

# Annual and Sustainability Report 2023

# This is Handelsbanken

Handelsbanken was founded in 1871. Today, a little over 150 years later, we are one of the world's strongest banks.

Our idea of how to run our Bank is based on trust and respect for individuals, both customers and employees. At Handelsbanken, we strive to evolve and improve, so that we can be the best possible bank for our customers. We create value in each customer meeting.

Handelsbanken's ambition is to provide the best banking experience within financing, savings, and advisory services. We see potential for continued strong business development and profitable growth at a low risk, facilitated by satisfied customers. Our home markets are Sweden, Norway, the UK and the Netherlands, with business also conducted in Luxembourg and the USA.

## The year in brief

**Operating profit** increased by 35 per cent to SEK 36,322 million (26,829).

**Earnings per share** grew by 34 per cent to SEK 14.70 (10.95).

**Return on equity** increased to 15.9 per cent (12.8).

**Income** grew by 24 per cent to SEK 62,249 million (50,375).

**Net interest income** increased by 30 per cent to SEK 47,578 million (36,614).

**Expenses** grew by 9 per cent to SEK -23,182 million (-21,212). Adjusted for items affecting comparability, the increase in expenses was 8 per cent. The increase in expenses was due to the higher investments to strengthen the Bank's offering and general inflation in the Bank's home markets.

**The cost/income ratio** improved to 37.2 per cent (42.1).

**The credit loss ratio** was 0.01 per cent (0.00).

**The common equity tier 1 ratio** was 18.8 per cent (19.6).

**The Board of Directors proposes an ordinary dividend** of SEK 6.50 (5.50) per share and a special dividend of SEK 6.50 (2.50) per share.

**In 2023, Handelsbanken launched a Group-wide transition plan for the bank's climate work**, with a strong focus on the property sector and mortgages.

**No comparable bank in the world has a higher combined credit rating** from S&P, Moody's and Fitch.

**Handelsbanken was named "Business Bank of the Year" and "Small Enterprise Bank"** by the independent Finansbarometern survey in 2023.

**Handelsbanken has been ranked as the safest commercial bank in Europe**, and the fifth safest globally, in Global Finance's ranking of 500 banks.

**Handelsbanken has more satisfied customers than the sector average** in all its home markets, according to SKI/EPSI Rating 2023.

## Banking our way

### Our local connection

With our approach to risk and sustainability, and a unique, long-term perspective, we create customer relationships that last through all of life's stages. Our way of banking is based on trust and respect for the individual. We offer our customers:



#### One of the world's safest banks

Financial strength and consistent stability make Handelsbanken a bank to rely on, regardless of the business cycle. As a result, we have been ranked as the safest commercial bank in Europe and the fifth safest globally by Global Finance. Handelsbanken is the only major Swedish bank that has not sought financial support from either taxpayers or shareholders in times of financial crisis, and no other privately owned bank in the world has a higher overall rating than Handelsbanken.



#### Unique long-term perspective

We always give our customers the best long-term advice, regardless of what is the most profitable product for the Bank in the short term. The Bank has no volume requirements, budgets or centrally determined sales targets. Handelsbanken measures its success on the basis of customer satisfaction, cost efficiency and profitability. Our employees who meet customers in the branch operations do not receive variable remuneration - no bonuses or commissions. This gives our business a unique, long-term perspective.



#### Value in each customer meeting

For us, long-term relationships start with meetings between people. Customer meetings are therefore at the core of everything Handelsbanken does, whether it is providing day-to-day assistance via digital services or giving expert advice in connection with major life events. In every meeting, we listen and learn, to ensure that our offering matches our customer's needs. This leads to better decisions and more satisfied customers.



#### Partnership for sustainability

We are convinced that achieving profitability and contributing to a sustainable world are not mutually incompatible. Quite the opposite. With us, our customers have a bank that works by their side, taking a long-term approach and applying specific, proven methods. We invest our customers' savings in a sustainable way, we work actively towards achieving gender-equal advisory services, we finance companies in their energy transition, and we are committed to finding solutions for a sustainable society. Our goal is to be the most sustainable bank and, together with our customers and partners, to create a sustainable future.



#### New insights and knowledge

We aim to generate value by finding solutions to both minor and major issues, for our customers and for all of society. Our customers have access to the knowledge and insights of our most prominent experts. We want to give our customers the best possible conditions to make better financial decisions, by sharing new, relevant insights and contributing to improving their awareness of economic issues.

# Brief information

## Handelsbanken's 2024 Annual General Meeting

Handelsbanken's Annual General Meeting (AGM) for 2024 will be held on Wednesday, 20 March 2024. Shareholders wishing to attend the AGM must be entered in the register of shareholders kept by Euroclear Sweden AB on Tuesday, 12 March 2024, and have registered to attend the meeting by no later than Thursday, 14 March 2024. To be entitled to take part in the meeting, shareholders whose shares are nominee-registered must also request that their own name be registered in the register of shareholders kept by Euroclear. This registration may be temporary (registration of shares for voting rights) and can be requested of the nominee according to the nominee's procedures, giving sufficient notice as specified by the nominee. Registrations of shares for voting rights completed by Thursday, 14 March 2024 will be respected when the register of shareholders is drawn up. Further information about the AGM can be found in the notice of the meeting published on the Bank's website, [handelsbanken.com/aggm](https://handelsbanken.com/aggm).

### Dividend

The Board proposes an ordinary dividend of SEK 6.50 per share and a special dividend of SEK 6.50 per share. The Board proposes that the record day for the dividend be Friday, 22 March 2024, which means that the Handelsbanken share will be traded ex-dividend on Thursday, 21 March 2024. Assuming that the meeting resolves to accept the proposal, the dividend is then expected to be disbursed by Euroclear on Wednesday, 27 March 2024.

## Financial calendar 2024

7 February	Handelsbanken's Highlights of the Annual Report 2023
20 March	Annual General Meeting
24 April	Interim report January–March 2024
17 July	Interim report January–June 2024
23 October	Interim report January–September 2024

## Financial information

The following reports can be downloaded or ordered from [handelsbanken.com](https://handelsbanken.com):

- Annual and Sustainability Reports
- Interim Report
- Risk and Capital Management Reports
- Climate Reports
- Corporate Governance Reports
- Remuneration Reports
- Factbooks
- Sustainability and Stewardship Reports.

## Distribution

The Annual and Sustainability Report can be ordered from Investor Relations, phone +46 (0)8 701 10 00 or at [handelsbanken.com/ir](https://handelsbanken.com/ir).

## Handelsbanken's Sustainability Report 2023

Handelsbanken's Sustainability Report 2023 contains the following sections:

- The Sustainability Report on pages 36–65 and the Taxonomy reporting on pages 276–305, which jointly comprise Handelsbanken's statutory sustainability reporting as required under the Annual Accounts Act.
- Sustainability information on pages 257–272.
- GRI Content Index on pages 273–275.

These sections combined represent Handelsbanken's complete sustainability reporting for 2023 and refer to the entire Group, unless otherwise stated. This is Handelsbanken's fourteenth Sustainability Report and has been prepared in accordance with the Global Reporting Initiative (GRI) Standards. The Sustainability Report has been examined by the Bank's external auditors and the Auditor's Limited Assurance Report on Svenska Handelsbanken AB (publ)'s Sustainability Report is presented on page 306 of the Annual and Sustainability Report 2023.

The Sustainability Report is based on stakeholder dialogue undertaken at regular intervals and a materiality assessment carried out in 2022. The Sustainability Report section contains descriptions of the Bank's sustainability governance, business models and processes, as well as activities conducted in 2023. The Sustainability information section contains information about Handelsbanken's sustainability goals, detailed outcomes and the GRI Content Index. Handelsbanken's Principles for Responsible Banking (PRB) Self-Assessment is available as a separate publication on [handelsbanken.com/en/sustainability](https://handelsbanken.com/en/sustainability).



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This report is also available in Swedish. Every care has been taken in this translation into English. In the event of discrepancies, the Swedish original takes precedence over the English version.

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The formal Annual Report which has been examined by the auditors comprises pages 6–35 and 66–251 and includes the sections marked with the following colours ■ ■ ■ ■

The statutory Sustainability Report comprises pages 36–65 and 276–305 and includes the sections marked with the following colour ■

Supplementary sustainability information and the GRI Content Index can be found on pages 257–272 and 273–275 and are marked with the following colour ■

# A clear business focus makes a good bank even better

2023 was, not entirely unexpectedly, a good year for Handelsbanken. The Bank has stable business, with good customers, robust finances and skilled employees. Over the past year, significant changes in market interest rates also created the conditions for an extraordinary upturn in profit, an upturn that of course is even stronger in a good bank.

And Handelsbanken is a really good bank: we have satisfied customers, we were named one of the world's five safest banks, and we also have a decentralised work process that results in lower risk and more competent employees.

It is this highly stable bank that I now have the privilege to lead.

This is a great responsibility but I feel confident in how the Bank has been built up over the decades. Now we will continue to make an already good bank even better. In simple terms, make it even a little more "Handelsbanken."

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“And Handelsbanken is a really good bank: we have satisfied customers, we were named one of the world's five safest banks, and we also have a decentralised work process that results in lower risk and more competent employees.”

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The Bank has undergone a transition in recent years. We have assigned more resources to our branches, added new skills and broadened the decision-making mandate for our branch managers. This means that

essentially all of the Bank's important business decisions are made at our branches.

In parallel, we have exited markets and countries with unsatisfactory profitability and limited opportunities to develop our business.

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“Our local connection and the fact that we give our employees significant scope to make decisions creates decisive advantages.”

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This has resulted in a Bank that is considerably more focused on its business and on growing in markets where our way of running a bank works.

These efforts, initiated by my predecessor Carina Åkerström, will now continue – and involve the entire Bank. For this reason, high priority will be given to establishing the same clear business focus in our central units.

Our bank has two main categories of job descriptions: you either do business or you support those who do business. If you look at it from this angle, it is relatively simple to identify what needs to be done. Naturally, the Bank has important central functions, such as our work to prevent financial crime and our focus on risk control and reporting, that ensure that the Bank operates according to applicable regulations.

Our local connection and the fact that we give our employees significant mandate to make decisions creates decisive advantages. One of these is that we know our customers and that important business decisions are often made together with the customer. Another is that new employees are trained to make decisions independently from day one at the Bank, enabling us to enhance expertise. This allows us to build up our Bank with knowledgeable and talented employees in a manner that is



difficult to replicate. Know Your Customer, individual decision-making mandates and high-level expertise mean that we take fewer risks – which benefits customers, the Bank and our shareholders. It has also – for decades now – given us more satisfied customers than our peer competitors.

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“That said, at Handelsbanken, customers don’t talk to machines. On the contrary, our personal meetings are our principal competitive advantage.”

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Technology is evolving rapidly in society, bringing with it great opportunities. I have initiated a development of AI to optimise our internal processes, with the aim of further automating arduous, monotonous processes and administrative tasks. That said, at Handelsbanken, customers don’t talk

to machines. On the contrary, our personal meetings are our principal competitive advantage. Our customers shouldn’t have to deal with chatbots or endless touch-tone choices. Our approach is that new technology should instead be used to unlock resources so that we can provide better service, advice and support. In other words, more time to do business.

In 2023, we launched a Group-wide climate transition plan, focusing mainly on properties and mortgages. Sustainability is nothing new for Handelsbanken; we have been conducting our operations responsibly and with a long-term approach for decades. For me, it is natural for Handelsbanken to stand behind new sustainability regulations and other initiatives related to sustainability, for example the Principles for Responsible Banking (PRB), the Global Compact and the Net Zero Banking Alliance (NZBA).

I would like to extend my sincere gratitude to our customers for your continued confidence and to all our employees for your hard work. It is with great pleasure and enthusiasm that I take on the role of Chief Executive Officer and President of the Bank.

Stockholm, February 2024

Michael Green, President and Chief Executive Officer

# Administration report

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# Concept

Handelsbanken creates value through unique customer meetings. Through trust in the individual, a strong local commitment and a decentralised way of working, we create long-term customer relationships.

By running the Bank in a responsible and sustainable manner and with stable finances, we earn confidence from customers, shareholders and the society.

More satisfied customers, income growing at a faster rate than expenses, and a low risk tolerance create sustainable profitability and the capacity to grow our business and customer offerings, regardless of the situation in the world and economy around us.

# Goal

Handelsbanken's goal is to have higher profitability than the average of peer competitors in its home markets.

Handelsbanken's profitability goal is intended to offer shareholders long-term, high growth in value, with increasing earnings per share over a business cycle. With stable finances, the Bank can also provide support to its customers whatever the prevailing business environment. Profitability and sound, sustainable business operations are critical to shareholders who have invested in the Bank. In addition, these go hand in hand with low funding costs, positive growth and the Bank being seen as an attractive employer.

This goal is mainly to be achieved by having more satisfied customers and lower costs than its competitors.

# Goals and goal achievement

Handelsbanken's goal is to have higher profitability than the average of peer competitors in its home markets. This goal is mainly to be achieved by the Bank having more satisfied customers and lower costs than its competitors.

## CORPORATE GOAL

Handelsbanken's goal is to have higher profitability than the average of peer competitors in its home markets.

### Goal achievement

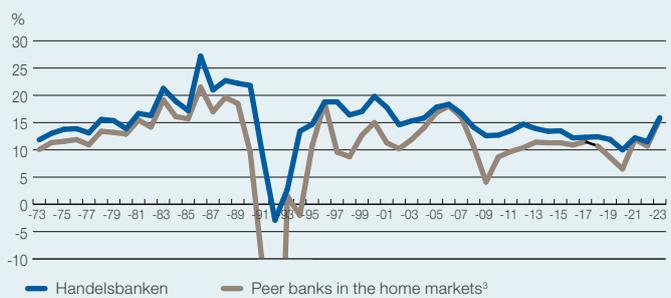
Handelsbanken achieved its goal (as at 30 September 2023<sup>1</sup>) of having higher profitability than the average of peer competitors in its home markets. A preliminary provision was thus made for the Oktogonen profit-sharing scheme for the full year 2023, which amounted to SEK -83 million (-196) for the continuing operations.

<sup>1</sup> Not all banks in the comparison group had published their annual accounts for 2023 as of the date of approval of this Annual and Sustainability Report by the Board.

<sup>2</sup> As at September 2023.

<sup>3</sup> Only Swedish banks are included for the period up to and including 2002, and only Nordic banks for the period 2003–2012.

Return on equity 1973–2023<sup>2</sup>



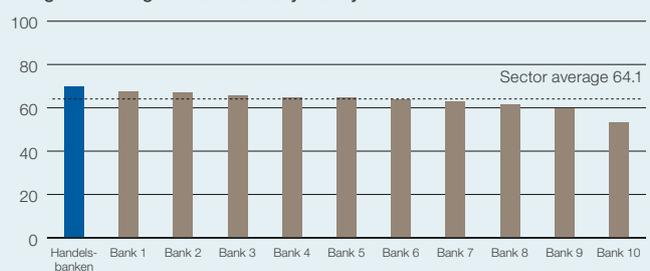
## SUSTAINABILITY GOALS

Handelsbanken's goal is to be, and to be recognised as, the most sustainable player among peer competitors. The assessment is made on the basis of a weighted average of sustainability ratings for peer competitors in our home markets from four global sustainability surveys<sup>1</sup>, with the ratings from all four of these surveys converted to a scale of 0–100, and based on customer surveys from Swedish Quality Index and others.

Furthermore, in accordance with its obligations under the UN's Principles for Responsible Banking (PRB), Handelsbanken has established sustainability goals in three areas: investment, financing and advisory services and a goal for net-zero GHG emissions from Handelsbanken's operations, including relevant parts of the lending and investment portfolio, see page 258.

<sup>1</sup> ISS ESG, MSCI ESG Research, S&P Global SAM Corporate Sustainability Assessment and Sustainalytics.

Weighted average of sustainability surveys



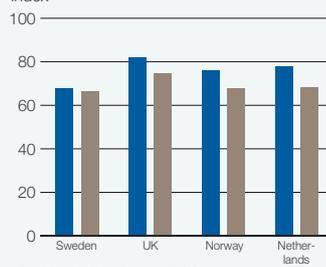
## MOST SATISFIED CUSTOMERS

One method through which the Bank will achieve its corporate goal is to have more satisfied customers than its competitors. Quality and service must therefore meet customer expectations, at a minimum, and preferably exceed them.

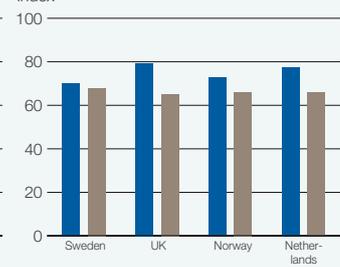
### Outcome

Handelsbanken retained its stable and strong position in terms of customer satisfaction by having more satisfied private and corporate customers than the average for the banking sector in all of its home markets. Satisfied customers and stable relationships are proof that the Bank's way of working is effective.

Customer satisfaction, private customers 2023



Customer satisfaction, corporate customers 2023



Markets being discontinued are not included in the results.

Source: SKI/EPSI 2023

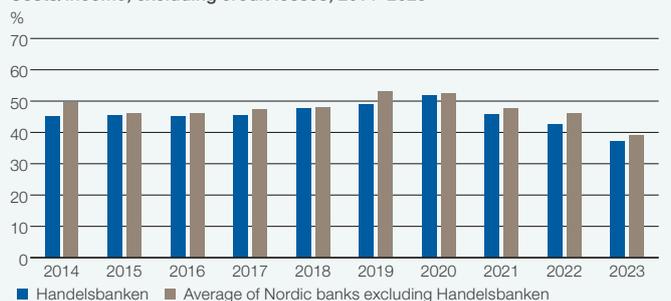
## COST EFFICIENCY

The corporate goal will also be achieved through higher cost efficiency than peer competitors.

### Outcome

Handelsbanken's expenses relative to income were 37.2 per cent (42.1). The equivalent key metric for an average of other major Nordic banks was 39.0 per cent (46.2).

Costs/income, excluding credit losses, 2014–2023



**CREDIT QUALITY**

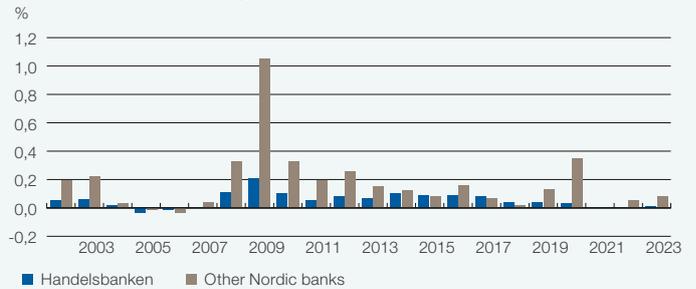
Handelsbanken has a low risk tolerance. This means that the quality of credits must never be neglected in favour of achieving higher volume or a higher margin.

**Outcome**

Credit losses were SEK -141 million (-47). Credit losses as a proportion of lending were 0.01 per cent (0.00).

For the past ten years – that is, since 2014 – the Bank’s average credit loss ratio has been 0.05 per cent. This can be compared with the average for the other major Nordic banks during the same period: 0.10 per cent.

**Credit losses as a percentage of lending 2002–2023**



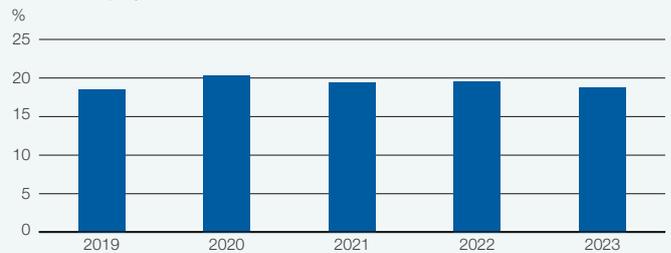
**CAPITAL**

The Bank’s capital goal is that its common equity tier 1 ratio should, under normal circumstances, exceed the common equity tier 1 capital requirement communicated to the Bank by the Swedish Financial Supervisory Authority by 1–3 percentage points. Additionally, the Bank must fulfil any other capital requirements set by the regulators.

**Outcome**

At the end of the year, the common equity tier 1 ratio was 18.8 per cent (19.6). In the Bank’s assessment, the overall common equity tier 1 capital requirement according to the Swedish Financial Supervisory Authority was 14.8 per cent at the end of the year.

**Common equity tier 1 ratio, 2019–2023**



**RATINGS**

Handelsbanken is to have a high rating with the external rating agencies.

**Outcome**

No comparable bank in the world has a higher combined credit rating from S&P, Moody’s and Fitch. During the year, Handelsbanken’s long-term and short-term senior ratings with the rating agencies which monitor the Bank were unchanged.

**Nordic bank ratings**

31 December 2023	Standard & Poor’s		Fitch		Moody’s		
	Long term	Short term	Long term	Short term	Financial strength (BCA) <sup>1</sup>	Long term	Short term
Handelsbanken	AA-	A-1+	AA	F1+	a2	Aa2	P-1
DNB	AA-	A-1+			a2	Aa2	P-1
Nordea	AA-	A-1+	AA-	F1+	a3	Aa3	P-1
SEB	A+	A-1	AA-	F1+	a3	Aa3	P-1
Swedbank	A+	A-1	AA-	F1+	baa1	Aa3	P-1
Danske Bank	A+	A-1	A+	F1	baa2	A3	P-2

<sup>1</sup> Baseline Credit Assessments (BCA) are an indicator of the issuers’ standalone intrinsic strength.

Source: SNL

# Our concept and working methods

Handelsbanken was founded over 150 years ago. Today, we are one of the world's strongest banks. Our business rests on the pillars of a strong local presence, a decentralised way of working, stable finances and low risk. Through our customer meetings, we create and cultivate long-term relationships with our customers. Customer meetings are also where we lay the foundations for the development of the Bank's business in line with customer demand. We always strive to provide the best bank offering within financing, savings and advisory services. We run our Bank responsibly and sustainably, with concern and care for customers being our first consideration. By doing so, we ensure satisfied customers, generate value for our shareholders, and gain the trust of the wider market.

## Customer satisfaction

Important business decisions should be made as close to the customer as possible. The fact that our customers are always able to meet the person making the final decision contributes enormously to the quality of the customer meeting, and helps ensure faster, better decisions and more satisfied customers. A customer's trust in the Bank is built up over time, but is nurtured and helped on the way at every customer meeting. The customer meeting is thus central to Handelsbanken's business operations.

### Personal meetings, where the customer wants

For us, the customer meeting is critical in creating value for our customers and to our way of running a bank. We offer personal customer meetings – no matter where, how or when we meet the customer. Our task is to make it easy for the customer to reach us,

and to offer advice and service that is shaped by our care for customers. The overall customer responsibility always lies with the branch closest to the customer's geographical location. This is the case with both private individuals and companies. Our customers appreciate our local presence – that we know the customer and the local market. We therefore make business decisions locally, together with customers. Our first consideration is always the customer's needs, and we resolve each everyday task as effectively and efficiently as possible. Having satisfied customers is absolutely crucial to us, and is a prerequisite if we are to achieve our goal.

### Decentralised way of working

Handelsbanken's decentralised way of working is implemented throughout the Bank. For our customers, it means that the local branch always has responsibility for the customer and their credits, regardless of how, when and where the customer has contact with the

Bank. The branches' independence contributes to a very strong local connection, with long-term customer relations. Short decision-making channels also enable us to more quickly adapt to various changes in local markets, and to quickly take advantage of new business opportunities.

### Skilled employees

The Bank has a long-term view of its relationships with both customers and employees, and sees every recruitment as meaningful. Employees with a wealth of expertise and broad experience from both a range of areas and from different parts of the Bank are crucial for the Bank's high levels of customer satisfaction. Handelsbanken's ambition is to meet its employees' needs during various phases of their life in a flexible way, so that the employee is given the conditions to develop at the Bank.

### Our best advice

For many years, Handelsbanken has successfully operated on the basis of local presence, long-term relationships and strong local decision-making mandates. With the business model as a starting point, the Bank's offering is primarily aimed at private customers, property companies and other owner-managed companies. The main needs among customers are financing, savings and payment solutions of varying types. The Bank is always developing its products and services to ensure a competitive offering, and thus to improve profitability while maintaining a low level of risk. Across all product areas, the Bank clearly integrates sustainability into both the customer relationship and its offerings. No matter the meeting place, the customer is always given the best advice, regardless of what is the most profitable product for Handelsbanken in the short term. By always giving the best advice, we build trusting relationships with our customers.



## Sustainable value creation

Sustainability will always be integrated into our way of thinking and making decisions. Handelsbanken has established numerous central policies, rules, guidelines and instructions in a wide array of areas. For example, in the field of gender equality, where our inclusive culture allows us to best harness the advantages inherent to gender equality and diversity. The starting point for our credit policy is our low risk tolerance. Together with our policy for sustainability, it forms the foundation of a bank whose goal is to have better profitability than the average of peer competitors in our home markets. This makes us more sustainable in the long term, as well as stronger and more attractive in times of crisis: as an investment, as a supplier of products and services, and as an employer.

### Profitability before volume

The employees at our branches who meet customers are not eligible to receive variable remuneration – no bonuses or commissions – and thus have no personal financial incentive to offer customers a certain service or product. The Bank has no volume requirements, budgets or centrally determined sales targets. Instead, the Bank measures its success on the basis of customer satisfaction, cost efficiency and profitability.

### Stable finances

Stable finances are a prerequisite for doing all the business the Bank and our customers want to do – on good terms. With stable finances, we can support our customers no matter what is happening in the business environment. Financial stability not only allows for flexibility and the freedom to do more business, but also ensures lower funding costs and, consequently, contributes to higher profitability. Handelsbanken manages its finances entirely on commercial terms, and is one of few banks in its home markets not to have sought financial support from governments, central banks or shareholders in times of trouble in the financial markets. Handelsbanken is the bank with the highest credit rating of all comparable privately owned banks and has the highest combined global rating from the Fitch, Moody's and S&P rating agencies.

### Low risk tolerance

The Bank's low risk tolerance means that we deliberately avoid high-risk transactions, even if the financial reward may be large at that moment. This low risk tolerance is maintained through a strong risk culture that is sustainable in the long term and applies to all areas of the Group. It is important to the Bank that the granting of credit is based on an assessment of each individual customer's repayment capacity. Handelsbanken's ranking in Global Finance's list of the World's Safest Banks provides further confirmation of the Bank's successful business model and its low risk tolerance and high credit quality.

## Handelsbanken is always Handelsbanken

Over the years, our model has often been put to the test. Boom or bust, in good times and bad, our model has worked. But it is not – and never has been – static. Our business must always be evolving and meet the needs of our customers. So we will continue to create growth, with a high level of efficiency and responsiveness to external factors – and generate good profitability and sizeable returns for our shareholders.



## Long-term approach

Handelsbanken has been conducting banking operations since 1871 and is the oldest listed share on the Stockholm stock exchange. Our goal is to have better profitability than the average of peers in our home markets by having more satisfied customers and lower costs. We are continuously developing and evolving our business to make sure we achieve our goal. We focus on where our expertise lies – we take what we are already good at, and do it even better. We offer our customers long-term relationships and we see the bigger picture. Like the Bank, our customers, whether private individuals or companies, have a good, stable finances. Handelsbanken's home markets are Sweden, the UK, Norway and the Netherlands. Each home market has its own national organisation. The Bank also does business in Luxembourg and the USA.

Our idea of how we should run our Bank is based on trust and respect for the individual's capability to independently make sound decisions and their desire to do good. We



are convinced that our employees want to do a good job, to take responsibility and to develop personally. People like meeting other people so that they can collaborate, work together to find solutions and build relationships. This is why we have adapted our organisation and our way of working to what we believe is best for just that – people. Both employees and customers alike. This means that our staff have substantial responsibility and authority to make decisions in all kinds of matters that concern our customers. An arrangement like this allows for better

decisions to be made more quickly and closer to the customer, and is a key factor in the Bank's high levels of customer satisfaction. A decentralised way of working and local presence are fundamental to our work. Customer opinion surveys show that our customers choose us because they know they can rely on us, and trust our way of running the Bank. A bank's business is built entirely on trust, and being accessible, easy to deal with and treating customers with understanding and care are critical components in fostering that trust.

# Financial overview 2023

- Operating profit increased by 35% to SEK 36,322m (26,829).
- Return on equity increased to 15.9% (12.8).
- The C/I ratio improved to 37.2% (42.1).
- The credit loss ratio was 0.01% (0.00).
- The common equity tier 1 ratio after the proposed dividends was 18.8% (19.6).
- The Board of Directors proposes an ordinary dividend of SEK 6,50 (5.50) per share and a special dividend of SEK 6,50 (2.50) per share.

## Stable earnings build a stable bank

Steep rises in market interest rates led to a higher return on the Bank's equity, which compensated for slimmer mortgage margins during the year. The C/I ratio improved, credit quality remained strong and return on equity increased. The Bank is ranked as one of the world's most stable banks by the leading rating agencies, and the robust financial position was further bolstered by the extraordinary upturn in profit. Financial stability is an absolute necessity in enabling the Bank, regardless of what is happening in the wider world, to take a meaningful responsibility for the supply of credit. Overall, Handelsbanken is the largest lender to households and companies in the Swedish market.

## High level of preparedness in an uncertain environment

The Bank has historically managed its way through financial crises and sharp macroeconomic downturns very well, and has not needed assistance or guarantees from governments, nor from shareholders in the form of diluting new share issues. The key factors behind this have been, and still are, a long-term approach and low risk tolerance. Given the current economic environment, the Bank's assessment is that an extra common equity tier 1 capital buffer of one percentage point above the Bank's ordinary target range of 1–3 percentage points above the requirement by the Swedish Financial Supervisory Authority is justified. This level differentiates Handelsbanken as a first-class counterparty in uncertain times, and contributes to a clarification of the Bank's financial position as one of the world's safest banks. The Bank intends to anticipate dividends in 2024 at a level entailing a common equity tier 1 ratio at 4 percentage points above the requirement communicated by the Swedish Financial Supervisory Authority. A reassessment will be made annually.

## More satisfied customers

Ever since independent customer surveys began, Handelsbanken has had more satisfied customers than peer banks, in all its home markets. Customer satisfaction improved even further during the year, from an already high level.

# Review of operations

Operating profit increased by 35% to SEK 36,322m (26,829). Adjusted for items affecting comparability, profit increased by 37%.

Income grew by 24%, or SEK 11,874m, to SEK 62,249m (50,375). Also adjusted for items affecting comparability, income growth was 24%. The primary factor behind the increase was the recovery of interest rate margins during the year.

Expenses rose by 9%, or SEK 1,970m, to SEK -23,182m (-21,212). Adjusted for items affecting comparability, the increase in expenses was 8%. The rise in expenses was due to increased investment to strengthen the Bank's offering, and to general inflation in the Bank's home markets.

The C/I ratio improved to 37.2% (42.1).

The credit loss ratio was 0.01% (0.00).

Profit for the year climbed by 34% to SEK 29,114m (21,678).

Earnings per share grew by 34% to SEK 14.70 (10.95).

Return on equity increased to 15.9% (12.8).

The common equity tier 1 ratio after proposed dividends was 18.8% (19.6).

## INCOME

SEK m	Full year 2023	Full year 2022	Change
Net interest income	47,578	36,614	30%
of which funding costs related to discontinuing operations in Finland		-206	
Net fee and commission income	11,139	10,981	1%
Net gains/losses on financial trans.	2,661	1,540	73%
Other	871	1,240	-30%
<b>Total income</b>	<b>62,249</b>	<b>50,375</b>	<b>24%</b>

The decision was made in autumn 2021 to sell the operations in Finland. As of 2023, discontinued operations also include – as well as the customer-driven net interest income – the expenses for the part that is market funded via Group Treasury for the disposal groups in Finland. These latter expenses were reported under net interest income in continuing operations during the period of comparison, and are included in the table of items affecting comparability.

Net interest income grew by 30% to SEK 47,578m (36,614), an increase of SEK 10,964m. Adjusted for the aforementioned effect in the previous year related to the disposal groups in Finland, amounting to SEK -206m, as well as foreign exchange effects of SEK 409m, net

interest income increased by 28%. The primary factors behind the increase were the recovery of interest rate margins and a higher return on the Bank's equity arising due to higher market rates. All in all, the net effect of margins and funding costs had a SEK 10,592m impact. Higher business volumes contributed SEK 392m. The liquidity portfolio made a contribution of SEK -721m. Lower costs for deposit guarantee schemes had an impact of SEK 86m.

Net fee and commission income went up by 1%, or SEK 158m, to SEK 11,139m (10,981). Fund management, custody and other asset management commissions increased by 2% to SEK 6,531m (6,380), which included a 1% increase in mutual fund commissions to SEK 5,534m (5,469). Brokerage income declined by 8% to SEK 420m (455). Net payment commissions grew by 3% to SEK 1,758m (1,711), with net card commissions totalling SEK 1053m (1022). Lending and deposit commissions rose by 1% to SEK 1,156m (1,146). Insurance commissions were virtually unchanged at SEK 673m (672). Advisory commissions increased to SEK 236m (196). Other net fee and commission income amounted to SEK 365m (421).

Net gains/losses on financial transactions increased by 73%, or SEK 1,121m, to SEK 2,661m (1,540). The Bank's liquidity portfolio had a positive effect between the comparison periods of SEK 767m, and amounted to SEK 195m (-572). The contribution from the customer-driven business in Capital Markets decreased by SEK 87m to SEK 1,044m (1,131). Other effects increased by SEK 441m to SEK 1,422m (981), with the net change primarily driven by positive effects related to bond repurchases and ineffectiveness in the Bank's hedging relationships, together with a negative impact from counterparty risk (CVA).

Net insurance result increased by SEK 504m to SEK 493m (-11). The return on assets held on behalf of policyholders improved by SEK 627m and amounted to SEK 336m (-291). Insurance result went down by 44% to SEK 157m (280), of which profit from insurance services decreased by 24% to SEK 211m (279).

Remaining income items totalled SEK 379m (1,250). During the second quarter, a reversal of VAT paid in conjunction with the sale of the card acquiring operations, amounting to SEK 158m, was reported, of which SEK 141m was reported as Other income and the remaining SEK 17m as payment commissions. Non-recurring income of SEK 1,059m was recognised during the period of comparison, deriving from sales of real estate holding subsidiaries.

## EXPENSES

Staff costs rose by 5%, or SEK 602m, to SEK -13,642m (-13,040). During the fourth quarter, a preliminary provision for the Oktogonen profit-sharing scheme was made for the 2023 accounting year, affecting staff costs in the amount of SEK -83m, while a preliminary provision for the 2022 accounting year was made in the first quarter, which had a SEK -202m effect. Adjusted for Oktogonen, foreign exchange effects and items affecting comparability during the period of comparison, staff costs increased by 4%, or SEK 534m. The average number of employees grew by 7% to 11,683 (10,954), mainly due to an increase in the number of employees in the Bank's IT department, and in those areas involved in the work against financial crime and cyber risks.

Other expenses rose by 19%, or SEK 1,270m, to SEK -7,796m (-6,526). Adjusted for foreign exchange effects, the increase was 18%, or SEK 1,147m. The increase was due to increased investment into technology, data and innovation, as well as to general inflation in the Bank's home markets.

Depreciation, amortisation and impairments of property, equipment and intangible assets rose by 6% to SEK -1,743m (-1,646).

## CREDIT LOSSES

SEK m	Full year 2023	Full year 2022	Change
Net credit losses	-141	-47	-94
Credit loss ratio as % of loans to the public	0.01	0.00	

Credit losses were SEK -141m (-47), and the credit loss ratio was 0.01% (0.00). Actual credit losses for the period were SEK -260m (-738), which were counterbalanced by previously recorded reserves in the amount of SEK 185m (636). Recoveries of previously confirmed losses were SEK 149m (245). Expected credit losses in Stage 3 totalled SEK -111m (52). Provisions in Stage 1 and Stage 2 were SEK -104m (-242), of which rating migrations constituted SEK -483m (-1), updated macroeconomic assumptions SEK 206m (-104) and other effects SEK 173m (-137).

## Risk tax and resolution fee

The risk tax and resolution fee totalled SEK -2,624m (-2,311). The risk tax totalled SEK -1,644m (-1,316). For the tax year 2023, the risk tax comprised 0.06% of the basis of assessment (0.05). The resolution fee totalled SEK -980m (-995).

## Taxes

The effective tax rate in continuing operations was 23.2% (20.2). The difference between this rate and the corporate tax rate in Sweden of 20.6% derives primarily from the higher tax rate in the UK operations, as well as from non-deductible costs on subordinated liabilities.

The effective tax rate in total operations (including discontinued operations) was 22.8% (23.3).

## Discontinued operations

Profit/loss from discontinued operations consists of the external income and expenses in the operations in Finland that are in the process of being divested, as well as additional costs in Sweden deriving from discontinued operations. The now-divested operations in Denmark were also included during the period of comparison.

Profit from discontinued operations, after tax, amounted to SEK 1,209m (280).

Income was SEK 2,829m (4,600), of which SEK 2,829m (2,186) was attributable to the discontinued operations in Finland. Net interest income in Finland was SEK 2,368m (1,722), an increase of 38%, which was due to recovered interest rate margins.

Expenses decreased to SEK -1,379m (-3,253), of which SEK -1,306m (-1,423) referred to local expenses for the discontinued operations in Finland.

Credit losses consisted of net recoveries and amounted to SEK 41m (29).

## NON-RECURRING ITEMS AND SPECIAL ITEMS IN OPERATING PROFIT

SEK m	Full year 2023	Full year 2022
Funding cost related to discontinuing operations in Finland		-206
Capital gains from sales of properties (other income)		1,059
Oktogonen: adjustment of allocation previous year (staff costs)	-202	-53
Oktogonen: provision current year (staff costs)	-83	-196
Payroll tax on pension due to unclaimed reimbursement for pension costs (staff costs)		-152
Reversal of value added tax paid when divesting card acquiring business (Income)	158	
<b>Total</b>	<b>-127</b>	<b>452</b>

## FOREIGN EXCHANGE EFFECT

Foreign exchange effects vs. previous year	Full year 2023
SEK m	
Net interest income	409
Net fee and commission income	57
Net gains/losses on financial transactions	11
Other income	156
<b>Total income</b>	<b>632</b>
Staff costs	-184
Other expenses	-123
Depreciation and amortisation	-17
<b>Total expenses</b>	<b>-324</b>
Net loan losses	7
Gains/losses on disposal of property, equipment and intangible assets	0
Risk tax and resolution fee	4
<b>Operating profit</b>	<b>319</b>

## BUSINESS DEVELOPMENT

The average volume of loans to the public in the home markets grew by 3%, and totalled SEK 2,277bn (2,218), an increase of SEK 59bn. At the end of the period, lending in the home markets amounted to SEK 2,242bn (2,275), a decrease of 1%.

The average volume of deposits and borrowing from the public in the home markets was SEK 1,257bn (1,267), a change of SEK -10bn arising from lower corporate deposit volumes.

Total assets under management in the Group increased by 12% during the year and at the end of the period amounted to SEK 1,023bn (915). Of the assets under management, SEK 949bn (845) was invested in the Bank's funds. New mutual fund savings in the home markets during the period amounted net to SEK 17.3bn (5.2). Of the new savings in the Swedish mutual fund market during the year, a net total of 18% was invested in Handelsbanken's funds. The Bank's share of the Swedish mutual fund market at the end of the year was 12.1%.

## RATING

	Long-term	Short-term	Counter-party risk rating
Standard & Poor's	AA-	A-1+	AA-
Fitch	AA	F1+	
Moody's	Aa2	P-1	Aa1

The Bank's strong credit ratings entail that no other privately owned bank in the world has a higher overall rating from the three leading rating agencies. All rating agencies confirmed their long-term and short-term ratings for the Bank during the year. However, Moodys downgraded its outlook to negative (stable) due to the concentration of the Bank's lending to the Swedish real estate market, and thus the estimated impact of a hypothetical stressed. The outlooks from Fitch and Standard and Poor's remained stable.

## Funding and liquidity

For decades, Handelsbanken has adopted a prudent approach to funding, with a low risk profile. The funding strategy is based on a diversified, balanced utilisation of several stable funding sources, comprising deposits from households and SMEs, deposits from non-financial entities and market funding diversified across different types of debt instruments in multiple currencies.

Non-current assets are funded with stable non-current liabilities in the form of stable market funding and long-term stable deposits and borrowing from the public. Current liabilities, in the form of other deposits and borrowing from the public and short-term market funding, are matched by current assets and a liquidity reserve of SEK 763bn (676 at year-end 2022). Of this reserve, 91% is deposited with central banks and holdings of government bonds. The majority of the remainder is invested in holdings of highly liquid covered bonds. The interest rate risk in the bond holdings is hedged using derivative instruments, and the entirety of the holdings is measured at market value on an ongoing basis.

The Bank's low pledging ratio of its assets acts as further protection against liquidity risk, as it entails an unutilised issue amount of just over SEK 700bn, mainly in the form of covered bonds. The low pledging ratio also serves as a layer of protection for holders of the Bank's senior bonds. The volume of non-encumbered assets was SEK 2,408bn at the end of the period (2,459 at year-end 2022). The aforementioned increase to the liquidity reserve arose through unsecured funding, including issues of long-term senior bonds. Unsecured funding rose by 2% to SEK 923bn (903 year-end 2022). Thus, given the strengthened liquidity portfolio and reduced liquidity risk, the ratio of non-encumbered assets to unsecured market funding decreased to 261% (272 at year-end 2022).

At the end of the year, the Group's liquidity coverage ratio, (LCR), calculated according to the European Commission's delegated regulation, was 210% (181% at the end of the preceding quarter). At the end of the year, the net stable funding ratio (NSFR) according to CRR2 was 120% (117 at the end of the preceding quarter).

During the year, the Bank had access to all of its funding markets and issued bonds, in spite of the occasionally very turbulent market climate. A contributing factor to the Bank's good access to market funding is that its credit rating among the leading rating agencies is, overall, the highest in the world, a position shared with but a few other privately owned banks.

The Bank issued its first green covered bonds during the year, in both EUR and SEK, amounting to EUR 1bn and SEK 9bn, respectively.

Bond issues during the year amounted to a total of SEK 239bn (199), of which SEK 163bn (131) was in covered bonds and SEK 67bn (57) was in senior bonds, of which SEK 11bn (13)

constituted eligible liabilities. A non-perpetual subordinated loan of SEK 9bn (11) was issued during the year.

### Capital

At the end of the year, the common equity tier 1 ratio was 18.8% after proposed dividends. The Bank's assessment is that the common equity tier 1 capital requirement, including Pillar 2 guidance, amounted to 14.8% or SEK 124bn on the same date. The common equity tier 1 capital requirement in Pillar 2 is 1.8 percentage points (0.5 percentage points Pillar 2 guidance and 1.3 percentage points Pillar 2 requirement), corresponding to SEK 15bn. The countercyclical capital buffer was 1.9%.

At the end of the quarter, the total capital ratio was 23.9%. The Bank's estimation is that the total capital requirement, including Pillar 2 guidance, amounted to 19.0% (SEK 159bn) on the same date. The total capital requirement in Pillar 2 comprises 2.5 percentage points, corresponding to SEK 21bn.

The Bank's capital goal is that its common equity tier 1 ratio should, under normal circumstances, exceed the common equity tier 1 capital requirement, including Pillar 2 guidance, by 1–3 percentage points. The Bank's capitalisation was thus above the target range.

### Capital for consolidated situation

SEK m	31 Dec 2023	31 Dec 2022	Change
Common equity tier 1 ratio, CRR	18.8%	19.6%	-0.8
Total capital ratio, CRR	23.9%	23.8%	0.1
Risk exposure amount, CRR	836,790	810,144	3%
Common equity tier 1 capital	157,576	158,551	-1%
Total own funds	200,081	193,186	4%
Total equity	205,085	194,024	6%

Total own funds were SEK 200bn (193), and the total capital ratio amounted to 23.9% (23.8). The common equity tier 1 capital was SEK 158bn (159), while the common equity tier 1 ratio was 18.8% (19.6).

Profit for the period increased the common equity tier 1 ratio by 3.4 percentage points. Proposed dividends had an impact of -3.2 percentage points. Volume changes contributed 0.3 percentage points, rating migrations -0.9 percentage points and the net effect of differing credit qualities for inflows and outflows contributed 0.2 percentage points. Exchange rate movements had a neutral effect. The move of the risk weight floor for lending secured by commercial properties in Sweden from Pillar 2 to Pillar 1 contributed -0.4 percentage points. During the year, the Swedish Financial Supervisory Authority approved the Bank's updated model for calculating risk-weighted exposure amounts for structural foreign exchange positions, which had an impact of 0.3 percentage points. The revision of the PD model for retail

exposures in the first quarter of the year reduced the common equity tier 1 ratio by 0.1 percentage point after consideration was given to risk weight floors. Other effects had an impact of -0.4 percentage points.

### Economic capital and available financial resources

The Bank's internal assessment of its need for capital is based on the Bank's capital requirement, stress tests, and the Bank's model for economic capital (EC). This is measured in relation to the Bank's available financial resources (AFR). The Board stipulates that the AFR/EC ratio for the Group must exceed 120%. At the end of the quarter, Group EC totalled SEK 65.5bn (66.7), while AFR was SEK 239.6bn (257.7). Thus, the ratio between AFR and EC was 366% (387). For the consolidated situation, EC totalled SEK 38.4bn (38.6), and AFR was SEK 232.6bn (251.1).

### Sustainability

During the fourth quarter, the Bank published Handelsbanken's transition plan – towards net zero 2040, which describes the Bank's work on the climate and environment. Business volumes linked to the Bank's sustainability activities continued to grow. Compared with the corresponding period of the previous year, the volume of green loans increased by 36% to SEK 87.2bn (63.7); as part of this total, green mortgages grew by 10% to SEK 35.0bn (31.8). In addition, sustainability-linked loan facilities amounted to SEK 105.4bn (59.0).

The EU's Sustainable Finance Disclosures Regulation (SFDR) means that asset managers must be transparent in how their mutual funds are classified under the SFDR. At the end of the period, 14 of the Group's funds, representing 19% of assets under management, were reported in the highest category (article 9), i.e. a fund that has sustainable investment as its objective. A total of 100 funds, representing 76% of the managed fund volume, were reported in the second highest category (article 8), i.e. funds that promote environmental or social characteristics.

### HANDELSBANKEN'S ANNUAL GENERAL MEETING 2024

Handelsbanken's Annual General Meeting will take place on 20 March 2024. The Board of Directors proposes to the annual general meeting an ordinary dividend of SEK 6,50 (5.50) per share and a special dividend of SEK 6,50 (2.50) per share. The Board proposes that the record day for the dividend be 22 March 2024, which means that the Handelsbanken share will be traded ex-dividend on 21 March 2024, and that the dividend is then expected to be disbursed by Euroclear on 27 March 2024.

In addition, the Board proposes to the annual general meeting that the current repurchase

programme of a maximum 120 million shares be extended by a further year, and that the meeting authorise the Board to be able to issue convertible debt instruments in the form of AT1 bonds, in order to adapt the Bank's capital structure to capital requirements prevailing at any time.

# Five-year overview, Group

Consolidated income statement SEK m	2023	2022	2021	2020	2019
Net interest income	47,578	36,614	30,321	29,963	32,135
Net fee and commission income	11,139	10,981	11,458	9,670	10,697
Net gains/losses on financial transactions	2,661	1,540	1,699	1,217	1,299
Risk result – insurance			179	194	145
Net insurance result	493	-11			
Other dividend income	3	17	2	53	113
Share of profit of associates and joint ventures	51	-13	63	18	32
Other income	325	1,246	555	137	143
<b>Total income</b>	<b>62,249</b>	<b>50,375</b>	<b>44,277</b>	<b>41,252</b>	<b>44,564</b>
Staff costs	-13,642	-13,040	-12,452	-13,907	-13,549
Other expenses	-7,796	-6,526	-5,577	-5,245	-6,524
Depreciation, amortisation and impairment of property, equipment and intangible assets	-1,743	-1,646	-1,814	-1,775	-1,670
<b>Total expenses</b>	<b>-23,182</b>	<b>-21,212</b>	<b>-19,843</b>	<b>-20,927</b>	<b>-21,743</b>
<b>Profit before credit losses, risk tax and resolution fee</b>	<b>39,067</b>	<b>29,163</b>	<b>24,434</b>	<b>20,325</b>	<b>22,821</b>
Net credit losses	-141	-47	-43	-649	-1,045
Gains/losses on disposal of property, equipment and intangible assets	20	24	14	5	20
Risk tax and resolution fee	-2,624	-2,311	-930	-884	
<b>Operating profit</b>	<b>36,322</b>	<b>26,829</b>	<b>23,475</b>	<b>18,797</b>	<b>21,796</b>
Taxes	-8,417	-5,431	-4,627	-4,240	-4,871
<b>Profit for the year from continuing operations</b>	<b>27,905</b>	<b>21,398</b>	<b>18,848</b>	<b>14,557</b>	<b>16,925</b>
Profit for the year from discontinued operations, after tax	1,209	280	695	1,031	
<b>Profit for the year</b>	<b>29,114</b>	<b>21,678</b>	<b>19,543</b>	<b>15,588</b>	<b>16,925</b>
<i>attributable to</i>					
Shareholders in Svenska Handelsbanken AB	29,107	21,676	19,527	15,585	16,922
<i>of which from continuing operations</i>	27,898	21,395	18,834	14,556	
<i>of which from discontinued operations</i>	1,209	281	693	1,029	
Non-controlling interest	8	1	16	3	3
Earnings per share, total operations, SEK	14.70	10.95	9.86	7.87	8.65
after dilution	14.70	10.95	9.86	7.87	8.58
Earnings per share, continuing operations, SEK	14.09	10.81	9.51	7.35	
after dilution	14.09	10.81	9.51	7.35	
Earnings per share, discontinued operations, SEK	0.61	0.14	0.35	0.52	
after dilution	0.61	0.14	0.35	0.52	

The income statement for 2019 has not been restated with regard to discontinued operations. Nor have the comparative figures for that year been restated with regard to the transfer of the resolution fee from net interest income to the new line item Risk tax and resolution fee.

IFRS 17 Insurance Contracts is applied in the Group from 2023. Relevant comparative figures (income statement, balance sheet and key metrics) have been restated as if these regulations had also applied in 2022. Additional disclosures are provided in G1 Accounting policies and G52 Transition to IFRS 17.

A five-year overview for the parent company is presented on pages 210–211.

Consolidated statement of comprehensive income SEK m	2023	2022	2021	2020	2019
Profit for the year	29,114	21,678	19,543	15,588	16,925
<b>Other comprehensive income</b>					
<b>Items that will not be reclassified to the income statement</b>					
Defined benefit pension plans	-2,226	3,049	6,820	1,523	4,262
Equity instruments measured at fair value through other comprehensive income	63	41	62	-583	372
Tax on items that will not be reclassified to the income statement	439	-642	-1,401	-256	-931
<i>of which defined benefit pension plans</i>	450	-622	-1,398	-267	-910
<i>of which equity instruments measured at fair value through other comprehensive income</i>	-11	-19	-3	11	-21
<b>Total items that will not be reclassified to the income statement</b>	<b>-1,724</b>	<b>2,448</b>	<b>5,481</b>	<b>684</b>	<b>3,703</b>
<b>Items that may subsequently be reclassified to the income statement</b>					
Cash flow hedges	614	-2,640	-1,970	-1,124	3,741
Debt instruments measured at fair value through other comprehensive income	25	-60	6	7	7
Insurance contracts	-396	793			
Translation difference for the year	-1,078	2,312	3,201	-4,269	1,072
<i>of which hedges of net investments in foreign operations</i>	31	-297	-910	848	-1,509
Tax on items that may subsequently be reclassified to the income statement	113	-15	595	93	-480
<i>of which cash flow hedges</i>	-127	544	406	274	-801
<i>of which debt instruments measured at fair value through other comprehensive income</i>	-5	6	-1	-1	-2
<i>of which hedges of net investments in foreign operations</i>	-6	61	190	-180	323
<i>of which tax on translation difference</i>	251	-626			
<b>Total items that may subsequently be reclassified to the income statement</b>	<b>-722</b>	<b>390</b>	<b>1,832</b>	<b>-5,293</b>	<b>4,340</b>
<b>Total other comprehensive income</b>	<b>-2,447</b>	<b>2,838</b>	<b>7,313</b>	<b>-4,609</b>	<b>8,043</b>
<b>Total comprehensive income for the year</b>	<b>26,667</b>	<b>24,516</b>	<b>26,856</b>	<b>10,979</b>	<b>24,968</b>
<i>attributable to</i>					
Shareholders in Svenska Handelsbanken AB	26,662	24,516	26,840	10,976	24,965
Non-controlling interest	5	1	16	3	3
<b>Consolidated balance sheet</b> SEK m	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
<b>Assets</b>					
Cash and central banks	482,453	480,472	292,839	418,968	347,505
Loans to other credit institutions	19,294	9,411	21,745	21,920	17,939
Loans to the public	2,282,151	2,299,202	2,161,235	2,269,637	2,292,628
Interest-bearing securities	249,215	165,475	133,855	143,699	146,027
Assets held for sale	178,590	191,916	421,417	1,657	1
Other assets	326,087	307,242	315,673	279,407	265,567
<b>Total assets</b>	<b>3,537,792</b>	<b>3,453,718</b>	<b>3,346,764</b>	<b>3,135,288</b>	<b>3,069,667</b>
<b>Liabilities and equity</b>					
Due to credit institutions	90,143	81,693	83,034	124,723	147,989
Deposits and borrowing from the public	1,298,480	1,318,925	1,286,637	1,229,763	1,117,825
Issued securities	1,523,481	1,474,801	1,353,768	1,310,737	1,384,961
Liabilities held for sale	63,721	68,938	133,922		
Subordinated liabilities	43,117	42,404	32,257	41,082	35,546
Other liabilities	313,762	272,932	275,415	257,510	223,514
Equity	205,085	194,024	181,731	171,473	159,832
<b>Total liabilities and equity</b>	<b>3,537,792</b>	<b>3,453,718</b>	<b>3,346,764</b>	<b>3,135,288</b>	<b>3,069,667</b>

# Key metrics per year

Key metrics for the Handelsbanken Group	2023	2022	2021	2020	2019
Profit before credit losses, risk tax and resolution fee, continuing operations, SEK m	39,067	29,163	24,434	20,326	22,821
Net credit losses, continuing operations, SEK m	-141	-47	-43	-649	-1,045
Operating profit, continuing operations, SEK m	36,322	26,829	23,475	18,797	21,796
Profit for the year, total operations, SEK m	29,114	21,678	19,543	15,588	16,925
Profit for the year, continuing operations, SEK m	27,905	21,398	18,848	14,557	
Profit for the year, discontinued operations, SEK m	1,209	280	695	1,031	
Total assets, SEK m	3,537,792	3,453,718	3,346,764	3,135,288	3,069,667
Equity, SEK m	205,085	194,024	181,731	171,473	159,832
Return on equity, total operations, %	15.9	12.8	11.8	10.0	11.9
Return on equity, continuing operations, %	15.3	12.6	11.4	9.3	11.9
Return on total assets, %	0.81	0.61	0.58	0.47	0.55
C/I ratio, continuing operations, %	37.2	42.1	44.8	50.7	48.8
Credit loss ratio, total operations, %	0.00	0.00	0.00	0.03	0.04
Credit loss ratio, continuing operations, %	0.01	0.00	0.00	0.02	0.04
Earnings per share, total operations, SEK after dilution	14.70	10.95	9.86	7.87	8.65
Earnings per share, continuing operations, SEK after dilution	14.09	10.81	9.51	7.35	8.58
Earnings per share, discontinued operations, SEK after dilution	0.61	0.14	0.35	0.52	
Ordinary dividend per share, SEK	6.50 <sup>1</sup>	5.50	5.00	4.10	
Total dividend per share, SEK	13.00 <sup>1</sup>	8.00	5.00	8.42	
Adjusted equity per share, SEK	103.48	98.14	90.87	84.90	78.60
No. of shares as at 31 December, millions of which outstanding	1,980.0 1,980.0	1,980.0 1,980.0	1,980.0 1,980.0	1,980.0 1,980.0	1,980.0 1,980.0
Average number of outstanding shares, millions after dilution	1,980.0	1,980.0	1,980.0	1,980.0	1,956.8 1,976.9
Common equity tier 1 ratio, % according to CRR	18.8	19.6	19.4	20.3	18.5
Tier 1 ratio, % according to CRR	20.6	21.5	21.1	21.9	20.7
Total capital ratio, % according to CRR	23.9	23.8	23.3	24.3	23.2
Average number of employees, total operations of which continuing operations	12,216 11,683	12,030 10,954	12,240 11,039	12,563 11,354	12,548

<sup>1</sup> Dividend as recommended by the Board.

For definitions of alternative performance measures, see page 307 and, for the calculation of these measures, see the Fact Book which is available at handelsbanken.com/ir.

# Quarterly performance

Quarterly performance for the Handelsbanken Group SEK m	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022
Interest income	45,665	42,885	38,329	32,926	27,151
Interest expenses	-33,443	-30,701	-26,642	-21,441	-16,520
<b>Net interest income</b>	<b>12,222</b>	<b>12,184</b>	<b>11,687</b>	<b>11,485</b>	<b>10,631</b>
Fee and commission income	3,145	3,169	3,127	3,118	3,042
Fee and commission expenses	-346	-357	-366	-352	-348
<b>Net fee and commission income</b>	<b>2,800</b>	<b>2,812</b>	<b>2,761</b>	<b>2,766</b>	<b>2,694</b>
Net gains/losses on financial transactions	579	1,087	393	602	570
Insurance result	24	48	58	27	21
Return on assets held on behalf of policyholders	183	31	58	64	39
<b>Net insurance result</b>	<b>207</b>	<b>79</b>	<b>116</b>	<b>91</b>	<b>60</b>
Other dividend income	1		1	1	15
Share of profit of associates and joint ventures	-17	49	20	-1	-2
Other income	64	32	187	42	85
<b>Total income</b>	<b>15,854</b>	<b>16,244</b>	<b>15,166</b>	<b>14,985</b>	<b>14,053</b>
Staff costs	-3,531	-3,382	-3,259	-3,470	-3,468
Other expenses	-2,152	-1,839	-1,953	-1,852	-1,949
Depreciation, amortisation and impairment of property, equipment and intangible assets	-402	-466	-421	-454	-423
<b>Total expenses</b>	<b>-6,086</b>	<b>-5,686</b>	<b>-5,634</b>	<b>-5,776</b>	<b>-5,839</b>
<b>Profit before credit losses, risk tax and resolution fee</b>	<b>9,768</b>	<b>10,558</b>	<b>9,531</b>	<b>9,210</b>	<b>8,214</b>
Net credit losses	-52	-1	-58	-30	-54
Gains/losses on disposal of property, equipment and intangible assets	6	3	4	7	
Risk tax and resolution fee	-664	-653	-636	-671	-582
<b>Operating profit</b>	<b>9,057</b>	<b>9,908</b>	<b>8,841</b>	<b>8,516</b>	<b>7,578</b>
Taxes	-2,093	-2,324	-2,066	-1,934	-1,325
<b>Profit for the year from continuing operations</b>	<b>6,965</b>	<b>7,583</b>	<b>6,775</b>	<b>6,582</b>	<b>6,252</b>
Profit for the year from discontinued operations, after tax	280	368	329	232	-265
<b>Profit for the year</b>	<b>7,244</b>	<b>7,952</b>	<b>7,104</b>	<b>6,814</b>	<b>5,987</b>
<i>attributable to</i>					
Shareholders in Svenska Handelsbanken AB	7,240	7,950	7,103	6,814	5,987
Non-controlling interest	6	1	0	1	0
Earnings per share, total operations, SEK	3.66	4.02	3.59	3.44	3.02
after dilution	3.66	4.02	3.59	3.44	3.02
Earnings per share, continuing operations, SEK	3.51	3.83	3.42	3.32	3.16
after dilution	3.51	3.83	3.42	3.32	3.16
Earnings per share, discontinued operations, SEK	0.14	0.19	0.17	0.12	-0.13
after dilution	0.14	0.19	0.17	0.12	-0.13

# Segment reporting

Segment reporting 2023								
SEK m	Sweden	UK	Norway	The Netherlands	Capital Markets	Other	Adjustments and eliminations	Total
Net interest income	30,420	11,010	4,624	1,941	384	-801		47,578
Net fee and commission income	8,420	845	659	198	740	276		11,139
Net gains/losses on financial transactions	1,180	253	79	17	1,044	88		2,661
Net insurance result	494		0					493
Share of profit of associates and joint ventures						51		51
Other income	197	13	5	1	7	105		328
<b>Total income</b>	<b>40,711</b>	<b>12,121</b>	<b>5,366</b>	<b>2,157</b>	<b>2,175</b>	<b>-280</b>		<b>62,249</b>
Staff costs	-4,157	-3,149	-1,103	-537	-1,200	-3,900	403	-13,642
Other expenses	-1,525	-907	-493	-136	-409	-4,325		-7,796
Internal purchased and sold services	-5,535	-1,414	-708	-277	-247	8,180		
Depreciation, amortisation and impairment of property, equipment and intangible assets	-427	-310	-97	-59	-144	-682	-24	-1,743
<b>Total expenses</b>	<b>-11,644</b>	<b>-5,780</b>	<b>-2,401</b>	<b>-1,009</b>	<b>-2,000</b>	<b>-727</b>	<b>379</b>	<b>-23,182</b>
<b>Profit before credit losses, risk tax and resolution fee</b>	<b>29,067</b>	<b>6,340</b>	<b>2,965</b>	<b>1,148</b>	<b>175</b>	<b>-1,007</b>	<b>379</b>	<b>39,067</b>
Net credit losses	-142	-51	37	13	11	-8		-141
Gains/losses on disposal of property, equipment and intangible assets	14	-1	6		0	0		20
Risk tax and resolution fee	-1,919		-393	-113	-43	-157		-2,624
<b>Operating profit</b>	<b>27,020</b>	<b>6,289</b>	<b>2,615</b>	<b>1,048</b>	<b>144</b>	<b>-1,172</b>	<b>379</b>	<b>36,322</b>
Profit allocation	405	52	47	0	-527	23		
<b>Operating profit after profit allocation</b>	<b>27,425</b>	<b>6,340</b>	<b>2,662</b>	<b>1,048</b>	<b>-383</b>	<b>-1,149</b>	<b>379</b>	<b>36,322</b>
Internal income	5,867	2,999	-8,567	-98	1,891	-2,092		
C/I ratio, %	28.3	47.5	44.4	46.8	121.4			37.2
Credit loss ratio, %	0.01	0.03	-0.01	-0.01	-0.09			0.01
Loans to the public	1,600,861	230,692	313,267	97,110	21,504	29,517	-1,142	2,291,808
Deposits and borrowing from the public	856,258	260,595	90,206	35,945	39,887	17,583	-1,993	1,298,480
Allocated capital	123,951	25,846	23,292	5,175	2,539	6,903	17,379	205,085
Return on allocated capital, %	18.2	21.3	9.5	16.9	-12.3			15.3
Average number of employees	4,099	2,707	828	388	605	3,056		11,683

Applied principles for segment reporting and a description of the items shown in the Other and Adjustments and eliminations columns are explained further in note G46.

The "Other" column in the table above includes Loans to the public, Deposits and borrowing from the public and Allocated capital attributable to the disposal groups in Finland.

Segment reporting 2022								
SEK m	Sweden	UK	Norway	The Netherlands	Capital Markets	Other	Adjustments and eliminations	Total
Net interest income	23,082	7,580	4,264	1,354	301	32		36,614
Net fee and commission income	8,356	807	688	147	771	213		10,981
Net gains/losses on financial transactions	508	248	90	21	1,131	-457		1,540
Net insurance result	-41		30					-11
Share of profit of associates and joint ventures						-13		-13
Other income	103	14	25	1	9	1,111		1,263
<b>Total income</b>	<b>32,008</b>	<b>8,649</b>	<b>5,097</b>	<b>1,523</b>	<b>2,212</b>	<b>885</b>		<b>50,375</b>
Staff costs	-3,978	-2,693	-1,028	-442	-1,143	-3,778	22	-13,040
Other expenses	-1,497	-789	-295	-94	-326	-3,525		-6,526
Internal purchased and sold services	-4,630	-1,076	-667	-241	-344	6,959		
Depreciation, amortisation and impairment of property, equipment and intangible assets	-417	-313	-92	-54	-147	-601	-23	-1,646
<b>Total expenses</b>	<b>-10,522</b>	<b>-4,872</b>	<b>-2,082</b>	<b>-832</b>	<b>-1,959</b>	<b>-944</b>	<b>-1</b>	<b>-21,212</b>
<b>Profit before credit losses, risk tax and resolution fee</b>	<b>21,486</b>	<b>3,778</b>	<b>3,016</b>	<b>691</b>	<b>253</b>	<b>-60</b>	<b>-1</b>	<b>29,163</b>
Net credit losses	135	-55	-152	0	-13	38		-47
Gains/losses on disposal of property, equipment and intangible assets	10	10	6		0	-2		24
Risk tax and resolution fee	-1,659		-359	-81	-33	-180		-2,311
<b>Operating profit</b>	<b>19,972</b>	<b>3,733</b>	<b>2,510</b>	<b>610</b>	<b>206</b>	<b>-203</b>	<b>-1</b>	<b>26,829</b>
Profit allocation	374	49	69	0	-531	39		
<b>Operating profit after profit allocation</b>	<b>20,346</b>	<b>3,781</b>	<b>2,579</b>	<b>610</b>	<b>-324</b>	<b>-164</b>	<b>-1</b>	<b>26,829</b>
Internal income	1,727	52	-3,838	-453	615	1,897		
C/I ratio, %	32.5	56.0	40.3	54.6	116.5			42.1
Credit loss ratio, %	-0.01	0.01	0.04	0.00	0.06			0.00
Loans to the public	1,621,692	239,207	318,243	96,208	18,341	23,264	-1,136	2,315,818
Deposits and borrowing from the public	876,230	257,534	101,184	31,317	35,809	18,630	-1,778	1,318,925
Allocated capital	106,101	20,436	20,074	3,582	2,072	14,414	27,345	194,024
Return on allocated capital, %	15.9	15.1	10.5	14.7	-11.5			12.6
Average number of employees	3,907	2,481	763	357	585	2,861		10,954

Applied principles for segment reporting and a description of the items shown in the Other and Adjustments and eliminations columns are explained further in note G46.

The "Other" column in the table above includes Loans to the public, Deposits and borrowing from the public and Allocated capital attributable to the disposal groups in Finland.

IFRS 17 Insurance Contracts is applied in the Group from 2023. Relevant comparative figures (income statement, balance sheet and key metrics) have been restated as if these regulations had also applied in 2022.

# Handelsbanken Sweden

Quarterly performance							
Handelsbanken Sweden							
SEK m	2023:4	2023:3	2023:2	2023:1	Total 2023	Total 2022	Change, %
Net interest income	7,964	7,713	7,478	7,265	30,420	23,082	32
Net fee and commission income	2,142	2,116	2,099	2,063	8,420	8,356	1
Net gains/losses on financial transactions	283	542	153	202	1,180	508	132
Net insurance result	209	80	115	90	494	-41	
Other income	27	5	155	10	197	103	91
<b>Total income</b>	<b>10,626</b>	<b>10,455</b>	<b>10,000</b>	<b>9,630</b>	<b>40,711</b>	<b>32,008</b>	<b>27</b>
Staff costs	-1,058	-1,033	-1,048	-1,018	-4,157	-3,978	4
Other expenses	-385	-334	-418	-388	-1,525	-1,497	2
Internal purchased and sold services	-1,524	-1,287	-1,323	-1,401	-5,535	-4,630	20
Depreciation, amortisation and impairment of property, equipment and intangible assets	-113	-104	-104	-106	-427	-417	2
<b>Total expenses</b>	<b>-3,080</b>	<b>-2,758</b>	<b>-2,893</b>	<b>-2,913</b>	<b>-11,644</b>	<b>-10,522</b>	<b>11</b>
<b>Profit before credit losses, risk tax and resolution fee</b>	<b>7,546</b>	<b>7,696</b>	<b>7,108</b>	<b>6,717</b>	<b>29,067</b>	<b>21,486</b>	<b>35</b>
Net credit losses	-57	31	-77	-39	-142	135	
Gains/losses on disposal of property, equipment and intangible assets	4	2	2	6	14	10	40
Risk tax and resolution fee	-482	-481	-464	-492	-1,919	-1,659	16
<b>Operating profit</b>	<b>7,012</b>	<b>7,248</b>	<b>6,569</b>	<b>6,191</b>	<b>27,020</b>	<b>19,972</b>	<b>35</b>
Profit allocation	76	93	96	140	405	374	8
<b>Operating profit after profit allocation</b>	<b>7,088</b>	<b>7,340</b>	<b>6,666</b>	<b>6,331</b>	<b>27,425</b>	<b>20,346</b>	<b>35</b>
Internal income	1,967	1,581	1,186	1,133	5,867	1,727	240
C/I ratio, %	28.8	26.1	28.7	29.8	28.3	32.5	
Credit loss ratio, %	0.00	0.00	0.01	0.01	0.01	-0.01	
Loans to the public	1,600,861	1,624,488	1,630,901	1,629,248	1,600,861	1,621,692	-1
Deposits and borrowing from the public	856,258	845,831	861,052	865,807	856,258	876,230	-2
Allocated capital	123,951	119,560	113,244	121,806	123,951	106,101	17
Return on allocated capital, %	18.2	19.5	18.7	16.5	18.2	15.9	
Average number of employees	4,108	4,196	4,060	4,031	4,099	3,907	5
<b>Business volumes, Sweden</b>							
<b>Average volumes, SEK bn</b>					<b>2023</b>	<b>2022</b>	<b>Change, %</b>
<b>Loans to the public<sup>1</sup></b>					<b>1,625</b>	<b>1,577</b>	<b>3</b>
<i>of which households</i>					981	976	1
<i>of which mortgage loans</i>					948	936	1
<i>of which corporates</i>					644	602	7
<i>of which mortgage loans</i>					439	399	10
<b>Deposits and borrowing from the public</b>					<b>850</b>	<b>871</b>	<b>-2</b>
<i>of which households</i>					483	478	1
<i>of which corporates</i>					367	393	-7

<sup>1</sup> Excluding loans to the National Debt Office.

## FINANCIAL PERFORMANCE

Operating profit increased by 35% to SEK 27,020m (19,972). Return on allocated capital increased to 18.2% (15.9). The C/I ratio improved to 28.3% (32.5).

Income climbed by 27% to SEK 40,711m (32,008).

Expenses rose by 11% to SEK -11,644m (-10,522).

Net interest income improved by 32%, or SEK 7,338m, to SEK 30,420m (23,082). Higher business volumes had a SEK 319m positive impact on net interest income. The net amount of changed margins and funding costs was positive, totalling SEK 6,696m. Costs for the Swedish deposit guarantee scheme decreased by SEK 79m to SEK -219m (-298). Other effects in net interest income contributed SEK 244m.

Net fee and commission income increased by 1% to SEK 8,420m (8,356). Mutual fund commissions increased by SEK 32m to SEK 4,747m (4,715). Custody and other asset management commissions increased by 11% to SEK 725m (654). Brokerage and other securities commissions decreased by 14%. Commission income from loans and deposits and from guarantees decreased by 5%. Net payment commissions went up by 3% to SEK 1,300m (1,257), of which net card commissions increased by 4% to SEK 916m (884).

Net gains/losses on financial transactions improved to SEK 1,180m (508).

Net insurance result was SEK 494m (-41), with the change explained by an improvement to the return on assets held on behalf of policyholders compared with the previous year.

Other income amounted to SEK 197m (103).

Staff costs rose by 4% to SEK -4,157m (-3,978), as a result of annual salary adjustments and an increase in the number of employees. The average number of employees grew by 5% to 4,099 (3,907).

Other expense items rose by 14% to SEK -7,487m (-6,544), mainly due to increased IT investments and business development.

Credit losses were SEK -142m (135), and the credit loss ratio was 0.01% (-0.01).

The risk tax amounted to SEK -1,199m (-918), and the resolution fee amounted to SEK -719m (-740).

## BUSINESS DEVELOPMENT

Handelsbanken held on to its position as the best bank for business in this year's independent Finansbarometer survey, which again named Handelsbanken "Business Bank of the Year" and – for the twelfth consecutive year – Sweden's "Small Enterprise Bank".

The Swedish Quality Index (SKI) established in its major survey of customer satisfaction in the banking sector that "of the major players, Handelsbanken comes out on top". Among private customers, Handelsbanken received the score of 67.7, which can be compared with the scores of the other major Swedish banks, which were in the 62.8–64.5 range, and the sector average of 65.6. Among corporate customers, Handelsbanken received the score of 70.1, which can be compared with the scores of the other major Swedish banks, which were in the 66.1–67.5 range, and the sector average of 67.9.

The total average volume of lending grew by 3% to SEK 1,625bn (1,577). Household lending increased by 1% to SEK 981bn (976) and corporate lending increased by 7% to SEK 644bn (602).

The total average volume of deposits fell by 2% to SEK 850bn (871). Household deposits went up by 1% to SEK 483bn (478), while corporate deposits decreased by 7% to SEK 367bn (393).

The total volume of assets under management was SEK 837bn (741). Net savings in the Bank's mutual funds totalled SEK 17.4bn (10.0), corresponding to a market share of 18%.



# Handelsbanken UK

Quarterly performance							
Handelsbanken UK							
SEK m	2023:4	2023:3	2023:2	2023:1	Total 2023	Total 2022	Change, %
Net interest income	2,802	2,934	2,718	2,556	11,010	7,580	45
Net fee and commission income	210	218	215	202	845	807	5
Net gains/losses on financial transactions	66	74	53	60	253	248	2
Other income	11	1	0	1	13	14	-7
<b>Total income</b>	<b>3,089</b>	<b>3,227</b>	<b>2,985</b>	<b>2,820</b>	<b>12,121</b>	<b>8,649</b>	<b>40</b>
Staff costs	-825	-828	-782	-714	-3,149	-2,693	17
Other expenses	-248	-237	-226	-196	-907	-789	15
Internal purchased and sold services	-370	-352	-362	-330	-1,414	-1,076	31
Depreciation, amortisation and impairment of property, equipment and intangible assets	-75	-87	-78	-70	-310	-313	-1
<b>Total expenses</b>	<b>-1,518</b>	<b>-1,504</b>	<b>-1,449</b>	<b>-1,309</b>	<b>-5,780</b>	<b>-4,872</b>	<b>19</b>
<b>Profit before credit losses, risk tax and resolution fee</b>	<b>1,570</b>	<b>1,722</b>	<b>1,538</b>	<b>1,510</b>	<b>6,340</b>	<b>3,778</b>	<b>68</b>
Net credit losses	21	-65	2	-9	-51	-55	-7
Gains/losses on disposal of property, equipment and intangible assets	-1	0	0	0	-1	10	
<b>Operating profit</b>	<b>1,590</b>	<b>1,659</b>	<b>1,538</b>	<b>1,502</b>	<b>6,289</b>	<b>3,733</b>	<b>68</b>
Profit allocation	11	13	15	13	52	49	6
<b>Operating profit after profit allocation</b>	<b>1,600</b>	<b>1,672</b>	<b>1,553</b>	<b>1,515</b>	<b>6,340</b>	<b>3,781</b>	<b>68</b>
Internal income	985	841	612	561	2,999	52	
C/I ratio, %	49.0	46.4	48.3	46.2	47.5	56.0	
Credit loss ratio, %	-0.02	0.10	0.00	0.03	0.03	0.01	
Loans to the public	230,692	245,679	254,982	240,556	230,692	239,207	-4
Deposits and borrowing from the public	260,595	266,220	275,159	258,322	260,595	257,534	1
Allocated capital	25,846	24,859	22,441	21,553	25,846	20,436	26
Return on allocated capital, %	19.7	21.4	22.0	22.3	21.3	15.1	
Average number of employees	2,816	2,758	2,671	2,582	2,707	2,481	9

## Business volumes, UK

Average volumes, GBP m	2023	2022	Change, %
<b>Loans to the public</b>	<b>18,621</b>	<b>19,896</b>	<b>-6</b>
<i>of which households</i>	5,520	6,076	-9
<i>of which corporates</i>	13,101	13,820	-5
<b>Deposits and borrowing from the public</b>	<b>20,365</b>	<b>20,080</b>	<b>1</b>
<i>of which households</i>	5,441	5,770	-6
<i>of which corporates</i>	14,924	14,310	4

## FINANCIAL PERFORMANCE

Operating profit rose by 68%, or SEK 2,556m, to SEK 6,289m (3,733). The effect of foreign exchange movements on operating profit was SEK 210m. Expressed in local currency, operating profit increased by 59%. Return on allocated capital improved to 21.3% (15.1). The C/I ratio improved to 47.5% (56.0).

Income increased by 40% to SEK 12,121m (8,649). Foreign exchange effects on income amounted to SEK 492m, and in local currency terms, income rose by 32%.

Expenses increased by 19% to SEK -5,780m (-4,872). Adjusted for foreign exchange effects of SEK -279m, expenses increased in local currency terms by 12%.

Net interest income rose by 45%, or SEK 3,430m, to SEK 11,010m (7,580). Foreign exchange effects had an impact of SEK 429m on net interest income. Expressed in local currency, net interest income increased by 37%. The net amount of changed margins and funding costs increased net interest income by SEK 3,230m. Lower business volumes had an impact of SEK -85m. Other effects had an impact of SEK -144m.

Net fee and commission income increased by 5% to SEK 845m (807). Foreign exchange effects amounted to SEK 48m, and in local currency terms, net fee and commission income fell by 1%. Commission income from the fund management, custody account management and asset management business, including brokerage and advisory services, increased by 3% to SEK 433m (420). Net fee and commission income from payments increased by 6% to SEK 281m (266).

Staff costs rose by 17% to SEK -3,149m (-2,693). Foreign exchange effects on staff costs amounted to SEK -162m, and in local currency terms, staff costs increased by 10%.

The increase was due to annual salary adjustments and an increase in the number of employees. The average number of employees grew by 9% to 2,707 (2,481). The increase in the number of employees was due mainly to further recruitments in IT and business development, as well as work to prevent financial crime.

Other expense items rose by 21% to SEK -2,631m (-2,178). Expressed in local currency, other expense items went up by 14%. The increase was mainly attributable to increased IT development and business development.

Credit losses totalled SEK -51m (-55). The credit loss ratio was 0.03% (0.01).

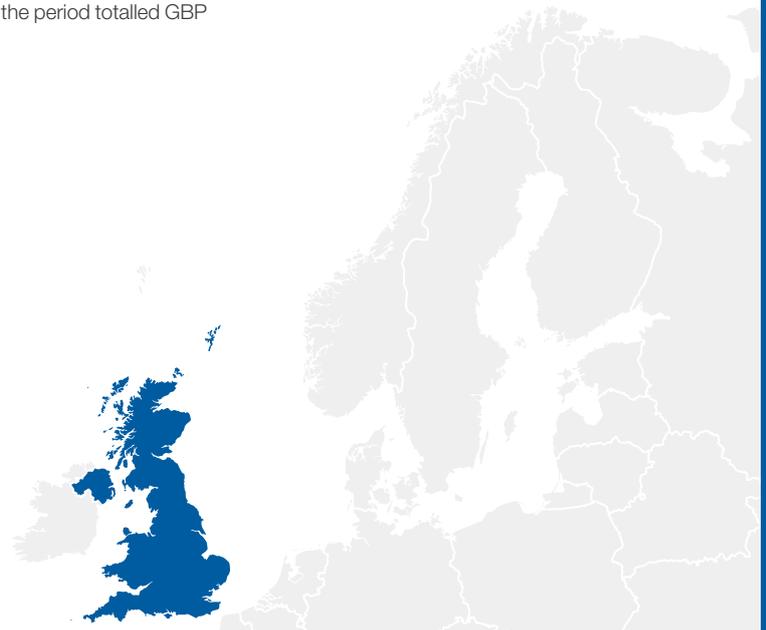
## BUSINESS DEVELOPMENT

According to the annual EPSI customer satisfaction survey, Handelsbanken – similar to the previous year – had the most satisfied customers among all UK banks in the survey. Private customers gave Handelsbanken an index score of 82.0, as compared with the sector average of 74.5. Corporate customers gave the Bank an index score of 79.4, as compared with the sector average of 65.2.

The total average volume of lending decreased by 6% to GBP 18.6bn (19.9). Household lending decreased by 9% to GBP 5.5bn (6.1), and corporate lending decreased by 5% to GBP 13.1bn (13.8).

The total average volume of deposits increased by 1% to GBP 20.4bn (20.1). Household deposits decreased by 6% to GBP 5.4bn (5.8), and corporate deposits increased by 4% to GBP 14.9bn (14.3).

The volume of assets under management in Handelsbanken Wealth & Asset Management at the end of the period totalled GBP 4.3bn (4.1). New savings during the period totalled GBP 60m (-23).



# Handelsbanken Norway

Quarterly performance Handelsbanken Norway SEK m					Total 2023	Total 2022	Change, %
	2023:4	2023:3	2023:2	2023:1			
Net interest income	1,217	1,192	1,076	1,139	4,624	4,264	8
Net fee and commission income	156	180	167	156	659	688	-4
Net gains/losses on financial transactions	18	20	19	22	79	90	-12
Net insurance result	-2	1	0	1	0	30	-100
Other income	1	1	2	1	5	25	-80
<b>Total income</b>	<b>1,390</b>	<b>1,392</b>	<b>1,264</b>	<b>1,320</b>	<b>5,366</b>	<b>5,097</b>	<b>5</b>
Staff costs	-291	-285	-253	-274	-1,103	-1,028	7
Other expenses	-126	-113	-117	-137	-493	-295	67
Internal purchased and sold services	-183	-173	-184	-168	-708	-667	6
Depreciation, amortisation and impairment of property, equipment and intangible assets	-26	-25	-23	-23	-97	-92	5
<b>Total expenses</b>	<b>-625</b>	<b>-597</b>	<b>-578</b>	<b>-601</b>	<b>-2,401</b>	<b>-2,082</b>	<b>15</b>
<b>Profit before credit losses, risk tax and resolution fee</b>	<b>764</b>	<b>797</b>	<b>685</b>	<b>719</b>	<b>2,965</b>	<b>3,016</b>	<b>-2</b>
Net credit losses	-33	45	21	4	37	-152	
Gains/losses on disposal of property, equipment and intangible assets	2	1	1	2	6	6	0
Risk tax and resolution fee	-104	-95	-93	-101	-393	-359	9
<b>Operating profit</b>	<b>629</b>	<b>748</b>	<b>614</b>	<b>624</b>	<b>2,615</b>	<b>2,510</b>	<b>4</b>
Profit allocation	10	15	10	12	47	69	-32
<b>Operating profit after profit allocation</b>	<b>639</b>	<b>763</b>	<b>624</b>	<b>636</b>	<b>2,662</b>	<b>2,579</b>	<b>3</b>
Internal income	-2,537	-2,379	-1,911	-1,740	-8,567	-3,838	-123
C/I ratio, %	44.6	42.4	45.4	45.1	44.4	40.3	
Credit loss ratio, %	0.03	-0.06	-0.02	0.02	-0.01	0.04	
Loans to the public	313,267	316,067	310,646	299,377	313,267	318,243	-2
Deposits and borrowing from the public	90,206	95,622	95,177	97,821	90,206	101,184	-11
Allocated capital	23,292	22,204	21,169	22,648	23,292	20,074	16
Return on allocated capital, %	8.7	10.9	9.4	8.9	9.5	10.5	
Average number of employees	886	845	798	783	828	763	9
<b>Business volumes, Norway</b>							
<b>Average volumes, NOK bn</b>					<b>2023</b>	<b>2022</b>	<b>Change, %</b>
<b>Loans to the public</b>					<b>306.3</b>	<b>290.4</b>	<b>5</b>
<i>of which households</i>					114.3	111.5	3
<i>of which corporates</i>					192.0	178.9	7
<b>Deposits and borrowing from the public</b>					<b>97.0</b>	<b>98.6</b>	<b>-2</b>
<i>of which households</i>					32.4	31.0	5
<i>of which corporates</i>					64.6	67.7	-5

## FINANCIAL PERFORMANCE

Operating profit increased by 4% to SEK 2,615m (2,510). Foreign exchange effects on operating profit amounted to SEK -102m, and in local currency terms, operating profit rose by 9%. Return on allocated capital went down to 9.5% (10.5). The C/I ratio was 44.4% (40.3).

Income grew by 5% to SEK 5,366m (5,097). Foreign exchange effects amounted to SEK -204m, and in local currency terms, income rose by 10%.

Expenses increased by 15% to SEK -2,401m (-2,082). Foreign exchange effects on expenses amounted to SEK 87m. Expressed in local currency, expenses increased by 21%. The increase was due to investments in strengthening and expanding the private market offering.

Net interest income increased by 8% to SEK 4,624m (4,264). Foreign exchange effects were SEK -174m, and in local currency terms, net interest income rose by 13%. Higher business volumes made a positive contribution of SEK 115m. The net amount of changed margins and funding costs increased net interest income by SEK 369m. Lower fees for the deposit guarantee scheme contributed SEK 6m. Other effects on net interest income had a SEK 44m impact.

Net fee and commission income declined by 4% to SEK 659m (688). Foreign exchange effects amounted to SEK -23m, and in local currency terms, net fee and commission income was largely unchanged. Commission income from the fund management, custody account management and asset management business, including brokerage and advisory services, decreased by 6% to SEK 353m (377). Net payment commissions decreased by 6% to SEK 187m (198).

Net gains/losses on financial transactions totalled SEK 79m (90).

Net insurance result was SEK 0m (30) and Other income was SEK 5m (25).

Staff costs rose by 7% to SEK -1,103m (-1,028). Foreign exchange effects on staff

costs amounted to SEK 46m and, in local currency terms, the increase was 12%. The increase was due to annual salary adjustments and an increase in the number of employees, mainly within IT and business development. The average number of employees increased by 9% to 828 (763).

Other expense items increased by 23% to SEK -1,298m (-1,054). In local currency terms, the increase was 29%. The increase was due to the aforementioned ongoing investment in strengthening the digital offering and availability for new and existing private customers.

Credit losses consisted of net recoveries of SEK 37m (-152). The credit loss ratio was -0.01% (0.04).

The risk tax amounted to SEK -230m (-174), and the resolution fee amounted to SEK -163m (-185).

## BUSINESS DEVELOPMENT

According to the annual EPSI customer satisfaction survey of the Norwegian banking market, Handelsbanken had the most satisfied corporate customers. The Bank achieved an index score of 72.8, as compared with the sector average of 66.0. Private customers also rated Handelsbanken very highly, with an index score of 76.2, as compared with the sector average of 67.7.

The total average volume of lending increased by 5% to NOK 306.3bn (290.4). Household lending increased by 3% to NOK 114.3bn (111.5), and corporate lending increased by 7% to NOK 192.0bn (178.9).

The total average volume of deposits decreased by 2% to NOK 97.0bn (98.6). Household deposits increased by 5% to NOK 32.4bn (31.0), and corporate deposits decreased by 5% to NOK 64.6bn (67.7).

The net flow in the Bank's mutual funds in Norway during the period totalled SEK 1.4bn (-3.1). The total volume of assets under management was SEK 40bn (35).



# Handelsbanken the Netherlands

Quarterly performance							
Handelsbanken the Netherlands							
SEK m	2023:4	2023:3	2023:2	2023:1	Total 2023	Total 2022	Change, %
Net interest income	500	501	478	462	1,941	1,354	43
Net fee and commission income	75	41	43	39	198	147	35
Net gains/losses on financial transactions	5	5	4	3	17	21	-19
Other income	1	0	0	0	1	1	0
<b>Total income</b>	<b>580</b>	<b>548</b>	<b>526</b>	<b>503</b>	<b>2,157</b>	<b>1,523</b>	<b>42</b>
Staff costs	-136	-137	-138	-126	-537	-442	21
Other expenses	-34	-35	-39	-28	-136	-94	45
Internal purchased and sold services	-85	-66	-62	-64	-277	-241	15
Depreciation, amortisation and impairment of property, equipment and intangible assets	-14	-16	-15	-14	-59	-54	9
<b>Total expenses</b>	<b>-270</b>	<b>-253</b>	<b>-255</b>	<b>-231</b>	<b>-1,009</b>	<b>-832</b>	<b>21</b>
<b>Profit before credit losses, risk tax and resolution fee</b>	<b>310</b>	<b>294</b>	<b>272</b>	<b>272</b>	<b>1,148</b>	<b>691</b>	<b>66</b>
Net credit losses	10	2	0	1	13	0	
Gains/losses on disposal of property, equipment and intangible assets		0	0	0			
Risk tax and resolution fee	-31	-28	-25	-29	-113	-81	40
<b>Operating profit</b>	<b>289</b>	<b>268</b>	<b>247</b>	<b>244</b>	<b>1,048</b>	<b>610</b>	<b>72</b>
Profit allocation	0	0	0	0	0	0	0
<b>Operating profit after profit allocation</b>	<b>289</b>	<b>268</b>	<b>247</b>	<b>244</b>	<b>1,048</b>	<b>610</b>	<b>72</b>
Internal income	-7	-20	-34	-37	-98	-453	78
C/I ratio, %	46.6	46.2	48.5	45.9	46.8	54.6	
Credit loss ratio, %	-0.04	-0.01	0.00	0.00	-0.01	0.00	
Loans to the public	97,110	100,317	102,267	97,549	97,110	96,208	1
Deposits and borrowing from the public	35,945	36,480	37,426	39,580	35,945	31,317	15
Allocated capital	5,175	5,048	4,669	4,764	5,175	3,582	44
Return on allocated capital, %	17.7	16.8	16.8	16.3	16.9	14.7	
Average number of employees	400	391	387	375	388	357	9
<b>Business volumes, The Netherlands</b>							
<b>Average volumes, EUR m</b>					<b>2023</b>	<b>2022</b>	<b>Change, %</b>
<b>Loans to the public</b>					<b>8,664</b>	<b>8,177</b>	<b>6</b>
of which households					4,891	4,723	4
of which corporates					3,773	3,453	9
<b>Deposits and borrowing from the public</b>					<b>3,537</b>	<b>3,982</b>	<b>-11</b>
of which households					679	673	1
of which corporates					2,858	3,308	-14

## FINANCIAL PERFORMANCE

Operating profit improved by 72% to SEK 1,048m (610). Foreign exchange effects on operating profit amounted to SEK 50m, and in local currency terms, operating profit rose by 59%. Return on allocated capital was 16.9% (14.7), and the C/I ratio improved to 46.8% (54.6).

Income grew by 42% to SEK 2,157m (1,523). Foreign exchange effects on income totalled SEK 120m, and expressed in local currency terms, income grew by 31%.

Expenses rose by 21% to SEK -1,009m (-832). Foreign exchange effects on expenses were SEK -65m and, expressed in local currency, expenses increased by 12%, mainly due to increased IT development and business growth.

Net interest income increased by 43% to SEK 1,941m (1,354). Foreign exchange effects amounted to SEK 106m, and in local currency terms, net interest income rose by 33%. Higher business volumes had a SEK 43m positive impact on net interest income. The net amount of changed margins and funding costs increased net interest income by SEK 432m. Other effects increased net interest income by SEK 6m.

Net fee and commission income increased by 35% to SEK 198m (147). Foreign exchange effects amounted to SEK 12m, and in local currency terms, net fee and commission income rose by 25%. Commission income from the fund management, custody account management and asset management business, including brokerage, increased by 32% to SEK 198m (150), with the performance fee in Optimix contributing SEK 31m (4).

Staff costs rose by 21% to SEK -537m (-442). Foreign exchange effects on staff costs amounted to SEK -36m, and in local

currency terms, staff costs increased by 13%. The increase was mainly due to annual salary adjustments and an increase in the number of employees. The average number of employees grew by 9% to 388 (357).

Other expense items increased by 21% in total to SEK -472m (-389). In local currency terms, the equivalent increase was 12%. The increase was due to continued investment in IT development and business development.

Credit losses consisted of net recoveries of SEK 13m (0). The credit loss ratio was -0.01% (0.00).

The risk tax amounted to SEK -70m (-46), and the resolution fee amounted to SEK -43m (-35).

## BUSINESS DEVELOPMENT

According to the EPSI customer satisfaction survey, Handelsbanken again had the most satisfied customers among all Dutch banks in the survey. Private customers gave Handelsbanken an index score of 78.0, as compared with the sector average of 68.4. Corporate customers gave the Bank an index score of 77.4, as compared with the sector average of 65.8.

The total average volume of lending increased by 6% to EUR 8.7bn (8.2). Household lending increased by 4% to EUR 4.9bn (4.7), and corporate lending increased by 9% to EUR 3.8bn (3.5).

The total average volume of deposits decreased by 11% to EUR 3.5bn (4.0). Household deposits increased by 1% to EUR 0.7bn (0.7), and corporate deposits decreased by 14% to EUR 2.9bn (3.3).

Assets under management at Optimix totalled EUR 2.0bn (1.9) at the end of the period, including the company's own mutual funds.



# Handelsbanken Capital Markets

The Markets and Global Banking business areas. Markets offers products and services linked to risk management, securities, derivatives, research, debt capital markets, corporate finance and transaction banking. Global Banking consists of the international operations conducted from New York and Luxembourg, as well as Financial Infrastructure.

Quarterly performance							
Handelsbanken Capital Markets							
SEK m	2023:4	2023:3	2023:2	2023:1	Total 2023	Total 2022	Change, %
Net interest income	87	90	97	110	384	301	28
Net fee and commission income	146	189	163	242	740	771	-4
Net gains/losses on financial transactions	236	286	272	250	1,044	1,131	-8
Other income	1	2	3	1	7	9	-22
<b>Total income</b>	<b>471</b>	<b>565</b>	<b>536</b>	<b>603</b>	<b>2,175</b>	<b>2,212</b>	<b>-2</b>
Staff costs	-307	-303	-297	-293	-1,200	-1,143	5
Other expenses	-103	-121	-89	-96	-409	-326	25
Internal purchased and sold services	-63	-62	-48	-74	-247	-344	-28
Depreciation, amortisation and impairment of property, equipment and intangible assets	-36	-36	-36	-36	-144	-147	-2
<b>Total expenses</b>	<b>-509</b>	<b>-522</b>	<b>-471</b>	<b>-498</b>	<b>-2,000</b>	<b>-1,959</b>	<b>2</b>
<b>Profit before credit losses, risk tax and resolution fee</b>	<b>-39</b>	<b>44</b>	<b>65</b>	<b>105</b>	<b>175</b>	<b>253</b>	<b>-31</b>
Net credit losses	4	-2	4	5	11	-13	
Gains/losses on disposal of property, equipment and intangible assets	0	0	0	0	0	0	
Risk tax and resolution fee	-11	-11	-12	-9	-43	-33	30
<b>Operating profit</b>	<b>-45</b>	<b>31</b>	<b>58</b>	<b>100</b>	<b>144</b>	<b>206</b>	<b>-30</b>
Profit allocation	-100	-128	-127	-172	-527	-531	-1
<b>Operating profit after profit allocation</b>	<b>-145</b>	<b>-97</b>	<b>-70</b>	<b>-71</b>	<b>-383</b>	<b>-324</b>	<b>18</b>
Internal income	597	325	377	592	1,891	615	204
C/I ratio, %	137.2	119.5	115.2	115.5	121.4	116.5	
Credit loss ratio, %	-0.20	0.04	-0.09	-0.11	-0.09	0.06	
Loans to the public	21,504	18,909	16,912	20,178	21,504	18,341	17
Deposits and borrowing from the public	39,887	55,572	70,883	73,238	39,887	35,809	11
Allocated capital	2,539	2,428	2,603	2,320	2,539	2,072	23
Return on allocated capital, %	-18.2	-12.7	-8.5	-9.8	-12.3	-11.5	
Average number of employees	607	617	605	592	605	585	3

**FINANCIAL PERFORMANCE**

Operating profit decreased by 30% to SEK 144m (206).

Income decreased by 2% to SEK 2,175m (2,212).

Net fee and commission income declined by 4% to SEK 740m (771). There were increases to brokerage income and deposit and lending commissions, while payment and guarantee commissions were essentially unchanged, and other commissions decreased.

Net gains/losses on financial transactions decreased by 8% to SEK 1,044m (1,131).

Expenses rose by 2% to SEK -2,000m (-1,959).

Staff costs rose by 5% to SEK -1,200m (-1,143). The average number of employees increased by 3% to 605 (585).

Other expense items fell by 2% to SEK -800m (-817).

The risk tax and resolution fee totalled SEK -43m (-33).

Credit losses consisted of net recoveries of SEK 11m (-13), and the credit loss ratio was -0.09% (0.06).

# Other units not reported in the business segments

Below is an account of income and expense items attributable to units not reported in the business segments, including the Group's IT department and central staff functions.

Quarterly performance Other SEK m	2023:4	2023:3	2023:2	2023:1	Total 2023	Total 2022	Change, %
Net interest income	-349	-244	-161	-47	-801	32	
Net fee and commission income	70	70	72	64	276	213	30
Net gains/losses on financial transactions	-30	160	-107	65	88	-457	
Share of profit of associates and joint ventures	-17	49	20	-1	51	-13	
Other income	23	24	28	30	105	1,111	-91
<b>Total income</b>	<b>-301</b>	<b>57</b>	<b>-146</b>	<b>110</b>	<b>-280</b>	<b>885</b>	
Staff costs	-1,022	-894	-847	-1,137	-3,900	-3,778	3
Other expenses	-1,255	-999	-1,063	-1,008	-4,325	-3,525	23
Internal purchased and sold services	2,224	1,941	1,978	2,037	8,180	6,959	18
Depreciation, amortisation and impairment of property, equipment and intangible assets	-131	-192	-159	-200	-682	-601	13
<b>Total expenses</b>	<b>-184</b>	<b>-145</b>	<b>-90</b>	<b>-308</b>	<b>-727</b>	<b>-944</b>	<b>-23</b>
<b>Profit before credit losses, risk tax and resolution fee</b>	<b>-485</b>	<b>-88</b>	<b>-235</b>	<b>-199</b>	<b>-1,007</b>	<b>-60</b>	
Net credit losses	3	-11	-7	7	-8	38	
Gains/losses on disposal of property, equipment and intangible assets	0	0	0	0	0	-2	
Risk tax and resolution fee	-38	-37	-43	-39	-157	-180	-13
<b>Operating profit</b>	<b>-519</b>	<b>-137</b>	<b>-285</b>	<b>-231</b>	<b>-1,172</b>	<b>-203</b>	<b>477</b>
Profit allocation	4	7	6	6	23	39	-41
<b>Operating profit after profit allocation</b>	<b>-515</b>	<b>-130</b>	<b>-279</b>	<b>-225</b>	<b>-1,149</b>	<b>-164</b>	
Internal income	-1,005	-348	-230	-509	-2,092	1,897	
Loans to the public	29,517	25,767	21,390	20,972	29,517	23,264	27
Deposits and borrowing from the public	17,583	71,303	96,064	102,664	17,583	18,630	-6
Allocated capital Finland	6,903	6,636	6,341	6,585	6,903	14,414	-52
Average number of employees	3,157	3,082	3,017	2,968	3,056	2,861	7

**FINANCIAL PERFORMANCE**

Operating profit was SEK -1,172m (-203).

Income was SEK -280m (885). The period of comparison includes income of SEK 1,059m from real estate sales, as well as funding costs of SEK -206m relating to the operations in the Finland disposal groups.

Expenses decreased to SEK -727m (-944).

Staff costs rose by 3% to SEK -3,900m (-3,778). During the fourth quarter, a preliminary provision for the Oktogonen profit-sharing scheme of SEK -83m was made for the 2023 accounting year, while a preliminary provision for the 2022 accounting year was made in the first quarter, amounting to SEK -202m. Adjusted for Oktogonen, staff costs increased by 2%, included the effects of annual salary adjustments, lower pension costs and an increase in the number of employees. The average number of employees fell by 7% to 3,056 (2,861), with the number of employees at the Bank's IT department totalling 2,042 (1,877).

Depreciation, amortisation and impairment of property, equipment and intangible assets amounted to SEK -682m (-601).

# The Handelsbanken share and shareholders

Handelsbanken's share has traded on the Stockholm stock exchange since 1871, making the Bank's share the oldest currently listed on the exchange.

There are two classes of Handelsbanken's share: class A and class B. Class A shares are by far the most common and represent more than 98 per cent of all shares, both in terms of the number of shares and the turnover. Class A shares each carry one vote, while class B shares have one-tenth of a vote. Both classes of share entail the same right to dividends. Each share represents SEK 1.55 of the share capital. At year-end, there were a total of 1,980,028,494 shares (1,980,028,494). The share capital was SEK 3,069 million (3,069).

## STOCK EXCHANGE TRADING

Handelsbanken's share has traded on the Stockholm stock exchange since 1871, and has been traded on several different market places for many years. During the year, Nasdaq Stockholm accounted for 29 per cent of total trading in class A shares and 69 per cent of trading in class B shares. Cboe was largest

among other marketplaces, representing 53 per cent of total trading in class A shares, while the London Stock Exchange represented 14 per cent. For many years, the Handelsbanken share has been included in numerous sustainability indexes.

## DIVIDEND

Where dividends are concerned, Handelsbanken's policy is that the dividend level must not lead to the capital ratios falling below a level of 1 percentage point above the requirements communicated by the Swedish Financial Supervisory Authority.

At the ordinary Annual General Meeting on 22 March 2023, the shareholders resolved to approve the Board's proposal of an ordinary dividend amounting to SEK 5.50 per share and a special dividend of SEK 2.50 per share.

The Board proposes that the 2024 AGM resolve on an ordinary dividend of SEK 6.50 per

share (5.50), and a special dividend of SEK 6.50 per share (2.50). The complete proposal on share dividends is presented on page 202.

## CREATING SHAREHOLDER VALUE

As at 31 December 2023, Handelsbanken's market capitalisation was SEK 217 billion (209). The market capitalisation thus increased by SEK 8 billion (15) during the year, while the Bank also distributed SEK 15.8 billion (9.9) in dividends. In the past five-year period, Handelsbanken has paid SEK 53 billion in dividends, while the market capitalisation has increased by SEK 26 billion.

## SHARE PRICE PERFORMANCE

The Swedish stock market (OMX Stockholm 30 index) increased by 17 per cent during the year. The Stockholm stock exchange's bank index increased by 11 per cent. Handelsbanken's class A shares closed at SEK 109.45 (105.10),

Handelsbanken's shares	2023	2022	2021	2020	2019
Earnings per share, total operations, SEK	14.70	10.95	9.86	7.87	8.65
after dilution	14.70	10.95	9.86	7.87	8.58
Earnings per share, continuing operations, SEK	14.09	10.81	9.51	7.35	
after dilution	14.09	10.81	9.51	7.35	
Earnings per share, discontinued operations, SEK	0.61	0.14	0.35	0.52	
after dilution	0.61	0.14	0.35	0.52	
Ordinary dividend per share, SEK	6.50 <sup>1</sup>	5.50	5.00	4.10	
Total dividend per share, SEK	13.00 <sup>1</sup>	8.00	5.00	8.42	
Dividend growth, ordinary dividend, %	18.2 <sup>1</sup>	10	22		
Price of class A share, 31 December, SEK	109.45	105.10	97.86	82.60	100.90
Price of class B share, 31 December, SEK	130.20	122.20	107.80	92.20	103.40
Highest share price during year, SEK	112.80	106.45	107.35	112.30	106.75
Lowest share price during year, SEK	84.14	84.46	82.10	72.12	82.66
Share price performance, %	4	7	18	-18	3
Total return, %	12	13	29	-18	8
Dividend yield, %	5.9 <sup>1</sup>	5.2	5.1	5.0	
Adjusted equity per share, SEK	103.48	98.14	90.87	84.90	78.60
Stock exchange price/equity, %	106	107	108	97	128
Average daily turnover on Nasdaq OMX (no. of shares)					
Class A	5,395,478	4,249,523	4,150,923	5,225,498	4,039,413
Class B	154,095	107,544	105,539	120,754	51,217
P/E ratio	7.4	9.6	9.9	10.5	11.7
Market capitalisation, SEK bn	217	209	194	164	200
No. of converted shares from the convertible subordinated loan issued in 2014, millions					35.8
No. of shares as at 31 December, millions	1,980.0	1,980.0	1,980.0	1,980.0	1,980.0
Holding of repurchased own shares, millions					
Holding of own shares in trading book, millions					
Number of outstanding shares as at 31 December, millions	1,980.0	1,980.0	1,980.0	1,980.0	1,980.0
Dilution effect, end of period, millions	0.0	0.0	0.0	0.0	0.0
Number of outstanding shares after dilution, millions	1,980.0	1,980.0	1,980.0	1,980.0	1,980.0
Average number of outstanding shares, millions	1,980.0	1,980.0	1,980.0	1,980.0	1,956.8
after dilution	1,980.0	1,980.0	1,980.0	1,980.0	1,976.9

<sup>1</sup> Dividend as recommended by the Board.

an increase of 4 per cent. Including dividends, the total return was 12 per cent.

### REPURCHASE OF SHARES

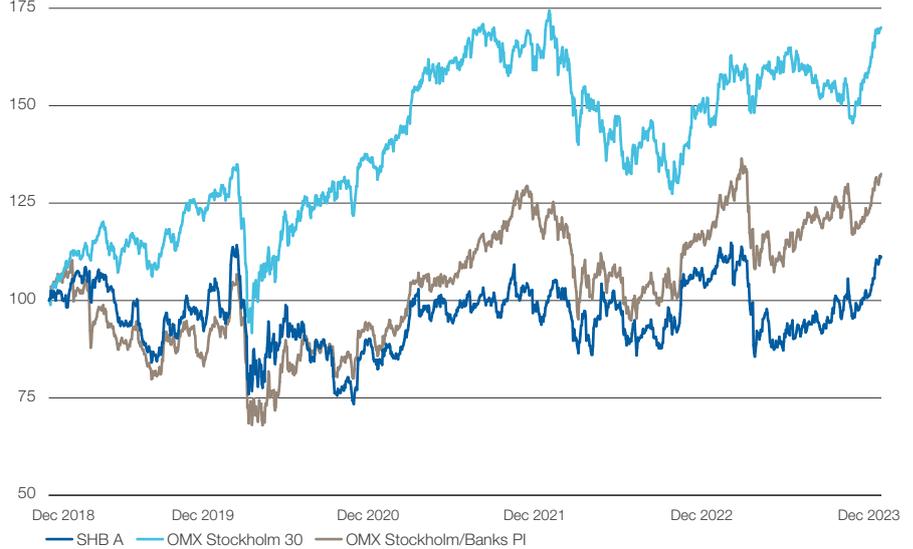
At the AGM in March 2023, the Board received a mandate to repurchase a maximum of 120 million shares during the period until the AGM in March 2024. This mandate was not used in 2023.

### OWNERSHIP STRUCTURE

Over the past four years, the number of shareholders in Handelsbanken has increased from just over to 120,000 to more than 200,000 shareholders. In the same period, the percentage of foreign ownership in the Bank has declined from 48 per cent to 38 per cent. Almost three-quarters of the owners owned fewer than 1,001 shares. The 1.5 per cent of the shareholders who each owned more than 20,001 shares together hold 90 per cent of the share capital.

### Five-year share price performance

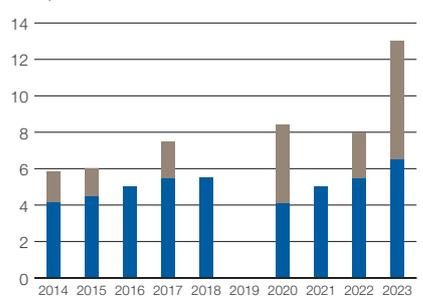
Index 100 = 31 December 2018



The largest Swedish shareholders 31 December 2023	Number shares	% of votes	% of capital
Industrivärden	228,200,000	11.7	11.5
Oktogonen Foundation	159,225,141	8.2	8.0
Lundberg-gruppen	87,335,000	4.5	4.4
Handelsbanken's fund company	59,333,844	3.0	3.0
SEB Fonder	33,925,907	1.7	1.7
Swedbank Robur Fonder	29,029,254	1.5	1.5
Nordea Fonder	16,667,544	0.9	0.8
Avanza Fonder	15,355,037	0.8	0.8
Länsförsäkringar Fondförvaltning	15,152,347	0.8	0.8
Folksam	15,044,583	0.8	0.8
J. Wallanders & T. Hedelius stiftelse, T. Browaldhs stiftelse	13,000,000	0.7	0.7
AFA Försäkring	12,834,102	0.7	0.6
SPP Fonder	12,558,554	0.6	0.6
Första AP-fonden (AP1)	12,110,015	0.6	0.6
Skandia	11,683,972	0.6	0.6

### Share dividends in the past 10 years

SEK per share



2023 according to Board proposal. A 3:1 stock split was carried out in May 2015. Historical dividends have been adjusted for this.

### Shareholdings per shareholder

31 December 2023

Number of shares	Shareholdings				
	Shareholders Number	Number of class A shares	Number of class B shares	% of share capital	% of votes
1–500 shares	121,996	13,491,696	4,405,578	0.9	0.7
501–1,000 shares	25,878	16,533,981	3,650,853	1.0	0.9
1,001–5,000 shares	37,858	78,506,649	10,124,609	4.5	4.1
5,001–20,000 shares	11,432	99,665,344	8,121,836	5.4	5.2
20 001– shares	2,924	1,736,579,495	8,948,453	88.2	89.1
<b>Total</b>	<b>200,088</b>	<b>1,944,777,165</b>	<b>35,251,329</b>	<b>100.0</b>	<b>100.0</b>

### Shares divided into share classes

31 December 2023

Share class	Number	% of capital	% of votes	Average prices/ repurchased amount	Share capital
Class A	1,944,777,165	98.22	99.82		3,014,404,606
Class B	35,251,329	1.78	0.18		54,639,560
<b>Total</b>	<b>1,980,028,494</b>	<b>100.00</b>	<b>100.00</b>		<b>3,069,044,166</b>

# Sustainability Report

This is Handelsbanken's statutory Sustainability Report for 2023. The purpose of the Sustainability Report is to create an understanding of Handelsbanken's impact on the sustainability topics of environmental, social, and corporate governance, and how these topics could affect the Bank's future development. The report contains the sustainability disclosures required under the Annual Accounts Act and, unless otherwise stated, the information herein refers to the entire Group. Any restrictions in the reporting are clearly stated. The statutory Sustainability Report focuses on Handelsbanken's most material sustainability topics. Key metrics, descriptions of the Bank's sustainability goals and the GRI Content Index are grouped together under the section Sustainability information on pages 257-275. Handelsbanken's Taxonomy reporting can be found on pages 276-305.

## A PART OF THE GLOBAL COMMUNITY

Handelsbanken is involved in numerous initiatives and collaborations which, together with continuous dialogue with stakeholders, guide the Bank's ongoing sustainability work.

Handelsbanken endorses the following initiatives to underline its ambition to contribute to sustainable development.



PRINCIPLES FOR RESPONSIBLE BANKING

Signatory of:



Banking operations are regulated by law, and are governed by an extensive framework of statutes and regulations. Handelsbanken also has several internal policies, guidelines and frameworks that govern its sustainability work.

- Policy for sustainability
- Policy for ethical standards
- Policy against corruption
- Guidelines regarding the environment and climate change
- Policy for shareholder engagement and responsible investment at Handelsbanken Fonder
- Framework for gender equality, diversity and inclusivity.

Method of calculation for measuring greenhouse gas emissions:



The Handelsbanken share is included on the following sustainability indexes, among others:

- ECPI
- Solactive Europe Corporate Social Responsibility Index PR
- FTSE4Good
- OMX Stockholm 30 ESG Responsible Index
- SIX SWEDEN ESG Index
- STOXX Global ESG Leaders.

The UN Sustainable Development Goals (SDGs) where Handelsbanken considers itself able to have the greatest impact are:



Do you have any questions about sustainability at Handelsbanken or any opinions?  
Contact [sustainability@handelsbanken.se](mailto:sustainability@handelsbanken.se)



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# Sustainability at Handelsbanken

Life, society and the world that we live in are in a constant state of change. Nevertheless, the core of Handelsbanken's operations remains the same - yesterday, today and tomorrow: responsibility for the financial health of customers. The principles for Handelsbanken's sustainability work are long-term approach, accountability, innovative capacity and compassion. Regardless of whether these concern financing, savings and investments, or advisory services. This means Handelsbanken can provide effective and robust support for initiatives that benefit both people and society in the long term and thereby secure a sustainable economy for generations to come.

## A SUSTAINABLE BUSINESS MODEL

Sustainability practices in the Handelsbanken Group aim to contribute to sustainable development through the Bank's business operations, products and services. Handelsbanken's way of banking is based on trust and respect for the individual. Connecting with customers is central to this – the Bank aims to support its customers through all stages of their lives, basing its business on their needs and preferences. Handelsbanken's sustainability strategy, like many other aspects of the Bank's work, is applied through a decentralised way of working, characterised by a focus on low risks and with a long-term commitment to its customers. The Bank has identified a growing demand for products and

services that not only concern economy and finance, but also support the transition to a sustainable society. Consequently, Handelsbanken's business operations are to be characterised by long-term responsibility, from financing and savings to investments and advisory services. For Handelsbanken, the concept of "responsibility" in this respect refers to solutions that, over time, benefit people, society and the planet.

## DIRECT AND INDIRECT ENGAGEMENT

A well-run bank that acts sustainably and responsibly has a positive impact on the economy in general. This applies to direct economic effects, such as paying corporate tax,

as well as indirect effects. For example, the conditions under which the Bank lends money can make a huge difference, to both the individual and society. In all markets it serves, Handelsbanken finances growth and helps increase employment by providing financing for companies. For example, Handelsbanken is the largest corporate lender in Sweden, and more than one-fifth of household mortgages in Sweden are financed by the Handelsbanken Group.

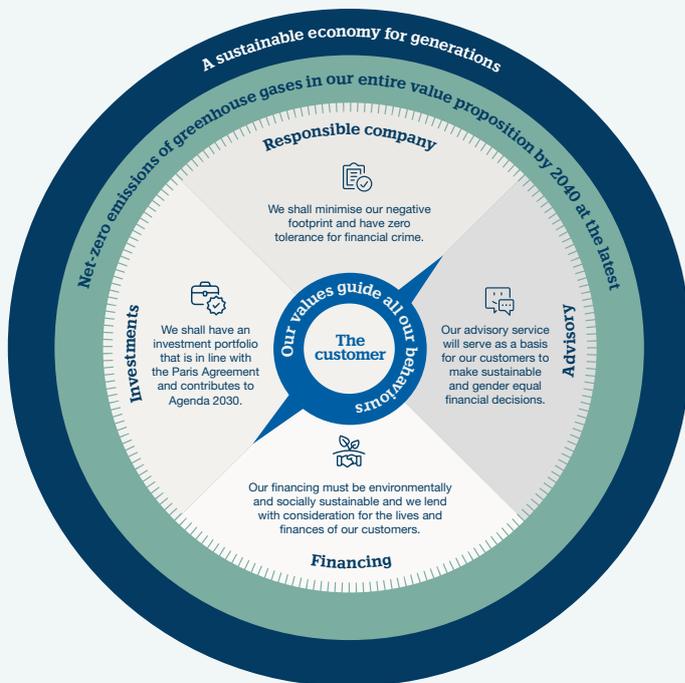
Banking operations in themselves have a relatively minor direct impact on the environment and climate, but striving to constantly reduce the Bank's own impact remains important. Looking for ways to improve energy efficiency, reducing paper consumption and cutting back on travel by air and car – focusing instead on solutions for remote meetings – help to reduce the Bank's direct negative impact. Digital solutions also help the Bank and customers to reduce their respective climate footprints.

A sustainable society requires a robust financial system that cannot be abused. For this reason, the fight against money laundering and terrorist financing is a key component of the 2030 Agenda and the SDGs. Handelsbanken regards work to prevent financial crime as a fundamental principle for secure, sound banking operations.

## Customer-centric approach

Handelsbanken's greatest impact on sustainable development, whether in a positive or negative direction, lies in its business operations: through financing customers' projects and businesses, and being entrusted to manage customers' assets. On issues such as the climate, environment, biodiversity, human rights and inclusivity, the Bank has the greatest chance to make a positive difference by supporting customers through their sustainable transition. By helping our customers – whether large companies, SMEs or private customers – to be more sustainable, Handelsbanken itself becomes more sustainable. Handelsbanken thus works actively to support and accelerate its customers' sustainable development. This takes the form of dialogue and advice, within

### A sustainable business strategy



With a sustainable business model, Handelsbanken wants to be part of financial solutions for people and companies. Regardless of cyclical fluctuations, changes in the business environment and financial crises, the Bank aims to not be involved in short-term speculation but rather make investments that create long-term value.

the framework of financing, in discussions regarding savings and by building close relationships with customers.

### Approach to risk

Financial strength and stability help Handelsbanken to avoid becoming a burden on society. Handelsbanken has a low risk tolerance, which has helped the Bank keep its credit losses at a low level. Instead, the Bank can positively contribute by being a responsible taxpayer and contributing to financial stability under all economic conditions. Handelsbanken considers the prevention of direct and indirect risks as part of its sustainability work. The Bank is well aware that social and environmental matters can significantly increase credit risk, investment risk and reputational risk. Sustainability risks are thus integrated into normal processes and procedures.

### THE BANK AS AN EMPLOYER

Handelsbanken's role as an attractive and responsible employer is based on a fundamental belief in the willingness and ability of people to make the right decisions. Leaders and employees have a shared responsibility to see opportunities in one another's differences and to treat each other with respect. Gender equality, diversity and an inclusive corporate culture are therefore core values at Handelsbanken.

### MATERIALITY AND IMPACT ASSESSMENT

To be a responsible bank, Handelsbanken must first understand what material impacts it has on the wider world through its activities and business relationships. The starting point is the three areas in which Handelsbanken has set specific sustainability goals – financing, savings and investments, and advisory services. In addition to these three areas, consideration has been given to how the Bank acts responsibly, such as its efforts to combat financial crime and its actions as an employer.

In the materiality assessment, the Bank has identified, assessed and prioritised actual and potential impacts, taking into account economic, environmental and social perspectives, including the effects on human rights. Important factors going into the assessment were the environment and climate, human rights and biodiversity.

Using the results of the materiality assessment, the Bank defines the most material sustainability topics to be focused on, followed up, reported and communicated within financing, savings and investments, advisory services and corporate social responsibility.

### MATERIALITY ASSESSMENT

Handelsbanken performed its most recent materiality assessment in 2022 to align with the requirements set out in GRI Standards 2021. Consideration has also been given to the materiality assessment requirements presented in the draft European Sustainability Reporting Standards (ESRS 1) in April 2022. The materiality assessment thus constituted the first stage in the ongoing process of identifying, assessing and evaluating material sustainability topics on the basis of impact and consequence, as required by both GRI 2021 and the draft ESRS. At the time the materiality assessment was performed in 2022, GRI's sector-specific standards were yet to be completed, meaning that the business environment analysis was instead based on the SASB (Sustainability Accounting Standard Board) and MSCI materiality maps.

A large number of experts from Handelsbanken's various business areas and home markets, including the Bank's Chief Sustainability and Climate Officer, who is also part of the Bank's executive management, took part in the work. Participants took part on the basis of professional roles, as representatives of the Bank, and as sustainability experts. Support and guidance were provided by external sustainability experts.

Important starting points for discussions on the material topics have been the specific areas of human rights, environment and climate, and biodiversity, and how these are included and addressed in the questions.

The first stage consisted of a review of Handelsbanken's previous materiality assessments and the business environment. From these, a list of material topics was created, forming the basis for the ongoing work.

The second stage involved the identification and analysis of these material topics' respective impacts, from a financial, economic, environmental and social (including human rights) perspective. The financial perspective was included as part of the adaptation to the ESRS and the double materiality assessment, while the economic, environmental and social perspectives were included in accordance with the requirements of GRI 2021. An assessment and analysis were also undertaken of how Handelsbanken could have a negative impact by causing, contributing to or being directly linked to an impact, mainly from a financing and investment perspective, but also through internal processes, procedures and work methods.

The different types of impact were analysed in terms of:

- actual/potential
- positive/negative
- direct/indirect
- intended/unintended
- short-term/long-term
- reversible/irreversible.

In the third stage, an assessment was made of how significant an impact each respective topic has on the wider world, after which a final prioritisation was decided by the Bank's Chief Sustainability and Climate Officer, together with employees in the Group Sustainability Department.

Handelsbanken's Sustainability committee, on which a large proportion of executive management sits, was informed during this work of the sustainability topics identified in the materiality assessment. The Bank's Board had the opportunity to evaluate the materiality assessment as part of the approval process surrounding the reporting in the Annual and Sustainability Report. The final result was verified and approved by the Bank's Chief Sustainability and Climate Officer in 2022.

The outcome of the materiality assessment is presented on page 40. During 2023, no material topics were removed, added or reformulated.

### PREPARATION FOR CSRD

Within the framework of the Bank's activities to prepare for and implement the new Corporate Sustainability Reporting Directive (CSRD), a double materiality assessment was performed during the autumn in accordance with the associated European Sustainability Reporting Standards (ESRS). The result of the double materiality assessment will then form the basis of the Sustainability Report for the next year, i.e. 2024. The assessment was based on two dimensions: impact materiality and financial materiality. Impact materiality refers to how the company impacts the macro environment, society, people and the climate through its operations and management of various sustainability topics. Financial materiality refers to how the company's financial position and financial performance are impacted by the macro environment and various sustainability topics linked to this. The assessment considers both positive and negative impacts and the risks and opportunities faced by the company from different sustainability topics in the short, medium and long term.

The assessment was led by Group Sustainability supported by external experts. Several of the Bank's different central staff functions and support functions as well as product owners were involved in the work in order to obtain and

Focus on the material

Financing	Savings & investments	Advisory services	Corporate responsibility
<p><b>Material topics</b></p> <ul style="list-style-type: none"> <li>Responsible lending.</li> <li>Responsible financing.</li> <li>Sustainable loan and financing products.</li> </ul>	<p><b>Material topics</b></p> <ul style="list-style-type: none"> <li>Responsible investments.</li> <li>Active stewardship.</li> <li>Sustainable savings and investment products.</li> </ul>	<p><b>Material topics</b></p> <ul style="list-style-type: none"> <li>Responsible advisory services.</li> <li>Gender-equal advisory services.</li> <li>Helping customers make sustainable choices.</li> </ul>	<p><b>Material topics</b></p> <p><b>Responsible banking</b></p> <ul style="list-style-type: none"> <li>Counteract financial crime.</li> <li>Minimise impact on the environment and climate.</li> <li>Privacy and confidentiality.</li> </ul> <p><b>Attractive employer</b></p> <ul style="list-style-type: none"> <li>Sustainable working situation.</li> <li>Leadership and development.</li> <li>Gender equality and diversity.</li> <li>Salaries and remuneration.</li> </ul>
<p><b>Why is it material?</b></p> <ul style="list-style-type: none"> <li>The sustainability requirements that the Bank applies to its lending gives the Bank opportunities to contribute towards a greater respect for environmental and climate issues, biodiversity and human rights and lower sustainability risks by accelerating the pace of the sustainable transition.</li> <li>Handelsbanken strives to support all customer groups in their sustainable development. This requires the continued development of more sustainable and competitive financing products.</li> </ul>	<p><b>Why is it material?</b></p> <ul style="list-style-type: none"> <li>Handelsbanken is convinced that investments in responsible, sustainable business models that respect the boundaries of the planet are essential for generating long-term financial value for our customers.</li> <li>Handelsbanken wants to use its influence to encourage companies to move in a more sustainable direction.</li> <li>According to a customer survey carried out by SKI EPSI in 2023, 70% of private customers and 66% of corporate customers of Handelsbanken in Sweden state that their demands for sustainability will increase in the future.</li> </ul>	<p><b>Why is it material?</b></p> <ul style="list-style-type: none"> <li>Handelsbanken's success depends on the trust of its customers. This confidence is earned by acting responsibly when the Bank meets its customers and gives them advice on, for example, mortgage loans, day-to-day finances, corporate finance and investments.</li> <li>It is important to Handelsbanken to provide opportunities to all its customers to improve their financial security and freedom. For instance, by giving more prominence to gender equality in the development of advisory services, the Bank can improve knowledge and spread awareness of the informed choices customers can make to strengthen their financial independence.</li> </ul>	<p><b>Why is it material?</b></p> <ul style="list-style-type: none"> <li>By fulfilling its undertakings as a responsible bank, Handelsbanken can make a positive difference for customers, employees and the communities in which the Bank operates.</li> <li>The Bank should reflect the diversity in the community, and utilise and respect each employee's competency, experience and value in the best possible way, so that they can develop as individuals and in their professional roles.</li> </ul>
<p><b>Outcome</b></p> <ul style="list-style-type: none"> <li>The proportion of green, sustainable or social financing amounts to 7.6% of the Bank's financing volume.</li> <li>Green loans SEK 87.2 billion (63.7), of which green mortgages SEK 35.0 billion (31.8).</li> <li>Approved assets in the green registry SEK 89.0 billion (67.5).</li> <li>Sustainability-linked loans SEK 105.4 billion, of which drawn SEK 39.2 billion.</li> <li>Green bonds issued volume EUR 3,059 million (1,750).</li> </ul>	<p><b>Outcome</b></p> <ul style="list-style-type: none"> <li>Carbon intensity in the fund company's total investment portfolio 51.2 tCO<sub>2</sub>e/SEKm (50.2).</li> <li>Investments in environmental and climate solutions 20.7% (22.7).</li> <li>Sustainable investments 43.2% (43.2) of assets under management.</li> <li>A total of 587 (421) dialogues were carried out with companies.</li> </ul>	<p><b>Outcome</b></p> <ul style="list-style-type: none"> <li>A total of 3,492 employees are licensed by SwedSec or through an equivalent advisory service qualification.</li> <li>Just over 1,100 employees in Sweden have completed training in gender-equal pensions, gender-equal savings and gender-equal advisory services.</li> <li>A new feature for compensation savings was integrated into the advisory services that are used by the Swedish branch operations.</li> </ul>	<p><b>Outcome</b></p> <ul style="list-style-type: none"> <li>91% of employees have completed training in anti-corruption, anti-money laundering and combating the financing of terrorism.</li> <li>The Bank's direct carbon emissions have increased by 0.7% since last year.</li> <li>43% (43) of managers are female.</li> <li>Approximately only 1% of the Group's employees are eligible to receive performance-based variable remuneration.</li> </ul>
			

ensure various viewpoints on the issues, not only from a risk and impact perspective, but also in terms of business opportunities associated with sustainability.

**STAKEHOLDER DIALOGUE**

Many private individuals, organisations and companies affect, and are affected by, how Handelsbanken runs its business. In order to ensure that the Bank develops its sustainability work, and continues being a responsible bank that meets stakeholders' expectations and other external requirements, stakeholder dialogues are held regularly. These take place in different contexts, such as customer meetings and surveys, investor meetings, industry forums, supplier follow-up and dialogues with non-profit organisations, staff and trade unions. Through these dialogues, the Bank is better able to understand the expectations and requirements

that its stakeholders place on the Bank, and how its business operations are to be conducted and developed. This helps the Bank to make well-founded decisions and provides important input for prioritising sustainability work in different business areas and home markets.

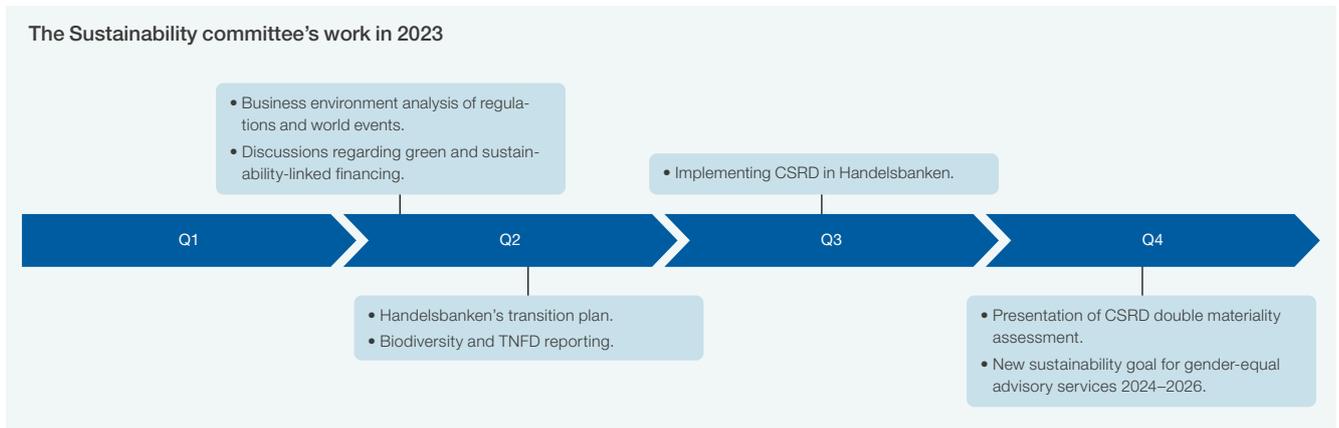
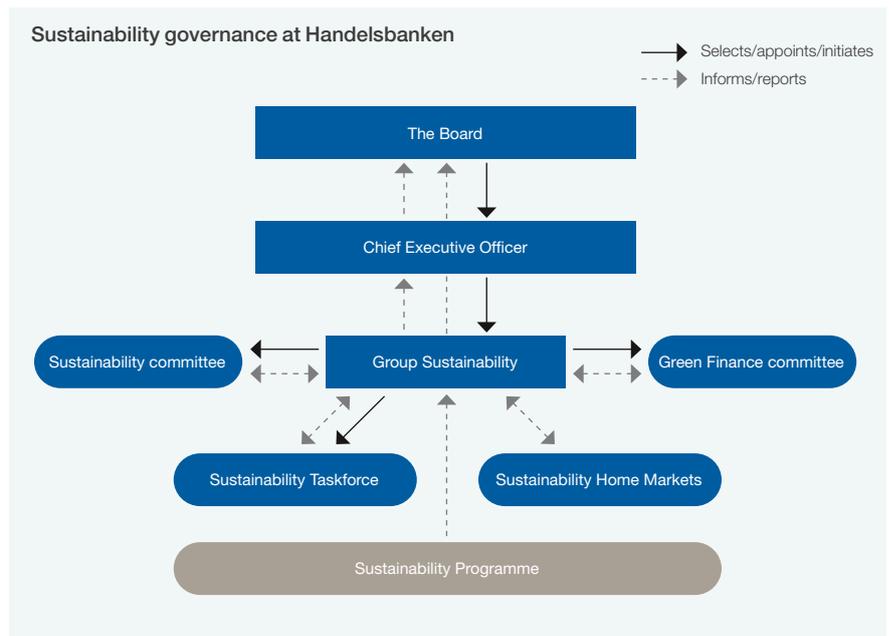
**STAKEHOLDERS**

Handelsbanken's principal stakeholders are customers, employees, owners and investors, trade unions, and the community at large, including special interest organisations, public authorities and legislators. The Bank's main stakeholder groups have been identified based on the fact that Handelsbanken's operations materially affect them, or are materially affected by them. Handelsbanken also maintains continual dialogues with other stakeholders, such as equity research analysts, trade associations, sustainability analysts, non-profit organisa-

tions, international organisations, municipalities and county councils, suppliers, press and media, students, schools and universities. For Handelsbanken, corporate social responsibility means living up to the expectations of these stakeholders and acting so as to maintain their trust in the Bank.

**Customers**

The most important dialogue occurs in the customer meetings that take place every day. These meetings can be held face-to-face at a branch, over the phone, at digital meeting places or on social media. Customer surveys are also carried out continually in order to gain a better understanding of the customers' expectations of Handelsbanken and its sustainability work. Within investment advisory services, sustainability preferences are a standing item on the agenda, and the Bank has seen that



63 per cent of customers in Sweden state that sustainability is important to them when choosing where to invest their savings.

### Employees

The Bank's employees are a key stakeholder group. Without the right employees, it does not matter how good the products and services are. By participating in their unit's annual business planning process, each individual employee can join, contribute to and influence the way the business is run.

### Owners and investors

The shareholders ultimately determine how Handelsbanken is governed. Shareholders' rights to decide on matters concerning the company's affairs are exercised at regular shareholders' meetings. In the past five years, shareholders corresponding to more than 50 per cent of the votes have been represented. The Bank provides investors, analysts, rating agencies and other capital market players with information regarding Handelsbanken's operations, sustainability work and financial performance. The Bank's management, together with Investor Relations, has had numerous meetings with the Bank's equity and debt investors. On several occasions, the Bank's Chief Sustainability and Climate Officer or Deputy Sustainability and Climate Officer have participated in the meetings, in order to present and answer questions about the Bank's sustainability work.

### Trade unions

Handelsbanken has long had good relationships with the trade unions we deal with, and this is an important part of the Bank's culture. There is an ongoing dialogue between union representatives and managers concerning the operations, on matters such as significant changes – where valuable insights and knowledge are shared as early as the concept stage.

### Society

Handelsbanken has an ongoing dialogue with stakeholders including supervisory authorities, central banks, regulatory bodies, as well as governments and parliaments in Sweden, the EU and the rest of the world. The Bank also maintains contact with several non-governmental organisations (NGOs). During the year, the Bank has had multiple ongoing dialogues, responded to questions and participated in discussions and seminars, to ensure that it remains abreast of the latest developments in sustainability and is up to date with important viewpoints.

### Sustainability analysts

More than twenty investment banks have research analysts who regularly monitor Handelsbanken and its share and debt instruments. In recent years, many of these investment banks have supplemented their traditional company evaluation with an additional evaluation focusing on sustainability. Independent research firms that concentrate solely on sustainability are also becoming more prominent, with analysts evaluating many dimensions of the Bank's sustainability work. These evaluations often take the form of extensive questionnaires, but also include dialogues with individual analysts. During the year, Handelsbanken responded to more than 15 enquiries, surveys and analyses from various international actors.

### Suppliers

Handelsbanken purchases goods and services from numerous suppliers. With the Bank's Supplier Code of Conduct as a starting point, a continuous dialogue is maintained with the most prominent suppliers, with sustainability topics being a central aspect. One result of these dialogues is that the Bank motivates and engages its employees, while also improving both its own and its suppliers' sustainability work.

## SUSTAINABILITY ORGANISATION

Handelsbanken's sustainability work is decentralised and carried out wherever the Bank's business and operational decisions are made. The work is coordinated by a Group-wide specialist function headed by Handelsbanken's Chief Sustainability and Climate Officer, who reports directly to the Chief Executive Officer and is part of the Bank's executive management. The functional responsibility for sustainability work within the Handelsbanken Group is delegated to the Bank's Chief Sustainability and Climate Officer by the Chief Executive Officer and includes a mandate to ensure that sustainability work functions well, is undertaken in accordance with internal and external rules, and involves the further development and improvement of sustainability practices taking into account macro-economic factors.

### THE ROLE OF THE BOARD AND EXECUTIVE MANAGEMENT

Handelsbanken's Board has adopted a policy for sustainability in the Handelsbanken Group, supplemented by guidelines from the Chief Executive Officer in a number of key sustainability areas. The policy for sustainability and supplementary guidelines are available on handelsbanken.com.

In addition to the Board's annual review of the policy for sustainability, the Chief Sustainability and Climate Officer must follow up and report to the Chief Executive Officer and the Board on the Bank's overall sustainability activities every quarter, including matters of urgency to the organisation, and its performance in relation to the sustainability goals that have been adopted. These reports also describe any significant deviations and, where necessary, actions taken as regards Handelsbanken's sustainability work. No significant deviations were reported to the Board during the year. Examples of matters that the Board was informed of or were discussed include work towards the Bank's sustainability goals within investment portfolios, sustainable financing according to financing terms and market conditions and regulations such as current and future reporting principles relating to CSR.

### COORDINATION ACROSS THE HANDELSBANKEN GROUP

The Chief Sustainability and Climate Officer is also the Chair of Handelsbanken's Sustainability committee, which was formed in 2010. The Sustainability committee analyses the sustainability work undertaken by the Group and, where necessary, takes on a coordinating role. Potential problems and business opportunities are highlighted, and pre-emptive plans of action are established. Decision-makers from both the business operations and central departments make up the Sustainability committee. Several of the members are also part of the Bank's executive management. The Sustainability committee convenes at least three times per year, or more often if necessary.

The process for approving new and amended products and services is based on the Bank's policy for products and services and adheres to a checklist describing the product's characteristics, risks and other relevant information. The process is also intended to ensure that sustainability topics are taken into account.

In order to ensure that the Bank makes the best use of its capacity for innovation, and that all units across all parts of the Bank work together, there are additional working groups with a remit relating to sustainability. One example is the Green Finance committee (GFC), which is responsible for determining technical criteria for green loans, and for approving assets for inclusion in Handelsbanken's portfolio of green assets. In its assessment, the committee considers areas such as life-cycle analysis, positive effects on the climate, powers of resistance and scientific targets. Another example is the committees within Handelsbanken Fonder which prepare matters for decision by the fund com-

pany's CEO regarding methodology development, selection criteria, and whether companies meet the requirements to qualify as being in transition.

During the year, Handelsbanken Group Technology, Data, Innovation established an interdisciplinary working group to promote, implement and oversee sustainable solutions and methods within the organisation. The working group is responsible for training and raising awareness among the organisation's employees about sustainable IT principles and their role in achieving the Bank's sustainability goals, as well as how technology, data and innovation can help Handelsbanken's customers in their sustainable transition.

There are also cross-regional teams with sustainability managers for different geographical markets, which are called Sustainability Home Markets. Both Norway and the UK have dedicated sustainability departments, and in Norway, the Chief Sustainability and Climate Officer is also part of the management team. In the Netherlands, work is coordinated by the Head of Corporate Sales Support Officer and the Head of Internal Governance, Administration and Operational Risk Control. Both functions report directly to the Country General Manager for the Netherlands. Handelsbanken has also launched a cross-organisational programme to identify and coordinate needs for developing infrastructure, data collection and information provision to meet the growing reporting and transparency requirements relating to sustainability. The programme supports the business operations and makes it possible for the Bank to follow up and communicate on its sustainability goals, as well as to report according to regulations, requirements from public authorities and external obligations.

#### HANDELSBANKEN AND THE SUSTAINABLE DEVELOPMENT GOALS

When the UN adopted the 2030 Agenda and the associated SDGs, Handelsbanken's Sustainability committee analysed all 17 goals and the related 169 targets in order to understand how the Bank can work with the goals and the link to operations and the Bank's material sustainability topics. The analysis was from the perspective of impact, risks and opportunities. Based on the results of the analysis, Handelsbanken elected during the years to focus primarily on the following six goals: Gender Equality; Decent Work and Economic Growth; Industry, Innovation and Infrastructure; Sustainable Cities and Communities; Climate Action, and Peace, Justice and Strong Institutions.

For all these goals, Handelsbanken can contribute through its own operations and through business relations. The importance of gender equality, decent work conditions and children's rights are a natural part of the Bank's own operations. Handelsbanken wants to help highlight and accelerate its progress in the communities where the Bank operates and the companies it does business with.

With significant lending to the property sector, Handelsbanken has a particular responsibility in terms of sustainable cities. In corporate lending, the Bank wants to contribute by reducing its indirect impact on the climate and by financing companies leading the way in the transition to a more sustainable economy. The goal of Peace, Justice and Strong Institutions includes the goal of significantly reducing illicit financial flows and substantially reducing corruption and bribery in all their forms, an area where banks play a crucial role and where the Bank recognises the particular importance of its own role.

The 17 SDGs and the 169 related targets represent the agenda for achieving a sustainable future by 2030. Handelsbanken's business can contribute to all 17 goals in the long term, and although the Bank has the greatest impact on the six goals named above, it applies all of the goals in its operations.

#### SUSTAINABILITY RISKS

Sustainability risk is the risk of financial loss that can arise if the Bank fails to identify and manage risks related to the environment, the climate, social conditions and corporate governance in accordance with the policies, guidelines, commitments and ambitions that form the basis for the Bank's general sustainability work. Also included is the risk that the Bank overlooks sustainability risks in its operations that fall outside the framework of existing policies and guidelines. It may also harm Handelsbanken's reputation. Sustainability risks span many areas, such as the environment and climate, human rights, working conditions, financial crime, information and IT security, and corporate governance issues. Sustainability risks are an integrated part of the Bank's existing risk classes, such as credit risk and financial risks, as well as compliance risks. Sustainability risks may arise in the Bank's own operations and through the Bank's business, such as granting credit and investments. More information about the Bank's sustainability risks and risk management is available in the report Risk and Capital – Information according to Pillar 3 2023 on pages 87–104. The identification, management and prevention of sustainability risks is important from both

a financial and a legal perspective, as are the Bank's actions as a community stakeholder. These also play a critical role in the confidence instilled in the public, as well as relationships with customers, employees, owners and investors. Handelsbanken's view is that responsible actions are thus essential to long-term value creation. Activities for managing sustainability risks follow its decentralised model and are aligned with the Bank's generally low tolerance of risk. The Bank's business operations bear the responsibility for identifying and managing sustainability risks. This is done within a framework of established processes for risk management.

A number of leading conventions and guidelines for managing sustainability risks are provided here:

- Task Force on Climate-related Financial Disclosure (TCFD).
- UN Environment Programme Finance Initiative (UNEP FI).
- EBA Guidelines on loan origination and monitoring.
- Partnership for Carbon Accounting Financials (PCAF).
- Science Based Targets initiative (SBTi).
- UN Principles for Responsible Banking (PRB).
- UN Principles for Responsible Investment (PRI).
- Equator Principles.
- Taskforce on Nature-related Financial Disclosures (TNFD).
- UN Universal Declaration of Human Rights.
- International Labour Organisation's core conventions.
- UN Convention on the Rights of the Child.
- UN Guiding Principles on Business and Human Rights.
- Children's Rights and Business Principles.
- UN Global Compact.
- UK Modern Slavery Act.
- EU legislation for anti-money laundering and customer due diligence.
- ISO 27001 international standard.
- Standard of Good Practice produced by Information Security Forum (ISF).

