

2010

Corporate governance report

Extract from Handelsbanken's annual report for 2010



Handelsbanken

Corporate governance report

Handelsbanken is a Swedish public limited company, listed on the Nasdaq OMX Nordic Exchange in Stockholm and it applies the Swedish Code of Corporate Governance. Here the board submits its corporate governance report for 2010. The follow-up performed in 2010 shows that Handelsbanken has no deviations to report.

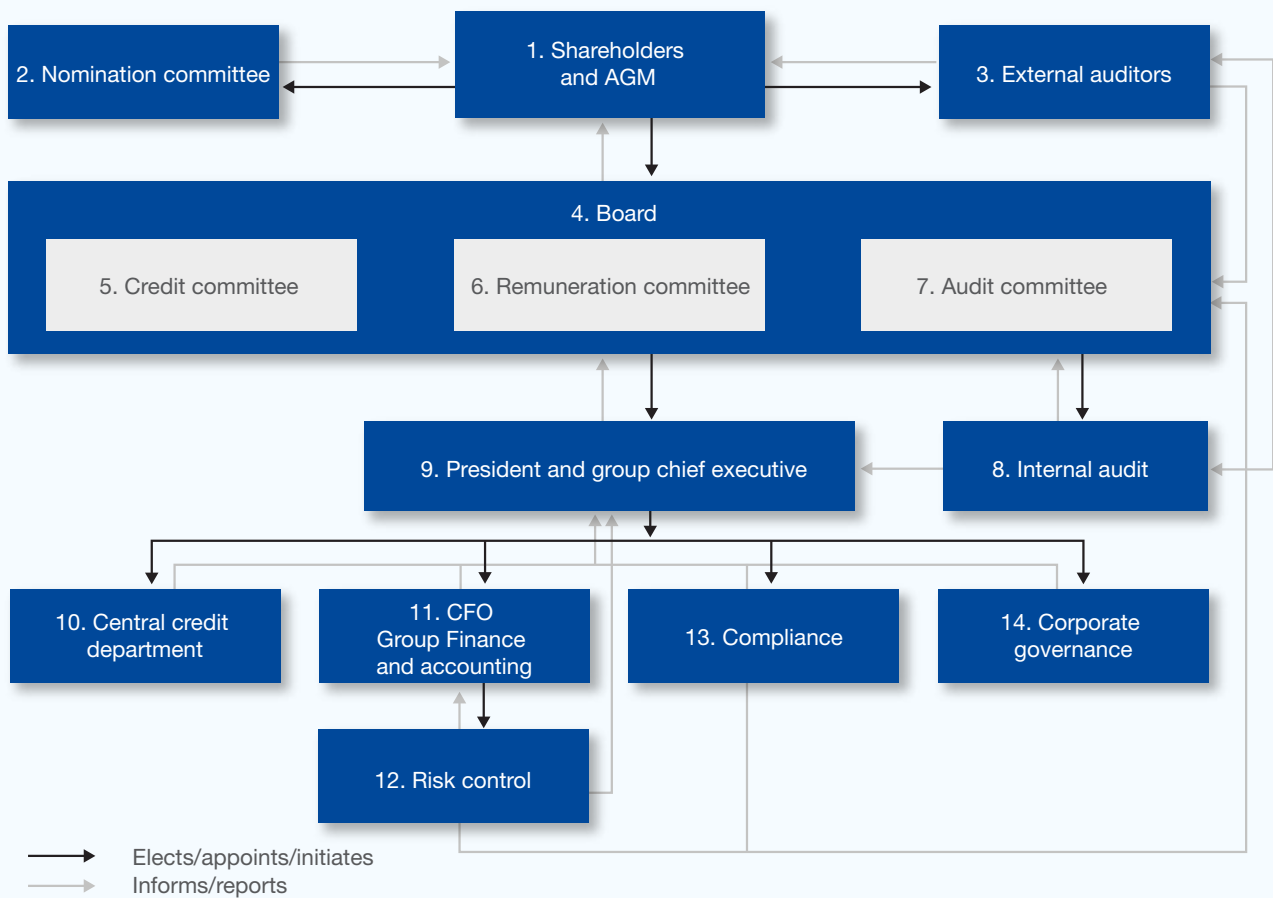
This corporate governance report is an extract from Handelsbanken's statutory annual report. The corporate governance report has been examined by the Bank's auditors and this examination is included in the audit report.

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Corporate governance structure

Handelsbanken's shareholders are ultimately responsible for making decisions about the Bank's governance. At the AGM, the shareholders appoint the board, the board chairman and auditors and decide how the nomination committee will be appointed. The board is responsible to the owners for the Bank's organisation and management of its affairs. The auditors report to the AGM on their findings. The diagram below provides a summary of how governance and control are organised at Handelsbanken.

Corporate governance structure – an overview



1. SHAREHOLDERS AND ANNUAL GENERAL MEETING

Shareholders exercise their right to decide on matters concerning Handelsbanken at the shareholders' meetings, which are Handelsbanken's highest decision-making body. The AGM decides on any changes to the Bank's articles of association – the Bank's most fundamental governing document – and on matters such as the adoption of the income statement and balance sheet, discharge from liability for the board, the new board, new auditors and also remuneration to the chairman of the board, the other board members and to the auditors. The AGM also decides on guidelines for remuneration paid to senior management.

2. NOMINATION COMMITTEE

The AGM decides how the nomination committee will be appointed. The nomination committee's task is to prepare and submit proposals to the next AGM regarding the appointment of the chairman and other members of the

board and also fees to the chairman and other members of the board. The committee's task also includes evaluating the work of the board, primarily based on the report that the chairman of the board submits to the committee. The committee also proposes the appointment of the auditors, and their fees.

3. EXTERNAL AUDITORS

The AGM currently appoints the auditors for a period of four years, which guarantees continuity and depth in their auditing work. The auditors are accountable to the shareholders at the AGM and submit an audit report covering matters such as the annual report and the board's administration. The auditors report regularly, orally and in writing, to the audit committee concerning how their audit was conducted and their assessment of the Bank's administrative order and control. The auditors also submit a summary report of their audit to the whole board.

4. BOARD

The board is responsible for the Bank's organisation and manages the Bank's affairs on behalf of its owners. The board is to continuously assess the Bank's financial situation and ensure that the Bank is organised such that the accounting records, management of funds and other aspects of the Bank's financial circumstances are satisfactorily controlled. The board establishes policies and instructions on how this should be executed, and establishes a work procedure for the board and also instructions for the group chief executive. These central policy documents state how responsibility and authority are distributed among the board as a whole and the committees, and also between the chairman of the board and the group chief executive. The board appoints the group chief executive, and also executive vice presidents and the Head of Internal Audit. The chairman is responsible for evaluating the board's work and informs the nomination committee of the result of the evaluation.

5. CREDIT COMMITTEE

The credit committee decides on credit cases where the amount exceeds the decision limit applying to the regional bank boards and to the board of Handelsbanken International. Cases of major importance are referred to the full board for a decision. The credit committee comprises the chairman of the board, the vice chairmen, the group chief executive, the chairman of the audit committee, three board members appointed by the board to circulate on the committee with two-year mandates, and the Head of the Central Credit Department. The heads of the regional banks and the Head of Handelsbanken International are responsible for reporting to the credit committee.

6. REMUNERATION COMMITTEE

The remuneration committee regularly evaluates the employment conditions for the Bank's senior management in the light of prevailing market terms for their peers in other companies. The committee's tasks include preparing the board's proposals to the AGM concerning guidelines for remuneration to senior management and the board's decisions on these conditions for senior managers and the Head of Internal Audit. The remuneration committee consists of the chairman of the board and two members appointed by the board.

7. AUDIT COMMITTEE

The audit committee monitors the Bank's financial reporting by examining all crucial accounting matters and other factors that may affect the qualitative content of the financial reports. The committee also monitors the effectiveness of the Bank's and Group's internal control, internal audit and risk management systems as well as the external auditors' impartiality and independence. It evaluates the audit work and assists the nomination committee in appointing auditors. The audit committee comprises the chairman of the board and two other members appointed by the board. One of these two members is the committee's chairman.

8. INTERNAL AUDIT

Internal Audit performs an independent and impartial audit of the operations and financial reporting of the Handelsbanken Group. A central task for Internal Audit is to assess and verify the internal control.

9. PRESIDENT AND GROUP CHIEF EXECUTIVE

The group chief executive is appointed by the board to lead the operations

of the Handelsbanken Group. In addition to instructions from the board, the group chief executive is obliged to comply with the provisions of the Swedish Companies Act and a number of other statutes concerning the Bank's accounting, management of funds and operational control.

