

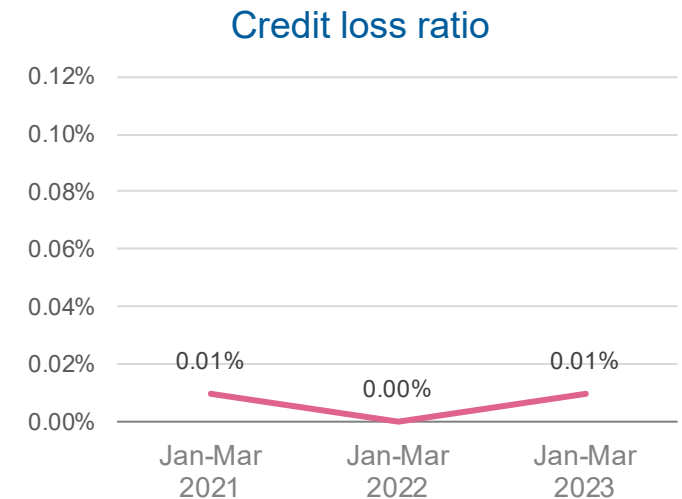
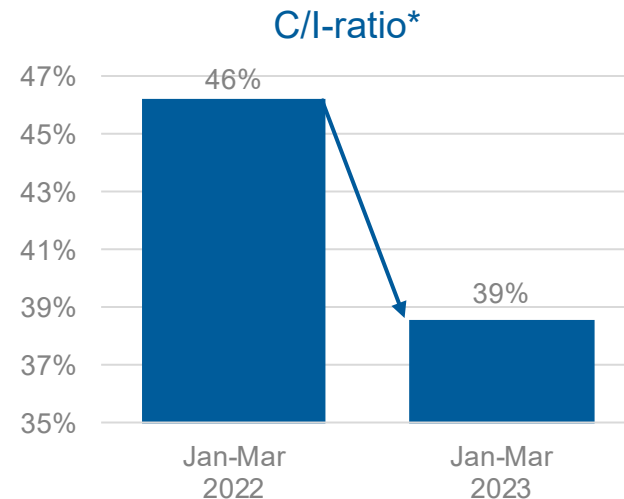
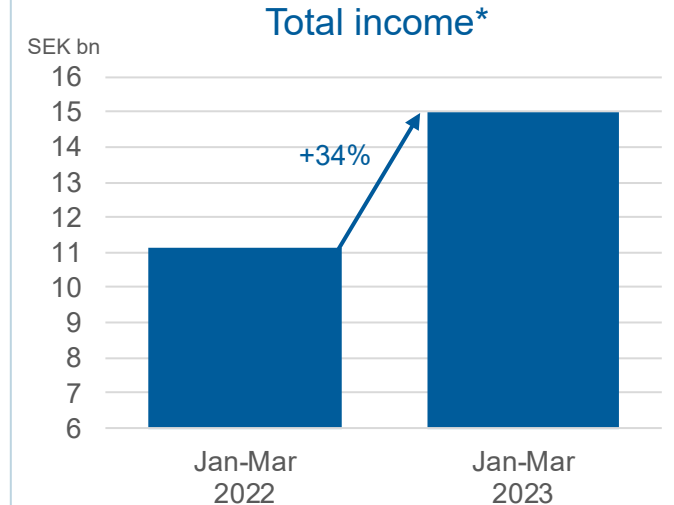
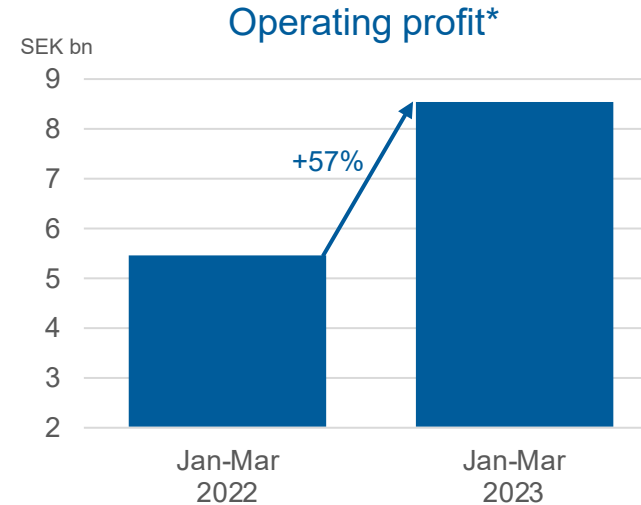
Handelsbanken

January – March 2023

26 April 2023

Highlights January – March 2023

- Strong liquidity and capital position
- Solid asset quality
- Conservative approach to risk brings flexibility and opportunities
- Strong earnings growth
- Income all time high in all home markets
- C/I ratio down
- Increased pace in growth and profitability focused IT- and business development
- 15.0% ROE



* Adjusted for one-off items

Financial summary

Q1 compared with previous quarter

SEK m	Q1 2023	Q4 2022	Change	Adjusted for items affecting comparability*
Net interest Income	11,485	10,631	8%	5%
Net fee and commission income	2,766	2,694	3%	3%
Total income	14,985	14,053	7%	4%
Total expenses	-5,776	-5,839	-1%	-1%
Profit before credit losses, risk tax and resolution fee	9,210	8,214	12%	8%
Net credit losses	-30	-54	-44%	-47%
Risk tax and resolution fee	-671	-582	15%	15%
Operating profit	8,516	7,578	12%	8%

Key ratios:

38.5%
C/I-ratio

0.01%
Net credit loss ratio

15.0%
ROE

19.4%
CET1-ratio

* Adjusted for: Tax on pension payments due to choice not to demand compensation from the pension foundation (Q422); Oktogonen; foreign exchange effects and central funding costs in continuing operations pertaining to discontinued operations in Finland (Q422).

Financial summary

Jan-Mar 2023 compared to previous year

SEK m	Jan-Mar 2023	Jan-Mar 2022	Change	Adjusted for items affecting comparability*
Net interest Income	11,485	8,014	43%	45%
Net fee and commission income	2,766	2,877	-4%	-4%
Total income	14,985	12,323	22%	34%
Total expenses	-5,776	-5,147	12%	10%
Profit before credit losses, risk tax and resolution fee	9,210	7,176	28%	55%
Net credit losses	-30	-6		
Risk tax and resolution fee	-671	-559	20%	20%
Operating profit	8,516	6,624	29%	57%

Key ratios:

38.5%
C/I-ratio

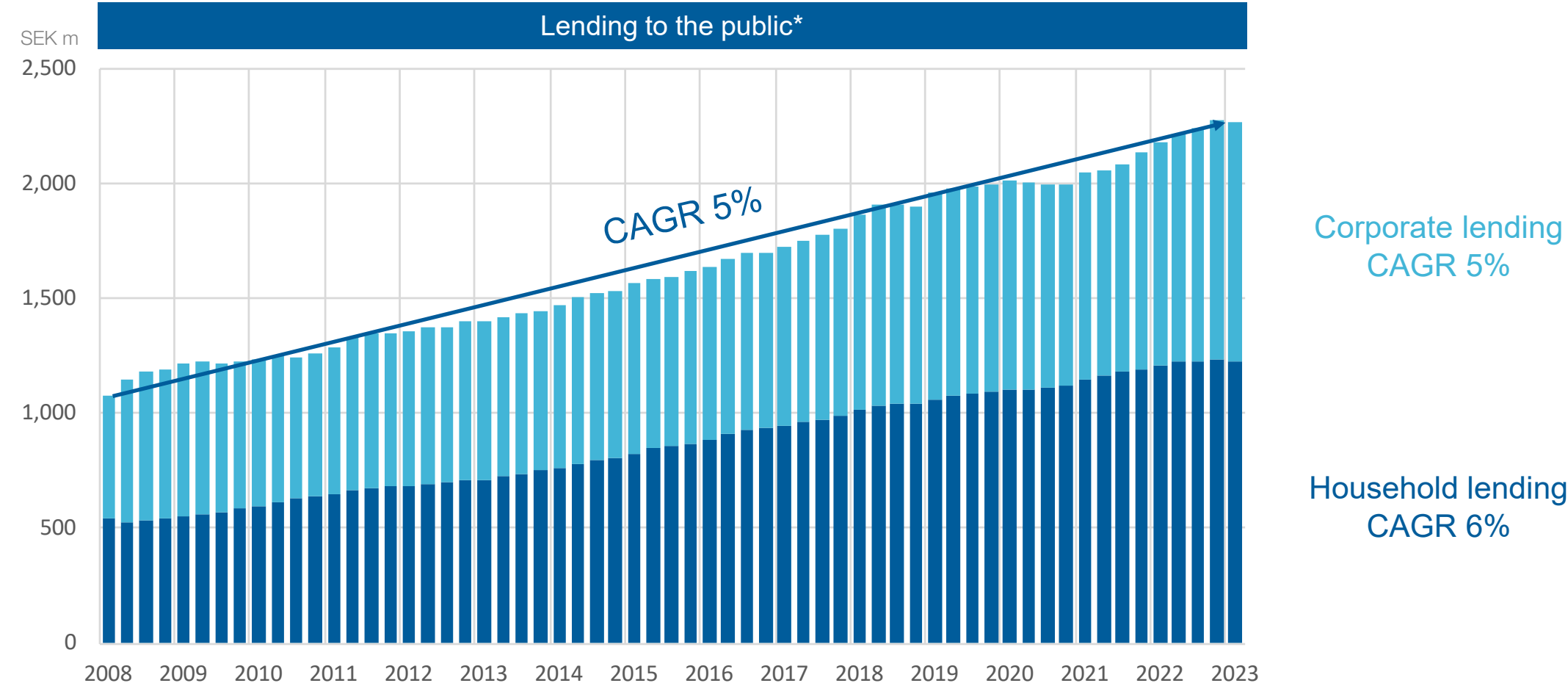
0.01%
Net credit loss ratio

15.0%
ROE

19.4%
CET1-ratio

* Adjusted for: sale of properties (Jan-Mar 22); Oktogonen; foreign exchange effects and central funding costs in continuing operations pertaining to discontinued operations in Finland (Jan-Mar 22).

Stable growth



* Volume at end of period in Handelsbanken's home markets: Sweden, Norway, UK and the Netherlands

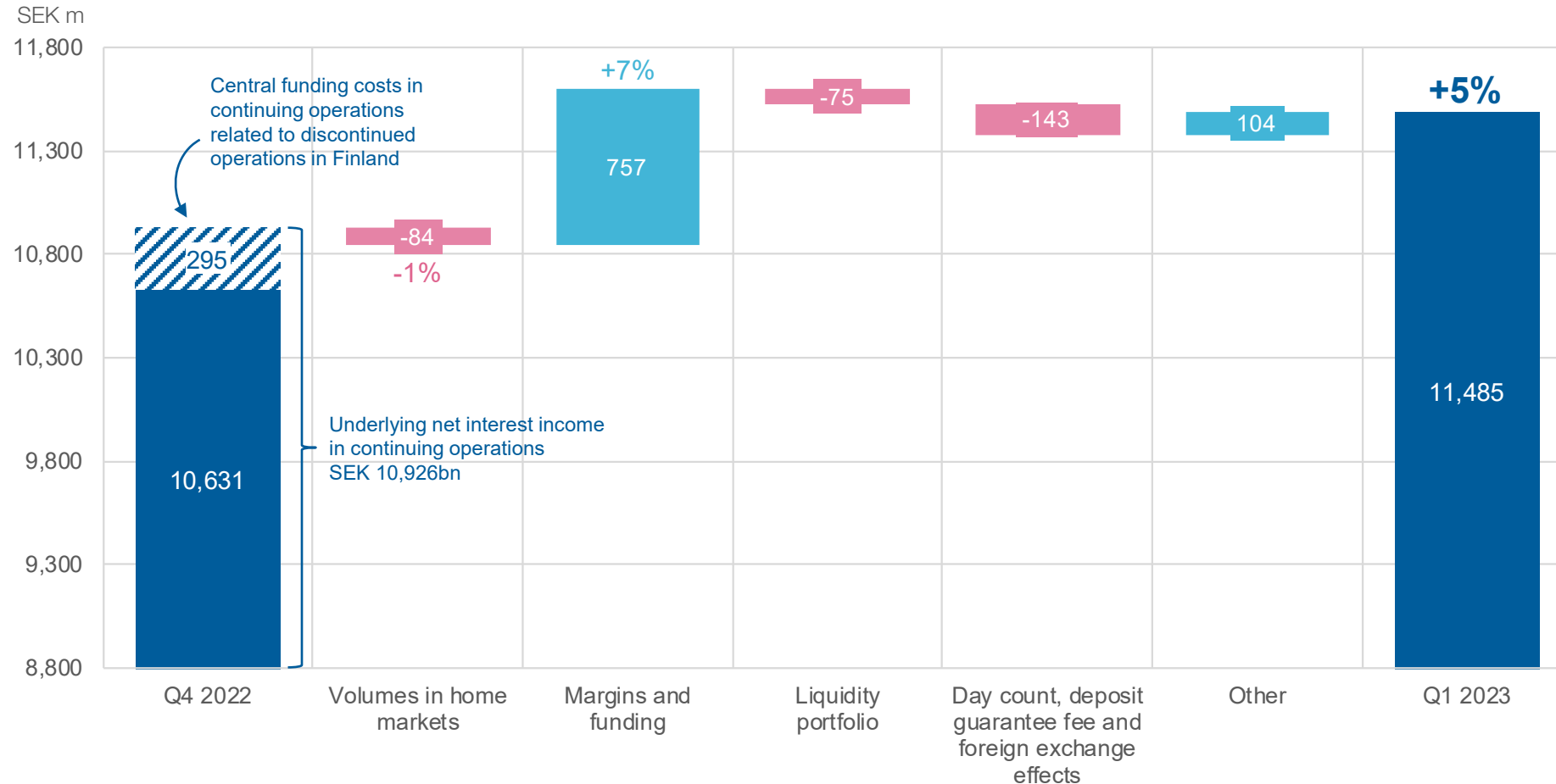
Net interest income development

Q1 2023 compared to previous quarter

NII underlying: +5%
NII reported: +8%

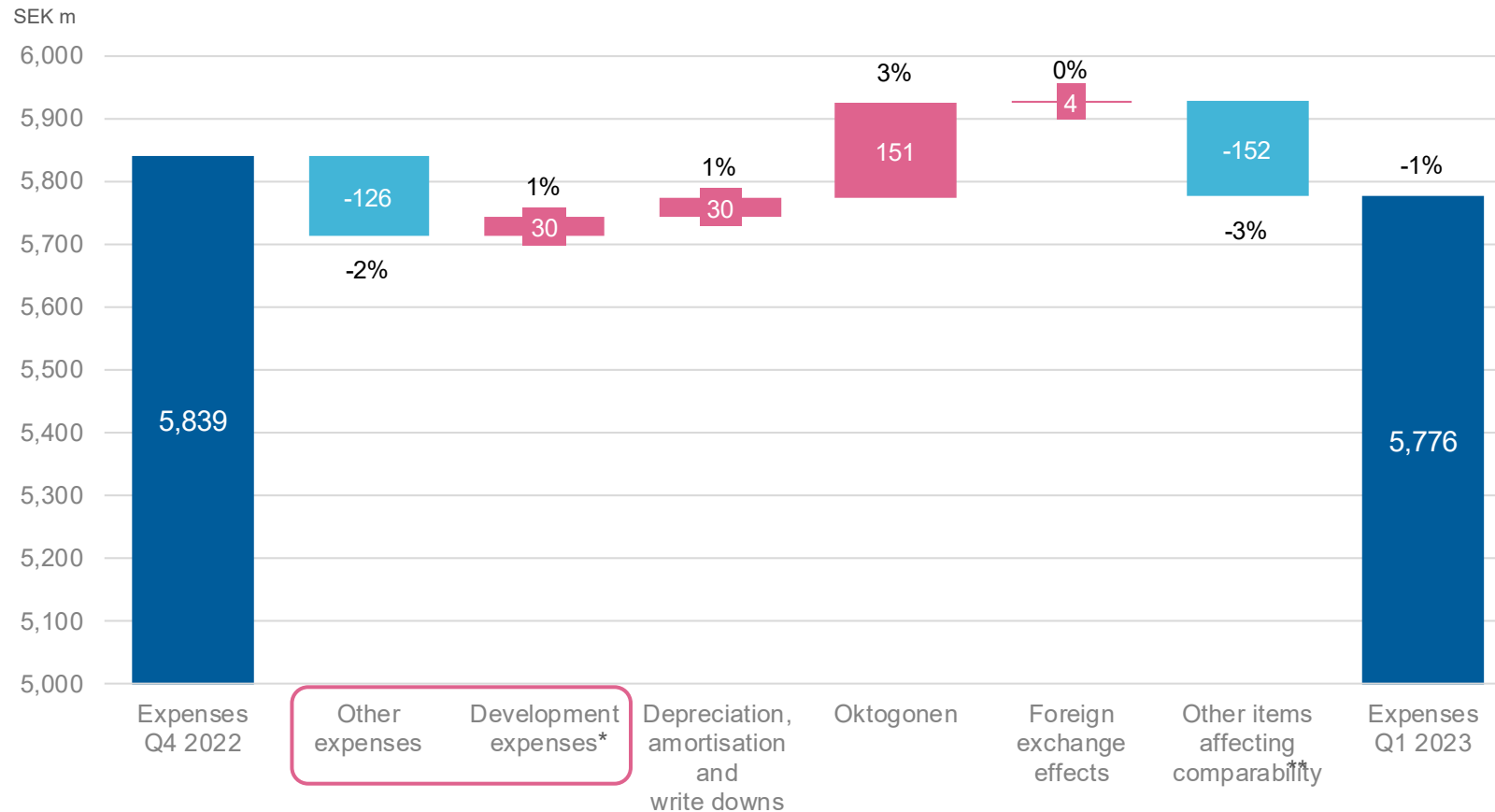
Contribution from:

- Volumes: -1%
- Margins and funding: +7%



Expenses

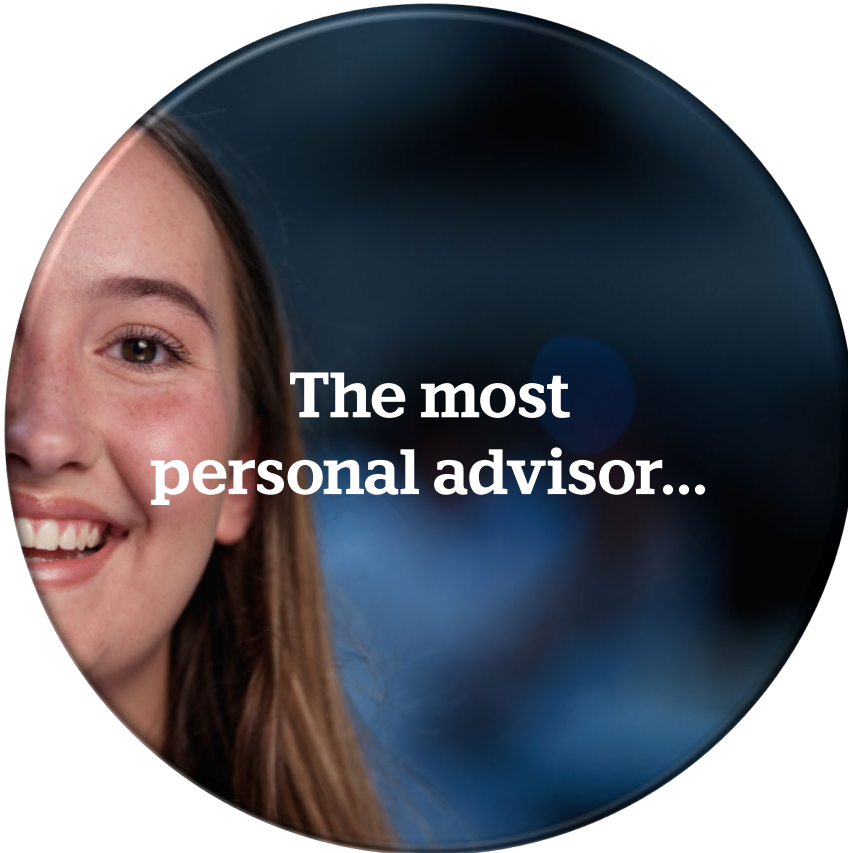
Q1 2023 compared to previous quarter



Development expenses
+1%-point

Other expenses
-2%-points

Customer strategy: the best of two worlds



An attractive and comprehensive offer

Personal advice



439 branches
Physical or on-line



Customer center



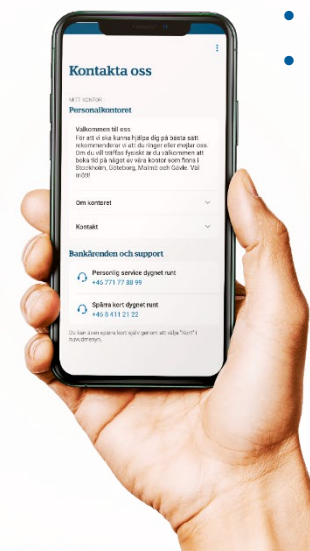
**Support and
advice
24/7**

- **Quick response time**
- **Authorised advisors**

Digital meeting places

Easy:

- **On-boarding**
- **Mortgages**
- **Savings**
- **Everyday services**



Safety and stability provide flexibility

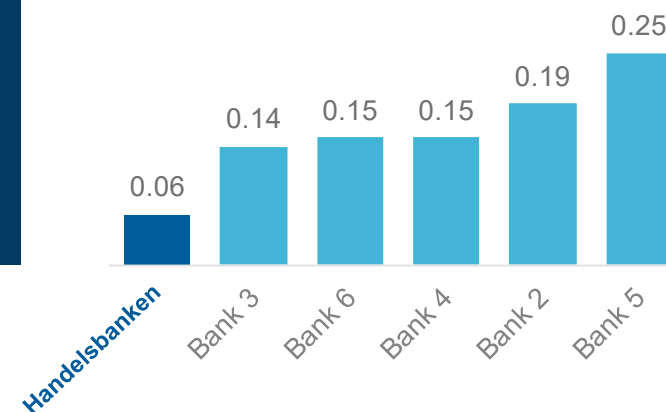
Highest credit rating in the world

	Moody's	S&P	Fitch
Handelsbanken	Aa2 (S)	AA- (S)	AA (S)
Nordea	Aa3 (S)	AA- (S)	AA- (S)
SEB	Aa3 (S)	A+ (S)	AA- (S)
Swedbank	Aa3 (S)	A+ (S)	AA- (S)

P=Positive outlook
S=Stable outlook
N=Negative outlook

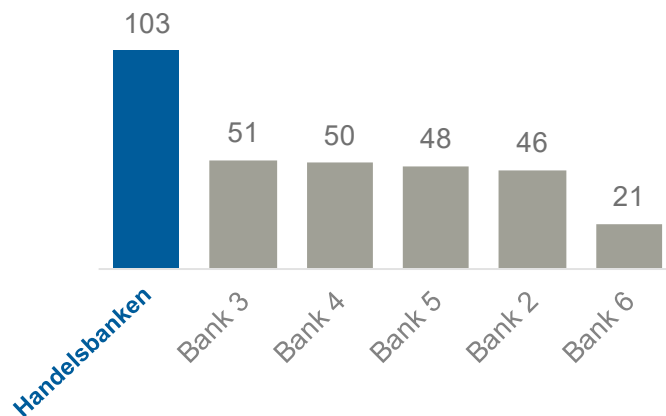
Strongest asset quality

Net credit
loss ratio*
2003-2022
%



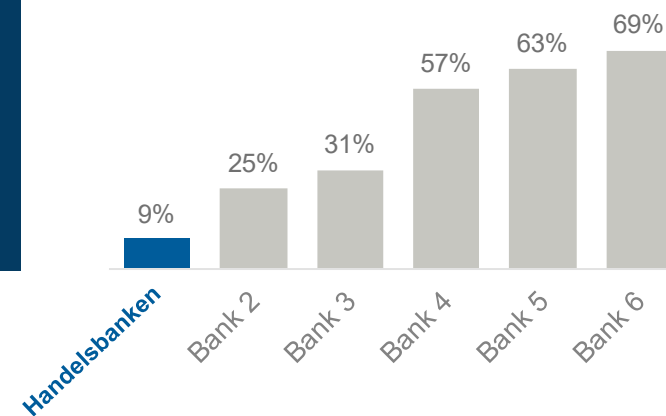
Highest capital buffers relative to asset quality

CET1 capital
/ historical
credit loss
average**



Most stable earnings growth

Earnings
volatility***
2003-2022



Peers included in comparisons: Swedbank, Nordea, SEB, Danske Bank and DNB.

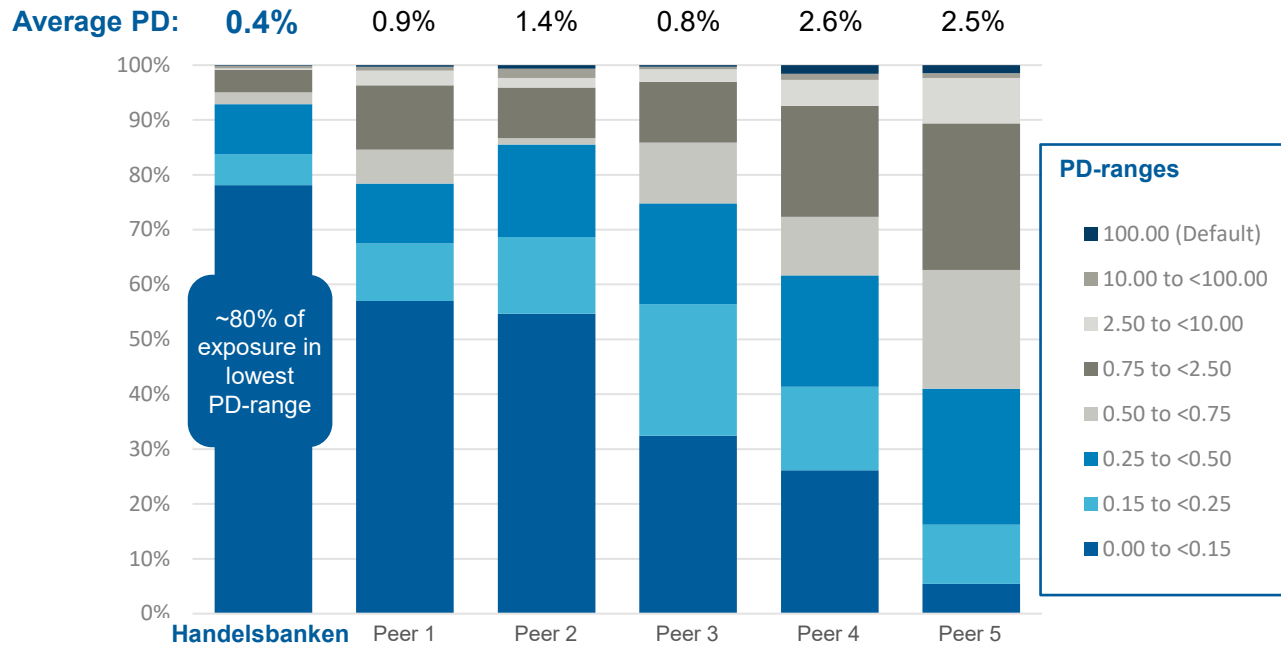
* Source: Banks' reporting

** CET1 capital as of Q4 2022 in relation to credit losses at the average credit loss ratio 2003-2022. Source: Factset

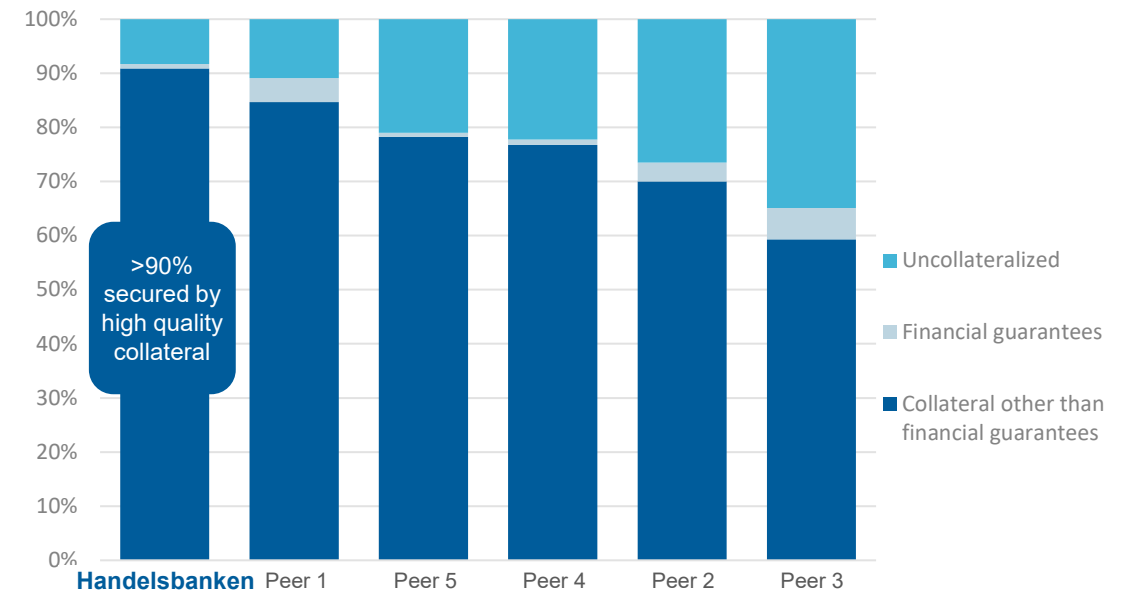
*** Standard deviation of annual profit growth before tax 2003-2022. Source: Factset.

Asset quality

Loan books split by Probability of Default (PD)*



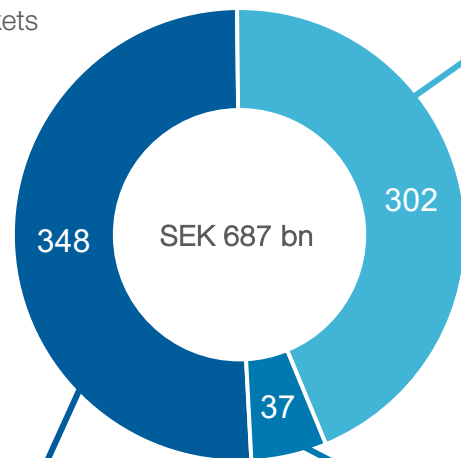
Proportion collateralized lending**



Lending to property management

Property management lending

Net lending in
Home markets
SEK bn



Retail, offices and hotels

Break-even interest rate*	8.1%
LTV avg	44%
LTV <75%	99.9%

Residential

Break-even interest rate*	7.7%
LTV avg	48%
LTV <75%	99.8%

Logistics and industrials

Break-even interest rate*	14.1%
LTV avg	41%
LTV <75%	99.9%

30 largest property management customers**

Interest coverage ratio (ICR) 2022: 3.5x

Sensitivity analysis assumptions:

- Interest on all debt refinanced in 2023 assumed at 5%
- Full refinancing effects factored in as of Jan 1 2023
- No increase in operating net from rent indexation taken into account
- No balance sheet actions by owners taken into account

➔ ICR average pro-forma 2.0x

➔ No counterparty with ICR below 1.0x

LTV average*** of all property management exposures: 46%

Sensitivity analysis with 20% fall in property prices
LTV ➔ 57%

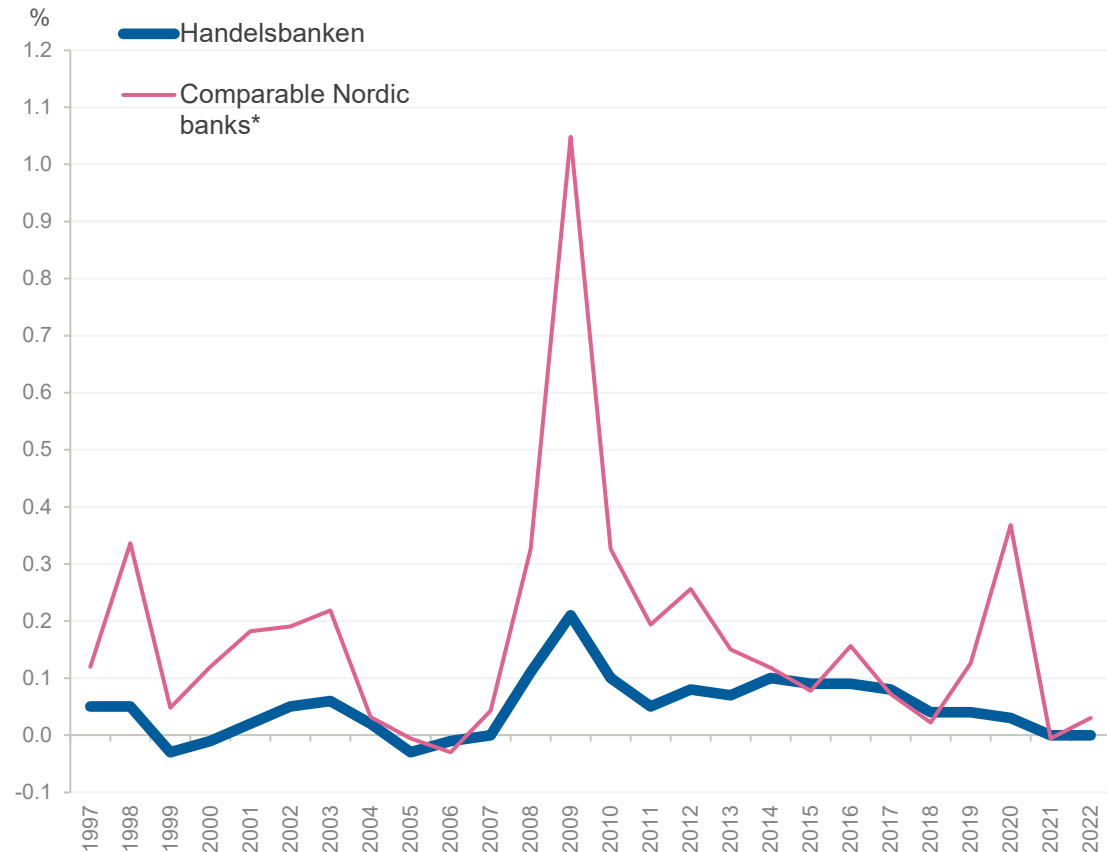
* Weighted average break-even interest rate (operating net / interest bearing debt).

** Data based on annual reports 2022 (except one company based on apr-sep 2022). Population represents approx. 20% of lending to the sector.

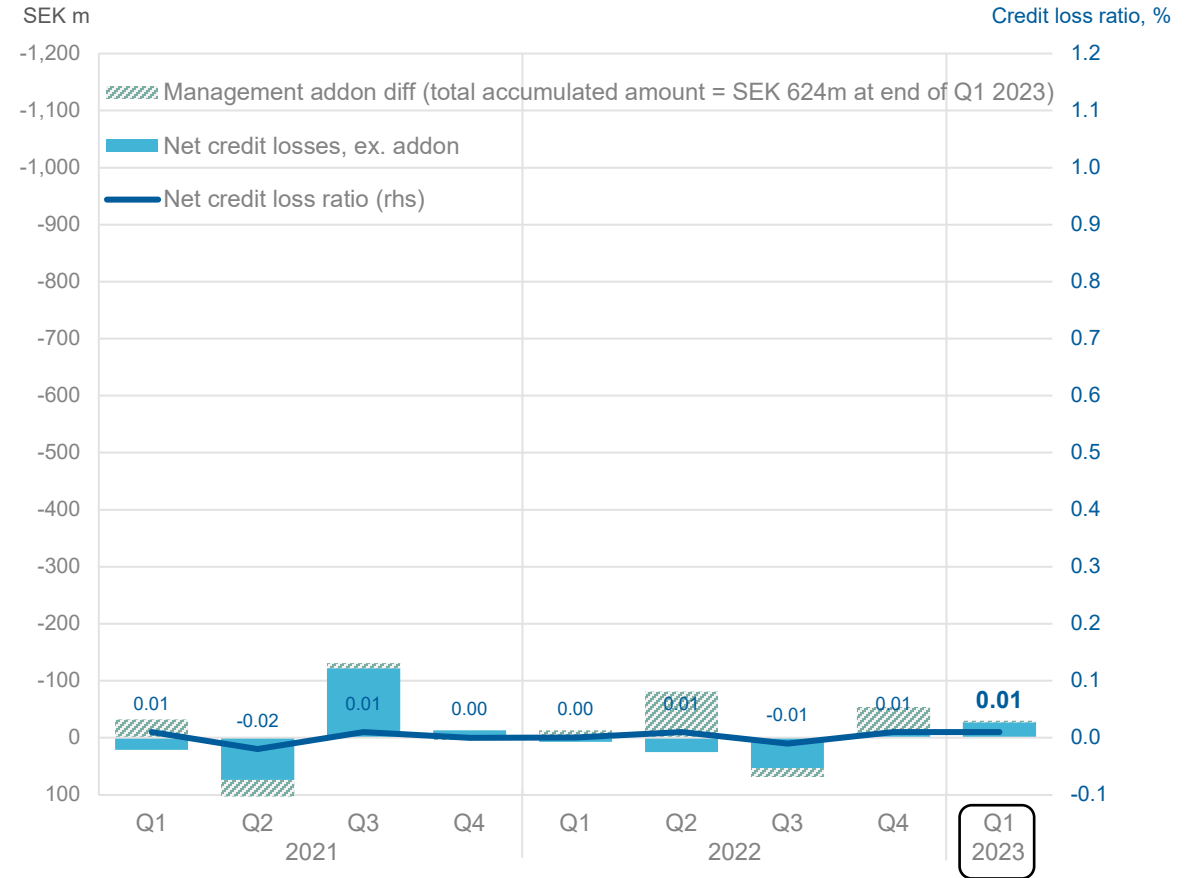
*** Company wide LTV. Not the same as the LTV on loans in Handelsbanken.

