

Handelsbanken's Interim Report

JANUARY – JUNE 2008 *

Summary January – June 2008 compared with January – June 2007

- Operating profits were SEK 6,352m (8,099) and the period's profits after tax for total operations were SEK 4,766m (6,564)
- Net interest income rose by 17%
- Net interest income went up by 26% in branch office operations outside Sweden and by 10% in Swedish branch office operations
- The average volume of loans to the public increased by 16% and household deposits in Sweden went up by 21%, with margins widening
- Income totalled SEK 13,254m (14,083)
- The capital ratio was 16.1% and the Tier 1 capital ratio was 10.6% calculated according to full Basel II
- Return on shareholders' equity for total operations was 12.9% (20.0)
- Earnings per share for total operations were SEK 7.66 (10.47)

Summary of Q2 2008, compared with Q1 2008

- Profits before loan losses grew by 45% to SEK 4,004m (2,754)
- Higher volumes and increasing margins contributed to an increase in net interest income of 2% to SEK 4,494m (4,399)
- Expenses decreased by 3% to SEK 3,195m (3,301)
- Loan losses increased to SEK 571m (107), mainly due to an exposure in Sweden
- Operating profits went up by 18% to SEK 3,433m (2,919)
- The Bank opened ten new branches outside Sweden

* All the comments and figures in the interim report refer to continuing operations, unless otherwise stated.

Handelsbanken Group - Overview

SEK m	Q 2 2008	Q 1 2008	Change %	Q 2 2007	Change %	Jan-Jun 2008	Jan-Jun 2007	Change %	Full year 2007
Summary income statement, SEK m									
Net interest income	4,494	4,399	2	3,868	16	8,893	7,631	17	15,608
Net fee and commission income	1,706	1,739	-2	2,000	-15	3,445	3,844	-10	7,745
Net gains/losses on financial items at fair value	634	-177		1,362	-53	457	2,116	-78	3,054
Other income	365	94	288	318	15	459	492	-7	719
Total income	7,199	6,055	19	7,548	-5	13,254	14,083	-6	27,126
Staff costs	-1,946	-1,983	-2	-2,021	-4	-3,929	-3,731	5	-7,528
Administrative expenses	-1,249	-1,318	-5	-1,207	3	-2,567	-2,389	7	-4,840
Total expenses	-3,195	-3,301	-3	-3,228	-1	-6,496	-6,120	6	-12,368
Profit before loan losses	4,004	2,754	45	4,320	-7	6,758	7,963	-15	14,758
Net loan losses	-571	-107	434	65		-678	135		-27
Gains/losses on disposal of property, equipment and intangible assets	0	272	-100	0	0	272	1		1
Operating profit	3,433	2,919	18	4,385	-22	6,352	8,099	-22	14,732
Taxes	-1,003	-675	49	-1,067	-6	-1,678	-2,087	-20	-3,879
The period's profits from continuing operations	2,430	2,244	8	3,318	-27	4,674	6,012	-22	10,853
Profit for the period from discontinued operations, after tax ¹	48	44	9	415	-88	92	552	-83	573
Capital gain from disposal of discontinued operations, after tax	-	-		-		-	-		4,082
Profit for the period	2,478	2,288	8	3,733	-34	4,766	6,564	-27	15,508
Summary balance sheet, SEK m									
Loans to the public	1,368,844	1,316,246		1,197,023		1,368,844	1,197,023		1,292,988
of which mortgage loans	545,757	533,405		500,629		545,757	500,629		523,758
Deposits and borrowing from the public	494,305	496,845		572,474		494,305	572,474		512,841
of which households	200,885	186,786		182,056		200,885	182,056		186,637
Assets held for sale ¹	-	-		-		-	-		10
Liabilities related to assets held for sale ¹	-	-		-		-	-		0
Shareholders' equity	69,510	75,615		66,237		69,510	66,237		74,491
Total assets	1,896,934	1,875,886		1,965,330		1,896,934	1,965,330		1,859,382

¹ See Note 5 Discontinued operations.

Handelsbanken Group - Key figures

	Q 2	Q 1	Q 2	Jan-Jun	Jan-Jun	Full year
	2008	2008	2007	2008	2007	2007
Return on equity, total operations, after actual tax ¹	13.3%	12.3%	22.7%	12.9%	20.0%	23.3%
Return on equity, total operations, after standard tax ¹	13.5%	11.5%	20.2%	12.6%	18.6%	20.9%
Return on equity, total operations, after actual tax, excl. capital gain SPP ¹						17.1%
Return on equity, total operations, after standard tax, excl. capital gain SPP ¹						16.5%
Return on equity, continuing operations, after actual tax ¹	13.1%	12.0%	20.2%	12.6%	18.3%	16.3%
Return on equity, continuing operations, after standard tax ¹	13.3%	11.3%	19.2%	12.3%	17.7%	15.9%
C/I ratio, total operations	44.2%	54.3%	43.2%	48.8%	44.1%	40.5%
C/I ratio, total operations, incl. loan losses	52.1%	56.0%	42.4%	53.9%	43.2%	40.6%
C/I ratio, continuing operations	44.4%	54.5%	42.8%	49.0%	43.5%	45.6%
C/I ratio, continuing operations, incl. loan losses	52.3%	56.3%	41.9%	54.1%	42.5%	45.7%
Earnings per share, total operations, SEK ²	3.98	3.68	6.00	7.66	10.47	24.84
after dilution	3.96	-	-	7.64	-	-
Earnings per share, continuing operations, SEK ²	3.90	3.61	5.33	7.51	9.59	17.39
after dilution	3.89	-	-	7.50	-	-
Earnings per share, discontinued operations, SEK ²	0.08	0.07	0.67	0.15	0.88	7.45
after dilution	0.08	-	-	0.15	-	-
Ordinary dividend, SEK						8.50
Extra dividend, SEK						5.00
Adjusted equity per share, SEK ³	111.31	121.20	106.45	111.31	106.45	119.27
Average number of outstanding shares	623,233,165	621,715,191	621,909,748	622,480,250	627,085,520	624,248,698
after dilution	626,843,468	-	-	624,285,402	-	-
Capital ratio according to transitional rules ⁴	10.7%	10.5%	10.0%	10.7%	10.0%	10.4%
Tier 1 ratio according to transitional rules ⁴	7.1%	6.8%	7.0%	7.1%	7.0%	6.5%
Capital base in relation to capital requirement Basel II ⁴	201%	203%	203%	201%	203%	212%
Capital base in relation to capital requirement Basel I ⁴	120%	117%	119%	120%	119%	122%
Capital base in relation to capital requirement - transitional rules ⁴	134%	131%	126%	134%	126%	129%
Average number of employees, total operations	10,726	10,614	10,603	10,670	10,532	10,768
Average number of employees, continuing operations	10,726	10,614	10,029	10,670	9,959	10,209
Number of branches in Sweden	461	461	459	461	459	461
Number of branches outside Sweden	214	204	172	214	172	199

1 When calculating return on equity, shareholders' 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.

2 Before dilution.

3 When calculating equity per share, shareholders' equity is adjusted for the impact of cash flow hedges.

4 The calculation for Q1 2008 includes profits generated (unaudited).

The Group

JANUARY – JUNE 2008 COMPARED WITH JANUARY – JUNE 2007

Operating profits were SEK 6,352m (8,099). These were negatively affected by realised and unrealised value changes in the liquidity portfolio of SEK -1,052m (-22). The amount includes the capital loss of SEK 767m in the first quarter arising from the sale of the US asset-backed securities secured by credit card receivables. During the second quarter, the value change in the liquidity portfolio was SEK -11m, of which SEK -90m was recognised in profit/loss and SEK 79m was recognised in equity (AFS).

During the first quarter, the Bank sold a property, which boosted profits by SEK 272m.

Return on equity for total operations after actual tax was 12.9% (20.0). The C/I ratio for continuing operations was 49.0%, and 45.4% excluding the above-mentioned effects on profit/loss.

The net profit from discontinued operations was SEK 92m (552), and the period's profit for total operations after tax was SEK 4,766m (6,564). Earnings per share were SEK 7.66 (10.47).

Net interest income up by 17%

Net interest income rose by 17% to SEK 8,893m (7,631). In branch operations outside Sweden, net interest income rose by 26%, or SEK 519m. In Swedish branch operations, net interest income rose by 10%, or SEK 555m.

The average volume of lending to the public grew by 16% to SEK 1,328bn (1,149), while deposits increased by 11% to SEK 487bn (438). Lending in branch office operations outside Sweden increased by 29% to SEK 399bn (309). Household deposits in Sweden went up by 21% to SEK 138bn (114).

Net fee and commission income went down by 10% to SEK 3,445m (3,844), which was mainly due to a fall in equity-related commission income by 22% to SEK 1,613m (2,056).

Net gains/losses on financial items at fair value went down to SEK 457m (2,116). The decrease was

partly due to the value change in the liquidity portfolio of SEK 1,052m and partly because in the second quarter of the previous year the Bank realised capital gains of SEK 487m when selling shares.

Expenses

Expenses rose by 6% to SEK 6,496m (6,120).

Expansion costs for new branches outside Sweden were SEK 91m higher than in the corresponding period in the previous year. This is equivalent to 1.5 percentage points of the Group's increase in expenses of 6%. The operating deficit for new branches which have not yet broken even was SEK 192m (43).

Staff costs rose by 5% to SEK 3,929m (3,731). The whole increase was attributable to operations outside Sweden. As at 30 June, 34% of the Group's staff costs were for employees outside Sweden, as compared to 27% one year ago.

The positive effect of recognition to the appropriate period of actuarial gains when calculating pension commitments (IAS 19) was SEK 57m lower than in the first half of the previous year. The provision for performance-related remuneration was SEK 88m (188). No provision was made to the Oktogonen profit-sharing foundation for the first half of the year.

Loan losses

Loan losses were SEK 678m, as compared to net recoveries of SEK 135m in the same period in the previous year. The increase is mainly related to a few exposures, one of which is in Sweden. This exposure represents over half of the loan losses.

In the second quarter, the allocation to collectively assessed provisions amounted to SEK 78m (-28). Loan losses as a proportion of lending were 0.10% (-0.02). Net bad debts were 0.12% (0.07) of lending.

Q2 2008 COMPARED WITH Q1 2008

Operating profits increased by 18% to SEK 3,433m (2,919). The impact on earnings of value changes in the liquidity portfolio was SEK -90m (-962), while equity was positively affected by SEK 79m (-359). The first quarter included capital gains of SEK 272m due to the sale of a property.

Net profits from discontinued operations were SEK 48m (44).

Net interest income increases

Net interest income rose by 2% to SEK 4,494m (4,399). Payment of the year's dividend reduced net interest income growth by some 1.5 percentage points.

Swedish branch office operations increased their net interest income by 5% and improved lending margins also made a positive contribution in the second quarter. The margin on the mortgage loan portfolio during the quarter was stable. Deposit margins increased. Net interest income in branch office operations outside Sweden rose by 3%.

Net fee and commission income fell by 2% to SEK 1,706m (1,739), due to lower equity-related commission income. Although equity commissions rose by 2%, mutual fund and custody commissions fell by 5%. Card commissions continued to grow, increasing by 7%.

Net gains/losses on financial items at fair value increased to SEK 634m (-177). The increase is due to the value changes in the liquidity portfolio.

Expenses decrease

Expenses fell by 3% to SEK 3,195m (3,301). Staff costs fell by 2% to SEK 1,946m (1,983).

Performance-related remuneration increased to SEK 59m (29).

Other administrative expenses fell by 6% to SEK 1,147m (1,221).

Loan losses

Loan losses increased to SEK 571m (107). Around two-thirds of the loan losses derive from one exposure in Sweden. In addition, collective provisions represented SEK 73m (5). Loan losses as a proportion of lending were 0.16% (0.03). Net bad debts increased to SEK 1,680m (1,330), equivalent to 0.12% (0.09) of lending.

PERFORMANCE IN THE BUSINESS SEGMENTS

(Q2 2008 compared with Q1 2008)

Branch office operations in Sweden

Income rose by 11% to SEK 4,472m (4,039), and operating profits increased by 2% to SEK 2,439m (2,401).

Net interest income went up by 5% to SEK 3,200m (3,058) mainly due to larger business volumes, but as in the first quarter, higher lending

margins also made a positive contribution to the net interest income. The average volume of lending rose by 2% to SEK 921bn (903), while household deposits increased by 4% to SEK 141bn (135).

Net fee and commission income was unchanged, while net gains/losses on financial items at fair value rose to SEK 387m (96). Expenses rose by 1% to SEK 1,658m (1,636), mainly due to increased costs for branch security.

Loan losses were SEK 375m (2) with the increase being almost entirely due to one exposure.

Branch office operations outside Sweden

Operating profits were unchanged at SEK 565m (565). Total income rose by 7% to SEK 1,867m (1,742), and net interest income increased by 3% to SEK 1,261m (1,221). The average volume of lending increased by 6% to SEK 410bn (387). Expenses rose by 3% to SEK 1,106m (1,072), which was mainly attributable to a 3% increase in the average number of employees to 2,861 (2,767). Loan losses rose to SEK 196m (106) and are the result of two individual exposures.

