

Highlights of Annual Report

January-December

2022

Handelsbanken's Highlights of the Annual Report

January - December 2022

JANUARY – DECEMBER 2022

- COMPARED WITH JANUARY – DECEMBER 2021

- Operating profit increased by 13% to SEK 26,619m (23,475).
- Return on equity increased to 12.5% (11.8).
- Income grew by 13% to SEK 50,249m (44,277).
- Net interest income increased by 21% to SEK 36,610m (30,321) due to higher business volumes and recovered interest margins.
- Adjusted for items affecting comparability*, expenses increased by 3%. The increase can be explained by increased IT investments and business development aimed at improving efficiency and business growth. Reported expenses climbed by 7% to SEK -21,296m (-19,843).
- The C/I ratio improved to 42.4% (44.8).
- The credit loss ratio was 0.00% (0.00).
- The Board of Directors proposes an ordinary dividend of SEK 5.50 (5.00) per share and a special dividend of SEK 2.50 (0.00) per share.

Q4 2022

- COMPARED WITH Q3 2022

- Operating profit increased by 3% to SEK 7,510m (7,277).
- Return on equity was 13.2% (13.2).
- Income grew by 9% to SEK 14,007m (12,897).
- Net interest income increased by 11% to SEK 10,630m (9,578) due to the continued recovery of interest margins.
- Adjusted for items affecting comparability*, expenses increased by 11%. The increase can be explained by increased IT investments and business development aimed at improving efficiency and business growth, together with seasonally higher activity levels. Reported expenses climbed by 14% to SEK -5,860m (-5,121).
- The C/I ratio was 41.8% (39.7).
- The credit loss ratio was 0.01% (-0.01).
- The common equity tier 1 ratio increased to 19.6% (19.0).

SEK m	Q4 2022	Q3 2022	Change %	Change after adjustment of items affecting comparability*	Full year 2022	Full year 2021	Change %	Change after adjustment of items affecting comparability*
Net interest income	10,630	9,578	11%	11%	36,610	30,321	21%	19%
Net fee and commission income	2,721	2,730	0%	-1%	11,103	11,458	-3%	-4%
Net gains/losses on financial transactions	547	471	16%	16%	1,111	1,699	-35%	-36%
Other income items	111	119	-7%	-7%	1,426	799	78%	-6%
Total income	14,007	12,897	9%	8%	50,249	44,277	13%	10%
Staff costs, excl. Oktogonen	-3,432	-3,222	7%	1%	-12,854	-12,404	4%	0%
Oktogonen	-51	-61	-16%	-16%	-249	-48	419%	
Other expenses	-1,953	-1,425	37%	36%	-6,543	-5,577	17%	14%
Depreciation, amortisation and impairment of property, equipment and intangible assets	-424	-413	3%	2%	-1,650	-1,814	-9%	-10%
Total expenses	-5,860	-5,121	14%	11%	-21,296	-19,843	7%	3%
of which development costs	-938	-791	19%		-3,337	-2,821	18%	
Total expenses, excl. items affecting comparability* and development costs	-4,692	-4,269	10%		-17,104	-16,974	1%	
Credit losses	-54	69			-47	-43	9%	
Gains/losses on disposal of property, equipment and intangible assets	-	6			24	14	71%	
Risk tax and resolution fee	-582	-576	1%		-2,311	-930	148%	
Operating profit	7,510	7,277	3%	5%	26,619	23,475	13%	11%
Key performance indicators								
Earnings per share, SEK	2.99	2.89			10.84	9.86		
Return on equity, total operations	13.2%	13.2%			12.5%	11.8%		

* Items affecting comparability consist of foreign exchange effects, non-recurring effects and special items. The items affecting comparability are presented in the tables on pages 5-8. Foreign exchange effects are presented in the Fact Book on page 9.

The Chief Executive Officer's comments on the Highlights of the Annual Report 2022



We can now look back on what can only be called a tumultuous year. A year of sharp rises in inflation and interest rates, global economic slowdown, volatile markets and the continuation of a war not all too far from our borders. Handelsbanken's operating profit for 2022 was SEK 26.6 billion – the highest in the Bank's history – and during the year the Bank has continued to strengthen its position in essentially all respects, while maintaining high levels of satisfaction among our customers. We also closed the sale of our Danish operations during the fourth quarter.

Income reached its highest ever level in all home markets, on both a quarterly and annual basis. This was mainly driven by continued stable growth in both household and corporate lending, allied with a recovery of interest margins.

Fee and commission income fell somewhat, which was largely tied to the stock market decline we have seen. Nonetheless, the trend of a strengthening of the Bank's market share within the savings business continued – a trend that stretches back more than a decade. In Sweden, over half of the year's overall net inflow to the mutual fund market was to the Bank's funds.

As regards corporate lending, the Bank continued to be the largest market player in Sweden, standing for approximately 26% of new lending, and Handelsbanken was named "Business Bank of the Year" and "Sweden's Small Enterprise Bank". In Sweden, the C/I ratio is now around 30%, which is historically the lowest level we have reported.

In the UK, the recovery was palpable, and income climbed by almost 30% in local currency terms. Interest margins recovered, deposit growth was very good, and commissions grew despite the downturn in the stock markets. The C/I ratio in the fourth quarter was 47.5% and return on allocated capital reached 21%. In Norway and the Netherlands too, the business continued to exhibit stable growth, with income increasing and good cost control.

The Bank's credit portfolio maintains a good quality, and credit losses were very limited. Our capital situation is good, ensuring that we have the capacity to both support our customers as well as simultaneously growing our business – under any market conditions.

Costs are under control, and the C/I ratio decreased to 42% during the year. Costs are increasing where we want them to. In all our home markets we continue to invest at a high pace to future proof the Bank. Overall, we are continually carrying out extensive work on developing and expanding our digital services. Not only aimed towards customers – but also towards our branches. We are convinced that the combination of efficiency and profitability in the underlying business, together with a high rate of investment, creates conditions for increased growth going forward. Our assessment is that the higher development pace we have had towards the end of the year will be maintained throughout 2023. The investments reflect our high ambition to continuously improve the customer meeting – both the digital and the physical.

Sustainability work is becoming more and more integrated into everything we do. We see an increase in the number of business activities where we provide support to customers in their journey towards a more sustainable society. At the same time this is an area where it is always possible to do more – both for the Bank and our customers. During the year, the Bank's rating was raised to AAA by MSCI ESG Ratings, which is the highest rating possible.

The Bank's overall credit rating with the leading rating agencies is the best in the world, an accolade shared with but a few other commercial banks, and the Bank was named "Safest European Bank" by Global Finance during the autumn.

Carina Åkerström
President and Chief Executive Officer

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For definitions and calculation of alternative performance measures, together with specifications of special and non-recurring items, please see the Fact Book which is available at handelsbanken.com/ir. The figures presented in the tables in this interim report have not been rounded off, which may result in the sum totals for certain sub-items not equalling the total presented.

Group – Overview

SEK m	Q4 2022	Q3 2022	Change	Q4 2021	Change	Full year 2022	Full year 2021	Change
Summary income statement								
Net interest income	10,630	9,578	11%	7,735	37%	36,610	30,321	21%
Net fee and commission income	2,721	2,730	0%	3,163	-14%	11,103	11,458	-3%
Net gains/losses on financial transactions	547	471	16%	395	38%	1,111	1,699	-35%
Risk result - insurance	13	81	-84%	29	-55%	176	179	-2%
Other dividend income	15	-14		1		17	2	
Share of profit of associates	-2	27		17		-13	63	
Other income	85	25	240%	453	-81%	1,246	555	125%
Total income	14,007	12,897	9%	11,793	19%	50,249	44,277	13%
Staff costs	-3,483	-3,283	6%	-3,145	11%	-13,103	-12,452	5%
Other expenses	-1,953	-1,425	37%	-1,594	23%	-6,543	-5,577	17%
Depreciation, amortisation and impairment of property, equipment and intangible assets	-424	-413	3%	-448	-5%	-1,650	-1,814	-9%
Total expenses	-5,860	-5,121	14%	-5,187	13%	-21,296	-19,843	7%
Profit before credit losses, risk tax and resolution fee	8,147	7,776	5%	6,606	23%	28,953	24,434	18%
Net credit losses	-54	69		-9	500%	-47	-43	9%
Gains/losses on disposal of property, equipment and intangible assets	-	6		4		24	14	71%
Risk tax and resolution fee	-582	-576	1%	-232	151%	-2,311	-930	148%
Operating profit	7,510	7,277	3%	6,369	18%	26,619	23,475	13%
Taxes	-1,325	-1,718	-23%	-1,058	25%	-5,429	-4,627	17%
Profit for the period from continuing operations	6,185	5,558	11%	5,311	16%	21,189	18,848	12%
Profit for the period from discontinued operations after tax	-265	165		-75	253%	280	695	-60%
Profit for the period	5,921	5,723	3%	5,236	13%	21,470	19,543	10%
Summary balance sheet*								
Loans to the public	2,315,818	2,275,414	2%	2,163,135	7%	2,315,818	2,163,135	7%
of which households	1,241,282	1,236,648	0%	1,203,475	3%	1,241,282	1,203,475	3%
of which corporates	1,074,536	1,038,765	3%	959,660	12%	1,074,536	959,660	12%
Deposits and borrowing from the public	1,325,061	1,465,457	-10%	1,286,637	3%	1,325,061	1,286,637	3%
of which households	607,763	612,604	-1%	571,402	6%	607,763	571,402	6%
of which corporates	717,297	852,853	-16%	715,235	0%	717,297	715,235	0%
Total equity	196,030	192,002	2%	181,731	8%	196,030	181,731	8%
Total assets	3,453,716	3,728,638	-7%	3,346,764	3%	3,453,716	3,346,764	3%
Summary of key figures								
Return on equity, total operations	13.2%	13.2%		12.5%		12.5%	11.8%	
C/I ratio, Continuing operations	41.8%	39.7%		44.0%		42.4%	44.8%	
Earnings per share, SEK	2.99	2.89		2.64		10.84	9.86	
- after dilution	2.99	2.89		2.64		10.84	9.86	
Common equity tier 1 ratio, CRR	19.6%	19.0%		19.4%		19.6%	19.4%	
Total capital ratio, CRR	23.8%	23.2%		23.3%		23.8%	23.3%	

* A specification of assets and liabilities held for sale in the disposal group in Finland is set out in Note 9.

As of the first quarter of 2022, the resolution fee is no longer reported under net interest income, but instead as a separate item within operating profit. The risk tax is also reported as part of the same item. Therefore, the comparative figures in the tables have been recalculated.

JANUARY – DECEMBER 2022 COMPARED WITH JANUARY – DECEMBER 2021

Operating profit increased by 13% to SEK 26,619m (23,475).

Income grew by 13% to SEK 50,249m (44,277). The increase was due to higher net interest income as a result of increased volumes and recovered margins.

Adjusted for items affecting comparability (presented in the tables below), expenses increased by 3%. The increase in its entirety can be attributed to increased IT investments and business development. Reported expenses climbed by 7% to SEK -21,296m (-19,843).

The C/I ratio improved to 42.4% (44.8).

The credit loss ratio was 0.00% (0.00).

Profit for the period from continuing operations increased by 12% to SEK 21,189m (18,848).

Earnings per share grew by 10% to SEK 10.84 (9.86).

Return on equity increased to 12.5% (11.8).

The common equity tier 1 ratio was 19.6% (19.4).

Income

SEK m	Full year 2022	Full year 2021	Change
Net interest income	36,610	30,321	21%
Net fee and commission income	11,103	11,458	-3%
Net gains/losses on financial trans.	1,111	1,699	-35%
Other	1,426	799	78%
Total income	50,249	44,277	13%

Net interest income grew by 21%, or SEK 6,289m, to SEK 36,610m (30,321). The increase can be attributed to higher business volumes and recovered interest margins. All in all, the net effect of margins and funding costs had a SEK 3,674m positive impact. Higher business volumes contributed SEK 1,968m. The liquidity portfolio's contribution to net interest income went up by SEK 82m. Higher fees for deposit guarantee schemes had an impact of SEK -91m. Foreign exchange effects made a positive contribution of SEK 612m. Other effects had a SEK 44m impact on net interest income.

Net fee and commission income went down by 3%, or SEK 355m, to SEK 11,103m (11,458). All in all, fund management, custody and other asset management commissions decreased by 5% to SEK 6,380m (6,747). The decrease includes fund commission income that, as a result of lower market values, declined by 6% to SEK 5,469m (5,842). Brokerage income declined by 18% to SEK 455m (555). Net payment commissions grew by 16% to SEK 1,711m (1,479), with net card commissions totalling SEK 1,022m (971). Lending and deposit commissions fell by 1% to SEK 1,146m (1,155). Income from insurance decreased by 1% to SEK 794m (803). Advisory commissions decreased by 15% to SEK 196m (230). Other net fee and commission income amounted to SEK 421m (489).

Net gains/losses on financial transactions went down by 35%, or SEK -588m, to SEK 1,111m (1,699). The Bank's liquidity portfolio had a negative effect of SEK -118m during the period, and amounted to SEK -572m (-454) as a result of a volatile market with climbing interest rates and increased credit spreads. The contribution from the customer-driven business in Handelsbanken Capital Markets decreased by SEK 54m to SEK 1,131m (1,185). The realised capital contribution for the period, which arises when the yield within traditionally managed insurance at Handelsbanken Liv falls below contractually guaranteed rates, amounted to SEK -455m (-48).

Other income items increased to SEK 1,426m (799), as a result of the sales of real estate holding subsidiaries.

Expenses

SEK m	Full year 2022	Full year 2021	Change	
Staff costs	-13,103	-12,452	-651	5%
Development expenses	-1,214	-1,125	-89	8%
Other excl. items affecting comparability	-11,213	-11,279	66	-1%
Items affecting comparability	-676	-48	-628	
Oktogonen	-249	-48	-201	
Foreign exchange effects	-275	-	-275	
Other items affecting comparability	-152	-	-152	
Other expenses	-6,543	-5,577	-966	17%
Development expenses	-1,509	-1,019	-490	48%
Other excl. items affecting comparability	-4,866	-4,558	-308	7%
Items affecting comparability	-168	-	-168	
Foreign exchange effects	-168	-	-168	
Depreciation and amortisation	-1,650	-1,814	164	-9%
Development expenses	-614	-677	63	-9%
Other excl. items affecting comparability	-1,024	-1,137	113	-10%
Items affecting comparability	-12	-	-12	
Foreign exchange effects	-12	-	-12	
Total expenses	-21,296	-19,843	-1,453	7%
Development expenses	-3,337	-2,821	-516	18%
Other excl. items affecting comparability	-17,104	-16,974	-130	1%
Items affecting comparability	-855	-48	-807	
Oktogonen	-249	-48	-201	
Foreign exchange effects	-454	-	-454	
Other items affecting comparability	-152	-	-152	
Change, adjusted for items affecting comparability				3%

Development expenses

SEK m	Full year 2022	Full year 2021	Change
Development spend	-3,433	-2,643	30%
staff costs	-1,508	-1,388	9%
other costs	-1,925	-1,255	53%
Capitalised costs	710	499	42%
staff costs	294	263	12%
other costs	416	236	76%
Development spend after capitalised costs	-2,723	-2,144	27%
Amortisation and impairment	-614	-677	-9%
Development expenses	-3,337	-2,821	18%

Staff costs were essentially unchanged compared with the previous year, when adjusted for items affecting comparability. The preliminary provision for the Oktogonen profit-sharing scheme increased to SEK -249m (-48). In order to further strengthen the pension system, the Bank elected not to exercise its option to claim reimbursement from the Bank's pension foundation for pension disbursements made during the year. This decision resulted in additional payroll tax of SEK -152m in staff costs, but entailed an essentially neutral effect on profit for the period, given the converse positive effect in the Taxes line item of SEK 160m. The average number of employees in continuing operations fell by 85 to 10,954 (11,039). Reported staff costs climbed by 5% to SEK -13,103m (-12,452).

Other expenses increased by 14%, adjusted for foreign exchange effects. The majority of the increase is related to higher development expenses. Other reported expenses rose by 17% to SEK -6,543m (-5,577). Development expenses rose overall by 18% to SEK -3,337m (-2,821). Total development spend climbed by 30% to SEK -3,433m (-2,643). The capitalisation rate was 21% (19) and capitalisations amounted to SEK 710m (499).

Depreciation, amortisation and impairments of property, equipment and intangible assets decreased by 9% to SEK -1,650m (-1,814).

Credit losses

SEK m	Full year 2022	Full year 2021	Change
Net credit losses	-47	-43	-4
of which additional provision requirements	-122	-3	-119
Credit loss ratio as % of loans to the public	0.00	0.00	

Credit losses were SEK -47m (-43), and the credit loss ratio was 0.00% (0.00) of loans to the public. The expert-based provision was SEK -621m (-499).

Risk tax and resolution fee

The risk tax and resolution fee totalled SEK -2,311m (-930). The risk tax amounted to SEK -1,316m (-), and the resolution fee amounted to SEK -995m (-930).

Taxes

The effective tax rate in total operations (including discontinued operations) was 23.5% (20.8). The deviation compared to the 20.6% corporate tax rate in Sweden is primarily due to the sale of the Danish operations, with the recognised reversal of goodwill and other intangible assets, amounting to SEK -2.8bn, being non-deductible.

The effective tax rate in continuing operations was 20.4% (19.7). The higher tax rate applying to the operations outside Sweden, as well as non-deductible interest expenses on subordinated loans, counteracted the aforementioned positive tax effect of the Bank's decision not to exercise its option to claim reimbursement from the Bank's pension foundation.

Discontinued operations

Profit/loss from discontinued operations consists of the external income and expenses in the operations in Denmark and Finland that are in the process of being divested. An agreement regarding the sale of the Danish operations was signed in June, and the transaction was completed during Q4. The transaction increased common equity tier 1 capital by SEK 2.5bn, with the reversal of goodwill and other intangible assets contributing SEK 2.8bn as this is compensated for in the purchase price, while the impact on profit upon the closing of the transaction was SEK -0.3bn, including transaction costs and the non-deductible reversal of goodwill and other intangible assets. The transaction overall also results in a reduction in the common equity tier 1 capital requirement by approximately SEK 6.5bn. Of this reduction, SEK 5.1bn is attributable to decreased credit risk resulting from the divestment of the credit portfolio, SEK 0.3bn to decreased operational risks and SEK 1.1bn to the discontinuation of structural hedging. In addition, historical translation differences in equity amounting to approximately SEK 0.7bn were realised, and were thus transferred from the translation reserve to retained earnings.

Profit from discontinued operations, after tax, amounted to SEK 280m (695), including the SEK -326m effect in the fourth quarter arising from closing of the sale of the Danish operations. Before taxes, the effect of the sale amounted to SEK 235m.

Income climbed by 9% to SEK 4,600m (4,209). Net interest income increased by 32% to SEK 3,434m (2,606) due to improved net interest income in Finland. During the previous year, the net interest income in Finland was adversely

impacted by the Bank's euro liquidity being deposited with the central bank at a negative interest rate.

Expenses increased by 11% to SEK -3,226m (-2,915).

Credit losses consisted of net recoveries of SEK 29m (64).

Non-recurring items and special items in operating profit

SEK m	Full year 2022	Full year 2021
Capital gains from sales of properties (other income)	1,059	-
Sale of the card acquiring business (other income)	-	408
Oktogonen: adjustment of allocation 2021 (staff costs)	-53	21
Oktogonen: provision current year (staff costs)	-196	-69
Payroll tax on pension due to unclaimed reimbursement for pension costs (staff costs)	-152	-
Total	658	360

Q4 2022 COMPARED WITH Q3 2022

Operating profit increased by 3% to SEK 7,510m (7,277).

Income rose by 9%, or SEK 1,110m, to SEK 14,007m (12,897). The increase was mainly attributable to improved net interest income.

Adjusted for items affecting comparability (presented in the tables below), expenses increased by 11%. The increase can be explained by increased IT investments and business development, together with seasonally higher activity levels. Reported expenses rose by 14% to SEK -5,860m (-5,121).

The *C/I ratio* was 41.8% (39.7).

The *credit loss ratio* was 0.01% (-0.01).

Profit for the period from continuing operations increased by 11% to SEK 6,185m (5,558).

Earnings per share amounted to SEK 2.99 (2.89).

Return on equity was 13.2% (13.2).

The common equity tier 1 ratio was 19.6% (19.0).

Income

SEK m	Q4 2022	Q3 2022	Change
Net interest income	10,630	9,578	11%
Net fee and commission income	2,721	2,730	0%
Net gains/losses on financial trans.	547	471	16%
Other	111	119	-7%
Total income	14,007	12,897	9%

Net interest income grew by 11%, or SEK 1,052m, to SEK 10,630m (9,578). The increase can be explained by the continued recovery of interest margins, and all in all, the net effect of margins and funding costs had a SEK 1,161m positive impact. Changed business volumes had a negative impact of SEK 12m. The liquidity portfolio's contribution to net interest income went down by SEK 52m. Foreign exchange effects had a positive impact of SEK 35m. Higher fees for the Swedish and Norwegian deposit guarantee schemes had a SEK -68m impact on net interest income. Other effects had a SEK -12m impact on net interest income.

Net fee and commission income was essentially unchanged at SEK 2,721m (2,730). Fund management, custody and other asset management commissions increased slightly to SEK 1,554m (1,552), which included a 2% decrease in mutual fund commissions to SEK 1,322m (1,348). The decrease was due to a change in the income mix, with an increased proportion of fund savings in index funds. Net payment commissions decreased by 5% to SEK 438m (463), with net card commissions totalling SEK 262m (285). Brokerage income increased by 9% to SEK 106m (97), while advisory commissions decreased to SEK 24m (34). Lending and deposit commissions rose by 8% to SEK 303m (281). Income from insurance was SEK 190m (196). Other items in net fee and commission income totalled SEK 106m (107).

Net gains/losses on financial transactions increased by SEK 76m to SEK 547m (471). The Bank's liquidity portfolio had a positive effect quarter on quarter of SEK 134m, and amounted to SEK -3m (-137). The contribution from the customer-driven business in Handelsbanken Capital Markets decreased by SEK 28m to SEK 289m (317). Other effects decreased net gains/losses on financial transactions by SEK 30m and amounted to SEK 261m (291).

Other income items totalled SEK 111m (119).

Expenses

SEK m	Q4 2022	Q3 2022	Change
Staff costs	-3,483	-3,283	-200 6%
Development expenses	-325	-242	-83 34%
Other excl. items affecting comparability	-2,940	-2,980	40 -1%
Items affecting comparability	-218	-61	-157 257%
Oktogonen	-51	-61	10 -16%
Foreign exchange effects	-15	-	-15
Other items affecting comparability	-152	-	-152
Other expenses	-1,953	-1,425	-528 37%
Development expenses	-457	-359	-98 27%
Other excl. items affecting comparability	-1,486	-1,066	-420 39%
Items affecting comparability	-10	-	-10
Foreign exchange effects	-10	-	-10
Depreciation and amortisation	-424	-413	-11 3%
Development expenses	-156	-163	7 -4%
Other excl. items affecting comparability	-266	-250	-16 6%
Items affecting comparability	-2	-	-2
Foreign exchange effects	-2	-	-2
Total expenses	-5,860	-5,121	-739 14%
Development expenses	-938	-764	-174 23%
Other excl. items affecting comparability	-4,692	-4,296	-396 9%
Items affecting comparability	-230	-61	-169 277%
Oktogonen	-51	-61	10 -16%
Foreign exchange effects	-27	-	-27
Other items affecting comparability	-152	-	-152
Change, adjusted for items affecting comparability			11%

Development expenses

SEK m	Q4 2022	Q3 2022	Change
Development spend	-1,055	-735	44%
staff costs	-418	-308	36%
other costs	-637	-427	49%
Capitalised costs	273	134	104%
staff costs	93	66	41%
other costs	180	68	165%
Development spend after capitalised costs	-782	-601	30%
Amortisation and impairment	-156	-163	-4%
Development expenses	-938	-764	23%

Staff costs increased by 1% adjusted for items affecting comparability, while staff costs relating to development increased by 34%. The average number of employees in continuing operations was 11,174 (11,105). The preliminary provision for the Oktogonen profit-sharing scheme decreased to SEK -51m (-61). The aforementioned additional payroll tax on pension disbursements during the year was SEK -152m. Reported staff costs rose by 6% to SEK -3,483m (-3,283).

Other expenses increased by 36%, adjusted for foreign exchange effects. The increase can be explained by higher IT and business development expenses, as well as generally higher seasonal activity levels. Other reported expenses rose quarter on quarter by 37% to SEK -1,953m (-1,425).

Development expenses increased overall by SEK 174m to SEK -938m (-764). Total development spend was SEK -1,055m (-735). Capitalised costs amounted to SEK 273m (134), corresponding to a capitalisation rate of 26% (18). The capitalisation rate can vary over time, due to the nature of the projects to which the development relates.

Depreciation, amortisation and impairment increased by 3% to SEK -424m (-413).

Credit losses

SEK m	Q4 2022	Q3 2022	Change
Net credit losses	-54	69	-123
of which additional provision requirements	-44	16	-60
Credit loss ratio as % of loans to the public	0.01	-0.01	

Credit losses were SEK -54m (69), and the credit loss ratio was 0.01% (-0.01). The expert-based provision increased by SEK 44m to SEK -621m (-577).

Risk tax and resolution fee

The risk tax and resolution fee totalled SEK -582m (-576). The risk tax amounted to SEK -329m (-329), and the resolution fee amounted to SEK -253m (-247).

Taxes

The effective tax rate in total operations (including discontinued operations) was 28.2% (23.0). The deviation compared to the 20.6% corporate tax rate in Sweden is primarily due to the sale of the Danish operations, with the recognised reversal of goodwill and other intangible assets, amounting to SEK -2.8bn, being non-deductible.

