Svenska Handelsbanken AB

Key Rating Drivers

Very Strong Credit Profile: Svenska Handelsbanken AB's Viability Rating (VR) reflects its ability to generate strong and resilient earnings with minimal credit losses through the cycle. Its stable and traditional low-risk business model and its operations in Sweden and Norway, which Fitch Ratings considers among the strongest operating environments for banks, underpin its financial profile and balance its material wholesale funding requirements. The bank's very strong risk profile drives the one-notch positive adjustment to its 'aa-' implied VR.

The Long-Term Issuer Default Rating (IDR) is one notch above the VR to reflect Handelsbanken's large resolution debt buffer.

Stable and Risk-Averse Business Model: Handelsbanken has a strong record of operating with a very low risk appetite in its home markets. Its largest operations are in Sweden, but it also considers Norway, the UK and the Netherlands as its home markets. The bank focuses on maintaining tight business relationships with low-risk customers. This strategic focus and the strong operating environments in its home markets have allowed it to generate strong risk-adjusted earnings with low loan impairment charges (LICs) through numerous credit cycles.

Low-Risk Culture: Fitch believes Handelsbanken's prudent risk appetite and long-term strategic approach make it particularly resilient to downturns, which is underscored by its outstanding asset quality through many credit cycles. The bank consistently applies more conservative underwriting standards than global industry practice, maintains zero tolerance for credit losses and ensures high loan book collateralisation. The bank's strong customer relationships allow swift remedial actions should problems arise.

Resilient and Strong Asset Quality: Handelsbanken's asset quality has been resilient in the current economic uncertainty, and Fitch expects it to remain very strong, despite its material exposure to the commercial real estate (CRE) sector. We expect Handelsbanken's impaired loans ratio (end-March 2026: 0.3%) to remain flat in the medium term.

Robust and Stable Profitability: Handelsbanken's profitability benefits from healthy revenue generation, high efficiency and exceptionally low and stable LICs. We expect profitability to decline slightly from the strong levels in recent years mainly due to lower policy rates, but it should remain robust, supported by good cost efficiency and low LICs. We forecast the bank's operating profit to be about 3.5% of risk-weighted assets (RWAs) in the coming two years (2025: 4%).

Strong Capitalisation: Handelsbanken has maintained strong risk-weighted capital ratios, with a common equity Tier 1 (CET1) ratio of 17.2% at end-1Q26. We expect the CET1 ratio to remain above 16% in the long term, given the bank's capital targets. Handelsbanken's only moderate leverage ratio and fairly small capital base, compared with those of international banks scored in the 'aa' category, are offset by historically low LICs, an overall low risk profile and robust internal capital generation.

Wholesale-Funded, Strong Liquidity: Handelsbanken remains reliant on wholesale funding, similar to its Nordic peers, which reflects a well-developed covered bond market matching mortgage lending and a structural deposit shortage in Sweden. The bank also uses its geographically diversified funding platform to tap international bond markets, which are used to fund non-domestic lending and meet regulatory requirements. The bank's refinancing risk is well controlled due to evenly balanced maturities and prudent liquidity management.

Rating Sensitivities

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

Handelsbanken's Long-Term IDR would be downgraded if its VR was downgraded, or if its resolution debt buffer falls below 10% of RWAs and the bank uses senior unsecured debt to comply with its minimum requirement for own funds and eligible liabilities.

Handelsbanken's high VR has limited rating headroom to absorb potential pressure on its credit profile. We may downgrade the rating on a weaker assessment of the bank's risk profile, which could be driven by a deteriorating operating environment in Sweden or a shift in the bank's low-risk culture. These changes could undermine the bank's ability to generate strong risk-adjusted earnings.

We would also likely downgrade the bank if we expect its impaired loans ratio to increase durably above 1% without clear prospects of a swift improvement, the CET1 ratio to fall below 16% or operating profit to decline below 3% of RWAs on a sustained basis.

Pressure on Handelsbanken's ratings could also come from an adverse change in investor sentiment materially affecting the bank's access to debt markets. However, we do not believe this is likely.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

Fitch is unlikely to upgrade Handelsbanken's Long-Term IDR to 'AAA' due to the untested effectiveness of resolution strategies at the highest level on the rating scale.

An upgrade of the VR is unlikely in light of the bank's high ratings unless it substantially strengthens its franchise through wider geographical and borrower diversification without compromising its strong asset quality and profitability.