Net credit losses

Credit loss ratio 1997 – 2022



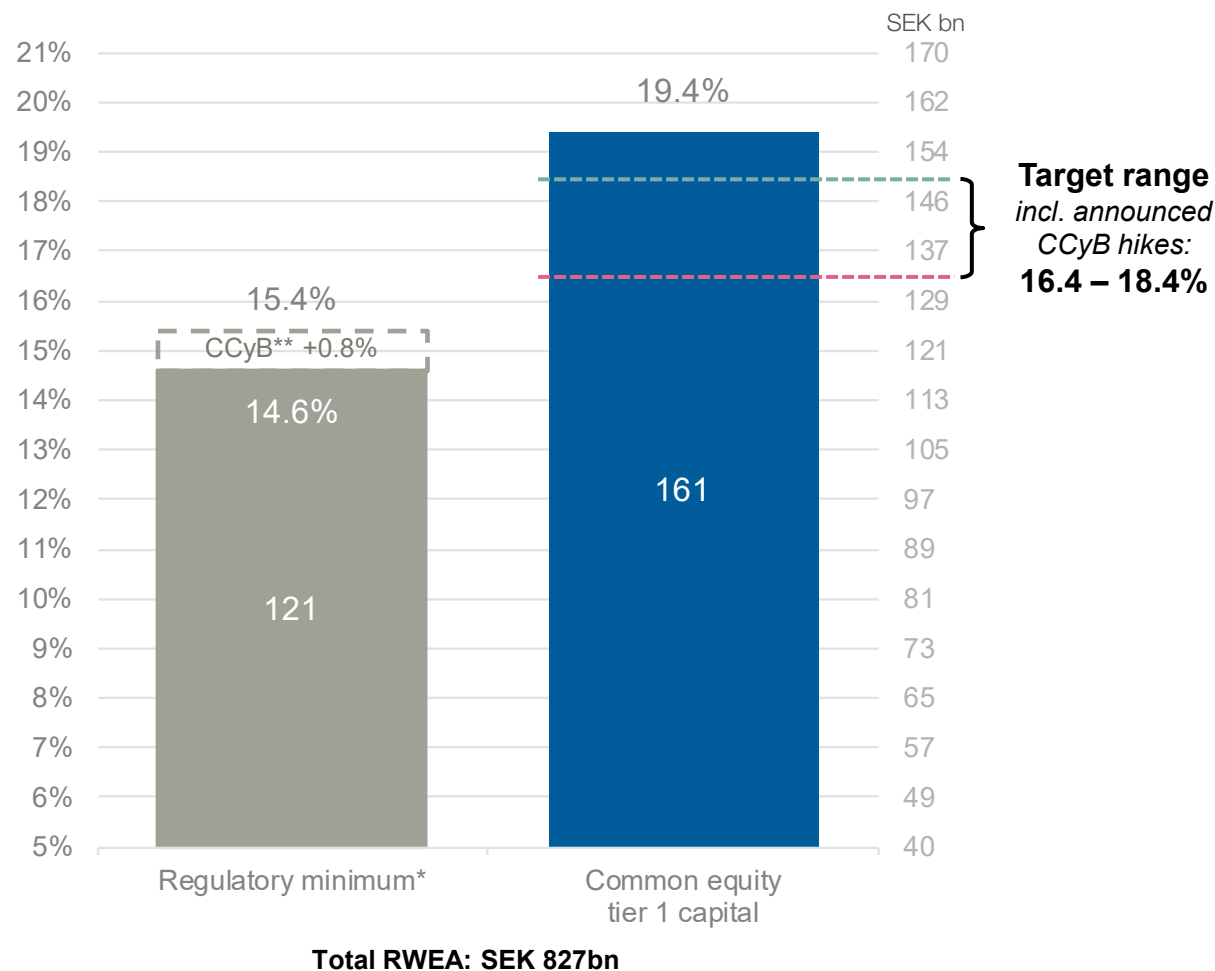
Credit loss ratio 2021 – 2023 Q1



* SEB, Nordea, Swedbank, Danske bank and DNB

CET1 ratio and regulatory requirement

Q1 2023



Strong capital position with CET1 ratio:

400 bp	above the FSA minimum requirement incl. announced CCyB**
100 bp	above the bank's target range

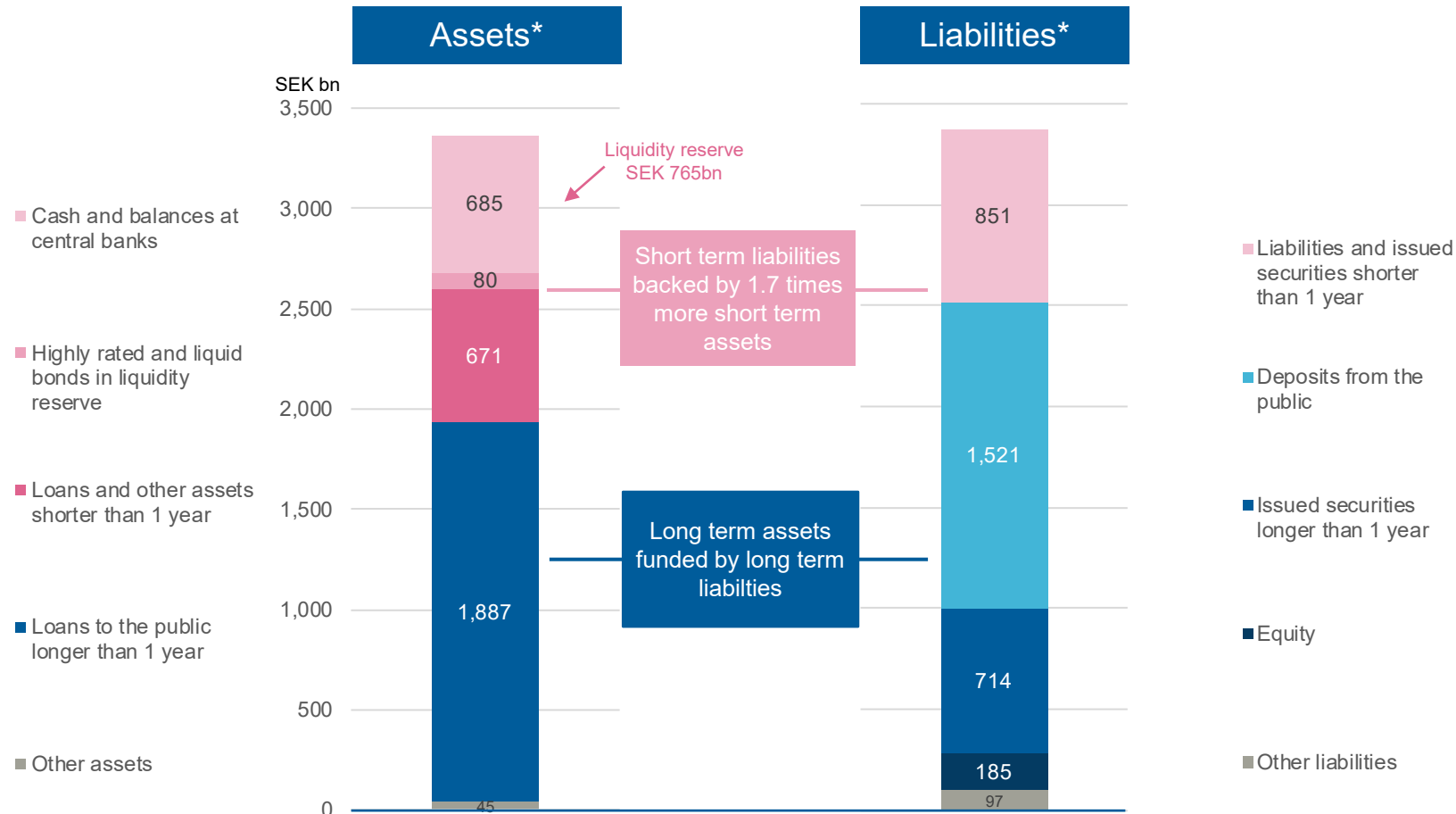
Counter cyclical buffer (CCyB):

2023 Q1:	110 bp
2024 Q1**:	190 bp

* Estimated requirement set by the Swedish FSA at the end of Q1 2023.

** Estimated based on announced changes to the counter cyclical buffer requirements with effective dates before March 2024, assuming no changes to geographical distribution of the credit portfolio.

Funding and liquidity



Short term liabilities backed by 1.7 times more short term assets

Long term assets funded by stable long term liabilities

Unutilised room for liquidity enhancing measures of SEK ~700bn by issuing covered bonds

* Including assets and liabilities in the whole group including Finland. Excluding assets and liabilities in insurance operations where the customers bear value change risk (SEK 234bn in assets and liabilities respectively)

Appendix

Income statement

Compared to previous quarter

SEK m	Q1 2023	Q4 2022	Change
Net interest income	11,485	10,631	8%
- funding costs related to discontinued operations in Finland		-295	
Net fee and commission income	2,766	2,694	3%
Net gains/losses on financial transactions	602	570	6%
Other income	132	158	-16%
Total income	14,985	14,053	7%
Staff costs, excl. Oktogonen	-3,268	-3,417	-4%
Oktogonen	-202	-51	
Other expenses	-1,852	-1,949	-5%
Depreciation, amortisation and impairment of property, equipment and intangible assets	-454	-423	7%
Total expenses	-5,776	-5,839	-1%
Profit before credit losses, risk tax and resolution fee	9,210	8,214	12%
Net credit losses	-30	-54	-44%
Gains/losses on disposal of property, equipment and intangible assets	7	0	
Risk tax and resolution fee	-671	-582	15%
Operating profit	8,516	7,578	12%
Taxes	-1,934	-1,325	46%
Net profit from continuing operations	6,582	6,252	5%
Net profit from discontinued operations	232	-265	
- funding costs related to discontinued operations in Finland reported in continued operations, before tax		295	
Net profit for the period	6,814	5,988	14%

Key ratios:

38.5%
C/I-ratio

0.01%
Net credit loss ratio

15.0%
ROE

19.4%
CET1-ratio

Income statement

Compared to the previous year

SEK m	Jan-Mar 2023	Jan-Mar 2022	Change
Net interest income	11,485	8,014	43%
- funding costs related to discontinued operations in Finland		125	
Net fee and commission income	2,766	2,877	-4%
Net gains/losses on financial transactions	602	420	43%
Other income	132	1,012	-87%
Total income	14,985	12,323	22%
Staff costs, excl. Oktogonen	-3,268	-3,071	6%
Oktogonen	-202	-87	132%
Other expenses	-1,852	-1,559	19%
Depreciation, amortisation and impairment of property, equipment and intangible assets	-454	-430	6%
Total expenses	-5,776	-5,147	12%
Profit before credit losses, risk tax and resolution fee	9,210	7,176	28%
Net credit losses	-30	-6	
Gains/losses on disposal of property, equipment and intangible assets	7	14	-50%
Risk tax and resolution fee	-671	-559	20%
Operating profit	8,516	6,624	29%
Taxes	-1,934	-1,243	56%
Net profit from continuing operations	6,582	5,381	22%
Net profit from discontinued operations	232	307	-24%
- funding costs related to discontinued operations in Finland reported in continued operations, before tax		-125	
Net profit for the period	6,814	5,687	20%

Key ratios:

38.5%
C/I-ratio

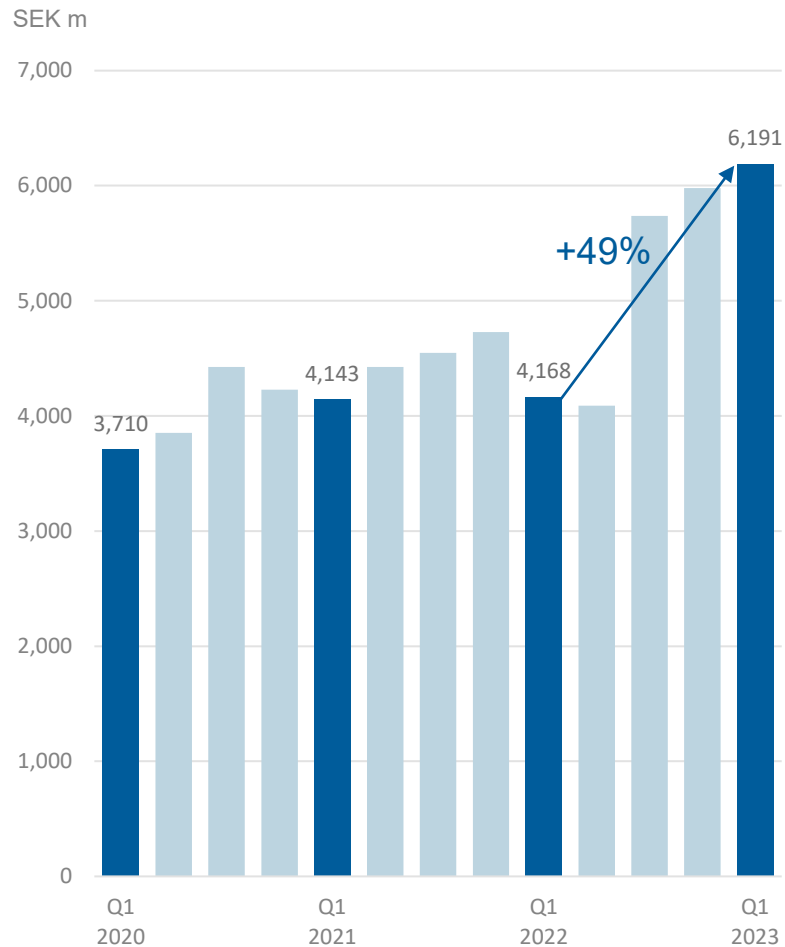
0.01%
Net credit loss ratio

15.0%
ROE

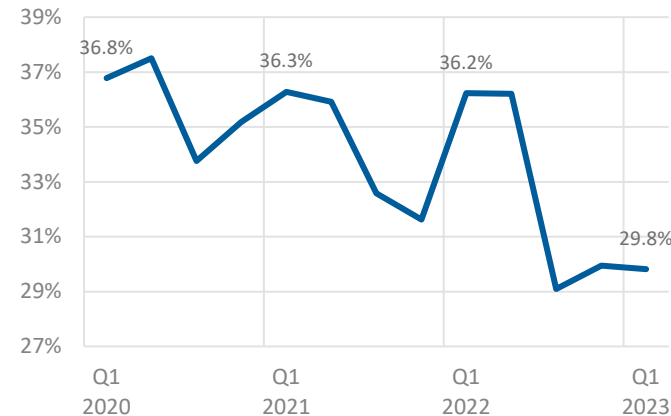
19.4%
CET1-ratio

Handelsbanken Sweden

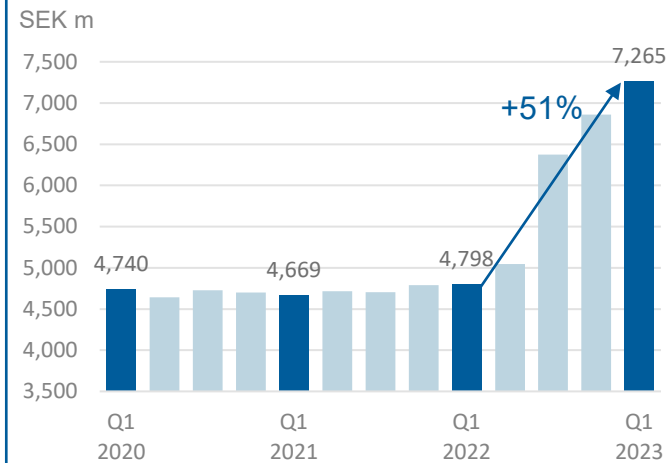
Operating profit*



C/I-ratio

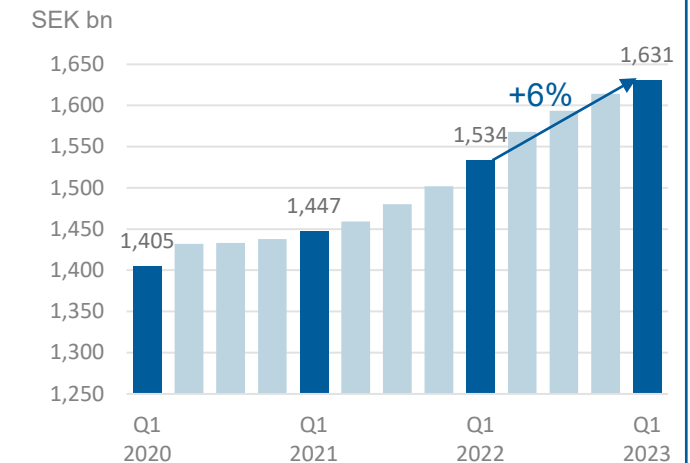


Net interest income



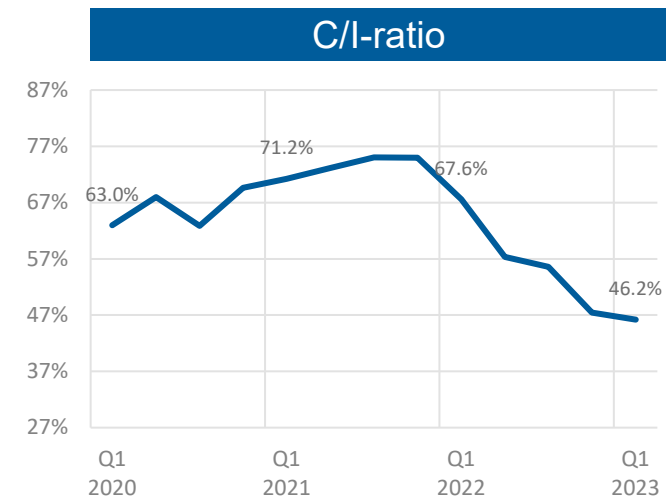
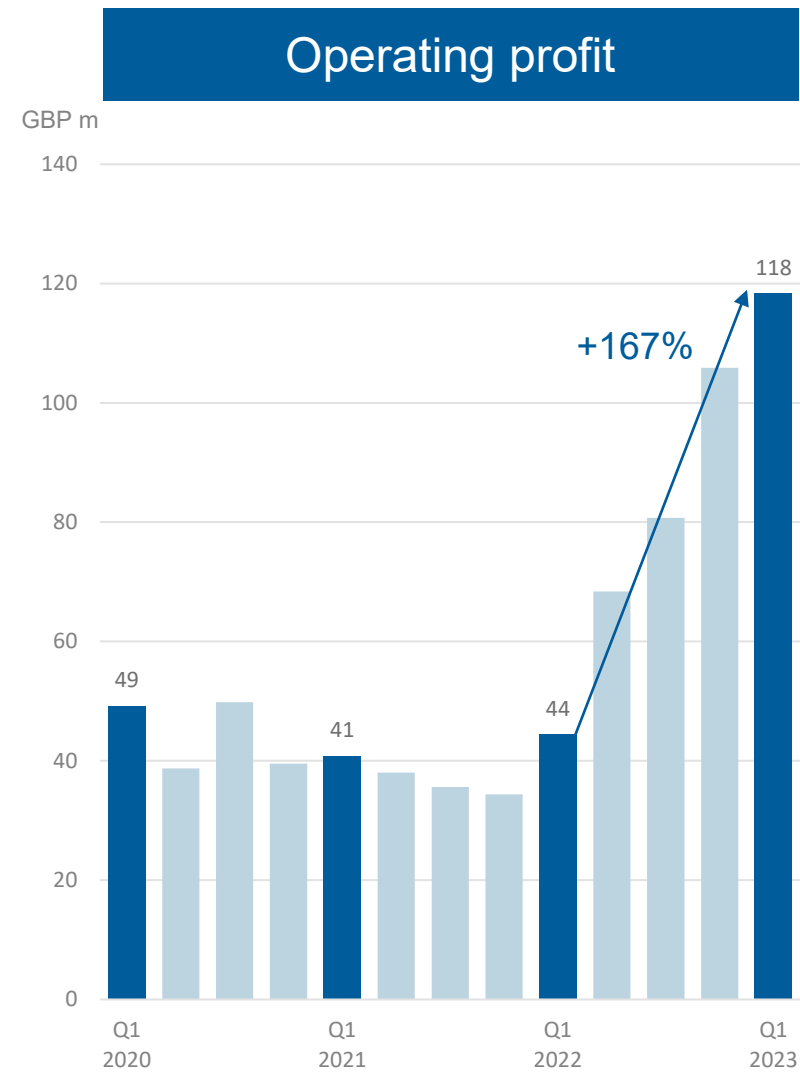
Number of branches 205

Average lending

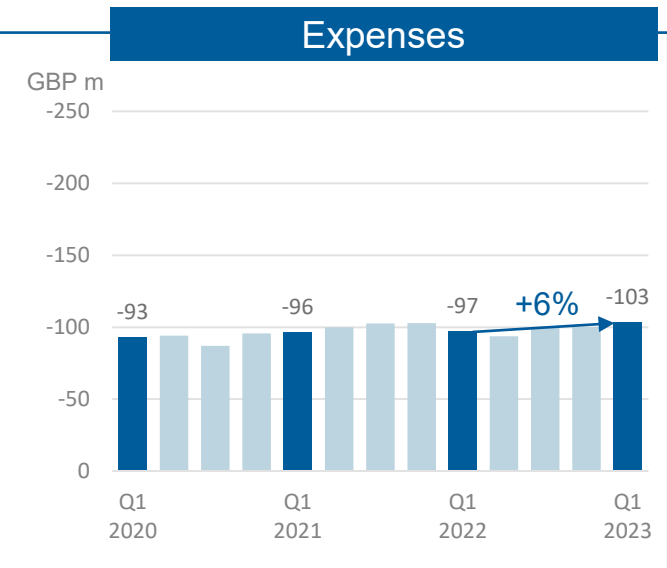
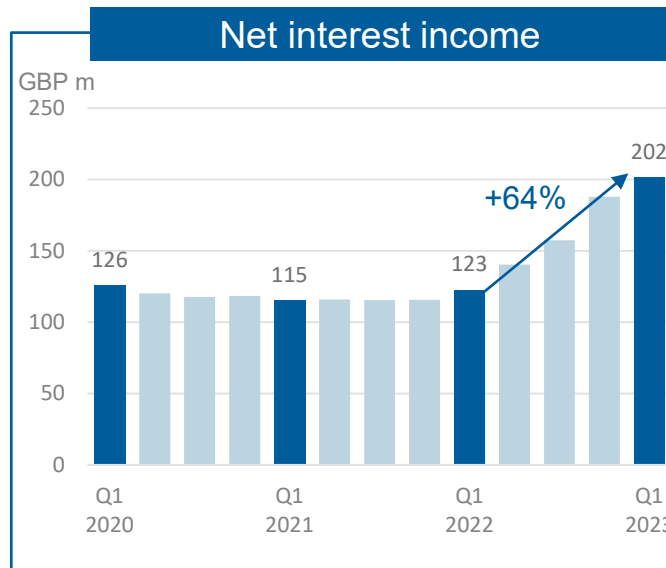


* Adjusted for sale of card acquiring business in 2021.

Handelsbanken UK



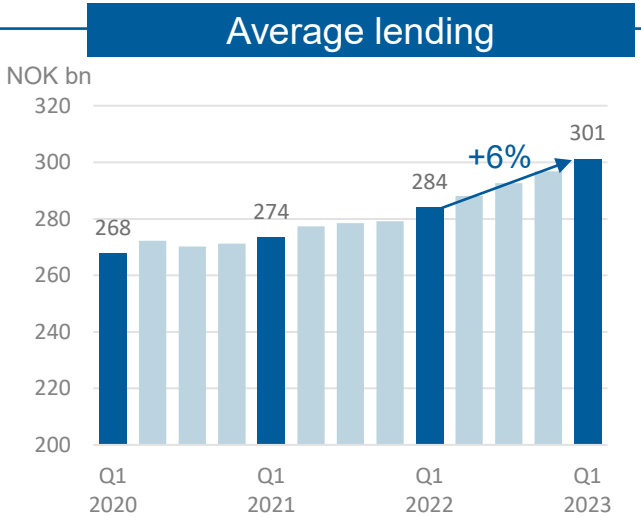
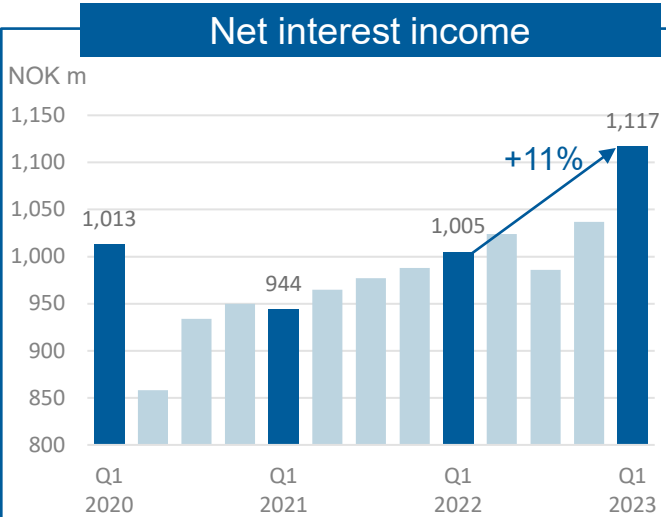
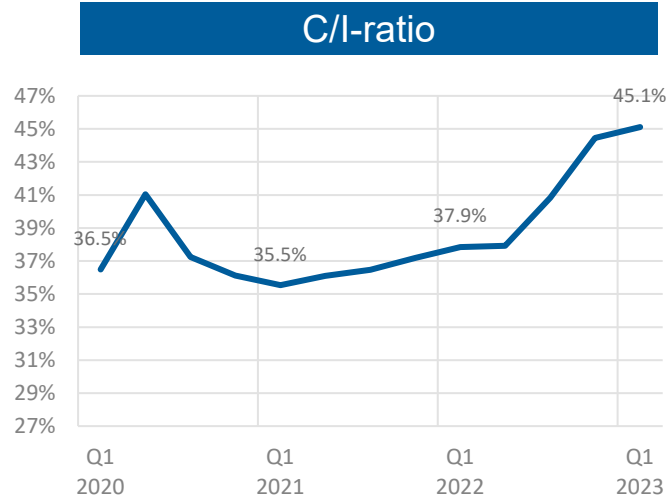
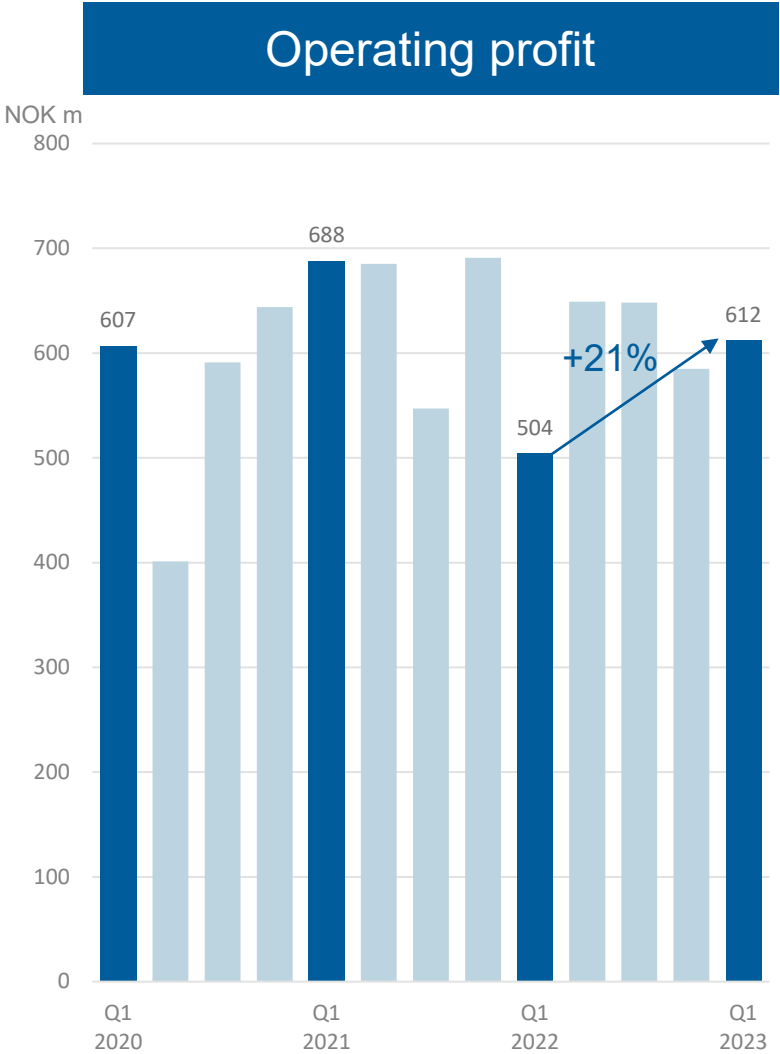
Number of branches 162



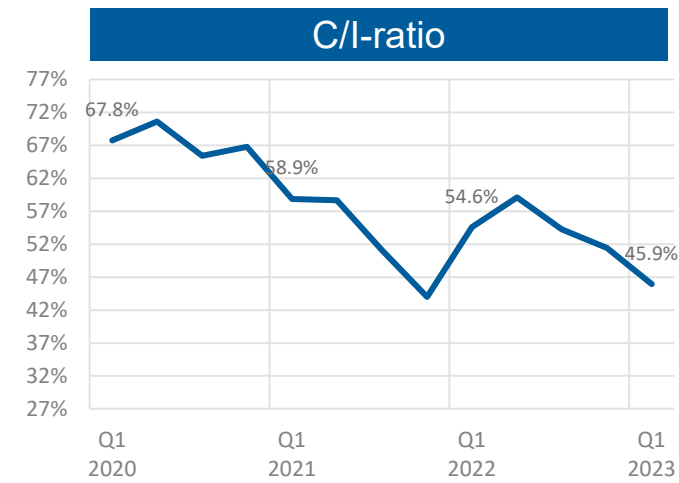
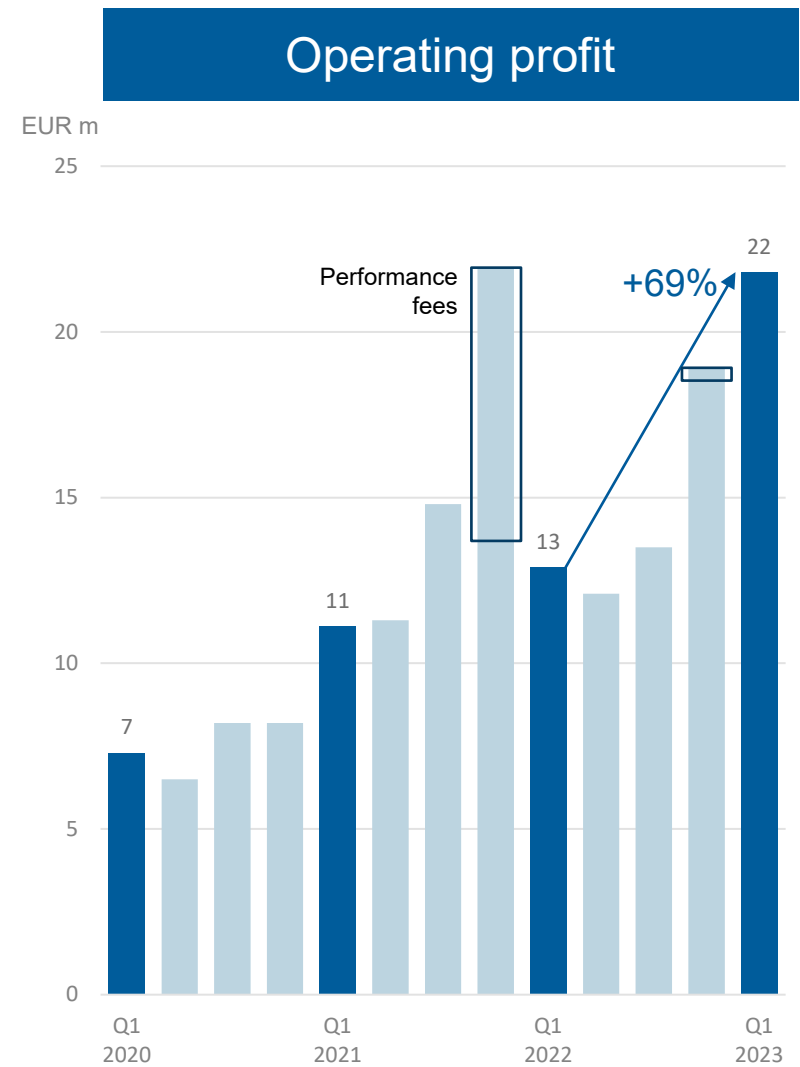
Handelsbanken Norway



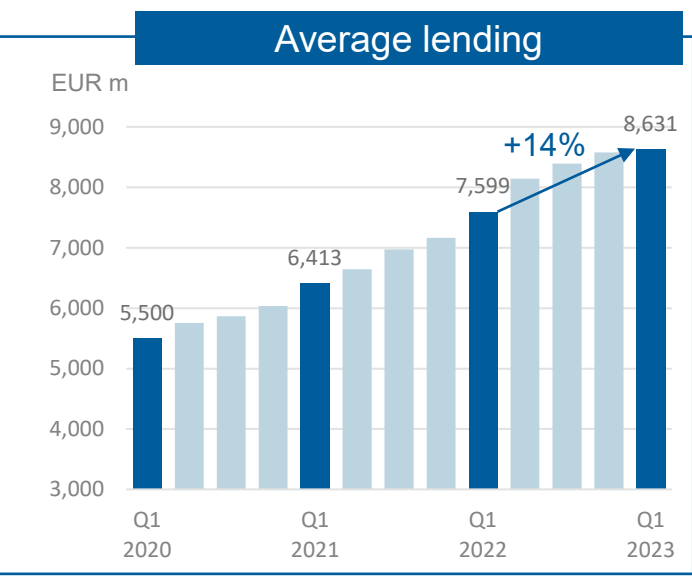
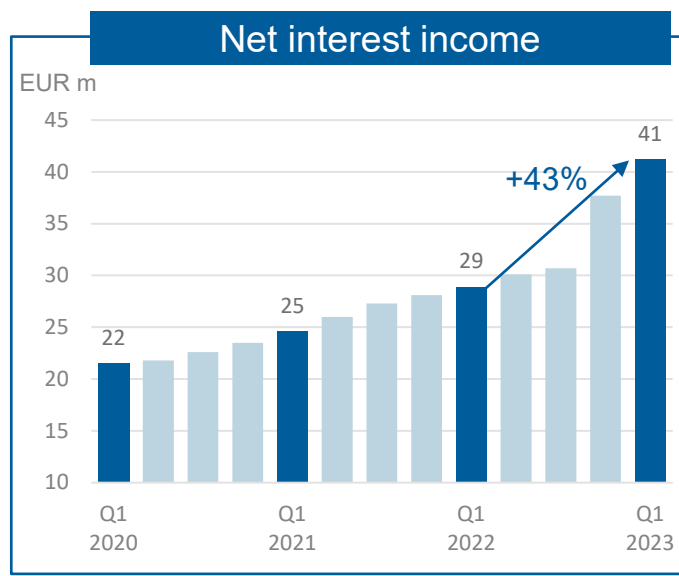
Number of branches 41



