

# Interim Report

January-June

# 2023

# Handelsbanken's Interim Report

## January - June 2023

- Operating profit increased by 46% to SEK 17,357m (11,905)
- C/I ratio improved to 37.8%, together with intensified investment rate in growth initiatives and profitability-generating IT development and business development
- 15.6% return on equity
- Good credit quality with a credit loss ratio of 0.01%
- Strong financial position with a common equity tier 1 ratio of 19.8%
- Highest combined credit rating in the world for a privately owned bank

SEK m	Q2 2023	Q1 2023	Change %	Change after adjustment of items affecting comparability*	Jan-Jun 2023	Jan-Jun 2022	Change %	Change after adjustment of items affecting comparability*
Net interest income	11,687	11,485	2%	1%	23,172	16,404	41%	42%
<i>of which funding costs related to discontinuing operations in Finland</i>						149		
Net fee and commission income	2,761	2,766	0%	-1%	5,527	5,587	-1%	-2%
Net gains/losses on financial transactions	393	602	-35%	-35%	995	435	129%	128%
Other income items	325	132	146%	39%	457	950	-52%	
<b>Total income</b>	<b>15,166</b>	<b>14,985</b>	<b>1%</b>	<b>0%</b>	<b>30,151</b>	<b>23,376</b>	<b>29%</b>	<b>35%</b>
Staff costs, excl. Oktogonen	-3,259	-3,268	0%	-1%	-6,527	-6,169	6%	5%
Oktogonen		-202			-202	-137	47%	
Other expenses	-1,953	-1,852	5%	5%	-3,805	-3,156	21%	19%
Depreciation, amortisation and impairment of property, equipment and intangible assets	-421	-454	-7%	-8%	-875	-811	8%	7%
<b>Total expenses</b>	<b>-5,634</b>	<b>-5,776</b>	<b>-2%</b>	<b>0%</b>	<b>-11,410</b>	<b>-10,273</b>	<b>11%</b>	<b>9%</b>
<i>of which development costs</i>	<i>-810</i>	<i>-812</i>	<i>0%</i>		<i>-1,622</i>	<i>-1,340</i>	<i>21%</i>	
Credit losses	-58	-30	93%		-88	-62	42%	
Gains/losses on disposal of property, equipment and intangible assets	4	7	-43%		11	18	-39%	
Risk tax and resolution fee	-636	-671	-5%		-1,307	-1,153	13%	
<b>Operating profit</b>	<b>8,841</b>	<b>8,516</b>	<b>4%</b>	<b>-1%</b>	<b>17,357</b>	<b>11,905</b>	<b>46%</b>	<b>60%</b>
Taxes	-2,066	-1,934	7%		-4,000	-2,387	68%	
<b>Profit for the period from continuing operations</b>	<b>6,775</b>	<b>6,582</b>	<b>3%</b>		<b>13,357</b>	<b>9,519</b>	<b>40%</b>	
Profit for the period from discontinued operations after tax	329	232	42%		561	380	48%	
<b>Profit for the period</b>	<b>7,104</b>	<b>6,814</b>	<b>4%</b>		<b>13,918</b>	<b>9,899</b>	<b>41%</b>	

### Key performance indicators

Earnings per share, SEK	3.59	3.44			7.03	5.00		
Total equity	196,286	184,875			196,286	183,533		
Return on equity, total operations	16.2%	15.0%			15.6%	11.9%		
C/I ratio, Continuing operations	37.1%	38.5%			37.8%	43.9%		
Common equity tier 1 ratio, CRR	19.8%	19.4%			19.8%	18.7%		
Credit loss ratio, %	0.00	0.01			0.01	0.00		

\* Items affecting comparability: Reversal of VAT paid in conjunction with sale of card acquiring operations (other income) SEK 141m and (net fee and commission income) SEK 17m (Q2 2023); funding cost relating to discontinued operations in Finland (net interest income) SEK 24m (Q2 2022), SEK 125m (Q1 2022); Oktogonen (staff costs) SEK -202m (Q1 2023), SEK -50m (Q2 2022), SEK -87m (Q1 2022); capital gains from real estate sales (other income) SEK 1,059m (Q1 2022) and foreign exchange effects, which are presented in the tables on pages 6 and 7, respectively.

# Comments from the Chief Executive Officer

Handelsbanken stands steadfast in a world still in the grip of enormous uncertainty and turbulence. As a result of the work implemented to focus, simplify and clarify the Bank's strategic direction towards financing and savings, the Bank once again achieved a stable performance during the second quarter. The shift of the Bank's market position that began just over four years ago has helped ensure that the Bank is well-equipped to face the challenges of the future. With its strong local presence, highly satisfied customers and robust digital interaction alternatives, Handelsbanken has a unique customer offering that continues to win larger market shares in our core areas: savings and financing. Our customers' loyalty and our growth confirm that customers appreciate the access we provide to personal meetings, knowledge and expertise, wherever they choose to meet us.

## 150 years' experience of stable growth and profitability

Handelsbanken's way of running a bank has developed and been adapted over numerous economic upturns and downturns, going back further than 150 years. Satisfied customers, income growing faster than expenses, and good order in our finances and the credit portfolio – the experience and knowledge we have accumulated throughout the years have generated added value for our customers and the Bank's shareholders, through stable profitability and sustainable growth over time. This comes from a focused growth and profitability strategy based on a long-term approach, good knowledge of customers and, not rarely, the patience not to dive into things head first. In tougher economic times, good order, being close to customers, and robust finances in particular are crucial to maintaining stability and continuing with a value-creating trend.

## Long-term focus with low risk in the credit portfolio

Nobody working at Handelsbanken has any incentive to take risks for short-term benefits. This is a key part of our culture and our way of working. Our focus is on building long-lasting relationships with customers that we see have strong, resilient cash flows and transparent ownership structures. As real estate has long been a credit risk we have on our balance sheet, and is one that we like, a large portion of our lending is secured. A good situation, in our view. On the regular occasions we review our credit portfolio, approximately 90% of which is comprised of credits secured by collateral with low LTV ratios, we feel reassured and confident even when we observe especially stressed lending scenarios. It's not happenstance that Handelsbanken – year after year – has reported significantly lower credit losses than the banking sector as a whole during periods of economic decline. Our way of managing and granting credits, with local officers close to the customer making the credit decisions, has served us well for more than half a century. This will not change, and will continue to guide us forward.

## Continuous development of the Bank

When the Bank invests, we do so to increase the options for our new and existing customers to interact with us when, where and how they want. That could mean a meeting at one of our branches, a telephone call or on our digital meeting places. Availability, simplicity and care for the customers lie behind the investments we make in all our home markets. This can be seen in the ongoing improvements to the digital meeting places, as well as enhanced efficiency in the advisory services provided at the branches. It can also be seen in our customer satisfaction, which is above the sector average in all the home markets – among both private and corporate customers. It's also shown by the accolades we receive, such as being named "The most innovative of the major banks" by the Swedish Innovation Index during the second quarter. And last but not least, it also manifests in our stable, and growing, market shares for asset management and corporate lending.

## Robust finances

The Bank's capital position, funding position and liquidity position are very strong. The very good capital situation gives the Bank a springboard from which we can develop, grow and continue to support our customers. No other privately owned bank anywhere in the world enjoys as high an overall credit rating from the leading rating agencies as Handelsbanken. This is clearly reflected in our access to market funding at competitive prices. During the second quarter, for example, the Bank issued its first Swedish green covered bond, with a heavily oversubscribed order book and at a lower cost compared to our competitors.

## Sale of the Finnish operations

The sale of the Finnish operations is an important part of the work initiated a few years ago to facilitate profitable growth through a more focused position within financing and savings. An agreement was reached during the second quarter to divest certain parts of the Finnish operations.

## Progress in the home markets

Performance in all markets is stable. In the *UK*, where our operations more closely resemble a Private Banking business, the Bank has the market's highest customer satisfaction. The C/I ratio improved to 47% and profitability is up to 22%. We see a significant potential for growth over the long term. We are now investing in a gradual upgrade of the core banking system and the ongoing expansion of digital availability, in order to underpin the success of our customer relations and facilitate greater income generation.

In the *Netherlands*, too, development is positive, with a C/I ratio of 47% and profitability of 17%.

In *Norway*, our corporate business is performing particularly well. In order to advance our position in the private market, we are investing in and developing all our meeting places. This gives the branches the opportunity to improve the efficiency of their work and concentrate more on advisory services and providing customers with greater opportunities to access the Bank's offering digitally. The plan is to launch this during the initial stages of 2024.

In *Sweden*, the C/I ratio is currently 29%, which is historically low, and profitability is 18%. Handelsbanken remains the bank with the largest share of corporate lending in the Swedish market, and is one of the largest mortgage providers, with a stable market share. It is enormously pleasing to see that, looking back over the last decade and even beyond, Handelsbanken has clearly had the largest net inflow to its mutual funds among banks in Sweden. One reason for this, other than good performance, is that customers appreciate our focus on sustainability.

To summarise – we do what we say we will do, and the Bank is in a very good position. Our customers' loyalty, in combination with growing business volumes, show the esteem that our business model is held in – demand is higher than ever for unique access to personal service, a local presence and cutting-edge expertise. This creates fertile ground for continued stable growth, profitability and efficiency improvements.



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](https://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

### Adjusted comparative figures

As of the financial year 2023, the Group applies IFRS 17 Insurance Contracts. All relevant comparative figures (income statement, balance sheet and key metrics) have been recalculated as though the standard had also applied during 2022. For additional disclosures, refer to Note 1 Accounting policies and the tables presented under “Recalculation resulting from transition to IFRS 17”.

SEK m	Q2 2023	Q1 2023	Change	Q2 2022	Change	Jan-Jun 2023	Jan-Jun 2022	Change	Full year 2022
<b>Summary income statement</b>									
Net interest income	11,687	11,485	2%	8,390	39%	23,172	16,404	41%	36,614
Net fee and commission income	2,761	2,766	0%	2,710	2%	5,527	5,587	-1%	10,981
Net gains/losses on financial transactions	393	602	-35%	15		995	435	129%	1,540
Net insurance result	116	91	27%	-74		207	-164		-11
Other dividend income	1	1	0%	15	-93%	2	16	-88%	17
Share of profit of associates and joint ventures	20	-1		-40		19	-38		-13
Other income	187	42	345%	38	392%	229	1,136	-80%	1,246
<b>Total income</b>	<b>15,166</b>	<b>14,985</b>	<b>1%</b>	<b>11,053</b>	<b>37%</b>	<b>30,151</b>	<b>23,376</b>	<b>29%</b>	<b>50,375</b>
Staff costs	-3,259	-3,470	-6%	-3,148	4%	-6,729	-6,306	7%	-13,040
Other expenses	-1,953	-1,852	5%	-1,597	22%	-3,805	-3,156	21%	-6,526
Depreciation, amortisation and impairment of property, equipment and intangible assets	-421	-454	-7%	-381	10%	-875	-811	8%	-1,646
<b>Total expenses</b>	<b>-5,634</b>	<b>-5,776</b>	<b>-2%</b>	<b>-5,126</b>	<b>10%</b>	<b>-11,410</b>	<b>-10,273</b>	<b>11%</b>	<b>-21,212</b>
<b>Profit before credit losses, risk tax and resolution fee</b>	<b>9,531</b>	<b>9,210</b>	<b>3%</b>	<b>5,927</b>	<b>61%</b>	<b>18,741</b>	<b>13,103</b>	<b>43%</b>	<b>29,163</b>
Net credit losses	-58	-30	93%	-56	4%	-88	-62	42%	-47
Gains/losses on disposal of property, equipment and intangible assets	4	7	-43%	4	0%	11	18	-39%	24
Risk tax and resolution fee	-636	-671	-5%	-594	7%	-1,307	-1,153	13%	-2,311
<b>Operating profit</b>	<b>8,841</b>	<b>8,516</b>	<b>4%</b>	<b>5,281</b>	<b>67%</b>	<b>17,357</b>	<b>11,905</b>	<b>46%</b>	<b>26,829</b>
Taxes	-2,066	-1,934	7%	-1,144	81%	-4,000	-2,387	68%	-5,431
<b>Profit for the period from continuing operations</b>	<b>6,775</b>	<b>6,582</b>	<b>3%</b>	<b>4,138</b>	<b>64%</b>	<b>13,357</b>	<b>9,519</b>	<b>40%</b>	<b>21,398</b>
Profit for the period from discontinued operations after tax	329	232	42%	73	351%	561	380	48%	280
<b>Profit for the period</b>	<b>7,104</b>	<b>6,814</b>	<b>4%</b>	<b>4,212</b>	<b>69%</b>	<b>13,918</b>	<b>9,899</b>	<b>41%</b>	<b>21,678</b>
<b>Summary balance sheet*, end of period</b>									
Loans to the public	2,335,959	2,306,742	1%	2,249,615	4%	2,335,959	2,249,615	4%	2,315,818
<i>of which households</i>	1,243,247	1,235,315	1%	1,234,458	1%	1,243,247	1,234,458	1%	1,241,282
<i>of which corporates</i>	1,092,712	1,071,427	2%	1,015,157	8%	1,092,712	1,015,157	8%	1,074,536
Deposits and borrowing from the public	1,433,843	1,435,563	0%	1,442,548	-1%	1,433,843	1,442,548	-1%	1,318,925
<i>of which households</i>	617,206	599,171	3%	612,936	1%	617,206	612,936	1%	605,634
<i>of which corporates</i>	816,636	836,391	-2%	829,613	-2%	816,636	829,613	-2%	713,291
Total equity	196,286	184,875	6%	183,533	7%	196,286	183,533	7%	194,024
Total assets	3,755,442	3,602,079	4%	3,689,060	2%	3,755,442	3,689,060	2%	3,453,718
<b>Summary of key figures</b>									
Return on equity, total operations	16.2%	15.0%		10.2%		15.6%	11.9%		12.8%
C/I ratio, Continuing operations	37.1%	38.5%		46.4%		37.8%	43.9%		42.1%
Earnings per share, SEK	3.59	3.44		2.13		7.03	5.00		10.95
Common equity tier 1 ratio, CRR	19.8%	19.4%		18.7%		19.8%	18.7%		19.6%
Total capital ratio, CRR	24.2%	23.6%		23.4%		24.2%	23.4%		23.8%

\* A specification of assets and liabilities held for sale in the disposal group in Finland is set out in Note 10.

## Q2 2023 COMPARED WITH Q1 2023

Operating profit increased by 4% to SEK 8,841m (8,516).

Income rose by 1%, or SEK 181m, to SEK 15,166m (14,985).

Expenses decreased by 2% to SEK -5,634m (-5,776).

The C/I ratio improved to 37.1% (38.5).

The credit loss ratio was 0.00% (0.01).

Profit for the period climbed by 4% to SEK 7,104m (6,814).

Earnings per share grew to SEK 3.59 (3.44).

Return on equity increased to 16.2% (15.0).

The common equity tier 1 ratio was 19.8% (19.4).

### Income

SEK m	Q2 2023	Q1 2023	Change
Net interest income	11,687	11,485	2%
Net fee and commission income	2,761	2,766	0%
Net gains/losses on financial trans.	393	602	-35%
Other	325	132	146%
<b>Total income</b>	<b>15,166</b>	<b>14,985</b>	<b>1%</b>

Net interest income grew by 2%, or SEK 202m, to SEK 11,687m (11,485). Adjusted for foreign exchange effects of SEK 85m, net interest income increased by 1%. The increase can be attributed to the continued recovery of interest rate margins. All in all, the net effect of margins and funding costs had a SEK 170m positive impact. Changed business volumes had an impact of SEK -126m. The quarter-on-quarter contribution to net interest income from the liquidity portfolio was SEK -49m. The day effect was SEK 101m. Other effects had a SEK 21m impact on net interest income.

Net fee and commission income was essentially unchanged at SEK 2,761m (2,766). Fund management, custody and other asset management commissions increased by 3% to SEK 1,638m (1,585), which included a 3% increase in mutual fund commissions to SEK 1,387m (1,351). The increase is attributable to net inflows and increased market values. Net payment commissions increased by 8% to SEK 431m (400), with net card commissions totalling SEK 248m (241). Brokerage income fell by 10% to SEK 111m (123). Advisory commissions decreased to SEK 32m (105). Lending and deposit commissions were SEK 283m (296), or -4%. Insurance commissions were unchanged at SEK 167m (167). Other items in net fee and commission income amounted to SEK 99m (90).

Net gains/losses on financial transactions went down by 35%, or SEK 209m, to SEK 393m (602). The contribution from the Bank's liquidity portfolio was SEK 54m (-43), and thus the positive quarter-on-quarter effect was SEK 97m. The contribution from the customer-driven business in Handelsbanken Capital Markets improved to SEK 272m (250), and the quarter-on-quarter effect was SEK 22m. Other effects decreased net gains/losses on financial transactions by SEK 328m and amounted to SEK 67m (395). This is mainly explained by lower valuations for derivatives constituting risk hedges in the Bank's funding arising from market volatility, as well as ineffectiveness in the hedge accounting.

Net insurance result rose by SEK 25m to SEK 116m (91). Insurance service result improved, and overall insurance result rose to SEK 58m (27). Return on assets held on behalf of policyholders was 9% lower at SEK 58m (64).

Remaining income items totalled SEK 208m (42). The increase was mainly due to the reversal of VAT paid in conjunction with sale of the card acquiring operations, amounting to SEK 158m, of which SEK 141m is booked as

Other income and the remaining SEK 17m as payment commissions.

### Expenses

Staff costs fell by 6% to SEK -3,259m (-3,470). Adjusted for Oktogonen and foreign exchange effects, staff costs decreased by 1%, or SEK 34m. The average number of employees grew by 2% to 11,537 (11,331). The increase was mainly due to the recruitment of new employees to the Bank's IT department and additional employees working to prevent financial crime and cyber risks.

Other expenses rose by 5%, or SEK 101m, to SEK -1,953m (-1,852). The increase was due to increased IT and business development, aiming to develop the Bank's customer offering in all home markets, as well as seasonally higher activity.

Depreciation, amortisation and impairment fell by 7% to SEK -421m (-454).

### Credit losses

SEK m	Q2 2023	Q1 2023	Change
Net credit losses	-58	-30	-28
Credit loss ratio as % of loans to the public	0.00	0.01	

Credit losses were SEK -58m (-30), and the credit loss ratio was 0.00% (0.01). Actual credit losses for the quarter were SEK -55m (-61), which were counterbalanced by previous reserves in the amount of SEK 47m (57). Recoveries of previously stated losses totalled SEK 55m (46). Expected credit losses in Stage 3 totalled SEK 12m (-46). Provisions in Stage 1 and Stage 2 were SEK -115m (-27), of which rating migration constituted SEK -176m (-46), updated macroeconomic assumptions SEK 27m (-2), and other effects SEK 34m (21).

### Risk tax and resolution fee

The risk tax and resolution fee totalled SEK -636m (-671). The risk tax totalled SEK -411m (-411). For the tax year 2023, the risk tax comprises 0.06% of the basis of assessment (0.05). The resolution fee totalled SEK -225m (-260).

### Taxes

The effective tax rate in continuing operations was 23.4% (22.7). The difference between this rate and the corporate tax rate in Sweden of 20.6% derives primarily from the higher tax rate in the UK operations, as well as from non-deductible costs on subordinated loans.

The effective tax rate in total operations (including discontinued operations) was 23.0% (22.4).

### Discontinued operations

Profit/loss from discontinued operations consists of the external income and expenses in the operations in Finland that are in the process of being divested, as well as additional costs in Sweden deriving from discontinued operations.

Profit from discontinued operations, after tax, increased by 42% and amounted to SEK 329m (232).

Income increased by 10% compared to the previous quarter, to SEK 707m (641). Net interest income was SEK 588m (530), an improvement of 11%, which was largely explained by recovered interest rate margins.

Expenses decreased by 16% to SEK -305m (-365), primarily due to lower costs for consultancy services and temporary staff.

Credit losses totalled SEK -1m (16).

## Non-recurring items and special items in operating profit

SEK m	Q2 2023	Q1 2023
Reversal of value added tax paid when divesting card acquiring business (Income)	158	
Oktogonen: adjustment of allocation previous year (staff costs)		-202
<b>Total</b>	<b>158</b>	<b>-202</b>

## Foreign exchange effects

Foreign exchange effects vs. previous quarter, SEK m	Q2 2023
Net interest income	85
Net fee and commission income	6
Net result of financial transactions	0
Other income	0
<b>Total income</b>	<b>91</b>
Staff costs	-25
Other administrative expenses	-12
Depreciation and amortisation	-3
<b>Total expenses</b>	<b>-40</b>
Net loan losses	-1
Gains/losses on disposal of property, equipment and intangible assets	0
Risk tax and resolution fee	0
<b>Operating profit</b>	<b>50</b>

## JANUARY – JUNE 2023 COMPARED WITH JANUARY – JUNE 2022

*Operating profit* increased by 46% to SEK 17,357m (11,905). Adjusted for items affecting comparability, profit increased by 60%.

*Income* grew by 29% to SEK 30,151m (23,376). Adjusted for items affecting comparability, income growth was 35%. Higher levels of activity played a role in the increase, but the primary factor was the recovery of interest rate margins during the period.

*Expenses* rose by 11%, or SEK 1,137m, to SEK -11,410m (-10,273). Adjusted for items affecting comparability, the increase in expenses was 9%. The rise in expenses was due to increased investment to strengthen the Bank's offering and to general inflation in the Bank's home markets.

The *C/I ratio* improved to 37.8% (43.9).

The *credit loss ratio* was 0.01% (0.00).

*Profit for the period* increased by 41% to SEK 13,918m (9,899).

*Earnings per share* grew by 41% to SEK 7.03 (5.00).

*Return on equity* increased to 15.6% (11.9).

The *common equity tier 1 ratio* was 19.8% (18.7).

## Income

SEK m	Jan-Jun 2023	Jan-Jun 2022	Change
Net interest income	23,172	16,404	41%
of which funding costs related to discontinuing operations in Finland		149	
Net fee and commission income	5,527	5,587	-1%
Net gains/losses on financial trans.	995	435	129%
Other	457	950	-52%
<b>Total income</b>	<b>30,151</b>	<b>23,376</b>	<b>29%</b>

In autumn 2021 the decision to sell the operations in Finland was made. As of 2023, discontinued operations also include –

as well as the customer-driven net interest income – the expenses for the part that is market funded via Group Treasury for the disposal group in Finland. These latter expenses were reported under net interest income in continuing operations during the period of comparison, and are included in the table of items affecting comparability.

*Net interest income* grew by 41%, or SEK 6,768m, to SEK 23,172m (16,404). Adjusted for the aforementioned effect related to the disposal group in Finland, amounting to SEK 149m, as well as foreign exchange effects of SEK 120m, net interest income increased by 42%. The increase can be attributed to higher business volumes and recovered interest rate margins. All in all, the net effect of margins and funding costs had a SEK 6,699m positive impact. Higher business volumes contributed SEK 328m. The contribution to net interest income from the liquidity portfolio was SEK -334m. Higher costs for deposit guarantee schemes had an impact of SEK -39m. Other effects had a SEK 143m impact on net interest income.

*Net fee and commission income* went down by 1%, or SEK 60m, to SEK 5,527m (5,587). All in all, fund management, custody and other asset management commissions decreased – in spite of a large net inflow – by 2% to SEK 3,223m (3,274). The decrease includes fund commission income that, as a result of lower market values, declined by 2% to SEK 2,738m (2,799). Brokerage income declined by 7% to SEK 234m (252). Net payment commissions grew by 3% to SEK 831m (810), with net card commissions totalling SEK 489m (475). Lending and deposit commissions rose by 3% to SEK 579m (562). Insurance commissions declined by 2% to SEK 334m (342). Advisory commissions were unchanged at SEK 137m (138). Other net fee and commission income amounted to SEK 189m (209).

*Net gains/losses on financial transactions* increased by 129%, or SEK 560m, to SEK 995m (435). The Bank's liquidity portfolio had a positive effect between the comparison quarters of SEK 443m, and amounted to SEK 11m (-432). The contribution from the customer-driven business in Handelsbanken Capital Markets was largely unchanged at SEK 522m (525). Other effects increased net gains/losses on financial transactions by SEK 120m and amounted to SEK 462m (342). This was mainly due to higher valuations for derivatives constituting risk hedges in the Bank's funding arising due to market volatility.

*Net insurance result* improved by SEK 371m to SEK 207m (-164), with the change explained by a SEK 432m improvement to the return on assets held on behalf of policyholders, to SEK 122m (-310). Insurance service result decreased to SEK 98m (128), which was the main driver behind insurance result decreasing to SEK 85m (145).

*Remaining income items* totalled SEK 250m (1,114). During the second quarter, a reversal of VAT paid in conjunction with sale of the card acquiring operations, amounting to SEK 158m, was recorded, of which SEK 141m was booked as Other income and the remaining SEK 17m as payment commissions. Non-recurring income of SEK 1,059m was recognised during the period of comparison, deriving from sales of real estate holding subsidiaries.

## Expenses

*Staff costs* rose by 7%, or SEK 423m, to SEK -6,729m (-6,306). Adjusted for Oktogonen and foreign exchange effects, staff costs increased by 5%, or SEK 295m. The average number of employees grew by 6% to 11,434 (10,767), mainly due to an increase in the number of

employees at the IT department and within areas linked to meetings with customers.

*Other expenses* rose by 21%, or SEK 649m, to SEK -3,805m (-3,156). Adjusted for foreign exchange effects, the increase was 19%, or SEK 606m. The increase was due to the aforementioned growth in investment in IT development and business development, as well as to general inflation in the Bank's home markets.

*Depreciation, amortisation and impairments of property, equipment and intangible assets* rose by 8% to SEK -875m (-811).

### Credit losses

SEK m	Jan-Jun 2023	Jan-Jun 2022	Change
Net credit losses	-88	-62	-26
Credit loss ratio as % of loans to the public	0.01	0.00	

*Credit losses* were SEK -88m (-62), and the credit loss ratio was 0.01% (0.00). Actual credit losses for the period were SEK -116m (-632), which were counterbalanced by previously recorded reserves in the amount of SEK 104m (556).

Recoveries of previously confirmed losses were SEK 101m (134). Expected credit losses in Stage 3 totalled SEK -34m (-41). Provisions in Stage 1 and Stage 2 were SEK -142m (-163), of which rating migrations constituted SEK -222m (-28), updated macroeconomic assumptions SEK 25m (-54) and other effects SEK 55m (-80).

### Risk tax and resolution fee

The *risk tax and resolution fee* totalled SEK -1,307m (-1,153). The risk tax totalled SEK -822m (-658). For the tax year 2023, the risk tax comprises 0.06% of the basis of assessment (0.05). The resolution fee totalled SEK -485m (-495).

### Taxes

The *effective tax rate in continuing operations* was 23.0% (20.2). The difference between this rate and the corporate tax rate in Sweden of 20.6% derives primarily from the higher tax rate in the UK operations, as well as from non-deductible costs on subordinated loans.

The *effective tax rate in total operations (including discontinued operations)* was 22.7% (20.7).

### Discontinued operations

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

Profit from discontinued operations, after tax, amounted to SEK 561m (380).

*Income* was SEK 1,348m (2,021), of which SEK 1,348m (806) was attributable to the operations in Finland. Net interest income in Finland was SEK 1,118m (559), an increase of 100%, which was due to recovered interest rate margins.

*Expenses* decreased to SEK -670m (-1,460), of which SEK -617m (-753) referred to local expenses for the discontinued operations in Finland.

*Credit losses* consisted of net recoveries and amounted to SEK 15m (74).

### Non-recurring items and special items in operating profit

SEK m	Jan-Jun 2023	Jan-Jun 2022
Fundingcost related to discontinuing operations in Finland		149
Capital gains from sales of properties (other income)		1,059
Oktogonen: adjustment of allocation previous year (staff costs)	-202	-53
Oktogonen: provision current year (staff costs)		-84
Reversal of value added tax paid when divesting card acquiring business (Income)	158	
<b>Total</b>	<b>-44</b>	<b>1,071</b>

### Foreign exchange effects

Foreign exchange effects vs. previous quarter, SEK m	Jan-Jun 2023
Net interest income	120
Net fee and commission income	22
Net result of financial transactions	4
Other income	-1
<b>Total income</b>	<b>146</b>
Staff costs	-63
Other administrative expenses	-43
Depreciation and amortisation	-6
<b>Total expenses</b>	<b>-112</b>
Net loan losses	13
Gains/losses on disposal of property, equipment and intangible assets	0
Risk tax and resolution fee	0
<b>Operating profit</b>	<b>47</b>

## BUSINESS DEVELOPMENT

### Q2 2023 compared with Q1 2023

The average volume of *loans to the public* in the home markets (Sweden, Norway, the UK and the Netherlands) was unchanged and amounted to SEK 2,275bn (2,275). At the end of the period, lending in the home markets amounted to SEK 2,299bn (2,267), an increase of SEK 32bn or 1%.

The average volume of *deposits and borrowing from the public* in the home markets amounted to SEK 1,255bn during the quarter (1,261), a change of SEK -6bn. At the end of the period, deposits in the home markets amounted to SEK 1,269bn (1,262), an increase of SEK 7bn or 1%.

*Total assets under management* in the Group increased by 7% to SEK 1,035bn (971), of which SEK 939bn (892) was invested in the Bank's mutual funds. The net flow in the Bank's mutual funds during the quarter was SEK 7.4bn (8.6), of which SEK 7.3bn (7.6) was in the Swedish market.

### January – June 2023 compared with January – June 2022

The average volume of *loans to the public* in the home markets (Sweden, Norway, the UK and the Netherlands) grew by 4%, and was SEK 2,275bn (2,186), an increase of SEK 89bn. At the end of the period, lending in the home markets amounted to SEK 2,299bn (2,219), an increase of 4%.

The average volume of *deposits and borrowing from the public* in the home markets was SEK 1,258bn (1,255), an increase of SEK 3bn. At the end of the period, deposits in the home markets amounted to SEK 1,269bn (1,277), a change of -1%.

*Total assets under management* in the Group increased by 15% over the past 12 months and at the end of the period



amounted to SEK 1,035bn (900). Of the assets under management, SEK 939bn (844) was invested in the Bank's funds. New mutual fund savings in the home markets during the period amounted net to SEK 16.0bn (-1.3). Of the new savings in the Swedish mutual fund market during the first six months of the year, a net total of 29% was invested in Handelsbanken's funds. The Bank's share of the Swedish mutual fund market at the end of the period was 12.1%.