Management of sustainability risks

Risk area	Risk description	Actions to minimise the risk	Effects by risk class
Climate	<p>Climate-related risks are diverse, complex and often hard to measure. These risks can be divided into physical risks and transition risks. Assets that cannot be utilised due to the climate transition or climate change and lose their value are usually referred to as stranded assets.</p> <p>Physical climate-related risks arise as a consequence of global warming, which in turn is driven by increased greenhouse gas (GHG) emissions. Physical climate-related risks can be divided into acute and chronic risks. Acute risks concern the increased risk and strength of extreme weather events, such as storms, heavy rainfall, flooding and heat waves. Chronic risks refer to long-term changes in climate patterns, such as sustained higher temperatures, rising sea levels or changed precipitation patterns. Both acute and chronic risks may have a negative impact and cause damage to assets or operations that the Bank has financed or in which it has invested.</p> <p>Transition risks consist of risks linked to the transition to an economy with lower emissions and ultimately net-zero GHG emissions. Transition risks may arise, for example, through changes to legislation, changes in the demand for products and services, changed customer behaviour or other structural shifts caused by the transition.</p>	<p>The credit process has been updated and clarified in terms of the assessment of climate-related risk. Handelsbanken has separated climate-related risk from environmental risk in the credit assessment and made it a separate main area. At the same time, the instructions to assess climate-related risk were clarified, and additional documentation requirements for larger credits were introduced.</p> <p>Periodic screening of companies the Bank invests in, checklists in the credit assessment process, support with the help of sector-specific sustainability risks established by external experts, documentation requirements and systems support.</p> <p>Policy documents and instructions for responsible investment and responsible credits, including "Fossil energy – sector framework".</p> <p>In line with TCFD recommendations, the Bank has intensified its work to improve its capacity to assess potential risks of all sizes, particularly those associated with properties. An analysis was conducted of property-specific risk for properties in Sweden, looking at mean sea level rise, as well as a study of flooding risk for properties in Stockholm in the event of extreme sea level rise. These analyses were based on externally calculated climate scenarios provided by the Swedish Meteorological and Hydrological Institute (SMHI).</p>	<p><b>Credit risk</b> Increased credit losses and capital costs due to a deterioration of the financial position of customers financed by the Bank. Credit risk is affected by changes in the borrower's repayment capacity and by changes to the value of the collateral. Climate-related risk is important given that Handelsbanken has a major exposure to the property sector. Physical climate-related risks may cause damage to property which reduces the value of the collateral and also leads to reduced income if the property is used, for example, in production or for leasing. Similarly, transition risks, such as stricter requirements for energy efficiency in properties, entail modification costs that impact repayment capacity and may affect the value of the collateral. New greener production technology may compete with existing companies and impact their income. Deficiencies in terms of environmental, social and legal matters may cause credit losses.</p> <p><b>Liquidity risk</b> Increased costs for market funding if the credit risk in the Bank's assets increases or if the Bank's reputation deteriorates due to sustainability factors.</p> <p>Weakened liquidity if customers use deposits or utilise revolving credit facilities to finance any restoration following acute damage or other events linked to other sustainability factors.</p> <p><b>Market risk</b> Weakened return on the Bank's assets and liabilities, for example through changes in share prices and credit spreads due to sustainability factors.</p> <p>General market risk impacts through sustainability-related effects. At the national level, interest rates and exchange rates may be affected by how the country is expected to suffer from acute and chronic climate events and the assessment of the country's willingness and capacity to transition. Aspects such as the country's natural resources, social conditions, access to renewable energy and technical innovative capacity relating to sustainability are also relevant.</p> <p>Weaker market liquidity and increased volatility due to uncertainty about the future.</p> <p><b>Operational risk</b> Operational losses caused by deficient information security, IT system outages, events resulting from financial crime or sustainability-related business disruptions.</p> <p>Risk of impaired reputation and decreased customer satisfaction if the Bank or those customers receiving financing are deficient from a sustainability perspective. This could be the case if the Bank is perceived to be guilty of greenwashing its products and sustainability goals.</p> <p><b>Compliance risk</b> Non-compliance, which could lead to sanctions, financial loss or loss of reputation.</p>
Environmental	<p>Environmental risks are linked to both the Bank's own operations and the suppliers it uses, but also to the companies Handelsbanken invests in and grants credit to. The risks may be associated with direct environmental incidents, pollution or other negative impacts on the environment or ecosystems. However, they may also be indirect, such as business relations with companies engaging in operations that are not aligned with the transition to an environmentally sustainable economy, or which do not give sufficient attention to environmental issues in their operations.</p>	<p>Supplier Code of Conduct.</p> <p>Periodic screening of companies the Bank invests in.</p> <p>Checklists in the credit assessment process, support with the help of sector-specific sustainability risks established by external experts, documentation requirements and systems support.</p> <p>Policy documents and instructions for responsible investment and responsible credits.</p>	<p><b>Market risk</b> Weakened return on the Bank's assets and liabilities, for example through changes in share prices and credit spreads due to sustainability factors.</p> <p>General market risk impacts through sustainability-related effects. At the national level, interest rates and exchange rates may be affected by how the country is expected to suffer from acute and chronic climate events and the assessment of the country's willingness and capacity to transition. Aspects such as the country's natural resources, social conditions, access to renewable energy and technical innovative capacity relating to sustainability are also relevant.</p> <p>Weaker market liquidity and increased volatility due to uncertainty about the future.</p> <p><b>Operational risk</b> Operational losses caused by deficient information security, IT system outages, events resulting from financial crime or sustainability-related business disruptions.</p> <p>Risk of impaired reputation and decreased customer satisfaction if the Bank or those customers receiving financing are deficient from a sustainability perspective. This could be the case if the Bank is perceived to be guilty of greenwashing its products and sustainability goals.</p> <p><b>Compliance risk</b> Non-compliance, which could lead to sanctions, financial loss or loss of reputation.</p>
Human rights, social conditions and working conditions	<p>The risk of abusing human rights is greatest in the role the Bank has as a lender and when it invests in companies, although the risk is also present in its own operations. Risks related to social conditions chiefly concern working conditions. This refers mainly to health and safety, harassment and victimisation, as well as union rights, reasonable wages and rights to all employee benefits as regulated by law. In its own operations, the risk is mainly linked to the Bank as an employer and the Bank's business culture, as well as relationships with suppliers.</p>	<p>Mandatory training for employees, the Supplier Code of Conduct, supplier audits, the revision and strengthening of related processes associated with the Group's operations and its range of products and services.</p> <p>Periodic screening of companies the Bank invests in, checklists in the credit assessment process, support with the help of sector-specific sustainability risks established by external experts, documentation requirements and systems support.</p> <p>Policy documents for responsible investment and responsible credits.</p>	<p><b>Operational risk</b> Operational losses caused by deficient information security, IT system outages, events resulting from financial crime or sustainability-related business disruptions.</p> <p>Risk of impaired reputation and decreased customer satisfaction if the Bank or those customers receiving financing are deficient from a sustainability perspective. This could be the case if the Bank is perceived to be guilty of greenwashing its products and sustainability goals.</p> <p><b>Compliance risk</b> Non-compliance, which could lead to sanctions, financial loss or loss of reputation.</p>
Financial crime	<p>These risks are chiefly associated with the use of the Bank's products and services for criminal activity. This refers primarily to money laundering, corruption, terrorist financing, various types of fraud, tax crime and other serious financial crime.</p>	<p>Mandatory training to raise employees' awareness, constant revision and strengthening of related processes.</p> <p>Customer due diligence, including customer committees and transaction monitoring.</p>	<p><b>Compliance risk</b> Non-compliance, which could lead to sanctions, financial loss or loss of reputation.</p>
Information security and IT security	<p>Risks linked to deficiencies in the management of personal information and company information with respect to availability, accuracy, confidentiality and/or traceability.</p>	<p>Administrative systems, such as rules and instructions, as well as technical security solutions.</p> <p>Continuous follow-up of events which occur both within and outside our operations, for example, through collaboration in international forums.</p> <p>Mandatory training for employees and customers, in order to increase awareness of the threats and risks related to information security.</p>	<p><b>Compliance risk</b> Non-compliance, which could lead to sanctions, financial loss or loss of reputation.</p>

## RESPONSIBLE LENDING

Handelsbanken's lending is based on an assessment of the individual customer's repayment capacity. This assessment ensures that credits are not granted to customers with excessive debt, which could lead to them being unable to repay their loans. This level of attention benefits the Bank, the customer and society at large. Sustainability is a vital aspect of the Bank's credit policy. This policy states that lending is to be responsible and in this respect a high level of business ethics is crucial. Handelsbanken also governs the types of risk that should be considered and assessed in its lending operations by applying Group-wide instructions. An analysis of financial, social and environmental sustainability in the customer's business must always be taken into account, and sustainability risks are integrated into the analysis of the customer's repayment capacity. In the assessment, the Bank factors in the impact from and on areas such as the environment and climate, human rights, and basic principles regarding working conditions, corruption and bribery. Climate-related risks, both physical and transition risks, are a focal point of this assessment.

Here, the Bank's assessment provides an understanding of the customer's transition needs and how Handelsbanken can support these activities in the future to reduce risks in the customer's operations. The Bank's work to help real estate customers enhance their energy efficiency is a concrete example of how we work with sustainability when granting credit. One aim of this is to reduce the risks relating to the future minimum requirements for energy efficiency and to reduce energy and operating expenses in the long term.

Handelsbanken also excludes controversial sectors under established guidelines for business relations, such as coal mining and other fossil fuel extraction.

In 2023, the sustainable construction initiative Hållbar byggbransch was launched – a collaboration between six major banks in Sweden and the construction and property sector. The initiative aims to combat tax evasion and illegal labour, and to promote healthy competition in the industry. As a lender, Handelsbanken has an important role to play, together with other banks, for positive change. Based on common guidelines developed within the framework of the initiative, Handelsbanken now applies special terms when lending to construction and property companies. The terms aim to give borrowers better control of their construction sites through digital control and follow-up systems.

## RESPONSIBLE FINANCING

According to the European Commission, buildings in the EU account for 40 per cent of the

EU's energy consumption and 36 per cent of GHG emissions. Through the revised Energy Efficiency Directive, the total energy consumption at the EU level will decrease by 11.7 per cent by 2030, and according to the European Climate Law, the EU's emissions are to decline by at least 55 per cent by 2030.

As part of the EU's work in climate and energy efficiency, the Union is reviewing the Energy Performance of Buildings Directive (EPBD). The proposals presented would involve the introduction of Minimum Energy Performance Standards (MEPS) for existing buildings. Depending on how the Directive is formulated and how far-reaching the new requirements are, this could have an impact on Handelsbanken's customers and thereby also the Bank. The Bank is following developments and measures and reports key metrics linked to energy efficiency and its customers' properties in the Bank's Climate Change Progress Report 2023.

More information about the Bank's requirements regarding the fossil fuel sector and the results of the analyses are presented in the Climate Change Progress Report 2023, available at handelsbanken.com/en/sustainability.

The property sector is key to both reductions in energy consumption and a reduction of emissions. The Bank's impact analysis related to its PRB activities states that the Bank's opportunities for increased positive impact and decreased negative impact in terms of the environment and climate are mainly within the construction and property sector since it represents a significant portion of the lending portfolio.

At the global level, high standards will be set when it comes to the transition of the sector, and Handelsbanken will work closely with its customers to drive developments in line with international, national and local regulations such as the Paris Agreement and the SDGs. Guidelines and activities based on these initiatives and regulations will be stated in the Bank's own transition plan.

For several years, the Bank has offered green and sustainability-linked financing, as well as advisory services in green and sustainable loan and market financing to a number of sectors. The sectors affected, primarily by green loan financing, are construction and real estate, focusing on reduced energy consumption, although green loan financing also includes assets within forestry, renewable energy, environmentally friendly transport, waste management and water management. These areas are crucial for a transition in line with the Paris Agreement, where a renewable energy system, decreased negative impact on biodiversity and reduced climate impact from the construction and property sector will be vital.

In the markets where Handelsbanken mainly operates, the majority of its lending is property related, meaning that the impact analysis as regards reducing energy consumption is relevant for the whole Bank. 90 per cent of the Bank's loans to the public on 31 December 2023 comprised financing of the property sector. Customers are private individuals, housing co-operative associations, SMEs and large real estate companies. All customer segments can benefit from a product range that promotes a sustainable transition.

## EXPOSURE TO CLIMATE-RELATED RISKS

Over the years, Handelsbanken has successfully stepped up its environmental guidelines with regard to the fossil-fuel sector, with the aim of clarifying that the Bank is aware of, and acts on, risks associated with the extraction and consumption of fossil fuels among the companies we have business relationships with. One consequence of this is that the Bank has reduced its lending to the fossil fuel sector over time. Lending has declined 75 per cent since 2021 to SEK 387 million, corresponding to 0.02 per cent of total loans to the public.<sup>1</sup>

A substantial part of the Bank's lending is to the property sector. Properties are potentially associated with climate-related risks, as they can be exposed to both physical climate-related risks and transition risks. There are opportunities for increased business volumes when the Bank finances customers' investments relating to climate change mitigation and adaptation. As regards climate-related risks, the Bank has intensified its work in recent years to improve its capacity to assess potential risks of all sizes, particularly those associated with properties. An analysis was conducted of property-specific risk for properties in Sweden, looking at mean sea level rise, as well as a study of flooding risk for properties in Stockholm in the event of extreme sea level rise. These analyses were based on externally calculated climate scenarios provided by the Swedish Meteorological and Hydrological Institute (SMHI).

More information about the Bank's stricter requirements relating to the fossil fuel sector and the results of the analyses are presented in the Bank's Climate Change Progress Report for the lending operations, available at handelsbanken.com/en/sustainability.

## DEVELOPMENTS IN 2023

Last year's escalating energy crisis has led to greater focus on energy and energy efficiency. Sharp interest rate increases have resulted in a decrease in financial buffers, and a survey by

<sup>1</sup> In order to align with future reporting requirements, Handelsbanken has in 2023 included additional sectors in its reporting of the Bank's exposure to the fossil fuel sector.

Novus in summer 2023 found that 18 per cent of Swedes were concerned about how they would cope with high energy costs during the winter. Following a summer with heavy flooding and subsequent landslides, many customers have begun to review their opportunities to protect their properties through various types of climate change adaptation.

We create and bundle products and services with attractive offerings to partially offset the costs entailed in energy efficiency measures.

In 2023, Handelsbanken in Sweden launched a new digital service, Energikollen, that guides and helps mortgage customers find the right type of energy efficiency measures adapted to their housing circumstances. It also visualises the energy class the residential property may receive after implementing a number of measures to improve energy efficiency. At the same time, a number of more favourable terms were launched for products related to solar panels, geothermal heating solutions and air-based heat pumps as well as energy declarations.

There is an increasing demand from customers for loan products that take the environment and climate into consideration as these products create value and incentives. Handelsbanken can see continuing strong demand for green and sustainability-linked financing products at the Bank and in the bond market for large corporate customers. Sustainability-linked loans are the most requested loan products in the large corporate group. Climate remains the most common sustainability aspect to which loans are linked in a sustainability-linked structure but as the number of borrowers increases we are seeing signs of a diversification of the theme.

The interest in thematic funding is strong and, despite a more volatile bond market, the Bank has noted continued significant interest, from both issuers and investors. Green bonds remain the most common sustainable form of funding in the Nordic capital market.

**HANDELSBANKEN'S GREEN BONDS**

Handelsbanken established its first Green Bond Framework in 2018 and has since issued two bonds within this framework – one in 2018, and one in 2020. In order to develop the green offering, the Bank's Green Bond Framework was updated in 2022 and the Bank issued a third green bond under the framework. During the first quarter of 2023, Handelsbanken issued, through the subsidiary Stadshypotek, its first covered green bond: a five-year bond under the framework for a total value of EUR 1 billion. During the second quarter, Handelsbanken issued, through the subsidiary Stadshypotek, its first covered green bond in the SEK market: a five-year bond for a total value of SEK 9 billion. All of the issues attracted a great deal of interest from the market and were heavily over-subscribed.

Handelsbanken's Green Bond Framework is based on the Green Bond Principles 2021, which are guidelines developed by the International Capital Market Association (ICMA) that have been adjusted in order to comply with the EU Taxonomy criteria. An independent evaluation has been performed by CICERO Shades of Green.

The capital raised through the issue of Handelsbanken's green bonds is used for lending to clearly definable investments that lead to low carbon emissions and a climate-sustainable future. Examples of this are clean transport, sustainable forest management, green buildings, renewable energy and sustainable water management. In June 2023, the Bank reported the environmental impact of its green bonds by publishing a Green Bond Impact Report.

**Green assets**

Handelsbanken has built up a green registry, consisting of credits that finance green assets and that comply with the requirements and criteria stipulated in Handelsbanken's Green Bond Framework. At the time of the first issue in 2018, the assets in the green registry totalled approximately SEK 10 billion. The volume had increased to SEK 89 billion at the end of 2023.

**SUSTAINABLE LOAN AND FINANCING PRODUCTS**

One of the Bank's main contributions to sustainable development is in the interaction with our customers through the financial products we offer. Thus, it is vital to take sustainability into account when approving new and amended products. The process for this is based on the Bank's policy for products and services and adheres to a checklist describing the product's characteristics, risks and other relevant information. The process is also intended to ensure that sustainability topics are taken into account.

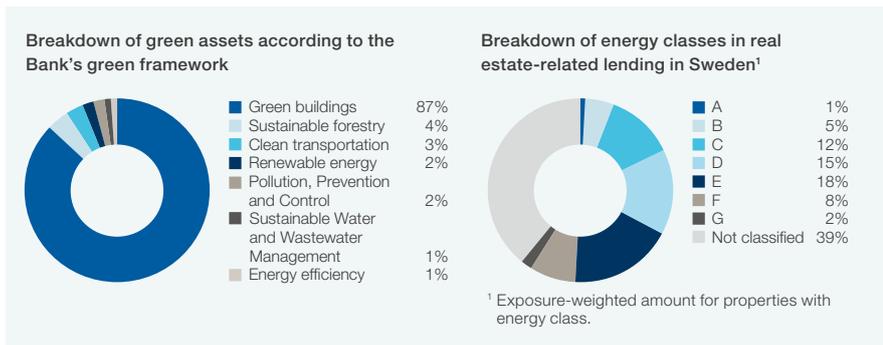
Handelsbanken offers several types of green lending products. To ensure that the environment and climate are taken into consideration when a green loan is used for financing, the Bank has developed technical criteria that must be satisfied by all green loan products which are approved by the Bank's Green Finance Committee.

**Offerings to corporate customers**

Green loans to companies and housing co-operative associations include financing of buildings, renewable energy, sustainable forest management, water management, waste management, environmental transport, climate change adaptations, energy-efficiency measures, and investments aimed at retaining biodiversity. In Sweden, the Green Energy Loan, which was previously solely intended to be used to finance investments in energy efficiency improvements, such as solar panels, ventilation and geothermal heating solutions, was extended to also include climate-adaptation measures such as flooding and was renamed the Climate and Energy Loan (Klimat och Energilån). The loan is available to private individuals, companies and housing co-operative associations. In order to help customers review different types of investments linked to these improvements, Handelsbanken has partnered with a Swedish technology consultancy company.

Handelsbanken has seen a marked decline in new builds, where green construction credit has been an attractive product, and instead noted increased interest in renovation focusing on energy and climate-adaptation measures. The Bank can help the customer throughout the process with its range of green financing with additional advisory services.

Green financing can be provided to both large and small customers who wish to finance a specific investment or asset with an environmentally sustainable purpose. For large customers who do not require financing for a specific project or investment with such a purpose but who are engaged in transparent, ambitious sustainability efforts, Handelsbanken can offer



sustainability-linked loans with incentives for the customer to improve in predetermined sustainability goals. These targets are often company-specific, such as a reduction in carbon emissions in line with the Paris Agreement’s 1.5°C target, energy efficiency, recycling rate or social factors.

Companies wanting to finance electric-powered vehicles, electric-powered carriers and buses can choose green leasing for an individual lease or for their vehicle fleet. Since 2023, battery charging stations can also be included in green leasing, in response to demand and interest from our customers.

**Offerings to private customers**

The majority of new builds in Sweden are energy-efficient constructions, and the demand for energy-efficient homes has increased significantly among the Bank’s private customers. Handelsbanken has a positive view of developments, and wishes to encourage it by offering more favourable terms for mortgage loans, known as green mortgage loans. During the year, lower interest rates were launched in Norway and the Netherlands for private customers with energy-efficient houses.

To assist customers in their climate transition and to highlight the advantages and possibilities associated with reduced energy consumption, Handelsbanken has created an advisory website with everyday energy saving tips, green offers from business partners and a digital guide for various energy efficiency measures for the

customer’s home. The purpose of this package is to give customers the support and solutions to make energy efficiency improvements more easily and fund the measures with Climate and Energy Loans at favourable interest rates.

**Product development and business development**

Extensive product development work is taking place in all our home markets, with customer collaboration, processes and product development adapted to differing geographical markets where necessary as well as to national and local regulations. This is also well-aligned with Handelsbanken’s decentralised working methods, local presence and regional conditions. Examples of activities:

- a central coordinating function for product development to ensure better knowledge sharing
- development of tools to support advisory discussions about, and the assessment of, sustainability work by SMEs
- customer and stakeholder dialogue on products and advisory services
- ongoing dialogue and interaction and external collaborations to develop advisory tools – mainly for SMEs but also for private customers
- training employees in products and advisory services, for example, with films and webinars explaining how sustainable financing is addressed and included in customer meetings
- engagement and dialogue in various stakeholder groups, such as trade associations

- business development activities internally and with external partners to facilitate the collection of sustainability data from customers.

**RESPONSIBLE INVESTMENTS**

As a part of the financial system and as manager of its customers’ savings, Handelsbanken plays an important role in facilitating society’s transition to sustainable development. To achieve this, Handelsbanken and its subsidiaries have set a number of challenging sustainability goals. Below, we describe how the various subsidiaries within the savings area work with responsible investments, active stewardship and product development. The focus area is the subsidiary that generates the largest impact, Handelsbanken Fonder, which manages just over SEK 904 billion, representing about 88.4 per cent of the total assets under management in Handelsbanken.

**HANDELSBANKEN FONDER**

Handelsbanken Fonder AB is a fund company with 112 mutual funds. The company offers active and passive, equity, fixed income and allocation management. The fund company has been permitted to conduct mutual fund operations since 1991.

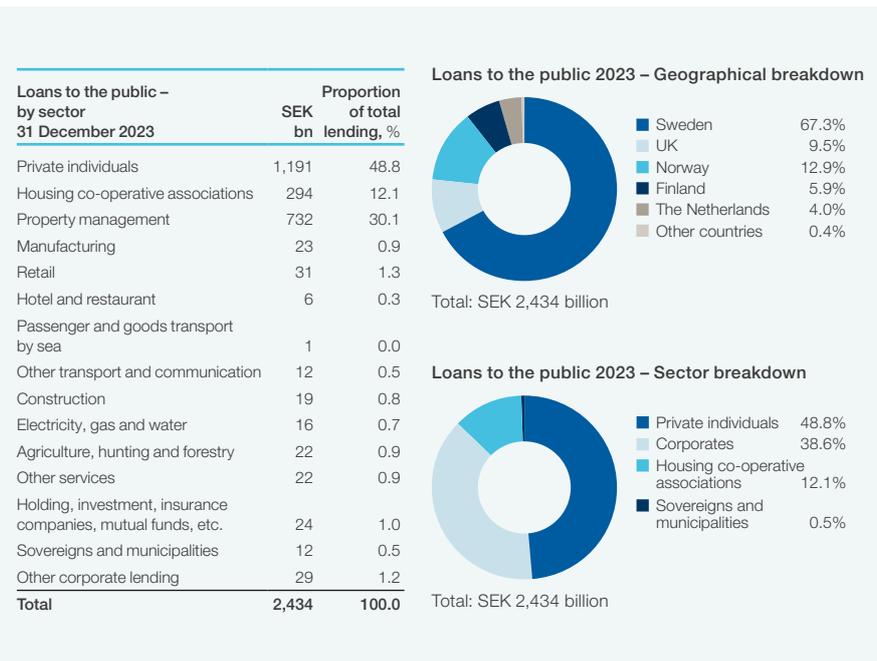
**Sustainability in fund management**

Together with financial criteria, ESG factors are integrated into Handelsbanken Fonder’s analysis and investment decisions. The purpose of the sustainability analysis is both to identify risks in companies’ business models and to find companies at the forefront of the transition to sustainable development. The approach varies depending on the asset class and asset management strategy, but the work is based on the following three methods: inclusion of investments, exclusion of investments and active stewardship.

**Inclusion**

Handelsbanken Fonder applies a long-term investment horizon and works in different ways to identify and invest in companies with sustainable operations, or whose products and services promote sustainable development, in accordance with the goals of the 2030 Agenda and the Paris Agreement.

For actively managed equity funds and fixed-income funds, the company evaluation is critical. Each company is analysed based on relevant questions regarding its strategy, financial and non-financial results and risks, capital structure, social and environmental impact, and corporate governance. The analysis is based on information from the companies, external sources and own internal analysis.



The allocation management team offers actively managed funds-of-funds. This means that investments are made in other funds rather than in individual companies. The process for selecting and following up fund investments takes sustainability criteria into account at both the fund and fund company level. It also looks at organisation, sustainability, the management team and the investment process. For all fund managers, with no exceptions, the allocation management at Handelsbanken Fonder demands systematic sustainability work.

Index management and other passive management are rules-based types of fund management where the sustainability approach of each fund is integrated into the funds' index methodology or strategy. It is therefore seen as vital to actively select indexes and strategies that reflect the fund company's sustainability requirements. Indexes are produced in collaboration with an index supplier and a supplier of sustainability analyses.

Certain indexes tracked by the passively managed funds include companies based on their ESG performance. This is done through an evaluation of the companies' ESG ratings, and companies that successfully manage sustainability-related risks and opportunities are favoured. Handelsbanken Fonder also offers mutual funds with indexes that select and weight companies so that the portfolio's GHG emissions are aligned with the Paris Agreement's climate goals.

#### Index funds aligned with the Paris Agreement

Since 2021, seven index funds track Paris Aligned Benchmarks (PAB). These indexes have been structured to be in line with the emissions reductions required to achieve the goals of the Paris Agreement. The transition to these indexes is one step in the process of reducing the emission intensity of the portfolios, and a key milestone on the way to net-zero emissions. In 2023, another Paris-aligned index fund was launched, Handelsbanken Developed Markets Index Criteria. Accordingly, at year-end eight of the fund company's index funds tracked Paris Aligned Benchmarks, and the assets under management in these mutual funds amounted to SEK 135.2 billion or 15 per cent of assets under management.

#### Investing in companies in transition

Handelsbanken Fonder wants to be part of the transition to a world with low carbon emissions. Companies that make the transition from fossil energy production to renewable energy production play an important part in actually reducing overall carbon emissions. A certain degree of exposure to the fossil fuel sector can therefore be accepted if a company meets the fund com-

pany's requirements to qualify as a company in transition. This applies to most of the mutual funds, and relates to companies in power generation, transmission and distribution of electricity.

Handelsbanken Fonder's Sustainability committee prepares supporting documentation for the CEO, who then decides whether a company meets the requirements established for qualification as a company in transition. Currently, 21 companies have qualified, meaning that the fund company's actively managed equity funds and fixed-income funds, its actively managed allocation funds and some passively managed funds can invest in these companies.

The index funds that track Paris-aligned Benchmarks are also able to invest in companies in transition, but this is determined by clear quantitative rules as part of the index methodology. Nine companies are currently recognised as companies in transition and are thus approved for investment by these mutual funds.

Read more about the requirements for companies in transition at handelsbankenfonder.se.

#### Sustainable bonds

Sustainable bonds are one way of injecting capital to finance a company's sustainability initiatives, and the availability of various types of sustainable bonds on the bond market continues to grow. Handelsbanken Fonder's active fixed-income management has been monitoring this trend closely, and is a major investor in green, social and sustainable bonds.

In early 2023, Handelsbanken Hållbar Global Obligation invested in a social bond issued by a UK bank where the funding is solely used to support SMEs run by women in the UK. The purpose of this Women-Led Social Bond is to balance gender inequalities and enable women to expand their operations.

At the end of 2023, holdings of green, sustainable and social bonds totalled SEK 52.3 billion for the entire fixed-income management.

Fixed-income management is also investing in sustainability-linked bonds (SLBs) – these are bonds that facilitate the responsible financing of a company's transition, using predefined sustainability goals that the company is required to meet, together with the ongoing reporting of its progress.

During the year, Handelsbanken Hållbar Global High Yield invested in a sustainability-linked bond issued by a Brazilian company active in the paper and packaging industry. The company is Brazil's largest producer and exporter of packaging paper and sustainable packaging solutions. The framework followed by the bond focuses on reducing water use in the company's production of paper products. The framework also includes a goal that focuses on biodiversity under which the company is to

reintroduce two regionally extinct species and reinforce at least four threatened species into the forests.

#### Impact investing

Impact investing concerns investments made with the intention to create a positive, measurable impact on society, the climate and environment in addition to financial returns. For Handelsbanken Fonder, this means in concrete terms that the fund company invests in companies that are considered to make a positive contribution, through their operations, to one or more of the SDGs. Each investment is analysed based on a framework to evaluate what the company does and for whom. The framework identifies the stakeholders who benefit from the company's solutions or operations. This can range from local populations in an area with social challenges to specific groups that lack access to fundamental human needs, as well as environmental and climate solutions in general. Areas where investments can be made include companies with products and services in sectors such as education, financial services, healthcare and medical services, housing, electricity, infrastructure, green energy, water and sanitation, sustainable agriculture and food production. The analysis also aims to provide a quantitative answer to the scope of the company's positive impact and how this changes over time.

Handelsbanken Fonder currently has two impact funds: Handelsbanken Latinamerika Impact Tema and Handelsbanken Global Impact. Handelsbanken Fonder is a member of the Global Impact Investing Network (GIIN). This is a global network that brings together impact investors to spread knowledge and methods, and to develop tools for impact investing.

#### Exclusion<sup>1</sup>

Handelsbanken Fonder excludes companies with products or business models that have high sustainability risks – and that risk hindering the objectives of 2030 Agenda and the Paris Agreement. Handelsbanken Fonder therefore excludes:

1. Products and services that significantly risk having an adverse impact on the world, the society or various stakeholders.
2. Investments that are at odds with Handelsbanken Fonder's role as a responsible investor and the fund company's ambition to invest in sustainable development and a sustainable future.
3. Certain products and services that represent an increased sustainability risk in the companies' value chains.
4. Individual companies deemed to have risks that cannot be managed through dialogues.

<sup>1</sup> According to the Swedish Investment Fund Association's definition of "exclusion", no more than 5 per cent of turnover in the company where the investment is made may derive from operations related to such products or services. The 5 per cent limit applies as in many sectors, it is difficult to secure zero tolerance at all stages. It can be difficult to establish the exact turnover related to a specific sector, which means that the external ESG analysis the fund company rely on is permitted to estimate the turnover level. This may lead to the level being either under-estimated or over-estimated compared to the actual situation. One example is that the fund company excludes companies within the media, hotel and telecommunication sectors where more than 5 per cent of turnover derives from the distribution of pornography.

Limits for exclusion

Sectors	Max sales production, %	Max sales distribution, %
Controversial weapons <sup>1</sup>	0	0
Nuclear weapons	0	0
Weapons and military equipment	5	5
Alcohol	5	5
Tobacco	0	5
Cannabis	5	5
Pornography	0	5
Commercial gambling	5	5
Fossil fuels – extraction	5	5
Fossil fuels – power generation	5 <sup>2</sup>	5 <sup>2</sup>
Oil sands	0	-

For services related to these sectors, the upper limit is 50 per cent. Services refers to, for example, marketing, key components, raw materials, machinery and technical equipment, technology, IT and support services.

A handful of derivative-based exchange-traded funds (ETFs) do not apply these exclusion criteria. This applies to the XACT Bull (ETF), XACT Bull 2 (ETF), XACT Bear (ETF) and XACT Bear 2 (ETF) funds that have indirect exposure through OMXS30 derivatives to sectors covered by the fund company's exclusion criteria. For further information, refer to the respective fund's prospectus.

<sup>1</sup> Cluster bombs, anti-personnel mines, chemical and biological weapons.

<sup>2</sup> For the majority of the mutual funds, there can be an exemption from the principle of excluding fossil fuels for a period, if the company fulfils Handelsbanken Fonder's criteria for qualification as a company in transition. For further information, refer to the respective fund's prospectus.

In accordance with the policy for shareholder engagement and responsible investment, all mutual funds therefore exclude all companies involved in controversial weapons, nuclear weapons and cigarette manufacturing.

The mutual funds also exclude companies that derive more than 5 per cent of their turnover from the extraction of combustion coal or that derive more than 30 per cent from coal power generation.

In addition, the fund company applies further exclusion criteria for 99.8 per cent of the fund volume.<sup>1</sup>

This means the mutual funds exclude companies that derive more than 5 per cent of their sales from controversial sectors, and sectors with business models that produce a significant increase in sustainability risk, for more information refer to the table above. The mutual funds also exclude companies that violate international norms and conventions in areas such as human rights, the environment, labour rights or anti-corruption and anti-bribery.

For equity funds and fixed-income funds, the requirements in the table apply when deciding to exclude companies and sectors. The allocation funds have the same requirements for funds they invest in, irrespective of whether these are Handelsbanken Fonder's own funds or funds managed by external fund managers.

Follow-up and control

The fund company's risk control function has daily monitoring activities to ensure that the mutual funds follow its rules regarding the exclusion of companies that do not meet the threshold values set by the fund company. This also applies to companies that violate international norms and conventions.

Stewardship

As a major investor and owner, Handelsbanken Fonder has a responsibility and an opportunity

to influence companies to act responsibly and run their operations in a sustainable manner. Active stewardship is carried out in a number of ways and can be divided into active stewardship and dialogues.

Direct dialogues and collaborative engagements

Dialogues can be conducted in various ways. These can be divided into direct dialogues and dialogues with other investors.

Dialogues cover strategic sustainability topics at a general level, such as demands for clearer objectives, or for a greater degree of transparency regarding the sustainability work carried out by the companies. They could also concern sector or industry-specific themes, risks or specific events that have adverse impact on sustainable development. The fund company's portfolio managers and sustainability specialists often take part in the direct dialogues, which adds value to the dialogue through additional relevant perspectives on the company's operations, risks and opportunities. In 2023, Handelsbanken Fonder held direct dialogues with 199 companies. Climate dialogues as a prioritised issue for the fund company and in 2023, the fund company held 80 direct dialogues with companies on the climate. Dialogue is also a tool to manage the portfolio companies' risks, adverse impacts and opportunities in respect of biodiversity and human rights. In 2023, the fund company held 27 direct dialogues with companies on biodiversity and 53 direct dialogues on human rights, and taken part in investor coalitions focusing on these issues.

The allocation management team also holds ongoing dialogues with fund companies and asset managers, aimed at influencing their investment activities to move in a more sustainable direction.

One benefit of collaborative dialogues is that multiple investors together represent a larger

ownership share, sending a clear signal to the company about investor expectations on a specific issue. Collaborative dialogues are often led by a supplier, either on a specific theme, for example human rights or the climate, or on suspected violations of international norms, such as the UN Global Compact or the OECD Guidelines for Multinational Enterprises. A total of 388 companies have been addressed in 2023.

Investor networks, collaborations and statements

Handelsbanken Fonder is an active participant in investor networks and collaborations and those that Handelsbanken Fonder has joined most recently include: Nature Action 100, Investor Initiative on Hazardous Chemicals and Business Coalition for a Global Plastics Treaty.

Handelsbanken Fonder also frequently supports investor statements directed at companies and other decision-makers, to advocate for higher sustainability ambitions in a number of different ways. The fund company supported and signed statements in areas relating to the climate and human rights during the year.

Within the framework of investor networks, collaborations and statements supported by Handelsbanken Fonder, 17,754 companies have been contacted during 2023.

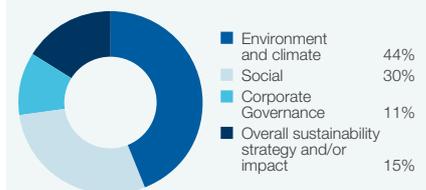
For more information, please visit handelsbankenfonder.se.

Active stewardship

The overriding purpose of the fund company's corporate governance is to promote conditions for a sustainable healthy development of the companies in which the fund capital has been invested. The role as a shareholder is to be exercised in such a manner that the company's value and thereby the net asset value of the funds develop over the long term in the best possible manner and in the mutual interests of the fund unit holders. The fund company believes that focused, active and responsible stewardship is an important part of the assignment from fund unit holders.

As a shareholder, Handelsbanken Fonder can exert an influence over companies through active stewardship in both its actively and passively managed funds. Two of the most direct ways to exercise this influence are through

Breakdown of topics addressed in direct and collaborative dialogues



<sup>1</sup> At year-end, XACT Bull (ETF), XACT Bull 2 (ETF), XACT Bear (ETF) and XACT Bear 2 (ETF) did not actively apply the fund company's additional exclusion criteria. These ETFs have indirect exposure through OMXS30 derivatives to sectors covered by the fund company's exclusion criteria. For further information, refer to the respective fund's prospectus.

representation in nomination committees and voting at shareholders' meetings. The basis for this work is the fund company's policy for shareholder engagement and responsible investment, Guidelines for nomination committees, voting policy and relevant sector regulations from the Swedish Investment Fund Association, the Swedish Code of Conduct for fund management companies, and the Guidelines for fund management companies' shareholder engagement.

**Nomination committee work**

Handelsbanken Fonder has, for example, worked for many years towards set goals to ensure a balanced gender distribution in the nomination committee group, which has had positive results. Handelsbanken Fonder appointed women to 75 per cent of the nomination committees it served on during the period leading up to the AGM season in 2023. The aim is to contribute to the creation of more gender-neutral boards over time.

Ahead of Annual General Meetings in 2023, Handelsbanken Fonder participated in 68 nomination committees. The proportion of women on the boards proposed by these committees increased, from an average of 37 per cent in 2022 to 38.5 per cent in 2023. Handelsbanken Fonder will participate in 63 nomination committees for 2024. The focus will continue to be on achieving more gender-equal boards in the Nomination committee work leading up to 2024.

**Voting at shareholders' meetings**

Handelsbanken Fonder invests in a significant number of companies spread over numerous geographical markets. By voting at shareholders' meetings, Handelsbanken Fonder can influence the direction these companies take in relevant matters. In general, the fund company votes at shareholders' meetings in companies where the holdings exceed 0.5 per cent, or when an issue of particular importance is raised.

In 2023, Handelsbanken Fonder votes at 977 annual and extraordinary general meetings in 43 countries. Votes were cast either in person at the meetings or through proxies via electronic voting. Via proxy voting, the fund company is able to reach more companies and geographical markets.

**Voting on sustainability**

In principle, Handelsbanken Fonder supports shareholder proposals that promote corporate sustainability and greater transparency in the disclosure and reporting of the companies' climate impact, and their work with human rights and labour rights. In 2023, Handelsbanken Fonder voted at 164 shareholders' meetings at which sustainability was on the agenda. In total, the fund company voted on 471 shareholder proposals. The fund company voted in favour of 142 and against 319 of them. A summary of how Handelsbanken Fonder voted is available at handelsbankenfonder.se.

**Incentive programmes**

Handelsbanken Fonder receives many enquiries from companies about incentive programmes before they are presented at the shareholders' meeting, and has detailed dialogues about them with the companies. Together with other institutional owners, the fund company demands a certain level of transparency in the design of these programmes, and has, as part of the Institutionella Ägares Förening – IÄF (Institutional Owners Association for Regulatory Issues in the Stock Market), prepared a document with guidelines for how these programmes should be presented. Ahead of the 2023 AGM season, the fund company held 17 dialogues on the subject. In addition, several other incentive programmes were analysed prior to a vote. During the period leading up to the AGM season in 2024, Handelsbanken Fonder will request and assess sustainability parameters in share incentive plans in order to advance efforts to achieve established sustainability goals.

**Securities litigations and settlements**

Occasionally, companies that the fund company has invested in commit crimes or breach regulations, such as fraud or breach of marketplace rules. Such violations may result in securities litigations being brought against the company, often as a class action. These are often resolved through a settlement, with the company being compelled to compensate shareholders for losses incurred. Settlements may also include demands, for example in the form

of changes to the board of directors, new or amended internal rules, or control activities. In order for Handelsbanken Fonder to safeguard the rights of the fund unit holders in such proceedings, two law firms are engaged to monitor the companies' actions and arising litigations. In 2023, our mutual funds received USD 2,036,098 in class action settlements in the USA. The amount derived from 51 different settlements and was paid out to 19 of the mutual funds.

**EU reporting of funds**

In accordance with the Sustainable Finance Disclosure Regulation (SFDR), Handelsbanken Fonder reports its mutual funds in the following manner:<sup>1</sup>

**The fund has sustainable investments or a reduction in carbon emissions as its objectives (Article 9)**

Mutual funds that have sustainable investments as their objective invest in companies whose products and services are deemed to make a direct positive contribution to fulfilling one or more of the SDGs in the 2030 Agenda for Sustainable Development.

Mutual funds with the objective to reduce carbon emissions strive to achieve a low exposure to carbon dioxide and other GHG emissions to fulfil the long-term global warming goals in the Paris Agreement, i.e. to limit the global temperature increase to no more than 1.5°C. These mutual funds comply with the EU Paris Aligned Benchmarks and are reported as Article 9.3.

14 of the mutual funds are reported as Article 9 mutual funds, with total assets under management of SEK 181.7 billion, corresponding to 20.1 per cent of assets under management. These types of mutual funds are also referred to as dark green funds.

<sup>1</sup> The regulations in this area are subject to ongoing development and clarification from the European Commission and the European supervisory authorities, including the Swedish Financial Supervisory Authority. Handelsbanken Fonder is following this development carefully so that it can take the necessary measures as agreed.

Nomination committees and shareholders' meetings						Voting at shareholders' meetings		Reporting of class actions		
<b>Active stewardship</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>		<ul style="list-style-type: none"> <li>Sweden 311</li> <li>USA 180</li> <li>Norway 70</li> <li>Finland 42</li> <li>Brazil 42</li> <li>China 42</li> <li>Denmark 38</li> <li>Japan 34</li> <li>UK 29</li> <li>Canada 22</li> <li>Other 167</li> </ul>	<b>Year</b>	<b>Total compensation in USD</b>	<b>Number of settlements</b>
Nomination committees	68	70	47	41	34			2023	2,036,098	51
Number of nomination committee places where we have appointed women, %	75	73	79	71	65	2022	1,073,869	38		
<b>Shareholders' meetings<sup>1</sup></b>	<b>977</b>	<b>1,163</b>	<b>1,019</b>	<b>647</b>	<b>813</b>	2021	379,507	25		
Of which Swedish companies	311	302	338	238	224	2020	879,456	13		
Of which non-Swedish companies	666	861	681	409	589	2019	3,760,000	8		

<sup>1</sup> On 1 April 2020, the mutual funds previously managed by Xact Kapitalförvaltning were transferred to Handelsbanken Fonder AB.



### **The fund promotes environmental and social characteristics (Article 8)**

The fund promotes environmental and social characteristics through its investments, but does not have sustainable investments as its objective. This means that the fund considers the environment and climate, as well as human rights, labour rights and non-discrimination.

90 of the mutual funds are reported as Article 8 mutual funds, with total assets under management of SEK 714.8 billion, corresponding to 79.1 per cent of assets under management. These types of mutual funds are also referred to as light green funds.



### **Sustainability risks are integrated into investment decisions (Article 6)**

Sustainability risks are integrated into investment decisions, without the fund promoting environmental and social characteristics, or having sustainable investments as its objective. Sustainability risks are primarily managed through stewardship, in the form of dialogues and active stewardship. The fund also considers Principal Adverse Impacts (PAI) on sustainability factors.

Four of the mutual funds are reported as this type of Article 6 mutual fund, with total assets under management of SEK 5.5 billion, corresponding to 0.6 per cent of assets under management.



### **Sustainability risks are not integrated into investment decisions (Article 6)**

Due to the fund's investment strategy, sustainability risks are not integrated into investment decisions. Examples of such mutual funds are those that invest only in derivative instruments and liquid funds.

Four of the mutual funds are reported as this type of Article 6 mutual fund, with total assets under management of SEK 2.1 billion, corresponding to 0.2 per cent of assets under management.

## **Events during the year**

### **SFDR**

Handelsbanken Fonder reports in accordance with the SFDR regulation, and as of January 2023, information about the mutual funds is published in accordance with the templates referred to in the regulation. During 2022, definitions and methods were clarified to show what the SFDR considers to be a sustainable investment and how Article 8 and Article 9 mutual funds meet with the requirements of the regulation. This has required and continues to require extensive work on the part of Handelsbanken Fonder, and work has continued in 2023 focusing on parts of the regulation that were unclear. One such area was how to report Handelsbanken Fonder's Paris-aligned index funds, which aim to reduce carbon dioxide and other

GHG emissions. At the end of 2022, as a precaution given the ambiguities in the SFDR, Handelsbanken Fonder chose to change the reporting of its Paris-aligned index funds from Article 9.3 to Article 8. However, in April 2023, the European Commission presented a clarification that made clear that index funds that follow a registered EU benchmark, such as the Paris Aligned Benchmark, meet the requirements to be reported as Article 9.3. As a result of this clarification, Handelsbanken Fonder chose to again report its Paris-aligned index funds as Article 9.3 as of 12 May.

### **Holdings linked to Russia**

Russia's invasion of Ukraine in February 2022 has resulted in untold human suffering – and has had huge consequences for society and the global economy, the full extent of which are not yet possible to ascertain. Following Russia's violation of international law, Handelsbanken Fonder resolved to divest all direct exposure to the Russian market shortly after the invasion. The starting point for asset management has been that Handelsbanken Fonder invests in companies – not countries; however, in this situation, it became clear that companies were greatly affected by the countries in which they operated. Geopolitical risk is becoming increasingly more relevant from an investment and sustainability perspective.

Handelsbanken Fonder began gradually reducing its holdings in Russian securities as far back as in autumn 2021. When the Russian market closed down in 2022, only a few shareholdings remained, and these are valued at a price "near zero". As of the end of 2023, the Russian stock exchange continues to be closed to foreign investors, which means the holdings still remain. These will be divested as soon as the market conditions and regulations allow, with the ambition of minimising customer losses.

During the year, Handelsbanken Fonder has held dialogues with 23 international companies concerning their presence in, or business relations with, Russia. Handelsbanken Fonder is monitoring developments and regularly addresses relevant issues within the framework of the fund company's stewardship.

### **New funds 2023**

#### **Handelsbanken Global Digital**

Handelsbanken Global Digital was launched in early 2023. The fund is a global equity fund with the aim to invest in companies that are assumed to be positively affected by the investment theme digitalisation. The fund invests in companies regarded as being, or that may become, key players in the digital transition.

Digitalisation is a vital part in the transition to a more sustainable society. This may involve technology that reduces emissions through automation and smart logistics. It could also involve smart buildings and digitalisation that

improves the quality of, and access to, education and healthcare, such as simulations of robotic surgery.

### **Handelsbanken Global Infrastruktur**

Handelsbanken Global Infrastruktur was launched in autumn 2023. This is a passively managed fund that follows a rules-based systematic management model. This fund makes global investments in companies that ensure basic functions in society such as communication, transportation, energy, electricity network, water and waste management – areas in which major investments will be required in the future. Infrastructure also plays a key role in sustainable development and the transition to achieve the SDGs, such as Goal 11: Sustainable Cities and Communities and Goal 6: Clean Water and Sanitation.

### **Handelsbanken Developed Markets Index Criteria**

During the autumn, the index fund Handelsbanken Developed Markets Index Criteria was launched, which invests in developed stock markets globally. The fund is an Article 9.3 fund, and companies in the index are selected and weighted so the index portfolio's carbon dioxide and other GHG emissions are in line with the long-term climate goals of the Paris Agreement. This is Handelsbanken Fonder's eighth Paris-aligned index fund.

### **Handelsbanken Global Impact**

At the end of 2023, an impact fund, Handelsbanken Global Impact, was launched, an actively managed equity fund. The goal is, in addition to generating financial returns, to invest in companies that the fund company considers to have, or expects to have, a positive impact on any of the 17 SDGs. The fund further broadens Handelsbanken Fonder's range of dark green Article 9 mutual funds and expands the offering to customers with strong sustainability preferences.

### **Nordic Swan Ecolabelled mutual funds**

New, stricter criteria for Nordic Swan Ecolabelled funds came into effect at the beginning of 2023. Among other things, these criteria entail stricter requirements in areas such as climate, the integration of the EU Taxonomy into the sustainability analysis and requirements relating to biodiversity. Read more at [svanen.se/en/funds/save-in-funds](https://svanen.se/en/funds/save-in-funds).

At year-end, Handelsbanken Fonder offered four Nordic Swan Ecolabelled mutual funds with a total value of SEK 101 billion, equivalent to 11.2 per cent of total assets under management.

### **Looking forward**

Handelsbanken Fonder will continue to work towards its established sustainability goals (read more about these on pages 261–262), which are in line with both Handelsbanken

Fonder's overall transition plan and the goals set under the framework of science-based targets. Human rights and biodiversity are two areas, in addition to climate issues, that will require a broader and deeper approach, primarily through continued direct dialogues. Clear expectations and frameworks, such as the TNFD, are helping to move this work forwards. The active dialogue with customers and stakeholders will continue, in order to constantly ensure that the fund company's sustainability efforts are in line with their expectations. The fund company is also following the continued development of the SFDR.

### HANDELSBANKEN LIV

Handelsbanken Liv Försäkringsaktiebolag, hereinafter also referred to as the life insurance company, is a wholly owned subsidiary of Svenska Handelsbanken AB. The life insurance company's insurance policies are distributed by Handelsbanken as an affiliated intermediary. Handelsbanken Liv has assets under management of approximately SEK 260 billion and employs around 100 people.

Its sustainability work is primarily conducted by its sustainability manager, and day-to-day management is governed by adopted policies and strategies. The Board of Handelsbanken Liv is responsible for adopting goals and strategies and adopting policies relating to sustainability. The CEO makes decisions on daily management linked to this area, for example in respect of guidelines, new or changed insurance products, investments within the framework of traditional insurance (no new sales) and the selectable range of funds for unit-linked insurance. The selection and evaluation of mutual funds and fund companies that can be chosen within unit-linked insurance uses the methods of inclusion, exclusion and stewardship. This follows the life insurance company's basic sustainability criteria. In addition to the basic criteria, there are further criteria linked to the environment and climate. Examples of criteria that must be met when choosing a fund company or mutual funds are that they must:

- support the UN Principles for Responsible Investment (PRI) and the UN Global Compact,
- strive to invest in companies and projects that support the UN SDGs (2030 Agenda), and
- exclude investments in companies engaged in controversial activities, such as alcohol, tobacco, cannabis, commercial gambling and controversial weapons.

### The past year

During 2023, Handelsbanken Liv launched Sweden's first Nordic Swan Ecolabelled entry-level solution for occupational pension. Assets are invested in companies that Handelsbanken Liv considers contribute to the transition to a more sustainable society. Customers also receive a personal and gradual reduction in risk as their pension draws closer.

### Looking forward

Handelsbanken Liv will continue to follow accepted practice to ensure that assets under management are aligned with the Paris Agreement and that mutual funds and the fund companies with which the life insurance company collaborates comply with the established sustainability criteria. In the coming year, Handelsbanken Liv will continue to review the previously established sustainability goals. The aim is to ensure that the life insurance company has goals that are relevant and to ensure that sustainability initiatives are conducted in areas where there is the greatest potential to make a difference. The goals will also be aligned with Handelsbanken's overall transition plan.

### OPTIMIX

Optimix Vermogensbeheer NV is a Dutch asset management firm and a wholly owned subsidiary of Handelsbanken. Optimix operates under its own, separate brand, and is responsible for all asset management undertaken on behalf of Handelsbanken in the Netherlands.

All of the funds in Optimix Investment Funds and Add Value Fund are classed as Article 8 (light green) under the SFDR. The mutual funds aim to promote environmental or social aspects by excluding companies exposed to controversial operations. Optimix excludes companies that do not respect its criteria for the environment, human rights, working conditions and anti-corruption. Optimix monitors negative consequences, known as Principal Adverse Impacts, on sustainability factors when making investment decisions.

Optimix is a signatory to the PRI and manages its investments in accordance with these principles and the UN Global Compact.

In 2018, Optimix introduced sustainability mandates for its discretionary portfolio management services. The purpose is to promote investments with environmental aspects, such as reduced carbon emissions and improved energy efficiency over time. A sustainability mandate also entails investments in investment products which, under Optimix's policy for responsible investments, combine inclusion and exclusion. The sustainability mandate for all risk profiles means that at least half of the portfolio is comprised of sustainable investments according to Articles 8 and 9 of the SFDR. Optimix continues to see a strong inflow to these sustainability mandates. Total assets under management for the sustainability mandates amount to EUR 213.9 million.

Optimix publishes advance purchase information and periodic SFDR templates for its funds and strategies on its website as well as a Principal Adverse Impact statement. Optimix uses Clarity AI to provide sustainability data primarily linked to the negative impact under the SFDR and the EU Taxonomy.

Optimix has obtained and documented sustainability preferences for all of its discretionary management customers. Through the use of a

personal approach to each customer's needs based on financial goals and risk appetite, as well as sustainability preferences, Optimix can ensure the best solution for each customer. This will result in more satisfied customers.

Optimix is part of the Net Zero Steering Committee Netherlands and accepts Handelsbanken's Group-wide goal for net-zero emissions from its investment portfolios by 2040, taking into account its customers' sustainability preferences.

### HANDELSBANKEN WEALTH & ASSET MANAGEMENT LTD

Handelsbanken Wealth & Asset Management Limited has been a wholly owned subsidiary of Handelsbanken in the UK since 2013. It has been owned by Handelsbanken plc since 2018 and is responsible for asset management operations on behalf of Handelsbanken plc's customers.

### A sustainable offering in the UK

Handelsbanken Wealth & Asset Management offers four global, sustainable multi-asset funds designed for different customer profiles in terms of risk appetite and financial return targets. The long-term goal shared by each of the mutual funds is a return in excess of inflation, while also influencing companies to find solutions to sustainability challenges.

The mutual funds exclude companies whose main business is in sectors such as tobacco, alcohol, military equipment, pornography or gambling. Investments are excluded if more than 5 per cent, or USD 500 million, of turnover derives from these sectors (zero tolerance for tobacco producers, and less than 15 per cent of sales revenue). Investments are also assessed relative to other negative sustainability factors.

This is the fundamental approach to the selection and exclusion of certain sectors and business operations. The mutual funds also take a more active role in finding interesting sustainable investments, and the fund managers actively search for opportunities to invest in companies that can exhibit sound management of ESG factors, and in companies that can prove their commitment to improve.

- Examples of environmental factors are climate change, waste management, use of water and pollution.
- Examples of social factors are impact on society, working conditions, social care and human rights.
- Examples of governance factors are corporate accountability, diversity on boards of directors, equitable salary structure and business ethics norms.

Another very important – and growing – part of the mutual funds' investments is impact investing. These are investments with the objective of providing a financial return by solving a specific problem, focusing on one or more of the SDGs. This could be a case of building social housing,

contributing to renewable energy production, or research aiming to find biotechnical solutions to difficult-to-treat illnesses and health problems.

### Due diligence

The fund managers have a strict structure for due diligence and for the process of identifying and analysing potential fund holdings, from both an investment and a sustainability perspective. The managers analyse companies and other funds in the context of their own frameworks and approaches to sustainable investments. The overall assessment includes scrutiny of the investment goals and underlying fund holdings, in order to ensure that the investments, in principle, are aligned with Handelsbanken Wealth & Asset Management's policy for sustainable investments. The assessment is a continual process rather than only once in connection with the initial investment. The fund managers also have a number of trusted external data providers to help with their investment research.

The fund managers also believe that support from peers is an important factor in the positive performance of the mutual funds. Handelsbanken Wealth & Asset Management is a member of the UK Sustainable Investment and Finance Association (UKSIF). UKSIF's goal is to unite investors involved in sustainable financing and to support its members in the work to expand, improve and promote the sector. As a member of UKSIF, Handelsbanken Wealth & Asset Management is part of a financial sector organisation that can gather forces to influence adaptation to the SDGs in a positive direction, and share its collective knowledge.

A sustainability investment committee, which includes external members, convenes once per quarter and provides oversight of the fund managers' processes. The committee is responsible for undertaking an independent review of the sustainable investment policy, and for ensuring that the mutual funds' selected investment instruments remain in line with the sustainability goals. In addition, the Authorised Corporate Director for the sustainable funds, Handelsbanken ACD Limited, supervises this review process.

### RESPONSIBLE ADVISORY SERVICES

When offering advisory services in relation to granting credit, investments and in insurance mediation, Handelsbanken always considers the customer's overall situation and financial circumstances. Based on this, the Bank can provide guidance on financing or investments adapted to each customer's requirements. Handelsbanken focuses on the customer's needs – not individual products or services.

The information the Bank provides to customers must be clear, factual and easy to understand. The terms and conditions for the Bank's services must be clear and not change arbitrarily. When providing investment advice, the Bank adapts its recommendations to the

customer's goals, interests, savings horizon and attitude to risk. The Bank considers it essential for the customer to understand the risk associated with each type of financial instrument, and also to have the knowledge and experience needed to invest in the product or service selected. In the Bank's investment advisory services, customer sustainability preferences are discussed, and the customer is informed about Handelsbanken's sustainability work.

The regulations for financial advisory services and insurance mediation require that all employees who provide customers with advice concerning investments and insurance have relevant, up-to-date skills. The Bank has broad expertise in this area and complies with the regulatory requirements from the EU and local supervisory authorities in all of the markets where the Bank offers advisory services. Handelsbanken has about 3,500 employees licensed to provide investment advice, such as the SwedSec licence for advisory services on financial instruments. This licence requires holders to take a refresher course on an annual basis. Employees who provide investment advice as part of their day-to-day work are also required to attain Handelsbanken's Basic certification for advisors.

### ACCESSIBILITY AND INCLUSIVITY

Handelsbanken strives to provide all customers – even those with a disability or language difficulty, for example – with equal access to information and services, no matter their prior financial knowledge. The available information is easy to read, hear, see and understand whether provided in print, by telephone, online or in videos or meetings. Accessibility is a cornerstone in all the Bank's development work. Handelsbanken's work is based on internationally recognised standards, as well as our own guidelines. The Bank's membership in the International Association of Accessibility Professionals (IAAP) enables it to expand its knowledge and create even better conditions for everyone who visits its digital meeting places. Handelsbanken also sees that this membership provides opportunities to share its experiences of working for increased accessibility. The main focus is to promote compliance with the EU Web Accessibility Directive. The Directive means each EU country is expected to implement the content of the directive in its legislation. The harmonisation of digital meeting places for the Bank's private customers in the EU has begun.

### EQUITY RESEARCH

Analysis of environmental, social and governance issues is a prioritised area in the Bank's strategy for its global equity research department. Continuous dialogue is undertaken with the companies the Bank covers, with some of the focus areas discussed in 2023 being the EU Taxonomy, reductions in GHG emissions, physical climate-related risks, sustainability

risks in the supply chain and biodiversity. As part of the work to integrate sustainability topics into the research process, the research department also collects sustainability data and key metrics in a sustainability database, which is accessible to customers. The goal is that the analysis of key sustainability topics becomes a natural part of the Bank's equity research, making skills development in these matters a high priority for all employees in the equity research department. All analysts also produce sustainability analyses of the listed Nordic companies the Bank covers.

During the year, the Bank's sustainability analysts have published 37 in-depth reports and commentaries on a variety of sustainability topics, an increase of 30 per cent over the previous year. Moreover, eight panel discussions were arranged with invited companies and experts during the year, focusing on themes such as the EU Taxonomy, forest management, energy and physical climate-related risks.

### ADVISORY SERVICES IN FORESTRY AND FARMING

Forests play a significant role in the health of the climate and in biodiversity. Handelsbanken has a comprehensive offering to customers who own forest land or agricultural properties in Sweden. The Bank has a high level of sector expertise in the Forestry and Farming business area, as its employees have backgrounds stretching from forest management, forestry and agronomy to business administration and law. It also cooperates closely with other advisory companies within, for example, corporate law, siviculture and tax-related matters. Sustainability matters have long been highly relevant to forestry and farming companies, as these matters often have a direct effect on the profitability of their operations. For private forest owners, production targets and environmental goals have correlated since the early 1990s thanks to the Swedish Forestry Act, while for farming companies, an increased focus on biodiversity, new technological initiatives, growing techniques and advisory services on the efficient use of input goods have reduced the environmental impact.

During the year, Handelsbanken's customer magazine "Tillväxt" featured a series on the theme of renewable energy. The various instalments focused on opportunities and challenges facing initiatives related to solar panels, biofuels, and wind and hydropower. Handelsbanken also highlighted how companies and industries can work with green cycles and new technology. The series demonstrated good examples in the green business community and society's work towards a transition to renewable energy, from a producer and consumer perspective.

The "Skog och lantbruk" newsletter regularly highlights new developments in technology and research that contribute to increased sustainability. Articles this year concerned optimised

energy consumption, carbon sinks and new technology in agriculture that is contributing to more efficient use of resources that benefit the climate and the environment.

Handelsbanken is one of several financial partners of Mistra BIOPATH, a research programme with a vision to integrate biodiversity as a natural part of financial decision-making in the business community. During the year, “Skog och lantbruk” took part in workshops on how banks can contribute to preventing the loss of biodiversity through our customers and new business models. These workshops considered biodiversity from both a forestry and agricultural perspective. In parallel with this work, a pilot project is being carried out at the Bank with the aim of describing and measuring how our customers’ forest land or agricultural properties contribute to maintaining and strengthening biodiversity.

A review during the year of the Bank’s business guidelines for the offering to forest land and agricultural customers resulted in a clarification of the follow-up of animal welfare. Swedish animal legislation aims to promote good animal welfare and respect for animals and their physical and mental well-being. The new guidelines concern ensuring and documenting the maintenance of good animal welfare in our customer relationships.

Work on implementing sustainability topics as a natural part of individual customer dialogues continued during the year. Checklists and business support were gradually refined to help identify customer interests and needs linked to green and sustainable investments.

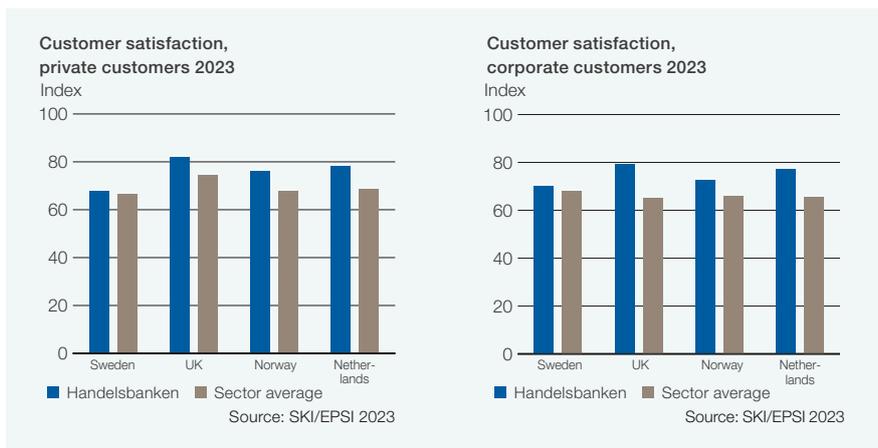
During the year, the Bank continued to take part in the Swedish Bankers’ Association’s discussions on the interpretation of the Taxonomy regulations for the forestry sector, and how these will affect green financing in the future.

**CUSTOMER SATISFACTION**

Handelsbanken strives to build a trusting, long-term relationship with every customer. All important business decisions should be made as close to the customer as possible. This contributes to better meetings, better decisions and more satisfied customers. In everything the Bank does, its aim is to create the best possible conditions for successful customer meetings.

Customer satisfaction is important for Handelsbanken, and is measured by the Bank on a regular basis via its own surveys and external, independent studies. Every year, EPSI Rating, which includes the Swedish Quality Index, carries out independent surveys of customer satisfaction in the Nordic region and the rest of Europe.

This year’s surveys show that Handelsbanken has more satisfied private and corporate customers than the average for the banking sector in all its home markets.



**Managing customer complaints**

For Handelsbanken, it is important that customers who lodge complaints are very satisfied with how their complaints are handled. The Bank attaches great importance to handling comments and complaints in a manner that inspires trust.

A customer who lodges a complaint must be met with respect and understanding, regardless of the scope of the customer’s involvement with the Group. Customer complaints must be dealt with properly, thoroughly and as efficiently as possible. Complaints must be handled based on a formal assessment of the factual issue. First, the complaint is addressed by the local branch that is responsible for the customer. If the customer wishes to pursue the matter, each home market has a designated complaints officer. Customers who are dissatisfied with the Bank’s decision and wish to appeal are referred to the National Board for Consumer Disputes (ARN) in Sweden or the corresponding body in other home markets, and Handelsbanken undertakes to participate in their processing of the dispute. There are also complaints officers at the Group level who regularly report to executive management and product owners regarding complaints received and indications of needs for improvement. Information about how the Bank handles complaints is available on the Bank’s websites.

**RESPONSIBLE BANKING**

Handelsbanken upholds good business ethics and works systematically to take into account new requirements and expectations, as well as to integrate new regulations into its daily operations. Handelsbanken is not allied to any political parties. The Bank does not provide any financial support to any political party, nor does it make any other type of political donation.

Handelsbanken has a number of policies that describe the Bank’s view on, and approach to, a variety of issues. The complete policy for sustainability, the policy for ethical standards, the policy for management of conflicts of interest and the policy against corruption, as well as summa-

ries of several other policies in the Handelsbanken Group, can be found on the Bank’s website. In addition, a selection of guidelines adopted by Handelsbanken’s Chief Executive Officer is available on the Bank’s website.

**IMPOSITION OF ADMINISTRATIVE FINES**

Banking operations are governed by extensive laws and regulations. If a bank does not comply with them, the responsible supervisory authorities can decide on administrative fines and, in the worst case, revoke the banking licence. Administrative fines may be imposed on banks for breaches such as corruption, product or service information or labelling that fails to meet applicable requirements, or non-compliance with laws or regulations in the social or economic spheres.

During the year, the Bank’s subsidiary Handelsbanken Fonder had one (1) fine of NOK 5 million imposed on it by the Finanstilsynet in Norway due to a shortselling case. The fund company has taken measures to ensure correct processing in the future and accepted and paid the fine.

**POLICY FOR ETHICAL STANDARDS**

The policy for ethical standards is reviewed at least once a year by the Board. The review is based on any changes made in the relevant legislation, changes in external expectations, the Bank’s experience from ongoing internal work, and observations from the Bank’s comprehensive internal control.

**POLICY FOR SUSTAINABILITY**

In 2016, Handelsbanken’s Board adopted a policy for sustainability that sets the direction for the Bank’s work and clearly sets out the Bank’s view of sustainability. The policy applies throughout the Handelsbanken Group and encompasses all activities in relation to customers, suppliers and other business partners.

**PRINCIPLES WHEN GRANTING CREDIT**

Sustainability aspects are a vital part of the Bank’s credit policy. The policy states that the Bank’s lending must be responsible and meet

high ethical standards. When granting credit, Handelsbanken must assess and evaluate the customer's approach to the principles and agreements supported by the Bank. Handelsbanken can ultimately decline to grant credit to companies that do not apply these principles.

### MODERN SLAVERY AND HUMAN TRAFFICKING

Handelsbanken does not accept any form of child labour, slave labour or human trafficking. It works to prevent them from occurring in the Group's supply chain and in other companies with which Handelsbanken has business relationships. The UK Modern Slavery Act 2015 requires that certain organisations annually state the actions that they have taken to ensure that modern slavery and human trafficking are absent from their supply chains or in their operations. As well as mandatory training for all employees in the UK, internal instructions and procedures are in place so that employees know what to do if they are faced with or suspect a case of modern slavery or human trafficking. A working group was set up in 2023 with representatives from different parts of the Bank in the UK with responsibility for monitoring and developing activities in this area.

More information and a statement on the Modern Slavery Act 2015 is available at [handelsbanken.co.uk](https://handelsbanken.co.uk).

### CLIMATE AND THE ENVIRONMENT

Climate change is one of the greatest challenges of our age. Handelsbanken works actively to halt and counteract its own negative impact on the environment, as well as to redirect financial flows to benefit low GHG emissions, environmental improvements, and climate-related adaptations.

#### Minimise impact on the environment and climate

In accordance with the Paris Agreement, emissions linked to the Bank's own operations must be reduced over time. Systematic environmental work is continually under way at Handelsbanken aimed at steadily reducing the environmental impact of the business. This is followed up by a number of key metrics that indicate the progress that has been made, see page 271. Handelsbanken's goal is to actively work to minimise its direct environmental impact by constantly developing its environmental activities. This will be achieved by boosting resource efficiency and recycling, for example, and taking environmental impact into account in our purchasing and business travel. One concrete example of this work is the Bank's company car guidelines, stipulating that company cars that are neither electric nor plug-in hybrids may only be selected in exceptional cases. The Bank also has a travel policy stipulating that train and public transport should always be the preferred

choice for domestic travel, that environmentally friendly vehicles should be primarily booked as rental cars and taxis and that day trips should be replaced with digital meetings where possible.

Group Technology, Data, Innovation is working proactively towards achieving carbon neutrality in Handelsbanken's IT operations by 2040. A transition plan has been developed that currently focuses on such areas as energy efficiency, life cycle optimisation and reuse of IT equipment. The Bank's goal is to move as many Windows and Linux servers as possible from its own data centres to the cloud, which will create the conditions for enhancing energy efficiency and thereby reduce the Bank's carbon emissions. This is an ongoing process. At the same time, a review is being carried out in cooperation with the responsible units with the aim of eliminating environments that are no longer in use.

#### Energy and carbon dioxide

The Bank's impact, excluding business relationships, derives mainly from energy consumption, business travel and transport as well as use of resources such as paper.

In 2023, carbon emissions reported from Handelsbanken's operations totalled 9,369 tonnes. This is an increase of 0.7 per cent or 65 tonnes. The main reason for the higher figure

was the continued increase in business travel compared with 2021 when Covid-19 restrictions applied. Increased emissions from business travel were partly offset by the Bank's total energy consumption reducing by 6 per cent due to energy efficiency measures and smaller office space, which thus resulted in a decline in Scope 1–2 emissions.

#### Environmental work during the year

Throughout Handelsbanken, changes are constantly being made which, overall, are reducing environmental and climate impact.

Examples of actions carried out by the Bank during the year:

- Climate goal for Scope 1–2 submitted to the Science Based Targets initiative (SBTi) for validation.
- Used computers and screens reused or recycled as part of a supplier programme. This was equivalent to 800 tonnes of emissions avoided in 2023.
- In Norway, the head office and six branches of the bank were certified under Norway's Eco-Lighthouse certification scheme. This means that environmental and climate work must be monitored and integrated into their corporate governance. The goal is for all bank branches in Norway to be certified by 2027.

#### A selection of policies adopted by the Bank's Board:

- Policy on governance and steering documents
- Credit policy
- Policy for operational risks
- Capital policy
- Financial policy
- Communication policy
- Policy for sustainability
- Policy for ethical standards
- Policy against corruption
- Policy for management of conflicts of interest
- Policy for remuneration
- Policy for suitability assessment
- Policy for risk control
- Policy for compliance
- Policy on measures against financial crime
- Policy for complaints management.

A summary of these policies can be found in the Bank's Corporate Governance Report and at [handelsbanken.com](https://handelsbanken.com).

#### Selection of guidelines established by the Bank's Chief Executive Officer:

- Guidelines regarding the environment and climate change
- Guidelines regarding human rights and working conditions

- Guidelines regarding business relations with the weapons and defence industry
- Guidelines regarding business relations in forestry and farming
- Guidelines regarding the tobacco industry
- Guidelines for managing taxes.

#### A selection of policy documents that the boards of Handelsbanken's subsidiaries have decided on:

- Policy for shareholder engagement and responsible investment at Handelsbanken Fonder
- Policy for responsible investment at Handelsbanken Liv
- Policy for sustainability for Handelsbanken Liv
- Policy for sustainability for Stadshypotek
- Policy against corruption at Stadshypotek.

#### Selection of guidelines in the HR area:

- Guidelines on alcohol, drugs and gambling
- Guidelines for the prevention of victimisation and harassment
- Guidelines on bribery and improper influence
- Framework for gender equality, diversity and inclusivity
- Guidelines for work environment.

### Carbon capture and storage

To achieve the goals of the Paris Agreement, a sharp reduction in global emissions will not be enough. Carbon dioxide must also be captured from the atmosphere and stored, known as carbon capture and storage (CCS). Another term for this process is negative emissions. Handelsbanken primarily strives to minimise the emissions generated by its operations. Since some measures take time to implement and the effects are not always easy to verify, the Bank has also engaged in carbon offsetting as a supplementary measure since 2017. As of 2023, the Bank is focusing on CCS rather than carbon offsetting. To support the development of CCS, the Bank invests in negative emission certificates through the Puro.earth platform. The platform builds on a common standard for guaranteeing long-term CCS with projects that are quantifiable, verifiable and scalable.

### Biodiversity

The accelerating loss of biodiversity is an ongoing threat to the current and future economy and welfare. Habitat loss and degradation are two of the main causes of biodiversity decline. A further cause is climate change, which both affects and is affected by the loss of biodiversity. The extent to which the oceans and forests can retain their ability to absorb carbon dioxide is crucial to halting climate change. And at the same time, high biodiversity can ease the effects of the climate change that is already occurring by protecting against storms, fires, etc.

Robust climate action benefits biodiversity. Handelsbanken aims to use its experience from climate reporting, and responsible financing and investments, to help to reverse the biodiversity trend.

Handelsbanken's impact and dependency on biodiversity is mainly indirect, through the Bank's financing and investments. In order to be able to measure and contribute to positive change, Handelsbanken collaborates with different societal stakeholders in its work on biodiversity. The Mistra research project BIOPATH, in which Handelsbanken is a lead partner, brings together influential partners from the business community with researchers in economics and ecology, among other areas, aiming to stop and reverse the loss of biodiversity. New and existing approaches must be mapped, evaluated and developed, so that biodiversity can be integrated into financial decision-making. The Bank is also a member of Business@Biodiversity Sweden, a platform for knowledge sharing, training and exchanging experiences in respect of biodiversity.

In September 2023, the recommendations of the TNFD framework were published, which

provided a common standard for companies to report their dependencies and impacts on biodiversity. During the year, Handelsbanken participated in four workshops with BIOPATH partners focusing on best practices for implementing the TNFD framework. The Bank has commenced an analysis of its material risks and opportunities associated with biodiversity.

### HANDELSBANKEN'S TRANSITION PLAN

During the year, Handelsbanken's transition plan – Towards net zero 2040 – was published. It is based on the Bank's unique corporate culture and the goal of becoming a net-zero company by 2040. This goal encompasses the entire Group and includes lending, leasing, and investments as well as emissions from the Bank's own operations, such as energy consumption and business travel. Handelsbanken has also established a number of climate goals for 2030 in line with the objective to keep the global mean temperature increase below 1.5°C. The transition plan sets out the Bank's overall strategy for working towards these goals. The Bank's efforts to execute the transition plan follow its overall corporate structure with four home markets. During the year, each home market established a steering committee consisting of sustainability experts and relevant decision-makers for product, support and customer organisations, and chaired by the respective country general manager. These committees have developed and agreed on national action plans to further align their operations with the Bank's climate goals and ambitions. The action plans were developed based on the Bank's transition plan, and the process was coordinated by a Group-wide working group chaired by the Bank's Chief Sustainability and Climate Officer.

Handelsbanken is aware that a number of factors beyond the Bank's direct control are crucial if the Bank is to reduce financed emissions at the required rate. This includes, but is not limited to, technological innovation, changing consumption patterns and policy measures. Handelsbanken will continue to work towards becoming a net-zero company and assumes that the relevant conditions for the global transition will fall into place. The Bank will do so as it is convinced that a rapid and orderly transition aimed at limiting global warming to 1.5°C is best for the communities where the Bank operates, its customers, and thus also for Handelsbanken.

Handelsbanken's transition plan can be divided into four areas:

1. Business development
2. Engagement strategy
3. Metrics and targets
4. Governance.

### Business development regarding climate work

Handelsbanken aims to work together with its customers and portfolio companies on their journey towards net-zero GHG emissions. Developing products and services that help and support them in the transition is crucial for Handelsbanken to achieve its goals. The Bank has already come a long way and many of its products and services are aligned with the Bank's goals and ambitions, and products such as green loans and fossil-free funds are important components of the Bank's current operations. The Bank's remaining products and services will be reviewed in the coming years and updated to align with the Bank's goals and ambitions.

In order for the Bank to achieve its climate goals, they need to be integrated into relevant processes and decision-making. This includes, but is not limited to:

- credit assessments and credit decisions
- investment analyses and investment decisions
- customer dialogue
- purchasing and procurement
- product development.

Work on integrating climate-related risks and opportunities is ongoing, and considerable progress has been made in terms of key decision-making processes, such as the credit process and the investment process in asset management. This work will continue in the coming years. A focus area for 2024 is the continued integration of the Bank's climate goals into processes and procedures linked to the Bank's real estate financing.

### Engagement strategies on climate issues

Handelsbanken's primary strategy to achieve its goal is to support its customers in their transition. The Bank is convinced that a majority of its customers and the companies in which its asset management operations invest will be able to transition their business operations in line with the 1.5°C target given the right support and conditions.

As a financial institution, Handelsbanken can influence the business decisions of its customers and portfolio companies, including how they approach the transition to net-zero emissions. The Bank is determined to use this influence to support and accelerate the transition. The Bank has a number of tools at its disposal, such as advisory services, training, voting at general meetings, and lending terms. Handelsbanken already uses these tools to promote positive change and will continue to do so in the future with the ambition to increase their effectiveness. Handelsbanken will continuously review its

strategies for supporting its customers and portfolio companies and, where necessary, update them to align with the Bank's climate transition goals and to identify business opportunities. This includes providing proactive and constructive feedback and support to its customers and portfolio companies in order to promote the transition of their operations.

Focus during the coming year is to improve customer engagement strategies towards real estate companies.

### Metrics and targets for climate work

In 2021, Handelsbanken published Group-wide sustainability goals that address not only the Bank's long-term climate ambitions, but also the Bank's determination to further integrate sustainability into relevant parts of the operations. These goals include an overall climate goal of achieving net-zero GHG emissions as soon as possible and by 2040 at the latest.

Handelsbanken's work towards net-zero emissions by 2040 will not be linear. Interim targets, such as sector-specific targets for 2030, will be set in line with the 1.5°C target, with the ambition to have relevant climate goals validated by the SBTi. By 2030, the Bank will make the changes and developments necessary to enable it to accelerate the pace of its emission reductions over the subsequent decades and achieve net-zero emissions by 2040. Handelsbanken Fonder has set a number of interim targets as part of its efforts to achieve net-zero emissions by 2040, including a target to halve the carbon intensity of its mutual funds by 2030. The Bank has set sector-specific reduction targets for its real estate financing and for lending to companies active in power generation.

For more information on the Bank's metrics and targets, see Handelsbanken's Climate Change Progress Report 2023 at [handelsbanken.com/en/sustainability](https://handelsbanken.com/en/sustainability).

### Governance in climate work

Handelsbanken's values and strong corporate culture are vital to the Bank's success. The Bank's philosophy is based on trust and respect for the individual, both customers and employees. The Bank's decentralised way of working creates commitment and gives every employee both responsibility and opportunities to make an impact on the Bank's operations, including its sustainability and climate goals.

As of 2023, the Bank's transition plan is part of its regular business planning. Each home market has appointed a Net Zero Steering Committee that includes the country general manager, operations managers and sustainability specialists. Each home market is responsible for the implementation of the Group's transition

plan through national roadmaps that describe the business development to be carried out during the year and are decided by the national steering committee. Development and implementation of the national roadmaps is coordinated by Group Sustainability through the Handelsbanken Task Force on Net Zero 2040, which brings together representatives from each home market. The Task Force is led by Handelsbanken's Chief Sustainability and Climate Officer.

### THE SCIENCE BASED TARGETS INITIATIVE (SBTi)

The SBTi was formed by the CDP, the UN Global Compact, the World Resources Institute (WRI) and the World Wide Fund for Nature (WWF) in 2015 to provide science-based methodologies to support companies across the world in their work to reduce GHG emissions, with the objective of preventing the worst effects of climate change.

Handelsbanken signed up to the SBTi in 2021. This means that the Bank has committed to set emission reduction targets using methodologies provided by the SBTi. In order to ensure that its climate goals are based on a solid scientific foundation, the Bank applied for validation of its targets by the SBTi in 2023, which is expected to take place in early 2024. The targets were established based on the three business areas that form the foundation of the Bank's transition plan: own operations, lending and investments.

For Handelsbanken's own operations, the Bank used the methodologies provided by the SBTi to set targets for its own Scope 1 and 2 emissions. The goal is to reduce its absolute emissions in these scopes by at least 50 per cent by 2030, which is in line with the goal of achieving net-zero Scope 1 and 2 emissions by 2040. In addition to its absolute emissions target, the Bank has also established targets linked to the continued purchase of 100 per cent renewable electricity in its operations. For Handelsbanken's lending portfolio, targets have been established based on different target methodologies provided by the SBTi and based on the Bank's loan portfolio and its exposure to different types of sectors. As a real estate-focused bank with large real estate financing operations, the Bank sees this as a sector where it can make a major difference. The Bank has therefore set a target that both the properties and the real estate companies financed should be aligned with the 1.5°C target. In addition to targets for the real estate sector, Handelsbanken has developed targets in other areas where it can have the greatest impact, focusing on emission-intensive sec-

tors and large companies. The targets developed in 2023 cover a total of 84 per cent of the Bank's loans to the public, as of the base year 2021. For more information on the targets for the lending portfolio and how they are followed up, see Handelsbanken's Climate Change Progress Report 2023 at [handelsbanken.com/en/sustainability](https://handelsbanken.com/en/sustainability).

Within investments, Handelsbanken Fonder has developed targets using methodologies provided by the SBTi to align the Bank's mutual funds with 1.5°C target by 2040. The targets are based on the portfolio companies' climate goals and cover both direct and indirect investments. For more information about Handelsbanken Fonder's targets, see [handelsbankenfonder.se](https://handelsbankenfonder.se).

### COUNTERACT FINANCIAL CRIME

Handelsbanken regards the prevention of financial crime as a fundamental principle for secure, sound banking operations. Steps to prevent all types of financial crime have top priority. Handelsbanken has undertaken to comply with the applicable laws and regulations regarding money laundering, terrorist financing, international sanctions and corruption in the countries where the Bank operates, in order to prevent the Bank's infrastructure being used for illegal activities. The Bank has an open, active dialogue with the authorities that supervise its operations and regularly monitor the Bank's work on preventing and counteracting financial crime.

Handelsbanken's established policies and measures against financial crime and corruption comprise the Bank's framework for conducting this work and are updated annually. The Bank also has a policy for ethical standards which sets out how the Bank ensures that employees are not accessories to financial crime. In addition, the Bank's employees are required to complete mandatory courses each year on money laundering, terrorist financing, international sanctions, corruption and predicate offences to money laundering such as fraud and tax evasion.

The work of preventing and counteracting financial crime is risk based. It starts with a general risk assessment to identify, analyse and manage the various risks that the Bank faces. The Bank's decentralised organisation and strong connection to the local community create good opportunities to build close, long-term customer relationships and in-depth knowledge of its customers. Customer relationships are mainly initiated at one of Handelsbanken's branches, which gives the Bank's staff a better ability to get to know the customers and to understand their business and the

banking services they require. This knowledge is valuable for being able to identify deviations and to work effectively on measures to combat financial crime.

Deviations identified by the branch are used as a supplement to Handelsbanken's continuous follow-up in the form of automated monitoring in order to screen for suspicious transactions and behaviour. If suspected cases of financial crime are identified in the monitoring, they are reported to the relevant authority. Suspicious transactions in terms of money laundering/terrorist financing must be reported to the local Financial Intelligence Unit of the Swedish Police without delay. A suspicious activity report (SAR<sup>1</sup>) must be drawn up even if there is only a low degree of suspicion; thus, no proof of an actual money laundering or terrorist financing crime is needed. The duty to report also applies to cases where the Bank has refused to execute transactions due to suspected money laundering/terrorist financing. A report may relate to one or more private individuals/companies, and to one or more transactions.

If there is strong suspicion of money laundering, terrorist financing or fraud, the Bank ends the customer relationship, or implements product restrictions in order to prevent continued use of the Bank's channels and products for such activities. Recent years have seen a growth in social engineering, increasingly aimed at elderly people, who are being tricked into using their BankID and/or providing personal codes. In order to prevent the Bank's customers from being exposed to this and other common types of fraud, such as investment or romance fraud, Handelsbanken continuously works to keep its customers abreast of the prevailing risks.

Customers who have been the victim of fraud can reach Handelsbanken around the clock for help with emergency measures, for example blocking banking services, and, as far as possible, getting help to recover lost money. The Bank also provides advice and support on measures that the customer should take – for example, reporting the incident to the police and registering a complaint about the fraudulent transaction are important for the Bank's decisions concerning compensation.

Profits from fraud are an important source of income for organised crime, which has become increasingly violent in recent years. Handelsbanken's goal is to reduce these criminal profits and subsequent money laundering, regardless of how the fraud occurs. The Bank has seen that in many cases, the actual fraud is carried out by customers themselves acting under duress from the actual fraudster. These fraud events are also used to finance crime and is

<sup>1</sup> Suspicious activity reporting.

therefore a priority area for Handelsbanken. In addition to investments in the control environment to identify both unauthorised and authorised fraudulent transactions, Handelsbanken also participates in the Ministry of Finance's forum against fraud and, during the year, took part in a collaboration project together with the Swedish Police's national fraud centre (NBC) and other Swedish banks. In addition, Handelsbanken works actively with the NBC, the Swedish Bankers' Association and other Swedish banks and social actors to make it more difficult to perpetrate fraud.

Money laundering continues to be an enormous problem for society, and more collaboration and exchange of information is needed to prevent it. In 2020, a collaboration was initiated between the Financial Intelligence Unit of the Swedish Police, Handelsbanken and other major banks in the Swedish market (called Swedish Anti-Money Laundering Intelligence Taskforce (SAMLIT), which was expanded in 2023 to include fraud and was renamed SAMLIT Financial Crime Prevention. Through this collaboration, the Bank gains valuable information about various fraud methods and how criminal networks launder money in practice, and can identify customers suspected of links to these networks.

In addition, as of 1 January 2023, banks in the Swedish market are legally entitled to collaborate with law enforcement authorities, the Swedish Financial Supervisory Authority and other credit institutions to prevent, deter or detect money laundering and terrorist financing, a development that Handelsbanken welcomes. Collaboration may take place for money laundering and terrorist financing that is considered serious, following a decision by the participating authority or authorities.

#### **CONFLICTS OF INTEREST, CORRUPTION, BRIBERY AND IMPROPER INFLUENCE**

Handelsbanken has established procedures for managing conflicts of interest with the aim of preventing negative impact on customers' interests. The Bank's policy for management of conflicts of interest provides guidance for the Bank's work in this area. The policy includes details on the procedure for identifying and managing conflicts of interest. It also states that potential conflicts of interest, as well as how they have been managed, must be reported each year by units deemed to have a greater probability of conflicts of interest.

Handelsbanken's work methods are characterised by respect and high ethical standards. It is important that we combat risks in all ways possible and uphold confidence in the Bank's operations. The Bank aims to work proactively

to prevent all types of criminal activity, such as corruption and other financial crime. Handelsbanken has a policy against corruption, in which the Bank's view is stated. Employees must never be involved in activities that could involve bribery or other improper influence.

Handelsbanken follows the recommendations of the Swedish Anti-Corruption Institute's Code to Prevent Corruption in Business, and employees must also comply with the Bank's rules regarding bribery and other improper influence. The regulations must be followed in all contexts, such as gifts, corporate hospitality and other events.

There have been zero (0) confirmed incidents of corruption, legal proceedings regarding corruption launched against the Bank or its employees, disciplinary measures or dismissals of employees, or termination of contracts with partners as a result of corruption during the year. The Bank encourages all its employees to report confirmed or suspected fraud or other irregularities. The Bank believes it is essential to act and take action when something is not right. Handelsbanken has an external whistleblower system which can be accessed by all employees, consultants and external parties to anonymously report fraud.

Risk analyses are undertaken on a regular basis with the aim of preventing and identifying corruption. No material risks were identified in the annual assessment of risk regarding bribery and corruption among the Bank's employees and partners. The assessment covered all units within the Bank, equivalent to 100 per cent, including international branches and subsidiaries. In addition, the general risk assessment regarding money laundering and terrorist financing also examines the risk of corruption-related crime by the Bank's customers as a predicate offence to money laundering. The risk of corruption is assessed to be higher when customers operate in countries or sectors where corruption is more common.

Employees at Handelsbanken who have direct contact with customers and employees who can influence purchases or procurements are deemed to be most exposed to bribery and corruption, but employees who have access to sensitive information about the Bank's procedures and processes and employees without customer contact but with decision-making mandates concerning customers are also deemed to be in exposed positions. All Handelsbanken employees and consultants are required to complete a mandatory training course on corruption and other financial crime each year. The course highlights the Bank's policy against corruption, policy for ethical standards and its guidelines on bribery and improper influence.

It touches on what corruption, bribery and improper influence are, and provides examples of appropriate and inappropriate behaviour. The members of Handelsbanken's Board and the Boards of subsidiaries must complete a more in-depth course covering the same areas.

Anti-corruption work is a continuous process at Handelsbanken. In 2017, the Bank became a member of Transparency International Sweden (TI Sverige), a business forum in which the Bank and other large Swedish companies exchange experiences and knowledge in the area.

#### **Policy for management of conflicts of interest**

The policy aims to ensure that conflicts of interest are identified and managed correctly within the Group. Conflicts of interest are a natural part of a business operation, which means that these types of conflicts may arise within the Group's operations. It is the responsibility of all heads of units in the Group to continuously identify, assess, prevent or manage, and to document and follow up existing and potential conflicts of interest in their operations. With particular reference to customer relationships, the first priority is for the manager responsible to ensure that the customer's interests are not adversely affected. If it is not possible to prevent a conflict of interest, the customer must be informed of the conflict of interest in a manner that allows the customer to understand and save the information and thus be given the opportunity to decide on the service or product taking into account the identified conflict of interest. If an identified conflict of interest cannot be prevented, the responsible head of unit must also monitor the conflict of interest on an ongoing basis with the aim that it will be discontinued.

#### **PRIVACY AND CONFIDENTIALITY – INFORMATION SECURITY AND IT SECURITY**

The CEO establishes guidelines for security and data protection at Handelsbanken. Security and data protection cover administrative solutions such as rules and instructions, technical security solutions, physical protection, and protection of sensitive activities and classified information. All employees of the Bank are responsible for compliance with the rules for protection of information, and all managers are responsible for compliance with the rules in their own area of responsibility.

The Bank's information security and IT security involves protecting customers' information and transactions and also the Bank's IT environment, as well as monitoring outsourced IT operations. It is important that the Bank proactively and dynamically manages IT security to meet

identified potential threats, and that procedures are in place for managing changes in the IT environment so that no breaches occur. Deficient processing or the unintentional release of information can bring serious consequences, such as weakened confidence in the Bank or financial losses.

Information security work is undertaken in accordance with the ISO 27001 international standard. Handelsbanken's Information Security Management System (ISMS), as well as its organisation for information security, Group IT risk management, information security risk analysis process, data protection (GDPR), business continuity and crisis management, and four processes within IT production are ISO 27001 certified and are reviewed annually. The results of the 2023 annual audit were very satisfactory.

The Bank's security work, as well as its management of sensitive information, is also governed by international and national legislation.

During 2023, 13 incidents (16) relating to customer privacy or poor management of customer data were reported. None of the reports were received via government authorities. A total of 13 were complaints received from customers which were found to be substantiated by the Head of Security and involved the exposure of a handful of customers' data. None were identified internally. All cases have been managed with the parties concerned. This data does not include cases under the General Data Protection Regulation (GDPR), which is presented separately below.

In 2023, a total of 612 internal personal data incidents were registered. Of these, 17 have been assessed in accordance with the Bank's processes and deemed to be GDPR-related incidents. These incidents were reported to the Swedish Authority for Privacy Protection (IMY).

The Bank's management system for information security is based on the Standard of Good Practice developed by Information Security Forum (ISF), an organisation which counts many of the largest companies in the world as members. Our security efforts are pursued systematically, and are process-driven. Risk analyses employ the ISF's Information Risk Analysis Methodology (IRAM2), as well as others.

The conditions for security are constantly changing. Thus, Handelsbanken continuously evaluates and makes decisions on new potential threats in this area. Continuously following up events which occur both within and outside operations makes it easier to take the right action at the right time. To this end, the Bank participates and collaborates in international forums. For several years, Handelsbanken has been a 'listed team' in the Trusted Introducer community (a European network for IT security)

and a full member of the Forum of Incident Response and Security Teams (FIRST). Handelsbanken also participates in the security committee of the Swedish Bankers' Association and is a member of the Swedish National Cyber Security Centre's (NCSC) financial forum. The aim is for information to be shared among the government, the business community and other relevant organisations in Sweden regarding aspects of security in the financial sector. In addition, the Bank has an in-depth collaboration on cybersecurity with two other major banks in Sweden.

Unfortunately, today's volatile geopolitical situation affects every bank's day-to-day operations. During the year, Handelsbanken established a concept for its operational resilience, which refers to the Bank's ability to maintain critical operations in the event of disruptions, interruptions or attacks. The areas involved in operational resilience include good management of operational risks, continuity management, incident management, IT and security activities that prevent and manage internal and external disruptions, attacks and interruptions, and ensuring that suppliers meet the same requirements as the Bank's own operations.

#### **ECONOMIC VALUE CREATION**

With a prudent and careful approach to running a bank, the Bank can support its customers in all financial situations. By sharing knowledge, the Bank can help improve its customers' financial health and capabilities. The Bank's decentralised ways of working, with trust and respect for individuals, permeates the Bank's corporate culture, regardless of where operations take place. The Bank's staff have great responsibility and authority to make decisions in all kinds of matters that concern our customers.

It is also vital that a bank is financially sustainable and profitable, not only for it to generate returns for shareholders and tax revenue for society, but also so that any surplus can be re-invested in the business. In this way, economic value can be created and Handelsbanken can grow and meet customers' future needs, such as for loans. In the same way as a manufacturing company must have sustainability in focus when processing its raw materials, Handelsbanken must have a sustainability perspective when managing money – in other words when the Bank invests customers' savings and provides financing.

#### **Taxes and distributed economic value**

Handelsbanken wishes to provide transparent financial reporting about the distribution of the economic value generated by our operations. The Bank pays and reports taxes based on

international and local laws and regulations in the countries where it operates. Handelsbanken complies with the OECD Transfer Pricing Guidelines, meaning that the Group's earnings are taxed where value is created. The Bank also prepares a country-by-country report showing the Group's earnings and tax in the countries where our operations are run. The Bank's operations in Luxembourg are not subject to local tax regimes, which allows for lower tax rates. The Bank's international branch in Luxembourg conducts real operations with profits from local business operations for which the Bank is taxed locally in accordance with the normal local tax regulations.

**Guidelines for managing taxes**

In addition to its policies for ethics standards and sustainability, which include a section on taxes that serves as a starting point for the

Bank's work with tax-related matters, Handelsbanken has guidelines for managing taxes. A summary of these guidelines is available on the Bank's website, together with the Group's policies for sustainability and ethical standards.

The Bank's tax management must follow laws and regulations and their objectives, and be transparent and sustainable. High ethical standards must always be observed.

Handelsbanken disassociates itself from tax evasion and must not carry out or participate in transactions or provide products or services that may be called into question in the light of prevailing tax regulations or their intention. In practice, this means:

**The Bank's own tax management**

Internal and external transactions carried out by Handelsbanken within the framework of the Bank's own operations must always have a

business purpose. The Bank must not carry out a transaction if the primary objective, or one of the primary objectives, is to obtain tax advantages in conflict with the intent of the tax regulations.

**Products and services**

The Bank must not provide products or services where the primary objective, or one of the primary objectives, is to obtain tax advantages in conflict with the intent of the tax regulations.

**Customers**

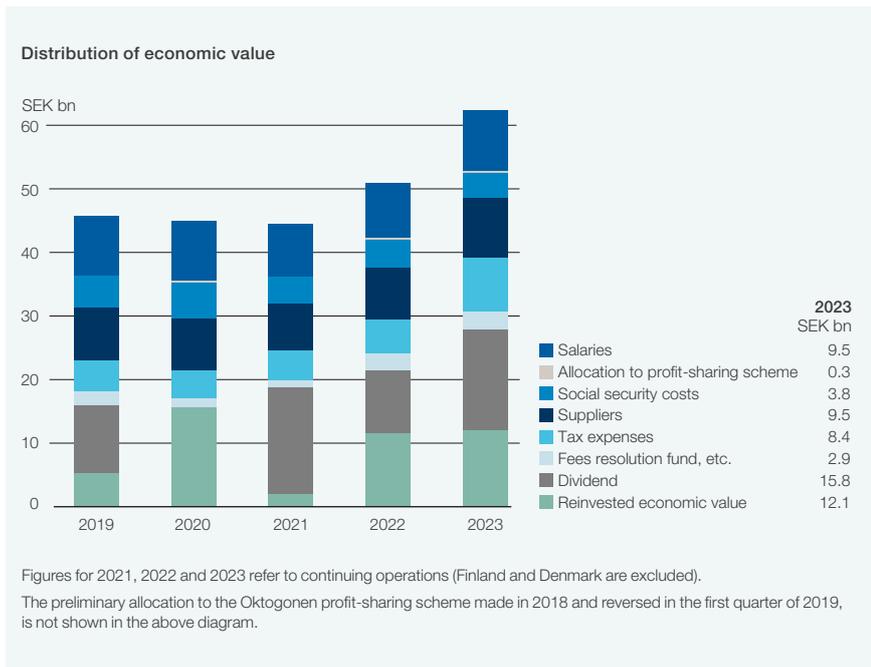
The Bank must not, through granting credits or by other means, carry out or participate in transactions with customers that constitute a step in tax evasion. A fundamental rule is that the Bank must not carry out or participate in transactions on behalf of customers if the transaction does not have a business purpose. In addition, Handelsbanken must not carry out or participate in artificial transactions, where the primary objective, or one of the primary objectives, is to obtain tax advantages in conflict with the intent of the tax regulations. If there is doubt, the Bank must refrain from participating.

**Suppliers and business partners**

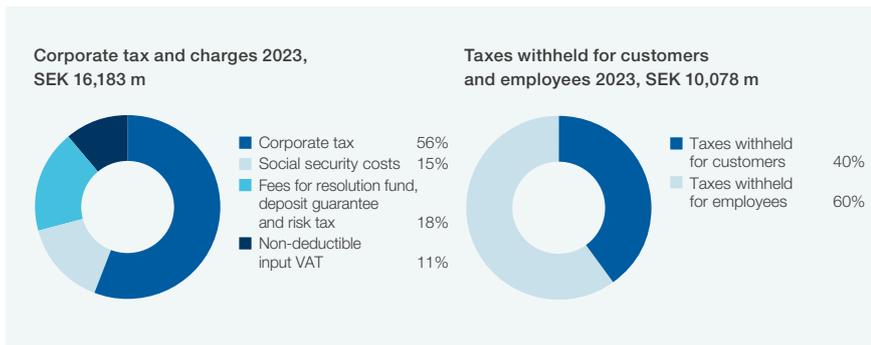
Handelsbanken encourages its suppliers and business partners to adhere to the same tax principles as the Bank in terms of compliance, transparency, ethical standards and sustainability.

**Investments**

Within asset management, Handelsbanken actively works to influence companies to adhere to the same tax principles as the Bank in terms of compliance, transparency, ethical standards and sustainability. This means that companies' management of taxes constitutes a key element of the sustainability analysis that serves as the basis for asset management's investment decisions. In its current investments, asset management continuously monitors the companies' management of taxes and, depending on the situation, asset management may opt to exert influence through dialogue or divestment decisions.



Figures for 2021, 2022 and 2023 refer to continuing operations (Finland and Denmark are excluded). The preliminary allocation to the Oktagonen profit-sharing scheme made in 2018 and reversed in the first quarter of 2019, is not shown in the above diagram.



**ECONOMIC RESEARCH AND EDUCATION**

Since the early 1960s, Handelsbanken has on a number of occasions awarded grants for economic research, mainly through allocations to two independent research foundations: Tore Browaldhs stiftelse and Jan Wallanders och Tom Hedelius stiftelse.

Together, these foundations are the most important source of funding for economic research in Sweden. In 2023, 225 grants (177) were awarded for a total of SEK 215 million (231).

At the end of 2023, the foundations' combined capital was SEK 11,554 million (8,994).

Handelsbanken has also funded a professorial chair in accounting at the Stockholm School of Economics and provided financial support to the Swedish House of Finance (SHoF).

**SUPPLIERS**

Handelsbanken's purchases can largely be categorised as property and premises, external IT costs, communications, travel and marketing, purchased services, procurement of materials or other expenses. The majority of external IT costs and communications services are purchased centrally, chiefly from suppliers with international operations. Other categories are usually purchased mainly from local suppliers. The Bank works to coordinate its purchases over national borders, taking into account cost effects, quality and environmental impact.

The Bank holds regular dialogues with suppliers where sustainability is a key factor. For example, the Bank investigates whether the supplier has collective bargaining agreements, and policies regarding the work environment, anti-corruption and environmental impact. Handelsbanken has had a Code of Conduct for its major suppliers in Sweden for many years, which has also been implemented in other home markets. The code defines the expectations the Bank has of its suppliers and their subcontractors. Most of the expectations are based on internationally accepted standards, with the UN Global Compact as the starting point, such as human rights, labour, the environment and anti-corruption. This means that the Bank expects its suppliers to comply with the Code of Conduct or corresponding standards. The Bank requires that suppliers eliminate and combat all forms of human trafficking, modern slavery and compulsory labour, that they are in no way involved in any form of child labour, and that they do not violate human rights. Results have been promising, and many of the Bank's major suppliers

have signed the code. The Bank sees a positive link between the code and its relationships with suppliers, as well as its direct impact on our sustainability activities.

Handelsbanken has also implemented a tool for monitoring major suppliers' key metrics. If negative changes to either financial or sustainability key metrics are detected, the agreement owner is notified with details of the supplier concerned and the nature of the change.

Handelsbanken's Supplier Code of Conduct is available at [handelsbanken.com/en/sustainability](https://handelsbanken.com/en/sustainability).

**ATTRACTIVE EMPLOYER**

Handelsbanken's values and strong corporate culture are vital to the Bank's success. The Bank's idea is based on trust and respect for individuals, both customers and employees. This decentralised way of working creates commitment and gives every employee both responsibility and opportunities to make an impact on the Bank's operations. Meeting other people, collaborating, developing, building relationships and finding solutions together creates the conditions to achieve the Bank's overarching goal.

**SUSTAINABLE WORKING LIFE**

Handelsbanken keeps a steady focus on issues concerning employees' health and work environment, in order to create a sustainable working life for all the Bank's employees. The overall goal for health and the work environment is that everyone should feel good, develop and perform at optimal capacity.

A good, inclusive work environment promotes employees' health and well-being, which is a prerequisite for the Bank's long-term profitability. All employees at Handelsbanken should feel respected and secure at their workplace, and thus no form of victimisation, discrimination or harassment, including sexual harassment, is accepted.

In accordance with the Bank's Group-wide work environment guidelines, the systematic work environment efforts proceed from an annual process, based on a number of health factors with the Bank's culture and values as their starting point. This work covers all employees and is being carried out based on local legislation and regulations regarding work environment, for each country where the Bank has its operations.

In cooperation with their teams and trade union representative or employee representative, each manager is responsible for performing regular work environment surveys, based on the Bank's health factors.

The Group-wide work environment survey carried out this year shows that 93 per cent of

employees give positive responses to questions regarding their work environment.

Starting with a joint discussion on the results of the work environment survey and risk assessment, a work environment plan is formulated. Identified activities for maintaining and developing a good, inclusive work environment and counteracting risks of illness are regularly followed up.

Every country regularly monitors its systematic work environment efforts in a joint health and safety forum comprising employer and employee representatives. Examples of topics followed up are the result of work environment surveys at aggregated level, sickness absence, and reported work-related injuries and workplace incidents. Identified risks are managed through tailored improvements.

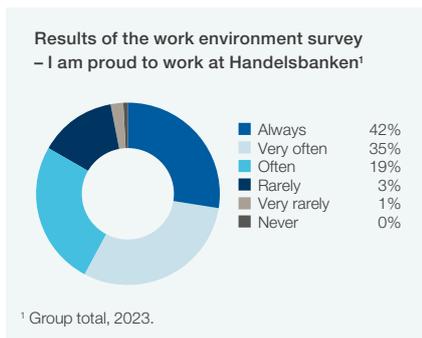
The Bank has procedures and guidelines covering all employees for managing poor health, illness, crisis situations and other work environment incidents. All employees are covered by local company healthcare programmes or the equivalent. Where expert knowledge is required in a specific area, the Bank has partnership agreements with external, professional providers.

An ongoing dialogue between managers and their teams makes it possible to detect early signs of poor health and to ensure the work situation is sustainable in the long run.

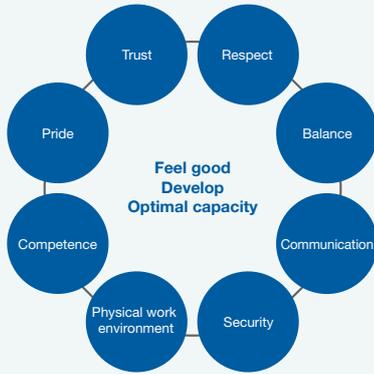
**CONTINUOUS DEVELOPMENT**

Handelsbanken's strength is derived from the combined expertise of its employees. When employees develop, the Bank develops. Handelsbanken has an established structure for developing the operations and the employees, with the customer and their business as the starting point. The structure is called the Wheel, and one aspect of it is that all employees take part in their unit's business planning process, which includes setting goals and scheduling activities. Each employee then has an individual planning and performance review, which results in an individual action plan.

In dialogue with their line manager, each employee should be given the conditions to develop their expertise to align with the needs and preferences of the operations and thus of the customer, based on policies and regulations, and changes in the business environment. As support, we have a competency mapping tool which can be used in the preparations for performance reviews between employees and managers. An important part of development is on-the-job learning, and that the Bank's employees take responsibility for their own development and the advancement of the business.

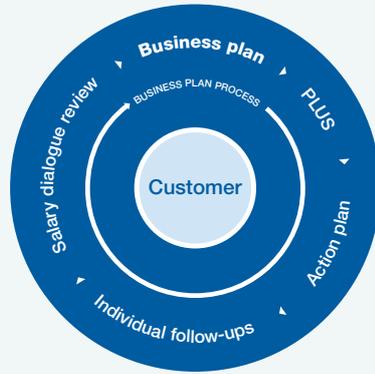


**Health and the work environment at Handelsbanken**



Handelsbanken's overall goal for health and the work environment is that employees should feel good, develop and perform at optimal capacity. Our efforts for the work environment focus on several health factors that are collectively the prerequisites for a positive, respectful and inclusive work environment.

**The Wheel - the relationship between the operations and the employees**



The Wheel illustrates the relationship between the operations and the employee's development. Managers and their teams work together to create their own unit's business plan each year. After the plan is set, planning dialogues and performance reviews (PLUS reviews) are carried out, linking the business plan with each employee's goals. As a result, every employee has an individual action plan that is followed up regularly during the year and forms the basis of the annual salary review between employee and manager.

In 2023, a number of training programmes were mandatory for all employees in the Group:

- Financial crime, preventative measures against money laundering, terrorist financing and related crime such as tax evasion and fraud
- General Data Protection Regulation (GDPR)
- Physical security and cybersecurity.

**Sustainability training**

The "Sustainability in the financial industry" training course works as a platform for training different professionals in the banking, financial and insurance industries about sustainability. The overall goal of the course is to build up knowledge and awareness of the activities required to achieve a transition to a sustainable future. The course includes sections on international and European initiatives and regulations, climate-related risks, the EU Taxonomy Regulation and the SFDR, and on rules relating to advisory services and product oversight governance. At Handelsbanken, the course is mandatory for all employees and consultants with an assignment of longer than six months. This course was launched in 2021 and 80 per cent of all employees have completed it to date.

In Sweden, 3,828 advisors have taken a sustainability refresher course during the year. Topics covered included new developments in the areas of sustainability, the environment and

biodiversity. In the Netherlands, private advisors participated in in-person training courses during the year, covering such topics as how sustainability topics are becoming part of customer meetings, and wealth advisors underwent training in unconscious bias. In Norway, training courses were held on various topics, including sustainability in everyday life and gender-equal pensions, and corporate advisors underwent training on current sustainability topics, with a focus on credit management and sustainability risks.

**GENDER EQUALITY, DIVERSITY AND INCLUSION**

Gender equality, diversity and inclusion are part of Handelsbanken's core values. Diversity is a crucial element of Handelsbanken's success, is a key factor for innovation and thinking differently, and is closely linked to our profitability. By attracting, recruiting, developing and retaining employees with different backgrounds, perspectives and experiences, the Bank improves its capacity to understand its customers' needs and to adapt to a society in a constant state of change.

Handelsbanken endeavours to reflect the diversity of the communities where the Bank operates, and to achieve and maintain a balanced gender representation in all parts of the Bank – whether professional roles, areas, units or countries. Through an inclusive culture, the

Bank can best harness the advantages inherent to gender equality and diversity.

Handelsbanken is a member of the Diversity Charter Sweden network in order to put even greater focus on how we can work to ensure greater diversity at our workplaces.

In order for the Bank to achieve its goals in terms of gender equality, diversity and inclusion, emphasis is placed on: management succession planning and recruitment, competency development, health and work environment, work-life balance and gender-equal salaries. All areas are followed up on the basis of several key metrics.

In order to ensure that focus on these issues is coordinated across the Group, there is a Diversity Council with participants from the management groups in the various countries, tech and markets, as well as the Chief Sustainability and Climate Officer and the Chief Human Resources Officer.

In Sweden, we monitor the proportion of employees with a foreign background relative to society as a whole. This data is obtained from Statistics Sweden (SCB) and is followed up every third year. The statistics, which are anonymous for the Bank at the individual level, show what proportion of the Bank's employees in Sweden were born in a country outside Sweden, and/or with both parents born in a country outside Sweden.

The Bank has achieved its overall goal for the Group of an even gender distribution, in terms of both overall share of female employees, 49 per cent (49), and share of female managers at the Bank, 44 per cent (43). In Sweden as well, the Bank achieved its overall goal of an even gender distribution, in terms of both overall share of female employees, 52 per cent (52), and share of female managers at the Bank, 52 per cent (52).

During the year, Handelsbanken in Norway joined the Women in Finance Charter, of which the Bank in the UK has been an affiliate for a few years. This entails a commitment to work towards a more gender-balanced financial sector. Handelsbanken in the UK is aiming for 40 per cent of its managers to be female by 2026. In 2023, the proportion of female managers was 29 per cent (28) in the UK and 42 per cent (41) in Norway.

**REMUNERATION AND BENEFITS**

Handelsbanken aims to be an attractive employer and offers competitive terms of employment for all employees – temporary as well as permanent. The proportion of permanent employees was 96 per cent (96). In addition to the benefits stipulated by law, regulations, collective bargaining agreements and

## EMPLOYEE CONDUCT

The following are extracts from codes of conduct included in the Bank's policies and guidelines which refer to employees.

### Handelsbanken's employees

- must not be in a position where they may be suspected of taking improper advantage of knowledge about the financial markets which they obtain in the course of their work
- must be familiar with legislation concerning trading in financial instruments and observe the Bank's rules for employees' private securities and currency transactions
- must, in their work at the Bank and in their private affairs, refrain from business transactions that violate the Bank's rules
- must refrain from transactions or other commitments that could seriously jeopardise their personal financial position
- are not permitted to process transactions in which they, or persons closely associated with them, have a personal interest – this also applies to companies in which employees, or persons closely associated with them, are involved
- must report to a manager or can notify Group Compliance or Group Audit if they suspect irregularities at the Bank. Handelsbanken's separate whistleblowing system provided by an external supplier may be used as well as these reporting channels
- must notify the Bank of assignments outside the Bank and obtain approval – this also applies to secondary occupations and certain posts in clubs, societies and the like.

other local agreements, the Bank offers benefits that promote its view of long-term employment, gender equality and profit sharing.

Handelsbanken aims to meet its employees' needs during various phases of their life in a flexible way. Collective bargaining agreements are the foundation of the workplace benefits that the Bank offers to both temporary and permanent employees. Handelsbanken has individual salaries which are set in the salary review between manager and employee conducted every year. Conditions and benefits differ within the Group and are adapted to the markets where the Bank operates and to the collective bargaining agreements which are in place.

Employees' total remuneration should help to develop the Bank's competitiveness and profitability by attracting, recruiting, retaining and developing skilled staff, and ensuring the Bank's management succession. This is stated in the Bank's remuneration policy, determined by the Bank's Board. The Board is responsible for the application of the policy and undertakes follow-up activities to ensure this is done. Once a year, the Bank's Remuneration committee must make an assessment of the policy and the remuneration system and report it to the Board.

### Benefits and pensions

Handelsbanken offers various types of competitive benefits, for both permanent and temporary employees of the Group; these differ between the countries.

Handelsbanken aims to make it easier for all employees to combine employment with parenthood. The Bank subsidises home and family services for employees in Sweden who have children under the age of 12. In addition to current social insurance regulations for parental leave, in most of its markets Handelsbanken provides remuneration in accordance with local regulations. This means that parents receive between 80 and 100 per cent of their salaries over a limited period. Employees who take parental leave have the same right to salary reviews as other staff.

The Bank offers employees credits on special terms. These credits are mainly granted for financing residential property. The terms and conditions differ between countries depending on local circumstances, and in several countries they are a taxable benefit.

The Bank offers an allowance for various well-being and leisure activities, and also organises healthy living initiatives aimed at promoting well-being among the Bank's employees to help them develop and perform at optimal capacity.

Other forms of benefits offered include insurance and company cars.

Pensions are part of the total remuneration to employees of Handelsbanken. The pension terms in the countries where the Bank conducts its operations must be competitive and comply with each country's legislation and regulations.

An occupational pension plan can include a retirement pension, disability pension and surviving family member protection. Employees can be offered pension solutions that are defined benefit, defined contribution or a combination of the two.

### Equal pay

The Bank works actively and systematically to ensure equal pay and to rectify unwarranted pay differentials between women and men through-

out the Bank, both in Sweden and in our home markets. This work takes place on a continuous basis in recruitment, in the salary review process and on employees' return from parental leave. Each year, salaries are mapped by the Bank to act on any differentials that have arisen. In Sweden, this work has been performed for several years in cooperation with the trade unions.

### Oktagonen – the Bank's profit-sharing scheme

Handelsbanken's goal is to have higher profitability than the average of peer competitors in its home markets. Oktagonen is Handelsbanken's scheme for collective profit-sharing, based on a common corporate goal where all employees contribute to the success of the Bank.

Allocations to the profit-sharing scheme are subject to Handelsbanken achieving its corporate goal. An allocation is made following the Board's overall assessment of the Bank's performance.

Disbursements are made directly to the individual employee either in cash, to a pension savings programme, to a savings plan or a combination of these.

### RELATIONSHIPS WITH TRADE UNIONS

Handelsbanken's traditionally good relationships and cooperation with trade unions are a valuable component of the Bank's culture. The Bank promotes the right of all employees to join a trade union or employee organisation. There is an ongoing, close dialogue between union representatives and managers concerning changes to the operations – such as organisational changes, new products or the appointment of new managers.

All employees in Luxembourg, the Netherlands, Norway and Sweden, comprising 75 per cent (76) of the Bank's employees, are covered by collective bargaining agreements. In these countries, employees who are not members of a union are also covered by the terms of the collective bargaining agreement. In addition to collective bargaining agreements, there are other types of agreements with local employees' organisations, such as works councils in the UK.

In Sweden, Handelsbanken's part ownership of BAO, the Employers' Association of the Swedish Banking Institutions, means that the Bank is bound by collective bargaining agreements with Finansförbundet, with Akavia/Sveriges Ingenjörer (Swedish Union of Graduate Engineers) as well as various associations in Saco, the Swedish Confederation of Professional Associations, affiliated with PTK. The collective bargaining agreements regulate conditions such as employment conditions, notice period and pensions. BAO also has collective bargaining

agreements with the Swedish Hotel and Restaurant Workers' Union and the Swedish Building Maintenance Workers' Union. The Bank has also reached local agreements with Finansförbundet and Saco regarding the forms of influence and co-determination.

**EUROPEAN WORKS COUNCIL**

In addition to matters dealt with in a dialogue with the union organisations at national level in each country, Handelsbanken's European Works Council (EWC) serves as a forum for information and dialogue concerning joint, cross-border questions, such as the work environment. The EWC consists of representatives from executive management and employee representatives from Finland, Luxembourg, the Netherlands, Norway, the UK and Sweden.

**COMMUNITY ENGAGEMENT**

Banks play a key role in the transition to a sustainable society, but the challenges we all face require us to join forces and act together. To succeed, collaboration with other investors, companies, public authorities and special interest organisations is necessary.

For other initiatives and collaborations in which Handelsbanken participates or which it supports, refer to [handelsbanken.com/en/sustainability](https://handelsbanken.com/en/sustainability).

**A PART OF THE LOCAL COMMUNITY**

Thanks to Handelsbanken's decentralised working methods, the Bank has a strong connection to the local community. We consider it essential to contribute in various ways to the communities where the Bank operates.

Concrete examples of sustainability work are the branches' involvement in various initiatives and activities carried out by local associations and charities.

Many branches encourage their employees to volunteer, and make allowances for this. A popular activity is contributing financial knowledge in school and university courses. For example, Handelsbanken has taken part in a number of courses organised by Young

Shareholders (Unga Aktiesparare), together with the Swedish Financial Supervisory Authority and other organisations.

The branches also help young business owners, offer to act as mentors and support various sports clubs and associations. In 2023, our home markets reported a total of 554 branch-driven initiatives and activities.

**COLLABORATIONS ON CHILDREN'S RIGHTS**

For many years, Handelsbanken has participated in various collaborations to promote the rights of children, an engagement that reflects the Bank's principles and the importance of this issue. For example, the Bank supports ECPAT and World Childhood Foundation, global organisations working to prevent child abuse.

Another organisation that also works to prevent payments for material featuring abuse through the financial systems is the Finance Coalition Against the Trafficking of Children for Sexual Purposes, of which Handelsbanken has been a member since 2009.

**GLOBAL COMPACT**

In 2009, Handelsbanken signed the UN Global Compact, an initiative aimed at companies which advocates ten principles based on international conventions. These principles, established in 2000, cover human rights, labour rights, the environment and anti-corruption.

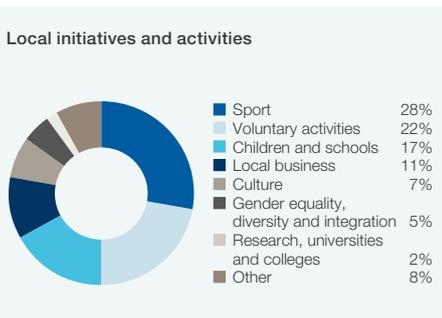
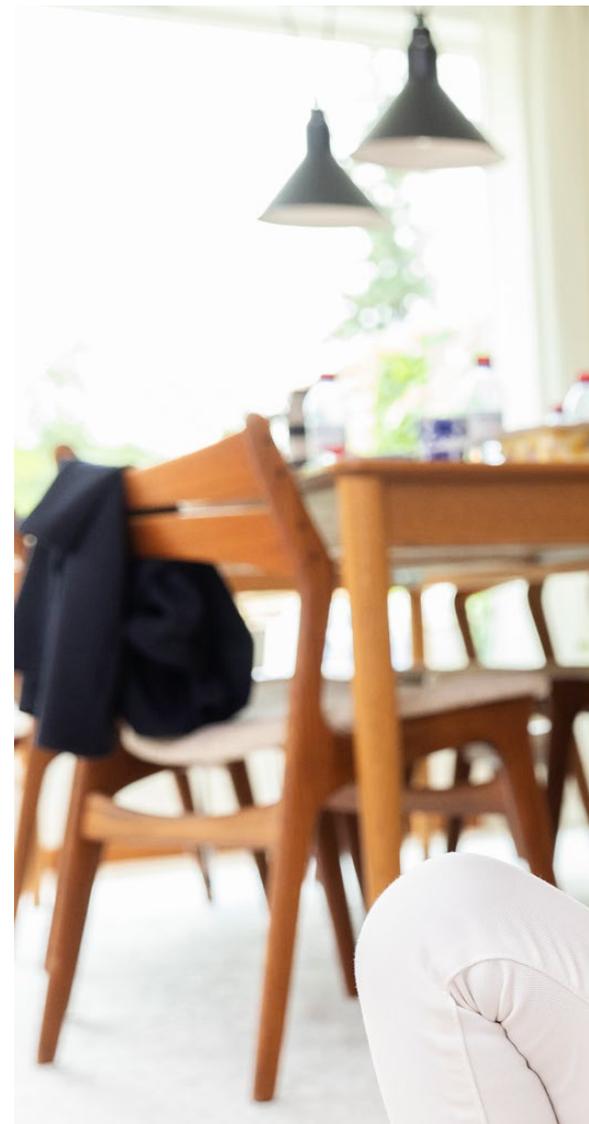
**THE EU ACTION PLAN FOR FINANCING SUSTAINABLE GROWTH**

Major investments are required by society in order to achieve the 17 SDGs and the goals of the Paris Agreement. To hasten progress, the EU has drawn up an action plan for financing sustainable growth. The plan intends to redirect capital flows towards a more sustainable economy, integrate sustainability into risk management, and promote transparency and a long-term approach across the financial markets and the wider economy. Examples of new and forthcoming regulations included in the action plan are the Taxonomy Regulation, the Disclosure Regulation and the Corporate Sustainability Reporting Directive. Handelsbanken supports the EU's action plan on financing sustainable growth, is monitoring developments carefully, and is working actively to include the various parts of the plan in its business and operations.

These new regulations present stricter requirements for transparency and reporting and thus access to relevant and reliable data. Handelsbanken views this trend positively, as increased transparency creates better insight into the Bank's operations and makes it easier

for customers and investors to make well-informed, sustainable choices. To support the business operations in these matters, Handelsbanken created a programme in 2021 that enables it to follow up and communicate on its own sustainability goals, as well as reporting according to regulations, requirements from public authorities and external obligations. During 2023, work progressed with collecting and making available relevant sustainability data, for example before the Corporate Sustainability Reporting Directive (CSRD) comes into effect.

One of the core aspects of the EU's action plan on financing sustainable growth is the Taxonomy, which serves a means of classifying what activities are viewed as environmentally sustainable. The EU Taxonomy is a joint framework that entails information requirements at



company and product level, to make it easier for investors to identify environmentally sustainable investments. For Handelsbanken, the EU Taxonomy serves as one of several tools for evaluating environmental sustainability in the Bank's business and operations. Through its operations, Handelsbanken is to actively push for a transition to a greenhouse gas-neutral economy, in line with the Paris Agreement and the 1.5°C target. The strategy for the Bank's sustainability agenda has been set in the Bank's sustainability goals, see page 258, including a climate goal of net-zero GHG emissions by 2040. Handelsbanken's climate goal can only be achieved by supporting customers in their transition, and in cooperation with the Bank's stakeholders. Also central to this is the development of products and services that contribute

to the transition, focusing on both private individuals and SMEs. One example of how the Taxonomy affected business development is the adaption of Handelsbanken's financing framework for green bonds to the EU Taxonomy to provide greater opportunities to finance more projects that will lead to higher energy efficiency and more climate change adaptation. In 2023, further steps were taken in the Bank's climate work. In terms of the climate goal, interim targets for 2030 have been established and are being validated through the Science Based Targets initiative. Tools have been developed to support our customers' sustainability efforts, such as information on what energy improvements property owners can make to reduce their carbon footprint as well as opportunities for SMEs to measure their emissions and

receive suggestions on how to reduce them. Efforts have also been made to expand access to relevant data, such as physical climate-related risks. The aim is to be as transparent as possible regarding Handelsbanken's sustainability work as data access and methodologies evolve. For Handelsbanken's reporting in accordance with the Taxonomy Regulation (EU) 2020/852, see pages 276–305.



# Corporate Governance Report

Handelsbanken is a Swedish public limited company whose shares are listed on Nasdaq Stockholm. The Board hereby submits its Corporate Governance Report for 2023. The Corporate Governance Report has been prepared in accordance with the Annual Accounts Act and the Swedish Corporate Governance Code. Handelsbanken applies the Swedish Corporate Governance Code with no deviations.

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# Corporate governance at Handelsbanken

Corporate governance in the Handelsbanken Group is aimed at creating a clear, fit-for-purpose organisational structure which ensures that operations can be carried out in a sound, effective manner and in accordance with external and internal rules, which facilitates the effective monitoring and management of the risks that arise. A clear allocation of responsibilities meets the Bank's needs as regards internal control, risk control and compliance, and is also key to enabling the operations to be followed up in the best possible manner, from a business perspective. Good governance must run through all operations, and it therefore affects all employees of the Handelsbanken Group.

At the heart of corporate governance are the goals and steering documents issued by the Board and the Chief Executive Officer. Handelsbanken's corporate culture, work method and remuneration system are also important for ensuring effective corporate governance, as is the ability to manage any risks that arise in the business operations.

Risk management is described in detail in a separate risk section in the Annual Report, note G2 on pages 99–138, in the Bank's Pillar 3 report, and also briefly in this Corporate Governance Report.

## THE BANK'S GOALS, MISSION AND CULTURE

Handelsbanken's goal is to have higher profitability than the average of peer competitors in its home markets. The Bank's profitability goal is intended to offer shareholders long-term, high growth in value, with increasing earnings per share over a business cycle. With stable finances, the Bank can also provide support to its customers whatever the prevailing business environment. High profitability and sound, sustainable business operations are critical to shareholders that have invested in the Bank. In addition, these go hand in hand with low funding costs, positive growth and the Bank being seen as an attractive employer. This goal is mainly to be achieved by the Bank having more satisfied customers and lower costs than its competitors.

Handelsbanken creates value through unique customer meetings. Through faith in the individual, a strong local commitment and a decentralised way of working, the Bank creates long-term customer relationships. By running the Bank in a responsible and sustainable manner and with stable finances, Handelsbanken earns confidence from customers, shareholders and the wider world. Satisfied customers, income growing at a faster rate than expenses, and a low risk tolerance create sustainable profitability and the capacity to grow the Bank's business and customer offerings, regardless of the prevailing business and economic climate.

Handelsbanken always considers the situation of the individual customer, regardless of which customer segment the customer belongs to, which channel the customer chooses when dealing with the Bank, or which product the customer needs. Handelsbanken always strives for long-term customer profitability, and the customer's needs determine what business should be done with the customer, not the products that currently generate the highest profitability. The customer decides which distribution channel is best suited to the situation.

The overall customer responsibility always lies with the branch closest to the customer's geographical location.

Handelsbanken's decentralised approach means that each part of the business operations bears full responsibility for its business, based on the allocation of responsibilities and the directions established in the steering documents. The Bank's approach is characterised by trust and respect for customers and employees alike. Handelsbanken aims to develop the competency and skills of its employees and create the conditions to encourage long-term employment relations. All operations within the Group observe high ethical standards.

Handelsbanken's remuneration system is fit for purpose and consistent with the Bank's corporate goals and corporate culture.

## APPLICATION OF THE SWEDISH CORPORATE GOVERNANCE CODE

Handelsbanken applies the Swedish Corporate Governance Code with no deviations. The code is available on the Swedish Corporate Governance Board's website, [bolagsstyrning.se](http://bolagsstyrning.se).

## REGULATIONS

The operations of Swedish banks are regulated by law, and banking operations may only be run with a licence from the Swedish Financial Supervisory Authority. The regulations for the Bank's operations are extensive.

The most pertinent of these include:

- The Swedish Companies Act
- The Swedish Banking and Financing Business Act
- The Swedish Securities Market Act
- Regulation (EU) No 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms (CRR)
- Regulation (EU) No 596/2014 of the European Parliament and of the Council on market abuse
- The Swedish Credit Institutions and Securities Companies (Special Supervision) Act
- The Swedish Money Laundering and Terrorist Financing (Prevention) Act
- Extensive regulation of mutual fund and insurance operations.

The Swedish Financial Supervisory Authority's regulations include regulations and general guidelines on governance, risk management and control in credit institutions and regulations regarding securities and insurance business.

A list of the central regulations is available on the Swedish Financial Supervisory Authority's website.

Handelsbanken's main principle is that operations outside Sweden are subject both to Swedish regulations and to the host country's regulations, if these are stricter or require deviations from Swedish rules.

Handelsbanken also applies internal regulations. The steering documents issued by the Board and the Chief Executive Officer state the most important and fundamental principles, and also establish a framework for the Group's business operations, including the requirements for ensuring internal control for the business operations. These steering documents are complemented by other internal rules that provide more detailed instructions and guidance on how the business operations are to be conducted.

The Board's policies include:

- Policy on governance and steering documents
- Credit policy
- Policy for risk control
- Policy for operational risks
- Capital policy
- Financial policy
- Communication policy
- Policy for sustainability
- Policy for ethical standards
- Policy for management of conflicts of interest
- Policy against corruption
- Policy for remuneration
- Policies for suitability assessment
- Policy for Group Audit
- Policy for managing and reporting events of material significance
- Policy for the use of external auditors
- Policy for compliance
- Policy for complaints management
- Policy for employees' transactions in financial instruments
- Accounting policy
- Policy for products and services
- Policy on measures against financial crime

A summary of the Board's policies can be found on [handelsbanken.com](http://handelsbanken.com). Certain policies are also available in their entirety on the website.

The Swedish Financial Supervisory Authority supervises the Bank's operations in Sweden and in all countries where the Bank runs branches, in other words, when the foreign operation is part of the Swedish legal entity Svenska Handelsbanken AB. The supervisory work is coordinated in a supervisory college for Handelsbanken, led by the Swedish Financial Supervisory Authority. Equivalent authorities in other countries exercise limited supervision over the branches' operations. They do, however, fully supervise the subsidiaries within the respective countries.

The Swedish Financial Supervisory Authority requires reporting on various matters such as the Bank's organisation, decision-making structure and internal control. The Swedish Financial Supervisory Authority's work also includes systematic on-site inspections of various parts of the Bank. The purpose of this is to follow up the Bank's actual compliance with the terms and conditions of granted licences and other detailed regulations.



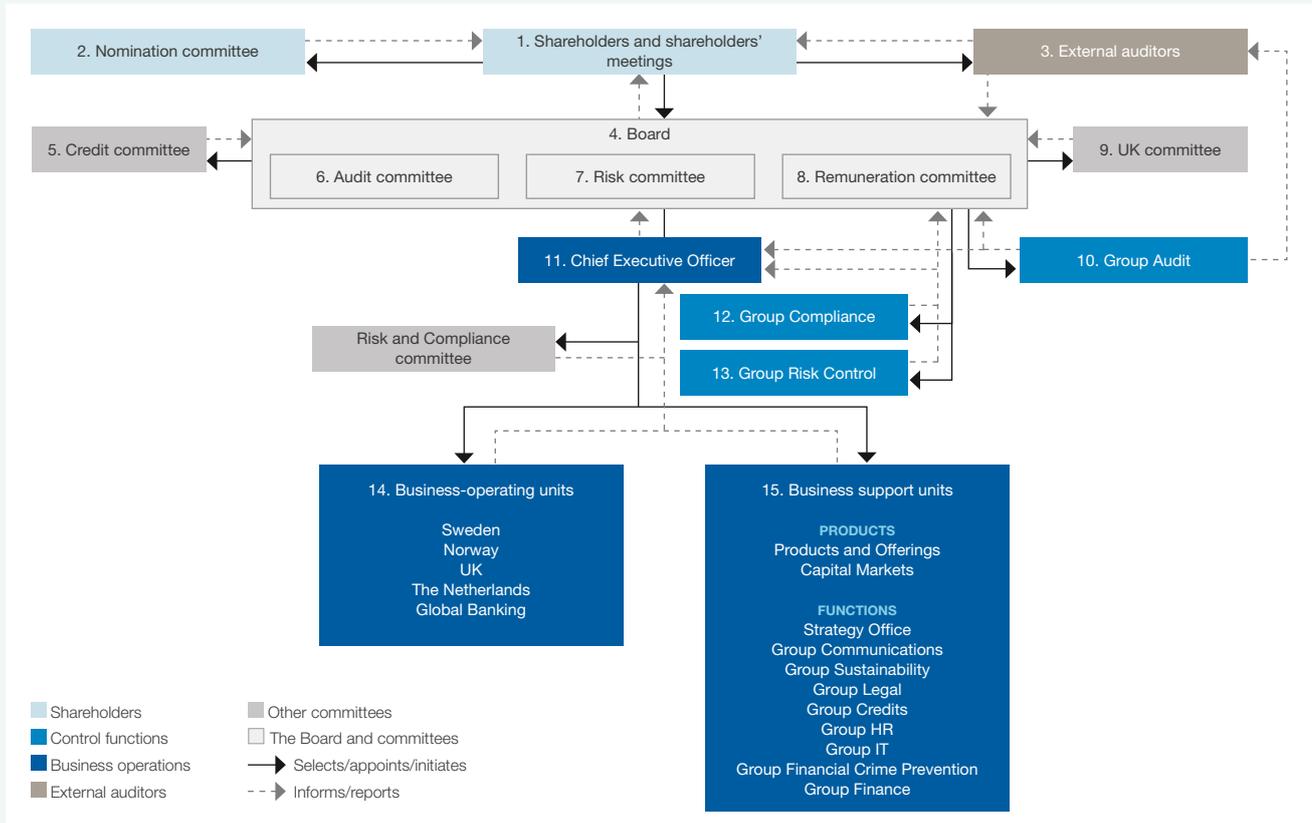
### More information

More information about Handelsbanken's corporate governance is available at [handelsbanken.com](http://handelsbanken.com). The site includes the following information:

- Previous Corporate Governance Reports from 2008 onwards
- Previous Sustainability Reports from 2010 onwards
- Articles of Association
- Information about the Nomination committee
- Minutes from shareholders' meetings from 2012 onwards.

# Corporate governance structure

## Corporate governance at Handelsbanken – an overview



**Corporate governance at Handelsbanken – an overview**  
The diagram provides a summary of corporate governance at Handelsbanken.

### 1. SHAREHOLDERS AND SHAREHOLDERS' MEETINGS

Shareholders exercise their right to decide on matters concerning Handelsbanken at shareholders' meetings, which are the Bank's highest decision-making body. Every year, an Annual General Meeting (AGM) is held, which among other things appoints the Board, the Chairman of the Board and auditors.

### 2. NOMINATION COMMITTEE

The Nomination committee's task is to prepare and submit proposals to the AGM regarding the appointment of the Chairman and other members of the Board and fees to the Chairman and other members of the Board. As prescribed by the Swedish Corporate Governance Code, the Nomination committee

also submits proposals regarding the appointment of auditors and fees to the auditors. The AGM decides how the Nomination committee will be appointed.

### 3. EXTERNAL AUDITORS

The auditors are appointed by the AGM for the period until the end of the following year's AGM. The auditors are accountable to the shareholders. They carry out an audit and submit an audit report covering matters such as the Annual Report, including this Corporate Governance Report, and the administration of the Board and the Chief Executive Officer. In addition, the auditors report orally and in writing to the Board's Audit committee concerning how their audit was conducted. The auditors also submit a summary report of their audit to the Board as a whole.

### 4. BOARD

The Board is responsible for the Bank's organisation and manages the Bank's affairs on behalf of its shareholders. The Board must continuously assess the Bank's financial situation and ensure that the Bank is organised in such a way that the accounting records, management of funds and other aspects of the Bank's financial circumstances are satisfactorily controlled. The Board establishes policies and instructions on how this is to be executed, and establishes rules of procedure for the Board and also an instruction for the Chief Executive Officer.

These central steering documents state how responsibility and authority are allocated among the Board as a whole, the committees, the Chairman of the Board and the Chief Executive Officer. The appointments made by

the Board include the Chief Executive Officer, Executive Vice Presidents, the Chief Risk Officer, the Chief Compliance Officer and the Chief Audit Executive, and the Board also stipulates the employment terms for these persons. The Chairman is responsible for evaluating the Board's work and informs the Nomination committee of the results of this evaluation.

#### 5. CREDIT COMMITTEE

The Board has set up a Credit committee which decides on credit cases where the amount exceeds the decision limit that the Board has delegated to another unit. However, cases of special importance and credits to Board members and certain persons in managerial positions are decided upon by the Board as a whole.

#### 6. AUDIT COMMITTEE

The Board's Audit committee monitors the Bank's financial reporting by examining important accounting matters and other factors that may affect the qualitative content of the financial reports. The committee also monitors the effectiveness of the Bank's and Group's internal control, internal audit and risk management with regard to financial reporting, as well as the external auditors' impartiality and independence. In addition, the committee evaluates the audit activities and submits a recommendation to the Nomination committee in the matter of the appointment of auditors. The Audit committee also receives reports from the Bank's internal and external auditors.

#### 7. RISK COMMITTEE

The Board's Risk committee monitors the effectiveness of the Handelsbanken Group's risk control and risk management. The committee prepares decisions regarding the Bank's risk strategy, risk tolerance, etc., and examines reports from Group Compliance and Group Risk Control. The committee also makes decisions independently, including decisions on the significant parts of the Bank's risk rating and estimation processes linked to the IRB approach.

#### 8. REMUNERATION COMMITTEE

The Board's Remuneration committee evaluates the employment conditions for the Bank's executive officers in the light of prevailing market terms. The committee's tasks also include preparing the Board's proposals to the AGM concerning guidelines for remuneration to executive officers, monitoring and evaluating the application of these guidelines, and preparing the Board's decisions on remuneration and other terms of employment for executive officers, as well as for the Chief Audit Executive. The guidelines for remuneration to executive officers are presented on page 75. The committee also makes an assessment of Handelsbanken's remuneration policy and remuneration system.

#### 9. UK COMMITTEE

The Board's UK committee facilitates the structured, continuous follow-up of the operations in Handelsbanken plc. Members of the Board and selected members of executive management participate in this committee.

#### 10. GROUP AUDIT

Group Audit (internal audit) performs an independent, impartial audit of the operations and financial reporting of the Group. A key task for Group Audit is to assess and verify processes for risk management, internal control and corporate governance. The Chief Audit Executive is appointed by the Board.

#### 11. CHIEF EXECUTIVE OFFICER

The Chief Executive Officer is appointed by the Board to lead Handelsbanken's day-to-day operations. In addition to instructions from the Board, the Chief Executive Officer is obliged to comply with the provisions of the Swedish Companies Act and a number of other statutes concerning, among other things, the Bank's accounting, management of funds and operational control.

#### 12. GROUP COMPLIANCE

Group Compliance is responsible for monitoring and controlling compliance, providing advice and support on measures to be taken by the business in order to ensure compliance, and for the reporting of material deficiencies and risks. The Chief Compliance

Officer reports directly to the Chief Executive Officer and is the Head of Group Compliance.

#### 13. GROUP RISK CONTROL

Group Risk Control is responsible for verifying that all material risks in the Group are identified and managed by the relevant functions, and for analysing and reporting these risks. The Chief Risk Officer reports directly to the Chief Executive Officer and is the Head of Group Risk Control.

#### 14. BUSINESS-OPERATING UNITS

Handelsbanken operates in several countries. Each country has a Country General Manager, who has the overall responsibility for the Bank's business operations in the country in question. This responsibility includes a distribution responsibility for products and services, as well as a customer responsibility.

#### 15. BUSINESS SUPPORT UNITS

Handelsbanken has a number of business support units with Group-wide responsibility.

#### PRODUCT

Product managers constitute central business support for a given product area. Product responsibility includes, according to a Group-wide approval process, developing, managing and phasing out products and services, as well as coordinating and supporting the distribution of the products and services.

#### FUNCTION

Function managers have Group-wide responsibility for a given area. Function responsibility includes ensuring that work within the area functions well and is conducted in accordance with internal and external rules and regulations. The responsibility also includes providing guidance and support relating to the area.

## SHAREHOLDERS AND SHAREHOLDERS' MEETINGS

### Shareholder rights

At the end of 2023, Handelsbanken had just over 200,000 shareholders. Shareholders' rights to decide on matters concerning the company's affairs are exercised at regular shareholders' meetings, the AGM and extraordinary general meetings. Handelsbanken has two classes of shares: class A and class B. Class A shares are by far the most common and represented more than 98 per cent of all shares outstanding at the end of 2023. Class A shares and class B shares entitle holders to the same proportion of the profit. Each class A share entitles the holder to one vote, while each class B share entitles the holder to one-tenth of a vote. Handelsbanken's Articles of Association state that at shareholders' meetings, no shareholder is allowed to exercise voting rights representing more than 10 per cent of the total number of votes in the Bank.

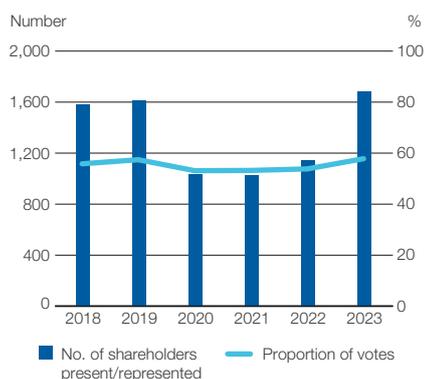
A shareholder wishing to have a matter considered by the AGM must submit a written request to the Board, in time for the matter to be included in the notice of the meeting. The Bank's website, handelsbanken.com, contains information as to when this request must have reached the Board.

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

- adopting the income statement and balance sheet
- appropriation of profits
- discharge from liability for the Board and the Chief Executive Officer for the past financial year
- the number of Board members and auditors of the Bank, and the election of Board members and auditors
- determining fees to Board members and auditors
- guidelines for remuneration to executive officers.

The shareholders at a shareholders' meeting can also make decisions on the Bank's Articles

### Attendance at AGMs 2018–2023



of Association. The Articles of Association constitute the fundamental governing document for the Bank. They specify which operations the Bank is to conduct, the limits on the amount of share capital, the right of shareholders to participate at shareholders' meetings and the items to be presented at the AGM. The Articles of Association also state that the number of Board members must be at least eight and at most 15. They are elected for one year at a time.

Information in preparation for meetings is published at handelsbanken.com. Minutes of previous meetings are also available in both Swedish and English.

### Major shareholders

At the end of 2023, the holdings of one shareholder represented more than 10 per cent of the votes: AB Industrivärden, with 11.7 per cent. Detailed information on the Bank's largest Swedish shareholders can be found on page 35.

### Annual General Meeting 2023

Handelsbanken's AGM was held on 22 March 2023.

1,682 shareholders were represented at the meeting. They represented approximately 56.6 per cent of all votes in the Bank, which is slightly higher than the figure for the 2022 AGM. The Chairman of the meeting was lawyer Eva Hägg.

The decisions made by the shareholders at the meeting included:

- An ordinary dividend of SEK 5.50 per share and a special dividend of SEK 2.50 per share, with the remaining amount at the disposal of the meeting to be carried forward.
- Authorisation for the Board to decide on the acquisition of not more than 120 million shares in the Bank, as well as divestment of shares.
- The Board is to consist of ten members, excluding deputy members.
- The re-election of all ten Board members for the period until the conclusion of the next AGM.
- The election of Pär Boman as Chairman of the Board.
- Fees to be paid to the Board members: SEK 3,750,000 to the Chairman of the Board, SEK 1,070,000 to the Deputy Chairman, and SEK 765,000 to the other Board members. For committee work, fees of SEK 450,000 are to be paid to each member of the Credit committee, the UK committee, the Risk committee and the Audit committee, and fees of SEK 140,000 are to be paid to each member of the Remuneration committee. It was decided that the fee to the Chair of the Risk committee and the Audit committee would be SEK 560,000 each, and it was decided that the fee to the Chair of the Credit committee and UK committee would be SEK 510,000 each. Board members who are employees of Handelsbanken shall not receive a fee.

- The AGM appointed PricewaterhouseCoopers AB (re-election) and Deloitte AB (new election) to serve as auditors until the end of the AGM to be held in 2024.

### Auditors

Johan Rippe has been an authorised public accountant since 1999 and is auditor-in-charge for PricewaterhouseCoopers AB at Handelsbanken. Johan Rippe is also an auditor for Stena and Axel Johnson, among others. He is also a member of the Board of PricewaterhouseCoopers AB's Swedish operations. Johan Rippe was born in 1968.

Malin Lüning has been an authorised public accountant since 2008 and is auditor-in-charge for Deloitte AB at Handelsbanken. She is also an auditor for SBAB, Nordax Bank and Söderberg & Partners. Malin Lüning was born in 1980.

### NOMINATION COMMITTEE

The shareholders at the 2022 AGM resolved to establish an instruction for how the Nomination committee is to be appointed. According to the decision, the instruction will apply until it is amended by a future AGM. The instruction states that the Nomination committee shall comprise five members: the Chairman of the Board and one representative from each of the Bank's four largest shareholders on 31 August the year before the AGM is held.

However, the Nomination committee must not include representatives of companies which are significant competitors of the Bank in any of its main areas of operations. It is the Chairman of the Board's task to contact the largest owners, so that they will appoint one representative each to sit on the Nomination committee, together with the Chairman. The 2024 Nomination committee comprises:

Representative	Shareholders	Voting power as a per cent, 31 August 2023
Helena Stjernholm, Chair	Industrivärden	11.6
Maria Sjöstedt	Oktogonen Foundation	8.2
Claes Boustedt	Lundberg ownership group	4.5
Anders Algotsson	AFA Försäkring	0.6
Pär Boman, Board Chairman		

Information on the composition of the Nomination committee has been available at handelsbanken.com since 20 September 2023.

