

Highlights of Annual Report

January-December

2023

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January - December 2023

JANUARY – DECEMBER 2023 (JANUARY – DECEMBER 2022)

- Operating profit increased by 35% to SEK 36,322m (26,829).
- Return on equity increased to 15.9% (12.8).
- The C/I ratio improved to 37.2% (42.1).
- The credit loss ratio was 0.01% (0.00).
- The common equity tier 1 ratio after the proposed dividends was 18.8% (19.6).
- The Board of Directors proposes an ordinary dividend of SEK 6,50 (5.50) per share and a special dividend of SEK 6,50 (2.50) per share.

Q4 2023 (Q3 2023)

- Operating profit was SEK 9,057m (9,908).
- Return on equity was 15.2% (17.3).
- The C/I ratio was 38.4% (35.0).
- The credit loss ratio was 0.00% (0.00).

Stable earnings build a stable bank. Steep rises in market interest rates led to a higher return on the Bank's equity, which compensated for slimmer mortgage margins during the year. The C/I ratio improved, credit quality remained strong and return on equity increased. The Bank is ranked as one of the world's most stable banks by the leading rating agencies, and the robust financial position was further bolstered by the extraordinary upturn in profit. Financial stability is an absolute necessity in enabling the Bank, regardless of what is happening in the wider world, to take a meaningful responsibility for the supply of credit. Overall, Handelsbanken is the largest lender to households and companies in the Swedish market.

High level of preparedness in an uncertain environment. The Bank has historically managed its way through financial crises and sharp macroeconomic downturns very well, and has not needed assistance or guarantees from governments, nor from shareholders in the form of diluting new share issues. The key factors behind this have been, and still are, a long-term approach and low risk tolerance. Given the current economic environment, the Bank's assessment is that an extra common equity tier 1 capital buffer of one percentage point above the Bank's ordinary target range of 1-3 percentage points above the requirement by the Swedish Financial Supervisory Authority is justified. This level differentiates Handelsbanken as a first-class counterparty in uncertain times, and contributes to a clarification of the Bank's financial position as one of the world's safest banks. The Bank intends to anticipate dividends in 2024 at a level entailing a common equity tier 1 ratio at 4 percentage points above the requirement communicated by the Swedish Financial Supervisory Authority. A reassessment will be made annually.

More satisfied customers. Ever since independent customer surveys began, Handelsbanken has had more satisfied customers than peer banks, in all its home markets. Customer satisfaction improved even further during the year, from an already high level.

SEK m	Q4 2023	Q3 2023	Change %	Full year 2023	Full year 2022	Change %
Total income	15,854	16,244	-2%	62,249	50,375	24%
Total expenses	-6,086	-5,686	7%	-23,182	-21,212	9%
Credit losses	-52	-1		-141	-47	200%
Risk tax and resolution fee	-664	-653	2%	-2,624	-2,311	14%
Operating profit	9,057	9,908	-9%	36,322	26,829	35%
<i>Non-recurring items and special items in operating profit*</i>	<i>-201</i>			<i>192</i>	<i>452</i>	
Operating profit adjusted for items affecting comparability	9,258	9,908	-7%	36,130	26,377	37%
Key performance metrics						
Earnings per share, SEK	3.66	4.02		14.70	10.95	
Return on equity, total operations	15.2%	17.3%		15.9%	12.8%	
C/I ratio, Continuing operations	38.4%	35.0%		37.2%	42.1%	
Common equity tier 1 ratio, CRR	18.8%	19.4%		18.8%	19.6%	
Credit loss ratio, %	0.00	0.00		0.01	0.00	

* Foreign exchange effects and other items affecting comparability are presented in the tables on pages 5 and 6.

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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 year-end 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 if these regulations had also applied in 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	Q4 2023	Q3 2023	Change	Q4 2022	Change	Full year 2023	Full year 2022	Change
Summary income statement								
Net interest income	12,222	12,184	0%	10,631	15%	47,578	36,614	30%
Net fee and commission income	2,800	2,812	0%	2,694	4%	11,139	10,981	1%
Net gains/losses on financial transactions	579	1,087	-47%	570	2%	2,661	1,540	73%
Net insurance result	207	79	162%	60	245%	493	-11	
Other dividend income	1			15	-93%	3	17	-82%
Share of profit of associates	-17	49		-2		51	-13	
Other income	64	32	100%	85	-25%	325	1,246	-74%
Total income	15,854	16,244	-2%	14,053	13%	62,249	50,375	24%
Staff costs	-3,531	-3,382	4%	-3,468	2%	-13,642	-13,040	5%
Other expenses	-2,152	-1,839	17%	-1,949	10%	-7,796	-6,526	19%
Depreciation, amortisation and impairment of property, equipment and intangible assets	-402	-466	-14%	-423	-5%	-1,743	-1,646	6%
Total expenses	-6,086	-5,686	7%	-5,839	4%	-23,182	-21,212	9%
Profit before credit losses, risk tax and resolution fee	9,768	10,558	-7%	8,214	19%	39,067	29,163	34%
Net credit losses	-52	-1		-54	-4%	-141	-47	200%
Gains/losses on disposal of property, equipment and intangible assets	6	3	100%	0		20	24	-17%
Risk tax and resolution fee	-664	-653	2%	-582	14%	-2,624	-2,311	14%
Operating profit	9,057	9,908	-9%	7,578	20%	36,322	26,829	35%
Taxes	-2,093	-2,324	-10%	-1,325	58%	-8,417	-5,431	55%
Profit for the period from continuing operations	6,965	7,583	-8%	6,252	11%	27,905	21,398	30%
Profit for the period from discontinued operations after tax	280	368	-24%	-265		1,209	280	332%
Profit for the period	7,244	7,952	-9%	5,988	21%	29,114	21,678	34%
Summary balance sheet*, end of period								
Loans to the public	2,291,808	2,330,086	-2%	2,315,818	-1%	2,291,808	2,315,818	-1%
of which households	1,223,770	1,237,275	-1%	1,241,282	-1%	1,223,770	1,241,282	-1%
of which corporates	1,061,289	1,090,811	-3%	1,072,970	-1%	1,061,289	1,072,970	-1%
Deposits and borrowing from the public	1,298,480	1,369,077	-5%	1,318,925	-2%	1,298,480	1,318,925	-2%
of which households	596,671	610,067	-2%	605,634	-1%	596,671	605,634	-1%
of which corporates	701,809	759,010	-8%	713,291	-2%	701,809	713,291	-2%
Total equity	205,085	203,747	1%	194,024	6%	205,085	194,024	6%
Total assets	3,537,792	3,679,330	-4%	3,453,718	2%	3,537,792	3,453,718	2%
Summary of key figures								
Return on equity, total operations	15.2%	17.3%		13.6%		15.9%	12.8%	
C/I ratio, Continuing operations	38.4%	35.0%		41.5%		37.2%	42.1%	
Earnings per share (before and after dilution), SEK	3.66	4.02		3.02		14.70	10.95	
Common equity tier 1 ratio, CRR	18.8%	19.4%		19.6%		18.8%	19.6%	
Total capital ratio, CRR	23.9%	24.5%		23.8%		23.9%	23.8%	

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

JANUARY – DECEMBER 2023 COMPARED WITH JANUARY – DECEMBER 2022

Operating profit increased by 35% to SEK 36,322m (26,829). Adjusted for items affecting comparability, profit increased by 37%.

Income grew by 24%, or SEK 11,874m, to SEK 62,249m (50,375). Also adjusted for items affecting comparability, income growth was 24%. The primary factor behind the increase was the recovery of interest rate margins during the year.

Expenses rose by 9%, or SEK 1,970m, to SEK -23,182m (-21,212). Adjusted for items affecting comparability, the increase in expenses was 8%. The rise in expenses was due to increased investment to strengthen the Bank's offering, and to general inflation in the Bank's home markets.

The C/I ratio improved to 37.2% (42.1).

The credit loss ratio was 0.01% (0.00).

Profit for the year climbed by 34% to SEK 29,114m (21,678).

Earnings per share grew by 34% to SEK 14.70 (10.95).

Return on equity increased to 15.9% (12.8).

The common equity tier 1 ratio after proposed dividends was 18.8% (19.6).

Income

SEK m	Full year 2023	Full year 2022	Change
Net interest income	47,578	36,614	30%
of which funding costs related to discontinuing operations in Finland		-206	
Net fee and commission income	11,139	10,981	1%
Net gains/losses on financial trans.	2,661	1,540	73%
Other	871	1,240	-30%
Total income	62,249	50,375	24%

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 groups 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 30% to SEK 47,578m (36,614), an increase of SEK 10,964m. Adjusted for the aforementioned effect in the previous year related to the disposal groups in Finland, amounting to SEK -206m, as well as foreign exchange effects of SEK 409m, net interest income increased by 28%. The primary factors behind the increase were the recovery of interest rate margins and a higher return on the Bank's equity arising due to higher market rates. All in all, the net effect of margins and funding costs had a SEK 10,592m impact. Higher business volumes contributed SEK 392m. The liquidity portfolio made a contribution of SEK -721m. Lower costs for deposit guarantee schemes had an impact of SEK 86m.

Net fee and commission income went up by 1%, or SEK 158m, to SEK 11,139m (10,981). Fund management, custody and other asset management commissions increased by 2% to SEK 6,531m (6,380), which included a 1% increase in mutual fund commissions to SEK 5,534m (5,469). Brokerage income declined by 8% to SEK 420m (455). Net payment commissions grew by 3% to SEK 1,758m (1,711), with net card commissions totalling SEK 1053m (1022). Lending and deposit commissions rose by 1% to SEK 1,156m (1,146). Insurance commissions were virtually unchanged at

SEK 673m (672). Advisory commissions increased to SEK 236m (196). Other net fee and commission income amounted to SEK 365m (421).

Net gains/losses on financial transactions increased by 73%, or SEK 1,121m, to SEK 2,661m (1,540). The Bank's liquidity portfolio had a positive effect between the comparison periods of SEK 767m, and amounted to SEK 195m (-572). The contribution from the customer-driven business in Capital Markets decreased by SEK 87m to SEK 1,044m (1,131). Other effects increased by SEK 441m to SEK 1,422m (981), with the net change primarily driven by positive effects related to bond repurchases and ineffectiveness in the Bank's hedging relationships, together with a negative impact from counterparty risk (CVA).

Net insurance result increased by SEK 504m to SEK 493m (-11). The return on assets held on behalf of policyholders improved by SEK 627m and amounted to SEK 336m (-291). Insurance result went down by 44% to SEK 157m (280), of which profit from insurance services decreased by 24% to SEK 211m (279).

Remaining income items totalled SEK 379m (1,250). During the second quarter, a reversal of VAT paid in conjunction with the sale of the card acquiring operations, amounting to SEK 158m, was reported, of which SEK 141m was reported 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 5%, or SEK 602m, to SEK -13,642m (-13,040). During the fourth quarter, a preliminary provision for the Oktogonen profit-sharing scheme was made for the 2023 accounting year, affecting staff costs in the amount of SEK -83m, while a preliminary provision for the 2022 accounting year was made in the first quarter, which had a SEK -202m effect. Adjusted for Oktogonen, foreign exchange effects and items affecting comparability during the period of comparison, staff costs increased by 4%, or SEK 534m. The average number of employees grew by 7% to 11,683 (10,954), mainly due to an increase in the number of employees in the Bank's IT department, and in those areas involved in the work against financial crime and cyber risks.

Other expenses rose by 19%, or SEK 1,270m, to SEK -7,796m (-6,526). Adjusted for foreign exchange effects, the increase was 18%, or SEK 1,147m. The increase was due to increased investment into technology, data and innovation, as well as to general inflation in the Bank's home markets.

Depreciation, amortisation and impairments of property, equipment and intangible assets rose by 6% to SEK -1,743m (-1,646).

Credit losses

SEK m	Full year 2023	Full year 2022	Change
Net credit losses	-141	-47	-94
Credit loss ratio as % of loans to the public	0.01	0.00	

Credit losses were SEK -141m (-47), and the credit loss ratio was 0.01% (0.00).

Actual credit losses for the period were SEK -260m (-738), which were counterbalanced by previously recorded reserves in the amount of SEK 185m (636). Recoveries of previously confirmed losses were SEK 149m (245). Expected credit losses in Stage 3 totalled SEK -111m (52). Provisions in Stage 1 and Stage 2 were SEK -104m (-242), of which rating

migrations constituted SEK -483m (-1), updated macroeconomic assumptions SEK 206m (-104) and other effects SEK 173m (-137).

Risk tax and resolution fee

The *risk tax and resolution fee* totalled SEK -2,624m (-2,311). The risk tax totalled SEK -1,644m (-1,316). For the tax year 2023, the risk tax comprised 0.06% of the basis of assessment (0.05). The resolution fee totalled SEK -980m (-995).

Taxes

The *effective tax rate in continuing operations* was 23.2% (20.2). The difference between this rate and the corporate tax rate in Sweden of 20.6% derives primarily from the higher tax rate in the UK operations, as well as from non-deductible costs on subordinated liabilities.

The *effective tax rate in total operations* (including discontinued operations) was 22.8% (23.3).

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 1,209m (280).

Income was SEK 2,829m (4,600), of which SEK 2,829m (2,186) was attributable to the discontinued operations in Finland. Net interest income in Finland was SEK 2,368m (1,722), an increase of 38%, which was due to recovered interest rate margins.

Expenses decreased to SEK -1,379m (-3,253), of which SEK -1,306m (-1,423) referred to local expenses for the discontinued operations in Finland.

Credit losses consisted of net recoveries and amounted to SEK 41m (29).

Non-recurring items and special items in operating profit

SEK m	Full year 2023	Full year 2022
Funding cost related to discontinuing operations in Finland		-206
Capital gains from sales of properties (other income)		1,059
Oktagonen: adjustment of allocation previous year (staff costs)	-202	-53
Oktagonen: provision current year (staff costs)	-83	-196
Payroll tax on pension due to unclaimed reimbursement for pension costs (staff costs)		-152
Reversal of value added tax paid when divesting card acquiring business (Income)	158	
Total	-127	452

Foreign exchange effects

Foreign exchange effects vs. previous year, SEK m	Full year 2023
Net interest income	409
Net fee and commission income	57
Net gains/losses on financial transactions	11
Other income	156
Total income	632
Staff costs	-184
Other expenses	-123
Depreciation and amortisation	-17
Total expenses	-324
Net loan losses	7
Gains/losses on disposal of property, equipment and intangible assets	0
Risk tax and resolution fee	4
Operating profit	319

Q4 2023 COMPARED WITH Q3 2023

Operating profit decreased by -9% to SEK 9,057m (9,908).

Income went down by -2%, or SEK -390m, to SEK 15,854m (16,244). Foreign exchange effects had a SEK -203m impact on income. Adjusted for these effects, the change in income was -1%.

Expenses rose by 7% to SEK -6,086m (-5,686). Adjusted for items affecting comparability, the increase was 7%.

The *C/I ratio* was 38.4% (35.0).

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

Profit for the period decreased by 9% to SEK 7,244m (7,952).

Earnings per share fell by 8% to SEK 3.66 (4.02).

Return on equity decreased to 15.2% (17.3).

The *common equity tier 1 ratio* after proposed dividends was 18.8% (19.4).

Income

SEK m	Q4 2023	Q3 2023	Change
Net interest income	12,222	12,184	0%
Net fee and commission income	2,800	2,812	0%
Net gains/losses on financial trans.	579	1,087	-47%
Other	253	161	57%
Total income	15,854	16,244	-2%

Net interest income grew by SEK 38m to SEK 12,222m (12,184). Adjusted for foreign exchange effects of SEK -183m, net interest income increased by 2%. The annual invoice for the state deposit guarantee was received in the fourth quarter. The final fee for the full year 2023 was lower than the amount provisionally reserved for the fee during the previous quarters, which had a positive effect on net interest income of SEK 97m quarter on quarter. Adjusted for this, net interest income increased by 1%. The increase can mainly be attributed to the continued recovery of interest rate margins and a higher return on the Bank's equity. All in all, the net effect of margins and funding costs had a SEK 245m positive impact. Changed business volumes had an impact of SEK -44m. The liquidity portfolio had a quarter on quarter effect of SEK -12m. Other effects had a SEK -65m impact on net interest income.

Net fee and commission income was essentially unchanged at SEK 2,800m (2,812). Fund management, custody and other asset management commissions were largely unchanged and amounted to SEK 1,650m (1,658), with

mutual fund commissions decreasing by 1% to SEK 1,393m (1,403). Net payment commissions increased by 2% to SEK 467m (460), with net card commissions totalling SEK 281m (283). Brokerage income increased by 21% to SEK 102m (84). Advisory commissions decreased to SEK 36m (63). Lending and deposit commissions fell by -5% to SEK 281m (296). Insurance commissions decreased by 1% to SEK 169m (170). Other items in net fee and commission income amounted to SEK 95m (81).

Net gains/losses on financial transactions went down by -47%, or SEK -508m, to SEK 579m (1,087). The contribution from the Bank's liquidity portfolio had an effect of SEK -24m quarter on quarter, amounting to SEK 80m (104). The contribution from the customer-driven business in Capital Markets decreased by SEK 50m to SEK 236m (286). 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 and decreased by SEK 434m to SEK 263m (697). The reason for the decrease was that the figure for the comparison quarter was higher than normal.

Net insurance result rose by SEK 128m to SEK 207m (79). The return on assets held on behalf of policyholders went up by SEK 152m and amounted to SEK 183m (31). Insurance result fell by SEK 24m to SEK 24m (48).

Remaining income items totalled SEK 48m (81).

Expenses

Staff costs rose by 4% to SEK -3,531m (-3,382). A provision for Oktogonen was made during the fourth quarter, amounting to SEK -83m. Adjusted for this and foreign exchange effects, staff costs increased by 3%, or SEK 115m, with one contributory factor being a 1% rise in the average number of employees to 11,974 (11,889). The increase in the number of employees is due to additional recruitments in the Bank's the IT department and among those involved in the work against financial crime and cyber risks.

Other expenses rose by 17%, or SEK 313m, to SEK -2,152m (-1,839). Adjusted for foreign exchange effects, the increase was 19%, which was attributable to a higher level of development activity.

Depreciation, amortisation and impairment fell by 14% to SEK -402m (-466).

Credit losses

SEK m	Q4 2023	Q3 2023	Change
Net credit losses	-52	-1	-51
Credit loss ratio as % of loans to the public	0.00	0.00	

Credit losses were SEK -52m (-1), and the credit loss ratio was 0.00% (0.00). Actual net credit losses were essentially non-existent, given that actual credit losses of SEK -67m (-77) were counterbalanced by previous provisions of SEK 43m (38) and recoveries of previously reported actual losses of SEK 23m (25). Expected credit losses in Stage 3 totalled SEK -73m (-4). Provisions in Stage 1 and Stage 2 had a positive impact in the amount of SEK 22m (17), of which rating migrations constituted SEK -137m (-77), updated macroeconomic assumptions SEK 37m (-2) and other effects SEK 122m (96).

Risk tax and resolution fee

The *risk tax and resolution fee* totalled SEK -664m (-653). The resolution fee totalled SEK -253m (-242). The risk tax totalled SEK -411m (-411). For the tax year 2023, the risk tax comprised 0.06% of the basis of assessment (0.05).

Taxes

The *effective tax rate in continuing operations* was 23.1% (23.5). The difference between this rate and the corporate tax rate in Sweden of 20.6% derives primarily from non-deductible costs on subordinated liabilities.

The *effective tax rate in total operations (including discontinued operations)* was 22.7% (23.1).

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, decreased by 24% and amounted to SEK 280m (368).

Income decreased by 1% compared to the previous quarter, to SEK 738m (743). Net interest income totalled SEK 619m (631), a 2% decrease.

Expenses rose by 31% to SEK -402m (-307), with one reason for this being that staff costs during the fourth quarter were SEK 75m higher than in the comparison quarter.

Credit losses consisted of net recoveries and amounted to SEK 9m (17).

Non-recurring items and special items in operating profit

SEK m	Q4 2023	Q3 2023
Oktogonen profit-sharing scheme (staff costs)	-83	
Total	-83	0

Foreign exchange effects

Foreign exchange effects vs. previous quarter, SEK m	Q4 2023
Net interest income	-183
Net fee and commission income	-16
Net gains/losses on financial transactions	-4
Other income	0
Total income	-203
Staff costs	49
Other expenses	34
Depreciation and amortisation	2
Total expenses	85
Net loan losses	0
Gains/losses on disposal of property, equipment and intangible assets	0
Risk tax and resolution fee	0
Operating profit	-118

BUSINESS DEVELOPMENT

January – December 2023 compared with January – December 2022

The average volume of *loans to the public* in the home markets grew by 3%, and totalled SEK 2,277bn (2,218), an increase of SEK 59bn. At the end of the period, lending in the home markets amounted to SEK 2,242bn (2,275), a decrease of 1%.

The average volume of *deposits and borrowing from the public* in the home markets was SEK 1,257bn (1,267), a change of SEK -10bn arising from lower corporate deposit volumes.

Total assets under management in the Group increased by 12% during the year and at the end of the period amounted to SEK 1,023bn (915). Of the assets under management,

SEK 949bn (845) was invested in the Bank's funds. New mutual fund savings in the home markets during the period amounted net to SEK 17.3bn (5.2). Of the new savings in the Swedish mutual fund market during the year, a net total of 18% was invested in Handelsbanken's funds. The Bank's share of the Swedish mutual fund market at the end of the year was 12.1%.

Q4 2023 compared with Q3 2023

The average volume of *loans to the public* in the home markets fell by 1.5%, and totalled SEK 2,262bn (2,297).

The average volume of *deposits and borrowing from the public* in the home markets went down by 2.0% during the quarter, and totalled SEK 1,243bn (1,268).

Total assets under management in the Group increased by 4% to SEK 1,023bn (984) at the end of the period, of which SEK 949bn (904) was invested in the Bank's mutual funds. The net flow in the Bank's mutual funds during the quarter was SEK 0.0bn (1.4), of which SEK -0.1bn (2.6) was in the Swedish market.

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. All rating agencies confirmed their long-term and short-term ratings for the Bank during the year. However, Moodys downgraded its outlook 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 hypothetical stressed. 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 763bn (676 at year-end 2022). Of this reserve, 91% 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 of just over 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 2,408bn at the end of the period (2,459 at year-end 2022). The aforementioned increase

to the liquidity reserve arose through unsecured funding, including issues of long-term senior bonds. Unsecured funding rose by 2% to SEK 923bn (903 year-end 2022). Thus, given the strengthened liquidity portfolio and reduced liquidity risk, the ratio of non-encumbered assets to unsecured market funding decreased to 261% (272 at year-end 2022).

At the end of the year, the Group's liquidity coverage ratio, (LCR), calculated according to the European Commission's delegated regulation, was 210% (181% at the end of the preceding quarter). At the end of the year, the net stable funding ratio (NSFR) according to CRR2 was 120% (117 at the end of the preceding quarter).