The effective tax rate in continuing operations was 17.6% (23.6). The lower tax rate compared with the corporate tax rate in Sweden is primarily due to deferred tax in previous years, as deferred tax income is recognised in continuing operations whereas deferred tax liabilities are recognised in discontinued operations. In addition, the tax rate was reduced by the aforementioned positive tax effect of the Bank's decision not to exercise its option to claim reimbursement from the Bank's pension foundation.

Discontinued operations

Profit from discontinued operations, after tax, amounted to SEK -265m (165). The aforementioned effect attributable to the sale of the operations in Denmark had a SEK -326m impact on profit.

Income increased to SEK 1,394m (1,185) due to improved net interest income in Finland.

Expenses decreased to SEK -800m (-966). In order to ensure adequate staff resources during the divestment process, an expense of SEK -79m was recorded in the Finnish operations in Q4, compared to a corresponding expense of SEK -226m in Denmark during Q3.

Credit losses totalled SEK -25m (-20).

Non-recurring items and special items in operating profit

SEK m	Q4 2022	Q3 2022
Oktagonen profit-sharing scheme (staff costs)	-51	-61
Payroll tax on pension due to unclaimed reimbursement for pension costs (staff costs)	-152	-
Total	-203	-61

BUSINESS DEVELOPMENT

January – December 2022 compared with January – December 2021

Loans to the public in the home markets (Sweden, Norway, the UK and the Netherlands) grew by 7%, and the average volume was SEK 2,218bn (2,064), an increase of SEK 154bn.

Deposits and borrowing from the public in the home markets grew by 11%, and the average volume was SEK 1,271bn (1,143), an increase of SEK 128bn.

The total volume of assets under management in the Group at the end of the period amounted to SEK 915bn (1,075). Of the assets under management, SEK 845bn (987) was invested in the Bank's funds. In the home markets, assets under management amounted to SEK 885bn (1,001), of which mutual fund volumes accounted for SEK 822bn (929). New mutual fund savings in the home markets during the year amounted net to SEK 6.3bn (58.9). Of the net new savings in the Swedish mutual fund market during the year, a total of 53% was invested in Handelsbanken's funds. The Bank's share of the Swedish mutual fund market rose to 12.2% (12.0).

Q4 2022 compared with Q3 2022

Loans to the public in the home markets (Sweden, Norway, the UK and the Netherlands) grew by 1.1%, and the average volume was SEK 2,262bn (2,237), an increase of SEK 25bn.

Deposits and borrowing from the public in the home markets amounted to SEK 1,282bn during the quarter (1,286), a change of SEK -4bn.

The total volume of assets under management in the Group increased by 3.7% to SEK 915bn (882), of which SEK 845bn (827) was invested in the Bank's mutual funds. The net flow in the Bank's mutual funds during the quarter was SEK -21.7bn (1.8).

FUNDING AND LIQUIDITY

During the year, the Bank has had access to, and utilised, the funding markets as it wished, in spite of the sometimes very turbulent market climate.

Bond issues during the year amounted to SEK 199bn (183), of which SEK 131bn (140) was covered bonds and SEK 57bn (43) was senior bonds, with approximately SEK 13bn (16) senior non-preferred bonds. Moreover, two non-perpetual subordinated loans of SEK 11bn (-) were issued during the year.

The Bank has large volumes of liquid funds, mortgage loans and other assets that are not encumbered and therefore represent protection for the Bank's senior lenders. The ratio of non-encumbered assets to all unsecured market funding amounted to 272% at the end of the year (268). At the end of the year, cash funds and liquid assets deposited with central banks amounted to SEK 505bn (439). The volume of liquid bonds and other liquid assets totalled SEK 171bn (157). Thus, the Bank has further reinforced its resistance to future market disruptions during the year.

At year-end, the Group's liquidity coverage ratio, (LCR), calculated according to the European Commission's delegated regulation, was 159% (152). At year-end, the net stable funding ratio (NSFR) according to CRR2 was 114% (114).

CAPITAL

At the end of the period, the common equity tier 1 ratio was 19.6%. In the Bank's assessment, the overall common equity tier 1 capital requirement according to the Swedish Financial

Supervisory Authority was 14.5%, corresponding to SEK 118bn, at the end of the quarter. Of this, an amount of 2.3 percentage points (1.0 percentage points Pillar 2 guidance and 1.3 percentage points Pillar 2 requirement), corresponding to SEK 19bn, comprises the common equity tier 1 capital requirement in Pillar 2. The countercyclical capital buffer was 1.0%. Announced but as yet non-implemented requirements are expected to raise the countercyclical capital buffer to 1.9% at the end of 2023, which would imply a total capital requirement of 15.4%, all else being equal.

At the end of the period, the total capital ratio was 23.8%. The Bank's estimation is that the Swedish Financial Supervisory Authority's total capital requirement amounted to 18.8% (SEK 152bn) on the same date. Of this, an amount of 3.1 percentage points, corresponding to SEK 25bn, comprises the total capital requirement in Pillar 2.

As reported during previous quarters, the Swedish Financial Supervisory Authority has resolved that, starting in 2022, the Bank's structural foreign exchange positions are no longer exempted from capital requirements. At the end of the quarter, the Bank's risk-weighted exposure amount for these positions amounted to SEK 32bn.

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. The Bank's capitalisation was thus above the target range.

Capital for consolidated situation 31 December 2022 compared with 31 December 2021

SEK m	31 Dec 2022	31 Dec 2021	Change
Common equity tier 1 ratio, CRR	19.6%	19.4%	0.2
Total capital ratio, CRR	23.8%	23.3%	0.5
Risk exposure amount, CRR	810,144	773,158	5%
Common equity tier 1 capital	158,551	149,709	6%
Total own funds	193,186	180,458	7%
Equity, Group	196,030	181,706	8%

Total own funds were SEK 193bn (180), and the Bank's total capital ratio amounted to 23.8% (23.3). The common equity tier 1 capital was SEK 159bn (150), while the common equity tier 1 ratio was 19.6% (19.4).

Earnings increased the common equity tier 1 ratio by 0.6 percentage points, after a deduction for the proposed dividends. Increased exposure volumes reduced the common equity tier 1 ratio by 0.4 percentage points. The effect of differing credit qualities for inflows and outflows increased the common equity tier 1 ratio by 0.1 percentage points, while rating migrations had a negative effect in the amount of 0.2 percentage points. The additional risk-weighted exposure amount for structural foreign exchange risk, of SEK 32bn, had a negative effect of 0.8 percentage points on the common equity tier 1 ratio. The sale of the Danish operations made a positive contribution of 0.9 percentage points, arising due to a SEK 2.5bn increase in common equity tier 1 capital and a SEK 25bn reduction in the risk exposure amount for credit risks. Foreign exchange effects had a negative impact of 0.1 percentage point, while other effects had a positive impact of 0.1 percentage point.

Capital for consolidated situation 31 December 2022 compared with 30 September 2022

SEK m	31 Dec 2022	30 Sep 2022	Change
Common equity tier 1 ratio, CRR	19.6%	19.0%	0.6
Total capital ratio, CRR	23.8%	23.2%	0.6
Risk exposure amount, CRR	810,144	829,860	-2%
Common equity tier 1 capital	158,551	157,550	1%
Total own funds	193,186	192,695	0%
Equity, Group	196,030	192,002	2%

Total own funds amounted to SEK 193bn (193) and the total capital ratio was 23.8% (23.2). The common equity tier 1 capital was SEK 159bn (158), while the common equity tier 1 ratio was 19.6% (19.0).

Earnings reduced the common equity tier 1 ratio by 0.2 percentage points, after a deduction for the proposed dividends. Volume changes increased the common equity tier 1 ratio by 0.1 percentage points. Credit risk migrations contributed negatively, in the amount of 0.1 percentage points. The sale of the operations in Denmark had a positive effect of 0.9 percentage points. Foreign exchange effects were neutral and other effects had a negative impact of 0.1 percentage point.

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 54.6bn (58.5), while AFR was SEK 225.3bn (240.2). Thus, the ratio between AFR and EC was 413% (411). For the consolidated situation, EC totalled SEK 30.8bn (34.5), and AFR was SEK 218.2bn (230.3).

Ratings

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

During the period, Handelsbanken's long-term and short-term senior ratings with the rating agencies which monitor the Bank were unchanged. The outlooks from all agencies are stable.

SUSTAINABILITY

Handelsbanken has a clearly defined strategy for its sustainability work. Handelsbanken has previously launched concrete, measurable sustainability goals for the Bank's core operations: financing, investment and advisory services. The goals include, among other ambitions, net-zero emissions of greenhouse gases by 2040, and that, by 2025, 20% of the Bank's financing volume must consist of green financing, social financing or financing that contributes to a sustainable, measurable transition by the borrower.

During the *fourth quarter*, the Bank set its first interim target: to reduce greenhouse gas emissions linked to the Bank's real estate financing (CO₂e/m²) by 36% 2030. This target is science based and aligned with the objective to keep the global mean temperature increase below 1.5 degrees. The target encompasses approximately 80% of the Group's loans to the public.

During the *third quarter*, Handelsbanken updated and expanded its Green Bond Framework. The new financing framework is partly aligned with the EU Taxonomy and broadens the Bank's opportunities to fund projects that lead to climate change adaptations and improved energy efficiency. With the new Green Framework, Handelsbanken will be able to take further steps towards its goal that, by 2025, 20% of the financing it provides to customers must consist of green financing, social financing or financing that contributes to a sustainable, measurable transition by the borrower. Handelsbanken issued its third green bond in late August; a seven-year green senior bond of EUR 750m – the Bank's largest green bond up to this point. Thanks to the Bank's high credit quality, the issue was oversubscribed by three times.

As a further means to promote energy-efficient living, in addition to the Bank's loan offerings for solar panels and other energy efficiency measures, Handelsbanken's customers in Sweden with a mortgage for an energy-efficient single-family home or cottage (energy class A or B according to the Swedish National Board of Housing, Building and Planning) had these converted to a green mortgage in late September, incurring 0.10 percentage points less interest. Equivalent conversions were undertaken for housing co-operative apartments in October.

In the *second quarter*, the Bank published an updated climate report on Handelsbanken's real estate financing.

Handelsbanken's high sustainability rating was raised further in late May by MSCI ESG Ratings, from AA to AAA. Handelsbanken thus has the highest possible sustainability rating.

During the *first quarter*, it was announced that Handelsbanken had again – for the sixth year running – been included in the SAM Sustainability Yearbook. This means that Handelsbanken is among the top 15% most sustainable banks worldwide according to S&P Global's Corporate Sustainability Assessment.

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 in remaining operations increased by 127% to SEK 63.7bn (28.1); as part of this total, green mortgages grew by 266% to SEK 31.8bn (8.7). In addition, sustainability-linked loan facilities amounted to SEK 59.0bn (23.9).

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. In 2022, the European Commission and European supervisory authorities released statements on the interpretation of the regulations that caused a lack of clarity on the requirements for reporting a fund according to article 9.3. Handelsbanken Fonder has been monitoring developments and analysing the matter closely during the latter part of the year, while awaiting clarification from the legislator and the authorities. Given these uncertain circumstances, Handelsbanken Fonder has chosen to adopt a conservative approach and report the Bank's Paris-aligned index funds as article 8 instead of article 9.3 funds. At the end of the year, five of the Group's funds, representing 7% of assets under management, were reported in the highest category (article 9), i.e. a fund that has sustainable investments as its objective. A total of 99 funds, representing 88% of the managed fund volume, were reported in the second-highest category (article 8), i.e. funds that promote environmental or social aspects.

HANDELSBANKEN'S ANNUAL GENERAL MEETING 2023

Handelsbanken's Annual General Meeting will take place on 22 March 2023. The Board of Directors proposes to the annual general meeting an ordinary dividend of SEK 5.50 (5.00) per share and a special dividend of SEK 2.50 (0.00) per share. The Board proposes that the record day for the dividend be 24 March 2023, which means that the Handelsbanken share will be traded ex-dividend on 23 March 2023, and that the dividend is then expected to be disbursed by Euroclear on 29 March 2023.

The Board is also proposing that the existing repurchase programme of a maximum of 120 million shares be extended for a further year. In addition, the Board proposes that the annual general 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.

Handelsbanken Group - Business segments in continuing operations

January - December 2022	Home markets						Adj. & elim.	Total Full year 2022
	Sweden	UK	Norway	The Netherlands	Capital Markets	Other		
SEK m								
Net interest income	23,078	7,580	4,264	1,354	301	32		36,610
Net fee and commission income	8,471	807	695	147	771	213		11,103
Net gains/losses on financial transactions	78	248	91	21	1,131	-457		1,111
Risk result - insurance	155		21					176
Share of profit of associates						-13		-13
Other income	103	14	25	1	9	1,111		1,263
Total income	31,884	8,649	5,096	1,523	2,212	885		50,249
Staff costs	-4,041	-2,693	-1,028	-442	-1,143	-3,778	22	-13,103
Other expenses	-1,515	-789	-295	-94	-326	-3,525		-6,543
Internal purchased and sold services	-4,630	-1,076	-667	-241	-344	6,959		
Depreciation, amortisation and impairments of property, equipment and intangible assets	-420	-313	-92	-54	-147	-601	-23	-1,650
Total expenses	-10,607	-4,872	-2,082	-832	-1,959	-944	-1	-21,296
Profit before credit losses, risk tax and resolution fee	21,278	3,778	3,014	691	253	-60	-1	28,953
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
Operating profit	19,764	3,733	2,509	610	206	-203	-1	26,619
Profit allocation	374	49	69	0	-531	39		
Operating profit after profit allocation	20,138	3,781	2,578	610	-324	-164	-1	26,619
Internal income	1,727	52	-3,838	-453	615	1,897		

January - December 2021	Home markets						Adj. & elim.	Total Full year 2021
	Sweden	UK	Norway	The Netherlands	Capital Markets	Other		
SEK m								
Net interest income	18,880	5,452	3,867	1,076	245	801		30,321
Net fee and commission income	8,800	751	656	224	786	241		11,458
Net gains/losses on financial transactions	480	189	55	32	1,185	-242		1,699
Risk result - insurance	168		11					179
Share of profit of associates						63		63
Other income	471	0	26	0	9	51		557
Total income	28,799	6,392	4,615	1,332	2,225	914		44,277
Staff costs	-4,035	-2,467	-908	-395	-1,211	-3,267	-169	-12,452
Other expenses	-1,216	-1,045	-195	-76	-361	-2,684		-5,577
Internal purchased and sold services	-4,289	-912	-510	-176	-317	6,204		
Depreciation, amortisation and impairments of property, equipment and intangible assets	-358	-316	-84	-50	-233	-726	-47	-1,814
Total expenses	-9,898	-4,740	-1,697	-697	-2,122	-473	-216	-19,843
Profit before credit losses, risk tax and resolution fee	18,901	1,652	2,918	635	103	441	-216	24,434
Net credit losses	15	95	-150	-5	11	-9		-43
Gains/losses on disposal of property, equipment and intangible assets	9	9	6	-	-10	0		14
Risk tax and resolution fee	-696		-167	-31	-22	-14		-930
Operating profit	18,229	1,756	2,607	599	82	418	-216	23,475
Profit allocation	296	46	54	1	-434	37		
Operating profit after profit allocation	18,525	1,802	2,661	600	-352	455	-216	23,475
Internal income	-345	-961	-1,447	-401	-362	3,516		

The business segments consist of Handelsbanken Sweden, Handelsbanken UK, Handelsbanken Norway, Handelsbanken the Netherlands, and Handelsbanken Capital Markets. The income statements by segment include internal items such as internal interest, commissions and payment for internal services rendered, primarily according to the cost price principle. The part of Handelsbanken Capital Markets' operating profit that does not involve risk-taking is allocated to branches with customer responsibility.

A reorganisation took place during Q1 2022, with the aim of creating an even more focused and customer-centric organisation. The largest effect from an accounting standpoint arose from the transfer of Savings & Pension from Capital Markets to Sweden, with the exception of the respective local Savings & Pension units which were transferred to Norway, Finland and Denmark. In addition, some central functions that currently work closely with Sweden were transferred from Other units to Sweden. Therefore, the comparative figures in the tables have been recalculated.

Handelsbanken Sweden

INCOME STATEMENT

SEK m	Q4 2022	Q3 2022	Change	Q4 2021	Change	Full year 2022	Full year 2021	Change
Net interest income	6,860	6,373	8%	4,791	43%	23,078	18,880	22%
Net fee and commission income	2,101	2,097	0%	2,395	-12%	8,471	8,800	-4%
Net gains/losses on financial transactions	109	86	27%	149	-27%	78	480	-84%
Risk result - insurance	14	60	-77%	25	-44%	155	168	-8%
Other income	43	16	169%	424	-90%	103	471	-78%
Total income	9,125	8,633	6%	7,784	17%	31,884	28,799	11%
Staff costs	-1,020	-1,010	1%	-971	5%	-4,041	-4,035	0%
Other expenses	-474	-354	34%	-334	42%	-1,515	-1,216	25%
Internal purchased and sold services	-1,197	-1,106	8%	-1,104	8%	-4,630	-4,289	8%
Depreciation, amortisation and impairments of property, equipment and intangible assets	-105	-103	2%	-78	35%	-420	-358	17%
Total expenses	-2,797	-2,573	9%	-2,487	12%	-10,607	-9,898	7%
Profit before credit losses, risk tax and resolution fee	6,329	6,060	4%	5,297	19%	21,278	18,901	13%
Net credit losses	-2	21		-12	-83%	135	15	
Gains/losses on disposal of property, equipment and intangible assets	4	2	100%	2	100%	10	9	11%
Risk tax and resolution fee	-417	-416	0%	-174	140%	-1,659	-696	138%
Operating profit	5,914	5,667	4%	5,113	16%	19,764	18,229	8%
Profit allocation	98	90	9%	79	24%	374	296	26%
Operating profit after profit allocation	6,012	5,757	4%	5,192	16%	20,138	18,525	9%
Internal income	999	767	30%	83		1,727	-345	
Cost/income ratio, %	30.3	29.5		31.6		32.9	34.0	
Credit loss ratio, %	0.00	0.00		0.00		-0.01	0.00	
Allocated capital	108,158	103,395	5%	104,414	4%	108,158	104,414	4%
Return on allocated capital, %	17.7	17.7		15.8		15.5	14.8	
Average number of employees	3,996	4,004	0%	3,729	7%	3,907	3,899	0%

BUSINESS VOLUMES

Average volumes, SEK bn	Q4 2022	Q3 2022	Change	Q4 2021	Change	Full year 2022	Full year 2021	Change
Loans to the public*								
Household	984	982	0%	956	3%	976	937	4%
<i>of which mortgage loans</i>	946	942	0%	915	3%	936	896	5%
Corporates	630	612	3%	546	15%	602	536	12%
<i>of which mortgage loans</i>	418	404	4%	379	10%	399	373	7%
Total	1,614	1,594	1%	1,502	7%	1,577	1,473	7%
Deposits and borrowing from the public								
Household	489	487	0%	453	8%	480	439	9%
Corporates	386	393	-2%	383	1%	395	357	11%
Total	874	880	-1%	836	5%	875	796	10%

* Excluding loans to the National Debt Office.

JANUARY – DECEMBER 2022 COMPARED WITH JANUARY – DECEMBER 2021

Operating profit increased by 8% to SEK 19,764m (18,229). Adjusted for the risk tax, operating profit increased by 13%. *Return on allocated capital* was 15.5% (14.8). The *C/I ratio* improved to 32.9% (34.0).

Income increased by 11% to SEK 31,884m (28,799).

Expenses rose by 7% to SEK -10,607m (-9,898).

Net interest income rose by 22%, or SEK 4,198m, to SEK 23,078m (18,880). Higher business volumes had a SEK 1,568m positive impact on net interest income. The net amount of changed margins and funding costs was positive, totalling SEK 2,470m. The fee for the Swedish deposit guarantee scheme increased by SEK 80m to SEK -298m (-218). Other effects in net interest income contributed SEK 240m.

Net fee and commission income declined by SEK -329m, or 4%, to SEK 8,471m (8,800). Mutual fund commissions fell by SEK -293m, or 6%, to SEK 4,715m (5,008). Custody and other asset management commissions decreased by 1% to SEK 654m (658). Brokerage and other securities commissions decreased by 31%. Commission income from loans and deposits and from guarantees increased by 2%. Net payment commissions grew by 14% to SEK 1,256m (1,103).

Net gains/losses on financial transactions totalled SEK 78m (480). The lower figure can be explained by an increase in the realised capital contribution in Handelsbanken Liv's traditional insurance operations, which amounted to SEK -455m (-48).

Other income items totalled SEK 258m (639), with the period of comparison containing non-recurring income of SEK 386m relating to the sale of the card acquiring business.

Staff costs were virtually unchanged at SEK -4,041m (-4,035). The average number of employees grew marginally to 3,907 (3,899).

Other expense items rose by 12% to SEK -6,565m (-5,863), mainly due to increased IT investments and business development.

Credit losses consisted of net recoveries of SEK 135m (15). The credit loss ratio was -0.01% (0.00).

The *risk tax* was SEK -918m (-) and the *resolution fee* amounted to SEK -740m (-696).

Q4 2022 COMPARED WITH Q3 2022

Operating profit increased by 4% to SEK 5,914m (5,667). *Return on allocated capital* was 17.7% (17.7). The *C/I ratio* was 30.3% (29.5).

Income increased by 6% to SEK 9,125m (8,633), mainly due to recovered interest margins.

Expenses increased by 9% to SEK -2,797m (-2,573), due to increased business development and seasonal variation.

Net interest income rose by 8%, or SEK 487m, to SEK 6,860m (6,373). Increasing business volumes made a positive contribution of SEK 23m. The net amount of changed margins and funding costs increased net interest income by SEK 586m. The fee for the Swedish deposit guarantee scheme increased by SEK 60m to SEK -120m (-60), with the fee for the quarter based on invoiced deposit guarantees for the year. Other effects amounted to SEK -62m.

Net fee and commission income increased marginally to SEK 2,101m (2,097), whereby a negative mutual fund income trend was offset by improved commissions for custody account management and other asset management. Brokerage also improved during the quarter.

Net gains/losses on financial transactions totalled SEK 109m (86).

Other income items totalled SEK 57m (76).

Staff costs rose by 1% to SEK -1,020m (-1,010). The average number of employees went down slightly to 3,996 (4,004).

Other expense items rose by 14% to SEK -1,776m (-1,563), mainly due to increased business development and normal seasonal variation.

Credit losses were SEK -2m (21), and the credit loss ratio was 0.00% (0.00).

The *risk tax* amounted to SEK -229m (-230), and the *resolution fee* amounted to SEK -186m (-187).

BUSINESS DEVELOPMENT

Swedish Quality Index (SKI), in its major survey, found that Handelsbanken remained in the position of having the most satisfied customers among major banks. Among private customers, Handelsbanken received the score of 68.5, which can be compared with the scores of the other major Swedish banks, which were in the 63.1-66.5 range, and the sector average of 67.9. Among corporate customers, Handelsbanken received the score of 67.2, which can be compared with the scores of the other major Swedish banks, which were in the 61.9-67.9 range, and the sector average of 65.9.

Customers named Handelsbanken Sweden's "Business Bank of the Year" and – for the 11th consecutive year – "Small Enterprise Bank" in this year's independent Finansbarometern survey.

January – December 2022 compared with January – December 2021

The total *average volume of lending* grew by 7% to SEK 1,577bn (1,473). Household lending increased by 4% to SEK 976bn (937) and corporate lending increased by 12% to SEK 602bn (536).

The total *average volume of deposits* increased by 10% to SEK 875bn (796). Household deposits went up by 9% to SEK 480bn (439), while corporate deposits increased by 11% to SEK 395bn (357).

The Bank's share of the Swedish mutual fund market rose to 12.2% (12.0). The *total volume of assets under management* was SEK 741bn (833) at the end of the year.

In recent years, Handelsbanken has gained a significantly larger share of the net inflow to the Swedish mutual fund market relative to the Bank's share of the total outstanding volume. The net inflow in Handelsbanken's mutual funds during the year amounted to SEK 10.0bn (51.5), which corresponds to a market share of 53%.

Q4 2022 compared with Q3 2022

The total *average volume of lending* grew by 1% to SEK 1,614bn (1,594). Household lending increased slightly to SEK 984bn (982). Corporate lending increased by 3% to SEK 630bn (612).

The total *average volume of deposits* fell by 1% to SEK 874bn (880). Household deposits went up marginally to SEK 489bn (487), while corporate deposits decreased by 2% to SEK 386bn (393).

New savings in the Bank's mutual funds in Sweden were net SEK 6.4bn (3.9) and the *total volume of assets under management* was SEK 741bn (702) at the end of the period.