During the second quarter 10 (5) branches were opened, and 18 branch managers have been appointed for further new branches. The costs for expansion in the second quarter were SEK 116m (106) and total deficit for the new branches which have not yet broken even was SEK 119m (73).

In addition, the IT platform for the Finnish banking operations was completely replaced.

Handelsbanken Capital Markets

Operating profits rose to SEK 78m (-535); the increase was entirely due to the decrease in negative value changes in the Bank's liquidity portfolio.

Net fee and commission income increased by 5% to SEK 267m (254), partly due to higher equity commissions. Net gains/losses on financial items at fair value increased to SEK 136m (-343).

Expenses were SEK 649m (743). The decrease of 13% was mainly due to lower staff costs.

Handelsbanken Asset Management

Operating profits were SEK 121m (46), of which SEK 44m (49) were from Handelsbanken Liv. The decrease in net fee and commission income by 2% to SEK 292m (297) was due to lower mutual fund volumes. Expenses were SEK 284m (374).

Handelsbanken Liv did not receive any yield split during the period (0). A provision of SEK 92m (49) was made to the deferred capital contribution at Handelsbanken Liv.

Discontinued operations

The discontinued operations include the net amount of the compensation Handelsbanken receives for

asset management assignments performed by the Bank on behalf of SPP/Storebrand and also the income and expenses Handelsbanken pays/incurs for the services that the Bank still sells to SPP.

Net profits were SEK 48m (44).

Productivity increases

The programme for higher productivity announced at the Bank's Capital Markets Day in 2006 has now been under way for two years. The aim of the project is to simplify administrative work at branches, with the aim of freeing up 50% more time for meeting customers by 2010.

To date, many major and minor simplifications have been achieved. A study of productivity at branches during the spring showed that the time branch staff devote to discussions with customers has increased by 34%, both as a consequence of more efficient customer systems and less administration.

CAPITAL-RELATED MATTERS

The capital base was SEK 104,951m and the capital ratio according to Basel II excluding the transitional rules was 16.1%. The corresponding Tier 1 ratio was 10.6%. For Handelsbanken, if no transitional rules had applied, the statutory capital requirement under Basel II would have been reduced by 43% compared to the requirement in accordance with Basel I.

Tier 1 capital rose to SEK 68,900m. SEK 8,850m of the Tier 1 capital was Tier 1 hybrid capital. In June 2008, the Bank issued a convertible subordinated loan for SEK 2.3bn directed at the staff of the Bank. This is classified as Tier 1 capital. The loan was issued on market terms and its dilution effect is almost 2% at the normal conversion price.

Calculated according to the transitional rules, the Bank's capital ratio (including the profit for the period) was 10.7%, while the Tier 1 capital ratio was 7.1%.

The staff convertible loan increased the Tier 1 capital ratio by 0.2 percentage points. In conjunction with the implementation of the internal capital adequacy assessment process (ICAAP), the Bank entered into an agreement on the future possibility of utilising a guarantee to speed up the transition to Basel II. This raised the Tier 1 capital ratio by 0.3 percentage points.

EQUITY, FUNDING AND LIQUIDITY

During the quarter, the Bank issued various types of funding instruments on competitive terms, and funding operations have been possible in the normal way. Liquidity remained good and in the second

quarter, the Bank continued to be a net lender of Swedish kronor in the Swedish interbank market. The Bank has also extended the average maturity of its funding.

In addition, the Bank has been able to issue securities in the US market on a regular basis.

Handelsbanken has continued to reduce the exposure in its liquidity portfolio. The market value was SEK 58bn (66), of which 41% was placed in available for sale instruments (AFS).

ISSUE OF SUBORDINATED CONVERTIBLE LOAN

In accordance with the resolution of the AGM, during the second quarter, the Bank issued a subordinated convertible loan for SEK 2.3bn directed at the Group's employees.


There was great interest in the loan and the Group's employees subscribed for a total of SEK 6.5bn, meaning that the convertible was heavily oversubscribed.

SALE OF NCSD

In June, Handelsbanken, together with other owners, expressed its intention to sell its ownership share in NCSD Nordic Central Securities Depository (owner of the Swedish VPC and the Finnish APK) to Euroclear. The deal is expected to be completed in the third quarter and will result in a capital gain of some SEK 700m.

RATING

Handelsbanken's rating was unchanged with all three rating agencies which rate the Bank. Moody's rating for the Bank was Aa1, and from Fitch and Standard & Poor's AA-. All three agencies consider the Bank's outlook to be stable.



Pär Boman
President and group chief executive

Business segment information

The Group's income statement by business segment, January - June

SEK m	Branch offices in Sweden	Branch offices outside Sweden	Capital Markets	Asset Mgmt	Other operations	Elimina- tions	Jan-Jun 2008	Jan-Jun 2007
Net interest income	6,258	2,482	290	195	-325	-7	8,893	7,631
Net fee and commission income	1,690	633	521	589	12		3,445	3,844
Net gains/losses on financial items at fair value	483	206	-207	-163	138		457	2,116
Risk result - insurance				110			110	107
Other income	80	288	331	94	1,922	-2,366	349	385
Total income	8,511	3,609	935	825	1,747	-2,373	13,254	14,083
Total expenses	-3,294	-2,178	-1,392	-658	-1,347	2,373	-6,496	-6,120
Profit before loan losses	5,217	1,431	-457	167	400		6,758	7,963
Net loan losses	-377	-301	-	-			-678	135
Gains/losses on disposal of property, equipment and intangible assets	0	0	-	-	272		272	1
Operating profit	4,840	1,130	-457	167	672		6,352	8,099
Return on equity, %	18.3	8.8	-	5.1			12.6	18.3
Average number of employees	4,625	2,814	927	546	1,758		10,670	9,959

Internal income and expenses are included in the respective item on the income statement. Internal income consists of payment for interest, commissions and services rendered according to the cost price principle. Expenses also include the distribution of

costs made internally within the Group for services from business support operations. Return on shareholders' equity for the segments is computed after standard tax while for the whole Group, it is computed after actual tax.

Other operations

SEK m	Q 2 2008	Q 1 2008	Change %	Q 2 2007	Change %	Jan-Jun 2008	Jan-Jun 2007	Change %	Full year 2007
Net interest income	-212	-113	-88	-186	-14	-325	-344	6	-755
Net fee and commission income	-13	25		-50	74	12	-70		-121
Net gains/losses on financial items at fair value	85	53	60	436	-81	138	496	-72	702
Other income	1,059	863	23	1,013	5	1,922	1,936	-1	3,705
Total income	919	828	11	1,213	-24	1,747	2,018	-13	3,531
Total expenses	-689	-658	5	-871	-21	-1,347	-1,656	-19	-3,099
Gains/losses on disposal of property, equipment and intangible assets	0	272		0	0	272	-		-
Operating profit	230	442	-48	342	-33	672	362	86	432
Average number of employees	1,751	1,767	-1	1,685	4	1,758	1,679	5	1,695

The Other operations business segment includes Treasury and the central head office departments. It also includes capital gains/losses, dividends, and income and expenses that are not attributable to a specific segment.

During the first half of the year, the operating profit increased by SEK 310m to SEK 672m (362), principally due to the capital gain from the sale of a property for SEK 272m which arose in the first quarter.

Branch office operations in Sweden

Branch office operations in Sweden comprise six regional banks, Handelsbanken Finans's operations in Sweden and Stadshypotek. At Handelsbanken, the branches are the base of all operations: they co-ordinate services for all customers. The regional banks are responsible for their own profits and pursue the goal of providing universal banking services with a higher service level and at lower cost than comparable banks. Handelsbanken Finans has a full range of finance company services. Handelsbanken Finans works through the Bank's branches and in financing collaborations with retailers and vendors. Stadshypotek is the Bank's mortgage company, and is completely integrated with the branch operations.

Income statement

SEK m	Q 2 2008	Q 1 2008	Change %	Q 2 2007	Change %	Jan-Jun 2008	Jan-Jun 2007	Change %	Full year 2007
Net interest income	3,200	3,058	5	2,888	11	6,258	5,703	10	11,462
Net fee and commission income	847	843	0	887	-5	1,690	1,766	-4	3,616
Net gains/losses on financial items at fair value	387	96	303	385	1	483	607	-20	917
Other income	38	42	-10	40	-5	80	86	-7	172
Total income	4,472	4,039	11	4,200	6	8,511	8,162	4	16,167
Total expenses	-1,658	-1,636	1	-1,547	7	-3,294	-3,077	7	-6,226
Profit before loan losses	2,814	2,403	17	2,653	6	5,217	5,085	3	9,941
Net loan losses	-375	-2		-81	363	-377	-27		-72
Gains/losses on disposal of property, equipment and intangible assets	0	-		0	0	0	1		0
Operating profit	2,439	2,401	2	2,572	-5	4,840	5,059	-4	9,869
Return on equity, %	19.3	17.5		22.5		18.3	21.5		21.8
Average number of employees	4,623	4,627	0	4,578	1	4,625	4,580	1	4,649

JANUARY – JUNE 2008 COMPARED WITH JANUARY – JUNE 2007

Earnings performance

Operating profits decreased by 4% to SEK 4,840m (5,059), chiefly due to higher loan losses.

Operating profits before loan losses rose by 3% to SEK 5,217m (5,085).

Income rose by 4% to SEK 8,511m (8,162); this was entirely attributable to a 10% increase in net interest income to SEK 6,258m (5,703).

Repurchased bonds had an impact on net interest income of SEK -29m (74).

Net fee and commission income fell by 4% to SEK 1,690m (1,766), mainly due to lower equity market-related income. Payment commissions continued to grow.

Net gains/losses on financial items at fair value decreased to SEK 483m (607).

Expenses rose by 7% to SEK 3,294m (3,077) and the C/I ratio before loan losses was 38.7% (37.7%).

Loan losses were SEK 377m (27) and are almost entirely due to one exposure.

Business development

The number of branches in Sweden was 461 (459).

The average volume of deposits from households increased by 21%, or SEK 24bn. During the first six

months of 2008, Handelsbanken was the only one of the major banks to increase its market share of household deposits in Sweden. The Bank's market share increased from 16.0% at year-end 2007 to 16.5% as at 31 May.

Lending volumes continued to increase, although corporate lending showed a lower rate of increase than in previous quarters. The average volume of mortgage loans grew by 13% to SEK 391bn (347).

Handelsbanken Finans's average credit volumes in Sweden went up by 12% to SEK 39.4bn (35.2).

Card operations continued to grow. The number of cards, the purchase volume per card, and the number of card transactions all increased. The number of Allkort cards grew by 33% to 271,000, while the total purchase volume for the cards was up by 35% from the corresponding period in 2007. The number of Business cards grew by 12% to 119,000, and the total purchase volume rose by 14%. The number of Frikort cards went up by 45% to 135,000. The Frikort card replaces the Bankomat ATM card, and in addition to giving access to cash it can be used for purchases in stores. The number of card acquisition customers increased by 8% to 25,000.

Productivity-enhancing measures have an impact

Two years ago, a project was started up to simplify administrative work at branches, with the aim of freeing up 50% more time for meeting customers by 2010. During the first half of 2008, further major and minor simplifications were achieved. A study of productivity at branches showed that after just two years, the time that branch staff devote to discussions with customers has increased by 34%, while administrative work has decreased.

Q2 2008 COMPARED WITH Q1 2008**Earnings performance**

Operating profit increased by 2% to SEK 2,439m (2,401). Income went up by 11%, or by SEK 433m.

Business volumes, Sweden

	Q 2	Q 1	Change	Jan-Jun	Jan-Jun	Change
Average volumes, SEK bn	2008	2008	%	2008	2007	%
Deposits and borrowing from the public						
Household	141	135	4	138	114	21
Corporate	137	138	-1	138	120	15
Total	278	273	2	276	234	18
Loans to the public *						
Household	453	442	2	447	401	11
of which mortgage loans	396	386	3	391	347	13
Corporate	468	461	2	464	418	11
of which mortgage loans	144	143	1	144	142	1
Total	921	903	2	911	819	11

* excl. loans to the National Debt Office

Net interest income grew by SEK 142m or 5%, mainly due to larger business volumes, but as in the first quarter, higher lending margins also made a positive contribution. The average margin for the mortgage loan portfolio was stable, and once again deposit margins made a positive contribution to net interest income.

Net gains/losses on financial items at fair value rose by SEK 291m to SEK 387m (96), chiefly due to positive effects from fixed income instruments.

Expenses rose by 1% to SEK 1,658m (1,636). Staff costs were unchanged between the two quarters. Loan losses were SEK 375m (2), with the increase being almost entirely due to one exposure.

