

Handelsbanken's Interim Report

JANUARY – SEPTEMBER 2015

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

- Operating profit grew to SEK 14,942m (14,901)
- The period's profit after tax for total operations was unchanged at SEK 11,842m (11,842)
- Earnings per share for total operations were SEK 6.21 (6.21)
- The common equity tier 1 ratio according to CRD IV increased to 21.4% (20.7) and the total capital ratio rose to 27.4% (25.6)
- Return on equity for total operations decreased to 13.1% (14.1)
- Moody's upgraded Handelsbanken's long-term credit rating to Aa2, and thus the Bank has the highest rating in the Nordic countries of all peer banks
- Income increased by 2% to SEK 29,427m (28,758)
- Net interest income went up by 2% to SEK 20,769m (20,361) and in the UK, net interest income increased by 33%
- Net fee and commission income grew by 10% to SEK 6,977m (6,328)
- The Bank was the largest player for new savings on the mutual funds market in Sweden
- The C/I ratio rose to 45.4% (44.4)
- The loan loss ratio was 0.08% (0.08)

Summary of Q3 2015, compared with Q2 2015

- Operating profit fell by 10% to SEK 4,731m (5,256)
- The period's profit after tax for total operations decreased by 10% to SEK 3,758m (4,173), and earnings per share fell to SEK 1.97 (2.19)
- Return on equity for total operations declined to 12.7% (14.5)
- Income fell by 7% to SEK 9,461m (10,221)
- The C/I ratio was 45.2% (45.1)
- The loan loss ratio was 0.10% (0.08)

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Handelsbanken Group – Overview

SEK m	Q3 2015	Q2 2015	Change	Q3 2014	Change	Jan-Sep 2015	Jan-Sep 2014	Change	Full year 2014
Summary income statement									
Net interest income	6,834	7,019	-3%	7,004	-2%	20,769	20,361	2%	27,244
Net fee and commission income	2,308	2,359	-2%	2,133	8%	6,977	6,328	10%	8,556
Net gains/losses on financial transactions	226	451	-50%	389	-42%	1,105	1,513	-27%	1,777
Risk result - insurance	40	55	-27%	46	-13%	121	131	-8%	165
Other dividend income	1	275	-100%	0		279	249	12%	251
Share of profit of associates	18	9	100%	2		28	-4		18
Other income	34	53	-36%	56	-39%	148	180	-18%	303
Total income	9,461	10,221	-7%	9,630	-2%	29,427	28,758	2%	38,314
Staff costs	-2,953	-3,149	-6%	-2,943	0%	-9,228	-8,740	6%	-11,766
Other administrative expenses	-1,197	-1,336	-10%	-1,166	3%	-3,761	-3,681	2%	-5,099
Depreciation, amortisation and impairments of property, equipment and intangible assets	-126	-122	3%	-121	4%	-375	-354	6%	-462
Total expenses	-4,276	-4,607	-7%	-4,230	1%	-13,364	-12,775	5%	-17,327
Profit before loan losses	5,185	5,614	-8%	5,400	-4%	16,063	15,983	1%	20,987
Net loan losses	-458	-359	28%	-497	-8%	-1,122	-1,084	4%	-1,781
Gains/losses on disposal of property, equipment and intangible assets	4	1	300%	1	300%	1	2	-50%	6
Operating profit	4,731	5,256	-10%	4,904	-4%	14,942	14,901	0%	19,212
Taxes	-1,028	-1,110	-7%	-1,022	1%	-3,201	-3,134	2%	-4,069
Profit for the period from continuing operations	3,703	4,146	-11%	3,882	-5%	11,741	11,767	0%	15,143
Profit for the period pertaining to discontinued operations, after tax	55	27	104%	17	224%	101	75	35%	41
Profit for the period	3,758	4,173	-10%	3,899	-4%	11,842	11,842	0%	15,184
Summary balance sheet									
Loans to the public	1,855,311	1,851,432	0%	1,781,421	4%	1,855,311	1,781,421	4%	1,807,836
<i>of which mortgage loans</i>	<i>1,062,001</i>	<i>1,046,719</i>	<i>1%</i>	<i>1,005,787</i>	<i>6%</i>	<i>1,062,001</i>	<i>1,005,787</i>	<i>6%</i>	<i>1,018,514</i>
Deposits and borrowing from the public	1,049,202	1,093,551	-4%	933,952	12%	1,049,202	933,952	12%	1,022,267
<i>of which households</i>	<i>351,120</i>	<i>349,223</i>	<i>1%</i>	<i>311,028</i>	<i>13%</i>	<i>351,120</i>	<i>311,028</i>	<i>13%</i>	<i>318,750</i>
Total equity	127,435	123,971	3%	120,249	6%	127,435	120,249	6%	126,827
Total assets	2,943,621	2,935,809	0%	2,700,811	9%	2,943,621	2,700,811	9%	2,816,676
Summary of key figures									
Return on equity, total operations*	12.7%	14.5%		13.8%		13.1%	14.1%		13.4%
Return on equity, continuing operations*	12.5%	14.4%		13.7%		13.0%	14.0%		13.3%
C/I ratio, continuing operations	45.2%	45.1%		43.9%		45.4%	44.4%		45.2%
Earnings per share, total operations, SEK	1.97	2.19		2.04		6.21	6.21		7.96
- after dilution	1.93	2.14		2.00		6.08	6.11		7.84
Common equity tier 1 ratio, CRD IV	21.4%	21.3%		20.7%		21.4%	20.7%		20.4%
Total capital ratio, CRD IV	27.4%	28.4%		25.6%		27.4%	25.6%		25.6%

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

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

Group performance

JANUARY – SEPTEMBER 2015 COMPARED WITH JANUARY – SEPTEMBER 2014

The Group's operating profit grew slightly to SEK 14,942m (14,901). The period's profit after tax for total operations was unchanged at SEK 11,842m (11,842) and earnings per share were SEK 6.21 (6.21). The common equity tier 1 ratio increased to SEK 21.4% (20.7) and the return on equity for total operations decreased to 13.1% (14.1).

The C/I ratio rose to 45.4% (44.4).

Income

SEK m	Jan-Sep 2015	Jan-Sep 2014	Change
Net interest income	20,769	20,361	2%
Net fee and commission income	6,977	6,328	10%
Net gains/losses on financial trans.	1,105	1,513	-27%
Other income	576	556	4%
Total income	29,427	28,758	2%

Income increased by 2% to SEK 29,427m (28,758).

Net interest income rose by 2% to SEK 20,769m (20,361). Higher business volumes and higher lending margins increased net interest income by SEK 883m and SEK 92m respectively. The positive effects were offset by the fact that deposit margins and interest income related to equity decreased by SEK 1,940m. The benchmark effect in Stadshypotek totalled SEK -49m (-12), and the cost of the Stabilisation Fund and various deposit guarantees rose by SEK 62m to SEK -951m (-889). Exchange rate effects had a SEK 589m positive impact on net interest income.

The remainder of the SEK 883m increase in net interest income was chiefly attributable to strong growth in deposits and thus a lower issued volume of market funding.

Net interest income grew by 33% in the UK, by 6% in Denmark, and by 14% in the Netherlands. Net interest income fell by 3% in Sweden, by 5% in Norway, and by 2% in Finland.

The average volume of loans to the public grew by 6% to SEK 1,839bn (1,734). Exchange rate effects had a positive effect of SEK 28bn on lending volumes. Household lending increased by 9% to SEK 924bn (851), while corporate lending grew by 4% to SEK 916bn (883).

The average volume of deposits and borrowing rose by 15% to SEK 1,009bn (874). The average volume of household deposits went up by 12% to SEK 333bn (296) and corporate deposits increased by 17% to SEK 676bn (578).

Net fee and commission income rose by 10% to SEK 6,977m (6,328), mainly as a result of higher asset management, advisory and payment commissions. Fund management commissions grew by 24% to SEK 2,244m (1,808), as a result of both increasing inflows and rising

stock market prices. Other asset management commissions increased by 12% to SEK 450m (401). Net payment commissions rose by 12% to SEK 1,534m (1,372), chiefly as a result of net commissions from card operations increasing by 13% to SEK 1,065m (941). Increasing business activity helped advisory commissions to rise by 46% to SEK 237m (162).

Net gains/losses on financial transactions decreased by 27% to SEK 1,105m (1,513). Excluding the comparison period's non-recurring capital gains of SEK 366m on the sale of shares, the outcome was a decrease of 4%. The underlying decrease was mainly due to a lower result in fixed income trading.

Other income amounted to SEK 576m (556m).

Expenses

SEK m	Jan-Sep 2015	Jan-Sep 2014	Change
Staff costs	-9,228	-8,740	6%
Other administrative expenses	-3,761	-3,681	2%
Depreciation and amortisation	-375	-354	6%
Total expenses	-13,364	-12,775	5%

Total expenses rose by 5% to SEK -13,364m (12,775). Adjusted for exchange rate movements of SEK -388m, the increase was just under 2%.

Staff costs rose by 6% to SEK -9,228m (-8,740). Of this increase, three percentage points, or SEK -255m, stemmed from exchange rate effects. The impact of IAS 19 increased costs for defined benefit pensions by SEK 159m, and two percentage points of the increase were attributable to this. The preliminary provision to the Oktogonen profit-sharing foundation decreased to SEK -420m (-549). Excluding these items, staff costs rose by 2%, which was chiefly attributable to annual salary increases and continued expansion in the Bank's growth markets.

Variable remuneration, including social security costs and other payroll overheads, totalled SEK -94m (-94).

The average number of employees rose to 11,817 (11,728). Excluding the expanding operations in the UK and the Netherlands, where the average number of staff rose by 221 and 25 respectively, the average number of employees decreased by 1%.

Other administrative expenses went up by 2% to SEK 3,761m (3,681), chiefly as a result of increasing costs for property and premises. Adjusted for exchange rate movements of SEK -125m, other administrative expenses went down by 1%.

Loan losses

SEK m	Jan-Sep 2015	Jan-Sep 2014	Change
Net loan losses	-1,122	-1,084	38
Loan loss ratio as a % of loans	0.08	0.08	0.00
Impaired loans, net	4,189	3,324	26%
Proportion of impaired loans, %	0.22	0.18	0.04

Loan losses increased by 4% to SEK -1,122m (-1,084), and the loan loss ratio was 0.08% (0.08). Credit quality remained stable, and this year's loan losses derive principally from a small number of exposures. Net impaired loans increased to SEK 4,189m (3,324), equivalent to 0.22% (0.18) of lending.

Q3 2015 COMPARED WITH Q2 2015

Operating profit decreased by 10% to SEK 4,731m (5,256) and the C/I ratio was 45.2% (45.1).

The period's profit after tax for total operations declined by 10% to SEK 3,758m (4,173) and earnings per share decreased to SEK 1.97 (2.19).

Return on equity went down to 12.7% (14.5).

Income

SEK m	Q3 2015	Q2 2015	Change
Net interest income	6,834	7,019	-3%
Net fee and commission income	2,308	2,359	-2%
Net gains/losses on financial trans.	226	451	-50%
Other income	93	392	-76%
Total income	9,461	10,221	-7%

Operating profit decreased by 7% to SEK 9,461m (10,221). The effect of exchange rate movements was marginal.

Net interest income went down by 3% to SEK 6,834m (7,019). Net interest income increased by 4% in the UK and 4% in the Netherlands, but fell by 5% in Sweden, by 7% in Norway, and by 2% in Denmark and Finland.

Rising business volumes increased net interest income by SEK 84m, while lower lending margins had a negative impact of SEK 70m. Deposit margins and interest income related to equity decreased by SEK 66m.

Fees to the Swedish Stabilisation Fund and various deposit guarantees decreased to SEK -316m (-319), and the benchmark effect in Stadshypotek totalled SEK -36m (5). An extra day in the third quarter increased net interest income by SEK 25m. Of the remaining part of the change in net interest income, a decrease of SEK 120m, just over two thirds derived from rising costs for central bank deposits, due to negative interest rates.

The average volume of loans to the public increased by 1% to SEK 1,861bn (1,837). Household lending grew by 2%, while corporate lending increased by 1%. The total average volume of deposits and borrowing rose by 1% to SEK 1,018bn (1,007). Household deposits rose by 4%, while corporate deposits went down by 1%.

Net fee and commission income went down by 2% to SEK 2,308m (2,359). Lower average market values caused fund management commissions to decrease by 4% to SEK 743m (775). Lower transaction activity among customers was one factor in brokerage income declining by 22% to SEK 212m (271). This decrease was partly offset by net payment commissions increasing by 4% to SEK 543m (522), chiefly due to

rising card income. Insurance commissions rose to SEK 158m (145), which was attributable to a higher yield split.

Net gains/losses on financial transactions decreased to SEK 226m (451). This decline was chiefly attributable to economic hedges, which decreased due to changes in currency and market values, a higher deferred capital contribution in Pension & Life, and a seasonal reduction in customer activity.

Other income fell to SEK 93m (392). The decrease was mainly attributable to annual dividend income in the period of comparison.

Expenses

SEK m	Q3 2015	Q2 2015	Change
Staff costs	-2,953	-3,149	-6%
Other administrative expenses	-1,197	-1,336	-10%
Depreciation and amortisation	-126	-122	3%
Total expenses	-4,276	-4,607	-7%

Expenses decreased by 7% to SEK -4,276m (-4,607).

Staff costs fell to SEK -2,953m (-3,149), despite the average number of employees rising by 4% due to the increased number of temporary staff during the summer period. The preliminary provision to the Oktogonen profit-sharing foundation decreased to SEK -22m (-199), and the period's provision for variable remuneration fell to SEK -19m (-39).

Other administrative expenses decreased by 10% to SEK -1,197m (-1,336). This decrease was chiefly attributable to seasonally lower activity levels, mainly in the areas of travel, marketing and IT-related costs.

The average number of employees rose to 12,137 (11,696), as a result of an increased number of temporary employees during the summer period, as well as expansion in the Bank's growth markets.

Loan losses

SEK m	Q3 2015	Q2 2015	Change
Net loan losses	-458	-359	99
Loan loss ratio as a % of loans	0.10	0.08	0.02
Impaired loans, net	4,189	4,579	-9%
Proportion of impaired loans, %	0.22	0.24	-0.02

Loan losses rose to SEK -458m (-359). This amount included a SEK 73m increase in collectively assessed provisions, owing to the annual update of the estimates in the calculation model. The loan loss ratio was 0.10% (0.08).

The quality of the credit portfolio remained stable. Net impaired loans decreased to SEK 4,189m (4,579), equivalent to 0.22% (0.24) of lending.

FUNDING AND LIQUIDITY

During the nine-month period, the volume of bonds issued went down to SEK 119bn (141bn during the corresponding period of 2014), of which SEK 89bn

were covered bonds, SEK 20bn were senior bonds and SEK 10bn were in the form of an AT1 bond. The reduced issuing requirement was mainly due to increasing volumes of stable deposits.

The Bank has large volumes of liquid funds, mortgage loans and other assets that are not encumbered and therefore represent protection for the Bank's senior lenders. At the end of the period, the ratio of non-encumbered assets to all non-encumbered market funding was 232% (231).

During the period, the Bank maintained a liquidity reserve well in excess of SEK 800bn. Cash funds and liquid assets invested with central banks amounted to SEK 525bn, while the volume of liquid bonds and other liquid assets totalled SEK 134bn. The remainder of the reserve mainly comprises an unutilised issue amount of covered bonds at Stadshypotek.

According to the current Swedish definition from January 2013, the Handelsbanken Group's liquidity coverage ratio (LCR) at the end of the period was 141%. In USD, the LCR was 127% and in EUR it was 265%. The Group's LCR, calculated according to the European Commission's delegated act, was 172%.

CAPITAL

The Bank's goal is that its common equity tier 1 ratio under normal circumstances should exceed the common equity tier 1 capital requirement communicated to the Bank by the Swedish Financial Supervisory Authority by 1-3 percentage points. The Swedish Financial Supervisory Authority has completed its capital adequacy assessment process for 2015 (SREP). Its assessment is that Handelsbanken's common equity tier 1 capital requirement at year-end 2015 corresponds to a common equity tier 1 ratio of 18.1%. At the end of the third quarter, the Bank's common equity tier 1 ratio was 21.4%. According to the regulations, the common equity tier 1 ratio is calculated using the same payout ratio as for the 2014 full year. As a result of the increase in the countercyclical buffer that comes into effect in 2016, as well as the uncertainty that still exists surrounding the final capital requirements, the current assessment is that the Bank is within the long-term target range.

30 September 2015 compared with 30 September 2014
The Bank's total capital ratio increased to 27.4% (25.6). Of the increase of 1.8 percentage points, the Bank's AT1 issue contributed 2.1 percentage points, while matured subordinated loans reduced the ratio by 1.1 percentage points.

Common equity tier 1 capital increased to SEK 101bn (100) and the common equity tier 1 ratio rose by 0.7 percentage points to 21.4% (20.7). The period's profit contributed 0.1 percentage points after a deduction for the dividend paid.

Higher lending volumes affected the common equity tier 1 ratio by -0.6 percentage points, while credit risk migration in the loan portfolio improved the ratio by

0.2 percentage points. The effect of the fact that new lending volumes are low-risk, while exposures leaving the portfolio are higher-risk (known as volume migration), improved the average credit quality of the loan portfolio by 0.9 percentage points. The effect of IAS 19 (pensions) was -0.9 percentage points.

The surplus values in AFS holdings increased the common equity tier 1 ratio by 0.6 percentage points. Foreign exchange effects were neutral, and the net effect of other factors was an increase of 0.4 percentage points.

SEK m	30 Sep 2015	30 Jun 2015	Change
Common equity tier 1 ratio, CRD IV	21.4%	21.3%	0.1
Total capital ratio, CRD IV	27.4%	28.4%	-1.0
Risk exposure amount CRD IV, SEK m	473,539	481,134	-2%
Common equity tier 1 capital	101,123	102,721	-2%
Total own funds	129,571	136,633	-5%
Capital requirement, Basel I floor	93,543	92,799	1%
Total own funds, Basel I floor	131,148	138,301	-5%

30 September 2015 compared with 30 June 2015

Own funds amounted to SEK 130bn (137) and the total capital ratio fell to 27.4% (28.4). Matured subordinated loans reduced the ratio by 1.2 percentage points.

Common equity tier 1 capital decreased to SEK 101bn (103), while the common equity tier 1 ratio according to CRD IV rose to 21.4% (21.3). The period's profit contributed 0.2 percentage points after a deduction for the dividend paid.

Increasing business volumes reduced the common equity tier 1 ratio by 0.2 percentage points, while credit risk migration in the quarter was neutral. The effect of improved credit quality through volume migration had a positive effect of 0.2 percentage points in the quarter.

The effect of IAS 19 reduced the common equity tier 1 ratio by 0.5 percentage points, as a result of lower asset values, owing to falling stock prices. The effect of exchange rate movements was marginal, and other effects (net) affected the common equity tier 1 ratio by 0.4 percentage points.

Economic capital and available financial resources

Handelsbanken's internal assessment of the capital requirement is based on the Bank's model for Economic Capital (EC), which is measured in relation to the Bank's Available Financial Resources (AFR). The Board stipulates that the AFR/EC ratio for the Group must exceed 120%. At the end of the third quarter, Group EC totalled SEK 57.4bn, while AFR was SEK 135.5bn. Thus the ratio between AFR and EC was 236%. For the parent company, EC totalled SEK 49.5bn, and AFR was SEK 106.5bn.