During the year, 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 privately owned banks.

The Bank issued its first green covered bonds during the year, in both EUR and SEK, amounting to EUR 1bn and SEK 9bn, respectively.

Bond issues during the year amounted to a total of SEK 239bn (199), of which SEK 163bn (131) was in covered bonds and SEK 67bn (57) was in senior bonds, of which SEK 11bn (13) constituted eligible liabilities. A non-perpetual subordinated loan of SEK 9bn (11) was issued during the year.

CAPITAL

At the end of the year, the common equity tier 1 ratio was 18.8% after proposed dividends. The Bank's assessment is that the common equity tier 1 capital requirement, including Pillar 2 guidance, amounted to 14.8% or SEK 124bn 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%.

At the end of the quarter, the total capital ratio was 23.9%. The Bank's estimation is that the total capital requirement, including Pillar 2 guidance, amounted to 19.0% (SEK 159bn) on the same date. The total capital requirement in Pillar 2 comprises 2.5 percentage points, corresponding to SEK 21bn.

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 31 December 2023 compared with 31 December 2022

SEK m	31 Dec 2023	31 Dec 2022	Change
Common equity tier 1 ratio, CRR	18.8%	19.6%	-0.8
Total capital ratio, CRR	23.9%	23.8%	0.1
Risk exposure amount, CRR	836,790	810,144	3%
Common equity tier 1 capital	157,576	158,551	-1%
Total own funds	200,081	193,186	4%
Total equity	205,085	194,024	6%

Total own funds were SEK 200bn (193), and the total capital ratio amounted to 23.9% (23.8). The common equity tier 1 capital was SEK 158bn (159), while the common equity tier 1 ratio was 18.8% (19.6).

Profit for the period increased the common equity tier 1 ratio by 3.4 percentage points. Proposed dividends had an impact of -3.2 percentage points. Volume changes contributed 0.3 percentage points, rating migrations -0.9 percentage points and the net effect of differing credit qualities for inflows and outflows contributed 0.2 percentage points. Exchange rate movements had a neutral effect. 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 year, 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. The revision of the PD model for retail exposures in the first quarter of the year reduced the common equity tier 1 ratio by 0.1 percentage point after consideration was given to risk weight floors. Other effects had an impact of -0.4 percentage points.

Capital for consolidated situation 31 December 2023 compared with 30 September 2023

SEK m	31 Dec 2023	30 Sep 2023	Change
Common equity tier 1 ratio, CRR	18.8%	19.4%	-0.6
Total capital ratio, CRR	23.9%	24.5%	-0.6
Risk exposure amount, CRR	836,790	868,888	-4%
Common equity tier 1 capital	157,576	168,147	-6%
Total own funds	200,081	212,975	-6%
Total equity	205,085	203,747	1%

Total own funds amounted to SEK 200bn (213) and the total capital ratio was 23.9% (24.5). The common equity tier 1 capital was SEK 158bn (168), while the common equity tier 1 ratio was 18.8% (19.4).

Profit for the period increased the common equity tier 1 ratio by 0.8 percentage points. Proposed dividends contributed -1.7 percentage points. Volume changes increased the common equity tier 1 ratio by 0.2 percentage points. Credit risk migrations had an impact of -0.1 percentage points, which was offset by risk weight floors that raised the common equity tier 1 ratio by 0.1 percentage points. Foreign exchange effects were neutral. Other effects had an impact of 0.1 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 65.5bn (66.7), while AFR was SEK 239.6bn (257.7). Thus, the ratio between AFR and EC was 366% (387). For the consolidated situation, EC totalled SEK 38.4bn (38.6), and AFR was SEK 232.6bn (251.1).

SUSTAINABILITY

During the fourth quarter, the Bank published *Handelsbanken's transition plan – towards net zero 2040*, which describes the Bank's work on the climate and environment. 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 36% to SEK 87.2bn (63.7); as part of this total, green mortgages grew by 10% to SEK 35.0bn

(31.8). In addition, sustainability-linked loan facilities amounted to SEK 105.4bn (59.0).

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, 14 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'S ANNUAL GENERAL MEETING 2024

Handelsbanken's Annual General Meeting will take place on 20 March 2024. The Board of Directors proposes to the annual general meeting an ordinary dividend of SEK 6.50 (5.50) per share and a special dividend of SEK 6.50 (2.50) per share. The Board proposes that the record day for the dividend be 22 March 2024, which means that the Handelsbanken share will be traded ex-dividend on 21 March 2024, and that the dividend is then expected to be disbursed by Euroclear on 27 March 2024.

In addition, the Board proposes to the annual general meeting that the current repurchase programme of a maximum 120 million shares be extended by a further year, and that the meeting authorise the Board to be able to issue convertible debt instruments in the form of AT1 bonds, in order to adapt the Bank's capital structure to capital requirements prevailing at any time.

Handelsbanken Group – Business segments in continuing operations

January - December 2023								
SEK m	Home markets						Adj. & elim.	Total Full year 2023
	Sweden	UK	Norway	The Netherlands	Capital Markets	Other		
Net interest income	30,420	11,010	4,624	1,941	384	-801		47,578
Net fee and commission income	8,420	845	659	198	740	276		11,139
Net gains/losses on financial transactions	1,180	253	79	17	1,044	88		2,661
Net insurance result	494		0					493
Share of profits associated companies						51		51
Other income	197	13	5	1	7	105		328
Total income	40,711	12,121	5,366	2,157	2,175	-280		62,249
Staff costs	-4,157	-3,149	-1,103	-537	-1,200	-3,900	403	-13,642
Other expenses	-1,525	-907	-493	-136	-409	-4,325		-7,796
Internal purchased and sold services	-5,535	-1,414	-708	-277	-247	8,180		
Depreciation, amortisation and impairments of property, equipment and intangible assets	-427	-310	-97	-59	-144	-682	-24	-1,743
Total expenses	-11,644	-5,780	-2,401	-1,009	-2,000	-727	379	-23,182
Profit before credit losses, risk tax and resolution fee	29,067	6,340	2,965	1,148	175	-1,007	379	39,067
Net credit losses	-142	-51	37	13	11	-8		-141
Gains/losses on disposal of property, equipment and intangible assets	14	-1	6		0	0		20
Risk tax and resolution fee	-1,919		-393	-113	-43	-157		-2,624
Operating profit	27,020	6,289	2,615	1,048	144	-1,172	379	36,322
Profit allocation	405	52	47	0	-527	23		
Operating profit after profit allocation	27,425	6,340	2,662	1,048	-383	-1,149	379	36,322
Internal income	5,867	2,999	-8,567	-98	1,891	-2,092		

January - December 2022								
SEK m	Home markets						Adj. & elim.	Total Full year 2022
	Sweden	UK	Norway	The Netherlands	Capital Markets	Other		
Net interest income	23,082	7,580	4,264	1,354	301	32		36,614
Net fee and commission income	8,356	807	688	147	771	213		10,981
Net gains/losses on financial transactions	508	248	90	21	1,131	-457		1,540
Net insurance result	-41		30					-11
Share of profits associated companies						-13		-13
Other income	103	14	25	1	9	1,111		1,263
Total income	32,008	8,649	5,097	1,523	2,212	885		50,375
Staff costs	-3,978	-2,693	-1,028	-442	-1,143	-3,778	22	-13,040
Other expenses	-1,497	-789	-295	-94	-326	-3,525		-6,526
Internal purchased and sold services	-4,630	-1,076	-667	-241	-344	6,959		
Depreciation, amortisation and impairments of property, equipment and intangible assets	-417	-313	-92	-54	-147	-601	-23	-1,646
Total expenses	-10,522	-4,872	-2,082	-832	-1,959	-944	-1	-21,212
Profit before credit losses, risk tax and resolution fee	21,486	3,778	3,016	691	253	-60	-1	29,163
Net credit losses	135	-55	-152	0	-13	38		-47
Gains/losses on disposal of property, equipment and intangible assets	10	10	6		0	-2		24
Risk tax and resolution fee	-1,659		-359	-81	-33	-180		-2,311
Operating profit	19,972	3,733	2,510	610	206	-203	-1	26,829
Profit allocation	374	49	69	0	-531	39		
Operating profit after profit allocation	20,346	3,781	2,579	610	-324	-164	-1	26,829
Internal income	1,727	52	-3,838	-453	615	1,897		

Internal income which is included in total income comprises income from transactions with other operating segments and Other. Since interest income and interest expense are reported net as income, this means that internal income includes the net amount of the internal funding cost among segments and Other. 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	Q4 2023	Q3 2023	Change	Q4 2022	Change	Full year 2023	Full year 2022	Change
Net interest income	7,964	7,713	3%	6,862	16%	30,420	23,082	32%
Net fee and commission income	2,142	2,116	1%	2,073	3%	8,420	8,356	1%
Net gains/losses on financial transactions	283	542	-48%	133	113%	1,180	508	132%
Net insurance result	209	80	161%	60	248%	494	-41	
Other income	27	5	440%	43	-37%	197	103	91%
Total income	10,626	10,455	2%	9,170	16%	40,711	32,008	27%
Staff costs	-1,058	-1,033	2%	-1,005	5%	-4,157	-3,978	4%
Other expenses	-385	-334	15%	-468	-18%	-1,525	-1,497	2%
Internal purchased and sold services	-1,524	-1,287	18%	-1,197	27%	-5,535	-4,630	20%
Depreciation, amortisation and impairments of property, equipment and intangible assets	-113	-104	9%	-105	8%	-427	-417	2%
Total expenses	-3,080	-2,758	12%	-2,775	11%	-11,644	-10,522	11%
Profit before credit losses, risk tax and resolution fee	7,546	7,696	-2%	6,395	18%	29,067	21,486	35%
Net credit losses	-57	31		-2		-142	135	
Gains/losses on disposal of property, equipment and intangible assets	4	2	100%	4	0%	14	10	40%
Risk tax and resolution fee	-482	-481	0%	-417	16%	-1,919	-1,659	16%
Operating profit	7,012	7,248	-3%	5,980	17%	27,020	19,972	35%
Profit allocation	76	93	-18%	98	-22%	405	374	8%
Operating profit after profit allocation	7,088	7,340	-3%	6,078	17%	27,425	20,346	35%
Internal income	1,967	1,581	24%	999	97%	5,867	1,727	240%
Cost/income ratio, %	28.8	26.1		29.9		28.3	32.5	
Credit loss ratio, %	0.00	0.00		0.00		0.01	-0.01	
Allocated capital	123,951	119,560	4%	106,101	17%	123,951	106,101	17%
Return on allocated capital, %	18.2	19.5		18.2		18.2	15.9	
Average number of employees	4,108	4,196	-2%	3,996	3%	4,099	3,907	5%

BUSINESS VOLUMES

Average volumes, SEK bn	Q4 2023	Q3 2023	Change	Q4 2022	Change	Full year 2023	Full year 2022	Change
Loans to the public*								
Household	976	980	0%	984	-1%	981	976	1%
of which mortgage loans	946	948	0%	946	0%	948	936	1%
Corporates	639	645	-1%	630	1%	644	602	7%
of which mortgage loans	444	442	0%	418	6%	439	399	10%
Total	1,615	1,625	-1%	1,614	0%	1,625	1,577	3%
Deposits and borrowing from the public								
Household	482	484	0%	487	-1%	483	478	1%
Corporates	358	364	-2%	384	-7%	367	393	-7%
Total	840	848	-1%	870	-3%	850	871	-2%

* Excluding loans to the National Debt Office.

JANUARY – DECEMBER 2023 COMPARED WITH JANUARY – DECEMBER 2022

Operating profit increased by 35% to SEK 27,020m (19,972). *Return on allocated capital* increased to 18.2% (15.9). The *C/I ratio* improved to 28.3% (32.5).

Income climbed by 27% to SEK 40,711m (32,008).

Expenses rose by 11% to SEK -11,644m (-10,522).

Net interest income improved by 32%, or SEK 7,338m, to SEK 30,420m (23,082). Higher business volumes had a SEK 319m positive impact on net interest income. The net amount of changed margins and funding costs was positive, totalling SEK 6,696m. Costs for the Swedish deposit guarantee scheme decreased by SEK 79m to SEK -219m (-298). Other effects in net interest income contributed SEK 244m.

Net fee and commission income increased by 1% to SEK 8,420m (8,356). Mutual fund commissions increased by SEK 32m to SEK 4,747m (4,715). Custody and other asset management commissions increased by 11% to SEK 725m (654). Brokerage and other securities commissions decreased by 14%. Commission income from loans and deposits and from guarantees decreased by 5%. Net payment commissions went up by 3% to SEK 1,300m (1,257), of which net card commissions increased by 4% to SEK 916m (884).

Net gains/losses on financial transactions improved to SEK 1,180m (508).

Net insurance result was SEK 494m (-41), with the change explained by an improvement to the return on assets held on behalf of policyholders compared with the previous year.

Other income amounted to SEK 197m (103).

Staff costs rose by 4% to SEK -4,157m (-3,978), as a result of annual salary adjustments and an increase in the number of employees. The average number of employees grew by 5% to 4,099 (3,907).

Other expense items rose by 14% to SEK -7,487m (-6,544), mainly due to increased IT investments and business development.

Credit losses were SEK -142m (135), and the credit loss ratio was 0.01% (-0.01).

The *risk tax* amounted to SEK -1,199m (-918), and the *resolution fee* amounted to SEK -719m (-740).

Q4 2023 COMPARED WITH Q3 2023

Operating profit decreased by 3% to SEK 7,012m (7,248). *Return on allocated capital* was 18.2% (19.5). The *C/I ratio* was 28.8% (26.1).

Income grew by 2% to SEK 10,626m (10,455).

Expenses rose by 12% to SEK -3,080m (-2,758).

Net interest income rose by 3%, or SEK 251m, to SEK 7,964m (7,713). Changed business volumes had an impact of SEK -41m. The net amount of changed margins and funding costs increased net interest income by SEK 179m. Costs for the Swedish deposit guarantee scheme decreased by SEK 89m to SEK 12m (-77), due to a lower final fee than anticipated in the first quarter of the year. Other effects amounted to SEK 24m.

Net fee and commission income rose by 1% to SEK 2,142m (2,116). The positive development of brokerage and commission income from custody accounts and other asset management was counterbalanced by the negative development of commission income from mutual funds. Net fee and commission income from payments grew by SEK 7m. Net card commissions went up by SEK 17m. All in all, decreased deposit and lending commissions and increased guarantee commissions resulted in a SEK 3m reduction to net

fee and commission income. Net fee and commission income from advisory services was unchanged quarter on quarter.

Net gains/losses on financial transactions totalled SEK 283m (542).

Net insurance result was SEK 209m (80), with the change explained by an improvement to the return on assets held on behalf of policyholders.

Other income amounted to SEK 27m (5).

Staff costs rose by 2% to SEK -1,058m (-1,033). The average number of employees decreased by 2% to 4,108 (4,196), mainly as a result of the extra employment of temporary staff during the comparison quarter.

Other expense items rose by 17% to SEK -2,022m (-1,725), which was attributable to a higher level of development activity.

Credit losses were SEK -57m (31), and the credit loss ratio was 0.00% (0.00).

The *risk tax* totalled SEK -300m (-299). The *resolution fee* totalled SEK -181m (-181).

BUSINESS DEVELOPMENT

Handelsbanken held on to its position as the best bank for business in this year's independent Finansbarometern 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 the 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 the 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.

January – December 2023 compared with January – December 2022

The total *average volume of lending* grew by 3% to SEK 1,625bn (1,577). Household lending increased by 1% to SEK 981bn (976) and corporate lending increased by 7% to SEK 644bn (602).

The total *average volume of deposits* fell by 2% to SEK 850bn (871). Household deposits went up by 1% to SEK 483bn (478), while corporate deposits decreased by 7% to SEK 367bn (393).

The *total volume of assets under management* was SEK 837bn (741). Net savings in the Bank's mutual funds totalled SEK 17.4bn (10.0), corresponding to a market share of 18%.

Q4 2023 compared with Q3 2023

The total *average volume of lending* fell by 1% to SEK 1,615bn (1,625). Household lending was SEK 976bn (980) and corporate lending was SEK 639bn (645).

The total *average volume of deposits* fell by 1% to SEK 840bn (848). Household deposits were essentially unchanged at SEK 482bn (484), while corporate deposits decreased by 2% to SEK 358bn (364).

New savings in the Bank's mutual funds in Sweden were net SEK -0.1bn (2.6) and the total volume of assets under management was SEK 837bn (796) at the end of the period.

Handelsbanken UK

INCOME STATEMENT

SEK m	Q4 2023	Q3 2023	Change	Q4 2022	Change	Full year 2023	Full year 2022	Change
Net interest income	2,802	2,934	-4%	2,358	19%	11,010	7,580	45%
Net fee and commission income	210	218	-4%	196	7%	845	807	5%
Net gains/losses on financial transactions	66	74	-11%	70	-6%	253	248	2%
Other income	11	1		14	-21%	13	14	-7%
Total income	3,089	3,227	-4%	2,637	17%	12,121	8,649	40%
Staff costs	-825	-828	0%	-675	22%	-3,149	-2,693	17%
Other expenses	-248	-237	5%	-230	8%	-907	-789	15%
Internal purchased and sold services	-370	-352	5%	-280	32%	-1,414	-1,076	31%
Depreciation, amortisation and impairments of property, equipment and intangible assets	-75	-87	-14%	-74	1%	-310	-313	-1%
Total expenses	-1,518	-1,504	1%	-1,259	21%	-5,780	-4,872	19%
Profit before credit losses, risk tax and resolution fee	1,570	1,722	-9%	1,379	14%	6,340	3,778	68%
Net credit losses	21	-65		-51		-51	-55	-7%
Gains/losses on disposal of property, equipment and intangible assets	-1	0		0		-1	10	
Operating profit	1,590	1,659	-4%	1,328	20%	6,289	3,733	68%
Profit allocation	11	13	-15%	15	-27%	52	49	6%
Operating profit after profit allocation	1,600	1,672	-4%	1,342	19%	6,340	3,781	68%
Internal income	985	841	17%	332	197%	2,999	52	
Cost/income ratio, %	49.0	46.4		47.5		47.5	56.0	
Credit loss ratio, %	-0.02	0.10		0.08		0.03	0.01	
Allocated capital	25,846	24,859	4%	20,436	26%	25,846	20,436	26%
Return on allocated capital, %	19.7	21.4		20.9		21.3	15.1	
Average number of employees	2,816	2,758	2%	2,536	11%	2,707	2,481	9%

INCOME STATEMENT IN LOCAL CURRENCY

GBP m	Q4 2023	Q3 2023	Change	Q4 2022	Change	Full year 2023	Full year 2022	Change
Net interest income	211.6	214.4	-1%	187.9	13%	834.0	608.1	37%
Net fee and commission income	15.8	15.9	-1%	15.5	2%	64.0	64.7	-1%
Net gains/losses on financial transactions	5.0	5.5	-9%	5.6	-11%	19.2	19.9	-4%
Other income	0.8	0.1		1.1	-27%	1.0	1.1	-9%
Total income	233.3	235.8	-1%	210.1	11%	918.2	693.8	32%
Staff costs	-62.3	-60.5	3%	-53.7	16%	-238.6	-216.1	10%
Other expenses	-18.7	-17.4	7%	-18.3	2%	-68.7	-63.3	9%
Internal purchased and sold services	-28.0	-25.6	9%	-22.2	26%	-107.1	-86.3	24%
Depreciation, amortisation and impairments of property, equipment and intangible assets	-5.7	-6.3	-10%	-5.8	-2%	-23.5	-25.1	-6%
Total expenses	-114.7	-109.8	4%	-100.1	15%	-437.9	-390.8	12%
Profit before credit losses, risk tax and resolution fee	118.6	125.9	-6%	110.0	8%	480.3	303.0	59%
Net credit losses	1.7	-4.9		-4.1		-3.8	-4.4	-14%
Gains/losses on disposal of property, equipment and intangible assets	-0.1	0.0		0.0		-0.1	0.8	
Operating profit	120.1	121.1	-1%	105.9	13%	476.4	299.4	59%
Profit allocation	0.8	0.9	-11%	1.2	-33%	3.9	3.9	0%
Operating profit after profit allocation	120.9	122.0	-1%	107.1	13%	480.3	303.3	58%

BUSINESS VOLUMES

Average volumes, GBP m	Q4 2023	Q3 2023	Change	Q4 2022	Change	Full year 2023	Full year 2022	Change
Loans to the public								
Household	5,319	5,436	-2%	5,861	-9%	5,520	6,076	-9%
Corporates	12,944	13,126	-1%	13,409	-3%	13,101	13,820	-5%
Total	18,262	18,563	-2%	19,270	-5%	18,621	19,896	-6%
Deposits and borrowing from the public								
Household	5,295	5,387	-2%	5,890	-10%	5,441	5,770	-6%
Corporates	15,263	14,858	3%	15,020	2%	14,924	14,310	4%
Total	20,558	20,245	2%	20,910	-2%	20,365	20,080	1%

JANUARY – DECEMBER 2023 COMPARED WITH JANUARY – DECEMBER 2022

Operating profit rose by 68%, or SEK 2,556m, to SEK 6,289m (3,733). The effect of foreign exchange movements on operating profit was SEK 210m. Expressed in local currency, operating profit increased by 59%. *Return on allocated capital* improved to 21.3% (15.1). The *C/I ratio* improved to 47.5% (56.0).

Income increased by 40% to SEK 12,121m (8,649). Foreign exchange effects on income amounted to SEK 492m, and in local currency terms, income rose by 32%.

Expenses increased by 19% to SEK -5,780m (-4,872). Adjusted for foreign exchange effects of SEK -279m, expenses increased in local currency terms by 12%.

Net interest income rose by 45%, or SEK 3,430m, to SEK 11,010m (7,580). Foreign exchange effects had an impact of SEK 429m on net interest income. Expressed in local currency, net interest income increased by 37%. The net amount of changed margins and funding costs increased net interest income by SEK 3,230m. Lower business volumes had an impact of SEK -85m. Other effects had an impact of SEK -144m.

Net fee and commission income increased by 5% to SEK 845m (807). Foreign exchange effects amounted to SEK 48m, and in local currency terms, net fee and commission income fell by 1%. Commission income from the fund management, custody account management and asset management business, including brokerage and advisory services, increased by 3% to SEK 433m (420). Net fee and commission income from payments increased by 6% to SEK 281m (266).

Staff costs rose by 17% to SEK -3,149m (-2,693). Foreign exchange effects on staff costs amounted to SEK -162m, and in local currency terms, staff costs increased by 10%. The increase was due to annual salary adjustments and an increase in the number of employees. The average number of employees grew by 9% to 2,707 (2,481). 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 21% to SEK -2,631m (-2,178). 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 -51m (-55). The credit loss ratio was 0.03% (0.01).

