

# Handelsbanken's Interim Report

JANUARY – SEPTEMBER 2021

## January – September 2021

- compared with January – September 2020

- Operating profit increased by 26% to SEK 18,154m (14,423). Adjusted for foreign exchange effects, the Oktogonen profit-sharing scheme ("Oktogonen") and items affecting comparability during the corresponding period of the previous year, operating profit increased by 14%.
- Return on equity increased to 11.5% (9.7), and earnings per share increased by 28% to SEK 7.22 (5.66).
- The credit loss ratio was 0.00% (0.03).
- The common equity tier 1 ratio was 19.4%\*\* (19.4).
- Income grew by 6% to SEK 34,709m (32,817). Adjusted for foreign exchange effects, income increased by 7%.
- Net fee and commission income increased by 16%. Fund volumes increased by SEK 199bn and commission income from fund management grew by 36%.
- Expenses decreased by 7% to SEK 16,554m (-17,718). The underlying increase in expenses, adjusted for Oktogonen, items affecting comparability and foreign exchange effects, was 3%. The entire increase was attributable to higher development costs.
- The C/I ratio improved to 47.7% (54.0).
- Continued good potential to achieve robust business development and profitable growth, with satisfied customers and at low risk, within the operations in Sweden, Norway and Handelsbanken plc.
- Handelsbanken has made the decision to cease its operations in Denmark and Finland. A process is being initiated to divest these two operations.

## Q3 2021

- compared with Q2 2021

- Operating profit increased by 9% to SEK 6,554m (5,988). Adjusted for foreign exchange effects and Oktogonen, profit increased by 4%.
- Return on equity was 12.4% (11.6).
- Earnings per share rose by 10% to SEK 2.62 (2.39).
- Credit quality remained very good, and the credit loss ratio was 0.01% (-0.02).
- Income climbed by 2% to SEK 11,815m (11,602).
- Net fee and commission income increased by 3%. Commission income from fund management grew by 8%.
- Growth in both corporate and household lending. In total, lending at the end of the quarter had increased by SEK 39bn.
- Expenses decreased by SEK 473m, or 8%, to SEK -5,199m (-5,672). During the quarter, part of the preliminary provision for Oktogonen, amounting to SEK 263m, was reversed. The underlying decrease in expenses, adjusted for Oktogonen, items affecting comparability and foreign exchange effects, was 3%.
- The C/I ratio improved to 44.0% (48.9).
- The work with the cost reduction measures progresses according to plan with no abatement.

SEK m	Q3 2021	Q2 2021	Change %	Change after adjustment of items affecting comparability, %*	Jan-Sep	Jan-Sep	Change %	Change after adjustment of items affecting comparability, %*
					2021	2020		
Net interest income	7,961	7,961	0%	0%	23,740	23,745	0%	1%
Net fee and commission income	3,157	3,055	3%	3%	9,175	7,902	16%	17%
Other income	697	586	19%	19%	1,794	1,170	53%	54%
<b>Total income</b>	<b>11,815</b>	<b>11,602</b>	<b>2%</b>	<b>2%</b>	<b>34,709</b>	<b>32,817</b>	<b>6%</b>	<b>7%</b>
Staff costs, excl. Oktogonen	-3,441	-3,481	-1%	-1%	-10,357	-11,673	-11%	1%
Oktogonen	263	-55			-5	0		
Other expenses	-2,021	-2,136	-5%	-6%	-6,192	-6,045	2%	7%
<b>Total expenses</b>	<b>-5,199</b>	<b>-5,672</b>	<b>-8%</b>	<b>-3%</b>	<b>-16,554</b>	<b>-17,718</b>	<b>-7%</b>	<b>3%</b>
of which development costs	-664	-827	-20%		-2,199	-1,654	33%	33%
<b>Total expenses, excl. items affecting comparability' and development costs</b>	<b>-4,782</b>	<b>-4,790</b>	<b>0%</b>	<b>0%</b>	<b>-14,524</b>	<b>-14,556</b>	<b>0%</b>	<b>0%</b>
Credit losses	-66	47		-238%	-11	-684	-98%	-97%
<b>Operating profit</b>	<b>6,554</b>	<b>5,988</b>	<b>9%</b>	<b>4%</b>	<b>18,154</b>	<b>14,423</b>	<b>26%</b>	<b>14%</b>

\* Adjusted for exchange effects and, if applicable, non-recurring and special items.

Non-recurring items and special items: During the third quarter, part of the preliminary provision for Oktogonen, amounting to SEK +263m, was reversed. In the second quarter, a provision of SEK -55m was made for Oktogonen. In the first quarter, a provision of SEK -213m was made for Oktogonen. In Q3 2020, a provision for a restructuring reserve of SEK -1,470m and an impairment loss on IT systems of SEK -38m were booked.

\*\* Including a deduction of 1.1 percentage points for the proposed extra dividend, to be resolved on at the extraordinary general meeting on 21 October.

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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](https://handelsbanken.com/ir).

## Group – Overview

SEK m	Q3 2021	Q2 2021	Change	Q3 2020	Change	Jan-Sep 2021	Jan-Sep 2020	Change	Full year 2020
<b>Summary income statement</b>									
Net interest income	7,961	7,961	0%	7,893	1%	23,740	23,745	0%	31,606
Net fee and commission income	3,157	3,055	3%	2,672	18%	9,175	7,902	16%	10,786
Net gains/losses on financial transactions	592	486	22%	358	65%	1,475	897	64%	1,437
Risk result - insurance	51	37	38%	52	-2%	157	116	35%	195
Other dividend income	0	0	0%	1	-100%	1	17	-94%	53
Share of profit of associates	18	10	80%	14	29%	46	35	31%	18
Other income	36	53	-32%	24	50%	115	105	10%	153
<b>Total income</b>	<b>11,815</b>	<b>11,602</b>	<b>2%</b>	<b>11,014</b>	<b>7%</b>	<b>34,709</b>	<b>32,817</b>	<b>6%</b>	<b>44,248</b>
Staff costs	-3,178	-3,536	-10%	-4,731	-33%	-10,362	-11,673	-11%	-15,343
Other expenses	-1,560	-1,611	-3%	-1,543	1%	-4,734	-4,698	1%	-6,085
Depreciation, amortisation and impairment of property, equipment and intangible assets	-461	-525	-12%	-464	-1%	-1,458	-1,347	8%	-1,906
<b>Total expenses</b>	<b>-5,199</b>	<b>-5,672</b>	<b>-8%</b>	<b>-6,738</b>	<b>-23%</b>	<b>-16,554</b>	<b>-17,718</b>	<b>-7%</b>	<b>-23,334</b>
<b>Profit before credit losses</b>	<b>6,616</b>	<b>5,930</b>	<b>12%</b>	<b>4,276</b>	<b>55%</b>	<b>18,155</b>	<b>15,099</b>	<b>20%</b>	<b>20,914</b>
Net credit losses	-66	47		-49	35%	-11	-684	-98%	-781
Gains/losses on disposal of property, equipment and intangible assets	4	11	-64%	0		10	8	25%	2
<b>Operating profit</b>	<b>6,554</b>	<b>5,988</b>	<b>9%</b>	<b>4,227</b>	<b>55%</b>	<b>18,154</b>	<b>14,423</b>	<b>26%</b>	<b>20,135</b>
Taxes	-1,361	-1,255	8%	-905	50%	-3,847	-3,205	20%	-4,547
<b>Profit for the period</b>	<b>5,193</b>	<b>4,733</b>	<b>10%</b>	<b>3,322</b>	<b>56%</b>	<b>14,307</b>	<b>11,218</b>	<b>28%</b>	<b>15,588</b>
<b>Summary balance sheet</b>									
Loans to the public	2,361,498	2,337,419	1%	2,290,611	3%	2,361,498	2,290,611	3%	2,269,612
<i>of which mortgage loans</i>	<i>1,506,039</i>	<i>1,482,561</i>	<i>2%</i>	<i>1,424,174</i>	<i>6%</i>	<i>1,506,039</i>	<i>1,424,174</i>	<i>6%</i>	<i>1,439,328</i>
<i>of which other loans</i>	<i>855,459</i>	<i>854,858</i>	<i>0%</i>	<i>866,437</i>	<i>-1%</i>	<i>855,459</i>	<i>866,437</i>	<i>-1%</i>	<i>830,284</i>
Deposits and borrowing from the public	1,449,474	1,427,959	2%	1,317,718	10%	1,449,474	1,317,718	10%	1,229,763
<i>of which households</i>	<i>605,588</i>	<i>598,868</i>	<i>1%</i>	<i>561,914</i>	<i>8%</i>	<i>605,588</i>	<i>561,914</i>	<i>8%</i>	<i>560,888</i>
Total equity	182,283	178,623	2%	167,495	9%	182,283	167,495	9%	171,473
Total assets	3,466,635	3,436,487	1%	3,337,863	4%	3,466,635	3,337,863	4%	3,135,288
<b>Summary of key figures</b>									
Return on equity	12.4%	11.6%		8.4%		11.5%	9.7%		10.0%
C/I ratio	44.0%	48.9%		61.2%		47.7%	54.0%		52.7%
Earnings per share, SEK	2.62	2.39		1.68		7.22	5.66		7.87
- after dilution	2.62	2.39		1.68		7.22	5.66		7.87
Common equity tier 1 ratio, CRR	19.4%	20.5%		19.4%		19.4%	19.4%		20.3%
Total capital ratio, CRR	23.4%	24.5%		24.2%		23.4%	24.2%		24.3%

# Group performance

## INTRODUCTION

### 150 YEARS OF HANDELSBANKEN

Handelsbanken celebrates its 150th anniversary this year, and the Bank's share is the oldest, continuously listed share on the Stockholm Stock Exchange. During this, the Bank's jubilee year, Handelsbanken can report its best ever financial performance for the first nine months. From the very beginning, the Bank has been dedicated to generating value for its customers. The Bank's offering, the methods it employs to help customers, and its geographical presence have evolved alongside developments in customer behaviour and changes in the general environment. For a long time, the Bank's growth in Sweden came from acquiring small, regional Swedish banks, and through its development of a widespread branch network. Over time, the Bank began to expand beyond Sweden's borders, by following customers out into the world, and by exporting its successful business model to other countries, engaging in local banking business in just the same way as it does in Sweden. The overall aim has always been to build a better and better bank, well equipped to always meet its customers changing needs. Through such unceasing adjustments and adaptations, the Bank has been able to maintain satisfied customers, low risk and stable finances, going back decades. The Bank's pronounced decentralised decision-making structure, where decisions are made close to the customer, has served to strengthen the stable development.

The accelerated pace of technological breakthroughs in recent decades has created numerous new possibilities, for customers and for the Bank. Digitalisation and changed customer behaviour mean that customers now increasingly carry out their day-to-day banking business in the digital sphere or remote. Meetings with advisors and decision-makers at Bank branches rather relate to more complex matters and questions, often of greater significance to the customer.

The Bank's ability to adapt to these changes is reflected in our financial performance: high levels of customer satisfaction, good business development and income growth, alongside a falling underlying cost level. Investments are clearly targeted at the core business areas – in the form of both digital solutions for customers and internal tools. This creates a solid foundation from which the Bank can become even more relevant and competitive – further bolstering the potential for growth in business volumes, and also renewing and deepening of customer relationships.

During the first nine months of the year, business volumes grew steadily, particularly within Swedish mortgages, savings and property related financing.

The high quality of the Bank's customers – with steady cash flows and stable finances – is reflected in the credit portfolio, where the historically very high quality has seen further improvement. The capital situation has continued to strengthen thanks to profitable growth, with satisfied customers, at a low risk.

Cost reducing measures have been an important contributing factor to improving profitability. At the same time, business development has strengthened. The Bank's main markets today comprise the operations in Sweden, Norway and the UK. Together, they accounted for 81% of income and 73% of expenses. Their share of the Group's operating profit was 91%. In these three markets, the Bank sees big potential for strong business development and profitable growth, with satisfied customers and at low risk.

### SWEDEN

The changes within the Swedish operations, which entered into a new phase a year ago, have so far been successful. The Bank has a strong local presence, and is by far the Bank with most branches in the Swedish market. In addition, the geographical availability of services within, for example, Private Banking, insurance and other specialist corporate advisory, has been substantially expanded. At the same time, the Bank has taken additional steps to provide advisory services remotely. Through the remote services the Bank's customers can meet advisors, whether by telephone or video, who have the mandate to provide advisory services based on the customer's needs, to grant mortgage loans or give advice on savings, at a time of the customer's choosing. The ongoing digitalisation processes, with ever improving tools and meeting places, gives the Bank even more opportunities to achieve its ambition of providing customers with the best bank offering within financing and savings, no matter where the meeting with the customer takes place.

In Sweden during the past year, the Bank has increased the mortgage volume by just over 5%, the managed fund volume by 27% and income by just over 5%. Cost efficiency was further improved, and the C/I ratio fell from 36.3% to 36.0%, including the effects of increased IT development. Handelsbanken is the largest bank within corporate lending in Sweden. During the first three quarters of the year, Sweden accounted for 72% of the Group's operating profit, 58% of its income, and 45% of its expenses.

### NORWAY

Over the last 15 years, the Norwegian operations have exhibited strong growth in financing, primarily on the corporate side. This positive development continued during the current period. During the last year, income increased by 8% while expenses remained largely unchanged, leading to a 12% improvement to profit before credit losses. Cost efficiency was further

improved, and the C/I ratio fell from 40.2% to 37.4%. Household lending increased by 5%, household deposits by 15%, and savings in mutual funds by 38%.

In the Norwegian market, as it has in Sweden, the Bank has been able to build a profitable business with a strong position in the corporate market – driven by high levels of customer satisfaction and with good cost efficiency, aligned with low risk. At the same time, the Bank's Norwegian private customer operations offer much potential in for example asset management. Norway accounted for 9% of the income, 7% of the expenses and 11% of the Group's operating profit during the first nine months of the year.

#### UK – HANDELSBANKEN PLC

The UK is a large market with considerable growth potential for the Bank. With a unique offering on the UK market, the Bank has a very good reputation. In recent years, due to for example Brexit, the Bank has adapted its operations, to be conducted in the form of a UK subsidiary, under the supervision of the British authorities. The subsidiary has, with its local presence, developed a strong customer base, constituting good conditions for renewed growth in financing and Private Banking. After several years of broad establishment, the Bank has recently undergone organisational and operational consolidation. This period is assessed as being in the final phase, and the Bank now foresees good possibilities, with a more efficient organisation and less administrative burden, for good growth and improved profitability.

During the first nine months of the year, assets under management increased by 16% and deposits increased by 11%. Handelsbanken plc accounted for 14% of the income, 21% of the expenses and 8% of the Group's operating profit during the first nine months of the year.

#### DENMARK AND FINLAND

In Denmark and Finland, as in the other markets, banking operations are provided for customers with stable cash flows and good credit quality, and the operations achieve high levels of customer satisfaction. Despite a long-term presence on these markets, the Bank's market position remains small. The potential of scaling up the offering without significant investment is considered to be small. The synergies of running banking operations with lower volumes in disparate geographical locations have decreased as new regulatory frameworks have been introduced, both locally and internationally, meaning that the Bank now needs central staff functions and infrastructure in each market.

The Bank has therefore decided to cease its operations in Denmark and Finland. A process is being initiated to divest these two operations.

During the first nine months of the year, 10% of the Group's income and 13% of its expenses were attributable to Denmark and Finland. Their share of the Group's operating profit was 8%.

The allocated capital to the operations in Denmark amounts to around SEK 7.5 billion. The corresponding amount for the operations in Finland amounts to around SEK 7.6 billion, making a total allocated capital for Denmark and Finland of around SEK 15 billion. The common equity tier 1 capital related to Denmark and Finland amounts to around SEK 6 billion each, in other words a total of around 12 billion.

Profit/loss from Denmark and Finland will be recorded as Profit/loss from discontinued operations as of Q4 2021.

#### THE NETHERLANDS, LUXEMBOURG AND NEW YORK

The Bank's operations in the Netherlands have exhibited good profitability in recent years, with a focused offering within property finance and asset management. From 1 January 2022, the Netherlands will be organised within Capital Markets, together with Luxembourg and New York.

In addition to the Bank's offering to its customers in the Netherlands and Luxembourg, a presence in the eurozone is strategically important to the Bank, from a funding perspective.

The operations in New York will continue to be run in the same manner as previously. A presence in the USA is also of strategic importance for the Bank, with the direct access to USD funding it entails.

#### FOCUS ON PROFITABLE GROWTH

The systematic work on cost reducing measures is proceeding according to plan with undiminished strength. The measures involved have primarily included adaptation of the Bank's geographical presence, the divestment of parts of the payments offering, efficiency enhancements to the internal organisation, and the development of the Bank's branch network. These measures provide the Bank with a solid foundation for strong development, which is already supported by key ratios.

The Bank's target of reaching an annual cost base of SEK 20bn has lost its relevance. The IT-development conducted by the Bank entails a larger up-front expense recognition of the development spend than previously, while at the same time the divestment of the Bank's Danish and Finnish operations will reduce the level of expenses in general.

Despite a large focus on reducing the cost base of the Bank, the business development and income growth have been good. The Bank foresees good opportunities to strengthen its position in its primary markets – Sweden, Norway and the UK – and within core business areas: financing and asset management. The Bank's goal is for the C/I ratio and return on equity to continue to improve through a combination of cost reducing measures and growth-oriented investment.