## RATING

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

The Bank's strong credit ratings entail that no other privately owned bank in the world has a higher overall rating from the three leading rating agencies. Fitch confirmed its long-term and short-term ratings for the Bank during the second quarter. After the end of the quarter, S&P and Moody's confirmed their equivalent ratings. Moody's justified its confirmation of the high rating by pointing out the security of the Bank's collateral, with low LTV ratios, the robustness of the credit process over the majority of credit cycles, and the strong capital situation. In addition, the instrument rating of the Bank's senior non-preferred bonds was raised to A2 (A3). However, the outlook was downgraded to negative (stable) due to the concentration of the Bank's lending to the Swedish real estate market, and thus the estimated impact of a stressed scenario applying an assumption that prices in the real estate sector fall by 20-40%. The outlooks from Fitch and Standard and Poor's are stable.

## FUNDING AND LIQUIDITY

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

Non-current assets are funded with stable non-current liabilities in the form of stable market funding and long-term stable deposits and borrowing from the public. Current liabilities, in the form of other deposits and borrowing from the public and short-term market funding, is matched by current assets and a liquidity reserve of SEK 880bn (765 at the end of the previous quarter). Of this reserve, 88% is deposited with central banks and the remainder is invested in holdings of government bonds and highly liquid covered bonds. The interest rate risk in the bond holdings is eliminated using derivative instruments, and the entirety of the holdings is measured at market value on an ongoing basis.

The Bank's low pledging ratio of its assets acts as further protection against liquidity risk, as it entails an unutilised issue amount in excess of SEK 700bn, mainly in the form of covered bonds. The low pledging ratio also serves as a layer of protection for holders of the Bank's senior bonds. The volume of non-encumbered assets increased by 5% during the quarter to SEK 2,676m (2,547). The aforementioned increase to the liquidity reserve arose through non-encumbered funding, including issues of long-term senior bonds. Non-encumbered funding rose by 14% to SEK 1,065bn (931). Thus, given the strengthened liquidity portfolio and reduced liquidity risk, the ratio of non-encumbered assets to unsecured

market funding decreased to 251% at the end of the quarter (274 at the end of the previous quarter).

At the end of the quarter, the Group's liquidity coverage ratio (LCR), calculated according to the European Commission's delegated regulation, was 188% (151% at the end of the preceding quarter). At the end of the quarter, the net stable funding ratio (NSFR) according to CRR2 was 118% (115 at the end of the preceding quarter).

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

The Bank issued its first green covered bonds during the period, in both EUR and SEK, amounting to EUR 1bn and SEK 9bn, respectively. The high levels of demand, together with the size and pricing of the issue, clearly exhibited the Bank's strength and good reputation in both the Swedish and international funding markets.

Bond issues during the first six months of the year amounted to a total of SEK 146bn (106), of which SEK 89bn (63) was in covered bonds and SEK 57bn (38) was in senior bonds, of which SEK 11bn constituted eligible liabilities (11). No subordinated loans were issued during the period (5).

## CAPITAL

At the end of the period, the common equity tier 1 ratio was 19.8%. In the Bank's assessment, the overall common equity tier 1 capital requirement according to the Swedish Financial Supervisory Authority was 15.2%, corresponding to SEK 127bn, at the end of the quarter. The common equity tier 1 capital requirement in Pillar 2 is 2.3 percentage points (1.0 percentage point Pillar 2 guidance and 1.3 percentage points Pillar 2 requirement), corresponding to SEK 20bn. The countercyclical capital buffer was 1.7%. Announced but as yet non-implemented requirements are expected to raise the countercyclical capital buffer to 2.0% at the end of 2023, which would imply a total common equity tier 1 capital requirement of 15.5%, all else being equal.

At the end of the period, the total capital ratio was 24.2%. The Bank's estimation is that the Swedish Financial Supervisory Authority's total capital requirement amounted to 19.4% (SEK 163bn) on the same date. The total capital requirement in Pillar 2 comprises 3.1 percentage points, corresponding to SEK 26bn.

The Bank has received approval from the Swedish Financial Supervisory Authority during the quarter to exempt parts of its currency exposure from the capital requirement calculation. The risk exposure amount for the positions that are not exempt amounted to SEK 16bn (32) at the end of the period, constituting mainly holdings of equity in EUR linked to the Bank's Finnish operations which are being divested, and capital that exceeds the threshold amount for approved exemptions in other currencies.

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 30 June 2023 compared with 31 March 2023

SEK m	30 Jun 2023	31 Mar 2023	Change
Common equity tier 1 ratio, CRR	19.8%	19.4%	0.4
Total capital ratio, CRR	24.2%	23.6%	0.6
Risk exposure amount, CRR	837,505	827,075	1%
Common equity tier 1 capital	166,003	160,582	3%
Total own funds	202,556	195,398	4%
Equity, Group	196,286	184,875	6%

Total own funds amounted to SEK 203bn (195) and the total capital ratio was 24.2% (23.6). The common equity tier 1 capital was SEK 166bn (161), while the common equity tier 1 ratio was 19.8% (19.4).

Earnings raised the common equity tier 1 capital ratio by 0.4 percentage points, after a deduction for anticipated dividends. Volume changes increased the common equity tier 1 ratio by 0.2 percentage points. Credit risk migrations contributed -0.5 percentage points. The approved exemptions for structural foreign exchange positions changed the common equity tier 1 ratio by 0.4 percentage points. Foreign exchange effects were neutral. Other effects had a -0.1 percentage point impact.

### Capital for consolidated situation 30 June 2023 compared with 30 June 2022

SEK m	30 Jun 2023	30 Jun 2022	Change
Common equity tier 1 ratio, CRR	19.8%	18.7%	1.1
Total capital ratio, CRR	24.2%	23.4%	0.8
Risk exposure amount, CRR	837,505	830,705	1%
Common equity tier 1 capital	166,003	155,434	7%
Total own funds	202,556	194,039	4%
Equity, Group	196,286	183,533	7%

Total own funds were SEK 203bn (194), and the Bank's total capital ratio amounted to 24.2% (23.4). The common equity tier 1 capital was SEK 166bn (155), while the common equity tier 1 ratio was 19.8% (18.7).

Earnings raised the common equity tier 1 capital ratio by 0.8 percentage points, after a deduction for distributed and anticipated dividends. Lower exposure volumes had an impact of 0.2 percentage points. Rating migration had a negative effect of 0.5 percentage points on the common equity tier 1 ratio. Exchange rate movements had a neutral effect. The change in the risk exposure amount for structural foreign exchange risk which is not exempt from capital requirements had an effect of 0.2 percentage points on the common equity tier 1 ratio. The sale of the operations in Denmark in Q4 2022 had a positive effect of 0.8 percentage points. The revision of the PD model for retail exposures in the first quarter reduced the common equity tier 1 ratio by 0.1 percentage point after consideration was given to risk weight floors. Other effects decreased the common equity tier 1 ratio by 0.3 percentage points.

### Economic capital and available financial resources

The Bank's internal assessment of its need for capital is based on the Bank's capital requirement, stress tests, and the Bank's model for economic capital (EC). This is measured in relation to the Bank's available financial resources (AFR). The Board stipulates that the AFR/EC ratio for the Group must exceed 120%. At the end of the quarter, Group EC totalled SEK 64.4bn (56.2), while AFR was SEK 249.7bn (235.4). Thus,

the ratio between AFR and EC was 388% (419). For the consolidated situation, EC totalled SEK 37.5bn (30.8), and AFR was SEK 243.8bn (229.9).

### SUSTAINABILITY

During the *first quarter*, Handelsbanken issued its first green covered bond through its subsidiary Stadshypotek: a five-year bond of EUR 1bn.

During the second quarter, Handelsbanken issued its first green covered bond in the SEK market, through its subsidiary Stadshypotek: a five-year bond of EUR 9bn.

In mid-May, the European Commission published a clarification regarding sustainable investments, after which Handelsbanken elected to again report its Paris-aligned benchmark funds as "dark green", i.e. according to article 9.3. For reasons of prudence, Handelsbanken made the decision in December 2022 to report the funds according to article 8, considering the uncertainty then prevailing regarding how Paris-aligned benchmark funds were to be reported under the EU's Sustainable Finance Disclosure Regulation.

It was announced early in the year that Handelsbanken had again – for the seventh 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 increased by 65% to SEK 75.9bn (46.1); as part of this total, green mortgages grew by 186% to SEK 33.8bn (11.8). In addition, sustainability-linked loan facilities amounted to SEK 79.0bn (43.1).

The EU's Sustainable Finance Disclosures Regulation (SFDR) means that asset managers must be transparent in how their mutual funds are classified under the SFDR. At the end of the second quarter, 12 of the Group's funds, representing 20% of assets under management, were reported in the highest category (article 9), i.e. a fund that has sustainable investment as its objective. A total of 95 funds, representing 75% of the managed fund volume, were reported in the second highest category (article 8), i.e. funds that promote environmental or social aspects.

# Handelsbanken Group - Business segments in continuing operations

January - June 2023	Home markets						Adj. & elim.	Total Jan-Jun 2023
	Sweden	UK	Norway	The Netherlands	Capital Markets	Other		
SEK m								
Net interest income	14,743	5,274	2,215	940	207	-208		23,172
Net fee and commission income	4,162	417	323	82	405	136		5,527
Net gains/losses on financial transactions	355	113	41	7	522	-42		995
Net insurance result	205		1					207
Share of profit of associates and joint ventures							19	19
Other income	165	1	3	0	4	58		231
<b>Total income</b>	<b>19,630</b>	<b>5,805</b>	<b>2,584</b>	<b>1,029</b>	<b>1,139</b>	<b>-36</b>		<b>30,151</b>
Staff costs	-2,066	-1,496	-527	-264	-590	-1,984	198	-6,729
Other expenses	-806	-422	-254	-67	-185	-2,071		-3,805
Internal purchased and sold services	-2,724	-692	-352	-126	-122	4,015		
Depreciation, amortisation and impairments of property, equipment and intangible assets	-210	-148	-46	-29	-72	-359	-12	-875
<b>Total expenses</b>	<b>-5,806</b>	<b>-2,758</b>	<b>-1,179</b>	<b>-486</b>	<b>-969</b>	<b>-398</b>	<b>186</b>	<b>-11,410</b>
<b>Profit before credit losses, risk tax and resolution fee</b>	<b>13,825</b>	<b>3,048</b>	<b>1,404</b>	<b>544</b>	<b>170</b>	<b>-434</b>	<b>186</b>	<b>18,741</b>
Net credit losses	-116	-7	25	1	9			-88
Gains/losses on disposal of property, equipment and intangible assets	8	0	3	0		0		11
Risk tax and resolution fee	-956		-194	-54	-21	-82		-1,307
<b>Operating profit</b>	<b>12,760</b>	<b>3,040</b>	<b>1,238</b>	<b>491</b>	<b>158</b>	<b>-516</b>	<b>186</b>	<b>17,357</b>
Profit allocation	236	28	22	0	-299	12		
<b>Operating profit after profit allocation</b>	<b>12,997</b>	<b>3,068</b>	<b>1,260</b>	<b>491</b>	<b>-141</b>	<b>-504</b>	<b>186</b>	<b>17,357</b>
Internal income	2,319	1,173	-3,651	-71	969	-739		

  

January - June 2022	Home markets						Adj. & elim.	Total Jan-Jun 2022
	Sweden	UK	Norway	The Netherlands	Capital Markets	Other		
SEK m								
Net interest income	9,846	3,269	2,131	619	137	402		16,404
Net fee and commission income	4,215	409	338	72	432	121		5,587
Net gains/losses on financial transactions	225	112	35	14	525	-476		435
Net insurance result	-172		8					-164
Share of profit of associates and joint ventures							-38	-38
Other income	44	0	8	0	6	1,093		1,152
<b>Total income</b>	<b>14,157</b>	<b>3,790</b>	<b>2,521</b>	<b>705</b>	<b>1,100</b>	<b>1,102</b>		<b>23,376</b>
Staff costs	-1,979	-1,289	-498	-216	-579	-1,763	19	-6,306
Other expenses	-678	-394	-137	-45	-146	-1,757		-3,156
Internal purchased and sold services	-2,327	-539	-288	-116	-198	3,469		
Depreciation, amortisation and impairments of property, equipment and intangible assets	-210	-150	-45	-24	-75	-292	-15	-811
<b>Total expenses</b>	<b>-5,195</b>	<b>-2,371</b>	<b>-968</b>	<b>-401</b>	<b>-998</b>	<b>-342</b>	<b>3</b>	<b>-10,273</b>
<b>Profit before credit losses, risk tax and resolution fee</b>	<b>8,962</b>	<b>1,419</b>	<b>1,553</b>	<b>304</b>	<b>102</b>	<b>760</b>	<b>3</b>	<b>13,103</b>
Net credit losses	116	-26	-166	0	-5	19		-62
Gains/losses on disposal of property, equipment and intangible assets	4	10	3		0	1		18
Risk tax and resolution fee	-826		-178	-42	-18	-89		-1,153
<b>Operating profit</b>	<b>8,256</b>	<b>1,403</b>	<b>1,211</b>	<b>262</b>	<b>79</b>	<b>691</b>	<b>3</b>	<b>11,905</b>
Profit allocation	186	22	34	0	-261	19		
<b>Operating profit after profit allocation</b>	<b>8,442</b>	<b>1,425</b>	<b>1,246</b>	<b>261</b>	<b>-182</b>	<b>710</b>	<b>3</b>	<b>11,905</b>
Internal income	-39	-301	-1,234	-244	-160	1,978		

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.

# Handelsbanken Sweden

## INCOME STATEMENT

SEK m	Q2 2023	Q1 2023	Change	Q2 2022	Change	Jan-Jun 2023	Jan-Jun 2022	Change	Full year 2022
Net interest income	7,478	7,265	3%	5,048	48%	14,743	9,846	50%	23,082
Net fee and commission income	2,099	2,063	2%	2,057	2%	4,162	4,215	-1%	8,356
Net gains/losses on financial transactions	153	202	-24%	121	26%	355	225	58%	508
Net insurance result	115	90	28%	-77		205	-172		-41
Other income	155	10		20		165	44	275%	103
<b>Total income</b>	<b>10,000</b>	<b>9,630</b>	<b>4%</b>	<b>7,168</b>	<b>40%</b>	<b>19,630</b>	<b>14,157</b>	<b>39%</b>	<b>32,008</b>
Staff costs	-1,048	-1,018	3%	-987	6%	-2,066	-1,979	4%	-3,978
Other expenses	-418	-388	8%	-363	15%	-806	-678	19%	-1,497
Internal purchased and sold services	-1,323	-1,401	-6%	-1,146	15%	-2,724	-2,327	17%	-4,630
Depreciation, amortisation and impairments of property, equipment and intangible assets	-104	-106	-2%	-129	-19%	-210	-210	0%	-417
<b>Total expenses</b>	<b>-2,893</b>	<b>-2,913</b>	<b>-1%</b>	<b>-2,627</b>	<b>10%</b>	<b>-5,806</b>	<b>-5,195</b>	<b>12%</b>	<b>-10,522</b>
<b>Profit before credit losses, risk tax and resolution fee</b>	<b>7,108</b>	<b>6,717</b>	<b>6%</b>	<b>4,541</b>	<b>57%</b>	<b>13,825</b>	<b>8,962</b>	<b>54%</b>	<b>21,486</b>
Net credit losses	-77	-39	97%	-10		-116	116		135
Gains/losses on disposal of property, equipment and intangible assets	2	6	-67%	3	-33%	8	4	100%	10
Risk tax and resolution fee	-464	-492	-6%	-445	4%	-956	-826	16%	-1,659
<b>Operating profit</b>	<b>6,569</b>	<b>6,191</b>	<b>6%</b>	<b>4,088</b>	<b>61%</b>	<b>12,760</b>	<b>8,256</b>	<b>55%</b>	<b>19,972</b>
Profit allocation	96	140	-31%	87	10%	236	186	27%	374
<b>Operating profit after profit allocation</b>	<b>6,666</b>	<b>6,331</b>	<b>5%</b>	<b>4,175</b>	<b>60%</b>	<b>12,997</b>	<b>8,442</b>	<b>54%</b>	<b>20,346</b>
Internal income	1,186	1,133	5%	9		2,319	-39		1,727
Cost/income ratio, %	28.7	29.8		36.2		29.2	36.2		32.5
Credit loss ratio, %	0.01	0.01		0.00		0.01	-0.01		-0.01
Allocated capital	113,244	121,806	-7%	97,460	16%	113,244	97,460	16%	106,101
Return on allocated capital, %	18.7	16.5		13.6		17.6	13.6		15.9
Average number of employees	4,060	4,031	1%	3,836	6%	4,045	3,814	6%	3,907

## BUSINESS VOLUMES

Average volumes, SEK bn	Q2 2023	Q1 2023	Change	Q2 2022	Change	Jan-Jun 2023	Jan-Jun 2022	Change	Full year 2022
Loans to the public*									
Household	984	984	0%	973	1%	984	968	2%	976
<i>of which mortgage loans</i>	949	948	0%	933	2%	949	929	2%	936
Corporates	644	647	0%	595	8%	646	583	11%	602
<i>of which mortgage loans</i>	438	431	2%	392	12%	434	387	12%	399
<b>Total</b>	<b>1,628</b>	<b>1,631</b>	<b>0%</b>	<b>1,568</b>	<b>4%</b>	<b>1,630</b>	<b>1,551</b>	<b>5%</b>	<b>1,577</b>
Deposits and borrowing from the public									
Household	485	479	1%	479	1%	482	470	3%	478
Corporates	367	380	-3%	397	-8%	373	399	-7%	393
<b>Total</b>	<b>852</b>	<b>859</b>	<b>-1%</b>	<b>876</b>	<b>-3%</b>	<b>856</b>	<b>869</b>	<b>-1%</b>	<b>871</b>

\* Excluding loans to the National Debt Office.

## Q2 2023 COMPARED WITH Q1 2023

*Operating profit* increased by 6% to SEK 6,569m (6,191). *Return on allocated capital* increased to 18.7% (16.5). The C/I ratio improved to 28.7% (29.8).

*Income* increased by 4% to SEK 10,000m (9,630), mainly due to recovered interest rate margins. *Other income* amounted to SEK 155m (10), with SEK 141m comprising a reversal of VAT paid in conjunction with the sale of the card acquiring business.

*Expenses* decreased by 1% to SEK -2,893m (-2,913).

*Net interest income* rose by 3%, or SEK 213m, to SEK 7,478m (7,265). Business volumes had a negative impact of SEK 62m. The net amount of changed margins and funding costs increased net interest income by SEK 128m. The cost for the Swedish deposit guarantee scheme was SEK -77m (-77). The day effect had a positive impact of SEK 62m. Other effects amounted to SEK 85m.

*Net fee and commission income* rose by 2% to SEK 2,099m (2,063). The positive development of commission income from mutual funds, custody accounts and other asset management was counterbalanced by the negative development of brokerage income. Commission income from payments increased by SEK 48m, with SEK 17m comprising a reversal of VAT paid in conjunction with the sale of the card acquiring business. Net fee and commission income was impacted by the negative development of lending and deposit commissions amounting to SEK 12m.

*Net gains/losses on financial transactions* totalled SEK 153m (202).

*Net insurance result* was SEK 115m (90).

*Other income* was SEK 115m (10), with the main increase due to the aforementioned VAT reversal.

*Staff costs* increased by 3%, or SEK 30m, to SEK -1,048m (-1,018). The increase was due to increased holiday pay expenses and an increase in the number of employees. The average number of employees increased by 1% to 4,060 (4,031).

*Other expense items* declined by 3% to SEK -1,845m (-1,895).

*Credit losses* were SEK -77m (-39), and the credit loss ratio was 0.01% (0.01).

The *risk tax* totalled SEK -302m (-298). The *resolution fee* totalled SEK -163m (-194).

## JANUARY – JUNE 2023 COMPARED WITH JANUARY – JUNE 2022

*Operating profit* increased by 55% to SEK 12,760m (8,256).

*Return on allocated capital* increased to 17.6% (13.6). The C/I ratio improved to 29.2% (36.2).

*Income* rose by 39%, or SEK 5,473m, to SEK 19,630m (14,157).

*Expenses* rose by 12%, or SEK 611m, to SEK -5,806m (-5,195).

*Net interest income* rose by 50%, or SEK 4,897m, to SEK 14,743m (9,846). Higher business volumes had a SEK 394m positive impact on net interest income. The net amount of changed margins and funding costs was positive, totalling SEK 4,392m. The cost for the Swedish deposit guarantee scheme increased by SEK 36m to SEK -154m (-118). Other effects in net interest income contributed SEK 147m.

*Net fee and commission income* declined by 1% to SEK 4,162m (4,215). Mutual fund commissions fell by SEK 58m, or 2%, to SEK 2,359m (2,417). Custody and other asset management commissions increased by 2% to SEK 352m (344). Brokerage and other securities commissions decreased by 18%. Commission income from loans and deposits and from guarantees decreased by 2%. Net payment commissions went up by 4% to SEK 614m (591), of which net card commissions increased by 2% to SEK 425m (415).

*Net gains/losses on financial transactions* improved to SEK 355m (225).

*Net insurance result* was SEK 205m (-172), with the change explained by an improvement to the return on assets held on behalf of policyholders compared with the corresponding period of the previous year.

*Other income* amounted to SEK 165m (44).

*Staff costs* rose by 4% to SEK -2,066m (-1,979), as a result of annual salary adjustments and an increase in the number of employees. The average number of employees grew by 6% to 4,045 (3,814).

*Other expense items* rose by 16% to SEK -3,740m (-3,215), mainly due to increased IT investments and business development.

*Credit losses* were SEK -116m (116), and the credit loss ratio was 0.01% (-0.01).

The *risk tax* amounted to SEK -600m (-459), and the *resolution fee* amounted to SEK -357m (-367).

## BUSINESS DEVELOPMENT

### Q2 2023 compared with Q1 2023

The total *average volume of lending* was largely unchanged at SEK 1,628bn (1,631). Household lending was unchanged at SEK 984bn (984). Corporate lending was also essentially unchanged at SEK 644bn (647).

The total *average volume of deposits* fell by 1% to SEK 852bn (859). Household deposits went up by 1% to SEK 485bn (479), while corporate deposits decreased by 3% to SEK 367bn (380).

New savings in the Bank's mutual funds in Sweden were net SEK 7.3bn (7.6) and the total volume of assets under management was SEK 820bn (778) at the end of the period.

### January – June 2023 compared with January – June 2022

The total *average volume of lending* grew by 5% to SEK 1,630bn (1,551). Household lending increased by 2% to SEK 984bn (968) and corporate lending increased by 11% to SEK 646bn (583).

The total *average volume of deposits* fell by 1% to SEK 856bn (869). Household deposits went up by 3% to SEK 482bn (470), while corporate deposits decreased by 7% to SEK 373bn (399).

The *total volume of assets under management* was SEK 820bn (710) at the end of the period. Of the new savings in the Swedish mutual fund market during the first six months of the year, a total of 29% was invested in Handelsbanken's funds. The net inflow to the Bank's mutual funds was SEK 14.9bn (-0.3). Handelsbanken's share of the Swedish mutual fund market at the end of the period was 12.1%.

# Handelsbanken UK

## INCOME STATEMENT

SEK m	Q2			Q1		Q2		Jan-Jun		Full year
	2023	2023	Change	2022	Change	2023	2022	Change	2022	
Net interest income	2,718	2,556	6%	1,734	57%	5,274	3,269	61%	7,580	
Net fee and commission income	215	202	6%	208	3%	417	409	2%	807	
Net gains/losses on financial transactions	53	60	-12%	61	-13%	113	112	1%	248	
Other income	0	1	-100%	0	0%	1	0		14	
<b>Total income</b>	<b>2,985</b>	<b>2,820</b>	<b>6%</b>	<b>2,003</b>	<b>49%</b>	<b>5,805</b>	<b>3,790</b>	<b>53%</b>	<b>8,649</b>	
Staff costs	-782	-714	10%	-643	22%	-1,496	-1,289	16%	-2,693	
Other expenses	-226	-196	15%	-170	33%	-422	-394	7%	-789	
Internal purchased and sold services	-362	-330	10%	-273	33%	-692	-539	28%	-1,076	
Depreciation, amortisation and impairments of property, equipment and intangible assets	-78	-70	11%	-72	8%	-148	-150	-1%	-313	
<b>Total expenses</b>	<b>-1,449</b>	<b>-1,309</b>	<b>11%</b>	<b>-1,156</b>	<b>25%</b>	<b>-2,758</b>	<b>-2,371</b>	<b>16%</b>	<b>-4,872</b>	
<b>Profit before credit losses, risk tax and resolution fee</b>	<b>1,538</b>	<b>1,510</b>	<b>2%</b>	<b>847</b>	<b>82%</b>	<b>3,048</b>	<b>1,419</b>	<b>115%</b>	<b>3,778</b>	
Net credit losses	2	-9		1	100%	-7	-26	-73%	-55	
Gains/losses on disposal of property, equipment and intangible assets	0	0	0%			0	10	-100%	10	
<b>Operating profit</b>	<b>1,538</b>	<b>1,502</b>	<b>2%</b>	<b>847</b>	<b>82%</b>	<b>3,040</b>	<b>1,403</b>	<b>117%</b>	<b>3,733</b>	
Profit allocation	15	13	15%	12	25%	28	22	27%	49	
<b>Operating profit after profit allocation</b>	<b>1,553</b>	<b>1,515</b>	<b>3%</b>	<b>859</b>	<b>81%</b>	<b>3,068</b>	<b>1,425</b>	<b>115%</b>	<b>3,781</b>	
Internal income	612	561	9%	-109		1,173	-301		52	
Cost/income ratio, %	48.3	46.2		57.4		47.3	62.2		56.0	
Credit loss ratio, %	0.00	0.03		0.00		0.01	0.01		0.01	
Allocated capital	22,441	21,553	4%	19,213	17%	22,441	19,213	17%	20,436	
Return on allocated capital, %	22.0	22.3		14.2		22.1	11.6		15.1	
Average number of employees	2,671	2,582	3%	2,456	9%	2,626	2,442	8%	2,481	

## INCOME STATEMENT IN LOCAL CURRENCY

GBP m	Q2			Q1		Q2		Jan-Jun		Full year
	2023	2023	Change	2022	Change	2023	2022	Change	2022	
Net interest income	206.5	201.5	2%	140.3	47%	408.0	262.8	55%	608.1	
Net fee and commission income	16.3	16.0	2%	16.8	-3%	32.3	32.8	-2%	64.7	
Net gains/losses on financial transactions	3.9	4.8	-19%	4.9	-20%	8.7	9.0	-3%	19.9	
Other income	0.0	0.1	-100%	0.0		0.1	0.0		1.1	
<b>Total income</b>	<b>226.8</b>	<b>222.3</b>	<b>2%</b>	<b>162.0</b>	<b>40%</b>	<b>449.1</b>	<b>304.7</b>	<b>47%</b>	<b>693.8</b>	
Staff costs	-59.5	-56.3	6%	-52.0	14%	-115.8	-103.6	12%	-216.1	
Other expenses	-17.2	-15.4	12%	-13.8	25%	-32.6	-31.7	3%	-63.3	
Internal purchased and sold services	-27.5	-26.0	6%	-22.0	25%	-53.5	-43.3	24%	-86.3	
Depreciation, amortisation and impairments of property, equipment and intangible assets	-6.0	-5.5	9%	-5.8	3%	-11.5	-12.0	-4%	-25.1	
<b>Total expenses</b>	<b>-110.2</b>	<b>-103.2</b>	<b>7%</b>	<b>-93.6</b>	<b>18%</b>	<b>-213.4</b>	<b>-190.6</b>	<b>12%</b>	<b>-390.8</b>	
<b>Profit before credit losses, risk tax and resolution fee</b>	<b>116.7</b>	<b>119.1</b>	<b>-2%</b>	<b>68.4</b>	<b>71%</b>	<b>235.8</b>	<b>114.1</b>	<b>107%</b>	<b>303.0</b>	
Net credit losses	0.1	-0.7		0.0		-0.6	-2.1	-71%	-4.4	
Gains/losses on disposal of property, equipment and intangible assets	0.0	0.0				0.0	0.8	-100%	0.8	
<b>Operating profit</b>	<b>116.8</b>	<b>118.4</b>	<b>-1%</b>	<b>68.4</b>	<b>71%</b>	<b>235.2</b>	<b>112.8</b>	<b>109%</b>	<b>299.4</b>	
Profit allocation	1.2	1.0	20%	1.0	20%	2.2	1.8	22%	3.9	
<b>Operating profit after profit allocation</b>	<b>118.0</b>	<b>119.4</b>	<b>-1%</b>	<b>69.3</b>	<b>70%</b>	<b>237.4</b>	<b>114.5</b>	<b>107%</b>	<b>303.3</b>	

## BUSINESS VOLUMES

Average volumes, GBP m	Q2			Q1		Q2		Jan-Jun		Full year
	2023	2023	Change	2022	Change	2023	2022	Change	2022	
Loans to the public										
Household	5,593	5,732	-2%	6,149	-9%	5,662	6,222	-9%	6,076	
Corporates	13,141	13,192	0%	14,090	-7%	13,167	14,053	-6%	13,820	
<b>Total</b>	<b>18,733</b>	<b>18,925</b>	<b>-1%</b>	<b>20,238</b>	<b>-7%</b>	<b>18,829</b>	<b>20,275</b>	<b>-7%</b>	<b>19,896</b>	
Deposits and borrowing from the public										
Household	5,459	5,623	-3%	5,702	-4%	5,541	5,646	-2%	5,770	
Corporates	14,683	14,893	-1%	14,102	4%	14,788	13,876	7%	14,310	
<b>Total</b>	<b>20,142</b>	<b>20,516</b>	<b>-2%</b>	<b>19,804</b>	<b>2%</b>	<b>20,329</b>	<b>19,522</b>	<b>4%</b>	<b>20,080</b>	

## Q2 2023 COMPARED WITH Q1 2023

*Operating profit* increased by 2% to SEK 1,538m (1,502). Foreign exchange effects on operating profit amounted to SEK 54m, and in local currency terms, operating profit declined by 1%. *Return on allocated capital* was 22.0% (22.3), and the *C/I ratio* was 48.3% (46.2).

*Income* increased by 6% to SEK 2,985m (2,820). Expressed in local currency, income growth was 2%.

*Expenses* increased by 11% to SEK -1,449m (-1,309). Foreign exchange effects amounted to SEK -49m and, expressed in local currency, expenses increased by 7%.

*Net interest income* grew by 6% to SEK 2,718m (2,556). Foreign exchange effects on net interest income amounted to SEK 93m. In local currency terms, net interest income increased by 2%. The net amount of changed margins and funding costs increased net interest income by SEK 120m. Changed business volumes had an impact of SEK -71m on net interest income. The day effect had an impact of SEK 26m. Other effects made a contribution of SEK -6m.

*Net fee and commission income* increased by 6% to SEK 215m (202). Foreign exchange effects amounted to SEK 8m, and in local currency terms, net fee and commission income rose by 2%. The increase was primarily due to positive developments in mutual fund commissions.