Q4 2023 COMPARED WITH Q3 2023

Operating profit decreased by 4% to SEK 1,590m (1,659). Foreign exchange effects on operating profit amounted to SEK -50m, and in local currency terms, operating profit decreased by 1%. *Return on allocated capital* was 19.7% (21.4), and the *C/I ratio* was 49.0% (46.4).

Income decreased by 4% to SEK 3,089m (3,227). Foreign exchange effects on income totalled SEK -100m, and expressed in local currency terms, income went down by 1%.

Expenses increased by 1% to SEK -1,518m (-1,504). Foreign exchange effects amounted to SEK 47m and, expressed in local currency, expenses increased by 4%.

Net interest income decreased by 4% to SEK 2,802m (2,934). Foreign exchange effects on net interest income amounted to SEK -90m. In local currency terms, net interest income decreased by 1%. The net amount of changed margins and funding costs reduced net interest income by SEK 66m. Changed business volumes had an impact of

SEK 13m on net interest income. Other effects made a contribution of SEK 11m.

Net fee and commission income declined by 4% to SEK 210m (218). Foreign exchange effects amounted to SEK -7m, and in local currency terms, net fee and commission income fell by 1%. The decrease was primarily due to negative developments in commission income from mutual funds, payments, and loans and deposits.

Staff costs decreased marginally to SEK -825m (-828). Expressed in local currency, staff costs increased by 3%, which was primarily due to a 2% rise in the average number of employees to 2,816 (2,758). The increase in the number of employees was due to further recruitments in the Bank's IT department and in business development.

Other expense items rose by 3% to SEK -693m (-676). Expressed in local currency, these expenses increased by 6%.

Credit losses consisted of net recoveries of SEK 21m (-65), and the credit loss ratio was -0.02% (0.10).

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.

January – December 2023 compared with January – December 2022

The total *average volume of lending* decreased by 6% to GBP 18.6bn (19.9). Household lending decreased by 9% to GBP 5.5bn (6.1), and corporate lending decreased by 5% to GBP 13.1bn (13.8).

The total *average volume of deposits* increased by 1% to GBP 20.4bn (20.1). Household deposits decreased by 6% to GBP 5.4bn (5.8), and corporate deposits increased by 4% to GBP 14.9bn (14.3).

The volume of assets under management in Handelsbanken Wealth & Asset Management at the end of the period totalled GBP 4.3bn (4.1). New savings during the period totalled GBP 60m (-23).

Q4 2023 compared with Q3 2023

The total *average volume of lending* decreased by 2% to GBP 18.3bn (18.6). Household lending decreased by 2% to GBP 5.3bn (5.4), and corporate lending decreased by 1% to GBP 12.9bn (13.1).

The total *average volume of deposits* increased by 2% to GBP 20.6bn (20.2). Household deposits decreased by 2% to GBP 5.3bn (5.4), and corporate deposits increased by 3% to GBP 15.3bn (14.9).

The volume of assets under management in Handelsbanken Wealth & Asset Management at the end of the period totalled GBP 4.3bn (4.1). New savings in Handelsbanken Wealth & Asset Management during the quarter totalled net GBP -26m (16).

Handelsbanken Norway

INCOME STATEMENT

SEK m	Q4 2023	Q3 2023	Change	Q4 2022	Change	Full year 2023	Full year 2022	Change
Net interest income	1,217	1,192	2%	1,091	12%	4,624	4,264	8%
Net fee and commission income	156	180	-13%	167	-7%	659	688	-4%
Net gains/losses on financial transactions	18	20	-10%	32	-44%	79	90	-12%
Net insurance result	-2	1		0		0	30	-100%
Other income	1	1	0%	16	-94%	5	25	-80%
Total income	1,390	1,392	0%	1,305	7%	5,366	5,097	5%
Staff costs	-291	-285	2%	-266	9%	-1,103	-1,028	7%
Other expenses	-126	-113	12%	-100	26%	-493	-295	67%
Internal purchased and sold services	-183	-173	6%	-198	-8%	-708	-667	6%
Depreciation, amortisation and impairments of property, equipment and intangible assets	-26	-25	4%	-24	8%	-97	-92	5%
Total expenses	-625	-597	5%	-588	6%	-2,401	-2,082	15%
Profit before credit losses, risk tax and resolution fee	764	797	-4%	718	6%	2,965	3,016	-2%
Net credit losses	-33	45		-13	154%	37	-152	
Gains/losses on disposal of property, equipment and intangible assets	2	1	100%	2	0%	6	6	0%
Risk tax and resolution fee	-104	-95	9%	-90	16%	-393	-359	9%
Operating profit	629	748	-16%	615	2%	2,615	2,510	4%
Profit allocation	10	15	-33%	18	-44%	47	69	-32%
Operating profit after profit allocation	639	763	-16%	633	1%	2,662	2,579	3%
Internal income	-2,537	-2,379	7%	-1,604	58%	-8,567	-3,838	123%
Cost/income ratio, %	44.6	42.4		44.4		44.4	40.3	
Credit loss ratio, %	0.03	-0.06		0.03		-0.01	0.04	
Allocated capital	23,292	22,204	5%	20,074	16%	23,292	20,074	16%
Return on allocated capital, %	8.7	10.9		10.0		9.5	10.5	
Average number of employees	886	845	5%	764	16%	828	763	9%

INCOME STATEMENT IN LOCAL CURRENCY

NOK m	Q4 2023	Q3 2023	Change	Q4 2022	Change	Full year 2023	Full year 2022	Change
Net interest income	1,234	1,155	7%	1,037	19%	4,599	4,052	13%
Net fee and commission income	159	174	-9%	159	0%	656	654	0%
Net gains/losses on financial transactions	19	19	0%	30	-37%	79	85	-7%
Net insurance result	-2	1		0		0	29	-100%
Other income	1	1	0%	15	-93%	5	24	-79%
Total income	1,410	1,351	4%	1,241	14%	5,338	4,844	10%
Staff costs	-294	-277	6%	-252	17%	-1,097	-977	12%
Other expenses	-129	-108	19%	-95	36%	-491	-280	75%
Internal purchased and sold services	-185	-168	10%	-189	-2%	-704	-634	11%
Depreciation, amortisation and impairments of property, equipment and intangible assets	-26	-24	8%	-23	13%	-96	-87	10%
Total expenses	-634	-578	10%	-558	14%	-2,388	-1,978	21%
Profit before credit losses, risk tax and resolution fee	776	773	0%	682	14%	2,950	2,866	3%
Net credit losses	-33	44		-12	175%	36	-144	
Gains/losses on disposal of property, equipment and intangible assets	2	1	100%	2	0%	6	6	0%
Risk tax and resolution fee	-105	-93	13%	-87	21%	-391	-342	14%
Operating profit	639	727	-12%	585	9%	2,601	2,386	9%
Profit allocation	10	15	-33%	17	-41%	47	66	-29%
Operating profit after profit allocation	650	741	-12%	602	8%	2,648	2,451	8%

BUSINESS VOLUMES

Average volumes, NOK bn	Q4 2023	Q3 2023	Change	Q4 2022	Change	Full year 2023	Full year 2022	Change
Loans to the public								
Household	118.1	114.0	4%	112.6	5%	114.3	111.5	3%
Corporates	193.4	192.5	0%	184.2	5%	192.0	178.9	7%
Total	311.5	306.5	2%	296.8	5%	306.3	290.4	5%
Deposits and borrowing from the public								
Household	33.4	33.1	1%	31.4	6%	32.4	31.0	5%
Corporates	59.2	64.9	-9%	67.7	-13%	64.6	67.7	-5%
Total	92.6	98.0	-6%	99.1	-7%	97.0	98.6	-2%

JANUARY – DECEMBER 2023 COMPARED WITH JANUARY – DECEMBER 2022

Operating profit increased by 4% to SEK 2,615m (2,510). Foreign exchange effects on operating profit amounted to SEK -102m, and in local currency terms, operating profit rose by 9%. *Return on allocated capital* went down to 9.5% (10.5). The *C/I ratio* was 44.4% (40.3).

Income grew by 5% to SEK 5,366m (5,097). Foreign exchange effects amounted to SEK -204m, and in local currency terms, income rose by 10%.

Expenses increased by 15% to SEK -2,401m (-2,082). Foreign exchange effects on expenses amounted to SEK 87m. Expressed in local currency, expenses increased by 21%. The increase was due to investments in strengthening and expanding the private market offering.

Net interest income increased by 8% to SEK 4,624m (4,264). Foreign exchange effects were SEK -174m, and in local currency terms, net interest income rose by 13%. Higher business volumes made a positive contribution of SEK 115m. The net amount of changed margins and funding costs increased net interest income by SEK 369m. Lower fees for the deposit guarantee scheme contributed SEK 6m. Other effects on net interest income had a SEK 44m impact.

Net fee and commission income declined by 4% to SEK 659m (688). Foreign exchange effects amounted to SEK -23m, and in local currency terms, net fee and commission income was largely unchanged. Commission income from the fund management, custody account management and asset management business, including brokerage and advisory services, decreased by 6% to SEK 353m (377). Net payment commissions decreased by 6% to SEK 187m (198).

Net gains/losses on financial transactions totalled SEK 79m (90).

Net insurance result was SEK 0m (30) and *Other income* was SEK 5m (25).

Staff costs rose by 7% to SEK -1,103m (-1,028). Foreign exchange effects on staff costs amounted to SEK 46m and, in local currency terms, the increase was 12%. 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 9% to 828 (763).

Other expense items increased by 23% to SEK -1,298m (-1,054). In local currency terms, the increase was 29%. 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 37m (-152). The credit loss ratio was -0.01% (0.04).

The *risk tax* amounted to SEK -230m (-174), and the *resolution fee* amounted to SEK -163m (-185).

Q4 2023 COMPARED WITH Q3 2023

Operating profit decreased by 16% to SEK 629m (748). Foreign exchange effects on operating profit amounted to SEK -33m, and in local currency terms, operating profit decreased by 12%. *Return on allocated capital* went down to 8.7% (10.9), and the *C/I ratio* was 44.6% (42.4).

Income decreased marginally to SEK 1,390m (1,392). Foreign exchange effects on income totalled SEK -56m, and in local currency terms, income grew by 4%.

Expenses rose by 5% to SEK -625m (-597). Foreign exchange effects on expenses totalled SEK 26m, and expressed in local currency terms, expenses grew by 10%.

Net interest income grew by 2% to SEK 1,217m (1,192). Foreign exchange effects on net interest income amounted to SEK -48m, and in local currency terms, net interest income rose by 7%. Changed business volumes had an impact of SEK -16m. The net amount of changed margins and funding costs contributed SEK 65m, which includes a negative effect of SEK -69m (-89) deriving from the required notification period, meaning an eight-week delay before interest rates on lending can be changed for household customers. Lower fees for the deposit guarantee scheme contributed SEK 8m. Other effects made a contribution of SEK 16m.

Net fee and commission income declined by 13% to SEK 156m (180). Foreign exchange effects amounted to SEK -6m, and in local currency terms, net fee and commission income fell by 9%, due to negative developments in savings-related fee and commission income and payment income.

Net gains/losses on financial transactions totalled SEK 18m (20).

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

Staff costs rose by 2% to SEK -291m (-285). Foreign exchange effects on staff costs amounted to SEK 13m, and in local currency terms, staff costs increased by 6%. The increase was mainly the result of an increase in the number of employees. The average number of employees grew by 5% to 886 (845).

Other expense items increased by 8% to SEK -335m (-311). Expressed in local currency, other expense items went up by 13%.

Credit losses totalled SEK -33m (45). The credit loss ratio was 0.03% (-0.06).

The *risk tax* amounted to SEK -57m (-58), and the *resolution fee* amounted to SEK -47m (-38).

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.

January – December 2023 compared with January – December 2022

The total average volume of lending increased by 5% to NOK 306.3bn (290.4). Household lending increased by 3% to NOK 114.3bn (111.5), and corporate lending increased by 7% to NOK 192.0bn (178.9).

The total average volume of deposits decreased by 2% to NOK 97.0bn (98.6). Household deposits increased by 5% to NOK 32.4bn (31.0), and corporate deposits decreased by 5% to NOK 64.6bn (67.7).

The net flow in the Bank's mutual funds in Norway during the period totalled SEK 1.4bn (-3.1). The total volume of assets under management was SEK 40bn (35).

Q4 2023 compared with Q3 2023

The average volume of lending increased by 2% to NOK 311.5bn (306.5). Household lending increased by 4% to NOK 118.1bn (114.0), and corporate lending increased marginally to NOK 193.4bn (192.5).

The total average volume of deposits decreased by 6% to NOK 92.6bn (98.0). Household deposits increased by 1% to NOK 33.4bn (33.1), and corporate deposits decreased by 9% to NOK 59.2bn (64.9).

New savings in the Bank's mutual funds in Norway during the quarter totalled net SEK 0.3bn (0.1). The total volume of assets under management was SEK 40bn (39).

Handelsbanken the Netherlands

INCOME STATEMENT

SEK m	Q4 2023	Q3 2023	Change	Q4 2022	Change	Full year 2023	Full year 2022	Change
Net interest income	500	501	0%	410	22%	1,941	1,354	43%
Net fee and commission income	75	41	83%	40	88%	198	147	35%
Net gains/losses on financial transactions	5	5	0%	3	67%	17	21	-19%
Other income	1	0		0		1	1	0%
Total income	580	548	6%	453	28%	2,157	1,523	42%
Staff costs	-136	-137	-1%	-117	16%	-537	-442	21%
Other expenses	-34	-35	-3%	-27	26%	-136	-94	45%
Internal purchased and sold services	-85	-66	29%	-71	20%	-277	-241	15%
Depreciation, amortisation and impairments of property, equipment and intangible assets	-14	-16	-13%	-17	-18%	-59	-54	9%
Total expenses	-270	-253	7%	-233	16%	-1,009	-832	21%
Profit before credit losses, risk tax and resolution fee	310	294	5%	220	41%	1,148	691	66%
Net credit losses	10	2	400%	3	233%	13	0	
Gains/losses on disposal of property, equipment and intangible assets		0						
Risk tax and resolution fee	-31	-28	11%	-19	63%	-113	-81	40%
Operating profit	289	268	8%	204	42%	1,048	610	72%
Profit allocation	0	0	0%	0	0%	0	0	0%
Operating profit after profit allocation	289	268	8%	205	41%	1,048	610	72%
Internal income	-7	-20	65%	-79	91%	-98	-453	78%
Cost/income ratio, %	46.6	46.2		51.4		46.8	54.6	
Credit loss ratio, %	-0.04	-0.01		-0.02		-0.01	0.00	
Allocated capital	5,175	5,048	3%	3,582	44%	5,175	3,582	44%
Return on allocated capital, %	17.7	16.8		18.2		16.9	14.7	
Average number of employees	400	391	2%	369	8%	388	357	9%

INCOME STATEMENT IN LOCAL CURRENCY

EUR m	Q4 2023	Q3 2023	Change	Q4 2022	Change	Full year 2023	Full year 2022	Change
Net interest income	43.6	42.5	3%	37.7	16%	169.1	127.4	33%
Net fee and commission income	6.5	3.5	86%	3.7	76%	17.2	13.8	25%
Net gains/losses on financial transactions	0.5	0.4	25%	0.2	150%	1.5	2.0	-25%
Other income	0.1	0.0		0.1	0%	0.1	0.1	0%
Total income	50.5	46.6	8%	41.7	21%	187.9	143.3	31%
Staff costs	-11.9	-11.6	3%	-10.8	10%	-46.8	-41.6	13%
Other expenses	-3.0	-3.0	0%	-2.5	20%	-11.9	-8.9	34%
Internal purchased and sold services	-7.4	-5.5	35%	-6.5	14%	-24.1	-22.7	6%
Depreciation, amortisation and impairments of property, equipment and intangible assets	-1.2	-1.4	-14%	-1.6	-25%	-5.1	-5.1	0%
Total expenses	-23.5	-21.5	9%	-21.3	10%	-87.9	-78.2	12%
Profit before credit losses, risk tax and resolution fee	27.0	25.0	8%	20.3	33%	100.0	65.0	54%
Net credit losses	0.8	0.2	300%	0.3	166%	1.1	0.0	
Gains/losses on disposal of property, equipment and intangible assets		0.0						
Risk tax and resolution fee	-2.6	-2.5	4%	-1.7	53%	-9.8	-7.6	29%
Operating profit	25.2	22.8	11%	18.9	33%	91.3	57.4	59%
Profit allocation	0.0	0.0	0%	0.0		0.0		
Operating profit after profit allocation	25.2	22.7	11%	18.9	33%	91.3	57.4	59%

BUSINESS VOLUMES

Average volumes, EUR m	Q4 2023	Q3 2023	Change	Q4 2022	Change	Full year 2023	Full year 2022	Change
Loans to the public								
Household	4,878	4,889	0%	4,918	-1%	4,891	4,723	4%
Corporates	3,802	3,803	0%	3,657	4%	3,773	3,453	9%
Total	8,680	8,691	0%	8,575	1%	8,664	8,177	6%
Deposits and borrowing from the public								
Household	724	685	6%	665	9%	679	673	1%
Corporates	2,775	2,827	-2%	2,996	-7%	2,858	3,308	-14%
Total	3,498	3,512	0%	3,662	-4%	3,537	3,982	-11%

JANUARY – DECEMBER 2023 COMPARED WITH JANUARY – DECEMBER 2022

Operating profit improved by 72% to SEK 1,048m (610). Foreign exchange effects on operating profit amounted to SEK 50m, and in local currency terms, operating profit rose by 59%. *Return on allocated capital* was 16.9% (14.7), and the *C/I ratio* improved to 46.8% (54.6).

Income grew by 42% to SEK 2,157m (1,523). Foreign exchange effects on income totalled SEK 120m, and expressed in local currency terms, income grew by 31%.

Expenses rose by 21% to SEK -1,009m (-832). Foreign exchange effects on expenses were SEK -65m and, expressed in local currency, expenses increased by 12%, mainly due to increased IT development and business growth.

Net interest income increased by 43% to SEK 1,941m (1,354). Foreign exchange effects amounted to SEK 106m, and in local currency terms, net interest income rose by 33%. Higher business volumes had a SEK 43m positive impact on net interest income. The net amount of changed margins and funding costs increased net interest income by SEK 432m. Other effects increased net interest income by SEK 6m.

Net fee and commission income increased by 35% to SEK 198m (147). Foreign exchange effects amounted to SEK 12m, and in local currency terms, net fee and commission income rose by 25%. Commission income from the fund management, custody account management and asset management business, including brokerage, increased by 32% to SEK 198m (150), with the performance fee in Optimix contributing SEK 31m (4).

Staff costs rose by 21% to SEK -537m (-442). Foreign exchange effects on staff costs amounted to SEK -36m, and in local currency terms, staff costs increased by 13%. 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 388 (357).

Other expense items increased by 21% in total to SEK -472m (-389). In local currency terms, the equivalent increase was 12%. The increase was due to continued investment in IT development and business development.

Credit losses consisted of net recoveries of SEK 13m (0). The credit loss ratio was -0.01% (0.00).

The *risk tax* amounted to SEK -70m (-46), and the *resolution fee* amounted to SEK -43m (-35).

Q4 2023 COMPARED WITH Q3 2023

Operating profit increased by 8% to SEK 289m (268). Foreign exchange effects on operating profit amounted to SEK -7m. Expressed in local currency, operating profit increased by 11%. *Return on allocated capital* was 17.7% (16.8), and the *C/I ratio* was 46.6% (46.2).

Income increased by 6% to SEK 580m (548). Foreign exchange effects on income totalled SEK -13m, and expressed in local currency terms, income grew by 8%.

Expenses rose by 7% to SEK -270m (-253). Foreign exchange effects on expenses totalled SEK 6m, and expressed in local currency terms, expenses grew by 9%.

Net interest income decreased marginally to SEK 500m (501). Foreign exchange effects on net interest income amounted to SEK -12m, and in local currency terms, net interest income rose by 3%. Changed business volumes had a neutral effect on net interest income. The net effect of changed margins and funding costs was an increase in net interest income amounting to SEK 10m.

Net fee and commission income increased by 83% to SEK 75m (41). Foreign exchange effects on net fee and

commission income amounted to SEK -1m, and in local currency terms, net fee and commission income rose by 86%. The increase was due to the SEK 31m (-) performance fee in Optimix.

Staff costs fell by 1% to SEK -136m (-137). Foreign exchange effects on staff costs amounted to SEK 3m, and in local currency terms, staff costs increased by 3%. The average number of employees increased by 2% to 400 (391).

Other expense items increased by 14% to SEK -133m (-117). In local currency terms, other expense items increased by 17%, primarily due to a higher level of development activity.

Credit losses consisted of net recoveries and amounted to SEK 10m (2). The credit loss ratio was -0.04% (-0.01).

The *risk tax* amounted to SEK -18m (-17), and the *resolution fee* amounted to SEK -13m (-11).

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.

January – December 2023 compared with January – December 2022

The total *average volume of lending* increased by 6% to EUR 8.7bn (8.2). Household lending increased by 4% to EUR 4.9bn (4.7), and corporate lending increased by 9% to EUR 3.8bn (3.5).

The total *average volume of deposits* decreased by 11% to EUR 3.5bn (4.0). Household deposits increased by 1% to EUR 0.7bn (0.7), and corporate deposits decreased by 14% to EUR 2.9bn (3.3).

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

Q4 2023 compared with Q3 2023

The total *average volume of lending* was unchanged at EUR 8.7bn (8.7). Household lending was unchanged at EUR 4.9bn (4.9), and corporate lending was also unchanged, amounting to EUR 3.8bn (3.8).

The total *average volume of deposits* was unchanged at EUR 3.5bn (3.5). Household deposits increased by 6% to EUR 0.7bn (0.7), and corporate deposits decreased by 2% to EUR 2.8bn (2.8).

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

Handelsbanken Capital Markets

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

INCOME STATEMENT

SEK m	Q4 2023	Q3 2023	Change	Q4 2022	Change	Full year 2023	Full year 2022	Change
Net interest income	87	90	-3%	105	-17%	384	301	28%
Net fee and commission income	146	189	-23%	191	-24%	740	771	-4%
Net gains/losses on financial transactions	236	286	-17%	289	-18%	1,044	1,131	-8%
Other income	1	2	-50%	1	0%	7	9	-22%
Total income	471	565	-17%	586	-20%	2,175	2,212	-2%
Staff costs	-307	-303	1%	-275	12%	-1,200	-1,143	5%
Other expenses	-103	-121	-15%	-97	6%	-409	-326	25%
Internal purchased and sold services	-63	-62	2%	-78	-19%	-247	-344	-28%
Depreciation, amortisation and impairments of property, equipment and intangible assets	-36	-36	0%	-36	0%	-144	-147	-2%
Total expenses	-509	-522	-2%	-485	5%	-2,000	-1,959	2%
Profit before credit losses, risk tax and resolution fee	-39	44		101		175	253	-31%
Net credit losses	4	-2		-1		11	-13	
Gains/losses on disposal of property, equipment and intangible assets	0	0		0	0%	0	0	0%
Risk tax and resolution fee	-11	-11	0%	-8	38%	-43	-33	30%
Operating profit	-45	31		92		144	206	-30%
Profit allocation	-100	-128	-22%	-142	-30%	-527	-531	-1%
Operating profit after profit allocation	-145	-97	49%	-49	196%	-383	-324	18%
Internal income	597	325	84%	527	13%	1,891	615	207%
Cost/income ratio, %	137.2	119.5		109.2		121.4	116.5	
Credit loss ratio, %	-0.20	0.04		0.02		-0.09	0.06	
Allocated capital	2,539	2,428	5%	2,072	23%	2,539	2,072	23%
Return on allocated capital, %	-18.2	-12.7		-7.5		-12.3	-11.5	
Average number of employees	607	617	-2%	586	4%	605	585	3%

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

JANUARY – DECEMBER 2023 COMPARED WITH JANUARY – DECEMBER 2022

Operating profit decreased by 30% to SEK 144m (206).