Handelsbanken UK

INCOME STATEMENT

SEK m	Q4			Q3		Q4		Full year	
	2022	2022	Change	2021	Change	2022	2021	Change	
Net interest income	2,358	1,953	21%	1,379	71%	7,580	5,452	39%	
Net fee and commission income	196	202	-3%	190	3%	807	751	7%	
Net gains/losses on financial transactions	70	66	6%	54	30%	248	189	31%	
Other income	14	0		-		14	0		
Total income	2,637	2,222	19%	1,623	62%	8,649	6,392	35%	
Staff costs	-675	-729	-7%	-630	7%	-2,693	-2,467	9%	
Other expenses	-230	-165	39%	-282	-18%	-789	-1,045	-24%	
Internal purchased and sold services	-280	-257	9%	-238	18%	-1,076	-912	18%	
Depreciation, amortisation and impairments of property, equipment and intangible assets	-74	-89	-17%	-78	-5%	-313	-316	-1%	
Total expenses	-1,259	-1,242	1%	-1,228	3%	-4,872	-4,740	3%	
Profit before credit losses, risk tax and resolution fee	1,379	980	41%	395	249%	3,778	1,652	129%	
Net credit losses	-51	22		15		-55	95		
Gains/losses on disposal of property, equipment and intangible assets	0	0	0%	0		10	9	11%	
Operating profit	1,328	1,002	33%	410	224%	3,733	1,756	113%	
Profit allocation	15	12	25%	14	7%	49	46	7%	
Operating profit after profit allocation	1,342	1,014	32%	424	217%	3,781	1,802	110%	
Internal income	332	21		-240		52	-961		
Cost/income ratio, %	47.5	55.6		75.0		56.0	73.6		
Credit loss ratio, %	0.08	-0.04		-0.02		0.01	-0.04		
Allocated capital	20,705	20,320	2%	20,547	1%	20,705	20,547	1%	
Return on allocated capital, %	20.6	15.9		6.6		14.9	7.0		
Average number of employees	2,536	2,503	1%	2,499	1%	2,481	2,509	-1%	

INCOME STATEMENT IN LOCAL CURRENCY

GBP m	Q4			Q3		Q4		Full year	
	2022	2022	Change	2021	Change	2022	2021	Change	
Net interest income	187.9	157.4	19%	115.6	63%	608.1	461.9	32%	
Net fee and commission income	15.5	16.4	-5%	15.9	-3%	64.7	63.6	2%	
Net gains/losses on financial transactions	5.6	5.3	6%	4.5	24%	19.9	16.0	24%	
Other income	1.1	0.0		-		1.1	0.0		
Total income	210.1	179.0	17%	136.0	54%	693.8	541.5	28%	
Staff costs	-53.7	-58.8	-9%	-52.7	2%	-216.1	-208.9	3%	
Other expenses	-18.3	-13.3	38%	-23.7	-23%	-63.3	-88.6	-29%	
Internal purchased and sold services	-22.2	-20.8	7%	-20.0	11%	-86.3	-77.3	12%	
Depreciation, amortisation and impairments of property, equipment and intangible assets	-5.8	-7.3	-21%	-6.4	-9%	-25.1	-26.7	-6%	
Total expenses	-100.1	-100.1	0%	-102.8	-3%	-390.8	-401.5	-3%	
Profit before credit losses, risk tax and resolution fee	110.0	78.9	39%	33.2	231%	303.0	140.0	116%	
Net credit losses	-4.1	1.8		1.2		-4.4	8.0		
Gains/losses on disposal of property, equipment and intangible assets	0.0	0.0		-		0.8	0.8	0%	
Operating profit	105.9	80.7	31%	34.4	208%	299.4	148.8	101%	
Profit allocation	1.2	0.9	33%	1.1	9%	3.9	3.9	0%	
Operating profit after profit allocation	107.1	81.7	31%	35.5	202%	303.3	152.7	99%	

BUSINESS VOLUMES

Average volumes, GBP m	Q4			Q3		Q4		Full year	
	2022	2022	Change	2021	Change	2022	2021	Change	
Loans to the public									
Household	5,861	6,001	-2%	6,416	-9%	6,076	6,563	-7%	
Corporates	13,409	13,765	-3%	14,079	-5%	13,820	14,203	-3%	
Total	19,270	19,765	-3%	20,495	-6%	19,896	20,766	-4%	
Deposits and borrowing from the public									
Household	5,890	5,897	0%	5,594	5%	5,770	5,502	5%	
Corporates	15,020	14,469	4%	13,593	11%	14,310	13,630	5%	
Total	20,910	20,366	3%	19,187	9%	20,080	19,132	5%	

JANUARY – DECEMBER 2022 COMPARED WITH JANUARY – DECEMBER 2021

Operating profit rose by 113%, or SEK 1,977m, to SEK 3,733m (1,756). Expressed in local currency, operating profit increased by 101%. *Return on allocated capital* improved to 14.9% (7.0). The *C/I ratio* improved to 56.0% (73.6).

Income increased by 35% to SEK 8,649m (6,392). Foreign exchange effects on income amounted to SEK 344m, and in local currency terms, income rose by 28%.

Expenses increased by 3% to SEK -4,872m (-4,740). Adjusted for foreign exchange effects of SEK -270m, expenses decreased in local currency terms by 3%.

Net interest income rose by 39%, or SEK 2,128m, to SEK 7,580m (5,452). Foreign exchange effects had a positive impact of SEK 291m on net interest income. In local currency terms, net interest income increased by 32%. The net amount of changed margins and funding costs increased net interest income by SEK 1,808m. Lower business volumes had an impact of SEK -12m. Other effects in net interest income contributed SEK 41m.

Net fee and commission income increased by 7% to SEK 807m (751). Foreign exchange effects made a positive contribution of SEK 42m. Expressed in local currency, net fee and commission income increased by 2%. Commission income from the fund management, custody account management and asset management business, including brokerage and advisory services, increased by 4% to SEK 420m (403).

Staff costs rose by 9% to SEK -2,693m (-2,467). Adjusted for foreign exchange effects, the increase in staff costs was 3% in local currency terms. The average number of employees fell by 1% to 2,481 (2,509).

Other expense items declined by 4% to SEK -2,178m (-2,273). Expressed in local currency, other expense items went down by 9%.

Credit losses totalled SEK -55m (95). The credit loss ratio was 0.01% (-0.04).

Q4 2022 COMPARED WITH Q3 2022

Operating profit increased by 33% to SEK 1,328m (1,002), representing the highest ever quarterly result. Expressed in local currency, operating profit increased by 31%. *Return on allocated capital* increased to 20.6% (15.9), and the *C/I ratio* improved to 47.5% (55.6).

Income increased by 19% to SEK 2,637m (2,222). Expressed in local currency, income growth was 17%.

Expenses increased by 1% to SEK -1,259m (-1,242). Foreign exchange effects were SEK -16m and, expressed in local currency, expenses were unchanged.

Net interest income grew by 21% to SEK 2,358m (1,953). In local currency terms, net interest income increased by 19%. The net amount of changed margins and funding costs increased net interest income by SEK 392m. Changed business volumes had an impact of SEK -33m on net interest income. Foreign exchange effects had a positive impact of SEK 26m on net interest income.

Net fee and commission income declined by 3% to SEK 196m (202). Foreign exchange effects amounted to SEK 3m, and in local currency terms, net fee and commission income fell by 5%, due to lower net payment commissions.

Staff costs fell by 7% to SEK -675m (-729). The average number of employees was 2,536 (2,503).

Other expense items increased by 14% to SEK -584m (-511), as a result of increased IT development and business development.

Credit losses were SEK -51m (22), and the credit loss ratio was 0.08% (-0.04).

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 81.5, as compared with the sector average of 72.2. Corporate customers gave the Bank an index score of 78.8, as compared with the sector average of 65.9.

January – December 2022 compared with January – December 2021

The total *average volume of lending* decreased by 4% to GBP 19.9bn (20.8). Household lending decreased by 7% to GBP 6.1bn (6.6), and corporate lending decreased by 3% to GBP 13.8bn (14.2).

The total *average volume of deposits* increased by 5% to GBP 20.1bn (19.1). Household deposits increased by 5% to GBP 5.8bn (5.5), and corporate deposits increased by 5% to GBP 14.3bn (13.6).

The volume of assets under management in Handelsbanken Wealth & Asset Management at the end of the period totalled GBP 4.1bn (4.4). Net new savings during the period totalled GBP -23m (93).

Q4 2022 compared with Q3 2022

The total *average volume of lending* decreased by 3% to GBP 19.3bn (19.8). Household lending decreased by 2% to GBP 5.9bn (6.0), and corporate lending decreased by 3% to GBP 13.4bn (13.8).

The total *average volume of deposits* increased by 3% to GBP 20.9bn (20.4). Household deposits decreased marginally and amounted to GBP 5.9bn (5.9), and corporate deposits increased by 4% to GBP 15.0bn (14.5).

The volume of assets under management in Handelsbanken Wealth & Asset Management at the end of the period totalled GBP 4.1bn (3.9). Net new savings in Handelsbanken Wealth & Asset Management during the quarter totalled GBP 47m (-20).

Handelsbanken Norway

INCOME STATEMENT

SEK m	Q4 2022	Q3 2022	Change	Q4 2021	Change	Full year 2022	Full year 2021	Change
Net interest income	1,091	1,042	5%	1,001	9%	4,264	3,867	10%
Net fee and commission income	167	182	-8%	175	-5%	695	656	6%
Net gains/losses on financial transactions	32	24	33%	18	78%	91	55	65%
Risk result - insurance	-1	21		4		21	11	91%
Other income	16	1		22	-27%	25	26	-4%
Total income	1,305	1,270	3%	1,220	7%	5,096	4,615	10%
Staff costs	-266	-264	1%	-241	10%	-1,028	-908	13%
Other expenses	-100	-58	72%	-69	45%	-295	-195	51%
Internal purchased and sold services	-198	-181	9%	-129	53%	-667	-510	31%
Depreciation, amortisation and impairments of property, equipment and intangible assets	-24	-23	4%	-21	14%	-92	-84	10%
Total expenses	-588	-526	12%	-460	28%	-2,082	-1,697	23%
Profit before credit losses, risk tax and resolution fee	717	744	-4%	760	-6%	3,014	2,918	3%
Net credit losses	-13	27		-18	-28%	-152	-150	1%
Gains/losses on disposal of property, equipment and intangible assets	2	1	100%	1	100%	6	6	0%
Risk tax and resolution fee	-90	-91	-1%	-42	114%	-359	-167	115%
Operating profit	615	683	-10%	701	-12%	2,509	2,607	-4%
Profit allocation	18	17	6%	17	6%	69	54	28%
Operating profit after profit allocation	632	700	-10%	718	-12%	2,578	2,661	-3%
Internal income	-1,604	-1,000	-60%	-403	-298%	-3,838	-1,447	-165%
Cost/income ratio, %	44.4	40.9		37.2		40.3	36.3	
Credit loss ratio, %	0.03	-0.01		0.03		0.04	0.06	
Allocated capital	20,361	19,947	2%	17,993	13%	20,361	17,993	13%
Return on allocated capital, %	9.9	11.1		12.7		10.4	11.4	
Average number of employees	764	779	-2%	743	3%	763	742	3%

INCOME STATEMENT IN LOCAL CURRENCY

NOK m	Q4 2022	Q3 2022	Change	Q4 2021	Change	Full year 2022	Full year 2021	Change
Net interest income	1,037	986	5%	988	5%	4,052	3,874	5%
Net fee and commission income	159	173	-8%	172	-8%	661	657	1%
Net gains/losses on financial transactions	30	22	36%	17	76%	86	55	56%
Risk result - insurance	-1	20		4		20	11	82%
Other income	15	1	1400%	22	-32%	24	26	-8%
Total income	1,240	1,203	3%	1,203	3%	4,843	4,623	5%
Staff costs	-252	-251	0%	-238	6%	-977	-910	7%
Other expenses	-95	-55	73%	-68	40%	-280	-194	44%
Internal purchased and sold services	-189	-171	11%	-127	49%	-634	-512	24%
Depreciation, amortisation and impairments of property, equipment and intangible assets	-23	-21	10%	-21	10%	-87	-84	4%
Total expenses	-558	-499	12%	-454	23%	-1,978	-1,700	16%
Profit before credit losses, risk tax and resolution fee	682	704	-3%	749	-9%	2,865	2,923	-2%
Net credit losses	-12	26		-17	-29%	-144	-150	-4%
Gains/losses on disposal of property, equipment and intangible assets	2	2	0%	1	100%	6	6	0%
Risk tax and resolution fee	-87	-86	1%	-42	107%	-342	-168	104%
Operating profit	584	647	-10%	691	-15%	2,384	2,611	-9%
Profit allocation	17	16	6%	17	0%	66	54	22%
Operating profit after profit allocation	601	663	-9%	708	-15%	2,450	2,665	-8%

BUSINESS VOLUMES

Average volumes, NOK bn	Q4 2022	Q3 2022	Change	Q4 2021	Change	Full year 2022	Full year 2021	Change
Loans to the public								
Household	112.6	112.1	0%	109.3	3%	111.5	106.8	4%
Corporates	184.2	180.6	2%	169.9	8%	178.9	170.3	5%
Total	296.8	292.7	1%	279.2	6%	290.4	277.1	5%
Deposits and borrowing from the public								
Household	31.4	31.7	-1%	28.5	10%	31.0	27.8	11%
Corporates	67.7	71.2	-5%	61.8	10%	67.7	63.8	6%
Total	99.1	102.9	-4%	90.3	10%	98.6	91.6	8%

JANUARY – DECEMBER 2022 COMPARED WITH JANUARY – DECEMBER 2021

Operating profit decreased by 4% to SEK 2,509m (2,607). Expressed in local currency, operating profit declined by 9%. Adjusted for the risk tax introduced in Sweden during the year and the effect on net interest income of the required notification period, operating profit expressed in local currency increased by 7%. *Return on allocated capital* went down to 10.4% (11.4). The *C/I ratio* was 40.3% (36.3).

Income grew by 10% to SEK 5,096m (4,615). Foreign exchange effects amounted to SEK 234m, and in local currency terms, income rose by 5%.

Expenses increased by 23% to SEK -2,082m (-1,697). Foreign exchange effects on expenses amounted to SEK -88m. In local currency terms, expenses increased by 16%; this was mainly attributable to increased IT investments focusing on improving digital customer meetings, especially for the private market.

Net interest income increased by 10% to SEK 4,264m (3,867). Foreign exchange effects amounted to SEK 192m, and in local currency terms, net interest income rose by 5%. Higher business volumes made a positive contribution of SEK 202m. The net amount of changed margins and funding costs increased net interest income by SEK 2m, which includes the negative effect of the required notification period, meaning a six-week delay before interest rates on lending can be changed for household customers, which amounted to SEK -280m (-33). Other effects increased net interest income by SEK 1m.

Net fee and commission income increased by 6% to SEK 695m (656). Foreign exchange effects amounted to SEK 37m, and in local currency terms, net fee and commission income rose by 1%. Commission income from the fund management, custody account management and asset management business, including brokerage and advisory services, decreased by 3% to SEK 377m (388). Net payment commissions rose by 33% to SEK 198m (149).

Net gains/losses on financial transactions totalled SEK 91m (55). Other income items totalled SEK 46m (37).

Staff costs rose by 13% to SEK -1,028m (-908). In local currency terms, the increase was 7%. The average number of employees increased by 3% to 763 (742).

Other expense items increased by 34% to SEK -1,054m (-789). In local currency terms, the increase was 27%.

Credit losses were SEK -152m (-150), and the credit loss ratio was 0.04% (0.06).

The *risk tax* was SEK -174m (-) and the *resolution fee* amounted to SEK -185m (-167), of which foreign exchange effects were SEK -10m.

Q4 2022 COMPARED WITH Q3 2022

Operating profit decreased by 10% to SEK 615m (683). The effect of foreign exchange movements on operating profit was marginal. *Return on allocated capital* was 9.9% (11.1), and the *C/I ratio* was 44.4% (40.9).

Income increased by 3% to SEK 1,305m (1,270).

Expenses rose by 12% to SEK -588m (-526), due to increased IT investment and business development relating to the Bank's ambition to significantly strengthen customer meetings, particularly for the private market.

Net interest income grew by 5% to SEK 1,091m (1,042). Foreign exchange effects on net interest income were marginal. Lower business volumes had a negative impact of SEK 2m. The net amount of changed margins and funding costs increased net interest income by SEK 49m, including the negative effect of the required notification period, which increased by SEK -20m to SEK -121m (-101).

Net fee and commission income declined by 8% to SEK 167m (182). Lower commission income from mutual funds, custody accounts and other asset management, as well as payments, was partly counterbalanced by the positive development of brokerage income.

Net gains/losses on financial transactions totalled SEK 32m (24). *Other income items* totalled SEK 15m (22).

Foreign exchange effects on expenses were marginal. *Staff costs* rose by 1% to SEK -266m (-264). The average number of employees fell by 2% to 764 (779).

Other expense items amounted to SEK -322m (-262). The increase was due to increased investment in IT and business development.

Credit losses totalled SEK -13m (27). The credit loss ratio was 0.03% (-0.01).

The *risk tax* amounted to SEK -43m (-44), and the *resolution fee* amounted to SEK -47m (-47).

BUSINESS DEVELOPMENT

According to the annual EPSI customer satisfaction survey, Handelsbanken again had more satisfied customers than the average for banks in Norway. Private customers gave Handelsbanken an index score of 74.8, as compared with the sector average of 69.5. Corporate customers gave the Bank an index score of 71.4, as compared with the sector average of 67.0.

January – December 2022 compared with January – December 2021

The total *average volume of lending* increased by 5% to NOK 290.4bn (277.1). Household lending increased by 4% to NOK 111.5bn (106.8), and corporate lending increased by 5% to NOK 178.9bn (170.3).

The total *average volume of deposits* increased by 8% to NOK 98.6bn (91.6). Household deposits increased by 11% to NOK 31.0bn (27.8), and corporate deposits increased by 6% to NOK 67.7bn (63.8).

The net flow in the Bank's mutual funds in Norway during the period totalled SEK -3.2bn (2.0). The total volume of assets under management was SEK 35bn (41).

Q4 2022 compared with Q3 2022

The total *average volume of lending* increased by 1% to NOK 296.8bn (292.7). Household lending increased marginally to NOK 112.6bn (112.1), and corporate lending increased by 2% to NOK 184.2bn (180.6).

The total *average volume of deposits* decreased by 4% to NOK 99.1bn (102.9). Household deposits decreased by 1% to NOK 31.4bn (31.7), and corporate deposits decreased by 5% to NOK 67.7bn (71.2).

New savings in the Bank's mutual funds in Norway during the quarter totalled net SEK -0.7bn (-0.4). The total volume of assets under management was SEK 35bn (35).

Handelsbanken the Netherlands

INCOME STATEMENT

SEK m	Q4 2022	Q3 2022	Change	Q4 2021	Change	Full year 2022	Full year 2021	Change
Net interest income	410	325	26%	286	43%	1,354	1,076	26%
Net fee and commission income	40	35	14%	118	-66%	147	224	-34%
Net gains/losses on financial transactions	3	4	-25%	12	-75%	21	32	-34%
Other income	0	1	-100%	0	0%	1	0	
Total income	453	365	24%	416	9%	1,523	1,332	14%
Staff costs	-117	-109	7%	-97	21%	-442	-395	12%
Other expenses	-27	-22	23%	-23	17%	-94	-76	24%
Internal purchased and sold services	-71	-54	31%	-51	39%	-241	-176	37%
Depreciation, amortisation and impairments of property, equipment and intangible assets	-17	-13	31%	-12	42%	-54	-50	8%
Total expenses	-233	-198	18%	-183	27%	-832	-697	19%
Profit before credit losses, risk tax and resolution fee	220	167	32%	233	-6%	691	635	9%
Net credit losses	3	-3		-4		0	-5	
Risk tax and resolution fee	-19	-20	-5%	-8	138%	-81	-31	161%
Operating profit	204	144	42%	221	-8%	610	599	2%
Profit allocation	0	0	0%	0		0	1	-100%
Operating profit after profit allocation	205	144	42%	221	-7%	610	600	2%
Internal income	-79	-130	39%	-100	21%	-453	-401	-13%
Cost/income ratio, %	51.4	54.2		44.0		54.6	52.3	
Credit loss ratio, %	-0.02	0.02		0.03		0.00	0.01	
Allocated capital	3,634	3,462	5%	3,013	21%	3,634	3,013	21%
Return on allocated capital, %	17.9	13.2		23.4		14.4	16.7	
Average number of employees	369	358	3%	339	9%	357	337	6%

INCOME STATEMENT IN LOCAL CURRENCY

EUR m	Q4 2022	Q3 2022	Change	Q4 2021	Change	Full year 2022	Full year 2021	Change
Net interest income	37.7	30.7	23%	28.1	34%	127.4	106.0	20%
Net fee and commission income	3.7	3.2	16%	11.7	-68%	13.8	22.1	-38%
Net gains/losses on financial transactions	0.2	0.5	-60%	1.2	-83%	2.0	3.2	-38%
Other income	0.1	0.0		0.0		0.1	0.0	
Total income	41.7	34.3	22%	41.0	2%	143.3	131.3	9%
Staff costs	-10.8	-10.2	6%	-9.5	14%	-41.6	-38.9	7%
Other expenses	-2.5	-2.1	19%	-2.2	14%	-8.9	-7.5	19%
Internal purchased and sold services	-6.5	-5.1	27%	-5.1	27%	-22.7	-17.4	30%
Depreciation, amortisation and impairments of property, equipment and intangible assets	-1.6	-1.2	33%	-1.2	33%	-5.1	-4.9	4%
Total expenses	-21.3	-18.6	15%	-18.0	18%	-78.2	-68.7	14%
Profit before credit losses, risk tax and resolution fee	20.3	15.7	29%	23.0	-12%	65.0	62.6	4%
Net credit losses	0.3	-0.3		-0.4		0	-0.5	-100%
Risk tax and resolution fee	-1.7	-1.9	-11%	-0.7	143%	-7.6	-3.0	153%
Operating profit	18.9	13.5	40%	21.9	-14%	57.4	59.1	-3%
Profit allocation	0.0	0.0		0.0		0	0.1	-100%
Operating profit after profit allocation	18.9	13.5	40%	21.9	-14%	57.4	59.2	-3%

BUSINESS VOLUMES

Average volumes, EUR m	Q4 2022	Q3 2022	Change	Q4 2021	Change	Full year 2022	Full year 2021	Change
Loans to the public								
Household	4,918	4,867	1%	4,208	17%	4,723	3,935	20%
Corporates	3,657	3,523	4%	2,956	24%	3,453	2,864	21%
Total	8,575	8,390	2%	7,164	20%	8,177	6,799	20%
Deposits and borrowing from the public								
Household	665	716	-7%	626	6%	673	500	35%
Corporates	2,996	3,504	-15%	2,832	6%	3,308	2,417	37%
Total	3,662	4,220	-13%	3,458	6%	3,982	2,917	37%

JANUARY – DECEMBER 2022 COMPARED WITH JANUARY – DECEMBER 2021

Operating profit improved by 2% to SEK 610m (599). Expressed in local currency, operating profit declined by 3%. The decrease can be attributed to the Swedish risk tax introduced during the year and lower performance fees in asset management (Optimix). Adjusted for these items, operating profit increased by 19%. *Return on allocated capital* was 14.4% (16.7), and the *C/I ratio* was 54.6% (52.3).

Income grew by 14% to SEK 1,523m (1,332). Expressed in local currency, income growth was 9%.

Expenses rose by 19% to SEK -832m (-697). Expressed in local currency, expenses increased by 14%, mainly due to increased IT development and business growth.

Net interest income increased by 26% to SEK 1,354m (1,076). Foreign exchange effects amounted to SEK 50m, and in local currency terms, net interest income rose by 20%. Higher business volumes had a SEK 210m positive impact on net interest income. The net amount of changed margins and funding costs increased net interest income by SEK 14m. Other effects increased net interest income by SEK 5m.

Net fee and commission income declined by 34% to SEK 147m (224). Foreign exchange effects amounted to SEK 11m, and in local currency terms, net fee and commission income fell by 38%. Commission income from the fund management, custody account management and asset management business, including brokerage and advisory services, decreased by 30% to SEK 150m (215), which can be attributed to performance fees in Optimix declining to SEK 4m (81).

Staff costs rose by 12% to SEK -442m (-395), representing a 7% increase in local currency terms. The average number of employees grew by 6% to 357 (337).

Other expense items increased by 29% in total to SEK -389m (-302). In local currency terms, the equivalent increase was 23%, mainly attributable to increased IT development, higher expenses for the work to combat financial crime and business growth.

Credit losses totalled SEK 0m (-5). The credit loss ratio was 0.00% (0.01).

The *risk tax* was SEK -46m (-) and the *resolution fee* amounted to SEK -35m (-31), of which foreign exchange effects were SEK -2m.

Q4 2022 COMPARED WITH Q3 2022

Operating profit increased by 42% to SEK 204m (144). Expressed in local currency, operating profit increased by 40%.

Income increased by 24% to SEK 453m (365). Expressed in local currency, income growth was 22%.

Expenses rose by 18% to SEK -233m (-198). Expressed in local currency, expenses increased by 15%.

Net interest income increased by 26% to SEK 410m (325). Expressed in local currency, net interest income increased by 23%. Changed business volumes had a neutral effect on net interest income, while the net amount of changed margins and funding costs increased net interest income by SEK 74m. Foreign exchange effects contributed SEK 10m. Other effects on net interest income amounted to SEK 2m.

Net fee and commission income increased by 14% to SEK 40m (35). In local currency terms, the equivalent increase was 16%. This was primarily attributable to higher mutual fund commission income.

Staff costs rose by 7% to SEK -117m (-109). The average number of employees increased by 3% to 369 (358).

Other expense items amounted to SEK -115m (-89).

Credit losses consisted of net recoveries of SEK 3m (-3). The credit loss ratio was -0.02% (0.02).

The *risk tax* amounted to SEK -11m (-12), and the *resolution fee* amounted to SEK -8m (-8).

BUSINESS DEVELOPMENT

According to the annual EPSI customer satisfaction survey, Handelsbanken had the most satisfied customers among all Dutch banks in the survey. Corporate customers gave Handelsbanken an index score of 76.5, as compared with the sector average of 65.2. Private customers gave the Bank an index score of 77.3, as compared with the sector average of 68.0.

January – December 2022 compared with January – December 2021

The total *average volume of lending* increased by 20% to EUR 8.2bn (6.8). Household lending increased by 20% to EUR 4.7bn (3.9), and corporate lending increased by 21% to EUR 3.4bn (2.9).

The total *average volume of deposits* increased by 37% to EUR 4.0bn (2.9). Household deposits increased by 35% to EUR 0.7bn (0.5), and corporate deposits increased by 37% to EUR 3.3bn (2.4).

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

Q4 2022 compared with Q3 2022

The total *average volume of lending* increased by 2% to EUR 8.6bn (8.4). Household lending increased by 1% to EUR 4.9bn (4.9), and corporate lending increased by 4% to EUR 3.7bn (3.5).