Handelsbanken the Netherlands

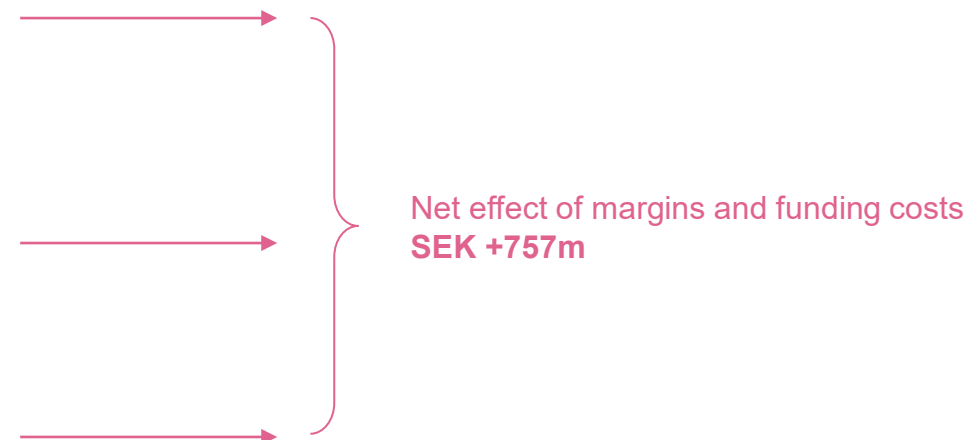


Number of branches 27



Change in NII from previous quarter

Net interest income continuing operations Q4 2022, SEK m		10,631
Deposit volume	-36	
Lending volume	42	
Net effect margins and funding costs	480	
Day count effect	-109	
Deposit guarantee fee	43	
Other	-17	
Sweden	403	3.8%
Deposit volume	-88	
Lending volume	-2	
Net effect margins and funding costs	448	
Day count effect	-70	
Foreign exchange effects	-1	
Deposit guarantee fee	3	
Other	8	
Home markets outside Sweden	298	2.8%
Net of funding costs and allocation to business segments	-171	
Central funding costs related to Finland	295	
Liquidity portfolio	-75	
Foreign exchange effects	-11	
Deposit guarantee fee	2	
Other	113	
Group Treasury and other units	153	1.4%
Change in NII continuing operations	854	8.0%
Net interest income continuing operations Q1 2023, SEK m		11,485



Summary of changes:

Volumes in home markets	-84	-0.8%
Net margins and funding	757	7.1%
Central funding costs related to Finland	295	2.8%
Liquidity portfolio	-75	-0.7%
Day count effect	-179	-1.7%
Deposit guarantee fee	48	0.5%
Foreign exchange effects	-12	-0.1%
Other	104	1.0%

Change in NII from previous year

Net interest income continuing operations Jan-Mar 2022, SEK m		8,014
Deposit volume		31
Lending volume		213
Net effect margins and funding costs		2,185
Day count effect		0
Deposit guarantee fee		-18
Other		56
Sweden		2,467
		30.8%
Deposit volume		-29
Lending volume		17
Net effect margins and funding costs		1,200
Day count effect		0
Foreign exchange effects		5
Deposit guarantee fee		-3
Other		68
Home markets outside Sweden		1,258
		15.7%
Net of funding costs and allocation to business segments		-47
Central funding costs related to Finland		-125
Liquidity portfolio		-110
Foreign exchange effects		20
Deposit guarantee fee		0
Other		9
Group Treasury and other units		-253
		-3.2%
Change in NII continuing operations		3,471
		43.3%
Net interest income continuing operations Jan-Mar 2023, SEK m		11,485

Summary of changes:

Volumes in home markets	232	2.9%
Net margins and funding	3,338	41.7%
Central funding costs related to Finland	-125	-1.6%
Liquidity portfolio	-110	-1.4%
Day count effect	0	0.0%
Deposit guarantee fee	-21	-0.3%
Foreign exchange effects	25	0.3%
Other	132	1.6%

Net effect of margins and funding costs
SEK +3,338m

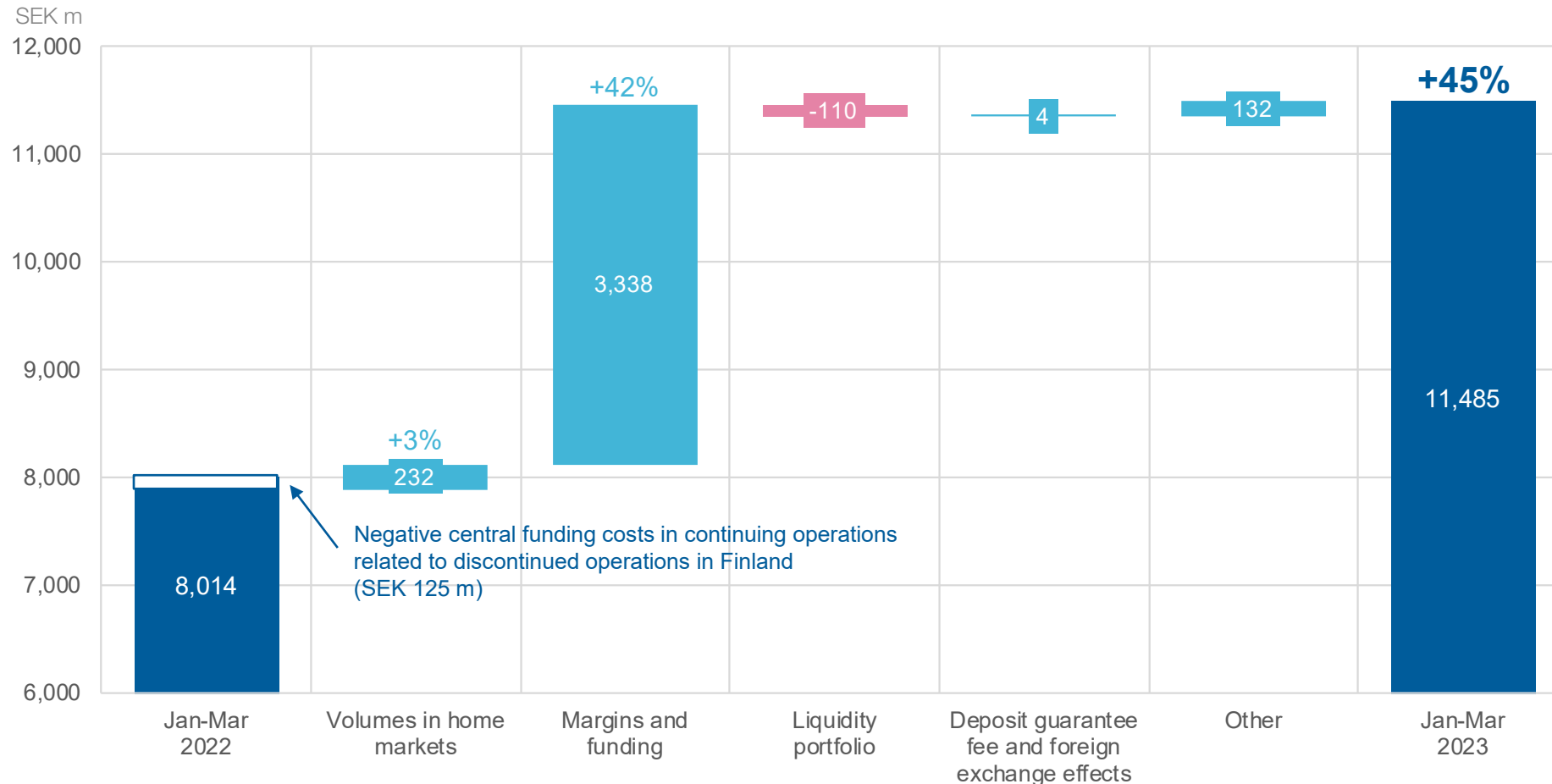
Net interest income development

Jan-Mar 2023 compared to previous year

NII underlying: +45%
NII reported: +43%

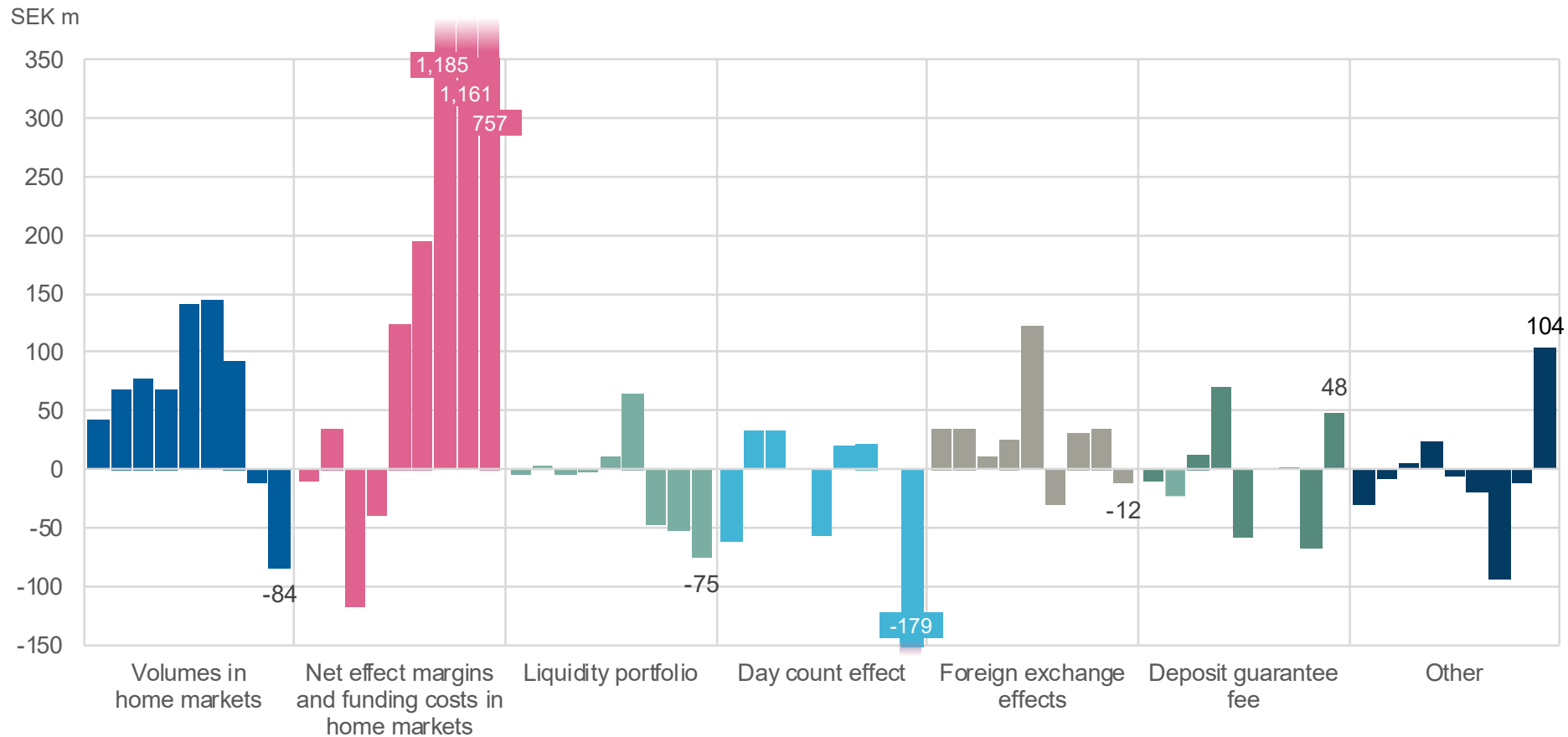
Contribution from:

- Volumes: +3%
- Margins and funding: +42%



Net interest income - sequential contributions

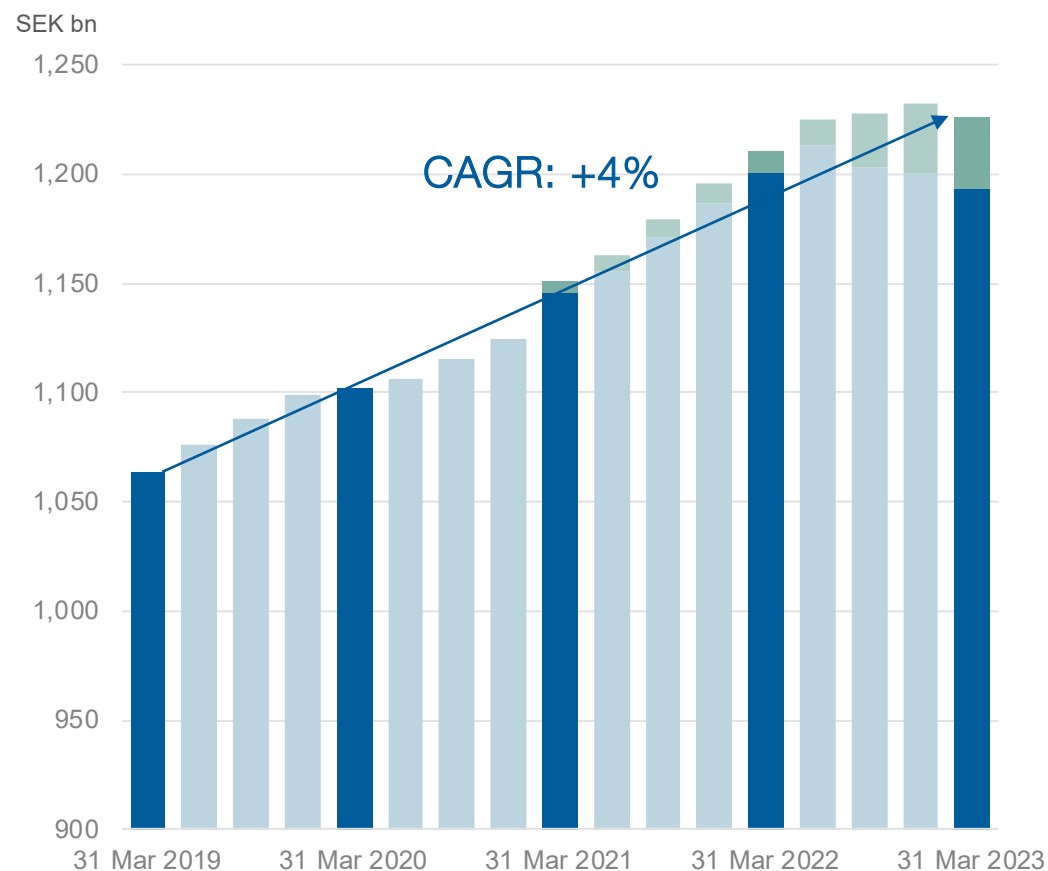
Net interest income, sequential contribution
Q1 2021 – Q1 2023



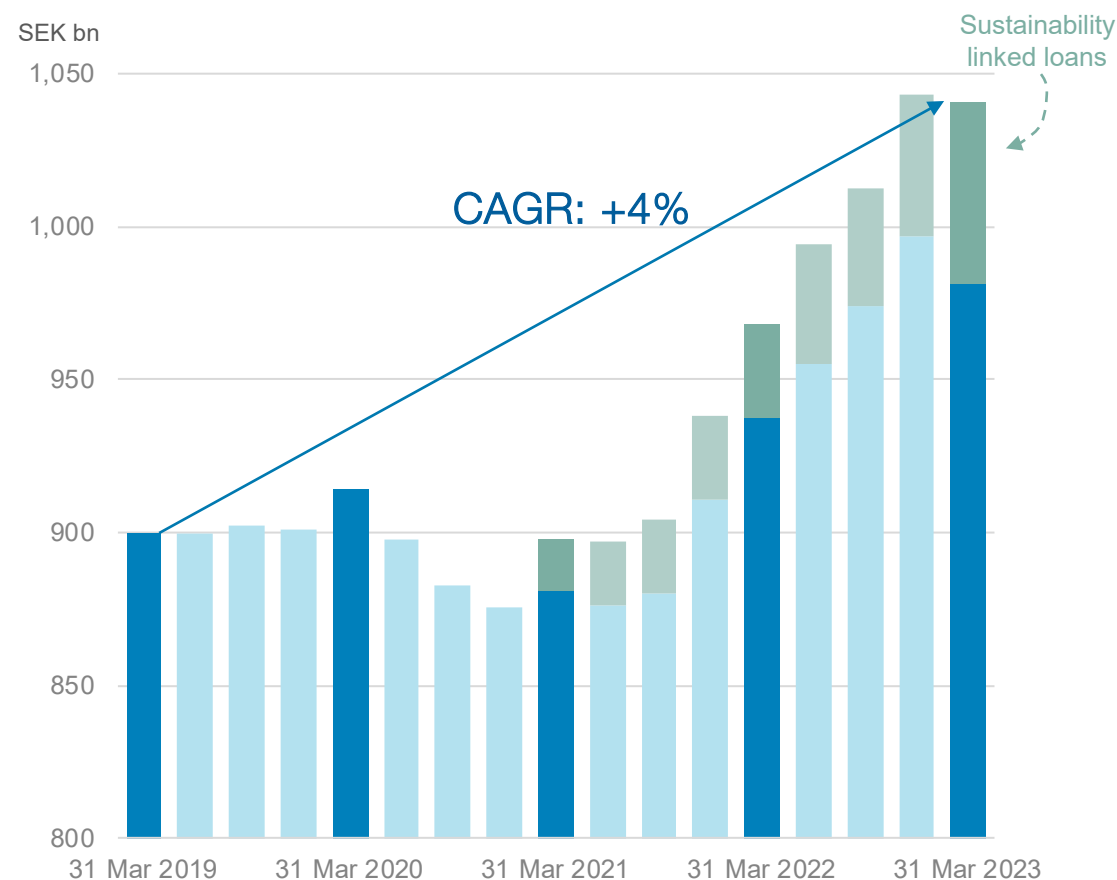
Lending to the public*

Home markets

Household



Corporate

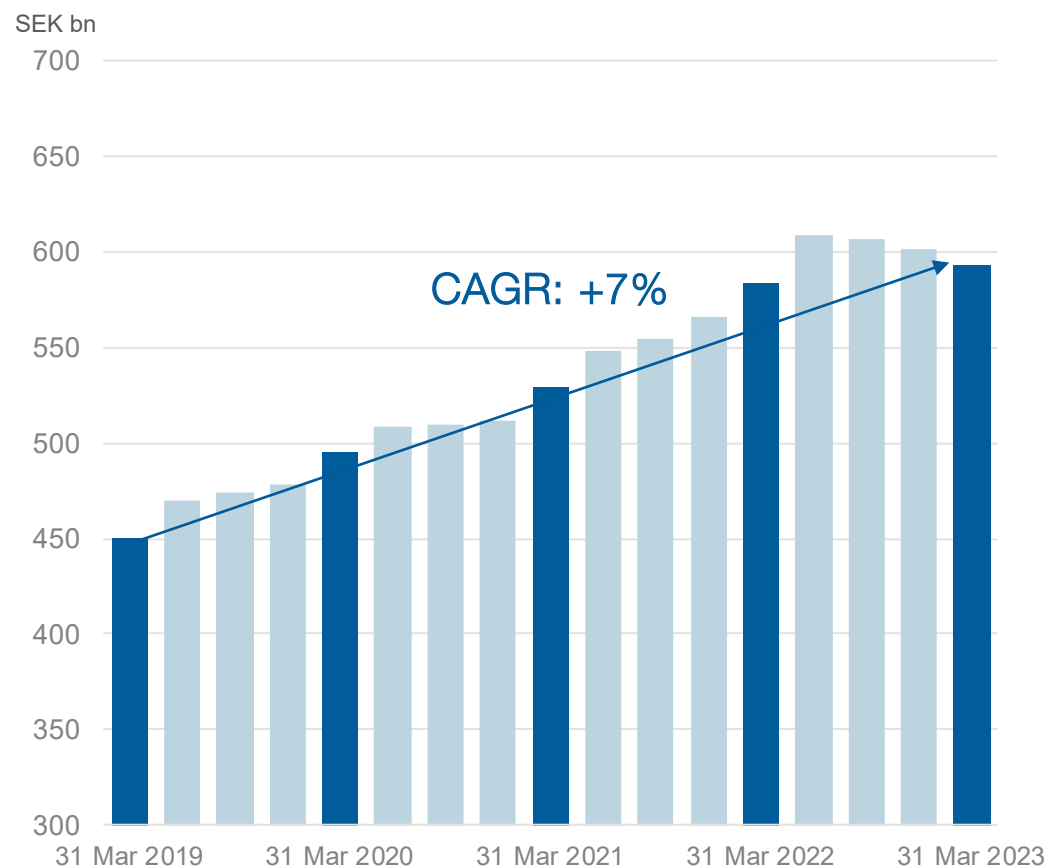


* Volume at end of period in Handelsbanken's home markets: Sweden, Norway, UK and the Netherlands