Income decreased by 2% to SEK 2,175m (2,212).

Net fee and commission income declined by 4% to SEK 740m (771). There were increases to brokerage income and deposit and lending commissions, while payment and guarantee commissions were essentially unchanged, and other commissions decreased.

Net gains/losses on financial transactions decreased by 8% to SEK 1,044m (1,131).

Expenses rose by 2% to SEK -2,000m (-1,959).

Staff costs rose by 5% to SEK -1,200m (-1,143). The average number of employees increased by 3% to 605 (585).

Other expense items fell by 2% to SEK -800m (-817).

The risk tax and resolution fee totalled SEK -43m (-33).

Credit losses consisted of net recoveries of SEK 11m (-13), and the credit loss ratio was -0.09% (0.06).

Q4 2023 COMPARED WITH Q3 2023

Operating profit was SEK -45m (31). Income decreased by 17% and expenses fell by 2%.

Net fee and commission income declined by 23% to SEK 146m (189), which was mainly attributable to higher advisory commissions during the comparison quarter.

Net gains/losses on financial transactions decreased by 17% to SEK 236m (286).

Staff costs rose by 1% to SEK -307m (-303). The average number of employees decreased by 2% to 607 (617).

Other expense items amounted to SEK -202m (-219). Non-recurring costs were incurred during the comparison quarter in relation to the dissolution of a credit portfolio in Poland.

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

Credit losses consisted of net recoveries of SEK 4m (-2), and the credit loss ratio was -0.20% (0.04).

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 and central staff functions.

INCOME STATEMENT

SEK m	Q4 2023	Q3 2023	Change	Q4 2022	Change	Full year 2023	Full year 2022	Change
Net interest income	-349	-244	43%	-195	79%	-801	32	
Net fee and commission income	70	70	0%	28	150%	276	213	30%
Net gains/losses on financial transactions	-30	160		45		88	-457	
Share of profit of associates	-17	49		-2		51	-13	
Other income	23	24	-4%	25	-8%	105	1,111	-91%
Total income	-301	57		-100	201%	-280	885	
Staff costs	-1,022	-894	14%	-1,140	-10%	-3,900	-3,778	3%
Other expenses	-1,255	-999	26%	-1,026	22%	-4,325	-3,525	23%
Internal purchased and sold services	2,224	1,941	15%	1,825	22%	8,180	6,959	18%
Depreciation, amortisation and impairments of property, equipment and intangible assets	-131	-192	-32%	-168	-22%	-682	-601	13%
Total expenses	-184	-145	27%	-508	-64%	-727	-944	-23%
Profit before credit losses, risk tax and resolution fee	-485	-88	451%	-608	-20%	-1,007	-60	
Net credit losses	3	-11		10	-70%	-8	38	
Gains/losses on disposal of property, equipment and intangible assets	0	0	0%	-6		0	-2	
Risk tax and resolution fee	-38	-37	3%	-49	-22%	-157	-180	-13%
Operating profit	-519	-137	279%	-652	-20%	-1,172	-203	477%
Profit allocation	4	7	-43%	10	-60%	23	39	-41%
Operating profit after profit allocation	-515	-130	296%	-642	-20%	-1,149	-164	
Internal income	-1,005	-348	189%	-175	474%	-2,092	1,897	
Average number of employees	3,157	3,082	2%	2,923	8%	3,056	2,861	7%
Allocated capital Finland	6,903	6,636	4%	14,414	-52%	6,903	14,414	-52%

JANUARY – DECEMBER 2023 COMPARED WITH JANUARY – DECEMBER 2022

Operating profit was SEK -1,172m (-203).

Income was SEK -280m (885). The period of comparison includes income of SEK 1,059m from real estate sales, as well as funding costs of SEK -206m relating to the operations in the Finland disposal groups.

Expenses decreased to SEK -727m (-944).

Staff costs rose by 3% to SEK -3,900m (-3,778). During the fourth quarter, a preliminary provision for the Oktogonen profit-sharing scheme of SEK -83m was made for the 2023 accounting year, while a preliminary provision for the 2022 accounting year was made in the first quarter, amounting to SEK -202m. Adjusted for Oktogonen, staff costs increased by 2%, included the effects of annual salary adjustments, lower pension costs and an increase in the number of employees. The average number of employees fell by 7% to 3,056 (2,861), with the number of employees at the Bank's IT department totalling 2,042 (1,877).

Depreciation, amortisation and impairment of property, equipment and intangible assets amounted to SEK -682m (-601).

Q4 2023 COMPARED WITH Q3 2023

Operating profit was SEK -519m (-137).

Income was SEK -301m (57).

Expenses totalled SEK -184m (-145).

Staff costs rose to SEK -1,022m (-894). A preliminary provision for Oktogonen was made during the quarter, amounting to SEK -83m (-). The average number of employees totalled 3,157 (3,082); within this figure, the number of employees at the Bank's IT department was 2,139 (2,063).

Key metrics – Group

	Q4 2023	Q3 2023	Q4 2022	Full year 2023	Full year 2022
Return on equity, total operations	15.2%	17.3%	13.6%	15.9%	12.8%
C/I ratio, Continuing operations	38.4%	35.0%	41.5%	37.2%	42.1%
Earnings per share, SEK	3.66	4.02	3.02	14.70	10.95
<i>of which continuing operations</i>	3.51	3.83	3.16	14.09	10.81
<i>of which discontinued operations</i>	0.14	0.19	-0.13	0.61	0.14
Ordinary dividend per share, SEK				6.50	5.50
Total dividend per share, SEK				13.00	8.00
Adjusted equity per share, SEK	103.48	103.03	98.14	103.48	98.14
Common equity tier 1 ratio, CRR	18.8%	19.4%	19.6%	18.8%	19.6%
Total capital ratio, CRR	23.9%	24.5%	23.8%	23.9%	23.8%
Average number of employees	11,974	11,889	11,174	11,683	10,954

THE HANDELSBANKEN SHARE

	Q4 2023	Q3 2023	Q4 2022	Full year 2023	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
Number of outstanding shares after dilution, end of period	1,980,028,494	1,980,028,494	1,980,028,494	1,980,028,494	1,980,028,494
Average number of shares converted during the period					
Average holdings of own shares (repurchased and holdings in trading book)					
Average number of outstanding shares	1,980,028,494	1,980,028,494	1,980,028,494	1,980,028,494	1,980,028,494
- after dilution	1,980,028,494	1,980,028,494	1,980,028,494	1,980,028,494	1,980,028,494
Share price SHB class A, end of period, SEK	109.45	97.56	105.10	109.45	105.10
Share price SHB class B, end of period, SEK	130.20	115.40	122.20	130.20	122.20
Market capitalisation, end of period, SEK bn	217	193	208	217	208

Condensed set of financial statements – Group

INCOME STATEMENT - GROUP

	Q4	Q3		Q4		Full year	Full year		
SEK m	2023	2023	Change	2022	Change	2023	2022	Change	
Interest income	45,665	42,885	6%	27,151	68%	159,805	67,407	137%	
<i>of which interest income according to the effective interest method and interest on derivatives in hedge accounting</i>	37,818	36,467	4%	23,395	62%	133,602	59,702	124%	
Interest expenses	-33,443	-30,701	9%	-16,520	102%	-112,227	-30,793	264%	
Net interest income	Note 2	12,222	12,184	0%	10,631	15%	47,578	36,614	30%
Fee and commission income		3,145	3,169	-1%	3,042	3%	12,559	12,277	2%
Fee and commission expenses		-346	-357	-3%	-348	-1%	-1,421	-1,296	10%
Net fee and commission income	Note 3	2,800	2,812	0%	2,694	4%	11,139	10,981	1%
Net gains/losses on financial transactions	Note 4	579	1,087	-47%	570	2%	2,661	1,540	73%
Insurance result		24	48	-50%	21	14%	157	280	-44%
Return on assets held on behalf of policyholders		183	31	490%	39	369%	336	-291	
Net insurance result	Note 5	207	79	162%	60	245%	493	-11	
Other dividend income		1		15	-93%	3	17	-82%	
Share of profit of associates		-17	49		-2		51	-13	
Other income		64	32	100%	85	-25%	325	1,246	-74%
Total income		15,854	16,244	-2%	14,053	13%	62,249	50,375	24%
Staff costs		-3,531	-3,382	4%	-3,468	2%	-13,642	-13,040	5%
Other expenses	Note 6	-2,152	-1,839	17%	-1,949	10%	-7,796	-6,526	19%
Depreciation, amortisation and impairment of property, equipment and intangible assets		-402	-466	-14%	-423	-5%	-1,743	-1,646	6%
Total expenses		-6,086	-5,686	7%	-5,839	4%	-23,182	-21,212	9%
Profit before credit losses, risk tax and resolution fee		9,768	10,558	-7%	8,214	19%	39,067	29,163	34%
Net credit losses	Note 7	-52	-1		-54	-4%	-141	-47	200%
Gains/losses on disposal of property, equipment and intangible assets		6	3	100%			20	24	-17%
Risk tax and resolution fee		-664	-653	2%	-582	14%	-2,624	-2,311	14%
Operating profit		9,057	9,908	-9%	7,578	20%	36,322	26,829	35%
Taxes		-2,093	-2,324	-10%	-1,325	58%	-8,417	-5,431	55%
Profit for the period from continuing operations		6,965	7,583	-8%	6,252	11%	27,905	21,398	30%
Profit for the period from discontinued operations after tax	Note 10	280	368	-24%	-265		1,209	280	332%
Profit for the period from discontinued operations after tax		7,244	7,952	-9%	5,988	21%	29,114	21,678	34%
Attributable to									
Shareholders in Svenska Handelsbanken AB		7,240	7,950	-9%	5,987	21%	29,107	21,676	34%
Non-controlling interest		6	1	500%	0		8	1	

Earnings per Share – Group

	Q4 2023	Q3 2023	Change	Q4 2022	Change	Full year 2023	Full year 2022	Change
Profit for the year, attributable to shareholders in Svenska Handelsbanken AB	7,240	7,950	-9%	5,987	21%	29,107	21,676	34%
Average number of outstanding shares, millions	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	
Earnings per share, SEK	3.66	4.02	-9%	3.02	21%	14.70	10.95	34%
Earnings per share, continuing operations, SEK	3.51	3.83	-8%	3.16	11%	14.09	10.81	30%
Earnings per share, discontinued operations, SEK	0.14	0.19	-26%	-0.13		0.61	0.14	336%

STATEMENT OF COMPREHENSIVE INCOME – GROUP

SEK m	Q4 2023	Q3 2023	Change	Q4 2022	Change	Full year 2023	Full year 2022	Change
Profit for the period	7,244	7,952	-9%	5,988	21%	29,114	21,678	34%
Items that will not be reclassified to the income statement								
Defined benefit pension plans	-4,087	1,126		-1,087	276%	-2,226	3,049	
Instruments measured at fair value through other comprehensive income - equity instruments	6	-9		-49		63	41	54%
Tax on items that will not be reclassified to income statement	832	-229		220	278%	439	-642	
<i>of which defined benefit pension plans</i>	834	-230		224	272%	450	-622	
<i>of which equity instruments measured at fair value through other comprehensive income</i>	-2	1		-3	-33%	-11	-19	-42%
Total items that will not be reclassified to the income statement	-3,250	889		-917	254%	-1,724	2,448	
Items that may subsequently be reclassified to the income statement								
Cash flow hedges	557	-675		-1,499		614	-2,640	
Instruments measured at fair value through other comprehensive income - debt instruments	9	18	-50%	28	-68%	25	-60	
Insurance contracts	-500	120		-28		-396	793	
Translation differences for the period	-2,801	-1,250	124%	766		-1,078	2,312	
<i>of which hedging net investment in foreign operations</i>	182	220	-17%	-88		31	-297	
Tax on items that may subsequently be reclassified to the income statement	107	97	10%	-305		113	-15	
<i>of which cash flow hedges</i>	-115	139		309		-127	544	
<i>of which debt instruments measured at fair value through other comprehensive income</i>	-2	-3	-33%	-6	-67%	-5	6	
<i>of which hedging net investment in foreign operations</i>	-37	-45	-18%	18		-6	61	
<i>of which translation difference</i>	261	7		-626		251	-626	
Total items that may subsequently be reclassified to the income statement	-2,628	-1,689	56%	-1,038	153%	-722	390	
Total other comprehensive income for the period	-5,880	-801		-1,956	201%	-2,447	2,838	
Total comprehensive income for the period	1,365	7,151	-81%	4,032	-66%	26,667	24,516	9%
Attributable to								
Shareholders in Svenska Handelsbanken AB	1,359	7,151	-81%	4,032	-66%	26,662	24,516	9%
Non-controlling interest	6	0		-1		5	1	400%

QUARTERLY PERFORMANCE – GROUP

SEK m	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022
Net interest income	12,222	12,184	11,687	11,485	10,631
Net fee and commission income	2,800	2,812	2,761	2,766	2,694
Net gains/losses on financial transactions	579	1,087	393	602	570
Net insurance result	207	79	116	91	60
Other dividend income	1		1	1	15
Share of profit of associates	-17	49	20	-1	-2
Other income	64	32	187	42	85
Total income	15,854	16,244	15,166	14,985	14,053
Staff costs	-3,531	-3,382	-3,259	-3,470	-3,468
Other expenses	-2,152	-1,839	-1,953	-1,852	-1,949
Depreciation, amortisation and impairment of property, equipment and intangible assets	-402	-466	-421	-454	-423
Total expenses	-6,086	-5,686	-5,634	-5,776	-5,839
Profit before credit losses, risk tax and resolution fee	9,768	10,558	9,531	9,210	8,214
Net credit losses	-52	-1	-58	-30	-54
Gains/losses on disposal of property, equipment and intangible assets	6	3	4	7	
Risk tax and resolution fee	-664	-653	-636	-671	-582
Operating profit	9,057	9,908	8,841	8,516	7,578
Taxes	-2,093	-2,324	-2,066	-1,934	-1,325
Profit for the period from continuing operations	6,965	7,583	6,775	6,582	6,252
Profit for the period from discontinued operations after tax	280	368	329	232	-265
Profit for the period	7,244	7,952	7,104	6,814	5,988
Earnings per share, SEK	3.66	4.02	3.59	3.44	3.02

BALANCE SHEET – GROUP

SEK m		31 Dec 2023	30 Sep 2023	30 Jun 2023	31 Mar 2023	31 Dec 2022
Assets						
Cash and balances with central banks		476,171	482,302	503,673	447,588	475,868
Other loans to central banks	Note 8	6,282	6,379	5,163	10,646	4,604
Interest-bearing securities eligible as collateral with central banks		199,128	231,839	265,238	233,751	132,778
Loans to other credit institutions	Note 8	19,294	28,796	38,247	24,440	9,411
Loans to the public	Note 8	2,291,808	2,330,086	2,335,959	2,306,742	2,315,818
Value change of interest-hedged item in portfolio hedge		-9,657	-14,837	-16,046	-15,039	-16,616
Bonds and other interest-bearing securities		50,087	61,484	57,611	41,231	32,697
Shares		12,216	24,980	22,409	21,296	12,813
Investments in associates		657	642	606	591	561
Assets where the customer bears the value change risk		244,893	232,741	238,626	224,813	212,966
Derivative instruments	Note 11,12	30,110	45,612	56,729	39,500	36,261
Intangible assets	Note 13	8,567	8,530	8,553	8,426	8,402
Property and equipment		4,777	4,762	4,786	4,786	4,914
Current tax assets		203	1,213	1,140	1,346	160
Deferred tax assets		358	1,518	1,527	1,516	1,590
Net pension assets		11,699	16,080	14,469	13,005	12,875
Assets held for sale	Note 10	178,590	190,761	201,478	193,180	191,916
Other assets		10,276	23,915	12,422	40,963	14,721
Prepaid expenses and accrued income		2,331	2,527	2,853	3,297	1,979
Total assets	Note 17	3,537,792	3,679,330	3,755,442	3,602,079	3,453,718
Liabilities and equity						
Due to credit institutions	Note 14	90,143	135,502	143,863	97,306	81,693
Deposits and borrowing from the public	Note 14	1,298,480	1,369,077	1,433,843	1,435,563	1,318,925
Liabilities where the customer bears the value change risk		245,100	232,916	238,627	224,814	212,966
Issued securities	Note 15	1,523,481	1,556,596	1,563,875	1,478,669	1,474,801
Derivative instruments	Note 11,12	34,238	20,533	22,307	24,140	29,040
Short positions		2,364	12,558	13,459	11,544	1,939
Insurance liabilities		8,407	8,040	8,290	8,464	8,546
Current tax liabilities		1,211	1,872	1,314	894	217
Deferred tax liabilities		3,969	6,342	6,113	5,735	5,614
Provisions		601	541	577	520	591
Liabilities held for sale	Note 10	63,721	66,267	72,942	66,577	68,938
Other liabilities		14,882	18,283	16,398	24,503	10,454
Accrued expenses and deferred income		2,990	3,459	2,462	4,705	3,565
Subordinated liabilities		43,117	43,598	35,085	33,771	42,404
Total liabilities	Note 17	3,332,706	3,475,583	3,559,156	3,417,204	3,259,694
Non-controlling interest		8	3	2	4	3
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		16,239	22,119	22,920	18,610	18,684
Retained earnings		147,905	147,931	147,621	147,621	141,834
Profit for the period, attributable to shareholders in Svenska Handelsbanken AB		29,107	21,867	13,917	6,814	21,676
Total equity		205,085	203,747	196,286	184,875	194,024
Total liabilities and equity		3,537,792	3,679,330	3,755,442	3,602,079	3,453,718

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	13,739	-307	126	793	4,332	163,510	3	194,024
Profit for the period								29,107	8	29,114
Other comprehensive income			-1,776	488	71	-396	-831		-3	-2,447
<i>of which reclassified within equity</i>			49				-284			-235
Total comprehensive income for the period			-1,776	488	71	-396	-831	29,107	5	26,667
Reclassified to retained earnings								235		235
Dividend								-15,840		-15,840
Share-based payments to employees of Handelsbanken Plc *								79		79
Repurchase own shares *								-79		-79
Change in non-controlling interest										
Closing equity	3,069	8,758	11,963	181	197	396	3,502	177,011	8	205,085

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	21,678
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	13,739	-307	126	793	4,332	163,510	3	194,024

CONDENSED STATEMENT OF CASH FLOWS – GROUP

SEK m	Full year 2023	Full year 2022
Operating profit	36,322	26,829
Profit from discontinued operations, before tax	1,394	1,453
Adjustment from Operating profit to investment activities		-333
Adjustment for non-cash items in profit/loss and result from discontinued operations	907	2,341
Paid income tax	-7,681	-6,419
Changes in the assets and liabilities of operating activities	-7,816	-62,169
Cash flow from operating activities	23,125	-38,298
Disposal of operations and subsidiaries		49,238
Change in shares	-53	-11
Change in property and equipment	-506	-304
Change in intangible assets	-957	-711
Cash flow from investing activities	-1,517	48,212
Repayment of subordinated loans	-8,351	-3,000
Issued subordinated loans	8,635	11,845
Dividend paid	-15,840	-9,900
Cash flow from financing activities	-15,556	-1,055
Cash and cash equivalents at beginning of the period*	475,882	439,964
Cash flow for the period	6,052	8,859
Exchange rate difference on cash and cash equivalents	-5,753	27,059
Cash and cash equivalents at end of the period*	476,181	475,882

* Cash and cash equivalents 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 year-end report has been prepared in accordance with IAS 34 Interim Financial Reporting. The consolidated accounts have been prepared in accordance with international financial reporting standards (IFRS) and interpretations of these standards as adopted by the EU. The accounting policies also follow the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559), and the regulations and general guidelines issued by the Swedish Financial Supervisory Authority, FFFS 2008:25 Annual reports in credit institutions and securities companies. RFR 1 Supplementary Accounting Rules for Groups, and statements from the Swedish Financial Reporting Board, are also applied in the consolidated accounts.

The year-end report for the parent company has been prepared in accordance with the Swedish Annual Accounts Act for Credit Institutions and Securities Companies, and the regulations and general guidelines issued by the Swedish Financial Supervisory Authority, FFFS 2008:25 Annual reports in credit institutions and securities companies. The parent company also applies the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for legal entities and statements.

Changed accounting policies

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 standard, applying IFRS 17 rather than IFRS 9, 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 measurement model is applied to these contracts. For risk insurance contracts and risk insurance components separated from combined traditional life insurance contracts, the full 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 year-end report of the Group and the parent company has been prepared in accordance with the same accounting policies and calculation methods that were applied in the Annual and Sustainability Report for 2022.

