

Interim Report

January-September

2023

Handelsbanken's Interim Report

January - September 2023

- Operating profit increased by 42% to SEK 27,265m (19,251)
- Return on equity increased to 16.2% (12.5)
- The C/I ratio improved to 36.8% (42.3)
- Continued good credit quality with a credit loss ratio of 0.01% (0.00)
- Strong financial position with a common equity tier 1 ratio of 19.4% (19.0)

SEK m	Q3 2023	Q2 2023	Change %	Change after adjustment of items affecting comparability*	Jan-Sep 2023	Jan-Sep 2022	Change %	Change after adjustment of items affecting comparability*
Net interest income	12,184	11,687	4%	3%	35,356	25,983	36%	35%
<i>of which funding costs related to discontinuing operations in Finland</i>						89		
Net fee and commission income	2,812	2,761	2%	2%	8,339	8,287	1%	0%
Net gains/losses on financial transactions	1,087	393	177%	176%	2,082	970	115%	114%
Other income items	161	325	-50%	-13%	618	1,082	-43%	
Total income	16,244	15,166	7%	7%	46,395	36,322	28%	30%
Staff costs, excl. Oktogonen	-3,382	-3,259	4%	2%	-9,909	-9,374	6%	4%
Oktogonen					-202	-198	2%	
Other expenses	-1,839	-1,953	-6%	-8%	-5,644	-4,577	23%	21%
Depreciation, amortisation and impairment of property, equipment and intangible assets	-466	-421	11%	10%	-1,341	-1,223	10%	8%
Total expenses	-5,686	-5,634	1%	-1%	-17,096	-15,373	11%	10%
<i>of which development costs</i>	<i>-685</i>	<i>-810</i>	<i>-15%</i>		<i>-2,307</i>	<i>-1,941</i>	<i>19%</i>	
Credit losses	-1	-58	-98%		-89	7		
Gains/losses on disposal of property, equipment and intangible assets	3	4	-25%		14	24	-42%	
Risk tax and resolution fee	-653	-636	3%		-1,960	-1,729	13%	
Operating profit	9,908	8,841	12%	13%	27,265	19,251	42%	48%
Taxes	-2,324	-2,066	12%		-6,324	-4,106	54%	
Profit for the period from continuing operations	7,583	6,775	12%		20,940	15,146	38%	
Profit for the period from discontinued operations after tax	368	329	12%		929	545	70%	
Profit for the period	7,952	7,104	12%		21,870	15,690	39%	

Key performance metrics

Earnings per share, SEK	4.02	3.59			11.04	7.92		
Total equity	203,747	196,286			203,747	189,958		
Return on equity, total operations	17.3%	16.2%			16.2%	12.5%		
C/I ratio, Continuing operations	35.0%	37.1%			36.8%	42.3%		
Common equity tier 1 ratio, CRR	19.4%	19.8%			19.4%	19.0%		
Credit loss ratio, %	0.00	0.00			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 -60m (Q3 2022), 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



The Bank has once again reported strong and stable quarterly results. Income has risen, despite the economic slowdown, and we have seen continued growth in both net interest income and our savings business. Cost-efficiency measures have spurred further improvements in the C/I ratio, and credit losses are extremely limited. Our financial position is strong, and customers have once again shown their appreciation for Handelsbanken's model in customer satisfaction surveys and awards. Overall, the Bank is in a good position to be able to continue reporting robust, stable growth and profitability.

The profit for this quarter was our highest ever. Income rose, costs were stable and our C/I ratio improved to reach its lowest level ever, with improvements in all home markets. Credit quality remained good, with very few new provisions for credit losses. Return on equity rose to 17.3% – the highest we have seen in many years.

As a result of the slowdown in the economy and higher interest rates, customers continued to amortise to a greater extent than in previous years, causing growth in deposit and lending volumes to level off across the market. Compared to the previous quarter, interest rate margins continued to recover slightly, although the competition for both deposits and lending business has become even stiffer as a result of higher interest rates.

It has been very satisfying to see that the trend of strong net inflows into the Bank's mutual funds has not lost any momentum. During the first nine months of the year, 31% of all net savings in Swedish mutual funds was invested in Handelsbanken's mutual funds. This can be compared to the Bank's market share for outstanding volumes, which stands at 12.2%. This is in line with the trend that we have been witnessing for more than a decade, and highlights the Bank's long-term structural growth potential in its savings business, and thus in net fee and commission income.

The Bank's capital situation is very good, which means that it is well positioned to support its customers and take advantage of growth opportunities, while at the same time constantly consolidating and developing its business and customer offering – regardless of events elsewhere.

The Bank's connection to the local community and its ability to constantly adapt to changing customer behaviours help to build and maintain long-lasting customer relationships, thereby also ensuring long-term value creation. Our customers' appreciation of the Bank's business model, our connection to the local community, and our stability were reflected in both customer satisfaction surveys and awards during the quarter. The Bank was named Sweden's "Business Bank of the Year" and – for the 12th consecutive year – "Small Enterprise Bank" in the independent survey conducted by Finansbarometern. According to the annual survey carried out by SKI/EPSI, the Bank was once again rated higher than the average for the banking sector, for both corporate and private customers, in all its home markets. This year, Global Finance once again ranked the Bank as the safest bank in Europe and one of the safest banks in the world. The Bank's robust position is further demonstrated by the fact that, overall, the leading rating agencies have given Handelsbanken the highest credit rating among privately owned banks worldwide.

In summary, the Bank is in a very good position that offers excellent opportunities for continued growth, efficiency gains and increased profitability. This stability creates security and value creation for our customers, employees and shareholders, as well as for society as a whole.

Carina Åkerström
President and Chief Executive Officer

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

Group – Overview

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, Note 5 Net insurance result, and the tables presented under “Recalculation resulting from transition to IFRS 17”.

SEK m	Q3 2023	Q2 2023	Change	Q3 2022	Change	Jan-Sep 2023	Jan-Sep 2022	Change	Full year 2022
Summary income statement									
Net interest income	12,184	11,687	4%	9,579	27%	35,356	25,983	36%	36,614
Net fee and commission income	2,812	2,761	2%	2,700	4%	8,339	8,287	1%	10,981
Net gains/losses on financial transactions	1,087	393	177%	535	103%	2,082	970	115%	1,540
Net insurance result	79	116	-32%	93	-15%	286	-71		-11
Other dividend income		1		-14		2	2	0%	17
Share of profit of associates	49	20	145%	27	81%	68	-11		-13
Other income	32	187	-83%	25	28%	261	1,161	-78%	1,246
Total income	16,244	15,166	7%	12,946	25%	46,395	36,322	28%	50,375
Staff costs	-3,382	-3,259	4%	-3,266	4%	-10,111	-9,572	6%	-13,040
Other expenses	-1,839	-1,953	-6%	-1,421	29%	-5,644	-4,577	23%	-6,526
Depreciation, amortisation and impairment of property, equipment and intangible assets	-466	-421	11%	-412	13%	-1,341	-1,223	10%	-1,646
Total expenses	-5,686	-5,634	1%	-5,100	11%	-17,096	-15,373	11%	-21,212
Profit before credit losses, risk tax and resolution fee	10,558	9,531	11%	7,846	35%	29,299	20,949	40%	29,163
Net credit losses	-1	-58	-98%	69		-89	7		-47
Gains/losses on disposal of property, equipment and intangible assets	3	4	-25%	6	-50%	14	24	-42%	24
Risk tax and resolution fee	-653	-636	3%	-576	13%	-1,960	-1,729	13%	-2,311
Operating profit	9,908	8,841	12%	7,346	35%	27,265	19,251	42%	26,829
Taxes	-2,324	-2,066	12%	-1,719	35%	-6,324	-4,106	54%	-5,431
Profit for the period from continuing operations	7,583	6,775	12%	5,627	35%	20,940	15,146	38%	21,398
Profit for the period from discontinued operations after tax	368	329	12%	165	123%	929	545	70%	280
Profit for the period	7,952	7,104	12%	5,791	37%	21,870	15,690	39%	21,678
Summary balance sheet*, end of period									
Loans to the public	2,330,086	2,335,959	0%	2,275,414	2%	2,330,086	2,275,414	2%	2,315,818
<i>of which households</i>	1,237,275	1,243,247	0%	1,236,648	0%	1,237,275	1,236,648	0%	1,241,282
<i>of which corporates</i>	1,090,811	1,092,712	0%	1,036,123	5%	1,090,811	1,036,123	5%	1,072,970
Deposits and borrowing from the public	1,369,077	1,433,843	-5%	1,459,240	-6%	1,369,077	1,459,240	-6%	1,318,925
<i>of which households</i>	610,067	617,206	-1%	610,452	0%	610,067	610,452	0%	605,634
<i>of which corporates</i>	759,010	816,636	-7%	848,788	-11%	759,010	848,788	-11%	713,291
Total equity	203,747	196,286	4%	189,958	7%	203,747	189,958	7%	194,024
Total assets	3,679,330	3,755,442	-2%	3,728,640	-1%	3,679,330	3,728,640	-1%	3,453,718
Summary of key figures									
Return on equity, total operations	17.3%	16.2%		13.6%		16.2%	12.5%		12.8%
C/I ratio, Continuing operations	35.0%	37.1%		39.4%		36.8%	42.3%		42.1%
Earnings per share, SEK	4.02	3.59		2.93		11.04	7.92		10.95
Common equity tier 1 ratio, CRR	19.4%	19.8%		19.0%		19.4%	19.0%		19.6%
Total capital ratio, CRR	24.5%	24.2%		23.2%		24.5%	23.2%		23.8%

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

Q3 2023 COMPARED WITH Q2 2023

Operating profit increased by 12% to SEK 9,908m (8,841).

Income rose by 7%, or SEK 1,078m, to SEK 16,244m (15,166). Adjusted for items affecting comparability and foreign exchange movements, the increase was 7%.

Expenses rose by 1% to SEK -5,686m (-5,634). Adjusted for foreign exchange movements, expenses decreased by 1%.

The C/I ratio improved to 35.0% (37.1).

The credit loss ratio was 0.00% (0.00).

Profit for the period climbed by 12% to SEK 7,952m (7,104).

Earnings per share grew by 12% to SEK 4.02 (3.59).

Return on equity increased to 17.3% (16.2).

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

Income

SEK m	Q3 2023	Q2 2023	Change
Net interest income	12,184	11,687	4%
Net fee and commission income	2,812	2,761	2%
Net gains/losses on financial trans.	1,087	393	177%
Other	161	325	-50%
Total income	16,244	15,166	7%

Net interest income grew by 4%, or SEK 497m, to SEK 12,184m (11,687). Adjusted for foreign exchange effects of SEK 191m, net interest income increased by 3%. The increase can mainly be attributed to the continued recovery of interest rate margins. All in all, the net effect of margins and funding costs had a SEK 313m positive impact. Changed business volumes had an impact of SEK -52m. The quarter-on-quarter contribution to net interest income from the liquidity portfolio was SEK -37m. The day effect made a positive contribution of SEK 109m. Other effects had a SEK -26m impact on net interest income.

Net fee and commission income grew by 2% to SEK 2,812m (2,761). Fund management, custody and other asset management commissions increased by 1% to SEK 1,658m (1,638), which included a 1% increase in mutual fund commissions to SEK 1,403m (1,387). The increase is partly due to continued net inflows. Net payment commissions increased by 7% to SEK 460m (431), with net card commissions totalling SEK 283m (248). Brokerage income fell by 24% to SEK 84m (111). Advisory commissions increased to SEK 63m (32). Lending and deposit commissions rose by 5% and amounted to SEK 296m (283). Insurance commissions went up by 2% to SEK 170m (167). Other items in net fee and commission income amounted to SEK 81m (99).

Net gains/losses on financial transactions increased by 177%, or SEK 694m, to SEK 1,087m (393). The contribution from the Bank's liquidity portfolio increased by SEK 50m to SEK 104m (54). The contribution from the customer-driven business in Capital Markets improved by SEK 14m to SEK 286m (272). Other effects, derived from changes in the market values of derivatives used to manage interest rate and foreign exchange risk in the Bank's funding, increased by SEK 630m to SEK 697m (67). Over the past 12 months, these effects amounted to an average of SEK 361m per quarter.

Net insurance result decreased by SEK 37m to SEK 79m (116). Return on assets held on behalf of policyholders was SEK 27m lower, at SEK 31m (58). Insurance result fell by SEK 10m to SEK 48m (58).

Remaining income items totalled SEK 81m (208). During the comparison 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.

Expenses

Staff costs rose by 4% to SEK -3,382m (-3,259). Adjusted for foreign exchange effects, staff costs increased by 2%, or SEK 70m, which was primarily due to a 3% rise in the average number of employees to 11,889 (11,537). The increase in the number of employees is due to additional recruitments in IT development and business development, and in those areas involved in the work against financial crime and cyber risks, as well as to a seasonal increase of temporary staff during the summer months. No provision was made for the Oktogonen profit-sharing scheme during the quarter (-).

Other expenses went down by 6%, or SEK 114m, to SEK -1,839m (-1,953). Adjusted for foreign exchange effects, the decrease was 8%, which was attributable to seasonally lower activity.

Depreciation, amortisation and impairment increased by 11% to SEK -466m (-421).

Credit losses

SEK m	Q3 2023	Q2 2023	Change
Net credit losses	-1	-58	57
Credit loss ratio as % of loans to the public	0.00	0.00	

Credit losses were SEK -1m (-58), and the credit loss ratio was 0.00% (0.00). Actual credit losses for the quarter were SEK -77m (-55), which were counterbalanced by existing provisions of SEK 38m (47). Recoveries of previously confirmed losses were SEK 25m (55). Expected credit losses in Stage 3 totalled SEK -4m (12). Provisions in Stage 1 and Stage 2 had a positive impact in the amount of SEK 17m (-115), of which rating migrations constituted SEK -77m (-176), updated macroeconomic assumptions SEK -2m (27) and other effects SEK 96m (34). Other effects include higher credit quality on newer exposures compared to terminated ones, and shorter maturities when renegotiating existing loans.

Risk tax and resolution fee

The risk tax and resolution fee totalled SEK -653m (-636). 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 -242m (-225).

Taxes

The effective tax rate in continuing operations was 23.5% (23.4). The difference between this rate and the corporate tax rate in Sweden of 20.6% derives primarily from non-deductible costs on subordinated loans.

The effective tax rate in total operations (including discontinued operations) was 23.1% (23.0).

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 12% and amounted to SEK 368m (329).

Income increased by 5% compared to the previous quarter, to SEK 743m (707). Net interest income was SEK 631m (588), an improvement of 7%, which was largely explained by recovered interest rate margins.

Expenses rose by 1% to SEK -307m (-305).

Credit losses consisted of net recoveries and amounted to SEK 17m (-1).

Non-recurring items and special items in operating profit

SEK m	Q3 2023	Q2 2023
Reversal of value added tax paid when divesting card acquiring business (Income)		158
Total	0	158

Foreign exchange effects

Foreign exchange effects vs. previous quarter, SEK m	Q3 2023
Net interest income	191
Net fee and commission income	17
Net gains/losses on financial transactions	2
Other income	0
Total income	211
Staff costs	-53
Other expenses	-36
Depreciation and amortisation	-2
Total expenses	-91
Net loan losses	2
Gains/losses on disposal of property, equipment and intangible assets	0
Risk tax and resolution fee	0
Operating profit	122

JANUARY – SEPTEMBER 2023 COMPARED WITH JANUARY – SEPTEMBER 2022

Operating profit increased by 42% to SEK 27,265m (19,251). Adjusted for items affecting comparability, profit increased by 48%.

Income grew by 28% to SEK 46,395m (36,322). Adjusted for items affecting comparability, income growth was 30%. The primary factor behind the increase was the recovery of interest rate margins during the period.

Expenses rose by 11%, or SEK 1,723m, to SEK -17,096m (-15,373). Adjusted for items affecting comparability, the increase in expenses was 10%. 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 36.8% (42.3).

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

Profit for the period increased by 39% to SEK 21,870m (15,690).

Earnings per share grew by 39% to SEK 11.04 (7.92).

Return on equity increased to 16.2% (12.5).

The *common equity tier 1 ratio* was 19.4% (19.0).

Income

SEK m	Jan-Sep 2023	Jan-Sep 2022	Change
Net interest income	35,356	25,983	36%
of which funding costs related to discontinuing operations in Finland		89	
Net fee and commission income	8,339	8,287	1%
Net gains/losses on financial trans.	2,082	970	115%
Other	618	1,082	-43%
Total income	46,395	36,322	28%

The decision was made in autumn 2021 to sell the operations in Finland. As of 2023, discontinued operations also include – as well as the customer-driven net interest income – the

expenses for the part that is market funded via Group Treasury for the disposal 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 36%, or SEK 9,373m, to SEK 35,356m (25,983). Adjusted for the aforementioned effect related to the disposal group in Finland, amounting to SEK 89m, as well as foreign exchange effects of SEK 330m, net interest income increased by 35%. The increase can be attributed to higher lending volumes and, above all, recovered interest rate margins. All in all, the net effect of margins and funding costs had a SEK 9,475m positive impact. Higher business volumes contributed SEK 291m. The contribution to net interest income from the liquidity portfolio was SEK -547m. Higher costs for deposit guarantee schemes had an impact of SEK -59m. Other effects had a SEK -28m impact on net interest income.

Net fee and commission income went up by 1%, or SEK 52m, to SEK 8,339m (8,287). Fund management, custody and other asset management commissions increased by 1% to SEK 4,881m (4,826), which included a largely unchanged amount of mutual fund commissions at SEK 4,141m (4,147). Brokerage income declined by 9% to SEK 318m (349). Net payment commissions grew by 1% to SEK 1,291m (1,273), with net card commissions totalling SEK 772m (760). Lending and deposit commissions rose by 4% to SEK 875m (843). Insurance commissions declined by 1% to SEK 504m (509). Advisory commissions increased to SEK 200m (172). Other net fee and commission income amounted to SEK 270m (315).

Net gains/losses on financial transactions increased by 115%, or SEK 1,112m, to SEK 2,082m (970). The Bank's liquidity portfolio had a positive effect between the comparison periods of SEK 684m, and amounted to SEK 115m (-569). The contribution from the customer-driven business in Capital Markets decreased by SEK 34m to SEK 808m (842). Other effects, derived from changes in the market values of derivatives used to manage interest rate and foreign exchange risk in the Bank's funding, increased by SEK 462m to SEK 1,159m (697).

Net insurance result increased by SEK 357m to SEK 286m (-71). The return on assets held on behalf of policyholders improved by SEK 483m and amounted to SEK 153m (-330). Insurance result went down by 49% to SEK 133m (259), of which profit from insurance services decreased by 35% to SEK 155m (239).

Remaining income items totalled SEK 331m (1,152). During the second quarter, a reversal of VAT paid in conjunction with the 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 6%, or SEK 539m, to SEK -10,111m (-9,572). Adjusted for Oktogonen and foreign exchange effects, staff costs increased by 4%, or SEK 382m. The average number of employees grew by 6% to 11,586 (10,880), mainly due to an increase in the number of employees working with IT development and business development, and in those areas involved in the work against financial crime and cyber risks, as well as within areas linked to meetings with customers.

Other expenses rose by 23%, or SEK 1,067m, to SEK -5,644m (-4,577). Adjusted for foreign exchange effects, the increase was 21%, or SEK 967m. 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 10% to SEK -1,341m (-1,223).

Credit losses

SEK m	Jan-Sep 2023	Jan-Sep 2022	Change
Net credit losses	-89	7	-96
Credit loss ratio as % of loans to the public	0.01	0.00	

Credit losses were SEK -89m (7), and the credit loss ratio was 0.01% (0.00). Actual credit losses for the period were SEK -193m (-683), which were counterbalanced by previously recorded provisions in the amount of SEK 142m (602). Recoveries of previously confirmed losses were SEK 126m (169). Expected credit losses in Stage 3 totalled SEK -38m (67). Provisions in Stage 1 and Stage 2 were SEK -125m (-150), of which rating migrations constituted SEK -299m (-13), updated macroeconomic assumptions SEK 23m (-101) and other effects SEK 151m (-36).

Risk tax and resolution fee

The risk tax and resolution fee totalled SEK -1,960m (-1,729). The risk tax totalled SEK -1,233m (-987). For the tax year 2023, the risk tax comprises 0.06% of the basis of assessment (0.05). The resolution fee totalled SEK -727m (-742).

Taxes

The effective tax rate in continuing operations was 23.2% (21.3). 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 22.8% (21.4).

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. The now-divested operations in Denmark were also included during the period of comparison.

Profit from discontinued operations, after tax, amounted to SEK 929m (545).

Income was SEK 2,091m (3,206), of which SEK 2,091m (1,329) was attributable to the discontinued operations in Finland. Net interest income in Finland was SEK 1,749m (976), an increase of 79%, which was due to recovered interest rate margins.

Expenses decreased to SEK -977m (-2,426), of which SEK -909m (-1,048) referred to local expenses for the discontinued operations in Finland.

Credit losses consisted of net recoveries and amounted to SEK 32m (54).

Non-recurring items and special items in operating profit

SEK m	Jan-Sep 2023	Jan-Sep 2022
Funding cost related to discontinuing operations in Finland		89
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)		-145
Reversal of value added tax paid when divesting card acquiring business (Income)	158	
Total	-44	950

Foreign exchange effects

Foreign exchange effects vs. previous year, SEK m	Jan-Sep 2023
Net interest income	330
Net fee and commission income	50
Net gains/losses on financial transactions	11
Other income	-1
Total income	390
Staff costs	-153
Other expenses	-100
Depreciation and amortisation	-15
Total expenses	-268
Net loan losses	10
Gains/losses on disposal of property, equipment and intangible assets	0
Risk tax and resolution fee	0
Operating profit	132

BUSINESS DEVELOPMENT

Q3 2023 compared with Q2 2023

The average volume of loans to the public in the home markets (Sweden, Norway, the UK and the Netherlands) grew by 1%, and totalled SEK 2,297bn (2,275).

The average volume of deposits and borrowing from the public in the home markets grew by 1% during the quarter, and totalled SEK 1,268bn (1,255).

Total assets under management in the Group decreased by 5% to SEK 984bn (1,035), of which SEK 904bn (939) was invested in the Bank's mutual funds. The net flow in the Bank's mutual funds during the quarter was SEK 1.4bn (7.4), of which SEK 2.6bn (7.3) was in the Swedish market.

January – September 2023 compared with January – September 2022

The average volume of loans to the public in the home markets (Sweden, Norway, the UK and the Netherlands) grew by 4%, and totalled SEK 2,282bn (2,203), an increase of SEK 79bn. At the end of the period, lending in the home markets amounted to SEK 2,287bn (2,240), an increase of 2%.

