Interim Report
January–June
2013

Handelsbanken

Handelsbanken's Interim Report

JANUARY – JUNE 2013

SUMMARY JANUARY – JUNE 2013, COMPARED WITH JANUARY – JUNE 2012

- The period's profit after tax for total operations went up by 9 per cent to SEK 7,161 million (6,594), while earnings per share increased to SEK 11.29 (10.54)
- Operating profit increased by 2 per cent to SEK 9,059 million (8,871)
- Return on equity for total operations was 14.2 per cent (14.3)
- Income rose by 2 per cent to SEK 18,040 million (17,705)
- Net interest income was SEK 13,214 million (13,135)
- The C/I ratio was 46.5 per cent (46.6)
- The loan loss ratio was 0.07 per cent (0.07)
- The core tier 1 ratio according to Basel II increased to 18.2 per cent (16.1), while the core tier 1 ratio according to Basel III was 17.8 per cent
- The Bank's liquidity reserve exceeded SEK 750 billion

SUMMARY OF Q2 2013, COMPARED WITH Q1 2013

- The period's profit after tax for total operations went up by 7 per cent to SEK 3,695 million (3,466), while earnings per share increased to SEK 5.82 (5.47)
- Operating profit increased by 9 per cent to SEK 4,723 million (4,336)
- Return on equity for total operations rose to 15.1 per cent (13.8)
- Income increased by 5 per cent to SEK 9,240 million (8,800)
- Expenses rose by 1 per cent to SEK -4,215 million (-4,182)
- The loan loss ratio was 0.07 per cent (0.06)

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Handelsbanken Group – Overview

SEK m	Q2 2013	Q2 2012	Change	Q1 2013	Change	Jan-Jun 2013	Jan-Jun 2012	Change	Full year 2012
Summary income statement									
Net interest income	6,673	6,575	1%	6,541	2%	13,214	13,135	1%	26,081
Net fee and commission income	1,924	1,825	5%	1,877	3%	3,801	3,717	2%	7,369
Net gains/losses on financial transactions	440	219	101%	259	70%	699	563	24%	1,120
Risk result - insurance	26	39	-33%	51	-49%	77	75	3%	196
Other dividend income	155	142	9%	1		156	143	9%	152
Share of profit of associates	2	5	-60%	-5		-3	0		8
Other income	20	34	-41%	76	-74%	96	72	33%	136
Total income	**9,240**	**8,839**	**5%**	**8,800**	**5%**	**18,040**	**17,705**	**2%**	**35,062**
Staff costs	-2,796	-2,785	0%	-2,783	0%	-5,579	-5,566	0%	-11,167
Other administrative expenses	-1,304	-1,236	6%	-1,279	2%	-2,583	-2,450	5%	-5,069
Depreciation, amortisation and impairments of property, equipment and intangible assets	-115	-117	-2%	-120	-4%	-235	-239	-2%	-464
Total expenses	**-4,215**	**-4,138**	**2%**	**-4,182**	**1%**	**-8,397**	**-8,255**	**2%**	**-16,700**
Profit before loan losses	**5,025**	**4,701**	**7%**	**4,618**	**9%**	**9,643**	**9,450**	**2%**	**18,362**
Net loan losses	-306	-288	6%	-283	8%	-589	-579	2%	-1,251
Gains/losses on disposal of property, equipment and intangible assets	4	0		1	300%	5	0		-3
Operating profit	**4,723**	**4,413**	**7%**	**4,336**	**9%**	**9,059**	**8,871**	**2%**	**17,108**
Taxes	-1,067	-1,113	-4%	-885	21%	-1,952	-2,355	-17%	-3,092
Profit for the period from continuing operations	**3,656**	**3,300**	**11%**	**3,451**	**6%**	**7,107**	**6,516**	**9%**	**14,016**
Profit for the period pertaining to discontinued operations, after tax	39	29	34%	15	160%	54	78	-31%	22
Profit for the period	**3,695**	**3,329**	**11%**	**3,466**	**7%**	**7,161**	**6,594**	**9%**	**14,038**
Summary balance sheet									
Loans to the public	1,685,665	1,632,464	3%	1,655,041	2%	1,685,665	1,632,464	3%	1,680,479
of which mortgage loans	*924,891*	*856,736*	*8%*	*904,669*	*2%*	*924,891*	*856,736*	*8%*	*891,200*
Deposits and borrowing from the public	636,776	723,669	-12%	642,314	-1%	636,776	723,669	-12%	682,223
of which households	*280,957*	*266,199*	*6%*	*268,340*	*5%*	*280,957*	*266,199*	*6%*	*267,450*
Total equity	102,391	92,885	10%	100,366	2%	102,391	92,885	10%	103,850
Total assets	2,389,268	2,541,560	-6%	2,388,880	0%	2,389,268	2,541,560	-6%	2,383,951
Summary of key figures									
Return on equity, total operations *	15.1%	14.8%		13.8%		14.2%	14.3%		14.9%
Return on equity, continuing operations *	14.9%	14.6%		13.7%		14.1%	14.1%		14.8%
C/I ratio, continuing operations	45.6%	46.8%		47.5%		46.5%	46.6%		47.6%
Earnings per share, total operations, SEK	5.82	5.31		5.47		11.29	10.54		22.34
- after dilution	5.75	5.21		5.41		11.16	10.28		21.85
Tier 1 ratio, Basel II	20.4%	18.7%		20.4%		20.4%	18.7%		20.4%

* 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 obligations.

ADJUSTED COMPARISON FIGURES

As of the first quarter of 2013, the revised IAS 19 (Employee benefits) applies. All comparison figures (income statement, balance sheet, key ratios and capital measurements) have been restated as if the regulations had applied in 2012. Further details are given in Note 1 "Accounting policies." and Note 22 "Restating of financial reports due to revised IAS 19 – The Group."

As of the first quarter of 2013, the division of segments has also been changed, with the equivalent restating of comparison figures. The new division of segments is set out on page 8.

Group performance

JANUARY – JUNE 2013 COMPARED WITH JANUARY – JUNE 2012

The period's profit after tax for total operations increased by 9 per cent to SEK 7,161 million (6,594). Earnings per share rose to SEK 11.29 (10.54) and the return on equity for total operations was 14.2 per cent (14.3).

The Group's operating profit increased by 2 per cent to SEK 9,059 million (8,871), while the C/I ratio was 46.5 per cent (46.6).

Income

SEK m	Jan-Jun 2013	Jan-Jun 2012	Change
Net interest income	13,214	13,135	1%
Net fee and commission income	3,801	3,717	2%
Net gains/losses on financial trans.	699	563	24%
Other income	326	290	12%
Total income	**18,040**	**17,705**	**2%**

Income increased by 2 per cent to SEK 18,040 million. The strengthening of the Swedish krona resulted in exchange rate effects of SEK -238 million, and adjusted for this, income rose by 3 per cent.

Net interest income grew by 1 per cent to SEK 13,214 million. Exchange rate movements reduced net interest income by SEK 190 million. In local currency, net interest income increased by 2 per cent.

Lower interest rates in Sweden meant that deposit margins in Swedish branch operations reduced net interest income by SEK 754 million. Net interest income decreased by 2 per cent in Sweden, but increased in all other home markets. In the UK and Norway, net interest income grew by 23 per cent and 21 per cent respectively, while in the Netherlands the increase was 26 per cent. Adjusted for exchange rate effects, net interest income in total branch operations outside Sweden grew by SEK 721 million, or 17 per cent.

The Group's costs for the Stabilisation Fund and various deposit guarantees affected net interest income negatively by SEK -535 million (-569).

The average volume of loans to the public grew by 3 per cent to SEK 1,662 billion (1,606). Exchange rate effects reduced volumes by SEK 22 billion. In local currency, the increase was 5 per cent.

The average volume of deposits rose by 2 per cent to SEK 698 billion (686). Adjusted for exchange rate effects of SEK -13 billion, deposit volumes grew by 4 per cent.

Household deposits went up by 5 per cent to SEK 260 billion (248), while the average volume of corporate deposits was unchanged at SEK 438 billion (438).
Net fee and commission income rose by 2 per cent to SEK 3,801 million (3,717), chiefly due to higher fund management commissions and increased advisory income.

Fund management commissions rose by SEK 141 million, or 17 per cent, to SEK 958 million (817), while advisory commissions increased by SEK 57 million, or 49 per cent, to SEK 175 million (118). Brokerage income was more or less unchanged. Weak credit demand in Sweden was one factor in lending commissions and guarantee commissions decreasing by 7 per cent and 14 per cent respectively.

Net gains/losses on financial transactions increased to SEK 699 million (563), primarily due to improved profits in Handelsbanken Capital Markets' fixed income and foreign exchange operations.

Expenses

SEK m	Jan-Jun 2013	Jan-Jun 2012	Change
Staff costs	-5,579	-5,566	0%
Other administrative expenses	-2,583	-2,450	5%
Depreciation and amortisation	-235	-239	-2%
Total expenses	**-8,397**	**-8,255**	**2%**

Total expenses rose by 2 per cent to SEK -8,397 million. Adjusted for exchange rate movements of SEK 140 million, expenses increased by 3 per cent.

Staff costs were more or less unchanged at SEK -5,579 million (-5,566). The allocation to the Oktogonen Foundation increased to SEK -512 million (-458), while variable compensation, including social security costs and other payroll overheads, totalled SEK -68 million (-64). Exchange rate movements lowered staff costs by SEK 94 million.

The average number of employees rose by 2 per cent to 11,301 (11,115).

Other administrative expenses rose by 5 per cent to SEK -2,583 million (-2,450), chiefly due to increased IT-related costs.

Loan losses

SEK m	Jan-Jun 2013	Jan-Jun 2012	Change
Net loan losses	-589	-579	-10
Loan loss ratio as a % of loans	0.07	0.07	0.00
Impaired loans, net	3,224	2,782	16%
Proportion of impaired loans, %	0.19	0.16	0.03

Loan losses amounted to SEK -589 million (-579), and credit quality remained stable. The loan loss ratio was unchanged at 0.07 per cent (0.07) Net impaired loans rose to SEK 3,224 million (2,782), equivalent to 0.19 per cent (0.16) of lending.

Taxes

From the start of 2013, Swedish corporate tax is payable at 22 per cent. In the first half of 2013, Group tax expenses totalled SEK -1,952 million (-2,355). The effective tax rate was 21.5 per cent (26.5).

Q2 2013 COMPARED WITH Q1 2013

The period's profit after tax for total operations went up by 7 per cent to SEK 3,695 million (3,466), while earnings per share increased to SEK 5.82 (5.47).

Operating profit rose by 9 per cent to SEK 4,723 million (4,336), chiefly due to higher income. The C/I ratio went down to 45.6 per cent (47.5).

Return on equity increased to 15.1 per cent (13.8).

Income

SEK m	Q2 2013	Q1 2013	Change
Net interest income	6,673	6,541	2%
Net fee and commission income	1,924	1,877	3%
Net gains/losses on financial trans.	440	259	70%
Other income	203	123	65%
Total income	**9,240**	**8,800**	**5%**

Income rose by 5 per cent, or SEK 440 million, to SEK 9,240 million. Exchange rate movements had only a slight effect on the income figure.

Net interest income rose by 2 per cent to SEK 6,673 million.

Net interest income in Swedish branch operations grew by SEK 79 million, chiefly due to increased lending volumes and higher deposit margins.

Total net interest income in the Bank's other home markets grew by 6 per cent, or SEK 135 million, with SEK 22 million of this being attributable to day effects. In local currency, net interest income increased on all home markets.

The Group's costs for the Stabilisation Fund and various deposit guarantees decreased to SEK -253 million (-282). The benchmark effect in Stadshypotek decreased by SEK 35 million to SEK -11 million (24).

The average volume of loans to the public grew by 2 per cent to SEK 1,676 billion (1,649). The increase was split equally between the corporate and household sectors.

The average volume of deposits rose by 1 per cent to SEK 701 billion (696).

Net fee and commission income grew by 3 per cent, or SEK 47 million, to SEK 1,924 million (1,877), chiefly due to higher securities-related commission income. A higher volume of assets under management allowed fund management commissions to grow by 6 per cent, or SEK 28 million, and income from custody accounts and other asset management to increase by SEK 24 million. Brokerage income grew by SEK 15 million, or 5 per cent, to SEK 321 million (306), while advisory commissions decreased by SEK 33 million to SEK 71 million (104). Net payment commissions increased by 2 per cent to SEK 372 million (366).
Net gains/losses on financial transactions increased to SEK 440 million (259), primarily due to improved profits in fixed income and foreign exchange business.
Other income grew to SEK 203 million (123), chiefly as a result of higher dividend income.

Expenses

SEK m	Q2 2013	Q1 2013	Change
Staff costs	-2,796	-2,783	0%
Other administrative expenses	-1,304	-1,279	2%
Depreciation and amortisation	-115	-120	-4%
Total expenses	**-4,215**	**-4,182**	**1%**

Total expenses rose by 1 per cent to SEK -4,215 million.

Staff costs were more or less unchanged at SEK -2,796 million (-2,783). The allocation to the Oktogonen profit-sharing foundation was SEK -256 million (-256), and the period's provision for variable compensation increased to SEK -40 million (-28).

The average number of employees rose to 11,361 (11,242), mainly as a result of continued expansion in the UK, including the acquisition of Heartwood. At the end of the period, Heartwood had 86 employees.

Other administrative expenses rose by 2 per cent to SEK -1,304 million (-1,279), primarily due to increased travel costs and customer activities.

Loan losses

SEK m	Q2 2013	Q1 2013	Change
Net loan losses	-306	-283	-23
Loan loss ratio as a % of loans	0.07	0.06	0.01
Impaired loans, net	3,224	3,091	4%
Proportion of impaired loans, %	0.19	0.18	0.01

Loan losses were SEK -306 million (-283), corresponding to a loan loss ratio of 0.07 per cent (0.06). Net impaired loans rose to SEK 3,224 million (3,091), equivalent to 0.19 per cent (0.18) of lending.

PERFORMANCE IN THE BUSINESS SEGMENTS

(Q2 2013 compared with Q1 2013)

Operating profit from branch office operations in Sweden increased by 5 per cent to SEK 3,154 million (3,018). Income grew by 3 per cent, while expenses were unchanged. The loan loss ratio was 0.05 per cent (0.04).

Operating profit from branch office operations in the UK increased by 16 per cent to SEK 271 million (233). Income increased by 9 per cent, while expenses rose by 7 per cent. The loan loss ratio fell to 0.17 per cent (0.19).

Operating profit from branch office operations in Denmark increased by 10 per cent to SEK 194 million (177). Income grew by 5 per cent, while expenses were unchanged. The loan loss ratio went up slightly to 0.22 per cent (0.19).

Operating profit from branch office operations in Finland increased by 12 per cent to SEK 188 million (168). Income grew by 7 per cent, while expenses rose by 4 per cent. The loan loss ratio was 0.25 per cent (0.26).

Operating profit from branch office operations in Norway increased by 17 per cent to SEK 672 million (575). Improved net interest income contributed to income going up by 6 per cent, while expenses decreased by 3 per cent. The loan loss ratio fell to 0.07 per cent (0.12).

Operating profit from branch office operations in the Netherlands decreased to SEK 15 million (18). Continuing investments meant that expenses rose by 13 per cent, while income grew by 5 per cent. The loan loss ratio was 0.02 per cent (-).

Operating profit from Handelsbanken International decreased to SEK 45 million (51), due to higher loan losses. Income increased by 6 per cent and expenses by 3 per cent. The loan loss ratio was 0.15 per cent (-0.05).

Operating profit from Handelsbanken Capital Markets increased by 31 per cent to SEK 352 million (268), due to improved net fee and commission income, as well as higher net gains/losses on financial transactions. Income grew by 10 per cent and expenses by 2 per cent. The total mutual fund volume increased during the quarter to SEK 241 billion – the highest volume ever.

FUNDING AND LIQUIDITY

For most of the period, the funding market continued to stabilise, mainly due to very high liquidity among investors worldwide. Handelsbanken's strong position in the funding market resulted in good access to long-term and short-term funding throughout the period. The Bank was unaffected by the considerable turbulence which returned to the market towards the end of the second quarter.

During the period, Handelsbanken was active on several different funding markets. In the first six months of 2013, bonds with a total value of SEK 123 billion were issued, of which SEK 95 billion were in covered bonds and SEK 28 billion in senior bonds. For example, the Bank issued covered bonds on the US market. The average maturity for the issued volume was just over four years.

The Bank also continued to issue extendible notes on the US market. The total loan volume during the first half of 2013 was SEK 40 billion. These loans have a maturity of three years, with an option for investors to terminate the loan with a six-month period of notice.

At the end of the quarter, the Bank issued for the first time senior bonds on the Japanese market in the Samurai format. In total, a benchmark volume of just over JPY 50 billion was issued, equivalent to some SEK 3.5 billion, with 3- and 5-year maturities. The price level was lower than for comparable Q2 issues carried out by other European banks on the Japanese market. This issue confirms Handelsbanken's strong position on the Japanese bond market.

The second-quarter bond issues mean that all the Bank's bond maturities up to the end of September 2014 have been prefinanced. Total bonds maturing amounted to SEK 77 billion for the remainder of 2013 and SEK 151 billion for 2014.

Total liquidity reserves continued to exceed SEK 750 billion.

According to the current Swedish definition from 1 January 2013, the Handelsbanken Group's liquidity coverage ratio (LCR) at the end of the period was 128 per cent. In USD, the LCR was 190 per cent and in EUR it was 118 per cent. According to the definition in CRD4, the Group's LCR is estimated to be 140 per cent.

CAPITAL

SEK m	30 Jun 2013	30 Jun 2012	Change
Core tier 1 ratio, Basel II	18.2%	16.1%	2.1
Tier 1 ratio, Basel II	20.4%	18.7%	1.7
Capital ratio, Basel II	21.1%	19.6%	1.5
Equity	102,391	92,885	10%
Tier 1 capital	98,779	94,792	4%
Core tier 1 capital	88,094	81,588	8%

30 June 2013 compared with 30 June 2012

The capital base grew to SEK 102 billion (99). During the period, the Bank redeemed subordinated loans for a net value of SEK 3.7 billion. At the end of the period, 86 per cent of the capital base was core tier 1 capital (82).

Core tier 1 capital increased to SEK 88.1 billion (81.6) and the core tier 1 ratio according to Basel II went up by 2.1 percentage points to 18.2 per cent (16.1). The period's profit increased the core tier 1 ratio by 1.4 percentage points, and the conversion of staff convertible bonds increased it by 0.2 percentage points.

Higher lending volumes reduced the core tier 1 ratio by 0.6 percentage points. At the same time, the credit quality improved, and the mix effect of the fact that new lending volumes are of higher credit quality than the portfolio average had a 1.0 percentage point positive impact. The improved credit quality thus compensated for the whole of the increased capital requirement due to higher lending volumes. Credit risk migration in the loan portfolio reduced the core tier 1 ratio by 0.4 percentage points.

The removed transitional rules regarding investments in insurance holdings and a capital contribution in Handelsbanken Liv had a negative impact of 0.5 percentage points. Exchange rate effects had a positive effect of 0.2 percentage points, IAS 19 by 0.3 percentage points and other effects by 0.5 percentage points.

30 June 2013 compared with 31 March 2013

During the quarter, the core tier 1 ratio according to Basel II increased by 0.2 percentage points to 18.2 per cent (18.0). The period's profit made a 0.4 percentage point contribution to this while increased lending volumes reduced the core tier 1 ratio by 0.2 percentage points. Credit risk migration had a negative effect of 0.1 percentage points.

IAS 19 reduced the core tier 1 ratio by 0.2 percentage points and exchange rate effects by 0.1 percentage point. Other factors had an overall positive effect of 0.4 percentage points. The introduction of the advanced approach for large companies and the annual validation of the IRB model had no net impact on the core tier 1 ratio.

The Bank estimates that the core tier 1 ratio according to Basel III is 17.8 per cent.

Capital requirements for Swedish mortgage loans in Pillar 2

On 21 May, the Swedish Financial Supervisory Authority decided to introduce a Pillar 2 supervisory measure in the form of a capital requirement equivalent to a 15 per cent risk weight floor for Swedish mortgage loan portfolios. In the Bank's assessment, this entails a capital requirement in Pillar 2 of approximately SEK 7 billion.

RATING

During the period, Handelsbanken's short-term and long-term ratings with the rating agencies which monitor the Bank were unchanged.

	Long-term	Short-term	Financial strength
Standard & Poor's	AA-	A-1+	
Fitch	AA-	F1+	
Moody's	Aa3	P-1	C
DBRS	AA (low)		

ACQUISITION OF HEARTWOOD WEALTH GROUP

After receiving the necessary permits from the authorities, the acquisition of Heartwood Wealth Group Limited was completed on 24 May. This means that the company is now a wholly-owned subsidiary of Handelsbanken. Heartwood manages around GBP 1.6 billion and has some 90 employees. The company has operations in London and Tunbridge Wells and offers services such as discretionary management, financial advice and pension solutions. Initially, Handelsbanken's financial position and results will only be marginally affected by the acquisition.

