

Svenska Handelsbanken 1982

Annual Report

Svenska Handelsbanken
Annual Report
1982
112th year of operation



Attractive design is an important competitive tool in light as well as heavy industry. This year's Annual Report is illustrated by a number of current, well designed products of Swedish manufacture: from containers for every-day consumables to automobiles, tools and machinery. The selection was made by the Swedish Society of Crafts and Design among products manufactured by customers of Svenska Handelsbanken. The drawings are by Tom Hultgren

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Svenska Handelsbanken 1982 – Financial Highlights

		Change 1982 from 1981
THE GROUP, DECEMBER 31		
SEK Million		
Total assets	120,085	+ 17,125
Loans	66,268	+ 9,261
Deposits	70,305	+ 8,983
Reserves	5,566	+ 604
Equity	1,492	+ 67
CONSOLIDATED RESULT,		
SEK Million		
Operating income	1,394	+ 103
Allocations to reserves	832	– 11
Taxes	224	+ 40
Net income	218	– 5
EARNINGS AND DIVIDENDS		
PER SHARE		
Adjusted earnings per share of common stock	23.10	+ 1.40
Dividend on common stock ¹	6.25	+ 0.75
index stock	2.05	+ 0.15
preferred, Series A	0.90	–
preferred, Series B	1.20	–
PROFITABILITY ² per cent	17.7	– 0.6
EQUITY TO TOTAL ASSETS ³ per cent	5.7	– 0.3
THE PARENT COMPANY,		
DECEMBER 31, SEK Million		
Total assets	101,833	+ 12,747
Loans	49,588	+ 6,599
Deposits incl. CDs	49,084	+ 3,849
Reserves	5,148	+ 486
Equity	1,383	+ 69
RESULT, SEK Million		
Operating income	1,186	+ 91
Extraordinary items, net	– 71	– 30
Allocations to reserves	700	– 62
Taxes	151	+ 34
Net income	220	+ 33
PROFITABILITY ² per cent	16.3	– 0.3
EQUITY TO TOTAL ASSETS ³ per cent	6.2	– 0.3
BRANCHES AND STAFF		
Number of branches, December 31	452	– 3
Average number of employees ...	5,040	+ 69

COMMENTS

Total business volume, i. e. total assets, rose by 17% to SEK 120 billion from year-end to year-end. The Parent Company – the Bank – for the first time exceeded the SEK 100 billion mark corresponding to 85% of total consolidated assets. The volume of loans in Swedish kronor grew rapidly during the first three quarters. In the fourth quarter, the expansion was halted in conformity with the lending ceiling recommended by the Riksbank. Loans in foreign currency increased by 27% during the year. A major part of the increase is attributable to the devaluation in October, when the foreign currency credit volume, restated in Swedish kronor rose by 16%.

Consolidated operating income rose by 8% to SEK 1,394 million. The Parent Company income rose by 8.3% to SEK 1,186 million. In this comparison, the result for 1981 has been adjusted for a change in accounting principles. The 1982 result was substantially affected by sharply higher credit losses and a large reservation for potential losses on international credits granted in support of the financing of Swedish export trade. A loss of SEK 38 million was incurred as a result of the devaluation.

Earnings were higher in all Svenska Handelsbanken companies except Svenska Finans, which reports a decline in the result from SEK 118 million to SEK 111 million, mainly due to heavy investments in computer equipment for use in the company and systems development as a consequence thereof.

Earnings per share rose from SEK 21.70 to SEK 23.10 or by 6.5%. The Board of Directors proposes that the dividend on common stock be increased by SEK 0.75 to SEK 6.25 per share. Svenska Handelsbanken's dividend growth is thereby 11.8% over a ten-year period, which is more than that achieved by other publicly held commercial banks in average.

¹ Proposed.

² Profitability = Income after 50% taxes as a percentage of equity plus half of the reserves.

³ Equity to total assets ratio = Equity (after deduction of proposed dividend) plus reserves as a percentage of total assets.

Svenska Handelsbanken 1982

Presidents' Report

SWEDEN'S ECONOMY

The recovery that we were hoping for one year ago has not materialized. Given the economic development internationally, it is not surprising that Swedish exports have been sluggish and that capital expenditures therefore have lagged. The new Government that came into power during the fall announced as its first major policy decision a substantial devaluation of the Swedish currency, thereby hoping to further improve industrial competitiveness. In order to discourage attempts by wage-earners to seek compensation for the resultant price increases, the devaluation was accompanied by several measures, such as an extra tax on dividends and investment reserve allocations with non-interest bearing, restricted accounts. Only the future will tell if the result is going to be the one aimed for—small wage increases and higher capital investments. The stock exchange has certainly reacted very positively. The volume of stocks traded as well as stock prices have increased sharply to new record highs.

THE BANK'S RESULT

The Bank's operating surplus for the year amounts to SEK 1,186 million, which provides for a return on adjusted equity of 16.3%. With this result we again compare favorably with other Swedish financial institutions. The result now reported has been affected by the new accounting principles promulgated by the Bank Inspection

Board during the year. Reporting regulations currently applied by all banks provide a better understanding of the levels and direction of bank earnings. The changes compared to previous practice are explained on page 16.

SHARPLY HIGHER CREDIT LOSSES

Significant in this year's accounts is the reported increase in credit losses. This is something which has affected all banks engaged in lending to the business sector in Sweden as well as abroad. It is not an unexpected development in a world economy suffering from an extended and deep recession.

This year the Bank also makes reservations within the international operations in accordance with principles established for Swedish banks in cooperation with the Bank Inspection Board and after international negotiations on how best to handle the credit situation of nations in default. The deep recession in the world economy has resulted in a situation where a number of highly indebted nations have encountered difficulties in making payments of interest and principal. This has resulted in tensions in international credit markets during the past year. Svenska Handelsbanken's and all other Swedish banks' involvement in this type of credit is limited. In this respect the problems of the Swedish banking industry are marginal in international comparison.

Total write-offs on the domestic and international loan portfolio amount to SEK 380 million.

These losses are spread over a three-year period. The amount charged to income in 1982 is thus limited to SEK 168 million. This amount can be compared with the Bank's total reserves, which amount to more than SEK 5 billion. This reserve constitutes a satisfactory cushion against all types of loss risks.

BOND TRANSACTION LOSSES

Realized losses on bonds sold is a new item in this year's income statement. Such losses occur when a bank, in order to improve the structure of its bond portfolio, disposes of low yielding bonds at prices below par and replaces them with newly issued bonds with higher yield. Previously these losses were charged directly to reserves and therefore did not affect income. The Bank Inspection Board has therefore amended the accounting principles in this regard. These losses are now reported over the income statement as a rolling, three-year average, which makes the assessment of the banks' operating performance more correct.

DEVALUATION EFFECTS

The sizable devaluation in the beginning of October affected the operations of banks in several ways. The immediate result as far as our bank is concerned was a currency loss of SEK 38 million, which in its entirety was charged to the year's result. The amount in question consists of two components: a gain on the net holdings of foreign currency at the time of devaluation and a loss on long-term loans raised to finance investments in foreign subsidiaries and affiliated banks. Current accounting practice does not allow write-up of the Bank's foreign investments in a corresponding manner.

The devaluation also had a strong effect on the credits in foreign currency with the Bank as intermediary. In many cases, the customers are severely hit by devaluations, especially if they occur frequently. It is only natural if many borrowers now feel reluctant to utilize foreign currency denominated loans as a source of financing in the future. The reason why foreign currency financing has been offered is the extreme tightness of the domestic credit market over a period of several years. The Government and the central bank in this way have forced corporations to borrow abroad to reduce the need of international borrowings by the Government itself.

Unfortunately this is a state of affairs that we are likely to have to live with for the next few years as far as availability of credit in Swedish kronor is concerned. Therefore the Bank will continue to offer foreign currency denominated credit of the now well-known basket type, which has proved less costly than other comparable

alternatives. A more liberal stance on the part of the central bank when it comes to hedging against foreign exchange losses by forward contracts has for long been desired. With current developments fresh in mind, there is renewed interest in obtaining a change in the regulations.

VOLUME GROWTH

The average increase in total assets for Svenska Handelsbanken in 1982 was 18%. This is a slightly lower rate of growth than during the past few years, when the rate was over 20%. The Bank's total assets have more than doubled since 1978. Behind this rapid growth lies the quickly growing deficit in the Government budget. The budget deficit increases liquidity in the country to the extent it is not financed by loans in the market. This increased liquidity flows into bank deposit accounts.

The reason why our growth was slightly smaller in 1982 than before is that, during the latter part of the year, a larger part of the deficit was financed outside of the banking system by selling treasury discount notes. We are gratified with this new development towards financing more of the deficit directly in the market. It is our hope that this change in policy in 1982 is continued by the new central bank leadership.

INCREASED RESOURCES IN CORPORATE FINANCE

The renewed interest in stocks in the last few years has provided good opportunities for Swedish companies to raise capital in the stock market. This is true not only for the large companies. An increasing number of smaller companies are today discussing the possibility of stock exchange introduction or going public by obtaining quotation on the newly created over-the-counter market for unlisted stocks.

In order to meet the great demand for service and advice in corporate financing, Svenska Handelsbanken has increased and concentrated its resources in this area. The experts in financing, taxation, corporate appraisals, changes in ownership, generation shifts and similar questions are now assembled within the Central Finance and Investment Division, which cooperates effectively with the branch offices that are in daily contact with the customer. The new organization has already been partly implemented. During the fall the new group, in cooperation with the regional banking unit, assisted in splitting the Sporrøng Company into two entities, of which Euro-Prägling AB was introduced on the OTC-list. As a matter of fact, the two companies that have so far become listed in this way have both been introduced by Svenska Handelsbanken.

There has been a similar development on the

international side. At the end of October the Bank opened a special unit in London, Svenska International, which will provide all kinds of international capital market services, such as issuing international bond loans, private placements, mergers, acquisitions, stock market introductions and stock placements. The organization is still under formation, but the results already displayed give confidence in the future. During the two months of operations of the London facility, the unit has acted as co-manager in ten bond issues and private placements for a total amount of USD 1.1 billion, corresponding to more than SEK 8 billion.

CONTINUED SUPPORT OF INNOVATIONS

In the beginning of 1979 the Bank made an appropriation of SEK 8 million to a fund – Handelsbankens Innovationsfond – to promote innovations in Swedish enterprise. The results so far are very encouraging. At the beginning of 1982 the funds appropriated had been disbursed to over 100 projects for development of new products, processes and systems in Swedish business. Among the many companies that have received support can be mentioned Polyos Consulting AB, Lund, for research in biochemistry, Legalett AB in Kungälv for development of a low energy house and Olesen & Lindgren Innovatörer AB in Stockholm for a system for utilizing the electric supply system for transmission of telegraphic signals.

With the successful record of the innovation fund in mind, the Bank's Board of Directors decided to make a further appropriation of SEK 8 million in 1982, in the interest of continued support of innovative activity in Swedish enterprise. As before, individual projects will be judged and evaluated by our eight regional banks.

MANAGEMENT DEVELOPMENT

A bank's most important resource is its personnel. Staff qualifications, creativity and service spirit are crucial to good client contacts in an ever more complex environment and with ever increasing competition. At the moment, development is rapid in international financing, in cash management, money markets and corporate finance. We require our staff to keep up with this

rapid development, stay on top of new techniques and assist the customers in the best possible way. In recent years resources have therefore been made available in the management development area and we have increased the emphasis on further education. When recruiting new staff, we are making efforts to improve the selection process.

The greatest resource that a bank can make available to its staff is an organization which has room for individual initiatives and independent actions with the customer in focus.

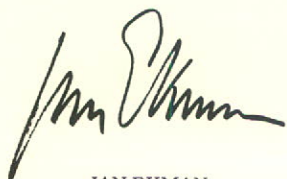
At Svenska Handelsbanken we have accomplished this through decentralization that is intended to function not only on paper, but also in the real world. Our regional banking units and branch offices operate with a great deal of independence and with responsibility for profitability. In more complicated issues they cooperate with centrally located personnel.

PROPOSED DIVIDEND

Our expressed goal when it comes to dividends is that we must aim to at least compensate our stockholders for inflation. Also this year the Board of Directors has established that the operating surplus is consistent with this goal. The Board of Directors therefore proposes an increase of the dividend per share of common stock for 1982 by SEK 0.75 to SEK 6.25, which provides full compensation for inflation during the year. Over a ten-year period the dividend growth is 11.8% which is more than that achieved by the other publicly held commercial banks in average.

As far as we can now determine, the profitability of the Bank for the past year – 16.3% – will exceed the average profitability of the other publicly owned commercial banks, which is necessary for an appropriation to the staff-owned Oktagonen Foundation to be made. This means that for all of the ten years that our profit-sharing fund has existed, we have been able to achieve a profit above the average for the publicly owned commercial banks. We are also pleased to observe signs of interest from various members of the business community in starting similar profit-sharing funds. As our experience has been excellent, we are glad to recommend to other companies the introduction of performance-based, individual systems.

Stockholm in February, 1983



JAN EKMAN



TOM HEDELIUS

Review of Operations

The Economy

The recession continued in 1982 in Sweden as well as in the world at large.

World trade stagnated, but in spite of this, the Swedish export volume grew. Domestic demand and capital investments declined. Total production, GNP, declined slightly. Unemployment rose but remained at a level well below the average for the industrialized nations. During the first three quarters of the year, inflation gradually receded. In the fourth quarter inflation again grew as a result of the devaluation of the Swedish krona by 16% on October 8. Consumer prices rose over the year by 10%.

The balance of current payments ended with a deficit of about SEK 23 billion, whereof net interest payments constituted SEK 16 billion.

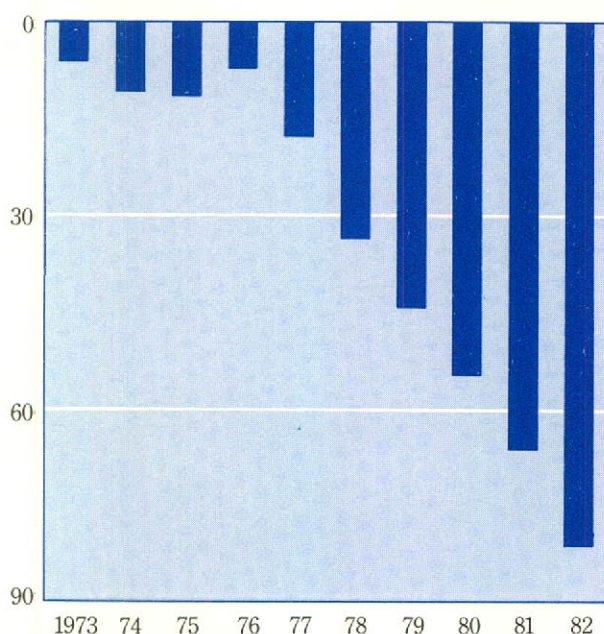
The Government's budget deficit widened during the 1982 calendar year by SEK 14 billion to SEK 80 billion. Central bank policy was largely aimed at facilitating the financing of the growing

budget deficit. In July, a new form of short-term government debt instrument was introduced, treasury discount notes intended for large investors. These instruments are issued on a weekly basis with 6 and 12 month maturity. The terms are very attractive and a total of as much as SEK 30 billion has been placed in these instruments.

With a view to curbing bank lending to the general public, the compulsory deposits with the Riksbank—the cash reserve requirement—were increased during the spring and summer in two steps from 2 to 5% of deposits and other obligations. During the second half of the year, the banks were recommended to limit their loan volume increase to an annual rate of 7%.

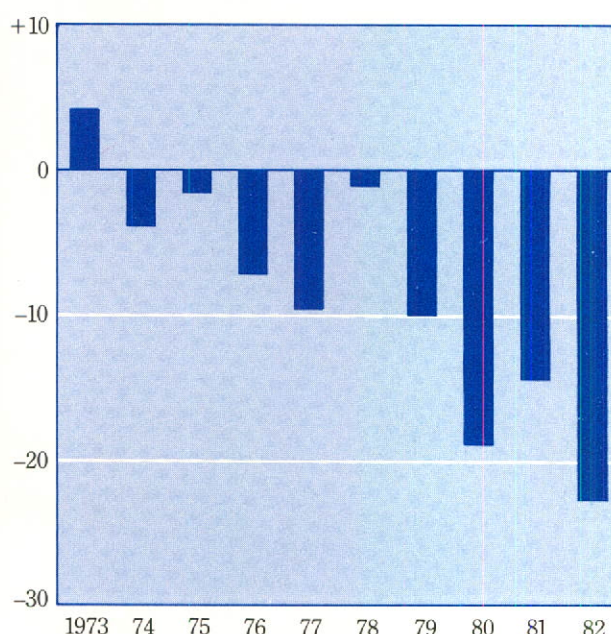
The Swedish discount rate was lowered on March 12 from 11 to 10%. Bank loan interest rates were correspondingly lowered, but deposit rates only by $\frac{1}{2}\%$ to $\frac{3}{4}\%$. In order to avoid an outflow of foreign exchange, certain rates affect-

GOVERNMENT BUDGET DEFICIT
SEK billion



The budget deficit last year amounted to SEK 80 billion, which was an increase over the previous year by SEK 14 billion. For calendar 1983 a budget deficit of SEK 92 billion is forecast.

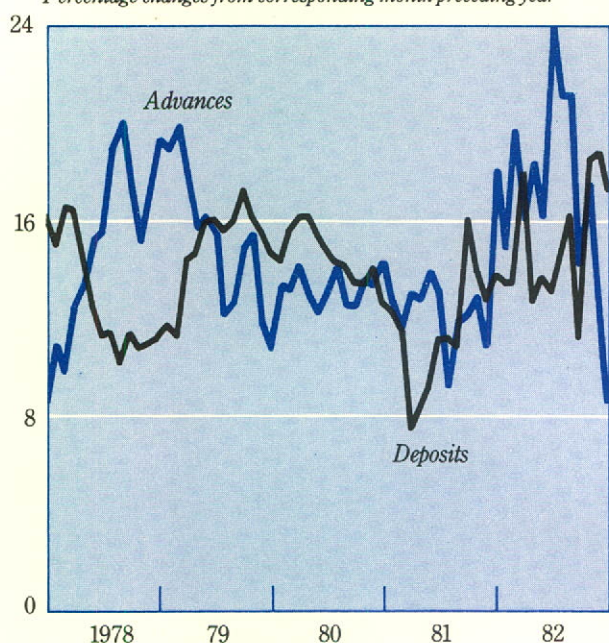
BALANCE ON CURRENT ACCOUNT
SEK billion



The 1982 current account deficit was close to SEK 23 billion. For the year before, the deficit was just under SEK 15 billion. For 1983 a deficit of SEK 20 billion is forecast.