The Nomination committee's task in preparation for the AGM on 20 March 2024 is to submit proposals for the election of a chairman of the AGM, the Chairman of the Board and other members of the Board, the fees to the Chairman and other members of the Board, and remuneration for committee work. The Nomination committee is also to submit proposals regarding the election of and fees to auditors.

In its work, the Nomination committee takes into account the Board's diversity policy. The policy stipulates that to promote independent

opinions and critical questioning, it is desirable that the Board should be characterised by appropriate diversity in terms of, for example, age, gender, geographical origin, and educational and professional background. When formulating its proposal to the AGM, the Nomination committee considers relevant parts of the Board's policy regarding the suitability assessment of Board members and the Chief Executive Officer. In compiling the proposal, the Nomination committee also considers the evaluation of the Board carried out by the Chairman of the Board.

## BOARD

After the shareholders at the 2023 AGM had appointed Pär Boman to be Chairman of the Board, Fredrik Lundberg was appointed as Deputy Chairman at the first Board meeting after the AGM. At the same time, the Board appointed members of the Credit committee, Audit committee, Risk committee, Remuneration committee and UK committee. Information about the Board is shown on pages 78–80.

### Composition of the Board

The Board was composed of ten elected members during the 2023 financial year. When the Board is to be elected, the Nomination committee proposes members. The Board also includes two members and two deputy members who are employee representatives, in accordance with applicable legislation.

The Board members have broad and extensive experience from the business community. Several are, or have been, chief executive officers of major companies, and most of them are also board members of major companies. Several members have worked on the Bank's Board for a long time and are very familiar with the Bank's operations. The Nomination committee's proposals at previous AGMs, including their reasons, are available at [handelsbanken.com](https://handelsbanken.com).

Suitability assessments of individual Board members are undertaken, and of the Board as a whole. The suitability assessment of the Board is carried out at least annually, as well as prior to changes in the composition of the Board, or when it is otherwise deemed necessary. This ensures that the Board has the knowledge, skills and experience required to fulfil its duties, which include establishing strategies and risk tolerances, and understanding and challenging decisions and proposals by executive management on the basis of their consequences.

During the 2023 financial year, the percentage of women on the Board of the Bank was 50 per cent of the elected members, and the percentage of the elected members with a different geographical origin than the country where Handelsbanken is domiciled was 20 per cent.

### Independence of Board members

The Swedish Corporate Governance Code stipulates that the majority of Board members elected by the AGM must be independent of the

Bank and the Bank's management, and that at least two of the independent Board members must also be independent of those of the company's shareholders that control 10 per cent or more of the shares and votes in the Bank. The composition of the Board fulfils the Code's requirements for independence.

### Regulations governing the Board's work

The fundamental rules regarding the distribution of tasks among the Board, the Board committees, the Chairman, the Chief Executive Officer and Group Audit are in accordance with the Swedish Companies Act and the Swedish Corporate Governance Code, and are expressed in the Board's rules of procedure, as well as in its instructions to the Chief Executive Officer and to the Chief Audit Executive.

### Chairman of the Board

The Board's rules of procedure state that the Chairman shall ensure that the Board carries out its work efficiently and that it fulfils its duties. This involves organising and managing the Board's work and creating the best possible conditions for this work. The Chairman must also ensure that the Board members continually update and expand their knowledge of the Bank's operations, and that new members receive appropriate introduction and training. The Chairman must be available to the Chief Executive Officer as an advisor and discussion partner, but must also prepare the Board's evaluation of the Chief Executive Officer's work.

The Chairman's duties include being chair of the Credit committee, Remuneration committee and UK committee, as well as being a member of the Audit and Risk committees. The Chairman is responsible for ensuring that the Board's work is evaluated annually. The 2023 Board evaluation took place with the assistance of external advisors, via questionnaires and by holding interviews with each Board member. The outcome of the evaluation was reported to the Board and the Chairman led a Board discussion on this. The Chairman also informed the Nomination committee about the Board evaluation. The Chairman is responsible for maintaining contact with the major shareholders concerning ownership matters.

There is no other regular division of work for the Board except as concerns the committees.

### Board work – regularly occurring items

The Board is the company's highest administrative body and is responsible for establishing the overall goals and strategy of the company. The Board addresses many important matters during the year as part of carrying out its duties. This includes regularly occurring items to ensure sound risk management and reliable financial reporting. Other matters resulting from external regulatory requirements are also addressed, for example, adopting the Bank's internal capital adequacy and liquidity adequacy assessment (ICAAP/ILAAP) and recovery plan. The Board

receives and examines the quarterly reporting from the company's control functions. This is an important part of the Board's control and overall efforts to ensure that the company is managed responsibly based on sound risk-taking and a high level of compliance. In addition, the Board addresses regularly occurring items such as the Bank's credit risks and credit losses, capital assessments, IT systems, audits and the Bank's work on anti-money laundering and combating fraud. In addition, matters discussed at Remuneration, Risk and Audit committee meetings are reported at the next Board meeting.

At the first Board meeting after the AGM, the Board appoints a Deputy Chairman and the members and Chairs of its various Board committees. At this meeting, the Board also adopts the policies and other internal steering documents that regulate governance and internal control at the Bank.

### The Board's work in 2023

The Board had 15 meetings in 2023, including two extended strategy meetings.

In addition to the annual regularly occurring items described in the section above, the Board received reports during the year on information security and the Bank's sustainability work, including climate-related risks and performance in terms of the adopted sustainability goals.

### Committee work

#### Credit committee

The Credit committee consisted of the Chairman of the Board (Pär Boman, who also chairs the Credit committee), the Deputy Chairman (Fredrik Lundberg), the Chief Executive Officer (Carina Åkerström), the Chief Credit Officer (Robert Radway until 21 June 2023, and Per Beckman as of 22 June 2023), and six Board members appointed by the Board (Jon Fredrik Baksas, Stina Bergfors, Hans Biörck, Kerstin Hessius, Ulf Riese and Arja Taaveniku).

The Credit committee normally holds one meeting every month to take decisions on credit cases that exceed a set limit and that are not decided on by the whole Board due to the importance of these cases or legal requirements. The Country General Managers and County Managers, and the Head of Handelsbanken Global Banking presented cases to the Credit committee from their own units in 2023 and participated when other cases were presented, with the objective of providing them with a good picture of the Board's approach to risk. Credit cases that are decided upon by the whole Board are presented by the Chief Credit Officer. If a delay in the credit decision would inconvenience the Bank or the borrower, the credit instructions allow the Chief Executive Officer and the Chief Credit Officer to decide on credit cases during the interval between Credit committee meetings.

In 2023, the Credit committee had 12 meetings.

**Audit committee**

The Audit committee comprised the Chairman of the Board (Pär Boman) and three Board members appointed by the Board (Jon Fredrik Baksaas, Hans Biörck and Ulf Riese). The latter members are independent of major shareholders, and of the Bank and its management. Ulf Riese was appointed to chair the committee.

In 2023, the Audit committee had seven meetings.

**Risk committee**

The Risk committee comprised the Chairman of the Board (Pär Boman) and four Board

members appointed by the Board (Hans Biörck, Kerstin Hessius, Ulf Riese and Arja Taaveniku). The latter members are independent of major shareholders, and of the Bank and its management. Kerstin Hessius was appointed to chair the committee.

In 2023, the Risk committee had nine meetings.

**Remuneration committee**

The Remuneration committee comprised the Chairman of the Board (Pär Boman, who also chairs the committee) and two Board members appointed by the Board (Jon Fredrik Baksaas

and Hans Biörck). The latter two are independent of the Bank, its management, and major shareholders.

In 2023, the Remuneration committee had 11 meetings.

**UK committee**

The UK committee comprised the Chairman of the Board, (Pär Boman, who also chairs the committee), the Chief Executive Officer (Carina Åkerström), the Chief Financial Officer, CFO (Carl Cederschiöld) and a member appointed by the Board (Ulf Riese).

In 2023, the UK committee had five meetings.

**Summary of focus areas in the Board's committees (excluding the Credit committee)**

Committee	Members	Duties	Other focus areas in 2023
<b>Audit committee</b>	Ulf Riese (Chair) Jon Fredrik Baksaas Hans Biörck Pär Boman	<p>The work of the Audit committee includes the following:</p> <ul style="list-style-type: none"> <li>• monitoring the financial reporting, as well as the effectiveness of the Bank's internal control, internal audit and risk management systems in relation to financial reporting</li> <li>• providing recommendations and proposals concerning the financial reporting</li> <li>• preparing the Board's decision regarding an audit plan for the work of Group Audit and taking into account reports from Group Audit</li> <li>• having regular contact with the external auditors. These auditors report to the committee on significant matters that have emerged from the statutory audit</li> <li>• keeping up to date with the audit of the Annual Report and consolidated accounts and the Swedish Supervisory Board of Public Accountants' quality control</li> <li>• assisting the Nomination committee in the matter of proposing auditors and thereafter submitting a recommendation regarding the election of auditors</li> <li>• informing the Board of the results of the audit and of the manner in which the audit has contributed to the reliability of the financial reports</li> <li>• monitoring and verifying the external auditors' impartiality and independence, with a particular focus on whether the auditors provide any services other than auditing to the company.</li> </ul> <p>All interim reports and year-end reports are reviewed by the Audit committee. Items are presented by the Chief Executive Officer, the CFO, the Chief Audit Executive and the persons with main responsibility from the audit companies appointed by the AGM. The members of the committee can also ask questions to the Chief Audit Executive and external auditors when members of Bank management are not present.</p> <p><b>The Board's report on internal control over financial reporting can be found on page 77.</b></p>	<p>During the year, the Audit committee engaged in its usual work relating to financial reporting, auditing, etc. In this context, the committee also had reason to discuss the prevailing economic conditions and their effects on Handelsbanken's operations, as well as organisational changes and operational changes at the Bank.</p>
<b>Risk committee</b>	Kerstin Hessius (Chair) Hans Biörck Pär Boman Ulf Riese Arja Taaveniku	<p>The work of the Risk committee includes the following:</p> <ul style="list-style-type: none"> <li>• processing reports from the Chief Risk Officer (CRO) and Chief Compliance Officer</li> <li>• preparing the Board's decisions regarding the establishment of the internal capital adequacy and liquidity adequacy assessment</li> <li>• processing the validation and evaluation of the internal risk rating system</li> <li>• preparing the Board's decisions regarding risk tolerance and risk strategy</li> <li>• processing the evaluation of the risk calculation methods used for limiting financial risks, calculating capital requirements and calculating economic capital</li> <li>• preparing the Board's decisions regarding the establishment of Handelsbanken's recovery plan.</li> </ul> <p>The CRO and Chief Compliance Officer present their reports to the Risk committee. The members of the committee can also ask questions to the CRO and Chief Compliance Officer when members of Bank management are not present. The Bank's Chief Executive Officer, CFO, Chief Credit Officer and Chief Legal Officer also attend meetings of the Risk committee.</p> <p><b>The three lines of defence for risk management are described on pages 73–74.</b></p>	<p>During the year, the Risk committee regularly addressed matters relating to risk tolerance, including credit risk, counterparty risk and liquidity risk, as well as the development of the Bank's IRB models. In addition, the committee discussed risk and compliance issues linked to, among other things, IT security and anti-money laundering work. The committee also discussed the economic conditions and their effects on the Bank's business operations and its risks.</p>
<b>Remuneration committee</b>	Pär Boman (Chair) Jon Fredrik Baksaas Hans Biörck	<p>The tasks of the Remuneration committee include making an independent assessment of Handelsbanken's remuneration policy and remuneration system. In addition, the Remuneration committee prepares matters regarding remuneration to be decided on by the Board and the AGM. After the shareholders at the AGM have decided on guidelines for remuneration to executive officers, the Board decides on remuneration to these officers and the heads of the control functions: Group Audit, Group Risk Control and Group Compliance. Each year, the Remuneration committee evaluates Handelsbanken's guidelines as well as its remuneration structures and levels in accordance with the Swedish Corporate Governance Code.</p> <p><b>The Board's remuneration report is available at handelsbanken.com.</b></p>	<p>The Remuneration committee has engaged in its usual work concerning matters relating to remuneration. In addition, the committee has addressed cases involving the appointment of senior managers.</p>
<b>UK committee</b>	Pär Boman (Chair) Ulf Riese Carina Åkerström Carl Cederschiöld	<p>Every quarter, the committee for UK operations receives information about the performance and position of the UK operations, and every year, information about the business plan for the UK operations etc.</p>	<p>The UK committee has followed the operations of Handelsbanken plc, in terms of its financial reporting, its business situation, and risk and compliance matters.</p>

## THE BANK'S MANAGEMENT

### Chief Executive Officer

Carina Åkerström served as the Chief Executive Officer and President during the 2023 financial year, a position she has held since March 2019. She was born in 1962, has a Master of Laws, and has worked at Handelsbanken since 1986. In 2008, Carina Åkerström became a member of the executive management as Executive Vice President and Head of Regional Bank Eastern Sweden. In 2010, she was appointed Head of Regional Bank Stockholm. Carina Åkerström was appointed Deputy President in 2016, while retaining her position as Head of Regional Bank Stockholm. With the exception of her positions as a board member of Holmen AB, SkiStar AB, the Royal Swedish Academy of Engineering Sciences<sup>1</sup> (IVA) Business Executives Council, the Swedish Bankers' Association and the World Childhood Foundation, Carina Åkerström had no significant assignments outside Handelsbanken during the year. On 31 December 2023, Carina Åkerström's shareholdings in Handelsbanken and those of related parties amounted to 85,730, of which 48,400 class A shares in direct holdings and 37,330 in indirect holdings via the Oktogonen profit-sharing scheme. Neither Carina Åkerström nor her related parties has any material shareholdings or other ownership interests in companies with which the Bank has significant business relations. In August 2023, Carina Åkerström announced her wish to change the age of retirement from the previous age of 65 to 62. The Board accommodated this wish, entailing that Carina Åkerström will reach the age of retirement in 2024.

Michael Green was appointed the new Chief Executive Officer and President of Handelsbanken in October 2023 and took up this position on 1 January 2024. Michael Green was born in 1966 and his academic qualifications include studies in business administration, economics and law. Michael Green joined the Gothenburg branch of the Bank as a corporate advisor in 1994 and he subsequently served in various roles, such as the Head of the US operations, Head of Handelsbanken in Western Sweden and Head of Capital Markets. In 2020, Michael Green was appointed General Manager of Handelsbanken Sweden. Alongside his employment at Handelsbanken, Michael Green is also a board member of the Stockholm Chamber of Commerce. On 31 December 2023, Michael Green's shareholdings in Handelsbanken and those of related parties amounted to 94,037, of which 70,000 class A shares in direct holdings and 24,037 in indirect holdings via the Oktogonen profit-sharing scheme. Neither Michael Green nor his related parties has any material shareholdings or other ownership interests in companies with which the Bank has significant business relations.

### Executive management<sup>1</sup>

In 2023, Handelsbanken's executive management consisted of the CEO together with the Chief Financial Officer, Chief Information Officer, Chief Credit Officer, Chief Human Resources Officer, Chief Communications Officer, Head of Capital Markets, Chief Sustainability and Climate Officer, Chief Strategy Officer, Head of Products and Offerings and Chief Risk Officer, as well as the Country General Manager of Sweden, the Country General Manager of Norway and the Chief Executive Officer of Handelsbanken plc. The Chief Legal Officer and Chief Compliance Officer are co-opted to executive management, as is the Executive Vice President responsible for the divestment of the Bank's operations in Denmark and Finland. The current executive management and more detailed information are presented on page 81. Executive management is a forum for addressing Group-wide issues and other matters of significance from a Group perspective. Before decisions are made on such matters by the Chief Executive Officer or other officers, these are, as a general rule, discussed by executive management.

### Decision-making process

As a general rule, responsibilities and powers of authority at Handelsbanken under the Chief Executive Officer have been assigned to individual members of staff, rather than groups or committees. However, collective decisions are made, in the form of credit decisions made in Credit committees and the national boards. It is required that the members are unanimous regarding these decisions.

### The Risk and Compliance committee

The Risk and Compliance committee has been set up by the Chief Executive Officer for follow-up of risk management within several areas and for in-depth discussions regarding the Bank's overall risk situation prior to such matters being addressed by the Risk committee and the Board. In addition to the Chief Executive Officer, the Risk and Compliance committee includes the Chief Financial Officer, Chief Risk Officer, Chief Compliance Officer, Chief Strategy Officer, Chief Credit Officer, Chief Information Officer, Head of Financial Crime Prevention, Head of Capital Markets, Head of Products and Offerings and Chief Legal Officer.

### Operational structure

Handelsbanken's overall organisational structure follows a geographical governance model. The Bank has long employed decentralised working methods, with important business decisions made locally close to the customer.

Customer responsibility is geographical, meaning that all of the Group's customers are affiliated with a physical branch, regardless of which products or services the customer needs, or which channels the customer chooses.

<sup>1</sup> In accordance with the press release on 6 February 2024 regarding management changes, Handelsbanken has decided to form a new Executive Team to replace the Executive Management on 1 April 2024.

The Handelsbanken Group's home markets are Sweden, Norway, the UK and the Netherlands, but the Group also has business operations in other markets. Outside Sweden, operations are mainly conducted via international branches, except in the UK, where the Bank has a subsidiary for its British operations. The operations in each geographic area are led by a Country General Manager.

In 2021, the decision was made to initiate a process to divest the operations in Denmark and Finland. The divestment of the Danish operations was completed in 2022. The Finnish operations are being divested and an agreement was signed in 2023 to sell the Finnish private, SME and life insurance operations. The transaction is expected to be finalised during the second half of 2024.

Handelsbanken's remaining operations in Finland are being handled in a separate discontinuation and sales process.

## THREE LINES OF DEFENCE FOR RISK MANAGEMENT

Handelsbanken has three lines of defence for risk management, follow-up and internal control of the Bank's risks. These are described in more detail below.

### First line of defence

The business operations and the units that support the business operations constitute the first line of defence, with responsibility for managing and restricting the risks facing the business in accordance with external and internal rules. Responsibility for ensuring that the appropriate procedures, systems and processes are in place such that the operations can be conducted in accordance with external and internal rules regarding internal control, risk control and regulatory compliance in each respective unit has been delegated by the Chief Executive Officer to managers who report directly to the Chief Executive Officer. In turn, these managers may delegate operational responsibility for meeting these requirements to managers who report to them. Among other things, this responsibility means that fit-for-purpose instructions and procedures for the operation must be in place, and compliance with these procedures must be monitored regularly. Thus, internal control, risk control and compliance are integral parts of managers' responsibility at all levels in the Bank.

### Second line of defence

The Group Risk Control and Group Compliance control functions constitute the second line of defence.

### Group Compliance

Group Compliance is an independent control function, organisationally separated from the functions to be monitored and controlled. Group Compliance identifies, monitors, controls and reports on compliance risks within the Group. This also includes controlling and assessing the suitability and effectiveness of the procedures in

place and actions taken to minimise the risk of non-compliance with applicable rules. Another important duty is to provide advice and support about compliance to employees, the Chief Executive Officer and the Board, and to continually inform the units concerned about the risks which may arise in the operations due to non-compliance. Group Compliance also monitors the risk level relative to the risk tolerance for compliance risks defined by the Board, and is responsible for the Group's contacts with public authorities regarding supervision of the Group's licensed operations.

The function also includes specifically defined roles such as the Appointed Officer for Controlling and Reporting Obligations according to the applicable money laundering and terrorist financing regulations, and the Data Protection Officer (DPO) according to the applicable regulations on data protection and personal data processing.

The Chief Compliance Officer is appointed by the Board and reports directly and regularly to the Chief Executive Officer on matters regarding compliance in the Group, as well as quarterly to the Risk committee and the Board. This includes the report from the Appointed Officer regarding risks linked to financial crime, as well as the report from the DPO on data protection risks.

#### **Group Risk Control**

Group Risk Control is a control function that acts independently and impartially in relation to the operations that are controlled. Group Risk Control identifies, measures, analyses and reports all the Group's material risks. This includes monitoring and checking the Group's risk management and assessing that Handelsbanken's risk management framework is efficient and fit-for-purpose. Group Risk Control also checks that the risks and risk management comply with the Bank's risk strategy, and fall within the risk tolerance established by the Board.

The Chief Risk Officer is appointed by the Board and reports directly and regularly to the Chief Executive Officer. The Chief Risk Officer also reports regularly to the Board's Risk committee, and quarterly to the Board as a whole. A more detailed description of the Bank's risk management and control is contained in note G2 on pages 99–138, and also in the Bank's Pillar 3 Report.

#### **Third line of defence**

The third line of defence is Group Audit. Group Audit is the Board's controlling body. The Chief Audit Executive is appointed by and reports to the Board.

Group Audit is tasked with performing an independent, impartial audit of the operations and financial reporting of the Group. This includes assessing, evaluating and verifying processes for risk management, internal control and corporate governance. The assignment is based on a policy established by the Board and is performed on the basis of a risk-based methodology in accordance with internationally

accepted standards issued by the Institute of Internal Auditors (IIA). The planned auditing activities are documented every year in an audit plan which is established by the Board. Group Audit's conclusions, the actions to be taken and their status are reported regularly to the Audit committee and every year to the Board as a whole. The Chief Audit Executive is also a recipient of reports made via Handelsbanken's separate system for whistleblowing.

Group Audit is regularly subject to independent external quality reviews. In addition, the Bank's external auditors perform an annual quality review of the work of Group Audit.

#### **PRINCIPLES FOR REMUNERATION AT HANDELSBANKEN**

The remuneration policy establishes the Bank's principles for remuneration to employees. The policy stipulates that Handelsbanken's remuneration system must be fit-for-purpose and consistent with the Bank's business goals and business culture, which are based on sound, sustainable operations, in which employees observe high ethical standards, and good administrative order and regulatory compliance. Remuneration must also be structured in a manner that promotes a healthy and efficient management of sustainability risks. Remuneration must be on market terms, enabling Handelsbanken to attract, recruit, retain and develop skilled staff, and ensuring good management succession, thus contributing to the achievement of the Handelsbanken Group's corporate goal. In general, Handelsbanken has low tolerance of risk and holds the opinion that fixed remuneration contributes to healthy operations. This is, therefore, the main principle. The Bank's executive officers and employees who make decisions on credits or limits, or who work at the Bank's control functions, are paid fixed remuneration together with the possibility of further remuneration from the Oktogonen profit-sharing scheme. This also applies to employees who are assessed as having a material impact on the Bank's risk profile, called "risk-takers" in the Bank.

The main principle of the remuneration policy is that remuneration is paid in the form of fixed remuneration. However, the policy allows for variable remuneration to be paid. The Board decides on the total amount.

In certain countries, Handelsbanken is party to collective bargaining agreements on general terms and conditions of employment and conditions for pensions. The policy does not affect rights and obligations under collective bargaining agreements; nor does it affect obligations under applicable contract law or labour law.

Group HR is responsible for verifying that remuneration in Handelsbanken is compliant with external and internal rules. The independent control functions monitor and analyse the remuneration system and report material risks and flaws to the Board's Remuneration and Risk committees.

A detailed description of fixed and variable remuneration at Handelsbanken is given below.

Other information concerning remuneration paid by the Bank in accordance with the current regulations is presented in note G8 on pages 141–146, and in the Bank's Remuneration Report which is available at handelsbanken.com. This note and the Remuneration Report also provide information about amounts for salaries, pensions and other benefits, and loans to executive officers.

#### **Fixed remuneration**

The Bank takes a long-term view of its staff's employment. Remuneration for work performed is set individually for each employee, and is paid in the form of a fixed salary, customary salary benefits and pension.

The main principle is that salaries are set locally in salary reviews between employees and their line manager. These principles have been applied for many years with great success. They mean that managers at all levels participate regularly in the salary process, and take responsibility for the Bank's salary policy and the growth in their own unit's staff costs.

Salaries are based on factors known in advance: the nature and level of difficulty of the work, competency and skills, work performance and results achieved, leadership, and being a cultural ambassador for the Bank.

In Sweden and certain other countries, the Bank is party to collective bargaining agreements on general terms and conditions of employment during the employment period and on terms and conditions of pensions after employees have reached retirement age. The aim of the Bank's policy on salaries is to increase the Bank's competitiveness and profitability, to enable the Bank to attract, recruit, retain and develop skilled staff, and to ensure good management succession planning. Good profitability and productivity performance at the Bank creates the necessary conditions for salary growth for the Bank's employees.

#### **Variable remuneration**

The Oktogonen profit-sharing scheme covers all employees in the Handelsbanken Group. The provision is classified as variable remuneration and is based on profitability metrics linked to Handelsbanken's corporate goals being met and the Board's overall assessment regarding the Bank's performance. Disbursements are mainly made in cash to the employees, or alternatively to a pension plan, a savings plan or a combination of the two.

Performance-based variable remuneration is applied with great caution and to a very limited extent. It is only offered to employees in the Capital Markets business area and in mutual fund and asset management operations. In these operations, performance-based variable remuneration may only be paid to employees at units whose profits derive from commissions or intermediary transactions that take place without the Bank being subject to credit risk, market risk or liquidity risk. Performance-based variable remuneration is not offered to employees who,

in their professional roles, have a material impact on the Bank's risk profile. 1.1 per cent of the Group's employees are eligible to receive performance-based variable remuneration. The total amount reserved for performance-based variable remuneration to employees in the Handelsbanken Group must not exceed 0.4 per cent of the Bank's common equity tier 1 capital during any given year. For 2023, a total of SEK 49 million was allocated for performance-based variable remuneration, corresponding to approximately 0.5 per cent of total salaries and approximately 0.03 per cent of the Bank's common equity tier 1 capital.

Performance-based variable remuneration is based on Handelsbanken's factors for setting salaries and it must be designed so that it does not encourage unhealthy risk-taking. The financial result on which the performance-based variable remuneration is based is adjusted for risk and charged with the actual cost of the capital and liquidity required by the operations. Normally, performance-based variable remuneration is only paid in cash. In subsidiaries which conduct mutual fund operations and in Handels-

banken Wealth & Asset Management Ltd, the performance-based variable remuneration is entirely or partially paid out as mutual fund units.

The main rule for performance-based variable remuneration is that at least 40 per cent is to be deferred for at least four years. For particularly large amounts of performance-based variable remuneration, 60 per cent is deferred. Payment and the right of ownership of the variable remuneration do not accrue to the person with the entitlement until after the end of the deferment period. Deferred variable remuneration can be removed or reduced if losses, increased risks or increased expenses arise during the deferment period, or if payment is deemed to be unjustifiable in view of the Bank's financial situation. Employees may not receive performance-based variable remuneration amounting to more than 100 per cent of their fixed remuneration.

Handelsbanken complies with the Swedish Financial Supervisory Authority's regulations regarding remuneration structures in credit institutions, investment firms and fund management companies, which include provisions for formulating and adopting remuneration policies. The

heads of the areas concerned, as well as the Chief Risk Officer and Chief Compliance Officer, take part in the Remuneration committee's preparation and assessment of the Board's remuneration policy and the Bank's remuneration system.

#### Remuneration to executive officers

The shareholders at the AGM decide on guidelines for remuneration to the Chief Executive Officer, Executive Vice Presidents and other executive officers.

The Board decides on remuneration to the officers who are subject to the AGM's remuneration guidelines (a total of 15 individuals as of 31 December 2023). The Board also decides on remuneration to the Chief Audit Executive, among others.

Executive officers in Handelsbanken are Board members, the Chief Executive Officer, Executive Vice Presidents, the Chief Risk Officer, the Chief Compliance Officer and other members of executive management.

The guidelines adopted by the AGM on 23 March 2022 are presented below.

#### Guidelines for remuneration to executive officers of Svenska Handelsbanken AB (publ)

These guidelines shall be applied to remuneration to the Group Chief Executive, members of Executive management, the Deputy Chief Executives, and the Heads of Group Risk Control and Group Compliance (below referred to as "executive officers"). The guidelines shall also apply to any remuneration to members of the Board which is paid in addition to fees for assignment to the Board of the Bank.

The guidelines shall be applied to new agreements, and shall not affect remuneration previously decided for executive officers. The guidelines are not applicable to remuneration that is decided upon by the annual general meeting.

Handelsbanken's goal is to have higher profitability than the average of peer competitors in its home markets. This goal is mainly to be achieved by more satisfied customers and lower costs than its competitors.

Handelsbanken's business strategy is presented in the Annual Report. To contribute to the Bank's goal, remuneration must reflect a long-term view of employment at the Bank, and also be in keeping with the Bank's generally low risk tolerance.

#### Principles for remuneration to employees of Handelsbanken

Handelsbanken's principles for remuneration to employees are long-established. In the policy for remuneration in the Handelsbanken Group, the Board has established that the Bank's remuneration system must be consistent with the Bank's business objectives and business culture, which are based on sound, sustainable operations.

In addition, the remuneration policy states that fixed remuneration is fit-for-purpose for sound, sustainable operations, and is therefore applied as a basic principle. Variable remuneration is applied with great caution. Remuneration for work performed is set individually for each employee, and is paid in the form of a fixed salary, pension allocation and customary salary benefits (which can take the form of a car allowance, housing associated with the position, disability insurance, household assistance services, etc.). Salaries are based on factors known in advance, such as those set out in the remuneration policy.

Taking into account the above approach, an employee's total remuneration must be on market terms and gender-neutral, enabling Handelsbanken to attract, recruit, retain and develop skilled employees, and ensuring good management succession.

#### Remuneration to executive officers

In the preparation of the Board's proposals for these guidelines, Handelsbanken's remuneration policy and the above principles for remuneration to employees have been taken into account; this contributes to the Bank's business strategy, long-term interests and sustainability:

- The aggregated total remuneration shall be on market terms.
- Remuneration is paid in the form of a fixed cash salary, pension provision and customary benefits.
- The executive officers in question are included in the Oktagonen profit-sharing scheme on the same terms as all employees of the Bank.
- The retirement age is normally 65. Pension benefits are defined contribution, may correspond to a maximum of 35 per cent of the annual fixed cash salary, and may be payable in addition to pension plans under collective agreements. Other salary benefits may per year in total correspond to a maximum of 35 per cent of the annual fixed salary.
- The period of notice on the part of an executive officer is six months, and on the part of Handelsbanken a maximum of twelve months. If the Bank terminates the employment contract later than five years after the person becomes one of the Bank's executive officers, the period of notice is a maximum of twenty-four months. No other termination benefits are paid. Other time periods may apply due to collective agreements or labour legislation.

Concerning employment conditions that are subject to non-Swedish regulations: with regard to pension benefits and other benefits, the relevant adjustments may be made to comply with such mandatory regulations or fixed local practice. In doing this, the overall aims of these guidelines shall be fulfilled as far as possible.

#### Fees to members of the Board

Members of the Board who are elected by the general meeting shall in special circumstances be able to be compensated for services provided within their respective area of competence (including assignments to the board of another group company) which do not constitute services to the Board of the Bank. Such duties of service shall be handled in accordance with applicable internal rules and by due consideration of possible conflicts of interest. These services shall be compensated for by market-based remuneration. Information about any remuneration for such services shall be included in the annual report and the remuneration report.

#### Decision process

The Board has set up a remuneration committee. The committee's tasks include preparing the Board's proposals concerning guidelines for remuneration to executive officers. When the need for material changes arises – and at least every four years – the Board shall draw up a proposal for new guidelines and present it for a resolution at the annual general meeting. The guidelines shall apply until new guidelines have been adopted by the annual general meeting. The remuneration committee must also monitor and evaluate the application of the guidelines for remuneration for executive officers, as well as the prevailing structures and levels of remuneration at the Bank. All members of the remuneration committee are independent of the Bank and its management. The Group Chief Executive also attends the committee's meetings, although not when the committee is discussing and deciding upon remuneration-related matters that concern the Group Chief Executive herself.

#### Deviation from the guidelines

The Board may decide, temporarily, to deviate partly or wholly from the guidelines, if there are particular reasons for this in an individual case, and a deviation is necessary to satisfy the Bank's long-term interests and sustainability, or to ensure the Bank's financial viability. As stated above, preparing the Board's decisions in matters of remuneration is part of the remuneration committee's tasks, and this includes decisions regarding deviations from the guidelines.

### Proposed guidelines for remuneration to executive officers

The Board proposes that the AGM adopt the following guidelines. Changes are proposed to the first paragraph of the guidelines and under the heading Remuneration to executive officers items 4 and 5.

#### Proposed guidelines for remuneration to executive officers of Svenska Handelsbanken AB

These guidelines shall be applied to remuneration to the Chief Executive Officer, Executive Vice President, and other members of the Executive Team (below referred to as "executive officers"). The guidelines shall also apply to any remuneration to members of the Board which is paid in addition to fees for assignment to the Board of the Bank.

The guidelines shall be applied to new agreements, and shall not affect remuneration previously decided for executive officers. The guidelines are not applicable to remuneration that is decided upon by the annual general meeting.

Handelsbanken's goal is to have higher profitability than the average of peer competitors in its home markets. This goal is mainly to be achieved by more satisfied customers and lower costs than its competitors.

Handelsbanken's business strategy is presented in the Annual Report. To contribute to the Bank's goal, remuneration must reflect a long-term view of employment at the Bank, and also be in keeping with the Bank's generally low risk tolerance.

#### Principles for remuneration to employees of Handelsbanken

Handelsbanken's principles for remuneration to employees are long-established. In the policy for remuneration in the Handelsbanken Group, the Board has established that the Bank's remuneration system must be consistent with the Bank's business objectives and business culture, which are based on sound, sustainable operations.

In addition, the remuneration policy states that fixed remuneration is fit-for-purpose for sound, sustainable operations, and is therefore applied as a basic principle. Variable remuneration is applied with great caution. Remuneration for work performed is set individually for each employee, and is paid in the form of a fixed salary, pension allocation and customary salary benefits (which can take the form of a car allowance, housing associated with the position, disability insurance, household assistance services, etc.). Salaries are based on factors known in advance, such as those set out in the remuneration policy.

Taking into account the above approach, an employee's total remuneration must be on market terms and gender-neutral, enabling Handelsbanken to attract, recruit, retain and develop skilled employees, and ensuring good management succession.

#### Remuneration to executive officers

In the preparation of the Board's proposals for these guidelines, Handelsbanken's remuneration policy and the above principles for remuneration to employees have been taken into account; this contributes to the Bank's business strategy, long-term interests and sustainability:

- The aggregated total remuneration shall be on market terms.
- Remuneration is paid in the form of a fixed cash salary, pension provision and customary benefits.
- The executive officers in question are included in the Oktogonen profit-sharing system on the same terms as all employees of the Bank.
- Pension benefits are defined contribution, may correspond to a maximum of 35 per cent of the annual fixed cash salary, and may be payable in addition to pension plans under collective agreements. Other salary benefits may per year in total correspond to a maximum of 35 per cent of the annual fixed salary.
- Employment contracts are to apply until further notice or for a fixed term. The period of notice on the part of an executive officer is six months, and on the part of Handelsbanken a maximum of twelve months. If the Bank terminates the employment contract later than five years after the person becomes one of the Bank's executive officers, the period of notice is a maximum of twenty-four months. No other termination benefits are paid. Other time periods may apply due to collective agreements or labour legislation.

Concerning employment conditions that are subject to non-Swedish regulations: with regard to pension benefits and other benefits, the relevant adjustments may be made to comply with such mandatory regulations or fixed local practice. In doing this, the overall aims of these guidelines shall be fulfilled as far as possible.

#### Fees to Board members

Members of the Board who are elected by the general meeting shall in special circumstances be able to be compensated for services provided within their respective area of competence (including assignments to the board of another group company) which do not constitute services to the Board of the Bank. Such duties of service shall be handled in accordance with applicable internal rules and by due consideration of possible conflicts of interest. These services shall be compensated for by market-based remuneration. Information about any remuneration for such services shall be included in the annual report and the remuneration report.

#### Decision process

The Board has set up a remuneration committee. The committee's tasks include preparing the Board's proposals concerning guidelines for remuneration to executive officers. When the need for material changes arises – and at least every four years – the Board shall draw up a proposal for new guidelines and present it for a resolution at the annual general meeting. The guidelines shall apply until new guidelines have been adopted by the annual general meeting. The remuneration committee must also monitor and evaluate the application of the guidelines for remuneration for executive officers, as well as the prevailing structures and levels of remuneration at the Bank. All members of the remuneration committee are independent of the Bank and its management. The Chief Executive Officer also attends the committee's meetings, although not when the committee is discussing and deciding upon remuneration-related matters that concern the Chief Executive Officer himself/herself.

#### Deviation from the guidelines

The Board may decide, temporarily, to deviate partly or wholly from the guidelines, if there are particular reasons for this in an individual case, and a deviation is necessary to satisfy the Bank's long-term interests and sustainability, or to ensure the Bank's financial viability. As stated above, preparing the Board's resolutions in matters of remuneration is part of the remuneration committee's tasks, and this includes decisions regarding deviations from the guidelines.

## The Board's report on internal control over financial reporting

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

### Control environment

To ensure reliable financial reporting, Handelsbanken's internal control process for financial reporting is based on the control environment. The control environment is fundamental to other components of the process and has been described earlier in the Corporate Governance Report: i.e. organisational structure, division of responsibilities and steering documents. An important aspect of the control environment is that decision-making channels, powers of authority and responsibilities are clearly defined and communicated, and that steering documents established by the Board and Chief Executive Officer provide clear guidance and are complied with.

### Risk assessment

Risk assessment aims to identify, manage and follow up risks with the potential to affect the financial reporting. Group Finance is responsible for performing a risk assessment at Group level, in order to identify units for which the need for internal control is assessed as being of material significance to minimise the risk of material error in the financial reporting. Units that Group Finance deems must be covered by the process are required to draw up general documentation of their processes for internal control over the financial reporting. This general documentation must describe the processes that generate the unit's most significant balance sheet and profit and loss items, risks, procedures for preparing the accounts, and identified control activities. The identified control activities are carried out each quarter to ensure that the financial reporting is correct, in all material respects.

The self-evaluations carried out annually within the parent company and subsidiaries are an essential part of the Bank's total risk assessment. Risks in the financial reporting are part of this total analysis. Other aspects of Handelsbanken's risk management are detailed in note G2 on pages 99–138 and in the Bank's Pillar 3 report.

### Control activities

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

Group Finance bears the overall responsibility for the financial reporting, the consolidated accounts and consolidated financial reports, and for financial and administrative control systems. The unit's responsibilities also include the Group's liquidity, the internal bank, own funds, tax analysis and Group-wide reporting to public authorities.

Group Finance has the overall responsibility for ensuring that a fit-for-purpose process is in place for reporting on internal control over the financial reporting. For the units that Group Finance has deemed must be covered by the process for internal control over the financial reporting, control activities are identified which are aimed at preventing, detecting and correcting errors and deviations in the financial reporting. Group Finance has established a number of financial control activities linked to the general ledger and the process of preparing the accounts, which all finance departments within the parent company and subsidiaries are required to carry out in conjunction with every quarterly closing of accounts. These include, for example, the reconciliation and verification of reported amounts, and analyses of income statements and balance sheets. In addition to financial control activities, units selected by Group Finance are responsible for identifying and evaluating control activities within business processes and systems that have a substantial impact on the income statement and balance sheet, with the aim of minimising the risk of material error in the financial reporting. Heads of accounting and control at the respective units are responsible for ensuring that the control activities in the financial reporting for their unit are fit-for-purpose – i.e. that they are designed to prevent, detect and correct errors and deviations – and are in compliance with steering documents and instructions. At each quarterly closing of the accounts, the units certify to Group Finance that the control activities have been carried out, and that their balance sheets and income statements are correct. Based on Group Finance's follow-up of the units' reports, the CFO reports the status of the internal control of financial reporting to the Audit committee at each quarterly closing of accounts.

The CFO is responsible for setting up and maintaining a Valuation committee. The committee's role is to support the decision-making processes for valuation and reporting matters. The committee deals with the valuation of financial assets and liabilities, including derivatives at fair value and also financial guarantees. The valuations refer to both own holdings and holdings on behalf of others. The committee must ensure

that the valuation complies with external regulations, steering documents and current market practices.

High information security is a precondition for good internal control over the financial reporting. Thus there are regulations and steering documents to ensure availability, accuracy, confidentiality and traceability of information in the business systems.

### Information and communication

The Bank has information and communication paths with the aim of achieving completeness and correctness in its financial reports. Group Finance must ensure that the staff concerned are aware of and have access to instructions of significance to the financial reporting. The Group's general accounting instructions and special procedures for producing financial reports, and the process for internal control over the financial reporting, are communicated to the staff concerned via the Group's intranet. The system used for financial reporting encompasses the entire Group.

### Monitoring activities

The respective accounting and financial departments at the Bank monitor and verify compliance with applicable rules in the form of internal steering documents which affect the financial reporting, as the responsibility for internal control is an integral part of the managerial responsibility.

Group Risk Control is responsible for identifying, checking and reporting risks of errors in the Bank's assumptions and assessments that form the basis of the Bank's financial reporting. Group Risk Control is described in more detail on pages 69 and 74.

Group Audit is assigned to examine internal governance and control, and to evaluate the reliability of the Group's financial reporting. Group Audit is described in more detail on pages 69 and 74.

As part of the quality control work for financial reporting, the Board has set up an Audit committee. Among other responsibilities, the committee processes critical accounting matters and the financial reports produced by the Bank. The committee also supervises the effectiveness of the internal control, internal audit and the process for internal control over the financial reporting. The Audit committee is described in more detail on page 69.

The Group's information and communication paths are monitored continually to ensure that they are fit-for-purpose for the financial reporting.

# Board

Elected by the AGM



Name	Pär Boman Chairman	Fredrik Lundberg Deputy Chairman	Jon Fredrik Baksaas Board member	Héléne Barnekow Board member	Stina Bergfors Board member
Year elected	2006	2002	2003	2022	2021
Year of birth	1961	1951	1954	1964	1972
Nationality	Swedish	Swedish	Norwegian	Swedish	Swedish
Position and significant board assignments <sup>1</sup>	Chairman of Svenska Cellulosa AB SCA and Essity AB • Deputy Chairman of AB Industrivärden • Board member of Skanska AB.	President and CEO of L E Lundbergföretagen AB • Chairman of Holmen AB, Hufvudstaden AB and AB Industrivärden • Board member of L E Lundbergföretagen AB and Skanska AB.	Chairman of DNV • Board member of Telefonaktiebolaget LM Ericsson and Scale Leap Capital AS.	Chairman of Mindler • Board member of GN Store Nord and Voyado.	Board member of H&M Hennes & Mauritz and Tele2.
Background	2006–2015 President and Chief Executive Officer of Handelsbanken.	President of L E Lundbergföretagen AB since 1981 • Active at Lundbergs since 1977.	2008–2016 GSM Association member, Chairman 2013–2016 • 2002–2015 Telenor Group, President and CEO • 1989–2002 Telenor Group, various positions within finance, financial control and management • 1988–1989 Aker AS • 1985–1988 Stolt Nielsen Seaway AS • 1979–1985 Det Norske Veritas, Norway and Japan.	2018–2022 CEO of Microsoft Sweden • 2014–2018 CEO and various management roles, Tella Sverige • 2009–2014 Various market leader roles, EMC Corporation (UK and USA) • 2001–2009 Various market leader roles, etc., Sony Ericsson Mobile Communications (USA, UK, Sweden) • 1999–2001 Market leader, Novo Nordisk (Denmark) • 1995–1999 Various management roles, Ericsson • 1993–1995 Market leader, Microsoft Corporation (Malta) • 1991–1993 Project manager/consultant, DLF Sweden.	2013–2018 Co-founder and CEO, other roles, United Screens • 2008–2013 Country Director, Google and Youtube • 2004–2007 CEO and other roles, Carat • 2000–2004 Director, other roles, OMD Worldwide • 1999–1999 Account Manager, TV3 Sweden, Modern Times Group.
Education	Engineer and Business/ Economics degree, PhD (Econ) h.c.	Graduate Engineer and Graduate in Economics/Business Administration, Dr h.c. mult.	Graduate in Economics/ Business Administration and PED from IMD.	Graduate in Economics/ Business Administration.	Graduate in Economics/ Business Administration, PhD (Philosophy) h.c.
Remuneration 2023 <sup>2</sup>	SEK 5,810,000	SEK 1,520,000	SEK 1,805,000	SEK 765,000	SEK 1,215,000
Credit committee Participation	Chair 12/12	12/12	11/12	-	12/12
Audit committee Participation	7/7	-	6/7	-	-
Remuneration committee Participation	Chair 11/11	-	11/11	-	-
Risk committee Participation	9/9	-	-	-	-
UK committee Participation	Chair 5/5	-	-	-	-
Board meetings Participation	Chair 15/15	15/15	14/15	13/15	14/15
Own shareholdings and those of related parties, 31 December 2023	147,482, of which 115,000 class A shares in direct holdings and 32,482 in indirect holdings <sup>4</sup>	82,275,000 class A shares	3,800 class A shares	1,000 class A shares	0
Dependent/independent	Independent of the Bank and its management. Not independent of major shareholders (Deputy Chairman of AB Industrivärden).	Independent of the Bank and its management. Not independent of major shareholders (Chairman of AB Industrivärden).	Independent of the Bank, its management and major shareholders.	Independent of the Bank, its management and major shareholders.	Independent of the Bank, its management and major shareholders.
Number of assignments <sup>3</sup> Actual number of assignments <sup>7</sup>	5 <sup>6</sup> 12	4 <sup>6</sup> 9	4 5	4 6	3 6

<sup>1</sup> As of 23 February 2024.<sup>2</sup> Remuneration decided by the AGM. Total remuneration to the Board in 2023 was SEK 19,485,000. The Board member Arja Taaveniku has also received a board fee from Handelsbanken plc, amounting to SEK 924,071.<sup>3</sup> Became a member of the committee in March 2023.<sup>4</sup> Refers to indirect shareholdings in Handelsbanken via the Oktogonen profit-sharing scheme.



Name	Hans Biörck Board member	Kerstin Hessius Board member	Ulf Riese Board member	Arja Taaveniku Board member
Year elected	2018	2016	2020	2020
Year of birth	1951	1958	1959	1968
Nationality	Swedish	Swedish	Swedish	Swedish and British
Position and significant board assignments <sup>1</sup>	Chairman of Skanska AB.	Chairman of Hemsö Fastighets AB. • Board member of Lumera AB and Monterro Fund Management AB.	-	Chairman of LSTH Svenska Handelsfastigheter AB, Polarn Holding AB and Polarn BidCo AB • Board member of Dunelm PLC and Handelsbanken plc.
Background	2001–2011 Skanska, Executive Vice President and CFO • 1998–2001 Autoliv, CFO • 1997–1998 Self-employed • 1977–1997 Various positions in Esselte.	2004–2022 AP3 Third National Swedish Pension Fund, CEO • 2001–2004 Stockholm Stock Exchange, CEO • 1999–2000 Sveriges Riksbank, Deputy Governor of the central bank • 1998 Danske Bank, CEO, Asset Management • 1990–1997 ABN Amro Bank/Alfred Berg • 1989–1990 Finans-tidningen • 1986–1989 Swedish National Debt Office • 1985–1986 Sveriges Riksbank (central bank) • 1984–1985 Swedish Agency for Public Management.	Various positions at Handelsbanken • 2016–2018 Senior Advisor • 2007–2016 CFO • 2004–2007 Head of Handelsbanken Asset Management • 2004 Executive Vice President of Handelsbanken • Employed at Handelsbanken since 1983.	2015–2019 Chief Offer and Supply Chain Officer, Kingfisher plc, CEO of subsidiary of Kingfisher plc • 2012–2015 President and Chief Executive Officer, Ikanogruppen • 2005–2012 Global Business Area Director, IKEA Group • 1989–2005 Various positions within IKEA Group.
Education	Graduate in Economics/ Business Administration.	Graduate in Economics/ Business Administration.	Graduate in Economics/ Business Administration.	Graduate in Economics/ Business Administration.
Remuneration 2023 <sup>2</sup>	SEK 2,255,000	SEK 1,775,000	SEK 2,675,000	SEK 1,665,000
Credit committee Participation	12/12	9/12 <sup>3</sup>	12/12	12/12
Audit committee Participation	7/7	-	Chair 7/7	-
Remuneration committee Participation	11/11	-	-	-
Risk committee Participation	9/9	Chair 9/9	9/9	6/9 <sup>3</sup>
UK committee Participation	-	-	5/5	-
Board meetings Participation	14/15	15/15	15/15	15/15
Own shareholdings and those of related parties, 31 December 2023	5,000 class B shares	47,213 class A shares	180,000 class A shares	3,000 class A shares
Dependent/ independent	Independent of the Bank, its management and major shareholders.	Independent of the Bank, its management and major shareholders.	Independent of the Bank, its management and major shareholders.	Independent of the Bank, its management and major shareholders.
Number of assignments <sup>5</sup> Actual number of assignments <sup>7</sup>	2 4	4 5	1 1	4 6

<sup>5</sup> Number of assignments based on Chap. 10, Section 8b of the Swedish Banking and Financing Business Act (2004:297), under which assignments in the same group or in companies in which the Bank has a qualifying holding may be counted as a single assignment. Assignments in organisations that are primarily non-commercial, including certain foundations and not-for-profit associations, are not included.

<sup>6</sup> Has permission from the Swedish Financial Supervisory Authority to hold an additional assignment as a board member under Chap. 10, Section 8b, third paragraph of the Swedish Banking and Financing Business Act (2004:297).

<sup>7</sup> Number of assignments disregarding the basis of calculation stated in footnote 5.

## Board, cont.

## Employee representatives



Name	Anna Hjelmborg Employee representative	Lena Renström Employee representative	Stefan Henricson Employee representative, Deputy member	Mikael Almvet Employee representative, Deputy member
Year elected	2020	2020	2020	2023
Year of birth	1969	1965	1970	1969
Nationality	Swedish	Swedish	Swedish	Swedish
Position and significant board assignments <sup>1</sup>	Chair of Finansförbundet's Handelsbanken union club.	Chair of Finansförbundet's Handelsbanken SE-union club.	Board member of Finansförbundet's Handelsbanken SE-union club.	Chair of Akademikerföreningen (Association for graduate professionals) at Handelsbanken.
Background	Insurance officer at Handelsbanken Liv, union roles in the Handelsbanken Group.	Advisory services in Handelsbanken's branch operations.	Managerial and advisory services at branches and regional head offices at Handelsbanken.	Specialist, System Owner and Business and Operations developer within Anti-Money Laundering, International operations, and Trading.
Education	Economics Programme at upper secondary school.	Graduate in Economics/Business Administration.	Economics Programme at upper secondary school.	Graduate in Economics/Business Administration.
Remuneration 2023 <sup>2</sup>	SEK 0	SEK 0	SEK 0	SEK 0
Credit committee Participation	-	-	-	-
Audit committee Participation	-	-	-	-
Remuneration committee Participation	-	-	-	-
Risk committee Participation	-	-	-	-
UK committee Participation	-	-	-	-
Board meetings Participation	15/15	15/15	13/15	10/15 <sup>3</sup>
Own shareholdings and those of related parties, 31 December 2023	27,753 of which 27,753 in indirect holdings <sup>4</sup>	34,165 of which 34,165 in indirect holdings <sup>4</sup>	35,306 of which 35,306 in indirect holdings <sup>4</sup>	26,879 of which 26,879 in indirect holdings <sup>4</sup>
Dependent/independent	Not independent of the Bank and its management (employee). Independent of major shareholders.	Not independent of the Bank and its management (employee). Independent of major shareholders.	Not independent of the Bank and its management (employee). Independent of major shareholders.	Not independent of the Bank and its management (employee). Independent of major shareholders.
Number of assignments <sup>5</sup> Actual number of assignments <sup>6</sup>	1 5	1 2	1 2	1 2

## Former Board member

Carina Åkerström Board member until December 2023	<b>Year elected:</b> 2019. <b>Year of birth:</b> 1962. <b>Nationality:</b> Swedish. <b>Position and significant board assignments when leaving the Board:</b> Board member of Holmen AB, SkiStar AB, the Royal Swedish Academy of Engineering Sciences' (IVA) Business Executives Council, the Swedish Bankers' Association and the World Childhood Foundation. <b>Background:</b> 2019–2023 Chief Executive Officer and President of Handelsbanken, 2016–2019 Executive Vice President, Deputy President of Handelsbanken. 2010–2019 Executive Vice President, Head of Regional Bank Stockholm, 2008–2010 Executive Vice President, Head of Regional Bank Eastern Sweden. Employed by Handelsbanken since 1986. <b>Education:</b> Master of Laws. <b>Remuneration 2023<sup>2</sup>:</b> SEK 0. <b>Credit committee participation:</b> 12 of 12. <b>UK committee participation:</b> 5 of 5. <b>Board meetings participation:</b> 15 of 15. <b>Own shareholdings and those of related parties, 31 December 2023:</b> 85,730, of which 48,400 class A shares in direct holdings and 37,330 in indirect holdings <sup>4</sup> . <b>Dependent/independent:</b> Not independent of the Bank and its management (CEO). Independent of major shareholders. <b>Number of assignments<sup>5</sup> when leaving the Board:</b> 3. <b>Actual number of assignments<sup>6</sup> when leaving the Board:</b> 6.
Charlotte Uriz Employee representative, deputy member until April 2023	<b>Year elected:</b> 2020. <b>Year of birth:</b> 1972. <b>Nationality:</b> Swedish. <b>Position and significant board assignments when leaving the Board:</b> Chair of Akademikerföreningen (Association for graduate professionals) at Handelsbanken. <b>Background:</b> Chair of Akademikerföreningen (Association for graduate professionals) at Handelsbanken, specialist and business and operations developer in cash management, digital meeting places and trading. <b>Education:</b> BA <b>Remuneration 2023<sup>2</sup>:</b> SEK 0. <b>Board meetings participation:</b> 5 of 15. <b>Own shareholdings and those of related parties, 31 December 2023:</b> 15,555 of which 15,555 in indirect holdings <sup>4</sup> . <b>Dependent/independent:</b> Not independent of the Bank and its management (employee). Independent of major shareholders. <b>Number of assignments<sup>5</sup> when leaving the Board:</b> 1. <b>Actual number of assignments<sup>6</sup> when leaving the Board:</b> 2.

<sup>1</sup> As of 23 February 2024.

<sup>2</sup> Remuneration decided by the AGM. Total remuneration to the Board in 2023 was SEK 19,485,000.

<sup>3</sup> Employee representative, deputy member since May 2023.

<sup>4</sup> Refers to indirect shareholdings in Handelsbanken via the Oktogonen profit-sharing scheme.

<sup>5</sup> Number of assignments based on Chap. 10, Section 8b of the Swedish Banking and Financing Business Act (2004:297), under which assignments in the same group or in companies in which the Bank has a qualifying holding may be counted as a single assignment. Assignments in organisations that are primarily non-commercial, including certain foundations and not-for-profit associations, are not included.

<sup>6</sup> Number of assignments disregarding the basis of calculation stated in footnote 5.

# Executive management

## Executive management<sup>1</sup>

Name	Position	Year of birth	Employed	Shareholdings
<b>Arild Andersen</b>	Country General Manager, Norway	1966	2002	Shareholdings <sup>2</sup> 0
<b>Per Beckman<sup>3</sup></b>	Chief Credit Officer <sup>4</sup> and Executive Vice President	1962	1993	Shareholdings <sup>2</sup> 18,361 of which 18,361 in indirect holdings <sup>5</sup>
<b>Catharina Belfrage Sahlstrand</b>	Chief Sustainability and Climate Officer	1981	2013	Shareholdings 5,031, of which 1,867 class A shares in direct holdings <sup>2</sup> and 3,164 in indirect holdings <sup>5</sup>
<b>Monika Bergström<sup>6</sup></b>	Chief Compliance Officer	1962	2007	Shareholdings <sup>2</sup> 0
<b>Carl Cederschiöld</b>	Chief Financial Officer (CFO) and Executive Vice President	1973	1998	Shareholdings 27,719, of which 11,400 class A shares in direct holdings <sup>2</sup> and 16,319 in indirect holdings <sup>5</sup>
<b>Cecilia Lundin<sup>7</sup></b>	Chief Human Resources Officer	1970	2023	Shareholdings 55, of which 55 class B shares in direct holdings <sup>2</sup>
<b>Mattias Forsberg</b>	Chief Information Officer	1972	2020	Shareholdings <sup>2</sup> 0
<b>Michael Green</b>	President and Chief Executive Officer (CEO) from 1 January 2024, prior to that General Manager of Handelsbanken in Sweden	1966	1994	Shareholdings 94,037, of which 70,000 class A shares in direct holdings <sup>2</sup> and 24,037 in indirect holdings <sup>5</sup>
<b>Maria Hedin</b>	Chief Risk Officer (CRO)	1964	2010	Shareholdings 6,023, of which 246 class B shares in direct holdings <sup>2</sup> and 5,777 in indirect holdings <sup>5</sup>
<b>Dan Lindwall</b>	Head of Capital Markets	1965	2000	Shareholdings <sup>2</sup> 10,036 of which 10,036 in indirect holdings <sup>5</sup>
<b>Martin Noréus</b>	Chief Strategy Officer	1974	2020	Shareholdings <sup>2</sup> 0
<b>Anna Possne</b>	Head of Products and Offerings	1984	2008	Shareholdings <sup>2</sup> 8,812 of which 8,812 in indirect holdings <sup>5</sup>
<b>Mikael Sörensen</b>	Chief Executive Officer, Handelsbanken plc (Country General Manager, UK)	1966	1994	Shareholdings <sup>2</sup> 2,185 of which 2,185 in indirect holdings <sup>5</sup>
<b>Martin Wasteson<sup>6</sup></b>	Chief Legal Officer	1971	2012	Shareholdings <sup>2</sup> 2,998, of which 2,998 in indirect holdings <sup>5</sup>

<sup>1</sup> The table shows executive management as per 23 February 2024. Robert Radway left executive management on 6 September 2023 when he stepped down as Chief Credit Officer. He was born in 1986 and was employed in 2010. His shareholdings were 7,313, of which 7,313 in indirect holdings. Carina Åkerström left executive management at the end of the year when she stepped down as President and Chief Executive Officer. She was born in 1962 and was employed in 1986. Her shareholdings were 85,730, of which 48,400 class A shares in direct holdings and 37,330 in indirect holdings. Louise Sander left executive management on 9 January 2024 and stepped down as Chief Communications Officer on 19 January 2024. She was born in 1969 and was employed in 2013. Her shareholdings were 3,005, of which 320 class A shares and 440 class B shares in direct holdings and 2,235 in indirect holdings. For definitions of direct and indirect holdings in this footnote, refer to footnotes 2 and 5.

<sup>2</sup> Direct shareholdings refer to own and related parties' shareholdings in Handelsbanken on 31 December 2023.

<sup>3</sup> Acting Chief Credit Officer from 22 June 2023 and Chief Credit Officer from 18 October 2023.

<sup>4</sup> Co-opted until 22 June 2023.

<sup>5</sup> Refers to indirect shareholdings in Handelsbanken via the Oktogonen profit-sharing scheme on 31 December 2023.

<sup>6</sup> Co-opted member of executive management.

<sup>7</sup> Took office on 22 May 2023.

# Financial reports

## Group

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# Income statement, Group

Group SEK m		2023	2022
Interest income	Note G3	159,805	67,407
<i>of which interest income according to effective interest method and interest on derivatives in hedge accounting</i>		133,602	59,702
Interest expenses	Note G3	-112,227	-30,793
<b>Net interest income</b>		<b>47,578</b>	<b>36,614</b>
Fee and commission income	Note G4	12,559	12,277
Fee and commission expenses	Note G4	-1,421	-1,296
<b>Net fee and commission income</b>		<b>11,139</b>	<b>10,981</b>
Net gains/losses on financial transactions	Note G5	2,661	1,540
Insurance result		157	280
Return on assets held on behalf of policyholders		336	-291
<b>Net insurance result</b>	Note G6	<b>493</b>	<b>-11</b>
Other dividend income		3	17
Share of profit of associates and joint ventures	Note G20	51	-13
Other income	Note G7	325	1,246
<b>Total income</b>		<b>62,249</b>	<b>50,375</b>
Staff costs	Note G8	-13,642	-13,040
Other expenses	Note G9	-7,796	-6,526
Depreciation, amortisation and impairment of property, equipment and intangible assets	Note G25, G26	-1,743	-1,646
<b>Total expenses</b>		<b>-23,182</b>	<b>-21,212</b>
<b>Profit before credit losses, risk tax and resolution fee</b>		<b>39,067</b>	<b>29,163</b>
Net credit losses	Note G10	-141	-47
Gains/losses on disposal of property, equipment and intangible assets	Note G11	20	24
Risk tax and resolution fee	Note G12	-2,624	-2,311
<b>Operating profit</b>		<b>36,322</b>	<b>26,829</b>
Taxes	Note G35	-8,417	-5,431
<b>Profit for the year from continuing operations</b>		<b>27,905</b>	<b>21,398</b>
Profit for the year from discontinued operations, after tax	Note G14	1,209	280
<b>Profit for the year</b>		<b>29,114</b>	<b>21,678</b>
<i>attributable to</i>			
Shareholders in Svenska Handelsbanken AB		29,107	21,676
<i>of which from continuing operations</i>		27,898	21,395
<i>of which from discontinued operations</i>		1,209	281
Non-controlling interest		8	1
Earnings per share, total operations, SEK	Note G13	14.70	10.95
after dilution	Note G13	14.70	10.95
Earnings per share, continuing operations, SEK	Note G13	14.09	10.81
after dilution	Note G13	14.09	10.81
Earnings per share, discontinued operations, SEK	Note G13	0.61	0.14
after dilution	Note G13	0.61	0.14

# Statement of comprehensive income, Group

Group SEK m	2023	2022
Profit for the year	29,114	21,678
<b>Other comprehensive income</b>		
<b>Items that will not be reclassified to the income statement</b>		
Defined benefit pension plans	-2,226	3,049
Equity instruments measured at fair value through other comprehensive income	63	41
Tax on items that will not be reclassified to the income statement	439	-642
<i>of which defined benefit pension plans</i>	450	-622
<i>of which equity instruments measured at fair value through other comprehensive income</i>	-11	-19
<b>Total items that will not be reclassified to the income statement</b>	<b>-1,724</b>	<b>2,448</b>
<b>Items that may subsequently be reclassified to the income statement</b>		
Cash flow hedges	614	-2,640
Debt instruments measured at fair value through other comprehensive income	25	-60
Insurance contracts	-396	793
Translation difference for the year	-1,078	2,312
<i>of which hedges of net investments in foreign operations</i>	31	-297
Tax on items that may subsequently be reclassified to the income statement	113	-15
<i>of which cash flow hedges</i>	-127	544
<i>of which debt instruments measured at fair value through other comprehensive income</i>	-5	6
<i>of which hedges of net investments in foreign operations</i>	-6	61
<i>of which translation difference</i>	251	-626
<b>Total items that may subsequently be reclassified to the income statement</b>	<b>-722</b>	<b>390</b>
<b>Total other comprehensive income</b>	<b>-2,447</b>	<b>2,838</b>
<b>Total comprehensive income for the year</b>	<b>26,667</b>	<b>24,516</b>
<i>attributable to</i>		
Shareholders in Svenska Handelsbanken AB	26,662	24,516
Non-controlling interest	5	1

The year's reclassifications to the income statement are presented in the Statement of changes in equity.

# Balance sheet, Group

Group SEK m		2023	2022
<b>ASSETS</b>			
Cash and balances with central banks		476,171	475,868
Other loans to central banks	Note G15	6,282	4,604
Interest-bearing securities eligible as collateral with central banks	Note G18	199,128	132,778
Loans to other credit institutions	Note G16	19,294	9,411
Loans to the public	Note G17	2,291,808	2,315,818
Value change of interest-hedged item in portfolio hedge		-9,657	-16,616
Bonds and other interest-bearing securities	Note G18	50,087	32,697
Shares	Note G19	12,216	12,813
Investments in associates and joint ventures	Note G20	657	561
Assets where the customer bears the value change risk	Note G21	244,893	212,966
Derivative instruments	Note G22	30,110	36,261
Intangible assets	Note G25	8,567	8,402
Property and equipment	Note G26	4,777	4,914
Current tax assets		203	160
Deferred tax assets	Note G35	358	1,590
Pension assets	Note G8	11,699	12,875
Assets held for sale	Note G14	178,590	191,916
Other assets	Note G27	10,276	14,721
Prepaid expenses and accrued income	Note G28	2,331	1,979
<b>Total assets</b>	Note G41	<b>3,537,792</b>	<b>3,453,718</b>
<b>LIABILITIES AND EQUITY</b>			
Due to credit institutions	Note G29	90,143	81,693
Deposits and borrowing from the public	Note G30	1,298,480	1,318,925
Liabilities where the customer bears the value change risk	Note G31	245,100	212,966
Issued securities	Note G32	1,523,481	1,474,801
Derivative instruments	Note G22	34,238	29,040
Short positions	Note G33	2,364	1,939
Insurance liabilities	Note G34	8,407	8,546
Current tax liabilities		1,211	217
Deferred tax liabilities	Note G35	3,969	5,614
Provisions	Note G36	601	591
Liabilities held for sale	Note G14	63,721	68,938
Other liabilities	Note G37	14,882	10,454
Accrued expenses and deferred income	Note G38	2,990	3,565
Subordinated liabilities	Note G39	43,117	42,404
<b>Total liabilities</b>	Note G41	<b>3,332,706</b>	<b>3,259,694</b>
Non-controlling interest		8	3
Share capital		3,069	3,069
Share premium reserve		8,758	8,758
Provisions	Note G40	16,239	18,684
Retained earnings		147,905	141,834
Profit for the year (attributable to shareholders of Svenska Handelsbanken AB)		29,107	21,676
<b>Total equity</b>		<b>205,085</b>	<b>194,024</b>
<b>Total liabilities and equity</b>		<b>3,537,792</b>	<b>3,453,718</b>

# Statement of changes in equity, Group

Group 2023										
SEK m	Share capital	Share premium reserve	Defined benefit pension plans	Hedge reserve	Fair value reserve	Insurance contracts	Translation reserve	Retained earnings incl. profit for the year	Non-controlling interest	Total
Opening equity 2023	3,069	8,758	13,739	-307	126	793	4,332	163,510	3	194,024
Profit for the year								29,107	8	29,114
Other comprehensive income			-1,776	488	71	-396	-831		-3	-2,447
<i>of which reclassification within equity</i>			49				-284			-235
<b>Total comprehensive income for the year</b>			<b>-1,776</b>	<b>488</b>	<b>71</b>	<b>-396</b>	<b>-831</b>	<b>29,107</b>	<b>5</b>	<b>26,667</b>
Reclassified to retained earnings								235		235
Dividend								-15,840		-15,840
Share-based payment to employees at Handelsbanken plc <sup>1</sup>								79		79
Repurchased own shares <sup>1</sup>								-79		-79
Change in non-controlling interest										
Closing equity 2023	3,069	8,758	11,963	181	197	396	3,502	177,011	8	205,085

Group 2022										
SEK m	Share capital	Share premium reserve	Defined benefit pension plans	Hedge reserve	Fair value reserve	Insurance contracts	Translation reserve	Retained earnings incl. profit for the year	Non-controlling interest	Total
Closing equity 2021	3,069	8,758	11,313	1,789	158		2,585	154,034	25	181,731
Effect of transition to IFRS 17								-3,010		-3,010
Tax effect on transition to IFRS 17								3		3
Opening equity 2022	3,069	8,758	11,313	1,789	158		2,585	151,027	25	178,724
Profit for the year								21,676	1	21,678
Other comprehensive income			2,427	-2,096	-32	793	1,747		0	2,838
<i>of which reclassification within equity</i>					-91		-615			-706
<b>Total comprehensive income for the year</b>			<b>2,427</b>	<b>-2,096</b>	<b>-32</b>	<b>793</b>	<b>1,747</b>	<b>21,676</b>	<b>1</b>	<b>24,516</b>
Reclassified to retained earnings								706		706
Dividend								-9,900		-9,900
Share-based payment to employees at Handelsbanken plc <sup>1</sup>								25		25
Repurchased own shares <sup>1</sup>								-25		-25
Change in non-controlling interest									-23	-23
Closing equity 2022	3,069	8,758	13,739	-307	126	793	4,332	163,510	3	194,024

<sup>1</sup> As of the 2020 earnings year, all employees at Handelsbanken plc are covered by a Share Incentive Plan ("SIP").

# Statement of cash flows, Group

Group SEK m	2023	2022
<b>OPERATING ACTIVITIES</b>		
Operating profit	36,322	26,829
Profit from discontinued operations, before tax	1,394	1,453
<i>of which paid-in interest</i>	162,813	67,586
<i>of which paid-out interest</i>	-112,316	-28,169
<i>of which paid-in dividends</i>	47	62
Adjustment from operating profit to investing activities		-333
<i>of which to Divestment of operations and subsidiaries</i>		-751
<i>of which to Sales of shares</i>		418
Adjustment for non-cash items in operating profit and profit for the year from discontinued operations		
Credit losses	254	284
Unrealised value changes	-1,095	-2,244
Amortisation and impairment	1,748	4,301
Paid income tax	-7,681	-6,419
Changes in the assets and liabilities of operating activities		
Other loans to central banks	475	-31,157
Loans to other credit institutions	-9,882	11,377
Loans to the public	27,892	-137,712
Interest-bearing securities and shares	-80,826	-27,912
Due to credit institutions	8,752	-863
Deposits and borrowing from the public	-26,249	27,572
Issued securities	48,680	121,034
Derivative instruments, net positions	11,559	7,453
Short positions	209	-2,010
Claims and liabilities on investment banking settlements	7,396	-7,975
Other	4,178	-21,976
<b>Cash flow from operating activities</b>	<b>23,125</b>	<b>-38,298</b>
<b>INVESTING ACTIVITIES</b>		
Divestment of operations and subsidiaries		49,238
Acquisitions of and contributions to associates and joint ventures	-53	-194
Sales of shares		183
Acquisitions of property and equipment	-832	-786
Disposals of property and equipment	326	482
Acquisitions of intangible assets	-957	-711
<b>Cash flow from investing activities</b>	<b>-1,517</b>	<b>48,212</b>
<b>FINANCING ACTIVITIES</b>		
Repayment of subordinated liabilities	-8,351	-3,000
Issued subordinated liabilities	8,635	11,845
Dividend paid	-15,840	-9,900
<b>Cash flow from financing activities</b>	<b>-15,556</b>	<b>-1,055</b>
<b>Cash flow for the year</b>	<b>6,052</b>	<b>8,859</b>
Cash and cash equivalents at beginning of year	475,882	439,964
Cash flow from operating activities	23,125	-38,298
Cash flow from investing activities	-1,517	48,212
Cash flow from financing activities	-15,556	-1,055
Exchange difference on cash and cash equivalents	-5,753	27,059
<b>Cash and cash equivalents at end of year</b>	<b>476,181</b>	<b>475,882</b>

The statement of cash flows has been prepared in accordance with the indirect method, which means that operating profit and profit for the year from discontinued operations have been adjusted for transactions that did not entail paid-in or paid-out cash, such as depreciation/amortisation and credit losses.

The statement of cash flows in the above table includes the discontinued operations in Finland, see note G14. Comparative figures also include the previously discontinued operations in Denmark.

## Statement of cash flows, Group, cont.

Change in liabilities in financing activities SEK m	2023	2022
Opening balance	42,404	32,257
Cash flow	284	8,845
Non-cash changes, foreign exchange fluctuations	-770	3,371
Non-cash changes, foreign exchange hedges	1,153	-2,378
Non-cash changes, accrued interest	46	309
<b>Total liabilities in financing activities</b>	<b>43,117</b>	<b>42,404</b>

Divestment of operations and subsidiaries SEK m	2022
<b>Purchase price</b>	
Total purchase price	51,782
Less cash and cash equivalents included in the transfer	-743
Claim on purchaser	-1,802
<b>Payment received</b>	<b>49,238</b>
<b>Divested assets and liabilities</b>	
Loans to other credit institutions	1,036
Loans to the public	99,598
Assets where the customer bears the value change risk	5,480
Other assets	608
<b>Total assets</b>	<b>106,722</b>
Due to credit institutions	374
Deposits and borrowing from the public	52,043
Liabilities where the customer bears the value change risk	5,480
Other liabilities	338
<b>Total liabilities</b>	<b>58,235</b>
<b>Cash flow from operating activities</b>	<b>751</b>

The purchase price in its entirety is received in the form of cash and cash equivalents.

# Notes, Group

## G1 Material accounting policies

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### 1. STATEMENT OF COMPLIANCE

#### Basis of accounting

The consolidated accounts have been prepared in accordance with international financial reporting standards (IFRS) and interpretations of these standards as adopted by the EU. In addition, the accounting policies also adhere to the Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559), and the regulations and general guidelines issued by the Swedish Financial Supervisory Authority in FFFS 2008:25, Annual Reports in Credit Institutions and Securities Companies, RFR 1 Supplementary Accounting Rules for Groups, and statements from the Swedish Financial Reporting Board, are also applied in the consolidated accounts. The presentation currency is the Swedish krona and all figures are rounded to the nearest million kronor (SEK m) unless otherwise stated. The parent company's accounting policies are shown in note P1.

#### Issuing and adoption of Annual Report and company information

Svenska Handelsbanken Aktiebolag's Annual Report and consolidated accounts for the period 1 January 2023–31 December 2023 were approved for issue by the Board and Chief Executive Officer on 19 February 2024 and will be presented for adoption by the AGM on 20 March 2024.

The parent company, Svenska Handelsbanken AB (publ), is domiciled in Stockholm at the address Kungsträdgårdsgatan 2, 106 70 Stockholm, Sweden. Handelsbanken is a credit institution that offers financial services and products in its home markets, Sweden, the UK, Norway and the Netherlands. The operations are described in more detail in the Administration report.

### 2. CHANGED ACCOUNTING POLICIES

#### IFRS 17 Insurance Contracts

IFRS 17 Insurance Contracts, which replaces IFRS 4 Insurance Contracts, came into effect for application in the EU on 1 January 2023. This standard is applied to Handelsbanken's consolidated accounts as of the 2023 financial year, with 1 January 2022 as the transition date. IFRS 17 entails a change in how insurance contracts are classified, measured and presented. The standard also entails changes to disclosure requirements.

The classification regulations in IFRS 17 entail that traditional life insurance is to be classified as insurance contracts in its entirety. In accordance with the separation rules in IFRS 4, the savings insurance component of these contracts was reported according to IFRS 9. The new measurement methods introduced under IFRS 17 entail new principles, estimates and judgements, which have resulted in an increase in insurance liabilities. IFRS 17 does not impact the presentation in the balance sheet, although the presentation of income and expenses attributable to insurance contracts has been changed. The quantitative effect of the transition to IFRS 17 amounted to approximately SEK -3 billion after taxes, which increased the balance-sheet item Insurance liabilities and reduced the Group's retained earnings in equity at the start of the comparison year 2022. The effect was primarily attributable to a changed accounting policy for the savings insurance component of traditional life insurance. The standard did not have any impact on Handelsbanken's capital adequacy or large exposures, because the Bank's insurance operations are not included in the consolidated situation. Handelsbanken has restated the comparative figures for 2022 and presents the transition to IFRS 17 in tables, see note G52.

#### Amendments to IAS 1 Presentation of Financial Statements (disclosures on accounting policies)

Amendments have been made to IAS 1 entailing that the former requirement of disclosing significant accounting policies has been replaced by a requirement to disclose material accounting policy information. These amendments have been endorsed by the EU and will apply from the 2023 financial year, with the option of early adoption. Handelsbanken applies these amendments from the 2023 financial year. The purpose of the amendments is that entities are to disclose their material accounting policy information. Information on accounting policies is material if, when considered together with other information in an entity's financial statements, it can reasonably be expected to influence decisions

that the primary users of general purpose financial statements make on the basis of those financial statements. Even if a transaction or other event is material due to the amount, accounting policy information can be omitted if the information in itself is not material for understanding the entity's reporting of that specific transaction or event. The amendments to IAS 1 also state that accounting policy information that is specific to an entity provides more useful information to users of the financial statements. The Bank provides disclosures on material accounting policies in Note G1.

#### Other changes in accounting regulations

The other changes in accounting regulations applicable from 1 January 2023 have not had any impact on the Group's or the Parent Company's accounts.

In other respects, the accounting policies and calculation methods applied by the Group during the financial year are consistent with the policies applied in the Annual and Sustainability Report for 2022.

### 3. CHANGES IN IFRS WHICH ARE YET TO BE APPLIED

#### IAS 12

Rules on global minimum taxation (Pillar 2) have been adopted for application in the EU. All Member States are to introduce national regulations requiring groups, both international and national, with total annual revenue of EUR 750 million or above to be taxed under the Pillar 2 rules. In Sweden, where the Group has its domicile, a government bill entitled "Top-up tax for companies in large groups" was adopted by parliament and will come into effect from the 2024 financial year. The purpose of the regulations is to prevent multinational companies from moving profit to low-taxed countries. For the Bank, the rules mean that all countries in which the Bank conducts operations will be subject to a global minimum corporate rate of 15%. In addition, from the 2023 financial year Handelsbanken has decided to apply the exception in IAS 12 from recognising deferred tax as top-up tax. Handelsbanken's assessment is that the regulations will not have any material impact on Handelsbanken's financial statements, capital adequacy or large exposures.

#### Other future changes in accounting regulations

Other future changes in accounting regulations issued for application are not deemed to have any material impact on Handelsbanken's financial statements, capital adequacy, large expo-

## G1 Cont.

sure or other circumstances according to applicable operating regulations.

#### 4. FINANCIAL INSTRUMENTS (IFRS 9 FINANCIAL INSTRUMENTS, IAS 32 FINANCIAL INSTRUMENTS: PRESENTATION)

##### Recognition and derecognition

Purchases and sales of equities and money market and capital market instruments on the spot market are recognised on the trade date. The same applies to derivatives. Other financial assets and liabilities are normally recognised on the settlement date.

Financial assets are derecognised from the balance sheet when the contractual rights to the cash flows originating from the asset expire or when all risks and rewards related to the asset are transferred to another party. A financial liability is derecognised from the balance sheet when the obligation is fulfilled, ceases or is cancelled.

##### Measurement categories

Financial assets are allocated to one of the following measurement categories:

1. amortised cost
2. fair value through other comprehensive income
3. fair value through profit or loss
  - a) mandatory
  - b) fair value option.

The starting points for the classification of financial assets into the respective measurement categories is the company's business model for managing such assets and the asset's contractual terms.

Financial liabilities are allocated to one of the following measurement categories:

1. amortised cost
2. fair value through profit or loss
  - a) mandatory
  - b) fair value option.

As a general rule, financial liabilities are recognised at amortised cost. The exceptions are financial liabilities which are required to be measured at fair value through profit or loss, such as derivatives, and liabilities which, upon initial recognition, are irrevocably identified as being measured at fair value (fair value option).

Financial assets and liabilities recognised on the same row on the balance sheet may be classified in different measurement categories, see note G41.

Upon initial recognition, all financial assets and liabilities are recognised at fair value. For financial instruments at fair value through profit or loss, the transaction costs are recognised in the income statement on the acquisition date. For other financial instruments, the transaction costs are included in the acquisition cost.

##### Assessment of the business model for financial assets

The assessment of the business model for managing financial assets defines classification into measurement categories. For the purposes of the business model, Handelsbanken has divided its financial assets into portfolios on the basis of how they are managed, reported and evaluated by the Bank's management. When the business model is determined for the respective portfolio, the factors considered include established guidelines and objectives with a portfolio and how these are implemented in the operations, the risks which affect the performance of the portfolio and how the risks are managed, as well as the frequency, volume, reasons for and times of sales.

##### Assessment of financial assets' contractual terms

The assessment of whether contractual cash flows constitute solely payments of principal and interest is significant for the classification into measurement categories. For the purposes of this assessment, "principal" is defined as the financial asset's fair value upon initial recognition. "Interest" is defined as consideration for the time value of money, credit risk, other fundamental lending risks (such as liquidity risk) and costs (such as administrative expenses), as well as a profit margin. If the financial asset has contractual terms that could change the timing or amounts of the contractual cash flows, modify the consideration for the time value of money, cause leverage or entail extra costs for prepayment and extension, then the cash flows are assessed as not constituting solely payments of principal and interest.

##### Amortised cost

A financial asset is to be measured at amortised cost if both of the following conditions are met:

- The objective of the business model is to collect contractual cash flows.
- The contractual cash flows constitute solely payments of principal and interest.

Financial assets recognised in this measurement category consist of loans and holdings of interest-bearing securities. These assets are subject to impairment testing. Financial liabilities recognised in this measurement category consist primarily of liabilities due to credit institutions, deposits and borrowing from the public, and issued securities.

Amortised cost consists of the discounted present value of all future cash flows relating to the instrument where the discount rate is the instrument's effective interest rate at the time of acquisition. Interest and credit losses are recognised in the income statement items Net interest income and Credit losses, respectively. Early repayment charges for loans redeemed ahead of time, capital gains/losses generated from repurchases of the Bank's own issued

securities, and foreign exchange effects are recognised in the income statement under Net gains/losses on financial transactions.

##### Fair value through other comprehensive income

A financial asset is to be measured at fair value through other comprehensive income if both of the following conditions are met:

- The objective of the business model is both to collect contractual cash flows and to sell the asset.
- The contractual cash flows constitute solely payments of principal and interest.

Holdings of interest-bearing securities in the Bank's liquidity portfolio which satisfy the above conditions are recognised in this measurement category. These assets are subject to impairment testing. Interest income is recognised under Net interest income. Foreign exchange effects and credit losses are recognised under Net gains/losses on financial transactions. Unrealised changes in value are recognised in other comprehensive income and reclassified to the income statement in conjunction with a sale, under the item Net gains/losses on financial transactions.

Upon initial recognition, equity instruments that are not held for trading may be irrevocably classified as measured at fair value through other comprehensive income. This valuation principle is applied for certain shareholdings in companies which engage in activities to support the Bank, such as participating interests in clearing organisations and infrastructure collaboration in the Bank's home markets. Subsequent changes in value, both realised and unrealised and including exchange gains/losses, are recognised in other comprehensive income. Realised changes in value are reclassified in equity to retained earnings, i.e. not to the income statement. Only dividend income from these holdings is recognised in the income statement.

##### Fair value through profit or loss, mandatory

If a financial asset does not meet the conditions for measurement at amortised cost or for measurement at fair value through other comprehensive income, measurement at fair value through profit or loss is mandatory. Financial assets and liabilities held for trading are always classified as measured at fair value through profit or loss, as are financial assets managed and evaluated on a fair value basis.

This measurement category mainly consists of listed shares, units in mutual funds, interest-bearing securities and derivatives. Interest, dividends, foreign exchange effects, and realised and unrealised changes in value are recognised under Net gains/losses on financial transactions. For the recognition of derivatives through hedge accounting, see section 7.

## G1 Cont.

**Fair value through profit or loss, fair value option**

There is an option, at initial recognition, to irrevocably designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency (“accounting mismatch”) that would otherwise arise from measuring the asset.

There is a corresponding option to irrevocably designate, at initial recognition, a financial liability as measured at fair value through profit or loss if either of the following conditions is met:

- It eliminates or significantly reduces a measurement or recognition inconsistency (“accounting mismatch”) that would otherwise arise from measuring the liability.
- A group of financial liabilities, or a group of both financial assets and financial liabilities, is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy. Information about these instruments is provided internally to the Bank’s management on that same basis.

This valuation principle has been applied to avoid inconsistencies when measuring assets and liabilities which are counter-positions of each other and which are managed on a portfolio basis, such as liabilities resulting from unit-linked insurance contracts and certain holdings in the liquidity portfolio which are hedged with economic hedges. Unrealised and realised changes in value are recognised under Net gains/losses on financial transactions. Interest is recognised under Net interest income.

**Reclassifications of financial instruments**

As a general rule, financial assets are not reclassified after initial recognition. Reclassification is permitted in the rare case that the Bank changes the business model it applies for the management of a portfolio of financial assets. The reclassification of financial liabilities is not permitted after initial recognition.

**Financial guarantees and loan commitments**

Issued financial guarantees entail an obligation to reimburse the holder of a debt instrument (loan or interest-bearing security) for losses incurred in the event that a specified debtor fails to make a payment when due in accordance with the contractual terms, for example, a credit guarantee. The fair value of an issued guarantee is the same as the premium received when it was issued. Upon initial recognition, the premium received for the guarantee is recognised as a liability under Accrued expenses and deferred income on the balance sheet. The guarantee is subsequently measured at the higher of the amortised premium or the provision for the expected loss. Premiums for issued financial guarantees are amortised under Net

fee and commission income over the validity period of the guarantee. In addition, the total guaranteed amount relating to guarantees issued is reported off-balance as a contingent liability, see note G44.

Loan commitments are reported off-balance until the settlement date of the loan, see note G44. Fees received for loan commitments are accrued under net fee and commission income over the maturity of the commitment unless it is highly probable that the commitment will be fulfilled, in which case the fee is included in the loan’s effective interest. Financial guarantees and irrevocable loan commitments are subject to impairment testing.

**Compound financial instruments**

A compound financial instrument consists of a derivative component known as an embedded derivative, and a non-derivative host contract. If the host contract in a compound financial instrument is a financial liability, an embedded derivative must be separated from the host contract and recognised as a derivative if all of the following terms are met:

- The economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract.
- A separate instrument with the same terms as the embedded derivative would meet the definition of a derivative.
- The compound financial instrument is not measured at fair value through profit or loss. Consequently, derivatives embedded in financial liabilities measured at fair value through profit or loss are not recognised separately.

Separate recognition is applied, for example, to the embedded derivative in issues of equity-linked bonds and other structured products.

Embedded derivatives in financial assets are not recognised separately. Financial assets with embedded derivatives are regarded as a whole when assessing whether their contractual cash flows constitute solely payments of principal and interest.

The inherent value of the option to convert in issued convertible debt instruments is recognised separately in equity. The value of the equity component is determined at the time of issue as the difference between the fair value of the convertible debt instrument in its entirety reduced by the fair value of the liability component. The carrying amount of the equity component is not adjusted during the life of the convertible debt instrument. The liability component is measured and recognised at fair value on the balance sheet at the time of issue. After initial recognition, the liability component is recognised at amortised cost based on the original effective interest rate.

**Repurchase transactions**

Repurchase agreements, or repo transactions, refer to agreements where the parties simultaneously agree on the sale of specific securities and the repurchase of these securities at a pre-determined price. Securities sold in a repo transaction (repurchase agreement) remain on the balance sheet during the life of the transaction, as the Group is exposed to the value change risk applying to the security during this period. The sold instrument is also reported off-balance as a pledged asset. Depending on the counterparty, payment received is recognised under Due to credit institutions or as Deposits and borrowing from the public. Securities bought in a repo transaction (reverse repurchase agreement) are accounted for in the corresponding way, i.e. they are not recognised on the balance sheet during the life of the transaction. Depending on the counterparty, the payment made is recognised under Other loans to central banks, Loans to other credit institutions or Loans to the public. Collateral received which is sold on under repurchase agreements is recognised off-balance as a commitment.

**Securities loans**

Lent securities remain on the balance sheet, as the Group is still exposed to the value change risk applying to the security, as well as being reported off-balance as pledged assets. Borrowed securities are not recognised on the balance sheet unless they are sold (known as shortselling). If they are sold, a value corresponding to the sold instrument’s fair value is recognised as a liability. Borrowed securities which are lent to a third party are recognised off-balance as commitments.

**Derivative instruments**

All derivatives are measured at fair value on the balance sheet. Derivatives with positive fair values are recognised on the assets side under Derivative instruments. Derivatives with negative fair values are recognised on the liabilities side under Derivative instruments. Realised and unrealised gains and losses on derivatives are recognised in the income statement under Net gains/losses on financial transactions. For the recognition of derivatives through hedge accounting, see section 7.

**Offset of financial assets and liabilities**

Financial assets and liabilities are offset and reported at a net amount on the balance sheet if the Bank has a contractual right to offset, in its operating activities and in the event of bankruptcy, and if the intention is to settle the items on a net basis or to simultaneously liquidate the asset and settle the liability. Further information about set-off of financial assets and liabilities is provided in note G24.

## G1 Cont.

## 5. PRINCIPLES FOR FAIR VALUE MEASUREMENT OF FINANCIAL ASSETS AND LIABILITIES (IFRS 13 FAIR VALUE MEASUREMENT)

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between independent market participants.

For financial instruments traded on an active market, the fair value is the same as the quoted market price. An active market is one where quoted prices are readily and regularly available from a regulated market, execution venue, reliable news service or equivalent, and where the price information can be verified by means of regularly occurring transactions. The current market price corresponds to the price between the bid price and the offer price which is most representative of fair value under the circumstances. For groups of financial instruments which are managed on the basis of the Bank's net exposure to market risk, the current market price is presumed to be the same as the price which would be received or paid if the net position were divested.

When there is no reliable information about market prices for financial instruments, fair value is established using valuation models. The valuation models used are based on input data which essentially can be verified using market observations such as market interest rates and share prices. If necessary, an adjustment is made for other variables which a market participant would be expected to take into consideration when setting a price. The assumptions used in the valuation are based on market practice and are continuously reviewed by the risk control function, as well as being compared with the counterparty valuation.

### Interest-bearing securities

Interest-bearing securities issued by governments and Swedish mortgage bonds are valued using current market prices. Corporate bonds are valued using valuation techniques based on market yields for the corresponding maturity adjusted for credit and liquidity risk. The values are regularly reviewed in order to ensure that they reflect the current market price. The reviews are mainly performed by obtaining prices from several independent price sources and by reconciliation with recently performed transactions in the same or equivalent instruments.

### Shares

Shares listed on an active market are valued at market price. When valuing unlisted shares and participations, the choice of model is determined by what is deemed appropriate for the individual instrument. Holdings of unlisted shares mainly consist of shares in companies which engage in activities to support the Bank. In all material respects, unlisted shares are classified at fair value through other comprehensive

income. In general, such holdings are valued at the Bank's share of the company's net asset value. For unlisted shares for which the company agreement regulates the price at which the shares can be divested, the holdings are valued at the predetermined divestment price.

### Derivatives

Derivatives which are traded on an active market are valued at market price. Most of the Group's derivative contracts, including interest rate swaps and various types of linear currency derivatives, are valued using valuation models based on market rates and other market prices. The valuation of non-linear derivative contracts that are not actively traded is also based on a reasonable assumption of market-based input data such as volatility.

When performing model valuation for derivatives, in some cases there are differences between the transaction price and the value measured by a valuation model upon initial recognition. Such differences occur when the applied valuation model does not fully incorporate all the components that affect the value of the derivative. Unrealised results due to positive differences between the transaction price and the value measured by a valuation model (known as day 1 gains/losses) are comprised of the Bank's profit margin and compensation to cover, for example, the cost of capital and administrative expenses. Unrealised positive day 1 gains/losses are not recognised in profit/loss upon initial recognition, but are amortised over the life of the derivative.

### Assets and liabilities where the customer bears the value change risk

Assets where the customer bears the value change risk mainly comprise mutual fund units in unit-linked insurance contracts. These mutual fund units are valued using the fund's current market value (NAV). Each asset corresponds to a liability where the customer bears the value change risk. The valuation of these liabilities reflects the valuation of the assets. Since the policyholders/unit holders have prior rights to the assets, there is no motive to adjust the valuation for credit risk. Assets and liabilities where the customer bears the value change risk have essentially been classified at fair value through profit or loss.

## 6. CREDIT LOSSES (IFRS 9 FINANCIAL INSTRUMENTS)

### Expected credit losses

The impairment rules presented in IFRS 9 apply to financial assets at amortised cost, financial assets at fair value through other comprehensive income, as well as financial guarantees and irrevocable loan commitments, and are based on a model for the recognition of expected credit losses. This model stipulates that the provision must reflect a probability-weighted amount determined through the evaluation of a number

of potential outcomes, with consideration given to all reasonable and verifiable information available on the reporting date without unreasonable expense or exertion. The assessment takes into account historical, current and future-oriented factors. The assets to be tested for impairment are divided into the following three stages, depending on the degree of credit impairment:

- Stage 1 comprises financial assets with no significant increase in credit risk since initial recognition.
- Stage 2 comprises financial assets with a significant increase in credit risk since initial recognition, but for which there is no objective evidence that the claim is credit-impaired at the time of reporting.
- Stage 3 comprises financial assets for which objective circumstances have been identified indicating that the claim is credit-impaired.

In Stage 1, provisions are to be recognised which correspond to the loss expected to occur within 12 months as a result of default. In Stage 2 and Stage 3, provisions are to be recognised corresponding to the loss expected to occur at some time during the whole of the remaining maturity of the asset as a result of default.

For agreements in Stage 1 and Stage 2, there is a Group-wide, central process using model-based calculation. The process begins for all agreements with an assessment of whether there has been a significant increase in the credit risk since initial recognition (start date of the agreement). For a detailed description of significant increases in credit risk, see the "Credit risks" section of note G2. The provisions in the different impairment stages are calculated on an individual basis. Manual calculation is used for agreements in Stage 3, with the exception of a small portfolio of homogeneous claims which have a model-calculated provision in Stage 3. In conjunction with each reporting date, an assessment is made at agreement level as to whether an agreement will be subject to a model-based calculation or a manual calculation.

The calculations of expected credit losses are primarily affected by the risk parameters "probability of default" (PD), "exposure at default" (EAD) and "loss given default" (LGD). Expected credit losses are determined by calculating PD, EAD and LGD up to the expected final maturity date of the agreement. The three risk parameters are multiplied and adjusted by the survival probability or, alternatively, the probability that a credit exposure has not defaulted or been repaid in advance. The estimated expected credit losses are then discounted back to the reporting date using the original effective interest rate and are totalled. Total credit losses in Stage 1 is calculated using the probability of default during the coming 12-month period. For Stage 2 and Stage 3, credit losses are calculated using the probability of default during the asset's remaining time to maturity.

## G1 Cont.

**Model-based calculation**

The calculation of the expected credit losses takes into consideration at least three macroeconomic scenarios (one neutral, one upturn and one downturn scenario) with relevant macroeconomic risk factors, such as unemployment, key/central bank rates, GDP, inflation and property prices, by country. The various scenarios are used to adjust the risk parameters. Every macroeconomic scenario is assigned a probability, and the expected credit losses are obtained as a probability-weighted average of the expected credit losses for each scenario.

For additional information on the models used to calculate expected credit losses for agreements in Stage 1 and Stage 2, and for an explanation of concepts such as PD, EAD and LGD, expected maturity, significant increase in credit risk and macroeconomic information, see the "Credit risks" section in note G2. For sensitivity analyses for expected credit losses, see note G10.

**Manual calculation**

Assets in Stage 3 are tested for impairment on an individual basis using a manual calculation. This testing is carried out on a regular basis and in conjunction with every reporting date by the local branch with business responsibility (unit with customer and credit responsibility) and is decided by the local and central credit departments.

Impairment testing is carried out when there are objective circumstances which indicate that the counterparty will not be able to fulfil its contractual obligations, according to the definition of default. Such objective circumstances could be, for example, late payment, non-payment or an indication of unlikely payment.

Impairment testing involves an estimation of the future cash flows and the value of the collateral (including guarantees). Consideration is normally given to at least two forward-looking scenarios for expected cash flows, based on both the customer's repayment capacity and the value of the collateral. The outcome of these scenarios is probability-weighted and discounted with the loan's original effective interest rate. The scenarios used can take into account both macroeconomic and agreement-specific factors, depending on what is deemed to affect the individual counterparty's repayment capacity and the value of the collateral. The assessment takes into account the specific characteristics of the individual counterparty. An impairment loss is recognised if the estimated recoverable amount is less than the carrying amount.

**Expert-based calculation**

Expert-based calculation is carried out for credit losses, in order to incorporate the estimated impact of factors not deemed to have been considered in the model (Stage 1 and Stage 2),

or which have not been considered in manual calculations (Stage 3). The model-based calculations are constructed with the ambition of making as accurate estimations as possible of the individual contributions to the overall provision requirement. However, it is very difficult to incorporate all of the particular characteristics that define an individual agreement into a general model. For this reason, a manual analysis is carried out of the agreements which give the largest contributions to the overall provision requirement. The manual analysis aims to apply expert knowledge about the individual credits to an assessment of whether the model-based or manual calculations need to be replaced with an expert-based calculation. An expert-based calculation may entail either a higher or lower provision requirement than the original calculation.

Expert-based calculation can also be carried out at a more aggregate level to adjust the model-based calculations for a sub-portfolio or similar. These adjustments are distributed proportionally over the agreements involved. An expert-based calculation may entail either a higher or lower provision requirement than the original calculation.

**Recognition and presentation of credit losses**

- Financial assets measured at amortised cost are recognised on the balance sheet at their net amount, after the deduction of expected credit losses.
- Off-balance sheet items (financial guarantees and irrevocable loan commitments) are recognised at their nominal amounts. Provisions for expected credit losses on these instruments are recognised as a provision on the balance sheet.
- Financial assets at fair value through other comprehensive income are measured at fair value on the balance sheet. Provisions for expected credit losses on these instruments are recognised in the fair value reserve in equity and do not, therefore, reduce the carrying amount of the instrument.
- For financial assets measured at amortised cost and off-balance sheet items, the period's credit losses (expected and actual) are recognised in the income statement under the item Credit losses. The item Credit losses consists of the period's provisions for expected credit losses, less reversals of previous provisions, as well as write-offs and recoveries during the period.
- For financial assets measured at fair value through other comprehensive income, the credit losses for the period (expected and actual) are recognised in the income statement under the item Net gains/losses on financial transactions.
- Write-offs consist of actual credit losses, less reversals of previous provisions for expected credit losses in Stage 3 and may refer to

either the entirety or parts of a financial asset. Write-offs are recorded when there is deemed to be no realistic possibility of repayment.

Following a write-off, the claim on the borrower and any guarantor normally remains and is thereafter, as a rule, subject to enforcement activities. Enforcement activities are not pursued in certain situations, such as when a trustee in bankruptcy has submitted their final accounts of the distribution of assets in conjunction with the bankruptcy, when a scheme of arrangement has been accepted or when a claim has been conceded in its entirety. Claims for which a concession is granted in conjunction with a restructuring of financial assets are always recognised as actual credit losses.

- Payments to the Bank in relation to written-off financial assets are recognised in income as recoveries.

Further information on credit losses is provided in note G10.

**Default/Credit-impaired asset**

The Bank's definition of default is identical to the definition applied in the Capital Requirements Regulation (CRR), entailing either that the counterparty is over 90 days overdue with a payment or that an assessment has been made that the counterparty will be unable to fulfil its contractual payment obligations. Such an assessment implies that it is deemed to be more likely that the borrower will be unable to pay than that they will be able to pay. The assessment is founded on all available information about the borrower's repayment capacity. Consideration is given to indicators of insolvency such as insufficient liquidity, late and cancelled payments, records of non-payment or other signs of impaired repayment capacity. Other signals may include the borrower entering into bankruptcy or the granting of a substantial forbearance measure entailing a decrease in the value of the Bank's claim on the borrower.

The probability of default is calculated before each reporting date and is incorporated in the assessment of whether there has been a significant increase in the credit risk since the initial recognition, as well as in the calculation of expected credit losses for financial assets in Stage 1 and Stage 2.

A credit-impaired financial asset, which is an exposure in Stage 3, is defined as an exposure in default. This means that the assessment for accounting purposes is consistent with the assessment used in the Group's credit risk management.

**Interest**

In Stage 1 and Stage 2, recognition of interest income attributable to items on the balance sheet is based on gross accounting, which means that the full amount of interest income

**G1 Cont.**

is recognised under Net interest income. In Stage 3, interest income is recognised net, that is, taking into account impairment. Interest rate effects arising due to discounting effects, attributable to the decrease of the period until the expected payment, result in a reversal of previously provisioned amounts and are recognised as interest income in accordance with the effective interest method.

**Valuation of repossessed property and equipment to protect claims**

Upon initial recognition, repossessed property and equipment is recognised at fair value on the balance sheet. Repossessed property and equipment (including repossessed lease assets) which is expected to be divested in the near future is valued at the lower of the carrying amount and fair value less costs to sell. Unlisted shareholdings taken over to protect claims are normally recognised at fair value through profit or loss.

**Modified financial assets**

A loan is seen as modified when the terms and provisions which determine the cash flows are amended relative to those in the original agreement as the result of forbearance measures or commercial renegotiations. Forbearance measures refer to changes in terms and conditions in conjunction with restructurings or other financial relief measures. Such changes are implemented with the objective of securing repayment in full, or of maximising the repayment of the outstanding loan amount, from lenders experiencing, or facing, financial difficulties. Commercial renegotiations refer to changes to terms and conditions which are not related to a borrower's financial difficulties, such as changes in the cash flow for a loan arising due to changes in the market conditions for repayment or interest.

If the cash flows from a financial asset which is classified as measured at amortised cost have been modified, but the cash flows have not significantly changed, the modification does not normally cause the financial asset to be derecognised from the balance sheet. In such cases, the gross carrying amount is recalculated on the basis of the changed cash flows of the financial asset, and the adjustment amount is recognised in the income statement.

As there may be various reasons for carrying out a modification, there is no unconditional connection between modifications and assessed credit risk. When a financial asset is subject to forbearance measures and the asset remains on the balance sheet, it is classified in Stage 2 or Stage 3, based on the outcome of the assessment made when granting the forbearance measure. The assessment involves a check of whether a provision is required for credit loss, or other circumstances which result in classification in Stage 3.

If a financial asset is modified in a way that results in significantly changed cash flows, the modified financial asset is derecognised from the balance sheet and replaced with a new agreement. In such cases, the modification date constitutes the initial recognition date for the new agreement and this date is used thereafter for the calculation of expected credit losses and for the assessment of whether there has been a significant increase in the credit risk since the initial recognition.

For a description of the accounting treatment of modifications implemented due to the Interest Rate Benchmark Reform, see section 8 Interest Rate Benchmark Reform.

**7. HEDGE ACCOUNTING (IAS 39 FINANCIAL INSTRUMENTS: RECOGNITION AND MEASUREMENT)**

Handelsbanken has elected to continue to apply the hedge accounting rules in IAS 39, in accordance with the transitional rules in IFRS 9. The Group applies different methods for hedge accounting, depending on the purpose of the hedge. Derivatives – mainly interest rate swaps and cross-currency interest rate swaps – are used as hedging instruments. When hedging foreign exchange risks related to net investments in foreign operations, liabilities in the functional currency of the respective foreign operation are used as a hedging instrument. As part of the Group's hedging strategies, the value changes of a hedging instrument are sometimes divided into separate components and included in more than one hedging relationship. Therefore, one and the same hedging instrument can hedge different risks. Division of hedging instruments is only done if the hedged risks can clearly be identified, the efficiency can be reliably measured, and the total value change of the hedging instrument is included in any hedging relationship.

Fair value hedges are used to protect the Group against undesirable impact on profit/loss due to exposure to changes in market prices. Fair value hedges are applied for individual assets and liabilities and for portfolios of financial instruments. Hedged risks in hedging relationships at fair value comprise the interest rate risk on lending and funding at fixed interest rates. The hedging instruments in these hedging relationships consist of interest rate swaps. In the case of fair value hedges, the hedging instrument and hedged risk are both recognised at fair value. Changes in value are recognised directly in the income statement under Net gains/losses on financial transactions. When portfolio hedging is applied, the value of the hedged item is reported as a separate line item in the balance sheet in conjunction with Loans to the public. When fair value hedges are terminated early, the accrued value change on the hedged item is amortised under Net gains/losses on financial transactions during

the remaining time to maturity. When a fair value hedge is terminated early, and the hedged item no longer exists, the value change generated is reversed directly under Net gains/losses on financial transactions.

Cash flow hedges are applied to manage exposures to variations in cash flows relating to changes in the floating interest rates on lending and funding. The expected maturity for this type of lending and funding is normally much longer than the interest rate adjustment period, which is very short. Cash flow hedging is also used to hedge foreign exchange risk in future cash flows deriving from lending and funding. Foreign exchange risks deriving from intra-group monetary items can also be subject to this type of hedging, if they give rise to currency exposures which are not fully eliminated on consolidation. Derivatives which are hedging instruments in cash flow hedges are measured at fair value. If the derivative's value change is effective – that is, it corresponds to future cash flows related to the hedged item – it is recognised as a component of Other comprehensive income and in the hedge reserve in equity. Ineffective components of the derivative's value change are recognised in the income statement under Net gains/losses on financial transactions. When a cash flow hedge is terminated early, the cumulative gain or loss on the hedging instrument previously recognised in other comprehensive income is amortised under Net gains/losses on financial transactions during the period in which the hedged cash flows are expected to occur. If cash flow hedges are terminated early and the hedged cash flows are no longer expected to occur, the accumulated value change is reclassified in the hedge reserve to Net gains/losses on financial transactions.

Hedging of net investments in foreign units is applied to protect the Group from exchange differences due to operations abroad. Loans in foreign currencies are used as hedging instruments. The hedged item in these hedges comprises the exposure in the foreign currency attributable to the carrying amount of the initial portion of the net assets in a foreign operation. Loans in foreign currency that hedge net investments in foreign operations are recognised in the Group at the exchange rate on the balance sheet date. The effective part of the exchange differences for such loans is recognised as a component of Other comprehensive income and in the translation reserve in equity. The ineffective components of hedges of net investments in foreign operations are recognised in the income statement under Net gains/losses on financial transactions.

For more information, see note G23 Hedge accounting.

G1 Cont.

## 8. INTEREST RATE BENCHMARK REFORM (IAS 39 FINANCIAL INSTRUMENTS: RECOGNITION AND MEASUREMENT, IFRS 9 FINANCIAL INSTRUMENTS)

There are temporary exemptions from applying certain specific hedge accounting requirements for all hedging relationships directly affected by the Interest Rate Benchmark Reform. The purpose of the temporary exemptions is to prevent the break-up of otherwise effective hedging relationships solely due to the uncertainty brought about by the Interest Rate Benchmark Reform. A direct impact on the hedging relationship exists only if this causes uncertainty about the benchmark rate relating to the hedged risk and/or dates or amounts regarding cash flows from the hedged item or hedging instrument that are based on the benchmark rate. The uncertainty about the benchmark rate will persist until such time as a decision has been made about which rate will be the alternative interest rate, as well as about if and when the reform will be implemented, including a specification of the effects on individual contracts.

When modifications of financial assets and financial liabilities are implemented as a direct consequence of the Interest Rate Benchmark Reform, the modifications are recognised as a change in the effective interest. Any gains or losses arising due to the modification are thus not recognised. For the exemption to be applicable, a modification must have been directly necessitated by the Interest Rate Benchmark Reform, and the new basis for determining the cash flows must be economically equivalent to the previous basis. In addition, certain exemptions from hedge accounting requirements are permissible when existing reference rates in hedging relationships are replaced with alternative reference rates, as a means to ensure that hedging relationships do not need to be discontinued solely due to the Interest Rate Benchmark Reform.

## 9. INSURANCE OPERATIONS

### Classification

Handelsbanken's insurance contracts can be comprised of risk insurance components, savings insurance components, or both. Classification as an insurance contract or an investment contract is determined by the specific insurance components (savings insurance components/risk insurance components) in the contract, as these have differing financial implications. The savings insurance components of traditional life insurance contracts, as well as risk insurance contracts and risk insurance components separated from combined traditional life insurance contracts and unit-linked insurance contracts, transfer significant insurance risk and are classified, measured and recognised as insurance contracts. The savings insurance component in unit-linked insurance contracts and portfolio bond insurance contracts is classified as an

investment contract and recognised in accordance with IFRS 9.

Under IFRS 17, the basis of application of the standard is the legal insurance contracts if this is deemed to transfer a significant insurance risk. The Bank's assessment is that a separation of the savings insurance and risk insurance components provides the most correct reporting since only the latter transfers significant insurance risk. If all combined unit-linked insurance contracts were to have been recognised in accordance with IFRS 17, the Bank's assessment is that it would have a marginal effect on the Bank's financial position or earnings due to the short contract tenors. The contracts refer to long-term savings but, according to the accounting judgement, have only short contract tenors (up to one year) since the price can be adjusted on an ongoing basis.

### Insurance contracts' level of aggregation

Handelsbanken has identified portfolios of insurance contracts on the basis of the insurance risks to which they expose the Bank. For the savings insurance components of the traditional life insurance contracts, all contracts have been deemed to be profitable. Furthermore, a significant amount of time has elapsed since these contracts were signed and it is no longer possible to sign new contracts of this product type, which is why only one portfolio and grouping have been identified. For risk insurance contracts and risk insurance components, each respective insurance product constitutes a separate portfolio. Since all contracts have been deemed to be profitable, only one grouping per portfolio has been identified. These groupings have been separated further based on the contracts signed more than one year apart not being included in the same grouping.

### Measurement of insurance contracts

Handelsbanken applies the general measurement model when measuring the liability for the remaining insurance coverage for the savings insurance components of the traditional life insurance contracts. The reason that the general measurement model is applied is that these contracts have tenors that are significantly longer than one year, and the high benefits in the contracts results in non-conditional disbursements of supplementary amounts, which are those that vary according to the returns on the underlying assets, that are not expected to comprise a material proportion of the total disbursements. Under the general measurement model, the liability for remaining coverage is measured as the total of the expected present value of future cash flows, a risk adjustment and a contractual service margin. Handelsbanken has not identified onerous contracts.

Liability for incurred claims are measured as the total of the expected present value of future cash flows and a risk adjustment. However,

claims with an expected settlement date within 12 months are not discounted. For a more detailed description of the expected present value of future cash flows, risk adjustment and contractual service margin, see note G34.

Handelsbanken applies the premium allocation approach when measuring the liability for remaining coverage in risk insurance contracts and risk insurance components separated from combined traditional life insurance contracts and unit-linked insurance contracts, and for reinsurance contracts. The reason that the premium allocation approach is applied is that these contracts have a tenor of a maximum of one year. The liability for remaining coverage is not discounted and instead is measured at received, but not yet earned premiums. Received premiums are recognised as income on a straight-line basis as the coverage is provided. Handelsbanken has not identified onerous contracts.

### Recognition of insurance contracts and reinsurance contracts held

The liability for remaining coverage and liability for incurred claims are recognised under the balance-sheet item Insurance liabilities. Assets and liabilities relating to reinsurance contracts held are recognised in the items Other assets and Other liabilities, respectively. The net result from insurance contracts is presented as a total under the item Net insurance result in profit or loss. Net insurance result includes the items Insurance result and Return on assets held on behalf of policyholders. The line Insurance result includes income and expenses attributable to insurance contracts as well as operating expenses. The line Return on assets held on behalf of policyholders is recognised in accordance with IFRS 9, but is included in net insurance result since it contains returns attributable to insurance contracts. The effects of a changed discount rate when measuring the savings insurance component of traditional life insurance contracts, which are accumulated in the item Insurance contracts in equity, are recognised in Other comprehensive income. Upon the transition to IFRS 17, the amount in Other comprehensive income was zero.

### Recognition and measurement of investment contracts

The savings insurance component in unit-linked insurance contracts and portfolio bond insurance contracts comprises investment contracts. These contracts and the associated investment assets are measured at fair value through profit or loss. These items are recognised on the balance sheet under Assets and Liabilities where the customer bears the value change risk, respectively. Premium fees, asset fees and other administrative charges from investment contracts are recognised in the income statement under Fee and commission

**G1 Cont.**

income. Acquisition costs are also recognised directly in the income statement. Changes in the values of assets and liabilities are recognised under Net gains/losses on financial transactions.

**Methods applied for the transition to IFRS 17**

Handelsbanken applied the full retrospective approach for risk insurance and risk insurance components. For the savings insurance components of traditional life insurance contracts, the fair value method was applied. Since there was no listed price for a portfolio of traditional life insurance contracts, fair value was established with the help of a measurement technique that, to the greatest extent possible, was based on observable parameters for calculating fair value. In order to determine the price that a market player would apply, an average of the guarantee rates observed by Handelsbanken as being offered by insurance companies in the market for new traditional life insurance contracts was used. This method also took into account the market assumptions of profit and risk margins, as these are implicitly considered in the market's guarantee rates. The difference between the fair value and the total of the expected present value of future cash flows and the risk adjustment constituted a contractual service margin at the time of the transition to IFRS 17.

**10. ASSETS HELD FOR SALE AND ACCOUNTING OF DISCONTINUED OPERATIONS (IFRS 5)****Non-current Assets Held for Sale and Discontinued Operations**

Non-current assets or a group of assets, possibly with some directly associated liabilities, (disposal group) are classified as held for sale when the carrying amount will be mainly recovered through a sale and when a sale is highly probable. If an asset is classified as held for sale, special valuation principles are applied. These principles essentially mean that, with the exception of items such as financial assets and liabilities (see point 4), assets held for sale and disposal groups are measured at the lower of the carrying amount and fair value less costs to sell. Thus, property and equipment or intangible assets held for sale are not depreciated or amortised. Any impairment losses and subsequent revaluations are recognised directly in the income statement. However, a gain is not reported to the extent that it exceeds previously recognised accumulated impairment. Assets and liabilities held for sale are reported as a separate item on the Group's balance sheet until the time of sale. Independent operations of a material nature which can be clearly differentiated from the Group's other operations, and which have either been divested or are classified as held for sale using the policies described above,

are recognised as discontinued operations. In recognition as a discontinued operation, the operation's profit is reported on a separate line in the income statement, separately from other profit/loss items. Profit or loss from discontinued operations comprises the profit or loss after tax of discontinued operations, the profit or loss after tax that arises when valuing the assets held for sale/disposal groups that are included in discontinued operations at fair value less costs to sell, and realised gains/losses from the disposal of discontinued operations. For disclosures regarding assets and liabilities held for sale and discontinued operations, see note G14.

**11. EQUITY**

Equity comprises the components described here.

**Share premium reserve**

The share premium reserve comprises the options component of issued convertible debt instruments and the amount that in the issue of shares and conversion of convertible debt instruments exceeds the quota value of the shares issued.

**Defined benefit pension plans**

The item Defined benefit pension plans is comprised of actuarial gains and losses on the pension obligation, as well as the return on plan assets that exceeds or falls below the return based on the discount rate.

**Hedge reserve**

Unrealised changes in the value of derivative instruments which comprise hedging instruments in cash flow hedges are reported in the hedge reserve to the extent that the hedge is effective, that is to say, has corresponding future cash flows attributable to the hedged item.

**Fair value reserve**

Unrealised changes in the value of financial assets classified as measured at fair value through other comprehensive income are recognised in the fair value reserve. Furthermore, the fair value reserve includes provisions for expected credit losses on debt instruments classified as measured at fair value through other comprehensive income. Realised changes in the value of these debt instruments are reclassified from the fair value reserve to the income statement. Realised changes in the value of equity instruments classified as measured at fair value through other comprehensive income are reclassified from the fair value reserve to retained earnings.

**Insurance contracts**

The effects of a changed discount rate when measuring the savings insurance component

of traditional life insurance contracts are recognised in the item Insurance contracts.

**Translation reserve**

The translation reserve comprises unrealised foreign exchange effects arising due to translation of foreign units to the presentation currency of the consolidated accounts. In addition, effective parts of hedges of net investments in foreign operations are recognised in the translation reserve, as well as translation differences that have arisen from non-monetary items classified as measured at fair value through other comprehensive income.

**Retained earnings including profit for the year**

Retained earnings comprise the profits generated from the current and previous financial years. Dividends and repurchases of own shares are reported as deductions from retained earnings.

Realised gains/losses which are attributable to equity instruments classified as measured at fair value through other comprehensive income are reclassified from the fair value reserve to retained earnings.

**Non-controlling interest**

Non-controlling interest consists of the portion of the Group's net assets that is not directly or indirectly owned by holders of the parent company's ordinary shares. Non-controlling interest is recorded as a separate component of equity.

**12. INCOME****Net interest income**

Interest income and interest expenses are recognised as Net interest income in the income statement, with the exception of interest flows deriving from financial instruments mandatorily measured at fair value through profit or loss, which are recognised under Net gains/losses on financial transactions, where the overall activity in the trading book is recognised.

Interest income and interest expenses for financial instruments at amortised cost are calculated and recognised by applying the effective interest method or, where considered appropriate, by applying a method that results in an amount constituting a reasonable estimate of the results of a calculation based on the effective interest method. Effective interest includes fees which are considered an integral part of the effective interest rate of a financial instrument (generally fees compensating for risk). The effective interest rate corresponds to the rate used to discount future contractual cash flows to the carrying amount of the financial asset or liability.

Net interest income also includes interest from derivative instruments recognised through hedge accounting and interest from derivatives in economic hedges, as these hedge items for

**G1 Cont.**

which the interest flows are recognised under Net interest income.

In addition to interest income and interest expenses, net interest income includes fees for deposit insurance.

**Net fee and commission income**

Fee and commission income is recognised at the point in time at which the performance obligation is satisfied, which corresponds to the transfer of control over the service to the customer. The total income is divided between each service and recognition in income depends on whether the services are fulfilled at a specific point in time, or over time. Fee and commission income in the form of, for example, management fees in asset management, is usually recognised at the rate these services are performed. Fee and commission income in the form of, for example, brokerage, card fees or payment commissions, is generally recognised when the service has been performed, i.e. at a specific point in time. When the income includes variable remuneration, such as a refund, bonus or performance-based element, the income is recognised only when it is highly probable that no repayment of the amount will take place. Lending fees not included in the effective interest are recognised as fee and commission income. Fee and commission expenses are transaction-based and directly related to transactions for which the income is recognised as Fee and commission income.

**Net gains/losses on financial transactions**

Net gains/losses on financial transactions includes all items with an impact on profit or loss that arise when measuring financial assets and liabilities at fair value through profit or loss, and when financial assets and liabilities are realised (with the exception of equity instruments classified as measured at fair value through other comprehensive income).

- Gains/losses on financial instruments at amortised cost consist of realised gains and losses on financial assets and liabilities classified as measured at amortised cost, such as early repayment charges for loans redeemed ahead of time, and capital gains/losses generated from repurchases of the Bank's own issued securities.
- Gains/losses on financial instruments at fair value through other comprehensive income consist of realised gains and losses on interest-bearing securities classified as measured at fair value through other comprehensive income. Realised gains and losses are reclassified from other comprehensive income to Net gains/losses on financial transactions in conjunction with a divestment/sale. The item also includes credit losses (expected and actual) on these assets.
- Gains/losses on financial instruments measured at fair value through profit or loss, fair

value option, consist of unrealised and realised changes in the value of financial assets and liabilities that upon initial recognition were identified as measured at fair value through profit or loss.

- Gains/losses on financial instruments measured at fair value through profit or loss, mandatory, consist of unrealised and realised changes in value, dividend income and interest (with the exception of interest deriving from derivatives used to hedge items for which the interest flow is recognised in net interest income) on financial assets and liabilities held for trading, or which are managed and evaluated on the basis of fair value.
- Fair value hedges consist of unrealised and realised changes in the value of hedging instruments, and the hedged risk component in financial assets and liabilities which constitute hedged items in fair value hedges. Ineffective portion of cash flow hedges consists of changes in the value of hedging instruments which do not correspond to future cash flows attributable to the hedged item.
- Gains and losses arising as a result of translating monetary items in foreign currencies (meaning a different currency to the functional currency), and non-monetary items in foreign currencies that are measured at fair value, using the prevailing closing rate on the balance sheet date. Gains/losses on financial assets and liabilities in foreign currencies measured at amortised cost, translated at the prevailing closing rate on the balance sheet date, are thus recognised under Net gains/losses on financial transactions.
- Return on assets held on behalf of policyholders are deducted from Net gains/losses on financial transactions since they are included in Net insurance result.

**Dividend**

Dividends on shares measured at fair value through other comprehensive income are recognised in the income statement under the item Other dividend income. Dividends on shares measured at fair value through profit or loss are recognised in the income statement under the item Net gains/losses on financial transactions. Any dividends from associates and joint ventures are deducted from the carrying amount of the investments in associates and joint ventures.

**13. EMPLOYEE BENEFITS (IAS 19 EMPLOYEE BENEFITS)****Staff costs**

Staff costs consist of salaries, pension costs and other forms of direct staff costs including social security costs, special payroll tax on pension costs and other forms of payroll overheads. Any remuneration in connection with terminated employment is recognised as a liability when the agreement is reached and amortised over the remaining employment period.

**Accounting for pensions**

The Bank's post-employment benefits consist of pension obligations that are classified as either defined contribution plans or defined benefit plans. For defined contribution plans, the Bank pays fixed premiums into a separate legal entity, and the employee bears the value change risk until the funds are paid out. For these plans, the Bank has no further obligations after the premiums have been paid. Premiums paid for defined contribution plans are recognised in the income statement as staff costs as they arise, by means of the employee rendering services to the Bank.

Other pension obligations are classified as defined benefit plans. For defined benefit pension plans, the pension payable is based on the salary and period of employment, implying that the Bank bears all the material risks for fulfilling the pension obligation. The Projected Unit Credit Method is applied to calculate the pension obligations and associated costs, and the present value of the pension commitment is recognised as a pension obligation. For the majority of defined benefit plans, the Group has kept plan assets, for the purpose of covering the obligation, separately in pension foundations and a pension fund or similar. The pension obligations minus the fair value of the plan assets are reported as net pensions on the balance sheet. The pension costs for defined benefit plans are recognised in the income statement as staff costs, which comprises the cost of the pension rights earned during the year, interest expense on the pension obligation and interest income on the plan assets. The calculation of pension rights earned during the year is based on an estimated final salary and is subject to actuarial assumptions, and refers to the proportion of the calculated final total pension payment for the year. The same interest rate is applied in calculating interest expense and interest income for the year as is used for the current corporate bond rate (the rate at the start of the year) for maturities corresponding to the period remaining until the pension liability is due to be disbursed. Actual gains and losses on the pension obligation arising when the actual outcome deviates from assumptions are recognised in other comprehensive income, as is the difference between actual return and estimated interest income on the plan assets.

Calculation of costs and obligations resulting from the Group's defined benefit plans depends on several assessments and assumptions which may have a considerable impact on the amounts reported. A more detailed description of these assumptions and assessments is provided in section 14 and in note G8.

**14. ESTIMATES AND MATERIAL ASSESSMENTS**

In certain cases, the application of the Group's accounting policies means that assessments

**G1 Cont.**

must be made that have a material impact on amounts reported. The amounts reported are also affected, in a number of cases, by estimates and assumptions about the future. Such assumptions always imply a risk for adjustment of the carrying amount of assets and liabilities. The assessments and assumptions applied always reflect management's best and fairest assessments and are continually subject to examination and validation.

The assessments and assumptions that have had a material impact on the financial reports are described below.

Estimates and material assessments concerning the following areas are provided in specific notes:

- Financial instruments measured at fair value, see note G42 Fair value measurement of financial instruments.
- Impairment testing of goodwill, see note G25 Intangible assets.
- Calculation of insurance liabilities see note G34 Insurance liabilities.

**Actuarial calculation of defined benefit pension plans**

Calculation of the Group's expense and obligations for defined benefit pensions is based on a number of actuarial, demographic and financial assumptions that have a significant impact on the carrying amount. Note G8 contains a list of the assumptions used when calculating this year's provision. The calculation of pension obligations for employees in Sweden is based on DUS23, which are assumptions on longevity that are generally accepted in the market, based on statistics produced by Insurance Sweden. The assumptions on future salary increases and inflation are based on the anticipated long-term trend.

The discount rate is based on a number of first-class corporate bonds with varying maturities. For corporate bonds with maturities corresponding to the estimate average maturity of the pension obligation, this currently being 20 years (irrespective of interest rates), the discount rate is determined on the basis of market interest rates. Due to the fact that there are too few issuers of first-class corporate bonds with a maturity corresponding to that of the pension obligation, the Bank uses first-class corporate bonds with a shorter maturity as a supplementary basis to determine the discount rate. For these, the discount rate is determined on the basis of a yield curve. The yield curve is constructed as a spread over the Swedish swap curve. The spread, which is based on corporate bonds, excluding own issues, is applied to the swap curve. In this way, a yield curve is modelled and a 20-year yield can be derived from this.

Note G8 provides a sensitivity analysis of the Group's pension obligations for all major actuar-

ial assumptions. This shows how the obligation would have been affected by reasonably feasible changes in these assumptions.

**Credit losses**

The calculation of expected credit losses involves a number of assumptions and assessments. The valuation of expected credit losses is inherently associated with a certain degree of uncertainty. Areas involving a high degree of assumptions and assessments are described below under the respective headings.

**Future-oriented information in macroeconomic scenarios**

Handelsbanken continuously monitors macroeconomic developments, with a particular focus on the home markets. Through this monitoring, the Bank develops the macroeconomic scenarios which form the basis for the future-oriented information used in the model-based calculation of expected credit losses. The capacity of the Bank's customers to fulfil their contractual payments varies in line with macroeconomic developments. Consequently, future macroeconomic developments have an impact on the Bank's view of the provision needed to cover expected losses. The calculation of the provision requirement for expected credit losses is based on the neutral scenario proposed by the Bank's macroeconomic research unit. As the losses may be more highly affected by a future deterioration of economic trends than by the equivalent improvement, the Bank uses at least two alternative scenarios to take into account the non-linear aspects of expected credit losses. These alternative scenarios represent conceivable developments, one significantly worse and one significantly better than the neutral scenario. The most significant macroeconomic risk factors have been selected on the basis of the Bank's loss history over the past decade, supplemented with experience-based assessments. These macroeconomic risk factors are then used as macroeconomic risk factors in the Bank's quantitative statistical models for forecasting migrations, defaults, loss rates and exposures. The macroeconomic risk factors include unemployment, key/central bank rates, GDP, inflation and property prices. The Bank's business model, to offer credit to customers with a high repayment capacity, means that the connection between the macroeconomic developments and the provision requirement is not always especially pronounced. For a detailed description of macroeconomic information, see the "Credit risks" section of note G2 and for a sensitivity analysis, see note G10.

**Significant increase in credit risk**

The Bank makes an assessment at agreement level at the end of each reporting period as to whether there has been a significant increase in

credit risk since initial recognition. For a detailed description of significant increases in credit risk, see the "Credit risks" section of note G2.

**Model-based calculation**

The quantitative models which form the basis for the calculation of expected credit losses for agreements in Stage 1 and Stage 2 make use of several assumptions and assessments. One key assumption is that the quantifiable relationships between macroeconomic risk factors and risk parameters in historical data are representative of future events. The quantitative models applied are based on a history of approximately ten years, although this history varies by product and region due to inconsistency in the availability of historical outcomes. The quantitative models have been constructed with the help of econometric models, applying the assumption that the observations are independently conditioned by the risk factors. This means that the risk parameters can be predicted without distortion. Furthermore, a selection of the most significant macroeconomic risk factors is made on the basis of the macroeconomic risk factors' explanatory power in relation to individual risk parameters. The selection of the macroeconomic risk factors and specification of the model are made to achieve a balance between simplicity, demonstrative ability and stability.

**Manual and expert-based calculation**

As a general rule, manual calculation is used for agreements in Stage 3. Expert-based calculation is carried out for model outcomes on agreements in Stage 1 and Stage 2, in order to incorporate the estimated impact of factors not deemed to have been considered in the model, as well as for manually assessed agreements in Stage 3. For more detailed descriptions of manual and expert-based calculation, see point 6 under the headings "Manual calculation" and "Expert-based calculation".

## G2 Risk and capital management

Handelsbanken's low risk tolerance is a central element of the Bank's business concept. The low risk tolerance, together with a decentralised way of working, stable finances, and accountability, make up the foundation of Handelsbanken's long-term customer relationships.

The information in this note includes the disposal groups in Finland, which has been reclassified to Assets held for sale and Liabilities held for sale on the balance sheet, respectively, and which constitutes discontinued operations, see note G14.

### RESILIENT RISK MANAGEMENT

The aim of Handelsbanken's capital and liquidity planning is to ensure that the Bank remains a going concern in both normal conditions and under stress. The result of this is a strong capital and liquidity situation and continuous access to the financial markets via the Bank's short-term and long-term funding programmes. The Bank also has a large and high-quality liquidity reserve, which provides a good degree of resistance to possible disruptions in the financial markets. Group Treasury's liquidity portfolio, which is part of the Bank's liquidity reserve, has a low risk profile and primarily consists of balances with central banks, government bonds and covered bonds. In addition, there is a comprehensive unutilised issue amount for covered bonds at Stadshypotek. Liquidity reserves are kept in all currencies that are important to the Bank. The total liquidity reserve covers the Bank's liquidity requirements for more than three years in a stressed scenario. Operations can thus also be maintained for a considerable period of time even in an extreme situation when the foreign exchange markets are closed.

The Bank's capital situation remains strong. Good earnings and low credit losses during the year have contributed to this.

Handelsbanken's low risk tolerance, good capitalisation and strong liquidity situation mean that the Bank stands in good stead. In its risk management, the Bank performs special stress tests, including the effects of climate change, and carefully monitors various indicators in its monitoring of the market situation to be able to act at an early stage if the liquidity or capital situation were to deteriorate. The prevailing macro-economic situation, which is a combination of geopolitical risks, inflation, higher interest rates, a weaker housing market and a weaker business climate, is included in the stress tests and analysed from the Bank's perspective.

The geopolitical security situation has heightened the risk of different types of attacks on critical infrastructure in society. The Bank's security department is monitoring developments and assesses the risk of various scenarios on an ongoing basis.

### RISK TOLERANCE

In general, Handelsbanken has a low risk tolerance based on an overall strategy of avoiding or minimising risk and thereby remaining a stable business partner for its customers regardless of the economic climate or market situation. The low risk tolerance is the foundation of the risk management framework applied by the Bank. This framework comprises the strategies, processes, procedures, limits, controls and reporting procedures that are stipulated in steering documents at various levels in the Group.

The Bank's business model is centred on taking and managing credit risks in the branch operations with the aim of establishing long-term relationships with customers that have a good repayment capacity and strong financial position. The quality requirement must never be neglected in favour of higher credit volumes, higher prices or market share.

For the past few decades, Handelsbanken's credit loss ratio has been significantly lower than the average of other Nordic banks. The Bank's starting point is that no credit shall lead to a loss. This approach governs how the branches grant and follow up credits. In order to keep the Bank's exposure to market and liquidity risks within the low risk tolerance, such risks are only to occur as a natural part of customer business, in connection with the Bank's funding and liquidity management, and in its role as a market maker. These risks are limited by matching interest rate adjustment periods and cash flows in different currencies, hedging open positions and maintaining a satisfactory liquidity reserve of high quality.

The Bank's low tolerance of market risk has resulted in a comparatively low proportion of the Bank's earnings coming from net gains/losses on financial transactions.

In line with the low risk tolerance, the Bank endeavours to prevent operational risk and compliance risk as far as possible.

The risk tolerance for sustainability risks is also low, and these risks are managed under the Bank's existing risk classes, such as credit

risk, liquidity risk, market risk, operational risk and compliance risk. For more information about sustainability risk, refer to the section Sustainability risks under Sustainability at Handelsbanken in the Bank's Sustainability Report and to the section on ESG Prudential disclosures in the Bank's Pillar 3 report.

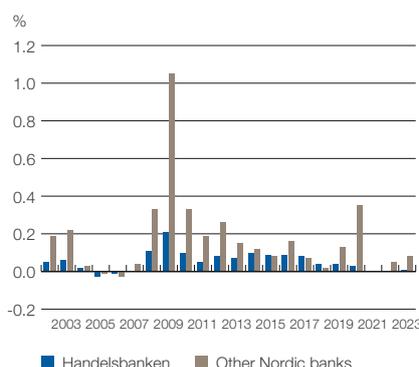
### RISK STRATEGY

The Bank's operations entail a variety of risks that are systematically identified, measured, managed and reported in all parts of the Group. Handelsbanken's restrictive approach to risk means that the Bank deliberately avoids high-risk transactions, even if the expected financial reward may be high at the time.

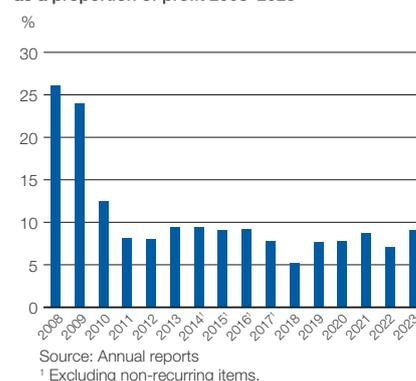
The risk strategy is founded on a strong risk culture that is sustainable in the long term and applies to all areas of the Group. The risk culture is an integral part of the Bank's work and is deeply rooted among all employees. The Bank is characterised by a clear division of responsibility where each part of the business operations bears full responsibility for its business and for risk management. This results in high levels of risk awareness and prudence in the business operations. However, the decentralised business model is combined with both a centralised credit process and strong internal controls. The low risk tolerance is also reflected in the Bank's view on remuneration. The main principle is that remuneration must be fixed since this contributes to the long-term perspective which is a central feature of Handelsbanken's business model. Performance-based variable remuneration is not offered to employees who, in their professional roles, have a material impact on the Bank's risk profile.

Lending has a strong local anchoring, where the close customer relationship and local knowledge promote low credit risks. In addition, the Group must be well capitalised in relation to the risks in the operations and hold liquid assets so that it can meet its payment obligations when they fall due, including in situations of financial stress when funding is not possible in the finan-

Credit losses as % of loans 2002–2023



Net gains/losses on financial transactions as a proportion of profit 2008–2023



Source: Annual reports  
 1 Excluding non-recurring items.

G2 Cont.

Risks at Handelsbanken	Description
Credit risk	Credit risk is defined as the risk of the Bank facing economic loss because the Bank's counterparties cannot fulfil their contractual obligations. Credit risk also includes counterparty risk in connection with transactions in the currency, fixed-income, commodity and equities markets, meaning the risk that the counterparty is unable to meet its commitments.
Market risk	Market risks arise from price and volatility changes in the financial markets. Market risks are divided into interest rate risk, equity price risk, foreign exchange risk and commodity price risk.
Liquidity risk	Liquidity risk is the risk that the Bank will not be able to meet its payment obligations when they fall due without being affected by unacceptable costs or losses.
Operational risk	Operational risk refers to the risk of loss due to inadequate or failed internal processes, human error, erroneous systems or external events. The definition includes legal risk as well as IT risks and information security risks (ICT risks).
Compliance risk	Compliance risk is the risk associated with the Bank's failure to comply with external and internal rules and regulations, accepted market practice and relevant standards that are applicable to the Bank's licensed operations, and the consequences that this could have for the Bank in the form of sanctions, material financial loss or loss of reputation.
Remuneration risk	Remuneration risk is the risk of loss or other damage arising due to the remuneration system.
Insurance risk	Insurance risk is the risk in the outcome of an insurance that depends on the insured party's longevity or health.
Sustainability risk	Sustainability risk is the risk of financial loss or a tarnished reputation due to factors related to the environment and climate, human rights and labour, financial crime as well as IT and information security. Sustainability risks are an integrated part of the Bank's existing risk classes above and may arise in own operations and through the Bank's business, such as granting credit and investments.

cial markets. Handelsbanken thus aims for a business model which is not affected by fluctuations in the business cycle.

The Bank has set ambitious sustainability goals, refer to the section Handelsbanken's sustainability goals in Sustainability information. To achieve these goals, the Bank may need to alter products, positions and pricing. In the short term, these changes may potentially have both positive and negative financial effects on the Bank. However, in the longer term, the Bank believes that sustainable operations are a prerequisite for a profitable business model.

This restrictive approach to risk means that the Bank is a stable and long-term business partner for its customers, regardless of the economic climate and market situation. It contributes both to good risk management and to sustaining a high service level even when operations and the markets where the Bank operates are subject to strain. The same principles for the Bank's approach to risk apply in all countries where the Bank operates. For a more detailed description of how the Bank manages various risk classes, capital and liquidity, refer to the relevant sections of this note.

**RISK ORGANISATION**

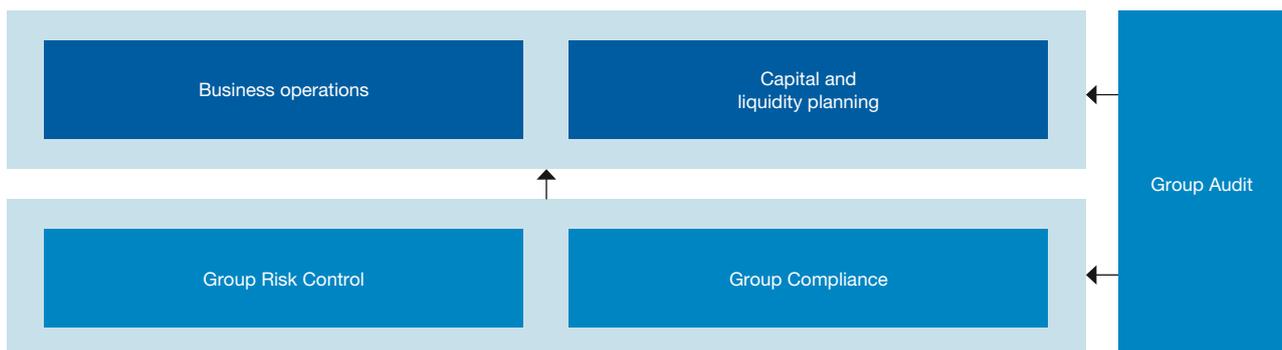
Handelsbanken applies the three lines of defence principle for the management, follow-up and control of the Bank's risks. The business operations and the units that support the business operations constitute the first line of defence, with responsibility for managing and restricting the risks facing the business in accordance with external and internal rules. The Group Risk Control and Group Compliance control functions comprise the second line of defence, and monitor and control the Group's risks, the work of the business operations, and compliance with applicable rules and regulations. The third line of defence is Group Audit, which examines all of the Bank's operations, including risk management, the work of the control functions and corporate governance. For a more detailed description of the Bank's three lines of defence for risk management, refer to Handelsbanken's Corporate Governance Report on pages 66–81.

Handelsbanken's Board has overall responsibility for the Bank's risk management and establishes internal rules for this. The Board establishes policies and the CEO establishes guidelines describing how various risks should be managed and reported. The Board has

established a Credit committee (composed of the CEO and the Chief Credit Officer, together with several Board members) to decide on certain credit cases, and a UK committee (composed of the Chairman of the Board, the CEO, CFO and an additional Board member) to facilitate follow-up of the operations in the UK.

The Board has also established a Risk committee, an Audit committee and a Remuneration committee, whose duties include preparing matters to be decided by the Board. The Risk committee also makes decisions such as on the significant parts of the Bank's risk rating and estimation processes linked to the IRB approach. The members of the Risk committee, Audit committee and Remuneration committee are comprised entirely of Board members. In addition, the CEO has established a Risk and Compliance committee for follow-up of risk management within several areas and for in-depth discussions regarding the Bank's overall risk situation prior to such matters being addressed by the Risk committee and the Board. For a more detailed description of the work of the committees and sub-committees, see Handelsbanken's Corporate Governance Report on pages 66–81. The Bank also has additional committees, such as the CRO's Risk

**Handelsbanken's risk management and risk control**



**G2 Cont.**

Forum and the CFO's Asset and Liability committee (ALCO) and associated liquidity, capital and valuation sub-committees.

**REPORTING AND MONITORING OF THE RISK AND CAPITAL SITUATION**

In 2023, the CRO reported the Group's risks (except for compliance risks) to the CEO, the Board's Risk committee and the Board at least quarterly. The reports have also been presented to the CEO's Risk and Compliance committee. The Group risk reports include the CRO's assessment of the Group's material risks and an assessment of whether there are significant deficiencies in the operation to report and address. Where applicable, the reports also include proposed actions and a follow-up of previously reported risks and deficiencies. The Group risk reports also include forward-looking risk assessments and must make possible an assessment of whether Handelsbanken is fulfilling the risk strategy and the risk tolerance decided by the Board. The Group risk reports are formulated in accordance with the Board's policy for risk control. In addition to the aforementioned Group risk reports, Group Risk Control and Group Credits report on both an ongoing and annual basis on the Bank's credit risk situation (including counterparty risks) and the IRB approach to the Bank's executive management, the CEO's Risk and Compliance committee, the Risk committee and the Board, as well as the boards of relevant subsidiaries. These reports include volume development and credits with heightened risk. The reports also include an evaluation of the internal risk rating processes, the Bank's IRB models and the results of validations of these IRB models.

The Risk Forum, chaired by the CRO, met on ten occasions in 2023. At its meetings, the Risk Forum performs an in-depth follow-up of the

Group's current risk situation, potential risks and actions for credit risks, financial risks and operational risks. Other types of risk are commented on where necessary. The indicators in the Group recovery plan are reported and any action is discussed as necessary. In addition, limit utilisation for financial risks is subject to follow-up for the Group as a whole.

Limit utilisation for market and liquidity risks is compiled and checked on a daily basis by Group Risk Control. Exceeded limits are immediately reported to the person who makes the decision about the limits. The liquidity risk is summarised by Group Risk Control and reported daily to the CFO and the CEO and to the Board at every regular Board meeting. The Liquidity committee, chaired by the Head of Group Treasury, meets before each regular Board meeting and on other occasions when necessary. In Liquidity committee meetings, reports are presented on the current liquidity situation, on the results of stress tests, scenario analyses, and other information which is relevant for the assessment of the Group's liquidity situation.

The Bank's capital situation is reported weekly to the CFO and the CEO and at least quarterly to the Board. In the event of a threshold being exceeded, or if the Head of Group Capital Management or the CFO deems it appropriate for some other reason, proposals for appropriate measures must be presented to the CEO. The capital situation in a medium- and long-term perspective is summarised quarterly by the Capital committee. Group Capital Management performs a complete update of the capital forecast on a quarterly basis, or when there are significant changes at the Bank.

The capital situation, utilisation of market risk limits and the liquidity situation are reported to the Board at least quarterly.

Operational risks and incidents which have occurred are reported continuously by branches

and units throughout the Group to Group Risk Control, where they are monitored. In turn, Group Risk Control reports operational risk and incidents which have occurred to the CEO, the Board's Risk committee and the Board. Risks in the remuneration system are evaluated on an annual basis and reported to the Board's Remuneration committee and Risk committee. Operational risk reporting includes information regarding significant events, major losses, important proactive measures and an aggregated risk assessment at Group level. In addition, Group Risk Control monitors that the actions which have been decided are implemented.

In 2023, the Chief Compliance Officer reported compliance risks at least quarterly to the CEO, the Board's Risk committee and the Board. These reports included compliance risks linked to financial crime, as well as data protection risks. The reports have also been presented to the CEO's Risk and Compliance committee.

## G2 Cont.

## THE BOARD'S RISK DECLARATION AND RISK STATEMENT

**The Board has decided on the following risk declaration and risk statement:****Risk declaration:**

Handelsbanken has satisfactory arrangements for risk management which are fit for purpose in relation to the Bank's business goal, the risk tolerance and risk strategy which the Board has decided for the operations and the Bank's overall risk profile.

**Risk statement:**

Handelsbanken's business goals is to have higher profitability than the average of peer competitors in our home markets. This goal is mainly to be achieved by having more satisfied customers and lower costs than its competitors. Handelsbanken is a bank with a strong local connection and a decentralised way of working.

The Bank's generally low risk tolerance means that its overall risk profile is to be low. The Group must also be well capitalised at all times in relation to the risks, fulfil all requirements imposed by the authorities, and hold liquid assets so that it can meet its payment obligations, including in situations of financial stress in the short and long term. The risk tolerance and the risk strategy support Handelsbanken's aim to have a business model that is independent of changes in the business cycle.

The Bank has, and will maintain, a low level of credit risk. The Bank's tolerance of credit risk is reflected in the expectation that the Bank will be able to have good capacity for granting credit without government support, even in a serious recession.

This is achieved by such measures as its strong local connection and close customer

relations. The quality of credits must never be neglected in favour of achieving higher volume or a higher margin. The Bank is selective when choosing customers with the requirement that borrowers have a good repayment capacity. As a consequence of this, the credit portfolio has a clear concentration on risk classes where the probability of loss is low. This consistent approach is reflected in the Bank's low credit losses over time. In 2023, credit losses were 0.01% (0.00) of loans to the public.

