reduced by fees to the Danish deposit guarantee fund and the Danish state guarantee of SEK -23 million (-17). Stiff competition for deposits, coupled with the low interest rate environment, squeezed deposit margins. Loan losses were SEK -141 million (-65).

Business development

In EPSI's annual customer satisfaction survey in Denmark, Handelsbanken once again topped the ratings for corporate customers and was amongst the best rated for private customers.

The Bank has a stable inflow of customers, and the average volume of lending increased by 7 per cent to DKK 41.9 billion (39.3). The Bank's volume of lending to households increased by 12 per cent while lending to companies rose by 1 per cent. The Bank increased its market share of lending to both households and companies.

Q3 2011 COMPARED WITH Q2 2011

Operating profit rose to SEK 161 million (84), due to higher income and lower expenses.

Net interest income grew by 13 per cent, or SEK 37 million, despite higher fees for the Swedish Stabilisation Fund. Both lending and deposit margins improved.

Expenses fell by 11 per cent or SEK 29 million, mainly due to the payment to the Danish guarantee fund during the second quarter.

Branch office operations in Finland

INCOME STATEMENT

SEK m	Q3 2011	Q3 2010	Change	Q2 2011	Change	Jan-Sep 2011	Jan-Sep 2010	Change	Full year 2010
Net interest income	237	239	-1%	203	17%	645	754	-14%	974
Net fee and commission income	87	95	-8%	99	-12%	272	287	-5%	392
Net gains/losses on financial items at fair value	6	9	-33%	29	-79%	44	17	159%	27
Other income	1	0		2	-50%	5	4	25%	7
Total income	331	343	-3%	333	-1%	966	1,062	-9%	1,400
Staff costs	-79	-84	-6%	-79	0%	-239	-264	-9%	-354
Other administrative expenses	-33	-47	-30%	-17	94%	-94	-155	-39%	-212
Internal purchased and sold services	-47	-51	-8%	-63	-25%	-148	-136	9%	-189
Depreciation and amortisation	-5	-5	0%	-5	0%	-15	-16	-6%	-20
Total expenses	-164	-187	-12%	-164	0%	-496	-571	-13%	-775
Profit before loan losses	167	156	7%	169	-1%	470	491	-4%	625
Net loan losses	-1	-25	-96%	4		-17	-467	-96%	-427
Gains/losses on disposal of property, equipment and intangible assets	-	-		-		-	-		-
Operating profit	166	131	27%	173	-4%	453	24		198
Profit allocation	11	11	0%	22	-50%	43	32	34%	55
Operating profit after profit allocation	177	142	25%	195	-9%	496	56		253
Average number of employees	464	486	-5%	469	-1%	470	489	-4%	487
Number of branches	45	45	0%	45	0%	45	45	0%	45

BUSINESS VOLUMES

Average volumes, EUR m	Q3 2011	Q3 2010	Change	Q2 2011	Change	Jan-Sep 2011	Jan-Sep 2010	Change	Full year 2010
Loans to the public									
Household	3,253	3,170	3%	3,231	1%	3,231	3,148	3%	3,160
Corporate	6,855	6,734	2%	6,728	2%	6,727	6,766	-1%	6,745
Total	10,108	9,904	2%	9,959	1%	9,958	9,914	0%	9,905
Deposits and borrowing from the public									
Household	1,277	1,264	1%	1,227	4%	1,239	1,268	-2%	1,263
Corporate	1,671	2,498	-33%	1,706	-2%	1,875	2,516	-25%	2,515
Total	2,948	3,762	-22%	2,933	1%	3,114	3,784	-18%	3,778

JANUARY– SEPTEMBER 2011 COMPARED WITH JANUARY – SEPTEMBER 2010

Earnings performance

Operating profit improved by SEK 429 million to SEK 453 million (24), due to lower loan losses. Profit before loan losses fell by SEK 21 million, but increased by 3 per cent after adjustment for exchange rate movements. The fee for the Swedish Stabilisation Fund had a negative impact on profit of SEK 34 million (19).

Net interest income fell by 14 per cent but adjusted for exchange rate movements of SEK -44 million, the decrease was 9 per cent. This was partly due to a higher fee to the Swedish Stabilisation Fund and lower deposit volumes.

Net fee and commission income fell by 5 per cent, which was entirely attributable to exchange rate movements. Expressed in local currency, net fee and commission income was 2 per cent higher.

Expenses fell by 13 per cent, or SEK 75 million, of which SEK 36 million was due to the stronger Swedish krona. In local currency, expenses went down by 7 per cent, which was mainly due to the average number of employees decreasing by 19 persons, or 4 per cent.

Loan losses fell to SEK -17 million (-467).

Business development

Handelsbanken continues to have the most satisfied private and corporate customers of commercial banks in Finland, according to the EPSI customer satisfaction survey.

Credit demand from companies increased during the last two quarters and the average volume during the third quarter was 4 per cent higher compared to the first quarter of 2011. Deposits from companies also fell.

Household lending increased by 3 per cent compared with the first nine months of 2010. During the same period, household deposits went down by 2 per cent.

In May, Stadshypotek AB opened a branch in Finland.

Q3 2011 COMPARED WITH Q2 2011

Operating profit decreased by 4 per cent to SEK 166 million (173), which is mainly attributable to the fact that net gains/losses on financial items at fair value included capital gains of SEK 24 million in the previous quarter. If this is excluded, operating profit rose by 10 per cent.

Net interest income increased by 17 per cent, mainly due to improved margins. Lending and deposit volumes increased by 1 per cent. Expenses were unchanged and loan losses totalled SEK -1 million (4).

Branch office operations in Norway

INCOME STATEMENT

SEK m	Q3 2011	Q3 2010	Change	Q2 2011	Change	Jan-Sep 2011	Jan-Sep 2010	Change	Full year 2010
Net interest income	607	634	-4%	564	8%	1,726	1,950	-11%	2,564
Net fee and commission income	82	71	15%	86	-5%	238	226	5%	301
Net gains/losses on financial items at fair value	30	26	15%	27	11%	86	54	59%	109
Other income	4	5	-20%	8	-50%	16	33	-52%	38
Total income	723	736	-2%	685	6%	2,066	2,263	-9%	3,012
Staff costs	-173	-150	15%	-167	4%	-491	-452	9%	-570
Other administrative expenses	-60	-55	9%	-62	-3%	-186	-185	1%	-255
Internal purchased and sold services	-74	-55	35%	-83	-11%	-213	-150	42%	-216
Depreciation and amortisation	-3	-5	-40%	-3	0%	-10	-11	-9%	-15
Total expenses	-310	-265	17%	-315	-2%	-900	-798	13%	-1,056
Profit before loan losses	413	471	-12%	370	12%	1,166	1,465	-20%	1,956
Net loan losses	-62	-37	68%	-153	-59%	-296	-71	317%	-101
Gains/losses on disposal of property, equipment and intangible assets	0	0	-90%	1	-100%	1	0		1
Operating profit	351	434	-19%	218	61%	871	1,394	-38%	1,856
Profit allocation	10	18	-44%	5	100%	18	50	-64%	65
Operating profit after profit allocation	361	452	-20%	223	62%	889	1,444	-38%	1,921
Average number of employees	666	619	8%	664	0%	659	619	6%	622
Number of branches	50	48	4%	50	0%	50	48	4%	49

BUSINESS VOLUMES

Average volumes, NOK bn	Q3 2011	Q3 2010	Change	Q2 2011	Change	Jan-Sep 2011	Jan-Sep 2010	Change	Full year 2010
Loans to the public									
Household	64.6	56.0	15%	62.8	3%	62.7	54.6	15%	55.3
Corporate	100.3	101.6	-1%	100.7	0%	100.7	101.6	-1%	102.1
Total	164.9	157.6	5%	163.5	1%	163.4	156.2	5%	157.4
Deposits and borrowing from the public									
Household	12.0	9.9	21%	11.3	6%	11.3	9.4	20%	9.6
Corporate	35.9	32.3	11%	39.6	-9%	37.9	32.7	16%	33.2
Total	47.9	42.2	14%	50.9	-6%	49.2	42.1	17%	42.8

JANUARY – SEPTEMBER 2011 COMPARED WITH JANUARY – SEPTEMBER 2010

Earnings performance

Operating profit decreased by 38 per cent to SEK 871 million (1,394), chiefly due to higher loan losses and lower lending margins. Profit before loan losses fell by 20 per cent, with exchange rate movements attributable for three percentage points of this decline.

Net interest income decreased by 11 per cent, or SEK 224 million, of which SEK 78 million was attributable to the appreciation of the Swedish krona and the remainder mainly to lower lending margins. Fees to the Swedish Stabilisation Fund rose by 130 per cent or SEK 48 million and reduced net interest income by SEK -85 million (-37).

Expenses rose by 13 per cent to SEK -900 million (-798). Adjusted for exchange rate movements, expenses increased by 18 per cent, partly as a result of the number of employees increasing by 40 or 6 per cent. This was partly due to the opening of two new branch offices.

Loan losses increased to SEK -296 million (-71).

Business development

Handelsbanken was once again at the top among both private and corporate customers in EPSI's annual customer satisfaction survey.

Business volumes from private customers increased compared with the previous year. Deposits increased by 20 per cent, while lending grew by 15 per cent and the Bank increased its market shares. Deposits from companies grew by 16 per cent, whereas lending to corporate customers was virtually unchanged.

Q3 2011 COMPARED WITH Q2 2011

Operating profit rose by 61 per cent, primarily as the result of improved net interest income and lower loan losses. Profit before loan losses increased by 12 per cent. Adjusted for exchange rate movements the increase was 9 per cent.

Net interest income rose by 8 per cent or SEK 43 million, to SEK 607 million (564). Adjusted for the effect of exchange rate movements, the increase was 5 per cent as a result of increased deposit margins.

Expenses decreased by SEK 5 million or 2 per cent to SEK -310 million (-315).

Loan losses fell to SEK -62 million (-153).

Handelsbanken International

The main task of Handelsbanken International is to support the international business of the Bank's customers in the Nordic region and Great Britain and, in the long term, to develop operations in prioritised countries into regional banks in line with the Bank's business model. During the quarter, another new branch was opened in the Netherlands. Thus the Bank has 33 branches and five representative offices in a total of 17 countries outside the Nordic countries and Great Britain.