For the consolidated situation, EC totalled SEK 54.1bn, and AFR was SEK 132.2bn.

RATING

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

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

Handelsbanken Group – Business segments

January - September 2015	Branch operations - Home markets									Group Jan-Sep 2015
SEK m	Sweden	UK	Denmark	Finland	Norway	Nether- lands	Capital Markets	Other	Adj. & elim.	
Net interest income	11,432	3,377	1,260	1,016	2,460	240	525	459		20,769
Net fee and commission income	3,439	322	334	294	306	18	2,251	13		6,977
Net gains/losses on financial transactions	330	147	53	48	72	4	1,015	-564		1,105
Risk result - insurance							121			121
Share of profit of associates								28		28
Other income	45	5	14	16	17	-	6	324		427
Total income	15,246	3,851	1,661	1,374	2,855	262	3,918	260		29,427
Staff costs	-2,698	-1,390	-469	-279	-544	-115	-1,871	-1,718	-144	-9,228
Other administrative expenses	-837	-294	-132	-115	-155	-26	-631	-1,571		-3,761
Internal purchased and sold services	-1,946	-326	-209	-181	-277	-62	-53	3,054		
Depreciation, amortisation and impairments of property, equipment and intangible assets	-67	-19	-9	-7	-10	-2	-55	-206		-375
Total expenses	-5,548	-2,029	-819	-582	-986	-205	-2,610	-441	-144	-13,364
Profit before loan losses	9,698	1,822	842	792	1,869	57	1,308	-181	-144	16,063
Net loan losses	-446	-167	-236	-70	-192	-2	-9			-1,122
Gains/losses on disposal of property, equipment and intangible assets	-3	-11	3	0	6	-	0	6		1
Operating profit	9,249	1,644	609	722	1,683	55	1,299	-175	-144	14,942
Profit allocation	655	25	53	78	37	0	-848	0		
Operating profit after profit allocation	9,904	1,669	662	800	1,720	55	451	-175	-144	14,942
Internal income*	149	-1,123	-242	-295	-2,162	-125	-1,940	5,738		

January - September 2014	Branch operations - Home markets									Group Jan-Sep 2014
SEK m	Sweden	UK	Denmark	Finland	Norway	Nether- lands	Capital Markets	Other	Adj. & elim.	
Net interest income	11,803	2,534	1,189	1,041	2,588	210	667	339	-10	20,361
Net fee and commission income	2,839	248	286	330	293	19	2,301	12		6,328
Net gains/losses on financial transactions	313	118	101	55	74	6	1,106	-260		1,513
Risk result - insurance							131			131
Share of profit of associates								-4		-4
Other income	64	15	18	5	14	-	12	301		429
Total income	15,019	2,915	1,594	1,431	2,969	235	4,217	388	-10	28,758
Staff costs	-2,568	-1,070	-435	-254	-528	-95	-1,914	-1,877	1	-8,740
Other administrative expenses	-869	-228	-128	-112	-161	-19	-628	-1,536		-3,681
Internal purchased and sold services	-2,093	-292	-192	-177	-290	-48	-76	3,158	10	
Depreciation, amortisation and impairments of property, equipment and intangible assets	-65	-13	-14	-6	-8	-1	-57	-190		-354
Total expenses	-5,595	-1,603	-769	-549	-987	-163	-2,675	-445	11	-12,775
Profit before loan losses	9,424	1,312	825	882	1,982	72	1,542	-57	1	15,983
Net loan losses	-557	-117	-193	-164	-100	-1	48			-1,084
Gains/losses on disposal of property, equipment and intangible assets	0	1	1	0	-	-	0	0		2
Operating profit	8,867	1,196	633	718	1,882	71	1,590	-57	1	14,901
Profit allocation	683	23	44	59	41	7	-856	-1		
Operating profit after profit allocation	9,550	1,219	677	777	1,923	78	734	-58	1	14,901
Internal income*	-619	-900	-366	-336	-2,600	-119	-1,189	6,129		

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

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

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

Branch operations in Sweden

Branch operations in Sweden comprise six regional banks, as well as Handelsbanken Finans's and Stadshypotek's operations in Sweden. At Handelsbanken, the branches are the base of all operations, with responsibility for all customers of the Bank. The regional banks offer a full range of banking services at 463 branches throughout Sweden. Handelsbanken Finans offers finance company services and works through the Bank's branches. Stadshypotek is the Bank's mortgage company, and is completely integrated with the branch operations.

INCOME STATEMENT

SEK m	Q3 2015	Q2 2015	Change	Q3 2014	Change	Jan-Sep 2015	Jan-Sep 2014	Change	Full year 2014
Net interest income	3,696	3,877	-5%	3,986	-7%	11,432	11,803	-3%	15,734
Net fee and commission income	1,141	1,174	-3%	967	18%	3,439	2,839	21%	3,908
Net gains/losses on financial transactions	93	137	-32%	80	16%	330	313	5%	400
Other income	5	5	0%	32	-84%	45	64	-30%	92
Total income	4,935	5,193	-5%	5,065	-3%	15,246	15,019	2%	20,134
Staff costs	-906	-917	-1%	-901	1%	-2,698	-2,568	5%	-3,421
Other administrative expenses	-266	-302	-12%	-315	-16%	-837	-869	-4%	-1,221
Internal purchased and sold services	-625	-642	-3%	-571	9%	-1,946	-2,093	-7%	-2,770
Depreciation, amortisation and impairments of property, equipment and intangible assets	-22	-21	5%	-27	-19%	-67	-65	3%	-85
Total expenses	-1,819	-1,882	-3%	-1,814	0%	-5,548	-5,595	-1%	-7,497
Profit before loan losses	3,116	3,311	-6%	3,251	-4%	9,698	9,424	3%	12,637
Net loan losses	-136	-236	-42%	-232	-41%	-446	-557	-20%	-657
Gains/losses on disposal of property, equipment and intangible assets	-	-		0		-3	0		0
Operating profit	2,980	3,075	-3%	3,019	-1%	9,249	8,867	4%	11,980
Profit allocation	262	211	24%	246	7%	655	683	-4%	930
Operating profit after profit allocation	3,242	3,286	-1%	3,265	-1%	9,904	9,550	4%	12,910
Internal income	111	68	63%	-219		149	-619		-492
Cost/income ratio, %	35.0	34.8		34.2		34.9	35.6		35.6
Loan loss ratio, %	0.05	0.08		0.08		0.05	0.07		0.06
Allocated capital	66,754	64,142	4%	64,158	4%	66,754	64,158	4%	67,103
Return on allocated capital, %	15.2	16.0		15.9		15.4	15.6		15.7
Average number of employees	4,702	4,374	7%	4,534	4%	4,471	4,393	2%	4,381
Number of branches	463	463	0%	462	0%	463	462	0%	463

BUSINESS VOLUMES

Average volumes, SEK bn	Q3 2015	Q2 2015	Change	Q3 2014	Change	Jan-Sep 2015	Jan-Sep 2014	Change	Full year 2014
Loans to the public*									
Household	693	680	2%	651	6%	681	640	6%	645
of which mortgage loans	639	626	2%	597	7%	626	588	6%	593
Corporate	464	464	0%	473	-2%	465	475	-2%	473
of which mortgage loans	270	268	1%	270	0%	269	265	2%	266
Total	1,157	1,144	1%	1,124	3%	1,146	1,115	3%	1,118
Deposits and borrowing from the public									
Household	269	258	4%	241	12%	258	236	9%	238
Corporate	190	185	3%	156	22%	186	158	18%	161
Total	459	443	4%	397	16%	444	394	13%	399

* Excluding loans to the National Debt Office.

JANUARY – SEPTEMBER 2015 COMPARED WITH JANUARY – SEPTEMBER 2014

Financial performance

Operating profit increased by 4% to SEK 9,249m (8,867), due to higher income, while expenses and loan losses were lower.

Net interest income decreased by SEK 371m, or 3%, to SEK 11,432m (11,803). Lower interest rates reduced the deposit margin by SEK -1,416m. Lending margins had a positive impact of SEK 464m, and growing lending volumes increased net interest income by SEK 263m. The benchmark effect in Stadshypotek decreased by SEK 37m to SEK -49m (-12). The fees to the Stabilisation Fund and the deposit guarantee increased slightly, amounting to SEK -495m (-490). The remaining positive deviation is mainly due to a lower required for market funding.

Net fee and commission income grew by 21% to SEK 3,439m (2,839), chiefly due to increased fee and commission income in the asset management area – although insurance and card commissions also went up.

Net gains/losses on financial transactions rose by 5% to SEK 330m (313).

Total expenses decreased by 1% to SEK -5,548m (-5,595). Staff costs rose by 5%. Adjusted for internal organisational changes and higher pension costs, the increase in staff costs was 3%. Other expenses fell by 6%. The C/I ratio improved to 34.9% (35.6).

Loan losses went down to SEK -446m (-557), and the loan loss ratio fell to 0.05% (0.07).

Business development

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

Once again, Handelsbanken won the “Swedish Business Bank of the Year” and “Sweden’s Small Enterprise Bank” awards in Finansbarometern’s annual survey. Handelsbanken continues to gain the highest ratings in the categories of customer satisfaction, electronic services, and service and customer treatment. These are also the areas that customers in the survey consider to be most important.

During the first nine months of the year, new savings in the Bank’s mutual funds in Sweden amounted to SEK 19.9bn, corresponding to a market share of 42%. At the same time, the average volume of deposits from

households was up by 9% from the corresponding period of the previous year, amounting to SEK 258bn (236).

The average volume of mortgage loans to private individuals increased by 6% to SEK 626bn (588), while the average volume of lending to companies fell by 2% to SEK 465bn (475).

Q3 2015 COMPARED WITH Q2 2015

Operating profit decreased by 3% to SEK 2,980m (3,075), and return on equity fell to 15.2% (16.0). Income declined by 5% while expenses fell by 3%.

Net interest income weakened by SEK 181m to SEK 3,696m (3,877). Deposit margins went down by SEK 68m as a result of lower short-term interest rates. Higher deposit volumes had a negative impact of SEK -9m due to negative margins. Higher lending volumes had a positive effect of SEK 41m on net interest income, while lower margins to companies contributed to lending margins declining by SEK 45m.

Fees for the Swedish Stabilisation Fund and the deposit guarantee decreased by SEK 5m to SEK -162m (-167). The benchmark effect in Stadshypotek fell by SEK 41m to SEK -36m (5). Increased costs for the liquidity reserve are the reason for most of the remaining deviation.

The average volume of mortgages to private individuals grew by 2% to SEK 639bn (626). The gross margin on the mortgage portfolio – before advisory and administration expenses – was 1.05% (1.04).

The average volume of corporate lending was unchanged at SEK 464bn (464).

Net fee and commission income went down by 3% to SEK 1,141m (1,174), as increasing card commissions were not able to fully offset lower brokerage fees and asset management commissions.

Net gains/losses on financial transactions fell to SEK 93m (137), mainly due to lower early redemption charges during the quarter.

Expenses decreased by 3% to SEK -1,819m (-1,882). Staff costs fell by 1% to SEK -906m (-917), while other expenses decreased by 5%, mainly due to seasonal effects. The average number of employees increased by 7% to 4,702 (4,374); this was almost entirely attributable to the employment of temporary staff during the summer.

Loan losses went down to SEK -136m (-236), and the loan loss ratio was 0.05% (0.08).

Branch operations in the UK

Branch operations in the UK comprise five regional banks and the asset management company Heartwood. Handelsbanken Finans's operations in the UK are also included. At Handelsbanken, the branches are the base of all operations, with responsibility for all customers of the Bank. The regional banks offer banking services at 195 branches throughout the UK.

INCOME STATEMENT

SEK m	Q3 2015	Q2 2015	Change	Q3 2014	Change	Jan-Sep 2015	Jan-Sep 2014	Change	Full year 2014
Net interest income	1,180	1,140	4%	933	26%	3,377	2,534	33%	3,497
Net fee and commission income	114	105	9%	89	28%	322	248	30%	344
Net gains/losses on financial transactions	44	54	-19%	45	-2%	147	118	25%	158
Other income	1	2	-50%	8	-88%	5	15	-67%	18
Total income	1,339	1,301	3%	1,075	25%	3,851	2,915	32%	4,017
Staff costs	-482	-463	4%	-393	23%	-1,390	-1,070	30%	-1,471
Other administrative expenses	-104	-99	5%	-78	33%	-294	-228	29%	-333
Internal purchased and sold services	-116	-109	6%	-94	23%	-326	-292	12%	-379
Depreciation, amortisation and impairments of property, equipment and intangible assets	-9	-5	80%	-2	350%	-19	-13	46%	-18
Total expenses	-711	-676	5%	-567	25%	-2,029	-1,603	27%	-2,201
Profit before loan losses	628	625	0%	508	24%	1,822	1,312	39%	1,816
Net loan losses	-65	-7		-66	-2%	-167	-117	43%	-203
Gains/losses on disposal of property, equipment and intangible assets	-2	-8	-75%	0		-11	1		4
Operating profit	561	610	-8%	442	27%	1,644	1,196	37%	1,617
Profit allocation	8	8	0%	6	33%	25	23	9%	35
Operating profit after profit allocation	569	618	-8%	448	27%	1,669	1,219	37%	1,652
Internal income	-391	-361	-8%	-311	-26%	-1,123	-900	-25%	-1,230
Cost/income ratio, %	52.8	51.6		52.5		52.3	54.6		54.3
Loan loss ratio, %	0.15	0.02		0.19		0.13	0.12		0.15
Allocated capital	10,723	10,527	2%	8,600	25%	10,723	8,600	25%	9,430
Return on allocated capital, %	16.5	18.3		16.2		16.8	15.5		15.2
Average number of employees	1,850	1,755	5%	1,608	15%	1,765	1,544	14%	1,567
Number of branches	195	187	4%	173	13%	195	173	13%	178

BUSINESS VOLUMES

Average volumes, GBP m	Q3 2015	Q2 2015	Change	Q3 2014	Change	Jan-Sep 2015	Jan-Sep 2014	Change	Full year 2014
Loans to the public									
Household	4,900	4,709	4%	4,138	18%	4,714	3,941	20%	4,044
Corporate	10,136	9,913	2%	9,144	11%	9,915	8,950	11%	9,109
Total	15,036	14,622	3%	13,282	13%	14,629	12,891	13%	13,153
Deposits and borrowing from the public									
Household	1,832	1,681	9%	1,335	37%	1,680	1,196	40%	1,261
Corporate	6,828	6,628	3%	6,466	6%	6,520	6,088	7%	6,133
Total	8,660	8,309	4%	7,801	11%	8,200	7,284	13%	7,394

JANUARY – SEPTEMBER 2015 COMPARED WITH JANUARY – SEPTEMBER 2014

Financial performance

Operating profit increased by 37% to SEK 1,644m (1,196). Income rose by 32%, while expenses went up by 27%. Exchange rate movements increased operating profit by SEK 193m; expressed in local currency, operating profit improved by 19%. Profits take full account of expenses relating to continuing expansion, and 22 new branches have been opened over the past 12 months.

Profit before loan losses grew by 39% to SEK 1,822m (1,312), as a result of continuing growth in business volumes and customer numbers. In local currency, the increase was 20%.

Net interest income rose by 33%, or SEK 843m, to SEK 3,377m (2,534). Exchange rate movements positively affected net interest income by SEK 401m. The underlying increase was primarily due to a positive contribution of SEK 362m from higher deposit and lending volumes, while higher lending margins increased net interest income by SEK 61m. Deposit margins had a negative impact of SEK 19m.

Net fee and commission income went up by 30% to SEK 322m (248), due mainly to an increase of 35% in asset management commissions and a rise of 39% in net payment commissions. Heartwood contributed asset management and advisory commissions of SEK 190m (143).

Net gains/losses on financial transactions went up by 25% to SEK 147m (118), chiefly as a result of expanding business volumes and a higher number of customers.

Expenses rose by 27% to SEK -2,029m (-1,603). In local currency terms, expenses were up by 9%. The underlying cost increase was entirely due to the expanding operations.

The average number of employees grew by 14% to 1,765 (1,544).

Loan losses were SEK -167m (-117), and the loan loss ratio was 0.13% (0.12).

Business development

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

Business volumes – particularly deposits from households – continued to grow. The average volume of deposits from households climbed by 40% compared with the corresponding period in the previous year, while lending to households grew by 20%. Overall, the average volume of lending increased by 13%, or GBP 1.7bn, while deposits grew by 13%, or GBP 0.9bn. In the third quarter, the lending/deposits ratio was 174%, compared with 176% in the preceding quarter.

Since the acquisition of Heartwood in May 2013, its assets under management have increased from GBP 1.5bn to GBP 2.4bn.

Eight new branches were opened during the third quarter, bringing the total number of branches in the UK to 195. In addition, managers have been recruited for another five new branches.

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

Q3 2015 COMPARED WITH Q2 2015

Operating profit decreased by 8% to SEK 561m (610) due to higher loan losses. Exchange rate movements increased operating profit by SEK 12m, and expressed in local currency, operating profit fell by 10%. Return on equity was 16.5% (18.3).

Income increased by 3% to SEK 1,339m (1,301), mainly due to higher net interest income. Exchange rate movements had a positive effect on income amounting to SEK 25m.

Net interest income grew by 4% to SEK 1,180m (1,140), chiefly due to larger business volumes.

Net fee and commission income rose by 9% to SEK 114m (105), primarily due to higher asset management commissions.

Expenses increased by 5%, or SEK 35m, to SEK -711m (-676). Exchange rate effects increased expenses by SEK 13m. The average number of employees rose by 5% to 1,850 (1,755).

Loan losses increased to SEK -65m (-7) and the loan loss ratio was 0.15% (0.02).

Branch operations in Denmark

Branch operations in Denmark comprise the regional bank, as well as Handelsbanken Finans's and Stadshypotek's operations in Denmark. At Handelsbanken, the branches are the base of all operations, with responsibility for all customers of the Bank. The regional bank offers a full range of banking services at 57 branches throughout Denmark. Handelsbanken Finans offers finance company services and works through the Bank's branches. The mortgage operations at Stadshypotek are fully integrated with the branch operations.