Handelsbanken Group – Business segments

January - June 2013	Home markets										
SEK m	Sweden	UK	Denmark	Finland	Norway	Nether-lands	Inter-national	Capital Markets	Other	Adj. & elim.	Group Jan-Jun 2013
Net interest income	8,267	1,223	719	567	1,754	103	314	89	199	-21	13,214
Net fee and commission income	1,664	67	163	199	174	11	160	1,363	0		3,801
Net gains/losses on financial transactions	306	44	33	22	42	1	43	509	-301		699
Risk result - insurance								77			77
Share of profit of associates									-3		-3
Other income	10	9	9	3	5		4	-2	214		252
Total income	**10,247**	**1,343**	**924**	**791**	**1,975**	**115**	**521**	**2,036**	**109**	**-21**	**18,040**
Staff costs	-1,655	-461	-267	-167	-330	-45	-259	-1,016	-1,368	-11	-5,579
Other administrative expenses	-603	-109	-89	-74	-113	-10	-81	-393	-1,111		-2,583
Internal purchased and sold services	-1,538	-153	-122	-118	-179	-26	-72	18	2,169	21	
Depreciation and amortisation	-45	-11	-8	-6	-5	0	-6	-25	-129		-235
Total expenses	**-3,841**	**-734**	**-486**	**-365**	**-627**	**-81**	**-418**	**-1,416**	**-439**	**10**	**-8,397**
Profit before loan losses	**6,406**	**609**	**438**	**426**	**1,348**	**34**	**103**	**620**	**-330**	**-11**	**9,643**
Net loan losses	-238	-105	-67	-70	-101	-1	-7				-589
Gains/losses on disposal of property, equipment and intangible assets	4	0			0		0	0	1		5
Operating profit	**6,172**	**504**	**371**	**356**	**1,247**	**33**	**96**	**620**	**-329**	**-11**	**9,059**
Profit allocation	359	9	18	26	14	3	11	-440	0		
Operating profit after profit allocation	**6,531**	**513**	**389**	**382**	**1,261**	**36**	**107**	**180**	**-329**	**-11**	**9,059**
Internal income *	-900	-594	-200	84	-1,800	-72	-49	-712	4,243		

January - June 2012	Home markets										
SEK m	Sweden	UK	Denmark	Finland	Norway	Nether-lands	Inter-national	Capital Markets	Other	Adj. & elim.	Group Jan-Jun 2012
Net interest income	8,442	996	695	495	1,450	82	414	375	205	-19	13,135
Net fee and commission income	1,709	48	149	183	150	15	176	1,262	25		3,717
Net gains/losses on financial transactions	293	45	24	17	47	1	50	297	-211		563
Risk result - insurance								75			75
Share of profit of associates									0		0
Other income	8	8	11	4	15		2	7	160		215
Total income	**10,452**	**1,097**	**879**	**699**	**1,662**	**98**	**642**	**2,016**	**179**	**-19**	**17,705**
Staff costs	-1,590	-383	-271	-165	-345	-37	-267	-1,156	-1,333	-19	-5,566
Other administrative expenses	-582	-87	-86	-70	-119	-9	-97	-421	-979		-2,450
Internal purchased and sold services	-1,403	-99	-123	-98	-147	-15	-59	-49	1,974	19	
Depreciation and amortisation	-44	-7	-8	-11	-6	-1	-7	-27	-128		-239
Total expenses	**-3,619**	**-576**	**-488**	**-344**	**-617**	**-62**	**-430**	**-1,653**	**-466**		**-8,255**
Profit before loan losses	**6,833**	**521**	**391**	**355**	**1,045**	**36**	**212**	**363**	**-287**	**-19**	**9,450**
Net loan losses	-184	-13	-258	-42	-78		-4				-579
Gains/losses on disposal of property, equipment and intangible assets	0	0	-	0	0		0		0		0
Operating profit	**6,649**	**508**	**133**	**313**	**967**	**36**	**208**	**363**	**-287**	**-19**	**8,871**
Profit allocation	300	6	11	18	13	1	8	-357	0		
Operating profit after profit allocation	**6,949**	**514**	**144**	**331**	**980**	**37**	**216**	**6**	**-287**	**-19**	**8,871**
Internal income *	-1,717	-670	-314	-75	-2,185	-121	-26	-613	5,721		

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

The business segments consist of branch office operations in Sweden, the UK, Denmark, Finland, Norway and the Netherlands, as well as Handelsbanken International and 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 Capital Markets' operating profit that does not involve risk-taking is distributed to branches that are responsible for customers.

Branch office operations in Sweden

Branch office operations in Sweden comprise six regional banks, as well as Handelsbanken Finans's and Stadshypotek's operations in Sweden. At Handelsbanken, the branches are the base of all operations, with responsibility for all customers of the Bank. The regional banks offer a full range of banking services at 461 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	Q2 2013	Q2 2012	Change	Q1 2013	Change	Jan-Jun 2013	Jan-Jun 2012	Change	Full year 2012
Net interest income	4,173	4,161	0%	4,094	2%	8,267	8,442	-2%	16,781
Net fee and commission income	838	860	-3%	826	1%	1,664	1,709	-3%	3,375
Net gains/losses on financial transactions	190	137	39%	116	64%	306	293	4%	579
Other income	3	1	200%	7	-57%	10	8	25%	18
Total income	**5,204**	**5,159**	**1%**	**5,043**	**3%**	**10,247**	**10,452**	**-2%**	**20,753**
Staff costs	-822	-789	4%	-833	-1%	-1,655	-1,590	4%	-3,157
Other administrative expenses	-301	-315	-4%	-302	0%	-603	-582	4%	-1,218
Internal purchased and sold services	-770	-703	10%	-768	0%	-1,538	-1,403	10%	-2,828
Depreciation and amortisation	-25	-22	14%	-20	25%	-45	-44	2%	-90
Total expenses	**-1,918**	**-1,829**	**5%**	**-1,923**	**0%**	**-3,841**	**-3,619**	**6%**	**-7,293**
Profit before loan losses	**3,286**	**3,330**	**-1%**	**3,120**	**5%**	**6,406**	**6,833**	**-6%**	**13,460**
Net loan losses	-135	-109	24%	-103	31%	-238	-184	29%	-420
Gains/losses on disposal of property, equipment and intangible assets	3	0		1	200%	4	0		0
Operating profit	**3,154**	**3,221**	**-2%**	**3,018**	**5%**	**6,172**	**6,649**	**-7%**	**13,040**
Profit allocation	197	163	21%	162	22%	359	300	20%	641
Operating profit after profit allocation	**3,351**	**3,384**	**-1%**	**3,180**	**5%**	**6,531**	**6,949**	**-6%**	**13,681**
Internal income	-371	-796	53%	-529	30%	-900	-1,717	48%	-2,828
Cost/income ratio, %	35.5	34.4		36.9		36.2	33.7		34.1
Loan loss ratio, %	0.05	0.04		0.04		0.04	0.03		0.04
Allocated capital	55,842	51,592	8%	60,084	-7%	55,842	51,592	8%	57,244
Return on allocated capital, %	18.7	19.3		16.5		17.6	19.3		18.5
Average number of employees	4,339	4,293	1%	4,347	0%	4,341	4,327	0%	4,378
Number of branches	461	461	0%	461	0%	461	461	0%	461

BUSINESS VOLUMES

Average volumes, SEK bn	Q2 2013	Q2 2012	Change	Q1 2013	Change	Jan-Jun 2013	Jan-Jun 2012	Change	Full year 2012
Loans to the public*									
Household	610	584	4%	602	1%	606	583	4%	587
of which mortgage loans	556	530	5%	548	1%	552	529	4%	534
Corporate	496	483	3%	482	3%	489	482	1%	481
of which mortgage loans	246	229	7%	239	3%	242	223	9%	226
Total	**1,106**	**1,067**	**4%**	**1,084**	**2%**	**1,095**	**1,065**	**3%**	**1,068**
Deposits and borrowing from the public									
Household	217	204	6%	213	2%	215	203	6%	207
Corporate	163	165	-1%	168	-3%	166	166	0%	164
Total	**380**	**369**	**3%**	**381**	**0%**	**381**	**369**	**3%**	**371**

* Excluding loans to the National Debt Office.

JANUARY– JUNE 2013 COMPARED WITH JANUARY – JUNE 2012

Financial performance

Operating profit fell by 7 per cent to SEK 6,172 million (6,649), due to lower net interest income and higher expenses.

Net interest income decreased by SEK 175 million, or 2 per cent, to SEK 8,267 million (8,442). Declining deposit margins reduced net interest income by SEK 754 million. Larger deposit and lending volumes increased net interest income by SEK 207 million and lending margins, particularly to companies, made a positive contribution of SEK 221 million. The fees to the Stabilisation Fund and the deposit guarantee fell by SEK 93 million and burdened net interest income by SEK -301 million (-394). The benchmark effect in Stadshypotek amounted to SEK 13 million (6).

Net fee and commission income fell by 3 per cent to SEK 1,664 million (1,709), mainly due to lower lending commissions. Mutual fund commissions increased.

Net gains/losses on financial transactions increased by 4 per cent to SEK 306 million (293).

Total expenses rose by 6 per cent to SEK -3,841 million (-3,619), chiefly due to annual salary adjustments, as well as to increasing costs for IT development. The cost/income ratio was 36.2 per cent (33.7).

Loan losses increased to SEK -238 million (-184) and the loan loss ratio was 0.04 per cent (0.03).

Business development

The average volume of deposits from households continued to increase, amounting to SEK 215 billion (203), a rise of 6 per cent compared with the previous year. At the same time, figures from Svensk Fondstatistik showed that Handelsbanken continued to grow in the mutual fund market. During the first half of the year, new savings in the Bank's mutual funds in Sweden amounted to SEK 5.5 billion, corresponding to a market share of 11.4 per cent.

The average volume of mortgage loans to private individuals increased by 4 per cent to SEK 552 billion (529), while the average volume of corporate lending grew by SEK 7 billion to SEK 489 billion (482). According to the SIFO Reputation Index, Handelsbanken is one of the ten companies in Sweden with the best reputation, regardless of sector.

Q2 2013 COMPARED WITH Q1 2013

Operating profit rose by 5 per cent to SEK 3,154 million (3,018), due to income rising by 3 per cent, while expenses were unchanged.

Net interest income rose by 2 per cent compared with the previous quarter to SEK 4,173 million (4,094). Deposit margins improved by SEK 67 million, while lower lending margins reduced net interest income by SEK 37 million. The negative effect on the total interest margin was offset by increasing deposit and lending volumes which made a SEK 57 million contribution to net interest income. Fees for the Swedish Stabilisation Fund and the deposit guarantee decreased to SEK -142 million (-159), and the benchmark effect in Stadshypotek fell by SEK 35 million to SEK -11 million (24).

Lending to households continued to grow and the average volume of mortgage loans to private individuals increased by 1 per cent to SEK 556 billion (548). The gross margin on the mortgage portfolio – before advisory, administration and other expenses – was stable and unchanged at 0.88 per cent (0.88). The average volume of corporate lending increased by 3 per cent to SEK 496 billion (482).

Net fee and commission income grew by 1 per cent to SEK 838 million (826) due to increased securities commissions.

Net gains/losses on financial transactions increased to SEK 190 million (116) which was partly attributable to increased customer activity in fixed income and foreign exchange.

Total expenses decreased slightly to SEK -1,918 million (-1,923), on account of lower staff costs. The average number of staff fell by 8 to 4,339 employees (4,347).

Other administrative expenses and internally purchased and sold services were unchanged.

Loan losses increased to SEK -135 million (-103), and the loan loss ratio was 0.05 per cent (0.04).

Branch office operations in the UK

The branch office operations in the UK comprise four regional banks and Handelsbanken Finans's operations in the UK. 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 147 branches throughout the UK.

INCOME STATEMENT

SEK m	Q2 2013	Q2 2012	Change	Q1 2013	Change	Jan-Jun 2013	Jan-Jun 2012	Change	Full year 2012
Net interest income	631	519	22%	592	7%	1,223	996	23%	2,142
Net fee and commission income	42	25	68%	25	68%	67	48	40%	94
Net gains/losses on financial transactions	21	23	-9%	23	-9%	44	45	-2%	91
Other income	6	4	50%	3	100%	9	8	13%	15
Total income	**700**	**571**	**23%**	**643**	**9%**	**1,343**	**1,097**	**22%**	**2,342**
Staff costs	-241	-200	21%	-220	10%	-461	-383	20%	-793
Other administrative expenses	-53	-45	18%	-56	-5%	-109	-87	25%	-178
Internal purchased and sold services	-81	-50	62%	-72	13%	-153	-99	55%	-201
Depreciation and amortisation	-4	-3	33%	-7	-43%	-11	-7	57%	-12
Total expenses	**-379**	**-298**	**27%**	**-355**	**7%**	**-734**	**-576**	**27%**	**-1,184**
Profit before loan losses	**321**	**273**	**18%**	**288**	**11%**	**609**	**521**	**17%**	**1,158**
Net loan losses	-50	-13	285%	-55	-9%	-105	-13		-151
Gains/losses on disposal of property, equipment and intangible assets	0	0	0%	0	0%	0	0	0%	-1
Operating profit	**271**	**260**	**4%**	**233**	**16%**	**504**	**508**	**-1%**	**1,006**
Profit allocation	5	3	67%	4	25%	9	6	50%	15
Operating profit after profit allocation	**276**	**263**	**5%**	**237**	**16%**	**513**	**514**	**0%**	**1,021**
Internal income	-303	-345	12%	-291	-4%	-594	-670	11%	-1,308
Cost/income ratio, %	53.8	51.9		54.9		54.3	52.2		50.2
Loan loss ratio, %	0.17	0.05		0.19		0.18	0.03		0.16
Allocated capital	6,477	5,401	20%	6,500	0%	6,477	5,401	20%	5,878
Return on allocated capital, %	13.3	14.3		11.4		12.3	15.0		13.9
Average number of employees	1,201	917	31%	1,102	9%	1,151	895	29%	944
Number of branches	147	117	26%	138	7%	147	117	26%	133

BUSINESS VOLUMES

Average volumes, GBP m	Q2 2013	Q2 2012	Change	Q1 2013	Change	Jan-Jun 2013	Jan-Jun 2012	Change	Full year 2012
Loans to the public									
Household	3,122	2,441	28%	2,963	5%	3,042	2,380	28%	2,537
Corporate	8,317	6,978	19%	8,021	4%	8,169	6,722	22%	7,119
Total	**11,439**	**9,419**	**21%**	**10,984**	**4%**	**11,211**	**9,102**	**23%**	**9,656**
Deposits and borrowing from the public									
Household	605	446	36%	548	10%	576	430	34%	463
Corporate	2,438	2,228	9%	2,288	7%	2,363	2,077	14%	2,326
Total	**3,043**	**2,674**	**14%**	**2,836**	**7%**	**2,939**	**2,507**	**17%**	**2,789**

JANUARY– JUNE 2013 COMPARED WITH JANUARY – JUNE 2012

Financial performance

Operating profit declined by 1 per cent to SEK 504 million (508), as a result of the strengthening of the Swedish krona and increased loan losses. The exchange rate movements had a negative effect of SEK 30 million on profits, and in local currency, operating profit increased by 7 per cent.

Profit before loan losses grew by 17 per cent to SEK 609 million (521), as a result of continuing growth in business volumes and customer numbers. In local currency, profit before loan losses grew by 26 per cent.

Income increased by 22 per cent and net interest income grew by 23 per cent to SEK 1,223 million (996), mainly due to greater business volumes. In local currency, net interest income rose by 32 per cent.

Net fee and commission income increased by 40 per cent to SEK 67 million (48). This rise was attributable to increased commissions from asset management and payments. The acquisition of Heartwood was completed in late May, and Heartwood contributed asset management commissions of SEK 13 million.

Net gains/losses on financial transactions were more or less unchanged at SEK 44 million (45).

Expenses rose by 27 per cent to SEK -734 million (-576) as a result of the continuing expansion. The average number of employees increased by 29 per cent to 1,151 (895).

Loan losses increased to SEK -105 million (-13), and the loan loss ratio was 0.18 per cent (0.03).

Business development

Business volumes continued to grow: the average volume of lending rose by 23 per cent, while deposits increased by 17 per cent.

On 1 January 2013, a fourth regional bank was formed, with its head office in Bristol. During the second quarter of the year, nine new branches were opened and by the end of the quarter, the Bank had a total of 147 UK branches. In addition, managers have been recruited for another twelve forthcoming branches.

After receiving the necessary permits from the authorities, the acquisition of the asset management company Heartwood Wealth Group Ltd was completed during the second quarter. The company has GBP 1.6 billion of assets under management. This acquisition will allow the Bank to expand its customer offering and take a major step forward for further growth in its savings business.

Q2 2013 COMPARED WITH Q1 2013

Operating profit increased by 16 per cent to SEK 271 million (233).

Income grew by 9 per cent and net interest income rose by SEK 39 million, or 7 per cent, to SEK 631 million (592).

Net fee and commission income rose by SEK 17 million, or 68 per cent, mainly due to the acquisition of Heartwood.

Expenses rose by 7 per cent to SEK -379 million (-355), chiefly as a result of the continued expansion, with nine new branch offices. The average number of employees increased by 9 per cent to 1,201 (1,102), including the employees at Heartwood.

Loan losses went down to SEK -50 million (-55) and the loan loss ratio fell to 0.17 per cent (0.19).

Branch office operations in Denmark

Branch office 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 55 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	Q2 2013	Q2 2012	Change	Q1 2013	Change	Jan-Jun 2013	Jan-Jun 2012	Change	Full year 2012
Net interest income	363	356	2%	356	2%	719	695	3%	1,397
Net fee and commission income	82	74	11%	81	1%	163	149	9%	290
Net gains/losses on financial transactions	25	14	79%	8	213%	33	24	38%	55
Other income	4	7	-43%	5	-20%	9	11	-18%	19
Total income	**474**	**451**	**5%**	**450**	**5%**	**924**	**879**	**5%**	**1,761**
Staff costs	-137	-136	1%	-130	5%	-267	-271	-1%	-537
Other administrative expenses	-43	-45	-4%	-46	-7%	-89	-86	3%	-173
Internal purchased and sold services	-59	-66	-11%	-63	-6%	-122	-123	-1%	-235
Depreciation and amortisation	-4	-4	0%	-4	0%	-8	-8	0%	-16
Total expenses	**-243**	**-251**	**-3%**	**-243**	**0%**	**-486**	**-488**	**0%**	**-961**
Profit before loan losses	**231**	**200**	**16%**	**207**	**12%**	**438**	**391**	**12%**	**800**
Net loan losses	-37	-114	-68%	-30	23%	-67	-258	-74%	-368
Gains/losses on disposal of property, equipment and intangible assets	-	-		-		-	-		-
Operating profit	**194**	**86**	**126%**	**177**	**10%**	**371**	**133**	**179%**	**432**
Profit allocation	10	5	100%	8	25%	18	11	64%	27
Operating profit after profit allocation	**204**	**91**	**124%**	**185**	**10%**	**389**	**144**	**170%**	**459**
Internal income	-94	-151	38%	-106	11%	-200	-314	36%	-538
Cost/income ratio, %	50.2	55.0		53.1		51.6	54.8		53.7
Loan loss ratio, %	0.22	0.76		0.19		0.21	0.85		0.61
Allocated capital	4,985	4,790	4%	5,268	-5%	4,985	4,790	4%	4,926
Return on allocated capital, %	12.7	5.6		10.9		11.8	4.8		7.3
Average number of employees	626	614	2%	619	1%	623	617	1%	617
Number of branches	55	54	2%	55	0%	55	54	2%	54

BUSINESS VOLUMES

Average volumes, DKK bn	Q2 2013	Q2 2012	Change	Q1 2013	Change	Jan-Jun 2013	Jan-Jun 2012	Change	Full year 2012
Loans to the public									
Household	28.7	25.0	15%	27.9	3%	28.3	24.8	14%	25.5
Corporate	31.5	27.6	14%	30.7	3%	31.1	26.9	16%	27.4
Total	**60.2**	**52.6**	**14%**	**58.6**	**3%**	**59.4**	**51.7**	**15%**	**52.9**
Deposits and borrowing from the public									
Household	9.2	8.7	6%	8.9	3%	9.0	8.5	6%	8.7
Corporate	12.6	11.0	15%	14.8	-15%	13.7	12.1	13%	13.6
Total	**21.8**	**19.7**	**11%**	**23.7**	**-8%**	**22.7**	**20.6**	**10%**	**22.3**

JANUARY – JUNE 2013 COMPARED WITH JANUARY – JUNE 2012

Financial performance

Operating profit more than doubled to SEK 371 million (133) due to higher income and lower loan losses. Profit before loan losses increased by 12 per cent to SEK 438 million (391). Income grew by 5 per cent, while costs remained unchanged. Exchange rate movements had a negative impact on profits, and in local currency, profit before loan losses grew by 17 per cent.

Net interest income rose by 3 per cent, or SEK 24 million, to SEK 719 million (695). In local currency, the increase was 8 per cent; this was due mainly to higher business volumes, but also to increased lending margins. At the same time, lower deposit margins due to falling interest rates had a SEK -53 million negative effect on net interest income. Fees for the Swedish Stabilisation Fund and the deposit guarantee, together with the Danish state deposit guarantee burdened net interest income by SEK -22 million (-25).

Expenses fell to SEK -486 million (-488). Exchange rate effects reduced expenses by SEK 20 million, and expressed in local currency, expenses increased by 4 per cent, largely due to higher IT expenses. The average number of employees rose by 1 per cent to 623 (617).

Loan losses decreased to SEK -67 million (-258), which corresponds to a loan loss ratio of 0.21 per cent (0.85).

Business development

The Bank continued to have a stable inflow of new customers, and market share increased. The average volume of lending grew by 15 per cent to DKK 59.4 billion (51.7). The Bank's volume of lending to households increased by 14 per cent, while corporate lending increased by 16 per cent. The average volume of deposits from the public grew by 10 per cent to DKK 22.7 billion (20.6).

During the first quarter, a new branch was opened in Charlottenlund, bringing the Bank's total number of branches in Denmark to 55.

Q2 2013 COMPARED WITH Q1 2013

Operating profit rose by 10 per cent to SEK 194 million (177) due to higher income. Income grew by 5 per cent, while costs remained unchanged. The effect of exchange rate movements was marginal. The quarterly result before loan losses was the highest ever.

Net interest income rose by 2 per cent to SEK 363 million (356), which, in addition to changes in volumes and margins, was attributable to exchange rate movements and day effects. During the quarter, the average volume of lending rose by 3 per cent, while lower volumes from the corporate sector caused deposit volumes to fall by 8 per cent. The average volume of deposits from households increased by 3 per cent. Lower deposit margins due to falling interest rates had a SEK -6 million negative effect on net interest income.

Net gains/losses on financial transactions rose to SEK 25 million (8), chiefly as a result of higher customer activity, but also to income of a non-recurring nature.

Expenses remained unchanged, amounting to SEK -243 million.

Loan losses were SEK -37 million (-30), and the loan loss ratio was 0.22 per cent (0.19).