The average volume of deposits and borrowing from the public in the home markets was SEK 1,261bn (1,264), a decrease of SEK 3bn arising from lower corporate deposit volumes. At the end of the period, deposits in the home markets amounted to SEK 1,244bn (1,273), a change of -2%.

Total assets under management in the Group increased by 12% over the past 12 months and at the end of the period amounted to SEK 984bn (882). Of the assets under management, SEK 904bn (827) was invested in the Bank's

funds. New mutual fund savings in the home markets during the period amounted net to SEK 17.4bn (0.5). Of the new savings in the Swedish mutual fund market during the first nine months of the year, a total of 31% was invested in Handelsbanken's funds. The Bank's share of the Swedish mutual fund market at the end of the period was 12.2%.

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. During the third 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 eligible liabilities 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 remained stable.

FUNDING AND LIQUIDITY

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

Non-current assets are funded with stable non-current liabilities in the form of stable market funding and long-term stable deposits and borrowing from the public. Current liabilities, in the form of other deposits and borrowing from the public and short-term market funding, are matched by current assets and a liquidity reserve of SEK 825bn (676 at the previous year-end). Of this reserve, 89% is deposited with central banks and holdings of government bonds. The majority of the remainder is invested in holdings of highly liquid covered bonds. The interest rate risk in the bond holdings is hedged using derivative instruments, and the entirety of the holdings is measured at market value on an ongoing basis.

The Bank's low pledging ratio of its assets acts as further protection against liquidity risk, as it entails an unutilised issue amount 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 was SEK 2,577bn at the end of the period (2,459 at the previous year-end). The aforementioned increase to the liquidity reserve arose through unsecured funding, including issues of long-term senior bonds. Unsecured funding rose by 14% to SEK 1,030bn (903 at the previous year-end). Thus, given the strengthened liquidity portfolio and reduced liquidity risk, the ratio of non-

encumbered assets to unsecured market funding decreased to 250% (272 at the previous year-end).

At the end of the quarter, the Group's liquidity coverage ratio (LCR), calculated according to the European Commission's delegated regulation, was 181% (188% at the end of the preceding quarter). At the end of the quarter, the net stable funding ratio (NSFR) according to CRR2 was 117% (118 at the end of the preceding quarter).

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

The Bank issued its first green covered bonds during the nine-month 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 nine months amounted to a total of SEK 200bn (162), of which SEK 132bn (103) was in covered bonds and SEK 59bn (48) was in senior bonds, of which SEK 11bn constituted eligible liabilities (13). One non-perpetual subordinated loan of SEK 11bn (-) was issued during the period.

CAPITAL

At the end of the quarter, the common equity tier 1 ratio was 19.4%. The Bank's assessment is that the common equity tier 1 capital requirement, including Pillar 2 guidance, amounted to 14.8% (SEK 129bn) on the same date. The common equity tier 1 capital requirement in Pillar 2 is 1.8 percentage points (0.5 percentage points Pillar 2 guidance and 1.3 percentage points Pillar 2 requirement), corresponding to SEK 15bn. The countercyclical capital buffer was 1.9%. Announced but as yet non-implemented requirements are expected to raise the countercyclical capital buffer to 2.0% at the end of Q2 2024, which would imply a total common equity tier 1 capital requirement of 14.9%, all else being equal.

At the end of the quarter, the total capital ratio was 24.5%. The Bank's estimation is that the total capital requirement, including Pillar 2 guidance, amounted to 19.2% (SEK 167bn) on the same date. The total capital requirement in Pillar 2 comprises 2.5 percentage points, corresponding to SEK 22bn.

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

Capital for consolidated situation 30 September 2023 compared with 30 June 2023

SEK m	30 Sep 2023	30 Jun 2023	Change
Common equity tier 1 ratio, CRR	19.4%	19.8%	-0.4
Total capital ratio, CRR	24.5%	24.2%	0.3
Risk exposure amount, CRR	868,888	837,505	4%
Common equity tier 1 capital	168,147	166,003	1%
Total own funds	212,975	202,556	5%
Total equity	203,747	196,286	4%

Total own funds amounted to SEK 213bn (203) and the total capital ratio was 24.5% (24.2). The common equity tier 1 capital was SEK 168bn (166), while the common equity tier 1

ratio was 19.4% (19.8). The reduction of the common equity tier 1 ratio during the quarter was due to the move of the risk weight floor for lending secured by commercial properties in Sweden from Pillar 2 to Pillar 1. The effect of this move was an increase in the risk-weighted exposure amount, although the nominal capital requirement was not affected, in principle.

Earnings raised the common equity tier 1 capital ratio by 0.4 percentage points, after a deduction for anticipated dividends. Volume changes had a neutral effect. Credit risk migrations contributed -0.3 percentage points. After considering credit risk migrations during the quarter, the move of the risk weight floor for lending secured by commercial properties in Sweden from Pillar 2 to Pillar 1 resulted in an increase of SEK 19bn in the risk-weighted exposure amount, corresponding to -0.4 percentage points of the common equity tier 1 ratio. Foreign exchange effects reduced the common equity tier 1 ratio by 0.1 percentage points.

Capital for consolidated situation 30 September 2023 compared with 30 September 2022

SEK m	30 Sep 2023	30 Sep 2022	Change
Common equity tier 1 ratio, CRR	19.4%	19.0%	0.4
Total capital ratio, CRR	24.5%	23.2%	1.3
Risk exposure amount, CRR	868,888	829,860	5%
Common equity tier 1 capital	168,147	157,550	7%
Total own funds	212,975	192,695	11%
Total equity	203,747	189,958	7%

Total own funds were SEK 213bn (193), and the total capital ratio amounted to 24.5% (23.2). The common equity tier 1 capital was SEK 168bn (158), while the common equity tier 1 ratio was 19.4% (19.0).

Earnings raised the common equity tier 1 capital ratio by 1.0 percentage points, after a deduction for distributed and anticipated dividends. Volume changes had a neutral effect. Rating migrations had a -0.9 percentage point impact on the common equity tier 1 ratio. Exchange rate movements reduced the common equity tier 1 ratio by 0.1 percentage points. The move of the risk weight floor for lending secured by commercial properties in Sweden from Pillar 2 to Pillar 1 contributed -0.4 percentage points. During the second quarter, the Swedish Financial Supervisory Authority approved the Bank's updated model for calculating risk-weighted exposure amounts for structural foreign exchange positions, which had an impact of 0.3 percentage points on the common equity tier 1 ratio. The revision of the PD model for retail exposures in the first quarter reduced the common equity tier 1 ratio by 0.1 percentage points after consideration was given to risk weight floors. The sale of the operations in Denmark in Q4 2022 had a positive effect of 0.8 percentage points. Other effects decreased the common equity tier 1 ratio by 0.2 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 66.7bn (64.4), while AFR was SEK 257.7bn (249.7). Thus, the ratio between AFR and EC was 387% (388). For the consolidated situation, EC totalled SEK 38.6bn (37.5), and AFR was SEK 251.1bn (243.8).

SUSTAINABILITY

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 47% to SEK 79.2bn (53.8); as part of this total, green mortgages grew by 41% to SEK 33.8bn (24.0). In addition, sustainability-linked loan facilities amounted to SEK 90.1bn (43.2).

The EU's Sustainable Finance Disclosures Regulation (SFDR) means that asset managers must be transparent in how their mutual funds are classified under the SFDR. At the end of the period, 12 of the Group's funds, representing 19% of assets under management, were reported in the highest category (Article 9), i.e. a fund that has sustainable investment as its objective. A total of 100 funds, representing 76% of the managed fund volume, were reported in the second highest category (Article 8), i.e. funds that promote environmental or social characteristics.

Handelsbanken Group - Business segments in continuing operations

January - September 2023	Home markets						Adj. & elim.	Total Jan-Sep 2023
	Sweden	UK	Norway	The Netherlands	Capital Markets	Other		
SEK m								
Net interest income	22,456	8,208	3,407	1,441	297	-452		35,356
Net fee and commission income	6,278	635	503	123	594	206		8,339
Net gains/losses on financial transactions	897	187	61	12	808	118		2,082
Net insurance result	285		2					286
Share of profits associated companies						68		68
Other income	170	2	4	0	6	82		263
Total income	30,085	9,032	3,976	1,577	1,704	21		46,395
Staff costs	-3,099	-2,324	-812	-401	-893	-2,878	296	-10,111
Other expenses	-1,140	-659	-367	-102	-306	-3,070		-5,644
Internal purchased and sold services	-4,011	-1,044	-525	-192	-184	5,956		
Depreciation, amortisation and impairments of property, equipment and intangible assets	-314	-235	-71	-45	-108	-551	-18	-1,341
Total expenses	-8,564	-4,262	-1,776	-739	-1,491	-543	278	-17,096
Profit before credit losses, risk tax and resolution fee	21,521	4,770	2,201	838	214	-522	278	29,299
Net credit losses	-85	-72	70	3	7	-11		-89
Gains/losses on disposal of property, equipment and intangible assets	10	0	4	0	0	0		14
Risk tax and resolution fee	-1,437		-289	-82	-32	-119		-1,960
Operating profit	20,008	4,699	1,986	759	189	-653	278	27,265
Profit allocation	329	41	37	0	-427	19		
Operating profit after profit allocation	20,337	4,740	2,023	759	-238	-634	278	27,265
Internal income	3,900	2,014	-6,030	-91	1,294	-1,087		

January - September 2022	Home markets						Adj. & elim.	Total Jan-Sep 2022
	Sweden	UK	Norway	The Netherlands	Capital Markets	Other		
SEK m								
Net interest income	16,220	5,222	3,173	944	196	227		25,983
Net fee and commission income	6,283	611	521	107	580	185		8,287
Net gains/losses on financial transactions	375	178	58	18	842	-502		970
Net insurance result	-101		30					-71
Share of profits associated companies						-11		-11
Other income	60	0	9	1	8	1,086		1,163
Total income	22,838	6,012	3,792	1,070	1,626	985		36,322
Staff costs	-2,973	-2,018	-762	-325	-868	-2,638	13	-9,572
Other expenses	-1,029	-559	-195	-67	-229	-2,499		-4,577
Internal purchased and sold services	-3,433	-796	-469	-170	-266	5,134		
Depreciation, amortisation and impairments of property, equipment and intangible assets	-312	-239	-68	-37	-111	-433	-23	-1,223
Total expenses	-7,747	-3,613	-1,494	-599	-1,474	-436	-10	-15,373
Profit before credit losses, risk tax and resolution fee	15,091	2,399	2,298	471	152	548	-10	20,949
Net credit losses	137	-4	-139	-3	-12	28		7
Gains/losses on disposal of property, equipment and intangible assets	6	10	4			4		24
Risk tax and resolution fee	-1,242		-269	-62	-25	-131		-1,729
Operating profit	13,992	2,405	1,895	406	114	449	-10	19,251
Profit allocation	276	34	51	0	-389	29		
Operating profit after profit allocation	14,268	2,439	1,946	405	-275	478	-10	19,251
Internal income	728	-280	-2,234	-374	88	2,072		

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	Q3			Q2		Q3		Jan-Sep		Full year
	2023	2023	Change	2022	Change	2023	2022	Change	2022	
Net interest income	7,713	7,478	3%	6,374	21%	22,456	16,220	38%	23,082	
Net fee and commission income	2,116	2,099	1%	2,068	2%	6,278	6,283	0%	8,356	
Net gains/losses on financial transactions	542	153	254%	150	261%	897	375	139%	508	
Net insurance result	80	115	-30%	71	13%	285	-101		-41	
Other income	5	155	-97%	16	-69%	170	60	183%	103	
Total income	10,455	10,000	5%	8,681	20%	30,085	22,838	32%	32,008	
Staff costs	-1,033	-1,048	-1%	-994	4%	-3,099	-2,973	4%	-3,978	
Other expenses	-334	-418	-20%	-351	-5%	-1,140	-1,029	11%	-1,497	
Internal purchased and sold services	-1,287	-1,323	-3%	-1,106	16%	-4,011	-3,433	17%	-4,630	
Depreciation, amortisation and impairments of property, equipment and intangible assets	-104	-104	0%	-102	2%	-314	-312	1%	-417	
Total expenses	-2,758	-2,893	-5%	-2,552	8%	-8,564	-7,747	11%	-10,522	
Profit before credit losses, risk tax and resolution fee	7,696	7,108	8%	6,129	26%	21,521	15,091	43%	21,486	
Net credit losses	31	-77		21	48%	-85	137		135	
Gains/losses on disposal of property, equipment and intangible assets	2	2	0%	2	0%	10	6	67%	10	
Risk tax and resolution fee	-481	-464	4%	-416	16%	-1,437	-1,242	16%	-1,659	
Operating profit	7,248	6,569	10%	5,736	26%	20,008	13,992	43%	19,972	
Profit allocation	93	96	-3%	90	3%	329	276	19%	374	
Operating profit after profit allocation	7,340	6,666	10%	5,826	26%	20,337	14,268	43%	20,346	
Internal income	1,581	1,186	33%	767	106%	3,900	728	436%	1,727	
Cost/income ratio, %	26.1	28.7		29.1		28.2	33.5		32.5	
Credit loss ratio, %	0.00	0.01		0.00		0.01	-0.01		-0.01	
Allocated capital	119,560	113,244	6%	101,304	18%	119,560	101,304	18%	106,101	
Return on allocated capital, %	19.5	18.7		18.3		18.2	15.2		15.9	
Average number of employees	4,196	4,060	3%	4,004	5%	4,096	3,877	6%	3,907	

BUSINESS VOLUMES

Average volumes, SEK bn	Q3			Q2		Q3		Jan-Sep		Full year
	2023	2023	Change	2022	Change	2023	2022	Change	2022	
Loans to the public*										
Household	980	984	0%	982	0%	983	973	1%	976	
<i>of which mortgage loans</i>	948	949	0%	942	1%	949	933	2%	936	
Corporates	645	644	0%	612	5%	645	592	9%	602	
<i>of which mortgage loans</i>	442	438	1%	404	9%	437	393	11%	399	
Total	1,625	1,628	0%	1,594	2%	1,628	1,565	4%	1,577	
Deposits and borrowing from the public										
Household	484	485	0%	485	0%	483	475	2%	478	
Corporates	364	367	-1%	391	-7%	370	396	-7%	393	
Total	848	852	0%	876	-3%	853	871	-2%	871	

* Excluding loans to the National Debt Office.

Q3 2023 COMPARED WITH Q2 2023

Operating profit increased by 10% to SEK 7,248m (6,569). *Return on allocated capital* increased to 19.5% (18.7). The *C/I ratio* improved to 26.1% (28.7).

Income increased by 5% to SEK 10,455m (10,000), due to the continued recovery of interest rate margins and higher net gains/losses on financial transactions.

Expenses decreased by 5% to SEK -2,758m (-2,893).

Net interest income rose by 3%, or SEK 235m, to SEK 7,713m (7,478). Changed business volumes had an impact of SEK -4m. The net amount of changed margins and funding costs increased net interest income by SEK 160m. The cost for the Swedish deposit guarantee scheme was SEK -77m (-77). The day effect made a positive contribution of SEK 68m. Other effects amounted to SEK 11m.

Net fee and commission income rose by 1% to SEK 2,116m (2,099). 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 decreased by SEK 7m, with the comparison quarter including a reversal of VAT paid in conjunction with the sale of the card acquiring business, amounting to SEK 17m. Net card commissions went up by SEK 26m. Higher lending and deposit commissions, together with guarantee commissions, increased fee and commission income by SEK 12m.

Net gains/losses on financial transactions totalled SEK 542m (153). The increase derives from changes in the market values of derivatives used to manage interest rate and foreign exchange risk in the Bank's funding.

Net insurance result was SEK 80m (115).

Other income amounted to SEK 5m (155), with SEK 141m comprising a reversal of VAT paid in conjunction with the sale of the card acquiring business during the comparison quarter.

Staff cost decreased by 1% to SEK -1,033m (-1,048), with increased holiday pay expenses affecting the comparison quarter. The average number of employees increased by 3% to 4,196 (4,060), mainly due to a higher number of temporary staff during the holiday period.

Other expense items declined by 7% to SEK -1,725m (-1,845).

Credit losses consisted of net recoveries of SEK 31m (-77), and the credit loss ratio was 0.00% (0.01).

The *risk tax* totalled SEK -299m (-302). The *resolution fee* totalled SEK -181m (-163).

JANUARY – SEPTEMBER 2023 COMPARED WITH JANUARY – SEPTEMBER 2022

Operating profit increased by 43% to SEK 20,008m (13,992). *Return on allocated capital* increased to 18.2% (15.2). The *C/I ratio* improved to 28.2% (33.5).

Income grew by 32% to SEK 30,085m (22,838).

Expenses rose by 11% to SEK -8,564m (-7,747).

Net interest income rose by 38%, or SEK 6,236m, to SEK 22,456m (16,220). Higher business volumes had a SEK 428m positive impact on net interest income. The net amount of changed margins and funding costs was positive, totalling SEK 5,718m. The cost for the Swedish deposit guarantee scheme increased by SEK 53m to SEK -231m (-178). Other effects in net interest income contributed SEK 143m.

Net fee and commission income decreased slightly to SEK 6,278m (6,283). Mutual fund commission income fell by 9% to SEK 3,570m (3,579). Custody and other asset management commissions increased by 11% to SEK 537m (486). Brokerage and other securities commissions fell by

17%. Commission income from loans and deposits and from guarantees decreased by 4%. Net payment commissions went up by 2% to SEK 946m (928), of which net card commissions grew by 1% to SEK 662m (656).

Net gains/losses on financial transactions improved to SEK 897m (375).

Net insurance result was SEK 285m (-101), 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 170m (60).

Staff costs rose by 4% to SEK -3,099m (-2,973), as a result of annual salary adjustments and an increase in the number of employees. The average number of employees grew by 6% to 4,096 (3,877).

Other expense items rose by 14% to SEK -5,465m (-4,774), mainly due to increased IT investments and business development.

Credit losses were SEK -85m (137), and the credit loss ratio was 0.01% (-0.01).

The *risk tax* amounted to SEK -889m (-689), and the *resolution fee* amounted to SEK -538m (-554).

BUSINESS DEVELOPMENT

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

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

Q3 2023 compared with Q2 2023

The total *average volume of lending* was largely unchanged at SEK 1,625bn (1,628). Household lending was SEK 980bn (984) and corporate lending was SEK 645bn (644).

The total *average volume of deposits* fell marginally to SEK 848bn (852). Household deposits were essentially unchanged at SEK 484bn (485), while corporate deposits decreased by 1% to SEK 364bn (367).

New savings in the Bank's mutual funds in Sweden were net SEK 2.6bn (7.3) and the total volume of assets under management was SEK 798bn (820) at the end of the quarter.

January – September 2023 compared with January – September 2022

The total *average volume of lending* grew by 4% to SEK 1,628bn (1,565). Household lending increased by 1% to SEK 983bn (973) and corporate lending increased by 9% to SEK 645bn (592).

The total *average volume of deposits* fell by 2% to SEK 853bn (871). Household deposits went up by 2% to SEK 483bn (475), while corporate deposits decreased by 7% to SEK 370bn (396).

The *total volume of assets under management* was SEK 798bn (702). Net savings in the Bank's mutual funds totalled SEK 17.5bn (3.6), equal to a market share of 31%.

Handelsbanken UK

INCOME STATEMENT

SEK m	Q3			Q2			Q3			Jan-Sep			Full year
	2023	2023	Change	2022	Change	2023	2022	Change	2023	2022	Change	2022	
Net interest income	2,934	2,718	8%	1,953	50%	8,208	5,222	57%	7,580				
Net fee and commission income	218	215	1%	202	8%	635	611	4%	807				
Net gains/losses on financial transactions	74	53	40%	66	12%	187	178	5%	248				
Other income	1	0		0		2	0		14				
Total income	3,227	2,985	8%	2,222	45%	9,032	6,012	50%	8,649				
Staff costs	-828	-782	6%	-729	14%	-2,324	-2,018	15%	-2,693				
Other expenses	-237	-226	5%	-165	44%	-659	-559	18%	-789				
Internal purchased and sold services	-352	-362	-3%	-257	37%	-1,044	-796	31%	-1,076				
Depreciation, amortisation and impairments of property, equipment and intangible assets	-87	-78	12%	-89	-2%	-235	-239	-2%	-313				
Total expenses	-1,504	-1,449	4%	-1,242	21%	-4,262	-3,613	18%	-4,872				
Profit before credit losses, risk tax and resolution fee	1,722	1,538	12%	980	76%	4,770	2,399	99%	3,778				
Net credit losses	-65	2		22		-72	-4		-55				
Gains/losses on disposal of property, equipment and intangible assets	0	0	0%	0	0%	0	10	-100%	10				
Operating profit	1,659	1,538	8%	1,002	66%	4,699	2,405	95%	3,733				
Profit allocation	13	15	-13%	12	8%	41	34	21%	49				
Operating profit after profit allocation	1,672	1,553	8%	1,014	65%	4,740	2,439	94%	3,781				
Internal income	841	612	37%	21		2,014	-280		52				
Cost/income ratio, %	46.4	48.3		55.6		47.0	59.8		56.0				
Credit loss ratio, %	0.10	0.00		-0.04		0.04	-0.01		0.01				
Allocated capital	24,859	22,441	11%	20,053	24%	24,859	20,053	24%	20,436				
Return on allocated capital, %	21.4	22.0		16.1		21.9	13.1		15.1				
Average number of employees	2,758	2,671	3%	2,503	10%	2,670	2,462	8%	2,481				

INCOME STATEMENT IN LOCAL CURRENCY

GBP m	Q3			Q2			Q3			Jan-Sep			Full year
	2023	2023	Change	2022	Change	2023	2022	Change	2023	2022	Change	2022	
Net interest income	214.4	206.5	4%	157.4	36%	622.4	420.2	48%	608.1				
Net fee and commission income	15.9	16.3	-2%	16.4	-3%	48.2	49.2	-2%	64.7				
Net gains/losses on financial transactions	5.5	3.9	41%	5.3	4%	14.2	14.3	-1%	19.9				
Other income	0.1	0.0		0.0		0.2	0.0		1.1				
Total income	235.8	226.8	4%	179.0	32%	684.9	483.7	42%	693.8				
Staff costs	-60.5	-59.5	2%	-58.8	3%	-176.3	-162.4	9%	-216.1				
Other expenses	-17.4	-17.2	1%	-13.3	31%	-50.0	-45.0	11%	-63.3				
Internal purchased and sold services	-25.6	-27.5	-7%	-20.8	23%	-79.1	-64.1	23%	-86.3				
Depreciation, amortisation and impairments of property, equipment and intangible assets	-6.3	-6.0	5%	-7.3	-14%	-17.8	-19.3	-8%	-25.1				
Total expenses	-109.8	-110.2	0%	-100.1	10%	-323.2	-290.7	11%	-390.8				
Profit before credit losses, risk tax and resolution fee	125.9	116.7	8%	78.9	60%	361.7	193.0	87%	303.0				
Net credit losses	-4.9	0.1		1.8		-5.5	-0.3		-4.4				
Gains/losses on disposal of property, equipment and intangible assets	0.0	0.0	0%	0.0		0.0	0.8	-100%	0.8				
Operating profit	121.1	116.8	4%	80.7	50%	356.3	193.5	84%	299.4				
Profit allocation	0.9	1.2	-25%	0.9	0%	3.1	2.7	15%	3.9				
Operating profit after profit allocation	122.0	118.0	3%	81.7	49%	359.4	196.2	83%	303.3				

BUSINESS VOLUMES

Average volumes, GBP m	Q3			Q2			Q3			Jan-Sep			Full year
	2023	2023	Change	2022	Change	2023	2022	Change	2023	2022	Change	2022	
Loans to the public													
Household	5,436	5,593	-3%	6,001	-9%	5,587	6,148	-9%	6,076				
Corporates	13,126	13,141	0%	13,765	-5%	13,153	13,957	-6%	13,820				
Total	18,563	18,733	-1%	19,765	-6%	18,740	20,105	-7%	19,896				
Deposits and borrowing from the public													
Household	5,387	5,459	-1%	5,897	-9%	5,490	5,730	-4%	5,770				
Corporates	14,858	14,683	1%	14,469	3%	14,811	14,074	5%	14,310				
Total	20,245	20,142	1%	20,366	-1%	20,301	19,803	3%	20,080				

Q3 2023 COMPARED WITH Q2 2023

Operating profit increased by 8% to SEK 1,659m (1,538). Foreign exchange effects on operating profit amounted to SEK 56m, and in local currency terms, operating profit increased by 4%. *Return on allocated capital* was 21.4% (22.0), and the *C/I ratio* was 46.4% (48.3).