INCOME STATEMENT

SEK m	Q3 2011	Q3 2010	Change	Q2 2011	Change	Jan-Sep 2011	Jan-Sep 2010	Change	Full year 2010
Net interest income	213	235	-9%	185	15%	595	712	-16%	926
Net fee and commission income	99	114	-13%	104	-5%	311	366	-15%	481
Net gains/losses on financial items at fair value	6	-23		42	-86%	72	-7		21
Other income	1	2	-50%	2	-50%	4	4	0%	5
Total income	319	328	-3%	333	-4%	982	1,075	-9%	1,433
Staff costs	-156	-145	8%	-152	3%	-451	-440	2%	-592
Other administrative expenses	-53	-48	10%	-49	8%	-151	-155	-3%	-225
Internal purchased and sold services	-41	-46	-11%	-52	-21%	-130	-120	8%	-183
Depreciation and amortisation	-3	-3	0%	-3	0%	-9	-9	0%	-12
Total expenses	-253	-242	5%	-256	-1%	-741	-724	2%	-1,012
Profit before loan losses	66	86	-23%	77	-14%	241	351	-31%	421
Net loan losses	15	13	15%	-5		24	-321		-299
Gains/losses on disposal of property, equipment and intangible assets	0	0	0%	0	0%	0	0	43%	-1
Operating profit	81	99	-18%	72	12%	265	30		121
Profit distribution	5	17	-71%	7	-29%	13	38	-66%	50
Operating profit after profit allocation	86	116	-26%	79	9%	278	68	309%	171
Average number of employees	653	611	7%	634	3%	638	606	5%	610
Number of branches	33	32	3%	35	-6%	33	32	3%	32

BUSINESS VOLUMES

Average volumes, SEK bn	Q3 2011	Q3 2010	Change	Q2 2011	Change	Jan-Sep 2011	Jan-Sep 2010	Change	Full year 2010
Loans to the public									
Household	4.8	3.9	23%	4.2	14%	4.3	3.9	10%	4.0
Corporate	48.5	55.6	-13%	48.7	0%	48.6	58.4	-17%	56.7
Total	53.3	59.5	-10%	52.9	1%	52.9	62.3	-15%	60.7
Deposits and borrowing from the public									
Household	3.0	3.2	-6%	2.9	3%	2.8	3.4	-18%	3.3
Corporate	20.2	12.8	58%	16.0	26%	16.4	13.2	24%	13.5
Total	23.2	16.0	45%	18.9	23%	19.2	16.6	16%	16.8

JANUARY – SEPTEMBER 2011 COMPARED WITH JANUARY – SEPTEMBER 2010

Earnings performance

Operating profit improved to SEK 265 million (30), chiefly as a result of the Bank having made a provision of SEK 335 million for a previously identified risk exposure during the first quarter of last year. Profit before loan losses fell by SEK 110 million to SEK 241 million (351), of which SEK 29 million was due to exchange rate movements.

Income fell by 9 per cent. Adjusted for exchange rate movements, the decrease was 1 per cent, mainly due to lower net interest income, which in turn was largely explained by a conscious reduction in lending volumes.

Expenses increased by 2 per cent, and loan losses consisted of net recoveries of SEK 24 million (-321).

Business development

The average volume of lending was down by 15 per cent from the corresponding period of the previous year to SEK 52.9 billion (62.3). This was attributable to exchange rate movements, as well as to the conscious reduction in lending volumes that was carried out in 2010.

Deposits from companies rose by 24 per cent to SEK 16.4 billion (13.2).

Q3 2011 COMPARED WITH Q2 2011

Operating profit rose by SEK 9 million to SEK 81 million (72) due to net recoveries of SEK 15 million (-5). Profit before loan losses decreased by SEK 11 million to SEK 66 million (77), chiefly due to lower commissions and net gains/losses on financial items at fair value.

Handelsbanken Capital Markets

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

The income figures for Capital Markets' products throughout the Group are presented below, followed by comments on the figures. The figures for the Handelsbanken Capital Markets business segment are presented after this.

INCOME DISTRIBUTION IN THE GROUP FOR HANDELSBANKEN CAPITAL MARKETS' PRODUCTS

January - September 2011, SEK m	Capital Markets	Branch office operations in Sweden	Branch office operations outside Sweden	Other	Total Capital Markets products in the group	Change Q3-11/Q2-11	Change Jan-Sep 2011 / Jan-Sep 2010
Net interest income	503						
Commission income	2,402	929	259	-49	3,541		
of which brokerage income	667	325	83	10	1,085	-14%	-19%
of which mutual funds and custody	836	601	150	-32	1,555	-4%	9%
of which insurance	521	3	26	-27	523	21%	5%
Net fee and commission income	1,986						
Net financial items	701	292	125	0	1,118	26%	-25%
Risk result - insurance	171						
Other income	13						
Total income	3,374						

JANUARY – SEPTEMBER 2011 COMPARED WITH JANUARY – SEPTEMBER 2010

The Group's brokerage income decreased by 19 per cent to SEK 1,085 million (1,345) due to lower market activity.

Asset management commissions increased by 9 per cent to SEK 1,555 million (1,428). The increase comprised an increase in mutual fund commissions of 10 per cent to SEK 1,269 million (1,151) due to higher volumes, and income from custody operations increased by 3 per cent to SEK 286 million (277).

Insurance commissions rose by 5 per cent to SEK 523 million, due to a higher yield split.

Net gains/losses on financial items decreased to SEK 1,118 million (1,501). The decrease was due to increased caution during the financially turbulent year. Currency transactions related to branch office operations, which are included in net gains/losses on financial items, resulted in a currency gain of SEK 417 million (369).

Q3 2011 COMPARED WITH Q2 2011

Total brokerage income decreased by 14 per cent to SEK 310 million (362). The decrease is primarily due to lower activity levels on the market.

Handelsbanken continued to lead the market in structured products in Sweden with a market share of 19 per cent of new sales of capital-protected investments and certificates for the retail market in the first nine months of the year.

The Bank served as adviser to several structured transactions in Sweden, Norway and Denmark, and advisory commissions rose by 13 per cent.

The net profit on currency transactions for customers in the branch office operations totalled SEK 140 million (145).

Payments and cash management business continued to perform well and the Bank's payment volume in the Swedish market increased by more than 9 per cent during the year.

Asset management operations performed very strongly, even though mutual fund and custody account commissions fell by 4 per cent due to falling market values. New savings in Handelsbanken's mutual funds in Sweden resulted in a net inflow of SEK 1.7 billion during the quarter, while other fund management companies reported an outflow totalling SEK 17.5 billion. Since the start of the year, new savings in the Bank's mutual funds in Sweden were SEK 10.7 billion, while the other fund management companies reported an outflow of SEK 13.9 billion. In its three-year performance reviews, the Morningstar rating institute has ranked Handelsbanken Fonder as best among the major Swedish banks' fund management companies.

Net savings in the Bank's mutual funds globally totalled SEK 2 billion during the quarter and SEK 13 billion during the year.

XACT Fonder is the largest player on the Nordic market for exchange-traded funds. During the quarter, XACT KINA was listed and XACT now has 25 mutual funds listed in the Nordic countries. The share of the Nordic market amounted to nearly 91 per cent of turnover and just over 85 per cent of assets under management. Assets under management decreased by 5 per cent to SEK 20 billion (21). Discretionary management volumes in the Group fell by 16 per cent to SEK 81 billion (96), of which SEK 30 billion (32) was invested in Handelsbanken's mutual funds. The volume of assets managed in the insurance business decreased by 11 per cent to SEK 67 billion (75).

ASSETS UNDER MANAGEMENT

SEK bn, end of period	30 Sep 2011	30 Jun 2011	31 Mar 2011	31 Dec 2010	30 Sep 2010
Mutual funds, excl. PPM	111	124	121	121	112
PPM	7	11	11	11	9
Unit-linked insurance	39	43	41	40	34
XACT (Exchange-traded funds)	20	21	20	21	19
Total mutual funds	177	199	193	193	174
Portfolio bond insurance	14	17	17	16	15
Traditional insurance	14	15	17	19	22
Discretionary management, Handelsbanken Group	81	96	95	91	91
<i>of which in Handelsbanken mutual funds</i>	30	32	29	29	26
Structured products	39	40	41	40	41
Directly owned shares in custody	139	171	178	176	167
Other securities in custody	42	41	39	43	32
Handelsbanken's foundations	38	47	49	50	47
<i>of which in Handelsbanken mutual funds</i>	4	4	4	3	3
Total assets under management, Handelsbanken Group	510	590	596	596	560

INCOME STATEMENT IN HANDELSBANKEN CAPITAL MARKETS BUSINESS SEGMENT

SEK m	Q3 2011	Q3 2010	Change	Q2 2011	Change	Jan-Sep 2011	Jan-Sep 2010	Change	Full year 2010
Net interest income	167	170	-2%	174	-4%	503	443	14%	628
Net fee and commission income	652	586	11%	713	-9%	1,986	1,886	5%	2,510
Net gains/losses on financial items at fair value	267	199	34%	177	51%	701	1,132	-38%	1,280
Risk result - insurance	52	42	24%	38	37%	171	138	24%	205
Other income	2	4	-50%	7	-71%	13	9	44%	16
Total income	1,140	1,001	14%	1,109	3%	3,374	3,608	-6%	4,639
Staff costs	-548	-493	11%	-541	1%	-1,650	-1,535	7%	-2,054
Other administrative expenses	-185	-209	-11%	-226	-18%	-625	-674	-7%	-927
Internal purchased and sold services	-14	-14	0%	-21	-33%	-57	-67	-15%	-91
Depreciation and amortisation	-12	-10	20%	-10	20%	-34	-33	3%	-44
Total expenses	-759	-726	5%	-798	-5%	-2,366	-2,309	2%	-3,116
Profit before loan losses	381	275	39%	311	23%	1,008	1,299	-22%	1,523
Net loan losses									
Gains/losses on disposal of property, equipment and intangible assets	-	-		-		-	-		-4
Operating profit	381	275	39%	311	23%	1,008	1,299	-22%	1,519
Profit allocation	-159	-276	-42%	-214	-26%	-572	-686	-17%	-1,013
Operating profit after profit allocation	222	-1		97	129%	436	613	-29%	506
Internal income	-106	-315	66%	-365	71%	-749	-1,005	25%	-1,380
Cost/income ratio, %	77.4	100.1		89.2		84.4	79.0		85.9
Allocated capital	6,723	9,992	-33%	6,263	7%	6,723	9,992	-33%	10,214
Return on allocated capital, %	9.7	-		4.5		6.7	5.2		3.0
Average number of employees	1,652	1,649	0%	1,610	3%	1,629	1,599	2%	1,604

Part of the unit's income is distributed to branch office operations in the form of distribution remuneration, and all remaining operating profits that do not involve risk-taking are distributed to the branch offices that are responsible for the customers.

INCOME DISTRIBUTION

SEK m	Q3 2011	Q3 2010	Change	Q2 2011	Change	Jan-Sep 2011	Jan-Sep 2010	Change	Full year 2010
Asset management *	473	325	46%	430	10%	1,316	1,130	16%	1,449
Investment banking	667	676	-1%	679	-2%	2,058	2,478	-17%	3,190
Total Income	1,140	1,001	14%	1,109	3%	3,374	3,608	-6%	4,639

* Including Handelsbanken Liv

JANUARY – SEPTEMBER 2011 COMPARED WITH JANUARY – SEPTEMBER 2010

Earnings performance

Operating profit decreased by 22 percent to SEK 1,008 million (1,299). Of the total operating profit, the investment bank represented SEK 311 million (815) and asset management operations accounted for SEK 697 million (484). Handelsbanken Liv raised its operating profit by SEK 226 million.

Net fee and commission income increased by 5 per cent to SEK 1,986 million (1,886) as a result of increased asset management commissions, and the average volume of mutual fund assets increased by 17 per cent to SEK 192 billion (164).

The risk result in Handelsbanken Liv increased to SEK 171 million (138), and the financial result rose to SEK 93 million (34).

In total, income decreased by 6 per cent to SEK 3,374 million (3,608). Income from asset management operations increased by 16 per cent, while income from investment bank operations decreased by 17 per cent.

Expenses rose by 2 per cent to SEK -2,366 million (-2,309), which was mainly attributable to an increase in the average number of employees to 1,629 (1,599).

