S&P Global
Ratings

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Svenska Handelsbanken AB

October 7, 2025

This report does not constitute a rating action.

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Ratings Score Snapshot

SACP: a+

Anchor	a-	
Business position	Strong	1
Capital and earnings	Strong	1
Risk position	Adequate	0
Funding	Adequate	0
Liquidity	Adequate	
CRA adjustment		0

Support: +1

ALAC support	1
GRE support	0
Group support	0
Sovereign support	0

Additional factors: 0

Issuer credit rating
AA-/Stable/A-1+
Resolution counterparty rating
AA-/--/A-1+

ALAC--Additional loss-absorbing capacity. CRA--Comparable ratings analysis. GRE--Government-related entity. ICR--Issuer credit rating. SACP--Stand-alone credit profile.

Credit Highlights

Overview

Key strengths	Key risks
Conservative strategy and stable business model, reflected in sound profitability and exceptional asset quality.	High concentration in the Nordic and U.K. real estate sectors.
Solid market position in household and corporate lending and deposits in Sweden.	High reliance on short-term wholesale funding.
Robust risk-adjusted capitalization.	Growth challenges at its U.K. subsidiary.

We expect Svenska Handelsbanken AB (Handelsbanken) will continue deliver robust earnings despite falling net interest income (NII). We forecast net operating income of Swedish krona (SEK) 22 billion-SEK24 billion (€2.0 billion-€2.2 billion) over 2025-2027, compared with SEK27.5 billion in 2024. While this is a decline from Handelsbanken's cyclical highs in 2023-2024, we anticipate that profitability will remain sound, with return on equity (ROE) of 11%-13% (11.9% in first-half 2025). Alongside stable fee and commission income, we expect minimal credit losses and Handelsbanken's strict cost focus will support the bottom line, translating into cost-to-income of 44%-46% (42.4% for the first two quarters of 2025).

We expect Handelsbanken to maintain strong capitalization and loss-absorbing capacity. We forecast the risk-adjusted capital (RAC) ratio will be 11.5%-12.5% over 2025-2027. This incorporates our anticipation of increased capital distribution as Handelsbanken steers its capitalization toward its targeted range of 100 basis points (bps)-300 bps above the regulatory common equity tier 1 (CET1) requirement (from 350 bps as of June 30, 2025) over the next two years. We also forecast that the bank will continue issuing subordinated debt instruments to meet its minimum requirement for own funds and eligible liabilities (MREL) and expect Handelsbanken to maintain an additional loss absorbing capacity (ALAC) ratio of 8%-9% of S&P Global Ratings risk-weighted assets (RWAs) over the next two years, comfortably above our 3% threshold.

Handelsbanken has a market-leading position in Swedish retail and property lending. As of first-half 2025, the bank generated close to 75% of pretax profits in Sweden where the bank holds market shares of 19.7% in lending and 18.5% in deposits. Remaining income is generated in its foreign home markets: The U.K., Norway, and the Netherlands, where the bank is more niched toward affluent private customers, property companies, and other owner-led companies. Handelsbanken has higher NII reliance compared with larger Nordic peers (78% of revenue in first-half 2025), which makes the bank’s revenue base more sensitive to falling interest rates, in our view. Key focus areas include growing its ancillary business in Sweden and strengthening its retail presence in Norway. Challenges also include returning to growth in the U.K. following several years of declining business volumes.

We expect Handelsbanken's asset quality will remain solid. Underpinned by prudent underwriting and a resilient customer base, we forecast that Handelsbanken's credit quality will outperform peers, resulting in minimal credit losses. While we remain mindful of uncertainty from elevated geopolitical risks, we expect lower interest rates and more optimistic growth prospects in Handelsbanken's home market should support a nonperforming assets ratio of 0.30%-0.40% over 2025-2027, compared to 0.35% as of the second quarter of 2025.

Handelsbanken's broad market access, particularly the domestic covered bond market, will ensure funding stability and mitigate its high share of short-term funding, in our view. Over the past several years, Handelsbanken has increased its deposit base, accounting for about 45% of total funding as of June 30, 2025, from pre-pandemic levels of 35%-40%. Still, this is somewhat lower than Nordic peers and reflective of Handelsbanken's broader funding profile, which includes extensive use of covered bond issuance (23% of funding base) but also a greater reliance on shorter-dated market funding, notably funding sourced via its U.S. commercial paper program that accounted for 19% of the funding base as of June 30, 2025.

While its reliance on shorter-dated funding weighs on our funding metrics, we think that this is well-mitigated by Handelsbanken's undisputed market access, strict cash-flow matching, and access to contingent liquidity, thanks to its large share of unencumbered assets eligible for the cover pool and repurchase agreements.

Outlook

The stable outlook reflects our expectation that Handelsbanken will maintain sound profitability and strong capitalization over the next two years, despite fading NII tailwinds and lingering macroeconomic challenges in its home markets. Owing to its resilient revenues, high operating efficiency, and financial flexibility, we think that Handelsbanken can absorb credit losses substantially beyond our base-case expectation--while keeping its RAC ratio comfortably above 10%. In addition, we anticipate that Handelsbanken will sustain an ALAC buffer of 7%-8% of S&P Global Ratings-RWAs, comfortably above our 3% threshold for a one-notch rating uplift.

Downside scenario

We could take a negative rating action if, contrary to our expectations, the operating environment in Handelsbanken's home markets deteriorates materially beyond our expectations, weakening the bank's asset quality, performance, or capitalization.