INCOME STATEMENT

SEK m	Q3 2015	Q2 2015	Change	Q3 2014	Change	Jan-Sep 2015	Jan-Sep 2014	Change	Full year 2014
Net interest income	417	424	-2%	420	-1%	1,260	1,189	6%	1,610
Net fee and commission income	92	114	-19%	84	10%	334	286	17%	385
Net gains/losses on financial transactions	18	22	-18%	68	-74%	53	101	-48%	116
Other income	4	5	-20%	4	0%	14	18	-22%	21
Total income	531	565	-6%	576	-8%	1,661	1,594	4%	2,132
Staff costs	-162	-152	7%	-148	9%	-469	-435	8%	-584
Other administrative expenses	-42	-44	-5%	-41	2%	-132	-128	3%	-181
Internal purchased and sold services	-64	-73	-12%	-65	-2%	-209	-192	9%	-273
Depreciation, amortisation and impairments of property, equipment and intangible assets	-2	-3	-33%	-5	-60%	-9	-14	-36%	-19
Total expenses	-270	-272	-1%	-259	4%	-819	-769	7%	-1,057
Profit before loan losses	261	293	-11%	317	-18%	842	825	2%	1,075
Net loan losses	-190	-22		-172	10%	-236	-193	22%	-529
Gains/losses on disposal of property, equipment and intangible assets	1	2	-50%	1	0%	3	1	200%	1
Operating profit	72	273	-74%	146	-51%	609	633	-4%	547
Profit allocation	18	17	6%	17	6%	53	44	20%	62
Operating profit after profit allocation	90	290	-69%	163	-45%	662	677	-2%	609
Internal income	-100	-81	-23%	-122	18%	-242	-366	34%	-468
Cost/income ratio, %	49.2	46.7		43.7		47.8	46.9		48.2
Loan loss ratio, %	0.94	0.11		0.95		0.39	0.35		0.73
Allocated capital	6,281	6,387	-2%	5,648	11%	6,281	5,648	11%	6,008
Return on allocated capital, %	4.5	14.1		9.0		11.1	12.9		8.5
Average number of employees	640	630	2%	632	1%	632	633	0%	631
Number of branches	57	57	0%	57	0%	57	57	0%	57

BUSINESS VOLUMES

Average volumes, DKK bn	Q3 2015	Q2 2015	Change	Q3 2014	Change	Jan-Sep 2015	Jan-Sep 2014	Change	Full year 2014
Loans to the public									
Household	37.0	36.3	2%	33.3	11%	36.3	32.4	12%	32.8
Corporate	29.9	30.3	-1%	28.2	6%	29.2	28.1	4%	28.3
Total	66.9	66.6	0%	61.5	9%	65.5	60.5	8%	61.1
Deposits and borrowing from the public									
Household	11.5	11.3	2%	10.1	14%	11.0	9.8	12%	9.9
Corporate	18.4	16.6	11%	13.4	37%	16.9	13.6	24%	13.7
Total	29.9	27.9	7%	23.5	27%	27.9	23.4	19%	23.6

JANUARY – SEPTEMBER 2015 COMPARED WITH JANUARY – SEPTEMBER 2014

Financial performance

Operating profit decreased by 4% to SEK 609m (633). Exchange rate movements had a positive impact of SEK 24m on operating profit; expressed in local currency, operating profit decreased by 7%. Profit before loan losses grew by 2% to SEK 842m (825). Income grew by 4%.

Net interest income rose by 6% to SEK 1,260m (1,189). In local currency, net interest income increased by 2%. Both deposit and lending margins fell, while the main positive contribution was made by lending volumes. Fees for the Swedish Stabilisation Fund and the deposit guarantee, together with the Danish state deposit guarantee, burdened net interest income by SEK -42m (-38).

Net fee and commission income grew by 17% to SEK 334m (286), as a result of the continuing flow of new customers and higher income, particularly in the area of asset management.

Net gains/losses on financial transactions declined to SEK 53m (101); this was chiefly attributable to high non-recurring income in the comparison period.

Expenses increased by 7% to SEK -819m (-769). Adjusted for the effects of exchange rate movements, expenses rose by 3%.

Loan losses increased to SEK -236m (-193) and the loan loss ratio rose to 0.39% (0.35).

Business development

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

The Bank continued to have a stable inflow of new customers, and business volumes continued to increase. Compared with the corresponding period of 2014, the average volume of deposits grew by 19% to DKK 27.9bn (23.4), while lending rose by 8% to DKK 65.5bn (60.5).

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

Q3 2015 COMPARED WITH Q2 2015

Operating profit weakened to SEK 72m (273), as a result of lower income and higher loan losses. In local currency, profit before loan losses decreased by 12%.

Net interest income fell by 2% to SEK 417m (424), mainly due to lower lending margins.

Net fee and commission income decreased by 19%, owing to lower mutual fund and asset management commissions.

Net gains/losses on financial transactions totalled SEK 18m (22).

Expenses decreased by 1% to SEK -270m (-272). Loan losses rose to SEK -190m (-22), chiefly due to an increased provision made on a single customer exposure. The loan loss ratio rose to 0.94% (0.11).

Branch operations in Finland

Branch operations in Finland comprise the regional bank, as well as Handelsbanken Finans's and Stadshypotek's operations in Finland. At Handelsbanken, the branches are the base of all operations, with responsibility for all customers of the Bank. The regional bank offers a full range of banking services at 46 branches throughout Finland. Handelsbanken Finans offers finance company services and works through the Bank's branches. The mortgage operations at Stadshypotek are fully integrated with the branch operations.

INCOME STATEMENT

SEK m	Q3 2015	Q2 2015	Change	Q3 2014	Change	Jan-Sep 2015	Jan-Sep 2014	Change	Full year 2014
Net interest income	333	341	-2%	357	-7%	1,016	1,041	-2%	1,389
Net fee and commission income	96	98	-2%	113	-15%	294	330	-11%	440
Net gains/losses on financial transactions	10	16	-38%	18	-44%	48	55	-13%	76
Other income	3	7	-57%	1	200%	16	5	220%	11
Total income	442	462	-4%	489	-10%	1,374	1,431	-4%	1,916
Staff costs	-92	-94	-2%	-86	7%	-279	-254	10%	-351
Other administrative expenses	-35	-42	-17%	-39	-10%	-115	-112	3%	-158
Internal purchased and sold services	-57	-61	-7%	-56	2%	-181	-177	2%	-232
Depreciation, amortisation and impairments of property, equipment and intangible assets	-2	-3	-33%	-2	0%	-7	-6	17%	-8
Total expenses	-186	-200	-7%	-183	2%	-582	-549	6%	-749
Profit before loan losses	256	262	-2%	306	-16%	792	882	-10%	1,167
Net loan losses	-5	-51	-90%	-10	-50%	-70	-164	-57%	-277
Gains/losses on disposal of property, equipment and intangible assets	0	0		-		0	0		0
Operating profit	251	211	19%	296	-15%	722	718	1%	890
Profit allocation	26	27	-4%	19	37%	78	59	32%	85
Operating profit after profit allocation	277	238	16%	315	-12%	800	777	3%	975
Internal income	-103	-93	-11%	-116	11%	-295	-336	12%	-429
Cost/income ratio, %	39.7	40.9		36.0		40.1	36.8		37.4
Loan loss ratio, %	0.02	0.17		0.04		0.08	0.20		0.25
Allocated capital	6,014	5,983	1%	6,033	0%	6,014	6,033	0%	6,545
Return on allocated capital, %	14.4	12.4		16.3		13.9	13.5		12.4
Average number of employees	508	502	1%	506	0%	497	497	0%	494
Number of branches	46	46	0%	46	0%	46	46	0%	46

BUSINESS VOLUMES

Average volumes, EUR m	Q3 2015	Q2 2015	Change	Q3 2014	Change	Jan-Sep 2015	Jan-Sep 2014	Change	Full year 2014
Loans to the public									
Household	3,959	3,948	0%	3,851	3%	3,942	3,816	3%	3,843
Corporate	8,556	8,558	0%	8,590	0%	8,606	8,389	3%	8,438
Total	12,515	12,506	0%	12,441	1%	12,548	12,205	3%	12,281
Deposits and borrowing from the public									
Household	1,386	1,366	1%	1,240	12%	1,368	1,241	10%	1,264
Corporate	2,205	2,384	-8%	3,426	-36%	2,340	3,196	-27%	3,249
Total	3,591	3,750	-4%	4,666	-23%	3,708	4,437	-16%	4,513

JANUARY – SEPTEMBER 2015 COMPARED WITH JANUARY – SEPTEMBER 2014

Financial performance

Operating profit increased slightly to SEK 722m (718). Exchange rate effects increased the operating profit by SEK 28m; expressed in local currency, operating profit declined by 3%.

Income went down by 4%. Net interest income fell by 2% to SEK 1,016m (1,041). In local currency, net interest income fell by 6%, which was chiefly attributable to lower lending and deposit margins. Fees for the Swedish Stabilisation Fund and the deposit guarantee increased to SEK -40m (-38).

Net fee and commission income went down by 11% to SEK 294m (330), due mainly to higher commission expenses.

Net gains/losses on financial transactions decreased by 13% to SEK 48m (55).

Total expenses rose by 6% to SEK -582m (-549), which was mainly attributable to movements in exchange rates. In local currency terms, expenses were up by 2%. The average number of employees was unchanged at 497 (497).

Loan losses went down to SEK -70m (-164), and the loan loss ratio fell to 0.08% (0.20).

Business development

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

The average volume of deposits from households climbed by 10% compared with the corresponding period in the previous year, while lending to households grew by 3%.

The average volume of lending to companies grew by 3%, while corporate deposits decreased by 27%, owing to reduced deposits from large corporates.

The Bank had a total of 46 branches in Finland, which was unchanged.

Q3 2015 COMPARED WITH Q2 2015

Operating profit rose by 19% to SEK 251m (211), chiefly due to lower loan losses. The effect of exchange rate movements was marginal. Return on equity was 14.4% (12.4).

Net interest income fell by 2% to SEK 333m (341). The decrease was mainly attributable to lower deposit margins.

Net fee and commission income decreased by 2% to SEK 96m (98), primarily due to seasonal variations in the third quarter.

Net gains/losses on financial transactions totalled SEK 10m (16).

Expenses fell by 7% to SEK -186m (-200).

Loan losses decreased to SEK -5m (-51), and the loan loss ratio was 0.02% (0.17).

Branch operations in Norway

Branch operations in Norway comprise the regional bank, as well as Handelsbanken Finans's and Stadshypotek's operations in Norway. At Handelsbanken, the branches are the base of all operations, with responsibility for all customers of the Bank. The regional bank offers a full range of banking services at 51 branches throughout Norway. Handelsbanken Finans offers finance company services and works through the Bank's branches. The mortgage operations at Stadshypotek are fully integrated with the branch operations.

INCOME STATEMENT

SEK m	Q3 2015	Q2 2015	Change	Q3 2014	Change	Jan-Sep 2015	Jan-Sep 2014	Change	Full year 2014
Net interest income	785	840	-7%	886	-11%	2,460	2,588	-5%	3,439
Net fee and commission income	103	103	0%	99	4%	306	293	4%	390
Net gains/losses on financial transactions	29	14	107%	34	-15%	72	74	-3%	102
Other income	8	6	33%	3	167%	17	14	21%	20
Total income	925	963	-4%	1,022	-9%	2,855	2,969	-4%	3,951
Staff costs	-177	-183	-3%	-185	-4%	-544	-528	3%	-711
Other administrative expenses	-48	-54	-11%	-45	7%	-155	-161	-4%	-219
Internal purchased and sold services	-85	-95	-11%	-101	-16%	-277	-290	-4%	-390
Depreciation, amortisation and impairments of property, equipment and intangible assets	-3	-4	-25%	-3	0%	-10	-8	25%	-11
Total expenses	-313	-336	-7%	-334	-6%	-986	-987	0%	-1,331
Profit before loan losses	612	627	-2%	688	-11%	1,869	1,982	-6%	2,620
Net loan losses	-53	-44	20%	-32	66%	-192	-100	92%	-141
Gains/losses on disposal of property, equipment and intangible assets	6	-		-		6	-		-
Operating profit	565	583	-3%	656	-14%	1,683	1,882	-11%	2,479
Profit allocation	14	15	-7%	16	-13%	37	41	-10%	66
Operating profit after profit allocation	579	598	-3%	672	-14%	1,720	1,923	-11%	2,545
Internal income	-702	-742	5%	-870	19%	-2,162	-2,600	17%	-3,430
Cost/income ratio, %	33.3	34.4		32.2		34.1	32.8		33.1
Loan loss ratio, %	0.10	0.09		0.06		0.13	0.07		0.07
Allocated capital	13,007	12,858	1%	12,421	5%	13,007	12,421	5%	13,181
Return on allocated capital, %	13.9	14.5		16.9		13.5	16.3		15.9
Average number of employees	691	673	3%	689	0%	679	672	1%	672
Number of branches	51	51	0%	51	0%	51	51	0%	51

BUSINESS VOLUMES

Average volumes, NOK bn	Q3 2015	Q2 2015	Change	Q3 2014	Change	Jan-Sep 2015	Jan-Sep 2014	Change	Full year 2014
Loans to the public									
Household	82.0	80.5	2%	76.6	7%	80.7	75.8	6%	76.3
Corporate	120.3	118.2	2%	112.9	7%	118.3	113.2	5%	113.9
Total	202.3	198.7	2%	189.5	7%	199.0	189.0	5%	190.2
Deposits and borrowing from the public									
Household	17.9	17.1	5%	15.9	13%	17.2	15.2	13%	15.3
Corporate	47.2	54.6	-14%	49.8	-5%	52.4	46.2	13%	47.1
Total	65.1	71.7	-9%	65.7	-1%	69.6	61.4	13%	62.4

JANUARY – SEPTEMBER 2015 COMPARED WITH JANUARY – SEPTEMBER 2014

Financial performance

Operating profit fell by 11% to SEK 1,683m (1,882), chiefly due to lower net interest income and higher loan losses. Exchange rate movements reduced the profit by SEK 47m, and expressed in local currency, operating profit declined by 8%.

Income decreased by 4%; this was attributable to a 5% decline in net interest income to SEK 2,460m (2,588). In local currency terms, income decreased by 1% and net interest income fell by 2%. Lending margins decreased by SEK 316m, while increasing business volumes had a positive effect of SEK 125m. Higher deposit volumes and deposit margins had a positive impact of SEK 53m. Fees for the Swedish Stabilisation Fund and the deposit guarantee burdened net interest income by SEK -76m (-76).

Net fee and commission income grew by 4% to SEK 306m (293), chiefly due to the continuing increase in fund management commissions.

Expenses remained unchanged, amounting to SEK -986m (-987). Staff costs rose by 3%, which was chiefly attributable to higher pension costs and annual salary increases. The average number of employees rose to 679 (672).

Loan losses increased to SEK -192m (-100) and the loan loss ratio was 0.13% (0.07).

Business development

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

Business volumes continued to grow. The average volume of deposits grew by 13%, while lending went up by 5%. The average volume of deposits from households increased by 14% to NOK 17.2bn (15.2), while lending to households grew by 6% to NOK 80.7bn (75.8).

The average volume of deposits from companies increased by 13% to NOK 52.4bn (46.2), while lending to companies grew by 5% to NOK 118.3bn (113.2).

Handelsbanken had 51 branches in Norway, which was unchanged.

Q3 2015 COMPARED WITH Q2 2015

Operating profit decreased by 3% to SEK 565m (583). In local currency, profit rose by 1%. Return on equity was 13.9% (14.5).

Net interest income fell by 7% to SEK 785m (840), chiefly due to exchange rate movements. In local currency, net interest income fell by 1%. Lower lending margins were partly offset by rising lending volumes and deposit margins.

Net fee and commission income was unchanged at SEK 103m (103).

Net gains/losses on financial transactions increased to SEK 29m (14).

Expenses decreased to SEK -313m (-336). The average number of employees rose to 691 (673).

Loan losses increased to SEK -53m (-44) and the loan loss ratio was 0.10% (0.09).

Branch operations in the Netherlands

Since January 2013, branch operations in the Netherlands have been a home market with a regional bank. At Handelsbanken, the branches are the base of all operations, with responsibility for all customers of the Bank. The regional bank offers banking services at 23 branches in the Netherlands.

INCOME STATEMENT

SEK m	Q3 2015	Q2 2015	Change	Q3 2014	Change	Jan-Sep 2015	Jan-Sep 2014	Change	Full year 2014
Net interest income	84	81	4%	73	15%	240	210	14%	283
Net fee and commission income	6	5	20%	7	-14%	18	19	-5%	26
Net gains/losses on financial transactions	3	1	200%	1	200%	4	6	-33%	7
Other income	-	-		-		-	-		-
Total income	93	87	7%	81	15%	262	235	11%	316
Staff costs	-41	-36	14%	-34	21%	-115	-95	21%	-127
Other administrative expenses	-8	-10	-20%	-7	14%	-26	-19	37%	-28
Internal purchased and sold services	-19	-21	-10%	-17	12%	-62	-48	29%	-68
Depreciation, amortisation and impairments of property, equipment and intangible assets	-1	-1	0%	0		-2	-1	100%	-1
Total expenses	-69	-68	1%	-58	19%	-205	-163	26%	-224
Profit before loan losses	24	19	26%	23	4%	57	72	-21%	92
Net loan losses	1	-3		-		-2	-1	100%	-1
Gains/losses on disposal of property, equipment and intangible assets	-	-		-		-	-		-
Operating profit	25	16	56%	23	9%	55	71	-23%	91
Profit allocation	0	0		1	-100%	0	7	-100%	8
Operating profit after profit allocation	25	16	56%	24	4%	55	78	-29%	99
Internal income	-45	-43	-5%	-36	-25%	-125	-119	-5%	-154
Cost/income ratio, %	74.2	78.2		70.7		78.2	67.4		69.1
Loan loss ratio, %	-0.02	0.06		0.00		0.01	0.01		0.01
Allocated capital	906	846	7%	859	5%	906	859	5%	897
Return on allocated capital, %	8.5	5.8		8.4		6.4	9.9		9.2
Average number of employees	162	153	6%	135	20%	153	128	20%	131
Number of branches	23	22	5%	20	15%	23	20	15%	20

BUSINESS VOLUMES

Average volumes, EUR m	Q3 2015	Q2 2015	Change	Q3 2014	Change	Jan-Sep 2015	Jan-Sep 2014	Change	Full year 2014
Loans to the public									
Household	1,067	980	9%	760	40%	982	689	43%	723
Corporate	1,117	1,132	-1%	1,121	0%	1,122	1,242	-10%	1,209
Total	2,184	2,112	3%	1,881	16%	2,104	1,931	9%	1,932
Deposits and borrowing from the public									
Household	48	47	2%	34	41%	48	30	60%	32
Corporate	703	698	1%	1,099	-36%	737	1,042	-29%	1,033
Total	751	745	1%	1,133	-34%	785	1,072	-27%	1,065

JANUARY – SEPTEMBER 2015 COMPARED WITH JANUARY – SEPTEMBER 2014

Financial performance

Operating profit decreased to SEK 55m (71), due to continued investment in the expansion of operations. Income rose by 11%, while expenses went up by 26%.

Net interest income increased by SEK 30m, or 14%, to SEK 240m (210). A rise in lending volumes had a positive impact of SEK 31m, increasing lending margins by SEK 18m. At the same time, pressure on deposit margins had a negative effect of SEK 12m.

Net fee and commission income decreased marginally and amounted to SEK 18m (19).

Expenses rose by 26% to SEK -205m (-163), as a result of the continuing investments in both infrastructure and the branch network. The average number of employees increased by 20% to 153 (128).

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

Business development

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

The average volume of deposits from households grew by 59% to EUR 48m (30), while lending to households increased by 43% to EUR 982m (689). The average volume of deposits from companies decreased by 29% to EUR 737m (1,042), while lending to companies decreased by 10% to EUR 1,122m (1,242).

During the third quarter, a branch was opened in Tilburg. This brings the Bank's total number of branches in the Netherlands to 23.

Q3 2015 COMPARED WITH Q2 2015

Operating profit rose by 56% to SEK 25m (16), due to a rising net interest income. Return on equity improved to 8.5% (5.8).