Q3 2011 COMPARED WITH Q2 2011

Operating profit increased by 23 per cent to SEK 381 million (311), even though the third quarter is historically weak in seasonal terms. Income rose by SEK 31 million, or 3 per cent, to SEK 1,140 million (1,109). Asset management increased its profits by 13 per cent to SEK 266 million (235), and profits from the investment bank increased by 51 per cent to SEK 115 million (76).

Net fee and commission income decreased by 9 per cent to SEK 652 million (713), which was mainly due to seasonal effects.

Net gains/losses on financial items increased by 51 per cent to SEK 267 million (177), principally due to the increased volatility in markets which resulted in a higher level of customer activity.

Expenses fell by 5 per cent to SEK -759 million (-798), mainly due to lower administrative expenses.

Other

Other includes Treasury and the central head office departments and also the cost of allocations to the Oktogonen profit-sharing foundation. It also includes capital gains/losses, dividends, and income and expenses that are not attributable to a specific segment.

INCOME STATEMENT

SEK m	Q3 2011	Q3 2010	Change	Q2 2011	Change	Jan-Sep 2011	Jan-Sep 2010	Change	Full year 2010
Net interest income	99	223	-56%	50	98%	199	579	-66%	832
Net fee and commission income	9	50	-82%	-75		-8	92		156
Net gains/losses on financial items at fair value	-154	-233	34%	-105	-47%	-396	-633	37%	-892
Share of profit of associated companies	-8	1		18		12	15	-20%	11
Other income	12	14	-14%	148	-92%	174	225	-23%	246
Total income	-42	55		36		-19	278		353
Staff costs	-633	-616	3%	-652	-3%	-1,923	-1,812	6%	-2,521
Other administrative expenses	-459	-483	-5%	-488	-6%	-1,434	-1,500	-4%	-2,073
Internal purchased and sold services	900	983	-8%	950	-5%	2,818	2,870	-2%	3,902
Depreciation and amortisation	-59	-61	-3%	-66	-11%	-188	-183	3%	-238
Total expenses	-251	-177	42%	-256	-2%	-727	-625	16%	-930
Profit before loan losses	-293	-122	-140%	-220	-33%	-746	-347	-115%	-577
Net loan losses									
Gains/losses on disposal of property, equipment and intangible assets	5	4	25%	0		5	4	25%	3
Operating profit	-288	-118	-144%	-220	-31%	-741	-343	-116%	-574
Profit allocation	0	0		0	0%	0	0	50%	0
Operating profit after profit allocation	-288	-118	-144%	-220	-31%	-741	-343	-116%	-574
Internal income	2,817	2,453	15%	2,916	-3%	8,082	6,863	18%	9,338
Average number of employees	1,915	1,958	-2%	1,911	0%	1,936	1,910	1%	1,929

JANUARY – SEPTEMBER 2011 COMPARED WITH JANUARY – SEPTEMBER 2010

Operating profit decreased by SEK 398 million to SEK -741 million (-343). In the first quarter of last year, the Bank received a one-off dividend of SEK 130 million which affects the comparison of figures.

Expenses increased by SEK 102 million, of which the increased allocation to the Oktogonen profit-sharing foundation represented SEK 69 million. The allocation to the Oktogonen foundation was SEK -630 million (-561). In the second quarter, expenses were charged with a fee of SEK 32 million for the Swedish investor compensation scheme.

Q3 2011 COMPARED WITH Q2 2011

Operating profit was SEK -288 million (-220). The changed figure is due to weaker net gains/losses on financial items at fair value.

The allocation made to the Oktogonen profit-sharing foundation was unchanged and amounted to SEK -210 million (-210).

Condensed set of financial statements – The Group

KEY FIGURES – THE GROUP

	Q3 2011	Q3 2010	Q2 2011	Jan-Sep 2011	Jan-Sep 2010	Full year 2010
Return on equity, total operations *	14.1%	12.7%	14.0%	13.8%	12.8%	12.9%
Return on equity, continuing operations *	14.0%	12.5%	13.8%	13.6%	12.6%	12.6%
C/I ratio, continuing operations	45.8%	48.1%	47.3%	46.8%	47.6%	48.0%
C/I ratio, continuing operations, incl. loan losses	47.7%	52.0%	49.4%	49.2%	52.8%	52.8%
Earnings per share, total operations, SEK	5.15	4.35	5.04	14.90	13.08	17.72
- after dilution	5.00	4.27	4.95	14.60	12.85	17.44
Earnings per share, continuing operations, SEK	5.10	4.27	4.96	14.69	12.87	17.37
- after dilution	4.96	4.19	4.88	14.40	12.64	17.10
Earnings per share, discontinued operations, SEK	0.05	0.08	0.08	0.21	0.21	0.35
- after dilution	0.04	0.08	0.07	0.20	0.21	0.34
Dividend, SEK						9.00
Adjusted equity per share, SEK **	147.84	137.63	144.21	147.84	137.63	143.14
Average number of outstanding shares	623,445,996	622,382,489	622,409,614	622,817,592	621,962,797	622,094,449
after dilution	649,151,317	635,260,155	638,711,811	640,473,455	634,203,994	634,335,646
Capital ratio according to Basel II	19.0%	20.7%	19.7%	19.0%	20.7%	20.9%
Tier 1 ratio according to Basel II	17.4%	15.7%	17.4%	17.4%	15.7%	16.5%
Capital base in relation to capital requirement Basel II	237%	259%	246%	237%	259%	261%
Average number of employees, continuing operations	11,434	11,100	11,091	11,197	10,818	10,850
Number of branches in Sweden	461	461	461	461	461	461
Number of branches outside Sweden	283	255	279	283	255	262

* 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.

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

INCOME STATEMENT – THE GROUP

SEK m	Q3 2011	Q3 2010	Change	Q2 2011	Change	Jan-Sep 2011	Jan-Sep 2010	Change	Full year 2010
Interest income	15,936	11,006	45%	14,662	9%	44,942	31,438	43%	43,389
Interest expense	-9,870	-5,679	74%	-8,979	10%	-27,686	-15,713	76%	-22,052
Net interest income	6,066	5,327	14%	5,683	7%	17,256	15,725	10%	21,337
Net fee and commission income	1,903	1,924	-1%	1,949	-2%	5,796	5,895	-2%	8,022
Net gains/losses on financial items at fair value	284	177	60%	308	-8%	953	1,101	-13%	1,377
Risk result - insurance	52	42	24%	38	37%	171	138	24%	205
Other dividend income	4	3	33%	141	-97%	146	189	-23%	190
Share of profit of associated companies	-8	1		18		12	15	-20%	11
Other income	27	32	-16%	32	-16%	101	105	-4%	154
Total income	8,328	7,506	11%	8,169	2%	24,435	23,168	5%	31,296
Staff costs	-2,498	-2,330	7%	-2,477	1%	-7,432	-7,038	6%	-9,504
Other administrative expenses	-1,206	-1,166	3%	-1,273	-5%	-3,668	-3,637	1%	-5,062
Depreciation, amortisation and impairments of property, equipment and intangible assets	-112	-114	-2%	-112	0%	-342	-346	-1%	-452
Total expenses	-3,816	-3,610	6%	-3,862	-1%	-11,442	-11,021	4%	-15,018
Profit before loan losses	4,512	3,896	16%	4,307	5%	12,993	12,147	7%	16,278
Net loan losses	-157	-294	-47%	-172	-9%	-573	-1,214	-53%	-1,507
Gains/losses on disposal of property, equipment and intangible assets	5	4	25%	1	400%	6	4	50%	-1
Operating profit	4,360	3,606	21%	4,136	5%	12,426	10,937	14%	14,770
Taxes	-1,181	-945	25%	-1,048	13%	-3,276	-2,932	12%	-3,962
Profit for the period from continuing operations	3,179	2,661	19%	3,088	3%	9,150	8,005	14%	10,808
Profit for the period from discontinued operations, after tax	30	46	-35%	48	-38%	127	128	-1%	217
Profit for the period	3,209	2,707	19%	3,136	2%	9,277	8,133	14%	11,025
Attributable to									
Holders of ordinary shares	3,209	2,707	19%	3,136	2%	9,277	8,133	14%	11,025
Minority interest	0	0		0		0	0		0

EARNINGS PER SHARE – THE GROUP

	Q3 2011	Q3 2010	Change	Q2 2011	Change	Jan-Sep 2011	Jan-Sep 2010	Change	Full year 2010
Earnings per share, continuing operations, SEK	5.10	4.27	19%	4.96	3%	14.69	12.87	14%	17.37
- after dilution	4.96	4.19	18%	4.88	2%	14.40	12.64	14%	17.10
Earnings per share, discontinued operations, SEK	0.05	0.08	-38%	0.08	-38%	0.21	0.21	0%	0.35
- after dilution	0.04	0.08	-50%	0.07	-43%	0.20	0.21	-5%	0.34
Earnings per share, total operations, SEK	5.15	4.35	18%	5.04	2%	14.90	13.08	14%	17.72
- after dilution	5.00	4.27	17%	4.95	1%	14.60	12.85	14%	17.44

STATEMENT OF COMPREHENSIVE INCOME – THE GROUP

SEK m	Q3 2011	Q3 2010	Change	Q2 2011	Change	Jan-Sep 2011	Jan-Sep 2010	Change	Full year 2010
Profit for the period	3,209	2,707	19%	3,136	2%	9,277	8,133	14%	11,025
Other comprehensive income									
Cash flow hedges	-391	2		-149	-162%	-256	-582	56%	-325
Available-for-sale instruments	-1,364	557		-191		-1,731	1,281		2,186
Translation differences for the period	494	-1,287		412	20%	464	-1,967		-2,015
Tax related to other comprehensive income	475	-190		120	296%	555	-294		-612
Total other comprehensive income	-786	-918	14%	192		-968	-1,562	38%	-766
Total comprehensive income for the period	2,423	1,789	35%	3,328	-27%	8,309	6,571	26%	10,259
Total comprehensive income for the period to									
Holders of ordinary shares	2,423	1,789	35%	3,328	-27%	8,309	6,571	26%	10,259
Minority interest	0	0	0%	0	0%	0	0	0%	0

All items in Other comprehensive income refer to continuing operations.