Branch office operations outside Sweden

Branch office operations outside Sweden comprise the regional banks in Denmark, Finland and Norway, as well as the two regional banks in Great Britain, these being the countries which, together with Sweden, are regarded as the Bank's domestic markets. The branch operations in these countries are run according to the same concept as in Sweden – to provide universal banking services with a higher service level and at lower cost than comparable banks. This business segment also includes Handelsbanken International and Handelsbanken Finans's operations outside Sweden. Handelsbanken International is responsible for branch operations outside the Bank's domestic markets and trade finance, as well as export finance and project finance.

Income statement

SEK m	Q 2 2008	Q 1 2008	Change %	Q 2 2007	Change %	Jan-Jun 2008	Jan-Jun 2007	Change %	Full year 2007
Net interest income	1,261	1,221	3	1,002	26	2,482	1,963	26	4,204
Net fee and commission income	313	320	-2	328	-5	633	653	-3	1,278
Net gains/losses on financial items at fair value	142	64	122	168	-15	206	295	-30	453
Other income	151	137	10	115	31	288	257	12	511
Total income	1,867	1,742	7	1,613	16	3,609	3,168	14	6,446
Total expenses	-1,106	-1,072	3	-913	21	-2,178	-1,823	19	-3,851
Profit before loan losses	761	670	14	700	9	1,431	1,345	6	2,595
Net loan losses	-196	-105	87	146		-301	162		45
Gains/losses on disposal of property, equipment and intangible assets	0	-		0	0	0	0	0	1
Operating profit	565	565	0	846	-33	1,130	1,507	-25	2,641
Return on equity, %	8.8	8.8		16.6		8.8	15.1		13.1
Average number of employees	2,861	2,767	3	2,454	17	2,814	2,406	17	2,517

Due to the transfer of units from Capital Markets, this segment has been recalculated for 2008 and 2007. The adjustment refers to net interest income, other income and expenses. The impact on the financial results is marginal.

JANUARY – JUNE 2008 COMPARED WITH JANUARY – JUNE 2007

Earnings performance

Operating profits fell to SEK 1,130m (1,507). Profits before loan losses rose by 6% to SEK 1,431m (1,345). Income increased by 14% to SEK 3,609m (3,168). Expenses rose by 19% and were SEK 2,178m (1,823). Loan losses were SEK 301m (-162).

Investments for higher rate of expansion

In 2007, the pace at which new branches were opened doubled, primarily in the second half of the year. This means that the expansion costs for new branches were SEK 91m higher than in the same period in the previous year, which is equivalent to 5 percentage points of the 19% cost increase. The operating deficit for new branches which have not yet broken even was SEK 192m (43) and the average number of employees went up by 17% to 2,814.

Business development

Handelsbanken had a total of 214 (172) branches outside Sweden. Fifteen new branches were opened during the first six months.

Average lending volumes in the branch office operations outside Sweden increased by 29% to SEK 399bn (309). Corporate lending rose by 35% to SEK 285bn (211) while lending to households rose by 16% to 114bn (98). Deposits from the public rose by 10% to SEK 139bn (126).

Q2 2008 COMPARED WITH Q1 2008

Earnings performance

Profits were unchanged at SEK 565m (565). Income rose by 7%, impacted by both a higher net interest income and the net of financial items. Expenses went up by 3% to SEK 1,106m (1,072), mainly due to the continued expansion of the branch network. The average number of employees increased by 3% and 18 branch managers have been appointed to open new branches in the second half of the year. Loan losses were SEK 196m (105) and were attributable to two individual exposures.

In the second quarter, ten new branches were opened: four in Poland, three in Great Britain and one in each of Denmark, Germany and Latvia.

Branch office operations in Great Britain

JANUARY – JUNE 2008 COMPARED WITH JANUARY – JUNE 2007

Earnings performance

Profits were SEK -6m (129). The decrease is explained in part by the expansion causing expenses to go up by SEK 73m, and by loan losses of SEK 58m (0), attributable in its entirety to the Bank making a provision for a single exposure.

Net interest income rose by 6% to SEK 303m (286). However, business volumes went up more rapidly than net interest income, which is due to lower margins as a result of a wider spread between the market rate and the central bank's base rate, which in many cases governs the interest rate charged to customers. The negative impact on net interest income was just over GBP 5m during the period.

Expenses rose by 28% to SEK 330m (257). During the past twelve months, the Bank has opened 19 new branches. During the same period, the total number of staff grew by 145 to a total of 457 (312).

Business development

The average volume of lending rose by 40% to GBP 4,554m (3,261). Corporate lending went up by 43%, and lending to households by 26%. Deposits from private customers rose by 86% to GBP 317m (170) while corporate deposits decreased. During the first half of the year, seven new branch offices were opened, bringing the Bank's total number of branches in Great Britain to 49 (30). In addition, managers have been recruited for another nine branches.

Q2 2008 COMPARED WITH Q1 2008

Earnings performance

Profits were SEK -37m (31) since they were charged with loan losses of SEK 58m, entirely attributable to a single exposure. Net interest income went down by 7% or SEK 11m as the positive effects of increased business volumes were offset by lower margins and a negative exchange rate effect.

Expenses rose due to continuing expansion. In the second quarter, three new branches were opened: in Bradford, Dartford and Grimsby.

Branch office operations in Great Britain

SEK m	Q 2 2008	Q 1 2008	Change %	Jan-Jun 2008	Jan-Jun 2007	Change %	Full year 2007
Net interest income	146	157	-7	303	286	6	597
Net fee and commission income	22	22	0	44	52	-15	103
Net gains/losses on financial items at fair value	12	2	500	14	32	-56	42
Other income	11	10	10	21	16	31	30
Total income	191	191	0	382	386	-1	772
Total expenses	-170	-160	6	-330	-257	28	-570
Net loan losses	-58	0		-58	0		-48
Operating profit	-37	31		-6	129		154

Business volumes, Great Britain

Average volumes, GBP m	Q 2 2008	Q 1 2008	Change %	Jan-Jun 2008	Jan-Jun 2007	Change %
Deposits and borrowing from the public						
Household	405	228	78	317	170	86
Corporate	1,058	1,191	-11	1,119	1,194	-6
Total	1,463	1,419	3	1,436	1,364	5
Loans to the public						
Household	759	697	9	728	580	26
Corporate	3,900	3,755	4	3,826	2,681	43
Total	4,659	4,452	5	4,554	3,261	40

Branch office operations in Denmark

JANUARY – JUNE 2008 COMPARED WITH JANUARY – JUNE 2007

Earnings performance

Operating profits were SEK 235m, which was a decrease of SEK 241m. In the previous year, large writebacks of previous provisions for probable loan losses were made. Profits before loan losses fell by 9% to SEK 236m (258).

Net interest income went up by 12% to SEK 396m (353) due to larger business volumes. Net fee and commission income fell by 15% but total income increased by 3%.

Expenses went up by 14% due to the Bank's expansion in Denmark. Staff costs rose as the number of staff went up by 10% to 466.

Business development

The average volume of lending increased by 11% to DKK 32.4bn (29.3). Loans to households increased by 14% to DKK 14.7bn (12.9). The total volume of Priority loans, i.e. Handelsbanken's mortgage loans

in Denmark, amounted to DKK 12.4bn (10.6). Deposits from companies grew by 11%. Household deposits went down by 4%. Excluding individual pension savings in the form of accounts, known as pools, deposits went up by 8%.

During the period a new credit card for the Bank's corporate customers was introduced.

The number of branches was 40 (38). During the second quarter another branch was opened in the Aarhus area and thus the Bank has two branches in Aarhus.

Q2 2008 COMPARED WITH Q1 2008

Earnings performance

Operating profits increased by 94% to SEK 155m (80), which is mainly attributable to net gains/losses on financial items rising to SEK 57m (3). Net fee and commission income went up by 4%, partly due to the Bank issuing an equity-linked bond.

Demand for credit, from households as well as companies, remained strong. Average lending volumes rose by 8% and corporate lending by 11%. Household deposits grew by 4% to DKK 5.1bn (4.9).

Branch office operations in Denmark

SEK m	Q 2 2008	Q 1 2008	Change %	Jan-Jun 2008	Jan-Jun 2007	Change %	Full year 2007
Net interest income	200	196	2	396	353	12	737
Net fee and commission income	50	48	4	98	115	-15	220
Net gains/losses on financial items at fair value	57	3		60	70	-14	82
Other income	9	0		9	6	50	10
Total income	316	247	28	563	544	3	1,049
Total expenses	-160	-167	-4	-327	-286	14	-605
Net loan losses	-1	0		-1	218		197
Operating profit	155	80	94	235	476	-51	641

Business volumes, Denmark

Average volumes, DKK bn	Q 2 2008	Q 1 2008	Change %	Jan-Jun 2008	Jan-Jun 2007	Change %
Deposits and borrowing from the public						
Household	5.1	4.9	4	5.0	5.2	-4
Corporate	16.0	16.6	-4	16.3	14.7	11
Total	21.1	21.5	-2	21.3	19.9	7
Loans to the public						
Household	15.0	14.4	4	14.7	12.9	14
Corporate	18.6	16.8	11	17.7	16.4	8
Total	33.6	31.2	8	32.4	29.3	11

Branch office operations in Finland

JANUARY – JUNE 2008 COMPARED WITH JANUARY – JUNE 2007

Earnings performance

Operating profits decreased by 7% to SEK 253m (273), owing to higher expenses. Cost increases of 13% are due to the expansion in the number of branches and to IT costs being higher than normal in the first quarter due to replacing the IT system. Other expenses were largely at the same level as the corresponding period in the previous year.

Net interest income went up by 6%, due to higher business volumes. The average volume of lending increased by 13% to EUR 9.4bn (8.3).

Business development

Handelsbanken had 44 (44) branches in Finland. One manager has been recruited to open a new branch in Porvoo.

The regional bank in Finland was also responsible for the Bank's operations in the Baltics. The Bank has one branch in Tallinn, Estonia, and since May one in Riga, Latvia. Handelsbanken's total lending in the Baltics was EUR 108m, EUR 65m of which is exposure to government risks.

Q2 2008 COMPARED WITH Q1 2008

Earnings performance

Operating profit rose by 6% to SEK 130m (123); this was attributable to a 7% increase in net interest income to SEK 242m (226).

Expenses went up by 2% to SEK 196m (193), mainly attributable to the expansion.

Branch office operations in Finland

SEK m	Q 2 2008	Q 1 2008	Change %	Jan-Jun 2008	Jan-Jun 2007	Change %	Full year 2007
Net interest income	242	226	7	468	440	6	899
Net fee and commission income	70	71	-1	141	152	-7	293
Net gains/losses on financial items at fair value	18	17	6	35	51	-31	95
Other income	5	7	-29	12	11	9	20
Total income	335	321	4	656	654	0	1,307
Total expenses	-196	-193	2	-389	-343	13	-716
Net loan losses	-9	-5	80	-14	-38	-63	-62
Operating profit	130	123	6	253	273	-7	529

Business volumes, Finland

Average volumes, EUR m	Q 2 2008	Q 1 2008	Change %	Jan-Jun 2008	Jan-Jun 2007	Change %
Deposits and borrowing from the public						
Household	1,176	1,146	3	1,161	1,012	15
Corporate	1,019	1,043	-2	1,031	1,029	0
Total	2,195	2,189	0	2,192	2,041	7
Loans to the public						
Household	2,973	2,911	2	2,942	2,603	13
Corporate	6,648	6,174	8	6,411	5,694	13
Total	9,621	9,085	6	9,353	8,297	13

Branch office operations in Norway

JANUARY – JUNE 2008 COMPARED WITH JANUARY – JUNE 2007

Earnings performance

Operating profits increased by 45% to SEK 751m (518). Net interest income went up by 45%, mainly due to larger business volumes where the average lending volume increased by 29%. Exchange rate changes also had a positive effect. Net fee and commission income increased by 30% to SEK 170m (131).

Expenses increased by SEK 55m or 13%. Almost half of the cost increase was directly attributable to the expansion in the form of new branches.

Business development

The average volume of lending rose by 29% to NOK 136bn. Corporate lending increased by 36% while household lending rose by 15%. The volume of deposits increased by 16% to NOK 45bn.

The Bank's two new exchange-traded funds, the XACT funds Bull and Bear, were well received by customers and at the end of the first half of the year the volume was NOK 1.2bn.

Handelsbanken had 46 branches (42) in Norway. During the period, three branch managers were recruited for branches scheduled to be opened in the future. The branches opened in recent years have performed well and only five of the regional bank's 46 branches have not yet broken even.

Q2 2008 COMPARED WITH Q1 2008

Earnings performance

Operating profits increased by 2% to SEK 380m (371). Income rose by 3% or NOK 16m as the net interest income went up by NOK 13m. The average lending volume went up by 5% while deposits fell by 4% due to lower corporate deposits.