The total *average volume of deposits* decreased by 13% to EUR 3.7bn (4.2). Household deposits decreased by 7% to EUR 0.7bn (0.7), and corporate deposits decreased by 15% to EUR 3.0bn (3.5).

Assets under management at Optimix totalled EUR 1.9bn (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.

INCOME STATEMENT

SEK m	Q4 2022	Q3 2022	Change	Q4 2021	Change	Full year 2022	Full year 2021	Change
Net interest income	105	59	78%	60	75%	301	245	23%
Net fee and commission income	191	148	29%	248	-23%	771	786	-2%
Net gains/losses on financial transactions	289	317	-9%	295	-2%	1,131	1,185	-5%
Other income	1	2	-50%	-7		9	9	0%
Total income	586	526	11%	596	-2%	2,212	2,225	-1%
Staff costs	-275	-289	-5%	-284	-3%	-1,143	-1,211	-6%
Other expenses	-97	-83	17%	-76	28%	-326	-361	-10%
Internal purchased and sold services	-78	-68	15%	-98	-20%	-344	-317	9%
Depreciation, amortisation and impairments of property, equipment and intangible assets	-36	-36	0%	-57	-37%	-147	-233	-37%
Total expenses	-485	-476	2%	-515	-6%	-1,959	-2,122	-8%
Profit before credit losses, risk tax and resolution fee	101	50	102%	81	25%	253	103	146%
Net credit losses	-1	-7	-86%	-1	0%	-13	11	
Gains/losses on disposal of property, equipment and intangible assets	0	-		-		0	-10	
Risk tax and resolution fee	-8	-7	14%	-5	60%	-33	-22	50%
Operating profit	92	35	163%	75	23%	206	82	151%
Profit allocation	-142	-128	11%	-118	20%	-531	-434	22%
Operating profit after profit allocation	-49	-93	47%	-43	-14%	-324	-352	8%
Internal income	527	248	113%	-57		615	-362	
Cost/income ratio, %	109.2	119.6		107.7		116.5	118.5	
Credit loss ratio, %	0.02	0.13		0.01		0.06	-0.01	
Allocated capital	2,073	2,249	-8%	2,575	-19%	2,073	2,575	-19%
Return on allocated capital, %	-7.5	-13.1		-5.3		-11.5	-11.8	
Average number of employees	586	591	-1%	615	-5%	585	647	-10%

A large proportion of the fee and commission income and net gains/losses on financial transactions related to Capital Markets' products is recognised in the profit/loss of the respective home market segment.

JANUARY – DECEMBER 2022 COMPARED WITH JANUARY – DECEMBER 2021

Operating profit increased to SEK 206m (82), driven by a decrease in expenses.

Income was SEK 2,212m (2,225).

Net fee and commission income declined by 2% to SEK 771m (786).

Net gains/losses on financial transactions went down by 5% to SEK 1,131m (1,185), due mainly to the uncertainty and turbulence that followed in the wake of the geopolitical situation, including higher energy prices and rising inflation.

Expenses decreased by 8% to SEK -1,959m (-2,122).

Staff costs fell by 6% to SEK -1,143m (-1,211), due to a decrease in the number of employees. The average number of employees decreased by 10% to 585 (647).

Other expense items went down by 10% to SEK -817m (-911), chiefly due to the restructuring of international operations. Other parts of the segment also reported lower expenses.

The *risk tax and resolution fee* totalled SEK -33m (-22).

Credit losses were SEK -13m (11), and the credit loss ratio was 0.06% (-0.01).

Q4 2022 COMPARED WITH Q3 2022

Operating profit was SEK 92m (35).

Income grew by 11% to SEK 586m (526). *Net fee and commission income* rose by 29% to SEK 191m (148), which was mainly attributable to increased advisory commissions and deposit and lending commissions. *Net gains/losses on financial transactions* decreased by 9% to SEK 289m (317).

Expenses rose by 2% to SEK -485m (-476). *Staff costs* fell by 5% to SEK -275m (-289). The average number of employees decreased by 1% to 586 (591).

Other expense items amounted to SEK -211m (-187).

The *risk tax and resolution fee* totalled SEK -8m (-7).

Credit losses were SEK -1m (-7), and the credit loss ratio was 0.02% (0.13).

BUSINESS DEVELOPMENT

During the year, the Bank arranged 115 (128) bond issues at a value of EUR 13.3bn (16.6); green and sustainability-linked bonds accounted for EUR 3.6bn (3.4) of this total, or 27% (20). There remained a substantial interest in sustainability-linked and green financing among customers within both capital markets and bank financing.

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, central staff functions and provisions for Oktogonen.

INCOME STATEMENT

SEK m	Q4 2022	Q3 2022	Change	Q4 2021	Change	Full year 2022	Full year 2021	Change
Net interest income	-195	-175	-11%	218		32	801	-96%
Net fee and commission income	28	64	-56%	37	-24%	213	241	-12%
Net gains/losses on financial transactions	45	-26		-133		-457	-242	-89%
Share of profit of associates	-2	27		17		-13	63	
Other income	25	-7		15	67%	1,111	51	
Total income	-100	-117	15%	154		885	914	-3%
Staff costs	-1,140	-875	30%	-878	30%	-3,778	-3,267	16%
Other expenses	-1,026	-742	38%	-810	27%	-3,525	-2,684	31%
Internal purchased and sold services	1,825	1,665	10%	1,620	13%	6,959	6,204	12%
Depreciation, amortisation and impairments of property, equipment and intangible assets	-168	-141	19%	-194	-13%	-601	-726	-17%
Total expenses	-508	-94	440%	-262	94%	-944	-473	100%
Profit before credit losses, risk tax and resolution fee	-608	-212	-187%	-108	-463%	-60	441	
Net credit losses	10	9	11%	11	-9%	38	-9	
Gains/losses on disposal of property, equipment and intangible assets	-6	3		1		-2	0	
Risk tax and resolution fee	-49	-42	17%	-3		-180	-14	
Operating profit	-652	-242	-169%	-99		-203	418	
Profit allocation	10	10		8	25%	39	37	5%
Operating profit after profit allocation	-642	-232	-177%	-91		-164	455	
Internal income	-175	94		717		1,897	3,516	-46%
Average number of employees	2,923	2,870	2%	2,878	2%	2,861	2,905	-2%
Allocated capital Denmark and Finland	14,614	14,226	3%	15,155	-4%	14,614	15,155	-4%

JANUARY – DECEMBER 2022 COMPARED WITH JANUARY – DECEMBER 2021

Operating profit was SEK -203m (418).

Income decreased to SEK 885m (914). Net interest income totalled SEK 32m (801). The higher net interest income during the previous year can mainly be attributed to the fact that a lower proportion of the financing-related net interest income was allocated to the segments.

Real estate sales contributed to an increase in other income to SEK 1,111m (51).

Expenses totalled SEK -944m (-473). The increase was mainly due to higher payroll tax on pensions in Q4 due to not exercising the option of claiming reimbursement, and a higher preliminary provision for Oktogonen, amounting to SEK -249m (-48).

Depreciation, amortisation and impairment of property, equipment and intangible assets decreased by 17% to SEK -601m (-726), mainly due to the impairment of IT systems during the period of comparison.

The average number of employees fell by 2% to 2,861 (2,905), with the number of employees at the IT department totalling 1,877 (1,921).

Q4 2022 COMPARED WITH Q3 2022

Operating profit was SEK -652m (-242). Income improved by SEK 17m, while expenses increased by SEK 414m.

Net interest income totalled SEK -195m (-175).

Expenses rose to SEK -508m (-94). The increase was mainly due to the aforementioned higher payroll tax on pensions due to not exercising the option of claiming reimbursement, as well as seasonally higher activity levels, with increased IT development. The preliminary provision for Oktogonen was SEK -51m (-61).

The average number of employees totalled 2,923 (2,870); within this figure, the number of employees at the IT department was 1,928 (1,878).

Key metrics – Group

	Q4 2022	Q3 2022	Q4 2021	Full year 2022	Full year 2021
Return on equity, total operations	13.2%	13.2%	12.5%	12.5%	11.8%
C/I ratio, Continuing operations	41.8%	39.7%	44.0%	42.4%	44.8%
Earnings per share, SEK	2.99	2.89	2.64	10.84	9.86
<i>of which continuing operations</i>	3.12	2.81	2.68	10.70	9.51
<i>of which Discontinued operations</i>	-0.13	0.08	-0.04	0.14	0.35
- after dilution	2.99	2.89	2.64	10.84	9.86
<i>of which continuing operations</i>	3.12	2.81	2.68	10.70	9.51
<i>of which Discontinued operations</i>	-0.13	0.08	-0.04	0.14	0.35
Ordinary dividend per share, SEK				5.50	5.00
Total dividend per share, SEK				8.00	5.00
Adjusted equity per share, SEK	99.16	96.52	90.87	99.16	90.87
Common equity tier 1 ratio, CRR	19.6%	19.0%	19.4%	19.6%	19.4%
Total capital ratio, CRR	23.8%	23.2%	23.3%	23.8%	23.3%
Average number of employees	11,174	11,105	10,803	10,954	11,039

In addition to financial definitions according to IFRS, alternative performance measures are used to describe the performance of the underlying operations and to increase comparability between periods. For definitions and calculation of these performance measures, please see the Fact Book which is available at handelsbanken.com/ir.

THE HANDELSBANKEN SHARE

	Q4 2022	Q3 2022	Q4 2021	Full year 2022	Full year 2021
Number of converted shares	-	-	-	-	-
Number of repurchased shares	-	-	-	-	-
Holding of own shares in trading book, end of period	-	-	-	-	-
Number of outstanding shares after repurchases and deduction for trading book, end of period	1,980,028,494	1,980,028,494	1,980,028,494	1,980,028,494	1,980,028,494
Number of outstanding shares after dilution, end of period	1,980,028,494	1,980,028,494	1,980,028,494	1,980,028,494	1,980,028,494
Average number of shares converted during the period	-	-	-	-	-
Average holdings of own shares (repurchased and holdings in trading book)	-	-	-	-	-
Average number of outstanding shares	1,980,028,494	1,980,028,494	1,980,028,494	1,980,028,494	1,980,028,494
- after dilution	1,980,028,494	1,980,028,494	1,980,028,494	1,980,028,494	1,980,028,494
Share price SHB class A, end of period, SEK	105.10	91.62	97.86	105.10	97.86
Share price SHB class B, end of period, SEK	122.20	109.00	107.80	122.20	107.80
Market capitalisation, end of period, SEK bn	209	181	194	209	194

Condensed set of financial statements – Group

INCOME STATEMENT - GROUP

SEK m		Q4 2022	Q3 2022	Change	Q4 2021	Change	Full year 2022	Full year 2021	Change
Interest income		27,151	18,314	48%	9,058	200%	67,407	35,832	88%
<i>effective interest method and interest on derivatives in hedge accounting</i>		23,395	15,806	48%	8,746	167%	59,702	34,483	73%
Interest expenses		-16,521	-8,736	89%	-1,323		-30,797	-5,511	459%
Net interest income	Note 2	10,630	9,578	11%	7,735	37%	36,610	30,321	21%
Net fee and commission income	Note 3	2,721	2,730	0%	3,163	-14%	11,103	11,458	-3%
Net gains/losses on financial transactions	Note 4	547	471	16%	395	38%	1,111	1,699	-35%
Risk result - insurance		13	81	-84%	29	-55%	176	179	-2%
Other dividend income		15	-14		1		17	2	
Share of profit of associates		-2	27		17		-13	63	
Other income		85	25	240%	453	-81%	1,246	555	125%
Total income		14,007	12,897	9%	11,793	19%	50,249	44,277	13%
Staff costs		-3,483	-3,283	6%	-3,145	11%	-13,103	-12,452	5%
Other expenses	Note 5	-1,953	-1,425	37%	-1,594	23%	-6,543	-5,577	17%
Depreciation, amortisation and impairment of property, equipment and intangible assets		-424	-413	3%	-448	-5%	-1,650	-1,814	-9%
Total expenses		-5,860	-5,121	14%	-5,187	13%	-21,296	-19,843	7%
Profit before credit losses, risk tax and resolution fee		8,147	7,776	5%	6,606	23%	28,953	24,434	18%
Net credit losses	Note 6	-54	69		-9	500%	-47	-43	9%
Gains/losses on disposal of property, equipment and intangible assets		-	6		4		24	14	71%
Risk tax and resolution fee		-582	-576	1%	-232	151%	-2,311	-930	148%
Operating profit		7,510	7,277	3%	6,369	18%	26,619	23,475	13%
Taxes		-1,325	-1,718	-23%	-1,058	25%	-5,429	-4,627	17%
Profit for the period from continuing operations		6,185	5,558	11%	5,311	16%	21,189	18,848	12%
Profit for the period from discontinued operations after tax	Note 9	-265	165		-75	253%	280	695	-60%
Profit for the period		5,921	5,723	3%	5,236	13%	21,470	19,543	10%
Attributable to									
Shareholders in Svenska Handelsbanken AB		5,920	5,723	3%	5,223	13%	21,468	19,527	10%
Non-controlling interest		0	0		13		1	16	

EARNINGS PER SHARE - GROUP

	Q4 2022	Q3 2022	Change	Q4 2021	Change	Full year 2022	Full year 2021	Change
Profit for the year, attributable to shareholders in Svenska Handelsbanken AB	5,920	5,723	3%	5,223	13%	21,468	19,527	10%
- of which interest expense on convertible subordinated loan after tax	-	-		-		-	-	
Average number of outstanding shares, million	1,980.0	1,980.0		1,980.0		1,980.0	1,980.0	
Average number of outstanding shares after dilution, million	1,980.0	1,980.0		1,980.0		1,980.0	1,980.0	
Earnings per share, SEK	2.99	2.89	3%	2.64	13%	10.84	9.86	10%
- after dilution	2.99	2.89	3%	2.64	13%	10.84	9.86	10%
Earnings per share, continuing operations, SEK	3.12	2.81	11%	2.68	16%	10.70	9.51	13%
- after dilution	3.12	2.81	11%	2.68	16%	10.70	9.51	13%
Earnings per share, discontinued operations, SEK	-0.13	0.08		-0.04	-225%	0.14	0.35	-60%
- after dilution	-0.13	0.08		-0.04	-225%	0.14	0.35	-60%

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

STATEMENT OF COMPREHENSIVE INCOME – GROUP

SEK m	Q4 2022	Q3 2022	Change	Q4 2021	Change	Full year 2022	Full year 2021	Change
Profit for the period	5,921	5,723	3%	5,236	13%	21,470	19,543	10%
Other comprehensive income								
Items that will not be reclassified to the income statement								
Defined benefit pension plans	-1,087	-100		2,275		3,049	6,820	-55%
Instruments measured at fair value through other comprehensive income - equity instruments	-49	74		13		41	62	
Tax on items that will not be reclassified to income statement	220	4		-469		-642	-1,401	54%
<i>of which defined benefit pension plans</i>	224	20		-468		-622	-1,398	56%
<i>of which equity instruments measured at fair value through other comprehensive income</i>	-3	-15		-1		-19	-3	
Total items that will not be reclassified to the income statement	-917	-21		1,819		2,448	5,481	-55%
Items that may subsequently be reclassified to the income statement								
Cash flow hedges	-1,499	852		-421	-256%	-2,640	-1,970	-34%
Instruments measured at fair value through other comprehensive income - debt instruments	28	-14		-13		-60	6	
Translation differences for the period	766	-206		1,213	-37%	2,312	3,201	-28%
<i>of which hedging net investment in foreign operations</i>	-88	-8		-109	19%	-297	-910	67%
Tax on items that may subsequently be reclassified to the income statement	-305	-170	-79%	113		-15	595	
<i>of which cash flow hedges</i>	309	-176		87	255%	544	406	34%
<i>of which debt instruments measured at fair value through other comprehensive income</i>	-6	3		3		6	-1	
<i>of which hedging net investment in foreign operations</i>	18	2		23	-22%	61	190	-68%
<i>of which tax on translation difference</i>	-626	-		-		-626	-	
Total items that may subsequently be reclassified to the income statement	-1,009	461		892		-402	1,832	
Total other comprehensive income for the period	-1,927	442		2,711		2,046	7,313	-72%
Total comprehensive income for the period	3,994	6,165	-35%	7,947	-50%	23,516	26,856	-12%
Attributable to								
Shareholders in Svenska Handelsbanken AB	3,995	6,165	-35%	7,934	-50%	23,515	26,840	-12%
Non-controlling interest	-1	0		13		1	16	-94%

QUARTERLY PERFORMANCE - GROUP

SEK m	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021
Interest income	27,151	18,314	12,122	9,820	9,058
Interest expenses	-16,521	-8,736	-3,733	-1,807	-1,323
Net interest income	10,630	9,578	8,389	8,013	7,735
Net fee and commission income	2,721	2,730	2,741	2,911	3,163
Net gains/losses on financial transactions	547	471	-147	240	395
Risk result - insurance	13	81	41	41	29
Other dividend income	15	-14	15	1	1
Share of profit of associates	-2	27	-40	2	17
Other income	85	25	38	1,098	453
Total income	14,007	12,897	11,040	12,305	11,793
Staff costs	-3,483	-3,283	-3,164	-3,173	-3,145
Other expenses	-1,953	-1,425	-1,602	-1,563	-1,594
Depreciation, amortisation and impairment of property, equipment and intangible assets	-424	-413	-382	-431	-448
Total expenses	-5,860	-5,121	-5,148	-5,167	-5,187
Profit before credit losses, risk tax and resolution fee	8,147	7,776	5,892	7,138	6,606
Net credit losses	-54	69	-56	-6	-9
Gains/losses on disposal of property, equipment and intangible assets	-	6	4	14	4
Risk tax and resolution fee	-582	-576	-594	-559	-232
Operating profit	7,510	7,277	5,246	6,586	6,369
Taxes	-1,325	-1,718	-1,144	-1,242	-1,058
Profit for the period from continuing operations	6,185	5,558	4,102	5,344	5,311
Profit for the period from discontinued operations after tax	-265	165	73	307	-75
Profit for the period	5,921	5,723	4,176	5,650	5,236
Earnings per share, SEK	2.99	2.89	2.11	2.85	2.64
- after dilution	2.99	2.89	2.11	2.85	2.64

BALANCE SHEET - GROUP

SEK m		31 Dec 2022	30 Sep 2022	30 Jun 2022	31 Mar 2022	31 Dec 2021
Assets						
Cash and balances with central banks		475,868	567,140	569,790	486,276	291,584
Other loans to central banks	Note 7	4,604	4,838	10,749	1,259	1,255
Interest-bearing securities eligible as collateral with central banks		132,778	130,097	114,338	121,996	100,538
Loans to other credit institutions	Note 7	9,411	30,940	27,385	35,510	21,745
Loans to the public	Note 7	2,315,818	2,275,414	2,249,615	2,209,362	2,163,135
Value change of interest-hedged item in portfolio hedge		-16,616	-20,930	-15,158	-8,413	-1,900
Bonds and other interest-bearing securities		32,697	43,849	38,954	43,779	33,317
Shares		12,813	19,465	20,179	19,167	19,471
Investments in associates		561	553	532	496	478
Assets where the customer bears the value change risk		212,966	202,105	205,044	221,993	235,761
Derivative instruments	Note 10,11	36,261	81,976	55,078	24,333	28,508
Intangible assets	Note 12	8,402	8,249	8,317	8,313	8,302
Property and equipment		4,914	4,624	4,766	5,016	5,272
Current tax assets		160	2,791	2,442	1,063	469
Deferred tax assets		1,589	1,323	1,133	986	845
Net pension assets		12,875	13,659	13,514	10,715	8,766
Assets held for sale	Note 9	191,916	354,435	354,426	343,217	421,417
Other assets		14,720	5,743	25,252	17,645	5,785
Prepaid expenses and accrued income		1,979	2,367	2,702	3,198	2,016
Total assets	Note 16	3,453,716	3,728,638	3,689,057	3,545,912	3,346,764
Liabilities and equity						
Due to credit institutions	Note 13	81,693	120,251	121,449	111,179	83,034
Deposits and borrowing from the public	Note 13	1,325,061	1,465,457	1,448,836	1,377,477	1,286,637
Liabilities where the customer bears the value change risk		212,966	202,105	205,044	221,993	235,761
Issued securities	Note 14	1,474,801	1,501,028	1,484,153	1,416,511	1,353,768
Derivative instruments	Note 10,11	29,040	26,934	21,782	19,819	13,784
Short positions		1,939	10,990	14,140	17,665	4,105
Insurance liabilities		405	408	451	511	532
Current tax liabilities		217	1,621	1,016	544	108
Deferred tax liabilities		5,614	6,655	6,209	5,622	5,276
Provisions		591	644	864	962	1,026
Liabilities held for sale	Note 9	68,938	139,691	139,326	135,788	133,922
Other liabilities		10,451	12,063	17,935	23,121	11,304
Accrued expenses and deferred income		3,565	3,729	3,658	4,634	3,519
Subordinated liabilities		42,404	45,059	38,516	31,434	32,257
Total liabilities	Note 16	3,257,686	3,536,636	3,503,378	3,367,258	3,165,033
Non-controlling interest		3	13	12	27	25
Share capital		3,069	3,069	3,069	3,069	3,069
Share premium		8,758	8,758	8,758	8,758	8,758
Reserves		17,891	19,817	19,375	17,017	15,845
Retained earnings		144,841	144,797	144,639	144,134	134,507
Profit for the period, attributable to shareholders in Svenska Handelsbanken AB		21,468	15,548	9,825	5,650	19,527
Total equity		196,030	192,002	185,679	178,655	181,731
Total liabilities and equity		3,453,716	3,728,638	3,689,057	3,545,912	3,346,764

STATEMENT OF CHANGES IN EQUITY – GROUP

January - December 2022	Share capital	Share premium	Defined benefit plans	Hedge reserve	Fair value reserve	Translation reserve	Retained earnings incl profit for the year	Non-controlling interest	Total
Opening equity 2022	3,069	8,758	11,313	1,789	158	2,585	154,034	25	181,731
Profit for the period							21,468	1	21,470
Other comprehensive income			2,427	-2,096	-32	1,747		0	2,046
<i>of which reclassified within equity</i>					-91	-615			-706
Total comprehensive income for the period			2,427	-2,096	-32	1,747	21,468	1	23,516
Reclassified to retained earnings							706		706
Dividend							-9,900		-9,900
Share-based payments to employees of Handelsbanken plc **							25		25
Repurchase own shares**							-25		-25
Change in non-controlling interest								-23	-23
Closing equity	3,069	8,758	13,739	-307	126	4,332	166,309	3	196,030

January – December 2021 SEK m	Share capital	Share premium	Defined benefit plans	Hedge reserve	Fair value reserve	Translation reserve	Retained earnings incl profit for the year	Non-controlling interest	Total
Opening equity 2021	3,069	8,758	5,891	3,353	94	-806	151,105	9	171,473
Profit for the period							19,527	16	19,543
Other comprehensive income			5,422	-1,564	64	3,391		0	7,313
<i>of which reclassified within equity</i>						-67			-67
Total comprehensive income for the period			5,422	-1,564	64	3,391	19,527	16	26,856
Reclassified to retained earnings							67		67
Dividend*							-16,666		-16,666
Share-based payments to employees of Handelsbanken Plc **							37		37
Repurchase own shares **							-36		-36
Change in non-controlling interest							-		-
Closing equity	3,069	8,758	11,313	1,789	158	2,585	154,034	25	181,731

* Ordinary dividend amounted to SEK 8,118m, while the special dividend amounted to SEK 8,548m. The shareholders received the special dividend in the form of shares in AB Industrivärden, which Svenska Handelsbanken AB acquired from Svenska Handelsbankens Pensionsstiftelse (Pension Foundation).

** Starting from the earnings year 2020 all employees in Handelsbanken plc are part of a share incentive plan ("SIP").

CONDENSED STATEMENT OF CASH FLOWS – GROUP

SEK m	Full year 2022	Full year 2021
Operating profit	26,619	23,475
Profit from discontinued operations, before tax	1,453	1,204
Adjustment from Operating profit to investment activities	-333	-
Adjustment for non-cash items in profit/loss and result from discontinued operations	2,389	2,561
Paid income tax	-6,419	-5,086
Changes in the assets and liabilities of operating activities	-62,007	27,227
Cash flow from operating activities	-38,298	49,381
Disposal of operations and subsidiaries	49,238	-
Change in shares	-11	-82
Change in property and equipment	-304	-131
Change in intangible assets	-711	-539
Cash flow from investing activities	48,212	-752
Repayment of subordinated loans	-3,000	-10,130
Issued subordinated loans	11,845	-
Dividend paid	-9,900	-16,666
Cash flow from financing activities	-1,055	-26,796
Liquid funds at beginning of the period	439,964	397,642
Cash flow for the period	8,859	21,833
Exchange rate difference on liquid funds	27,059	20,489
Liquid funds at end of the period*	475,882	439,964

* Liquid funds are defined as Cash and balances with central banks.

The statement of cash flows in the above table includes the discontinued operations in Denmark and Finland (see Note 9).

Notes

Note 1 Accounting Policies

This year-end report has been prepared in accordance with IAS 34 Interim Financial Reporting. The consolidated accounts have been prepared in accordance with international financial reporting standards (IFRS) and interpretations of these standards as adopted by the EU. The accounting policies also follow 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 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 year-end report for the parent company has been prepared in accordance with the Swedish Annual Accounts Act for Credit Institutions and Securities Companies, and the regulations and general guidelines issued by the Swedish Financial Supervisory Authority, FFFS 2008:25 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.

Changed accounting policies

Changes in IFRS

The changes in accounting regulations applicable from 1 January 2022 have not had any impact on the Group's or the parent company's accounts.