Upside scenario

We consider an upgrade unlikely, given that our ratings on the bank are now among the highest for rated commercial banks globally. We also do not see Handelsbanken as a positive outlier compared with these banks.

Key Metrics

Svenska Handelsbanken AB Key Ratios And Forecasts

	--Fiscal year ended March 31--				
(%)	2023a	2024a	2025f	2026f	2027f
Growth in operating revenue	26.5	0.2	(9.3)-(11.3)	0.6-0.8	4.3-5.3
Growth in customer loans	-1.2	0.2	0.9-1.1	2.7-3.3	2.7-3.3
Growth in total assets	2.4	0.0	0.2-0.3	1.4-1.7	1.8-2.2
Net interest income/average earning assets (NIM)	1.9	1.8	1.6-1.7	1.5-1.7	1.6-1.7
Cost to income ratio	37.2	40.4	44.0-46.2	44.5-46.8	43.3-45.6
Return on average common equity	14.5	13.2	10.9-12.1	11.7-13.0	12.2-13.4
Return on assets	0.9	0.8	0.6-0.8	0.6-0.7	0.6-0.8
New loan loss provisions/average customer loans	0.0	0.0	0.0-0.0	0.0-0.0	0.0-0.0
Gross nonperforming assets/customer loans	0.2	0.4	0.4-0.4	0.4-0.4	0.3-0.4
Net charge-offs/average customer loans	0.0	0.0	0.0-0.0	0.0-0.0	0.0-0.0
Risk-adjusted capital ratio	12.5	12.3	11.5-12.5	11.5-12.5	11.5-12.5

All figures are S&P Global Ratings-adjusted. a--Actual. e--Estimate. f--Forecast. NIM--Net interest margin.

Anchor: 'a-', Reflecting Blended Economic Risks In Core Markets And Industry Risk In Sweden

Under our bank criteria, we use our Banking Industry Country Risk Assessment's economic risk and industry risk scores to determine a bank's anchor. The anchor for Handelsbanken is 'a-', in line with the anchor used for banks based in Sweden. Given Handelsbanken's geographic footprint, our blended score is based on Handelsbanken's disclosed loan balances and reflects both the underlying risks to the bank and its available sources of revenues.

Our assessments for both economic and industry risk trends for its home markets of Sweden, the U.K., Norway, and the Netherlands remain stable.

Sluggish consumption and subdued housing activity led to tepid Swedish GDP growth of 0.5% in 2024. Interest rates have since continued to decline, easing financial conditions and alleviating debt-service burdens. We anticipate this, in addition to positive real wage growth and a more expansive fiscal policy, will drive economic growth of 1.3% in 2025 and 2.2%-2.5% in 2026-2027. At the same time, the economy is expected to remain wealthy, with strong public finances providing support if necessary.

The highly indebted private sector capably managed the impact of higher interest rates. As both living and financing cost pressures ease, we expect a firmer recovery will take root and will support a rebound in the housing market. Despite a temporary uptick in unemployment, to 8.4% in August, we anticipate that Swedish households' accumulated savings should help cushion the effects on spending and headline economic growth. The economic risk trend for banks operating in Sweden is stable.

The industry trend for Swedish banks is stable. This reflects the strong starting point relative to European peers in terms of efficiency, returns, and capitalization. While deposit-based funding has increased in importance, as interest rates decline, wholesale funding will likely prove to be an equally attractive funding source. Domestic wholesale funding markets will remain a vital funding source, although this reliance can pose a risk if markets are disrupted.

Business Position: Leading Domestic Franchise Based On A Longstanding Business Model

With total assets of SEK3.7 trillion (€328 billion) as of June, 30, 2025, Handelsbanken's business position reflects its scale and pricing power as the leader of Swedish retail and commercial banking, which has resulted in a track record of earnings stability and high operating efficiency. It also reflects our view of its longstanding strategy, based on a decentralized business model and a set of unique core principles; no bonuses; no budgets; no central marketing; and no targets for market share or sales.

Starting in 2020, Handelsbanken has taken strategic decisions to narrow its branch network in Sweden and the U.K. and reduce its geographic footprint by focusing on core markets. After divesting its Danish operations in 2022, the bank completed the sale of its retail, small and midsize enterprises, and insurance business in Finland in 2024. In our view, this has led to leaner operations, reduced regulatory complexity and long-term investment needs, but also lowered the bank's geographic diversification by assets and revenue compared with pan-Nordic and large European peers.

In first-half 2025, Handelsbanken generated close to three quarters of pre-tax profit in the domestic Swedish market, where the bank maintains significant shares in lending (19.7%) and deposits (18.5%) complemented by asset management operations which increased by 3% to SEK 1.184 billion (€106 billion) year on year. Handelsbanken generates its remaining income from international operations in the U.K., Norway, and the Netherlands, focusing on more affluent private customers, property companies, and other owner-led companies. As part of its strategic overhaul, Handelsbanken has taken steps to strengthen its retail side in Norway to complement its corporate offering. Declining business volumes and subdued economic growth prospects continue to present challenges for the bank's U.K. business.