Branch office operations in Norway

SEK m	Q 2 2008	Q 1 2008	Change %	Jan-Jun 2008	Jan-Jun 2007	Change %	Full year 2007
Net interest income	509	496	3	1,005	695	45	1,550
Net fee and commission income	85	85	0	170	131	30	270
Net gains/losses on financial items at fair value	23	23	0	46	122	-62	180
Other income	8	5	60	13	12	8	19
Total income	625	609	3	1,234	960	29	2,019
Total expenses	-235	-231	2	-466	-411	13	-811
Net loan losses	-10	-7	43	-17	-31	-45	-34
Operating profit	380	371	2	751	518	45	1,174

Business volumes, Norway

Average volumes, NOK bn	Q 2 2008	Q 1 2008	Change %	Jan-Jun 2008	Jan-Jun 2007	Change %
Deposits and borrowing from the public						
Household	8.5	8.4	1	8.4	7.8	8
Corporate	35.3	37.2	-5	36.3	30.6	19
Total	43.8	45.6	-4	44.7	38.4	16
Loans to the public						
Household	45.2	44.1	2	44.6	38.7	15
Corporate	94.7	88.7	7	91.7	67.3	36
Total	139.9	132.8	5	136.3	106.0	29

Handelsbanken International

**JANUARY – JUNE 2008 COMPARED WITH
JANUARY – JUNE 2007****Earnings performance**

Profits before loan losses increased by 15% to SEK 168m. The provision for probable loan losses was SEK 217m. Operating profits fell to SEK -49m (146).

Income rose by 27% to SEK 869m (684), while expenses increased by 30% to SEK 701m (538), mainly due to setting up new branches.

Business development

Including the Finnish regional bank's Baltic branches, Handelsbanken had 35 branches and four representative offices in 17 countries outside the Nordic region and Great Britain.

During the period six new branches were opened.

Q2 2008 COMPARED WITH Q1 2008**Earnings performance**

Operating profits decreased to SEK -31m (-18). Income rose by 4% to SEK 443m (426), while expenses increased by 4% to SEK 358m (343).

Operating profit before loan losses increased to SEK 85m (83). The provision for probable loan losses was SEK 116m (101) and related to a single exposure.

The expansion of the branch operations continued in the second quarter. The Bank opened four new branches in Poland: in Cracow, Torun, Lublin and Bydgoszcz. As a result, the Bank had a total of eleven branches in Poland.

In early April a branch was opened in Düsseldorf bringing the total in Germany to five. Managers have been recruited for a further three branches, which are due to open in the second half of the year.

In the Netherlands, where the Bank had three branches, a manager was appointed for the new branch in Breda.

Handelsbanken International

SEK m	Q 2 2008	Q 1 2008	Change %	Jan-Jun 2008	Jan-Jun 2007	Change %	Full year 2007
Net interest income	194	175	11	369	237	56	520
Net fee and commission income	86	94	-9	180	202	-11	392
Net gains/losses on financial items at fair value	32	19	68	51	20	155	55
Other income	131	138	-5	269	225	20	473
Total income	443	426	4	869	684	27	1,440
Total expenses	-358	-343	4	-701	-538	30	-1,186
Net loan losses	-116	-101	15	-217	0		2
Operating profit	-31	-18	72	-49	146		256

Due to the transfer of units from Capital Markets, this segment has been recalculated for 2008 and 2007. The adjustment refers to net interest income, other income and expenses. The impact on the financial results is marginal.

Business volumes, Handelsbanken International

Average volumes, SEK bn	Q 2 2008	Q 1 2008	Change %	Jan-Jun 2008	Jan-Jun 2007	Change %
Deposits and borrowing from the public						
Household	4.3	4.3	0	4.3	4.2	2
Corporate	19.2	16.6	16	17.9	16.1	11
Total	23.5	20.9	12	22.2	20.3	9
Loans to the public						
Household	3.0	2.9	3	2.9	2.7	7
Corporate	54.7	47.2	16	50.9	29.3	74
Total	57.7	50.1	15	53.8	32.0	68

Handelsbanken Capital Markets

Capital Markets is Handelsbanken's investment bank. Capital Markets comprises advisory services within corporate finance, including debt capital markets, equities, fixed income, commodities and foreign exchange trading, structured products, and macro and financial research. There were just over 900 employees in seven countries.

Income statement

SEK m	Q 2 2008	Q 1 2008	Change %	Q 2 2007	Change %	Jan-Jun 2008	Jan-Jun 2007	Change %	Full year 2007
Net interest income	141	149	-5	109	29	290	207	40	452
Net fee and commission income	267	254	5	493	-46	521	800	-35	1,564
Net gains/losses on financial items at fair value	136	-343		369	-63	-207	692		913
Other income	183	148	24	146	25	331	291	14	662
Total income	727	208	250	1,117	-35	935	1,990	-53	3,591
Total expenses	-649	-743	-13	-753	-14	-1,392	-1,347	3	-2,830
Profit before loan losses	78	-535		364	-79	-457	643		761
Net loan losses	-	-		-		-	-		-
Gains/losses on disposal of property, equipment and intangible assets	-	-		-		-	-		-
Operating profit	78	-535		364	-79	-457	643		761
Return on equity, %	4.2	-		17.5	-	-	16.3		10.0
Average number of employees	934	919	2	841	11	927	837	11	866

Due to the transfer of units to Branch office operations outside Sweden, this segment has been recalculated for 2008 and 2007. The adjustment refers to net interest income, other income and expenses. The impact on the financial results is marginal.

JANUARY – JUNE 2008 COMPARED WITH JANUARY – JUNE 2007

Earnings performance

Profits decreased to SEK -457m (643). The decline was chiefly attributable to realised and unrealised value changes in the liquidity portfolio from the first quarter. In total, the earnings effect in the liquidity portfolio amounted to SEK -1,033m.

Income decreased to SEK 935m (1,990); excluding the effects in the liquidity portfolio, income fell by 1% to SEK 1,968m, while profits decreased to SEK 576m. The underlying decline reflects generally lower market activity in all areas of operations except fixed income and foreign exchange trading, where profits were up from the previous year.

Expenses rose by 3% to SEK 1,392m (1,347). The increase came mainly from staff costs. The average number of employees increased by 11% to 927 (837).

Equity trading

During the period, activity levels on the Nordic stock markets declined, and brokerage income dropped by 6%. The Bank remained the second largest player on the Stockholm stock exchange. Investments in Norwegian operations started to yield returns and income grew significantly.

According to the survey company Prospera, Nordic institutional customers rank Handelsbanken equal first for cross-Nordic equity trading. According

to Greenwich Associates, European institutions for the first time rank the Bank no.3 (5).

Corporate Finance including Debt Capital Markets

The period has been one of continuing caution as regards mergers and acquisitions. Interest in IPOs and issues remained only limited. The Bank was an advisor in eight M&A transactions for a value of EUR 2.7bn.

The current turbulence in credit markets has increased interest in alternative financial solutions. Capital Markets carried out 32 bond issues for a value of SEK 26bn. The Bank was a mandated lead arranger for 11 syndicated loans for a total of EUR 10.8bn.

Fixed income, foreign exchange and commodity trading

Adjusted for the above-mentioned negative effects from the liquidity portfolio, earnings increased, even though market conditions were more difficult during the second quarter. The drive to offer more customer-adapted services to branch office operations continued. Business for customer-adapted derivative services showed strong performance. The number of interest rate derivative transactions increased by 51%, while the number of currency derivative transactions was up by 70%.

According to the survey company Prospera, institutional customers rank Handelsbanken Capital Markets as no.2 in Swedish bond trading. The Bank

issued just over 16% of all Swedish credit-linked notes, which is a significant increase over the previous year. The Bank was the second largest Nordic player in foreign exchange trading in Swedish kronor (SEK).

Structured products

For many years, Handelsbanken Capital Markets has held a strong position in the Nordic market for structured products. Income was somewhat lower than the corresponding period in the previous year, affected by the significantly lower activity levels on the market. A total of 105 capital-protected products were sold, including 46 during the first quarter. In Sweden, the Bank's market share of capital-protected products was just over 21%. The Bank maintained its position as the leader on the warrant and certificates market. Its market share in Sweden was just over 55%.

Q2 2008 COMPARED WITH Q1 2008

Profits increased by SEK 613m to SEK 78m (-535). Income totalled SEK 727m (208) Excluding the negative effects in the Bank's liquidity portfolio, the result decreased to SEK 149m (427).

Expenses fell by 13% to SEK 649m (743), mainly due to lower staff costs.

Equity trading

Brokerage income decreased by 4%. The relatively small decline was due to the strong performance of Norwegian operations and the strengthening of the Bank's Nordic market position.

Corporate Finance including Debt Capital Markets

The Bank was an advisor in four M&A transactions for a value of EUR 29m. One new issue was carried out for a value of EUR 14m.

Activity levels within Debt Capital Markets have remained high. Fifteen bond issues for a value of SEK 11bn were carried out, and the Bank was a mandated lead arranger for four syndicated loans totalling EUR 1bn.

Fixed income, foreign exchange and commodity trading

Earnings rose sharply from the previous quarter, owing to the negative result from the sale of US asset-backed securities backed by credit card receivables that was included in the previous quarter. The number of derivative transactions rose by 38%. The uncertainty of the economic cycle has resulted in somewhat lower activity among commodities customers. Capital Markets remains Sweden's leading commodities trader.

Structured products

The Bank retained its leading position for structured products. A total of 59 different capital-protected products were sold. Income was higher than in the previous quarter. Several new products were launched, including a foreign exchange bond and warrants on gold and oil.

Handelsbanken Asset Management

This business segment comprises Handelsbanken Asset Management and Handelsbanken Liv. Asset Management comprises fund management, discretionary management and Nordic custody services, as well as support to the branch offices regarding private banking, capital investment, portfolio systems and accounting for foundations. Through collaboration with the Bank's branch operations, Handelsbanken Liv focuses on providing asset protection solutions, private pension savings and collectively agreed occupational pensions to private individuals.

Income statement

SEK m	Q 2 2008	Q 1 2008	Change %	Q 2 2007	Change %	Jan-Jun 2008	Jan-Jun 2007	Change %	Full year 2007
Net interest income	108	87	24	57	89	195	107	82	256
Net fee and commission income	292	297	-2	342	-15	589	695	-15	1,408
Net gains/losses on financial items at fair value	-116	-47	147	4		-163	26		69
Risk result - insurance	71	39	82	74	-4	110	107	3	151
Other income	50	44	14	90	-44	94	167	-44	345
Total income	405	420	-4	567	-29	825	1,102	-25	2,229
Total expenses	-284	-374	-24	-306	-7	-658	-574	15	-1,200
Profit before loan losses	121	46	163	261	-54	167	528	-68	1,029
Net loan losses	-	-		-		-	-		-
Gains/losses on disposal of property, equipment and intangible assets	-	-		-		-	-		-
Operating profit	121	46	163	261	-54	167	528	-68	1,029
Return on equity %	7.6	2.7		18.9		5.1	18.4		17.1
Average number of employees	557	534	4	471	18	546	458	19	482

JANUARY – JUNE 2008 COMPARED WITH JANUARY – JUNE 2007

Earnings performance

Operating profits in the Handelsbanken Asset Management segment fell by SEK 361m to SEK 167m (528). Handelsbanken Liv's earnings declined to SEK 93m (286). The decrease was primarily attributable to a lower total yield, which reduced the financial result by SEK 153m, chiefly due to the provision to the deferred capital contribution of SEK 141m (0).

Asset Management, excluding Handelsbanken Liv, reported an operating profit of SEK 74m (289).

Profits at Handelsbanken Liv decreased to SEK 93m (286), owing to a weaker financial result. The total yield was -5.27% (2.55%). Thus the company received no yield split. The yield split for the corresponding period in 2007 was SEK 48m.

Business development

The volume of assets managed by Handelsbanken Asset Management fell by 16% to SEK 199bn (238). The total volume of assets under management by the Group was SEK 248bn (303).

Q2 2008 COMPARED WITH Q1 2008

Earnings performance

Operating profit increased by SEK 75m to SEK 121m (46). The first quarter included the above-mentioned one-off cost of SEK 93m. Asset Management, excluding Handelsbanken Liv, increased its profit to SEK 77m (-3).

Income decreased by 4%, as falling share prices resulted in lower mutual fund commissions, while Handelsbanken Liv's financial result fell by SEK 58m.

Handelsbanken Asset Management, excl. Handelsbanken Liv

JANUARY – JUNE 2008 COMPARED WITH JANUARY – JUNE 2007

Earnings decreased to SEK 74m (289), chiefly due to higher expenses. In the first quarter, in conjunction with the division of the asset management organisation following the divestment of SPP, one-off costs of SEK 93m arose, which burdened continuing operations. Income for Asset Management, excluding Handelsbanken Liv, fell by 4%. Fee and commission income decreased, partly due to lower stock market values. The average volume of mutual fund assets under management, on which a large share of commission income is based, fell by 13% to SEK 150bn (172). Expenses increased by SEK 189m, of which the above-mentioned one-off cost represented SEK 93m. The average number of employees grew by 11%, which also affected other administrative costs.

Handelsbanken's mutual funds

At the end of the period, the Bank's mutual fund management company (Handelsbanken Fonder) managed 95 (95) mutual funds, with a total value of SEK 135bn (182). The volume decrease of SEK 47bn included a net outflow of 18bn, of which 6bn represented institutional movements of capital from mutual funds to other forms of asset management with similar investment policies. SEK 29bn of the decrease was attributable to lower market values. New savings in Handelsbanken's funds on the Swedish mutual fund market were negative, amounting to SEK -14bn (+1).