QUARTERLY PERFORMANCE – THE GROUP

SEK m	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010
Interest income	15,936	14,662	14,344	11,951	11,006
Interest expense	-9,870	-8,979	-8,837	-6,339	-5,679
Net interest income	6,066	5,683	5,507	5,612	5,327
Net fee and commission income	1,903	1,949	1,944	2,127	1,924
Net gains/losses on financial items at fair value	284	308	361	276	177
Risk result - insurance	52	38	81	67	42
Other dividend income	4	141	1	1	3
Share of profit of associated companies	-8	18	2	-4	1
Other income	27	32	42	49	32
Total income	8,328	8,169	7,938	8,128	7,506
Staff costs	-2,498	-2,477	-2,457	-2,466	-2,330
Other administrative expenses	-1,206	-1,273	-1,189	-1,425	-1,166
Depreciation, amortisation and impairments of property, equipment and intangible assets	-112	-112	-118	-106	-114
Total expenses	-3,816	-3,862	-3,764	-3,997	-3,610
Profit before loan losses	4,512	4,307	4,174	4,131	3,896
Net loan losses	-157	-172	-244	-293	-294
Gains/losses on disposal of property, equipment and intangible assets	5	1	0	-5	4
Operating profit	4,360	4,136	3,930	3,833	3,606
Taxes	-1,181	-1,048	-1,047	-1,030	-945
Profit for the period from continuing operations	3,179	3,088	2,883	2,803	2,661
Profit for the period from discontinued operations, after tax	30	48	49	89	46
Profit for the period	3,209	3,136	2,932	2,892	2,707
Earnings per share, continuing operations, SEK	5.10	4.96	4.63	4.50	4.27
- after dilution	4.96	4.88	4.56	4.46	4.19
Earnings per share, discontinued operations, SEK	0.05	0.08	0.08	0.15	0.08
- after dilution	0.04	0.07	0.07	0.14	0.08
Earnings per share, total operations, SEK	5.15	5.04	4.71	4.65	4.35
- after dilution	5.00	4.95	4.63	4.60	4.27

BALANCE SHEET – THE GROUP

SEK m		30 Sep 2011	30 Jun 2011	31 Mar 2011	31 Dec 2010	30 Sep 2010
Assets						
Cash and balances with central banks		262,575	167,044	163,333	56,637	75,861
Other lending to central banks	Note 7	76,142	66,014	62,809	50,989	60,379
Treasury bills and other eligible bills		44,363	48,963	57,817	50,738	48,805
Loans to other credit institutions	Note 7	116,834	103,653	119,753	123,465	127,926
Loans to the public	Note 7	1,598,737	1,567,152	1,531,500	1,513,687	1,497,078
Value change of interest hedged item in portfolio hedge		4,622	4,632	4,447	4,744	5,159
Bonds and other interest-bearing securities		74,415	63,450	66,406	68,500	85,044
Shares		27,686	34,819	36,976	38,210	33,672
Participating interests in associated companies		153	147	112	111	99
Assets where the customer bears the value change risk		58,722	65,880	63,777	61,182	55,119
Derivative instruments	Note 8	166,016	87,610	92,493	102,283	142,023
Reinsurance assets		3	3	3	12	11
Intangible assets	Note 9	7,087	7,019	6,863	6,905	6,926
Property and equipment		3,297	3,326	3,306	3,307	3,216
Current tax assets		748	519	177	74	223
Deferred tax assets		372	237	236	337	406
Net pension assets		5,152	4,995	4,875	4,670	4,879
Assets held for sale		952	904	899	789	740
Other assets		20,325	17,023	25,548	60,260	33,175
Prepaid expenses and accrued income		7,365	6,433	8,219	6,630	7,291
Total assets		2,475,566	2,249,823	2,249,549	2,153,530	2,188,032
Liabilities and equity						
Due to credit institutions	Note 10	235,431	219,396	248,111	251,972	212,311
Deposits and borrowing from the public	Note 10	720,482	645,895	641,709	564,142	589,669
Liabilities where the customer bears the value change risk		58,758	65,911	63,777	61,214	55,171
Issued securities		1,111,855	1,019,801	984,910	963,501	951,956
Derivative instruments	Note 8	143,804	88,081	100,333	101,753	146,657
Short positions		27,644	30,855	34,941	36,026	38,200
Insurance liabilities		705	713	777	723	791
Current tax liabilities		823	895	466	882	1,274
Deferred tax liabilities		9,499	9,352	9,244	9,144	8,777
Provisions		33	72	64	77	149
Liabilities held for sale		347	367	370	302	289
Other liabilities		14,957	23,960	22,459	12,604	28,998
Accrued expenses and deferred income		23,670	20,573	19,477	18,851	19,190
Subordinated liabilities		35,862	34,677	37,599	43,948	49,902
Total liabilities		2,383,870	2,160,548	2,164,237	2,065,139	2,103,334
Minority interest		1	1	1	0	0
Share capital		2,902	2,902	2,899	2,899	2,899
Share premium		792	789	184	184	184
Reserves		-1,802	-1,016	-1,208	-834	-1,630
Retained earnings		80,526	80,531	80,504	75,117	75,112
Profit for the period		9,277	6,068	2,932	11,025	8,133
Total equity		91,696	89,275	85,312	88,391	84,698
Total liabilities and equity		2,475,566	2,249,823	2,249,549	2,153,530	2,188,032

STATEMENT OF CHANGES IN EQUITY – THE GROUP

Jan - Sep 2010 SEK m	Share capital	Share premium	Hedge reserve	Fair value reserve	Translation reserve	Retained earnings	Minority	Total
Opening equity	2,899	184	-217	-802	951	80,072	1	83,088
Profit for the period						8,133	0	8,133
Other comprehensive income			-429	923	-2,056		0	-1,562
Total comprehensive income for the period			-429	923	-2,056	8,133	0	6,571
Dividend						-4,988		-4,988
Change of own shares in trading book						28		28
Change of minority interests							-1	-1
Closing equity	2,899	184	-646	121	-1,105	83,245	0	84,698

Jan - Sep 2011 SEK m	Share capital	Share premium	Hedge reserve	Fair value reserve	Translation reserve	Retained earnings	Minority	Total
Opening equity	2,899	184	-457	786	-1,163	86,142	0	88,391
Profit for the period						9,277	0	9,277
Other comprehensive income			-189	-1,262	483		0	-968
Total comprehensive income for the period			-189	-1,262	483	9,277	0	8,309
Dividend						-5,611		-5,611
Conversion of the convertible subordinated loan issued in 2008	3	102						105
Equity component of the convertible subordinated loan issued in 2011		506						506
Change of own shares in trading book						-5		-5
Change of minority interests							1	1
Closing equity	2,902	792	-646	-476	-680	89,803	1	91,696

For the 2008 convertible loan, it is possible to convert to shares from 1 June 2011. At the end of the period, convertibles for a nominal value of SEK 111 million had been converted into 592,062 Class A shares.

CONDENSED STATEMENT OF CASH FLOWS – THE GROUP

SEK m	Jan-Sep 2011	Jan-Sep 2010	Full year 2010
Cash flow from operating activities	201,368	42,020	26,030
Cash flow from investing activities	-1,798	342	-249
Cash flow from financing activities	-8,133	-10,149	-15,851
Cash flow for the period	191,437	32,213	9,930
Liquid funds at beginning of the period	56,637	49,882	49,882
Cash flow for the period	191,437	32,213	9,930
Exchange rate differences on liquid funds	14,501	-6,234	-3,175
Liquid funds at end of period	262,575	75,861	56,637

NOTES

Note 1 Accounting policies

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

Starting from 2011, some counterparties, including securities companies and fund management companies, have been reclassified on the balance sheet. The comparative figures for lending and deposits have been adjusted accordingly. If the change had not been made, Loans to other credit institutions would have amounted to SEK 148,880 million, Loans to the public to SEK 1,566,691 million, Due to

credit institutions to SEK 252,913 million and Deposits and borrowing from the public would have amounted to SEK 703,000 million as at 30 September 2011.

In all 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 2010.

None of the accounting regulatory changes that came into force as of 2011 has had a material impact on the parent company's or the Group's reported figures or financial position.

The interim report for the period January to September 2011 has been subject to a review by the Bank's auditors.

Note 2 Net fee and commission income

SEK m	Q3 2011	Q3 2010	Change	Q2 2011	Change	Jan-Sep 2011	Jan-Sep 2010	Change	Full year 2010
Brokerage and other securities commissions	310	426	-27%	362	-14%	1,085	1,345	-19%	1,867
Mutual funds	402	393	2%	415	-3%	1,269	1,150	10%	1,590
Custody	89	53	68%	96	-7%	286	278	3%	374
Advisory services	62	51	22%	55	13%	161	150	7%	223
Insurance	203	157	29%	168	21%	523	499	5%	605
Payments	650	630	3%	651	0%	1,891	1,807	5%	2,455
Lending and deposits	315	299	5%	291	8%	889	918	-3%	1,231
Guarantees	112	134	-16%	123	-9%	350	395	-11%	521
Other	99	104	-5%	117	-15%	307	302	2%	428
Commission income	2,242	2,247	0%	2,278	-2%	6,761	6,844	-1%	9,294
Securities commissions	-59	-50	18%	-45	31%	-156	-165	-5%	-219
Payment commissions	-239	-255	-6%	-251	-5%	-704	-725	-3%	-963
Other commission expenses	-41	-18	128%	-33	24%	-105	-59	78%	-90
Commission expense	-339	-323	5%	-329	3%	-965	-949	2%	-1,272
Net fee and commission income	1,903	1,924	-1%	1,949	-2%	5,796	5,895	-2%	8,022

Note 3 Net gains/losses on financial items at fair value

SEK m	Q3 2011	Q3 2010	Change	Q2 2011	Change	Jan-Sep 2011	Jan-Sep 2010	Change	Full year 2010
Available for sale, realised	-73	2		65		101	11		20
Hedge accounting									
Fair value hedges	44	92	-52%	-34		-22	255		339
Hedge ineffectiveness	0	25	-100%	-1	-100%	-1	-3	67%	-2
Instruments at fair value	2,149	196		631	241%	2,381	975	144%	-160
Loans at amortised cost	96	96	0%	68	41%	215	301	-29%	401
Financial liabilities at amortised cost	-15	-58	74%	7		-30	-295	90%	-357
Gains/losses on unbundled insurance contracts	6	-23		41	-85%	-4	-22	82%	-70
Trading / Other	-1,923	-153		-469	-310%	-1,687	-121		1,206
Total	284	177	60%	308	-8%	953	1,101	-13%	1,377

Note 4 Other administrative expenses

SEK m	Q3 2011	Q3 2010	Change	Q2 2011	Change	Jan-Sep 2011	Jan-Sep 2010	Change	Full year 2010
Property and premises	-267	-247	8%	-273	-2%	-803	-782	3%	-1,082
External IT costs	-388	-368	5%	-354	10%	-1,127	-1,146	-2%	-1,585
Communication	-88	-97	-9%	-89	-1%	-274	-311	-12%	-413
Travel and marketing	-86	-83	4%	-112	-23%	-290	-265	9%	-405
Purchased services	-203	-215	-6%	-271	-25%	-714	-653	9%	-911
Supplies	-48	-70	-31%	-51	-6%	-160	-230	-30%	-298
Other expenses	-126	-86	47%	-123	2%	-300	-250	20%	-368
Other administrative expenses	-1,206	-1,166	3%	-1,273	-5%	-3,668	-3,637	1%	-5,062

Note 5 Loan losses and impaired loans

Loan losses

SEK m	Q3 2011	Q3 2010	Change	Q2 2011	Change	Jan-Sep 2011	Jan-Sep 2010	Change	Full year 2010
Specific provision for individually valued loan receivables									
Provision for the period	-483	-368	31%	-312	55%	-1,161	-1,476	-21%	-1,615
Write-back of previous provisions	158	64	147%	88	80%	299	199	50%	360
Total	-325	-304	7%	-224	45%	-862	-1,277	-32%	-1,255
Collective provisions									
Net provision for the period for individually valued receivables	-19	27		18		38	40	-5%	64
Net provision for the period for homogenous loan receivables	5	-2		21	-76%	30	-2		5
Net provision for the period for off-balance sheet items	2	3	-33%	0		5	5	0%	10
Total	-12	28		39		73	43	70%	79
Other provisions									
Allocations for off-balance sheet items	-	0		-		-	0		0
Write-back of previous provisions	14	-		-		14	-		-
Guarantees honoured	-	-		-		-	-		-
Total	14	0		-		14	0		0
Write-offs									
Actual loan losses for the period	-1,721	-224		-248		-2,173	-791	175%	-1,355
Utilised share of previous provisions	1,844	169		190		2,194	593	270%	760
Recoveries	43	36	19%	71	-39%	181	218	-17%	264
Total	166	-19		13		202	20		-331
Change in value of repossessed property									
Value change for the period	-	1		-		-	0		0
Net loan losses	-157	-294	-47%	-172	-9%	-573	-1,214	-53%	-1,507