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

Future regulatory changes

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

RECALCULATION RESULTING FROM TRANSITION TO IFRS 17

Income statement- Group			Published			Recalculation			Published			Recalculation			Published			Recalculation		
SEK m			Q1 2022	Adjustment IFRS 17	Q1 2022	Q2 2022	Adjustment IFRS 17	Q2 2022	Q3 2022	Adjustment IFRS 17	Q3 2022	Q4 2022	Adjustment IFRS 17	Q4 2022	Q1 2022	Adjustment IFRS 17	Q1 2022	Q2 2022	Adjustment IFRS 17	Q2 2022
Net interest income ¹			8 013	1	8 014	8 389	1	8 390	9 578	1	9 579	10 630	1	10 631						
Net fee and commission income ¹			2 911	-34	2 877	2 741	-31	2 710	2 730	-30	2 700	2 721	-27	2 694						
Net gains/losses on financial transactions ¹			240	180	420	-147	162	15	471	64	535	547	23	570						
Risk result - insurance ²			41	-41	0	41	-41	0	81	-81	0	13	-13	0						
Insurance result ⁴				78	78		67	67		114	114		21	21						
Return on assets held on behalf of policyholders ⁵				-168	-168		-142	-142		-20	-20		39	39						
Net insurance result ³				-90	-90		-74	-74		93	93		60	60						
Other			1 101		1 101	13		13	38		38	98		98						
Total income			12 305	18	12 323	11 040	13	11 053	12 897	49	12 946	14 007	46	14 053						
Staff costs ⁶			-3 173	15	-3 158	-3 164	16	-3 148	-3 283	17	-3 266	-3 483	15	-3 468						
Other expenses ⁶			-1 563	4	-1 559	-1 602	5	-1 597	-1 425	4	-1 421	-1 953	4	-1 949						
Depreciation, amortisation and impairment of property, equipment and intangible assets ⁶			-431	1	-430	-382	1	-381	-413	1	-412	-424	1	-423						
Total expenses			-5 167	20	-5 147	-5 148	22	-5 126	-5 121	21	-5 100	-5 860	21	-5 839						
Profit before credit losses, risk tax and resolution fee			7 138	38	7 176	5 892	35	5 927	7 776	70	7 846	8 147	67	8 214						
Other			-551		-551	-646		-646	-501		-501	-636		-636						
Operating profit			6 586	38	6 624	5 246	35	5 281	7 277	69	7 346	7 510	68	7 578						
Taxes			-1 242	-1	-1 243	-1 144	0	-1 144	-1 718	-1	-1 719	-1 325	0	-1 325						
Profit for the period from continuing operations			5 344	37	5 381	4 102	36	4 138	5 558	69	5 627	6 185	67	6 252						
Net profit from discontinued operations, after tax			307		307	73		73	165		165	-265		-265						
Profit for the period			5 650	37	5 687	4 176	36	4 212	5 723	68	5 791	5 921	67	5 988						
Attributable to																				
Shareholders in Svenska Handelsbanken AB			5 650	37	5 687	4 175	36	4 211	5 723	68	5 791	5 920	67	5 987						
Non-controlling interest			1		1	0		0	0		0	0		0						
Key metrics																				
Return on equity, total operations			13,4		13,6	9,9		10,2	13,2		13,6	13,2		13,6						
C/I ratio, continuing operations			42,0		41,8	46,6		46,2	39,7		39,4	41,8		41,5						
Earnings per share, total operations, SEK			2,85		2,87	2,11		2,13	2,89		2,93	2,99		3,02						
Earnings per share, continuing operations, SEK			2,70		2,72	2,07		2,09	2,81		2,84	3,12		3,16						
Earnings per share, discontinued operations, SEK			0,15		0,15	0,04		0,04	0,08		0,08	-0,13		-0,13						
Statement of comprehensive income - Group																				
SEK m			Q1 2022	Adjustment IFRS 17	Q1 2022	Q2 2022	Adjustment IFRS 17	Q2 2022	Q3 2022	Adjustment IFRS 17	Q3 2022	Q4 2022	Adjustment IFRS 17	Q4 2022	Q1 2022	Adjustment IFRS 17	Q1 2022	Q2 2022	Adjustment IFRS 17	Q2 2022
Profit for the period			5 650	37	5 687	4 176	36	4 212	5 723	68	5 791	5 921	67	5 988						
Other comprehensive income																				
Insurance contracts				419	419		370	370		32	32		-28	-28						
Other			1 173		1 173	2 358		2 358	442		442	-1 927		-1 927						
Total other comprehensive income for the period			1 173	419	1 592	2 358	370	2 728	442	32	474	-1 927	-28	-1 956						
Total comprehensive income for the period			6 823	456	7 279	6 534	406	6 940	6 165	100	6 265	3 994	38	4 032						
Attributable to																				
Shareholders in Svenska Handelsbanken AB			6 821	456	7 277	6 534	406	6 940	6 165	100	6 265	3 995	38	4 033						
Non-controlling interest			2		2	0		0	0		0	-1		-1						

Income statement- Group			Published			Recalculation			Published			Recalculation			Published			Recalculation		
SEK m			Jan-mar 2022	Adjustment IFRS 17	Jan-mar 2022	Jan-jun 2022	Adjustment IFRS 17	Jan-jun 2022	Jan-sep 2022	Adjustment IFRS 17	Jan-sep 2022	Jan-dec 2022	Adjustment IFRS 17	Jan-dec 2022	Jan-mar 2022	Adjustment IFRS 17	Jan-mar 2022	Jan-jun 2022	Adjustment IFRS 17	Jan-jun 2022
Net interest income ¹			8 013	1	8 014	16 402	2	16 404	25 980	3	25 983	36 610	4	36 614						
Net fee and commission income ¹			2 911	-34	2 877	5 652	-65	5 587	8 382	-95	8 287	11 103	-122	10 981						
Net gains/losses on financial transactions ¹			240	180	420	93	342	435	564	406	970	1 111	429	1 540						
Risk result - insurance ²			41	-41	0	82	-82	0	163	-163	0	176	-176	0						
Insurance result ⁴				78	78		145	145		259	259		280	280						
Return on assets held on behalf of policyholders ⁵				-168	-168		-310	-310		-330	-330		-291	-291						
Net insurance result ³				-90	-90		-164	-164		-71	-71		-11	-11						
Other			1 101		1 101	1 114		1 114	1 152		1 152	1 250		1 250						
Total income			12 305	18	12 323	23 345	31	23 376	36 242	80	36 322	50 249	126	50 375						
Staff costs ⁶			-3 173	15	-3 158	-6 337	31	-6 306	-9 620	48	-9 572	-13 103	63	-13 040						
Other expenses ⁶			-1 563	4	-1 559	-3 165	9	-3 156	-4 590	13	-4 577	-6 543	17	-6 526						
Depreciation, amortisation and impairment of property, equipment and intangible assets ⁶			-431	1	-430	-813	2	-811	-1 226	814	-412	-1 650	4	-1 646						
Total expenses			-5 167	20	-5 147	-10 315	42	-10 273	-15 436	63	-15 373	-21 296	84	-21 212						
Profit before credit losses, risk tax and resolution fee			7 138	38	7 176	13 030	73	13 103	20 806	143	20 949	28 953	210	29 163						
Other			-551		-551	-1 197		-1 197	-1 698		-1 698	-2 334		-2 334						
Operating profit			6 586	38	6 624	11 832	73	11 905	19 109	142	19 251	26 619	210	26 829						
Taxes			-1 242	-1	-1 243	-2 386	-1	-2 387	-4 104	-2	-4 106	-5 429	-2	-5 431						
Profit for the period from continuing operations			5 344	37	5 381	9 446	73	9 519	15 004	142	15 146	21 189	209	21 398						
Net profit from discontinued operations, after tax			307		307	380		380	545		545	280		280						
Profit for the period			5 650	37	5 687	9 826	73	9 899	15 549	141	15 690	21 470	208	21 678						
Attributable to																				
Shareholders in Svenska Handelsbanken AB			5 650	37	5 687	9 825	73	9 898	15 548	141	15 689	21 468	208	21 676						
Non-controlling interest			1		1	1		1	1		1	1		1						
Key metrics																				
Return on equity, total operations			13,4		13,6	11,7		11,9	12,2		12,5	12,5		12,8						
C/I ratio, continuing operations			42,0		41,8	44,2		43,9	42,6		42,3	42,4		42,1						
Earnings per share, total operations, SEK			2,85		2,87	4,96		5,00	7,85		7,92	10,84		10,95						
Earnings per share, continuing operations, SEK			2,70		2,72	4,77		4,81	7,58		7,65	10,70		10,81						
Earnings per share, discontinued operations, SEK			0,15		0,15	0,19		0,19	0,28		0,28	0,14		0,14						
Statement of comprehensive income - Group																				
SEK m			Jan-mar 2022	Adjustment IFRS 17	Jan-mar 2022	Jan-jun 2022	Adjustment IFRS 17	Jan-jun 2022	Jan-sep 2022	Adjustment IFRS 17	Jan-sep 2022	Jan-dec 2022	Adjustment IFRS 17	Jan-dec 2022	Jan-mar 2022	Adjustment IFRS 17	Jan-mar 2022	Jan-jun 2022	Adjustment IFRS 17	Jan-jun 2022
Profit for the period			5 650	37	5 687	9 826	73	9 899	15 549	141	15 690	21 470	208	21 678						
Other comprehensive income																				
Insurance contracts				419	419		789	789		821	821		793	793						
Other			1 173		1 173	3 531		3 531	3 973		3 973	2 046		2 046						
Total other comprehensive income for the period			1 173	419	1 592	3 531	789	4 320	3 973	821	4 794	2 046	792	2 838						
Total comprehensive income for the period			6 823	456	7 279	13 357	862	14 219	19 522	962	20 484	23 516	1 000	24 516						
Attributable to																				
Shareholders in Svenska Handelsbanken AB			6 821	456	7 277	13 355	862	14 217	19 520	962	20 482	23 515	1 000	24 515						
Non-controlling interest			2		2	2		2	2		2	1		1						

Balance sheet- Group																	
Group SEK m	Published		Recalculation		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	8 843	8 884	408	8 259	8 667	405	8 141	8 546		
Other liabilities ⁵	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 standard.

⁵ After reclassification, insurance liabilities amounted to SEK 9,989m, of which SEK 9,657m is attributable to contracts that applied the fair value approach on the transition and which now apply the general measurement model. The remaining SEK 332m is attributable to contracts that applied the full retrospective approach on the transition and use the premium allocation approach.

⁶ Reclassification of uninvested deposits from the item Insurance liabilities to Other liabilities, as these would not be recognised according to IFRS 17.

⁷ The quantitative effect of the transition to IFRS 17 was a reduction of retained earnings and a SEK 3,007m increase to the item Insurance liabilities, of which SEK 2,996m was attributable to savings insurance components in traditional life insurance. The remaining SEK 11m is attributable to a risk adjustment made in conjunction of the valuation of liabilities for incurred claims.

Note 2 Net interest income

SEK m	Q4 2023	Q3 2023	Change	Q4 2022	Change	Full year 2023	Full year 2022	Change
Interest income								
Loans to credit institutions and central banks	8,391	8,106	4%	5,069	66%	29,262	8,873	230%
Loans to the public	25,782	24,682	4%	16,491	56%	91,518	48,567	88%
Interest-bearing securities eligible as collateral with central banks	2,319	2,376	-2%	730	218%	8,110	1,289	
Bonds and other interest-bearing securities	621	596	4%	315	97%	2,076	876	137%
Derivative instruments	9,593	7,972	20%	4,716	103%	32,227	7,452	332%
Other interest income	207	210	-1%	286	-28%	853	1,164	-27%
Total	46,914	43,941	7%	27,607	70%	164,046	68,221	140%
Deduction of interest income reported in Net gains/losses on financial transactions	-1,249	-1,057	-18%	-456	-174%	-4,242	-814	-421%
Total interest income	45,665	42,885	6%	27,151	68%	159,805	67,407	137%
<i>of which interest income according to the effective interest method and interest on derivatives in hedge accounting</i>	<i>37,818</i>	<i>36,467</i>	<i>4%</i>	<i>23,395</i>	<i>62%</i>	<i>133,602</i>	<i>59,702</i>	<i>124%</i>
Interest expense								
Due to credit institutions and central banks	-871	-1,033	-16%	-917	-5%	-3,768	-1,567	140%
Deposits and borrowing from the public	-10,417	-9,982	4%	-4,793	117%	-35,195	-8,032	338%
Issued securities	-12,551	-12,741	-1%	-7,563	66%	-45,983	-16,595	177%
Derivative instruments	-10,200	-7,301	40%	-3,080	231%	-28,562	-3,454	
Subordinated liabilities	-409	-438	-7%	-369	11%	-1,615	-1,368	18%
Deposit guarantee fee	11	-86		-134		-246	-332	-26%
Other interest expenses	-144	-137	5%	-101	43%	-513	-375	37%
Total	-34,580	-31,717	9%	-16,957	104%	-115,881	-31,723	265%
Deduction of interest expense reported in Net gains/losses on financial transactions	1,137	1,016	12%	436	161%	3,654	930	293%
Total interest expense	-33,443	-30,701	9%	-16,520	102%	-112,227	-30,793	264%
<i>of which interest expense according to the effective interest method and interest on derivatives in hedge accounting</i>	<i>-28,811</i>	<i>-28,113</i>	<i>2%</i>	<i>-15,090</i>	<i>91%</i>	<i>-100,238</i>	<i>-28,272</i>	<i>255%</i>
Net interest income	12,222	12,184	0%	10,631	15%	47,578	36,614	30%

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

Note 3 Net fee and commission income

SEK m	Q4 2023	Q3 2023	Change	Q4 2022	Change	Full year 2023	Full year 2022	Change
Brokerage and other securities commissions	102	84	21%	106	-4%	420	455	-8%
Mutual funds	1,393	1,403	-1%	1,322	5%	5,534	5,469	1%
Custody and other asset management fees	257	255	1%	232	11%	997	911	9%
Advisory services	36	63	-43%	24	50%	236	196	20%
Insurance	169	170	-1%	163	4%	673	672	0%
Payments	715	718	0%	702	2%	2,811	2,680	5%
Loans and deposits	281	296	-5%	303	-7%	1,156	1,146	1%
Guarantees	52	48	8%	48	8%	196	202	-3%
Other	141	131	8%	142	-1%	536	546	-2%
Total fee and commission income	3,145	3,169	-1%	3,042	3%	12,559	12,277	2%
Securities	-66	-69	-4%	-50	32%	-243	-218	11%
Payments	-248	-258	-4%	-264	-6%	-1,053	-969	9%
Other	-31	-30	3%	-33	-6%	-124	-108	15%
Total fee and commission expenses	-346	-357	-3%	-348	-1%	-1,421	-1,296	10%
Net fee and commission income	2,800	2,812	0%	2,694	4%	11,139	10,981	1%

Net fee and commission income per segment

January - December 2023								
SEK m	Home markets							Total Full year 2023
	Sweden	UK	Norway	The Nether- lands	Capital Markets	Other	Adj. & elim.	
Brokerage and other securities commissions	154	5	11	11	250	8	-19	420
Mutual funds	4,747	336	231	92	7	187	-65	5,534
Custody and other asset management fees	725	42	110	95	31	1	-8	997
Advisory services	0	50	1		186		-1	236
Insurance	670	0	3			2	-2	673
Payments	2,209	326	270	1	15	-10	0	2,811
Loans and deposits	719	143	114	9	42	130	-1	1,156
Guarantees	100	13	40	1	41	0	-1	196
Other	521	4	4	1	294	0	-287	536
Total fee and commission income	9,845	919	784	209	866	318	-382	12,559
Total fee and commission expenses	-1,425	-74	-125	-12	-126	-41	382	-1,421
Net fee and commission income	8,420	845	659	198	740	276	0	11,139
<i>of which Net card commissions</i>	<i>916</i>	<i>62</i>	<i>88</i>	<i>0</i>	<i>1</i>	<i>-14</i>		<i>1,053</i>

January - December 2022								
SEK m	Home markets							Total Full year 2022
	Sweden	UK	Norway	The Nether- lands	Capital Markets	Other	Adj. & elim.	
Brokerage and other securities commissions	179	3	17	10	242	16	-12	455
Mutual funds	4,715	338	244	61	10	191	-90	5,469
Custody and other asset management fees	654	31	115	79	41	1	-11	911
Advisory services	0	48	1		194	-38	-8	196
Insurance	662	0	10			1	-1	672
Payments	2,089	310	275	1	14	-10	0	2,680
Loans and deposits	764	123	96	10	34	119	-1	1,146
Guarantees	102	15	46	1	40	1	-3	202
Other	525	6	5	1	323	5	-319	546
Total fee and commission income	9,691	874	808	163	898	287	-444	12,277
Total fee and commission expenses	-1,335	-68	-120	-16	-127	-74	444	-1,296
Net fee and commission income	8,356	807	688	147	771	213	0	10,981
<i>of which Net card commissions</i>	<i>884</i>	<i>55</i>	<i>96</i>	<i>-2</i>	<i>1</i>	<i>-12</i>		<i>1,022</i>

Note 4 Net gains/losses on financial transactions

SEK m	Q4 2023	Q3 2023	Change	Q4 2022	Change	Full year 2023	Full year 2022	Change
Amortised cost	214	251	-15%	-97		668	65	
of which loans	63	47	34%	-145		95	35	171%
of which interest-bearing securities		0	-100%			0		
of which issued securities	151	204	-26%	48	215%	573	30	
Fair value through other comprehensive income	0	0	0%	0		-1	-1	0%
of which interest-bearing securities - expected credit losses	0	0	0%	0		0	-1	
of which interest-bearing securities - reclassification from other comprehensive income	0	0	0%			-1		
Fair value through profit or loss, fair value option	1,255	-100		-254		670	-4,710	
of which interest-bearing securities	1,255	-100		-254		670	-4,710	
Fair value through profit or loss, mandatory including FX effects	-713	595		1,079		1,494	5,975	-75%
of which assets held on behalf of policyholders	183	31	490%	39	369%	336	-291	
Hedge accounting	6	372	-98%	-119		166	-80	
of which net gains/losses on fair value hedges	-13	202		-57	77%	82	-29	
of which cash flow hedge ineffectiveness	18	170	-89%	-61		83	-51	
Total	761	1,118	-32%	609	25%	2,997	1,249	140%
Deduction of return on assets held on behalf of policyholders	-183	-31	-490%	-39	-369%	-336	291	
Net gains/losses on financial transactions	579	1,087	-47%	570	2%	2,661	1,540	73%

Note 5 Net insurance result

SEK m	Q4 2023	Q3 2023	Change	Q4 2022	Change	Full year 2023	Full year 2022	Change
Insurance revenue	286	290	-1%	298	-4%	1,169	1,208	-3%
Insurance service expenses	-230	-233	-1%	-258	-11%	-958	-929	3%
Insurance service result	56	57	-2%	40	40%	211	279	-24%
Result from reinsurance contracts held	-10			-18	-44%	-10	-18	-44%
Financial income and expenses from insurance contracts	-22	-9	144%	-1		-44	19	
Insurance result	24	48	-50%	21	14%	157	280	-44%
Return on assets held on behalf of policyholders	183	31	490%	39	369%	336	-291	
Net insurance result	207	79	162%	60	245%	493	-11	

Note 6 Other expenses

mkr	Q4 2023	Q3 2023	Change	Q4 2022	Change	Full year 2023	Full year 2022	Change
Property and premises	-182	-159	14%	-177	3%	-686	-599	15%
IT related expenses	-972	-771	26%	-839	16%	-3,379	-2,963	14%
Communication	-69	-70	-1%	-65	6%	-284	-255	11%
Travel and marketing	-92	-63	46%	-85	8%	-299	-236	27%
Purchased services	-600	-547	10%	-535	12%	-2,355	-1,836	28%
Supplies	-46	-44	5%	-56	-18%	-188	-170	11%
Other expenses	-191	-185	3%	-192	-1%	-605	-467	30%
Other expenses	-2,152	-1,839	17%	-1,949	10%	-7,796	-6,526	19%

Note 7 Credit losses

SEK m	Q4 2023	Q3 2023	Change	Q4 2022	Change	Full year 2023	Full year 2022	Change
Expected credit losses on balance sheet items								
The period's provision Stage 3	-89	-88	1%	-66	35%	-328	-182	80%
Reversal of Stage 3 provisions previous years	18	81	-78%	50	-64%	209	223	-6%
Total expected credit losses Stage 3	-71	-7		-16	344%	-119	41	
The period's net provision Stage 2	42	17	147%	-51		-112	-99	13%
The period's net provision Stage 1	17	-14		-25		39	-109	
Total expected credit losses in Stage 1 and Stage 2	60	3		-75		-72	-207	-65%
Total expected credit losses on balance sheet items	-12	-4	200%	-92	-87%	-192	-166	16%
Expected credit losses on off-balance sheet items								
The period's net provision Stage 3	-2	3		1		8	11	-27%
The period's net provision Stage 2	-25	8		-17	47%	-39	-31	26%
The period's net provision Stage 1	-13	6		0		8	-4	
Total expected credit losses on off-balance sheet items	-39	16		-18	117%	-23	-25	-8%
Actual credit losses for the period	-67	-77	-13%	-55	22%	-260	-738	-65%
Utilised share of previous provision Stage 3	43	38	13%	34	26%	185	636	-71%
Total write-offs	-24	-39	-38%	-21	14%	-75	-102	-26%
Recoveries	23	25	-8%	76	-70%	149	245	-39%
Net credit losses	-52	-1		-54	-4%	-141	-47	200%
<i>of which loans to the public</i>	<i>-15</i>	<i>-17</i>	<i>-12%</i>	<i>-37</i>	<i>-59%</i>	<i>-120</i>	<i>-26</i>	<i>362%</i>

SEK m	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022
1) Expected credit losses Stage 3 on and off balance sheet	-73	-4	12	-46	-15
Change in model-based provision Stage 1 and Stage 2:					
Update of macroeconomic scenarios and risk factors	37	-2	27	-2	-34
Transfer of exposures in exposed sectors from Stage 1 to Stage 2*	5	0	1	-5	3
Change in probability of default in portfolio at beginning of quarter (net rating changes)	-137	-77	-176	-46	-27
Effects of changes in exposures (existing, new and terminated exposures)	44	10	11	10	10
Other in Stage 1 and Stage 2	84	69	17	17	0
<i>Deducted, discontinued operations</i>	<i>-11</i>	<i>3</i>	<i>-1</i>	<i>2</i>	<i>-1</i>
Model-based credit losses in Stage 1 and Stage 2	22	3	-121	-24	-49
Expert based provision					
Expert based provision	-617	-617	-632	-637	-646
<i>Deducted, discontinued operations</i>	<i>13</i>	<i>13</i>	<i>14</i>	<i>13</i>	<i>25</i>
Expert based provision in continuing operations	-604	-604	-618	-624	-621
Quarterly change of provisions which affect credit losses in Stage 1 and Stage 2	0	14	6	-3	-44
2) Expected credit losses in Stage 1 and Stage 2 on and off balance sheet	22	17	-115	-27	-93
3) Write-offs	-24	-39	-8	-4	-21
4) Recoveries	23	25	55	46	76
Net credit losses (1+2+3+4)	-52	-1	-58	-30	-54

* Expert-based assessment of significant increase in credit risk

The total provision requirement in Stage 1 and Stage 2 has decreased slightly during the fourth quarter. The provision consists of a model-based provision which is affected by macroeconomic risk factors and customer migration, together with an expert-based provision. The selection of macroeconomic risk factors upon which the model is based is unchanged since the third quarter. Updated assumptions for macroeconomic risk factors have resulted in minor adjustments, which have led to an overall decrease in the provision requirement for the quarter of SEK 37m. Negative rating migration in the customer portfolio increased the provision requirement by SEK 137m. Changes in the size of the exposures decreased the provision requirement by SEK 44m, and also other factors reduced in combination the provision requirement. Among these effects, reported under the heading Other in Stage 1 and Stage 2 above, the most significant was foreign exchange effects, which reduced the provision requirement by SEK 33m. The Bank's models for corporate exposures were updated during the quarter. The realised effect of this change was lower than the amount recorded as a provision in the third quarter, which reduced the provision requirement by SEK 19m – this is also included under the heading Other in Stage 1 and Stage 2 above.