Some 64% (66) of the total fund assets were invested in equity funds; 26% (24) were invested in fixed income funds; 8% (8) in mixed funds, and 2% (2) in hedge funds.

Asset Management excl Handelsbanken Liv

SEK m	Q 2 2008	Q 1 2008	Change %	Jan-Jun 2008	Jan-Jun 2007	Change %	Full year 2007
Net interest income	42	41	2	83	70	19	143
Net fee and commission income	187	197	-5	384	433	-11	943
Net gains/losses on financial items at fair value	-3	-2	-50	-5	11		23
Other income	65	32	103	97	71	37	150
Total income	291	268	9	559	585	-4	1,259
Total expenses	-214	-271	-21	-485	-296	64	-668
Net loan losses	-	-		-	-		-
Operating profit	77	-3		74	289	-74	591

Due to the divestment of SPP, allocation of internal income and expense has been adjusted. Thus the amounts for 2007 have been restated. The adjustment refers only to other income and expenses. The operating profit is unchanged.

In Morningstar's 3-year rating, Handelsbanken Fonder had the highest average rating among the four major Swedish banks. In the most recent customer survey from Prospera, Handelsbanken Fonder was rated the best fund management company on the Swedish market.

During the second quarter, the 'c/o Handelsbanken' service was launched. This enables customers to gather all their mutual funds together – including those managed by other fund management companies – at Handelsbanken.

Exchange-traded funds

The assets managed in the XACT funds totalled SEK 17bn (23). Two new funds were launched on the Norwegian market during the period. These were XACT Derivat Bull and XACT Derivat Bear, which aim to provide a return that corresponds to 200% of the change in the underlying index. Volumes and trading in these funds have shown strong performance.

XACT Fonder managed a total of 12 listed mutual funds, of which eight are traded on the Stockholm stock exchange, three are traded on the Oslo stock exchange and one on the Helsinki stock exchange.

Discretionary management

Discretionary management volumes grew by 13% to SEK 86bn (76), of which 46% (41) was exposed to equity markets and the remainder to fixed income markets. Of the SEK 10bn increase, SEK 6bn related to flows from Handelsbanken Fonder. Total assets under discretionary management in the Group were SEK 103bn (94).

Q2 2008 COMPARED WITH Q1 2008

Operating profit increased by SEK 80m to SEK 77m (-3). The increase was entirely attributable to a one-off cost of SEK 93m which burdened the first quarter.

Total income grew, but net fee and commission income decreased by 5%.

Handelsbanken Liv

JANUARY – JUNE 2008 COMPARED WITH
JANUARY – JUNE 2007

Earnings performance

Operating profits decreased to SEK 93m (286), chiefly due a lower total yield. The deferred capital contribution totalled SEK 141m (0), which was the main reason for the SEK 153m decline in the financial result. The total yield amounted to -5.27% (2.55). Thus the company received no yield split for the period. The yield split for the corresponding period in 2007 was SEK 42m.

The administration result decreased to SEK 27m (66). The risk result increased to SEK 110m (105). The Other result item was SEK 74m (80), of which interest expenses reduced the profit by SEK 35m (26).

The available solvency margin was SEK 3,446m (2,339). The available solvency margin should be related to the required solvency margin, which was SEK 1,564m, giving a solvency ratio of 2.20 (1.32).

Business development

Assets under management decreased by 9% from the corresponding period in 2007 and totalled SEK 59bn, of which unit-linked and custody insurance represented SEK 32bn.

Net inflow grew by 32%, with the endowment insurance product Kapitalspar Depå achieving the greatest increase. Premiums written were SEK 5,226m (4,627), while disbursed insurance claims totalled SEK 2,512m (2,567).

Several new products were launched, and the online service was developed so that customers can take out more types of insurance directly via the internet. One example of this is e-Kapitalspar Fond, a unit-linked insurance product adapted for online use, where the customer starts up and looks after his/her investment via the online service.

Handelsbanken Liv, breakdown of results and key figures

	Jan-Jun 2008	Jan-Jun 2007	Full year 2007
Administration result, SEK m	27	66	125
Risk result, SEK m	110	105	151
Financial result, SEK m	-118	35	20
Other, SEK m	74	80	163
Operating profit, SEK m	93	286	459
Total yield %	-5.27	2.55	1.18
Assets managed, SEK bn, end of period	59	64	63
of which unit-linked and custody insurance	32	36	35
Solvency ratio, end of period	2.20	1.32	1.67

Handelsbanken Liv, investment assets

Exposure end of period %	Jan-Jun 2008	Jan-Jun 2007	Full year 2007
Listed shares	20	37	36
Fixed income assets	69	55	55
Property	6	6	5
Alternative investments *	5	2	4
Total	100	100	100

* Unlisted shares, private equity and hedge funds.

Q2 2008 COMPARED WITH Q1 2008

Earnings performance

Operating profit decreased by 10% to SEK 44m (49), which was mainly due to the negative stock market performance. The financial result fell by SEK 58m, due to an increased provision to the deferred capital contribution to SEK 92m (49). Assets under management were unchanged at SEK 59bn, with unit-linked and custody insurance representing SEK 32bn (32) of this figure.

Handelsbanken's shares

As at 30 June 2008, share prices on the Swedish stock market were 21% lower than at the beginning of the year. The price of Handelsbanken's class A share fell by 31% to SEK 143.50.

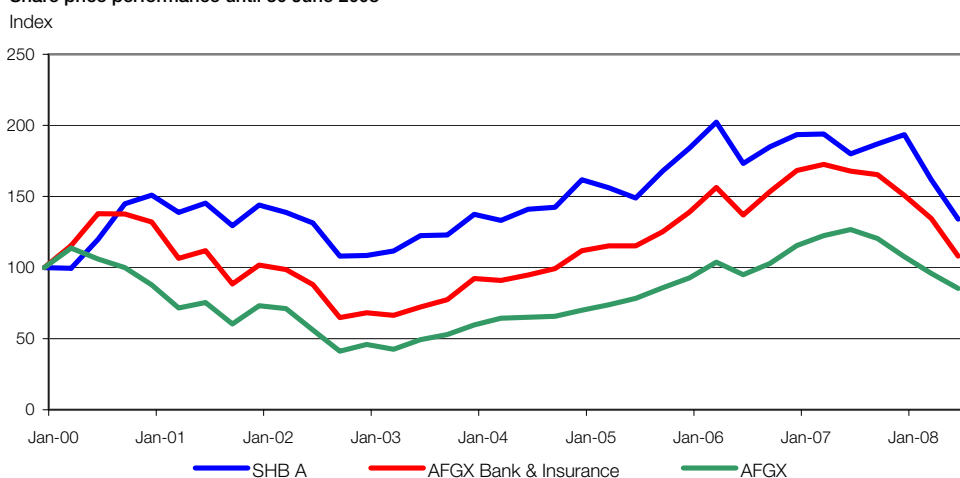
Handelsbanken's shares

	30 Jun 2008	31 Dec 2007
Share price ordinary class A, SEK	143.50	207.00
Number of outstanding shares, million	622.9	623.4
Market capitalisation, SEK bn	89	129

Handelsbanken's rating at 30 June 2008

	Long-term	Short-term	Financial strength
Moody's	Aa1	P-1	B
Standard & Poor's	AA-	A-1+	
Fitch	AA-	F1+	

Share price performance until 30 June 2008



Number of shares

	Q 2 2008	Q 1 2008	Q 2 2007	Jan-Jun 2008	Jan-Jun 2007	Full year 2007
Number of repurchased shares, end of period	-	4,830,000	4,830,000	-	4,830,000	4,830,000
Holdings of own shares in trading book, end of period	619,080	100,559	2,978,929	619,080	2,978,929	61,964
Number of outstanding shares after repurchases and deduction for trading book, end of period	622,850,382	623,368,903	620,490,533	622,850,382	620,490,533	623,407,498
Number of outstanding shares after dilution, end of period	640,141,834	-	-	640,141,834	-	-
Average holdings of own shares (repurchased and holdings in trading book)	3,314,759	6,584,271	16,186,532	4,943,443	16,448,541	11,605,456
Average number of outstanding shares after dilution	623,233,165	621,715,191	621,909,748	622,480,250	627,085,520	624,248,698

Income statement – Handelsbanken Group

SEK m	Q 2 2008	Q 1 2008	Change %	Q 2 2007	Change %	Jan-Jun 2008	Jan-Jun 2007	Change %	Full year 2007
Net interest income	4,494	4,399	2	3,868	16	8,893	7,631	17	15,608
Net fee and commission income Note 1	1,706	1,739	-2	2,000	-15	3,445	3,844	-10	7,745
Net gains/losses on financial items									
at fair value Note 2	634	-177		1,362	-53	457	2,116	-78	3,054
Risk result - insurance	71	39	82	74	-4	110	107	3	151
Other dividend income	216	0		152	42	216	168	29	174
Share of profits of associated companies	27	26	4	18	50	53	54	-2	103
Other income	51	29	76	74	-31	80	163	-51	291
Total income	7,199	6,055	19	7,548	-5	13,254	14,083	-6	27,126
Staff costs	-1,946	-1,983	-2	-2,021	-4	-3,929	-3,731	5	-7,528
Other administrative expenses Note 3	-1,147	-1,221	-6	-1,114	3	-2,368	-2,206	7	-4,487
Depreciation, amortisation and impairments									
of property, equipment and intangible assets	-102	-97	5	-93	10	-199	-183	9	-353
Total expenses	-3,195	-3,301	-3	-3,228	-1	-6,496	-6,120	6	-12,368
Profit before loan losses	4,004	2,754	45	4,320	-7	6,758	7,963	-15	14,758
Net loan losses Note 4	-571	-107	434	65		-678	135		-27
Gains/losses on disposal of property, equipment and intangible assets	0	272	-100	0	0	272	1		1
Operating profit	3,433	2,919	18	4,385	-22	6,352	8,099	-22	14,732
Taxes	-1,003	-675	49	-1,067	-6	-1,678	-2,087	-20	-3,879
Profit for the period from continuing operations	2,430	2,244	8	3,318	-27	4,674	6,012	-22	10,853
Profit for the period from discontinued operations, after tax Note 5	48	44	9	415	-88	92	552	-83	573
Capital gain from disposal of discontinued operations, after tax	-	-		-		-	-		4,082
Profit for the period	2,478	2,288	8	3,733	-34	4,766	6,564	-27	15,508
Attributable to									
Holders of ordinary shares	2,478	2,288	8	3,733	-34	4,766	6,564	-27	15,508
Minority interest	-	-		-		-	-		-
Earnings per share, continuing operations, SEK *	3.90	3.61	8	5.33	-27	7.51	9.59	-22	17.39
after dilution	3.89	-		-		7.50	-		-
Earnings per share, discontinued operations, SEK *	0.08	0.07	14	0.67	-88	0.15	0.88	-83	7.45
after dilution	0.08	-		-		0.15	-		-
Earnings per share, total operations, SEK *	3.98	3.68	8	6.00	-34	7.66	10.47	-27	24.84
after dilution	3.96	-		-		7.64	-		-

* Before dilution.

Note 1 Net fee and commission income

SEK m	Q 2 2008	Q 1 2008	Change %	Q 2 2007	Change %	Jan-Jun 2008	Jan-Jun 2007	Change %	Full year 2007
Brokerage and other securities commissions	444	436	2	569	-22	880	1,116	-21	2,151
Mutual funds and custody	422	444	-5	515	-18	866	990	-13	2,040
Advisory services	37	48	-23	145	-74	85	181	-53	432
Insurance	137	136	1	139	-1	273	301	-9	531
Payments	554	553	0	519	7	1,107	1,029	8	2,153
Lending and deposits	203	205	-1	220	-8	408	415	-2	831
Guarantees	101	99	2	93	9	200	196	2	394
Other	128	121	6	129	-1	249	254	-2	511
Commission income	2,026	2,042	-1	2,329	-13	4,068	4,482	-9	9,043
Commission expense	-320	-303	6	-329	-3	-623	-638	-2	-1,298
Net fee and commission income	1,706	1,739	-2	2,000	-15	3,445	3,844	-10	7,745

Note 2 Net gains/losses on financial items at fair value

	Q 2	Q 1	Change	Q 2	Change	Jan-Jun	Jan-Jun	Change	Full year
SEK m	2008	2008	%	2007	%	2008	2007	%	2007
Available for sale, realised	7	-498		487	-99	-491	487		709
Hedge accounting									
Fair value hedges	123	22	459	81	52	145	90	61	-38
Hedge ineffectiveness	0	0	0	0	0	0	0	0	0
Transferred from equity referring to cash flow hedges	14	-	-	-	-	14	-	-	-
Instruments at fair value	-580	131		21		-449	-1		-83
Loan receivables, valued at amortised cost	9	10	-10	0		19	20	-5	30
Financial liabilities, valued at amortised cost	38	-7		48	-21	31	66	-53	159
Gains/losses on unbundled insurance contracts	-92	-49	-88	0		-141	0		0
Trading	1,115	214	421	725	54	1,329	1,454	-9	2,277
Total	634	-177		1,362	-53	457	2,116	-78	3,054

Net gains/losses on financial items at fair value shows the unrealised and realised changes in value of items the value of which is wholly or partly dependent on changes in market value.