Impaired loans

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

SEK m	30 Sep 2011	30 Jun 2011	31 Mar 2011	31 Dec 2010	30 Sep 2010
Impaired loans	6,933	9,338	9,132	9,212	8,509
Specific provision for individually assessed loans	-3,649	-5,097	-5,010	-5,039	-5,200
Provision for collectively assessed homogenous groups of loans with limited value	-121	-124	-152	-157	-166
Collective provisions for individually assessed loans	-359	-340	-355	-396	-420
Impaired loans, net	2,804	3,777	3,615	3,620	2,723
Total impaired loans reserve ratio	59.6%	59.6%	60.4%	60.7%	68.0%
Proportion of impaired loans, %	0.17%	0.23%	0.23%	0.23%	0.17%
Impaired loans reserve ratio excl. collective provisions	54.4%	55.9%	56.5%	56.4%	63.1%
Loan loss ratio as a % of loans, accumulated	0.05%	0.05%	0.06%	0.10%	0.10%
Non-performing loans which are not impaired loans	2,354	2,462	2,006	1,684	1,812

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

30 September 2011	Impaired loans			Non-performing loans	
	Gross	Provisions	Net*	Of which non-performing	which are not impaired loans
SEK m					
Private individuals	1,320	-759	561	485	1,395
Housing co-operative associations	14	-4	10	-	75
Property management	1,210	-397	813	533	412
Manufacturing	1,060	-530	530	371	36
Retail	504	-306	198	182	53
Hotel and restaurant	196	-91	105	104	9
Passenger and goods transport by sea	210	-210	-	-	18
Other transport and communication	299	-196	103	100	92
Construction	366	-206	160	160	77
Electricity, gas and water	37	-14	23	1	-
Agriculture, hunting and forestry	45	-32	13	11	25
Other services	123	-79	44	33	92
Holding, investment and insurance companies, funds etc.	1,179	-684	495	34	50
Other corporate lending	370	-262	108	81	20
Credit institutions	-	-	-	-	-
Total	6,933	-3,770	3,163	2,095	2,354

* Book value after deduction of specific provisions

31 December 2010	Impaired loans			Non-performing loans	
	Gross	Provisions	Net*	Of which non-performing	which are not impaired loans
SEK m					
Private individuals	1,272	-703	569	495	987
Housing co-operative associations	27	-15	12	7	55
Property management	983	-383	600	306	309
Manufacturing	2,394	-1,963	431	303	62
Retail	492	-337	155	128	62
Hotel and restaurant	177	-88	89	86	9
Passenger and goods transport by sea	1,342	-206	1,136	1	-
Other transport and communication	206	-130	76	68	10
Construction	403	-174	229	218	103
Electricity, gas and water	36	-14	22	-	-
Agriculture, hunting and forestry	49	-28	21	19	1
Other services	365	-226	139	126	32
Holding, investment and insurance companies, funds etc.	1,189	-721	468	7	27
Other corporate lending	277	-208	69	62	27
Credit institutions	-	-	-	-	-
Total	9,212	-5,196	4,016	1,826	1,684

* Book value after deduction of specific provisions

Note 6 Discontinued operations

Discontinued operations mainly comprise the results from the acquired parts of the Plastal Group. It is the Bank's intention to divest its holdings in the Plastal Group as soon as adequate conditions occur.

Note 7 Loans and credit exposure

SEK m	30 Sep 2011	30 Jun 2011	31 Mar 2011	31 Dec 2010	30 Sep 2010
Loans to the public	1,598,737	1,567,152	1,531,500	1,513,687	1,497,078
<i>of which reverse repos</i>	21,186	19,192	22,993	27,023	25,095
Loans to other credit institutions	116,834	103,653	119,753	123,465	127,926
<i>of which reverse repos</i>	65,097	64,696	72,268	72,235	81,065
Other lending to central banks	76,142	66,014	62,809	50,989	60,379
<i>of which reverse repos</i>	116	2,623	1,581	59	2,199

Loans to the public, by sector

SEK m	30 September 2011			31 December 2010		
	Loans gross	Provisions	Loans net	Loans gross	Provisions	Loans net
Private individuals	707,971	-759	707,212	669,772	-703	669,069
<i>of which mortgage loans</i>	578,051	-28	578,023	526,722	-25	526,697
<i>of which other loans with property mortgages</i>	62,079	-61	62,018	80,808	-67	80,741
<i>of which other loans to private individuals</i>	67,840	-670	67,170	62,242	-611	61,631
Housing co-operative associations	122,287	-4	122,283	111,703	-15	111,688
<i>of which mortgage loans</i>	99,096	-4	99,092	98,032	-4	98,028
Property management	389,040	-397	388,643	355,654	-383	355,271
Manufacturing	54,743	-530	54,213	55,801	-1,963	53,838
Retail	37,149	-306	36,843	32,728	-337	32,391
Hotels and restaurants	7,011	-91	6,920	6,678	-88	6,590
Passenger & goods transport by sea	13,606	-210	13,396	14,560	-206	14,354
Other transport and communication	40,041	-196	39,845	38,396	-130	38,266
Construction	13,013	-206	12,807	13,460	-174	13,286
Electricity, gas, water	23,386	-14	23,372	22,152	-14	22,138
Agriculture, hunting and forestry	7,509	-32	7,477	6,478	-28	6,450
Other services	22,267	-79	22,188	17,388	-226	17,162
Holding, investment, insurance comp., funds etc.	91,864	-684	91,180	90,185	-721	89,464
Government and municipalities	17,629	-	17,629	16,995	-	16,995
Other corporate lending	55,350	-262	55,088	67,329	-208	67,121
Total loans to the public, before collective provisions	1,602,866	-3,770	1,599,096	1,519,279	-5,196	1,514,083
Collective provisions			-359			-396
Total loans to the public			1,598,737			1,513,687

Specification of Loans to the public – Property management

SEK m	30 September 2011			31 December 2010		
	Loans gross	Provisions	Loans net	Loans gross	Provisions	Loans net
Loans in Sweden						
State-owned property companies	12,283	-	12,283	12,269	-	12,269
Municipal-owned property companies	17,775	-	17,775	18,797	-	18,797
Residential property companies	67,672	-7	67,665	67,004	-21	66,983
<i>of which mortgage loans</i>	<i>47,873</i>	<i>-1</i>	<i>47,872</i>	<i>47,206</i>	<i>-1</i>	<i>47,205</i>
Other property management	125,329	-112	125,217	114,236	-167	114,069
<i>of which mortgage loans</i>	<i>55,956</i>	<i>-9</i>	<i>55,947</i>	<i>50,815</i>	<i>-8</i>	<i>50,807</i>
Total loans in Sweden	223,059	-119	222,940	212,306	-188	212,118
Loans outside Sweden						
Denmark	7,451	-34	7,417	5,629	-38	5,591
Finland	19,100	-	19,100	16,961	-	16,961
Norway	72,005	-143	71,862	64,568	-91	64,477
Great Britain	54,000	-94	53,906	43,417	-62	43,355
Other countries	13,425	-7	13,418	12,773	-4	12,769
Total loans outside Sweden	165,981	-278	165,703	143,348	-195	143,153
Total loans - Property management	389,040	-397	388,643	355,654	-383	355,271

Credit risk exposure

SEK m	30 Sep 2011	30 Jun 2011	31 Mar 2011	31 Dec 2010	30 Sep 2010
Loans to the public	1,598,737	1,567,152	1,531,500	1,513,687	1,497,078
<i>of which reverse repos</i>	<i>21,186</i>	<i>19,192</i>	<i>22,993</i>	<i>27,023</i>	<i>25,095</i>
Loans to credit institutions	192,976	169,667	182,562	174,454	188,305
<i>of which reverse repos</i>	<i>65,213</i>	<i>67,318</i>	<i>73,849</i>	<i>72,294</i>	<i>83,264</i>
Unutilised part of granted overdraft facilities	152,476	149,093	146,018	164,385	182,939
Committed loan offers	260,133	251,318	242,513	240,286	229,420
Other commitments	3,086	2,948	2,739	2,802	3,163
Guarantees, credits	17,486	18,072	16,310	17,751	17,895
Guarantees, other	38,118	39,130	39,859	40,210	41,751
Documentary credits	35,996	35,135	36,911	37,055	47,330
Derivatives *	166,016	87,610	92,493	102,283	142,023
Treasury bills and other eligible bills	44,363	48,963	57,817	50,738	48,805
Bonds and other interest-bearing securities	74,415	63,450	66,406	68,500	85,044
Total	2,583,802	2,432,538	2,415,128	2,412,151	2,483,753

* Refers to the total of positive market values

Note 8 Derivative instruments

SEK m	30 Sep 2011	30 Jun 2011	31 Mar 2011	31 Dec 2010	30 Sep 2010
Positive market values					
Trading	141,278	71,768	77,444	81,620	116,653
Fair value hedges	24,184	15,445	14,702	19,409	24,697
Cash flow hedges	554	397	347	1,254	673
Total	166,016	87,610	92,493	102,283	142,023
Negative market values					
Trading	135,753	80,945	92,320	92,557	136,780
Fair value hedges	6,821	6,381	7,380	8,111	8,510
Cash flow hedges	1,230	755	633	1,085	1,367
Total	143,804	88,081	100,333	101,753	146,657

Note 9 Goodwill and other intangible assets

SEK m	Jan-Sep 2011	Jan-Sep 2010	Full year 2010
Opening residual value	6,905	7,319	7,319
Additional during the period	182	60	100
The period's amortisation	-78	-69	-97
The period's impairments	0	-1	-2
Foreign exchange effect	78	-383	-415
Closing residual value	7,087	6,926	6,905

Note 10 Due to credit institutions, deposits and borrowing from the public

SEK m	30 Sep 2011	30 Jun 2011	31 Mar 2011	31 Dec 2010	30 Sep 2010
Due to credit institutions	235,431	219,396	248,111	251,972	212,311
<i>of which repos</i>	<i>6,423</i>	<i>16,067</i>	<i>25,547</i>	<i>4,889</i>	<i>21,840</i>
Deposits and borrowing from the public	720,482	645,895	641,709	564,142	589,669
<i>of which repos</i>	<i>10,477</i>	<i>6,587</i>	<i>2,763</i>	<i>9,068</i>	<i>6,958</i>

Note 11 Turnover of own debt instruments and shares

The Handelsbanken Group issues and repurchases debt instruments which it has issued on its own account and its own shares. This turnover is mainly intended as part of the Bank's securities operations and also as a component in financing its operations. During the period January to September 2011, the turnover was:

Interest-bearing securities, bonds and certificates (SEK billion):	Group	Parent company
Issued (sold):	1,062	676
Repurchased (bought):	150	44
Repaid:	803	602

Equity-related securities (SEK billion):

Issued (sold):	2.7
Repurchased (bought):	2.8

Note 12 Pledged assets, contingent liabilities and other commitments

SEK m	30 Sep 2011	30 Jun 2011	31 Mar 2011	31 Dec 2010	30 Sep 2010
Pledged assets for own debt	708,233	688,493	681,571	656,833	582,534
Other pledged assets	5,804	4,802	4,276	4,468	4,108
Contingent liabilities	91,696	92,432	93,176	95,111	107,071
Other commitments	415,695	403,359	403,740	407,473	415,522

Total contingent liabilities were SEK 91,696 million (95,111), a significant proportion of which are credit guarantees. This amount includes SEK 92 million (106) relating to a number of civil actions which the Group is bringing in general courts of law.