Branch office operations in Finland

Branch office 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 45 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	Q2 2013	Q2 2012	Change	Q1 2013	Change	Jan-Jun 2013	Jan-Jun 2012	Change	Full year 2012
Net interest income	294	240	23%	273	8%	567	495	15%	1,032
Net fee and commission income	100	91	10%	99	1%	199	183	9%	375
Net gains/losses on financial transactions	13	7	86%	9	44%	22	17	29%	30
Other income	1	1	0%	2	-50%	3	4	-25%	5
Total income	**408**	**339**	**20%**	**383**	**7%**	**791**	**699**	**13%**	**1,442**
Staff costs	-84	-84	0%	-83	1%	-167	-165	1%	-326
Other administrative expenses	-40	-34	18%	-34	18%	-74	-70	6%	-143
Internal purchased and sold services	-60	-51	18%	-58	3%	-118	-98	20%	-208
Depreciation and amortisation	-2	-5	-60%	-4	-50%	-6	-11	-45%	-21
Total expenses	**-186**	**-174**	**7%**	**-179**	**4%**	**-365**	**-344**	**6%**	**-698**
Profit before loan losses	**222**	**165**	**35%**	**204**	**9%**	**426**	**355**	**20%**	**744**
Net loan losses	-34	-7	386%	-36	-6%	-70	-42	67%	-128
Gains/losses on disposal of property, equipment and intangible assets	-	0		-		-	0		0
Operating profit	**188**	**158**	**19%**	**168**	**12%**	**356**	**313**	**14%**	**616**
Profit allocation	15	10	50%	11	36%	26	18	44%	44
Operating profit after profit allocation	**203**	**168**	**21%**	**179**	**13%**	**382**	**331**	**15%**	**660**
Internal income	51	-48		33	55%	84	-75		-39
Cost/income ratio, %	44.0	49.9		45.4		44.7	48.0		47.0
Loan loss ratio, %	0.25	0.05		0.26		0.26	0.15		0.24
Allocated capital	5,371	5,083	6%	5,854	-8%	5,371	5,083	6%	5,427
Return on allocated capital, %	11.8	9.8		9.5		10.6	10.3		9.8
Average number of employees	496	484	2%	477	4%	487	475	3%	478
Number of branches	45	45	0%	45	0%	45	45	0%	45

BUSINESS VOLUMES

Average volumes, EUR m	Q2 2013	Q2 2012	Change	Q1 2013	Change	Jan-Jun 2013	Jan-Jun 2012	Change	Full year 2012
Loans to the public									
Household	3,667	3,447	6%	3,598	2%	3,632	3,450	5%	3,480
Corporate	7,955	7,066	13%	7,807	2%	7,881	6,847	15%	7,152
Total	**11,622**	**10,513**	**11%**	**11,405**	**2%**	**11,513**	**10,297**	**12%**	**10,632**
Deposits and borrowing from the public									
Household	1,256	1,272	-1%	1,271	-1%	1,264	1,298	-3%	1,287
Corporate	1,457	2,222	-34%	1,546	-6%	1,502	2,270	-34%	2,135
Total	**2,713**	**3,494**	**-22%**	**2,817**	**-4%**	**2,766**	**3,568**	**-22%**	**3,422**

JANUARY – JUNE 2013 COMPARED WITH JANUARY – JUNE 2012

Financial performance

Operating profit improved by 14 per cent to SEK 356 million (313), chiefly due to rising net interest income.

Net interest income went up by SEK 72 million, or 15 per cent, to SEK 567 million (495), as a result of both growing volumes and higher lending margins. In local currency, net interest income rose by 19 per cent. The fee to the Stabilisation Fund burdened net interest income by SEK -17 million (-22).

Net fee and commission income increased by 9 per cent to SEK 199 million (183), which was attributable to higher commissions from lending and savings. Net gains/losses on financial transactions increased to SEK 22 million (17).

Total expenses rose by 6 per cent to SEK -365 million (-344), chiefly due to increasing costs for internally purchased services. Staff costs rose by 1 per cent, due mainly to a rise of twelve (3 per cent) in the average number of employees.

Loan losses increased to SEK -70 million (-42) and the loan loss ratio was 0.26 per cent (0.15).

Business development

The average volume of lending increased by 12 per cent from the previous year. The Bank's lending to companies increased by 15 per cent, while the average volume of lending to households rose by 5 per cent.

The average volume of deposits from households decreased by 3 per cent, while corporate deposits declined by 34 per cent, since the Bank elected not to compete on price for short-term low-interest volumes.

Q2 2013 COMPARED WITH Q1 2013

Operating profit increased by 12 per cent to SEK 188 million (168). Income increased by 7 per cent, while expenses rose by 4 per cent.

Net interest income grew by 8 per cent to SEK 294 million (273), chiefly due to higher lending volumes and increased lending margins. Adjusted for exchange rate movements and day effects, the increase was 6 per cent.

Expenses rose by SEK 7 million, or 4 per cent, to SEK -186 million (-179), as a result of an increase in other administrative expenses.

Loan losses went down to SEK -34 million (-36), and the loan loss ratio was 0.25 per cent (0.26).

Branch office operations in Norway

Branch office 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 49 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	Q2 2013	Q2 2012	Change	Q1 2013	Change	Jan-Jun 2013	Jan-Jun 2012	Change	Full year 2012
Net interest income	905	757	20%	849	7%	1,754	1,450	21%	3,098
Net fee and commission income	88	86	2%	86	2%	174	150	16%	329
Net gains/losses on financial transactions	23	23	0%	19	21%	42	47	-11%	87
Other income	2	7	-71%	3	-33%	5	15	-67%	15
Total income	**1,018**	**873**	**17%**	**957**	**6%**	**1,975**	**1,662**	**19%**	**3,529**
Staff costs	-159	-172	-8%	-171	-7%	-330	-345	-4%	-700
Other administrative expenses	-54	-61	-11%	-59	-8%	-113	-119	-5%	-235
Internal purchased and sold services	-93	-69	35%	-86	8%	-179	-147	22%	-316
Depreciation and amortisation	-2	-3	-33%	-3	-33%	-5	-6	-17%	-12
Total expenses	**-308**	**-305**	**1%**	**-319**	**-3%**	**-627**	**-617**	**2%**	**-1,263**
Profit before loan losses	**710**	**568**	**25%**	**638**	**11%**	**1,348**	**1,045**	**29%**	**2,266**
Net loan losses	-38	-41	-7%	-63	-40%	-101	-78	29%	-200
Gains/losses on disposal of property, equipment and intangible assets	0	0		0	0%	0	0		0
Operating profit	**672**	**527**	**28%**	**575**	**17%**	**1,247**	**967**	**29%**	**2,066**
Profit allocation	8	6	33%	6	33%	14	13	8%	31
Operating profit after profit allocation	**680**	**533**	**28%**	**581**	**17%**	**1,261**	**980**	**29%**	**2,097**
Internal income	-922	-1,044	12%	-878	-5%	-1,800	-2,185	18%	-4,131
Cost/income ratio, %	30.0	34.7		33.1		31.5	36.8		35.5
Loan loss ratio, %	0.07	0.09		0.12		0.10	0.08		0.1
Allocated capital	11,583	11,267	3%	12,689	-9%	11,583	11,267	3%	11,873
Return on allocated capital, %	18.3	13.9		14.3		16.2	13.1		13.5
Average number of employees	648	651	0%	644	1%	646	651	-1%	647
Number of branches	49	49	0%	49	0%	49	49	0%	49

BUSINESS VOLUMES

Average volumes, NOK bn	Q2 2013	Q2 2012	Change	Q1 2013	Change	Jan-Jun 2013	Jan-Jun 2012	Change	Full year 2012
Loans to the public									
Household	71.2	67.3	6%	70.3	1%	70.7	67.0	6%	67.9
Corporate	109.7	106.5	3%	109.9	0%	109.8	105.7	4%	106.9
Total	**180.9**	**173.8**	**4%**	**180.2**	**0%**	**180.5**	**172.7**	**5%**	**174.8**
Deposits and borrowing from the public									
Household	13.7	13.6	1%	13.5	1%	13.6	12.9	5%	13.3
Corporate	32.4	33.7	-4%	38.7	-16%	35.6	36.2	-2%	36.2
Total	**46.1**	**47.3**	**-3%**	**52.2**	**-12%**	**49.2**	**49.1**	**0%**	**49.5**

JANUARY – JUNE 2013 COMPARED WITH JANUARY – JUNE 2012

Financial performance

Operating profit rose by 29 per cent to SEK 1,247 million (967), mainly due to higher net interest income. Income grew by 19 per cent, while expenses increased by only 2 per cent. Exchange rate movements reduced the operating profit figure by SEK 27 million, and expressed in local currency, operating profit was 33 per cent higher.

Net interest income increased by 21 per cent, or SEK 304 million, to SEK 1,754 million (1,450), mainly due to higher lending margins but also to increasing business volumes. Fees for the Swedish Stabilisation Fund and the Norwegian state deposit guarantee burdened net interest income by SEK -39 million (-52).

Net fee and commission income increased by 16 per cent to SEK 174 million (150), chiefly due to higher commissions on lending and payments.

Expenses rose by 2 per cent to SEK -627 million (-617). Expenses, adjusted for the effects of exchange rate movements, went up by 5 per cent. Staff costs decreased by 4 per cent, and the total increase in expenses was attributable to rising IT expenses and costs for other internally purchased services.

Loan losses increased to SEK -101 million (-78) and the loan loss ratio was 0.10 per cent (0.08).

Business development

Business volumes continued to grow. The average volume of lending rose by 5 per cent, with household lending increasing by 6 per cent and corporate lending by 4 per cent.

The average volume of deposits from households increased by 5 per cent, while corporate deposits went down by 2 per cent.

Q2 2013 COMPARED WITH Q1 2013

Operating profit rose by 17 per cent to SEK 672 million (575), the highest ever figure for an individual quarter. Exchange rate effects reduced operating profit by SEK 8 million.

Net interest income rose by 7 per cent, or SEK 56 million, to SEK 905 million (849), chiefly due to higher lending margins. In local currency, the increase was 8 per cent. The fact that the second quarter was one day longer had a SEK 8 million positive impact on net interest income.

Net fee and commission income increased by 2 per cent to SEK 88 million (86), partly due to higher payment commissions.

Expenses decreased by 3 per cent to SEK -308 million (-319). Adjusted for exchange rate movements, the decrease was 2 per cent. Staff costs fell by SEK 12 million, or 7 per cent, primarily due to lower pension costs.

Loan losses went down to SEK -38 million (-63), and the loan loss ratio was 0.07 per cent (0.12).

Branch office operations in the Netherlands

Since 1 January 2013, branch operations in the Netherlands are organised as a separate 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 15 branches in the Netherlands.

INCOME STATEMENT

SEK m	Q2 2013	Q2 2012	Change	Q1 2013	Change	Jan-Jun 2013	Jan-Jun 2012	Change	Full year 2012
Net interest income	53	42	26%	50	6%	103	82	26%	177
Net fee and commission income	5	8	-38%	6	-17%	11	15	-27%	26
Net gains/losses on financial transactions	1	1	0%	0		1	1	0%	2
Other income	-	-		-		-	-		-
Total income	**59**	**51**	**16%**	**56**	**5%**	**115**	**98**	**17%**	**205**
Staff costs	-23	-19	21%	-22	5%	-45	-37	22%	-77
Other administrative expenses	-5	-6	-17%	-5	0%	-10	-9	11%	-18
Internal purchased and sold services	-15	-8	88%	-11	36%	-26	-15	73%	-37
Depreciation and amortisation	0	0	0%	0	0%	0	-1		-7
Total expenses	**-43**	**-33**	**30%**	**-38**	**13%**	**-81**	**-62**	**31%**	**-139**
Profit before loan losses	**16**	**18**	**-11%**	**18**	**-11%**	**34**	**36**	**-6%**	**66**
Net loan losses	-1	-		-		-1	-		-
Gains/losses on disposal of property, equipment and intangible assets	-	-		-		-	-		-
Operating profit	**15**	**18**	**-17%**	**18**	**-17%**	**33**	**36**	**-8%**	**66**
Profit allocation	1	1	0%	2	-50%	3	1	200%	1
Operating profit after profit allocation	**16**	**19**	**-16%**	**20**	**-20%**	**36**	**37**	**-3%**	**67**
Internal income	-37	-57	35%	-35	-6%	-72	-121	40%	-235
Cost/income ratio, %	71.7	63.5		65.5		68.6	62.6		67.5
Loan loss ratio, %	0.02	-		-		0.01	-		-
Allocated capital	739	512	44%	745	-1%	739	512	44%	540
Return on allocated capital, %	6.6	10.1		8.5		7.6	12.3		10.4
Average number of employees	100	77	29%	95	5%	98	76	29%	82
Number of branches	15	12	25%	15	0%	15	12	25%	13

BUSINESS VOLUMES

Average volumes, EUR m	Q2 2013	Q2 2012	Change	Q1 2013	Change	Jan-Jun 2013	Jan-Jun 2012	Change	Full year 2012
Loans to the public									
Household	442	209	111%	389	14%	415	192	116%	240
Corporate	1,255	1,415	-11%	1,226	2%	1,240	1,410	-12%	1,417
Total	**1,697**	**1,624**	**4%**	**1,615**	**5%**	**1,655**	**1,602**	**3%**	**1,657**
Deposits and borrowing from the public									
Household	26	11	136%	24	8%	25	10	150%	17
Corporate	935	754	24%	639	46%	787	626	26%	633
Total	**961**	**765**	**26%**	**663**	**45%**	**812**	**636**	**28%**	**650**

JANUARY – JUNE 2013 COMPARED WITH JANUARY – JUNE 2012

Financial performance

Operating profit fell to SEK 33 million (36). Income rose by 17 per cent, while continuing investments in operations caused a 31 per cent increase in expenses.

Net interest income rose to SEK 103 million (82), due to higher business volumes.

Expenses increased to SEK -81 million (-62), as a result of the expansion of the branch network and build up of the regional head office. The average number of employees rose to 98 (76).

Loan losses were SEK -1 million (-), and the loan loss ratio was 0.01 per cent (-).

Business development

At the beginning of 2013 the Bank decided to establish a regional bank in the Netherlands, at the same time designating this country as the Group's sixth home market. As at 30 June, the Bank had a total of 15 branches in the Netherlands.

Average deposit volumes grew by 28 per cent to EUR 812 million (636), while lending volumes increased by 3 per cent to EUR 1,665 million (1,602). Business volumes as regards households more than doubled: Household deposits grew by 150 per cent, and the average volume of lending to households increased by 116 per cent.

Q2 2013 COMPARED WITH Q1 2013

Operating profit decreased to SEK 15 million (18), due to higher expenses.

Net interest income increased to SEK 53 million (50), and total income grew by 5 per cent to SEK 59 million (56).

Expenses rose to SEK -43 million (-38), as a result of the continuing investment in operations.

Loan losses were SEK -1 million (-), corresponding to a loan loss ratio of 0.02 per cent.

Handelsbanken International

Handelsbanken International's main task is to support the Bank's home market customers internationally. The Bank has operations in 28 locations in 18 countries outside its home markets.

INCOME STATEMENT

SEK m	Q2 2013	Q2 2012	Change	Q1 2013	Change	Jan-Jun 2013	Jan-Jun 2012	Change	Full year 2012
Net interest income	161	213	-24%	153	5%	314	414	-24%	766
Net fee and commission income	79	83	-5%	81	-2%	160	176	-9%	328
Net gains/losses on financial transactions	27	24	13%	16	69%	43	50	-14%	86
Other income	1	1	0%	3	-67%	4	2	100%	2
Total income	**268**	**321**	**-17%**	**253**	**6%**	**521**	**642**	**-19%**	**1,182**
Staff costs	-129	-135	-4%	-130	-1%	-259	-267	-3%	-526
Other administrative expenses	-43	-49	-12%	-38	13%	-81	-97	-16%	-192
Internal purchased and sold services	-37	-27	37%	-35	6%	-72	-59	22%	-108
Depreciation and amortisation	-3	-5	-40%	-3	0%	-6	-7	-14%	-13
Total expenses	**-212**	**-216**	**-2%**	**-206**	**3%**	**-418**	**-430**	**-3%**	**-839**
Profit before loan losses	**56**	**105**	**-47%**	**47**	**19%**	**103**	**212**	**-51%**	**343**
Net loan losses	-11	-4	175%	4		-7	-4	75%	16
Gains/losses on disposal of property, equipment and intangible assets	0	0	0%	0	0%	0	0	0%	-2
Operating profit	**45**	**101**	**-55%**	**51**	**-12%**	**96**	**208**	**-54%**	**357**
Profit allocation	3	4	-25%	8	-63%	11	8	37%	20
Operating profit after profit allocation	**48**	**105**	**-54%**	**59**	**-19%**	**107**	**216**	**-50%**	**377**
Internal income	-21	-9	-133%	-28	25%	-49	-26	-88%	-44
Cost/income ratio, %	78.2	66.5		78.9		78.6	66.2		69.8
Loan loss ratio, %	0.15	0.04		-0.05		0.05	0.02		-0.04
Allocated capital	4,202	3,882	8%	4,269	-2%	4,202	3,882	8%	4,001
Return on allocated capital, %	3.6	8.1		4.3		3.9	7.9		6.8
Average number of employees	517	534	-3%	519	0%	518	538	-4%	536
Number of branches	19	22	-14%	19	0%	19	22	-14%	19

BUSINESS VOLUMES

Average volumes, SEK bn	Q2 2013	Q2 2012	Change	Q1 2013	Change	Jan-Jun 2013	Jan-Jun 2012	Change	Full year 2012
Loans to the public									
Household	3.4	3.7	-8%	3.4	0%	3.4	3.7	-8%	3.6
Corporate	30.0	34.1	-12%	29.9	0%	30.0	34.2	-12%	33.1
Total	**33.4**	**37.8**	**-12%**	**33.3**	**0%**	**33.4**	**37.9**	**-12%**	**36.7**
Deposits and borrowing from the public									
Household	2.4	3.0	-20%	2.4	0%	2.4	3.1	-23%	2.9
Corporate	21.7	23.2	-6%	23.6	-8%	22.7	24.2	-6%	23.8
Total	**24.1**	**26.2**	**-8%**	**26.0**	**-7%**	**25.1**	**27.3**	**-8%**	**26.7**

JANUARY – JUNE 2013 COMPARED WITH JANUARY – JUNE 2012

Financial performance

Operating profit decreased by 54 per cent to SEK 96 million (208), due to a reduction in business volumes.

Net interest income decreased by 24 per cent, or SEK 100 million, due to lower business volumes and lower margins, principally in Luxembourg and the US.

Net fee and commission income fell by 9 per cent to SEK 160 million (176), mainly due to lower commissions from lending, payments and guarantees.

Net gains/losses on financial transactions, which consist mainly of foreign exchange-related earnings and early redemption charges, decreased to SEK 43 million (50).

Expenses fell by 3 per cent to SEK -418 million (-430), as a result of a smaller number of employees. Other expenses decreased, partly due to lower costs of premises.

Loan losses were SEK -7 million (-4), which corresponds to a loan loss ratio of 0.05 per cent (0.02).

Business development

The average volume of lending decreased by 12 per cent to SEK 33.4 billion (37.9) compared with the corresponding period of the previous year. At the same time, deposits fell by 8 per cent to SEK 25.1 billion (27.3).

Q2 2013 COMPARED WITH Q1 2013

Operating profit decreased by SEK 6 million to SEK 45 million (51). Profit before loan losses rose by 19 per cent to SEK 56 million (47).

Income increased by 6 per cent and expenses by 3 per cent.

Loan losses were SEK -11 million (4).

Handelsbanken Capital Markets

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

In the table below, the income figures and comments for Capital Markets' products throughout the Group are presented first, followed by the equivalent figures and comments for the Handelsbanken Capital Markets segment.

INCOME DISTRIBUTION IN THE GROUP FOR HANDELSBANKEN CAPITAL MARKETS' PRODUCTS

January - June 2013 SEK m	Capital Markets	Branch office operations	Other	Total income in the group from Capital Market's products	Change Jan-Jun 2013 / Jan-Jun 2012
Net interest income	89			89	-76%
Commission income	*1,666*	*786*	*-51*	*2,401*	*10%*
of which brokerage income	*418*	*222*	*-13*	*627*	*1%*
of which mutual funds and custody	*631*	*544*	*-25*	*1,150*	*16%*
of which insurance	*273*	*20*	*-12*	*281*	*-8%*
Net fee and commission income	1,363	761	-12	2,112	10%
Net gains/losses on financial trans.	509	267	-1	775	37%
Risk result - insurance	77			77	3%
Other income	-2			-2	
Total income	**2,036**	**1,028**	**-13**	**3,051**	**4%**

JANUARY – JUNE 2013 COMPARED WITH JANUARY – JUNE 2012

The Group's brokerage income grew by 1 per cent to SEK 627 million (621). Asset management commissions increased by 16 per cent to SEK 1,150 million (991), of which fund commissions increased by 17 per cent to SEK 958 million (817), mainly due to positive value changes in the funds.

Insurance commissions went down to SEK 281 million (304), due to fewer policies with guaranteed rates of return.

Net gains/losses on financial transactions increased by 37 per cent to SEK 775 million (564). Currency transactions related to branch operations, which are included in net gains/losses on financial transactions, resulted in a currency gain of SEK 267 million (267).

Q2 2013 COMPARED WITH Q1 2013

Brokerage income increased by 5 per cent to SEK 321 million (306). Asset management commissions rose by 9 per cent to SEK 601 million (549), chiefly due to larger asset management volumes.

Net gains/losses on financial transactions went up by SEK 103 million to SEK 439 million (336), mainly as a result of increased customer activity for corporate bonds. Currency transactions for customers in the branch operations gave a net gain of SEK 141 million (126).

Business development

Inflows continued to the Bank's mutual funds. Total fund volume, including exchange-traded funds, increased during the first six months of 2013 by 8 per cent or SEK 17 billion to SEK 241 billion (224), of which SEK 10 billion is due to value increases and SEK 7 billion to net inflow. The volume was the highest ever. Xact Fonder is the largest player on the Nordic market for exchange-traded funds, with a market share of 87 per cent of assets under management.

There was a high level of interest in capital market funding and the Bank made 83 bond issues during the first six months of 2013 for a value of over EUR 10 billion. The Bank is one of the largest arrangers of corporate bond issues in Swedish kronor. For example, it arranged the largest Swedish kronor issue ever for a customer without an official credit rating.

In the area of corporate finance, the Bank maintained its strong position and remained the leading adviser in acquisition and sales of companies in both Sweden and the Nordic region.

INCOME STATEMENT IN HANDELSBANKEN CAPITAL MARKETS BUSINESS SEGMENT

All results for Handelsbanken Capital Markets products which are attributable to customers in branch office operations are reported in branch office operations. In the Capital Markets segment, only the results of transactions with institutional counterparties and corporate finance are reported, together with the risk result and yield split in the insurance operations.