Income rose by 7% to SEK 93m (87), and net interest income grew by 4%.

Expenses increased by 1% to SEK -69m (-68). The average number of employees rose to 162 (153).

Loan losses consisted of recoveries of SEK 1m (-3), and the loan loss ratio corresponded to -0.02% (0.06) of the lending volume.

Handelsbanken Capital Markets

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

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

Merchant Banking International operates in the following areas: debt capital markets, corporate finance, cash management, trade finance, export finance and is also involved in global banking collaborations. These operations also include Handelsbanken's branches and representative offices at 27 locations in 19 countries outside the Bank's home markets.

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

The segment also includes business support units in these areas.

INCOME STATEMENT

SEK m	Q3 2015	Q2 2015	Change	Q3 2014	Change	Jan-Sep 2015	Jan-Sep 2014	Change	Full year 2014
Net interest income	164	171	-4%	214	-23%	525	667	-21%	847
Net fee and commission income	747	757	-1%	749	0%	2,251	2,301	-2%	3,041
Net gains/losses on financial transactions	250	331	-24%	307	-19%	1,015	1,106	-8%	1,537
Risk result - insurance	40	55	-27%	46	-13%	121	131	-8%	165
Other income	3	2	50%	4	-25%	6	12	-50%	17
Total income	1,204	1,316	-9%	1,320	-9%	3,918	4,217	-7%	5,607
Staff costs	-600	-634	-5%	-626	-4%	-1,871	-1,914	-2%	-2,542
Other administrative expenses	-198	-216	-8%	-192	3%	-631	-628	0%	-859
Internal purchased and sold services	-17	-26	-35%	-8	113%	-53	-76	-30%	-126
Depreciation, amortisation and impairments of property, equipment and intangible assets	-18	-18	0%	-20	-10%	-55	-57	-4%	-79
Total expenses	-833	-894	-7%	-846	-2%	-2,610	-2,675	-2%	-3,606
Profit before loan losses	371	422	-12%	474	-22%	1,308	1,542	-15%	2,001
Net loan losses	-10	4		15		-9	48		27
Gains/losses on disposal of property, equipment and intangible assets	0	0		0		0	0		0
Operating profit	361	426	-15%	489	-26%	1,299	1,590	-18%	2,028
Profit allocation	-328	-278	18%	-304	8%	-848	-856	-1%	-1,186
Operating profit after profit allocation	33	148	-78%	185	-82%	451	734	-39%	842
Internal income	-654	-631	-4%	-426	-54%	-1,940	-1,189	-63%	-1,858
Cost/income ratio, %	95.1	86.1		83.3		85.0	79.6		81.6
Loan loss ratio, %	0.06	-0.03		-0.10		0.02	-0.11		-0.05
Allocated capital	6,919	7,198	-4%	8,152	-15%	6,919	8,152	-15%	7,448
Return on allocated capital, %	1.5	6.4		7.1		6.4	9.1		8.1
Average number of employees	1,796	1,772	1%	1,889	-5%	1,787	1,910	-6%	1,885

BUSINESS VOLUMES

Merchant Banking International

Average volumes, SEK bn	Q3 2015	Q2 2015	Change	Q3 2014	Change	Jan-Sep 2015	Jan-Sep 2014	Change	Full year 2014
Loans to the public									
Household	4.7	4.6	2%	4.0	18%	4.6	3.9	18%	4.0
Corporate	42.9	42.6	1%	41.0	5%	43.3	41.7	4%	41.5
Total	47.6	47.2	1%	45.0	6%	47.9	45.6	5%	45.5
Deposits and borrowing from the public									
Household	3.8	3.6	6%	3.1	23%	3.5	2.6	35%	2.7
Corporate	51.9	65.4	-21%	49.5	5%	62.1	41.2	51%	46.7
Total	55.7	69.0	-19%	52.6	6%	65.6	43.8	50%	49.4

JANUARY – SEPTEMBER 2015 COMPARED WITH JANUARY – SEPTEMBER 2014

Financial performance

Operating profit decreased by SEK 291m or 18% to SEK 1,299m (1,590). All three business areas reported lower profits than during the corresponding period of the previous year. Total income decreased by 7% to SEK 3,918m (4,217) while expenses were down 2%.

Markets & Asset Management

For Markets & Asset Management, operating profit decreased by SEK 15m, or 2%, to SEK 844m (859). The cost reduction of SEK 61m, corresponding to 4%, could not fully compensate for the SEK 76m fall in income, down 3%. Net fee and commission income fell by 3% to SEK 1,227m (1,267), mainly due to a lower stock market turnover that resulted in a decline in brokerage income. Net gains/losses on financial transactions fell by 6% to SEK 1,005m (1,065), due to lower profits from fixed income business. Expenses decreased by 4% to SEK 1,403m (1,464), mainly due to a 7% reduction in the workforce, to 505 employees (545).

Merchant Banking International

For Merchant Banking International, operating profit decreased by SEK 199m or 47% to SEK 220m (419). The decrease was mainly due to lower net interest income, as well as recoveries in the period of comparison. Net interest income fell by 20%, mainly due to lower deposit margins. Loan losses amounted to SEK -9m (+48), corresponding to a loan loss ratio of 0.02% (-0.11).

Pension & Life

For Pension & Life, operating profit fell by 25% to SEK 235m (312). Insurance commissions grew as the result of increases in both the number of people insured and assets under management. Income fell by 7%, however, primarily due to an increase in deferred capital contributions. Expenses rose by 14%, primarily due to adaptation to new regulations.

Business development

In the first three quarters of the year, net savings in Handelsbanken's mutual funds in Sweden totalled SEK 19.9bn, corresponding to a market share of 42.3%. The Bank was thus the largest player for new savings on the mutual funds market in Sweden. New savings in mutual funds elsewhere in the Nordic region also showed strong growth, increasing by 11.6% to SEK 3.5bn. Total net savings in the Handelsbanken Group's

funds were SEK 23.2bn. Xact remained the largest player on the market for Nordic exchange-traded funds.

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

The total fund volume, including exchange-traded funds, increased during the first three quarters of the year by 8% to SEK 365bn (337).

Activity within capital market financing decreased slightly during the period. The Bank arranged 85 bond issues during the first three quarters of the year to the value of just over EUR 6.1bn.

The average volume of lending outside the Bank's home markets increased by 5% during the first three quarters of the year to SEK 48bn (46). During the same period, deposits increased by 50% to SEK 66bn (44).

Demand for Handelsbanken's pension solutions remained firm. New sales in Sweden rose by 60% and net insurance commissions increased by 6%, to SEK 468m (443) compared with the corresponding period of the previous year.

Q3 2015 COMPARED WITH Q2 2015

Operating profit went down by 15% to SEK 361m (426).

Total income decreased by 9% and expenses were down 7%.

Markets & Asset Management

Operating profit for Markets & Asset Management decreased by 4% to SEK 233m (242), due to a seasonal decline in net fee and commission income and lower net gains/losses on financial transactions related to foreign exchange and equity operations. Income fell by 8% while expenses went down by 10%.

Merchant Banking International

Operating profit for Merchant Banking International was down 4% to SEK 75m (78) as a result of an increase in loan losses. Profits before loan losses grew by 15%. Income increased by 2%, while expenses decreased by 1%. The loan loss ratio increased to 0.06% (-0.03).

Pension & Life

Operating profit for Pension & Life fell to SEK 53m (107), mainly because a combination of lower stock market prices and continued low interest rates led to an increase in deferred capital contributions to insurance policies with a guaranteed rate.

BUSINESS AREAS

Markets & Asset Management

SEK m	Q3 2015	Q2 2015	Change	Q3 2014	Change	Jan-Sep 2015	Jan-Sep 2014	Change	Full year 2014
Net interest income	4	13	-69%	8	-50%	27	16	69%	23
Net fee and commission income	402	423	-5%	401	0%	1,227	1,267	-3%	1,670
Net gains/losses on financial transactions	277	308	-10%	298	-7%	1,005	1,065	-6%	1,490
Other income	-3	-5	40%	-3	0%	-12	-25	52%	-31
Total income	680	739	-8%	704	-3%	2,247	2,323	-3%	3,152
Staff costs	-247	-268	-8%	-260	-5%	-775	-801	-3%	-1,069
Other expenses	-200	-229	-13%	-198	1%	-628	-663	-5%	-895
Total expenses	-447	-497	-10%	-458	-2%	-1,403	-1,464	-4%	-1,964
Profit before loan losses	233	242	-4%	246	-5%	844	859	-2%	1,188
Net loan losses	-	-	-	-	-	-	-	-	-
Operating profit	233	242	-4%	246	-5%	844	859	-2%	1,188
Operating profit after profit allocation	-7	39		32		220	246	-11%	347
Average number of employees	511	503	2%	535	-4%	505	545	-7%	535

Merchant Banking International

SEK m	Q3 2015	Q2 2015	Change	Q3 2014	Change	Jan-Sep 2015	Jan-Sep 2014	Change	Full year 2014
Net interest income	155	150	3%	190	-18%	481	598	-20%	777
Net fee and commission income	207	199	4%	212	-2%	593	619	-4%	819
Net gains/losses on financial transactions	17	19	-11%	18	-6%	61	70	-13%	91
Other income	4	7	-43%	8	-50%	15	35	-57%	45
Total income	383	375	2%	428	-11%	1,150	1,322	-13%	1,732
Staff costs	-196	-200	-2%	-190	3%	-603	-588	3%	-787
Other expenses	-102	-101	1%	-117	-13%	-318	-363	-12%	-503
Total expenses	-298	-301	-1%	-307	-3%	-921	-951	-3%	-1,290
Profit before loan losses	85	74	15%	121	-30%	229	371	-38%	442
Net loan losses	-10	4		15		-9	48		27
Operating profit	75	78	-4%	136	-45%	220	419	-47%	469
Operating profit after profit allocation	53	58	-9%	102	-48%	160	314	-49%	298
Average number of employees	588	585	1%	603	-2%	592	621	-5%	616
Number of branches	17	17	0%	19	-11%	17	19	-11%	17

Pension & Life

SEK m	Q3 2015	Q2 2015	Change	Q3 2014	Change	Jan-Sep 2015	Jan-Sep 2014	Change	Full year 2014
Net interest income	4	6	-33%	16	-75%	15	52	-71%	53
Net fee and commission income	151	148	2%	145	4%	468	443	6%	587
Net gains/losses on financial transactions	-44	3		-10	-340%	-52	-33	-58%	-48
Other income	42	55	-24%	45	-7%	123	131	-6%	166
Total income	153	212	-28%	196	-22%	554	593	-7%	758
Staff costs	-42	-41	2%	-43	-2%	-129	-126	2%	-168
Other expenses	-58	-64	-9%	-46	26%	-190	-155	23%	-219
Total expenses	-100	-105	-5%	-89	12%	-319	-281	14%	-387
Profit before loan losses	53	107	-50%	107	-50%	235	312	-25%	371
Net loan losses	-	-	-	-	-	-	-	-	-
Operating profit	53	107	-50%	107	-50%	235	312	-25%	371
Operating profit after profit allocation	-13	51		51		71	174	-59%	197
Average number of employees	172	169	2%	170	1%	169	173	-2%	171

In addition to the above business areas, the segment includes business support units for Handelsbanken Capital Markets and for other parts of the Group. The operating profit for these business support units is zero, but gross income and expense are included in the segment's income statement.

Other units not reported in the business segments

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

INCOME STATEMENT

SEK m	Q3 2015	Q2 2015	Change	Q3 2014	Change	Jan-Sep 2015	Jan-Sep 2014	Change	Full year 2014
Net interest income	175	145	21%	120	46%	459	339	35%	495
Net fee and commission income	9	3	200%	25	-64%	13	12	8%	22
Net gains/losses on financial transactions	-221	-124	-78%	-164	-35%	-564	-260	-117%	-619
Share of profit of associates	18	9	100%	2		28	-4		18
Other income	11	301	-96%	4	175%	324	301	8%	375
Total income	-8	334		-13	38%	260	388	-33%	291
Staff costs	-452	-609	-26%	-571	-21%	-1,718	-1,877	-8%	-2,587
Other administrative expenses	-496	-569	-13%	-449	10%	-1,571	-1,536	2%	-2,100
Internal purchased and sold services	983	1,027	-4%	927	6%	3,054	3,158	-3%	4,188
Depreciation, amortisation and impairments of property, equipment and intangible assets	-69	-67	3%	-62	11%	-206	-190	8%	-241
Total expenses	-34	-218	-84%	-155	-78%	-441	-445	-1%	-740
Profit before loan losses	-42	116		-168	75%	-181	-57	-218%	-449
Net loan losses									
Gains/losses on disposal of property, equipment and intangible assets	-1	7		0		6	0		1
Operating profit	-43	123		-168	74%	-175	-57	-207%	-448
Profit allocation	0	0		-1	-100%	0	-1	-100%	0
Operating profit after profit allocation	-43	123		-169	75%	-175	-58	-202%	-448
Internal income	1,884	1,883	0%	2,100	-10%	5,738	6,129	-6%	8,061
Average number of employees	1,788	1,837	-3%	1,931	-7%	1,833	1,951	-6%	1,931

JANUARY – SEPTEMBER 2015 COMPARED WITH JANUARY – SEPTEMBER 2014

Operating profit decreased to SEK -175m (-57). This decrease is primarily because the operating profit reported in the period of comparison included capital gains totalling SEK 306m derived from the sale of equities. This figure also includes the provision to the Oktogonen profit-sharing foundation, which decreased to SEK -420m (-549). The average number of employees fell by 6% to 1,833 (1,951).

Q3 2015 COMPARED WITH Q2 2015

Operating profit decreased to SEK -43m (123), mainly due to annual dividend income being included in the comparison quarter. The provision to the Oktogonen profit-sharing foundation amounted to SEK -22m (-199). The average number of employees fell to 1,788 (1,837).

KEY FIGURES – GROUP

	Q3 2015	Q2 2015	Q3 2014	Jan-Sep 2015	Jan-Sep 2014	Full year 2014
Return on equity, total operations*	12.7%	14.5%	13.8%	13.1%	14.1%	13.4%
Return on equity, continuing operations*	12.5%	14.4%	13.7%	13.0%	14.0%	13.3%
C/I ratio, continuing operations	45.2%	45.1%	43.9%	45.4%	44.4%	45.2%
C/I ratio, continuing operations, incl. loan losses	50.0%	48.6%	49.1%	49.2%	48.2%	49.9%
Earnings per share, total operations, SEK	1.97	2.19	2.04	6.21	6.21	7.96
- after dilution	1.93	2.14	2.00	6.08	6.11	7.84
Ordinary dividend, SEK						4.17
Total dividend						5.83
Adjusted equity per share, SEK**	64.02	63.32	62.12	64.02	62.12	64.13
Common equity tier 1 ratio, CRD IV	21.4%	21.3%	20.7%	21.4%	20.7%	20.4%
Total capital ratio, CRD IV	27.4%	28.4%	25.6%	27.4%	25.6%	25.6%
Own funds in relation to capital requirement according to Basel I floor	140%	149%	141%	140%	141%	138%
Average number of employees, continuing operations	12,137	11,696	11,924	11,817	11,728	11,692
Number of branches in Sweden	463	463	462	463	462	463
Number of branches outside Sweden	389	380	366	389	366	369

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

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

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

THE HANDELSBANKEN SHARE

	Q3 2015	Q2 2015	Q3 2014	Jan-Sep 2015	Jan-Sep 2014	Full year 2014
Number of converted shares	-	4,475	24,129	15,311	89,772	89,772
Number of repurchased shares	-	-	-	-	-	-
Holding of own shares in trading book, end of period	-	-	-	-	-	-
Number of outstanding shares after repurchases and deduction for trading book, end of period	1,907,042,468	1,907,042,468	1,907,027,157	1,907,042,468	1,907,027,157	1,907,027,157
Number of outstanding shares after dilution, end of period	1,972,887,071	1,973,425,509	1,972,501,884	1,972,887,071	1,972,501,884	1,971,862,552
Average number of shares converted during the year	15,311	12,841	87,411	10,274	55,965	79,824
Average holdings of own shares (repurchased and holdings in trading book)	-	-	-	-	163,572	-
Average number of outstanding shares	1,907,042,468	1,907,039,998	1,907,024,796	1,907,037,431	1,906,829,778	1,907,017,209
- after dilution	1,973,425,509	1,974,008,668	1,972,942,104	1,971,862,552	1,955,391,849	1,958,988,573
Share price ordinary class A, end of period, SEK	119.90	121.00	113.17	119.90	113.17	122.20
Market capitalisation, end of period, SEK bn	229	231	216	229	216	233

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

Condensed set of financial statements – Group

INCOME STATEMENT – GROUP

SEK m		Q3 2015	Q2 2015	Change	Q3 2014	Change	Jan-Sep 2015	Jan-Sep 2014	Change	Full year 2014
Interest income		10,436	10,646	-2%	12,591	-17%	32,512	38,387	-15%	50,899
Interest expense		-3,602	-3,627	-1%	-5,587	-36%	-11,743	-18,026	-35%	-23,655
Net interest income	Note 2	6,834	7,019	-3%	7,004	-2%	20,769	20,361	2%	27,244
Net fee and commission income	Note 3	2,308	2,359	-2%	2,133	8%	6,977	6,328	10%	8,556
Net gains/losses on financial transactions	Note 4	226	451	-50%	389	-42%	1,105	1,513	-27%	1,777
Risk result - insurance		40	55	-27%	46	-13%	121	131	-8%	165
Other dividend income		1	275	-100%	0		279	249	12%	251
Share of profit of associates		18	9	100%	2		28	-4		18
Other income		34	53	-36%	56	-39%	148	180	-18%	303
Total income		9,461	10,221	-7%	9,630	-2%	29,427	28,758	2%	38,314
Staff costs		-2,953	-3,149	-6%	-2,943	0%	-9,228	-8,740	6%	-11,766
Other administrative expenses	Note 5	-1,197	-1,336	-10%	-1,166	3%	-3,761	-3,681	2%	-5,099
Depreciation, amortisation and impairments of property, equipment and intangible assets		-126	-122	3%	-121	4%	-375	-354	6%	-462
Total expenses		-4,276	-4,607	-7%	-4,230	1%	-13,364	-12,775	5%	-17,327
Profit before loan losses		5,185	5,614	-8%	5,400	-4%	16,063	15,983	1%	20,987
Net loan losses	Note 6	-458	-359	28%	-497	-8%	-1,122	-1,084	4%	-1,781
Gains/losses on disposal of property, equipment and intangible assets		4	1	300%	1	300%	1	2	-50%	6
Operating profit		4,731	5,256	-10%	4,904	-4%	14,942	14,901	0%	19,212
Taxes		-1,028	-1,110	-7%	-1,022	1%	-3,201	-3,134	2%	-4,069
Profit for the period from continuing operations		3,703	4,146	-11%	3,882	-5%	11,741	11,767	0%	15,143
Profit for the period pertaining to discontinued operations, after tax	Note 7	55	27	104%	17	224%	101	75	35%	41
Profit for the period		3,758	4,173	-10%	3,899	-4%	11,842	11,842	0%	15,184
Attributable to										
Shareholders in Svenska Handelsbanken AB		3,757	4,173	-10%	3,899	-4%	11,841	11,841	0%	15,183
Minority interest		1	0		0		1	1		1