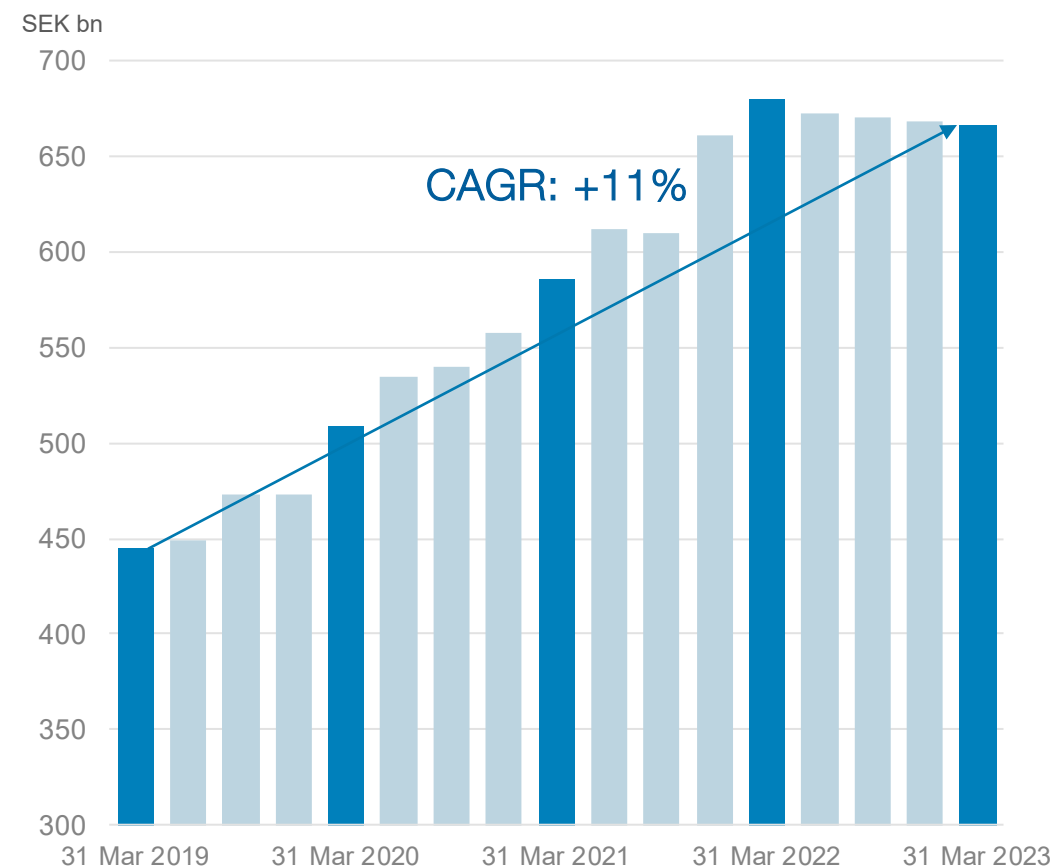
Deposits from the public*

Home markets

Household

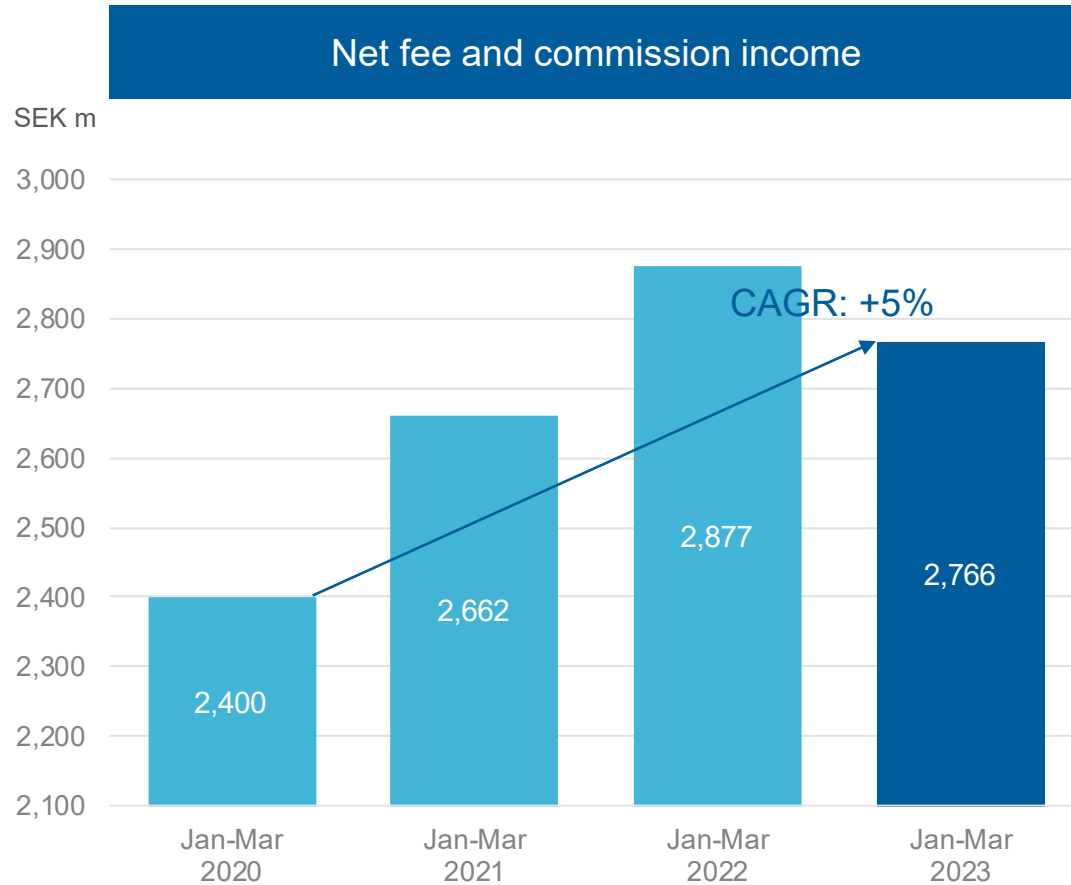


Corporate

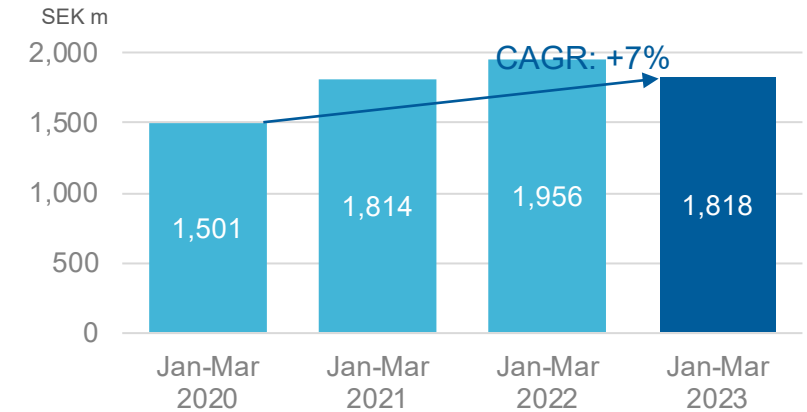


* Volume at end of period in Handelsbanken's home markets Sweden, Norway, UK and the Netherlands

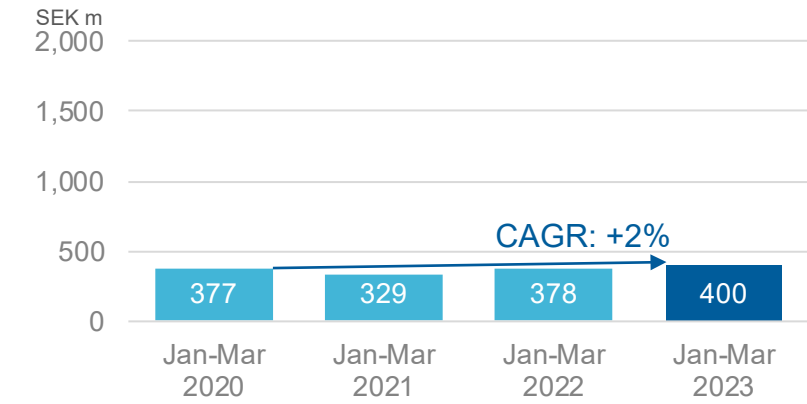
Net fee and commission income



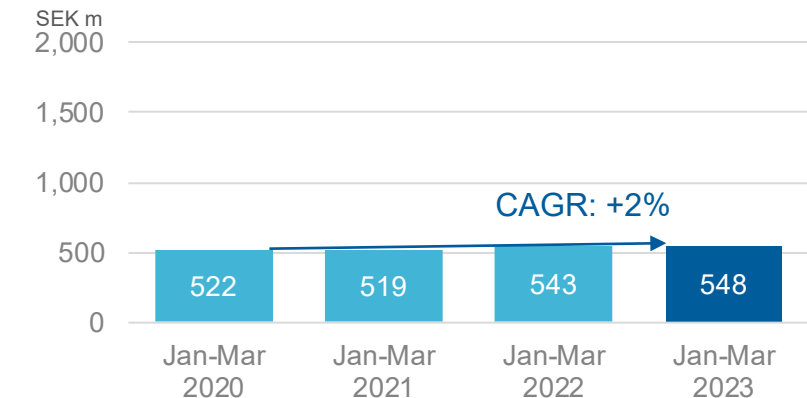
Savings related*
66%
of net fee and
commissions



Payment fees, net
14%

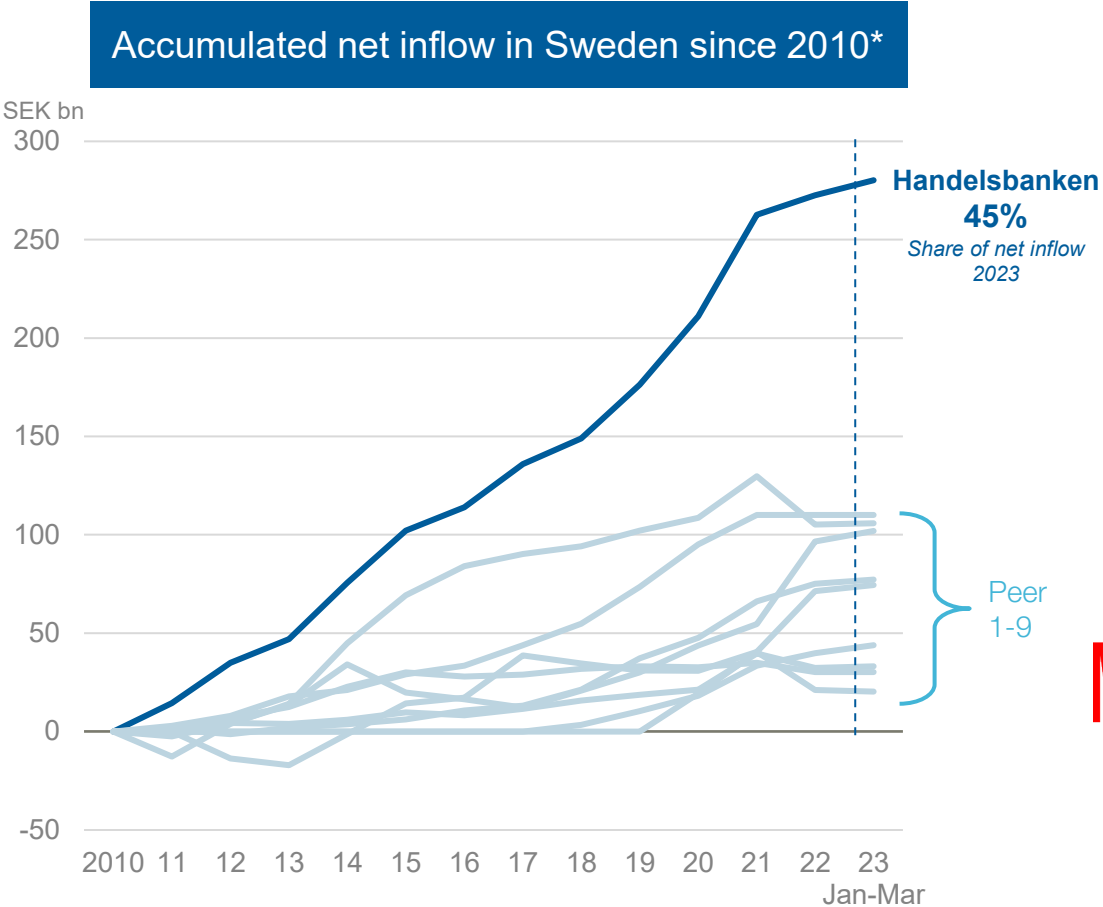
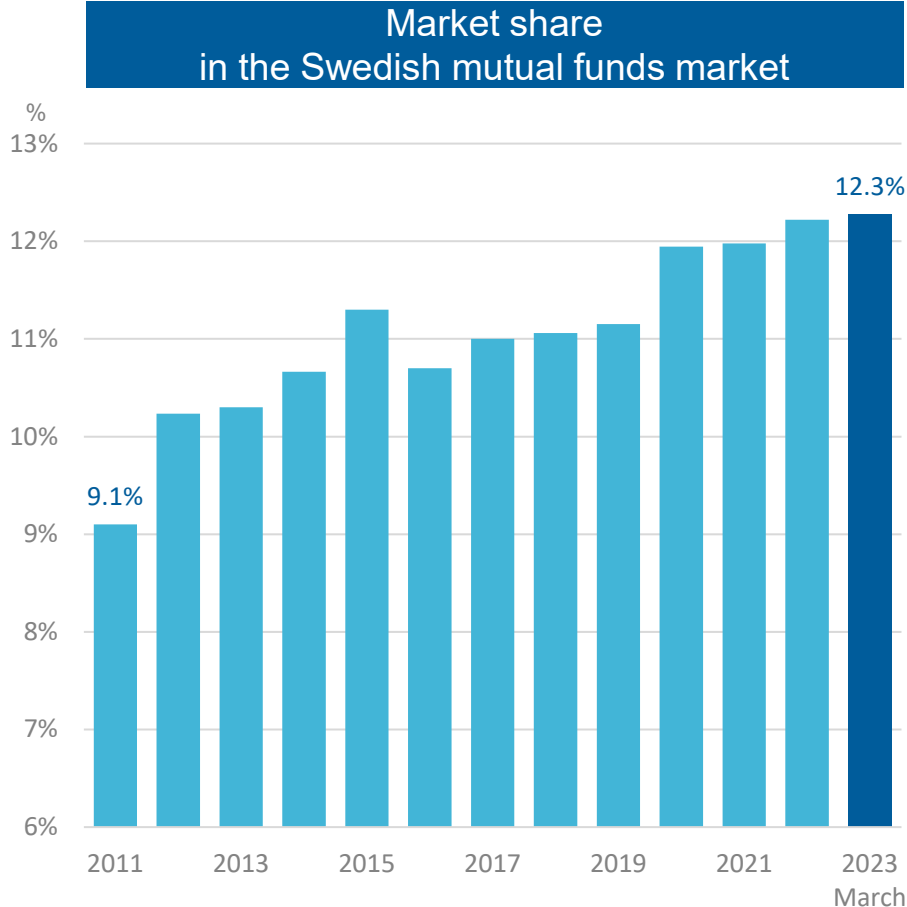


Other, net
20%



* Provisions from mutual funds, asset management, securities and insurance.