SEK m	Q2 2013	Q2 2012	Change	Q1 2013	Change	Jan-Jun 2013	Jan-Jun 2012	Change	Full year 2012
Net interest income	46	195	-76%	43	7%	89	375	-76%	517
Net fee and commission income	703	607	16%	660	7%	1,363	1,262	8%	2,438
Net gains/losses on financial transactions	298	168	77%	211	41%	509	297	71%	658
Risk result - insurance	26	39	-33%	51	-49%	77	75	3%	196
Other income	-6	3		4		-2	7		11
Total income	**1,067**	**1,012**	**5%**	**969**	**10%**	**2,036**	**2,016**	**1%**	**3,820**
Staff costs	-509	-573	-11%	-507	0%	-1,016	-1,156	-12%	-2,255
Other administrative expenses	-208	-204	2%	-185	12%	-393	-421	-7%	-768
Internal purchased and sold services	13	-18		5	160%	18	-49		-127
Depreciation and amortisation	-11	-12	-8%	-14	-21%	-25	-27	-7%	-54
Total expenses	**-715**	**-807**	**-11%**	**-701**	**2%**	**-1,416**	**-1,653**	**-14%**	**-3,204**
Profit before loan losses	**352**	**205**	**72%**	**268**	**31%**	**620**	**363**	**71%**	**616**
Net loan losses									
Gains/losses on disposal of property, equipment and intangible assets	0	-		0	0%	0	-		0
Operating profit	**352**	**205**	**72%**	**268**	**31%**	**620**	**363**	**71%**	**616**
Profit allocation	-239	-192	24%	-201	19%	-440	-357	23%	-779
Operating profit after profit allocation	**113**	**13**		**67**	**69%**	**180**	**6**		**-163**
Internal income	-340	-316	-8%	-372	9%	-712	-613	-16%	-1,167
Cost/income ratio, %	86.4	98.4		91.3		88.7	99.6		105.4
Allocated capital	3,926	4,811	-18%	3,954	-1%	3,926	4,811	-18%	4,187
Return on allocated capital, %	9.0	0.8		5.3		7.1	0.1		-
Average number of employees	1,458	1,563	-7%	1,463	0%	1,461	1,584	-8%	1,550

INCOME DISTRIBUTION

SEK m	Q2 2013	Q2 2012	Change	Q1 2013	Change	Jan-Jun 2013	Jan-Jun 2012	Change	Full year 2012
Asset management *	383	433	-12%	391	-2%	774	822	-6%	1,684
Investment banking	684	579	18%	578	18%	1,262	1,194	6%	2,136
Total income	**1,067**	**1,012**	**5%**	**969**	**10%**	**2,036**	**2,016**	**1%**	**3,820**

* Including Handelsbanken Liv.

JANUARY – JUNE 2013 COMPARED WITH JANUARY – JUNE 2012

Operating profit was up by 71 per cent to SEK 620 million (363). Asset management operations, including Handelsbanken Liv, accounted for SEK 320 million (333) of this, while the profit figure for the investment bank increased to SEK 300 million (30).

Net interest income went down to SEK 89 million (375). However, the decrease should be seen together with net gains/losses on financial transactions, which at the same time increased to SEK 509 million (297).

Net fee and commission income grew by 8 per cent to SEK 1,363 million (1,262), mainly due to higher fund and advisory commissions.

The risk result in Handelsbanken Liv increased to SEK 77 million (75).

Total income grew by 1 per cent to SEK 2,036 million (2,016). At the same time, expenses fell by 14 per cent to SEK -1,416 million (-1,653). The decrease derived from all expense categories. The average number of employees fell by 8 per cent to 1,461 (1,584).

Q2 2013 COMPARED WITH Q1 2013

Operating profit rose by 31 per cent to SEK 352 million (268) due to higher income. Income grew by 10 per cent to SEK 1,067 million (969), mainly because the investment bank boosted its income by 18 per cent to SEK 684 million (578). Asset Management, excluding Handelsbanken Liv, increased its income to SEK 231 million (206).

Net fee and commission income grew by 7 per cent to SEK 703 million (660), mainly due to higher asset management volumes.

Net gains/losses on financial transactions rose by 41 per cent to SEK 298 million (211), mainly due to higher customer activity in the field of corporate bonds.

Expenses rose by 2 per cent to SEK -715 million (-701). Staff costs were more or less unchanged. The average number of employees fell by five to 1,458 (1,463).

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 allocations 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	Q2 2013	Q2 2012	Change	Q1 2013	Change	Jan-Jun 2013	Jan-Jun 2012	Change	Full year 2012
Net interest income	57	102	-44%	142	-60%	199	205	-3%	209
Net fee and commission income	-13	-9	-44%	13		0	25	-100%	114
Net gains/losses on financial transactions	-158	-178	11%	-143	-10%	-301	-211	-43%	-468
Share of profit of associates	2	5	-60%	-5		-3	0		8
Other income	164	152	8%	50	228%	214	160	34%	203
Total income	**52**	**72**	**-28%**	**57**	**-9%**	**109**	**179**	**-39%**	**66**
Staff costs	-692	-654	6%	-676	2%	-1,368	-1,333	3%	-2,745
Other administrative expenses	-557	-477	17%	-554	1%	-1,111	-979	13%	-2,144
Internal purchased and sold services	1,092	982	11%	1,077	1%	2,169	1,974	10%	4,022
Depreciation and amortisation	-64	-63	2%	-65	-2%	-129	-128	1%	-239
Total expenses	**-221**	**-212**	**4%**	**-218**	**1%**	**-439**	**-466**	**-6%**	**-1,106**
Profit before loan losses	**-169**	**-140**	**-21%**	**-161**	**-5%**	**-330**	**-287**	**-15%**	**-1,040**
Net loan losses									
Gains/losses on disposal of property, equipment and intangible assets	1	0		0		1	0		0
Operating profit	**-168**	**-140**	**-20%**	**-161**	**-4%**	**-329**	**-287**	**-15%**	**-1,040**
Profit allocation	0	0	0%	0	0%	0	0	0%	0
Operating profit after profit allocation	**-168**	**-140**	**-20%**	**-161**	**-4%**	**-329**	**-287**	**-15%**	**-1,040**
Internal income	2,037	2,766	-26%	2,206	-8%	4,243	5,721	-26%	10,290
Average number of employees	1,976	1,962	1%	1,976	0%	1,976	1,952	1%	1,960

JANUARY – JUNE 2013 COMPARED WITH JANUARY – JUNE 2012

Operating profit was SEK -329 million (-287). The allocation made to the Oktogonen profit-sharing foundation increased to SEK -512 million (-458). Adjusted for this, operating profit was SEK 183 million (171).

Income decreased to SEK 109 million (179), chiefly due to the result from the liquidity portfolio being higher during the previous year.

Expenses decreased by 6 per cent to SEK -439 million (-466).

Q2 2013 COMPARED WITH Q1 2013

Operating profit was SEK -168 million (-161). Adjusted for the allocation to the Oktogonen profit-sharing foundation, the profit was SEK 88 million (95).

Net interest income decreased to SEK 57 million (142) which was largely offset by the increase in other income to SEK 164 million (50), chiefly as a result of higher dividend income.

KEY FIGURES – THE GROUP

	Q2 2013	Q2 2012	Q1 2013	Jan-Jun 2013	Jan-Jun 2012	Full year 2012
Return on equity, total operations *	15.1%	14.8%	13.8%	14.2%	14.3%	14.9%
Return on equity, continuing operations *	14.9%	14.6%	13.7%	14.1%	14.1%	14.8%
C/I ratio, continuing operations	45.6%	46.8%	47.5%	46.5%	46.6%	47.6%
C/I ratio, continuing operations, incl. loan losses	48.9%	50.1%	50.7%	49.8%	49.9%	51.2%
Earnings per share, total operations, SEK	5.82	5.31	5.47	11.29	10.54	22.34
- after dilution	5.75	5.21	5.41	11.16	10.28	21.85
Dividend, SEK						10.75
Adjusted equity per share, SEK **	162.81	147.87	157.20	162.81	147.87	162.63
Capital ratio, Basel II	21.1%	19.6%	21.1%	21.1%	19.6%	20.7%
Tier 1 ratio, Basel II	20.4%	18.7%	20.4%	20.4%	18.7%	20.4%
requirement Basel II	264%	245%	264%	264%	245%	258%
Average number of employees, continuing operations	11,361	11,095	11,242	11,301	11,115	11,192
Number of branches in Sweden	461	461	461	461	461	461
Number of branches outside Sweden	330	299	321	330	299	313

* 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 obligations.

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

THE HANDELSBANKEN SHARE

	Q2 2013	Q2 2012	Q1 2013	Jan-Jun 2013	Jan-Jun 2012	Full year 2012
Number of converted shares	792,428	2,188,259	1,790,667	2,583,095	4,831,116	8,744,470
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	635,390,207	628,893,758	634,597,779	635,390,207	628,893,758	632,807,112
Number of outstanding shares after dilution, end of period	647,719,618	648,212,372	647,835,385	647,719,618	648,212,372	648,210,569
Average holdings of shares converted during the year	2,411,947	3,803,516	714,286	1,567,806	2,189,583	4,879,731
Average holdings of own shares (repurchased and holdings in trading book)	280,221	664,735	374,600	328,184	451,782	444,293
Average number of outstanding shares	634,938,838	627,201,423	633,146,798	634,046,734	625,800,443	628,498,080
- after dilution	647,555,164	647,549,966	647,316,445	647,362,861	649,923,304	649,930,793
Share price ordinary class A, SEK	269.20	226.70	278.50	269.20	226.70	232.40
Market capitalisation, SEK bn	171	143	177	171	143	147

Condensed set of financial statements – The Group

INCOME STATEMENT – THE GROUP

SEK m		Q2 2013	Q2 2012	Change	Q1 2013	Change	Jan-Jun 2013	Jan-Jun 2012	Change	Full year 2012
Interest income		13,544	16,106	-16%	13,777	-2%	27,321	32,938	-17%	62,814
Interest expense		-6,871	-9,531	-28%	-7,236	-5%	-14,107	-19,803	-29%	-36,733
Net interest income	Note 2	**6,673**	**6,575**	**1%**	**6,541**	**2%**	**13,214**	**13,135**	**1%**	**26,081**
Net fee and commission income	Note 3	1,924	1,825	5%	1,877	3%	3,801	3,717	2%	7,369
Net gains/losses on financial transactions	Note 4	440	219	101%	259	70%	699	563	24%	1,120
Risk result - insurance		26	39	-33%	51	-49%	77	75	3%	196
Other dividend income		155	142	9%	1		156	143	9%	152
Share of profit of associates		2	5	-60%	-5		-3	0		8
Other income		20	34	-41%	76	-74%	96	72	33%	136
Total income		**9,240**	**8,839**	**5%**	**8,800**	**5%**	**18,040**	**17,705**	**2%**	**35,062**
Staff costs		-2,796	-2,785	0%	-2,783	0%	-5,579	-5,566	0%	-11,167
Other administrative expenses	Note 5	-1,304	-1,236	6%	-1,279	2%	-2,583	-2,450	5%	-5,069
Depreciation, amortisation and impairments of property, equipment and intangible assets		-115	-117	-2%	-120	-4%	-235	-239	-2%	-464
Total expenses		**-4,215**	**-4,138**	**2%**	**-4,182**	**1%**	**-8,397**	**-8,255**	**2%**	**-16,700**
Profit before loan losses		**5,025**	**4,701**	**7%**	**4,618**	**9%**	**9,643**	**9,450**	**2%**	**18,362**
Net loan losses	Note 6	-306	-288	6%	-283	8%	-589	-579	2%	-1,251
Gains/losses on disposal of property, equipment and intangible assets		4	0		1	300%	5	0		-3
Operating profit		**4,723**	**4,413**	**7%**	**4,336**	**9%**	**9,059**	**8,871**	**2%**	**17,108**
Taxes		-1,067	-1,113	-4%	-885	21%	-1,952	-2,355	-17%	-3,092
Profit for the period from continuing operations		**3,656**	**3,300**	**11%**	**3,451**	**6%**	**7,107**	**6,516**	**9%**	**14,016**
Profit for the period pertaining to discontinued operations, after tax	Note 7	39	29	34%	15	160%	54	78	-31%	22
Profit for the period		**3,695**	**3,329**	**11%**	**3,466**	**7%**	**7,161**	**6,594**	**9%**	**14,038**
Attributable to										
Shareholders in Svenska Handelsbanken AB		3,695	3,329	11%	3,466	7%	7,161	6,594	9%	14,037
Minority interest		0	0		0		0	0		1

EARNINGS PER SHARE – THE GROUP

	Q2 2013	Q2 2012	Change	Q1 2013	Change	Jan-Jun 2013	Jan-Jun 2012	Change	Full year 2012
Profit for the year, attributable to shareholders in Svenska Handelsbanken AB	3,695	3,329	11%	3,466	7%	7,161	6,594	9%	14,037
- of which interest expense on convertible subordinated loan after tax	-29	-41	-29%	-35	-17%	-64	-89	-28%	-162
Average number of outstanding shares, million	634.9	627.2		633.1		634.0	625.8		628.5
Average number of outstanding shares after dilution, million	647.6	647.5		647.3		647.4	649.9		649.9
Earnings per share, continuing operations, SEK	5.76	5.27	9%	5.45	6%	11.21	10.41	8%	22.30
- after dilution	5.69	5.17	10%	5.39	6%	11.07	10.16	9%	21.82
Earnings per share, discontinued operations, SEK	0.06	0.04	50%	0.02	200%	0.09	0.13	-31%	0.04
- after dilution	0.06	0.04	50%	0.02	200%	0.09	0.12	-25%	0.03
Earnings per share, total operations, SEK	5.82	5.31	10%	5.47	6%	11.29	10.54	7%	22.34
- after dilution	5.75	5.21	10%	5.41	6%	11.16	10.28	9%	21.85

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

STATEMENT OF COMPREHENSIVE INCOME – THE GROUP

SEK m	Q2 2013	Q2 2012	Change	Q1 2013	Change	Jan-Jun 2013	Jan-Jun 2012	Change	Full year 2012
Profit for the period	**3,695**	**3,329**	**11%**	**3,466**	**7%**	**7,161**	**6,594**	**9%**	**14,038**
Other comprehensive income									
Items that cannot be reclassified into profit or loss									
Defined-benefit plans	-933	-1,033	10%	1,143		210	802	-74%	2,583
Taxes on items that cannot be reclassified into profit or loss	204	272	-25%	-251		-47	-211	78%	-568
Total items that cannot be reclassified into profit or loss	**-729**	**-761**	**4%**	**892**		**163**	**591**	**-72%**	**2,015**
Items that can be reclassified into profit or loss									
Cash flow hedges	-2,192	1,689		-346		-2,538	1,378		2,390
Available-for-sale instruments	-268	-474	43%	320		52	235	-78%	984
Translation differences for the period	695	-572		-1,378		-683	-311	-120%	-126
of which hedging net investment in foreign operations	*-628*	*-593*	*-6%*	*-109*	*-476%*	*-737*	*-219*	*-237%*	*486*
Taxes on items that can be reclassified into profit or loss	681	-161		54		735	-355		-913
of which cash flow hedges	*482*	*-444*		*76*		*558*	*-362*		*-565*
of which available-for-sale instruments	*60*	*127*	*-53%*	*-46*		*14*	*-50*		*-248*
of which hedging net investment in foreign operations	*139*	*156*	*-11%*	*24*	*479%*	*163*	*57*	*186%*	*-100*
Total items that can be reclassified into profit or loss	**-1,084**	**482**		**-1,350**	**20%**	**-2,434**	**947**		**2,335**
Total other comprehensive income for the period	**-1,813**	**-279**		**-458**	**-296%**	**-2,271**	**1,538**		**4,350**
Total comprehensive income for the period	**1,882**	**3,050**	**-38%**	**3,008**	**-37%**	**4,890**	**8,132**	**-40%**	**18,388**
Attributable to									
Shareholders in Svenska Handelsbanken AB	1,882	3,050	-38%	3,008	-37%	4,890	8,132	-40%	18,387
Minority interest	0	0	0%	0	0%	0	0	0%	1

Discontinued operations only affects Translation differences for the period in Other comprehensive income.

QUARTERLY PERFORMANCE – THE GROUP

SEK m	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012
Interest income	13,544	13,777	14,428	15,448	16,106
Interest expense	-6,871	-7,236	-7,944	-8,986	-9,531
Net interest income	6,673	6,541	6,484	6,462	6,575
Net fee and commission income	1,924	1,877	1,910	1,742	1,825
Net gains/losses on financial transactions	440	259	366	191	219
Risk result - insurance	26	51	88	33	39
Other dividend income	155	1	1	8	142
Share of profit of associates	2	-5	7	1	5
Other income	20	76	35	29	34
Total income	**9,240**	**8,800**	**8,891**	**8,466**	**8,839**
Staff costs	-2,796	-2,783	-2,923	-2,678	-2,785
Other administrative expenses	-1,304	-1,279	-1,511	-1,108	-1,236
Depreciation, amortisation and impairments of property, equipment and intangible assets	-115	-120	-112	-113	-117
Total expenses	**-4,215**	**-4,182**	**-4,546**	**-3,899**	**-4,138**
Profit before loan losses	**5,025**	**4,618**	**4,345**	**4,567**	**4,701**
Net loan losses	-306	-283	-395	-277	-288
Gains/losses on disposal of property, equipment and intangible assets	4	1	-2	-1	0
Operating profit	**4,723**	**4,336**	**3,948**	**4,289**	**4,413**
Taxes	-1,067	-885	400	-1,137	-1,113
Profit for the period from continuing operations	**3,656**	**3,451**	**4,348**	**3,152**	**3,300**
Profit for the period pertaining to discontinued operations, after tax	39	15	-64	8	29
Profit for the period	**3,695**	**3,466**	**4,284**	**3,160**	**3,329**
Earnings per share, continuing operations, SEK	5.76	5.45	6.88	5.00	5.27
- after dilution	5.69	5.39	6.77	4.93	5.17
Earnings per share, discontinued operations, SEK	0.06	0.02	-0.10	0.01	0.04
- after dilution	0.06	0.02	-0.10	0.01	0.04
Earnings per share, total operations, SEK	5.82	5.47	6.78	5.01	5.31
- after dilution	5.75	5.41	6.67	4.94	5.21

BALANCE SHEET – THE GROUP

SEK m		30 Jun 2013	31 Mar 2013	31 Dec 2012	30 Sep 2012	30 Jun 2012
Assets						
Cash and balances with central banks		211,274	219,746	236,545	341,208	272,483
Other loans to central banks	Note 8	34,327	40,312	12,370	35,777	167,300
Interest-bearing securities eligible as collateral with central banks		54,996	56,866	48,906	50,005	49,316
Loans to other credit institutions	Note 8	71,693	87,206	89,511	84,364	90,927
Loans to the public	Note 8	1,685,665	1,655,041	1,680,479	1,620,505	1,632,464
Value change of interest-hedged item in portfolio hedge		2,396	2,702	5,271	5,792	5,042
Bonds and other interest-bearing securities		65,575	72,049	68,354	69,738	62,657
Shares		38,698	35,488	30,146	25,748	24,892
Investments in associates		277	219	203	195	195
Assets where the customer bears the value change risk		77,144	75,098	69,590	68,788	66,424
Derivative instruments	Note 9	90,141	101,865	110,850	135,490	125,903
Reinsurance assets		1	1	1	1	1
Intangible assets	Note 10	7,747	7,162	7,206	7,068	7,145
Property and equipment		2,183	2,156	2,209	2,201	2,243
Current tax assets		387	365	129	612	271
Deferred tax assets		480	362	350	63	70
Net pension assets		1,043	1,964	766	-	-
Assets held for sale		1,084	985	854	1,019	1,031
Other assets		37,144	21,043	12,812	50,924	25,342
Prepaid expenses and accrued income		7,013	8,250	7,399	8,691	7,854
Total assets		**2,389,268**	**2,388,880**	**2,383,951**	**2,508,189**	**2,541,560**
Liabilities and equity						
Due to credit institutions	Note 11	197,223	213,004	183,945	227,153	265,528
Deposits and borrowing from the public	Note 11	636,776	642,314	682,223	728,572	723,669
Liabilities where the customer bears the value change risk		77,173	75,118	69,638	68,835	66,472
Issued securities		1,209,644	1,158,140	1,151,426	1,150,503	1,167,523
Derivative instruments	Note 9	73,086	92,369	106,044	133,370	116,512
Short positions		20,098	29,040	16,201	19,504	24,626
Insurance liabilities		672	679	666	649	693
Current tax liabilities		928	1,389	497	1,581	966
Deferred tax liabilities		7,363	8,027	8,713	8,540	8,210
Provisions		110	111	120	49	56
Net pension liabilities		-	-	-	124	579
Liabilities related to assets held for sale		549	442	349	351	492
Other liabilities		24,139	24,724	17,848	23,583	24,778
Accrued expenses and deferred income		19,977	23,184	21,264	23,857	23,041
Subordinated liabilities		19,139	19,973	21,167	24,406	25,530
Total liabilities		**2,286,877**	**2,288,514**	**2,280,101**	**2,411,077**	**2,448,675**
Minority interest		2	2	2	1	1
Share capital		2,955	2,951	2,943	2,939	2,924
Share premium		2,798	2,659	2,337	2,191	1,647
Reserves		69	1,882	2,340	36	-472
Retained earnings		89,406	89,406	82,191	82,191	82,191
Profit for the period, attributable to shareholders in Svenska Handelsbanken AB		7,161	3,466	14,037	9,754	6,594
Total equity		**102,391**	**100,366**	**103,850**	**97,112**	**92,885**
Total liabilities and equity		**2,389,268**	**2,388,880**	**2,383,951**	**2,508,189**	**2,541,560**

STATEMENT OF CHANGES IN EQUITY – THE GROUP

January - June 2012 SEK m	Share capital	Share premium	Defined benefit plans	Hedge reserve	Fair value reserve	Translation reserve	Retained earnings	Minority	Total
Opening equity	**2,902**	**793**		**-676**	**-167**	**-1,167**	**92,839**	**0**	**94,524**
Effects of implementing revised IAS 19							-4,552		-4,552
Opening equity after adjustment	**2,902**	**793**		**-676**	**-167**	**-1,167**	**88,287**	**0**	**89,972**
Profit for the period							6,594	0	6,594
Other comprehensive income			591	1,016	185	-254		0	1,538
Total comprehensive income for the period			**591**	**1,016**	**185**	**-254**	**6,594**	**0**	**8,132**
Dividend							-6,110		-6,110
Conversion of convertible subordinated loan issued in 2008	22	854							876
Change of own shares in trading book							14		14
Change of minority interests								1	1
Closing equity	**2,924**	**1,647**	**591**	**340**	**18**	**-1,421**	**88,785**	**1**	**92,885**

January - June 2013 SEK m	Share capital	Share premium	Defined benefit plans	Hedge reserve	Fair value reserve	Translation reserve	Retained earnings	Minority	Total
Opening equity	**2,943**	**2,337**		**1,149**	**569**	**-1,393**	**101,290**	**2**	**106,897**
Effects of implementing revised IAS 19			2,015				-5,062		-3,047
Opening equity after adjustment	**2,943**	**2,337**	**2,015**	**1,149**	**569**	**-1,393**	**96,228**	**2**	**103,850**
Profit for the period							7,161	0	7,161
Other comprehensive income			163	-1,980	66	-520		0	-2,271
Total comprehensive income for the period			**163**	**-1,980**	**66**	**-520**	**7,161**	**0**	**4,890**
Dividend							-6,822		-6,822
Conversion of convertible subordinated loan issued in 2008	12	461							473
Change of minority interests							0	0	0
Closing equity	**2,955**	**2,798**	**2,178**	**-831**	**635**	**-1,913**	**96,567**	**2**	**102,391**

During the period January to June 2013, convertibles for a nominal value of SEK 485 million (907) relating to the 2008 subordinated convertible bond were converted into 2,583,095 Class A shares (4,831,116). At the end of the period, the number of Handelsbanken shares in the trading book was 0 (0).