Income increased by 8% to SEK 3,227m (2,985).

Expressed in local currency, income growth was 4%.

Expenses increased by 4% to SEK -1,504m (-1,449).

Foreign exchange effects were SEK -54m and, expressed in local currency, expenses were essentially unchanged.

Net interest income grew by 8% to SEK 2,934m (2,718).

Foreign exchange effects on net interest income amounted to SEK 99m. In local currency terms, net interest income increased by 4%. The net amount of changed margins and funding costs increased net interest income by SEK 122m. Changed business volumes had an impact of SEK -46m on net interest income. The day effect had an impact of SEK 28m. Other effects made a contribution of SEK 13m.

Net fee and commission income increased by 1% to SEK 218m (215). Foreign exchange effects amounted to SEK 8m, and in local currency terms, net fee and commission income fell by 2%. The decrease was primarily due to negative developments in mutual fund commissions.

Staff costs rose by 6% to SEK -828m (-782). Expressed in local currency, staff costs increased by 2%, which was primarily due to a 3% rise in the average number of employees to 2,758 (2,671). The increase in the number of employees was due to further recruitments in IT and business development, as well as temporary staff in the branch network.

Other expense items rose by 2% to SEK -676m (-666). Expressed in local currency, other expense items declined by 3%.

Credit losses were SEK -65m (2), and the credit loss ratio was 0.10% (0.00).

JANUARY – SEPTEMBER 2023 COMPARED WITH JANUARY – SEPTEMBER 2022

Operating profit rose by 95%, or SEK 2,294m, to SEK 4,699m (2,405). Foreign exchange effects on operating profit were SEK 142m. Expressed in local currency, operating profit increased by 84%. *Return on allocated capital* improved to 21.9% (13.1). The *C/I ratio* improved to 47.0% (59.8).

Income increased by 50% to SEK 9,032m (6,012). Foreign exchange effects on income amounted to SEK 354m, and in local currency terms, income rose by 42%.

Expenses increased by 18% to SEK -4,262m (-3,613).

Adjusted for foreign exchange effects of SEK -213m, expenses increased in local currency terms by 11%.

Net interest income rose by 57%, or SEK 2,986m, to SEK 8,208m (5,222). Foreign exchange effects had a positive impact of SEK 306m on net interest income. Expressed in local currency, net interest income increased by 48%. The net amount of changed margins and funding costs increased net interest income by SEK 3,136m. Lower business volumes had an impact of SEK -298m. Other effects made a contribution of SEK -154m.

Net fee and commission income increased by 4% to SEK 635m (611). Foreign exchange effects amounted to SEK 37m, 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 4% to SEK 329m (317). Net fee and

commission income from payments increased by 2% to SEK 207m (203).

Staff costs rose by 15% to SEK -2,324m (-2,018). Foreign exchange effects on staff costs amounted to SEK -124m, and in local currency terms, staff costs increased by 9%. 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 2,670 (2,462). The increase in the number of employees was due mainly to further recruitments in IT and business development, as well as work to prevent financial crime.

Other expense items rose by 22% to SEK -1,938m (-1,594). Expressed in local currency, other expense items went up by 14%. The increase was mainly attributable to increased IT development and business development.

Credit losses totalled SEK -72m (-4). The credit loss ratio was 0.04% (-0.01).

BUSINESS DEVELOPMENT

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

Q3 2023 compared with Q2 2023

The total *average volume of lending* decreased by 1% to GBP 18.6bn (18.7). Household lending decreased by 3% to GBP 5.4bn (5.6), and corporate lending decreased marginally to GBP 13.1bn (13.1).

The total *average volume of deposits* increased by 1% to GBP 20.2bn (20.1). Household deposits decreased by 1% to GBP 5.4bn (5.5), and corporate deposits increased by 1% to GBP 14.9bn (14.7).

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 16m (45).

January – September 2023 compared with January – September 2022

The total *average volume of lending* decreased by 7% to GBP 18.7bn (20.1). Household lending decreased by 9% to GBP 5.6bn (6.1), and corporate lending decreased by 6% to GBP 13.2bn (14.0).

The total *average volume of deposits* increased by 3% to GBP 20.3bn (19.8). Household deposits decreased by 4% to GBP 5.5bn (5.7), and corporate deposits increased by 5% to GBP 14.8bn (14.1).

The volume of assets under management in Handelsbanken Wealth & Asset Management at the end of the period totalled GBP 4.1bn (3.9). New savings during the period totalled GBP 86m net (-70).

Handelsbanken Norway

INCOME STATEMENT

SEK m	Q3			Q2		Q3		Jan-Sep		Full year
	2023	2023	Change	2022	Change	2023	2022	Change	2022	
Net interest income	1,192	1,076	11%	1,042	14%	3,407	3,173	7%	4,264	
Net fee and commission income	180	167	8%	183	-2%	503	521	-3%	688	
Net gains/losses on financial transactions	20	19	5%	23	-13%	61	58	5%	90	
Net insurance result	1			22	-95%	2	30	-93%	30	
Other income	1	2	-50%	1	0%	4	9	-56%	25	
Total income	1,392	1,264	10%	1,271	10%	3,976	3,792	5%	5,097	
Staff costs	-285	-253	13%	-264	8%	-812	-762	7%	-1,028	
Other expenses	-113	-117	-3%	-58	95%	-367	-195	88%	-295	
Internal purchased and sold services	-173	-184	-6%	-181	-4%	-525	-469	12%	-667	
Depreciation, amortisation and impairments of property, equipment and intangible assets	-25	-23	9%	-23	9%	-71	-68	4%	-92	
Total expenses	-597	-578	3%	-526	13%	-1,776	-1,494	19%	-2,082	
Profit before credit losses, risk tax and resolution fee	797	685	16%	745	7%	2,201	2,298	-4%	3,016	
Net credit losses	45	21	114%	27	67%	70	-139		-152	
Gains/losses on disposal of property, equipment and intangible assets	1	1	0%	1	0%	4	4	0%	6	
Risk tax and resolution fee	-95	-93	2%	-91	4%	-289	-269	7%	-359	
Operating profit	748	614	22%	684	9%	1,986	1,895	5%	2,510	
Profit allocation	15	10	50%	17	-12%	37	51	-27%	69	
Operating profit after profit allocation	763	624	22%	700	9%	2,023	1,946	4%	2,579	
Internal income	-2,379	-1,911	24%	-1,000	138%	-6,030	-2,234	170%	-3,838	
Cost/income ratio, %	42.4	45.4		40.8		44.3	38.9		40.3	
Credit loss ratio, %	-0.06	-0.02		-0.01		-0.02	0.05		0.04	
Allocated capital	22,204	21,169	5%	19,644	13%	22,204	19,644	13%	20,074	
Return on allocated capital, %	10.9	9.4		11.3		9.7	10.7		10.5	
Average number of employees	845	798	6%	779	8%	809	762	6%	763	

INCOME STATEMENT IN LOCAL CURRENCY

NOK m	Q3			Q2		Q3		Jan-Sep		Full year
	2023	2023	Change	2022	Change	2023	2022	Change	2022	
Net interest income	1,155	1,093	6%	986	17%	3,365	3,015	12%	4,052	
Net fee and commission income	174	170	2%	173	1%	497	495	0%	654	
Net gains/losses on financial transactions	19	19	0%	22	-14%	60	55	9%	85	
Net insurance result	1	0		21	-95%	2	29	-93%	29	
Other income	1	2	-50%	1	0%	4	9	-56%	24	
Total income	1,351	1,282	5%	1,203	12%	3,928	3,603	9%	4,844	
Staff costs	-277	-258	7%	-251	10%	-803	-725	11%	-977	
Other expenses	-108	-120	-10%	-55	96%	-362	-185	96%	-280	
Internal purchased and sold services	-168	-187	-10%	-171	-2%	-519	-445	17%	-634	
Depreciation, amortisation and impairments of property, equipment and intangible assets	-24	-23	4%	-21	14%	-70	-64	9%	-87	
Total expenses	-578	-586	-1%	-499	16%	-1,754	-1,420	24%	-1,978	
Profit before credit losses, risk tax and resolution fee	773	696	11%	705	10%	2,174	2,184	0%	2,866	
Net credit losses	44	21	110%	26	69%	69	-132		-144	
Gains/losses on disposal of property, equipment and intangible assets	1	1	0%	2	-50%	4	4	0%	6	
Risk tax and resolution fee	-93	-94	-1%	-86	8%	-286	-255	12%	-342	
Operating profit	727	623	17%	648	12%	1,962	1,801	9%	2,386	
Profit allocation	15	10	50%	16	-6%	37	49	-24%	66	
Operating profit after profit allocation	741	633	17%	663	12%	1,998	1,849	8%	2,451	

BUSINESS VOLUMES

Average volumes, NOK bn	Q3			Q2		Q3		Jan-Sep		Full year
	2023	2023	Change	2022	Change	2023	2022	Change	2022	
Loans to the public										
Household	114.0	112.7	1%	112.1	2%	113.1	111.1	2%	111.5	
Corporates	192.5	193.3	0%	180.6	7%	191.5	177.2	8%	178.9	
Total	306.5	305.9	0%	292.7	5%	304.5	288.3	6%	290.4	
Deposits and borrowing from the public										
Household	33.1	31.9	4%	31.7	4%	32.1	30.8	4%	31.0	
Corporates	64.9	66.6	-3%	71.2	-9%	66.4	67.7	-2%	67.7	
Total	98.0	98.5	-1%	102.9	-5%	98.5	98.5	0%	98.6	

Q3 2023 COMPARED WITH Q2 2023

Operating profit increased by 22% to SEK 748m (614). Foreign exchange effects on operating profit amounted to SEK 29m, and in local currency terms, operating profit rose by 17%. *Return on allocated capital* increased to 10.9% (9.4), and the *C/I ratio* was 42.4% (45.4).

Income increased by 10% to SEK 1,392m (1,264). Foreign exchange effects on income totalled SEK 54m, and in local currency terms income grew by 5%.

Expenses rose by 3% to SEK -597m (-578). Foreign exchange effects on expenses totalled SEK -26m, and expressed in local currency terms, expenses decreased by 1%.

Net interest income increased by 11%, or SEK 116m, to SEK 1,192m (1,076). Foreign exchange effects on net interest income amounted to SEK 47m, and in local currency terms, net interest income rose by 6%. Changed business volumes had an impact of SEK -3m. The net amount of changed margins and funding costs contributed SEK 51m, which includes the negative effect of the required notification period, meaning an eight-week delay before interest rates can be changed for household customers, in the amount of SEK -89m (-58). The day effect had an impact of SEK 11m. Other effects made a contribution of SEK 10m.

Net fee and commission income increased by 8% to SEK 180m (167). Foreign exchange effects amounted to SEK 6m, and in local currency terms, net fee and commission income rose by 2%, mainly due to improved net fee and commission income from payments.

Net gains/losses on financial transactions totalled SEK 20m (19).

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

Staff costs rose by 13% to SEK -285m (-253). Foreign exchange effects on staff costs totalled SEK -12m, and expressed in local currency terms, staff costs grew by 7%. This increase is mainly attributable to an increase in the number of employees, including temporary staff during the holiday period, and to the fact that the comparison quarter included the reversal of a provision for holiday pay. The average number of employees grew by 6% to 845 (798).

Other expense items fell by 4% to SEK -311m (-324). Expressed in local currency, other expense items fell by 9%.

Credit losses consisted of net recoveries of SEK 45m (21). The credit loss ratio was -0.06% (-0.02).

The *risk tax* amounted to SEK -58m (-57), and the *resolution fee* amounted to SEK -38m (-35).

JANUARY – SEPTEMBER 2023 COMPARED WITH JANUARY – SEPTEMBER 2022

Operating profit increased by 5% to SEK 1,986m (1,895). Foreign exchange effects on operating profit amounted to SEK -70m, and in local currency terms, operating profit increased by 9%. *Return on allocated capital* went down to 9.7% (10.7). The *C/I ratio* was 44.3% (38.9).

Income grew by 5% to SEK 3,976m (3,792). Foreign exchange effects amounted to SEK -130m, and in local currency terms, income rose by 9%.

Expenses increased by 19% to SEK -1,776m (-1,494). Foreign exchange effects on expenses amounted to SEK 54m. Expressed in local currency, expenses increased by 24%. The increase was due to investments in strengthening and expanding the private market offering, allowing customers to more easily interact with the Bank.

Net interest income increased by 7% to SEK 3,407m (3,173). Foreign exchange effects amounted to SEK -111m, and in local currency terms, net interest income rose by 12%.

Higher business volumes made a positive contribution of SEK 113m. The net amount of changed margins and funding costs increased net interest income by SEK 207m. Other effects on net interest income had a SEK 25m impact.

Net fee and commission income declined by 3% to SEK 503m (521). Foreign exchange effects amounted to SEK -15m, 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 7% to SEK 266m (286). Net payment commissions decreased by 2% to SEK 146m (149).

Net gains/losses on financial transactions totalled SEK 61m (58).

Net insurance result was SEK 2m (30) and *Other income* was SEK 4m (9).

Staff costs rose by 7% to SEK -812m (-762). 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 6% to 809 (762).

Other expense items increased by 32% to SEK -963m (-732). In local currency terms, the increase was 37%. The increase was due to the aforementioned ongoing investment in strengthening the digital offering and availability for new and existing private customers.

Credit losses consisted of net recoveries of SEK 70m (-139). The credit loss ratio was -0.02% (0.05).

The *risk tax* amounted to SEK -173m (-131), and the *resolution fee* amounted to SEK -116m (-138).

BUSINESS DEVELOPMENT

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

Q3 2023 compared with Q2 2023

The *average volume of lending* increased marginally to NOK 306.5bn (305.9). Household lending increased by 1% to NOK 114.0bn (112.7), and corporate lending decreased marginally to NOK 192.5bn (193.3).

The total *average volume of deposits* decreased by 1% to NOK 98.0bn (98.5). Household deposits increased by 4% to NOK 33.1bn (31.9), and corporate deposits decreased by 3% to NOK 64.9bn (66.6).

New savings in the Bank's mutual funds in Norway during the quarter totalled net SEK 0.1bn (0.1). The total volume of assets under management was SEK 39bn (39).

January – September 2023 compared with January – September 2022

The total *average volume of lending* increased by 6% to NOK 304.5bn (288.3). Household lending increased by 2% to NOK 113.1bn (111.1), and corporate lending increased by 8% to NOK 191.5bn (177.2).

The total *average volume of deposits* was unchanged at NOK 98.5bn (98.5). Household deposits increased by 4% to NOK 32.1bn (30.8), and corporate deposits decreased by 2% to NOK 66.4bn (67.7).

The net flow in the Bank's mutual funds in Norway during the period totalled SEK 1.2bn (-2.5). The total volume of assets under management was SEK 39bn (35).

Handelsbanken the Netherlands

INCOME STATEMENT

SEK m	Q3			Q2		Q3		Jan-Sep			Full year
	2023	2023	Change	2022	Change	2023	2022	Change	2022		
Net interest income	501	478	5%	325	54%	1,441	944	53%	1,354		
Net fee and commission income	41	43	-5%	35	17%	123	107	15%	147		
Net gains/losses on financial transactions	5	4	25%	4	25%	12	18	-33%	21		
Other income	0	0	0%	1	-100%	0	1	-100%	1		
Total income	548	526	4%	365	50%	1,577	1,070	47%	1,523		
Staff costs	-137	-138	-1%	-109	26%	-401	-325	23%	-442		
Other expenses	-35	-39	-10%	-22	59%	-102	-67	52%	-94		
Internal purchased and sold services	-66	-62	6%	-54	22%	-192	-170	13%	-241		
Depreciation, amortisation and impairments of property, equipment and intangible assets	-16	-15	7%	-13	23%	-45	-37	22%	-54		
Total expenses	-253	-255	-1%	-198	28%	-739	-599	23%	-832		
Profit before credit losses, risk tax and resolution fee	294	272	8%	167	76%	838	471	78%	691		
Net credit losses	2	0		-3		3	-3				
Gains/losses on disposal of property, equipment and intangible assets	0	0	0%			0					
Risk tax and resolution fee	-28	-25	12%	-20	40%	-82	-62	32%	-81		
Operating profit	268	247	9%	144	86%	759	406	87%	610		
Profit allocation	0	0	0%	0	0%	0	0	0%	0		
Operating profit after profit allocation	268	247	9%	144	86%	759	405	87%	610		
Internal income	-20	-34	-41%	-130	-85%	-91	-374	-76%	-453		
Cost/income ratio, %	46.2	48.5		54.2		46.9	56.0		54.6		
Credit loss ratio, %	-0.01	0.00		0.02		0.00	0.01		0.00		
Allocated capital	5,048	4,669	8%	3,410	48%	5,048	3,410	48%	3,582		
Return on allocated capital, %	16.8	16.8		13.4		16.6	13.4		14.7		
Average number of employees	391	387	1%	358	9%	384	353	9%	357		

INCOME STATEMENT IN LOCAL CURRENCY

EUR m	Q3			Q2		Q3		Jan-Sep			Full year
	2023	2023	Change	2022	Change	2023	2022	Change	2022		
Net interest income	42.5	41.8	2%	30.7	38%	125.5	89.7	40%	127.4		
Net fee and commission income	3.5	3.8	-8%	3.2	9%	10.7	10.1	6%	13.8		
Net gains/losses on financial transactions	0.4	0.4	0%	0.5	-20%	1.0	1.8	-44%	2.0		
Other income	0.0	0.0	0%	0.0		0.0	0.0		0.1		
Total income	46.6	45.9	2%	34.3	36%	137.4	101.6	35%	143.3		
Staff costs	-11.6	-12.1	-4%	-10.2	14%	-34.9	-30.8	13%	-41.6		
Other expenses	-3.0	-3.4	-12%	-2.1	43%	-8.9	-6.4	39%	-8.9		
Internal purchased and sold services	-5.5	-5.5	0%	-5.1	8%	-16.7	-16.2	3%	-22.7		
Depreciation, amortisation and impairments of property, equipment and intangible assets	-1.4	-1.3	8%	-1.2	17%	-3.9	-3.5	11%	-5.1		
Total expenses	-21.5	-22.3	-4%	-18.6	16%	-64.4	-56.9	13%	-78.2		
Profit before credit losses, risk tax and resolution fee	25.0	23.7	5%	15.7	59%	73.0	44.7	63%	65.0		
Net credit losses	0.2	0.0		-0.3		0.3	-0.3		0.0		
Gains/losses on disposal of property, equipment and intangible assets	0.0	0.0	0%			0.0					
Risk tax and resolution fee	-2.5	-2.1	19%	-1.9	32%	-7.2	-5.9	22%	-7.6		
Operating profit	22.8	21.5	6%	13.5	69%	66.1	38.5	72%	57.4		
Profit allocation	0.0	0.0	0%	0.0	0%	0.0	0.0	0%			
Operating profit after profit allocation	22.7	21.6	5%	13.5	68%	66.1	38.5	72%	57.4		

BUSINESS VOLUMES

Average volumes, EUR m	Q3			Q2		Q3		Jan-Sep			Full year
	2023	2023	Change	2022	Change	2023	2022	Change	2022		
Loans to the public											
Household	4,889	4,895	0%	4,867	0%	4,895	4,659	5%	4,723		
Corporates	3,803	3,758	1%	3,523	8%	3,763	3,385	11%	3,453		
Total	8,691	8,653	0%	8,390	4%	8,659	8,044	8%	8,177		
Deposits and borrowing from the public											
Household	685	657	4%	716	-4%	664	676	-2%	673		
Corporates	2,827	2,865	-1%	3,504	-19%	2,886	3,412	-15%	3,308		
Total	3,512	3,522	0%	4,220	-17%	3,550	4,088	-13%	3,982		

Q3 2023 COMPARED WITH Q2 2023

Operating profit increased by 9% to SEK 268m (247). Foreign exchange effects on operating profit amounted to SEK 7m. Expressed in local currency, operating profit increased by 6%. *Return on allocated capital* was 16.8% (16.8), and the *C/I ratio* was 46.2% (48.5).

Income increased by 4% to SEK 548m (526). Expressed in local currency, income growth was 2%.

Expenses decreased by 1% to SEK -253m (-255). In local currency terms, expenses decreased by 4%.

Net interest income grew by 5%, or SEK 23m, to SEK 501m (478). Foreign exchange effects on net interest income amounted to SEK 12m, and in local currency terms, net interest income rose by 2%. Changed business volumes made a contribution of SEK 1m. The net effect of changed margins and funding costs was an increase in net interest income amounting to SEK 7m. The day effect had an impact of SEK 2m. Other effects made a contribution of SEK 1m.