Handelsbanken undertook several measures in 2024 to bring down costs and further enhance its already very strong internal efficiency. The efforts, including merging central functions of Handelsbanken Sweden into the group and reducing overlapping structures, resulted in an 8%

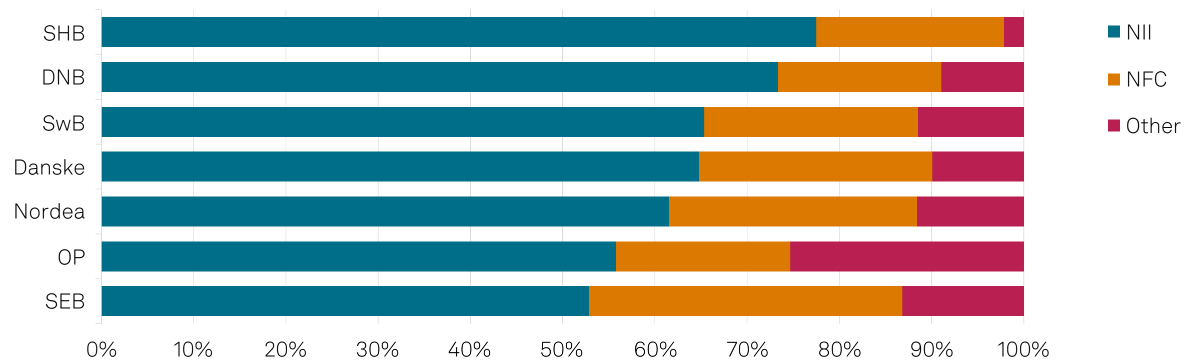
decline in its workforce (including external resources) and close to 7% reduction in operating expenses as of first-half 2025 compared to a year earlier. We expect Handelsbanken to prioritize strict cost control over the next two years and therefore forecast growth in operating expenses will be contained below a yearly average of 2% over 2025-2027. This translates into a solid, although increasing, cost-to-income ratio of 44%-46%, compared with 42.4% in first-half 2025.

We forecast Handelsbanken will continue to post robust earnings over the next two years, although lower than the extraordinary levels in 2023-2024. While Handelsbanken has emphasized its strategic ambition to increase ancillary business, the bank continues to have a higher NII reliance than large Nordic peers. With declining interest rates in its home markets, this could pressure earnings if muted lending demand persists.

Chart 1

Handelsbanken is more reliant on NII compared to Nordic peers

Revenue by source compared to Nordic peers



NII--Net interest margin. NFC--Net fees and commission. Source: S&P Global Ratings.

Capital And Earnings: Strong Capital Position Supported By Robust Earnings

We forecast that Handelsbanken will generate sound earnings, although at lower levels than the NII-led earnings peak over 2023-2024, supporting organic capital generation and an RAC ratio of 11.5%-12.5% over the next two years (12.3% in 2024).

We forecast annual net income of SEK22 billion-SEK24 billion (€2.0 billion-€2.2 billion) over 2025-2027, compared with SEK27.5 billion in 2024, with ROE of 11%-13% (11.9% in first-half 2025). This primarily reflects a declining net interest margin, which we anticipate will bottom out over the next six months. We also expect lower interest rates and recovering economies in Handelsbanken's home markets will support a gradual return to loan growth of about 1% in 2025 and approximately 3% in 2025-2027. This follows declining or flat loan volumes over the past two years that have been characterized by elevated customer amortizations and muted new lending.

We forecast stable net fee and commission income and rigorous cost control, with operating expenses being largely flat in 2025 and increased by less than 2% annually in 2026-2027, will partly mitigate the pressure on earnings.

We anticipate that the bank will continue to reduce its capital buffer above the 18.4% regulatory CET1 requirement toward its 100 bps-300 bps targeted range (350 bps as of June 30, 2025). We forecast dividend distribution of 120% of net income in 2025 and 70%-90% annually over 2026-2027. With hybrids accounting for less than 7% of the bank's total adjusted capital, we expect the quality of capital will remain adequate and in line with large Nordic peers.

Risk Position: Conservative Underwriting Principles Based On Collateral And Cash-flow Generation

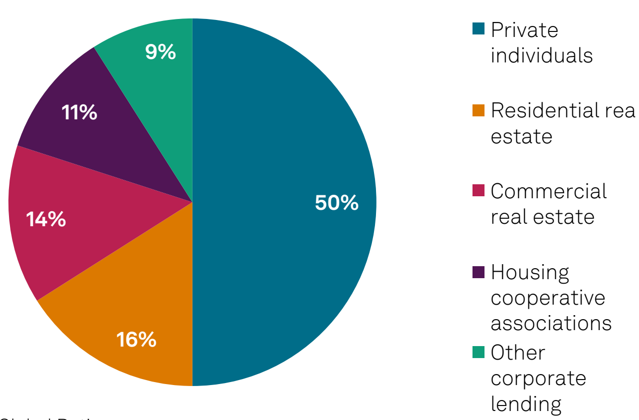
Handelsbanken's longstanding business model, based on strict underwriting principles and local proximity, has translated into an exceptional loan loss record. Given its focus toward retail mortgages and property management customers, Handelsbanken holds a higher share of collateralized lending (approximately 90% of total loans as of June 30, 2025) compared with Nordic peers. While this underpins the low-risk nature of its loan book, it also exposes the bank to adverse market conditions in the Nordic and U.K. real estate segments.