CONDENSED STATEMENT OF CASH FLOWS – THE GROUP

SEK m	Jan-Jun 2013	Jan-Jun 2012	Full year 2012
Cash flow from operating activities	-22,735	33,524	10,324
Cash flow from investing activities	-481	1,661	3,912
Cash flow from financing activities	-7,808	-14,754	-18,010
Cash flow for the period	**-31,024**	**20,431**	**-3,774**
Liquid funds at beginning of the period	**236,545**	**251,857**	**251,857**
Cash flow for the period	-31,024	20,431	-3,774
Exchange rate differences on liquid funds	5,753	195	-11,538
Liquid funds at end of period	**211,274**	**272,483**	**236,545**

NOTES

Note 1 Accounting policies

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

On 1 January 2013, the revised IAS 19 Employee benefits came into effect for application within the EU. This impacts how Handelsbanken reports defined-benefit pension plans since the "corridor" method for accounting of actuarial gains and losses has been removed. In addition, the current assumption for the return on plan assets has been replaced by an estimated yield equivalent to the discount rate for the pension liability. This impacts the calculation of the pension cost reported in the income statement. Accumulated actuarial gains and losses are reported in the transition against retained earnings. The resulting value changes in obligations and assets are reported in other comprehensive income. This change in policy has resulted in the Group's opening equity at the beginning of 2013 decreasing by SEK 3,047 million. Comparison figures for 2012 have been adjusted and were announced in a press release on 15 April. The adjusted comparison figures are shown in note 22.

IFRS 13 Fair Value Measurement also came into effect for application in the EU on 1 January 2013. The standard deals with common principles for fair value measurement of most of the assets and liabilities at fair value in the accounts, or for which information about fair value must be provided. IFRS 13 clarifies some of the principles for fair value measurement which were previously applied in accordance with IAS 39 Financial Instruments: Recognition and Measurement. The application of IFRS 13 has not affected the values reported for financial instruments to any significant degree. However, the new standard contains more extensive requirements for disclosures of fair value measurement, in particular for fair values in level 3 of the valuation hierarchy. Disclosures of fair value measurement are provided in note 15. This note also provides information about how the credit risk component in derivative contracts is valued.

As of the 2013 financial year, new disclosures are made concerning the set-off of financial assets and liabilities, in compliance with IFRS 7, Financial instruments: Disclosures which came into effect for application in the EU on 1 January 2013. See note 17.

The revised IAS 1 Presentation of financial statements, which came into effect for application in the EU on 1 January 2013, has affected the Bank's presentation of other comprehensive income. Items which will later be reclassified to the income statement are now separated from those items which are not reclassified.

In all other respects, the interim report of the Group and the parent company has been prepared in accordance with the same accounting policies and calculation methods that were applied in the annual report for 2012.

Note 2 Net interest income

SEK m	Q2 2013	Q2 2012	Change	Q1 2013	Change	Jan-Jun 2013	Jan-Jun 2012	Change	Full year 2012
Interest income									
Credit institutions and central banks	375	600	-38%	374	0%	749	1,244	-40%	2,295
Loans to the public	13,205	15,054	-12%	13,193	0%	26,398	30,667	-14%	59,084
Interest-bearing securities eligible as collateral with central banks	972	480	103%	634	53%	1,606	973	65%	1,534
Interest-bearing securities	646	905	-29%	512	26%	1,158	1,825	-37%	1,967
Derivative instruments recognised as hedges	-719	-230	-213%	-554	-30%	-1,273	-369	-245%	-1,198
Other interest income	351	336	4%	383	-8%	734	676	9%	1,498
Total interest income	**14,830**	**17,145**	**-14%**	**14,542**	**2%**	**29,372**	**35,016**	**-16%**	**65,180**
Of which interest income reported in Net gains/losses on financial transactions	1,286	1,039	24%	765	68%	2,051	2,078	-1%	2,366
Interest income according to income statement	**13,544**	**16,106**	**-16%**	**13,777**	**-2%**	**27,321**	**32,938**	**-17%**	**62,814**
Interest expense									
Credit institutions and central banks	-358	-551	-35%	-385	-7%	-743	-1,191	-38%	-2,066
General public	-1,094	-1,905	-43%	-1,232	-11%	-2,326	-3,987	-42%	-7,151
Issued securities	-5,864	-6,538	-10%	-5,687	3%	-11,551	-13,082	-12%	-25,527
Derivative instruments recognised as hedges	1,304	325	301%	1,041	25%	2,345	264		1,529
Subordinated liabilities	-331	-336	-1%	-318	4%	-649	-710	-9%	-1,359
Other interest expense	-1,621	-1,609	1%	-1,358	19%	-2,979	-3,316	-10%	-4,481
Total interest expense	**-7,964**	**-10,614**	**-25%**	**-7,939**	**0%**	**-15,903**	**-22,022**	**-28%**	**-39,055**
Of which interest expense reported in Net gains/losses on financial transactions	-1,093	-1,083	1%	-703	55%	-1,796	-2,219	-19%	-2,322
Interest expense according to income statement	**-6,871**	**-9,531**	**-28%**	**-7,236**	**-5%**	**-14,107**	**-19,803**	**-29%**	**-36,733**
Net interest income	**6,673**	**6,575**	**1%**	**6,541**	**2%**	**13,214**	**13,135**	**1%**	**26,081**

Note 3 Net fee and commission income

SEK m	Q2 2013	Q2 2012	Change	Q1 2013	Change	Jan-Jun 2013	Jan-Jun 2012	Change	Full year 2012
Brokerage and other securities commissions	321	266	21%	306	5%	627	621	1%	1,137
Mutual funds	493	422	17%	465	6%	958	817	17%	1,680
Custody and other asset management fees	108	85	27%	84	29%	192	174	10%	348
Advisory services	71	48	48%	104	-32%	175	118	49%	195
Insurance	140	142	-1%	141	-1%	281	304	-7%	583
Payments	680	670	1%	619	10%	1,299	1,282	1%	2,676
Loans and deposits	286	311	-8%	282	1%	568	609	-7%	1,195
Guarantees	107	124	-14%	108	-1%	215	250	-14%	466
Other	110	102	8%	101	9%	211	210	0%	470
Commission income	**2,316**	**2,170**	**7%**	**2,210**	**5%**	**4,526**	**4,385**	**3%**	**8,750**
Securities commissions	-60	-55	9%	-58	3%	-118	-115	3%	-216
Payment commissions	-308	-264	17%	-253	22%	-561	-506	11%	-1,070
Other commission expenses	-24	-26	-8%	-22	9%	-46	-47	-2%	-95
Commission expense	**-392**	**-345**	**14%**	**-333**	**18%**	**-725**	**-668**	**9%**	**-1,381**
Net fee and commission income	**1,924**	**1,825**	**5%**	**1,877**	**3%**	**3,801**	**3,717**	**2%**	**7,369**

Note 4 Net gains/losses on financial transactions

SEK m	Q2 2013	Q2 2012	Change	Q1 2013	Change	Jan-Jun 2013	Jan-Jun 2012	Change	Full year 2012
Trading, derivatives, FX effect etc	936	-498		634	48%	1,570	263	497%	80
Other financial instruments at fair value in profit/loss	-494	615		-374	-32%	-868	155		732
of which interest-bearing securities	*-472*	*617*		*-319*	*-48%*	*-791*	*179*		*730*
of which loans	*-22*	*-2*		*-55*	*60%*	*-77*	*-24*	*-221%*	*2*
Financial instruments at amortised cost	27	3		-18		9	23	-61%	103
of which loans	*101*	*72*	*40%*	*62*	*63%*	*163*	*130*	*25%*	*329*
of which liabilities	*-74*	*-69*	*-7%*	*-80*	*8%*	*-154*	*-107*	*-44%*	*-226*
Financial instruments available for sale	13	0		-15		-2	15		18
Hedge accounting	-16	91		52		36	117	-69%	205
of which net gains/losses on fair value hedges	*6*	*96*	*-94%*	*15*	*-60%*	*21*	*121*	*-83%*	*210*
of which hedge ineffectiveness	*-27*	*-5*	*-440%*	*37*		*10*	*-4*		*-5*
Gains/losses on unbundled insurance contracts	-26	8		-20	-30%	-46	-10	-360%	-18
Total	**440**	**219**	**101%**	**259**	**70%**	**699**	**563**	**24%**	**1,120**

Note 5 Other administrative expenses

SEK m	Q2 2013	Q2 2012	Change	Q1 2013	Change	Jan-Jun 2013	Jan-Jun 2012	Change	Full year 2012
Property and premises	-281	-279	1%	-281	0%	-562	-569	-1%	-1,232
External IT costs	-421	-387	9%	-422	0%	-843	-772	9%	-1,588
Communication	-90	-99	-9%	-99	-9%	-189	-191	-1%	-345
Travel and marketing	-113	-103	10%	-82	38%	-195	-187	4%	-392
Purchased services	-266	-244	9%	-261	2%	-527	-469	12%	-1,003
Supplies	-51	-45	13%	-46	11%	-97	-95	2%	-190
Other expenses	-82	-79	4%	-88	-7%	-170	-167	2%	-319
Other administrative expenses	**-1,304**	**-1,236**	**6%**	**-1,279**	**2%**	**-2,583**	**-2,450**	**5%**	**-5,069**

Note 6 Loan losses and impaired loans

Loan losses

SEK m	Q2 2013	Q2 2012	Change	Q1 2013	Change	Jan-Jun 2013	Jan-Jun 2012	Change	Full year 2012
Specific provision for individually valued loan receivables									
Provision for the period	-291	-263	11%	-312	-7%	-603	-621	-3%	-1,460
Reversal of previous provisions	69	63	10%	37	86%	106	142	-25%	344
Total	**-222**	**-200**	**11%**	**-275**	**-19%**	**-497**	**-479**	**4%**	**-1,116**
Collective provisions									
Net provision for the period for individually valued receivables	-57	5		5		-52	-7		77
Net provision for the period for homogenous loan receivables	3	4	-25%	0		3	7	-57%	5
Total	**-54**	**9**		**5**		**-49**	**0**		**82**
Other provisions									
Losses on off-balance sheet items	-	-		-		-	-		-
Reversal of losses on off-balance-sheet items	-	0		0		0	0		0
Change in collective provision for off-balance-sheet items	0	-1		-1		-1	4		5
Total	**0**	**-1**		**-1**		**-1**	**4**		**5**
Write-offs									
Actual loan losses for the period	-311	-278	12%	-464	-33%	-775	-666	16%	-1,383
Utilised share of previous provisions	231	129	79%	417	-45%	648	458	41%	975
Recoveries	50	53	-6%	35	43%	85	104	-18%	186
Total	**-30**	**-96**	**-69%**	**-12**	**150%**	**-42**	**-104**	**-60%**	**-222**
									-
Net loan losses	**-306**	**-288**	**6%**	**-283**	**8%**	**-589**	**-579**	**2%**	**-1,251**

Impaired loans

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

SEK m	30 Jun 2013	31 Mar 2013	31 Dec 2012	30 Sep 2012	30 Jun 2012
Impaired loans	7,266	7,006	7,325	7,171	6,872
Specific provision for individually assessed loans	-3,589	-3,522	-3,725	-3,673	-3,608
Provision for collectively assessed homogenous groups of loans with limited value	-103	-113	-115	-118	-110
Collective provisions	-350	-280	-288	-313	-372
Impaired loans, net	**3,224**	**3,091**	**3,197**	**3,067**	**2,782**
Total impaired loans reserve ratio	55.6%	55.9%	56.4%	57.2%	59.5%
Proportion of impaired loans, %	0.19%	0.18%	0.18%	0.18%	0.16%
Impaired loans reserve ratio excl. collective provisions	50.8%	51.9%	52.4%	52.9%	54.1%
Loan loss ratio as a % of loans, accumulated	0.07%	0.06%	0.08%	0.07%	0.07%
Loans past due > 60 days	6,834	6,396	6,988	7,029	6,814
Loans past due > 60 days, which are not impaired	2,382	2,136	2,563	2,715	2,852

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

30 June 2013	Impaired loans				
SEK m	Gross	Provisions	Net*	Of which past due >60 days	Loans past due > 60 days, which are not impaired
Private individuals	1,605	-801	804	696	1,522
Housing co-operative associations	78	-26	52	21	12
Property management	1,198	-420	778	599	367
Manufacturing	1,052	-650	402	208	120
Retail	833	-299	534	401	44
Hotel and restaurant	57	-29	28	28	82
Passenger and goods transport by sea	428	-427	1	1	-
Other transport and communication	131	-71	60	48	2
Construction	199	-118	81	79	88
Electricity, gas and water	88	-26	62	4	7
Agriculture, hunting and forestry	45	-23	22	20	6
Other services	167	-94	73	59	50
Holding, investment and insurance companies, funds etc.	1,236	-609	627	94	3
Other corporate lending	149	-99	50	42	79
Credit institutions	-	-	-	-	-
Total	**7,266**	**-3,692**	**3,574**	**2,300**	**2,382**

* Book value after deduction of specific provisions.

31 December 2012	Impaired loans				
SEK m	Gross	Provisions	Net*	Of which past due >60 days	Loans past due > 60 days, which are not impaired
Private individuals	1,541	-852	689	584	1,611
Housing co-operative associations	32	-17	15	12	46
Property management	1,004	-365	639	365	465
Manufacturing	829	-473	356	174	118
Retail	1,085	-441	644	399	45
Hotel and restaurant	79	-36	43	42	19
Passenger and goods transport by sea	419	-406	13	13	-
Other transport and communication	288	-182	106	105	17
Construction	216	-106	110	107	66
Electricity, gas and water	88	-25	63	1	13
Agriculture, hunting and forestry	26	-15	11	9	36
Other services	415	-213	202	190	59
Holding, investment and insurance companies, funds etc.	1,153	-601	552	25	13
Other corporate lending	150	-108	42	42	55
Credit institutions	-	-	-	-	-
Total	**7,325**	**-3,840**	**3,485**	**2,068**	**2,563**

* 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 Jun 2013	31 Mar 2013	31 Dec 2012	30 Sep 2012	30 Jun 2012
Loans to the public	1,685,665	1,655,041	1,680,479	1,620,505	1,632,464
of which reverse repos	*24,284*	*16,056*	*33,799*	*14,295*	*24,219*
Loans to other credit institutions	71,693	87,206	89,511	84,364	90,927
of which reverse repos	*42,463*	*53,826*	*59,241*	*56,132*	*54,747*
Other loans to central banks	34,327	40,312	12,370	35,777	167,300
of which reverse repos	*505*	*1,389*	*2,820*	*1,440*	*582*

Loans to the public, by sector

	30 June 2013			31 December 2012		
SEK m	Loans gross	Provisions	Loans net	Loans gross	Provisions	Loans net
Private individuals	763,262	-801	762,461	743,454	-852	742,602
of which mortgage loans	*624,775*	*-43*	*624,732*	*607,163*	*-44*	*607,119*
of which other loans with property mortgages	*71,234*	*-20*	*71,214*	*67,031*	*-115*	*66,916*
of which other loans to private individuals	*67,253*	*-738*	*66,515*	*69,260*	*-693*	*68,567*
Housing co-operative associations	135,446	-26	135,420	129,131	-17	129,114
of which mortgage loans	*123,530*	*-9*	*123,521*	*105,421*	*-4*	*105,417*
Property management	445,760	-420	445,340	436,694	-365	436,329
Manufacturing	43,538	-650	42,888	45,170	-473	44,697
Retail	34,053	-299	33,754	33,646	-441	33,205
Hotels and restaurants	7,900	-29	7,871	8,234	-36	8,198
Passenger and goods transport by sea	16,955	-427	16,528	17,839	-406	17,433
Other transport and communication	29,200	-71	29,129	32,406	-182	32,224
Construction	13,771	-118	13,653	13,395	-106	13,289
Electricity, gas, water	22,612	-26	22,586	23,965	-25	23,940
Agriculture, hunting and forestry	9,420	-23	9,397	8,917	-15	8,902
Other services	25,276	-94	25,182	25,558	-213	25,345
Holding, investment, insurance, funds, etc.	88,654	-609	88,045	89,219	-601	88,618
Government and municipalities	18,311	-	18,311	36,711	-	36,711
Other corporate lending	35,549	-99	35,450	40,268	-108	40,160
Total loans to the public, before collective provisions	**1,689,707**	**-3,692**	**1,686,015**	**1,684,607**	**-3,840**	**1,680,767**
Collective provisions			-350			-288
Total loans to the public			**1,685,665**			**1,680,479**

Specification of Loans to the public – Property management

	30 June 2013			31 December 2012		
SEK m	Loans gross	Provisions	Loans net	Loans gross	Provisions	Loans net
Loans in Sweden						
State-owned property companies	7,800	-	7,800	9,213	-	9,213
Municipal-owned property companies	15,428	-	15,428	14,468	-	14,468
Residential property companies	73,509	-10	73,499	72,894	-13	72,881
of which mortgage loans	*56,709*	*-1*	*56,708*	*52,759*	*-3*	*52,756*
Other property management	147,230	-108	147,122	145,066	-129	144,937
of which mortgage loans	*64,713*	*-2*	*64,711*	*61,097*	*-5*	*61,092*
Total loans in Sweden	**243,967**	**-118**	**243,849**	**241,641**	**-142**	**241,499**
Loans outside Sweden						
Denmark	11,758	-100	11,658	10,623	-96	10,527
Finland	21,521	-11	21,510	19,481	-10	19,471
Norway	78,804	-98	78,706	80,549	-74	80,475
UK	73,894	-64	73,830	69,699	-20	69,679
The Netherlands	8,340	-	8,340			
Other countries	7,476	-29	7,447	14,701	-23	14,678
Total loans outside Sweden	**201,793**	**-302**	**201,491**	**195,053**	**-223**	**194,830**
Total loans - Property management	**445,760**	**-420**	**445,340**	**436,694**	**-365**	**436,329**

Credit risk exposure

SEK m	30 Jun 2013	31 Mar 2013	31 Dec 2012	30 Sep 2012	30 Jun 2012
Loans to the public	1,685,665	1,655,041	1,680,479	1,620,505	1,632,464
of which reverse repos	*24,284*	*16,056*	*33,799*	*14,295*	*24,219*
Loans to other credit institutions	71,693	87,206	89,511	84,364	90,927
of which reverse repos	*42,463*	*53,826*	*59,241*	*56,132*	*54,747*
Unutilised part of granted overdraft facilities	120,103	120,386	132,534	125,266	125,622
Committed loan offers	247,482	240,965	239,774	238,672	240,475
Other commitments	10,637	21,851	20,779	8,214	12,080
Guarantees, credits	10,145	10,364	10,723	10,702	15,346
Guarantees, other	59,186	56,416	39,913	39,310	41,456
Documentary credits	8,187	9,609	30,164	33,686	33,650
Derivative instruments *	90,141	101,865	110,850	135,490	125,903
Treasury bills and other eligible bills	54,996	56,866	48,906	50,005	49,316
Bonds and other interest-bearing securities	65,575	72,049	68,354	69,738	62,657
Total	**2,423,810**	**2,432,618**	**2,471,987**	**2,415,952**	**2,429,896**

* Refers to the total of positive market values.

Note 9 Derivatives

SEK m	30 Jun 2013	31 Mar 2013	31 Dec 2012	30 Sep 2012	30 Jun 2012
Positive market values					
Trading	68,361	77,735	83,357	105,761	99,919
Fair value hedges	9,589	13,143	21,702	23,255	20,232
Cash flow hedges	12,191	10,987	5,791	6,474	5,752
Total	**90,141**	**101,865**	**110,850**	**135,490**	**125,903**
Negative market values					
Trading	59,636	74,343	85,933	111,150	101,132
Fair value hedges	2,503	2,814	12,112	13,495	8,907
Cash flow hedges	10,947	15,212	7,999	8,725	6,473
Total	**73,086**	**92,369**	**106,044**	**133,370**	**116,512**
Nominal value					
Trading	7,106,437	7,116,556	7,185,555	9,714,008	11,049,529
Fair value hedges	272,337	308,575	518,885	552,160	499,553
Cash flow hedges	510,452	392,017	268,215	269,158	235,292
Total	**7,889,226**	**7,817,148**	**7,972,655**	**10,535,326**	**11,784,374**

Note 10 Goodwill and other intangible assets

	Total			Other intangible assets			**Total**		
SEK m	Jan-Jun 2013	Jan-Jun 2012	Full year 2012	Jan-Jun 2013	Jan-Jun 2012	Full year 2012	**Jan-Jun 2013**	**Jan-Jun 2012**	**Full year 2012**
Opening residual value	6,273	6,352	6,352	933	727	727	**7,206**	**7,079**	**7,079**
Additional during the period	144	-	-	449	164	333	**593**	**164**	**333**
The period's amortisation	-	-	-	-68	-60	-118	**-68**	**-60**	**-118**
The period's impairments	-	-	-	-	-3	-3	**-**	**-3**	**-3**
Foreign exchange effect	11	-34	-79	5	-1	-6	**16**	**-35**	**-85**
Closing residual value	**6,428**	**6,318**	**6,273**	**1,319**	**827**	**933**	**7,747**	**7,145**	**7,206**

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

SEK m	30 Jun 2013	31 Mar 2013	31 Dec 2012	30 Sep 2012	30 Jun 2012
Due to credit institutions	197,223	213,004	183,945	227,153	265,528
of which repos	*2,097*	*3,200*	*2,391*	*1,326*	*4,271*
Deposits and borrowing from the public	636,776	642,314	682,223	728,572	723,669
of which repos	*12,289*	*5,204*	*12,294*	*9,004*	*11,854*

Note 12 Turnover of own debt instruments and shares

The Handelsbanken Group issues and repurchases debt instruments and equity-related securities which it has issued on its own account. This turnover is mainly intended as part of the Bank's securities operations and also as a component in financing its operations. During the period January to June 2013, the turnover was:

Interest-bearing securities, bonds and certificates (SEK billion):	Group	Parent company
Issued (sold):	828	480
Repurchased (bought):	134	15
Repaid:	619	434
Equity-related securities (SEK billion):		
Issued (sold):	0.3	0.3
Repurchased (bought):	0.3	0.3

Note 13 Assets pledged, contingent liabilities and other commitments

SEK m	30 Jun 2013	31 Mar 2013	31 Dec 2012	30 Sep 2012	30 Jun 2012
Assets pledged for own debt	763,360	747,573	750,684	747,190	745,345
Other pledged assets	35,612	33,027	2,564	5,154	5,434
Contingent liabilities	77,556	76,389	80,823	83,708	90,462
Other commitments	378,222	383,202	393,087	372,152	378,177

The total contingent liabilities mainly consist of credit guarantees. This amount includes SEK 35 million (20) relating to a number of civil actions which the Group is bringing in courts of law.