COMMERCIAL BANKS' DEPOSITS AND ADVANCES

Percentage changes from corresponding month preceding year

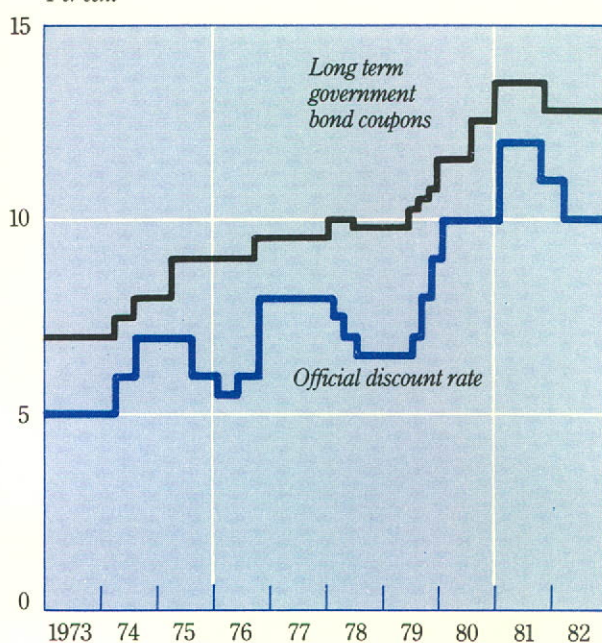


ing the flow of foreign currencies were increased in mid-June. The so-called penalty rate for borrowings by the banks from the Riksbank was thus increased from 14 to 16%, which exerted upward pressure on the rates for deposits on special terms and certificates of deposit. With these rate changes it became more profitable for Swedish companies to retain funds in Sweden. One month later the rate charged by the banks for overdrafts was increased by 2 percentage units. On September 9 these rates were temporarily lowered, but again increased in late September in connection with speculation in a devaluation of the Krona. The Riksbank's penalty rate was pegged at 17%. After the devaluation, interest rates were again lowered.

In December, the cash reserve requirement

INTEREST RATES

Per cent

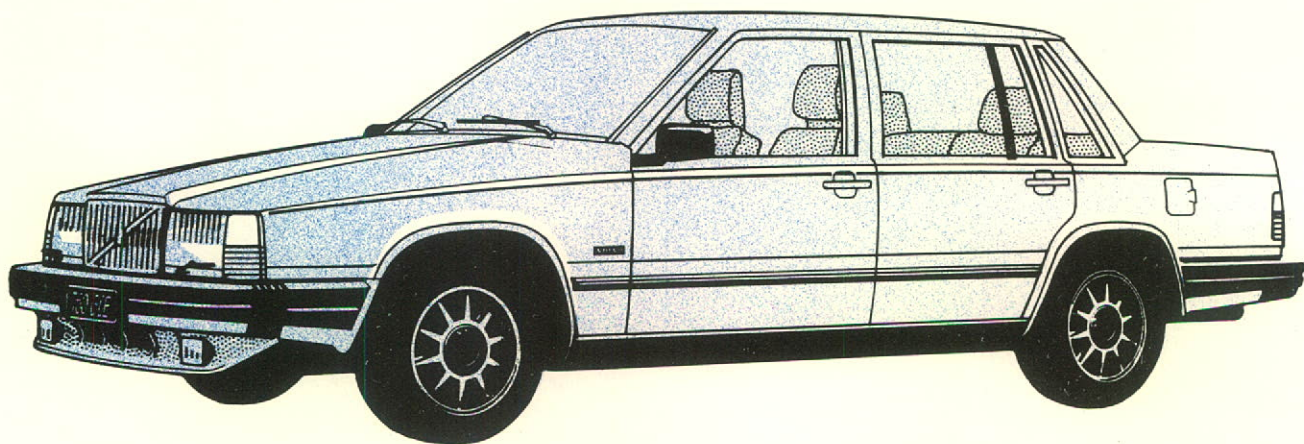


was again lowered from 5% to 2%. As a result, the market for a short period of time became very liquid and short-term money market rates fell sharply. In this way the banks were induced to subscribe large amounts in three Government loans issued in direct conjunction with these actions.

In January 1983 the discount rate was lowered from 10 to 9% and the interest on 10-year state bonds from 12¾ to 12.5%.

Development of Operations

The Bank's total assets increased in 1982 by 18% as a monthly average compared with the year before. This meant a somewhat slower growth than during the last few years. Behind



Volvo 760 GLE

A lead time of five to seven years and a probable life of twenty. A model that has to appeal to a lot of people in many nations: 80% of the cars are exported. These are the basic premises upon which the design work behind the Volvo 760 GLE is based. The end result is a form that ex-

presses Volvo's long established philosophy of long life, safety, quality and comfort.

Design: Jan Wilsgaard, chief designer
Producer: Volvo Personvagnar AB

TOTAL ASSETS, DEPOSITS AND LOANS IN
SEK BILLION, MONTHLY AVERAGES

	1981	1982	Change %
TOTAL ASSETS			
Svenska Handelsbanken	80.7	95.5	+18.4
All commercial banks	332.2	396.6	+19.4
Svenska Handelsbanken in per cent of total	24.3	24.1	
DEPOSITS INCLUDING CERTIFICATES OF DEPOSIT			
Svenska Handelsbanken	40.0	47.6	+19.0
All commercial banks	182.7	213.6	+16.9
Svenska Handelsbanken in per cent of total	21.9	22.3	
LOANS			
Svenska Handelsbanken	39.8	45.1	+13.5
All commercial banks	160.7	185.1	+15.2
Svenska Handelsbanken in per cent of total	24.8	24.4	

this development lies the fact that the Government to a greater extent than before financed the budget deficit in the market through issuance of treasury discount notes. A portion of excess corporate liquid funds was thereby absorbed directly by the Government rather than being placed in bank deposits.

The development towards increasing dependence on international business continued. The statement of changes in financial position below shows that half of the total volume increase of SEK 13 billion relates to transactions in foreign currency. At year-end fully one third of the total business volume consisted of such transactions.

CONTINUED STRONG GROWTH
OF DEPOSITS

The Bank's total deposits, including certificates of deposit, amounted to SEK 49.1 billion at year-end 1982. The increase from year-end to year-end was thus SEK 3.8 billion, or 9%. Computed as monthly averages, the increase was 19%, considerably more than the average for other commercial banks.

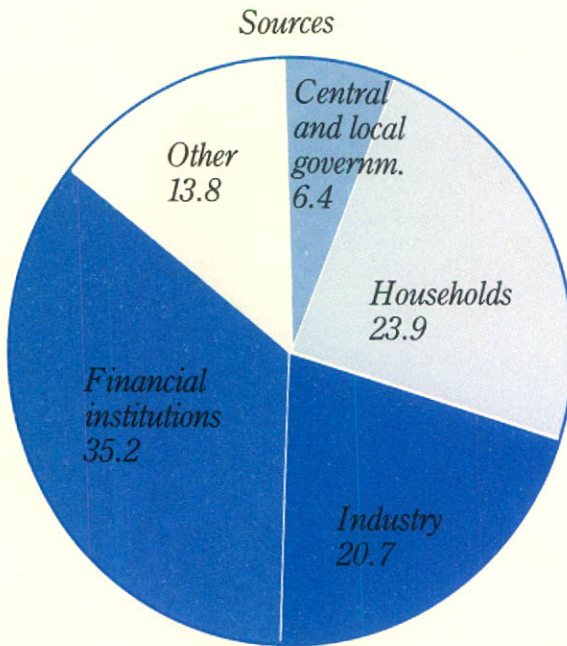
Deposits in Swedish kronor increased from year-end to year-end by 9% to SEK 46.2 billion.

Statement of Changes in Financial Position

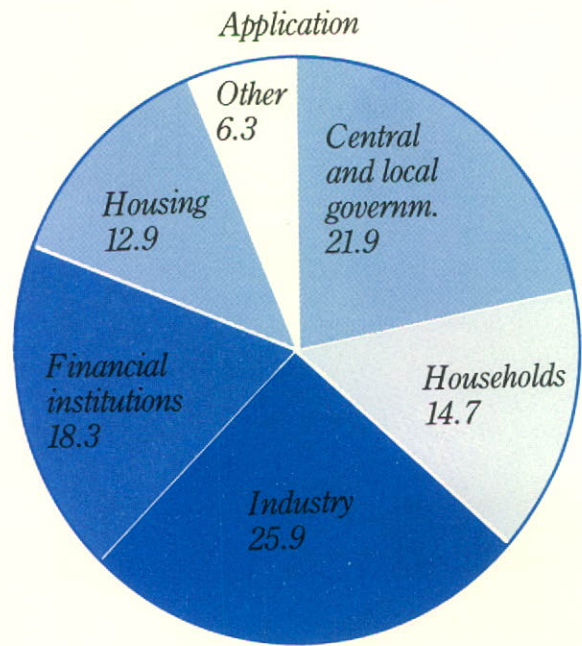
	Sources and application of resources					
	In Swedish kronor		In foreign currency		Total	
	Dec 1982	Change from Dec 1981	Dec 1982	Change from Dec 1981	Dec 1982	Change from Dec 1981
	SEK Million	SEK Million	SEK Million	SEK Million	SEK Million	SEK Million
SOURCES OF FUNDS						
Deposits from the general public						
Deposits on special terms + CDs	14,138	+1,131	963	+ 22	15,101	+ 1,153
Other	32,092	+2,669	1,891	+ 26	33,983	+ 2,695
Deposits from financial institutions	12,903	+2,450	26,708	+4,691	39,611	+ 7,141
Bond and debenture loans	215	- 11	3,454	+1,800	3,669	+ 1,789
Other external sources	459	- 61			459	- 61
Equity and reserves	6,531	+ 555			6,531	+ 555
Total sources of funds	66,338	+6,733	33,016	+6,539	99,354	+13,272
APPLICATION OF FUNDS						
Loans to the general public						
Commerce, industry, individuals, etc	25,435	+1,435	19,716	+4,248	45,151	+ 5,683
Housing construction	4,437	+ 916			4,437	+ 916
Loans to financial institutions	4,534	+1,197	11,304	+ 978	15,838	+ 2,175
Placement in bonds	28,373	+3,328	1,575	+ 627	29,948	+ 3,955
Cash and cash deposits	2,090	- 360	56	+ 1	2,146	- 359
Stocks, real estate, equipment	727	+ 87	319	+ 50	1,046	+ 137
Other, net	742	+ 130	46	+ 635	788	+ 765
Total application of funds	66,338	+6,733	33,016	+6,539	99,354	+13,272

SOURCES AND APPLICATION OF RESOURCES

By customer group, per cent, December 31, 1982



Total SEK 99,354 Million



Total SEK 99,354 Million

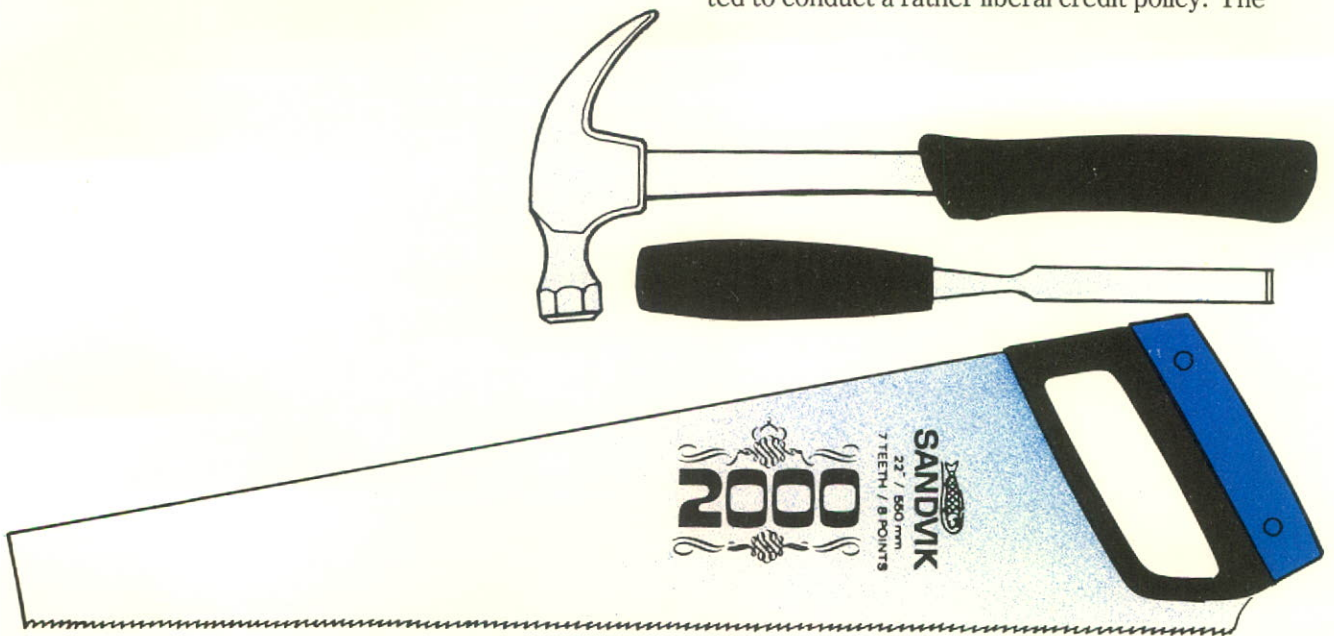
The Universal Account (Allkonto) has continued to stir great interest from depositors. Since the Universal Account was introduced at the end of 1979, the Bank has been able to increase its share of household sector deposits every year.

Wholesale deposits have grown unusually fast during the last few years because the large Government budget deficits have increased corporate and institutional liquidity. As already mentioned, the Government began selling high yielding treasury discount notes around mid-year.

These instruments are sold through the bank branch network and their market introduction has been successful. In this way market liquidity has decreased and as a result the basis for increased wholesale deposits has declined. The Bank's deposits of this kind rose in 1982 by 9% compared with an average increase in 1980-81 of 28%.

CREDIT EXPANSION HELD BACK

Towards the end of 1981 the banks were permitted to conduct a rather liberal credit policy. The

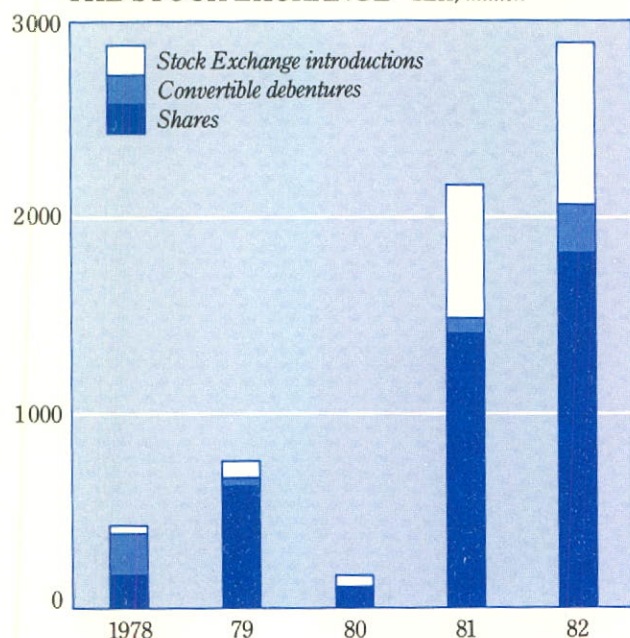


Handtools

Different markets demand varying designs, even in basic tools. In the United States saws must have wooden handles, in Europe plastic. The handsaw 2000 has a plastic handle with a wooden spine. The claw hammer with asymmetric machined wooden handle is perfectly bal-

anced. Woodchisel with fully forged blade. The plastic handle is formed oval parallel with the edge. Both sides of the handle are grooved with a coarse surface for good grip.
Design: Breger Design AB
Producer: Sandvik AB

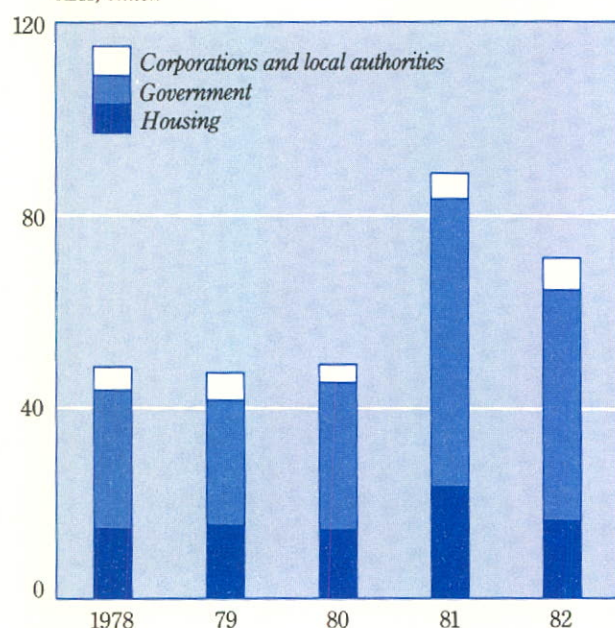
ISSUES OF NEW SHARES, CONVERTIBLE DEBENTURES AND INTRODUCTIONS ON THE STOCK EXCHANGE SEK, million



period free from restrictions lasted about six months and in this period credit for non-priority purposes expanded rapidly. The rate of expansion was stopped during the fall of 1982 following a recommendation by the Riksbank. In order to come below the credit ceiling for the fourth quarter, it was necessary to reduce the outstanding credit volume substantially. For the year as a whole, the Bank held its growth in non-priority lending in Swedish kronor to 6%. Priority credits for housing construction purposes rose by 26% during the year. In aggregate, loans in Swedish kronor rose by 9% to SEK 29.9 billion.

DOMESTIC BOND AND DEBENTURE ISSUES

SEK, billion



BOND AND DEBENTURE ISSUES DURING 1982

Swedish issues in which the Bank has participated

Issuer	Coupon %	Maturity years	Amount SEK Million
Svenska Philipsföretagen	14 1/8	10	50
Forsmarks Kraftgrupp AB	14 1/2	20	200
OKG AB	14 3/8	20	250
*Bålforsens Kraftaktiebolag	13 5/8	10	75
Forsmarks Kraftgrupp AB	14 1/8	20	250
OKG AB	13 3/4	20	250
*Forsmarks Kraftgrupp AB	14 3/8	20	250
OKG AB	14 3/8	20	250
OKG AB	14 1/2	20	250
Forsmarks Kraftgrupp AB	14 1/2	20	250
OKG AB	14 1/4	20	250
Svenska Skeppshypotekskassan	14 1/8	15	35
Svenska Skeppshypotekskassan	14	12	115
Svenska Skeppshypotekskassan	14 1/8	12	50
Svenska Skeppshypotekskassan	13 5/8	12	80
Svenska Skeppshypotekskassan	13 1/2	10	45
Svenska Skeppshypotekskassan	14 1/4	12	75
AB Stockholms Tomträttskassa	12 3/4	20	50
*Stockholms Kommun	13 3/4	15	130
Malmö Kommun	14 1/4	15	100
*Kommunlåneinstitutet AB	14 1/4	20	170

* Denotes issues managed by the Bank

International issues co-managed by Svenska Handelsbanken

Issuer	Coupon %	Maturity years	Currency	Amount Million
Kingdom of Sweden	Floating	7	USD	650
Kingdom of Sweden	9 3/4	6	DEM	75
Kingdom of Sweden	9 3/4	10	DEM	125
Kingdom of Sweden	10 3/4	10	HFL	100
Kingdom of Sweden	12 1/4	7	USD	100
Kingdom of Sweden	12 3/4	15	USD	100
Kingdom of Sweden	8 1/4	7	DEM	150
Kingdom of Sweden	Floating	12	USD	150
AB Svensk Exportkredit	Floating	5	USD	75
AB Svensk Exportkredit	0	12	USD	200
AB Svensk Exportkredit	15 1/4	7	USD	100
AB Svensk Exportkredit	14 3/4	8	USD	100
AB Svensk Exportkredit	15 1/2	8	USD	100
AB Svensk Exportkredit	9 1/2	5	DEM	100
Forsmarks Kraftgrupp AB	13 3/4	10	USD	75
Svenska Handelsbanken	13	8	USD	100
Svenska Cellulosa-aktiebolaget SCA	9	15	USD	19.75
APS Finance Co. NV	16 1/4	7	USD	75
Instituto Mobiliare Italiano (IMI)	Floating	10	USD	50
APS Finance Co. NV	16	7	USD	25
Multibanco Comermex SA	Floating	10	USD	40
The Mortgage and Financial Administration of the Kingdom of Denmark	Floating	12	USD	60
Dome Petroleum	Floating	7	USD	50
Duke Power	15 1/2	7	USD	60
Banca Serfin SA	Floating	7	USD	30
Ohio Edison Finance NV	17 3/4	5	USD	75
Crédit Commercial de France	Floating	5	USD	40
Société Nationale des Chemins de Fer (SNCF)	11 1/2	10	USD	75
APS Finance Co. NV	11 3/4	7	USD	60
Kingdom of Denmark	Floating	7	USD	250
EEC	11 1/2	12	USD	200
Banque Indosuez	Floating	7	USD	50

The credit volume in foreign currency remained practically unchanged until the beginning of October. As credit in Swedish kronor was tightened at the time, foreign currency credit again began to expand. The devaluation also expanded the volume of these credits, expressed in Swedish kronor, by 16% overnight. Over the year, credits in foreign currency rose by 27% to SEK 19.7 billion.