“Available for sale, realised” corresponds to the realised result from divestment of financial assets categorised as “Available for sale”.

“Fair value hedges” include the net result of unrealised and realised market value changes on financial assets and liabilities which are part of hedging packages. Interest income and interest expense for these instruments are recognised under net interest income.

“Hedge ineffectiveness” reports the ineffective parts of cash flow hedges and hedges of net investments in foreign units.

“Instruments at fair value” refers to unrealised and realised value changes on instruments which upon initial recognition were classified at

fair value in profit or loss. Interest income for these instruments is recognised under net interest income.

“Loan receivables, valued at amortised cost”, consist of the gain/loss arising on loans which are redeemed ahead of time.

“Financial liabilities, valued at amortised cost”, contain the gain/loss generated from repurchases of the Bank’s own issued securities.

“Gains/losses on unbundled insurance contracts” correspond to the result generated when revaluing the financial part of liabilities to policyholders.

“Trading” contains unrealised and realised changes in market value and interest referring to financial assets and liabilities held for trading.

Note 3 Other administrative expenses

	Q 2	Q 1	Change	Q 2	Change	Jan-Jun	Jan-Jun	Change	Full year
SEK m	2008	2008	%	2007	%	2008	2007	%	2007
Property and premises	-254	-234	9	-240	6	-488	-491	-1	-998
External IT costs	-329	-338	-3	-350	-6	-666	-680	-2	-1,386
Communication	-102	-112	-9	-99	3	-214	-211	1	-417
Travel and marketing	-99	-107	-7	-106	-7	-206	-197	5	-430
Purchased services	-221	-178	24	-185	19	-399	-366	9	-758
Supplies	-60	-64	-6	-58	3	-124	-118	5	-245
Other expenses	-82	-188	-56	-76	8	-271	-143	90	-253
Other administrative expenses	-1,147	-1,221	-6	-1,114	3	-2,368	-2,206	7	-4,487

Note 4 Loan losses

SEK m	Q 2 2008	Q 1 2008	Change %	Q 2 2007	Change %	Jan-Jun 2008	Jan-Jun 2007	Change %	Full year 2007
A. Specific provision for individually assessed loan receivables:									
The period's write-off for actual loan losses	-131	-116	13	-116	13	-247	-209	18	-364
Writeback of previous provisions for probable loan losses reported as actual losses in the period's accounts	104	116	-10	98	6	220	188	17	294
The period's provision for probable loan losses	-628	-181	247	-230	173	-809	-337	140	-606
Writeback of actual losses in previous years	94	56	68	40	135	150	101	49	264
Writeback of provisions for probable loan losses which are no longer necessary	76	36	111	263	-71	112	377	-70	422
Net expense for the period for individually assessed loan receivables	-485	-89	445	55		-574	120		10
B. Provision by group for individually assessed loan receivables:									
Allocation to/dissolution of provision by group	-73	-5		20		-78	28		46
C. Collectively assessed homogenous groups of loan receivables with limited value and similar credit risk:									
The period's write-off for actual loan losses	-15	-13	15	-12	25	-28	-24	17	-48
Paid in from actual losses in previous years	6	5	20	5	20	11	11	0	17
Allocation to/dissolution of provision for loan losses	-4	-5	-20	-3	33	-9	0		-9
Net expense for the period for collectively assessed homogenous loan receivables	-13	-13	0	-10	30	-26	-13	100	-40
Net expense for the period for loan losses (A+B+C)	-571	-107	434	65		-678	135		16
Change in value of repossessed property	-	-		-		-	-		-
Total loan losses/recoveries	-571	-107	434	65		-678	135		16
Other provisions									
Provisions for guarantees honoured	-	-		-		-	-		-43
Net loan losses	-571	-107	434	65		-678	135		-27

Note 5 Discontinued operations

On 3 September 2007, Handelsbanken entered into an agreement with Storebrand ASA concerning sale of the following operations:

- SPP Livförsäkring AB and its subsidiaries
- SPP Fonder AB
- Handelsbanken Life & Pension Ltd (name changed to Euroben Life & Pension Ltd), only the occupational pensions part
- Handelsbanken Varumärkes AB
- Nordben Life & Pension Ins. Co Ltd (50% ownership share)

The purchase price was SEK 18.2bn and the capital gain was SEK 4.1bn. The transaction was completed on 21 December 2007.

As of September 2007, these operations are reported in accordance with IFRS 5, "Discontinued operations". In addition to the above-mentioned operations, the discontinued operations also include the net of asset management remuneration Handelsbanken AB receives from SPP Livförsäkring AB and Handelsbanken Life & Pension Ltd, and the net of fund management remuneration Handelsbanken Fonder AB receives for the mutual funds marketed under the name of SPP. According to the sale agreement with Storebrand, these operations will be transferred to the seller at the latest by the year-end 2008/2009.

The agreement with Storebrand also includes selling certain IT services during a transitional period until SPP has developed its own services. The profit from these IT services is also reported as discontinued operations.

Income statement

SEK m	Jan-Jun 2008	Jan-Jun 2007	Jan-Dec 2007
Net interest income	-	163	350
Net fee and commission income	155	737	1,165
Net gains/losses on financial items at fair value	-	-118	-219
Risk result - insurance	-	127	211
Other income	48	62	132
Total income	203	971	1,639
Staff costs	-27	-275	-531
Other administrative expenses	-47	-316	-539
Total expenses	-74	-591	-1,070
Operating profit	129	380	569
Taxes	-37	172	4
Profit for the period from discontinued operations	92	552	573
Capital gain on disposal	-	-	4,082
Net profit from discontinued operations	92	552	4,655

The sale of SPP Fonder AB was completed on 3 January 2008. The following balance sheet items thus remained.

Balance sheet

SEK m	30 Jun 2008	30 Jun 2007	31 Dec 2007
Loans to credit institutions	-	-	2
Interest-bearing securities	-	-	-
Other assets	-	-	10
Total assets¹	-	-	12
Deposits and borrowing from the public	-	-	-
Due to credit institutions	-	-	-
Subordinated liabilities	-	-	-
Other liabilities	-	-	0
Shareholders' equity	-	-	12
Total liabilities and equity²	-	-	12
1 Of which internal claims on continuing operations.	-	-	2
2 Of which internal liabilities to continuing operations.	-	-	-

Quarterly performance of Handelsbanken Group

SEK m	Q 2 2008	Q 1 2008	Q 4 2007	Q 3 2007	Q 2 2007
Net interest income	4,494	4,399	4,010	3,967	3,868
Net fee and commission income	1,706	1,739	1,956	1,945	2,000
Net gains/losses on financial items at fair value	634	-177	523	415	1,362
Risk result - insurance	71	39	10	34	74
Other dividend income	216	0	0	6	152
Share of profits of associated companies	27	26	25	24	18
Other income	51	29	92	36	74
Total income	7,199	6,055	6,616	6,427	7,548
Staff costs	-1,946	-1,983	-1,995	-1,802	-2,021
Other administrative expenses	-1,147	-1,221	-1,279	-1,002	-1,114
Depreciation, amortisation and impairments of property, equipment and intangible assets	-102	-97	-75	-95	-93
Total expenses	-3,195	-3,301	-3,349	-2,899	-3,228
Profit before loan losses	4,004	2,754	3,267	3,528	4,320
Net loan losses	-571	-107	-166	4	65
Gains/losses on disposal of property, equipment and intangible assets	0	272	0	0	0
Operating profit	3,433	2,919	3,101	3,532	4,385
Taxes	-1,003	-675	-859	-933	-1,067
Profit for the period from continuing operations	2,430	2,244	2,242	2,599	3,318
Profit for the period from discontinued operations, net after tax	48	44	72	-51	415
Capital gain from disposal of discontinued operations, after tax	-	-	4,082	-	-
Profit for the period	2,478	2,288	6,396	2,548	3,733
Earnings per share, continuing operations, SEK *	3.90	3.61	3.61	4.19	5.33
after dilution	3.89	-	-	-	-
Earnings per share, discontinued operations, SEK *	0.08	0.07	6.68	-0.09	0.67
after dilution	0.08	-	-	-	-
Earnings per share, total operations, SEK *	3.98	3.68	10.29	4.10	6.00
after dilution	3.96	-	-	-	-

* Before dilution.

Balance sheet – Handelsbanken Group

SEK m		30 Jun 2008	31 Mar 2008	31 Dec 2007	30 Jun 2007
Loans to the public	Note 1	1,368,844	1,316,246	1,292,988	1,197,023
Loans to credit institutions		184,882	173,302	185,149	194,500
Interest-bearing securities		138,770	152,998	175,972	285,451
Assets held for sale*		-	-	10	-
Other assets		204,438	233,340	205,263	288,356
Total assets		1,896,934	1,875,886	1,859,382	1,965,330
Deposits and borrowing from the public		494,305	496,845	512,841	572,474
Due to credit institutions		282,640	270,397	293,458	378,219
Issued securities etc		782,937	751,187	706,478	640,932
Subordinated liabilities		52,443	50,644	52,909	60,873
Liabilities related to assets held for sale*		-	-	0	-
Other liabilities		215,099	231,198	219,205	246,595
Shareholders' equity		69,510	75,615	74,491	66,237
Total liabilities and equity		1,896,934	1,875,886	1,859,382	1,965,330

* See Note 5, Income statement.

Note 1 Loans to the public

SEK m		30 Jun 2008	31 Mar 2008	31 Dec 2007	30 Jun 2007
SEK loans					
- to households		460,998	446,865	437,063	412,724
- to companies etc *		442,702	443,827	443,850	424,496
		903,700	890,692	880,913	837,220
Foreign currency loans					
- to households		118,163	112,980	111,920	103,220
- to companies etc *		349,396	314,462	302,023	258,339
		467,559	427,442	413,943	361,559
Provision for probable loan losses		-2,415	-1,888	-1,868	-1,756
Total loans to the public		1,368,844	1,316,246	1,292,988	1,197,023
* of which National Debt Office		3,289	6,203	12,325	1,942

Loans to the public by sector

SEK m	2008			2007
	Lending before deduction of provisions	Provisions for probable loan losses	Lending after deduction of provisions	Lending after deduction of provisions
Private individuals	579,161	-360	578,801	515,580
- Of which mortgage loans	401,131	-15	401,116	358,701
Property management	370,055	-276	369,779	365,144
- Of which housing co-operative associations	87,397	-38	87,359	86,466
Corporate services *				52,211
Manufacturing	48,821	-577	48,244	47,517
Retail	52,921	-86	52,835	39,658
Transport and communication	30,823	-27	30,796	23,815
Construction	16,711	-30	16,681	15,267
Municipalities	9,359	0	9,359	8,164
Agriculture, hunting and forestry	6,898	-29	6,869	6,806
Insurance operations	7,709	0	7,709	13,629
Other corporate lending	208,365	-659	207,706	81,069
Other sectors	40,436	0	40,436	28,474
Total loans to the public, before taking into account collective provisions	1,371,259	-2,044	1,369,215	1,197,334
Collective provisions			-371	-311
Total loans to the public			1,368,844	1,197,023

* This lending sector ceased to apply in 2008.

Change in shareholders' equity, Group

SEK m	Share capital	Hedge reserve	Fair value reserve	Translation reserve	Retained earnings	Minority	Total
Opening equity 2007	2,888	98	1,123	-127	62,244	0	66,226
Change in instruments for cash flow hedges, after tax		86					86
Change in available-for-sale instruments, after tax			831				831
Change in translation difference				360			360
Total changes in equity not recognised in profit/loss	-	86	831	360	-	-	1,277
Profit for the period					6,564		6,564
Total changes before transactions with the owners	-	86	831	360	6,564	-	7,841
Dividend					-5,022		-5,022
Repurchase of own shares					-2,208		-2,208
Holdings of own shares in trading book					-600		-600
Reduction of share capital by means of cancellation	-92				92		-
Bonus issue	94				-94		-
Shareholders' equity 30 June 2007	2,890	184	1,954	233	60,976	0	66,237

SEK m	Share capital	Hedge reserve	Fair value reserve	Translation reserve	Retained earnings	Minority	Total
Opening equity 2008	2,890	139	547	408	70,507	0	74,491
Change in instruments for cash flow hedges, after tax		44					44
Change in available-for-sale instruments, after tax			-1,360				-1,360
Change in translation difference				-122			-122
Total changes in equity not recognised in profit/loss	-	44	-1,360	-122	-	-	-1,438
Profit for the period					4,766		4,766
Total changes before transactions with the owners	-	44	-1,360	-122	4,766	-	3,328
Dividend					-8,417		-8,417
Repurchase of own shares							-
Holdings of own shares in trading book					-76		-76
Options element of convertible subordinated loan					184		184
Reduction of share capital by means of cancellation	-22				22		-
Bonus issue	31				-31		-
Shareholders' equity 30 June 2008	2,899	183	-813	286	66,955	0	69,510

Cash flow statement, Group

SEK m	Jan-Jun 2008	Jan-Jun 2007	Full year 2007
Cash flow from operating activities	223	-1,673	-5,125
Cash flow from investing activities	179	963	19,203
Cash flow from financing activities	-6,120	1,970	-5,690
Cash flow for the period	-5,718	1,260	8,388
Liquid funds at beginning of the period	13,590	4,800	4,800
Cash flow for the period	-5,718	1,260	8,388
Exchange rate difference on liquid funds	-49	103	402
Liquid funds at end of period	7,823	6,163	13,590
Cash flow, discontinued operations			
Cash flow from operating activities	-	1,965	3,779
Cash flow from investing activities	-	6	-411
Cash flow from financing activities	-	-1,971	-3,368
Cash flow for the period from discontinued operations	-	-	-

Capital base and capital requirement, Group (total operations)

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 the new capital adequacy rules, Basel II.