EARNINGS PER SHARE – GROUP

	Q3 2015	Q2 2015	Change	Q3 2014	Change	Jan-Sep 2015	Jan-Sep 2014	Change	Full year 2014
Profit for the year, attributable to shareholders in Svenska Handelsbanken AB	3,757	4,173	-10%	3,899	-4%	11,841	11,841	0%	15,183
- of which interest expense on convertible subordinated loan after tax	-46	-52	-12%	-49	-6%	-153	-108	42%	-170
Average number of outstanding shares, million	1,907.0	1,907.0		1,907.0		1,907.0	1,906.8		1,907.0
Average number of outstanding shares after dilution, million	1,973.4	1,974.0		1,972.9		1,971.9	1,955.4		1,959.0
Earnings per share, continuing operations, SEK	1.94	2.18	-11%	2.03	-4%	6.16	6.17	0%	7.94
- after dilution	1.90	2.13	-11%	1.99	-5%	6.03	6.07	-1%	7.82
Earnings per share, discontinued operations, SEK	0.03	0.01	200%	0.01	200%	0.05	0.04	25%	0.02
- after dilution	0.03	0.01	200%	0.01	200%	0.05	0.04	25%	0.02
Earnings per share, total operations, SEK	1.97	2.19	-10%	2.04	-3%	6.21	6.21	0%	7.96
- after dilution	1.93	2.14	-10%	2.00	-4%	6.08	6.11	0%	7.84

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

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

STATEMENT OF COMPREHENSIVE INCOME – GROUP

SEK m	Q3 2015	Q2 2015	Change	Q3 2014	Change	Jan-Sep 2015	Jan-Sep 2014	Change	Full year 2014
Profit for the period	3,758	4,173	-10%	3,899	-4%	11,842	11,842	0%	15,184
Other comprehensive income									
Items that may not subsequently be reclassified to profit or loss									
Defined-benefit plans	-2,382	-2,500	5%	-2,962	20%	-3,647	-2,259	-61%	-2,699
Taxes on items that cannot be reclassified into profit or loss	523	548	-5%	651	-20%	795	496	60%	592
Total items that may not subsequently be reclassified to profit or loss	-1,859	-1,952	5%	-2,311	20%	-2,852	-1,763	-62%	-2,107
Items that can be reclassified into profit or loss									
Cash flow hedges	2,792	-2,853		1,399	100%	1,190	5,304	-78%	8,772
Available-for-sale instruments	196	18		-250		1,629	-160		295
Translation differences for the period	-879	-596	-47%	1,218		321	5,527	-94%	5,924
of which hedging net investment in foreign operations	-349	-266	-31%	334		275	2,922	-91%	2,558
Taxes on items that can be reclassified into profit or loss	-544	689		-328	-66%	-401	-1,761	77%	-2,501
of which cash flow hedges	-614	627		-308	-99%	-262	-1,161	77%	-1,924
of which available-for-sale instruments	-7	3		54		-79	43		-14
of which hedging net investment in foreign operations	77	59	31%	-74		-60	-643	91%	-563
Total items that can be reclassified into profit or loss	1,565	-2,742		2,039	-23%	2,739	8,910	-69%	12,490
Total other comprehensive income for the period	-294	-4,694	94%	-272	-8%	-113	7,147		10,383
Total comprehensive income for the period	3,464	-521		3,627	-4%	11,729	18,989	-38%	25,567
Attributable to									
Shareholders in Svenska Handelsbanken AB	3,463	-521		3,627	-5%	11,728	18,988	-38%	25,566
Minority interest	1	0		0		1	1	0%	1

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

For the period January–September 2015, other comprehensive income totalled SEK -113m (7,147) after tax. The revaluation of pension liabilities has had an adverse effect on this figure. In individual periods, the results of all items within other comprehensive income may fluctuate due to changes in the discount rate, exchange rates and inflation.

The pension liability for the defined benefit pension plans has increased and this affected other comprehensive income by SEK -2,852m after tax, compared with the period of comparison when the effect was SEK -1,763m after tax. The main reason for this year's change is a lower discount rate compared with the year-end.

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

values become zero at maturity for each individual hedge, but lead to volatility in other comprehensive income during their term. During the period January–September, these value changes on hedge derivatives in cash flow hedges totalled SEK 928m (4,143) after tax. The value changes are partly derived from exchange rate movements, but above all from changes in the discount rates of the respective currency.

During the nine-month period, unrealised changes in the value of financial assets classified as available for sale had a positive effect on other comprehensive income of SEK 1,550m (-117) after tax.

Unrealised exchange rate effects related to the restatement of foreign branches and subsidiaries to the Group's presentation currency and the effect of hedging of net investments in foreign operations affected other comprehensive income by SEK 261m (4,884) after tax during January – September.

QUARTERLY PERFORMANCE – GROUP

SEK m	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014
Interest income	10,436	10,646	11,430	12,512	12,591
Interest expense	-3,602	-3,627	-4,514	-5,629	-5,587
Net interest income	6,834	7,019	6,916	6,883	7,004
Net fee and commission income	2,308	2,359	2,310	2,228	2,133
Net gains/losses on financial transactions	226	451	428	264	389
Risk result - insurance	40	55	26	34	46
Other dividend income	1	275	3	2	0
Share of profit of associates	18	9	1	22	2
Other income	34	53	61	123	56
Total income	9,461	10,221	9,745	9,556	9,630
Staff costs	-2,953	-3,149	-3,126	-3,026	-2,943
Other administrative expenses	-1,197	-1,336	-1,228	-1,418	-1,166
Depreciation, amortisation and impairments of property, equipment and intangible assets	-126	-122	-127	-108	-121
Total expenses	-4,276	-4,607	-4,481	-4,552	-4,230
Profit before loan losses	5,185	5,614	5,264	5,004	5,400
Net loan losses	-458	-359	-305	-697	-497
Gains/losses on disposal of property, equipment and intangible assets	4	1	-4	4	1
Operating profit	4,731	5,256	4,955	4,311	4,904
Taxes	-1,028	-1,110	-1,063	-935	-1,022
Profit for the period from continuing operations	3,703	4,146	3,892	3,376	3,882
Profit for the period pertaining to discontinued operations, after tax	55	27	19	-34	17
Profit for the period	3,758	4,173	3,911	3,342	3,899
Earnings per share, continuing operations, SEK	1.94	2.18	2.04	1.77	2.03
- after dilution	1.90	2.13	2.00	1.75	1.99
Earnings per share, discontinued operations, SEK	0.03	0.01	0.01	-0.02	0.01
- after dilution	0.03	0.01	0.01	-0.02	0.01
Earnings per share, total operations, SEK	1.97	2.19	2.05	1.75	2.04
- after dilution	1.93	2.14	2.01	1.73	2.00

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

BALANCE SHEET – GROUP

SEK m		30 Sep 2015	30 Jun 2015	31 Mar 2015	31 Dec 2014	30 Sep 2014
Assets						
Cash and balances with central banks		452,271	447,289	498,865	454,532	399,457
Other loans to central banks	Note 8	74,145	106,646	31,529	51,047	37,394
Interest-bearing securities eligible as collateral with central banks		102,824	73,071	68,064	78,219	74,287
Loans to other credit institutions	Note 8	63,130	87,250	79,633	70,339	70,959
Loans to the public	Note 8	1,855,311	1,851,432	1,826,323	1,807,836	1,781,421
Value change of interest-hedged item in portfolio hedge		40	42	42	70	82
Bonds and other interest-bearing securities		62,017	56,502	64,830	63,725	63,563
Shares		61,462	73,395	66,793	46,546	37,655
Investments in associates		257	303	300	286	268
Assets where the customer bears the value change risk		100,539	105,786	106,851	94,763	90,569
Derivative instruments	Note 9	98,674	91,099	127,267	116,124	94,379
Reinsurance assets		6	6	6	6	4
Intangible assets	Note 10	8,230	8,192	8,145	8,132	8,001
Property and equipment		2,336	2,179	2,171	2,239	2,208
Current tax assets		1,064	558	100	115	1,316
Deferred tax assets		1,503	921	396	389	330
Net pension assets		-	-	-	-	-
Assets held for sale		1,512	1,393	1,291	1,196	1,238
Other assets		52,405	23,664	29,284	14,321	31,381
Prepaid expenses and accrued income		5,895	6,081	7,129	6,791	6,299
Total assets		2,943,621	2,935,809	2,919,019	2,816,676	2,700,811
Liabilities and equity						
Due to credit institutions	Note 11	222,941	218,571	220,675	200,074	201,737
Deposits and borrowing from the public	Note 11	1,049,202	1,093,551	1,055,140	1,022,267	933,952
Liabilities where the customer bears the value change risk		100,617	105,848	106,896	94,864	90,611
Issued securities	Note 12	1,258,088	1,214,721	1,206,189	1,212,613	1,183,993
Derivative instruments	Note 9	46,252	54,533	73,441	62,878	61,171
Short positions		21,027	20,421	21,338	20,648	16,854
Insurance liabilities		616	628	675	663	656
Current tax liabilities		1,358	842	764	957	1,005
Deferred tax liabilities		9,762	9,191	9,930	9,209	8,822
Provisions		99	98	91	68	64
Net pension liabilities		5,282	2,899	337	1,480	595
Liabilities related to assets held for sale		746	713	682	580	567
Other liabilities		41,220	30,962	37,615	14,578	28,262
Accrued expenses and deferred income		18,615	19,149	20,442	18,681	22,729
Subordinated liabilities		40,361	39,711	40,312	30,289	29,544
Total liabilities		2,816,186	2,811,838	2,794,527	2,689,849	2,580,562
Minority interest		5	4	4	3	3
Share capital		2,956	2,956	2,956	2,956	2,956
Share premium		3,204	3,204	3,204	3,203	3,203
Reserves		12,107	12,401	17,095	12,220	8,984
Retained earnings		97,322	97,322	97,322	93,262	93,262
Profit for the period, attributable to shareholders in Svenska Handelsbanken AB		11,841	8,084	3,911	15,183	11,841
Total equity		127,435	123,971	124,492	126,827	120,249
Total liabilities and equity		2,943,621	2,935,809	2,919,019	2,816,676	2,700,811

STATEMENT OF CHANGES IN EQUITY – GROUP

January - September 2015 SEK m	Share capital	Share premium	Defined benefit plans	Hedge reserve	Fair value reserve	Translation reserve	Retained earnings	Minority	Total
Opening equity	2,956	3,203	1,003	5,331	1,324	4,562	108,445	3	126,827
Profit for the period							11,841	1	11,842
Other comprehensive income			-2,852	928	1,550	261		0	-113
Total comprehensive income for the period			-2,852	928	1,550	261	11,841	1	11,729
Dividend							-11,124		-11,124
Effects of convertible subordinated loans	0	1					1		2
Change of minority interests							0	1	1
Closing equity	2,956	3,204	-1,849	6,259	2,874	4,823	109,163	5	127,435

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

During the period January – September 2015, convertibles for a nominal value of SEK 1m (6) relating to the 2008 subordinated convertible bond were converted into 15,311 class A shares (89,772). At the end of the period, the number of Handelsbanken shares in the trading book was 0 (0).

CASH FLOW STATEMENT, CONDENSED – GROUP

SEK m	Jan-Sep 2015	Jan-Sep 2014	Full year 2014
Cash flow from operating activities	-27,706	27,149	52,798
Cash flow from investing activities	-655	934	787
Cash flow from financing activities	-1,021	2,898	3,219
Cash flow for the period	-29,382	30,981	56,804
Liquid funds at beginning of the period	454,532	334,794	334,794
Cash flow for the period	-29,382	30,981	56,804
Exchange rate differences on liquid funds	27,121	33,683	62,934
Liquid funds at end of period	452,271	399,458	454,532

NOTES

Note 1 Accounting policies

Accounting policies

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

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

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

In other respects, the interim report of the Group and the parent company has been prepared in accordance with the same accounting policies and calculation methods that were applied in the annual report for 2014.

Future amendments to regulations

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

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

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

Note 2 Net interest income

SEK m	Q3 2015	Q2 2015	Change	Q3 2014	Change	Jan-Sep 2015	Jan-Sep 2014	Change	Full year 2014
Interest income									
Loans to credit institutions and central banks	333	323	3%	399	-17%	1,026	1,253	-18%	1,642
Loans to the public	10,274	10,616	-3%	12,370	-17%	31,992	37,585	-15%	49,280
Interest-bearing securities eligible as collateral with central banks	192	217	-12%	160	20%	525	530	-1%	719
Interest-bearing securities	186	363	-49%	240	-23%	743	794	-6%	1,016
Derivative instruments	-645	-878	27%	-779	17%	-2,133	-2,324	8%	-2,484
Other interest income	335	358	-6%	358	-6%	1,032	1,092	-5%	1,359
Total interest income	10,675	10,999	-3%	12,748	-16%	33,185	38,930	-15%	51,532
Of which interest income reported in Net gains/losses on financial transactions	239	353	-32%	157	52%	673	543	24%	633
Interest income according to income statement	10,436	10,646	-2%	12,591	-17%	32,512	38,387	-15%	50,899
Interest expense									
Due to credit institutions and central banks	-204	-237	-14%	-282	-28%	-682	-773	-12%	-1,033
Deposits and borrowing from the general public	-425	-484	-12%	-856	-50%	-1,504	-2,968	-49%	-3,686
Issued securities	-4,502	-4,408	2%	-5,170	-13%	-13,745	-16,176	-15%	-21,233
Derivative instruments	2,238	2,268	-1%	1,332	68%	6,337	3,720	70%	4,838
Subordinated liabilities	-457	-438	4%	-318	44%	-1,270	-942	35%	-1,283
Other interest expense	-428	-566	-24%	-350	22%	-1,349	-1,112	21%	-1,523
Total interest expense	-3,778	-3,865	-2%	-5,644	-33%	-12,213	-18,251	-33%	-23,920
Of which interest expense reported in Net gains/losses on financial transactions	-176	-238	-26%	-57	209%	-470	-225	109%	-265
Interest expense according to income statement	-3,602	-3,627	-1%	-5,587	-36%	-11,743	-18,026	-35%	-23,655
Net interest income	6,834	7,019	-3%	7,004	-2%	20,769	20,361	2%	27,244

Note 3 Net fee and commission income

SEK m	Q3 2015	Q2 2015	Change	Q3 2014	Change	Jan-Sep 2015	Jan-Sep 2014	Change	Full year 2014
Brokerage and other securities commissions	212	271	-22%	222	-5%	805	843	-5%	1,104
Mutual funds	743	775	-4%	649	14%	2,244	1,808	24%	2,475
Custody and other asset management fees	147	156	-6%	136	8%	450	401	12%	540
Advisory services	96	91	5%	51	88%	237	162	46%	235
Insurance	158	145	9%	161	-2%	484	482	0%	637
Payments	890	848	5%	813	9%	2,512	2,305	9%	3,133
Loans and deposits	257	266	-3%	272	-6%	800	840	-5%	1,131
Guarantees	102	103	-1%	109	-6%	313	318	-2%	424
Other	117	118	-1%	117	0%	349	336	4%	464
Commission income	2,722	2,773	-2%	2,530	8%	8,194	7,495	9%	10,143
Securities	-51	-69	-26%	-47	9%	-185	-176	5%	-225
Payments	-347	-326	6%	-331	5%	-978	-933	5%	-1,278
Other	-16	-19	-16%	-19	-16%	-54	-58	-7%	-84
Commission expense	-414	-414	0%	-397	4%	-1,217	-1,167	4%	-1,587
Net fee and commission income	2,308	2,359	-2%	2,133	8%	6,977	6,328	10%	8,556

Note 4 Net gains/losses on financial transactions

SEK m	Q3 2015	Q2 2015	Change	Q3 2014	Change	Jan-Sep 2015	Jan-Sep 2014	Change	Full year 2014
Trading, derivatives, FX effect etc	32	1,212	-97%	-230		1,246	-689		-955
Other financial instruments at fair value in profit/loss	225	-775		529	-57%	-81	1,689		2,277
<i>of which interest-bearing securities</i>	241	-773		534	-55%	-55	1,708		2,259
<i>of which loans</i>	-16	-2		-5	-220%	-26	-19	-37%	18
Financial instruments at amortised cost	53	47	13%	50	6%	91	225	-60%	160
<i>of which loans</i>	154	135	14%	149	3%	388	453	-14%	611
<i>of which liabilities</i>	-101	-88	-15%	-99	-2%	-297	-228	-30%	-451
Financial instruments available for sale	0	-5		60	-100%	11	370	-97%	369
Hedge accounting	-48	-16	-200%	-19	-153%	-114	-80	-43%	-71
<i>of which net gains/losses on fair value hedges</i>	-49	-20	-145%	-21	-133%	-125	-79	-58%	-81
<i>of which cash flow hedge ineffectiveness</i>	1	4	-75%	2	-50%	11	-1		10
Gains/losses on unbundled insurance contracts	-36	-12	-200%	-1		-48	-2		-3
Total	226	451	-50%	389	-42%	1,105	1,513	-27%	1,777

Note 5 Other administrative expenses

SEK m	Q3 2015	Q2 2015	Change	Q3 2014	Change	Jan-Sep 2015	Jan-Sep 2014	Change	Full year 2014
Property and premises	-304	-314	-3%	-291	4%	-923	-877	5%	-1,174
External IT costs	-373	-421	-11%	-376	-1%	-1,185	-1,184	0%	-1,623
Communication	-82	-83	-1%	-83	-1%	-253	-262	-3%	-349
Travel and marketing	-67	-93	-28%	-65	3%	-232	-234	-1%	-339
Purchased services	-239	-249	-4%	-218	10%	-723	-703	3%	-995
Supplies	-45	-43	5%	-52	-13%	-135	-144	-6%	-207
Other expenses	-87	-133	-35%	-81	7%	-310	-277	12%	-412
Other administrative expenses	-1,197	-1,336	-10%	-1,166	3%	-3,761	-3,681	2%	-5,099

Note 6 Loan losses and impaired loans

Loan losses

SEK m	Q3 2015	Q2 2015	Change	Q3 2014	Change	Jan-Sep 2015	Jan-Sep 2014	Change	Full year 2014
Specific provision for individually assessed loans									
Provision for the period	-499	-430	16%	-556	-10%	-1,338	-1,363	-2%	-1,982
Reversal of previous provisions	114	61	87%	53	115%	270	255	6%	305
Total	-385	-369	4%	-503	-23%	-1,068	-1,108	-4%	-1,677
Collective provisions									
Net provision for the period for individually assessed loans	-38	15		26		15	23	-35%	76
Net provision for the period for homogeneous loans	6	0		0		4	5	-20%	3
Total	-32	15		26		19	28	-32%	79
Off-balance sheet items									
Losses on off-balance sheet items	0	0		6	-100%	0	0		-2
Reversal of previous losses on off-balance-sheet items	-	-		0		-	1		1
Change in collective provision for off-balance-sheet items	-3	1		1		-27	16		16
Total	-3	1		7		-27	17		15
Write-offs									
Actual loan losses for the period	-235	-228	3%	-203	16%	-668	-1,394	-52%	-1,998
Utilised share of previous provisions	150	153	-2%	131	15%	464	1,231	-62%	1,515
Recoveries	47	69	-32%	45	4%	158	142	11%	285
Total	-38	-6		-27	41%	-46	-21	119%	-198
Net loan losses	-458	-359	28%	-497	-8%	-1,122	-1,084	4%	-1,781

Impaired loans

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

SEK m	30 Sep 2015	30 Jun 2015	31 Mar 2015	31 Dec 2014	30 Sep 2014
Impaired loans	8,863	8,979	8,903	8,702	7,156
Specific provision for individually assessed loans	-4,320	-4,077	-3,888	-3,734	-3,405
Provision for collectively assessed homogeneous groups of loans with limited value	-88	-93	-93	-93	-88
Collective provisions for individually assessed loans	-266	-230	-246	-284	-339
Impaired loans, net	4,189	4,579	4,676	4,591	3,324
Total impaired loans reserve ratio	52.7%	49.0%	47.5%	47.2%	53.5%
Proportion of impaired loans, %	0.22%	0.24%	0.25%	0.25%	0.18%
Impaired loans reserve ratio excl. collective provisions	49.7%	46.4%	44.7%	44.0%	48.8%
Loan loss ratio as a % of loans	0.08%	0.07%	0.07%	0.10%	0.08%
Loans past due > 60 days	5,286	5,737	6,389	6,676	6,024
Loans past due > 60 days, which are not impaired	1,504	1,853	1,989	2,133	2,058

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

30 September 2015		Impaired loans			Loans past due > 60 days, which are not impaired
SEK m	Gross	Provisions	Net*	Of which past due >60 days	
Private individuals	1,495	-754	741	583	913
Housing co-operative associations	33	-19	14	-	4
Property management	2,099	-703	1,396	508	226
Manufacturing	1,990	-1,406	584	37	22
Retail	456	-293	163	118	6
Hotel and restaurant	125	-31	94	88	166
Passenger and goods transport by sea	1,682	-529	1,153	1	-
Other transport and communication	81	-62	19	18	12
Construction	241	-168	73	51	98
Electricity, gas and water	79	-31	48	2	-
Agriculture, hunting and forestry	16	-12	4	3	2
Other services	110	-70	40	33	14
Holding, investment and insurance companies, funds etc.	296	-210	86	86	40
Other corporate lending	160	-120	40	40	1
Credit institutions	-	-	-	-	-
Total	8,863	-4,408	4,455	1,568	1,504

* Book value after deduction of specific provisions.