Total loans rose by SEK 6.6 billion to SEK 49.6 billion, or 15%, from year-end to year-end. The increase measured as a monthly average was 13% as compared with 15% for all commercial banks.

LARGER BOND PORTFOLIO AND HIGHER CASH RESERVE REQUIREMENTS

The Bank's bond portfolio increased by SEK 4.0 billion to SEK 29.9 billion. The holdings of Government securities increased by SEK 3.0 billion to SEK 20.6 billion. In addition, the Bank purchased housing bonds for SEK 700 million, thereby fulfilling its obligation for 1982 of contributing to the long-term financing of housing construction, as agreed between the authorities and the banks and insurance companies. The Bank's holdings of such long-term housing bonds rose to SEK 8.4 billion.

The cash reserve requirement was raised in April from 2 to 4% and in August to 5% of deposits and other obligations. In December the requirement was again lowered to 2%. From year-end to year-end the amount on deposit with the Riksbank increased by SEK 0.1 billion to SEK 0.6 billion.

The liquidity reserve requirement, which in February was increased from 46 to 47% of obligations, was fulfilled by a comfortable margin during the entire year.

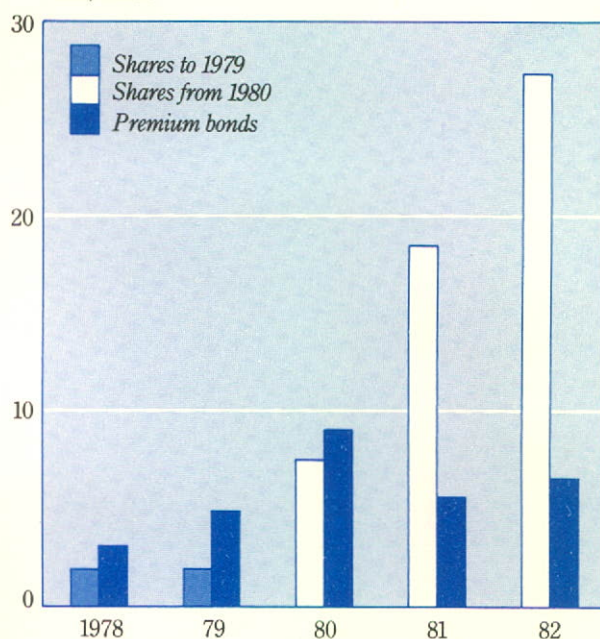
STRONG EXPANSION OF FINANCE AND INVESTMENT OPERATIONS

The Swedish money market continued to expand rapidly in 1982. Svenska Handelsbanken confirmed its position as market leader and by year-end 1982 its volume of outstanding certificates of deposit constituted 44% of the commercial banks' market volume.

In November, Svenska Handelsbanken introduced a new instrument intended for the funding of finance companies—commercial paper. This instrument, which is patterned after similar paper on international markets, is designed especially for the rapidly developing Swedish money market. The minimum amount is SEK 5 million and the maximum maturity 12 months. Commercial paper was a resounding success both with the finance companies and investors. At year-end a total volume of SEK 2.5 billion was outstanding.

TURNOVER ON THE STOCKHOLM STOCK EXCHANGE

SEK, billion



The share trading volume registered on the Stockholm Stock Exchange is up to 1979 estimated at 30 to 40% of total turnover in shares. As from 1980 all stock trading is registered.

As an element in the development of the money market, Sweden's first independent money market brokerage firm, Penningmarknadsmäklarna PM AB, was formed at the initiative of Svenska Handelsbanken. The company is active in the secondary market for certificates of deposit, commercial paper and the new treasury discount notes introduced during the year by the Government Debt Office.

The trading volume in stocks on the Stockholm Stock Exchange was SEK 30 billion, an increase of 67% compared with 1981. Stock prices rose from year-end to year-end by 35% as measured by the Affärsvärlden index. Rising stock prices made possible a considerable volume, close to SEK 2,900 million, in new issues and introductions of new companies in the market. This was an increase by one third over the previous record year, 1981. The Bank participated in thirteen new issues, introductions and stock swaps, in eight of them in lead manager capacity. The efforts of broadening the stock market resulted in 1982 in the establishment of what has come to be called the OTC market¹. This market is intended for trade in the stock of small and medium size companies. The OTC list consisted of two names as of year-end, both of which were introduced by Svenska Handelsbanken, namely Artin-Kores AB and Euro-Prägling AB. Among other market offers in which Svenska Handelsbanken has partic-

¹ OTC stands for "Over-the-counter" and is a term borrowed from Anglo-Saxon countries for stocks not traded on a stock exchange.

ipated as manager can be mentioned Ahlsell AB's offer to the stockholders of AEG-Telefunken Elektriska AB and Investment AB Skrinet's offer to the stockholders of Masonite AB.

The Swedish bond market continues to be dominated by the Government and mortgage institutions. These borrowers enjoy priority access to the market and were responsible for 91% of the total new issue volume of SEK 71 billion. Industry demand for long-term bond loans fell sharply, while the electric utility sector was responsible for a considerable new issue volume.

An important reason for the lack of interest in long-term borrowings by industry was the low level of capital expenditures, in part caused by the high cost of long-term borrowing.

The bank-owned mortgage institutions were again given permits during the year to issue bond loans for non-priority housing financing. SIGAB issued one loan for SEK 75 million at 14¼%.

NEW ISSUES OF STOCK WITH SVENSKA HANDELSBANKEN AS LEAD MANAGER

AB Volvo	SEK 607 Million
Wilh. Sonesson AB	SEK 153 Million

MARKET INTRODUCTIONS WITH SVENSKA HANDELSBANKEN AS LEAD MANAGER

Artin-Kores AB	SEK 11 Million
Euro-Prägling AB	SEK 2 Million
Stockholms Förvaltnings AB	
Svea	SEK 63 Million
Svenska Kreditförsäkrings- aktiebolaget	SEK 38 Million

MERGERS OF COMPANIES WITH SVENSKA HANDELSBANKEN AS LEAD MANAGER

Ahlsell AB's acquisition of AEG-Telefunken Elektriska AB

Investment AB Skrinet's acquisition of Masonite AB

MARKET INTRODUCTIONS WITH SVENSKA HANDELSBANKEN AS CO-MANAGER

STC Scandinavian Trading Co AB	SEK 153 Million
STC Venture AB	SEK 203 Million
Investment AB Nils Dacke ...	SEK 64 Million

NEW ISSUE OF STOCK WITH SVENSKA HANDELSBANKEN AS CO-MANAGER

ESSELTE AB	SEK 145 Million
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NEW ISSUE OF OPTION LOAN WITH SVENSKA HANDELSBANKEN AS CO-MANAGER

Investment AB Asken	SEK 55 Million
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INTERNATIONAL OPERATIONS CONTINUE TO EXPAND

1982 was a year of continued expansion of the Bank's international operations. The Bank's network of subsidiaries and affiliates abroad was further broadened.



AGA ACSE

Omagnetisk och ljudlös dykutrustning för röjning av akustiska och magnetiska bottenavståndsmått. Används av svenska marinen.

Design: John Grieves, Ergonomi Design Gruppen

Producent: AGA Spiro AB



■ Regional Units in Sweden with complete international banking services:

Stockholm, Göteborg, Malmö, Gävle, Linköping, Umeå and Örebro

● Wholly-owned subsidiary:

Svenska Handelsbanken S.A., Luxembourg
Branch office: Svenska International, London

▼ Affiliated Banks:

Nordic American Banking Corporation, New York
Nordic Bank PLC, London (branch office in Singapore, wholly-owned subsidiary in Hong Kong—Nordic Asia Limited)
Manufacturers Hanover Banque Nordique, Paris (Representative office in Abidjan)
Nordfinanz-Bank Zürich, Zurich

○ Representative Offices

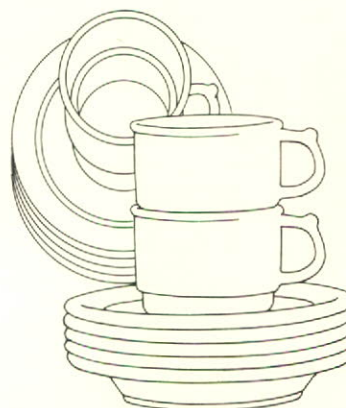
Beijing
Frankfurt/Main
Hong Kong
Milan
Moscow
São Paulo
Singapore
Sydney
Tokyo

A growing concern in international credit markets about the payment problems of an increased number of nations resulted in requirements by the authorities to set reserves for the banks' loans to some countries. For this end, the Bank Inspection Board has issued guidelines for the banks which constitute a very conservative evaluation of the loans to the countries in question. In international comparison, the exposure of Swedish banks on these countries is insignificant. Svenska Handelsbanken has made a reserve allocation of SEK 199 million. Svenska Handelsbanken's outstanding loans to foreign borrowers to a great extent relate to Swedish export and import trade.

The Bank's international activities have been further developed during the year by establishing new entities. This reflects the Bank's aim to support the internationalization of Swedish enterprise and develop services to meet the changing requirements of our clients. As a part of these efforts, a capital markets unit, Svenska International, has been opened in London as a branch of Svenska Handelsbanken's wholly owned subsidiary bank in Luxembourg. Svenska International offers its clients all types of international capital market services such as international bond issues, private placements, stock market intro-

ductions, mergers, acquisitions and stock placements.

Most of the Bank's activities on the international capital markets are led by Svenska International. During the year, the Group has been co-manager for 33 international issues amounting to SEK 24.2 billion.



Bell-Blanche

The "Bell" service is made of oven-proof stoneware. The plates have a reinforced edge. The cups can be stacked and the same saucer fits with coffee and tea cup, mug, egg cup and bowl. Also available in plain bone china, "Blanche". The designer, Karin Björquist, was awarded one of the country's most prestigious honors, the Prince Eugene medal, in 1982.

Producer: AB Gustavsberg

Svenska Handelsbanken recognized early the increasing importance of the Chinese market. For several years the Bank has had a well developed cooperation with China. As a result, Svenska Handelsbanken, as the first Nordic bank, has opened a representative office in Beijing.

In October, Svenska Handelsbanken, through the subsidiary bank in Luxembourg, opened a representative office in Milan, Italy. Svenska Handelsbanken is hereby the first Swedish bank to actively cover the Italian market in this way. Italy is one of Sweden's ten most important trading partners. There are also a large number of Swedish subsidiaries in Italy.

For an account of the development of affiliated banks abroad, please refer to the Consolidated Report on pages 40–41.

SVENSKA HANDELSBANKEN'S CAPITAL BASE

Provided that the annual General Meeting approves the proposal of the Board of Directors regarding allocation of profits, the Bank's taxed equity will amount to SEK 1,212 million and total reserves will amount to SEK 5,148 million.

The Banking Companies Act contains stipu-

lations regarding the minimum amount of Bank capital in cover of the Bank's placements and guarantee obligations. According to the law, reserves may only be regarded as capital up to 40% of their value, to a maximum amount equal to equity. The Bank's subordinated debt may also be included in the base.

CAPITAL BASE

Capital base requirement according to the bank law

Risk category	Assets SEK Million	Capital require- ment %	SEK Million
A	50,716	0	0
B	27,919	1	279
C	4,589	4	184
D	26,889	8	2,151
Investments in banks and financial institutions	388	100	388

Total capital base requirement 3,002

Actual capital base

Equity including proposed
increase of retained earnings 1,212

40% of reserves, but maximized
to 100% of equity 1,212

Debenture loans, at par 1,084

Total capital base 3,508

Surplus 506

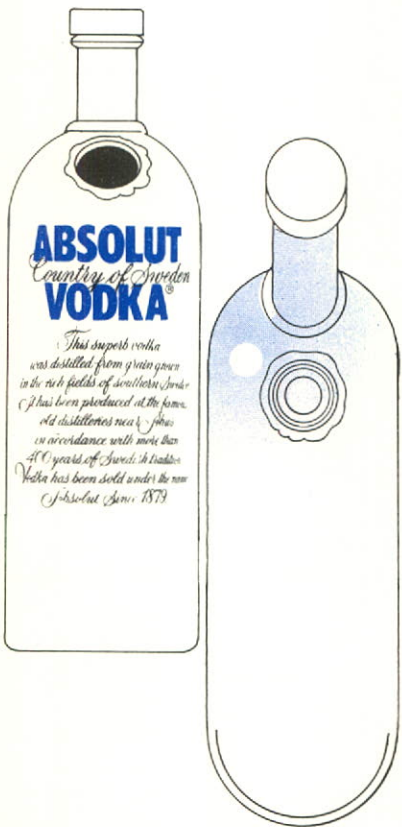
The table shows that the capital base requirement according to the Banking Companies Act amounts to SEK 3,002 million. Provided that the annual General Meeting approves the proposed allocation of income, the total capital base amounts to SEK 3,508 million. By issuing new debenture loans, the Bank can also increase the capital base by a further SEK 128 million. Under these premises, the unutilized capital base will amount to SEK 634 million for expansion of the operations.

The Bank's Result

CHANGE IN ACCOUNTING PRINCIPLES

In 1982 the banks and the Bank Inspection Board agreed on certain changes in reporting the banks' results. The most important changes compared to before are as follows:

- Pension costs are reported in accordance with Recommendation No. 4 of the Association of Authorized Public Accountants. As pension costs are reported all pension premiums and



Vodka bottle

In the 1981 "Golden Egg" contest, the vodka bottle and its label was awarded a Silver Egg for superb design. It has also been awarded prizes in the United States.

Design: Carlsson & Broman AB
Producer: PLM PAC

all pensions paid by the Bank or the Bank's captive pension institutes. The pension cost also includes the annual increase of the pension liability, less the return on the assets of the captive pension institutes.

- Realized losses on bonds sold, previously charged directly to reserves, are now reported over the income statement as a rolling, three-year average.
- Credit losses were previously estimates based on the average percentage loss over the past five years applied against the year's average loan volume. Effective in 1982, actual credit losses (net) are charged to earnings as a rolling, three-year average.
- Foreign exchange losses are now charged to earnings in their entirety in the year incurred. Previously the losses in connection with major devaluations were regarded as extraordinary and were charged directly against reserves.

In order to attain comparability between the results for 1982 and prior years, the figures for 1981 and before have been adjusted in accordance with currently applicable rules. The only exception relates to pension costs, where the adjustment for practical reasons has been made only for 1981.

OPERATING INCOME

Operating income for 1982 amounted to SEK 1,186 million. This was SEK 91 million or 8.3% higher than for 1981, when the result after restatement in accordance with the new accounting principles was SEK 1,095 million.

Significant in the development of the result for 1982 was the sharp increase in credit losses. Total losses relating to loans, foreign exchange and bonds charged to earnings amounted to SEK 290 million compared with SEK 118 million in 1981. Operating expense rose rather modestly at a rate of 5.8%. Revenue increased by 13.9%. The increase in income was held back by significantly lower margins resulting from increased costs for deposits in Swedish kronor.

INTEREST INCOME

Net interest income rose by 9% to SEK 1,809 million. The increase should be compared with the volume increase, which was 18% for the year. The investment margin therefore declined from 2.19% in 1981 to 2.02%.

The lower margin is largely explained by the increased cost of deposits. The cost for deposits in large denominations fluctuated widely during the year. From mid-year to the beginning of October rates were at a new high of over 17%. Towards the end of the year the market eased appreciably, but, on the average, the cost was about 0.6% higher in comparison with the dis-

count rate than the year before. Regular deposits also became more expensive, relatively speaking. Whereas the discount rate was lowered by a full percentage point in the beginning of March, deposit rates were lowered by only $\frac{1}{2}$ to $\frac{3}{4}$ %.

Also other monetary policy measures contributed to the lower margins. The cash reserve requirement was much higher on average than in 1981. The average daily amount frozen during 1982 was SEK 975 million more than in 1981 at a yield equal to the discount rate. The reserve requirement increases forced the bank to borrow a corresponding amount at a penalty rate varying from the discount rate plus 4% to the discount rate plus 7%.

Among factors which had a positive effect on the investment margin can be mentioned the improved yield on the bond portfolio. The average yield rose from 11.19% in 1981 to 11.62%. With this increase, the yield on the portfolio, for the first time since 1979, exceeded the carrying cost.

OTHER REVENUE

Commission income in all operating areas rose. The aggregate increase was 27% to SEK 746 million. The improvement was especially noteworthy in international operations commissions and broker commissions.

The surplus from directly owned real estate rose by 11% to SEK 55 million and other revenue by 33% to SEK 94 million. The latter figure includes dividend income from subsidiaries, affiliated foreign banks, etc. for an amount of SEK 81 million.

EXPENSES

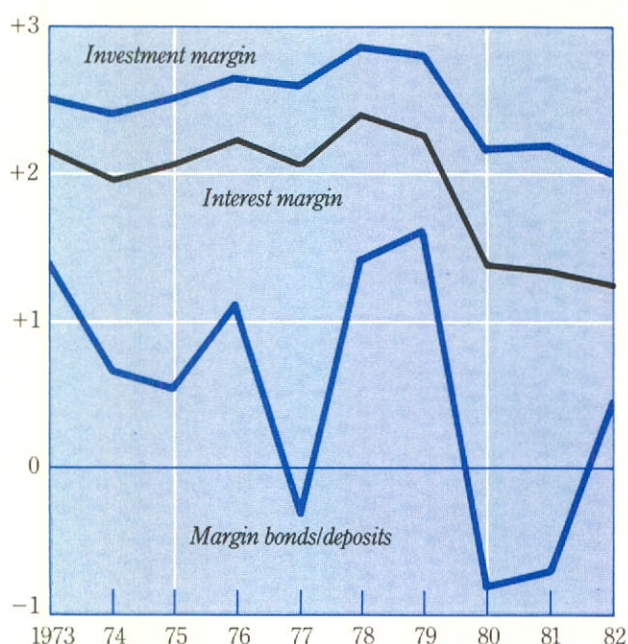
Operating expense rose by 5.8% to SEK 1,227 million. The largest item, personnel expense, rose by 2% to SEK 722 million and other expenses, including depreciation, by 12% to SEK 505 million.