Other Debt and Issuer Ratings

Rating Level	Rating
Deposits and senior preferred (long-term/short-term)	AA+/F1+
Senior non-preferred	AA
Tier 2 subordinated debt	A+
Additional Tier 1 notes	A-

Source: Fitch Ratings

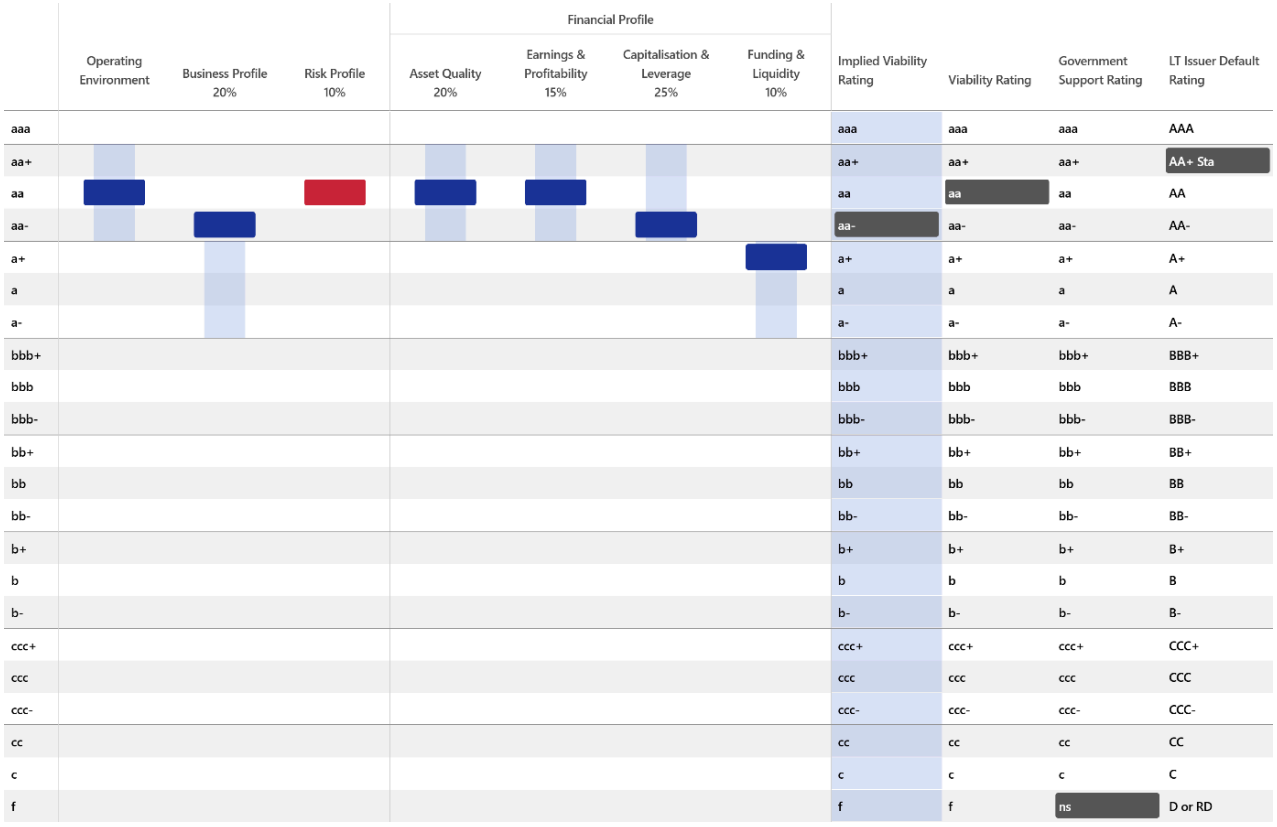
Handelsbanken's long-term senior preferred debt (senior unsecured debt under Fitch's *Bank Rating Criteria*) and deposit ratings of 'AA+', and Derivative Counterparty Rating of 'AA+(dcr)', are one notch above its VR. This reflects Handelsbanken's large resolution debt buffer. The buffer was about 16% of RWAs at end-March 2026, and we expect it to be sustainably between 10% and 15%. For the same reason, its long-term senior non-preferred debt (senior resolution debt under Fitch's *Bank Rating Criteria*) rating is equalised with its VR.

The Short-Term IDR, and short-term senior preferred debt and deposit ratings of 'F1+' are the only option mapping to their respective long-term ratings.

Handelsbanken's Tier 2 subordinated debt and additional Tier 1 (AT1) securities are notched down from its VR. We rate the Tier 2 debt two notches below the VR to reflect loss severity.

The AT1 securities are rated four notches below the VR to reflect the loss severity of these securities (two notches) and their high risk of non-performance (two notches). Our assessment is based on the bank operating with a CET1 ratio that is comfortably above maximum distributable amount thresholds and our expectation that this will continue.