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

* Book value after deduction of specific provisions.

Note 7 Discontinued operations

Discontinued operations comprise the results from the Plastal Industri AB subsidiary, including the acquired parts of the Plastal Group.

The Bank intends to divest Plastal Industri AB.

Note 8 Loans and credit exposure

SEK m	30 Sep 2015	30 Jun 2015	31 Mar 2015	31 Dec 2014	30 Sep 2014
Loans to the public	1,855,311	1,851,432	1,826,323	1,807,836	1,781,421
of which reverse repos	15,803	16,428	20,799	23,858	14,372
Loans to other credit institutions	63,130	87,250	79,633	70,339	70,959
of which reverse repos	36,719	48,227	48,719	42,138	42,019
Other loans to central banks	74,145	106,646	31,529	51,047	37,394
of which reverse repos	595	1,288	0	1,245	1,216

Loans to the public, by sector

SEK m	30 September 2015			31 December 2014		
	Loans gross	Provisions	Loans net	Loans gross	Provisions	Loans net
Private individuals	896,199	-754	895,445	852,466	-813	851,653
<i>of which mortgage loans</i>	720,278	-35	720,243	683,991	-30	683,961
<i>of which other loans with property mortgages</i>	107,752	-152	107,600	99,063	-101	98,962
<i>of which other loans to private individuals</i>	68,169	-567	67,602	69,412	-682	68,730
Housing co-operative associations	164,029	-19	164,010	153,058	-21	153,037
<i>of which mortgage loans</i>	143,990	-7	143,983	136,748	-9	136,739
Property management	501,525	-703	500,822	485,377	-589	484,788
Manufacturing	36,904	-1,406	35,498	38,508	-726	37,782
Retail	26,219	-293	25,926	27,736	-343	27,393
Hotels and restaurants	8,896	-31	8,865	8,299	-25	8,274
Passenger and goods transport by sea	11,279	-529	10,750	12,221	-405	11,816
Other transport and communication	10,788	-62	10,726	20,184	-39	20,145
Construction	17,189	-168	17,021	15,225	-114	15,111
Electricity, gas, water	25,244	-31	25,213	24,888	-24	24,864
Agriculture, hunting and forestry	11,119	-12	11,107	10,703	-16	10,687
Other services	19,827	-70	19,757	20,241	-42	20,199
Holding, investment, insurance, funds, etc.	76,709	-210	76,499	71,945	-187	71,758
Government and municipalities	24,555	-	24,555	35,627	-	35,627
Other corporate lending	29,503	-120	29,383	35,469	-483	34,986
Total loans to the public, before collective provisions	1,859,985	-4,408	1,855,577	1,811,947	-3,827	1,808,120
Collective provisions			-266			-284
Total loans to the public			1,855,311			1,807,836

Specification of Loans to the public – Property management

SEK m	30 September 2015			31 December 2014		
	Loans gross	Provisions	Loans net	Loans gross	Provisions	Loans net
Loans in Sweden						
State-owned property companies	5,041	-	5,041	5,684	-	5,684
Municipal-owned property companies	13,920	-	13,920	16,926	-	16,926
Residential property companies	87,379	-30	87,349	87,797	-19	87,778
<i>of which mortgage loans</i>	71,908	-3	71,905	70,370	-3	70,367
Other property management	137,056	-74	136,982	131,710	-105	131,605
<i>of which mortgage loans</i>	65,434	-7	65,427	64,392	-5	64,387
Total loans in Sweden	243,396	-104	243,292	242,117	-124	241,993
Loans outside Sweden						
Denmark	14,413	-106	14,307	14,446	-127	14,319
Finland	28,071	-26	28,045	27,483	-28	27,455
Norway	78,662	-45	78,617	79,859	-43	79,816
UK	115,975	-408	115,567	102,152	-255	101,897
The Netherlands	13,496	-	13,496	11,423	-	11,423
Other countries	7,512	-14	7,498	7,897	-12	7,885
Total loans outside Sweden	258,129	-599	257,530	243,260	-465	242,795
Total loans - Property management	501,525	-703	500,822	485,377	-589	484,788

Credit risk exposure

SEK m	30 Sep 2015	30 Jun 2015	31 Mar 2015	31 Dec 2014	30 Sep 2014
Loans to the public	1,855,311	1,851,432	1,826,323	1,807,836	1,781,421
<i>of which reverse repos</i>	15,803	16,428	20,799	23,858	14,372
Loans to other credit institutions	63,130	87,250	79,633	70,339	70,959
<i>of which reverse repos</i>	36,719	48,227	48,719	42,138	42,019
Unutilised part of granted overdraft facilities	125,876	107,218	101,604	102,778	106,122
Committed loan offers	266,098	279,578	268,801	271,001	263,807
Other commitments	27,959	23,201	23,472	14,134	6,761
Guarantees, credits	8,682	10,632	10,262	10,335	9,733
Guarantees, other	61,588	59,694	61,813	60,033	59,882
Letters of credit	5,322	6,815	7,474	5,369	5,453
Derivative instruments*	98,674	91,099	127,267	116,124	94,379
Interest-bearing securities eligible as collateral with central banks	102,824	73,071	68,064	78,219	74,287
Bonds and other interest-bearing securities	62,017	56,502	64,830	63,725	63,563
Total	2,677,481	2,646,492	2,639,543	2,599,893	2,536,367

* Refers to the total of positive market values.

Note 9 Derivatives

SEK m	30 Sep 2015	30 Jun 2015	31 Mar 2015	31 Dec 2014	30 Sep 2014
Positive market values					
Trading	60,170	57,358	87,567	75,789	69,371
Fair value hedges	45	20	68	69	144
Cash flow hedges	61,817	52,363	61,784	52,895	35,616
Amounts set off in the balance sheet	-23,358	-18,642	-22,152	-12,629	-10,752
Total	98,674	91,099	127,267	116,124	94,379
Negative market values					
Trading	60,806	63,039	85,214	67,069	62,160
Fair value hedges	27	68	86	196	388
Cash flow hedges	9,467	10,611	10,293	8,242	9,375
Amounts set off in the balance sheet	-24,048	-19,185	-22,152	-12,629	-10,752
Total	46,252	54,533	73,441	62,878	61,171
Nominal value					
Trading	4,454,988	4,987,375	5,693,338	5,548,273	5,494,991
Fair value hedges	9,419	12,055	14,566	22,471	32,969
Cash flow hedges	805,428	793,096	796,289	795,052	791,553
Total	5,269,835	5,792,526	6,504,193	6,365,796	6,319,513

Derivative contracts are presented gross in the note. Amounts offset in the balance sheet are detailed in Note 17 and consist of the offset market value of contracts for which the Bank has the legal right and intention to settle contractual cash flows net (including cleared contracts). These contracts are presented on a net basis in the balance sheet by counterparty and currency.

Note 10 Goodwill and other intangible assets

SEK m	Goodwill			Other intangible assets			Total		
	Jan-Sep 2015	Jan-Sep 2014	Full year 2014	Jan-Sep 2015	Jan-Sep 2014	Full year 2014	Jan-Sep 2015	Jan-Sep 2014	Full year 2014
Opening residual value	6,597	6,431	6,431	1,535	1,404	1,404	8,132	7,835	7,835
Additional during the period	-	-	-	283	141	257	283	141	257
The period's amortisation	-	-	-	-136	-116	-158	-136	-116	-158
The period's impairments	-	-	-	-9	-6	-9	-9	-6	-9
Foreign exchange effect	-55	119	166	15	28	41	-40	147	207
Closing residual value	6,542	6,550	6,597	1,688	1,451	1,535	8,230	8,001	8,132

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

SEK m	30 Sep 2015	30 Jun 2015	31 Mar 2015	31 Dec 2014	30 Sep 2014
Due to credit institutions	222,941	218,571	220,675	200,074	201,737
<i>of which repos</i>	2,537	5,854	1,117	88	77
Deposits and borrowing from the public	1,049,202	1,093,551	1,055,140	1,022,267	933,952
<i>of which repos</i>	14,699	9,138	7,025	168	6,381

Note 12 Issued securities

SEK m	Jan-Sep 2015	Jan-Sep 2014
Issued securities at beginning of year	1,212,613	1,150,641
Issued	838,491	719,394
Repurchased	52,938	71,134
Matured	758,569	654,329
Foreign exchange effect etc	18,491	39,421
Issued securities at end of period	1,258,088	1,183,993

Note 13 Assets pledged, contingent liabilities and other commitments

SEK m	30 Sep 2015	30 Jun 2015	31 Mar 2015	31 Dec 2014	30 Sep 2014
Assets pledged for own debt	794,527	789,837	778,077	789,652	790,203
Other pledged assets	44,058	49,463	55,452	35,757	33,016
Contingent liabilities	75,592	77,141	79,549	75,737	75,068
Other commitments	419,933	409,997	393,877	387,913	376,690

Total contingent liabilities consist mainly of guarantees.

Note 14 Classification of financial assets and liabilities

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

30 September 2015	At fair value in income statement divided into		Derivatives identified as hedge instruments	Investments held to maturity	Loans and other receivables	Financial assets available for sale	Other financial assets/liabilities	Total carrying amount	Fair value
	Trading	Other							
SEK m									
Assets									
Cash and balances with central banks					451,873		398	452,271	452,271
Other loans to central banks					74,145			74,145	74,145
Interest-bearing securities eligible as collateral with central banks	40,835	60,709		752		528		102,824	102,826
Loans to other credit institutions					63,130			63,130	62,903
Loans to the public		1,718			1,853,593			1,855,311	1,869,678
Value change of interest hedged item in portfolio hedge					40			40	
Bonds and other interest-bearing securities	24,080	34,362		251		3,324		62,017	62,016
Shares	50,646	786				10,030		61,462	61,462
Investments in associates							257	257	257
Assets where the customer bears the value change risk		100,439			100			100,539	100,539
Derivative instruments	36,812		61,862					98,674	98,674
Other assets	24				52,263		118	52,405	52,405
Prepaid expenses and accrued income	625	419		-	3,130	2	1,719	5,895	5,895
Total financial assets	153,022	198,433	61,862	1,003	2,498,274	13,884	2,492	2,928,970	2,943,071
Other non-financial assets									14,651
Total assets								2,943,621	
Liabilities									
Due to credit institutions							222,941	222,941	224,963
Deposits and borrowing from the public							1,049,202	1,049,202	1,049,203
Liabilities where the customer bears the value change risk		100,517					100	100,617	100,617
Issued securities	9,026						1,249,062	1,258,088	1,284,190
Derivative instruments	36,758		9,494					46,252	46,252
Short positions	21,027							21,027	21,027
Other liabilities	26						41,194	41,220	41,220
Accrued expenses and deferred income	483						18,132	18,615	18,615
Subordinated liabilities							40,361	40,361	43,558
Total financial liabilities	67,320	100,517	9,494				2,620,992	2,798,323	2,829,645
Other non-financial liabilities									17,863
Total liabilities								2,816,186	

31 December 2014	At fair value in income statement divided into		Derivatives identified as hedge instruments	Investments held to maturity	Loans and other receivables	Financial assets available for sale	Other financial assets/liabilities	Total carrying amount	Fair value
	Trading	Other							
SEK m									
Assets									
Cash and balances with central banks					454,040		492	454,532	454,532
Other loans to central banks					51,047			51,047	51,047
Interest-bearing securities eligible as collateral with central banks	42,095	34,377		749		998		78,219	78,223
Loans to other credit institutions					70,339			70,339	70,061
Loans to the public		2,181			1,805,655			1,807,836	1,823,256
Value change of interest hedged item in portfolio hedge					70			70	
Bonds and other interest-bearing securities	26,235	34,915		253		2,322		63,725	63,722
Shares	36,628	1,551				8,367		46,546	46,546
Investments in associates							286	286	286
Assets where the customer bears the value change risk		94,674			89			94,763	94,763
Derivative instruments	63,450		52,674					116,124	116,124
Other assets	35				13,892		394	14,321	14,321
Prepaid expenses and accrued income	408	654		1	3,546	2	2,180	6,791	6,791
Total financial assets	168,851	168,352	52,674	1,003	2,398,678	11,689	3,352	2,804,599	2,819,672
Other non-financial assets								12,077	
Total assets								2,816,676	
Liabilities									
Due to credit institutions							200,074	200,074	202,411
Deposits and borrowing from the public							1,022,267	1,022,267	1,022,274
Liabilities where the customer bears the value change risk		94,775					89	94,864	94,864
Issued securities	12,423						1,200,190	1,212,613	1,243,804
Derivative instruments	54,780		8,098					62,878	62,878
Short positions	20,648							20,648	20,648
Other liabilities	16						14,562	14,578	14,578
Accrued expenses and deferred income	315						18,366	18,681	18,681
Subordinated liabilities							30,289	30,289	34,411
Total financial liabilities	88,182	94,775	8,098				2,485,837	2,676,892	2,714,549
Other non-financial liabilities								12,957	
Total liabilities								2,689,849	

Note 15 Fair value measurement of financial instruments

30 September 2015 SEK m	Level 1	Level 2	Level 3	Total
Assets				
Interest-bearing securities eligible as collateral with central banks	99,679	2,393	-	102,072
Loans to the public	-	1,706	12	1,718
Bonds and other interest-bearing securities	58,762	3,004	-	61,766
Shares	55,041	4,975	1,446	61,462
Assets where the customer bears the value change risk	99,694	-	745	100,439
Derivative instruments	235	98,439	-	98,674
Total financial assets at fair value	313,411	110,517	2,203	426,131
Liabilities				
Liabilities where the customer bears the value change risk	99,772	-	745	100,517
Issued securities	-	8,927	99	9,026
Derivative instruments	1,085	45,167	-	46,252
Short positions	20,839	188	-	21,027
Total financial liabilities at fair value	121,696	54,282	844	176,822

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

Valuation process

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

Financial instruments for which price information is easily available, and which are representative of real and frequently occurring transactions, are valued at their current market price. The current bid price is used for financial assets and the current ask price is used for financial liabilities. For groups of financial instruments which are managed on the basis of the Bank's net exposure to market risk, the current market price is presumed to be the price which would be received or paid if the net position were divested.

For financial instruments where there is no reliable information about market prices, fair value is established using valuation models. These models can, for example, be based on price comparisons, present value calculations or option valuation theory, depending on the nature of the instrument.

Valuation hierarchy

In the tables, financial instruments at fair value have been categorised in terms of how the valuations have been carried out and the extent of market data used in the valuation. The categorisation is shown as levels 1–3 in the tables. Financial instruments which are valued at the current market price are categorised as level 1. These financial instruments mainly comprise government instruments and other interest-bearing securities that are traded actively, listed shares and short-term positions in corresponding assets. Level 1 also includes the majority of shares in mutual funds and other assets which are related to unit-linked insurance contracts and similar agreements and the corresponding liabilities. Financial instruments which are valued using valuation models which substantially are based on market data are categorised as level 2. Level 2 mainly includes interest-bearing securities, as well as interest rate and currency-related derivatives. Financial instruments, the value of which to a material extent is affected by input data that cannot be verified using external market information, are categorised as level 3.

The categorisation is based on the valuation method used on the balance sheet date. If the category for a specific instrument has changed since the previous balance sheet date (31 December 2014), the instrument has been moved between the levels in the table.

During the period January–September, some of the volumes have been moved between level 1 and level 2, as a result of a new assessment of market activity. On the assets side of the balance sheet, interest-bearing securities to the value of SEK 591m have been moved from level 1 to level 2, while shares to the value of SEK 461m have been moved from level 2 to level 1. On the liabilities side, derivatives to the value of SEK 7m were transferred from level 1 to level 2, while SEK 249m were moved from level 2 to level 1. Short-term positions to the value of SEK 8m were moved from level 2 to level 1. Changes in level 3 holdings are reported in a separate table.

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

The Group's holdings of unlisted shares consist mainly of the Bank's participating interests in various types of jointly owned operations which are related to the Bank's business. For example, these may be participating interests in clearing organisations or infrastructure collaboration on Handelsbanken's home markets. In general, such holdings are valued at the Bank's share of the company's net asset

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

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

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

As a consequence of the application of this principle, SEK 88m (69) has been amortised in net gains/losses on financial transactions during the period January–September 2015. At the end of the period, total non-recognised day 1 gains/losses amounted to SEK 529m (438).