*Staff costs* rose by 10% to SEK -782m (-714). Expressed in local currency, staff costs rose by 6%. The increase was primarily due to an increase in the number of employees and increased pension costs. The average number of employees increased by 3% to 2,671 (2,582). The increase was due to additional employees in IT development and business development.

*Other expense items* rose by 12% to SEK -666m (-596). In local currency terms, the increase was 8%, which is mainly explained by seasonally higher activity.

*Credit losses* consisted of net recoveries and amounted to SEK 2m (-9), and the credit loss ratio was 0.00% (0.03).

## JANUARY – JUNE 2023 COMPARED WITH JANUARY – JUNE 2022

*Operating profit* rose by 117%, or SEK 1,637m, to SEK 3,040m (1,403). Foreign exchange effects on operating profit were SEK 52m. Expressed in local currency, operating profit increased by 109%. *Return on allocated capital* improved to 22.1% (11.6). The *C/I ratio* improved to 47.3% (62.2).

*Income* increased by 53% to SEK 5,805m (3,790). Foreign exchange effects on income amounted to SEK 141m, and in local currency terms, income rose by 47%.

*Expenses* increased by 16% to SEK -2,758m (-2,371). Adjusted for foreign exchange effects of SEK -89m, expenses increased in local currency terms by 12%.

*Net interest income* rose by 61%, or SEK 2,005m, to SEK 5,274m (3,269). Foreign exchange effects had a positive impact of SEK 121m on net interest income. Expressed in local currency, net interest income increased by 55%. The net amount of changed margins and funding costs increased net interest income by SEK 2,065m. Lower business volumes had an impact of SEK -207m. Other effects made a contribution of SEK 26m.

*Net fee and commission income* increased by 2% to SEK 417m (409). Foreign exchange effects amounted to SEK 16m, and in local currency terms, net fee and commission income fell by 2%. Commission income from the fund management, custody account management and asset management business, including brokerage and advisory

services, increased by 2% to SEK 218m (214). Net payment commissions grew marginally to SEK 134m (133).

*Staff costs* rose by 16% to SEK -1,496m (-1,289). Foreign exchange effects on staff costs amounted to SEK -51m, and in local currency terms, staff costs increased by 12%. The increase was due to annual salary adjustments and an increase in the number of employees. The average number of employees grew by 8% to 2,626 (2,442).

*Other expense items* rose by 17% to SEK -1,262m (-1,083). Expressed in local currency, other expense items went up by 12%. The increase was mainly attributable to increased IT development and business development.

*Credit losses* totalled SEK -7m (-26). The credit loss ratio was 0.01% (0.01).

## BUSINESS DEVELOPMENT

### Q2 2023 compared with Q1 2023

The total *average volume of lending* decreased by 1% to GBP 18.7bn (18.9). Household lending decreased by 2% to GBP 5.6bn (5.7), and corporate lending decreased marginally to GBP 13.1bn (13.2).

The total *average volume of deposits* decreased by 2% to GBP 20.1bn (20.5). Household deposits decreased by 3% to GBP 5.5bn (5.6), and corporate deposits decreased by 1% to GBP 14.7bn (14.9).

The volume of assets under management in Handelsbanken Wealth & Asset Management at the end of the period totalled GBP 4.1bn (4.1). New savings in Handelsbanken Wealth & Asset Management during the quarter totalled net GBP 45m (25).

### January – June 2023 compared with January – June 2022

The total *average volume of lending* decreased by 7% to GBP 18.8bn (20.3). Household lending decreased by 9% to GBP 5.7bn (6.2), and corporate lending decreased by 6% to GBP 13.2bn (14.0).

The total *average volume of deposits* increased by 4% to GBP 20.3bn (19.5). Household deposits decreased by 2% to GBP 5.5bn (5.6), and corporate deposits increased by 7% to GBP 14.8bn (13.9).

The volume of assets under management in Handelsbanken Wealth & Asset Management at the end of the period totalled GBP 4.1bn (4.0). New savings during the period totalled GBP 70m (-49).

# Handelsbanken Norway

## INCOME STATEMENT

SEK m	Q2			Q1		Q2		Jan-Jun		Full year
	2023	2023	Change	2022	Change	2023	2022	Change	2022	
Net interest income	1,076	1,139	-6%	1,070	1%	2,215	2,131	4%	4,264	
Net fee and commission income	167	156	7%	169	-1%	323	338	-4%	688	
Net gains/losses on financial transactions	19	22	-14%	20	-5%	41	35	17%	90	
Net insurance result	0	1	-100%	3	-100%	1	8	-87%	30	
Other income	2	1	100%	7	-71%	3	8	-63%	25	
<b>Total income</b>	<b>1,264</b>	<b>1,320</b>	<b>-4%</b>	<b>1,269</b>	<b>0%</b>	<b>2,584</b>	<b>2,521</b>	<b>2%</b>	<b>5,097</b>	
Staff costs	-253	-274	-8%	-247	2%	-527	-498	6%	-1,028	
Other expenses	-117	-137	-15%	-70	67%	-254	-137	85%	-295	
Internal purchased and sold services	-184	-168	10%	-149	23%	-352	-288	22%	-667	
Depreciation, amortisation and impairments of property, equipment and intangible assets	-23	-23	0%	-23	0%	-46	-45	2%	-92	
<b>Total expenses</b>	<b>-578</b>	<b>-601</b>	<b>-4%</b>	<b>-488</b>	<b>18%</b>	<b>-1,179</b>	<b>-968</b>	<b>22%</b>	<b>-2,082</b>	
<b>Profit before credit losses, risk tax and resolution fee</b>	<b>685</b>	<b>719</b>	<b>-5%</b>	<b>781</b>	<b>-12%</b>	<b>1,404</b>	<b>1,553</b>	<b>-10%</b>	<b>3,016</b>	
Net credit losses	21	4	425%	-8		25	-166		-152	
Gains/losses on disposal of property, equipment and intangible assets	1	2	-50%	1	0%	3	3	0%	6	
Risk tax and resolution fee	-93	-101	-8%	-95	-2%	-194	-178	9%	-359	
<b>Operating profit</b>	<b>614</b>	<b>624</b>	<b>-2%</b>	<b>679</b>	<b>-10%</b>	<b>1,238</b>	<b>1,211</b>	<b>2%</b>	<b>2,510</b>	
Profit allocation	10	12	-17%	18	-44%	22	34	-35%	69	
<b>Operating profit after profit allocation</b>	<b>624</b>	<b>636</b>	<b>-2%</b>	<b>697</b>	<b>-10%</b>	<b>1,260</b>	<b>1,246</b>	<b>1%</b>	<b>2,579</b>	
Internal income	-1,911	-1,740	-10%	-654	-192%	-3,651	-1,234	-196%	-3,838	
Cost/income ratio, %	45.4	45.1		37.9		45.2	37.9		40.3	
Credit loss ratio, %	-0.02	0.02		0.01		0.00	0.08		0.04	
Allocated capital	21,169	22,648	-7%	19,055	11%	21,169	19,055	11%	20,074	
Return on allocated capital, %	9.4	8.9		11.6		9.1	10.4		10.5	
Average number of employees	798	783	2%	753	6%	791	753	5%	763	

## INCOME STATEMENT IN LOCAL CURRENCY

NOK m	Q2			Q1		Q2		Jan-Jun		Full year
	2023	2023	Change	2022	Change	2023	2022	Change	2022	
Net interest income	1,093	1,117	-2%	1,024	7%	2,210	2,029	9%	4,052	
Net fee and commission income	170	153	11%	162	5%	323	322	0%	654	
Net gains/losses on financial transactions	19	22	-14%	19	0%	41	33	24%	85	
Net insurance result	0	1	-100%	3	-100%	1	8	-88%	29	
Other income	2	1	100%	7	-71%	3	8	-63%	24	
<b>Total income</b>	<b>1,282</b>	<b>1,295</b>	<b>-1%</b>	<b>1,215</b>	<b>6%</b>	<b>2,577</b>	<b>2,400</b>	<b>7%</b>	<b>4,844</b>	
Staff costs	-258	-268	-4%	-236	9%	-526	-474	11%	-977	
Other expenses	-120	-134	-10%	-66	82%	-254	-130	95%	-280	
Internal purchased and sold services	-187	-164	14%	-142	32%	-351	-274	28%	-634	
Depreciation, amortisation and impairments of property, equipment and intangible assets	-23	-23	0%	-22	5%	-46	-43	7%	-87	
<b>Total expenses</b>	<b>-586</b>	<b>-590</b>	<b>-1%</b>	<b>-467</b>	<b>25%</b>	<b>-1,176</b>	<b>-921</b>	<b>28%</b>	<b>-1,978</b>	
<b>Profit before credit losses, risk tax and resolution fee</b>	<b>696</b>	<b>705</b>	<b>-1%</b>	<b>748</b>	<b>-7%</b>	<b>1,401</b>	<b>1,479</b>	<b>-5%</b>	<b>2,866</b>	
Net credit losses	21	4	425%	-8		25	-158		-144	
Gains/losses on disposal of property, equipment and intangible assets	1	2	-50%	0		3	2	50%	6	
Risk tax and resolution fee	-94	-99	-5%	-91	3%	-193	-169	14%	-342	
<b>Operating profit</b>	<b>623</b>	<b>612</b>	<b>2%</b>	<b>649</b>	<b>-4%</b>	<b>1,235</b>	<b>1,153</b>	<b>7%</b>	<b>2,386</b>	
Profit allocation	10	12	-17%	18	-44%	22	33	-33%	66	
<b>Operating profit after profit allocation</b>	<b>633</b>	<b>624</b>	<b>1%</b>	<b>667</b>	<b>-5%</b>	<b>1,257</b>	<b>1,186</b>	<b>6%</b>	<b>2,451</b>	

## BUSINESS VOLUMES

Average volumes, NOK bn	Q2			Q1		Q2		Jan-Jun		Full year
	2023	2023	Change	2022	Change	2023	2022	Change	2022	
Loans to the public										
Household	112.7	112.5	0%	111.3	1%	112.6	110.7	2%	111.5	
Corporates	193.3	188.7	2%	176.9	9%	191.0	175.5	9%	178.9	
<b>Total</b>	<b>305.9</b>	<b>301.2</b>	<b>2%</b>	<b>288.2</b>	<b>6%</b>	<b>303.6</b>	<b>286.1</b>	<b>6%</b>	<b>290.4</b>	
Deposits and borrowing from the public										
Household	31.9	31.3	2%	31.1	3%	31.6	30.4	4%	31.0	
Corporates	66.6	67.8	-2%	65.9	1%	67.2	65.9	2%	67.7	
<b>Total</b>	<b>98.5</b>	<b>99.1</b>	<b>-1%</b>	<b>97.0</b>	<b>2%</b>	<b>98.8</b>	<b>96.3</b>	<b>3%</b>	<b>98.6</b>	



## Q2 2023 COMPARED WITH Q1 2023

*Operating profit* decreased by 2% to SEK 614m (624). Foreign exchange effects on operating profit amounted to SEK -20m, and in local currency terms, operating profit rose by 2%. *Return on allocated capital* was 9.4% (8.9), and the *C/I ratio* was 45.4% (45.1).

*Income* decreased by 4% to SEK 1,264m (1,320). Foreign exchange effects on income totalled SEK -40m, and expressed in local currency terms, income went down by 1%.

*Expenses* decreased by 4% to SEK -578m (-601). Foreign exchange effects on expenses totalled SEK 20m, and expressed in local currency terms, expenses decreased by 1%.

*Net interest income* decreased by 6%, or SEK 63m, to SEK 1,076m (1,139). Foreign exchange effects on net interest income amounted to SEK -35m, and in local currency terms, net interest income fell by 2%. Higher business volumes made a positive contribution of SEK 10m. The net amount of changed margins and funding costs decreased net interest income by SEK 57m, which includes the negative effect of the required notification period, meaning a six-week delay before interest rates can be changed for household customers, in the amount of SEK -55m (-25). The day effect had an impact of SEK 10m. Other effects on net interest income, including the deposit guarantee scheme, had a SEK 9m impact.

*Net fee and commission income* increased by 7% to SEK 167m (156). Foreign exchange effects amounted to SEK -4m, and in local currency terms, net fee and commission income rose by 11%. All types of fee and commission income made a positive contribution with the exception of brokerage income, which declined marginally.

*Net gains/losses on financial transactions* totalled SEK 19m (22).

*Net insurance result* was SEK 0m (1) and *Other income* was SEK 2m (1).

*Staff costs* fell by 8% to SEK -253m (-274). Foreign exchange effects on staff costs amounted to SEK 10m, and in local currency terms, staff costs declined by 4%. The decrease was due to the reversal of a provision for holiday pay, lower pension costs and a higher capitalisation rate in IT development. The average number of employees grew by 2% to 798 (783).

*Other expense items* decreased by 1% to SEK -324m (-328). Expressed in local currency, other expense items went up by 3%.

*Credit losses* consisted of net recoveries of SEK 21m (4). The credit loss ratio was -0.02% (0.02).

The *risk tax* amounted to SEK -57m (-58), and the *resolution fee* amounted to SEK -35m (-43).

## JANUARY – JUNE 2023 COMPARED WITH JANUARY – JUNE 2022

*Operating profit* increased by 2% to SEK 1,238m (1,211). Foreign exchange effects on operating profit amounted to SEK -50m, and in local currency terms, operating profit increased by 7%. *Return on allocated capital* went down to 9.1% (10.4). The *C/I ratio* was 45.2% (37.9).

*Income* grew by 2% to SEK 2,584m (2,521). Foreign exchange effects amounted to SEK -102m, and in local currency terms, income rose by 7%.

*Expenses* increased by 22% to SEK -1,179m (-968). Foreign exchange effects on expenses amounted to SEK 42m. Expressed in local currency, expenses increased by 28%. The increase was due to investments in strengthening and expanding the private market offering, allowing customers to

more easily interact with the Bank where, when and how they prefer.

*Net interest income* increased by 4% to SEK 2,215m (2,131). Foreign exchange effects amounted to SEK -88m, and in local currency terms, net interest income rose by 9%. Higher business volumes made a positive contribution of SEK 97m. The net amount of changed margins and funding costs increased net interest income by SEK 60m, including the negative effect of the required notification period, which was SEK -79m (-56). Other effects on net interest income, including the deposit guarantee scheme, had a SEK 15m impact.

*Net fee and commission income* declined by 4% to SEK 323m (338). Foreign exchange effects amounted to SEK -12m, and in local currency terms, net fee and commission income was unchanged. Commission income from the fund management, custody account management and asset management business, including brokerage and advisory services, decreased by 9% to SEK 175m (192). Net payment commissions decreased by 2% to SEK 88m (90).

*Net gains/losses on financial transactions* totalled SEK 41m (35).

*Net insurance result* was SEK 1m (8) and *Other income* was SEK 3m (8).

*Staff costs* rose by 6% to SEK -527m (-498). In local currency terms, the increase was 11%. The increase was due to annual salary adjustments and an increase in the number of employees, mainly within IT and business development. The average number of employees increased by 5% to 791 (753).

*Other expense items* increased by 39% to SEK -652m (-470). In local currency terms, the increase was 46%. The increase was due to the aforementioned continued investment in strengthening the digital offering and availability for new and existing private customers.

*Credit losses* consisted of net recoveries of SEK 25m (-166). The credit loss ratio was 0.00% (0.08).

The *risk tax* amounted to SEK -115m (-87), and the *resolution fee* amounted to SEK -78m (-91).

## BUSINESS DEVELOPMENT

### Q2 2023 compared with Q1 2023

The total *average volume of lending* increased by 2% to NOK 305.9bn (301.2). Household lending increased marginally to NOK 112.7bn (112.5), and corporate lending increased by 2% to NOK 193.3bn (188.7).

The total *average volume of deposits* decreased by 1% to NOK 98.5bn (99.1). Household deposits increased by 2% to NOK 31.9bn (31.3), and corporate deposits decreased by 2% to NOK 66.6bn (67.8).

New savings in the Bank's mutual funds in Norway during the quarter totalled net SEK 0.0bn (1.0). The total volume of assets under management was SEK 39bn (37).

### January – June 2023 compared with January – June 2022

The total *average volume of lending* increased by 6% to NOK 303.6bn (286.1). Household lending increased by 2% to NOK 112.6bn (110.7), and corporate lending increased by 9% to NOK 191.0bn (175.5).

The total *average volume of deposits* increased by 3% to NOK 98.8bn (96.3). Household deposits increased by 4% to NOK 31.6bn (30.4), and corporate deposits increased by 2% to NOK 67.2bn (65.9).

The net flow in the Bank's mutual funds in Norway during the period totalled SEK 1.0bn (-2.0). The total volume of assets under management was SEK 39bn (36).

# Handelsbanken the Netherlands

## INCOME STATEMENT

SEK m	Q2 2023	Q1 2023	Change	Q2 2022	Change	Jan-Jun 2023	Jan-Jun 2022	Change	Full year 2022
Net interest income	478	462	3%	316	51%	940	619	52%	1,354
Net fee and commission income	43	39	10%	37	16%	82	72	14%	147
Net gains/losses on financial transactions	4	3	33%	4	0%	7	14	-50%	21
Other income	0	0	0%	0	0%	0	0	0%	1
<b>Total income</b>	<b>526</b>	<b>503</b>	<b>5%</b>	<b>357</b>	<b>47%</b>	<b>1,029</b>	<b>705</b>	<b>46%</b>	<b>1,523</b>
Staff costs	-138	-126	10%	-110	25%	-264	-216	22%	-442
Other expenses	-39	-28	39%	-26	50%	-67	-45	49%	-94
Internal purchased and sold services	-62	-64	-3%	-64	-3%	-126	-116	9%	-241
Depreciation, amortisation and impairments of property, equipment and intangible assets	-15	-14	7%	-11	36%	-29	-24	21%	-54
<b>Total expenses</b>	<b>-255</b>	<b>-231</b>	<b>10%</b>	<b>-211</b>	<b>21%</b>	<b>-486</b>	<b>-401</b>	<b>21%</b>	<b>-832</b>
<b>Profit before credit losses, risk tax and resolution fee</b>	<b>272</b>	<b>272</b>	<b>0%</b>	<b>147</b>	<b>85%</b>	<b>544</b>	<b>304</b>	<b>79%</b>	<b>691</b>
Net credit losses	0	1	-100%	-1		1	0		0
Risk tax and resolution fee	-25	-29	-14%	-18	39%	-54	-42	29%	-81
<b>Operating profit</b>	<b>247</b>	<b>244</b>	<b>1%</b>	<b>127</b>	<b>94%</b>	<b>491</b>	<b>262</b>	<b>87%</b>	<b>610</b>
Profit allocation	0	0	0%	0	0%	0	0	0%	0
<b>Operating profit after profit allocation</b>	<b>247</b>	<b>244</b>	<b>1%</b>	<b>126</b>	<b>96%</b>	<b>491</b>	<b>261</b>	<b>88%</b>	<b>610</b>
Internal income	-34	-37	8%	-132	74%	-71	-244	71%	-453
Cost/income ratio, %	48.5	45.9		59.1		47.2	56.9		54.6
Credit loss ratio, %	0.00	0.00		0.01		0.00	0.00		0.00
Allocated capital	4,669	4,764	-2%	3,172	47%	4,669	3,172	47%	3,582
Return on allocated capital, %	16.8	16.3		12.7		16.5	13.3		14.7
Average number of employees	387	375	3%	355	9%	381	351	9%	357

## INCOME STATEMENT IN LOCAL CURRENCY

EUR m	Q2 2023	Q1 2023	Change	Q2 2022	Change	Jan-Jun 2023	Jan-Jun 2022	Change	Full year 2022
Net interest income	41.8	41.2	1%	30.1	39%	83.0	59.0	41%	127.4
Net fee and commission income	3.8	3.4	12%	3.6	6%	7.2	6.9	4%	13.8
Net gains/losses on financial transactions	0.4	0.2	100%	0.4	0%	0.6	1.3	-54%	2.0
Other income	0.0	0.0		-0.1		0.0	0.0		0.1
<b>Total income</b>	<b>45.9</b>	<b>44.9</b>	<b>2%</b>	<b>34.1</b>	<b>35%</b>	<b>90.8</b>	<b>67.3</b>	<b>35%</b>	<b>143.3</b>
Staff costs	-12.1	-11.2	8%	-10.5	15%	-23.3	-20.6	13%	-41.6
Other expenses	-3.4	-2.5	36%	-2.5	36%	-5.9	-4.3	37%	-8.9
Internal purchased and sold services	-5.5	-5.7	-4%	-6.1	-10%	-11.2	-11.1	1%	-22.7
Depreciation, amortisation and impairments of property, equipment and intangible assets	-1.3	-1.2	8%	-1.1	18%	-2.5	-2.3	9%	-5.1
<b>Total expenses</b>	<b>-22.3</b>	<b>-20.6</b>	<b>8%</b>	<b>-20.2</b>	<b>10%</b>	<b>-42.9</b>	<b>-38.3</b>	<b>12%</b>	<b>-78.2</b>
<b>Profit before credit losses, risk tax and resolution fee</b>	<b>23.7</b>	<b>24.3</b>	<b>-2%</b>	<b>14.0</b>	<b>69%</b>	<b>48.0</b>	<b>29.0</b>	<b>66%</b>	<b>65.0</b>
Net credit losses		0.1		-0.1		0.1	0.0		0.0
Risk tax and resolution fee	-2.1	-2.6	-19%	-1.7	24%	-4.7	-4.0	18%	-7.6
<b>Operating profit</b>	<b>21.5</b>	<b>21.8</b>	<b>-1%</b>	<b>12.1</b>	<b>78%</b>	<b>43.3</b>	<b>25.0</b>	<b>73%</b>	<b>57.4</b>
Profit allocation	0.0	0.0		0.0		0.0	0.0		0.0
<b>Operating profit after profit allocation</b>	<b>21.6</b>	<b>21.8</b>	<b>-1%</b>	<b>12.1</b>	<b>79%</b>	<b>43.4</b>	<b>25.0</b>	<b>74%</b>	<b>57.4</b>

## BUSINESS VOLUMES

Average volumes, EUR m	Q2 2023	Q1 2023	Change	Q2 2022	Change	Jan-Jun 2023	Jan-Jun 2022	Change	Full year 2022
Loans to the public									
Household	4,895	4,902	0%	4,678	5%	4,899	4,554	8%	4,723
Corporates	3,758	3,729	1%	3,464	8%	3,744	3,316	13%	3,453
<b>Total</b>	<b>8,653</b>	<b>8,631</b>	<b>0%</b>	<b>8,142</b>	<b>6%</b>	<b>8,642</b>	<b>7,871</b>	<b>10%</b>	<b>8,177</b>
Deposits and borrowing from the public									
Household	657	650	1%	681	-3%	654	656	0%	673
Corporates	2,865	2,965	-3%	3,515	-18%	2,915	3,366	-13%	3,308
<b>Total</b>	<b>3,522</b>	<b>3,615</b>	<b>-3%</b>	<b>4,196</b>	<b>-16%</b>	<b>3,569</b>	<b>4,023</b>	<b>-11%</b>	<b>3,982</b>

## Q2 2023 COMPARED WITH Q1 2023

*Operating profit* increased by 1% to SEK 247m (244). Foreign exchange effects on operating profit amounted to SEK 6m. Expressed in local currency, operating profit declined by 1%. *Return on allocated capital* was 16.8% (16.3), and the *C/I ratio* was 48.5% (45.9).

*Income* increased by 5% to SEK 526m (503). Expressed in local currency, income growth was 2%.

*Expenses* rose by 10% to SEK -255m (-231). In local currency terms, expenses increased by 8%.

*Net interest income* increased by 3% to SEK 478m (462), corresponding to 1% in local currency terms. Changed business volumes had a negative impact on net interest income of SEK 3m. The net effect of changes to margins and funding costs was an increase in net interest income amounting to SEK 6m. The day effect had an impact of SEK 3m. Other effects, including the deposit guarantee scheme, had a neutral impact on net interest income.

*Net fee and commission income* increased by 10% to SEK 43m (39). In local currency terms, the equivalent increase was 12%. This was primarily attributable to higher savings-related commission income.

*Staff costs* rose by 10% to SEK -138m (-126). Expressed in local currency, staff costs rose by 8%. The increase was due to the payment of saved holiday days and an increase in the number of employees. The average number of employees increased by 3% to 387 (375).

*Other expense items* increased by 9% to SEK -116m (-106). In local currency terms, the equivalent increase was 9%. The increase was mainly attributable to continued high activity in IT development and business development.

*Credit losses* consisted of marginal net recoveries and amounted to SEK 0m (3). The credit loss ratio was 0.00% (0.00).

The *risk tax* amounted to SEK -16m (-19), and the *resolution fee* amounted to SEK -9m (-10).

## JANUARY – JUNE 2023 COMPARED WITH JANUARY – JUNE 2022

*Operating profit* improved by 87% to SEK 491m (262), due to higher income. Foreign exchange effects on operating profit amounted to SEK 25m, and in local currency terms, operating profit increased by 73%. *Return on allocated capital* was 16.5% (13.3), and the *C/I ratio* improved to 47.2% (56.9).

*Income* grew by 46% to SEK 1,029m (705). Foreign exchange effects on income totalled SEK 56m, and in local currency terms income grew by 35%.

*Expenses* rose by 21% to SEK -486m (-401). Foreign exchange effects on expenses were SEK -31m and, expressed in local currency, expenses increased by 12%, mainly due to increased IT development and business growth.

*Net interest income* increased by 52% to SEK 940m (619). Foreign exchange effects amounted to SEK 49m, and in local currency terms, net interest income rose by 41%. Higher business volumes had a SEK 44m positive impact on net interest income. The net amount of changed margins and funding costs increased net interest income by SEK 226m. Other effects, including the deposit guarantee scheme, had a SEK 2m positive impact on net interest income.

*Net fee and commission income* increased by 14% to SEK 82m (72). Foreign exchange effects amounted to SEK 6m, and in local currency terms, net fee and commission income rose by 4%. Commission income from the fund management, custody account management and asset

management business, including brokerage, increased by 15% to SEK 83m (72).

*Staff costs* rose by 22% to SEK -264m (-216), representing a 13% increase in local currency terms. The increase was mainly due to annual salary adjustments and an increase in the number of employees. The average number of employees grew by 9% to 381 (351).

*Other expense items* increased by 20% in total to SEK -222m (-185). In local currency terms, the equivalent increase was 11%. The increase was due to continued investment in IT development and business development.

*Credit losses* consisted of net recoveries of SEK 1m (0). The credit loss ratio was 0.00% (0.00).

The *risk tax* amounted to SEK -35m (-23), and the *resolution fee* amounted to SEK -19m (-19).

## BUSINESS DEVELOPMENT

### Q2 2023 compared with Q1 2023

The total *average volume of lending* increased marginally to EUR 8.7bn (8.6). Household lending was unchanged and amounted to EUR 4.9bn (4.9), and corporate lending increased by 1% to EUR 3.8bn (3.7).

The total *average volume of deposits* decreased by 3% to EUR 3.5bn (3.6). Household deposits increased by 1% to EUR 0.7bn (0.7), and corporate deposits decreased by 3% to EUR 2.9bn (3.0).

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

### January – June 2023 compared with January – June 2022

The total *average volume of lending* increased by 10% to EUR 8.6bn (7.9). Household lending increased by 8% to EUR 4.9bn (4.6), and corporate lending increased by 13% to EUR 3.7bn (3.3).

The total *average volume of deposits* decreased by 11% to EUR 3.6bn (4.0). Household deposits decreased marginally to EUR 0.7bn (0.7), and corporate deposits decreased by 13% to EUR 2.9bn (3.4).

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

# Handelsbanken Capital Markets

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

## INCOME STATEMENT

SEK m	Q2 2023	Q1 2023	Change	Q2 2022	Change	Jan-Jun 2023	Jan-Jun 2022	Change	Full year 2022
Net interest income	97	110	-12%	73	33%	207	137	51%	301
Net fee and commission income	163	242	-33%	173	-6%	405	432	-6%	771
Net gains/losses on financial transactions	272	250	9%	214	27%	522	525	-1%	1,131
Other income	3	1	200%	5	-40%	4	6	-33%	9
<b>Total income</b>	<b>536</b>	<b>603</b>	<b>-11%</b>	<b>465</b>	<b>15%</b>	<b>1,139</b>	<b>1,100</b>	<b>4%</b>	<b>2,212</b>
Staff costs	-297	-293	1%	-282	5%	-590	-579	2%	-1,143
Other expenses	-89	-96	-7%	-72	24%	-185	-146	27%	-326
Internal purchased and sold services	-48	-74	-35%	-120	-60%	-122	-198	-38%	-344
Depreciation, amortisation and impairments of property, equipment and intangible assets	-36	-36	0%	-14	157%	-72	-75	-4%	-147
<b>Total expenses</b>	<b>-471</b>	<b>-498</b>	<b>-5%</b>	<b>-488</b>	<b>-3%</b>	<b>-969</b>	<b>-998</b>	<b>-3%</b>	<b>-1,959</b>
<b>Profit before credit losses, risk tax and resolution fee</b>	<b>65</b>	<b>105</b>	<b>-38%</b>	<b>-23</b>		<b>170</b>	<b>102</b>	<b>67%</b>	<b>253</b>
Net credit losses	4	5	-20%	-4		9	-5		-13
Gains/losses on disposal of property, equipment and intangible assets	0			0			0		0
Risk tax and resolution fee	-12	-9	33%	-7	71%	-21	-18	17%	-33
<b>Operating profit</b>	<b>58</b>	<b>100</b>	<b>-42%</b>	<b>-34</b>		<b>158</b>	<b>79</b>	<b>100%</b>	<b>206</b>
Profit allocation	-127	-172	-26%	-126	1%	-299	-261	15%	-531
<b>Operating profit after profit allocation</b>	<b>-70</b>	<b>-71</b>	<b>1%</b>	<b>-160</b>	<b>56%</b>	<b>-141</b>	<b>-182</b>	<b>23%</b>	<b>-324</b>
Internal income	377	592	-36%	-39		969	-160		615
Cost/income ratio, %	115.2	115.5		144.0		115.4	119.0		116.5
Credit loss ratio, %	-0.09	-0.11		0.07		-0.10	0.04		0.06
Allocated capital	2,603	2,320	12%	2,368	10%	2,603	2,368	10%	2,072
Return on allocated capital, %	-8.5	-9.8		-21.5		-9.1	-12.4		-11.5
Average number of employees	605	592	2%	574	5%	598	581	3%	585

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.

### Q2 2023 COMPARED WITH Q1 2023

Operating profit declined to SEK 58m (100), due to an 11% drop in income to SEK 536m (603).

The main reason for the lower income figure was that net fee and commission income went down by 33% to SEK 163m (242), due to lower advisory commissions.

Net gains/losses on financial transactions increased by 9% to SEK 272m (250), in a market characterised by relatively high volatility.