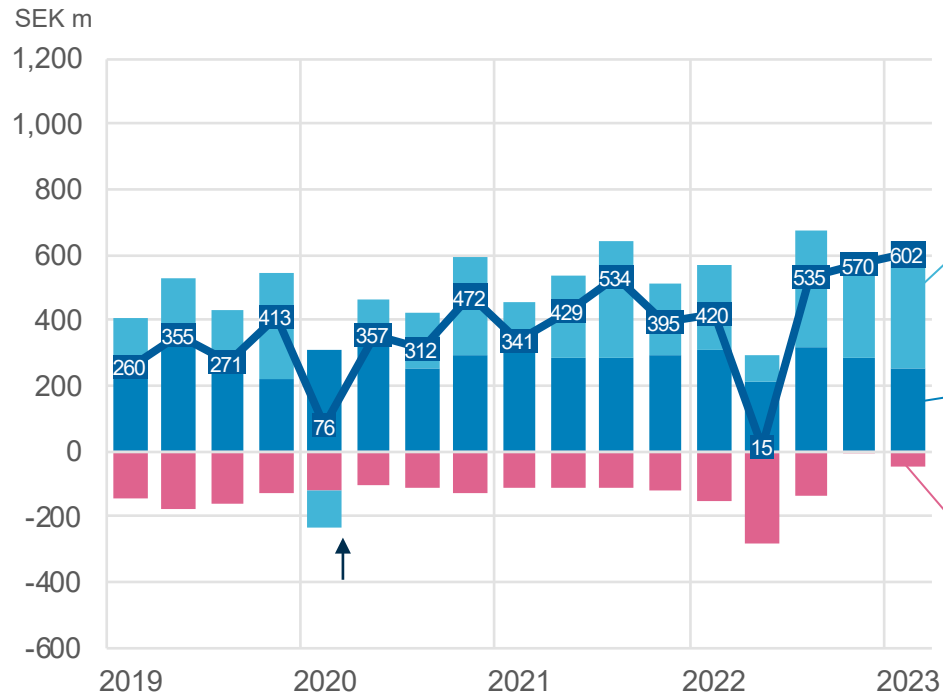
Savings business



* Top 10 institutions. Source: Swedish Investment Fund Association
** Morningstar rating average 3.60 based on performance last 3, 5 and 10 years for 122 funds in all fund categories (actively managed, index, mixed etc.)

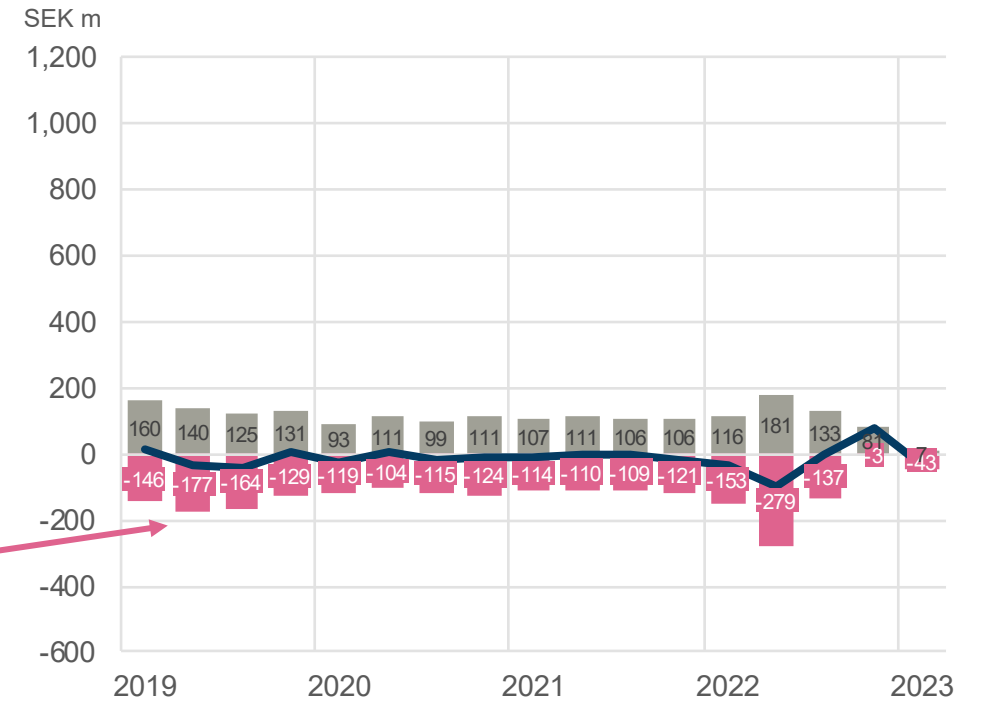
NFT quarterly

NFT



■ Liquidity portfolio, NFT
 ■ Capital Markets NFT
 ■ Other NFT
 — NFT

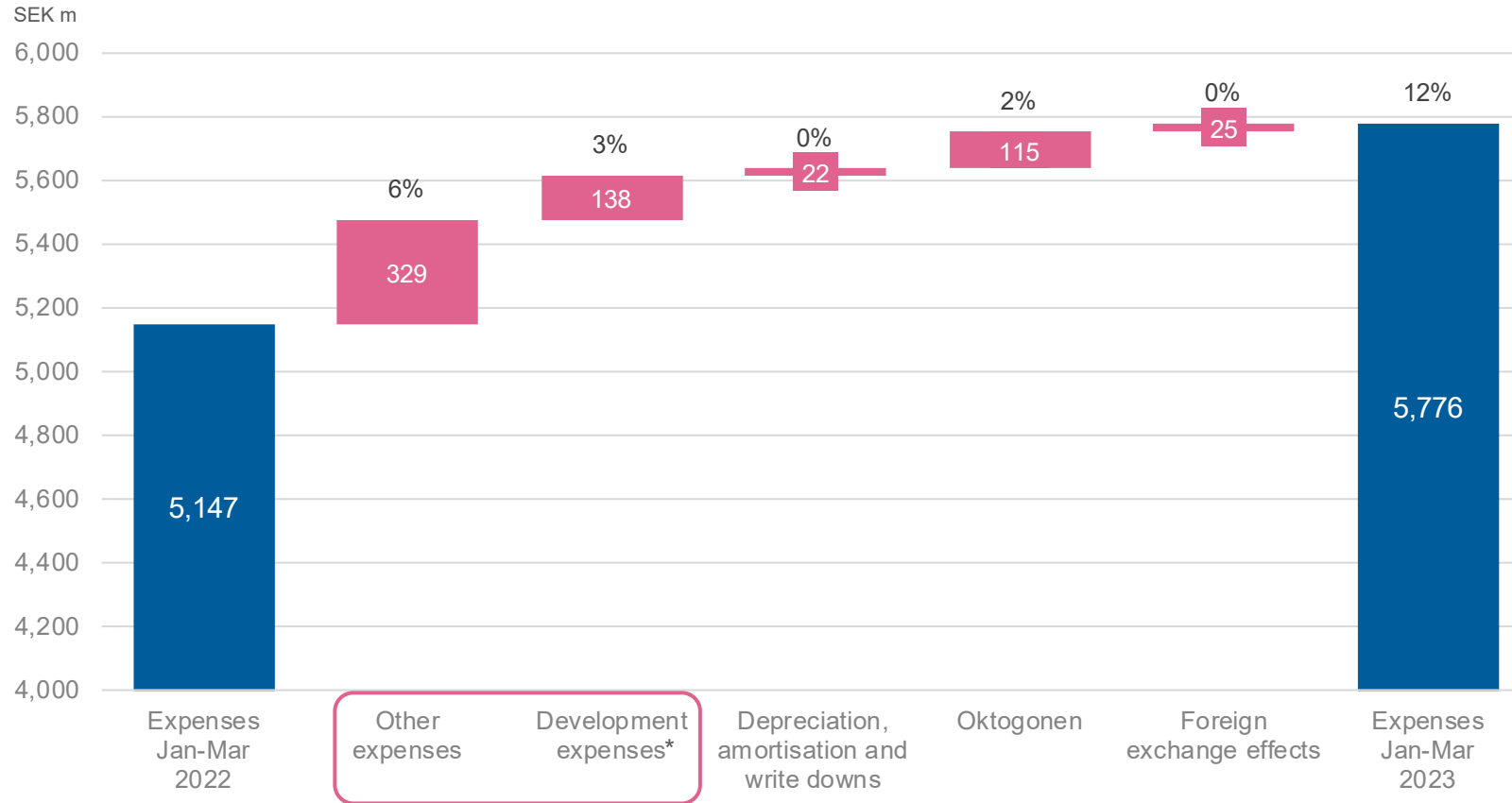
Liquidity portfolio



■ Liquidity portfolio, NFT
 ■ Liquidity portfolio, NII
 — Net

Expenses

Jan-Mar compared to previous year

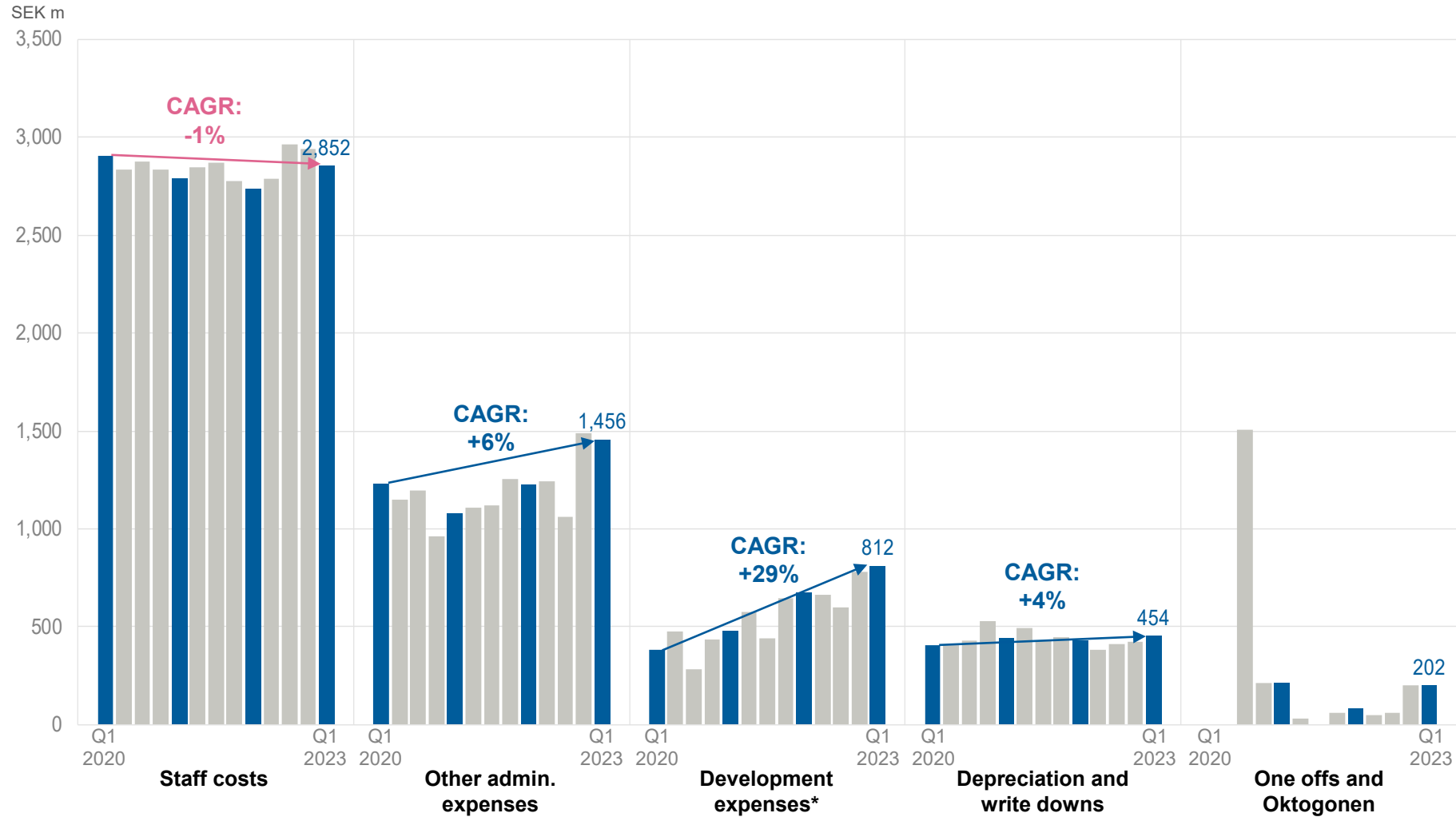


Development expenses
+3%-points

Other expenses
+6%-points

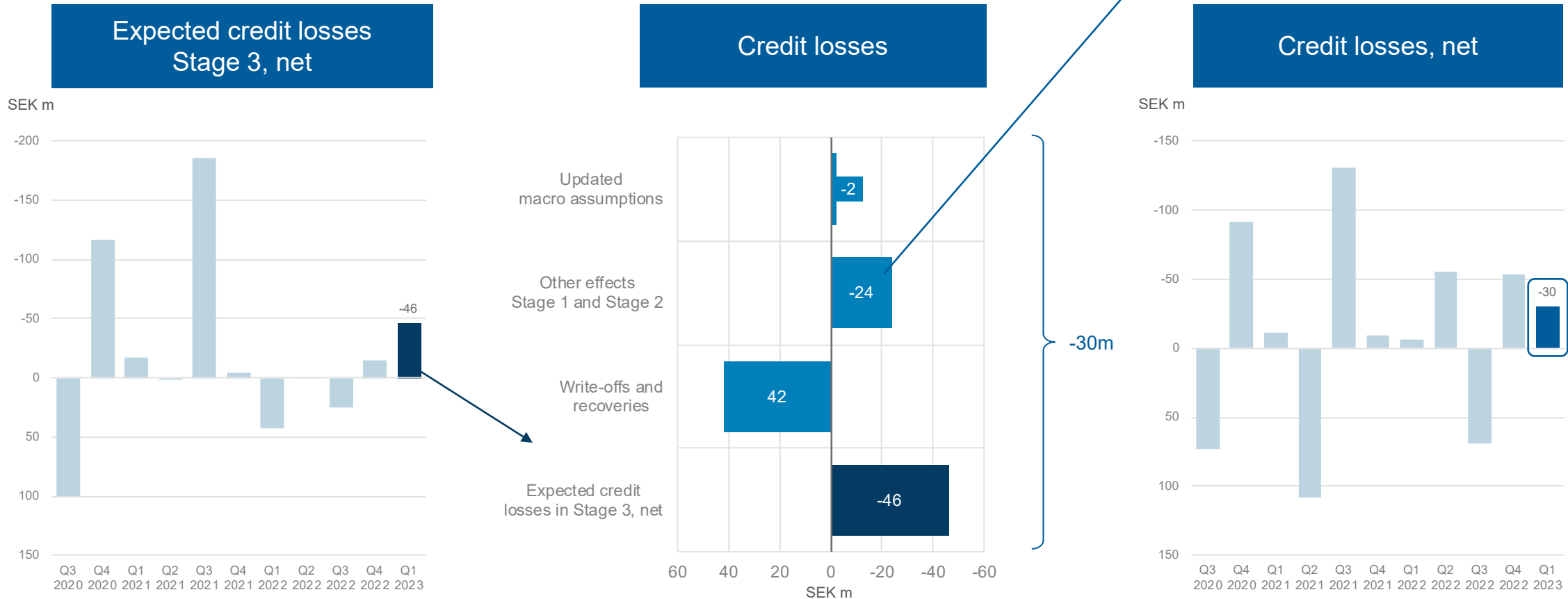
* Development spend less capitalised costs

Expenses

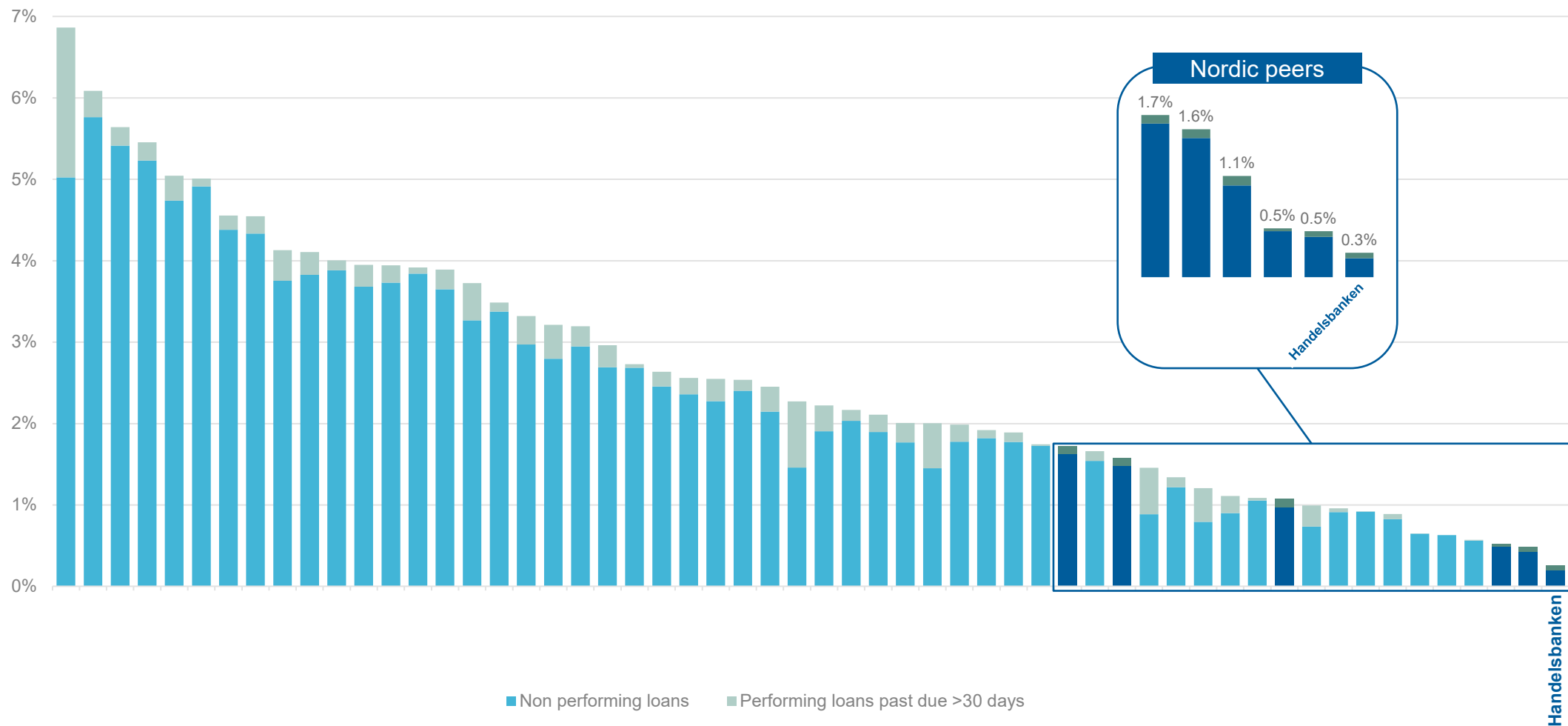


* Development spend less capitalised costs

Asset quality



Lowest share of non performing loans*



* EBA transparency exercise 2022 (data per June 2022). Including banks with gross loan volumes > EUR 50bn.