Ratings Navigator



The Key Rating Driver (KRD) weightings used to determine the implied VR are shown as percentages at the top. In cases where the implied VR is adjusted upwards or downwards to arrive at the VR, the KRD associated with the adjustment reason is highlighted in red. The shaded areas indicate the benchmark-implied scores for each KRD.

Factor Outlook

Stable Evolving Positive Negative

VR - Adjustments to Key Rating Drivers

The business profile score of 'aa-' is above the 'a' category implied score due to the following adjustment reason: business model (positive).

Company Summary and Key Qualitative Factors

Business Profile

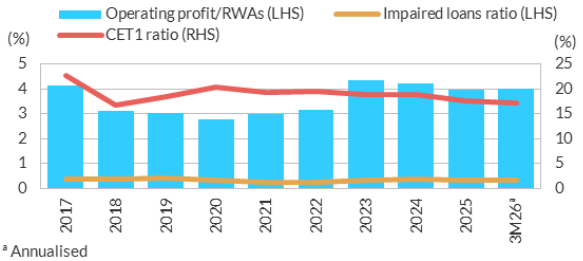
Sweden remains Handelsbanken's largest market. The contribution from UK operations has increased to above 18% since 4Q22, while contributions from Norway and the Netherlands are much lower. The bank has leading domestic market shares in Sweden of 20%-25% for both household and corporate lending and deposits.

Handelsbanken's decentralised business model allows the vast majority of decision-making at branch level, including for the bank's largest customers. Each branch bears full responsibility for its local market and operates with high autonomy and individual responsibility, within a strong centralised risk-management framework. Other key business profile strengths are the bank's long-term view and strong execution, with limited variability in profitability.

The bank focuses on affluent customers, and its consistent strategy is based on a stronger return on equity, greater customer satisfaction and higher cost-effectiveness than its local peers' average. The only binding financial target for the bank is to be more profitable than peers. This is mainly achieved through a strict zero credit loss policy, very high customer satisfaction and strong cost efficiency.

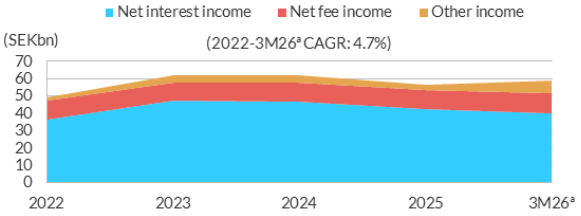
We expect the bank to continue to demonstrate strong execution as it focuses on increasing its savings business, further strengthening its cost efficiency and improving the performance of its Norwegian operations. The latter is reflected in an improving return on allocated capital of 8.9% in 1Q26 (1Q24: 7.2%).

Performance Through the Cycle



ª Annualised
Source: Fitch Ratings, Fitch Solutions, Handelsbanken

Revenue Breakdown



CAGR: compound annual growth rate
ª Annualised
Source: Fitch Ratings, Fitch Solutions, Handelsbanken

Risk Profile

Handelsbanken has a strong group-wide risk-management framework, prudent underwriting, robust risk and reporting tools, and conservative risk limits. Credit risk is the main source of risk and is mainly concentrated in the loan book, which accounts for about 65% of assets.

The bank's tight credit controls and underwriting model are applied consistently in all branches. The initial credit decision is taken by the branch managers, but larger loans are decided at the head office. Responsibility for all loans, including those approved at a higher level, rests with branch managers and is backed by strict centralised controls. Each branch is responsible for dealing with problems arising in its specific areas, and each is viewed as an independent bank. The bank's emphasis on low-risk borrowers and secured lending has resulted in consistently very low LICs.

Underwriting is based on conservative assessments of repayment capacity. The share of collateralised lending is above 90% of the loan book. Collateral mainly comprises real estate with prudent loan-to-value ratios at origination.

In line with its Nordic peers, Handelsbanken has significant CRE exposure. This exposure accounted for about 30% of its loan book at end-March 2026. The largest proportion of this exposure is in Sweden (46%), but exposure to Norway (18%), the UK (21%) and the Netherlands (11%) provides diversification. Despite the fairly high exposure to CRE, we expect credit losses to remain very low given the bank's underwriting criteria, which, for a long time, have been based on borrowers' repayment capacity under stressed scenarios.

Handelsbanken's business model implies organic growth to safeguard portfolio quality. We expect the bank to continue its policy of cautious lending given the still-challenging environment. The bank is likely to remain a challenger outside Sweden. This allows it to concentrate on low-risk borrowers while still being able to gradually expand the loan book.