The SEK2.3 trillion (€206 billion) loan book is equally split between private individuals and corporate entities, with the latter predominantly comprising property management customers (30% of gross loans) and tenant-owner associations (11%). With close to 90% of retail mortgages and just over two thirds of total lending volumes in the domestic market, Handelsbanken is mainly exposed to Swedish trends and developments, but also has sizable corporate exposure in its other home markets, mainly the U.K. and Norway.

Chart 2

Handelsbanken's loan book is heavily skewed towards property lending

Share of lending in home markets, June 30, 2025

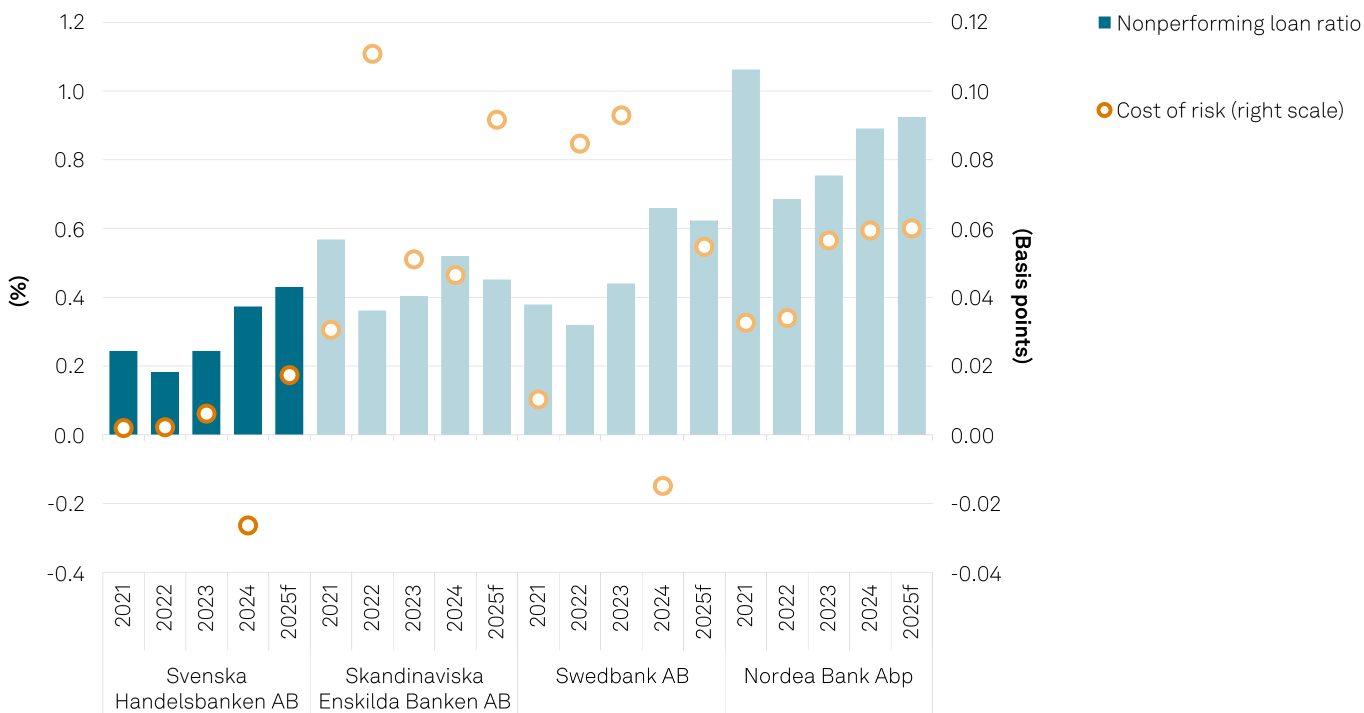


Source: S&P Global Ratings.

We expect Handelsbanken will demonstrate solid asset quality with nonperforming assets of 0.30%-0.40% over the next two years, compared with 0.35% as of first-half 2025. Although we remain mindful of challenging macroeconomic conditions and persistent geopolitical tensions, we expect a lower interest rate environment and more optimistic growth prospects in Handelsbanken's home markets should underpin credit quality. We consider downside risks, for example, driven by a deteriorating macroeconomic backdrop or property market turbulence, are mitigated by Handelsbanken's active portfolio management and focus on cash-flow generating commercial property and multifamily dwellings. The average loan-to-value for residential and commercial property lending stood at 48% and 46% respectively as of June 30, 2025.

Chart 3

Handelsbanken's asset quality compares favourably to that of peers



f--Forecast. Source: S&P Global Ratings.

Funding And Liquidity: Diversified Funding Profile And Proven Market Access Mitigate Extensive Use Of Short-Term Wholesale Funding