Note 14 Classification of financial assets and liabilities

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

30 June 2013	At fair value in income statement divided into									
SEK m	Trading	Other	Derivatives identified as hedge instruments	Investments held to maturity	Loans and other receivables	Financial assets available for sale	Other financial assets/ liabilities	Non-financial assets / liabilities	**Total carrying amount**	Fair value
Assets										
Cash and balances with central banks					210,593			681	**211,274**	211,274
Other loans to central banks					34,327				**34,327**	34,327
Interest-bearing securities eligible as collateral with central banks	32,579	17,338		3,718		1,361			**54,996**	55,039
Loans to other credit institutions					71,693				**71,693**	71,132
Loans to the public		3,191			1,682,474				**1,685,665**	1,696,406
Value change of interest hedged item in portfolio hedge					2,396				**2,396**	
Bonds and other interest-bearing securities	28,773	34,670		931		1,201			**65,575**	65,572
Shares	32,050	1,384				5,264			**38,698**	38,698
Investments in associates							277		**277**	277
Assets where the customer bears the value change risk		74,759			2,385				**77,144**	77,144
Derivative instruments	68,361		21,780						**90,141**	90,141
Other assets	42				36,844		213	45	**37,144**	37,144
Prepaid expenses and accrued income	599	403		32	4,299	0		1,680	**7,013**	7,013
Total financial assets	**162,404**	**131,745**	**21,780**	**4,681**	**2,045,011**	**7,826**	**490**	**2,406**	**2,376,343**	**2,384,167**
Other non-financial assets									12,925	
Total assets									**2,389,268**	
Liabilities										
Due to credit institutions							197,223		**197,223**	198,666
Deposits and borrowing from the public							636,776		**636,776**	636,829
Liabilities where the customer bears the value change risk		74,788					2,385		**77,173**	77,173
Issued securities	15,296						1,194,348		**1,209,644**	1,223,816
Derivative instruments	59,636		13,450						**73,086**	73,086
Short positions	20,098								**20,098**	20,098
Other liabilities	26						24,109	4	**24,139**	24,139
Accrued expenses and deferred income	677						14,813	4,487	**19,977**	19,977
Subordinated liabilities							19,139		**19,139**	20,368
Total financial liabilities	**95,733**	**74,788**	**13,450**				**2,088,793**	**4,491**	**2,277,255**	**2,294,152**
Other non-financial liabilities									9,622	
Total liabilities									**2,286,877**	

31 December 2012	At fair value in income statement divided into									
SEK m	Trading	Other	Derivatives identified as hedge instruments	Investments held to maturity	Loans and other receivables	Financial assets available for sale	Other financial assets/ liabilities	Non-financial assets / liabilities	**Total carrying amount**	Fair value
Assets										
Cash and balances with central banks					234,932			1,613	**236,545**	236,545
Other loans to central banks					12,370				**12,370**	12,370
Interest-bearing securities eligible as collateral with central banks	26,474	17,622		3,759		1,051			**48,906**	48,973
Loans to other credit institutions					89,511				**89,511**	89,292
Loans to the public		4,078			1,676,401				**1,680,479**	1,689,938
Value change of interest hedged item in portfolio hedge					5,271				**5,271**	
Bonds and other interest-bearing securities	30,535	35,073		1,340		1,406			**68,354**	68,351
Shares	23,078	1,863				5,205			**30,146**	30,146
Investments in associates							203		**203**	203
Assets where the customer bears the value change risk		68,565			1,025				**69,590**	69,590
Derivative instruments	83,357		27,493						**110,850**	110,850
Other assets	28				12,774			10	**12,812**	12,812
Prepaid expenses and accrued income	229	1,043		118	4,454	0		1,555	**7,399**	7,399
Total financial assets	**163,701**	**128,244**	**27,493**	**5,217**	**2,036,738**	**7,662**	**203**	**3,178**	**2,372,436**	**2,376,469**
Other non-financial assets									11,515	
Total assets									**2,383,951**	
Liabilities										
Due to credit institutions							183,945		**183,945**	186,259
Deposits and borrowing from the public							682,223		**682,223**	682,320
Liabilities where the customer bears the value change risk		68,613					1,025		**69,638**	69,638
Issued securities	13,756						1,137,670		**1,151,426**	1,167,175
Derivative instruments	85,933		20,111						**106,044**	106,044
Short positions	16,201								**16,201**	16,201
Other liabilities	19						17,206	623	**17,848**	17,848
Accrued expenses and deferred income	54						16,445	4,765	**21,264**	21,264
Subordinated liabilities							21,167		**21,167**	22,507
Total financial liabilities	**115,963**	**68,613**	**20,111**				**2,059,681**	**5,388**	**2,269,756**	**2,289,256**
Other non-financial liabilities									10,345	
Total liabilities									**2,280,101**	

Note 15 Fair value measurement of financial assets and liabilities

The tables show the valuation technique applied for financial assets and liabilities at fair value. Level 1 comprises instruments for which there are listed prices on an active market. Level 2 comprises instruments which have been indirectly valued using market information. Level 3 consists of instruments whose valuation depends materially upon a variable that is not directly available on the market.

30 June 2013 SEK m	Level 1	Level 2	Level 3	**Total**
Assets				
Interest-bearing securities eligible as collateral with central banks	51,264	14	-	51,278
Loans to the public	-	3,170	21	3,191
Bonds and other interest-bearing securities	42,187	22,457	-	64,644
Shares	34,727	2,606	1,365	38,698
Assets where the customer bears the value change risk	74,759	-	-	74,759
Derivative instruments	1,556	88,585	-	90,141
Total financial assets at fair value	**204,493**	**116,832**	**1,386**	**322,711**
Liabilities				
Liabilities where the customer bears the value change risk	74,788	-	-	74,788
Issued securities	4	15,212	80	15,296
Derivative instruments	2,260	70,826	-	73,086
Short positions	19,135	963	-	20,098
Total financial liabilities at fair value	**96,187**	**87,001**	**80**	**183,268**

31 December 2012 SEK m	Level 1	Level 2	Level 3	**Total**
Assets				
Interest-bearing securities eligible as collateral with central banks	44,808	339	-	45,147
Loans to the public	-	4,054	24	4,078
Bonds and other interest-bearing securities	53,204	13,810	-	67,014
Shares	28,060	526	1,560	30,146
Assets where the customer bears the value change risk	68,565	-	-	68,565
Derivative instruments	1,242	109,608	-	110,850
Total financial assets at fair value	**195,879**	**128,337**	**1,584**	**325,800**
Liabilities				
Liabilities where the customer bears the value change risk	68,613	-	-	68,613
Issued securities	5	13,674	77	13,756
Derivative instruments	2,508	103,536	-	106,044
Short positions	15,430	771	-	16,201
Total financial liabilities at fair value	**86,556**	**117,981**	**77**	**204,614**

Changed holdings in level 3

January - June 2013 SEK m	Bonds and other interest-bearing securities	Shares	Derivatives, net position	Loans to the public	Issued securities
Carrying amount at beginning of year	-	1,560	-	24	-77
New acquisition	-	73	-	-	0
Sold during the period	-	-369	-	-	0
Matured during the period	-	-	-	-1	-
Realised value change in income statement	-	-1	-	-	-
Unrealised value change in income statement	-	94	-	0	-3
Value change recognised in other comprehensive income	-	8	-	0	-
Transfer from level 1 or 2	-	-	-	0	-
Transfer to level 1 or 2	-	-	-	-2	-
Carrying amount at end of period	**-**	**1,365**	**-**	**21**	**-80**

January - December 2012 SEK m	Bonds and other interest-bearing securities	Shares	Derivatives, net position	Loans to the public	Issued securities
Carrying amount at beginning of year	-	1,802	-3	25	-77
New acquisition	-	84	-	-	-
Sold during the period	-	-397	-	-	2
Matured during the period	-	-	-	-6	-
Realised value change in income statement	-	76	-	-	-
Unrealised value change in income statement	-	23	-	0	-2
Value change recognised in other comprehensive income	-	-28	-	-1	-
Transfer from level 1 or 2	-	-	-	6	-
Transfer to level 1 or 2	-	-	3	-	-
Carrying amount at end of period	**-**	**1,560**	**-**	**24**	**-77**

Handelsbanken's independent risk control function is responsible for checking and validating the valuation of financial instruments at fair value, including categorisation in terms of how the valuations have been carried out and the extent of market data used. The categorisation is based on an assessment of the market activity and the input data used in the valuation. This is shown in levels 1–3 in the table. In general, the valuations are based on externally generated data as far as is possible based on the circumstances in each case. When choosing the valuation model, models that are established in the market are mainly used. 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.

Financial instruments are valued at their current market price at the balance sheet date, providing that price information is easily available and that it is representative of real and frequently occurring transactions in an active market. 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 treated as being the same as the mid-market price on the balance sheet date, if the Bank's overall risk positions essentially balance each other.

Financial instruments which are valued at the current market price are categorised as level 1. These financial instruments mainly comprise government instruments and other interest-bearing securities that are traded actively, listed equities and short positions in corresponding assets. Level 1 also includes shares in mutual funds and other assets related to unit-linked contracts and similar agreements and the corresponding items on the liability side (assets and liabilities where the customer bears the value change risk).

For financial instruments where there is no reliable information about market prices, fair value is established using valuation models. These models may be based on comparisons with recently performed transactions in the same instrument or instruments with similar characteristics. Where such a market approach is not possible or appropriate, valuation models based on the present value calculation of expected cash flows or option valuation models are generally used, depending on the nature of the instrument. The valuations are based on input data in the form of market interest rates and equity prices together with adjustments for other variables which a market player would be expected to take into consideration when pricing.

In the model valuation of derivatives, the positive differences between the value calculated at initial recognition and the transaction price (day 1 result), are distributed over the life of the financial instrument. Such differences occur when the applied valuation model does not capture all the components in the value of the derivative in full. As a consequence of the application of this principle, SEK 38 million has been amortised in net gains/losses on financial transactions during the period January – June 2013. At the end of the period, day 1 gains not recognised as income amounted to SEK 380 million (341). In addition, the Bank makes an independent valuation of the total credit risk components (own credit risk as well as counterparty risk) in outstanding OTC derivatives. Changes in fair value due to worsened credit risk are recognised in profit/loss to the extent that the effect exceeds non-amortised day 1 gains.

Financial instruments which are valued using valuation models which substantially are based on market data are categorised as level 2. Level 2 mainly includes interest-bearing securities and fixed-income and currency-related derivatives. During the period January – June 2013, interest-bearing securities worth SEK 605 million were moved

from level 2 to level 1 due to increased market activity. In addition, interest-bearing securities worth SEK 14 million were moved from level 1 to level 2 due to decreased trading.

Financial instruments valued using a model where input data that has not been possible to verify using external market information has had a material effect on the valuation, are categorised as level 3. These holdings mainly comprise investments in private equity funds in the insurance operations and unlisted shares.

Investments in private equity funds are valued using valuation models mainly based on a relative valuation of comparable listed companies in the same sector. The measurements of profit used in the comparison are adjusted for factors which distort the comparison between the investment and the company used for comparison. After this, the valuation is based on earnings multiples, e.g. P/E ratios. All investments in private equity funds are plan assets in the Group's insurance operations. Value changes in these holdings are therefore included in the basis for calculating the yield split in the insurance operations.

The Group's holdings of unlisted securities mainly consist of the Bank's participating interests in various types of joint operations which are related to the Bank's business. For example, these may be participating interests in clearing organisations and 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. Changes in level 3 holdings during the period are shown in a separate table. In all material respects, unlisted shares are classified as available for sale. Value changes for these holdings are thus reported in other comprehensive income.

Level 3 also includes loans at fair value and for which the valuation has largely been affected by a credit risk assumption which cannot be verified with externally generated data. A reasonable possible change in these credit risk assumptions would not have any significant effect on the Group's financial position or profit. Changes in value of loans at fair value are reported in net gains/losses on financial transactions.

Note 16 Business combinations

On 24 May 2013, the acquisition of Heartwood Wealth Group Limited was completed with pertaining rights, asset management agreements and subsidiaries etc. Heartwood Wealth Group Limited thus became a wholly-owned subsidiary of Handelsbanken. Heartwood manages around GBP 1.6 billion and has some 90 employees. The company has operations in London and Tunbridge Wells. It offers services such as discretionary management, financial advice and pension solutions.

To establish a preliminary acquisition balance sheet at the time of consolidation, the cost of acquisition at fair value in accordance with IFRS 3 was set at approximately GBP 44 million. The acquisition analysis includes fair value measurement of the assets and liabilities in Heartwood, identifiable intangible assets, valuation of contingent liabilities, deferred taxes and maximum additional purchase price subject to certain conditions.

The table below shows how the cost of acquisition in the acquisition balance sheet was allocated over the acquired assets and liabilities in Heartwood at the time of the acquisition. The lower part of the table shows the carrying amounts and fair values for Heartwood's assets and liabilities.

The goodwill arising from the acquisition is mainly due to the synergy effects with Handelsbanken's established operations in the UK and personnel-related resources. In addition to goodwill, at the time of the acquisition a customer-related intangible asset and the Heartwood brand were identified, the values of which can be reliably measured and which are therefore reported separately from goodwill.

Since the acquisition, Heartwood has contributed SEK 17 million to the year's income. The contribution to the year's profit is only marginal. If Heartwood had been included in the consolidated accounts from 1 January 2013, the company would have contributed SEK 75 million to the Group's income. The impact on the year's profit would have been only marginal.

SEK m	
Recognised cost of acquisition according to IFRS 3	**446**
Fair value of carried assets (as specified below)	101
Identifiable intangible assets	260
Deferred tax	-59
Total net assets acquired	**302**
Acquisition goodwill	**144**

SEK m	Fair value upon acquisition	Carrying amount in Heartwood before acquisition
Loans to credit institutions	93	93
Intangible assets	-	58
Property and equipment	7	7
Other assets	34	34
Total assets	**134**	**192**
Other liabilities	33	33
Total liabilities	**33**	**33**
Total net assets	**101**	**159**

Note 17 Offsetting of financial instruments

30 June 2013 SEK m	Derivatives	Repurchase agreements, securities lending/borrowing and similar agreements	**Total**
Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements			
Gross amounts of recognised financial assets	91,782	70,981	162,763
Gross amounts of recognised financial liabilities set off in the statement of financial position	-1,641	-	-1,641
Net amounts of financial assets presented in the statement of financial position	**90,141**	**70,981**	**161,122**
Related amounts not set off in the balance sheet			
Financial instruments not set off in the balance sheet	-54,539	-	-54,539
Collateral received	-11,824	-70,929	-82,753
Net amount	**23,778**	**52**	**23,830**
Financial liabilities subject to offsetting, enforceable master netting agreements and similiar agreements			
Gross amounts of recognised financial liabilities	74,727	14,386	89,113
Gross amounts of recognised financial assets set off in the statement of financial position	-1,641	-	-1,641
Net amounts of financial liabilities presented in the statement of financial position	**73,086**	**14,386**	**87,472**
Related amounts not set off in the balance sheet			
Financial instruments not set off in the balance sheet	-54,539	-	-54,539
Assets pledged	-4,255	-13,339	-17,594
Net amount	**14,292**	**1,047**	**15,339**

31 December 2012 SEK m	Derivatives	Repurchase agreements, securities lending/borrowing and similar agreements	**Total**
Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements			
Gross amounts of recognised financial assets	114,799	96,313	211,112
Gross amounts of recognised financial liabilities set off in the statement of financial position	-3,949	-	-3,949
Net amounts of financial assets presented in the statement of financial position	**110,850**	**96,313**	**207,163**
Related amounts not set off in the balance sheet			
Financial instruments not set off in the balance sheet	-78,534	-	-78,534
Collateral received	-9,230	-96,290	-105,520
Net amount	**23,086**	**23**	**23,109**
Financial liabilities subject to offsetting, enforceable master netting agreements and similiar agreements			
Gross amounts of recognised financial liabilities	109,993	14,686	124,679
Gross amounts of recognised financial assets set off in the statement of financial position	-3,949	-	-3,949
Net amounts of financial liabilities presented in the statement of financial position	**106,044**	**14,686**	**120,730**
Related amounts not set off in the balance sheet			
Financial instruments not set off in the balance sheet	-78,534	-	-78,534
Assets pledged	-6,647	-14,686	-21,333
Net amount	**20,863**	**-**	**20,863**

Derivatives are set off in the balance sheet if the Bank has a contractual right to set off the items and intends to settle the payments simultaneously with a net amount. The remaining counterparty risk in derivatives is reduced through netting agreements, which involve setting off positive values against negative values for all derivative transactions with the same counterparty. 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 for these transactions is mainly cash, but government securities are also used. Collateral for repurchase agreements and lending and borrowing of securities is usually in the form of cash or other securities.

Note 18 Assets and liabilities by currency

30 June 2013 SEK m	SEK	EUR	NOK	DKK	GBP	USD	Other currencies	Total
Assets								
Cash and balances with central banks	430	61,236	7,261	71	4	141,819	453	211,274
Other loans to central banks	11,561			16,318	6,448			34,327
Loans to other credit institutions	10,442	10,259	145	139	578	48,130	2,000	71,693
Loans to the public	1,122,871	160,027	189,454	59,163	116,964	27,755	9,431	1,685,665
of which corporates	*508,900*	*120,761*	*108,080*	*25,394*	*84,104*	*27,674*	*8,126*	*883,039*
of which households	*613,971*	*39,266*	*81,374*	*33,769*	*32,860*	*81*	*1,305*	*802,626*
Interest-bearing securities eligible as collateral with central banks	27,751	3,435	1,759	5		20,689	1,357	54,996
Bonds and other interest-bearing securities	53,157	5,628	5,300	136		1,252	102	65,575
Other items not broken down by currency	265,738							265,738
Total assets	**1,491,950**	**240,585**	**203,919**	**75,832**	**123,994**	**239,645**	**13,343**	**2,389,268**
Liabilities								
Due to credit institutions	32,440	52,967	11,661	3,896	6,813	72,945	16,501	197,223
Deposits and borrowing from the public	413,877	64,830	44,469	25,456	46,913	35,477	5,754	636,776
of which corporates	*181,765*	*52,388*	*27,989*	*14,210*	*39,974*	*33,945*	*5,548*	*355,819*
of which households	*232,112*	*12,442*	*16,480*	*11,246*	*6,939*	*1,532*	*206*	*280,957*
Issued securities	472,923	257,164	19,677	375	73,498	368,053	17,954	1,209,644
Subordinated liabilities	10,476	4,375			3,091	181	1,016	19,139
Other items not broken down by currency, incl. Equity	326,486							326,486
Total liabilities and equity	**1,256,202**	**379,336**	**75,807**	**29,727**	**130,315**	**476,656**	**41,225**	**2,389,268**
Other assets and liabilities broken down by currency and off-balance sheet items		138,784	-128,079	-46,071	6,320	237,006	27,924	
Net foreign currency position		**33**	**33**	**34**	**-1**	**-5**	**42**	**136**

31 December 2012 SEK m	SEK	EUR	NOK	DKK	GBP	USD	Other currencies	Total
Assets								
Cash and balances with central banks	1,333	77,689	8,628	73	4	148,320	498	236,545
Other loans to central banks	2,444	-422	375	9,875	98			12,370
Loans to other credit institutions	9,928	11,844	2,845	250	134	60,822	3,688	89,511
Loans to the public	1,126,737	150,201	199,231	54,637	110,953	27,488	11,232	1,680,479
of which corporates	*529,830*	*114,036*	*115,970*	*23,374*	*80,975*	*27,426*	*9,808*	*901,419*
of which households	*596,907*	*36,165*	*83,261*	*31,263*	*29,978*	*62*	*1,424*	*779,060*
Interest-bearing securities eligible as collateral with central banks	28,612	3,332	183	5		15,727	1,047	48,906
Bonds and other interest-bearing securities	57,812	5,971	3,081	107		1,251	132	68,354
Other items not broken down by currency	247,786							247,786
Total assets	**1,474,652**	**248,615**	**214,343**	**64,947**	**111,189**	**253,608**	**16,597**	**2,383,951**
Liabilities								
Due to credit institutions	27,773	46,440	12,076	12,109	3,811	66,438	15,298	183,945
Deposits and borrowing from the public	413,908	65,822	57,421	23,578	43,836	72,803	4,855	682,223
of which corporates	*192,469*	*53,594*	*41,591*	*13,088*	*37,894*	*71,543*	*4,631*	*414,810*
of which households	*221,439*	*12,228*	*15,830*	*10,490*	*5,942*	*1,260*	*224*	*267,413*
Issued securities	478,244	268,211	15,999	365	64,320	310,628	13,659	1,151,426
Subordinated liabilities	10,896	4,655			4,300	186	1,130	21,167
Other items not broken down by currency, incl. Equity	345,190							345,190
Total liabilities and equity	**1,276,011**	**385,128**	**85,496**	**36,052**	**116,267**	**450,055**	**34,942**	**2,383,951**
Other assets and liabilities broken down by currency and off-balance sheet items		136,415	-128,745	-28,910	5,010	196,266	18,627	
Net foreign currency position		**-98**	**102**	**-15**	**-68**	**-181**	**282**	**22**

Note 19 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 20 Capital base and capital requirement in the banking group