Net fee and commission income declined by 5% to SEK 41m (43). In local currency terms, net fee and commission income decreased by 8%, primarily due to lower brokerage income.

Staff costs fell by 1% to SEK -137m (-138). Expressed in local currency, staff costs decreased by 4%. Saved holiday days were paid out in the comparison quarter. The average number of employees increased by 1% to 391 (387).

Other expense items increased by 1% to SEK -117m (-116). In local currency terms, other expense items decreased by 3%, primarily due to lower development activity during the summer period.

Credit losses consisted of net recoveries and amounted to SEK 2m (0). The credit loss ratio was -0.01% (0.00).

The *risk tax* amounted to SEK -17m (-16), and the *resolution fee* amounted to SEK -11m (-9).

JANUARY – SEPTEMBER 2023 COMPARED WITH JANUARY – SEPTEMBER 2022

Operating profit improved by 87% to SEK 759m (406), due to higher income. Foreign exchange effects on operating profit amounted to SEK 43m, and in local currency terms, operating profit increased by 72%. *Return on allocated capital* was 16.6% (13.4), and the *C/I ratio* improved to 46.9% (56.0).

Income grew by 47% to SEK 1,577m (1,070). Foreign exchange effects on income totalled SEK 95m, and in local currency terms income grew by 35%.

Expenses rose by 23% to SEK -739m (-599). Foreign exchange effects on expenses were SEK -52m and, expressed in local currency, expenses increased by 13%, mainly due to increased IT development and business growth.

Net interest income increased by 53% to SEK 1,441m (944). Foreign exchange effects amounted to SEK 84m, and in local currency terms, net interest income rose by 40%. Higher business volumes had a SEK 48m positive impact on net interest income. The net amount of changed margins and funding costs increased net interest income by SEK 360m. Other effects increased net interest income by SEK 5m.

Net fee and commission income increased by 15% to SEK 123m (107). Foreign exchange effects amounted to SEK 10m, and in local currency terms, net fee and commission income rose by 6%. Commission income from the fund management, custody account management and asset management business, including brokerage, increased by 14% to SEK 124m (109).

Staff costs rose by 23% to SEK -401m (-325), 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 384 (353).

Other expense items increased by 24% in total to SEK -339m (-274). In local currency terms, the equivalent increase was 13%. The increase was due to continued investment in IT development and business development.

Credit losses consisted of net recoveries of SEK 3m (-3). The credit loss ratio was 0.00% (0.01).

The *risk tax* amounted to SEK -52m (-35), and the *resolution fee* amounted to SEK -30m (-27).

BUSINESS DEVELOPMENT

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

Q3 2023 compared with Q2 2023

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

The total *average volume of deposits* decreased marginally to EUR 3.5bn (3.5). Household deposits increased by 4% to EUR 0.7bn (0.7), and corporate deposits decreased by 1% to EUR 2.8bn (2.9).

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 – September 2023 compared with January – September 2022

The total *average volume of lending* increased by 8% to EUR 8.7bn (8.0). Household lending increased by 5% to EUR 4.9bn (4.7), and corporate lending increased by 11% to EUR 3.8bn (3.4).

The total *average volume of deposits* decreased by 13% to EUR 3.6bn (4.1). Household deposits decreased by 2% to EUR 0.7bn (0.7), and corporate deposits decreased by 15% 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	Q3 2023	Q2 2023	Change	Q3 2022	Change	Jan-Sep 2023	Jan-Sep 2022	Change	Full year 2022
Net interest income	90	97	-7%	59	53%	297	196	52%	301
Net fee and commission income	189	163	16%	148	28%	594	580	2%	771
Net gains/losses on financial transactions	286	272	5%	317	-10%	808	842	-4%	1,131
Other income	2	3	-33%	2	0%	6	8	-25%	9
Total income	565	536	5%	526	7%	1,704	1,626	5%	2,212
Staff costs	-303	-297	2%	-289	5%	-893	-868	3%	-1,143
Other expenses	-121	-89	36%	-83	46%	-306	-229	34%	-326
Internal purchased and sold services	-62	-48	29%	-68	-9%	-184	-266	-31%	-344
Depreciation, amortisation and impairments of property, equipment and intangible assets	-36	-36	0%	-36	0%	-108	-111	-3%	-147
Total expenses	-522	-471	11%	-476	10%	-1,491	-1,474	1%	-1,959
Profit before credit losses, risk tax and resolution fee	44	65	-32%	50	-12%	214	152	41%	253
Net credit losses	-2	4		-7	-71%	7	-12		-13
Gains/losses on disposal of property, equipment and intangible assets	0	0	0%			0			0
Risk tax and resolution fee	-11	-12	-8%	-7	57%	-32	-25	28%	-33
Operating profit	31	58	-47%	35	-11%	189	114	66%	206
Profit allocation	-128	-127	1%	-128	0%	-427	-389	10%	-531
Operating profit after profit allocation	-97	-70	39%	-93	4%	-238	-275	-13%	-324
Internal income	325	377	-14%	248	31%	1,294	88		615
Cost/income ratio, %	119.5	115.2		119.6		116.8	119.2		116.5
Credit loss ratio, %	0.04	-0.09		0.13		-0.05	0.07		0.06
Allocated capital	2,428	2,603	-7%	2,245	8%	2,428	2,245	8%	2,072
Return on allocated capital, %	-12.7	-8.5		-13.1		-10.3	-12.7		-11.5
Average number of employees	617	605	2%	591	4%	605	585	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.

Q3 2023 COMPARED WITH Q2 2023

Operating profit was SEK 31m (58). Income increased by 5% and expenses increased by 11%.

Net fee and commission income rose by 16% to SEK 189m (163), which was mainly attributable to increased advisory commissions.

Net gains/losses on financial transactions increased by 5% to SEK 286m (272).

Staff costs rose by 2% to SEK -303m (-297). The average number of employees increased by 2% to 617 (605).

Other expense items amounted to SEK -219m (-173). Of this increase, SEK 36m is attributable to expenses associated with the Bank's credit portfolio in Poland, which is in the process of being wound up.

The risk tax and resolution fee totalled SEK -11m (-12).

Credit losses were SEK -2m (4), and the credit loss ratio was 0.04% (-0.09).

JANUARY – SEPTEMBER 2023 COMPARED WITH JANUARY – SEPTEMBER 2022

Operating profit increased by 66% to SEK 189m (114).

Income increased by 5% to SEK 1,704m (1,626). The increase was mainly attributable to higher net interest income.

Net fee and commission income increased by 2% to SEK 594m (580), mainly due to rising lending and advisory commissions.

Net gains/losses on financial transactions decreased by 4% to SEK 808m (842).

Expenses rose by 1% to SEK -1,491m (-1,474).

Staff costs rose by 3% to SEK -893m (-868). The average number of employees increased by 3% to 605 (585).

Other expense items fell by 1% to SEK -598m (-606).

The risk tax and resolution fee totalled SEK -32m (-25).

Credit losses consisted of net recoveries of SEK 7m (-12), and the credit loss ratio was -0.05% (0.07).

BUSINESS DEVELOPMENT

During the first three quarters of this year, the Bank arranged 116 (89) bond issues at a value of approximately EUR 13.9bn (10.5); green and sustainability-linked bonds accounted for EUR 4.7bn (2.9) of this total, or approximately 34% (28). 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	Q3 2023	Q2 2023	Change	Q3 2022	Change	Jan-Sep 2023	Jan-Sep 2022	Change	Full year 2022
Net interest income	-244	-161	52%	-175	39%	-452	227		32
Net fee and commission income	70	72	-3%	64	9%	206	185	11%	213
Net gains/losses on financial transactions	160	-107		-26		118	-502		-457
Share of profit of associates	49	20	145%	27	81%	68	-11		-13
Other income	24	28	-14%	-7		82	1,086	-92%	1,111
Total income	57	-146		-117		21	985	-98%	885
Staff costs	-894	-847	6%	-875	2%	-2,878	-2,638	9%	-3,778
Other expenses	-999	-1,063	-6%	-742	35%	-3,070	-2,499	23%	-3,525
Internal purchased and sold services	1,941	1,978	-2%	1,665	17%	5,956	5,134	16%	6,959
Depreciation, amortisation and impairments of property, equipment and intangible assets	-192	-159	21%	-141	36%	-551	-433	27%	-601
Total expenses	-145	-90	61%	-94	54%	-543	-436	25%	-944
Profit before credit losses, risk tax and resolution fee	-88	-235	-63%	-212	-58%	-522	548		-60
Net credit losses	-11	-7	57%	9		-11	28		38
Gains/losses on disposal of property, equipment and intangible assets	0	0	0%	3	-100%	0	4	-100%	-2
Risk tax and resolution fee	-37	-43	-14%	-42	-12%	-119	-131	-9%	-180
Operating profit	-137	-285	-52%	-242	-43%	-653	449		-203
Profit allocation	7	6	17%	10	-30%	19	29	-34%	39
Operating profit after profit allocation	-130	-279	-53%	-232	-44%	-634	478		-164
Internal income	-348	-230	51%	94		-1,087	2,072		1,897
Average number of employees	3,082	3,017	2%	2,870	7%	3,022	2,841	6%	2,861
Allocated capital Denmark and Finland	6,636	6,341	5%	14,009	-53%	6,636	14,009	-53%	14,414

Q3 2023 COMPARED WITH Q2 2023

Operating profit was SEK -137m (-285).

Income was SEK 57m (-146).

Expenses totalled SEK -145m (-90).

Staff costs rose to SEK -894m (-847). No provision was made for Oktogonen during the quarter (-). The average number of employees totalled 3,082 (3,017); within this figure, the number of employees at the Bank's IT department was 2,063 (2,006).

JANUARY – SEPTEMBER 2023 COMPARED WITH JANUARY – SEPTEMBER 2022

Operating profit was SEK -653m (449).

Income decreased to SEK 21m (985). The period of comparison includes income of SEK 1,059m from real estate sales, as well as funding costs of SEK 89m relating to the operations in the Finland disposal group.

Expenses totalled SEK -543m (-436).

Staff costs rose by 9%, or SEK 240m, to SEK -2,878m (-2,638). Adjusted for Oktogonen, which amounted to SEK -202m (-198), staff costs increased by 10%, or SEK 236m, and included the effects of annual salary adjustments, lower pension costs and an increase in the number of employees. The provision for Oktogonen this year refers in its entirety to an adjustment of the amount for 2022. The average number of employees rose by 6% to 3,022 (2,841), with the number of employees at the Bank's IT department totalling 2,010 (1,860).

Depreciation, amortisation and impairment of property, equipment and intangible assets amounted to SEK -551m (-433).

Key metrics – Group

	Q3 2023	Q2 2023	Q3 2022	Jan-Sep 2023	Jan-Sep 2022	Full year 2022
Return on equity, total operations	17.3%	16.2%	13.6%	16.2%	12.5%	12.8%
C/I ratio, Continuing operations	35.0%	37.1%	39.4%	36.8%	42.3%	42.1%
Earnings per share, SEK	4.02	3.59	2.93	11.04	7.92	10.95
<i>of which continuing operations</i>	3.83	3.42	2.84	10.57	7.65	10.81
<i>of which discontinued operations</i>	0.19	0.17	0.08	0.47	0.28	0.14
Ordinary dividend per share, SEK						5.50
Total dividend per share, SEK						8.00
Adjusted equity per share, SEK	103.03	98.99	95.48	103.03	95.48	98.14
Common equity tier 1 ratio, CRR	19.4%	19.8%	19.0%	19.4%	19.0%	19.6%
Total capital ratio, CRR	24.5%	24.2%	23.2%	24.5%	23.2%	23.8%
Average number of employees	11,889	11,537	11,105	11,586	10,880	10,954

THE HANDELSBANKEN SHARE

	Q3 2023	Q2 2023	Q3 2022	Jan-Sep 2023	Jan-Sep 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	97.56	90.34	91.62	97.56	91.62	105.10
Share price SHB class B, end of period, SEK	115.40	107.60	109.00	115.40	109.00	122.20
Market capitalisation, end of period, SEK bn	193	179	181	193	181	208

Condensed set of financial statements – Group

INCOME STATEMENT - GROUP

SEK m	Q3 2023	Q2 2023	Change	Q3 2022	Change	Jan-Sep 2023	Jan-Sep 2022	Change	Full year 2022	
Interest income	42,885	38,329	12%	18,314	134%	114,140	40,256	184%	67,407	
<i>of which interest income according to the effective interest method and interest on derivatives in hedge accounting</i>	36,467	31,708	15%	15,806	131%	95,784	36,307	164%	59,702	
Interest expenses	-30,701	-26,642	15%	-8,734	252%	-78,784	-14,273	452%	-30,793	
Net interest income	Note 2	12,184	11,687	4%	9,579	27%	35,356	25,983	36%	36,614
Fee and commission income	3,169	3,127	1%	3,010	5%	9,414	9,235	2%	12,277	
Fee and commission expenses	-357	-366	-2%	-310	15%	-1,075	-948	13%	-1,296	
Net fee and commission income	Note 3	2,812	2,761	2%	2,700	4%	8,339	8,287	1%	10,981
Net gains/losses on financial transactions	Note 4	1,087	393	177%	535	103%	2,082	970	115%	1,540
Insurance result	48	58	-17%	114	-58%	133	259	-49%	280	
Return on assets held on behalf of policyholders	31	58	-47%	-20		153	-330		-291	
Net insurance result	Note 5	79	116	-32%	93	-15%	286	-71	-11	
Other dividend income			1	-14		2	2		17	
Share of profit of associates	49	20	145%	27	81%	68	-11		-13	
Other income	32	187	-83%	25	28%	261	1,161	-78%	1,246	
Total income	16,244	15,166	7%	12,946	25%	46,395	36,322	28%	50,375	
Staff costs	-3,382	-3,259	4%	-3,266	4%	-10,111	-9,572	6%	-13,040	
Other expenses	Note 6	-1,839	-1,953	-6%	-1,421	29%	-5,644	-4,577	23%	-6,526
Depreciation, amortisation and impairment of property, equipment and intangible assets	-466	-421	11%	-412	13%	-1,341	-1,223	10%	-1,646	
Total expenses	-5,686	-5,634	1%	-5,100	11%	-17,096	-15,373	11%	-21,212	
Profit before credit losses, risk tax and resolution fee	10,558	9,531	11%	7,846	35%	29,299	20,949	40%	29,163	
Net credit losses	Note 7	-1	-58	-98%	69		-89	7	-47	
Gains/losses on disposal of property, equipment and intangible assets	3	4	-25%	6	-50%	14	24	-42%	24	
Risk tax and resolution fee	-653	-636	3%	-576	13%	-1,960	-1,729	13%	-2,311	
Operating profit	9,908	8,841	12%	7,346	35%	27,265	19,251	42%	26,829	
Taxes	-2,324	-2,066	12%	-1,719	35%	-6,324	-4,106	54%	-5,431	
Profit for the period from continuing operations	7,583	6,775	12%	5,627	35%	20,940	15,146	38%	21,398	
Profit for the period from discontinued operations after tax	Note 10	368	329	12%	165	123%	929	545	70%	280
Profit for the period from discontinued operations after tax	7,952	7,104	12%	5,791	37%	21,870	15,690	39%	21,678	
Profit for the period										
Shareholders in Svenska Handelsbanken AB	7,950	7,103	12%	5,791	37%	21,867	15,689	39%	21,676	
Non-controlling interest	1	0		0		2	1	100%	1	

EARNINGS PER SHARE – GROUP

	Q3 2023	Q2 2023	Change	Q3 2022	Change	Jan-Sep 2023	Jan-Sep 2022	Change	Full year 2022
Profit for the year, attributable to shareholders in Svenska Handelsbanken AB	7,950	7,103	12%	5,791	37%	21,867	15,689	39%	21,676
Average number of outstanding shares, millions	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, millions	1,980.0	1,980.0		1,980.0		1,980.0	1,980.0		1,980.0
Earnings per share, SEK	4.02	3.59	12%	2.93	37%	11.04	7.92	39%	10.95
Earnings per share, continuing operations, SEK	3.83	3.42	12%	2.84	35%	10.57	7.65	38%	10.81
Earnings per share, discontinued operations, SEK	0.19	0.17	12%	0.08	138%	0.47	0.28	68%	0.14

STATEMENT OF COMPREHENSIVE INCOME – GROUP

SEK m	Q3			Q2			Q3			Jan-Sep			Full year
	2023	2023	Change	2022	Change		2023	2022	Change	2023	2022	Change	
Profit for the period	7,952	7,104	12%	5,791	37%		21,870	15,690	39%				21,678
Items that will not be reclassified to the income statement													
Defined benefit pension plans	1,126	955	18%	-100			1,861	4,136	-55%				3,049
Instruments measured at fair value through other comprehensive income - equity instruments	-9	35		74			57	90	-37%				41
Tax on items that will not be reclassified to income statement	-229	-201	14%	4			-393	-862	-54%				-642
<i>of which defined benefit pension plans</i>	-230	-195	18%	20			-384	-846	-55%				-622
<i>of which equity instruments measured at fair value through other comprehensive income</i>	1	-6		-15			-9	-16	-44%				-19
Total items that will not be reclassified to the income statement	889	789	13%	-21			1,526	3,365	-55%				2,448
Items that may subsequently be reclassified to the income statement													
Cash flow hedges	-675	399		852			57	-1,141					-2,640
Instruments measured at fair value through other comprehensive income - debt instruments	18	0		-14			16	-88					-60
Insurance contracts	120	36	233%	32	275%		104	821	-87%				793
Translation differences for the period	-1,250	3,311		-206			1,726	1,546	12%				2,312
<i>of which hedging net investment in foreign operations</i>	220	-293		-8			-151	-209	-28%				-297
Tax on items that may subsequently be reclassified to the income statement	97	-225		-170			6	290	-98%				-15
<i>of which cash flow hedges</i>	139	-82		-176			-12	235					544
<i>of which debt instruments measured at fair value through other comprehensive income</i>	-3	0		3			-3	12					6
<i>of which hedging net investment in foreign operations</i>	-45	60		2			31	43	-28%				61
<i>of which translation difference</i>	7	-204					-10						-626
Total items that may subsequently be reclassified to the income statement	-1,689	3,520		494			1,910	1,428	34%				390
Total other comprehensive income for the period	-801	4,307		474			3,433	4,794	-28%				2,838
Total comprehensive income for the period	7,151	11,411	-37%	6,265	14%		25,303	20,484	24%				24,516
Attributable to													
Shareholders in Svenska Handelsbanken AB	7,151	11,411	-37%	6,265	14%		25,303	20,484	24%				24,516
Non-controlling interest	0	-2		0			-1	2					1

QUARTERLY PERFORMANCE – GROUP

SEK m	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022
Net interest income	12,184	11,687	11,485	10,631	9,579
Net fee and commission income	2,812	2,761	2,766	2,694	2,700
Net gains/losses on financial transactions	1,087	393	602	570	535
Net insurance result	79	116	91	60	93
Other dividend income		1	1	15	-14
Share of profit of associates	49	20	-1	-2	27
Other income	32	187	42	85	25
Total income	16,244	15,166	14,985	14,053	12,946
Staff costs	-3,382	-3,259	-3,470	-3,468	-3,266
Other expenses	-1,839	-1,953	-1,852	-1,949	-1,421
Depreciation, amortisation and impairment of property, equipment and intangible assets	-466	-421	-454	-423	-412
Total expenses	-5,686	-5,634	-5,776	-5,839	-5,100
Profit before credit losses, risk tax and resolution fee	10,558	9,531	9,210	8,214	7,846
Net credit losses	-1	-58	-30	-54	69
Gains/losses on disposal of property, equipment and intangible assets	3	4	7		6
Risk tax and resolution fee	-653	-636	-671	-582	-576
Operating profit	9,908	8,841	8,516	7,578	7,346
Taxes	-2,324	-2,066	-1,934	-1,325	-1,719
Profit for the period from continuing operations	7,583	6,775	6,582	6,252	5,627
Profit for the period from discontinued operations after tax	368	329	232	-265	165
Profit for the period	7,952	7,104	6,814	5,988	5,791
Earnings per share, SEK	4.02	3.59	3.44	3.02	2.93

BALANCE SHEET – GROUP

SEK m		30 Sep 2023	30 Jun 2023	31 Mar 2023	31 Dec 2022	30 Sep 2022
Assets						
Cash and balances with central banks		482,302	503,673	447,588	475,868	567,140
Other loans to central banks	Note 8	6,379	5,163	10,646	4,604	4,838
Interest-bearing securities eligible as collateral with central banks		231,839	265,238	233,751	132,778	130,097
Loans to other credit institutions	Note 8	28,796	38,247	24,440	9,411	30,940
Loans to the public	Note 8	2,330,086	2,335,959	2,306,742	2,315,818	2,275,414
Value change of interest-hedged item in portfolio hedge		-14,837	-16,046	-15,039	-16,616	-20,930
Bonds and other interest-bearing securities		61,484	57,611	41,231	32,697	43,849
Shares		24,980	22,409	21,296	12,813	19,465
Investments in associates		642	606	591	561	553
Assets where the customer bears the value change risk		232,741	238,626	224,813	212,966	202,105
Derivative instruments	Note 11,12	45,612	56,729	39,500	36,261	81,976
Intangible assets	Note 13	8,530	8,553	8,426	8,402	8,249
Property and equipment		4,762	4,786	4,786	4,914	4,624
Current tax assets		1,213	1,140	1,346	160	2,791
Deferred tax assets		1,518	1,527	1,516	1,590	1,325
Net pension assets		16,080	14,469	13,005	12,875	13,659
Assets held for sale	Note 10	190,761	201,478	193,180	191,916	354,435
Other assets		23,915	12,422	40,963	14,721	5,744
Prepaid expenses and accrued income		2,527	2,853	3,297	1,979	2,367
Total assets	Note 17	3,679,330	3,755,442	3,602,079	3,453,718	3,728,640
Liabilities and equity						
Due to credit institutions	Note 14	135,502	143,863	97,306	81,693	120,251
Deposits and borrowing from the public	Note 14	1,369,077	1,433,843	1,435,563	1,318,925	1,459,240
Liabilities where the customer bears the value change risk		232,916	238,627	224,814	212,966	202,105
Issued securities	Note 15	1,556,596	1,563,875	1,478,669	1,474,801	1,501,028
Derivative instruments	Note 11,12	20,533	22,307	24,140	29,040	26,934
Short positions		12,558	13,459	11,544	1,939	10,990
Insurance liabilities		8,040	8,290	8,464	8,546	8,667
Current tax liabilities		1,872	1,314	894	217	1,621
Deferred tax liabilities		6,342	6,113	5,735	5,614	6,655
Provisions		541	577	520	591	644
Liabilities held for sale	Note 10	66,267	72,942	66,577	68,938	139,691
Other liabilities		18,283	16,398	24,503	10,454	12,068
Accrued expenses and deferred income		3,459	2,462	4,705	3,565	3,729
Subordinated liabilities		43,598	35,085	33,771	42,404	45,059
Total liabilities	Note 17	3,475,583	3,559,156	3,417,204	3,259,694	3,538,683
Non-controlling interest		3	2	4	3	13
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		22,119	22,920	18,610	18,684	20,638
Retained earnings		147,931	147,621	147,621	141,834	141,790
Profit for the period, attributable to shareholders in Svenska Handelsbanken AB		21,867	13,917	6,814	21,676	15,689
Total equity		203,747	196,286	184,875	194,024	189,958
Total liabilities and equity		3,679,330	3,755,442	3,602,079	3,453,718	3,728,640