10. CENTRAL CREDIT DEPARTMENT

The Bank's Central Credit Department is responsible for maintaining the Bank's credit policy, primarily by preparing every major credit case that the board's credit committee or the whole board decides on. The Head of Credits presents all cases to the group chief executive before they are submitted for a decision. The Head of Credits reports to the group chief executive and is a member of the board's credit committee.

11. GROUP FINANCE

Group Finance is responsible for control systems, reporting, control, book-keeping, accounting and taxes. It is also responsible for the Group's liquidity, funding and capital, and for the Group's overall risk management for all risks except credit risk. For a detailed description of this risk management, see note G2 on pages 81–95. The Head of Group Finance, the CFO, also has the main responsibility for independent risk control (section 12 below) and reports on all the Group's risks, including credit risks at aggregate level, to the group chief executive, the board's audit committee and the board.

12. RISK CONTROL

Risk Control is responsible for the overall internal reporting of all the Group's material risks at an aggregate level. This responsibility comprises credit, counterparty and market risks (interest rate, exchange rate, equity price and commodity price risk), operational, liquidity and insurance risks and also risks related to variable compensation. The task of risk control is to identify, measure and monitor the Group's risks, to inform the board and bank management about these risks and to analyse development of the risks. The management of the individual risks is, however, the task of the operating unit that is responsible for the customer or counterparty (account manager) or responsible for conducting a certain transaction (business manager). The Head of Risk Control reports to the CFO. In addition, the Head of Risk Control makes regular reports of his observations to the group chief executive.

13. COMPLIANCE

The compliance function is responsible for ensuring that laws, regulations and internal rules, as well as accepted business practices or norms, are complied with in the operations conducted by the Handelsbanken Group that are subject to a licence. The function must interpret the applicable regulations and inform the units concerned about risks that may arise in the operations as a result of inadequate compliance, assist in identifying and assessing such risks and assist in drafting internal regulations. The function informs the Bank's management and board regularly in matters concerning compliance. The Bank's chief lawyer is responsible for the compliance function. Compliance officers have been appointed in all business areas and in all countries where the Bank operates.

14. CORPORATE GOVERNANCE

The unit ensures that decisions made at the AGM and by the central board as well as changes in legislation, regulations and corporate governance code are implemented in policies, guidelines and instructions with the aim of stipulating responsibilities and authorities internally at the Bank.

CORPORATE GOVERNANCE AT HANDELSBANKEN

Handelsbanken is a Swedish public limited company, listed on Nasdaq OMX. Handelsbanken complies with the Swedish Code of Corporate Governance, applicable as from 1 February 2010. The Bank does not deviate from the code. The code states that the aim of good corporate governance is “a question of ensuring that companies are run as efficiently as possible on behalf of their shareholders”. Corporate governance is sometimes defined more broadly, for example in the OECD Principles of Corporate Governance and the Basel Committee’s document “Enhancing corporate governance for banking organisations”. This defines corporate governance as “a set of relationships between a company’s management, its board, its shareholders, and other stakeholders...”. For a bank it is obvious that stakeholders include customers in general, but particularly deposit customers, bond investors and supervisory authorities, on whose confidence the Bank is dependent.

The Bank’s corporate governance report is, however, based on a shareholder perspective. In the Bank’s future sustainability report, a broader range of perspectives are reported. A central part of governance in the Bank comprises managing the risks that arise in operations. Risk management is described in detail in a separate section on risks, in note G2 on pages 81-95. The corporate governance report is part of the statutory annual report and is thus subject to the auditors’ examination.

In the report, “the Bank” refers to the whole of the Handelsbanken Group, unless the context demands that a distinction is made between the parent company (the Bank) and subsidiaries.

The operations of Swedish banks are regulated by law, and banking operations may only be run with a license from the Swedish Financial Supervisory Authority. The regulations for banking operations are very extensive, and are not described

in detail in this report.* Operations outside Sweden are subject both to the Swedish regulations and to the host country’s regulations, if these are stricter or in other respects deviate from Swedish or international rules.

The Swedish Financial Supervisory Authority extensively supervises the Bank’s operations in Sweden and in all countries where the Bank runs branches, in other words, when the foreign operation is part of the Swedish legal entity Svenska Handelsbanken AB. Equivalent authorities in other countries exercise limited supervision over the branches’ operations and full supervision over the Bank’s subsidiaries outside Sweden. The supervisory authorities in the Nordic countries, Great Britain and the Netherlands are co-ordinated in a supervisory group for Handelsbanken, led by the Swedish Financial Supervisory Authority.

In addition to laws and ordinances, the Swedish supervision is based on regulations and general guidelines from the Swedish Financial Supervisory Authority. Unlike the regulations, the guidelines are not binding. Nonetheless, the Bank complies with the guidelines in force. The Swedish Financial Supervisory Authority requires extensive reporting on various matters such as the Bank’s organisation, decision-making structure, internal control, terms and conditions for the Bank’s customers and information to private customers.

The Supervisory Authority’s working methods include systematically visiting various parts of the Bank to follow up the Bank’s actual compliance with the terms and conditions of granted licenses and other detailed regulations. It subsequently reports its observations to the Bank’s management and, in some cases, to the Bank’s board.

The financial crisis has not led to any changes in governance of the Bank. Thus there have been no changes to the organisation, instructions or authority as a result of the crisis.

*The most important statutes include the Companies Act (SFS 2005:551), the Banking and Financing Business Act (SFS 2004:297), the Act on Capital Adequacy and Large Exposures (SFS 2006:1371) and extensive legislation on securities and insurance operations. The Swedish Financial Supervisory Authority’s regulatory code includes General guidelines regarding governance and control of financial undertakings (FFFS 2005:1) and Regulations governing investment services and activities (FFFS 2007:16). For a list of the laws and regulations referring to operations requiring a licence, see www.handelsbanken.se/ireng.

READ MORE ON OUR WEBSITE

More information about Handelsbanken’s corporate governance is available at www.handelsbanken.se/ireng.

The site includes the following information:

- previous corporate governance reports from 2007 onwards
- the articles of association
- information about the nomination committee
- information from previous AGMs from 2004 onwards.

SHAREHOLDERS AND SHAREHOLDERS' MEETINGS

Rights of shareholders

Handelsbanken has more than 100,000 shareholders, and they exercise their right to decide on matters related to the company at the AGM or extraordinary meetings of shareholders. Handelsbanken has two classes of shares: class A and class B. Class A shares are by far the most common and represent 98.12 per cent of all outstanding shares. Class A shares each carry one vote and class B shares carry one-tenth of a vote each. Handelsbanken's articles of association state that at shareholders' meetings, no shareholder is allowed to exercise voting rights representing more than ten per cent of the total number of votes in the Bank.

Shareholders who wish to have a matter considered by the AGM must submit a written request to the board sufficiently far in advance so that the matter can be included in the notice of the meeting. The Bank's website contains information as to when this request must have reached the board.

At the AGM the Bank's shareholders make various decisions of major importance for the governance of the Bank. Shareholders' decisions include:

- who should be on the board of the Bank and who should be the Bank's auditors
- deciding fees to board members and auditors
- adopting the income statement and balance sheet
- appropriation of profits
- discharging the board and chief executive from liability for the past financial year
- principles for remuneration to senior management.

The shareholders at the AGM also make decisions on the Bank's articles of association. The articles of association constitute the fundamental governing document for the Bank. The articles include a specification of what operations the Bank is to conduct, the amount of the share capital, the right of shareholders to participate at shareholders' meetings and what is to be presented at these meetings.

Information in Swedish in preparation for AGMs, as well as minutes of past meetings, can be viewed on the Bank's website at www.handelsbanken.se. Notices of AGMs, proposals for the meetings and minutes of the meetings are translated into English and are available at www.handelsbanken.com.

Major shareholders

Two shareholders have more than 10 per cent of the votes: AB Industrivärden with 10.62 per cent and the Oktogonen Foundation, with 10.57 per cent. Detailed information on the Bank's largest Swedish shareholders can be found on page 36.

Annual general meeting 2010

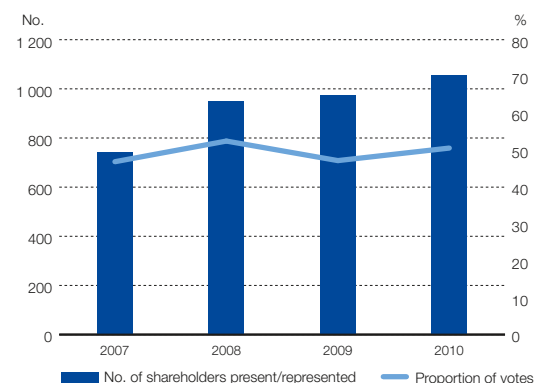
The AGM took place on 29 April 2010.