To ensure that the Bank is well capitalised in relation to the risks and has a good liquidity situation, the Board stipulates the Bank's risk tolerance for capitalisation and liquidity. When the risk tolerance for capitalisation is decided, the capital measure is set partly in relation to the statutory requirements and partly in relation to Handelsbanken's assessed capital requirement based on the Bank's model for economic capital (EC), which encompasses all of the Group's risks in one single metric. The risk tolerance for the Bank's liquidity risk is decided on the one hand through requirements that the Bank under stressed circumstances must have a sufficiently large liquidity reserve in the form of liquid assets and assets which can be pledged, and also liquidity-generating measures to be able to continue its operations during determined time periods, and on the other hand through requirements regarding the accumulated net amount of incoming and outgoing cash flows in different time intervals.

The Board has determined that the common equity tier 1 ratio must, under normal circumstances, be between 1 and 3 percentage

points above the total common equity tier 1 capital requirement communicated to the Bank by the Swedish Financial Supervisory Authority. With regard to the leverage ratio, this must exceed the total capital requirement communicated to the Bank by the Swedish Financial Supervisory Authority by at least 0.6 percentage points.

The Bank's assessment of the Swedish Financial Supervisory Authority's common equity tier 1 capital requirement at year-end 2023 was 14.8% (14.5), including the Swedish Financial Supervisory Authority's guidance of 0.5% within the framework of Pillar 2. Similarly, the Bank's assessment of the leverage ratio requirement was 3.5%, including the Swedish Financial Supervisory Authority's guidance of 0.5% within the framework of Pillar 2. The Board has also determined that the ratio between AFR (Available Financial Resources) and EC must exceed 120%.

At the end of 2023, the Bank's common equity tier 1 ratio was 18.8% (19.6) and the AFR/EC ratio was 366% (413). The Board has stipulated the goal that the Bank must have accumulated positive net cash flows over a period of at least one year, taking into account the liquidity reserve, and with the assumption that parts of the non-fixed-term deposits from households and companies disappear during the first month. With Handelsbanken's total liquidity reserve, including liquidity-generating measures, the liquidity requirement would be covered for over three years during such stressed conditions.

The Bank's risk profile is in accordance with the risk tolerance and risk strategy established by the Board.

## CREDIT RISK

Credit risk is defined as the risk of the Bank facing economic loss because the Bank's counterparties cannot fulfil their contractual obligations.

## CREDIT RISK STRATEGY

Handelsbanken's credit process is centralised and shared by the whole Group, although individual business decisions are made on a decentralised basis. The credit process is based on a conviction that a decentralised organisation with a local connection ensures high quality in credit decisions. The Bank is a relationship bank whose branches maintain regular contact with the customer. This gives the branch an in-depth knowledge of each indi-

vidual customer and a continually updated picture of the customer's financial situation.

Rather than being a mass market bank, Handelsbanken is selective in its choice of customers, which means it seeks customers with a high creditworthiness. The quality requirement is never neglected in favour of higher credit volumes or to achieve higher returns. The Bank also avoids participating in financing that involves complex customer constellations, complex and opaque transactions, or high ESG risks.

When Handelsbanken assesses the credit risk of a specific customer, the assessment must start with the borrower's repayment capacity. The assessment includes an analysis of the customer's financial position, as well as the risks to which the customer is exposed and which could affect the stability of the customer's financial position over time. Part of the risk analysis is the Bank's assessment of how the customer is affected by ESG risks, including climate-related risk – both physical risks and

transition risks. One of the first steps in analysing the repayment capacity is determining which sector the customer belongs to. We have to understand the challenges and the risks that are specific to the sector in question before we can analyse our individual customer. A weak repayment capacity can never be accepted on the grounds that good collateral has been offered to the Bank. Collateral may, however, substantially reduce the Bank's loss if the borrower cannot fulfil their obligations. Credits must therefore normally be adequately secured.

The branch's local connection and close relationships with its customers enable the branch to quickly identify any problems and take action. In many cases, this means that the Bank can take action more rapidly than would have been possible with a more centralised management of problem loans. The branch also has full financial responsibility for granting credits. Therefore, it addresses problems that arise when a customer has repayment difficulties and also bears any credit losses. If necessary, the local branch

G2 Cont.

obtains support from the local credit department and central departments. The Bank’s working methods make sure that all employees whose work involves transactions linked to credit risk acquire a solid and well-founded approach to this type of risk. This approach forms an important part of the Bank’s culture. The work method and approach described are important reasons for the Bank reporting very low credit losses over a long period.

**CREDIT ORGANISATION**

In Handelsbanken’s decentralised organisation, each branch responsible for customers has total credit responsibility. Customer and credit responsibility lies with the branch manager or with the employees at the local branch to whom the manager delegates this task.

In Handelsbanken’s decentralised organisation, the documentation that forms the basis for credit decisions is always prepared by the branch responsible for the credit, regardless of whether the final decision is to be made at the branch, at county or national level, in the Board’s Credit committee or by the Board. Credit decision documentation includes general and financial information regarding the borrower, and an assessment of their repayment capacity, loans and credit terms, as well as a valuation of collateral.

For national boards, the Board’s Credit committee and the Board, the credit decision refers to the total amount of the credit limit with possible headroom for unsecured credits. For borrowers whose total loans exceed SEK 5 million, the credit decision is made in the form of a credit limit. In the case of loans to private indi-

viduals against collateral in the residential property, a limit requirement comes into play for amounts exceeding SEK 12 million. For loans to housing co-operative associations against collateral in the residential property, a limit is required for amounts exceeding SEK 12 million.

Credit limits granted are usually valid for a period of one year. However, certain circumstances allow for credit limits for housing co-operative associations to apply for up to a maximum of three years. When extending a credit limit, the decision procedure required is the same as for a new credit limit.

Branch managers and most branch staff have personal decision limits allowing them to decide on credits to the customers they manage.

For decisions on larger credit limits, there are decision-making bodies at county and national level, as well as at the central level. Each additional level of decision adds credit expertise. Each decision level has the right to reject credit limits within their own decision level and also credit limits which would otherwise have been decided at a higher level. All persons throughout the decision-making process who are responsible for granting credits, regardless of level, must be in agreement in order to positively decide on a credit limit. If there is the slightest doubt among any of these persons, the credit application is rejected. The largest credits have been reviewed by Group Credits and decided by the Board or the Credit committee established by the Board. However, no credit application may be processed in the Bank without the recommendation of the branch manager who is responsible for the credit, with the exception of

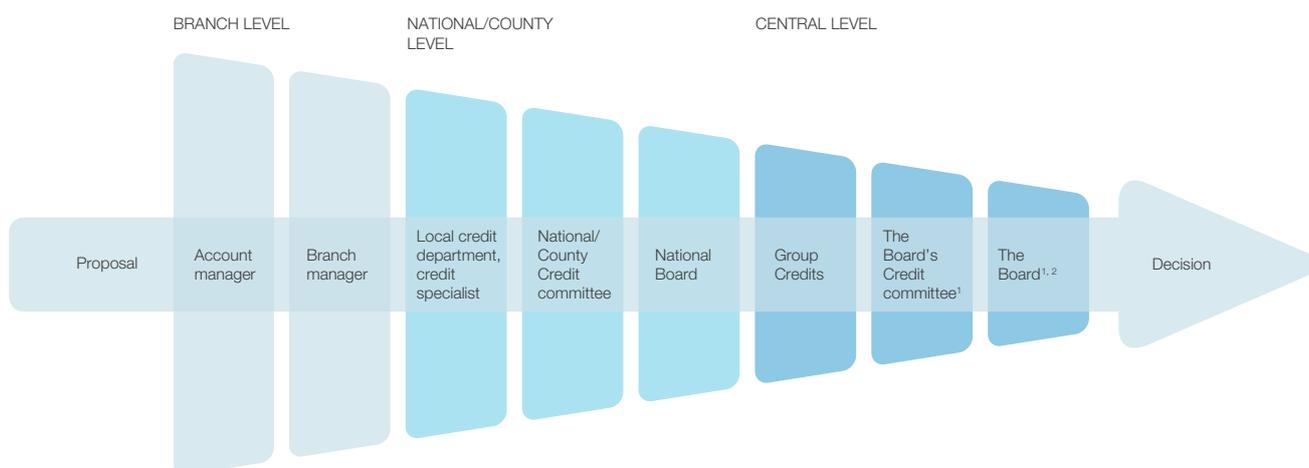
credit decisions made via automatic modelling. Automatic models used in such decisions require the approval of the Chief Executive Officer.

The decision procedure for credits and credit limits is illustrated below in the figure Credit process and decision levels at Handelsbanken. The figure also shows the percentage of credit limit decisions and amounts at the various decision levels.

In Handelsbanken’s decentralised organisation, where a large proportion of the credit and credit limit decisions are made by individual branches, a well-functioning review process is crucial for ensuring high-quality decision-making. The branch manager examines the quality of the staff’s decisions and the local credit departments examine the quality of decisions made by branch managers.

The purpose of the quality review is to ensure that the Bank’s credit policy and internal instructions are complied with, that credit quality is maintained, and that credit and credit limit decisions show that there is good credit judgement and a sound business approach. A corresponding quality review is also performed for credit limit decisions made at higher levels in the Bank. Credit limits granted by county or national Credit committees and national boards are examined by Group Credits, which also prepares and examines credit limits decided by the Board or the Credit committee established by the Board. Group Credits also ensures that credit assessments are consistent throughout the Group and that loans are granted in accordance with the credit policy decided by the Board.

Credit process and decision levels at Handelsbanken



Breakdown of limit decisions³



¹ For the subsidiary Handelsbanken plc, decisions are made by Handelsbanken plc Board Credit Committee and by Handelsbanken plc Board.  
 ² Decides only if the case is assessed to be of special or general interest and decides on credits to Board members and certain executive officers.  
 ³ Excluding sovereign and bank limits decided at central level.

## G2 Cont.

**Ecster**

The subsidiary, Ecster AB, offers payment solutions to selected vendors located throughout Sweden. The Bank decided to initiate the orderly discontinuation of Ecster in 2023. As part of the discontinuation process, the partnerships

with all sales companies were terminated in spring 2023 and thus the inflow of new business and credit applications decreased sharply and will be zero by 31 March 2024. The nature of this type of financing required that quick and correct credit decisions can be provided year-

round, all hours of the day, meaning that the majority of the decisions are made via automatic models. Decisions which cannot be processed using these models are made manually, whereby the employees involved abide by individually determined credit decision limits. Decisions on

Credit exposures, geographical breakdown 2023 SEK m	Sweden	UK	Norway	Finland	The Netherlands	Other countries	Total
<b>Balance sheet items</b>							
Cash and balances with central banks	67,895	113,645	4,776	10	128,696	161,159	476,181
Other loans to central banks	Note G15 3,464	1,131	1,687	25,863			32,145
Loans to other credit institutions	Note G16 17,467	766	208	3	335	519	19,297
Loans to the public	Note G17 1,639,614	230,671	313,265	144,563	97,110	8,993	2,434,217
Interest-bearing securities eligible as collateral with central banks	Note G18 199,128						199,128
Bonds and other interest-bearing securities	Note G18 50,087						50,087
Derivative instruments	Note G22 29,961					149	30,110
<b>Total</b>	<b>2,007,615</b>	<b>346,214</b>	<b>319,937</b>	<b>170,438</b>	<b>226,141</b>	<b>170,820</b>	<b>3,241,165</b>
<b>Off-balance sheet items</b>							
Contingent liabilities	Note G44 321,298	47,077	61,722	23,911	3,094	28,883	485,985
of which contingent liabilities	28,601	6,439	3,807	3,907	100	15,266	58,120
of which obligations	292,697	40,638	57,915	20,004	2,995	13,616	427,865
<b>Total</b>	<b>321,298</b>	<b>47,077</b>	<b>61,722</b>	<b>23,911</b>	<b>3,094</b>	<b>28,883</b>	<b>485,985</b>
<b>Total on- and off-balance sheet items</b>	<b>2,328,914</b>	<b>393,291</b>	<b>381,658</b>	<b>194,349</b>	<b>229,235</b>	<b>199,703</b>	<b>3,727,150</b>

The table above includes the disposal groups in Finland, which has been reclassified to Assets held for sale on the balance sheet, see note G14.

Credit exposures, geographical breakdown 2022 SEK m	Sweden	UK	Norway	Finland	The Netherlands	Other countries	Total
<b>Balance sheet items</b>							
Cash and balances with central banks	100,413	99,872	8,962	14	136,749	129,873	475,882
Other loans to central banks	Note G15 3,348	1,256		28,015			32,620
Loans to other credit institutions	Note G16 7,550	810	81	5	295	675	9,415
Loans to the public	Note G17 1,649,321	239,208	318,242	155,981	96,208	10,364	2,469,324
Interest-bearing securities eligible as collateral with central banks	Note G18 132,778						132,778
Bonds and other interest-bearing securities	Note G18 32,697					0	32,697
Derivative instruments	Note G22 36,112				50	99	36,261
<b>Total</b>	<b>1,962,219</b>	<b>341,145</b>	<b>327,285</b>	<b>184,015</b>	<b>233,302</b>	<b>141,011</b>	<b>3,188,977</b>
<b>Off-balance sheet items</b>							
Contingent liabilities	Note G44 338,750	48,511	66,178	34,619	2,694	29,337	520,089
of which contingent liabilities	29,091	6,104	4,727	4,780	97	16,176	60,975
of which obligations	309,659	42,407	61,451	29,839	2,596	13,160	459,114
<b>Total</b>	<b>338,750</b>	<b>48,511</b>	<b>66,178</b>	<b>34,619</b>	<b>2,694</b>	<b>29,337</b>	<b>520,089</b>
<b>Total on- and off-balance sheet items</b>	<b>2,300,969</b>	<b>389,656</b>	<b>393,463</b>	<b>218,634</b>	<b>235,996</b>	<b>170,348</b>	<b>3,709,066</b>

Geographical breakdown refers to the country in which the exposures are reported.

Loans to the public subject to impairment testing, geographical breakdown 2023 SEK m	Gross			Provisions			Net
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
Sweden	1,549,709	88,182	2,862	-143	-458	-538	1,639,614
UK	209,855	19,130	2,084	-162	-196	-40	230,671
Norway	300,653	12,348	527	-73	-96	-94	313,265
Finland	131,957	11,636	1,522	-44	-66	-442	144,563
The Netherlands	91,603	5,505	9	-3	-1	-3	97,110
Other countries	8,922	47	58	-1	0	-33	8,993
<b>Total</b>	<b>2,292,700</b>	<b>136,848</b>	<b>7,064</b>	<b>-426</b>	<b>-819</b>	<b>-1,150</b>	<b>2,434,217</b>

The table above includes the disposal groups in Finland, which has been reclassified to Assets held for sale on the balance sheet, see note G14.

Loans to the public subject to impairment testing, geographical breakdown 2022 SEK m	Gross			Provisions			Net
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
Sweden	1,592,592	55,507	2,341	-212	-362	-545	1,649,321
UK	222,246	16,063	1,210	-117	-144	-50	239,208
Norway	306,286	11,715	587	-71	-125	-150	318,242
Finland	147,996	7,093	1,502	-62	-77	-471	155,981
The Netherlands	95,390	825	12	-11	-4	-4	96,208
Other countries	10,203	146	64	-2	-10	-37	10,364
<b>Total</b>	<b>2,374,713</b>	<b>91,349</b>	<b>5,716</b>	<b>-475</b>	<b>-722</b>	<b>-1,257</b>	<b>2,469,324</b>

## G2 Cont.

larger credit limits are made by Ecster's Credit committee or by its Board. For proposals regarding larger commitments when the customer is an existing Handelsbanken customer, the decision is made by the customer's branch or the relevant unit at the Bank.

## CREDIT PORTFOLIO

The Bank's credit portfolio is presented in this section based on the categorisation of balance sheet items. The section Capital requirements for credit risks presents the credit portfolio based on CRR.

Based on the consolidated balance sheet, credits are categorised as loans to the public

or loans to credit institutions, while off-balance sheet items are broken down by product type. "Exposure" refers to the sum of on- and off-balance sheet items. Loans to the public is the dominant item. See table Credit exposures, geographical breakdown.

Handelsbanken strives to maintain its historically low level of credit losses compared to other banks, thus contributing to the Bank's profitability goal and retaining its sound financial position. Handelsbanken regularly evaluates the quality of the credit portfolio in order to identify and limit impairment requirements. In granting credits, the Bank never strives toward goals such as a predetermined volume or market

share in particular sectors, and is instead selective when choosing its customers, adopting the mindset that credit customers must be of high quality. The demands on quality must never be neglected in favour of achieving a high credit volume. This is clearly stated in the Bank's credit policy, endorsed each year by the Board.

Following the deterioration of the macro-economic conditions during the year, such as higher inflation, lower demand and in particular increased interest expenses, in-depth analyses of the impact on the credit portfolio were carried out during the year. These analyses do not indicate a significant immediate increase in credit risk, but do show a general rise in uncertainty,

Loans to the public subject to impairment testing, broken down by sector and industry 2023 SEK m	Gross			Provisions			Net
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
Private individuals	1,158,428	28,771	4,159	-143	-132	-589	1,190,494
of which mortgage loans	991,247	21,664	1,592	-38	-43	-44	1,014,378
of which other loans with property mortgages	139,030	5,631	1,310	-44	-40	-93	145,794
of which other loans, private individuals	28,151	1,476	1,257	-61	-49	-452	30,322
Housing co-operative associations	283,134	11,367	13	-4	-20	-9	294,481
of which mortgage loans	265,549	5,291	12	-1	-1	-8	270,842
Property management	648,688	81,834	1,984	-130	-249	-159	731,968
Manufacturing	19,210	4,150	72	-24	-105	-46	23,257
Retail	30,214	671	108	-13	-9	-62	30,909
Hotel and restaurant	4,333	1,803	101	-4	-9	-6	6,218
Passenger and goods transport by sea	1,289	1	0	0	0	0	1,290
Other transport and communication	11,985	178	18	-5	-2	-15	12,159
Construction	14,238	4,429	281	-56	-264	-93	18,535
Electricity, gas and water	15,941	33	7	-2	0	-3	15,976
Agriculture, hunting and forestry	20,390	1,507	81	-7	-8	-3	21,960
Other services	20,965	818	143	-11	-9	-85	21,821
Holding, investment, insurance companies, mutual funds, etc.	23,154	878	12	-6	-5	-3	24,030
Sovereigns and municipalities	12,278	64	0	0	0	0	12,342
of which the Swedish National Debt Office	6,748	0	0	0	0	0	6,748
Other corporate lending	28,453	344	85	-21	-7	-77	28,777
<b>Total</b>	<b>2,292,700</b>	<b>136,848</b>	<b>7,064</b>	<b>-426</b>	<b>-819</b>	<b>-1,150</b>	<b>2,434,217</b>

The table above includes the disposal groups in Finland, which has been reclassified to Assets held for sale on the balance sheet, see note G14.

Loans to the public subject to impairment testing, broken down by sector and industry 2022 SEK m	Gross			Provisions			Net
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
Private individuals	1,163,864	42,542	3,078	-161	-133	-568	1,208,622
of which mortgage loans	983,183	33,865	1,162	-35	-32	-38	1,018,105
of which other loans with property mortgages	144,073	6,931	912	-38	-44	-90	151,744
of which other loans, private individuals	36,608	1,746	1,004	-88	-57	-440	38,773
Housing co-operative associations	287,299	1,933	38	-9	-2	-8	289,251
of which mortgage loans	262,117	955	11	-5	0	-6	263,072
Property management	705,567	27,035	1,434	-109	-105	-124	733,698
Manufacturing	34,186	2,807	49	-30	-116	-26	36,870
Retail	39,858	649	104	-13	-10	-56	40,532
Hotel and restaurant	4,296	1,978	19	-5	-30	-7	6,251
Passenger and goods transport by sea	2,581	11	221	-2	-2	-77	2,732
Other transport and communication	8,599	1,088	36	-17	-36	-33	9,637
Construction	17,219	3,549	119	-65	-175	-72	20,575
Electricity, gas and water	15,331	968	4	-5	-2	-3	16,293
Agriculture, hunting and forestry	19,997	2,223	40	-25	-75	-14	22,146
Other services	21,030	577	180	-14	-7	-139	21,627
Holding, investment, insurance companies, mutual funds, etc.	32,820	5,748	34	-9	-14	-24	38,555
Sovereigns and municipalities	4,520	84	0	0	-1	0	4,603
of which the Swedish National Debt Office	1,566	0	0	0	0	0	1,566
Other corporate lending	17,546	157	360	-11	-14	-106	17,932
<b>Total</b>	<b>2,374,713</b>	<b>91,349</b>	<b>5,716</b>	<b>-475</b>	<b>-722</b>	<b>-1,257</b>	<b>2,469,324</b>

## G2 Cont.

which is reflected in the model-based provisions in Stage 1 and Stage 2.

Based on various climate scenarios, the Bank has analysed physical climate-related risks in the credit portfolio's real estate exposures in Sweden. The impact indicated by the analysis was very limited.

An initial assessment was also made of how the introduction of energy efficiency requirements for properties could impact property companies in the Bank's credit portfolio in Sweden. The average loan-to-value (LTV) ratio for the property companies' total borrowing is expected to increase by a few percentage points over time

and remain at a satisfactory level, given that property values do not change.

**Collateral**

The Bank's credit policy states that credits must normally have satisfactory collateral. A weak repayment capacity can never be accepted on

Loans to the public subject to impairment testing, geographical breakdown by sector 2023							
SEK m	Sweden	UK	Norway	Finland	The Netherlands	Other countries	Total
Private individuals	928,455	67,678	119,527	39,633	29,800	5,401	1,190,494
<i>of which mortgage loans</i>	905,229		92,266	16,883			1,014,378
<i>of which other loans with property mortgages</i>	3,548	64,882	25,603	17,145	29,555	5,061	145,794
<i>of which other loans, private individuals</i>	19,678	2,796	1,658	5,605	245	340	30,322
Housing co-operative associations	220,222		28,339	45,920			294,481
<i>of which mortgage loans</i>	211,610		27,672	31,560			270,842
Property management	330,257	144,438	139,703	50,114	66,462	994	731,968
Manufacturing	16,511	1,457	2,634	1,036	1	1,618	23,257
Retail	23,205	2,213	4,397	335	2	757	30,909
Hotel and restaurant	2,310	3,482	349	17	60		6,218
Passenger and goods transport by sea	1,162	13	4	111			1,290
Other transport and communication	9,497	428	1,215	557	461	1	12,159
Construction	7,226	1,812	9,054	431	7	5	18,535
Electricity, gas and water	9,946	303	3,619	1,997	111		15,976
Agriculture, hunting and forestry	20,049	1,511	240	156		4	21,960
Other services	14,229	4,231	2,527	807	22	5	21,821
Holding, investment, insurance companies, mutual funds etc.	19,857	2,946	506	623	96	2	24,030
Sovereigns and municipalities	10,238		222	1,882			12,342
<i>of which the Swedish National Debt Office</i>	6,748						6,748
Other corporate lending	26,451	159	929	944	88	206	28,777
<b>Net loans to the public</b>	<b>1,639,614</b>	<b>230,671</b>	<b>313,265</b>	<b>144,563</b>	<b>97,110</b>	<b>8,993</b>	<b>2,434,217</b>
<i>of which total provisions for expected credit losses (Stage 1–3)</i>	-1,139	-399	-264	-552	-7	-35	-2,395
<b>Total loans to the public</b>	<b>1,640,753</b>	<b>231,070</b>	<b>313,529</b>	<b>145,115</b>	<b>97,117</b>	<b>9,028</b>	<b>2,436,612</b>

The table above includes the disposal groups in Finland, which has been reclassified to Assets held for sale on the balance sheet, see note G14.

Loans to the public subject to impairment testing, geographical breakdown by sector 2022							
SEK m	Sweden	UK	Norway	Finland	The Netherlands	Other countries	Total
Private individuals	937,527	72,598	119,177	44,116	28,567	6,637	1,208,622
<i>of which mortgage loans</i>	906,953		92,486	18,666			1,018,105
<i>of which other loans with property mortgages</i>	4,955	68,733	24,711	18,885	28,224	6,236	151,744
<i>of which other loans, private individuals</i>	25,619	3,865	1,980	6,565	343	401	38,773
Housing co-operative associations	213,411		28,818	47,022			289,251
<i>of which mortgage loans</i>	204,791		27,855	30,426			263,072
Property management	323,824	147,982	142,876	51,322	66,665	1,029	733,698
Manufacturing	27,147	1,560	2,896	3,219	3	2,045	36,870
Retail	32,960	2,730	4,033	427	8	374	40,532
Hotel and restaurant	2,331	3,566	320	29	5		6,251
Passenger and goods transport by sea	2,305	7	152	268			2,732
Other transport and communication	6,035	439	1,941	672	549	1	9,637
Construction	8,346	1,955	9,588	650	31	5	20,575
Electricity, gas and water	9,407	310	2,945	3,520	111		16,293
Agriculture, hunting and forestry	20,303	1,394	274	158		17	22,146
Other services	13,737	4,193	2,795	795	64	43	21,627
Holding, investment, insurance companies, mutual funds etc.	34,799	2,350	605	644	153	4	38,555
Sovereigns and municipalities	1,249		295	3,010		49	4,603
<i>of which the Swedish National Debt Office</i>	1,566						1,566
Other corporate lending	15,940	124	1,527	129	52	160	17,932
<b>Net loans to the public</b>	<b>1,649,321</b>	<b>239,208</b>	<b>318,242</b>	<b>155,981</b>	<b>96,208</b>	<b>10,364</b>	<b>2,469,324</b>
<i>of which total provisions for expected credit losses (Stage 1–3)</i>	-1,119	-311	-347	-609	-19	-49	-2,454
<b>Total loans to the public</b>	<b>1,650,440</b>	<b>239,519</b>	<b>318,589</b>	<b>155,590</b>	<b>96,227</b>	<b>10,413</b>	<b>2,471,778</b>

## G2 Cont.

the grounds that good collateral has been offered to the Bank. Collateral may, however, substantially reduce the Bank's loss if the borrower cannot fulfil their obligations.

The Bank's measures to limit its credit risk include the acceptance of collateral from customers. The primary means of reducing credit risk in the Bank are the pledging of immovable property, such as residential properties and other real estate, floating charges on assets, guarantees (including guarantor commitments) and the use of netting agreements (see the section on Counterparty risks for more information).

The basic principle applied in property finance is that credits must be covered by collateral in the form of properties. For exposures with properties as collateral, an LTV ratio is calculated by dividing the credit exposure by the

market value of the collateral. The Bank follows internal recommendations and external regulations which limit the maximum amount of a loan for which the collateral is property. The value of collateral is reviewed on an annual basis, and is based on the estimated market value. If the market value is deemed to have declined and the value of the collateral has therefore diminished, reviews are carried out more often. Since collateral is not generally utilised until a borrower faces serious repayment difficulties, the valuation of collateral focuses on the expected value in the case of a sale in unfavourable circumstances in connection with insolvency.

For unsecured long-term credit commitments to companies, the Bank often enters into an agreement with the customer on special credit terms which allow the Bank to renegotiate or

terminate the loan in the case of unfavourable performance.

In special circumstances, the Bank may buy credit derivatives or financial guarantees to hedge the credit risk in claims, but this is not part of the Bank's normal lending process.

A minor part of loans to credit institutions consists of reverse repos. A reverse repo is a repurchase transaction in which the Bank buys interest-bearing securities or equities with a special agreement that the security will be resold to the seller at a specific price on a specific date. Handelsbanken regards reverse repos as secured lending.

Only collateral used in the calculation of the capital requirement for credit risk is specified in the tables below.

Credit exposures, breakdown by type of collateral 2023		Residential property <sup>1</sup>	Other property	Sovereigns, municipalities and county councils <sup>2</sup>	Guarantees as for own debt <sup>3</sup>	Financial collateral	Collateral in assets	Other collateral	Unsecured	Total
SEK m										
<b>Balance sheet items</b>										
Cash and balances with central banks				476,181						476,181
Other loans to central banks	Note G15			32,145						32,145
Loans to other credit institutions	Note G16								19,297	19,297
Loans to the public	Note G17	1,802,548	381,314	83,954	12,275	13,072	18,300	7,181	115,573	2,434,217
Interest-bearing securities eligible as collateral with central banks	Note G18			197,348	543				1,237	199,128
Bonds and other interest-bearing securities	Note G18			3,838	239				46,010	50,087
Derivative instruments	Note G22			442		43			29,625	30,110
<b>Total</b>		<b>1,802,548</b>	<b>381,314</b>	<b>793,908</b>	<b>13,057</b>	<b>13,115</b>	<b>18,300</b>	<b>7,181</b>	<b>211,742</b>	<b>3,241,165</b>
<b>Off-balance sheet items</b>										
Contingent liabilities	Note G44	71,689	57,200	27,281	3,325	12,720	376	7,504	305,890	485,985
of which contingent liabilities		525	1,061	2,239	228	918		795	52,354	58,120
of which obligations		71,164	56,139	25,042	3,097	11,802	376	6,709	253,536	427,865
<b>Total</b>		<b>71,689</b>	<b>57,200</b>	<b>27,281</b>	<b>3,325</b>	<b>12,720</b>	<b>376</b>	<b>7,504</b>	<b>305,890</b>	<b>485,985</b>
<b>Total on- and off-balance sheet items</b>		<b>1,874,237</b>	<b>438,514</b>	<b>821,189</b>	<b>16,382</b>	<b>25,835</b>	<b>18,676</b>	<b>14,685</b>	<b>517,632</b>	<b>3,727,150</b>

The table above includes the disposal groups in Finland, which has been reclassified to Assets held for sale on the balance sheet, see note G14.

Credit exposures, breakdown by type of collateral 2022		Residential property <sup>1</sup>	Other property	Sovereigns, municipalities and county councils <sup>2</sup>	Guarantees as for own debt <sup>3</sup>	Financial collateral	Collateral in assets	Other collateral	Unsecured	Total
SEK m										
<b>Balance sheet items</b>										
Cash and balances with central banks				475,882						475,882
Other loans to central banks	Note G15			32,620						32,620
Loans to other credit institutions	Note G16								9,415	9,415
Loans to the public	Note G17	1,811,762	381,614	48,207	12,536	14,056	21,446	9,787	169,916	2,469,324
Interest-bearing securities eligible as collateral with central banks	Note G18			130,416					2,362	132,778
Bonds and other interest-bearing securities	Note G18			6,461	815				30,032	32,697
Derivative instruments	Note G22	189	354	3,361	223	86			32,048	36,261
<b>Total</b>		<b>1,811,951</b>	<b>381,968</b>	<b>696,947</b>	<b>13,574</b>	<b>14,142</b>	<b>21,446</b>	<b>9,787</b>	<b>243,773</b>	<b>3,188,977</b>
<b>Off-balance sheet items</b>										
Contingent liabilities	Note G44	77,835	55,377	28,756	4,998	11,805	733	8,464	332,121	520,089
of which contingent liabilities		743	1,223	2,148	1,357	935		866	53,703	60,975
of which obligations		77,092	54,154	26,608	3,641	10,870	733	7,598	278,418	459,114
<b>Total</b>		<b>77,835</b>	<b>55,377</b>	<b>28,756</b>	<b>4,998</b>	<b>11,805</b>	<b>733</b>	<b>8,464</b>	<b>332,121</b>	<b>520,089</b>
<b>Total on- and off-balance sheet items</b>		<b>1,889,786</b>	<b>437,345</b>	<b>725,703</b>	<b>18,572</b>	<b>25,947</b>	<b>22,179</b>	<b>18,251</b>	<b>575,894</b>	<b>3,709,066</b>

<sup>1</sup> Including housing co-operative apartments.

<sup>2</sup> Refers to direct exposures to sovereigns and municipalities and government guarantees.

<sup>3</sup> Does not include government guarantees.

## G2 Cont.

On- and off-balance sheet items subject to impairment testing, breakdown by type of collateral 2023 SEK.m	Gross			Provisions		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
<b>Balance sheet items</b>						
<b>Cash and balances with central banks</b>	<b>476,162</b>					
Sovereigns, municipalities and county councils <sup>1</sup>	476,162					
<b>Other loans to central banks</b> <i>Note G15</i>	<b>32,145</b>					
Sovereigns, municipalities and county councils <sup>1</sup>	32,145					
<b>Loans to other credit institutions</b> <i>Note G16</i>	<b>19,289</b>	<b>11</b>		<b>-1</b>	<b>-1</b>	
Sovereigns, municipalities and county councils <sup>1</sup>						
Guarantees as for own debt <sup>2</sup>						
Unsecured	19,289	11		-1	-1	
<b>Loans to the public</b> <i>Note G17</i>	<b>2,292,700</b>	<b>136,848</b>	<b>7,064</b>	<b>-426</b>	<b>-819</b>	<b>-1,150</b>
Residential property <sup>3</sup>	1,711,455	87,744	4,001	-155	-313	-184
Other property	349,131	31,606	994	-109	-174	-134
Sovereigns, municipalities and county councils <sup>1</sup>	78,564	5,040	365	-2	-13	0
Guarantees as for own debt <sup>2</sup>	8,979	3,330	2	-5	-31	0
Financial collateral	12,252	829	2	-6	-5	0
Collateral in assets	17,165	1,158	64	-27	-43	-17
Other collateral	6,322	868	302	-15	-65	-231
Unsecured	108,832	6,273	1,334	-107	-175	-584
<b>Interest-bearing securities eligible as collateral with central banks</b> <i>Note G18</i>						
<b>Bonds and other interest-bearing securities</b> <i>Note G18</i>	<b>12,709</b>			<b>-2</b>		
<b>Total</b>	<b>2,833,004</b>	<b>136,859</b>	<b>7,064</b>	<b>-429</b>	<b>-820</b>	<b>-1,150</b>
<b>Off-balance sheet items</b>						
<b>Contingent liabilities</b> <i>Note G44</i>	<b>284,693</b>	<b>11,262</b>	<b>164</b>	<b>-94</b>	<b>-203</b>	<b>-42</b>
<i>of which contingent liabilities</i>	<i>56,464</i>	<i>1,596</i>	<i>60</i>	<i>-11</i>	<i>-40</i>	<i>-22</i>
Residential property <sup>3</sup>	439	78	8	0	-3	-4
Other property	998	62	1	0	-1	0
Sovereigns, municipalities and county councils <sup>1</sup>	2,168	70	1	0	-1	0
Guarantees as for own debt <sup>2</sup>	147	80		0	-1	
Financial collateral	802	113	3	0	-1	0
Collateral in assets						
Other collateral	699	88	7	0	-3	0
Unsecured	51,211	1,105	40	-11	-30	-18
<i>of which obligations</i>	<i>228,229</i>	<i>9,666</i>	<i>104</i>	<i>-83</i>	<i>-163</i>	<i>-20</i>
Residential property <sup>3</sup>	69,911	1,207	46	-11	-6	-18
Other property	54,519	1,613	8	-7	-12	0
Sovereigns, municipalities and county councils <sup>1</sup>	24,955	86		0	0	
Guarantees as for own debt	2,296	800		-1	-6	
Financial collateral	11,612	186	3	0	-1	0
Collateral in assets	353	21	2	0	-1	0
Other collateral	5,860	841	8	-8	-49	-1
Unsecured	58,723	4,912	37	-56	-88	-1
<b>Total</b>	<b>284,693</b>	<b>11,262</b>	<b>164</b>	<b>-94</b>	<b>-203</b>	<b>-42</b>
<b>Total on- and off-balance sheet items</b>	<b>3,117,697</b>	<b>148,121</b>	<b>7,228</b>	<b>-523</b>	<b>-1,023</b>	<b>-1,192</b>

<sup>1</sup> Refers to direct exposures to sovereigns and municipalities and government guarantees.

<sup>2</sup> Does not include government guarantees.

<sup>3</sup> Including housing co-operative apartments.

The table above includes the disposal groups in Finland, which has been reclassified to Assets held for sale on the balance sheet, see note G14.

## G2 Cont.

On- and off-balance sheet items subject to impairment testing, breakdown by type of collateral 2022 SEK m	Gross			Provisions		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
<b>Balance sheet items</b>						
<b>Cash and balances with central banks</b>	<b>475,853</b>			<b>0</b>		
Sovereigns, municipalities and county councils <sup>1</sup>	475,853			0		
<b>Other loans to central banks</b> <i>Note G15</i>	<b>32,620</b>			<b>0</b>		
Sovereigns, municipalities and county councils <sup>1</sup>	32,620			0		
<b>Loans to other credit institutions</b> <i>Note G16</i>	<b>9,418</b>	<b>1</b>		<b>-2</b>	<b>-1</b>	
Sovereigns, municipalities and county councils <sup>1</sup>						
Guarantees as for own debt <sup>2</sup>						
Unsecured	9,418	1		-2	-1	
<b>Loans to the public</b> <i>Note G17</i>	<b>2,374,713</b>	<b>91,349</b>	<b>5,716</b>	<b>-475</b>	<b>-722</b>	<b>-1,257</b>
Residential property <sup>3</sup>	1,754,173	55,422	2,708	-153	-188	-200
Other property	360,572	20,728	769	-113	-208	-134
Sovereigns, municipalities and county councils <sup>1</sup>	45,921	1,936	360	-4	-6	
Guarantees as for own debt <sup>2</sup>	12,311	243	1	-3	-16	
Financial collateral	13,804	258	1	-4	-3	
Collateral in assets	19,719	1,836	45	-45	-94	-15
Other collateral	8,937	875	310	-22	-82	-231
Unsecured	159,276	10,051	1,522	-131	-125	-677
<b>Interest-bearing securities eligible as collateral with central banks</b> <i>Note G18</i>	<b>200</b>			<b>0</b>		
<b>Bonds and other interest-bearing securities</b> <i>Note G18</i>	<b>9,882</b>			<b>-2</b>		
<b>Total</b>	<b>2,902,686</b>	<b>91,350</b>	<b>5,716</b>	<b>-480</b>	<b>-723</b>	<b>-1,257</b>
<b>Off-balance sheet items</b>						
<b>Contingent liabilities</b> <i>Note G44</i>	<b>314,586</b>	<b>12,533</b>	<b>274</b>	<b>-103</b>	<b>-169</b>	<b>-82</b>
<i>of which contingent liabilities</i>	<i>58,973</i>	<i>1,935</i>	<i>67</i>	<i>-6</i>	<i>-11</i>	<i>-19</i>
Residential property <sup>3</sup>	695	43	5	0	0	-1
Other property	970	252		0	-3	
Sovereigns, municipalities and county councils <sup>1</sup>	2,096	47	5	0	0	0
Guarantees as for own debt <sup>2</sup>	1,030	326		0	-1	
Financial collateral	840	91	3	0	-1	0
Collateral in assets						
Other collateral	711	139	17	-1	-2	-5
Unsecured	52,631	1,037	37	-5	-4	-13
<i>of which obligations</i>	<i>255,613</i>	<i>10,598</i>	<i>207</i>	<i>-97</i>	<i>-158</i>	<i>-63</i>
Residential property <sup>3</sup>	74,461	2,597	34	-21	-12	-20
Other property	53,086	1,064	4	-10	-18	0
Sovereigns, municipalities and county councils <sup>1</sup>	26,591	16		0	-1	
Guarantees as for own debt <sup>2</sup>	3,538	103		-1	-4	
Financial collateral	10,842	28		0	0	
Collateral in assets	710	22		-2	-3	
Other collateral	6,719	863	16	-10	-48	-2
Unsecured	79,666	5,905	153	-53	-72	-41
<b>Total</b>	<b>314,586</b>	<b>12,533</b>	<b>274</b>	<b>-103</b>	<b>-169</b>	<b>-82</b>
<b>Total on- and off-balance sheet items</b>	<b>3,217,272</b>	<b>103,883</b>	<b>5,990</b>	<b>-583</b>	<b>-892</b>	<b>-1,339</b>

<sup>1</sup> Refers to direct exposures to sovereigns and municipalities and government guarantees.

<sup>2</sup> Does not include government guarantees.

<sup>3</sup> Including housing co-operative apartments.

## G2 Cont.

**Credit risk concentrations**

Handelsbanken's branches focus strongly on establishing long-term relationships with customers of sound creditworthiness. If a branch identifies a good customer, it should be able to do business with this customer, irrespective of whether the Bank as a whole has a major exposure to the business sector that the customer represents. As a consequence, the Bank has relatively large concentrations in some individual sectors. However, the Bank monitors the performance and quality of the credit portfolio and calculates concentrations for various business sectors and geographic areas. The Bank also measures and monitors exposures to major individual counterparties. Special limits are applied to restrict the maximum credit exposure to individual counterparties, to augment the credit risk assessment. If the credit

portfolio has a concentration in a particular sector or counterparty that can be assumed to increase risk, this concentration is monitored. Concentration risks are identified in the Bank's calculation of economic capital for credit risks and in the stress tests conducted in the internal capital adequacy assessment and as a part of the follow-up of the Bank's risk tolerance. The Swedish Financial Supervisory Authority also calculates a separate capital adequacy requirement under Pillar 2 for concentration risks in the credit portfolio. This ensures that Handelsbanken has sufficient capital, also taking into account concentration risks. If the concentration risks are judged to be excessive, the Bank has the opportunity and capacity to apply various risk mitigation measures.

In addition to mortgage loans and lending to housing co-operative associations, Handels-

banken has significant lending to property management of SEK 732 billion (734). Here, "property management" refers to all companies classified as "property companies" for risk assessment purposes. It is common for groups operating in other industries to have subsidiaries managing the properties in which the group conducts business, and such property companies are also considered here to belong to property management. However, the underlying credit risk in such cases is not solely property-related, because the counterparty's repayment capacity is determined by business operations other than property management. Also, private individuals with substantial property holdings are classified as property companies for risk-assessment purposes.

A very large part of property lending consists of property mortgages with low LTVs, which

Loans to the public subject to impairment testing, Property management 2023 SEK m	Gross			Provisions			Net
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
<b>Loans in Sweden</b>							
State-owned property companies	11,306			0			11,306
Municipally owned property companies	7,311	515		0	0		7,826
Residential property companies	129,563	30,200	64	-7	-68	-13	159,739
<i>of which mortgage loans</i>	121,606	28,574	56	-6	-64	-7	150,159
Other property management	131,093	20,222	164	-11	-30	-52	151,386
<i>of which mortgage loans</i>	72,794	10,836	63	-3	-17	-21	83,652
<b>Total</b>	<b>279,273</b>	<b>50,937</b>	<b>228</b>	<b>-18</b>	<b>-98</b>	<b>-65</b>	<b>330,257</b>
<b>Loans outside Sweden</b>							
UK	129,672	13,876	1,132	-87	-129	-26	144,438
Norway	133,310	6,364	91	-22	-12	-28	139,703
Finland	44,389	5,249	522	-2	-9	-35	50,114
The Netherlands	61,056	5,408		-1	-1		66,462
Other countries	988		11	0		-5	994
<b>Total</b>	<b>369,415</b>	<b>30,897</b>	<b>1,756</b>	<b>-112</b>	<b>-151</b>	<b>-94</b>	<b>401,711</b>
<b>Total property management within loans to the public</b>	<b>648,688</b>	<b>81,834</b>	<b>1,984</b>	<b>-130</b>	<b>-249</b>	<b>-159</b>	<b>731,968</b>

The table above includes the disposal groups in Finland, which has been reclassified to Assets held for sale on the balance sheet, see note G14.

Loans to the public subject to impairment testing, Property management 2022 SEK m	Gross			Provisions			Net
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
<b>Loans in Sweden</b>							
State-owned property companies	11,198			0			11,198
Municipally owned property companies	8,212			0			8,212
Residential property companies	148,992	3,851	22	-6	-5	-8	152,846
<i>of which mortgage loans</i>	137,576	3,661	18	-5	-5	-4	141,241
Other property management	145,098	6,376	171	-15	-15	-47	151,568
<i>of which mortgage loans</i>	77,194	1,656	32	-3	-4	0	78,875
<b>Total</b>	<b>313,500</b>	<b>10,227</b>	<b>193</b>	<b>-21</b>	<b>-20</b>	<b>-55</b>	<b>323,824</b>
<b>Loans outside Sweden</b>							
UK	138,506	8,972	647	-51	-60	-32	147,982
Norway	138,171	4,684	62	-22	-10	-9	142,876
Finland	48,458	2,383	521	-5	-12	-23	51,322
The Netherlands	65,913	765		-10	-3		66,665
Other countries	1,019	4	11	0	0	-5	1,029
<b>Total</b>	<b>392,067</b>	<b>16,808</b>	<b>1,241</b>	<b>-88</b>	<b>-85</b>	<b>-69</b>	<b>409,874</b>
<b>Total property management within loans to the public</b>	<b>705,567</b>	<b>27,035</b>	<b>1,434</b>	<b>-109</b>	<b>-105</b>	<b>-124</b>	<b>733,698</b>

## G2 Cont.

reduces the Bank's credit loss risk. In addition, a large proportion of property lending is to government-owned property companies, municipal housing companies and other housing-related operations where the borrowers consistently have strong, stable cash flows and thus very high creditworthiness. Thus a large part of lending to the property sector is to companies with a very low probability of encountering financial difficulties. The Bank's exposure to the property sector is specified in the tables below.

The proportion of exposures to property counterparties (property companies and housing

co-operative associations) with a lower rating than the Bank's risk class 5 (normal risk) is low. 93.8% (98.2) of total property lending in Sweden is in risk class 5 or better. The equivalent figure for property lending in Norway is 97.9% (99.6) and in Finland is 97.3% (97.8). The capital requirement for the UK and the Netherlands is calculated using the standardised approach with prescribed risk weights – meaning that the risk classes are irrelevant to the calculation of the capital requirement. For counterparties in lower risk classes than normal, the majority are in risk classes 6 and 7 with only low volumes in

the higher risk classes 8 and 9. For information about Handelsbanken's risk ratings, see the section Calculation of capital requirements for credit risks in note G2.

Handelsbanken's lending to property companies declined over the past year. In local currencies, the portfolio in Sweden has grown, while the portfolios in the UK, Norway, Finland and the Netherlands have shrunk. Handelsbanken applies the same strict requirements on repayment capacity, LTVs and collateral quality in all markets.

Loans to the public, Property management, type of collateral and country (gross)	2023					2022				
	Loans	Sovereigns and municipalities <sup>1</sup>	Residential property	Commercial property and other collateral	Unsecured	Loans	Sovereigns and municipalities <sup>1</sup>	Residential property	Commercial property and other collateral	Unsecured
SEK m										
Sweden	330,438	19,667	182,787	118,746	9,238	323,920	20,052	175,283	116,708	11,877
UK	144,680	6	80,478	63,178	1,018	148,125	9	84,065	63,567	484
Norway	139,765	24	19,345	111,245	9,151	142,917	25	26,365	107,793	8,734
Finland	50,160	30,360	7,598	11,683	519	51,362	30,041	7,225	13,830	266
The Netherlands	66,464		47,829	18,594	41	66,678		44,914	21,544	220
Other countries	999		431	557	11	1,034		562	459	13
<b>Total</b>	<b>732,506</b>	<b>50,057</b>	<b>338,468</b>	<b>324,003</b>	<b>19,978</b>	<b>734,036</b>	<b>50,127</b>	<b>338,414</b>	<b>323,901</b>	<b>21,594</b>

<sup>1</sup> Companies owned by sovereigns and municipalities/property lending guaranteed by sovereigns and municipalities.

The table above includes the disposal groups in Finland, which has been reclassified to Assets held for sale on the balance sheet, see note G14.

Loans to the public, Property management, risk class and country 2023								
SEK m								
Risk class	Sweden	UK	Norway	Finland	The Netherlands	Other countries	Total	%
1	10,967		637	11,895			23,499	3.21
2	71,060		16,990	5,590			93,640	12.78
3	108,232		71,103	14,488			193,823	26.46
4	78,149		39,482	11,985			129,616	17.69
5	41,524		8,554	4,760			54,838	7.49
6	16,619		2,571	510			19,700	2.69
7	3,137		299	176			3,612	0.49
8	129		2	145			276	0.04
9	390		9	20			419	0.06
Defaults	228		91	522			841	0.11
Standardised approach <sup>1</sup>	3	144,680	27	69	66,464	999	212,242	28.97
<b>Total</b>	<b>330,438</b>	<b>144,680</b>	<b>139,765</b>	<b>50,160</b>	<b>66,464</b>	<b>999</b>	<b>732,506</b>	<b>100</b>

The table above includes the disposal groups in Finland, which has been reclassified to Assets held for sale on the balance sheet, see note G14.

Loans to the public, Property management, risk class and country 2022								
SEK m								
Risk class	Sweden	UK	Norway	Finland	The Netherlands	Other countries	Total	%
1	17,831		807	13,062			31,700	4.32
2	94,409		35,509	5,837			135,755	18.49
3	136,834		62,647	18,846			218,327	29.74
4	47,862		31,834	8,151			87,847	11.97
5	20,273		11,503	4,245			36,021	4.91
6	4,972		216	465			5,653	0.77
7	315		279	113			707	0.10
8	131			41			172	0.02
9	73		32	6			111	0.02
Defaults	194		62	521			777	0.11
Standardised approach <sup>1</sup>	1,026	148,125	28	75	66,678	1,034	216,966	29.56
<b>Total</b>	<b>323,920</b>	<b>148,125</b>	<b>142,917</b>	<b>51,362</b>	<b>66,678</b>	<b>1,034</b>	<b>734,036</b>	<b>100</b>

<sup>1</sup> The standardised approach uses predetermined risk weights, for which reason risk classes are not relevant.

## G2 Cont.

Loans to the public, Property management, risk class and collateral 2023 SEK m						
Risk class	Loans			Collateral		
		Residential property	Commercial property	Sovereigns and municipalities <sup>1</sup>	Other collateral	Unsecured
1	23,499	6,349	4,293	11,704	369	784
2	93,640	43,522	29,089	18,782	140	2,107
3	193,823	68,451	107,695	8,984	464	8,229
4	129,616	49,143	67,137	7,120	811	5,405
5	54,838	27,943	21,952	2,577	662	1,704
6	19,700	11,414	7,424	376	13	473
7	3,612	2,230	1,257	54	8	63
8	276	87	68	118		3
9	419	350	51		5	13
Defaults	841	228	240	336	3	34
Standardised approach <sup>1</sup>	212,242	128,751	81,861	6	461	1,163
<b>Total</b>	<b>732,506</b>	<b>338,468</b>	<b>321,067</b>	<b>50,057</b>	<b>2,936</b>	<b>19,978</b>

The table above includes the disposal groups in Finland, which has been reclassified to Assets held for sale on the balance sheet, see note G14.

Loans to the public, Property management, risk class and collateral 2022 SEK m						
Risk class	Loans			Collateral		
		Residential property	Commercial property	Sovereigns and municipalities <sup>1</sup>	Other collateral	Unsecured
1	31,700	8,322	4,811	16,698	1,094	775
2	135,755	62,315	51,154	15,876	658	5,752
3	218,327	89,223	109,973	9,855	560	8,716
4	87,847	39,326	40,008	5,334	268	2,911
5	36,021	8,908	22,977	1,628	705	1,803
6	5,653	284	4,855	378	18	118
7	707	244	408	7	35	13
8	172	70	101			1
9	111	37	56		7	11
Defaults	777	145	247	342	13	30
Standardised approach <sup>1</sup>	216,966	129,540	85,129	9	824	1,464
<b>Total</b>	<b>734,036</b>	<b>338,414</b>	<b>319,719</b>	<b>50,127</b>	<b>4,182</b>	<b>21,594</b>

<sup>1</sup> The standardised approach uses predetermined risk weights, for which reason risk classes are not relevant.

## CALCULATION OF CAPITAL REQUIREMENTS FOR CREDIT RISKS

### Risk rating system

The capital requirement for credit risk is calculated according to the standardised approach and the IRB approach in accordance with regulation (EU) No 575/2013 (CRR). The standardised approach means that the risk weights used when calculating the capital requirement for credit risk are specified in the regulations. The IRB approach entails that the institution, in its calculation of capital requirement for credit risk, estimates risk parameters through the use of its own IRB models (internal risk rating systems). When applying the IRB approach, there are two different methods: the foundation IRB approach and the advanced IRB approach. In the foundation IRB approach, probability of default (PD) is calculated using the Bank's own IRB models, while the figures for loss given default (LGD) and credit conversion factor (CCF) are specified in the regulations. CCF is used when calculating the exposure amount for off-balance sheet commitments. In the advanced IRB approach, PD, LGD and CCF are each calculated using

the Bank's own IRB models. Handelsbanken's internal risk rating system (or the IRB approach) comprises a number of different systems, methods, processes and procedures to support the Bank's classification and quantification of credit risk.

When performing a credit assessment of a customer, the customer is assigned a rating. This rating, together with other risk rating criteria, determines how exposures are assessed with regard to the IRB approach's division into risk classes.

The two dimensions of the rating are risk of financial strain (A) and the counterparty's financial powers of resistance in the case of such strain (B). The rating is based on a five-point scale from very low risk to very high risk.

The rating is converted to an internal risk class for the application of the IRB approach (A+B-1) for corporates and exposures to institutions, as well as for exposures to sovereigns, central banks, government agencies and municipalities (sovereign exposures).

The rating for retail exposures comprises a number on a scale of one to five, and is not con-

verted directly into a risk class as for corporate exposures; instead, the different exposures are sorted into a number of smaller groups on the basis of certain factors. Such factors include the type of credit, the counter-party's debt-servicing record and whether there are one or more borrowers. An average default rate is calculated for each of the smaller groups, and on the basis of this, the groups are sorted into one of the ten risk classes. Different models are used for exposures to private individuals and SMEs (that are also classified as retail exposures), but the principle is the same.

The risk classes applied in the IRB approach are thus distributed over several scales of 1 to 10.

A clear majority of the Bank's exposures are in risk classes 1–4, which means that the average risk level in the credit portfolio is significantly lower than the level which is assessed as normal risk. Risk class 5 corresponds to normal risk and risk class 10 is for counterparties in default.

### Exposure classes

The number of exposure classes depends on the method used to calculate the credit risk.

## G2 Cont.

Exposures to be calculated according to the standardised approach can be allocated to 17 different exposure classes, while there are seven exposure classes in the IRB approach.

The overall division into exposure classes in the IRB approach comprises sovereign, institutional, corporate, retail and equity exposures, as well as positions in securitisations. In addition there are also non-credit-obligation assets, which do not require any performance by the counterparty, such as property, plant and equipment.

Exposures to sovereigns, central banks, government agencies and municipalities are classed as sovereign exposures. Exposures to institutions refer to exposures to counterparties defined as banks and other credit institutions, and certain investment firms.

Retail exposures include both exposures to private individuals and to SMEs, where the total exposure within the Group does not exceed SEK 5 million (excluding mortgage loans). Retail exposures are divided into two sub-groups: property loans and other retail exposures.

Corporate exposures refer to exposures to non-financial undertakings, consisting of legal entities with a total exposure within the Group in excess of SEK 5 million or where the company's turnover is more than SEK 50 million, and SMEs with a total exposure within the Group in excess of SEK 5 million. Apart from ordinary non-financial undertakings, the exposure class includes insurance companies, housing co-operative associations and exposure in the form of "specialised lending".

Equity exposures refer to the Bank's holdings of shares that are not in the trading book.

For division into exposure classes according to the standardised approach, the Bank's volumes are put into the following exposure classes: multilateral development banks, international organisations, institutions, corporations, retail, exposures with collateral in property, exposures in default, other items and equities.

**Risk rating methods**

In order to quantify the Bank's credit risks, calculations are made of PD, EAD and LGD. Default is considered to have occurred when the borrower is more than 90 days past due with a significant payment, or when the Bank deems it unlikely that the borrower will be able

Credit exposures by risk class 2023 SEK m	Balance sheet items						Off-balance sheet items		
	Loans to the public	Loans to other credit institutions	Cash and balances with central banks	Other loans to central banks	Derivative instruments	Interest-bearing securities	Contingent liabilities	Obligations	Total
1	541,178	97	362,536	31,014	5,988	193,697	5,333	54,492	1,194,335
2	555,325	17,131			13,612	54,399	20,548	105,764	766,779
3	548,122	1,803			5,160	1,119	20,053	110,167	686,424
4	268,250	1			1,830		8,440	51,496	330,017
5	80,479	3			257		1,612	21,136	103,487
6	35,688	2			61		161	6,463	42,375
7	36,405				120		690	5,928	43,143
8	1,490						43	3,368	4,901
9	8,656						13	2,422	11,091
Defaults	3,398						28	127	3,553
Standardised approach <sup>1</sup>	355,226	260	113,645	1,131	3,082		1,199	66,502	541,045
<b>Total</b>	<b>2,434,217</b>	<b>19,297</b>	<b>476,181</b>	<b>32,145</b>	<b>30,110</b>	<b>249,215</b>	<b>58,120</b>	<b>427,865</b>	<b>3,727,150</b>

The table above includes the disposal groups in Finland, which has been reclassified to Assets held for sale on the balance sheet, see note G14.

Credit exposures by risk class 2022 SEK m	Balance sheet items						Off-balance sheet items		
	Loans to the public	Loans to other credit institutions	Cash and balances with central banks	Other loans to central banks	Derivative instruments	Interest-bearing securities	Contingent liabilities	Obligations	Total
1	550,626	127	378,321	29,020	11,812	133,759	5,010	52,509	1,161,184
2	621,664	4,470			14,179	26,544	23,626	134,449	824,932
3	582,787	3,852	34		6,252	1,616	20,677	131,146	746,364
4	226,188	4			1,397	42	7,861	41,005	276,497
5	71,383	7			186	50	1,680	22,947	96,253
6	17,271	1			30		304	4,327	21,933
7	24,420				9		158	5,291	29,878
8	768				1		43	2,856	3,668
9	7,117						13	2,083	9,213
Defaults	2,930						39	185	3,154
Standardised approach <sup>1</sup>	364,170	954	97,527	3,600	2,395	3,464	1,564	62,316	535,990
<b>Total</b>	<b>2,469,324</b>	<b>9,415</b>	<b>475,882</b>	<b>32,620</b>	<b>36,261</b>	<b>165,475</b>	<b>60,975</b>	<b>459,114</b>	<b>3,709,066</b>

<sup>1</sup> The standardised approach uses predetermined risk weights, for which reason risk classes are not relevant.

## G2 Cont.

to fulfil its commitments to the Bank. The PD value is expressed as a percentage where, for example, a PD value of 0.5% means that one borrower of 200 with the same PD value is expected to default within one year.

Corporate exposures are divided into four counterparty types and sovereign exposures into two counterparty types based on the business evaluation template used for the counterparty. PD is calculated individually for each risk class and counterparty type. For exposures that are subject to a capital requirement according to the foundation IRB approach, prescribed values are applied for LGD. The prescribed value that may be used is determined by the collateral provided for each exposure.

For retail exposures as well, an average default rate is calculated for each of the risk classes. Different models are used for exposures to private individuals and SMEs (that are also classified as retail exposures), but the principle is the same.

For retail exposures and for corporate exposures such as medium-sized enterprises, property companies and housing co-operative associations, the LGD is determined using the Bank's own loss history. For exposures to large corporates that are subject to a capital requirement using the advanced IRB approach, the LGD is determined on the basis of historical losses and external observations. For retail exposures secured by property in Sweden and for real estate exposures to medium-sized enterprises, property companies and housing co-operative associations (corporate), different LGD values are applied depending on the LTV of the collateral. For other exposures, the LGD value is determined by factors that may depend on the existence and valuation of collateral the product type and similar factors.

For each exposure class, the PD is calculated for each of the risk classes that refer to non-defaulted counterparties or agreements. PD is based on calculations of the historical per-

centage of defaults for different types of exposures. The average default rate is then adjusted by various margins of conservatism.

When establishing LGD, the risk measure must reflect the loss rates during economically unfavourable circumstances, known as downturn LGD. For corporate exposures in the IRB approach with own estimates of LGD and CCF, the LGD is adjusted for downturns so that the Bank's observed losses in the crisis years of 1991–1996 are taken into account. The LGD is, in many cases, estimated on the basis of the property's LTV. Given that the value of properties, and thereby also the LTV, usually varies in line with the business cycle, this means that the capital requirement will also demonstrate a certain correlation with the business cycle. For other collateral relating to retail exposures, observed LGD is adjusted for downturns by a factor which depends on the PD and type of product.

Balance sheet items subject to impairment testing, breakdown by risk class 2023 SEK.m	Gross			Provisions		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
<b>Risk class</b>						
1	885,295	1,982		-5	-3	
2	604,664	4,633		-19	-6	
3	546,591	8,169		-42	-14	
4	246,184	23,991		-78	-16	
5	61,640	32,578		-35	-151	
6	17,908	17,968		-23	-101	
7	24,235	12,481		-7	-184	
8	220	1,306		-1	-35	
9	303	8,428		-1	-73	
Defaults			4,240			-839
Standardised approach <sup>1</sup>	445,964	25,323	2,824	-218	-237	-311
<b>Total</b>	<b>2,833,004</b>	<b>136,859</b>	<b>7,064</b>	<b>-429</b>	<b>-820</b>	<b>-1,150</b>

The table above includes the disposal groups in Finland, which has been reclassified to Assets held for sale on the balance sheet, see note G14.

Balance sheet items subject to impairment testing, breakdown by risk class 2022 SEK.m	Gross			Provisions		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
<b>Risk class</b>						
1	908,545	9,099		-6	-4	
2	653,136	10,055		-27	-8	
3	581,934	9,743		-65	-19	
4	213,053	14,719		-103	-36	
5	60,120	12,758		-64	-196	
6	10,569	6,839		-18	-88	
7	18,482	6,060		-11	-102	
8	304	504		-1	-38	
9	2,711	4,474		-9	-59	
Defaults			3,991			-1,061
Standardised approach <sup>1</sup>	453,832	17,099	1,725	-176	-173	-196
<b>Total</b>	<b>2,902,686</b>	<b>91,350</b>	<b>5,716</b>	<b>-480</b>	<b>-723</b>	<b>-1,257</b>

<sup>1</sup> The standardised approach uses predetermined risk weights, for which reason risk classes are not relevant.

## G2 Cont.

Loans to the public subject to impairment testing, breakdown by risk class 2023 SEK m	Gross			Provisions		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
<b>Risk class</b>						
1	539,204	1,982		-5	-3	
2	550,714	4,633		-16	-6	
3	540,009	8,169		-42	-14	
4	244,353	23,991		-78	-16	
5	48,097	32,567		-35	-150	
6	17,844	17,968		-23	-101	
7	24,115	12,481		-7	-184	
8	220	1,306		-1	-35	
9	302	8,428		-1	-73	
Defaults			4,237			-839
Standardised approach <sup>1</sup>	327,842	25,323	2,827	-218	-237	-311
<b>Total</b>	<b>2,292,700</b>	<b>136,848</b>	<b>7,064</b>	<b>-426</b>	<b>-819</b>	<b>-1,150</b>

The table above includes the disposal groups in Finland, which has been reclassified to Assets held for sale on the balance sheet, see note G14.

Loans to the public subject to impairment testing, breakdown by risk class 2022 SEK m	Gross			Provisions		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
<b>Risk class</b>						
1	541,537	9,099		-6	-4	
2	611,641	10,055		-24	-8	
3	573,128	9,743		-65	-19	
4	211,608	14,719		-103	-36	
5	58,884	12,757		-63	-195	
6	10,538	6,839		-18	-88	
7	18,473	6,060		-11	-102	
8	303	504		-1	-38	
9	2,711	4,474		-9	-59	
Defaults			3,991			-1,061
Standardised approach <sup>1</sup>	345,890	17,099	1,725	-175	-173	-196
<b>Total</b>	<b>2,374,713</b>	<b>91,349</b>	<b>5,716</b>	<b>-475</b>	<b>-722</b>	<b>-1,257</b>

<sup>1</sup> The standardised approach uses predetermined risk weights, for which reason risk classes are not relevant.

Off-balance sheet items that are subject to impairment testing, breakdown by risk class 2023 SEK m	Gross			Provisions		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
<b>Risk class</b>						
1	31,681	76		0	0	
2	64,466	152		-10	0	
3	66,056	468		-16	-1	
4	31,261	989		-23	-2	
5	8,668	5,754		-8	-73	
6	6,015	528		-3	-17	
7	5,199	1,379		-3	-58	
8	3,034	295		-1	-16	
9	2,149	199		-2	-12	
Defaults			96			-41
Standardised approach <sup>1</sup>	66,164	1,422	68	-28	-24	-1
<b>Total</b>	<b>284,693</b>	<b>11,262</b>	<b>164</b>	<b>-94</b>	<b>-203</b>	<b>-42</b>

The table above includes the disposal groups in Finland, which has been reclassified to Assets held for sale on the balance sheet, see note G14.

Off-balance sheet items that are subject to impairment testing, breakdown by risk class 2022 SEK m	Gross			Provisions		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
<b>Risk class</b>						
1	32,621	878		0	0	
2	85,928	891		-5	-1	
3	82,742	987		-12	-1	
4	27,190	1,690		-29	-7	
5	12,760	2,533		-13	-51	
6	3,883	747		-3	-25	
7	3,821	1,627		-4	-33	
8	2,741	157		-2	-9	
9	1,950	145		-2	-8	
Defaults			223			-82
Standardised approach <sup>1</sup>	60,950	2,878	51	-33	-34	0
<b>Total</b>	<b>314,586</b>	<b>12,533</b>	<b>274</b>	<b>-103</b>	<b>-169</b>	<b>-82</b>

<sup>1</sup> The standardised approach uses predetermined risk weights, for which reason risk classes are not relevant.

**G2 Cont.**

When the exposure amount (EAD) is to be calculated, certain adjustments are made to the carrying amount. Examples of this are revolving credits, where the Bank agrees with the customer that the customer may borrow up to a certain amount in the future. This type of commitment constitutes a credit risk that must also be covered by adequate capital. Normally, this means that the credit granted is adjusted using a certain credit conversion factor for the part of the credit that is unutilised at the time of reporting. For certain product categories for corporate exposures and exposures to institutions, the credit conversion factors are determined by the regulatory code, while for retail exposures and certain product categories for large corporates, medium-sized enterprises, property companies and housing co-operative associations, the Bank uses its own calculated conversion factors. Which conversion factor is used is primarily governed by the product referred to, but the utilisation level may also be of relevance.

The capital requirements for equity exposures in the IRB approach are calculated according to the simple risk weight approach.

In addition to the capital adequacy calculation, the risk parameters (PD, EAD, LGD) are used to calculate the cost of capital in each individual transaction and to calculate economic capital (EC).

Regarding the Bank's IRB models, which use historical data to generate risk estimates, the Bank does not currently have sufficient historical data to include sustainability risks as a risk driver. However, sustainability risks are addressed by setting the internal rating that forms the basis of the PD risk class. Work is being undertaken with the aim of including sustainability risks as a risk driver in future IRB models when sufficient historical data is available.

**Comparisons with external ratings**

The Bank's risk classes are not directly comparable with the ratings applied by external credit rating agencies. The agencies' ratings do not correspond to a direct classification of the probability of the counterparty defaulting, as the Bank's rating model does. In addition, the rating agencies vary in the extent to which they factor in the seriousness of the losses that default can lead to. The time horizon for which credit-worthiness is assessed is not always the same for the Bank as it is for the credit rating agencies. The Bank's risk classes do not state a uniform scale, whereby a certain risk class always corresponds to a certain probability of default. Furthermore, different PD scales are applied to different parts of the credit portfolio and the PD value changes over time.

Overall, it is impossible to unambiguously and consistently translate the internal risk classes into an external rating.

**Quality assurance of the credit risk model**

The Bank performs an annual review of its risk rating systems. The review checks that the internal ratings on which the Bank's risk ratings are based are applied in a consistent, correct and fit-for-purpose manner (evaluation) and also that the models used measure risk in a satisfactory manner (validation).

**CALCULATION OF EXPECTED CREDIT LOSSES**

The impairment rules presented in IFRS 9 apply to financial assets at amortised cost, financial assets at fair value through other comprehensive income, as well as financial guarantees and irrevocable commitments. This section provides descriptions of the processes and methods applied in Handelsbanken's model-based calculations of provisions for expected credit losses (ECL).

Estimations of expected credit losses are made at agreement level, whereby the characteristics of the agreement and the counterparty govern the classification and quantification of the provision requirement. The estimation is made using either a model-based or manual calculation, with the choice of method mainly dependent on whether the agreement is deemed to be credit impaired.

For information pertaining to the recognition and measurement of expected credit losses and for definitions, see note G1, section 6, Credit losses.

**Model-based calculations for agreements in Stage 1 and Stage 2**

Handelsbanken's Group-wide, central process for model-based calculations of expected credit losses incorporates a number of different processes and methods which support the quantification of the provision requirement in Stage 1 and Stage 2.

The model-based calculations factor in historical, current and forward-looking data. Historical data forms the basis for the construction of the model and parameters applied, current data comprises the prevailing balances on the reporting date (as included in the calculation requirements) and forward-looking data refers to the macroeconomic scenarios used to calculate future risk parameters and exposures.

The models use the same historical risk data as the IRB models, meaning that the accounting of provisions and calculations of capital requirements are based on the same basic loss history. Similar to how the risk rating system affects capital adequacy calculations, the internal rating (from which the risk rating derives) is a significant part of the models for calculating expected credit losses. The calculations are primarily affected by the risk parameters known as PD, EAD and LGD. The expected credit loss in a future period is obtained by multiplying the present value of the EAD by the PD and by the LGD. In contrast to the calculation of credit losses in the Capital Requirements Regulation, which

also uses the risk parameters PD, EAD and LGD, the estimation of expected credit losses pursuant to IFRS 9 is based on current forward-looking assessments. As the regulations have different purposes, the calculation models differ in terms of how the risk parameters are set and in how they are constructed. The main differences between IFRS 9 and the IRB approach are presented in table Differences between IFRS 9 and the IRB approach.

**Macroeconomic information**

The calculations regarding model-based assessments of significant increases in credit risk and expected credit losses are made with the application of models for the respective risk parameters (PD, EAD and LGD). In order to ensure that the calculations take into account non-linear aspects, three forward-looking macroeconomic scenarios are used in the models (one base case, one downturn and one upturn) for exposures outside the UK. For exposures in the UK, four scenarios are used (one base case, two downturn and one upturn). Each scenario includes significant macroeconomic risk factors, such as unemployment, GDP, property prices, key/central bank rates and inflation, by country. The significant macroeconomic risk factors have been identified from an assessment of the Bank's historical data and the relation to the risk parameters is estimated using the same historical material. The various scenarios are used to adjust the risk parameters in question. Each macroeconomic scenario represents a probability determined by the Bank. These probabilities are currently set at 70% (60) for the base case scenario, 15% (20) for the upturn scenario and 15% (20) for the downturn scenario. For exposures in the UK, the weightings are 60% (60) for the base case scenario, 5% (5) for the upturn and 20% (20) for the downturn, with 15% (15) assigned to the severe downturn scenario. Expected credit losses are recognised as a probability-weighted average of the expected credit losses for the respective scenarios.

All of the macroeconomic scenarios have been produced by the Bank's economic research unit, which is responsible for all economic analysis delivered by Handelsbanken, whether for internal or external use. These macroeconomic scenarios comprise region-specific, 30-year forecasts for Sweden, Norway, Finland, the UK, the Eurozone and the USA, together with a global forecast. A change in the macroeconomic scenarios, or in the probability weights applied, affects both the assessment of significant increases in credit risk and the estimated expected credit losses. The scenarios are updated on a quarterly basis by the Bank's economic research unit and are presented for approval to the relevant decision-makers before being applied in the ECL calculations.

**Portfolio segmenting**

Statistical models are used in the model-based assessment. These have been developed for

## G2 Cont.

different segments in the portfolio, with each segment being comprised of similar risk exposures, and the risk parameters can be estimated on the basis of a common set of risk factors. For retail exposures the portfolio segmenting is based on product type and for other exposures it is based on counterparty type. The segments have been identified on the basis of statistical analysis and expert assessment. For retail exposures the portfolio has the following nine segments: exposures with residential property as collateral for private individuals, revolving credits including credit card exposures for private individuals and for SMEs, other exposures for private individuals and for SMEs, card credits for retail financial services for private individuals and for SMEs, and hire purchase for retail financial services for private individuals and for SMEs. Other exposures are split into the following six segments: property companies, housing co-operative associations, other large non-financial undertakings, other non-financial undertakings, sovereigns as well as financial companies and banks.

Within the respective portfolio segments, the agreements are further categorised into different states, based on risk factors such as internal rating, payment history, country affiliation, collateral type and LTV. These states have been determined on the basis of statistical analysis of historical outcomes. For every state, statistical models are used for migrations between states in order to calculate the forward-looking probabilities for the risk parameters PD, LGD and EAD. One important risk factor for the states is the counterparty's internal rating, which is set in conjunction with the credit decision and which is updated at least annually, or whenever there are indications that the counterparty's repayment capacity has changed. Climate-related risks, and certain other environmental risks, are assessed in the credit process and affect the internal rating at counterparty level. There are states for "not in default", "in default" and "early repayment" exposures. Retail exposures are divided into nine different states and other exposures into 12 states.

### **Significant increase in credit risk**

A significant increase in credit risk reflects the risk of default and is a measurement by which the agreement's relative change in credit risk since initial recognition is measured. For calculating significant increases in credit risks, the same underlying model is used in Handelsbanken as is used for the calculation of expected credit losses, with consideration given to historical, current and future-oriented information. Collateral is not taken into account in the assessment. At each reporting date, the Group-wide, central, model-based process begins for all agreements with an assessment of whether there has been a significant increase in the credit risk since initial recognition (start date

of the agreement). This assessment then determines whether the expected credit loss is assessed over a 12-month horizon after the reporting date (Stage 1) or during the agreement's remaining lifetime (Stage 2). An important aspect which affects the size of the provision for credit losses is therefore which factors and thresholds are defined as triggers for the transfer of assets from Stage 1 to Stage 2. The Bank's definition of a significant increase in credit risk, which is decisive in the transfer of agreements to Stage 2, is based on both qualitative and quantitative factors.

The quantitative indicator which is primarily used to assess the change in credit risk is the relative change, between the instrument's initial recognition and up to the most recent reporting date, in the PD during the agreement's remaining lifetime. In cases where an unreasonable expense or exertion was required to establish the PD in conjunction with the initial recognition of an instrument, changes in the counterparty's or the agreement's internal rating or risk rating since initial recognition have been used to assess the significant change in the credit risk. For agreements recognised initially on or after 1 January 2018, the forecasts regarding the risk of default are based on three scenarios. For agreements recognised before 1 January 2018, the same criteria are applied but using a scenario based on the Bank's most recently published economic analysis at the time of initial recognition.

The primary criterion when assessing whether an agreement is deemed to have incurred a significant increase in credit risk and is thus transferred to Stage 2 is, as defined by Handelsbanken, that the estimated remaining PD on the reporting date is greater than a multiple of 2.5 times the corresponding probability of default upon initial recognition. The threshold value of 2.5 is based on statistical analysis of the Bank's historical data and compares the increase in the remaining risk that the counterparty will default with the corresponding estimated risk upon the initial recognition of the agreement. In addition, there are other qualitative factors which the Bank has assessed as entailing a significant increase in credit risk, such as the agreement having payments that are more than 30 days overdue, or that counterparty having been granted concessions as the result of a deteriorated credit rating.

If a significant increase in credit risk has arisen since initial recognition, a provision is recognised which corresponds to the expected credit losses for the entirety of the remaining lifetime of the asset and the financial instrument is transferred to Stage 2. The model is symmetrical, meaning that, if the financial instrument's credit risk decreases and there is therefore no longer a significant increase in credit risk since initial recognition, the financial asset is transferred back to Stage 1.

### **Models for risk parameters and expected lifetime**

The risk parameters PD, LGD and EAD are calculated for every agreement and future point in time, based on statistical models. These models are, as far as possible, founded on the relationships between the significant risk factors and relevant risk outcomes identifiable in the Bank's own loss history. The majority of risk parameters which are quantified are based on approximately ten years of internal data. In cases where the Bank lacks sufficient information due to, for example, too few defaults, the data is complemented with external information. The historical outcomes are analysed with regard to the covariation in agreement-specific, counterparty-specific and region-specific risk factors, such as product type, internal rating, length of customer relationship, collateral type, LTV, unemployment, interest rates and GDP growth. The risk factors identified as significant for a specific risk parameter are included in the model and the historical correlation is quantified.

### **Probability of default (PD)**

PD refers to the probability that a customer or an agreement will go into default at a given point in time during the asset's remaining lifetime. 12-month PD refers to the probability of default during the coming 12-month period. Lifetime PD refers to the probability of default during the asset's remaining lifetime (up to a maximum of 30 years). The future PDs are forecast on the reporting date, using forward-looking macro-economic scenarios and current agreement and counterparty information. The forecast risk of default takes into account the development of scenarios and the probability of migrations between different states over time. The models calculate annual migration and default probabilities, whereby the migration model presents a probability that the agreement will belong to a particular state with a given risk of default in the future. The agreement's expected PD for a given year is calculated as the probability-weighted PD over all conceivable states and scenarios. Expected PD for the remaining lifetime is based on the annual expected default forecasts and the probability that the agreement will be subject to early repayment. The degradation of an economic outlook based on forecast macroeconomic risk factors for each scenario, or an increase in the probability that the downturn scenario will be realised, normally results in a higher PD.

### **Exposure at default (EAD)**

EAD refers to the expected credit exposure at default. On the reporting date, future exposure at default is forecast on the basis of current repayment plans, the probability of early repayment and the expected utilisation of, for example, credit facilities, financial guarantees and loan commitments. EAD is forecast on an annual basis and comprises the amount at

## G2 Cont.

## Differences between IFRS 9 and the IRB approach

Risk parameter	IRB	IFRS 9
PD, probability of default	Average risk of default within 12 months over one business cycle, including statistical margins of conservatism and regulatory floors. The definition of default as presented in the Capital Requirements Regulation is applied at agreement level for retail exposures and at counterparty level for other exposures.	Business cycle-dependent ("point-in-time") risk of default within 12 months. "Lifetime PD" refers to the risk of default during the agreement's expected remaining lifetime. The definition of default as presented in the Capital Requirements Regulation is applied at agreement level for retail exposures and at counterparty level for other exposures.
LGD, loss given default	The maximum value of expected loss rate on exposure at default within 12 months in the long term and in conjunction with an economic downturn, including statistical margins of conservatism and regulatory floors. The quantification of loss for corporate exposures is based on recoveries within 12 months and remaining reserves (24 months for retail exposures).	Business cycle-dependent expected loss rate on exposure at default. LGD is adjusted on the basis of forward-looking macroeconomic scenarios.
EAD, exposure at default	The maximum value of expected exposure at default within 12 months in the long term and in conjunction with an economic downturn, including statistical margins of conservatism and regulatory floors.	Business cycle-dependent expected exposure at default within 12 months. EAD is adjusted on the basis of contractual terms and conditions and forward-looking macroeconomic scenarios, and is updated for each future 12-month period.
Lifetime	The agreement's contractual maturity, with consideration given to the customer's option to extend.	Expected lifetime. The agreement's contractual maturity, with consideration given to the probability of early repayment.
Forecast horizon	12 months.	Up to 12 months for agreements in stage 1 or the remaining lifetime for agreements in Stage 2-3.
Discounting	Forecast losses are not discounted to the reporting date. When quantifying the recovery rate, observed recoveries are discounted to the date of default using the average cost of capital.	Forecast losses are discounted to the reporting date using the agreement's contractual interest rate on the reporting date.

which losses and recoveries take place in conjunction with future defaults.

**Expected lifetime**

An instrument's expected lifetime is relevant to both the assessment of significant increase in credit risk, which takes into account changes in PD during the expected remaining lifetime, and the measurement of expected credit losses for the asset's expected remaining lifetime. The expected lifetime is considered when calculating the remaining PD by weighing the forecast annual PD values during the agreement's contractual duration against the probability that the agreement will not be subject to early repayment before defaulting.

The probability of the agreement being subject to early repayment is based on statistical analysis and on the Bank's internal history for approximately the past ten years, and is included as a component of the model for EAD. Potential risk factors in the form of agreement, counterparty and macroeconomic risk factors have been assessed in the analysis. The risk factors identified as significant are included in the model.

For revolving credits with no maturity date, such as credit cards, a 30-year maturity from the reporting date is applied. The same 30-year maturity from the reporting date is also applied to mortgage loans with interest-rate fixing periods of a maximum of three months. On these maturities probability of early repayment according to the above is applied.

**Loss given default (LGD)**

LGD reflects the financial loss which the Bank expects to incur in the event of default. The most important risk factors when calculating LGD are the value and type of collateral, and the characteristics of the counterparty. For-

ward-looking macroeconomic risk factors are reflected in the LGD calculations through their impact on the value of collateral and the LTV. The quantification of the loss is divided between a probability that the counterparty recovers without causing the Bank any financial loss, and a recovery rate if the counterparty does not recover. The recovery rate is affected by the LTV, in that a higher LTV is associated with a lower recovery rate. The collateral value of properties, and thus the LTV and the recovery rate, is affected by the price trend for the property, whereby an expected decline in real estate values pushes up the LTV and the expected loss given default.

**Differences between IFRS 9 and the IRB approach**

Handelsbanken's IFRS 9 models are based on the same historical data and the same overall model-based approach as the Bank's IRB models, which use the risk parameters PD, LGD and EAD. As the regulations have different purposes, the calculation models differ in terms of how the risk parameters are set and in how they are constructed and in certain cases separate models have been implemented to fulfil the requirements of IFRS 9. The main differences between IFRS 9 and the IRB approach are presented in the table above.

**Validation of IFRS 9 models and model-based calculations**

The models and the risk parameters used in these are validated on an annual basis to ensure that the model-based calculations demonstrate a good forecasting accuracy and identify unexpected deviations between forecasts and the most recent outcomes. Validation takes place at several aggregation levels and encompasses all significant risk parameters, as well as the

weighted estimated expected credit losses at the individual and aggregate levels. The validation is reported to the Chief Credit Officer, the CRO and the CFO.

The principles for the evaluation and validation of the models are determined by Group Risk Control, and the validation is carried out or reviewed by a party independent of the model development process. No significant deviations with a material effect on the Bank's provisions were identified by the validation.

**MANUAL CALCULATIONS FOR CONTRACTS IN STAGE 3**

Assets in Stage 3 are tested for impairment at the individual level using a manual calculation (with the exception of a small portfolio of homogeneous claims which have a model-calculated provision in Stage 3). This testing is carried out on a regular basis and in conjunction with every reporting date by the local branch with business responsibility (unit with customer and credit responsibility) and is decided by the county or national Credit committee or Group Credits.

Impairment testing is carried out when there are objective circumstances which indicate that the counterparty will not be able to fulfil its contractual obligations, according to the definition of default. Such objective circumstances could be, for example, late or non-payment or an indication of unlikely payment.

Impairment testing involves an estimation of the future cash flows and the value of the collateral (including guarantees). Consideration is normally given to at least two forward-looking scenarios for expected cash flows, based on both the customer's repayment capacity and the value of the collateral. The outcome of these scenarios is probability-weighted and discounted with the loan's original effective interest rate. The scenarios used can take into

## G2 Cont.

account both macroeconomic and agreement-specific factors, depending on what is deemed to affect the individual counterparty's repayment capacity and the value of the collateral. The assessment takes into account the specific characteristics of the individual counterparty. An impairment loss is recognised if the estimated recoverable amount is less than the carrying amount.

### GOVERNANCE AND INTERNAL CONTROL

For calculating the expected credit losses on agreements in Stage 1 and Stage 2, Handelsbanken has a Group-wide, central process using internally developed statistical models (model-based calculation). Manual calculation is used for agreements in Stage 3. The description below primarily refers to the model-calculated provisions for expected credit losses. This process is covered by a number of internal controls, which are described below. The various stages of the process also entail different approvals/adoptions, creating a governance structure, which is also described below.

#### Verification of input data in reports

On each reporting date, the information which constitutes the basis for the calculations of expected credit losses is checked for correctness and completeness. This is carried out in the form of automatic reconciliation of loaded data from delivery sources. Furthermore, a reasonability assessment is undertaken, whereby system balances are compared with the balances recorded on the previous reporting date. The balances which are ultimately used are then reconciled against the volumes recorded in the general ledger.

#### Models

Before a new quantitative model is included in the overall model system, it is subject to validation and must be approved for use by the Chief Credit Officer. On the reporting date, only this model system can be used for calculations, meaning that only approved models are usable.

The quantitative models which form the basis for the calculations of expected credit losses involve several assumptions and assessments. Examples include the assumption that the quantifiable aspects of relationships between macroeconomic risk factors and risk parameters in historical data are representative for future events, and the assumption that an agreement's expected lifetime can be based on historical behavioural data. Whether these historical relationships and their representativeness of the future are affected by climate-related risks is assessed in the modelling process. As of the reporting date, no such climate-related factors have been specifically included in the models, but the matter is subject to continuous assessment. A selection of the most significant macroeconomic risk factors is made on the basis of the macroeconomic risk factors' explanatory power in relation to

individual risk parameters. The selection of the macroeconomic risk factors and specification of the model are made to achieve a balance between simplicity, demonstrative ability and stability. All assumptions and discretionary decisions are presented to the Chief Credit Officer for approval.

Any expert-assessed changes to provisions in model-calculated agreements in Stage 1 and Stage 2 require the approval of the Chief Credit Officer before they are applied.

#### Macroeconomic scenarios

The macroeconomic scenarios have been produced by the Bank's economic research unit, based on instructions issued by the Chief Credit Officer. These instructions specify the desired macroeconomic risk factors, geographical areas to be included, and the number of scenarios and probability-weighting between them.

Before every reporting date, the current macroeconomic scenarios are presented to the Chief Credit Officer and the CFO, who approve the scenarios for use in the reporting process. The approved macroeconomic scenarios are then automatically loaded into the reporting flow.

#### Size of the provisions

The total estimated provisions in Stage 1 and Stage 2 require the approval of the Chief Credit Officer and the CFO. Estimated provisions in Stage 3 are proposed by the Bank branch with business responsibility (unit with customer and credit responsibility) and are approved by either the county or national Credit committee or a central unit, depending on the size of the provision. Of the credit provisions in Stage 3 which are approved locally, a selection is subsequently reviewed/quality assured by Group Credits. In addition, Group Risk Control submits an independent review on every reporting date of a selection of the credit provisions in Stage 3 which are approved centrally.

#### The role of the control functions

Group Risk Control determines the validation principles and ensures that models are validated. An independent review is conducted on every reporting date of a selection of the credit provisions in Stage 3 which are approved centrally. Group Risk Control is described in more detail on pages 69 and 74. Group Audit reviews the estimations of expected credit losses as part of its assignment to independently examine internal governance and control, and to evaluate the reliability of the Group's financial reporting. Group Audit is described in more detail on pages 69 and 74.

### COUNTERPARTY RISK

Counterparty risk arises when the Bank has entered into derivative contracts or contracts with a counterparty regarding loans of securities. In addition to derivatives, the capital adequacy regulations therefore treat both

repurchase transactions and equity loans as counterparty risks.

In calculating both the capital requirement and EC, counterparty exposures are taken into account based on the exposure amounts stipulated by the capital adequacy regulations. Handelsbanken applies the standardised approach for counterparty risk (SA-CCR) to calculate exposure amounts on derivative contracts for capital adequacy purposes. Counterparty risk is regarded as a credit risk where the market value of the contract determines the size of the exposure. If the contract has a positive value, the default of the counterparty means a potential loss for the Bank.

#### Reduction of counterparty risk

Counterparty risk arises from the trade date until the date of delivery, whereby the Bank could be charged a termination fee if the counterparty is unable to meet its commitments. This risk exists in all derivative transactions and in securities transactions where the Bank has not secured payment in advance.

The size of counterparty exposures is restricted by setting credit limits in the regular credit process. The size of the exposures may vary substantially due to fluctuations in the price of the underlying asset. In order to take account of the risk that the exposure may increase, supplements are added to the value of the exposure when setting credit limits. The exposures are calculated and followed up daily.

The counterparty risk in derivatives is reduced through close-out netting agreements, which involve setting off positive values against negative values in all derivative transactions with the same counterparty. Netting agreements are supplemented with agreements for issuing collateral for the net exposure (credit support annex, CSA), which further reduce the credit risk. The collateral for these transactions is mainly cash, but government securities are also used. Due to the high proportion of cash, the concentration risks in the collateral are limited.

The majority of Handelsbanken's agreements include close-out netting, and the agreements with the largest exposures, which are to financial institutions, also include CSAs.

Derivatives which are cleared via central counterparties also give rise to capital requirements. Central counterparties are clearing houses which act as the counterparty for both the buyer and seller in various transactions, and thus assume the responsibility for fulfilling the parties' obligations. All parties which use a central counterparty must provide collateral for all transactions. In most cases, the risk weight for centrally cleared derivatives is considerably lower than for other types of derivatives.

## G2 Cont.

Counterparty risk, breakdown by exposure classes, exposure amounts and risk-weighted exposure amounts, IRB approach	2023		2022	
	Exposure amount <sup>1</sup>	Risk-weighted exposure amount	Exposure amount <sup>1</sup>	Risk-weighted exposure amount
SEK m				
<b>Exposure classes, IRB approach</b>				
Exposures to institutions	9,842	5,071	10,799	4,930
Corporate exposures	10,773	3,866	12,177	3,724
Sovereign exposures	5,117	137	5,607	139
<b>Total IRB approach</b>	<b>25,732</b>	<b>9,073</b>	<b>28,583</b>	<b>8,793</b>

Counterparty risk, breakdown by exposure classes, exposure values and risk-weighted exposure amounts, standardised approach	2023		2022	
	Exposure amount <sup>1</sup>	Risk-weighted exposure amount	Exposure amount <sup>1</sup>	Risk-weighted exposure amount
SEK m				
<b>Exposure classes, standardised approach</b>				
Exposures to institutions	3,035	67	2,342	90
<i>of which cleared via central counterparties</i>	3,001	60	2,105	42
Other exposures	44	16	46	18
<b>Total standardised approach</b>	<b>3,078</b>	<b>83</b>	<b>2,388</b>	<b>107</b>
<b>Total IRB and standardised approach</b>	<b>28,810</b>	<b>9,156</b>	<b>31,004</b>	<b>8,933</b>

<sup>1</sup> The exposure value consists of derivatives, repos and equity loans.

Exposures in derivative contracts	2023		2022	
	SEK m			
Positive gross market value for derivative contracts			82,331	117,373
Netting gains			-53,253	-91,094
Current set-off exposure			29,078	26,279
Collateral <sup>1</sup>			-25,629	-23,021
Net credit exposure for derivatives			3,449	3,258

<sup>1</sup> Includes collateral offset against market values on the balance sheet.

Counterparty risk in derivative contracts 2023	SEK m	Current set-off exposure	Exposure amount	Risk-weighted exposure amount	Capital requirements
Sovereign exposures		737	3,131	136	11
Exposures to institutions		16,773	8,616	4,706	376
Corporate exposures		11,564	13,128	3,769	302
Others		4	21	12	1
<b>Total</b>		<b>29,078</b>	<b>24,897</b>	<b>8,623</b>	<b>690</b>
<i>of which operations in the trading book</i>		22,358	16,641	5,229	418

Counterparty risk in derivative contracts 2022	SEK m	Current set-off exposure	Exposure amount	Risk-weighted exposure amount	Capital requirements
Sovereign exposures		1,599	3,596	139	11
Exposures to institutions		20,537	9,990	4,723	378
Corporate exposures		4,134	13,311	3,538	283
Others		9	29	15	1
<b>Total</b>		<b>26,279</b>	<b>26,926</b>	<b>8,414</b>	<b>673</b>
<i>of which operations in the trading book</i>		20,284	19,789	5,712	457

G2 Cont.

**MARKET RISK**

Market risks arise from price and volatility changes in the financial markets. Market risks are divided into interest rate risk, equity price risk, foreign exchange risk and commodity price risk.

The geopolitical situation has contributed to a continued uncertainty in the market. Rising interest rates at the start of the year resulted in the default of several small US niche banks, which led to a brief period of high volatility. However, energy prices and inflation declined during the year, thus helping to stabilise the situation to a certain extent. The Bank’s risk utilisation was kept low during the year, in line with the risk tolerance, and the impact on the business was thus limited.

In Handelsbanken’s operations, market risks arise when the Bank’s customers request services for which the Bank must have flexible funding. The Bank can also obtain funding on other markets than those where it has its lending so that it can diversify its sources of funding. The funding can also have different interest rate adjustment periods than the assets which it finances. In addition, market risks can arise in Group Treasury’s liquidity portfolio, which can be converted into liquidity at short notice in case of disruptions in the markets where the Bank conducts its operations. The portfolio secures the Group’s payments in the daily clearing operations and is part of the Bank’s liquidity reserve.

Market risks also arise within Capital Markets, to meet customers’ demand for financial instru-

ments with exposure to the fixed-income, currency, equities or commodity markets. To meet this demand, it may be necessary for the Bank to hold certain positions. This situation arises for example when the Bank has undertaken to quote prices in its role as a market maker.

Market risks in the Bank’s business operations arise – and are thus managed – mainly at Group Treasury and Handelsbanken Capital Markets. In addition, market risks also arise as a part of Handelsbanken Liv’s operations. The market risks in Handelsbanken Liv are described in a separate section. Consequently, the information on market risks given in this section refers to risks excluding Handelsbanken Liv.

**MARKET RISK STRATEGY**

Handelsbanken has a restrictive view of market risks. Essentially, market risks in the banking operations are only taken as part of meeting customers’ investment and risk management needs. Market risks must be limited by matching cash flows and interest rate adjustment periods, hedging open positions and taking other actions to limit risk.

Market risks at Handelsbanken are thus very low. As a result of the Bank’s market risk strategy, only a small fraction of the Bank’s earnings comes from net gains/losses on financial transactions.

**ORGANISATIONAL STRUCTURE**

Handelsbanken’s Board has overall responsibility for the Bank’s management of market risks and establishes policy documents for this. Guidelines from the CEO and instructions from the CFO concretise these policies. Within this framework, each part of the business operations bears the responsibility for its own business activities and its management of all risks. The risks that arise in conjunction with funding and liquidity management are, however, centralised to Group Treasury under the CFO, and

Capital Markets manages the majority of the risks in the trading book. The control functions monitor that the business operations are conducted within the Bank’s risk tolerance, and report on the risks to the Board and executive management.

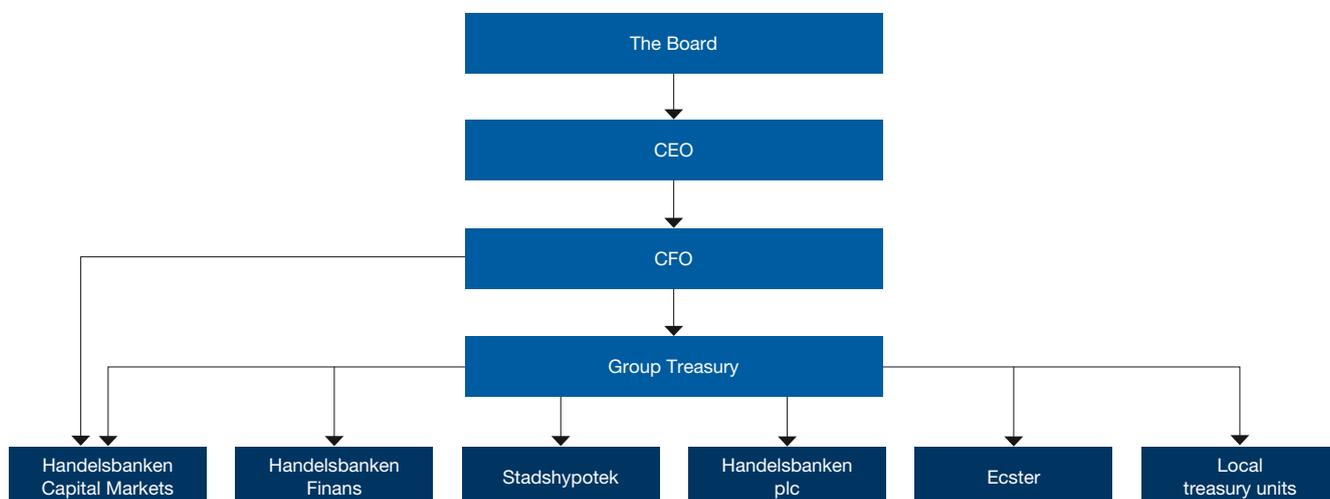
The Bank’s limit system restricts the size of the exposure to market risks. Measurement methods and limits are established by the Board. The CFO has the functional responsibility for liquidity and funding, while the Head of Group Treasury, who reports to the CFO, is responsible for the Group’s liquidity and funding. This responsibility includes managing the Group’s liquidity, foreign exchange and interest rate risks in its banking operations. The limits for interest rate, foreign exchange and liquidity risk are allocated by the CEO and CFO to the Head of Group Treasury, who in turn allocates these to the business-operating units. Limits for equity price risk and commodity price risk are allocated directly to Capital Markets by the CFO.

The CEO and the CFO also decide on supplementary risk measures, intraday limits and detailed guidelines. The supplementary limit measures aim to reduce the Bank’s sensitivity to volatility changes in the financial markets, and to limit the risks of specific holdings and the liquidity risk per currency. These measures also limit the risks from a maturity perspective. The CFO, CEO and Board regularly receive reports on the market risks and utilisation of the limits.

**MARKET RISK AT HANDELSBANKEN**

Market risks are measured using several different methods. The sensitivity measures used show which changes in value would occur in the event of predefined changes in prices and volatilities. Position-related risk measures and probability-based Value at Risk (VaR) models are also used.

Decision levels for market and liquidity risks



## G2 Cont.

Value at Risk for trading book – Handelsbanken Capital Markets and Group Treasury <sup>1</sup>										
SEK m	Total		Equities		Fixed income		Currency		Commodities	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Average	14	11	1	1	14	11	2	2	0	0
Maximum	22	23	5	6	23	23	7	7	0	2
Minimum	8	5	0	0	8	5	1	1	0	0
Year-end	12	11	0	4	13	11	1	2	0	0

<sup>1</sup> Portfolios classified as trading book are subject to special instructions and guidelines.

Worst outcome in stress test for trading book – Handelsbanken Capital Markets and Group Treasury		
SEK m	2023	2022 <sup>1</sup>
Average	51	58
Maximum	139	188
Minimum	15	18
Year-end	52	18

<sup>1</sup> The result for 2022 differs from previously reported results due to a calculation error. For this reason, the figures for 2022 have been restated.

## VAR

VaR is calculated for the portfolios at Handelsbanken Capital Markets and Group Treasury which are classified as trading book. VaR is a probability-based measure and expresses the losses in Swedish kronor that may arise in risk positions due to movements in the underlying markets over a specified holding period and for a given confidence level. VaR is calculated using historical simulation and is determined for individual risk factors, classes of risk and at portfolio level with a 99% confidence level and a one-day holding period. This means that the Bank would be expected to make a loss exceeding the VaR outcome on one out of every 100 trading days. The model means that different risk classes can be handled in a uniform way so that they can be compared and aggregated into a total market risk. The overall risk in the portfolios which are classified as trading book was SEK 12 million (11) at year-end. VaR is reported on a regular basis to the CFO, CEO and Board. The VaR model uses historically observed outcomes and thus does not cover all potential outcomes, such as in the case of extreme, rapid market movements. The calculations are therefore supplemented with stress tests where the portfolios are tested against scenarios based on events in the financial markets since 1994. The results of these stress tests are also reported to the CFO, CEO and Board.

## Interest rate risk

Interest rate risk mainly arises at Handelsbanken Capital Markets, Group Treasury and

in the lending operations. Interest rate risk is measured in several ways at the Bank. General interest rate risk is measured daily, and limits are set as the absolute sum of the least favourable changes in fair value per currency in the case of instantaneous upward or downward parallel shifts of 1 percentage point for all interest rates. At year-end, the Bank's total general interest rate risk was SEK 1,069 million (626). Interest rate adjustment periods for deposits that lack contractual maturity are established using an internal method. The starting point for such deposits is the estimated interest-fixing period, whereby the longer interest rate adjustment period is applied to the part that can be regarded as stable and insensitive to interest-rate movements based on historical observations. The risk measure includes interest-bearing items measured at market value as well as items not measured at market value and is therefore not appropriate when assessing the impact on the balance sheet and income statement. Instead, supplementary measures and limits capture this for the respective business types.

Specific interest rate risk is measured and limited by using sensitivity to changes in credit spreads, that is, the difference between the interest on the current holding and the yield on a government bond with the same maturity. This risk arises at Handelsbanken Capital Markets and in Group Treasury's liquidity portfolio.

The risk is measured and limits are set on the basis of different rating classes and is calculated as the least favourable change in market value in the case of an upward or downward shift of

one basis point in all credit spreads. This is performed for each individual counterparty and the outcomes are summed as an absolute total. Total specific interest rate risk at year-end was SEK 6 million (6).

Changes in the risks in the case of hypothetical changes in various interest rate curves, such as yield curve twist risk and basis risk, are measured and followed up on a regular basis.

## Interest rate risk in the trading book

The trading book at Handelsbanken comprises Capital Markets' portfolios and one portfolio at Group Treasury classified as trading book. At year-end, the general interest rate risk in the trading book was SEK 46 million (61) and the specific interest rate risk was SEK 2 million (1). The non-linear interest rate risk, for example, part of the risk in interest rate options, is measured and a limit set with pre-defined stress scenarios expressed in matrices. This means that the risk is measured as changes in underlying market interest rates and volatilities. VaR and other risk measures are also used for the trading book, supplemented by various stress scenarios.

## Interest rate risk in the non-trading book

Interest rate risk arises as a result of the lending partly having different interest rate adjustment periods than the funding. Interest rate risk is mainly managed by means of interest rate swaps. Interest rate risk also arises in Group Treasury's liquidity portfolio, and is managed via bond futures and interest rate swaps. Generally,

General interest rate risk in the non-trading book (change in fair value as the worst outcome in the case of a 1 percentage point parallel shift of all interest rates)		
SEK m	2023	2022
SEK	392	3
DKK	9	20
EUR	285	3
NOK	12	74
USD	290	366
GBP	68	101
Other currencies	4	3
<b>Total</b>	<b>1,061</b>	<b>570</b>

## G2 Cont.

The table shows the interest rate adjustment periods for interest-rate related assets and liabilities as at 31 December 2023.

Interest rate adjustment periods for assets and liabilities 2023						
SEK m	Up to 3 mths	3–6 mths	6–12 mths	1–5 yrs	Over 5 yrs	Total
Cash and balances with central banks	508,326					508,326
Bonds and other interest-bearing securities	182,277	1,011	1,609	58,374	5,944	249,215
Loans to credit institutions	19,297					19,297
Loans to the public	1,623,097	110,023	165,208	474,768	61,121	2,434,217
Other assets	326,737					326,737
<b>Total assets</b>	<b>2,659,735</b>	<b>111,034</b>	<b>166,817</b>	<b>533,141</b>	<b>67,064</b>	<b>3,537,792</b>
Due to credit institutions	83,062	3,416	3,125	326	1,195	91,124
Deposits and borrowing from the public	1,072,730	65,816	38,907	172,535	49	1,350,037
Issued securities	439,292	182,444	224,314	615,376	105,173	1,566,599
Other liabilities	530,033					530,033
<b>Total liabilities</b>	<b>2,125,116</b>	<b>251,676</b>	<b>266,346</b>	<b>788,237</b>	<b>106,416</b>	<b>3,537,792</b>
Off-balance sheet items	-347,183	17,665	48,978	260,653	54,713	34,827

Assets and liabilities in the table above include the disposal groups in Finland, which has been reclassified to Assets held for sale and Liabilities held for sale on the balance sheet, respectively (see note G14).

Interest rate adjustment periods for assets and liabilities 2022						
SEK m	Up to 3 mths	3–6 mths	6–12 mths	1–5 yrs	Over 5 yrs	Total
Cash and balances with central banks	508,502					508,502
Bonds and other interest-bearing securities	115,584	1,104	1,306	45,556	1,925	165,475
Loans to credit institutions	8,747	668				9,415
Loans to the public	1,485,136	184,172	176,910	552,158	70,949	2,469,324
Other assets	301,000					301,000
<b>Total assets</b>	<b>2,418,969</b>	<b>185,944</b>	<b>178,216</b>	<b>597,714</b>	<b>72,874</b>	<b>3,453,716</b>
Due to credit institutions	77,442	805	2,497	314	1,314	82,372
Deposits and borrowing from the public	1,130,136	32,516	44,975	174,750	44	1,382,422
Issued securities	581,174	120,555	105,575	573,537	136,364	1,517,206
Other liabilities	471,716					471,716
<b>Total liabilities</b>	<b>2,260,469</b>	<b>153,876</b>	<b>153,047</b>	<b>748,601</b>	<b>137,722</b>	<b>3,453,716</b>
Off-balance sheet items	-172,317	-1,601	-49,408	194,102	55,181	25,957

the Bank's interest rate risk is essentially taken in markets characterised by good liquidity. At year-end, the general interest rate risk in the non-trading book was SEK 1,061 million (570) and the specific interest rate risk was SEK 4 million (5).

To estimate the effect of interest rate changes on the income statement, the net interest income effect is also measured. The net interest income effect when interest rates change is measured as the change in net interest income over a 12-month period in the case of a general increase of market rates by 1 percentage point. This effect reflects the differences in interest rate adjustment periods and volume composition between assets, liabilities and derivatives outside the trading book, assuming that the size of the balance sheet is constant. In this calculation, interest rate adjustment periods for deposits that lack contractual maturity are established using an internal method. This model is based on historical observations and only adjusting the portion that is stable and insensitive to interest-rate movements. The internal method

was updated during the year. The net interest income effect at year-end was SEK 3,117 million (1,634).

#### Equity price risk

The Bank's equity price risk mainly arises at Handelsbanken Capital Markets through customer trading and in the Bank's own equity portfolio.

The risk is measured as the market value change in the Bank's total equity positions in the case of an instantaneous change in equity prices of +/-10% and in volatilities of +/-25%. At year-end, the Bank's worst case outcome for this risk was SEK 40 million (38). The largest exposure in equities comes from the UK market.

#### Equity price risk in the trading book

The equity price risk at Handelsbanken Capital Markets arises in customer-driven transactions. Handelsbanken Capital Markets is a market maker for structured products, which gives rise to equity price risk, both linear and non-linear. The non-linear equity price risk arises via options

mainly included in the structured products.

The Bank limits and measures the equity price risk at Handelsbanken Capital Markets using matrices. The advantage of this method is that it effectively identifies equity price risk including the non-linear risk. VaR is used, together with other risk measures and stress scenarios, as a complement when measuring the equity price risk. At year-end, the Bank's VaR for equity price risk in the trading book was SEK 0 million (4).

#### Equity price risk outside the trading book

The Group's holdings of equities outside the trading book include level 3 shares, mainly consisting of various types of Bank-wide operations related to the Bank's core business. The holdings are classified as measured at fair value through other comprehensive income and are measured at fair value on the balance sheet. In general, such holdings are valued at the Bank's share of the company's net asset value, or alternatively at the price of the last completed transaction. The equity price risk is low.

Equity price risk SEK m	Change in volatility					
	2023			2022		
Change in equity price	-25%	0%	25%	-25%	0%	25%
10%	55	58	60	45	46	48
-10%	-40	-37	-35	-38	-37	-35

## G2 Cont.

Equity exposures outside the trading book SEK.m	2023	2022
Holdings classified as measured at fair value through other comprehensive income	601	544
of which Levels 1 and 2	445	392
of which Level 3	156	152
Holdings classified as measured at fair value through other comprehensive income	601	544
of which business-related	256	252
of which other holdings	345	292
Fair value reserve at beginning of year	221	199
Unrealised market value change during the year for retained and new holdings	52	54
Realised due to sales and settlements during the period	0	-32
Fair value reserve at end of year	273	221
Included in tier 2 capital	0	0

**Foreign exchange risk**

As the Bank has lending in several different currencies, foreign exchange exposure of a structural nature arises, because the Group's accounts are presented in Swedish kronor. This structural risk is managed by considering the trade-off between the respective impacts of foreign exchange movements on either capital ratios or equity. The Board has established the maximum impact on equity which the structural foreign exchange position is permitted to give rise to in the hedging of the common equity tier 1 ratio. The other foreign exchange movements

that affect the Bank's equity are shown in the table Statement of changes in equity, Group, on page 86.

The Bank's direct foreign exchange exposure arises as a consequence of customer-driven, intra-day trading in the international foreign exchange markets. This trading is conducted at Handelsbanken Capital Markets. The Board, CEO and CFO have set VaR limits for this foreign exchange risk.

Some foreign exchange exposure also arises in the normal banking operations as part of managing customer payment flows and in fund-

ing operations at Group Treasury. The Board, CEO and CFO have set position limits for these risks. At year-end, the aggregate net position amounted to SEK 337 million (199), not including the structural currency position. This foreign exchange risk does not depend on trends for an individual currency or group of currencies, because the positions are very short and arise in management of customer-driven flows. The total foreign exchange risk in the trading book and the non-trading book was SEK 10 million (3), measured as the impact on the Bank of an instantaneous 5% change in the Swedish krona.

Exchange rate sensitivity (Worst outcome +/-5% change in SEK against the respective currency) SEK.m	2023	2022
EUR	15	1
NOK	2	5
USD	0	4
GBP	1	1
Other currencies	5	4

**Commodity price risk**

Trading in commodities is conducted exclusively at Handelsbanken Capital Markets. Exposure in commodity-related instruments only occurs as a result of customer-driven trading in the international commodity markets. Commodity price risk, both linear and non-linear, is measured as the absolute total of risk for all commodities to which the Bank is exposed. At year-end, the commodity price risk was SEK 0 million (1), measured as the maximum loss on price changes up to 20% in underlying commodities and changes in volatility up to 35%. At year-end, the Bank's VaR for commodity price risk was SEK 0 million (0).

**Other market risks**

Market risk also arises in the Bank's pension system (pension risk). The risk comprises the risk of changes in the value of the pension assets securing the Bank's pension obligations, together with changes in discount rates.

**Fair value measurement**

The business operations are responsible for the correct valuation of financial instruments, and these valuations are then verified by Group Risk Control. This validation responsibility includes ensuring the checking of market data upon which the valuation is based and ensuring that this check is independent of the risk-taking parties.

Sources of market data are independent of the business operations. When market data has been obtained from the business operations, documented controls are performed against external sources and to assess whether the data is reasonable. Market prices and market data for models must be verified at least once a month but are also essentially verified daily. Valuation models are validated by the risk control function which is independent of the developer of the model. The Valuation committee, whose purpose is to coordinate valuation matters in the Handelsbanken Group, fulfils an important function in ensuring that each valuation is correct

and adheres to current market practices.

The valuation of financial instruments measured at fair value is performed in accordance with IFRS 13. See note G42 for more information about the assets and liabilities measured at fair value and for additional information on the Bank's valuation process.

**Prudent valuation**

In accordance with the valuation rules in the CRR, Handelsbanken makes a quarterly adjustment to own funds relating to uncertainty in the valuation of positions at fair value. This adjustment aims to assess the minimum value of own funds to the Bank with 90% accuracy in the event of a sale or the closing of the positions. The adjustment is calculated as the difference between a prudent valuation and the carrying amount representing the most probable value. The adjustments are based on various factors, including assessments of uncertainty in market data, concentrated positions and model risks.

G2 Cont.

**FUNDING AND LIQUIDITY RISK**

Liquidity risk is the risk that the Bank will not be able to meet its payment obligations when they fall due without being affected by unacceptable costs or losses.

**FUNDING STRATEGY**

Handelsbanken has a low tolerance of liquidity risks, both at aggregate level and in each individual currency. The aim is to have good access to liquidity, low variation in results and a considerable capacity to meet customers' funding needs, even in difficult times. This is achieved by maintaining a good matching of incoming and outgoing cash flows over time in all currencies essential to the Bank and by maintaining large liquidity reserves of good quality. The Bank thus minimises the economic risks in funding and can thereby maintain stable and long-term funding for the business-operating units.

The Bank strives for a balanced usage of deposit and market funding. Furthermore, the Bank aims for breadth in its funding programmes and their use. This ensures that the Bank can keep its core business intact for a long period of time, even if there is extensive disruption in the financial markets.

The result of this work is a well-matched balance sheet, where illiquid assets are financed using stable funding. The illiquid

assets comprise credits to households and companies; these credits constitute the Bank's core business. The long-term stable funding of these assets consists of covered bonds issued by Stadshypotek, senior bonds issued by Handelsbanken, deposits from households and a certain amount of deposits from companies, subordinated liabilities and equity.

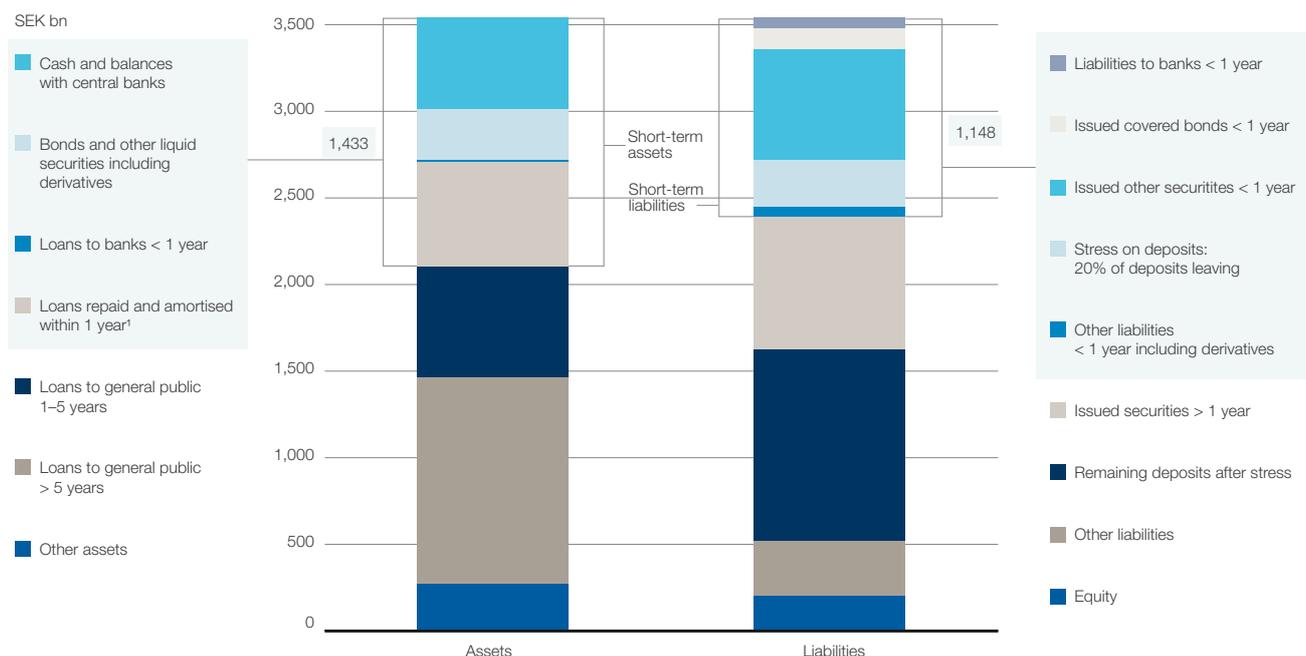
A balance sheet is a snapshot of assets and liabilities. To ensure that the Bank's obligations to customers and investors are fulfilled, it is important to adopt a forward looking perspective in funding and liquidity risk management. The balance sheet is therefore structured in such a way that the real economy participants in the form of companies and households and their needs for credit can be supported even during lengthy periods of stress in the financial markets. This is ensured by letting short-term assets cover short-term liabilities by a good margin. The figure Composition of the balance sheet from a maturity perspective describes the balance sheet in a stressed scenario where 20% of deposits are assumed to disappear within one year and all access to new market funding disappears. Despite the stress, short-term assets are estimated to exceed short term liabilities by a considerable amount at year-end. A long-term crisis could result in a reduced balance sheet with retained core business, whereby the volume of short-term assets is gradually used to pay back maturing short-term liabilities. In the event of a more serious crisis, measures have been prepared to generate liquidity which will provide more support to the business operations.

The market has great confidence in Handelsbanken, and its assessment is that Handels-

banken has a low credit risk. One illustration of this is that the cost of insuring a credit risk with the Bank, referred to as the CDS spread, remains one of the lowest among European banks, and that Handelsbanken has low funding costs relative to competitor banks. Handelsbanken has a continued high rating with the external rating agencies and is one of the most highly rated banks globally among all peer banks. The outlook for the Bank's rating is stable from Standard and Poor's and Fitch but the rating from Moody's has a negative outlook due to the Bank's large exposure to the real estate sector and hypothetical problems in a stressed system-wide scenario.

Good diversification between different types of funding sources in various markets, currencies and forms of funding instruments is a key component of the funding strategy. This reduces the significance of individual markets or sources of funding. Handelsbanken's long-term international funding is geographically well diversified, and the Bank has issued significant volumes of bonds in, among others, US dollar, euro, Swiss franc and Australian dollar. The most important sources of funding are deposits from households and companies as well as covered and senior bonds. The short-term funding mainly comprises deposits from financial companies and institutions as well as issues of commercial papers and certificates of deposit. Group Treasury has a number of different funding programmes for market funding at its disposal. Bonds, certificates and commercial papers are issued under these programmes in the Bank's, Stadshypotek's and Handelsbanken plc's names. The funding programmes ensure well-diversified access to

Composition of the balance sheet from a maturity perspective



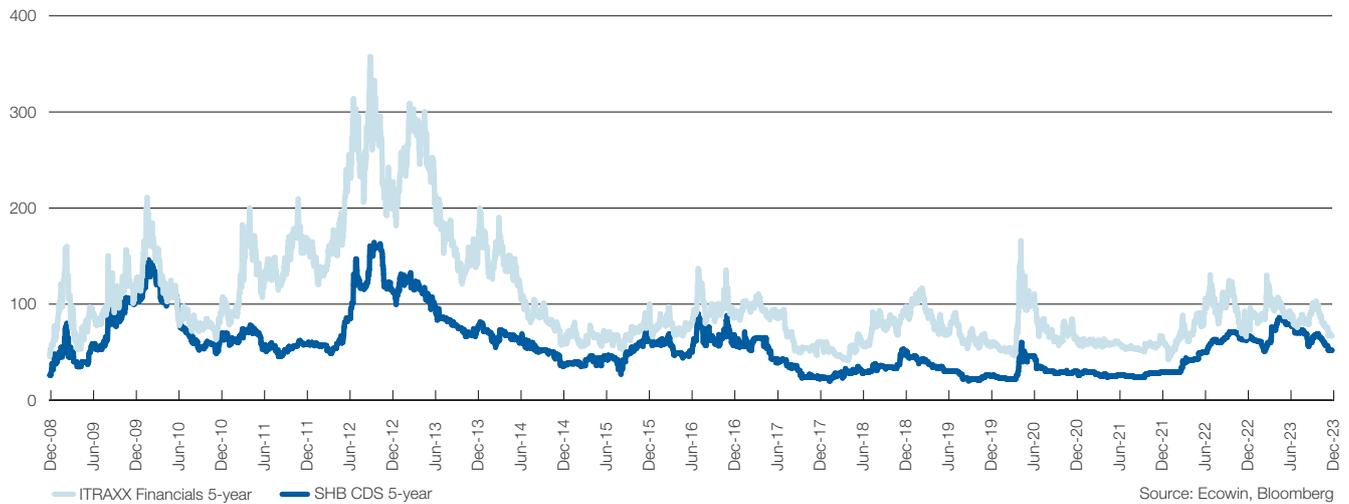
<sup>1</sup> Scheduled amortisations, contractual maturities and estimated additional loan repayments.

G2 Cont.

**Handelsbanken's five-year CDS spread compared with ITRAXX Financials**

ITRAXX Financials is an index of CDS spreads for the 25 largest bond issuers in the European banking and insurance sector. It describes the average premium that an investor requires in order to accept credit risk on the companies. The index was expanded to 30 issuers from the start of 2023.

Basis points



Source: Ecwin, Bloomberg

funding in terms of different currencies, the number of investors, debt types and geographic breakdown.

**ORGANISATIONAL STRUCTURE**

Handelsbanken has a decentralised business model, as part of which the Bank's liquidity monitoring takes place locally and close to the business, but all funding and liquidity risk management in the Group is centralised to Group Treasury. Funding and liquidity management is governed by policies established by the Board, which also decides on limits. Guidelines from the CEO and instructions from the CFO concretise these policies. The instructions establish parameters such as limits, the composition of the funding, and benchmarks in the case of disruptions in the funding markets. Furthermore, all liquidity risk limits are channelled to the operations via Group Treasury.

Group Treasury is also responsible for the Bank's liquidity reserve, including the pledged assets that must be kept in different payment and clearing systems, and monitors liquidity flows during the day to ensure that the Bank has sufficient collateral in its payment systems at any given time to meet the Bank's payment obligations.

The size of collateral in the clearing systems is determined on the basis of what the Bank

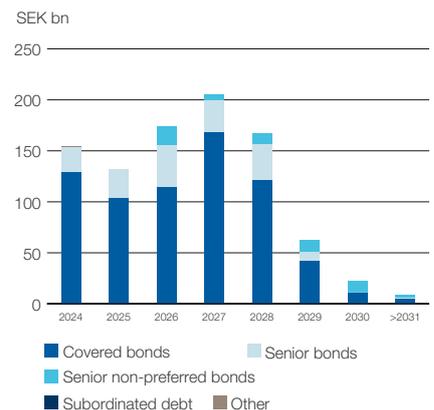
deems is required to fulfil its obligations, both in normal circumstances and in stressed situations. If these circumstances change, the size of collateral and liquidity is adjusted, and in times of crisis, collateral can also be redistributed and the liquidity reserve can be utilised. The operations also ensure marginal requirements from central and bilateral counterparties as regards derivative exposures. The Bank secures liquidity in its central bank and nostro accounts for expected payment and settlement undertakings through active liquidity planning and monitoring in all currencies.

**MARKET FUNDING – COMPOSITION**

The macroeconomic environment in 2023 has been characterised by periods of considerable uncertainty. This uncertainty – a consequence of inflation, rising interest rates, a weaker business climate and geopolitical risks – has affected the financial markets and resulted in high volatility in credit spreads and general interest rates. Handelsbanken has, however, had access to the markets all year, and thus been able to maintain a strong liquidity situation throughout the year. The uncertainty that affected the real economy and the financial markets during the year led to a decision to strengthen the reserves, and market funding

**Maturity profile of long-term market funding**

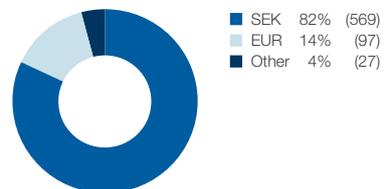
Refers to issued securities as at 31 December 2023 with a long-term<sup>1</sup> original maturity.



<sup>1</sup> Long-term maturity refers to a maturity equal to or in excess of one year and one month.

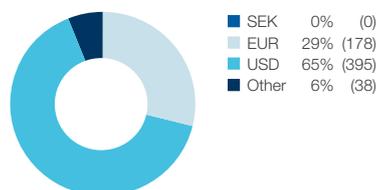
**Market funding of covered bonds by currency 2023**

Refers to the currency breakdown as at 31 December 2023 for issued covered bonds. Amounts in parentheses in SEK bn.



**Short-term market funding by currency 2023**

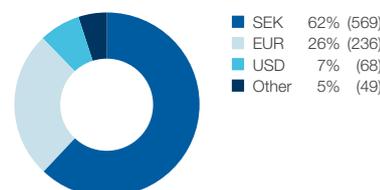
Refers to the currency breakdown as at 31 December 2023 for issued securities with short-term<sup>2</sup> original time to maturity. Amounts in parentheses in SEK bn.



<sup>2</sup> Short-term maturity refers to a maturity of less than one year and one month.

**Long-term market funding by currency 2023**

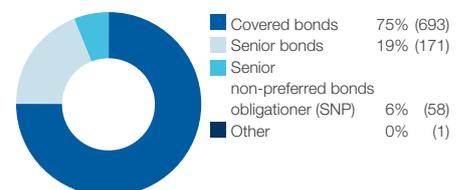
Refers to breakdown by currency as at 31 December 2023 for issued securities with a long-term<sup>3</sup> original maturity. Amounts in parentheses in SEK bn.



<sup>3</sup> Long-term maturity refers to a maturity equal to or in excess of one year and one month.

**Long-term market funding by instrument 2023**

Refers to breakdown by instrument as at 31 December 2023 for issued securities with a long-term<sup>4</sup> original maturity. Amounts in parentheses in SEK bn.



<sup>4</sup> Long-term maturity refers to a maturity equal to or in excess of one year and one month.

## G2 Cont.

therefore ended up being somewhat larger than planned in 2023.

During the year, Handelsbanken issued a total of SEK 227 billion (192) in long-term market funding in the Bank's most important funding currencies. An important component of the long-term market funding is issues of covered bonds. The breakdown by currency of the outstanding volume is presented in the figure Market funding of covered bonds by currency. Short-term funding is mainly raised by issuing certificates of deposit and commercial papers in Europe and the USA. This funding is supplemented by fixed-term deposits from large corporates, both financial and non-financial. In connection with the funding operations, the Bank continued to meet investors to the same extent as previously, updated its funding programmes and also in other respects maintained the conditions for bond funding in all relevant global funding markets. This enabled the funding operations to continue as normal during the year.

#### ENCUMBERED ASSETS AND COVER POOLS

Another important part of Handelsbanken's liquidity management consists of retaining significant volumes of unutilised collateral that can be used in the event of disruptions in the financial markets. One prerequisite for being able to pledge additional collateral is for the Bank to have unutilised collateral at its disposal from

the outset. The Bank therefore retains substantial volumes of non-encumbered assets that could be used as collateral in the issue of covered bonds and liquid securities with very high credit ratings.

The Bank is restrictive about entering into agreements, such as CSA agreements, that stipulate that the Bank, according to certain criteria, may be forced to provide collateral to a counterparty. Such agreements are generally only signed with credit institutions. Cash collateral pledged under CSA agreements for outstanding derivatives totalled SEK 18,705 million (6,670). For more information about the Bank's encumbered assets, see the Assets pledged table in Handelsbanken's Fact Book. In addition to securing the Bank's liquidity, this restrictive approach contributes to limiting the extent to which the Bank's senior lenders have lower priority than lenders who invest in covered bonds, known as subordination.

To assess the degree of subordination between investors of unsecured funding and secured funding, the volume and credit quality of the non-encumbered assets are the relevant factors. Handelsbanken's restrictive approach to risk-taking means that the non-encumbered assets are of high quality. Since Handelsbanken wishes to have a balanced utilisation of covered and senior bonds, there is a large volume of mortgage loans which are not encumbered.

The table Non-encumbered/non-pledged assets shows that the volume of non-encum-

bered assets for Handelsbanken is 261% (272) of the outstanding volume of unsecured funding.

The majority of the encumbered assets consist of Stadshypotek's cover pools, which comprise mortgage loans provided as collateral for outstanding covered bonds. The Bank also has voluntary OC (over-collateralisation) – extra assets in addition to those which are needed to cover the issued bonds, and in addition to the 2% statutory requirement of 8% which is included in the pool. These extra assets are in the pool in case the value of the mortgage loans were to fall to a level such that further assets are needed to match the volume of outstanding bonds.

When assessing the risk that it will be necessary to add further assets, the loan to value (LTV) of the mortgage loans in the cover pool is of fundamental importance. The lower the LTV, the lower the risk that more mortgage loans are required in the pool if prices fall in the property market. Handelsbanken's average volume-weighted LTV – LTV Max – was 54.0% (51.0) in the Swedish pool and 58.4% (55.8) in the Norwegian pool. This shows that the Bank can withstand substantial drops in prices of underlying property assets before further mortgage loans have to be added to the pools. The assets which the Bank has chosen to keep outside the cover pools are shown in the table Non-encumbered/non-pledged assets and can be used for issues of covered bonds if necessary.

Non-encumbered/non-pledged assets	2023		2022	
	NEA <sup>1</sup>	Accumulated share of non-encumbered funding, % <sup>2</sup>	NEA	Accumulated share of non-encumbered funding, %
SEK bn				
<b>Cash and balances with central banks</b>	<b>505</b>	<b>55</b>	<b>505</b>	<b>56</b>
<b>Liquid bonds in liquidity portfolio<sup>3</sup></b>	<b>258</b>	<b>83</b>	<b>171</b>	<b>75</b>
<b>Household lending incl. derivatives</b>	<b>466</b>		<b>524</b>	
<i>of which mortgage loans</i>	325	118	369	116
<i>of which loans secured by collateral in property</i>	2	118	3	116
<i>of which other household lending</i>	139	133	152	133
<b>Corporate lending incl. derivatives</b>	<b>1,168</b>		<b>1,200</b>	
<i>of which mortgage loans</i>	455	182	433	181
<i>of which loans to housing co-operative associations excl. mortgage loans</i>	83	191	84	190
<i>of which loans to property companies excl. mortgage loans</i>				
- risk class 1–3	250	219	311	225
- risk class 4–5	192	239	152	241
- of which risk class > 5	16	241	8	242
<i>of which other corporate lending</i>				
- risk class 1–3	100	252	136	257
- risk class 4–5	61	259	70	265
- risk class > 5	11	260	6	266
<b>Loans to credit institutions incl. derivatives</b>	<b>5</b>		<b>4</b>	
- risk class 1–3	4	260	4	266
- risk class > 3	1	260	0	266
<b>Other lending</b>	<b>5</b>	<b>261</b>	<b>55</b>	<b>272</b>
<b>Other assets</b>	<b>0</b>	<b>261</b>	<b>0</b>	<b>272</b>
<b>Total</b>	<b>2,407</b>	<b>261</b>	<b>2,459</b>	<b>272</b>
<b>Encumbered assets without underlying liabilities<sup>4</sup></b>	<b>70</b>		<b>75</b>	
Encumbered assets with underlying liabilities	1,062		920	
<b>Total assets, Group</b>	<b>3,538</b>		<b>3,454</b>	

<sup>1</sup> NEA: Non-encumbered assets.

<sup>2</sup> Issued short and long non-secured funding and liabilities due to credit institutions.

<sup>3</sup> Relates to eligible as collateral value in central banks.

<sup>4</sup> Over-collateralisation (OC) in cover pool and assets to cover Operational Continuity in Resolution requirement in the UK (as of 2021).

## G2 Cont.

Cover pool data	Sweden		Norway	
	2023	2022	2023	2022
SEK m				
Stadshypotek total lending, public	1,394,877	1,376,478	125,975	127,264
Available assets for cover pool	1,281,717	1,264,436	117,137	121,596
Utilised assets in cover pool	692,099	651,915	73,414	76,747
Substitute assets, cash on a blocked account	300	100	120	0
Maximum LTV %, weighted average ASCB definition <sup>1</sup>	54.02	51.03	58.43	55.85
<b>LTV, breakdown</b>				
0–10%	22.6	24.2	21.5	22.6
10–20%	19.9	20.9	19.4	20.3
20–30%	17.2	17.7	16.9	17.5
30–40%	14.4	14.4	14.3	14.5
40–50%	11.2	10.6	11.6	11.3
50–60%	7.9	6.9	8.7	7.8
60–70%	5.1	4.1	5.7	4.6
70–75%	1.7	1.3	1.9	1.4
Loan amount, weighted average, SEK	820,600	780,900	2,822,572	2,883,595
Loan term, weighted average, no. of months <sup>2</sup>	76.0	73.0	29.0	28.0
<b>Interest rate adjustment periods, breakdown</b>				
Floating rate, %	51.2	44.4	95.0	95.8
Fixed rate, %	48.8	55.6	5.0	4.2

<sup>1</sup> Association of Swedish Covered Bond issuers.

<sup>2</sup> Calculated from the date on which the loan is granted.

## LIQUIDITY RISK

The Bank handles a large number of incoming and outgoing cash flows as part of its operations. In order to limit risk in liquidity management, the Bank has a robust risk tolerance framework including both limits and qualitative targets for liquidity risk. Group Risk Control is responsible for measuring risks and reports risk utilisation daily to the CFO and the CEO, and on a regular basis to the Board.

Liquidity planning is based on an analysis of cash flows for the respective currency. As a general rule, a larger exposure is permitted in currencies with high liquidity than in currencies where the liquidity is low. The funding strategy is that illiquid assets are financed in a stable and long-term manner, and that a positive liquidity position (cash flows plus liquid assets) must be maintained – even in stressed conditions.

The governance of the Bank's liquidity situation is therefore based on stress tests, which are performed at an aggregate level and also individually for the currencies that are essential to the Bank. The stress tests ensure that the Bank has sufficient liquidity, from both a short-term and long-term perspective, in various stressed scenarios and with various liquidity-generating actions. The stress tests are carried out with the application of both market-wide and idiosyncratic stress, on a regular basis and an ad hoc basis. These are also supplemented with scenario analyses which consider substantial falls in housing prices. In these stress tests, it is assumed that the Bank does not have access to market funding, at the same time as some deposits from households and companies gradually disappear in the first month. It is further assumed that the Bank will continue to

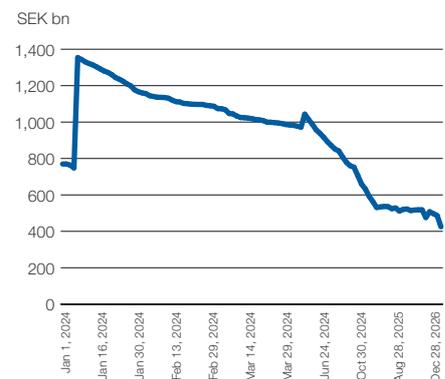
conduct its core business by renewing loans to households and companies at maturity and that customers will partly utilise issued commitments and credit facilities.

The stress tests assume that the cash assets in the liquidity reserve are used and that securities can immediately supply liquidity if provided as collateral, primarily in the market and as a last resort in central banks.

In addition, the Bank can generate liquidity through the unutilised issue amount for covered bonds and by implementing other liquidity-generating measures to gradually provide the Bank with liquidity. The volume and quality of unutilised collateral must be such that in a crisis situation it can provide the Bank with the necessary liquidity. With these conditions, the Bank will be liquid for more than three years. Thus, the Bank has major powers of resistance to serious, long-term stress.

The table Maturity analysis for financial assets and liabilities shows undiscounted cash flows for the contracted payment obligations, including interest flows, due for payment at the latest within the stated time intervals. The table shows holdings of bonds and other interest-bearing securities in the time intervals in which they can be converted to liquidity if they are pledged as collateral or sold. Furthermore, assets, liabilities and interest flows that mature are shown in the time intervals corresponding to the contractual maturity dates. Financial guarantees, loan commitments and unutilised overdraft facilities are reported in their entirety in the time interval up to 30 days. The total outstanding amount of these commitments does not necessarily represent future funding requirements. For derivative instruments, cash flows are reported net for interest rate swaps and

## Stress test of liquidity, including liquidity-generating measures – accumulated liquidity position



## G2 Cont.

gross for instruments where gross cash flows are paid or received, such as currency swaps.

The liquidity coverage ratio (LCR) has been a binding requirement for banks in the EU since the European Commission introduced its Delegated Regulation. The measure states the ratio between the Bank's liquidity buffer and net cash flows in a very stressed scenario during a 30-day period. The requirement applies to LCR at aggregate level and the ratio must be at least 100%. The Swedish Financial Supervisory Authority also stipulates LCR in individual currencies within the framework of the supervisory review and evaluation process in Pillar 2. At year-end, the Group's aggregated LCR was 210% (163), which shows that the Bank has a high level of resistance to short-term disruptions on the funding markets.

The minimum requirement for the structural liquidity measure, the net stable funding ratio (NSFR) – the ratio between available stable funding and required stable funding – requires the Bank to have sufficient stable funding to cover its funding needs under both normal and stressed circumstances from the perspective of a one-year horizon. The minimum requirement applies at aggregate level and the ratio must be at least 100%. At year-end 2023, NSFR was 120% (114) at Group level.

**PRICING OF LIQUIDITY RISK**

An important part of liquidity risk management is that deposits and lending are priced internally, taking into account the liquidity risks that they give rise to. When the Bank grants a loan with a long maturity, this creates the need to obtain

additional long-term funding – which is normally more expensive than short-term funding. This is because investors who purchase the Bank's long-term bonds normally demand higher compensation for the maturity. This is taken into account in the Bank's internal pricing, which takes place based on the price that internal units in the Bank have to pay for the funding they receive from Group Treasury. The internal pricing is important in order to create the right incentive and to avoid unsound risk-taking. The Bank has worked with maturity-based internal interest rates for a long time. They ensure that the price at contract level takes into account the funding cost and liquidity risk that the agreement has given rise to.

Liquidity coverage ratio (LCR) – subcomponents SEK m	2023	2022
<b>High-quality liquidity assets</b>	<b>758,587</b>	<b>673,796</b>
<b>Cash outflows</b>	<b>424,831</b>	<b>490,448</b>
Retail deposits and deposits from small business customers	55,996	65,380
Unsecured wholesale funding	255,923	293,008
Secured wholesale funding	4,266	7,351
Other cash outflows	108,646	124,709
<b>Cash inflows</b>	<b>63,449</b>	<b>77,502</b>
Inflows from fully performing exposures	40,108	27,209
Other cash inflows	23,341	50,293
<b>Liquidity coverage ratio (LCR), %</b>	<b>210</b>	<b>163</b>

The subcomponents are defined as stated in Commission Delegated Regulation (EU) 2015/61.

Net stable funding ratio (NSFR) – subcomponents SEK m	2023	2022
<b>Available stable funding</b>	<b>2,101,503</b>	<b>2,036,932</b>
Capital items and capital instruments	208,436	214,134
Deposits from the public	709,447	724,112
Wholesale funding	1,179,688	1,092,732
Other liabilities	3,931	5,954
<b>Need for stable funding</b>	<b>1,758,065</b>	<b>1,793,937</b>
Total high-quality liquid assets	6,063	4,918
Encumbered assets for a residual maturity of one year or more in a collateral group	487,444	483,554
Performing loans and securities	1,178,603	1,232,720
Other assets	63,915	48,935
Off-balance sheet items	22,040	23,811
<b>Net stable funding ratio (NSFR), %</b>	<b>120</b>	<b>114</b>

## G2 Cont.

For deposit volumes, the column "Unspecified maturity" refers to deposits payable on demand. The table contains interest flows, which means that the balance sheet items are not reconcilable with the Group's balance sheet. Maturity tables without interest flows, including maturity tables in foreign currencies, can be found in the Fact Book at handelsbanken.com/ir.

Maturity analysis for financial assets and liabilities 2023 SEK m	Up to 30 days	31 days– 6 mths	6–12 mths	1–2 yrs	2–5 yrs	Over 5 yrs	Unspecified maturity	Total
Cash and balances with central banks	508,710							508,710
Interest-bearing securities eligible as collateral with central banks <sup>1</sup>	199,274							199,274
Bonds and other interest-bearing securities <sup>2</sup>	50,435							50,435
Loans to credit institutions	17,401	521	788	1,304	3,129	2,306		25,448
of which reverse repos	9,623							9,623
Loans to the public	92,630	327,172	258,418	279,380	465,330	1,227,112		2,650,042
of which reverse repos	17,404							17,404
Other	17,847						308,890	326,737
of which shares and participating interests	12,218							12,218
of which claims on investment banking settlements	5,629							5,629
<b>Total assets</b>	<b>886,297</b>	<b>327,693</b>	<b>259,207</b>	<b>280,683</b>	<b>468,458</b>	<b>1,229,417</b>	<b>308,890</b>	<b>3,760,646</b>
Due to credit institutions	39,546	35,766	1,783	703	381	1,001	13,115	92,295
of which repos								
of which deposits from central banks	11,741	20,288						32,029
Deposits and borrowing from the public	72,616	188,060	33,509	4,994	1,623	157	1,049,740	1,350,699
of which repos								
Issued securities <sup>3</sup>	73,317	437,143	271,904	145,936	569,336	94,931		1,592,568
of which covered bonds	336	54,466	76,896	104,626	390,687	55,744		682,756
of which certificates of deposit (CDs) with original maturity of less than one year	28,975	127,206	46,503					202,684
of which commercial paper (CPs) with original maturity of less than one year	47,841	225,686	136,389					409,916
of which certificates of deposit (CDs) and commercial paper (CPs) with original maturity of over one year	99	19,024	14,117					33,240
of which senior non-preferred bonds		557	414	970	37,871	25,674		65,486
of which senior bonds and other securities with original maturity of over one year	109	27,489	2,886	35,008	121,494	11,500		198,487
Subordinated liabilities		14,022	565	1,353	20,192	14,367		50,499
Other	7,750	220	377	654	1,383	638	519,013	530,035
of which short positions	2,366							2,366
of which liabilities on investment banking settlements	5,210							5,210
<b>Total liabilities</b>	<b>193,229</b>	<b>675,212</b>	<b>308,139</b>	<b>153,640</b>	<b>592,916</b>	<b>111,093</b>	<b>1,581,867</b>	<b>3,616,096</b>
<b>Off-balance sheet items</b>								
Financial guarantees and unutilised loan commitments	427,865							

Derivatives 2023 SEK m	Up to 30 days	31 days– 6 mths	6–12 mths	1–2 yrs	2–5 yrs	Over 5 yrs	Total
Total derivatives inflow	130,988	462,290	124,514	93,751	265,217	89,804	1,166,564
Total derivatives outflow	131,898	468,845	127,404	92,031	252,501	81,931	1,154,610
<b>Net</b>	<b>-910</b>	<b>-6,555</b>	<b>-2,890</b>	<b>1,720</b>	<b>12,716</b>	<b>7,873</b>	<b>11,954</b>

Assets and liabilities in the table above include the disposal groups in Finland, which has been reclassified to Assets held for sale and Liabilities held for sale on the balance sheet, respectively (see note G14).

## G2 Cont.

Maturity analysis for financial assets and liabilities 2022 SEK m	Up to 30 days	31 days– 6 mths	6–12 mths	1–2 yrs	2–5 yrs	Over 5 yrs	Unspecified maturity	Total
Cash and balances with central banks	508,723							508,723
Interest-bearing securities eligible as collateral with central banks <sup>1</sup>	132,989							132,989
Bonds and other interest-bearing securities <sup>2</sup>	32,846							32,846
Loans to credit institutions of which reverse repos	6,346	180	328	584	1,872	2,382		11,691
Loans to the public of which reverse repos	65,944	301,126	242,443	280,925	510,950	1,245,526		2,646,914
Other of which shares and participating interests of which claims on investment banking settlements	23,717						277,283	301,000
	12,815							12,815
	10,902							10,902
<b>Total assets</b>	<b>770,564</b>	<b>301,306</b>	<b>242,771</b>	<b>281,510</b>	<b>512,822</b>	<b>1,247,908</b>	<b>277,283</b>	<b>3,634,163</b>
Due to credit institutions of which repos of which deposits from central banks	38,283	27,232	3,622	1,010	477	1,551	10,809	82,983
	14,212	20,009	2,652	114			3	36,989
Deposits and borrowing from the public of which repos	27,400	75,911	36,517	10,017	2,085	5,849	1,224,903	1,382,682
	4							4
Issued securities <sup>3</sup> of which covered bonds of which certificates of deposit (CDs) with original maturity of less than one year of which commercial paper (CPs) with original maturity of less than one year of which certificates of deposit (CDs) and commercial paper (CPs) with original maturity of over one year of which senior non-preferred bonds of which senior bonds and other securities with original maturity of over one year	92,544	510,171	185,168	187,428	423,003	127,585		1,525,899
	7,914	76,552	11,011	157,739	323,167	75,500		651,884
	35,096	195,836	58,078					289,009
	49,419	207,869	73,242					330,530
	9	6,549	8,973	553				16,084
		283	140	423	25,585	25,027		51,458
	105	23,082	33,724	28,713	74,251	27,058		186,933
Subordinated liabilities		9,614	145	14,496	13,511	11,476		49,240
Other of which short positions of which liabilities on investment banking settlements	5,047	375	378	716	1,456	653	463,099	471,724
	1,947							1,947
	3,087							3,087
<b>Total liabilities</b>	<b>163,273</b>	<b>623,302</b>	<b>225,830</b>	<b>213,666</b>	<b>440,533</b>	<b>147,114</b>	<b>1,698,810</b>	<b>3,512,529</b>
<b>Off-balance sheet items</b>								
Financial guarantees and unutilised loan commitments	459,114							
<b>Derivatives 2022</b>								
SEK m	Up to 30 days	31 days– 6 mths	6–12 mths	1–2 yrs	2–5 yrs	Over 5 yrs		Total
Total derivatives inflow	182,101	590,120	150,293	121,954	213,073	117,024		1,374,565
Total derivatives outflow	180,101	589,221	149,097	120,987	211,934	111,955		1,363,295
<b>Net</b>	<b>2,000</b>	<b>899</b>	<b>1,196</b>	<b>967</b>	<b>1,139</b>	<b>5,069</b>		<b>11,270</b>

<sup>1</sup> SEK 169,372 million (106,107) of the amount (excl. interest) has a time to maturity of less than one year.