Financial Profile

Asset Quality

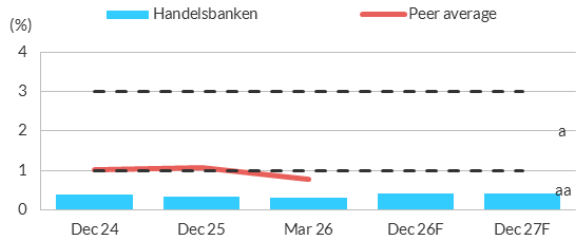
Handelsbanken has a long record of strong asset quality. Its gross impaired loans ratio peaked at 0.6% in 2010. Asset quality was resilient in 2025, and the impaired loans ratio was 0.4% at end-2025. The bank reported net releases of LICs in 2025, in part driven by the release of management overlays. We expect Handelsbanken's underlying LICs of 3bp in 2026-2027 to remain materially below those of international peers due to its conservative client selection and robust collateralisation.

Resilient retail lending (0.24% impaired loans ratio at end-March 2026) is dominated by low-risk residential mortgage loans. We believe that Nordic households' financial situation is strong, and their interest rate sensitivity, while significant, is manageable, underpinned by stable unemployment levels. Handelsbanken already stress-tested retail customers' repayment capacity in the event of a material rise in interest rates before the recent increases, and interest rate cuts will reduce households' debt repayment burden.

Lending to property management companies is almost equally split between commercial and residential real estate. The impaired loans ratio improved to 0.25% at end-March 2026 (end-March 2025: 0.38%) as refinancing risks for property companies reduced alongside lower central bank rates. Asset quality also benefits from robust collateralisation, indicated by a low 45% average loan-to-value ratio for Swedish CRE lending.

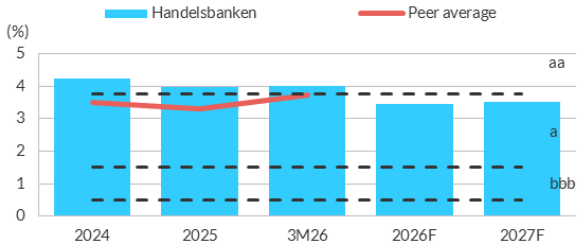
We believe that Handelsbanken's asset quality is less directly affected by geopolitical tensions and disruptions in trade flows than larger international peers', given that the vast majority of Handelsbanken's exposure is linked to property.

Impaired Loans/Gross Loans



Source: Fitch Ratings, Fitch Solutions, banks

Operating Profit/Risk-Weighted Assets



Source: Fitch Ratings, Fitch Solutions, banks

Earnings and Profitability

Handelsbanken's resilient profitability through the cycle is underpinned by its very strong and traditional business model, stable revenue generation, efficient operations and muted credit losses through credit cycles. The bank's healthy earnings compare well with highly rated peers'. We expect earnings volatility will remain low given only modest LICs – even in an economic downturn.

Handelsbanken's 1Q26 operating profit remained resilient at 4% despite falling net interest income due to lower policy rates, offset by tight cost management and low LICs.

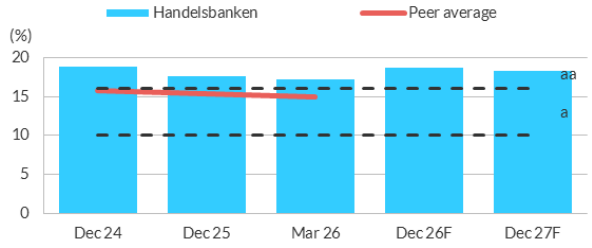
We expect further pressure on net interest margins in the remainder of 2026. This will be due to lower interest rates in Sweden and only moderate business growth amid a challenging operating environment that will further pressure revenue generation. Fees and commissions and trading income will likely be unchanged, and we expect this to result in an operating profit/RWAs ratio of about 3.5% in 2026.

Capitalisation and Leverage

Handelsbanken's risk-weighted capital ratios are strong and sufficient to absorb significant unexpected losses. We expect Handelsbanken to continue to maintain a healthy capital buffer to uphold debt investor confidence. The bank's Basel III leverage ratio of 4.2% at end-March 2026 is low compared to highly rated peers, but still acceptable in light of the bank's historically low LICs, overall low risk profile and robust internal capital generation.

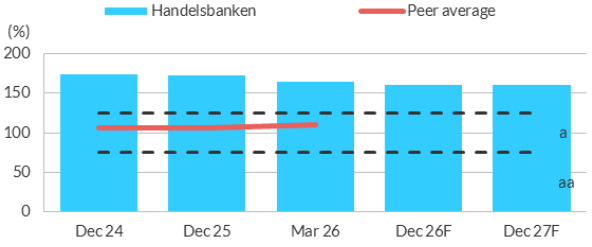
Reported risk-weighted capital ratios are supported by low risk-weights under the internal ratings-based approach, reflecting a historically low risk appetite and robust asset-quality metrics. The bank has a long-term CET1 ratio target of 15.7%-17.7%. This ratio was in this range at 17.2% at end-1Q26, providing a 250bp capital surplus over the regulatory minimum of 14.7%.