STATEMENT OF CHANGES IN EQUITY – GROUP

January - September 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
Opening equity 2023	3,069	8,758	13,740	-307	126	793	4,332	163,510	3	194,024
Profit for the period								21,867	2	21,870
Other comprehensive income			1,477	46	61	104	1,747		-3	3,433
<i>of which reclassified within equity</i>			49				-310			-261
Total comprehensive income for the period			1,477	46	61	104	1,747	21,867	-1	25,302
Reclassified to retained earnings								261		261
Dividend								-15,840		-15,840
Change in non-controlling interest										
Closing equity	3,069	8,758	15,216	-262	188	897	6,080	169,798	3	203,747

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
Opening equity 2021	3,069	8,758	11,313	1,789	158		2,585	154,034	25	181,731
Effect of transition to IFRS 17								-3,010		-3,010
Tax effect due to transition to IFRS 17								3		3
Opening equity 2022	3,069	8,758	11,313	1,789	158		2,585	151,027	25	178,724
Profit for the 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
Total comprehensive income for the period			2,427	-2,096	-32	793	1,747	21,676	1	24,516
Reclassified to retained earnings								706		706
Dividend								-9,900		-9,900
Share-based payments to employees of Handelsbanken Plc *								25		25
Repurchase own shares *								-25		-25
Change in non-controlling interest									-23	-23
Closing equity	3,069	8,758	13,740	-307	126	793	4,332	163,510	3	194,024

January - September 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
Opening equity 2021	3,069	8,758	11,313	1,789	158		2,585	154,034	25	181,731
Effect of transition to IFRS 17								-3,010		-3,010
Tax effect due to transition to IFRS 17								3		3
Opening equity 2022	3,069	8,758	11,313	1,789	158		2,585	151,027	25	178,724
Profit for the period								15,689	1	15,690
Other comprehensive income			3,290	-906	-2	821	1,589		1	4,793
<i>of which reclassified within equity</i>							-663			-663
Total comprehensive income for the period			3,290	-906	-2	821	1,589	15,689	2	20,483
Reclassified to retained earnings								663		663
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									-14	-14
Closing equity	3,069	8,758	14,604	883	156	821	4,174	157,479	13	189,958

* 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-Sep 2023	Jan-Sep 2022	Full year 2022
Operating profit	27,265	19,251	26,829
Profit from discontinued operations, before tax	1,072	714	1,453
Adjustment from Operating profit to investment activities			-333
Adjustment for non-cash items in profit/loss and result from discontinued operations	858	2,257	2,341
Paid income tax	-5,346	-4,845	-6,419
Changes in the assets and liabilities of operating activities	-18,892	109,935	-62,169
Cash flow from operating activities	4,956	127,313	-38,298
Disposal of operations and subsidiaries		1,273	49,238
Change in shares	-53	-173	-11
Change in property and equipment	-362	-250	-304
Change in intangible assets	-664	-430	-711
Cash flow from investing activities	-1,080	420	48,212
Repayment of subordinated loans	-8,351		-3,000
Issued subordinated loans	8,635	11,528	11,845
Dividend paid	-15,840	-9,900	-9,900
Cash flow from financing activities	-15,556	1,628	-1,055
Liquid funds at beginning of the period*	475,882	439,964	439,964
Cash flow for the period	-11,680	129,361	8,859
Exchange rate difference on liquid funds	18,111	32,955	27,059
Liquid funds at end of the period*	482,313	602,279	475,882

* 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 entails 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. The item Return on assets held on behalf of policyholders is reported in accordance with IFRS 9, but is a part of net insurance result as it includes returns 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 tables 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.

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 ¹	845	3	848	986	3	989	1 133	2	1 135	1 323	2	1 325	1 589	1	1 590			
Other assets ²	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			
Total assets	3 346 764	4	3 346 768	3 545 912	4	3 545 916	3 689 057	3	3 689 060	3 728 638	2	3 728 640	3 453 716	2	3 453 718			
Deposits and borrowing from the public ³	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 ⁴	532	9 457	9 989 ⁵	511	8 892	9 403	451	8 433	8 884	408	8 259	8 667	405	8 141	8 546			
Other liabilities ⁶	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			
Total liabilities	3 165 033	3 011	3 168 044	3 367 258	2 554	3 369 812	3 503 378	2 149	3 505 527	3 536 636	2 047	3 538 683	3 257 686	2 008	3 259 694			
Insurance contracts				419		419	789		789	821		821	793		793			
Retained earnings ⁷	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			
Total equity	181 731	-3 007	178 724	178 655	-2 551	176 104	185 679	-2 146	183 533	192 002	-2 044	189 958	196 030	-2 006	194 024			
Total liabilities and equity	3 346 764	4	3 346 768	3 545 912	4	3 545 916	3 689 057	3	3 689 060	3 728 638	2	3 728 640	3 453 716	2	3 453 718			

¹ Tax effect of transition to IFRS 17.

² 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.

³ 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.

⁴ 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.

⁵ 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.

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

⁷ 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	Q3 2023	Q2 2023	Change	Q3 2022	Change	Jan-Sep 2023	Jan-Sep 2022	Change	Full year 2022
Interest income									
Loans to credit institutions and central banks	8,106	6,826	19%	2,650	206%	20,871	3,804	449%	8,873
Loans to the public	24,682	21,842	13%	12,473	98%	65,736	32,076	105%	48,567
Interest-bearing securities eligible as collateral with central banks	2,376	2,160	10%	297		5,791	559		1,289
Bonds and other interest-bearing securities	596	646	-8%	285	109%	1,455	561	159%	876
Derivative instruments	7,972	7,875	1%	2,548	213%	22,634	2,736		7,452
Other interest income	210	203	3%	302	-30%	646	878	-26%	1,164
Total	43,941	39,552	11%	18,555	137%	117,132	40,614	188%	68,221
Deduction of interest income reported in Net gains/losses on financial transactions	-1,057	-1,221	13%	-241	-339%	-2,993	-358		-814
Total interest income	42,885	38,329	12%	18,314	134%	114,140	40,256	184%	67,407
<i>of which interest income according to the effective interest method and interest on derivatives in hedge accounting</i>	36,467	31,708	15%	15,806	131%	95,784	36,307	164%	59,702
Interest expense									
Due to credit institutions and central banks	-1,033	-1,208	-14%	-447	131%	-2,897	-650	346%	-1,567
Deposits and borrowing from the public	-9,982	-8,178	22%	-2,276	339%	-24,778	-3,239		-8,032
Issued securities	-12,741	-11,334	12%	-4,850	163%	-33,432	-9,032	270%	-16,595
Derivative instruments	-7,301	-6,188	18%	-916		-18,362	-374		-3,454
Subordinated liabilities	-438	-391	12%	-399	10%	-1,206	-999	21%	-1,368
Deposit guarantee fee	-86	-85	1%	-66	30%	-257	-198	30%	-332
Other interest expenses	-137	-117	17%	-131	5%	-369	-274	35%	-375
Total	-31,717	-27,502	15%	-9,085	249%	-81,301	-14,766	451%	-31,723
Deduction of interest expense reported in Net gains/losses on financial transactions	1,016	861	18%	351	189%	2,517	494	409%	930
Total interest expense	-30,701	-26,642	15%	-8,734	252%	-78,784	-14,273	452%	-30,793
<i>of which interest expense according to the effective interest method and interest on derivatives in hedge accounting</i>	-28,113	-24,019	17%	-8,075	248%	-71,427	-13,182	442%	-28,272
Net interest income	12,184	11,687	4%	9,579	27%	35,356	25,983	36%	36,614

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	Q3	Q2	Change	Q3	Change	Jan-Sep	Jan-Sep	Change	Full year
	2023	2023		2022		2023	2022		
Brokerage and other securities commissions	84	111	-24%	97	-13%	318	349	-9%	455
Mutual funds	1,403	1,387	1%	1,348	4%	4,141	4,147	0%	5,469
Custody and other asset management fees	255	251	2%	204	25%	740	679	9%	911
Advisory services	63	32	97%	34	85%	200	172	16%	196
Insurance	170	167	2%	167	2%	504	509	-1%	672
Payments	718	715	0%	696	3%	2,096	1,978	6%	2,680
Loans and deposits	296	283	5%	281	5%	875	843	4%	1,146
Guarantees	48	46	4%	51	-6%	144	154	-6%	202
Other	131	135	-3%	134	-2%	395	404	-2%	546
Total fee and commission income	3,169	3,127	1%	3,010	5%	9,414	9,235	2%	12,277
Securities	-69	-51	35%	-50	38%	-177	-168	5%	-218
Payments	-258	-284	-9%	-233	11%	-805	-705	14%	-969
Other	-30	-31	-3%	-26	15%	-93	-75	24%	-108
Total fee and commission expenses	-357	-366	-2%	-310	15%	-1,075	-948	13%	-1,296
Net fee and commission income	2,812	2,761	2%	2,700	4%	8,339	8,287	1%	10,981

Net fee and commission income per segment

January - September 2023								
SEK m	Home markets							Total Jan-Sep 2023
	Sweden	UK	Norway	The Nether- lands	Capital Markets	Other	Adj. & elim.	
Brokerage and other securities commissions	115	4	9	9	190	6	-15	318
Mutual funds	3,570	256	173	45	5	140	-49	4,141
Custody and other asset management fees	537	31	83	70	24	1	-6	740
Advisory services	0	38	0		163		-1	200
Insurance	502	0	2			1	-1	504
Payments	1,643	245	203	1	11	-7	0	2,096
Loans and deposits	545	108	83	6	34	99	-1	875
Guarantees	71	10	32	1	31	0	-1	144
Other	381	4	4	0	232	0	-228	395
Total fee and commission income	7,365	695	590	133	690	240	-300	9,414
Total fee and commission expenses	-1,087	-60	-88	-9	-96	-34	300	-1,075
Net fee and commission income	6,278	635	503	123	594	206	0	8,339
<i>of which Net card commissions</i>	<i>662</i>	<i>48</i>	<i>72</i>	<i>0</i>	<i>0</i>	<i>-10</i>		<i>772</i>

January - September 2022								
SEK m	Home markets							Total Jan-Sep 2022
	Sweden	UK	Norway	The Nether- lands	Capital Markets	Other	Adj. & elim.	
Brokerage and other securities commissions	139	3	11	8	183	12	-8	349
Mutual funds	3,579	256	186	43	8	146	-71	4,147
Custody and other asset management fees	486	22	89	58	32	1	-8	679
Advisory services	0	36	0		151	-7	-8	172
Insurance	500	0	8		0	1	-1	509
Payments	1,542	231	202	1	10	-7	0	1,978
Loans and deposits	563	91	71	8	23	89	-1	843
Guarantees	78	11	35	0	30	1	-3	154
Other	387	5	4	1	241	0	-235	404
Total fee and commission income	7,274	656	606	119	677	236	-333	9,235
Total fee and commission expenses	-991	-45	-85	-13	-97	-51	333	-948
Net fee and commission income	6,283	611	521	107	580	185	0	8,287
<i>of which Net card commissions</i>	<i>656</i>	<i>42</i>	<i>73</i>	<i>-1</i>	<i>0</i>	<i>-9</i>		<i>760</i>

Note 4 Net gains/losses on financial transactions

SEK m	Q3 2023	Q2 2023	Change	Q3 2022	Change	Jan-Sep 2023	Jan-Sep 2022	Change	Full year 2022
Amortised cost	251	80	214%	53	374%	454	162	180%	65
<i>of which loans</i>	47	-16		43	9%	32	180	-82%	35
<i>of which interest-bearing securities</i>									
<i>of which issued securities</i>	204	96	113%	9		422	-18		30
Fair value through other comprehensive income	0	-1		-1		-1	-1	0%	-1
<i>of which expected credit losses</i>	0	0	0%	-1		0	-1		-1
<i>of which interest-bearing securities - other</i>	0	-1				-1			
Fair value through profit or loss, fair value option	-100	-606	83%	-1,086	91%	-585	-4,456	87%	-4,710
<i>of which interest-bearing securities</i>	-100	-606	83%	-1,086	91%	-585	-4,456	87%	-4,710
Fair value through profit or loss, mandatory including FX effects	595	1,169	-49%	1,519	-61%	2,207	4,896	-55%	5,975
<i>of which assets held on behalf of policyholders</i>	31	58	-47%	-20		153	-330		-291
Hedge accounting	372	-191		30		160	39	310%	-80
<i>of which net gains/losses on fair value hedges</i>	202	-124		29		95	28	239%	-29
<i>of which cash flow hedge ineffectiveness</i>	170	-67		1		65	10		-51
Total	1,118	452	147%	515	117%	2,236	640	249%	1,249
Deduction of return on assets held on behalf of policyholders	-31	-58	47%	20		-153	330		291
Net gains/losses on financial transactions	1,087	393	177%	535	103%	2,082	970	115%	1,540

Note 5 Net insurance result

SEK m	Q3 2023	Q2 2023	Change	Q3 2022	Change	Jan-Sep 2023	Jan-Sep 2022	Change	Full year 2022
Insurance revenue	290	291	0%	293	-1%	883	910	-3%	1,208
Insurance service expenses	-233	-227	3%	-182	28%	-728	-671	8%	-929
Insurance service result	57	64	-11%	111	-49%	155	239	-35%	279
Result from reinsurance contracts				0	-100%		0	-100%	-18
Insurance finance income and expenses	-9	-6	50%	3		-22	20		19
Insurance result	48	58	-17%	114	-58%	133	259	-49%	280
Return on assets held on behalf of policyholders	31	58	-47%	-20		153	-330		-291
Net insurance result	79	116	-32%	93	-15%	286	-71		-11

Note 6 Other expenses

mkr	Q3 2023	Q2 2023	Change	Q3 2022	Change	Jan-Sep 2023	Jan-Sep 2022	Change	Full year 2022
Property and premises	-159	-183	-13%	-149	7%	-504	-422	19%	-599
IT related expenses	-771	-799	-4%	-702	10%	-2,407	-2,124	13%	-2,963
Communication	-70	-74	-5%	-61	15%	-215	-190	13%	-255
Travel and marketing	-63	-81	-22%	-49	29%	-207	-151	37%	-236
Purchased services	-547	-653	-16%	-389	41%	-1,755	-1,301	35%	-1,836
Supplies	-44	-46	-4%	-41	7%	-142	-114	25%	-170
Other expenses	-185	-117	58%	-30		-414	-275	51%	-467
Other expenses	-1,839	-1,953	-6%	-1,421	29%	-5,644	-4,577	23%	-6,526

Note 7 Credit losses

SEK m	Q3 2023	Q2 2023	Change	Q3 2022	Change	Jan-Sep 2023	Jan-Sep 2022	Change	Full year 2022
Expected credit losses on balance sheet items									
The period's provision Stage 3	-88	-60	47%	-46	91%	-239	-116	106%	-182
Reversal of Stage 3 provisions previous years	81	71	14%	68	19%	191	173	10%	223
Total expected credit losses Stage 3	-7	11		21		-48	57		41
The period's net provision Stage 2	17	-87		30	-43%	-154	-48	221%	-99
The period's net provision Stage 1	-14	22		-44	-68%	22	-84		-109
Total expected credit losses in Stage 1 and Stage 2	3	-65		-13		-132	-132	0%	-207
Total expected credit losses on balance sheet items	-4	-55	-93%	9		-180	-74	143%	-166
Expected credit losses on off-balance sheet items									
The period's net provision Stage 3	3	1	200%	4	-25%	10	10	0%	11
The period's net provision Stage 2	8	-57		25	-68%	-14	-14	0%	-31
The period's net provision Stage 1	6	7	-14%	1	500%	21	-4		-4
Total expected credit losses on off-balance sheet items	16	-50		31	-48%	16	-7		-25
Actual credit losses for the period	-77	-55	40%	-51	51%	-193	-683	-72%	-738
Utilised share of previous provision Stage 3	38	47	-19%	46	-17%	142	602	-76%	636
Total write-offs	-39	-8	388%	-6		-51	-81	-37%	-102
Recoveries	25	55	-55%	35	-29%	126	169	-25%	245
Net credit losses	-1	-58	-98%	69		-89	7		-47
<i>of which loans to the public</i>	<i>-17</i>	<i>-9</i>	<i>89%</i>	<i>38</i>		<i>-105</i>	<i>11</i>		<i>-26</i>

SEK m	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022
1) Expected credit losses Stage 3 on and off balance sheet	-4	12	-46	-15	25
Change in model-based provision Stage 1 and Stage 2:					
Update of macroeconomic scenarios and risk factors	-2	27	-2	-34	-47
Transfer of exposures in exposed sectors from Stage 1 to Stage 2*	0	1	-5	3	1
Change in probability of default in portfolio at beginning of quarter (net rating changes)	-77	-176	-46	-27	15
Effects of changes in exposures (existing, new and terminated exposures)	10	11	10	10	11
Other in Stage 1 and Stage 2	69	17	17	0	8
<i>Deducted, discontinued operations</i>	<i>3</i>	<i>-1</i>	<i>2</i>	<i>-1</i>	<i>8</i>
Model-based credit losses in Stage 1 and Stage 2	3	-121	-24	-49	-4
Expert based provision					
Expert based provision	-617	-632	-637	-646	-672
<i>Deducted, discontinued operations</i>	<i>13</i>	<i>14</i>	<i>13</i>	<i>25</i>	<i>95</i>
Expert based provision in continuing operations	-604	-618	-624	-621	-577
Quarterly change of provisions which affect credit losses in Stage 1 and Stage 2	14	6	-3	-44	16
2) Expected credit losses in Stage 1 and Stage 2 on and off balance sheet	17	-115	-27	-93	12
3) Write-offs	-39	-8	-4	-21	-6
4) Recoveries	25	55	46	76	35
Net credit losses (1+2+3+4)	-1	-58	-30	-54	69

* Expert-based assessment of significant increase in credit risk

The total provision requirement in Stage 1 and Stage 2 has decreased slightly during the third 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 Q2. Updated assumptions for macroeconomic risk factors have resulted in minor adjustments, which have led to an overall increase in the provision requirement for the quarter of SEK 2m. Negative rating migration in the customer portfolio increased the provision requirement by SEK 77m, while other factors in combination reduced the provision requirement. These effects, reported under the heading Other in Stage 1 and Stage 2 above, include first and foremost the effects of maturities and the net effects of future model changes.

During the third 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 604m (618) in continuing operations and SEK 617m (632) 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 Sep 2023	30 Jun 2023	31 Mar 2023	31 Dec 2022	30 Sep 2022
Credit loss ratio %, continuing operations YTD	0.01	0.01	0.01	0.00	0.00
Total credit loss reserve ratio, %	0.10	0.10	0.10	0.10	0.10
Credit loss reserve ratio Stage 1, %	0.02	0.02	0.02	0.02	0.02
Credit loss reserve ratio Stage 2, %	0.62	0.74	0.90	0.79	0.98
Credit loss reserve ratio Stage 3, %	16.79	18.50	20.89	21.99	22.97
Proportion of loans Stage 3, %	0.23	0.22	0.19	0.18	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 for the period up until 30 September 2022 also include the operations in Denmark divested in Q4 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 September 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 September 2023		31 December 2022	
	Percentage increase in the provision in a negative scenario	Percentage decrease in the provision in a positive scenario	Percentage increase in the provision in a negative scenario	Percentage decrease in the provision in a positive scenario
Sweden	10.39	-6.54	10.95	-7.72
Great Britain	3.70	-5.33	7.49	-7.19
Great Britain, severe downturn scenario	11.90		25.30	
Norway	9.75	-6.01	7.54	-6.10
Finland	1.29	-0.32	-0.13	0.20
The Netherlands	4.48	-2.12	3.52	-2.56
United States	33.65	-24.49	27.06	-20.37
Other countries	4.21	-1.94	3.64	-2.07
Total	7.39	-5.13	7.43	-5.60

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% (70), while an upturn in the economy is assigned 15% (15), and a downturn 15% (15). 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%/20%/60%/5% (15/30/50/5). These scenarios and weightings have formed the basis for the calculation of expected credit losses in Stage 1 and Stage 2 as at 30 September 2023.

Macroeconomic risk factor		Downturn scenario			Base case scenario			Upturn scenario		
		2023	2024	2025	2023	2024	2025	2023	2024	2025
GDP growth, %	Sweden	-1.67	-3.56	3.06	-0.67	0.04	2.41	0.33	3.04	2.11
	Great Britain	-0.56	-2.20	2.34	0.44	0.80	1.84	1.44	3.80	1.54
	Great Britain, severe downturn scenario	-1.56	-5.20	-0.84						
	Norway	0.10	-3.25	1.89	1.10	0.35	1.24	2.10	3.35	0.94
	Finland	-0.91	-2.90	2.45	0.09	0.70	1.80	1.09	3.70	1.50
	Euro area	-0.64	-3.17	2.16	0.36	0.43	1.51	1.36	3.43	1.21
	United States	1.15	-3.43	1.92	2.15	0.17	1.27	3.15	3.17	0.97
	Unemployment rate, %	Sweden	8.18	9.96	9.98	7.48	8.06	7.88	6.98	7.12
Great Britain		4.90	6.50	6.50	4.30	5.00	5.00	3.80	4.06	4.30
Great Britain, severe downturn scenario		5.30	9.00	9.50						
Norway		2.55	4.25	4.58	1.85	2.35	2.48	1.35	1.41	1.78
Finland		7.80	9.10	8.90	7.10	7.20	6.80	6.60	6.26	6.10
Euro area		7.27	8.85	8.83	6.57	6.95	6.73	6.07	6.01	6.03
United States		4.28	6.48	7.27	3.58	4.58	5.17	3.08	3.64	4.47
Policy interest rate, %		Sweden	3.75	1.25	0.75	4.25	3.75	2.75	4.75	5.25
	Great Britain	5.00	2.25	2.25	5.50	4.50	4.00	6.00	6.00	5.50
	Great Britain, severe downturn scenario	4.50	0.75	0.75						
	Norway	3.75	1.25	1.25	4.25	4.00	3.50	4.75	5.25	5.00
	Finland	3.50	0.75	0.25	4.00	3.25	2.50	4.50	4.75	4.00
	Euro area	3.50	0.75	0.25	4.00	3.25	2.50	4.50	4.75	4.00
	United States	4.88	1.88	0.88	5.38	4.38	3.13	5.88	5.88	4.63
	Residential real estate, value change %	Sweden	-12.45	-3.04	1.17	-7.11	1.10	2.57	-5.49	4.62
Great Britain		-9.59	-12.98	-2.91	-4.84	-2.72	3.89	-2.14	-6.78	2.53
Great Britain, severe downturn scenario		-9.89	-15.28	-6.42						
Norway		0.01	-4.15	2.61	1.52	-0.10	1.81	2.72	2.27	0.37
Finland		-5.93	-0.26	2.50	-5.31	0.96	3.42	-4.99	1.78	3.86
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	-11.36	-8.47	3.66	-7.15	1.57	5.15	-4.49	2.27
	Great Britain	-17.96	-12.84	0.95	-11.17	-7.92	-0.12	-10.75	-6.61	1.42
	Great Britain, severe downturn scenario	-21.73	-21.52	0.34						
	Norway	-9.95	-10.17	-2.48	-4.52	-0.18	-0.75	-2.53	1.80	-0.73
	Finland	-9.83	-9.11	3.21	-3.96	0.73	3.87	-2.06	1.35	2.86
	Euro area	-11.54	-10.63	1.30	-5.93	-0.51	2.98	-3.78	1.51	2.76

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 for the period up until 30 September 2022 also include the operations in Denmark divested in Q4.