The average number of employees increased by 69 persons compared to the year before. Wages and salaries were contractually increased by 6%. The pension cost, which is a part of the personnel expense, is reported in accordance with Recommendation No. 4 of the Association of Authorized Public Accountants. According to this definition the pension costs amounted to SEK 107 million (141 million in 1981) corresponding to 21% (30%) of salaries. Other social charges totalled SEK 75 million, or 15% of payroll.

Other expenses amounted to SEK 458 million, which was an increase of 14% compared to 1981. Among individual items may be noted an increase in machine rentals of 32%. The increase is due to a greater need for computer capacity, and is also explained by a change from purchased to leased computers. The depreciation on equipment was correspondingly lower.

INTEREST MARGINS

Per cent

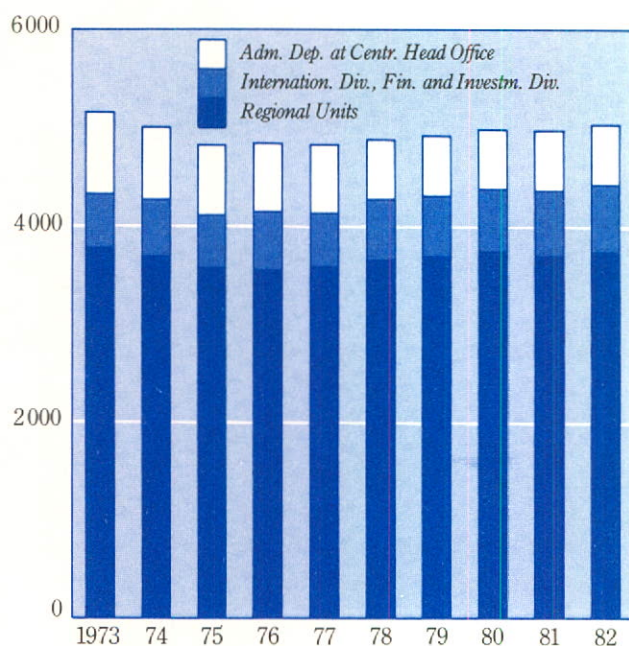


Investment margin: Difference between interest on all assets and all liabilities including the equity capital base.

Interest margin: Difference between interest on all assets and all liabilities excluding the equity capital base.

Margin bonds/deposits: Difference between interest on placements in treasury bills and bonds and the cost of deposits in Swedish kronor.

STAFF



In the early 1970's the number of employees at the Regional Unit level declined as a result of efforts to improve efficiency. In recent years a growing business volume has necessitated some staff increases. The Central International Division and Central Finance and Investment Division have seen an increase in the number of staff members due to a rapid expansion of business. On the other hand, there has been a decrease in the number of employees in the administrative departments.

CREDIT AND CURRENCY LOSSES

As mentioned above, the rules for reporting bank credit losses and losses on bonds and foreign currency loans have been substantially altered. In order to achieve comparability, the figures for 1981 and earlier in tables and comments have been adjusted according to the new rules and con-

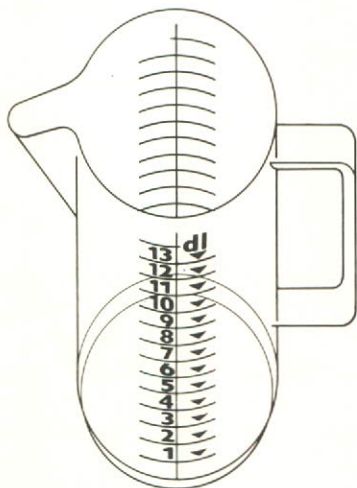
sequently differ from the corresponding information in previous annual reports.

Credit losses computed as a rolling, three-year average increased from SEK 50 million to SEK 168 million. Behind this large increase are increased actual losses on domestic loans and sizable reservations for possible losses on international loans. The basic reason for the increase in losses, both within the country and internationally, is the deep and extended recession.

Bond losses are reported in the same way as credit losses, as rolling, three-year averages. The losses in question are incurred when the Bank sells older, low-yielding bonds and in their place purchases newly issued bonds with higher yield. The bond losses grew from SEK 62 million to SEK 75 million.

The Bank's devaluation loss of SEK 38 million is made up of the net of foreign exchange gains and losses incurred when restating the Bank's assets and liabilities in foreign currency in connection with the 16% devaluation. The net result of the 10% devaluation in 1981 was a gain of SEK 3 million.

Exchange rate changes that have taken place during the year, aside from the devaluation, caused a need to write up the Bank's long-term loans by SEK 9 million, the same amount as the year before.



Transparent measuring cup

The capacity of this cup in SAN-plastics is 1.3 liter, a volume corresponding to most household measuring needs. The deciliter markings on both sides are bold, easy-to-read figures.

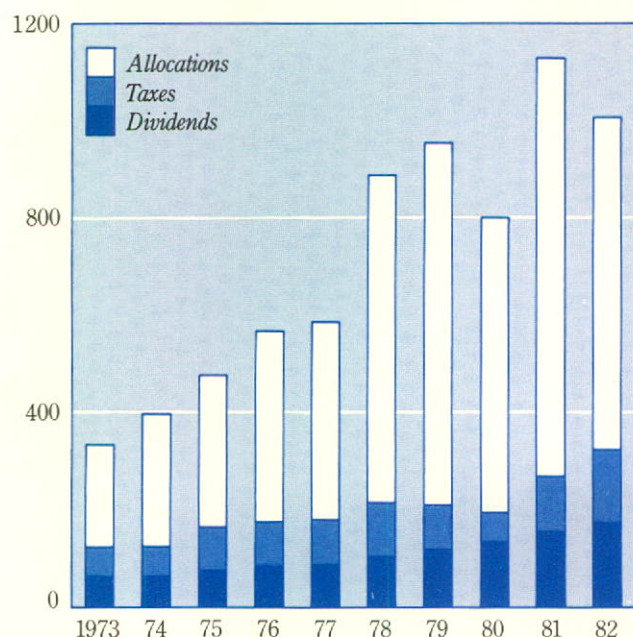
This measure was one of SID's selections for "Good design 1980".

Design: P O Landgren

Producer: AB Gustavsberg

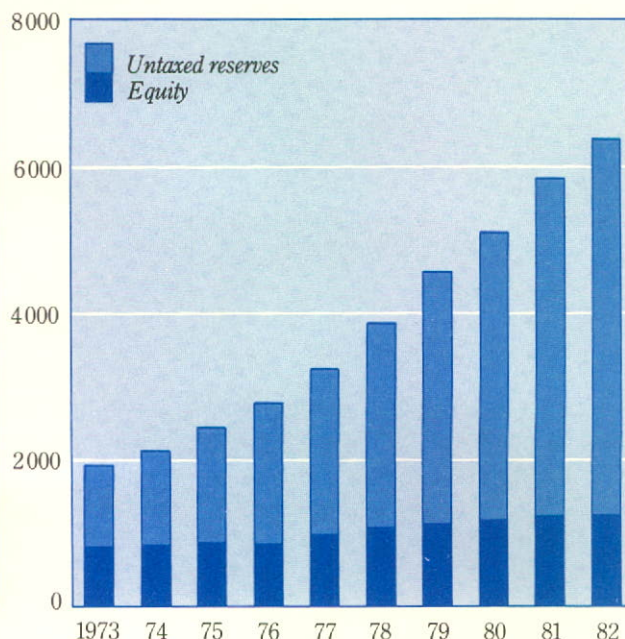
ALLOCATIONS TO RESERVES, TAXES AND DIVIDENDS

SEK, million. Dividend 1982 as proposed by the Board of Directors.



EQUITY AND UNTAXED RESERVES

SEK, million



EXTRAORDINARY INCOME AND EXPENSE

As extraordinary income is reported a capital gain of SEK 2 million on real property sold.

Extraordinary expense amounted to SEK 73 million. SEK 26 million of this amount refers to the appropriation made during the year to the Oktogonen Foundation. The appropriation was made in accordance with the Bank's undertaking to transfer to its personnel one third of the "extra" profit that arises when Svenska Handelsbanken's profitability exceeds the average for other listed commercial banks in a given year, in this case 1981. An additional appropriation was made to Handelsbankens Innovationsfond. The remainder of the extraordinary expense consists of the Bank's costs in connection with issuance of bond loans and guaranty expenses in connection with the sale in 1979 of a portion of the stockholding in Nordic American Banking Corporation.

ALLOCATION OF PROFITS

Operating income after extraordinary items amounted to SEK 1,115 million. The result for 1981, correspondingly computed, was SEK 1,055 million. After adjustments for the difference between book and actual pension costs, an amount of SEK 1,071 million is available for allocation.

Of this amount SEK 700 million has been allocated to the loan reserve. Taxes due on the year's operations amount to SEK 151 million. The year's net income was SEK 220 million, an increase compared with 1981 of SEK 33 million. As detailed on page 21, the Board of Directors proposes SEK 171 million to be paid as a dividend to the stockholders.

RESERVES

The Bank's reserves are divided among three different accounts, one for loans, one for foreign exchange and one for bonds. Should the need arise, these accounts may be used to cover any kind of loss, since funds may be freely transferred from one account to another over the income statement.

For 1982 a transfer of SEK 700 million is made to the reserve for loan losses. The account is simultaneously charged for actual, realized loan losses and loss reservations, a net amount of SEK 380 million, less the estimated credit loss of SEK 168 million which has been included in the operating costs. After these entries, the balance in the account increases from SEK 3,176 million at the beginning of the year to SEK 3,664 million. The latter amount corresponds to 7.4% (1981 7.4%) of total loans to the general public.

The reserve for foreign exchange is unchanged at SEK 204 million.

To the reserve for bonds was added SEK 75 million charged to operating income. Realized losses during the year, SEK 76 million net, have been charged to the account. After these entries, the balance in the account amounts to SEK 1,281 million to be compared with SEK 1,282 million at year-end 1981. In the balance sheet the amount of the reserve is deducted from the book value of the bond portfolio. The net book value of the bond portfolio at year-end 1982 was SEK 28.7 billion, while the market value was estimated at SEK 29.1 billion.

The total balance of the three accounts is SEK 5,148 million, compared with SEK 4,662 million at year-end 1981.

Consolidated Result

GROUP OPERATING INCOME

The operating result for the Svenska Handelsbanken group of companies was SEK 1,394 million. The corresponding result for 1981 was SEK 1,291 million. The return after tax on adjusted equity was 17.7%. The corresponding return for 1981 was 18.3%.

Detailed consolidated accounts with information on subsidiary operations will be found on pages 38–43.

EARNINGS PER SHARE

Adjusted earnings per share for 1982 were SEK 23.10 as against 21.70 for 1981.

The computation of adjusted earnings per share is based on the consolidated operating result after deduction for minority interest. To this result is added share in profits from the affiliated banks abroad and Köpkort AB, a credit card company. A standard 57.7% tax deduction for 1982 (57.6% in 1981) has been made. Finally, the dividends on preferred and index stock have been deducted.

The Bank's Organization and Management

BOARD OF DIRECTORS AND MANAGEMENT

At the annual General Meeting on March 24, 1982, all members of the Board were re-elected and Mr Anders Wall was elected.

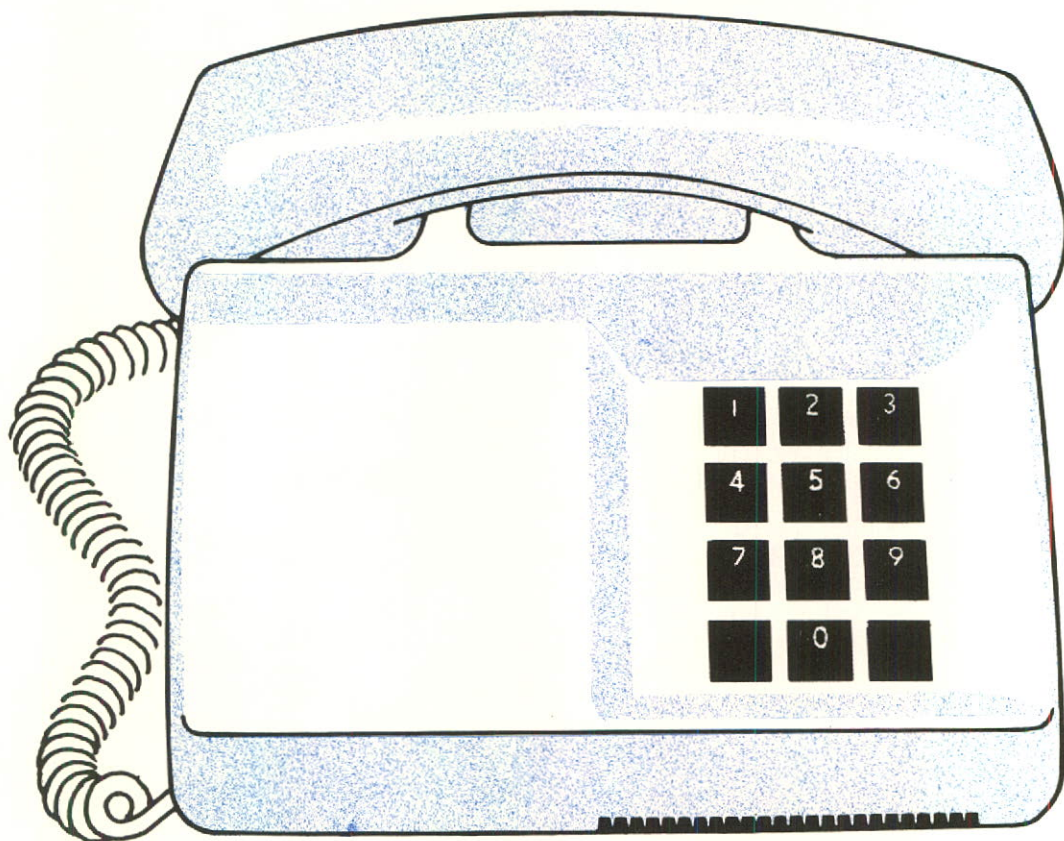
Bo Strage was appointed Executive Vice President and head of the regional unit for Eastern Sweden after Nils Dahlbom, who retired.

Ulf Hedbäck was appointed President of Svenska Handelsbanken S. A., Luxembourg. He succeeded Einar Mogård, who retired.

BRANCH NETWORK AND ADMINISTRATION

At year-end 1982 the Bank's branch network consisted of 452 offices, which was 3 less than one year before. New branches were opened in Göteborg Backa and Mjölby. The offices at Kosta, Romakloster, Stockholm Sveavägen 82 and Vissefjärda were closed as independent units and their operations transferred to other branches nearby. The branch at Havgdhem was closed.

The number of employees in the Bank during the year was an average of 5,040. The staff thus increased by 69, or 1.4%.



Diavox

Diavox, the general purpose telephone, is based on new electronic technology and established standard components. Push button dialing is standard but the available area for additional buttons is large so that additional functions can be added. The design allows for easy replace-

ment of the front cover in different colors. Special care has gone into the design of the hand-set, allowing it to rest securely on the hook when not in use.

Design: Breger Design AB

Producer: Televerket and Ericsson Information System AB

Proposals by the Board of Directors

At the disposal of the General Meeting according to the Balance Sheet:

Retained earnings carried forward from 1981	SEK	217,227,383.03
Net income for the year	SEK	219,651,146.28
	SEK	<u>436,878,529.31</u>

The Board of Directors proposes that the dividend on common stock be increased by SEK 0.75 to SEK 6.25. Under the by-laws of the Bank the dividend payable on the index shares shall be changed at the same rate as the Consumer Price Index from November 1977 to November 1982.

Thus calculated and rounded off in the prescribed manner, the dividend for 1982 shall be SEK 2.05 per share. The distribution on common stock, index stock and preferred stock totals SEK 170.5 million (SEK 150.7 million last year).

The proposal of the Board of Directors suggests that the funds at the disposal of the annual General Meeting be allocated as follows:

for distribution to the stockholders		
on preferred stock series A, SEK .90 per share	SEK	1,125,000. —
on preferred stock series B, SEK 1.20 per share	SEK	1,500,000. —
on common stock, SEK 6.25 per share	SEK	161,305,625. —
on index stock, SEK 2.05 per share	SEK	6,613,505. —
to be carried forward	SEK	<u>266,334,399.31</u>
	SEK	<u>436,878,529.31</u>

If this proposal is adopted, the Bank's share capital and reserves will be as follows:

Share capital	SEK	630,700,000. —
Statutory reserve	SEK	315,350,000. —
	SEK	<u>946,050,000. —</u>
plus retained earnings	SEK	<u>266,334,399.31</u>
	SEK	<u>1,212,384,399.31</u>

Stockholm, February 15, 1983

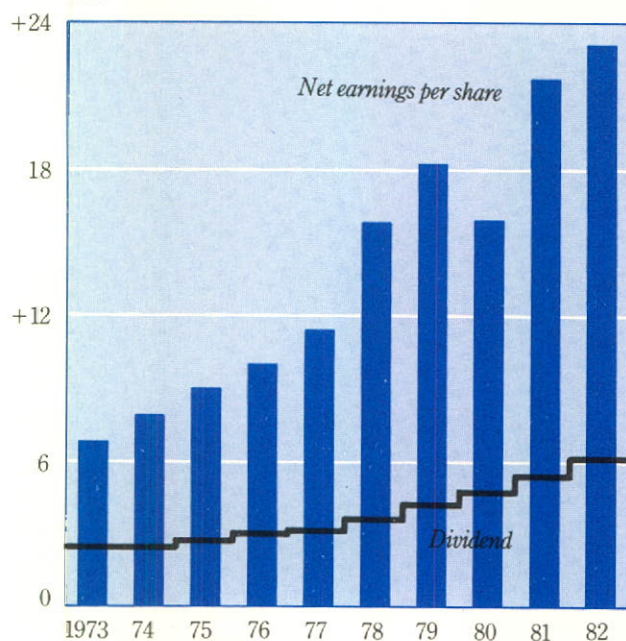
TORE BROWALDH PER EKSTRÖM GUNNAR HINDEMARK PER LINDBERG BO RYDIN	JAN WALLANDER MATTS CARLGREN ERIK GRAFSTRÖM NILS HOLGERSON INGE NYBERG ANDERS WALL	TORDEL CARLSSON RUNE GUSTAVSSON ULF LAURIN PETER POLLAK SVEN ÅGRUP
------------------------------------------------------------------------------	---------------------------------------------------------------------------------------------------	--------------------------------------------------------------------------------

JAN EKMAN TOM HEDELIUS
 Presidents

Svenska Handelsbanken 1973–1982

NET EARNINGS AND DIVIDEND PER SHARE OF COMMON STOCK

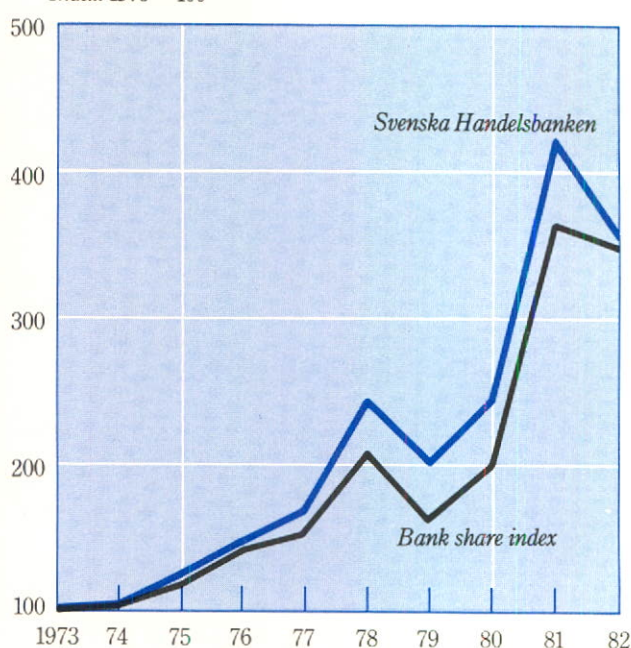
SEK



Earnings per share of common stock = adjusted income as defined in the Annual Report. The figures have been adjusted for the 1976 bonus issue and the 1979 stock split. Dividend for 1982 as proposed by the Board of Directors.