Other changes to accounting policies

As of 2022, the Bank pays risk tax to the Swedish government pursuant to the Act on Risk Tax for Credit Institutions (2021:1256). The expense for risk tax is presented together with the resolution fee as a separate item in the income statement, named Risk tax and resolution fee. In conjunction with this, the resolution fee – which was previously recognised in the income statement item Interest expenses under Net interest income – has thus been transferred to the income statement item Risk tax and resolution fee. The purpose of this is to present government fees of a similar nature as a separate item in the income statement. The comparative figures have been adjusted.

In other respects, the year-end report of the Group and the parent company has been prepared in accordance with the same accounting policies and calculation methods that were applied in the Annual and Sustainability Report for 2021.

Future regulatory changes

IFRS 17 Insurance Contracts

IFRS 17 Insurance Contracts, which replaces IFRS 4 Insurance Contracts, has been published by the IASB and adopted by the EU. This standard is to be applied to Handelsbanken's consolidated accounts as of the 2023 financial year. IFRS 17 entails a change in how insurance contracts are classified, measured and recognised. It also entails changes in disclosure requirements.

The main changes that IFRS 17 will entail for Handelsbanken are as follows:

– Traditional life insurance contracts will be classified in their entirety as insurance contracts, as they are assessed as including significant insurance risk. At present, the savings insurance components of these contracts are separated in accordance with the separation rules in IFRS 4 and reported according to IFRS 9. The effect of this changed accounting policy is an increase to the balance sheet item Insurance liabilities.

– The general approach will be applied when measuring the savings insurance components of traditional life insurance contracts. The premium allocation approach will be applied when measuring risk insurance contracts, risk insurance components and reinsurance contracts.

– The results of insurance contracts will be recognised in the income statement as a single line item named "Insurance result". The sub-items in Insurance result will be specified in a separate note. According to current policies, the results of insurance contracts are primarily reported under the separate items Risk result – insurance, Net fee and commission income and Net gains/losses on financial transactions.

Three different methods can be applied for the transition to IFRS 17. The Bank will apply the fully retrospective approach for risk insurance contracts and risk insurance components, meaning that the comparative figures for 2022 will be recalculated. For savings insurance components in traditional life insurance, the Bank will apply the fair value approach, as there is not sufficient reliable historical data available, given the time that has elapsed since the contracts were signed.

The quantitative effect of the transition to IFRS 17 amounts to approximately SEK -3 bn after taxes, which will reduce the Group's retained earnings at the start of the comparison year 2022 upon the transition to IFRS 17. Handelsbanken's assessment is that the new standard will not have any impact on the Bank's capital adequacy or large exposures, because the Bank's insurance operations are not included in the consolidated situation.

Other changes in IFRS

None of the other changes in the accounting regulations issued for application are assessed to have a material impact on Handelsbanken's financial reports, capital adequacy, large exposures or other circumstances according to the applicable regulatory requirements.

Note 2 Net interest income

SEK m	Q4 2022	Q3 2022	Change	Q4 2021	Change	Full year 2022	Full year 2021	Change
Interest income								
Loans to credit institutions and central banks	5,069	2,650	91%	75		8,873	284	
Loans to the public	16,491	12,473	32%	8,878	86%	48,567	35,094	38%
Interest-bearing securities eligible as collateral with central banks	730	297	146%	109		1,289	306	321%
Bonds and other interest-bearing securities	315	285	11%	77	309%	876	279	214%
Derivative instruments	4,716	2,548	85%	-319		7,452	-1,245	
Other interest income	286	302	-5%	272	5%	1,164	1,111	5%
Total	27,607	18,555	49%	9,092	204%	68,221	35,829	90%
Deduction of interest income reported in Net gains/losses on financial transactions	456	241	89%	34		814	-3	
Total interest income	27,151	18,314	48%	9,058	200%	67,407	35,832	88%
<i>of which interest income according to the effective interest method and interest on derivatives in hedge accounting</i>	23,395	15,806	48%	8,746	167%	59,702	34,483	73%
Interest expense								
Due to credit institutions and central banks	-917	-447	105%	3		-1,567	-112	
Deposits and borrowing from the public	-4,793	-2,276	111%	-90		-8,032	-371	
Issued securities	-7,563	-4,850	56%	-1,485	409%	-16,595	-6,569	153%
Derivative instruments	-3,080	-916	236%	582		-3,454	3,073	
Subordinated liabilities	-369	-399	-8%	-261	41%	-1,368	-1,097	25%
Deposit guarantee fee	-134	-66	103%	-6		-332	-241	38%
Other interest expenses	-102	-132	-23%	-100	2%	-379	-232	63%
Total	-16,957	-9,087	87%	-1,357		-31,727	-5,549	472%
Deduction of interest expense reported in Net gains/losses on financial transactions	-436	-351	24%	-34		-930	-38	
Total interest expense	-16,521	-8,736	89%	-1,323		-30,797	-5,511	459%
<i>of which interest expense according to the effective interest method and interest on derivatives in hedge accounting</i>	-15,091	-8,077	87%	-1,242		-28,276	-5,011	464%
Net interest income	10,630	9,578	11%	7,735	37%	36,610	30,321	21%

The Derivative instruments line items includes net interest income which relates to hedged assets and liabilities. These can have either a positive or a negative impact on interest income and interest expenses.

Note 3 Net fee and commission income

SEK m	Q4 2022	Q3 2022	Change	Q4 2021	Change	Full year 2022	Full year 2021	Change
Brokerage and other securities commissions	106	97	9%	139	-24%	455	555	-18%
Mutual funds	1,322	1,348	-2%	1,617	-18%	5,469	5,842	-6%
Custody and other asset management fees	232	204	14%	245	-5%	911	905	1%
Advisory services	24	34	-29%	82	-71%	196	230	-15%
Insurance	190	196	-3%	210	-10%	794	803	-1%
Payments	702	696	1%	638	10%	2,680	2,647	1%
Loans and deposits	303	281	8%	294	3%	1,146	1,155	-1%
Guarantees	48	51	-6%	50	-4%	202	207	-2%
Other	142	134	6%	152	-7%	546	560	-3%
Total fee and commission income	3,069	3,040	1%	3,427	-10%	12,399	12,904	-4%
Securities	-50	-50	0%	-54	-7%	-218	-211	3%
Payments	-264	-233	13%	-198	33%	-969	-1,168	-17%
Other	-33	-26	27%	-12	175%	-108	-67	61%
Total fee and commission expenses	-348	-310	12%	-264	32%	-1,296	-1,446	-10%
Net fee and commission income	2,721	2,730	0%	3,163	-14%	11,103	11,458	-3%

Net fee and commission income per segment

SEK m	Home markets								Total Full year 2022
	Sweden	UK	Norway	The Nether- lands	Capital Markets	Other	Adj. & elim.		
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	777	0	17			1	-1	794	
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	
Total fee and commission income	9,805	874	815	163	898	287	-444	12,399	
Total fee and commission expenses	-1,335	-68	-120	-16	-127	-74	444	-1,296	
Net fee and commission income	8,471	807	695	147	771	213	0	11,103	
<i>of which Net card commissions</i>	884	55	96	-2	1	-12		1,022	

SEK m	Home markets								Total Full year 2021
	Sweden	UK	Norway	The Nether- lands	Capital Markets	Other	Adj. & elim.		
Brokerage and other securities commissions	258	7	21	7	280	-4	-14	555	
Mutual funds	5,008	317	259	135	14	209	-100	5,842	
Custody and other asset management fees	658	33	108	73	44	3	-14	905	
Advisory services	2	46	0	0	215	-7	-26	230	
Insurance	779	0	24	0	0	0	0	803	
Payments	2,128	270	239	2	16	-8	0	2,647	
Loans and deposits	752	122	89	18	47	127	0	1,155	
Guarantees	100	16	42	1	51		-3	207	
Other	540	5	4	0	259	2	-250	560	
Total fee and commission income	10,225	816	786	236	926	322	-407	12,904	
Total fee and commission expenses	-1,425	-65	-130	-12	-140	-81	407	-1,446	
Net fee and commission income	8,800	751	656	224	786	241	0	11,458	
<i>of which Net card commissions</i>	878	34	73	-1	0	-13		971	

Note 4 Net gains/losses on financial transactions

SEK m	Q4 2022	Q3 2022	Change	Q4 2021	Change	Full year 2022	Full year 2021	Change
Amortised cost	-97	53		84		65	300	-78%
<i>of which loans</i>	-145	43		103		35	396	-91%
<i>of which interest-bearing securities</i>	-	-		-		-	-	
<i>of which issued securities</i>	48	9	433%	-19		30	-96	
Fair value through other comprehensive income	0	-1		0	0%	-1	0	
<i>of which expected credit losses</i>	0	-1		0	0%	-1	0	
Fair value through profit or loss, fair value option	-254	-1,086	77%	-148	-72%	-4,710	-900	-423%
<i>of which interest-bearing securities</i>	-254	-1,086	77%	-148	-72%	-4,710	-900	-423%
Fair value through profit or loss, mandatory including FX effects	1,035	1,545	-33%	483	114%	6,292	2,347	168%
Hedge accounting	-119	30		-22	-441%	-80	0	
<i>of which net gains/losses on fair value hedges</i>	-57	29		-15	-280%	-29	7	
<i>of which cash flow hedge ineffectiveness</i>	-61	1		-7		-51	-7	
Result from financial components in insurance contract	-18	-70	74%	-2		-455	-48	
Net gains/losses on financial transactions	547	471	16%	395	38%	1,111	1,699	-35%

Note 5 Other expenses

SEK m	Q4 2022	Q3 2022	Change	Q4 2021	Change	Full year 2022	Full year 2021	Change
Property and premises	-177	-149	19%	-140	26%	-599	-545	10%
External IT costs	-839	-702	20%	-653	28%	-2,963	-2,188	35%
Communication	-65	-61	7%	-61	7%	-255	-257	-1%
Travel and marketing	-85	-49	73%	-51	67%	-236	-128	84%
Purchased services	-535	-389	38%	-536	0%	-1,836	-1,884	-3%
Supplies	-56	-41	37%	-38	47%	-170	-140	21%
Other expenses	-196	-34	476%	-115	70%	-484	-435	11%
Other expenses	-1,953	-1,425	37%	-1,594	23%	-6,543	-5,577	17%

Note 6 Credit losses

SEK m	Q4 2022	Q3 2022	Change	Q4 2021	Change	Full year 2022	Full year 2021	Change
Expected credit losses on balance sheet items								
The period's provision Stage 3	-66	-46	43%	-46	43%	-182	-403	-55%
Reversal of Stage 3 provisions previous years	50	68	-26%	40	25%	223	173	29%
Total expected credit losses Stage 3	-16	21		-6	167%	41	-230	
The period's net provision Stage 2	-51	30		63		-99	188	
The period's net provision Stage 1	-25	-44	-43%	-15	67%	-109	-9	
Total expected credit losses in Stage 1 and Stage 2	-75	-13	477%	48		-207	179	
Total expected credit losses on balance sheet items	-92	9		42		-166	-51	225%
Expected credit losses on off-balance sheet items								
The period's net provision Stage 3	1	4	-75%	2	-50%	11	26	-58%
The period's net provision Stage 2	-17	25		7		-31	11	
The period's net provision Stage 1	0	1	-100%	-1		-4	-18	78%
Total expected credit losses on off-balance sheet items	-18	31		8		-25	19	
Write-offs								
Actual credit losses for the period	-55	-51	8%	-83	-34%	-738	-363	103%
Utilised share of previous provision Stage 3	34	46	-26%	47	-28%	636	281	126%
Total write-offs	-21	-6	250%	-36	-42%	-102	-82	24%
Recoveries	76	35	117%	-23		245	71	245%
Net credit losses	-54	69		-9	500%	-47	-43	9%
<i>of which loans to the public</i>	-37	38		-18	106%	-26	-65	-60%

SEK m	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021
1) Expected credit losses Stage 3 on and off balance sheet	-15	25	-1	43	-4
Change in model-based provision Stage 1 and Stage 2:					
Update of macroeconomic scenarios and risk factors	-34	-47	-38	-16	1
Transfer of exposures in exposed sectors from Stage 1 to Stage 2*	3	1	-1	9	10
Change in probability of default in portfolio at beginning of quarter (net rating changes)	-27	15	-14	-14	5
Effects of changes in exposures (existing, new and terminated exposures)	10	11	17	14	24
Other in Stage 1 and Stage 2	0	8	14	-12	22
<i>Deducted, discontinued operations</i>	-1	8	-15	-12	-12
Model-based credit losses in Stage 1 and Stage 2	-49	-4	-37	-31	50
Expert based provision					
Expert based provision	-646	-672	-678	-599	-577
<i>Deducted, discontinued operations</i>	25	95	85	87	78
Expert based provision in continuing operations	-621	-577	-593	-512	-499
Quarterly change of provisions which affect credit losses in Stage 1 and Stage 2	-44	16	-81	-13	4
2) Expected credit losses in Stage 1 and Stage 2 on and off balance sheet	-93	12	-118	-44	54
3) Write-offs	-21	-6	-7	-68	-36
4) Recoveries	76	35	72	62	-23
Net credit losses (1+2+3+4)	-54	69	-56	-6	-9

* Expert-based assessment of significant increase in credit risk

The total provision requirement in Stage 1 and Stage 2 has increased during the fourth quarter. The provision consists of a model-based provision which is affected by macroeconomic risk factors and customer migration, together with an expert-based provision. The selection of macroeconomic risk factors upon which the model is based is unchanged since the third quarter. The updated assumptions for macroeconomic risk factors reflect higher interest rates and lower GDP than the previous quarter. All in all, on the basis of these factors, the model-based provision has increased by SEK 34m.

During the fourth quarter, 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 primarily associated with the instability of the operating environment, including the war in Ukraine, which created extensive supply chain disruptions, shortages of input goods and energy, and the availability of labour within certain sectors. Given the challenges, at the end of the quarter, in assessing how the uncertainty factors noted above affect the credit risk at individual company level, together with uncertainty surrounding how these factors will develop, the Bank has therefore applied an expert-based stress to sectors at risk of extra sensitivity to supply and access disruptions. This stress has been applied in addition to the model-based calculations, and results in an additional provision requirement, affecting profit by SEK -44m (+16) in continuing operations and SEK +26m (-6) including discontinued operations. The changes compared to the previous quarter are primarily due to somewhat higher exposures in the stressed portfolio in continuing operations, as well as a reduction to the size of the divested operations.

The impairment testing process for agreements in Stage 3 has not been changed, and the customary procedure with individual assessment has continued.

Loans to the public – Key metrics

	31 Dec 2022	30 Sep 2022	30 Jun 2022	31 Mar 2022	31 Dec 2021
Credit loss ratio %, continuing operations, acc	0.00	0.00	0.00	0.00	0.00
Total credit loss reserve ratio, %	0.10	0.10	0.11	0.11	0.13
Credit loss reserve ratio Stage 1, %	0.02	0.02	0.02	0.02	0.02
Credit loss reserve ratio Stage 2, %	0.79	0.98	1.20	1.25	1.07
Credit loss reserve ratio Stage 3, %	21.99	22.97	23.96	24.05	28.20
Proportion of loans Stage 3, %	0.18	0.19	0.19	0.20	0.22

For definitions, please see the Fact Book which is available at handelsbanken.com/ir. The reserve ratios and proportions of loans above include the disposal group in Finland, which have been reclassified on the balance sheet as Assets held for sale (see Note 9).

Sensitivity analysis and macroeconomic forecast in ECL calculations

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 2022, 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.

%	31 December 2022		31 December 2021	
	Percentage increase in the provision in a downturn scenario	Percentage decrease in the provision in an upturn scenario	Percentage increase in the provision in a downturn scenario	Percentage decrease in the provision in an upturn scenario
Sweden	10.95	-7.72	18.30	-10.05
Great Britain	7.49	-7.19	11.31	-6.30
Great Britain, severe downturn scenario	25.30			
Norway	7.54	-6.10	12.31	-6.82
Denmark			15.00	-8.07
Finland	-0.13	0.20	3.91	-1.95
The Netherlands	3.52	-2.56	3.48	-1.80
United States	27.06	-20.37	50.58	-32.07
Other countries	3.64	-2.07	5.88	-2.76
Total	7.43	-5.60	13.64	-7.46

Macroeconomic risk factor		Downturn scenario			Base case scenario			Upturn scenario		
		2023	2024	2025	2023	2024	2025	2023	2024	2025
GDP growth, %	Sweden	-3.55	-0.25	3.15	-0.50	1.30	2.50	2.00	2.80	2.20
	Great Britain	-3.80	-0.20	3.90	-1.30	0.80	3.40	1.20	2.30	3.10
	Great Britain, severe downturn scenario	-8.30	-3.20	4.40						
	Norway	-2.38	-0.30	2.45	0.67	1.25	1.80	3.17	2.75	1.50
	Finland	-3.25	-0.57	2.24	-0.20	0.98	1.59	2.30	2.48	1.29
	Euro area	-3.59	-0.03	1.95	-0.54	1.52	1.30	1.96	3.02	1.00
	United States	-2.87	-0.26	2.65	0.18	1.29	2.00	2.68	2.39	1.70
Unemployment rate, %	Sweden	8.87	10.00	9.80	7.70	8.10	7.90	7.10	7.16	7.30
	Great Britain	5.93	6.39	6.20	5.33	4.89	4.70	4.73	3.69	3.80
	Great Britain, severe downturn scenario	7.83	8.89	8.70						
	Norway	3.25	4.15	4.35	2.08	2.25	2.45	1.47	1.31	1.85
	Finland	8.17	8.80	8.40	7.00	6.90	6.50	6.40	5.96	5.90
	Euro area	8.60	9.40	9.30	7.43	7.50	7.40	6.83	6.56	6.80
	United States	5.16	6.49	6.30	3.99	4.59	4.40	3.39	3.65	3.80
Policy interest rate, %	Sweden	1.54	0.75	1.00	2.75	2.25	2.25	3.25	3.00	3.00
	Great Britain	3.25	3.25	3.25	4.00	4.00	3.75	4.50	4.75	4.50
	Great Britain, severe downturn scenario	0.75	0.25	0.50						
	Norway	1.75	1.00	1.00	3.25	3.00	2.75	3.75	3.75	3.50
	Finland	1.05	0.25	0.25	2.25	1.75	1.25	2.75	2.50	2.00
	Euro area	1.05	0.25	0.25	2.25	1.75	1.25	2.75	2.50	2.00
	United States	3.20	1.88	1.70	4.63	3.88	3.20	5.13	4.63	3.95
Residential real estate, value change %	Sweden	-22.37	1.77	1.89	-13.51	1.75	1.95	-8.78	2.19	3.92
	Great Britain	-10.00	0.07	1.08	-3.20	1.20	2.35	5.00	2.41	2.74
	Great Britain, severe downturn scenario	-22.76	1.62	1.12						
	Norway	-3.53	-1.04	2.19	-0.95	0.38	1.83	2.05	5.26	3.71
	Finland	-4.07	0.92	1.16	-1.02	1.92	2.12	0.75	2.90	2.80
	Euro area	2.95	2.35	2.00	2.40	2.00	2.00	2.10	1.70	2.03
Commercial real estate, value change %	Sweden	-15.54	-8.66	-0.74	-8.50	-6.44	0.58	-3.52	-1.73	-0.52
	Great Britain	-18.72	-5.11	3.34	-13.83	-1.23	2.11	-8.93	1.31	0.90
	Great Britain, severe downturn scenario	-26.49	-15.22	-1.94						
	Norway	-11.19	-6.80	-2.42	-5.96	-1.14	-1.90	-3.00	0.61	-2.74
	Finland	-12.43	-6.53	0.70	-5.87	-1.00	1.19	-2.57	0.52	-0.04
	Euro area	-11.94	-3.67	0.85	-7.39	0.66	1.65	-4.01	2.57	0.86

Note 7 Loans

The balance sheet items in the tables below include the Finland disposal group, which has been reclassified to Assets held for sale and Liabilities held for sale in the balance sheet, respectively (see Note 9). The comparative figures also include the Denmark disposal group, which was divested during Q4 2022.

Loans and interest-bearing securities that are subject to impairment testing, net

SEK m	31 Dec 2022	30 Sep 2022	30 Jun 2022	31 Mar 2022	31 Dec 2021
Cash and balances with central banks	475,853	602,266	642,820	553,424	439,932
Other loans to central banks	32,620	40,181	11,037	1,468	1,462
Interest-bearing securities eligible as collateral with central banks	200	218	219	225	421
Loans to other credit institutions	9,415	31,042	27,502	35,606	21,838
<i>of which reverse repos</i>	-	17,988	16,349	17,351	12,127
Loans to the public	2,469,324	2,539,160	2,510,365	2,464,468	2,413,829
<i>of which reverse repos</i>	12,917	18,300	13,175	12,785	13,649
Bonds and interest-bearing securities	9,882	9,593	9,664	9,284	9,016
Total	2,997,294	3,222,461	3,201,607	3,064,475	2,886,498

Loans and interest-bearing securities that are subject to impairment testing, divided into stages

SEK m	31 Dec 2022	30 Sep 2022	30 Jun 2022	31 Mar 2022	31 Dec 2021
Volume, gross	2,999,751	3,225,106	3,204,311	3,067,163	2,889,681
<i>of which Stage 1</i>	2,902,686	3,144,555	3,135,265	3,004,694	2,817,860
<i>of which Stage 2</i>	91,350	74,383	62,777	55,892	64,400
<i>of which Stage 3</i>	5,716	6,168	6,269	6,577	7,421
Provisions	-2,459	-2,648	-2,708	-2,692	-3,185
<i>of which Stage 1</i>	-480	-503	-450	-410	-399
<i>of which Stage 2</i>	-723	-727	-756	-700	-693
<i>of which Stage 3</i>	-1,257	-1,417	-1,502	-1,582	-2,093

Loans to the public that are subject to impairment testing, divided into stages

SEK m	31 Dec 2022	30 Sep 2022	30 Jun 2022	31 Mar 2022	31 Dec 2021
Loans to the public, gross	2,471,778	2,541,802	2,513,066	2,467,153	2,417,007
<i>of which Stage 1</i>	2,374,713	2,461,251	2,444,020	2,404,698	2,345,196
<i>of which Stage 2</i>	91,349	74,383	62,777	55,879	64,390
<i>of which Stage 3</i>	5,716	6,168	6,269	6,577	7,421
Provisions	-2,454	-2,642	-2,702	-2,686	-3,178
<i>of which Stage 1</i>	-475	-498	-445	-406	-395
<i>of which Stage 2</i>	-722	-727	-754	-698	-690
<i>of which Stage 3</i>	-1,257	-1,417	-1,502	-1,582	-2,093

Change in the provision for expected credit losses – Loans and interest-bearing securities

31 December 2022				
SEK m	Stage 1	Stage 2	Stage 3	Total
Provision at beginning of year	-399	-693	-2,093	-3,185
Derecognised assets	71	165	301	536
Write-offs	0	1	671	672
Remeasurements due to changes in credit risk	-228	201	-21	-47
Changes due to update in the methodology for estimation	-	-	-	-
Foreign exchange effect, etc	-11	-8	-24	-43
Purchased or originated assets	-53	-52	-9	-114
Transfer to Stage 1	-38	44	8	14
Transfer to Stage 2	70	-470	16	-384
Transfer to Stage 3	108	89	-106	92
Provision at end of period	-480	-723	-1,257	-2,459

31 December 2021				
SEK m	Stage 1	Stage 2	Stage 3	Total
Provision at beginning of year	-389	-840	-2,238	-3,467
Derecognised assets	43	86	143	272
Write-offs	0	2	391	393
Remeasurements due to changes in credit risk	-123	151	-72	-44
Changes due to update in the methodology for estimation	-	-	-	-
Foreign exchange effect, etc	-13	-23	-60	-96
Purchased or originated assets	-61	-22	-21	-104
Transfer to Stage 1	-29	45	2	18
Transfer to Stage 2	59	-234	7	-168
Transfer to Stage 3	114	142	-245	11
Provision at end of period	-399	-693	-2,093	-3,185

Change in the provision for expected credit losses – Loans to the public

31 December 2022				
SEK m	Stage 1	Stage 2	Stage 3	Total
Provision at beginning of year	-395	-690	-2,093	-3,178
Derecognised assets	70	165	301	535
Write-offs	0	1	671	672
Remeasurements due to changes in credit risk	-227	199	-21	-49
Changes due to update in the methodology for estimation	-	-	-	-
Foreign exchange effect, etc	-11	-8	-24	-43
Purchased or originated assets	-52	-52	-9	-113
Transfer to Stage 1	-38	44	8	14
Transfer to Stage 2	70	-470	16	-384
Transfer to Stage 3	108	89	-106	92
Provision at end of period	-475	-722	-1,257	-2,454

31 December 2021				
SEK m	Stage 1	Stage 2	Stage 3	Total
Provision at beginning of year	-385	-834	-2,238	-3,457
Derecognised assets	43	86	143	272
Write-offs	0	2	391	393
Remeasurements due to changes in credit risk	-124	148	-72	-48
Changes due to update in the methodology for estimation	-	-	-	-
Foreign exchange effect, etc	-13	-23	-60	-96
Purchased or originated assets	-60	-22	-21	-103
Transfer to Stage 1	-29	45	2	18
Transfer to Stage 2	59	-234	7	-168
Transfer to Stage 3	114	142	-245	11
Provision at end of period	-395	-690	-2,093	-3,178

The change analysis shows the net effect on the provision for the stage in question for each explanatory item during the period. The impact of reversals and write-offs is calculated on the opening balance. The effect of revaluations arising as a result of changes due to updates in the methodology for estimation, foreign exchange effects, etc., is calculated before any transfer of net amounts 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.