Over 1,000 shareholders were represented at the meeting. They represented 50.6 per cent of all the votes in the Bank. The chairman and the following members of the board were present at the meeting: Mr Pär Boman (group chief executive) Mr Anders Nyrén, Mr Fredrik Lundberg, Ms Ulrika Boëthius, Ms Lone Fonss Schroder, Mr Jan Johansson and Mr Sverker Martin-Löf. Also participating were the chairman of the nomination committee Mr Carl-Olof By, as well as Mr Stefan Holmström, Mr Erik Åström and Mr Lars Bonnevier from the auditing companies elected by the AGM. The chairman of the meeting was Mr Sven Unger, a lawyer from the law firm Mannheimer Swartling Advokatbyrå.

The decisions made by the shareholders at the AGM included:

- dividend payment of SEK 8.00 per share, totalling SEK 4,988 million
- authorisation for the board to purchase a maximum of 40 million shares in the Bank
- that the board is to consist of twelve members
- re-electing all board members for the period until the end of the next AGM
- re-electing Hans Larsson as chairman of the board
- unchanged fees to the board members.

Attendance at AGMs



The shareholders at the meeting also adopted the following guidelines for remuneration and other terms of employment for the group chief executive and the executive vice presidents, as proposed by the board:

- the total remuneration is to be on market terms
- remuneration is only paid in the form of a fixed salary and customary benefits
- variable compensation benefits such as bonuses or commission on profits are not paid
- senior managers are included in the Oktogonen profit-sharing scheme on the same terms as all employees of the Bank
- the pension age is 60. Pensions are paid under a defined benefit plan
- the period of notice on the part of the employee is six months and on the part of the Bank, twelve months. If the Bank terminates the contract later than five years after the person's appointment as part of the Bank's management, the period of notice is 24 months. In exceptional cases, periods of notice may be shorter
- no termination benefits are paid.

Nomination committee

The shareholders at the 2010 AGM resolved to establish instructions for how the nomination committee is to be appointed. The instruction includes the following: the committee is to comprise five members: the chairman of the board and one representative from each of the Bank's four largest shareholders as at 31 August the year before the AGM is held.

However, the nomination committee must not include representatives of companies which are significant competitors of the Bank in any of its main areas of operations. It is the task of the board chairman to contact the largest owners, so that they appoint one representative each to sit on the nomination committee together with the chairman. This has taken place and the 2011 nomination committee consists of:

Composition of nomination committee and voting representation		
Representative	Owner	Voting power in % as at 31 Dec 2010
Carl-Olof By, chairman	Industrivärden	10.62
Henrik Forssén	Oktogonen Foundation	10.57
Bo Selling	Alecta	3.07
Mats Guldbrand	Lundbergs	2.44
Hans Larsson, chairman of the board		

All board members are independent of the Bank, its management and the largest shareholder in terms of votes – with the exception of Henrik Forssén who is an employee of Handelsbanken and a board member of the Oktogonen Foundation. Information on the composition of the nomination committee has been available on the Bank's website since 20 September 2010.

In advance of the AGM on 23 March 2011, the nomination committee has the task of evaluating the board's work. The committee also submits proposals for the election of a chairman of the AGM, the board chairman and other members of the board, the fees to the board chairman and other board members, remuneration for committee work and fees to auditors.

The nomination committee aims to achieve equal gender distribution among board members. The proportion of women on the board of the Bank is 25 per cent.

Auditors

Stefan Holmström is principal auditor for KPMG AB and has been chairman of the auditing team at Handelsbanken since 2008. He has been an authorised public accountant since 1975. He is also an auditor for Länsförsäkringar AB, Svenska Rymdaktiebolaget, ALMI Företagspartner AB, Proffice AB and Fastighetsaktiebolaget Norrporten. Mr Holmström was born in 1949.

Erik Åström has been an authorised public accountant since 1989 and has been principal auditor for Ernst & Young AB at Handelsbanken since 2008. He is also an auditor for Apoteket AB, Hakon Invest AB, Hennes & Mauritz AB, Modern Times Group MTG AB, and Saab AB. Mr Åström was born in 1957.

THE BOARD

After the shareholders at the AGM had appointed Hans Larsson to be board chairman, Anders Nyrén and Fredrik Lundberg were appointed as vice chairmen at the subsequent first board meeting. At the same time, the board appointed members of the credit committee, audit committee and remuneration committee. Information about the board is shown on pages 60–61.

Composition of the board

The board consists of twelve members. Two of these members elected by the AGM represent the Oktogonen Foundation, the Bank's profit-sharing foundation in which the employees are beneficiaries. Apart from these members, the employees have no representatives on the board.

The board members have broad and extensive experience from the business world. All external members are or have been chief executives of major companies, and most of them are also board members of major companies. Several have worked on the Bank's board for a long time and are very familiar with the Bank's operations.

The Swedish Code of Corporate Governance contains stipulations that the majority of board members elected by the AGM must be independent of the Bank and the Bank's management, and that at least two of the independent board members must also be independent of those of the company's shareholders that control ten per cent or more of the shares and votes in the Bank. In an overall assessment of each board member's independence in relation to the Bank, the Bank's management and major shareholders, the nomination committee has found that nine external members are independent of the Bank and the Bank's management, and that five of them are also independent of major shareholders. Three members are employees of the Bank; hence, they are dependent in relation to the Bank. Two of the employed members (Ulrika Boëthius and Tommy Bylund) are also dependent in relation to a major shareholder (Oktogonen). One of the employed members (Pär Boman) works in the Bank's management.

Name	Independent of the Bank and its management	Independent of major shareholders
Hans Larsson	•	
Anders Nyrén	•	
Fredrik Lundberg	•	
Sverker Martin-Löf	•	
Jon Fredrik Baksaas	•	•
Göran Ennerfelt	•	•
Lone Fonss Schroder	•	•
Jan Johansson	•	•
Bente Rathe	•	•
Pär Boman		•
Ulrika Boëthius		
Tommy Bylund		

Regulations governing the board's work

The fundamental principles regarding the distribution of expertise shared among the board, the board committees, the chairman, the group chief executive and the Internal Audit department are manifested in the board's work regulations and instructions to the group chief executive and to the Head of Internal Audit.

Chairman of the board

The board's working instructions state that the chairman shall ensure that the board carries out its work efficiently and that it fulfils its duties. This involves organising and managing the board's work and creating the best possible conditions for this work. The chairman must also ensure that the board members continually update and expand their knowledge of the Bank, and that new members receive appropriate introduction and training. The chairman must be available to the group chief executive as an advisor and discussion partner, but must also evaluate the group chief executive's work and report his assessment to the board. The chairman's duties include being chairman of the credit and remuneration committees, as well as being a member of the audit committee. The chairman is also responsible for ensuring that the board's work is evaluated annually and for informing the nomination committee of the evaluation. Finally, he is responsible for maintaining contact with the major owners concerning ownership issues. As chairman of the Bank's pension foundation, pension fund and staff foundation he has overall responsibility for ownership issues associated with shareholdings in these three entities. In other respects, there is no other division of work for the board besides that involving the board committees.

Committee work

Credit committee

The credit committee consisted of nine members: the chairman (Hans Larsson), the vice chairmen (Anders Nyrén and Fredrik Lundberg), the chairman of the audit committee (Sverker Martin-Löf), the group chief executive (Pär Boman), the Head of the Central Credit Department (Olle Lindstrand), and three board members appointed by the board (Jon Fredrik Baksaas, Tommy Bylund and Göran Ennerfelt). The members circulate on the committee with two-year mandates.

The credit committee normally holds one meeting every month to take decisions on credit cases that are above a set limit and that are not decided on by the whole board due to the major importance of these cases. The Head of the Central Credit Department presents all cases to the group chief executive before they are submitted for a decision. The heads of the regional banks and the Head of Handelsbanken International present cases from their own units and listen when other cases are presented, which provides them with a good picture of the board's approach to risks. Credit cases that are decided upon by the whole board are presented by the Head of the Central Credit Department. If a delay

in the credit decision would cause inconvenience to the Bank or the borrower, the credit instructions allow the group chief executive and the Head of the Central Credit Department to decide on credit cases during the interval between meetings.

The credit committee had eleven meetings during the year.

Audit committee

The audit committee consisted of the board chairman (Hans Larsson) and two board members appointed by the board (Sverker Martin-Löf and Lone Fonss Schroder). All members are independent of the Bank and its management. Hans Larsson and Lone Fonss Schroder are also independent of major shareholders. Sverker Martin-Löf is the committee chairman.

The audit committee monitors financial reporting and the effectiveness of the Bank's internal control, internal audit and risk management systems. The committee's other tasks include establishing an annual plan for the work of Internal Audit. The committee maintains regular contact with the external auditors, who report to the committee on significant matters that have emerged from the statutory audit, especially regarding shortcomings in the internal control of the financial reporting. The committee also examines reports from the Heads of Compliance and Risk Control. The committee generally meets five times a year, normally in connection with quarterly and annual reports. Issues are presented by the group chief executive, the Head of Group Finance, the Head of Internal Audit, the Head of Compliance and the principal auditors from the audit companies appointed by the AGM.