## JANUARY – SEPTEMBER 2021 COMPARED WITH JANUARY – SEPTEMBER 2020

Operating profit increased by 26% to SEK 18,154m (14,423). The appreciation of the Swedish krona had a negative impact of SEK -62m on operating profit. Adjusted for foreign exchange effects and the Oktogonen profit-sharing scheme (“Oktogonen”), as well as non-recurring items of SEK -1,508m that affected expenses during the third quarter of the previous year, operating profit went up by 14%. Profit before credit losses improved by 10%, after adjustment for the aforementioned items.

Income grew by 6% to SEK 34,709m (32,817). Foreign exchange effects had a SEK -243m impact on income. Adjusted for these, income grew by 7%.

Expenses decreased by 7% to SEK -16,554m (17,718). Adjusted for foreign exchange effects, the provision for Oktogonen and non-recurring items during the period of comparison, the underlying increase in expenses was 3%. The underlying SEK 513m increase in expenses was entirely due to higher development costs.

The work on cost reducing measures is continuing, and incorporates staff cuts, improved efficiency in development and organisation, decreased project expenses for work to prevent financial crime, as well as the divestment of the card acquisition business and the planned divestment of the subsidiary, Ecster. Starting a year ago, cost reducing measures equivalent to approximately SEK 1.7bn have been agreed on/implemented, and have so far over the last 12 months resulted in the achievement of positive effects on profits of approximately SEK 0.7bn. Hence, around SEK 1bn of measures were agreed on but not yet materialised on an annual basis at the end of the quarter.

The C/I ratio went down to 47.7% (54.0).

Return on equity increased to 11.5% (9.7), and earnings per share rose to SEK 7.22 (5.66).

The common equity tier 1 ratio was 19.4% (19.4), after a deduction of 1.1 percentage points for the proposed extra dividend. The common equity tier 1 capital was SEK 148bn (135), after a deduction of SEK 8.6bn for the proposed extra dividend.

### Non-recurring items and special items in operating profit

SEK m	Jan-Sep 2021	Jan-Sep 2020
<b>Non-recurring items</b>		
Restructuring costs	-	-1,470
Impairment of discontinued IT systems	-	-38
<b>Total non-recurring items</b>	-	<b>-1,508</b>
<b>Special items</b>		
Oktogonen profit-sharing scheme	-5	-
<b>Total special items</b>	<b>-5</b>	-

### Income

SEK m	Jan-Sep 2021	Jan-Sep 2020	Change
Net interest income	23,740	23,745	0%
<i>of which government fees</i>	-1,069	-1,088	-2%
Net fee and commission income	9,175	7,902	16%
Net gains/losses on financial trans.	1,475	897	64%
Other	319	273	17%
<b>Total income</b>	<b>34,709</b>	<b>32,817</b>	<b>6%</b>

Income grew by 6% to SEK 34,709m (32,817). Foreign exchange effects had a SEK -243m impact on income. Adjusted for these, income grew by 7%.

Net interest income was virtually unchanged at SEK 23,740m (23,745). The appreciation of the Swedish krona reduced net interest income by SEK -176m, and adjusted for foreign exchange effects, net interest income increased by 1%. Continued robust growth, resulting from the Bank’s strong market position, particularly as regards mortgage loans and property finance, led to growing business volumes having a positive impact of SEK 448m. The net effect of margins and funding costs is more volatile over time, and had a negative impact of SEK -245m. The day count effect, arising because the period of comparison was during a leap year, was SEK -19m. Government fees decreased by SEK 19m to a total of SEK -1,069m (-1,088). Other effects amounted to SEK -32m and were partially attributable to the discontinuation of the operations in Asia.

Net fee and commission income climbed by 16% to SEK 9,175m (7,902). Foreign exchange effects had a negative impact of SEK -56m; adjusted for these, net fee and commission income grew by 17%. Fund management, custody account management and other asset management commissions increased by 33%, or SEK 1,275m, to SEK 5,192m (3,917). Income from insurance grew by 18% to SEK 675m (573). Brokerage income totalled SEK 479m (487). Lending and deposit commissions fell by 4% to SEK 974m (1,012). Net payment commissions went down by 4% to SEK 1,217m (1,270), of which net card commissions decreased by 2% to SEK 761m (776). Guarantee commissions decreased by 16% to SEK 227m (269), which was largely attributable to the discontinuation of operations in Asia.

Net gains/losses on financial transactions increased by SEK 578m to SEK 1,475m (897). The period of comparison was adversely affected by the outbreak of the Covid-19 pandemic, with CVA and DVA having a negative impact of SEK -156m on profit, compared to SEK 88m during the current period. Of the improvement to this figure, a total of SEK 50m was attributable to a lower provision for a deferred capital contribution in Handelsbanken Liv’s traditional insurance operations, of SEK -46m (-96).

Other types of income increased to SEK 319m (273), with the risk result – insurance rising to SEK 157m (116).

#### Expenses

SEK m	Jan-Sep 2021	Jan-Sep 2020	Change
Staff costs	-10,362	-11,673	-11%
<i>of which Oktogonen</i>	-5	-	
Other expenses	-4,734	-4,698	1%
Depreciation and amortisation	-1,458	-1,347	8%
<b>Total expenses</b>	<b>-16,554</b>	<b>-17,718</b>	<b>-7%</b>
<b>Change after adjustment of foreign exchange effects and special items</b>			<b>3.2%</b>

#### Development costs

SEK m	Jan-Sep 2021	Jan-Sep 2020	Change
Development spend	-2,139	-1,930	11%
<i>of which staff costs</i>	-1,063	-951	12%
<i>of which other costs</i>	-1,076	-979	10%
Capitalised costs	455	656	-31%
<i>of which staff costs</i>	196	245	-20%
<i>of which other costs</i>	259	411	-37%
<b>Development spend after capitalised costs</b>	<b>-1,684</b>	<b>-1,274</b>	<b>32%</b>
Amortisation and impairment	-515	-380	36%
<b>Development costs</b>	<b>-2,199</b>	<b>-1,654</b>	<b>33%</b>

As of this quarter, the item 'Capitalised costs' in the table above includes the capitalisation of prepaid expenses, primarily attributable to cloud development, in addition to the capitalisation of intangible assets, which previously constituted the entirety of this item.

Total expenses fell by 7% to SEK -16,554m (-17,718). The appreciation of the Swedish krona reduced expenses by SEK 174m. A provision of SEK -5m (-) was made for Oktogonen during the period. A provision was made in the comparison period for a restructuring reserve of SEK -1,470m and an impairment loss on IT systems of SEK -38m was incurred. Adjusted for this, the underlying increase in expenses was 3% or SEK 513m. This increase was entirely attributable to a rise in development costs, which grew by SEK 545m, or 33%. Also making adjustments for this, the expenses decreased by SEK 32m.

During the period, SEK 939m was utilised from the restructuring reserves recognised by the Bank in 2019 and 2020, amounting to a total of SEK 2.3bn. A total of SEK 1.4bn has now been utilised, and SEK 0.9bn remains to be utilised.

During Q3 2020, the Bank decided to temporarily increase IT investments during the period 2021-2022 by a total of SEK 1bn. As part of this programme, SEK -324m was withdrawn during the period. Total expenses for the Bank's development increased by 11% to SEK -2,139m (-1,930).

During the year, a smaller portion of the development costs have been capitalised on the Bank's balance sheet and, instead, have been recognised as expenses directly in the income statement. Capitalised costs decreased to

SEK 455m (656). The capitalisation rate can vary over time, due to the nature of the projects to which the development relates. At present, the Bank is running a number of projects concerned with migration to cloud services, with a significant proportion of the expenses being recognised on a current basis. Development costs, including amortisation, thus rose by 33% to SEK -2,199m (-1,654). At the end of the period, total capitalised development amounted to around SEK 3.7bn (3.9)

Staff costs decreased by 11% to SEK -10,362m (-11,673). Foreign exchange effects had a SEK 103m positive impact. The provision for Oktogonen was SEK -5m (-). Staff costs during the period of comparison were burdened with a provision for the restructuring reserve, amounting to SEK -1,310m. Adjusted for these items, the increase in staff costs was SEK 97m, or 1%, of which the increase in staff costs attributable to the Bank's IT development, net after capitalisations, was SEK 161m, an increase of 23%. Pension costs were SEK -1,503m (-1,473). The average number of employees fell to 12,322 (12,588). The number of employees at the end of the period was 12,198 (12,629), a decrease of 431.

Other expenses, including depreciation and amortisation, amounted to SEK -6,192m (-6,045). Foreign exchange effects reduced other expenses by SEK 71m. During the period of comparison, other expenses were burdened by a provision for a restructuring reserve of SEK -160m and an impairment loss on IT systems of SEK -38m. Adjusted for these items, the increase in other expenses was SEK 416m, or 7%, of which the increase in other expenses, including depreciation and amortisation, attributable to the Bank's IT development, net after capitalisations, accounted for SEK 384m.

Depreciation and amortisation increased to SEK -1,458m (-1,347), with amortisation linked to development amounting to SEK -515m (-380).

The systematic cost reduction work is proceeding according to plan with no abatement.

#### Credit losses

SEK m	Jan-Sep 2021	Jan-Sep 2020	Change
Net credit losses	-11	-684	673
of which additional provision requirements	-41	-567	
Credit loss ratio as % of loans to the public	0.00	0.03	

Credit losses totalled SEK -11m (-684). At the end of the quarter, the expert-based additional provision requirement according to IFRS 9 was SEK 605m (567). The credit loss ratio was 0.00% of loans to the public (0.03).

## Taxes

The effective tax rate was 21.2% (22.2). As of 1 January 2021, the corporate tax rate in Sweden is 20.6%, a reduction from 21.4%. The fact that interest expenses on subordinated loans are not tax-deductible had an impact of 0.9 percentage points on the tax rate, compared with the corporate tax rate.

## Q3 2021 COMPARED WITH Q2 2021

Operating profit climbed by 9% to SEK 6,554m (5,988). Foreign exchange effects were marginal and had an impact of SEK -3m. Credit quality remained very good, and credit losses amounted to SEK -66m (47).

Income grew by 2% to SEK 11,815m (11,602). The depreciation of the Swedish krona had a positive impact on income of SEK 14m.

Expenses decreased by 8% to SEK -5,199m (-5,672). The C/I ratio improved to 44.0% (48.9). Foreign exchange effects had a negative impact of SEK -16m on expenses. Adjusted also for provisions to Oktogonen, expenses decreased by 3%. The C/I ratio, adjusted for Oktogonen, was 46.2% (48.4).

Return on equity was 12.4% (11.6). The period's profit after tax increased by 10% to SEK 5,193m (4,733). Earnings per share increased to SEK 2.62 (2.39).

## Non-recurring items and special items in operating profit

SEK m	Q3 2021	Q2 2021	Change
<b>Special items</b>			
Oktogonen profit-sharing scheme	263	-55	
<b>Total special items</b>	<b>263</b>	<b>-55</b>	

## Income

SEK m	Q3 2021	Q2 2021	Change
Net interest income	7,961	7,961	0%
<i>of which government fees</i>	-356	-368	-3%
Net fee and commission income	3,157	3,055	3%
Net gains/losses on financial trans.	592	486	22%
Other	105	100	5%
<b>Total income</b>	<b>11,815</b>	<b>11,602</b>	<b>2%</b>

Net interest income was unchanged at SEK 7,961m (7,961). The depreciation of the Swedish krona had a positive impact of SEK 10m. The effect of the comparison quarter having one less calendar day was SEK 33m. An increase in business volumes in the home markets made a positive contribution of SEK 93m, while the net effect of margins and funding costs was negative, amounting to SEK -125m. Government fees decreased by SEK 12m to SEK -356m (-368). Other effects made a contribution of SEK -23m.

Net fee and commission income increased by 3% to SEK 3,157m (3,055), the highest ever quarterly level. Fund commissions continued to grow, increasing by

SEK 115m, or 8%, to SEK 1,556m (1,441). Net payment commissions increased by 7% to SEK 430m (403), with net card commissions totalling SEK 274m (249). Other commission income usually has a seasonal downturn during the third quarter, as customers are often less active during the summer months. Brokerage income decreased by 9% to SEK 145m (160), while advisory income decreased by 44% to SEK 35m (63). Lending and deposit commissions fell by 3% to SEK 318m (328).

Net gains/losses on financial transactions totalled SEK 592m (486). This was affected by positive value effects on derivatives linked to the Bank's funding.

Other types of income totalled SEK 105m (100), with risk result – insurance improving to SEK 51m (37).

## Expenses

SEK m	Q3 2021	Q2 2021	Change
Staff costs	-3,178	-3,536	-10%
<i>of which Oktogonen</i>	263	-55	
Other expenses	-1,560	-1,611	-3%
Depreciation and amortisation	-461	-525	-12%
<b>Total expenses</b>	<b>-5,199</b>	<b>-5,672</b>	<b>-8%</b>

## Development costs

SEK m	Q3 2021	Q2 2021	Change
Development spend	-650	-765	-15%
<i>of which staff costs</i>	-302	-383	-21%
<i>of which other costs</i>	-348	-382	-9%
Capitalised costs	149	125	19%
<i>of which staff costs</i>	57	55	4%
<i>of which other costs</i>	92	70	31%
<b>Development spend after capitalised costs</b>	<b>-501</b>	<b>-640</b>	<b>-22%</b>
Amortisation and impairment	-163	-187	-13%
<b>Development costs</b>	<b>-664</b>	<b>-827</b>	<b>-20%</b>

As of this quarter, capitalised costs related to development also include the capitalisation of prepaid expenses, primarily attributable to cloud development, in addition to the capitalisation of intangible assets, which previously constituted the entirety of this item. The amount capitalised in Q2 has thus been adjusted.

Total expenses fell by 8% to SEK -5,199m (-5,672). The depreciation of the Swedish krona increased expenses by SEK 16m. During the quarter, part of the preliminary provision for Oktogonen, amounting to SEK 263m, was reversed. Adjusted for foreign exchange effects and Oktogonen, expenses decreased by 3%.

Development costs were seasonally lower and fell by 20% during the third quarter to SEK 664m (-827). Total expenses for the Bank's development amounted to SEK -650m (-765). Capitalised costs increased to SEK 149m (125).

Staff costs went down by 10%, or SEK 358m, to SEK -3,178m (-3,536), chiefly due to developments involving Oktogonen: during the quarter, part of the preliminary provision for Oktogonen, amounting to SEK 263m, was reversed. A provision of SEK -55m was made to Oktogonen during the comparison quarter. The



depreciation of the Swedish krona increased staff costs by SEK 9m. Adjusted for these items, staff costs decreased by just over 1% during the quarter. As a result of staff employed temporarily during the summer period, the average number of employees grew to 12,299 (12,272). The number of employees at the end of the quarter was 12,198 (12,220).

Other types of expenses fell by 5% to SEK -2,021m (-2,136), mainly due to a SEK 64m decrease in depreciation, amortisation and impairment, which amounted to SEK -461m (-525). Foreign exchange effects were SEK -7m.

#### Credit losses

SEK m	Q3 2021	Q2 2021	Change
Net credit losses	-66	47	-113
<i>of which additional provision requirements</i>	-8	6	-14
Credit loss ratio as % of loans to the public	0.01	-0.02	

Credit losses were SEK -66m (47), and the credit loss ratio was 0.01% (-0.02). At the end of the quarter, the expert-based additional provision requirement according to IFRS 9 was SEK 605m (597).

#### Taxes

The effective tax rate was 20.8% (21.0). As of 1 January 2021, the corporate tax rate in Sweden is 20.6%, a reduction from 21.4%. The fact that interest expenses on subordinated loans are not tax-deductible had an impact of 0.8 percentage points on the tax rate, compared with the corporate tax rate.

#### SUSTAINABILITY

Handelsbanken has an ambition – and a responsibility – to be at the forefront of sustainability work, increasing its tempo in this field. Early in the year, the Bank presented a clear strategy for its continuing work within sustainability, and launched concrete, measurable sustainability goals for the Bank's core operations: financing, investment and advisory services. This included the objective of zero net emissions of greenhouse gases as soon as possible, or by 2040 at the latest.

In the second quarter, the Bank launched several new green loan offerings, for both private and corporate customers. In late June, Handelsbanken became the first bank in the Nordic region to enter into a green EU taxonomy-adapted loan, when the Bank granted a loan to a Swedish real estate company for the financing of a modern office property that fulfils the requirements for taxonomy loans. Handelsbanken Fonder became the first Swedish fund management company to change the index of seven of its global and regional index funds to Paris-Aligned Benchmarks.

During the third quarter, Handelsbanken entered into its first sustainability-linked loan facility, focusing on

both the climate and diversity, when the Bank, with a Swedish real estate company, entered into an agreement connected to a number of predetermined sustainability targets within the areas of climate and diversity. A sustainability-linked loan differs from green funding, in that the funds do not need to be used for a specific green purpose. Instead, the focus is on improving the customer's performance in terms of sustainability.

Earlier this year, the EU's Sustainable Finance Disclosures Regulation (SFDR) came into force. This means that asset managers must be transparent in how their mutual funds are classified under the SFDR. At the end of the third quarter, 15.5% of the total fund volume in the Group's mutual funds were invested in the highest category (article 9), i.e. funds that have sustainable investments or a reduction in carbon dioxide emissions as goals, and 78.5% in the second highest (article 8), i.e. funds that promote environmental and social aspects.

#### BUSINESS DEVELOPMENT

January – September 2021 compared with January – September 2020

As in previous years, EPSI Rating and Swedish Quality Index (SKI) verified that Handelsbanken's customers – both private and corporate – are more satisfied than the average for the banking sector, in all the Bank's home markets.