<sup>2</sup> SEK 3,334 million (2,511) of the amount (excl. interest) has a time to maturity of less than one year.

<sup>3</sup> SEK 758,321 million (767,033) of the amount (excl. interest) has a time to maturity of less than one year.

## G2 Cont.

**LIQUIDITY RESERVE**

To ensure sufficient liquidity to support its core operations in stressed financial conditions, the Bank holds large liquidity reserves in all currencies of relevance to the Bank. The liquidity reserve which is independent of funding and foreign exchange markets can provide liquidity to the Bank at any time.

The liquidity reserve comprises several different parts. Cash, balances and other lending to central banks are components which can provide the Bank with immediate liquidity. The reserve also comprises liquid securities such as government bonds, covered bonds and other securities of very high credit quality which are liquid and eligible as collateral with central banks.

These can also provide the Bank with immediate liquidity. The remainder of the liquidity reserve comprises an unutilised issue amount for covered bonds and other liquidity-generating measures.

Holdings with central banks, and securities holdings in the liquidity reserve, market value 2023 SEK m	SEK	EUR	USD	Other	Total
<b>Level 1 assets</b>	<b>282,713</b>	<b>162,484</b>	<b>165,828</b>	<b>151,125</b>	<b>762,150</b>
Cash and balances with central banks	66,978	157,868	160,806	119,288	504,940
Securities issued or guaranteed by sovereigns, central banks, MDBs and international organisations	181,594	4,556	5,022	1,758	192,930
Securities issued by municipalities and PSEs	209				209
Extremely high-quality covered bonds	33,932	60		30,079	64,071
<b>Level 2 assets</b>	<b>207</b>	<b>280</b>	<b>502</b>	<b>120</b>	<b>1,109</b>
<i>Level 2A assets</i>	<i>207</i>	<i>221</i>	<i>502</i>	<i>120</i>	<i>1,050</i>
Securities issued or guaranteed by sovereigns, central banks, municipalities and PSEs				36	36
High-quality covered bonds	207	221	502	84	1,014
Corporate debt securities (lowest rating AA-)					
<i>Level 2B assets</i>		<i>60</i>			<i>60</i>
Asset-backed securities					
High-quality covered bonds					
Corporate debt securities (rated A+ to BBB-)		60			60
Shares (major stock index)					
<b>Total liquid assets</b>	<b>282,920</b>	<b>162,764</b>	<b>166,330</b>	<b>151,245</b>	<b>763,259</b>

Holdings with central banks, and securities holdings in the liquidity reserve, market value 2022 SEK m	SEK	EUR	USD	Other	Total
<b>Level 1 assets</b>	<b>237,836</b>	<b>175,150</b>	<b>138,355</b>	<b>123,897</b>	<b>675,238</b>
Cash and balances with central banks	99,540	168,032	129,603	108,164	505,339
Securities issued or guaranteed by sovereigns, central banks, MDBs and international organisations	117,817	7,019	8,752	1,903	135,491
Securities issued by municipalities and PSEs	447				447
Extremely high-quality covered bonds	20,032	99		13,831	33,962
<b>Level 2 assets</b>	<b>230</b>	<b>307</b>	<b>512</b>	<b>90</b>	<b>1,139</b>
<i>Level 2A assets</i>	<i>230</i>	<i>215</i>	<i>512</i>	<i>90</i>	<i>1,047</i>
Securities issued or guaranteed by sovereigns, central banks, municipalities and PSEs				36	36
High-quality covered bonds	230	215	512	54	1,011
Corporate debt securities (lowest rating AA-)					
<i>Level 2B assets</i>		<i>91</i>			<i>91</i>
Asset-backed securities					
High-quality covered bonds					
Corporate debt securities (rated A+ to BBB-)		91			91
Shares (major stock index)					
<b>Total liquid assets</b>	<b>238,066</b>	<b>175,457</b>	<b>138,867</b>	<b>123,987</b>	<b>676,377</b>

G2 Cont.

**OPERATIONAL RISK**

Operational risk refers to the risk of loss due to inadequate or failed internal processes, human error, erroneous systems or external events. The definition includes legal risk as well as IT risks and information security risks (ICT risks).

The Board establishes the Handelsbanken Group’s tolerance of operational risk. Handelsbanken has a low tolerance for operational risk, although this risk is an inevitable component in all operations. As far as possible, Handelsbanken must endeavour to prevent these risks. Operational losses must be low. An operational risk which could have serious adverse consequences for the Bank, the Bank’s customers or the financial system in the event of an incident must be reduced to a lower risk level. Risk mitigation measures must be taken so that the risk is made acceptable. Losses resulting from an operational risk event can be covered by insurance or other solutions. Risk assessments are conducted by assessing the impact and probability of events occurring, based on a scale from 1 to 5. The assessed impact, coupled with the assessed probability of the event, will determine the scope of the risk limitation measures required. If an action plan is missing or if Risk Control considers that the work is taking too long or not progressing according to plan, the risk is outside of the Bank’s risk tolerance.

In 2023, Handelsbanken’s operational losses, which comprise expected and recognised operational losses exceeding SEK 25,000, and any recoveries, totalled SEK 115 million (58). It is not unusual that the amount referring to operational losses is adjusted over time due to recoveries, or that additional losses are added which are related to a previously reported incident. This may affect the comparative figures for previously reported losses.

**ORGANISATIONAL STRUCTURE**

The responsibility for identifying, assessing and managing operational risk is an integral part of managerial responsibility at all levels in the Handelsbanken Group. The Bank’s decentralised way of working and cost-consciousness promote good management of operational risk, which leads to vigilance against potential loss risks in daily procedures and events.

Operational risk is managed in the business operations, and this management is controlled by Risk Control. Specially appointed local coordinators for operational risk (local OpRisk coordinators) are in place to assist managers in their management of operational risk. They are responsible for ensuring that existing methods and procedures for managing operational risk are used in the business operations, managing required actions related to reported incidents, supporting the business operations, and following up any actions decided regarding operational risk.

Group Risk Control has the overall responsibility for the methods and procedures used to manage operational risk. This responsibility also includes periodically assessing methods and procedures as well as their use in the operations. Group Risk Control ensures that the business operations identify, assess, report and manage operational risk, and perform a follow-up to ensure that the action decided upon is being taken. Group Risk Control is also responsible for ensuring that risks are evaluated before decisions are made concerning new or materially changed products, services, markets, processes and IT systems or in the case of major changes in the Group’s operations or organisational structure. In addition, Group Risk Control is responsible for identifying, measuring, analysing, and reporting at the Group level all material operational risks and their development to management and the Board. The risk reports presented to management and the Board also contain information about material incidents and risk mitigation measures.

**METHODS FOR IDENTIFYING, ASSESSING AND MANAGING OPERATIONAL RISK**

The business operations are responsible for owning and managing risks associated with

day-to-day operational activities by gathering relevant risk facts within their units. The Bank monitors the development of operational risk according to the following categories:

- execution, delivery and process management
- business disruptions and system failures
- clients, products and business practices
- external crime
- damage to physical assets
- employment practices and workplace safety
- internal fraud.

The Group-wide methods for identifying, assessing and managing operational risk are incident reporting, risk indicators and self-assessment of operational risk.

**Incident reporting**

Reporting of operational risk incidents which have resulted in direct financial losses in excess of SEK 25,000 is mandatory. Other incidents illustrating operational risk must also be reported, and risk facts must be collected.

**Risk indicators**

Risk indicators are monitored in order to warn of heightened operational risk. If a threshold for a risk indicator is exceeded, a risk assessment must be carried out to serve as a basis for assessing any risk management measures to be taken. For certain risk indicators, the threshold is determined by the CEO.

**Self-assessment OPRA Risk Analysis**

OPRA Risk Analysis is a method and self-assessment procedure to assess, document and report operational risks, and is carried out regularly by all units. OPRA Risk Analysis can also be event driven, and the procedure shall be performed in case of serious incidents, threshold breaches or serious external events.

**ORX**

The Bank is a member of the Operational Risk-data eXchange Association (ORX). The main purpose of ORX is for participating banks to exchange anonymised data concerning incidents leading to operational losses. ORX also has an important function in standardising and ensuring the quality of data on operational risk. Extensive

**Three lines of defence**



G2 Cont.

research is being done on methods regarding operational risk, and ORX is an important forum for the exchange of experiences.

**IT OPERATIONS IN THE HANDELSBANKEN GROUP**

The Bank’s operations are dependent on the availability and security of its IT services. The technological development and digitalisation of banking services mean that this area is increasing in significance. The CEO establishes guidelines relating to the overall goal and strategy of IT operations in the Handelsbanken Group. Operational risk in this area is managed according to the same procedures as in other parts of the Bank, with the addition of special procedures for managing specific types of risk within the area. These include:

- monitoring IT systems in production
- management of IT incidents
- management of new or changed IT systems
- management of cyber risk
- implementation of security tests
- implementation of risk analyses of IT systems
- reviewing outsourcing agreements and other supplier arrangements in terms of IT and security
- continuity management of IT systems.

**SECURITY AND DATA PROTECTION**

Security work at Handelsbanken aims to protect the lives, health and integrity of employees and customers, as well as to protect customers’ and the Bank’s assets, and the good name and reputation of the Group. In its operations, a bank continuously processes sensitive information about customers and customer relationships. The overall aim of Handelsbanken’s information security and data protection efforts is to protect this information based on its availability, accuracy, confidentiality and traceability. Information and business systems must be available based on the business requirements of the operations. The CEO establishes guidelines for security and data protection at Handelsbanken. All employees of the Bank are responsible for compliance with the rules for protection of information, and all managers are responsible for compliance with the rules on security and data protection in their own area of responsibility. The Bank engages in systematic data protection and security work that meets requirements and heads off possible threats and risks, and there are procedures for managing changes in the IT and physical environment that could have a negative impact. In the case of deficient management, or if information were to be leaked by mistake, the consequences could be serious, including weakened confidence in the Bank or financial losses. Within the framework of the systematic work, structured development is under way to increase the level of awareness among employees and customers concerning the threats and

risks in security, through presentations, training programmes and information initiatives. Security and data protection cover administrative solutions such as rules and instructions, technical security solutions, physical protection, and protection of sensitive activities and classified information.

Security and data protection activities are to be conducted based on an information security management system following international standards, such as ISO 27001. Handelsbanken’s information security work is certified according to ISO 27001.

The Bank’s management system for information security is based on ISO 27001 together with the Standard of Good Practice developed by the Information Security Forum (ISF), an organisation which counts many of the largest companies in the world as members, as standard providers. The work with data protection, information and IT security is pursued systematically, and the Bank works with this from a process perspective, where risk analysis plays a central role. Risk analyses employ the various methods from ISF’s Information Risk Analysis Methodology (IRAM2) and the Privacy Impact Analysis (PIA).

The Handelsbanken Group’s physical safety measures include protection against fire, processes and procedures concerning threats to employees and employee protection, travel safety, perimeter protection, the Bank’s liability and property insurance cover, as well as external environment monitoring and instructions.

Instructions within the Group for managing risks related to physical safety require, among other things, that a security review be carried out at least annually and be followed up via the annual work environment survey.

**FINANCIAL CRIME**

The Bank works constantly to minimise the risk of the Bank’s customers, products or services being exploited for financial crime. Financial crime includes money laundering, terrorist financing, tax evasion, corruption, fraud and breaches of international sanctions. The work is governed by a central department headed by the Bank’s specially appointed executive with Group-wide responsibility for the work to prevent financial crime. Starting points for these efforts to combat financial crime are the Bank’s low tolerance of risk and the body of external regulations addressing financial crime in the countries where the Bank operates. The Bank also has a separate compliance department for financial crime, which also has Group-wide responsibility and monitors and acts in an advisory capacity in the Bank’s work to combat financial crime. The department is headed up by the Bank’s central function owner. For further information on the Bank’s work to combat financial crime, refer to Handelsbanken’s Corporate Governance Report on pages 66–81.

**CHANGE MANAGEMENT**

The change management area covers new or materially changed products, services, markets, processes and IT systems, or when there are material changes in the Group’s operations or organisational structure. The activities and actors involved in the process are described in the Bank’s instructions and approval process for change management, which also describe how and when to involve the control functions. The process also includes requirements that risk analyses are carried out and that these consider, for example, areas such as financial crime, sustainability, information security and data quality. Decisions related to changes must also be documented.

**ESSENTIAL PROCESSES**

Essential processes refer to processes which are of material importance for providing support to the Bank’s critical business operations. The Bank’s essential processes are reviewed for relevance each year and in conjunction with material changes, and are updated where necessary, as well as being subject to a risk assessment.

The identification of essential processes is fundamental to the scope of the Bank’s continuity planning, i.e. which parts of the operations are to be prioritised in the event of disruptions or stoppages.

Breakdown of loss amounts over SEK 25,000 by number, 2019–2023



Breakdown of loss amounts over SEK 25,000, 2019–2023



## G2 Cont.

**CONTINUITY PLANNING AND CRISIS MANAGEMENT**

The purpose of the Bank's continuity planning and crisis management is to ensure that the Bank is well prepared to continue its business operations in the event of an unpredictable situation. This means that preparatory measures must be taken to mitigate the effects of a serious disruption on the business operations, such that these can continue at an acceptable level for the duration of the disruption. The CEO's guidelines for continuity planning and crisis management and supplementary instructions state that consequence analyses are to be performed each year, in order to ascertain which operations and IT systems are of such critical importance that they require continuity plans.

The continuity plans include planning the maintenance of operations during the disruption and recovery to normal operations. For essential processes, the plans must include the longest permitted duration of a stoppage. There is a Central Crisis Team for the entire Group. In addition, the CEO has specified that certain units require a designated crisis function. Work in the crisis functions is to be undertaken according to special crisis manuals.

Continuity plans and crisis manuals must be revised on an annual basis at a minimum. The plans must be tested each year, at a minimum, and crisis drills are carried out by the units required to have crisis functions. The work is evaluated annually and reported to the Board, which is also informed of the Bank's strategy for continuity management.

Handelsbanken also participates in the voluntary work organised by the Swedish financial sector's private-public partnership organisation (FSPOS) to strengthen the sector's capacity to manage disruptions and stoppages. The Bank decided in 2023 to become one of two private organisations to participate in the Financial Stability Council's annual crisis exercise instead of this year's FSPOS exercise.

**SUPPLIER ARRANGEMENTS**

The Bank has a designated process for managing supplier arrangements, including outsourcing agreements, within the Group. As the starting point, the Bank applies a risk-based working method, taking into account the Bank's low risk tolerance, in assessments prior to decisions on supplier arrangements and their administration. The CEO has issued guidelines that set out the conditions and requirements for outsourcing agreements concerning operations of material significance. The guidelines apply throughout the Handelsbanken Group and also cover the subsidiaries in the Group.

**REPUTATION RISK, CONDUCT RISK AND TRAINING**

Reputation risk is the risk of losses due to a deterioration of confidence in the Bank. This may occur for reasons such as deficiencies in

ethical standards, inappropriate actions, poor information or badly planned development of new or changed products. Handelsbanken manages and minimises reputation risk in its operations through proactive business intelligence and accompanying, relevant corrective action when needed, and by conducting operations to a high ethical standard. In 2023, three training programmes were mandatory for all employees in the Group: Financial Crime, GDPR, and Security Training – Cybersecurity.

Handelsbanken's low risk tolerance is also reflected in its approach to employee benefits. The Bank regards fixed remuneration as contributing to sound operations, so this is applied as a fundamental rule.

**COMPLIANCE RISK****Compliance risk refers to risks associated with non-compliance.**

Compliance refers to the observation of and compliance with external and internal rules and regulations, accepted market practice and relevant standards that are together applicable to the Bank's licensed operations. Compliance risk is the risk associated with the Bank's failure to comply with this framework, and the consequences that this could have for the Bank in the form of sanctions, material financial loss or loss of reputation. Handelsbanken has a low tolerance for compliance risks and must prevent these risks as far as possible and prioritise the work that needs to be carried out to quickly address any risks which have been identified. A compliance risk is beyond risk tolerance if the Compliance function deems that the risk level is major or critical, and is of the view that there is no adequate action plan, or that there are material deviations from the existing action plan.

**ORGANISATIONAL STRUCTURE**

The responsibility for compliance in the operations is an integral part of managerial responsibility at all levels of the Group, and is allocated at unit/department level. Function managers and product managers have a special responsibility for ensuring that work in each area of responsibility throughout the Group is carried out in accordance with internal and external rules and regulations, including the responsibility to follow up compliance with the Group-wide instructions that they issue within their areas. Among units with function responsibility, Group Legal is responsible for providing legal support to the business, and for carrying out the requisite legal assessments, including definitive interpretations of regulations, on behalf of other units. It is also responsible for coordinating work involving legal support and

legal assessments at the central and local levels. Within the Handelsbanken Group, managers and employees must have a sound awareness and understanding of the requirements imposed through internal and external rules, as well as the compliance risks associated with non-compliance, and must seek support from Group Legal or a local legal function for the requisite legal assessments.

The Compliance function is the control function responsible for identifying, monitoring, controlling and reporting on compliance risks in relation to the Bank's licensed operations. Organisationally, this function is divided into Group Compliance and local units in certain subsidiaries. Group Compliance also includes specifically defined roles such as the Appointed Officer for Controlling and Reporting Obligations according to the applicable money laundering and terrorist financing regulations, and the Data Protection Officer (DPO) according to the applicable regulations on data protection and personal data processing.

**RISK-BASED WORK**

The Compliance function applies a risk-based approach to its work. In practice, this means that the function performs an annual overall risk assessment of the Bank's operations and regulatory compliance, and subsequently focuses its activities primarily on the areas that have the highest risk of non-compliance. Shortcomings are assessed and reported using a four-level assessment scale: "minor", "moderate", "major" or "critical" compliance risk, and also in terms of whether they are deemed to be local risks or risks with a material impact on the Group as a whole. The Chief Compliance Officer (CCO) reports on the current risk situation in the Group to the Chief Executive Officer, the Risk committee and the Board every quarter. This includes the report from the Appointed Officer, as well as the DPO.

**RISK IN THE REMUNERATION SYSTEM****Remuneration risk is the risk of loss or other damage arising due to the remuneration system.****THE REMUNERATION SYSTEM**

At Handelsbanken, remuneration is established individually when an employee takes up a new position and in local salary reviews. Remuneration takes into account the collective bargaining agreements that are binding for Handelsbanken or corresponding local standardised contracts or agreements. It is based on the Bank's model for setting salaries and the salary-setting factors it specifies: the nature and level of difficulty of

## G2 Cont.

Performance-based variable remuneration	2023	2022
Earned performance-based variable remuneration <sup>1</sup> , SEK m	49	52
Salaries and fees, SEK m	10,168	9,800
No. of persons able to earn performance-based variable remuneration <sup>2</sup>	132	124
Average number of employees	12,216	12,030
Earned performance-based variable remuneration, as a proportion of total salaries and fees, %	0.5	0.5
Earned performance-based variable remuneration, as a proportion of common equity tier 1 capital, %	0.03	0.03
No. of persons able to earn performance-based variable remuneration as a proportion of average number of employees, %	1.1	1.0

<sup>1</sup> The amounts are excluding social security costs. The amounts are determined after the Annual Report is published.

<sup>2</sup> The number of persons who are allocated performance-based variable remuneration is determined after the Annual Report is published. Of the 124 persons who were able to earn performance-based variable remuneration in 2022, 111 received an allocation.

the work, competency and skills, work performance and results achieved, leadership, the market, and being a cultural ambassador for the Bank. These principles have been applied for many years. They mean that managers at all levels participate regularly in salary processes, and take responsibility for the Bank's salary policy and the growth in their own unit's staff costs.

To ensure that Handelsbanken has a well-designed remuneration system, risks in the remuneration system are managed as a separate risk class, with the risk management following the same allocation of responsibilities as other types of risk. Handelsbanken has low tolerance of remuneration risks and actively strives to keep them at a low level. Performance-based variable remuneration must be applied with great caution and is not offered to employees who, in their professional roles, can have a material impact on the Bank's risk profile.

In 2023, a provision of SEK 49 million (52) was made for performance-based variable remuneration.

## ORGANISATIONAL STRUCTURE AND RESPONSIBILITY

The principles for the Bank's remuneration system are stipulated in the remuneration policy decided on by the Board. More detailed guidelines and implementation directives are decided by the Chief Executive Officer. Group Compliance reviews these steering documents to ensure observance of the regulations applying in this area. The responsibility for identifying and managing remuneration risks rests with every responsible manager in the operations. Group Risk Control ensures that the remuneration system and its application are evaluated every year from a risk perspective. This evaluation must also include an analysis of the impact of the remuneration system on the Bank's risk, capital and liquidity situation.

## RISKS IN THE REMUNERATION SYSTEM

Handelsbanken's remuneration policy and remuneration system are deemed to generate low risks, align with the Bank's low tolerance of

risks and support the Bank's long-term interests. The remuneration system has a low impact on the Bank's financial risk, capital and liquidity situation. The total amount reserved for performance-based variable remuneration to employees in the Handelsbanken Group must not exceed 0.4% of the Handelsbanken Group's common equity tier 1 capital during any given year. The data for the calculation of performance-based variable remuneration is risk-adjusted based on an assessment of present and future risks. There are rules about deferring the disbursement of variable remuneration and for completely or partly reducing the allocated deferred variable remuneration.

For more detailed information and statistics about the Bank's remuneration system, see the Corporate Governance Report and note G8 in the Annual Report.

## RISK IN THE INSURANCE OPERATIONS

### The risks in the insurance operations mainly comprise market risks and insurance risks.

Handelsbanken conducts life insurance operations in its subsidiary Handelsbanken Liv. Handelsbanken Liv's contracts are comprised of unit-linked insurance and portfolio bond insurance, risk insurance contracts (primarily in the form of health insurance, waiver of premium insurance and death insurance), as well as traditional life insurance contracts.

Handelsbanken Liv has a low risk tolerance and follows the Bank's risk management principles. The risks in the insurance business primarily comprise market risks and insurance risks. For a description of the Bank's risk management, risk organisation and reporting and monitoring of risk, see the introduction to this note and the relevant risk sections of this note.

Handelsbanken Liv's risk policy sets out the risks to which the company is exposed, defines the Board's tolerance regarding these risks and stipulates the principles and internal rules for risk management. The principles for identifying, measuring, taking action on and reporting risks are also regulated in the policy. Handelsbanken Liv's investment policy restricts exposure to financial risks and provides overall instructions on the management of assets given the obligations to its policyholders and statutory requirements. It also provides instructions on how governance and control of the investments are to be implemented, and how the total risk level in the assets is to be managed. Assets are to be invested in a prudent manner so that risks can be identified, measured, analysed, and reported. The risks of the insurance operations are reported to the board and CEO of Handelsbanken Liv, the Board and CEO of the Bank, Group Risk Control and the CRO's Risk forum.

## MARKET RISK

Market risk refers to the combined risk that changes in risk factors in financial markets – such as changes in interest rates, equity prices, or exchange rates – will result in changes in the value of the company's investment assets and/or its commitments. Market risk primarily arises in traditional life insurance and indirectly from unit-linked insurance and portfolio bond insurance contracts under which the policyholders bear the risk of change in value but for which the Bank's fee and commission income is impacted by the value of the assets managed.

For a description of material market risks arising in traditional life insurance and risk insurance reported in accordance with IFRS 17, see note G34.

## CREDIT RISK

Credit risk primarily arises in traditional life insurance. For a description of credit risks arising in traditional life insurance reported in accordance with IFRS 17, see note G34.

## LIQUIDITY RISK

Liquidity risk primarily arises in traditional life insurance. For a description of liquidity risks arising in traditional life insurance reported in accordance with IFRS 17, see note G34.

## INSURANCE RISK

Insurance risk refers to risk other than financial risk that is transferred from the policyholder to Handelsbanken Liv. Insurance risks primarily arise in traditional life insurance and risk insurance. For a description of material insurance risks arising in traditional life insurance and risk insurance reported in accordance with IFRS 17, see note G34.

## G2 Cont.

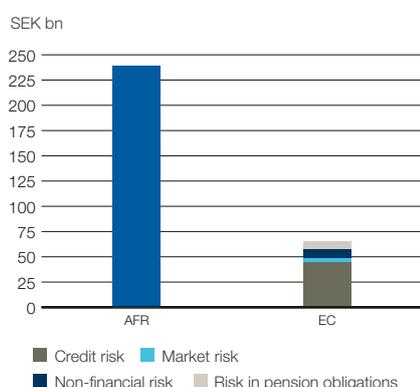
**External capital requirements**

Handelsbanken Liv applies the Solvency 2 regulations, which is a risk-based framework, to establish own funds and capital requirements in order to ensure that the insurance company has adequate capital for meeting its obligations to policyholders even when unforeseen negative events occur. Handelsbanken Liv applies the regulatory standard formula for its entire insurance portfolio. The ratio between own funds and the capital requirement is to exceed 1 by a healthy margin at any time. The solvency capital requirement amounted to SEK 11,559 million (10,756) on 31 December 2023, and own funds amounted to SEK 26,174 million (24,901), which resulted in a solvency ratio of 2.26 (2.32). The minimum capital requirement amounted to SEK 2,890 million (2,689) on 31 December 2023. Handelsbanken Liv carries out an own risk and solvency assessment (ORSA) at least once a year to forecast future capital requirements based on given scenarios and stress tests.

**ECONOMIC CAPITAL**

Handelsbanken's model for calculating economic capital (EC) identifies in one measurement the Group's overall risks and indicates the capital which, with very high probability, will cover unexpected losses or decreases in value.

Group Risk Control is responsible for comprehensive monitoring of the Group's various risks. The Bank's model for EC is an instrument in this monitoring. It is also part of the Bank's assessment of the internal capital requirement which is reported quarterly to the Board. This assess-

**Total of AFR and EC including diversification 2023**

ment is intended to ensure that the Group has sufficient capital at all times in relation to all risks in the Group. The Group perspective means that economic capital also includes risks in the insurance operations and risks in the Bank's pension obligations.

Economic capital is calculated with a time horizon of one year and a confidence level that reflects an acceptable level of risk and desired rating. The Board has determined that the calculation of economic capital must be made with a 99.97% confidence level, which captures an event which is extremely unfavourable for the Bank. EC is the difference between the outcome in an average year – with positive results and good growth in the value of the Bank's assets – and the outcome at a 99.97% confidence level.

Diversification effects between the different risk classes are taken into account when calculating EC. Since the risks are partly independent of each other, the capital requirement for all risks is lower than the sum of the economic capital for each individual risk.

The capital and other financial resources which form a buffer that can absorb negative outcomes are called available financial resources (AFR). AFR is Handelsbanken's equity with the addition of other financial values on and off the balance sheet, available to cover losses with a one-year time horizon.

In risk and the capital situation, the Group applies a shareholder perspective. The economic capital model provides an overall view of the Group which makes it possible to optimise the risk and capital situation from the shareholder's perspective. The outcome of the calculations plays an important role when new transactions or structural changes are considered.

Credit risk is calculated using simulated outcomes of default for all the Group's counterparties and exposures.

Market risks comprise the risk in the assets classified as the trading book, the interest rate risk in the non-trading book, market risks in the insurance operations, and the risk in shareholdings in the non-trading book.

The risk in the pension obligations mainly consists of the risk of a decrease in the assets that exist for securing the Bank's defined benefit pensions, and the fact that the values of these obligations are sensitive to interest rates. Most of the pension obligations are in Sweden and are secured there in a pension foundation and an occupational pension association.

The other risks are operational risk, business risk, property risk and insurance risk. Business risk is related to unexpected changes in financial performance in each business area. For example, these may arise due to demand or competition changing unexpectedly, thus resulting in lower volumes and squeezed mar-

gins. Property risk captures the risk of a fall in the value of the properties which the Bank owns.

At year-end, EC was SEK 65.5 billion (54.6), of which credit risks accounted for the main part of the total risk. The Board stipulates that the AFR/EC ratio should be at least 120%. The ratio was 366% (413) at year-end, which illustrates that the Bank is well-capitalised in relation to its overall risks. The Swedish Financial Supervisory Authority has come to the same conclusion in its overall capital assessment of the Bank.

The risk and capital situation reported is a snapshot picture, even though the risk calculations include margins of conservatism for business cycle fluctuations. To perform a final assessment of the Group's capital adequacy requirements, consideration must also be given to the stress and scenario analysis carried out as part of the Bank's capital planning.

**CAPITAL PLANNING**

Handelsbanken's capital planning aims to ensure that the Group has the right amount of financial resources available at all times.

The capital requirement is a function of the Group's risks, expected development, the regulations and target ratios, Handelsbanken's model for EC and stress tests. The Bank's capital requirement is reported weekly to the CFO and the CEO and at least quarterly to the Board.

As part of proactive capital planning, there is a contingency and action plan with specific measures that can be taken if the Bank needs to improve its capital position. The purpose of the contingency and action planning is to ensure that there is a warning system that identifies potential threats at an early stage and that the Group is prepared to take rapid action, if necessary.

At least annually, a long-term capital plan is drawn up, which is designed to give a comprehensive overview of the Group's current capital situation, a forecast of expected capital performance, and the outcome in various scenarios. These scenarios are designed to substantially differ from expected events and thus harmonise with the Group's low risk tolerance. The capital plan also contains proposals for how to maintain the capital situation at a satisfactory level in a strongly negative business environment, from both a regulatory and shareholder perspective.

The capital planning is divided into short-term and mid- to long-term forecasting. The part of

**G2 Cont.**

capital planning that comprises short-term forecasts up to two years ahead principally focuses on assessing existing performance and the development of the capital requirement. This forecasting is necessary to enable continual adaptation of the size and composition of own funds.

Capital planning is performed through ongoing analysis of changes in volume, risk and performance, and by monitoring events that may affect the capital requirements and capital level. Short-term forecasting includes all sub-components that make up the Group's own funds and, in addition to the regulatory minimum requirements and buffers, the capital requirement includes a Pillar 2 requirement, the leverage ratio requirement and the minimum requirement for own funds and eligible liabilities (MREL). The forecasting work also includes conducting various sensitivity analyses, with a short-term perspective, of the expected change in the capital adequacy requirement and own funds. The Bank can thus be prepared to alter the size and composition of its own funds if required – for example, through market operations.

The result of the short-term analysis forms the basis of any capital operations performed and is reported weekly to the CFO and the CEO and, if necessary, to the Board. The analysis is based on a cautious basic scenario, with decision points in the near future for how existing earnings capacity can cope with various changes in volume, as well as other effects that are expected to impact the capital situation. The weekly reporting also includes sensitivity analyses based on various market factors that could impact the basic forecast.

The part of capital planning that comprises mid- to long-term forecasts aims to ensure compliance with statutory capital adequacy requirements and that the Group's available financial resources (AFR) at all times cover by a good margin all risks calculated according to the EC model.

The long-term forecast also includes an assessment of the trend for the Bank's overall capital over the period: the minimum requirements, the combined buffer requirements, the Pillar 2 requirement, the leverage ratio requirement and the MREL requirement. The objective is to forecast the expected performance and judge whether the Bank's resistance is satisfactory in various scenarios. The planning horizon is at least five years and takes account of the Group's overall business performance trend.

A basic scenario forms the foundation of the long-term capital forecast. This scenario is obtained from expected performance in the next five years regarding profit, volume growth, financial assumptions such as credit losses, and performance of the equity, property and fixed-income markets. The basic scenario is then compared to the outcomes in a number

of business cycle and crisis scenarios. The stress scenarios have been established following analysis of the historical links between the impacts of different macroeconomic variables on the financial markets and have been selected by using the scenarios expected to have the most severe impact on Handelsbanken. The prevailing macroeconomic situation, which is a combination of geopolitical risks, inflation, rising interest rates and a weaker business climate, is included and analysed from the Bank's perspective.

At the end of 2023, the common equity tier 1 ratio was 18.8% (19.6). The ratio between AFR and EC was 366% (413) at the same date. Thus, AFR exceeds the assessed internal capital requirement (EC) by a very good margin.

The Bank's strong position is further emphasised by the result of the various forward-looking stress scenarios which are carried out, showing that Handelsbanken's long-term capital situation is very stable from both a financial and regulatory perspective.

Capital planning also monitors regulatory developments and assesses the impact and needs arising due to additional new requirements.

#### **THE GROUP'S REGULATORY CAPITAL TARGETS**

The Board continuously sets the targets for the Bank's capitalisation. A cornerstone of the internal capital requirement assessment of the regulatory capital situation is stress and scenario analysis of the Bank's situation, both long-term and short-term. The scenarios used are principally based on the Bank's internal risk tolerance and the direct requirements resulting from the regulations and other requirements from public authorities. In addition to the internal assessment of the capital requirement, the Swedish Financial Supervisory Authority has communicated that the target figures of Swedish banks must not be lower than the total assessed capital requirement calculated by the Supervisory Authority, regardless of the banks' internal calculations. The Bank has taken this into account when setting the target figures for the regulatory capitalisation.

The Board has decided that the common equity tier 1 ratio, which is the most relevant measure for the governance of the Bank under the current regulatory framework, under normal circumstances must be between 1 and 3 percentage points above the total common equity tier 1 capital requirement communicated to the Bank by the Swedish Financial Supervisory Authority. The other capital tiers (the tier 1 ratio and the total capital ratio) must be at least 1 percentage point above the total capital assessment communicated to the Bank by the Swedish Financial Supervisory Authority for the respective capital tiers. The leverage ratio must be at least 0.6 percentage points above the total capital requirement communicated to the

Bank by the Swedish Financial Supervisory Authority. In addition, the Bank must fulfil all other capital requirements imposed by public authorities. Moreover, the Board has decided that "the dividend level must not lead to the capital ratios falling below a level of 1 percentage point above the requirements communicated by the Swedish Financial Supervisory Authority".

In the Bank's assessment, the Swedish Financial Supervisory Authority's common equity tier 1 capital requirement at the end of the fourth quarter was 14.8%.

## G3 Net interest income

SEK m	2023	2022
<b>Interest income</b>		
Loans to credit institutions and central banks	29,262	8,873
Loans to the public	91,518	48,567
Interest-bearing securities eligible as collateral with central banks	8,110	1,289
Bonds and other interest-bearing securities	2,076	876
Derivative instruments	32,227	7,452
Other interest income	853	1,164
<b>Total</b>	<b>164,046</b>	<b>68,221</b>
Deduction of interest income reported in net gains/losses on financial transactions	-4,242	-814
<b>Total interest income</b>	<b>159,805</b>	<b>67,407</b>
<i>of which interest income according to effective interest method and interest on derivatives in hedge accounting</i>	<i>133,602</i>	<i>59,702</i>
<b>Interest expenses</b>		
Due to credit institutions and central banks	-3,768	-1,567
Deposits and borrowing from the public	-35,195	-8,032
Issued securities	-45,983	-16,595
Derivative instruments	-28,562	-3,454
Subordinated liabilities	-1,615	-1,368
Deposit guarantee fees	-246	-332
Other interest expenses	-513	-375
<b>Total</b>	<b>-115,881</b>	<b>-31,723</b>
Deduction of interest expenses reported in net gains/losses on financial transactions	3,654	930
<b>Total interest expenses</b>	<b>-112,227</b>	<b>-30,793</b>
<i>of which interest expenses according to the effective interest method and interest on derivatives in hedge accounting</i>	<i>-100,238</i>	<i>-28,272</i>
<b>Net interest income</b>	<b>47,578</b>	<b>36,614</b>

The derivative instrument rows include net interest income related to hedged assets and liabilities. These may have both a positive and a negative impact on interest income and interest expenses.

## G4 Net fee and commission income

SEK m	2023	2022
Brokerage and other securities commissions	420	455
Mutual funds	5,534	5,469
Custody and other asset management fees	997	911
Advisory services	236	196
Insurance	673	672
Payments	2,811	2,680
Loans and deposits	1,156	1,146
Guarantees	196	202
Other	536	546
<b>Total fee and commission income</b>	<b>12,559</b>	<b>12,277</b>
Securities	-243	-218
Payments	-1,053	-969
Other	-124	-108
<b>Total fee and commission expenses</b>	<b>-1,421</b>	<b>-1,296</b>
<b>Net fee and commission income</b>	<b>11,139</b>	<b>10,981</b>

## G4 Cont.

Fee and commission income by segment 2023								
SEK m	Sweden	UK	Norway	The Netherlands	Capital Markets	Other	Adjustments and eliminations	Total
Brokerage and other securities commissions	154	5	11	11	250	8	-19	420
Mutual funds	4,747	336	231	92	7	187	-65	5,534
Custody and other asset management fees	725	42	110	95	31	1	-8	997
Advisory services	0	50	1		186		-1	236
Insurance	670	0	3			2	-2	673
Payments	2,209	326	270	1	15	-10	0	2,811
Loans and deposits	719	143	114	9	42	130	-1	1,156
Guarantees	100	13	40	1	41	0	-1	196
Other	521	4	4	1	294	0	-287	536
<b>Total fee and commission income</b>	<b>9,845</b>	<b>919</b>	<b>784</b>	<b>209</b>	<b>866</b>	<b>318</b>	<b>-382</b>	<b>12,559</b>

Fee and commission income by segment 2022								
SEK m	Sweden	UK	Norway	The Netherlands	Capital Markets	Other	Adjustments and eliminations	Total
Brokerage and other securities commissions	179	3	17	10	242	16	-12	455
Mutual funds	4,715	338	244	61	10	191	-90	5,469
Custody and other asset management fees	654	31	115	79	41	1	-11	911
Advisory services	0	48	1		194	-38	-8	196
Insurance	662	0	10			1	-1	672
Payments	2,089	310	275	1	14	-10	0	2,680
Loans and deposits	764	123	96	10	34	119	-1	1,146
Guarantees	102	15	46	1	40	1	-3	202
Other	525	6	5	1	323	5	-319	546
<b>Total fee and commission income</b>	<b>9,691</b>	<b>874</b>	<b>808</b>	<b>163</b>	<b>898</b>	<b>287</b>	<b>-444</b>	<b>12,277</b>

Fee and commission income refers to income from contracts with customers. Income from Brokerage and other securities commissions, Advisory services, Payments and Loans and deposits is generally recognised in conjunction with the rendering of the service, i.e. at a specific point in time. Income from Mutual funds, Custody and other asset management fees, Insurance and Guarantees is generally recognised as the services are rendered, i.e. on a straight-line basis over time.

Assets under management		
SEK bn	2023	2022
Mutual funds, excl. PPM and unit-linked insurance	668	602
PPM	79	67
Unit-linked insurance	204	178
<i>less external funds</i>	-2	-2
<b>Total mutual funds</b>	<b>949</b>	<b>845</b>
Structured products	3	2
Portfolio bond insurance	52	45
<i>less Handelsbanken mutual funds and structured products</i>	-27	-24
Traditional insurance	6	6
<i>less Handelsbanken mutual funds and structured products</i>	-6	-6
Discretionary and Institutional assets, excl. insurance	344	317
<i>less Handelsbanken mutual funds and structured products</i>	-298	-270
<b>Total assets under management, excl. securities in custody accounts</b>	<b>1,023</b>	<b>915</b>
Securities in custody accounts, excl. mutual funds	712	614
Securities in custody accounts, excl. mutual funds, for foundations associated with Handelsbanken	38	37

## G5 Net gains/losses on financial transactions

SEK m	2023	2022
Amortised cost	668	65
of which loans	95	35
of which interest-bearing securities	0	
of which issued securities	573	30
Fair value through other comprehensive income	-1	-1
of which interest-bearing securities – expected credit losses	0	-1
of which interest-bearing securities – reclassified from other comprehensive income	-1	
Fair value through profit or loss, fair value option	670	-4,710
of which interest-bearing securities	670	-4,710
Fair value through profit or loss, mandatory incl. foreign exchange effects	1,494	5,975
of which assets held on behalf of policyholders	336	-291
Hedge accounting	166	-80
of which net gains/losses on fair value hedges	82	-29
of which cash flow hedge ineffectiveness	83	-51
<b>Total</b>	<b>2,997</b>	<b>1,249</b>
Less return on assets held on behalf of policyholders	-336	291
<b>Net gains/losses on financial transactions</b>	<b>2,661</b>	<b>1,540</b>

The accumulated value change due to changes in credit risk from initial recognition from financial assets which are classified at fair value through profit or loss, fair value option, amounted to SEK 113 million (-158).

## G6 Net insurance result

SEK m	2023	2022
Insurance revenue	1,169	1,208
Insurance service expenses <sup>1</sup>	-958	-929
<b>Insurance service result</b>	<b>211</b>	<b>279</b>
Result from reinsurance contracts held	-10	-18
Financial income and expenses from insurance contracts	-44	19
<b>Insurance result</b>	<b>157</b>	<b>280</b>
Return on assets held on behalf of policyholders	336	-291
<b>Net insurance result</b>	<b>493</b>	<b>-11</b>

<sup>1</sup> Acquisition costs are recognised directly in the income statement and amounted to SEK -13 million (-9).

## G7 Other income

SEK m	2023	2022
Rental income	14	19
Other operating income <sup>1</sup>	311	1,227
<b>Total</b>	<b>325</b>	<b>1,246</b>

<sup>1</sup> The repayment of VAT attributable to the sale of the card acquiring business was expensed in Q2 2023, which had an impact of SEK 141 million on other operating income. Svenska Handelsbanken AB sold real estate holding subsidiaries in Q1 2022, which had an impact of SEK 1,059 million on other operating income.

## G8 Staff costs

SEK m	2023	2022
Salaries and fees	-9,532	-8,527
Social security costs	-2,343	-2,240
Pension costs <sup>1</sup>	-1,112	-1,698
Provision for the profit-sharing scheme	-83	-196
Other staff costs	-572	-379
<b>Total</b>	<b>-13,642</b>	<b>-13,040</b>

<sup>1</sup> The components in the reported pension costs are shown in the Pension costs table.

## G8 Cont.

Salaries and fees SEK m	2023	2022
Executive officers <sup>1</sup>	-158	-152
Others	-9,374	-8,375
<b>Total</b>	<b>-9,532</b>	<b>-8,527</b>

<sup>1</sup> Executive officers and Board members in the parent company and CEOs, Executive Vice Presidents and Board members in subsidiaries (on average 55 people). Staff costs attributable to the discontinued operations in Finland are presented in note G14.

Gender distribution	2023		2022	
	Men	Women	Men	Women
%				
Executive officers excluding Boards	62	38	66	34
<i>of which in parent company</i>	53	47	60	40
<i>of which in subsidiaries</i>	68	32	70	30
Boards	59	41	60	40
<i>of which in parent company</i>	46	54	46	54
<i>of which in subsidiaries</i>	62	38	62	38

Average number of employees	2023			2022		
	Total	Men	Women	Total	Men	Women
Sweden	7,285	3,530	3,755	6,911	3,350	3,561
UK	2,923	1,632	1,291	2,658	1,490	1,168
Norway	888	460	428	819	424	395
The Netherlands	415	265	150	382	243	139
USA	53	30	23	53	31	22
Luxembourg	51	27	24	50	24	26
Singapore				1	1	
Germany				2	1	1
Poland	16	4	12	15	4	11
Other countries	52	23	29	63	27	36
<b>Total</b>	<b>11,683</b>	<b>5,971</b>	<b>5,712</b>	<b>10,954</b>	<b>5,595</b>	<b>5,359</b>

The average numbers of employees attributable to the discontinued operations in Finland are presented in note G14.

Remuneration <sup>1</sup> exceeding EUR 1 million No. of persons	2023	2022
Range EUR 1.0–1.5m	1	1
Range EUR 1.5–2.0m	1	1
<b>Total</b>	<b>2</b>	<b>2</b>

<sup>1</sup> Including earned pension and other salary benefits.

Remuneration <sup>1</sup> to risk-takers <sup>2</sup> , business segments SEK m	2023		2022	
	Remuneration	No. of persons	Remuneration	No. of persons
Handelsbanken Sweden	440	295	443	306
Handelsbanken UK	391	192	283	179
Handelsbanken Norway	111	55	128	56
Handelsbanken the Netherlands	87	46	74	46
Handelsbanken Capital Markets	104	24	124	30
Discontinued operations <sup>3</sup>	101	37	250	105
Other	306	119	384	139
<b>Total</b>	<b>1,540</b>	<b>768</b>	<b>1,686</b>	<b>861</b>

<sup>1</sup> Earned remuneration, including pensions and other salary benefits, has been recognised as an expense in its entirety.

<sup>2</sup> Employees whose duties can have a material impact on the Bank's risk profile pursuant to the Commission Delegated Regulation (EU) 923/2021. There may be risk-takers or other specially regulated employees with variable remuneration in subsidiaries whose remuneration policy is subject to other EU regulations or other regulations published by the Swedish Financial Supervisory Authority.

<sup>3</sup> Discontinued operations in Finland.

## G8 Cont.

Remuneration <sup>1</sup> to risk-takers <sup>2</sup>	2023		2022	
	Executive management <sup>3</sup>	Other risk-takers	Executive management <sup>3</sup>	Other risk-takers
Earned fixed remuneration, SEK m	122	1,393	118	1,484
Earned performance-based variable remuneration, SEK m				
Earned other variable remuneration, SEK m	0	25	0	84
<b>Total</b>	<b>122</b>	<b>1,418</b>	<b>118</b>	<b>1,568</b>
No. of persons with fixed remuneration only	1	23		20
No. of persons who may receive both fixed and performance-based remuneration				
No. of persons with both fixed and variable remuneration	15	729	16	825
<b>Total number of persons</b>	<b>16</b>	<b>752</b>	<b>16</b>	<b>845</b>
Guaranteed variable remuneration recognised as an expense in connection with new employment, SEK m				
Contracted guaranteed variable remuneration recognised as an expense in connection with new employment, SEK m				

<sup>1</sup> Earned remuneration, including pensions and other salary benefits, has been recognised as an expense in its entirety. Performance-based variable remuneration is allocated at an individual level during the financial year after it is earned and is disbursed or deferred in accordance with the Bank's policy for variable remuneration. No employees identified as risk-takers as a result of their duties earned performance-based variable remuneration in 2023. In addition to the above, one employee was identified as a risk-taker in 2023 due to their remuneration level, with remuneration amounting to SEK 4.5 million. The payment of earned performance-based variable remuneration for the earnings year 2023 will take place in spring 2024. In 2022, two employees were identified as risk-takers due to their remuneration level, one of whom was awarded performance-based variable remuneration totalling SEK 1 million, of which SEK 0.5 million was paid in 2023. All performance-based variable remuneration is paid in cash or in financial instruments. The amounts are excluding social security costs. The right of disposal of the deferred remuneration transfers to the employee at the time of disbursement. Other variable remuneration refers to disbursements from the Oktogonen profit-sharing scheme and contracted termination benefits. The disbursement of remuneration from the Oktogonen profit-sharing scheme amounted to SEK 21 million (8). The amount is excluding social security costs. Total contracted termination benefits during the year amounted to SEK 4 million (76), with the highest individual amount being SEK 1.4 million (7.2). During the year, SEK 11 million (17) in termination benefits was paid to 6 (12) risk-takers. No guaranteed variable remuneration is paid.

<sup>2</sup> Employees whose duties can have a material impact on the Bank's risk profile pursuant to the Commission Delegated Regulation (EU) 923/2021. There may be risk-takers or other specially regulated employees with variable remuneration in subsidiaries whose remuneration policy is subject to other EU regulations or other regulations published by the Swedish Financial Supervisory Authority.

<sup>3</sup> According to the Swedish Financial Supervisory Authority's regulations FFFS 2011:1.

## EMPLOYEE BENEFITS

Information about remuneration principles for all employees in the Handelsbanken Group is provided in more detail in the Corporate Governance Report on pages 74–75.

Pursuant to the Swedish Financial Supervisory Authority's regulation FFFS 2011:1

and the European Commission Delegated Regulations (EU) 575/2013 and (EU) 923/2021, banks must identify employees whose professional activities have a material impact on the bank's risk profile. Handelsbanken has identified 769 (861) employees who engage in such activities and has desig-

nated them as "risk-takers". The tables above present the Handelsbanken Group's remuneration to these risk-takers pursuant to the disclosure requirements in the aforementioned regulations. In 2023, the Handelsbanken Group had no employees whose duties have a material impact on the Bank's

## Remuneration to the Chief Executive Officer, Executive Vice Presidents and executive management, and the Heads of control functions

SEK m	Fixed remuneration				Variable remuneration		Pension costs, defined benefit and defined contribution plans		Fixed and variable remuneration, including pension costs		Proportion fixed remuneration/total remuneration	
	Basic salary		Benefits		2023	2022	2023	2022	2023	2022	2023	2022
	2023	2022	2023	2022								
<b>Chief Executive Officer</b>												
Carina Åkerström <sup>1</sup>	14.5	14.0	0.6	0.6	0.0	0.0	5.1	4.9	20.2	19.5	100%	100%
<b>Executive Vice President</b>												
Carl Cederschiöld <sup>2</sup>	7.8	7.3	0.2	0.2	0.0	0.0	2.0	2.1	10.0	9.6	100%	100%
Per Beckman <sup>3</sup>	7.5	6.3	0.3	0.3	0.0	0.0	2.3	3.6	10.1	10.2	100%	100%
<b>Other members of executive management and control functions<sup>4</sup></b>	61.4	53.9	4.9	4.0	0.3	0.1	14.1	12.5	80.7	70.5	100%	100%
Average number of persons; CEO, Executive Vice Presidents, executive management and control functions	15	15										
Number of persons as at December; CEO, Executive Vice Presidents, executive management and control functions	15	15										

The pension cost refers to pension earned under defined benefit pension plans in accordance with IAS 19, or alternatively paid premiums for defined contribution pension plans. An accrued defined benefit pension is vested and secured in the Bank's pension foundation or assured in the Bank's pension fund. If service ceases before retirement age, the person receives a paid-up policy for the defined benefit and/or defined contribution pension earned. Payments of variable remuneration in the form of the Oktogonen profit-sharing scheme took place in 2023. Before local taxes and social security costs, the amount was SEK 34,194 (10,965) per employee.

<sup>1</sup> Defined contribution pension of 35% of salary since becoming CEO. The retirement age is 62. Previously earned defined benefit pension is placed in a paid-up policy.

<sup>2</sup> Defined benefit pension according to the collective bargaining agreement, in combination with a defined contribution plan amounting to a maximum of 30% of salary above 30 income base amounts. The retirement age is 65, and the defined benefit pension is fully earned at retirement age.

<sup>3</sup> Defined contribution pension of 35% of salary from 18 October 2023, prior to that it was 30%. Previously earned defined benefit pension has been fully earned and is placed in a paid-up policy.

<sup>4</sup> Other executive officers employed by the Bank receive a defined benefit or defined contribution pension according to collective bargaining agreements, in combination with a defined contribution plan amounting to a maximum of 35% of salary exceeding the income ceiling in the collective bargaining agreement, with the exception of one executive officer whose pension is a maximum of 35% of full salary, and one executive officer who does not earn a pension. The retirement age is 65 (67 for one executive officer), and the defined benefit pension is fully earned for these persons by the time they reach the age of retirement. The amount for basic salary and pension is stated before any salary sacrifice. Among other members of executive management and control functions, one employee has converted SEK 1.6 million from salary to pension.

**G8 Cont.**

risk profile, who earned performance-based variable remuneration.

For the 2023 financial year, Handelsbanken has made a provision of SEK 83 million (212) for the Oktogonen profit-sharing scheme.

**Oktogonen profit-sharing scheme**

The Oktogonen profit-sharing scheme covers all employees in the Handelsbanken Group. The provision is classified as variable remuneration and is based on profitability metrics linked to Handelsbanken's corporate goals being met and the Board's overall assessment regarding the Bank's performance. Disbursements are mainly made in cash to the employees, or alternatively to a pension plan, savings plan or a combination of the two.

**Share-based payment**

All employees at Handelsbanken plc are covered by a Share Incentive Plan ("SIP"), in accordance with applicable UK law. Remuneration in the plan is settled in the form of shares in the parent company, Handelsbanken AB. A SIP requires that a UK-based trust is used to manage the share incentive plan on behalf of the company. A trust has thus been established, which is administrated by a SIP trustee. The trust acquires and allocates shares to the employees, and thereafter holds the allocated shares on behalf of the employees. The employees' allocated shares must be vested in the SIP for a minimum of five years to prevent tax consequences for the employees. Dividends received during the vesting period accrue to the employees.

The conditions for an allocation to the SIP and the earnings conditions are identical to those for the Oktogonen profit-sharing scheme. The earning period is thus the preceding financial year. See the Principles for remuneration at Handelsbanken section. Handelsbanken plc's Board of Directors decides on the final allocation to the share incentive plan.

During the 2023 financial year, share-based payments of SEK 78.6 million (25.0) have been charged to expenses for the 2022 earnings year, which has been recognised as an increase in equity. The Bank's expenses for share-based payment cannot subsequently be changed. The payment has been settled via the purchase of 891,271 shares (282,108) in Handelsbanken AB in the market by the trust, at an average market price of SEK 91.8 (88.8) per share, which have then been allocated to the employees. Within the Group, acquisitions of shares in Handelsbanken AB constitute repurchases of own shares, and have led to a reduction of equity. See the Statement of changes in equity.

**REMUNERATION TO EXECUTIVE OFFICERS**

Executive officers in Handelsbanken are Board members, the Chief Executive Officer, Executive

Vice Presidents, the Chief Risk Officer, the Chief Compliance Officer and other members of executive management. Refer also to pages 78–81 of the Corporate Governance Report. The remuneration to executive officers of the parent company is in accordance with the guidelines for remuneration established by the 2022 Annual General Meeting. See also page 75.

Information regarding remuneration to, pension obligations for, credits to and deposits from executive officers of Handelsbanken is provided on these pages. This also applies to the subsidiaries' Chief Executive Officers, Executive Vice Presidents and Board members.

Remuneration to executive officers of the Handelsbanken Group is paid only in the form of fixed salary and pension provisions, as well as customary benefits such as a company car. Following a special Board decision, the Bank can provide housing as part of the remuneration. The executive officers in question are included in the Oktogonen profit-sharing scheme on the same terms as all employees of the Bank. No performance-based variable remuneration is paid. Executive officers who are employees of the Bank are entitled to convert salary to pension on the same conditions as all employees.

Board members who are not employees of the Bank or any of the Bank's subsidiaries have only received a fee according to the decision of the AGM.

Board members who are employees of the Bank or the Bank's subsidiaries receive remuneration and pension benefits by virtue of their employment. No further remuneration or pension benefits are paid for serving on the Board. Information regarding fees to Board members in the parent company is shown on pages 78–81 of the Corporate Governance Report.

The pension cost stated by the Bank in the remuneration information for executive officers below consists of the service cost relating to defined benefit pensions according to IAS 19, the agreed premiums for defined contribution pensions, and any pension premiums that have been converted from salary.

Fees for serving on the boards of other companies on behalf of the Bank have been paid to the Bank.

**Remuneration to executive officers at subsidiaries**

Fees paid to the 20 board members (19) of subsidiaries who are not employees of the Bank or its subsidiaries are SEK 17.9 million (11.1).

In 2023, the Chief Executive Officers<sup>1</sup> and Executive Vice Presidents in the subsidiaries, 15 individuals (17), received fixed salaries after conversion to pension amounting to SEK 48.3 million (57.9). Other salary benefits were SEK 6.2 million (3.9) and the Bank's pension cost was SEK 6.0 million (6.2). Before conversion to pension, the pension cost was SEK 4.6 million (4.9), corresponding to 9.2% of the salary (8.3). Vari-

able remuneration in the form of the Oktogonen profit-sharing scheme amounted to SEK 0.4 million (0.1).

Remuneration is not paid to Chief Executive Officers and Executive Vice Presidents in subsidiaries who have other main work duties at Handelsbanken.

**PENSION OBLIGATIONS TO EXECUTIVE OFFICERS**

As at 31 December 2023, the pension obligation<sup>2</sup> for the Chief Executive Officer Carina Åkerström, earned before she took up the position of Chief Executive Officer and now placed in a paid-up policy, was SEK 84.5 million (76.5). The pension obligation for Executive Vice President Per Beckman was SEK 105.7 million (89.0) as at 31 December 2023, the pension obligation for Executive Vice President Carl Cederschiöld was SEK 10.0 million (7.5) as at 31 December 2023, and for the other executive officers in the parent company – 12 individuals (13) – pension obligations were SEK 121.2 million (107.4).

Pension obligations in the Handelsbanken Group for all current and former executive officers were SEK 2,649 million (2,485) as at 31 December 2023, of which pension obligations for all current and former executive officers in the parent company were SEK 2,458 million (2,332) as of the same date. The number of people covered by these obligations in the Group is 87 (91), of whom 65 (68) are pensioners. The corresponding number for the parent company is 71 (76), of whom 56 (61) are pensioners.

**CREDITS TO AND DEPOSITS FROM EXECUTIVE OFFICERS**

As at 31 December 2023, credits to executive officers were SEK 16.3 million (16.8) in the parent company and SEK 123.5 million (136.5) in the subsidiaries. Deposits in the parent company from these persons totalled SEK 474.2 million (664.7). In 2023, the Bank's interest income from these persons for credits totalled SEK 0.1 million (0.0) in the parent company and SEK 3.3 million (1.8) in the subsidiaries. Interest paid to these persons for deposits in the parent company was SEK 18.9 million (3.7).

As at 31 December 2023, credits to executive officers in the subsidiaries in the Handelsbanken Group were SEK 112.7 million (149.4).

Credit and deposit terms for executive officers employed in the Handelsbanken Group are in line with the principles applicable for all other employees of the Handelsbanken Group. All credits are subject to a credit assessment.

<sup>1</sup> The Chief Executive Officer of Handelsbanken plc is also part of executive management.

<sup>2</sup> Pension obligations are amounts which, in accordance with IAS 19, the Bank reserves for payment of future defined benefit pensions. The size of the obligations depends on financial and demographic assumptions which may change from year to year.

## G8 Cont.

## PENSIONS

Net pension obligations SEK m	2023	2022
Pension obligations	31,097	26,419
Fair value of plan assets	42,796	39,294
<b>Net pensions</b>	<b>11,699</b>	<b>12,875</b>

In addition to the pension obligation and plan assets in the above table, provisions have been made in the years 1989–2004 to Svenska Handelsbankens Pensionsstiftelse (pension foundation) for a special supplementary pension (SKP). This includes plan assets whose market value amounts to SEK 7,355 million (7,847). SKP entails a commitment by the Bank amounting to the same amount as the plan assets.

A part of this commitment, SEK 5,651 million (5,871), is conditional.

Pension costs SEK m	2023	2022
Service cost	-398	-708
Past service cost	1	
Interest on pension obligations	-1,111	-721
Interest on plan assets	1,678	913
Social security costs, defined benefit plans <sup>1</sup>		-152
<b>Pension costs, defined benefit plans</b>	<b>170</b>	<b>-668</b>
Pension costs, defined contribution plans <sup>2</sup>	-957	-747
Social security costs, defined contribution plans <sup>2</sup>	-325	-283
<b>Total pension costs</b>	<b>-1,112</b>	<b>-1,698</b>

<sup>1</sup> The Bank's decision not to claim reimbursement from the pension foundation in 2022 resulted in an expense of SEK 152 million for special payroll tax on defined benefit pension plans, see note P40.

<sup>2</sup> Pension costs from discontinued operations in Finland are presented in note G14.

Pension obligations SEK m	2023	2022
Opening balance	26,419	34,841
Service cost	433	776
Past service cost	-1	
Interest on pension obligations	1,111	721
Paid benefits	-1,248	-1,051
Actuarial gains (-)/losses (+)	4,355	-8,950
Foreign exchange effect	28	82
<b>Closing balance<sup>1</sup></b>	<b>31,097</b>	<b>26,419</b>

<sup>1</sup> In the closing balance as at 31 December 2023, the hedging for 2024 of 6.48% (10.84) has been included in the calculation of the Swedish pension obligation. The effect of including the determined hedging has increased pension liabilities by SEK 938 million (2,335) as at 31 December 2023.

Plan assets SEK m	2023	2022
Opening balance	39,294	43,607
Interest on plan assets	1,678	913
Funds contributed by the employer	924	974
Compensation to employer	-786	-57
Funds paid directly to employees	-399	-343
Actuarial gains (+)/losses (-)	2,129	-5,901
Foreign exchange effect	-44	101
<b>Closing balance</b>	<b>42,796</b>	<b>39,294</b>

Return on plan assets SEK m	2023	2022
Interest on plan assets	1,678	913
Actuarial gains (+)/losses (-)	2,129	-5,901
<b>Actual return</b>	<b>3,807</b>	<b>-4,988</b>

Allocation of plan assets SEK m	2023	2022
Shares and mutual fund units on an active market <sup>1</sup>	32,860	28,690
Shares not listed on an active market	2,179	2,163
Interest-bearing securities listed on an active market	6,991	6,518
Other plan assets	766	1,923
<b>Total</b>	<b>42,796</b>	<b>39,294</b>

<sup>1</sup> The mutual fund units amount to SEK 24,568 million (21,649) of which fixed-income funds SEK 18,797 million (17,093).

No shares or bonds issued by Svenska Handelsbanken AB (publ) are included in the plan assets as of the balance sheet date for each year. Other plan assets include, as per 31 December 2023, both cash and cash equivalents and a liability for compensation that had not yet been paid out from the pension foundation, whereas per 31 December 2022 it only included cash and cash equivalents.

## G8 Cont.

Actuarial gains (-)/losses (+), pension obligations SEK m	2023	2022
Changes in demographic assumptions	6	-459
Changes in financial assumptions	2,842	-11,006
Experience-based adjustments	1,507	2,515
<b>Total</b>	<b>4,355</b>	<b>-8,950</b>

Future cash flows SEK m	Outcome 2023	Forecast 2024
Paid benefits	-1,248	-1,229
Funds contributed by the employer	924	1,133

Defined benefit pensions are mainly paid to employees in Sweden. Of the total net pension obligation, the Swedish plan accounts for SEK 29,053 million (24,488) and the UK plan (closed for new earnings) for SEK 1,986 million (1,864). In addition, a smaller scale defined benefit plan remains in Norway. Considering their respective sizes, these are considered insignificant and are therefore not reported in further detail.

Of the total plan assets, the Swedish plan assets are SEK 40,721 million (37,339), while an amount of SEK 2,075 million (1,955) is attributable to the closed plan in the UK.

In Sweden, a retirement pension is paid from the age of 65 in accordance with the pension agreement between the Employers' Association of the Swedish Banking Institutions (BAO) and Finansförbundet/Swedish Confederation of Professional Associations (Saco). The amount is 10% of the annual salary up to 7.5 income base amounts. On the part of the salary between 7.5 and 20 income base amounts, the retirement pension is 65% and in the interval between 20 and 30 income base amounts, it is 32.5% of the annual salary. No retirement pension is paid on the portion of the salary in excess of 30 income base amounts.

As of 1 March 2020, all new employees and employees younger than 25 years of age at the time accrue pension in a defined contribution plan. Persons employed before 1 March 2020 are not affected and remain covered by the defined benefit pension plan.

The pension plans are funded externally, meaning plan assets are held by pension funds, trusts or similar legal entities. The trusts' (or equivalent) activities are regulated by national laws and practices, as is the relationship between the Group and the trust (or equivalent) managing the plan assets and the framework for how the plan assets may be invested. In Sweden, the Act on Safeguarding Pension Obligations and the Occupational Pension Undertakings Act are the main national laws and practices. National legislation pertaining to pensions and tax is applied in the UK.

Significant assumptions	Sweden		UK	
	2023	2022	2023	2022
Discount rate, %	3.5	4.2	4.5	4.9
Expected salary increase, %	3.5	3.5		
Pension indexing, %	2.0	2.0	3.0	3.0
Income base amount, %	3.0	3.0		
Inflation, %	2.0	2.0	3.0	3.2
Staff turnover, %	5.0	5.0		
Remaining life expectancy at retirement age, years	22.8	23.1	24.0	24.0
Average duration (Macaulay), years	14.8	14.1	14.0	15.0

The assumptions on future salary increases, inflation, etc., are based on the anticipated long-term trend. The Bank's Swedish pension obligations have a duration of approximately 15 years and assumptions have been made taking this into consideration. The assumptions are set to reflect the long-term economic prospects and to be internally consistent.

Sensitivity analysis	Effects on the pension obligation, SEK m				
	Changes in assumptions	Increased pension obligation		Decreased pension obligation	
		2023	2022	2023	2022
Discount rate, %	0.5	2,480	2,021	-2,202	-1,801
Expected salary increase, %	1.0	954	433	-791	-1,080
Pension indexing, %	0.5	1,552	1,273	-1,444	-1,187
Remaining life expectancy at retirement age, years	1.0	985	793	-988	-800

The above sensitivity analysis is based on a change in one assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the pension obligation to significant actuarial assumptions, the same method has been applied as when calculating the pension obligation recognised within the statement of financial position. The method is described in the Bank's accounting policies (see note G1, section 13). Compared with the 2022 Annual Report, there have been no changes in the methods used when preparing the sensitivity analysis.

Through its defined benefit pension plans, the Bank is exposed to a number of risks. The most significant of these are described below:

**Asset volatility:** The pension obligations are calculated using a discount rate set with reference to corporate bond yields. If plan assets underperform this yield, the risk of a deficit arising is low because there is a surplus value in the plan assets. The plan assets include equities and equity funds which are expected to outperform corporate bonds in the long term while being associated with volatility and risk in the short term. The Bank believes that due to the long-term nature of the pension obligations, a substantial proportion of shares is an appropriate element of the Bank's long-term strategy to manage the plans efficiently.

**Changes in bond yields:** A decrease in corporate bond yields will increase pension obligations. However, this will be partially offset by an increase in the value of the plans' bond holdings.

**Inflation risk:** The pension obligations are linked to inflation. Higher inflation will lead to increased pension obligations. Valuation of the plan assets is not directly affected by inflation in a material way. This means that an increase in inflation will probably increase the deficit in the pension plans.

**Life expectancy:** The pension schemes are to provide benefits during the lifetime of the members. Increases in life expectancy will thus result in an increase in the pension obligation.

**Asset-Liability matching (ALM):** The composition of the plan assets is matched to the pension liabilities composition and expected development. The overall goal is to generate a return over the medium and long term, that at least corresponds to the development of the pension obligations. A proportion of the plan assets is invested in equities, but investments are also made in fixed income instruments and cash and cash equivalents. A substantial proportion of shares is deemed appropriate in order to manage the plans effectively.

**Funding arrangements:** Minimum funding requirements differ between plans but where such requirements are based on collective bargaining agreements or internal policies, the funding requirement is generally that the pension obligations measured according to local requirements shall be covered in full. Funding levels are monitored regularly. The Bank considers that the current contribution rate is appropriate.

## G9 Other expenses

SEK m	2023	2022
Property and premises	-686	-599
IT-related expenses	-3,379	-2,963
Communication	-284	-255
Travel and marketing	-299	-236
Purchased services	-2,355	-1,836
Supplies	-188	-170
Other expenses	-605	-467
<b>Total</b>	<b>-7,796</b>	<b>-6,526</b>

Remuneration to auditors and audit companies <sup>1</sup>	PricewaterhouseCoopers AB		Deloitte AB		Ernst & Young AB	
	2023	2022	2023	2022	2023	2022
SEK m						
Audit assignment	-39	-35	-8			-7
Audit operations outside the audit assignment	-6	-6	-2			-1
Tax advice						
Other services		0				

<sup>1</sup> The amounts in the table are exclusive of VAT.

## G10 Credit losses

SEK m	2023	2022
<b>Expected credit losses on balance sheet items</b>		
The year's provision Stage 3	-328	-182
Reversed Stage 3 provision from previous years	209	223
<b>Total expected credit losses in Stage 3</b>	<b>-119</b>	<b>41</b>
The year's net provision Stage 2	-112	-99
The year's net provision Stage 1	39	-109
<b>Total expected credit losses in Stage 1 and Stage 2</b>	<b>-72</b>	<b>-207</b>
<b>Total expected credit losses on balance sheet items</b>	<b>-192</b>	<b>-166</b>
<b>Expected credit losses on off-balance sheet items</b>		
The year's net provision Stage 3	8	11
The year's net provision Stage 2	-39	-31
The year's net provision Stage 1	8	-4
<b>Total expected credit losses on off-balance sheet items</b>	<b>-23</b>	<b>-25</b>
<b>Write-offs</b>		
Actual credit losses for the year <sup>1</sup>	-260	-738
Utilised share of previous provisions in Stage 3	185	636
<b>Total write-offs</b>	<b>-75</b>	<b>-102</b>
Recoveries	149	245
<b>Net credit losses</b>	<b>-141</b>	<b>-47</b>
<i>of which loans to the public</i>	<i>-120</i>	<i>-26</i>

<sup>1</sup> Of the year's actual credit losses, SEK 99 million (216) is subject to enforcement activities.

## G10 Cont.

SEK m	2023	2022
<b>1) Expected credit losses in Stage 3 on and off the balance sheet</b>	<b>-111</b>	<b>52</b>
<b>Change in the model-based provision in Stage 1 and Stage 2:</b>		
Updating of macroeconomic scenarios and risk factors	206	-104
Transfer of exposures in exposed industries from Stage 1 to Stage 2 <sup>1</sup>	2	10
Change in risk of default in included portfolio (net rating changes)	-483	-1
Effect of changed exposure (existing, new and terminated exposures)	49	40
Other in Stage 1 and Stage 2	112	-69
Less discontinued operations	-7	4
<b>Model-based credit losses in Stage 1 and Stage 2</b>	<b>-121</b>	<b>-120</b>
<b>Expert-based provision</b>		
Expert-based provision	-617	-646
Less discontinued operations	13	25
Expert-based provision in continuing operations	-604	-621
<b>Expert-based credit losses Stage 1 and Stage 2 (change in provision compared with the previous year)</b>	<b>17</b>	<b>-122</b>
<b>2) Expected credit losses in Stage 1 and Stage 2 on and off the balance sheet</b>	<b>-104</b>	<b>-242</b>
<b>3) Write-offs</b>	<b>-75</b>	<b>-102</b>
<b>4) Recoveries</b>	<b>149</b>	<b>245</b>
<b>Net credit losses (1+2+3+4)</b>	<b>-141</b>	<b>-47</b>

<sup>1</sup> Expert-based assessment of significant increase in credit risk.

The provision requirement increased during 2023, mainly due to negative rating migration in the customer stock. This was partly offset by the effect of the change in updated values for the forward-looking macroeconomic risk factors, with a more advantageous forecast for future inflation and interest rates compared to the forecast at the previous year-end. A number of other factors have also combined to mitigate the increase to the provision requirement during the year.

During the year, the Bank applied an expert-based provision based on elevated credit risks

relating to uncertainty factors which were not deemed to be fully considered in the Bank's risk models. These uncertainty factors are mainly related to the macroeconomic climate and potential significant changes in the demand profile. Given the challenges, at the end of the year, in assessing how the uncertainty factors noted above affect the credit risk at individual company level, the Bank has applied an expert-based stress to the sectors at risk of a higher level of sensitivity. This stress has been applied in addition to the model-based calculations, and results in an

additional provision requirement of SEK 604 million (621) in continuing operations and SEK 617 million (646) including discontinued operations.

The impairment testing process for agreements in Stage 3 has not been changed, and the customary procedure with individual assessment has continued.

## G10 Cont.

On- and off-balance sheet items that are subject to impairment testing 2023 SEK m	Gross			Provisions		
	Stage 1	Stage 2	Stage 3 <sup>1</sup>	Stage 1	Stage 2	Stage 3
<b>Balance sheet items</b>						
Cash and balances with central banks	476,162					
Other loans to central banks	32,145					
Interest-bearing securities eligible as collateral with central banks						
Loans to other credit institutions	19,289	11		-1	-1	
Loans to the public	2,292,700	136,848	7,064	-426	-819	-1,150
Bonds and other interest-bearing securities	12,709			-2		
<b>Total</b>	<b>2,833,004</b>	<b>136,859</b>	<b>7,064</b>	<b>-430</b>	<b>-820</b>	<b>-1,150</b>
<b>Off-balance sheet items</b>						
Contingent liabilities	284,693	11,262	164	-94	-203	-42
<i>of which contingent liabilities</i>	56,464	1,596	60	-11	-40	-22
<i>of which obligations</i>	228,229	9,666	104	-83	-163	-20
<b>Total</b>	<b>284,693</b>	<b>11,262</b>	<b>164</b>	<b>-94</b>	<b>-203</b>	<b>-42</b>

The information in this note includes the disposal groups in Finland, which have been reclassified to Assets held for sale on the balance sheet, respectively, and which constitutes discontinued operations, see note K14.

On- and off-balance sheet items subject to impairment testing 2022 SEK m	Gross			Provisions		
	Stage 1	Stage 2	Stage 3 <sup>1</sup>	Stage 1	Stage 2	Stage 3
<b>Balance sheet items</b>						
Cash and balances with central banks	475,853			0		
Other loans to central banks	32,620			0		
Interest-bearing securities eligible as collateral with central banks	200			0		
Loans to other credit institutions	9,418	1		-2	-1	
Loans to the public	2,374,713	91,349	5,716	-475	-722	-1,257
Bonds and other interest-bearing securities	9,882			-2		
<b>Total</b>	<b>2,902,686</b>	<b>91,350</b>	<b>5,716</b>	<b>-480</b>	<b>-723</b>	<b>-1,257</b>
<b>Off-balance sheet items</b>						
Contingent liabilities	314,586	12,533	274	-103	-169	-82
<i>of which contingent liabilities</i>	58,973	1,935	67	-6	-11	-19
<i>of which obligations</i>	255,613	10,598	207	-97	-158	-63
<b>Total</b>	<b>314,586</b>	<b>12,533</b>	<b>274</b>	<b>-103</b>	<b>-169</b>	<b>-82</b>

<sup>1</sup> Gross volume in Stage 3 for which no provision has been made, due to collateral received, amounts to SEK 4,781 million (3,270).

Key metrics, credit losses, % Loans to the public	2023	2022
	Credit loss ratio, acc.	0.01
Total provision ratio	0.10	0.10
Provision ratio Stage 1	0.02	0.02
Provision ratio Stage 2	0.60	0.79
Provision ratio Stage 3	16.28	21.99
Proportion of loans in Stage 3	0.24	0.18

## G10 Cont.

## CHANGE ANALYSIS

Change in provision for expected credit losses, balance sheet items that are subject to impairment testing SEK m	2023				2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Provision at beginning of year	-480	-723	-1,257	-2,459	-399	-693	-2,093	-3,185
Derecognised assets	37	89	211	337	71	165	301	536
Write-offs	0	1	213	214	0	1	671	672
Remeasurements due to changes in credit risk	-219	140	-96	-175	-228	201	-21	-47
Changes due to update in the methodology for estimation	-32	-16		-48				
Foreign exchange effect, etc.	2	2	1	5	-11	-8	-24	-43
Purchased or originated assets	-34	-33	-8	-75	-53	-52	-9	-114
Transfer to Stage 1	-40	56	1	17	-38	44	8	14
Transfer to Stage 2	169	-503	6	-328	70	-470	16	-384
Transfer to Stage 3	167	166	-221	111	108	89	-106	92
<b>Provision at end of year</b>	<b>-430</b>	<b>-820</b>	<b>-1,150</b>	<b>-2,400</b>	<b>-480</b>	<b>-723</b>	<b>-1,257</b>	<b>-2,459</b>

Change in provision for expected credit losses, loans to the public that are subject to impairment testing SEK m	2023				2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Provision at beginning of year	-475	-722	-1,257	-2,454	-395	-690	-2,093	-3,178
Derecognised assets	36	89	211	337	70	165	301	535
Write-offs	0	1	213	214	0	1	671	672
Remeasurements due to changes in credit risk	-219	140	-96	-176	-227	199	-21	-49
Changes due to update in the methodology for estimation	-32	-16		-48				
Foreign exchange effect, etc.	2	2	1	5	-11	-8	-24	-43
Purchased or originated assets	-34	-33	-8	-75	-52	-52	-9	-113
Transfer to Stage 1	-40	56	1	17	-38	44	8	14
Transfer to Stage 2	169	-502	6	-326	70	-470	16	-384
Transfer to Stage 3	167	166	-221	111	108	89	-106	92
<b>Provision at end of year</b>	<b>-426</b>	<b>-819</b>	<b>-1,150</b>	<b>-2,395</b>	<b>-475</b>	<b>-722</b>	<b>-1,257</b>	<b>-2,454</b>

Provisions for expected credit losses in the tables above include the disposal groups in Finland, which have been reclassified to Assets held for sale on the balance sheet.

Change in the provision for expected credit losses, off-balance sheet items that are subject to impairment testing SEK m	2023				2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Provision at beginning of year	-103	-169	-82	-353	-109	-144	-91	-344
Derecognised assets	17	28		44	30	24		54
Write-offs					0	0	1	1
Remeasurements due to changes in credit risk	8	19	39	65	-11	43	9	41
Changes due to update in the methodology for estimation	-6	-6		-13				
Foreign exchange effect, etc.	1	1		2	3	22		24
Purchased or originated assets	-13	-7		-20	-21	-16		-37
Transfer to Stage 1	-8	9		2	-5	8		3
Transfer to Stage 2	8	-82		-74	8	-107		-99
Transfer to Stage 3	3	4		7	3	2		4
<b>Provision at end of year</b>	<b>-94</b>	<b>-203</b>	<b>-42</b>	<b>-340</b>	<b>-103</b>	<b>-169</b>	<b>-82</b>	<b>-353</b>

The change analysis shows the net effect on the provision for the Stage in question for each explanatory item during the period. The effect of derecognitions and write-offs is calculated on the opening balance. The effect of revaluations due to changes in the methodology for estimation and foreign exchange effects, etc., is calculated before any transfer of the net amount between Stages. Purchased or originated assets and amounts transferred between Stages are recognised after the effects of other explanatory items are taken into account. The transfer rows present the effect on the provision for the stated Stage.

## G10 Cont.

Change in gross volume, balance sheet items that are subject to impairment testing SEK m	2023				2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Volume at beginning of year	2,902,686	91,350	5,716	2,999,751	2,817,860	64,400	7,421	2,889,681
Derecognised assets	-502,323	-11,577	-1,035	-514,935	-301,842	-16,004	-1,592	-319,437
Write-offs	-15	-4	-275	-294	-12	-5	-764	-781
Remeasurements due to changes in credit risk	-6,008	-8,429	-558	-14,995	123,331	-26,219	-943	96,167
Foreign exchange effect, etc.	-13,018	-453	4	-13,467	92,095	1,410	70	93,575
Purchased or originated assets	513,644	7,138	84	520,866	232,540	7,905	101	240,546
Transfer to Stage 1	80,202	-80,136	-66		43,672	-43,579	-94	
Transfer to Stage 2	-140,432	140,793	-361		-104,054	104,466	-412	
Transfer to Stage 3	-1,731	-1,823	3,554		-904	-1,025	1,929	
<b>Volume at end of year</b>	<b>2,833,004</b>	<b>136,859</b>	<b>7,064</b>	<b>2,976,927</b>	<b>2,902,686</b>	<b>91,350</b>	<b>5,716</b>	<b>2,999,751</b>

Change in gross volume, loans to the public that are subject to impairment testing SEK m	2023				2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Volume at beginning of year	2,374,713	91,349	5,716	2,471,778	2,345,196	64,390	7,421	2,417,007
Derecognised assets	-149,007	-11,317	-1,035	-161,359	-254,118	-15,887	-1,592	-271,598
Write-offs	-15	-4	-275	-294	-12	-5	-764	-781
Remeasurements due to changes in credit risk	-12,871	-9,463	-558	-22,892	93,471	-26,036	-943	66,492
Foreign exchange effect, etc.	-14,823	-394	4	-15,213	28,790	1,383	70	30,243
Purchased or originated assets	157,370	7,138	84	164,592	222,409	7,905	101	230,415
Transfer to Stage 1	79,336	-79,270	-66		43,672	-43,579	-94	
Transfer to Stage 2	-140,272	140,632	-361		-103,791	104,203	-412	
Transfer to Stage 3	-1,731	-1,823	3,554		-904	-1,025	1,929	
<b>Volume at end of year</b>	<b>2,292,700</b>	<b>136,848</b>	<b>7,064</b>	<b>2,436,612</b>	<b>2,374,713</b>	<b>91,349</b>	<b>5,716</b>	<b>2,471,778</b>

Balance sheet items in the table above include the disposal groups in Finland, which have been reclassified to Assets held for sale on the balance sheet.

Change in gross volume, off-balance sheet items that are subject to impairment testing SEK m	2023				2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Volume at beginning of year	314,586	12,533	274	327,393	406,024	9,477	336	415,837
Derecognised assets	-48,128	-3,188	-138	-51,453	-93,239	-4,000	-59	-97,298
Write-offs					-1	0	0	-1
Remeasurements due to changes in credit risk	-24,479	2,095	-45	-22,428	-16,580	-2,390	-41	-19,011
Foreign exchange effect, etc.	-3,010	-59	-1	-3,070	-31,411	-5,328	6	-36,733
Purchased or originated assets	43,406	2,270	2	45,678	63,343	1,249	8	64,600
Transfer to Stage 1	10,321	-10,319	-2		6,103	-6,092	-12	
Transfer to Stage 2	-7,962	7,971	-9		-19,619	19,631	-11	
Transfer to Stage 3	-41	-42	83		-33	-15	48	
<b>Volume at end of year</b>	<b>284,693</b>	<b>11,262</b>	<b>164</b>	<b>296,119</b>	<b>314,586</b>	<b>12,533</b>	<b>274</b>	<b>327,393</b>

Like the analysis for provisions, the change analysis for gross volumes shows the effect of selected explanatory items on the volumes for a stated Stage. The items showing transfers between Stages, and "Purchased or originated assets", present the amounts in the stated Stage at the end of the period. Other items present the effect in the Stage applying at the start of the period.

## G10 Cont.

## SENSITIVITY ANALYSIS

## Macroeconomic forecast in ECL calculations and sensitivity analysis

The calculation of expected credit losses applies forward-looking information in the form of macroeconomic scenarios. The expected credit loss is a probability-weighted average of the estimated forecasts over three scenarios. The forecast in the base case scenario is assigned a weight of 70% (60), while an upturn in the economy is assigned 15% (20), and a downturn 15% (20). For exposures in the UK, a fourth, more severe downturn scenario has been applied as of 2022. The probability weighting for severe downturn/downturn/base case/upturn scenarios for the UK is 15%/20%/60%/5% (15/20/60/5). These have formed the basis for the calculation of expected credit losses in Stage 1 and Stage 2 as at 31 December 2023.

Macroeconomic risk factors	Downturn scenario			Neutral scenario			Upturn scenario		
	2024	2025	2026	2024	2025	2026	2024	2025	2026
<b>GDP growth</b>									
Sweden	-3.73	0.90	2.95	-0.13	2.30	2.30	2.87	3.30	2.00
UK	-2.20	0.44	2.95	0.80	1.84	2.30	3.80	2.84	2.00
UK, severe downturn scenario	-4.20	-2.16	3.30						
Norway	-3.53	0.06	2.35	0.07	1.46	1.70	3.07	2.46	1.40
Finland	-3.41	0.40	2.28	0.19	1.80	1.63	3.19	2.80	1.33
Eurozone	-3.12	0.11	1.95	0.48	1.51	1.30	3.48	2.51	1.00
USA	-2.40	0.44	2.65	1.20	1.84	2.00	4.20	2.84	1.70
<b>Unemployment</b>									
Sweden	10.10	10.41	10.10	8.40	8.31	7.90	7.70	7.31	7.20
UK	6.40	6.70	6.40	5.00	5.00	4.50	4.30	4.00	3.80
UK, severe downturn scenario	8.00	9.50	9.00						
Norway	4.05	4.58	4.70	2.35	2.48	2.50	1.65	1.47	1.80
Finland	9.30	9.20	8.70	7.60	7.10	6.50	6.90	6.10	5.80
Eurozone	8.58	8.83	8.90	6.88	6.73	6.70	6.18	5.73	6.00
USA	5.96	6.57	6.50	4.26	4.47	4.30	3.56	3.47	3.60
<b>Policy interest rate</b>									
Sweden	5.25	4.25	3.25	3.75	2.75	2.25	3.00	1.75	1.25
UK	6.25	4.50	3.50	4.75	3.00	2.50	4.00	2.00	1.50
UK, severe downturn scenario	1.00	0.25	0.25						
Norway	5.50	4.75	3.25	4.00	3.25	2.25	3.25	2.25	1.25
Finland	4.75	4.00	2.75	3.25	2.50	1.75	2.50	1.50	0.75
Eurozone	4.75	4.00	2.75	3.25	2.50	1.75	2.50	1.50	0.75
USA	5.88	4.63	3.63	4.38	3.13	2.63	3.63	2.13	1.63
<b>Property price trend, commercial real estate</b>									
Sweden	-5.91	1.84	2.83	3.51	8.10	3.57	5.99	13.00	5.56
UK	-8.35	-4.01	3.56	-0.15	1.63	2.01	3.43	7.49	4.23
UK, severe downturn scenario	-16.20	-10.78	2.88						
Norway	-4.81	-4.47	-0.35	2.50	2.10	1.40	5.24	6.16	2.31
Finland	-7.41	-0.16	3.56	1.46	5.86	6.18	3.35	9.03	7.00
Eurozone	-7.69	-3.44	1.80	0.83	4.44	4.85	3.61	8.49	6.05
<b>Property price trend, residential real estate</b>									
Sweden	-5.04	-0.32	2.69	1.10	2.57	2.61	6.46	5.00	3.29
UK	-7.77	-7.27	-2.44	-5.97	-0.89	3.27	-3.03	4.90	8.22
UK, severe downturn scenario	-13.44	-6.44	-0.03						
Norway	-0.58	-1.34	4.19	0.94	2.77	3.10	2.54	3.48	2.75
Finland	2.96	5.29	2.78	0.50	3.83	2.96	-0.37	3.75	3.17
Eurozone	2.35	2.00	2.11	2.00	2.00	2.00	1.70	2.03	2.07

## Sensitivity analysis, macroeconomic scenarios

The table below shows the percentage increase/decrease in the provision for expected credit losses in Stage 1 and Stage 2, as at 31 December 2023, which arises when a probability of 100% is assigned to the downturn and upturn scenarios, respectively. The effect of assigning a probability of 100% to the severe downturn scenario for the UK is not included in the total.

%	2023		2022	
	Increase in the provision in a downturn scenario	Decrease in the provision in a upturn scenario	Increase in the provision in a downturn scenario	Decrease in the provision in a upturn scenario
Sweden	27.45	-15.70	10.95	-7.72
UK	21.13	-29.56	7.49	-7.19
UK, severe downturn scenario	29.99		25.30	
Norway	33.68	-18.20	7.54	-6.10
Finland	8.52	-5.06	-0.13	0.20
The Netherlands	36.85	-22.53	3.52	-2.56
USA	57.50	-36.86	27.06	-20.37
Other countries	23.51	-12.04	3.64	-2.07
<b>Total</b>	<b>23.58</b>	<b>-18.51</b>	<b>7.43</b>	<b>-5.60</b>

## G10 Cont.

**Sensitivity analysis, significant increase in credit risk**

The table below shows how the provision in Stage 1 and Stage 2 as at 31 December is affected if the threshold value applied for the ratio between residual credit risk calculated on the reporting date and on initial recognition were to be set 0.5 percentage points lower and higher, respectively, than the applied threshold value of 2.5. A reduction of 0.5 to the threshold value would increase the number of loans transferred from Stage 1 to Stage 2 and would also entail an increase in the provision for expected credit losses. An increase of 0.5 to the threshold value would have the opposite effect. The Bank uses both quantitative and qualitative indicators to assess significant increases in credit risk. Further information is provided in note G2 under the heading "Credit risk".

Change in the total provision in Stage 1 and Stage 2, %	2023	2022
Threshold value		
2	3.50	3.78
2.5	0.00	0.00
3	-1.93	-2.16

**CREDIT EXPOSURES THAT ARE SUBJECT TO IMPAIRMENT TESTING BY PD RANGE**

Balance sheet items by PD range	2023			2022		
	Gross volume, SEK m			Gross volume, SEK m		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
PD value <sup>1</sup>						
0.00 to <0.15	2,427,046	33,598		2,565,832	33,734	
0.15 to <0.25	60,030	6,941		83,251	7,159	
0.25 to <0.50	262,839	20,169		186,429	10,793	
0.50 to <0.75	26,082	13,431		26,834	5,512	
0.75 to <2.50	47,566	20,675		32,219	16,582	
2.50 to <10.00	8,842	35,625		7,234	13,902	
10.00 to <100	599	6,421		887	3,667	
100 (default)			7,064			5,716
<b>Total</b>	<b>2,833,004</b>	<b>136,859</b>	<b>7,064</b>	<b>2,902,686</b>	<b>91,350</b>	<b>5,716</b>

Loans to the public by PD range	2023			2022		
	Gross volume, SEK m			Gross volume, SEK m		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
PD value <sup>1</sup>						
0.00 to <0.15	1,964,166	33,595		2,099,130	33,734	
0.15 to <0.25	48,581	6,940		68,108	7,159	
0.25 to <0.50	212,711	20,167		152,519	10,793	
0.50 to <0.75	21,108	13,430		21,953	5,512	
0.75 to <2.50	38,494	20,673		26,358	16,582	
2.50 to <10.00	7,156	35,622		5,918	13,902	
10.00 to <100	485	6,420		726	3,667	
100 (default)			7,064			5,716
<b>Total</b>	<b>2,292,700</b>	<b>136,848</b>	<b>7,064</b>	<b>2,374,713</b>	<b>91,349</b>	<b>5,716</b>

Off-balance sheet items by PD range	2023			2022		
	Gross volume, SEK m			Gross volume, SEK m		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
PD value <sup>1</sup>						
0.00 to <0.15	209,059	1,674		262,559	4,799	
0.15 to <0.25	15,570	166		22,592	1,082	
0.25 to <0.50	40,923	1,157		15,241	633	
0.50 to <0.75	7,365	3,623		5,386	716	
0.75 to <2.50	10,234	2,186		7,529	3,451	
2.50 to <10.00	1,437	1,933		1,119	1,657	
10.00 to <100	105	522		160	195	
100 (default)			164			274
<b>Total</b>	<b>284,693</b>	<b>11,262</b>	<b>164</b>	<b>314,586</b>	<b>12,533</b>	<b>274</b>

<sup>1</sup> Refers to 12-month PD value as at the reporting date.

Assets repossessed for protection of claims	2023	2022
SEK m		
Movable property	2	0
Shares		0
<b>Carrying amount</b>	<b>2</b>	<b>0</b>

Movable property mainly consists of repossessed lease assets. The valuation principles for assets and liabilities repossessed for protection of claims are described in note G1.

## G11 Gains/losses on disposal of property, equipment and intangible assets

SEK m	2023	2022
Equipment	20	24
<b>Total</b>	<b>20</b>	<b>24</b>

## G12 Risk tax and resolution fee

SEK m	2023	2022
Risk tax	-1,644	-1,316
Resolution fee	-980	-995
<b>Total</b>	<b>-2,624</b>	<b>-2,311</b>

## G13 Earnings per share

	2023	2022
Profit for the year attributable to shareholders in Svenska Handelsbanken AB, SEK m	29,107	21,676
Average number of shares converted during the year, millions		
Average holdings of own shares in trading book, millions		
Average number of outstanding shares, millions	1,980.0	1,980.0
Average dilution effect, number of shares, millions		
Average number of outstanding shares after dilution, millions	1,980.0	1,980.0
<b>Earnings per share, total operations, SEK</b>	<b>14.70</b>	<b>10.95</b>
after dilution	14.70	10.95
<b>Earnings per share, continuing operations, SEK</b>	<b>14.09</b>	<b>10.81</b>
after dilution	14.09	10.81
<b>Earnings per share, discontinued operations, SEK</b>	<b>0.61</b>	<b>0.14</b>
after dilution	0.61	0.14

Earnings per share after dilution is measured by taking the effects of conversion of outstanding convertible debt instruments into account. The implication of this is that the number of potential converted ordinary shares is added to the average number of outstanding shares and that profit for the year is adjusted for the year's interest expense on outstanding convertible debt instruments after tax.

## G14 Assets and liabilities held for sale, and discontinued operations

Assets and liabilities in the Bank's operations in Finland constitute assets and liabilities held for sale in accordance with IFRS 5, which are attributable to two different disposal groups. An agreement was signed in the second quarter of 2023 to divest parts of the Finnish operations covering private customers, including asset

management and investment services, SMEs and the life insurance business. The deal is expected to be finalised during second half of 2024.

The following units in Finland are included in the disposal groups and in the discontinued operations:

- Handelsbanken AB (publ) international branch in Finland
- Handelsbanken Asuntoluottopankki (Stads-hypotek AB (publ) international branch in Finland)
- Handelsbanken Liv Försäkrings AB in Finland
- Handelsbanken Liv Försäkrings AB international branch in Finland.

Assets and liabilities held for sale 2023		Finland
SEK m		
<b>Assets</b>		
Cash and balances with central banks		10
Other loans to central banks		25,863
Interest-bearing securities eligible as collateral with central banks		
Loans to other credit institutions		3
Loans to the public		142,409
<i>of which households</i>		39,561
<i>of which corporates</i>		102,847
Bonds and other interest-bearing securities		
Shares		2
Assets where the customer bears the value change risk		9,586
Intangible assets		123
Property and equipment		467
Other		128
<b>Total</b>		<b>178,590</b>
<b>Liabilities</b>		
Due to credit institutions		980
Deposits and borrowing from the public		51,556
<i>of which households</i>		17,434
<i>of which corporates</i>		34,122
Insurance liabilities		3
Liabilities where the customer bears the value change risk		9,586
Provisions		195
Other		1,401
<b>Total</b>		<b>63,721</b>

Assets and liabilities held for sale 2022			
SEK m	Finland	Other assets held for sale	Total
<b>Assets</b>			
Cash and balances with central banks	14		14
Other loans to central banks	28,015		28,015
Interest-bearing securities eligible as collateral with central banks			
Loans to other credit institutions	5		5
Loans to the public	153,506	310	153,816
<i>of which households</i>	43,922		43,922
<i>of which corporates</i>	109,584	310	109,894
Bonds and other interest-bearing securities			
Shares	3		3
Assets where the customer bears the value change risk	9,145		9,145
Intangible assets	123		123
Property and equipment	407		407
Other	388		388
<b>Total</b>	<b>191,606</b>	<b>310</b>	<b>191,916</b>
<b>Liabilities</b>			
Due to credit institutions	679		679
Deposits and borrowing from the public	57,361		57,361
<i>of which households</i>	20,297		20,297
<i>of which corporates</i>	37,064		37,064
Insurance liabilities	3		3
Liabilities where the customer bears the value change risk	9,145		9,145
Provisions	210		210
Other	1,540		1,540
<b>Total</b>	<b>68,938</b>		<b>68,938</b>

The translation reserve includes an amount totalling an accumulated SEK 1,022 million (1,064) attributable to the translation of assets and liabilities held for sale in Finland, refer to Statement of changes in equity, Group.

The process of divesting the operations in Finland is under way. Finland previously comprised a separate operating segment.

Measuring each disposal group at the lowest of fair value, less costs to sell, and carrying amount did not result in any impairment.

## G14 Cont.

## Income, expenses and profit, discontinued operations

Denmark and Finland SEK m	2023	2022
Net interest income	2,368	3,434
Net fee and commission income	406	1,096
Net gains/losses on financial transactions	29	-12
Net insurance result	17	13
Other income	9	68
<b>Total income</b>	<b>2,829</b>	<b>4,600</b>
Staff costs	-841	-1,681
Other expenses	-464	-1,543
Depreciation, amortisation and impairment of property, equipment and intangible assets	0	-2
<b>Total expenses</b>	<b>-1,306</b>	<b>-3,226</b>
Net credit losses	41	29
Gains/losses on disposal of property, equipment and intangible assets	-1	2
Risk tax and resolution fee	-97	-160
<b>Profit for the year for Denmark and Finland, before tax</b>	<b>1,467</b>	<b>1,245</b>
Taxes	-200	-617
<b>Profit for the year from discontinued operations, including additional costs after tax</b>	<b>1,267</b>	<b>629</b>
Other expenses attributable to discontinued operations <sup>1</sup>	-73	-27
Taxes	15	6
<b>Profit for the year from discontinued operations, including additional costs after tax</b>	<b>1,209</b>	<b>608</b>
<b>Capital gains on sale of disposal groups constituting discontinued operations</b>		
Capital gain before tax		235
Taxes <sup>2</sup>		-561
Capital gain after tax		-326
<b>Profit for the year from discontinued operations, after tax</b>	<b>1,209</b>	<b>280</b>
Material internal transactions with continuing operations, which are eliminated in the income statement above <sup>3</sup> :		
Income	100	-287
Expenses	-101	-202

Denmark SEK m	2022
Net interest income	1,712
Net fee and commission income	701
Net gains/losses on financial transactions	-49
Net insurance result	1
Other income	49
<b>Total income</b>	<b>2,413</b>
Staff costs	-1,035
Other expenses	-768
Depreciation, amortisation and impairment of property, equipment and intangible assets	
<b>Total expenses</b>	<b>-1,803</b>
Net credit losses	38
Gains/losses on disposal of property, equipment and intangible assets	2
Risk tax and resolution fee	-58
<b>Profit for the year for Denmark, before tax</b>	<b>593</b>
Taxes	-57
<b>Profit for the year for Denmark, after tax</b>	<b>536</b>
<b>Capital gains on sale of disposal groups constituting discontinued operations, before tax</b>	
Capital gain before tax	235
Taxes <sup>2</sup>	-561
Capital gain after tax	-326
<b>Profit for the year from discontinued operations, after tax</b>	<b>210</b>
Material internal transactions with continuing operations, which are eliminated in the income statement above <sup>3</sup> :	
Income	-176
Expenses	-89

<sup>1</sup> Certain expenses arise in Sweden as a result of the divestment of the discontinued operations, deriving from requirements linked to the discontinuation of the operations. These include, for example, consultancy fees and legal costs.

<sup>2</sup> The tax expense for 2022 was negatively impacted by a non-deductible reversal of goodwill, recognised in capital gains/losses.

<sup>3</sup> Only external income and expenses are included in profit for the year for both continuing and discontinued operations. The discontinued operations have material internal transactions with the continuing operations, which are thus eliminated in the accounting. For example, all funding and liquidity management has been centralised at the Group Treasury unit in Sweden. Thus, loans to the public in Denmark and Finland are funded through internal funding from Group Treasury. Interest expenses deriving from internal funding are eliminated in the accounting, and are therefore not included in the net interest income figure above. From 1 January 2023, the Bank applies a new method for eliminating internal transactions attributable to the net interest income between the discontinued operations in Finland and Group Treasury, and thus presents internal interest income and internal interest expenses in continuing and discontinued operations. Comparative figures have not been restated.

## G14 Cont.

Finland SEK m	2023	2022
Net interest income	2,368	1,722
Net fee and commission income	406	396
Net gains/losses on financial transactions	29	37
Net insurance result	17	12
Other income	9	19
<b>Total income</b>	<b>2,829</b>	<b>2,186</b>
Staff costs	-841	-647
Other expenses	-464	-775
Depreciation, amortisation and impairment of property, equipment and intangible assets		-2
<b>Total expenses</b>	<b>-1,306</b>	<b>-1,423</b>
Net credit losses	41	-10
Gains/losses on disposal of property, equipment and intangible assets	-1	0
Risk tax and resolution fee	-97	-102
<b>Profit for the year from discontinued operations, before tax</b>	<b>1,467</b>	<b>652</b>
Taxes	-200	-560
<b>Profit for the year from discontinued operations, after tax</b>	<b>1,267</b>	<b>91</b>
Material internal transactions with continuing operations, which are eliminated in the income statement above <sup>1</sup> :		
Income	100	-111
Expenses	-101	-113

## Fee and commission income by product, discontinued operations

Fee and commission income by segment <sup>2</sup> SEK m	2023	2022	
	Finland	Denmark	Finland
Brokerage and other securities commissions	9	41	8
Mutual funds	7	147	8
Custody and other asset management fees	41	148	44
Advisory services		22	
Insurance	77	22	74
Payments	213	205	203
Loans and deposits	85	55	79
Guarantees	19	65	20
Other	11	64	13
<b>Total fee and commission income</b>	<b>463</b>	<b>768</b>	<b>448</b>

## Staff costs, discontinued operations

Denmark and Finland <sup>2</sup> SEK m	2023	2022
Salaries and fees <sup>3</sup>	-636	-1,273
Social security costs	-22	-132
Pension costs	-104	-135
Provision for the profit-sharing scheme		-16
Other staff costs	-79	-125
<b>Total</b>	<b>-841</b>	<b>-1,681</b>

Average number of employees<sup>2</sup>

	2023			2022		
	Total	Men	Women	Total	Men	Women
Denmark				546	277	269
Finland	533	249	284	530	242	288
<b>Total</b>	<b>533</b>	<b>249</b>	<b>284</b>	<b>1,076</b>	<b>519</b>	<b>557</b>

<sup>1</sup> Only external income and expenses are included in profit for the year from both continuing and discontinued operations. The discontinued operations have material internal transactions with the continuing operations, which are thus eliminated in the accounting. For example, all funding and liquidity management has been centralised at the Group Treasury unit in Sweden. Thus, loans to the public in Finland are funded through internal funding from Group Treasury. Interest expenses deriving from internal funding are eliminated in the accounting, and are therefore not included in the net interest income figure above. From 1 January 2023, the Bank applies a new method for eliminating internal transactions attributable to the net interest income between the discontinued operations in Finland and Group Treasury, and thus presents internal interest income and internal interest expenses in continuing and discontinued operations. Comparative figures have not been restated.

<sup>2</sup> This year's figures refer only to Finland since the operations in Denmark were divested during Q4 2022.

<sup>3</sup> Of which SEK 5.5 million (6.0) to executive officers (President and Chief Executive Officers and boards in subsidiaries).

## Cash flows, discontinued operations

Finland SEK m	2023	2022
Cash flow from operating activities	4,611	-123,159
Cash flow from investing activities	-8	-11
Cash flow from financing activities		
<b>Cash flow for the year from discontinued operations</b>	<b>4,604</b>	<b>-123,171</b>

## G15 Other loans to central banks

SEK m	2023	2022
Other loans to central banks in Swedish kronor		
Other loans to central banks in foreign currency	6,282	4,604
<b>Total</b>	<b>6,282</b>	<b>4,604</b>
Provision for expected credit losses		
<b>Total other loans to central banks</b>	<b>6,282</b>	<b>4,604</b>
<b>Average volumes</b>		
SEK m	2023	2022
Other loans to central banks in Swedish kronor		
Other loans to central banks in foreign currency	6,196	5,579
<b>Total</b>	<b>6,196</b>	<b>5,579</b>

## G16 Loans to other credit institutions

SEK m	2023	2022
<b>Loans in Swedish kronor</b>		
Banks	263	379
Other credit institutions	-1	103
<b>Total</b>	<b>261</b>	<b>482</b>
<b>Loans in foreign currency</b>		
Banks	16,910	6,002
Other credit institutions	2,126	2,929
<b>Total</b>	<b>19,035</b>	<b>8,931</b>
Provision for expected credit losses	-2	-2
<b>Total loans to other credit institutions</b>	<b>19,294</b>	<b>9,411</b>
<i>of which reverse repos</i>	9,623	
<b>Average volumes</b>		
SEK m	2023	2022
Loans to other credit institutions in Swedish kronor	1,212	2,317
Loans to other credit institutions in foreign currency	42,394	36,637
<b>Total</b>	<b>43,607</b>	<b>38,954</b>
<i>of which reverse repos</i>	16,812	14,433

## G17 Loans to the public

SEK m	2023	2022
<b>Loans in Swedish kronor</b>		
Households	974,473	984,397
Corporates	599,233	601,605
National Debt Office	6,748	1,566
<b>Total</b>	<b>1,580,454</b>	<b>1,587,568</b>
<b>Loans in foreign currency</b>		
Households	250,008	257,706
Corporates	463,345	472,559
<b>Total</b>	<b>713,353</b>	<b>730,265</b>
Provision for expected credit losses	-2,000	-2,015
<b>Total loans to the public</b>	<b>2,291,808</b>	<b>2,315,818</b>
<i>of which reverse repos</i>	17,404	12,917
<b>Average volumes, excl. National Debt Office</b>		
SEK m	2023	2022
Loans to the public in Swedish kronor	1,597,310	1,555,159
Loans to the public in foreign currency	738,482	708,177
<b>Total</b>	<b>2,335,792</b>	<b>2,263,336</b>
<i>of which reverse repos</i>	23,110	21,300

## G18 Interest-bearing securities

SEK m	2023			2022		
	Carrying amount	Fair value	Nominal amount	Carrying amount	Fair value	Nominal amount
Interest-bearing securities eligible as collateral with central banks	199,128	199,128	197,474	132,778	132,778	133,726
Bonds and other interest-bearing securities	50,087	50,087	36,442	32,697	32,697	30,898
<b>Total</b>	<b>249,215</b>	<b>249,215</b>	<b>233,916</b>	<b>165,475</b>	<b>165,475</b>	<b>164,624</b>

SEK m	2023			2022		
	Carrying amount	Fair value	Nominal amount	Carrying amount	Fair value	Nominal amount
Government	199,128	199,128	197,474	132,778	132,778	133,726
Credit institution	9,733	9,733	7,856	8,864	8,864	7,655
Mortgage institutions	34,378	34,378	24,446	17,464	17,464	18,041
Other	5,975	5,975	4,141	6,369	6,369	5,202
<b>Total</b>	<b>249,215</b>	<b>249,215</b>	<b>233,916</b>	<b>165,475</b>	<b>165,474</b>	<b>164,624</b>

SEK m	2023	2022
<b>Interest-bearing securities that are subject to impairment testing</b>		
<b>Fair value through other comprehensive income</b>		
Interest-bearing securities eligible as collateral with central banks		200
Bonds and other interest-bearing securities	12,709	9,882
<b>Total</b>	<b>12,709</b>	<b>10,082</b>
Provision for expected credit losses recognised in the fair value reserve in equity	-2	-2

SEK m	2023	2022
<b>Average volumes</b>		
Interest-bearing securities eligible as collateral with central banks	258,785	137,114
Bonds and other interest-bearing securities	55,713	45,820
<b>Total</b>	<b>314,497</b>	<b>182,934</b>

## G19 Shares

SEK m	2023	2022
Fair value through profit or loss, mandatory	11,615	12,269
Fair value through other comprehensive income	601	544
<b>Total shares</b>	<b>12,216</b>	<b>12,813</b>

SEK m	2023	2022
<b>Holdings at fair value through other comprehensive income</b>		
Visa Inc	330	274
VIPPS A/S	60	57
Other holdings	211	213
<b>Total</b>	<b>601</b>	<b>544</b>

Handelsbanken classifies the shareholdings above as measured at fair value through other comprehensive income, as these holdings are not held for trading. The dividends on these shares amounted to SEK 3 million (17) and are recognised in the income statement under Other dividend income. During the year, the Bank divested holdings in a housing co-operative association for a total of SEK 0 million (32). The reason for this divestment was a branch closure.

For information about realised and unrealised gains/losses on equity instruments measured at fair value through other comprehensive income, refer to the Statement of changes in equity for the Group.

## G20 Investments in associates and joint ventures

There are no individually significant investments in associates or joint ventures held by Handelsbanken. There are certain entities that are considered strategic to the banking operations of the Group through their provision of, for example, payment services. All investments are unlisted.

Investments in associates and joint ventures SEK m	2023	2022
Carrying amount at beginning of year	561	478
Share of profit for the year	89	-13
Tax	-37	-13
Shareholders' contribution	53	123
Dividend	-8	-14
<b>Carrying amount at end of year</b>	<b>657</b>	<b>561</b>

Income from associates and joint ventures SEK m	2023	2022
Profit for the year	51	-13
Other comprehensive income		
<b>Total comprehensive income for the year</b>	<b>51</b>	<b>-13</b>

Associates	Corporate identity number	Domicile	Number of shares	Voting power, %	Carrying amount, SEK m	
					2023	2022
Bankomat AB	556817-9716	Stockholm	150	20.00	96	95
BGC Holding AB	556607-0933	Stockholm	25,542	25.54	428	327
Dyson Group plc	00163096	Sheffield	74,333,672	24.01	8	17
Finansiell ID-teknik BID AB	556630-4928	Stockholm	12,735	28.30	25	21
Getswish AB	556913-7382	Stockholm	10,000	20.00	23	21
USE Intressenter AB	559161-9464	Stockholm	2,448	24.48	0	0
<b>Total</b>					<b>581</b>	<b>481</b>

Joint ventures	Corporate identity number	Domicile	Number of shares	Voting power, %	Carrying amount, SEK m	
					2023	2022
P27 Nordic Payments Platform AB	559198-9610	Stockholm	10,000	16.67	71	55
Invidem AB	559210-0779	Stockholm	10,000	16.67		23
Tibern AB	559384-3542	Stockholm	4,000	14.29	5	3
<b>Total</b>					<b>76</b>	<b>80</b>

## G21 Assets where the customer bears the value change risk

SEK m	2023	2022
Unit-linked insurance assets	230,905	201,119
Equities	13,067	10,766
Other assets	921	1,081
<b>Total</b>	<b>244,893</b>	<b>212,966</b>

## G22 Derivative instruments

SEK m	Nominal amount/maturity			Nominal amount		Positive market values		Negative market values	
	Up to 1 yr	Over 1 yr up to 5 yrs	Over 5 yrs	2023	2022	2023	2022	2023	2022
<b>Derivatives held for trading</b>									
Interest rate-related contracts									
Options	3,278	25,721	6,187	35,186	24,799	262	403	393	351
FRA/futures	377,929	20,062		397,991	681,455	255	928	237	1,181
Swaps	440,212	1,038,358	245,746	1,724,316	2,210,708	35,286	62,139	34,844	61,594
Currency-related contracts									
Options	24,061	1,615	17	25,693	35,136	158	292	237	249
Futures	56,603	5,712	55	62,370	94,033	1,196	1,418	1,146	1,112
Swaps	487,289	41,221	797	529,307	701,630	8,006	9,146	17,177	12,780
Equity-related contracts									
Options	4,470	380	32	4,882	2,053	194	182	114	95
Futures	215			215	184	5	6	2	5
Swaps	4,754	1,208		5,962	8,262	101	185	306	663
Commodity-related contracts									
Options			17	17	25	6	2	23	27
Futures	180			180	367	6	32	18	52
Credit-related contracts									
Swaps	463	2,606		3,069	3,908	193	68	82	90
<b>Total</b>	<b>1,399,454</b>	<b>1,136,883</b>	<b>252,851</b>	<b>2,789,188</b>	<b>3,762,560</b>	<b>45,668</b>	<b>74,801</b>	<b>54,579</b>	<b>78,199</b>
<b>Derivatives for fair value hedges</b>									
Interest rate-related contracts									
Options	41			41	364	1	7		
Swaps	120,789	450,446	124,396	695,631	576,034	17,227	16,888	16,007	27,349
Currency-related contracts									
Swaps		983		983	1,636	25	77		
<b>Total</b>	<b>120,830</b>	<b>451,429</b>	<b>124,396</b>	<b>696,655</b>	<b>578,034</b>	<b>17,253</b>	<b>16,972</b>	<b>16,007</b>	<b>27,349</b>
<b>Derivatives for cash flow hedges</b>									
Interest rate-related contracts									
Swaps	66,828	70,621	9,758	147,207	248,157	3,029	4,499	2,228	4,865
Currency-related contracts									
Swaps	99,027	176,613	45,950	321,590	314,842	16,381	21,101	6,649	1,185
<b>Total</b>	<b>165,855</b>	<b>247,234</b>	<b>55,708</b>	<b>468,797</b>	<b>562,999</b>	<b>19,410</b>	<b>25,600</b>	<b>8,877</b>	<b>6,050</b>
<b>Total derivative instruments</b>	<b>1,686,139</b>	<b>1,835,546</b>	<b>432,955</b>	<b>3,954,640</b>	<b>4,903,593</b>	<b>82,331</b>	<b>117,373</b>	<b>79,463</b>	<b>111,598</b>
<i>of which exchange-traded derivatives</i>				70,400	201,815	148	260	419	274
<i>of which OTC derivatives settled by CCP</i>				2,661,973	3,315,242	52,627	82,375	45,845	83,957
<i>of which OTC derivatives not settled by CCP</i>				1,222,267	1,386,536	29,556	34,738	33,199	27,367
Amounts offset				-2,310,691	-2,826,362	-52,221	-81,112	-45,225	-82,558
<b>Net amount</b>				<b>1,643,949</b>	<b>2,077,231</b>	<b>30,110</b>	<b>36,261</b>	<b>34,238</b>	<b>29,040</b>
<b>Currency breakdown of market values</b>									
SEK						39,951	-231,111	371,486	74,796
USD						-25,673	187,752	-350,125	-244,777
EUR						163,098	282,564	-13,839	211,143
Others						-95,045	-121,832	71,941	70,436
<b>Total</b>						<b>82,331</b>	<b>117,373</b>	<b>79,463</b>	<b>111,598</b>

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

The Bank amortises positive differences between the value measured by a valuation model upon initial recognition and the transaction price (day 1 gains/losses) over the life of the derivative. Such not yet recognised day 1 gains amounted to SEK 472 million (447) at year-end.

## G23 Hedge accounting

The Group's overall objective for its risk management and hedge accounting is to protect itself against the risk of variations in future cash flows and fair values attributable to lending and funding arising from changes in interest rates and exchange rates. In order to achieve this objective, the Group makes use of derivatives. Hedge accounting is applied to ensure that the Group's risk management strategy is reflected in the financial reports. For information about the Group's management of market risk, see note G2. The hedging strategies and various types of hedge accounting applied by the Group are described below, divided into risk categories. For a description of the accounting policies for hedge accounting, see note G1.

### CASH FLOW HEDGES

#### Interest rate risk in variable-rate lending and funding

The purpose of this hedging strategy is to minimise the uncertainty associated with future incoming and outgoing payments of interest arising due to changes in variable interest rates, and instead to receive and pay amounts according to fixed interest rates which are known when entering into the hedge. The hedged item consists of highly probable future incoming and outgoing payments relating to variable-rate loans to the public and to issued floating-rate securities. The hedged risk is

defined as a floating reference rate in the respective currency, which comprises an observable component of the interest. The hedging instruments consist of interest rate swaps, in which a fixed interest rate is received and a variable interest rate is paid, or a fixed interest rate is paid and a variable interest rate is received.

#### Foreign exchange risk in funding

The hedging strategy aims to minimise the uncertainty associated with future payments of interest arising due to changes in exchange rates, and instead to pay interest in the functional currency, at a rate which is known when entering into the hedge. The hedged item consists of highly probable future interest payment and repayments of nominal amounts attributable to issued securities in a currency other than the functional currency. The hedged risk is comprised of the risk of changes in these future payments arising due to fluctuations in the exchange rate between the funding currency and the functional currency. The hedging instruments consist of foreign exchange derivatives.

#### Foreign exchange risk in internal loans to or from foreign operations

The intention of this hedging strategy is to minimise the risk of volatility linked to fluctuations in exchange rates on internal loans to or from for-

ign operations. The hedged item consists of the nominal amount of an internal loan between the Group's treasury department and a foreign operation, issued in the functional currency of the foreign operation. The hedged risk consists of the risk of changes in cash flows attributable to interest payments, and repayments of nominal amounts, due to differences in the exchange rate between the currency of the internal loan and the parent company's functional currency, the Swedish krona. The hedging instruments consist of foreign exchange derivatives.

#### Measuring effectiveness

The effectiveness of a hedging relationship is tested at the initiation of the relationship and thereafter on a quarterly basis. The effectiveness of hedges is tested from both a prospective and retrospective standpoint. Prospectively by shifting yield curves and discount curves. Retrospectively, in the event that the conditions for the hedged risk and the hedging instrument are not fully consistent, through regression analysis. 'Fully consistent' in this context implies that the cash flows and discounting factors are identical at all times. When effectiveness is measured, the hedged risk is represented by a perfectly effective hypothetical derivative (PEH), which matches the critical conditions of the hedged item. The fair value of the hypothetical derivative (PEH) is zero at the start date of the

Hedging instruments in cash flow hedges SEK m	2023			2022		
	Up to 1 yr	1-5 yrs	Over 5 yrs	Up to 1 yr	1-5 yrs	Over 5 yrs
<b>Interest rate risk</b>						
Interest rate swaps, fixed interest paid and variable interest received						
Nominal amount	13,568	17,253	8,645	32,599	27,759	11,499
Average fixed interest, %	0.38	0.64	0.67	0.49	0.47	0.76
Interest rate swaps, variable interest paid and fixed interest received						
Nominal amount	53,260	53,368	1,113	78,405	84,438	13,458
Average fixed interest, %	1.89	1.73	1.54	1.53	1.52	2.12
<b>Foreign exchange risk</b>						
Foreign exchange derivatives, EUR/SEK						
Nominal amount	16,075	42,777	12,048	12,891	40,323	12,052
Average exchange rate EUR/SEK	0.0971	0.0926	0.0928	0.1054	0.0964	0.0928
Foreign exchange derivatives, EUR/NOK						
Nominal amount	5,146	57,144	29,127	21,271	33,098	45,105
Average exchange rate EUR/NOK	0.1049	0.0962	0.0834	0.1045	0.1021	0.0975
Foreign exchange derivatives, GBP/SEK						
Nominal amount				7,669		
Average exchange rate GBP/SEK				0.0907		
Foreign exchange derivatives, USD/GBP						
Nominal amount		989		7,560		1,000
Average exchange rate USD/GBP		1.3157		1.2930		1.3157
Foreign exchange derivatives, USD/NOK						
Nominal amount	2,066	40,077		14,163	26,897	
Average exchange rate USD/NOK	0.0509	0.0958		0.1083	0.1114	
Foreign exchange derivatives, USD/SEK						
Nominal amount	75,356	14,514	4,775	60,393	8,421	4,872
Average exchange rate USD/SEK	0.0880	0.0782	0.1105	0.1000	0.1068	0.1105
Foreign exchange derivatives, AUD/USD						
Nominal amount				6,602		
Average exchange rate AUD/USD				1.3770		
Foreign exchange derivatives, AUD/EUR						
Nominal amount		13,016				
Average exchange rate AUD/EUR		1.5415				
Foreign exchange derivatives, other currency pairs						
Nominal amount	384	8,096			12,524	
<b>Total</b>	<b>165,855</b>	<b>247,234</b>	<b>55,708</b>	<b>241,553</b>	<b>233,460</b>	<b>87,986</b>

## G23 Cont.

hedging relationship. Measuring effectiveness entails a comparison of the change in fair value of the hypothetical derivative (PEH) with the change in fair value of the actual derivative.

**Criteria applied in measuring effectiveness**

In order to qualify for hedge accounting, the ratio between the change in fair value of the hedged risk in the hedged item, represented by the hypothetical derivative (PEH), and the actual derivative must be within the 80–125% interval. In the cases where this is checked through regression analysis, the following criteria must

be fulfilled in order to establish an effective hedging relationship:

- The gradient of the curve must be within the interval  $0.8 < b < 1.25$ .
- R2 must be  $> 0.96$ .

**Ineffectiveness**

Ineffectiveness is measured through a comparison of the change in the fair value of the hedged risk in the hedged item, represented by the hypothetical derivative (PEH), with the change in fair value of the actual derivative. The hedge is deemed ineffective if the change in fair value of

the derivative exceeds the change in value of the hypothetical derivative (PEH) in absolute terms.

The main explanations for ineffectiveness in these hedging relationships are differences in market interest rates and exchange rates between the start date of the hedging relationship and the transaction date for the derivative. Ineffectiveness is also explained by changes in fair value attributable to certain interest components in the derivative which are not included in the hedged risk.

Hedging instruments and ineffectiveness in cash flow hedges 2023	Nominal amount hedging instruments	Carrying amount hedging instruments		Change in fair value used to calculate ineffectiveness	Change in the value of the hedging instruments recognised in other comprehensive income	Ineffectiveness recognised in the income statement	Reclassified from the hedge reserve to the income statement
		Assets	Liabilities				
SEK m							
<b>Interest rate risk</b>							
Interest rate swaps, fixed interest paid and variable interest received	39,466	2,600	1	-1,928	-2,014	86	
Interest rate swaps, variable interest paid and fixed interest received	107,741	429	2,227	3,499	3,499		226
<b>Foreign exchange risk<sup>1</sup></b>							
Foreign exchange derivatives, EUR/SEK	70,900	3,011	310	-158	-157	-1	
Foreign exchange derivatives, EUR/NOK	91,417	8,286	608	-370	-372	2	
Foreign exchange derivatives, GBP/SEK				2	2		
Foreign exchange derivatives, USD/GBP	989	30		7	7		
Foreign exchange derivatives, USD/NOK	42,143	3,133	1,048	-22	-19	-3	
Foreign exchange derivatives, USD/SEK	94,645	1,322	3,951	-103	-103	0	
Foreign exchange derivatives, AUD/USD				7	7		-1
Foreign exchange derivatives, other currency pairs	21,496	599	732	15	16	-1	27
<b>Total</b>	<b>468,797</b>	<b>19,410</b>	<b>8,877</b>	<b>949</b>	<b>866</b>	<b>83</b>	<b>252</b>

Hedging instruments and ineffectiveness in cash flow hedges 2022	Nominal amount hedging instruments	Carrying amount hedging instruments		Change in fair value used to calculate ineffectiveness	Change in the value of the hedging instruments recognised in other comprehensive income	Ineffectiveness recognised in the income statement	Reclassified from the hedge reserve to the income statement
		Assets	Liabilities				
SEK m							
<b>Interest rate risk</b>							
Interest rate swaps, fixed interest paid and variable interest received	71,857	4,428	11	4,921	4,975	-54	
Interest rate swaps, variable interest paid and fixed interest received	176,300	71	4,854	-8,646	-8,643	-3	154
<b>Foreign exchange risk<sup>1</sup></b>							
Foreign exchange derivatives, EUR/SEK	65,266	5,161		307	307		
Foreign exchange derivatives, EUR/DKK				-3	-3		
Foreign exchange derivatives, EUR/GBP				20	20		
Foreign exchange derivatives, EUR/NOK	99,475	5,744	246	347	347	0	
Foreign exchange derivatives, GBP/SEK	7,669	1,027		18	18		
Foreign exchange derivatives, USD/DKK				70	70	0	
Foreign exchange derivatives, USD/GBP	8,560	633		19	19		
Foreign exchange derivatives, USD/NOK	41,060	3,432		16	12	4	
Foreign exchange derivatives, USD/SEK	73,686	4,728	281	366	364	2	
Foreign exchange derivatives, AUD/USD	6,602		442	-56	-56		2
Foreign exchange derivatives, other currency pairs	12,524	376	216	90	90	0	4
<b>Total</b>	<b>562,999</b>	<b>25,600</b>	<b>6,050</b>	<b>-2,531</b>	<b>-2,480</b>	<b>-51</b>	<b>160</b>

<sup>1</sup> When analysing for the purposes of hedge accounting, the conversion to the parent company's functional currency, SEK, is taken into account by imputing nominal derivative legs in the hedging relationships. The imputed derivative legs are not included in the nominal volumes presented in the tables above.

The carrying amount of hedging instruments is included in the item Derivative instruments in the balance sheet.

Ineffectiveness recognised in the income statement is included in the item Net gains/losses on financial transactions.

Reclassified to the income statement is included under Net gains/losses on financial transactions and refers to cash flow hedges terminated before their maturity date.

## G23 Cont.

**FAIR VALUE HEDGES****Interest rate risk in fixed-rate lending and funding**

The purpose of this hedging strategy is to minimise the risk of changes in the fair values of fixed-interest lending and funding arising from changes in market interest rates. The hedged risk is defined as the reference rate in the respective currency, which comprises an observable component of the interest. The hedged items are comprised of fixed-interest loans to the public and issued fixed-interest securities. The hedging instruments consist of interest rate swaps, in which a fixed interest rate is paid and a variable interest rate is received, or a fixed interest rate is received and a variable interest rate is paid.

**Measuring effectiveness**

The effectiveness of the hedges is measured through a comparison of the change in the fair value of the hedged risk in lending and funding with the change in fair value of the interest rate swaps. The effectiveness is measured from both a prospective and retrospective stand-

point. Prospectively by shifting yield curves and discount curves and retrospectively through regression analysis. The effectiveness of a hedging relationship is tested at the initiation of the relationship and thereafter on a quarterly basis. The criteria which must be fulfilled to qualify for hedge accounting are consistent with those described above in the section about cash flow hedges.

**Ineffectiveness**

Ineffectiveness is measured through a comparison of the change in the fair value of the interest rate swap with the change in fair value of the hedged risk in lending and funding from the hedging relationship's start date to the end of the period.

The main explanation for ineffectiveness in these hedging relationships is changes in fair value arising from the variable interest in the interest rate swap, which is not matched by a change in value in the hedged risk in the lending or funding.

**PORTFOLIO HEDGING OF FAIR VALUE, WITH REGARD TO INTEREST RATE RISK**  
**Interest rate risk in fixed-rate lending portfolios**

This hedging strategy aims to minimise the risk of changes in the fair values of fixed-interest lending portfolios arising from changes in market interest rates. The hedged risk is defined as changes in the fair value of a portion of a lending portfolio with fixed interest, with regard to changes in a reference rate in each currency. The hedged item consists of an amount in a currency determined on the basis of a fixed-rate lending portfolio. The lending portfolio is divided into interest rate fixing periods. The hedged amount is established on the basis of the interest rate risk the Bank wishes to hedge in the selected interest rate fixing periods. The hedging instruments consist of interest rate swaps, in which a variable interest rate is received and a fixed interest rate is paid. One or more hedging instruments are defined for each interest rate fixing period.

A description of the measuring of effectiveness and ineffectiveness is provided in the Fair value hedges section above.

Hedged items in cash flow hedges	2023			2022		
	Change in value used to calculate ineffectiveness	Hedge reserve	Amounts remaining in the hedge reserve from hedging relationships for which hedge accounting is no longer applied	Change in value used to calculate ineffectiveness	Hedge reserve	Amounts remaining in the hedge reserve from hedging relationships for which hedge accounting is no longer applied
SEK m						
<b>Interest rate risk</b>						
Issued variable-interest securities	2,014	2,351		-4,975	4,370	
Variable-interest loans to the public	-3,499	-2,043	771	8,643	-5,323	1,000
<b>Foreign exchange risk</b>						
Securities issued in EUR and internal loans in GBP and NOK	529	-432		-671	-31	
Securities issued in USD and internal loans in EUR, GBP and NOK	115	317	68	-464	455	89
Issued securities and internal loans in other currencies	-25	35	-2	-53	142	3
<b>Total</b>	<b>-866</b>	<b>228</b>	<b>837</b>	<b>2,480</b>	<b>-387</b>	<b>1,092</b>

Hedging instruments in fair value hedges	2023			2022		
	Up to 1 yr	1-5 yrs	Over 5 yrs	Up to 1 yr	1-5 yrs	Over 5 yrs
SEK m						
<b>Interest rate risk</b>						
Interest rate swaps, variable interest paid and fixed interest received						
Nominal amount	56,277	374,593	93,942	23,501	225,252	93,086
Average fixed interest, %	2.00	2.53	2.47	1.34	1.82	1.37
Cross-currency interest rate swaps, variable interest paid and fixed interest received						
Nominal amount		983		633		1,003
Average fixed interest, %		3.69		3.26		3.69
<b>Total</b>	<b>56,277</b>	<b>375,576</b>	<b>93,942</b>	<b>24,134</b>	<b>225,252</b>	<b>94,089</b>

## G23 Cont.

Hedging instruments and ineffectiveness in fair value hedges 2023	Nominal amount hedging instruments	Carrying amount hedging instruments		Change in fair value used to calculate ineffectiveness	Ineffectiveness recognised in the income statement
		Assets	Liabilities		
SEK m					
<b>Interest rate risk</b>					
Interest rate swaps, variable interest paid and fixed interest received	524,812	7,127	15,971	17,711	155
Cross-currency interest rate swaps, variable interest paid and fixed interest received	983	25		54	7
<b>Total</b>	<b>525,795</b>	<b>7,152</b>	<b>15,971</b>	<b>17,765</b>	<b>162</b>
<b>Portfolio fair value hedges</b>					
<b>Interest rate risk</b>					
Interest rate swaps, fixed interest paid and variable interest received	170,819	10,100	36	-7,034	-80
Interest rate options (cap)	41	1		-5	0
<b>Total</b>	<b>170,860</b>	<b>10,101</b>	<b>36</b>	<b>-7,039</b>	<b>-80</b>

Hedging instruments and ineffectiveness in fair value hedges 2022	Nominal amount hedging instruments	Carrying amount hedging instruments		Change in fair value used to calculate ineffectiveness	Ineffectiveness recognised in the income statement
		Assets	Liabilities		
SEK m					
<b>Interest rate risk</b>					
Interest rate swaps, variable interest paid and fixed interest received	341,839	79	27,337	-26,463	-80
Cross-currency interest rate swaps, variable interest paid and fixed interest received	1,636	77		-171	-4
<b>Total</b>	<b>343,475</b>	<b>156</b>	<b>27,337</b>	<b>-26,634</b>	<b>-84</b>
<b>Portfolio fair value hedges</b>					
<b>Interest rate risk</b>					
Interest rate swaps, fixed interest paid and variable interest received	234,195	16,809	12	14,762	55
Interest rate options (cap)	364	7		9	
<b>Total</b>	<b>234,559</b>	<b>16,816</b>	<b>12</b>	<b>14,771</b>	<b>55</b>

The carrying amount of hedging instruments is included in the item Derivative instruments in the balance sheet.

Ineffectiveness recognised in the income statement is included in the item Net gains/losses on financial transactions.

Hedged items in fair value hedges 2023	Carrying amount hedged item		Accumulated fair value adjustment included in the carrying amount of the hedged item		Change in value used to calculate ineffectiveness
	Assets	Liabilities	Assets	Liabilities	
SEK m					
<b>Interest rate risk</b>					
Issued fixed-interest securities and subordinated liabilities		508,810		-11,412	-17,603
<b>Total</b>		<b>508,810</b>		<b>-11,412</b>	<b>-17,603</b>
<b>Portfolio fair value hedges<sup>1</sup></b>					
<b>Interest rate risk</b>					
Fixed-interest loans to the public	-9,657		-9,657		6,954
Interest rate cap on variable rate lending	-1		-1		5
<b>Total</b>	<b>-9,658</b>		<b>-9,658</b>		<b>6,959</b>

<sup>1</sup> The volume of the underlying lending portfolio was SEK 170,867 million (234,547) as at 31 December 2023.

No accumulated amount of adjustments to fair value hedges remained on the balance sheet for hedged items which are no longer adjusted for changes in fair value either this year or last year.

Hedged items in fair value hedges 2022	Carrying amount hedged item		Accumulated fair value adjustment included in the carrying amount of the hedged item		Change in value used to calculate ineffectiveness
	Assets	Liabilities	Assets	Liabilities	
SEK m					
<b>Interest rate risk</b>					
Issued fixed-interest securities and subordinated liabilities		314,575		-29,127	26,550
<b>Total</b>		<b>314,575</b>		<b>-29,127</b>	<b>26,550</b>
<b>Portfolio fair value hedges<sup>1</sup></b>					
<b>Interest rate risk</b>					
Fixed-interest loans to the public	-16,610		-16,610		-14,707
Interest rate cap on variable rate lending	-6		-6		-9
<b>Total</b>	<b>-16,616</b>		<b>-16,616</b>		<b>-14,716</b>

## G24 Offsetting of financial instruments

2023		Derivatives	Repurchase agreements and securities lending	Total
SEK m				
<b>Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements</b>				
Gross amount		82,331	32,141	114,472
Amounts offset		-52,221	-4,628	-56,849
<b>Carrying amount on the balance sheet</b>		<b>30,110</b>	<b>27,513</b>	<b>57,623</b>
<b>Related amounts not offset on the balance sheet</b>				
Financial instruments, netting arrangements		-7,781		-7,781
Financial assets received as collateral		-18,880	-27,513	-46,393
<b>Total amounts not offset on the balance sheet</b>		<b>-26,661</b>	<b>-27,513</b>	<b>-54,174</b>
<b>Net amount</b>		<b>3,449</b>		<b>3,449</b>
<b>Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements</b>				
Gross amount		79,463	4,631	84,094
Amounts offset		-45,225	-4,628	-49,853
<b>Carrying amount on the balance sheet</b>		<b>34,238</b>	<b>3</b>	<b>34,241</b>
<b>Related amounts not offset on the balance sheet</b>				
Financial instruments, netting arrangements		-7,781		-7,781
Financial assets pledged as collateral		-17,305	-3	-17,308
<b>Total amounts not offset on the balance sheet</b>		<b>-25,086</b>	<b>-3</b>	<b>-25,089</b>
<b>Net amount</b>		<b>9,152</b>		<b>9,152</b>
<b>2022</b>				
SEK m				
<b>Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements</b>				
Gross amount		117,373	21,903	139,276
Amounts offset		-81,112	-8,320	-89,432
<b>Carrying amount on the balance sheet</b>		<b>36,261</b>	<b>13,583</b>	<b>49,844</b>
<b>Related amounts not offset on the balance sheet</b>				
Financial instruments, netting arrangements		-11,031		-11,031
Financial assets received as collateral		-21,972	-13,568	-35,540
<b>Total amounts not offset on the balance sheet</b>		<b>-33,003</b>	<b>-13,568</b>	<b>-46,571</b>
<b>Net amount</b>		<b>3,258</b>	<b>15</b>	<b>3,273</b>
<b>Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements</b>				
Gross amount		111,598	8,325	119,923
Amounts offset		-82,558	-8,320	-90,878
<b>Carrying amount on the balance sheet</b>		<b>29,040</b>	<b>5</b>	<b>29,045</b>
<b>Related amounts not offset on the balance sheet</b>				
Financial instruments, netting arrangements		-11,031		-11,031
Financial assets pledged as collateral		-5,897	-5	-5,902
<b>Total amounts not offset on the balance sheet</b>		<b>-16,928</b>	<b>-5</b>	<b>-16,933</b>
<b>Net amount</b>		<b>12,112</b>		<b>12,112</b>

Derivative instruments are offset on the balance sheet when this reflects the Bank's anticipated cash flows in the settlement of two or more agreements. Repurchase agreements and reverse repurchase agreements with central counterparty clearing houses are offset on the balance sheet when this reflects the Bank's anticipated cash flows in the settlement of two or more agreements. This occurs when the Bank has both a contractual right and an intention to settle the agreed cash flows with a net amount. The amount offset for derivative assets

includes offset cash collateral of SEK 11,268 million (11,346) derived from the balance sheet item Deposits and borrowing from the public. The amount offset for derivative liabilities includes offset cash collateral of SEK 4,272 million (12,791), derived from the balance sheet item Loans to the public.

The remaining counterparty risk in derivatives is reduced through netting agreements, i.e. netting positive values against negative values in all derivative transactions with the same counterparty in a bankruptcy situation. Handels-

banken's policy is to sign netting agreements with all bank counterparties. Netting agreements are supplemented with agreements for issuing collateral for the net exposure. The collateral used is mainly cash, but government securities are also used. Collateral for repurchase agreements and borrowing and lending of securities is normally in the form of cash or other securities.

## G25 Intangible assets

2023 SEK m	Goodwill	Trademarks and other rights	Customer contracts	Internally devel- oped software	Other	Total 2023
Cost of acquisition at beginning of year	4,397	3	714	6,000	164	11,278
Cost of acquisition of additional intangible assets				958	3	961
Disposals and retirements				-496		-496
Foreign exchange effect	-41		4	-9		-46
<b>Cost of acquisition at end of year</b>	<b>4,356</b>	<b>3</b>	<b>718</b>	<b>6,453</b>	<b>168</b>	<b>11,697</b>
Accumulated amortisation and impairment at beginning of year	0	0	-271	-2,507	-99	-2,877
Disposals and retirements				496		496
Amortisation for the year			-37	-681	-33	-751
Impairment for the year				-1		-1
Foreign exchange effect			-1	2		1
<b>Accumulated amortisation and impairment at end of year</b>	<b>0</b>	<b>0</b>	<b>-309</b>	<b>-2,691</b>	<b>-131</b>	<b>-3,132</b>
<b>Carrying amount</b>	<b>4,356</b>	<b>3</b>	<b>409</b>	<b>3,762</b>	<b>37</b>	<b>8,567</b>

During the year, development expenses amounting to SEK 3,238 million (2,723) have been recognised.

2022 SEK m	Goodwill	Trademarks and other rights	Customer contracts	Internally devel- oped software	Other	Total 2022
Cost of acquisition at beginning of year	4,375	196	671	5,605	164	11,011
Cost of acquisition of additional intangible assets				703		703
Disposals and retirements	-18	-206		-325		-549
Foreign exchange effect	40	13	43	17		113
<b>Cost of acquisition at end of year</b>	<b>4,397</b>	<b>3</b>	<b>714</b>	<b>6,000</b>	<b>164</b>	<b>11,278</b>
Accumulated amortisation and impairment at beginning of year	-18	-193	-223	-2,209	-66	-2,709
Disposals and retirements	18	206		325		549
Amortisation for the year			-34	-594	-33	-661
Impairment for the year				-21		-21
Foreign exchange effect		-13	-14	-8		-35
<b>Accumulated amortisation and impairment at end of year</b>	<b>0</b>	<b>0</b>	<b>-271</b>	<b>-2,507</b>	<b>-99</b>	<b>-2,877</b>
<b>Carrying amount</b>	<b>4,397</b>	<b>3</b>	<b>442</b>	<b>3,493</b>	<b>66</b>	<b>8,402</b>

SEK m	Goodwill		Intangible assets with an indefinite useful life	
	2023	2022	2023	2022
Handelsbanken Sweden	3,331	3,331		
Handelsbanken UK	183	180		
Handelsbanken Norway	655	699		
Handelsbanken the Netherlands	177	177		
Handelsbanken Capital Markets	10	10	3	3
<b>Total</b>	<b>4,356</b>	<b>4,397</b>	<b>3</b>	<b>3</b>

### Impairment testing of goodwill and intangible assets with an indefinite useful life

Goodwill and other intangible assets with an indefinite useful life are recorded at cost less any impairment losses. These assets are tested annually for impairment when preparing the Annual Report or when there is an indication that the asset is impaired. Impairment testing is performed by calculating the recoverable amount of the assets, i.e. the higher of the value in use and the fair value less costs to sell. As long as the recoverable amount exceeds the carrying amount, no impairment loss needs to be recognised. Impairment losses are recognised directly in the income statement.

Since it is not possible to differentiate between cash flows arising from goodwill and cash flows arising from other assets, impairment testing of goodwill takes place at the level of cash-generating unit. A cash-generating unit is the smallest identifiable group of assets that generates cash

inflows that are largely independent of the cash inflows from other assets or groups of assets. Goodwill is followed up at the operating segment level. Previously recognised impairment losses on goodwill are not reversed.

Recognised goodwill mainly derives from traditional banking operations in Handelsbanken's home markets. Goodwill and intangible assets with an indefinite useful life are tested for impairment annually in connection with the closing of the annual accounts. When performing impairment testing, the value in use of the units to which goodwill has been allocated is calculated by discounting estimated future cash flows and the terminal value. In the table, goodwill has been allocated among the operating segments.

For the first five years, estimated future cash flows are based on forecasts of risk-weighted volumes, income, expenses and credit losses. The forecasts are mainly based on an internal

assessment of the future income and cost development, economic climate, expected interest rates and the expected impact of future regulations. After the first five-year period, a forecast is made based on the assumption of a long-term growth rate. The estimated cash flows are based on historical real GDP growth as well as the Riksbank's long-term inflation target. The year's impairment test is based on an assumption of a long-term growth rate of 2% (2). The total forecast period is 20 years, which is justified based on the Bank's intention to conduct operations in its home market for the long term. The terminal value used is the forecast value of the net assets of the tested unit. Estimated cash flows have been discounted at a rate based on a risk-free interest rate and a risk adjustment corresponding to the market's average return requirement. In the annual impairment test, the discount rate was 8.2% (7.6) after tax. The corresponding rate before tax was

## G25 Cont.

11.9% (10.5). The same discount rate was used for all operating segments.

The difference between the recoverable amounts and the carrying amounts in the annual impairment test of goodwill was deemed to be satisfactory. The calculated value in use of goodwill is sensitive to a number of different variables, which are significant for expected cash flows and the discount rate. The variables that are of greatest significance to the calculation are the assumptions for interest rates, the business cycle, future margins and cost-effectiveness. No reasonably possible change

in important assumptions would affect the carrying amount of goodwill.

**Intangible assets with a finite useful life**

Intangible assets for which it is possible to establish an estimated useful life are amortised. The amortisation is on a straight-line basis over the useful life of the asset. Currently this means that customer relationships are amortised over 20 years and that internally developed software is normally amortised over five years. In certain infrastructure projects, the useful life is assessed to be more than five years. For these types of

investment, the amortisation period is up to 15 years. Brand names which are subject to amortisation are amortised over five years. The amortisation period is tested on an individual basis at the time of new acquisition and also continually if there are indications that the useful life may have changed. Intangible assets with a finite useful life are reviewed for impairment when there is an indication that the asset may be impaired. The impairment test is performed according to the same principles as for intangible assets with an indefinite useful life, i.e. by calculating the recoverable amount of the asset.

## G26 Property and equipment

Property and equipment SEK m	2023	2022
Property	3,960	4,154
Equipment	815	760
Property repossessed for protection of claims	2	
<b>Total</b>	<b>4,777</b>	<b>4,914</b>

Property SEK m	2023	2022
Cost of acquisition at beginning of year	1,753	1,775
New construction and conversion	91	145
Disposals and retirements		-203
Foreign exchange effect	0	36
<b>Cost of acquisition at end of year</b>	<b>1,844</b>	<b>1,753</b>
Accumulated depreciation and impairment at beginning of year	-551	-518
Depreciation for the year according to plan	-37	-32
Disposals and retirements		2
Foreign exchange effect	0	-3
<b>Accumulated depreciation and impairment at end of year</b>	<b>-588</b>	<b>-551</b>
<b>Carrying amount</b>	<b>1,256</b>	<b>1,202</b>
<b>Carrying amount, right-of-use assets</b>	<b>2,704</b>	<b>2,952</b>
<b>Total carrying amount</b>	<b>3,960</b>	<b>4,154</b>

Equipment SEK m	2023	2022
Cost of acquisition at beginning of year	1,996	1,954
Cost of additional acquisition for the year	425	366
Disposals and retirements	-326	-401
Foreign exchange effect	3	77
<b>Cost of acquisition at end of year</b>	<b>2,098</b>	<b>1,996</b>
Accumulated depreciation and impairment at beginning of year	-1,300	-1,287
Depreciation for the year according to plan	-324	-311
Disposals and retirements	315	355
Foreign exchange effect	-4	-57
<b>Accumulated depreciation and impairment at end of year</b>	<b>-1,313</b>	<b>-1,300</b>
<b>Carrying amount</b>	<b>785</b>	<b>696</b>
<b>Carrying amount, right-of-use assets</b>	<b>30</b>	<b>64</b>
<b>Total carrying amount</b>	<b>815</b>	<b>760</b>

The Group's tangible non-current assets consist of property (owner-occupied properties) and equipment as well as right-of-use assets. These assets are recorded at cost of acquisition less accumulated depreciation and impairment losses. Depreciation is based on the estimated useful lives of the assets and a straight-line depreciation plan is applied. The estimated useful lives are reviewed annually. No material changes were made to the useful lives in 2023. The useful life of equipment is deemed to be 2–10 years. Separate depreciation plans are applied to the different sub-components of properties. The useful life for the buildings structure is deemed to be 100 years and the remaining sub-components are deemed to have useful lives of between 10 and 35 years. The useful life of the right-of-use assets that are primarily leased premises is deemed to be the same as the term of the lease. Information about the corresponding lease liability is presented in note G45 Leases. Impairment testing of property and equipment is carried out when there is an indication that the value of the asset may have decreased. There was no indication on the balance sheet date that property and equipment required impairment.