The audit committee had six meetings during the year.

Remuneration committee

The remuneration committee prepares matters regarding compensation to be decided on by the board and the AGM.

The remuneration committee comprised the board chairman (Hans Larsson) and two board members appointed by the board (Bente Rathe and Göran Ennerfelt). All members are independent in relation to the Bank and its management.

After the shareholders at the AGM have decided on guidelines for the terms and conditions of remuneration to the group chief executive and the executive vice presidents, the board decides, in accordance with the regulations of the Swedish Financial Supervisory Authority, on remuneration to the group chief executive, the executive vice presidents and other senior management staff who

report directly to the central board, the group chief executive, an executive vice president or the Head of Internal Audit. In this context, "senior management staff" refers to members of the central bank management team and executive vice presidents in regional banking operations, business areas and central departments.

The remuneration committee held seven meetings during the year.

The board's work in 2010

During the year, the board held nine ordinary meetings, including a two-day strategy meeting.

The board's work adheres to a structure of fixed and regular matters, mainly as follows:

Case	When
First board meeting following election of board members, corporate governance documents	after AGM
Frameworks for funding	at least once a year
Strategy	--
Group chief executive's instructions and guidelines	--
Operational risks	half-yearly
Internal capital evaluation	quarterly
Loan losses and credit risks	--
Six-monthly report	July
Announcement of the nomination committee	September
Interim report	October and April
Evaluation of the board's work	annually
Function of the risk classification system	--
Evaluation of group chief executive	--
Skills development of staff and supply of managers	--
Salary review for group chief executive and head of internal audit	--
Limits for financial risks	--
Annual accounts	February
Proposals for AGM	in preparation for AGM
Preparation of corporate governance documents	--
External and internal audit reports	--
Allocation to the Oktogonen profit-sharing scheme	--
Business situation	each meeting
Follow-up of risk limits	--
Credit matters	--

In addition, matters discussed at each committee meeting are reported at the subsequent board meeting.

PRINCIPLES FOR CORPORATE GOVERNANCE AT HANDELSBANKEN

The Bank's goal and strategy

Handelsbanken's operational goal is to have higher profitability than the average of comparable banks in its home markets. This is to be achieved by having the most satisfied customers and by being more cost-effective than competitors.

The purpose of the goal is to offer shareholders long-term, high growth in value expressed in increasing earnings per share over a business cycle.

Handelsbanken is a full-service bank with a decentralised way of working, a strong local presence due to nationwide branch networks and a long-term approach to customer relations. The Bank has applied this basic concept consistently for several decades. The Bank has a decentralised working model, involving strong trust in our employees' will and ability to take responsibility. Since the basic organisational model has remained unchanged for a long time, the Bank has a very strong corporate culture, which is manifested in an internal document called Our Way. This document describes the Bank's goals, ideas and way of working, and is read and discussed by all employees of the Bank.

The salary and pension system, combined with the Oktogonen profit-sharing system, are other ways of boosting the corporate culture by promoting "lifelong" employment. Handelsbanken wishes to recruit young employees for "lifelong" employment at the Bank by offering development opportunities that make the Bank self-sufficient in terms of skilled employees and managers.

This long-term approach also applies to the way in which the Bank relates to its customers, is manifested in, for example, the ambition of always giving the customer the best possible advice – without looking at what is most profitable for the Bank in the short term. Customers should never have reason to suspect that the Bank's actions are steered by its employees receiving commission on a certain product. Employees thereby also feel a sense of security in that they can always offer a customer the Bank's best advice without affecting their remuneration. This enables the Bank to build long-term relationships with both customers and employees.

The strong corporate culture is the Group's most important policy instrument. This is not, however, sufficient from a corporate governance perspective. In parallel with informal discussions, the board has established principles, strategies, limits and target figures in a series of policy documents and instructions. These are summarised here.

Compensation principles at Handelsbanken

The Bank's principles for compensation to employees are long established. Variable compensation is paid to a limited extent. As of 1 January 2010, the Swedish Financial Supervisory Authority's regulations and general guidelines governing remuneration policies in credit institutions, investment firms and fund management companies (FFFS 2009:6) apply. The regulations include special rules for employees who receive variable compensation and who can affect the level of risk in a financial institution. The regulations also contain provisions on deferred compensation and on publication of information concerning compensation. The new rules have affected the Bank's principles for compensation only marginally.

The following is an overall presentation of the Bank's fundamental principles for fixed and variable compensation, for compensation to employees who are able to influence the Bank's level of risk, as well as for compensation to senior management. Other information concerning compensation paid by the Bank in accordance with FFFS 2009:6, including the Bank's allocation model for variable compensation is presented in note G8 on pages 97–100. It also provides information about amounts for salaries, pensions and other benefits, and loans to senior management.

Fundamental principles for compensation

In Sweden and certain other countries, the Bank is party to collective agreements on general terms and conditions of employment during the employment period and on terms and conditions of pensions after employees have reached retirement age.

The aim of the Bank's policy on salaries is to increase the Bank's competitiveness and profitability, to enable the Bank to attract, retain and develop skilled staff, and to ensure good skills development and management succession planning. Good profitability and productivity performance at the Bank create the necessary conditions for salary growth.

Compensation for work performed is set individually for each employee, and is paid in the form of a fixed salary, customary salary benefits and a pension provision. At Handelsbanken, salary-setting takes place at the local level. Salaries are set in salary reviews between the employee and his/her line manager. These principles have been applied for many years with great success. They mean that managers at all levels participate regularly in the salary process, and take responsibility for the Bank's salary policy and the growth in their own unit's staff costs. Salaries are based on factors known in advance, namely the nature and level of difficulty of the work, skills, performance and results achieved, leadership (for managers who are responsible for the career development of employees), supply and demand on the market, and performance as an ambassador for the Bank's business culture.

This fundamental principle for fixed salaries applies to more than 95 per cent of the Group's employees, and is applied without exception to senior management, all staff involved in the Bank's granting of credits, and employees in the Bank's control functions.

Principles for compensation to senior management

After the shareholders at the AGM have decided on guidelines for compensation to the group chief executive and the executive vice presidents, the board decides on compensation to the central bank management team and the remaining executive vice presidents, a total of 21 individuals (as at 31 December 2010). The board also determines compensation for the Head of Internal Audit. For the guidelines from the AGM, see the "Annual general meeting 2010" section on page 49.

Compensation to senior management is paid in the form of fixed salary, a company car, the customary benefits and pension provisions. No variable compensation is paid. Nor are there any agreements on severance pay.

The retirement pensions of the group chief executive and the executive vice presidents are paid from the age of 60 at the earliest; the pensions are equivalent to 65 per cent of the individual's salary immediately before retirement. From the age of 65, deductions are made in an amount equivalent to the sum paid as pension from the state insurance system. Deductions are also made for pension amounts paid on the basis of a paid-up policy from a previous employer.

During an individual's period of employment at the Bank, pension rights accrue steadily until they reach 65 per cent of the employee's final salary at the time of retirement (after deductions for any paid-up policy from a previous employer). Over the same period, the Bank makes the equivalent allocations for future pension, and is charged annually for the cost at the same rate as the pension is accrued. Accrued pension obligations are vested and are secured in the Bank's pension foundation or assured in the Bank's pension fund. After retirement age is reached, no further provisions are made. If a member of senior management leaves the Bank before reaching retirement age, the provisions cease and the accrued pension is deposited into a paid-up policy.

Senior managers are allocated units in Handelsbanken's profit-sharing scheme, Oktogonen, on the same terms as all other employees of the Bank.

External fees such as fees for serving on the boards of other companies must be paid in to the Bank.

No changes to the applicable guidelines for compensation to senior managers are proposed ahead of the 2011 AGM.

Variable compensation

Any exceptions from the principle of fixed salaries require a special decision by the group chief executive in accordance with the compensation policy stipulated by the board. The heads of the areas concerned, as well as risk control and compliance managers, took part in the preparation of the board's compensation policy.

Variable compensation occurs to a limited extent and, with very few exceptions, only in the Handelsbanken Capital Markets business area. Nor is variable compensation paid to the Bank's management or to any employee who makes decisions on credits or limits. Therefore, in applying FFFS 2009:6, it has been natural for the Bank to define employees who can influence the Bank's level of risk as those who have both variable compensation and a mandate to take positions in the Bank's name in assets such as securities, foreign exchange instruments, commodities or other positions that expose the Bank to risk. These employees are designated as position-takers. A position always requires a limit decided by an employee who does not receive variable compensation. At year-end 2010, the Bank had just over 80 position-takers. Deferred variable compensation is paid in part to position-takers. In addition, variable compensation is paid to just over 400 other employees who are not position-takers. Variable compensation is paid in cash.