Capital base

SEK m	30 Jun 2008	31 Mar 2008	31 Dec 2007	30 Jun 2007
Tier 1 capital ¹		64,556		
Tier 1 capital ²	68,900	65,469	65,600	63,893
Tier 2 capital	44,320	44,269	47,182	51,862
Total gross capital base¹		108,825		
Total gross capital base²	113,220	109,738	112,782	115,755
Reduction capital contribution in insurance company	-6,317	-6,317	-6,317	-21,814
Reduction surplus pension assets	-1,952	-2,405	-1,961	-2,019
Total net capital base¹		100,103		
Total net capital base²	104,951	101,357	104,504	91,922

1 Since the interim report has not been examined by the auditors, the profit for the period and generated rights to compensation for pension costs are excluded.

2 Including the result for the period and generated rights to compensation for pension costs.

Capital requirement

SEK m	30 Jun 2008	31 Mar 2008	31 Dec 2007	30 Jun 2007
Credit risk according to standardised approach	16,879	14,772	20,980	15,966
Credit risk according to IRB approach	29,944	29,280	23,973	23,856
Interest rate risk	1,806	2,420	2,395	3,237
Equity price risk	57	73	81	204
Exchange rate risk	174	142	-	158
Commodities risk	34	20	26	13
Settlement risk	0	0	14	0
Operational risk	3,257	3,257	1,933	1,933
Total capital requirement according to Basel II	52,151	49,964	49,402	45,367
Adjustment according to transitional rules	25,953	27,497	31,335	27,837
Capital requirement according to Basel II, transitional rules	78,104	77,461	80,737	73,204
Risk-weighted assets according to Basel I	1,102,189	1,094,960	1,069,290	965,461
Capital requirement according to Basel I (8% of risk-weighted assets)	88,175	87,597	85,543	77,237
Lowest permitted capital requirement according to transitional rules	78,104	77,461	80,737	73,204

Capital adequacy analysis

	30 Jun 2008	31 Mar 2008	31 Dec 2007	30 Jun 2007
Capital requirement in Basel II compared to Basel I	59%	57%	58%	59%
Capital requirement in Basel II compared to transitional rules	67%	65%	61%	62%
Capital ratio according to Basel II	16.1%	16.2%	16.9%	16.2%
Capital ratio according to Basel I	9.6%	9.4%	9.8%	9.5%
Capital ratio according to transitional rules	10.7%	10.5%	10.4%	10.0%
Tier 1 ratio according to Basel II	10.6%	10.5%	10.6%	11.3%
Tier 1 ratio according to Basel I	6.3%	6.0%	6.2%	6.6%
Tier 1 ratio according to transitional rules	7.1%	6.8%	6.5%	7.0%
Capital base in relation to capital requirement Basel II	201%	203%	212%	203%
Capital base in relation to capital requirement Basel I	120%	117%	122%	119%
Capital base in relation to capital requirement according to transitional rules	134%	131%	129%	126%

Figures reported in this section refer to the minimum capital requirements under Pillar 1 of the new capital adequacy rules, Basel II. In the table, "According to Basel II" means that the figures are based on the minimum capital requirements in 2010, that is after the transitional rules have ceased to apply.

In conjunction with the implementation of the internal capital adequacy assessment process (ICAAP), the Bank entered into an agreement on the future possibility of utilising a guarantee to speed up the transition to

Basel II. This raised the Tier 1 capital ratio by 0.3 percentage points. This is a guarantee which reduces the capital requirement according to the Basel I regulations, but not according to Basel II.

If the transitional rules had not existed, Handelsbanken's capital requirement under Basel II would have been 43% lower than under Basel I, excluding utilisation of the above-mentioned guarantee. Handelsbanken intends to use the advanced method for corporate exposures in 2010 and this is expected to further reduce the minimum capital requirement.

Credit risks IRB, 30 June

SEK m	Exposure after credit risk protection (EAD)	Average risk weight, %	Capital requirement
Corporates	733,670	40.01	23,484
<i>of which IRB portfolio approved in 2007</i>	633,102	40.71	20,620
<i>of which new IRB portfolio approved in 2008</i>	73,856	48.46	2,863
<i>of which repos</i>	26,712	0.10	2
Households	550,610	8.93	3,932
<i>of which IRB portfolio approved in 2007</i>	445,022	6.90	2,458
<i>of which new IRB portfolio approved in 2008</i>	105,588	17.45	1,474
Small companies	33,389	43.51	1,162
<i>of which IRB portfolio approved in 2007</i>	24,639	41.77	823
<i>of which new IRB portfolio approved in 2008</i>	8,750	48.40	339
Institutions	106,798	10.51	898
<i>of which repos</i>	48,874	0.19	7
<i>of which other exposures</i>	57,924	19.22	891
Other	5,843	100.17	468
Total IRB	1,430,310	26.17	29,944

Handelsbanken is implementing the IRB model for its credit exposures in stages. For 2007, the credit exposures for Swedish and Norwegian companies and for Swedish household customers and small companies were approved for calculation of the capital requirement according to the IRB method. In 2008, Finnish companies, Norwegian and Finnish households and small companies, exposures to institutions and exposures in Handelsbanken Finans were added. To make possible comparisons of exposure and capital requirement over time, exposures which were approved in 2007 and in 2008 are reported separately. Repos are reported separately since they give rise to very low capital requirements, while the volume of repos varies considerably over time. The low capital requirement is because the exposure in repos is reported gross and the exposure is secured.

The average risk weight in Norwegian and Finnish household exposures is considerably higher than for Swedish household exposures. The main reason for this is that these portfolios are allocated wider safety margins than corresponding Swedish portfolios, since the number of exposures on which the model calculations are based is smaller than in Sweden. The average risk weight is also higher for the Finnish corporate exposures that have been added in 2008. Like Norwegian and Finnish household exposures, the risk weight is higher as a result of higher safety margins due to fewer exposures in the portfolio.

The total average risk weight for approved IRB exposures increased marginally from 26.00% in the first quarter of 2008 to 26.17%. The increase is due mainly to the raising of safety margins for certain portfolios, as well as to reduced exposure in the form of repos. Consequently, the increase does not represent a higher credit risk in the portfolio.

Information about the companies and consolidation

In the banking group, the Group's subsidiaries are fully consolidated, while the associated companies are either fully consolidated or consolidated in accordance with the equity method. Companies that are not part of the banking group and thus not included in the capital base are shown in the table.

	Corporate identity no.	Reg. office
Handelsbanken Liv Försäkrings AB (Group)	516401-8284	Stockholm
Handelsbanken Försäkring AB	516401-8326	Stockholm
Svenska Re S.A.	RCS Lux B-32053	Luxembourg
Handelsbanken Skadeförsäkrings AB	516401-6767	Stockholm
Handelsbanken Renting AB	556043-2766	Stockholm

Other disclosures, Group

Bad debts

SEK m	30 Jun 2008	31 Mar 2008	31 Dec 2007	30 Jun 2007
Bad debts	4,098	3,219	2,494	2,655
Specific provision for individually assessed loan receivables	-1,915	-1,465	-1,457	-1,336
Provision for collectively assessed homogenous groups of loan receivables with limited value	-132	-126	-120	-110
Collective provisions for individually assessed loan receivables	-371	-298	-293	-311
Bad debts, net	1,680	1,330	624	898
Total bad debt reserve ratio	59.0%	58.7%	75.0%	66.2%
Proportion of bad debts	0.12%	0.09%	0.05%	0.07%
Bad debt reserve ratio excl. collective provisions	50.0%	49.4%	63.2%	54.5%
Loan loss ratio	0.10%	0.03%	0.00%	-0.02%
Non-performing loans which are not bad debts	1,678	1,610	790	729
Book value of loan receivables restructured during the period, before restructure	38	37	38	6
Book value of loan receivables restructured during the period, after restructure	37	37	33	7
Bad debts which during the period have been reclassified as normal loans	23	22	123	406

Bad debts and/or non-performing loans by sector

SEK m	Bad debts			Of which non-performing	Non-performing loans which are not bad debts
	Gross	Provisions	Net*		
Private individuals	719	-360	359	334	823
Property management/corporate services	862	-276	586	397	611
Manufacturing	619	-577	42	25	106
Retail	134	-86	48	34	89
Transport and communication	49	-27	22	21	11
Construction	63	-30	33	30	18
Hotels and restaurants	9	-6	3	3	18
Other	1,643	-685	958	178	2
Total	4,098	-2,047	2,051	1,022	1,678

* Book value after deduction of specific provisions.

Collateral taken over

SEK m	30 Jun 2008	31 Mar 2008	31 Dec 2007	30 Jun 2007
Buildings and land	30	30	30	32
Shares and other participating interests	1	1	1	1
Other	7	9	9	15
Total collateral taken over	38	40	40	48

Goodwill and other intangible assets

SEK m	Jan-Jun 2008	Jan-Jun 2007	Full year 2007
Opening residual value	6,283	12,524	12,524
Additional during the period	105	63	166
Depreciation, amortisation and impairments, discontinued operations	-	-93	-123
Deducted for discontinued operations	-	-	-6,417
Depreciation, amortisation and impairments, continuing operations	-12	-5	-13
Foreign exchange effect	-8	88	146
Closing residual value	6,368	12,577	6,283

Derivative instruments

SEK m	Trading	Fair value hedge	Cash flow hedge	Total
Positive market values	72,702	2,206	371	75,279
Negative market values	74,603	4,758	233	79,594

RISKS AND UNCERTAINTY FACTORS

In terms of risk, the turbulence on the financial markets and the beginning of a slowdown in the real economy have had only limited effects for Handelsbanken.

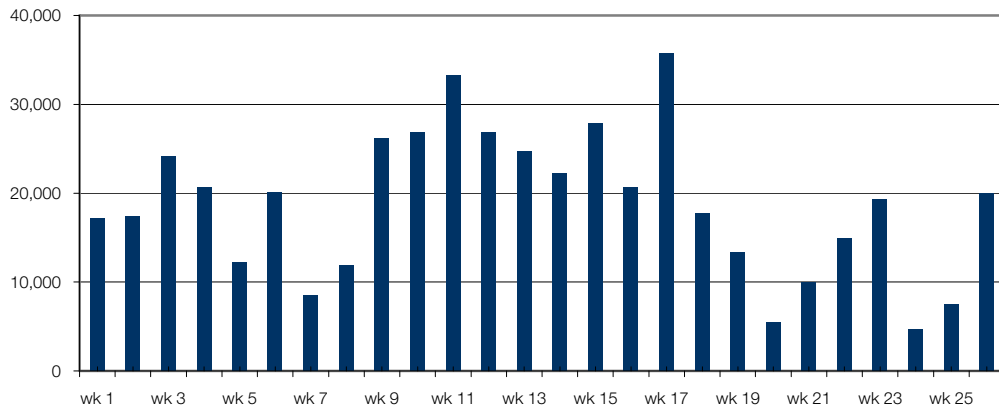
Loan losses have increased; more than half of these stem from a single commitment. The total average risk weight for approved IRB exposures increased marginally in the first quarter of 2008 from 26.00% to 26.17%. The increase was due mainly to the raising of safety margins for certain portfolios,

as well as to reduced exposure in the form of repos. Consequently, the increase does not indicate a higher credit risk in the portfolio.

Handelsbanken has continued to have good access to liquidity, and funding operations have been possible in the normal way. During the quarter, the Bank was a net lender on the Swedish interbank market, and also increased its proportion of long-term funding.