During the fourth quarter, the Bank applied an expert-based provision based on elevated credit risks relating to uncertainty factors which were not deemed to be fully considered in the Bank's risk models. These uncertainty factors are primarily linked to macroeconomic conditions and potentially substantial changes in demand. 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, the Bank has therefore applied an expert-based stress in sectors at risk of extra sensitivity. This stress has been applied in addition to the model-based calculations, and results in an additional provision requirement of SEK 604m (604 during the previous quarter) in continuing operations and SEK 617m (617) 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

	31 Dec 2023	30 Sep 2023	30 Jun 2023	31 Mar 2023	31 Dec 2022
Credit loss ratio %, continuing operations YTD	0.01	0.01	0.01	0.01	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, %	0.60	0.62	0.74	0.90	0.79
Credit loss reserve ratio Stage 3, %	16.28	16.79	18.50	20.89	21.99
Proportion of loans Stage 3, %	0.24	0.23	0.22	0.19	0.18

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 groups in Finland, which have been reclassified on the balance sheet as Assets held for sale (see Note 10).

Sensitivity analysis and macroeconomic forecast in ECL calculations

	31 December 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	27.45	-15.70	10.95	-7.72
Great Britain	21.13	-29.56	7.49	-7.19
Great Britain, severe downturn scenario	29.99		25.30	
Norway	33.68	-18.20	7.54	-6.10
Finland	8.52	-5.06	-0.13	0.20
The Netherlands	36.85	-22.53	3.52	-2.56
United States	57.50	-36.86	27.06	-20.37
Other countries	23.51	-12.04	3.64	-2.07
Total	23.58	-18.51	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% (15/20/60/5). These scenarios and weightings have formed the basis for the calculation of expected credit losses in Stage 1 and Stage 2 as at 31 December 2023.

Macroeconomic risk factor		Downturn scenario			Base case scenario			Upturn scenario		
		2024	2025	2026	2024	2025	2026	2024	2025	2026
GDP growth, %	Sweden	-3.73	0.90	2.95	-0.13	2.30	2.30	2.87	3.30	2.00
	Great Britain	-2.20	0.44	2.95	0.80	1.84	2.30	3.80	2.84	2.00
	Great Britain, severe downturn scenario	-4.20	-2.16	3.30						
	Norway	-3.53	0.06	2.35	0.07	1.46	1.70	3.07	2.46	1.40
	Finland	-3.41	0.40	2.28	0.19	1.80	1.63	3.19	2.80	1.33
	Euro area	-3.12	0.11	1.95	0.48	1.51	1.30	3.48	2.51	1.00
	United States	-2.40	0.44	2.65	1.20	1.84	2.00	4.20	2.84	1.70
Unemployment rate, %	Sweden	10.10	10.41	10.10	8.40	8.31	7.90	7.70	7.31	7.20
	Great Britain	6.40	6.70	6.40	5.00	5.00	4.50	4.30	4.00	3.80
	Great Britain, severe downturn scenario	8.00	9.50	9.00						
	Norway	4.05	4.58	4.70	2.35	2.48	2.50	1.65	1.47	1.80
	Finland	9.30	9.20	8.70	7.60	7.10	6.50	6.90	6.10	5.80
	Euro area	8.58	8.83	8.90	6.88	6.73	6.70	6.18	5.73	6.00
	United States	5.96	6.57	6.50	4.26	4.47	4.30	3.56	3.47	3.60
Policy interest rate, %	Sweden	5.25	4.25	3.25	3.75	2.75	2.25	3.00	1.75	1.25
	Great Britain	6.25	4.50	3.50	4.75	3.00	2.50	4.00	2.00	1.50
	Great Britain, severe downturn scenario	1.00	0.25	0.25						
	Norway	5.50	4.75	3.25	4.00	3.25	2.25	3.25	2.25	1.25
	Finland	4.75	4.00	2.75	3.25	2.50	1.75	2.50	1.50	0.75
	Euro area	4.75	4.00	2.75	3.25	2.50	1.75	2.50	1.50	0.75
	United States	5.88	4.63	3.63	4.38	3.13	2.63	3.63	2.13	1.63
Residential real estate, value change %	Sweden	-5.04	-0.32	2.69	1.10	2.57	2.61	6.46	5.00	3.29
	Great Britain	-7.77	-7.27	-2.44	-5.97	-0.89	3.27	-3.03	4.90	8.22
	Great Britain, severe downturn scenario	-13.44	-6.44	-0.03						
	Norway	-0.58	-1.34	4.19	0.94	2.77	3.10	2.54	3.48	2.75
	Finland	2.96	5.29	2.78	0.50	3.83	2.96	-0.37	3.75	3.17
	Euro area	2.35	2.00	2.11	2.00	2.00	2.00	1.70	2.03	2.07
Commercial real estate, value change %	Sweden	-5.91	1.84	2.83	3.51	8.10	3.57	5.99	13.00	5.56
	Great Britain	-8.35	-4.01	3.56	-0.15	1.63	2.01	3.43	7.49	4.23
	Great Britain, severe downturn scenario	-16.20	-10.78	2.88						
	Norway	-4.81	-4.47	-0.35	2.50	2.10	1.40	5.24	6.16	2.31
	Finland	-7.41	-0.16	3.56	1.46	5.86	6.18	3.35	9.03	7.00
	Euro area	-7.69	-3.44	1.80	0.83	4.44	4.85	3.61	8.49	6.05

Note 8 Loans

The balance sheet items in the tables below include the disposal groups in Finland, which have been reclassified to Assets held for sale and Liabilities held for sale in the balance sheet, respectively (see Note 10).

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

SEK m	31 Dec 2023	30 Sep 2023	30 Jun 2023	31 Mar 2023	31 Dec 2022
Cash and balances with central banks	476,162	482,291	503,660	447,577	475,853
Other loans to central banks	32,145	33,470	38,776	40,569	32,620
Interest-bearing securities eligible as collateral with central banks					200
Loans to other credit institutions	19,297	28,803	38,259	24,442	9,415
<i>of which reverse repos</i>	9,623	19,011	22,325	6,790	
Loans to the public	2,434,217	2,483,022	2,492,465	2,459,286	2,469,324
<i>of which reverse repos</i>	17,404	18,555	14,233	14,350	12,917
Bonds and interest-bearing securities	12,709	13,222	12,531	8,588	9,882
Total	2,974,529	3,040,809	3,085,691	2,980,463	2,997,294

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

SEK m	31 Dec 2023	30 Sep 2023	30 Jun 2023	31 Mar 2023	31 Dec 2022
Volume, gross	2,976,927	3,043,294	3,088,268	2,982,969	2,999,751
<i>of which Stage 1</i>	2,833,004	2,895,613	2,959,699	2,888,415	2,902,686
<i>of which Stage 2</i>	136,859	140,830	121,957	88,569	91,350
<i>of which Stage 3</i>	7,064	6,851	6,612	5,985	5,716
Provisions	-2,400	-2,487	-2,579	-2,508	-2,459
<i>of which Stage 1</i>	-430	-463	-454	-463	-480
<i>of which Stage 2</i>	-820	-874	-902	-795	-723
<i>of which Stage 3</i>	-1,150	-1,150	-1,223	-1,250	-1,257

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

SEK m	31 Dec 2023	30 Sep 2023	30 Jun 2023	31 Mar 2023	31 Dec 2022
Volume, gross	2,436,611	2,485,501	2,495,036	2,461,789	2,471,778
<i>of which Stage 1</i>	2,292,700	2,337,820	2,366,466	2,367,255	2,374,713
<i>of which Stage 2</i>	136,848	140,830	121,957	88,549	91,349
<i>of which Stage 3</i>	7,064	6,851	6,612	5,985	5,716
Provisions	-2,395	-2,480	-2,571	-2,503	-2,454
<i>of which Stage 1</i>	-426	-459	-449	-459	-475
<i>of which Stage 2</i>	-819	-870	-898	-794	-722
<i>of which Stage 3</i>	-1,150	-1,150	-1,223	-1,250	-1,257

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

31 December 2023				
SEK m	Stage 1	Stage 2	Stage 3	Total
Provision at beginning of year	-480	-723	-1,257	-2,459
Derecognised assets	37	89	211	337
Write-offs		1	213	214
Remeasurements due to changes in credit risk	-219	140	-96	-175
Changes due to update in the methodology for estimation	-32	-16		-48
Foreign exchange effect, etc	2	2	1	5
Purchased or originated assets	-34	-33	-8	-75
Transfer to Stage 1	-40	56	1	17
Transfer to Stage 2	169	-503	6	-328
Transfer to Stage 3	167	166	-221	111
Provision at end of period	-430	-820	-1,150	-2,400

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
Changes due to update in the methodology for estimation				
Foreign exchange effect, etc	-11	-8	-24	-43
Purchased or originated assets	-53	-52	-9	-114
Transfer to Stage 1	-38	44	8	14
Transfer to Stage 2	70	-470	16	-384
Transfer to Stage 3	108	89	-106	91
Provision at end of period	-480	-723	-1,257	-2,459

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

31 December 2023				
SEK m	Stage 1	Stage 2	Stage 3	Total
Provision at beginning of year	-475	-722	-1,257	-2,454
Derecognised assets	36	89	211	337
Write-offs		1	213	214
Remeasurements due to changes in credit risk	-219	140	-96	-176
Changes due to update in the methodology for estimation	-32	-16		-48
Foreign exchange effect, etc	2	2	1	5
Purchased or originated assets	-34	-33	-8	-75
Transfer to Stage 1	-40	56	1	17
Transfer to Stage 2	169	-502	6	-326
Transfer to Stage 3	167	166	-221	111
Provision at end of period	-426	-819	-1,150	-2,395

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
Changes due to update in the methodology for estimation				
Foreign exchange effect, etc	-11	-8	-24	-43
Purchased or originated assets	-52	-52	-9	-113
Transfer to Stage 1	-38	44	8	14
Transfer to Stage 2	70	-470	16	-384
Transfer to Stage 3	108	89	-106	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

31 December 2023		Gross			Provisions			Net
SEK m		Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
Private individuals		1,158,428	28,771	4,159	-143	-132	-589	1,190,494
<i>of which mortgage loans</i>		991,247	21,664	1,592	-38	-43	-44	1,014,378
<i>of which other loans with property mortgages</i>		139,030	5,631	1,310	-44	-40	-93	145,794
<i>of which other loans to private individuals</i>		28,151	1,476	1,257	-61	-49	-452	30,322
Housing co-operative associations		283,134	11,367	13	-4	-20	-9	294,481
<i>of which mortgage loans</i>		265,549	5,291	12	-1	-1	-8	270,842
Property management		648,688	81,834	1,984	-130	-249	-159	731,968
Manufacturing		19,210	4,150	72	-24	-105	-46	23,257
Retail		30,214	671	108	-13	-9	-62	30,909
Hotel and restaurant		4,333	1,803	101	-4	-9	-6	6,218
Passenger and goods transport by sea		1,289	1	0	0	0	0	1,290
Other transport and communication		11,985	178	18	-5	-2	-15	12,159
Construction		14,238	4,429	281	-56	-264	-93	18,535
Electricity, gas and water		15,941	33	7	-2	0	-3	15,976
Agriculture, hunting and forestry		20,390	1,507	81	-7	-8	-3	21,960
Other services		20,965	818	143	-11	-9	-85	21,821
Holding, investment and insurance Comp., funds etc.		23,154	878	12	-6	-5	-3	24,030
Government and municipalities		12,278	64		0	0		12,342
<i>of which Swedish national debt office</i>		6,748						6,748
Other corporate lending		28,453	344	85	-21	-7	-77	28,777
Total		2,292,700	136,848	7,064	-426	-819	-1,150	2,434,217

31 December 2022		Gross			Provisions			Net
SEK m		Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
Private individuals		1,163,864	42,542	3,078	-161	-133	-568	1,208,622
<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

31 December 2023	Gross			Provisions			Net
SEK m	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
Loans in Sweden							
State-owned property companies	11,306			0			11,306
Municipal-owned property companies	7,311	515		0	0		7,826
Residential property companies	129,563	30,200	64	-7	-68	-13	159,739
<i>of which mortgage loans</i>	121,606	28,574	56	-6	-64	-7	150,159
Other property management	131,093	20,222	164	-11	-30	-52	151,386
<i>of which mortgage loans</i>	72,794	10,836	63	-3	-17	-21	83,652
Total loans in Sweden	279,273	50,937	228	-18	-98	-65	330,257
Loans outside Sweden							
UK	129,672	13,876	1,132	-87	-129	-26	144,438
Norway	133,310	6,364	91	-22	-12	-28	139,703
Finland	44,389	5,249	522	-2	-9	-35	50,114
The Netherlands	61,056	5,408		-1	-1		66,462
Other countries	988		11	0		-5	994
Total loans outside Sweden	369,415	30,897	1,756	-112	-151	-94	401,711
Total loans - Property management	648,688	81,834	1,984	-130	-249	-159	731,968

31 December 2022	Gross			Provisions			Net
SEK m	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>	137,576	3,661	18	-5	-5	-4	141,241
Other property management	145,098	6,376	171	-15	-15	-47	151,568
<i>of which mortgage loans</i>	77,194	1,656	32	-3	-4	0	78,875
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

31 December 2023	The Netherlands					
SEK m, gross	Sweden	UK	Norway	Finland	lands	Total
Government guarantees	3,336	5	1,290	19,494		24,125
Residential	192,222	80,478	21,139	18,414	37,184	349,437
Office, retail, hotel	101,189	46,526	86,230	7,062	10,619	251,626
Other real estate	4,024	314	11,863	1,111	17,676	34,988
Industry, logistics	17,239	15,022	8,873	2,851	596	44,581
Agriculture, forestry	4,093	1,139	113	4	15	5,364
Other collateral	1,763	209	192	509	281	2,954
Unsecured	6,572	987	8,282	446	41	16,328
Undeveloped			1,783	269	52	2,104
Total	330,438	144,680	139,765	50,160	66,464	731,507

31 December 2022	The Netherlands					
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

31 December 2023	The Netherlands					
LTV, %	Sweden	UK	Norway	Finland	lands	Total
0-40	83.7	90.1	78.9	75.1	88.4	83.2
41-60	15.5	9.5	18.9	15.7	11.3	15.3
61-75	0.6	0.2	1.9	6.9	0.2	1.3
>75	0.1	0.1	0.3	2.3	0.1	0.3
Average LTV	46.0	41.0	51.0	47.0	45.0	45.0

31 December 2022	The Netherlands					
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

31 December 2023	The Netherlands					
LTV, %	Sweden	UK	Norway	Finland	lands	Total
0-40	79.2	86.6	76.5	55.7	81.0	79.3
41-60	18.1	13.2	20.5	20.2	16.4	17.1
61-75	2.4	0.2	2.6	10.5	2.4	2.5
>75	0.3	0.0	0.5	13.6	0.2	1.2
Average LTV	49.0	45.0	54.0	57.0	51.0	49.0

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	54.0	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

	31 Dec 2023	30 Sep 2023	30 Jun 2023	31 Mar 2023	31 Dec 2022
SEK m					
Cash and balances with central banks	476,181	482,313	503,684	447,601	475,882
Other loans to central banks	32,145	33,470	38,776	40,569	32,620
Interest-bearing securities eligible as collateral with central banks	199,128	231,839	265,238	233,751	132,778
Loans to other credit institutions	19,297	28,803	38,259	24,442	9,415
<i>of which reverse repos</i>	<i>9,623</i>	<i>19,011</i>	<i>22,325</i>	<i>6,790</i>	
Loans to the public	2,434,217	2,483,022	2,492,465	2,459,286	2,469,324
<i>of which reverse repos</i>	<i>17,404</i>	<i>18,555</i>	<i>14,233</i>	<i>14,350</i>	<i>12,917</i>
Bonds and other interest-bearing securities	50,087	61,484	57,611	41,231	32,697
Derivative instruments*	30,110	45,612	56,729	39,500	36,261
Contingent liabilities	58,120	60,241	63,568	60,467	60,975
Commitments	427,865	450,456	459,305	450,498	459,114
Total	3,727,150	3,877,239	3,975,634	3,797,345	3,709,066

* Refers to the sum total of positive market values.

The balance sheet items in the tables above include the disposal groups in Finland, which has been reclassified to Assets held for sale and Liabilities held for sale in the balance sheet, respectively (see Note 10).

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 in accordance with IFRS 5, and are attributable to two different disposal groups. 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 2022. The units listed below are included in the disposal groups and in the discontinued operations: 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

31 December 2023 SEK m	Finland
Assets	
Cash and balances with central banks	10
Other loans to central banks	25,863
Interest-bearing securities eligible as collateral with central banks	
Loans to other credit institutions	3
Loans to the public	142,409
<i>Of which households</i>	39,561
<i>Of which corporates</i>	102,847
Bonds and other interest-bearing securities	0
Shares	2
Assets where the customer bears the value change risk	9,586
Intangible assets	123
Property and equipment	467
Other assets	128
Total assets	178,590
Liabilities	
Due to credit institutions	980
Deposits and borrowing from the public	51,556
<i>Of which households</i>	17,434
<i>Of which corporates</i>	34,122
Liabilities where the customer bears the value change risk	9,586
Provisions	195
Other liabilities	1,404
Total liabilities	63,721

The translation reserve includes an accumulated amount of SEK 1,022m (1,064) attributable to the translation of assets and liabilities held for sale, see the Statement of changes in equity – Group.

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	Q4 2023	Q3 2023	Change	Q4 2022	Change	Full year 2023	Full year 2022	Change
Net interest income	619	631	-2%	1,145	-46%	2,368	3,434	-31%
Net fee and commission income	97	103	-6%	238	-59%	406	1,096	-63%
Net gains/losses on financial transactions	9	7	29%	-16		29	-12	
Net insurance result	3	5	-40%	5	-40%	17	13	31%
Other income	9	0		22	-59%	9	68	-87%
Total income	738	743	-1%	1,394	-47%	2,829	4,600	-39%
Staff costs	-264	-189	40%	-368	-28%	-841	-1,681	-50%
Other expenses	-132	-103	28%	-432	-69%	-464	-1,543	-70%
Depreciation, amortisation and impairments of property, equipment and intangible assets				0			-2	
Total expenses	-397	-292	36%	-800	-50%	-1,306	-3,226	-60%
Net credit losses	9	17	-47%	-25		41	29	41%
Gains/losses on disposal of property, equipment and intangible assets	0	0	0%			-1	2	
Risk tax and resolution fee	-24	-25	-4%	-37	-35%	-97	-160	-39%
Profit for the period attributable to Denmark and Finland before tax	327	444	-26%	531	-38%	1,467	1,245	18%
Tax	-43	-64	-33%	-448	-90%	-200	-617	-68%
Profit for the period attributable to Denmark and Finland after tax	284	379	-25%	84	238%	1,267	629	101%
Other expenses pertaining to discontinued operations*	-5	-15	-67%	-27	-81%	-73	-27	170%
Taxes	1	3	-67%	6	-83%	15	6	150%
Profit for the period incl. Other expenses pertaining to discontinued operations, after tax	280	368	-24%	63	344%	1,209	608	99%
Gains/losses on disposal of disposal groups in discontinued operations								
Capital gain before tax				235			235	
Taxes				-561			-561	
Capital gain after tax				-326			-326	
Profit for the period pertaining to discontinued operations, after tax	280	368	-24%	-265		1,209	280	332%
Material internal transactions with continuing operations, which are eliminated in the income statement above**:								
Total income	25	27		-343		100	-287	
Total expenses	-24	-29		-30		-101	-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 discontinued operations 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	Q4 2023	Q3 2023	Change	Q4 2022	Change	Full year 2023	Full year 2022	Change
Net interest income				399			1,712	
Net fee and commission income				143			701	
Net gains/losses on financial transactions				-26			-49	
Net insurance result				0			1	
Other income				20			49	
Total income				535			2,413	
Staff costs				-149			-1,035	
Other expenses				-276			-768	
Depreciation, amortisation and impairments of property, equipment and intangible assets								
Total expenses				-425			-1,803	
Net credit losses				-6			38	
Gains/losses on disposal of property, equipment and intangible assets							2	
Risk tax and resolution fee				-11			-58	
Profit for the period attributable to Denmark before tax				94			593	
Tax				19			-57	
Profit for the period attributable to Denmark after tax				113			536	
Gains/losses on disposal of property, equipment and intangible assets								
Capital gain before tax				235			235	
Taxes				-561			-561	
Capital gain after tax				-326			-326	
Profit for the period pertaining to discontinued operations, after tax				-213			210	
Material internal transactions with continuing operations, which are eliminated in the income statement above*:								
Total income				-68			-176	
Total expenses				-20			-89	

Income, expenses and profits, discontinued operations in Finland

SEK m	Q4 2023	Q3 2023	Change	Q4 2022	Change	Full year 2023	Full year 2022	Change
Net interest income	619	631	-2%	746	-17%	2,368	1,722	38%
Net fee and commission income	97	103	-6%	96	1%	406	396	3%
Net gains/losses on financial transactions	9	7	29%	10	-10%	29	37	-22%
Net insurance result	3	5	-40%	5	-40%	17	12	42%
Other income	9	0		1		9	19	-53%
Total income	738	743	-1%	857	-14%	2,829	2,186	29%
Staff costs	-264	-189	40%	-220	20%	-841	-647	30%
Other expenses	-132	-103	28%	-157	-16%	-464	-775	-40%
Depreciation, amortisation and impairments of property, equipment and intangible assets				0			-2	
Total expenses	-397	-292	36%	-375	6%	-1,306	-1,423	-8%
Net credit losses	9	17	-47%	-20		41	-10	
Gains/losses on disposal of property, equipment and intangible assets	0	0	0%			-1	0	
Risk tax and resolution fee	-24	-25	-4%	-26	-8%	-97	-102	-5%
Profit for the period attributable to Finland before tax	327	444	-26%	437	-25%	1,467	652	125%
Tax	-43	-64	-33%	-467	-91%	-200	-560	-64%
Profit for the period attributable to Finland after tax	284	379	-25%	-31		1,267	91	

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

Total income	25	27		-275		100	-110	
Total expenses	-24	-29		-10		-101	-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 discontinued operations 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	Q4 2023	Q3 2023	Change	Q4 2022	Change	Full year 2023	Full year 2022	Change
Brokerage and other securities commissions				7			41	
Mutual funds				28			147	
Custody and other asset management fees				24			148	
Advisory services				3			22	
Insurance				-2			22	
Payments				78			205	
Loans and deposits				9			55	
Guarantees				10			65	
Other				10			64	
Total fee and commission income				166			768	

Fee and commission income, discontinued operations in Finland

SEK m	Q4 2023	Q3 2023	Change	Q4 2022	Change	Full year 2023	Full year 2022	Change
Brokerage and other securities commissions	2	3	-33%	2	0%	9	8	13%
Mutual funds	1	2	-50%	2	-50%	7	8	-13%
Custody and other asset management fees	10	10	0%	11	-9%	41	44	-7%
Advisory services								
Insurance	19	20	-5%	18	6%	77	74	4%
Payments	50	55	-9%	50	0%	213	203	5%
Loans and deposits	20	21	-5%	22	-9%	85	79	8%
Guarantees	4	5	-20%	5	-20%	19	20	-5%
Other	3	2	50%	3	0%	11	13	-15%
Total fee and commission income	111	118	-6%	112	-1%	463	448	3%

Cash flows, discontinued operations

SEK m	Full year 2023	Full year 2022
Cash flow from operating activities	4,611	-123,159
Cash flow from investing activities	-8	-11
Cash flow from financing activities		
Cash flow for the period from discontinued operations	4,604	-123,171

The operations in Denmark were sold during the fourth quarter 2022, meaning that the statement of cash flows for discontinued operations comprises the operations in Finland alone. Cash flows from the divestment of the operations in Denmark are included in the comparative figures for cash flows from investing activities in the Condensed statement of cash flows – Group (see page 26).