Loans to the public – by sector

31 December 2022	Gross			Provisions			Net
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
SEK m							
Private individuals	1,163,864	42,542	3,078	-161	-133	-568	1,208,622
<i>of which mortgage loans</i>	983,183	33,865	1,162	-35	-32	-38	1,018,105
<i>of which other loans with property mortgages</i>	144,073	6,931	912	-38	-44	-90	151,744
<i>of which other loans to private individuals</i>	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
<i>of which mortgage loans</i>	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 and insurance							
Comp., funds etc.	32,820	5,748	34	-9	-14	-24	38,555
Government and municipalities	4,520	84	-	0	-1	-	4,603
<i>of which Swedish national debt office</i>	1,566	-	-	-	-	-	1,566
Other corporate lending	17,546	157	360	-11	-14	-106	17,932
Total	2,374,713	91,349	5,716	-475	-722	-1,257	2,469,324

31 December 2021	Gross			Provisions			Net
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
SEK m							
Private individuals	1,219,581	16,838	3,057	-159	-107	-758	1,238,452
<i>of which mortgage loans</i>	1,022,645	12,832	1,021	-30	-20	-52	1,036,396
<i>of which other loans with property mortgages</i>	154,163	2,677	911	-10	-7	-144	157,590
<i>of which other loans to private individuals</i>	42,773	1,329	1,125	-119	-80	-562	44,466
Housing co-operative associations	266,467	931	22	-7	-2	-11	267,400
<i>of which mortgage loans</i>	245,393	515	11	-3	0	-7	245,909
Property management	643,423	32,704	1,734	-96	-207	-237	677,321
Manufacturing	21,106	1,735	65	-12	-13	-39	22,842
Retail	30,086	760	387	-19	-41	-94	31,079
Hotel and restaurant	3,933	4,986	59	-5	-137	-5	8,831
Passenger and goods transport by sea	2,369	604	1,205	-1	-8	-468	3,701
Other transport and communication	7,864	325	85	-10	-14	-63	8,187
Construction	17,873	852	135	-23	-16	-73	18,748
Electricity, gas and water	11,375	1,204	5	-4	-9	-3	12,568
Agriculture, hunting and forestry	22,029	979	73	-13	-11	-31	23,026
Other services	16,296	1,501	116	-20	-38	-91	17,764
Holding, investment and insurance							
Comp., funds etc.	60,868	634	177	-16	-10	-125	61,528
Government and municipalities	7,305	89	-	0	-1	-	7,393
<i>of which Swedish national debt office</i>	2,173	-	-	-	-	-	2,173
Other corporate lending	14,621	248	301	-10	-76	-95	14,989
Total	2,345,196	64,390	7,421	-395	-690	-2,093	2,413,829

Specification of Loans to the public – Property management

31 December 2022	Gross			Provisions			Net
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
SEK m							
Loans in Sweden							
State-owned property companies	11,198	-	-	0	-	-	11,198
Municipal-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>	<i>137,576</i>	<i>3,661</i>	<i>18</i>	<i>-5</i>	<i>-5</i>	<i>-4</i>	<i>141,241</i>
Other property management	145,098	6,376	171	-15	-15	-47	151,568
<i>of which mortgage loans</i>	<i>77,194</i>	<i>1,656</i>	<i>32</i>	<i>-3</i>	<i>-4</i>	<i>0</i>	<i>78,875</i>
Total loans in Sweden	313,500	10,227	193	-21	-20	-55	323,824
Loans outside Sweden							
UK	138,506	8,972	647	-51	-60	-32	147,982
Norway	138,171	4,684	62	-22	-10	-9	142,876
Denmark							
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
Total loans outside Sweden	392,067	16,808	1,241	-88	-85	-69	409,874
Total loans - Property management	705,567	27,035	1,434	-109	-105	-124	733,698

31 December 2021	Gross			Provisions			Net
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
SEK m							
Loans in Sweden							
State-owned property companies	7,894	14	-	0	0	-	7,908
Municipal-owned property companies	8,174	160	-	0	0	-	8,334
Residential property companies	128,135	1,713	43	-5	-5	-7	129,874
<i>of which mortgage loans</i>	<i>115,843</i>	<i>1,613</i>	<i>18</i>	<i>-4</i>	<i>-4</i>	<i>-4</i>	<i>117,462</i>
Other property management	119,415	12,676	250	-11	-57	-101	132,172
<i>of which mortgage loans</i>	<i>63,522</i>	<i>3,130</i>	<i>21</i>	<i>-3</i>	<i>-8</i>	<i>-3</i>	<i>66,659</i>
Total loans in Sweden	263,618	14,563	293	-16	-62	-108	278,288
Loans outside Sweden							
UK	141,682	7,216	758	-38	-57	-66	149,495
Norway	120,215	7,101	41	-21	-57	-3	127,276
Denmark	23,186	594	99	-7	-13	-25	23,834
Finland	42,929	2,700	532	-5	-14	-30	46,112
The Netherlands	50,956	516	-	-9	-3	-	51,460
Other countries	837	14	11	0	-1	-5	856
Total loans outside Sweden	379,805	18,141	1,441	-80	-145	-129	399,033
Total loans - Property management	643,423	32,704	1,734	-96	-207	-237	677,321

Specification of Loans to the public – Property management: Type of collateral & country

31 December 2022							
SEK m, gross	Sweden	UK	Norway	Denmark	Finland	The Netherlands	Total
Government guarantees	1,306	-	25		30,036	-	31,367
Residential	176,776	82,997	22,904		6,789	44,883	334,349
Office, retail, hotel	83,037	47,102	99,019		8,686	6,437	244,281
Other real estate	17,219	601	66		1,214	14,068	33,168
Industry, logistics	17,172	12,865	92		3,038	555	33,722
Agriculture, forestry	1,668	885	76		3	-	2,632
Other collateral	10,923	459	1,710		690	498	14,280
Unsecured	15,819	2,988	18,267		534	237	37,845
Undeveloped	-	228	758		372	-	1,358
Total	323,920	148,125	142,917		51,362	66,678	733,002

31 December 2021							
SEK m, gross	Sweden	UK	Norway	Denmark	Finland	The Netherlands	Total
Government guarantees	2,218	-	25	-	25,959	-	28,202
Residential	152,648	82,432	20,149	13,125	6,347	35,914	310,615
Office, retail, hotel	67,556	46,710	90,014	4,287	7,709	3,891	220,167
Other real estate	12,829	929	91	3,169	1,218	10,836	29,072
Industry, logistics	16,463	12,395	144	517	3,618	290	33,427
Agriculture, forestry	1,768	828	38	88	1	-	2,723
Other collateral	8,453	3,131	2,052	1,824	603	278	16,341
Unsecured	16,539	2,837	13,888	656	404	263	34,587
Undeveloped	-	394	956	213	302	-	1,865
Total	278,474	149,656	127,357	23,879	46,161	51,472	676,999

Loans to the public – Property management: Commercial properties LTV per country

31 December 2022							
LTV, %	Sweden	UK	Norway	Denmark	Finland	The Netherlands	Total
0-40	84.9	88.9	80.4		80.9	85.0	84.2
41-60	14.4	10.8	17.5		12.5	13.7	14.4
61-75	0.6	0.2	1.5		3.0	0.7	0.9
>75	0.1	0.1	0.7		3.6	0.6	0.5
Average LTV	45	42	51		46	47	46

31 December 2021							
LTV, %	Sweden	UK	Norway	Denmark	Finland	The Netherlands	Total
0-40	82.6	87.6	80.0	73.2	80.4	83.0	82.7
41-60	15.8	11.9	17.3	19.9	14.4	14.8	15.3
61-75	1.2	0.4	1.8	4.7	2.1	1.0	1.3
>75	0.4	0.1	0.9	2.2	3.1	1.2	0.7
Average LTV	47	44	51	56	47	49	48

Loan to value (LTV) shows lending in relation to the market value of the collateral.

Loans to the public – Property management: Residential properties LTV per country

31 December 2022							
LTV, %	Sweden	UK	Norway	Denmark	Finland	The Netherlands	Total
0-40	79.6	84.5	77.0		54.6	79.3	78.9
41-60	17.8	14.9	19.3		20.0	18.3	17.4
61-75	2.5	0.5	2.3		9.9	1.7	2.4
>75	0.2	0.1	1.3		15.4	0.7	1.3
Average LTV	49	46	53		84	52	51

31 December 2021							
LTV, %	Sweden	UK	Norway	Denmark	Finland	The Netherlands	Total
0-40	80.5	83.2	75.1	65.2	55.6	77.1	78.5
41-60	16.6	16.2	21.6	25.0	19.5	20.4	17.6
61-75	2.7	0.5	2.5	7.5	9.9	1.8	2.7
>75	0.2	0.1	0.8	2.3	15.0	0.7	1.2
Average LTV	49	48	54	63	82	53	52

Loan to value (LTV) shows lending in relation to the market value of the collateral.

Note 8 Credit risk exposure

SEK m	31 Dec 2022	30 Sep 2022	30 Jun 2022	31 Mar 2022	31 Dec 2021
Cash and balances with central banks	475,882	602,279	642,833	553,450	439,964
Other loans to central banks	32,620	40,181	11,037	1,468	1,462
Interest-bearing securities eligible as collateral with central banks	132,778	130,114	114,356	122,020	100,562
Loans to other credit institutions	9,415	31,042	27,502	35,606	21,838
<i>of which reverse repos</i>	-	17,988	16,349	17,351	12,127
Loans to the public	2,469,324	2,539,160	2,510,365	2,464,468	2,413,829
<i>of which reverse repos</i>	12,917	18,300	13,175	12,785	13,649
Bonds and other interest-bearing securities	32,697	43,865	38,971	43,795	33,334
Derivative instruments*	36,261	81,990	55,088	24,343	28,518
Contingent liabilities	60,975	67,456	69,517	77,919	71,756
Commitments	459,114	482,570	491,180	480,812	486,517
Total	3,709,066	4,018,657	3,960,849	3,803,881	3,597,780

* Refers to the sum total of positive market values. The balance sheet items in the tables above include the Finland disposal group, which has been reclassified to Assets held for sale and Liabilities held for sale in the balance sheet, respectively (see Note 9). The comparative figures also include the Denmark disposal group, which was divested during Q4 2022.

Note 9 Assets and liabilities held for sale, and discontinued operations

Svenska Handelsbanken AB sold Handelsbanken's operations in Denmark during the fourth quarter 2022. The divestment process for the Finnish operations is continuing according to plan. Assets and liabilities in the Bank's operations in Finland constitute assets and liabilities held for sale and are disposal groups in accordance with IFRS 5 Non-current Assets Held For Sale and Discontinued Operations. The operations in Denmark and Finland also constitute discontinued operations.

The discontinued operations in Denmark consist of the following units:

Handelsbanken AB (publ) branch in Denmark
Ejendomsselskabet af 1. maj 2009 A/S
Lokalbolig A/S
Handelsbanken Kredit (Stadshypotek AB (publ) branch in Denmark)
Handelsinvest Investeringsforvaltning A/S
Handelsbanken Forsikringsformidling A/S

The disposal group and discontinued operations in Finland consist of the following units:

Handelsbanken AB (publ) branch in Finland
Handelsbanken Asuntoluottopankki (Stadshypotek AB (publ) branch in Finland)
Handelsbanken Liv Försäkrings AB branch in Finland
Handelsbanken Liv Försäkrings AB in Finland

The valuation of each disposal group at the lower of fair value after deductions for selling costs, and the carrying amount, has not led to any impairment loss.

Assets and liabilities held for sale

31 December 2022 SEK m	Finland	Other assets held for sale	Total
Assets			
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 assets	388	-	388
Total assets	191,606	310	191,916
Liabilities			
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
Liabilities where the customer bears the value change risk	9,145	-	9,145
Provisions	210	-	210
Other liabilities	1,543	-	1,543
Total liabilities	68,938	-	68,938

* An accumulated amount of SEK - m (47) related to these assets has been recognised in Other comprehensive income and in the fair value reserve in equity.

Other assets held for sale amounting to SEK 310m (302) consist of finance leases in Handelsbanken Rahoitus Oy, which are recognised as loans on the balance sheet. The plan is to divest the lease agreements during 2023.

31 December 2021 SEK m	Denmark	Finland	Other assets held for sale	Total
Assets				
Cash and balances with central banks	28,282	120,098	-	148,380
Other loans to central banks	207	0	-	207
Interest-bearing securities eligible as collateral with central banks	24	0	-	24
Loans to other credit institutions	36	57	-	93
Loans to the public	111,380	139,314	302	250,996
<i>Of which households</i>	64,292	43,253	1	107,546
<i>Of which corporates</i>	47,088	96,061	301	143,450
Bonds and other interest-bearing securities	17	0	-	17
Shares *	462	1	-	463
Assets where the customer bears the value change risk	6,770	10,457	-	17,227
Intangible assets	2,628	113	-	2,741
Property and equipment	241	336	62	639
Other assets	313	317	-	630
Total assets	150,360	270,693	364	421,417
Liabilities				
Due to credit institutions	230	344	-	574
Deposits and borrowing from the public	54,135	59,984	-	114,119
<i>Of which households</i>	23,662	19,699	-	43,361
<i>Of which corporates</i>	30,473	40,285	-	70,757
Liabilities where the customer bears the value change risk	6,770	10,457	-	17,227
Provisions	57	78	-	135
Other liabilities	514	1,353	-	1,867
Total liabilities	61,706	72,216	-	133,922

Income, expenses and profits, discontinued operations in Denmark and Finland

SEK m	Q4 2022	Q3 2022	Change	Q4 2021	Change	Full year 2022	Full year 2021	Change
Net interest income	1,145	911	26%	642	78%	3,434	2,606	32%
Net fee and commission income	241	263	-8%	310	-22%	1,107	1,190	-7%
Net gains/losses on financial transactions	-16	-18	11%	54		-12	225	
Risk result - insurance	3	0		1	200%	3	8	-63%
Other income	22	28	-21%	167	-87%	68	180	-62%
Total income	1,394	1,185	18%	1,174	19%	4,600	4,209	9%
Staff costs	-368	-613	-40%	-372	-1%	-1,681	-1,427	18%
Other expenses	-432	-353	22%	-433	0%	-1,543	-1,184	30%
Depreciation, amortisation and impairment of property, equipment and intangible assets	0	0		-212	-100%	-2	-304	-99%
Total expenses	-800	-966	-17%	-1,017	-21%	-3,226	-2,915	11%
Net credit losses	-25	-20	-25%	41		29	64	-55%
Gains/losses on disposal of property, equipment and intangible assets	-	2		-2	0%	2	-2	0%
Risk tax and resolution fee	-37	-41	-10%	-39	-5%	-160	-151	6%
Profit for the period from discontinued operations before tax	531	160	232%	157	238%	1,245	1,205	3%
Taxes	-448	5		-232	93%	-617	-510	21%
Profit for the period from discontinued operations after tax	84	165	-49%	-75		629	695	-9%
Other expenses related to discontinued operations	-27	-		-		-27	-	
Taxes	6	-		-		6	-	
Profit for the period pertaining to discontinued operations, after tax	63	165	-62%	-75		608	695	-13%
Capital gain from disposal of discontinued operations before tax	235					235		
Taxes	-561					-561		
Capital gain from disposal of discontinued operations after tax	-326					-326		
Profit for the period from discontinued operations after tax	-265	165		-75	-253%	280	695	-60%
Material internal transactions with continuing operations, which are eliminated in the income statement above**:								
Total income	-343	-108		139		-287	452	
Total expenses	-30	-54		-42		-202	-225	

* Additional expenses arise in Sweden relating to the divestment of the discontinued operations, which are attributed to discontinued operations. These include, for example, consultancy fees and legal costs.

** Only external income and expenses are included in profits 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. Thus, loans to the public in Denmark and Finland are funded through internal loans from Group Treasury. Interest expenses deriving from internal borrowing are eliminated in the accounting, and are therefore not included in the net interest income figure above.

Income, expenses and profits, discontinued operations in Denmark

SEK m	Q4 2022	Q3 2022	Change	Q4 2021	Change	Full year 2022	Full year 2021	Change
Net interest income	399	495	-19%	401	0%	1,712	1,602	7%
Net fee and commission income	143	168	-15%	187	-23%	701	757	-7%
Net gains/losses on financial transactions	-26	-27	4%	43		-49	171	
Risk result - insurance	-	-		0		1	1	0%
Other income	20	26	-23%	33	-39%	49	40	22%
Total income	535	662	-19%	664	-19%	2,413	2,571	-6%
Staff costs	-149	-468	-68%	-226	-34%	-1,035	-885	17%
Other expenses	-276	-203	36%	-154	79%	-768	-554	39%
Depreciation, amortisation and impairments of property, equipment and intangible assets	-	-		0		-	-44	
Total expenses	-425	-671	-37%	-380	12%	-1,803	-1,483	22%
Net credit losses	-6	-19	68%	8		38	23	65%
Gains/losses on disposal of property, equipment and intangible assets	-	2		-2		2	-2	
Risk tax and resolution fee	-11	-16	-31%	-16	-31%	-58	-62	-6%
Profit for the period from discontinued operations before tax	94	-42		274	-66%	593	1,047	-43%
Tax	19	33	-42%	-46		-57	-193	-70%
Profit for the period from discontinued operations after tax	113	-9		228	-50%	536	854	-37%
Capital gain from disposal of discontinued operations before tax	235	-		-		235	-	
Taxes	-561	-		-		-561	-	
Capital gain from disposal of discontinued operations after tax	-326	-		-		-326	-	
Profit for the period pertaining to discontinued operations, after tax	-213	-		-		210	-	

Material internal transactions with continuing operations, which are eliminated in the income statement above*:

Total income	-68	-64		-29		-177	-142	
Total expenses	-20	-22		-20		-89	-88	

Income, expenses and profits, discontinued operations in Finland

SEK m	Q4 2022	Q3 2022	Change	Q4 2021	Change	Full year 2022	Full year 2021	Change
Net interest income	746	417	79%	241	210%	1,722	1,004	72%
Net fee and commission income	98	95	3%	123	-20%	406	433	-6%
Net gains/losses on financial transactions	10	9	11%	11	-9%	37	54	-31%
Risk result - insurance	2	1	100%	1	100%	2	7	-71%
Other income	1	3	-67%	134	-99%	19	140	-86%
Total income	857	523	64%	510	68%	2,186	1,638	33%
Staff costs	-220	-146	51%	-146	51%	-647	-542	19%
Other expenses	-157	-149	5%	-279	-44%	-775	-630	23%
Depreciation, amortisation and impairments of property, equipment and intangible assets	0	0		-212	-100%	-2	-260	-99%
Total expenses	-375	-295	27%	-637	-41%	-1,423	-1,432	-1%
Net credit losses	-20	-1		33		-10	41	
Gains/losses on disposal of property, equipment and intangible assets	-	0		0		0	0	0%
Risk tax and resolution fee	-26	-25	4%	-23	13%	-102	-89	15%
Profit for the period from discontinued operations before tax	437	202	116%	-117		652	158	313%
Tax	-467	-28		-186	151%	-560	-317	77%
Profit for the period from discontinued operations after tax	-31	174		-303	90%	91	-159	

Material internal transactions with continuing operations, which are eliminated in the income statement above*:

Total income	-275	-44		168		-110	594	
Total expenses	-10	-32		-22		-113	-137	

* Only external income and expenses are included in profits 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. Thus, loans to the public in Denmark and Finland are funded through internal loans from Group Treasury. Interest expenses deriving from internal borrowing are eliminated in the accounting, and are therefore not included in the net interest income figure above.

Fee and commission income, discontinued operations in Denmark

SEK m	Q4 2022	Q3 2022	Change	Q4 2021	Change	Full year 2022	Full year 2021	Change
Brokerage and other securities commissions	7	11	-36%	13	-46%	41	60	-32%
Mutual funds	28	37	-24%	46	-39%	147	173	-15%
Custody and other asset management fees	24	37	-35%	40	-40%	148	179	-17%
Advisory services	3	4	-25%	3	0%	22	19	16%
Insurance	-2	6		6		22	24	-8%
Payments	78	46	70%	38	105%	205	171	20%
Loans and deposits	9	13	-31%	17	-47%	55	61	-10%
Guarantees	10	16	-38%	18	-44%	65	72	-10%
Other	10	16	-38%	17	-41%	64	83	-23%
Total fee and commission income	166	186	-11%	198	-16%	768	842	-9%

Fee and commission income, discontinued operations in Finland

SEK m	Q4 2022	Q3 2022	Change	Q4 2021	Change	Full year 2022	Full year 2021	Change
Brokerage and other securities commissions	2	1	100%	11	-82%	8	27	-70%
Mutual funds	2	2	0%	1	100%	8	7	14%
Custody and other asset management fees	11	9	22%	13	-15%	44	48	-8%
Advisory services				2			4	
Insurance	20	21	-5%	23	-13%	84	87	-3%
Payments	50	45	11%	57	-12%	203	297	-32%
Loans and deposits	22	19	16%	21	5%	79	90	-12%
Guarantees	5	5	0%	4	25%	20	20	0%
Other	3	3	0%	4	-25%	13	15	-13%
Total fee and commission income	114	105	9%	136	-16%	458	595	-23%

Cash flows, discontinued operations

SEK m	Full year 2022	Full year 2021
Cash flow from operating activities	-123,159	28,015
Cash flow from investing activities	-11	-189
Cash flow from financing activities	-	-45
Cash flow for the period from discontinued operations	-123,171	27,781

The operations in Denmark were divested during Q4. The cash flow statement for discontinued operations 2022 thus covers the operations in Finland only. Cash flows from the divestment of the operations in Denmark are included in the cash flows from investing activities in the Condensed statement of cash flows – Group (see page 30).

Note 10 Derivatives

SEK m	31 Dec 2022	30 Sep 2022	30 Jun 2022	31 Mar 2022	31 Dec 2021
Positive market values					
Trading	74,801	106,788	82,854	46,136	28,751
Fair value hedges	16,972	21,285	15,482	8,756	3,563
Cash flow hedges	25,600	38,298	24,507	12,332	16,229
Amounts offset	-81,112	-84,395	-67,765	-42,891	-20,035
Total	36,261	81,976	55,078	24,333	28,508
Negative market values					
Trading	78,199	75,024	62,347	42,735	23,729
Fair value hedges	27,349	27,077	17,955	10,690	2,428
Cash flow hedges	6,050	5,337	3,287	5,131	4,683
Amounts offset	-82,558	-80,504	-61,807	-38,737	-17,056
Total	29,040	26,934	21,782	19,819	13,784
Nominal value					
Trading	3,762,560	4,007,177	4,297,270	4,177,320	3,407,181
Fair value hedges	578,034	597,717	551,758	500,721	460,982
Cash flow hedges	562,999	592,710	578,984	561,381	588,069
Amounts offset	-2,826,362	-2,827,030	-2,784,212	-2,760,110	-2,691,986
Total	2,077,231	2,370,574	2,643,800	2,479,312	1,764,246

In this note, derivative contracts are presented on a gross basis. Amounts offset on the balance sheet consist of the offset market value of contracts for which there is a 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.

Note 11 Offsetting of financial instruments

31 December 2022 SEK m	Derivatives	Repurchase agreements, securities borrowing and similar agreements	Total
Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements			
Gross amount	117,373	18,416	135,789
Amounts offset	-81,112	-4,833	-85,945
Carrying amount on the balance sheet	36,261	13,583	49,844
Related amounts not offset on the balance sheet			
Financial instruments, netting arrangements	-11,031	-	-11,031
Financial assets received as collateral	-21,972	-13,568	-35,540
Total amounts not offset on the balance sheet	-33,003	-13,568	-46,571
Net amount	3,258	15	3,273
Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements			
Gross amount	111,598	4,838	116,436
Amounts offset	-82,558	-4,833	-87,391
Carrying amount on the balance sheet	29,040	5	29,045
Related amounts not offset on the balance sheet			
Financial instruments, netting arrangements	-11,031	-	-11,031
Financial assets pledged as collateral	-5,897	-5	-5,902
Total amounts not offset on the balance sheet	-16,928	-5	-16,933
Net amount	12,112	-	12,112

31 December 2021 SEK m	Derivatives	Repurchase agreements, securities borrowing and similar agreements	Total
Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements			
Gross amount	48,543	33,836	82,379
Amounts offset	-20,035	-7,110	-27,145
Carrying amount on the balance sheet	28,508	26,726	55,234
Related amounts not offset on the balance sheet			
Financial instruments, netting arrangements	-9,294	-	-9,294
Financial assets received as collateral	-13,322	-26,700	-40,022
Total amounts not offset on the balance sheet	-22,616	-26,700	-49,316
Net amount	5,892	26	5,918
Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements			
Gross amount	30,840	7,323	38,163
Amounts offset	-17,056	-7,110	-24,166
Carrying amount on the balance sheet	13,784	213	13,997
Related amounts not offset on the balance sheet			
Financial instruments, netting arrangements	-9,294	-	-9,294
Financial assets pledged as collateral	-1,467	-213	-1,680
Total amounts not offset on the balance sheet	-10,761	-213	-10,974
Net amount	3,023	-	3,023

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. Repurchase agreements and reverse repurchase agreements with central counterparty clearing houses are offset on the balance sheet when doing so reflects the Bank's expected cash flows upon the settlement of two or more agreements. 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 in the event of cancelled payment, i.e. the netting of positive and negative values in all derivative transactions with one and the same counterparty in the case of bankruptcy. The Bank's policy is to sign netting agreements with all bank counterparties. These netting agreements are supplemented with agreements on the pledging of collateral for the net exposure. Cash is primarily pledged as collateral, although government instruments are also used in some cases. Collateral for repurchase agreements and for the depositing and lending of securities is, as a rule, in the form of cash or other securities.

The amount offset for derivative assets includes offset cash collateral of SEK 11,346m (3,315) derived from the balance sheet item Deposits and borrowing from the public. The amount offset for derivative liabilities includes offset cash collateral of SEK 12,791m (335), derived from the balance sheet item Loans to the public.