Loans to the public at the end of the period increased by 3% to SEK 2,361bn (2,290). Household lending increased by 5% to SEK 1,295bn (1,236), and corporate lending grew by 1% to SEK 1,066bn (1,054).

Deposits and borrowing at the end of the period increased by 10% to SEK 1,449bn (1,318). Household deposits increased by 8% to SEK 606bn (562), while corporate deposits increased by 12% to SEK 844bn (756).

The total volume of assets under management in the Group at the end of the period amounted to SEK 996bn (787), an increase of 27% compared with the previous year. Of the assets under management, SEK 909bn (710) was invested in the Bank's funds, an increase of 28%. Net inflows accounted for SEK 73bn of the SEK 199bn increase in fund volume, while value appreciation accounted for SEK 126bn. Net inflows to the Bank's mutual funds since the year-end were SEK 50.4bn (17.9), of which SEK 15.8bn (2.3) came from the home markets outside Sweden. Handelsbanken accounted for 31% of the total net new savings in the Swedish mutual fund market in the first nine months of the year.

Q3 2021 compared with Q2 2021

The average volume of loans to the public grew by 1%, or SEK 26bn, during the quarter, to SEK 2,358bn (2,332). The depreciation of the Swedish krona had a marginal impact on the average volume. Household lending increased by SEK 18bn to SEK 1,286bn (1,268),

while corporate lending grew by SEK 8bn to SEK 1,072bn (1,064).

The total average volume of deposits and borrowing rose by 1%, or SEK 13bn, to SEK 1,500bn (1,487). The depreciation of the Swedish krona had a positive impact of SEK 8bn on the average volume. Household deposits climbed by SEK 14bn, while corporate deposits saw only a marginal increase.

Total assets under management in the Group increased during the third quarter by 2% to SEK 996bn (980), of which SEK 909bn (892) was invested in the Bank's mutual funds. The net inflow to the Bank's mutual funds during the quarter was SEK 14.4bn (11.5), of which SEK 2.8bn (3.4) came from the home markets outside Sweden.

## FUNDING AND LIQUIDITY

Bond issues during the nine-month period amounted to SEK 139bn (126), of which SEK 106bn (90) was covered bonds and SEK 33bn (36) was senior bonds. No subordinated loans have been issued during the year (9).

In July, the Swedish National Debt Office, which is the resolution authority, circulated for official comment proposals regarding how the requirements of the new BRRD2 recovery and resolution directive should be applied in Sweden. Among other things, these proposals set out how much senior non-preferred bonds the Bank will need to retain. By the end of the third quarter, the Bank had issued the equivalent of SEK 32bn of senior non-preferred bonds in accordance with the directive. The ultimate size of the requirement will depend on the Bank's capital requirements and capitalisation at the end of 2023. In this context, the Bank's large outstanding volume of senior bonds is an advantage. The overall assessment is that the build-up phase of senior non-preferred falls well within the Bank's ongoing funding operations.

The Bank has large volumes of liquid funds, mortgage loans and other assets that are not encumbered and therefore represent protection for the Bank's senior lenders. The ratio of non-encumbered assets to all unsecured market funding amounted to 284% at the end of the quarter (276 at the end of Q2 2021).

At the end of the third quarter, cash funds and liquid assets deposited with central banks amounted to SEK 615bn (compared with SEK 615bn at the end of Q2 2021). The volume of liquid bonds and other liquid assets totalled SEK 136bn (130 at the end of Q2 2021).

At the end of the period, the Group's liquidity coverage ratio, (LCR), calculated according to the European Commission's delegated Act, was 158% (155 at the end of Q2 2021). At the end of the period, the net stable funding ratio (NSFR) according to CRR2 was 115% (115 at the end of Q2 2021).

## CAPITAL

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 communicated to the Bank by the Swedish Financial Supervisory Authority by 1-3 percentage points.

At the end of the quarter, the common equity tier 1 ratio was 19.4%. In the Bank's assessment, the Swedish Financial Supervisory Authority's expected common equity tier 1 capital requirement at the end of the quarter was 13.8% (SEK 105bn), of which 2.7 percentage points (SEK 21bn) comprise the common equity tier 1 capital requirement in Pillar 2.

At the end of the quarter, the total capital ratio was 23.4%. The Bank's assessment is that the Swedish Financial Supervisory Authority's expected total capital requirement amounted to 18.0% (SEK 137bn) on the same date, of which 3.4 percentage points (SEK 26bn) comprises the total capital requirement in Pillar 2. The Bank's capitalisation was thus above the target range.

As a result of the positive capital situation, the Bank has given notice of an extraordinary general meeting of shareholders on 21 October, to resolve on the purchase of 30.5 million class A shares in Industrivärden from Svenska Handelsbankens Pensionsstiftelse ("the Pension Foundation") and a dividend in kind of these to Handelsbanken's shareholders. The Pension Foundation is part of Handelsbanken's pension management of the Bank's occupational pension obligations. The net capital of the Pension Foundation has a direct impact on the Group's equity, and thereby also the common equity tier 1 ratio. Furthermore, the capital requirements regarding the net surplus are covered according to CRR in Pillar 1, and the risks in the pension system are covered in Pillar 2 according to the Swedish Financial Supervisory Authority's model for pension risk. The purpose of the proposals is thus both to calibrate the Bank's capital situation and to reduce the share proportion in the management of defined benefit occupational pensions, thereby reducing the volatility in the pension management. A reduction of volatility in the pension management's asset values improves the long-term stability of the Bank's capitalisation.

The additional dividend amount is determined on the basis of Industrivärden's class A share price on 21 October, which corresponds to approximately SEK 8.6bn on the basis of the share price on 30 September.

### Capital for consolidated situation 30 September 2021 compared with 30 September 2020

SEK m	30 Sep 2021	30 Sep 2020	Change
Common equity tier 1 ratio, CRR	19.4%	19.4%	0.0
Total capital ratio, CRR	23.4%	24.2%	-0.8
Risk exposure amount, CRR	759,375	697,074	9%
Common equity tier 1 capital	147,628	135,465	9%
Total own funds	177,819	168,409	6%
Equity, Group	182,283	167,495	9%

Own funds were SEK 178bn (168), and the Bank's total capital ratio amounted to 23.4% (24.2). The common equity tier 1 capital was SEK 148bn (135), while the common equity tier 1 ratio was 19.4% (19.4). Earnings raised the common equity tier 1 capital ratio by 1.1 percentage point, after a deduction for the dividend generated. The proposed additional dividend of Industrivärden shares to the shareholders had a negative effect of 1.2 percentage points. The return to own funds of the previously anticipated deducted dividend proposed on the basis of profit in 2019 had a positive contribution of 1.6 percentage points. The effects of net pensions had a positive impact of 0.2 percentage points. Lower exposure volumes reduced the common equity tier 1 ratio by 0.1 percentage points, and the net effect of customer and volume migration was positive in the amount of 0.4 percentage points. Foreign exchange effects had a negative effect of 0.1 percentage point. The transition from IRB to a standardised basis for calculating the capital requirement for credit risk in the UK at Group level reduced the common equity tier 1 ratio by 1.3 percentage points. New risk weight floors for lending to commercial real estate companies in Norway reduced the common equity tier 1 ratio by 0.4 percentage points. The transfer of risk weight floors for mortgages in Norway from Pillar 2 to Pillar 1 had a negative impact of 0.3 percentage points. Other effects had a negative impact of 0.1 percentage points on the common equity tier 1 ratio.

### Capital for consolidated situation 30 September 2021 compared with 30 June 20

SEK m	30 Sep 2021	30 Jun 2021	Change
Common equity tier 1 ratio, CRR	19.4%	20.5%	-1.1
Total capital ratio, CRR	23.4%	24.5%	-1.1
Risk exposure amount, CRR	759,375	744,288	2%
Common equity tier 1 capital	147,628	152,867	-3%
Total own funds	177,819	182,578	-3%
Equity, Group	182,283	178,623	2%

Own funds amounted to SEK 178bn (183) and the total capital ratio was 23.4% (24.5). The common equity tier 1 capital was SEK 148bn (153), while the common equity tier 1 ratio was 19.4% (20.5). Profit for the period

<sup>1</sup> The difference compared to the negative contribution of 1.2 percentage points in the preceding paragraph is due to the differing sizes of the risk-weighted exposure amounts at the start of the respective periods.

contributed 0.3 percentage points, after a deduction for the dividend payout ratio of 40%. The proposed additional dividend of Industrivärden shares to the shareholders had a negative effect of 1.1 percentage points.<sup>1</sup>

The pension system had a neutral effect on capital ratios, as the size of the net assets led to neither the crediting nor risk-weighting of the capital.

Changed exposure volumes had a positive impact of 0.1 percentage point. The net effect of customer and volume migration had a positive effect of 0.1 percentage point. New risk weight floors for lending to commercial real estate companies in Norway reduced the common equity tier 1 ratio by 0.4 percentage points. The transfer of risk weight floors for mortgages in Norway from Pillar 2 to Pillar 1 had a negative impact of 0.3 percentage points. Foreign exchange effects and other effects increased the common equity tier 1 ratio by 0.2 percentage points.

### Economic capital and available financial resources

The Bank's internal assessment of its need for capital is based on the Bank's capital requirement, stress tests, and the Bank's model for economic capital (EC). This is measured in relation to the Bank's available financial resources (AFR). The Board stipulates that the AFR/EC ratio for the Group must exceed 120%. At the end of Q3, Group EC totalled SEK 56.7bn (57.8), while AFR was SEK 205.1bn (184.0). Thus, the ratio between AFR and EC was 362% (318). For the consolidated situation, EC totalled SEK 28.9bn (28.8), and AFR was SEK 199.0bn (179.5).

### Rating

During the quarter, Handelsbanken's long-term and short-term senior ratings with the rating agencies which monitor the Bank were unchanged (see the following table). During the quarter, Fitch improved the outlook for the Bank's rating from negative to stable, matching the outlooks of other rating agencies. Moreover, Moody's raised the Bank's rating for outstanding AT1 bonds to Baa2 (Baa3) during the quarter, and announced that the Bank's senior non-preferred bonds may potentially be assigned a higher credit rating.

	Long-term	Short-term	Counterparty risk rating
Standard & Poor's	AA-	A-1+	AA-
Fitch	AA	F1+	
Moody's	Aa2	P-1	Aa1
DBRS	AA (low)		

#### EVENTS AFTER THE END OF THE PERIOD

On 27 July 2021, Handelsbanken published a press release stating that an agreement had been entered into with Worldline regarding the sale of the card acquiring business. All terms and conditions for the transactions have been fulfilled and the transfer was completed on 18 October 2021. The purchase consideration amounts to SEK 2,000 m for the operations, including a distribution agreement. As a result of the transaction, Handelsbanken will report other net income of, provisionally, SEK 550 m during the fourth quarter. In addition, the distribution agreement will generate ongoing commission income, partially related to the purchase consideration.

# Handelsbanken Group – Business segments

January - September 2021	Home markets								Adj. & elim.	Group Jan-Sep 2021
	Sweden	UK	Norway	Denmark	Finland	The Netherlands	Capital Markets	Other		
SEK m										
Net interest income	13,534	4,073	2,740	1,199	1,051	767	203	173		23,740
Net fee and commission income	6,267	561	475	540	536	106	698	-8		9,175
Net gains/losses on financial transactions	366	135	37	96	50	20	854	-83		1,475
Risk result - insurance							157			157
Share of profit of associates								46		46
Other income	46	0	4	7	11	0	16	32		116
<b>Total income</b>	<b>20,213</b>	<b>4,769</b>	<b>3,256</b>	<b>1,842</b>	<b>1,648</b>	<b>893</b>	<b>1,928</b>	<b>160</b>		<b>34,709</b>
Staff costs	-2,444	-1,837	-657	-556	-337	-298	-1,518	-2,590	-125	-10,362
Other expenses	-609	-763	-119	-106	-215	-53	-568	-2,301		-4,734
Internal purchased and sold services	-4,075	-674	-394	-374	-424	-125	628	5,438		
Depreciation, amortisation and impairments of property, equipment and intangible assets	-242	-238	-63	-35	-46	-38	-215	-542	-39	-1,458
<b>Total expenses</b>	<b>-7,370</b>	<b>-3,512</b>	<b>-1,233</b>	<b>-1,071</b>	<b>-1,022</b>	<b>-514</b>	<b>-1,673</b>	<b>5</b>	<b>-164</b>	<b>-16,554</b>
<b>Profit before credit losses</b>	<b>12,843</b>	<b>1,257</b>	<b>2,023</b>	<b>771</b>	<b>626</b>	<b>379</b>	<b>255</b>	<b>165</b>	<b>-164</b>	<b>18,155</b>
Net credit losses	27	80	-132	10	-6	-1	12	-1		-11
Gains/losses on disposal of property, equipment and intangible assets	7	9	5	0	0	-	-10	-1		10
<b>Operating profit</b>	<b>12,877</b>	<b>1,346</b>	<b>1,896</b>	<b>781</b>	<b>620</b>	<b>378</b>	<b>257</b>	<b>163</b>	<b>-164</b>	<b>18,154</b>
Profit allocation	263	32	37	10	19	1	-362			
<b>Operating profit after profit allocation</b>	<b>13,140</b>	<b>1,378</b>	<b>1,933</b>	<b>791</b>	<b>639</b>	<b>379</b>	<b>-105</b>	<b>163</b>	<b>-164</b>	<b>18,154</b>
Internal income*	-450	-721	-1,161	-118	-134	-322	-338	3,244		

January - September 2020	Home markets								Adj. & elim.	Group Jan-Sep 2020
	Sweden	UK	Norway	Denmark	Finland	The Netherlands	Capital Markets	Other		
SEK m										
Net interest income	13,639	4,338	2,614	1,222	1,047	675	279	-69		23,745
Net fee and commission income	5,175	550	373	461	518	91	734			7,902
Net gains/losses on financial transactions	337	128	36	84	36	17	772	-513		897
Risk result - insurance							116			116
Share of profit of associates								35		35
Other income	21	1	3	5	8	2	20	62		122
<b>Total income</b>	<b>19,172</b>	<b>5,017</b>	<b>3,026</b>	<b>1,772</b>	<b>1,609</b>	<b>785</b>	<b>1,921</b>	<b>-485</b>		<b>32,817</b>
Staff costs	-2,470	-1,840	-621	-582	-340	-297	-1,673	-3,717	-133	-11,673
Other expenses	-615	-656	-157	-97	-149	-104	-636	-2,284		-4,698
Internal purchased and sold services	-3,735	-573	-382	-340	-379	-106	428	5,087		
Depreciation, amortisation and impairments of property, equipment and intangible assets	-230	-197	-67	-37	-52	-44	-72	-648		-1,347
<b>Total expenses</b>	<b>-7,050</b>	<b>-3,266</b>	<b>-1,227</b>	<b>-1,056</b>	<b>-920</b>	<b>-551</b>	<b>-1,953</b>	<b>-1,562</b>	<b>-133</b>	<b>-17,718</b>
<b>Profit before credit losses</b>	<b>12,122</b>	<b>1,751</b>	<b>1,799</b>	<b>716</b>	<b>689</b>	<b>234</b>	<b>-32</b>	<b>-2,047</b>	<b>-133</b>	<b>15,099</b>
Net credit losses	-132	-103	-233	-55	-166	-2	5	2		-684
Gains/losses on disposal of property, equipment and intangible assets	5	-4	6	2	0	-	-1	0		8
<b>Operating profit</b>	<b>11,995</b>	<b>1,644</b>	<b>1,572</b>	<b>663</b>	<b>523</b>	<b>232</b>	<b>-28</b>	<b>-2,045</b>	<b>-133</b>	<b>14,423</b>
Profit allocation	248	38	29	8	21	4	-348			
<b>Operating profit after profit allocation</b>	<b>12,243</b>	<b>1,682</b>	<b>1,601</b>	<b>671</b>	<b>544</b>	<b>236</b>	<b>-376</b>	<b>-2,045</b>	<b>-133</b>	<b>14,423</b>
Internal income*	103	-955	-2,245	-240	-231	-322	-1,329	5,219		

In Sweden, the five regional banks were replaced during the first quarter with a new, more customer centric organisation, in which the branches are instead divided into 24 county units under a shared country organisation.

In conjunction with this restructuring, many members of staff who previously worked at the five regional head offices were organisationally re-assigned to other areas of the Bank, chiefly Capital Markets, the central functions for finance, legal affairs and HR, and the unit for financial crime prevention.

The comparative figures in the table have therefore been recalculated.

The business segments consist of Handelsbanken Sweden, Handelsbanken UK, Handelsbanken Norway, Handelsbanken Denmark, Handelsbanken Finland, 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

Handelsbanken Sweden comprises the branch operations, as well as the operations of Ecster and Stadshypotek in Sweden. The branches are the base of all operations, with responsibility for all customers of the Bank, and banking services are provided at 230 branches.