Policy documents

Credit policy

Credits may only be granted if there are good grounds for expecting the borrower to meet his commitments. Credits must normally have collateral. The Bank strives to maintain its historically low level of loan losses compared to other banks, thus contributing to the Bank's profitability target and retaining its sound financial position.

Operational risks

Operational risks must be managed so that the Group's operational losses remain small, both in comparison with previous losses incurred, and with other banks' losses. The responsibility for operational risks is an integral part of managerial responsibility throughout the Group.

Financial policy

The Group's funding must be well-diversified in terms of markets, currencies and maturities. The liquidity risk exposure is restricted by limits established by the board. The board sets limits for long-term funding. During stressed market conditions, the Bank must have an adequate liquidity reserve to be able to continue its operations for a pre-determined period of time, without new funding in the financial markets.

Capital policy

The Bank must have economic capital (see the risk section on pages 81–95) which corresponds to all risks that may lead to unexpected losses. This is to guarantee that the Tier 1 capital covers the minimum legal capital requirement by a safety margin determined by the board. The Bank’s capital situation must also make it possible to maintain a high rating from the most important rating agencies.

Financial risk policy

Financial risks here refer to market risks and liquidity risks. Market risks are in turn divided into interest rate risks, equity price risks, currency risks and commodity price risks. The Bank’s market risks must be low and normally occur as a natural step in customer business. The board stipulates the measurement methods and limits for financial risks, and instructs the group chief executive to organise an independent risk control function with adequate resources for appropriate monitoring of financial risks.

Information policy

The Bank’s information must be objective and easy to understand. It must respect the recipient of the information and be provided at the right time and in the right way. The information should strengthen the Bank’s brand and the trust of the Bank’s customers, the capital market and society in general. Information provided to the stock market must be correct, relevant, reliable and in compliance with stock market regulations. Information is to be made public as soon as possible and simultaneously to the stock market, investors, analysts, news services and other media.

Normally, the media and analysts are simultaneously invited to attend press conferences and capital market seminars.

Ethical guidelines

Employees of the Bank must conduct themselves in a manner that upholds confidence in the Bank. All operations at the Bank must be characterised by high ethical standards. Customers must be treated with respect and the financial advice given must be based on the customer’s requirements. Conflicts of interest must be identified and handled according to internal and external regulations, such as those on banking confidentiality and investment advice.

In case of doubt as to what is ethically acceptable, the matter must be discussed with the employee’s immediate superior.

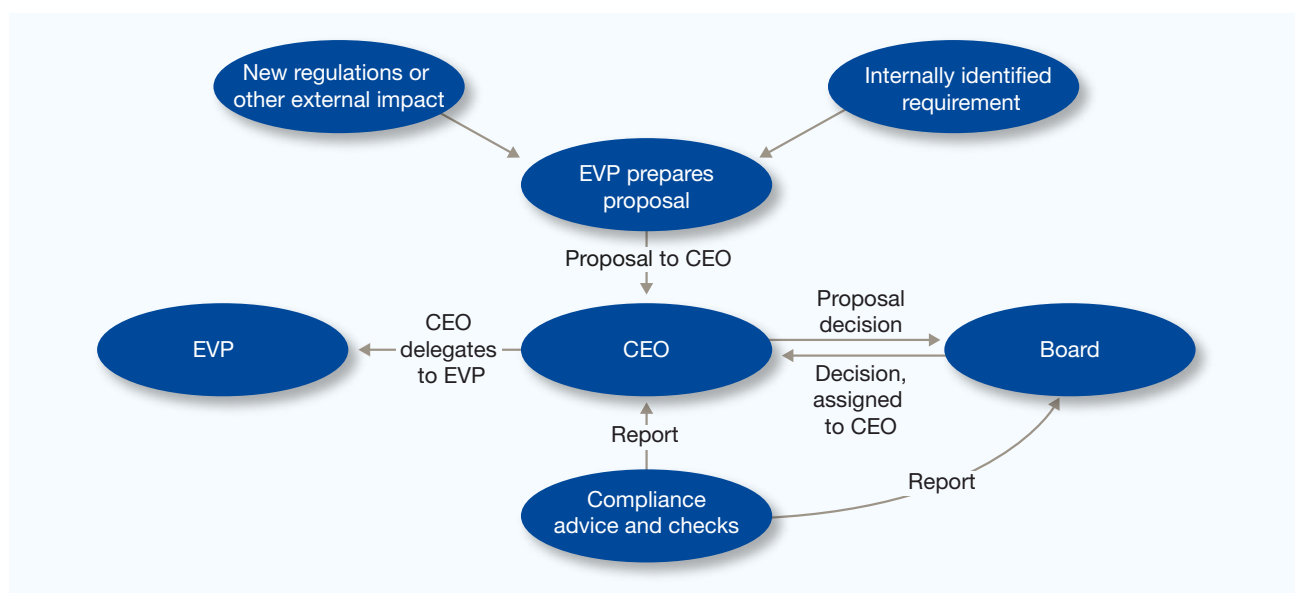
Policy for internal audit operations

Internal Audit is to assess the efficiency and appropriateness of the Group’s processes for risk management, internal steering and control. The audit function must impartially and independently examine the Group’s accounts, ensure that material risks are identified and managed in a satisfactory manner, and that material financial information is reliable, correct and delivered on time.

Policy for managing and reporting events of material importance

Incidents of material importance must be reported to the Swedish Financial Supervisory Authority. This refers to incidents that may jeopardise the Bank’s stability or protection of customers’ assets. No such incidents occurred during the year.

Production and monitoring of corporate governance documents



Policy for the Bank's use of the external auditors' services

Engagement of the external auditors elected by the AGM for assignments other than auditing and related assignments is subject to special review and reporting to the audit committee.

Policy for independent risk control

The Bank has a central and independent risk control function with operational risk for identifying, measuring and reporting all material risks at Group level and for proposing risk management measures when deemed necessary. This unit also has functional responsibility for the local risk controls. The central risk control function reports to the CFO but also provides regular reports to the group chief executive.

Policy for compliance

Compliance refers to the observance of laws, regulations and internal rules, as well as accepted business practices or accepted standards related to the operations that are subject to a license. This means that the Bank must comply with the Swedish Financial Supervisory Authority's guidelines and industry codes, such as the Swedish Code of Corporate Governance, which are considered to represent sound practices. The compliance function must report to the board and group chief executive regarding the Bank's compliance. See also page 58.

Policy for agreements relating to the engagement of third parties

This policy regulates the Bank's outsourced operations which are subject to a license to a third party, such as operation of IT systems, acquisition of card transactions or other operations with a natural link to the Bank's operations.

The Bank or its subsidiaries are always responsible for the outsourced operations being run in accordance with any licenses linked to the operations.

Policy on measures to prevent money laundering and financing of particularly serious crime

The policy is based on crime prevention laws in the field of finance, mainly the Swedish Act on Measures against Money Laundering and Financing of Terrorism. The Bank does not participate in transactions of which the employee does not understand the implications.

Remuneration policy

In Sweden, the Bank is party to collective agreements on general terms and conditions of employment during the employment

period and on terms and conditions of pensions after employees have reached retirement age. Compensation for work performed is set individually for each employee, and is paid in the form of fixed salary, customary benefits and pension provisions. Salaries are established locally in accordance with the Bank's decentralised method of working and are revised once a year.

For a more detailed description of Handelsbanken's compensation principles, see pages 53–54.

THE BANK'S MANAGEMENT**Group chief executive**

Pär Boman has been president and group chief executive since April 2006. Mr Boman was born in 1961 and he has worked at Handelsbanken since 1991. In 1998 he was appointed executive vice president and Head of Regional Bank Denmark, and thereafter Head of Handelsbanken Markets. Pär Boman has an engineering degree and a business degree. In addition to being on the board of the Bank, Mr Boman is a board member of Svenska Cellulosa AB SCA, the Swedish Bankers' Association and the European Financial Reporting Advisory Group (EFRAG) but has no other assignments outside the Bank. His shareholdings in the Bank and those of close relatives are 5,907, of which 4,407 are held indirectly via the Oktogonen profit-sharing foundation. In addition, Mr Boman has an unchanged holding of staff convertible notes for a nominal amount of SEK 5.64 million at a conversion price of SEK 187.56 per share, corresponding to 26,507 shares.

Group management and Group management structure

Handelsbanken has long had a decentralised way of working, in which virtually all material business decisions are taken at the branches, close to customers.