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

Capital base

SEK m	30 Jun 2013	31 Mar 2013	31 Dec 2012	30 Sep 2012	30 Jun 2012
TIER 1 CAPITAL					
Equity, group	102,391	100,366	103,850	97,112	92,885
Accrued dividend, current year	-3,415	-1,707	-6,804	-4,621	-3,066
Dividend for previous year (unpaid)	-	-	-	-	-
Deduction of equity outside the banking group	1,829	1,843	-1,018	-1,020	-1,034
Difference in earnings between the banking group and the Group	-227	-174	2,851	2,930	3,026
Minority interests, group	-2	-2	-2	-1	-1
Equity, capital base	**100,576**	**100,326**	**98,877**	**94,400**	**91,810**
Minority interests, banking group	569	563	572	559	549
Deducted items					
Goodwill and other intangible assets	-8,136	-7,533	-7,458	-7,285	-7,350
Revaluation reserve	-104	-106	-108	-109	-111
Deferred tax assets	-64	-66	-61	-72	-80
Price adjustments for positions reported at fair value	-14	-12	-14	-14	-20
Special deduction for IRB institutions	-926	-1,111	-1,094	-1,050	-1,097
Capital contribution in companies outside the banking group	-3,691	-3,691	-1,483	-1,483	-1,483
Positions in securitisation	-256	-248	-248	-207	-218
Adjustments in accordance with stability filter					
Cash flow hedges	831	-879	-1,149	-576	-339
Unrealised accumulated gains, shares	-838	-1,043	-797	-524	-285
Unrealised accumulated gains/losses, fixed income instruments	147	144	170	178	212
Total core tier 1 capital	**88,094**	**86,344**	**87,207**	**83,817**	**81,588**
Innovative tier 1 capital contributions	7,785	8,715	9,323	9,513	10,298
Non-innovative tier 1 capital contributions	2,900	2,902	2,903	2,905	2,906
Total tier 1 capital	**98,779**	**97,961**	**99,433**	**96,235**	**94,792**
TIER 2 CAPITAL					
Perpetual subordinated loans	3,062	2,944	3,133	3,155	3,233
Dated subordinated loans	4,300	4,287	4,274	7,588	7,803
Additional items					
Unrealised accumulated gains, shares	838	1,043	797	524	285
Revaluation reserve	104	106	108	109	111
Deducted items					
Special deduction for IRB institutions	-926	-1,111	-1,094	-1,050	-1,097
Capital contribution in companies outside the banking group	-3,691	-3,691	-1,483	-1,483	-1,483
Positions in securitisation	-256	-248	-248	-207	-218
Total tier 2 capital	**3,431**	**3,330**	**5,487**	**8,636**	**8,634**
Total tier 1 and tier 2 capital	**102,210**	**101,291**	**104,920**	**104,871**	**103,426**
Deductible items from total capital base					
Capital contribution in insurance companies			-4,417	-4,417	-4,417
Surplus value pension assets	-	-174	-	-	-
Total capital base for capital adequacy purposes	**102,210**	**101,117**	**100,503**	**100,454**	**99,009**

Capital requirement

SEK m	30 Jun 2013	31 Mar 2013	31 Dec 2012	30 Sep 2012	30 Jun 2012
Credit risk according to standardised approach	3,885	3,690	3,654	3,594	3,754
Credit risk according to IRB approach	29,555	29,342	30,174	30,127	31,596
Interest rate risk	956	1,047	880	888	873
Equity price risk	22	26	26	19	30
Exchange rate risk	-	-	-	-	-
Commodities risk	10	16	9	8	16
Settlement risk	-	0	3	1	-
Operational risk	4,246	4,246	4,181	4,181	4,181
Total capital requirement according to Basel II	**38,674**	**38,367**	**38,927**	**38,818**	**40,450**
Adjustment according to transitional rules	42,957	41,990	41,454	40,488	39,918
Capital requirement according to Basel II, transitional rules	**81,631**	**80,357**	**80,381**	**79,306**	**80,368**
Risk-weighted assets, transitional rules	1,020,391	1,004,465	1,004,763	991,325	1,004,600
Risk-weighted assets, Basel II	483,425	479,588	486,588	485,225	505,625

Capital adequacy analysis

	30 Jun 2013	31 Mar 2013	31 Dec 2012	30 Sep 2012	30 Jun 2012
Capital requirement in Basel II compared to transitional rules	47%	48%	48%	49%	50%
Capital ratio, Basel II	21.1%	21.1%	20.7%	20.7%	19.6%
Capital ratio, transitional rules	10.0%	10.1%	10.0%	10.1%	9.9%
Tier 1 ratio, Basel II	20.4%	20.4%	20.4%	19.8%	18.7%
Tier 1 ratio, transitional rules	9.7%	9.8%	9.9%	9.7%	9.4%
Core tier 1 ratio, Basel II	18.2%	18.0%	17.9%	17.3%	16.1%
Capital base in relation to capital requirement Basel II	264%	264%	258%	259%	245%
Capital base in relation to capital requirement according to transitional rules	123%	126%	125%	127%	123%

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

History concerning statutory capital requirements (not adjusted for revised IAS 19)

SEK m	31 Dec 2012	30 Sep 2012	30 Jun 2012
Core tier 1 capital	90,107	87,553	85,577
Total tier 1 capital	102,333	99,971	98,781
Total capital base for capital adequacy purposes	101,879	102,483	101,161
Total capital requirement, Basel II	39,072	39,041	40,650
Capital requirement according to Basel II, transitional rules	80,498	79,485	80,528
Risk-weighted assets, transitional rules	1,006,219	993,559	1,006,595
Risk-weighted assets, Basel II	488,400	488,007	508,124
Capital ratio, Basel II	20.9%	21.0%	19.9%
Capital ratio, transitional rules	10.1%	10.3%	10.0%
Tier 1 ratio, Basel II	21.0%	20.5%	19.4%
Tier 1 ratio, transitional rules	10.2%	10.1%	9.8%

Credit risks IRB

	Exposure after credit risk protection (EAD)		Average risk weight, %		Capital requirement	
SEK m	30 Jun 2013	31 Dec 2012	30 Jun 2013	31 Dec 2012	30 Jun 2013	31 Dec 2012
Corporates	936,194	944,987	29.7	30.5	22,273	23,026
of which repos and securities loans	*12,448*	*23,286*	*0.4*	*0.6*	*4*	*12*
of which other loans foundation approach	*158,771*	*341,048*	*36.7*	*44.5*	*4,657*	*12,137*
of which other loans advanced approach	*764,975*	*580,653*	*28.8*	*23.4*	*17,612*	*10,877*
of which large companies	*164,770*		*52.9*		*6,968*	
of which medium-sized companies	*72,976*	*72,467*	*60.3*	*61.2*	*3,519*	*3,549*
of which property companies	*393,260*	*380,147*	*20.7*	*21.7*	*6,515*	*6,612*
of which housing co-operative associations	*133,969*	*128,039*	*5.7*	*7.0*	*610*	*716*
Households	772,908	752,176	7.4	7.5	4,604	4,530
of which property loans	*688,534*	*665,969*	*5.2*	*5.4*	*2,880*	*2,885*
of which other loans	*84,374*	*86,207*	*25.5*	*23.8*	*1,724*	*1,645*
Small companies	28,949	28,596	35.9	38.1	832	872
Institutions	109,811	128,748	11.9	9.5	1,046	976
of which repos and securities loans	*55,018*	*76,588*	*0.6*	*0.6*	*26*	*38*
of which other loans	*54,793*	*52,160*	*23.3*	*22.5*	*1,020*	*938*
Equity exposures	5,227	5,206	143.7	140.1	601	584
Exposures without a counterparty	2,467	2,279	100.0	100.0	197	182
Securitisation positions	944	1,323	3.2	3.5	2	4
of which Traditional securitisation	*944*	*1,323*	*3.2*	*3.5*	*2*	*4*
of which Synthetic securitisation	-	-	-	-	-	-
Total IRB	**1,856,500**	**1,863,315**	**19.9**	**20.2**	**29,555**	**30,174**
of which repos and securities loans	*67,466*	*99,874*	*0.6*	*0.6*	*30*	*50*
of which other loans foundation approach	*222,202*	*402,016*	*36.4*	*43.0*	*6,477*	*13,845*
of which other loans advanced approach	*1,566,832*	*1,361,425*	*18.4*	*14.9*	*23,048*	*16,279*

Handelsbanken is implementing the IRB model for its credit exposures in stages. Swedish, Danish, Finnish and Norwegian exposures to households and small companies, and corresponding exposures at Handelsbanken Finans and Stadshypotek have been approved for IRB reporting.

Corporate and institutional exposures at all regional banks, Stadshypotek and Handelsbanken Finans and also large companies and institutional exposures in foreign branches have been approved for calculation of the capital requirement according to the IRB approach. In 2010, Handelsbanken received permission from the Swedish Financial Supervisory Authority to report most of its corporate exposures to medium-sized companies, property companies and housing co-operative associations according to the advanced IRB approach. In 2013, Handelsbanken received permission from the Swedish Financial Supervisory Authority to report most of its corporate exposures to large companies according to the advanced IRB approach, with the first reporting occasion as at 30 June 2013. The table presents the corporate exposures as at 30 June 2013, split into the foundation and the advanced approaches. In addition, repos and securities loans are reported separately since they give rise to very low capital requirements, while the volume varies considerably over time. The low capital requirement is due to the fact that the exposure in repos and securities loans is reported gross and the exposure is secured.

The average risk weight for the IRB exposures amounted to 19.9 per cent as at 30 June 2013. The risk weight for corporate exposures was positively affected by the implementation of the advanced approach for large companies and negatively affected by updating of the risk measurements. The net effect is a stable average risk weight. The credit quality is very good. Just over 95 per cent of Handelsbanken's corporate exposures were to customers with a repayment capacity assessed as normal or better than normal, i.e. with a risk classification grade between one and five on the Bank's ten-point risk classification scale.

The advanced IRB models are based on historical losses from both the recent financial crisis and the Swedish banking crisis of 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 should also be seen in the light of 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 companies while some other banks have opted to classify this as retail lending.

Note 21 Risk and capital management

Risks and uncertainty factors

Economic developments continue to be characterised by the debt crisis in the eurozone and a weak global business cycle. As long as the imbalances prevail in the global economy with many indebted countries, the unstable situation risks causing turbulence on the financial markets. A future neutralisation of the highly expansive monetary policy in the US may also create further volatility on the financial markets. Turbulence on the financial markets affects the financial sector's opportunities to access mainly long-term funding.

Handelsbanken has no sovereign exposures and has small other exposures to the "PIIGS" countries, but may be affected indirectly if the European debt crisis were to worsen significantly. Handelsbanken has a strong liquidity situation both as a whole and in all currencies which are of importance for the Bank; it has continually had full access to the capital markets. Handelsbanken's low tolerance of risks, sound capitalisation and strong liquidity mean that the Bank is well equipped to operate under all these conditions.

Handelsbanken's liquidity situation is healthy and is described in more detail under the heading Funding and liquidity on page 6.

Handelsbanken has low tolerance of market risks. For the second quarter of 2013, the average total exposure in the trading book, measured as Value-at-Risk (VaR), was SEK 25 million (SEK 16 million in Q2 2012). During the period, the risk varied between SEK 20 million (9) and SEK 35 million (26).

Other aspects of the Bank's risk and capital management are described in Handelsbanken's 2012 annual report and in Handelsbanken's Risk and capital management – Information according to Pillar 3 for 2012. No material changes have occurred since the publication of these documents that are not presented in this interim report.

Liquidity and funding

Handelsbanken's liquidity situation is healthy. For a long period of time, the Bank has actively worked with liquidity measures and has adopted a conservative approach. Part of this work has involved centralising liquidity management with the purpose of strengthening control of the liquidity risks and of guaranteeing and optimising the Bank's funding in all scenarios. 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. The Bank's funding programme covers maturities in SEK, EUR and USD that the Bank needs to finance its lending and also creates the opportunity for issues in all currencies that are relevant for the Bank.

Funding programmes/limits as 30 June 2013 - Group

Programme (in millions)	Programme size	Currency	Unutilised amount	Countervalue SEK m	Latest issue
ECP *	5,000	EUR	2,691	23,626	Jun-13
ECP (Stadshypotek) *	4,000	EUR	2,711	23,802	Jun-13
French Commercial Paper	7,500	EUR	5,068	44,496	Jun-13
EMTCN (Stadshypotek) *	20,000	EUR	6,102	53,574	Apr-13
MTN*	100,000	SEK	73,139	73,139	Jun-13
Swedish Commercial Paper	25,000	SEK	24,855	24,855	Jun-13
Swedish Commercial Paper (Stadshypotek)	90,000	SEK	89,500	89,500	Jun-13
EMTN *	50,000	USD	28,409	191,593	May-13
General funding > 1 y *	15,000	USD	12,728	85,839	Apr-13
USCP	15,000	USD	7,043	47,499	Jun-13
Extendible Notes	15,000	USD	8,300	55,976	May-13
US 144A / 3(a)(2)	15,000	USD	9,500	64,069	Mar-13
Stadshypotek US 144A	15,000	USD	10,650	71,825	May-13
Stadshypotek AUD Covered Bond Programme	5,000	AUD	4,250	26,246	Oct-12
Samurai	400,000	JPY	349,500	23,766	Jun-13
Total				**899,805**	
Total programme (or limited) amounts, SEK m	1,436,553				
Unutilised amount, SEK m	899,805				
Available amount	**63%**				

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

As at 30 June 2013, total liquidity reserves exceeded SEK 750 billion. Balances with central banks and banks, as well as securities that are eligible as collateral with central banks, totalled SEK 348 billion (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 Jun 2013	31 Mar 2013	31 Dec 2012	30 Sep 2012	30 Jun 2012
Cash and balances with and other lending to central banks	245,601	258,670	246,094	376,985	437,648
Balances with banks & the National Debt Office, overnight (before Dec-12: incl. repos)	2,770	9,701	17,288	20,836	14,217
Securities issued by governments and public entities	40,947	42,969	36,087	42,326	35,988
Covered bonds	54,449	57,910	73,541	53,878	45,337
Securities issued by non-financial companies	1,156	1,141	1,233	-	-
Securities issued by financial companies	2,785	2,119	2,706	4,155	4,029
Total	**347,708**	**372,510**	**376,949**	**498,180**	**537,219**
of which in SEK	*76,349*	*100,384*	*98,661*	*116,944*	*97,788*
of which in EUR	*69,425*	*63,374*	*85,505*	*102,662*	*112,433*
of which in USD	*164,579*	*187,881*	*166,328*	*249,924*	*266,910*
of which in other currencies	*37,355*	*20,871*	*26,455*	*28,650*	*60,088*

30 June 2013					
Market value, SEK m	SEK	EUR	USD	Other	Total
Cash and balances with and other lending to central banks	11,991	61,236	141,819	30,555	245,601
Balances with other banks and the National Debt Office, overnight	823	215	297	1,435	2,770
Securities issued by governments	22,469	4,072	12,627	1,776	40,944
Securities issued by municipalities and other public entities	3	-	-	-	3
Covered bonds, external issuers	34,080	2,352	7,708	2,439	46,579
Own covered bonds	6,332	388	-	1,150	7,870
Securities issued by non-financial companies	-	-	1,156	-	1,156
Securities issued by financial companies	651	1,162	972	-	2,785
Other securities	-	-	-	-	-
Total	**76,349**	**69,425**	**164,579**	**37,355**	**347,708**

Maturities for USD assets and liabilities

30 June 2013						
SEK m	Up to 3 mths	3 - 12 mths	1 - 5 yrs	5 yrs -	Unspecified maturity	Total
Cash and balances with central banks	141,819	-	-	-	-	141,819
Bonds and other interest-bearing securities	21,941	-	-	-	-	21,941
Loans to credit institutions	41,634	406	1,380	2,132	2,578	48,130
Loans to the public	12,829	1,975	10,411	2,303	237	27,755
Other, including derivatives	123,328	43,276	52,082	15,853	2,467	237,006
Total assets	**341,551**	**45,657**	**63,873**	**20,288**	**5,282**	**476,651**
Due to credit institutions	71,054	678	79	0	1,134	72,945
Deposits and borrowing from the public	24,838	540	-	-	10,099	35,477
Issued securities	209,368	74,575	66,704	17,406	-	368,053
Subordinated liabilities	-	-	181	-	-	181
Total liabilities	**305,260**	**75,793**	**66,964**	**17,406**	**11,233**	**476,656**

31 December 2012						
SEK m	Up to 3 mths	3 - 12 mths	1 - 5 yrs	5 yrs -	Unspecified maturity	Total
Cash and balances with central banks	148,320	-	-	-	-	148,320
Bonds and other interest-bearing securities	16,978	-	-	-	-	16,978
Loans to credit institutions	57,660	319	420	2,423	-	60,822
Loans to the public	5,515	1,742	15,944	4,279	8	27,488
Other, including derivatives	131,535	26,994	25,794	11,943	-	196,266
Total assets	**360,008**	**29,055**	**42,158**	**18,645**	**8**	**449,874**
Due to credit institutions	63,566	724	32	0	2,116	66,438
Deposits and borrowing from the public	60,563	159	-	-	12,081	72,803
Issued securities	199,422	58,008	36,385	16,813	-	310,628
Subordinated liabilities	-	-	186	-	-	186
Total liabilities	**323,551**	**58,891**	**36,603**	**16,813**	**14,197**	**450,055**

Liquidity Coverage Ratio (LCR)

Liquidity Coverage Ratio (LCR), %	30 Jun 2013	31 Mar 2013	31 Dec 2012	30 Sep 2012	30 Jun 2012
EUR	118	132	301	114	166
USD	190	229	174	209	281
Total *	**128**	**135**	**136**	**139**	**178**

*Since Q4 2012, calculated according to the new regulations as at 1 January 2013.

Liquidity Coverage Ratio (LCR) - decomposition, SEK m	30 Jun 2013	31 Mar 2013	31 Dec 2012
Liquid assets	**155,703**	**186,891**	**210,299**
Liquid assets level 1	114,666	154,375	161,442
Liquid assets level 2	41,037	32,516	48,857
Cash outflows	**420,415**	**403,258**	**402,356**
Deposits from customers	133,322	175,906	149,860
Market funding	200,704	163,881	207,681
Other cash flows	86,389	63,471	44,815
Cash inflows	**298,888**	**265,085**	**247,176**
Inflows from maturing lending to non-financial customers	21,610	29,381	26,122
Other cash inflows	277,278	235,704	221,054

The components are defined in accordance with the Swedish Financial Supervisory Authority's directives 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. Customer deposits corresponds to Chapter 4, Sections 4-9. Market funding corresponds to Chapter 4, Sections 10-13. Other cash flows corresponds to Chapter 4, Sections 14-25. Loans to non-financial customers corresponds to Chapter 5 Section 4. Other cash inflows corresponds to Chapter 5, Sections 6-12.

As a measure of sensitivity to short-term disruptions in the funding market, the Basel Committee has proposed a risk measure, Liquidity Coverage Ratio (LCR). The measure will be implemented as a quantitative requirement through CRD IV according to the EU's implementation plan. In Sweden, the Swedish Financial Supervisory Authority's liquidity coverage ratio regulations (FFFS 2012:6) have applied since 1 January 2013. The Swedish Financial Supervisory Authority's definition differs from the measure proposed by the Basel Committee and which will be introduced as CRD IV in 2015. It is defined as the ratio between the Bank's liquidity buffer and net cash flows in a very stressed scenario during a 30-day period. The ratio must be more than 100 per cent. A short-term liquidity ratio may display a degree of volatility over time, for example when funding that was originally long term and which is financing mortgage loans is replaced by new long-term funding, or when the composition of counterparty categories varies in the short-term funding. At the end of the quarter, Handelsbanken's LCR according to the Swedish Financial Supervisory Authority's definition was 128 per cent, which shows that the Bank has high resistance to short-term disruptions in the funding market. This also applies in US dollars and euros.

Stress test with liquidity-creating measures

The Bank's liquidity position is regularly subjected to a stress test. In the test, the Bank's cash flows are stressed, based on certain defined assumptions. The stress test shows resistance to more long-term market disruptions. For example, it is assumed in the stress test that the Bank cannot obtain funding in the financial markets while there is a gradual disappearance of ten per cent 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 also in a stressed scenario, the liquidity reserves cover the Bank's liquidity requirement for over two years, even if access to new funding in the markets were to disappear.

Non-encumbered assets, NEA

30 June 2013 SEK bn	NEA	Accumulated coverage ratio in % of unsecured funding *
Holdings with central banks and securities in the liquidity portfolio	348	42%
Mortgage loans	313	79%
Other household lending	125	94%
Property company lending lowest risk class (1-3)	201	118%
Other corporate lending lending lowest risk class (1-3)	189	141%
Loans to credit institutions lowest risk class (1-3)	65	149%
Other corporate lending	234	177%
Other assets	115	191%
Total non-encumbered assets (NEA)	**1,590**	**191%**
Encumbered assets without underlying liabilities **	**57**	
Encumbered assets with underlying liabilities	742	
Total assets, Group	**2,389**	

31 December 2012 SEK bn	NEA	Accumulated coverage ratio in % of unsecured funding *
Holdings with central banks and securities in the liquidity portfolio	360	46%
Mortgage loans	292	82%
Other household lending	124	98%
Property company lending lowest risk class (1-3)	195	123%
Other corporate lending lending lowest risk class (1-3)	194	147%
Loans to credit institutions lowest risk class (1-3)	86	158%
Other corporate lending	266	192%
Other assets	118	207%
Total non-encumbered assets (NEA)	**1,635**	**207%**
Encumbered assets without underlying liabilities **	**51**	
Encumbered assets with underlying liabilities	702	
Total assets, Group	**2,388**	

* Issued short and long non-secured funding and due to credit institutions
** Over-collateralisation in cover pool (OC).

Note 22 Restating of financial reports due to revised IAS 19 – The Group

The restatement relates to accounting for defined-benefit pensions in accordance with IAS 19 Employee benefits. The initial effect is recognised against retained earnings as of 1 January 2012. Further information concerning this change can be found in note 1.