## G27 Other assets

SEK m	2023	2022
Claims on investment banking settlements	5,610	10,825
Reinsurance assets	27	19
Other	4,640	3,877
<b>Total</b>	<b>10,276</b>	<b>14,721</b>

## G28 Prepaid expenses and accrued income

SEK m	2023	2022
Accrued income	1,218	1,187
Prepaid expenses	1,114	792
<b>Total</b>	<b>2,331</b>	<b>1,979</b>

## G29 Due to credit institutions

SEK m	2023	2022
<b>Due in Swedish kronor</b>		
Banks	7,222	9,080
Other credit institutions	8,444	8,681
<b>Total</b>	<b>15,666</b>	<b>17,761</b>
<b>Due in foreign currency</b>		
Banks	73,389	63,777
Other credit institutions	1,088	155
<b>Total</b>	<b>74,477</b>	<b>63,932</b>
<b>Total due to credit institutions</b>	<b>90,143</b>	<b>81,693</b>
<i>of which repos</i>	<i>0</i>	

<b>Average volumes</b> SEK m	2023	2022
Due to credit institutions in Swedish kronor	22,050	24,643
Due to credit institutions in foreign currency	143,309	145,739
<b>Total</b>	<b>165,359</b>	<b>170,382</b>
<i>of which repos</i>	<i>177</i>	<i>125</i>

## G30 Deposits and borrowing from the public

SEK m	2023	2022
<b>Deposits from the public</b>		
<b>Deposits in Swedish kronor</b>		
Households	361,462	430,128
Corporates	275,307	336,594
National Debt Office	1	1
<b>Total</b>	<b>636,769</b>	<b>766,723</b>
<b>Deposits in foreign currency</b>		
Households	100,321	117,317
Corporates	279,549	294,915
<b>Total</b>	<b>379,871</b>	<b>412,232</b>
<b>Total deposits from the public</b>	<b>1,016,640</b>	<b>1,178,955</b>
<b>Borrowing from the public</b>		
<b>Borrowing in Swedish kronor</b>		
Borrowing in Swedish kronor	176,875	81,292
Borrowing in foreign currency	104,966	58,679
<b>Total borrowing from the public</b>	<b>281,841</b>	<b>139,970</b>
<b>Total deposits and borrowing from the public</b>	<b>1,298,480</b>	<b>1,318,925</b>
<i>of which repos</i>	2	5
<i>of which within insurance operations</i>	115	117
<b>Average volumes</b>		
<b>Deposits from the public</b>		
Deposits from the public in Swedish kronor	676,110	804,420
Deposits from the public in foreign currency	411,677	446,694
<b>Total</b>	<b>1,087,787</b>	<b>1,251,114</b>
<b>Borrowing from the public</b>		
Borrowing in Swedish kronor	175,907	70,508
Borrowing in Swedish kronor, insurance operations	116	118
Borrowing in foreign currency	222,857	210,655
<b>Total</b>	<b>398,880</b>	<b>281,281</b>
<i>of which repos</i>	8,978	16,971

## G31 Liabilities where the customer bears the value change risk

SEK m	2023	2022
Unit-linked insurance liabilities	192,952	167,240
Portfolio bond insurance liabilities	51,989	45,123
Other fund liabilities	159	603
<b>Total</b>	<b>245,100</b>	<b>212,966</b>

## G32 Issued securities

SEK m	2023		2022	
	Carrying amount	Nominal amount	Carrying amount	Nominal amount
<b>Commercial paper</b>				
Commercial paper in Swedish kronor	1,099	1,055	908	861
<i>of which fair value through profit or loss, mandatory</i>	1,099	1,055	908	861
Commercial paper in foreign currency	606,147	418,067	623,429	624,435
<i>of which amortised cost</i>	605,740	417,676	622,702	623,745
<i>of which included in fair value hedges</i>	15,500	15,745	6,507	6,681
<i>of which fair value through profit or loss, mandatory</i>	407	391	727	690
<b>Total</b>	<b>607,246</b>	<b>419,122</b>	<b>624,336</b>	<b>625,296</b>
<b>Bonds</b>				
Bonds in Swedish kronor	568,496	572,069	510,343	518,021
<i>of which amortised cost</i>	568,496	572,069	510,343	518,021
<i>of which included in fair value hedges</i>	216,156	218,968	95,126	102,300
Bonds in foreign currency	347,739	353,432	340,122	353,420
<i>of which amortised cost</i>	347,739	353,432	340,122	353,420
<i>of which included in fair value hedges</i>	243,902	253,894	190,268	210,421
<b>Total</b>	<b>916,235</b>	<b>925,501</b>	<b>850,465</b>	<b>871,441</b>
<b>Total issued securities</b>	<b>1,523,481</b>	<b>1,344,623</b>	<b>1,474,801</b>	<b>1,496,737</b>

SEK m	2023	2022
Issued securities at beginning of year	1,474,801	1,353,768
Issued	1,251,086	1,064,019
Repurchased	-72,561	-57,759
Matured	-1,124,075	-926,079
Foreign exchange effect, etc.	-5,771	40,852
<b>Issued securities at end of year</b>	<b>1,523,481</b>	<b>1,474,801</b>

Average volumes SEK m	2023	2022
Issued securities in Swedish kronor	528,045	514,455
Issued securities in foreign currency	1,013,598	950,189
<b>Total</b>	<b>1,541,643</b>	<b>1,464,645</b>

## G33 Short positions

SEK m	2023	2022
<b>Short positions at fair value</b>		
Equities	520	362
Interest-bearing securities	1,844	1,577
<b>Total</b>	<b>2,364</b>	<b>1,939</b>

Average volumes SEK m	2023	2022
Short positions in Swedish kronor	15,301	16,865
Short positions in foreign currency	209	142
<b>Total</b>	<b>15,510</b>	<b>17,007</b>

## G34 Insurance liabilities

Insurance liabilities 2023	Liability for remaining coverage (GMM)	Liability for incurred claims (GMM)	Liability for remaining coverage (PAA)	Liability for incurred claims – Present value of future cash flows (PAA)	Liability for incurred claims Risk adjustment (PAA)	Total
SEK m						
<b>Opening balance</b>	8,269	0	9	259	8	8,546
Insurance revenue – fair value method	-588					-588
<i>of which expected insurance service expenses</i>	-530					-530
<i>of which write-off of contractual service margin</i>	-39					-39
<i>of which write-off of risk adjustment</i>	-20					-20
Insurance revenue – full retrospective approach	1		-581			-580
Insurance service expenses		528		418	1	947
<b>Insurance service result</b>	<b>-588</b>	<b>528</b>	<b>-581</b>	<b>418</b>	<b>1</b>	<b>-221</b>
Financial income and expenses through profit or loss	37			6	0	43
Financial income and expenses through other comprehensive income	396					396
Cash flows – premiums paid	15		580			595
Cash flows – disbursements		-528		-423		-951
Foreign exchange effect				-1		-1
<b>Closing balance</b>	<b>8,129</b>	<b>0</b>	<b>8</b>	<b>260</b>	<b>9</b>	<b>8,407</b>

Insurance liabilities 2022	Liability for remaining coverage (GMM)	Liability for incurred claims (GMM)	Liability for remaining coverage (PAA)	Liability for incurred claims – Present value of future cash flows (PAA)	Liability for incurred claims Risk adjustment (PAA)	Total
SEK m						
<b>Opening balance</b>	9,657	0	10	311	11	9,989
Insurance revenue – fair value method	-612					-612
<i>of which expected insurance service expenses</i>	-545					-545
<i>of which write-off of contractual service margin</i>	-40					-40
<i>of which write-off of risk adjustment</i>	-26					-26
Insurance revenue – full retrospective approach			-596			-596
Insurance service expenses		545		372	-1	916
<b>Insurance service result</b>	<b>-612</b>	<b>545</b>	<b>-596</b>	<b>372</b>	<b>-1</b>	<b>-292</b>
Financial income and expenses through profit or loss	-1			-17	-1	-20
Financial income and expenses through other comprehensive income	-793					-793
Cash flows – premiums paid	17		595			612
Cash flows – disbursements		-545		-408		-953
Foreign exchange effect				1		1
<b>Closing balance</b>	<b>8,269</b>	<b>0</b>	<b>9</b>	<b>259</b>	<b>8</b>	<b>8,546</b>

Insurance liabilities GMM – by component 2023	Present value of future cash flows	Risk adjustment	Contractual service margin	Total
SEK m				
<b>Opening balance</b>	7,192	385	693	8,269
Changes related to future services	43	-27	-16	0
Changes related to services for current period	-1	-20	-39	-60
Changes related to previous services				
<b>Insurance service result</b>	<b>42</b>	<b>-47</b>	<b>-55</b>	<b>-60</b>
Financial income and expenses through profit or loss and other comprehensive income	417	13	3	433
Cash flows	-513			-513
<b>Closing balance</b>	<b>7,138</b>	<b>351</b>	<b>641</b>	<b>8,129</b>

Insurance liabilities GMM – by component 2022	Present value of future cash flows	Risk adjustment	Contractual service margin	Total
SEK m				
<b>Opening balance</b>	8,623	423	612	9,657
Changes related to future services	-116	-6	121	0
Changes related to services for current period	0	-26	-40	-67
Changes related to previous services				
<b>Insurance service result</b>	<b>-116</b>	<b>-32</b>	<b>81</b>	<b>-67</b>
Financial income and expenses through profit or loss and other comprehensive income	-787	-7	0	-794
Cash flows	-528			-528
<b>Closing balance</b>	<b>7,192</b>	<b>385</b>	<b>693</b>	<b>8,269</b>

## G34 Cont.

Yield curve used for discounting	Locked-in yield curve, %		Current yield curve, %	
	2023	2022	2023	2022
Term				
1 yr	0.75	0.42	3.02	3.47
2 yrs	0.82	0.58	2.78	3.41
5 yrs	0.88	0.79	2.25	3.16
10 yrs	1.37	1.13	2.24	3.00
20 yrs	2.43	2.27	2.76	3.17

Mortality table	Remaining life expectancy in years, from age 65	
	Women	Men
Cohort		
1940	23.9	22.2
1950	24.6	21.8
1960	25.3	23.3
1970	25.8	24.0
1980	26.2	24.4

Contractual service margin	Proportion of contractual service margin expected to remain, %	
	2023	2022
Year		
2022		100
2023	100	94
2025	88	83
2030	63	59
2040	27	26
2050	9	9

The bank's insurance operations are conducted by Handelsbanken Liv. The balance-sheet item Insurance liabilities comprises insurance contracts that transfer significant insurance risk from the policyholders to Handelsbanken Liv and comprise traditional life insurance contracts and risk insurance, primarily in the form of health insurance, waiver of premium and death insurance taken out by small companies and private individuals in Sweden. No risk concentrations, other than most insurance having been taken out in Sweden, have been identified. The insurance operations in Denmark were divested in 2022 and the insurance operations in Norway were divested in 2023. An agreement to divest the insurance operations in Finland was signed in 2023. Insurance liabilities attributable to Finland are not included in the above and instead have been reclassified to Liabilities held for sale on the balance sheet, see note G14.

The insurance liability comprises the total of the liability for remaining coverage and liability for incurred claims. For risk insurance and risk insurance components recognised in accordance with the premium allocation approach (PAA), the liability for remaining coverage is measured at received, but not yet earned premiums. For the savings insurance components in traditional life insurance contracts recognised according to the general measurement model (GMM), the liability for remaining coverage contains cash flows for

commitments for future services and the portion of the contractual service margin that has not yet been recognised as income. Liability for incurred claims contain cash flows for commitments for previous services. The cash flow for commitments comprises the expected present value of future cash flows and a risk adjustment. The overall aim of the section below is to describe the components of the liability: the expected present value of future cash flows, risk adjustment and contractual service margin. For more information on the classification and measurement of insurance contracts, see note G1 section 9.

#### Expected present value of future cash flows

The expected present value of future cash flows attributable to signed insurance contracts is calculated by taking into account the probability of different outcomes and discounting. Future cash flows include premiums, claims, claims handling and administrative expenses attributable to fulfilling the insurance contracts. The calculation is made by predicting the cash flows using relevant assumptions and information about each insurance contract.

#### Assumptions in calculating the expected present value of future cash flows

Assumptions are applied when calculating the expected present value of future cash flows which entails that the calculation is associated

with uncertainty. The same assumptions are applied to the liability for remaining coverage and liability for incurred claims where relevant. The assumptions applied are based on internal historical data, industry statistics and the market situation. Handelsbanken Liv regularly analyses the sensitivity of the insurance liability to changes in various assumptions and any differences in the actual outcome compared with the assumed outcome. Assumptions are prepared based on an established process whereby Handelsbanken Liv's actuarial department (first line of defence) is responsible for regularly, and if necessary, analysing and preparing proposals for changes to assumptions. The actuarial function (second line of defence) reviews and comments on the proposal. A decision to change the assumption is made by the CEO of Handelsbanken Liv. A decision on any changes to assumptions is reported to the Bank's Valuation committee. The two most important assumptions are future mortality and the yield curve used to discount future cash flows. Other important assumptions include assumptions on future administrative expenses and lapse assumptions, for example, transfers and surrender.

#### Assumptions on mortality

Assumptions on future mortality are based on industry statistics and internal historical data. The assumption is stated as a one-year death

**G34 Cont.**

probability per age and year cohort and therefore is too extensive to be presented in a table. Instead, the table shows the mortality assumption in the form of expected life expectancy from the age of 65.

**Assumptions on yield curve**

The current yield curve used to discount future cash flows is based on observable market prices for interest rate swaps up to 10 years, adjusted for credit risk. The yield curve for maturities over 10 years is determined by convergence using the Smith-Wilson method to a long-term forward interest rate. The current long-term forward interest rate was estimated to be 3.45% (3.45). The convergence period was estimated to be 10 years (10). The financial market scenarios are market consistent, based on assumptions on absence of arbitrage and are consistent with the relevant risk-free interest rates used for discounting. The current yield curve and the locked-in yield curve (meaning the yield curve that was determined on the transition date) used for discounting the insurance liability are presented in the table.

**Risk adjustment**

Risk adjustment corresponds to the compensation required by the Bank for assuming the

uncertainty in future cash flows resulting from signed insurance contracts for non-financial risk. In order to ensure a high level of solvency in Handelsbanken Liv, this compensation has been set as the risk margin that Handelsbanken Liv has to maintain under the Solvency 2 regulations. Risk adjustment is thus calculated by applying a cost of capital method whereby the future cost of capital is predicted using a cost of capital rate of 6% (6) and then discounted to a present value. The risk adjustment for 2023 amounted to SEK 361 million (393). Based on the assumption that the expected present value of future cash flows will follow normal distribution, this corresponds to a one-year confidence level corresponding to approximately 99.90% (99.96), valued using the current yield curve. The risk adjustment is recognised in the income statement divided between insurance service result and financial income and expenses.

**Contractual service margin**

Contractual service margin refers to the unearned gain that the Bank will recognise when the insurance coverage is provided in the future. A contractual service margin arose on the savings insurance component of traditional life insurance contracts in connection with the transition to IFRS 17, comprising the difference

between the fair value and the total of the expected present value of future cash flows and the risk adjustment. No new traditional life insurance contracts can be taken out, and thus no further contractual service margin on new contracts will arise after the transition to IFRS 17. Handelsbanken has made the assessment that both the return-related services and the services associated with the provision of insurance coverage will be carried out proportional over time. Accordingly, the insurance coverage components have been chosen such that the dissolution of the contractual service margin will emulate a proportional dissolution over time. The table shows the expected rate of dissolution of the contractual service margin.

**Significant changes and events during the year**

Changes in the current yield curve during the year resulted in an increase of SEK 312 million in the total insurance liability. In addition, the annual review of assumptions resulted to changed assumptions for administrative expenses, transfers and surrender, which had an insignificant impact on the value of the insurance liability.

Sensitivity analysis 2023 SEK m		Impact on net insurance result		Impact on other comprehensive income		Total impact on equity		Impact on insurance liability		Impact on assets held on behalf of policyholders	
		Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
Risk variables	Scenario										
Mortality risk <sup>1</sup>	+/-10% change in expected mortality	7	-8	-1	-1	6	-9	-6	9		
Disability recovery risk	+/-10% change in disability recovery rate	10	-12			10	-12	-10	12		
Lapse risk	+/-1 percentage point change in lapse rate	3	-3	-5	6	-3	2	3	-2		
Administrative expenses risk	+/-10% change in expenses for administration	-2	2	1	-1	-1	1	1	-1		
General interest rate risk	+/-1 percentage point parallel shift in relevant interest rates	-103	101	521	-687	419	-585	-530	697	-112	112
Specific interest rate risk (spread risk)	+/-1% change in value of holdings with spread risk	35	-35	-3	3	32	-32	3	-3	35	-35
Equity price risk	+/-10% change in value of equities	82	-83	-2	2	81	-81	3	-3	84	-84
Foreign exchange risk	+/-10% change in other currencies against SEK	48	-48	-2	2	46	-46	3	-3	49	-49

<sup>1</sup> The sensitivity analysis above includes the entire insurance liability except for the liability for remaining coverage for insurance contracts measured according to the PAA method since this liability is measured at received, but not yet earned premiums. As a result, a changed risk variable would not have any immediate impact on this liability other than an increase in premium in the future if it was deemed to be insufficient.

The risks and the sensitivity in the portfolio of traditional life insurance and risk insurance have been quantified in the table above as the effect that reasonably likely changes in material risk variables would have on net insurance result, other comprehensive income, equity, the insurance liability and assets held on behalf of policyholders. The sensitivity analysis was based on one risk variable changing and other risk variables remaining constant. In practice, it is unlikely that only one risk variable will change since changes in some of the risk variables may be correlated. When calculating the sensitivity to material risk variables, the same method was applied as that used for the reported insurance liability. The sensitivity analysis has been prepared by applying the same method for both years.

## G34 Cont.

Sensitivity analysis 2022 SEK m		Impact on net insurance result		Impact on other comprehensive income		Total impact on equity		Impact on insurance liability		Impact on assets held on behalf of policyholders	
		Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
Risk variables	Scenario										
Mortality risk <sup>1</sup>	+/-10% change in expected mortality	7	-8	-7	4	0	-4	0	4		
Disability recovery risk	+/-10% change in disability recovery rate	9	-10			9	-10	-9	10		
Lapse risk	+/-1 percentage point change in lapse rate	3	-4	-18	19	-15	15	15	-15		
Administrative expenses risk	+/-10% change in expenses for administration	-2	2	4	-4	2	-2	-2	2		
General interest rate risk	+/-1 percentage point parallel shift in relevant interest rates	-119	118	491	-702	372	-584	-499	711	-127	127
Specific interest rate risk (spread risk)	+/-1% change in value of holdings with spread risk	41	-41	-6	4	35	-37	6	-4	41	-41
Equity price risk	+/-10% change in value of equities	24	-24	-1	1	23	-23	2	-1	25	-25
Foreign exchange risk	+/-10% change in other currencies against SEK	31	-31	-3	2	28	-29	3	-3	31	-31

## Assets in traditional life insurance held on behalf of policyholders

SEK m	2023	2022
Equity funds <sup>1</sup>	532	137
Fixed-income funds <sup>1</sup>	5,326	5,378
Private Equity <sup>1</sup>	18	21
Cash and cash equivalents	36	192
<b>Total</b>	<b>5,912</b>	<b>5,728</b>

<sup>1</sup> Recognised as Shares, see note G19.

Duration	Fixed-income funds		Traditional life insurance Present value of future cash flows	
	2023	2022	2023	2022
SEK m				
0-1 yrs	2,754	2,403	565	525
1-5 yrs	2,171	2,502	1,929	1,878
5-10 yrs	281	383	1,805	1,763
>10 yrs	120	90	2,840	3,025
<b>Total</b>	<b>5,326</b>	<b>5,378</b>	<b>7,138</b>	<b>7,192</b>

## G34 Cont.

**Risks in insurance contracts**

The Bank is, through its insurance contracts, primarily exposed to market risk, credit risk, liquidity risk and insurance risk. The most material risks are described below:

**Market risk**

Market risk refers to the combined risk that changes in risk factors in financial markets – such as changes in interest rates, equity prices, or exchange rates – will result in changes in the value of investment assets and/or commitments.

**Interest rate risk**

General interest rate risk arises in traditional life insurance as a result of the difference in duration between the investment assets and the insurance liability. The duration of the liability is long, which is why the sensitivity to interest rates if the discount rate changes is significant. The duration of the investment assets is short, which is why the sensitivity to interest rates if the market rate changes is limited. Handelsbanken Liv has chosen short durations of the investment assets due to the structure of traditional life insurance.

Specific interest rate risk (spread risk) arises in traditional life insurance management in holdings in fixed-income funds when credit spreads change, that is, the difference between the yield on the current holding and the yield on a government bond with the same maturity.

The investment assets are recognised and measured at fair value through profit or loss, mandatory, see note G5 and note G6. To avoid volatility in the income statement for traditional life insurance, the effects of changed discount rates are recognised in Other comprehensive income, which comprises the difference between the liability discounted by a locked-in yield curve and the liability discounted by the current yield curve.

**Equity price risk**

Equity price risk arises in traditional life insurance management due to investments in mainly equity funds. Traditional life insurance contracts provide the opportunity for the policyholder to receive additional benefits in addition to the guaranteed benefits, if the actual return exceeds the guaranteed level. This means that Handelsbanken is primarily exposed to the downside of equity price risk. The exposure to equity price risk in the portfolio of traditional life insurance management was SEK 550 million (158) at year-end.

**Foreign exchange risk**

Foreign exchange risk mainly arises in traditional life insurance management as a result of investments in mutual funds with underlying assets in primarily EUR and USD. This exposure is limited by using currency derivatives as needed. At year-end, the net exposure in EUR corresponded to SEK 301 million (52) the net exposure in USD was SEK 173 million (52).

**Credit risk**

Credit risk arises in traditional life insurance management on holdings in fixed-income funds. This risk is limited since the underlying holdings in mutual funds are only permitted to have a minimum credit rating of BBB- (investment grade) or equivalent.

**Liquidity risk**

Liquidity risk arises primarily as a result of traditional life insurance providing policyholders with the opportunity to transfer their insurance capital to another insurer. This risk is managed by daily monitoring of future disbursements and is limited by investing investment assets, as far as possible, in ucits funds with very good liquidity.

**Insurance risk**

Insurance risk refers to risk other than financial risk that is transferred from the policyholder to Handelsbanken Liv. The most significant insurance risks are described below:

**Mortality risk**

The risk of loss, or of an adverse change in the value of insurance commitments, resulting from changes in mortality. Mortality risk primarily arises in mortality insurance. Increased mortality leads to an increase in the value of the insurance commitments.

**Longevity risk**

The risk of loss, or of an adverse change in the value of insurance commitments, resulting from changes in mortality. Longevity risk arises in traditional life insurance contracts under which policyholders receive a guaranteed benefit that may be life-long. Decreased mortality leads to an increase in the value of the insurance commitments.

**Disability recovery risk**

The risk of loss, or of an adverse change in the value of insurance commitments, resulting from changes in the disability recovery rate. Disability recovery risk primarily arises in health insurance. Decreased disability recovery leads to an increase in the value of the insurance commitments.

**Lapse risk**

The risk of loss, or of an adverse change in the value of insurance commitments, resulting from changes in the frequency of transfers and surrender. Lapse risk primarily arises in traditional life insurance contracts. Transfer rights exist for the entire portfolio.

**Administrative expenses risk**

The risk of loss, or of an adverse change in the value of insurance commitments, resulting from changes in expenses for administering insurance contracts. Administrative expenses risk primarily arises in traditional life insurance contracts. Increased administrative expenses lead to an increase in the value of the insurance commitments.

**Risk management and limitation**

Handelsbanken Liv has a low risk tolerance and follows the Bank's risk management principles. Risks are primarily managed by Handelsbanken Liv maintaining a sufficient level of capital in order to be able to meet its commitments to policyholders even when unforeseen negative events occur. For more information, see the section on risks in the insurance operations in note G2.

Handelsbanken Liv's investment policy restricts exposure to financial risks and provides overall instructions on the management of assets given the obligations to its policyholders and statutory requirements. It also provides instructions on how governance and control of the investments are to be implemented, and how the total risk level in the assets is to be managed. Assets are to be invested in a prudent manner so that risks can be identified, measured, analysed, and reported.

Handelsbanken limits its exposure to insurance risk in several ways. Medical risk assessments based on the health status of the insured are conducted before granting mortality and health insurance if necessary. Premiums are set based on assumptions regarding the expected cost of incurred insurance events, including appropriate prudence margins, and are regularly reviewed to ensure their sufficiency to cover expected costs. To avoid volatility in the income statement, the largest mortality and health insurance contracts are reinsured according to established limits for self retention, see note G27 for reinsurance assets and G37 for reinsurance liabilities.

## G35 Taxes

Tax expenses recognised in the income statement SEK m	2023	2022
Current tax	-8,452	-5,754
Deferred tax	118	-50
Adjustment of tax relating to prior years	-83	375
<b>Total tax expenses, continuing operations</b>	<b>-8,417</b>	<b>-5,429</b>
<b>Total tax expenses, discontinued operations</b>	<b>-185</b>	<b>-1,173</b>

Difference between the Group's tax expense and tax expense according to applicable Swedish tax rate SEK m	2023	2022
Profit before tax	36,322	26,619
Tax on profit before tax at Swedish tax rate	-7,482	-5,484
Tax recognised in the Group	-8,417	-5,429
<b>Difference</b>	<b>-935</b>	<b>55</b>
The difference is explained by the following items:		
Non-taxable income/non-deductible expenses	-16	-89
Non-deductible expense on subordinated liabilities	-583	-282
Different tax rate in insurance operations	297	118
Non-taxable capital gains and dividends	9	230
Different tax rates in other countries	-565	-282
Tax prior years	-83	375
Other	6	-15
<b>Total</b>	<b>-935</b>	<b>55</b>

Deferred tax assets 2023 SEK m	Opening balance	Recognised in income statement	Recognised in other comprehensive income	Foreign exchange effect	Offsetting	Closing balance
Hedging instruments	996		-450			546
Property and equipment	19	-19				0
Pensions	370	-40				330
Other	204	189		8		401
Offsetting					-936	-936
<b>Total</b>	<b>1,589</b>	<b>130</b>	<b>-450</b>	<b>8</b>	<b>-936</b>	<b>358</b>

Deferred tax liabilities 2023 SEK m	Opening balance	Recognised in income statement	Recognised in other comprehensive income	Foreign exchange effect	Offsetting	Closing balance
Loans to the public <sup>1</sup>	2,207	-329				1,878
Hedging instruments	764		-316			448
Intangible assets	78	-13				65
Property and equipment	95	-4				91
Pensions	2,466	231	-449	-36		2,212
Other	4	207				211
Offsetting					-936	-936
<b>Total</b>	<b>5,614</b>	<b>92</b>	<b>-765</b>	<b>-36</b>	<b>-936</b>	<b>3,969</b>

<sup>1</sup> Of which lease assets SEK 1,845 million (2,207).

## G35 Cont.

Deferred tax assets 2022					
SEK m	Opening balance	Recognised in income statement	Recognised in other comprehensive income	Foreign exchange effect	Closing balance
Hedging instruments			996		996
Property and equipment	18	1			19
Pensions	295	75			370
Other	532	-328			204
<b>Total</b>	<b>845</b>	<b>-252</b>	<b>996</b>	<b>0</b>	<b>1,589</b>

Deferred tax liabilities 2022					
SEK m	Opening balance	Recognised in income statement	Recognised in other comprehensive income	Foreign exchange effect	Closing balance
Loans to the public <sup>1</sup>	2,759	-552			2,207
Hedging instruments	369		395		764
Intangible assets	74	4			78
Property and equipment	93			2	95
Pensions	1,754	90	622		2,466
Other	227	-16	-193	-14	4
<b>Total</b>	<b>5,276</b>	<b>-474</b>	<b>824</b>	<b>-12</b>	<b>5,614</b>

<sup>1</sup> Of which lease assets SEK 2,207 million (2,759).

**Disclosures on Pillar 2**

An initial assessment has been carried out to determine how the Bank is affected by the Pillar 2 rules and will be reviewed on a continuous basis. The Bank's assessment is that it is able, and intends, to apply the Transitional CbCR Safe Harbour rules. Handelsbanken also applies the exemption in IAS 12 entailing that the Group does not recognise or disclose deferred tax assets or liabilities related to income tax due to Pillar 2.

All countries in which Handelsbanken operates, with the exception of the USA, have adopted the EU's Pillar 2 Directive, and national legislation has been or will be implemented. Handelsbanken does not operate in low-taxed countries, and all countries in which the Bank operates have a tax rate of more than 20%. According to adopted and proposed future legislation, top-up tax is to be paid in each country except in the USA, where payment should be made by the parent company in Sweden. Handelsbanken's assessment is that the regulations will not have any material impact on Handelsbanken's financial statements.

**Unrecognised deferred tax assets and deficits**

Deferred tax assets on loss carry forwards and other future deductible temporary differences are recognised only if it is probable that they can be utilised in the foreseeable future. Unrecognised deferred tax assets are available locally in Stadshypotek AB and amount to SEK 113 million (30).

## G36 Provisions

Provisions 2023				
SEK m	Provision for expected credit losses on off-balance sheet items <sup>1</sup>	Provision for restructuring <sup>2</sup>	Other provisions <sup>3</sup>	Total
<b>Provisions at beginning of year</b>	280	87	225	591
Provisions during the year			121	121
Utilised		-44	-8	-52
Reversed			-80	-80
Change in expected credit losses, net	20			20
<b>Provisions at end of year</b>	<b>299</b>	<b>43</b>	<b>258</b>	<b>601</b>

Provisions 2022				
SEK m	Provision for expected credit losses on off-balance sheet items <sup>1</sup>	Provision for restructuring <sup>2</sup>	Other provisions <sup>3</sup>	Total
<b>Provisions at beginning of year</b>	250	617	159	1,026
Provisions during the year			129	129
Utilised		-531	0	-520
Reversed			-62	-62
Change in expected credit losses, net	29			29
<b>Provisions at end of year</b>	<b>280</b>	<b>87</b>	<b>225</b>	<b>591</b>

<sup>1</sup> For more information, see notes G10 and G44.

<sup>2</sup> The provision for restructuring costs refers to expenses related to the Bank's restructuring. The majority of the provision amount was settled during the years 2021-2023. The remainder is expected to be settled by the end of 2024.

<sup>3</sup> The amounts allocated for future settlement of the claims on the Bank are presented under Other provisions.

## G37 Other liabilities

SEK m	2023	2022
Liabilities on investment banking settlements	5,192	3,010
Lease liability	2,857	3,018
Reinsurance liabilities	126	107
Other	6,708	4,319
<b>Total</b>	<b>14,882</b>	<b>10,454</b>

## G38 Accrued expenses and deferred income

SEK m	2023	2022
Accrued expenses	1,902	2,446
Deferred income	1,087	1,120
<b>Total</b>	<b>2,990</b>	<b>3,565</b>

## G39 Subordinated liabilities

SEK m	2023	2022
Subordinated liabilities in Swedish kronor		
Subordinated liabilities in foreign currency	43,117	42,404
<b>Total</b>	<b>43,117</b>	<b>42,404</b>

Change in subordinated liabilities SEK m	2023	2022
Subordinated liabilities at beginning of year	42,404	32,257
Issued	8,753	11,445
Repurchased		
Matured	-8,326	-2,994
Foreign exchange effect, etc.	286	1,696
<b>Subordinated liabilities at end of year</b>	<b>43,117</b>	<b>42,404</b>

Specification of subordinated liabilities								
Year of issuance	Maturity	Original maturity date	First possible redemption date	Currency	Original nominal amount in each currency	Convertible/ Non-convertible	Interest rate, %	Outstanding amount
2018	Fixed term <sup>1</sup>	5 Mar 2029	5 Mar 2024	EUR	750	Non-convertible	1,625	8,456
2019	Perpetual <sup>2,3</sup>		1 Mar 2024	USD	500	Convertible <sup>4</sup>	6,250	5,258
2020	Perpetual <sup>2,3</sup>		1 Mar 2027	USD	500	Convertible <sup>4</sup>	4,375	4,648
2020	Perpetual <sup>2,3</sup>		1 Mar 2031	USD	500	Convertible <sup>4</sup>	4,750	4,213
2022	Fixed term <sup>1</sup>	1 Jun 2033	1 Jun 2028	EUR	500	Non-convertible	3,250	5,519
2022	Fixed term <sup>1</sup>	23 Aug 2032	23 Aug 2027	GBP	500	Non-convertible	4,625	6,258
2023	Fixed term <sup>1</sup>	16 Aug 2034	16 Aug 2029	EUR	750	Non-convertible	5,000	8,766
<b>Total subordinated liabilities</b>								<b>43,117</b>

<sup>1</sup> Subordinated to all senior debt.

<sup>2</sup> Subordinated to all instruments except for equities, the immediately senior is fixed-term subordinated liabilities.

<sup>3</sup> Can be redeemed on each subsequent rate fixing date after the initial redemption date.

<sup>4</sup> The liabilities are converted to ordinary shares in Svenska Handelsbanken AB if Svenska Handelsbanken AB's common equity tier 1 ratio falls below 5.125% or if the consolidated situation's common equity tier 1 ratio falls below 8.0%.

Average volumes SEK m	2023	2022
Subordinated liabilities in Swedish kronor		945
Subordinated liabilities in foreign currency	42,200	37,131
<b>Total</b>	<b>42,200</b>	<b>38,076</b>

## G40 Specification of changes in equity

Change in hedge reserve SEK m	2023	2022
Hedge reserve at beginning of year	-307	1,789
<b>Cash flow hedges</b>		
Effective part of change in fair value		
Interest rate risk	1,486	-3,668
Foreign exchange risk	-619	1,189
Unrealised value changes		
Reclassified to the income statement <sup>1</sup>	-252	-160
Tax	-127	544
<b>Hedge reserve at end of year</b>	<b>181</b>	<b>-307</b>
<b>Change in fair value reserve</b> SEK m	<b>2023</b>	<b>2022</b>
<b>Fair value reserve at beginning of year</b>	<b>126</b>	<b>158</b>
Unrealised value change – equity instruments	51	22
Realised value change – equity instruments	0	91
Unrealised value change – debt instruments	19	-54
Change in provision for expected credit losses – debt instruments	0	0
Reclassified to retained earnings – equity instruments <sup>2</sup>	0	-91
Reclassified to the income statement – debt instruments <sup>3</sup>	0	
<b>Fair value reserve at end of year</b>	<b>197</b>	<b>126</b>
<b>Change in translation reserve</b> SEK m	<b>2023</b>	<b>2022</b>
Translation reserve at beginning of year	4,332	2,585
Change in translation difference pertaining to branches	-855	1,166
Change in translation difference pertaining to subsidiaries	297	1,697
Reclassified to the income statement <sup>4</sup>	9	-501
Reclassified to retained earnings <sup>5</sup>	-284	-615
<b>Translation reserve at end of year</b>	<b>3,502</b>	<b>4,332</b>

<sup>1</sup> Tax reclassified to the income statement pertaining to this item SEK 52 million (33).

<sup>2</sup> Tax reclassified to retained earnings pertaining to this item SEK 0 million (-).

<sup>3</sup> Tax reclassified to the income statement pertaining to this item SEK 0 million (-).

<sup>4</sup> Tax reclassified to the income statement pertaining to this item SEK -2 million (18).

<sup>5</sup> Tax reclassified to retained earnings pertaining to this item SEK 19 million (38).

## G41 Classification of financial assets and liabilities

2023	Fair value through profit or loss			Fair value through other comprehensive income	Amortised cost	Total carrying amount	Fair value
	Mandatory	Fair value option	Derivatives identified as hedging instruments				
SEK m							
<b>Assets</b>							
Cash and balances with central banks					476,181	476,181	476,181
Other loans to central banks					32,145	32,145	32,145
Interest-bearing securities eligible as collateral with central banks	3,534	195,594				199,128	199,128
Loans to other credit institutions					19,298	19,298	19,272
Loans to the public					2,434,217	2,434,217	2,415,484
Value change of interest-hedged item in portfolio hedge					-9,657	-9,657	
Bonds and other interest-bearing securities	13,550	23,827		12,709		50,087	50,087
Shares	11,617			601		12,218	12,218
Assets where the customer bears the value change risk	254,401				78	254,479	254,479
Derivative instruments	13,618		16,492			30,110	30,110
Other assets	27				10,282	10,309	10,309
<b>Total</b>	<b>296,747</b>	<b>219,421</b>	<b>16,492</b>	<b>13,310</b>	<b>2,962,544</b>	<b>3,508,514</b>	<b>3,499,412</b>
Investments in associates and joint ventures						657	
Non-financial assets						28,620	
<b>Total assets</b>						<b>3,537,792</b>	
<b>Liabilities</b>							
Due to credit institutions					91,124	91,124	91,287
Deposits and borrowing from the public					1,350,036	1,350,036	1,349,338
Liabilities where the customer bears the value change risk		254,609			78	254,687	254,687
Issued securities	1,506				1,521,975	1,523,481	1,497,333
Derivative instruments	27,399		6,840			34,238	34,238
Short positions	2,364					2,364	2,364
Other liabilities	27				15,712	15,739	15,739
Subordinated liabilities					43,117	43,117	43,227
<b>Total</b>	<b>31,296</b>	<b>254,609</b>	<b>6,840</b>		<b>3,022,042</b>	<b>3,314,787</b>	<b>3,288,213</b>
Non-financial liabilities						17,919	
<b>Total liabilities</b>						<b>3,332,706</b>	

Assets and liabilities in the table above include the disposal groups in Finland, which has been reclassified to Assets held for sale and Liabilities held for sale on the balance sheet, respectively (see note G14).

2022	Fair value through profit or loss			Fair value through other comprehensive income	Amortised cost	Total carrying amount	Fair value
	Mandatory	Fair value option	Derivatives identified as hedging instruments				
SEK m							
<b>Assets</b>							
Cash and balances with central banks					475,882	475,882	475,882
Other loans to central banks					32,620	32,620	32,620
Interest-bearing securities eligible as collateral with central banks	1,465	131,113		200		132,778	132,778
Loans to other credit institutions					9,415	9,415	9,410
Loans to the public					2,469,324	2,469,324	2,422,795
Value change of interest-hedged item in portfolio hedge					-16,616	-16,616	
Bonds and other interest-bearing securities	5,328	17,487		9,882		32,697	32,697
Shares	12,272			544		12,815	12,815
Assets where the customer bears the value change risk	222,038				73	222,111	222,111
Derivative instruments	14,912		21,349			36,261	36,261
Other assets	14				14,797	14,811	14,811
<b>Total</b>	<b>256,028</b>	<b>148,600</b>	<b>21,349</b>	<b>10,626</b>	<b>2,985,494</b>	<b>3,422,097</b>	<b>3,392,180</b>
Investments in associates and joint ventures						561	
Non-financial assets						31,058	
<b>Total assets</b>						<b>3,453,716</b>	
<b>Liabilities</b>							
Due to credit institutions					82,372	82,372	82,395
Deposits and borrowing from the public					1,376,286	1,376,286	1,375,504
Liabilities where the customer bears the value change risk		222,038			73	222,111	222,111
Issued securities	1,635				1,473,167	1,474,801	1,431,925
Derivative instruments	16,648		12,392			29,040	29,040
Short positions	1,939					1,939	1,939
Other liabilities	11				11,227	11,238	11,238
Subordinated liabilities					42,404	42,404	42,430
<b>Total</b>	<b>20,233</b>	<b>222,038</b>	<b>12,392</b>		<b>2,985,529</b>	<b>3,240,192</b>	<b>3,196,582</b>
Non-financial liabilities						19,502	
<b>Total liabilities</b>						<b>3,259,694</b>	

## G42 Fair value measurement of financial instruments

Financial instruments at fair value 2023 SEK.m	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Interest-bearing securities eligible as collateral with central banks				
Fair value through profit or loss, mandatory	3,498	36		3,534
Fair value through profit or loss, fair value option	195,594			195,594
Fair value through other comprehensive income				
Bonds and other interest-bearing securities				
Fair value through profit or loss, mandatory	13,245	305		13,550
Fair value through profit or loss, fair value option	23,827			23,827
Fair value through other comprehensive income	11,158	1,551		12,709
Shares				
Fair value through profit or loss, mandatory	11,096	503	18	11,617
Fair value through other comprehensive income	310	135	156	601
Assets where the customer bears the value change risk	251,504	2,820	77	254,401
Derivative instruments	92	30,016	2	30,110
<b>Total</b>	<b>510,325</b>	<b>35,366</b>	<b>253</b>	<b>545,944</b>
<b>Liabilities</b>				
Liabilities where the customer bears the value change risk	251,712	2,820	77	254,609
Issued securities		1,506		1,506
Derivative instruments	47	34,189	2	34,238
Short positions	2,364			2,364
<b>Total</b>	<b>254,123</b>	<b>38,515</b>	<b>79</b>	<b>292,717</b>

Financial instruments in the table above include the disposal groups in Finland, which have been reclassified to Assets held for sale and Liabilities held for sale on the balance sheet, respectively (see note G14).

Financial instruments at fair value 2022 SEK.m	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Interest-bearing securities eligible as collateral with central banks				
Fair value through profit or loss, mandatory	1,465			1,465
Fair value through profit or loss, fair value option	131,113			131,113
Fair value through other comprehensive income	200			200
Bonds and other interest-bearing securities				
Fair value through profit or loss, mandatory	5,328			5,328
Fair value through profit or loss, fair value option	17,487			17,487
Fair value through other comprehensive income	9,124	758		9,882
Shares				
Fair value through profit or loss, mandatory	11,866	384	21	12,271
Fair value through other comprehensive income	274	117	152	543
Assets where the customer bears the value change risk	220,766	747	525	222,038
Derivative instruments	49	36,173	39	36,261
<b>Total</b>	<b>397,673</b>	<b>38,179</b>	<b>737</b>	<b>436,589</b>
<b>Liabilities</b>				
Liabilities where the customer bears the value change risk	220,766	747	525	222,038
Issued securities		1,635		1,635
Derivative instruments	54	28,947	39	29,040
Short positions	1,858	81		1,939
<b>Total</b>	<b>222,678</b>	<b>31,410</b>	<b>564</b>	<b>254,652</b>

## G42 Cont.

**Valuation hierarchy**

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

The categorisation is based on the valuation method used on the balance sheet date. If the category for a specific instrument has changed since the previous balance sheet date (31 December 2022), the instrument has been moved between the levels in the table. During the year, holdings of bonds and other interest-bearing securities worth SEK 1.6 billion were transferred from level 1 to level 2 and SEK 0.5 billion was transferred from level 2 to level 1. SEK 1.8 billion pertaining to holdings of mutual fund units that comprise assets for which the customer bears the value change risk was transferred from level 1 to level 2 during the year. Accordingly, SEK 1.8 billion pertaining to liabilities where the customer bears the value change risk was also transferred from level 1 to level 2 during the year. The transfers between levels were carried out after an updated assessment of market activity. Changes in level 3 holdings during the year are shown in a separate table below.

The holdings in level 3 mainly comprise unlisted shares. The Group's holdings of unlisted shares are mainly comprised of participating interests in companies which provide supporting operations to the Bank. For exam-

ple, these may be participating interests in clearing organisations and infrastructure collaboration on Handelsbanken's home markets. Such holdings are generally valued at the Bank's share of the company's net asset value, or alternatively at the price of the last completed transaction. In all material respects, unlisted shares are classified at fair value through other comprehensive income. Value changes for these holdings are thus reported in Other comprehensive income.

Certain holdings of private equity funds are categorised as belonging to level 3. These are valued using valuation models mainly based on a relative valuation of comparable listed companies in the same sector. The performance measurements used in the comparison are adjusted for factors which distort the comparison between the investment and the company used for comparison. Subsequently, the valuation is based on earnings multiples, such as P/E ratios and EV/EBITA. Most of these holdings represent investment assets in the Group's insurance operations.

The derivatives component in some of the Bank's issued structured bonds and the related hedging derivatives are also categorised as

Change in holdings in financial instruments in level 3 2023	Shares	Derivative assets	Derivative liabilities	Assets where the customer bears the value change risk	Liabilities where the customer bears the value change risk
SEK m					
<b>Carrying amount at beginning of year</b>	<b>173</b>	<b>39</b>	<b>-39</b>	<b>525</b>	<b>-525</b>
Acquisitions					
Repurchases/sales	-1				
Matured					
Unrealised value change in income statement	2	0	0	-448	448
Unrealised value change in other comprehensive income					
Transfer from level 1 or 2		-37	37		
Transfer to level 1 or 2					
<b>Carrying amount at end of year</b>	<b>174</b>	<b>2</b>	<b>-2</b>	<b>77</b>	<b>-77</b>

Financial instruments in the table above include the disposal groups in Finland, which have been reclassified to Assets held for sale and Liabilities held for sale on the balance sheet, respectively (see note G14).

A change in unobservable inputs is not deemed to result in any significantly higher or lower measurement of the level 3 holdings, which is the reason that a sensitivity analysis is not provided.

Change in holdings in financial instruments in level 3 2022	Shares	Derivative assets	Derivative liabilities	Assets where the customer bears the value change risk	Liabilities where the customer bears the value change risk
SEK m					
<b>Carrying amount at beginning of year</b>	<b>639</b>	<b>43</b>	<b>-43</b>	<b>484</b>	<b>-484</b>
Acquisitions	-	34	-39		
Repurchases/sales	-472	-43	41		
Matured					
Unrealised value change in income statement	6	-32	39	41	-41
Unrealised value change in other comprehensive income					
Transfer from level 1 or 2		29	-29		
Transfer to level 1 or 2		8	-8		
<b>Carrying amount at end of year</b>	<b>173</b>	<b>39</b>	<b>-39</b>	<b>525</b>	<b>-525</b>

## G42 Cont.

belonging to level 3. For these derivatives, internal assumptions have a material impact on calculation of the fair value. Hedging derivatives in level 3 are traded under CSA agreements where the market values are checked and verified with the Bank's counterparties on a daily basis.

The year's realised value changes on financial instruments in level 3 reported in the income statement is SEK 1 million (2).

#### Differences between the transaction price and the value measured by a valuation model

As stated in the accounting policies in note G1, when applying a model to value derivatives, material positive differences between the valuation at initial recognition and the transaction price (known as day 1 gains/losses) are amortised over the life of the derivative. Unrealised results due to positive differences between the transaction price and the value measured by a valuation model (known as day 1 gains/losses) are comprised of the Bank's profit margin and compensation to cover, for example, the cost

of capital and administrative expenses. As a consequence of the application of this principle, SEK 113 million (158) has been recognised in Net gains/losses on financial transactions during the year. At the end of the year, non-recognised day 1 gains amounted to SEK 472 million (447).

#### Principles for information about the fair values of financial instruments measured at amortised cost

Information about the fair values of financial instruments measured at amortised cost is presented in note G41 and in the table below. These instruments essentially comprise lending, deposits and borrowing. For means of payment and short-term receivables and liabilities, the carrying amount is considered to be an acceptable estimate of the fair value. Receivables and liabilities with a maturity date or the date for next interest rate fixing falling within 30 days are defined as short-term.

The valuation of fixed-rate lending is based on the current market rate with an adjustment

for assumed credit and liquidity risk premiums on market terms. The premium is assumed to be the same as the average margin for new lending at the time of the measurement. Interest-bearing securities have been valued at the current market price where this has been available. Funding and interest-bearing securities for which market price information has not been available have been valued using a valuation model based on market data in the form of prices or interest for similar instruments.

In the table, the valuation used for the information about the fair value of financial instruments measured at amortised cost is categorised in the valuation hierarchy described above. Means of payment and deposits are considered to be equivalent to cash and have been categorised as level 1. Level 1 also contains interest-bearing securities (assets and liabilities) for which there is a current market price. Lending where the assumption about credit and liquidity premiums has materially affected the information about fair value has been categorised as level 3. Other instruments are categorised as level 2.

Fair value of financial instruments at amortised cost 2023 SEK m	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Cash and balances with central banks	476,181			476,181
Other loans to central banks	32,145			32,145
Loans to other credit institutions	5,876	13,038	358	19,272
Loans to the public	41,120	828	2,373,537	2,415,485
Assets where the customer bears the value change risk	78			78
<b>Total</b>	<b>555,400</b>	<b>13,866</b>	<b>2,373,895</b>	<b>2,943,161</b>
<b>Liabilities</b>				
Due to credit institutions	31,858	59,430		91,287
Deposits and borrowing from the public	1,341,888	7,449		1,349,338
Liabilities where the customer bears the value change risk	78			78
Issued securities	857,720	638,107		1,495,827
Subordinated liabilities		43,227		43,227
<b>Total</b>	<b>2,231,544</b>	<b>748,213</b>		<b>2,979,757</b>

Financial instruments in the table above include the disposal groups in Finland, which have been reclassified to Assets held for sale and Liabilities held for sale on the balance sheet, respectively (see note G14).

Fair value of financial instruments at amortised cost 2022 SEK m	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Cash and balances with central banks	475,882			475,882
Other loans to central banks	32,620			32,620
Loans to other credit institutions	4,924	4,083	403	9,410
Loans to the public	22,499	9,604	2,390,693	2,422,795
Assets where the customer bears the value change risk	73			73
<b>Total</b>	<b>535,998</b>	<b>13,687</b>	<b>2,391,096</b>	<b>2,940,780</b>
<b>Liabilities</b>				
Due to credit institutions	22,593	59,802		82,395
Deposits and borrowing from the public	1,355,990	25,650		1,381,640
Liabilities where the customer bears the value change risk	73			73
Issued securities	869,926	560,365		1,430,291
Subordinated liabilities		42,430		42,430
<b>Total</b>	<b>2,248,582</b>	<b>688,247</b>		<b>2,936,829</b>

## G43 Pledged assets, collateral received and transferred financial assets

Assets pledged for own debt SEK m	2023	2022
Cash	27,456	14,754
Government securities and bonds	5,691	3,767
Loans to the public	765,513	728,662
Equities	5,869	5,752
Assets where the customer bears the value change risk	256,168	224,009
Other	1,820	2,434
<b>Total</b>	<b>1,062,518</b>	<b>979,378</b>
<i>of which pledged assets that may be freely withdrawn by the Bank</i>	<i>18</i>	<i>22</i>

Other pledged assets SEK m	2023	2022
Cash	1,370	1,432
Government securities and bonds	63,619	10,692
Equities	4,411	3,726
<b>Total</b>	<b>69,399</b>	<b>15,850</b>
<i>of which pledged assets that may be freely withdrawn by the Bank</i>	<i>52,061</i>	<i>2,196</i>

Other pledged assets refers to collateral pledged for obligations not reported on the balance sheet.

Transferred financial assets reported on the balance sheet SEK m	2023		2022	
	Carrying amount	Carrying amount associated liability	Carrying amount	Carrying amount associated liability
Shares, securities lending	4,237	112 <sup>1</sup>	4,039	208 <sup>1</sup>
Government securities and bonds, repurchase agreements	4,464	2	3,350	2
Government securities and bonds, other			43	
Assets where the customer bears the value change risk	159	159	603	603
<b>Total</b>	<b>8,860</b>	<b>273</b>	<b>8,036</b>	<b>813</b>

<sup>1</sup> Received cash collateral.

### Pledged assets

Pledged assets are recognised as assets on the balance sheet. Assets pledged in the form of interest-bearing securities mainly comprise securities pledged as collateral to central banks and other credit institutions, for payment systems, securities trading and clearing and also securities sold under binding repurchase agreements (repos). Assets pledged in the form of equities mainly comprise lent equities and equities in the insurance operations.

Loans to the public pledged as security mainly comprise collateral registered for the benefit of holders of covered bonds issued by Stadshypotek. The collateral mainly comprises loans granted against mortgages in single-family homes, second homes, multi-family dwellings or housing co-operative apartments with a loan-to-value ratio within 75% of the market value. In the event of the company's insolvency, pursuant to the Covered Bonds Act and the Right of Priority Act, the holders of the covered bonds have prior rights to the pledged assets. If, at the time of a bankruptcy decision, the assets in the total collateral fulfil the terms of the Act, these must be kept separate from the bankruptcy estate's other assets and liabilities. The holders of the bonds will then continue to

receive contractual payments under the terms of the bond until maturity.

Assets where the customer bears the value change risk mainly comprise units in unit-linked insurance contracts in Handelsbanken Liv where the policyholders have priority rights.

### Collateral received

Collateral received is not recognised on the balance sheet. For reverse repurchase agreements and equity loans, securities are received that can be sold or repledged to a third party. The fair value of received securities under reverse repurchase agreements and agreements on equity loans was SEK 43,196 million (35,395) at the end of the financial year, where collateral worth SEK 12,528 million (16,970) had been sold or repledged to a third party. Information about received pledges for lending and other received collateral is shown in note G2.

### Transferred financial assets reported on the balance sheet

Transferred financial assets are recognised as assets on the balance sheet but, for these, the rights to future cash flows are directly or indirectly transferred to an external counterparty. Most of the transferred financial assets recog-

nised on the balance sheet comprise interest-bearing securities which have been sold under binding repurchase agreements and lent equities. Normally the terms for the binding repurchases and equity loans are stipulated in framework agreements between the Bank and the respective counterparty.

Binding repurchase agreements imply selling securities with an undertaking to repurchase them at a fixed price at a pre-determined time in the future. The seller of the securities thus continues to be exposed to the risk of value changes during the life of the agreement. Securities sold under repurchase agreements remain at market value on the balance sheet throughout the life of the agreement. The purchase price received is reported as a liability to the counterparty. According to the standard terms of a repurchase agreement, the right of ownership of the sold securities is transferred in its entirety from the seller to the buyer. This means that the buyer has the right to sell on, repledge or otherwise dispose of the purchased securities.

According to the standard agreements for equity loans, the exposure to the value change in the lent equity remains with the lender. Lent equities thus remain on the balance sheet

**G43 Cont.**

throughout the life of the loan. Collateral for lent securities is normally in the form of cash or other securities. Cash collateral received is recognised as a liability on the balance sheet. In the same way as for repurchase agreements, the standard agreement used for equity loans means that during the life of the loan, the borrower has the right to sell on, repledge or otherwise dispose of the borrowed securities.

Government securities, bonds and equities provided as collateral for securities trading, clearing, etc. where the title to the instrument has been transferred to the counterparty are reported as other transferred financial assets. Transferred financial assets also include certain assets where the customer bears the value change risk. These assets comprise portfolios of financial instruments where the Bank has the

formal right of ownership but where the risks related to the assets and also the right to future cash flows have been transferred to a third party. The valuation of these assets reflects the valuation of the corresponding liability item.

**G44** Contingent liabilities

SEK m	2023	2022
<b>Contingent liabilities</b>		
Guarantees, credits	8,184	6,709
Guarantees, other	47,557	52,052
Irrevocable letters of credit	203	313
Other	2,177	1,901
<b>Total</b>	<b>58,120</b>	<b>60,975</b>
<i>of which subject to impairment testing</i>	<i>58,120</i>	<i>60,975</i>
<b>Obligations</b>		
Loan commitments	317,926	336,974
Unutilised part of granted overdraft facilities	96,359	108,456
Other	13,580	13,684
<b>Total</b>	<b>427,865</b>	<b>459,114</b>
<i>of which subject to impairment testing</i>	<i>237,999</i>	<i>266,418</i>
<b>Total contingent liabilities</b>	<b>485,985</b>	<b>519,866</b>
Provision for expected credit losses reported as provisions, see note G36.	340	353

**Contingent liabilities**

Contingent liabilities mainly consist of various types of guarantees. Credit guarantees are provided to customers in order to guarantee commitments in other credit and pension institutions. Other guarantees are mainly commercial guarantees such as bid bonds, guarantees relating to advance payments, guarantees during a warranty period and export-related guarantees. Contingent liabilities also comprise unutilised irrevocable import letters of credit and confirmed export letters of credit. These transactions are included in the Bank's services and are provided to support the Bank's customers. The nominal amounts of the guarantees are shown in the table.

**Claims**

Companies within the Group are subjects of claims in a number of civil actions which are being pursued in general courts of law. The assessment is that the actions will essentially be settled in the Bank's favour. The assessment is that the amounts in dispute would not have a material effect on the Group's financial position or profit/loss.

**G45** Leases**Handelsbanken as lessor**

Finance leases SEK m	2023	2022
Finance income from net investments	593	300
Variable lease payments	519	213
<b>Distribution of undiscounted lease receivables by maturity and net investment</b> SEK m	<b>2023</b>	<b>2022</b>
Up to 1 yr	2,725	2,212
1 yr to 2 yrs	3,480	4,133
2 yrs to 3 yrs	2,805	3,107
3 yrs to 4 yrs	1,861	1,262
4 yrs to 5 yrs	2,076	1,572
Over 5 yrs	3,303	4,444
<b>Total undiscounted lease receivables</b>	<b>16,250</b>	<b>16,730</b>
Unearned finance income	-1,292	-900
<b>Net investment</b>	<b>14,958</b>	<b>15,830</b>

All leases where the Group is the lessor have been defined as finance leases. Lease agreements of this kind are accounted for as loans on the balance sheet, initially for an amount corresponding to the net investment. The change between the years was due to lower lease volumes as a result of the divestment of the lease portfolio, which was offset by higher market interest rates. Lease assets mainly consist of vehicles and machines. All leases have guaranteed residual values. At year-end, the Group had three lease exposures each with an individual carrying amount exceeding SEK 1 billion.

## G45 Cont.

## Handelsbanken as lessee

Income statement items SEK m	2023	2022
Interest expenses for lease liabilities	-67	-53
<b>Total<sup>1</sup></b>	<b>-67</b>	<b>-53</b>
<b>Depreciation and impairment of right-of-use assets</b>		
Property	-628	-624
Equipment	-14	-22
<b>Total<sup>2</sup></b>	<b>-642</b>	<b>-646</b>
Expenses for short-term leases	-38	-33
Expenses for leases in which the underlying asset is of low value	-41	-17
Variable lease payments that are not included in the calculation of lease liabilities	-167	-125
<b>Total<sup>3</sup></b>	<b>-246</b>	<b>-175</b>
<b>Total expenses for leases</b>	<b>-955</b>	<b>-874</b>
<b>Balance sheet items</b> SEK m	<b>2023</b>	<b>2022</b>
<b>Right-of-use assets<sup>4</sup></b>		
Property	2,704	2,952
Equipment	30	64
<b>Total</b>	<b>2,734</b>	<b>3,016</b>
New right-of-use assets <sup>5</sup>	350	323
Lease liabilities <sup>6</sup>	2,857	3,018
Total cash outflows for leases	-980	-854

<sup>1</sup> Included in income statement item Interest expenses.

<sup>2</sup> Included in income statement item Depreciation, amortisation and impairment of property, equipment and intangible assets, of which SEK 39 million (11) is an impairment loss.

<sup>3</sup> Included in income statement item Other expenses.

<sup>4</sup> Right-of-use assets are included in the balance sheet item Property and equipment.

<sup>5</sup> New lease agreements during the year included in right-of-use assets.

<sup>6</sup> Lease liabilities are included in the balance sheet item Other liabilities.

Time to maturity regarding lease liabilities SEK m	2023	2022
Up to 6 mths	369	364
6 mths to 1 yr	353	355
1 yr to 2 yrs	610	672
2 yrs to 5 yrs	1,265	1,342
Over 5 yrs	500	512
<b>Total</b>	<b>3,097</b>	<b>3,245</b>

The Bank's lease agreements primarily consist of contracts for the rental of premises. Excepting such contracts, other lease agreements refer mainly to multi-function printers, personal computers and various other office equipment.

The majority of contracts for the rental of premises have a term of three to ten years. Some of the Bank's contracts for the rental of premises include an option to extend the term of the agreement, entailing that the contract is extended for a specific period of time if it is not terminated by a specific point in time. There are also contracts for the rental of premises which include an option for the Bank to terminate the agreement before expiry. When determining the lease term, the options of extending the term or terminating the agreement before expiry are only included when it is highly probable that these options will be exercised.

The Bank has entered into lease agreements with maturities of under 12 months, and lease agreements in which the underlying asset is of low value, which are recognised as expenses in accordance with the exemption in IFRS 16 Leases, and thus are not included in lease liabilities or right-of-use assets.

## G46 Segment reporting

Segment reporting 2023								
SEK m	Sweden	UK	Norway	The Netherlands	Capital Markets	Other	Adjustments and eliminations	Total
Net interest income	30,420	11,010	4,624	1,941	384	-801		47,578
Net fee and commission income	8,420	845	659	198	740	276		11,139
Net gains/losses on financial transactions	1,180	253	79	17	1,044	88		2,661
Net insurance result	494		0					493
Share of profit of associates and joint ventures						51		51
Other income	197	13	5	1	7	105		328
<b>Total income</b>	<b>40,711</b>	<b>12,121</b>	<b>5,366</b>	<b>2,157</b>	<b>2,175</b>	<b>-280</b>		<b>62,249</b>
Staff costs	-4,157	-3,149	-1,103	-537	-1,200	-3,900	403	-13,642
Other expenses	-1,525	-907	-493	-136	-409	-4,325		-7,796
Internal purchased and sold services	-5,535	-1,414	-708	-277	-247	8,180		
Depreciation, amortisation and impairment of property, equipment and intangible assets	-427	-310	-97	-59	-144	-682	-24	-1,743
<b>Total expenses</b>	<b>-11,644</b>	<b>-5,780</b>	<b>-2,401</b>	<b>-1,009</b>	<b>-2,000</b>	<b>-727</b>	<b>379</b>	<b>-23,182</b>
<b>Profit before credit losses, risk tax and resolution fee</b>	<b>29,067</b>	<b>6,340</b>	<b>2,965</b>	<b>1,148</b>	<b>175</b>	<b>-1,007</b>	<b>379</b>	<b>39,067</b>
Net credit losses	-142	-51	37	13	11	-8		-141
Gains/losses on disposal of property, equipment and intangible assets	14	-1	6		0	0		20
Risk tax and resolution fee	-1,919		-393	-113	-43	-157		-2,624
<b>Operating profit</b>	<b>27,020</b>	<b>6,289</b>	<b>2,615</b>	<b>1,048</b>	<b>144</b>	<b>-1,172</b>	<b>379</b>	<b>36,322</b>
Profit allocation	405	52	47	0	-527	23		
<b>Operating profit after profit allocation</b>	<b>27,425</b>	<b>6,340</b>	<b>2,662</b>	<b>1,048</b>	<b>-383</b>	<b>-1,149</b>	<b>379</b>	<b>36,322</b>
Internal income <sup>1</sup>	5,867	2,999	-8,567	-98	1,891	-2,092		
C/l ratio, %	28.3	47.5	44.4	46.8	121.4			37.2
Credit loss ratio, %	0.01	0.03	-0.01	-0.01	-0.09			0.01
Loans to the public	1,600,861	230,692	313,267	97,110	21,504	29,517	-1,142	2,291,808
Deposits and borrowing from the public	856,258	260,595	90,206	35,945	39,887	17,583	-1,993	1,298,480
Allocated capital	123,951	25,846	23,292	5,175	2,539	6,903	17,379	205,085
Return on allocated capital, %	18.2	21.3	9.5	16.9	-12.3			15.3
Average number of employees	4,099	2,707	828	388	605	3,056		11,683

<sup>1</sup>Internal income which is included in total income comprises income from transactions with other operating segments and Other. Since interest income and interest expenses are reported net as income, this means that internal income includes the net amount of the internal funding cost among segments and Other.

The "Other" column in the table above includes Loans to the public, Deposits and borrowing from the public and Allocated capital attributable to the disposal groups in Finland.

The business segments are recognised in accordance with IFRS 8 Operating Segments, which means that the segment information is presented in a similar manner to that which is applied internally as part of company governance. Handelsbanken's operations are presented in the following segments: Sweden, the UK, Norway, the Netherlands and Capital Markets. The branch operations in Handelsbanken provide a focused offering within financing, payments, financial advisory services, savings and pensions. Excluding Capital Markets, the segments include the branch operations together with the asset management and insurance operations. Each country is followed up as an independent profit centre and is managed by a Country General Manager. In Sweden and the UK, the branch operations under the Country General Manager are organised by county and district, respectively. The Capital Markets segment is Handelsbanken's investment bank, including securities trading and investment

advisory services. Its operations also include the Bank's international operations outside its home markets.

Profit/loss for the segments is reported before and after internal profit allocation. Internal profit allocation means that the unit which is responsible for the customer is allocated all the profits deriving from its customers' transactions with the Bank, regardless of the segment where the transaction was performed. Furthermore, income and expenses for services performed internally are reported net in the line item Internal purchased and sold services. Transactions among the segments are reported primarily according to the cost price principle. The Other and Adjustments and eliminations columns show items which do not belong to a specific segment or which are eliminated at Group level. Other overwhelmingly includes Treasury and central departments, as well as transactions attributable to the provision for the Oktogonen profit-sharing scheme. The Adjustments and

eliminations column includes adjustments for staff costs. Adjustments for staff costs comprise the difference between the Group's pension costs calculated in accordance with IAS 19 Employee Benefits, and locally calculated pension costs.

Internal income mainly consists of internal interest and commissions. The segment income statements also include internal items in the form of payment for internal services rendered. Internal debiting is primarily according to the cost price principle. In branch operations, assets consist mainly of loans to the public and liabilities of deposits from the public and also internal funding. The assets in the Other column are mainly internal lending to the various segments, while the liabilities are mainly external funding. The allocated capital for the segments is the same as the capital allocation according to the internal financial control model.

## G46 Cont.

Segment reporting 2022								Adjustments and eliminations	Total
SEK m	Sweden	UK	Norway	The Netherlands	Capital Markets	Other			
Net interest income	23,082	7,580	4,264	1,354	301	32		36,614	
Net fee and commission income	8,356	807	688	147	771	213		10,981	
Net gains/losses on financial transactions	508	248	90	21	1,131	-457		1,540	
Net insurance result	-41		30					-11	
Share of profit of associates and joint ventures						-13		-13	
Other income	103	14	25	1	9	1,111		1,263	
<b>Total income</b>	<b>32,008</b>	<b>8,649</b>	<b>5,097</b>	<b>1,523</b>	<b>2,212</b>	<b>885</b>		<b>50,375</b>	
Staff costs	-3,978	-2,693	-1,028	-442	-1,143	-3,778	22	-13,040	
Other expenses	-1,497	-789	-295	-94	-326	-3,525		-6,526	
Internal purchased and sold services	-4,630	-1,076	-667	-241	-344	6,959			
Depreciation, amortisation and impairment of property, equipment and intangible assets	-417	-313	-92	-54	-147	-601	-23	-1,646	
<b>Total expenses</b>	<b>-10,522</b>	<b>-4,872</b>	<b>-2,082</b>	<b>-832</b>	<b>-1,959</b>	<b>-944</b>	<b>-1</b>	<b>-21,212</b>	
<b>Profit before credit losses, risk tax and resolution fee</b>	<b>21,486</b>	<b>3,778</b>	<b>3,016</b>	<b>691</b>	<b>253</b>	<b>-60</b>	<b>-1</b>	<b>29,163</b>	
Net credit losses	135	-55	-152	0	-13	38		-47	
Gains/losses on disposal of property, equipment and intangible assets	10	10	6		0	-2		24	
Risk tax and resolution fee	-1,659		-359	-81	-33	-180		-2,311	
<b>Operating profit</b>	<b>19,972</b>	<b>3,733</b>	<b>2,510</b>	<b>610</b>	<b>206</b>	<b>-203</b>	<b>-1</b>	<b>26,829</b>	
Profit allocation	374	49	69	0	-531	39			
<b>Operating profit after profit allocation</b>	<b>20,346</b>	<b>3,781</b>	<b>2,579</b>	<b>610</b>	<b>-324</b>	<b>-164</b>	<b>-1</b>	<b>26,829</b>	
Internal income <sup>1</sup>	1,727	52	-3,838	-453	615	1,897			
C/l ratio, %	32.5	56.0	40.3	54.6	116.5			42.1	
Credit loss ratio, %	-0.01	0.01	0.04	0.00	0.06			0.00	
Loans to the public	1,621,692	239,207	318,243	96,208	18,341	23,264	-1,136	2,315,818	
Deposits and borrowing from the public	876,230	257,534	101,184	31,317	35,809	18,630	-1,778	1,318,925	
Allocated capital	106,101	20,436	20,074	3,582	2,072	14,414	27,345	194,024	
Return on allocated capital, %	15.9	15.1	10.5	14.7	-11.5			12.6	
Average number of employees	3,907	2,481	763	357	585	2,861		10,954	

<sup>1</sup> Internal income which is included in total income comprises income from transactions with other operating segments and Other. Since interest income and interest expenses are reported net as income, this means that internal income includes the net amount of the internal funding cost among segments and Other.

The "Other" column in the table above includes Loans to the public, Deposits and borrowing from the public and Allocated capital attributable to the disposal groups in Finland.

Income per product area		
SEK m	2023	2022
Household deposits and lending	21,554	17,378
Corporate deposits and lending	27,956	20,168
Payments, net	1,758	1,711
Asset management	6,531	6,380
Pension & insurance	830	952
Investment bank services	1,907	6,430
Other	1,714	-2,644
<b>Total</b>	<b>62,249</b>	<b>50,375</b>

## G47 Geographical information

Geographical information 2023		Profit for the year from discontinued operations after tax				Non-current assets
SEK m	Income	Operating profit	Tax		Assets	
Sweden	39,928	24,034	-5,256		3,127,776	6,226
UK	13,260	7,577	-2,085		414,494	1,561
Norway	5,360	2,898	-685		362,139	910
The Netherlands	2,368	1,321	-341		230,677	256
USA	673	540	-80		374,811	85
Luxembourg	320	179	-38		14,930	10
France	2	-5	2			
Poland	-75	-172			315	1
Denmark	9	-4	78		857	
Finland				1,209	181,766	409
Goodwill and other Group surpluses					4,477	4,477
Eliminations	405	-47	-12		-1,174,452	-590
<b>Total</b>	<b>62,249</b>	<b>36,322</b>	<b>-8,417</b>	<b>1,209</b>	<b>3,537,792</b>	<b>13,344</b>

Geographical information 2022		Profit for the year from discontinued operations after tax				Non-current assets
SEK m	Income	Operating profit	Tax		Assets	
Sweden	32,227	17,521	-3,500		3,025,964	6,286
UK	9,126	4,318	-1,164		412,066	1,525
Norway	4,872	2,550	-643		353,325	646
The Netherlands	1,483	604	-170		234,747	220
USA	518	393	-9		422,255	102
Luxembourg	226	103	-25		18,129	20
China	0	1				
Germany	0	26				
France	13	-9	0		2	
Poland	-20	-73	0		386	3
Denmark				189	2,711	0
Finland				91	195,804	499
Goodwill and other Group surpluses					4,545	4,545
Eliminations	1,930	1,395	80		-1,216,217	-530
<b>Total</b>	<b>50,375</b>	<b>26,829</b>	<b>-5,431</b>	<b>280</b>	<b>3,453,718</b>	<b>13,316</b>

Income, operating profit and profit for the year from discontinued operations after tax, as well as assets presented in the geographical information, are composed of internal and external income, expenses and assets in the respective country. The geographical distribution of income and expenses is based on the country where the business transaction has been carried out, and is not comparable with the reported segment information. Tax includes current and deferred taxes. Additional geographical information is provided in note P17 concerning the domicile of Group companies and associates and in note G8 concerning average number of employees per country.

## G48 Assets and liabilities by currency

2023 SEK m	SEK	EUR	NOK	DKK	GBP	USD	Other currencies	Total
<b>Assets</b>								
Cash and balances with central banks	67,895	128,820	4,776	0	113,645	160,935	109	476,181
Other loans to central banks		29,326	1,687		1,131			32,145
Loans to other credit institutions	259	5,772	9,671	1	873	2,299	422	19,297
Loans to the public	1,579,316	287,783	319,815	1,464	234,892	9,330	1,617	2,434,217
<i>of which corporates</i>	598,485	185,869	201,140	1,443	167,456	9,171	573	1,164,137
<i>of which households</i>	974,083	101,914	118,675	21	67,436	159	1,044	1,263,332
Interest-bearing securities eligible as collateral with central banks	181,752	7,561	36	1		9,778		199,128
Bonds and other interest-bearing securities	36,868	486	12,223			509		50,087
Other items not broken down by currency	326,737							326,737
<b>Total assets</b>	<b>2,192,827</b>	<b>459,749</b>	<b>348,209</b>	<b>1,465</b>	<b>350,541</b>	<b>182,852</b>	<b>2,148</b>	<b>3,537,792</b>
<b>Liabilities</b>								
Due to credit institutions	15,666	50,097	18,093	64	346	6,835	22	91,124
Deposits and borrowing from the public	814,008	140,586	110,296	1,171	257,177	24,238	2,561	1,350,037
<i>of which corporates</i>	335,161	110,747	75,871	1,034	190,553	20,797	1,767	735,931
<i>of which households</i>	478,848	29,839	34,424	138	66,624	3,441	793	614,106
Issued securities	569,595	407,148	27,016		37,930	459,581	22,211	1,523,481
Subordinated liabilities	0	22,740			6,258	14,120		43,117
Other items not broken down by currency, incl. equity	530,033							530,033
<b>Total liabilities and equity</b>	<b>1,929,302</b>	<b>620,570</b>	<b>155,404</b>	<b>1,236</b>	<b>301,711</b>	<b>504,774</b>	<b>24,794</b>	<b>3,537,792</b>
Other assets and liabilities broken down by currency, net		160,527	-192,764	-223	-48,850	321,918	22,716	
Net foreign currency position		-294	41	7	-20	-4	70	-200

Note G2 describes the Bank's view of foreign exchange risk.

Assets and liabilities in the table above include the disposal groups in Finland, which has been reclassified to Assets held for sale and Liabilities held for sale on the balance sheet, respectively (see note G14).

2022 SEK m	SEK	EUR	NOK	DKK	GBP	USD	Other currencies	Total
<b>Assets</b>								
Cash and balances with central banks	100,413	136,928	8,962	0	99,872	129,674	34	475,882
Other loans to central banks		31,364			1,256			32,620
Loans to other credit institutions	480	3,709	2	1	903	3,894	424	9,415
Loans to the public	1,586,449	292,228	324,563	9,901	242,246	11,704	2,233	2,469,324
<i>of which corporates</i>	602,504	183,963	206,027	9,884	169,380	11,517	847	1,184,121
<i>of which households</i>	983,946	108,265	118,537	17	72,867	187	1,385	1,285,204
Interest-bearing securities eligible as collateral with central banks	117,546	5,483	36	1		9,712		132,778
Bonds and other interest-bearing securities	22,353	1,472	8,352			519		32,697
Other items not broken down by currency	301,002							301,002
<b>Total assets</b>	<b>2,128,244</b>	<b>471,184</b>	<b>341,916</b>	<b>9,902</b>	<b>344,277</b>	<b>155,503</b>	<b>2,691</b>	<b>3,453,718</b>
<b>Liabilities</b>								
Due to credit institutions	17,760	50,548	29	1,906	115	11,990	23	82,372
Deposits and borrowing from the public	848,467	136,375	91,473	1,201	252,592	43,167	3,011	1,376,286
<i>of which corporates</i>	366,562	103,155	58,072	1,110	179,920	39,354	2,184	750,356
<i>of which households</i>	481,905	33,220	33,401	91	72,672	3,814	828	625,930
Issued securities	511,251	342,123	25,828		39,407	536,118	20,076	1,474,801
Subordinated liabilities	0	22,266			5,930	14,208		42,404
Other items not broken down by currency, incl. equity	477,854							477,854
<b>Total liabilities and equity</b>	<b>1,855,331</b>	<b>551,311</b>	<b>117,330</b>	<b>3,107</b>	<b>298,044</b>	<b>605,483</b>	<b>23,110</b>	<b>3,453,718</b>
Other assets and liabilities broken down by currency, net		80,111	-224,481	-6,818	-46,235	449,902	20,487	
Net foreign currency position		-16	105	-24	-2	-78	68	53

## G49 Interests in unconsolidated structured entities

SEK m	Fund holdings	
	2023	2022
<b>Assets<sup>1</sup></b>		
Shares	5,928	5,572
Assets where the customer bears the value change risk	240,092	209,633
<b>Total interests in structured unconsolidated entities</b>	<b>246,020</b>	<b>215,205</b>

<sup>1</sup> Of which SEK 9,586 million (9,145) is included in the disposal groups in Finland, and has been reclassified to Assets held for sale. See note G14.

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are regulated by means of contractual arrangements. Handelsbanken's interests in unconsolidated structured entities are limited and consist of mutual fund holdings. Funds are owned primarily through unit-linked insurance contracts at Handelsbanken Liv and similar contracts in other countries. Investments in mutual fund units through unit-linked insurance contracts are never consolidated, and thus comprise unconsolidated structured entities. Handelsbanken also owns some mutual fund units in its role as market maker. Where these holdings are not consolidated, they are interests in unconsolidated structured entities. The maximum exposure to loss on all interests in unconsolidated structured entities is the current carrying amount of the interest. The total assets for these entities are not considered meaningful for the purpose of understanding the related risks and so have not been presented.

## G50 Related-party disclosures

Claims on and liabilities to related parties	Associates and joint ventures		Other related parties	
	2023	2022	2023	2022
SEK m				
Loans to the public	334	1,289		
Other assets	30	28	13	16
<b>Total</b>	<b>364</b>	<b>1,317</b>	<b>13</b>	<b>16</b>
Deposits and borrowing from the public	311	127	1,159	1,528
<b>Total</b>	<b>311</b>	<b>127</b>	<b>1,159</b>	<b>1,528</b>

Related parties – income and expenses	Associates and joint ventures		Other related parties	
	2023	2022	2023	2022
SEK m				
Interest income	22	8		
Interest expenses	-3		-149	-6
Fee and commission income	1			
Fee and commission expenses	-223	-229		
Other income			18	19
Other expenses	-177	-102	-182	-178
<b>Total</b>	<b>-380</b>	<b>-323</b>	<b>-313</b>	<b>-165</b>

The figures above refer to all operations.

A list of associates and joint ventures, as well as information about shareholder contributions to associates, is presented in note G20. The operations of associates and joint ventures comprise various types of services related to the Bank's operations. The following companies comprise the group of Other related parties: Svenska Handelsbankens Pensionsstiftelse (pension foundation), Svenska Handelsbankens Personalstiftelse (staff foundation) and Pensionskassan SHB, Tjänstepensionsförening (pension fund). These companies use Svenska Handelsbanken AB for normal banking and accounting services.

The parent company's Swedish subsidiaries have paid pension premiums relating to defined benefit pensions in an amount of SEK 81 million (85) to the pension fund. The pension fund's commitments to the employees of subsidiaries are guaranteed by the parent company, so if the pension fund cannot pay its commitments, the parent company is liable to take over and pay the commitment. The pension fund's obligations amounted to SEK 7,000 million (6,136). Svenska Handelsbanken AB has requested compensation from Svenska Handelsbankens Pensionsstiftelse amounting to SEK 720 million (-) regarding pension costs and from Svenska Handelsbankens Personalstiftelse amounting to SEK 44 million (47) for measures to benefit the employees.

Information regarding loans to executive officers, conditions and other remuneration to executive officers is given in note G8.

## G51 Events after the balance sheet date

No significant events have occurred after the balance sheet date.

## G52 Transition to IFRS 17

The tables below present the restatement of comparative figures for 2022 due to the transition to IFRS 17 and the initial effect on equity as per 1 January 2022.

Income statement, Group SEK m	Published full year 2022	Adjustment IFRS 17	Restated full year 2022
Net interest income <sup>1</sup>	36,610	4	36,614
Net fee and commission income <sup>1</sup>	11,103	-122	10,981
Net gains/losses on financial transactions <sup>1</sup>	1,111	429	1,540
Risk result – insurance <sup>2</sup>	176	-176	0
Insurance result <sup>3</sup>		280	280
Return on assets held on behalf of policyholders <sup>4</sup>		-291	-291
Net insurance result <sup>5</sup>		-11	-11
Other	1,250		1,250
<b>Total income</b>	<b>50,249</b>	<b>126</b>	<b>50,375</b>
Staff costs <sup>6</sup>	-13,103	63	-13,040
Other expenses <sup>6</sup>	-6,543	17	-6,526
Depreciation, amortisation and impairment of property, equipment and intangible assets <sup>6</sup>	-1,650	4	-1,646
<b>Total expenses</b>	<b>-21,296</b>	<b>84</b>	<b>-21,212</b>
<b>Profit before credit losses, risk tax and resolution fee</b>	<b>28,953</b>	<b>210</b>	<b>29,163</b>
Other	-2,334	0	-2,334
<b>Operating profit</b>	<b>26,619</b>	<b>210</b>	<b>26,829</b>
Taxes	-5,429	-2	-5,431
<b>Profit for the year from continuing operations</b>	<b>21,190</b>	<b>209</b>	<b>21,398</b>
Profit for the year from discontinued operations, after tax	280	0	280
<b>Profit for the year</b>	<b>21,470</b>	<b>208</b>	<b>21,678</b>
<i>attributable to</i>			
Shareholders in Svenska Handelsbanken AB	21,468	208	21,676
Non-controlling interest	1		1
<b>Key metrics</b>			
Return on equity, total operations	12.5		12.8
C/I ratio, continuing operations	42.4		42.1
Earnings per share, total operations, SEK	10.84		10.95
Earnings per share, continuing operations, SEK	10.70		10.81
Earnings per share, discontinued operations, SEK	0.14		0.14

<sup>1</sup> Reclassification of income and expenses attributable to insurance contracts to the line Insurance result since the savings insurance component in traditional life insurance changed accounting standard from IFRS 9 to IFRS 17.

<sup>2</sup> The line Risk result – insurance has been removed and all income and expenses attributable to insurance contracts are recognised on the line Insurance result.

<sup>3</sup> The line Insurance result includes all income and expenses attributable to insurance contracts as well as operating expenses.

<sup>4</sup> The line Return on assets held on behalf of policyholders is recognised in accordance with IFRS 9, but is included in net insurance result since the returns are attributable to insurance contracts.

<sup>5</sup> Net insurance result includes the items Insurance result and Return on assets held on behalf of policyholders.

<sup>6</sup> Reclassification of operating expenses attributable to insurance contracts to the line Insurance result.

Statement of comprehensive income, Group SEK m	Published full year 2022	Adjustment IFRS 17	Restated full year 2022
<b>Profit for the year</b>	<b>21,470</b>	<b>208</b>	<b>21,678</b>
<b>Other comprehensive income</b>			
Insurance contracts		792	793
Other	2,046	0	2,046
<b>Total other comprehensive income</b>	<b>2,046</b>	<b>793</b>	<b>2,838</b>
<b>Total comprehensive income for the year</b>	<b>23,516</b>	<b>1,000</b>	<b>24,516</b>
<i>attributable to</i>			
Shareholders in Svenska Handelsbanken AB	23,515	1,000	24,515
Non-controlling interest	1	0	1

## G52 Cont.

Balance sheet, Group SEK.m	Published 31 Dec 2021	Adjustment IFRS 17	Restated 1 Jan 2022	Published 31 Dec 2022	Adjustment IFRS 17	Restated 31 Dec 2022
Deferred tax assets <sup>1</sup>	845	3	848	1589	1	1,590
Other assets <sup>2</sup>	5,785	1	5,786	14,720	1	14,721
Other	3,340,134		3,340,134	3,437,407		3,437,407
<b>Total assets</b>	<b>3,346,764</b>	<b>4</b>	<b>3,346,768</b>	<b>3,453,716</b>	<b>2</b>	<b>3,453,718</b>
Deposits and borrowing from the public <sup>3</sup>	1,286,637	-6,490	1,280,147	1,325,061	-6,136	1,318,925
Insurance liabilities <sup>4</sup>	532	9,457	9,989	405	8,141	8,546
Other liabilities <sup>5</sup>	11,304	44	11,348	10,451	3	10,454
Other	1,866,560		1,866,560	1,921,768		1,921,768
<b>Total liabilities</b>	<b>3,165,033</b>	<b>3,011</b>	<b>3,168,044</b>	<b>3,257,686</b>	<b>2,008</b>	<b>3,259,693</b>
Insurance contracts					793	793
Retained earnings <sup>6</sup>	134,507	-3,007	131,500	144,841	-3,007	141,834
Profit for the year	19,527		19,527	21,468	208	21,676
Other	27,697		27,697	29,721		29,721
<b>Total equity</b>	<b>181,731</b>	<b>-3,007</b>	<b>178,724</b>	<b>196,030</b>	<b>-2,006</b>	<b>194,024</b>
<b>Total liabilities and equity</b>	<b>3,346,764</b>	<b>4</b>	<b>3,346,768</b>	<b>3,453,716</b>	<b>2</b>	<b>3,453,718</b>

<sup>1</sup> Tax effect on transition to IFRS 17.

<sup>2</sup> Remeasurement of the item Reinsurance assets since a risk adjustment was added in connection with measuring the reinsurer's share of liability for incurred claims.

<sup>3</sup> Reclassification of the item Insurance liabilities since the savings insurance component in traditional life insurance changed accounting standard from IFRS 9 to IFRS 17.

<sup>4</sup> Reclassification from the item Deposits and borrowing from the public and remeasurement of the savings insurance component in traditional life insurance due to change in accounting standard.

The insurance liabilities amounted to SEK 9,989 million after the reclassification, of which SEK 9,657 million was attributable to contracts that applied the fair value method on the transition and use the general measurement model. Furthermore, SEK 332 million was attributable to contracts that applied the full retrospective approach on the transition and use the premium allocation approach.

<sup>5</sup> Reclassification of unallocated payments from the item Insurance liabilities to other liabilities since these will not be recognised in accordance with IFRS 17.

<sup>6</sup> The quantitative effect of the transition to IFRS 17 reduced retained earnings and increased the item Insurance liabilities by SEK 3,007 million, of which SEK 2,996 million was attributable to the savings insurance component in traditional life insurance. Furthermore, SEK 11 million was attributable to a risk adjustment that was added in connection with measuring liability for incurred claims.

## G53 Capital adequacy

### CAPITAL POLICY

The Bank aims to maintain a robust capital level which meets the risk entailed in the Group's operations and which exceeds the minimum requirements prescribed by legislation. A healthy capital level is needed to manage situations of financial strain and also for other events such as acquisitions and major growth in volumes.

### CAPITAL REQUIREMENTS REGULATIONS

According to the capital adequacy regulations, Regulation (EU) No 575/2013 EU (CRR) and Directive 2013/36/EU (CRD IV), the Bank must have common equity tier 1 capital, tier 1 capital and total own funds which at least correspond to the individual requirements relative to the total risk-weighted exposure amount for credit risk, market risk and operational risk. In addition to holding capital in accordance with the minimum requirement, the Bank must also hold common equity tier 1 capital to comply with the combined buffer requirement which, in Sweden, comprises the sum of a capital conservation buffer, a countercyclical buffer, a systemic risk buffer and a buffer for other systemically important institutions. The Bank has a minimum capital requirement under Pillar 2. The Pillar 2 requirement is an individual requirement determined by the Swedish Financial Supervisory Authority which is intended to cover risks that are underestimated or not covered by the regulation's minimum requirement and combined buffer requirements. There is also guidance on these requirements in Pillar 2 decided on by the Swedish Financial Supervisory Authority, representing the authority's view of the Bank's minimum buffer requirement in addition to the established capital requirement. The Bank must also perform an internal capital assessment. Handelsbanken's capital policy states the guidelines for the internal capital assessment. The Bank must also comply with a capital requirement at the financial conglomerate level in accordance with the Financial Conglomerates (Special Supervision) Act (2006:531). Since 1 February 2016, the resolution authority, which in Sweden is the National Debt Office, must set a minimum requirement for own funds and eligible liabilities (MREL) for the Bank. In 2023, the Bank met all the statutory minimum and buffer levels by a comfortable margin. More detailed information about the Bank's own funds and capital requirement is available in note G2, Risk and capital management, and in Handelsbanken's publication

titled Risk and Capital – Information according to Pillar 3 (see handelsbanken.com/ir). This publication also provides a complete description of the terms and conditions applying to all of Handelsbanken's own funds and eligible liabilities.

### DESCRIPTION OF CONSOLIDATED SITUATION

The regulatory consolidation (consolidated situation) consists of the parent company, subsidiaries and associates that are also included in the consolidated Group accounts, as shown in table EU LI3 Outline of the differences in the scopes of consolidation (entity by entity). The companies that are included in the consolidated accounts but are excluded from the consolidated situation are also shown in table EU LI3. Just as in the consolidated accounts, associates are consolidated using the equity method in the regulatory consolidated situation. All subsidiaries which are subject to the regulations are included in the consolidated situation. Handelsbanken has no subsidiaries where the actual own funds are less than the prescribed own funds.

### DESCRIPTION OF OWN FUNDS FOR CONSOLIDATED SITUATION

Own funds consist of tier 1 capital and tier 2 capital. The tier 1 capital is divided into common equity tier 1 capital and additional tier 1 capital. Common equity tier 1 capital consists mainly of share capital, retained earnings and other reserves in the companies that are included in the consolidation. Additional tier 1 capital consists of additional tier 1 instruments. The tier 2 capital mainly consists of subordinated loans. Certain deductions are subsequently made from own funds. The deductions are made mainly from the common equity tier 1 capital. For the Bank's risk management, it is important that in risk terms, both the Group and the regulatory consolidation can be viewed as one unit. To enable efficient risk management in the Group, capital may need to be re-allocated among the various companies in the Group. In general, Handelsbanken is able to re-allocate capital among the Group companies, to the extent that is permitted by legislation, for example, capital adequacy requirements and restrictions in corporate law. The Bank sees no other material or legal obstacles to a rapid transfer of funds from own funds, or repayment of liabilities between the parent company and its subsidiaries.

### Tier 1 capital

Tier 1 capital consists of common equity tier 1 capital and additional tier 1 capital.

### Common equity tier 1 (CET1) capital

Common equity tier 1 capital consists chiefly of share capital, retained earnings and other reserves in the companies that are included in the regulatory consolidation. Since the Group's insurance companies are not part of the consolidation, shown in the table EU LI3, retained earnings in these companies are not included in the common equity tier 1 capital. The items to be excluded from the common equity tier 1 capital are mainly goodwill and other intangible assets, and also capital contributions to the insurance companies in the Group or certain deferred tax assets which exceed 10% of the common equity tier 1 capital. The total of capital contributions and deferred tax assets must not exceed 15% of the common equity tier 1 capital. Since neither the capital contributions to the insurance companies in the Group nor the deferred tax assets exceed the threshold value, these do not reduce the common equity tier 1 capital. Neutrality adjustments are made for the effect of cash flow hedges on equity. A price adjustment must also be calculated and when necessary, be made for a cautious valuation of instruments at fair value. Institutions with permission to use internal ratings-based models must make a deduction for the difference between expected credit losses according to the IRB approach and the provisions made for probable credit losses if the expected credit losses exceed the provisions made. A deduction must also be made for the net value of recognised surplus values in pension assets. However, the deduction may be reduced by an amount corresponding to the Bank's right to reimbursement for pension costs from Handelsbanken's pension foundation. In addition, a deduction is made for permission to hold own shares in its capacity as market maker. The deduction must correspond to the highest market value covered by the permission. Finally, a deduction is made for investments in securitisation, and an adjustment is made for the effect of changes in own credit risk in derivative instruments.

### Additional tier 1 capital

Additional tier 1 capital consists of instruments which fulfil the requirements for additional tier 1 instruments. This capital must be perpetual and must be redeemable after five years at the

**G53 Cont.**

earliest, but only after permission is granted by the supervisory authority. It must be possible to write down the nominal value or convert it to shares to create common equity tier 1 capital at a pre-defined level for the common equity tier 1 capital and it must be possible to unconditionally suspend interest payments.

The Bank's total additional tier 1 instruments amount to SEK 15.0 billion. Of this amount, additional tier 1 capital for SEK 10.0 billion was issued in 2020 and SEK 5.0 billion was issued in 2019, which fulfils the requirements of CRR. If there are no distributable funds, coupon payments must be suspended for additional tier 1 instruments.

**Tier 2 capital**

The tier 2 capital consists of subordinated loans with a maturity of at least five years. Deductions are made for subordinated loan contributions to the insurance companies within the Group.

**CAPITAL REQUIREMENTS****Credit risk**

The capital requirements for credit risk are calculated according to the standardised approach and the IRB approach according to CRR. There are two different IRB approaches: the IRB approach, with own estimates of PD but without own estimates of LGD and CCF (the foundation approach), and the IRB approach with own estimates of PD, LGD and CCF (the advanced approach).

Handelsbanken uses the foundation IRB approach for exposures to institutions and for certain product and collateral types for corporate exposures, and for certain exposures in the subsidiaries Stadshypotek AB and Handelsbanken Finans AB.

The advanced IRB approach is applied to most exposures to large corporates, medium-sized enterprises, property companies and housing co-operative associations, and in Stadshypotek AB and Handelsbanken Finans AB. The same applies to retail exposures in Sweden, Norway and Finland, and in the subsidiaries Stadshypotek and Handelsbanken Finans AB. The capital requirements for equity exposures in the IRB approach are calculated according to a simple risk weight approach.

The credit risk for all exposures at Handelsbanken's subsidiary Handelsbanken plc is calculated at solo and aggregated level according to the standardised approach.

At year-end, the IRB approach was applied to 75% (74) of the total risk-weighted exposure amount for credit risk. For the remaining credit

risk exposures, the capital requirements are calculated using the standardised approach.

The average risk weight for exposures approved for the IRB approach increased during the year to 11.9% (9.7). The average risk weight, including the risk weight floor under Pillar 1 for Swedish and Norwegian mortgage loans, and for corporate exposures with collateral in property in Norway, is 19.1% (17.7).

Credit quality is good. Of Handelsbanken's corporate exposures, 96.9% (99.1) were customers with a repayment capacity assessed as normal or better than normal, i.e. with a rating grade between one and five on the Bank's ten-point risk rating scale.

**Market risks**

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

**Operational risk**

Handelsbanken uses the standardised approach to calculate the capital requirement for operational risk. According to the standardised approach, the capital requirement is calculated by multiplying a factor specified in the regulations by the average operating income during the last three financial years. Different factors are applied in different business segments.

At the end of 2023, the total capital requirement for operational risks for the consolidated situation was SEK 6,017 million (5,732).

**CAPITAL ADEQUACY FOR THE FINANCIAL CONGLOMERATE**

Institutions and insurance companies which are part of a financial conglomerate must have own funds which are adequate in relation to the capital requirement for the financial conglomerate. Own funds and the capital requirement for the financial conglomerate have been calculated according to the deduction and aggregation method (method 2, Annex I, Directive 2002/87/EC). The financial conglomerate's total own funds exceed the financial conglomerate's capital requirement.

**MINIMUM REQUIREMENT FOR ELIGIBLE LIABILITIES (MREL)**

The Bank Recovery and Resolution Directive (2014/59/EU, BRRD), was implemented in Swedish law through the Resolution Act

(2015:1016). These regulations state ways to manage bank crises, and enable authorities, within a set framework, to assume control of, restructure and sell either all or parts of a bank, without liquidating the bank or entering it into bankruptcy. In addition to these crisis management measures, the regulations offer the opportunity to write down certain debt instruments to recapitalise a crisis-hit bank.

One aspect of these regulations was the introduction of a minimum requirement for such liabilities eligible for impairment (MREL) from 1 January 2018. The minimum requirement is set in the Bank's resolution plan, drawn up by the Swedish National Debt Office and the Swedish Financial Supervisory Authority. The requirement is comprised of a loss absorption amount and a recapitalisation amount.

In 2021, the regulations were amended to align with the new EU Banking Package. MREL is to be expressed as two ratios: a risk-weighted ratio and a total exposure, non risk-weighted ratio. The combined buffer requirement must be met through common equity tier 1 capital (not including the common equity tier 1 capital used for MREL) and a mandatory subordination requirement is being introduced. To meet this subordination requirement, a new type of debt instrument was introduced in Swedish legislation in December 2018. This type is subordinate to current senior debt instruments, but ranks more highly than own funds instruments as part of a resolution procedure. Handelsbanken has issued this type of subordinated debt instrument since 2019. The new requirements must be met by 1 January 2024, but transitional rules were in effect from 1 January 2022.

For 2024, Handelsbanken's total MREL requirement for the risk-weighted ratio is 27.1% and for the non risk-weighted ratio is 6.0% at consolidated level. Correspondingly, the subordination requirement amounts to 20.0% and 6.0%, respectively. Handelsbanken meets all MREL requirements.

## G53 Cont.

## EU LI3 – Outline of the differences in the scopes of consolidation (entity by entity)

The table outlines the scopes of consolidation for the companies included in the consolidated situation at year-end.

EU LI3 – Outline of the differences in the scopes of consolidation (entity by entity) 2023	Corporate identity number	Ownership share, %	Method of accounting consolidation	Method of regulatory consolidation			Description of the unit
				Full consolidation	Proportional consolidation	Equity method	
Svenska Handelsbanken AB (publ)	502007-7862	N/A	Parent company	N/A			Credit institution
Handelsbanken Finans AB (publ)	556053-0841	100	Full consolidation	X			Credit institution
Stadshypotek AB (publ)	556459-6715	100	Full consolidation	X			Credit institution
Svenska Intecknings Garanti AB Sigab (inactive)	556432-7285	100	Full consolidation	X			Non-financial undertakings
Handelsbanken Fonder AB	556418-8851	100	Full consolidation	X			Other financial corporations
AB Handel och Industri	556013-5336	100	Full consolidation	X			Non-financial undertakings
Ecster AB (publ)	556993-2311	100	Full consolidation	X			Credit institution
Handelsbanken plc	11305395	100	Full consolidation	X			Credit institution
Handelsbanken Wealth & Asset Management	04132340	100	Full consolidation	X			Other financial corporations
Handelsbanken Nominees Limited (inactive)	2299877	100	Full consolidation	X			Non-financial undertakings
Handelsbanken Second Nominees Limited (inactive)	3193458	100	Full consolidation	X			Non-financial undertakings
Handelsbanken ACD Limited	4332528	100	Full consolidation	X			Non-financial undertakings
Svenska Property Nominees Limited (inactive)	2308524	100	Full consolidation	X			Non-financial undertakings
Optimix Vermogensbeheer N.V.	33194359	100	Full consolidation	X			Other financial corporations
Add Value Fund Management B.V.	19196768	80	Full consolidation	X			Other financial corporations
Optimix Beheer en Belegging B.V. (inactive)	33186584	100	Full consolidation	X			Non-financial undertakings
Handelsbanken Markets Securities, Inc.	11-3257438	100	Full consolidation	X			Other financial corporations
Handelsbanken Rahoitus Oy	0112308-8	100	Full consolidation	X			Other financial corporations
Handelsbanken Fastigheter AB	556873-0021	100	Full consolidation	X			Non-financial undertakings
Rådstuplass 4 AS	910508423	100	Full consolidation	X			Non-financial undertakings
Handelsbanken Ventures AB	556993-9357	100	Full consolidation	X			Non-financial undertakings
Bidtruster AB	556993-9084	100	Full consolidation	X			Non-financial undertakings
Gröna stugan i Stockholm AB	559311-4712	100	Full consolidation	X			Non-financial undertakings
Röda Stugan 1 i Stockholm AB (inactive)	559314-1400	100	Full consolidation	X			Non-financial undertakings
Vita Stugan 2 i Stockholm AB (inactive)	559314-1418	100	Full consolidation	X			Non-financial undertakings
Vita Stugan 3 i Stockholm AB (inactive)	559314-1426	100	Full consolidation	X			Non-financial undertakings
Vita Stugan 4 i Stockholm AB (inactive)	559314-1434	100	Full consolidation	X			Non-financial undertakings
Bankomat AB	556817-9716	20	Equity method			X	Non-financial undertakings
BGC Holding AB	556607-0933	25.54	Equity method			X	Non-financial undertakings
Torig AB	556564-5404	100	Equity method			X	Non-financial undertakings
Finansiell ID-teknik BID AB	556630-4928	28.3	Equity method			X	Non-financial undertakings
USE Intressenter AB	559161-9464	24.48	Equity method			X	Non-financial undertakings
Getswish AB	556913-7382	20	Equity method			X	Non-financial undertakings
P27 Nordic Payments Platform AB	559198-9610	16.7	Equity method			X	Non-financial undertakings

## G53 Cont.

EU LI3 – Outline of the differences in the scopes of consolidation (entity by entity) 2023	Corporate identity number	Ownership share, %	Method of accounting consolidation	Method of regulatory consolidation			Description of the unit
				Full consolidation	Proportional consolidation	Equity method	
Invidem AB	559210-0779	16.7	Equity method			X	Non-financial undertakings
Tibern AB	559384-3542	14.3	Equity method			X	Non-financial undertakings
Handelsbanken Liv Försäkrings AB (group excl. Handelsbanken Fastigheter AB)	516401-8284	100	Full consolidation				X Insurance company
Svenska Re S.A.	RCS Lux B-32053	100	Full consolidation				X Insurance company
Handelsbanken Skadeförsäkrings AB	516401-6767	100	Full consolidation				X Insurance company
SHB Liv Försäkringsaktiebolag	2478149-7	100	Full consolidation				X Insurance company
Svenska RKA International Insurance Services AB (inactive)	556324-2964	100	Full consolidation				X Insurance company
Dyson Group plc	00163096	27	Equity method				X Non-financial undertakings
Dyson Industries Ltd	1187031	100					X Non-financial undertakings
Beepart Ltd	177682	100					X Non-financial undertakings
Pickford Holland & Company Ltd	128414	100					X Non-financial undertakings
Millennium Materials Inc	-	100					X Non-financial undertakings
EFN Ekonomikanalen AB	556930-1608	100					X Non-financial undertakings

NB: The following companies are not included in the consolidated situation: Handelsbanken Liv Försäkrings AB, SHB Liv Försäkringsaktiebolag, Svenska RKA International Insurance Services AB, Handelsbanken Skadeförsäkrings AB, EFN Ekonomikanalen AB, Svenska Re S.A. Dyson Group plc, Dyson Industries Ltd, Beepart Ltd, Pickford Holland & Company Ltd and Millennium Materials Inc.

## EU LI2 – Main sources of differences between regulatory exposure amounts and carrying values in financial statements

The table shows the difference between the carrying amount under the scope of regulatory consolidation and exposures considered for regulatory purposes.

EU LI2 – Main sources of differences between regulatory exposure amounts and carrying values in financial statements 2023	SEK m	Items subject to				
		Total	Credit risk framework	Securitisation framework	CCR framework	Market risk framework
1 Assets carrying amount under the scope of regulatory consolidation (as per template EU LI1)		3,267,494	3,153,310	90,592	334	23,258
2 Liabilities carrying amount under the scope of regulatory consolidation (as per template EU LI1)		11,179				11,179
3 Total net amount under the regulatory scope of consolidation		3,256,315	3,153,310	90,592	334	12,079
4 Off-balance sheet amounts		468,832	468,832			
5 Differences in valuations						
6 Differences due to different netting rules, other than those already included in row 2		12,199		-7,781		19,980
7 Differences due to consideration of provisions		1,922	1,922			
8 Differences due to the use of credit risk mitigation techniques (CRMs)		-30,518	15,875	-46,393		
9 Differences due to credit conversion factors		-286,614	-286,614			
10 Differences due to Securitisation with risk transfer						
11 Other differences		-7,604		-7,604		
12 Exposure amounts considered for regulatory purposes		3,414,532	3,353,325	28,814	334	32,059

## G53 Cont.

<b>EU INS2 – Financial conglomerates information on own funds and capital adequacy ratio</b>			
SEK m	2023	2022	
1	Supplementary own funds requirements of the financial conglomerate (amount)	11,559	10,759
2	Capital adequacy ratio of the financial conglomerate (%)	128.7	130.0
<b>EU KM1 – Key metrics template</b>			
Key metrics 2023	2023	2022	
<b>Available own funds (amounts)</b>			
1	Common equity tier 1 (CET1) capital	157,576	158,551
2	Tier 1 capital	172,603	174,134
3	Total capital	200,081	193,186
<b>RWAs</b>			
4	Total risk-weighted exposure amount	836,790	810,144
<b>Capital ratios (as a percentage of risk-weighted exposure amount)</b>			
5	Common equity tier 1 ratio (%)	18.8	19.6
6	Tier 1 ratio (%)	20.6	21.5
7	Total capital ratio (%)	23.9	23.8
<b>Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)</b>			
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	2.0	2.1
EU 7b	<i>of which: to be made up of CET1 capital (percentage points)</i>	1.3	1.3
EU 7c	<i>of which: to be made up of Tier 1 capital (percentage points)</i>	1.5	1.6
EU 7d	Total SREP own funds requirements (%)	10.0	10.1
<b>Combined buffer requirement (as a percentage of risk-weighted exposure amount)</b>			
8	Capital conservation buffer (%)	2.5	2.5
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)		
9	Institution-specific countercyclical capital buffer (%)	1.9	1.0
EU 9a	Systemic risk buffer (%)	3.2	3.2
10	Global systemically important institution buffer (%)		
EU 10a	Other systemically important institution buffer (%)	1.0	1.0
11	Combined buffer requirement (%)	8.6	7.7
EU 11a	Overall capital requirements (%)	18.6	17.8
12	CET1 available after meeting the total SREP own funds requirements (%)	13.1	13.7
<b>Leverage ratio</b>			
13	Total exposure measure	3,390,498	3,341,332
14	Leverage ratio (%)	5.1	5.2
<b>Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)</b>			
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)		
EU 14b	<i>of which: to be made up of CET1 capital (percentage points)</i>		
EU 14c	Total SREP leverage ratio requirements (%)	3.0	3.0
EU 14d	Leverage ratio buffer requirement (%)		
EU 14e	Overall leverage ratio requirement (%)	3.0	3.0
<b>Liquidity Coverage Ratio</b>			
15	Total high-quality liquid assets (HQLA) (Weighted value – average)	895,982	885,096
EU 16a	Cash outflows – Total weighted value	617,192	645,218
EU 16b	Cash inflows – Total weighted value	88,942	83,191
16	Total net cash outflows (adjusted value)	528,250	562,026
17	Liquidity coverage ratio (%)	172	159
<b>NSFR</b>			
18	Total available stable funding	2,101,503	2,036,932
19	Total required stable funding	1,758,065	1,793,937
20	NSFR (%)	120	114

## G53 Cont.

## EU OV1 – Overview of total risk exposure amounts

The table shows risk-weighted exposure amounts (RWA) for credit risk, counterparty risk, market risk and operational risk the end of 2023 and the previous year. Credit risk is calculated according to the standardised approach, the foundation IRB approach and the advanced IRB approach. Market risk and operational risk are calculated according to the standardised approach.

SEK m		Total risk exposure amounts (TREA)		Total own funds requirements
		2023	2022	2023
<b>1</b>	<b>Credit risk (excl. CCR)</b>	<b>726,276</b>	<b>692,006</b>	<b>58,102</b>
2	of which standardised approach	183,549	182,775	14,684
3	of which the foundation IRB (F-IRB) approach	53,702	51,700	4,296
4	of which slotting approach			
EU 4a	of which equities under the simple risk-weighted approach	2,240	2,108	179
5	of which the advanced IRB (A-IRB) approach	278,625	221,403	22,290
5a	of which risk weight floors	208,160	234,020	16,653
<b>6</b>	<b>CCR</b>	<b>11,827</b>	<b>11,833</b>	<b>946</b>
7	of which standardised approach	8,507	8,255	681
8	of which internal model method (IMM)			
EU 8a	of which exposures to a CCP	268	174	21
EU 8b	of which credit valuation adjustment – CVA	2,463	2,802	197
9	of which other CCR	589	602	47
10	N/A			
11	N/A			
12	N/A			
13	N/A			
14	N/A			
<b>15</b>	<b>Disability recovery risk</b>			
<b>16</b>	<b>Securitisation exposures in the non-trading book (after the cap)</b>			
17	of which SEC-IRBA approach			
18	of which SEC-ERBA (including IAA)			
19	of which SEC-SA approach			
EU 19a	of which 250%/deduction			
<b>20</b>	<b>Position, foreign exchange and commodities risks (Market risk)</b>	<b>23,471</b>	<b>34,654</b>	<b>1,878</b>
21	of which standardised approach	23,471	34,654	1,878
22	of which IMA			
<b>23</b>	<b>Operational risk</b>	<b>75,216</b>	<b>71,651</b>	<b>6,017</b>
EU 23a	of which basic indicator approach			
EU 23b	of which standardised approach	75,216	71,651	6,017
EU 23c	of which advanced measurement approach			
24	Amounts below the thresholds for deduction (subject to 250% risk weight)			
25	N/A			
26	N/A			
27	N/A			
28	N/A			
<b>29</b>	<b>Total</b>	<b>836,790</b>	<b>810,144</b>	<b>66,943</b>

The table shows capital requirements for market risk according to the standardised approach at year-end 2023.

SEK m	Market risk under the standardised approach	Capital requirements	
		2023	2022
<b>Outright products</b>			
	Interest rate risk (general and specific)	243	176
	Equity price risk (general and specific)	3	1
	Foreign exchange risk	1,615	2,576
	Commodity risk	0	0
<b>Options</b>			
	Simplified method		
	Delta-plus method		
	Scenario approach	16	19
	Securitisation (specific risk)		
<b>Total capital requirements for market risk</b>		<b>1,878</b>	<b>2,772</b>

## G53 Cont.

**Minimum requirement for eligible liabilities (MREL)**

The MREL requirement is expressed as a share of own funds and eligible liabilities relative to the risk weighted exposure amount and the non risk-weighted exposure amount, respectively (SFS 2015:1016). The Bank's requirement is determined on an annual basis by the Swedish National Debt Office, and the final requirement was phased in linearly during a transitional period starting 1 January 2022 and ending 1 January 2024.

<b>Minimum requirement for eligible liabilities (MREL)</b> %	<b>2023</b>	<b>2022</b>
Risk-weighted MREL requirement	23.8	19.9
Available own funds and eligible liabilities	39.6	36.5
Non-risk-weighted MREL requirement	5.5	5.0
Available own funds and eligible liabilities	11.9	10.7
<b>Minimum requirement for eligible liabilities (MREL)</b> %	<b>2023</b>	<b>2022</b>
Risk-weighted subordination requirement	16.8	13.5
Available own funds and subordinate eligible liabilities	22.0	21.9
Non-risk-weighted subordination requirement	5.5	5.0
Available own funds and subordinate eligible liabilities	7.6	7.2

# Administration Report Parent Company

## Performance in the parent company

The parent company's accounts cover parts of the operations that, in organisational terms, are included in branch operations within and outside Sweden, Capital Markets, and central departments and staff functions. Although most of Handelsbanken's business comes from the local branches and is co-ordinated by them, in legal terms a sizeable part of business volumes are outside the parent company in wholly owned subsidiaries – particularly in the Stadshypotek AB mortgage institution and Handelsbanken plc. Thus, the performance of the parent company is not equivalent to the performance of business operations in the Group as a whole.

The operations in Denmark were divested during Q4 2022. For information on the divestment of operations in Finland, see the introduction to Note P46.

The parent company's operating profit grew by 37% to SEK 28,110 million (20,471). The item that primarily contributed to the increase in operating profit compared with the previous year was net interest income, which increased by 42% to SEK 25,946 million (18,230). The item net gains/losses on financial transactions also contributed to the increase. The main reason that net gains/losses on financial transactions increased by SEK 925 million to SEK 1,745 million (820) is the Bank's holdings of subordinated loans issued by the subsidiary Stadshypotek, which are measured at fair value on the balance sheet and income statement, were positively impacted by decreased spreads in the market. Net fee and commission income declined by 11% to SEK 4,573 million (5,167). Profit for the year grew by 45% to SEK 22,363 million (15,455). Since year-end 2022, the parent company's equity has increased to SEK 158,431 million (153,887). For the parent company's five-year overview, see pages 210–211.

## Risk management

Handelsbanken has a low risk tolerance that is maintained through a strong risk culture which

is sustainable in the long term and applies to all areas of the Group. For a detailed description of the Bank's exposure to risks, and the management of these, see note G2.

## Principles for remuneration to executive officers

Handelsbanken's principles for remuneration to executive officers are set out in note G8 and in the Remuneration to executive officers section of the Corporate Governance Report, see page 76.

## Proposed appropriation of profits

In accordance with the balance sheet for Handelsbanken, profits totalling SEK 149,541 million are at the disposal of the Annual General Meeting (AGM).

### The Board proposes that the profit be appropriated as follows:

Dividend per share paid to the shareholders SEK 13.00, of which SEK 6.50 in ordinary dividend (SEK 8.00, of which SEK 5.50 in ordinary dividend for 2022)	25,740
Balance carried forward to the next year	123,801
<b>Total allocated</b>	<b>149,541</b>

The Board's assessment is that the amount of the proposed dividend, totalling SEK 25,740 million, is justifiable in view of the nature of operations, their scope, consolidation requirement, risk-taking, liquidity, and the general situation in both the Bank and the rest of the Group.

Unrealised changes in assets and liabilities at fair value have had a net impact on equity of SEK 8,836 million.

The total capitalisation of the parent company and the consolidated situation at year-end, minus the proposed dividend based on completed conversions and other material changes since the year-end, exceeded the statutory minimum requirement pursuant to EU Regulation 575/2013 and Directive 2013/36/EU and other relevant requirements established for the Bank by public authorities.

## The Handelsbanken share

### Shares divided into share classes

31 December 2023

Share class	Number	% of capital	% of votes
Class A	1,944,777,165	98.22	99.82
Class B	35,251,329	1.78	0.18
<b>Total</b>	<b>1,980,028,494</b>	<b>100.00</b>	<b>100.00</b>

At the end of 2023, the holdings of one shareholder represented more than 10% of the votes: AB Industrivärden. Detailed information on the Bank's largest Swedish shareholders can be found on pages 34–35.

Handelsbanken's Articles of Association state that at a general meeting of shareholders, no shareholder is allowed to exercise voting rights representing more than 10% of the total number of votes in the Bank. For more information regarding shareholders' rights, see page 70.

At the AGM in March 2023, the Board received a mandate to repurchase a maximum of 120 million shares during the period until the AGM in March 2024. This mandate was not used in 2023. More detailed information on this can be found on pages 34–35.

## Other

Handelsbanken has a long-term perspective for its business, and sustainability is deeply embedded in both the corporate culture and the working methods. Sustainability is not only an engagement with environmental or social issues, but also something to be integrated into all parts of our business and organisation. For information on sustainability at Handelsbanken, please refer to the information beginning on page 38.

Handelsbanken strives for its decentralised working method and belief in the individual to be integral to its operations. For a more detailed description of the Bank as an attractive employer, please refer to the information beginning on page 61.

# Financial Reports Parent Company

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# Income statement, Parent company

SEK m		2023	2022
Interest income	<i>Note P3</i>	121,993	41,488
Leasing income	<i>Note P3</i>	1,739	1,826
Interest expenses	<i>Note P3</i>	-97,786	-25,084
Dividends received	<i>Note P4</i>	15,957	16,953
Fee and commission income	<i>Note P5</i>	5,955	6,515
Fee and commission expenses	<i>Note P5</i>	-1,382	-1,348
Net gains/losses on financial transactions	<i>Note P6</i>	1,745	820
Other operating income	<i>Note P7</i>	4,230	4,841
<b>Total operating income</b>		<b>52,452</b>	<b>46,011</b>
General administrative expenses			
Staff costs	<i>Note P8</i>	-11,456	-11,990
Other administrative expenses	<i>Note P9</i>	-7,453	-7,415
Depreciation, amortisation and impairment of property, equipment and intangible assets	<i>Note P21, P22</i>	-2,334	-2,459
<b>Total expenses before credit losses</b>		<b>-21,243</b>	<b>-21,864</b>
<b>Profit before credit losses, risk tax and resolution fee</b>		<b>31,208</b>	<b>24,148</b>
Net credit losses	<i>Note P10</i>	58	-41
Impairment loss on financial fixed assets		-1,524	-2,305
Risk tax and resolution fee	<i>Note P11</i>	-1,633	-1,331
<b>Operating profit</b>		<b>28,110</b>	<b>20,471</b>
Appropriations	<i>Note P12</i>		-160
<b>Profit before taxes</b>		<b>28,110</b>	<b>20,311</b>
Taxes	<i>Note P29</i>	-5,747	-4,856
<b>Profit for the year</b>		<b>22,363</b>	<b>15,455</b>

# Statement of comprehensive income, Parent company

SEK m	2023	2022
Profit for the year	22,363	15,455
<b>Other comprehensive income</b>		
<b>Items that will not be reclassified to the income statement</b>		
Equity instruments measured at fair value through other comprehensive income	63	41
Tax on items that will not be reclassified to the income statement	-11	-19
<i>of which equity instruments measured at fair value through other comprehensive income</i>	-11	-19
<b>Total items that will not be reclassified to the income statement</b>	<b>52</b>	<b>22</b>
<b>Items that may subsequently be reclassified to the income statement</b>		
Cash flow hedges	-1,571	3,411
Debt instruments measured at fair value through other comprehensive income	25	-61
Translation difference for the year	-1,289	1,326
<i>of which hedges of net assets in foreign operations</i>	5	-83
Tax on items that may subsequently be reclassified to the income statement	522	-1,251
<i>of which cash flow hedges</i>	324	-703
<i>of which debt instruments measured at fair value through other comprehensive income</i>	-5	6
<i>of which hedges of net assets in foreign operations</i>	-1	17
<i>of which tax on translation difference</i>	204	-572
<b>Total items that may subsequently be reclassified to the income statement</b>	<b>-2,313</b>	<b>3,425</b>
<b>Total other comprehensive income</b>	<b>-2,262</b>	<b>3,447</b>
<b>Total comprehensive income for the year</b>	<b>20,100</b>	<b>18,902</b>

The year's reclassifications to the income statement are presented in the Statement of changes in equity.

# Balance sheet, Parent company

SEK m		2023	2022
<b>ASSETS</b>			
Cash and balances with central banks		362,536	376,010
Interest-bearing securities eligible as collateral with central banks	Note P15	199,128	132,778
Loans to credit institutions	Note P13	1,007,992	1,025,664
Loans to the public	Note P14	600,997	637,721
Value change of interest-hedged item in portfolio hedge		-9,657	-16,611
Bonds and other interest-bearing securities	Note P15	50,791	33,339
Shares	Note P16	6,170	7,112
Shares in subsidiaries and investments in associates and joint ventures	Note P17	68,986	70,483
Assets where the customer bears the value change risk		1,948	2,387
Derivative instruments	Note P18	39,019	52,360
Intangible assets	Note P21	3,211	3,144
Property, equipment and lease assets	Note P22	6,673	6,530
Current tax assets			30
Deferred tax assets	Note P29	374	617
Other assets	Note P23	20,789	30,166
Prepaid expenses and accrued income	Note P24	1,386	1,159
<b>Total assets</b>	Note P36	<b>2,360,344</b>	<b>2,362,889</b>
<b>LIABILITIES AND EQUITY</b>			
Due to credit institutions	Note P25	176,143	169,617
Deposits and borrowing from the public	Note P26	1,109,471	1,137,272
Liabilities where the customer bears the value change risk		1,948	2,387
Issued securities, etc.	Note P27	806,167	806,013
Derivative instruments	Note P18	46,269	36,985
Short positions	Note P28	2,364	1,939
Current tax liabilities		831	0
Deferred tax liabilities	Note P29	336	1,193
Provisions	Note P30	624	646
Other liabilities	Note P31	11,374	6,779
Accrued expenses and deferred income	Note P32	2,399	2,901
Subordinated liabilities	Note P33	43,117	42,404
<b>Total liabilities</b>	Note P36	<b>2,201,046</b>	<b>2,208,135</b>
<b>Untaxed reserves</b>	Note P34	<b>867</b>	<b>867</b>
Share capital		3,069	3,069
Share premium reserve		8,758	8,758
Other funds	Note P35	9,063	11,196
Retained earnings		115,178	115,409
Profit for the year		22,363	15,455
<b>Total equity</b>		<b>158,431</b>	<b>153,887</b>
<b>Total liabilities and equity</b>		<b>2,360,344</b>	<b>2,362,889</b>

# Statement of changes in equity, Parent company

SEK m	Restricted equity			Non-restricted equity					Retained earnings incl. profit for the year	Total
	Share capital	Statutory reserve	Fund for internally developed software	Share premium reserve	Hedge reserve <sup>1</sup>	Fair value reserve <sup>1</sup>	Translation reserve <sup>1</sup>			
<b>Opening equity 2023</b>	3,069	2,682	3,010	8,758	3,531	126	1,847	130,864	153,887	
Profit for the year								22,363	22,363	
Other comprehensive income					-1,247	71	-1,086		-2,262	
<i>of which reclassification within equity</i>							-284		-284	
<b>Total comprehensive income for the year</b>					-1,247	71	-1,086	22,363	20,100	
Reclassified to retained earnings								284	284	
Dividend								-15,840	-15,840	
Fund for internally developed software			129					-129		
<b>Closing equity 2023</b>	3,069	2,682	3,140	8,758	2,284	197	761	137,541	158,431	

SEK m	Restricted equity			Non-restricted equity					Retained earnings incl. profit for the year	Total
	Share capital	Statutory reserve	Fund for internally developed software	Share premium reserve	Hedge reserve <sup>1</sup>	Fair value reserve <sup>1</sup>	Translation reserve <sup>1</sup>			
<b>Opening equity 2022</b>	3,069	2,682	2,913	8,758	823	158	1,075	124,742	144,220	
Profit for the year								15,455	15,455	
Other comprehensive income					2,708	-33	771		3,447	
<i>of which reclassification within equity</i>						-91	-573		-664	
<b>Total comprehensive income for the year</b>					2,708	-33	771	15,455	18,902	
Reclassified to retained earnings								664	664	
Dividend								-9,900	-9,900	
Fund for internally developed software			98					-98		
<b>Closing equity 2022</b>	3,069	2,682	3,010	8,758	3,531	126	1,847	130,864	153,887	

<sup>1</sup> Included in fair value fund.

# Statement of cash flows, Parent company

SEK m	2023	2022
<b>OPERATING ACTIVITIES</b>		
Operating profit	28,110	20,471
<i>of which paid-in interest</i>	117,862	37,724
<i>of which paid-out interest</i>	-94,660	-22,155
<i>of which paid-in dividends</i>	15,957	16,953
Adjustment from operating profit to investing activities	-335	-124
<i>of which to Liquidation of subsidiaries</i>	-335	
<i>of which to Divestment of operations and subsidiaries</i>		-542
<i>of which to Sales of shares</i>		418
Adjustment for non-cash items in operating profit		
Credit losses	-4	165
Unrealised value changes	-588	-2,233
Amortisation and impairment	3,856	4,764
Group contribution to be received	-11,340	-16,279
Paid income tax	-5,188	-4,842
Changes in the assets and liabilities of operating activities		
Loans to credit institutions	17,672	-39,759
Loans to the public	29,748	-55,332
Interest-bearing securities and shares	-80,961	-28,218
Due to credit institutions	6,526	16,500
Deposits and borrowing from the public	-27,800	16,142
Issued securities	154	126,205
Derivative instruments, net positions	22,834	-5,495
Short positions	209	-2,010
Claims and liabilities on investment banking settlements	7,077	-7,680
Other	5,413	-18,906
<b>Cash flow from operating activities</b>	<b>-4,615</b>	<b>3,370</b>
<b>INVESTING ACTIVITIES</b>		
Divestment of operations and subsidiaries		-3,891
Liquidation of subsidiaries	336	
Acquisitions of and contributions to associates and joint ventures	-53	-266
Sales of shares		183
Acquisitions of property and equipment	-5,219	-4,875
Disposals of property and equipment	3,263	3,517
Acquisitions of intangible assets	-682	-575
<b>Cash flow from investing activities</b>	<b>-2,355</b>	<b>-5,907</b>
<b>FINANCING ACTIVITIES</b>		
Repayment of subordinated liabilities	-8,351	-3,000
Issued subordinated liabilities	8,635	11,845
Dividend paid	-15,840	-9,900
Dividends from Group companies	16,249	16,685
<b>Cash flow from financing activities</b>	<b>692</b>	<b>15,630</b>
<b>Cash flow for the year</b>	<b>-6,278</b>	<b>13,093</b>
Cash and cash equivalents at beginning of year	376,010	338,768
Cash flow from operating activities	-4,615	3,370
Cash flow from investing activities	-2,355	-5,907
Cash flow from financing activities	692	15,630
Exchange difference on cash and cash equivalents	-7,196	24,149
<b>Cash and cash equivalents at end of year</b>	<b>362,536</b>	<b>376,010</b>

The statement of cash flows has been prepared in accordance with the indirect method, which means that operating profit has been adjusted for transactions that did not entail paid-in or paid-out cash such as depreciation/amortisation and credit losses.

## Statement of cash flows, Parent company, cont.

Change in liabilities in financing activities SEK m	2023	2022
Opening balance	42,404	32,257
Cash flow	284	8,845
Non-cash changes, foreign exchange fluctuations	-770	3,371
Non-cash changes, foreign exchange hedges	1,153	-2,378
Non-cash changes, accrued interest	46	309
<b>Total liabilities in financing activities</b>	<b>43,117</b>	<b>42,404</b>
<b>Divestment of operations and subsidiaries</b>		
SEK m		2022
<b>Purchase price</b>		
Total purchase price		-1,633
Less cash and cash equivalents included in the transfer		-743
Claim on purchaser		-1,516
<b>Payment</b>		<b>-3,891</b>
<b>Divested assets and liabilities</b>		
Loans to other credit institutions		993
Loans to the public		46,953
Assets where the customer bears the value change risk		5,480
Other assets		370
<b>Total assets</b>		<b>53,795</b>
Due to credit institutions		374
Deposits and borrowing from the public		52,043
Liabilities where the customer bears the value change risk		5,480
Other liabilities		331
<b>Total liabilities</b>		<b>58,228</b>
<b>Cash flow from operating activities</b>		<b>542</b>

The purchase price in its entirety is received in the form of cash and cash equivalents.

# Five-year overview, Parent company

Income statement SEK m	2023	2022	2021	2020	2019
Net interest income	25,946	18,230	13,502	13,456	13,039
Dividends received	15,957	16,953	17,611	15,937	17,338
Net fee and commission income	4,573	5,167	5,230	5,692	6,011
Net gains/losses on financial transactions	1,745	820	1,808	1,869	618
Other operating income	4,230	4,841	3,576	2,790	2,638
<b>Total operating income</b>	<b>52,452</b>	<b>46,011</b>	<b>41,727</b>	<b>39,744</b>	<b>39,644</b>
General administrative expenses					
Staff costs	-11,456	-11,990	-10,242	-11,689	-10,148
Other administrative expenses	-7,453	-7,415	-6,002	-5,684	-5,808
Depreciation, amortisation and impairment of property, equipment and intangible assets	-2,334	-2,459	-2,803	-2,672	-2,156
<b>Total expenses before credit losses</b>	<b>-21,243</b>	<b>-21,864</b>	<b>-19,047</b>	<b>-20,045</b>	<b>-18,112</b>
<b>Profit before credit losses, risk tax and resolution fee</b>	<b>31,208</b>	<b>24,148</b>	<b>22,680</b>	<b>19,699</b>	<b>21,532</b>
Net credit losses	58	-41	-55	-477	-1,069
Impairment loss on financial fixed assets	-1,524	-2,305	-1,180	-79	-148
Risk tax and resolution fee	-1,633	-1,331	-366	-385	
<b>Operating profit</b>	<b>28,110</b>	<b>20,471</b>	<b>21,079</b>	<b>18,758</b>	<b>20,325</b>
Appropriations		-160	227	743	-380
<b>Profit before tax</b>	<b>28,110</b>	<b>20,311</b>	<b>21,306</b>	<b>19,501</b>	<b>19,945</b>
Taxes	-5,747	-4,856	-4,618	-4,275	-4,297
<b>Profit for the year</b>	<b>22,363</b>	<b>15,455</b>	<b>16,688</b>	<b>15,226</b>	<b>15,648</b>
Dividend for the year	25,740 <sup>1</sup>	15,840	9,900	16,666	

<sup>1</sup> As proposed by the Board.

Statement of comprehensive income SEK m	2023	2022	2021	2020	2019
Profit for the year	22,363	15,455	16,688	15,226	15,648
<b>Other comprehensive income</b>					
<b>Items that will not be reclassified to the income statement</b>					
Equity instruments measured at fair value through other comprehensive income	63	41	62	-583	372
Tax on items that will not be reclassified to the income statement	-11	-19	-3	11	-21
<i>of which equity instruments measured at fair value through other comprehensive income</i>	-11	-19	-3	11	-21
<b>Total items that will not be reclassified to the income statement</b>	<b>52</b>	<b>22</b>	<b>59</b>	<b>-572</b>	<b>351</b>
<b>Items that may subsequently be reclassified to the income statement</b>					
Cash flow hedges	-1,571	3,411	246	-1,677	1,751
Debt instruments measured at fair value through other comprehensive income	25	-61	6	7	7
Translation difference for the year	-1,289	1,326	1,034	-2,184	-259
<i>of which hedges of net assets in foreign operations</i>	5	-83	-63	-256	-826
Tax on items that may subsequently be reclassified to the income statement	522	-1,251	-39	420	-200
<i>of which cash flow hedges</i>	324	-703	-51	365	-375
<i>of which debt instruments measured at fair value through other comprehensive income</i>	-5	6	-1	-1	-2
<i>of which hedges of net assets in foreign operations</i>	-1	17	13	56	177
<i>of which translation difference</i>	204	-572			
<b>Total items that may subsequently be reclassified to the income statement</b>	<b>-2,313</b>	<b>3,425</b>	<b>1,247</b>	<b>-3,434</b>	<b>1,299</b>
<b>Total other comprehensive income</b>	<b>-2,262</b>	<b>3,447</b>	<b>1,306</b>	<b>-4,006</b>	<b>1,650</b>
<b>Total comprehensive income for the year</b>	<b>20,100</b>	<b>18,902</b>	<b>17,994</b>	<b>11,220</b>	<b>17,298</b>

## Five-year overview, Parent company, cont.

Balance sheet SEK m	2023	2022	2021	2020	2019
<b>Assets</b>					
Loans to the public	591,340	621,110	609,948	566,158	620,175
Loans to credit institutions	1,007,992	1,025,664	986,897	953,650	890,557
Interest-bearing securities	249,919	166,117	134,861	145,648	156,466
Other assets	511,092	549,998	498,428	459,407	412,307
<b>Total assets</b>	<b>2,360,344</b>	<b>2,362,889</b>	<b>2,230,134</b>	<b>2,124,863</b>	<b>2,079,505</b>
<b>Liabilities and equity</b>					
Deposits and borrowing from the public	1,109,471	1,137,272	1,173,172	1,021,130	918,146
Due to credit institutions	176,143	169,617	153,490	193,054	208,697
Issued securities	806,167	806,013	679,808	657,520	724,640
Subordinated liabilities	43,117	42,404	32,257	41,082	35,546
Other liabilities	66,147	52,829	46,481	68,305	59,863
Untaxed reserves	867	867	706	933	1,678
Equity	158,431	153,887	144,220	142,839	130,935
<b>Total liabilities and equity</b>	<b>2,360,344</b>	<b>2,362,889</b>	<b>2,230,134</b>	<b>2,124,863</b>	<b>2,079,505</b>
<b>Key metrics, %</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Common equity tier 1 ratio, according to CRR	29.8	29.4	30.2	31.7	20.2
Tier 1 ratio, according to CRR	33.4	32.9	33.4	34.6	23.0
Total capital ratio, according to CRR	39.9	37.2	37.4	38.8	26.2
Return on total assets	0.90	0.63	0.72	0.65	0.74

For definitions of alternative performance measures, see page 307 and, for the calculation of these measures, see the Fact Book which is available at [handelsbanken.com/ir](https://handelsbanken.com/ir).

# Notes, Parent company

## P1 Material accounting policies

### Statement of compliance

The parent company's Annual Report is prepared in accordance with the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559) and the regulations and general guidelines issued by the Swedish Financial Supervisory Authority, FFFS 2008:25, on annual reports in credit institutions and securities companies. The parent company also applies the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for legal entities and statements. In accordance with the Swedish Financial Supervisory Authority's general advice, the parent company applies statutory IFRS. This means that the international accounting standards and interpretations of these standards as adopted by the EU have been applied to the extent that is possible within the framework of national laws and directives and the link between accounting and taxation.

### The relationship between the parent company's and the Group's accounting policies

The parent company's accounting policies correspond largely to those of the Group. The following reports only on the areas where the parent company's policies differ from those of the Group. In all other respects, reference is made to the accounting policies in note G1.

### Presentation

The parent company applies the presentation models for the income statement and balance sheet in compliance with the Annual Accounts Act for Credit Institutions and Securities Companies and the Swedish Financial Supervisory Authority's regulations. This mainly implies the following differences relative to the presentation models used by the Group:

- Claims on central banks that are immediately available upon demand are reported as Loans to credit institutions in the parent company's balance sheet. These are reported under Other loans to central banks in the Group.
- Broker and stock exchange costs are reported in the parent company as commission expenses.
- Dividends received are reported on a separate line in the parent company's income statement.
- The gain/loss arising when divesting property, equipment and intangible assets in the parent company is reported as other income or expenses.

- Untaxed reserves are reported as a separate balance sheet item in the parent company. These are split into an equity share and a tax liability in the Group.

### Assets held for sale and discontinued operations

Non-current assets with a limited useful life are depreciated/amortised over their useful life in accordance with the Swedish Annual Accounts Act for the duration of their classification as held for sale. Net profit after tax from discontinued operations is not recognised separately in the parent company's income statement. Also, neither assets nor liabilities held for sale are presented separately on the balance sheet. For disclosures regarding assets and liabilities held for sale and discontinued operations, see note P46.

### Shares in subsidiaries and investments in associates and joint ventures

Shares in subsidiaries and investments in associates and joint ventures are measured at cost. All holdings are tested on each balance sheet date in order to assess whether they require impairment. If a value has decreased, impairment is recognised to adjust the value to the consolidated value. Any impairment costs are classified as Impairment loss on financial assets in the income statement. Dividends on shares in subsidiaries and associates and joint ventures are recognised as income in profit or loss under Dividends received.

### Hedge accounting

Fair value hedges are used for the foreign exchange risk attributable to shares in foreign subsidiaries. The hedged item consists of the first part of the nominal amount for the investment in shares in the respective foreign subsidiary. The hedging instrument consists of the funding in the parent company that finances the investment. The gain or loss on the hedging instrument is recognised in the income statement together with the change in foreign exchange risk on the part of the investment in the subsidiary that constitutes a hedged item.

### Financial guarantees

Financial guarantees, in the form of guarantee commitments on behalf of subsidiaries and associates and joint ventures, are recognised in the parent company as a provision on the balance sheet, where the parent company has an existing commitment and payment will probably be required to settle this commitment.

### Dividends

The item Dividends received comprises all dividends received in the parent company including dividends from subsidiaries and associates and joint ventures, and Group contributions received. Anticipated dividends are recognised only if the parent company has the right to decide the amount of the dividend and the decision has been taken before the financial reports were published.

### Accounting for pensions

The parent company does not apply the provisions of IAS 19 concerning accounting for defined benefit plans. Instead, pension costs are calculated on an actuarial basis in the parent company in accordance with the provisions of the Act on Safeguarding Pension Obligations and the Swedish Financial Supervisory Authority's regulations. This mainly means that there are differences regarding how the discount rate is established and that the calculation of the future commitment does not take into account assumptions of future salary increases. The recognised net cost of pensions is calculated as the sum total of disbursed pensions, pension premiums and an allocation to the pension foundation, with a deduction for any compensation from the pension foundation. The net pension cost for the year is reported under Staff costs in the parent company's income statement.

Excess amounts as a result of the value of the plan assets exceeding the estimated pension obligations are not recognised as an asset in the parent company's balance sheet. Deficits are recognised as a liability.

### Taxes

In the parent company, untaxed reserves are recognised as a separate item in the balance sheet. Untaxed reserves comprise one component consisting of deferred tax liabilities and one component consisting of equity.

## P2 Risk and capital management

The Handelsbanken Group's risk management is described in note G2. Specific information about the parent company's risks is presented below.

Credit exposures, geographical breakdown 2023 SEK m		Sweden	Norway	Finland	The Netherlands	Other countries	Total
<b>Balance sheet items</b>							
Cash and balances with central banks		67,895	4,776	10	128,696	161,159	362,536
Loans to credit institutions	Note P13	916,839	3,889	86,818	24	422	1,007,992
Loans to the public	Note P14	224,971	187,290	82,633	97,110	8,993	600,997
Interest-bearing securities eligible as collateral with central banks	Note P15	199,128					199,128
Bonds and other interest-bearing securities	Note P15	50,791					50,791
Derivative instruments	Note P18	38,870				149	39,019
<b>Total</b>		<b>1,498,494</b>	<b>195,956</b>	<b>169,460</b>	<b>225,830</b>	<b>170,724</b>	<b>2,260,463</b>
<b>Off-balance sheet items</b>							
Contingent liabilities	Note P39	600,656	65,326	25,629	3,094	28,883	723,588
of which contingent liabilities		38,592	7,412	7,406	100	15,266	68,775
of which obligations		562,065	57,915	18,223	2,995	13,616	654,813
<b>Total</b>		<b>600,656</b>	<b>65,326</b>	<b>25,629</b>	<b>3,094</b>	<b>28,883</b>	<b>723,588</b>
<b>Total on- and off-balance sheet items</b>		<b>2,099,150</b>	<b>261,282</b>	<b>195,089</b>	<b>228,924</b>	<b>199,606</b>	<b>2,984,051</b>

Credit exposures, geographical breakdown 2022 SEK m		Sweden	Norway	Finland	The Netherlands	Other countries	Total
<b>Balance sheet items</b>							
Cash and balances with central banks		100,413	8,962	14	136,749	129,873	376,010
Loans to credit institutions	Note P13	932,268	126	92,558	129	582	1,025,664
Loans to the public	Note P14	248,738	190,979	91,433	96,208	10,364	637,721
Interest-bearing securities eligible as collateral with central banks	Note P15	132,778					132,778
Bonds and other interest-bearing securities	Note P15	33,339					33,339
Derivative instruments	Note P18	52,210			50	99	52,360
<b>Total</b>		<b>1,499,746</b>	<b>200,067</b>	<b>184,005</b>	<b>233,136</b>	<b>140,918</b>	<b>2,257,872</b>
<b>Off-balance sheet items</b>							
Contingent liabilities	Note P39	605,828	67,648	36,048	2,694	29,337	741,555
of which contingent liabilities		41,319	6,197	8,243	97	16,176	72,032
of which obligations		564,509	61,451	27,806	2,596	13,160	669,523
<b>Total</b>		<b>605,828</b>	<b>67,648</b>	<b>36,048</b>	<b>2,694</b>	<b>29,337</b>	<b>741,555</b>
<b>Total on- and off-balance sheet items</b>		<b>2,105,575</b>	<b>267,715</b>	<b>220,053</b>	<b>235,830</b>	<b>170,255</b>	<b>2,999,427</b>

Geographical breakdown refers to the country in which the exposures are reported.

Loans to the public Breakdown by sector 2023 SEK m	Gross			Provisions			Net
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
Private individuals	94,920	3,819	1,129	-11	-26	-301	99,530
Housing co-operative associations	17,585	6,076	2	-3	-19	-1	23,640
Property management	292,358	26,999	727	-33	-38	-104	319,909
Manufacturing	15,773	3,568	65	-17	-83	-50	19,256
Retail	26,721	558	77	-10	-7	-62	27,277
Hotel and restaurant	1,647	340	13	-2	-3	-5	1,990
Passenger and goods transport by sea	1,264	1	0	0	0	0	1,265
Other transport and communication	5,435	132	17	-4	-2	-15	5,563
Construction	12,966	3,508	232	-47	-203	-94	16,362
Electricity, gas and water	12,191	20	3	-2	0	-3	12,209
Agriculture, hunting and forestry	3,148	278	7	-2	-3	-3	3,425
Other services	13,338	280	112	-6	-4	-84	13,636
Holding, investment, insurance companies, mutual funds, etc.	18,232	747	10	-5	-3	-3	18,978
Sovereigns and municipalities	9,219	46		0	0		9,265
Other corporate lending	28,436	236	82	-1	-1	-61	28,691
<b>Total</b>	<b>553,233</b>	<b>46,608</b>	<b>2,476</b>	<b>-143</b>	<b>-392</b>	<b>-786</b>	<b>600,997</b>

## P2 Cont.

Loans to the public Breakdown by sector 2022 SEK m	Gross			Provisions			Net
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
Private individuals	101,993	3,448	805	-15	-24	-305	105,902
Housing co-operative associations	25,182	978	27	-4	-2	-2	26,179
Property management	317,575	12,466	735	-65	-35	-88	330,588
Manufacturing	32,141	1,843	44	-25	-110	-32	33,861
Retail	35,824	496	70	-9	-8	-52	36,321
Hotel and restaurant	1,508	437	14	-1	-6	-7	1,945
Passenger and goods transport by sea	1,916	6	221	-1	-2	-77	2,063
Other transport and communication	6,143	965	34	-13	-31	-32	7,066
Construction	13,941	2,899	110	-52	-142	-71	16,685
Electricity, gas and water	11,300	954	4	-4	-2	-3	12,249
Agriculture, hunting and forestry	3,617	309	31	-5	-22	-14	3,916
Other services	13,407	193	152	-7	-3	-138	13,604
Holding, investment, insurance companies, mutual funds, etc.	23,374	5,642	32	-5	-12	-24	29,007
Sovereigns and municipalities	89	47		0	-1		135
Other corporate lending	17,923	33	334	-1	0	-89	18,200
<b>Total</b>	<b>605,933</b>	<b>30,716</b>	<b>2,613</b>	<b>-207</b>	<b>-400</b>	<b>-934</b>	<b>637,721</b>

Credit exposures, breakdown by type of collateral 2023		Residential property <sup>1</sup>	Other property	Sovereigns, municipalities and county councils <sup>2</sup>	Guarantees as for own debt <sup>3</sup>	Financial collateral	Collateral in assets	Other collateral	Unsecured <sup>4</sup>	Total
SEK m										
<b>Balance sheet items</b>										
Cash and balances with central banks				362,536						362,536
Loans to credit institutions	Note P13			146,096					861,896	1,007,992
Loans to the public	Note P14	174,762	218,542	68,222	9,705	12,470	4,564	7,034	105,697	600,997
Interest-bearing securities eligible as collateral with central banks	Note P15			197,348	543				1,237	199,128
Bonds and other interest-bearing securities	Note P15			4,542	239				46,010	50,791
Derivative instruments	Note P18			442		43			38,534	39,019
<b>Total</b>		<b>174,762</b>	<b>218,542</b>	<b>779,186</b>	<b>10,487</b>	<b>12,513</b>	<b>4,564</b>	<b>7,034</b>	<b>1,053,374</b>	<b>2,260,463</b>
<b>Off-balance sheet items</b>										
Contingent liabilities	Note P39	68,295	47,250	30,099	5,659	12,705	1,529	7,510	550,541	723,588
of which contingent liabilities		4,345	1,187	6,298	2,563	941	1,445	802	51,194	68,775
of which obligations		63,950	46,063	23,801	3,096	11,764	84	6,708	499,347	654,813
<b>Total</b>		<b>68,295</b>	<b>47,250</b>	<b>30,099</b>	<b>5,659</b>	<b>12,705</b>	<b>1,529</b>	<b>7,510</b>	<b>550,541</b>	<b>723,588</b>
<b>Total on- and off-balance sheet items</b>		<b>243,057</b>	<b>265,792</b>	<b>809,285</b>	<b>16,146</b>	<b>25,218</b>	<b>6,093</b>	<b>14,544</b>	<b>1,603,915</b>	<b>2,984,051</b>

Credit exposures, breakdown by type of collateral 2022		Residential property <sup>1</sup>	Other property	Sovereigns, municipalities and county councils <sup>2</sup>	Guarantees as for own debt <sup>3</sup>	Financial collateral	Collateral in assets	Other collateral	Unsecured <sup>4</sup>	Total
SEK m										
<b>Balance sheet items</b>										
Cash and balances with central banks				376,010						376,010
Loans to credit institutions	Note P13			149,027					876,637	1,025,664
Loans to the public	Note P14	187,050	224,532	29,435	10,062	10,853	5,070	9,637	161,082	637,721
Interest-bearing securities eligible as collateral with central banks	Note P15			131,726					1,052	132,778
Bonds and other interest-bearing securities	Note P15			2,492	815				30,032	33,339
Derivative instruments	Note P18	189	354	3,361	223	86			48,147	52,360
<b>Total</b>		<b>187,239</b>	<b>224,886</b>	<b>692,051</b>	<b>11,100</b>	<b>10,939</b>	<b>5,070</b>	<b>9,637</b>	<b>1,116,950</b>	<b>2,257,872</b>
<b>Off-balance sheet items</b>										
Contingent liabilities	Note P39	70,569	45,723	32,483	7,432	11,774	745	8,466	564,363	741,555
of which contingent liabilities		2,431	1,340	7,098	3,793	966	511	871	55,022	72,032
of which obligations		68,138	44,383	25,385	3,639	10,808	234	7,595	509,341	669,523
<b>Total</b>		<b>70,569</b>	<b>45,723</b>	<b>32,483</b>	<b>7,432</b>	<b>11,774</b>	<b>745</b>	<b>8,466</b>	<b>564,363</b>	<b>741,555</b>
<b>Total on- and off-balance sheet items</b>		<b>257,808</b>	<b>270,609</b>	<b>724,534</b>	<b>18,532</b>	<b>22,713</b>	<b>5,815</b>	<b>18,103</b>	<b>1,681,313</b>	<b>2,999,427</b>

<sup>1</sup> Including housing co-operative apartments.