Expenses decreased by 5% to SEK -471m (-498).

Staff costs rose by 1% to SEK -297m (-293). The average number of employees increased by 2% to 605 (592).

Other expense items amounted to SEK -173m (-206).

The risk tax and resolution fee totalled SEK -12m (-9).

Credit losses consisted of net recoveries of SEK 4m (5), and the credit loss ratio was -0.09% (-0.11).

### JANUARY – JUNE 2023 COMPARED WITH JANUARY – JUNE 2022

Operating profit increased to SEK 158m (79).

Income increased by 4% to SEK 1,139m (1,100). The increase was mainly attributable to higher net interest income.

Net fee and commission income declined by 6% to SEK 405m (432), as a result of lower advisory commissions and reduced custody account management commissions.

Net gains/losses on financial transactions decreased by 1% to SEK 522m (525).

Expenses decreased by 3% to SEK -969m (-998).

Staff costs rose by 2% to SEK -590m (-579). The average number of employees increased by 3% to 598 (581).

Other expense items fell by 10% to SEK -379m (-419).

The risk tax and resolution fee totalled SEK -21m (-18).

Credit losses consisted of net recoveries of SEK 9m (-5), and the credit loss ratio was -0.10% (0.04).

### BUSINESS DEVELOPMENT

During the first half of the year, the Bank arranged 79 (63) bond issues at a value of approximately EUR 8.7bn (7.1); green and sustainability-linked bonds accounted for EUR 4.0bn (1.7) of this total, or approximately 46% (24). 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	Q2 2023	Q1 2023	Change	Q2 2022	Change	Jan-Jun 2023	Jan-Jun 2022	Change	Full year 2022
Net interest income	-161	-47	-243%	150		-208	402		32
Net fee and commission income	72	64	13%	65	11%	136	121	12%	213
Net gains/losses on financial transactions	-107	65		-405	74%	-42	-476	91%	-457
Share of profit of associates and joint ventures	20	-1		-40		19	-38		-13
Other income	28	30	-7%	21	33%	58	1,093	-95%	1,111
<b>Total income</b>	<b>-146</b>	<b>110</b>		<b>-210</b>	<b>30%</b>	<b>-36</b>	<b>1,102</b>		<b>885</b>
Staff costs	-847	-1,137	-26%	-884	-4%	-1,984	-1,763	13%	-3,778
Other expenses	-1,063	-1,008	5%	-897	19%	-2,071	-1,757	18%	-3,525
Internal purchased and sold services	1,978	2,037	-3%	1,752	13%	4,015	3,469	16%	6,959
Depreciation, amortisation and impairments of property, equipment and intangible assets	-159	-200	-21%	-124	28%	-359	-292	23%	-601
<b>Total expenses</b>	<b>-90</b>	<b>-308</b>	<b>-71%</b>	<b>-152</b>	<b>-41%</b>	<b>-398</b>	<b>-342</b>	<b>16%</b>	<b>-944</b>
<b>Profit before credit losses, risk tax and resolution fee</b>	<b>-235</b>	<b>-199</b>	<b>-18%</b>	<b>-362</b>	<b>35%</b>	<b>-434</b>	<b>760</b>		<b>-60</b>
Net credit losses	-7	7		-33	79%		19		38
Gains/losses on disposal of property, equipment and intangible assets	0	0	0%	1	-100%	0	1		-2
Risk tax and resolution fee	-43	-39	10%	-29	48%	-82	-89	-8%	-180
<b>Operating profit</b>	<b>-285</b>	<b>-231</b>	<b>-23%</b>	<b>-422</b>	<b>32%</b>	<b>-516</b>	<b>691</b>		<b>-203</b>
Profit allocation	6	6	0%	10	-40%	12	19	-37%	39
<b>Operating profit after profit allocation</b>	<b>-279</b>	<b>-225</b>	<b>-24%</b>	<b>-413</b>	<b>32%</b>	<b>-504</b>	<b>710</b>		<b>-164</b>
Internal income	-230	-509	55%	925		-739	1,978		1,897
Average number of employees	3,017	2,968	2%	2,817	7%	2,993	2,827	6%	2,861
Allocated capital Denmark and Finland	6,341	6,585	-4%	13,723	-54%	6,341	13,723	-54%	14,414

### Q2 2023 COMPARED WITH Q1 2023

Operating profit was SEK -285m (-231).

Income was SEK -146m (110).

Expenses decreased to SEK -90m (-308).

Staff costs decreased to SEK -847m (-1,137). No provision was made for Oktogonen during the quarter (SEK -202 m), with the comparison quarter's amount in its entirety comprising an adjustment of the provision for 2022.

The average number of employees totalled 3,017 (2,968); within this figure, the number of employees at the IT department was 2,006 (1,961).

### JANUARY – JUNE 2023 COMPARED WITH JANUARY – JUNE 2022

Operating profit was SEK -516m (691).

Income decreased to SEK -36m (1,102). The period of comparison includes income of SEK 1,059m from real estate sales, as well as funding costs of SEK 149m relating to the operations in the Finland disposal group.

Expenses totalled SEK -398m (-342).

Staff costs rose by 13%, or SEK 221m, to SEK -1,984m (-1,763). Adjusted for Oktogonen, which amounted to SEK -202m (-137), staff costs increased by 10%, or SEK 156m, and included the effects of annual salary adjustments, lower pension costs and an increase in the number of employees. The average number of employees grew by 6% to 2,993 (2,827), with the number of employees at the IT department totalling 1,984 (1,851).

Depreciation, amortisation and impairment of property, equipment and intangible assets amounted to SEK -359m (-292).

## Key metrics – Group

	Q2 2023	Q1 2023	Q2 2022	Jan-Jun 2023	Jan-Jun 2022	Full year 2022
Return on equity, total operations	16.2%	15.0%	10.2%	15.6%	11.9%	12.8%
C/I ratio, Continuing operations	37.1%	38.5%	46.4%	37.8%	43.9%	42.1%
Earnings per share, SEK	3.59	3.44	2.13	7.03	5.00	10.95
<i>of which continuing operations</i>	3.42	3.32	2.09	6.75	4.81	10.81
<i>of which discontinued operations</i>	0.17	0.12	0.04	0.28	0.19	0.14
Ordinary dividend per share, SEK						5.50
Total dividend per share, SEK						8.00
Adjusted equity per share, SEK	98.99	93.39	92.58	98.99	92.58	98.14
Common equity tier 1 ratio, CRR	19.8%	19.4%	18.7%	19.8%	18.7%	19.6%
Total capital ratio, CRR	24.2%	23.6%	23.4%	24.2%	23.4%	23.8%
Average number of employees	11,537	11,331	10,791	11,434	10,767	10,954

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](https://handelsbanken.com/ir).

## THE HANDELSBANKEN SHARE

	Q2 2023	Q1 2023	Q2 2022	Jan-Jun 2023	Jan-Jun 2022	Full year 2022
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	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	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	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	1,980,028,494
Share price SHB class A, end of period, SEK	90.34	89.84	87.42	90.34	87.42	105.10
Share price SHB class B, end of period, SEK	107.60	111.20	100.60	107.60	100.60	122.20
Market capitalisation, end of period, SEK bn	179	178	173	179	173	208

# Condensed set of financial statements – Group

## INCOME STATEMENT - GROUP

SEK m		Q2 2023	Q1 2023	Change	Q2 2022	Change	Jan-Jun 2023	Jan-Jun 2022	Change	Full year 2022
Interest income		38,329	32,926	16%	12,122	216%	71,255	21,942	225%	67,407
<i>effective interest method and interest on derivatives in hedge accounting</i>		31,708	27,609	15%	11,061	187%	59,317	20,501	189%	59,702
Interest expenses		-26,642	-21,441	24%	-3,732		-48,083	-5,539		-30,793
Net interest income	Note 2	11,687	11,485	2%	8,390	39%	23,172	16,404	41%	36,614
Fee and commission income		3,127	3,118	0%	3,044	3%	6,245	6,225	0%	12,277
Fee and commission expenses		-366	-352	4%	-334	10%	-718	-638	13%	-1,296
Net fee and commission income	Note 3	2,761	2,766	0%	2,710	2%	5,527	5,587	-1%	10,981
Net gains/losses on financial transactions	Note 4	393	602	-35%	15		995	435	129%	1,540
Insurance result		58	27	115%	67	-13%	85	145	-41%	280
Return on assets held on behalf of policyholders		58	64	-9%	-142		122	-310		-291
Net insurance result	Note 5	116	91	27%	-74		207	-164		-11
Other dividend income		1	1	0%	15	-93%	2	16	-88%	17
Share of profit of associates and joint ventures		20	-1		-40		19	-38		-13
Other income		187	42	345%	38	392%	229	1,136	-80%	1,246
<b>Total income</b>		<b>15,166</b>	<b>14,985</b>	<b>1%</b>	<b>11,053</b>	<b>37%</b>	<b>30,151</b>	<b>23,376</b>	<b>29%</b>	<b>50,375</b>
Staff costs		-3,259	-3,470	-6%	-3,148	4%	-6,729	-6,306	7%	-13,040
Other expenses	Note 6	-1,953	-1,852	5%	-1,597	22%	-3,805	-3,156	21%	-6,526
Depreciation, amortisation and impairment of property, equipment and intangible assets		-421	-454	-7%	-381	10%	-875	-811	8%	-1,646
<b>Total expenses</b>		<b>-5,634</b>	<b>-5,776</b>	<b>-2%</b>	<b>-5,126</b>	<b>10%</b>	<b>-11,410</b>	<b>-10,273</b>	<b>11%</b>	<b>-21,212</b>
<b>Profit before credit losses, risk tax and resolution fee</b>		<b>9,531</b>	<b>9,210</b>	<b>3%</b>	<b>5,927</b>	<b>61%</b>	<b>18,741</b>	<b>13,103</b>	<b>43%</b>	<b>29,163</b>
Net credit losses	Note 7	-58	-30	93%	-56	4%	-88	-62	42%	-47
Gains/losses on disposal of property, equipment and intangible assets		4	7	-43%	4	0%	11	18	-39%	24
Risk tax and resolution fee		-636	-671	-5%	-594	7%	-1,307	-1,153	13%	-2,311
<b>Operating profit</b>		<b>8,841</b>	<b>8,516</b>	<b>4%</b>	<b>5,281</b>	<b>67%</b>	<b>17,357</b>	<b>11,905</b>	<b>46%</b>	<b>26,829</b>
Taxes		-2,066	-1,934	7%	-1,144	81%	-4,000	-2,387	68%	-5,431
<b>Profit for the period from continuing operations</b>		<b>6,775</b>	<b>6,582</b>	<b>3%</b>	<b>4,138</b>	<b>64%</b>	<b>13,357</b>	<b>9,519</b>	<b>40%</b>	<b>21,398</b>
Profit for the period from discontinued operations after tax	Note 10	329	232	42%	73	351%	561	380	48%	280
<b>Profit for the period</b>		<b>7,104</b>	<b>6,814</b>	<b>4%</b>	<b>4,212</b>	<b>69%</b>	<b>13,918</b>	<b>9,899</b>	<b>41%</b>	<b>21,678</b>
Attributable to										
Shareholders in Svenska Handelsbanken AB		7,103	6,814	4%	4,211	69%	13,917	9,898	41%	21,676
Non-controlling interest		0	1		0		1	1		1

## EARNINGS PER SHARE - GROUP

	Q2 2023	Q1 2023	Change	Q2 2022	Change	Jan-Jun 2023	Jan-Jun 2022	Change	Full year 2022
Profit for the year, attributable to shareholders in Svenska Handelsbanken AB	7,103	6,814	4%	4,211	69%	13,917	9,898	41%	21,676
Average number of outstanding shares, million	1,980.0	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		1,980.0
Earnings per share, SEK	3.59	3.44	4%	2.13	69%	7.03	5.00	41%	10.95
Earnings per share, continuing operations, SEK	3.42	3.32	3%	2.09	64%	6.75	4.81	40%	10.81
Earnings per share, discontinued operations, SEK	0.17	0.12	42%	0.04	325%	0.28	0.19	47%	0.14

## STATEMENT OF COMPREHENSIVE INCOME – GROUP

SEK m	Q2 2023	Q1 2023	Change	Q2 2022	Change	Jan-Jun 2023	Jan-Jun 2022	Change	Full year 2022
<b>Profit for the period</b>	<b>7,104</b>	<b>6,814</b>	<b>4%</b>	<b>4,212</b>	<b>69%</b>	<b>13,918</b>	<b>9,899</b>	<b>41%</b>	<b>21,678</b>
<b>Other comprehensive income</b>									
<b>Items that will not be reclassified to the income statement</b>									
Defined benefit pension plans	955	-220		2,558	-63%	735	4,236	-83%	3,049
Instruments measured at fair value through other comprehensive income - equity instruments	35	31		7		66	16		41
Tax on items that will not be reclassified to income statement	-201	37		-522	61%	-164	-866	81%	-642
<i>of which defined benefit pension plans</i>	-195	41		-523	63%	-154	-866	82%	-622
<i>of which equity instruments measured at fair value through other comprehensive income</i>	-6	-4		1		-10	-1		-19
<b>Total items that will not be reclassified to the income statement</b>	<b>789</b>	<b>-152</b>		<b>2,043</b>	<b>-61%</b>	<b>637</b>	<b>3,386</b>	<b>-81%</b>	<b>2,448</b>
<b>Items that may subsequently be reclassified to the income statement</b>									
Cash flow hedges	399	333	20%	-706		732	-1,993		-2,640
Instruments measured at fair value through other comprehensive income - debt instruments	0	-2		-30		-2	-74		-60
Insurance contracts	36	-52		370		-16	789		793
Translation differences for the period	3,311	-335		869	281%	2,976	1,752	70%	2,312
<i>of which hedging net investment in foreign operations</i>	-293	-78	-276%	-158	-85%	-371	-201	-85%	-297
Tax on items that may subsequently be reclassified to the income statement	-225	134		184		-91	460		-15
<i>of which cash flow hedges</i>	-82	-69	-19%	146		-151	411		544
<i>of which debt instruments measured at fair value through other comprehensive income</i>	0			6		0	9		6
<i>of which hedging net investment in foreign operations</i>	60	16	275%	32	88%	76	41	85%	61
<i>of which translation difference</i>	-204	187				-17			-626
<b>Total items that may subsequently be reclassified to the income statement</b>	<b>3,520</b>	<b>79</b>		<b>686</b>	<b>413%</b>	<b>3,599</b>	<b>934</b>	<b>285%</b>	<b>390</b>
<b>Total other comprehensive income for the period</b>	<b>4,307</b>	<b>-73</b>		<b>2,728</b>	<b>58%</b>	<b>4,234</b>	<b>4,320</b>	<b>-2%</b>	<b>2,838</b>
<b>Total comprehensive income for the period</b>	<b>11,411</b>	<b>6,741</b>	<b>69%</b>	<b>6,940</b>	<b>64%</b>	<b>18,152</b>	<b>14,219</b>	<b>28%</b>	<b>24,516</b>
Attributable to									
Shareholders in Svenska Handelsbanken AB	11,411	6,741	69%	6,940	64%	18,152	14,219	28%	24,516
Non-controlling interest	-2	1		0		-1	2		1



## QUARTERLY PERFORMANCE - GROUP

SEK m	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022
Net interest income	11,687	11,485	10,631	9,579	8,390
Net fee and commission income	2,761	2,766	2,694	2,700	2,710
Net gains/losses on financial transactions	393	602	570	535	15
Net insurance result	116	91	60	93	-74
Other dividend income	1	1	15	-14	15
Share of profit of associates and joint ventures	20	-1	-2	27	-40
Other income	187	42	85	25	38
<b>Total income</b>	<b>15,166</b>	<b>14,985</b>	<b>14,053</b>	<b>12,946</b>	<b>11,053</b>
Staff costs	-3,259	-3,470	-3,468	-3,266	-3,148
Other expenses	-1,953	-1,852	-1,949	-1,421	-1,597
Depreciation, amortisation and impairment of property, equipment and intangible assets	-421	-454	-423	-412	-381
<b>Total expenses</b>	<b>-5,634</b>	<b>-5,776</b>	<b>-5,839</b>	<b>-5,100</b>	<b>-5,126</b>
<b>Profit before credit losses, risk tax and resolution fee</b>	<b>9,531</b>	<b>9,210</b>	<b>8,214</b>	<b>7,846</b>	<b>5,927</b>
Net credit losses	-58	-30	-54	69	-56
Gains/losses on disposal of property, equipment and intangible assets	4	7		6	4
Risk tax and resolution fee	-636	-671	-582	-576	-594
<b>Operating profit</b>	<b>8,841</b>	<b>8,516</b>	<b>7,578</b>	<b>7,346</b>	<b>5,281</b>
Taxes	-2,066	-1,934	-1,325	-1,719	-1,144
<b>Profit for the period from continuing operations</b>	<b>6,775</b>	<b>6,582</b>	<b>6,252</b>	<b>5,627</b>	<b>4,138</b>
Profit for the period from discontinued operations after tax	329	232	-265	165	73
<b>Profit for the period</b>	<b>7,104</b>	<b>6,814</b>	<b>5,988</b>	<b>5,791</b>	<b>4,212</b>
Earnings per share, SEK	3.59	3.44	3.02	2.93	2.13

## BALANCE SHEET - GROUP

SEK m		30 Jun 2023	31 Mar 2023	31 Dec 2022	30 Sep 2022	30 Jun 2022
<b>Assets</b>						
Cash and balances with central banks		503,673	447,588	475,868	567,140	569,790
Other loans to central banks	Note 8	5,163	10,646	4,604	4,838	10,749
Interest-bearing securities eligible as collateral with central banks		265,238	233,751	132,778	130,097	114,338
Loans to other credit institutions	Note 8	38,247	24,440	9,411	30,940	27,385
Loans to the public	Note 8	2,335,959	2,306,742	2,315,818	2,275,414	2,249,615
Value change of interest-hedged item in portfolio hedge		-16,046	-15,039	-16,616	-20,930	-15,158
Bonds and other interest-bearing securities		57,611	41,231	32,697	43,849	38,954
Shares		22,409	21,296	12,813	19,465	20,179
Investments in associates		606	591	561	553	532
Assets where the customer bears the value change risk		238,626	224,813	212,966	202,105	205,044
Derivative instruments	Note 11,12	56,729	39,500	36,261	81,976	55,078
Intangible assets	Note 13	8,553	8,426	8,402	8,249	8,317
Property and equipment		4,786	4,786	4,914	4,624	4,766
Current tax assets		1,140	1,346	160	2,791	2,442
Deferred tax assets		1,527	1,516	1,590	1,325	1,133
Net pension assets		14,469	13,005	12,875	13,659	13,514
Assets held for sale	Note 10	201,478	193,180	191,916	354,435	354,426
Other assets		12,422	40,963	14,721	5,744	25,253
Prepaid expenses and accrued income		2,853	3,297	1,979	2,367	2,702
<b>Total assets</b>	Note 17	<b>3,755,442</b>	<b>3,602,079</b>	<b>3,453,718</b>	<b>3,728,640</b>	<b>3,689,060</b>
<b>Liabilities and equity</b>						
Due to credit institutions	Note 14	143,863	97,306	81,693	120,251	121,449
Deposits and borrowing from the public	Note 14	1,433,843	1,435,563	1,318,925	1,459,240	1,442,548
Liabilities where the customer bears the value change risk		238,627	224,814	212,966	202,105	205,044
Issued securities	Note 15	1,563,875	1,478,669	1,474,801	1,501,028	1,484,153
Derivative instruments	Note 11,12	22,307	24,140	29,040	26,934	21,782
Short positions		13,459	11,544	1,939	10,990	14,140
Insurance liabilities		8,290	8,464	8,546	8,667	8,884
Current tax liabilities		1,314	894	217	1,621	1,016
Deferred tax liabilities		6,113	5,735	5,614	6,655	6,209
Provisions		577	520	591	644	864
Liabilities held for sale	Note 10	72,942	66,577	68,938	139,691	139,326
Other liabilities		16,398	24,503	10,454	12,068	17,938
Accrued expenses and deferred income		2,462	4,705	3,565	3,729	3,658
Subordinated liabilities		35,085	33,771	42,404	45,059	38,516
<b>Total liabilities</b>	Note 17	<b>3,559,156</b>	<b>3,417,204</b>	<b>3,259,694</b>	<b>3,538,683</b>	<b>3,505,527</b>
Non-controlling interest		2	4	3	13	12
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		22,920	18,610	18,684	20,638	20,164
Retained earnings		147,621	147,621	141,834	141,790	141,632
Profit for the period, attributable to shareholders in Svenska Handelsbanken AB		13,917	6,814	21,676	15,689	9,898
<b>Total equity</b>		<b>196,286</b>	<b>184,875</b>	<b>194,024</b>	<b>189,958</b>	<b>183,533</b>
<b>Total liabilities and equity</b>		<b>3,755,442</b>	<b>3,602,079</b>	<b>3,453,718</b>	<b>3,728,640</b>	<b>3,689,060</b>

## STATEMENT OF CHANGES IN EQUITY – GROUP

January - June 2023 SEK m	Share capital	Share premium	Defined benefit plans	Hedge reserve	Fair value reserve	Insurance contracts	Trans-lation reserve	Retained earnings incl profit for the year	Non-controlling interest	Total
<b>Opening equity 2023</b>	<b>3,069</b>	<b>8,758</b>	<b>13,740</b>	<b>-307</b>	<b>126</b>	<b>793</b>	<b>4,332</b>	<b>163,510</b>	<b>3</b>	<b>194,024</b>
Profit for the period								13,917	1	13,918
Other comprehensive income			581	581	54	-16	3,035		-3	4,234
<i>of which reclassified within equity</i>			49							49
<b>Total comprehensive income for the period</b>			<b>581</b>	<b>581</b>	<b>54</b>	<b>-16</b>	<b>3,035</b>	<b>13,917</b>	<b>-1</b>	<b>18,152</b>
Reclassified to retained earnings								-49		-49
Dividend								-15,840		-15,840
Change in non-controlling interest										
<b>Closing equity</b>	<b>3,069</b>	<b>8,758</b>	<b>14,321</b>	<b>274</b>	<b>181</b>	<b>777</b>	<b>7,368</b>	<b>161,537</b>	<b>2</b>	<b>196,286</b>

January – December 2022 SEK m	Share capital	Share premium	Defined benefit plans	Hedge reserve	Fair value reserve	Insurance contracts	Trans-lation reserve	Retained earnings incl profit for the year	Non-controlling interest	Total
<b>Opening equity 2021</b>	<b>3,069</b>	<b>8,758</b>	<b>11,313</b>	<b>1,789</b>	<b>158</b>		<b>2,585</b>	<b>154,034</b>	<b>25</b>	<b>181,731</b>
Effect of transition to IFRS 17								-3,010		-3,010
Tax effect due to transition to IFRS 17								3		3
<b>Opening equity 2022</b>	<b>3,069</b>	<b>8,758</b>	<b>11,313</b>	<b>1,789</b>	<b>158</b>		<b>2,585</b>	<b>151,027</b>	<b>25</b>	<b>178,724</b>
Profit for the period								21,676	1	21,677
Other comprehensive income			2,427	-2,096	-32	793	1,747		0	2,838
<i>of which reclassified within equity</i>					-91		-615			-706
<b>Total comprehensive income for the period</b>			<b>2,427</b>	<b>-2,096</b>	<b>-32</b>	<b>793</b>	<b>1,747</b>	<b>21,676</b>	<b>1</b>	<b>24,516</b>
Reclassified to retained earnings								706		706
Dividend*								-9,900		-9,900
Share-based payments to employees of Handelsbanken Plc *								25		25
Repurchase own shares *								-25		-25
Change in non-controlling interest									-23	-23
<b>Closing equity</b>	<b>3,069</b>	<b>8,758</b>	<b>13,740</b>	<b>-307</b>	<b>126</b>	<b>793</b>	<b>4,332</b>	<b>163,510</b>	<b>3</b>	<b>194,024</b>

January - June 2022 SEK m	Share capital	Share premium	Defined benefit plans	Hedge reserve	Fair value reserve	Insurance contracts	Trans-lation reserve	Retained earnings incl profit for the year	Non-controlling interest	Total
<b>Opening equity 2021</b>	<b>3,069</b>	<b>8,758</b>	<b>11,313</b>	<b>1,789</b>	<b>158</b>		<b>2,585</b>	<b>154,034</b>	<b>25</b>	<b>181,731</b>
Effect of transition to IFRS 17								-3,010		-3,010
Tax effect due to transition to IFRS 17								3		3
<b>Opening equity 2022</b>	<b>3,069</b>	<b>8,758</b>	<b>11,313</b>	<b>1,789</b>	<b>158</b>		<b>2,585</b>	<b>151,027</b>	<b>25</b>	<b>178,724</b>
Profit for the period								9,898	1	9,899
Other comprehensive income			3,369	-1,582	-50	789	1,793		1	4,320
<i>of which reclassified within equity</i>							-505			-505
<b>Total comprehensive income for the period</b>			<b>3,369</b>	<b>-1,582</b>	<b>-50</b>	<b>789</b>	<b>1,793</b>	<b>9,898</b>	<b>2</b>	<b>14,219</b>
Reclassified to retained earnings								505		505
Dividend								-9,900		-9,900
Change in non-controlling interest									-15	-15
<b>Closing equity</b>	<b>3,069</b>	<b>8,758</b>	<b>14,682</b>	<b>207</b>	<b>108</b>	<b>789</b>	<b>4,378</b>	<b>151,530</b>	<b>12</b>	<b>183,533</b>

\* 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	Jan-Jun 2023	Jan-Jun 2022	Full year 2022
Operating profit	17,357	11,905	26,829
Profit from discontinued operations, before tax	643	554	1,453
Adjustment from Operating profit to investment activities			-333
Adjustment for non-cash items in profit/loss and result from discontinued operations	1,235	1,416	2,341
Paid income tax	-3,523	-3,367	-6,419
Changes in the assets and liabilities of operating activities	14,550	171,150	-62,169
<b>Cash flow from operating activities</b>	<b>30,261</b>	<b>181,658</b>	<b>-38,298</b>
Disposal of operations and subsidiaries		1,273	49,238
Change in shares	-53	-101	-11
Change in property and equipment	-209	-185	-304
Change in intangible assets	-485	-304	-711
<b>Cash flow from investing activities</b>	<b>-748</b>	<b>683</b>	<b>48,212</b>
Repayment of subordinated loans	-8,351		-3,000
Issued subordinated loans		5,260	11,845
Dividend paid	-15,840	-9,900	-9,900
<b>Cash flow from financing activities</b>	<b>-24,192</b>	<b>-4,640</b>	<b>-1,055</b>
<b>Liquid funds at beginning of the period</b>	<b>475,882</b>	<b>439,964</b>	<b>439,964</b>
Cash flow for the period	5,321	177,701	8,859
Exchange rate difference on liquid funds	22,480	25,168	27,059
<b>Liquid funds at end of the period*</b>	<b>503,684</b>	<b>642,833</b>	<b>475,882</b>

\* 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 Finland (see Note 10). The comparative figures also include the previously discontinued operations in Denmark.

# Notes

## Note 1 Accounting Policies

This interim 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 interim 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

#### IFRS 17 Insurance Contracts

IFRS 17 Insurance Contracts, which replaces IFRS 4 Insurance Contracts, became effective for application in the EU on 1 January 2023. The standard is to be applied to Handelsbanken's consolidated accounts as of the 2023 financial year, with a transition date of 1 January 2022. IFRS 17 entails a change in how insurance contracts are classified, measured and presented. The standard also entails changes in disclosure requirements.

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

#### Classification

The classification rules in IFRS 17 have entailed that traditional life insurance contracts are classified in their entirety as insurance contracts. In accordance with the separation rules in IFRS 4, the savings insurance components of these contracts were reported according to IFRS 9. The effect of this change in accounting policy, from the application of IFRS 9 to IFRS 17, has resulted in a reclassification of savings insurance components of traditional life insurance contracts in the balance sheet, from the line item Deposits and borrowing from the public to the line item Insurance liabilities. In the income statement, the effect is reclassifications from the line items Risk result – insurance, Net interest income, Net fee and commission income and Net gains/losses on financial transactions to the line item Insurance result.

#### Measurement

The new valuation approaches introduced by IFRS 17 entail new principles, estimates and assumptions, with the result that the Insurance liabilities line item has increased. The fair value approach was applied to the savings insurance components of traditional life insurance contracts in conjunction with the transition, at which point a

contractual service margin arose. The general approach is applied to these contracts. For risk insurance contracts and risk insurance components separated from combined traditional life insurance contracts, the fully retrospective approach was applied upon the transition, and the premium allocation approach is applied to these contracts.

#### Presentation

IFRS 17 does not impact the presentation on the balance sheet, but the new valuation approaches affect the valuation of insurance liabilities, with the result that the recognition and presentation of income and expenses attributable to insurance contracts are changed. The Bank presents net gains/losses on insurance contracts together in the new line item Net insurance result. Net insurance result includes the items Insurance result and Return on assets held on behalf of policyholders. Insurance result includes all income and expenses attributable to insurance contracts, including operating costs. Return on assets held on behalf of policyholders is reported in accordance with IFRS 9, but is a part of net insurance result as the returns are attributable to insurance contracts.

The effects of a changed discount rate when measuring savings insurance components of traditional life insurance contracts are recognised in Other comprehensive income, which is accumulated in the item Insurance contracts in equity.

#### Transition effect

The quantitative effect of the transition to IFRS 17 amounted to approximately SEK -3bn after taxes, which increased the balance sheet item Insurance liabilities and reduced the Group's retained earnings in equity at the start of the comparison year 2022. The effect is mainly attributable to the changed accounting policy for savings insurance components of traditional life insurance contracts.

The standard does 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.

Handelsbanken has recalculated the comparative figures for 2022 and the transition to IFRS 17 is shown in the table titled "Recalculation resulting from transition to IFRS 17". Further information on the Bank's accounting policies relating to IFRS 17 can be found in note G1 in Handelsbanken's Annual and Sustainability Report 2022.

In other respects, the interim 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 2022.

Other changes in accounting regulations applicable from 1 January 2023 have not had any impact on the Group's or the parent company's accounts.

#### Future regulatory changes

None of the forthcoming 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.