The Group SEK m	Q1 2012	Adjustments IAS 19	Q1 2012 adj.	Q2 2012	Adjustments IAS 19	Q2 2012 adj.	Jan-Jun 2012	Adjustments IAS 19	Jan-Jun 2012 adj.
Total income	**8,866**		**8,866**	**8,839**		**8,839**	**17,705**		**17,705**
Staff costs	-2,668	-113	-2,781	-2,670	-115	-2,785	-5,338	-228	-5,566
Other administrative expenses	-1,214		-1,214	-1,236		-1,236	-2,450		-2,450
Depreciation, amortisation and impairments of property, equipment and intangible assets	-122		-122	-117		-117	-239		-239
Total expenses	**-4,004**	**-113**	**-4,117**	**-4,023**	**-115**	**-4,138**	**-8,027**	**-228**	**-8,255**
Profit before loan losses	**4,862**	**-113**	**4,749**	**4,816**	**-115**	**4,701**	**9,678**	**-228**	**9,450**
Net loan losses	-291		-291	-288		-288	-579		-579
Gains/losses on disposal of property, equipment and intangible assets	0		0	0		0	0		0
Operating profit	**4,571**	**-113**	**4,458**	**4,528**	**-115**	**4,413**	**9,099**	**-228**	**8,871**
Taxes	-1,272	30	-1,242	-1,143	30	-1,113	-2,415	60	-2,355
Profit for the period from continuing operations	**3,299**	**-83**	**3,216**	**3,385**	**-85**	**3,300**	**6,684**	**-168**	**6,516**
Profit for the period pertaining to discontinued operations, after tax	**49**		**49**	**29**		**29**	**78**		**78**
Profit for the period	**3,348**	**-83**	**3,265**	**3,414**	**-85**	**3,329**	**6,762**	**-168**	**6,594**
attributable to									
Shareholders in Svenska Handelsbanken AB	3,348	-83	3,265	3,414	-85	3,329	6,762	-168	6,594
Minority interest	0		0	0		0	0		0
Earnings per share, continuing operations, SEK	5.28	-0.13	5.15	5.40	-0.13	5.27	10.68	-0.27	10.41
after dilution	5.15	-0.12	5.03	5.30	-0.13	5.17	10.42	-0.26	10.16
Earnings per share, total operations, SEK	5.36	-0.13	5.23	5.44	-0.13	5.31	10.81	-0.27	10.54
after dilution	5.22	-0.12	5.10	5.34	-0.13	5.21	10.54	-0.26	10.28
Profit for the period	**3,348**	**-83**	**3,265**	**3,414**	**-85**	**3,329**	**6,762**	**-168**	**6,594**
Other comprehensive income									
Cas flow hedges	-311		-311	1,689		1,689	1,378		1,378
Available-for-sale instruments	709		709	-474		-474	235		235
Translation differences for the period	261		261	-572		-572	-311		-311
Defined benefit plans		1,835	1,835	0	-1,033	-1,033		802	802
Tax related to other comprehensive income	-194	-483	-677	-161	272	111	-355	-211	-566
Total other comprehensive income	**465**	**1,352**	**1,817**	**482**	**-761**	**-279**	**947**	**591**	**1,538**
Total comprehensive income for the period	**3,813**		**5,082**	**3,896**		**3,050**	**7,709**		**8,132**
Attributable to									
Shareholders in Svenska Handelsbanken AB	3,813		5,082	3,896		3,050	7,709		8,132
Minority interest	0		0	0		0	0		0

The Group SEK m	Q3 2012	Adjustments IAS 19	Q3 2012 adj.	Jan-Sep 2012	Adjustments IAS 19	Jan-Sep 2012 adj.	Q4 2012	Adjustments IAS 19	Q4 2012 adj.	Full year 2012	Adjustments IAS 19	Full year 2012 adj.
Total income	**8,466**		**8,466**	**26,171**		**26,171**	**8,891**		**8,891**	**35,062**		**35,062**
Staff costs	-2,562	-116	-2,678	-7,900	-344	-8,244	-2,811	-112	-2,923	-10,711	-456	-11,167
Other administrative expenses	-1,108		-1,108	-3,558		-3,558	-1,511		-1,511	-5,069		-5,069
Depreciation, amortisation and impairments of property, equipment and intangible assets	-113		-113	-352		-352	-112		-112	-464		-464
Total expenses	**-3,783**	**-116**	**-3,899**	**-11,810**	**-344**	**-12,154**	**-4,434**	**-112**	**-4,546**	**-16,244**	**-456**	**-16,700**
Profit before loan losses	**4,683**	**-116**	**4,567**	**14,361**		**14,017**	**4,457**	**-112**	**4,345**	**18,818**		**18,362**
Net loan losses	-277		-277	-856		-856	-395		-395	-1,251		-1,251
Gains/losses on disposal of property, equipment and intangible assets	-1		-1	-1		-1	-2		-2	-3		-3
Operating profit	**4,405**	**-116**	**4,289**	**13,504**	**-344**	**13,160**	**4,060**	**-112**	**3,948**	**17,564**	**-456**	**17,108**
Taxes	-1,167	30	-1,137	-3,582	90	-3,492	544	-144	400	-3,038	-54	-3,092
Profit for the period from continuing operations	**3,238**	**-86**	**3,152**	**9,922**	**-254**	**9,668**	**4,604**	**-256**	**4,348**	**14,526**	**-510**	**14,016**
Profit for the period pertaining to discontinued operations, after tax	**8**		**8**	**86**		**86**	**-64**		**-64**	**22**		**22**
Profit for the period	**3,246**	**-86**	**3,160**	**10,008**	**-254**	**9,754**	**4,540**	**-256**	**4,284**	**14,548**	**-510**	**14,038**
attributable to												
Shareholders in Svenska Handelsbanken AB	3,246	-86	3,160	10,008	-254	9,754	4,539	-256	4,283	14,547	-510	14,037
Minority interest	0		0	0		0	1		1	1		1
Earnings per share, continuing operations, SEK	5.14	-0.14	5.00	15.82	-0.40	15.42	7.28	-0.40	6.88	23.11	-0.81	22.30
after dilution	5.06	-0.13	4.93	15.46	-0.39	15.07	7.16	-0.39	6.77	22.60	-0.78	21.82
Earnings per share, total operations, SEK	5.15	-0.14	5.01	15.95	-0.40	15.55	7.18	-0.40	6.78	23.15	-0.81	22.34
after dilution	5.07	-0.13	4.94	15.59	-0.39	15.20	7.06	-0.39	6.67	22.63	-0.78	21.85
Profit for the period	**3,246**	**-86**	**3,160**	**10,008**	**-254**	**9,754**	**4,540**	**-256**	**4,284**	**14,548**	**-510**	**14,038**
Other comprehensive income												
Cas flow hedges	321		321	1,699		1,699	691		691	2,390		2,390
Available-for-sale instruments	379		379	614		614	370		370	984		984
Translation differences for the period	-109		-109	-420		-420	294		294	-126		-126
Defined benefit plans		461	461		1,263	1,263		1,320	1,320		2,583	2,583
Tax related to other comprehensive income	-423	-121	-544	-778	-332	-1,110	-135	-236	-371	-913	-568	-1,481
Total other comprehensive income	**168**	**340**	**508**	**1,115**	**931**	**2,046**	**1,220**	**1,084**	**2,304**	**2,335**	**2,015**	**4,350**
Total comprehensive income for the period	**3,414**		**3,668**	**11,123**		**11,800**	**5,760**		**6,588**	**16,883**		**18,388**
Attributable to												
Shareholders in Svenska Handelsbanken AB	3,414		3,668	11,123		11,800	5,759		6,587	16,882		18,387
Minority interest	0		0	0		0	1		1	1		1

The Group SEK m	31 Dec 2011	Adjustments IAS 19	1 Jan 2012	31 Mar 2012	Adjustments IAS 19	31 Mar 2012 adjusted	30 Jun 2012	Adjustments IAS 19	30 Jun 2012 adjusted
ASSETS									
Net pension assets	4,775	-4,775		4,925	-4,454	471	5,023	-5,023	
Other assets	2,449,591		2,449,591	2,455,007		2,455,007	2,541,560		2,541,560
Total assets	**2,454,366**	**-4,775**	**2,449,591**	**2,459,932**	**-4,454**	**2,455,478**	**2,546,583**	**-5,023**	**2,541,560**
LIABILITIES AND EQUITY									
Deferred tax liabilities	9,466	-1,624	7,842	9,589	-1,171	8,418	9,683	-1,473	8,210
Net pension liabilities		1,401	1,401					579	579
Other liabilities	2,350,376		2,350,376	2,357,616		2,357,616	2,439,886		2,439,886
Total liabilities	**2,359,842**	**-223**	**2,359,619**	**2,367,205**	**-1,171**	**2,366,034**	**2,449,569**	**-894**	**2,448,675**
Other equity	1,685		1,685	2,636		2,636	3,509		3,509
Defined benefit plans					1,352	1,352		591	591
Retained earnings	80,516	-4,552	75,964	86,743	-4,552	82,191	86,743	-4,552	82,191
Profit for the period	12,323		12,323	3,348	-83	3,265	6,762	-168	6,594
Total equity	**94,524**	**-4,552**	**89,972**	**92,727**	**-3,283**	**89,444**	**97,014**	**-4,129**	**92,885**
Total liabilities and equity	**2,454,366**	**-4,775**	**2,449,591**	**2,459,932**	**-4,454**	**2,455,478**	**2,546,583**	**-5,023**	**2,541,560**

The Group SEK m	30 Sep 2012	Adjustments IAS 19	30 Sep 2012 adjusted	31 Dec 2012	Adjustments IAS 19	30 Dec 2012 adjusted
ASSETS						
Net pension assets	5,133	-5,133		4,673	-3,907	766
Other assets	2,508,189		2,508,189	2,383,185		2,383,185
Total assets	**2,513,322**	**-5,133**	**2,508,189**	**2,387,858**	**-3,907**	**2,383,951**
LIABILITIES AND EQUITY						
Deferred tax liabilities	9,922	-1,382	8,540	9,573	-860	8,713
Net pension liabilities		124	124			
Other liabilities	2,402,413		2,402,413	2,271,388		2,271,388
Total liabilities	**2,412,335**	**-1,258**	**2,411,077**	**2,280,961**	**-860**	**2,280,101**
Other equity	4,236		4,236	5,607		5,607
Defined benefit plans		931	931		2,015	2,015
Retained earnings	86,743	-4,552	82,191	86,743	-4,552	82,191
Profit for the period	10,008	-254	9,754	14,547	-510	14,037
Total equity	**100,987**	**-3,875**	**97,112**	**106,897**	**-3,047**	**103,850**
Total liabilities and equity	**2,513,322**	**-5,133**	**2,508,189**	**2,387,858**	**-3,907**	**2,383,951**

Condensed set of financial statements – Parent company

INCOME STATEMENT – PARENT COMPANY

SEK m	Q2 2013	Q2 2012	Change	Q1 2013	Change	Jan-Jun 2013	Jan-Jun 2012	Change	Full year 2012
Net interest income	4,035	4,198	-4%	3,897	4%	7,932	8,353	-5%	16,431
Dividends received	828	747	11%	92		920	882	4%	9,152
Net fee and commission income	1,451	1,422	2%	1,461	-1%	2,912	2,903	0%	5,724
Net gains/losses on financial transactions	-181	3,210		190		9	3,417	-100%	3,994
Other operating income	418	162	158%	489	-15%	907	338	168%	758
Total income	**6,551**	**9,739**	**-33%**	**6,129**	**7%**	**12,680**	**15,893**	**-20%**	**36,059**
Staff costs	-2,579	-2,571	0%	-2,591	0%	-5,170	-5,209	-1%	-9,808
Other administrative expenses	-1,285	-1,497	-14%	-1,247	3%	-2,532	-2,587	-2%	-5,157
Depreciation, amortisation and impairments of property, equipment and intangible assets	-124	-134	-7%	-129	-4%	-253	-275	-8%	-518
Total expenses before loan losses	**-3,988**	**-4,202**	**-5%**	**-3,967**	**1%**	**-7,955**	**-8,071**	**-1%**	**-15,483**
Profit before loan losses	**2,563**	**5,537**	**-54%**	**2,162**	**19%**	**4,725**	**7,822**	**-40%**	**20,576**
Net loan losses	-307	-274	12%	-274	12%	-581	-531	9%	-1,154
Impairments of financial assets	-	-98		-		-	-98		-820
Operating profit	**2,256**	**5,165**	**-56%**	**1,888**	**19%**	**4,144**	**7,193**	**-42%**	**18,602**
Appropriations	24	26	-8%	4,193	-99%	4,217	52		-4,065
Profit before tax	**2,280**	**5,191**	**-56%**	**6,081**	**-63%**	**8,361**	**7,245**	**15%**	**14,537**
Taxes	-518	-902	-43%	-1,360	-62%	-1,878	-1,481	27%	-2,985
Profit for the period	**1,762**	**4,289**	**-59%**	**4,721**	**-63%**	**6,483**	**5,764**	**12%**	**11,552**

STATEMENT OF COMPREHENSIVE INCOME – PARENT COMPANY

SEK m	Q2 2013	Q2 2012	Change	Q1 2013	Change	Jan-Jun 2013	Jan-Jun 2012	Change	Full year 2012
Profit for the period	**1,762**	**4,289**	**-59%**	**4,721**	**-63%**	**6,483**	**5,764**	**12%**	**11,552**
Other comprehensive income									
Items that can be reclassified into profit or loss									
Cash flow hedges	-1,107	1,715		-436	-154%	-1,543	1,459		2,522
Available-for-sale instruments	-263	-474	45%	315		52	235	-78%	983
Translation differences for the period	501	-527		-1,133		-632	-260	-143%	-10
of which hedging net investment in foreign operations	*-462*	*-616*	*25%*	*-160*	*-189%*	*-622*	*-253*	*-146%*	*481*
Tax related to other comprehensive income	406	-163		85	378%	491	-368		-962
of which cash flow hedges	*244*	*-452*		*96*	*154%*	*340*	*-385*		*-608*
of which available-for-sale instruments	*60*	*127*	*-53%*	*-46*		*14*	*-50*		*-248*
of which hedging net investment in foreign operations	*102*	*162*	*-37%*	*35*	*191%*	*137*	*67*	*104%*	*-106*
Total items that can be reclassified into profit or loss	**-463**	**551**		**-1,169**	**60%**	**-1,632**	**1,066**		**2,533**
Total other comprehensive income for the period	**-463**	**551**		**-1,169**	**60%**	**-1,632**	**1,066**		**2,533**
Total comprehensive income for the period	**1,299**	**4,840**	**-73%**	**3,552**	**-63%**	**4,851**	**6,830**	**-29%**	**14,085**

In an intra-group transaction during the second quarter of 2012, the parent company sold subsidiary shares to Handelsbanken Liv. The subsidiary contains properties. The transaction resulted in a net capital gain in the parent company of SEK 2,815 million, but has no impact on the Group's income statement or on the assets held on behalf of the policyholders. Other 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 Jun 2013	31 Mar 2013	31 Dec 2012	30 Sep 2012	30 Jun 2012
Assets					
Cash and balances with central banks	211,158	219,496	236,447	341,089	272,356
Interest-bearing securities eligible as collateral with central banks	51,144	52,358	45,259	45,764	44,878
Loans to credit institutions	453,562	460,841	422,897	421,475	563,671
Loans to the public	703,996	694,576	731,967	693,603	716,304
Bonds and other interest-bearing securities	60,273	67,206	62,939	64,192	56,968
Shares	37,263	33,810	28,269	23,117	22,377
Shares in subsidiaries and investments in associates	46,160	45,753	45,734	46,452	46,452
Assets where the customer bears the value change risk	2,243	2,146	2,011	1,950	2,146
Derivative instruments	100,270	115,317	122,525	148,401	134,910
Intangible assets	1,715	1,646	1,643	1,575	1,604
Property and equipment	957	944	967	956	994
Current tax assets	105	-	-	299	-
Deferred tax assets	265	346	333	41	46
Other assets	26,133	14,224	18,428	33,141	23,181
Prepaid expenses and accrued income	4,942	5,875	5,347	6,375	5,739
Total assets	**1,700,186**	**1,714,538**	**1,724,766**	**1,828,430**	**1,891,626**
Liabilities and equity					
Due to credit institutions	264,573	284,862	243,332	282,211	323,743
Deposits and borrowing from the public	621,562	626,806	668,683	713,627	708,044
Liabilities where the customer bears the value change risk	2,273	2,166	2,059	1,997	2,194
Issued securities	568,481	530,401	531,284	517,940	560,539
Derivative instruments	87,599	109,121	126,922	154,579	135,144
Short positions	20,098	29,040	16,201	19,504	24,626
Current tax liabilities	-	635	340	-	299
Deferred tax liabilities	154	577	707	307	19
Provisions	94	104	116	37	42
Other liabilities	23,622	20,065	17,154	22,976	24,244
Accrued expenses and deferred income	11,034	10,679	9,531	13,184	11,999
Subordinated liabilities	19,138	19,973	21,167	24,406	25,530
Total liabilities	**1,618,628**	**1,634,429**	**1,637,496**	**1,750,768**	**1,816,423**
Untaxed reserves	**823**	**816**	**5,038**	**877**	**935**
Share capital	2,955	2,951	2,943	2,939	2,924
Share premium	2,798	2,659	2,337	2,191	1,647
Other funds	1,478	1,941	3,110	2,043	1,643
Retained earnings	67,021	67,021	62,290	62,290	62,290
Profit for the period	6,483	4,721	11,552	7,322	5,764
Total equity	**80,735**	**79,293**	**82,232**	**76,785**	**74,268**
Total liabilities and equity	**1,700,186**	**1,714,538**	**1,724,766**	**1,828,430**	**1,891,626**
Memorandum items					
Assets pledged for own debt	35,622	28,902	59,195	64,487	72,489
Other assets pledged	35,612	33,027	2,564	5,066	5,348
Contingent liablilities and commitments	129,902	135,041	131,586	124,872	130,987
Other commitments	514,056	550,944	475,287	428,578	444,335

We hereby confirm that this interim report provides a true and fair overview of the Bank's and the Group's operations, financial position and results and describes material risks and uncertainty factors faced by the Bank and the companies that are part of the Group.

Stockholm, 16 July 2013

Anders Nyrén
Chairman of the Board

Fredrik Lundberg Vice Chairman		Sverker Marin-Löf Vice Chairman
Jon Fredrik Baksaas Board Member	Charlotte Skog Board Member	Tommy Bylund Board Member
Ole Johansson Board Member	Lone Fønss Schrøder Board Member	Jan Johansson Board Member

Bente Rathe
Board Member

Pär Boman
Group Chief Executive

PRESS AND PHONE CONFERENCE

A press and analyst conference is being arranged at the Bank's head office at 9.00 a.m. (CET) on 17 July.

A phone conference will be held at 11.15 a.m. (CET) on 17 July.

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

The interim report for January – September 2013 will be published on 23 October 2013.

For further information, please contact:
Pär Boman, President and Group Chief Executive
Tel: +46 (0)8 22 92 20

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

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

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 June 2013 and for the six-month period ending as at this date. The Board and the Chief Executive are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act for Credit Institutions and Securities Companies. Our responsibility is to express a conclusion on this interim report based on our review.

FOCUS AND SCOPE OF THE REVIEW

We have conducted our review in accordance with the Standard on review engagements SÖG 2410, Review of interim financial information performed by the auditors elected by the company. A review consists of making inquiries, primarily to persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review differs from and is substantially less in scope than an audit conducted in accordance with the International Standard on Auditing and generally accepted auditing practices in Sweden. 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 Swedish Annual Accounts Act for Credit Institutions and Securities Companies for the Group and in accordance with the Swedish Annual Accounts Act for Credit Institutions and Securities Companies for the parent company.

Stockholm 17 July 2013

KPMG AB
Stefan Holmström, Authorised Public Accountant

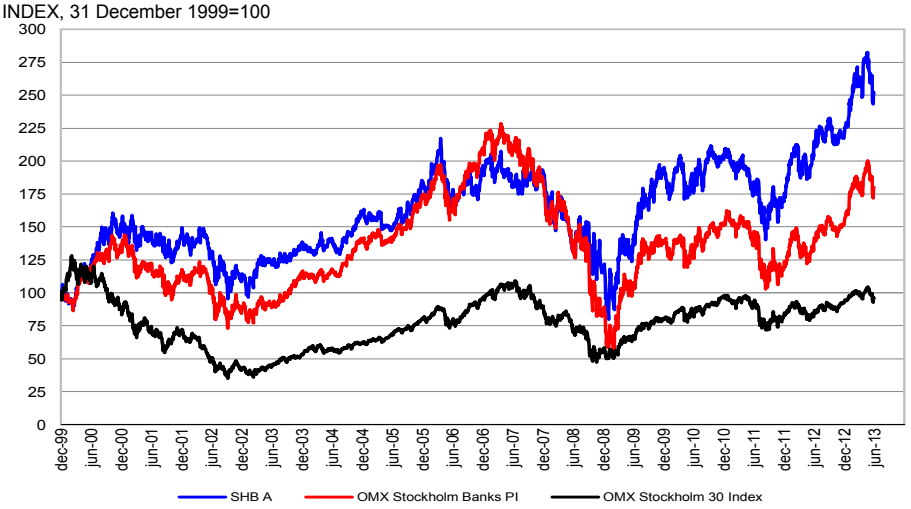
Ernst & Young AB
Erik Åström, Authorised Public Accountant

Share price performance and other information

The Swedish stock market grew by 4 per cent during the first six months of the year. The Stockholm stock exchange's bank index rose by 19 per cent. Handelsbanken's class A shares closed at SEK 269.20, a rise of 16 per cent, but including dividends paid, the total return was 20 per cent. Since 1 January 2000, Handelsbanken's share price has increased by 152 per cent, excluding dividends, while the Stockholm Stock Exchange has fallen by 4 per cent.

SHARE PRICE PERFORMANCE, 31 DECEMBER 1999 – 30 JUNE 2013

INDEX, 31 December 1999=100



ANALYSTS WHO MONITOR THE BANK

Company	Analyst	Email address
ABG SUNDAL COLLIER	Magnus Andersson	magnus.andersson@abgsc.se
ARCTIC SECURITIES	Fridtjof Berents	fridtjof.berents@arcticsec.no
AUTONOMOUS	Jacob Kruse	jkruse@autonomous-research.com
BARCLAYS	Christoffer Rosquist	christoffer.rosquist@barclays.com
BERENBERG BANK	Nick Anderson	nick.anderson@berenberg.de
CARNEGIE	Tobias Kaj & Peter Kessiakoff	tobias.kaj@carnegie.se
CHEUVREUX	Mats Anderson	manderson@cheuvreux.com
CITIGROUP	Henrik Christiansson	henrik.christiansson@citi.com
DANSKE BANK	Lars Holm	laho@danskebank.com
DNB NOR	Hakon Reistad Fure	hakon.reistad.fure@dnb.no
EVLI BANK PLC	Kimmo Rämä	kimmo.rama@evli.com
EXANE BNP PARIBAS	Andreas Håkansson	andreas.hakansson@exanebnpparibas.com
GOLDMAN SACHS	Pawel Dziedzic	pawel.dziedzic@gs.com
J P MORGAN	Sofie Peterzens	sofie.c.peterzens@jpmorgan.com
KEEFE, BRUYETTE & WOODS	Ronny Rehn & Aldo Comi	rrehn@kbw.com
MACQUARIE SECURITIES	Dave Johnston	dave.johnston@macquarie.com
MEDIOBANCA	Riccardo Rovere	riccardo.rovere@mediobanca.it
MERRILL LYNCH	Johan Ekblom	johan_ekblom@ml.com
MORGAN STANLEY	Alvaro Serrano	alvaro.serrano@morganstanley.com
NOMURA INTERNATIONAL PLC	Chintan Joshi & Omar Keenan	chjoshi@nomura.com
NORDEA	Pawel Wyszynski	pawel.wyszynski@nordea.com
NYKREDIT MARKETS	Mads Thinggaard	madt@nykredit.dk
PARETO	Jon David Gjertsen	jon.gjertsen@pareto.no
ROYAL BANK OF CANADA	Claire Kane	claire.kane@rbccm.com
SEB ENSKILDA EQUITIES	Masih Yazdi	masih.yazdi@seb.se
	Nicolas Mcbeath	nicolas.mcbeath@seb.se
SOCIETE GENERALE	Geoff Dawes	geoff.dawes@sgcib.com
UBS	Nick Davey	nick.davey@ubs.com

Handelsbanken

Svenska Handelsbanken AB (publ), Corporate identity no. 502007-7862
SE-106 70 Stockholm, Sweden, Telephone: +46 (0)8-701 10 00, www.handelsbanken.se

www.handelsbanken.com +46 8-701 10 00 SE-106 70 Stockholm, Sweden