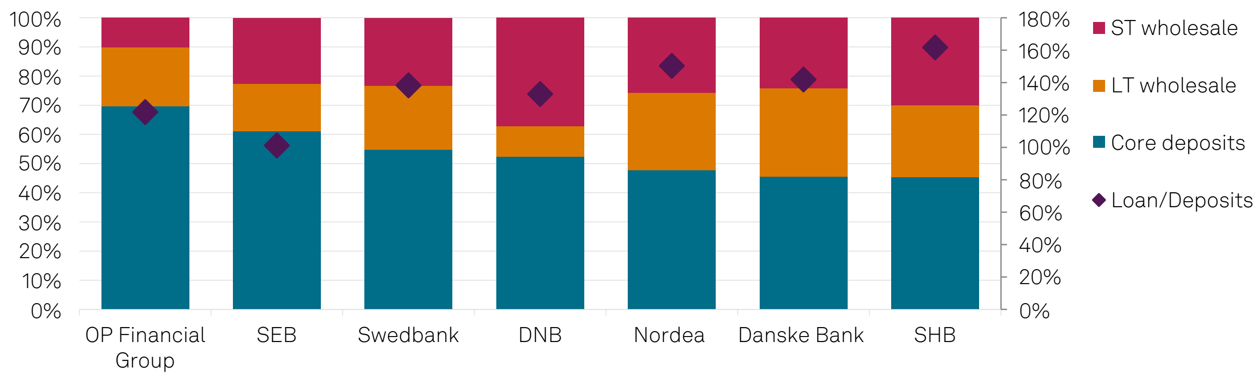
Our view of Handelsbanken's funding profile balances its diversified funding mix and undisputed access to the Swedish covered bond market as a benchmark issuer, with its comparatively greater use of shorter-dated wholesale funding. Although we see this as partly mitigated by the bank's cash-flow matching and structural pre-funding of longer-dated debt, this historically resulted in weaker S&P Global Ratings funding and liquidity metrics than Nordic peers.

As of June 30, 2025, core customer deposits accounts for 45% of Handelsbanken's funding base, of which 55% comprise corporate deposits and 45% from households with slightly more than a third covered under deposit guarantees (Sweden 48% and Norway 47% covered by deposit guarantee schemes). This is lower than levels of large Nordic peers (deposit funding over total funding averaging 55%) and results in a larger structural funding gap which is filled by the issuance of covered bonds (23% of the funding base), senior bonds (7%), and shorter-dated wholesale funding (19%) which is predominantly sourced via Handelsbanken's U.S. commercial paper and certificates programs.

Chart 4

Handelsbanken is more reliant on short-term funding than peers

Funding by source, June 30, 2025



ST--Short term. LT--Long term. Source: S&P Global Ratings.

Increasing liquidity amid muted loan growth has supported Handelsbanken's funding metrics. As of June 30, 2025, the stable funding ratio stood at 97.2% (compared with 96.9% as of end-2024) and our one-year liquidity metric (broad liquid assets to short-term wholesale funding) stood at 1.0x (from 0.96x). Handelsbanken also demonstrates stable regulatory ratios, with a regulatory liquidity coverage ratio of 201% and a net stable funding ratio of 122%, comfortably above the regulatory minimums.

As of June 30, 2025, the bank had a liquidity position of SEK896 billion (up from SEK777 billion as of end-2024), of which a large part consisted of cash and reserves at the central bank and government securities, which after haircuts represented 25.4% of total assets.

We expect Handelsbanken's funding and liquidity metrics to remain stable, despite potential deposit outflow and episodes of volatility in capital markets. This incorporates our expectation of a functioning domestic covered bond market, amid more stressful overall markets, and that Handelsbanken will maintain broad and diverse access to a variety of funding sources in international markets. In line with larger domestic peers, we also note Handelsbanken's vast contingent liquidity amounting to SEK2.4 trillion (€218 billion) as of June 30, 2025. This is mainly in the form of mortgages and other loans eligible as collateral for covered bonds and for central bank funding, which we do not incorporate in our liquidity metrics.

Support: One Notch Of Rating Uplift For ALAC

We incorporate one notch of ALAC uplift in the issuer credit ratings since we expect Handelsbanken to maintain a sufficient buffer of bail-inable debt instruments to meet its MREL.

To date, the bank has an outstanding stock of ALAC-eligible debt, consisting of senior nonpreferred notes and Tier 2 instruments equivalent of SEK115 billion (€10.3 billion). Hence, we estimate its ALAC buffer at 8.7% of our forecast RWAs as of end-2025, comfortably above our 3% threshold for a one-notch uplift.

Environmental, Social, And Governance

Environmental, social, and governance (ESG) factors are a neutral consideration in our credit rating analysis of Handelsbanken. This reflects our view that ESG considerations do not have a material bearing on the bank's creditworthiness.

Handelsbanken is committed to responsible and sustainable lending and financing and is involved in numerous initiatives and collaborations to promote the transition. In 2024, the volume of green and sustainability-linked loans increased by 39% to SEK267 billion (€23.3 billion or 12% of loan portfolio). Additionally, the bank has developed sustainable asset management strategies within fund offerings, with 96% of funds in Handelsbanken Fonder reported in the highest categories (articles 8 and 9) under the Sustainable Finance Disclosures Regulation.

Handelsbanken is mainly exposed to environmental risks via its lending and securities portfolios, although its bias for retail lending limits these transition risks to some extent. However, the bank's large exposure to real estate mortgages, extreme events, and the market's preference for energy-efficient housing could push down asset value and hurt credit quality.

In addition to its deep entrenchment in the local economy, Handelsbanken has not experienced any large-scale cases of misselling to retail clients. It strengthened its know-your-customer checks, financial crime control measures, and compliance processes following a 2015 finding from the Swedish regulator. Similarly, comments from the U.K. regulator on a Handelsbanken's branch in 2017 led to increased investment in compliance and financial crime control processes to ensure the bank upholds the strong reputation underpinning its brand value. We observe a strong track record of customer satisfaction in Handelsbanken's operations in the Nordics and the U.K.