## INCOME STATEMENT

SEK m	Q3 2021	Q2 2021	Change	Q3 2020	Change	Jan-Sep 2021	Jan-Sep 2020	Change	Full year 2020
Net interest income	4,517	4,521	0%	4,555	-1%	13,534	13,639	-1%	18,166
Net fee and commission income	2,196	2,090	5%	1,794	22%	6,267	5,175	21%	7,112
Net gains/losses on financial transactions	136	142	-4%	129	5%	366	337	9%	458
Other income	14	25	-44%	5	180%	46	21	119%	33
<b>Total income</b>	<b>6,863</b>	<b>6,778</b>	<b>1%</b>	<b>6,483</b>	<b>6%</b>	<b>20,213</b>	<b>19,172</b>	<b>5%</b>	<b>25,769</b>
Staff costs	-789	-814	-3%	-820	-4%	-2,444	-2,470	-1%	-3,284
Other expenses	-178	-250	-29%	-197	-10%	-609	-615	-1%	-827
Internal purchased and sold services	-1,305	-1,404	-7%	-1,185	10%	-4,075	-3,735	9%	-5,017
Depreciation, amortisation and impairments of property, equipment and intangible assets	-78	-52	50%	-77	1%	-242	-230	5%	-321
<b>Total expenses</b>	<b>-2,350</b>	<b>-2,520</b>	<b>-7%</b>	<b>-2,279</b>	<b>3%</b>	<b>-7,370</b>	<b>-7,050</b>	<b>5%</b>	<b>-9,449</b>
<b>Profit before credit losses</b>	<b>4,513</b>	<b>4,258</b>	<b>6%</b>	<b>4,204</b>	<b>7%</b>	<b>12,843</b>	<b>12,122</b>	<b>6%</b>	<b>16,320</b>
Net credit losses	-57	121		123		27	-132		-177
Gains/losses on disposal of property, equipment and intangible assets	2	4	-50%	2	0%	7	5	40%	8
<b>Operating profit</b>	<b>4,458</b>	<b>4,383</b>	<b>2%</b>	<b>4,329</b>	<b>3%</b>	<b>12,877</b>	<b>11,995</b>	<b>7%</b>	<b>16,151</b>
Profit allocation	91	76	20%	71	28%	263	248	6%	333
<b>Operating profit after profit allocation</b>	<b>4,549</b>	<b>4,459</b>	<b>2%</b>	<b>4,400</b>	<b>3%</b>	<b>13,140</b>	<b>12,243</b>	<b>7%</b>	<b>16,484</b>
Internal income	-125	-7		-14		-450	103		88
Cost/income ratio, %	33.8	36.8		34.8		36.0	36.3		36.2
Credit loss ratio, %	0.00	-0.03		-0.04		0.00	0.00		0.01
Allocated capital	95,197	90,739	5%	92,811	3%	95,197	92,811	3%	96,413
Return on allocated capital, %	15.2	15.6		14.9		14.8	14.1		14.0
Average number of employees	3,356	3,379	-1%	3,782	-11%	3,412	3,701	-8%	3,672
Number of branches	230	284	-19%	376	-39%	230	376	-39%	376

## BUSINESS VOLUMES

Average volumes, SEK bn	Q3 2021	Q2 2021	Change	Q3 2020	Change	Jan-Sep 2021	Jan-Sep 2020	Change	Full year 2020
Loans to the public*									
Household	944	929	2%	896	5%	930	886	5%	892
of which mortgage loans	903	889	2%	856	5%	890	846	5%	851
Companies	536	530	1%	537	0%	532	537	-1%	537
of which mortgage loans	374	371	1%	357	5%	371	351	6%	354
<b>Total</b>	<b>1,480</b>	<b>1,459</b>	<b>1%</b>	<b>1,433</b>	<b>3%</b>	<b>1,462</b>	<b>1,423</b>	<b>3%</b>	<b>1,429</b>
Deposits and borrowing from the public									
Household	444	434	2%	414	7%	433	402	8%	406
Companies	357	338	6%	316	13%	343	303	13%	309
<b>Total</b>	<b>801</b>	<b>772</b>	<b>4%</b>	<b>730</b>	<b>10%</b>	<b>776</b>	<b>705</b>	<b>10%</b>	<b>715</b>

\* Excluding loans to the National Debt Office.

## JANUARY – SEPTEMBER 2021 COMPARED WITH JANUARY – SEPTEMBER 2020

Operating profit increased by 7% to SEK 12,877m (11,995), due to strong business development. Return on allocated capital was 14.8% (14.1). The C/I ratio improved to 36.0% (36.3).

Net interest income went down by 1%, or SEK 105m, to SEK 13,534m (13,639). Higher lending volumes increased net interest income by SEK 263m, while higher deposit volumes contributed SEK 97m. The net amount of changed margins and funding costs made a negative contribution of SEK -511m. The fact that the comparison period was during a leap year caused a negative day effect of SEK -8m. Government fees went up by SEK 7m to SEK -617m (-610), with a higher fee to the Resolution Fund being offset by a lower fee for the deposit guarantee. Other effects made a contribution of SEK 61m.

Net fee and commission income grew by SEK 1,092m, or 21%, to SEK 6,267m (5,175), where mutual fund commissions increased by 42%, or SEK 1,016m, to SEK 3,416m (2,400). Custody and Other asset management fees increased by SEK 135m, or 39%, to SEK 479m (344). Insurance commissions declined by 4% to SEK 610m (635). Net payment commissions declined by 5% to SEK 759m (803).

Total expenses rose by 5% to SEK -7,370m (-7,050). Staff costs decreased by 1% to SEK -2,444m (2,470). The average number of employees fell by 8% to 3,412 (3,701). At the end of the quarter, the number of employees was 3,332 (3,810), a 13% decrease.

Other types of expenses increased by 8% in total to SEK 4,926m (4,580).

Credit losses consisted of net recoveries of SEK 27m (-132). The credit loss ratio was 0.00% (0.00).

## Q3 2021 COMPARED WITH Q2 2021

Operating profit increased by 2% to SEK 4,458m (4,383); this was attributable to an increased income and lower costs.

Return on allocated capital was 15.2% (15.6). The C/I ratio was 33.8% (36.8).

Net interest income was virtually unchanged at SEK 4,517m (4,521). Higher deposit volumes increased net interest income by SEK 13m, while higher lending volumes contributed SEK 54m. The net amount of changed customer interest rates and funding costs decreased net interest income by SEK 81m, due to lower margins on re-priced loans, and an increased share of loans with longer fixed-rate periods. There was a positive day effect of SEK 8m. Government fees decreased by SEK 10m to SEK -204m (-214). Other effects made a contribution of SEK -8m.

Net fee and commission income increased by 5% to SEK 2,196m (2,090), mainly due to higher commissions from the mutual fund business.

Expenses decreased by 7% to SEK -2,350m (-2,520). Staff costs decreased by 3% to SEK -789m (-814). The average number of employees fell by 1% to 3,356 (3,379). Other expenses decreased by a total of 8% to SEK 1,561m (1,706).

Credit losses were SEK -57m (121), and the credit loss ratio was 0.00% (-0.03).

## BUSINESS DEVELOPMENT

At the end of the quarter, the customer offering was reinforced and expanded through the first stage of making specialist advisory services available remotely for private customers in Sweden. Starting with mortgage loans, the goal is that customers will be able – whenever they want – to meet expert advisors with the mandate to provide advisory assistance based on the customer's needs.

For the period, the Bank was market leader in terms of both net new mortgage lending and net new savings in the Swedish mutual fund market.

As in previous years, Swedish Quality Index (SKI), in its major survey, found that Handelsbanken remained in the position of having the most satisfied customers among major banks. Among private customers, Handelsbanken received the score of 70.3, which can be compared with the scores of the other major banks in Sweden, which were in the 62.1-68.3 range, and the sector average of 68.8. Among corporate customers, Handelsbanken received the score of 69.4, which can be compared with the scores of the other major banks in Sweden, which were in the 60.4-69.5 range, and the sector average of 67.7.

The independent Finansbarometern survey, which each year asks companies with fewer than 20 employees to grade their corporate bank, named Handelsbanken 'Small companies' favourite bank' in September – the 10th year in a row it has received this honour. According to Kantar SIFO Prospera's annual survey, Handelsbanken's ranking in the "Private Banking" category improved to number 2 (3).

## January – September 2021 compared with January – September 2020

The average volume of mortgage loans to private individuals rose by 5% to SEK 890bn (846), while household deposits grew by 8% to SEK 433bn (402). The average volume of lending to corporates decreased by 1% to SEK 532bn (537). The comparison period had seen a very substantial increase in corporate lending at the time of the outbreak of the pandemic. The average volume of mortgage lending to corporates, however, grew by 6% to SEK 371bn (351). Corporate deposits increased by 13% to SEK 343bn (303).

New savings in the Bank's mutual funds in Sweden during the period totalled SEK 34.6bn, corresponding to a market share of 31%. In terms of total fund assets,

Handelsbanken is the second largest player on the Swedish mutual funds market, with a share that grew to 12.0% (11.7).

#### Q3 2021 compared with Q2 2021

The average volume of mortgage loans to private individuals rose by 2% to SEK 903bn (889), while household deposits grew by 2% to SEK 444bn (434). The average volume of corporate lending increased by 1% to SEK 536bn (530). Corporate deposits increased by 6% to SEK 357bn (338).

New savings in the Bank's mutual funds in Sweden totalled SEK 11.6bn (8.1).



## Handelsbanken UK

Handelsbanken UK is operated through the subsidiary Handelsbanken plc and comprises the UK branch operations, divided into 14 districts, and the asset management company Handelsbanken Wealth & Asset Management. The branches are the base of all operations, with responsibility for all customers of the Bank, and banking services are provided through 198 branches and meeting places.

### INCOME STATEMENT

SEK m	Q3 2021	Q2 2021	Change	Q3 2020	Change	Jan-Sep 2021	Jan-Sep 2020	Change	Full year 2020
Net interest income	1,377	1,361	1%	1,342	3%	4,073	4,338	-6%	5,683
Net fee and commission income	195	186	5%	180	8%	561	550	2%	713
Net gains/losses on financial transactions	47	44	7%	39	21%	135	128	5%	176
Other income	0	0	0%	1	-100%	0	1	-100%	1
<b>Total income</b>	<b>1,619</b>	<b>1,591</b>	<b>2%</b>	<b>1,562</b>	<b>4%</b>	<b>4,769</b>	<b>5,017</b>	<b>-5%</b>	<b>6,573</b>
Staff costs	-623	-612	2%	-586	6%	-1,837	-1,840	0%	-2,465
Other expenses	-282	-243	16%	-172	64%	-763	-656	16%	-864
Internal purchased and sold services	-222	-237	-6%	-175	27%	-674	-573	18%	-761
Depreciation, amortisation and impairments of property, equipment and intangible assets	-96	-79	22%	-57	68%	-238	-197	21%	-267
<b>Total expenses</b>	<b>-1,223</b>	<b>-1,171</b>	<b>4%</b>	<b>-990</b>	<b>24%</b>	<b>-3,512</b>	<b>-3,266</b>	<b>8%</b>	<b>-4,357</b>
<b>Profit before credit losses</b>	<b>396</b>	<b>420</b>	<b>-6%</b>	<b>572</b>	<b>-31%</b>	<b>1,257</b>	<b>1,751</b>	<b>-28%</b>	<b>2,216</b>
Net credit losses	30	17	76%	1		80	-103		-119
Gains/losses on disposal of property, equipment and intangible assets	0	10	-100%	-2		9	-4		-7
<b>Operating profit</b>	<b>426</b>	<b>447</b>	<b>-5%</b>	<b>571</b>	<b>-25%</b>	<b>1,346</b>	<b>1,644</b>	<b>-18%</b>	<b>2,090</b>
Profit allocation	11	10	10%	12	-8%	32	38	-16%	49
<b>Operating profit after profit allocation</b>	<b>437</b>	<b>457</b>	<b>-4%</b>	<b>583</b>	<b>-25%</b>	<b>1,378</b>	<b>1,682</b>	<b>-18%</b>	<b>2,139</b>
Internal income	-254	-239	-6%	-269	6%	-721	-955	25%	-1,193
Cost/income ratio, %	75.0	73.1		62.9		73.2	64.6		65.8
Credit loss ratio, %	-0.05	-0.02		-0.01		-0.04	0.04		0.04
Allocated capital	20,219	20,320	0%	19,286	5%	20,219	19,286	5%	19,306
Return on allocated capital, %	6.9	7.1		9.5		7.2	9.4		8.9
Average number of employees	2,525	2,506	1%	2,464	2%	2,512	2,450	3%	2,462
Number of branches	198	200	-1%	207	-4%	198	207	-4%	204

### BUSINESS VOLUMES

Average volumes, GBP m	Q3 2021	Q2 2021	Change	Q3 2020	Change	Jan-Sep 2021	Jan-Sep 2020	Change	Full year 2020
Loans to the public									
Household	6,531	6,620	-1%	6,794	-4%	6,612	6,913	-4%	6,873
Companies	14,140	14,267	-1%	14,787	-4%	14,244	14,884	-4%	14,783
<b>Total</b>	<b>20,671</b>	<b>20,887</b>	<b>-1%</b>	<b>21,581</b>	<b>-4%</b>	<b>20,856</b>	<b>21,797</b>	<b>-4%</b>	<b>21,656</b>
Deposits and borrowing from the public									
Household	5,503	5,496	0%	5,091	8%	5,471	5,119	7%	5,144
Companies	13,473	13,713	-2%	12,918	4%	13,642	12,126	13%	12,465
<b>Total</b>	<b>18,976</b>	<b>19,209</b>	<b>-1%</b>	<b>18,009</b>	<b>5%</b>	<b>19,113</b>	<b>17,245</b>	<b>11%</b>	<b>17,609</b>

## JANUARY – SEPTEMBER 2021 COMPARED WITH JANUARY – SEPTEMBER 2020

Operating profit went down by 18%, or SEK 298 m, to SEK 1,346m (1,644), owing to lower income and higher expenses. Foreign exchange effects were negative and amounted to SEK -25m. Expressed in local currency, operating profit declined by 17%. Return on allocated capital was 7.2% (9.4). The C/I ratio rose to 73.2% (64.6).

Income decreased by 5% to SEK 4,769m (5,017). Foreign exchange effects were SEK -74m. Income fell by 3% when expressed in local currency terms.

Net interest income went down by 6%, or SEK -265m, to SEK 4,073m (4,338). Foreign exchange effects had a negative impact of SEK -64m on net interest income. Lower business volumes had a negative impact of SEK -98m. The net amount of changed margins and funding costs reduced net interest income by SEK -79m, chiefly due to key rate cuts undertaken by the central bank in 2020. No government fees burdened net interest income (-). The day effect was SEK -14m, while other effects amounted to SEK -10m.

Net fee and commission income increased by 2% to SEK 561m (550). Foreign exchange effects were SEK -8m. Expressed in local currency, net fee and commission income increased by 3%. Commission income from the fund management, custody account management and asset management business increased by 12% to SEK 256m (228).

Expenses increased by 8% to SEK -3,512m (-3,266). Expressed in local currency, expenses were up by 9%.

Staff costs were virtually unchanged at SEK -1,837m (-1,840). Expressed in local currency, staff costs rose by 1%. The average number of employees grew by 3% to 2,512 (2,450). This increase was mainly seen within head office functions, where the Bank's own staff have replaced consultants to a greater extent.

Other types of expenses increased by a total of 17% to SEK 1,675m (1,426), mainly due to work undertaken to prevent financial crime.

Credit losses consisted of net recoveries of SEK 80m (-103). The credit loss ratio was -0.04% (0.04).

## Q3 2021 COMPARED WITH Q2 2021

Operating profit decreased by 5% to SEK 426m (447). Foreign exchange effects were positive and, in local currency terms, operating profit decreased by 6%. Return on allocated capital was 6.9% (7.1).

Income increased by 2% to SEK 1,619m (1,591). Foreign exchange effects increased income by SEK 22m. In local currency, income was virtually unchanged.

Net interest income increased by 1%, or SEK 16m, to SEK 1,377m (1,361). Foreign exchange effects had a positive impact of SEK 18m on net interest income, and expressed in local currency, net interest income was essentially unchanged. Lower business volumes had a negative impact of SEK -8m. The net amount of

changed margins and funding costs reduced net interest income by SEK 6m. No government fees burdened net interest income (-). The day effect was SEK 13m, while other effects amounted to SEK -1m.

Net fee and commission income increased by 5% to SEK 195m (186). Foreign exchange effects were SEK 3m. The higher net fee and commission income figure was primarily attributable to higher income from mutual funds and payments.

Expenses rose by 4% to SEK -1,223m (-1,171). Foreign exchange effects were negative and amounted to SEK -17m. In local currency terms, expenses increased by 3%. Staff costs rose by 2% to SEK -623m (-612). Other types of expenses increased by 7% to SEK 600m (559), mainly due to work to prevent financial crime, but also to a reclassification of the restructuring reserve from other expenses to depreciation. The average number of employees was 2,525 (2,506).

Credit losses consisted of net recoveries and amounted to SEK 30m (17). The credit loss ratio was -0.05% (-0.02).

## BUSINESS DEVELOPMENT

EPSI's annual customer satisfaction survey showed that Handelsbanken again had the most satisfied customers among banks in the UK. Private customers gave the Bank an index score of 82, compared with the sector average of 72. On the corporate side, the index score was 78, compared with the sector average of 67. The Bank's lead in the sector increased on both the household and corporate sides.

## January – September 2021 compared with January – September 2020

Corporate deposits grew by 13% and corporate lending fell by 4%. Household deposits grew by 7%, while household lending fell by 4%. Overall, the average volume of deposits and borrowing from the public increased by 11% to GBP 19.1bn (17.2). The average volume of lending decreased by a total of 4% to GBP 20.9bn (21.8).

The volume of assets under management in Handelsbanken Wealth & Asset Management at the end of the period totalled GBP 4.4bn (3.8). The net inflow to Handelsbanken Wealth & Asset Management during the period totalled GBP 181m (-124).

## Q3 2021 compared with Q2 2021

Corporate deposits went down by 2% while corporate lending went down by 1%. Household deposits grew marginally, while household lending fell by 1%. Overall, the average volume of deposits and borrowing from the public decreased by 1% to GBP 19.0bn (19.2). The average volume of lending decreased by a total of 1% to GBP 20.7bn (20.9).