## RECALCULATION RESULTING FROM TRANSITION TO IFRS 17

Income statement- Group	Published			Recalculation			Published			Recalculation			Published			Recalculation			
	Q1 2022	Adjustment IFRS 17	Q1 2022	Q2 2022	Adjustment IFRS 17	Q2 2022	Q3 2022	Adjustment IFRS 17	Q3 2022	Q4 2022	Adjustment IFRS 17	Q4 2022	Q1 2022	Adjustment IFRS 17	Q1 2022	Q2 2022	Adjustment IFRS 17	Q2 2022	
<b>SEK m</b>																			
Net interest income <sup>1</sup>	8 013	1	8 014	8 389	1	8 390	9 578	1	9 579	10 630	1	10 631	8 013	1	8 014	8 389	1	8 390	
Net fee and commission income <sup>2</sup>	2 911	-34	2 877	2 741	-31	2 710	2 730	-30	2 700	2 721	-27	2 694	2 911	-34	2 877	2 741	-31	2 710	
Net gains/losses on financial transactions <sup>4</sup>	240	180	420	-147	162	15	471	64	535	547	23	570	240	180	420	-147	162	15	
Risk result - insurance <sup>2</sup>	41	-41	0	41	-41	0	81	-81	0	13	-13	0	41	-41	0	41	-41	0	
Insurance result <sup>4</sup>		78	78		67	67		114	114		21	21		78	78		67	67	
Return on assets held on behalf of policyholders <sup>5</sup>		-168	-168		-142	-142		-20	-20		39	39		-168	-168		-142	-142	
Net insurance result <sup>2</sup>		-90	-90		-74	-74		93	93		60	60		-90	-90		-74	-74	
Other	1 101		1 101	13		13	38		38	98		98	1 101		1 101	13		13	
<b>Total income</b>	<b>12 305</b>	<b>18</b>	<b>12 323</b>	<b>11 040</b>	<b>13</b>	<b>11 053</b>	<b>12 897</b>	<b>49</b>	<b>12 946</b>	<b>14 007</b>	<b>46</b>	<b>14 053</b>	<b>12 305</b>	<b>18</b>	<b>12 323</b>	<b>11 040</b>	<b>13</b>	<b>11 053</b>	
Staff costs <sup>6</sup>	-3 173	15	-3 158	-3 164	16	-3 148	-3 283	17	-3 266	-3 483	15	-3 468	-3 173	15	-3 158	-3 164	16	-3 148	
Other expenses <sup>6</sup>	-1 563	4	-1 559	-1 602	5	-1 597	-1 425	4	-1 421	-1 953	4	-1 949	-1 563	4	-1 559	-1 602	5	-1 597	
Depreciation, amortisation and impairment of property, equipment and intangible assets <sup>6</sup>	-431	1	-430	-382	1	-381	-413	1	-412	-424	1	-423	-431	1	-430	-382	1	-381	
<b>Total expenses</b>	<b>-5 167</b>	<b>20</b>	<b>-5 147</b>	<b>-5 148</b>	<b>22</b>	<b>-5 126</b>	<b>-5 121</b>	<b>21</b>	<b>-5 100</b>	<b>-5 860</b>	<b>21</b>	<b>-5 839</b>	<b>-5 167</b>	<b>20</b>	<b>-5 147</b>	<b>-5 148</b>	<b>22</b>	<b>-5 126</b>	
<b>Profit before credit losses, risk tax and resolution fee</b>	<b>7 138</b>	<b>38</b>	<b>7 176</b>	<b>5 892</b>	<b>35</b>	<b>5 927</b>	<b>7 776</b>	<b>70</b>	<b>7 846</b>	<b>8 147</b>	<b>67</b>	<b>8 214</b>	<b>7 138</b>	<b>38</b>	<b>7 176</b>	<b>5 892</b>	<b>35</b>	<b>5 927</b>	
Other	-551		-551	-646		-646	-501		-501	-636		-636	-551		-551	-646		-646	
<b>Operating profit</b>	<b>6 586</b>	<b>38</b>	<b>6 624</b>	<b>5 246</b>	<b>35</b>	<b>5 281</b>	<b>7 277</b>	<b>69</b>	<b>7 346</b>	<b>7 510</b>	<b>68</b>	<b>7 578</b>	<b>6 586</b>	<b>38</b>	<b>6 624</b>	<b>5 246</b>	<b>35</b>	<b>5 281</b>	
Taxes	-1 242	-1	-1 243	-1 144	0	-1 144	-1 718	-1	-1 719	-1 325	0	-1 325	-1 242	-1	-1 243	-1 144	0	-1 144	
<b>Profit for the period from continuing operations</b>	<b>5 344</b>	<b>37</b>	<b>5 381</b>	<b>4 102</b>	<b>36</b>	<b>4 138</b>	<b>5 558</b>	<b>69</b>	<b>5 627</b>	<b>6 185</b>	<b>67</b>	<b>6 252</b>	<b>5 344</b>	<b>37</b>	<b>5 381</b>	<b>4 102</b>	<b>36</b>	<b>4 138</b>	
Net profit from discontinued operations, after tax	307		307	73		73	165		165	265		265	307		307	73		73	
<b>Profit for the period</b>	<b>5 650</b>	<b>37</b>	<b>5 687</b>	<b>4 176</b>	<b>36</b>	<b>4 212</b>	<b>5 723</b>	<b>68</b>	<b>5 791</b>	<b>6 450</b>	<b>67</b>	<b>6 517</b>	<b>5 650</b>	<b>37</b>	<b>5 687</b>	<b>4 176</b>	<b>36</b>	<b>4 212</b>	
Attributable to																			
Shareholders in Svenska Handelsbanken AB	5 650	37	5 687	4 175	36	4 211	5 723	68	5 791	6 450	67	6 517	5 650	37	5 687	4 175	36	4 211	
Non-controlling interest	1		1	0		0	0		0	0		0	1		1	0		0	
<b>Key metrics</b>																			
Return on equity, total operations	13,4		13,6	9,9		10,2	13,2		13,6	13,2		13,6	13,4		13,6	9,9		10,2	
C/I ratio, continuing operations	42,0		41,8	46,6		46,4	39,7		39,4	41,8		41,5	42,0		41,8	46,6		46,4	
Earnings per share, total operations, SEK	2,85		2,87	2,11		2,13	2,89		2,93	2,99		3,02	2,85		2,87	2,11		2,13	
Earnings per share, continuing operations, SEK	2,70		2,72	2,07		2,09	2,81		2,84	3,12		3,16	2,70		2,72	2,07		2,09	
Earnings per share, discontinued operations, SEK	0,15		0,15	0,04		0,04	0,08		0,08	-0,13		-0,13	0,15		0,15	0,04		0,04	

  

Income statement- Group	Published			Recalculation			Published			Recalculation			Published			Recalculation			
	Jan-mar 2022	Adjustment IFRS 17	Jan-mar 2022	Jan-jun 2022	Adjustment IFRS 17	Jan-jun 2022	Jan-sep 2022	Adjustment IFRS 17	Jan-sep 2022	Jan-dec 2022	Adjustment IFRS 17	Jan-dec 2022	Jan-mar 2022	Adjustment IFRS 17	Jan-mar 2022	Jan-jun 2022	Adjustment IFRS 17	Jan-jun 2022	
<b>SEK m</b>																			
Net interest income <sup>1</sup>	8 013	1	8 014	16 402	2	16 404	25 980	3	25 983	36 610	4	36 614	8 013	1	8 014	16 402	2	16 404	
Net fee and commission income <sup>2</sup>	2 911	-34	2 877	5 652	-65	5 587	8 382	-95	8 287	11 103	-122	10 981	2 911	-34	2 877	5 652	-65	5 587	
Net gains/losses on financial transactions <sup>4</sup>	240	180	420	93	342	435	564	406	970	1 111	429	1 540	240	180	420	93	342	435	
Risk result - insurance <sup>2</sup>	41	-41	0	82	-82	0	163	-163	0	176	-176	0	41	-41	0	82	-82	0	
Insurance result <sup>4</sup>		78	78		145	145		259	259		280	280		78	78		145	145	
Return on assets held on behalf of policyholders <sup>5</sup>		-168	-168		-310	-310		-330	-330		-291	-291		-168	-168		-310	-310	
Net insurance result <sup>2</sup>		-90	-90		-164	-164		-71	-71		-11	-11		-90	-90		-164	-164	
Other	1 101		1 101	1 114		1 114	1 152		1 152	1 250		1 250	1 101		1 101	1 114		1 114	
<b>Total income</b>	<b>12 305</b>	<b>18</b>	<b>12 323</b>	<b>23 345</b>	<b>31</b>	<b>23 376</b>	<b>36 242</b>	<b>80</b>	<b>36 322</b>	<b>50 249</b>	<b>126</b>	<b>50 375</b>	<b>12 305</b>	<b>18</b>	<b>12 323</b>	<b>23 345</b>	<b>31</b>	<b>23 376</b>	
Staff costs <sup>6</sup>	-3 173	15	-3 158	-6 337	31	-6 306	-9 620	48	-9 572	-13 103	63	-13 040	-3 173	15	-3 158	-6 337	31	-6 306	
Other expenses <sup>6</sup>	-1 563	4	-1 559	-3 165	9	-3 156	-4 590	13	-4 577	-6 543	17	-6 526	-1 563	4	-1 559	-3 165	9	-3 156	
Depreciation, amortisation and impairment of property, equipment and intangible assets <sup>6</sup>	-431	1	-430	-813	2	-811	-1 226	814	-412	-1 650	4	-1 646	-431	1	-430	-813	2	-811	
<b>Total expenses</b>	<b>-5 167</b>	<b>20</b>	<b>-5 147</b>	<b>-10 315</b>	<b>42</b>	<b>-10 273</b>	<b>-15 436</b>	<b>63</b>	<b>-15 373</b>	<b>-21 296</b>	<b>84</b>	<b>-21 212</b>	<b>-5 167</b>	<b>20</b>	<b>-5 147</b>	<b>-10 315</b>	<b>42</b>	<b>-10 273</b>	
<b>Profit before credit losses, risk tax and resolution fee</b>	<b>7 138</b>	<b>38</b>	<b>7 176</b>	<b>13 030</b>	<b>73</b>	<b>13 103</b>	<b>20 806</b>	<b>143</b>	<b>20 949</b>	<b>28 953</b>	<b>210</b>	<b>29 163</b>	<b>7 138</b>	<b>38</b>	<b>7 176</b>	<b>13 030</b>	<b>73</b>	<b>13 103</b>	
Other	-551		-551	-1 197		-1 197	-1 698		-1 698	-2 334		-2 334	-551		-551	-1 197		-1 197	
<b>Operating profit</b>	<b>6 586</b>	<b>38</b>	<b>6 624</b>	<b>11 832</b>	<b>73</b>	<b>11 905</b>	<b>19 109</b>	<b>142</b>	<b>19 251</b>	<b>26 619</b>	<b>210</b>	<b>26 829</b>	<b>6 586</b>	<b>38</b>	<b>6 624</b>	<b>11 832</b>	<b>73</b>	<b>11 905</b>	
Taxes	-1 242	-1	-1 243	-2 386	-1	-2 387	-4 104	-2	-4 106	-5 429	-2	-5 431	-1 242	-1	-1 243	-2 386	-1	-2 387	
<b>Profit for the period from continuing operations</b>	<b>5 344</b>	<b>37</b>	<b>5 381</b>	<b>9 446</b>	<b>73</b>	<b>9 519</b>	<b>15 004</b>	<b>142</b>	<b>15 146</b>	<b>21 189</b>	<b>209</b>	<b>21 398</b>	<b>5 344</b>	<b>37</b>	<b>5 381</b>	<b>9 446</b>	<b>73</b>	<b>9 519</b>	
Net profit from discontinued operations, after tax	307		307	380		380	545		545	280		280	307		307	380		380	
<b>Profit for the period</b>	<b>5 650</b>	<b>37</b>	<b>5 687</b>	<b>9 826</b>	<b>73</b>	<b>9 899</b>	<b>15 549</b>	<b>141</b>	<b>15 690</b>	<b>21 470</b>	<b>208</b>	<b>21 678</b>	<b>5 650</b>	<b>37</b>	<b>5 687</b>	<b>9 826</b>	<b>73</b>	<b>9 899</b>	
Attributable to																			
Shareholders in Svenska Handelsbanken AB	5 650	37	5 687	9 825	73	9 898	15 548	141	15 689	21 468	208	21 676	5 650	37	5 687	9 825	73	9 898	
Non-controlling interest	1		1	1		1	1		1	1		1	1		1	1		1	
<b>Key metrics</b>																			
Return on equity, total operations	13,4		13,6	11,7		11,9	12,2		12,5	12,5		12,8	13,4		13,6	11,7		11,9	
C/I ratio, continuing operations	42,0		41,8	44,2		43,9	42,6		42,3	42,4		42,1	42,0		41,8	44,2		43,9	
Earnings per share, total operations, SEK	2,85		2,87	4,96		5,00	7,85		7,92	10,84		10,95	2,85		2,87	4,96		5,00	
Earnings per share, continuing operations, SEK	2,70		2,72	4,77		4,81	7,58		7,65	10,70		10,81	2,70		2,72	4,77		4,81	
Earnings per share, discontinued operations, SEK	0,15		0,15	0,19		0,19	0,28		0,28	0,14		0,14	0,15		0,15	0,19		0,19	

  

Income statement- Group	Published			Recalculation			Published			Recalculation			Published			Recalculation		
	Jan-mar 2022	Adjustment IFRS 17	Jan-mar 2022	Jan-jun 2022	Adjustment IFRS 17	Jan-jun 2022	Jan-sep 2022	Adjustment IFRS 17	Jan-sep 2022	Jan-dec 2022	Adjustment IFRS 17	Jan-dec 2022	Jan-mar 2022	Adjustment IFRS 17	Jan-mar 2022	Jan-jun 2022	Adjustment IFRS 17	

Balance sheet- Group																		
Group SEK m	Published			Recalculation			Published			Recalculation			Published			Recalculation		
	31 Dec 2021	Adjustment IFRS 17	1 Jan 2022	31 Mar 2022	Adjustment IFRS 17	31 Mar 2022	30 Jun 2022	Adjustment IFRS 17	30 Jun 2022	30 Sep 2022	Adjustment IFRS 17	30 Sep 2022	31 Dec 2022	Adjustment IFRS 17	31 Dec 2022			
Deferred tax assets <sup>1</sup>	845	3	848	986	3	989	1 133	2	1 135	1 323	2	1 325	1 589	1	1 590			
Other assets <sup>2</sup>	5 785	1	5 786	17 645	1	17 646	25 252	1	25 253	5 743	1	5 744	14 720	1	14 721			
Other	3 340 134		3 340 134	3 527 280		3 527 280	3 662 673		3 662 673	3 721 572		3 721 572	3 437 407		3 437 407			
<b>Total assets</b>	<b>3 346 764</b>	<b>4</b>	<b>3 346 768</b>	<b>3 545 912</b>	<b>4</b>	<b>3 545 916</b>	<b>3 689 057</b>	<b>3</b>	<b>3 689 060</b>	<b>3 728 638</b>	<b>2</b>	<b>3 728 640</b>	<b>3 453 716</b>	<b>2</b>	<b>3 453 718</b>			
Deposits and borrowing from the public <sup>3</sup>	1 286 637	-6 490	1 280 147	1 377 477	-6 385	1 371 092	1 448 836	-6 288	1 442 548	1 465 457	-6 217	1 459 240	1 325 061	-6 136	1 318 925			
Insurance liabilities <sup>4</sup>	532	9 457	9 989 <sup>5</sup>	511	8 892	9 403	451	8 433	8 884	408	8 259	8 667	405	8 141	8 546			
Other liabilities <sup>6</sup>	11 304	44	11 348	23 121	47	23 168	17 935	3	17 938	12 063	5	12 068	10 451	3	10 454			
Other	1 866 560		1 866 560	1 966 151		1 966 151	2 036 157		2 036 157	2 058 707		2 058 707	1 921 768		1 921 768			
<b>Total liabilities</b>	<b>3 165 033</b>	<b>3 011</b>	<b>3 168 044</b>	<b>3 367 258</b>	<b>2 554</b>	<b>3 369 812</b>	<b>3 503 378</b>	<b>2 149</b>	<b>3 505 527</b>	<b>3 536 636</b>	<b>2 047</b>	<b>3 538 683</b>	<b>3 257 686</b>	<b>2 008</b>	<b>3 259 694</b>			
Insurance contracts				419		419	789		789	821		821	793		793			
Retained earnings <sup>7</sup>	134 507	-3 007	131 500	144 134	-3 007	141 127	144 639	-3 007	141 632	144 797	-3 007	141 790	144 841	-3 007	141 834			
Profit for the period, attributable to shareholders in Svenska Handelsbanken AB	19 527		19 527	5 650	37	5 687	9 825	73	9 898	15 548	141	15 689	21 468	208	21 676			
Other	27 697		27 697	28 871		28 871	31 214		31 214	31 657		31 657	29 721		29 721			
<b>Total equity</b>	<b>181 731</b>	<b>-3 007</b>	<b>178 724</b>	<b>178 655</b>	<b>-2 551</b>	<b>176 104</b>	<b>185 679</b>	<b>-2 146</b>	<b>183 533</b>	<b>192 002</b>	<b>-2 044</b>	<b>189 958</b>	<b>196 030</b>	<b>-2 006</b>	<b>194 024</b>			
<b>Total liabilities and equity</b>	<b>3 346 764</b>	<b>4</b>	<b>3 346 768</b>	<b>3 545 912</b>	<b>4</b>	<b>3 545 916</b>	<b>3 689 057</b>	<b>3</b>	<b>3 689 060</b>	<b>3 728 638</b>	<b>2</b>	<b>3 728 640</b>	<b>3 453 716</b>	<b>2</b>	<b>3 453 718</b>			

<sup>1</sup> Tax effect of transition to IFRS 17.

<sup>2</sup> Revaluation of the item reinsurance assets, due to the introduction of a risk adjustment for the valuation of the reinsurer's share of liabilities for incurred claims.

<sup>3</sup> Reclassification to the item Insurance liabilities, due to savings insurance components of traditional life insurance contracts changing accounting standard from IFRS 9 to IFRS 17.

<sup>4</sup> Reclassification from the item Deposits and borrowing from the public and revaluation of savings insurance components of traditional life insurance due to change of accounting policy.

<sup>5</sup> Insurance liabilities amount to SEK 9,989m. Of this amount, SEK 9,657m is attributable to contracts that applied the fair value approach on the transition and which now apply the general approach. Contracts that applied the fully retrospective approach on the transition and which now apply the premium allocation approach amount to SEK 332m.

<sup>6</sup> Reclassification of deposits that would not be reported according to IFRS 17 from the item Insurance liabilities to Other liabilities.

<sup>7</sup> The quantitative effect of the transition to IFRS 17 was a reduction of retained earnings and an increase to the item Insurance liabilities. Of this amount, SEK 2,996m is attributable to savings insurance components of traditional life insurance contracts. The introduction of a risk adjustment in the valuation of liabilities for claims incurred resulted in an effect of SEK 11m.

## Note 2 Net interest income

SEK m	Q2 2023	Q1 2023	Change	Q2 2022	Change	Jan-Jun 2023	Jan-Jun 2022	Change	Full year 2022
<b>Interest income</b>									
Loans to credit institutions and central banks	6,826	5,939	15%	926		12,765	1,154		8,873
Loans to the public	21,842	19,212	14%	10,209	114%	41,054	19,603	109%	48,567
Interest-bearing securities eligible as collateral with central banks	2,160	1,255	72%	190		3,415	262		1,289
Bonds and other interest-bearing securities	646	213	203%	164	294%	859	276	211%	876
Derivative instruments	7,875	6,787	16%	445		14,662	188		7,452
Other interest income	203	233	-13%	296	-31%	436	576	-24%	1,164
<b>Total</b>	<b>39,552</b>	<b>33,639</b>	<b>18%</b>	<b>12,230</b>	<b>223%</b>	<b>73,191</b>	<b>22,059</b>	<b>232%</b>	<b>68,221</b>
Deduction of interest income reported in Net gains/losses on financial transactions	-1,221	-715	-71%	-108		-1,936	-117		-814
<b>Total interest income</b>	<b>38,329</b>	<b>32,926</b>	<b>16%</b>	<b>12,122</b>	<b>216%</b>	<b>71,255</b>	<b>21,942</b>	<b>225%</b>	<b>67,407</b>
<i>of which interest income according to the effective interest method and interest on derivatives in hedge accounting</i>	31,708	27,609	15%	11,061	187%	59,317	20,501	189%	59,702
<b>Interest expense</b>									
Due to credit institutions and central banks	-1,208	-656	84%	-190		-1,864	-203		-1,567
Deposits and borrowing from the public	-8,178	-6,618	24%	-757		-14,796	-963		-8,032
Issued securities	-11,334	-9,357	21%	-2,546	345%	-20,691	-4,182	395%	-16,595
Derivative instruments	-6,188	-4,873	27%	78		-11,061	542		-3,454
Subordinated liabilities	-391	-377	4%	-300	30%	-768	-600	28%	-1,368
Deposit guarantee fee	-85	-86	-1%	-67	27%	-171	-132	30%	-332
Other interest expenses	-117	-115	2%	-76	54%	-232	-143	62%	-375
<b>Total</b>	<b>-27,502</b>	<b>-22,082</b>	<b>25%</b>	<b>-3,858</b>		<b>-49,584</b>	<b>-5,681</b>		<b>-31,723</b>
Deduction of interest expense reported in Net gains/losses on financial transactions	861	640	35%	127		1,501	143		930
<b>Total interest expense</b>	<b>-26,642</b>	<b>-21,441</b>	<b>24%</b>	<b>-3,732</b>		<b>-48,083</b>	<b>-5,539</b>		<b>-30,793</b>
<i>of which interest expense according to the effective interest method and interest on derivatives in hedge accounting</i>	-24,019	-19,295	24%	-3,440		-43,314	-5,107		-28,272
<b>Net interest income</b>	<b>11,687</b>	<b>11,485</b>	<b>2%</b>	<b>8,390</b>	<b>39%</b>	<b>23,172</b>	<b>16,404</b>	<b>41%</b>	<b>36,614</b>

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	Q2 2023	Q1 2023	Change	Q2 2022	Change	Jan-Jun 2023	Jan-Jun 2022	Change	Full year 2022
Brokerage and other securities commissions	111	123	-10%	109	2%	234	252	-7%	455
Mutual funds	1,387	1,351	3%	1,355	2%	2,738	2,799	-2%	5,469
Custody and other asset management fees	251	234	7%	224	12%	485	475	2%	911
Advisory services	32	105	-70%	33	-3%	137	138	-1%	196
Insurance	167	167	0%	168	-1%	334	342	-2%	672
Payments	715	663	8%	681	5%	1,378	1,282	7%	2,680
Loans and deposits	283	296	-4%	285	-1%	579	562	3%	1,146
Guarantees	46	50	-8%	52	-12%	96	103	-7%	202
Other	135	129	5%	136	-1%	264	270	-2%	546
<b>Total fee and commission income</b>	<b>3,127</b>	<b>3,118</b>	<b>0%</b>	<b>3,044</b>	<b>3%</b>	<b>6,245</b>	<b>6,225</b>	<b>0%</b>	<b>12,277</b>
Securities	-51	-57	-11%	-61	-16%	-108	-118	-8%	-218
Payments	-284	-263	8%	-249	14%	-547	-472	16%	-969
Other	-31	-32	-3%	-25	24%	-63	-49	29%	-108
<b>Total fee and commission expenses</b>	<b>-366</b>	<b>-352</b>	<b>4%</b>	<b>-334</b>	<b>10%</b>	<b>-718</b>	<b>-638</b>	<b>13%</b>	<b>-1,296</b>
<b>Net fee and commission income</b>	<b>2,761</b>	<b>2,766</b>	<b>0%</b>	<b>2,710</b>	<b>2%</b>	<b>5,527</b>	<b>5,587</b>	<b>-1%</b>	<b>10,981</b>

### Net fee and commission income per segment

January - June 2023	Home markets							Total Jan-Jun 2023
	Sweden	UK	Norway	The Nether- lands	Capital Markets	Other	Adj. & elim.	
Brokerage and other securities commissions	87	3	6	7	136	5	-10	234
Mutual funds	2,359	170	114	30	4	93	-32	2,738
Custody and other asset management fees	352	20	55	46	15	1	-4	485
Advisory services	0	25	0		113		0	137
Insurance	332	0	1			1	-1	334
Payments	1,084	161	130	1	7	-5	0	1,378
Loans and deposits	362	69	54	4	24	66	0	579
Guarantees	47	7	21	0	20	0	0	96
Other	253	2	3	0	156	0	-151	264
<b>Total fee and commission income</b>	<b>4,878</b>	<b>458</b>	<b>385</b>	<b>88</b>	<b>475</b>	<b>161</b>	<b>-199</b>	<b>6,245</b>
<b>Total fee and commission expenses</b>	<b>-716</b>	<b>-40</b>	<b>-62</b>	<b>-6</b>	<b>-69</b>	<b>-25</b>	<b>199</b>	<b>-718</b>
<b>Net fee and commission income</b>	<b>4,162</b>	<b>417</b>	<b>323</b>	<b>82</b>	<b>405</b>	<b>136</b>	<b>0</b>	<b>5,527</b>
<i>of which Net card commissions</i>	425	32	39	0	0	-7		489

January - June 2022	Home markets							Total Jan-Jun 2022
	Sweden	UK	Norway	The Nether- lands	Capital Markets	Other	Adj. & elim.	
Brokerage and other securities commissions	106	2	8	5	127	9	-5	252
Mutual funds	2,417	172	124	29	6	98	-48	2,799
Custody and other asset management fees	344	15	60	38	23	1	-6	475
Advisory services	0	25	0		128	-7	-8	138
Insurance	336	0	5			0	0	342
Payments	1,000	152	127	1	8	-5	0	1,282
Loans and deposits	364	61	47	6	26	59	0	562
Guarantees	54	8	22	0	20	1	-2	103
Other	257	4	4	0	160	0	-155	270
<b>Total fee and commission income</b>	<b>4,879</b>	<b>440</b>	<b>397</b>	<b>81</b>	<b>497</b>	<b>157</b>	<b>-225</b>	<b>6,225</b>
<b>Total fee and commission expenses</b>	<b>-664</b>	<b>-31</b>	<b>-59</b>	<b>-9</b>	<b>-66</b>	<b>-36</b>	<b>225</b>	<b>-638</b>
<b>Net fee and commission income</b>	<b>4,215</b>	<b>409</b>	<b>338</b>	<b>72</b>	<b>432</b>	<b>121</b>	<b>0</b>	<b>5,587</b>
<i>of which Net card commissions</i>	415	27	40	0	0	-6		475



#### Note 4 Net gains/losses on financial transactions

SEK m	Q2 2023	Q1 2023	Change	Q2 2022	Change	Jan-Jun 2023	Jan-Jun 2022	Change	Full year 2022
Amortised cost	80	123	-35%	48	67%	203	109	86%	65
<i>of which loans</i>	-16	1		57		-15	137		35
<i>of which interest-bearing securities</i>									
<i>of which issued securities</i>	96	122	-21%	-8		218	-27		30
Fair value through other comprehensive income	-1	0		0		-1	0		-1
<i>of which expected credit losses</i>	0	0	0%	0	0%	0	0	0%	-1
<i>of which interest-bearing securities - other</i>	-1					-1			
Fair value through profit or loss, fair value option	-606	121		-1,559	61%	-485	-3,370	86%	-4,710
<i>of which interest-bearing securities</i>	-606	121		-1,559	61%	-485	-3,370	86%	-4,710
Fair value through profit or loss, mandatory including FX effects	1,169	443	164%	1,373	-15%	1,612	3,377	-52%	5,975
<i>of which assets held on behalf of policyholders</i>	58	64	-9%	-142		122	-310		-291
Hedge accounting	-191	-21		11		-212	9		-80
<i>of which net gains/losses on fair value hedges</i>	-124	17		-3		-107	-1		-29
<i>of which cash flow hedge ineffectiveness</i>	-67	-38	-76%	13		-105	9		-51
<b>Total</b>	<b>452</b>	<b>666</b>	<b>-32%</b>	<b>-127</b>		<b>1,118</b>	<b>125</b>		<b>1,249</b>
Deduction of return on assets held on behalf of policyholders	-58	-64	9%	142		-122	310		291
<b>Net gains/losses on financial transactions</b>	<b>393</b>	<b>602</b>	<b>-35%</b>	<b>15</b>		<b>995</b>	<b>435</b>	<b>129%</b>	<b>1,540</b>

#### Note 5 Net insurance result

SEK m	Q2 2023	Q1 2023	Change	Q2 2022	Change	Jan-Jun 2023	Jan-Jun 2022	Change	Full year 2022
Insurance revenue	291	302	-4%	304	-4%	593	617	-4%	1,208
Insurance service expenses	-227	-268	-15%	-244	-7%	-495	-489	1%	-929
<b>Insurance service result</b>	<b>64</b>	<b>34</b>	<b>88%</b>	<b>60</b>	<b>7%</b>	<b>98</b>	<b>128</b>	<b>-23%</b>	<b>279</b>
Result from reinsurance contracts							0		-18
Insurance finance income and expenses	-6	-7	-14%	7		-13	17		19
<b>Insurance result</b>	<b>58</b>	<b>27</b>	<b>115%</b>	<b>67</b>	<b>-13%</b>	<b>85</b>	<b>145</b>	<b>-41%</b>	<b>280</b>
Return on assets held on behalf of policyholders	58	64	-9%	-142		122	-310		-291
<b>Net insurance result</b>	<b>116</b>	<b>91</b>	<b>27%</b>	<b>-74</b>		<b>207</b>	<b>-164</b>		<b>-11</b>

#### Note 6 Other expenses

SEK m	Q2 2023	Q1 2023	Change	Q2 2022	Change	Jan-Jun 2023	Jan-Jun 2022	Change	Full year 2022
Property and premises	-183	-162	13%	-142	29%	-345	-273	26%	-599
IT related expenses	-799	-837	-5%	-737	8%	-1,636	-1,422	15%	-2,963
Communication	-74	-71	4%	-60	23%	-145	-129	12%	-255
Travel and marketing	-81	-63	29%	-64	27%	-144	-102	41%	-236
Purchased services	-653	-555	18%	-443	47%	-1,208	-912	32%	-1,836
Supplies	-46	-52	-12%	-38	21%	-98	-73	34%	-170
Other expenses	-117	-112	4%	-112	4%	-229	-245	-7%	-467
<b>Other expenses</b>	<b>-1,953</b>	<b>-1,852</b>	<b>5%</b>	<b>-1,597</b>	<b>22%</b>	<b>-3,805</b>	<b>-3,156</b>	<b>21%</b>	<b>-6,526</b>