Note 12 Goodwill and other intangible assets

SEK m	Goodwill		Other intangible assets		Total	
	Full year 2022	Full year 2021	Full year 2022	Full year 2021	Full year 2022	Full year 2021
Opening residual value	4,357	6,822	3,945	4,508	8,302	11,330
Additional during the period	-	-	703	539	703	539
Reclassified as assets held for sale	-	-2,569	-	-172	-	-2,741
The period's amortisation	-	-	-661	-669	-661	-669
The period's impairments	-	-18	-21	-313	-21	-331
Foreign exchange effect	41	122	38	52	79	174
Closing residual value	4,397	4,357	4,005	3,945	8,402	8,302

Note 13 Due to credit institutions, deposits and borrowing from the public

SEK m	31 Dec 2022	30 Sep 2022	30 Jun 2022	31 Mar 2022	31 Dec 2021
Due to credit institutions	81,693	120,251	121,449	111,179	83,034
<i>of which repos</i>	-	-	-	-	-
Deposits and borrowing from the public	1,325,061	1,465,457	1,448,836	1,377,477	1,286,637
<i>of which repos</i>	5	12,182	11,306	10,863	213

Note 14 Issued securities

SEK m	Full year 2022	Full year 2021
Issued securities at beginning of year	1,353,768	1,310,737
Issued	1,064,019	1,015,801
Repurchased	-57,759	-54,381
Matured	-926,079	-939,884
Foreign exchange effect etc.	40,852	21,495
Issued securities at end of period	1,474,801	1,353,768

Note 15 Pledged assets, contingent liabilities and commitments

SEK m	31 Dec 2022	30 Sep 2022	30 Jun 2022	31 Mar 2022	31 Dec 2021
Assets pledged for own debt	979,378	953,571	954,996	1,000,172	971,433
Other pledged assets	15,850	14,978	16,629	15,041	14,230
Contingent liabilities	60,975	67,456	69,517	77,919	71,756
Commitments	459,114	482,570	491,180	480,812	486,517

Note 16 Classification of financial assets and liabilities

31 December 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 hedge instruments				
SEK m							
Assets							
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				14,796	14,810	14,810
Total	256,028	148,600	21,349	10,626	2,985,493	3,422,096	3,392,179
Investments in associates						561	
Non-financial assets						31,058	
Total assets						3,453,716	
Liabilities							
Due to credit institutions					82,372	82,372	82,395
Deposits and borrowing from the public					1,382,422	1,382,422	1,381,640
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				11,224	11,235	11,235
Subordinated liabilities					42,404	42,404	42,430
Total	20,233	222,038	12,392		2,991,662	3,246,325	3,202,715
Non-financial liabilities						11,361	
Total liabilities						3,257,686	

31 December 2021	Fair value through profit or loss					Amortised cost	Total carrying amount	Fair value
	Mandatory	Fair value option	Derivatives identified as hedge instruments	Fair value through other comprehensive income				
SEK m								
Assets								
Cash and balances with central banks					439,964	439,964	439,964	
Other loans to central banks					1,462	1,462	1,462	
Interest-bearing securities eligible as collateral with central banks	2,513	97,628		397	24	100,562	100,562	
Loans to other credit institutions					21,838	21,838	21,839	
Loans to the public					2,413,829	2,413,829	2,416,796	
Value change of interest-hedged item in portfolio hedge					-1,900	-1,900		
Bonds and other interest-bearing securities	5,310	19,008		9,016		33,334	33,334	
Shares	19,026			908		19,934	19,934	
Assets where the customer bears the value change risk	252,924				64	252,988	252,988	
Derivative instruments	17,300		11,218			28,518	28,518	
Other assets	18				6,147	6,165	6,165	
Total	297,091	116,636	11,218	10,321	2,881,428	3,316,694	3,321,562	
Investments in associates						478		
Non-financial assets						29,592		
Total assets						3,346,764		
Liabilities								
Due to credit institutions					83,608	83,608	83,992	
Deposits and borrowing from the public					1,400,757	1,400,757	1,400,721	
Liabilities where the customer bears the value change risk		252,924			64	252,988	252,988	
Issued securities	1,681				1,352,087	1,353,768	1,359,934	
Derivative instruments	8,843		4,966			13,809	13,809	
Short positions	4,105					4,105	4,105	
Other liabilities	7				12,405	12,412	12,412	
Subordinated liabilities					32,257	32,257	33,645	
Total	14,636	252,924	4,966		2,881,178	3,153,704	3,161,606	
Non-financial liabilities						11,329		
Total liabilities						3,165,033		

Assets and liabilities in the tables above include the Finland disposal group, which has been reclassified to Assets held for sale and Liabilities held for sale in the balance sheet, respectively (see Note 9). The comparative figures also include the Denmark disposal group, which was divested during Q4 2022.

Note 17 Fair value measurement of financial instruments

31 December 2022 SEK m	Level 1	Level 2	Level 3	Total
Assets				
Interest-bearing securities eligible as collateral with central banks	132,778	-	-	132,778
Bonds and other interest-bearing securities	31,939	758	-	32,697
Shares	12,141	501	173	12,815
Assets where the customer bears the value change risk	220,766	747	525	222,038
Derivative instruments	49	36,173	39	36,261
Total	397,673	38,179	737	436,589
Liabilities				
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
Total	222,678	31,410	564	254,652

31 December 2021 SEK m	Level 1	Level 2	Level 3	Total
Assets				
Interest-bearing securities eligible as collateral with central banks	100,213	325	-	100,538
Bonds and other interest-bearing securities	25,561	7,773	-	33,334
Shares	18,386	909	639	19,934
Assets where the customer bears the value change risk	251,977	463	484	252,924
Derivative instruments	22	28,453	43	28,518
Total	396,159	37,923	1,166	435,248
Liabilities				
Liabilities where the customer bears the value change risk	251,977	463	484	252,924
Issued securities	-	1,681	-	1,681
Derivative instruments	46	13,720	43	13,809
Short positions	3,903	202	-	4,105
Total	255,926	16,066	527	272,519

Assets and liabilities in the tables above include the Finland disposal group, which has been reclassified to Assets held for sale and Liabilities held for sale in the balance sheet, respectively (see Note 9). The comparative figures also include the Denmark disposal group, which was divested during Q4 2022.

Valuation process

The risk control function checks that the Group's financial instruments are correctly valued. As far as is possible, the valuations are based on external data.

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 received 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.

For financial instruments where there is no reliable information about market prices, fair value is established using valuation models. These models can, for example, be based on price comparisons, present value calculations or option valuation theory depending on the nature of the instrument.

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 instruments 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 currency-related derivatives. Financial instruments whose valuation 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 2021), the instrument has been moved between the levels in the table. Holdings of bonds and other interest-bearing securities worth SEK 4.7bn were transferred from level 2 to level 1 during the year. Derivative liabilities worth SEK 16m were transferred from level 1 to level 2. 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 (see next page).

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 example, 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 in 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. Most of these holdings represent investment assets in the Group's insurance operations. Value changes in the investment assets are included in the basis for calculating the yield split in the insurance operations and are therefore not reported directly in the income statement.

The derivatives component in some of the Bank's issued structured bonds and the related hedging derivatives are also categorised as 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.

which form the basis of the valuations are regularly validated to ensure that they are consistent with market practice and established financial theory. In cases where there are positive differences between the value calculated with the help of a valuation model at initial recognition and the transaction price (day 1 gains/losses), the difference is accrued over the life of the financial instrument. Such differences occur when the applied valuation model does not fully capture all the components which affect the value of the instrument. Day 1 gains/losses are comprised of the Bank's profit margin and remuneration for, for example, capital costs and administrative costs. During the year, an accrual effect of SEK 158m (172) was recognised under Net gains/losses on financial transactions. At the end of the year, non-recognised day 1 gains/losses totalled SEK 447m; at year-end 2021, the corresponding figure was SEK 489m.

Differences between the transaction price and the value measured by a valuation model

The models use input data in the form of market prices and other variables that are deemed to affect pricing. The models and input data

Change in holdings in level 3

	Shares	Derivative assets	Derivative liabilities	Assets where the customer bears the value change risk	Liabilities where the customer bears the value change risk
January - December 2022 SEK m					
Carrying amount at beginning of year	639	43	-43	484	-484
Acquisitions	-	34	-39	-	-
Repurchases/sales	-472	-43	41	-	-
Matured during the period	-	-	-	-	-
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	-	-
Carrying amount at end of period	173	39	-39	525	-525

	Shares	Derivative assets	Derivative liabilities	Assets where the customer bears the value change risk	Liabilities where the customer bears the value change risk
January - December 2021 SEK m					
Carrying amount at beginning of year	550	80	-80	474	-474
Acquisitions	33	1	-2	-	-
Repurchases/sales	-3	9	-7	-	-
Matured during the period	-	-	-	-	-
Unrealised value change in income statement	51	-131	130	10	-10
Unrealised value change in other comprehensive income	8	-	-	-	-
Transfer from level 1 or 2	-	10	-10	-	-
Transfer to level 1 or 2	-	74	-74	-	-
Carrying amount at end of period	639	43	-43	484	-484

Note 18 Assets and liabilities by currency

31 December 2022 SEK m	SEK	EUR	NOK	DKK	GBP	USD	Other currencies	Total
Assets								
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	-	0	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	301,000							301,000
Total assets	2,128,242	471,184	341,916	9,902	344,277	155,503	2,691	3,453,716
Liabilities								
Due to credit institutions	17,760	50,548	29	1,906	115	11,990	23	82,372
Deposits and borrowing from the public	854,602	136,375	91,473	1,201	252,592	43,167	3,011	1,382,422
<i>of which corporates</i>	370,568	103,155	58,072	1,110	179,920	39,354	2,184	754,362
<i>of which households</i>	484,035	33,220	33,401	91	72,672	3,814	828	628,060
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	471,716							471,716
Total liabilities and equity	1,855,329	551,311	117,330	3,107	298,044	605,483	23,110	3,453,716
Other assets and liabilities broken down by currency (net)		80,111	-224,480	-6,820	-46,235	449,902	20,487	
Net foreign currency position		-16	105	-24	-2	-78	68	53

31 December 2021 SEK m	SEK	EUR	NOK	DKK	GBP	USD	Other currencies	Total
Assets								
Cash and balances with central banks	93,293	149,547	4,578	28,282	101,196	63,008	60	439,964
Other loans to central banks	-	-	-	207	1,255	-	-	1,462
Loans to other credit institutions	1,073	3,587	12,122	51	1,140	3,335	530	21,838
Loans to the public	1,496,800	245,760	294,946	107,914	251,793	13,567	3,049	2,413,829
<i>of which corporates</i>	537,399	149,031	183,442	43,663	174,344	13,376	1,555	1,102,810
<i>of which households</i>	959,401	96,729	111,504	64,251	77,449	191	1,494	1,311,019
Interest-bearing securities eligible as collateral with central banks	91,630	5,658	335	26	-	2,913	-	100,562
Bonds and other interest-bearing securities	23,131	965	8,741	17	-	480	-	33,334
Other items not broken down by currency	335,775							335,775
Total assets	2,041,702	405,517	320,722	136,497	355,384	83,303	3,639	3,346,764
Liabilities								
Due to credit institutions	12,903	49,968	14,376	248	79	5,984	50	83,608
Deposits and borrowing from the public	842,173	151,481	89,516	52,166	231,861	31,233	2,327	1,400,757
<i>of which corporates</i>	386,274	120,367	59,662	28,818	162,303	26,964	1,605	785,993
<i>of which households</i>	455,899	31,114	29,854	23,348	69,558	4,269	722	614,764
Issued securities	500,864	385,000	30,207	7	69,192	351,169	17,329	1,353,768
Subordinated liabilities	3,003	15,547	-	-	0	13,707	-	32,257
Other items not broken down by currency, incl. equity	476,374							476,374
Total liabilities and equity	1,835,317	601,996	134,099	52,421	301,132	402,093	19,706	3,346,764
Other assets and liabilities broken down by currency (net)		196,428	-186,467	-84,073	-54,145	318,781	16,124	
Net foreign currency position		-51	156	3	107	-9	57	263

Assets and liabilities in the tables above include the Finland disposal group, which has been reclassified to Assets held for sale and Liabilities held for sale in the balance sheet, respectively (see Note 9). The comparative figures also include the Denmark disposal group, which was divested during Q4 2022.

Note 19 Own funds and capital requirements in the consolidated situation

The requirements for the calculation of own funds and capital requirements are regulated in Regulation (EU) No 575/2013 (CRR) and Directive 2013/36/EU, which comprise the EU's implementation of the international Basel III regulations. All references to CRR in this report refer to these regulations in their entirety, regardless of legislative form (regulation, directive, executive decree or national implementation). Figures reported in this section refer to the minimum capital requirements under Pillar 1 and meet the requirements for publication of information relating to capital adequacy in CRR Part Eight, as well as in the Swedish Financial Supervisory Authority's regulation FFFS 2014:12. Information regarding the total capital requirement and common equity tier 1 capital requirements in Pillar 2 is provided in the Group performance section. They fulfil the requirements set out in the regulations and general guidelines issued by the Swedish Financial Supervisory Authority, FFFS 2008:25 Annual reports in credit institutions and securities companies. Information in this section relates to Handelsbanken's material risks and capital requirement as of the publication date of this report. A full description of the Bank's risks and capital management can be found in Handelsbanken's Annual Report and in Handelsbanken's Risk and Capital – Information according to Pillar 3.

Key metrics

	31 Dec 2022	30 Sep 2022	30 Jun 2022	31 Mar 2022	31 Dec 2021
Available own funds					
Common equity tier 1 (CET1) capital	158,551	157,550	155,434	152,665	149,709
Tier 1 capital	174,134	174,119	170,775	166,578	163,222
Total capital	193,186	192,695	194,039	183,956	180,458
Risk-weighted exposure amounts					
Total risk-weighted exposure amount	810,144	829,860	830,705	816,394	773,158
Capital ratios (as a percentage of risk-weighted exposure amount)					
Common equity tier 1 ratio (%)	19.6%	19.0%	18.7%	18.7%	19.4%
Tier 1 ratio (%)	21.5%	21.0%	20.6%	20.4%	21.1%
Total capital ratio (%)	23.8%	23.2%	23.4%	22.5%	23.3%
Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)					
Additional own funds requirements to address risks other than the risk of excessive leverage (%)	2.1%	2.1%	1.9%	1.9%	1.9%
of which: to be made up of CET1 capital (percentage points)	1.3%	1.3%	1.2%	1.2%	1.2%
of which: to be made up of Tier 1 capital (percentage points)	1.6%	1.6%	1.5%	1.5%	1.5%
Total SREP own funds requirements (%)	10.1%	10.1%	9.9%	9.9%	9.9%
Combined buffer requirement (as a percentage of risk-weighted exposure amount)					
Capital conservation buffer (%)	2.5%	2.5%	2.5%	2.5%	2.5%
Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)					
Institution specific countercyclical capital buffer (%)	1.0%	0.8%	0.2%	0.1%	0.1%
Systemic risk buffer (%)	3.2%	3.0%	3.0%	3.0%	3.0%
Global Systemically Important Institution buffer (%)					
Other Systemically Important Institution buffer	1.0%	1.0%	1.0%	1.0%	1.0%
Combined buffer requirement (%)	7.7%	7.3%	6.7%	6.6%	6.6%
Overall capital requirements (%)	17.8%	17.4%	16.6%	16.6%	16.5%
CET1 available after meeting the total SREP own funds requirements (%)	13.7%	13.2%	13.0%	12.6%	13.9%
Leverage ratio					
Leverage ratio total exposure measure	3,341,332	3,604,416	3,589,683	3,441,379	3,232,291
Leverage ratio	5.2%	4.8%	4.8%	4.8%	5.0%
Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)					
Additional own funds requirements to address the risk of excessive leverage (%)					
of which: to be made up of CET1 capital (percentage points)					
Total SREP leverage ratio requirements (%)	3.0%	3.0%	3.0%	3.0%	3.0%
Liquidity coverage ratio (LCR)*					
Total high-quality liquid assets (HQLA) (Weighted value-average)	885,096	860,570	815,978	784,150	778,654
Cash outflows - Total weighted value	645,218	634,114	600,174	591,031	595,289
Cash inflows - Total weighted value	83,191	73,621	72,202	69,965	68,295
Total net cash outflows (adjusted value)	562,026	560,493	527,972	521,066	526,994
Liquidity coverage ratio	159%	154%	156%	151%	149%
Net stable funding ratio (NSFR)					
Total available stable funding	2,036,932	2,138,889	2,125,152	2,059,478	2,026,413
Total required stable funding	1,793,937	1,845,855	1,836,823	1,803,072	1,774,542
NSFR ratio	114%	116%	116%	114%	114%

* High quality liquid assets and cashflows refer to the average of the values at each month-end during the last 12 months. The ratio is calculated based on these averages.

Overview of risk-weighted exposure amounts

	RWEA		Own funds requirements	
	31 Dec 2022	30 Sep 2022	31 Dec 2022	30 Sep 2022
Credit risk (excluding CCR)	692,006	708,946	55,360	56,716
Of which standardised approach	182,775	182,785	14,622	14,623
Of which foundation IRB (FIRB) approach	51,700	54,988	4,136	4,399
Of which slotting approach				
Of which equities under simple risk-weighted approach	2,108	4,136	169	331
Of which advanced IRB (AIRB) approach	221,403	232,128	17,712	18,570
Of which risk weight floors	234,020	234,909	18,722	18,793
Counterparty credit risk - CCR	11,833	14,804	947	1,184
Of which standardised approach	8,255	10,325	660	826
Of which internal model method (IMM)				
Of which exposures to a CCP	174	186	14	15
Of which credit valuation adjustment - CVA	2,802	3,559	224	285
Of which other CCR	602	734	48	59
Settlement risk				
Securitisation exposures in the non-trading book (after the cap)				
Of which SEC-IRBA approach				
Of which SEC-ERBA (including IAA)				
Of which SEC-SA approach				
Of which 1,250%/ deduction				
Position, foreign exchange and commodities risks (market risk)	34,654	34,459	2,772	2,757
Of which standardised approach	34,654	34,459	2,772	2,757
Of which IMA				
Large exposures				
Operational risk	71,651	71,651	5,732	5,732
Of which basic indicator approach				
Of which standardised approach	71,651	71,651	5,732	5,732
Of which advanced measurement approach				
Amounts below the thresholds for deduction (subject to 250% risk weight)				
Total	810,144	829,860	64,812	66,389

Capital requirement credit risk

The capital requirement for credit risk is calculated according to the standardised approach and the IRB approach in accordance with CRR. There are two different IRB approaches: the IRB approach without own estimates of LGD and CCF, and the IRB approach with own estimates of LGD and CCF.

In the IRB approach without own estimates of LGD and CCF, the Bank uses its own method to determine the probability of the customer defaulting within one year (PD), while the other parameters are set out in CRR rules. In the IRB approach with own estimates of LGD and CCF, the Bank uses its own methods to calculate the loss given default (LGD) and the exposure amount.

Handelsbanken uses the IRB approach without own estimates of LGD and CCF for exposures to sovereigns and institutions, for certain product and collateral and counterparty types for corporate exposures in the whole of the branch operations, and in the following subsidiaries: Stadshypotek AB, Handelsbanken Finans AB and Ecster AB. Exposures in Handelsbanken Plc are reported according to the standardised approach.

The IRB approach with own estimates of LGD and CCF is applied to the majority of exposures to large corporates, medium-sized companies, property companies and housing co-operative associations in branch operations (excluding the Netherlands), Handelsbanken Capital Markets, Stadshypotek AB and Handelsbanken Finans AB, Ecster AB, and retail exposures in Sweden, Norway, Finland and Denmark, as well as in the subsidiaries Stadshypotek AB, Handelsbanken Finans AB and Ecster AB. Risk weight floors are applied for mortgages in Sweden and Norway, for both mortgage loans and corporate exposures secured by real estate.

At the end of the quarter, the IRB approach was applied to 74% of the total risk-weighted exposure amount for credit risk, including the effect

of the risk weight floor. For the remaining credit risk exposures, the capital requirements are calculated using the standardised approach.

Of Handelsbanken's corporate exposures, 99% were to customers with a repayment capacity assessed as normal or better than normal, i.e. with a rating grade between 1 and 5 on the Bank's nine-point risk rating scale. The IRB approach is based on historical losses from both the financial crisis of recent years and the Swedish banking crisis in the early 1990s. These risk weights reflect the fact that Handelsbanken has reported low credit losses over a long period. The risk measurements applied contain margins of conservatism to ensure that the risk is not underestimated.

The capital requirements for equity exposures in the IRB approach are calculated according to a simplified risk weight method.

Capital requirement market risk

The capital requirement for market risks 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 risks, the standardised approach is applied.

Capital requirement 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 years of operation. Different factors are applied in different business segments.

Note 20 Risk and liquidity

Figures reported in this section meet the requirements for publication of information relating to risk and capital management in CRR Part Eight.

Risk and uncertainty factors

Handelsbanken provides credit through its branch operations, exercising a low risk tolerance. The credit process is based on the conviction that a decentralised organisation with local presence ensures high quality in credit decisions. Handelsbanken's exposure to market risks is also low. Essentially, market risks in the Bank's business operations are only taken as part of meeting customers' investment and risk management needs. The situation with regard to regulatory developments continues to evolve rapidly. This rate of change, combined with the scope and complexity of the financial regulations, is the source of compliance risks for the Bank. Handelsbanken devotes significant resources to ensuring that the Bank follows applicable regulations at any given time. Handelsbanken's low tolerance of risk means that the Bank is also well-equipped to operate under difficult

market conditions. This applies to the changed environment for interest rates and inflation, partly caused by Russia's invasion of Ukraine, which has brought about increased uncertainty in the European and global economies. Handelsbanken has no direct exposures to Russia, Ukraine or Belarus. Nonetheless, geopolitical developments may entail indirect risks for the Bank. Given this situation, Handelsbanken is maintaining its strict view of credit risks and the normal credit process established at the Bank. Russia's invasion of Ukraine also heightens the risk of different types of cyberattack on critical infrastructure. The Bank's security department is monitoring developments and assesses the risk of various scenarios on an ongoing basis.

Liquidity and funding

Handelsbanken has a low tolerance of liquidity risks and works actively to minimise them, at aggregate level and also in each individual currency. The aim is to have good access to liquidity, a low level of variation in results and a considerable capacity to meet customers' funding requirements, 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. 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.

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 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. These can also provide the Bank with immediate liquidity. These parts of the liquidity reserve are illustrated in the table and amounted to SEK 676bn at 31 December 2022. The remainder of the liquidity reserve comprises an unutilised issue amount for covered bonds and other liquidity-creating measures.

Balances with central banks and banks, and securities holdings in the liquidity reserve

	31 Dec 2022	30 Sep 2022	30 Jun 2022	31 Mar 2022	31 Dec 2021
Market value, SEK m					
Level 1 assets	675,238	839,101	824,191	730,345	592,976
Cash and balances with central banks	505,339	639,308	651,029	552,115	438,668
Securities issued or guaranteed by sovereigns, central banks, MDBs and international organisations	135,491	139,826	127,402	130,753	110,326
Securities issued by municipalities and PSEs	447	449	517	590	616
Extremely high quality covered bonds	33,962	59,518	45,244	46,887	43,366
Level 2 assets	1,139	6,213	2,125	2,960	2,649
Level 2A assets	1,047	6,030	1,945	2,659	2,449
<i>Securities issued or guaranteed by sovereigns, central banks, municipalities and PSEs</i>	36	3,744	501	844	617
<i>High quality covered bonds</i>	1,011	2,286	1,444	1,815	1,832
<i>Corporate debt securities (lowest rating AA-)</i>	-	-	-	-	-
Level 2B assets	91	183	179	301	200
<i>Asset-backed securities</i>	-	-	-	-	-
<i>High quality covered bonds</i>	-	-	-	-	-
<i>Corporate debt securities (rated A+ to BBB-)</i>	91	183	179	301	200
<i>Shares (major stock index)</i>	-	-	-	-	-
Total liquid assets	676,377	845,314	826,316	733,305	595,625
<i>of which in SEK</i>	238,066	300,841	274,225	252,423	211,451
<i>of which in EUR</i>	175,457	207,206	214,108	165,307	158,159
<i>of which in USD</i>	138,867	158,275	163,140	157,091	65,596
<i>of which in other currencies</i>	123,987	178,992	174,843	158,484	160,419

31 December 2022					
Market value, SEK m	SEK	EUR	USD	Other	Total
Level 1 assets	237,836	175,150	138,355	123,897	675,238
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
Level 2 assets	230	307	512	90	1,139
Level 2A assets	230	215	512	90	1,047
<i>Securities issued or guaranteed by sovereigns, central banks, municipalities and PSEs</i>	-	-	-	36	36
<i>High quality covered bonds</i>	230	215	512	54	1,011
<i>Corporate debt securities (lowest rating AA-)</i>	-	-	-	-	-
Level 2B assets	-	91	-	-	91
<i>Asset-backed securities</i>	-	-	-	-	-
<i>High quality covered bonds</i>	-	-	-	-	-
<i>Corporate debt securities (rated A+ to BBB-)</i>	-	91	-	-	91
<i>Shares (major stock index)</i>	-	-	-	-	-
Total liquid assets	238,066	175,457	138,867	123,987	676,377

Maturities for financial assets and liabilities

31 December 2022 SEK m	Up to 30 days	31 days - 6 mths	6 - 12 mths	1 - 2 yrs	2 - 5 yrs	5 yrs -	Unspec. maturity	Total
Assets								
Cash and balances with central banks	508,502	-	-	-	-	-	-	508,502
Interest-bearing securities eligible as collateral with central banks *	132,778	-	-	-	-	-	-	132,778
Bonds and other interest-bearing securities *	32,697	-	-	-	-	-	-	32,697
Loans to credit institutions	6,339	84	84	84	84	84	84	6,841
<i>of which reverse repos</i>	-	-	-	-	-	-	-	-
Loans to the public	61,248	274,745	274,745	274,745	274,745	274,745	274,745	1,709,718
<i>of which reverse repos</i>	12,912	-	-	-	-	-	-	12,912
Other **	23,717	-	-	-	-	-	-	23,717
<i>of which shares and participating interests</i>	12,815	-	-	-	-	-	-	12,815
<i>of which claims on investment banking settlements</i>	10,902	-	-	-	-	-	-	10,902
Total	765,280	274,829	274,829	274,829	274,829	274,829	274,829	2,414,252
Total financial liabilities								
Due to credit institutions ***	38,277	27,118	3,510	931	269	1,459	10,809	82,373
<i>of which repos</i>	-	-	-	-	-	-	-	-
<i>of which deposits from central banks</i>	14,148	19,800	2,610	-	-	-	3	36,561
Deposits and borrowing from the public ***	27,196	75,862	36,512	10,016	2,084	5,849	1,224,903	1,382,422
<i>of which repos</i>	4	-	-	-	-	-	-	4
Issued securities	91,357	498,577	177,099	177,209	406,498	124,061	-	1,474,801
<i>of which covered bonds</i>	7,833	72,411	6,279	150,125	311,696	73,535	-	621,879
<i>of which bank certificates (CDs) with original maturity of less than one year</i>	34,609	192,295	56,829	-	-	-	-	283,733
<i>of which corporate certificates (CPs) with original maturity of less than one year</i>	48,824	205,992	73,098	-	-	-	-	327,914
<i>of which bank certificates (CDs) and corporate certificates (CPs) with original maturity above one year</i>	-	6,195	8,940	526	-	-	-	15,661
<i>of which Senior Non-Preferred Bonds</i>	-	-	-	-	24,542	24,122	-	48,664
<i>of which senior bonds and other securities with original maturity of more than one year</i>	90	21,684	31,953	26,558	70,260	26,404	-	176,949
Subordinated liabilities	-	8,350	-	13,086	10,667	10,303	-	42,406
Other **	5,026	-	-	-	-	-	466,690	471,716
<i>of which short positions</i>	1,939	-	-	-	-	-	-	1,939
<i>of which investment banking settlement debts</i>	3,087	-	-	-	-	-	-	3,087
Total	161,856	609,907	217,121	201,242	419,518	141,672	1,702,402	3,453,718

* 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. This means that the table does not reflect the actual maturities for the securities included. In "Other", assets and liabilities are reported as maturing in the time intervals that correspond to the contractual maturity dates, taking into account contractual amortisation plans.