The net flow in Handelsbanken Wealth & Asset Management during the quarter totalled GBP -28m (113).

# Handelsbanken Norway

Handelsbanken Norway consists of the branch operations in Norway, as well as Stadshypotek's operations in the country. The branches are the base of all operations, with responsibility for all customers of the Bank, and banking services are provided at 42 branches.

## INCOME STATEMENT

SEK m	Q3 2021	Q2 2021	Change	Q3 2020	Change	Jan-Sep 2021	Jan-Sep 2020	Change	Full year 2020
Net interest income	923	926	0%	872	6%	2,740	2,614	5%	3,481
Net fee and commission income	167	155	8%	129	29%	475	373	27%	504
Net gains/losses on financial transactions	14	14	0%	12	17%	37	36	3%	57
Other income	1	2	-50%	0		4	3	33%	32
<b>Total income</b>	<b>1,105</b>	<b>1,097</b>	<b>1%</b>	<b>1,013</b>	<b>9%</b>	<b>3,256</b>	<b>3,026</b>	<b>8%</b>	<b>4,074</b>
Staff costs	-225	-219	3%	-204	10%	-657	-621	6%	-822
Other expenses	-45	-33	36%	-43	5%	-119	-157	-24%	-203
Internal purchased and sold services	-129	-141	-9%	-130	-1%	-394	-382	3%	-509
Depreciation, amortisation and impairments of property, equipment and intangible assets	-23	-20	15%	-20	15%	-63	-67	-6%	-88
<b>Total expenses</b>	<b>-422</b>	<b>-413</b>	<b>2%</b>	<b>-397</b>	<b>6%</b>	<b>-1,233</b>	<b>-1,227</b>	<b>0%</b>	<b>-1,622</b>
<b>Profit before credit losses</b>	<b>683</b>	<b>684</b>	<b>0%</b>	<b>616</b>	<b>11%</b>	<b>2,023</b>	<b>1,799</b>	<b>12%</b>	<b>2,452</b>
Net credit losses	-148	2		-43	244%	-132	-233	-43%	-270
Gains/losses on disposal of property, equipment and intangible assets	2	1	100%	1	100%	5	6	-17%	7
<b>Operating profit</b>	<b>537</b>	<b>687</b>	<b>-22%</b>	<b>574</b>	<b>-6%</b>	<b>1,896</b>	<b>1,572</b>	<b>21%</b>	<b>2,189</b>
Profit allocation	9	10	-10%	8	13%	37	29	28%	40
<b>Operating profit after profit allocation</b>	<b>546</b>	<b>697</b>	<b>-22%</b>	<b>582</b>	<b>-6%</b>	<b>1,933</b>	<b>1,601</b>	<b>21%</b>	<b>2,229</b>
Internal income	-337	-413	18%	-417	19%	-1,161	-2,245	48%	-2,420
Cost/income ratio, %	37.9	37.3		38.9		37.4	40.2		39.4
Credit loss ratio, %	0.22	0.00		0.04		0.07	0.08		0.10
Allocated capital	18,101	19,153	-5%	20,901	-13%	18,101	20,901	-13%	19,986
Return on allocated capital, %	9.6	11.6		8.8		10.9	8.4		8.8
Average number of employees	747	722	3%	722	3%	731	707	3%	709
Number of branches	42	43	-2%	45	-7%	42	45	-7%	45

## BUSINESS VOLUMES

Average volumes, NOK bn	Q3 2021	Q2 2021	Change	Q3 2020	Change	Jan-Sep 2021	Jan-Sep 2020	Change	Full year 2020
Loans to the public									
Household	107.7	105.7	2%	102.2	5%	106.0	101.0	5%	101.7
Companies	170.8	171.6	0%	168.0	2%	170.0	169.1	1%	168.6
<b>Total</b>	<b>278.5</b>	<b>277.3</b>	<b>0%</b>	<b>270.2</b>	<b>3%</b>	<b>276.0</b>	<b>270.1</b>	<b>2%</b>	<b>270.3</b>
Deposits and borrowing from the public									
Household	28.6	27.5	4%	25.6	12%	28.0	24.3	15%	24.7
Companies	65.5	63.5	3%	65.4	0%	64.0	60.8	5%	60.9
<b>Total</b>	<b>94.1</b>	<b>91.0</b>	<b>3%</b>	<b>91.0</b>	<b>3%</b>	<b>92.0</b>	<b>85.1</b>	<b>8%</b>	<b>85.6</b>

## JANUARY – SEPTEMBER 2021 COMPARED WITH JANUARY – SEPTEMBER 2020

Operating profit increased by 21% to SEK 1,896m (1,572), as a result of robust business development, stable costs and lower credit losses. Foreign exchange effects on operating profit amounted to SEK 10m. Return on allocated capital increased to 10.9% (8.4). The C/I ratio improved to 37.4% (40.2).

Income grew by 8% to SEK 3,256m (3,026). Foreign exchange effects were SEK 18m. Expressed in local currency, income growth was 7%.

Net interest income increased by 5% to SEK 2,740m (2,614). Foreign exchange effects were positive and amounted to SEK 16m. Higher business volumes had a positive impact of SEK 53m. The net amount of changed margins and funding costs increased net interest income by SEK 69m, due to a negative effect in the period of comparison arising from cuts to central bank key rates. Government fees burdened net interest income by SEK -116m (-122). The day effect was SEK -9m, while other effects amounted to SEK -9m.

Net fee and commission income rose by 27% to SEK 475m (373), which was mainly attributable to improved fund and asset management income.

Net gains/losses on financial transactions totalled SEK 37m (36).

Expenses were essentially unchanged at SEK -1,233m (-1,227). Foreign exchange effects on expenses amounted to SEK -7m.

Staff costs rose by 6% to SEK -657m (-621). The average number of employees increased by 3% to 731 (707).

Other types of expenses decreased by a total of 5% to SEK 576m (606), mainly due to lower costs linked to work on financial crime prevention.

Credit losses totalled SEK -132m (-233). The credit loss ratio was 0.07% (0.08).

### Q3 2021 COMPARED WITH Q2 2021

Operating profit went down by 22% to SEK 537m (687), due to higher credit losses. Foreign exchange effects on operating profit amounted to SEK -14m, and in local currency terms, operating profit declined by 20%.

Net interest income was virtually unchanged at SEK 923m (926). Foreign exchange effects amounted to SEK -16m, and in local currency terms, net interest income rose by 2%. Larger business volumes made a positive contribution of SEK 4m. The net amount of changed margins and funding costs reduced net interest income by SEK 5m. Government fees burdened net interest income by SEK -39m (-39). The day effect was SEK 9m, while other effects amounted to SEK 5m.

Net fee and commission income increased by 8% to SEK 167m (155). Expressed in local currency, net fee and commission income increased by 10%, mainly due to higher fund and payment commissions.

Net gains/losses on financial transactions totalled SEK 14m (14).

Expenses rose by 2% to SEK -422m (-413). Foreign exchange effects totalled SEK 7m, and expressed in local currency terms, expenses grew by 4%.

Staff costs rose by 3% to SEK -225m (-219). Expressed in local currency, staff costs rose by 6%. The average number of employees increased by 3% to 747 (722).

Other types of expenses increased by 2% in total to SEK 197m (194).

Credit losses were SEK -148m (2), and the credit loss ratio was 0.22% (0.00).

## BUSINESS DEVELOPMENT

According to the annual EPSI customer satisfaction survey, Handelsbanken again had more satisfied customers than the average for banks in Norway. Private customers gave Handelsbanken an index score of 76, as compared with the sector average of 70. Corporate customers gave the Bank an index score of 69, as compared with the sector average of 65. The Bank's lead over the sector increased on both the household and corporate sides.

### January – September 2021 compared with January – September 2020

The average volume of household deposits increased by 15%, while lending to households grew by 5%. In the corporate segment, too, deposits grew more than lending, by 5% and 1% respectively. Overall, the average volume of deposits and borrowing from the public increased by 8% to NOK 92.0bn (85.1). The average volume of lending increased by a total of 2% to NOK 276.0bn (270.1).

New savings in the Bank's mutual funds in Norway during the period totalled SEK 2.9bn (1.3).

### Q3 2021 compared with Q2 2021

The average volume of household deposits increased by 4%, while lending to households grew by 2%. The average volume of corporate deposits grew by 3%, while corporate lending decreased marginally. Overall, the average volume of deposits and borrowing from the public increased by 3% to NOK 94.1bn (91.0). The average volume of lending increased marginally to NOK 278.5bn (277.3).

New savings in the Bank's mutual funds in Norway during the quarter totalled SEK 0.6bn (0.5).

## Handelsbanken Denmark

Handelsbanken Denmark consists of the branch operations in Denmark, as well as Stadshypotek's operations in the country. The branches are the base of all operations, with responsibility for all customers of the Bank, and banking services are provided at 43 branches. The Bank has reached the decision to cease its operations in Denmark, and is set to initiate the divestment process. As of Q4 2021, profit/loss from the segment will be recorded as Profit/loss from discontinued operations.

### INCOME STATEMENT

SEK m	Q3 2021	Q2 2021	Change	Q3 2020	Change	Jan-Sep 2021	Jan-Sep 2020	Change	Full year 2020
Net interest income	414	400	3%	410	1%	1,199	1,222	-2%	1,612
Net fee and commission income	178	176	1%	143	24%	540	461	17%	624
Net gains/losses on financial transactions	33	31	6%	25	32%	96	84	14%	123
Other income	1	4	-75%	1	0%	7	5	40%	8
<b>Total income</b>	<b>626</b>	<b>611</b>	<b>2%</b>	<b>579</b>	<b>8%</b>	<b>1,842</b>	<b>1,772</b>	<b>4%</b>	<b>2,367</b>
Staff costs	-194	-175	11%	-196	-1%	-556	-582	-4%	-790
Other expenses	-41	-30	37%	-34	21%	-106	-97	9%	-144
Internal purchased and sold services	-126	-123	2%	-115	10%	-374	-340	10%	-459
Depreciation, amortisation and impairments of property, equipment and intangible assets	-11	-12	-8%	-12	-8%	-35	-37	-5%	-49
<b>Total expenses</b>	<b>-372</b>	<b>-340</b>	<b>9%</b>	<b>-357</b>	<b>4%</b>	<b>-1,071</b>	<b>-1,056</b>	<b>1%</b>	<b>-1,442</b>
<b>Profit before credit losses</b>	<b>254</b>	<b>271</b>	<b>-6%</b>	<b>222</b>	<b>14%</b>	<b>771</b>	<b>716</b>	<b>8%</b>	<b>925</b>
Net credit losses	19	-14		3		10	-55		-32
Gains/losses on disposal of property, equipment and intangible assets	0	0	0%	0		0	2	-100%	2
<b>Operating profit</b>	<b>273</b>	<b>257</b>	<b>6%</b>	<b>225</b>	<b>21%</b>	<b>781</b>	<b>663</b>	<b>18%</b>	<b>895</b>
Profit allocation	3	4	-25%	4	-25%	10	8	25%	12
<b>Operating profit after profit allocation</b>	<b>276</b>	<b>261</b>	<b>6%</b>	<b>229</b>	<b>21%</b>	<b>791</b>	<b>671</b>	<b>18%</b>	<b>907</b>
Internal income	-38	-33	-15%	-67	43%	-118	-240	51%	-210
Cost/income ratio, %	59.1	55.3		61.2		57.8	59.3		60.6
Credit loss ratio, %	-0.06	0.06		-0.01		-0.01	0.04		0.01
Allocated capital	7,470	7,376	1%	7,138	5%	7,470	7,138	5%	7,263
Return on allocated capital, %	11.7	11.3		10.1		11.5	9.6		9.8
Average number of employees	593	583	2%	593	0%	589	589	0%	589
Number of branches	43	43	0%	55	-22%	43	55	-22%	43

### BUSINESS VOLUMES

Average volumes, DKK bn	Q3 2021	Q2 2021	Change	Q3 2020	Change	Jan-Sep 2021	Jan-Sep 2020	Change	Full year 2020
Loans to the public									
Household	46.8	46.6	0%	47.1	-1%	46.7	47.1	-1%	47.1
Companies	33.0	30.4	9%	28.3	17%	30.5	29.5	3%	28.9
<b>Total</b>	<b>79.8</b>	<b>77.0</b>	<b>4%</b>	<b>75.4</b>	<b>6%</b>	<b>77.2</b>	<b>76.6</b>	<b>1%</b>	<b>76.0</b>
Deposits and borrowing from the public									
Household	16.5	16.7	-1%	17.4	-5%	16.7	17.1	-2%	17.3
Companies	26.7	22.0	21%	24.9	7%	24.2	22.3	9%	22.4
<b>Total</b>	<b>43.2</b>	<b>38.7</b>	<b>12%</b>	<b>42.3</b>	<b>2%</b>	<b>40.9</b>	<b>39.4</b>	<b>4%</b>	<b>39.7</b>

## JANUARY – SEPTEMBER 2021 COMPARED WITH JANUARY – SEPTEMBER 2020

Operating profit went up by 18%, or SEK 118m, to SEK 781m (663), partly due to higher commissions and lower credit losses. Foreign exchange effects on operating profit were negative and amounted to SEK -27m.

Expressed in local currency, operating profit improved by 22%. Return on allocated capital was 11.5% (9.6). The C/I ratio was 57.8% (59.3).

Net interest income decreased by 2%, or SEK 23m, to SEK 1,199m (1,222). Foreign exchange effects amounted to SEK -45m, and in local currency terms, net interest income rose by 2%. Changed business volumes had a SEK 1m positive impact on net interest income, while the net effect of changed margins and funding costs increased net interest income by SEK 32m. Government fees burdened net interest income by SEK -47m (-54). The day effect was SEK -1m, while other effects amounted to SEK -17m.

Net fee and commission income rose by 17% to SEK 540m (461). Foreign exchange effects amounted to SEK -16m, and in local currency terms, net fee and commission income rose by 21%. The increase was thanks to high levels of activity in practically all areas.

Net gains/losses on financial transactions totalled SEK 96m (84).

Expenses increased marginally to SEK -1,071m (-1,056). Foreign exchange effects totalled SEK 35m, and in local currency terms, expenses grew by 5%. Staff costs fell by 4% to SEK -556m (-582). In local currency terms, staff costs were virtually unchanged. The average number of employees was unchanged at 589 (589).

Other types of expenses increased by 9% in total to SEK 515m (474).

Credit losses consisted of net recoveries of SEK 10m (-55). The credit loss ratio was -0.01% (0.04).

## Q3 2021 COMPARED WITH Q2 2021

Operating profit went up by 6% to SEK 273m (257), due to lower credit losses. The foreign exchange effect between the quarters was marginal.

Net interest income grew by 3% to SEK 414m (400). Increasing business volumes made a positive contribution of SEK 17m. The net amount of changed margins and funding costs had a SEK -6m negative impact. Foreign exchange effects were SEK 2m. Government fees burdened net interest income by SEK -16m (-15). The day effect was SEK 4m, while other effects amounted to SEK -2m.

Net fee and commission income increased by 1% to SEK 178m (176), due to rising payment commissions.

Net gains/losses on financial transactions totalled SEK 33m (31).

Expenses rose by 9% to SEK -372m (-340). Foreign exchange effects on expenses were marginal. Staff costs rose by 11% to SEK -194m (175). The average number of employees increased to 593 (583).

Other types of expenses increased by 8% in total to SEK 178m (165).

Credit losses consisted of net recoveries of SEK 19m (-14), which resulted in a credit loss ratio of -0.06% (0.06).

## BUSINESS DEVELOPMENT

According to the annual EPSI customer satisfaction survey, Handelsbanken again had more satisfied customers than the average for banks in Denmark. Private customers gave Handelsbanken an index score of 72, as compared with the sector average of 67. Corporate customers gave the Bank an index score of 70, as compared with the sector average of 65. The Bank increased its lead over the sector average on the corporate side.

### January – September 2021 compared with January – September 2020

Corporate deposits grew by 9%, while household deposits fell by 2%. Overall, deposits from the public increased by 4% to DKK 40.9bn (39.4).

Corporate lending grew by 3%, while household lending decreased by 1%. Overall, loans to the public went up by 1% to DKK 77.2bn (76.6).

New savings in the Bank's mutual funds in Denmark totalled SEK 7.0bn (0.6).

### Q3 2021 compared with Q2 2021

Corporate deposits grew by 21%, while household deposits fell by 1%. Overall, deposits from the public increased by 12% to DKK 43.2bn (38.7).

Corporate lending increased by 9%, while household lending was virtually unchanged. Overall, loans to the public went up by 4% to DKK 79.8bn (77.0).

New savings in the Bank's mutual funds in Denmark totalled SEK 1.1bn (0.8).

## Handelsbanken Finland

Handelsbanken Finland consists of the branch operations in Finland, as well as Stadshypotek's operations in the country. The branches are the base of all operations, with responsibility for all customers of the Bank, and banking services are provided at 27 branches. The Bank has reached the decision to cease its operations in Finland, and is set to initiate the divestment process. As of Q4 2021, profit/loss from the segment will be recorded as Profit/loss from discontinued operations.