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

Reconciliation of financial instruments in level 3

January - September 2015 SEK m	Shares	Loans to the public	Assets where the customer bears the value change risk	Liabilities where the customer bears the value change risk	Issued securities
Carrying amount at beginning of year	1,405	13	698	-698	-94
Acquisitions/issues	232	-	-	-	3
Repurchases/sales	-361	-	-	-	-
Matured during the period	-	-3	-	-	-
Unrealised value change in income statement	130	0	47	-47	-8
Unrealised value change in other comprehensive income	42	0	-	-	-
Transfer from level 1 or 2	-	2	-	-	-
Transfer to level 1 or 2	-2	-	-	-	-
Carrying amount at end of period	1,446	12	745	-745	-99

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

Note 16 Related-party transactions

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

Note 17 Offsetting of financial instruments

30 September 2015 SEK m	Derivatives	Repurchase agreements, securities borrowing and similar agreements	Total
Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements			
Gross amounts of recognised financial assets	122,032	54,622	176,654
Gross amounts of recognised financial liabilities set off in the balance sheet	-23,358	-	-23,358
Net amounts of financial assets presented in the balance sheet	98,674	54,622	153,296
Related amounts not set off in the balance sheet			
Financial instruments not set off in the balance sheet	-33,390	-	-33,390
Collateral received	-41,312	-54,610	-95,922
Net amount	23,972	12	23,984
Financial liabilities subject to offsetting, enforceable master netting agreements and similar agreements			
Gross amounts of recognised financial liabilities	70,300	17,236	87,536
Gross amounts of recognised financial assets set off in the balance sheet	-24,048	-	-24,048
Net amounts of financial liabilities presented in the balance sheet	46,252	17,236	63,488
Related amounts not set off in the balance sheet			
Financial instruments not set off in the balance sheet	-33,390	-	-33,390
Assets pledged	-6,477	-17,236	-23,713
Net amount	6,385	0	6,385

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

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

The amounts set off for derivative liabilities include set-off cash collateral of SEK 690m derived from the balance sheet item Loans to the public.

Note 18 Assets and liabilities by currency

30 September 2015								
SEK m	SEK	EUR	NOK	DKK	GBP	USD	Other currencies	Total
Assets								
Cash and balances with central banks	174	72,794	6,482	87	34,242	337,646	846	452,271
Other loans to central banks	44,861	-	-	28,907	376	-	1	74,145
Loans to other credit institutions	3,476	9,533	112	183	1,810	45,254	2,762	63,130
Loans to the public	1,183,562	173,042	181,091	80,352	195,334	29,972	11,958	1,855,311
<i>of which corporates</i>	481,987	121,692	99,465	33,387	132,099	29,778	10,934	909,342
<i>of which households</i>	701,575	51,350	81,626	46,965	63,235	194	1,024	945,969
Interest-bearing securities eligible as collateral with central banks	60,522	6,802	-	7	-	34,970	523	102,824
Bonds and other interest-bearing securities	54,057	3,837	2,764	2	1,315	42	-	62,017
Other items not broken down by currency	333,923							333,923
Total assets	1,680,575	266,008	190,449	109,538	233,077	447,884	16,090	2,943,621
Liabilities								
Due to credit institutions	43,857	62,844	26,267	17,363	5,377	58,764	8,469	222,941
Deposits and borrowing from the public	482,469	87,542	46,074	36,011	117,695	272,771	6,640	1,049,202
<i>of which corporates</i>	204,634	72,591	28,550	22,028	93,710	270,289	6,280	698,082
<i>of which households</i>	277,835	14,951	17,524	13,983	23,985	2,482	360	351,120
Issued securities	463,425	223,410	19,020	352	89,053	425,770	37,058	1,258,088
Subordinated liabilities	10,465	18,752	-	-	-	10,092	1,052	40,361
Other items not broken down by currency, incl. equity	373,029							373,029
Total liabilities and equity	1,373,245	392,548	91,361	53,726	212,125	767,397	53,219	2,943,621
Other assets and liabilities broken down by currency (net)		126,850	-99,010	-55,733	-20,940	319,457	37,222	
Net foreign currency position		310	78	79	12	-56	93	516

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

Note 19 Own funds and capital requirements in the consolidated situation

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

Own funds

SEK m	30 Sep 2015	30 Jun 2015	31 Mar 2015	31 Dec 2014	30 Sep 2014
TIER 1 CAPITAL					
Equity, Group	127,435	123,971	124,492	126,827	120,249
Accrued unpaid dividend last year	-	-	-	-	-
Accrued dividend current year	-8,657	-6,084	-2,718	-11,124	-6,059
Result from unconsolidated entities	-597	-433	-202	-733	-556
Equity not part of the consolidated situation	135	97	58	598	570
Minority interests	-5	-4	-4	-3	-3
Equity (consolidated entities)	118,311	117,547	121,626	115,565	114,201
Deducted items					
Goodwill and other intangible assets	-8,223	-8,184	-8,136	-8,123	-7,991
Value adjustments (fair value)	-534	-430	-351	-1	-1
Special deduction for IRB institutions	-1,577	-1,668	-2,132	-2,103	-2,226
Positions in securitisation	-	-	-	-	-
Net pension assets	-	-	-	-	-
Own shares	-595	-462	-500	-466	-
Adjustments in accordance with stability filter	-	-	-	-	-
Cash flow hedges	-6,259	-4,082	-6,306	-5,331	-2,626
Unrealised accumulated gains, shares	-	-	-	-1,457	-1,070
Common equity tier 1 capital, gross	101,123	102,721	104,201	98,084	100,287
Threshold deductions					
Capital contributions to unconsolidated financial entities >10% CET1	-	-	-	-	-
Deferred tax assets >10% CET1	-	-	-	-	-
Amount of capital contributions and deferred tax assets >15%	-	-	-	-	-
Common equity tier 1 capital	101,123	102,721	104,201	98,084	100,287
Additional tier 1 instruments	11,955	17,766	18,317	8,043	7,874
Total tier 1 capital	113,078	120,487	122,518	106,127	108,161
TIER 2 CAPITAL					
Subordinated loans	17,622	17,275	17,455	17,860	17,427
Deducted items					
Tier 2 contribution in unconsolidated financial entities	-1,129	-1,129	-1,129	-1,129	-1,129
Total tier 2 capital	16,493	16,146	16,326	16,731	16,298
Total own funds	129,571	136,633	138,844	122,858	124,459

Capital ratios and buffers

	30 Sep 2015	30 Jun 2015	31 Mar 2015	31 Dec 2014	30 Sep 2014
Common equity tier 1 ratio, CRD IV	21.4%	21.3%	21.1%	20.4%	20.7%
Tier 1 ratio, CRD IV	23.9%	25.0%	24.9%	22.1%	22.3%
Total capital ratio, CRD IV	27.4%	28.4%	28.2%	25.6%	25.6%
Risk exposure amount CRD IV, SEK m	473,539	481,134	492,968	480,388	485,263
Own funds in relation to capital requirement according to Basel I floor	140%	149%	153%	138%	141%
Institution-specific buffer requirements*	6.1%	5.6%	5.5%	2.5%	2.5%
<i>of which capital conservation buffer requirement</i>	2.5%	2.5%	2.5%	2.5%	2.5%
<i>of which countercyclical capital buffer requirement</i>	0.6%	0.1%			
<i>of which systemic risk buffer requirement</i>	3.0%	3.0%	3.0%		
Common equity tier 1 capital available for use as a buffer	16.9%	16.8%	16.6%	15.9%	16.2%

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

Capital requirement

	30 Sep 2015	30 Jun 2015	31 Mar 2015	31 Dec 2014	30 Sep 2014
SEK m					
Credit risk according to standardised approach	6,127	5,906	5,960	5,575	5,632
Credit risk according to IRB approach	25,608	26,394	27,152	26,944	27,261
Market risks	849	968	1,054	939	1,027
Credit value adjustment risk (CVA)	645	567	617	534	462
Operational risk	4,655	4,655	4,655	4,439	4,439
Total capital requirement	37,884	38,490	39,438	38,431	38,821
Adjustment according to Basel I floor	55,659	54,309	52,771	51,975	51,218
Capital requirement, Basel I floor	93,543	92,799	92,209	90,406	90,039
Total own funds, Basel I floor	131,148	138,301	140,976	124,961	126,686

Risk exposure amount

	30 Sep 2015	30 Jun 2015	31 Mar 2015	31 Dec 2014	30 Sep 2014
SEK m					
Credit risk according to standardised approach	76,583	73,825	74,506	69,686	70,402
Credit risk according to IRB approach	320,101	329,926	339,396	336,795	340,758
Market risk	10,612	12,110	13,178	11,739	12,842
Credit value adjustment risk (CVA)	8,056	7,086	7,701	6,676	5,769
Operational risk	58,187	58,187	58,187	55,492	55,492
Total risk exposure amount	473,539	481,134	492,968	480,388	485,263

Capital requirement credit risks standardised approach**

	Exposure after credit risk protection (EAD)		0		Capital requirement		Average risk weight, %	
	30 Sep 2015	31 Dec 2014	30 Sep 2015	31 Dec 2014	30 Sep 2015	31 Dec 2014	30 Sep 2015	31 Dec 2014
SEK m								
Sovereign and central banks	561,266	558,624	17	46	1	4	0.0	0.0
Municipalities	62,010	64,086	37	20	3	2	0.1	0.0
Multilateral development banks	726	762	0	0	0	0	0.0	0.0
International organisations	12		0		0	0	0.0	0.0
Institutions	2,934	2,277	561	574	45	46	19.1	25.2
Corporates	9,553	12,771	8,730	10,389	698	831	91.4	81.3
Households	22,254	19,212	16,653	14,350	1,332	1,147	74.8	74.7
Collateral in real estate	69,442	57,765	24,989	20,994	1,999	1,680	36.0	36.3
Past due items	245	144	334	186	27	15	136.4	129.9
Equities	8,523	7,110	17,852	16,393	1,428	1,311	209.5	230.6
Other items	8,056	7,409	7,410	6,734	594	539	92.0	90.9
Total	745,021	730,160	76,583	69,686	6,127	5,575	10.3	9.5

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

Credit risks IRB

SEK m	Exposure amount		Riskweighted exposure amount		Capital requirement		Average risk weight, %	
	30 Sep 2015	31 Dec 2014	30 Sep 2015	31 Dec 2014	30 Sep 2015	31 Dec 2014	30 Sep 2015	31 Dec 2014
Corporates (excl. housing co-op. assoc.)	822,305	807,909	201,337	225,120	16,107	18,010	24.5	27.9
<i>of which repos and securities loans</i>	15,913	14,060	191	57	15	5	1.2	0.4
<i>of which other loans foundation approach *</i>	147,394	142,048	43,272	46,601	3,462	3,728	29.4	32.8
<i>of which other loans advanced approach *</i>	658,998	651,801	157,874	178,462	12,630	14,277	24.0	27.4
<i>of which large companies</i>	137,548	149,446	57,055	72,577	4,564	5,806	41.5	48.6
<i>of which medium-sized companies</i>	76,627	74,041	35,025	33,723	2,802	2,698	45.7	45.5
<i>of which property companies</i>	444,823	428,314	65,794	72,162	5,264	5,773	14.8	16.8
Housing co-operative associations **	162,357	150,952	5,751	5,619	460	449	3.5	3.7
Households	906,016	867,447	66,909	69,012	5,353	5,521	7.4	8.0
Private individuals	878,808	839,719	59,699	61,380	4,776	4,910	6.8	7.3
<i>of which property loans</i>	796,954	756,225	43,693	42,051	3,495	3,364	5.5	5.6
<i>of which other loans</i>	81,854	83,494	16,006	19,329	1,281	1,546	19.6	23.2
Small companies	27,208	27,728	7,210	7,632	577	611	26.5	27.5
<i>of which property loans</i>	7,575	7,535	1,694	1,529	135	122	22.4	20.3
<i>of which other loans</i>	19,633	20,193	5,516	6,103	442	489	28.1	30.2
Institutions	133,181	134,409	19,506	16,671	1,560	1,334	14.6	12.4
<i>of which repos and securities loans</i>	45,654	51,433	1,369	661	110	53	3.0	1.3
<i>of which other loans</i>	87,527	82,976	18,137	16,010	1,450	1,281	20.7	19.3
Equity exposures	8,133	6,102	24,260	18,110	1,941	1,449	298.3	296.8
<i>of which listed shares</i>	7,291	5,584	21,145	16,195	1,692	1,296	290.0	290.0
<i>of which other shares</i>	842	518	3,115	1,915	249	153	370.0	370.0
Exposures without a counterparty	2,336	2,239	2,336	2,239	187	179	100.0	100.0
Securitisation positions	31	269	2	24	0	2	7.4	8.8
<i>of which Traditional securitisation</i>	31	269	2	24	0	2	7.4	8.8
<i>of which Synthetic securitisation</i>	-	-	-	-	-	-	-	-
Total IRB approach	2,034,359	1,969,327	320,101	336,795	25,608	26,944	15.7	17.1
<i>of which repos and securities loans</i>	61,567	65,493	1,560	717	125	57	2.5	1.1
<i>of which other loans foundation approach *</i>	245,421	233,633	88,008	82,984	7,041	6,639	35.9	35.5
<i>of which other loans advanced approach *</i>	1,727,371	1,670,201	230,533	253,094	18,442	20,248	13.3	15.2

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

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

The capital requirement for credit risk is calculated according to the standardised approach and the IRB Approach according to CRR. Two different methods are used in the IRB Approach: the IRB Approach without own estimates of loss given default (LGD) and conversion factors (CF), corresponding to the foundation approach in the previous regulations, and the IRB Approach with own estimates of LGD and CF, corresponding to the advanced approach in the previous regulations.

In the IRB Approach without own estimates of LGD and CF, the Bank uses its own method to determine the probability of the customer defaulting within one year (PD), while the other parameters are set out in CRR rules. In the IRB Approach with own estimates of LGD and CF, the Bank uses its own methods to calculate the loss given default (LGD) and the exposure amount.

Handelsbanken uses the IRB Approach without own estimates of LGD and CF for exposures to institutions and for certain product and collateral types for corporate exposures in the whole of the regional banking operations and in the following subsidiaries: Stadshypotek AB, Handelsbanken Finans AB, Handelsbanken Finans (Shanghai) Financial Leasing Co. Ltd and Rahoitus Oy.

The IRB Approach with own estimates of LGD and CF is applied to the majority of exposures to large corporates, medium-sized companies, property companies and housing co-operative associations in regional bank operations (excluding the Netherlands),

Handelsbanken Capital Markets, Stadshypotek AB and Handelsbanken Finans AB, and retail exposures in Sweden, Norway, Finland and Denmark, as well as in the subsidiaries Stadshypotek AB, Handelsbanken Finans AB and Rahoitus Oy.

At the end of the quarter, the IRB Approach was applied to 81% of the total risk-weighted exposure amount for credit risk. For the remaining credit risk exposures, the capital requirement is calculated using the standardised approach.

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

The total average risk weight for exposures approved for the IRB Approach decreased during the quarter and amounted to 15.7% as at 30 September 2015. The average risk weight has fallen mainly because the credit volume to counterparties with relatively lower risk weights has increased, while the volume to counterparties with relatively higher risk weights has decreased.

Credit quality is good. Of Handelsbanken's corporate exposures, 97% were to customers with a repayment capacity assessed as normal or better than normal, i.e. with a rating grade between one and five on the Bank's ten-point risk rating scale. The IRB Approach is based on

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

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

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

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

Capital requirement market risks

SEK m	30 Sep 2015	30 Jun 2015	31 Mar 2015	31 Dec 2014	30 Sep 2014
Position risk in the trading book	844	963	1,045	927	1,018
Interest rate risk	826	946	1,033	908	1,003
of which general risk	489	603	704	566	644
of which specific risk	335	341	327	338	354
of which positions in securitisation instruments	-	-	0	0	0
of which non-delta risk	2	2	2	4	5
Equity price risk	18	17	12	19	15
of which general risk	3	2	2	3	2
of which specific risk	7	5	5	7	4
of which mutual funds	0	1	0	1	1
of which non-delta risk	8	9	5	8	8
Exchange rate risk	-	-	-	-	-
of which non-delta risk	-	-	-	-	-
Commodities risk	5	5	8	8	9
of which non-delta risk	0	0	0	0	0
Settlement risk	0	0	1	4	0
Total capital requirement for market risks	849	968	1,054	939	1,027

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

Capital requirement operational risks

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

Leverage ratio

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

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

Note 20 Risk and capital management

Risks and uncertainty factors

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

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

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

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

Liquidity and funding

Handelsbanken has a strong liquidity position. For a long time, the Bank has actively worked with liquidity measures and has adopted a conservative approach. Part of this work has involved centralising liquidity management with the aim of strengthening control of the liquidity risks and of guaranteeing and optimising the Bank's funding in all scenarios.

The Bank has worked for a long time on extending the maturities of its funding by increasing bond issues and ensuring that liquidity risks are included in internal pricing. Handelsbanken's funding programme covers the maturities in all currencies that the Bank needs to fund its lending and enables the Bank to issue all currencies of relevance to the Bank.