Group Structure, Rated Subsidiaries, And Hybrids

Core subsidiaries: Stadshypotek AB and Handelsbanken PLC

We equalize our ratings on the core subsidiaries Stadshypotek AB (AA-/Stable/A-1+) and Handelsbanken PLC (AA-/Stable/A-1+) with those on Handelsbanken, in line with our group methodology.

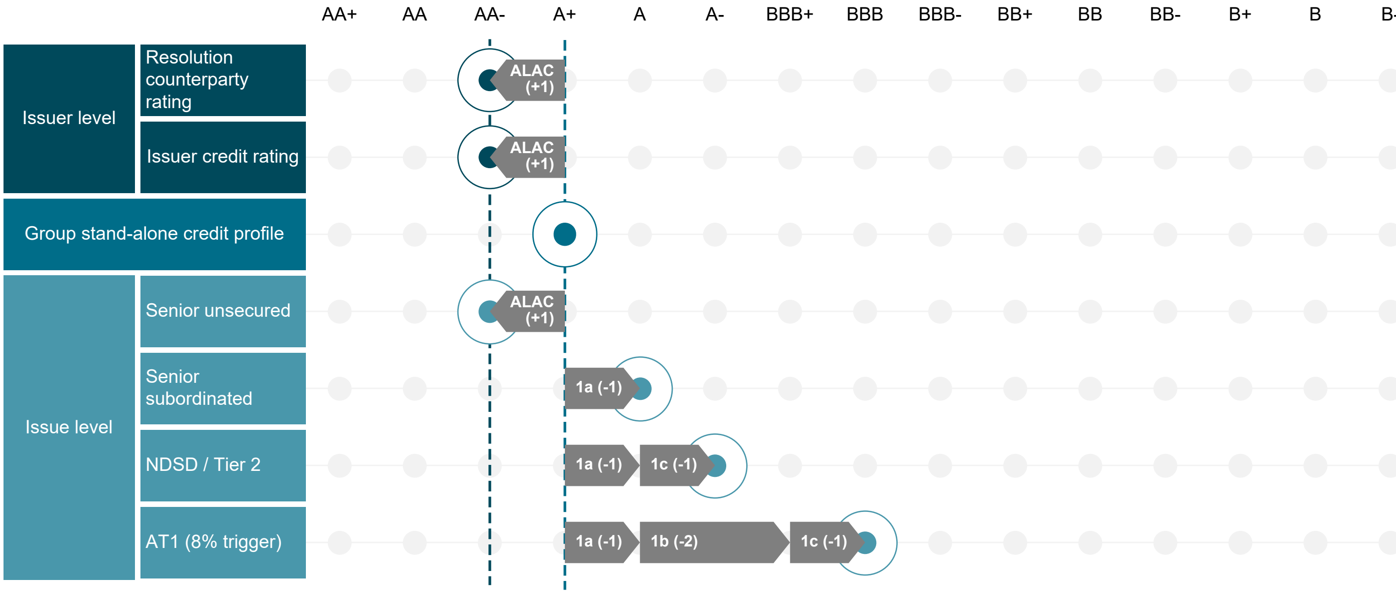
Stadshypotek is Handelsbanken's institute for qualifying Nordic mortgages and covered bond issuances. It is an integral part of the group and serves an important role in covered bond funding for Handelsbanken, underpinning our view of Stadshypotek's core status.

We think that U.K.-based Handelsbanken PLC remains an integral part of Handelsbanken's overall business strategy and therefore benefits from material ongoing and extraordinary support from senior group management at all times. This is underpinned by an ongoing funding agreement, a contingency funding agreement (provides short-term liquidity), and a letter of intent offering potential capital support. We therefore think that Handelsbanken PLC is closely linked to the group's reputation, brand, and risk management, bolstering its core group status.

With a deposit surplus and ample deposit margin, Handelsbanken PLC's profitability has improved markedly over the past two years. The bank has, at the same time, continued to struggle with declining loan volumes. While we continue to see potential for Handelsbanken PLC to expand its targeted niche base of affluent retail customers and property companies over time, we expect the saturated U.K. market to remain challenging(see "Handelsbanken PLC," Oct. 18, 2024).

Appendix

Svenska Handelsbanken AB: Notching



Key to notching

- - - Issuer credit rating
- - - Group stand-alone credit profile

ALAC	Additional loss-absorbing capacity buffer
1a	Contractual subordination
1b	Discretionary or mandatory nonpayment clause and whether the regulator classifies it as regulatory capital
1c	Mandatory contingent capital clause or equivalent

Note: The number-letter labels in the table above are in reference to the notching steps we apply to hybrid capital instruments, as detailed in table 2 of our “Hybrid Capital: Methodology And Assumptions” criteria, published on Feb. 10, 2025.
The nonoperating holding company (NOHC) issuer credit rating and senior unsecured debt ratings are notched from the group stand-alone credit profile (SACP) under our criteria. Since ALAC notching does not benefit NOHCs, for simplicity the diagram above is stylized to show the positioning of these ratings with reference to the group SACP.
AT1--Additional Tier 1. NDSD--Non-deferrable subordinated debt.

Key Statistics

Svenska Handelsbanken AB Key Figures

Mil. SEK	2025*	2024	2023	2022	2021
Adjusted assets	3,362,292	3,242,763	3,284,305	3,232,329	3,102,681
Customer loans (gross)	2,283,386	2,281,510	2,276,799	2,305,355	2,151,722
Adjusted common equity	144,588	150,621	151,508	152,117	145,293
Operating revenues	28,414	62,345	62,250	49,191	42,939
Noninterest expenses	12,043	25,209	23,182	21,047	19,774
Core earnings	12,902	29,392	30,197	22,424	18,696

*2025 data is for the 6 months to end-June. SEK--Swedish krona.