Note 13 Classification of financial assets and liabilities

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

30 September 2011	At fair value in income statement divided into							Total carrying amount
	Trading	Other	Derivatives identified as hedge instruments	Investments held to maturity	Loans and receivables	Financial assets available for sale	Other financial assets/liabilities	
SEK m								
Assets								
Cash and balances with central banks					262,575			262,575
Other loans to central banks					76,142			76,142
Treasury bills and other eligible bills	14,494	21,900		6,517		1,452		44,363
Loans to other credit institutions					116,834			116,834
Loans to the public		5,241			1,593,496			1,598,737
Value change of interest hedged item in portfolio hedge					4,622			4,622
Bonds and other interest-bearing securities	24,784	40,987		1,676		6,968		74,415
Shares	20,746	2,941				3,999		27,686
Participating interests in associated companies							153	153
Assets where the customer bears the value change risk		57,202			1,520			58,722
Derivative instruments	141,278		24,738					166,016
Other assets	170				20,123		32	20,325
Prepaid expenses and accrued income	188	961		214	6,001	1		7,365
Total financial assets	201,660	129,232	24,738	8,407	2,081,313	12,420	185	2,457,955
Non-financial assets								16,659
Total assets								2,474,614
Liabilities								
Due to credit institutions							235,431	235,431
Deposits and borrowing from the public							720,482	720,482
Liabilities where the customer bears the value change risk		57,238					1,520	58,758
Issued securities	8,541						1,103,314	1,111,855
Derivative instruments	135,753		8,051					143,804
Other trading liabilities	27,644							27,644
Other liabilities	125						14,832	14,957
Accrued expenses and deferred income	192						23,478	23,670
Subordinated liabilities							35,862	35,862
Total financial liabilities	172,255	57,238	8,051				2,134,919	2,372,463
Non-financial liabilities								11,060
Total liabilities								2,383,523

31 December 2010	At fair value in income statement divided into							Total carrying amount
	Trading	Other	Derivatives identified as hedge instruments	Investments held to maturity	Loans and receivables	Financial assets available for sale	Other financial assets/liabilities	
SEK m								
Assets								
Cash and balances with central banks					56,637			56,637
Other loans to central banks					50,989			50,989
Treasury bills and other eligible bills	21,059	22,547		5,699		1,433		50,738
Loans to other credit institutions					123,465			123,465
Loans to the public		5,435			1,508,252			1,513,687
Value change of interest hedged item in portfolio hedge					4,744			4,744
Bonds and other interest-bearing securities	25,187	30,939		1,139		11,235		68,500
Shares	29,404	3,110				5,696		38,210
Participating interests in associated companies							111	111
Assets where the customer bears the value change risk		59,533			1,649			61,182
Derivative instruments	81,620		20,663					102,283
Other assets	7				60,253			60,260
Prepaid expenses and accrued income	573	858		148	5,050	1		6,630
Total financial assets	157,850	122,422	20,663	6,986	1,811,039	18,365	111	2,137,436
Non-financial assets								16,094
Total assets								2,153,530
Liabilities								
Due to credit institutions							269,941	269,941
Deposits and borrowing from the public							546,173	546,173
Liabilities where the customer bears the value change risk		59,565					1,649	61,214
Issued securities	10,032						953,469	963,501
Derivative instruments	92,557		9,196					101,753
Other trading liabilities	36,026							36,026
Other liabilities	26						12,578	12,604
Accrued expenses and deferred income	457						18,394	18,851
Subordinated liabilities							43,948	43,948
Total financial liabilities	139,098	59,565	9,196				1,846,152	2,054,011
Non-financial liabilities								11,128
Total liabilities								2,065,139

Note 14 Fair value measurement of financial assets and liabilities

The tables show the valuation technique applied for financial assets and liabilities at fair value. Level 1 comprises instruments for which there are listed prices on an active market. Level 2 comprises instruments which have been indirectly valued using market information.

Level 3 consists of instruments whose valuation depends materially upon a variable that is not directly available on the market.

SEK m	30 September 2011	Level 1	Level 2	Level 3	Total
Assets					
Treasury bills and other eligible bills		37,846	-	-	37,846
Loans to the public		-	5,219	22	5,241
Bonds and other interest-bearing securities		57,707	15,032	-	72,739
Shares		24,851	587	2,248	27,686
Assets where the customer bears the value change risk		57,202	-	-	57,202
Derivative instruments		2,507	163,509	-	166,016
Total financial assets at fair value		180,113	184,347	2,270	366,730
Liabilities					
Due to credit institutions		-	-	-	-
Liabilities where the customer bears the value change risk		57,238	-	-	57,238
Issued securities		-	8,453	88	8,541
Derivative instruments		4,788	139,014	2	143,804
Short positions		22,193	5,451	-	27,644
Total financial liabilities at fair value		84,219	152,918	90	237,227

SEK m	31 December 2010	Level 1	Level 2	Level 3	Total
Assets					
Treasury bills and other eligible bills		45,039	-	-	45,039
Loans to the public		-	5,411	24	5,435
Bonds and other interest-bearing securities		47,357	18,167	1,837	67,361
Shares		35,717	679	1,814	38,210
Assets where the customer bears the value change risk		59,533	-	-	59,533
Derivative instruments		1,941	100,292	50	102,283
Total financial assets at fair value		189,587	124,549	3,725	317,861
Liabilities					
Due to credit institutions		-	-	-	-
Liabilities where the customer bears the value change risk		59,565	-	-	59,565
Issued securities		-	9,955	77	10,032
Derivative instruments		3,115	98,501	137	101,753
Short positions		35,026	1,000	-	36,026
Total financial liabilities at fair value		97,706	109,456	214	207,376

Note 15 Assets and liabilities by currency

30 September 2011								
SEK m	SEK	EUR	NOK	DKK	GBP	USD	Other currencies	Total
Assets								
Cash and balances with central banks	1,284	3,005	19,903	107	4	236,476	1,796	262,575
Other loans to central banks	4,747	61,945	115	8,321	69		945	76,142
Loans to credit institutions	23,996	17,577	850	854	272	67,398	5,887	116,834
Loans to the public	1,079,745	150,747	180,294	49,871	85,757	36,115	16,208	1,598,737
<i>of which corporates</i>	501,224	115,057	103,242	22,527	63,237	36,022	14,308	855,617
<i>of which households</i>	578,521	35,690	77,052	27,344	22,520	93	1,900	743,120
Treasury bills and other eligible securities	33,794	4,020	2,326	35		2,742	1,446	44,363
Bonds and other interest-bearing securities	56,831	9,704	1,818	68	2	5,805	187	74,415
Other assets not broken down by currency	302,500							302,500
Total assets	1,502,897	246,998	205,306	59,256	86,104	348,536	26,469	2,475,566
Liabilities								
Due to credit institutions	42,503	53,149	22,999	11,359	4,169	92,470	8,782	235,431
Deposits and borrowing from the public	406,400	67,705	51,653	27,648	29,166	129,406	8,504	720,482
<i>of which corporates</i>	197,319	54,313	37,619	16,588	24,804	128,361	8,267	467,271
<i>of which households</i>	209,081	13,392	14,034	11,060	4,362	1,045	237	253,211
Issued securities	468,572	226,599	10,007	597	46,781	352,847	6,452	1,111,855
Subordinated liabilities	9,497	16,895		115	7,841	173	1,341	35,862
Other items not broken down by currency	371,936							371,936
Total liabilities and equity	1,298,908	364,348	84,659	39,719	87,957	574,896	25,079	2,475,566
Other assets and liabilities broken down by currency and off-balance sheet items		117,420	-120,301	-19,467	1,938	226,375	-1,365	
Net foreign currency position		70	346	70	85	15	25	611

31 December 2010								
SEK m	SEK	EUR	NOK	DKK	GBP	USD	Other currencies	Total
Assets								
Cash and balances with central banks	1,476	1,732	19,812	102	4	31,767	1,744	56,637
Other loans to central banks	5,026	44,164	59	1,680	60			50,989
Loans to credit institutions	20,479	14,870	659	531	914	79,867	6,145	123,465
Loans to the public	1,036,806	142,382	169,680	44,013	67,899	35,919	16,988	1,513,687
<i>of which corporates</i>	481,136	108,837	101,738	19,187	51,002	35,762	13,115	810,777
<i>of which households</i>	555,670	33,545	67,942	24,826	16,897	157	3,873	702,910
Treasury bills and other eligible securities	35,686	3,544	9,482	6		552	1,468	50,738
Bonds and other interest-bearing securities	47,326	9,219	1,155	89	2	10,443	266	68,500
Other assets not broken down by currency	289,514							289,514
Total assets	1,436,313	215,911	200,847	46,421	68,879	158,548	26,611	2,153,530
Liabilities								
Due to credit institutions	90,559	53,868	10,935	15,232	11,805	54,287	15,286	251,972
Deposits and borrowing from the public	382,985	59,865	44,631	26,356	19,878	24,063	6,364	564,142
<i>of which corporates</i>	179,158	47,538	32,275	16,185	15,792	23,218	6,046	320,212
<i>of which households</i>	203,827	12,327	12,356	10,171	4,086	845	318	243,930
Issued securities	423,483	192,403	7,843	566	35,732	264,756	38,718	963,501
Subordinated liabilities	7,367	21,837		110	7,846	5,535	1,253	43,948
Other items not broken down by currency	329,967							329,967
Total liabilities and equity	1,234,361	327,973	63,409	42,264	75,261	348,641	61,621	2,153,530
Other assets and liabilities broken down by currency and off-balance sheet items		113,200	-137,369	-4,124	6,148	190,097	35,168	
Net foreign currency position		1,138	69	33	-234	4	158	1,168