Note 11 Derivatives

mkr	31 Dec 2023	30 Sep 2023	30 Jun 2023	31 Mar 2023	31 Dec 2022
Positive market values					
Trading	45,668	75,868	83,902	67,692	74,801
Fair value hedges	17,253	15,889	16,973	15,946	16,972
Cash flow hedges	19,410	31,308	36,933	28,765	25,600
Amounts offset	-52,221	-77,453	-81,079	-72,903	-81,112
Total	30,110	45,612	56,729	39,500	36,261
Negative market values					
Trading	54,579	65,677	69,463	67,329	78,199
Fair value hedges	16,007	28,198	28,853	24,935	27,349
Cash flow hedges	8,877	5,461	6,321	6,226	6,050
Amounts offset	-45,225	-78,803	-82,330	-74,350	-82,558
Total	34,238	20,533	22,307	24,140	29,040
Nominal value					
Trading	2,789,188	3,188,776	3,586,661	3,694,500	3,762,560
Fair value hedges	696,655	715,864	695,882	617,484	578,034
Cash flow hedges	468,797	497,359	526,301	517,162	562,999
Amounts offset	-2,310,691	-2,830,826	-2,897,069	-2,797,234	-2,826,362
Total	1,643,949	1,571,173	1,911,775	2,031,912	2,077,231

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

31 December 2023 SEK m	Derivatives	Repurchase agreements, securities borrowing and similar agreements	Total
Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements			
Gross amount	82,331	32,141	114,472
Amounts offset	-52,221	-4,628	-56,849
Carrying amount on the balance sheet	30,110	27,513	57,623
Related amounts not offset on the balance sheet			
Financial instruments, netting arrangements	-7,781		-7,781
Financial assets received as collateral	-18,880	-27,513	-46,393
Total amounts not offset on the balance sheet	-26,661	-27,513	-54,174
Net amount	3,449		3,449
Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements			
Gross amount	79,463	4,631	84,094
Amounts offset	-45,225	-4,628	-49,853
Carrying amount on the balance sheet	34,238	3	34,241
Related amounts not offset on the balance sheet			
Financial instruments, netting arrangements	-7,781		-7,781
Financial assets pledged as collateral	-17,305	-3	-17,308
Total amounts not offset on the balance sheet	-25,086	-3	-25,089
Net amount	9,152		9,152

31 December 2022 SEK m	Derivatives	Repurchase agreements, securities borrowing and similar agreements	Total
Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements			
Gross amount	117,373	21,903	139,276
Amounts offset	-81,112	-8,320	-89,432
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	8,325	119,923
Amounts offset	-82,558	-8,320	-90,878
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 11,268m (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 4,272m (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	
	Full year 2023	Full year 2022	Full year 2023	Full year 2022	Full year 2023	Full year 2022
Opening residual value	4,397	4,357	4,005	3,945	8,402	8,302
Additional during the period			961	703	961	703
Reclassified as assets held for sale						
The period's amortisation			-751	-661	-751	-661
The period's impairments			-1	-21	-1	-21
Foreign exchange effect	-41	41	-3	38	-44	79
Closing residual value	4,356	4,397	4,211	4,005	8,567	8,402

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

SEK m	31 Dec 2023	30 Sep 2023	30 Jun 2023	31 Mar 2023	31 Dec 2022
Due to credit institutions	90,143	135,502	143,863	97,306	81,693
<i>of which repos</i>	<i>0</i>	<i>419</i>	<i>619</i>	<i>13</i>	
Deposits and borrowing from the public	1,298,480	1,369,077	1,433,843	1,435,563	1,318,925
<i>of which repos</i>	<i>2</i>	<i>199</i>	<i>2,255</i>	<i>926</i>	<i>5</i>

Note 15 Issued securities

SEK m	Full year 2023	Full year 2022
Issued securities at beginning of year	1,474,801	1,353,768
Issued	1,251,086	1,064,019
Repurchased	-72,561	-57,759
Matured	-1,124,075	-926,079
Foreign exchange effect etc.	-5,771	40,852
Issued securities at end of period	1,523,481	1,474,801

Note 16 Pledged assets and contingent liabilities

SEK m	31 Dec 2023	30 Sep 2023	30 Jun 2023	31 Mar 2023	31 Dec 2022
Assets pledged for own debt	1,062,518	1,024,027	1,004,096	978,609	979,378
Other pledged assets	69,399	78,416	75,418	76,358	15,850
Contingent liabilities	58,120	60,241	63,568	60,467	60,975
Commitments	427,865	450,456	459,305	450,498	459,114

Note 17 Classification of financial assets and liabilities

31 December 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					476,181	476,181		476,181
Other loans to central banks					32,145	32,145		32,145
Interest-bearing securities eligible as collateral with central banks	3,534	195,594					199,128	199,128
Loans to other credit institutions					19,298	19,298		19,272
Loans to the public					2,434,217	2,434,217		2,415,484
Value change of interest-hedged item in portfolio hedge					-9,657	-9,657		
Bonds and other interest-bearing securities	13,550	23,827		12,709			50,087	50,087
Shares	11,617			601			12,218	12,218
Assets where the customer bears the value change risk	254,401				78		254,479	254,479
Derivative instruments	13,618		16,492				30,110	30,110
Other assets	27				10,282		10,309	10,309
Total	296,747	219,421	16,492	13,310	2,962,544		3,508,514	3,499,412
Investments in associates							657	
Non-financial assets							28,620	
Total assets							3,537,792	
Liabilities								
Due to credit institutions					91,124		91,124	91,287
Deposits and borrowing from the public					1,350,036		1,350,036	1,349,338
Liabilities where the customer bears the value change risk		254,609			78		254,687	254,687
Issued securities	1,506				1,521,975		1,523,481	1,497,333
Derivative instruments	27,399		6,840				34,238	34,238
Short positions	2,364						2,364	2,364
Other liabilities	27				15,712		15,739	15,739
Subordinated liabilities					43,117		43,117	43,227
Total	31,296	254,609	6,840		3,022,042		3,314,787	3,288,213
Non-financial liabilities							17,919	
Total liabilities							3,332,706	

31 December 2022	Fair value through profit or loss				Fair value through other comprehensive income	Amortised cost	Total carrying amount	Fair value
SEK m	Mandatory	Fair value option	Derivatives identified as hedge instruments					
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 disposal groups in Finland, which have 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

31 December 2023				
SEK m	Level 1	Level 2	Level 3	Total
Assets				
Interest-bearing securities eligible as collateral with central banks	199,092	36		199,128
Bonds and other interest-bearing securities	48,231	1,856		50,087
Shares	11,406	638	174	12,218
Assets where the customer bears the value change risk	251,504	2,820	77	254,401
Derivative instruments	92	30,016	2	30,110
Total	510,325	35,366	253	545,944
Liabilities				
Liabilities where the customer bears the value change risk	251,712	2,820	77	254,609
Issued securities		1,506		1,506
Derivative instruments	47	34,189	2	34,238
Short positions	2,364			2,364
Total	254,123	38,515	79	292,717

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 disposal groups in Finland, which have been reclassified to Assets held for sale and Liabilities held for sale in the balance sheet, respectively (see Note 10).

Valuation process

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

For financial instruments traded on an active market, the fair value is the same as the quoted market price. An active market is one where quoted prices are readily and regularly available from a regulated market, execution venue, reliable news service or equivalent, and where the price information received can be verified by means of regularly occurring transactions. The current market price corresponds to the price between the bid price and the offer price which is most representative of fair value under the circumstances. For groups of financial instruments which are managed on the basis of the Bank's net exposure to market risk, the current market price is presumed to be the same as the price which would be received or paid if the net position were divested.

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

Valuation hierarchy

In the tables, financial instruments at fair value have been categorised in terms of how the valuations have been carried out and the degree of transparency regarding market data used in the valuation. The categorisation is shown as levels 1-3 in the tables. Financial instruments which are valued at a direct and liquid market price are categorised as level 1. These financial instruments mainly comprise government instruments and other interest-bearing securities that are traded actively, listed shares and short-term positions in corresponding assets. Level 1 also includes the majority of shares in mutual funds and other

assets which are related to unit-linked insurance contracts and similar agreements and the corresponding liabilities. Financial instruments which are valued using valuation models which substantially are based on market data are categorised as level 2. Level 2 mainly includes interest-bearing securities and interest- and currency-related derivatives. Financial instruments whose valuation to a material extent is affected by input data that cannot be verified using external market information are categorised as level 3. Level 3 includes unlisted shares, certain holdings of private equity funds and certain derivatives.

The categorisation is based on the valuation method used on the balance sheet date. If the category for a specific instrument has changed since the previous balance sheet date (31 December 2022), the instrument has been moved between the levels in the table. Holdings of bonds and other interest-bearing securities worth SEK 1.6bn were transferred from level 1 to level 2 during the year, and worth SEK 0.5bn from level 2 to level 1. During the year, holdings of fund units constituting assets for which the customer bears the value change risk worth SEK 1.8bn were transferred from level 1 to level 2. Thus liabilities for which the customer bears the value change risk worth SEK 1.8bn 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 year, an accrual effect of SEK 113m (158) was recognised under Net gains/losses on financial transactions. At the end of the year, non-recognised day 1 gains/losses totalled SEK 472m; at year-end 2022, the corresponding figure was SEK 447m.

Change in level 3 holdings

31 December 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	-1				
Matured during the period					
The period's value change realised in the income statement					
Unrealised value change in income statement	2			-448	448
Unrealised value change in other comprehensive income					
Changes in the methodology					
Transfer from level 1 or 2					
Transfer to level 1 or 2		-37	37		
Carrying amount at end of period	174	2	-2	77	-77

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

A change in non-observable input data is not judged to give rise to significantly higher or lower values for holdings in level 3, for which reason no sensitivity analysis is presented.

Note 19 Assets and liabilities by currency

31 December 2023	Other							Total
SEK m	SEK	EUR	NOK	DKK	GBP	USD	currencies	
Assets								
Cash and balances with central banks	67,895	128,820	4,776	0	113,645	160,935	109	476,181
Other loans to central banks		29,326	1,687		1,131			32,145
Loans to other credit institutions	259	5,772	9,671	1	873	2,299	422	19,297
Loans to the public	1,579,316	287,783	319,815	1,464	234,892	9,330	1,617	2,434,217
<i>of which corporates</i>	598,485	185,869	201,140	1,443	167,456	9,171	573	1,164,137
<i>of which households</i>	974,083	101,914	118,675	21	67,436	159	1,044	1,263,332
Interest-bearing securities eligible as collateral with central banks	181,752	7,561	36	1		9,778		199,128
Bonds and other interest-bearing securities	36,868	486	12,223			509		50,087
Other items not broken down by currency	326,737							326,737
Total assets	2,192,827	459,749	348,209	1,465	350,541	182,852	2,148	3,537,792
Liabilities								
Due to credit institutions	15,666	50,097	18,093	64	346	6,835	22	91,124
Deposits and borrowing from the public	814,008	140,586	110,296	1,171	257,177	24,238	2,561	1,350,037
<i>of which corporates</i>	335,161	110,747	75,871	1,034	190,553	20,797	1,767	735,931
<i>of which households</i>	478,848	29,839	34,424	138	66,624	3,441	793	614,106
Issued securities	569,595	407,148	27,016		37,930	459,581	22,211	1,523,481
Subordinated liabilities	0	22,740			6,258	14,120		43,117
Other items not broken down by currency, incl. equity	530,033							530,033
Total liabilities and equity	1,929,302	620,570	155,404	1,236	301,711	504,774	24,794	3,537,792
Other assets and liabilities broken down by currency (net)		160,527	-192,764	-223	-48,850	321,918	22,716	
Net foreign currency position		-294	41	7	-20	-4	70	-200

31 December 2022	Other							Total
SEK m	SEK	EUR	NOK	DKK	GBP	USD	currencies	
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			32,620
Loans to other credit institutions	480	3,709	2	1	903	3,894	424	9,415
Loans to the public	1,586,449	292,228	324,563	9,901	242,246	11,704	2,233	2,469,324
<i>of which corporates</i>	602,504	183,963	206,027	9,884	169,380	11,517	847	1,184,121
<i>of which households</i>	983,946	108,265	118,537	17	72,867	187	1,385	1,285,204
Interest-bearing securities eligible as collateral with central banks	117,546	5,483	36	1		9,712		132,778
Bonds and other interest-bearing securities	22,353	1,472	8,352			519		32,697
Other items not broken down by currency	301,002							301,002
Total assets	2,128,244	471,184	341,916	9,902	344,277	155,503	2,691	3,453,718
Liabilities								
Due to credit institutions	17,760	50,548	29	1,906	115	11,990	23	82,372
Deposits and borrowing from the public	848,467	136,375	91,473	1,201	252,592	43,167	3,011	1,376,286
<i>of which corporates</i>	366,562	103,155	58,072	1,110	179,920	39,354	2,184	750,356
<i>of which households</i>	481,905	33,220	33,401	91	72,672	3,814	828	625,930
Issued securities	511,251	342,123	25,828		39,407	536,118	20,076	1,474,801
Subordinated liabilities	0	22,266			5,930	14,208		42,404
Other items not broken down by currency, incl. equity	477,854							477,854
Total liabilities and equity	1,855,331	551,311	117,330	3,107	298,044	605,483	23,110	3,453,718
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 disposal groups in Finland, which have 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

31 December 2023	31 Dec	30 Sep	30 Jun	31 Mar	31 Dec
SEK m	2023	2023	2023	2023	2022
Available own funds					
Common equity tier 1 (CET1) capital	157,576	168,147	166,003	160,582	158,551
Tier 1 capital	172,603	184,438	182,123	176,038	174,134
Total capital	200,081	212,975	202,556	195,398	193,186
Risk-weighted exposure amounts					
Total risk-weighted exposure amount	836,790	868,888	837,505	827,075	810,144
Capital ratios (as a percentage of risk-weighted exposure amount)					
Common equity tier 1 ratio (%)	18.8%	19.4%	19.8%	19.4%	19.6%
Tier 1 ratio (%)	20.6%	21.2%	21.7%	21.3%	21.5%
Total capital ratio (%)	23.9%	24.5%	24.2%	23.6%	23.8%
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%	2.0%	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%	1.5%	1.6%	1.6%	1.6%
Total SREP own funds requirements (%)	10.0%	10.0%	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%	1.9%	1.7%	1.1%	1.0%
Systemic risk buffer (%)	3.2%	3.2%	3.2%	3.1%	3.2%
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%	8.6%	8.4%	7.7%	7.7%
Overall capital requirements (%)	18.6%	18.5%	18.4%	17.8%	17.8%
CET1 available after meeting the total SREP own funds requirements (%)	13.1%	13.6%	14.0%	13.6%	13.7%
Leverage ratio					
Leverage ratio total exposure measure	3,390,498	3,543,920	3,602,883	3,453,723	3,341,332
Leverage ratio	5.1%	5.2%	5.1%	5.1%	5.2%
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%
Leverage buffer and combined leverage buffer requirement (as a percentage of the total exposure measure)					
Leverage ratio requirement (percentage points)					
Combined leverage ratio requirement (percentage points)	3.0%	3.0%	3.0%	3.0%	3.0%
Liquidity coverage ratio (LCR)*					
Total high-quality liquid assets (HQLA) (Weighted value-average)	895,982	883,232	889,405	889,352	885,096
Cash outflows - Total weighted value	617,192	633,045	652,947	660,672	645,218
Cash inflows - Total weighted value	88,942	92,214	91,583	88,477	83,191
Total net cash outflows (adjusted value)	528,250	540,831	561,364	572,195	562,027
Liquidity coverage ratio	172%	164%	159%	156%	159%
Net stable funding ratio (NSFR)					
Total available stable funding	2,101,503	2,140,123	2,165,163	2,052,855	2,036,932
Total required stable funding	1,758,065	1,826,421	1,827,178	1,785,899	1,793,937
NSFR ratio	120%	117%	118%	115%	114%

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

Overview of risk exposure amounts

	RWEA		Own funds requirements	
	31 Dec 2023	30 Sep 2023	31 Dec 2023	30 Sep 2023
Credit risk (excluding CCR)	726,276	759,840	58,102	60,787
Of which standardised approach	183,549	196,256	14,684	15,700
Of which foundation IRB (FIRB) approach	53,702	58,645	4,296	4,692
Of which slotting approach				
Of which equities under simple risk-weighted approach	2,240	2,236	179	179
Of which advanced IRB (AIRB) approach	278,625	287,385	22,290	22,991
Of which risk weight floors	208,160	215,318	16,653	17,225
Counterparty credit risk - CCR	11,827	10,736	946	859
Of which standardised approach	8,507	7,654	681	612
Of which internal model method (IMM)				
Of which exposures to a CCP	268	160	21	13
Of which credit valuation adjustment - CVA	2,463	2,127	197	170
Of which other CCR	589	795	47	64
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)	23,471	23,096	1,878	1,848
Of which standardised approach	23,471	23,096	1,878	1,848
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	836,790	868,888	66,943	69,511

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 75% 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. The risk weights, excluding regulatory risk weight floors, applied when calculating risk-weighted exposure amounts reflect Handelsbanken's credit loss history. The risk assessment includes 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. Russia's invasion of Ukraine has given rise to a heightened level of 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 attacks on critical infrastructure in society. The Bank is monitoring developments and assesses the risk of various scenarios on an ongoing basis.

The changes in the interest rate environment seen over the past few years have affected cash flows for the Bank's customers to varying degrees. The Bank continuously monitors the development of customers' financial conditions in its ordinary risk assessment.

Liquidity and funding

Handelsbanken has a low tolerance of liquidity risks and works actively to minimise them, at aggregate level and also in each individual currency. The aim is to have good access to liquidity, a low level of variation in results and a considerable capacity to meet customers' funding requirements, even in difficult times. This is achieved by maintaining a good matching of incoming and outgoing cash flows over time in all currencies essential to the Bank and by maintaining large liquidity reserves of good quality. The Bank thus minimises the economic risks in funding and can thereby maintain stable and long-term funding for the business-operating units. Furthermore, the Bank aims for breadth in its funding programmes and their use. This ensures that the Bank can keep its core business intact for a long period of time, even if there is extensive disruption in the financial markets.

To ensure sufficient liquidity to support its core operations in stressed financial conditions, the Bank holds large liquidity reserves in all currencies of relevance to the Bank. The liquidity reserve comprises several different parts. Cash, balances and other lending to central banks are components which can provide the Bank with immediate liquidity. The reserve also comprises liquid securities, such as government bonds, covered bonds and other securities of very high credit quality. These can also provide the Bank with immediate liquidity. These parts of the liquidity reserve are illustrated in the table below and amounted to SEK 763bn at 31 December 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	31 Dec 2023	30 Sep 2023	30 Jun 2023	31 Mar 2023	31 Dec 2022
Level 1 assets	762,150	821,079	876,922	759,832	675,238
Cash and balances with central banks	504,940	512,134	539,119	484,816	505,339
Securities issued or guaranteed by sovereigns, central banks, MDBs and international organisations	192,930	225,591	263,339	226,417	135,492
Securities issued by municipalities and PSEs	209	1,997	421	329	447
Extremely high quality covered bonds	64,071	81,357	74,044	48,270	33,961
Level 2 assets	1,109	3,446	3,004	4,836	1,137
Level 2A assets	1,050	3,224	2,843	4,634	1,046
Securities issued or guaranteed by sovereigns, central banks, municipalities and PSEs	36	1,946	1,126	3,604	36
High quality covered bonds	1,014	1,278	1,717	1,031	1,010
Corporate debt securities (lowest rating AA-)					
Level 2B assets	60	222	161	202	91
Asset-backed securities					
High quality covered bonds					
Corporate debt securities (rated A+ to BBB-)	60	222	161	202	91
Shares (major stock index)					
Total liquid assets	763,259	824,526	879,927	764,668	676,376
of which in SEK	282,920	286,056	330,391	278,473	238,066
of which in EUR	162,764	176,389	192,609	158,679	175,457
of which in USD	166,330	202,637	200,591	190,849	138,867
of which in other currencies	151,245	159,444	156,335	136,667	123,987

31 December 2023					
Market value, SEK m	SEK	EUR	USD	Other	Total
Level 1 assets	282,713	162,484	165,828	151,125	762,150
Cash and balances with central banks	66,978	157,868	160,806	119,288	504,940
Securities issued or guaranteed by sovereigns, central banks, MDBs and international organisations	181,594	4,556	5,022	1,758	192,930
Securities issued by municipalities and PSEs	209				209
Extremely high quality covered bonds	33,932	60		30,079	64,071
Level 2 assets	207	280	502	120	1,109
Level 2A assets	207	221	502	120	1,050
Securities issued or guaranteed by sovereigns, central banks, municipalities and PSEs				36	36
High quality covered bonds	207	221	502	84	1,014
Corporate debt securities (lowest rating AA-)					
Level 2B assets		60			60
Asset-backed securities					
High quality covered bonds					
Corporate debt securities (rated A+ to BBB-)		60			60
Shares (major stock index)					
Total liquid assets	282,920	162,764	166,330	151,245	763,259