Svenska Handelsbanken AB Business Position

(%)	2025*	2024	2023	2022	2021
Loan market share in country of domicile	19.7	19.8	20	20.2	20.2
Deposit market share in country of domicile	18.5	18.9	19.1	19.3	19.2
Total revenues from business line (currency in millions)	28,418	62,592	63,479	50,554	44,056
Commercial & retail banking/total revenues from business line	77.5	74.8	75.0	72.4	66.7
Trading and sales income/total revenues from business line	1.6	5.0	4.2	2.2	3.9
Corporate finance/total revenues from business line	0.3	0.3	0.4	0.4	0.5
Brokerage/total revenues from business line	0.5	0.2	0.3	0.5	0.8
Insurance activities/total revenues from business line	1.4	1.2	1.1	1.6	1.8
Payments and settlements/total revenues from business line	3.1	2.9	2.8	3.4	3.4
Asset management/total revenues from business line	12.2	11.4	10.3	12.6	15.3
Other revenues/total revenues from business line	3.4	4.1	6.1	7.0	7.6
Investment banking/total revenues from business line	1.8	5.3	4.6	2.6	4.4
Return on average common equity	11.9	13.2	14.5	11.4	11.1

*2025 data is for the 6 months to end-June.

Svenska Handelsbanken AB Capital And Earnings

(%)	2025*	2024	2023	2022	2021
Tier 1 capital ratio	19.5	20.2	20.6	21.5	21.1
S&P Global Ratings' RAC ratio before diversification	N/A	12.3	12.5	12.2	12.4
S&P Global Ratings' RAC ratio after diversification	N/A	11.9	12.1	11.6	12.0
Adjusted common equity/total adjusted capital	93.9	93.2	91.0	90.7	91.5
Net interest income/operating revenues	77.6	75.1	76.4	74.4	68.5
Fee income/operating revenues	20.3	18.8	17.9	22.6	26.7
Market-sensitive income/operating revenues	1.6	5.0	4.3	3.2	4.1
Cost to income ratio	42.4	40.4	37.2	42.8	46.1
Preprovision operating income/average assets	0.9	1.1	1.1	0.8	0.7
Core earnings/average managed assets	0.7	0.8	0.9	0.7	0.6

*2025 data is for the 6 months to end-June.

Svenska Handelsbanken AB Risk-Adjusted Capital Framework Data

(Mil. SEK)	Exposure*	Basel III RWA	Average Basel III RW(%)	S&P Global Ratings RWA	Average S&P Global Ratings RW (%)
Credit risk					
Government & central banks	774 225	8 937	1	6 984	1
Of which regional governments and local authorities	18 778	1 213	6	597	3
Institutions and CCPs	54 786	13 146	24	7 503	14
Corporate	948 522	321 799	34	685 965	72
Retail	1 556 140	341 345	22	389 613	25
Of which mortgage	1 517 958	325 000	21	367 455	24
Securitization§	0	0	0	0	0
Other assets†	10 847	10 747	99	11 007	101

Svenska Handelsbanken AB Risk-Adjusted Capital Framework Data

(Mil. SEK)	Exposure*	Basel III RWA	Average Basel III RW(%)	S&P Global Ratings RWA	Average S&P Global Ratings RW (%)
Total credit risk	3 344 521	695 975	21	1 101 072	33
Credit valuation adjustment					
Total credit valuation adjustment	'--	2 125	'--	0	'--
Market Risk					
Equity in the banking book	7 812	19 326	247	68 357	875
Trading book market risk	'--	22 513	'--	33 769	'--
Total market risk	'--	41 839	'--	102 126	'--
Operational risk					
Total operational risk	'--	85 513	'--	107 566	'--
(Mil. SEK)	Exposure	Basel III RWA	Average Basel II RW (%)	S&P Global RWA	% of S&P Global RWA
Diversification adjustments					
RWA before diversification	'--	825 452	'--	1 310 763	100
Total Diversification/ Concentration Adjustments	'--	'--	'--	53 263	4
RWA after diversification	'--	825 452	'--	1 364 025	104
(Mil. SEK)		Tier 1 capital	Tier 1 ratio (%)	Total adjusted capital	S&P Global RAC ratio (%)
Capital ratio					
Capital ratio before adjustments		166 296	20.1	161 572	12.3
Capital ratio after adjustments‡		166 296	20.1	161 572	11.8

*Exposure at default. §Securitization Exposure includes the securitization tranches deducted from capital in the regulatory framework. †Exposure and S&P Global Ratings' risk-weighted assets for equity in the banking book include minority equity holdings in financial institutions. ‡Adjustments to Tier 1 ratio are additional regulatory requirements (e.g. transitional floor or Pillar 2 add-ons). RWA--Risk-weighted assets. RW--Risk weight. RAC--Risk-adjusted capital. SEK -- Sweden Krona. Sources: Company data as of 'Dec. 31 2024', S&P Global Ratings.