THE PRICE OF THE BANK'S COMMON STOCK

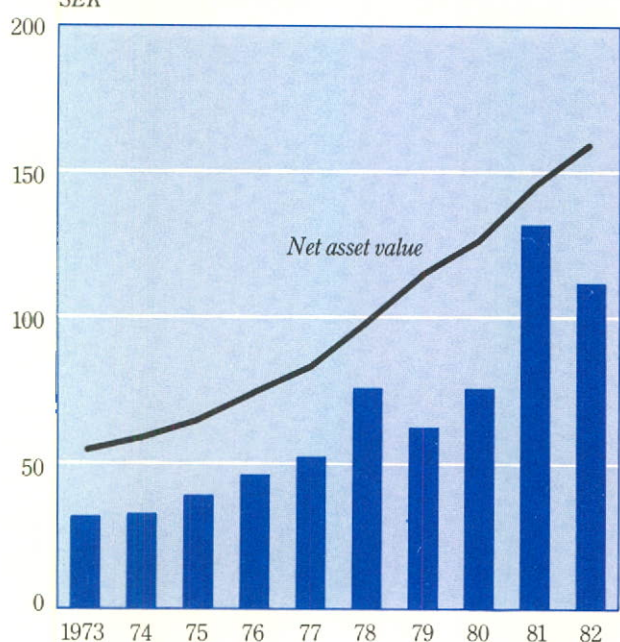
Index: 1973 = 100



The price of the Svenska Handelsbanken common stock at the end of each year adjusted for the 1976 bonus issue and the 1979 stock split (December 31, 1973 = 100). At year-end 1982 the price was SEK 112. The Affärsvärlden bank stock index is per the end of each year (December 31, 1973 = 100).

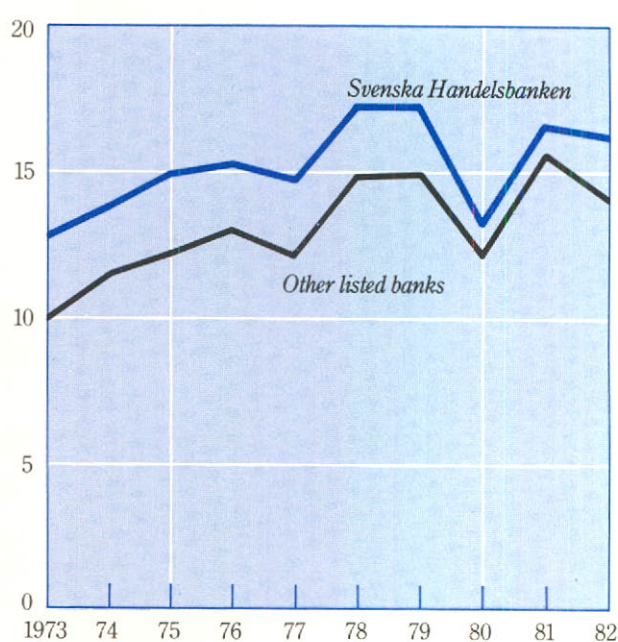
NET ASSET VALUE AND THE PRICE OF THE BANK'S COMMON STOCK

SEK



The price of Svenska Handelsbanken common stock at the end of each year adjusted for the 1976 bonus issue and the 1979 stock split. Net asset value refers to equity less share capital represented by preferred and index stock, plus untaxed reserves for loans, foreign exchange and bonds after a standard 50% deduction for taxes.

NET RESULT AS A PERCENTAGE OF EQUITY



By net result is meant net operating income after 50% standard tax deduction. Equity is defined as net equity (adjusted for new issues) plus half of the average reserves during the year. For the years 1973–82, the values have been restated to reflect a change in the treatment of realized losses on bonds sold, credit losses and gains/losses in connection with devaluations.

The Stockholders of Svenska Handelsbanken

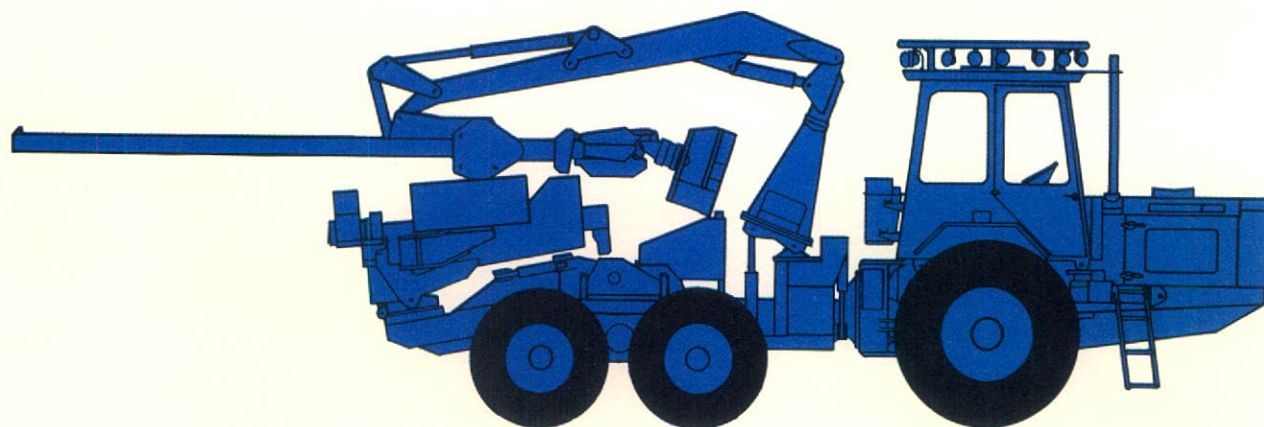
Svenska Handelsbanken's share capital, totalling SEK 631 million, is represented by 25,808,900 shares of common stock, 3,226,100 shares of index stock and 2,500,000 shares of preferred stock with a nominal value per share of SEK 20. Common stock carries one vote per share, while index and preferred stock carries 1/10 of one vote per share. This means that 81.8% of the share capital is represented by common stock, carrying 97.8% of total voting power.

Svenska Handelsbanken has about 65,000 stockholders, a majority of whom are private individuals. As shown in table below, most of these investors own only a limited number of shares. Among the 47 owners of more than 50,000 shares there are no private individuals, but a number of insurance companies, investment companies and mutual funds, which represent a large number of private individuals.

According to the latest available information, the Bank's stock was held as follows:

Shares held	Stockholders		Shares held		
	Number	In per cent of all stockholders	Number Thousand	In per cent of share capital	Average number of shares per stockholder
1 - 100 shares	32,480	50.0	1,443	4.5	44
101 - 500 shares	24,155	37.2	5,674	18.0	235
501 - 1000 shares	4,958	7.6	3,495	11.1	705
1,001 - 10,000 shares	3,169	4.9	6,716	21.3	2,119
10,001 - 50,000 shares	133	0.2	2,831	9.0	21,286
More than 50,000 shares	47	0.1	11,357	36.0	241,638
Old coupon certificates not yet exchanged, approximately			19	0.1	
Total	64,942	100.0	31,535	100.0	485

Eight of the stockholders hold more than 1% each of the common stock;		The Trygg-Hansa Group	2.8%
		Industrivärden (investment company)	2.5%
		Sparbankernas Aktiesparfond (investment fund)	1.5%
The Skandia Group	5.1%	AB Cardo (investment company)	1.2%
SPP (pension insurance)	4.8%	Folksam (insurance)	1.0%
The Oktogonen Foundation	4.4%		



Forestry machine

Function, construction and desired capacity dictate the final form of ÖSA 706/260. It is a short, compact and stable machine designed specifically for harvesting, but it can also be used for thinning. The op-

erator can easily change position thereby avoiding muscular fatigue. Climate control is standard equipment. Design and production: ÖSA AB

Statement of Income

SEK million	1978	1979	1980	1981	1982
Operating revenue ¹					
Interest income, net	1,253.1	1,440.6	1,323.6	1,665.3	1,809.1
Commissions	358.0	368.9	478.5	587.3	745.7
Net income from real estate	31.2	35.8	43.1	49.9	55.3
Sundry receipts	39.2	49.0	57.3	70.3	93.6
Total operating revenue	1,681.5	1,894.2	1,902.6	2,372.8	2,703.7
Operating expense ¹					
Personnel expense	526.9	583.4	654.5	708.7	722.1
Other expenses excl. depreciation	262.3	291.2	342.6	402.9	458.2
Depreciation on equipment	44.0	44.0	40.6	41.3	40.4
Depreciation on real estate	5.5	5.3	7.0	6.9	6.7
Total operating expense	838.8	924.0	1,044.7	1,159.8	1,227.4
Realized losses on bonds sold ¹	21.5	28.9	38.4	61.7	74.9
Credit losses ¹	19.9	25.1	31.4	49.9	167.8
Foreign exchange loss on long-term debt ¹	9.8	—	—	9.2	8.8
Foreign exchange gain/loss on devaluation of the Swedish krona ¹	—	—	—	-3.3	38.3
Total operating expense	889.9	978.0	1,114.5	1,277.3	1,517.2
Net operating income	791.6	916.2	788.0	1,095.5	1,186.4
Extraordinary income ¹	80.3	40.9	25.6	1.7	2.1
Extraordinary expense ¹	23.8	38.1	51.1	42.4	73.2
Income before allocations and taxes	848.0	919.0	762.5	1,054.8	1,115.4
Utilization of investment and work environment reserves ¹					
Utilized from reserves	+ 0.0	+ 4.1	+ 0.9	+ 11.2	+ 13.8
Corresponding depreciation	- 0.0	- 4.1	- 0.9	- 11.2	- 13.8
Difference between book and actual pension costs ¹				+ 11.0	- 44.8
Allocation to reserves ¹					
for bonds	- 18.5	-471.1	-136.6	-113.3	—
for loans	-529.1	-152.1	-399.9	-645.4	-700.0
for foreign exchange	—	- 45.0	—	- 3.3	—
Allocation to profit reserve	—	—	- 25.0	—	—
Taxes	-110.0	- 90.0	- 60.0	-117.0	-151.0
Net income	190.4	160.8	141.0	186.9	219.7
At the disposal of the annual General Meeting, incl. contingency reserve	232.1	290.5	313.1	367.9	436.9
Dividends for the year	102.5	118.4	132.0	150.7	170.5 ²
Balance	129.7	172.0	181.1	217.2	266.3 ²

All figures have been restated in accordance with the new accounting principles for losses on sales of bonds, credit losses and gains/losses on the devaluation of the Swedish krona. These principles apply from 1982. The pension costs have been restated for 1981 only. All individual items have been rounded. In some instances column subtotals therefore do not balance.

The original of the Statement of Income, duly signed by the Board of Directors and endorsed by the Auditors, contains exact, unabridged amounts for the year without comparative figures for prior years.

Notes to items marked¹ on pages 26–29.

The specifications are an integral part of the Statement of Income.

² As proposed by the Board of Directors.

Balance Sheet, December 31

SEK Million	1978	1979	1980	1981	1982
ASSETS					
Cash ¹	966	1,175	1,605	2,052	1,569
Due from domestic financial institutions ¹	1,193	3,082	1,905	4,028	7,010
Due from foreign banks ¹	5,526	5,177	9,494	9,904	9,403
CDs issued by other banks	—	—	452	185	2
Government securities and bonds ¹	11,296	12,007	16,948	24,711	28,667
Loans ¹	27,738	31,685	35,724	42,989	49,588
Investments and capital notes ¹	393	424	486	560	701
Equipment ¹	81	81	85	90	86
Real estate ¹	237	247	258	259	259
Other assets ¹	1,423	2,399	3,255	4,308	4,549
TOTAL ASSETS	48,853	56,278	70,213	89,086	101,833
Collateral pledged ¹	4,622	3,997	6,459	9,121	80
Loan facilities, total amount granted	32,387	36,364	40,843	48,104	56,091
LIABILITIES AND STOCKHOLDERS' EQUITY					
Cashier's checks	270	351	428	389	390
Deposits ¹	28,041	30,908	33,423	38,448	40,288
Certificates of Deposit ¹	—	—	4,950	6,787	8,796
Due to domestic financial institutions ¹	3,098	3,294	3,467	5,478	7,190
Due to foreign banks ¹	8,920	11,783	16,530	22,538	26,778
Long-term borrowings ¹	3,795	4,034	4,875	6,451	9,381
Other liabilities ¹	1,370	2,297	2,489	4,286	3,760
Reserves for loans and foreign exchange ¹	2,177	2,373	2,768	3,380	3,867
Investment reserves ¹	3	1	25	14	—
Stockholders' equity ¹	1,178	1,237	1,259	1,314	1,383
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	48,853	56,278	70,213	89,086	101,833
Guarantee obligations ¹	4,558	4,411	4,753	6,067	8,182
Letters of credit issued but not utilized	790	1,351	1,972	1,765	2,034
Commitments to foreign central banks ¹	—	—	—	—	—
Capitalized value of pension commitment (covered by assets in the Bank's pension funds) ¹	535	572	634	712	767

All individual items are rounded. In some instances the subtotals therefore do not balance.

The original Balance Sheet, duly signed by the Board of Directors and endorsed by the Auditors, contains exact, unabridged amounts for the year without comparative figures for prior years.

Notes to items marked¹ on pages 31–35. The specifications are an integral part of the Balance Sheet.

Notes to the Statement of Income

OPERATING REVENUE	1982			Change from 1981		
	Average balance	Interest		Average balance	Interest	
<i>Interest</i>	SEK Million	SEK Million	%	SEK Million	SEK Million	%
<i>Assets</i>						
Cash and cash reserve	1,947	166.7	8.56	+ 975	+ 57.8	-2.65
Due from domestic financial institutions	2,863	413.2	14.43	+ 570	+ 142.0	+2.60
Due from foreign banks	9,443	913.9	9.68	-1,177	- 486.1	-3.50
Bonds and other fixed interest securities	29,110	3,382.0	11.62	+7,305	+ 941.7	+0.43
Loans	45,188	6,632.8	14.68	+5,688	+ 226.9	-1.54
of which in Swedish kronor	28,701	4,250.8	14.81	+2,333	- 10.4	-1.35
in foreign currency	16,487	2,382.0	14.45	+3,355	+ 237.3	-1.88
Other assets	937	3.7	-	+ 87	- 9.9	-
A. TOTAL ASSETS	89,488	11,512.3	12.86	+13,448	+ 872.4	-1.13
<i>Sources of funds</i>						
Deposits	37,170	3,955.6	10.64	+3,144	- 38.9	-1.10
of which in Swedish kronor	35,591	3,768.7	10.59	+2,889	- 10.7	-0.97
in foreign currency	1,579	186.9	11.84	+ 255	- 28.2	-4.41
Certificates of Deposit	10,951	1,471.1	13.43	+4,934	+ 580.6	-1.37
of which in Swedish kronor	9,980	1,340.6	13.43	+4,865	+ 624.9	-0.56
in foreign currency	971	130.5	13.44	+ 69	- 44.3	-5.94
Due to domestic financial institutions	4,629	593.7	12.83	+1,482	+ 204.3	+0.46
Due to foreign banks	23,325	2,811.6	12.05	+2,893	- 130.0	-2.35
Bonds	1,376	181.6	13.19	+ 616	+ 57.3	-3.16
Debenture loans	980	130.6	13.31	+ 120	+ 23.9	+0.91
of which in Swedish kronor	218	16.7	7.65	- 11	- 2.0	-0.55
in foreign currency	762	113.9	14.94	+ 131	+ 25.9	+1.01
Domestic refinancing loans	4,579	545.1	11.90	+ 503	+ 44.7	-0.38
Other liabilities	653	13.9	-	- 966	- 13.3	-
B. TOTAL LIABILITIES	83,663	9,703.2	11.60	+12,726	+ 728.6	-1.05
Capital and reserves	5,825	-	-	+ 722	-	-
C. TOTAL LIABILITIES AND EQUITY	89,488	9,703.2	10.84	+13,448	+ 728.6	-0.96
Net interest income		1,809.1			+ 143.8	
Interest margin (A-B)			1.26			-0.08
Investment margin (A-C)			2.02			-0.17
Average official discount rate			10.20			-1.48

Cash: The cash reserve requirement was 2% at the beginning as well as at the end of the year. On average for the year the requirement was much higher, or 3.7% against 2.1% during 1981. Interest has been earned at a rate equal to the official discount rate on all funds held on deposit with the Riksbank as well as on the cash in hand. During the second half of the year the yield was reduced by an amount equal to the Bank's revenue attributable to the extra increase on the interest on overdraft checking accounts permitted by the Riksbank in July, 1982. The increase has varied between 1 and 3% during the fall.

Foreign banks: In 1982 the international level of interest rates fell more than the Swedish level, which explains the large decline of interest on assets as well as liabilities in foreign currency.

Bonds and fixed interest securities: Because of large new investments in Government bonds during the fall of 1981, the average volume of the bond portfolio rose more than the change from year-end to year-end (SEK 7.3 billion against SEK 4.0 billion). Since the new bonds provided a higher yield than older holdings, the average yield on the portfolio increased substantially from 11.19% in 1981 to

11.62%. The yield on the portfolio hereby for the first time since 1979 was higher than the cost of funding the portfolio by deposits and certificates of deposit (1981 11.89%, 1982 11.21%).

Loans in Swedish kronor: Interest includes commitment fees on contractual credits. Such fees were 0.38% compared to 0.40% in 1981. Also included is the revenue of the extra increase of the interest charged on overdraft checking accounts during the second half of 1982. The Bank had to forego this revenue to the Riksbank by way of a corresponding reduction of the yield on cash reserve funds.