Operations are pursued to a large extent within the parent company and, primarily for legal reasons, also in subsidiaries, both in Sweden and in other countries. This organisational structure results in a relatively large senior bank management team which, together with the heads of the major subsidiaries, makes up the Group management team. This consists of the central bank management, as well as the heads of branch operations, business areas and central departments. The branch operations are geographically organised into regional banks: six in Sweden, one each in Denmark, Finland and Norway, and two in Great Britain, which together constitute the Bank's home markets. Starting from 1 January 2011, the Bank's UK operations are organised into three regional banks. Branch operations outside

the Bank's home markets are led by the Head of Handelsbanken International.

Each regional bank is led by a head of regional bank, who is a member of the Group management team. During the year, a head of the Swedish regional bank operations and a head of the UK regional bank operations were appointed, which means that the Group management team has expanded by two people. The heads of the regional banks in Denmark, Norway and Finland as well as the UK head and the country managers within Handelsbanken International, are responsible to the public authorities in their respective host countries for all operations that the Bank and its subsidiaries pursue in those countries.

Business areas refers to investment banking operations, asset management including life insurance, mortgage loan operations and finance company operations. In 2010, the investment bank (Handelsbanken Capital Markets) and the asset management operation (Handelsbanken Asset Management) were merged into one business area under one head. This business area also includes the subsidiaries Handelsbanken Fonder (mutual funds) and Handelsbanken Liv (life insurance). Mortgages, other property financing, and forestry and agricultural financing are carried out by the subsidiary Stadshypotek. The finance company operation is run by the Handelsbanken Finans subsidiary. Each business area is responsible for products and services in its own field. In addition, the finance company has product responsibility for the Bank's basic products for private customers and Handelsbanken Capital Markets for the Bank's products for corporate customers.

The central bank management and central departments represent various parts of the Bank's head office functions, such as the departments for treasury and finance, credits, infrastructure, IT, personnel, legal matters, and corporate communications.

The Bank thus applies a rather wider group management concept than that which follows from the Companies Act's provisions on senior management. This means that the group of senior managers reported on pages 62–63 in the corporate governance report is wider than the group of persons included in the senior manager concept in note G8 on pages 97–100.

To a large extent, responsibilities and powers of authority have been assigned to individual members of staff, rather than groups or committees. This means that the central bank management, the Group management and the management teams of the regional banks and departments are consultative bodies rather than decision-making bodies. Only in the credit process do collective decisions in credit committees occur, although the presenters always have a special responsibility for the credit in question.

Details about the senior management are given on pages 62–63.

INTERNAL CONTROL AND THE BANK'S CONTROL FUNCTIONS

Responsibility for internal control has been delegated from the group chief executive to heads of regional banks and heads of main departments who are then responsible for internal control within their respective units. In turn, these managers delegate the responsibility to branch managers and department managers, who are in charge of internal control at each branch or department. This responsibility means that appropriate instructions and procedures for the operation must be in place, and compliance with these procedures must be monitored regularly. Thus, the responsibility for internal control and compliance is an integral part of managers' responsibility at all levels in the Bank.

The Bank has a long tradition of internal auditing. Long before external requirements on internal auditing were introduced, the Bank's management had an internal audit function at its disposal being independent of the line organisation. The current organisation with centrally and regionally located internal auditors has been very effective in the past twenty years. During the year, the previous regional internal audit departments were merged with the central internal audit department into an integrated internal audit function working in the same way as before. There are now requirements from external authorities for an internal audit function, and the Head of Audit is appointed by the board and reports to the group chief executive and the board. Internal audit has thus become the board's controlling body. The elected organisation and long tradition give internal audit the authority and integrity required to enable the AGM-elected auditors, in their close co-operation with internal audit, to trust in measures and data from the latter. Unlike the internal audit, the compliance and risk control functions are the Bank management's control body for compliance and risk control.

Internal audit

The board appoints the Head of Internal Audit. Internal Audit has over 80 employees, a large number of whom have expertise corresponding to public authorised accountants. The Bank's external auditors evaluate and check the quality of Internal Audit's work. Internal Audit's assignments are based on an internal auditing policy established by the board. The audit work is to focus on examining operations and procedures which are of material importance and/or involve risks. The planned auditing tasks are documented annually in an audit plan which is established by the board's audit committee on behalf of the board. The conclusion of internal audits, the actions to be taken, and their status are continually reported to the audit committee.

Compliance

Compliance is the responsibility of all employees in the Group. Setting up compliance functions centrally, within regional banks and in each main department and country where the Bank has operations, does not release any employee from the responsibility of following the external and internal rules applying to the operations. However, the regulations are often complex and in some cases the individual employee may have limited experience. It is thus vital that guidance is available, to avoid mistakes. The compliance function must ensure that laws, regulations and internal rules, as well as accepted business practices and standards, are complied with in the operations conducted by the Handelsbanken Group that are subject to a licence. The function must also assist in drawing up internal rules and provide information about new and amended rules for the operation. The compliance function must actively check compliance

with regulations. The Head of Compliance also heads the Bank's Central Legal Department and reports directly to the group chief executive. As Head of Compliance, he or she reports to the group chief executive at least four times a year and directly to the board's audit committee at least twice a year concerning compliance in the Group.

The Legal Department is often involved in daily business operations. To highlight the independence of the compliance function, there is a separate compliance function under the Head of the Central Legal Department – parallel to the normal legal function.

Risk control

The risk control function is briefly described in the overview of the Bank's governance structure on pages 46–47. Note G2 on pages 81–95 contains a more detailed description.

Internal control organisation



THE BOARD'S REPORT ON INTERNAL CONTROL REGARDING FINANCIAL REPORTING

The presentation of Handelsbanken's internal control process for financial reporting is based on the framework developed by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The process was designed to ensure compliance with the Bank's principles for financial reporting and internal control, and to ensure that the financial reporting has been prepared pursuant to the law, applicable accounting standards, and other requirements related to listed companies.

Control environment

The control environment described above in this corporate governance report is fundamental to Handelsbanken's internal control of financial reporting, organisational structure, division of responsibilities, guidelines and steering documents.

Risk assessment is another part of the internal control process and comprises identification and management of the risks that may affect financial reporting, as well as the control activities aimed at preventing, detecting and correcting errors and deviations.

Risk assessment

The annual self-evaluations carried out at regional banks, subsidiaries and central departments are an essential part of the Bank's risk assessment. Risks related to financial reporting are part of this total analysis.

In a self-evaluation, the employee defines the events that constitute potential risks to the operation and then estimates the probability and consequences of each risk. Particular focus is placed on the risk of fraud and the risk of loss or embezzlement of assets. A plan of action is then drawn up, based on the self-evaluation. Other aspects of Handelsbanken's risk management are detailed in note G2 on pages 81–95.

Control activities

Various control activities are incorporated in the entire financial reporting process.

Group Finance is responsible for consolidated accounts, consolidated reports and for financial and administrative control systems. The department's responsibilities also include the Group's liquidity, the internal bank, the capital base, tax analysis and Group-wide reporting to public authorities. The department must also ensure that instructions of significance to financial reporting are disseminated and made available to the staff concerned.

Reported amounts and analyses of income statements and balance sheets are reconciled and checked regularly within the accounting and control organisation.

Heads of accounting and control at regional banks, subsidiaries and central departments are responsible for ensuring that the control activities in the financial reporting for their respective units are appropriate – i.e. that they are designed to prevent, detect and correct errors and deviations, and are in compliance with internal guidelines and instructions. At each quarterly closing of accounts, the units certify that the prescribed periodic checks and reconciliation of accounts have been carried out.

A valuation committee operates within the framework of Group Finance and has the task of creating conditions for correct valuation of assets and liabilities recognised at fair value. The committee has similar responsibility for valuing securities that are classified as loans, available-for-sale or held-to-maturity, as well as financial guarantees. This is achieved by the committee ensuring that internal guidelines, instructions and applied models in valuation of the aforementioned assets and liabilities are appropriate and comply with external regulations.

High IT security is a precondition for good internal control of financial reporting, which is why there are regulations and guidelines to ensure availability, accuracy, confidentiality and traceability of information in the business systems.

As part of the quality control work for financial reporting, the board has set up an audit committee consisting of the chairman of the board and two board members. The committee processes crucial accounting matters and the financial reports produced by the Bank. The committee also supervises the efficiency of the internal control, internal audit and risk management systems for financial reporting. See the section under the 'Committee work' heading on page 51 for more details.

Information and communication

The Bank has information and communication paths with the aim of achieving completeness and correctness in its financial reports. The Group's general accounting instructions and special procedures for producing financial reports are conveyed to the staff concerned via the Group's intranet. The system used for financial reporting encompasses the entire Group.