CET1 Ratio



Source: Fitch Ratings, Fitch Solutions, banks

Gross Loans/Customer Deposits



Source: Fitch Ratings, Fitch Solutions, banks

Funding and Liquidity

Handelsbanken's reliance on wholesale funding is offset by the strength of the domestic covered bond market, which benefits from a captive investor base and has generally remained operational during periods of market disruption. Because of the strength of the covered bond markets in most of Handelsbanken's home markets, we use the alternative core metric of gross loans/customer deposits + covered bonds (113% at end-March 2026) as a primary indicator of the bank's funding and liquidity.

The bank also has good access to the unsecured market. We expect the gross loans/deposits ratio (165% at end-March 2026) to moderately increase as quantitative tightening in Sweden continues, leading to pressure on customer deposits in the banking sector.

Handelsbanken's deposits, which made up about 46% of funding at end-March 2026, are well diversified geographically, and stable due to its relationship-based business model. The remaining funding mainly comprises covered bonds (about 20%), commercial paper and other short-term funding (20%) and senior bonds (9%).

At end-March 2026, Handelsbanken's liquidity portfolio was SEK841 billion of liquid assets (22% of assets) and was well diversified by currency. The buffer mostly comprises cash and cash equivalents or highly rated and fair-valued debt securities. Handelsbanken can also generate liquidity through the issuance of covered bonds using unused overcollateralisation in the cover pool.

Additional Notes on Charts

The black dashed lines represent indicative quantitative ranges and implied scores for Fitch's core metrics for banks operating in the environments scored in the 'aa' category. Peer average includes Bank of Montreal (VR: aa-), Credit Agricole (a+), DBS Group Holdings Ltd (aa-), JPMorgan Chase & Co. (aa-), National Australia Bank Limited (a+), Nordea Bank Abp (aa-), Royal Bank of Canada (aa-), Skandinaviska Enskilda Banken AB (publ) (aa-), Swedbank AB (aa-). Latest data available for Credit Agricole, DBS Group Holdings Ltd, National Australia Bank Limited, Skandinaviska Enskilda Banken AB (publ) is for FY25. Unless otherwise stated, financial year (FY) end is 31 December for all banks in this report. FY end of Bank of Montreal, Royal Bank of Canada is 31 October. FY end of National Australia Bank Limited is 30 September.

Financials

Financial Statements

	31 Dec 23	31 Dec 24	31 Dec 25	31 Mar 26	31 Dec 26F	31 Dec 27F
	12 months	12 months	12 months	1st quarter	12 months	12 months
	(SEKm)	(SEKm)	(SEKm)	(SEKm)	(SEKm)	(SEKm)
Summary income statement						
Net interest and dividend income	47,581	46,857	42,553	10,018	-	-
Net fees and commissions	10,465	10,950	11,050	2,865	-	-
Other operating income	4,203	4,536	3,191	1,895	-	-
Total operating income	62,249	62,343	56,794	14,778	55,509	56,682
Operating costs	25,806	27,940	26,212	6,840	26,685	26,952
Pre-impairment operating profit	36,443	34,403	30,582	7,938	28,824	29,730
Loan and other impairment charges	141	-601	-314	35	68	33
Operating profit	36,302	35,004	30,896	7,903	28,756	29,696
Other non-operating items (net)	1,229	247	-258	2	-	-
Tax	8,417	7,795	6,909	1,547	-	-
Net income	29,114	27,456	23,729	6,358	22,142	22,866
Other comprehensive income	-2,447	2,412	-4,711	1,165	-	-
Summary balance sheet						
Assets						
Gross loans	2,267,142	2,281,509	2,241,313	2,303,726	2,300,491	2,346,500
– of which impaired	7,064	8,525	7,190	6,986	-	-
Loan loss allowances	2,395	1,609	1,186	1,161	-	-
Net loans	2,264,747	2,279,900	2,240,127	2,302,565	-	-
Interbank	15,953	20,195	32,774	46,547	-	-
Derivatives	30,110	40,670	21,752	26,264	-	-
Other securities and earning assets	534,035	552,976	603,215	749,265	-	-
Total earning assets	2,844,845	2,893,741	2,897,868	3,124,641	-	-
Cash and due from banks	476,171	529,995	408,154	535,676	-	-
Other assets	216,776	115,437	81,544	65,065	-	-
Total assets	3,537,792	3,539,173	3,387,566	3,725,382	3,843,633	3,889,610
Liabilities						
Customer deposits	1,298,363	1,310,631	1,293,784	1,398,168	1,430,423	1,459,031
Interbank and other short-term funding	729,563	699,541	586,457	678,769	-	-
Other long-term funding	913,062	962,008	932,647	948,873	-	-
Trading liabilities and derivatives	36,602	16,963	28,374	33,536	-	-
Total funding and derivatives	2,977,590	2,989,143	2,841,262	3,059,346	-	-
Other liabilities	340,998	330,190	338,282	493,808	-	-
Preference shares and hybrid capital	14,119	9,813	8,667	-	-	-
Total equity	205,085	210,027	199,355	172,228	-	-
Total liabilities and equity	3,537,792	3,539,173	3,387,566	3,725,382	-	-