### INCOME STATEMENT

SEK m	Q3 2021	Q2 2021	Change	Q3 2020	Change	Jan-Sep 2021	Jan-Sep 2020	Change	Full year 2020
Net interest income	353	359	-2%	350	1%	1,051	1,047	0%	1,403
Net fee and commission income	181	178	2%	173	5%	536	518	3%	683
Net gains/losses on financial transactions	18	13	38%	10	80%	50	36	39%	-24
Other income	4	5	-20%	2	100%	11	8	38%	10
<b>Total income</b>	<b>556</b>	<b>555</b>	<b>0%</b>	<b>535</b>	<b>4%</b>	<b>1,648</b>	<b>1,609</b>	<b>2%</b>	<b>2,072</b>
Staff costs	-111	-117	-5%	-113	-2%	-337	-340	-1%	-448
Other expenses	-63	-72	-13%	-44	43%	-215	-149	44%	-212
Internal purchased and sold services	-127	-155	-18%	-122	4%	-424	-379	12%	-519
Depreciation, amortisation and impairments of property, equipment and intangible assets	-15	-16	-6%	-16	-6%	-46	-52	-12%	-66
<b>Total expenses</b>	<b>-316</b>	<b>-360</b>	<b>-12%</b>	<b>-295</b>	<b>7%</b>	<b>-1,022</b>	<b>-920</b>	<b>11%</b>	<b>-1,245</b>
<b>Profit before credit losses</b>	<b>240</b>	<b>195</b>	<b>23%</b>	<b>240</b>	<b>0%</b>	<b>626</b>	<b>689</b>	<b>-9%</b>	<b>827</b>
Net credit losses	64	-58		-136		-6	-166	-96%	-193
Gains/losses on disposal of property, equipment and intangible assets	0	-		-		0	0		-1
<b>Operating profit</b>	<b>304</b>	<b>137</b>	<b>122%</b>	<b>104</b>	<b>192%</b>	<b>620</b>	<b>523</b>	<b>19%</b>	<b>633</b>
Profit allocation	7	5	40%	6	17%	19	21	-10%	27
<b>Operating profit after profit allocation</b>	<b>311</b>	<b>142</b>	<b>119%</b>	<b>110</b>	<b>183%</b>	<b>639</b>	<b>544</b>	<b>17%</b>	<b>660</b>
Internal income	-37	-44	16%	-77	52%	-134	-231	42%	-192
Cost/income ratio, %	56.1	64.3		54.5		61.3	56.4		59.3
Credit loss ratio, %	-0.14	0.01		0.34		0.00	0.14		0.11
Allocated capital	7,578	7,601	0%	7,389	3%	7,578	7,389	3%	7,728
Return on allocated capital, %	13.0	6.0		4.7		9.0	7.3		6.7
Average number of employees	551	540	2%	518	6%	535	505	6%	506
Number of branches	27	27	0%	29	-7%	27	29	-7%	27

### BUSINESS VOLUMES

Average volumes, EUR m	Q3 2021	Q2 2021	Change	Q3 2020	Change	Jan-Sep 2021	Jan-Sep 2020	Change	Full year 2020
Loans to the public									
Household	4,455	4,430	1%	4,316	3%	4,412	4,323	2%	4,330
Companies	9,542	9,768	-2%	9,931	-4%	9,695	9,840	-1%	9,841
<b>Total</b>	<b>13,997</b>	<b>14,198</b>	<b>-1%</b>	<b>14,247</b>	<b>-2%</b>	<b>14,107</b>	<b>14,163</b>	<b>0%</b>	<b>14,171</b>
Deposits and borrowing from the public									
Household	1,993	1,930	3%	1,936	3%	1,934	1,859	4%	1,872
Companies	3,498	3,453	1%	3,712	-6%	3,507	3,485	1%	3,511
<b>Total</b>	<b>5,491</b>	<b>5,383</b>	<b>2%</b>	<b>5,648</b>	<b>-3%</b>	<b>5,441</b>	<b>5,344</b>	<b>2%</b>	<b>5,383</b>

## JANUARY – SEPTEMBER 2021 COMPARED WITH JANUARY – SEPTEMBER 2020

Operating profit was up 19% to SEK 620m (523), mainly due to lower credit losses. Foreign exchange effects on operating profit amounted to SEK -26m, and in local currency terms, operating profit increased by 23%.

Return on allocated capital was 9.0% (7.3). The C/I ratio was 61.3% (56.4).

Income increased by 2% to SEK 1,648m (1,609), and foreign exchange effects amounted to SEK -64m. Expressed in local currency, income growth was 6%.

Net interest income was virtually unchanged at SEK 1,051m (1,047). Foreign exchange effects were SEK -42m. In local currency terms, net interest income increased by 4%. Higher business volumes had a SEK 13m positive impact on net interest income. The net amount of changed margins and funding costs reduced net interest income by SEK -10m. Government fees burdened net interest income by SEK -58m (-63). The day effect was SEK -3m, while other effects amounted to SEK 41m.

Net fee and commission income grew by 3% to SEK 536m (518), with an increase in savings-related commissions being offset by a negative trend in deposit and lending commissions. Foreign exchange effects amounted to SEK -20m, and in local currency terms, net fee and commission income rose by 7%.

Total expenses increased by 11%, or SEK 102m, to SEK -1,022m (-920). Foreign exchange effects totalled SEK 34m, and expressed in local currency terms, expenses grew by 15%.

Staff costs were virtually unchanged at SEK -337m (-340). Expressed in local currency, staff costs rose by 3%. The average number of employees increased by 6% to 535 (505).

Other types of expenses increased by 18% in total to SEK 685m (580). The ongoing replacement of the core banking system was a significant factor behind the rise in expenses.

Credit losses totalled SEK -6m (-166). The credit loss ratio was 0.00% (0.14).

### Q3 2021 COMPARED WITH Q2 2021

Operating profit rose considerably to SEK 304m (137), which was mainly attributable to lower credit losses. Foreign exchange effects on operating profit were marginal.

Net interest income decreased by 2% to SEK 353m (359). Foreign exchange effects on net interest income were SEK 2m, and changed business volumes contributed SEK -1m. The net amount of changed

margins and funding costs reduced net interest income by SEK 1m. Government fees burdened net interest income by SEK -20m (-19). The day effect was SEK 3m, while other effects amounted to SEK -8m.

Net fee and commission income increased by 2% to SEK 181m (178), with payment commissions showing a positive performance. Foreign exchange effects were marginal.

Net gains/losses on financial transactions totalled SEK 18m (13).

Expenses decreased by 12% to SEK -316m (-360), with the foreign exchange effects being marginal, and in line with normal seasonal variations.

Staff costs totalled SEK -111m (-117). The average number of employees was 551 (540), with the increase mainly due to temporary employees during the summer period.

Other types of expenses decreased by 16% in total to SEK 205m (243).

Credit losses consisted of net recoveries of SEK 64m (-58), and the credit loss ratio was -0.14% (0.01).

## BUSINESS DEVELOPMENT

According to the annual EPSI customer satisfaction survey, Handelsbanken again had more satisfied customers than the average for banks in Finland. Private customers gave Handelsbanken an index score of 76, as compared with the sector average of 72. Corporate customers gave the Bank an index score of 72, as compared with the sector average of 65.

### January – September 2021 compared with January – September 2020

The average volume of household deposits rose by 4%, while household lending grew by 2%. Corporate deposits went up by 1%, while corporate lending fell by 1%. Overall, the average volume of loans to the public amounted to EUR 14.1bn (14.2), while deposits from the public grew by 2% to EUR 5.4bn (5.3).

New savings in the Bank's mutual funds in Finland totalled SEK 1.7bn (0.0).

### Q3 2021 compared with Q2 2021

The average volume of household deposits rose by 3%, while household lending grew by 1%. Corporate deposits went up by 1% while corporate lending went down by 2%. Overall, the average volume of deposits from the public increased by 2% to EUR 5.5bn (5.4), while total loans went down by 1% to EUR 14.0bn (14.2).

New savings in the Bank's mutual funds in Finland totalled SEK 0.4bn (0.8).



## Handelsbanken the Netherlands

Handelsbanken the Netherlands consists of the branch operations in the Netherlands, as well as asset management operations in Optimix Vermogensbeheer. Handelsbanken the Netherlands offers banking services at 28 branches. From 1 January 2022, the Netherlands will be a part of Capital Markets, together with Luxembourg and New York.

### INCOME STATEMENT

SEK m	Q3 2021	Q2 2021	Change	Q3 2020	Change	Jan-Sep 2021	Jan-Sep 2020	Change	Full year 2020
Net interest income	269	256	5%	227	19%	767	675	14%	908
Net fee and commission income	39	35	11%	30	30%	106	91	16%	125
Net gains/losses on financial transactions	9	5	80%	5	80%	20	17	18%	25
Other income	0	0	0%	1	-100%	0	2	-100%	2
<b>Total income</b>	<b>317</b>	<b>296</b>	<b>7%</b>	<b>263</b>	<b>21%</b>	<b>893</b>	<b>785</b>	<b>14%</b>	<b>1,060</b>
Staff costs	-97	-104	-7%	-96	1%	-298	-297	0%	-395
Other expenses	-14	-18	-22%	-33	-58%	-53	-104	-49%	-146
Internal purchased and sold services	-43	-44	-2%	-34	26%	-125	-106	18%	-143
Depreciation, amortisation and impairments of property, equipment and intangible assets	-12	-13	-8%	-15	-20%	-38	-44	-14%	-56
<b>Total expenses</b>	<b>-166</b>	<b>-179</b>	<b>-7%</b>	<b>-178</b>	<b>-7%</b>	<b>-514</b>	<b>-551</b>	<b>-7%</b>	<b>-740</b>
<b>Profit before credit losses</b>	<b>151</b>	<b>117</b>	<b>29%</b>	<b>85</b>	<b>78%</b>	<b>379</b>	<b>234</b>	<b>62%</b>	<b>320</b>
Net credit losses	-1	-1	0%	0		-1	-2	-50%	-4
Gains/losses on disposal of property, equipment and intangible assets	-	-		-		-	-		-
<b>Operating profit</b>	<b>150</b>	<b>116</b>	<b>29%</b>	<b>85</b>	<b>76%</b>	<b>378</b>	<b>232</b>	<b>63%</b>	<b>316</b>
Profit allocation	0	1	-100%	1	-100%	1	4	-75%	5
<b>Operating profit after profit allocation</b>	<b>150</b>	<b>117</b>	<b>28%</b>	<b>86</b>	<b>74%</b>	<b>379</b>	<b>236</b>	<b>61%</b>	<b>321</b>
Internal income	-107	-107	0%	-106	-1%	-322	-322	0%	-387
Cost/income ratio, %	52.4	60.3		67.4		57.5	69.8		69.5
Credit loss ratio, %	0.01	0.01		0.00		0.00	0.00		0.01
Allocated capital	2,928	2,856	3%	2,446	20%	2,928	2,446	20%	2,612
Return on allocated capital, %	16.3	12.9		11.1		14.3	10.0		10.0
Average number of employees	338	336	1%	334	1%	337	327	3%	329
Number of branches	28	28	0%	29	-3%	28	29	-3%	29

### BUSINESS VOLUMES

Average volumes, EUR m	Q3 2021	Q2 2021	Change	Q3 2020	Change	Jan-Sep 2021	Jan-Sep 2020	Change	Full year 2020
Loans to the public									
Household	4,017	3,842	5%	3,433	17%	3,844	3,338	15%	3,387
Companies	2,955	2,805	5%	2,436	21%	2,833	2,371	19%	2,404
<b>Total</b>	<b>6,972</b>	<b>6,647</b>	<b>5%</b>	<b>5,869</b>	<b>19%</b>	<b>6,677</b>	<b>5,709</b>	<b>17%</b>	<b>5,791</b>
Deposits and borrowing from the public									
Household	563	452	25%	281	100%	458	241	90%	261
Companies	2,630	2,160	22%	1,300	102%	2,279	1,347	69%	1,366
<b>Total</b>	<b>3,193</b>	<b>2,612</b>	<b>22%</b>	<b>1,581</b>	<b>102%</b>	<b>2,737</b>	<b>1,588</b>	<b>72%</b>	<b>1,627</b>

## JANUARY – SEPTEMBER 2021 COMPARED WITH JANUARY – SEPTEMBER 2020

Operating profit improved by 63% to SEK 378m (232). The appreciation of the Swedish krona had a negative effect of SEK -11m on operating profit. Return on allocated capital was 14.3% (10.0), and the C/I ratio was 57.5% (69.8).

Net interest income increased by 14% to SEK 767m (675).

Foreign exchange effects amounted to SEK -27m, and in local currency terms, net interest income rose by 18%. Higher business volumes had a SEK 119m positive impact on net interest income. The net effect of changes to margins and funding costs was an increase in net interest income amounting to SEK 1m. Government fees burdened net interest income by SEK -21m (-21). The day effect was neutral and other effects were SEK -1m.

Net fee and commission income increased by 16% to SEK 106m (91). Foreign exchange effects were negative, and expressed in local currency, net fee and commission income grew by 21%. Commission income from the mutual fund and asset management business increased by 21% to SEK 93m (77).

Expenses decreased by 7% to SEK -514m (-551). In local currency terms, expenses were unchanged. Staff costs were virtually unchanged at SEK 298m (297). The average number of employees grew by 3% to 337 (327).

Other types of expenses decreased by 15% in total to SEK 216m (254), mainly due to lower costs for work to prevent financial crime.

Credit losses totalled SEK -1m (-2). The credit loss ratio was 0.00% (0.00).

## Q3 2021 COMPARED WITH Q2 2021

Operating profit increased by 29% to SEK 150m (116). Foreign exchange effects were marginal.

Income grew by 7% to SEK 317m (296), while expenses decreased by 7% to SEK -166m (-179).

Net interest income grew by 5% to SEK 269m (256). Foreign exchange effects amounted to SEK 2m. Higher business volumes had a SEK 14m positive impact on net interest income, while the net effect of changed margins and funding costs decreased net interest income by SEK -3m. Government fees burdened net interest income by SEK -7m (-8). The day effect was neutral and other effects were SEK -1m.

Net fee and commission income increased by 11% to SEK 39m (35).

Expenses decreased by 7% to SEK -166m (-179). Staff costs fell by 7% to SEK -97m (-104). The average number of employees was 338 (336). Other types of expenses decreased by 8% in total to SEK 69m (75).

Credit losses totalled SEK -1m (-1). The credit loss ratio was 0.01% (0.01).

## BUSINESS DEVELOPMENT

According to the annual EPSI customer satisfaction survey, Handelsbanken again had more satisfied customers than the average for banks in the Netherlands. Private customers gave Handelsbanken an index score of 78, as compared with the sector average of 67. Corporate customers gave the Bank an index score of 77, as compared with the sector average of 64. The Bank's lead over the sector average increased for both household and corporate customers.

### January – September 2021 compared with January – September 2020

Corporate deposits increased by 69%, while household deposits grew by 90%. Overall, deposits from the public increased by 72% to EUR 2,737m (1,588).

Lending to corporates grew by 19%, while household lending increased by 15%. Overall, loans to the public increased by 17% to EUR 6,677m (5,709).

Assets under management at Optimix totalled EUR 1.9bn (1.5) at the end of the period, including the company's own mutual funds.

### Q3 2021 compared with Q2 2021

Corporate deposits increased by 22%, while household deposits grew by 25%. Overall, deposits from the public increased by 22% to EUR 3,193m (2,612).

Lending to corporates grew by 5%, while household lending increased by 5%. During the quarter, overall loans to the public grew by 5% to EUR 6,972m (6,647).

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

## Handelsbanken Capital Markets

Handelsbanken Capital Markets consists of the Markets, Savings & Pension 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.

Savings & Pension offers a full range of products and services linked to asset management, as well as pension solutions and other insurance solutions for both private and corporate customers.

Global Banking consists of the operations conducted from New York and Luxembourg, as well as Financial Infrastructure.

All commissions from the asset management and insurance operations are reported directly in the respective home market, and are thus not included in the income statement below.

### INCOME STATEMENT

SEK m	Q3 2021	Q2 2021	Change	Q3 2020	Change	Jan-Sep 2021	Jan-Sep 2020	Change	Full year 2020
Net interest income	65	70	-7%	83	-22%	203	279	-27%	355
Net fee and commission income	202	238	-15%	223	-9%	698	734	-5%	1,032
Net gains/losses on financial transactions	260	270	-4%	289	-10%	854	772	11%	1,039
Risk result - insurance	51	37	38%	52	-2%	157	116	35%	195
Other income	6	5	20%	5	20%	16	20	-20%	23
<b>Total income</b>	<b>584</b>	<b>620</b>	<b>-6%</b>	<b>652</b>	<b>-10%</b>	<b>1,928</b>	<b>1,921</b>	<b>0%</b>	<b>2,644</b>
Staff costs	-489	-498	-2%	-537	-9%	-1,518	-1,673	-9%	-2,203
Other expenses	-175	-205	-15%	-215	-19%	-568	-636	-11%	-791
Internal purchased and sold services	208	212	-2%	163	28%	628	428	47%	603
Depreciation, amortisation and impairments of property, equipment and intangible assets	-61	-92	-34%	-25	144%	-215	-72	199%	-123
<b>Total expenses</b>	<b>-517</b>	<b>-583</b>	<b>-11%</b>	<b>-614</b>	<b>-16%</b>	<b>-1,673</b>	<b>-1,953</b>	<b>-14%</b>	<b>-2,514</b>
<b>Profit before credit losses</b>	<b>67</b>	<b>37</b>	<b>81%</b>	<b>38</b>	<b>76%</b>	<b>255</b>	<b>-32</b>		<b>130</b>
Net credit losses	28	-20		4		12	5	140%	11
Gains/losses on disposal of property, equipment and intangible assets	0	-3		-1		-10	-1		-3
<b>Operating profit</b>	<b>95</b>	<b>14</b>		<b>41</b>	<b>132%</b>	<b>257</b>	<b>-28</b>		<b>138</b>
Profit allocation	-121	-106	14%	-102	19%	-362	-348	4%	-466
<b>Operating profit after profit allocation</b>	<b>-26</b>	<b>-92</b>	<b>72%</b>	<b>-61</b>	<b>57%</b>	<b>-105</b>	<b>-376</b>	<b>72%</b>	<b>-328</b>
Internal income	-191	-38	-403%	-421	55%	-338	-1,329	75%	-1,563
Cost/income ratio, %	111.7	113.4		111.6		106.8	124.2		115.4
Credit loss ratio, %	0.00	0.00		-0.03		-0.01	-0.01		-0.01
Allocated capital	10,152	6,277	62%	5,811	75%	10,152	5,811	75%	5,843
Return on allocated capital, %	-0.8	-4.7		-3.3		-1.6	-6.4		-4.2
Average number of employees	1,146	1,165	-2%	1,311	-13%	1,170	1,340	-13%	1,317

### GROUP INCOME FROM HANDELSBANKEN CAPITAL MARKETS' PRODUCTS

January - September 2021 SEK m	Capital Markets	Branch operations	Other	Total income from Capital Markets' products	Change compared to same period last year
Net interest income	203			203	-27%
Commission income	886	5,934	-59	6,761	25%
of which brokerage income	210	268	1	479	-2%
of which mutual funds and custody	286	4,946	-40	5,192	33%
of which insurance	-25	720	-20	675	18%
Net fee and commission income	698	5,879	-5	6,572	26%
Net result of financial trans.	854	305	3	1,162	10%
Risk result - insurance	157			157	35%
Other income	16			16	-20%
<b>Total income</b>	<b>1,928</b>	<b>6,184</b>	<b>-2</b>	<b>8,110</b>	<b>22%</b>

For Capital Markets, all fee and commission income received by the segment during the period is recognised. For Branch operations and Other, fee and commission income related to Capital Markets' products is recognised.