Monitoring

Internal Audit, Central Risk Control and Group Finance monitor compliance with internal policies, instructions and other policy documents. Monitoring takes place at central level, but also locally in regional banks, subsidiaries and business areas. The instructions that the board has established for Internal Audit state that internal control of financial reporting must be examined. Internal Audit is described in more detail on page 57. The Group's information and communication paths are monitored continually to ensure that they are appropriate for the financial reporting.

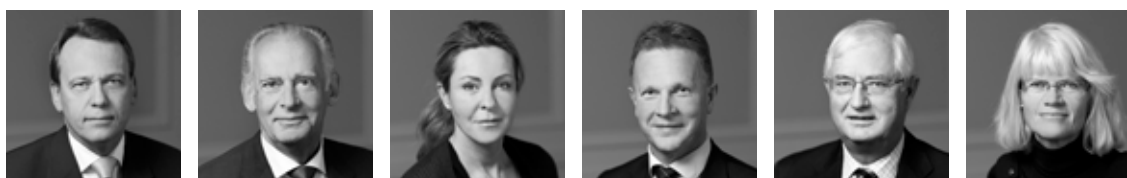
The board



Name	Hans Larsson, chairman of the board	Anders Nyrén, vice chairman	Fredrik Lundberg, vice chairman	Jon Fredrik Baksaas, board member	Ulrika Boëthius, board member	Pär Boman, board member
Position	Director	President and CEO of AB Industrivärden	President and CEO of L E Lundbergföretagen AB	President and CEO of Telenor ASA	Bank employee	President and group chief executive of Handelsbanken
Education	BA	Graduate in Business Administration and MBA	Graduate in Business Administration and Master of Engineering, PhD (Econ) h.c. and PhD (Tech) h.c.	Graduate in Business Administration and MBA	Sciences Upper Secondary School	Engineering and Business/Economics degree
Year elected	1990	2001	2002	2003	2004	2006
Year of birth	1942	1954	1951	1954	1961	1961
Nationality	Swedish	Swedish	Swedish	Norwegian	Swedish	Swedish
Other assignments	Chairman of Nobia AB, Attendo AB, Valedo Partners Fund 1 AB. Board member AB Industrivärden, Holmen AB.	Chairman of Sandvik AB. Board member Telefonaktiebolaget L M Ericsson, Ernströmgruppen AB, AB Industrivärden, Svenska Cellulosa AB SCA, SSAB AB, AB Volvo. Chairman of Swedish Association for Sound Practices in the Securities Market.	Chairman of Holmen AB, Cardo AB, Hufvudstaden AB. Board member L E Lundbergföretagen AB, AB Industrivärden, Sandvik AB.	Board member Det Norske Veritas (council), Doorstep AS, GSMA, VimpelCom Ltd.	Vice chair Swedish Financial Sector Union.	Board member Svenska Cellulosa AB SCA.
Background	1992–1999 President Nordstjernan AB. 1989–1991 President Esselte AB. 1985–1989 President Swedish Match AB. Chairman of the boards of, among others, NCC AB, Linjebuss AB, Bilspedition/BTL AB, Althin Medical AB, Carema AB, Sydsvenska Kemi AB.	1997–2001 Deputy CEO, CFO Skanska. 1996–1997 Dir Markets and Corporate Finance Nordbanken. 1992–1996 Deputy CEO, CFO Securum. 1987–1992 CEO OM International AB. 1986–1987 CEO STC Venture AB. 1982–1987 Deputy CEO, CFO STC. 1979–1982 Director AB Wilhelm Becker.	Active in Lundbergs since 1977. CEO L E Lundbergföretagen AB since 1981.	1994–2002 CFO, Executive VP/Senior Executive VP Telenor ASA. 1997–1998 Managing Director Telenor Bedrift AS. 1989–1994 CFO/CEO TBK AS. 1988–1989 Chief Finance Director Aker AS. 1985–1988 Chief Finance Director Stolt Nielsen Seaway AS. 1979–1985 System consultant/Controller/Contract Co-ordinator Det Norske Veritas.	Employed by Handelsbanken since 1981. Chair of union club, Handelsbanken 1997–2004.	2002–2005 EVP, Head of Handelsbanken Markets. 1998–2002 EVP, Head of Regional Bank Denmark, Handelsbanken. Employed by Handelsbanken since 1991.
Remuneration	SEK 2,825,000	SEK 925,000	SEK 925,000	SEK 700,000	SEK 0	SEK 0
Credit committee Attendance*	Chairman 11/11	Member 11/11	Member 11/11	Member 10/11	-	Member 11/11
Audit committee Attendance	Member 6/6	-	-	-	-	-
Remuneration committee Attendance	Chairman 7/7	-	-	-	-	-
Board meetings Attendance	9/9	9/9	9/9	8/9	8/9	9/9
Own shareholdings and those of immediate family	18,600	2,000	2,425,000	0	4,365, of which indirect holdings 4,365**. Employee convertible notional amount SEK 226,000.	5,907, of which indirect holdings 4,407**. Employee convertible notional amount SEK 5,638,000.
Dependent/independent	Independent of the Bank and its management. Not independent of major shareholders (Board member AB Industrivärden).	Independent of the Bank and its management. Not independent of major shareholders (President and CEO of AB Industrivärden).	Independent of the Bank and its management. Not independent of major shareholders (Board member AB Industrivärden).	Independent of the Bank, its management and major shareholders.	Not independent of the Bank (employee). Not independent of major shareholders (Oktogonen).	Not independent of the Bank (employee). Independent of major shareholders.

* Olle Lindstrand, Head of the Central Credit Department, has attended all meetings.

** Indirect holding of shares in Handelsbanken via the Oktogonen profit-sharing foundation.



Name	Tommy Bylund, board member	Göran Ennerfelt, board member	Lone Fonss Schroder, board member	Jan Johansson, board member	Sverker Martin-Löf, board member	Bente Rathe, board member
Position	Bank Vice President	President of Axel Johnson Holding AB	Director	President and CEO of Svenska Cellulosa AB SCA	Director	Director
Education	Upper Secondary School	BA and Graduate in Business Administration	Graduate in Business Administration and Bachelor of Laws	Bachelor of Laws	Lic. Tech, PhD (h.c.)	Graduate in Business Administration and MBA
Year elected	2000	1985	2009	2009	2002	2004
Year of birth	1959	1940	1960	1954	1943	1954
Nationality	Swedish	Swedish	Danish	Swedish	Swedish	Norwegian
Other assignments	Chairman of the Oktogonen Foundation. Member of Ljusdal Municipality's business policy foundation, Närjäs.	-	Board member Vattenfall (audit committee), Aker ASA (audit committee), Aker Solutions ASA, NKT A/S, Volvo personvagnar AB (chair audit committee).	-	Chairman AB Industrivärden, Svenska Cellulosa AB SCA, Skanska AB, SSAB AB. Vice chairman Telefonaktiebolaget L M Ericsson.	Chair Ecohz AS and Cenium AS. Vice chair Norsk Hydro ASA, Powel AS, Innovasjon Norge. Board member Choice Hotels Scandinavia AS, Home Invest AS, Norwegian Government Financial Crisis Commission.
Background	Employed by Handelsbanken since 1980. Branch manager at Handelsbanken since 1992.	Since 1966 has had various assignments and positions within the Axel Johnson Group except for a period at Wells Fargo, San Francisco, USA 1971-1972.	2006-2010 CEO Walleniusrederierna AB. 1982-2004 Leading managerial positions within AP Moller/Maersk A/S.	2001-2007 President and CEO Boliden AB. 2001 Head of network operations Telia AB. 1994-2001 Deputy CEO Vattenfall. 1990-1994 Head of business area at Svenska Shell. 1985-1990 Corporate lawyer at Shell. 1984-1985 Trainee lawyer. 1981-1983 District court clerk.	1977-2002 Active at Svenska Cellulosa AB SCA in various management positions.	1999-2002 Deputy CEO Gjensidige NOR (CEO of life insurance company, chair of Mutual Fund and Asset Management company). 1996-1999 CEO Gjensidige Bank AS. 1993-1996 CEO Elcon Finans AS. 1991-1993 Deputy CEO Forenede Forsikring. 1989-1991 CFO Forenede Forsikring. 1977-1989 Head of credits and CFO E.A. Smith AS.
Remuneration	SEK 0	SEK 800,000	SEK 575,000	SEK 450,000	SEK 875,000	SEK 550,000
Credit committee Attendance	Member 11/11	Member 10/11	-	-	Member 10/11	Deputy 1/1
Audit committee Attendance	-	-	Member 6/6	-	Chairman 6/6	-
Remuneration committee Attendance	-	Member 7/7	-	-	-	Member 7/7
Board meetings Attendance	9/9	9/9	9/9	8/9	9/9	9/9
Own shareholdings and those of immediate family	16,363, of which indirect holdings 15,419**. Employee convertible notional amount SEK 909,000.	65,000	0	5,000	4,000	1,330
Dependent/independent	Not independent of the Bank (employee). Not independent of major shareholders (Oktogonen)	Independent of the Bank, its management and major shareholders.	Independent of the Bank, its management and major shareholders.	Independent of the Bank, its management and major shareholders.	Independent of the Bank and its management. Not independent of major shareholders (Board member AB Industrivärden).	Independent of the Bank, its management and major shareholders.