## Note 7 Credit losses

SEK m	Q2 2023	Q1 2023	Change	Q2 2022	Change	Jan-Jun 2023	Jan-Jun 2022	Change	Full year 2022
<b>Expected credit losses on balance sheet items</b>									
The period's provision Stage 3	-60	-91	-34%	-61	-2%	-151	-70	116%	-182
Reversal of Stage 3 provisions previous years	71	39	82%	59	20%	110	105	5%	223
<b>Total expected credit losses Stage 3</b>	<b>11</b>	<b>-52</b>		<b>-1</b>		<b>-41</b>	<b>36</b>		<b>41</b>
The period's net provision Stage 2	-87	-84	4%	-65	34%	-171	-78	119%	-99
The period's net provision Stage 1	22	14	57%	-36		36	-40		-109
<b>Total expected credit losses in Stage 1 and Stage 2</b>	<b>-65</b>	<b>-70</b>	<b>-7%</b>	<b>-102</b>	<b>-36%</b>	<b>-135</b>	<b>-119</b>	<b>13%</b>	<b>-207</b>
<b>Total expected credit losses on balance sheet items</b>	<b>-55</b>	<b>-121</b>	<b>-55%</b>	<b>-103</b>	<b>-47%</b>	<b>-176</b>	<b>-83</b>	<b>112%</b>	<b>-166</b>
<b>Expected credit losses on off-balance sheet items</b>									
The period's net provision Stage 3	1	6	-83%	0		7	6	17%	11
The period's net provision Stage 2	-57	35		5		-22	-39	-44%	-31
The period's net provision Stage 1	7	8	-13%	-22		15	-5		-4
<b>Total expected credit losses on off-balance sheet items</b>	<b>-50</b>	<b>50</b>		<b>-17</b>	<b>194%</b>	<b>0</b>	<b>-38</b>	<b>-100%</b>	<b>-25</b>
<b>Write-offs</b>									
Actual credit losses for the period	-55	-61	-10%	-90	-39%	-116	-632	-82%	-738
Utilised share of previous provision Stage 3	47	57	-18%	82	-43%	104	556	-81%	636
<b>Total write-offs</b>	<b>-8</b>	<b>-4</b>	<b>100%</b>	<b>-7</b>	<b>14%</b>	<b>-12</b>	<b>-75</b>	<b>-84%</b>	<b>-102</b>
<b>Recoveries</b>									
	<b>55</b>	<b>46</b>	<b>20%</b>	<b>72</b>	<b>-24%</b>	<b>101</b>	<b>134</b>	<b>-25%</b>	<b>245</b>
<b>Net credit losses</b>	<b>-58</b>	<b>-30</b>	<b>93%</b>	<b>-56</b>	<b>4%</b>	<b>-88</b>	<b>-62</b>	<b>42%</b>	<b>-47</b>
<i>of which loans to the public</i>	-9	-79	-89%	-39	-77%	-88	-27	226%	-26

SEK m	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022
<b>1) Expected credit losses Stage 3 on and off balance sheet</b>	<b>12</b>	<b>-46</b>	<b>-15</b>	<b>25</b>	<b>-1</b>
<b>Change in model-based provision Stage 1 and Stage 2:</b>					
Update of macroeconomic scenarios and risk factors	27	-2	-34	-47	-38
Transfer of exposures in exposed sectors from Stage 1 to Stage 2*	1	-5	3	1	-1
Change in probability of default in portfolio at beginning of quarter (net rating changes)	-176	-46	-27	15	-14
Effects of changes in exposures (existing, new and terminated exposures)	11	10	10	11	17
Other in Stage 1 and Stage 2	17	17	0	8	14
<i>Deducted, discontinued operations</i>	-1	2	-1	8	-15
<b>Model-based credit losses in Stage 1 and Stage 2</b>	<b>-121</b>	<b>-24</b>	<b>-49</b>	<b>-4</b>	<b>-37</b>
<b>Expert based provision</b>					
Expert based provision	-632	-637	-646	-672	-678
<i>Deducted, discontinued operations</i>	14	13	25	95	85
Expert based provision in continuing operations	-618	-624	-621	-577	-593
<b>Quarterly change of provisions which affect credit losses in Stage 1 and Stage 2</b>	<b>6</b>	<b>-3</b>	<b>-44</b>	<b>16</b>	<b>-81</b>
<b>2) Expected credit losses in Stage 1 and Stage 2 on and off balance sheet</b>	<b>-115</b>	<b>-27</b>	<b>-93</b>	<b>12</b>	<b>-118</b>
<b>3) Write-offs</b>	<b>-8</b>	<b>-4</b>	<b>-21</b>	<b>-6</b>	<b>-7</b>
<b>4) Recoveries</b>	<b>55</b>	<b>46</b>	<b>76</b>	<b>35</b>	<b>72</b>
<b>Net credit losses (1+2+3+4)</b>	<b>-58</b>	<b>-30</b>	<b>-54</b>	<b>69</b>	<b>-56</b>

\* Expert-based assessment of significant increase in credit risk

The total provision requirement in Stage 1 and Stage 2 has increased during the second 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 first quarter. Updated assumptions for macroeconomic risk factors reflect only minor changes, including lower unemployment figures, compared with the previous quarter. The effect of these changes on the provision requirement for the quarter was a reduction of SEK 27m. The absolute main reason for the increased model-based provision is negative rating migration in the customer portfolio, which increased the provision requirement by SEK 176m, while other factors in combination reduced the provision requirement slightly.

During the second quarter, the Bank has applied an expert-based provision based on elevated credit risks relating to uncertainty factors which are 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 of SEK 618m (624) in continuing operations and SEK 632m (637) including discontinued operations.

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

### Loans to the public – Key metrics

	30 Jun 2023	31 Mar 2023	31 Dec 2022	30 Sep 2022	30 Jun 2022
Credit loss ratio %, continuing operations, acc	0.01	0.01	0.00	0.00	0.00
Total credit loss reserve ratio, %	0.10	0.10	0.10	0.10	0.11
Credit loss reserve ratio Stage 1, %	0.02	0.02	0.02	0.02	0.02
Credit loss reserve ratio Stage 2, %	0.74	0.90	0.79	0.98	1.20
Credit loss reserve ratio Stage 3, %	18.50	20.89	21.99	22.97	23.96
Proportion of loans Stage 3, %	0.22	0.19	0.18	0.19	0.19

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 10). The comparative figures include the divested operations in Denmark, divested during the fourth quarter, up until 30 September 2022.

### Sensitivity analysis and macroeconomic forecast in ECL calculations

The table below shows the percentage increase and decrease, respectively, to the provision for expected credit losses in Stage 1 and Stage 2 as at 30 June 2023, if the negative and positive scenarios are assigned probabilities of 100%. The effect of assigning a probability of 100% to the severe downturn scenario for the UK is not included in the total.

%	30 June 2023		31 December 2022	
	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	9.26	-6.33	10.95	-7.72
Great Britain	1.41	-4.56	7.49	-7.19
Great Britain, severe downturn scenario	11.84		25.30	
Norway	6.54	-5.57	7.54	-6.10
Finland	0.81	-0.27	-0.13	0.20
The Netherlands	4.04	-2.04	3.52	-2.56
United States	25.65	-19.79	27.06	-20.37
Other countries	3.56	-2.05	3.64	-2.07
<b>Total</b>	<b>6.10</b>	<b>-4.83</b>	<b>7.43</b>	<b>-5.60</b>

The calculation of expected credit losses applies forward-looking information in the form of macroeconomic scenarios. The expected credit loss is a probability-weighted average of the calculated forecasts. Three scenarios are applied for exposures outside the UK. The forecast in the base case scenario is assigned a weight of 70% (60), while an upturn in the economy is assigned 15% (20), and a downturn 15% (20). For exposures in the UK, a fourth, more severe downturn scenario has been applied as of Q4 2022. The probability weighting for severe downturn/downturn/base case/upturn scenarios for the UK is 15%/30%/50%/5% (15/20/60/5). These scenarios and weightings have formed the basis for the calculation of expected credit losses in Stage 1 and Stage 2 as at 30 June 2023.

Macroeconomic risk factor		Downturn scenario			Base case scenario			Upturn scenario		
		2023	2024	2025	2023	2024	2025	2023	2024	2025
GDP growth, %	Sweden	-2.72	-2.16	3.22	-0.72	0.44	2.57	1.28	2.44	2.27
	Great Britain	-1.94	-1.02	2.39	0.06	0.98	1.89	2.06	2.98	1.59
	Great Britain, severe downturn scenario	-4.94	-5.02	2.89						
	Norway	-0.84	-2.11	1.89	1.16	0.49	1.24	3.16	2.49	0.94
	Finland	-1.80	-1.60	2.05	0.20	1.00	1.40	2.20	3.00	1.10
	Euro area	-1.45	-1.80	2.26	0.55	0.80	1.61	2.55	2.80	1.31
	United States	-1.06	-2.71	2.76	0.94	-0.11	2.11	2.94	1.89	1.81
	Unemployment rate, %	Sweden	8.54	10.04	9.80	7.54	8.14	7.90	7.04	7.20
Great Britain		5.10	5.80	5.70	4.50	4.30	4.20	4.00	3.36	3.50
Great Britain, severe downturn scenario		6.50	8.30	8.70						
Norway		3.00	4.20	4.28	2.00	2.30	2.38	1.50	1.36	1.68
Finland		7.90	8.70	8.48	6.90	6.80	6.58	6.40	5.86	5.88
Euro area		7.77	8.78	8.58	6.77	6.88	6.68	6.27	5.94	5.98
United States		4.69	6.98	7.11	3.69	5.08	5.21	3.19	4.14	4.51
Policy interest rate, %		Sweden	2.75	1.00	1.00	3.75	3.50	2.75	4.50	4.75
	Great Britain	3.75	1.75	2.50	5.00	4.00	3.50	5.75	5.25	4.50
	Great Britain, severe downturn scenario	2.75	0.25	0.50						
	Norway	2.75	1.25	1.25	3.75	3.75	3.00	4.50	5.00	4.00
	Finland	2.75	0.75	0.75	3.75	3.25	2.50	4.50	4.50	3.50
	Euro area	2.75	0.75	0.75	3.75	3.25	2.50	4.50	4.50	3.50
	United States	4.13	1.38	1.13	5.13	3.88	2.88	5.88	5.13	3.88
	Residential real estate, value change %	Sweden	-17.45	-3.04	1.17	-10.76	-0.94	2.54	-7.49	2.62
Great Britain		-8.00	-2.00	4.41	-4.10	3.70	3.80	-2.14	-6.78	2.53
Great Britain, severe downturn scenario		-12.09	-12.49	4.71						
Norway		-4.44	1.95	2.13	-1.55	-0.08	1.75	6.92	-0.13	0.69
Finland		-0.18	0.21	0.92	0.80	1.20	1.60	1.84	1.81	1.87
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	-10.63	-6.29	3.11	-4.99	-0.04	4.05	-2.44	4.04
	Great Britain	-17.74	-8.94	4.77	-7.23	-5.39	-0.43	-5.22	-2.61	-0.91
	Great Britain, severe downturn scenario	-25.94	-19.49	6.08						
	Norway	-10.50	-7.91	-2.19	-2.97	0.56	-1.82	-0.14	3.23	-2.75
	Finland	-9.93	-6.61	3.43	-2.42	1.55	3.03	0.09	2.71	1.28
	Euro area	-11.75	-8.18	2.01	-3.78	0.40	2.35	-0.71	2.95	1.20

## Note 8 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 10). The comparative figures include the, during the fourth quarter, divested operations in Denmark up until 30 September 2022.

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

SEK m	30 Jun 2023	31 Mar 2023	31 Dec 2022	30 Sep 2022	30 Jun 2022
Cash and balances with central banks	503,660	447,577	475,853	602,266	642,820
Other loans to central banks	38,776	40,569	32,620	40,181	11,037
Interest-bearing securities eligible as collateral with central banks			200	218	219
Loans to other credit institutions	38,259	24,442	9,415	31,042	27,502
<i>of which reverse repos</i>	22,325	6,790		17,988	16,349
Loans to the public	2,492,465	2,459,286	2,469,324	2,539,160	2,510,365
<i>of which reverse repos</i>	14,233	14,350	12,917	18,300	13,175
Bonds and interest-bearing securities	12,531	8,588	9,882	9,593	9,664
<b>Total</b>	<b>3,085,691</b>	<b>2,980,463</b>	<b>2,997,294</b>	<b>3,222,461</b>	<b>3,201,607</b>

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

SEK m	30 Jun 2023	31 Mar 2023	31 Dec 2022	30 Sep 2022	30 Jun 2022
Volume, gross	3,088,268	2,982,969	2,999,751	3,225,106	3,204,311
<i>of which Stage 1</i>	2,959,699	2,888,415	2,902,686	3,144,555	3,135,265
<i>of which Stage 2</i>	121,957	88,569	91,350	74,383	62,777
<i>of which Stage 3</i>	6,612	5,985	5,716	6,168	6,269
Provisions	-2,579	-2,508	-2,459	-2,648	-2,708
<i>of which Stage 1</i>	-454	-463	-480	-503	-450
<i>of which Stage 2</i>	-902	-795	-723	-727	-756
<i>of which Stage 3</i>	-1,223	-1,250	-1,257	-1,417	-1,502

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

SEK m	30 Jun 2023	31 Mar 2023	31 Dec 2022	30 Sep 2022	30 Jun 2022
Loans to the public, gross	2,495,036	2,461,789	2,471,778	2,541,802	2,513,066
<i>of which Stage 1</i>	2,366,466	2,367,255	2,374,713	2,461,251	2,444,020
<i>of which Stage 2</i>	121,957	88,549	91,349	74,383	62,777
<i>of which Stage 3</i>	6,612	5,985	5,716	6,168	6,269
Provisions	-2,571	-2,503	-2,454	-2,642	-2,702
<i>of which Stage 1</i>	-449	-459	-475	-498	-445
<i>of which Stage 2</i>	-898	-794	-722	-727	-754
<i>of which Stage 3</i>	-1,223	-1,250	-1,257	-1,417	-1,502

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

30 June 2023				
SEK m	Stage 1	Stage 2	Stage 3	Total
Provision at beginning of year	-480	-723	-1,257	-2,459
Derecognised assets	19	46	25	90
Write-offs	0	0	115	115
Remeasurements due to changes in credit risk	-143	39	3	-101
Foreign exchange effect, etc	-15	-13	-27	-55
Purchased or originated assets	-24	-17	-1	-42
Transfer to Stage 1	-21	35	1	15
Transfer to Stage 2	92	-377	1	-284
Transfer to Stage 3	118	107	-83	142
<b>Provision at end of period</b>	<b>-454</b>	<b>-902</b>	<b>-1,223</b>	<b>-2,579</b>

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
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
<b>Provision at end of period</b>	<b>-480</b>	<b>-723</b>	<b>-1,257</b>	<b>-2,459</b>

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

30 June 2023				
SEK m	Stage 1	Stage 2	Stage 3	Total
Provision at beginning of year	-475	-722	-1,257	-2,454
Derecognised assets	18	46	25	90
Write-offs	0	0	115	115
Remeasurements due to changes in credit risk	-143	39	3	-101
Foreign exchange effect, etc	-15	-13	-27	-55
Purchased or originated assets	-24	-17	-1	-42
Transfer to Stage 1	-21	35	1	15
Transfer to Stage 2	92	-374	1	-281
Transfer to Stage 3	118	107	-83	142
<b>Provision at end of period</b>	<b>-449</b>	<b>-898</b>	<b>-1,223</b>	<b>-2,571</b>

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
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
<b>Provision at end of period</b>	<b>-475</b>	<b>-722</b>	<b>-1,257</b>	<b>-2,454</b>

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

30 June 2023	Gross			Provisions			Net
SEK m	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
Private individuals	1,177,647	31,002	3,804	-163	-141	-573	1,211,576
of which mortgage loans	992,239	22,423	1,273	-40	-47	-37	1,015,811
of which other loans with property mortgages	148,265	6,923	1,263	-49	-40	-93	156,269
of which other loans to private individuals	37,143	1,656	1,268	-74	-54	-443	39,496
Housing co-operative associations	292,168	4,009	38	-15	-15	-9	296,176
of which mortgage loans	267,736	2,049	11	-5	-4	-6	269,781
Property management	691,822	64,296	1,796	-117	-242	-131	757,424
Manufacturing	26,152	5,731	108	-15	-155	-29	31,792
Retail	39,381	560	113	-14	-9	-56	39,975
Hotel and restaurant	4,400	1,978	18	-5	-16	-7	6,368
Passenger and goods transport by sea	1,539	8	139	-1	0	-73	1,612
Other transport and communication	8,032	429	17	-8	-15	-17	8,438
Construction	16,302	5,072	178	-67	-217	-72	21,196
Electricity, gas and water	16,309	853	2	-3	-2	-2	17,157
Agriculture, hunting and forestry	19,777	2,725	40	-15	-56	-21	22,450
Other services	22,975	688	221	-12	-8	-125	23,739
Holding, investment and insurance Comp., funds etc.	25,853	4,442	26	-8	-11	-12	30,290
Government and municipalities	4,450	78		0	-1		4,527
of which Swedish national debt office	2,557						2,557
Other corporate lending	19,659	86	112	-6	-10	-96	19,745
<b>Total</b>	<b>2,366,466</b>	<b>121,957</b>	<b>6,612</b>	<b>-449</b>	<b>-898</b>	<b>-1,223</b>	<b>2,492,465</b>

31 December 2022	Gross			Provisions			Net
SEK m	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
Private individuals	1,163,864	42,542	3,078	-161	-133	-568	1,208,622
of which mortgage loans	983,183	33,865	1,162	-35	-32	-38	1,018,105
of which other loans with property mortgages	144,073	6,931	912	-38	-44	-90	151,744
of which other loans to private individuals	36,608	1,746	1,004	-88	-57	-440	38,773
Housing co-operative associations	287,299	1,933	38	-9	-2	-8	289,251
of which mortgage loans	262,117	955	11	-5	0	-6	263,072
Property management	705,567	27,035	1,434	-109	-105	-124	733,698
Manufacturing	34,186	2,807	49	-30	-116	-26	36,870
Retail	39,858	649	104	-13	-10	-56	40,532
Hotel and restaurant	4,296	1,978	19	-5	-30	-7	6,251
Passenger and goods transport by sea	2,581	11	221	-2	-2	-77	2,732
Other transport and communication	8,599	1,088	36	-17	-36	-33	9,637
Construction	17,219	3,549	119	-65	-175	-72	20,575
Electricity, gas and water	15,331	968	4	-5	-2	-3	16,293
Agriculture, hunting and forestry	19,997	2,223	40	-25	-75	-14	22,146
Other services	21,030	577	180	-14	-7	-139	21,627
Holding, investment 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
of which Swedish national debt office	1,566						1,566
Other corporate lending	17,546	157	360	-11	-14	-106	17,932
<b>Total</b>	<b>2,374,713</b>	<b>91,349</b>	<b>5,716</b>	<b>-475</b>	<b>-722</b>	<b>-1,257</b>	<b>2,469,324</b>

Specification of Loans to the public – Property management

30 June 2023	Gross			Provisions			Net
SEK m	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
<b>Loans in Sweden</b>							
State-owned property companies	11,206			0			11,206
Municipal-owned property companies	7,651	370		0	0		8,021
Residential property companies	130,744	24,662	40	-6	-92	-11	155,337
<i>of which mortgage loans</i>	122,047	22,926	32	-6	-90	-6	144,903
Other property management	139,620	18,289	204	-17	-23	-51	158,022
<i>of which mortgage loans</i>	76,456	7,807	77	-4	-10	-13	84,313
<b>Total loans in Sweden</b>	<b>289,221</b>	<b>43,321</b>	<b>244</b>	<b>-23</b>	<b>-115</b>	<b>-62</b>	<b>332,586</b>
<b>Loans outside Sweden</b>							
UK	146,937	11,854	950	-61	-100	-31	159,549
Norway	133,966	6,625	50	-17	-13	-10	140,601
Finland	50,887	1,967	540	-5	-12	-23	53,354
The Netherlands	69,856	526		-11	-2		70,369
Other countries	955	3	12	0	0	-5	965
<b>Total loans outside Sweden</b>	<b>402,601</b>	<b>20,975</b>	<b>1,552</b>	<b>-94</b>	<b>-127</b>	<b>-69</b>	<b>424,838</b>
<b>Total loans - Property management</b>	<b>691,822</b>	<b>64,296</b>	<b>1,796</b>	<b>-117</b>	<b>-242</b>	<b>-131</b>	<b>757,424</b>

31 December 2022	Gross			Provisions			Net
SEK m	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
<b>Loans in Sweden</b>							
State-owned property companies	11,198			0			11,198
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>	137,576	3,661	18	-5	-5	-4	141,241
Other property management	145,098	6,376	171	-15	-15	-47	151,568
<i>of which mortgage loans</i>	77,194	1,656	32	-3	-4	0	78,875
<b>Total loans in Sweden</b>	<b>313,500</b>	<b>10,227</b>	<b>193</b>	<b>-21</b>	<b>-20</b>	<b>-55</b>	<b>323,824</b>
<b>Loans outside Sweden</b>							
UK	138,506	8,972	647	-51	-60	-32	147,982
Norway	138,171	4,684	62	-22	-10	-9	142,876
Finland	48,458	2,383	521	-5	-12	-23	51,322
The Netherlands	65,913	765		-10	-3		66,665
Other countries	1,019	4	11	0	0	-5	1,029
<b>Total loans outside Sweden</b>	<b>392,067</b>	<b>16,808</b>	<b>1,241</b>	<b>-88</b>	<b>-85</b>	<b>-69</b>	<b>409,874</b>
<b>Total loans - Property management</b>	<b>705,567</b>	<b>27,035</b>	<b>1,434</b>	<b>-109</b>	<b>-105</b>	<b>-124</b>	<b>733,698</b>



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

30 June 2023						
SEK m, gross	Sweden	UK	Norway	Finland	The Netherlands	Total
Government guarantees	3,552	6	1,399	18,862	0	23,819
Residential	189,910	90,123	26,136	20,871	35,629	362,669
Office, retail, hotel	100,430	51,727	101,673	8,037	13,781	275,648
Other real estate	5,513	293	862	1,299	19,799	27,766
Industry, logistics	18,005	15,537	87	3,167	719	37,515
Agriculture, forestry	4,077	1,234	97	5	16	5,429
Other collateral	3,476	227	263	553	329	4,848
Unsecured	7,823	594	8,036	248	83	16,784
Undeveloped			2,088	352	26	2,466
<b>Total</b>	<b>332,786</b>	<b>159,741</b>	<b>140,641</b>	<b>53,394</b>	<b>70,382</b>	<b>756,944</b>

31 December 2022						
SEK m, gross	Sweden	UK	Norway	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
<b>Total</b>	<b>323,920</b>	<b>148,125</b>	<b>142,917</b>	<b>51,362</b>	<b>66,678</b>	<b>733,002</b>

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

30 June 2023						
LTV, %	Sweden	UK	Norway	Finland	The Netherlands	Total
0-40	84.7	90.0	78.4	75.2	88.2	83.6
41-60	14.6	9.8	18.8	16.6	11.6	14.8
61-75	0.7	0.2	2.5	6.6	0.2	1.4
>75	0.0	0.0	0.3	1.7	0.0	0.2
<b>Average LTV</b>	<b>43</b>	<b>40</b>	<b>52</b>	<b>47</b>	<b>45</b>	<b>44</b>

31 December 2022						
LTV, %	Sweden	UK	Norway	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
<b>Average LTV</b>	<b>45</b>	<b>42</b>	<b>51</b>	<b>46</b>	<b>47</b>	<b>46</b>

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

30 June 2023						
LTV, %	Sweden	UK	Norway	Finland	The Netherlands	Total
0-40	79.7	86.3	76.6	61.5	81.1	80.3
41-60	18.0	13.6	19.7	20.7	16.2	16.9
61-75	2.2	0.1	2.9	10.3	2.1	2.2
>75	0.1	0.0	0.8	7.5	0.6	0.6
<b>Average LTV</b>	<b>48</b>	<b>45</b>	<b>54</b>	<b>52</b>	<b>51</b>	<b>48</b>

31 December 2022						
LTV, %	Sweden	UK	Norway	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
<b>Average LTV</b>	<b>49</b>	<b>46</b>	<b>53</b>	<b>84</b>	<b>52</b>	<b>51</b>

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

## Note 9 Credit risk exposure

SEK m	30 Jun 2023	31 Mar 2023	31 Dec 2022	30 Sep 2022	30 Jun 2022
Cash and balances with central banks	503,684	447,601	475,882	602,279	642,833
Other loans to central banks	38,776	40,569	32,620	40,181	11,037
Interest-bearing securities eligible as collateral with central banks	265,238	233,751	132,778	130,114	114,356
Loans to other credit institutions	38,259	24,442	9,415	31,042	27,502
<i>of which reverse repos</i>	22,325	6,790		17,988	16,349
Loans to the public	2,492,465	2,459,286	2,469,324	2,539,160	2,510,365
<i>of which reverse repos</i>	14,233	14,350	12,917	18,300	13,175
Bonds and other interest-bearing securities	57,611	41,231	32,697	43,865	38,971
Derivative instruments*	56,729	39,500	36,261	81,990	55,088
Contingent liabilities	63,568	60,467	60,975	67,456	69,517
Commitments	459,305	450,498	459,114	482,570	491,180
<b>Total</b>	<b>3,975,634</b>	<b>3,797,345</b>	<b>3,709,066</b>	<b>4,018,657</b>	<b>3,960,849</b>

\* 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 10). The comparative figures include the divested operations in Denmark up until 30 September 2022.

## Note 10 Assets and liabilities held for sale, and discontinued operations

Assets and liabilities in the Bank's operations in Finland constitute assets and liabilities held for sale and are a disposal group in accordance with IFRS 5. An agreement was signed in Q2 2023 to sell the parts of the Finnish operations covering private customers, including asset management and investment services, SMEs and the life insurance business. The deal is expected to be concluded during the second half of 2024. The divestment process for the Bank's remaining operations in Finland is continuing according to plan. Handelsbanken's operations in Denmark were sold during the fourth quarter 2022.

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 in Finland  
 Handelsbanken Liv Försäkrings AB branch 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

30 June 2023 SEK m	Finland	Other assets held for sale	Total
<b>Assets</b>			
Cash and balances with central banks	11		11
Other loans to central banks	33,613		33,613
Interest-bearing securities eligible as collateral with central banks	0		0
Loans to other credit institutions	12		12
Loans to the public	156,506	317	156,823
<i>Of which households</i>	44,087		44,087
<i>Of which corporates</i>	112,419	317	112,736
Bonds and other interest-bearing securities			
Shares *	1		1
Assets where the customer bears the value change risk	10,088		10,088
Intangible assets	130		130
Property and equipment	478		478
Other assets	322		322
<b>Total assets</b>	<b>201,162</b>	<b>317</b>	<b>201,478</b>
<b>Liabilities</b>			
Due to credit institutions	930		930
Deposits and borrowing from the public	60,041		60,041
<i>Of which households</i>	20,468		20,468
<i>Of which corporates</i>	39,573		39,573
Liabilities where the customer bears the value change risk	10,088		10,088
Provisions	237		237
Other liabilities	1,646		1,646
<b>Total liabilities</b>	<b>72,942</b>		<b>72,942</b>

Other assets held for sale amounting to SEK 317m (310) 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 2022 SEK m	Finland	Other assets held for sale	Total
<b>Assets</b>			
Cash and balances with central banks	14		14
Other loans to central banks	28,015		28,015
Interest-bearing securities eligible as collateral with central banks			
Loans to other credit institutions	5		5
Loans to the public	153,506	310	153,816
<i>Of which households</i>	43,922		43,922
<i>Of which corporates</i>	109,584	310	109,894
Bonds and other interest-bearing securities			
Shares *	3		3
Assets where the customer bears the value change risk	9,145		9,145
Intangible assets	123		123
Property and equipment	407		407
Other assets	388		388
<b>Total assets</b>	<b>191,606</b>	<b>310</b>	<b>191,916</b>
<b>Liabilities</b>			
Due to credit institutions	679		679
Deposits and borrowing from the public	57,361		57,361
<i>Of which households</i>	20,297		20,297
<i>Of which corporates</i>	37,064		37,064
Liabilities where the customer bears the value change risk	9,145		9,145
Provisions	210		210
Other liabilities	1,543		1,543
<b>Total liabilities</b>	<b>68,938</b>		<b>68,938</b>

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

SEK m	Q2 2023	Q1 2023	Change	Q2 2022	Change	Jan-Jun 2023	Jan-Jun 2022	Change	Full year 2022
Net interest income	588	530	11%	732	-20%	1,118	1,378	-19%	3,434
Net fee and commission income	106	100	6%	294	-64%	206	598	-66%	1,096
Net gains/losses on financial transactions	7	6	17%	-15		13	22	-41%	-12
Net insurance result	4	5	-20%	1	300%	9	5	80%	13
Other income	0			13	-100%	0	18	-100%	68
<b>Total income</b>	<b>707</b>	<b>641</b>	<b>10%</b>	<b>1,024</b>	<b>-31%</b>	<b>1,348</b>	<b>2,021</b>	<b>-33%</b>	<b>4,600</b>
Staff costs	-175	-213	-18%	-362	-52%	-388	-700	-45%	-1,681
Other expenses	-108	-121	-11%	-533	-80%	-229	-758	-70%	-1,543
Depreciation, amortisation and impairment of property, equipment and intangible assets				-1			-2		-2
<b>Total expenses</b>	<b>-283</b>	<b>-334</b>	<b>-15%</b>	<b>-896</b>	<b>-68%</b>	<b>-617</b>	<b>-1,460</b>	<b>-58%</b>	<b>-3,226</b>
Net credit losses	-1	16		58		15	74	-80%	29
Gains/losses on disposal of property, equipment and intangible assets	-1			0	0%	-1	0	0%	2
Risk tax and resolution fee	-18	-30	-40%	-44	-59%	-48	-82	-41%	-160
<b>Profit for the period from discontinued operations before tax</b>	<b>404</b>	<b>292</b>	<b>38%</b>	<b>143</b>	<b>183%</b>	<b>696</b>	<b>554</b>	<b>26%</b>	<b>1,245</b>
Taxes	-58	-35	66%	-69	-16%	-93	-174	-47%	-617
<b>Profit for the period from discontinued operations after tax</b>	<b>348</b>	<b>256</b>	<b>36%</b>	<b>73</b>	<b>377%</b>	<b>604</b>	<b>380</b>	<b>59%</b>	<b>629</b>
Other expenses related to discontinued operations	-22	-31	-29%			-53			-27
Taxes	5	6	-17%			11			6
<b>Profit for the period pertaining to discontinued operations, after tax</b>	<b>329</b>	<b>232</b>	<b>42%</b>	<b>73</b>	<b>351%</b>	<b>561</b>	<b>380</b>	<b>48%</b>	<b>608</b>
<b>Capital gain from disposal of discontinued operations before tax</b>									<b>235</b>
Taxes									-561
<b>Capital gain from disposal of discontinued operations after tax</b>									<b>-326</b>
<b>Profit for the period from discontinued operations after tax</b>	<b>329</b>	<b>232</b>	<b>42%</b>	<b>73</b>	<b>351%</b>	<b>561</b>	<b>380</b>	<b>48%</b>	<b>280</b>
<b>Material internal transactions with continuing operations, which are eliminated in the income statement above**:</b>									
Total income	25	23		24		48	164		-287
Total expenses	-26	-22		-57		-48	-118		-202

\* 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. As of 1 January 2023, the Bank applies a new method for eliminating internal transactions relating to net interest income between the disposal group in Finland and Group Treasury, and thus presents internal interest income and internal interest expenses in continuing and discontinued operations, respectively. The comparative figures have not been recalculated.