Exchange rate	USD1= SEK10.1812	USD1= SEK11.0299	USD1= SEK9.2013	USD1= SEK9.5173	-	-

Source: Fitch Ratings, Fitch Solutions, Handelsbanken

Key Ratios

(%; annualised as appropriate)	31 Dec 23	31 Dec 24	31 Dec 25	31 Mar 26	31 Dec 26F	31 Dec 27F
Profitability						
Operating profit/risk-weighted assets	4.3	4.2	4.0	4.0	3.5	3.5
Net interest income/average earning assets	1.7	1.6	1.4	1.3	1.4	1.4
Non-interest expense/gross revenue	41.5	44.8	46.1	46.2	48.1	47.5
Net income/average equity	14.8	13.7	12.1	13.9	-	-
Asset quality						
Impaired loans ratio	0.3	0.4	0.3	0.3	0.4	0.4
Growth in gross loans	-1.7	0.6	-1.8	2.8	2.6	2.0
Loan loss allowances/impaired loans	33.9	18.9	16.5	16.6	18.0	18.0
Loan impairment charges/average gross loans	0.0	0.0	0.0	0.0	0.0	0.0
Capitalisation						
Common equity Tier 1 ratio	18.8	18.8	17.6	17.2	18.7	18.3
Tangible common equity/tangible assets	5.6	5.7	5.7	4.4	-	-
Basel leverage ratio	5.1	4.9	4.6	4.2	-	-
Net impaired loans/common equity Tier 1	3.0	4.5	4.4	4.2	-	-
Funding and liquidity						
Gross loans/customer deposits	174.6	174.1	173.2	164.8	-	-
Gross loans/customer deposits + covered bonds	117.0	114.3	114.9	112.8	-	-
Liquidity coverage ratio	210.0	183.4	190.7	192.4	-	-
Customer deposits/total non-equity funding	43.9	43.9	45.8	46.0	-	-
Net stable funding ratio	120.0	123.6	119.0	119.0	-	-

Source: Fitch Ratings, Fitch Solutions, Handelsbanken

Support Assessment

Government Support

Sovereign		Sweden
Sovereign Long-Term Issuer Default Rating	•	AAA/Stable
Total adjustment (notches)		—
Typical D-SIB Government Support for sovereign's rating level		a+ to a-
Actual jurisdiction D-SIB Government Support		ns
Government Support Rating		ns
Government ability to support D-SIBs		
Size of banking system	•	Negative
Structure of banking system	•	Negative
Sovereign financial flexibility (for rating level)	•	Positive
Government propensity to support D-SIBs		
Resolution legislation	•	Negative
Support stance	•	Neutral
Government propensity to support bank		
Systemic importance	•	Neutral
Liability structure	•	Neutral
Ownership	•	Neutral

The colours indicate the influence of each support factor in our assessment. Influence: Blue = neutral; Red = higher
Source: Fitch Ratings

Handelsbanken's Government Support Rating (GSR) of 'no support' (ns) reflects Fitch's view that senior creditors cannot rely on receiving full extraordinary support from the sovereign if the bank becomes non-viable. The EU's Bank Recovery and Resolution Directive provides a framework for resolving banks that will require senior creditors to participate in losses instead of a bank receiving sovereign support.

Subsidiaries and Affiliates

Subsidiaries' Ratings

Rating Level	Stadshypotek AB (publ)	Handelsbanken Plc
Long-Term Issuer Default Rating	AA+/Stable	AA+/Stable
Short-Term Issuer Default Rating	F1+	F1+
Viability Rating	aa	-
Government Support Rating	ns	-
Shareholder Support Rating	-	aa+

Source: Fitch Ratings

Handelsbanken and Stadshypotek, its mortgage lending subsidiary, share a group VR. This reflects Stadshypotek's close integration within the group and our view that the risk of failure of the two entities is substantially the same. Consequently, Stadshypotek's VR and IDRs are aligned with those of Handelsbanken. Stadshypotek's GSR of 'no support' reflects the prevailing resolution regime in Sweden.