<sup>2</sup> Refers to direct exposures to sovereigns and municipalities and government guarantees.

<sup>3</sup> Does not include government guarantees.

<sup>4</sup> This column includes the parent company's internal lending and commitments to the Group's subsidiaries. For balance sheet items, this internal lending amounts to SEK 969,085 million (1,003,588), and for off-balance sheet items it amounts to SEK 272,990 million (262,397).

## P2 Cont.

## MARKET RISK

Market risks SEK m	2023	2022
Interest rate risk	1,015	563
Foreign exchange risk <sup>1</sup>	4	3
Equity price risk	40	38
Commodity price risk	0	1

<sup>1</sup> Worst outcome in the case of +/- 5% change in SEK.

## LIQUIDITY RISK

Maturity analysis for financial assets and liabilities 2023 SEK m	Up to 30 days	31 days– 6 mths	6–12 mths	1–2 yrs	2–5 yrs	Over 5 yrs	Unspecified maturity	Total
Cash and balances with central banks	393,647							393,647
Interest-bearing securities eligible as collateral with central banks <sup>1</sup>	199,274							199,274
Bonds and other interest-bearing securities <sup>2</sup>	51,139							51,139
Loans to credit institutions	133,126	146,061	109,699	180,809	289,090	200,645		1,059,430
<i>of which reverse repos</i>	12,814							12,814
Loans to the public	84,139	120,676	101,812	86,585	130,577	135,960		659,749
<i>of which reverse repos</i>	17,404							17,404
Other	11,687						127,213	138,900
<i>of which shares</i>	6,170							6,170
<i>of which claims on investment banking settlements</i>	5,517							5,517
<b>Total assets</b>	<b>873,011</b>	<b>266,737</b>	<b>211,511</b>	<b>267,394</b>	<b>419,668</b>	<b>336,605</b>	<b>127,213</b>	<b>2,502,138</b>
Due to credit institutions	61,503	61,039	15,566	18,034	1,100	845	23,169	181,256
<i>of which repos</i>								
<i>of which deposits from central banks</i>	11,741	20,288					0	32,030
Deposits and borrowing from the public	49,223	154,131	34,483	5,224	1,813	49	872,513	1,117,435
<i>of which repos</i>								
Issued securities <sup>3</sup>	67,987	355,316	188,573	34,198	150,702	35,090		831,866
<i>of which covered bonds</i>								
<i>of which certificates of deposit (CDs) with original maturity of less than one year</i>	22,677	97,987	43,918					164,582
<i>of which commercial paper (CPs) with original maturity of less than one year</i>	45,106	212,756	128,562					386,423
<i>of which certificates of deposit (CDs) and commercial paper (CPs) with original maturity of over one year</i>	99	17,960	12,857					30,916
<i>of which senior non-preferred bonds</i>		557	414	970	35,826	24,236		62,003
<i>of which senior bonds and other securities with original maturity of over one year</i>	105	26,056	2,823	33,228	114,876	10,855		187,942
Subordinated liabilities		14,022	565	1,353	20,192	14,367		50,499
Other	7,456						217,991	225,447
<i>of which short positions</i>	2,366							2,366
<i>of which liabilities on investment banking settlements</i>	5,090							5,090
<b>Total liabilities</b>	<b>186,169</b>	<b>584,507</b>	<b>239,187</b>	<b>58,809</b>	<b>173,808</b>	<b>50,352</b>	<b>1,113,673</b>	<b>2,406,504</b>
<b>Off-balance sheet items</b>								
Financial guarantees and unutilised loan commitments	654,813							

Derivatives 2023 SEK m	Up to 30 days	31 days– 6 mths	6–12 mths	1–2 yrs	2–5 yrs	Over 5 yrs	Total
Total derivatives inflow	131,607	475,360	139,129	113,350	325,912	115,717	1,301,075
Total derivatives outflow	132,193	478,909	142,440	111,676	317,825	109,313	1,292,356
<b>Net</b>	<b>-586</b>	<b>-3,549</b>	<b>-3,311</b>	<b>1,674</b>	<b>8,087</b>	<b>6,404</b>	<b>8,719</b>

## P2 Cont.

Maturity analysis for financial assets and liabilities 2022 SEK m	Up to 30 days	31 days– 6 mths	6–12 mths	1–2 yrs	2–5 yrs	Over 5 yrs	Unspecified maturity	Total
Cash and balances with central banks	407,437							407,437
Interest-bearing securities eligible as collateral with central banks <sup>1</sup>	132,989							132,989
Bonds and other interest-bearing securities <sup>2</sup>	33,488							33,488
Loans to credit institutions	110,619	158,846	157,454	173,341	419,899	46,914		1,067,072
<i>of which reverse repos</i>	4,916							4,916
Loans to the public	55,791	112,085	108,033	106,549	158,604	138,354		679,416
<i>of which reverse repos</i>	12,912							12,912
Other	17,669						139,708	157,377
<i>of which shares</i>	7,112							7,112
<i>of which claims on investment banking settlements</i>	10,557							10,557
<b>Total assets</b>	<b>757,993</b>	<b>270,931</b>	<b>265,487</b>	<b>279,891</b>	<b>578,502</b>	<b>185,268</b>	<b>139,708</b>	<b>2,477,780</b>
Due to credit institutions	63,655	49,032	17,685	15,278	7,752	991	19,324	173,716
<i>of which repos</i>								
<i>of which deposits from central banks</i>	14,212	20,009	2,652	114			3	36,989
Deposits and borrowing from the public	16,845	51,228	36,512	10,017	2,085	45	1,020,535	1,137,267
<i>of which repos</i>	4							4
Issued securities <sup>3</sup>	77,185	401,948	170,177	29,058	97,628	50,907		826,904
<i>of which covered bonds</i>								
<i>of which certificates of deposit (CDs) with original maturity of     less than one year</i>	28,791	169,614	56,754					255,159
<i>of which commercial paper (CPs) with original maturity of     less than one year</i>	48,282	203,070	71,539					322,890
<i>of which certificates of deposit (CDs) and commercial     paper (CPs) with original maturity of over one year</i>	9	6,405	8,765	541				15,719
<i>of which senior non-preferred bonds</i>		283	140	423	25,014	24,465		50,325
<i>of which senior bonds and other securities with original     maturity of over one year</i>	103	22,576	32,980	28,095	72,614	26,442		182,810
Subordinated liabilities		9,614	145	14,496	13,511	11,476		49,240
Other	4,999						202,593	207,592
<i>of which short positions</i>	1,947							1,947
<i>of which liabilities on investment banking settlements</i>	3,052							3,052
<b>Total liabilities</b>	<b>162,684</b>	<b>511,821</b>	<b>224,519</b>	<b>68,849</b>	<b>120,975</b>	<b>63,418</b>	<b>1,242,452</b>	<b>2,394,718</b>
<b>Off-balance sheet items</b>								
Financial guarantees and unutilised loan commitments	669,523							

Derivatives 2022 SEK m	Up to 30 days	31 days– 6 mths	6–12 mths	1–2 yrs	2–5 yrs	Over 5 yrs	Total
Total derivatives inflow	189,477	606,809	156,028	144,812	264,991	158,131	1,520,248
Total derivatives outflow	188,395	605,555	152,820	140,760	259,985	151,649	1,499,164
<b>Net</b>	<b>1,082</b>	<b>1,254</b>	<b>3,208</b>	<b>4,052</b>	<b>5,006</b>	<b>6,482</b>	<b>21,084</b>

<sup>1</sup> SEK 169,372 million (106,107) of the amount (excl. interest) has a time to maturity of less than one year.

<sup>2</sup> SEK 3,334 million (2,511) of the amount (excl. interest) has a time to maturity of less than one year.

<sup>3</sup> SEK 600,589 million (637,617) of the amount (excl. interest) has a time to maturity of less than one year.

For deposit volumes, the column "Unspecified maturity" refers to deposits payable on demand.

The table contains interest flows, which means that the balance sheet items are not reconcilable with the parent company's balance sheet.

## P3 Net interest income

SEK m	2023	2022
<b>Interest income</b>		
Loans to credit institutions and central banks	53,689	15,781
Loans to the public	29,289	16,033
Interest-bearing securities eligible as collateral with central banks	8,110	1,289
Bonds and other interest-bearing securities	2,076	876
Derivative instruments	32,227	7,452
Other interest income	843	871
<b>Total</b>	<b>126,235</b>	<b>42,302</b>
Deduction of interest income reported in net gains/losses on financial transactions	-4,242	-814
<b>Total interest income</b>	<b>121,993</b>	<b>41,488</b>
<i>of which interest income according to effective interest method and interest on derivatives in hedge accounting</i>	<i>96,383</i>	<i>34,092</i>
<b>Leasing income</b>	<b>1,739</b>	<b>1,826</b>
<b>Interest expenses</b>		
Due to credit institutions and central banks	-7,233	-1,546
Deposits and borrowing from the public	-34,262	-8,040
Issued securities	-34,978	-11,212
Derivative instruments	-22,409	-2,949
Subordinated liabilities	-1,618	-1,369
Deposit guarantee fees	-256	-364
Other interest expenses	-683	-534
<b>Total</b>	<b>-101,440</b>	<b>-26,014</b>
Deduction of interest expenses reported in net gains/losses on financial transactions	3,654	930
<b>Total interest expenses</b>	<b>-97,786</b>	<b>-25,084</b>
<i>of which interest expenses according to the effective interest method and interest on derivatives in hedge accounting</i>	<i>-85,787</i>	<i>-22,531</i>
<b>Net interest income</b>	<b>25,946</b>	<b>18,230</b>
Depreciation according to plan for finance leases <sup>1</sup>	-1,471	-1,631
Total net interest income incl. depreciation according to plan for finance leases	24,475	16,599

<sup>1</sup> Recognised in the item Depreciation, amortisation and impairment of property, equipment and intangible assets.

The derivative instrument rows include net interest income related to hedged assets and liabilities. These may have both a positive and a negative impact on interest income and interest expenses.

## P4 Dividends received

SEK m	2023	2022
Dividends on shares	41	46
Dividends from associates	8	14
Dividends from Group companies <sup>1</sup>	4,568	614
Group contributions received	11,340	16,279
<b>Total</b>	<b>15,957</b>	<b>16,953</b>

<sup>1</sup> Of which SEK 1,142 million (614) refers to dividends on common equity tier 1 capital loans which Stadshypotek has classified as equity instruments.

## P5 Net fee and commission income

SEK m	2023	2022
Brokerage and other securities commissions	421	498
Mutual funds	109	239
Custody and other asset management fees	905	996
Advisory services	180	172
Payments	2,686	2,764
Loans and deposits	846	900
Guarantees	202	272
Other	606	674
<b>Total fee and commission income</b>	<b>5,955</b>	<b>6,515</b>
Securities	-227	-240
Payments	-1,042	-1,001
Other	-113	-107
<b>Total fee and commission expenses</b>	<b>-1,382</b>	<b>-1,348</b>
<b>Net fee and commission income</b>	<b>4,573</b>	<b>5,167</b>

Fee and commission income refers to income from contracts with customers. Income from Brokerage and other securities commissions, Advisory services, Payments and Loans and deposits is generally recognised in conjunction with the rendering of the service, i.e. at a specific point in time. Income from Mutual funds, Custody and other asset management fees, Insurance and Guarantees is generally recognised as the services are rendered, i.e. on a straight-line basis over time.

## P6 Net gains/losses on financial transactions

SEK m	2023	2022
Amortised cost	-66	-78
<i>of which loans</i>	-66	-78
<i>of which interest-bearing securities</i>	0	
Fair value through other comprehensive income	-1	0
<i>of which interest-bearing securities – expected credit losses</i>	0	0
<i>of which interest-bearing securities – reclassified from other comprehensive income</i>	-1	0
Fair value through profit or loss, fair value option	670	-4,710
<i>of which interest-bearing securities</i>	670	-4,710
Fair value through profit or loss, mandatory incl. foreign exchange effects	1,065	5,615
Hedge accounting	77	-7
<i>of which net gains/losses on fair value hedges</i>	-7	42
<i>of which cash flow hedge ineffectiveness</i>	84	-49
<b>Total</b>	<b>1,745</b>	<b>820</b>

## P7 Other operating income

SEK m	2023	2022
Rental income	7	11
Other operating income <sup>1</sup>	4,223	4,830
<b>Total</b>	<b>4,230</b>	<b>4,841</b>

<sup>1</sup> In Q4 2023, Handelsbanken fondbolagsförvaltning AB was liquidated, which had an impact of SEK 335 million on other operating income in 2023. The repayment of VAT attributable to the sale of the card acquiring business also had an impact of SEK 141 million on other operating income in 2023. In Q4 2022, Svenska Handelsbanken AB sold its Danish operations, which had an impact of SEK 1,513 million on other operating income. This item includes reimbursement for services sold by the parent company to subsidiaries during the respective years.

## P8 Staff costs

SEK m	2023	2022
Salaries and fees	-7,115	-7,145
Social security costs	-1,914	-1,941
Pension costs <sup>1</sup>	-1,824	-2,370
Provision for the profit-sharing scheme	-83	-124
Other staff costs	-520	-409
<b>Total</b>	<b>-11,456</b>	<b>-11,990</b>

<sup>1</sup> Information about pension costs is presented in note P40.

Salaries and fees SEK m	2023	2022
Executive officers <sup>1</sup> , 24 persons (24)	-109	-97
Others	-7,006	-7,048
<b>Total</b>	<b>-7,115</b>	<b>-7,145</b>

<sup>1</sup> Executive officers including Board members.

## P8 Cont.

Gender distribution	2023		2022	
	Men	Women	Men	Women
%				
Board	46	54	46	54
Executive officers excl. Board members	53	47	60	40

Average number of employees	2023			2022		
	Total	Men	Women	Total	Men	Women
Sweden	6,899	3,330	3,569	6,507	3,135	3,372
Norway	888	460	428	812	422	390
Denmark				542	273	269
Finland	525	246	279	521	238	283
The Netherlands	380	237	143	346	214	132
USA	50	29	21	48	28	20
China				1	1	
Luxembourg	51	27	24	50	24	26
Germany				2	1	1
Poland	16	4	12	15	4	11
Other countries	4	1	3	5	1	4
<b>Total</b>	<b>8,813</b>	<b>4,334</b>	<b>4,479</b>	<b>8,849</b>	<b>4,341</b>	<b>4,508</b>

Note G8 provides information about the principles for remuneration to executive officers in the parent company.

## P9 Other administrative expenses

SEK m	2023	2022
Property and premises	-1,311	-1,252
IT-related expenses	-3,383	-3,280
Communication	-215	-200
Travel and marketing	-209	-170
Purchased services	-1,776	-1,513
Supplies	-157	-154
Other expenses	-402	-846
<b>Total</b>	<b>-7,453</b>	<b>-7,415</b>
<i>of which expenses for operating leases</i>		
Lease fee	-472	-496
Variable fee	-164	-119
<b>Total</b>	<b>-636</b>	<b>-615</b>

Operating leases are mainly related to agreements that are normal for the operations regarding office premises and office equipment.

Rental costs for premises normally have a variable fee related to the inflation rate and to property taxes.

Contracted irrevocable future operating lease payments distributed by maturity	2023	2022
SEK m		
Within 1 yr	-805	-669
Between 1 and 5 yrs	-2,221	-2,224
Over 5 yrs	-2,645	-2,507
<b>Total</b>	<b>-5,670</b>	<b>-5,400</b>

Remuneration to auditors and audit companies <sup>1</sup>	PricewaterhouseCoopers AB		Deloitte AB		Ernst & Young AB	
	2023	2022	2023	2022	2023	2022
SEK m						
Audit assignment	-10	-10	-7			-7
Audit operations outside the audit assignment	-2	-2	-2			-1
Tax advice						
Other services		0				

<sup>1</sup> The amounts in the table are exclusive of VAT.

## P10 Credit losses

SEK m	2023	2022
<b>Expected credit losses on balance sheet items</b>		
The year's provision Stage 3	-278	-174
Reversed Stage 3 provision from previous years	237	225
<b>Total expected credit losses in Stage 3</b>	<b>-41</b>	<b>51</b>
The year's net provision Stage 2	23	-36
The year's net provision Stage 1	63	-85
<b>Total expected credit losses in Stage 1 and Stage 2</b>	<b>86</b>	<b>-121</b>
<b>Total expected credit losses on balance sheet items</b>	<b>45</b>	<b>-70</b>
<b>Expected credit losses on off-balance sheet items</b>		
The year's net provision Stage 3	39	13
The year's net provision Stage 2	-47	-27
The year's net provision Stage 1	-4	-9
<b>Total expected credit losses on off-balance sheet items</b>	<b>-13</b>	<b>-22</b>
<b>Write-offs</b>		
Actual credit losses for the year <sup>1</sup>	-184	-666
Utilised share of previous provisions in Stage 3	155	592
<b>Total write-offs</b>	<b>-29</b>	<b>-74</b>
Recoveries	55	125
<b>Net credit losses</b>	<b>58</b>	<b>-41</b>
<i>of which loans to the public</i>	<i>71</i>	<i>-21</i>

<sup>1</sup> Of the year's actual credit losses, SEK 44 million (158) is subject to enforcement activities.

On- and off-balance sheet items that are subject to impairment testing 2023 SEK m	Gross			Provisions		
	Stage 1	Stage 2	Stage 3 <sup>1</sup>	Stage 1	Stage 2	Stage 3
<b>Balance sheet items</b>						
Cash and balances with central banks	362,516					
Interest-bearing securities eligible as collateral with central banks						
Loans to credit institutions	1,008,104	11		-1	-1	
Loans to the public	553,233	46,608	2,476	-143	-392	-786
Bonds and other interest-bearing securities	12,709			-2		
<b>Total</b>	<b>1,936,562</b>	<b>46,619</b>	<b>2,476</b>	<b>-146</b>	<b>-393</b>	<b>-786</b>
<b>Off-balance sheet items</b>						
Contingent liabilities	547,062	10,415	122	-69	-181	-42
<i>of which contingent liabilities</i>	<i>66,910</i>	<i>1,794</i>	<i>71</i>	<i>-11</i>	<i>-41</i>	<i>-22</i>
<i>of which obligations</i>	<i>480,152</i>	<i>8,621</i>	<i>51</i>	<i>-58</i>	<i>-140</i>	<i>-20</i>
<b>Total</b>	<b>547,062</b>	<b>10,415</b>	<b>122</b>	<b>-69</b>	<b>-181</b>	<b>-42</b>

On- and off-balance sheet items subject to impairment testing 2022 SEK m	Gross			Provisions		
	Stage 1	Stage 2	Stage 3 <sup>1</sup>	Stage 1	Stage 2	Stage 3
<b>Balance sheet items</b>						
Cash and balances with central banks	375,981			0		
Interest-bearing securities eligible as collateral with central banks	200			0		
Loans to credit institutions	1,025,814	1		-1	-1	
Loans to the public	605,933	30,716	2,613	-207	-400	-934
Bonds and other interest-bearing securities	9,882			-2		
<b>Total</b>	<b>2,017,811</b>	<b>30,717</b>	<b>2,613</b>	<b>-211</b>	<b>-401</b>	<b>-934</b>
<b>Off-balance sheet items</b>						
Contingent liabilities	561,940	10,002	245	-66	-136	-82
<i>of which contingent liabilities</i>	<i>69,973</i>	<i>1,982</i>	<i>77</i>	<i>-7</i>	<i>-12</i>	<i>-19</i>
<i>of which obligations</i>	<i>491,967</i>	<i>8,020</i>	<i>168</i>	<i>-59</i>	<i>-124</i>	<i>-63</i>
<b>Total</b>	<b>561,940</b>	<b>10,002</b>	<b>245</b>	<b>-66</b>	<b>-136</b>	<b>-82</b>

<sup>1</sup> Gross volume in Stage 3 for which no provision has been made, due to collateral received, amounts to SEK 1,142 million (1,084).

## P10 Cont.

Key metrics, credit losses, %	2023	2022
<b>Loans to the public</b>		
Credit loss ratio, acc.	-0.01	0.00
Total provision ratio	0.22	0.24
Provision ratio Stage 1	0.03	0.03
Provision ratio Stage 2	0.84	1.30
Provision ratio Stage 3	31.74	35.75
Proportion of loans in Stage 3	0.28	0.26

## CHANGE ANALYSIS

Change in provision for expected credit losses, balance sheet items that are subject to impairment testing SEK m	2023				2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Provision at beginning of year	-211	-401	-934	-1,546	-172	-434	-1,665	-2,271
Derecognised assets	14	60	190	264	37	129	204	370
Write-offs	0	0	155	155	0	0	590	590
Remeasurements due to changes in credit risk	7	92	-86	13	-84	163	-7	72
Changes due to update in the methodology for estimation	11	16		27				
Foreign exchange effect, etc.	5	5	2	12	-4	-4	-15	-22
Purchased or originated assets	-14	-14	0	-29	-19	-39	-2	-60
Transfer to Stage 1	-18	14		-4	-13	18	0	5
Transfer to Stage 2	42	-205	5	-158	29	-269	9	-231
Transfer to Stage 3	18	40	-117	-59	15	35	-49	1
<b>Provision at end of year</b>	<b>-146</b>	<b>-393</b>	<b>-786</b>	<b>-1,326</b>	<b>-211</b>	<b>-401</b>	<b>-934</b>	<b>-1,546</b>

Change in provision for expected credit losses, loans to the public that are subject to impairment testing SEK m	2023				2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Provision at beginning of year	-207	-400	-934	-1,542	-169	-431	-1,665	-2,265
Derecognised assets	14	60	190	264	37	129	204	370
Write-offs	0	0	155	155	0	0	590	590
Remeasurements due to changes in credit risk	6	91	-86	12	-84	161	-7	71
Changes due to update in the methodology for estimation	11	16		27				
Foreign exchange effect, etc.	5	5	2	12	-4	-4	-15	-22
Purchased or originated assets	-14	-14	0	-29	-19	-39	-2	-60
Transfer to Stage 1	-18	14		-4	-13	18	0	5
Transfer to Stage 2	42	-204	5	-157	29	-269	9	-231
Transfer to Stage 3	18	40	-117	-59	15	35	-49	1
<b>Provision at end of year</b>	<b>-143</b>	<b>-392</b>	<b>-786</b>	<b>-1,321</b>	<b>-207</b>	<b>-400</b>	<b>-934</b>	<b>-1,542</b>

Change in the provision for expected credit losses, off-balance sheet items that are subject to impairment testing SEK m	2023				2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Provision at beginning of year	-66	-136	-82	-283	-67	-118	-92	-277
Derecognised assets	9	23		32	22	21		42
Write-offs					0	0	1	1
Remeasurements due to changes in credit risk	1	8	39	48	-15	36	8	29
Changes due to update in the methodology for estimation	-5	-7		-12				
Foreign exchange effect, etc.	1	1		3	4	22		26
Purchased or originated assets	-10	-5		-16	-14	-15		-29
Transfer to Stage 1	-6	6		0	-2	4		2
Transfer to Stage 2	6	-73		-67	6	-87		-81
Transfer to Stage 3	1	2		3	1	1		2
<b>Provision at end of year</b>	<b>-69</b>	<b>-181</b>	<b>-42</b>	<b>-292</b>	<b>-66</b>	<b>-136</b>	<b>-82</b>	<b>-283</b>

The change analysis shows the net effect on the provision for the Stage in question for each explanatory item during the period. The effect of derecognitions and write-offs is calculated on the opening balance. The effect of revaluations due to changes in the methodology for estimation and foreign exchange effects, etc., is calculated before any transfer of the net amount between Stages. Purchased or originated assets and amounts transferred between Stages are recognised after the effects of other explanatory items are taken into account. The transfer rows present the effect on the provision for the stated Stage.

## P10 Cont.

Change in gross volume, balance sheet items that are subject to impairment testing SEK m	2023				2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Volume at beginning of year	2,017,811	30,717	2,613	2,051,142	1,914,031	30,400	4,407	1,948,838
Derecognised assets	-408,159	-4,927	-352	-413,437	-150,176	-10,748	-923	-161,847
Write-offs	-2	-1	-180	-183	-3	-2	-658	-663
Remeasurements due to changes in credit risk	-25,648	-6,079	-263	-31,990	105,633	2,725	-610	107,749
Foreign exchange effect, etc.	-11,605	-679	-6	-12,290	75,468	873	28	76,369
Purchased or originated assets	389,363	3,027	27	392,416	78,677	1,999	21	80,696
Transfer to Stage 1	18,644	-18,636	-8		20,962	-20,953	-10	
Transfer to Stage 2	-43,588	43,693	-105		-26,631	26,733	-102	
Transfer to Stage 3	-254	-497	751		-150	-311	461	
<b>Volume at end of year</b>	<b>1,936,562</b>	<b>46,619</b>	<b>2,476</b>	<b>1,985,658</b>	<b>2,017,811</b>	<b>30,717</b>	<b>2,613</b>	<b>2,051,142</b>

Change in gross volume, loans to the public that are subject to impairment testing SEK m	2023				2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Volume at beginning of year	605,933	30,716	2,613	639,263	579,320	30,390	4,407	614,117
Derecognised assets	-55,518	-4,667	-352	-60,536	-105,161	-10,632	-923	-116,717
Write-offs	-2	-1	-180	-183	-3	-2	-658	-663
Remeasurements due to changes in credit risk	6,937	-7,112	-263	-438	52,929	2,908	-610	55,228
Foreign exchange effect, etc.	-11,350	-620	-6	-11,977	15,067	846	28	15,941
Purchased or originated assets	33,136	3,027	27	36,190	69,336	1,999	21	71,356
Transfer to Stage 1	17,780	-17,773	-8		20,962	-20,953	-10	
Transfer to Stage 2	-43,429	43,534	-105		-26,368	26,470	-102	
Transfer to Stage 3	-254	-497	751		-150	-311	461	
<b>Volume at end of year</b>	<b>553,233</b>	<b>46,608</b>	<b>2,476</b>	<b>602,318</b>	<b>605,933</b>	<b>30,716</b>	<b>2,613</b>	<b>639,263</b>

Change in gross volume, off-balance sheet items that are subject to impairment testing SEK m	2023				2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Volume at beginning of year	561,940	10,002	245	572,187	573,613	7,399	297	581,309
Derecognised assets	-37,475	-2,684	-129	-40,289	-87,513	-3,908	-50	-91,472
Write-offs	0	0	-1	-1	0	0	-3	-3
Remeasurements due to changes in credit risk	-17,252	3,524	-31	-13,759	63,232	-2,077	-35	61,120
Foreign exchange effect, etc.	-3,253	-88	-1	-3,342	-32,435	-5,394	4	-37,825
Purchased or originated assets	40,638	2,163	1	42,802	57,850	1,208	0	59,058
Transfer to Stage 1	9,892	-9,891	0		4,623	-4,622	-1	
Transfer to Stage 2	-7,397	7,404	-7		-17,406	17,409	-3	
Transfer to Stage 3	-30	-16	46		-24	-12	36	
<b>Volume at end of year</b>	<b>547,062</b>	<b>10,415</b>	<b>122</b>	<b>557,599</b>	<b>561,940</b>	<b>10,002</b>	<b>245</b>	<b>572,187</b>

Like the analysis for provisions, the change analysis for gross volumes shows the effect of selected explanatory items on the volumes for a stated Stage. The items showing transfers between Stages, and "Purchased or originated assets", present the amounts in the stated Stage at the end of the period. Other items present the effect in the Stage applying at the start of the period.

## P10 Cont.

## SENSITIVITY ANALYSIS

## Macroeconomic forecast in ECL calculations and sensitivity analysis

The calculation of expected credit losses applies forward-looking information in the form of macroeconomic scenarios. The expected credit loss is a probability-weighted average of the estimated forecasts over three scenarios. The forecast in the base case scenario is assigned a weight of 70% (60), while an upturn in the economy is assigned 15% (20), and a downturn 15% (20). These have formed the basis for the calculation of expected credit losses in Stage 1 and Stage 2 as at 31 December 2023.

Macroeconomic risk factors	Downturn scenario			Neutral scenario			Upturn scenario		
	2024	2025	2026	2024	2025	2026	2024	2025	2026
<b>GDP growth</b>									
Sweden	-3.73	0.90	2.95	-0.13	2.30	2.30	2.87	3.30	2.00
Norway	-3.53	0.06	2.35	0.07	1.46	1.70	3.07	2.46	1.40
Finland	-3.41	0.40	2.28	0.19	1.80	1.63	3.19	2.80	1.33
Eurozone	-3.12	0.11	1.95	0.48	1.51	1.30	3.48	2.51	1.00
USA	-2.40	0.44	2.65	1.20	1.84	2.00	4.20	2.84	1.70
<b>Unemployment</b>									
Sweden	10.10	10.41	10.10	8.40	8.31	7.90	7.70	7.31	7.20
Norway	4.05	4.58	4.70	2.35	2.48	2.50	1.65	1.47	1.80
Finland	9.30	9.20	8.70	7.60	7.10	6.50	6.90	6.10	5.80
Eurozone	8.58	8.83	8.90	6.88	6.73	6.70	6.18	5.73	6.00
USA	5.96	6.57	6.50	4.26	4.47	4.30	3.56	3.47	3.60
<b>Policy interest rate</b>									
Sweden	5.25	4.25	3.25	3.75	2.75	2.25	3.00	1.75	1.25
Norway	5.50	4.75	3.25	4.00	3.25	2.25	3.25	2.25	1.25
Finland	4.75	4.00	2.75	3.25	2.50	1.75	2.50	1.50	0.75
Eurozone	4.75	4.00	2.75	3.25	2.50	1.75	2.50	1.50	0.75
USA	5.88	4.63	3.63	4.38	3.13	2.63	3.63	2.13	1.63
<b>Property price trend, commercial real estate</b>									
Sweden	-5.91	1.84	2.83	3.51	8.10	3.57	5.99	13.00	5.56
Norway	-4.81	-4.47	-0.35	2.50	2.10	1.40	5.24	6.16	2.31
Finland	-7.41	-0.16	3.56	1.46	5.86	6.18	3.35	9.03	7.00
Eurozone	-7.69	-3.44	1.80	0.83	4.44	4.85	3.61	8.49	6.05
<b>Property price trend, residential real estate</b>									
Sweden	-5.04	-0.32	2.69	1.10	2.57	2.61	6.46	5.00	3.29
Norway	-0.58	-1.34	4.19	0.94	2.77	3.10	2.54	3.48	2.75
Finland	2.96	5.29	2.78	0.50	3.83	2.96	-0.37	3.75	3.17
Eurozone	2.35	2.00	2.11	2.00	2.00	2.00	1.70	2.03	2.07

## Sensitivity analysis, macroeconomic scenarios

The table below shows the percentage increase/decrease in the provision for expected credit losses in Stage 1 and Stage 2, as at 31 December 2023, which arises when a probability of 100% is assigned to the downturn and upturn scenarios, respectively.

%	2023		2022	
	Increase in the provision in a downturn scenario	Decrease in the provision in an upturn scenario	Increase in the provision in a downturn scenario	Decrease in the provision in an upturn scenario
Sweden	32.00	-18.85	14.21	-11.25
Norway	34.77	-18.92	7.81	-6.29
Finland	17.11	-9.88	5.64	-4.01
The Netherlands	36.85	-22.53	3.52	-2.56
USA	57.50	-36.86	27.06	-20.37
Other countries	23.51	-12.04	3.64	-2.07
<b>Total</b>	<b>30.81</b>	<b>-17.78</b>	<b>10.74</b>	<b>-8.44</b>

## Sensitivity analysis, significant increase in credit risk

The table below shows how the provision in Stage 1 and Stage 2 as at 31 December is affected if the threshold value applied for the ratio between residual credit risk calculated on the reporting date and on initial recognition were to be set 0.5 percentage points lower and higher, respectively, than the applied threshold value of 2.5. A reduction of 0.5 to the threshold value would increase the number of loans transferred from Stage 1 to Stage 2 and would also entail an increase in the provision for expected credit losses. An increase of 0.5 to the threshold value would have the opposite effect. The Bank uses both quantitative and qualitative indicators to assess significant increases in credit risk.

Change in the total provision in Stage 1 and Stage 2, %	2023	2022
Threshold value		
2	1.85	2.52
2.5	0.00	0.00
3	-1.66	-2.15

## P10 Cont.

## CREDIT EXPOSURES THAT ARE SUBJECT TO IMPAIRMENT TESTING, BY PD RANGE

Balance sheet items by PD range	2023			2022		
	Gross volume, SEK m			Gross volume, SEK m		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
PD value <sup>1</sup>						
0.00 to <0.15	1,744,372	11,553		1,857,207	9,600	
0.15 to <0.25	48,221	3,315		44,316	1,648	
0.25 to <0.50	74,720	7,488		71,013	3,986	
0.50 to <0.75	25,901	6,757		14,541	1,403	
0.75 to <2.50	39,106	4,142		28,171	9,304	
2.50 to <10.00	3,928	10,047		2,020	2,898	
10.00 to <100	314	3,316		543	1,877	
100 (default)			2,476			2,613
<b>Total</b>	<b>1,936,562</b>	<b>46,619</b>	<b>2,476</b>	<b>2,017,811</b>	<b>30,717</b>	<b>2,613</b>

Loans to the public by PD range	2023			2022		
	Gross volume, SEK m			Gross volume, SEK m		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
PD value <sup>1</sup>						
0.00 to <0.15	498,329	11,550		504,333	9,876	
0.15 to <0.25	13,776	3,315		28,036	1,692	
0.25 to <0.50	21,346	7,486		44,925	3,220	
0.50 to <0.75	7,399	6,756		9,200	1,444	
0.75 to <2.50	11,172	4,141		17,817	9,571	
2.50 to <10.00	1,122	10,045		1,278	2,981	
10.00 to <100	90	3,316		344	1,931	
100 (default)			2,476			2,613
<b>Total</b>	<b>553,233</b>	<b>46,608</b>	<b>2,476</b>	<b>605,933</b>	<b>30,716</b>	<b>2,613</b>

Off-balance sheet items by PD range	2023			2022		
	Gross volume, SEK m			Gross volume, SEK m		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
PD value <sup>1</sup>						
0.00 to <0.15	411,184	1,666		479,840	4,777	
0.15 to <0.25	29,689	152		37,314	748	
0.25 to <0.50	77,603	1,095		25,062	493	
0.50 to <0.75	10,839	3,526		9,158	579	
0.75 to <2.50	15,960	1,625		9,649	1,618	
2.50 to <10.00	1,726	1,852		797	1,618	
10.00 to <100	60	500		121	169	
100 (default)			122			245
<b>Total</b>	<b>547,062</b>	<b>10,415</b>	<b>122</b>	<b>561,940</b>	<b>10,002</b>	<b>245</b>

<sup>1</sup> Refers to 12-month PD value as at the reporting date.

Assets repossessed for protection of claims SEK m	2023	2022
Movable property	2	0
Shares		0
<b>Carrying amount</b>	<b>2</b>	<b>0</b>

## P11 Risk tax and resolution fee

SEK m	2023	2022
Risk tax	-1,257	-996
Resolution fee	-375	-335
<b>Total</b>	<b>-1,633</b>	<b>-1,331</b>

## P12 Appropriations

SEK m	2023	2022
Change in accelerated depreciation, machinery, equipment and lease assets		-180
Change in accelerated amortisation, goodwill on the acquisition of net assets		20
<b>Total</b>		<b>-160</b>

No changes in appropriations took place during the year.

## P13 Loans to credit institutions

SEK m	2023	2022
<b>Loans in Swedish kronor</b>		
Banks	238	257
Other credit institutions <sup>1</sup>	740,628	763,263
<b>Total</b>	<b>740,866</b>	<b>763,520</b>
<b>Loans in foreign currency</b>		
Banks	46,719	36,174
Other credit institutions	220,409	225,972
<b>Total</b>	<b>267,128</b>	<b>262,146</b>
Provision for expected credit losses	-2	-2
<b>Total loans to credit institutions</b>	<b>1,007,992</b>	<b>1,025,664</b>
<i>of which reverse repos</i>	<i>12,815</i>	<i>4,916</i>
<i>of which subordinated</i>	<i>77,146</i>	<i>53,737</i>

<sup>1</sup> Of which SEK 22,079 million (17,550) refers to common equity tier 1 capital loans which Stadshypotek has classified as equity instruments.

## P14 Loans to the public

SEK m	2023	2022
<b>Loans in Swedish kronor</b>		
Households	19,870	24,999
Corporates	143,285	164,623
National Debt Office	6,748	1,566
<b>Total</b>	<b>169,903</b>	<b>191,188</b>
<b>Loans in foreign currency</b>		
Households	110,270	113,576
Corporates	322,144	334,499
<b>Total</b>	<b>432,414</b>	<b>448,075</b>
Provision for expected credit losses	-1,321	-1,542
<b>Total loans to the public</b>	<b>600,997</b>	<b>637,721</b>
<i>of which reverse repos</i>	<i>17,404</i>	<i>12,917</i>
<i>of which subordinated</i>	<i>1,142</i>	<i>1,136</i>

Average volumes, excl. National Debt Office SEK m	2023	2022
Loans to the public in Swedish kronor	193,609	202,802
Loans to the public in foreign currency	453,155	468,651
<b>Total</b>	<b>646,764</b>	<b>671,453</b>
<i>of which reverse repos</i>	<i>23,110</i>	<i>21,300</i>

## P15 Interest-bearing securities

SEK m	2023			2022		
	Carrying amount	Fair value	Nominal amount	Carrying amount	Fair value	Nominal amount
Interest-bearing securities eligible as collateral with central banks	199,128	199,128	197,474	132,778	132,778	133,726
Bonds and other interest-bearing securities	50,791	50,791	37,151	33,339	33,339	31,611
<b>Total</b>	<b>249,919</b>	<b>249,919</b>	<b>234,625</b>	<b>166,117</b>	<b>166,117</b>	<b>165,337</b>

SEK m	2023			2022		
	Carrying amount	Fair value	Nominal amount	Carrying amount	Fair value	Nominal amount
Government	199,128	199,128	197,474	132,778	132,778	133,726
Credit institution	9,733	9,733	7,856	8,864	8,864	7,655
Mortgage institutions	35,083	35,083	25,155	18,106	18,106	18,754
Other	5,975	5,975	4,141	6,369	6,369	5,202
<b>Total</b>	<b>249,919</b>	<b>249,919</b>	<b>234,625</b>	<b>166,117</b>	<b>166,117</b>	<b>165,337</b>

SEK m	2023	2022
<b>Interest-bearing securities that are subject to impairment testing</b>		
Fair value through other comprehensive income		
Interest-bearing securities eligible as collateral with central banks		200
Bonds and other interest-bearing securities	12,709	9,882
<b>Total</b>	<b>12,709</b>	<b>10,082</b>
Provision for expected credit losses recognised in the fair value reserve in equity	-2	-2

SEK m	2023	2022
<b>Average volumes</b>		
Interest-bearing securities eligible as collateral with central banks	258,785	137,114
Bonds and other interest-bearing securities	55,713	45,823
<b>Total</b>	<b>314,498</b>	<b>182,937</b>

## P16 Shares

SEK m	2023	2022
Fair value through profit or loss, mandatory	5,669	6,668
Fair value through other comprehensive income	501	444
<b>Total shares</b>	<b>6,170</b>	<b>7,112</b>

SEK m	2023	2022
<b>Holdings at fair value through other comprehensive income</b>		
Visa Inc	330	274
VIPPS A/S	60	57
Other holdings	111	113
<b>Total</b>	<b>501</b>	<b>444</b>

Handelsbanken classifies the shareholdings above as measured at fair value through other comprehensive income, as these holdings are not held for trading. The dividends on these shares amounted to SEK 3 million (17) and are recognised in the income statement under Other dividend income. During the year, the Bank divested holdings in a housing co-operative association for a total of SEK 0 million (32). The reason for this divestment was a branch closure.

For information about realised and unrealised gains/losses on equity instruments measured at fair value through other comprehensive income, refer to the Statement of changes in equity for the Parent company.

## P17 Shares in subsidiaries and investments in associates and joint ventures

Shares in subsidiaries and investments in associates and joint ventures			2023	2022
SEK m				
Group companies, unlisted			68,674	69,998
Associates, unlisted			215	215
Joint ventures, unlisted			97	270
<b>Total</b>			<b>68,986</b>	<b>70,483</b>

Group companies	Corporate identity number	Domicile	Number of shares	Ownership share, %	Carrying amount, SEK m	
					2023	2022
Handelsbanken Finans AB <sup>1</sup>	556053-0841	Stockholm	1,550,000	100	6,942	8,212
Stadshypotek AB <sup>1</sup>	556459-6715	Stockholm	162,000	100	26,870	26,870
Handelsbanken Fondbolagsförvaltning AB <sup>2</sup>	556070-0683	Stockholm	10,000	100		1
Handelsbanken Fonder AB	556418-8851	Stockholm	15,000	100	2	2
Handelsbanken Liv Försäkrings AB	516401-8284	Stockholm	100,000	100	6,189	6,189
SHB Liv Försäkringsaktiebolag	2478149-7	Helsinki		100		
Handelsbanken Fastigheter AB	556873-0021	Stockholm		100		
Ecster AB	556993-2311	Stockholm	50,000	100	1,750	1,750
Handelsbanken plc <sup>1</sup>	11305395	London	5,050,401	100	24,520	24,543
Handelsbanken Wealth & Asset Management Limited	04132340	London	1,319,206	100		
Optimix Vermogensbeheer N.V.	33194359	Amsterdam	10,209	100	712	713
Add Value Fund Management BV	19196768	Amsterdam		80		
<b>Other subsidiaries</b>						
EFN Ekonomikanalen AB	556930-1608	Stockholm	100	100	0	0
AB Handel och Industri	556013-5336	Stockholm	100,000	100	12	12
Handelsbanken Markets Securities, Inc.	11-3257438	New York	1,000	100	39	41
Handelsbanken Rahoitus Oy	0112308-8	Helsinki	37,026,871	100	1,561	1,562
Handelsbanken Skadeförsäkrings AB	516401-6767	Stockholm	1,500	100	31	31
Rådstuplass 4 AS	910508423	Bergen	40,000	100	0	0
Svenska Re S.A.	RCS Lux B-32053	Luxembourg	20,000	100	35	35
Handelsbanken Ventures AB	556993-9357	Stockholm	50	100	11	38
<b>Total</b>					<b>68,674</b>	<b>69,998</b>

<sup>1</sup> Credit institution.

<sup>2</sup> The company was liquidated in 2023.

The list of Group companies contains directly owned subsidiaries and large subsidiaries of these companies.

Associates	Corporate identity number	Domicile	Number of shares	Ownership share, %	Carrying amount, SEK m	
					2023	2022
Bankomat AB	556817-9716	Stockholm	150	20.00	67	67
BGC Holding AB	556607-0933	Stockholm	25,542	25.54	81	81
Dyson Group plc	00163096	Sheffield	74,733,672	27.00	22	22
Finansiell ID-teknik BID AB	556630-4928	Stockholm	12,735	28.30	24	24
Getswish AB	556913-7382	Stockholm	10,000	20.00	21	21
USE Intressenter AB	559161-9464	Stockholm	2,448	24.48	0	0
<b>Total</b>					<b>215</b>	<b>215</b>

Joint ventures	Corporate identity number	Domicile	Number of shares	Voting power, %	Carrying amount, SEK m	
					2023	2022
P27 Nordic Payment Platform AB	559198-9610	Stockholm	10,000	16.67	92	160
Invidem AB	559210-0779	Stockholm	10,000	16.67		107
Tibern AB	559384-3542	Stockholm	4,000	14.29	5	3
<b>Total</b>					<b>97</b>	<b>270</b>

## P18 Derivative instruments

SEK m	Nominal amount/maturity			Nominal amount		Positive market values		Negative market values	
	Up to 1 yr	Over 1 yr up to 5 yrs	Over 5 yrs	2023	2022	2023	2022	2023	2022
<b>Derivatives held for trading</b>									
Interest rate-related contracts									
Options	3,359	25,721	6,187	35,267	25,526	263	410	394	358
FRA/futures	377,929	20,062		397,991	681,455	255	928	237	1,180
Swaps	516,830	1,554,660	349,873	2,421,363	2,767,333	49,415	78,155	48,983	77,612
Currency-related contracts									
Options	24,061	1,615	17	25,693	35,136	158	292	237	249
Futures	56,603	5,712	55	62,370	94,033	1,196	1,418	1,146	1,112
Swaps	513,352	154,597	48,119	716,068	909,677	14,827	17,163	23,997	20,796
Equity-related contracts									
Options	4,470	380	32	4,882	2,053	194	182	114	95
Futures	215			215	184	5	6	2	5
Swaps	4,754	1,208		5,962	8,262	101	185	306	663
Commodity-related contracts									
Options			17	17	25	5	2	22	27
Futures	180			180	367	6	32	18	52
Credit-related contracts									
Swaps	463	2,606		3,069	3,908	193	68	82	90
<b>Total</b>	<b>1,502,216</b>	<b>1,766,561</b>	<b>404,300</b>	<b>3,673,076</b>	<b>4,527,959</b>	<b>66,618</b>	<b>98,841</b>	<b>75,538</b>	<b>102,239</b>
<b>Derivatives for fair value hedges</b>									
Interest rate-related contracts									
Swaps	108,976	232,715	72,811	414,502	423,661	11,911	16,884	9,393	15,664
Currency-related contracts									
Swaps		983		983	1,636	25	77		
<b>Total</b>	<b>108,976</b>	<b>233,698</b>	<b>72,811</b>	<b>415,485</b>	<b>425,297</b>	<b>11,937</b>	<b>16,961</b>	<b>9,393</b>	<b>15,664</b>
<b>Derivatives for cash flow hedges</b>									
Interest rate-related contracts									
Swaps	40,333	30,835	8,645	79,813	122,218	2,961	4,353	78	689
Currency-related contracts									
Swaps	85,996	119,925	22,289	228,210	210,818	9,724	13,317	6,486	951
<b>Total</b>	<b>126,329</b>	<b>150,760</b>	<b>30,934</b>	<b>308,023</b>	<b>333,036</b>	<b>12,685</b>	<b>17,670</b>	<b>6,563</b>	<b>1,640</b>
<b>Total derivative instruments</b>	<b>1,737,521</b>	<b>2,151,019</b>	<b>508,045</b>	<b>4,396,584</b>	<b>5,286,292</b>	<b>91,240</b>	<b>133,472</b>	<b>91,494</b>	<b>119,543</b>
<i>of which exchange-traded derivatives</i>				<i>70,400</i>	<i>201,816</i>	<i>148</i>	<i>260</i>	<i>419</i>	<i>274</i>
<i>of which OTC derivatives settled by CCP</i>				<i>2,172,236</i>	<i>2,774,527</i>	<i>52,627</i>	<i>82,375</i>	<i>45,845</i>	<i>83,957</i>
<i>of which OTC derivatives not settled by CCP</i>				<i>2,153,948</i>	<i>2,309,949</i>	<i>38,465</i>	<i>50,837</i>	<i>45,230</i>	<i>35,312</i>
Amounts offset				-2,310,691	-2,826,362	-52,221	-81,112	-45,225	-82,558
<b>Net amount</b>				<b>2,085,893</b>	<b>2,459,930</b>	<b>39,019</b>	<b>52,360</b>	<b>46,269</b>	<b>36,985</b>
<b>Currency breakdown of market values</b>									
SEK						54,626	-224,388	333,073	12,539
USD						-25,673	187,752	-350,125	-244,777
EUR						157,332	280,424	73,140	300,494
Others						-95,045	-110,316	35,406	51,287
<b>Total</b>						<b>91,240</b>	<b>133,472</b>	<b>91,494</b>	<b>119,543</b>

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

The Bank amortises positive differences between the value measured by a valuation model upon initial recognition and the transaction price (day 1 gains/losses) over the life of the derivative. Such not yet recognised day 1 gains amounted to SEK 472 million (447) at year-end.

## P19 Hedge accounting

Hedging instruments in cash flow hedges	2023			2022		
	Up to 1 yr	1–5 yrs	Over 5 yrs	Up to 1 yr	1–5 yrs	Over 5 yrs
SEK m						
<b>Interest rate risk</b>						
Interest rate swaps, fixed interest paid and variable interest received						
Nominal amount	13,568	16,503	8,645	15,599	27,009	11,499
Average fixed interest, %	0.38	0.60	0.67	0.81	0.44	0.76
Interest rate swaps, variable interest paid and fixed interest received						
Nominal amount	26,765	14,332		36,885	30,182	1,044
Average fixed interest, %	2.61	3.61		2.00	2.65	3.98
<b>Foreign exchange risk</b>						
Foreign exchange derivatives, EUR/NOK						
Nominal amount		35,857	17,514	21,271	17,074	21,847
Average exchange rate EUR/NOK		0.0954	0.0728	0.1045	0.1008	0.0989
Foreign exchange derivatives, USD/GBP						
Nominal amount		989		7,560		1,000
Average exchange rate USD/GBP		1.3157		1.2930		1.3157
Foreign exchange derivatives, USD/NOK						
Nominal amount	2,066	40,077		14,163	26,897	
Average exchange rate USD/NOK	0.0509	0.0958		0.1083	0.1114	
Foreign exchange derivatives, USD/SEK						
Nominal amount	75,356	14,513	4,776	60,393	8,421	4,872
Average exchange rate USD/SEK	0.0880	0.0782	0.1105	0.1000	0.1068	0.1105
Foreign exchange derivatives, AUD/USD						
Nominal amount				6,602		
Average exchange rate AUD/USD				1.3770		
Foreign exchange derivatives, AUD/EUR						
Nominal amount		13,016				
Average exchange rate AUD/EUR		1.5415				
Foreign exchange derivatives, other currency pairs						
Nominal amount	8,574	15,473			20,718	
<b>Total</b>	<b>126,329</b>	<b>150,760</b>	<b>30,934</b>	<b>162,473</b>	<b>130,301</b>	<b>40,262</b>

Hedging instruments and ineffectiveness in cash flow hedges 2023	Nominal amount hedging instruments	Carrying amount hedging instruments		Change in fair value used to calculate ineffectiveness	Change in the value of the hedging instruments recognised in other comprehensive income	Ineffectiveness recognised in the income statement	Reclassified from the hedge reserve to the income statement
		Assets	Liabilities				
SEK m							
<b>Interest rate risk</b>							
Interest rate swaps, fixed interest paid and variable interest received	38,716	2,580	1	-1,831	-1,917	86	
Interest rate swaps, variable interest paid and fixed interest received	41,097	381	77	751	751		80
<b>Foreign exchange risk<sup>1</sup></b>							
Foreign exchange derivatives, EUR/NOK	53,371	4,335	445	-194	-196	2	
Foreign exchange derivatives, EUR/SEK	15,566	305	310	-12	-12	0	
Foreign exchange derivatives, USD/GBP	989	30		8	8		
Foreign exchange derivatives, USD/NOK	42,143	3,133	1,048	-22	-20	-2	
Foreign exchange derivatives, USD/SEK	94,645	1,322	3,951	-103	-103	0	
Foreign exchange derivatives, AUD/USD				7	7		-1
Foreign exchange derivatives, other currency pairs	21,496	599	732	15	17	-2	27
<b>Total</b>	<b>308,023</b>	<b>12,685</b>	<b>6,563</b>	<b>-1,381</b>	<b>-1,465</b>	<b>84</b>	<b>106</b>

Hedging instruments and ineffectiveness in cash flow hedges 2022	Nominal amount hedging instruments	Carrying amount hedging instruments		Change in fair value used to calculate ineffectiveness	Change in the value of the hedging instruments recognised in other comprehensive income	Ineffectiveness recognised in the income statement	Reclassified from the hedge reserve to the income statement
		Assets	Liabilities				
SEK m							
<b>Interest rate risk</b>							
Interest rate swaps, fixed interest paid and variable interest received	54,107	4,282	11	4,758	4,812	-54	
Interest rate swaps, variable interest paid and fixed interest received	68,111	71	678	-2,122	-2,122	0	38
<b>Foreign exchange risk<sup>1</sup></b>							
Foreign exchange derivatives, EUR/DKK				-3	-3	0	
Foreign exchange derivatives, EUR/GBP				20	20		
Foreign exchange derivatives, EUR/NOK	60,192	3,846	12	199	200	-1	
Foreign exchange derivatives, EUR/SEK	8,194	303		55	55		
Foreign exchange derivatives, USD/DKK				70	70	0	
Foreign exchange derivatives, USD/GBP	8,560	633		19	19		
Foreign exchange derivatives, USD/NOK	41,060	3,432		16	12	4	
Foreign exchange derivatives, USD/SEK	73,686	4,728	281	360	358	2	
Foreign exchange derivatives, AUD/USD	6,602		442	-56	-56		2
Foreign exchange derivatives, other currency pairs	12,524	375	216	90	90	0	4
<b>Total</b>	<b>333,036</b>	<b>17,670</b>	<b>1,640</b>	<b>3,406</b>	<b>3,455</b>	<b>-49</b>	<b>44</b>

<sup>1</sup> When analysing for the purposes of hedge accounting, the conversion to the parent company's functional currency, SEK, is taken into account by imputing nominal derivative legs in the hedging relationships. The imputed derivative legs are not included in the nominal volumes presented in the tables above.

The carrying amount of hedging instruments is included in the item Derivative instruments in the balance sheet. Ineffectiveness recognised in the income statement is included in the item Net gains/losses on financial transactions. Reclassified to the income statement is included under Net gains/losses on financial transactions and refers to cash flow hedges terminated before their maturity date.

## P19 Cont.

Hedged items in cash flow hedges	2023			2022		
	Change in value used to calculate ineffectiveness	Hedge reserve	Amounts remaining in the hedge reserve from hedging relationships for which hedge accounting is no longer applied	Change in value used to calculate ineffectiveness	Hedge reserve	Amounts remaining in the hedge reserve from hedging relationships for which hedge accounting is no longer applied
SEK m						
<b>Interest rate risk</b>						
Issued variable-interest securities	1,917	2,333		-4,812	4,255	
Variable-interest loans to the public	-751	298	366	2,122	-378	446
<b>Foreign exchange risk</b>						
Securities issued in EUR and internal loans in GBP and NOK	208	-107		-272	98	
Securities issued in USD and internal loans in EUR, GBP and NOK	115	317	68	-459	455	89
Securities issued in AUD	-7	-2	-2	56	-10	-3
Securities issued and internal loans in other currencies	-17	37		-90	27	6
<b>Total</b>	<b>1,465</b>	<b>2,876</b>	<b>432</b>	<b>-3,455</b>	<b>4,447</b>	<b>538</b>

Hedging instruments in fair value hedges	2023			2022		
	Up to 1 yr	1-5 yrs	Over 5 yrs	Up to 1 yr	1-5 yrs	Over 5 yrs
SEK m						
<b>Interest rate risk</b>						
Interest rate swaps, variable interest paid and fixed interest received						
Nominal amount	44,464	156,862	42,357	23,501	116,649	49,316
Average fixed interest, %	2.21	2.84	2.61	1.34	2.00	1.76
Cross-currency interest rate swaps, variable interest paid and fixed interest received						
Nominal amount		983		633		1,003
Average fixed interest, %		3.69		3.26		3.69
<b>Total</b>	<b>44,464</b>	<b>157,845</b>	<b>42,357</b>	<b>24,134</b>	<b>116,649</b>	<b>50,319</b>

Hedging instruments and ineffectiveness in fair value hedges 2023	Nominal amount hedging instruments	Carrying amount hedging instruments		Change in fair value used to calculate ineffectiveness	Ineffectiveness recognised in the income statement
		Assets	Liabilities		
SEK m					
<b>Interest rate risk</b>					
Interest rate swaps, variable interest paid and fixed interest received	243,683	1,811	9,357	7,932	66
Cross-currency interest rate swaps, variable interest paid and fixed interest received	983	25		54	7
<b>Total</b>	<b>244,666</b>	<b>1,836</b>	<b>9,357</b>	<b>7,986</b>	<b>73</b>
<b>Portfolio fair value hedges</b>					
<b>Interest rate risk</b>					
Interest rate swaps, fixed interest paid and variable interest received	170,819	10,100	36	-7,034	-80
<b>Total</b>	<b>170,819</b>	<b>10,100</b>	<b>36</b>	<b>-7,034</b>	<b>-80</b>

Hedging instruments and ineffectiveness in fair value hedges 2022	Nominal amount hedging instruments	Carrying amount hedging instruments		Change in fair value used to calculate ineffectiveness	Ineffectiveness recognised in the income statement
		Assets	Liabilities		
SEK m					
<b>Interest rate risk</b>					
Interest rate swaps, variable interest paid and fixed interest received	189,466	75	15,652	-14,969	-9
Cross-currency interest rate swaps, variable interest paid and fixed interest received	1,636	77		-171	-4
<b>Total</b>	<b>191,102</b>	<b>152</b>	<b>15,652</b>	<b>-15,140</b>	<b>-13</b>
<b>Portfolio fair value hedges</b>					
<b>Interest rate risk</b>					
Interest rate swaps, fixed interest paid and variable interest received	234,195	16,809	12	14,762	55
<b>Total</b>	<b>234,195</b>	<b>16,809</b>	<b>12</b>	<b>14,762</b>	<b>55</b>

The carrying amount of hedging instruments is included in the item Derivative instruments in the balance sheet. Ineffectiveness recognised in the income statement is included in the item Net gains/losses on financial transactions.

## P19 Cont.

Hedged items in fair value hedges 2023	Carrying amount hedged item		Accumulated fair value adjustment included in the carrying amount of the hedged item		Change in value used to calculate ineffectiveness
	Assets	Liabilities	Assets	Liabilities	
SEK m					
<b>Interest rate risk</b>					
Issued fixed-interest securities and subordinated liabilities		233,072		-8,786	-7,913
<b>Total</b>		<b>233,072</b>		<b>-8,786</b>	<b>-7,913</b>
<b>Portfolio fair value hedges<sup>1</sup></b>					
<b>Interest rate risk</b>					
Fixed-interest loans to the public	-9,657		-9,657		6,954
<b>Total</b>	<b>-9,657</b>		<b>-9,657</b>		<b>6,954</b>

<sup>1</sup> The volume of the underlying lending portfolio was SEK 170,819 million (234,195) as at 31 December 2023.

No accumulated amount of adjustments to fair value hedges remained on the balance sheet for hedged items which are no longer adjusted for changes in fair value either this year or last year.

Hedged items in fair value hedges 2022	Carrying amount hedged item		Accumulated fair value adjustment included in the carrying amount of the hedged item		Change in value used to calculate ineffectiveness
	Assets	Liabilities	Assets	Liabilities	
SEK m					
<b>Interest rate risk</b>					
Issued fixed-interest securities and subordinated liabilities		175,113		-16,699	15,127
<b>Total</b>		<b>175,113</b>		<b>-16,699</b>	<b>15,127</b>
<b>Portfolio fair value hedges<sup>1</sup></b>					
<b>Interest rate risk</b>					
Fixed-interest loans to the public	-16,611		-16,611		-14,707
<b>Total</b>	<b>-16,611</b>		<b>-16,611</b>		<b>-14,707</b>

## P20 Offsetting of financial instruments

2023	Repurchase agreements and securities lending		Total
	Derivatives		
SEK m			
<b>Financial fixed assets subject to offsetting, enforceable master netting arrangements and similar agreements</b>			
Gross amount	91,240	35,332	126,572
Amounts offset	-52,221	-4,628	-56,849
<b>Carrying amount on the balance sheet</b>	<b>39,019</b>	<b>30,704</b>	<b>69,723</b>
<b>Related amounts not offset on the balance sheet</b>			
Financial instruments, netting arrangements	-7,781		-7,781
Financial assets received as collateral	-18,880	-30,704	-49,584
<b>Total amounts not offset on the balance sheet</b>	<b>-26,661</b>	<b>-30,704</b>	<b>-57,365</b>
<b>Net amount</b>	<b>12,358</b>	<b>0</b>	<b>12,358</b>
<b>Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements</b>			
Gross amount	91,494	4,631	96,125
Amounts offset	-45,225	-4,628	-49,853
<b>Carrying amount on the balance sheet</b>	<b>46,269</b>	<b>3</b>	<b>46,272</b>
<b>Related amounts not offset on the balance sheet</b>			
Financial instruments, netting arrangements	-7,781		-7,781
Financial assets pledged as collateral	-17,305	-3	-17,308
<b>Total amounts not offset on the balance sheet</b>	<b>-25,086</b>	<b>-3</b>	<b>-25,089</b>
<b>Net amount</b>	<b>21,183</b>	<b>0</b>	<b>21,183</b>

## P20 Cont.

2022		Derivatives	Repurchase agreements and securities lending	Total
SEK m				
<b>Financial fixed assets subject to offsetting, enforceable master netting arrangements and similar agreements</b>				
Gross amount		133,472	26,819	160,291
Amounts offset		-81,112	-8,320	-89,432
<b>Carrying amount on the balance sheet</b>		<b>52,360</b>	<b>18,499</b>	<b>70,859</b>
<b>Related amounts not offset on the balance sheet</b>				
Financial instruments, netting arrangements		-11,031		-11,031
Financial assets received as collateral		-21,972	-18,484	-40,456
<b>Total amounts not offset on the balance sheet</b>		<b>-33,003</b>	<b>-18,484</b>	<b>-51,487</b>
<b>Net amount</b>		<b>19,357</b>	<b>15</b>	<b>19,372</b>
<b>Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements</b>				
Gross amount		119,543	8,325	127,868
Amounts offset		-82,558	-8,320	-90,878
<b>Carrying amount on the balance sheet</b>		<b>36,985</b>	<b>5</b>	<b>36,990</b>
<b>Related amounts not offset on the balance sheet</b>				
Financial instruments, netting arrangements		-11,031		-11,031
Financial assets pledged as collateral		-5,897	-5	-5,902
<b>Total amounts not offset on the balance sheet</b>		<b>-16,928</b>	<b>-5</b>	<b>-16,933</b>
<b>Net amount</b>		<b>20,057</b>	<b>0</b>	<b>20,057</b>

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

The amount offset for derivative assets includes offset cash collateral of SEK 11,268 million (11,346) derived from the balance sheet item Deposits and borrowing from the public. The amount offset for derivative liabilities includes offset cash collateral of SEK 4,272 million (12,791), derived from the balance sheet item Loans to the public.

## P21 Intangible assets

2023	Acquisition assets	Internally developed software	Other	Total 2023
SEK m				
Cost of acquisition at beginning of year	531	5,361	164	6,056
Cost of acquisition of additional intangible assets		684		684
Disposals and retirements	-531	-554		-554
Foreign exchange effect		-12		-12
<b>Cost of acquisition at end of year</b>	<b>0</b>	<b>5,478</b>	<b>164</b>	<b>6,174</b>
Accumulated amortisation and impairment at beginning of year	-531	-2,283	-99	-2,913
Disposals and retirements	531	554		554
Amortisation for the year according to plan		-575	-33	-608
Impairment for the year				0
Foreign exchange effect		3		3
<b>Accumulated amortisation and impairment at end of year</b>	<b>0</b>	<b>-2,300</b>	<b>-131</b>	<b>-2,964</b>
<b>Carrying amount</b>	<b>0</b>	<b>3,178</b>	<b>33</b>	<b>3,211</b>

During the year, development expenses amounting to SEK 2,883 million (2,401) have been recognised.

2022	Acquisition assets	Internally developed software	Other	Total 2022
SEK m				
Cost of acquisition at beginning of year	2,390	4,975	164	7,529
Cost of acquisition of additional intangible assets		572		572
Disposals and retirements	-1,875	-218		-2,093
Foreign exchange effect	16	32		48
<b>Cost of acquisition at end of year</b>	<b>531</b>	<b>5,361</b>	<b>164</b>	<b>6,056</b>
Accumulated amortisation and impairment at beginning of year	-2,369	-1,965	-66	-4,400
Disposals and retirements	1,875	218		2,093
Amortisation for the year according to plan	-21	-507	-33	-561
Impairment for the year		-6		-6
Foreign exchange effect	-16	-23		-39
<b>Accumulated amortisation and impairment at end of year</b>	<b>-531</b>	<b>-2,283</b>	<b>-99</b>	<b>-2,913</b>
<b>Carrying amount</b>	<b>0</b>	<b>3,078</b>	<b>66</b>	<b>3,144</b>

In the parent company, acquisition assets and other intangible assets with an indefinite useful life are amortised in compliance with the provisions of the above-mentioned Annual Accounts Act for Credit Institutions and Securities Companies. According to experience, the customer relations that the acquisitions have led to, and consequently the useful life of acquisition assets, are very long. The amortisation period has been set at 20 years.

## P22 Property, equipment and lease assets

<b>Property, equipment and lease assets</b>					
SEK m			2023	2022	
Property			26	25	
Equipment			544	477	
Lease assets			6,101	6,028	
Property repossessed for protection of claims			2		
<b>Total</b>			<b>6,673</b>	<b>6,530</b>	
<b>Property</b>					
SEK m			2023	2022	
Cost of acquisition at beginning of year			54	54	
New construction and conversion			3	0	
<b>Cost of acquisition at end of year</b>			<b>57</b>	<b>54</b>	
Accumulated depreciation and impairment at beginning of year			-29	-27	
Depreciation for the year according to plan			-2	-2	
<b>Accumulated depreciation and impairment at end of year</b>			<b>-31</b>	<b>-29</b>	
<b>Carrying amount</b>			<b>26</b>	<b>25</b>	
<b>Equipment</b>					
SEK m			2023	2022	
Cost of acquisition at beginning of year			1,338	1,326	
Cost of additional acquisition for the year			332	306	
Disposals and retirements			-277	-320	
Foreign exchange effect			-10	26	
<b>Cost of acquisition at end of year</b>			<b>1,383</b>	<b>1,338</b>	
Accumulated depreciation and impairment at beginning of year			-861	-872	
Depreciation for the year according to plan			-253	-260	
Disposals and retirements			270	288	
Foreign exchange effect			5	-17	
<b>Accumulated depreciation and impairment at end of year</b>			<b>-839</b>	<b>-861</b>	
<b>Carrying amount</b>			<b>544</b>	<b>477</b>	
<b>Lease assets</b>					
SEK m			2023	2022	
Cost of acquisition at beginning of year			10,548	11,365	
Cost of additional acquisition for the year			2,669	2,291	
Disposals and retirements			-2,986	-3,208	
Foreign exchange effect, etc.			-176	100	
<b>Cost of acquisition at end of year</b>			<b>10,055</b>	<b>10,548</b>	
Accumulated depreciation and impairment at beginning of year			-4,520	-4,803	
Depreciation for the year according to plan			-1,471	-1,647	
Impairment for the year			24	-18	
Disposals and retirements			1,940	1,990	
Foreign exchange effect			73	-42	
<b>Accumulated depreciation and impairment at end of year</b>			<b>-3,954</b>	<b>-4,520</b>	
<b>Carrying amount</b>			<b>6,101</b>	<b>6,028</b>	
<b>Distribution of future lease payments by maturity</b>					
SEK m		Within 1 yr	Between 1 and 5 yrs	Over 5 yrs	Total
<b>2023</b>					
Distribution of future lease payments		1,696	4,158	409	<b>6,263</b>
<b>2022</b>					
Distribution of future lease payments		1,447	4,217	467	<b>6,131</b>

Lease assets mainly consist of vehicles and machines. Lease assets are depreciated during the term of the lease agreement according to the annuity method. Lease payments recognised as income during the financial year amount to SEK 268 million (194), of which the variable part of the lease income is SEK 268 million (179).

The parent company's property and equipment consist of property (owner-occupied properties), equipment and lease assets. These assets are recorded at cost of acquisition less accumulated depreciation and impairment losses. Depreciation is based on the estimated useful lives of the assets. A linear depreciation plan is applied for property and equipment. No material changes were made to the useful lives in 2023. The estimated useful lives are reviewed annually. The useful life of equipment is deemed to be 2–10 years. Separate depreciation plans are applied to the different sub-components of properties. The useful life for the buildings structure is deemed to be 100 years and the remaining sub-components are deemed to have useful lives of between 10 and 35 years. The parent company recognises finance leases as operating leases. Lease assets that primarily comprise vehicles and machinery are depreciated during the term of the lease agreement according to the annuity method. Impairment testing of property and equipment is carried out when there is an indication that the value of the asset may have decreased. There was no indication on the balance sheet date that property and equipment required impairment.

## P23 Other assets

SEK m	2023	2022
Claims on investment banking settlements	5,517	10,557
Other	15,272	19,609
<b>Total</b>	<b>20,789</b>	<b>30,166</b>

## P24 Prepaid expenses and accrued income

SEK m	2023	2022
Accrued income	538	444
Prepaid expenses	849	715
<b>Total</b>	<b>1,386</b>	<b>1,159</b>

## P25 Due to credit institutions

SEK m	2023	2022
<b>Due in Swedish kronor</b>		
Banks	7,222	9,079
Other credit institutions	19,320	20,932
<b>Total</b>	<b>26,542</b>	<b>30,011</b>
<b>Due in foreign currency</b>		
Banks	73,142	63,861
Other credit institutions	76,459	75,745
<b>Total</b>	<b>149,601</b>	<b>139,606</b>
<b>Total due to credit institutions</b>	<b>176,143</b>	<b>169,617</b>
<i>of which repos</i>	0	

Average volumes SEK m	2023	2022
Due to credit institutions in Swedish kronor	27,383	28,958
Due to credit institutions in foreign currency	233,188	222,412
<b>Total</b>	<b>260,571</b>	<b>251,370</b>
<i>of which repos</i>	177	125

## P26 Deposits and borrowing from the public

Deposits from the public SEK m	2023	2022
<b>Deposits in Swedish kronor</b>		
Households	361,646	430,291
Corporates	291,500	351,821
National Debt Office	1	1
<b>Total</b>	<b>653,146</b>	<b>782,113</b>
<b>Deposits in foreign currency</b>		
Households	60,310	67,525
Corporates	155,898	165,356
<b>Total</b>	<b>216,207</b>	<b>232,881</b>
<b>Total deposits from the public</b>	<b>869,353</b>	<b>1,014,994</b>
<b>Borrowing from the public</b> SEK m	<b>2023</b>	<b>2022</b>
Borrowing in Swedish kronor	176,759	81,175
Borrowing in foreign currency	63,360	41,103
<b>Total borrowing from the public</b>	<b>240,119</b>	<b>122,278</b>
<b>Total deposits and borrowing from the public</b>	<b>1,109,471</b>	<b>1,137,272</b>
<i>of which repos</i>	2	5

## P26 Cont.

Average volumes SEK m	2023	2022
<b>Deposits from the public</b>		
Deposits from the public in Swedish kronor	691,097	824,746
Deposits from the public in foreign currency	235,155	308,478
<b>Total</b>	<b>926,252</b>	<b>1,133,224</b>
<b>Borrowing from the public</b>		
Borrowing from the public in Swedish kronor	175,907	70,508
Borrowing from the public in foreign currency	191,818	206,408
<b>Total</b>	<b>367,725</b>	<b>276,916</b>
<i>of which repos</i>	8,978	16,971

## P27 Issued securities

SEK m	2023		2022	
	Carrying amount	Nominal amount	Carrying amount	Nominal amount
<b>Commercial paper</b>				
Commercial paper in Swedish kronor	1,099	1,055	908	861
<i>of which fair value through profit or loss</i>	1,099	1,055	908	861
Commercial paper in foreign currency	578,821	391,189	595,898	597,088
<i>of which amortised cost</i>	578,414	390,799	595,171	596,399
<i>of which included in fair value hedges</i>	15,500	15,745	6,507	6,681
<i>of which fair value through profit or loss</i>	407	391	727	690
<b>Total</b>	<b>579,920</b>	<b>392,244</b>	<b>596,806</b>	<b>597,950</b>
<b>Bonds</b>				
Bonds in Swedish kronor	2,668	2,622	2,693	2,593
<i>of which amortised cost</i>	2,668	2,622	2,693	2,593
Bonds in foreign currency	223,578	229,835	206,513	220,158
<i>of which amortised cost</i>	223,578	229,835	206,513	220,158
<i>of which included in fair value hedges</i>	185,172	191,582	145,359	159,198
<b>Total</b>	<b>226,247</b>	<b>232,457</b>	<b>209,207</b>	<b>222,751</b>
<b>Total issued securities</b>	<b>806,167</b>	<b>624,701</b>	<b>806,013</b>	<b>820,701</b>

SEK m	2023	2022
Issued securities at beginning of year	806,013	679,808
Issued	1,004,310	819,660
Repurchased	-2,103	-1,587
Matured	-985,938	-732,827
Foreign exchange effect, etc.	-16,115	40,959
<b>Issued securities at end of year</b>	<b>806,167</b>	<b>806,013</b>

Average volumes SEK m	2023	2022
Issued securities in Swedish kronor	-8,378	-3,640
Issued securities in foreign currency	860,275	787,944
<b>Total</b>	<b>851,897</b>	<b>784,304</b>

## P28 Short positions

SEK m	2023	2022
<b>Short positions at fair value</b>		
Equities	520	362
Interest-bearing securities	1,844	1,577
<b>Total</b>	<b>2,364</b>	<b>1,939</b>

Average volumes SEK m	2023	2022
Short positions in Swedish kronor	15,301	16,865
Short positions in foreign currency	209	142
<b>Total</b>	<b>15,510</b>	<b>17,007</b>

## P29 Taxes

Tax expenses recognised in the income statement SEK m	2023	2022
Current tax	-6,004	-4,594
Deferred tax	270	-307
Adjustment of tax relating to prior years	-13	45
<b>Total</b>	<b>-5,747</b>	<b>-4,856</b>

Tax expenses recognised in the income statement SEK m	2023	2022
Profit before tax	28,110	20,311
Tax on profit before tax at Swedish tax rate	-5,791	-4,184
<b>Recognised tax</b>	<b>-5,747</b>	<b>-4,856</b>
<b>Difference</b>	<b>44</b>	<b>-672</b>
The difference is explained by the following items		
Non-taxable income/non-deductible expenses	2	-39
Non-deductible interest on subordinated liabilities	-583	-282
Non-taxable capital gains and dividends	941	130
Impairment of shares in subsidiaries	-314	-475
Other	-2	-6
<b>Total</b>	<b>44</b>	<b>-672</b>

Deferred tax assets 2023	Opening balance	Recognised in income statement	Recognised in other comprehensive income	Offsetting	Closing balance
SEK m					
Pensions	304	-13			291
Other	313	109			422
Offsetting				-339	-339
<b>Total</b>	<b>617</b>	<b>96</b>		<b>-339</b>	<b>374</b>

Deferred tax liabilities 2023	Opening balance	Recognised in income statement	Recognised in other comprehensive income	Offsetting	Closing balance
SEK m					
Property and equipment	11	-2			9
Hedging instruments	915		-322		593
Other	267	-204	10		73
Offsetting				-339	-339
<b>Total</b>	<b>1,193</b>	<b>-206</b>	<b>-312</b>	<b>-339</b>	<b>336</b>

Deferred tax assets 2022	Opening balance	Recognised in income statement	Recognised in other comprehensive income	Closing balance
SEK m				
Pensions	275	29		304
Other	393	-80		313
<b>Total</b>	<b>668</b>	<b>-51</b>		<b>617</b>

Deferred tax liabilities 2022	Opening balance	Recognised in income statement	Recognised in other comprehensive income	Closing balance
SEK m				
Property and equipment	11			11
Hedging instruments	230		685	915
Other	195	256	-184	267
<b>Total</b>	<b>436</b>	<b>256</b>	<b>501</b>	<b>1,193</b>

An initial assessment has been carried out to determine how the Bank is affected by the Pillar 2 rules and will be reviewed on a continuous basis. The Bank's assessment is that it is able, and intends, to apply the temporary relief in the rules. Handelsbanken also applies the exemption in IAS 12 entailing that the Group does not recognise or disclose deferred tax assets or liabilities related to income tax due to Pillar 2.

All countries in which Handelsbanken operates, with the exception of the USA, have adopted the EU's Pillar 2 Directive, and national legislation has been or will be implemented. Handelsbanken does not operate in low-taxed countries, and all countries in which the Bank operates have a tax rate of more than 20%. According to adopted and proposed future legislation, top-up tax is to be paid in each country except in the USA, where payment should be made by the parent company in Sweden. Handelsbanken's assessment is that the regulations will not have any material impact on Handelsbanken's financial statements.

### Unrecognised deferred tax assets and deficits

Deferred tax assets on loss carry forwards and other future deductible temporary differences are recognised only if it is probable that they can be utilised in the foreseeable future.

## P30 Provisions

Provisions 2023		Provision for expected credit losses on off-balance sheet items <sup>1</sup>	Provision for restructuring <sup>2</sup>	Other provisions <sup>3</sup>	Total
SEK m					
Provisions at beginning of year		283	158	204	646
Provisions during the year				191	191
Utilised			-136	-57	-193
Reversed				-28	-28
Change in expected credit losses, net		9			9
Provisions at end of year		292	22	310	624

Provisions 2022		Provision for expected credit losses on off-balance sheet items <sup>1</sup>	Provision for restructuring <sup>2</sup>	Other provisions <sup>3</sup>	Total
SEK m					
Provisions at beginning of year		277	641	93	1,011
Provisions during the year				434	434
Utilised			-482	-313	-796
Reversed				-9	-9
Change in expected credit losses, net		6			6
Provisions at end of year		283	158	204	646

<sup>1</sup> For more information, see notes P10 and P39.

<sup>2</sup> The provision for restructuring costs refers to expenses related to the Bank's restructuring. The majority of the provision amount was settled during the years 2021–2023. The remainder is expected to be settled by the end of 2024.

<sup>3</sup> The amounts allocated for future settlement of the claims on the Bank are presented under Other provisions.

## P31 Other liabilities

SEK m	2023	2022
Liabilities on investment banking settlements	5,090	3,052
Other	6,285	3,727
<b>Total</b>	<b>11,374</b>	<b>6,779</b>

## P32 Accrued expenses and deferred income

SEK m	2023	2022
Accrued expenses	1,444	1,798
Deferred income	955	1,103
<b>Total</b>	<b>2,399</b>	<b>2,901</b>

## P33 Subordinated liabilities

SEK m	2023	2022
Subordinated liabilities in Swedish kronor		
Subordinated liabilities in foreign currency	43,117	42,404
<b>Total</b>	<b>43,117</b>	<b>42,404</b>

Specification of subordinated liabilities								
Year of issuance	Maturity	Original maturity date	First possible redemption date	Currency	Original nominal amount in each currency	Convertible/ Non-convertible	Interest rate %	Outstanding amount
2018	Fixed term <sup>1</sup>	5 Mar 2029	5 Mar 2024	EUR	750	Non-convertible	1,625	8,456
2019	Perpetual <sup>2,3</sup>		1 Mar 2024	USD	500	Convertible <sup>4</sup>	6,250	5,258
2020	Perpetual <sup>2,3</sup>		1 Mar 2027	USD	500	Convertible <sup>4</sup>	4,375	4,648
2020	Perpetual <sup>2,3</sup>		1 Mar 2031	USD	500	Convertible <sup>4</sup>	4,750	4,213
2022	Fixed term <sup>1</sup>	1 Jun 2033	1 Jun 2028	EUR	500	Non-convertible	3,250	5,519
2022	Fixed term <sup>1</sup>	23 Aug 2032	23 Aug 2027	GBP	500	Non-convertible	4,625	6,258
2023	Fixed term <sup>1</sup>	16 Aug 2034	16 Aug 2029	EUR	750	Non-convertible	5,000	8,766
<b>Total</b>								<b>43,117</b>

<sup>1</sup> Subordinated to all senior debt.

<sup>2</sup> Subordinated to all instruments except for equities, the immediately senior is fixed-term subordinated liabilities.

<sup>3</sup> Can be redeemed on each subsequent rate fixing date after the initial redemption date.

<sup>4</sup> The liabilities are converted to ordinary shares in Svenska Handelsbanken AB if Svenska Handelsbanken AB's common equity tier 1 ratio falls below 5.125% or if the consolidated situation's common equity tier 1 ratio falls below 8.0%.

## G33 Cont.

<b>Change in subordinated liabilities</b> SEK m	<b>2023</b>	<b>2022</b>
Subordinated liabilities at beginning of year	42,404	32,257
Issued	8,753	11,445
Repurchased		
Matured	-8,326	-2,994
Foreign exchange effect, etc.	286	1,696
<b>Subordinated liabilities at end of year</b>	<b>43,117</b>	<b>42,404</b>

<b>Average volumes</b> SEK m	<b>2023</b>	<b>2022</b>
Subordinated liabilities in Swedish kronor		945
Subordinated liabilities in foreign currency	42,200	37,131
<b>Total</b>	<b>42,200</b>	<b>38,076</b>

## P34 Untaxed reserves

SEK m	2023	2022
Accumulated accelerated depreciation, machinery, equipment and lease assets	867	867
<b>Total</b>	<b>867</b>	<b>867</b>

## P35 Specification of changes in equity

<b>Change in hedge reserve</b> SEK m	<b>2023</b>	<b>2022</b>
Hedge reserve at beginning of year	3,531	823
<b>Cash flow hedges</b>		
Effective part of change in fair value		
Interest rate risk	-1,165	2,690
Foreign exchange risk	-299	765
Reclassified to the income statement <sup>1</sup>	-106	-44
Tax	324	-703
<b>Hedge reserve at end of year</b>	<b>2,284</b>	<b>3,531</b>

<b>Change in fair value reserve</b> SEK m	<b>2023</b>	<b>2022</b>
Fair value reserve at beginning of year	126	158
Unrealised value change – equity instruments	51	22
Realised value change – equity instruments	0	91
Unrealised value change – debt instruments	19	-54
Change in provision for expected credit losses – debt instruments	0	0
Reclassified to retained earnings – equity instruments <sup>2</sup>	0	-91
Reclassified to the income statement – debt instruments <sup>3</sup>	0	
<b>Fair value reserve at end of year</b>	<b>197</b>	<b>126</b>

<b>Change in translation reserve</b> SEK m	<b>2023</b>	<b>2022</b>
Translation reserve at beginning of year	1,847	1,075
Change in translation difference	-811	1,396
Reclassified to the income statement <sup>4</sup>	9	-51
Reclassified to retained earnings <sup>5</sup>	-284	-573
<b>Translation reserve at end of year</b>	<b>761</b>	<b>1,847</b>

<sup>1</sup> Tax reclassified to the income statement pertaining to this item SEK 22 million (9).

<sup>2</sup> Tax reclassified to retained earnings pertaining to this item SEK 0 million (-).

<sup>3</sup> Tax reclassified to the income statement pertaining to this item SEK 0 million (-).

<sup>4</sup> Tax reclassified to the income statement pertaining to this item SEK -2 million (11).

<sup>5</sup> Tax reclassified to retained earnings pertaining to this item SEK 19 million (38).

## P36 Classification of financial assets and liabilities

2023	Fair value through profit or loss						Fair value
	Mandatory	Fair value option	Derivatives identified as hedging instruments	Fair value through other comprehensive income	Amortised cost	Total carrying amount	
SEK m							
<b>Assets</b>							
Cash and balances with central banks					362,536	362,536	362,536
Interest-bearing securities eligible as collateral with central banks	3,534	195,594				199,128	199,128
Loans to credit institutions	22,079				985,913	1,007,992	1,007,967
Loans to the public					600,997	600,997	600,369
Value change of interest-hedged item in portfolio hedge					-9,657	-9,657	
Bonds and other interest-bearing securities	14,255	23,827		12,709		50,791	50,791
Shares	5,669			501		6,170	6,170
Assets where the customer bears the value change risk	1,871				78	1,948	1,948
Derivative instruments	29,183		9,836			39,019	39,019
Other assets	27				20,762	20,789	20,789
<b>Total</b>	<b>76,618</b>	<b>219,421</b>	<b>9,836</b>	<b>13,210</b>	<b>1,960,629</b>	<b>2,279,713</b>	<b>2,288,717</b>
Shares in subsidiaries and investments in associates and joint ventures						68,986	
Non-financial assets						11,645	
<b>Total assets</b>						<b>2,360,344</b>	
<b>Liabilities</b>							
Due to credit institutions					176,143	176,143	176,307
Deposits and borrowing from the public					1,109,471	1,109,471	1,109,002
Liabilities where the customer bears the value change risk		1,871			78	1,948	1,948
Issued securities	1,506				804,661	806,167	806,692
Derivative instruments	39,781		6,489			46,269	46,269
Short positions	2,364					2,364	2,364
Other liabilities	27				11,347	11,374	11,374
Subordinated liabilities					43,117	43,117	43,227
<b>Total</b>	<b>43,678</b>	<b>1,871</b>	<b>6,489</b>		<b>2,144,817</b>	<b>2,196,853</b>	<b>2,197,183</b>
Non-financial liabilities						4,193	
<b>Total liabilities</b>						<b>2,201,046</b>	

2022	Fair value through profit or loss						Fair value
	Mandatory	Fair value option	Derivatives identified as hedging instruments	Fair value through other comprehensive income	Amortised cost	Total carrying amount	
SEK m							
<b>Assets</b>							
Cash and balances with central banks					376,010	376,010	376,010
Interest-bearing securities eligible as collateral with central banks	1,465	131,113		200		132,778	132,778
Loans to credit institutions	17,551				1,008,113	1,025,664	1,025,658
Loans to the public					637,721	637,721	632,048
Value change of interest-hedged item in portfolio hedge					-16,611	-16,611	
Bonds and other interest-bearing securities	5,970	17,487		9,882		33,339	33,339
Shares	6,668			444		7,112	7,112
Assets where the customer bears the value change risk	2,314				73	2,387	2,387
Derivative instruments	38,809		13,551			52,360	52,360
Other assets	14				30,152	30,166	30,166
<b>Total</b>	<b>72,791</b>	<b>148,600</b>	<b>13,551</b>	<b>10,526</b>	<b>2,035,458</b>	<b>2,280,926</b>	<b>2,291,858</b>
Shares in subsidiaries and investments in associates and joint ventures						70,483	
Non-financial assets						11,480	
<b>Total assets</b>						<b>2,362,889</b>	
<b>Liabilities</b>							
Due to credit institutions					169,617	169,617	169,640
Deposits and borrowing from the public					1,137,272	1,137,272	1,136,746
Liabilities where the customer bears the value change risk		2,314			73	2,387	2,387
Issued securities	1,635				804,378	806,013	805,412
Derivative instruments	32,427		4,558			36,985	36,985
Short positions	1,939					1,939	1,939
Other liabilities	11				6,768	6,779	6,779
Subordinated liabilities					42,404	42,404	42,430
<b>Total</b>	<b>36,012</b>	<b>2,314</b>	<b>4,558</b>		<b>2,160,512</b>	<b>2,203,396</b>	<b>2,202,318</b>
Non-financial liabilities						4,740	
<b>Total liabilities</b>						<b>2,208,135</b>	

## P37 Fair value measurement of financial instruments

Financial instruments at fair value 2023				
SEK m	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Interest-bearing securities eligible as collateral with central banks				
Fair value through profit or loss, mandatory	3,498	36		3,534
Fair value through profit or loss, fair value option	195,594			195,594
Fair value through other comprehensive income				
Loans to credit institutions		22,079		22,079
Bonds and other interest-bearing securities				
Fair value through profit or loss, mandatory	13,950	305		14,255
Fair value through profit or loss, fair value option	23,827			23,827
Fair value through other comprehensive income	11,158	1,551		12,709
Shares				
Fair value through profit or loss, mandatory	5,166	503		5,669
Fair value through other comprehensive income	210	135	156	501
Assets where the customer bears the value change risk	1,794		77	1,871
Derivative instruments	92	38,925	2	39,019
<b>Total</b>	<b>255,289</b>	<b>63,534</b>	<b>235</b>	<b>319,058</b>
<b>Liabilities</b>				
Liabilities where the customer bears the value change risk	1,794		77	1,871
Issued securities		1,506		1,506
Derivative instruments	47	46,221	2	46,269
Short positions	2,364			2,364
<b>Total</b>	<b>4,205</b>	<b>47,727</b>	<b>79</b>	<b>52,010</b>

Financial instruments at fair value 2022				
SEK m	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Interest-bearing securities eligible as collateral with central banks				
Fair value through profit or loss, mandatory	1,465			1,465
Fair value through profit or loss, fair value option	131,113			131,113
Fair value through other comprehensive income	200			200
Loans to credit institutions		17,551		17,551
Bonds and other interest-bearing securities				
Fair value through profit or loss, mandatory	5,971			5,971
Fair value through profit or loss, fair value option	17,487			17,487
Fair value through other comprehensive income	9,124	758		9,882
Shares				
Fair value through profit or loss, mandatory	6,284	384		6,668
Fair value through other comprehensive income	174	117	152	443
Assets where the customer bears the value change risk	1,788		525	2,313
Derivative instruments	49	52,271	39	52,360
<b>Total</b>	<b>173,655</b>	<b>71,081</b>	<b>716</b>	<b>245,453</b>
<b>Liabilities</b>				
Liabilities where the customer bears the value change risk	1,788		525	2,313
Issued securities		1,635		1,635
Derivative instruments	54	36,892	39	36,985
Short positions	1,858	81		1,939
<b>Total</b>	<b>3,700</b>	<b>38,608</b>	<b>564</b>	<b>42,872</b>

The principles applied are described in note G42.

Change in holdings in financial instruments in level 3 2023					
SEK m	Shares	Derivative assets	Derivative liabilities	Assets where the customer bears the value change risk	Liabilities where the customer bears the value change risk
<b>Carrying amount at beginning of year</b>	<b>152</b>	<b>39</b>	<b>-39</b>	<b>525</b>	<b>-525</b>
Acquisitions					
Repurchases/sales					
Matured					
Unrealised value change in income statement	4	0	0	-448	448
Unrealised value change in other comprehensive income					
Transfer from level 1 or 2					
Transfer to level 1 or 2		-37	37		
<b>Carrying amount at end of year</b>	<b>156</b>	<b>2</b>	<b>-2</b>	<b>77</b>	<b>-77</b>

A change in unobservable inputs is not deemed to result in any significantly higher or lower measurement of the level 3 holdings, which is the reason that a sensitivity analysis is not provided.

P37 Cont.

Change in holdings in financial instruments in level 3 2022					
SEK m	Shares	Derivative assets	Derivative liabilities	Assets where the customer bears the value change risk	Liabilities where the customer bears the value change risk
<b>Carrying amount at beginning of year</b>	<b>608</b>	<b>43</b>	<b>-43</b>	<b>484</b>	<b>-484</b>
Acquisitions		34	-39		
Repurchases/sales	-470	-43	41		
Matured					
Unrealised value change in income statement	14	-32	39	41	-41
Unrealised value change in other comprehensive income					
Transfer from level 1 or 2		29	-29		
Transfer to level 1 or 2		8	-8		
<b>Carrying amount at end of year</b>	<b>152</b>	<b>39</b>	<b>-39</b>	<b>525</b>	<b>-525</b>

Fair value of financial instruments at amortised cost 2023				
SEK m	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Cash and balances with central banks	362,536			362,536
Loans to credit institutions	36,854	948,676	358	985,888
Loans to the public	42,262	828	557,279	600,369
Assets where the customer bears the value change risk	78			78
<b>Total</b>	<b>441,730</b>	<b>949,504</b>	<b>557,637</b>	<b>1,948,871</b>
<b>Liabilities</b>				
Due to credit institutions	31,857	144,449		176,307
Deposits and borrowing from the public	1,101,553	7,449		1,109,002
Liabilities where the customer bears the value change risk	78			78
Issued securities	194,404	610,782		805,186
Subordinated liabilities		43,227		43,227
<b>Total</b>	<b>1,327,892</b>	<b>805,907</b>		<b>2,133,800</b>

Fair value of financial instruments at amortised cost 2022				
SEK m	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Cash and balances with central banks	376,010			376,010
Loans to credit institutions	36,180	971,524	403	1,008,107
Loans to the public	23,635	9,604	598,808	632,048
Assets where the customer bears the value change risk	73			73
<b>Total</b>	<b>435,898</b>	<b>981,128</b>	<b>599,211</b>	<b>2,016,238</b>
<b>Liabilities</b>				
Due to credit institutions	22,592	147,047		169,640
Deposits and borrowing from the public	1,111,096	25,650		1,136,746
Liabilities where the customer bears the value change risk	73			73
Issued securities	270,942	532,835		803,777
Subordinated liabilities		42,430		42,430
<b>Total</b>	<b>1,404,703</b>	<b>747,962</b>		<b>2,152,666</b>

## P38 Pledged assets, collateral received and transferred financial assets

Assets pledged for own debt SEK.m	2023	2022
Cash	20,707	9,112
Government securities and bonds	5,691	3,767
Equities	143	315
Other	737	804
<b>Total</b>	<b>27,278</b>	<b>13,998</b>
<i>of which pledged assets that may be freely withdrawn by the Bank</i>	18	22
<b>Other pledged assets SEK.m</b>	<b>2023</b>	<b>2022</b>
Cash	239	176
Government securities and bonds	63,619	10,692
Equities	4,411	3,726
Other	399	383
<b>Total</b>	<b>68,667</b>	<b>14,977</b>
<i>of which pledged assets that may be freely withdrawn by the Bank</i>	52,056	2,191

Other pledged assets refers to collateral pledged for obligations not reported on the balance sheet.

### Collateral received

As a component in reverse repurchase agreements and securities loans, the Group has received assets that can be sold or repledged to a third party. The fair value of received assets of this type was SEK 46,389 million (35,395) at the end of the financial year, where assets worth SEK 15,721 million (16,970) had been sold or repledged to a third party.

Transferred financial assets reported on the balance sheet SEK.m	2023		2022	
	Carrying amount	Carrying amount associated liability	Carrying amount	Carrying amount associated liability
Shares, securities lending	4,237	112 <sup>1</sup>	4,039	208 <sup>1</sup>
Government securities and bonds, repurchase agreements	4,464	2	3,350	2
Government securities and bonds, other			43	
Assets where the customer bears the value change risk	159	159	603	603
<b>Total</b>	<b>8,860</b>	<b>273</b>	<b>8,036</b>	<b>813</b>

<sup>1</sup> Received cash collateral.

## P39 Contingent liabilities

SEK.m	2023	2022
<b>Contingent liabilities</b>		
Guarantees, credits	15,688	15,177
Guarantees, other	52,885	56,544
Irrevocable letters of credit	203	312
<b>Total</b>	<b>68,775</b>	<b>72,032</b>
<i>of which subject to impairment testing</i>	68,775	72,032
<b>Obligations</b>		
Loan commitments	284,120	301,812
Unutilised part of granted overdraft facilities	96,781	105,414
Other <sup>1</sup>	273,912	262,296
<b>Total</b>	<b>654,813</b>	<b>669,523</b>
<i>of which subject to impairment testing</i>	488,824	500,155
<b>Total contingent liabilities</b>	<b>723,588</b>	<b>741,555</b>
Provision for expected credit losses reported as provisions, see note P30.	292	283

<sup>1</sup> "Other" includes internal liquidity guarantees to subsidiaries amounting to SEK 260,581 million (249,197).

### Contingent liabilities

Contingent liabilities mainly consist of various types of guarantees. Credit guarantees are provided to customers in order to guarantee commitments in other credit and pension institutions. Other guarantees are mainly commercial guarantees such as bid bonds, guarantees relating to advance payments, guarantees during a warranty period and export-related guarantees. Contingent liabilities also comprise unutilised irrevocable import letters of credit and confirmed export letters of credit. These transactions are included in the Bank's services and are provided to support the Bank's customers. The nominal amounts of the guarantees are shown in the table.

### Claims

Handelsbanken is the subject of claims in a number of civil actions which are being pursued in general courts of law. The assessment is that the actions will essentially be settled in the Bank's favour. The assessment is that the amounts in dispute would not have a material effect on the Bank's financial position or profit/loss.

## M40 Pension obligations

SEK m	2023	2022
Fair value of plan assets	33,580	31,667
Pension obligations	29,377	31,616
<b>Net pensions<sup>1</sup></b>	<b>4,203</b>	<b>51</b>

Plan assets are held by Svenska Handelsbankens Pensionsstiftelse and similar legal entities regarding foreign commitments. Pension obligations are calculated in accordance with the Swedish Financial Supervisory Authority's regulations, which for the Swedish obligations means in accordance with the Act on Safeguarding Pension Obligations and for foreign pension obligations in accordance with their corresponding local regulation.

SEK 7,355 million (7,847) of the fair value of the plan assets in Svenska Handelsbankens Pensionsstiftelse consists of the provisions made in the years 1989–2004 to a special supplementary pension (SKP). The obligations include a commitment regarding SKP of the same amount as the fair value of the plan assets.

A part of this commitment, SEK 5,650 million (5,872), is conditional.

<sup>1</sup> When Net pensions is negative, the deficit is not recognised as a liability on the balance sheet, because the surplus in Pensionskassan SHB, Tjänstepensionsförening can be used to cover the parent company's pension obligations, and because part of the commitment is conditional. The pension obligations are SEK 7,000 million (6,136) in the Bank's pension fund (Pensionskassan SHB, Tjänstepensionsförening) and the market value of the assets is SEK 16,323 million (15,221). The surplus value in Pensionskassan SHB, Tjänstepensionsförening is thus SEK 9,324 million (9,085).

Pension costs SEK m	2023	2022
Pensions paid	-1,600	-1,328
Pension premiums	-667	-561
Social security costs	-276	-387
Compensation from pension foundation	720	
Provisions to pension foundation		-94
<b>Total pension costs<sup>1</sup></b>	<b>-1,823</b>	<b>-2,370</b>

<sup>1</sup> Pension costs were higher in 2022 mainly due to the Bank's decision not to claim reimbursement for pension costs, with the aim of increasing Svenska Handelsbankens Pensionsstiftelse's consolidation ratio.

The expected pensions to be paid next year for defined benefit pension plans amount to SEK 1,133 million. The costs for pension premiums include premiums to the BTPK plan (defined contribution pension) of SEK 147 million (90).

Plan assets SEK m	2023	2022
Opening balance	31,667	35,174
Return	2,633	-3,601
Provisions to pension foundation		94
Compensation from pension foundation	-720	
<b>Closing balance</b>	<b>33,580</b>	<b>31,667</b>
Percentage return on plan assets	8%	-10%

Pension obligations SEK m	2023	2022
Opening balance	31,616	35,142
Technical fee	792	1,013
Interest	367	111
Indexation <sup>1</sup>	2,361	639
Early retirement	230	269
Pensions paid	-1,633	-1,438
Changed assumptions <sup>2</sup>	-4,671	-4,008
Value change conditional obligation	622	-27
Effect of change of plan		
Other change in capital value	-307	-85
<b>Closing balance</b>	<b>29,377</b>	<b>31,616</b>

<sup>1</sup> The hedging of pensions, both paid-up policies and pensions under disbursement, has gone up due to an increase in the indexing from 2.51% to 10.84% during 2023.

<sup>2</sup> The increase is mainly due to a raise in the discount rate.

Allocation of plan assets SEK m	2023	2022
Shares and mutual fund units <sup>1</sup>	31,919	29,016
Interest-bearing securities	1,499	1,515
Other plan assets <sup>2</sup>	162	1,136
<b>Total</b>	<b>33,580</b>	<b>31,667</b>

<sup>1</sup> The mutual fund units are mainly invested in fixed-income funds and amount to SEK 20,270 million (19,388).

<sup>2</sup> Other plan assets include, as per 31 December 2023, both cash and cash equivalents and a liability for compensation that had not yet been paid out from the pension foundation. As of 31 December 2022, cash and cash equivalents are included.

In Sweden, as of 1 March 2020, all new employees and employees younger than 25 years of age at the time accrue pension in a defined contribution plan.

Persons employed before 1 March 2020 are not affected and remain covered by the defined benefit pension plan included in the pension agreement between the Employers' Association of the Swedish Banking Institutions (BAO) and Finansförbundet/Swedish Confederation of Professional Associations (Saco). From the age of 65, a retirement pension is paid in an amount of 10% of the annual salary up to 7.5 income base amounts. On the part of the salary in the interval between 7.5 and 20 income base amounts, the retirement pension is 65%, and in the interval between 20 and 30 income base amounts, it is 32.5% of the annual salary. No retirement pension is paid on the portion of the salary in excess of 30 income base amounts.

With respect to Swedish pension obligations, the value of the pension obligations is calculated on the balance sheet date in accordance with the actuarial grounds stipulated in the Act on Safeguarding Pension Obligations. In Sweden, the most important calculation assumptions are mortality and the discount rate. The discount rate is 1.8% (0.6) after deductions for tax and overhead costs.

Foreign pension obligations are calculated in accordance with local accounting requirements.

## P41 Assets and liabilities by currency

2023 SEK m	SEK	EUR	NOK	DKK	GBP	USD	Other currencies	Total
<b>Assets</b>								
Cash and balances with central banks	67,895	128,820	4,776	0	0	160,935	109	362,536
Loans to credit institutions	740,864	98,670	77,867	1	87,385	2,859	346	1,007,992
Loans to the public	169,249	222,221	192,392	1,464	5,383	8,753	1,535	600,997
<i>of which corporates</i>	142,718	139,758	166,117	1,443	5,331	8,594	503	464,463
<i>of which households</i>	19,783	82,463	26,275	21	52	159	1,032	129,785
Interest-bearing securities eligible as collateral with central banks	181,752	7,561	36	1		9,778		199,128
Bonds and other interest-bearing securities	37,572	486	12,223			509		50,791
Other items not broken down by currency	138,900							138,900
<b>Total assets</b>	<b>1,336,232</b>	<b>457,758</b>	<b>287,294</b>	<b>1,465</b>	<b>92,768</b>	<b>182,835</b>	<b>1,991</b>	<b>2,360,344</b>
<b>Liabilities</b>								
Due to credit institutions	26,542	54,242	25,438	474	58,238	11,103	106	176,143
Deposits and borrowing from the public	829,905	140,722	110,182	1,121	5,153	20,062	2,327	1,109,471
<i>of which corporates</i>	351,212	112,056	75,816	1,029	4,535	17,668	1,649	563,964
<i>of which households</i>	478,693	28,666	34,366	92	618	2,394	679	545,508
Issued securities	3,767	310,003	0		10,604	459,581	22,211	806,167
Subordinated liabilities	0	22,740			6,258	14,120		43,117
Other items not broken down by currency, incl. equity	225,445							225,445
<b>Total liabilities and equity</b>	<b>1,085,659</b>	<b>527,707</b>	<b>135,619</b>	<b>1,595</b>	<b>80,253</b>	<b>504,865</b>	<b>24,645</b>	<b>2,360,344</b>
Other assets and liabilities broken down by currency, net		69,794	-151,632	136	-12,536	322,019	22,720	
Net foreign currency position		-155	43	7	-21	-11	65	-72

Note G2 describes the Bank's view of foreign exchange risk.

2022 SEK m	SEK	EUR	NOK	DKK	GBP	USD	Other currencies	Total
<b>Assets</b>								
Cash and balances with central banks	100,413	136,928	8,962	0	0	129,674	34	376,011
Loans to credit institutions	763,519	102,367	64,532	1	90,662	4,220	362	1,025,663
Loans to the public	190,462	224,337	195,710	9,901	3,956	11,150	2,205	637,721
<i>of which corporates</i>	165,606	137,684	170,686	9,884	3,916	10,963	833	499,572
<i>of which households</i>	24,856	86,653	25,024	17	40	187	1,372	138,149
Interest-bearing securities eligible as collateral with central banks	117,546	5,483	36	1		9,712		132,778
Bonds and other interest-bearing securities	22,996	1,472	8,352			519		33,339
Other items not broken down by currency	157,377							157,377
<b>Total assets</b>	<b>1,352,313</b>	<b>470,587</b>	<b>277,592</b>	<b>9,902</b>	<b>94,619</b>	<b>155,275</b>	<b>2,600</b>	<b>2,362,889</b>
<b>Liabilities</b>								
Due to credit institutions	30,011	55,820	4,800	2,401	60,938	15,553	93	169,616
Deposits and borrowing from the public	863,287	135,710	91,507	1,150	3,274	39,485	2,859	1,137,272
<i>of which corporates</i>	381,556	104,049	58,151	1,103	2,403	36,537	2,061	585,861
<i>of which households</i>	481,731	31,660	33,355	47	871	2,948	798	551,410
Issued securities	3,601	242,352	216		3,650	536,118	20,076	806,013
Subordinated liabilities		22,266			5,930	14,208		42,404
Other items not broken down by currency, incl. equity	207,584							207,584
<b>Total liabilities and equity</b>	<b>1,104,484</b>	<b>456,147</b>	<b>96,523</b>	<b>3,552</b>	<b>73,793</b>	<b>605,364</b>	<b>23,027</b>	<b>2,362,889</b>
Other assets and liabilities broken down by currency, net		-14,448	-180,963	-6,374	-20,813	449,992	20,493	
Net foreign currency position		-8	107	-24	13	-96	66	58

## P42 Related-party disclosures

Claims on and liabilities to related parties	Subsidiaries		Associates and joint ventures		Other related parties	
	2023	2022	2023	2022	2023	2022
SEK m						
Loans to credit institutions	959,034	986,353				
Loans to the public	1,142	1,136	334	1,289		
Derivatives	8,909	16,098				
Other assets	13,361	16,352	30	28	13	16
<b>Total</b>	<b>982,446</b>	<b>1,019,939</b>	<b>364</b>	<b>1,317</b>	<b>13</b>	<b>16</b>
Due to credit institutions	85,791	88,299				
Deposits and borrowing from the public	20,145	18,637	311	127	1,159	1,528
Derivatives	12,060	7,941				
Other liabilities	83	116				
<b>Total</b>	<b>118,079</b>	<b>114,993</b>	<b>311</b>	<b>127</b>	<b>1,159</b>	<b>1,528</b>
Contingent liabilities	272,990	262,397			7,000	6,136
Derivatives, nominal amounts	438,479	293,957				

Related parties – income and expenses	Subsidiaries		Associates and joint ventures		Other related parties	
	2023	2022	2023	2022	2023	2022
SEK m						
Interest income	28,525	8,596	22	8		
Interest expenses	-5,129	-1,488	-3		-149	-6
Fee and commission income			1			
Fee and commission expenses			-223	-220		
Net gains/losses on financial items at fair value				0		
Other income	3,566	3,059			18	19
Other expenses	-452	-421	-177	-102		
<b>Total</b>	<b>26,510</b>	<b>9,746</b>	<b>-380</b>	<b>-314</b>	<b>-131</b>	<b>13</b>

Note P17 contains a specification of subsidiaries, associates and joint ventures. The operations of associates and joint ventures comprise various types of services related to the financial markets. The following companies comprise the group of other related parties: Svenska Handelsbankens Pensionsstiftelse (pension foundation), Svenska Handelsbankens Personalstiftelse (staff foundation) and Pensionskassan SHB, Tjänstepensionsförening (pension fund). These companies use Svenska Handelsbanken AB for normal banking and accounting services. Disclosures concerning shareholders' contributions to Group and associates are provided in note P17.

The pension fund's commitments to the employees of subsidiaries are guaranteed by the parent company, so if the pension fund cannot pay its commitments, the parent company is liable to take over and pay the commitment. The pension fund's obligations amounted to SEK 7,000 million (6,136). Svenska Handelsbanken AB has requested compensation from Svenska Handelsbankens Pensionsstiftelse amounting to SEK 720 million (-) regarding pension costs and from Svenska Handelsbankens Personalstiftelse amounting to SEK 44 million (47) for measures to benefit the employees.

Information regarding loans to executive officers, conditions and other remuneration to executive officers is given in note G8.

## P43 Proposed appropriation of profits

The Board proposes a dividend of SEK 13.00 per share, of which SEK 6.50 in ordinary dividend (SEK 8.00 of which 5.50 in ordinary dividend for 2022). The Board's proposed appropriation of profits is shown on page 202.

## P44 Share information

31 December 2023					
Share class	Number	% of capital	% of votes	Share capital	Quota value
Class A	1,944,777,165	98.22	99.82	3,014,404,606	1.55
Class B	35,251,329	1.78	0.18	54,639,560	1.55
	<b>1,980,028,494</b>	<b>100.00</b>	<b>100.00</b>	<b>3,069,044,166</b>	

## P45 Events after the balance sheet date

No significant events have occurred after the balance sheet date.

## P46 Disclosures regarding assets and liabilities held for sale

Assets and liabilities in the Bank's operations in the Handelsbanken AB (publ) international branch in Finland constitute assets and liabilities held for sale in accordance with IFRS 5, which are attributable to two disposal groups. An agreement was signed in the second quar-

ter of 2023 to divest parts of the Finnish operations covering private customers in the parent company, including asset management and investment services as well as SMEs. The divestment agreement also includes the life insurance business that is part of the subsidiary.

The deal is expected to be finalised during second half of 2024.

The operations in Finland constitute discontinued operations. Handelsbanken's operations in Denmark were divested during Q4 2022.

Assets and liabilities held for sale 2023 SEK m	Finland
<b>Assets</b>	
Cash and balances with central banks	10
Other loans to central banks	25,863
Interest-bearing securities eligible as collateral with central banks	
Loans to other credit institutions	3
Loans to the public	82,633
<i>of which households</i>	22,325
<i>of which corporates</i>	60,307
Bonds and other interest-bearing securities	
Shares	
Shares in subsidiaries and investments in associates and joint ventures	
Assets where the customer bears the value change risk	
Intangible assets	66
Property and equipment	18
Other	135
<b>Total</b>	<b>108,727</b>
<b>Liabilities</b>	
Due to credit institutions	980
Deposits and borrowing from the public	51,556
<i>of which households</i>	17,434
<i>of which corporates</i>	34,122
Liabilities where the customer bears the value change risk	
Provisions	187
Other	968
<b>Total</b>	<b>53,692</b>
<b>Assets and liabilities held for sale 2022 SEK m</b>	
	<b>Finland</b>
<b>Assets</b>	
Cash and balances with central banks	14
Other loans to central banks	28,015
Interest-bearing securities eligible as collateral with central banks	
Loans to other credit institutions	5
Loans to the public	91,433
<i>of which households</i>	24,845
<i>of which corporates</i>	66,587
Bonds and other interest-bearing securities	
Shares	
Shares in subsidiaries and investments in associates and joint ventures	
Assets where the customer bears the value change risk	
Intangible assets	92
Property and equipment	18
Other	365
<b>Total</b>	<b>119,942</b>
<b>Liabilities</b>	
Due to credit institutions	679
Deposits and borrowing from the public	57,361
<i>of which households</i>	20,297
<i>of which corporates</i>	37,064
Liabilities where the customer bears the value change risk	
Provisions	202
Other	1,054
<b>Total</b>	<b>59,296</b>

The translation reserve includes an amount totalling an accumulated SEK 832 million (860) attributable to the translation of assets and liabilities held for sale in Finland, refer to Statement of changes in equity, parent company.

Measuring each disposal group at the lowest of fair value, less costs to sell, and carrying amount did not result in any impairment.

P46 Cont.

**Discontinued operations**  
**Income, expenses and profit, discontinued operations**

Denmark and Finland SEK m	2023	2022
Net interest income	3,504	2,203
Net fee and commission income	324	989
Net gains/losses on financial transactions	29	-9
Net insurance result		
Other income	9	64
<b>Total income</b>	<b>3,866</b>	<b>3,248</b>
Staff costs	-830	-1,645
Other expenses	-510	-1,612
Depreciation, amortisation and impairment of property, equipment and intangible assets	-35	-66
<b>Total expenses</b>	<b>-1,375</b>	<b>-3,323</b>
Net credit losses	44	47
Gains/losses on disposal of property, equipment and intangible assets	-1	
Risk tax and resolution fee	-70	-104
<b>Operating profit</b>	<b>2,464</b>	<b>-132</b>
Appropriations		20
<b>Profit for the year from discontinued operations, before tax</b>	<b>2,464</b>	<b>-112</b>
Taxes	-81	-289
<b>Profit for the year from discontinued operations, after tax</b>	<b>2,384</b>	<b>-401</b>
Other expenses attributable to discontinued operations <sup>1</sup>	-73	-27
Taxes	15	6
<b>Profit for the year from discontinued operations, after tax, before capital gains/losses</b>	<b>2,326</b>	<b>-422</b>
<b>Capital gains on sale of disposal groups constituting discontinued operations, before tax</b>		<b>1,513</b>
Taxes		-319
<b>Capital gains on sale of disposal groups constituting discontinued operations, after tax</b>		<b>1,194</b>
<b>Total profit for the year from discontinued operations, after tax</b>	<b>2,326</b>	<b>772</b>
Material internal transactions with continuing operations, which are eliminated in the income statement above <sup>2</sup> :		
Income	0	-313
Expenses	-115	-197

<sup>1</sup> Certain expenses arise in Sweden as a result of the divestment of the discontinued operations, deriving from requirements linked to the discontinuation of the operations. These include, for example, consultancy fees and legal costs.

<sup>2</sup> Only external income and expenses are included in profit for the year from both continuing and discontinued operations. The discontinued operations have material internal transactions with the continuing operations, which are thus eliminated in the accounting. For example, all funding and liquidity management has been centralised at the Group Treasury unit in Sweden. Thus, loans to the public in Denmark and Finland are funded through internal funding from Group Treasury. Interest expenses deriving from internal funding are eliminated in the accounting, and are therefore not included in the net interest income figure above. From 1 January 2023, the Bank applies a new method for eliminating internal transactions attributable to the net interest income between the discontinued operations in Finland and Group Treasury, and thus presents internal interest income and internal interest expenses in continuing and discontinued operations. Comparative figures have not been restated.

## P46 Cont.

Denmark SEK.m	2022	
Net interest income		1,137
Net fee and commission income		674
Net gains/losses on financial transactions		-45
Net insurance result		
Other income		45
<b>Total income</b>		<b>1,811</b>
Staff costs		-1,017
Other expenses		-795
Depreciation, amortisation and impairment of property, equipment and intangible assets		-30
<b>Total expenses</b>		<b>-1,842</b>
Net credit losses		52
Gains/losses on disposal of property, equipment and intangible assets		
Risk tax and resolution fee		-33
<b>Operating profit</b>		<b>-12</b>
Appropriations		20
<b>Profit for the year from discontinued operations, before tax</b>		<b>8</b>
Taxes		41
<b>Profit for the year from discontinued operations, after tax</b>		<b>49</b>
<b>Capital gains on sale of disposal groups constituting discontinued operations, before tax</b>		<b>1,513</b>
Taxes		-319
<b>Capital gains on sale of disposal groups constituting discontinued operations, after tax</b>		<b>1,194</b>
<b>Total profit for the year from discontinued operations, after tax</b>		<b>1,243</b>
Material internal transactions with continuing operations, which are eliminated in the income statement above <sup>1</sup> :		
Income		-107
Expenses		-72

Finland SEK.m	2023	2022
Net interest income	3,504	1,066
Net fee and commission income	324	315
Net gains/losses on financial transactions	29	36
Net insurance result		
Other income	9	19
<b>Total income</b>	<b>3,866</b>	<b>1,437</b>
Staff costs	-830	-628
Other expenses	-510	-817
Depreciation, amortisation and impairment of property, equipment and intangible assets	-35	-36
<b>Total expenses</b>	<b>-1,375</b>	<b>-1,481</b>
Net credit losses	44	-5
Gains/losses on disposal of property, equipment and intangible assets	-1	
Risk tax and resolution fee	-70	-71
<b>Operating profit</b>	<b>2,464</b>	<b>-120</b>
Appropriations		
<b>Profit for the year from discontinued operations, before tax</b>	<b>2,464</b>	<b>-120</b>
Taxes	-81	-330
<b>Profit for the year from discontinued operations, after tax</b>	<b>2,384</b>	<b>-450</b>
Material internal transactions with continuing operations, which are eliminated in the income statement above <sup>1</sup> :		
Income	0	-206
Expenses	-115	-125

<sup>1</sup> Only external income and expenses are included in profit for the year from both continuing and discontinued operations. The discontinued operations have material internal transactions with the continuing operations, which are thus eliminated in the accounting. For example, all funding and liquidity management has been centralised at the Group Treasury unit in Sweden. Thus, loans to the public in Denmark and Finland are funded through internal funding from Group Treasury. Interest expenses deriving from internal funding are eliminated in the accounting, and are therefore not included in the net interest income figure above. From 1 January 2023, the Bank applies a new method for eliminating internal transactions attributable to the net interest income between the discontinued operations in Finland and Group Treasury, and thus presents internal interest income and internal interest expenses in continuing and discontinued operations. Comparative figures have not been restated.

**Cash flows, discontinued operations**

Finland SEK.m	2023	2022
Cash flow from operating activities	3	-124,478
Cash flow from investing activities	-8	-11
Cash flow from financing activities		
<b>Cash flow for the year from discontinued operations</b>	<b>-4</b>	<b>-124,490</b>

## P47 Capital adequacy

EU KM1 – Key metrics template			
Key metrics		2023	2022
<b>Available own funds (amounts)</b>			
1	Common equity tier 1 capital	125,618	130,069
2	Tier 1 capital	140,644	145,652
3	Total capital	168,123	164,704
<b>RWAs</b>			
4	Total risk-weighted exposure amount	421,681	442,406
<b>Capital ratios (as a percentage of risk-weighted exposure amount)</b>			
5	Common Equity Tier 1 ratio (%)	29.8	29.4
6	Tier 1 ratio (%)	33.4	32.9
7	Total capital ratio (%)	39.9	37.2
<b>Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)</b>			
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	1.2	1.7
EU 7b	<i>of which: to be made up of CET1 capital (percentage points)</i>	0.7	1.0
EU 7c	<i>of which: to be made up of Tier 1 capital (percentage points)</i>	0.9	1.3
EU 7d	Total SREP own funds requirements (%)	9.2	9.7
<b>Combined buffer requirement (as a percentage of risk-weighted exposure amount)</b>			
8	Capital conservation buffer (%)	2.5	2.5
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)		
9	Institution-specific countercyclical capital buffer (%)	1.9	1.0
EU 9a	Systemic risk buffer (%)		
10	Global systemically important institution buffer (%)		
EU 10a	Other systemically important institution buffer (%)		
11	Combined buffer requirement (%)	4.4	3.5
EU 11a	Overall capital requirements (%)	13.6	13.2
12	CET1 available after meeting the total SREP own funds requirements (%)	24.6	23.9
<b>Leverage ratio</b>			
13	Total exposure measure	1,609,855	1,575,111
14	Leverage ratio (%)	8.7	9.2
<b>Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)</b>			
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)		
EU 14b	<i>of which: to be made up of CET1 capital (percentage points)</i>		
EU 14c	Total SREP leverage ratio requirements (%)	3.0	3.0
EU 14d	Leverage ratio buffer requirement (%)		
EU 14e	Overall leverage ratio requirement (%)		
<b>Liquidity coverage ratio</b>			
15	Total high-quality liquid assets (HQLA) (Weighted value – average)	790,916	785,155
EU 16a	Cash outflows – Total weighted value	595,524	628,587
EU 16b	Cash inflows – Total weighted value	174,788	156,413
16	Total net cash outflows (adjusted value)	420,736	472,174
17	Liquidity coverage ratio (%)	192	170
<b>Net Stable Funding Ratio</b>			
18	Total available stable funding	1,320,193	1,306,873
19	Total required stable funding	1,211,510	1,236,689
20	NSFR (%)	109	106

## P47 Cont.

## EU OV1 – Overview of total risk exposure amounts

The table shows risk-weighted exposure amounts (RWA) for credit risk, counterparty risk, market risk and operational risk the end of 2023 and the previous year. Credit risk is calculated according to the standardised approach, the foundation IRB approach and the advanced IRB approach. Market risk and operational risk are calculated according to the standardised approach.

EU OV1 – Overview of total risk exposure amounts		Total risk exposure amounts (TREA)	Total risk exposure amounts (TREA)	Total own funds requirements
SEK m		2023	2022	2023
<b>1</b>	<b>Credit risk (excl. CCR)</b>	<b>359,282</b>	<b>358,567</b>	<b>28,743</b>
2	of which standardised approach	148,672	147,329	11,894
3	of which the foundation IRB (F-IRB) approach	47,163	46,651	3,773
4	of which slotting approach			
EU 4a	of which equities under the simple risk-weighted approach	2,182	1,968	175
5	of which the advanced IRB (A-IRB) approach	139,864	132,266	11,189
5a	of which risk weight floors	21,401	30,353	1,712
<b>6</b>	<b>CCR</b>	<b>11,827</b>	<b>11,819</b>	<b>946</b>
7	of which standardised approach	8,507	8,241	681
8	of which internal model method (IMM)			
EU 8a	of which exposures to a CCP	268	174	21
EU 8b	of which credit valuation adjustment – CVA	2,463	2,802	197
9	of which other CCR	589	602	47
10	N/A			
11	N/A			
12	N/A			
13	N/A			
14	N/A			
<b>15</b>	<b>Disability recovery risk</b>			
<b>16</b>	<b>Securitisation exposures in the non-trading book (after the cap)</b>			
17	of which SEC-IRBA approach			
18	of which SEC-ERBA (including IAA)			
19	of which SEC-SA approach			
EU 19a	of which 1,250% / deduction			
<b>20</b>	<b>Position, foreign exchange and commodities risks (Market risk)</b>	<b>11,003</b>	<b>34,928</b>	<b>880</b>
21	of which standardised approach	11,003	34,928	880
22	of which IMA			
<b>23</b>	<b>Operational risk</b>	<b>39,569</b>	<b>37,092</b>	<b>3,166</b>
EU 23a	of which basic indicator approach			
EU 23b	of which standardised approach	39,569	37,092	3,166
EU 23c	of which advanced measurement approach			
24	Amounts below the thresholds for deduction (subject to 250% risk weight)			
25	N/A			
26	N/A			
27	N/A			
28	N/A			
<b>29</b>	<b>Total</b>	<b>421,681</b>	<b>442,406</b>	<b>33,734</b>

The table shows capital requirements for market risk according to the standardised approach at year-end 2023.

Market risk under the standardised approach	Capital requirements	
	2023	2022
SEK m		
<b>Outright products</b>		
Interest rate risk (general and specific)	243	176
Equity price risk (general and specific)	3	1
Foreign exchange risk	618	2,598
Commodity risk	0	0
<b>Options</b>		
Simplified method		
Delta-plus method		
Scenario approach	16	19
Securitisation (specific risk)		
<b>Total capital requirements for market risk</b>	<b>880</b>	<b>2,794</b>

# Signatures of the Board and CEO

We hereby declare that the consolidated accounts were prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU, that the parent company's annual accounts were prepared in accordance with Annual Accounts Act for Credit Institutions and Securities Companies, the regulations and general guidelines issued by the Swedish Financial Supervisory Authority (FFFS 2008:25), and RFR 2 Accounting for legal entities, that the annual accounts and consolidated accounts give a fair presentation of the Group's and the parent company's financial position and performance, and that the statutory administration report provides a fair view of the parent company's and Group's operations, financial position and performance and describes material risks and uncertainties to which the parent company and other companies in the Group are exposed.

STOCKHOLM 19 FEBRUARY 2024

Pär Boman  
*Chairman of the Board*

Fredrik Lundberg  
*Deputy Chairman*

Jon Fredrik Baksaaas  
*Board Member*

Hélène Barnekow  
*Board Member*

Stina Bergfors  
*Board Member*

Hans Björck  
*Board Member*

Kerstin Hessius  
*Board Member*

Anna Hjelmberg  
*Board Member*

Lena Renström  
*Board Member*

Ulf Riese  
*Board Member*

Arja Taaveniku  
*Board Member*

Michael Green  
*Chief Executive Officer*

# Auditor's report

Unofficial translation

To the general meeting of the shareholders of Svenska Handelsbanken AB (publ), corporate identity number 502007-7862

## Report on the annual accounts and consolidated accounts

### Opinions

We have audited the annual accounts and consolidated accounts of Svenska Handelsbanken AB (publ) for the year 2023 except for the sustainability report on pages 36–65 and the corporate governance statement on pages 66–81. The annual accounts and consolidated accounts of the company are included on pages 6–251 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies and present fairly, in all material respects, the financial position of parent company as of December 31, 2023 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies. The consolidated accounts have been prepared in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies and present fairly, in all material respects, the financial position of the group as of December 31, 2023 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act for Credit Institutions and Securities Companies. Our opinions do not cover the corporate governance statement on pages 66–81 or the sustainability report on pages 36–65.

The statutory administration report is consistent with the other parts

of the annual accounts and consolidated accounts. We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

### Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### KEY AUDIT MATTERS

Key audit matters of the audit are those matters that, in our professional judgement, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

#### Provision for expected credit losses

Detailed information and description of the area is presented in the annual accounts and consolidated accounts. Credit risk exposure and how it is handled is described in note G2 on page 102. The Group's reported expected credit losses are specified in note G10. Information concerning the parent company is presented in note P2 and P10. Regarding the area relevant accounting policies for the group, these can be found in note G1, section 6 on page 92 and in note G1, section 14 on page 97. Note P1 shows that the accounting principles of the parent company concerning credit granting and provision for expected credit loss corresponds with the accounting principles of the group.

#### Key audit matters

As of 31 December, 2023 lending to the public amounts to SEK 2 291 808m (600 997) for the group (parent) which amount to 65 (25) % of total assets. The total credit risk exposure, including off-balance commitments, amounts to SEK 3 727 150m (3 709 066).

Provision for expected credit losses on lending to the public amounts to SEK 2 395m (2 454) for which SEK 1 245m (1 197) is based on model based calculations (Stages 1 and 2) and SEK 1 150m (1 257) is based on manual calculations (Stage 3). The Bank performs adjustments on the model-based calculations in Stages 1 and 2 to take into consideration factors which are not accounted for in the model.

Expected credit losses shall be measured in a way that reflects an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes and is based on past events, current conditions and forecasts of economic conditions. To make the provision the Bank is required to make estimates and assumptions regarding for example criteria to identify a significant increase in credit risk and methods to calculate expected credit losses. Due to the complexity of the calculation and the fact that it requires the Bank to make estimates and assumptions with a significant impact on reported amounts, provisioning for expected credit losses is considered a key audit matter.

#### How our audit addressed the Key audit matter

We have evaluated whether the Bank's assessment of probability of default, loss given default, exposure at default and expected credit loss as well as significant increase in credit risk is in accordance with IFRS 9.

We have obtained an understanding of and tested the design of key controls in the credit process including credit decision, credit review, rating classification as well as identifying and determining credits deemed to be in default. We have also tested controls related to input to model data and general IT controls including handling of authorization for these systems.

Furthermore, we have on a sample basis reviewed the Bank's initial and current credit rating. We have tested that data used from supporting systems used in the model is complete and accurate.

We have reviewed and assessed the model including assumptions and parameters and checked the functionality of the model. We have also reviewed and assessed the outcome of the model validations that have been carried out and assessed the reasonableness of the macroeconomic data used. We have assessed the reasonableness of the manual adjustments, including the expert-based provision, performed by the Bank. In our audit, we used our internal model specialists to support us when performing the audit procedures.

We have also reviewed that the disclosures in the financial reports regarding expected credit losses are appropriate.

### Fair value measurement of financial instruments with no market prices available

Detailed information and description of the key audit matter is provided in the annual accounts and consolidated accounts. Financial instruments measured at fair value are described in note G42 for the group and P37 for the parent company. Relevant accounting principles for the group are described in note G1, section 5 on page 91. Note P1 shows that the parent company's accounting principles for financial instruments measured at fair value is consistent with the group's accounting principles.

#### Key audit matter

The Bank has financial instruments where market price is missing, thus fair value is determined using valuation models based on market data. These financial instruments are categorized as level 2 under IFRS fair value valuation hierarchy. Svenska Handelsbanken has also, to some extent, financial instruments whose valuation to fair value is determined using valuation models for which the value is affected by input data that cannot be verified by external market data. These financial instruments are categorized as level 3 under IFRS fair value valuation hierarchy.

The group (parent company) has financial assets and financial liabilities in level 2 of SEK 35,366m (63,534) and SEK 38,515m (47,727) respectively. Financial assets and liabilities in level 3 amounts to SEK 253m (235) and SEK 79m (79) respectively.

The main part of the financial instruments in level 2 is made out of derivative contracts, among them interest rate swaps and various types of linear currency derivatives, and interest bearing instruments. These instruments are valued by valuation models based on market rates and other market prices. Financial instruments in level 3 primarily consist of unlisted shares in joint ventures, investments in the insurance business as well as certain derivative contracts valued by non-observable data. Due to the complexity of calculations and the fact that the Bank has to make assessments with a significant impact on reported amounts, valuation of financial instruments with no market prices is considered to be a key audit matter.

#### Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–5, 36–65 and 257–309. The remuneration report for 2023 is also other information. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### How our audit addressed the Key audit matter

We have assessed whether the Bank's method for valuing financial instruments with no market prices available including the classification in the valuation hierarchy is in accordance with IFRS 13.

We have tested key controls in the valuation process, including the bank's assessment and approving of assumptions and methods used in model-based calculations, control of data quality as well as change management regarding internal valuation models. We have also tested the general IT-controls including the handling of authorization regarding these systems.

Further, we have evaluated the methods and assumptions made when valuing financial instruments with no market prices available. We have compared the valuation models with valuation guidelines and appropriate industry practice. We have compared assumptions with appropriate reference values and price sources and examined any significant deviations. We have also checked the accuracy of the estimations by conducting sample tests and performing our own independent valuations. We have engaged our internal valuation specialists to support us when performing our audit procedures.

We have also assessed the appropriateness of the disclosures in the financial statements regarding valuation of financial instruments to fair value are appropriate.

#### Responsibilities of the Board of Director's and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

## Report on the annual accounts and consolidated accounts, cont.

### Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty

exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in the auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on other legal and regulatory requirements

### **The auditor's audit of the administration of the company and the proposed appropriations of the company's profit or loss** **Opinions**

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Svenska Handelsbanken AB (publ) for the year 2023 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

#### **Basis for Opinions**

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

#### **Responsibilities of the Board of Directors and the Managing Director**

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

#### **Auditor's responsibility**

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Banking and Financing Business Act, the Annual Accounts Act for Credit Institutions and Securities Companies or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

### **The auditor's examination of the ESEF report** **Opinion**

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for Svenska Handelsbanken AB (publ) for the financial year 2023.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

#### **Basis for Opinion**

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the ESEF report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Svenska Handelsbanken AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Responsibilities of the Board of Directors and the Managing Director**

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with the Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

## Report on other legal and regulatory requirements, cont.

### **Auditor's responsibility**

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firms apply International Standard on Quality Management 1, which requires the company to design, implement and manage a quality management system including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design audit procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHTML format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report has been marked with iXBRL in accordance with what follows from the Esef regulation.

### **The auditor's examination of the corporate governance statement**

The Board of Directors is responsible for that the corporate governance statement on pages 66–68 has been prepared in accordance with the Annual Accounts Act. Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with ISA and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2–6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph of the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies.

### **Auditor's report on the statutory sustainability report**

It is the board of directors who is responsible for the statutory sustainability report on pages 36–65 and that it has been prepared in accordance with the Annual Accounts Act.

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

A statutory sustainability report has been prepared.

PricewaterhouseCoopers AB, Torsgatan 21, 113 97 Stockholm, was appointed auditor of Svenska Handelsbanken AB (publ) by the general meeting of the shareholders on 22 March 2023 and has been the company's auditor since 29 March 2017.

Deloitte AB, Rehnsgatan 11, 113 57 Stockholm, was appointed auditor of Svenska Handelsbanken AB (publ) by the general meeting of the shareholders on 22 March 2023 and has been the company's auditor since 22 March 2023.

Stockholm February 22, 2024

PricewaterhouseCoopers AB

Deloitte AB

Johan Rippe  
Authorized Public Accountant

Malin Lünig  
Authorized Public Accountant

# Sustainability information

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# Sustainability information

Information about the Bank's sustainability goals, sustainability key metrics and the GRI Content Index is presented below. Combined with the statutory Sustainability Report on pages 36–65 and the Bank's Taxonomy reporting on pages 276–305, this information comprises Handelsbanken's 14th Sustainability Report in accordance with the Global Reporting Initiatives (GRI) standards for sustainability reporting, and has been reviewed by the Bank's external primary auditor. Refer to the audit report on page 306.

## HANDELSBANKEN'S SUSTAINABILITY GOALS

Handelsbanken's business model facilitates responsible operations. By developing and offering sustainable products within its core operations: financing, savings and investments, and advisory services, the Bank can work to maximise positive impact, minimise negative impact and in doing so promote a more sustainable society. The sustainability goals apply throughout the Handelsbanken Group. However, business areas and subsidiaries may work in different ways to achieve them, and be at different stages in their work.

In 2021, Handelsbanken's management set two overarching goals for sustainability at the Bank:

- To be, and to be recognised as, the most sustainable bank among peer competitors.
- Net-zero GHG emissions as soon as possible and by 2040 at the latest. This includes lending, leasing and investments as well as the Bank's own operations, such as energy consumption and business travel.

In addition to these, three strategic business goals in financing, investments and advisory services were adopted in 2021, with the advisory services goal updated in 2023:

- Financing – By 2025, 20 per cent of the Bank's financing volume shall consist of green financing, social financing or financing that contributes to the borrower's measurable, sustainable transition.
- Investments – The investment portfolios shall be in line with the goals and transition pathway of the Paris Agreement, achieve net-zero GHG emissions by 2040 at the latest, and increase the mutual funds' contributions to the 2030 Agenda.
- Advisory services – Handelsbanken will create the conditions to improve the financial situation for women and thereby promote a gender-equal economy. By 2026, the percentage of women among Handelsbanken's customers who consider themselves to have a high level of financial literacy shall increase from 62 per cent in 2023 to 75 per cent in 2026. This goal will be achieved through education and providing advisory services.

The quantitative goals for advisory services primarily refer to the Swedish market. Other home markets will prepare equivalent goals adapted to their market conditions. More information is available in Handelsbanken PRB Self-Assessment 2023 at [handelsbanken.com/en/sustainability](https://handelsbanken.com/en/sustainability).

In addition to these specific goals, the Bank must act responsibly in everything it does, from being a responsible taxpayer, countering financial crime and upholding human rights, to being a financially stable bank and protecting customers' personal data and their financial health.

### The way ahead

In order for Handelsbanken to support its customers' sustainable transition and leverage the opportunities that the transition offers, the Bank monitors developments and adapts both itself and its goals accordingly. Activating as many of the Bank's customers as possible, regardless of how much progress they have made with their transition, is critical to supporting the climate transition on a broader scale. Handelsbanken has respect for the fact that market conditions may change, as well as best practice in reporting and regulations that govern the property market's climate work and the Bank may therefore choose to adjust its goal and the scope of what is included in it based on what happens in the outside world, and how Handelsbanken can best support its customers.

The primary means to achieve the climate goal will be the continued widespread integration of a climate-related perspective into the Bank's lending and advisory services to customers. With additional goals related to sustainable financing, the Bank will support customers via products and advisory services aiming for reduced emissions and greater energy efficiency. The reduction in emissions is not expected to be linear over time, and in the short term, the reported emissions may rise. As the Bank continues to develop its products and services, and these make their full impact over time, reported emissions are expected to more tangibly decrease. The Bank's climate goals are also expected to be supported by reduced emissions from the energy systems in the Bank's home markets, together with measures and actions decided

at global, European and national level. Handelsbanken's climate goals also entail the Bank minimising its direct environmental impact by constantly and systematically developing its environmental activities. This will be achieved by boosting resource efficiency and recycling, for example, and by taking environmental impact into account in our purchasing and business travel, and will be followed up via key metrics.

The aim of Handelsbanken's goal of 20 per cent sustainable financing<sup>1</sup> is to increase the provision of capital to private and corporate customers that will enable the transition to a sustainable society. Sustainable financing<sup>2</sup> refers to both loans that can already be classed as green, and to loans with terms that aim to support larger customer groups with focus on transition. Like the rest of the market and other banks, the criteria that the Bank uses for green financing in this respect are not yet fully aligned with the EU Taxonomy criteria (see the EU Taxonomy reporting on pages 276–305) and instead follow the criteria established by the Bank's third-party-audited green financing framework. The financial goal is to help accelerate product development and business development, reduce sustainability risks and compliance risks, and improve the Bank's knowledge development. The goal aims to progress the Bank from its current starting point of a low, but quickly growing, proportion of green financing, to integrating environmental, climate and social aspects more broadly into its financing business.

The expectation is that the goal will be achieved by increasing both green and sustainability-linked financing, with a particular focus on mortgages and properties. For example, links to energy class or energy efficiency, as well as advisory services, are regarded as relevant supplements and thus interesting areas for development. The market for sustainable finance is undergoing rapid development, as are the regulations and reporting requirements and standards that govern companies' work with climate-related issues and the energy efficiency of properties. Accordingly, the Bank is continuously evaluating the impact of external factors, such as the economic climate, different options for customers to invest in energy efficiency, regulatory developments in energy effi-

<sup>1</sup> The denominator for calculating the goal is the financing volume, consisting of the Bank's loans to the public and revolving credit facilities for large companies. The numerator is green financing, including green mortgages, social financing, sustainability-linked loans for large companies (both utilised and unutilised) and sustainability-linked loans for properties (retail market).

<sup>2</sup> Criteria for green loans according to the Bank's Green Bond Framework [handelsbanken.com/handelsbankens-green-bonds](https://handelsbanken.com/handelsbankens-green-bonds), aligned with the 2021 ICMA Green Bond Principles and adapted to, but not fully aligned with, the EU Taxonomy.

ciency and reporting, the CSRD/ESRS and the standardisation of terms in sustainable financing, etc., on the Bank's 20 per cent goal, the conditions for meeting this goal and the conditions for achieving the desired reduction in risk for customers and the Bank. Individually, advisory services, financing solutions, price incentives and regulations will not by themselves necessarily bring about a transition on a broad front or at the rate needed. For this reason Handelsbanken intends – in relation to this goal

– to not only work with established forms of sustainable financing but also to pursue a customer-centric approach featuring a full range of solutions to meet all customer needs.

Achieving the goal of net-zero emissions from investment portfolios by 2040 means that the entire portfolio must be carbon neutral. Accordingly, some holdings will have made much further progress and thus have a positive contribution, while others will continue to generate a slight impact. In general, this means that

all companies in which Handelsbanken has invested must reduce their GHG emissions and any remaining emissions must be weighted against capturing the same amount of carbon. As a long-term investor, Handelsbanken wants to make broad investments in the sectors that drive society forward, and use its influence to encourage companies to reduce their emissions and increase their contribution to the 2030 Agenda.

## Financing

Responsible financing	2023	2022	2021	2020	2019
Handelsbanken's green bonds, volume, EUR m	3,059	1,750	1,000	1,000	500
Green bonds, volume arranged, SEK bn	66.8	40.6	33.9	32.4	16.3
Green loans, volume outstanding, SEK bn <sup>1</sup>	87.2	63.7	28.1	20.2	7.3
of which green mortgages	35.0	31.8	8.7	5.4	0.6
Breakdown of energy classes in real estate-related lending (SEK bn) <sup>2</sup>					
Energy class A	30.7	5.2	3.9	-	-
Energy class B	108.7	49.4	36.0	-	-
Energy class C	249.2	134.7	106.2	-	-
Energy class D	313.9	204.3	171.7	-	-
Energy class E	350.4	275.0	247.6	-	-
Energy class F	158.3	134.3	122.0	-	-
Energy class G	63.8	39.4	34.4	-	-
Unclassified	787.0	602.5	646.4	-	-
Sustainability-linked loans, SEK bn <sup>1</sup>	105.4	59.0	23.9	-	-
utilised volumes	39.2	14.6	3.2	-	-
unutilised volumes	66.2	44.4	20.7	-	-
Progress towards financial goal (20% by 2025) <sup>3</sup>					
Proportion of sustainable lending (excl. unutilised revolving credit facilities)	5.5	3.4	1.4	-	-
Proportion of sustainable financing (incl. unutilised revolving credit facilities) <sup>4</sup>	7.6	4.8	2.2	-	-
Financing volumes, SEK bn <sup>5</sup>	2,545.9	2,549.1	2,391.0	-	-
Green assets according to the Bank's green framework, SEK bn	89.0	67.5	17.0	14.1	12.1
Equator Principles <sup>6</sup>					
Project financing, number of loans					
Category A	0	0	0	0	0
Category B	0	1	1	1	1
Category C	0	0	0	0	0
Project-related corporate loans, number of loans					
Category A	0	0	0	0	0
Category B	1	1	1	0	0
Category C	0	0	0	0	0
Total number of leased cars <sup>7</sup>	15,364	17,492	19,165	19,468	20,467
Total emissions all cars (tonnes CO <sub>2</sub> e)	14,330	22,208	27,339	30,609	34,464
Average emissions all cars CO <sub>2</sub> (g/km)	77.2	105.5	120.1	128.2	137.3
Average emissions Handelsbanken's company cars CO <sub>2</sub> (g/km)	22.1	37.9	45.4	61.3	91.1

<sup>1</sup> Excluding Finland. Criteria for green financing in accordance with Handelsbanken's Green Bond Framework, refer to handelsbanken.com/handelsbankens-green-bonds, in line with the 2021 ICMA Green Bond principles and adapted to but not fully aligned with the EU Taxonomy.

<sup>2</sup> The Bank has analysed all of its real estate-related lending in Sweden, Norway, the UK and the Netherlands and, based on the allocation of collateral for calculating capital requirements, has identified collateral with a valid energy declaration. Comparative figures as per 31 December 2022 refer only to Sweden.

<sup>3</sup> Excluding Finland for 2023 and 2022. Key metrics for 2021 have been restated, outcome for 2021 including Finland was 1.4% and 2.4%, respectively.

<sup>4</sup> The denominator for calculating the goal is the financing volume, consisting of the Bank's loans to the public and revolving credit facilities for large companies. The numerator is green financing, including green mortgages, social financing, sustainability-linked loans for large companies (both utilised and unutilised) and sustainability-linked loans for properties (retail market).