Note 16 Related-party transactions

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

Note 17 Capital base and capital requirement in the banking group

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

Capital base

SEK m	30 Sep 2011	30 Jun 2011	31 Mar 2011	31 Dec 2010	30 Sep 2010
TIER 1 CAPITAL					
Equity, group	91,696	89,275	85,312	88,391	84,698
Accrued dividend, current year	-4,212	-2,808	-1,403	-5,611	-3,741
Dividend for previous year (unpaid)					
Deduction of equity outside the banking group	-579	-548	-669	-243	-249
Deduction of earnings outside the banking group	-348	-132	-99	-440	-354
Minority interests, group	-1	-1	-1	-1	0
Equity, capital base	86,556	85,786	83,140	82,096	80,354
Tier 1 capital contribution	14,322	14,047	14,014	14,199	14,219
Minority interests, banking group	431	352	350	347	295
Deducted items					
Goodwill and other intangible assets	-7,234	-7,157	-6,795	-6,838	-6,859
Revaluation reserve	-117	-119	-121	-122	-124
Deferred tax assets	-383	-248	-236	-337	-406
Special deduction for IRB institutions	-1,042	-608	-631	-715	-605
Capital contribution in companies outside the banking group	-234	-234	-234	-234	-234
Positions in securitisation	-285	-204	-203	-219	-216
Adjustments in accordance with stability filter					
Cash flow hedges	646	358	247	457	646
Unrealised accumulated gains, shares	-	-861	-1,030	-1,241	-648
Unrealised accumulated gains/losses, fixed income instruments	287	281	318	403	468
Total Tier 1 capital	92,947	91,393	88,819	87,796	86,890
TIER 2 CAPITAL					
Perpetual subordinated loans	11,920	11,511	11,385	11,664	17,021
Dated subordinated loans	6,533	6,463	11,669	17,248	17,344
Additional items					
Unrealised accumulated gains, shares	-	861	1,030	1,241	648
Revaluation reserve	117	119	121	122	124
Deducted items					
Special deduction for IRB institutions	-1,042	-608	-631	-715	-605
Capital contribution in companies outside the banking group	-234	-234	-234	-234	-234
Positions in securitisation	-285	-204	-203	-219	-216
Total Tier 2 capital	17,009	17,908	23,137	29,107	34,082
Total Tier 1 and Tier 2 capital	109,956	109,301	111,956	116,903	120,972
Deductible items from total capital base					
Capital contribution in insurance companies	-4,417	-4,417	-4,567	-4,567	-4,717
Surplus value pension assets	-3,777	-1,859	-2,095	-1,367	-1,489
Total capital base for capital adequacy purposes	101,762	103,025	105,294	110,969	114,766

Capital requirement

SEK m	30 Sep 2011	30 Jun 2011	31 Mar 2011	31 Dec 2010	30 Sep 2010
Credit risk according to standardised approach	3,876	4,038	3,902	4,051	4,210
Credit risk according to IRB approach	33,174	32,058	31,794	33,269	34,648
Interest rate risk	1,625	1,644	1,371	1,346	1,570
Equity price risk	28	33	18	27	27
Exchange rate risk	-	-	-	-	-
Commodities risk	31	17	42	28	43
Settlement risk	-	-	-	-	-
Operational risk	4,117	4,117	4,117	3,849	3,849
Total capital requirement according to Basel II	42,851	41,907	41,244	42,570	44,347
Adjustment according to transitional rules	35,587	36,799	35,571	33,715	31,119
Capital requirement according to Basel II, transitional rules	78,438	78,706	76,815	76,285	75,466
Risk-weighted assets, transitional rules	980,475	983,824	960,190	953,561	943,324
Risk-weighted assets, Basel II	535,640	523,841	515,550	532,136	554,342

Capital adequacy analysis

	30 Sep 2011	30 Jun 2011	31 Mar 2011	31 Dec 2010	30 Sep 2010
Capital requirement in Basel II compared to transitional rules	55%	53%	54%	56%	59%
Capital ratio according to Basel II	19.0%	19.7%	20.4%	20.9%	20.7%
Capital ratio according to transitional rules	10.4%	10.5%	11.0%	11.6%	12.2%
Tier 1 ratio according to Basel II	17.4%	17.4%	17.2%	16.5%	15.7%
Tier 1 ratio according to transitional rules	9.5%	9.3%	9.3%	9.2%	9.2%
Capital base in relation to capital requirement Basel II	237%	246%	255%	261%	259%
Capital base in relation to capital requirement according to transitional rules	130%	131%	137%	145%	152%

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

Credit risks IRB

SEK m	Exposure after credit risk protection (EAD)		Average risk weight, %		Capital requirement	
	30 Sep 2011	30 Jun 2011	30 Sep 2011	30 Jun 2011	30 Sep 2011	30 Jun 2011
Corporates	924,640	891,651	34.2	35.0	25,314	24,966
<i>of which repos and securities loans</i>	12,026	15,445	0.5	0.7	5	9
<i>of which other loans foundation approach</i>	383,147	359,592	44.3	45.4	13,570	13,051
<i>of which other loans advanced approach</i>	529,467	516,614	27.7	28.8	11,739	11,907
Households	728,654	723,301	7.1	6.9	4,122	3,970
<i>of which property loans</i>	642,116	635,502	5.4	5.1	2,749	2,603
<i>of which other loans</i>	86,538	87,799	19.8	19.5	1,374	1,367
Small companies	29,913	29,950	39.1	38.6	935	925
Institutions	181,709	167,694	12.1	10.8	1,755	1,448
<i>of which repos and securities loans</i>	92,241	101,938	0.5	1.1	38	93
<i>of which other loans</i>	89,468	65,756	24.0	25.7	1,718	1,355
Other	8,532	10,157	153.5	92.2	1,048	749
Total IRB	1,873,448	1,822,753	22.1	22.0	33,174	32,058
<i>of which repos and securities loans</i>	104,267	117,383	0.5	1.1	43	102
<i>of which other loans foundation approach</i>	481,147	435,505	42.4	43.5	16,335	15,155
<i>of which other loans advanced approach</i>	1,288,034	1,269,865	16.3	16.5	16,796	16,802

Handelsbanken is implementing the IRB model for its credit exposures in stages. Swedish, Danish, Finnish and Norwegian exposures to households and small companies, and corresponding exposures in the Handelsbanken Finans and Stadshypotek Groups have been approved for IRB reporting. For corporate and institutional exposures, the exposures at all regional banks, Stadshypotek and Handelsbanken Finans have been approved for calculation of the capital requirement according to the IRB model, as have exposures to institutions and large companies at Handelsbanken's foreign branches that are not part of the regional banking operations. In 2010, the Bank received permission from the Swedish Financial Supervisory Authority to report parts of its corporate portfolio according to the advanced IRB approach, with the

first reporting occasion as at 31 December 2010. The permit refers to counterparties which are categorised as medium-sized companies, property companies and housing co-operative associations. The table presents the corporate exposures as at 30 September 2011, split into the foundation and the advanced approaches. In addition, repos and securities loans are reported separately, since they give rise to very low capital requirements, while the volume varies considerably over time. The low capital requirement is due to the fact that the exposure in repos and securities loans is reported gross and the exposure is secured.

The average risk weight for the IRB exposures was stable during the quarter. The risk weight for corporate exposures was 34.2 per cent (35.0) and for retail exposures it was 7.1 per cent (6.9).

Note 18 Risk and capital management

Risks and uncertainty factors

International economic growth has slowed and there is considerable uncertainty surrounding future developments. The global economy is in a state of imbalance, with many indebted economies. The situation is particularly worrying in the eurozone. As long as the imbalances prevail, the unstable situation will continue to affect the financial markets. Handelsbanken does not have any sovereign exposures to the "PIIGS" countries, but may be affected indirectly if the crisis were to worsen significantly. However, Handelsbanken's historically low tolerance of risks, sound capitalisation and strong liquidity mean that the Bank is well equipped to operate under these conditions.

The credit risk, measured as the average risk weight in approved IRB exposures, was stable during the quarter. The risk weight for corporate exposures fell slightly. The IRB models are based on historical losses from both the recent financial crisis and also 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 also contain significant safety margins to ensure that the risk is not underestimated.

Handelsbanken has low tolerance of market risks. For the third quarter of 2011, the total exposure for Handelsbanken Capital Markets, measured as Value-at Risk (VaR), was on average SEK 17 million (Q3 2010: SEK 30 million). During the period, the risk varied between SEK 7 million (17) and 36 million (44). Handelsbanken's liquidity situation is healthy and is described in more detail below.

Other aspects of the Bank's risk and capital management are described in Handelsbanken's 2010 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.

Liquidity and funding

Handelsbanken's liquidity situation is healthy. As a step towards strengthening its liquidity position, 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 different currencies the Bank needs to fund its lending and enables the Bank to issue all currencies of relevance for the Bank.

Funding programmes/limits as of 30 September 2011 – Group

Programme (in millions)	Programme size	Currency	Unutilized amount, current programme	Countervalue SEK m
MTN *	100,000	SEK	53,418	53,418
EMTN *	50,000	USD	34,388	236,275
Other funding > 1 y *	15,000	USD	13,040	89,596
USCP	15,000	USD	7,737	53,160
USCP (Stadshypotek)	5,000	USD	5,000	34,354
ECP *	5,000	EUR	1,945	17,974
ECP (Stadshypotek) *	4,000	EUR	2,484	22,955
Swedish Commercial Paper	25,000	SEK	23,770	23,770
Swedish Commercial Paper (Stadshypotek)	90,000	SEK	85,350	85,350
French Certificates of Deposit	5,000	EUR	1,894	17,503
Extendible Notes	15,000	USD	10,310	70,838
EMTCN (Stadshypotek) *	15,000	EUR	5,138	47,482
US 144A / 3(a)(2)	15,000	USD	8,400	57,715
Stadshypotek US 144A	15,000	USD	13,400	92,069
Total				902,460
Total programme amount, SEK m	1,376,208			
Unutilised amount, SEK m	902,460			
Unutilised amount			66%	

* Under these programmes it is possible to issue in other currencies than the original programme currency.

As at 30 September 2011, total liquidity reserves exceeded SEK 700 billion. Balances with central banks and banks, as well as securities that are eligible as collateral with central banks, totalled SEK 466

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

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

SEK m	Market value		Collateral value		
	30 Sep 2011	30 Jun 2011	31 Mar 2011	31 Dec 2010	30 Sep 2010
Cash and balances with and other lending to central banks	338,602	230,436	226,142	107,430	135,972
Balances with banks, overnight (from 30 June 2011, incl. repos)	33,035	21,317	1,259	10,177	3,698
Securities issued by governments and public entities	36,496	37,223	41,229	24,923	27,621
Covered bonds	47,363	28,664	27,899	31,830	38,623
Securities issued by non-financial companies	2,111	7,856	2,170	1,628	1,509
Securities issued by financial companies	8,495	13,485	27,075	18,061	18,794
Total	466,102	338,980	325,774	194,049	226,217
<i>of which in SEK</i>	87,077	63,935	79,044	65,581	77,555
<i>of which in EUR</i>	78,080	70,190	66,090	56,646	53,975
<i>of which in USD</i>	265,345	172,361	155,375	48,169	81,310
<i>of which in other currencies</i>	35,600	32,494	25,265	23,653	13,377

30 September 2011

Market value, SEK m	SEK	EUR	USD	Other	Total
Cash and balances with and other lending to central banks	6,032	64,947	236,489	31,134	338,602
Balances with other banks, overnight (incl. repos)	10,299	183	19,973	2,580	33,035
Securities issued by governments	26,142	6,384	2,084	1,886	36,496
Securities issued by municipalities and other public entities					
Covered bonds	37,477	3,592	13		41,082
Own covered bonds	6,281				6,281
Securities issued by non-financial companies	72	1,537	502		2,111
Securities issued by financial companies (excl. covered bonds)	774	1,437	6,284		8,495
Other securities					
Total	87,077	78,080	265,345	35,600	466,102

Stress test with liquidity-creating measures

The Bank's liquidity position is regularly subjected to a stress test. In the test, the Bank's cash flows are stressed, based on certain assumptions. For example, it is assumed that the Bank cannot obtain funding in the financial markets and there is a simultaneous disappearance of ten per cent of deposits from the public. It is further assumed that the Bank continues to conduct its core activities. It is also taken into account that Central Treasury's liquidity portfolio can provide an immediate contribution of liquidity and that the Bank in other respects has considerable reserves that can be quickly utilised. The stress test shows that the liquidity reserves cover the Bank's liquidity requirement

for more than two years, even if access to new funding in the markets were to disappear.