For more financial information about the different business areas within Handelsbanken Capital Markets, please see the Fact Book that is available at [handelsbanken.com/ir](https://handelsbanken.com/ir).

## JANUARY – SEPTEMBER 2021 COMPARED WITH JANUARY – SEPTEMBER 2020

Operating profit increased to SEK 257m (-28), due to reduced expenses. Income was largely unchanged at SEK 1,928m (1,921). Expenses decreased by 14% to SEK -1,673m (-1,953).

Net fee and commission income declined by 5% to SEK 698m (734), which was primarily due to the restructuring of the custody business, as well as lower guarantee and payment commissions in the wake of the ongoing discontinuation of business in Handelsbanken International.

Net gains/losses on financial transactions increased to SEK 854m (772), which was largely due to a much lower provision for a deferred capital contribution in Handelsbanken Liv's traditional insurance operations.

Staff costs fell by 9% to SEK -1,518m (-1,673), due to a decrease in the number of employees. The average number of employees fell by 13% to 1,170 (1,340).

Other types of expenses went down by SEK 125m to SEK -155m (-280), which was primarily due to the restructuring of the international operations.

Credit losses consisted of net recoveries of SEK 12m (5), and the credit loss ratio was -0.01% (-0.01).

## Q3 2021 COMPARED WITH Q2 2021

Operating profit was SEK 95m (14), mainly as a result of lower costs and lower credit losses, which more than compensated for lower income.

Total income went down by 6% to SEK 584m (620). Net fee and commission income declined by 15% to SEK 202m (238), due to seasonal effects such as slightly lower brokerage and advisory income.

Net gains/losses on financial transactions decreased by 4% to SEK 260m (270), which was entirely due to a higher provision for a deferred capital contribution in Handelsbanken Liv's traditional insurance operations.

Total expenses fell by 11% to SEK -517m (-583). Staff costs decreased by 2% to SEK -489m (-498). The average number of employees fell by 2% to 1,146 (1,165). Other types of expenses totalled SEK -28m (-85).

Credit losses consisted of net recoveries of SEK 28m (-20), and the credit loss ratio was 0.00% (0.00).

## BUSINESS DEVELOPMENT

### Markets

Handelsbanken Markets' performance has remained stable.

The performance of the fixed income and foreign exchange business has been on a par with the previous year. Market conditions have normalised after the turbulence in the first half of 2020. Developments in Corporate Finance have remained positive.

A total of 96 bond issues were arranged during the first nine months of the year, at a value of EUR 9.8bn (12.4). Green bonds at a volume of approximately EUR 2.3bn were arranged, comprising 24% of the total volume issued during the period. The corresponding figure for the first nine months of the previous year was 13%.

There remained a very high level of interest in green and sustainable financing, and in the establishment of green frameworks among customer companies.

### Asset management

In Sweden, net savings in Handelsbanken's mutual funds during the first nine months of the year amounted to SEK 34.6bn (15.6), which corresponds to a market share of 31%. The Bank was thus largest in new savings among all fund market players in Sweden.

Total net savings in the Group's funds amounted to SEK 50.4bn (17.9). The total fund volume, including exchange-traded funds, increased by 28% to SEK 909bn (710). Total assets under management in the Group increased by 18% from year-end to SEK 996bn (846).

During the year, work on introducing enhanced sustainability requirements in the Bank's mutual funds has continued, to the extent that 91% of the total mutual fund volume at the end of the period was managed according to the enhanced sustainability requirements. A further 10 funds and ETFs have been adapted to align with Handelsbanken Fonder's expanded sustainability criteria during the third quarter, and an additional 2 index funds have transferred to the Paris Aligned Index. The aim of this is to offer our customers access to mutual funds that are in line with the measures of the Paris Agreement.

In the Kantar SIFO Prospera survey in June, Handelsbanken Asset Management was ranked no. 1 among institutional customers for "external asset management" for the third successive year.

In February this year, Handelsbanken Fonder was named Fund Management Company of the Year 2020 by the Privata Affärer financial magazine, as well as receiving three additional distinctions.

Handelsbanken remained the largest player in Nordic ETFs.

### Pension & Life

Profit within Pension & Life increased by 39% to SEK 1,206m (871). The improvement was due to increased fee and commission income and a higher risk result, aligned with improved financial performance in the traditional insurance operations.

The total premium volume increased by 37%, and occupational pensions also increased by 15%. New fund management and custody accounts in Sweden increased by 74% compared with the previous year and amounted to SEK 5,901m (3,397).

Assets under management at Handelsbanken Liv increased by SEK 37bn, or 19%, compared with the year-end figure, to SEK 237bn (200).

#### Lending and deposits

The work to consolidate the international operations is continuing. During the third quarter, the branches in Frankfurt, Shanghai and Hong Kong were closed. The operations will be concentrated to Luxembourg and New York.

The average volume of deposits in the segment decreased by 10% during the year and amounted to SEK 89.4bn (99.0). Lending decreased by 32% to SEK 26.7bn (39.1).

## Other units not reported in the business segments

Below is an account of income and expenses attributable to units not reported in the business segments. The largest of these is the Group's IT department, but this also includes treasury, audit, risk control, compliance, and the unit for financial crime prevention, as well as the central staff functions for accounting, communications, legal affairs, credit, and HR matters. Provisions for the profit-sharing scheme, Oktogonen, capital gains/losses, dividends, and other income and expenses that are not attributable to any of the segments are also reported here.

### INCOME STATEMENT

SEK m	Q3 2021	Q2 2021	Change	Q3 2020	Change	Jan-Sep 2021	Jan-Sep 2020	Change	Full year 2020
Net interest income	43	68	-37%	54	-20%	173	-69		-2
Net fee and commission income	-1	-3	67%	-		-8	-		-7
Net gains/losses on financial transactions	75	-33		-151		-83	-513	84%	-417
Share of profit of associates	18	10	80%	14	29%	46	35	31%	18
Other income	10	12	-17%	10	0%	32	62	-48%	97
<b>Total income</b>	<b>145</b>	<b>54</b>	<b>169%</b>	<b>-73</b>		<b>160</b>	<b>-485</b>		<b>-311</b>
Staff costs	-579	-971	-40%	-2,131	-73%	-2,590	-3,717	-30%	-4,796
Other expenses	-762	-760	0%	-805	-5%	-2,301	-2,284	1%	-2,898
Internal purchased and sold services	1,744	1,892	-8%	1,598	9%	5,438	5,087	7%	6,805
Depreciation, amortisation and impairments of property, equipment and intangible assets	-126	-241	-48%	-242	-48%	-542	-648	-16%	-936
<b>Total expenses</b>	<b>277</b>	<b>-80</b>		<b>-1,580</b>		<b>5</b>	<b>-1,562</b>		<b>-1,825</b>
<b>Profit before credit losses</b>	<b>422</b>	<b>-26</b>		<b>-1,653</b>		<b>165</b>	<b>-2,047</b>		<b>-2,136</b>
Net credit losses	-1	0		-1	0%	-1	2		3
Gains/losses on disposal of property, equipment and intangible assets	-	-1		-		-1	0		-4
<b>Operating profit</b>	<b>421</b>	<b>-27</b>		<b>-1,654</b>		<b>163</b>	<b>-2,045</b>		<b>-2,137</b>
Profit allocation									
<b>Operating profit after profit allocation</b>	<b>421</b>	<b>-27</b>		<b>-1,654</b>		<b>163</b>	<b>-2,045</b>		<b>-2,137</b>
Internal income	1,089	881	24%	1,371	-21%	3,244	5,219	-38%	5,877
Average number of employees	3,043	3,041	0%	2,993	2%	3,036	2,969	2%	2,979

### JANUARY – SEPTEMBER 2021 COMPARED WITH JANUARY – SEPTEMBER 2020

Operating profit in other units not reported in the business segments amounted to SEK 163m (-2,045). A restructuring reserve of SEK -1,470m was booked during the period of comparison. A preliminary provision of SEK -5m (-) was made for Oktogonen during the period.

Net interest income improved to SEK 173m (-69).

Net gains/losses on financial transactions totalled SEK -83m (-513). The period of comparison featured significantly widened credit spreads in the market, which explained the negative impact on profit.

The average number of employees grew by 2% to 3,036 (2,969). The number of employees at the IT department totalled 1,970 (1,918).

### Q3 2021 COMPARED WITH Q2 2021

Operating profit was SEK 421m (-27). During the quarter, an amount of SEK 263m was reversed that had previously been recorded as a preliminary provision for Oktogonen (-55). Preliminary provisions are based on a static calculation model that compares the Bank's profitability with the average for comparable competitors in the home markets. The eventual final transfer to the scheme, if any, is resolved on by the Board of Directors after the end of the year.

The average number of employees totalled 3,043 (3,041); within this figure, the number of employees at the IT department was 1,956 (1,981).

## KEY FIGURES – GROUP

	Q3 2021	Q2 2021	Q3 2020	Jan-Sep 2021	Jan-Sep 2020	Full year 2020
Return on equity	12.4%	11.6%	8.4%	11.5%	9.7%	10.0%
C/I ratio	44.0%	48.9%	61.2%	47.7%	54.0%	52.7%
C/I ratio, incl. credit losses	44.6%	48.5%	61.6%	47.7%	56.1%	54.5%
Earnings per share, SEK - after dilution	2.62 2.62	2.39 2.39	1.68 1.68	7.22 7.22	5.66 5.66	7.87 7.87
Ordinary dividend, SEK						4.10
Adjusted equity per share, SEK	90.98	89.04	82.27	90.98	82.27	84.90
Common equity tier 1 ratio, CRR	19.4%	20.5%	19.4%	19.4%	19.4%	20.3%
Total capital ratio, CRR	23.4%	24.5%	24.2%	23.4%	24.2%	24.3%
Average number of employees	12,299	12,272	12,717	12,322	12,588	12,563
Number of branches, Sweden	230	284	376	230	376	376
Number of branches outside Sweden	342	348	376	342	376	356

In addition to financial definitions according to IFRS, alternative performance measures are used to describe the performance of the underlying operations and to increase comparability between periods. For definitions and calculation of these performance measures, please see the Fact Book which is available at [handelsbanken.com/ir](http://handelsbanken.com/ir).

## THE HANDELSBANKEN SHARE

	Q3 2021	Q2 2021	Q3 2020	Jan-Sep 2021	Jan-Sep 2020	Full year 2020
Number of converted shares	-	-	-	-	-	-
Number of repurchased shares	-	-	-	-	-	-
Holding of own shares in trading book, end of period	-	-	-	-	-	-
Number of outstanding shares after repurchases and deduction for trading book, end of period	1,980,028,494	1,980,028,494	1,980,028,494	1,980,028,494	1,980,028,494	1,980,028,494
Number of outstanding shares after dilution, end of period	1,980,028,494	1,980,028,494	1,980,051,427	1,980,028,494	1,980,051,427	1,980,028,494
Average number of shares converted during the period	-	-	-	-	-	-
Average holdings of own shares (repurchased and holdings in trading book)	-	-	-	-	-	-
Average number of outstanding shares	1,980,028,494	1,980,028,494	1,980,028,494	1,980,028,494	1,980,028,494	1,980,028,494
- after dilution	1,980,028,494	1,980,028,494	1,980,047,556	1,980,028,494	1,980,045,524	1,980,045,524
Share price SHB class A, end of period, SEK	98.32	96.56	75.32	98.32	75.32	82.60
Share price SHB class B, end of period, SEK	107.60	102.40	89.00	107.60	89.00	92.20
Market capitalisation, end of period, SEK bn	195	191	149	195	149	164

# Condensed set of financial statements – Group

## INCOME STATEMENT – GROUP

SEK m		Q3 2021	Q2 2021	Change	Q3 2020	Change	Jan-Sep 2021	Jan-Sep 2020	Change	Full year 2020
Interest income		9,518	9,591	-1%	10,191	-7%	28,701	35,528	-19%	45,508
<i>of which interest income according to the effective interest method and interest on derivatives in hedge accounting</i>		9,177	9,263	-1%	9,673	-5%	27,657	32,578	-15%	42,164
Interest expense		-1,557	-1,630	-4%	-2,298	-32%	-4,961	-11,783	-58%	-13,902
<b>Net interest income</b>	Note 2	<b>7,961</b>	<b>7,961</b>	<b>0%</b>	<b>7,893</b>	<b>1%</b>	<b>23,740</b>	<b>23,745</b>	<b>0%</b>	<b>31,606</b>
Net fee and commission income	Note 3	3,157	3,055	3%	2,672	18%	9,175	7,902	16%	10,786
Net gains/losses on financial transactions	Note 4	592	486	22%	358	65%	1,475	897	64%	1,437
Risk result - insurance		51	37	38%	52	-2%	157	116	35%	195
Other dividend income		0	0	0%	1	-100%	1	17	-94%	53
Share of profit of associates		18	10	80%	14	29%	46	35	31%	18
Other income		36	53	-32%	24	50%	115	105	10%	153
<b>Total income</b>		<b>11,815</b>	<b>11,602</b>	<b>2%</b>	<b>11,014</b>	<b>7%</b>	<b>34,709</b>	<b>32,817</b>	<b>6%</b>	<b>44,248</b>
Staff costs		-3,178	-3,536	-10%	-4,731	-33%	-10,362	-11,673	-11%	-15,343
Other expenses	Note 5	-1,560	-1,611	-3%	-1,543	1%	-4,734	-4,698	1%	-6,085
Depreciation, amortisation and impairment of property, equipment and intangible assets		-461	-525	-12%	-464	-1%	-1,458	-1,347	8%	-1,906
<b>Total expenses</b>		<b>-5,199</b>	<b>-5,672</b>	<b>-8%</b>	<b>-6,738</b>	<b>-23%</b>	<b>-16,554</b>	<b>-17,718</b>	<b>-7%</b>	<b>-23,334</b>
<b>Profit before credit losses</b>		<b>6,616</b>	<b>5,930</b>	<b>12%</b>	<b>4,276</b>	<b>55%</b>	<b>18,155</b>	<b>15,099</b>	<b>20%</b>	<b>20,914</b>
Net credit losses	Note 6	-66	47		-49	35%	-11	-684	-98%	-781
Gains/losses on disposal of property, equipment and intangible assets		4	11	-64%	0		10	8	25%	2
<b>Operating profit</b>		<b>6,554</b>	<b>5,988</b>	<b>9%</b>	<b>4,227</b>	<b>55%</b>	<b>18,154</b>	<b>14,423</b>	<b>26%</b>	<b>20,135</b>
Taxes		-1,361	-1,255	8%	-905	50%	-3,847	-3,205	20%	-4,547
<b>Profit for the period</b>		<b>5,193</b>	<b>4,733</b>	<b>10%</b>	<b>3,322</b>	<b>56%</b>	<b>14,307</b>	<b>11,218</b>	<b>28%</b>	<b>15,588</b>
Attributable to										
Shareholders in Svenska Handelsbanken AB		5,193	4,731	10%	3,321	56%	14,304	11,216	28%	15,585
Non-controlling interest		0	2		1		3	2		3

## EARNINGS PER SHARE – GROUP

	Q3 2021	Q2 2021	Change	Q3 2020	Change	Jan-Sep 2021	Jan-Sep 2020	Change	Full year 2020
Profit for the year, attributable to shareholders in Svenska Handelsbanken AB	5,193	4,731	10%	3,321	56%	14,304	11,216	28%	15,585
- of which interest expense on convertible subordinated loan after tax	-	-		-		-	-		-
Average number of outstanding shares, million	1,980.0	1,980.0		1,980.0		1,980.0	1,980.0		1,980.0
Average number of outstanding shares after dilution, million	1,980.0	1,980.0		1,980.0		1,980.0	1,980.0		1,980.0
Earnings per share, SEK	2.62	2.39	10%	1.68	56%	7.22	5.66	28%	7.87
- after dilution	2.62	2.39	10%	1.68	56%	7.22	5.66	28%	7.87

Earnings per share after dilution are calculated by taking into account the effects of a conversion of outstanding convertible debt instruments. This means that the average number of shares is adjusted by potential shares and that the period's earnings are adjusted by the period's interest expense on the outstanding convertible debt instruments after tax.