** "Other" includes market values in derivative transactions.

*** Sight deposits are reported under "Unspecified maturity".

Liquidity coverage ratio (LCR)

	31 Dec 2022	30 Sep 2022	30 Jun 2022	31 Mar 2022	31 Dec 2021
Liquidity coverage ratio (LCR) - sub-components, SEK m					
High quality liquidity assets	673,796	840,152	822,767	729,474	592,122
Cash outflows					
Retail deposits and deposits from small business customers	65,380	70,478	72,154	68,982	66,550
Unsecured wholesale funding	293,008	415,380	368,990	338,241	289,879
Secured wholesale funding	7,351	14,003	16,041	12,139	11,305
Other cash outflows	124,709	78,856	65,123	64,559	63,566
Total cash outflows	490,448	578,717	522,308	483,921	431,300
Cash inflows					
Inflows from fully performing exposures	27,209	28,025	24,960	26,785	22,375
Other cash inflows	50,293	31,494	40,613	25,706	19,474
Total cash inflows	77,502	59,519	65,573	52,491	41,849
Liquidity coverage ratio (LCR)	163%	162%	180%	169%	152%

Net stable funding ratio (NSFR)

	31 Dec 2022	30 Sep 2022	30 Jun 2022	31 Mar 2022	31 Dec 2021
Net stable funding ratio (NSFR) - sub-components, SEK m					
Available stable funding (ASF)					
Capital items and instruments	214,134	229,506	218,869	206,938	202,877
Retail deposits	724,112	749,894	752,687	718,486	704,382
Wholesale funding	1,092,732	1,152,859	1,147,415	1,128,476	1,113,915
Other liabilities	5,954	6,630	6,180	5,578	5,239
Total Available stable funding (ASF)	2,036,932	2,138,889	2,125,152	2,059,478	2,026,413
Required stable funding (RSF)					
Total high-quality liquid assets (HQLA)	4,918	8,759	7,706	8,658	7,927
Assets encumbered for more than 12 months in cover pool	483,554	454,427	426,639	461,542	449,323
Performing loans and securities	1,232,720	1,302,501	1,312,824	1,249,790	1,223,354
Other assets	48,935	55,797	64,867	58,547	69,258
Off-balance sheet items	23,811	24,371	24,788	24,535	24,680
Total Required stable funding (RSF)	1,793,937	1,845,855	1,836,823	1,803,072	1,774,542
Net stable funding ratio (NSFR)	114%	116%	116%	114%	114%

The liquidity coverage ratio (LCR) has been a binding requirement for banks in the EU since the European Commission introduced its Delegated Regulation. The figure 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 minimum requirement for the structural liquidity measure, the NSFR (Net Stable Funding Ratio) – 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 over a longer time horizon. The minimum requirement applies to LCR at aggregate level, and the ratio must be at least 100%.

At the end of the quarter, the Group's aggregated LCR was 163%, which shows that the Bank has substantial resistance to short-term disruptions in the funding markets. At the same date, the Group's NSFR amounted to 114%.

Stress test with liquidity-creating measures

The governance of the Bank's liquidity situation is 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 are designed to ensure that the Bank has sufficient liquidity in various stressed scenarios and with the implementation of different measures, which are also included in the Bank's recovery plan. The stress tests are carried out with both general and idiosyncratic stress on a regular basis, as well as on an ad hoc basis. These are also supplemented with scenario analyses which take substantial falls in housing prices into account.

Resistance to more long-term disruptions in the market is measured on a daily basis through stress testing of cash flows based on certain assumptions. For example, it is assumed that the Bank cannot obtain funding in the financial markets, at the same time as 10% of non-fixed-term deposits from households and companies disappears gradually in the first month. It is further assumed that the Bank will

continue to conduct its core activities, i.e. that fixed-term deposits from and loans to households and companies will be renewed at maturity and that issued commitments and credit facilities will be partly utilised by customers. Simultaneously, consideration is given to the fact that cash, balances and other lending to central banks are components which can provide the Bank with immediate liquidity. Consideration is also given to liquid securities, such as government bonds, covered bonds and other securities of very high credit quality which can provide the Bank with immediate liquidity. In addition, the Bank can create liquidity through utilising the unutilised issue amount for covered bonds and by implementing other liquidity-creating measures to gradually provide the Bank with liquidity. With these conditions, the Bank will be liquid for more than three years.

Non-encumbered assets, NEA

31 December 2022		
SEK bn	NEA	Accumulated coverage ratio in % of unsecured funding*
Holdings with central banks and securities in the liquidity portfolio***	676	75%
Mortgage loans	800	163%
Other household lending	155	181%
Property company lending lowest risk class (1-3)	311	215%
Other corporate lending lowest risk class (1-3)	137	230%
Loans to credit institutions lowest risk class (1-3)	4	231%
Other corporate lending	321	266%
Other assets	55	272%
Total non-encumbered assets (NEA)	2,459	272%
Encumbered assets without underlying liabilities**	75	
Encumbered assets with underlying liabilities	920	
Total assets, Group	3,454	

31 December 2021		
SEK bn	NEA	Accumulated coverage ratio in % of unsecured funding*
Holdings with central banks and securities in the liquidity portfolio***	596	68%
Mortgage loans	792	158%
Other household lending	192	180%
Property company lending lowest risk class (1-3)	298	213%
Other corporate lending lowest risk class (1-3)	122	227%
Loans to credit institutions lowest risk class (1-3)	28	230%
Other corporate lending	298	264%
Other assets	36	268%
Total non-encumbered assets (NEA)	2,362	268%
Encumbered assets without underlying liabilities**	65	
Encumbered assets with underlying liabilities	920	
Total assets, Group	3,347	

* Issued short and long non-secured funding and liabilities to credit institutions.

** Over-collateralisation in cover pool (OC) and assets to cover Operational Continuity in Resolution requirement in the UK.

*** Relates to eligible as collateral value in central banks.

Information in this section relates to Handelsbanken's material risks and risk management at the time that this interim report is published. A full description of the Bank's risks and capital management can be found in Handelsbanken's Annual Report and in Handelsbanken's Risk and Capital – Information according to Pillar 3.

Note 21 Related-party transactions

There have been no transactions of material importance with related parties during the period.

Note 22 Segment reporting

Information about the Bank's segment reporting is provided on pages 12-21.

Note 23 Events after the balance sheet date

No significant events have occurred after the balance sheet date.

Condensed set of financial statements – Parent company

INCOME STATEMENT – PARENT COMPANY

SEK m	Q4 2022	Q3 2022	Change	Q4 2021	Change	Full year 2022	Full year 2021	Change
Net interest income	5,674	4,995	14%	3,492	62%	18,230	13,502	35%
Dividends received	16,516	176		16,796	-2%	16,953	17,611	-4%
Net fee and commission income	1,252	1,246	0%	1,460	-14%	5,167	5,230	-1%
Net gains/losses on financial transactions	1,352	145		-14		820	1,808	-55%
Other operating income	2,413	801	201%	1,381	75%	4,841	3,576	35%
Total income	27,207	7,363	270%	23,115	18%	46,011	41,727	10%
Staff costs	-3,070	-3,193	-4%	-2,244	37%	-11,990	-10,242	17%
Other administrative expenses	-2,158	-1,651	31%	-1,804	20%	-7,415	-6,002	24%
Depreciation, amortisation and impairment of property, equipment and intangible assets	-660	-599	10%	-826	-20%	-2,459	-2,803	-12%
Total expenses before credit losses	-5,889	-5,442	8%	-4,874	21%	-21,864	-19,047	15%
Profit before credit losses, risk tax and resolution fee	21,319	1,921		18,241	17%	24,148	22,680	6%
Net credit losses	-51	59		18		-41	-55	-25%
Impairment of financial assets	-2,280	-		-1,180	93%	-2,305	-1,180	95%
Risk tax and resolution fee	-267	-398	-33%	-43		-1,331	-366	264%
Operating profit	18,720	1,582		17,036	10%	20,471	21,079	-3%
Appropriations	-180	19		196		-160	227	
Profit before tax	18,541	1,600		17,232	8%	20,311	21,306	-5%
Taxes	-4,304	-454		-3,740	15%	-4,856	-4,618	5%
Profit for the period	14,236	1,147		13,492	6%	15,455	16,688	-7%

STATEMENT OF COMPREHENSIVE INCOME – PARENT COMPANY

SEK m	Q4 2022	Q3 2022	Change	Q4 2021	Change	Full year 2022	Full year 2021	Change
Profit for the period	14,236	1,147		13,492	6%	15,455	16,688	-7%
Other comprehensive income								
Items that will not be reclassified to the income statement								
Instruments measured at fair value through other comprehensive income - equity instruments	-49	74		13		41	62	
Tax on items that will not be reclassified to income statement <i>of which equity instruments measured at fair value through other comprehensive income</i>	-3	-15		-1		-19	-3	
	-3	-15		-1		-19	-3	
Total items that will not be reclassified to the income statement	-52	59		12		22	59	
Items that may subsequently be reclassified to the income statement								
Cash flow hedges	-931	2,022		200		3,411	246	
Instruments measured at fair value through other comprehensive income - debt instruments	25	-13		-13		-61	6	
Translation differences for the period <i>of which hedging net investment in foreign operations</i>	436	133	228%	223	96%	1,326	1,034	28%
	-14	-19	26%	4		-83	-63	-32%
Tax on items that may subsequently be reclassified to the income statement <i>of which cash flow hedges</i>	-383	-407	6%	-39		-1,251	-39	
	191	-416		-41		-703	-51	
<i>of which debt instruments measured at fair value through other comprehensive income</i>	-6	3		3		6	-1	
<i>of which hedging net investment in foreign operations</i>	3	4	-25%	-1		17	13	31%
<i>of which tax on translation difference</i>	-572	-		-		-572	-	
Total items that may subsequently be reclassified to the income statement	-853	1,735		371		3,425	1,247	175%
Total other comprehensive income for the period	-905	1,791		383		3,447	1,306	164%
Total comprehensive income for the period	13,331	2,938	354%	13,875	-4%	18,902	17,994	5%

Comment on results – Parent company January – December 2022 compared with January – December 2021

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 and the process of divesting the operations in Finland is continuing according to plan.

The parent company's operating profit fell by 3% to SEK 20,471m (21,079) compared to the previous year, mainly due to higher staff costs, a decrease in net gains/losses on financial transactions, as well as additional expenses of SEK 996m for Swedish risk tax in 2022. The 17% rise in staff costs to SEK -11,990m (-10,242) is primarily due to increases in pension disbursements and in special payroll tax during 2022, arising from the Bank's decision not to exercise its option to claim reimbursement from its pension foundation, with the aim of increasing the foundation's consolidation ratio. Moreover, employees in Denmark who remained in employment at the Bank until the divestment date for the operations received extra remuneration, as will employees in Finland who remain in employment until the corresponding date, entailing increased staff costs in 2022. The 55% decrease in net gains/losses on financial transactions to SEK 820m (1,808) is explained by the negative effects of substantially increased spreads in the market on the Bank's holdings of subordinated loans issued by the subsidiary Stadshypotek, which are valued at fair value on the balance sheet and income statement. The main item that caused operating profit to climb compared with the previous year is net interest income, which increased by 35% to SEK 18,230m (13,502). In addition, other operating income increased by 35% to SEK 4,841m (3,576), primarily due to the divestment of the Danish operations during Q4 2022, which affected other operating income in the amount of SEK 1,513m. Profit for the year decreased by 7% to SEK 15,455m (16,688). Since year-end 2021, the parent company's equity has increased to SEK 153,887m (144,220).

BALANCE SHEET – PARENT COMPANY

SEK m	31 Dec 2022	30 Sep 2022	30 Jun 2022	31 Mar 2022	31 Dec 2021
Assets					
Cash and balances with central banks	376,010	496,932	540,690	458,039	338,768
Interest-bearing securities eligible as collateral with central banks	132,778	130,097	114,338	121,996	100,538
Loans to credit institutions	1,025,664	1,105,903	1,049,080	1,012,434	986,897
Loans to the public	637,721	678,884	662,966	643,007	611,852
Value change of interest hedged item in portfolio hedge	-16,611	-20,923	-15,153	-8,413	-1,904
Bonds and other interest-bearing securities	33,339	46,795	40,785	44,963	34,323
Shares	7,112	14,312	14,819	13,470	13,481
Shares in subsidiaries and investments in associates	70,483	72,770	72,757	72,537	71,967
Assets where the customer bears the value change risk	2,387	7,546	7,838	8,338	8,952
Derivative instruments	52,360	97,421	65,757	31,222	30,946
Intangible assets	3,144	3,046	3,098	3,110	3,129
Property, equipment and leasing assets	6,530	6,710	6,818	6,956	7,043
Current tax assets	30	2,965	2,491	1,143	0
Deferred tax assets	617	664	659	726	668
Other assets	30,166	5,457	19,609	16,262	22,287
Prepaid expenses and accrued income	1,159	1,437	1,625	1,970	1,187
Total assets	2,362,889	2,650,016	2,588,176	2,427,762	2,230,134
Liabilities and equity					
Due to credit institutions	169,617	201,904	203,503	191,834	153,490
Deposits and borrowing from the public	1,137,272	1,344,912	1,326,625	1,266,050	1,173,172
Liabilities where the customer bears the value change risk	2,387	7,546	7,838	8,338	8,952
Issued securities	806,013	849,526	811,445	725,832	679,808
Derivative instruments	36,985	33,793	27,772	25,131	21,033
Short positions	1,939	10,990	14,140	17,665	4,105
Current tax liabilities	-	-	-	0	264
Deferred tax liabilities	1,193	1,122	709	678	436
Provisions	646	997	1,102	984	1,011
Other liabilities	6,779	9,413	15,100	19,448	7,631
Accrued expenses and deferred income	2,901	3,567	3,263	3,438	3,049
Subordinated liabilities	42,404	45,058	38,516	31,434	32,257
Total liabilities	2,208,135	2,508,826	2,450,012	2,290,832	2,085,208
Untaxed reserves	867	687	706	706	706
Share capital	3,069	3,069	3,069	3,069	3,069
Share premium	8,758	8,758	8,758	8,758	8,758
Other funds	11,196	11,987	10,215	9,132	7,651
Retained earnings	115,409	115,471	115,344	114,844	108,054
Profit for the period	15,455	1,219	72	421	16,688
Total equity	153,887	140,503	137,458	136,224	144,220
Total liabilities and equity	2,362,889	2,650,016	2,588,176	2,427,762	2,230,134

CHANGE IN EQUITY – PARENT COMPANY

January - December 2022	Restricted equity			Unrestricted equity				Retained earnings incl. profit for the year	Total
	Share capital	Statutory reserve	Fund for internally developed software	Share premium	Hedge reserve *	Fair value reserve *	Translation reserve *		
Opening equity 2022	3,069	2,682	2,913	8,758	823	158	1,075	124,742	144,220
Profit for the period								15,455	15,455
Other comprehensive income					2,708	-33	771		3,447
<i>of which reclassified within equity</i>						-91	-573		-664
Total comprehensive income for the period		0			2,708	-33	771	15,455	18,902
Reclassified to retained earnings								664	664
Dividend								-9,900	-9,900
Group contributions provided									0
Tax effect on Group contribution									0
Effects of convertible subordinated loans									0
Fund for internally developed software			98					-98	0
Closing equity	3,069	2,682	3,010	8,758	3,531	126	1,847	130,864	153,887

January – December 2021 SEK m	Restricted equity			Unrestricted equity				Retained earnings incl. profit for the year	Total
	Share capital	Statutory reserve	Fund for internally developed software	Share premium	Hedge reserve *	Fair value reserve *	Translation reserve *		
Opening equity 2020	3,069	2,682	3,274	8,758	628	94	28	124,306	142,839
Profit for the period								16,688	16,688
Other comprehensive income					195	64	1,047		1,306
<i>of which reclassified within equity</i>							-53		-53
Total comprehensive income for the period					195	64	1,047	16,688	17,994
Reclassified to retained earnings								53	53
Dividend**								-16,666	-16,666
Fund for internally developed software			-361					361	
Closing equity	3,069	2,682	2,913	8,758	823	158	1,075	124,742	144,220

* Included in fair value fund.

** Ordinary dividends amounted to SEK 8,118m, while the special dividend amounted to SEK 8,548m. The shareholders received the special dividend in the form of shares in AB Industrivärden, which Svenska Handelsbanken AB acquired from Svenska Handelsbankens Pensionsstiftelse (Pension Foundation).

CONDENSED STATEMENT OF CASH FLOWS – PARENT COMPANY

SEK m	Full year 2022	Full year 2021
Operating profit	20,471	21,079
Adjustment from Operating profit to investment activities	-124	-
Adjustment for non-cash items in profit/loss	-13,583	-12,199
Paid income tax	-4,842	-4,269
Changes in the assets and liabilities of operating activities	1,447	39,735
Cash flow from operating activities	3,370	44,346
Disposal of operations and subsidiaries	-3,891	-
Change in shares	-83	-107
Change in property and equipment	-1,358	-1,562
Change in intangible assets	-575	-450
Cash flow from investing activities	-5,907	-2,119
Repayment of subordinated loans	-3,000	-10,130
Issued subordinated loans	11,845	-
Dividend paid	-9,900	-16,666
Received Group contributions	16,685	15,135
Cash flow from financing activities	15,630	-11,661
Liquid funds at beginning of the year	338,768	297,362
Cash flow for the period	13,093	30,566
Exchange rate difference on liquid funds	24,149	10,840
Liquid funds at end of year*	376,010	338,768

* Liquid funds are defined as Cash and balances with central banks.

OWN FUNDS AND CAPITAL REQUIREMENTS – PARENT COMPANY

Key metrics

	31 Dec 2022	30 Sep 2022	30 Jun 2022	31 Mar 2022	31 Dec 2021
Available own funds					
Common equity tier 1 (CET1) capital	130,069	130,995	130,214	129,805	129,054
Tier 1 capital	145,652	147,564	145,555	143,718	142,567
Total capital	164,704	166,140	168,819	161,096	159,803
Risk-weighted exposure amounts					
Total risk-weighted exposure amount	442,406	460,099	471,791	464,799	426,749
Capital ratios (as a percentage of risk-weighted exposure amount)					
Common equity tier 1 ratio (%)	29.4%	28.5%	27.6%	27.9%	30.2%
Tier 1 ratio (%)	32.9%	32.1%	30.9%	30.9%	33.4%
Total capital ratio (%)	37.2%	36.1%	35.8%	34.7%	37.4%
Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)					
leverage (%)	1.7%	1.7%	1.6%	1.6%	1.6%
of which: to be made up of CET1 capital (percentage points)	1.0%	1.0%	0.9%	0.9%	0.9%
of which: to be made up of Tier 1 capital (percentage points)	1.3%	1.3%	1.2%	1.2%	1.2%
Total SREP own funds requirements (%)	9.7%	9.7%	9.6%	9.6%	9.6%
Combined buffer requirement (as a percentage of risk-weighted exposure amount)					
Capital conservation buffer (%)	2.5%	2.5%	2.5%	2.5%	2.5%
Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)					
Institution specific countercyclical capital buffer (%)	1.0%	0.8%	0.3%	0.2%	0.2%
Systemic risk buffer (%)					
Global Systemically Important Institution buffer (%)					
Other Systemically Important Institution buffer					
Combined buffer requirement (%)	3.5%	3.3%	2.8%	2.7%	2.7%
Overall capital requirements (%)	13.2%	13.0%	12.3%	12.3%	12.2%
CET1 available after meeting the total SREP own funds requirements (%)	23.9%	26.4%	22.2%	25.1%	23.8%
Leverage ratio					
Leverage ratio total exposure measure	1,575,111	1,806,127	1,805,514	1,696,968	1,500,320
Leverage ratio	9.2%	8.2%	8.1%	8.5%	9.5%
Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)					
Additional own funds requirements to address the risk of excessive leverage (%)					
of which: to be made up of CET1 capital (percentage points)					
Total SREP leverage ratio requirements (%)	3.0%	3.0%	3.0%	3.0%	3.0%
Liquidity coverage ratio (LCR)*					
Total high-quality liquid assets (HQLA) (Weighted value-average)	785,155	762,242	721,374	690,055	682,980
Cash outflows - Total weighted value	628,587	622,625	599,300	592,160	593,559
Cash inflows - Total weighted value	156,413	136,185	131,736	122,643	118,459
Total net cash outflows (adjusted value)	472,174	486,440	467,564	469,517	475,100
Liquidity coverage ratio	170%	158%	156%	148%	144%
Net stable funding ratio (NSFR)					
Total available stable funding	1,306,785	1,392,059	1,382,736	1,318,109	1,271,284
Total required stable funding	1,236,712	1,295,231	1,328,763	1,274,734	1,293,235
NSFR ratio	106%	107%	104%	103%	98%

* High quality liquid assets and cashflows refer to the average of the values at each month-end during the last 12 months. The ratio is calculated based on these averages.

Overview of risk-weighted exposure amounts

	RWEA		Own funds requirements	
	31 Dec 2022	30 Sep 2022	31 Dec 2022	30 Sep 2022
Credit risk (excluding CCR)	358,567	374,768	28,685	29,981
Of which standardised approach	147,329	148,812	11,786	11,905
Of which foundation IRB (FIRB) approach	46,651	47,891	3,732	3,831
Of which slotting approach				
Of which equities under simple risk-weighted approach	1,968	3,992	157	319
Of which advanced IRB (AIRB) approach	132,266	143,112	10,581	11,449
Of which risk weight floors	30,353	30,961	2,428	2,477
Counterparty credit risk - CCR	11,819	14,771	946	1,182
Of which standardised approach	8,241	10,292	659	823
Of which internal model method (IMM)				
Of which exposures to a CCP	174	186	14	15
Of which credit valuation adjustment - CVA	2,802	3,559	224	285
Of which other CCR	602	734	48	59
Settlement risk				
Securitisation exposures in the non-trading book (after the cap)				
Of which SEC-IRBA approach				
Of which SEC-ERBA (including IAA)				
Of which SEC-SA approach				
Of which 1,250%/ deduction				
Position, foreign exchange and commodities risks (market risk)	34,928	33,468	2,794	2,677
Of which standardised approach	34,928	33,468	2,794	2,677
Of which IMA				
Large exposures				
Operational risk	37,092	37,092	2,967	2,967
Of which basic indicator approach				
Of which standardised approach	37,092	37,092	2,967	2,967
Of which advanced measurement approach				
Amounts below the thresholds for deduction (subject to 250% risk weight)				
Total	442,406	460,099	35,392	36,808

SUBMISSION OF REPORT

I hereby submit the Highlights of Annual Report 2022.

Stockholm, 8 February 2023

Carina Åkerström
President and Chief Executive Officer

Information regarding the press conference and telephone conference

A digital press conference will be held on 8 February 2023 at 9:00 a.m. (CET).

Press releases, presentations, a fact book and a recording of the press conference will be available at handelsbanken.com/ir.

The Annual and Sustainability Report for 2022 will be published in the week beginning 20 February and will be available from handelsbanken.se/ir.

The annual general meeting will be held on 22 March 2023.

The interim report for January – March 2023 will be published on 26 April 2023.

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Share price performance and other information

The Swedish stock market (OMX Stockholm 30 index) went down by 16% during the year. The Stockholm stock exchange's bank index was down 2%. Handelsbanken's class A share closed at SEK 105.10, an increase of 7%. Including the distributed dividend of SEK 5.00 per share, the total return was 13%.

Over the last five years, the Swedish stock market (OMX Stockholm 30) has gone up by 30%, while the bank index (OMX Stockholm Banks PI) has gone up by 3%. During the same period, the price of Handelsbanken's class A share has declined by 6%.

SHARE PRICE PERFORMANCE PREVIOUS 5 YEARS

Index 100 = December 29, 2017



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