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

SEK m	30 Sep 2023	30 Jun 2023	31 Mar 2023	31 Dec 2022	30 Sep 2022
Cash and balances with central banks	482,291	503,660	447,577	475,853	602,266
Other loans to central banks	33,470	38,776	40,569	32,620	40,181
Interest-bearing securities eligible as collateral with central banks				200	218
Loans to other credit institutions	28,803	38,259	24,442	9,415	31,042
<i>of which reverse repos</i>	19,011	22,325	6,790	0	17,988
Loans to the public	2,483,022	2,492,465	2,459,286	2,469,324	2,539,160
<i>of which reverse repos</i>	18,555	14,233	14,350	12,917	18,300
Bonds and interest-bearing securities	13,222	12,531	8,588	9,882	9,593
Total	3,040,809	3,085,691	2,980,463	2,997,294	3,222,461

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

SEK m	30 Sep 2023	30 Jun 2023	31 Mar 2023	31 Dec 2022	30 Sep 2022
Volume, gross	3,043,294	3,088,268	2,982,969	2,999,751	3,225,106
<i>of which Stage 1</i>	2,895,613	2,959,699	2,888,415	2,902,686	3,144,555
<i>of which Stage 2</i>	140,830	121,957	88,569	91,350	74,383
<i>of which Stage 3</i>	6,851	6,612	5,985	5,716	6,168
Provisions	-2,487	-2,579	-2,508	-2,459	-2,648
<i>of which Stage 1</i>	-463	-454	-463	-480	-503
<i>of which Stage 2</i>	-874	-902	-795	-723	-727
<i>of which Stage 3</i>	-1,150	-1,223	-1,250	-1,257	-1,417

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

SEK m	30 Sep 2023	30 Jun 2023	31 Mar 2023	31 Dec 2022	30 Sep 2022
Volume, gross	2,485,501	2,495,036	2,461,789	2,471,778	2,541,802
<i>of which Stage 1</i>	2,337,820	2,366,466	2,367,255	2,374,713	2,461,251
<i>of which Stage 2</i>	140,830	121,957	88,549	91,349	74,383
<i>of which Stage 3</i>	6,851	6,612	5,985	5,716	6,168
Provisions	-2,480	-2,571	-2,503	-2,454	-2,642
<i>of which Stage 1</i>	-459	-449	-459	-475	-498
<i>of which Stage 2</i>	-870	-898	-794	-722	-727
<i>of which Stage 3</i>	-1,150	-1,223	-1,250	-1,257	-1,417

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

30 September 2023				
SEK m	Stage 1	Stage 2	Stage 3	Total
Provision at beginning of year	-480	-723	-1,257	-2,459
Derecognised assets	25	60	115	200
Write-offs			168	168
Remeasurements due to changes in credit risk	-224	91	-14	-147
Foreign exchange effect, etc	-12	-9	-17	-38
Purchased or originated assets	-34	-38	-4	-76
Transfer to Stage 1	-28	39	1	13
Transfer to Stage 2	121	-455	3	-331
Transfer to Stage 3	168	161	-145	184
Provision at end of period	-463	-874	-1,150	-2,487

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	537
Write-offs	0	1	671	672
Remeasurements due to changes in credit risk	-228	201	-21	-48
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	91
Provision at end of period	-480	-723	-1,257	-2,459

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

30 September 2023				
SEK m	Stage 1	Stage 2	Stage 3	Total
Provision at beginning of year	-475	-722	-1,257	-2,454
Derecognised assets	25	60	115	199
Write-offs			168	168
Remeasurements due to changes in credit risk	-224	90	-14	-148
Foreign exchange effect, etc	-12	-9	-17	-38
Purchased or originated assets	-34	-38	-4	-76
Transfer to Stage 1	-28	39	1	13
Transfer to Stage 2	121	-452	3	-328
Transfer to Stage 3	168	161	-145	184
Provision at end of period	-459	-870	-1,150	-2,480

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	536
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	91
Provision at end of period	-475	-722	-1,257	-2,454

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 September 2023 SEK m	Gross			Provisions			Net
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
Private individuals	1,171,833	30,235	3,895	-165	-131	-570	1,205,097
<i>of which mortgage loans</i>	992,869	22,542	1,320	-41	-47	-40	1,016,603
<i>of which other loans with property mortgages</i>	144,493	6,154	1,314	-53	-35	-95	151,778
<i>of which other loans to private individuals</i>	34,471	1,539	1,261	-71	-49	-435	36,716
Housing co-operative associations	290,403	8,568	14	-12	-32	-9	298,932
<i>of which mortgage loans</i>	268,690	3,243	12	-5	-10	-9	271,921
Property management	671,406	79,402	1,908	-122	-282	-130	752,182
Manufacturing	24,252	5,218	74	-16	-127	-41	29,360
Retail	36,940	589	115	-14	-8	-59	37,563
Hotel and restaurant	4,247	1,844	104	-5	-18	-7	6,165
Passenger and goods transport by sea	1,496	1	0	-2	0	0	1,495
Other transport and communication	8,131	493	17	-10	-19	-17	8,595
Construction	15,610	5,835	335	-68	-154	-99	21,459
Electricity, gas and water	16,696	609	4	-2	-1	-4	17,302
Agriculture, hunting and forestry	19,832	2,741	109	-16	-59	-21	22,586
Other services	22,530	731	173	-16	-10	-105	23,303
Holding, investment and insurance Comp., funds etc.	24,646	4,124	15	-7	-16	-3	28,759
Government and municipalities	6,299	75		0	-1		6,373
<i>of which Swedish national debt office</i>	2,000						2,000
Other corporate lending	23,499	365	88	-4	-12	-85	23,851
Total	2,337,820	140,830	6,851	-459	-870	-1,150	2,483,022

31 December 2022 SEK m	Gross			Provisions			Net
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
Private individuals	1,163,864	42,542	3,078	-161	-133	-568	1,208,622
<i>of which mortgage loans</i>	983,183	33,865	1,162	-35	-32	-38	1,018,105
<i>of which other loans with property mortgages</i>	144,073	6,931	912	-38	-44	-90	151,744
<i>of which other loans to private individuals</i>	36,608	1,746	1,004	-88	-57	-440	38,773
Housing co-operative associations	287,299	1,933	38	-9	-2	-8	289,251
<i>of which mortgage loans</i>	262,117	955	11	-5	0	-6	263,072
Property management	705,567	27,035	1,434	-109	-105	-124	733,698
Manufacturing	34,186	2,807	49	-30	-116	-26	36,870
Retail	39,858	649	104	-13	-10	-56	40,532
Hotel and restaurant	4,296	1,978	19	-5	-30	-7	6,251
Passenger and goods transport by sea	2,581	11	221	-2	-2	-77	2,732
Other transport and communication	8,599	1,088	36	-17	-36	-33	9,637
Construction	17,219	3,549	119	-65	-175	-72	20,575
Electricity, gas and water	15,331	968	4	-5	-2	-3	16,293
Agriculture, hunting and forestry	19,997	2,223	40	-25	-75	-14	22,146
Other services	21,030	577	180	-14	-7	-139	21,627
Holding, investment and insurance Comp., funds etc.	32,820	5,748	34	-9	-14	-24	38,555
Government and municipalities	4,520	84		0	-1		4,603
<i>of which Swedish national debt office</i>	1,566						1,566
Other corporate lending	17,546	157	360	-11	-14	-106	17,932
Total	2,374,713	91,349	5,716	-475	-722	-1,257	2,469,324

Specification of Loans to the public – Property management

30 September 2023 SEK m	Gross			Provisions			Net
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
Loans in Sweden							
State-owned property companies	11,208			0			11,208
Municipal-owned property companies	7,768	123		0	0		7,891
Residential property companies	131,473	26,244	60	-8	-84	-12	157,673
<i>of which mortgage loans</i>	<i>122,650</i>	<i>24,653</i>	<i>52</i>	<i>-8</i>	<i>-83</i>	<i>-6</i>	<i>147,258</i>
Other property management	134,102	22,172	208	-15	-22	-49	156,396
<i>of which mortgage loans</i>	<i>74,188</i>	<i>10,090</i>	<i>96</i>	<i>-5</i>	<i>-12</i>	<i>-13</i>	<i>84,344</i>
Total loans in Sweden	284,551	48,539	268	-23	-106	-61	333,168
Loans outside Sweden							
UK	137,149	15,336	1,042	-72	-147	-31	153,277
Norway	131,842	11,014	60	-14	-13	-10	142,879
Finland	49,094	3,125	527	-4	-13	-23	52,706
The Netherlands	67,668	1,388		-9	-3		69,044
Other countries	1,102	0	11	0	0	-5	1,108
Total loans outside Sweden	386,855	30,863	1,640	-99	-176	-69	419,014
Total loans - Property management	671,406	79,402	1,908	-122	-282	-130	752,182

31 December 2022 SEK m	Gross			Provisions			Net
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
Loans in Sweden							
State-owned property companies	11,198			0			11,198
Municipal-owned property companies	8,212			0			8,212
Residential property companies	148,992	3,851	22	-6	-5	-8	152,846
<i>of which mortgage loans</i>	<i>137,576</i>	<i>3,661</i>	<i>18</i>	<i>-5</i>	<i>-5</i>	<i>-4</i>	<i>141,241</i>
Other property management	145,098	6,376	171	-15	-15	-47	151,568
<i>of which mortgage loans</i>	<i>77,194</i>	<i>1,656</i>	<i>32</i>	<i>-3</i>	<i>-4</i>	<i>0</i>	<i>78,875</i>
Total loans in Sweden	313,500	10,227	193	-21	-20	-55	323,824
Loans outside Sweden							
UK	138,506	8,972	647	-51	-60	-32	147,982
Norway	138,171	4,684	62	-22	-10	-9	142,876
Finland	48,458	2,383	521	-5	-12	-23	51,322
The Netherlands	65,913	765		-10	-3		66,665
Other countries	1,019	4	11	0	0	-5	1,029
Total loans outside Sweden	392,067	16,808	1,241	-88	-85	-69	409,874
Total loans - Property management	705,567	27,035	1,434	-109	-105	-124	733,698

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

30 September 2023					The Nether-	
SEK m, gross	Sweden	UK	Norway	Finland	lands	Total
Government guarantees	3,617	6	1,392	19,108	0	24,123
Residential	192,830	86,462	26,471	20,217	36,758	362,738
Office, retail, hotel	99,856	49,395	105,697	7,876	11,887	274,711
Other real estate	5,543	312	64	1,290	19,246	26,455
Industry, logistics	18,231	15,417	88	3,064	683	37,483
Agriculture, forestry	4,117	1,171	98	5	16	5,407
Other collateral	2,603	214	239	549	328	3,933
Unsecured	6,561	550	6,699	321	89	14,220
Undeveloped			2,168	316	49	2,533
Total	333,358	153,527	142,916	52,746	69,056	751,603

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

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

30 September 2023					The Nether-	
LTV, %	Sweden	UK	Norway	Finland	lands	Total
0-40	84.7	90.3	78.8	75.4	88.3	83.7
41-60	14.6	9.5	18.7	16.4	11.4	14.8
61-75	0.6	0.2	2.3	6.5	0.2	1.3
>75	0.0	0.0	0.2	1.8	0.0	0.2
Average LTV	43.0	39.6	50.0	46.3	44.9	43.2

31 December 2022					The Nether-	
LTV, %	Sweden	UK	Norway	Finland	lands	Total
0-40	84.9	88.9	80.4	80.9	85.0	84.2
41-60	14.4	10.8	17.5	12.5	13.7	14.4
61-75	0.6	0.2	1.5	3.0	0.7	0.9
>75	0.1	0.1	0.7	3.6	0.6	0.5
Average LTV	45.0	42.0	51.0	46.0	47.0	46.0

Loan to value (LTV) shows lending in relation to the market value of the collateral. *Average LTV* refers to a weighted average maximum LTV per property. The *division into ranges* follows an allocation method that can be described using the following feasible example: a credit with a loan-to-value ratio of 60% is divided up in such a way that two-thirds of the volume is reported under the line item LTV 0-40%, while the remaining third is reported under the line item LTV 41-60%.

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

30 September 2023		The Netherlands				
LTV, %	Sweden	UK	Norway	Finland	lands	Total
0-40	79.4	86.6	76.3	61.3	81.0	80.2
41-60	17.9	13.2	19.6	21.3	16.3	16.9
61-75	2.6	0.2	3.2	10.3	2.4	2.5
>75	0.1	0.0	0.9	7.2	0.3	0.5
Average LTV	48.2	44.6	53.1	54.0	50.9	48.2

31 December 2022		The Netherlands				
LTV, %	Sweden	UK	Norway	Finland	lands	Total
0-40	79.6	84.5	77.0	54.6	79.3	78.9
41-60	17.8	14.9	19.3	20.0	18.3	17.4
61-75	2.5	0.5	2.3	9.9	1.7	2.4
>75	0.2	0.1	1.3	15.4	0.7	1.3
Average LTV	49.0	46.0	53.0	84.0	52.0	51.0

Loan to value (LTV) shows lending in relation to the market value of the collateral. *Average LTV* refers to a weighted average maximum LTV per property. The *division into ranges* follows an allocation method that can be described using the following feasible example: a credit with a loan-to-value ratio of 60% is divided up in such a way that two-thirds of the volume is reported under the line item LTV 0-40%, while the remaining third is reported under the line item LTV 41-60%.

Note 9 Credit risk exposure

SEK m	30 Sep 2023	30 Jun 2023	31 Mar 2023	31 Dec 2022	30 Sep 2022
Cash and balances with central banks	482,313	503,684	447,601	475,882	602,279
Other loans to central banks	33,470	38,776	40,569	32,620	40,181
Interest-bearing securities eligible as collateral with central banks	231,839	265,238	233,751	132,778	130,114
Loans to other credit institutions	28,803	38,259	24,442	9,415	31,042
<i>of which reverse repos</i>	<i>19,011</i>	<i>22,325</i>	<i>6,790</i>		<i>17,988</i>
Loans to the public	2,483,022	2,492,465	2,459,286	2,469,324	2,539,160
<i>of which reverse repos</i>	<i>18,555</i>	<i>14,233</i>	<i>14,350</i>	<i>12,917</i>	<i>18,300</i>
Bonds and other interest-bearing securities	61,484	57,611	41,231	32,697	43,865
Derivative instruments*	45,612	56,729	39,500	36,261	81,990
Contingent liabilities	60,241	63,568	60,467	60,975	67,456
Commitments	450,456	459,305	450,498	459,114	482,570
Total	3,877,239	3,975,634	3,797,345	3,709,066	4,018,657

* 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 for the period up until 30 September 2022 also include the operations in Denmark divested in Q4.

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 the second quarter of 2023 to sell those parts of the Finnish operations relating to 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. Handelsbanken's operations in Denmark were sold during the fourth quarter of 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 September 2023 SEK m	Finland	Other assets held for sale	Total
Assets			
Cash and balances with central banks	11		11
Other loans to central banks	27,091		27,091
Interest-bearing securities eligible as collateral with central banks			
Loans to other credit institutions	7		7
Loans to the public	152,936	216	153,152
<i>Of which households</i>	42,288		42,288
<i>Of which corporates</i>	110,648	216	110,864
Bonds and other interest-bearing securities	0		0
Shares	1		1
Assets where the customer bears the value change risk	9,533		9,533
Intangible assets	128		128
Property and equipment	482		482
Other assets	355		355
Total assets	190,545	216	190,761
Liabilities			
Due to credit institutions	974		974
Deposits and borrowing from the public	54,019		54,019
<i>Of which households</i>	19,103		19,103
<i>Of which corporates</i>	34,916		34,916
Liabilities where the customer bears the value change risk	9,534		9,534
Provisions	251		251
Other liabilities	1,489		1,489
Total liabilities	66,267		66,267

Other assets held for sale amounting to SEK 216m (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
Assets			
Cash and balances with central banks	14		14
Other loans to central banks	28,015		28,015
Interest-bearing securities eligible as collateral with central banks			
Loans to other credit institutions	5		5
Loans to the public	153,506	310	153,816
<i>Of which households</i>	43,922		43,922
<i>Of which corporates</i>	109,584	310	109,894
Bonds and other interest-bearing securities			
Shares	3		3
Assets where the customer bears the value change risk	9,145		9,145
Intangible assets	123		123
Property and equipment	407		407
Other assets	388		388
Total assets	191,606	310	191,916
Liabilities			
Due to credit institutions	679		679
Deposits and borrowing from the public	57,361		57,361
<i>Of which households</i>	20,297		20,297
<i>Of which corporates</i>	37,064		37,064
Liabilities where the customer bears the value change risk	9,145		9,145
Provisions	210		210
Other liabilities	1,543		1,543
Total liabilities	68,938		68,938

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

SEK m	Q3			Q2		Q3		Jan-Sep		Jan-Sep		Full year 2022
	2023	2023	Change	2022	Change	2023	2022	Change	2022	Change		
Net interest income	631	588	7%	911	-31%	1,749	2,289	-24%	3,434			
Net fee and commission income	103	106	-3%	260	-60%	309	858	-64%	1,096			
Net gains/losses on financial transactions	7	7	0%	-18		20	4	400%	-12			
Net insurance result	5	4	25%	3	67%	14	8	75%	13			
Other income	0	0	0%	28	-100%	0	46	-100%	68			
Total income	743	707	5%	1,185	-37%	2,091	3,206	-35%	4,600			
Staff costs	-189	-175	8%	-613	-69%	-577	-1,313	-56%	-1,681			
Other expenses	-103	-108	-5%	-353	-71%	-332	-1,111	-70%	-1,543			
Depreciation, amortisation and impairments of property, equipment and intangible assets				0			-2		-2			
Total expenses	-292	-283	3%	-966	-70%	-909	-2,426	-63%	-3,226			
Net credit losses	17	-1		-20		32	54	-41%	29			
Gains/losses on disposal of property, equipment and intangible assets	0	-1		2	-100%	-1	2		2			
Risk tax and resolution fee	-25	-18	39%	-41	-39%	-73	-123	-41%	-160			
Profit for the period attributable to Denmark and Finland before tax	444	404	10%	160	178%	1,140	714	60%	1,245			
Tax	-64	-58	10%	5		-157	-169	-7%	-617			
Profit for the period attributable to Denmark and Finland after tax	379	348	9%	165	130%	983	545	80%	629			
Other expenses pertaining to discontinued operations*	-15	-22	-32%			-68			-27			
Taxes	3	5	-40%			14			6			
Profit for the period incl. Other expenses pertaining to discontinued operations, after tax	368	329	12%	165	123%	929	545	70%	608			
Gains/losses on disposal of disposal groups in discontinued operations												
Capital gain before tax									235			
Taxes									-561			
Capital gain after tax									-326			
Profit for the period pertaining to discontinued operations, after tax	368	329	12%	165	123%	929	545	70%	280			
Material internal transactions with continuing operations, which are eliminated in the income statement above**:												
Total income	27	25		-108		75	56		-287			
Total expenses	-29	-26		-55		-77	-173		-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	Q3 2023	Q2 2023	Change	Q3 2022	Change	Jan-Sep 2023	Jan-Sep 2022	Change	Full year 2022
Net interest income				495			1,313		1,712
Net fee and commission income				168			558		701
Net gains/losses on financial transactions				-27			-23		-49
Net insurance result				0			1		1
Other income				26			29		49
Total income				662			1,878		2,413
Staff costs				-468			-886		-1,035
Other expenses equipment and intangible assets				-203			-492		-768
Total expenses				-671			-1,378		-1,803
Net credit losses				-19			44		38
Gains/losses on disposal of property, equipment and intangible assets				2			2		2
Risk tax and resolution fee				-16			-47		-58
Profit for the period attributable to Denmark before tax				-42			499		593
Tax				33			-76		-57
Profit for the period attributable to Denmark after tax				-9			423		536
Gains/losses on disposal of property, equipment and intangible assets									
Capital gain before tax									235
Taxes									-561
Capital gain after tax									-326
Profit for the period pertaining to discontinued operations, after tax				-9			423		210
Material internal transactions with continuing operations, which are eliminated in the income statement above*:									
Total income				-64			-109		-177
Total expenses				-22			-69		-89

Income, expenses and profits, discontinued operations in Finland

SEK m	Q3			Q2		Q3		Jan-Sep			Full year 2022
	2023	2023	Change	2022	Change	2023	2022	Change	2023	2022	
Net interest income	631	588	7%	417	51%	1,749	976	79%	1,722		
Net fee and commission income	103	106	-3%	92	12%	309	300	3%	396		
Net gains/losses on financial transactions	7	7	0%	9	-22%	20	27	-26%	37		
Net insurance result	5	4	25%	3	67%	14	7	100%	12		
Other income	0	0	0%	3	-100%	0	18	-100%	19		
Total income	743	707	5%	523	42%	2,091	1,329	57%	2,186		
Staff costs	-189	-175	8%	-146	29%	-577	-427	35%	-647		
Other expenses	-103	-108	-5%	-149	-31%	-332	-618	-46%	-775		
Depreciation, amortisation and impairments of property, equipment and intangible assets				0			-2		-2		
Total expenses	-292	-283	3%	-295	-1%	-909	-1,048	-13%	-1,423		
Net credit losses	17	-1		-1		32	10	220%	-10		
Gains/losses on disposal of property, equipment and intangible assets	0	-1		0		-1	0		0		
Risk tax and resolution fee	-25	-18	39%	-25	0%	-73	-76	-4%	-102		
Profit for the period attributable to Finland before tax	444	404	10%	202	120%	1,140	215	430%	652		
Tax	-64	-58	10%	-28	129%	-157	-93	69%	-560		
Profit for the period attributable to Finland after tax	379	348	9%	174	118%	983	122		91		