Handelsbanken's net lending in SEK on the Swedish interbank market

SEKm



The Bank's exposure to structured credit products (e.g. securitisations) is limited. This exposure is almost exclusively in the asset portfolio that the Bank holds in order to handle its liquidity (the liquidity portfolio). The holdings of this portfolio total SEK 57.6bn (Q1 2008: 65.7bn); SEK 13.5bn (18.1bn) of this figure relates to structured credit products, and these exposures are of high credit quality (Aaa/AAA). During the year, the Bank has reduced its holdings – in the first quarter by selling off asset-backed securities with credit card receivables as the underlying collateral, and in the second quarter partly by selling off exposure to Fannie Mae, Freddie Mac and Sallie Mae. The decrease in the liquidity portfolio during the quarter was attributable almost entirely to divestments and maturing instruments. Other holdings in the liquidity portfolio consist of government bonds, covered bonds and bonds issued by banks.

Otherwise, the Bank's exposure to structured credit products is very limited: the total exposure is less than SEK 1bn.

Market risks remain low. For the second quarter of 2008, the total exposure for Handelsbanken Capital Markets' trading portfolio, measured as Value-at Risk (VaR), was on average SEK 38m (Q2 2007: SEK 37m). During the period, the risk varied between SEK 19m (17) and 75m (72).

The Bank's risk and capital management is described in Handelsbanken's annual report for 2007 and in the Bank's risk and capital management information in accordance with Pillar 3. No significant changes have occurred since the publication of these documents, which are not presented in this half-year report.

TURNOVER OF OWN DEBT INSTRUMENTS AND SHARES

The Handelsbanken Group issues and repurchases debt instruments which it has issued on its own account and its own shares. This turnover is mainly intended as part of the Bank's securities operations and also as a component in financing its operations. Turnover during the first half of the year was as follows:

Interest-bearing securities, bonds and certificates:

Issued (sold):	SEK 684bn
Repurchased (bought):	SEK 125bn
Matured:	SEK 493bn

Equity-related securities:

Issued (sold):	SEK 4.0bn
Repurchased (bought):	SEK 4.3bn

CONTINGENT LIABILITIES AND COMMITMENTS

Total commitments and contingent liabilities were SEK 118,830m (104,834). This amount includes SEK 124m (97) relating to a number of civil actions which the Group is bringing in general courts of law. The largest individual amount in dispute is SEK 43m (43). The Bank's assessment is that the actions will essentially be settled in its favour. None of the disputed amounts, nor any insurance compensation, has been recognised in income.

The data for contingent liabilities is reported in nominal amounts and an assessed expected value is included in the "Other" amount for the civil actions that Group is bringing.

The Bank is currently pursuing a tax dispute. The total amounts in dispute are approx. SEK 20m, excluding interest, which in the case of a positive judgement would increase the Group's income by the same amount.

RELATED PARTY TRANSACTIONS

During the period, only normal business transactions have been carried out between the parent company and subsidiaries. In the Group, there are no transactions of material significance with associated companies. In this context, Svenska Handelsbankens Pensionsstiftelse (pension foundation), Svenska Handelsbankens Personalstiftelse (staff foundation) and Pensionskassan SHB, försäkringsförening (pension fund) are associated companies.

ACCOUNTING POLICIES AND CHANGES IN REPORTED DISCLOSURES

The Group and parent company's interim report is prepared in accordance with IAS 34. In addition, the applicable provisions of the Swedish Act on Annual Reports in Credit Institutions and Securities Companies, the Securities Market Act and the Swedish Financial Supervisory Authority's regulations and general guidelines have been applied.

In the parent company, the accounting policies for pension costs have been amended in accordance with the Swedish Financial Supervisory Authority's regulations. This means that settlement of the difference between the gross cost of pension liabilities incurred and the net cost deducted from profit/loss is no longer carried out under the balance sheet appropriations item. Instead, the net cost of pensions is reported in its entirety under the staff costs item. The comparison figures for the parent company have been recalculated. The consolidated accounts are not affected. This amendment does not result in a change in the calculation methods applied to pension costs.

In all other respects, the interim report for 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 2007.

Income statement – Parent company

PARENT COMPANY SEK m	Q 2 2008	Q 1 2008	Change %	Q 2 2007	Change %	Jan-Jun 2008	Jan-Jun 2007	Change %	Full year 2007
Net interest income	3,140	3,057	3	2,494	26	6,197	4,835	28	10,236
Dividends received	1,242	71		1,383	-10	1,313	4,214	-69	5,684
Net fee and commission income Note 1	1,385	1,435	-3	1,664	-17	2,820	3,143	-10	6,428
Net gains/losses on financial items Note 2	-357	-186	-92	87		-543	597		1,867
Other operating income	187	426	-56	177	6	613	382	60	695
Total operating income	5,597	4,803	17	5,805	-4	10,400	13,171	-21	24,910
Staff costs	-1,923	-2,044	-6	-2,056	-6	-3,967	-3,796	5	-7,295
Other administrative expenses Note 3	-1,109	-1,172	-5	-1,035	7	-2,281	-2,074	10	-4,174
Depreciation, amortisation and impairments of property, equipment and intangible assets	-123	-119	3	-114	8	-242	-227	7	-441
Total expenses before loan losses	-3,155	-3,335	-5	-3,205	-2	-6,490	-6,097	6	-11,910
Profit before loan losses	2,442	1,468	66	2,600	-6	3,910	7,074	-45	13,000
Net loan losses Note 4	-578	-103	461	54		-681	100		-64
Operating profit	1,864	1,365	37	2,654	-30	3,229	7,174	-55	12,936
Appropriations	28	29	-3	25	12	57	-282		3,976
Profit before tax	1,892	1,394	36	2,679	-29	3,286	6,892	-52	16,912
Taxes	-492	-276	78	-428	15	-768	-1,421	-46	-3,265
Profit for the period	1,400	1,118	25	2,251	-38	2,518	5,471	-54	13,647

Note 1 Net fee and commission income

PARENT COMPANY SEK m	Q 2 2008	Q 1 2008	Change %	Q 2 2007	Change %	Jan-Jun 2008	Jan-Jun 2007	Change %	Full year 2007
Brokerage and other securities commissions	409	403	1	530	-23	812	1,039	-22	2,001
Mutual funds and custody	257	289	-11	273	-6	546	530	3	1,076
Advisory services	37	48	-23	145	-74	85	181	-53	431
Payments	552	550	0	511	8	1,102	1,014	9	2,142
Lending and deposits	139	144	-3	157	-11	283	295	-4	597
Guarantees	101	98	3	94	7	199	197	1	392
Other	223	216	3	281	-21	439	528	-17	1,129
Commission income	1,718	1,748	-2	1,991	-14	3,466	3,784	-8	7,768
Commission expense	-333	-313	6	-327	2	-646	-641	1	-1,340
Net fee and commission income	1,385	1,435	-3	1,664	-17	2,820	3,143	-10	6,428

Note 2 Net gains/losses on financial items

PARENT COMPANY SEK m	Q 2 2008	Q 1 2008	Change %	Q 2 2007	Change %	Jan-Jun 2008	Jan-Jun 2007	Change %	Full year 2007
Available for sale, realised	5	-538		504	-99	-533	504		1,127
Hedge accounting									
Fair value hedges	46	11	318	20	130	57	22	159	24
Transferred from equity referring to cash flow hedges	14					14			
Instruments measured at fair value	-580	131		16		-449	-10		-83
Loan receivables, valued at amortised cost	0	0	0	-17	100	0	-19	100	-31
Financial liabilities, valued at amortised cost	25	15	67	64	-61	40	101	-60	192
Trading	133	195	-32	-500		328	-1		638
Total	-357	-186	-92	87		-543	597		1,867

Note 3 Other administrative expenses

PARENT COMPANY	Q 2	Q 1	Change	Q 2	Change	Jan-Jun	Jan-Jun	Change	Full year
SEK m	2008	2008	%	2007	%	2008	2007	%	2007
Property and premises	-233	-219	6	-220	6	-452	-457	-1	-904
External IT costs	-330	-339	-3	-336	-2	-669	-666	0	-1,359
Communication	-91	-101	-10	-88	3	-191	-188	2	-371
Travel and marketing	-78	-85	-8	-86	-9	-163	-158	3	-344
Purchased services	-219	-187	17	-178	23	-406	-357	14	-740
Supplies	-54	-59	-8	-52	4	-114	-108	6	-225
Other expenses	-104	-182	-43	-75	39	-286	-140	104	-231
Other administrative expenses	-1,109	-1,172	-5	-1,035	7	-2,281	-2,074	10	-4,174

Note 4 Loan losses

PARENT COMPANY	Q 2	Q 1	Change	Q 2	Change	Jan-Jun	Jan-Jun	Change	Full year
SEK m	2008	2008	%	2007	%	2008	2007	%	2007
A. Specific provision for individually assessed loan receivables:									
The period's write-off for actual loan losses	-128	-114	12	-112	14	-242	-201	20	-351
Writeback of previous provisions for probable loan losses reported as actual losses in the period's accounts	102	116	-12	96	6	218	184	18	290
The period's provision for probable loan losses	-622	-175	255	-227	174	-797	-330	142	-589
Writeback of actual losses in previous years	66	40	65	21	214	106	58	83	176
Writeback of provisions for probable loan losses which are no longer necessary	75	34	121	256	-71	109	361	-70	406
Net expense for the period for individually assessed loan receivables	-507	-99	412	34		-606	72		-68
B. Collective provisions for individually assessed loan receivables:									
Allocation to/dissolution of collective provisions	-73	-5		20		-78	28		46
C. Collectively assessed homogenous groups of loan receivables with limited value and similar credit risk:									
The period's write-off for actual loan losses	1	0		0		1	0		0
Paid in from actual losses in previous years	1	1	0	0		2	0		1
Allocation to/dissolution of provision for loan losses	0	0	0	0	0	0	0	0	0
Net expense for the period for collectively assessed homogenous loan receivables	2	1	100	0		3	0		1
Net expense for the period for loan losses (A+B+C)	-578	-103	461	54		-681	100		-21
Change in value of repossessed property	-	-		-		-	-		-
Total loan losses	-578	-103	461	54		-681	100		-21
Other provisions									
Provisions for guarantees honoured	-	-		-		-	-		-43
Net loan losses	-578	-103	461	54		-681	100		-64

Balance sheet – Parent company

PARENT COMPANY SEK m	30 Jun 2008	31 Mar 2008	31 Dec 2007	30 Jun 2007
Loans to the public	Note 1 760,754	725,255	711,626	644,590
Loans to credit institutions	335,023	299,634	318,859	330,476
Interest-bearing securities	117,747	132,582	156,317	206,853
Other assets	175,040	203,237	172,908	191,903
Total assets	1,388,564	1,360,708	1,359,710	1,373,822
Deposits and borrowing from the public	463,266	470,500	482,487	460,015
Due to credit institutions	307,390	290,101	307,151	392,815
Issued securities etc	353,255	314,395	294,705	259,918
Subordinated liabilities	52,443	50,644	52,909	56,073
Other liabilities	161,833	177,635	164,952	153,613
Untaxed reserves	1,422	1,439	1,484	1,508
Shareholders' equity	48,955	55,994	56,022	49,880
Total liabilities and equity	1,388,564	1,360,708	1,359,710	1,373,822

Note 1 Loans to the public

PARENT COMPANY SEK m	30 Jun 2008	31 Mar 2008	31 Dec 2007	30 Jun 2007
SEK loans				
- to households	52,279	49,360	48,937	47,888
- to companies etc *	264,460	269,188	269,622	253,496
	316,739	318,548	318,559	301,384
Foreign currency loans				
- to households	113,498	108,437	107,058	98,062
- to companies etc *	332,758	299,989	287,718	246,759
	446,256	408,426	394,776	344,821
Provision for probable loan losses	-2,241	-1,719	-1,709	-1,615
Total loans to the public	760,754	725,255	711,626	644,590
* of which National Debt Office	3,289	6,203	12,325	1,942

We hereby confirm that this six-monthly 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, 21 July 2008

Hans Larsson
Chairman of the board

Fredrik Lundberg
Vice Chairman

Anders Nyrén
Vice Chairman

Pirkko Alitalo
Board member

Jon Fredrik Baksaas
Board member

Ulrika Boëthius
Board member

Tommy Bylund
Board member

Göran Ennerfelt
Board member

Sigrun Hjelmquist
Board member

Sverker Martin-Löf
Board member

Bente Rathe
Board member

Pär Boman
Group chief executive

Auditors' report

To the board of Svenska Handelsbanken AB (publ), business organisation number 502007-7862

INTRODUCTION

We have reviewed the interim report for Svenska Handelsbanken AB (publ) for the period 1 January – 30 June 2008. 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 auditor elected by the company, issued by FAR SRS. A review consists of making enquiries, 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 Standards on Auditing in Sweden, RS, and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

CONCLUSION

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

Stockholm, 21 July 2008

KPMG Bohlins AB
Stefan Holmström, Authorised Public Accountant

Ernst & Young AB
Erik Åström, Authorised Public Accountant

Phone conference

A phone conference with the Bank's CFO, Mr Ulf Riese, will be held on 22 July 2008 3 p.m. CET.
Press releases, presentations and the recorded conference are available at <http://www.handelsbanken.se/ireng>.

The interim report for January – September will be published on 22 October 2008.

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Stockholm, 22 July 2008

Handelsbanken

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