<sup>5</sup> Loans to the public including unutilised revolving credit facilities.

<sup>6</sup> Equator Principles – number of reported loans in the Bank's lending portfolio.

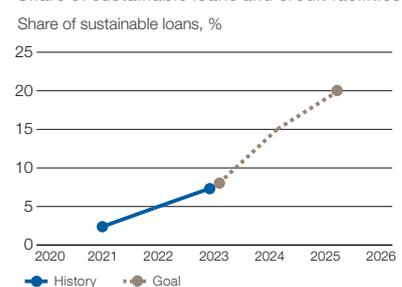
<sup>7</sup> Refers to Sweden.

### GOAL ACHIEVEMENT

Handelsbanken still has some progress to make on attaining the set sustainability goal for financing – by 2025, 20 per cent of the Bank's financing volume shall consist of green financing, social financing or financing that contributes to the borrower's measurable, sustainable transition. The Bank is aware that the goal is ambitious and that the effects of the product and business development required to meet this goal will increase as the Bank moves closer to achieving the final goal. Handelsbanken sees value in having set a stretch goal that challenges

and requires innovation and the integration of sustainability on a broad front, instead of selecting a goal based on expected volume growth in the current offering. In 2023, Handelsbanken took a number of steps towards this goal, for example, the subject of energy was integrated more into the Bank's daily dialogue with customers by training advisors in the importance of the energy class of buildings and establishing more detailed follow-ups of progress at the branches. The Bank also initiated several partnerships with other companies to offer packaged solutions and advice to customers to

### Share of sustainable loans and credit facilities



assist them in their energy efficiency measures, choice of energy sources and climate transition. These activities also contributed to an increase in the share of green and sustainable financing in the Bank. The Bank's ambition over the next few years is to continue to improve and expand the product range in both green financing and sustainability-linked financing, which will create

further incentives for both private and corporate customers to become, for example, more energy effective, primarily with respect to housing and properties. This is where links to energy class or energy efficiency, as well as advisory services, are regarded as relevant supplements and thus interesting areas for development. The market for sustainable finance is undergoing

rapid development, as are the regulations and reporting requirements and standards that govern companies' work with climate-related issues and the energy efficiency of properties. The Bank is following these developments to adapt our offering to customers.

## Savings and investments

Responsible investments <sup>1</sup>	2023	2022	2021	2020	2019
Assets under management in funds that exclude <sup>2</sup> controversial sectors, SEK bn	902	795	904	678	576
Assets under management in funds that exclude <sup>2</sup> fossil fuels, SEK bn	902	795	904	678	576
Proportion of assets under management in funds with:					
negative screening regarding controversial sectors, %	95	94	94	92	88
negative screening regarding fossil fuels, %	95	94	94	92	88
negative screening regarding companies that violate international norms and conventions, %	95	94	94	92	88
Assets under management in funds with:					
positive screening regarding sustainability aspects (ESG), SEK bn <sup>3</sup>	181.7	54.7	51.2	35.9	3.9
screening regarding environmental aspects <sup>4</sup> , SEK bn – old method	5.3	6.2	5.6	3.8	0.3
screening regarding environmental aspects <sup>4</sup> , SEK bn – new method <sup>5</sup>	276.7	39.9	-	-	-
Fund assets under management in green, sustainable and social bonds, SEK bn <sup>6</sup>	52.3	49.7	48.0	32.0	22.2
Fund assets under management in impact investing, SEK bn <sup>7</sup>	11.6	9.8	8.3	7.2	4.4
Proportion of fund assets under management evaluated according to PRI, % <sup>8</sup>	100	100	100	100	100
Total number of dialogues	587	421	331	566	563
Participation in shareholders' meetings	977	1,163	1,019	647	813
of which companies listed in Sweden	311	302	338	238	224
of which companies listed outside Sweden	666	861	681	409	589
Participation in nomination committees	68	70	47	41	34
Proportion of unit-linked insurance funds that exclude <sup>2</sup> fossil fuels	100	100	100	91	86
Fund assets under management reported according to EU Sustainability Finance Disclosure Regulation (SFDR) <sup>9</sup>					
Article 9 – Mutual funds that have sustainable investment or a reduction in carbon emissions as their objective, SEK bn <sup>10</sup>	181.7	54.7	150.7	-	-
Article 8 – Mutual funds that promote environmental and social characteristics, SEK bn <sup>10</sup>	725.0	746.0	759.1	-	-
Article 6 – Mutual funds that integrate sustainability risks into investment decisions, SEK bn	40.3	38.5	40.9	-	-
Article 6 – Mutual funds that do not integrate sustainability risks due to their investment strategy, SEK bn	2.1	5.7	5.9	-	-
Proportion of fund assets reported according to EU Sustainability Finance Disclosure Regulation (SFDR) <sup>9</sup>					
Article 9 – Mutual funds that have sustainable investment or a reduction in carbon emissions as their objective, % <sup>10</sup>	19.1	6.5	15.8	-	-
Article 8 – Mutual funds that promote environmental and social characteristics, % <sup>10</sup>	76.4	88.3	79.3	-	-
Article 6 – Mutual funds that integrate sustainability risks into investment decisions, %	4.3	4.6	4.3	-	-
Article 6 – Mutual funds that do not integrate sustainability risks due to their investment strategy, %	0.2	0.7	0.6	-	-
Assets under management in funds with Paris Aligned Benchmarks (PAB), SEK bn	135.2	94.9	99.5	-	-
Proportion of assets under management in funds with Paris Aligned Benchmarks (PAB), %	14.2	11.2	10.4	-	-
Outcome of Handelsbanken Fonder AB's sustainability goals:					
Carbon intensity in total fund portfolio, GHG/EVIC (tCO <sub>2</sub> e/SEKbn)	51.2	50.2	49.2	61.2	-
Proportion of fund assets under management in climate solutions, % – old method <sup>11</sup>	9.9	11.2	11.6	12.4	-
Proportion of fund assets under management in environmental and climate solutions, % – new method <sup>11</sup>	20.7	22.7	-	-	-
Proportion of fund assets under management in sustainable investments, % – old method <sup>12</sup>	35.0	42.1	34.2	33.9	-
Proportion of fund assets under management in sustainable investments, % – new method <sup>12</sup>	43.2	43.2	-	-	-

<sup>1</sup> Unless otherwise stated, this item refers to volumes excluding own holdings.

<sup>2</sup> The term "exclusion" means that no more than 5 per cent of turnover in the company may derive from operations related to such products or services. There can be an exemption from the principle of excluding fossil fuels, if the company fulfils the fund company's criteria for qualification as a company in transition.

<sup>3</sup> The change in volume compared with last year was essentially due to the fact that volumes in index funds that follow a registered EU benchmark, such as the Paris Aligned Benchmark, were reported as Article 8 funds in 2022 but are now reported as Article 9.3 funds. In 2023, the European Commission presented a clarification on the application of the regulations.

<sup>4</sup> The data point was adjusted in 2022 to align with the SFDR and includes Handelsbanken Fonder's own Article 9 mutual funds under management that primarily make investments that promote environmental and climate solutions. Until 2022, this point included the fund company's direct and indirect holdings that can be classified as companies in transition. The key metrics have been presented according to both the old and the new method for comparability.

<sup>5</sup> The volume refers to the total fund assets under management, and not the adjusted volume as reported under the key metric "positive screening regarding sustainability aspects (ESG)." This is the reason for the higher proportion.

<sup>6</sup> Refers to holdings in Handelsbanken Fonder's own actively managed fixed-income funds. The volume refers to the total fund assets under management, and not the adjusted volume.

<sup>7</sup> Investments that generate measurable positive effects for society combined with financial returns. From 2022, no external holdings are included in the calculation and the figure only comprises Handelsbanken Fonder's own managed mutual funds. The volume refers to the total fund assets under management, and not the adjusted volume.

<sup>8</sup> Requirement that all internal and external fund managers sign the Principles for Responsible Investment (PRI).

<sup>9</sup> Handelsbanken Alternatives Fund Limited is not reported according to the EU Sustainability Finance Disclosure Regulation (SFDR).

<sup>10</sup> In April 2023, the European Commission presented a clarification that made clear that index funds that follow a registered EU benchmark, such as the Paris Aligned Benchmark, meet the requirements to be reported as Article 9.3. As a result, Handelsbanken Fonder chose to again report its Paris-aligned index funds as Article 9.3.

<sup>11</sup> The goal to increase investments in climate solutions was adjusted in 2022 to better comply with the definitions of the SFDR. The goal now also refers to environmental solutions including climate solutions. The key metrics have been presented according to both the old and the new definition for comparability. For definitions and a description of methods, see handelsbankenfonder.se.

<sup>12</sup> The goal to increase the proportion of sustainable investments was adjusted in 2022 to better comply with the definition of sustainable investments in the SFDR. The key metrics have been presented according to both the old and the new definition for comparability. For definitions and a description of methods, see handelsbankenfonder.se.

## HANDELSBANKEN FONDER

### Vision and sustainability goals

Handelsbanken Fonder's vision is to create financial wealth and planetary health through the fund company's investments. To clarify how it intends to achieve this, the fund company works from its own sustainability goals that also reflect the fund company's commitment to the Net Zero Asset Managers (NZAM) initiative and the part of Handelsbanken's commitment to the UN Principles for Responsible Banking (PRB) that the bank signed in 2019. Handelsbanken Fonder's sustainability goals have been established in two main areas:

- Paris-aligned investment portfolios
- Contribution to 2030 Agenda.

Handelsbanken Fonder will report on its performance in relation to these goals at least annually, in accordance with the goal requirements under the NZAM and PRB frameworks.

### Paris-aligned investment portfolios

From an investment perspective, the climate transition is tied to both risks and opportunities. Handelsbanken Fonder therefore works both to reduce the carbon footprint and climate-related risks in the fund company's investment portfolios and to direct investments towards companies that contribute to solutions in the climate transition. The first overarching sustainability goal is therefore to achieve net-zero GHG emissions in the fund company's total investment portfolio by 2040. The fund company has two interim targets on the way to this goal:

- 50 per cent reduction in the carbon intensity of the fund company's total investment portfolio by 2030
- doubling of investments in environmental and climate solutions by 2030.

The special report<sup>1</sup> by the UN's Intergovernmental Panel on Climate Change, the IPCC, states that a 50 per cent reduction in carbon emissions by 2030 is a vital precondition if global warming is to be limited to 1.5°C.

There are several different approaches to achieving the goal of net-zero emissions from the fund company's total investment portfolio. By only investing in sectors with an inherent low carbon footprint, the goal could be achieved relatively quickly. However, this is not the way to make a real-world impact. A complete transformation is required if global climate goals are to be achieved, above all in sectors with historically high emissions. All companies must take a focused, goal-oriented approach to reduce their carbon emissions – and as a long-term investor, Handelsbanken Fonder must join them on this journey. The fund company therefore wants to make broad investments in sectors that drive society forward, and use its influence to encourage companies to reduce their emissions.

Pushing companies to reduce their emissions is only one part of reducing emissions in society. The other part is about investing in environmental and climate solutions. By investing in companies that develop products and services that help in the climate transition, participating in new issue of shares and IPOs, and by investing in different sustainable bonds, Handelsbanken Fonder ensures that environmental and climate solutions – and the companies behind them – can grow.

### Contribution to 2030 Agenda

Handelsbanken Fonder's second overarching sustainability goal – to increase the mutual funds' contribution to the 2030 Agenda – focuses on the overall objectives of the 17 SDGs, which countries around the globe have agreed on achieving by 2030. It is largely a matter of fulfilling basic human rights and needs – such as the right to education and healthcare, access to clean water, financial inclusion, gender equality and inclusion. It is also about protecting and managing ecosystems, biodiversity and natural resources sustainably. In order to increase the mutual funds' contribution to the 2030 Agenda, the fund company has set the following two interim targets:

- 30 per cent increase to the proportion of sustainable investments by 2025
- increase engagement activities with a positive outcome every year until 2025.

To promote and accelerate the efforts to achieving the 17 SDGs and the 169 targets by 2030, extensive investments and political reforms will be required. Handelsbanken Fonder works actively to contribute to and be a part of these necessary investments. As with its work on climate-related matters, Handelsbanken Fonder is convinced that investing in solutions is an important part of the work to reach the goals set out in the 2030 Agenda for Sustainable Development. The fund company also believes that identifying and investing in companies that can deliver relevant solutions to the challenges the world is currently facing is a considerable opportunity in terms of investment.

A challenge in this respect is the access to data regarding how well certain companies are contributing to the SDGs. The mutual funds' investment universe is large, and the fund company has invested in numerous smaller companies all over the world, and the data for some of these may not always be comprehensive or entirely accurate.

The fund company applies both its own research analysis and the assistance of external data providers to assess the companies' contribution to the SDGs. This analysis is also important in being able to define what is considered to be a sustainable investment and to report this in accordance with the EU SFDR.

Another way of contributing to the goals of the 2030 Agenda for Sustainable Development

is by engaging with companies and encouraging them to move in the right direction. The fund company's active stewardship is carried out in a number of ways and can be divided into active stewardship and dialogues. As well as general strategic sustainability topics, dialogues with companies cover specific aspects of a company's risks, opportunities and engagement in matters related to sustainable development. Through its active stewardship, Handelsbanken Fonder engages with companies through its participation in nomination committees and voting at shareholders' meetings.

### Follow-up of goals

The purpose of quantitative goals is to be able to measure results and provide stakeholders with the ability to monitor developments. Handelsbanken Fonder reports its results in relation to the goals at least once a year. In addition, regular follow-up activities are undertaken in the fund company's Sustainability Risk Forum, which monitors the mutual funds' sustainability performance.

### Outcome 2023

#### Carbon intensity

Handelsbanken Fonder's total carbon intensity, including Scope 1, 2 and 3, increased by 2.0 per cent in 2023, from 50.2 to 51.2 tCO<sub>2</sub>e/SEKm. Including only Scope 1 and 2, the carbon intensity declined by 13.1 per cent. Further details on the exact drivers of this change will be presented in the fund company's Climate Report, as well as the Sustainability and Stewardship Report to be published in 2024.

The fund company works actively on its climate impact through means such as direct dialogues – focusing on the companies that make the largest contribution to the fund company's total emission intensity and the areas in which the fund company sees tangible opportunities for improvements in the companies' reporting, goals or progress. During the year, the fund company noted that several companies had improved their reporting of emissions data and that in many cases the companies had higher emissions than previously estimated. It is positive that higher-quality data exists that better reflects reality, but this entails challenges in interpreting the overall trend. The fund company therefore maintains its view that it is more appropriate to look at the general long-term direction rather than at specific figures since emissions data tends to change considerably when a company changes from estimated to reported data.

Handelsbanken Fonder measures emissions in relation to the Enterprise Value Including Cash (EVIC), a value that is largely determined by the market value of the holdings. This means that carbon intensity can therefore rise or fall depending on how the market values a company, even if the absolute emissions remain unchanged. The fund company considers both

<sup>1</sup> Global Warming of 1.5°C. See the full report: [ipcc.ch/sr15/](https://www.ipcc.ch/sr15/).

direct and indirect emissions in the companies' value chains, i.e. Scope 1, 2 and 3. It can be challenging to include Scope 3, as the companies in many cases still do not report data on these emissions and they use estimates instead. This is why sustainability reporting, in the context of the fund company's stewardship, is an important matter where the fund company advocates for companies to measure and report their emissions to a greater extent than presently.

In the short term there are several factors of uncertainty when carbon intensity is calculated for the mutual funds. However, this is no reason to avoid reporting the full picture with regard to emissions. Instead, the goal is to report as transparently as possible, and to report on the methods and metrics used. In the long term, Handelsbanken Fonder is convinced that its choice of investments and its stewardship will lead the fund company in the right direction towards net-zero emissions.

Disclosures regarding carbon intensity are based primarily on information provided by the ESG data provider, ISS ESG. The disclosures present a snapshot of the portfolio's carbon footprint and the calculations are not exhaustive.

**Environmental and climate solutions in the mutual funds**

The proportion of environmental and climate solutions for 2023 declined marginally during the year, from 22.7 per cent to 20.7 per cent of assets under management. Further details on the exact drivers of this change will be presented in the fund company's Sustainability and Stewardship Report to be published in 2024.

**Sustainable investments in the mutual funds**

The proportion of sustainable investments remained unchanged during the year, representing 43.2 per cent of assets under management. Further details will be presented in the fund company's Sustainability and Stewardship Report to be published in 2024.

**Stewardship in the mutual funds**

The number of direct dialogues grew marginally from 197 to 199 in 2023. During the year, the fund company continued to prioritise proactive stewardship and to leverage the combined resources and expertise of the entire fund management team in its dialogues. Collaboration between fund managers and sustainability specialists creates the conditions to conduct far-reaching, effective stewardship. In addition to its own direct dialogues, in 2023 the fund company participated in collaborative dialogues together with other investors, aimed at 388 companies. Within the framework of investor networks and statements supported by Handelsbanken Fonder, 17,754 companies have been contacted during the year.

Through active stewardship, the fund company has also exercised an influence over companies by participating in 68 nomination committees ahead of annual general meetings in 2023, and voted at 977 shareholders' meetings.

Further details on the exact drivers of these changes will be presented in the fund company's Sustainability and Stewardship Report to be published in 2024.

**HANDELSBANKEN LIV**

**Vision and sustainability goals**

Handelsbanken Liv's vision is to contribute towards greater security in life and a richer future. The life insurance company's sustainability goals aim to promote sustainable development, for both future generations and our planet. The goals are divided into three areas: environment, social responsibility and business ethics.

**Environment – Investments for a climate-neutral future**

The overarching climate goal is net-zero GHG emissions from the investment portfolio as soon as possible, and by 2040 at the latest. Interim targets to be achieved by 2025 are to:

- Reduce the environmental impact of own operations by 25 per cent.
- Increase the range of mutual funds with climate-related and environmental solutions by 15 per cent.
- Only offer mutual funds that exclude fossil fuels.

**Social responsibility – Gender-equal pensions**

The overarching social sustainability goal is to ensure long-term financial security for all of the life insurance company's customers, and in particular to contribute to a reduced income disparity between men and women upon retirement, in line with Handelsbanken's goal of gender-equal advisory services. Interim targets to

be achieved by 2025 for ensuring increased financial independence through gender-equal pensions are to:

- Reduce the pension gap between men and women through business development and training initiatives in gender-equal pensions.
- Reduce financial inequality by improving access to financial services.
- Increase the knowledge of gender equality throughout the operations, at both company-wide and individual unit level.

**Business ethics – Sustainable purchases and external fund suppliers**

The overarching sustainability goal regarding business ethics includes the evaluation of selected suppliers and partners to ensure that they meet the sustainability criteria established by Handelsbanken Liv. As soon as possible, and by 2025 at the latest, Handelsbanken Liv will ensure that external fund suppliers whose funds are offered in its insurance solutions actively work to achieve the climate goal of the Paris Agreement, and contribute to investments that support the 2030 Agenda for Sustainable Development. Interim targets in this area, to be achieved by 2025, are:

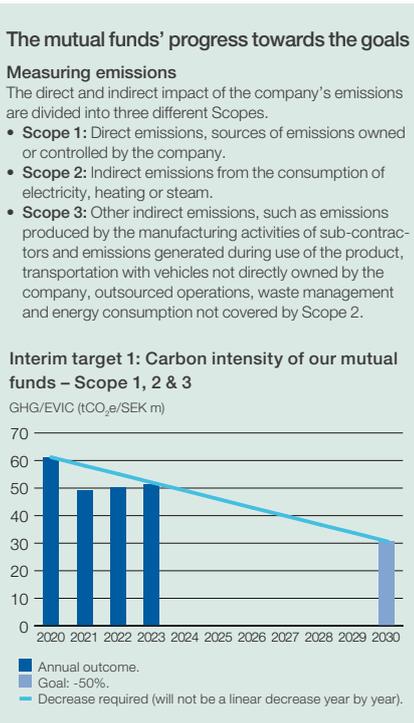
- Procurement and outsourced operations are to be sustainable.
- Only offer mutual funds from suppliers committed to the Paris Agreement.
- Only offer mutual funds from suppliers that actively contribute to the 2030 Agenda.

**Outcome 2023**

**Carbon intensity**

Since 2016, Handelsbanken Liv has monitored the emission intensity of its investments, i.e. the GHG emissions generated by the companies invested in by the mutual funds in the portfolio. Handelsbanken Liv has chosen to report emission intensity in line with Insurance Sweden's recommendations, meaning that it is expressed as a weighted average value. Emission intensity is calculated using emissions data taken from ISS Ethix, which includes both direct and indirect emissions (Scopes 1 and 2).

In 2023, Handelsbanken Liv has reduced the emission intensity of the shares in equity funds and mixed funds linked to unit-linked insurance and traditional insurance in Sweden. The portfolio-weighted emission intensity decreased from 6.8 tCO<sub>2</sub>e/SEKm in 2022 to 4.0 tCO<sub>2</sub>e/SEKm in 2023. Investments in green bonds in traditional insurance amounted to SEK 1.4 billion (1.3), corresponding to 24 per cent (24) of the total portfolio. In addition, Handelsbanken Liv has maintained a low exposure to fossil fuel-intensive sectors: 3.6 per cent (4.5) of shares in equity funds and mixed funds. 95 per cent of Handelsbanken Liv's range of funds comprises funds that promote positive environmental or social characteristics (Article 8) or have sustainable investment as their objective (Article 9). An in-depth look at the life insurance company's environmental and climate-related work is published annually in Handelsbanken Liv's climate



report, which is prepared according to TCFD recommendations.

### HANDELSBANKEN WEALTH & ASSET MANAGEMENT LTD

Handelsbanken Wealth & Asset Management supports the Group's sustainability goals and will continue to develop further business plans in a direction that contributes to achieving those goals. Work on the Group's sustainability goals

in the future will involve, among other things, developing investment strategies aligned with the Paris Agreement, in accordance with SBTi recommendations. Such development tallies well with the long-term management strategy and the intention of the sustainable funds to make a genuine difference. It will be achieved by giving companies an incentive to take responsibility via the process for sustainable investments, and through adaptation to the

SDGs. In addition to climate-oriented principles, Handelsbanken Wealth & Asset Management has also committed to increasing its investments' contribution to the 2030 Agenda. The mutual funds currently have investments within the framework of several of the SDGs, from Clean Water and Sanitation to Industry, Innovation and Infrastructure.

## Advisory services

Responsible advisory services	2023	2022	2021	2020	2019
Number of employees licensed to provide advisory services (e.g. Swedsec license)	3,492	3,499	4,017	4,336	4,373
Number of employees with advisory license "Handelsbanken certifiering rådgivning bas" – Sweden	1,701	1,720	1,820	-	-
Number of employees who have completed course on gender-equal pensions – Sweden <sup>1</sup>	1,157	1,489	739	-	-
Number of employees who have completed course on gender-equal advisory services – Sweden	1,202	1,364	-	-	-
Advisory meetings with customers – Sweden, Finland, Norway <sup>2</sup>	91,972	79,759	98,332	-	-
Proportion of women	51.7	52.6	52.7	-	-
Proportion of men	48.3	47.4	47.3	-	-
Of which pension advisory meeting	25,389	47,884	25,821	-	-
Proportion of women	56.7	52.3	57.4	-	-
Proportion of men	43.3	47.7	42.6	-	-
Of which asset management meeting	50,490	49,438	50,490	-	-
Proportion of women	55.4	56.8	55.4	-	-
Proportion of men	44.6	43.2	44.6	-	-

<sup>1</sup> One-off course in 2021.

<sup>2</sup> Pension savings and wealth management may be addressed at the same meeting.

### GENDER-EQUAL ADVISORY SERVICES

Handelsbanken's current sustainability goal for gender-equal advisory services is that the Group, from 2020 and by the end of 2023, through business development and training initiatives, will in a measurable way create conditions for gender-equal savings and thus contribute to reducing the wealth gap between men and women. By making financial services available to more people, and increasing women's financial independence, the Bank increases its customers' financial stability and contributes to the Gender equality SDG.

The gap between men's and women's savings is primarily due to causes unrelated to the Bank's advisory services, such as the labour market. In many cases, women are paid less and work part time to a higher degree, affecting their incomes and their ability to save. In order to achieve the gender-equal savings goal and help more customers achieve financial security, thus moving towards a more gender-equal economy, the Bank's method for working with gender-equal advisory services is:

- educate and boost knowledge about financial gender equality
- analyse the advisory services and follow up with the operational side of the business
- support individual development within the area of personal finances by launching tools and aids which facilitate and simplify savings and investments.

### Business intelligence

There are many reasons to actively promote gender equality. At the root of the matter, it is about fairness and human rights.

Statistics from Eurostat – "Gender pay gaps in the European Union" and "Gender pay gap in the UK" show that the pay gap between men and women in Handelsbanken's home markets was between just over 11 per cent (Sweden) and 15 per cent (UK) in 2020. An OECD report from 2021 shows that the pension gap between women and men (lower average pension, expressed as a percentage, for women compared with the corresponding figure for men at 65 years of age) in the same markets was just over 40 per cent (the UK) and just over 26 per cent (Norway).

### Goal achievement for gender-equal advisory services 2023

In 2023, the Bank further developed the advisory tool in Sweden so that advisors have better support to discuss gender equality in finances with the Bank's customers. The Bank also launched a new savings target known as "compensation savings" as part of its advisory services in Sweden. This savings target aims to help customers easily catch up on any shortfall in pension provisions from having worked part-time, and to raise customer awareness of aspects of their private finances that could affect the outcome of their savings and pension.

During the year, the Bank continued to follow up on savings started via digital guides. The results show that, on average, women save about SEK 800 less per month in mutual funds than men. Generally speaking, women and men have different attitudes towards savings. Handelsbanken's follow-up indicates that slightly more women than men met with the Bank during the year for investment advice: 51.7 per cent compared to 48.3 per cent. The digital savings guides have also been used more by women than men, at 55 per cent and 45 per cent, respectively. The total amounts saved are also lower. The risk attitude, and the manner in which capital is invested, vary between men and women savers. Medium risk is the most common risk level for our customers' savings, but the second most common for men is medium/high risk, whereas for women it is medium/low risk. The results of the follow-up also show that men own a larger percentage of the assets under management in active equity funds at the Bank's Swedish fund company. Men own 55 per cent, compared with the 45 per cent owned by women. Women, on the other hand, own a greater percentage of the assets under management in our mixed funds – 58 per cent compared with 42 per cent.

### Dialogue with customers 2023

This year's Swedish Quality Index survey (SKI Savings 2023) showed that just over six out ten (62 per cent) of surveyed Handelsbanken

customers have extra savings to increase their pension, while almost one-third of savings customers (29 per cent) did not. One in four customers (25 per cent) said that they share their finances with their partner but that they had not looked over their pensions in terms of the effects of working part-time, parental leave or staying home from work to care for a sick child. 14 per cent also said that they had tried to look at the effects of different life events on their finances together with their partner so that they could have more equal finances. However, only 7 per cent of survey respondents said that they had compensated each other, for example, by transferring premium pension rights or starting savings for the person in the household who has stayed home the most, such as for parent leave. The survey also indicated that there is widespread demand for information and support, with 23 per cent wanting to resolve this issue or to receive tips on having more equal finances. One in five customers also said that they would like to review the risk level in their savings. In order to help customers predict the long-term effects of all the choices – big or small – that they make with regard to their finances, Handelsbanken continued its educational initiatives and business development activities during the year.

Handelsbanken Wealth & Asset Management's first Wealth Survey was published in 2023. This nationwide survey was conducted across the UK, with 4,000 respondents weighted evenly by gender, age, region and value of financial assets.

An independent agency was used to ensure impartiality, and the results were presented in the Wealth Survey Report 2023. The aim was to put the survey results into a historical context, while providing practical suggestions for closing the gender wealth gap. The final report highlighted the results and potential solutions in areas such as:

- women's financial literacy and confidence
- the pension gap between women and men
- how the gendered division of labour extends to money matters
- the impact of women's and men's financial worries.

To improve women's financial literacy and confidence, Handelsbanken Wealth & Asset Management also organised two Building Financial Resilience events in the north and south of England. Attracting customers from Handelsbanken's local branches, these events created a positive and informative environment for women to listen, discuss and ask questions to wealth management and investment experts.

#### **Gender equality in advisory meeting**

An employee survey was conducted among a selection of advisors in Sweden during the year to evaluate the outcome of the business development and training initiatives that were

launched in 2020–2023. The results showed that more than half of the advisors had tried the new tools that were launched and that the "Gender-equal pension" initiative was the most commonly used tool. 56 per cent of respondents also said that they had become more confident in raising the issue of gender equality when meeting with customers compared with the period before the initiative was launched, although they said that they have more to learn. To provide further support for Handelsbanken's advisors, the Bank launched three tailored training courses: "Gender-equal savings" aims to highlight savings behaviour and risk appetite in savings, "Gender-equal advisory services" highlights gender equality aspects in day-to-day financial decisions and "Gender-equal pension" highlights how working-life choices affect pensions. These courses have now been completed by just over 65 per cent of the Bank's 1,701 active advisors in Sweden with both a SwedSec licence and Handelsbanken's basic certification for advisors.

#### **Initiatives and business development 2020–2023**

Several business development initiatives were launched during the year to create better conditions for women's savings by making facts and support for informed financial decisions available. These initiatives involve information on the website, customer events and support in advisory tools to be used when meeting customers at branches:

- Gender-equal pension 2021 – aims to raise awareness about choices in life that may affect pensions by providing information and tools such as part-time work calculations.
- Gender-equal savings 2022 – provides information to highlight how risk levels and financial literacy affect savings, such as "The savings gap – what can we do about it?" report.
- Gender-equal finances 2023 – valuable tips for a more even balance in day-to-day finances, savings and pension, such as on the website and a section of the Gender-equal finances tool.

#### **New goals for gender-equal advisory services**

Handelsbanken has made substantial progress in strengthening the basis for women's savings, although there is more for us to do. For this reason, Handelsbanken decided at the end of 2023 to continue its efforts to promote more equal finances through our advisory services and customer meetings. A sustainability goal was adopted for gender-equal advisory services and applies from 2024 to 2026.

#### **Raising financial literacy**

Handelsbanken will continue to create the conditions to improve the financial situation for women and thereby promote a gender-equal

economy. By 2026, the percentage of women among Handelsbanken's customers who consider themselves to have a high level of financial literacy shall increase from 62 per cent in 2023 to 75 per cent in 2026. This goal will be achieved through education and providing advisory services that will lead to:

- the percentage of the relevant group of advisors with a high level of expertise in equal finances and financial literacy increasing from 28 per cent in 2023 to 95 per cent in 2026
- the percentage of women in the customer group of the initiative and who consider themselves to have a high level of expertise in equal finances and financial literacy increasing 20 per cent from 62 per cent in 2023 to 75 per cent in 2026.

#### **Impact analysis**

Both academic research and internal operations have been analysed to identify impact areas in equal finances and financial literacy. The research of this year's Nobel Laureate in Economics, Professor Claudia Goldin, shows that parenthood leads to less favourable women's labour market outcomes. The current gender pay gap is between 10 and 20 per cent in high-income countries. This is often despite the fact that there is legislation on equal pay and women generally have a higher education level than men in these countries. In high-income countries, parenthood can now almost entirely explain the earnings difference between women and men.

The earnings gap that arises in the labour market also affects the savings and pension savings capacity of our customers. Handelsbanken arranged workshops during the year with representatives of the Bank's home markets to identify areas in which, based on activities in prior periods, the Bank sees opportunities to contribute to and help bring about more gender-equal finances and savings in the future. The areas we identified in the impact analysis are:

- education
- raise awareness
- advisory services
- products and services.

Through education, Handelsbanken is able to raise the level of expertise of its advisors and help customers to seek guidance to improve their financial literacy. Surveys, such as the Swedish Financial Supervisory Authority's "More equal savings" report, have shown that better perceived expertise actually impacts savings behaviour and thus is a prerequisite for making more conscious choices in one's finances and savings. To raise awareness of how working-life choices and private finances could have long-term financial consequences on the economy, Handelsbanken can provide information to customers to encourage more people to acquire the tools for having more equal finances. As part of the Bank's advisory

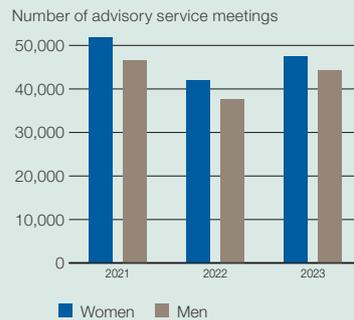
services, its employees meet customers every day whom they help to visualise the various economic consequences of saving more for their pension, for example, or choosing a suitable risk level for their savings. The Bank's products and services can help reduce or increase financial equality in different ways, which is why business development is another area in which we can have an impact.

Analyses were carried out, such as an opinion poll (carried out by Novus and Handelsbanken in December 2023, "The public's opinion of economic turmoil and financial literacy for major life events") on the Swedish public's view of economic equality, financial literacy and financial health. The results showed that just under six out of ten believe that they have sound knowledge of the financial consequences of major life events, such as parental leave. Three out of four said that they have sufficient financial literacy to make well-founded financial decisions. Several highly paid men said that they have sufficient financial literacy to make well-founded financial decisions, while low-paid women more often said that they were not as financially literate or were unsure.

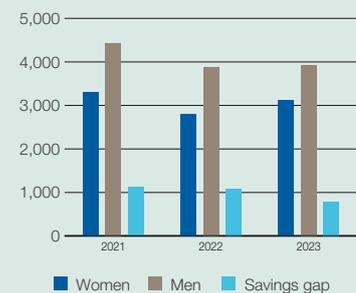
#### Targets and motivation

The goal for 2024–2026 is to have a positive effect on the areas in which Handelsbanken can make an impact for more equal finances. By addressing the areas identified in the impact analysis and making efforts to meet the needs expressed by our customers and stakeholders, the goal for 2024–2026 is to improve people's knowledge by providing information and advisory services.

Advisory services 2021–2023



Average monthly savings based on capital investment advice in Sweden SEK



# Corporate responsibility

Responsible banking	2023	2022	2021	2020	2019
Percentage of suppliers (purchased volume as %) that have signed the Bank's Code of Conduct, or whose code the Bank has approved <sup>1</sup>	85	82	81	77	76
Percentage of employees who have completed training in anti-corruption, anti-money laundering and combating the financing of terrorism, %					
Sweden	91	89	84	92	97
UK	99	98	99	98	98
Norway	81	86	79	91	94
Finland	92	92	85	92	95
The Netherlands	92	90	88	97	98
Other countries	92	90	75	92	98
Total	91	92	90	-	-
Percentage of employees who have completed the training "Sustainability in the financial industry" or the equivalent, %					
Sweden	82	73	83	-	-
UK	99	92	89	-	-
Norway	51	68	77	-	-
Finland	69	85	84	-	-
The Netherlands	79	67	87	-	-
Other countries	82	44	69	-	-
Total	77	80	84	-	-
Number of Board members who have completed the training in anti-corruption, anti-money laundering and combating the financing of terrorism <sup>2</sup>	10	10	9	8	-
Percentage of Board members who have completed the training in anti-corruption, anti-money laundering and combating the financing of terrorism <sup>2</sup>	100	100	100	100	-
Total number of subsidiary Board members who have completed the training in anti-corruption, anti-money laundering and combating the financing of terrorism <sup>2</sup>	41	45	43	36	-
Percentage of subsidiary Board members who have completed the training in anti-corruption, anti-money laundering and combating the financing of terrorism <sup>2</sup>	89	100	100	100	-
Number of suspicious orders and transactions (MAR) reported <sup>3</sup>	21	19	25	33	-
Number of suspicious transactions involving money laundering/terrorist financing (SAR) <sup>4</sup>	5,245	6,194	5,039	4,730	-
Number of branches and meeting places	434	462	548	732	769
Number of local initiatives and activities	>500	>400	>500	>300	>800
Total taxes and government fees, SEK bn	16	12	11	10	12
Credit losses as a percentage of lending	0.01	0.00	0.00	0.03	0.04
Total GHG emissions, tonnes CO <sub>2</sub> e <sup>5</sup>	9,369	9,304	8,007	10,135	12,486
of which Scope 1 – direct emissions	154	299	339	24	40
of which Scope 2 – indirect emissions	2,295	2,616	2,718	4,382	4,629
of which Scope 3 – other indirect emissions	6,920	6,389	4,950	5,729	7,817
Total business travel, million km	19.0	13.1	4.0	7.5	28.2
Business travel per employee, km	1,649	1,218	364	642	2,437
Customer satisfaction private customers, SKI/EPSI index					
Sweden	67.7	68.5	70.3	70.4	71.5
UK	82.0	81.5	82.3	81.2	84.6
Norway	76.2	74.8	76.1	75.7	77.2
The Netherlands	78.0	77.3	78.4	78.4	77.7
Customer satisfaction corporate customers, SKI/EPSI index					
Sweden	70.1	67.2	69.4	68.7	66.5
UK	79.4	78.8	77.5	77.0	83.1
Norway	72.8	71.4	68.4	68.8	72.9
The Netherlands	77.4	76.5	77.1	75.3	75.3

<sup>1</sup> Purchased volumes over SEK 5 million.

<sup>2</sup> The majority of Board members reside in Sweden.

<sup>3</sup> Market Abuse Regulation (MAR). Banks are obligated to report suspicions of market abuse: insider trading, market manipulation and unlawful disclosure of inside information.

<sup>4</sup> According to the Swedish Anti-Money Laundering Act, Handelsbanken is also obligated, without delay, to report suspicions of money laundering or terrorist financing (suspicious activity reporting, SAR) to the Financial Intelligence Unit of the Swedish Police.

<sup>5</sup> From 2021, the table is based on a partly new method adapted to a new base year in line with the Bank's SBTi application. The description of methodology is presented on page 271.

Direct economic value created and distributed according to GRI principles <sup>1</sup> SEK bn	2023	2022	2021	2020	2019
<b>Customers</b>					
Income after credit losses and before fees for the Swedish resolution fund, deposit insurance, etc.	62.4	50.7	44.5	44.9	45.7
<b>Added value created by serving customers</b>	<b>62.4</b>	<b>50.7</b>	<b>44.5</b>	<b>44.9</b>	<b>45.7</b>
Distributed economic value					
<b>Employees</b>					
Salaries	9.5	8.5	8.2	9.4	9.3
Provision to profit-sharing foundation (incl. social security costs)	0.3	0.2	0.1	0.2	-
Social security costs and other staff costs	3.8	4.3	4.2	5.7	5.1
<b>Cost of employees</b>	<b>13.7</b>	<b>13.0</b>	<b>12.5</b>	<b>15.3</b>	<b>14.4</b>
<b>Public authorities and society at large</b>					
Suppliers <sup>2</sup>	9.5	8.2	7.4	8.0	8.2
Corporate tax (current tax)	8.5	5.4	5.3	5.5	6.1
Deferred tax	-0.1	-0.1	-0.7	-1.0	-1.2
Fees to the Swedish resolution fund, deposit insurance, etc.	2.9	2.6	1.2	1.4	2.2
Government bank support received	-	-	-	-	-
Participation in government guarantee programmes	-	-	-	-	-
<b>Society</b>	<b>20.8</b>	<b>16.2</b>	<b>13.2</b>	<b>13.9</b>	<b>15.3</b>
<b>Shareholders</b>					
Dividends (refers to the year dividends were paid)	15.8	9.9	16.7	-	10.7
New share issue	-	-	-	-	-
<b>Transactions with shareholders</b>	<b>15.8</b>	<b>9.9</b>	<b>16.7</b>	<b>-</b>	<b>10.7</b>
<b>Reinvested economic value ("remaining in the Bank")</b>	<b>12.1</b>	<b>11.6</b>	<b>2.1</b>	<b>15.7</b>	<b>5.3</b>

<sup>1</sup> Figures for 2023, 2022 and 2021 refer to continuing operations (Denmark and Finland are excluded).

<sup>2</sup> Refers to Other administrative expenses and depreciation.

Sustainability ratings	2023	2022	2021	2020	2019
S&P Global CSA (Dow Jones Sustainability Index)	60	69	69	74	74
Sustainalytics – new rating scale	17.3	17.1	15.5	16.4	-
Sustainalytics – old rating scale	-	-	-	-	78
ISS ESG Corporate Rating	C (Prime)	C+	C (Prime)	C (Prime)	C (Prime)
MSCI ESG rating	AAA	AAA	AA	AA	AA
CDP	C	C	B	B	B-

### A sustainable investment

Research analysts who specialise in sustainability often draw attention to Handelsbanken as a sound investment. The share is included in the following sustainability indexes: Solactive Europe Corporate Social Responsibility Index PR, FTSE4Good, OMX Stockholm 30 ESG

Responsible Index, SIX Sweden ESG Selection Index and ECPI Global Developed ESG Best in Class Equity. Handelsbanken, ranked at number 82, is one of only three Swedish companies included among the top 100 most sustainable corporations in the world on the Global 100 list by Corporate Knights. More than 20 investment

banks have research analysts who regularly monitor Handelsbanken and its share. In 2023, Handelsbanken was also in contact with sustainability analysts from more than 15 independent research firms and NGOs.

The Bank as an employer	2023	2022	2021	2020	2019
Average number of employees	12,216	11,484	11,608	11,919	11,897
Gender breakdown, percentage women/men					
All employees	49/51	49/51	49/51	50/50	50/50
Branch managers	33/67	30/70	30/70	32/68	32/68
Managers	44/56	43/57	41/59	41/59	40/60
Executive management	43/57	40/60	30/70	13/87	14/86
Age breakdown, %					
All employees					
<30 yrs	14.6	13.6	12.4	11.9	12.5
30–50 yrs	47.1	48.3	49.6	46.3	47.5
>50 yrs	38.3	38.1	38.0	41.8	40.0
Branch managers					
<30 yrs	0.5	0.9	0.6	0.8	0.5
30–50 yrs	45.6	45.0	46.6	50.1	53.3
>50 yrs	53.9	54.1	52.8	49.1	46.2
Managers					
<30 yrs	1.8	2.0	1.7	1.4	1.2
30–50 yrs	53.6	54.6	56.5	56.7	58.5
>50 yrs	44.6	43.4	41.8	41.9	40.3
Executive management					
<30 yrs	0	0	0	0	0
30–50 yrs	28.6	40.0	40.0	37.5	14.3
>50 yrs	71.4	60.0	60.0	62.5	85.7
Total numbers of external consultants <sup>1</sup>	1,161	1,058	723	640	-
Staff turnover Group, %	4.8	7.3	7.7	5.1	4.7
Sickness absence rate, %					
Sweden	2.8	3.3	2.5	3.0	3.0
UK	1.7	1.7	0.9	1.0	1.5
Norway	4.3	4.0	4.3	3.5	4.2
Finland	2.3	2.2	1.5	1.4	2.0
The Netherlands	3.6	3.0	2.2	2.3	2.3
Number of cases reported to national equality ombudsman or a corresponding official body (against the Bank in its capacity as employer)	0	0	0	1	0
Staff covered by a work environment survey, %	100	100	100	100	100
Number of employees who carried out a work environment survey	10,242	9,048	9,607	9,994	10,364
Total outcome (scale 1–6) <sup>2</sup>	5.1	5.0	3.3	3.4	3.4
area Engagement	4.9	4.9	-	-	-
area Inclusion	5.3	5.3	-	-	-
area Trust	5.1	5.1	3.4	3.4	3.3
area Respect	5.4	5.4	3.6	3.5	3.5
area Balance	4.6	4.5	3.1	3.2	3.2
area Communication	5.2	5.2	3.4	3.4	3.4
area Competence	5.1	5.0	3.5	3.5	3.5
area Pride	5.1	5.1	3.5	3.5	3.4
area Security	5.1	5.0	3.1	3.7	3.7
area Physical work environment	4.9	4.9	3.2	3.2	3.1
Staff covered by a periodic performance evaluation, %	100	100	100	100	100
Average salary, women in relation to men, all employees, % <sup>3</sup>					
Sweden	83	82	82	81	82
UK	75	73	71	69	68
Norway	86	84	82	83	82
Finland	77	78	76	73	74
The Netherlands	79	78	76	75	73
Average salary, women in relation to men, managers, % <sup>3</sup>					
Sweden	78	78	79	79	82
UK	89	88	86	83	79
Norway	83	83	84	88	87
Finland	85	83	80	80	86
The Netherlands	97	100	94	96	92
Average salary, women in relation to men, branch managers, %					
Sweden	94	96	96	92	93
UK	86	85	82	80	81
Norway	90	90	91	90	89
Finland	100	96	96	94	107
The Netherlands	88	88	94	92	91
Annual total compensation ratio <sup>4</sup>					
Total compensation ratio (CEO vs employee average <sup>5</sup> )	25.3	24.9	-	-	-
Ratio of change in total compensation (CEO vs employee average)	1.7	1.4	-	-	-
Number of Board members	10	10	9	8	11
men	5	5	5	5	6
women	5	5	4	3	5
geographical origin other than Sweden	2	2	2	2	4
<30 yrs	0	0	0	0	0
30–50 yrs	0	1	1	0	2
>50 yrs	10	9	8	8	9

<sup>1</sup> In accordance with definition in GRI disclosure No 2–8 Workers who are not employees. A majority of external consultants work with IT-related activities.

<sup>2</sup> The method and scale were revised for the survey conducted in 2022. New questions and two new categories, Engagement and Inclusion, were added. The scale was previously 1–4.

<sup>3</sup> Factors such as content and level of difficulty of work that affect the salary have not been taken into account.

<sup>4</sup> In accordance with the definition in GRI disclosure No 2–21, the CEO is the highest paid individual.

<sup>5</sup> Employee salary plus average pension cost within the Group.

Number and percentage of new employees and staff turnover by age group, gender and market	2023				2022				2021			
	New employees by market, age group and gender		Staff turnover <sup>1</sup> by market, age group and gender		New employees by market, age group and gender		Staff turnover <sup>1</sup> by market, age group and gender		New employees by market, age group and gender		Staff turnover <sup>1</sup> by market, age group and gender	
	Number	% <sup>2</sup>	Number	% <sup>2</sup>	Number	% <sup>2</sup>	Number	% <sup>2</sup>	Number	% <sup>2</sup>	Number	% <sup>2</sup>
Sweden	866	11.1	320	4.1	682	9.1	488	6.3	332	4.6	400	5.6
UK	557	17.7	188	6.0	421	14.9	225	7.9	194	7.1	270	9.9
Norway	198	19.5	47	4.6	89	10.4	59	6.7	85	10.2	73	8.7
Finland	19	3.2	21	3.5	60	9.7	107	16.7	81	12.7	80	12.6
The Netherlands	79	16.6	50	10.5	86	19.4	44	9.9	46	11.4	38	9.4
<b>Total markets</b>	<b>1,719</b>	<b>13.2</b>	<b>626</b>	<b>4.8</b>	<b>1,338</b>	<b>10.9</b>	<b>923</b>	<b>7.3</b>	<b>738</b>	<b>6.3</b>	<b>861</b>	<b>7.3</b>
<b>Group total</b>	<b>1,726</b>	<b>13.1</b>	<b>632</b>	<b>4.8</b>	<b>1,347</b>	<b>10.9</b>	<b>929</b>	<b>7.3</b>	<b>744</b>	<b>6.2</b>	<b>919</b>	<b>7.7</b>
men <30 yrs	307		54		208		104		125		72	
30–50 yrs	502		211		396		298		236		238	
<50 yrs	132		77		95		85		66		134	
women <30 yrs	262		67		216		98		108		83	
30–50 yrs	414		163		345		256		160		221	
<50 yrs	102		54		78		82		43		113	

<sup>1</sup> Staff turnover refers to the proportion of employees who have left the Bank (excluding retirements and deaths) in relation to all employees.

<sup>2</sup> Percentage of the number of employees in each market.

Permanent employees	2023			2022			2021		
	Number	Men, %	Women, %	Number	Men, %	Women, %	Number	Men, %	Women, %
Sweden	6,942	49	51	6,596	49	51	6,696	48	52
UK	2,863	56	44	2,571	56	44	2,562	57	43
Norway	869	52	48	797	52	48	779	52	48
Finland	492	46	54	532	45	55	566	45	55
The Netherlands	415	46	54	382	64	36	361	64	36
Other countries	161	49	51	127	49	51	168	49	51
<b>Group total</b>	<b>11,741</b>	<b>51</b>	<b>49</b>	<b>11,005</b>	<b>51</b>	<b>49</b>	<b>11,131</b>	<b>51</b>	<b>49</b>

Temporary employees	2023			2022			2021		
	Number	Men, %	Women, %	Number	Men, %	Women, %	Number	Men, %	Women, %
Sweden	343	46	54	314	46	54	288	47	53
UK	60	55	45	87	63	37	104	59	41
Norway	19	38	62	21	32	68	22	30	70
Finland	41	58	42	56	51	49	62	45	55
The Netherlands	0	0	0	0	0	0	0	0	0
Other countries	12	39	61	1	0	100	1	0	100
<b>Group total</b>	<b>475</b>	<b>51</b>	<b>49</b>	<b>479</b>	<b>49</b>	<b>51</b>	<b>477</b>	<b>49</b>	<b>51</b>

Full-time employees	2023			2022			2021		
	Number	Men, %	Women, %	Number	Men, %	Women, %	Number	Men, %	Women, %
Sweden	6,571	50	50	6,204	51	49	6,206	51	49
UK	2,634	59	41	2,367	60	40	2,354	60	40
Norway	854	53	47	780	53	47	762	53	47
Finland	521	46	54	525	45	55	558	45	55
The Netherlands	209	83	17	182	83	17	176	85	15
Other countries	114	51	49	114	53	47	158	52	48
<b>Group total</b>	<b>10,902</b>	<b>53</b>	<b>47</b>	<b>10,172</b>	<b>53</b>	<b>47</b>	<b>10,214</b>	<b>54</b>	<b>46</b>

Part-time employees	2023			2022			2021		
	Number	Men, %	Women, %	Number	Men, %	Women, %	Number	Men, %	Women, %
Sweden	371	17	83	392	16	84	490	17	83
UK	230	14	86	204	12	88	208	13	87
Norway	15	19	81	17	19	81	17	12	88
Finland	10	18	82	7	34	66	8	37	63
The Netherlands	206	45	55	200	46	54	185	44	56
Other countries	7	0	100	13	0	100	10	4	96
<b>Group total</b>	<b>839</b>	<b>23</b>	<b>77</b>	<b>833</b>	<b>22</b>	<b>78</b>	<b>918</b>	<b>22</b>	<b>78</b>

Average number of employees	2023				2022				2021			
	Number	%	Men, %	Women, %	Number	%	Men, %	Women, %	Number	%	Men, %	Women, %
Sweden	7,285	60	48	52	6,911	60	48	52	6,984	60	48	52
UK	2,923	24	56	44	2,658	23	56	44	2,667	23	57	43
Norway	888	7	52	48	819	7	52	48	801	7	52	48
Finland	533	4	47	53	530	5	46	54	627	5	45	55
The Netherlands	415	4	64	36	382	3	64	36	361	3	64	36
Other countries	172	1	49	51	184	2	48	52	168	2	49	51
<b>Group total</b>	<b>12,216</b>		<b>51</b>	<b>49</b>	<b>11,484</b>		<b>51</b>	<b>49</b>	<b>11,608</b>		<b>51</b>	<b>49</b>

Sickness absence rate	2023			2022			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
%									
Sweden	1.8	3.7	2.8	2.1	4.4	3.3	1.6	3.3	2.5
UK	1.4	2.1	1.7	1.3	2.3	1.7	0.7	1.2	0.9
Norway	3.3	5.4	4.3	2.6	5.4	4.0	2.4	6.3	4.3
Finland	1.7	2.8	2.3	1.6	2.7	2.2	1.5	1.5	1.5
The Netherlands <sup>1</sup>			3.6			3.0			2.2
<b>Total sickness absence</b>	<b>1.8</b>	<b>3.4</b>	<b>2.6</b>	<b>1.9</b>	<b>3.9</b>	<b>2.9</b>	<b>1.4</b>	<b>3.0</b>	<b>2.2</b>
<i>of which long-term absence, Sweden<sup>2</sup></i>	<i>0.6</i>	<i>1.9</i>	<i>1.3</i>	<i>0.7</i>	<i>2.9</i>	<i>1.8</i>	<i>0.5</i>	<i>1.7</i>	<i>1.1</i>
<i>of which long-term absence excl. the Netherlands<sup>2</sup></i>	<i>0.8</i>	<i>1.8</i>	<i>1.3</i>	<i>0.7</i>	<i>2.4</i>	<i>1.5</i>	<i>0.6</i>	<i>1.5</i>	<i>1.1</i>

<sup>1</sup> National legislation does not permit the reporting of sickness absence broken down by gender.

<sup>2</sup> Changed calculation method due to new HR system that was introduced 2022.

Sickness absence is stated as a percentage of total normal working hours. Long-term absence is a consecutive period of absence of 60 days or more.

## Taxes and distributed economic value

Geographical information 2023								
SEK m	Income	Operating profit	Profit for the year from discontinued operations, after tax	Corporate tax (current tax) <sup>1</sup>	Social security costs	Fees to resolution fund, deposit insurance and risk tax	Assets	Average number of employees
Sweden	39,928	24,034		-5,127	-1,762	-2,561	3,126,419	7,287 <sup>2</sup>
UK	13,260	7,577		-2,064	-322	-	413,841	2,923
Norway	5,360	2,898		-807	-180	-230	361,665	888
Denmark	9	-4		78	0	-	857	-
Finland	3,233		1,209	-695	-24	-107	181,448	581
The Netherlands	2,368	1,321		-341	-59	-78	230,497	415
USA	673	540		-144	-8	-	374,734	53
Luxembourg	320	179		-38	-9	-	14,924	51
France	2	-5		2	-	-	0	2
Poland	-75	-172		-	-2	-	315	16
Eliminations	-	-47		15	-	-	-1,166,908	-
<b>Group</b>	<b>65,078</b>	<b>36,322</b>	<b>1,209</b>	<b>-9,122</b>	<b>-2,366</b>	<b>-2,977</b>	<b>3,537,792</b>	<b>12,216</b>

<sup>1</sup> Corresponds to tax recognised in the income statement.

<sup>2</sup> Includes two employees of the Bank's representative offices.

The Bank pays and reports taxes based on international and local laws and regulations in the countries where it operates. The table above provides a country-by-country report showing the Group's earnings and tax in the countries where operations are conducted.

## Environmental data\*

General information	Unit	2023	2022	Base year <sup>1</sup> (2021)
Total reported office space	m <sup>2</sup>	344,104	368,953	386,989
Number of employees covered by environmental data <sup>2</sup>		11,511	10,770	10,910
Proportion of total number of employees	%	94	94	94
<b>GHG emissions (CO<sub>2</sub>e)</b>				
Total emissions	tonnes	9,369	9,304	8,007
Scope 1 <sup>3</sup> emissions	tonnes	154	299	339
Scope 2 <sup>4</sup> market-based emissions	tonnes	2,295	2,616	2,718
Scope 2 location-based emissions	tonnes	4,641	5,052	5,567
Scope 3 <sup>5</sup> emissions	tonnes	6,920	6,389	4,950
Total emissions per employee	tonnes/employee	0.81	0.86	0.73
<b>GHG emissions by source (CO<sub>2</sub>e)</b>				
Emissions from energy use (in buildings)	tonnes	3,108	3,458	3,708
Emissions from IT equipment	tonnes	2,666	3,473	3,099
Emissions from business travel	tonnes	3,024	1,625	419
Emissions from other sources	tonnes	571	748	781
<b>Emissions by country (CO<sub>2</sub>e)</b>				
Sweden	tonnes	6,275	6,169	5,383
UK	tonnes	2,031	2,063	1,915
Norway	tonnes	604	533	233
The Netherlands	tonnes	459	539	476
<b>Energy consumption</b>				
Total energy consumption (in buildings)	MWh	70,760	75,320	83,241
Electricity consumption	MWh	27,533	29,172	34,212
Change in electricity consumption from previous year	%	-5.6	-14.7	-
Proportion renewable electricity <sup>6</sup>	%	100	100	100
Total electricity consumption per employee	MWh/employee	2.4	2.71	3.14
Use of heating and cooling	MWh	43,227	46,148	49,029
<b>Business travel</b>				
Total business travel	km	18,986,462	13,122,337	3,933,311
Business travel per employee	km/employee	1,649	1,218	364
Travel by air	km	8,712,762	5,424,513	961,685
Travel by car	km	3,816,524	3,141,452	1,697,435
Travel by train	km	6,457,176	4,556,372	1,274,191
<b>Resource efficiency</b>				
Paper use	tonnes	516	645	712
Paper use per employee	kg/employee	45	60	67
Water consumption	m <sup>3</sup>	77,857	72,284	60,249

\* Emissions from divested operations in Finland are excluded from the base year and reference year. A new review of energy data in the UK and the Netherlands resulted in an increase in Scope 1 emissions and a decrease in Scope 2 emissions compared with earlier publications.

<sup>1</sup> 2021 is used as the base year in line with the Bank's work related to the Science Based Targets initiative.

<sup>2</sup> Average number of employees in Sweden, the UK, Norway and the Netherlands.

<sup>3</sup> Scope 1 – Direct emissions from coolants leaks, stationary and mobile combustion of diesel, city gas, biogas and Eo1 fuel oil. Biogenic emissions from biogas, outside the scope, amounted to 55 tCO<sub>2</sub>e.

<sup>4</sup> Scope 2 – Indirect emissions from purchased electricity, heating and cooling.

<sup>5</sup> Scope 3 – Indirect emissions from business travel, transportation, paper consumption, water consumption, upstream emissions from electricity use, and purchased IT equipment, excluding network equipment.

<sup>6</sup> Origin-labelled wind and hydropower.

## DESCRIPTION OF METHODOLOGY FOR ENVIRONMENT AND CLIMATE DATA

Climate impact calculations are carried out in accordance with the GHG protocol. Emissions from sources owned or operated by the Bank are divided into three categories, known as Scopes.

Scope 1 encompasses direct emissions from leakage of coolants, stationary combustion of fuels consumed by back-up generators and heat production in company-owned buildings, and mobile emissions from company vehicles.

Scope 2 encompasses indirect emissions from purchased electricity, heating and cooling in both company-owned and leased facilities.

Scope 3 encompasses indirect emissions that occur in the supply chain and includes business travel, transportation, paper use, water consumption, IT hardware and upstream emissions from electricity consumption.

2021 has been set as the Bank's new base year due to its work related to the SBTi. Historical figures have been recalculated due to the divestment of operations in Finland, and new data on gas consumption has affected the breakdown of Scope 1 and 2 emissions.

Emissions in all Scopes are calculated by multiplying activity data by emission factors. When specific figures are not available, consumption is calculated using a similar activity or

local statistics. Emissions can also be reported directly by the supplier.

For 2023, Handelsbanken measured its material environmental impact in Sweden, Norway, the Netherlands and the UK. These markets represent 94 per cent of the Bank's total number of employees. The calculations include relevant greenhouse gases, mainly CO<sub>2</sub>, CH<sub>4</sub> and N<sub>2</sub>O. Certain emissions are not included in the calculations, such as employee commuting, cars leased by customers and employees, and office supplies. The Bank aims to expand its Scope 3 reporting as more supplier data becomes available. The Bank's investments are analysed in separate climate reports that are pub-

lished at handelsbanken.com/en/sustainability. The Bank’s CPD reporting provides a more detailed description of the emission calculations.

Activity	Source emission factor
Stationary combustion	National governments
Other combustion	Activity data
Energy use	National governments, trade associations and external consultants
Transportation	Supplier data
Business travel	Activity data, supplier data and national governments
Resource use	Supplier data and national governments
Greenhouse gases	Global warming potential (GWP) factors: CO <sub>2</sub> : 1, CH <sub>4</sub> : 25 & N <sub>2</sub> O: 298. Source: IPCC Fourth Assessment Report

**COLLABORATIONS AND INITIATIVES**  
**CDP**

CDP is an independent not-for-profit organisation that strives for openness and dialogue on companies’ environmental impacts and to make information available to investors. More than 23,000 organisations worldwide measure and disclose their environmental impacts through CDP. Just over 750 institutional investors request that companies disclose through CDP. Handelsbanken is one of the companies that has reported to CDP every year since 2015. The Bank’s result in 2023 was C.

**Net-Zero Banking Alliance (NZBA)**

The Net-Zero Banking Alliance (NZBA) is an international industry-led alliance convened by the UN, representing more than 40 per cent of global banking assets. Members of the Alliance are committed to aligning their lending and investment portfolios with net-zero emissions by 2050. Handelsbanken joined NZBA as one of the founding signatories in April 2021, and by doing so committed to publicly disclose both long-term and interim targets to support meeting the temperature goals of the Paris Agreement.

As part of the Bank’s commitment to NZBA and the first round of target setting, Handelsbanken has set an interim target for the Bank’s real estate lending portfolio, representing about 84 per cent of the Bank’s loans to the public. The Bank has initially opted to focus on its real estate lending portfolio, due to its predominant exposure towards this sector. Over time, the scope of our targets will increase to cover more sectors in accordance with the NZBA guidelines.

**Partnership for Carbon Accounting Financials (PCAF)**

Partnership for Carbon Accounting Financials (PCAF) is a global partnership of financial institutions that work together to develop and implement a harmonised approach to assess and disclose the GHG emissions associated with their loans and investments. The harmonised accounting approach provides financial institutions with the starting point required to set science-based targets and align their portfolio with the Paris Agreement. PCAF enables transpar-

ency and accountability and has developed an open-source global GHG accounting standard for financial institutions.

Handelsbanken signed up to PCAF in October 2021 and published its first disclosures of financed emissions from its lending portfolio using the PCAF methodology in December 2021. In December 2023, the Bank reported on the financed emissions that derive from our real estate lending portfolio, representing about 84 per cent of the Bank’s total loans to the public. In the coming year, Handelsbanken will work to further increase the scope of the financed emissions calculations to cover more sectors and asset classes.

In order to aid collaboration, transparency and comparison between banks, PCAF, together with Handelsbanken and other Nordic banks, has set up a Nordic working group. This group consisted of about 30 financial institutions across the Nordic region. Its purpose is to find common ground on Nordic market methodologies and to serve as a common channel and voice for data improvements. Handelsbanken served as chair of the Nordic working group in 2023.

**TCFD – Task Force on Climate-related Financial Disclosures**

The recommendations are based on four core elements:

Governance	Description of how climate-related matters are managed by the company’s board and management.
Strategy	Description of the company’s strategy for climate change and the transition to a low-carbon society, as well as the risks and opportunities identified, including scenario analyses.
Risk management	Description of processes used to identify, assess and manage climate-related risks and business opportunities.
Metrics and targets	Reporting of relevant metrics and targets.

Handelsbanken endorses the TCFD’s recommendations. Since 2018, Handelsbanken Fonder and Handelsbanken Liv have published annual climate reports in line with the recommendations. In the area of credits, the Bank published its first climate report in line with the recommendations in 2021, and this was followed up with extended reporting in 2022. The work on climate reporting is cross-functional and includes, among others, Group Risk Control, Group Credits, Group Finance and Group Sustainability. The work is supported by external experts on climate change and scenario analysis and focuses on the Bank’s real estate exposures in Sweden.

All reports are available on the Bank’s website, handelsbanken.com/en/sustainability.

**Principles for Responsible Banking (PRB)**

Handelsbanken was among the first banks to sign up to the UN’s Principles for Responsible Banking (PRB) in September 2019. The Bank committed to comply with the six principles that comprise the framework for the initiative within four years.

1. Alignment with the Paris Agreement, the SDGs, as well as national and regional frameworks
2. Impact analysis and setting measurable targets
3. Customer collaboration
4. Stakeholder dialogue
5. Governance and corporate culture
6. Transparency and accountability

In February 2021, Handelsbanken published three sustainability goals within the framework of the PRB. The goals were set following an impact analysis which aimed to clarify the Bank’s opportunities for increased positive impact and decreased negative impact from its operations. The areas where the Bank was determined to have the greatest impact were financing, investment and advisory services.

In the same year, the Bank also joined a UN initiative closely linked to PRB – NZBA – whose guidelines for emissions targets correspond to the PRB’s climate change objectives. As part of NZBA, signatory banks are to transition their lending and investment portfolios to net-zero emissions by 2050. Handelsbanken’s climate goal is to achieve net-zero GHG emissions as soon as possible and by 2040 at the latest.

Along with a renewed goal in the area of economic equality, the climate goal will remain one of the Bank’s two goals under the PRB. Accordingly, the Bank’s financing and investment goals form part of the action plan to achieve its climate goal.

Key metrics demonstrating the Bank’s journey towards its sustainability goals are presented on pages 259–260 and 263.

# GRI Content Index 2023

Handelsbanken reports on its sustainability work in accordance with the Global Reporting Initiative (GRI) Standards. The Sustainability Report comprised the statutory Sustainability Report on pages 36–65 and 276–305 of the Group’s Annual and Sustainability Report, the Sustainability information on pages 257–272 and the GRI Content Index on pages 273–275. Handelsbanken reports on its sustainability activities annually. This year’s Sustainability Report is Handelsbanken’s fourteenth report

prepared in accordance with GRI and pertains to the 2023 calendar year. The last report was published in February 2023 and pertained to the 2022 calendar year. Unless otherwise stated, the information in the Sustainability Report pertains to the Group. The information presented in the report covers the most extensive and significant aspects of Handelsbanken’s operations, with a focus on the banking operations. Boundaries are presented in the report where relevant.

No significant corrections or changes have been made in this report to the information presented in the sustainability reports for the preceding year.

The table below contains the disclosures deemed relevant to Handelsbanken’s operations, including disclosures from GRI Financial Services Sector Supplement (FSSS). For material topics where no GRI disclosures are presented, internal disclosures have been used.

GRI Standard	Disclosure	Location	Omission		
		Page in Annual and Sustainability Report <sup>1</sup>	Requirement(s) omitted	Reason	Explanation
<b>The organisation and its reporting practices</b>					
GRI 2: General Disclosures 2021	2-1	Organisational details	1–2, 89		
	2-2	Entities included in the organisation’s sustainability reporting	227, 273		
	2-3	Reporting period, frequency and contact point	36, 273, 306		
	2-4	Restatements of information	273		
	2-5	External assurance	68, 306		
<b>Activities and workers</b>					
2-6	Activities, value chain and other business relationships	1–2, 7–11, 18, 20–31, 38, 40, 45–47, 53, 59–61, 89, 147			
2-7	Employees	268–270	Total number of non-guaranteed hours employees	N/A	The Bank does not have any non-guaranteed hours employees
2-8	Workers who are not employees	268			
<b>Governance</b>					
2-9	Governance structure and composition	41–42, 66–81, 268			
2-10	Nomination and selection of the highest governance body	66–72			
2-11	Chair of the highest governance body	71–72, 78			
2-12	Role of the highest governance body in overseeing the management of impacts	42, 71–72			
2-13	Delegation of responsibility for managing impacts	39, 42, 71–72			
2-14	Role of the highest governance body in sustainability reporting	41–42			
2-15	Conflicts of interest	58–59, 78–80			
2-16	Communication of critical concerns	42			
2-17	Collective knowledge of the highest governance body	42, 71			
2-18	Evaluation of the performance of the highest governance body	71–72			
2-19	Remuneration policies	62–63, 74–76			
2-20	Process to determine remuneration	74–76			
2-21	Annual total compensation ratio	268			
<b>Strategy, policies and practices</b>					
2-22	Statement on sustainable development strategy	4–5			
2-23	Policy commitments	38–40, 43–48, 54–55, 59, 61, 64			
2-24	Embedding policy commitments	41–43, 44–50, 55, 60–61			
2-25	Process to remediate negative impacts	38–40, 58, 258–259			
2-26	Mechanisms for seeking advice and raising concerns	54–55, 58–59, 63			
2-27	Compliance with laws and regulations	54			
2-28	Membership associations	36, 43, 64			
<b>Stakeholder engagement</b>					
2-29	Approach to stakeholder engagement	39–42			
2-30	Collective bargaining agreements	63			

<sup>1</sup> Refers to Annual and Sustainability Report 2023.

## TOPIC-SPECIFIC DISCLOSURES

GRI Standard	Disclosure	Location	Omission		
			Page in Annual and Sustainability Report <sup>1</sup>	Requirement(s) omitted	Reason
<b>Material topics</b>					
GRI 3: Material Topics 2021	3-1	Process to determine material topics	39		
	3-2	List of material topics	40		
<b>Economic</b>					
<b>Salaries and remuneration</b>					
GRI 3: Material Topics 2021	3-3	Management of material topics	18, 38–41		
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	59–60, 267		
<b>Counteract financial crime</b>					
GRI 3: Material Topics 2021	3-3	Management of material topics	40, 43–44, 57–58		
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	58		
	205-2	Communication and training about anti-corruption policies and procedures	40, 43–44, 58, 266		
	205-3	Confirmed incidents of corruption and actions taken	58		
<b>Environmental</b>					
<b>Minimise impact on the environment and climate</b>					
GRI 3: Material Topics 2021	3-3	Management of material topics	38–41, 45, 55–57, 258–259, 261–262		
GRI 302: Energy 2016	302-1	Energy consumption within the organisation	271		
GRI 3: Material Topics 2021	3-3	Management of material topics	55–57, 271		
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	271		
	305-2	Indirect (Scope 2) GHG emissions	271		
	305-3	Other indirect (Scope 3) GHG emissions	271		
<b>Social</b>					
<b>Sustainable working life</b>					
GRI 3: Material Topics 2021	3-3	Management of material topics	39–40, 61–63, 269		
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	269		
	Own indicator	Outcome work environment survey	61, 268		
<b>Leadership and development</b>					
GRI 3: Material Topics 2021	3-3	Management of material topics	39–40, 61–63		
GRI 404: Training and Education 2016	404-3	Percentage of employees receiving regular performance and career development reviews	61, 268		
<b>Gender equality and diversity</b>					
GRI 3: Material Topics 2021	3-3	Management of material topics	39–41, 62–63, 263–264		
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	71, 78–80, 268		
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	268		
<b>Responsible advisory services</b>					
<b>Helping customers make sustainable decisions</b>					
GRI 3: Material Topics 2021	3-3	Management of material topics	39–41, 46, 50–51, 53, 55, 263		
GRI 417: Marketing and Labeling 2016	417-1	Requirements for product and service information and labelling	46–47		
	417-2	Incidents of non-compliance concerning product and service information and labelling	54		
<b>Gender-equal advisory services</b>					
GRI 3: Material Topics 2021	3-3	Management of material topics	39–40, 264		
	Own indicator	Number of employees who completed the course "Financial equality in pension savings" (in Sweden)	263		

<sup>1</sup> Refers to Annual and Sustainability Report 2023.

GRI Standard	Disclosure		Location	Omission	
			Page in Annual and Sustainability Report <sup>1</sup>	Requirement(s) omitted	Reason
<b>Privacy and confidentiality</b>					
GRI 3: Material Topics 2021	3-3	Management of material topics	40, 44, 59		
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	59		
<b>Responsible financing</b>					
<b>Responsible lending</b>					
<b>Responsible investments</b>					
<b>Sustainable lending and financing products</b>					
GRI 3: Material Topics 2021	3-3	Management of material topics	39–40, 45–53		
GRI G4 Financial Services Sector Disclosures (FS)	FS6	Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/large) and by sector	47		
	FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	261–262		
<b>Responsible investments</b>					
<b>Active stewardship</b>					
<b>Sustainable savings and investment products</b>					
GRI 3: Material Topics 2021	3-3	Management of material topics	39–40, 47–53		
GRI G4 Financial Services Sector Disclosures (FS)	FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organisation has interacted on environmental or social issues	49, 260		
	FS11	Percentage of assets subject to positive and negative environmental or social screening	49, 260		

<sup>1</sup> Refers to Annual and Sustainability Report 2023.

# Sustainability Report

## – EU Taxonomy

Starting from 2021, under the Non-Financial Reporting Directive (NFRD), public interest entities with more than 500 employees must report in accordance with the EU Taxonomy Regulation 2020/852. In their statutory sustainability reporting, financial institutions must disclose the proportion of their assets exposed to Taxonomy-aligned economic activities. Handelsbanken's Taxonomy reporting for 2023 is provided on pages 276–305. The definition of assets in the Taxonomy reporting are based on the delegated act (EU) 2021/4987 and the regulation for financial disclosure (EU) 2021/451.

### Methodology for assets in the balance sheet and financial guarantees

With the introduction of the EU Taxonomy (EU 2020/852) in 2020, common definitions and criteria for sustainable economic activities was set and disclosure requirements linked to taxonomy eligibility and alignment were introduced for non-financial and financial undertakings, as a means to increase transparency, through the Non-Financial Reporting Directive (NFRD). The NFRD requires undertakings of public interest with more than 500 employees to disclose taxonomy eligibility and alignment information in their statutory sustainability reporting. Taxonomy eligible assets as a proportion of total and covered assets have been disclosed the past two years in line with the exemption rules applicable for financial institutions. This year financial institutions are required to calculate and disclose their green asset ratio (GAR), the proportion of covered assets (denominator) financing economic activities aligned with criteria in the EU taxonomy (numerator). Therefore, the proportion of assets meeting the technical screening criteria for the first two environmental objectives (climate change mitigation and climate change adaptation) is reported for the first time in the set templates.

The calculation of the green asset ratio for exposures in the corporate portfolio is based on reported figures of our counterparties for the previous financial year (2022). At that time, non-financial undertakings were not required to disclose eligibility by environmental objective, only alignment by environmental objective. Due to the timeline of the disclosure requirements, exposures towards financial undertakings can only be assessed based on total eligibility, not broken down by environmental objective and not for alignment with taxonomy criteria. Financial institutions can only disclose eligibility and alignment for all environmental objectives starting next year (2024), as information from non-financial undertakings has become publicly available.

Non-financial undertakings subject to NFRD disclosure obligations published taxonomy

eligibility and alignment both as a proportion of turnover and as a proportion capital expenditure (CapEx). In accordance with requirements for financial institutions both ratios are to be used in the calculation. Hence the green asset ratio of the bank is calculated twice, once for each KPI. The exposure amount for general purpose lending, equities and debt securities are multiplied by counterparty reported KPIs. For bonds and financing where use of proceeds known, specific KPIs for the underlying financed assets are to be used and obtained directly from the counterparty. The disclosure of alignment to taxonomy technical specification criteria for green bonds is under development. In the calculation of taxonomy alignment for green bonds, the general counterparty KPIs are used, which is a conservative approach. Use of proceeds known are assets where the financed economic activities are known and specific criteria are contractually defined. The assets included consist of specialised lending and debt capital market assets in the Green registry of the bank, in line with the green bond framework. If no data is available from the counterparty, the exposure is included only in the denominator of the green asset ratio.

General purpose lending to local governments is not to be included in the calculation of the green asset ratio and is therefore reported with exposures to central governments and supranational issuers. Exposures to households and to local governments where use of proceeds is known are assessed for eligibility and alignment based on the underlying collateral of the exposure, as counterparties are not subject to taxonomy reporting requirements. Household exposures with real estate collateral and motor vehicle exposures are assessed using applicable criteria in the taxonomy for the economic activity, including the do no significant harm (DNSH) criteria such as exposure to climate risk. Other types of household exposures are not considered to be taxonomy eligible nor aligned, and are reported under other assets, together with financial corporations within the EU not required to report according to the

NFRD. Household exposures with real estate collateral are deemed to be taxonomy aligned if the energy performance of the building is equal to energy class A or in the top 15 per cent of the national building stock, unless exposed to physical risk due to climate change. The assessment of physical risk is based on the same thresholds and external climate data as used for the Pillar 3 physical risk disclosure. Collateral located in high-risk areas are not considered aligned with the taxonomy. The assessment is conservative and does not incorporate adaptation plans or other mitigating actions, as high-quality information is not generally available. In Sweden, the taxonomy criteria are met by buildings with energy class A and those with energy declarations according to construction regulation BBR29 whose energy performance is below national thresholds corresponding to the top 15 per cent. The Swedish National Board of Housing, Building and Planning has the required data for assessing buildings constructed prior to 2021 that do not have an energy declaration under construction regulation BBR 29 in Sweden, but this data is not available to credit institutions. For household exposures with real estate collateral built before 2021 in other countries no data or studies meeting the regulatory criteria for calculating best energy performance are available. Household exposures with real estate collateral built after 2021 can only be assessed in Sweden. In other countries information to assess taxonomy alignment is lacking. In conclusion, a considerable share of the credit portfolio may not be assessed according to the taxonomy. This means that the disclosed taxonomy alignment of the bank is highly conservative and the green asset ratio is lower than warranted by actual circumstances. The Bank is working to gain access to necessary data in order to ensure the calculation of a more accurate green asset ratio.

No estimates are allowed in the mandatory reporting and thus exposures to undertakings not required to report may not be included in the calculation of eligible and aligned assets in the balance sheet of the Bank. Exposures to non-reporting undertakings, within and outside

the EU, are therefore only included in the denominator of the green asset ratio. Furthermore, assets held for sale are included under other assets and are thus only included in the denominator. The green asset ratio is calculated for the stock and flow in the balance sheet. Flow of financial guarantees and assets in the balance sheet is defined as new loans, i.e. the agreements originated during the year. This means that the proportion of sustainable assets in new financing can be assessed excluding effects of amortisation or currency fluctuations. Disclosure of exposure to non-financial undertakings per sector is a sum by the primary NACE code of the counterparty and includes all non-financial undertakings subject to NFRD, reporting eligibility for any economic activity included in the taxonomy.

The reporting of the bank is based on prudential consolidation determined in accordance with CRR, see note G53. The life insurance undertaking of the Bank is not included in consolidation but included in disclosure according to the equity method, see note G1. The insurance undertaking of the bank is not required to report according to NFRD and its economic activities are not included in the EU taxonomy. The assets representing the life insurance undertaking are thus reported under corporations not required to report NFRD, in the denominator only.

Taxonomy reporting for assets in the balance sheet and financial guarantees are reported using data from internal systems of the bank also used for capital adequacy reporting and several tables in the annual report. The information used is of good quality, has no known flaws

and is also used in other reporting. Information on undertakings required to report according to NFRD and their reported KPIs is collected from an external provider. Information on the NFRD requirement is compared to information in internal systems of the Bank. Taxonomy reporting for financial institutions and companies required to disclose gas and nuclear activities is collected manually from published annual reports. The process for the collection of taxonomy criteria for financing where use of proceeds known is under development, therefore such assets are not included as eligible nor aligned in the calculation of the green asset ratio at this time.

In 2022 the European Commission determined that certain activities for power generation from fossil gas and nuclear energy shall be included in the taxonomy. The regulation consists of detailed technical criteria as well as requirements for separate reporting for non-financial and financial undertakings. The bank has low exposures in the balance sheet to a limited number of counterparties subject to the regulation, which is disclosed in the set templates.

#### Description of methodology for assets under management

The reporting and calculations of assets under management encompass the volumes in asset management's mutual funds and discretionary portfolio management. Reporting is presented using data from the Bank's internal portfolio systems, which is used for other supporting data in the financial reporting and considered to be of high quality. Information on the reported KPIs of the mutual fund and portfolio holdings is collected from external data providers.

Taxonomy-aligned assets under management are aggregated in two stages. Firstly, the portfolios are analysed at the securities level. Taxonomy-aligned activities are then aggregated. The calculations of Taxonomy-aligned activities take place at the aggregated portfolio level for turnover and CapEx. The corporate data available to the market on the portfolio date is used to calculate the aggregate amounts.

#### European Commission's Draft Commission Notice regarding taxonomy reporting for financial institutions

At the end of December 2023, the European Commission published clarifications regarding taxonomy reporting for financial institutions. Changes as a result of what was presented at that time will be introduced in next year's reporting as the Commission's announcement is deemed to be too extensive to be implemented in a short period of time.

## Summary of KPIs to be disclosed by credit institutions under Article 8 of the Taxonomy Regulation

		Total environmentally sustainable assets, SEK m	KPI <sup>4</sup>	KPI <sup>5</sup>	% coverage (over total assets) <sup>3</sup>	% of assets excluded from the numerator of the GAR (Article 7(2) and (3) and Section 1.1.2. of Annex V)	% of assets excluded from the denominator of the GAR (Article 7(1) and Section 1.2.4 of Annex V)
Main KPI	Green asset ratio (GAR) stock	55,703	2.2%	2.2%	76.9%	37.3%	23.1%
Additional KPIs	GAR (flow)	11,110	1.7%	1.8%	99.6%	61.8%	0.4%
	Trading book <sup>1</sup>						
	Financial guarantees	49	0.6%	0.4%			
	Assets under management	18,556	2.0%	2.5%			
	Fees and commissions income <sup>2</sup>						

<sup>1</sup> For credit institutions that do not meet the conditions of Article 94(1) of the CRR or the conditions set out in Article 325a(1) of the CRR.

<sup>2</sup> Fees and commissions income from services other than lending and AuM. Institutions shall disclose forward-looking information for these KPIs, including information in terms of targets, together with relevant explanations on the methodology applied.

<sup>3</sup> % of assets covered by the KPI over banks' total assets.

<sup>4</sup> Based on the Turnover KPI of the counterparty.

<sup>5</sup> Based on the CapEx KPI of the counterparty, except for lending activities where for general lending Turnover KPI is used.

Assets for the calculation of GAR - Turnover

SEK m	Total gross carrying amount	31 Dec 2023								
		Climate change mitigation (CCM)					Climate change adaptation (CCA)			
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)	Of which environmentally sustainable (Taxonomy-aligned)	Of which Use of Proceeds	Of which transitional	Of which enabling	Of which towards taxonomy relevant sectors (Taxonomy-eligible)	Of which environmentally sustainable (Taxonomy-aligned)	Of which Use of Proceeds	Of which enabling
<b>GAR – Covered assets in both numerator and denominator</b>										
1	Loans and advances, debt securities and equity instruments not HFF eligible for GAR calculation	1,302,491	1,226,616	55,471	52,380	2	871	233	12	12
2	<b>Financial undertakings</b>	<b>32,802</b>	<b>642</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>2</b>			
3	Credit institutions	31,165						2		
4	Loans and advances	4,192						2		
5	Debt securities, including UoP	26,943								
6	Equity instruments	31								
7	Other financial corporations	1,637	642	1		0	1			
8	of which investment firms	834	372	0		0	0			
9	Loans and advances	834	372	0		0	0			
10	Debt securities, including UoP									
11	Equity instruments									
12	Of which management companies									
13	Loans and advances									
14	Debt securities, including UoP									
15	Equity instruments									
16	Of which insurance undertakings	240								
17	Loans and advances	240								
18	Debt securities, including UoP									
19	Equity instruments									
20	<b>Non-financial undertakings</b>	<b>59,864</b>	<b>16,149</b>	<b>3,089</b>	<b>2</b>	<b>869</b>	<b>230</b>	<b>12</b>	<b>12</b>	
21	Loans and advances	59,864	16,149	3,089	2	869	230	12	12	
22	Debt securities, including UoP									
23	Equity instruments	0								
24	<b>Households</b>	<b>1,209,825</b>	<b>1,209,825</b>	<b>52,380</b>	<b>52,380</b>					
25	of which loans collateralised by residential immovable property	1,209,620	1,209,620	52,380	52,380					
26	Of which building renovation loans									
27	Of which motor vehicle loans	205	205							
28	<b>Local government financing</b>									
29	Housing financing									
30	Other local government financing									
31	<b>Collateral obtained by taking possession: residential and commercial immovable properties</b>									
32	<b>Assets excluded from the numerator for GAR calculation (covered in the denominator)</b>	<b>1,225,857</b>								
33	<b>Financial and non-financial undertakings</b>	<b>1,022,376</b>								
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	611,303								
35	Loans and advances	611,254								
36	of which loans collateralised by commercial immovable property	138,351								
37	Of which building renovation loans									
38	Debt securities									
39	Equity instruments	48								
40	Non-EU country counterparties not subject to NFRD disclosure obligations	375,146								
41	Loans and advances	370,531								
42	Debt securities	4,532								
43	Equity instruments	83								
44	<b>Derivatives</b>	<b>16,492</b>								
45	On demand interbank loans	1,228								
46	Cash and cash-related assets	10								
47	Other categories of assets (e.g. Goodwill, commodities, etc.)	185,752								
48	<b>Total GAR assets</b>	<b>2,528,348</b>	<b>1,226,616</b>	<b>55,471</b>	<b>52,380</b>	<b>2</b>	<b>871</b>	<b>233</b>	<b>12</b>	<b>12</b>
49	<b>Assets not covered for GAR calculation</b>	<b>760,635</b>								
50	Central governments and Supranational issuers	45,613								
51	Central banks exposure	677,325								
52	Trading book	37,697								
53	<b>Total assets</b>	<b>3,288,983</b>	<b>1,226,616</b>	<b>55,471</b>	<b>52,380</b>	<b>2</b>	<b>871</b>	<b>233</b>	<b>12</b>	<b>12</b>
<b>Off-balance sheet exposures – Undertakings subject to NFRD disclosure obligations</b>										
54	Financial guarantees	7,928	142	49		0	49	0	0	0
55	Assets under management	914,797	84,408	18,402		1,070	9,047	83,889	153	87
56	of which debt securities	207,908	19,876	3,445		182	1,054	19,892	2	1
57	Of which equity instruments	695,965	63,485	14,466		888	7,971	62,939	150	85



Assets for the calculation of GAR – Capital Expenditure (CapEx)

SEK m	Total gross carrying amount	31 Dec 2023								
		Climate change mitigation (CCM)				Climate change adaptation (CCA)				
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)	Of which environmentally sustainable (Taxonomy-aligned)	Of which Use of Proceeds	Of which transitional	Of which enabling	Of which towards taxonomy relevant sectors (Taxonomy-eligible)	Of which environmentally sustainable (Taxonomy-aligned)	Of which Use of Proceeds	Of which enabling
<b>GAR – Covered assets in both numerator and denominator</b>										
1	Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation	1,302,491	1,231,356	55,218	52,380	698	841	16	0	0
2	<b>Financial undertakings</b>	<b>32,802</b>	<b>277</b>	<b>20</b>		<b>0</b>	<b>20</b>			
3	Credit institutions	31,165								
4	Loans and advances	4,192								
5	Debt securities, including UoP	26,943								
6	Equity instruments	31								
7	Other financial corporations	1,637	277	20		0	20			
8	of which investment firms	834	45	0		0	0			
9	Loans and advances	834	45	0		0	0			
10	Debt securities, including UoP									
11	Equity instruments									
12	Of which management companies									
13	Loans and advances									
14	Debt securities, including UoP									
15	Equity instruments									
16	Of which insurance undertakings	240								
17	Loans and advances	240								
18	Debt securities, including UoP									
19	Equity instruments									
20	<b>Non-financial undertakings</b>	<b>59,864</b>	<b>21,253</b>	<b>2,818</b>		<b>698</b>	<b>821</b>	<b>16</b>	<b>0</b>	<b>0</b>
21	Loans and advances	59,864	21,253	2,818		698	821	16	0	0
22	Debt securities, including UoP									
23	Equity instruments	0								
24	<b>Households</b>	<b>1,209,825</b>	<b>1,209,825</b>	<b>52,380</b>	<b>52,380</b>					
25	of which loans collateralised by residential immovable property	1,209,620	1,209,620	52,380	52,380					
26	Of which building renovation loans									
27	Of which motor vehicle loans	205	205							
28	<b>Local government financing</b>									
29	Housing financing									
30	Other local government financing									
31	<b>Collateral obtained by taking possession: residential and commercial immovable properties</b>									
32	<b>Assets excluded from the numerator for GAR calculation (covered in the denominator)</b>	<b>1,225,857</b>								
33	<b>Financial and non-financial undertakings</b>	<b>1,022,376</b>								
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	611,303								
35	Loans and advances	611,254								
36	of which loans collateralised by commercial immovable property	138,351								
37	Of which building renovation loans									
38	Debt securities									
39	Equity instruments	48								
40	Non-EU country counterparties not subject to NFRD disclosure obligations	375,146								
41	Loans and advances	370,531								
42	Debt securities	4,532								
43	Equity instruments	83								
44	<b>Derivatives</b>	<b>16,492</b>								
45	<b>On demand interbank loans</b>	<b>1,228</b>								
46	<b>Cash and cash-related assets</b>	<b>10</b>								
47	<b>Other categories of assets (e.g. Goodwill, commodities, etc.)</b>	<b>185,752</b>								
48	<b>Total GAR assets</b>	<b>2,528,348</b>	<b>1,231,356</b>	<b>55,218</b>	<b>52,380</b>	<b>698</b>	<b>841</b>	<b>16</b>	<b>0</b>	<b>0</b>
49	<b>Assets not covered for GAR calculation</b>	<b>760,635</b>								
50	<b>Central governments and Supranational issuers</b>	<b>45,613</b>								
51	<b>Central banks exposure</b>	<b>677,325</b>								
52	<b>Trading book</b>	<b>37,697</b>								
53	<b>Total assets</b>	<b>3,288,983</b>	<b>1,231,356</b>	<b>55,218</b>	<b>52,380</b>	<b>698</b>	<b>841</b>	<b>16</b>	<b>0</b>	<b>0</b>
<b>Off-balance sheet exposures – Undertakings subject to NFRD disclosure obligations</b>										
54	Financial guarantees	7,928	179	30		1	28	0	0	0
55	Assets under management	914,797	100,373	23,288		1,476	13,229	99,604	33	12
56	of which debt securities	207,908	21,589	3,919		173	2,533	21,593	2	0
57	Of which equity instruments	695,965	77,692	19,141		1,303	10,678	76,912	31	12



GAR sector information – Turnover

Breakdown by sector – NACE 4 digits level (code and label)	Climate change mitigation (CCM)				Climate change adaptation (CCA)			
	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
	Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount	
	SEK m	of which environmentally sustainable (CCM)	SEK m	of which environmentally sustainable (CCM)	SEK m	of which environmentally sustainable (CCA)	SEK m	of which environmentally sustainable (CCA)
1 A0210 – Silviculture and other forestry activities	2	2						
2 B0910 – Support activities for petroleum and natural gas extraction	0	0						
3 C1623 – Manufacture of other builders’ carpentry and joinery	0	0						
4 C2030 – Manufacture of paints, varnishes and similar coatings, printing ink and mastics	0	0						
5 C2221 – Manufacture of plastic plates, sheets, tubes and profiles	3	0						
6 C2229 – Manufacture of other plastic products	0	0						
7 C2351 – Manufacture of cement	13	1						
8 C2361 – Manufacture of concrete products for construction purposes	34	0						
9 C2410 – Manufacture of basic iron and steel and of ferro-alloys	0	0						
10 C2420 – Manufacture of tubes, pipes, hollow profiles and related fittings, of steel	2	2						
11 C2433 – Cold forming or folding	0	0						
12 C2442 – Aluminium production	0	0						
13 C2445 – Other non-ferrous metal production	0	0						
14 C2511 – Manufacture of metal structures and parts of structures	0	0						
15 C2521 – Manufacture of central heating radiators and boilers	708	0						
16 C2530 – Manufacture of steam generators, except central heating hot water boilers	0	0						
17 C2622 – Machining	0							
18 C2593 – Manufacture of wire products, chain and springs	0	0						
19 C2599 – Manufacture of other fabricated metal products n.e.c.	0	0						
20 C2611 – Manufacture of electronic components	0	0						
21 C2620 – Manufacture of computers and peripheral equipment	0	0						
22 C2630 – Manufacture of communication equipment	0	0						
23 C2651 – Manufacture of instruments and appliances for measuring, testing and navigation	0	0			0	0		
24 C2712 – Manufacture of electricity distribution and control apparatus	0	0						
25 C2720 – Manufacture of batteries and accumulators	0	0						
26 C2740 – Manufacture of electric lighting equipment	1,281	75						
27 C2790 – Manufacture of other electrical equipment	0	0						
28 C2811 – Manufacture of engines and turbines, except aircraft, vehicle and cycle engines	33	33						
29 C2812 – Manufacture of fluid power equipment	0	0						
30 C2814 – Manufacture of other taps and valves	0	0						
31 C2815 – Manufacture of bearings, gears, gearing and driving elements	0	0						
32 C2822 – Manufacture of lifting and handling equipment	0	0						
33 C2824 – Manufacture of power-driven hand tools	0	0						
34 C2825 – Manufacture of non-domestic cooling and ventilation equipment	1	0						
35 C2849 – Manufacture of other machine tools	0	0						
36 C2892 – Manufacture of machinery for mining, quarrying and construction	0	0						
37 C2899 – Manufacture of other special-purpose machinery n.e.c.	1	0						
38 C2932 – Manufacture of other parts and accessories for motor vehicles	0	0						
39 C3099 – Manufacture of other transport equipment n.e.c.	0	0						
40 C3250 – Manufacture of medical and dental equipment	0	0						
41 D3511 – Production of electricity	239	206						
42 E3700 – Sewerage	0	0						
43 F4110 – Development of building projects	382	10						
44 F4120 – Construction of residential and non-residential buildings	459	50						
45 F4212 – Construction of railways and underground railways	1	0						
46 F4221 – Construction of utility projects for fluids	0	0						
47 F4222 – Construction of utility projects for electricity and telecommunications	13	13						
48 F4312 – Site preparation	0	0						
49 F4321 – Electrical installation	0	0						
50 F4322 – Plumbing, heat and air-conditioning installation	0	0						
51 F4329 – Other construction installation	0	0						
52 F4334 – Painting and glazing	0	0						
53 F4391 – Roofing activities	0	0						
54 F4399 – Other specialised construction activities n.e.c.	0	0						
55 G4531 – Wholesale trade of motor vehicle parts and accessories	0	0						
56 G4611 – Agents involved in the sale of agricultural raw materials, live animals, textile raw materials and semi-finished goods	0	0					0	
57 G4614 – Agents involved in the sale of machinery, industrial equipment, ships and aircraft	0	0						
58 G4619 – Agents involved in the sale of a variety of goods	0	0						
59 G4643 – Wholesale of electrical household appliances and equipment	0	0						
60 G4645 – Wholesale of perfume and cosmetics	0	0						
61 G4646 – Wholesale of pharmaceutical goods	0	0						
62 G4651 – Wholesale of computers, computer peripheral equipment and software	0	0						
63 G4652 – Wholesale of electronic and telecommunications equipment and parts	0	0						
64 G4662 – Wholesale of machine tools	0	0						
65 G4663 – Wholesale of mining, construction and civil engineering machinery	0	0						
66 G4669 – Wholesale of other machinery and equipment	1	0			0	0		
67 G4672 – Wholesale of metals and metal ores	0	0						
68 G4673 – Wholesale of wood, construction materials and sanitary equipment	0	0						
69 G4674 – Wholesale of hardware, plumbing and heating equipment and supplies	0	0						
70 G4675 – Wholesale of chemical products	0	0						
71 G4676 – Wholesale of other intermediate products	0	0						
72 G4690 – Non-specialised wholesale trade	9	2			22	0		
73 G4711 – Retail sale in non-specialised stores with food, beverages or tobacco predominating	0	0						
74 G4719 – Other retail sale in non-specialised stores	0	0						
75 G4752 – Retail sale of hardware, paints and glass in specialised stores	0	0						
76 G4754 – Retail sale of electrical household appliances in specialised stores	0	0						
77 G4791 – Retail sale via mail order houses or via Internet	0	0						
78 H5010 – Sea and coastal passenger water transport	0	0						
79 H5020 – Sea and coastal freight water transport	0	0						
80 H5223 – Service activities incidental to air transportation	0	0						



GAR sector information - Turnover, cont.

Breakdown by sector – NACE 4 digits level (code and label)		Climate change mitigation (CCM)				Climate change adaptation (CCA)			
		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount	
		SEK m	of which environmentally sustainable (CCM)	SEK m	of which environmentally sustainable (CCM)	SEK m	of which environmentally sustainable (CCA)	SEK m	of which environmentally sustainable (CCA)
81	I5510 – Hotels and similar accommodation	183	113					0	
82	J5821 – Publishing of computer games	0	0			0	0		
83	J5829 – Other software publishing	0	0			0	0		
84	J5911 – Motion picture, video and television programme production activities	0	0			0	0		
85	J6201 – Computer programming activities	0	0						
86	J6202 – Computer consultancy activities	0	0						
87	K6420 – Activities of holding companies	110	3						
88	K6492 – Other credit granting	425	48						
89	K6619 – Other activities auxiliary to financial services, except insurance and pension funding	37	37						
90	L6810 – Buying and selling of own real estate	57	0						
91	L6820 – Renting and operating of own or leased real estate	8,028	718						
92	L6831 – Real estate activities	2	1						
93	L6831 – Real estate agencies	0	0						
94	L6832 – Management of real estate on a fee or contract basis	0	0						
95	M7010 – Activities of head offices	3,438	1,749						
96	M7022 – Business and other management consultancy activities	0	0						
97	M7111 – Architectural activities	0	0			0	0		
98	M7112 – Engineering activities and related technical consultancy	497	23			208	12		
99	M7120 – Technical testing and analysis	0	0						
100	M7211 – Research and experimental development on biotechnology	101	1						
101	M7220 – Research and experimental development on social sciences and humanities	0	0						
102	M7311 – Advertising agencies	0	0			0	0		
103	M7410 – Specialised design activities	0	0						
104	M7490 – Other professional, scientific and technical activities n.e.c.	0	0						
105	N8211 – Combined office administrative service activities	83	0						
106	O8421 – Foreign affairs	0	0						
107	R9311 – Operation of sports facilities								

Water and marine resources (WTR)		Circular economy (CE)		Pollution (PPC)		Biodiversity and Ecosystems (BIO)		Total (CCM + CCA + WTR + CE + PPC + BIO)			
Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount	
SEK m	of which environmentally sustainable (WTR)	SEK m	of which environmentally sustainable (WTR)	SEK m	of which environmentally sustainable (CE)	SEK m	of which environmentally sustainable (PPC)	SEK m	of which environmentally sustainable (BIO)	SEK m	of which environmentally sustainable (TOTAL)
										1,663	113
										0	0
										0	0
										0	0
										0	0
										0	0
										110	3
										425	48
										44	43
										57	0
										8,031	719
										2	1
										0	0
										0	0
										3,438	1,749
										0	0
										0	0
										703	36
										0	0
										101	1
										0	0
										0	0
										0	0
										0	0
										83	0
										0	0
										0	0

GAR sector information – CapEx

Breakdown by sector – NACE 4 digits level (code and label)	Climate change mitigation (CCM)				Climate change adaptation (CCA)			
	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
	Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount	
	SEK m	of which environmentally sustainable (CCM)	SEK m	of which environmentally sustainable (CCM)	SEK m	of which environmentally sustainable (CCA)	SEK m	of which environmentally sustainable (CCA)
1 A0210 – Silviculture and other forestry activities	2	2						
2 B0910 – Support activities for petroleum and natural gas extraction	0	0						
3 C1082 – Manufacture of cocoa, chocolate and sugar confectionery	166	0						
4 C1105 – Manufacture of beer	0	0						
5 C1623 – Manufacture of other builders' carpentry and joinery	0	0						
6 C2030 – Manufacture of paints, varnishes and similar coatings, printing ink and mastics	0	0						
7 C2120 – Manufacture of pharmaceutical preparations	0	0						
8 C2221 – Manufacture of plastic plates, sheets, tubes and profiles	1	0						
9 C2229 – Manufacture of other plastic products	0	0						
10 C2351 – Manufacture of cement	30	0						
11 C2361 – Manufacture of concrete products for construction purposes	115	0						
12 C2410 – Manufacture of basic iron and steel and of ferro-alloys	1	0						
13 C2420 – Manufacture of tubes, pipes, hollow profiles and related fittings, of steel	6	6						
14 C2433 – Cold forming or folding	0	0						
15 C2442 – Aluminium production	0	0						
16 C2445 – Other non-ferrous metal production	0	0						
17 C2511 – Manufacture of metal structures and parts of structures	0	0						
18 C2512 – Manufacture of doors and windows of metal	0	0						
19 C2521 – Manufacture of central heating radiators and boilers	510	0						
20 C2529 – Manufacture of other tanks, reservoirs and containers of metal	0	0						
21 C2530 – Manufacture of steam generators, except central heating hot water boilers	0	0						
22 C2593 – Manufacture of wire products, chain and springs	0	0						
23 C2594 – Manufacture of fasteners and screw machine products	0	0						
24 C2599 – Manufacture of other fabricated metal products n.e.c.	0	0						
25 C2611 – Manufacture of electronic components	0	0						
26 C2620 – Manufacture of computers and peripheral equipment	0	0						
27 C2651 – Manufacture of instruments and appliances for measuring, testing and navigation	0	0			0	0		
28 C2712 – Manufacture of electricity distribution and control apparatus	0	0						
29 C2720 – Manufacture of batteries and accumulators	1	1						
30 C2733 – Manufacture of wiring devices	0	0						
31 C2740 – Manufacture of electric lighting equipment	558	118						
32 C2790 – Manufacture of other electrical equipment	0	0						
33 C2811 – Manufacture of engines and turbines, except aircraft, vehicle and cycle engines	11	11						
34 C2812 – Manufacture of fluid power equipment	0	0						
35 C2813 – Manufacture of other pumps and compressors	0	0						
36 C2814 – Manufacture of other taps and valves	0	0						
37 C2815 – Manufacture of bearings, gears, gearing and driving elements	0	0						
38 C2822 – Manufacture of lifting and handling equipment	1	0						
39 C2824 – Manufacture of power-driven hand tools	0	0						
40 C2825 – Manufacture of non-domestic cooling and ventilation equipment	1	0						
41 C2841 – Manufacture of metal forming machinery	0	0						
42 C2849 – Manufacture of other machine tools	0	0						
43 C2892 – Manufacture of machinery for mining, quarrying and construction	0	0						
44 C2899 – Manufacture of other special-purpose machinery n.e.c.	0	0						
45 C2932 – Manufacture of other parts and accessories for motor vehicles	0	0						
46 C3099 – Manufacture of other transport equipment n.e.c.	0	0						
47 C3101 – Manufacture of office and shop furniture and fittings	1,853	0						
48 C3250 – Manufacture of medical and dental equipment	0	0						
49 C3291 – Manufacture of brooms and brushes	0	0						
50 C3312 – Repair of machinery	0	0						
51 D3511 – Production of electricity	284	193						
52 E3700 – Sewerage	0	0						
53 F4110 – Development of building projects	391	1						
54 F4120 – Construction of residential and non-residential buildings	472	115						
55 F4212 – Construction of railways and underground railways	3	0						
56 F4221 – Construction of utility projects for fluids	0	0						
57 F4222 – Construction of utility projects for electricity and telecommunications	13	10						
58 F4312 – Site preparation	0	0						
59 F4321 – Electrical installation	0	0						
60 F4322 – Plumbing, heat and air-conditioning installation	0	0						
61 F4329 – Other construction installation	0	0						
62 F4334 – Painting and glazing	0	0						
63 F4391 – Roofing activities	0	0						
64 F4399 – Other specialised construction activities n.e.c.	0	0						
65 G4531 – Wholesale trade of motor vehicle parts and accessories	0	0						
66 G4611 – Agents involved in the sale of agricultural raw materials, live animals, textile raw materials and semi-finished goods	197	0						
67 G4614 – Agents involved in the sale of machinery, industrial equipment, ships and aircraft	13	13						
68 G4619 – Agents involved in the sale of a variety of goods	0	0						
69 G4642 – Wholesale of clothing and footwear	0	0						
70 G4643 – Wholesale of electrical household appliances and equipment	0	0						
71 G4645 – Wholesale of perfume and cosmetics	0	0						
72 G4646 – Wholesale of pharmaceutical goods	71	34						
73 G4649 – Wholesale of other household goods	0	0						
74 G4651 – Wholesale of computers, computer peripheral equipment and software	0	0						
75 G4652 – Wholesale of electronic and telecommunications equipment and parts	0	0						
76 G4662 – Wholesale of machine tools	0	0						
77 G4663 – Wholesale of mining, construction and civil engineering machinery	0	0						
78 G4669 – Wholesale of other machinery and equipment	1	0			0	0		
79 G4672 – Wholesale of metals and metal ores	0	0						
80 G4673 – Wholesale of wood, construction materials and sanitary equipment	0	0						
81 G4674 – Wholesale of hardware, plumbing and heating equipment and supplies	0	0						



GAR sector information - CapEx, cont.

	Breakdown by sector – NACE 4 digits level (code and label)	Climate change mitigation (CCM)				Climate change adaptation (CCA)			
		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount	
		SEK m	of which environmentally sustainable (CCM)	SEK m	of which environmentally sustainable (CCM)	SEK m	of which environmentally sustainable (CCA)	SEK m	of which environmentally sustainable (CCA)
82	G4675 – Wholesale of chemical products	0	0						
83	G4676 – Wholesale of other intermediate products	0	0						
84	G4690 – Non-specialised wholesale trade	68	65			16	0		
85	G4711 – Retail sale in non-specialised stores with food, beverages or tobacco predominating	142	0						
86	G4719 – Other retail sale in non-specialised stores	0	0						
87	G4752 – Retail sale of hardware, paints and glass in specialised stores	0	0						
88	G4759 – Retail sale of furniture, lighting equipment and other household articles in specialised stores	0	0						
89	G4771 – Retail sale of clothing in specialised stores	0	0						
90	G4791 – Retail sale via mail order houses or via Internet	0	0						
91	H5010 – Sea and coastal passenger water transport	0	0						
92	H5020 – Sea and coastal freight water transport	0	0						
93	H5223 – Service activities incidental to air transportation	0	0						
94	I5510 – Hotels and similar accommodation	413	170				0		
95	J5821 – Publishing of computer games	0	0			0	0		
96	J5829 – Other software publishing	0	0			0	0		
97	J5911 – Motion picture, video and television programme production activities	0	0			0	0		
98	J6190 – Other telecommunications activities	28	0						
99	J6201 – Computer programming activities	139	0						
100	J6202 – Computer consultancy activities	0	0						
101	J6312 – Web portals	0	0						
102	K6420 – Activities of holding companies	293	0						
103	K6492 – Other credit granting	186	80						
104	K6619 – Other activities auxiliary to financial services, except insurance and pension funding	168	168						
105	L6810 – Buying and selling of own real estate	190	0						
106	L6820 – Renting and operating of own or leased real estate	9,198	1,191						
107	L6831 – Real estate activities	2	0						
108	L6831 – Real estate agencies	0	0						
109	L6832 – Management of real estate on a fee or contract basis	0	0						
110	M7010 – Activities of head offices	3,178	499						
111	M7022 – Business and other management consultancy activities	21	0						
112	M7111 – Architectural activities	0	0			0	0		
113	M7112 – Engineering activities and related technical consultancy	1,738	0			0	0		
114	M7120 – Technical testing and analysis	0	0						
115	M7211 – Research and experimental development on biotechnology	179	106						
116	M7219 – Other research and experimental development on natural sciences and engineering	0	0						
117	M7220 – Research and experimental development on social sciences and humanities	0	0						
118	M7311 – Advertising agencies	0	0			0	0		
119	M7410 – Specialised design activities	200	0						
120	M7490 – Other professional, scientific and technical activities n.e.c.	174	0						
121	N8211 – Combined office administrative service activities	234	34						
122	O8421 – Foreign affairs	0	0						
123	O8810 – Social work activities without accommodation for the elderly and disabled	0	0						
124	R9311 – Operation of sports facilities								



GAR KPI stock - Turnover

		31 Dec 2023										
		Climate change mitigation (CCM)					Climate change adaptation (CCA)				Water and marine resources (WTR)	
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	
% (compared to total covered assets in the denominator)			Of which Use of Proceeds	Of which transitional	Of which enabling		Of which Use of Proceeds	Of which enabling		Of which Use of Proceeds	Of which enabling	
<b>GAR – Covered assets in both numerator and denominator</b>												
1	Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation	94.2	4.3	4.0	0.0	0.1	0.0	0.0		0.0		
2	<b>Financial undertakings</b>	<b>2.0</b>	<b>0.0</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>				
3	Credit institutions							0.0				
4	Loans and advances							0.1				
5	Debt securities, including UoP											
6	Equity instruments											
7	Other financial corporations	39.2	0.1		0.0	0.1						
8	of which investment firms	44.6	0.0		0.0	0.0						
9	Loans and advances	44.6	0.0		0.0	0.0						
10	Debt securities, including UoP											
11	Equity instruments											
12	Of which management companies											
13	Loans and advances											
14	Debt securities, including UoP											
15	Equity instruments											
16	Of which insurance undertakings											
17	Loans and advances											
18	Debt securities, including UoP											
19	Equity instruments											
20	<b>Non-financial undertakings</b>	<b>27.0</b>	<b>5.2</b>		<b>0.0</b>	<b>1.5</b>	<b>0.4</b>	<b>0.0</b>		<b>0.0</b>		
21	Loans and advances	27.0	5.2		0.1	1.5	0.4	0.0		0.0		
22	Debt securities, including UoP											
23	Equity instruments											
24	<b>Households</b>	<b>100.0</b>	<b>4.3</b>	<b>4.3</b>								
25	of which loans collateralised by residential immovable property	100.0	4.3	4.3								
26	Of which building renovation loans											
27	Of which motor vehicle loans	100.0										
28	<b>Local government financing</b>											
29	Housing financing											
30	Other local government financing											
31	<b>Collateral obtained by taking possession: residential and commercial immovable properties</b>											
32	<b>Total GAR assets</b>	<b>48.5</b>	<b>2.2</b>	<b>2.1</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>		<b>0.0</b>		

31 Dec 2023																	
Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				Total (CCM + CCA + WTR + CE + PPC + BIO)					
Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					
Of which Use of Proceeds		Of which enabling		Of which Use of Proceeds		Of which enabling		Of which Use of Proceeds		Of which enabling		Of which Use of Proceeds		Of which enabling			
												95.4	4.3	4.0	0.0	0.0	39.6
												46.9	0.0		0.0	0.0	1.0
												47.0	0.0		0.0	0.0	0.9
												26.5	0.0		0.0	0.0	0.1
												49.9					0.8
												50.3					0.0
												44.0	0.1		0.0	0.1	0.0
												44.6	0.0		0.0	0.0	0.0
												44.6	0.0		0.0	0.0	0.0
												33.0					
												33.0					
												30.1	5.5		0.0	1.5	1.8
												30.1	5.5		0.0	1.5	1.8
												100.0	4.3	4.3			36.8
												100.0	4.3	4.3			36.8
												49.2	2.2	2.1	0.0	0.0	76.9

GAR KPI stock - CapEx

		31 Dec 2023										
		Climate change mitigation (CCM)					Climate change adaptation (CCA)				Water and marine resources (WTR)	
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	
% (compared to total covered assets in the denominator)			Of which Use of Proceeds	Of which transitional	Of which enabling		Of which Use of Proceeds	Of which enabling		Of which Use of Proceeds	Of which enabling	
<b>GAR – Covered assets in both numerator and denominator</b>												
1	Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation	94.5	4.2	4.0	0.1	0.1	0.0	0.0		0.0		
2	<b>Financial undertakings</b>	<b>0.8</b>	<b>0.1</b>		<b>0.0</b>	<b>0.1</b>						
3	Credit institutions											
4	Loans and advances											
5	Debt securities, including UoP											
6	Equity instruments											
7	Other financial corporations	16.9	1.2		0.0	1.2						
8	of which investment firms	5.4	0.0		0.0	0.0						
9	Loans and advances	5.4	0.0		0.0	0.0						
10	Debt securities, including UoP											
11	Equity instruments											
12	Of which management companies											
13	Loans and advances											
14	Debt securities, including UoP											
15	Equity instruments											
16	Of which insurance undertakings											
17	Loans and advances											
18	Debt securities, including UoP											
19	Equity instruments											
20	<b>Non-financial undertakings</b>	<b>35.5</b>	<b>4.7</b>		<b>1.2</b>	<b>1.4</b>	<b>0.0</b>	<b>0.0</b>		<b>0.0</b>		
21	Loans and advances	35.5	4.7		1.2	1.4	0.0	0.0		0.0		
22	Debt securities, including UoP											
23	Equity instruments											
24	<b>Households</b>	<b>100.0</b>	<b>4.3</b>	<b>4.3</b>								
25	of which loans collateralised by residential immovable property	100.0	4.3	4.3								
26	Of which building renovation loans											
27	Of which motor vehicle loans	100.0										
28	<b>Local government financing</b>											
29	Housing financing											
30	Other local government financing											
31	<b>Collateral obtained by taking possession: residential and commercial immovable properties</b>											
32	<b>Total GAR assets</b>	<b>48.7</b>	<b>2.2</b>	<b>2.1</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>		<b>0.0</b>		



GAR KPI flow – Turnover

		31 Dec 2023										
		Climate change mitigation (CCM)					Climate change adaptation (CCA)				Water and marine resources (WTR)	
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	
% (compared to flow of total eligible assets)		Of which Use of Proceeds	Of which transitional	Of which enabling	Of which Use of Proceeds	Of which enabling	Of which Use of Proceeds	Of which enabling	Of which Use of Proceeds	Of which enabling		
<b>GAR – Covered assets in both numerator and denominator</b>												
1	Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation	72.4	4.4	3.9	0.0	0.3	0.1	0.0	0.0			
2	<b>Financial undertakings</b>	<b>0.6</b>	<b>0.0</b>			<b>0.0</b>						
3	Credit institutions											
4	Loans and advances											
5	Debt securities, including UoP											
6	Equity instruments											
7	Other financial corporations	0.6	0.0			0.0						
8	of which investment firms											
9	Loans and advances											
10	Debt securities, including UoP											
11	Equity instruments											
12	Of which management companies											
13	Loans and advances											
14	Debt securities, including UoP											
15	Equity instruments											
16	Of which insurance undertakings											
17	Loans and advances											
18	Debt securities, including UoP											
19	Equity instruments											
20	<b>Non-financial undertakings</b>	<b>13.9</b>	<b>2.9</b>		<b>0.0</b>	<b>1.8</b>	<b>0.5</b>	<b>0.0</b>	<b>0.0</b>			
21	Loans and advances	13.9	2.9		0.0	1.8	0.5	0.0	0.0			
22	Debt securities, including UoP											
23	Equity instruments											
24	<b>Households</b>	<b>100.0</b>	<b>5.6</b>	<b>5.6</b>								
25	Of which loans collateralised by residential immovable property	100.0	5.6	5.6								
26	Of which building renovation loans											
27	Of which motor vehicle loans	100.0										
28	<b>Local government financing</b>											
29	Housing financing											
30	Other local government financing											
31	<b>Collateral obtained by taking possession: residential and commercial immovable properties</b>											
32	<b>Total GAR assets</b>	<b>27.5</b>	<b>1.7</b>	<b>1.5</b>	<b>0.0</b>	<b>0.1</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>			



GAR KPI flow - CapEx

		31 Dec 2023											
		Climate change mitigation (CCM)					Climate change adaptation (CCA)				Water and marine resources (WTR)		
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)		
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
% (compared to flow of total eligible assets)		Of which Use of Proceeds	Of which transitional	Of which enabling		Of which Use of Proceeds	Of which enabling		Of which Use of Proceeds	Of which enabling			
<b>GAR - Covered assets in both numerator and denominator</b>													
1	Loans and advances, debt securities and equity instruments not HIT eligible for GAR calculation	73.7	4.7	3.9	0.2	0.3	0.0	0.0		0.0			
2	<b>Financial undertakings</b>	<b>0.4</b>	<b>0.0</b>			<b>0.0</b>							
3	Credit institutions												
4	Loans and advances												
5	Debt securities, including UoP												
6	Equity instruments												
7	Other financial corporations	0.4	0.0			0.0							
8	of which investment firms												
9	Loans and advances												
10	Debt securities, including UoP												
11	Equity instruments												
12	Of which management companies												
13	Loans and advances												
14	Debt securities, including UoP												
15	Equity instruments												
16	Of which insurance undertakings												
17	Loans and advances												
18	Debt securities, including UoP												
19	Equity instruments												
20	<b>Non-financial undertakings</b>	<b>20.8</b>	<b>4.3</b>		<b>1.2</b>	<b>1.6</b>	<b>0.0</b>	<b>0.0</b>		<b>0.0</b>			
21	Loans and advances	20.9	4.3		1.2	1.6	0.0	0.0		0.0			
22	Debt securities, including UoP												
23	Equity instruments												
24	<b>Households</b>	<b>100.0</b>	<b>5.6</b>	<b>5.6</b>									
25	Of which loans collateralised by residential immovable property	100.0	5.6	5.6									
26	Of which building renovation loans												
27	Of which motor vehicle loans	100.0											
28	<b>Local government financing</b>												
29	Housing financing												
30	Other local government financing												
31	<b>Collateral obtained by taking possession: residential and commercial immovable properties</b>												
32	<b>Total GAR assets</b>	<b>28.0</b>	<b>1.8</b>	<b>1.5</b>	<b>0.1</b>	<b>0.1</b>	<b>0.0</b>	<b>0.0</b>		<b>0.0</b>			

31 Dec 2023														
Circular economy (CE)			Pollution (PPC)			Biodiversity and Ecosystems (BIO)			Total (CCM + CCA + WTR + CE + PPC + BIO)					
Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					
Of which Use of Proceeds	Of which enabling		Of which Use of Proceeds	Of which enabling		Of which Use of Proceeds	Of which enabling		Of which Use of Proceeds	Of which transitional	Of which enabling		Proportion of total assets covered	
									80.3	4.8	3.9	0.2	0.3	37.9
									49.7	0.0		0.0	0.0	4.2
									49.7	0.0		0.0	0.0	4.2
									26.6	4.8		1.2	1.6	7.3
									26.7	4.8		1.2	1.6	7.2
									100.0	5.6	5.6			26.4
									100.0	5.6	5.6			26.3
									100.0					0.0
									30.5	1.8	1.5	0.1	0.1	99.6

KPI off-balance-sheet exposures – Stock, Turnover

		31 Dec 2023								
		Climate change mitigation (CCM)			Climate change adaptation (CCA)			Water and marine resources (WTR)		
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)		
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
% (compared to total eligible off-balance sheet assets)		Of which Use of Proceeds	Of which transitional	Of which enabling	Of which Use of Proceeds	Of which enabling	Of which Use of Proceeds	Of which enabling	Of which enabling	
1	Financial guarantees (FinGuar KPI)	1.8	0.6	0.0	0.6	0.0	0.0	0.0		
2	Assets under management (AuM KPI)	9.2	2.0	0.1	1.0	9.2	0.0	0.0		

KPI off-balance-sheet exposures – Stock, CapEx

		31 Dec 2023								
		Climate change mitigation (CCM)			Climate change adaptation (CCA)			Water and marine resources (WTR)		
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)		
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
% (compared to total eligible off-balance sheet assets)		Of which Use of Proceeds	Of which transitional	Of which enabling	Of which Use of Proceeds	Of which enabling	Of which Use of Proceeds	Of which enabling	Of which enabling	
1	Financial guarantees (FinGuar KPI)	2.3	0.4	0.0	0.4	0.0	0.0	0.0		
2	Assets under management (AuM KPI)	11.0	2.5	0.2	1.4	10.9	0.0	0.0		

KPI off-balance-sheet exposures – Flow, Turnover

		31 Dec 2023								
		Climate change mitigation (CCM)			Climate change adaptation (CCA)			Water and marine resources (WTR)		
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)		
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
% (compared to total eligible off-balance sheet assets)		Of which Use of Proceeds	Of which transitional	Of which enabling	Of which Use of Proceeds	Of which enabling	Of which Use of Proceeds	Of which enabling	Of which enabling	
1	Financial guarantees (FinGuar KPI)	1.1	0.6	0.0	0.6	0.0	0.0	0.0		
2	Assets under management (AuM KPI)	9.9	1.9	0.1	0.9	9.9	0.0	0.0		

KPI off-balance-sheet exposures – Flow, CapEx

		31 Dec 2023								
		Climate change mitigation (CCM)			Climate change adaptation (CCA)			Water and marine resources (WTR)		
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)		
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
% (compared to total eligible off-balance sheet assets)		Of which Use of Proceeds	Of which transitional	Of which enabling	Of which Use of Proceeds	Of which enabling	Of which Use of Proceeds	Of which enabling	Of which enabling	
1	Financial guarantees (FinGuar KPI)	2.0	0.5	0.0	0.4	0.0	0.0	0.0		
2	Assets under management (AuM KPI)	11.3	2.4	0.1	1.4	11.2	0.0	0.0		



## Nuclear and fossil gas related activities in accordance with (EU) 2022/1214

### On-balance sheet – credit portfolio

Row	Nuclear energy related activities	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	YES
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	YES
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	YES
<b>Fossil gas related activities</b>		
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	YES
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	YES
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	YES

### Off-balance sheet – financial guarantees, capital in mutual funds and discretionary portfolios

Row	Nuclear energy related activities	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	YES
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	YES
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	YES
<b>Fossil gas related activities</b>		
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	YES
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	YES
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	YES

## Taxonomy-aligned economic activities (denominator)

### On-balance sheet – credit portfolio, turnover

Row	Economic activities	Amount (SEK m) and proportion					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	18	2.9	18	2.9		
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	578	93.1	578	93.1		
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
7.	<b>Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI</b>						
8.	<b>Total applicable KPI</b>	<b>621</b>	<b>96.0</b>	<b>621</b>	<b>96.0</b>		

## On-balance sheet – credit portfolio, CapEx

Row	Economic activities	Amount (SEK m) and proportion					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	421	78.0	421	78.0		
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	119	22.0	119	22.0		
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
7.	<b>Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI</b>						
8.	<b>Total applicable KPI</b>	<b>540</b>	<b>100.0</b>	<b>540</b>	<b>100.0</b>		

## Off-balance sheet – financial guarantees, capital in mutual funds and discretionary portfolios, turnover

Row	Economic activities	Amount (SEK m) and proportion					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	4	0.3	4	0.5		
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	145	12.5	145	22.2		
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.0	0	0.0		
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.0	0	0.0		
7.	<b>Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI</b>						
8.	<b>Total applicable KPI</b>	<b>1,157</b>	<b>12.9</b>	<b>653</b>	<b>22.8</b>	<b>504</b>	

## Off-balance sheet – financial guarantees, capital in mutual funds and discretionary portfolios, CapEx

Row	Economic activities	Amount (SEK m) and proportion					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.0	0	0.0		
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.1	0	0.1		
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	53	17.9	53	30.3		
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.0	0	0.0		
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.0	0	0.0		
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.0	0	0.0		
7.	<b>Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI</b>						
8.	<b>Total applicable KPI</b>	<b>299</b>	<b>18.0</b>	<b>176</b>	<b>30.5</b>	<b>123</b>	

## Taxonomy-aligned economic activities (numerator)

## On-balance sheet – credit portfolio, turnover

Row	Economic activities	Amount (SEK m) and proportion					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI						
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	11	2.1	11	2.1		
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	523	97.9	523	97.9		
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI						
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI						
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI						
7.	<b>Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI</b>						
8.	<b>Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI</b>	<b>534</b>	<b>100.0</b>	<b>534</b>	<b>100.0</b>		

## On-balance sheet – credit portfolio, CapEx

Row	Economic activities	Amount (SEK m) and proportion					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI						
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	421	78.0	421	78.0		
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	119	22.0	119	22.0		
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI						
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI						
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI						
7.	<b>Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI</b>						
8.	<b>Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI</b>	<b>540</b>	<b>100.0</b>	<b>540</b>	<b>100.0</b>		

## Off-balance sheet – financial guarantees, capital in mutual funds and discretionary portfolios, turnover

Row	Economic activities	Amount (SEK m) and proportion					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI						
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	4	2.4	4	2.4		
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	145	97.6	145	97.6		
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI						
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0.0	0	0.0		
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0.0	0	0.0		
7.	<b>Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI</b>						
8.	<b>Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI</b>	<b>149</b>	<b>100.0</b>	<b>149</b>	<b>100.0</b>		

## Off-balance sheet – financial guarantees, capital in mutual funds and discretionary portfolios, CapEx

Row	Economic activities	Amount (SEK m) and proportion					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0.0	0	0.0		
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0.4	0	0.4		
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	53	99.4	53	99.4		
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0.0	0	0.0		
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0.1	0	0.1		
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0.1	0	0.1		
7.	<b>Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI</b>						
8.	<b>Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI</b>	<b>54</b>	<b>100.0</b>	<b>54</b>	<b>100.0</b>		

## Taxonomy-eligible but not taxonomy-aligned economic activities

### On-balance sheet – credit portfolio, turnover

Row	Economic activities	Amount (SEK m) and proportion					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	1	4.0	1	4.0		
2.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	19	75.5	19	75.5		
3.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	3	11.9	3	11.9		
4.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	1	4.0	1	4.0		
5.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.6	0	0.6		
6.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	1	4.0	1	4.0		
7.	<b>Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI</b>						
8.	<b>Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI</b>	<b>25</b>	<b>100.0</b>	<b>25</b>	<b>100.0</b>		

### On-balance sheet – credit portfolio, CapEx

Row	Economic activities	Amount (SEK m) and proportion					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
2.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
3.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
4.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	32.6	0	32.6		
5.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	60.5	0	60.5		
6.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	7.0	0	7.0		
7.	<b>Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI</b>						
8.	<b>Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI</b>	<b>0</b>	<b>100.0</b>	<b>0</b>	<b>100.0</b>		

## Off-balance sheet – financial guarantees, capital in mutual funds and discretionary portfolios, turnover

Row	Economic activities	Amount (SEK m) and proportion					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
2.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.0	0	0.0	0	0.0
3.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
4.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	741	73.5	370	73.5	370	73.5
5.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	253	25.0	126	25.0	126	25.0
6.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	15	1.5	7	1.5	7	1.5
7.	<b>Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI</b>						
8.	<b>Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI</b>	<b>1,008</b>	<b>100.0</b>	<b>504</b>	<b>100.0</b>	<b>504</b>	<b>100.0</b>

## Off-balance sheet – financial guarantees, capital in mutual funds and discretionary portfolios, CapEx

Row	Economic activities	Amount (SEK m) and proportion					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
2.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
3.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
4.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	193	78.9	97	78.9	97	78.9
5.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	50	20.4	25	20.4	25	20.4
6.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	2	0.7	1	0.7	1	0.7
7.	<b>Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI</b>						
8.	<b>Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI</b>	<b>245</b>	<b>100.0</b>	<b>123</b>	<b>100.0</b>	<b>123</b>	<b>100.0</b>

## Taxonomy non-eligible economic activities

## On-balance sheet – credit portfolio

Under the regulations of the Taxonomy (Delegated Regulation (EU) 2022/1214 as regards economic activities in certain energy sectors), disclosures are to be provided for Taxonomy

non-eligible economic activities by stating the amount and proportion for nuclear and fossil gas related activities (activities 4.26–4.31). Nuclear energy related activities (4.26–4.28) and fossil gas related activities (4.29–4.31) are

Taxonomy-eligible. Accordingly, the Bank has made the assessment that the table is not applicable. For other Taxonomy non-eligible assets, refer elsewhere in this Taxonomy reporting.

# Auditor's Limited Assurance Report on Svenska Handelsbanken AB (publ)'s Sustainability Report

This is the translation of the auditor's report in Swedish  
To Svenska Handelsbanken AB (publ), corporate identity number 502007-7862

## INTRODUCTION

We have been engaged by the Board of Directors of Svenska Handelsbanken AB (publ) (Handelsbanken) to undertake a limited assurance of Svenska Handelsbanken's Sustainability Report for 2023. The company has defined the scope of its sustainability report on page 36–65 and 257–305 in this document.

## RESPONSIBILITIES OF THE BOARD AND GROUP MANAGEMENT

The Board of Directors and Group Management are responsible for the preparation of the Sustainability Report in accordance with the applicable criteria, as explained on page 273 in the Sustainability Report, and consists of the GRI Sustainability Reporting Standards which are applicable to the Sustainability Report, as well as the accounting and calculation principles that the company has developed. This responsibility includes the internal control relevant to the preparation of a Sustainability Report that is free from material misstatements, whether due to fraud or error.

## RESPONSIBILITIES OF THE AUDITOR

Our responsibility is to express a conclusion on the Sustainability Report based on the limited

assurance procedures we have performed. Our assignment is limited to the historical information that is presented and thus does not include future-oriented information.

We conducted limited assurance procedures in accordance with ISAE 3000 (revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report, and applying analytical and other limited assurance procedures. A limited assurance engagement has a different focus and a considerably smaller scope compared to the focus and scope of an audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

The audit firm applies ISQM 1 (International Standard on Quality Management) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent in relation to Svenska Handelsbanken AB according to generally accepted auditing standards in Sweden and

have fulfilled our professional ethics responsibility according to these requirements.

The procedures performed in a limited assurance engagement do not allow us to obtain such assurance that we would become aware of all significant matters that could have been identified if an audit was performed. The conclusion based on a limited assurance engagement, therefore, does not provide the same level of assurance as a conclusion based on an audit has.

Our procedures are based on the criteria defined by the Board of Directors and the Group Management as described above. We consider these criteria suitable for the preparation of the Sustainability Report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion below.

## CONCLUSION

Based on the limited assurance procedures we have performed, nothing has come to our attention that causes us to believe that the Sustainability Report is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and Group Management.

Stockholm, 22 February 2024

PricewaterhouseCoopers AB

Deloitte AB

Johan Rippe  
Authorised Public Accountant

Malin Lünig  
Authorised Public Accountant

# Definitions and explanations

## ALTERNATIVE PERFORMANCE MEASURES

The Bank's financial reports contain alternative performance measures which Handelsbanken considers to provide valuable information to the reader, since they are used by executive management for internal financial control and follow-up of performance and also for comparison between reporting periods.

Alternative Performance Measures (APMs) are financial measures of performance, financial position or cash flow that are neither defined in IFRS nor the Capital Requirements Regulation. These need not be comparable with similar key metrics (performance measures) presented by other companies. Calculations of certain key metrics are reported in the Fact Book which is available at [handelsbanken.com/ir](http://handelsbanken.com/ir).

## ADJUSTED EQUITY PER SHARE

Equity at the end of the year reduced by the equity effect of cash flow hedges and the minority share of equity. Adjusted equity is then divided by the number of ordinary shares at the year-end reduced by buybacks. Where applicable, the dilution effect is taken into account.

## C/I RATIO

Total expenses in relation to total income. In segment reporting, profit allocation is included in total income.

## CREDIT LOSS RATIO

Losses on loans to the public in relation to gross loans to the public at the beginning of the year.

## EARNINGS PER SHARE

The profit for the year attributable to shareholders divided by the average number of outstanding shares. Where applicable, the dilution effect is taken into account.

## ECONOMIC CAPITAL (EC)

Economic capital is a model for calculating economic capital which, in one measurement, identifies the Group's overall risks and indicates the capital which, with very high probability, will cover unexpected losses or decreases in value.

## INTEREST MARGIN

Net interest income for the period calculated for the full year, in relation to average total assets.

## P/E RATIO

Share price at year-end divided by earnings per share for the year.

## PROPORTION OF LOANS IN STAGE 3

Net loans to the public in Stage 3 in relation to total loans to the public.

## PROVISION RATIO STAGE 1

Provisions in Stage 1 for loans to the public in relation to total loans to the public in Stage 1.

## PROVISION RATIO STAGE 2

Provisions in Stage 2 for loans to the public in relation to total loans to the public in Stage 2.

## PROVISION RATIO STAGE 3

Provisions in Stage 3 for loans to the public in relation to total loans to the public in Stage 3.

## RETURN ON ALLOCATED CAPITAL

The segment's operating profit after profit allocation and tax, calculated using a tax rate of 20.6%, in relation to the average capital allocated quarterly during the year.

## RETURN ON EQUITY

The year's profit in relation to average equity. Average equity for the last four quarters is adjusted for value changes on financial assets classified as fair value through other comprehensive income, derivatives in cash flow hedges, revaluation effects from defined benefit pension plans and a weighted average of new share issues, dividends, and repurchases of own shares.

## RETURN ON TOTAL ASSETS

The year's profit in relation to the average of total assets for the past five quarters.

## TOTAL PROVISION RATIO

Total provisions for loans to the public in relation to total loans to the public.

## TOTAL RETURN

The total of the year's change in share price and paid dividend per share divided by the share price at the end of the previous year.

## KEY METRICS AND DEFINITIONS DEFINED IN THE CAPITAL REQUIREMENTS REGULATION

### ADDITIONAL OWN FUNDS REQUIREMENT

The requirement consists of an additional minimum requirement based on a formal decision from the regulatory authorities within the Pillar 2 framework and concerns risks that a bank is or could be exposed to that are not covered by the general minimum requirements.

### ADDITIONAL TIER 1 INSTRUMENTS

Additional tier 1 instruments is a sub-component of own funds and mainly comprises subordinated loans which meet the requirements stated in Regulation (EU) No 575/2013 and can therefore be included in tier 1 capital.

### CAPITAL REQUIREMENTS

The statutory capital requirement means that an institution which is subject to CRR must have a common equity tier 1 ratio of at least 4.5%, a tier 1 ratio of at least 6% and a total capital ratio of at least 8%. This means that own funds for the respective ratio must be at least the stated percentage of the risk exposure amount. For definitions of the respective own funds amounts, see Common equity tier 1 capital, Tier 1 capital and Total capital. In addition to the general requirements, the supervisory authority may add institution-specific requirements in accordance with Pillar 2 of the regulations.

### CREDIT CONVERSION FACTOR (CCF)

Credit Conversion Factor (CCF) is a percentage value by which off-balance sheet exposures are multiplied to calculate the exposure amount. The credit conversion factor corresponds to the expected utilisation level of the exposure in the event of default.

## CREDIT VALUATION ADJUSTMENT (CVA) RISK

Credit valuation adjustment (CVA) risk means the risk that the market value of a derivative will decrease, owing to deterioration of the creditworthiness of the counterparty. The CVA is a component in the regulations for the valuation of derivatives. An exposure to a counterparty with weaker creditworthiness must have a lower carrying amount than the equivalent exposure to a counterparty with better creditworthiness. In this context, credit valuation adjustment risk means that if a given counterparty's creditworthiness weakens, the balance sheet values of all derivative transactions with this counterparty with a positive market value decrease – and thus the Bank's equity decreases.

## COMMON EQUITY TIER 1 CAPITAL

Common equity tier 1 capital is one of the components of own funds and mainly comprises equity. Deductions are made for dividends generated, goodwill and other intangible assets, etc. and the difference between an expected loss and provisions made for probable credit losses.

## COMMON EQUITY TIER 1 RATIO

Common equity tier 1 capital in relation to total risk exposure amount.

## COMMON EQUITY TIER 1 RATIO AVAILABLE FOR USE AS A BUFFER

The common equity tier 1 ratio after a deduction for the part of common equity tier 1 capital required to comply with all formal capital requirements.

## EXPOSURE AMOUNT

Exposure amount (exposure at default) is the amount which is subject to capital adequacy requirements. For off-balance sheet items, the amounts are recalculated using the credit conversion factor (CCF). For derivatives, the exposure value is calculated according to the standardised approach for counterparty risk (SA-CCR).

## EXPOSURE VALUE

Exposure value is the same as exposure amount. The exposure value concept is used in the standardised approach for credit risk.

## GUIDANCE IN PILLAR 2

Guidance in accordance with Pillar 2 of the regulations allows the supervisory authority to inform the bank of the capital level which it deems the bank must maintain, excluding the minimum and buffer requirements maintained to cover risks and manage future financial strain.

## LEVERAGE RATIO

Tier 1 capital in relation to total assets, including certain off-balance sheet items recalculated with conversion factors defined in the standardised approach and regulatory adjustments from own funds.

## LIQUIDITY COVERAGE RATIO (LCR)

High-quality liquid assets in relation to an estimated net outflow of liquidity over a period of 30 days.

**OWN FUNDS**

Own funds are the sum of tier 1 and tier 2 capital.

**RISK EXPOSURE AMOUNT**

The capital requirement in accordance with CRR is multiplied by 12.5. Risk exposure amount is used in conjunction with market risk and operational risk.

**RISK WEIGHT**

A measure to describe the level of risk an exposure is expected to have according to the Capital Requirements Regulation.

**RISK-WEIGHTED EXPOSURE AMOUNT**

Exposure amount multiplied by risk weight. Risk-weighted exposure amount is used in conjunction with credit risk and counterparty risk.

**TIER 1 CAPITAL**

Common equity tier 1 capital including additional tier 1 instruments.

**TIER 1 RATIO**

Tier 1 capital in relation to total risk exposure amount.

**TIER 2 CAPITAL**

Tier 2 capital comprises perpetual subordinated loans which meet the requirements stated in Regulation (EU) No 575/2013 and can therefore be included in the tier 2 capital.

**TOTAL CAPITAL RATIO**

Total capital in relation to total risk exposure amount.

**TOTAL RISK EXPOSURE AMOUNT**

Total risk exposure amount is the sum of risk exposure amount and risk-weighted exposure amount.

**EXPLANATIONS****CRR**

Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012.

**DEFAULTS**

A default shall be considered to have occurred with regard to a particular obligor when either or both of the following have taken place: a) the institution considers that the obligor is unlikely to pay its credit obligations to the institution, the parent undertaking or any of its subsidiaries in full, without recourse by the institution to actions such as realising security; b) the obligor is past due more than 90 days on any material credit obligation to the institution, the parent undertaking or any of its subsidiaries.

**EXPECTED LOSS (EL)**

Expected loss or EL means the ratio of the amount expected to be lost on an exposure from a potential default of a counterparty or dilution over a one year period to the amount outstanding at default.

**FORBEARANCE MEASURE**

A forbearance measure is a concession by an institution towards an obligor that is experiencing or is likely to experience difficulties in meeting its financial commitments.

**INTERNAL RATINGS-BASED APPROACH (IRB APPROACH)**

The internal ratings-based approach is the approach provided for in Chapter 3 of Regulation (EU) No 575/2013 for the calculation of risk-weighted exposure amounts for the purposes of points (a) and (f) of Article 92(3).

**ITRAXX**

ITRAXX Financials is an index of CDS spreads (credit default swaps) for the 30 largest bond issuers in the European bank and insurance sector. It describes the average premium that an investor requires in order to accept credit risk on the companies.

**LOSS GIVEN DEFAULT (LGD)**

Loss given default or LGD means the ratio of the loss on an exposure due to the default of a counterparty to the amount outstanding at default.

**MREL REQUIREMENT**

Minimum requirement for own funds and eligible liabilities (MREL). The MREL requirement is expressed as a share of own funds and eligible liabilities relative to the risk-weighted exposure amount and the non risk-weighted exposure amount, respectively. The requirement is determined annually by the Swedish resolution authority, in accordance with the Swedish Resolution Act (SFS 2015:1016).

**NET STABLE FUNDING RATIO (NSFR)**

The structural liquidity measure that is a ratio between available stable funding and the stable funding required.

**NON-RECURRING ITEMS**

Non-recurring items are items which Handelsbanken deems to be of a one-off nature. These are specified in Handelsbanken's Fact Book, which is available at handelsbanken.com/ir.

**OTC DERIVATIVES**

Over-the-counter derivatives are uncleared tailor-made derivatives.

**OWN FUNDS AND ELIGIBLE LIABILITIES**

The sum total of own funds and eligible liabilities according to the Swedish Resolution Act (SFS 2015:1016), intended to meet the MREL requirement.

**PROBABILITY OF DEFAULT (PD)**

Probability of default or PD means the probability of default of a counterparty over a one-year period.

**SECURITISATION**

Securitisation means a transaction or scheme, whereby the credit risk associated with an exposure or pool of exposures is tranching, having both of the following characteristics: a) payments in the transaction or scheme are dependent upon the performance of the exposure or pool of exposures; b) the subordination of tranches determines the distribution of losses during the ongoing life of the transaction or scheme; c) the transaction or scheme does not create exposures with all the characteristics listed in Article 147(8) of Regulation (EU) No 575/2013.

**SOCIAL SECURITY COSTS**

Fees for financing social security systems. This comprises employers' contributions and special payroll tax in Sweden and equivalent taxes and charges for operations elsewhere.

**SPECIAL ITEMS**

Special items are items which tend to vary between financial reporting periods, such as provisions to the Oktogonen profit-sharing scheme, and which Handelsbanken has specified in detail to facilitate comparison of financial performance.

**STANDARDISED APPROACH**

The standardised approach is the approach provided for in Chapter 2 of Regulation (EU) No 575/2013 for the calculation of risk-weighted exposure amounts for the purposes of points (a) and (f) of Article 92(3). The standardised approach means that the risk weights used when calculating the capital requirement for credit risk are specified in the regulations.

**TOTAL LIABILITIES AND OWN FUNDS**

The sum total of the Bank's total liabilities and own funds.

## SUSTAINABILITY

### 2030 AGENDA

The action plan containing the 17 Sustainable Development Goals (SDGs) that is to be achieved by 2030 and which was adopted by global leaders at the UN Sustainable Development Summit in September 2015.

### CARBON FOOTPRINT

A calculation of the total greenhouse gas (GHG) emissions caused directly and indirectly by an individual, organization, event or product.

### CDP

An independent, not-for-profit charity that runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts.

### CORPORATE SUSTAINABILITY REPORTING DIRECTIVE (CSRD)

The EU Corporate Sustainability Reporting Directive that will regulate how certain companies will be required to report on sustainability in their annual reports.

### ESG

Environmental, social and governance criteria.

### EU TAXONOMY

An EU-wide classification system for sustainable activities. The introduction of the Taxonomy is part of the EU action plan for financing sustainable growth.

### EUROPEAN SUSTAINABILITY REPORTING STANDARDS (ESRS)

The EU standards that describe the sustainability reporting requirements under the CSRD.

### EQUATOR PRINCIPLES

A financial industry benchmark for determining, assessing and managing environmental and social risk in projects.

### GLOBAL REPORTING INITIATIVE (GRI)

GRI is an international standard for sustainability reporting.

### GREENHOUSE GAS PROTOCOL (GHG)

The most commonly used standard for calculating and reporting a company's greenhouse gas emissions.

### PARIS AGREEMENT

At the UN Climate Change Conference in Paris in December 2015, global leaders reached a new climate agreement that is legally binding for all countries and came into force by 2020. Governments agreed to hold the increase in the global average temperature to well below 2°C above pre-industrial levels and pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels.

### PHYSICAL CLIMATE-RELATED RISKS

Physical climate-related risks arise as a consequence of global warming brought about by increased greenhouse gas emissions. This results in increased occurrences of extreme weather events, as well as rising sea levels, coastal erosion and similar consequences.

### PRINCIPLES FOR RESPONSIBLE BANKING (PRB)

The UN Principles for Responsible Banking. The aim of the Principles is to increase and visualise the banking sector's contribution to sustainability and strengthen the need for the finance sector to act in line with the Paris Agreement and the 17 SDGs.

### SCOPE (1, 2 AND 3)

These are different categories of emissions set by the GHG Protocol. Scope 1 includes direct GHG emissions that occur in the company's own operations. Scope 2 is indirect GHG emissions, for example, electricity that is purchased and used by the reporting company. Scope 3 comprises all other indirect GHG emissions that occur from a company's value chain that are not owned or controlled by the company.

### STRANDED ASSETS

Assets which, from a longer-term perspective, are deemed to be highly exposed to climate-related risks and risk losing their entire value are often referred to as "stranded assets".

### SUSTAINABLE DEVELOPMENT GOALS

The Sustainable Development Goals (SDGs) are part of the 2030 Agenda. There are a total of 17 SDGs, which in turn have 169 associated targets. With these SDGs, global leaders have pledged to eradicate extreme poverty, combat inequalities and injustice and solve the climate crisis by 2030.

### TASKFORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD).

An international task force that, on request of the G20 countries, has prepared recommendations to provide better information to support market transparency of companies' work and handling of climate change and its consequences.

### TASKFORCE ON NATURE-RELATED FINANCIAL DISCLOSURES (TNFD)

A global initiative to develop a set of disclosure recommendations and guidance for organisations to report and act on evolving nature-related dependencies, impacts, risks and opportunities.

### TRANSITION COMPANY

A company that is transitioning its operations to be more sustainable. An example is a company that is shifting away from fossil energy production to renewable energy.

### TRANSITION RISKS

Transition risks are risks that arise through changes to legislation, changes in the demand for products and services, changed customer behaviour or other structural shifts which take place as part of society's attempts to transition to a climate-neutral economy.



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