Senior management

CENTRAL BANK MANAGEMENT					
Name	Position	Year of birth	Employed	Shareholdings	Employee convertible
Pär Boman	President and Group Chief Executive.	1961	1991	5,907, of which 4,407 in indirect holdings*	SEK 5,638,000
Katarina Berner Frösdal	Executive vice president, Head of Personnel.	1956	1979	16,703, of which 16,703 in indirect holdings*	SEK 2,266,000
Björn Börjesson	Executive vice president, contacts with public authorities and the financial sector, internal corporate governance and CSR.	1951	1981	14,078, of which 14,078 in indirect holdings*	SEK 2,266,000
Anders H Johansson	Executive vice president, Head of IT Department.	1955	1999	1,408, of which 1,408 in indirect holdings*	SEK 2,266,000
Agneta Lilja	Senior vice president, Head of Infrastructure.	1961	1985	9,254, of which 9,254 in indirect holdings*	SEK 1,133,000
Olle Lindstrand	Executive vice president, Head of Credit Department.	1949	1985	249, of which 249 in indirect holdings*	SEK 2,266,000
Ulf Riese	Executive vice president, CFO, Head of Group Finance, Investor Relations.	1959	1983	30,597, of which 11,940 in indirect holdings*	SEK 2,266,000
Håkan Sandberg	Executive vice president, chairman of subsidiaries and regional bank boards.	1948	1969	8,403, of which 7,894 in indirect holdings*	SEK 2,266,000
M Johan Widerberg	Executive vice president, vice chairman of subsidiaries and regional bank boards.	1949	1972	18,700, of which 16,000 in indirect holdings*	SEK 2,266,000
BRANCH OFFICE OPERATIONS					
SWEDISH REGIONAL BANKS					
Tommy Mossinger	Executive vice president, Head of Swedish Regional Banks.	1951	1982	13,052, of which 13,052 in indirect holdings*	SEK 2,266,000
Heads of regional banks in Sweden					
Annika Brunnéd	Senior vice president, Head of Regional Bank Northern Norrland.	1964	1984	9,798, of which 9,798 in indirect holdings*	SEK 1,133,000
Rainer Lawniczak	Executive vice president, Head of Regional Bank Central Sweden.	1958	1982	13,169, of which 13,169 in indirect holdings*	SEK 2,266,000
Carina Åkerström	Executive vice president, Head of Regional Bank Stockholm.	1962	1986	4,989, of which 4,989 in indirect holdings*	SEK 1,133,000
Mikael Westerback	Senior vice president, Head of Regional Bank Eastern Sweden.	1962	1985	8,819, of which 8,819 in indirect holdings*	SEK 1,133,000
Michael Green	Executive vice president, Head of Regional Bank Western Sweden.	1966	1994	2,780, of which 2,780 in indirect holdings*	SEK 2,266,000
Anders Ohlner	Executive vice president, Head of Regional Bank Southern Sweden.	1955	1985	8,287, of which 7,787 in indirect holdings*	SEK 2,266,000

* Indirect holding of shares in Handelsbanken via the Oktogonen profit-sharing foundation.

BRANCH OFFICE OPERATIONS CONT.					
Name	Position	Year of birth	Employed	Shareholdings	Employee convertible
UK REGIONAL BANKS					
Anders Bouvin	Executive vice president, Head of UK Regional Banks.	1958	1985	10,957, of which 9,457 in indirect holdings*	SEK 2,266,000
Heads of regional banks in Great Britain					
Tracey Davidson	Senior vice president, Head of Regional Bank Northern Great Britain.	1968	2003	794, of which 794 in indirect holdings*	SEK 941,000
Göran Stille	Senior vice president, Head of Regional Bank Central Great Britain. (The regional bank started its operations on 1 January 2011).	1966	1987	1,836, of which 1,836 in indirect holdings*	SEK 2,266,000
Simon Lodge	Senior vice president, Head of Regional Bank Southern Great Britain.	1958	2004	674, of which 674 in indirect holdings*	SEK 1,133,000
DANISH REGIONAL BANK					
Frank Vang-Jensen	Executive vice president, Head of Regional Bank Denmark.	1967	1998	1,696, of which 1,396 in indirect holdings*	SEK 2,266,000
FINNISH REGIONAL BANK					
Nina Arkilahti	Executive vice president, Head of Regional Bank Finland.	1967	1995	1,839, of which 1,839 in indirect holdings*	SEK 450,000
NORWEGIAN REGIONAL BANK					
Dag Tjernsmo	Executive vice president, Head of Regional Bank Norway.	1962	1988	2,717, of which 2,717 in indirect holdings*	SEK 909,000
HANDELSBANKEN INTERNATIONAL					
Magnus Uggla	Executive vice president, Head of Handelsbanken International.	1952	1983	41,989, of which 11,989 in indirect holdings*	SEK 2,266,000
BUSINESS AREAS					
Per Beckman	Executive vice president, Head of Handelsbanken Capital Markets and Handelsbanken Asset Management.	1962	1993	1,836, of which 1,836 in indirect holdings*	SEK 2,266,000
Yonnie Bergqvist	Chief executive of Handelsbanken Finans.	1961	1979	14,597, of which 14,460 in indirect holdings*	SEK 2,266,000
Lars Kahlund	Chief executive of Stadshypotek.	1954	1975	26,103, of which 26,103 in indirect holdings*	SEK 2,266,000
HEADS OF CENTRAL DEPARTMENTS					
Jan Häggström	Senior vice president, Head of Economic Research.	1949	1988	5,676, of which 5,676 in indirect holdings*	SEK 2,266,000
Ulf Köping Höggård	Senior vice president, Head of Legal Department.	1949	1990	4,754, of which 4,754 in indirect holdings*	SEK 2,266,000
Johan Lagerström	Senior vice president, Head of Corporate Communications.	1961	2002	1,316, of which 920 in indirect holdings*	SEK 1,133,000
Claes Norlén	Executive vice president, Head of Administration.	1955	1978	19,799, of which 19,299 in indirect holdings*	SEK 2,266,000

* Indirect holding of shares in Handelsbanken via the Oktogonen profit-sharing foundation.

Audit report

To the annual general meeting of the shareholders of Svenska Handelsbanken AB (publ)
Corporate identity number: 502007-7862

We have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the board of directors and the chief executive of Svenska Handelsbanken AB (publ) for the year 2010. The company's annual accounts and consolidated accounts are included in the printed version of this document on pages 6–163. The board of directors and the chief executive are responsible for these accounts and the administration of the company as well as for the application of the Annual Accounts Act for Credit Institutions and Securities Companies when preparing the annual accounts and the application of international financial reporting standards IFRSs as adopted by the EU and the Annual Accounts Act for Credit Institutions and Securities Companies when preparing the consolidated accounts. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual accounts and the consolidated accounts are free of material misstatement. During the year, the Bank's internal auditing department has continuously examined the internal controls and accounts. We have received the reports that have been prepared. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the board of directors and the chief executive and assessing significant estimates made by the board of directors and the chief executive when preparing the annual accounts and consolidated accounts as well as evaluating the overall presentation of information in the annual accounts and in the consolidated accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any board member or the chief executive. We also examined whether any board member or the chief executive has, in any other way, acted in contravention of the Companies Act, the Banking and Financing Business Act, the Annual Accounts Act for Credit Institutions and Securities Companies or the Articles of Association. We believe that our audit provides a reasonable basis for our opinions set out below.

The annual accounts have been prepared in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies, and give a true and fair view of the company's financial position and results of operations in accordance with generally accepted accounting principles in Sweden. The consolidated accounts have been prepared in accordance with international financial reporting standards, IFRSs, as adopted by the EU and the Annual Accounts Act for Credit Institutions and Securities Companies and give a true and fair view of the Group's financial position and results of operations. The statutory administration report is consistent with the other parts of the annual accounts and the consolidated accounts.

We recommend to the annual general meeting of shareholders that the income statements and balance sheets of the parent company and the Group be adopted, that the profit of the parent company be dealt with in accordance with the proposal in the administration report and that the members of the board of directors and the chief executive be discharged from liability for the financial year.

STOCKHOLM, 16 FEBRUARY 2011

KPMG AB
Stefan Holmström
Authorised Public Accountant

Ernst & Young AB
Erik Åström
Authorised Public Accountant