The IDRs and Shareholder Support Rating of Handelsbanken Plc, the UK-based wholly owned subsidiary, are equalised with Handelsbanken's IDR, as Handelsbanken Plc's creditors are protected by the parent's resolution debt buffers. The Shareholder Support Rating also reflects Fitch's view of an extremely high probability of support from the parent for its UK subsidiary. The UK subsidiary is an integral part of Handelsbanken, operating in one of the group's home markets. In addition, Fitch believes a default of the UK subsidiary would create significant reputational risk for the group, particularly given the former's reliance on wholesale funding.

We do not assign a VR to Handelsbanken Plc, as its strong integration with its parent and its importance within the Handelsbanken group mean it cannot be meaningfully analysed on a standalone basis.

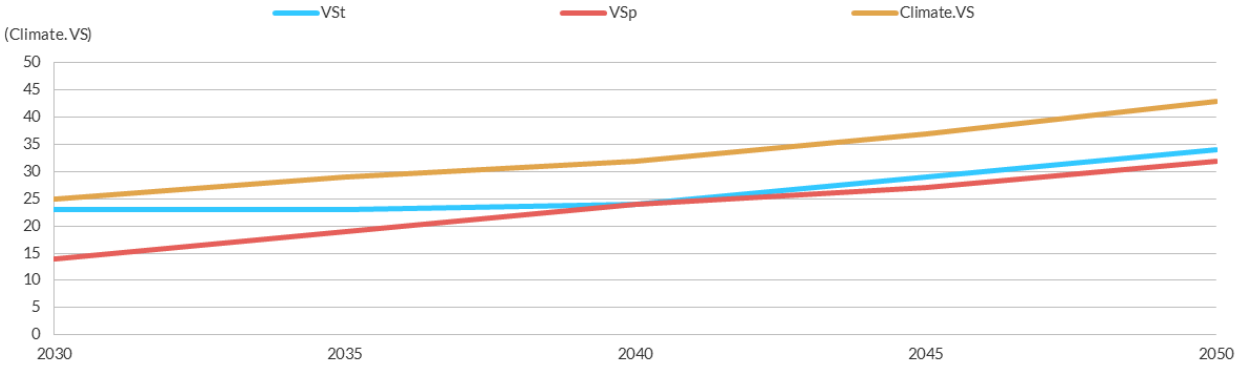
Handelsbanken Plc's deposit ratings are aligned with its IDRs, reflecting depositor protection from the parent's large resolution debt buffer.

Climate Vulnerability Considerations

Fitch uses Climate Vulnerability Signals (Climate.VS) as a screening tool to identify issuers whose credit profiles have a higher potential exposure to climate-related risks, and to subject those ratings to additional analysis and consideration in rating reviews. Climate.VS range from 0 (lowest risk) to 100 (highest risk).

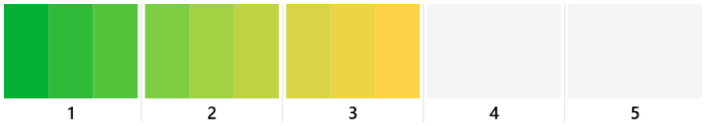
The Climate.VS for Handelsbanken for 2035 is 29. This indicates that climate risk factors are not expected to materially affect the credit profile, but some adaptation may be needed. This reflects a physical risk (VSp) component signal of 19 and a transition risk (VSt) component signal of 23. Any potential effect on the rating may differ from the illustrative rating impact in the Climate.VS framework. For more information on Climate.VS, see Fitch's Bank Rating Criteria.

Climate Vulnerability Signals for Svenska Handelsbanken AB



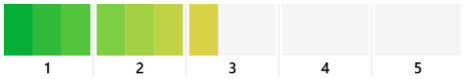
Source: Fitch Ratings

Environmental, Social and Governance Considerations



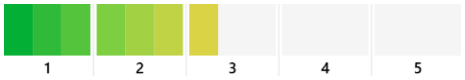
Environmental Relevance Scores

General issues	Score	Sector-specific issues	Reference
GHG Emissions & Air Quality	3	Regulatory risks, emissions fines or compliance costs related to owned, financed or managed assets, which could impact asset prices, profitability, etc.	Operating Environment; Business Profile; Risk Profile; Asset Quality
Energy Management	1	n.a.	n.a.
Water & Wastewater Management	1	n.a.	n.a.
Waste & Hazardous Materials Management; Ecological Impacts	1	n.a.	n.a.
Exposure to Environmental Impacts	2	Impact of extreme weather events on assets and/or operations and corresponding risk appetite & management; catastrophe risk; credit concentrations	Business Profile; Risk Profile; Asset Quality