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

SEK m	Q2 2023	Q1 2023	Change	Q2 2022	Change	Jan-Jun 2023	Jan-Jun 2022	Change	Full year 2022
Net interest income				407			818		1,712
Net fee and commission income				188			390		701
Net gains/losses on financial transactions				-23			4		-49
Net insurance result				1			1		1
Other income				1			3		49
<b>Total income</b>				<b>574</b>			<b>1,216</b>		<b>2,413</b>
Staff costs				-212			-418		-1,035
Other expenses				-154			-289		-768
Depreciation, amortisation and impairments of property, equipment and intangible assets				-1			0		
<b>Total expenses</b>				<b>-367</b>			<b>-707</b>		<b>-1,803</b>
Net credit losses				46			63		38
Gains/losses on disposal of property, equipment and intangible assets				0			0		2
Risk tax and resolution fee				-17			-31		-58
<b>Profit for the period from discontinued operations before tax</b>				<b>237</b>			<b>541</b>		<b>593</b>
Tax				-42			-109		-57
<b>Profit for the period from discontinued operations after tax</b>				<b>194</b>			<b>432</b>		<b>536</b>
<b>Capital gain from disposal of discontinued operations before tax</b>									<b>235</b>
Taxes									-561
<b>Capital gain from disposal of discontinued operations after tax</b>									<b>-326</b>
<b>Profit for the period pertaining to discontinued operations, after tax</b>				<b>194</b>			<b>432</b>		<b>210</b>
<b>Material internal transactions with continuing operations, which are eliminated in the income statement above*:</b>									
Total income				-23			-45		-177
Total expenses				-23			-47		-89

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

SEK m	Q2 2023	Q1 2023	Change	Q2 2022	Change	Jan-Jun 2023	Jan-Jun 2022	Change	Full year 2022
Net interest income	588	530	11%	324	81%	1,118	559	100%	1,722
Net fee and commission income	106	100	6%	105	1%	206	208	-1%	396
Net gains/losses on financial transactions	7	6	17%	8	-13%	13	18	-28%	37
Net insurance result	4	5	-20%	0		9	4	125%	12
Other income	0	0		12	-100%	0	15	-100%	19
<b>Total income</b>	<b>707</b>	<b>641</b>	<b>10%</b>	<b>450</b>	<b>57%</b>	<b>1,348</b>	<b>806</b>	<b>67%</b>	<b>2,186</b>
Staff costs	-175	-213	-18%	-149	17%	-388	-281	38%	-647
Other expenses	-108	-121	-11%	-379	-72%	-229	-469	-51%	-775
Depreciation, amortisation and impairments of property, equipment and intangible assets							-2		-2
<b>Total expenses</b>	<b>-283</b>	<b>-334</b>	<b>-15%</b>	<b>-529</b>	<b>-47%</b>	<b>-617</b>	<b>-753</b>	<b>-18%</b>	<b>-1,423</b>
Net credit losses	-1	16		12		15	11	36%	-10
Gains/losses on disposal of property, equipment and intangible assets	-1			0		-1	0	0%	0
Risk tax and resolution fee	-18	-30	-40%	-28	-36%	-48	-51	-6%	-102
<b>Profit for the period from discontinued operations before tax</b>	<b>404</b>	<b>292</b>	<b>38%</b>	<b>-94</b>		<b>696</b>	<b>13</b>		<b>652</b>
Tax	-58	-35	66%	-27	115%	-93	-65	43%	-560
<b>Profit for the period from discontinued operations after tax</b>	<b>348</b>	<b>256</b>	<b>36%</b>	<b>-121</b>		<b>604</b>	<b>-52</b>		<b>91</b>

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

Total income	25	23		47		48	209		-110
Total expenses	-26	-22		-34		-48	-71		-113

\* 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 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. As of 1 January 2023, the Bank applies a new method for eliminating internal transactions relating to net interest income between the disposal group in Finland and Group Treasury, and thus presents internal interest income and internal interest expenses in continuing and discontinued operations, respectively. The comparative figures have not been recalculated.

### Fee and commission income, discontinued operations in Denmark

SEK m	Q2 2023	Q1 2023	Change	Q2 2022	Change	Jan-Jun 2023	Jan-Jun 2022	Change	Full year 2022
Brokerage and other securities commissions				10			23		41
Mutual funds				39			82		147
Custody and other asset management fees				40			87		148
Advisory services				4			15		22
Insurance				6			18		22
Payments				42			81		205
Loans and deposits				18			33		55
Guarantees				21			39		65
Other				16			38		64
<b>Total fee and commission income</b>				<b>196</b>			<b>416</b>		<b>768</b>

### Fee and commission income, discontinued operations in Finland

SEK m	Q2 2023	Q1 2023	Change	Q2 2022	Change	Jan-Jun 2023	Jan-Jun 2022	Change	Full year 2022
Brokerage and other securities commissions	2	2	0%	2	0%	4	5	-20%	8
Mutual funds	2	2	0%	2	0%	4	4	0%	8
Custody and other asset management fees	11	10	10%	11	0%	21	24	-13%	44
Advisory services									
Insurance	19	19	0%	21	-10%	38	43	-12%	84
Payments	54	54	0%	60	-10%	108	108	0%	203
Loans and deposits	22	22	0%	18	22%	44	38	16%	79
Guarantees	5	5	0%	5	0%	10	10	0%	20
Other	3	3	0%	3	0%	6	7	-14%	13
<b>Total fee and commission income</b>	<b>118</b>	<b>116</b>	<b>2%</b>	<b>122</b>	<b>-3%</b>	<b>234</b>	<b>239</b>	<b>-2%</b>	<b>458</b>

## Cash flows, discontinued operations

SEK m	Jan-Jun 2023	Jan-Jun 2022	Full year 2022
Cash flow from operating activities	1,466	-74,764	-123,159
Cash flow from investing activities	-5	-17	-11
Cash flow from financing activities		-3,494	
<b>Cash flow for the period from discontinued operations</b>	<b>1,461</b>	<b>-78,275</b>	<b>-123,171</b>

The operations in Denmark were sold during the fourth quarter 2022, meaning that the statement of cash flows for discontinued operations comprises the operations in Finland alone. Cash flows from the divestment of the operations in Denmark are included in the comparative figures for cash flows from investing activities in the Condensed statement of cash flows – Group (see page 27).

## Note 11 Derivates

SEK m	30 Jun 2023	31 Mar 2023	31 Dec 2022	30 Sep 2022	30 Jun 2022
<b>Positive market values</b>					
Trading	83,902	67,692	74,801	106,788	82,854
Fair value hedges	16,973	15,946	16,972	21,285	15,482
Cash flow hedges	36,933	28,765	25,600	38,298	24,507
Amounts offset	-81,079	-72,903	-81,112	-84,395	-67,765
<b>Total</b>	<b>56,729</b>	<b>39,500</b>	<b>36,261</b>	<b>81,976</b>	<b>55,078</b>
<b>Negative market values</b>					
Trading	69,463	67,329	78,199	75,024	62,347
Fair value hedges	28,853	24,935	27,349	27,077	17,955
Cash flow hedges	6,321	6,226	6,050	5,337	3,287
Amounts offset	-82,330	-74,350	-82,558	-80,504	-61,807
<b>Total</b>	<b>22,307</b>	<b>24,140</b>	<b>29,040</b>	<b>26,934</b>	<b>21,782</b>
<b>Nominal value</b>					
Trading	3,586,661	3,694,500	3,762,560	4,007,177	4,297,270
Fair value hedges	695,882	617,484	578,034	597,717	551,758
Cash flow hedges	526,301	517,162	562,999	592,710	578,984
Amounts offset	-2,897,069	-2,797,234	-2,826,362	-2,827,030	-2,784,212
<b>Total</b>	<b>1,911,775</b>	<b>2,031,912</b>	<b>2,077,231</b>	<b>2,370,574</b>	<b>2,643,800</b>

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 12 Offsetting of financial instruments

30 June 2023 SEK m	Derivatives	Repurchase agreements, securities borrowing and similar agreements	Total
<b>Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements</b>			
Gross amount	137,808	37,432	175,240
Amounts offset	-81,079	-7,687	-88,766
<b>Carrying amount on the balance sheet</b>	<b>56,729</b>	<b>29,745</b>	<b>86,474</b>
<b>Related amounts not offset on the balance sheet</b>			
Financial instruments, netting arrangements	-6,368		-6,368
Financial assets received as collateral	-45,466	-29,734	-75,200
<b>Total amounts not offset on the balance sheet</b>	<b>-51,834</b>	<b>-29,734</b>	<b>-81,568</b>
<b>Net amount</b>	<b>4,895</b>	<b>11</b>	<b>4,906</b>
<b>Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements</b>			
Gross amount	104,637	18,993	123,630
Amounts offset	-82,330	-7,687	-90,017
<b>Carrying amount on the balance sheet</b>	<b>22,307</b>	<b>11,306</b>	<b>33,613</b>
<b>Related amounts not offset on the balance sheet</b>			
Financial instruments, netting arrangements	-6,368		-6,368
Financial assets pledged as collateral	-3,046	-11,306	-14,352
<b>Total amounts not offset on the balance sheet</b>	<b>-9,414</b>	<b>-11,306</b>	<b>-20,720</b>
<b>Net amount</b>	<b>12,893</b>		<b>12,893</b>

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

Derivative instruments are offset on the balance sheet when 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 11,878m (11,346) derived from the balance sheet item Deposits and borrowing from the public. The amount set off for derivative liabilities includes offset cash collateral of SEK 13,129m (12,791), derived from the balance sheet item Loans to the public.

### Note 13 Goodwill and other intangible assets

SEK m	Goodwill			Other intangible assets			Total		
	Jan-Jun 2023	Jan-Jun 2022	Full year 2022	Jan-Jun 2023	Jan-Jun 2022	Full year 2022	Jan-Jun 2023	Jan-Jun 2022	Full year 2022
Opening residual value	4,397	4,357	4,357	4,005	3,945	3,945	8,402	8,302	8,302
Additional during the period				485	301	703	485	301	703
Reclassified as assets held for sale									
The period's amortisation				-376	-328	-661	-376	-328	-661
The period's impairments						-21			-21
Foreign exchange effect	-8	18	41	50	24	38	42	42	79
<b>Closing residual value</b>	<b>4,389</b>	<b>4,375</b>	<b>4,397</b>	<b>4,164</b>	<b>3,942</b>	<b>4,005</b>	<b>8,553</b>	<b>8,317</b>	<b>8,402</b>

### Note 14 Due to credit institutions, deposits and borrowing from the public

SEK m	30 Jun 2023	31 Mar 2023	31 Dec 2022	30 Sep 2022	30 Jun 2022
Due to credit institutions	143,863	97,306	81,693	120,251	121,449
<i>of which repos</i>	619	13			
Deposits and borrowing from the public	1,433,843	1,435,563	1,318,925	1,459,240	1,442,548
<i>of which repos</i>	2,255	926	5	12,182	11,306

### Note 15 Issued securities

SEK m	Jan-Jun 2023	Jan-Jun 2022	Full year 2022
<b>Issued securities at beginning of year</b>	<b>1,474,801</b>	<b>1,353,768</b>	<b>1,353,768</b>
Issued	663,736	567,376	1,064,019
Repurchased	-30,261	-27,614	-57,759
Matured	-589,074	-461,016	-926,079
Foreign exchange effect etc.	44,673	51,639	40,852
<b>Issued securities at end of period</b>	<b>1,563,875</b>	<b>1,484,153</b>	<b>1,474,801</b>

### Note 16 Pledged assets and contingent liabilities

SEK m	30 Jun 2023	31 Mar 2023	31 Dec 2022	30 Sep 2022	30 Jun 2022
Assets pledged for own debt	1,004,096	978,609	979,378	953,571	954,996
Other pledged assets	75,418	76,358	15,850	14,978	16,629
Contingent liabilities	63,568	60,467	60,975	67,456	69,517
Commitments	459,305	450,498	459,114	482,570	491,180

## Note 17 Classification of financial assets and liabilities

30 June 2023	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								
<b>Assets</b>								
Cash and balances with central banks					503,684	<b>503,684</b>	503,684	
Other loans to central banks					38,776	<b>38,776</b>	38,776	
Interest-bearing securities eligible as collateral with central banks	4,265	260,973				<b>265,238</b>	265,238	
Loans to other credit institutions					38,259	<b>38,259</b>	38,251	
Loans to the public					2,492,465	<b>2,492,465</b>	2,448,615	
Value change of interest-hedged item in portfolio hedge					-16,046	<b>-16,046</b>		
Bonds and other interest-bearing securities	22,587	22,492		12,531		<b>57,611</b>	57,611	
Shares	21,804			605		<b>22,409</b>	22,409	
Assets where the customer bears the value change risk	248,636				78	<b>248,714</b>	248,714	
Derivative instruments	24,110		32,619			<b>56,729</b>	56,729	
Other assets	34				12,503	<b>12,537</b>	12,537	
<b>Total</b>	<b>321,436</b>	<b>283,465</b>	<b>32,619</b>	<b>13,136</b>	<b>3,069,719</b>	<b>3,720,376</b>	<b>3,692,564</b>	
Investments in associates						<b>606</b>		
Non-financial assets						<b>34,460</b>		
<b>Total assets</b>						<b>3,755,442</b>		
<b>Liabilities</b>								
Due to credit institutions					144,793	<b>144,793</b>	144,866	
Deposits and borrowing from the public					1,493,884	<b>1,493,884</b>	1,492,574	
Liabilities where the customer bears the value change risk		248,637			78	<b>248,715</b>	248,715	
Issued securities	995				1,562,880	<b>1,563,875</b>	1,520,649	
Derivative instruments	11,846		10,461			<b>22,307</b>	22,307	
Short positions	13,459					<b>13,459</b>	13,459	
Other liabilities	27				17,266	<b>17,293</b>	17,293	
Subordinated liabilities					35,085	<b>35,085</b>	34,492	
<b>Total</b>	<b>26,327</b>	<b>248,637</b>	<b>10,461</b>		<b>3,253,986</b>	<b>3,539,410</b>	<b>3,494,355</b>	
Non-financial liabilities						<b>19,746</b>		
<b>Total liabilities</b>						<b>3,559,156</b>		

31 December 2022		Fair value through profit or loss			Amortised cost	Total carrying amount	Fair value
SEK m	Mandatory	Fair value option	Derivatives identified as hedge instruments	Fair value through other comprehensive income			
<b>Assets</b>							
Cash and balances with central banks					475,882	<b>475,882</b>	475,882
Other loans to central banks					32,620	<b>32,620</b>	32,620
Interest-bearing securities eligible as collateral with central banks	1,465	131,113		200		<b>132,778</b>	132,778
Loans to other credit institutions					9,415	<b>9,415</b>	9,410
Loans to the public					2,469,324	<b>2,469,324</b>	2,422,795
Value change of interest-hedged item in portfolio hedge					-16,616	<b>-16,616</b>	
Bonds and other interest-bearing securities	5,328	17,487		9,882		<b>32,697</b>	32,697
Shares	12,272			544		<b>12,815</b>	12,815
Assets where the customer bears the value change risk	222,038				73	<b>222,111</b>	222,111
Derivative instruments	14,912		21,349			<b>36,261</b>	36,261
Other assets	14				14,797	<b>14,811</b>	14,811
<b>Total</b>	<b>256,028</b>	<b>148,600</b>	<b>21,349</b>	<b>10,626</b>	<b>2,985,494</b>	<b>3,422,097</b>	<b>3,392,180</b>
Investments in associates						<b>561</b>	
Non-financial assets						<b>31,060</b>	
<b>Total assets</b>						<b>3,453,718</b>	
<b>Liabilities</b>							
Due to credit institutions					82,372	<b>82,372</b>	82,395
Deposits and borrowing from the public					1,376,286	<b>1,376,286</b>	1,375,504
Liabilities where the customer bears the value change risk		222,038			73	<b>222,111</b>	222,111
Issued securities	1,635				1,473,167	<b>1,474,801</b>	1,431,925
Derivative instruments	16,648		12,392			<b>29,040</b>	29,040
Short positions	1,939					<b>1,939</b>	1,939
Other liabilities	11				11,227	<b>11,238</b>	11,238
Subordinated liabilities					42,404	<b>42,404</b>	42,430
<b>Total</b>	<b>20,233</b>	<b>222,038</b>	<b>12,392</b>		<b>2,985,529</b>	<b>3,240,192</b>	<b>3,196,582</b>
Non-financial liabilities						<b>19,502</b>	
<b>Total liabilities</b>						<b>3,259,694</b>	

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 10).

## Note 18 Fair value measurement of financial instruments

30 June 2023 SEK m	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Interest-bearing securities eligible as collateral with central banks	264,395	843		265,238
Bonds and other interest-bearing securities	53,521	4,090		57,611
Shares	21,525	700	184	22,409
Assets where the customer bears the value change risk	246,834	1,246	556	248,636
Derivative instruments	74	56,651	4	56,729
<b>Total</b>	<b>586,349</b>	<b>63,530</b>	<b>744</b>	<b>650,623</b>
<b>Liabilities</b>				
Liabilities where the customer bears the value change risk	246,835	1,246	556	248,637
Issued securities		995		995
Derivative instruments	113	22,190	4	22,307
Short positions	13,184	275		13,459
<b>Total</b>	<b>260,132</b>	<b>24,706</b>	<b>560</b>	<b>285,398</b>

31 December 2022 SEK m	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
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
<b>Total</b>	<b>397,673</b>	<b>38,179</b>	<b>737</b>	<b>436,589</b>
<b>Liabilities</b>				
Liabilities where the customer bears the value change risk	220,766	747	525	222,038
Issued securities		1,635		1,635
Derivative instruments	54	28,947	39	29,040
Short positions	1,858	81		1,939
<b>Total</b>	<b>222,678</b>	<b>31,410</b>	<b>564</b>	<b>254,652</b>

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 10).

### 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 2022), the instrument has been moved between the levels in the table. Holdings of bonds and other interest-bearing securities worth SEK 2.1bn were transferred from level 1 to level 2 during the period, and worth SEK 0.5bn from level 2 to level 1. In addition, commercial papers constituting assets for which the customer bears the value change risk worth SEK 0.2bn were transferred from level 1 to level 2. Thus liabilities for which the customer bears the value change risk worth SEK 0.2bn were also 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 below.

The holdings in level 3 mainly comprise unlisted shares. The Group's holdings of unlisted shares are mainly comprised of participating interests in companies which provide supporting operations to the Bank. For 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.

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.

#### 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 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 period January to June, an accrual effect of SEK 56m (87) was recognised under Net gains/losses on financial transactions. At the end of the period, non-recognised day 1 gains/losses totalled SEK 442m; at year-end 2022, the corresponding figure was SEK 447m.

#### Change in level 3 holdings

January - June 2023 SEK m	Shares	Derivative assets	Derivative liabilities	Assets where the customer bears the value change risk	Liabilities where the customer bears the value change risk
<b>Carrying amount at beginning of year</b>	<b>173</b>	<b>39</b>	<b>-39</b>	<b>525</b>	<b>-525</b>
Acquisitions					
Repurchases/sales					
Matured during the period					
Unrealised value change in income statement	11	-3	3	31	-31
Unrealised value change in other comprehensive income					
Transfer from level 1 or 2					
Transfer to level 1 or 2		-32	32		
<b>Carrying amount at end of period</b>	<b>184</b>	<b>4</b>	<b>-4</b>	<b>556</b>	<b>-556</b>

January - December 2022 SEK m	Shares	Derivative assets	Derivative liabilities	Assets where the customer bears the value change risk	Liabilities where the customer bears the value change risk
<b>Carrying amount at beginning of year</b>	<b>639</b>	<b>43</b>	<b>-43</b>	<b>484</b>	<b>-484</b>
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		
<b>Carrying amount at end of period</b>	<b>173</b>	<b>39</b>	<b>-39</b>	<b>525</b>	<b>-525</b>

## Note 19 Assets and liabilities by currency

30 June 2023 SEK m	SEK	EUR	NOK	DKK	GBP	USD	Other currencies	Total
<b>Assets</b>								
Cash and balances with central banks	51,430	148,261	4,047	0	104,873	194,954	118	503,684
Other loans to central banks		37,492			1,283		0	38,776
Loans to other credit institutions	1,689	3,170	22,356	2	845	9,787	411	38,259
Loans to the public	1,590,029	308,236	315,134	4,931	259,096	12,913	2,126	2,492,465
<i>of which corporates</i>	603,958	197,005	201,817	4,908	183,841	12,744	859	1,205,131
<i>of which households</i>	986,071	111,231	113,317	22	75,256	170	1,268	1,287,334
Interest-bearing securities eligible as collateral with central banks	246,461	7,798	863	1		10,115		265,238
Bonds and other interest-bearing securities	42,444	646	13,982			540		57,611
Other items not broken down by currency	359,410							359,410
<b>Total assets</b>	<b>2,291,462</b>	<b>505,603</b>	<b>356,381</b>	<b>4,933</b>	<b>366,098</b>	<b>228,309</b>	<b>2,655</b>	<b>3,755,442</b>
<b>Liabilities</b>								
Due to credit institutions	27,684	73,492	23,302	17	108	20,269	-79	144,793
Deposits and borrowing from the public	855,346	149,706	99,794	2,605	272,431	110,426	3,576	1,493,884
<i>of which corporates</i>	362,780	116,180	66,191	2,468	199,131	106,735	2,724	856,209
<i>of which households</i>	492,567	33,526	33,603	137	73,300	3,690	852	637,675
Issued securities	522,522	386,559	19,522		34,561	573,033	27,679	1,563,875
Subordinated liabilities	0	14,473			6,238	14,374	0	35,085
Other items not broken down by currency, incl. equity	517,805							517,805
<b>Total liabilities and equity</b>	<b>1,923,357</b>	<b>624,230</b>	<b>142,617</b>	<b>2,622</b>	<b>313,338</b>	<b>718,101</b>	<b>31,176</b>	<b>3,755,442</b>
Other assets and liabilities broken down by currency (net)		118,419	-213,747	-2,334	-52,655	489,937	28,585	
<b>Net foreign currency position</b>		<b>-208</b>	<b>17</b>	<b>-23</b>	<b>106</b>	<b>145</b>	<b>64</b>	<b>101</b>

Assets and liabilities in the table above include the disposal groups Denmark and Finland, which were reclassified as Assets held for sale and Liabilities held for sale in the balance sheet as of 2021-12-31. See note 9.

31 December 2022 SEK m	SEK	EUR	NOK	DKK	GBP	USD	Other currencies	Total
<b>Assets</b>								
Cash and balances with central banks	100,413	136,928	8,962	0	99,872	129,674	34	475,882
Other loans to central banks		31,364			1,256		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	301,002							301,002
<b>Total assets</b>	<b>2,128,244</b>	<b>471,184</b>	<b>341,916</b>	<b>9,902</b>	<b>344,277</b>	<b>155,503</b>	<b>2,691</b>	<b>3,453,718</b>
<b>Liabilities</b>								
Due to credit institutions	17,760	50,548	29	1,906	115	11,990	23	82,372
Deposits and borrowing from the public	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	471,719							471,719
<b>Total liabilities and equity</b>	<b>1,855,332</b>	<b>551,311</b>	<b>117,330</b>	<b>3,107</b>	<b>298,044</b>	<b>605,483</b>	<b>23,110</b>	<b>3,453,718</b>
Other assets and liabilities broken down by currency (net)		80,111	-224,480	-6,820	-46,235	449,902	20,487	
<b>Net foreign currency position</b>		<b>-16</b>	<b>105</b>	<b>-24</b>	<b>-2</b>	<b>-78</b>	<b>68</b>	<b>53</b>

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 10).

## Note 20 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

	30 Jun 2023	31 Mar 2023	31 Dec 2022	30 Sep 2022	30 Jun 2022
<b>Available own funds</b>					
Common equity tier 1 (CET1) capital	166,003	160,582	158,551	157,550	155,434
Tier 1 capital	182,123	176,038	174,134	174,119	170,775
Total capital	202,556	195,398	193,186	192,695	194,039
<b>Risk-weighted exposure amounts</b>					
Total risk-weighted exposure amount	837,505	827,075	810,144	829,860	830,705
<b>Capital ratios (as a percentage of risk-weighted exposure amount)</b>					
Common equity tier 1 ratio (%)	19.8%	19.4%	19.6%	19.0%	18.7%
Tier 1 ratio (%)	21.7%	21.3%	21.5%	21.0%	20.6%
Total capital ratio (%)	24.2%	23.6%	23.8%	23.2%	23.4%
<b>Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)</b>					
Additional own funds requirements to address risks other than the risk of excessive leverage (%)	2.1%	2.1%	2.1%	2.1%	1.9%
of which: to be made up of CET1 capital (percentage points)	1.3%	1.3%	1.3%	1.3%	1.2%
of which: to be made up of Tier 1 capital (percentage points)	1.6%	1.6%	1.6%	1.6%	1.5%
Total SREP own funds requirements (%)	10.1%	10.1%	10.1%	10.1%	9.9%
<b>Combined buffer requirement (as a percentage of risk-weighted exposure amount)</b>					
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 (%)	1.7%	1.1%	1.0%	0.8%	0.2%
Systemic risk buffer (%)	3.2%	3.1%	3.2%	3.0%	3.0%
Global Systemically Important Institution buffer (%)					
Other Systemically Important Institution buffer	1.0%	1.0%	1.0%	1.0%	1.0%
<b>Combined buffer requirement (%)</b>	<b>8.4%</b>	<b>7.7%</b>	<b>7.7%</b>	<b>7.3%</b>	<b>6.7%</b>
Overall capital requirements (%)	18.4%	17.8%	17.8%	17.4%	16.6%
CET1 available after meeting the total SREP own funds requirements (%)	14.0%	13.6%	13.7%	13.2%	13.0%
<b>Leverage ratio</b>					
Leverage ratio total exposure measure	3,602,883	3,453,723	3,341,332	3,604,416	3,589,683
Leverage ratio	5.1%	5.1%	5.2%	4.8%	4.8%
<b>Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)</b>					
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%
<b>Liquidity coverage ratio (LCR)*</b>					
Total high-quality liquid assets (HQLA) (Weighted value-average)	889,405	889,352	885,096	860,570	815,978
Cash outflows - Total weighted value	652,947	660,672	645,218	634,114	600,174
Cash inflows - Total weighted value	91,583	88,477	83,191	73,621	72,202
Total net cash outflows (adjusted value)	561,364	572,195	562,026	560,493	527,972
Liquidity coverage ratio	159%	156%	159%	154%	156%
<b>Net stable funding ratio (NSFR)</b>					
Total available stable funding	2,165,163	2,052,855	2,036,932	2,138,889	2,125,152
Total required stable funding	1,827,178	1,785,899	1,793,937	1,845,855	1,836,823
NSFR ratio	118%	115%	114%	116%	116%

\* 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 exposure amounts

	RWEA		Own funds requirements	
	30 Jun 2023	31 Mar 2023	30 Jun 2023	31 Mar 2023
<b>Credit risk (excluding CCR)</b>	<b>731,733</b>	<b>701,864</b>	<b>58,539</b>	<b>56,149</b>
Of which standardised approach	194,182	189,514	15,535	15,161
Of which foundation IRB (FIRB) approach	58,807	53,008	4,705	4,241
Of which slotting approach				
Of which equities under simple risk-weighted approach	2,240	2,096	179	168
Of which advanced IRB (AIRB) approach	277,177	255,171	22,174	20,414
Of which risk weight floors	199,327	202,075	15,946	16,166
<b>Counterparty credit risk - CCR</b>	<b>10,311</b>	<b>13,329</b>	<b>825</b>	<b>1,066</b>
Of which standardised approach	7,427	8,851	594	708
Of which internal model method (IMM)				
Of which exposures to a CCP	166	186	13	15
Of which credit valuation adjustment - CVA	1,982	3,375	159	270
Of which other CCR	736	917	59	73
<b>Settlement risk</b>				
<b>Securitisation exposures in the non-trading book (after the cap)</b>				
Of which SEC-IRBA approach				
Of which SEC-ERBA (including IAA)				
Of which SEC-SA approach				
Of which 1,250%/ deduction				
<b>Position, foreign exchange and commodities risks (market risk)</b>	<b>20,245</b>	<b>36,666</b>	<b>1,620</b>	<b>2,933</b>
Of which standardised approach	20,245	36,666	1,620	2,933
Of which IMA				
<b>Large exposures</b>				
<b>Operational risk</b>	<b>75,216</b>	<b>75,216</b>	<b>6,017</b>	<b>6,017</b>
Of which basic indicator approach				
Of which standardised approach	75,216	75,216	6,017	6,017
Of which advanced measurement approach				
<b>Amounts below the thresholds for deduction (subject to 250% risk weight)</b>				
<b>Total</b>	<b>837,505</b>	<b>827,075</b>	<b>67,000</b>	<b>66,166</b>

## 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 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, 97% 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 21 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. Essentially, market risks in the Bank's business operations are only taken as part of meeting customers' investment and risk management needs. Handelsbanken's exposure to market risks is low. The Bank's low tolerance of risk means that it is also well-equipped to operate under difficult market conditions. This applies to the changed environment for interest rates and inflation, partly brought about 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. Since Russia's invasion of Ukraine, there is a heightened 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.

In the light of the considerable changes to the interest rate environment and the turbulence in the financial markets during the year, the future conditions for the Bank's counterparties within the property sector, for example, have become more challenging. Given this situation, Handelsbanken is maintaining its strict view of credit risks and the normal credit process established at the Bank.