Funding programmes/limits as at 30 September 2015 - Group

Programme (in millions)	Programme size	Currency	Unutilised amount	Countervalue SEK m	Latest issue
ECP *	5,000	EUR	1,762	16,585	Sep-15
ECP (Stadshypotek) *	4,000	EUR	3,428	32,267	Aug-15
EMTCN (Stadshypotek) *	20,000	EUR	10,031	94,420	Aug-15
French Commercial Paper	7,500	EUR	6,860	64,572	Sep-15
MTN *	100,000	SEK	83,360	83,360	Sep-15
Swedish Commercial Paper	25,000	SEK	25,000	25,000	Mar-14
Swedish Commercial Paper (Stadshypotek)	90,000	SEK	90,000	90,000	Jun-13
EMTN *	50,000	USD	27,006	227,380	Feb-15
Extendible Notes	15,000	USD	9,549	80,399	May-14
Stadshypotek US 144A	15,000	USD	11,250	94,721	Apr-15
US 144A / 3(a)(2)	20,000	USD	9,100	76,618	Sep-15
USCP	15,000	USD	7,793	65,614	Sep-15
General funding >1 Y*	15,000	USD	13,332	112,250	Jun-15
AUD MTN	5,000	AUD	4,350	25,729	Apr-14
Stadshypotek AUD Covered Bond Programme	5,000	AUD	4,250	25,137	Oct-12
Samurai	400,000	JPY	207,700	14,562	Aug-15
Total				1,128,614	
Total programme (or limited) amounts, SEK m	1,740,306				
Unutilised amount, SEK m	1,128,614				
Available amount	65%				

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

Total liquidity reserves exceeded SEK 800bn at 30 September 2015. Balances with central banks and banks, as well as securities that are eligible as collateral with central banks, totalled SEK 661bn (see table

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

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

Market value					
SEK m	30 Sep 2015	30 Jun 2015	31 Mar 2015	31 Dec 2014	30 Sep 2014
Cash and balances with and other lending to central banks	525,421	552,266	529,972	503,842	435,189
Balances with banks and the National Debt Office, overnight	983	30,860	6,115	15,467	8,531
Securities issued by governments and public entities	77,799	41,209	46,398	66,273	56,729
Covered bonds	54,230	48,093	65,733	60,623	53,298
Securities issued by non-financial companies	1,094	1,727	1,866	1,855	566
Securities issued by financial companies	978	847	593	269	687
Total	660,505	675,002	650,677	648,329	555,000
<i>of which in SEK</i>	<i>131,728</i>	<i>124,675</i>	<i>77,482</i>	<i>104,832</i>	<i>75,411</i>
<i>of which in EUR</i>	<i>84,111</i>	<i>76,119</i>	<i>114,826</i>	<i>93,087</i>	<i>95,251</i>
<i>of which in USD</i>	<i>360,074</i>	<i>351,298</i>	<i>368,213</i>	<i>329,059</i>	<i>279,796</i>
<i>of which in other currencies</i>	<i>84,592</i>	<i>122,910</i>	<i>90,156</i>	<i>121,351</i>	<i>104,542</i>

30 September 2015					
Market value, SEK m	SEK	EUR	USD	Other	Total
Cash and balances with and other lending to central banks	44,266	72,724	337,634	70,797	525,421
Balances with other banks and the National Debt Office, overnight	-	42	192	749	983
Securities issued by governments	46,665	7,313	19,469	-	73,447
Securities issued by municipalities and other public entities	1,131	288	2,779	154	4,352
Covered bonds, external issuers	33,886	2,814	-	12,794	49,494
Own covered bonds	4,721	-	-	15	4,736
Securities issued by non-financial companies	719	372	-	3	1,094
Securities issued by financial companies	340	558	-	80	978
Total	131,728	84,111	360,074	84,592	660,505

Maturities for financial assets and liabilities

30 September 2015 SEK m	Up to 1 mth	1 - 6 mths	6 - 12 mths	1 - 2 yrs	2 - 5 yrs	5 yrs -	Unspec. maturity	Total
Cash and balances with central banks	526,416	-	-	-	-	-	-	526,416
Interest-bearing securities eligible as collateral with central banks	102,824	-	-	-	-	-	-	102,824
Bonds and other interest-bearing securities	62,017	-	-	-	-	-	-	62,017
Loans to credit institutions	32,354	25,076	979	241	578	3,902	-	63,130
-of which reverse repos	16,091	20,628	-	-	-	-	-	36,719
Loans to the public	70,490	236,193	149,691	183,239	333,702	881,996	-	1,855,311
-of which reverse repos	15,803	-	-	-	-	-	-	15,803
Other	109,541	-	-	-	-	-	224,382	333,923
-of which shares and participating interests	61,462	-	-	-	-	-	-	61,462
-of which claims on investment banking settlements	48,079	-	-	-	-	-	-	48,079
Total	903,642	261,269	150,670	183,480	334,280	885,898	224,382	2,943,621
Due to credit institutions	119,789	67,033	2,922	5,388	21	5,118	22,670	222,941
-of which repos	2,537	-	-	-	-	-	-	2,537
-of which deposits from central banks	44,683	58,232	2,178	-	-	-	3,436	108,529
Deposits and borrowing from the public	284,788	44,574	7,060	1,506	765	8,551	701,958	1,049,202
-of which repos	14,699	-	-	-	-	-	-	14,699
Issued securities	99,122	371,903	144,311	161,740	400,008	81,004	-	1,258,088
-of which covered bonds	-	64,132	86,206	99,147	284,274	29,276	-	563,035
-of which certificates and other securities with original maturity of less than one year	95,609	283,116	8,708	-	-	-	-	387,433
-of which senior bonds and other securities with original maturity of more than one year	3,513	24,655	49,397	62,593	115,734	51,728	-	307,620
Subordinated liabilities	-	4,630	-	2,472	22,285	10,974	-	40,361
Other	54,360	-	-	-	-	-	318,669	373,029
-of which short positions	21,027	-	-	-	-	-	-	21,027
-of which investment banking settlement debts	33,333	-	-	-	-	-	-	33,333
Total	558,059	488,140	154,293	171,106	423,079	105,647	1,043,297	2,943,621

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

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

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

For maturity tables in SEK, EUR and USD, see the Fact Book.

Liquidity coverage ratio (LCR)

	30 Sep 2015	30 Jun 2015	31 Mar 2015	31 Dec 2014	30 Sep 2014
Liquidity Coverage Ratio (LCR), %					
EUR	265	151	177	154	143
USD	127	126	129	137	175
Total*	141	117	127	140	133

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

	30 Sep 2015	30 Jun 2015	31 Mar 2015	31 Dec 2014	30 Sep 2014
Liquidity Coverage Ratio (LCR) - decomposition, SEK m					
Liquid assets	343,712	339,101	280,048	312,480	207,041
Liquid assets level 1	301,090	301,163	231,947	270,364	165,896
Liquid assets level 2	42,622	37,938	48,101	42,116	41,145
Cash outflows	628,912	657,509	638,440	595,043	622,737
Deposits from customers	202,316	189,379	213,217	205,068	195,631
Market funding	384,260	431,453	378,791	351,164	296,280
Other cash flows	42,336	36,677	46,432	38,811	130,826
Cash inflows	385,628	367,535	418,667	372,482	467,053
Inflows from maturing lending to non-financial customers	24,468	20,669	23,917	25,437	13,425
Other cash inflows	361,160	346,866	394,750	347,045	453,628

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

In the area of liquidity, new regulations have been gradually introduced, with the aim of strengthening financial stability in the market. The Swedish regulations implemented as of 2013 contain a measurement of banks' liquidity in the form of a short-term liquidity buffer – the Liquidity Coverage Ratio (LCR). This measure is based on the LCR measure proposed internationally, but it contains some deviations. In particular, the major changes to the ratio proposed by the Basel Committee in January 2013 have not yet been implemented in the Swedish regulations.

At the end of September, Handelsbanken's LCR according to the Swedish Financial Supervisory Authority's regulation FFFS 2012:6 was 141%, which shows that the Bank has high resistance to short-term disruptions in the funding market. This also applies in US dollars and euros. The LCR, as an average of daily observations according to the same regulation, was 137% during the third quarter.

The Bank's LCR, calculated according to the European Commission's delegated act, was 172%.

Stress tests with liquidity-creating measures

The Bank's liquidity position is regularly subjected to stress tests. In these tests, the Bank's cash flows are stressed, based on certain defined assumptions. For example, in the stress test aimed at demonstrating resistance to more long-term market disruptions, it is assumed that the Bank is unable to obtain funding in the financial markets at the same time as it experiences a gradual disappearance of 10% of deposits from households and companies over the first month. It is further assumed that the Bank continues to conduct its core activities, i.e. loans to households and companies and that

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

Non-encumbered assets, NEA

30 September 2015

SEK bn	NEA	Accumulated coverage ratio in % of unsecured funding*
Holdings with central banks and securities in the liquidity portfolio	661	73%
Mortgage loans	435	121%
Other household lending	160	138%
Property company lending lowest risk class (1-3)	235	164%
Other corporate lending lowest risk class (1-3)	170	183%
Loans to credit institutions lowest risk class (1-3)	91	193%
Other corporate lending	222	218%
Other assets	131	232%
Total non-encumbered assets (NEA)	2,105	232%
Encumbered assets without underlying liabilities**	57	
Encumbered assets with underlying liabilities	782	
Total assets, Group	2,944	

31 December 2014

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

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

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

Condensed set of financial statements – Parent company

INCOME STATEMENT – PARENT COMPANY

SEK m	Q3 2015	Q2 2015	Change	Q3 2014	Change	Jan-Sep 2015	Jan-Sep 2014	Change	Full year 2014
Net interest income	3,709	3,841	-3%	4,124	-10%	11,383	12,160	-6%	16,082
Dividends received	87	725	-88%	-74		1,054	901	17%	9,664
Net fee and commission income	1,647	1,723	-4%	1,488	11%	5,045	4,470	13%	6,112
Net gains/losses on financial transactions	210	248	-15%	488	-57%	677	770	-12%	1,117
Other operating income	372	384	-3%	516	-28%	1,216	1,585	-23%	2,188
Total income	6,025	6,921	-13%	6,542	-8%	19,375	19,886	-3%	35,163
Staff costs	-2,670	-2,855	-6%	-2,741	-3%	-8,373	-8,108	3%	-10,441
Other administrative expenses	-1,170	-1,290	-9%	-1,147	2%	-3,655	-3,642	0%	-5,006
Depreciation, amortisation and impairments of property, equipment and intangible assets	-131	-128	2%	-125	5%	-391	-366	7%	-478
Total expenses before loan losses	-3,971	-4,273	-7%	-4,013	-1%	-12,419	-12,116	3%	-15,925
Profit before loan losses	2,054	2,648	-22%	2,529	-19%	6,956	7,770	-10%	19,238
Net loan losses	-470	-370	27%	-501	-6%	-1,147	-1,086	6%	-1,825
Impairments of financial assets	-	-15		-		-15	-		-
Operating profit	1,584	2,263	-30%	2,028	-22%	5,794	6,684	-13%	17,413
Appropriations	28	29	-3%	29	-3%	86	84	2%	111
Profit before tax	1,612	2,292	-30%	2,057	-22%	5,880	6,768	-13%	17,524
Taxes	-362	-414	-13%	-447	-19%	-1,216	-1,481	-18%	-3,823
Profit for the period	1,250	1,878	-33%	1,610	-22%	4,664	5,287	-12%	13,701

STATEMENT OF COMPREHENSIVE INCOME – PARENT COMPANY

SEK m	Q3 2015	Q2 2015	Change	Q3 2014	Change	Jan-Sep 2015	Jan-Sep 2014	Change	Full year 2014
Profit for the period	1,250	1,878	-33%	1,610	-22%	4,664	5,287	-12%	13,701
Other comprehensive income									
Items that may subsequently be reclassified to profit or loss									
Cash flow hedges	1,792	-1,309		472	280%	762	1,203	-37%	3,249
Available-for-sale instruments	196	18		-250		1,642	-159		295
Translation differences for the period	-802	-506	-58%	1,154		618	5,244	-88%	5,634
of which hedging net investment in foreign operations	-321	-284	-13%	338		267	2,971	-91%	2,675
Tax related to other comprehensive income	-332	354		-125	-166%	-306	-870	65%	-1,311
of which cash flow hedges	-395	288		-104	-280%	-168	-259	35%	-709
of which available-for-sale instruments	-7	3		54		-79	43		-14
of which hedging net investment in foreign operations	70	63	11%	-75		-59	-654	91%	-588
Total items that may subsequently be reclassified to profit or loss	854	-1,443		1,251	-32%	2,716	5,418	-50%	7,867
Total other comprehensive income for the period	854	-1,443		1,251	-32%	2,716	5,418	-50%	7,867
Total comprehensive income for the period	2,104	435	384%	2,861	-26%	7,380	10,705	-31%	21,568

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

BALANCE SHEET – PARENT COMPANY

SEK m	30 Sep 2015	30 Jun 2015	31 Mar 2015	31 Dec 2014	30 Sep 2014
Assets					
Cash and balances with central banks	452,271	447,289	498,865	454,532	399,457
Interest-bearing securities eligible as collateral with central banks	99,359	69,739	64,376	74,362	70,423
Loans to credit institutions	622,610	677,893	597,111	568,589	533,460
Loans to the public	743,084	754,302	746,347	737,483	724,035
Bonds and other interest-bearing securities	58,226	52,454	60,821	59,652	59,482
Shares	60,629	72,150	65,058	44,949	35,788
Shares in subsidiaries and investments in associates	45,787	45,797	45,803	45,764	45,746
Assets where the customer bears the value change risk	3,463	3,358	3,253	3,024	3,421
Derivative instruments	102,627	94,991	131,389	120,051	100,140
Intangible assets	1,880	1,855	1,814	1,805	1,737
Property and equipment	1,139	997	978	1,032	1,012
Current tax assets	943	442	-	-	1,178
Deferred tax assets	344	298	371	361	314
Other assets	48,377	16,893	25,206	19,195	24,157
Prepaid expenses and accrued income	4,265	4,599	5,433	4,996	4,406
Total assets	2,245,004	2,243,057	2,246,825	2,135,795	2,004,756
Liabilities and equity					
Due to credit institutions	234,423	229,639	234,167	210,099	219,205
Deposits and borrowing from the public	1,049,921	1,093,330	1,055,296	1,020,962	930,538
Liabilities where the customer bears the value change risk	3,540	3,420	3,297	3,125	3,463
Issued securities	678,617	640,400	646,022	633,128	595,621
Derivative instruments	70,511	76,581	100,481	87,718	80,549
Short positions	21,027	20,421	21,338	20,648	16,854
Current tax liabilities	-	-	174	829	-
Deferred tax liabilities	1,844	1,487	1,923	1,669	1,249
Provisions	107	102	104	87	132
Other liabilities	34,743	30,224	36,981	14,148	23,289
Accrued expenses and deferred income	10,467	10,377	9,768	9,809	11,875
Subordinated liabilities	40,361	39,711	40,312	30,289	29,544
Total liabilities	2,145,561	2,145,692	2,149,863	2,032,511	1,912,319
Untaxed reserves	601	627	659	699	715
Share capital	2,956	2,956	2,956	2,956	2,956
Share premium	3,204	3,204	3,204	3,203	3,203
Other funds	12,494	11,640	13,083	9,778	7,329
Retained earnings	75,524	75,524	75,524	72,947	72,947
Profit for the period	4,664	3,414	1,536	13,701	5,287
Total equity	98,842	96,738	96,303	102,585	91,722
Total liabilities and equity	2,245,004	2,243,057	2,246,825	2,135,795	2,004,756
Memorandum items					
Assets pledged for own debt	45,274	43,662	43,009	42,225	44,043
Other assets pledged	44,081	49,481	55,468	35,758	33,016
Contingent liabilities and commitments	120,257	120,988	125,649	80,471	88,634
Other commitments	509,461	497,076	514,492	487,070	488,569

OWN FUNDS AND CAPITAL REQUIREMENT – PARENT COMPANY

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

Own funds and capital ratios – Parent company

SEK m	30 Sep 2015	30 Jun 2015	31 Mar 2015	31 Dec 2014	30 Sep 2014
Common equity tier 1 capital	89,515	90,291	89,864	85,142	84,788
Total tier 1 capital	101,470	108,057	108,181	93,185	92,662
Total tier 2 capital	16,493	16,146	16,326	16,731	16,298
Total own funds	117,963	124,203	124,507	109,916	108,960
Capital ratios and buffers					
Common equity tier 1 ratio, CRD IV	19.6%	19.5%	19.0%	18.5%	18.2%
Tier 1 ratio, CRD IV	22.3%	23.4%	22.9%	20.2%	19.9%
Total capital ratio, CRD IV	25.9%	26.8%	26.3%	23.9%	23.4%
Risk exposure amount, CRD IV	455,557	462,658	473,426	460,401	464,913
Own funds in relation to capital requirement according to transitional rules	237%	250%	250%	227%	225%
Institution-specific buffer requirements	3.1%	2.6%	2.5%	2.5%	2.5%
<i>of which capital conservation buffer requirement</i>	2.5%	2.5%	2.5%	2.5%	2.5%
<i>of which countercyclical capital buffer requirement</i>	0.6%	0.1%	-	-	-
<i>of which systemic risk buffer requirement</i>	-	-	-	-	-
Common equity tier 1 capital available for use as a buffer	15.1%	15.0%	14.5%	14.0%	13.7%

Capital requirement – Parent company

SEK m	30 Sep 2015	30 Jun 2015	31 Mar 2015	31 Dec 2014	30 Sep 2014
Credit risk according to standardised approach	10,822	10,562	10,572	10,221	10,338
Credit risk according to IRB approach	20,791	21,577	22,293	21,941	22,169
Market risk	849	968	1,054	939	1,027
Credit value adjustment risk (CVA)	645	567	617	534	462
Operational risk	3,338	3,338	3,338	3,197	3,197
Total capital requirement	36,445	37,012	37,874	36,832	37,193
Adjustment according to Basel I floor	13,797	13,157	12,579	12,317	12,065
Capital requirement, Basel I floor	50,242	50,169	50,453	49,149	49,258
Total own funds, Basel I floor	119,161	125,491	126,242	111,610	110,766

Capital requirement credit risks standardised approach * – Parent company

SEK m	30 Sep 2015	30 Jun 2015	31 Mar 2015	31 Dec 2014	30 Sep 2014
Sovereign and central banks	1	3	2	4	4
Municipalities	3	2	2	1	1
Multilateral development banks	0	0	0	0	0
International organisations	0	0	0	0	0
Institutions	77	83	71	76	120
Corporates	665	638	757	798	770
Households	1,307	1,285	1,217	1,112	1,106
Collateral in real estate	1,999	1,880	1,799	1,686	1,533
Past due items	26	30	17	14	14
Equities	6,169	6,156	6,168	6,076	6,112
Other items	575	485	539	454	678
Total	10,822	10,562	10,572	10,221	10,338

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

Capital requirement credit risks IRB – Parent company

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

Capital requirement market risks – Parent company

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

Leverage ratio – Parent company

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

PRESS AND TELEPHONE CONFERENCE

A press and analyst conference is being arranged at the Bank's head office on 21 October at 9:00 a.m. (CET).

A telephone conference will be held on 21 October at 11:00 a.m. (CET).

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

The highlights of the annual report for January – December 2015 will be published on 9 February 2016.

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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 2015 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 Swedish Annual Accounts Act for Credit Institutions and Securities Companies. Our responsibility is to express a conclusion on this interim report based on our review.

FOCUS AND SCOPE OF THE REVIEW

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

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

CONCLUSION

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

Stockholm, 21 October 2015

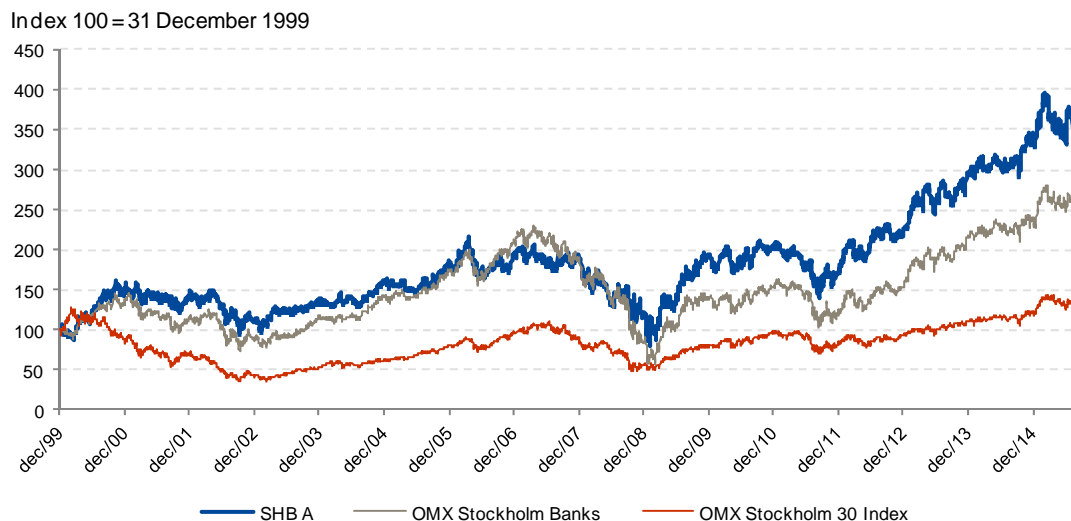
KPMG AB
George Pettersson, Authorised Public Accountant

Ernst & Young AB
Jesper Nilsson, Authorised Public Accountant

Share price performance and other information

The Swedish stock market declined by 3% during the first nine months of the year. The Stockholm stock exchange's bank index also fell by 3%. Handelsbanken's class A shares closed at SEK 119.90, a decline of 2%, but including dividends paid amounting to SEK 5.83, the total return was 3%. Since 1 January 2000, Handelsbanken's share price has increased by 236%, excluding dividends, while the Stockholm stock exchange has risen by 18%.

SHARE PRICE PERFORMANCE SINCE 31 DEC 1999



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