For a long period of time, the Bank has actively worked with liquidity measures and has adopted a conservative approach. Part of this work has involved centralising liquidity management with the purpose of strengthening control of the liquidity risks and of guaranteeing and optimising the Bank's funding in all scenarios. This means that Handelsbanken is well-equipped to comply with the new regulations which are being drafted.

Note 19 The Handelsbanken share

	Q3 2011	Q3 2010	Q2 2011	Jan-Sep 2011	Jan-Sep 2010	Full year 2010
Number of converted shares	15,729	-	576,333	592,062	-	-
Number of repurchased shares	-	-	-	-	-	-
Holding of own shares in trading book, end of period	30,070	23,847	-	30,070	23,847	-
Number of outstanding shares after repurchases and deduction for trading book, end of period	624,031,454	623,445,615	624,045,795	624,031,454	623,445,615	623,469,462
Number of outstanding shares after dilution, end of period	652,252,095	635,686,812	649,751,116	652,252,095	635,686,812	635,710,659
Average holdings of own shares (repurchased and holdings in trading book)	611,938	1,086,973	1,140,157	886,072	1,506,665	1,375,013
Average number of outstanding shares after dilution	623,445,996	622,382,489	622,409,614	622,817,592	621,962,797	622,094,449
	649,151,317	635,260,155	638,711,811	640,473,455	634,203,994	634,335,646
Share price ordinary class A, SEK	176.10	220.90	195.10	176.10	220.90	214.90
Market capitalisation, SEK bn	110	138	122	110	138	134

Condensed set of financial statements – Parent company

PARENT COMPANY'S INCOME STATEMENT

SEK m	Q3 2011	Q3 2010	Change	Q2 2011	Change	Jan-Sep 2011	Jan-Sep 2010	Change	Full year 2010
Net interest income	4,020	3,693	9%	3,767	7%	11,453	10,770	6%	14,549
Dividends received	8	30	-73%	708	-99%	838	1,124	-25%	2,749
Net fee and commission income	1,497	1,556	-4%	1,515	-1%	4,503	4,687	-4%	6,455
Net gains/losses on financial items	236	150	57%	-210		356	491	-27%	790
Other income	149	142	5%	161	-7%	465	436	7%	624
Total income	5,910	5,571	6%	5,941	-1%	17,615	17,508	1%	25,167
Staff costs	-2,474	-2,318	7%	-2,428	2%	-7,338	-6,895	6%	-8,838
Other administrative expenses	-1,075	-1,103	-3%	-1,220	-12%	-3,432	-3,407	1%	-4,775
Depreciation, amortisation and impairments of property, equipment and intangible assets	-131	-134	-2%	-132	-1%	-399	-407	-2%	-533
Total expenses before loan losses	-3,680	-3,555	4%	-3,780	-3%	-11,169	-10,709	4%	-14,146
Profit before loan losses	2,230	2,016	11%	2,161	3%	6,446	6,799	-5%	11,021
Net loan losses	-149	-288	-48%	-223	-33%	-613	-1,186	-48%	-1,466
Impairments of financial assets	-	-		-298		-298	-270	10%	-470
Operating profit	2,081	1,728	20%	1,640	27%	5,535	5,343	4%	9,085
Appropriations	27	27	0%	26	4%	79	82	-4%	108
Profit before tax	2,108	1,755	20%	1,666	27%	5,614	5,425	3%	9,193
Taxes	-594	-452	31%	-465	28%	-1,547	-1,497	3%	-2,548
Profit for the period	1,514	1,303	16%	1,201	26%	4,067	3,928	4%	6,645

PARENT COMPANY'S STATEMENT OF COMPREHENSIVE INCOME

SEK m	Q3 2011	Q3 2010	Change	Q2 2011	Change	Jan-Sep 2011	Jan-Sep 2010	Change	Full year 2010
Profit for the period	1,514	1,303	16%	1,201	26%	4,067	3,928	4%	6,645
Other comprehensive income									
Cash flow hedges	-494	51		-172	-187%	-258	-592	56%	-186
Available-for-sale instruments	-1,363	557		-192		-1,731	1,283		2,188
Translation differences for the period	438	-1,098		301	46%	349	-1,440		-1,462
Tax related to other comprehensive income	498	-160		105	374%	536	-202		-549
Total other comprehensive income	-921	-650	-42%	42		-1,104	-951	-16%	-9
Total comprehensive income for the period	593	653	-9%	1,243	-52%	2,963	2,977	0%	6,636

PARENT COMPANY'S BALANCE SHEET

SEK m	30 Sep 2011	30 Jun 2011	31 Mar 2011	31 Dec 2010	30 Sep 2010
Assets					
Cash and balances with central banks	261,860	166,788	163,180	56,346	75,626
Treasury bills and other eligible bills	38,369	43,362	51,377	43,218	40,384
Loans to credit institutions	525,088	489,854	509,104	505,049	492,288
Loans to the public	699,297	709,404	696,540	691,221	699,093
Bonds and other interest-bearing securities	70,148	57,290	59,709	60,618	75,423
Shares	24,743	31,890	33,950	35,113	30,890
Shares in subsidiaries and participating interests in associated companies	32,559	32,525	33,012	33,010	33,195
Assets where the customer bears the value change risk	2,381	2,382	2,332	2,080	2,041
Derivative instruments	170,234	93,972	99,816	109,192	149,662
Intangible assets	1,534	1,514	1,429	1,516	1,540
Property and equipment	1,755	1,755	1,739	1,724	1,740
Current tax assets	701	208	-	-	-
Deferred tax assets	353	222	216	322	391
Other assets	11,735	14,653	21,028	58,593	25,424
Prepaid expenses and accrued income	5,403	4,518	5,981	4,624	5,310
Total assets	1,846,160	1,650,337	1,679,413	1,602,626	1,633,007
Liabilities and equity					
Due to credit institutions	291,994	276,137	313,896	260,117	219,109
Deposits and borrowing from the public	703,367	628,661	621,137	577,180	601,733
Liabilities where the customer bears the value change risk	2,417	2,413	2,332	2,112	2,063
Issued securities	538,030	485,052	471,389	483,305	464,089
Derivative instruments	163,398	101,620	112,671	118,506	167,332
Short positions	27,644	30,855	34,941	36,026	38,200
Current tax liabilities	-	-	19	382	302
Deferred tax liabilities	87	88	89	90	86
Provisions	35	68	67	74	138
Other liabilities	14,075	23,410	20,687	13,382	24,327
Accrued expenses and deferred income	12,195	10,872	9,980	8,350	9,030
Subordinated liabilities	35,871	34,687	37,609	43,959	49,913
Total liabilities	1,789,113	1,593,863	1,624,817	1,543,483	1,576,322
Untaxed reserves	1,056	1,074	1,074	1,110	1,147
Share capital	2,902	2,902	2,899	2,899	2,899
Share premium	792	789	184	184	184
Other funds	585	1,506	1,464	1,689	747
Retained earnings	47,645	47,650	47,623	46,616	47,780
Profit for the period	4,067	2,553	1,352	6,645	3,928
Total equity	55,991	55,400	53,522	58,033	55,538
Total liabilities and equity	1,846,160	1,650,337	1,679,413	1,602,626	1,633,007
Memorandum items					
Assets pledged for own debt	81,717	89,723	95,841	79,591	101,377
Other assets pledged	5,696	4,704	4,206	4,398	4,030
Contingent liabilities and commitments	145,113	150,257	149,103	131,479	145,890
Other commitments	411,916	399,390	387,287	403,029	410,664

The interim information for the parent company with comments concerning financial performance, significant events and risk is covered by the report provided for the whole of the Handelsbanken Group.

SUBMISSION OF REPORT

I hereby submit this interim report.

Stockholm, 25 October 2011

Pär Boman
President and Group Chief Executive

PRESS AND PHONE CONFERENCE

A press and analyst conference will be held at the Bank's head office on 26 October at 9.00 a.m. CET.

A phone conference will be held on 26 October at 11.00 a.m. CET.

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

The highlights of the annual report for January–December 2011 will be published on 15 February 2012.

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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 30 September 2011 and for the nine-month period ending as at this date. The board and the chief executive are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the 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 Standard on review engagements SÖG 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 Standard on Auditing in Sweden and other generally accepted auditing practices.

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, 25 October 2011

KPMG AB

Stefan Holmström, Authorised Public Accountant

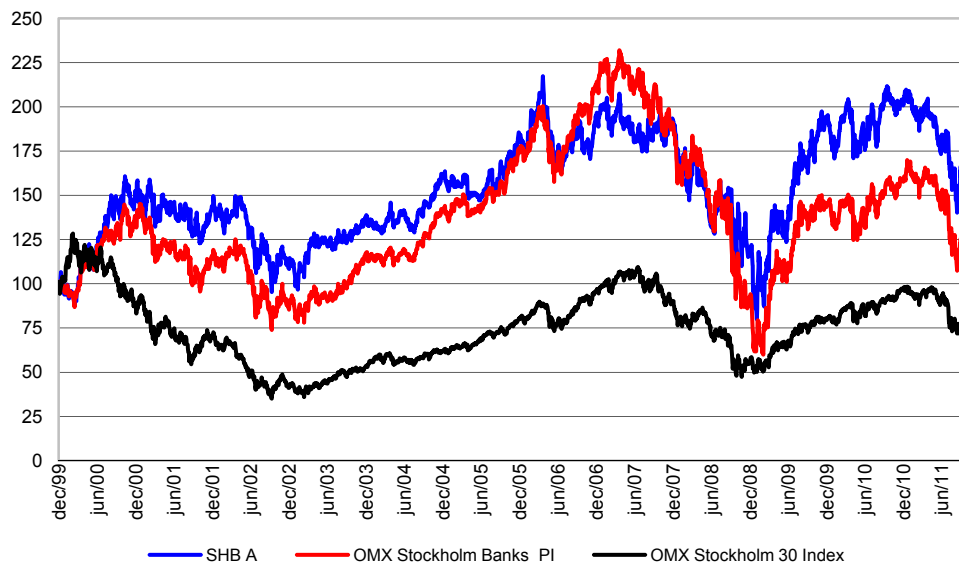
Ernst & Young AB

Erik Åström, Authorised Public Accountant

Share price performance and other information

The Swedish stock market fell by 21 per cent during the first nine months of the year. The Stockholm stock exchange's bank index fell by 23 per cent. Handelsbanken's class A shares closed at SEK 176.10, a fall of 18 per cent since the year-end, but including dividends paid, the total return was -14 per cent. Since 1 January 2000, Handelsbanken's share price has increased by 65 per cent, while the Stockholm stock exchange has fallen by 24 per cent.

SHARE PRICE PERFORMANCE, 31 DECEMBER 1999 – 30 SEPTEMBER 2011



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Handelsbanken

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