Loans in foreign currency: The credit volume was practically unchanged until the beginning of October. As credit in Swedish kronor was tightened, the volume of foreign currency loans began to grow. The effect of the devaluation itself is also reflected by the increase. On average for the year, the volume increase was 26% compared with 9% for loans in Swedish kronor.

Deposits in Swedish kronor: Since deposits on special terms and certificates of deposit are alternative choices, from the viewpoint of the depositor, the development of deposits and certificates of deposit in Swedish kronor should be viewed together. The average interest then amounted to 11.21%, a decline of 0.68% compared with 1981. Since the discount rate on average fell by 1.48%, this means that the cost of deposits increased by 0.8%. Additionally, the high interest wholesale deposits increased their share of total deposits from 31% to 36%. Other deposit accounts also became

0.7% more expensive compared with the discount rate. When the discount rate was lowered by a full percentage point in March deposit rates were lowered by only 0.5 to ¾%.

Due to domestic financial institutions: Deposits from Swedish financial institutions and short-term borrowings from the Riksbank and other Swedish banks.

Bonds: The entire increase is attributable to medium and long-term bank bonds in foreign currency.

Domestic refinancing loans: This item refers to refinancing of loans with the National Pension Fund and refinancing of export credits with AB Svensk Exportkredit and the National Pension Fund.

The interest margin, defined as the difference in the interest on all assets and all liabilities, declined by 0.08% to 1.26%. The primary reason was the previously mentioned higher rates for deposits, to some degree counteracted by an improvement in the yield on the bond portfolio.

By definition, the investment margin differs from the interest margin by inclusion of equity and reserves in sources of funds. The investment margin declined slightly more than the interest margin, by 0.17% to 2.02%. This was due to lower yield, because of a lower general interest rate level, on some of the placements corresponding to equity and reserves.

	1982 SEK Million	Change from 1981 SEK Million
<i>Commissions</i>		
Domestic lending	126.1	+ 16.9
Domestic and international securities operations	187.0	+ 60.2
Trust and legal services	63.0	+ 12.6
Other domestic operations	80.5	+ 10.9
International operations	289.1	+ 57.8
Total commissions	745.7	+158.5
<i>Net income from real estate</i>		
Rent income	78.5	+ 8.1
Less:		
Repairs	8.3	+ 1.0
Other operating expense	15.0	+ 1.7
Income before depreciation	55.3	+ 5.4
Depreciation	6.7	- 0.2
Net income	48.5	+ 5.5
<i>Sundry receipts</i>		
Dividends:		
Svenska Finans AB	28.1	+ 5.0
Sigab	34.0	+ 8.0
Other subsidiaries	2.5	-
Other companies	16.8	+ 5.7
Total dividends	81.4	+ 18.7
Other receipts	12.2	+ 4.6
Total sundry receipts	93.6	+ 23.3

The large increase in securities operations of 47% is primarily attributable to bond trading brokerage. Also broker commission on stock transactions and revenue related to new issues were at a high level.

International operations commission income rose by close to 25%. Foreign exchange gains as well as commissions related to credit transactions contributed to the increase.

The dividends from Svenska Finans AB, Sigab and other subsidiaries refer to 1982 operations. See page 37 for a detailed specification of dividends.

OPERATING EXPENSE

	1982 SEK Million	Change from 1981 SEK Million
<i>Personnel expense</i>		
Salaries and remunerations	508.0	+ 37.8
Pension costs	107.3	- 34.0
Social charges	74.9	+ 4.9
Other personnel costs	31.8	+ 4.7
Total personnel expense	722.1	+ 13.4
<i>Other expenses excluding depreciation</i>		
Rent and expenses for premises	154.2	+ 8.5
Telephone, cables, postage and transport	49.0	+ 2.5
Equipment rental, leased computer services, services and maintenance	62.6	+ 15.3
Purchased services	65.8	+ 4.7
Sundry supplies	30.4	+ 3.3
Sundry expense	96.3	+ 21.1
Total other expense	458.2	+ 55.3
<i>Depreciation on equipment</i>	40.4	- 0.9
<i>Depreciation on real estate</i>	6.7	- 0.2
<i>Realized losses on bonds sold</i>	74.9	+ 13.2
<i>Loan losses</i>	167.8	+ 117.9
<i>Foreign exchange loss on long-term debt</i>	8.8	- 0.4
<i>Foreign exchange losses incurred upon devaluation of the Swedish krona</i>	38.3	+ 41.5
EXTRAORDINARY INCOME		
Capital gains on real estate sold	2.1	+ 0.4
Total extraordinary income	2.1	+ 0.4
EXTRAORDINARY EXPENSE		
Transfer to the staff-owned Oktogonen Foundation	26.5	+ 7.2
Issuing cost for debenture and bond loans	27.7	+ 17.9
Other	18.9	+ 5.7
Total extraordinary expense	73.2	+ 30.8

Salaries and remunerations rose by 8%. The salary level was contractually raised by about 6%. The number of employees increased by 69 (1.4%) to an average during the year of 5,040. The number of hours worked rose by 2.8% to 8,254,000.

Salaries and remunerations include fees to the Central Board of Directors, Regional Boards and top executives at the Head Office and the Regional Units for a total amount of SEK 9.1 million (1981 SEK 7.4 million).

Salaries to other employees amounted to SEK 490.5 million (1981 SEK 454.0 million) and other salary costs, fees to branch office boards, wages to canteen and cleaning staff and the change in the reserve for vacation pay amounted to SEK 8.4 million (1981 SEK 8.7 million).

The pension costs are reported in accordance with Recommendation No. 4 of the Association of Authorized Public Accountants. The large decline in pension costs is explained by a substantially higher yield on the investments of the Bank's captive pension institutes while, at the same time, the pension liability grew less rapidly than in 1981.

Rents rose by 10%, whereas other expenses for premises decreased due to lower maintenance costs.

Expenses for rented data processing equipment rose sharply due to increased computer capacity and continued replacement of owned by rented computer equipment.

More than 60% of purchased services are supplied by institutions used by all commercial banks, primarily Bank Giro and the cash disbursement machine system. Both of these services have a positive effect on the Bank's profitability. Transmittal of payments through the Bank Giro system generates revenue through increased deposits in the form of transaction funds. The cash machine service is an alternative to teller service, but at lower cost. It also reduces the need for extended business hours.

Among sundry expenses, marketing costs rose by 35% to SEK 21 million.

Depreciation on equipment and real estate is commented on page 33.

The average loss over the last three years on bonds sold is charged to earnings. The actual loss in 1982 was SEK 76.1 million, as described under "Reserves" on page 29.

Credit losses (net after recovery of loans written off) as an average over the last three years. The credit losses in 1982 amounted to SEK 380.4 million as described under "Reserves" on page 29.

Foreign exchange loss—in addition to devaluation losses—on long-term debt to fund investments in affiliated foreign banks.

The net of foreign exchange gains and losses in connection with the 10% devaluation in September 1981, and the 16% devaluation in October 1982.

The profit-sharing transfer to the staff-owned Oktogonen Foundation is based on the fact that the Bank in 1981 achieved greater profitability than other publicly held commercial banks.

"Other" includes an appropriation to Svenska Handelsbanken's Innovation Fund of SEK 8 million. A like amount was appropriated in 1979. Also included in this item are costs due to obligations towards the buyers of three-quarters of the stock in Nordic American Banking Corporation to cover such losses as may arise in connection with certain credits.

UTILIZATION OF INVESTMENT AND WORK ENVIRONMENT RESERVES

	1982 SEK Million	Change from 1981 SEK Million
Utilization of:		
Temporary profit reserve	13.8	+ 2.6
Utilization for investments in:		
Owned premises	6.1	+ 1.8
Rented premises	3.5	- 3.4
Equipment	4.1	+ 4.1
	13.8	+ 2.6

DIFFERENCE BETWEEN BOOK AND ACTUAL PENSION COSTS	-44.8	- 55.8
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RESERVES

For bonds

Balance at beginning of year	1,282.4	+ 74.0
Realized loss (net) on bonds sold	76.1	- 24.9
Allocation in Statement of Income		
Realized losses on bonds sold, three-year average	74.9	+ 13.2
Allocation	-	-113.3
Balance at year-end	1,281.2	- 1.2
Required to cover the difference between cost and market value	809.0	-197.9
The market value exceeds book value by	472.2	+196.7
The highest value permitted by banking law exceeds book value by ...	840.8	-143.8

For loans

Balance at beginning of year	3,176.2	+608.9
Recoveries	5.1	- 5.4
Actual losses	385.6	+288.6
Allocation in Statment of Income		
Credit losses, three-year average	167.8	+117.9
Allocation	700.0	+ 54.6
Balance at year-end	3,663.6	+487.4

For foreign exchange

Balance at beginning of year	203.6	+ 3.3
Allocation in Statement of Income ...	-	- 3.3
Balance at year-end	203.6	-

When computing the pension costs in accordance with Recommendation No. 4 of the Association of Authorized Public Accountants and book pension costs, a difference arises for 1982 in the amount of SEK 44.8 million, being an excess book entry. In 1981, however, the amount entered was low by SEK 11 million. The difference in both cases has been regarded as an allocation entry.

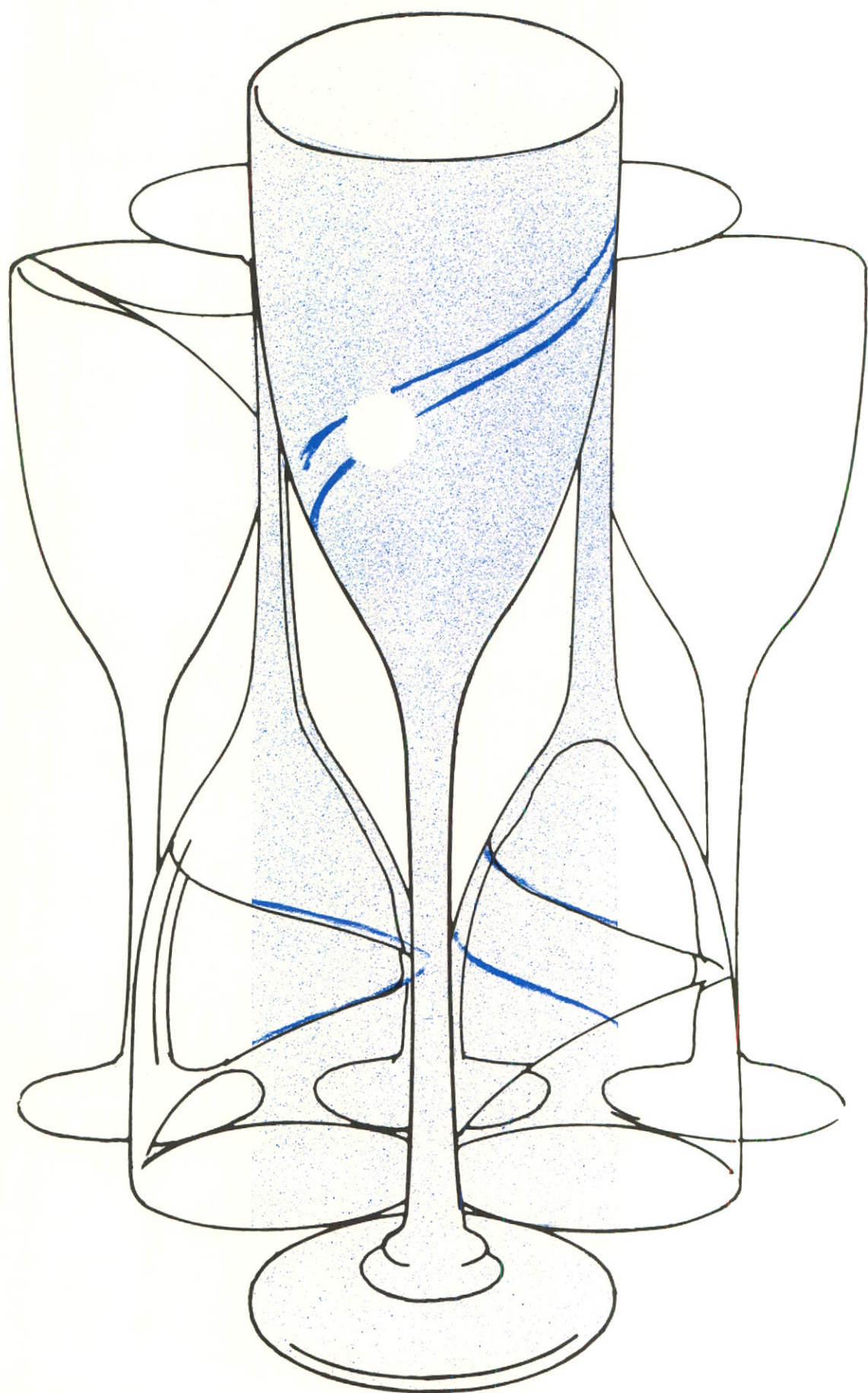
Losses incurred on sales of bonds are treated similarly to credit losses. The year's losses (net) are charged directly against the reserve, whereas the allocation is divided into two items. Realized losses on bonds sold are an average of the losses over the last three years and are charged to earnings. Any additional item is treated as an allocation.

On the balance sheet bonds are carried at cost less the reserve for bonds. The cost value, book value and market value of the bond portfolio are shown on page 32.

SEK 198.7 million of loan losses is a reservation for losses relating to certain international loans in accordance with an agreement between the banks and the Bank Inspection Board.

The allocation to reserve for loans is divided into two items: credit losses and allocation. The credit losses are an average of the losses over the last three years (net losses less recoveries) and are charged to operating income. The remainder is reported as an allocation.

The allocation in 1981 corresponded to the devaluation gain. The devaluation loss in 1982 is charged to earnings directly.



Stemware "Boda Line"

"Boda Line" is a good example of how skilled workmanship and good design are combined to make a fine product. A thread of fluid glass spirals on the outside of the wineglass. On the white wine glass the line

is green.

Design: Anna Ehrner

Producer: Kosta Boda AB

Notes to the Balance Sheet

Principles for valuation of assets and liabilities in foreign currency

Foreign banknotes	Buying rates for banknotes at year-end
Due to and from foreign banks	Spot rates (average of buy sell/rates for each currency as per official quotation at year-end)
Loans in foreign currency	Spot rates
Capital notes	Lower of cost and market value (computed on a spot rate basis)
Deposits in foreign currency	Spot rates
Certificates of Deposit in foreign currency	Par value at spot rates for each currency
Bonds in foreign currency issued by the Bank	Par value at spot rates for each currency
Debenture loans	Higher of cost and market value
Foreign exchange forward contracts	Spot rates (taking into account remaining contract life)

ASSETS	1982 SEK Million	Change from 1981 SEK Million
<i>Cash</i>		
Banknotes and coins	618	- 39
Checks and cashier's checks	951	- 444
Total cash	1,569	- 483
<i>Domestic financial institutions</i>		
The Riksbank		
Balance according to cash reserve requirement	577	+ 124
Foreign currency balance	766	+ 181
Other	7	- 9
Total, the Riksbank	1,349	+ 296
National Debt Office	55	- 46
Banks	2,428	+1,723
Savings and cooperative banks	3	- 4
Other, in foreign currency	1,616	+ 952
in Swedish kronor	1,559	+ 62
Total, domestic financial institutions	7,010	+2,982
<i>Foreign banks</i>		
In foreign currency	8,285	- 793
In Swedish kronor	1,118	+ 292
Total, foreign banks	9,403	- 501

The cash reserve requirement was 2% at year-end 1982 as well as 1981.

The increase in due from banks is largely due to foreign exchange transactions.

		Change from 1981
<i>Government securities and bonds</i>	1982	1981
A. At cost	SEK	SEK
Issued by:	Million	Million
The Government	20,638	+3,009
Mortgage institutions	8,357	+ 688
Local authorities and institutions financing local authorities	67	- 9
Corporations and institutions financing coporations	718	+ 231
Total domestic	29,779	+3,918
Foreign	169	+ 36
Total, at cost	29,948	+3,955
less reserve for bonds	1,281	- 1
Total book value	28,667	+3,956
B. Market value		
Issued by:		
The Government	20,617	+3,097
Mortgage institutions	7,579	+ 771
Local authorities and institutions financing local authorities	67	- 2
Corporations and institutions financing corporations	707	+ 244
Total domestic	28,970	+4,110
Foreign	169	+ 43
Total market value	29,139	+4,153
C. Value calculated on ten-years aver- age yield according to banking law	29,508	+3,812
<i>Loans</i>		
Amount utilized		
Priority construction loans	4,437	+ 916
Non-priority lending		
in foreign currency	19,716	+4,248
in Swedish kronor	25,435	+1,435
Total loans	49,588	+6,599
whereof checking account facilities	4,365	- 438
Committed amount	56,091	+7,987
whereof checking account facilities	10,868	+ 951
<i>Investments and capital notes</i>		
<i>Current assets</i>		
Inventory stocks in the brokerage business	12	+ 5
Stock in process of being issued	6	+ 6
Capital notes	71	+ 62
Total current assets	90	+ 73

SEK 2,204 million of the increase in government securities refers to Swedish kronor bonds and SEK 523 million refers to bonds in foreign currency. Additionally, the item contains a minor amount in treasury discount notes.

The holdings of housing bonds were increased in accordance with an agreement with the Delegation for Housing Financing.

Housing mortgage institutions took over an unusually large credit volume at the end of 1981, which meant that much less was taken over in 1982. Priority housing loans therefore rose sharply by 26%.

Credits refinanced abroad did not start rising until towards the end of the year when credits in Swedish kronor were tightened. The devaluation also had an effect. For the whole year the increase was as high as 27%.

Non-priority lending in Swedish kronor only rose by 6% from year-end to year-end.

The Bank was within the limit recommended by the Riksbank according to which the growth in loans during October, November and December could not exceed by more than 7% the respective monthly volumes in 1981.

	1982 SEK Million	Change from 1981 SEK Million
<i>Fixed assets</i>		
<i>Investments and participations</i>		
Subsidiaries in Sweden	150	—
Subsidiaries abroad	166	+ 49
Residential property participations ..	2	+ 0
Domestic financial institutions	94	+ 20
Foreign banks	152	—
Other companies	10	+ 0
Total	574	+ 69
<i>Capital notes and special guarantees</i>		
Subsidiaries in Sweden	37	— 2
Total fixed assets	611	+ 67
Total investments and capital notes ..	701	+ 140
<i>Equipment</i>		
Book value at beginning of year	90	+ 6
Additions	36	— 21
Equipment sold	—	— 9
Depreciation	40	— 1
Book value at year-end	86	— 4
<i>Real estate</i>		
At cost value	356	+ 11
Accumulated depreciation	56	+ 6
Accumulated write-down	42	+ 4
Book value	259	+ 0
Tax assessment value	307	+ 2
<i>Other assets</i>		
Accrued interest and commissions ..	3,458	+ 765
Sundry accounts	1,091	— 525
Total other assets	4,549	+ 241
<i>Collateral pledged</i>	80	—9,041
LIABILITIES		
<i>Deposits</i>		
Special deposits	6,305	— 856
Foreign currency accounts	1,891	+ 27
Other deposits:		
Checking accounts	3,042	+ 224
Universal accounts	21,366	+3,075
Other	7,684	— 630
Total other deposits	32,092	+2,669
Total deposits	40,288	+1,840

Subscription to new issue of stock in Svenska Handelsbanken S.A., Luxembourg, LUF 400 million.