Svenska Handelsbanken AB Risk Position

(%)	2025*	2024	2023	2022	2021
Growth in customer loans	0.1	0.2	(1.2)	7.1	(4.9)
Total diversification adjustment/S&P Global Ratings’ RWA before diversification	N/A	4.1	3.2	5.3	3.1
Total managed assets/adjusted common equity (x)	25.3	23.5	23.4	22.7	23.0
New loan loss provisions/average customer loans	(0.0)	(0.0)	0.0	0.0	0.0
Net charge-offs/average customer loans	(0.0)	0.0	0.0	(0.0)	0.0
Gross nonperforming assets/customer loans + other real estate owned	0.4	0.4	0.2	0.2	0.2
Loan loss reserves/gross nonperforming assets	15.2	18.9	43.2	43.8	42.7

*2025 data is for the 6 months to end-June.

Svenska Handelsbanken AB Funding And Liquidity

(%)	2025*	2024	2023	2022	2021
Core deposits/funding base	45.4	44.1	44.13	45.4	46.7
Customer loans (net)/customer deposits	161.7	173.9	175.2	174.7	168.0
Long-term funding ratio	71.7	74.1	73.1	73.0	74.1

Svenska Handelsbanken AB Funding And Liquidity

Stable funding ratio	97.2	96.9	90.5	87.3	81.4
Short-term wholesale funding/funding base	30.0	27.7	28.9	28.9	27.7
Regulatory net stable funding ratio	122.0	124.0	120.0	114.0	114.0
Broad liquid assets/short-term wholesale funding (x)	1.0	1.0	0.9	0.8	0.6
Broad liquid assets/total assets	25.4	22.3	21.0	18.6	13.2
Broad liquid assets/customer deposits	66.0	60.3	57.1	48.7	34.5
Net broad liquid assets/short-term customer deposits	(0.3)	(12.9)	(36.9)	(147.2)	(624.4)
Regulatory liquidity coverage ratio (LCR) (x)	201.0	207.0	210.0	163.0	152.0
Short-term wholesale funding/total wholesale funding	54.6	49.3	51.2	52.5	51.5
Narrow liquid assets/3-month wholesale funding (x)	N/A	6.1	6.5	4.9	4.6
*2025 data is for the 6 months to end-June.					

Rating Component Scores

Issuer Credit Rating	AA-/Stable/A-1+
SACP	a+
Anchor	a-
Business position	Strong (1)
Capital and earnings	Strong (1)
Risk position	Adequate (0)
Funding and liquidity	Adequate and Adequate (0)
Comparable ratings analysis	0
Support	1
ALAC support	1
GRE support	0
Group support	0
Sovereign support	0
Additional factors	0
SACP--Stand-alone credit profile. ALAC--Additional loss-absorbing capacity. GRE--Government-related entity.	

Related Criteria

- General Criteria: Hybrid Capital: Methodology And Assumptions, Feb. 10, 2025
- Criteria | Financial Institutions | General: Risk-Adjusted Capital Framework Methodology, April 30, 2024
- General Criteria: National And Regional Scale Credit Ratings Methodology, June 8, 2023
- Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology And Assumptions, Dec. 9, 2021
- Criteria | Financial Institutions | General: Financial Institutions Rating Methodology, Dec. 9, 2021
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021

- General Criteria: Group Rating Methodology, July 1, 2019
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Related Research

- Banking Industry Country Risk Assessment Update: September 2025, Sept. 25, 2025
- Stress Test Highlights European Banks' Resilience To Potential Trade Escalations, June 24, 2025
- Bulletin: Swedish Authorities' Boost Credibility Of Bank Resolution, June 3, 2025
- Banking Industry Country Risk Assessment: Sweden, May 14, 2025
- Sweden's Economic Comeback Supports A Stable Banking Industry; BICRA Group Remains '2', Feb. 19, 2025
- The Top Trends Shaping European Bank Ratings In 2025: Solid Positions, Growing Ambitions, Jan. 27, 2025
- Handelsbanken 'AA-/A-1+' Ratings Affirmed On Solid Performance Despite Ongoing Macroeconomic Challenges; Outlook Stable, March 8, 2024

Ratings Detail (as of October 07, 2025)*		
Svenska Handelsbanken AB		
Issuer Credit Rating		AA-/Stable/A-1+
Resolution Counterparty Rating		AA-/--/A-1+
Commercial Paper		A-1+
Junior Subordinated		BBB
Senior Subordinated		A
Senior Unsecured		AA-
Short-Term Debt		A-1+
Subordinated		A-
Issuer Credit Ratings History		
29-Mar-2017	*Foreign Currency*	AA-/Stable/A-1+
25-Sep-2013		AA-/Negative/A-1+
19-Jul-2013		AA-/Watch Neg/A-1+
29-Mar-2017	*Local Currency*	AA-/Stable/A-1+
25-Sep-2013		AA-/Negative/A-1+
19-Jul-2013		AA-/Watch Neg/A-1+
Sovereign Rating		
Sweden		AAA/Stable/A-1+
Related Entities		
Handelsbanken PLC		
Issuer Credit Rating		AA-/Stable/A-1+
Resolution Counterparty Rating		AA-/--/A-1+
Stadshypotek AB		
Issuer Credit Rating		AA-/Stable/A-1+

Ratings Detail (as of October 07, 2025)*

Nordic Regional Scale	--/--/K-1
Resolution Counterparty Rating	AA-/--/A-1+
Commercial Paper	A-1+
Nordic Regional Scale	K-1
Senior Unsecured	AA-
Short-Term Debt	A-1+

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.