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

Total income	27	25		-44		75	165		-110
Total expenses	-29	-26		-32		-77	-103		-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	Q3			Q2		Q3		Jan-Sep			Full year 2022
	2023	2023	Change	2022	Change	2023	2022	Change	2023	2022	
Brokerage and other securities commissions				11			34		41		
Mutual funds				37			119		147		
Custody and other asset management fees				37			124		148		
Advisory services				4			19		22		
Insurance				6			24		22		
Payments				46			127		205		
Loans and deposits				13			46		55		
Guarantees				16			55		65		
Other				16			54		64		
Total fee and commission income				186			602		768		

Fee and commission income, discontinued operations in Finland

SEK m	Q3			Q2		Q3		Jan-Sep			Full year 2022
	2023	2023	Change	2022	Change	2023	2022	Change	2023	2022	
Brokerage and other securities commissions	3	2	50%	1	200%	7	6	17%	8		
Mutual funds	2	2	0%	2	0%	6	6	0%	8		
Custody and other asset management fees	10	11	-9%	9	11%	31	33	-6%	44		
Advisory services											
Insurance	20	19	5%	21	-5%	58	64	-9%	84		
Payments	55	54	2%	45	22%	163	153	7%	203		
Loans and deposits	21	22	-5%	19	11%	65	57	14%	79		
Guarantees	5	5	0%	5	0%	15	15	0%	20		
Other	2	3	-33%	3	-33%	8	10	-20%	13		
Total fee and commission income	118	118	0%	105	12%	352	344	2%	458		

Cash flows, discontinued operations

SEK m	Jan-Sep 2023	Jan-Sep 2022	Full year 2022
Cash flow from operating activities	2,287	-110,242	-123,159
Cash flow from investing activities	-8	-17	-11
Cash flow from financing activities		-3,494	
Cash flow for the period from discontinued operations	2,279	-113,753	-123,171

The operations in Denmark were sold during the fourth quarter of 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 Derivatives

mkr	30 Sep 2023	30 Jun 2023	31 Mar 2023	31 Dec 2022	30 Sep 2022
Positive market values					
Trading	75,868	83,902	67,692	74,801	106,788
Fair value hedges	15,889	16,973	15,946	16,972	21,285
Cash flow hedges	31,308	36,933	28,765	25,600	38,298
Amounts offset	-77,453	-81,079	-72,903	-81,112	-84,395
Total	45,612	56,729	39,500	36,261	81,976
Negative market values					
Trading	65,677	69,463	67,329	78,199	75,024
Fair value hedges	28,198	28,853	24,935	27,349	27,077
Cash flow hedges	5,461	6,321	6,226	6,050	5,337
Amounts offset	-78,803	-82,330	-74,350	-82,558	-80,504
Total	20,533	22,307	24,140	29,040	26,934
Nominal value					
Trading	3,188,776	3,586,661	3,694,500	3,762,560	4,007,177
Fair value hedges	715,864	695,882	617,484	578,034	597,717
Cash flow hedges	497,359	526,301	517,162	562,999	592,710
Amounts offset	-2,830,826	-2,897,069	-2,797,234	-2,826,362	-2,827,030
Total	1,571,173	1,911,775	2,031,912	2,077,231	2,370,574

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 September 2023		Repurchase agreements, securities borrowing and similar agreements	
SEK m	Derivatives		Total
Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements			
Gross amount	123,065	39,704	162,769
Amounts offset	-77,453	-2,933	-80,386
Carrying amount on the balance sheet	45,612	36,771	82,383
Related amounts not offset on the balance sheet			
Financial instruments, netting arrangements	-5,640		-5,640
Financial assets received as collateral	-36,150	-36,770	-72,920
Total amounts not offset on the balance sheet	-41,790	-36,770	-78,560
Net amount	3,822	1	3,823
Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements			
Gross amount	99,336	15,117	114,453
Amounts offset	-78,803	-2,933	-81,736
Carrying amount on the balance sheet	20,533	12,184	32,717
Related amounts not offset on the balance sheet			
Financial instruments, netting arrangements	-5,640		-5,640
Financial assets pledged as collateral	-1,437	-12,184	-13,621
Total amounts not offset on the balance sheet	-7,077	-12,184	-19,261
Net amount	13,456		13,456

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

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 10,351m (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 11,701m (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-Sep 2023	Jan-Sep 2022	Full year 2022	Jan-Sep 2023	Jan-Sep 2022	Full year 2022	Jan-Sep 2023	Jan-Sep 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				664	423	703	664	423	703
Reclassified as assets held for sale									
The period's amortisation				-563	-491	-661	-563	-491	-661
The period's impairments					-17	-21		-17	-21
Foreign exchange effect	-7	9	41	34	23	38	27	32	79
Closing residual value	4,390	4,366	4,397	4,140	3,883	4,005	8,530	8,249	8,402

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

SEK m	30 Sep 2023	30 Jun 2023	31 Mar 2023	31 Dec 2022	30 Sep 2022
Due to credit institutions	135,502	143,863	97,306	81,693	120,251
<i>of which repos</i>	<i>419</i>	<i>619</i>	<i>13</i>		
Deposits and borrowing from the public	1,369,077	1,433,843	1,435,563	1,318,925	1,459,240
<i>of which repos</i>	<i>199</i>	<i>2,255</i>	<i>926</i>	<i>4</i>	<i>12,182</i>

Note 15 Issued securities

SEK m	Jan-Sep 2023	Jan-Sep 2022	Full year 2022
Issued securities at beginning of year	1,474,801	1,353,768	1,353,768
Issued	941,037	838,189	1,064,019
Repurchased	-64,691	-37,731	-57,759
Matured	-832,022	-730,728	-926,079
Foreign exchange effect etc.	37,471	77,530	40,852
Issued securities at end of period	1,556,596	1,501,028	1,474,801

Note 16 Pledged assets and contingent liabilities

SEK m	30 Sep 2023	30 Jun 2023	31 Mar 2023	31 Dec 2022	30 Sep 2022
Assets pledged for own debt	1,024,027	1,004,096	978,609	979,378	953,571
Other pledged assets	78,416	75,418	76,358	15,850	14,978
Contingent liabilities	60,241	63,568	60,467	60,975	67,456
Commitments	450,456	459,305	450,498	459,114	482,570

Note 17 Classification of financial assets and liabilities

30 September 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								
Assets								
Cash and balances with central banks					482,313	482,313	482,313	
Other loans to central banks					33,470	33,470	33,470	
Interest-bearing securities eligible as collateral with central banks	5,141	226,698				231,839	231,839	
Loans to other credit institutions					28,804	28,804	28,784	
Loans to the public					2,483,022	2,483,022	2,443,704	
Value change of interest-hedged item in portfolio hedge					-14,837	-14,837		
Bonds and other interest-bearing securities	24,807	23,455		13,222		61,484	61,484	
Shares	24,384			598		24,982	24,982	
Assets where the customer bears the value change risk	242,198				77	242,275	242,275	
Derivative instruments	18,290		27,321			45,612	45,612	
Other assets	46				23,983	24,028	24,028	
Total	314,866	250,152	27,321	13,821	3,036,831	3,642,991	3,618,491	
Investments in associates						642		
Non-financial assets						35,696		
Total assets						3,679,330		
Liabilities								
Due to credit institutions					136,476	136,476	136,556	
Deposits and borrowing from the public					1,423,096	1,423,096	1,422,002	
Liabilities where the customer bears the value change risk		242,372			77	242,449	242,449	
Issued securities	692				1,555,904	1,556,596	1,515,462	
Derivative instruments	9,957		10,576			20,533	20,533	
Short positions	12,558					12,558	12,558	
Other liabilities	37				19,024	19,062	19,062	
Subordinated liabilities					43,598	43,598	43,450	
Total	23,244	242,372	10,576		3,178,175	3,454,369	3,412,071	
Non-financial liabilities						21,214		
Total liabilities						3,475,583		

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

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 September 2023				
SEK m	Level 1	Level 2	Level 3	Total
Assets				
Interest-bearing securities eligible as collateral with central banks	231,248	591		231,839
Bonds and other interest-bearing securities	57,434	4,050		61,484
Shares	24,198	600	184	24,982
Assets where the customer bears the value change risk	240,425	1,229	544	242,198
Derivative instruments	53	45,551	8	45,612
Total	553,358	52,021	736	606,115
Liabilities				
Liabilities where the customer bears the value change risk	240,599	1,229	544	242,372
Issued securities		692		692
Derivative instruments	192	20,333	8	20,533
Short positions	12,246	312		12,558
Total	253,037	22,566	552	276,155

31 December 2022				
SEK m	Level 1	Level 2	Level 3	Total
Assets				
Interest-bearing securities eligible as collateral with central banks	132,778			132,778
Bonds and other interest-bearing securities	31,939	758		32,697
Shares	12,141	501	173	12,815
Assets where the customer bears the value change risk	220,766	747	525	222,038
Derivative instruments	49	36,173	39	36,261
Total	397,673	38,179	737	436,589
Liabilities				
Liabilities where the customer bears the value change risk	220,766	747	525	222,038
Issued securities		1,635		1,635
Derivative instruments	54	28,947	39	29,040
Short positions	1,858	81		1,939
Total	222,678	31,410	564	254,652

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. Bonds and other interest-bearing securities worth SEK 1.0bn were transferred from level 1 to level 2 during the period. During the period, commercial papers constituting assets for which the customer bears the value change risk worth SEK 0.1bn were transferred from level 1 to level 2. Thus liabilities for which the customer bears the value change risk worth SEK 0.1bn 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 September, an accrual effect of SEK 93m (124) was recognised under Net gains/losses on financial transactions. At the end of the period, non-recognised day 1 gains/losses totalled SEK 422m; at year-end 2022, the corresponding figure was SEK 447m.

Change in level 3 holdings

30 September 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
Carrying amount at beginning of year	173	39	-39	525	-525
Acquisitions					
Repurchases/sales					
Matured during the period					
The period's value change realised in the income statement					
Unrealised value change in income statement	11	4	-4	19	-19
Unrealised value change in other comprehensive income					
Changes in the methodology					
Transfer from level 1 or 2					
Transfer to level 1 or 2		-35	35		
Carrying amount at end of period	184	8	-8	544	-544

31 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
Carrying amount at beginning of year	639	43	-43	484	-484
Acquisitions		34	-39		
Repurchases/sales	-472	-43	41		
Matured during the period					
The period's value change realised in the income statement					
Unrealised value change in income statement	6	-32	39	41	-41
Unrealised value change in other comprehensive income					
Changes in the methodology					
Transfer from level 1 or 2		29	-29		
Transfer to level 1 or 2		8	-8		
Carrying amount at end of period	173	39	-39	525	-525

Note 19 Assets and liabilities by currency

30 September 2023								Other	
SEK m	SEK	EUR	NOK	DKK	GBP	USD	currencies	Total	
Assets									
Cash and balances with central banks	29,559	139,982	6,073	0	108,632	197,998	69	482,313	
Other loans to central banks		30,679	1,544		1,248		0	33,470	
Loans to other credit institutions	698	2,543	19,011	1	709	5,481	360	28,803	
Loans to the public	1,590,174	301,838	322,349	4,650	249,429	12,541	2,040	2,483,022	
<i>of which corporates</i>	606,955	194,251	204,504	4,628	177,881	12,372	2,867	1,203,459	
<i>of which households</i>	981,219	107,587	117,844	22	71,548	169	1,173	1,279,563	
Interest-bearing securities eligible as collateral with central banks	213,362	7,646	604	1		10,227		231,839	
Bonds and other interest-bearing securities	45,178	579	15,183			544		61,484	
Other items not broken down by currency	358,398							358,398	
Total assets	2,237,370	483,266	364,764	4,652	360,017	226,790	2,470	3,679,330	
Liabilities									
Due to credit institutions	25,126	62,290	30,223	64	257	18,487	30	136,476	
Deposits and borrowing from the public	835,681	140,355	103,297	1,369	264,427	75,481	2,486	1,423,096	
<i>of which corporates</i>	347,222	108,148	69,120	1,182	194,871	71,679	1,704	793,926	
<i>of which households</i>	488,459	32,207	34,178	186	69,556	3,802	782	629,170	
Issued securities	534,430	390,294	27,784		35,032	546,034	23,022	1,556,596	
Subordinated liabilities	0	22,810			6,153	14,634	0	43,598	
Other items not broken down by currency, incl. equity	519,563							519,563	
Total liabilities and equity	1,914,800	615,749	161,304	1,433	305,869	654,636	25,538	3,679,330	
Other assets and liabilities broken down by currency (net)		132,380	-203,389	-3,210	-54,119	427,896	23,106		
Net foreign currency position		-103	72	9	29	51	37	94	

31 December 2022								Other	
SEK m	SEK	EUR	NOK	DKK	GBP	USD	currencies	Total	
Assets									
Cash and balances with central banks	100,413	136,928	8,962	0	99,872	129,674	34	475,882	
Other loans to central banks		31,364			1,256		0	32,620	
Loans to other credit institutions	480	3,709	2	1	903	3,894	424	9,415	
Loans to the public	1,586,449	292,228	324,563	9,901	242,246	11,704	2,233	2,469,324	
<i>of which corporates</i>	602,504	183,963	206,027	9,884	169,380	11,517	847	1,184,121	
<i>of which households</i>	983,946	108,265	118,537	17	72,867	187	1,385	1,285,204	
Interest-bearing securities eligible as collateral with central banks	117,546	5,483	36	1		9,712		132,778	
Bonds and other interest-bearing securities	22,353	1,472	8,352			519		32,697	
Other items not broken down by currency	301,000							301,000	
Total assets	2,128,242	471,184	341,916	9,902	344,277	155,503	2,691	3,453,716	
Liabilities									
Due to credit institutions	17,760	50,548	29	1,906	115	11,990	23	82,372	
Deposits and borrowing from the public	854,602	136,375	91,473	1,201	252,592	43,167	3,011	1,382,422	
<i>of which corporates</i>	370,568	103,155	58,072	1,110	179,920	39,354	2,184	754,362	
<i>of which households</i>	484,035	33,220	33,401	91	72,672	3,814	828	628,060	
Issued securities	511,251	342,123	25,828		39,407	536,118	20,076	1,474,801	
Subordinated liabilities	0	22,266			5,930	14,208	0	42,404	
Other items not broken down by currency, incl. equity	471,716							471,716	
Total liabilities and equity	1,855,329	551,311	117,330	3,107	298,044	605,483	23,110	3,453,716	
Other assets and liabilities broken down by currency (net)		80,111	-224,481	-6,819	-46,235	449,902	20,487		
Net foreign currency position		-16	105	-24	-2	-78	68	53	

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 September 2023	30 Sep	30 Jun	31 Mar	31 Dec	30 Sep
SEK m	2023	2023	2023	2022	2022
Available own funds					
Common equity tier 1 (CET1) capital	168,147	166,003	160,582	158,551	157,550
Tier 1 capital	184,438	182,123	176,038	174,134	174,119
Total capital	212,975	202,556	195,398	193,186	192,695
Risk-weighted exposure amounts					
Total risk-weighted exposure amount	868,888	837,505	827,075	810,144	829,860
Capital ratios (as a percentage of risk-weighted exposure amount)					
Common equity tier 1 ratio (%)	19.4%	19.8%	19.4%	19.6%	19.0%
Tier 1 ratio (%)	21.2%	21.7%	21.3%	21.5%	21.0%
Total capital ratio (%)	24.5%	24.2%	23.6%	23.8%	23.2%
Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)					
Additional own funds requirements to address risks other than the risk of excessive leverage (%)	2.0%	2.1%	2.1%	2.1%	2.1%
of which: to be made up of CET1 capital (percentage points)	1.3%	1.3%	1.3%	1.3%	1.3%
of which: to be made up of Tier 1 capital (percentage points)	1.5%	1.6%	1.6%	1.6%	1.6%
Total SREP own funds requirements (%)	10.0%	10.1%	10.1%	10.1%	10.1%
Combined buffer requirement (as a percentage of risk-weighted exposure amount)					
Capital conservation buffer (%)	2.5%	2.5%	2.5%	2.5%	2.5%
Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)					
Institution specific countercyclical capital buffer (%)	1.9%	1.7%	1.1%	1.0%	0.8%
Systemic risk buffer (%)	3.2%	3.2%	3.1%	3.2%	3.0%
Global Systemically Important Institution buffer (%)					
Other Systemically Important Institution buffer	1.0%	1.0%	1.0%	1.0%	1.0%
Combined buffer requirement (%)	8.6%	8.4%	7.7%	7.7%	7.3%
Overall capital requirements (%)	18.5%	18.4%	17.8%	17.8%	17.4%
CET1 available after meeting the total SREP own funds requirements (%)	13.6%	14.0%	13.6%	13.7%	13.2%
Leverage ratio					
Leverage ratio total exposure measure	3,543,920	3,602,883	3,453,723	3,341,332	3,604,416
Leverage ratio	5.2%	5.1%	5.1%	5.2%	4.8%
Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)					
Additional own funds requirements to address the risk of excessive leverage (%)					
of which: to be made up of CET1 capital (percentage points)					
Total SREP leverage ratio requirements (%)	3.0%	3.0%	3.0%	3.0%	3.0%
Liquidity coverage ratio (LCR)*					
Total high-quality liquid assets (HQLA) (Weighted value-average)	883,232	889,405	889,352	885,096	860,570
Cash outflows - Total weighted value	633,045	652,947	660,672	645,218	634,114
Cash inflows - Total weighted value	92,214	91,583	88,477	83,191	73,621
Total net cash outflows (adjusted value)	540,831	561,364	572,195	562,027	560,493
Liquidity coverage ratio	164%	159%	156%	159%	154%
Net stable funding ratio (NSFR)					
Total available stable funding	2,140,123	2,165,163	2,052,855	2,036,932	2,138,889
Total required stable funding	1,826,421	1,827,178	1,785,899	1,793,937	1,845,855
NSFR ratio	117%	118%	115%	114%	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 Sep 2023	30 Jun 2023	30 Sep 2023	30 Jun 2023
Credit risk (excluding CCR)	759,840	731,734	60,787	58,539
Of which standardised approach	196,256	194,182	15,700	15,535
Of which foundation IRB (FIRB) approach	58,645	58,807	4,692	4,705
Of which slotting approach				
Of which equities under simple risk-weighted approach	2,236	2,240	179	179
Of which advanced IRB (AIRB) approach	287,385	277,177	22,991	22,174
Of which risk weight floors	215,318	199,328	17,225	15,946
Counterparty credit risk - CCR	10,736	10,311	859	825
Of which standardised approach	7,654	7,427	612	594
Of which internal model method (IMM)				
Of which exposures to a CCP	160	166	13	13
Of which credit valuation adjustment - CVA	2,127	1,982	170	159
Of which other CCR	795	736	64	59
Settlement risk				
Securitisation exposures in the non-trading book (after the cap)				
Of which SEC-IRBA approach				
Of which SEC-ERBA (including IAA)				
Of which SEC-SA approach				
Of which 1,250%/ deduction				
Position, foreign exchange and commodities risks (market risk)	23,096	20,245	1,848	1,620
Of which standardised approach	23,096	20,245	1,848	1,620
Of which IMA				
Large exposures				
Operational risk	75,216	75,216	6,017	6,017
Of which basic indicator approach				
Of which standardised approach	75,216	75,216	6,017	6,017
Of which advanced measurement approach				
Amounts below the thresholds for deduction (subject to 250% risk weight)				
Total	868,888	837,505	69,511	67,000

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 types for corporate exposures in the parent company, and in the subsidiaries Stadshypotek AB and Handelsbanken Finans AB. Exposures in Handelsbanken Plc and Ecster AB 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 the parent company (excluding the Netherlands), as well as in the subsidiaries Stadshypotek AB and Handelsbanken Finans AB. The IRB approach with own estimates of LGD and CCF is also applied to retail exposures in the parent company in Sweden, Norway and Finland, and in the subsidiary Stadshypotek AB. Risk weight floors are applied in Sweden and Norway for mortgage loans and corporate exposures secured by real estate.

At the end of the quarter, the IRB approach was applied to 74% of the total risk-weighted exposure amount for credit risk, including the effect of the risk weight floor. For the remaining credit risk exposures,

the capital requirements are calculated using the standardised approach.