Subscription to new issue of stock in AB Svensk Exportkredit, SEK 20 million.

Equipment is depreciated by 20% of cost value which is estimated to correspond to actual depreciation.

Real estate consists of bank premises, i.e. buildings acquired for bank branch offices. In addition, 27 buildings were taken over by default, book value SEK 7.5 million, tax assessment SEK 6.2 million. The increase in at cost value consists of capitalized rebuilding costs (SEK 6.7 million) and real estate taken over by default (SEK 5.5 million). One property was sold during the year. Real estate has been depreciated by for tax purposes highest permitted amount. Writedown against profit reserve has been effected by SEK 4.1 million.

SEK 8,990 million of collateral pledged at year-end 1981 referred to bonds deposited with the Riksbank as security for short-term borrowings. Such security no longer has to be provided.

The development of special deposits should be seen together with certificates of deposit in Swedish kronor.

Since introduction in the fall of 1979, the Universal Account—Allkonto has contributed to a better development of consumer deposits for Svenska Handelsbanken than for other banks.

	1982 SEK Million	Change from 1981 SEK Million
<i>Certificates of Deposit</i>		
in foreign currency	963	+ 22
in Swedish kronor	7,833	+1,987
Total Certificates of Deposit	8,796	+2,009
<i>Domestic financial institutions</i>		
The Riksbank	36	- 345
The National Debt Office	1	+ 0
Banks	5,376	+2,940
Savings and cooperative banks	401	- 326
Other, in foreign currency	5	- 33
in Swedish kronor	1,370	- 525
Total domestic financial institutions	7,190	+1,711
<i>Foreign banks</i>		
in foreign currency	25,433	+4,286
in Swedish kronor	1,224	+ 286
Commercial Paper	120	- 298
Rediscounted bills of exchange	-	- 34
Total foreign banks	26,778	+4,240
<i>Long-term borrowings</i>		
Bonds		
in foreign currency	2,561	+1,682
in Swedish kronor	25	+ 9
Total bonds	2,586	+1,691
Debenture loans		
in foreign currency	893	+ 118
in Swedish kronor	190	- 21
Total debenture loans	1,084	+ 98
Refinancing of loans from the National Pension Fund	4,231	+ 471
Refinancing of export credits with the National Pension Fund and AB Svensk Exportkredit		
in foreign currency	1,107	+ 728
in Swedish kronor	305	- 10
Total refinancing of export credits	1,413	+ 718
Mortgage loans in own real estate ..	69	- 48
Total long-term borrowings	9,381	+2,930
<i>Other liabilities</i>		
Accrued interest and commissions ..	959	+ 19
Taxes due	88	+ 53
Bank Giro	756	+ 62
Temporary clearing accounts	1,957	- 661
Total other liabilities	3,760	- 526

Svenska Handelsbanken has contributed more than other Swedish commercial banks in developing a certificate of deposit market. The Bank's share of the market was 44% at year-end, the same figure as last year.

SEK 4,350 million of the liabilities to domestic financial institutions consists of short-term borrowings (1981 SEK 2,729 million).

SEK 627 million of liabilities to other financial institutions was in the form of deposits on special terms (1981 SEK 871 million).

A major portion of the liabilities in foreign currency refers to refinancing of credits in foreign currency.

A specification of bond loans is found on page 36.

A specification of debenture loans is found on page 36.

	1982 SEK Million	Change from 1981 SEK Million
<i>Reserves for loans and foreign exchange</i>	3,867	+ 487
<i>Investment reserves</i>		
Temporary profit reserve	—	— 14
<i>Equity</i>		
Common stock	516	—
Index stock	65	—
Preferred stock	50	—
Statutory reserve	315	—
Retained earnings	217	+ 36
Net income for the year	220	+ 33
Total equity	1,383	+ 69
<i>Guarantee obligations</i>		
Guarantees	7,845	+1,981
Special guarantees	187	+ 76
Acceptance liability	150	+ 58
Total guarantee obligations	8,182	+2,115
<i>Commitments to foreign central banks</i>	—	—
<i>Pension liability</i>		
Capitalized value of pension commitments	767	+ 55
Net assets in the Bank's pension funds (book value)	765	+ 101

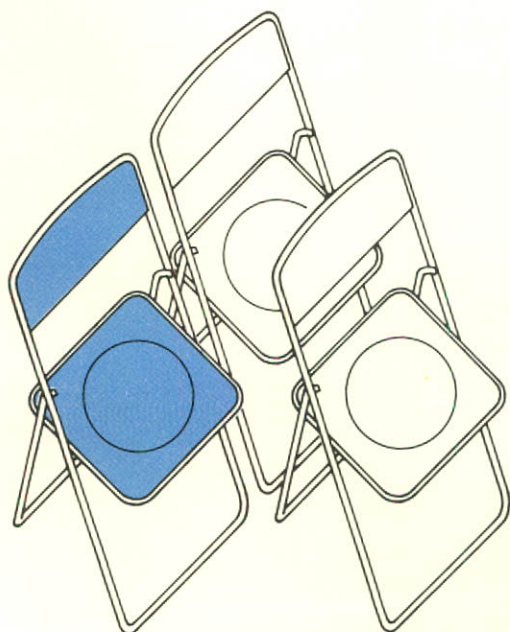
Data about the Bank's ownership are found on page 23.

Special guarantees have been issued in favor of domestic financial institutions—BOFAB, Företagskapital, Industrikredit, AB Svensk Exportkredit.

Svenska Handelsbanken, Den norske Creditbank, Kansallis-Osake-Pankki and Copenhagen Handelsbank have on behalf of the Nordic Bank branch office in Singapore undertaken towards the Monetary Authority of Singapore to supply the office with currencies in its Asian Currency Unit when required. On December 31, 1982 the branch office reported borrowings equivalent to SEK 1,253 million and outstanding loans equivalent to SEK 1,174 million.

Pension liabilities include commitments to employees and pensioners in the Bank and its Swedish subsidiaries.

The net worth of the Bank's pension funds exceeds the book value and amply covers pension commitments.



Folding chairs

Folded, this chair takes very little space and is suitable for occasional or every-day use. Low weight makes it easy to move, store and stack. The chairs shown here are made with materials so they can be used outdoors.

*Design: Niels Gammelgaard
Producer: IKEA*

DEBENTURE LOANS December 31, 1982

Year of issue/ conversion/maturity	Loan amount Thousand	Repayment period	Outstanding amount Thousand	Interest rate %
In Swedish kronor				
1963/73/83	35,000	1964-83	1,715	5.75
1964/74/84	40,000	1965-84	3,756	6.25
1965/75/85	40,000	1966-85	5,932	6.75
1966/76/86	35,000	1967-86	6,981	6.75
1967/77/87	40,000	1968-87	9,864	6.25
1967/77/87	40,000	1968-87	10,000	7.0
1974/89	75,000	1975-89	44,563	8.5
1975/90	75,000	1976-90	43,642	9.5
1977/92	100,000	1978-92	63,983	10.0
Total			190,436	
In foreign currency				
1976/86	USD 30,000	1977-86 USD 21,317 = SEK 157,223		9.25
1980/87	USD 35,000	1987 USD 35,000 = SEK 255,281		Floating
1981/88	USD 45,000	1988 USD 40,395 = SEK 296,155		13.75
1981/87	DEM 60,000	1987 DEM 60,000 = SEK 184,410		10.25
Total			SEK 893,069	
Total debentures			1,083,505	

BONDS December 31, 1982

Year of issue/ maturity	Loan amount Thousand	Repay- ment period	Outstanding amount Thousand	Interest rate %
In Swedish kronor				
1981/86		1983-86	14,387	12.5
1981/88		1986-88	10,114	13.0
Total			24,501	
In foreign currency				
1980/85	SDR 15,000	1985 SDR 14,800 = SEK	118,893	11.0
1980/83	USD 30,000	1983 USD 26,500 = SEK	193,310	Floating
1980/83	USD 20,000	1983 USD 20,000 = SEK	145,875	Floating
1981/84	USD 50,000	1984 USD 50,000 = SEK	364,688	Floating
1981/84	USD 25,000	1984 USD 25,000 = SEK	182,344	Floating
1981/86	CHF 35,000	1986 CHF 35,000 = SEK	128,100	6.625
1982/87	USD 20,000	1987 USD 20,000 = SEK	145,875	Floating
1982/85	USD 2,000	1985 USD 2,000 = SEK	14,587	14.125
1982/90	USD 100,000	1990 USD 98,350 = SEK	717,633	13.0
1982/87	USD 20,000	1987 USD 20,000 = SEK	145,875	Floating
1982/92	CHF 100,000	1992 CHF 100,000 = SEK	366,000	6.75
1982/88	BEL 250,000	1988 BEL 250,000 = SEK	37,875	13.5
Total			2,561,055	
Total Bonds			2,585,556	

Specification of Investments and Participations

December 31, 1982

		Nominal value ¹ Thousand	Book value Thousand SEK	Dividend Thousand SEK	The Bank's voting power %
SUBSIDIARIES IN SWEDEN					
Svenska Finans AB (financing company) . .		108,000	69,405	28,080	80
Sigab (mortgage company)		51,000	65,000	34,000	100
AB Oktogonen (bank real estate company)		10,500	10,444	350	100
Fastighets AB Filia (bank real estate company)		4,500	4,810	1,650	100
Handelsbankens Fondservice AB (investment fund management company)		500	351	500	100
		174,500	150,011	64,580	
SUBSIDIARIES OUTSIDE SWEDEN					
Svenska Handelsbanken S.A., Luxembourg	LUF	1,150,000	165,497	—	100
Svenska Handelsbanken Inc., USA	USD	10	59	—	100
			165,556	—	
RESIDENTIAL PROPERTY PARTICIPATIONS					
		2,207	2,207	—	
SWEDISH CREDIT INSTITUTIONS					
AB Svensk Exportkredit		70,000	70,000	2,400	10,0
Svensk Bostadsfinansiering AB BOFAB . .		8,157	9,462	1,020	16,3
AB Industri kredit		8,650	8,803	606	10,8
Kommunlåneinstitutet AB		3,625	2,958	544	14,5
Företagskapital AB		2,299	2,699	—	11,5
		92,731	93,923	4,569	
FOREIGN BANKS					
Nordic Bank PLC	GBP	10,000	108,638	10,367	25,0
Nordic American Banking Corp. (NABC)	USD	4,000	32,373	—	25,0
Nordfinanz-Bank Zürich	CHF	3,250	4,445	—	5,0
Manufacturers Hanover Banque Nordique	FRF	6,500	6,094	739	10,0
Adela Investment Co S.A.	USD	525	0	—	0,9
Banco Urquijo	ESA	35,636	0	314	0,4
Finska Industrialiseringsfonden	FIM	316	432	44	0,8
Development Bank of Singapore	SGD	144	0	43	0,1
			151,982	11,506	
OTHER COMPANIES					
Köpkort AB		7,750	5,391	525	22,7
BankomatCentralen AB		1,600	1,920	—	16,0
AB Giro (affiliated with the Bank Giro Center)		1,090	1,090	87	21,8
Värdepapperscentralen VPC AB		450	540	54	15,0
Upplysningscentralen UC AB		221	265	11	22,1
Euroclear Clearance System Ltd	USD	31	148	31	1,3
Society for World Interbank Financial Telecommunication (SWIFT)	BEL	885	114	—	2,0
Miscellaneous, 9 companies			783	—	
			10,252	708	
TOTAL INVESTMENTS AND PARTICIPATIONS					
			573,931	81,363	

¹ SEK, unless otherwise indicated.

Consolidated Accounts

THE SVENSKA HANDELSBANKEN GROUP

The consolidated accounts include the Bank and companies in which the Bank's ownership exceeds 50%. Svenska Finans AB, Sigab, Handelsbankens Fondservice AB and two real estate companies are subsidiaries mainly working in Sweden.

Svenska Handelsbanken S.A., Luxembourg, (SHL) is a wholly owned subsidiary engaged in banking operations in Luxembourg with a branch office in London, Svenska International.

Svenska Handelsbanken, Inc. is a wholly owned subsidiary domiciled in Delaware, U.S.A. The company issues commercial paper on the U.S. market.

Total consolidated assets at year-end 1982 amounted to SEK 120 billion, an increase compared to 1981 of 17%.

On the international markets the Bank for many years has been engaged in banking through the so-called Nordic group. Aside from Svenska Handelsbanken, the Nordic group consists of Den norske Creditbank, Copenhagen Handelsbank and Kansallis-Osake-Pankki. This group of banks each own one quarter of Nordic American Banking Corporation, New York and Nordic Bank PLC, London, with its subsidiary Nordfinanz-Bank Zürich, Zurich. Manufacturers Hanover Banque Nordique, Paris, is an affiliate, 60% owned by Manufacturers Hanover Trust Company and 10% each by the four cooperating banks. The Nordic group is also active in leasing through Nordic Leasing International headquartered in the Hague and in the U. S. through Commercial Funding Inc., N. Y.

Total assets of the above-mentioned group of affiliates, which are not included in the consoli-

dated accounts, were the countervalue of SEK 39 billion at year-end 1982.

ACCOUNTING PRINCIPLES

The Consolidated Balance Sheet has been prepared in accordance with the purchase method of accounting. Group equity thus consists of the Parent Company's equity plus that portion of subsidiary equity which has been added in these companies after the date of acquisition.

In converting foreign subsidiary accounts to Swedish kronor, monetary assets and liabilities have been calculated at the year-end rates of exchange. Equity has been valued at the rate prevailing at the time of investment. The statements of income have been converted at the average rate of exchange during the year.

When converting from local currency to Swedish kronor, a positive difference arises in the 1982 accounts constituting a foreign exchange gain of SEK 14.5 million, which was not been added to income but is instead balanced under the heading "Other liabilities".

CONSOLIDATED RESULT

Consolidated operating income for 1982 amounted to SEK 1,394 million. After restatement in accordance with the new accounting principles applied from 1982, the 1981 consolidated operating income amounted to SEK 1,291 million. The result thus improved by SEK 103 million or 8%.

The return on adjusted equity after tax fell from 18.3% to 17.7%.

The result is attributable to group entities as follows:

	1981 SEK Million	1982 SEK Million	Change SEK Million
Svenska Handels- banken	1,044	1,122	+ 78
Svenska Finans	118	111	- 7
Sigab	99	111	+ 12
Other Swedish	6	9	+ 3
SHL, Luxembourg	24	41	+ 17
	1,291	1,394	+103

Before allocations to statutory reserves, the Group's available surplus amounts to SEK 469 million.

The average number of employees in the Group was 5,650 compared to 5,535 the year before. Of this number, 5,609 (5,505 last year) were employed in Sweden and 41 (30) abroad.

SUBSIDIARIES IN SWEDEN

THE SVENSKA FINANS GROUP	1981 SEK Million	1982 SEK Million	Change SEK Million
Total assets	5,274	6,108	+ 834
Equity	224	217	- 7
Reserves	119	178	+ 60
Operating income	118.1	110.8	- 7.4
Taxes	3.2	9.6	+ 6.4
Net income	57.8	21.5	- 36.2
Dividend	28.8	35.1	+ 6.3
Number of employees	507	547	+ 40

Svenska Finans AB with its subsidiaries, Kundkredit AB and Kredit-Inkasso AB, is the leading finance company in Sweden. Operations include factoring, leasing, instalment credit financing and other forms of corporate financing as well as administrative and collection services.

In 1982 Svenska Finans, together with the Nordic group, acquired one of the largest privately owned leasing companies in the United States, Commercial Funding, Inc., New York.

Commercial Funding, Inc. was established in 1979 and offers complete leasing services in the U.S. including true-leasing, leverage-leasing and vendor-leasing programs.

Svenska Finans is 80% owned by Svenska Handelsbanken and 20% by the staff-owned Oktogonen Foundation. The credit volume, including leasing objects, increased by 11% to SEK 5,169 million. The result was somewhat lower than in 1981 due to increased investments in computer systems and the addition of a new computer center, all of which has been charged to earnings for the year. Additionally, the interest margin was slightly lower than the prior year.

SIGAB	1981 SEK Million	1982 SEK Million	Change SEK Million
Total assets	7,220	7,784	+ 564
Equity	108	123	+ 15
Reserves	145	160	+ 15
Operating income	99.0	111.3	+ 12.3
Taxes	57.9	55.1	- 2.9
Net income	36.1	41.0	+ 4.8
Dividend	26.0	34.0	+ 8.0
Number of employees	21	19	- 2

Sigab—Svenska Intecknings Garanti Aktiebolaget Sigab—has been a wholly owned subsidiary of Svenska Handelsbanken since 1955.

Since its inception in 1869, Sigab has engaged in long-term mortgage lending to finance residential, office and commercial buildings. Funds for this activity have been raised by issuance of bonds and other obligations.

According to the so-called BOFAB Agreement – concluded in 1972 between the Government and the commercial banks – loans granted during the years 1962–1972 were to be gradually transferred to BOFAB. Sigab's right to issue bonds was terminated.

Since then, Sigab's operation—aside from management of the existing loan portfolio—has mainly consisted of lending against older single-family homes in connection with ownership changes, renovations or alterations. The operation has been funded by issuance of notes. During 1982 Sigab's volume of new loans was SEK 659 million—an increase of 30% compared with 1981.

In 1982 the BOFAB Agreement was amended at the initiative of the Riksbank. Effective in 1983, BOFAB will engage only in priority lending and, in consequence, will transfer its non-priority credits to Sigab and other institutions. The future transfer of loans from Sigab to BOFAB will refer only to priority loans.

In connection with the revision of the BOFAB Agreement, the Riksbank has granted to Sigab the right to issue bonds for refinancing its non-priority lending. During 1982 Sigab completed its funding through issuance of notes by issuing a bond loan of SEK 75 million.

HANDELSBANKENS FONDSERVICE AB

Handelsbankens Fondservice AB provides administrative service to Handelsbankens Fondförvaltning AB and Handelsbankens Skattefondförvaltning AB.

Guidelines for investments and policy matters are decided by the boards of the investment fund management companies. These boards include representatives elected by the investors.

Operations were expanded during the year by

HANDELS- BANKENS FONDSERVICE AB GROUP	1981 SEK Million	1982 SEK Million	Change SEK Million
Equity	0.8	1.6	+ 0.8
Operating income	0.8	3.4	+ 2.6
Taxes	0.5	2.0	+ 1.5
Net income	0.3	1.1	+ 0.8
Dividend	0.2	0.5	+ 0.2
Funds managed: Handelsbankens Fondför- valtning AB			
Handelsbankens Aktiefond	122	164	+ 42
Koncentra Reinvest	47	54	+ 7
Handelsbankens Avkastningsfond	—	386	+ 386
Handelsbankens Skatte- fondförvaltning AB			
Handelsbankens skattefond	304	742	+ 438
Corporate mutual funds	85	245	+ 160
Number of employees	14	17	+ 3

the creation of Handelsbankens Avkastningsfond, a fund that invests primarily in short and medium-term interest-bearing securities. The number of investors in Handelsbankens Skattefond increased from 48,000 to 63,800.

Additionally, the company has undertaken the management of 15 (13 in 1981) corporate mutual funds with a total of 20,700 accounts.