### 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 below and amounted to SEK 880bn at 30 June 2023. 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

	30 Jun 2023	31 Mar 2023	31 Dec 2022	30 Sep 2022	30 Jun 2022
Market value, SEK m					
<b>Level 1 assets</b>	<b>876,922</b>	<b>759,832</b>	<b>675,238</b>	<b>839,101</b>	<b>824,191</b>
Cash and balances with central banks	539,119	484,816	505,339	639,308	651,029
Securities issued or guaranteed by sovereigns, central banks, MDBs and international organisations	263,339	226,416	135,491	139,826	127,402
Securities issued by municipalities and PSEs	421	329	447	449	517
Extremely high quality covered bonds	74,044	48,270	33,962	59,518	45,244
<b>Level 2 assets</b>	<b>3,005</b>	<b>4,837</b>	<b>1,139</b>	<b>6,213</b>	<b>2,125</b>
Level 2A assets	2,844	4,635	1,047	6,030	1,945
<i>Securities issued or guaranteed by sovereigns, central banks, municipalities and PSEs</i>	1,126	3,604	36	3,744	501
<i>High quality covered bonds</i>	1,718	1,031	1,011	2,286	1,444
<i>Corporate debt securities (lowest rating AA-)</i>					
Level 2B assets	161	202	91	183	179
<i>Asset-backed securities</i>					
<i>High quality covered bonds</i>					
<i>Corporate debt securities (rated A+ to BBB-)</i>	161	202	91	183	179
<i>Shares (major stock index)</i>					
<b>Total liquid assets</b>	<b>879,927</b>	<b>764,668</b>	<b>676,377</b>	<b>845,314</b>	<b>826,316</b>
<i>of which in SEK</i>	330,391	278,473	238,066	300,841	274,225
<i>of which in EUR</i>	192,609	158,679	175,457	207,206	214,108
<i>of which in USD</i>	200,591	190,849	138,867	158,275	163,140
<i>of which in other currencies</i>	156,335	136,667	123,987	178,992	174,843

30 June 2023					
Market value, SEK m	SEK	EUR	USD	Other	Total
<b>Level 1 assets</b>	<b>329,780</b>	<b>192,218</b>	<b>200,059</b>	<b>154,865</b>	<b>876,922</b>
Cash and balances with central banks	50,349	185,574	194,868	108,328	539,119
Securities issued or guaranteed by sovereigns, central banks, MDBs and international organisations	247,618	6,632	5,191	3,898	263,339
Securities issued by municipalities and PSEs	357			64	421
Extremely high quality covered bonds	31,456	12		42,576	74,044
<b>Level 2 assets</b>	<b>612</b>	<b>391</b>	<b>532</b>	<b>1,470</b>	<b>3,005</b>
Level 2A assets	612	230	532	1,470	2,844
<i>Securities issued or guaranteed by sovereigns, central banks, municipalities and PSEs</i>				1,126	1,126
<i>High quality covered bonds</i>	612	230	532	344	1,718
<i>Corporate debt securities (lowest rating AA-)</i>					
Level 2B assets		161			161
<i>Asset-backed securities</i>					
<i>High quality covered bonds</i>					
<i>Corporate debt securities (rated A+ to BBB-)</i>		161			161
<i>Shares (major stock index)</i>					
<b>Total liquid assets</b>	<b>330,391</b>	<b>192,609</b>	<b>200,591</b>	<b>156,335</b>	<b>879,927</b>

## Maturities for financial assets and liabilities

30 June 2023 SEK m	Up to 30 days	31 days - 6 mths	6 - 12 mths	1 - 2 yrs	2 - 5 yrs	5 yrs -	Unspec. maturity	Total
<b>Assets</b>								
Cash and balances with central banks	542,459							542,459
Interest-bearing securities eligible as collateral with central banks *	265,238							265,238
Bonds and other interest-bearing securities *	57,611							57,611
Loans to credit institutions	35,897	203	78	217	1,164	700		38,259
<i>of which reverse repos</i>	22,321							22,321
Loans to the public	54,366	291,439	224,959	224,673	476,834	1,220,194		2,492,465
<i>of which reverse repos</i>	14,225							14,225
Other **	32,708						326,702	359,410
<i>of which shares and participating interests</i>	22,409							22,409
<i>of which claims on investment banking settlements</i>	10,299							10,299
<b>Total</b>	<b>988,279</b>	<b>291,643</b>	<b>225,037</b>	<b>224,891</b>	<b>477,998</b>	<b>1,220,894</b>	<b>326,702</b>	<b>3,755,442</b>
<b>Liabilities</b>								
Due to credit institutions ***	68,903	45,300	22,255	337	103	521	7,374	144,793
<i>of which repos</i>	619							619
<i>of which deposits from central banks</i>	8,387	31,315	7,370					47,072
Deposits and borrowing from the public ***	126,365	165,178	42,491	11,171	2,502	163	1,146,015	1,493,885
<i>of which repos</i>	2,254							2,254
Issued securities	82,373	452,647	263,916	114,232	496,450	154,257		1,563,875
<i>of which covered bonds</i>		6,234	70,797	80,251	363,677	101,525		622,484
<i>of which bank certificates (CDs) with original maturity of less than one year</i>	29,065	198,819	53,365					281,249
<i>of which corporate certificates (CPs) with original maturity of less than one year</i>	38,738	226,133	95,854					360,725
<i>of which bank certificates (CDs) and corporate certificates (CPs) with original maturity above one year</i>	9,196		19,042	541				28,779
<i>of which Senior Non-Preferred Bonds</i>					36,400	25,390		61,790
<i>of which senior bonds and other securities with original maturity of more than one year</i>	5,373	21,460	24,859	33,440	96,373	27,342		208,847
Subordinated liabilities			13,475		16,819	4,791		35,085
Other **	20,666						497,139	517,805
<i>of which short positions</i>	13,459							13,459
<i>of which investment banking settlement debts</i>	7,207							7,207
<b>Total</b>	<b>298,307</b>	<b>663,125</b>	<b>342,137</b>	<b>125,740</b>	<b>515,874</b>	<b>159,732</b>	<b>1,650,528</b>	<b>3,755,442</b>

\* 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)

	30 Jun 2023	31 Mar 2023	31 Dec 2022	30 Sep 2022	30 Jun 2022
Liquidity coverage ratio (LCR) - sub-components, SEK m					
<b>High quality liquidity assets</b>	<b>874,237</b>	<b>760,493</b>	<b>673,796</b>	<b>840,152</b>	<b>822,767</b>
<b>Cash outflows</b>					
Retail deposits and deposits from small business customers	57,445	57,720	65,380	70,478	72,154
Unsecured wholesale funding	351,101	407,876	293,008	415,380	368,990
Secured wholesale funding	8,476	7,330	7,351	14,003	16,041
Other cash outflows	112,288	115,562	124,709	78,856	65,123
<b>Total cash outflows</b>	<b>529,310</b>	<b>588,488</b>	<b>490,448</b>	<b>578,717</b>	<b>522,308</b>
<b>Cash inflows</b>					
Inflows from fully performing exposures	26,458	27,603	27,209	28,025	24,960
Other cash inflows	37,658	56,694	50,293	31,494	40,613
<b>Total cash inflows</b>	<b>64,116</b>	<b>84,297</b>	<b>77,502</b>	<b>59,519</b>	<b>65,573</b>
<b>Liquidity coverage ratio (LCR)</b>	<b>188%</b>	<b>151%</b>	<b>163%</b>	<b>162%</b>	<b>180%</b>

## Net stable funding ratio (NSFR)

	30 Jun 2023	31 Mar 2023	31 Dec 2022	30 Sep 2022	30 Jun 2022
Net stable funding ratio (NSFR) - sub-components, SEK m					
<b>Available stable funding (ASF)</b>					
Capital items and instruments	212,166	203,660	214,134	229,506	218,869
Retail deposits	735,085	715,995	724,112	749,894	752,687
Wholesale funding	1,211,435	1,127,120	1,092,732	1,152,859	1,147,415
Other liabilities	6,478	6,081	5,954	6,630	6,180
<b>Total Available stable funding (ASF)</b>	<b>2,165,163</b>	<b>2,052,855</b>	<b>2,036,932</b>	<b>2,138,889</b>	<b>2,125,152</b>
<b>Required stable funding (RSF)</b>					
Total high-quality liquid assets (HQLA)	9,932	8,768	4,918	8,759	7,706
Assets encumbered for more than 12 months in cover pool	493,384	452,064	483,554	454,427	426,639
Performing loans and securities	1,237,569	1,244,819	1,232,720	1,302,501	1,312,824
Other assets	62,996	57,342	48,935	55,797	64,867
Off-balance sheet items	23,296	22,905	23,811	24,371	24,788
<b>Total Required stable funding (RSF)</b>	<b>1,827,178</b>	<b>1,785,899</b>	<b>1,793,937</b>	<b>1,845,855</b>	<b>1,836,823</b>
<b>Net stable funding ratio (NSFR)</b>	<b>118%</b>	<b>115%</b>	<b>114%</b>	<b>116%</b>	<b>116%</b>

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 from the perspective of a one-year 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 188%, 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 118%.

## 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

30 June 2023		
SEK bn	NEA	Accumulated coverage ratio in % of unsecured funding*
Holdings with central banks and securities in the liquidity portfolio	880	83%
Mortgage loans	816	159%
Other household lending	159	174%
Property company lending lowest risk class (1-3)	304	203%
Other corporate lending lowest risk class (1-3)	127	215%
Loans to credit institutions lowest risk class (1-3)	5	215%
Other corporate lending	343	247%
Other assets	42	251%
<b>Total non-encumbered assets (NEA)</b>	<b>2,676</b>	<b>251%</b>
<b>Encumbered assets without underlying liabilities**</b>	<b>72</b>	
Encumbered assets with underlying liabilities	1,008	
<b>Total assets, Group</b>	<b>3,756</b>	

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%
<b>Total non-encumbered assets (NEA)</b>	<b>2,459</b>	<b>272%</b>
<b>Encumbered assets without underlying liabilities**</b>	<b>75</b>	
Encumbered assets with underlying liabilities	920	
<b>Total assets, Group</b>	<b>3,454</b>	

\* 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.

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 22 Related-party transactions

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

## Note 23 Segment reporting

Information about the Bank's segment reporting is provided on pages 11-19.

## Note 24 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	Q2 2023	Q1 2023	Change	Q2 2022	Change	Jan-Jun 2023	Jan-Jun 2022	Change	Full year 2022
Net interest income	6,256	5,952	5%	4,010	56%	12,208	7,561	61%	18,230
Dividends received	321	3,650	-91%	111	188%	3,971	261		16,953
Net fee and commission income	1,109	1,149	-3%	1,288	-14%	2,258	2,669	-15%	5,167
Net gains/losses on financial transactions	412	55		-931		467	-677		820
Other operating income	1,089	901	21%	846	29%	1,990	1,627	22%	4,841
<b>Total income</b>	<b>9,187</b>	<b>11,707</b>	<b>-22%</b>	<b>5,324</b>	<b>73%</b>	<b>20,894</b>	<b>11,441</b>	<b>83%</b>	<b>46,011</b>
Staff costs	-2,853	-3,137	-9%	-2,856	0%	-5,990	-5,727	5%	-11,990
Other administrative expenses	-1,806	-1,836	-2%	-1,989	-9%	-3,642	-3,606	1%	-7,415
Depreciation, amortisation and impairment of property, equipment and intangible assets	-603	-606	0%	-594	2%	-1,209	-1,200	1%	-2,459
<b>Total expenses before credit losses</b>	<b>-5,263</b>	<b>-5,579</b>	<b>-6%</b>	<b>-5,439</b>	<b>-3%</b>	<b>-10,842</b>	<b>-10,533</b>	<b>3%</b>	<b>-21,864</b>
<b>Profit before credit losses, risk tax and resolution fee</b>	<b>3,924</b>	<b>6,128</b>	<b>-36%</b>	<b>-115</b>		<b>10,052</b>	<b>908</b>		<b>24,148</b>
Net credit losses	-93	11		7		-82	-49	67%	-41
Impairment of financial assets	-98					-98	-25	292%	-2,305
Risk tax and resolution fee	-342	-469	-27%	-279	23%	-811	-666	22%	-1,331
<b>Operating profit</b>	<b>3,389</b>	<b>5,671</b>	<b>-40%</b>	<b>-387</b>		<b>9,060</b>	<b>169</b>		<b>20,471</b>
Appropriations							1		-160
<b>Profit before tax</b>	<b>3,389</b>	<b>5,671</b>	<b>-40%</b>	<b>-387</b>		<b>9,060</b>	<b>170</b>		<b>20,311</b>
Taxes	-807	-505	60%	37		-1,312	-98		-4,856
<b>Profit for the period</b>	<b>2,584</b>	<b>5,165</b>	<b>-50%</b>	<b>-349</b>		<b>7,749</b>	<b>72</b>		<b>15,455</b>

## STATEMENT OF COMPREHENSIVE INCOME – PARENT COMPANY

SEK m	Q2 2023	Q1 2023	Change	Q2 2022	Change	Jan-Jun 2023	Jan-Jun 2022	Change	Full year 2022
<b>Profit for the period</b>	<b>2,584</b>	<b>5,165</b>	<b>-50%</b>	<b>-349</b>		<b>7,749</b>	<b>72</b>		<b>15,455</b>
<b>Other comprehensive income</b>									
<b>Items that will not be reclassified to the income statement</b>									
Instruments measured at fair value through other comprehensive income - equity instruments	35	31		7		66	16		41
Tax on items that will not be reclassified to income statement	-6	-4		1		-10	-1		-19
<i>of which equity instruments measured at fair value through other comprehensive income</i>	-6	-4		1		-10	-1		-19
<b>Total items that will not be reclassified to the income statement</b>	<b>29</b>	<b>27</b>		<b>8</b>		<b>56</b>	<b>15</b>		<b>22</b>
<b>Items that may subsequently be reclassified to the income statement</b>									
Cash flow hedges	486	-158		1,207	-60%	328	2,320	-86%	3,411
Instruments measured at fair value through other comprehensive income - debt instruments	0	-2		-29		-2	-73		-61
Translation differences for the period	927	-760		129		167	757	-78%	1,326
<i>of which hedging net investment in foreign operations</i>		5		-32		5	-50		-83
Tax on items that may subsequently be reclassified to the income statement	-276	182		-237	-16%	-94	-461	80%	-1,251
<i>of which cash flow hedges</i>	-101	33		-249	59%	-68	-478	86%	-703
<i>of which debt instruments measured at fair value through other comprehensive income</i>				6			9		6
<i>of which hedging net investment in foreign operations</i>		-1		6		-1	10		17
<i>of which tax on translation difference</i>	-172	150				-22			-572
<b>Total items that may subsequently be reclassified to the income statement</b>	<b>1,140</b>	<b>-737</b>		<b>1,070</b>	<b>7%</b>	<b>403</b>	<b>2,543</b>	<b>-84%</b>	<b>3,425</b>
<b>Total other comprehensive income for the period</b>	<b>1,169</b>	<b>-711</b>		<b>1,079</b>	<b>8%</b>	<b>458</b>	<b>2,561</b>	<b>-82%</b>	<b>3,447</b>
<b>Total comprehensive income for the period</b>	<b>3,753</b>	<b>4,454</b>	<b>-16%</b>	<b>730</b>	<b>414%</b>	<b>8,207</b>	<b>2,633</b>	<b>212%</b>	<b>18,902</b>

## Comment on results – Parent company January – June 2023 compared with January – June 2022

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 sold during the fourth quarter 2022. The process of divesting the operations in Finland is continuing according to plan. For further information, refer to the introduction to Note 10.

The parent company's operating profit increased by SEK 8,891m to SEK 9,060m (169) compared with the previous year, mainly due to higher net gains/losses on financial transactions and higher dividends received. The 169% increase in net gains/losses on financial transactions to SEK 467m (-677) is explained by the positive effects of decreased 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 SEK 3,710m increase in dividends received to SEK 3,971m (261) is primarily attributable to the parent company receiving dividends of approximately SEK 3,400m from its subsidiary, Handelsbanken plc. Net interest income increased by 61% to SEK 12,208m (7,561), while net fee and commission income decreased by 15% to SEK 2,258m (2,669). Profit for the period increased by SEK 7,677m to SEK 7,749m (72). Since year-end 2022, the parent company's equity has decreased to SEK 146,253m (153,887).

## BALANCE SHEET – PARENT COMPANY

SEK m	30 Jun 2023	31 Mar 2023	31 Dec 2022	30 Sep 2022	30 Jun 2022
<b>Assets</b>					
Cash and balances with central banks	398,811	349,209	376,010	496,932	540,690
Interest-bearing securities eligible as collateral with central banks	265,238	233,751	132,778	130,097	114,338
Loans to credit institutions	1,098,040	1,082,040	1,025,664	1,105,903	1,049,080
Loans to the public	633,301	624,712	637,721	678,884	662,966
Value change of interest hedged item in portfolio hedge	-16,042	-15,035	-16,611	-20,923	-15,153
Bonds and other interest-bearing securities	59,185	45,177	33,339	46,795	40,785
Shares	16,206	15,103	7,112	14,312	14,819
Shares in subsidiaries and investments in associates	70,855	70,625	70,483	72,770	72,757
Assets where the customer bears the value change risk	2,475	2,344	2,387	7,546	7,838
Derivative instruments	73,212	53,928	52,360	97,421	65,757
Intangible assets	3,196	3,168	3,144	3,046	3,098
Property, equipment and leasing assets	6,480	6,287	6,530	6,710	6,818
Current tax assets	1,055	1,186	30	2,965	2,491
Deferred tax assets	648	651	617	664	659
Other assets	8,025	28,283	30,166	5,457	19,609
Prepaid expenses and accrued income	1,702	2,010	1,159	1,437	1,625
<b>Total assets</b>	<b>2,622,388</b>	<b>2,503,439</b>	<b>2,362,889</b>	<b>2,650,016</b>	<b>2,588,176</b>
<b>Liabilities and equity</b>					
Due to credit institutions	245,534	196,634	169,617	201,904	203,503
Deposits and borrowing from the public	1,236,513	1,247,521	1,137,272	1,344,912	1,326,625
Liabilities where the customer bears the value change risk	2,475	2,344	2,387	7,546	7,838
Issued securities	892,268	810,790	806,013	849,526	811,445
Derivative instruments	34,406	32,847	36,985	33,793	27,772
Short positions	13,459	11,544	1,939	10,990	14,140
Current tax liabilities					
Deferred tax liabilities	1,324	1,190	1,193	1,122	709
Provisions	623	617	646	997	1,102
Other liabilities	11,817	19,497	6,779	9,413	15,100
Accrued expenses and deferred income	1,764	3,316	2,901	3,567	3,263
Subordinated liabilities	35,085	33,771	42,404	45,058	38,516
<b>Total liabilities</b>	<b>2,475,267</b>	<b>2,360,071</b>	<b>2,208,135</b>	<b>2,508,826</b>	<b>2,450,012</b>
<b>Untaxed reserves</b>	<b>867</b>	<b>867</b>	<b>867</b>	<b>687</b>	<b>706</b>
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	11,740	10,525	11,196	11,987	10,215
Retained earnings	114,938	114,983	115,409	115,471	115,344
Profit for the period	7,749	5,165	15,455	1,219	72
<b>Total equity</b>	<b>146,253</b>	<b>142,501</b>	<b>153,887</b>	<b>140,503</b>	<b>137,458</b>
<b>Total liabilities and equity</b>	<b>2,622,388</b>	<b>2,503,439</b>	<b>2,362,889</b>	<b>2,650,016</b>	<b>2,588,176</b>



## CHANGE IN EQUITY – PARENT COMPANY

January - June 2023 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 *			
<b>Opening equity 2023</b>	<b>3,069</b>	<b>2,682</b>	<b>3,010</b>	<b>8,758</b>	<b>3,531</b>	<b>126</b>	<b>1,847</b>	<b>130,864</b>	<b>153,887</b>	
Profit for the period								7,749	7,749	
Other comprehensive income <i>of which reclassified within equity</i>					260	54	144		458	
<b>Total comprehensive income for the period</b>					<b>260</b>	<b>54</b>	<b>144</b>	<b>7,749</b>	<b>8,207</b>	
Reclassified to retained earnings										
Dividend								-15,840	-15,840	
Fund for internally developed software			85					-85		
<b>Closing equity</b>	<b>3,069</b>	<b>2,682</b>	<b>3,095</b>	<b>8,758</b>	<b>3,792</b>	<b>181</b>	<b>1,991</b>	<b>122,687</b>	<b>146,253</b>	

January – December 2022 SEK m	Share capital	Share premium	Defined benefit plans	Hedge reserve	Fair value reserve	Insurance contracts	Translation reserve	Retained earnings incl. profit for the year	Non-controlling interest	Total
<b>Opening equity 2022</b>	<b>3,069</b>	<b>2,682</b>	<b>2,913</b>		<b>8,758</b>	<b>823</b>	<b>158</b>	<b>1,075</b>	<b>124,742</b>	<b>144,220</b>
Profit for the period									15,455	15,455
Other comprehensive income <i>of which reclassified within equity</i>						2,708	-33	771		3,447
							-91	-573		-664
<b>Total comprehensive income for the period</b>						<b>2,708</b>	<b>-33</b>	<b>771</b>	<b>15,455</b>	<b>18,902</b>
Reclassified to retained earnings									664	664
Dividend*									-9,900	-9,900
Fund for internally developed software			98						-98	
<b>Closing equity</b>	<b>3,069</b>	<b>2,682</b>	<b>3,010</b>		<b>8,758</b>	<b>3,531</b>	<b>126</b>	<b>1,847</b>	<b>130,864</b>	<b>153,887</b>

January - June 2022 SEK m	Share capital	Share premium	Defined benefit plans	Hedge reserve	Fair value reserve	Insurance contracts	Translation reserve	Retained earnings incl. profit for the year	Non-controlling interest	Total
<b>Opening equity 2022</b>	<b>3,069</b>	<b>2,682</b>	<b>2,913</b>		<b>8,758</b>	<b>823</b>	<b>158</b>	<b>1,075</b>	<b>124,742</b>	<b>144,220</b>
Profit for the period									72	72
Other comprehensive income <i>of which reclassified within equity</i>						1,842	-49	767		2,561
								-505		-505
<b>Total comprehensive income for the period</b>						<b>1,842</b>	<b>-49</b>	<b>767</b>	<b>72</b>	<b>2,632</b>
Reclassified to retained earnings									505	505
Dividend									-9,900	-9,900
Fund for internally developed software			3						-3	
<b>Closing equity</b>	<b>3,069</b>	<b>2,682</b>	<b>2,915</b>		<b>8,758</b>	<b>2,665</b>	<b>110</b>	<b>1,843</b>	<b>115,416</b>	<b>137,458</b>

\* Included in fair value fund.

## CONDENSED STATEMENT OF CASH FLOWS – PARENT COMPANY

SEK m	Jan-Jun 2023	Jan-Jun 2022	Full year 2022
Operating profit	9,060	169	20,471
Adjustment from Operating profit to investment activities			-124
Adjustment for non-cash items in profit/loss	2,336	1,556	-13,583
Paid income tax	-2,318	-2,844	-4,842
Changes in the assets and liabilities of operating activities	9,281	169,247	1,447
<b>Cash flow from operating activities</b>	<b>18,358</b>	<b>168,129</b>	<b>3,370</b>
Disposal of operations and subsidiaries			-3,891
Change in shares	-53	-101	-83
Change in property and equipment	-910	-697	-1,358
Change in intangible assets	-369	-236	-575
<b>Cash flow from investing activities</b>	<b>-1,332</b>	<b>-1,033</b>	<b>-5,907</b>
Repayment of subordinated loans	-8,351		-3,000
Issued subordinated loans		5,260	11,845
Dividend paid	-15,840	-9,900	-9,900
Received Group contributions	16,249	16,685	16,685
<b>Cash flow from financing activities</b>	<b>-7,943</b>	<b>12,045</b>	<b>15,630</b>
<b>Liquid funds at beginning of the year</b>	<b>376,010</b>	<b>338,768</b>	<b>338,768</b>
Cash flow for the period	9,083	179,141	13,093
Exchange rate difference on liquid funds	13,718	22,781	24,149
<b>Liquid funds at end of year*</b>	<b>398,811</b>	<b>540,690</b>	<b>376,010</b>

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

## OWN FUNDS AND CAPITAL REQUIREMENTS – PARENT COMPANY

### Key metrics

	30 Jun 2023	31 Mar 2023	31 Dec 2022	30 Sep 2022	30 Jun 2022
<b>Available own funds</b>					
Common equity tier 1 (CET1) capital	133,640	131,789	130,069	130,995	130,214
Tier 1 capital	149,759	147,244	145,652	147,564	145,555
Total capital	170,192	166,604	164,704	166,140	168,819
<b>Risk-weighted exposure amounts</b>					
Total risk-weighted exposure amount	447,494	449,408	442,406	460,099	471,791
<b>Capital ratios (as a percentage of risk-weighted exposure amount)</b>					
Common equity tier 1 ratio (%)	29.9%	29.3%	29.4%	28.5%	27.6%
Tier 1 ratio (%)	33.5%	32.8%	32.9%	32.1%	30.9%
Total capital ratio (%)	38.0%	37.1%	37.2%	36.1%	35.8%
<b>Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)</b>					
leverage (%)	1.7%	1.7%	1.7%	1.7%	1.6%
of which: to be made up of CET1 capital (percentage points)	1.0%	1.0%	1.0%	1.0%	0.9%
of which: to be made up of Tier 1 capital (percentage points)	1.3%	1.3%	1.3%	1.3%	1.2%
Total SREP own funds requirements (%)	9.7%	9.7%	9.7%	9.7%	9.6%
<b>Combined buffer requirement (as a percentage of risk-weighted exposure amount)</b>					
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 (%)	1.7%	1.1%	1.0%	0.8%	0.3%
Systemic risk buffer (%)					
Global Systemically Important Institution buffer (%)					
Other Systemically Important Institution buffer					
Combined buffer requirement (%)	4.2%	3.6%	3.5%	3.3%	2.8%
Overall capital requirements (%)	13.9%	13.3%	13.2%	13.0%	12.3%
CET1 available after meeting the total SREP own funds requirements (%)	24.3%	23.8%	23.9%	26.4%	22.2%
<b>Leverage ratio</b>					
Leverage ratio total exposure measure	1,812,374	1,687,857	1,575,111	1,806,127	1,805,514
Leverage ratio	8.3%	8.7%	9.2%	8.2%	8.1%
<b>Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)</b>					
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%
<b>Liquidity coverage ratio (LCR)*</b>					
Total high-quality liquid assets (HQLA) (Weighted value-average)	787,647	787,825	785,155	762,242	721,374
Cash outflows - Total weighted value	622,915	636,476	628,587	622,625	599,300
Cash inflows - Total weighted value	170,646	169,290	156,413	136,185	131,736
Total net cash outflows (adjusted value)	452,269	467,186	472,174	486,440	467,564
Liquidity coverage ratio	176%	171%	170%	158%	156%
<b>Net stable funding ratio (NSFR)</b>					
Total available stable funding	1,372,825	1,321,153	1,306,873	1,392,059	1,382,736
Total required stable funding	1,204,214	1,219,697	1,236,689	1,295,231	1,328,763
NSFR ratio	114%	108%	106%	107%	104%

\* 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 exposure amounts

	RWEA		Own funds requirements	
	30 Jun 2023	31 Mar 2023	30 Jun 2023	31 Mar 2023
<b>Credit risk (excluding CCR)</b>	<b>368,693</b>	<b>358,817</b>	<b>29,495</b>	<b>28,705</b>
Of which standardised approach	148,409	149,917	11,873	11,993
Of which foundation IRB (FIRB) approach	50,093	46,335	4,007	3,707
Of which slotting approach				
Of which equities under simple risk-weighted approach	2,205	2,064	176	165
Of which advanced IRB (AIRB) approach	142,610	134,898	11,409	10,792
Of which risk weight floors	25,376	25,603	2,030	2,048
<b>Counterparty credit risk - CCR</b>	<b>10,307</b>	<b>13,335</b>	<b>825</b>	<b>1,067</b>
Of which standardised approach	7,423	8,857	594	709
Of which internal model method (IMM)				
Of which exposures to a CCP	166	186	13	15
Of which credit valuation adjustment - CVA	1,982	3,375	159	270
Of which other CCR	736	917	59	73
<b>Settlement risk</b>				
<b>Securitisation exposures in the non-trading book (after the cap)</b>				
Of which SEC-IRBA approach				
Of which SEC-ERBA (including IAA)				
Of which SEC-SA approach				
Of which 1,250%/ deduction				
<b>Position, foreign exchange and commodities risks (market risk)</b>	<b>28,925</b>	<b>37,687</b>	<b>2,314</b>	<b>3,015</b>
Of which standardised approach	28,925	37,687	2,314	3,015
Of which IMA				
<b>Large exposures</b>				
<b>Operational risk</b>	<b>39,569</b>	<b>39,569</b>	<b>3,166</b>	<b>3,166</b>
Of which basic indicator approach				
Of which standardised approach	39,569	39,569	3,166	3,166
Of which advanced measurement approach				
<b>Amounts below the thresholds for deduction (subject to 250% risk weight)</b>				
<b>Total</b>	<b>447,494</b>	<b>449,408</b>	<b>35,800</b>	<b>35,953</b>

## SUBMISSION OF REPORT

We hereby declare that this half-yearly report provides a true and fair view of the Bank's and the Group's operations, financial position and performance, and describes material risks and uncertainty factors faced by the Bank and the companies that are part of the Group.

Stockholm, 19 July 2023

Pär Boman  
Chairman of the Board

Fredrik Lundberg  
Deputy Chairman of the Board

Jon Fredrik Baksaaas  
Board Member

Hélène Barnekow  
Board Member

Stina Bergfors  
Board Member

Hans Biörck  
Board Member

Kerstin Hessius  
Board Member

Anna Hjelmberg  
Board Member

Lena Renström  
Board Member

Ulf Riese  
Board Member

Arja Taaveniku  
Board Member

Carina Åkerström  
President and Chief Executive Officer  
Board Member

# Information regarding the press conference and telephone conference

An online press conference will be held on 19 July 2023 at 09:00 a.m.

Press releases, presentations, a fact book and a recording of the press conference will be available at [handelsbanken.com/ir](https://handelsbanken.com/ir).

The interim report for January – September 2023 will be published on 18 October 2023.

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# Auditor's review report

*Svenska Handelsbanken AB (publ), corporate identity number 502007-7862*

## INTRODUCTION

We have reviewed the condensed interim financial information (interim report) for Svenska Handelsbanken AB as at 30 June 2023 and for the six-month period ending as at this date. The Board of Directors and the Chief Executive are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act for Credit Institutions and Securities Companies. Our responsibility is to express a conclusion on this interim report based on our review.

## FOCUS AND SCOPE OF THE REVIEW

We have conducted our review in accordance with the International Standard on Review Engagements ISRE 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily to persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review differs from and is substantially less in

scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## CONCLUSION

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

Stockholm, 19 July 2023

PricewaterhouseCoopers AB  
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## Share price performance and other information

The Swedish stock market (OMX Stockholm 30 index) went up by 13% during the first six months of the year. The Stockholm stock exchange's bank index was down 2%. Handelsbanken's class A shares closed at SEK 90.34, a decline of 14%. Including the distributed dividend of SEK 8.00 per share, the total return was -6%.

Over the last five years, the Swedish stock market (OMX Stockholm 30) has gone up by 48%, while the bank index (OMX Stockholm Banks PI) has gone up by 12%. During the same period, the price of Handelsbanken's class A share has declined by 9%.

### SHARE PRICE PERFORMANCE PREVIOUS 5 YEARS

Index 100 = June 29, 2018



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