Of Handelsbanken's corporate exposures, 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. The rise in geopolitical instability has heightened the risk of different types of cyberattack on critical infrastructure in society. 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 and amounted to SEK 825bn at 30 September 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

Market value, SEK m	30 Sep 2023	30 Jun 2023	31 Mar 2023	31 Dec 2022	30 Sep 2022
Level 1 assets	821,079	876,923	759,831	675,239	839,101
Cash and balances with central banks	512,134	539,119	484,816	505,339	639,308
Securities issued or guaranteed by sovereigns, central banks, MDBs and international organisations	225,592	263,339	226,416	135,491	139,826
Securities issued by municipalities and PSEs	1,997	421	329	447	449
Extremely high quality covered bonds	81,357	74,044	48,270	33,962	59,518
Level 2 assets	3,446	3,005	4,837	1,138	6,211
Level 2A assets	3,224	2,844	4,635	1,047	6,031
<i>Securities issued or guaranteed by sovereigns, central banks, municipalities and PSEs</i>	1,946	1,126	3,604	36	3,744
<i>High quality covered bonds</i>	1,278	1,718	1,031	1,011	2,286
<i>Corporate debt securities (lowest rating AA-)</i>					
Level 2B assets	222	161	202	91	183
<i>Asset-backed securities</i>					
<i>High quality covered bonds</i>					
<i>Corporate debt securities (rated A+ to BBB-)</i>	222	161	202	91	183
<i>Shares (major stock index)</i>					
Total liquid assets	824,526	879,928	764,668	676,377	845,312
<i>of which in SEK</i>	286,056	330,392	278,473	238,066	300,841
<i>of which in EUR</i>	176,389	192,609	158,679	175,456	207,204
<i>of which in USD</i>	202,637	200,591	190,849	138,867	158,275
<i>of which in other currencies</i>	159,444	156,336	136,667	123,988	178,992

30 September 2023					
Market value, SEK m	SEK	EUR	USD	Other	Total
Level 1 assets	285,747	175,944	202,097	157,291	821,079
Cash and balances with central banks	28,647	170,402	197,530	115,555	512,134
Securities issued or guaranteed by sovereigns, central banks, MDBs and international organisations	213,389	5,542	4,567	2,094	225,592
Securities issued by municipalities and PSEs	1,997				1,997
Extremely high quality covered bonds	41,715			39,642	81,357
Level 2 assets	308	445	541	2,152	3,446
Level 2A assets	304	227	541	2,152	3,224
<i>Securities issued or guaranteed by sovereigns, central banks, municipalities and PSEs</i>				1,946	1,946
<i>High quality covered bonds</i>	304	227	541	206	1,278
<i>Corporate debt securities (lowest rating AA-)</i>					
Level 2B assets	4	218			222
<i>Asset-backed securities</i>					
<i>High quality covered bonds</i>					
<i>Corporate debt securities (rated A+ to BBB-)</i>	4	218			222
<i>Shares (major stock index)</i>					
Total liquid assets	286,056	176,389	202,637	159,444	824,526

Maturities for financial assets and liabilities

30 September 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
Assets								
Cash and balances with central banks	515,783							515,783
Interest-bearing securities eligible as collateral with central banks *	231,839							231,839
Bonds and other interest-bearing securities *	61,484							61,484
Loans to credit institutions	26,311	222	236	150	830	1,055		28,803
<i>of which reverse repos</i>	19,007							19,007
Loans to the public	78,617	324,130	201,596	210,702	454,059	1,213,918		2,483,022
<i>of which reverse repos</i>	18,549							18,549
Other **	44,975						313,423	358,398
<i>of which shares and participating interests</i>	24,982							24,982
<i>of which claims on investment banking settlements</i>	19,993							19,993
Total	959,009	324,352	201,832	210,853	454,888	1,214,973	313,423	3,679,329
Liabilities								
Due to credit institutions ***	61,395	63,964	34	329	101	515	10,138	136,476
<i>of which repos</i>	419							419
<i>of which deposits from central banks</i>	7,163	30,198						37,361
Deposits and borrowing from the public ***	119,224	166,364	39,297	8,665	2,236	159	1,087,151	1,423,096
<i>of which repos</i>	198							198
Issued securities	119,175	456,409	196,166	196,083	495,316	93,448		1,556,597
<i>of which covered bonds</i>		56,369		159,425	354,058	52,388		622,240
<i>of which bank certificates (CDs) with original maturity of less than one year</i>	59,238	162,390	34,999					256,627
<i>of which corporate certificates (CPs) with original maturity of less than one year</i>	59,937	210,465	112,517					382,919
<i>of which bank certificates (CDs) and corporate certificates (CPs) with original maturity above one year</i>		5,632	21,969	558				28,159
<i>of which Senior Non-Preferred Bonds</i>					37,054	25,372		62,426
<i>of which senior bonds and other securities with original maturity of more than one year</i>		21,554	26,681	31,970	104,204	15,688		200,097
Subordinated liabilities		13,432			16,734	13,432		43,598
Other **	22,345						497,218	519,563
<i>of which short positions</i>	12,558							12,558
<i>of which investment banking settlement debts</i>	9,787							9,787
Total	322,139	700,169	235,497	205,077	514,387	107,554	1,594,507	3,679,329

* 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)

Liquidity coverage ratio (LCR) - sub components	30 Sep	30 Jun	31 Mar	31 Dec	30 Sep
SEK m	2023	2023	2023	2022	2022
High quality liquidity assets	818,235	874,237	760,493	673,796	840,152
Cash outflows					
Retail deposits and deposits from small business customers	56,125	57,445	57,720	65,380	70,478
Unsecured wholesale funding	357,613	351,101	407,876	293,008	415,380
Secured wholesale funding	3,169	8,476	7,330	7,351	14,003
Other cash outflows	115,567	112,288	115,562	124,709	78,856
Total cash outflows	532,474	529,310	588,488	490,448	578,717
Cash inflows					
Inflows from fully performing exposures	37,989	26,458	27,603	27,209	28,025
Other cash inflows	41,511	37,658	56,694	50,293	31,494
Total cash inflows	79,500	64,116	84,297	77,502	59,519
Liquidity coverage ratio (LCR)	181%	188%	151%	163%	162%

Net stable funding ratio (NSFR)

Net stable funding ratio (NSFR) - sub components	30 Sep	30 Jun	31 Mar	31 Dec	30 Sep
SEK m	2023	2023	2023	2022	2022
Available stable funding (ASF)					
Capital items and instruments	223,511	212,166	203,660	214,134	229,506
Retail deposits	720,534	735,085	715,995	724,112	749,894
Wholesale funding	1,189,378	1,211,435	1,127,120	1,092,732	1,152,859
Other liabilities	6,700	6,478	6,081	5,954	6,630
Total Available stable funding (ASF)	2,140,123	2,165,163	2,052,856	2,036,932	2,138,889
Required stable funding (RSF)					
Total high-quality liquid assets (HQLA)	11,597	9,932	8,768	4,918	8,759
Assets encumbered for more than 12 months in cover pool	530,545	493,384	452,064	483,554	454,427
Performing loans and securities	1,193,259	1,237,569	1,244,819	1,232,720	1,302,501
Other assets	67,793	62,996	57,342	48,935	55,797
Off-balance sheet items	23,228	23,296	22,905	23,811	24,371
Total Required stable funding (RSF)	1,826,421	1,827,178	1,785,898	1,793,938	1,845,855
Net stable funding ratio (NSFR)	117%	118%	115%	114%	116%

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 181%, 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 117%.

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 5-20% 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 September 2023		
SEK bn	NEA	Accumulated coverage ratio in % of unsecured funding*
Holdings with central banks and securities in the liquidity portfolio	825	80%
Mortgage loans	796	157%
Other household lending	153	172%
Property company lending lowest risk class (1-3)	277	199%
Other corporate lending lowest risk class (1-3)	119	211%
Loans to credit institutions lowest risk class (1-3)	4	211%
Other corporate lending	363	246%
Other assets	40	250%
Total non-encumbered assets (NEA)	2,577	250%
Encumbered assets without underlying liabilities**	77	
Encumbered assets with underlying liabilities	1,025	
Total assets, Group	3,679	

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

* 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 10-19.

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	Q3			Q2			Q3			Full year
	2023	2023	Change	2022	Change	Jan-Sep	Jan-Sep	Change	2022	
Net interest income	6,720	6,256	7%	4,995	35%	18,928	12,556	51%	18,230	
Dividends received	342	321	7%	176	94%	4,313	437		16,953	
Net fee and commission income	1,162	1,109	5%	1,246	-7%	3,420	3,915	-13%	5,167	
Net gains/losses on financial transactions	770	412	87%	145	431%	1,237	-532		820	
Other income	884	1,089	-19%	801	10%	2,874	2,428	18%	4,841	
Total income	9,877	9,187	8%	7,363	34%	30,771	18,804	64%	46,011	
Staff costs	-2,990	-2,853	5%	-3,193	-6%	-8,980	-8,920	1%	-11,990	
Other administrative expenses	-1,741	-1,806	-4%	-1,651	5%	-5,383	-5,257	2%	-7,415	
Depreciation, amortisation and impairment of property, equipment and intangible assets	-597	-603	-1%	-599	0%	-1,806	-1,799	0%	-2,459	
Total expenses before credit losses	-5,327	-5,263	1%	-5,442	-2%	-16,169	-15,975	1%	-21,864	
Profit before credit losses, risk tax and resolution fee	4,550	3,924	16%	1,921	137%	14,602	2,829	416%	24,148	
Net credit losses	176	-93		59	198%	94	10		-41	
Impairment of financial assets	-29	-98	-70%			-127	-25	408%	-2,305	
Risk tax and resolution fee	-463	-342	35%	-398	16%	-1,274	-1,064	20%	-1,331	
Operating profit	4,235	3,389	25%	1,582	168%	13,295	1,751		20,471	
Appropriations				19	-100%		20	-100%	-160	
Profit before tax	4,235	3,389	25%	1,600	165%	13,295	1,770		20,311	
Taxes	-1,019	-807	26%	-454	124%	-2,331	-552	322%	-4,856	
Profit for the period	3,215	2,584	24%	1,147	180%	10,964	1,219		15,455	

STATEMENT OF COMPREHENSIVE INCOME – PARENT COMPANY

SEK m	Q3			Q2			Q3			Full year
	2023	2023	Change	2022	Change	Jan-Sep	Jan-Sep	Change	2022	
Profit for the period	3,215	2,584	24%	1,147	180%	10,964	1,219		15,455	
Other comprehensive income										
Items that will not be reclassified to the income statement										
Instruments measured at fair value through other comprehensive income - equity instruments	-8	35		74		58	90		41	
Tax on items that will not be reclassified to income statement	1	-6		-15		-9	-16		-19	
<i>of which equity instruments measured at fair value through other comprehensive income</i>	1	-6		-15		-9	-16		-19	
Total items that will not be reclassified to the income statement	-7	29		59		49	74		22	
Items that may subsequently be reclassified to the income statement										
Cash flow hedges	-799	486		2,022		-471	4,342		3,411	
Instruments measured at fair value through other comprehensive income - debt instruments	18			-13		16	-86		-61	
Translation differences for the period	-325	927		133		-158	890		1,326	
<i>of which hedging net investment in foreign operations</i>				-19	-100%	5	-69		-83	
Tax on items that may subsequently be reclassified to the income statement	167	-276		-407		73	-868		-1,251	
<i>of which cash flow hedges</i>	165	-101		-416		97	-894		-703	
<i>of which debt instruments measured at fair value through other comprehensive income</i>	-3			3		-3	12		6	
<i>of which hedging net investment in foreign operations</i>				4	-100%	-1	14		17	
<i>of which tax on translation difference</i>	6	-172				-16			-572	
Total items that may subsequently be reclassified to the income statement	-939	1,140		1,735		-536	4,278		3,425	
Total other comprehensive income for the period	-946	1,169		1,791		-488	4,352		3,447	
Total comprehensive income for the period	2,269	3,753	-40%	2,938	-23%	10,476	5,571	88%	18,902	

Comment on results – Parent company January – September 2023 compared with January – September 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 of 2022. For further information on the divestment of the operations in Finland, refer to the introduction to Note 10.

The parent company's operating profit increased by SEK 11,544m to SEK 13,295m (1,751) compared with the previous year, mainly due to higher net gains/losses on financial transactions and higher dividends received. The SEK 1,769m increase in net gains/losses on financial transactions to SEK 1,237m (-532) is explained primarily 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 3,876m increase in dividends received to SEK 4,313m (437) is primarily attributable to the parent company receiving dividends of approximately SEK 3,400m from its subsidiary, Handelsbanken plc. Net interest income increased by 51% to SEK 18,928m (12,556), while net fee and commission income decreased by 13% to SEK 3,420m (3,915). Profit for the period increased by SEK 9,745m to SEK 10,964m (1,219). Since year-end 2022, the parent company's equity has decreased to SEK 148,832m (153,887).

BALANCE SHEET – PARENT COMPANY

SEK m	30 Sep 2023	30 Jun 2023	31 Mar 2023	31 Dec 2022	30 Sep 2022
Assets					
Cash and balances with central banks	373,681	398,811	349,209	376,010	496,932
Interest-bearing securities eligible as collateral with central banks	231,839	265,238	233,751	132,778	130,097
Loans to credit institutions	1,057,541	1,098,040	1,082,040	1,025,664	1,105,903
Loans to the public	630,946	633,301	624,712	637,721	678,884
Value change of interest hedged item in portfolio hedge	-14,836	-16,042	-15,035	-16,611	-20,923
Bonds and other interest-bearing securities	63,846	59,185	45,177	33,339	46,795
Shares	18,955	16,206	15,103	7,112	14,312
Shares in subsidiaries and investments in associates	70,591	70,855	70,625	70,483	72,770
Assets where the customer bears the value change risk	2,475	2,475	2,344	2,387	7,546
Derivative instruments	62,065	73,212	53,928	52,360	97,421
Intangible assets	3,180	3,196	3,168	3,144	3,046
Property, equipment and leasing assets	6,532	6,480	6,287	6,530	6,710
Current tax assets	1,140	1,055	1,186	30	2,965
Deferred tax assets	662	648	651	617	664
Other assets	22,546	8,025	28,283	30,166	5,457
Prepaid expenses and accrued income	1,503	1,702	2,010	1,159	1,437
Total assets	2,532,668	2,622,388	2,503,439	2,362,889	2,650,016
Liabilities and equity					
Due to credit institutions	232,856	245,534	196,634	169,617	201,904
Deposits and borrowing from the public	1,176,047	1,236,513	1,247,521	1,137,272	1,344,912
Liabilities where the customer bears the value change risk	2,475	2,475	2,344	2,387	7,546
Issued securities	868,137	892,268	810,790	806,013	849,526
Derivative instruments	29,794	34,406	32,847	36,985	33,793
Short positions	12,558	13,459	11,544	1,939	10,990
Current tax liabilities					
Deferred tax liabilities	1,175	1,324	1,190	1,193	1,122
Provisions	606	623	617	646	997
Other liabilities	12,995	11,817	19,497	6,779	9,413
Accrued expenses and deferred income	2,728	1,764	3,316	2,901	3,567
Subordinated liabilities	43,598	35,085	33,771	42,404	45,058
Total liabilities	2,382,968	2,475,267	2,360,071	2,208,135	2,508,826
Untaxed reserves	867	867	867	867	687
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	10,791	11,740	10,525	11,196	11,987
Retained earnings	115,251	114,938	114,983	115,409	115,471
Profit for the period	10,964	7,749	5,165	15,455	1,219
Total equity	148,832	146,253	142,501	153,887	140,503
Total liabilities and equity	2,532,668	2,622,388	2,503,439	2,362,889	2,650,016

CHANGE IN EQUITY – PARENT COMPANY

January - September 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 *		
Opening equity 2023	3,069	2,682	3,010	8,758	3,531	126	1,847	130,864	153,887
Profit for the period								10,964	10,964
Other comprehensive income					-374	61	-175		-488
<i>of which reclassified within equity</i>							310		310
Total comprehensive income for the period					-374	61	-175	10,964	10,476
Reclassified to retained earnings								310	310
Dividend								-15,840	-15,840
Fund for internally developed software			83					-83	
Closing equity	3,069	2,682	3,093	8,758	3,158	188	1,671	126,214	148,832

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

January - September 2022 SEK m	Restricted equity			Unrestricted equity				Retained earnings incl. profit for the year	Total
	Share capital	Statutory reserve	Fund for internally developed software	Share premium	Hedge reserve *	Fair value reserve *	Translation reserve *		
Opening equity 2022	3,069	2,682	2,913	8,758	823	158	1,075	124,742	144,220
Profit for the period								1,219	1,219
Other comprehensive income					3,448	0	904		4,352
<i>of which reclassified within equity</i>							-612		-612
Total comprehensive income for the period					3,448	0	904	1,219	5,571
Reclassified to retained earnings								612	612
Dividend								-9,900	-9,900
Fund for internally developed software			-16					16	
Closing equity	3,069	2,682	2,895	8,758	4,270	159	1,981	116,690	140,503

* Included in fair value fund.

CONDENSED STATEMENT OF CASH FLOWS – PARENT COMPANY

SEK m	Jan-Sep 2023	Jan-Sep 2022	Full year 2022
Operating profit	13,295	1,751	20,471
Adjustment from Operating profit to investment activities			-124
Adjustment for non-cash items in profit/loss	1,870	2,667	-13,583
Paid income tax	-3,418	-3,777	-4,842
Changes in the assets and liabilities of operating activities	-24,994	108,995	1,447
Cash flow from operating activities	-13,246	109,636	3,370
Disposal of operations and subsidiaries			-3,891
Change in shares	-53	-173	-83
Change in property and equipment	-1,343	-1,037	-1,358
Change in intangible assets	-496	-336	-575
Cash flow from investing activities	-1,892	-1,547	-5,907
Repayment of subordinated loans	-8,351		-3,000
Issued subordinated loans	8,635	11,528	11,845
Dividend paid	-15,840	-9,900	-9,900
Received Group contributions	16,249	16,685	16,685
Cash flow from financing activities	692	18,313	15,630
Liquid funds at beginning of the period*	376,010	338,768	338,768
Cash flow for the period	-14,446	126,402	13,093
Exchange rate difference on liquid funds	12,117	31,763	24,149
Liquid funds at end of the period*	373,681	496,932	376,010

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

OWN FUNDS AND CAPITAL REQUIREMENTS – PARENT COMPANY

Key metrics

30 September 2023 SEK m	30 Sep 2023	30 Jun 2023	31 Mar 2023	31 Dec 2022	30 Sep 2022
Available own funds					
Common equity tier 1 (CET1) capital	135,100	133,640	131,789	130,069	130,995
Tier 1 capital	151,391	149,759	147,244	145,652	147,564
Total capital	179,928	170,192	166,604	164,704	166,140
Risk-weighted exposure amounts					
Total risk-weighted exposure amount	463,350	447,494	449,408	442,406	460,099
Capital ratios (as a percentage of risk-weighted exposure amount)					
Common equity tier 1 ratio (%)	29.2%	29.9%	29.3%	29.4%	28.5%
Tier 1 ratio (%)	32.7%	33.5%	32.8%	32.9%	32.1%
Total capital ratio (%)	38.8%	38.0%	37.1%	37.2%	36.1%
Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)					
Additional own funds requirements to address risks other than the risk of excessive leverage (%)	1.2%	1.7%	1.7%	1.7%	1.7%
of which: to be made up of CET1 capital (percentage points)	0.7%	1.0%	1.0%	1.0%	1.0%
of which: to be made up of Tier 1 capital (percentage points)	0.9%	1.3%	1.3%	1.3%	1.3%
Total SREP own funds requirements (%)	9.2%	9.7%	9.7%	9.7%	9.7%
Combined buffer requirement (as a percentage of risk-weighted exposure amount)					
Capital conservation buffer (%)	2.5%	2.5%	2.5%	2.5%	2.5%
Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)					
Institution specific countercyclical capital buffer (%)	1.8%	1.7%	1.1%	1.0%	0.8%
Systemic risk buffer (%)	0.0%	0.0%	0.0%	0.0%	0.0%
Global Systemically Important Institution buffer (%)					
Other Systemically Important Institution buffer	0.0%	0.0%	0.0%	0.0%	0.0%
Combined buffer requirement (%)	4.3%	4.2%	3.6%	3.5%	3.3%
Overall capital requirements (%)	13.6%	13.9%	13.3%	13.2%	13.0%
CET1 available after meeting the total SREP own funds requirements (%)	23.9%	24.3%	23.8%	23.9%	26.4%
Leverage ratio					
Leverage ratio total exposure measure	1,760,618	1,812,374	1,687,857	1,575,111	1,806,127
Leverage ratio	8.6%	8.3%	8.7%	9.2%	8.2%
Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)					
Additional own funds requirements to address the risk of excessive leverage (%)					
of which: to be made up of CET1 capital (percentage points)					
Total SREP leverage ratio requirements (%)	3.0%	3.0%	3.0%	3.0%	3.0%
Liquidity coverage ratio (LCR)*					
Total high-quality liquid assets (HQLA) (Weighted value-average)	781,574	787,647	787,825	785,155	762,242
Cash outflows - Total weighted value	607,454	622,915	636,476	628,587	622,625
Cash inflows - Total weighted value	178,459	170,646	169,290	156,413	136,185
Total net cash outflows (adjusted value)	428,995	452,269	467,186	472,174	486,440
Liquidity coverage ratio	184%	176%	171%	170%	158%
Net stable funding ratio (NSFR)					
Total available stable funding	1,349,621	1,372,825	1,321,153	1,306,873	1,392,059
Total required stable funding	1,192,901	1,204,214	1,219,697	1,236,689	1,295,231
NSFR ratio	113%	114%	108%	106%	107%

* 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 Sep 2023	30 Jun 2023	30 Sep 2023	30 Jun 2023
Credit risk (excluding CCR)	380,916	368,693	30,473	29,495
Of which standardised approach	150,525	148,409	12,042	11,873
Of which foundation IRB (FIRB) approach	51,509	50,093	4,121	4,007
Of which slotting approach				
Of which equities under simple risk-weighted approach	2,176	2,205	174	176
Of which advanced IRB (AIRB) approach	148,598	142,610	11,888	11,409
Of which risk weight floors	28,108	25,376	2,249	2,030
Counterparty credit risk - CCR	10,728	10,307	858	825
Of which standardised approach	7,646	7,423	612	594
Of which internal model method (IMM)				
Of which exposures to a CCP	160	166	13	13
Of which credit valuation adjustment - CVA	2,127	1,982	170	159
Of which other CCR	795	736	64	59
Settlement risk				
Securitisation exposures in the non-trading book (after the cap)				
Of which SEC-IRBA approach				
Of which SEC-ERBA (including IAA)				
Of which SEC-SA approach				
Of which 1,250%/ deduction				
Position, foreign exchange and commodities risks (market risk)	32,137	28,925	2,571	2,314
Of which standardised approach	32,137	28,925	2,571	2,314
Of which IMA				
Large exposures				
Operational risk	39,569	39,569	3,166	3,166
Of which basic indicator approach				
Of which standardised approach	39,569	39,569	3,166	3,166
Of which advanced measurement approach				
Amounts below the thresholds for deduction (subject to 250% risk weight)				
Total	463,350	447,494	37,068	35,800

SUBMISSION OF REPORT

I hereby submit this report.

Stockholm, 18 October 2023

Carina Åkerström
President and Chief Executive Officer

Information regarding the press conference and telephone conference

An online press conference will be held on 18 October 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.

The year-end report for January – December 2023 will be published on 7 February 2024.

For further information, please contact:

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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 September 2023 and for the nine-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, 18 October 2023

PricewaterhouseCoopers AB
Johan Rippe
Authorised Public Accountant

Deloitte AB
Malin Lünig
Authorised Public Accountant

Share price performance and other information

The Swedish stock market (OMX Stockholm 30 index) went up by 5% during the first nine months of the year. The Stockholm stock exchange's bank index was also up 5%. Handelsbanken's class A shares closed at SEK 97.56, a decline of 7%. Including the distributed dividend of SEK 8.00 per share, the total return was +0.4%.

Over the last five years, the Swedish stock market (OMX Stockholm 30) has gone up by 30%, while the bank index (OMX Stockholm Banks PI) has gone up by 5%. During the same period, the price of Handelsbanken's class A share has declined by 13%.

SHARE PRICE PERFORMANCE PREVIOUS 5 YEARS

Index 100 = September 28, 2018



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