Fastighets AB Filia owns 11 properties in different parts of the country, in which the Bank rents premises. AB Oktogonen owns 4 similar properties in Stockholm. Total rental income amounted to SEK 15.3 million, an increase of 14% compared to 1981.

THE REAL ESTATE COMPANIES FILIA AND OKTOGONEN	1981 SEK Million	1982 SEK Million	Change SEK Million
Equity	18.9	19.0	+0.1
Operating income	5.4	6.0	+0.6
Taxes	3.2	3.6	+0.3
Net income	2.2	2.4	+0.2
Dividend	2.3	2.0	-0.3
Number of employees	3	3	—

SUBSIDIARIES OUTSIDE SWEDEN

SVENSKA HANDELS- BANKEN S.A., LUXEMBOURG	1981 SEK Million	1982 SEK Million	Change SEK Million
Total assets	4,279	7,120	+2,841
Equity	122	172	+ 50
Operating income	23.6	40.9	+ 17.3
Allocations	19.2	37.1	+ 17.8
Taxes	2.3	3.0	+ 0.7
Net income	2.2	0.9	- 1.2
Number of employees	19	20	+ 1

Svenska Handelsbanken S.A. recorded continued growth during the year. In September the share capital was increased by a new issue in the amount of LUF 400 million to LUF 1,150 million.

The outstanding credit volume rose by 35% to LUF 28 billion, or SEK 4.4 billion. Svenska Handelsbanken S.A. opened a branch office in London during the year, Svenska International. Svenska Handelsbanken has thereby increased its possibilities of assisting Swedish companies in securing long-term funds and other international corporate services.

SVENSKA HANDELSBANKEN, INC.

The company was established in 1982 with legal domicile in the state of Delaware, U.S.A. It is a wholly owned subsidiary for the purpose of issu-

AFFILIATED BANKS

	Nordic Bank PLC 1982 SEK Million	Nord- finanz- Bank Zürich 1982 SEK Million	Nordic American Banking Corporation 1982 SEK Million	Manufacturers Hanover Banque Nordique 1982 SEK Million
Total Assets	16,135	9,883	4,493	8,778
Capital base ¹	1,565	951	222	183
Number of employees	279	176	110	162
Svenska Handelsbanken's participation	25%	20% ²	25%	10%

¹ Equity, reserves, subordinated debt and similar items

² 5% hereof is owned by Svenska Handelsbanken directly and 15% via Nordic Bank

ing commercial paper on the U.S. market under the guarantee of the parent company. The funds so raised are transferred to Sweden to refinance the Bank's dollar lending. The outstanding volume as at December 31, 1982, was USD 80 million, corresponding to SEK 580 million.

AFFILIATED BANKS

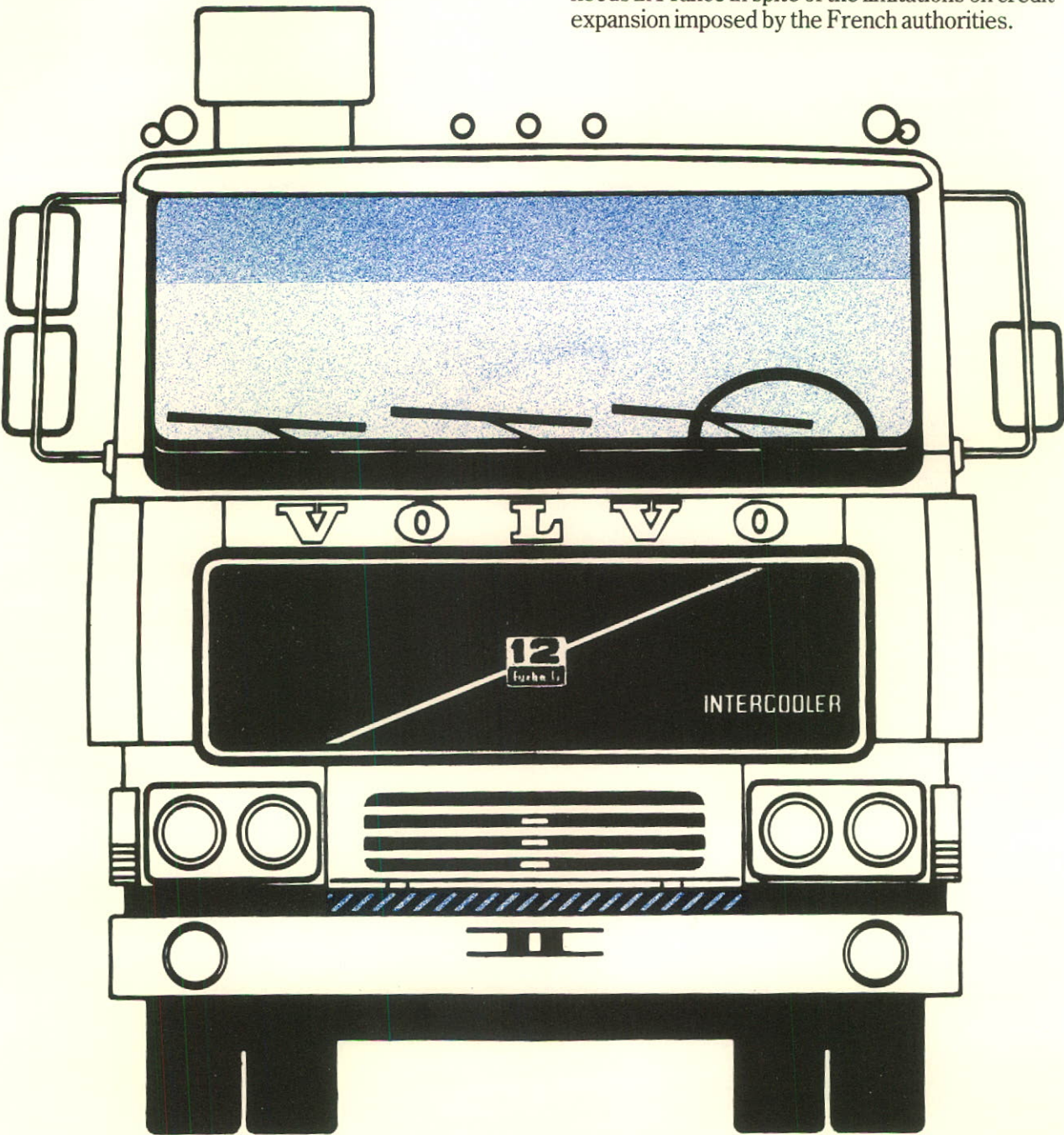
Nordic Bank PLC, London, has been affected by an unfavorable development of the exchange rate for the British pound and by the recession in shipping. The entities in the Far East – Nordic Asia

Ltd., Hong Kong, and Nordic Bank Singapore – recorded good results and strong growth.

Nordfinanz-Bank Zürich continues to show satisfactory growth and good profitability.

Nordic American Banking Corporation, New York, has developed well during the year. Together with among others Svenska Finans, the Bank has acquired the U.S. leasing company, Commercial Funding, Inc. This company will offer services complementary to those of the Bank.

Manufacturers Hanover Banque Nordique, Paris, shows good profitability and has continued to assist Swedish companies with their financing needs in France in spite of the limitations on credit expansion imposed by the French authorities.



Cab for Volvo F12
The key to good transportation economy is driver health and comfort. Volvo's product development department for many years has dealt with the problem of creating top rated safety and driver comfort. All-welded steel cab with built-in collision protection, safety steering

wheel, roll-up safety belt, easy access controls, good visibility, good sound insulation and integrated air conditioning are important elements of the driver environment.
Producer: Volvo Lastvagnar AB

Consolidated Statement of Income

	1981 SEK Million	1982 SEK Million	Change from 1981 SEK Million
OPERATING REVENUE			
Interest income, net ¹	2,243.2	2,514.3	+ 271.0
Commissions	649.4	812.8	+ 163.4
Miscellaneous revenue	51.2	89.0	+ 37.8
TOTAL OPERATING REVENUE	2,943.8	3,416.0	+ 472.2
OPERATING EXPENSE			
Personnel	784.6	813.6	+ 29.0
Other expenses, excl. depreciation	453.2	539.7	+ 86.5
Depreciation ¹	272.7	343.3	+ 70.6
TOTAL EXPENSE	1,510.5	1,696.6	+ 186.1
Realized losses on bonds sold	61.7	74.9	+ 13.2
Credit losses	74.8	203.1	+ 128.4
Realized losses on long-term debt	9.2	8.8	- 0.4
Gain/loss on devaluation of the Swedish krona	- 3.2	38.3	+ 41.5
TOTAL OPERATING EXPENSE	1,652.9	2,021.7	+ 368.9
NET OPERATING INCOME	1,290.9	1,394.3	+ 103.3
Extraordinary income	1.7	2.1	+ 0.4
Extraordinary expense	42.4	73.2	+ 30.8
NET INCOME BEFORE ALLOCATIONS AND TAXES	1,250.3	1,323.3	+ 73.0
Utilization of profit reserve	+ 11.2	+ 13.8	+ 2.6
Utilized for write-down	- 11.2	- 13.8	- 2.6
Difference between book and actual pension costs	+ 11.0	- 44.8	- 55.8
Allocations to reserves	- 843.3	- 832.4	+ 11.0
Taxes	- 184.2	- 224.2	- 40.0
Minority interest	- 11.6	- 4.3	+ 7.2
NET INCOME	222.2	217.6	- 4.6

1981 figures restated according to new accounting practice for realized losses on bonds sold, credit losses, foreign exchange gains/losses on devaluation of the Swedish krona and pension costs applied by the Bank starting in 1982.

All individual items have been rounded. In some instances the subtotals therefore do not balance.

Notes to items marked¹, see below

	1981 SEK Million	1982 SEK Million	Change from 1981 SEK Million		1981 SEK Million	1982 SEK Million	Change from 1981 SEK Million
NET INTEREST INCOME				DEPRECIATION			
Svenska Handelsbanken .	1,665.3	1,809.1	+ 143.8	Leasing objects	218.0	283.3	+ 65.3
Sigab	103.0	118.1	+ 15.1	Machinery and equipment	44.8	50.0	+ 5.2
Svenska Finans ²	434.5	522.2	+ 87.7	Real estate	7.9	8.0	+ 0.1
Other	40.4	64.9	+ 24.5	Goodwill	2.1	2.1	-
Total net interest income	2,243.2	2,514.3	+ 271.0	Total depreciation	272.7	343.3	+ 70.6

² Net interest income includes leasing fees.

Consolidated Balance Sheet, December 31

	1981 SEK Million	1982 SEK Million	Change from 1981 SEK Million
ASSETS			
Cash	2,052	1,569	- 483
Banks and other financial institutions	14,380	17,361	+ 2,981
Bonds	24,235	29,078	+ 4,843
Loans ¹	55,996	65,011	+ 9,015
Leasing objects ¹	1,011	1,257	+ 246
Investments and participations	260	355	+ 96
Equipment	111	122	+ 11
Real estate ¹	315	315	- 0
Other assets ¹	4,599	5,015	+ 416
TOTAL ASSETS	102,960	120,085	+17,125

LIABILITIES AND STOCKHOLDERS' EQUITY

Cashier's checks	389	390	+ 1
Deposits and CDs	48,204	52,988	+ 4,784
Banks and other financial institutions	31,155	38,755	+ 7,600
Long-term debt ¹	13,118	17,318	+ 4,199
Other liabilities	4,930	4,815	- 115
Reserves ¹	3,680	4,284	+ 605
Investment reserves	14	-	- 14
Minority interest	45	43	- 1
Share capital	631	631	-
Statutory reserves	384	392	+ 8
Free reserves	187	251	+ 64
Net income for the year	222	218	- 5

TOTAL LIABILITIES AND STOCKHOLDERS'

EQUITY	102,960	120,085	+17,125
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All individual items have been rounded. In some instances the subtotals therefore do not balance.

Notes to items marked ¹ see below

LOANS AND LEASING OBJECTS	1981	1982	Change from 1981	LONG-TERM DEBT	1981	1982	Change from 1981
	SEK Million	SEK Million	SEK Million		SEK Million	SEK Million	SEK Million
Svenska Handelsbanken	42,167	48,947	+6,780	Svenska Handelsbanken	6,390	9,358	+2,968
Sigab	6,947	7,514	+ 567	Sigab	6,030	6,535	+ 505
Svenska Finans	4,866	5,444	+ 578	Svenska Finans	571	1,320	+ 749
Other	3,027	4,363	+1,336	Other	127	105	- 22
Total loans and leasing objects ..	57,007	66,268	+9,261	Total long-term debt	13,118	17,318	+4,199

REAL ESTATE	1982 At cost	1982 Book value	1982 Tax assess- ment value	RESERVES FOR LOANS, FOREIGN EXCHANGE AND LEASING OBJECTS	1982	1982	1982
	SEK Million	SEK Million	SEK Million		SEK Million	SEK Million	SEK Million
Svenska Handelsbanken ..	356	259	307	Balance at beginning of year	2,988	3,680	+ 692
Svenska Finans	11	20	21	Recoveries	11	5	- 6
Real estate companies ...	46	36	53	Loan losses	120	436	+ 316
Total real estate	413	315	381	Allocation in Statement of Income			
				Provision for loan losses	75	203	+ 128
				Additional allocation	726	832	+ 106
				Balance at year-end	3,680	4,284	+ 605

OTHER ASSETS

The figure for 1982 includes SEK 10.4 million relating to consolidated goodwill (1981 SEK 12.5 million).

Svenska Handelsbanken Auditors' Report for 1982

In our capacity as Auditors of Svenska Handelsbanken, we present the following Report for 1982.

We have examined the Annual Report of the Board of Directors, studied accounts, minutes, instructions of the Board concerning the Bank's lending policy and other documents of importance for judging the financial position and the business of the Bank. We have also scrutinized major credits and other dispositions of the assets of the Bank. All Regional Units have been visited. We have also taken such other steps as we have deemed necessary for carrying out the audit.

The Internal Audit Department of the Bank has examined the internal controls and accounts. In connection with this, the department has carried out inventories and other audit measures in accordance with the instructions in force. We have reviewed the reports of these examinations.

The audit has given no reason for comment as regards documents submitted to us, the book-keeping of the Bank, inventories of its assets, internal control, administration costs, or the conducting of the business of the Bank.

We recommend the annual General Meeting of Shareholders

that they adopt the Balance Sheet presented by the Board of Directors and countersigned by us as per December 31, 1982,

that they grant the Directors a discharge from liability for their administration during 1982 and

that they allocate the profit at their disposal, which amounts to SEK 436,878,529.31, in accordance with the recommendation of the Board of Directors.

Stockholm, February 17, 1983

LENNART DAHLSTRÖM

Chairman

SUZANNE BONNIER

SVEN-ERIK JOHANSSON

SUNE CARLSSON

Authorized Public Accountant

PER V A HANNER

Authorized Public
Accountant
Appointed by the Royal
Bank Inspection Board

INGMAR LIDBECK

Appointed by
the Royal Bank
Inspection Board

LENNART SVENSSON

Authorized Public
Accountant
Appointed by the Royal
Bank Inspection Board

Board of Directors

JAN WALLANDER

Chairman

TORÉ BROWALDH

First Vice Chairman

MATTS CARLGREN

Chairman, Mo och Domsjö AB, Second Vice Chairman

TORKEL CARLSSON

President, Rederi AB Transatlantic

JAN EKMAN

President

PER EKSTRÖM

Chairman, ret.

ERIK GRAFSTRÖM

Appointed by the Government

RUNE GUSTAVSSON

Appointed by the Government

TOM HEDELIUS

President

GUNNAR HINDEMARK

President, ret.

NILS HOLGERSON

President, Pripps Bryggerier AB

ULF LAURIN

President, PLM AB

PER LINDBERG

President, AB Industrivärden

INGE NYBERG

Member of the Board, The Oktagonen Foundation

PETER POLLAK

Representative of the Oktagonen Foundation

BO RYDIN

President, Svenska Cellulosa AB SCA

ANDERS WALL

Chairman, AB Volvo

SVEN ÅGRUP

Chairman, AGA AB

Deputies

CARL-ERIK FEINSILBER

President, Investment AB Promotion

KLAS HOLMBERG

President, Stockholms Förvaltnings AB Svea

BENGT KARLSON

President, Investment AB Asken

GÖRAN SUNDBLAD

President, Almedahl-Dalsjöfors AB

KARL ERIK ÅMAN

President, Statsföretag AB

Auditors

LENNART DAHLSTRÖM

President, ret.

SUZANNE BONNIER

President, Sweden-America Foundation

SUNE CARLSSON

Authorized Public Accountant

PER V A HANNER

Authorized Public Accountant

Appointed by the Royal Bank Inspection Board

SVEN-ERIK JOHANSSON

Professor, Stockholm School of Economics

INGMAR LIDBECK

Supreme Administrative Court Justice

Appointed by the Royal Bank Inspection Board

LENNART SVENSSON

Authorized Public Accountant

Appointed by the Royal Bank Inspection Board

Deputies

BO FRIDMAN

Authorized Public Accountant

CARL-FREDRIK GADDE

Deputy General Manager, ret.

DAG HASSLEGREN

Authorized Public Accountant

INGVAR PRAMHÄLL

Authorized Public Accountant

Management

Presidents

JAN EKMAN

TOM HEDELIUS

Executive Vice Presidents

At the Regional Units:

HOLGER CLARKSON

Stockholm City

OLOF HYLTÉN-CAVALLIUS

Central Sweden

GÖRAN PALM

Southern Sweden

BJÖRN ROSÉN

Western Sweden

GÖRAN RUNDSTRÖM

Northern Norrland

JÖRGEN SETTERBERG

Greater Stockholm

BO STRAGE

Eastern Sweden

JAN ÅSMAN

Southern Norrland

At the Central Head Office:

MORGAN ABRAHAMSSON

Central Administration Department

BO DAMBERG

Central Finance and Investment Division

LENNART JOHANSSON

Controller

At the Central International Division:

ANDERS LJUNGH

*Markets and Banking Relations,
Control and Administration*

LEON ODNEVALL

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 Executive Vice President
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EASTERN SWEDEN

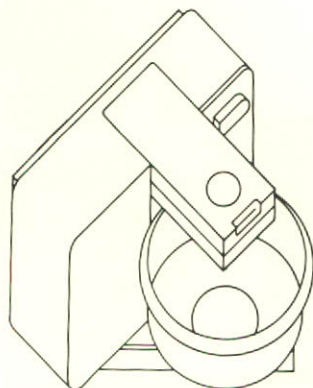
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WESTERN SWEDEN

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SOUTHERN SWEDEN

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 Executive Vice President
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 Tel. +46 40 70 20 00



Assistant "Junior"

This is a less expensive alternative to a large assistant. With different attachments it will perform similar tasks. Installed on a wall or under a cabinet, it will not take up valuable counter space.

This appliance was one of SID's selections for "Good design 1980".

Design: Hugo Lindström and Christoph Egli

Producer: AB Electrolux

The background of the entire page is a dark blue field filled with large, stylized, light blue geometric shapes. These shapes include circles, arcs, and straight lines, some of which form parts of letters like 'S', 'H', and 'B'. The pattern is dense and abstract, creating a modern, architectural feel.

Svenska Handelsbanken