Property management exposures

Diversified risk

- The Bank is always restrictive – in all activities
- Property markets are heterogeneous – in both a segment as a geographical perspective
- Property lending is collateralised

Conservative underwriting criteria

- Overall assessment of the client's repayment ability (cash flow oriented)
- Bad cash flow can never be off-set with collateral
- Forward looking assessment of risks to the business model and cashflows
- Risk mitigating factors including strong owners, unpledged assets and LTVs

Strong capital position supporting growth

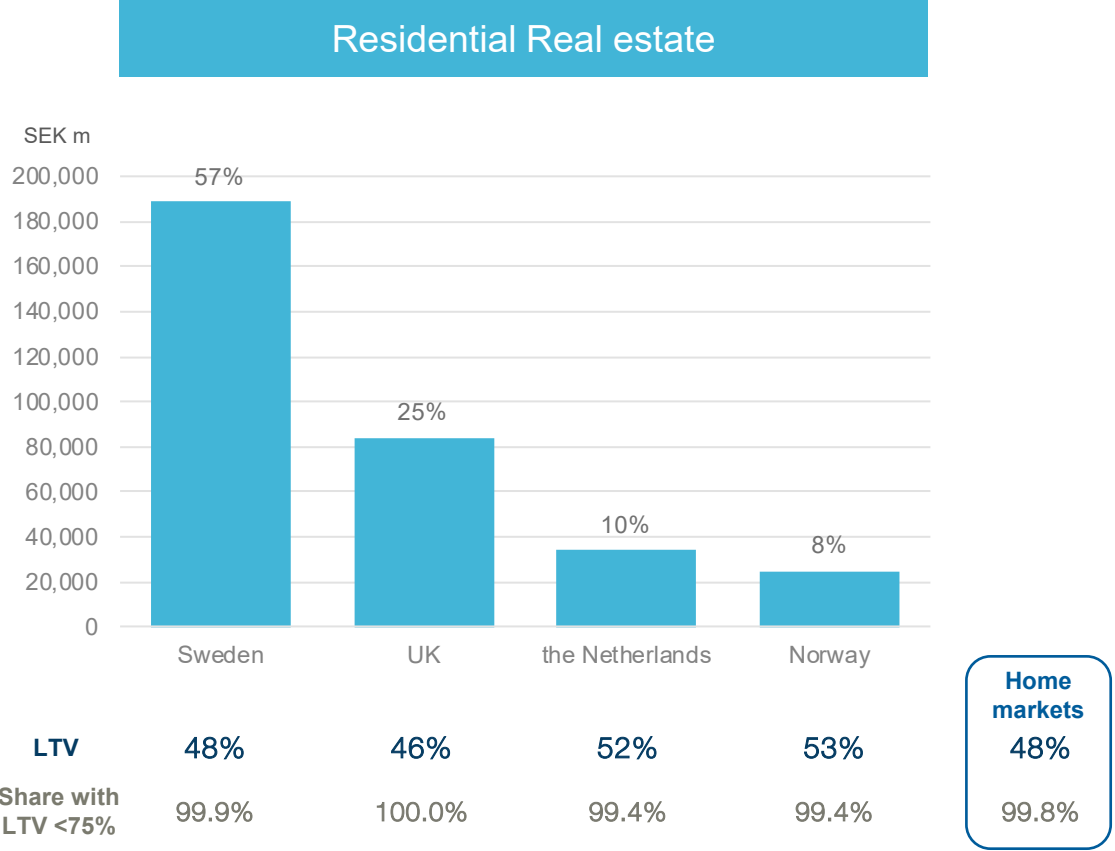
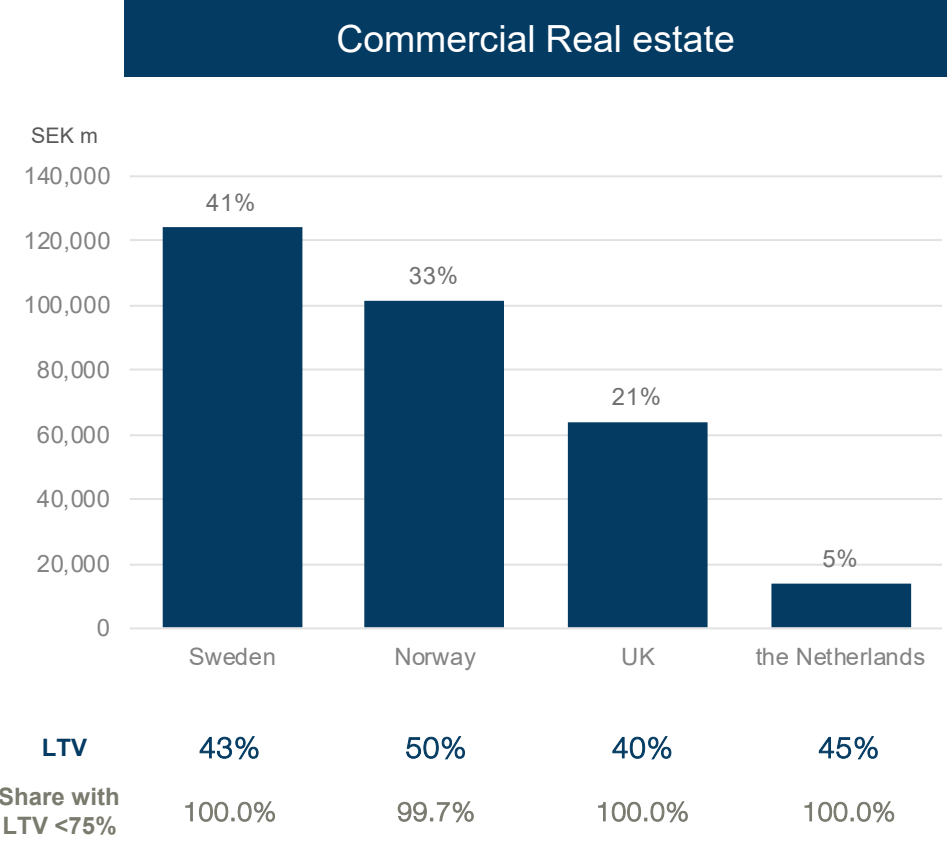
- CET1-ratio 400 bps above SREP*
- >25% fall in property prices required before RWA inflation (due to floors applied to property exposures)
- No centrally determined risk limits toward any sector – the Bank is prepared to do business with good customers fitting the bank's credit policy

* SREP based on 1.90% CCyB

Conservative underwriting criteria

		Backward looking KPI-based	Forward looking risk assessment
The customer's repayment capacity is key	Risk for financial strain	Break-even interest rate <ul style="list-style-type: none">• EBIT in relation to total interest bearing debt• Highest interest rate that current level of EBIT can service• Lowest value for last 3 years• Different requirements for different property types to reflect underlying risk	Future potential risks including <ul style="list-style-type: none">• Risks to the business model and cashflow• Physical and transitional ESG-risks
	Financial resilience in case of financial strain	LTV <ul style="list-style-type: none">• Highest LTV last 3 years• Different conditions for different property types to reflect underlying uncertainty• Property values based on fundamental cash flow model	Additional possibilities to generate liquidity in strain including <ul style="list-style-type: none">• Other liquid assets• Possibility to repo assets• Strong owners involved in the business more likely to add equity

Low loan-to-values in property portfolio



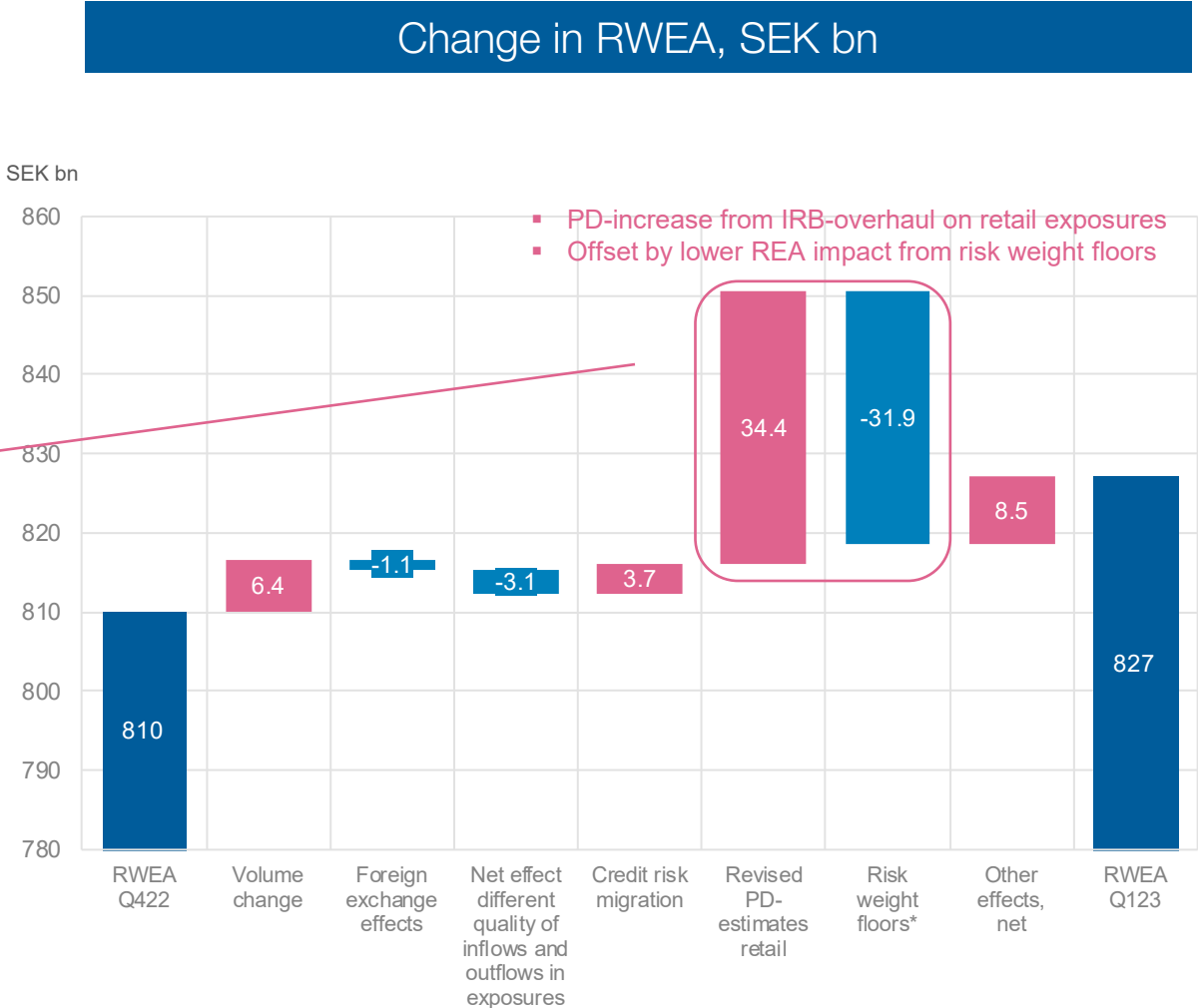
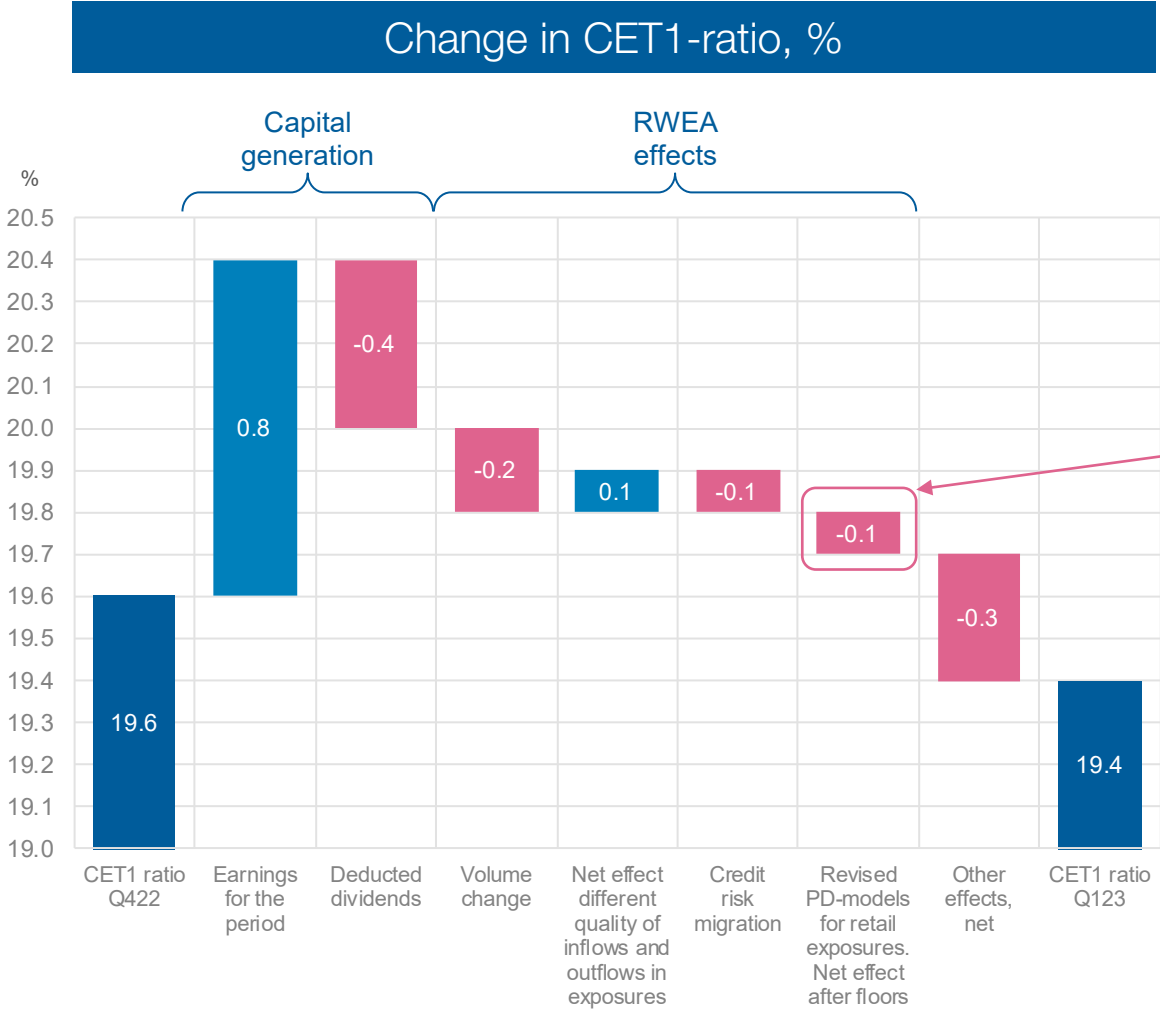
Change in CET1-ratio from previous quarter

CRR/CRD IV

Common equity tier 1 ratio Q422, %	19.6
<i>Change, percentage points:</i>	
Common equity tier 1 capital	0.3
Earnings for the period	0.8
Deducted dividends	-0.4
Foreign exchange effects CET1 capital	0.0
Other and rounding	-0.1
Exposure volume incl. currency effect	-0.2
Volume change	-0.2
Foreign exchange effects REA	0.0
Net effect different quality of inflows and outflows in exposures	0.1
Credit risk migration in the lending portfolio	-0.1
Updated PD-estimates retail	-0.8
Effect from risk weight floors in pillar 1	0.7
Other effects, net	-0.2
Change in common equity tier 1 ratio	-0.2

- Includes expected PD-increase from IRB-overhaul on retail exposures
- Offset by lower REA impact from risk weight floors

Change in CET1-ratio from previous quarter



* Credit risk migrations and other effects are calculated before the application risk weight floors. This column presents the mitigating effect from risk weight floors in pillar 1.

Non-encumbered assets, NEA

March 2023

SEK bn	NEA	Accumulated coverage ratio in % of unsecured funding*
Holdings with central banks and securities in the liquidity portfolio***	765	82%
Mortgage loans	822	170%
Other household lending	156	187%
Property company lending lowest risk class (1-3)	301	220%
Other corporate lending lowest risk class (1-3)	127	233%
Loans to credit institutions lowest risk class (1-3)	4	234%
Other corporate lending	325	268%
Other assets	47	274%
Total non-encumbered assets (NEA)	2,547	274%
Encumbered assets without underlying liabilities**	71	
<i>Encumbered assets with underlying liabilities</i>	<i>984</i>	
Total assets, Group	3,602	

* Issued short-term and long-term non-secured funding and liabilities to credit institutions

** Over-collateralisation in cover pool (OC) and assets to cover Operational Continuity in Resolution in the UK

*** Value eligible as collateral in central banks

Highest credit rating globally

- Highest rating in Europe by Fitch and Moody's among all peer banks
- Highest rating globally when combining Fitch, Moody's and S&P's ratings

	Fitch	Moody's	S&P
Handelsbanken	AA	Aa2	AA-
Oversea-Chinese Banking Corp	AA-	Aa1	AA-
United Overseas Bank	AA-	Aa1	AA-
TD Bank	AA-	Aa1	AA-
RBC	AA-	Aa1	AA-
Nordea	AA-	Aa3	AA-
DZ Bank	AA-	Aa2	A+
BMO	AA-	Aa2	A+
OP Group		Aa3	AA-
SEB	AA-	Aa3	A+
Swedbank	AA-	Aa3	A+
Commonwealth Bank of Australia	A+	Aa3	AA-
National Australia Bank	A+	Aa3	AA-
Westpac	A+	Aa3	AA-
Rabobank	A+	Aa2	A+
BNP	A+	Aa3	A+
Crédit Agricole	A+	Aa3	A+
CIC	A+	Aa3	A+
KBC	A+	A1	A+
DBS Group		A1	A+

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