Maturities for financial assets and liabilities

31 December 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	508,326							508,326
Interest-bearing securities eligible as collateral with central banks *	199,128							199,128
Bonds and other interest-bearing securities *	50,087							50,087
Loans to credit institutions	16,986	130	202	209	997	774		19,297
<i>of which reverse repos</i>	9,623							9,623
Loans to the public	84,679	289,584	220,377	220,950	421,946	1,196,681		2,434,217
<i>of which reverse repos</i>	17,404							17,404
Other **	17,847						308,890	326,737
<i>of which shares and participating interests</i>	12,218							12,218
<i>of which claims on investment banking settlements</i>	5,629							5,629
Total	877,053	289,714	220,580	221,158	422,942	1,197,454	308,890	3,537,792
Liabilities								
Due to credit institutions ***	39,298	35,282	1,634	632	202	961	13,115	91,124
<i>of which repos</i>								
<i>of which deposits from central banks</i>	11,298	19,837						31,135
Deposits and borrowing from the public ***	72,098	187,961	33,466	4,993	1,622	157	1,049,740	1,350,037
<i>of which repos</i>								
Issued securities	71,965	425,424	260,931	131,368	541,837	91,955		1,523,480
<i>of which covered bonds</i>		49,429	69,955	95,034	371,724	53,668		639,810
<i>of which bank certificates (CDs) with original maturity of less than one year</i>	28,315	124,661	45,001					197,977
<i>of which corporate certificates (CPs) with original maturity of less than one year</i>	47,618	225,140	136,281					409,039
<i>of which bank certificates (CDs) and corporate certificates (CPs) with original maturity above one year</i>		18,518	13,884					32,402
<i>of which Senior Non-Preferred Bonds</i>					35,601	25,040		60,641
<i>of which senior bonds and other securities with original maturity of more than one year</i>	75	24,961	1,111	31,002	115,228	11,234		183,611
Subordinated liabilities		13,234			16,649	13,234		43,117
Other **	7,574						522,459	530,033
<i>of which short positions</i>	2,364							2,364
<i>of which investment banking settlement debts</i>	5,210							5,210
Total	190,935	661,901	296,031	136,993	560,310	106,307	1,585,314	3,537,792

* 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 SEK m	31 Dec 2023	30 Sep 2023	30 Jun 2023	31 Mar 2023	31 Dec 2022
High quality liquidity assets	758,587	818,235	874,237	760,493	673,796
Cash outflows					
Retail deposits and deposits from small business customers	55,996	56,125	57,445	57,720	65,380
Unsecured wholesale funding	255,923	357,613	351,101	407,876	293,008
Secured wholesale funding	4,266	3,169	8,476	7,330	7,351
Other cash outflows	108,646	115,567	112,288	115,562	124,709
Total cash outflows	424,831	532,474	529,310	588,488	490,448
Cash inflows					
Inflows from fully performing exposures	40,108	37,989	26,458	27,603	27,209
Other cash inflows	23,341	41,511	37,658	56,694	50,293
Total cash inflows	63,449	79,500	64,116	84,297	77,502
Liquidity coverage ratio (LCR)	210%	181%	188%	151%	163%

Net stable funding ratio (NSFR)

Net stable funding ratio (NSFR) - sub components SEK m	31 Dec 2023	30 Sep 2023	30 Jun 2023	31 Mar 2023	31 Dec 2022
Available stable funding (ASF)					
Capital items and instruments	208,436	223,511	212,166	203,660	214,134
Retail deposits	709,447	720,534	735,085	715,995	724,112
Wholesale funding	1,179,688	1,189,378	1,211,435	1,127,120	1,092,732
Other liabilities	3,931	6,700	6,478	6,081	5,954
Total Available stable funding (ASF)	2,101,503	2,140,123	2,165,163	2,052,855	2,036,932
Required stable funding (RSF)					
Total high-quality liquid assets (HQLA)	6,063	11,597	9,932	8,768	4,918
Assets encumbered for more than 12 months in cover pool	487,444	530,545	493,384	452,064	483,554
Performing loans and securities	1,178,603	1,193,259	1,237,569	1,244,819	1,232,720
Other assets	63,915	67,793	62,996	57,342	48,935
Off-balance sheet items	22,040	23,228	23,296	22,905	23,811
Total Required stable funding (RSF)	1,758,065	1,826,421	1,827,178	1,785,899	1,793,937
Net stable funding ratio (NSFR)	120%	117%	118%	115%	114%

The liquidity coverage ratio (LCR) has been a binding requirement for banks in the EU since the European Commission introduced its Delegated Regulation. The figure states the ratio between the Bank's liquidity buffer and net cash flows in a very stressed scenario during a 30-day period. The requirement applies to LCR at aggregate level and the ratio must be at least 100%. The minimum requirement for the structural liquidity measure, the NSFR (Net Stable Funding Ratio) – the ratio between available stable funding and required stable funding – requires the Bank to have sufficient stable funding to cover its funding needs under both normal and stressed circumstances 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 210%, 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 120%.

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.

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

Non-encumbered assets, NEA

31 December 2023		
SEK bn	NEA	Accumulated coverage ratio in % of unsecured funding*
Holdings with central banks and securities in the liquidity portfolio	763	83%
Mortgage loans	780	167%
Other household lending	141	182%
Property company lending lowest risk class (1-3)	250	210%
Other corporate lending lowest risk class (1-3)	100	220%
Loans to credit institutions lowest risk class (1-3)	3	221%
Other corporate lending	364	260%
Other assets	6	261%
Total non-encumbered assets (NEA)	2,407	261%
Encumbered assets without underlying liabilities**	70	
Encumbered assets with underlying liabilities	1,062	
Total assets, Group	3,538	

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 year-end 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 9-18.

Note 24 Events after the balance sheet date

No significant events have taken place after the balance sheet date.

Condensed set of financial statements – Parent company

INCOME STATEMENT – PARENT COMPANY

SEK m	Q4 2023	Q3 2023	Change	Q4 2022	Change	Full year 2023	Full year 2022	Change
Net interest income	7,018	6,720	4%	5,674	24%	25,946	18,230	42%
Dividends received	11,644	342		16,516	-29%	15,957	16,953	-6%
Net fee and commission income	1,153	1,162	-1%	1,252	-8%	4,573	5,167	-11%
Net gains/losses on financial transactions	508	770	-34%	1,352	-62%	1,745	820	113%
Other income	1,356	884	53%	2,413	-44%	4,230	4,841	-13%
Total income	21,681	9,877	120%	27,207	-20%	52,452	46,011	14%
Staff costs	-2,476	-2,990	-17%	-3,070	-19%	-11,456	-11,990	-4%
Other administrative expenses	-2,070	-1,741	19%	-2,158	-4%	-7,453	-7,415	1%
Depreciation, amortisation and impairment of property, equipment and intangible assets	-528	-597	-12%	-660	-20%	-2,334	-2,459	-5%
Total expenses before credit losses	-5,074	-5,327	-5%	-5,889	-14%	-21,243	-21,864	-3%
Profit before credit losses, risk tax and resolution fee	16,606	4,550	265%	21,319	-22%	31,208	24,148	29%
Net credit losses	-36	176		-51	-29%	58	-41	
Impairment of financial assets	-1,397	-29		-2,280	-39%	-1,524	-2,305	-34%
Risk tax and resolution fee	-359	-463	-22%	-267	34%	-1,633	-1,331	23%
Operating profit	14,815	4,235	250%	18,720	-21%	28,110	20,471	37%
Appropriations				-180	-100%		-160	-100%
Profit before tax	14,815	4,235	250%	18,541	-20%	28,110	20,311	38%
Taxes	-3,416	-1,019	235%	-4,304	-21%	-5,747	-4,856	18%
Profit for the period	11,399	3,215	255%	14,236	-20%	22,363	15,455	45%

STATEMENT OF COMPREHENSIVE INCOME – PARENT COMPANY

SEK m	Q4 2023	Q3 2023	Change	Q4 2022	Change	Full year 2023	Full year 2022	Change
Profit for the period	11,399	3,215	255%	14,236	-20%	22,363	15,455	45%
Other comprehensive income								
Items that will not be reclassified to the income statement								
Instruments measured at fair value through other comprehensive income - equity instruments	5	-8		-49		63	41	
Tax on items that will not be reclassified to income statement	-2	1		-3		-11	-19	
<i>of which equity instruments measured at fair value through other comprehensive income</i>	-2	1		-3		-11	-19	
Total items that will not be reclassified to the income statement	3	-7		-52		52	22	
Items that may subsequently be reclassified to the income statement								
Cash flow hedges	-1,100	-799		-931		-1,571	3,411	
Instruments measured at fair value through other comprehensive income - debt instruments	9	18	-50%	25	-64%	25	-61	
Translation differences for the period	-1,131	-325	-248%	436		-1,289	1,326	
<i>of which hedging net investment in foreign operations</i>				-14	-100%	5	-83	
Tax on items that may subsequently be reclassified to the income statement	445	167	166%	-383		522	-1,251	
<i>of which cash flow hedges</i>	227	165	38%	191	19%	324	-703	
<i>of which debt instruments measured at fair value through other comprehensive income</i>	-2	-3	33%	-6	67%	-5	6	
<i>of which hedging net investment in foreign operations</i>				3	-100%	-1	17	
<i>of which tax on translation difference</i>	220	6		-572		204	-572	
Total items that may subsequently be reclassified to the income statement	-1,777	-939	-89%	-853	-108%	-2,313	3,425	
Total other comprehensive income for the period	-1,774	-946	-88%	-905	-96%	-2,262	3,447	
Total comprehensive income for the period	9,624	2,269	324%	13,331	-28%	20,100	18,902	6%

Comment on results – Parent company January – December 2023 compared with January – December 2022

The parent company's accounts cover parts of the operations that, in organisational terms, are included in branch operations within and outside Sweden, Capital Markets, and central departments and staff functions. Although most of Handelsbanken's business comes from the local branches and is co-ordinated by them, in legal terms a sizeable part of business volumes are outside the parent company in wholly owned subsidiaries – particularly in the Stadshypotek AB mortgage institution and Handelsbanken plc. Thus, the performance of the parent company is not equivalent to the performance of business operations in the Group as a whole.

The operations in Denmark were sold during the fourth quarter 2022. 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 37% to SEK 28,110m (20,471). The main item that caused operating profit to climb compared with the previous year is net interest income, which increased by 42% to SEK 25,946m (18,230). In addition, there was a significant rise in net gains/losses on financial transactions. The main explanation behind the SEK 925m increase in net gains/losses on financial transactions to SEK 1,745m (820) is 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. Net fee and commission income declined by 11% to SEK 4,573m (5,167). Profit for the year increased by 45% to SEK 22,363m (15,455). Since year-end 2022, the parent company's equity has increased to SEK 158,431m (153,887).

BALANCE SHEET – PARENT COMPANY

SEK m	31 Dec 2023	30 Sep 2023	30 Jun 2023	31 Mar 2023	31 Dec 2022
Assets					
Cash and balances with central banks	362,536	373,681	398,811	349,209	376,010
Interest-bearing securities eligible as collateral with central banks	199,128	231,839	265,238	233,751	132,778
Loans to credit institutions	1,007,992	1,057,541	1,098,040	1,082,040	1,025,664
Loans to the public	600,997	630,946	633,301	624,712	637,721
Value change of interest hedged item in portfolio hedge	-9,657	-14,836	-16,042	-15,035	-16,611
Bonds and other interest-bearing securities	50,791	63,846	59,185	45,177	33,339
Shares	6,170	18,955	16,206	15,103	7,112
Shares in subsidiaries and investments in associates	68,986	70,591	70,855	70,625	70,483
Assets where the customer bears the value change risk	1,948	2,475	2,475	2,344	2,387
Derivative instruments	39,019	62,065	73,212	53,928	52,360
Intangible assets	3,211	3,180	3,196	3,168	3,144
Property, equipment and leasing assets	6,673	6,532	6,480	6,287	6,530
Current tax assets		1,140	1,055	1,186	30
Deferred tax assets	374	662	648	651	617
Other assets	20,789	22,546	8,025	28,283	30,166
Prepaid expenses and accrued income	1,386	1,503	1,702	2,010	1,159
Total assets	2,360,344	2,532,668	2,622,388	2,503,439	2,362,889
Liabilities and equity					
Due to credit institutions	176,143	232,856	245,534	196,634	169,617
Deposits and borrowing from the public	1,109,471	1,176,047	1,236,513	1,247,521	1,137,272
Liabilities where the customer bears the value change risk	1,948	2,475	2,475	2,344	2,387
Issued securities	806,167	868,137	892,268	810,790	806,013
Derivative instruments	46,269	29,794	34,406	32,847	36,985
Short positions	2,364	12,558	13,459	11,544	1,939
Current tax liabilities	831				
Deferred tax liabilities	336	1,175	1,324	1,190	1,193
Provisions	624	606	623	617	646
Other liabilities	11,374	12,995	11,817	19,497	6,779
Accrued expenses and deferred income	2,399	2,728	1,764	3,316	2,901
Subordinated liabilities	43,117	43,598	35,085	33,771	42,404
Total liabilities	2,201,046	2,382,968	2,475,267	2,360,071	2,208,135
Untaxed reserves	867	867	867	867	867
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	9,063	10,791	11,740	10,525	11,196
Retained earnings	115,178	115,251	114,938	114,983	115,409
Profit for the period	22,363	10,964	7,749	5,165	15,455
Total equity	158,431	148,832	146,253	142,501	153,887
Total liabilities and equity	2,360,344	2,532,668	2,622,388	2,503,439	2,362,889

CHANGE IN EQUITY – PARENT COMPANY

January - December 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								22,363	22,363
Other comprehensive income or which reclassified within equity					-1,247	71	-1,086	-284	-2,262
Total comprehensive income for the period					-1,247	71	-1,086	22,363	20,100
Reclassified to retained earnings								284	284
Dividend								-15,840	-15,840
Fund for internally developed software			129					-129	
Closing equity	3,069	2,682	3,140	8,758	2,284	197	761	137,541	158,431

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 or which reclassified within equity					2,708	-33	771	-573	3,447
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

* Included in fair value fund.

CONDENSED STATEMENT OF CASH FLOWS – PARENT COMPANY

SEK m	Full year 2023	Full year 2022
Operating profit	28,110	20,471
Adjustment from Operating profit to investment activities	-335	-124
Adjustment for non-cash items in profit/loss	-8,076	-13,583
Paid income tax	-5,188	-4,842
Changes in the assets and liabilities of operating activities	-19,128	1,447
Cash flow from operating activities	-4,615	3,370
Disposal of operations and subsidiaries		-3,891
Liquidation of subsidiaries	336	
Change in shares	-53	-83
Change in property and equipment	-1,956	-1,358
Change in intangible assets	-682	-575
Cash flow from investing activities	-2,355	-5,907
Repayment of subordinated loans	-8,351	-3,000
Issued subordinated loans	8,635	11,845
Dividend paid	-15,840	-9,900
Received Group contributions	16,249	16,685
Cash flow from financing activities	692	15,630
Cash and cash equivalents at beginning of the period*	376,010	338,768
Cash flow for the period	-6,278	13,093
Exchange rate difference on cash and cash equivalents	-7,196	24,149
Cash and cash equivalents at end of the period*	362,536	376,010

* Cash and cash equivalents are defined as Cash and balances with central banks.

OWN FUNDS AND CAPITAL REQUIREMENTS – PARENT COMPANY

Key metrics

31 December 2023 SEK m	31 Dec 2023	30 Sep 2023	30 Jun 2023	31 Mar 2023	31 Dec 2022
Available own funds					
Common equity tier 1 (CET1) capital	125,618	135,100	133,640	131,789	130,069
Tier 1 capital	140,644	151,391	149,759	147,244	145,652
Total capital	168,123	179,928	170,192	166,604	164,704
Risk-weighted exposure amounts					
Total risk-weighted exposure amount	421,681	463,350	447,494	449,408	442,406
Capital ratios (as a percentage of risk-weighted exposure amount)					
Common equity tier 1 ratio (%)	29.8%	29.2%	29.9%	29.3%	29.4%
Tier 1 ratio (%)	33.4%	32.7%	33.5%	32.8%	32.9%
Total capital ratio (%)	39.9%	38.8%	38.0%	37.1%	37.2%
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 (%)	1.2%	1.2%	1.7%	1.7%	1.7%
of which: to be made up of CET1 capital (percentage points)	0.7%	0.7%	1.0%	1.0%	1.0%
of which: to be made up of Tier 1 capital (percentage points)	0.9%	0.9%	1.3%	1.3%	1.3%
Total SREP own funds requirements (%)	9.2%	9.2%	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 (%)	1.9%	1.8%	1.7%	1.1%	1.0%
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 (%)	4.4%	4.3%	4.2%	3.6%	3.5%
Overall capital requirements (%)	13.6%	13.6%	13.9%	13.3%	13.2%
CET1 available after meeting the total SREP own funds requirements (%)	24.6%	23.9%	24.3%	23.8%	23.9%
Leverage ratio					
Leverage ratio total exposure measure	1,609,855	1,760,618	1,812,374	1,687,857	1,575,111
Leverage ratio	8.7%	8.6%	8.3%	8.7%	9.2%
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)	790,916	781,574	787,647	787,825	785,155
Cash outflows - Total weighted value	595,524	607,454	622,915	636,476	628,587
Cash inflows - Total weighted value	174,788	178,459	170,646	169,290	156,413
Total net cash outflows (adjusted value)	420,736	428,995	452,269	467,186	472,174
Liquidity coverage ratio	192%	184%	176%	171%	170%
Net stable funding ratio (NSFR)					
Total available stable funding	1,320,193	1,349,621	1,372,825	1,321,153	1,306,873
Total required stable funding	1,211,510	1,192,901	1,204,214	1,219,697	1,236,689
NSFR ratio	109%	113%	114%	108%	106%

* 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	
	31 Dec 2023	30 Sep 2023	31 Dec 2023	30 Sep 2023
Credit risk (excluding CCR)	359,282	380,916	28,743	30,473
Of which standardised approach	148,672	150,525	11,894	12,042
Of which foundation IRB (FIRB) approach	47,163	51,509	3,773	4,121
Of which slotting approach				
Of which equities under simple risk-weighted approach	2,182	2,176	175	174
Of which advanced IRB (AIRB) approach	139,864	148,598	11,189	11,888
Of which risk weight floors	21,401	28,108	1,712	2,249
Counterparty credit risk - CCR	11,827	10,728	946	858
Of which standardised approach	8,507	7,646	681	612
Of which internal model method (IMM)				
Of which exposures to a CCP	268	160	21	13
Of which credit valuation adjustment - CVA	2,463	2,127	197	170
Of which other CCR	589	795	47	64
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)	11,003	32,137	880	2,571
Of which standardised approach	11,003	32,137	880	2,571
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	421,681	463,350	33,734	37,068

SUBMISSION OF REPORT

I hereby submit this report.

Stockholm, 7 February 2024

Michael Green

President and Chief Executive Officer

Information regarding the press conference and telephone conference

A digital press conference will be held on 7 February 2024 at 9:00 a.m. (CET).

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

The Annual and Sustainability Report for 2023 will be published in the week beginning 19 February and will be available from handelsbanken.com/ir.

The annual general meeting will be held on 20 March 2024.

The interim report for January – March 2024 will be published on 24 April 2024.

For further information, please contact:

Michael Green, President and Chief Executive Officer

Tel: +46 (0)8 22 92 20

Carl Cederschiöld, CFO

Tel: +46 (0)8 22 92 20

Peter Grabe, Head of Investor Relations

Tel: +46 (0)70 559 11 67, peter.grabe@handelsbanken.se

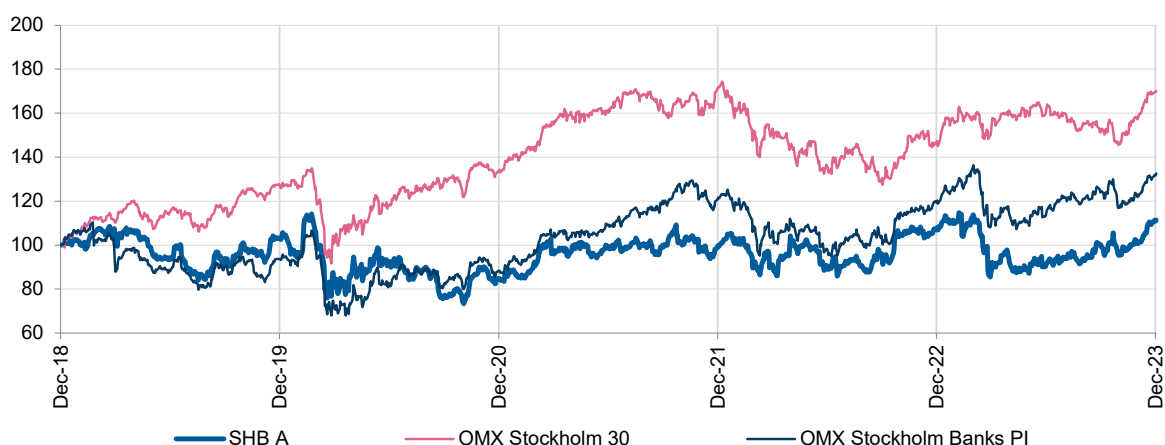
Share price performance and other information

The Swedish stock market (OMX Stockholm 30 index) went up by 17% during the year. The Stockholm stock exchange's bank index was also up 11%. Handelsbanken's class A share closed at SEK 109.45, an increase of 4%. Including the distributed dividend of SEK 8.00 per share, the total return was 12%.

Over the last five years, the Swedish stock market (OMX Stockholm 30) has gone up by 70%, while the bank index (OMX Stockholm Banks PI) has gone up by 32%. During the same period, the price of Handelsbanken's class A share has risen by 11%.

SHARE PRICE PERFORMANCE PREVIOUS 5 YEARS

Index 100 = December 28, 2018



ANALYSTS WHO COVER THE BANK

Company	Analyst	Email address
ABG SUNDAL COLLIER	Magnus Andersson	magnus.andersson@abgsc.se
ARCTIC SECURITIES	Roy Tilley	roy.tilley@arcticsec.no
AUTONOMOUS	Jacob Kruse	jkruse@autonomous-research.com
BANK OF AMERICA MERRILL LYNCH	David Taranto	david.taranto@bofa.com
BARCLAYS	Namita Samtani	namita.samtani@barclays.com
BERENBERG BANK	Hugh Moorhead	hugh.moorhead@berenberg.com
CARNEGIE	Jens Hallen	jens.hallen@carnegie.se
CITIGROUP	Andrew Coombs	andrew.coombs@citi.com
DANSKE BANK	Kristin Dahlberg	kristin.dahlberg@danskebank.se
DEUTSCHE BANK	Kazim Andac	kazim.andac@db.com
DNB	Nicholas McBeath	nicholas.mcbeath@dnb.se
EXANE BNP PARIBAS	Nick Davey	nick.davey@exanebnpparibas.com
HSBC	Piers Brown	piers.brown@hsbc.com
JEFFERIES INTERNATIONAL	Joseph Dickerson	jdickerson@jefferies.com
J P MORGAN	Sofie Peterzens	sofie.c.peterzens@jpmorgan.com
KEEFE, BRUYETTE & WOODS	Hari Sivakumaran	sivakumaranh@kbw.com
KEPLERCHEUVREUX	Markus Sandgren	msandgren@keplercheuvreux.com
MEDIOBANCA	Riccardo Rovere	riccardo.rovere@mediobanca.it
NORDEA	Rickard Strand	rickard.strand@nordea.com
SEB	Maths Liljedahl	maths.liljedahl@seb.se
SOCIETE GENERALE	Geoff Dawes	geoff.dawes@sgciib.com
UBS	Johan Ekblom	johan.ekblom@ubs.com