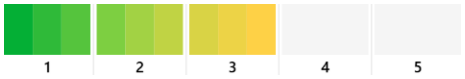
Social Relevance Scores

General issues	Score	Sector-specific issues	Reference
Human Rights, Community Relations, Access & Affordability	2	Services for underbanked and underserved communities: SME and community development programs; financial literacy programs	Business Profile; Risk Profile
Customer Welfare - Fair Messaging, Privacy & Data Security	3	Compliance risks including fair lending practices, mis-selling, repossession/ foreclosure practices, consumer data protection (data security)	Operating Environment; Business Profile; Risk Profile
Labor Relations & Practices	2	Impact of labor negotiations, including board/employee compensation and composition	Business Profile
Employee Wellbeing	1	n.a.	n.a.
Exposure to Social Impacts	2	Shift in social or consumer preferences as a result of an institution's social positions, or social and/or political disapproval of core banking practices	Business Profile; Financial Profile



Governance Relevance Scores

General issues	Score	Sector-specific issues	Reference
Management Strategy	3	Operational implementation of strategy	Business Profile
Governance Structure	3	Board independence and effectiveness; ownership concentration; protection of creditor/stakeholder rights; legal /compliance risks; business continuity; key person risk; related party transactions	Business Profile; Earnings & Profitability; Capitalisation & Leverage
Group Structure	3	Organizational structure; appropriateness relative to business model; opacity; intra-group dynamics; ownership	Business Profile
Financial Transparency	3	Quality and frequency of financial reporting and auditing processes	Business Profile



ESG Scoring	Credit-Relevant ESG Scale	
ESG relevance scores range from '1' to '5' based on a 15-level colour gradation. Red (5) is most relevant to the credit rating and green (1) is least relevant. The Environmental (E), Social (S) and Governance (G) tables break out the general and the sector-specific issues that are most relevant to each industry group. Relevance scores are assigned to each sector-specific issue, signalling the credit relevance of the sector-specific issues to an issuer's overall credit rating. The Reference column highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis. The panels underneath the relevance scores tables are visualisations of the frequency of occurrence of the highest ESG relevance scores across the combined E, S and G categories. The Score columns summarise rating relevance and impact to credit from ESG issues. The column on the far left identifies any ESG relevance sub-factor issues that are drivers or potential drivers of an issuer's credit rating (corresponding with scores of '3', '4' or '5'). All scores of '4' and '5' are assumed to reflect a negative impact unless indicated with a '+' sign for positive impact. Classification of ESG issues has been developed from Fitch's sector ratings criteria. The general and sector-specific issues draw on the classification standards published by the UN Principles for Responsible Investing, the Sustainability Accounting Standards Board and the World Bank.	5	Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis. Equivalent to 'Higher' relative importance within the Navigator.
	4	Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors. Equivalent to 'Moderate' relative importance within the Navigator.
	3	Minimally relevant to rating, either very low impact or actively managed in a way that results in no impact on the entity rating. Equivalent to 'Lower' relative importance within the Navigator.
	2	Irrelevant to the entity rating but relevant to the sector.
	1	Irrelevant to the entity rating and irrelevant to the sector.

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit https://www.fitchratings.com/topics/esg/products#esg-relevance-scores.

Ratings

Foreign Currency	
Long-Term IDR	AA+
Short-Term IDR	F1+
Derivative Counterparty Rating	AA+(dcr)
Viability Rating	aa
Government Support Rating	ns
Sovereign Risk (Sweden)	
Long-Term Foreign-Currency IDR	AAA
Long-Term Local-Currency IDR	AAA
Country Ceiling	AAA
Outlooks	
Long-Term Foreign-Currency IDR	Stable
Sovereign Long-Term Foreign-Currency IDR	Stable
Sovereign Long-Term Local-Currency IDR	Stable

ESG and Climate

Highest ESG Relevance Scores	
Environmental	3
Social	3
Governance	3

Climate Vulnerability
2035 Climate Vulnerability Signal: 29
Transition (VSt): 23
Physical (VSp): 19

Applicable Criteria

Bank Rating Criteria (May 2026)

Related Research

Fitch Affirms Svenska Handelsbanken at 'AA+'; Outlook Stable (June 2026)
Global Economic Outlook (June 2026)
Fitch Affirms Sweden at 'AAA'; Outlook Stable (March 2026)

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