## STATEMENT OF COMPREHENSIVE INCOME – GROUP

SEK m	Q3 2021	Q2 2021	Change	Q3 2020	Change	Jan-Sep 2021	Jan-Sep 2020	Change	Full year 2020
<b>Profit for the period</b>	<b>5,193</b>	<b>4,733</b>	<b>10%</b>	<b>3,322</b>	<b>56%</b>	<b>14,307</b>	<b>11,218</b>	<b>28%</b>	<b>15,588</b>
<b>Other comprehensive income</b>									
<b>Items that will not be reclassified to the income statement</b>									
Defined benefit pension plans	-2,226	1,243		1,943		4,545	-2,231		1,523
Instruments measured at fair value through other comprehensive income - equity instruments	-2	17		97		49	255		-583
Tax on items that will not be reclassified to income statement	462	-257		-449		-932	439		-256
<i>of which defined benefit pension plans</i>	461	-255		-416		-930	473		-267
<i>of which equity instruments measured at fair value through other comprehensive income</i>	1	-2		-33		-2	-34		11
<b>Total items that will not be reclassified to the income statement</b>	<b>-1,766</b>	<b>1,003</b>		<b>1,591</b>		<b>3,662</b>	<b>-1,537</b>		<b>684</b>
<b>Items that may subsequently be reclassified to the income statement</b>									
Cash flow hedges	-228	-776	71%	-874	74%	-1,549	483		-1,124
Instruments measured at fair value through other comprehensive income - debt instruments	3	-1		4		19	1		7
Translation differences for the period	449	-1,273		55		1,988	-2,310		-4,269
<i>of which hedging net investment in foreign operations</i>	-24	90		-126	81%	-801	311		848
Tax on items that may subsequently be reclassified to the income statement	51	141	-64%	213	-76%	482	-170		93
<i>of which cash flow hedges</i>	47	160	-71%	188	-75%	319	-103		274
<i>of which debt instruments measured at fair value through other comprehensive income</i>	-1	0		-1		-4	-		-1
<i>of which hedging net investment in foreign operations</i>	5	-19		26	-81%	167	-67		-180
<b>Total items that may subsequently be reclassified to the income statement</b>	<b>275</b>	<b>-1,909</b>		<b>-602</b>		<b>940</b>	<b>-1,996</b>		<b>-5,293</b>
<b>Total other comprehensive income for the period</b>	<b>-1,491</b>	<b>-906</b>	<b>-65%</b>	<b>989</b>		<b>4,602</b>	<b>-3,533</b>		<b>-4,609</b>
<b>Total comprehensive income for the period</b>	<b>3,702</b>	<b>3,827</b>	<b>-3%</b>	<b>4,311</b>	<b>-14%</b>	<b>18,909</b>	<b>7,685</b>	<b>146%</b>	<b>10,979</b>
Attributable to									
Shareholders in Svenska Handelsbanken AB	3,702	3,825	-3%	4,311	-14%	18,906	7,684	146%	10,976
Non-controlling interest	0	2	-100%	0	0%	3	1	200%	3

## QUARTERLY PERFORMANCE – GROUP

SEK m	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020
Interest income	9,518	9,591	9,592	9,980	10,191
Interest expense	-1,557	-1,630	-1,774	-2,119	-2,298
Net interest income	7,961	7,961	7,818	7,861	7,893
Net fee and commission income	3,157	3,055	2,963	2,884	2,672
Net gains/losses on financial transactions	592	486	397	540	358
Risk result - insurance	51	37	69	79	52
Other dividend income	0	0	1	36	1
Share of profit of associates	18	10	18	-17	14
Other income	36	53	26	48	24
<b>Total income</b>	<b>11,815</b>	<b>11,602</b>	<b>11,292</b>	<b>11,431</b>	<b>11,014</b>
Staff costs	-3,178	-3,536	-3,648	-3,670	-4,731
Other expenses	-1,560	-1,611	-1,563	-1,387	-1,543
Depreciation, amortisation and impairment of property, equipment and intangible assets	-461	-525	-472	-559	-464
<b>Total expenses</b>	<b>-5,199</b>	<b>-5,672</b>	<b>-5,683</b>	<b>-5,616</b>	<b>-6,738</b>
<b>Profit before credit losses</b>	<b>6,616</b>	<b>5,930</b>	<b>5,609</b>	<b>5,815</b>	<b>4,276</b>
Net credit losses	-66	47	8	-97	-49
Gains/losses on disposal of property, equipment and intangible assets	4	11	-5	-6	0
<b>Operating profit</b>	<b>6,554</b>	<b>5,988</b>	<b>5,612</b>	<b>5,712</b>	<b>4,227</b>
Taxes	-1,361	-1,255	-1,231	-1,342	-905
<b>Profit for the period</b>	<b>5,193</b>	<b>4,733</b>	<b>4,381</b>	<b>4,370</b>	<b>3,322</b>
Earnings per share, SEK	2.62	2.39	2.21	2.21	1.68
- after dilution	2.62	2.39	2.21	2.21	1.68

## BALANCE SHEET – GROUP

SEK m		30 Sep 2021	30 Jun 2021	31 Mar 2021	31 Dec 2020	30 Sep 2020
<b>Assets</b>						
Cash and balances with central banks		613,846	598,097	684,396	397,642	557,689
Other loans to central banks	Note 7	1,927	18,307	1,459	21,326	34,508
Interest-bearing securities eligible as collateral with central banks		95,694	89,197	83,447	99,133	84,402
Loans to other credit institutions	Note 7	31,035	37,543	43,378	21,920	26,748
Loans to the public	Note 7	2,361,498	2,337,419	2,321,695	2,269,612	2,290,611
Value change of interest-hedged item in portfolio hedge		-971	-465	-306	25	15
Bonds and other interest-bearing securities		30,291	33,404	41,101	44,566	44,449
Shares		20,966	21,619	21,899	21,045	20,084
Investments in associates		461	434	422	386	392
Assets where the customer bears the value change risk		235,313	230,511	216,766	197,212	186,490
Derivative instruments	Note 9,10	27,520	25,632	30,631	30,614	49,574
Reinsurance assets		11	11	11	11	11
Intangible assets	Note 11	11,225	11,260	11,489	11,330	11,488
Property and equipment		5,935	6,019	6,208	6,232	6,379
Current tax assets		2,807	2,099	1,782	988	2,833
Deferred tax assets		673	670	1,048	1,218	1,688
Net pension assets		6,894	8,972	7,587	2,005	-
Assets held for sale		591	1,229	1,699	1,657	-
Other assets		18,087	11,400	13,838	6,113	18,133
Prepaid expenses and accrued income		2,832	3,129	3,081	2,253	2,369
<b>Total assets</b>		<b>3,466,635</b>	<b>3,436,487</b>	<b>3,491,631</b>	<b>3,135,288</b>	<b>3,337,863</b>
<b>Liabilities and equity</b>						
Due to credit institutions	Note 12	123,027	126,690	157,321	124,723	198,906
Deposits and borrowing from the public	Note 12	1,449,474	1,427,959	1,474,862	1,229,763	1,317,718
Liabilities where the customer bears the value change risk		235,313	230,511	216,766	197,212	186,490
Issued securities	Note 13	1,385,711	1,381,844	1,373,500	1,310,737	1,369,174
Derivative instruments	Note 9,10	12,697	14,252	17,633	32,819	16,429
Short positions		14,350	14,600	9,011	1,682	7,332
Insurance liabilities		527	544	573	557	534
Current tax liabilities		925	477	223	25	1,462
Deferred tax liabilities		5,304	5,788	6,051	5,353	5,940
Provisions		1,362	1,439	1,668	2,302	2,603
Net pension liabilities		-	-	-	-	1,425
Other liabilities		20,660	18,811	22,418	13,928	14,683
Accrued expenses and deferred income		3,423	3,988	5,784	3,632	3,667
Subordinated liabilities		31,579	30,961	31,067	41,082	44,005
<b>Total liabilities</b>		<b>3,284,352</b>	<b>3,257,864</b>	<b>3,316,877</b>	<b>2,963,815</b>	<b>3,170,368</b>
Non-controlling interest		12	11	11	9	9
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		13,134	14,625	15,531	8,532	9,607
Retained earnings		143,006	143,049	143,005	135,520	134,836
Profit for the period, attributable to shareholders in Svenska Handelsbanken AB		14,304	9,111	4,380	15,585	11,216
<b>Total equity</b>		<b>182,283</b>	<b>178,623</b>	<b>174,754</b>	<b>171,473</b>	<b>167,495</b>
<b>Total liabilities and equity</b>		<b>3,466,635</b>	<b>3,436,487</b>	<b>3,491,631</b>	<b>3,135,288</b>	<b>3,337,863</b>

## STATEMENT OF CHANGES IN EQUITY – GROUP

January – September 2021 SEK m	Share capital	Share premium	Defined benefit plans	Hedge reserve	Fair value reserve	Translation reserve	Retained earnings incl profit for the year	Non-controlling interest	Total
<b>Opening equity 2021</b>	<b>3,069</b>	<b>8,758</b>	<b>5,891</b>	<b>3,353</b>	<b>94</b>	<b>-806</b>	<b>151,105</b>	<b>9</b>	<b>171,473</b>
Profit for the period							14,304	3	14,307
Other comprehensive income			3,615	-1,230	62	2,155		0	4,602
<i>of which reclassified within equity</i>						-18			-18
<b>Total comprehensive income for the period</b>			<b>3,615</b>	<b>-1,230</b>	<b>62</b>	<b>2,155</b>	<b>14,304</b>	<b>3</b>	<b>18,909</b>
Reclassified to retained earnings							18		18
Dividend							-8,118		-8,118
Share-based payments to employees of Handelsbanken plc *							40		40
Repurchase own shares*							-39		-39
Change in non-controlling interest								0	0
<b>Closing equity</b>	<b>3,069</b>	<b>8,758</b>	<b>9,506</b>	<b>2,123</b>	<b>156</b>	<b>1,349</b>	<b>157,310</b>	<b>12</b>	<b>182,283</b>

January – December 2020 SEK m	Share capital	Share premium	Defined benefit plans	Hedge reserve	Fair value reserve	Translation reserve	Retained earnings incl profit for the year	Non-controlling interest	Total
<b>Opening equity 2020</b>	<b>3,069</b>	<b>8,758</b>	<b>4,635</b>	<b>4,203</b>	<b>660</b>	<b>3,643</b>	<b>134,856</b>	<b>8</b>	<b>159,832</b>
Profit for the period							15,585	3	15,588
Other comprehensive income			1,256	-850	-566	-4,449		0	-4,609
<i>of which reclassified within equity</i>					-684	20			-664
<b>Total comprehensive income for the period</b>			<b>1,256</b>	<b>-850</b>	<b>-566</b>	<b>-4,449</b>	<b>15,585</b>	<b>3</b>	<b>10,979</b>
Reclassified to retained earnings							664		664
Change in non-controlling interest								-2	-2
<b>Closing equity</b>	<b>3,069</b>	<b>8,758</b>	<b>5,891</b>	<b>3,353</b>	<b>94</b>	<b>-806</b>	<b>151,105</b>	<b>9</b>	<b>171,473</b>

January – September 2020 SEK m	Share capital	Share premium	Defined benefit plans	Hedge reserve	Fair value reserve	Translation reserve	Retained earnings incl profit for the year	Non-controlling interest	Total
<b>Opening equity 2020</b>	<b>3,069</b>	<b>8,758</b>	<b>4,635</b>	<b>4,203</b>	<b>660</b>	<b>3,643</b>	<b>134,856</b>	<b>8</b>	<b>159,832</b>
Profit for the period							11,216	2	11,218
Other comprehensive income			-1,758	380	222	-2,378		1	-3,533
<i>of which reclassified within equity</i>						20		-	
<b>Total comprehensive income for the period</b>			<b>-1,758</b>	<b>380</b>	<b>222</b>	<b>-2,378</b>	<b>11,216</b>	<b>3</b>	<b>7,685</b>
Dividend									0
Reclassified to retained earnings							-20		-20
Change in non-controlling interest								-2	-2
<b>Closing equity</b>	<b>3,069</b>	<b>8,758</b>	<b>2,877</b>	<b>4,583</b>	<b>882</b>	<b>1,265</b>	<b>146,052</b>	<b>9</b>	<b>167,495</b>

The Bank has called an extra general meeting on October 21 to decide on acquisition of 30.5 million Industrivärden A shares from Svenska Handelsbanken's Pension Foundation and dividend in kind of these. The amount of the extra dividend will be based on the share price of the Industrivärden A share on October 21 and amounts to around SEK 8.5 billion based on the share price as of September 30. The proposal is not included in the dividends in the table.

\* Starting from the earnings year 2020 all employees in Handelsbanken plc are part of a share incentive plan ("SIP").

## CONDENSED STATEMENT OF CASH FLOWS – GROUP

SEK m	Jan-Sep 2021	Jan-Sep 2020	Full year 2020
Operating profit, total operations	18,154	14,423	20,135
Adjustment for non-cash items in profit/loss	1,368	1,491	2,038
Paid income tax	-4,693	-6,186	-7,711
Changes in the assets and liabilities of operating activities	203,878	224,745	72,798
<b>Cash flow from operating activities</b>	<b>218,707</b>	<b>234,473</b>	<b>87,260</b>
Change in shares	-75	657	1,632
Change in property and equipment	-154	-304	-381
Change in intangible assets	-370	-838	-1,031
<b>Cash flow from investing activities</b>	<b>-599</b>	<b>-485</b>	<b>220</b>
Repayment of subordinated loans	-9,811	-	-2
Issued subordinated loans	-	9,016	8,176
Dividend paid	-8,118	-	-
<b>Cash flow from financing activities</b>	<b>-17,929</b>	<b>9,016</b>	<b>8,174</b>
<b>Liquid funds at beginning of the period</b>	<b>397,642</b>	<b>327,958</b>	<b>327,958</b>
Cash flow for the period	200,179	243,004	95,654
Exchange rate difference on liquid funds	16,025	-13,273	-25,970
<b>Liquid funds at end of the period*</b>	<b>613,846</b>	<b>557,689</b>	<b>397,642</b>

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

## NOTES

### Note 1 Accounting policies

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

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

#### Changed accounting policies

Amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and measurement, IFRS 7 Financial Instruments: Disclosures and IFRS 16 Leasing – Interest Rate Benchmark Reform Phase 2

Amendments to IFRS 9 Financial Instruments and IAS 39 Financial Instruments: Recognition and measurement, IFRS 7 Financial Instruments: Disclosures and IFRS 16 Leasing, relating to the Interest Rate Benchmark Reform Phase 2, entered into force on 1 January 2021. The amendments to IFRS 9 entail that modifications of financial assets and financial liabilities, implemented as a direct consequence of the benchmark reform, are recognised as a change to the effective interest rate. Modification gains/losses are thus not recognised. For the exemption to be applicable, an amendment must be necessary as a direct consequence of the benchmark reform, and the new basis for determining cash flows must be economically equivalent to the former basis. In addition, the amendments in IFRS 9 and IAS 39 allow for exemptions from certain requirements for hedge accounting when existing reference rates in hedging relationships are replaced with alternative reference rates. The amendments are thus deemed to facilitate the transition to new reference rates without significant effects on profit, and this without a material impact on Handelsbanken's financial reports, capital adequacy, large exposures or other circumstances according to the applicable regulatory requirements. The comparative figures for previous periods have not been recalculated and opening retained earnings have not been impacted by any initial effect in conjunction with the application of the amendments.

For a description of the Bank's process for transitioning to alternative reference rates (RFR, Nearly Risk-free Rates), and the Bank's assessment of the impact that the Interest Rate Benchmark Reform will have on existing interbank rates of significance to the Bank, please refer to Note G21 in the Annual Report and Sustainability Report for 2020. During the period January-September, the Bank's work has mainly focused on adaptations to and development of IT systems for issues of securities and trade in derivatives within Group Treasury and Handelsbanken Capital Markets, as well as on loan products administrated within Handelsbanken Capital Markets. Adaptations to and development of IT systems are considered necessary due to the fact that the alternative reference rates (RFR) are calculated retrospectively, in contrast to existing interbank rates,

which are calculated on a forward-looking basis. Adaptations to and development of IT systems have been undertaken centrally in Sweden and locally within the Bank's foreign entities in the UK and USA. In terms of this adaptation work, significant focus has been put on enabling the subsidiary, Handelsbanken plc, to offer customers loan products with interest rates based on the Bank of England's base rate or alternative RFRs, respectively. An outstanding bond in GBP was converted from Libor to SONIA during the period. Furthermore, the Bank has issued a new instrument (CD in New York) in USD, with SOFR as the reference. Otherwise, there are no other financial instruments in the Bank that have transitioned to refer to the alternative reference rates during the period. The Financial Conduct Authority (FCA) has confirmed that all LIBOR settings for GBP, EUR, CHF and JPY, as well as 1-week and 2-month USD, will either cease to be provided by any administrator, or no longer be representative, as of 31 December 2021. Publication of the remaining USD LIBOR settings will cease immediately after 30 June 2023. This decision was expected, and the dates had already been accounted for in the Bank's planning for its work to transition to alternative reference rates.

In other respects, the interim report of the Group and the parent company has been prepared in accordance with the same accounting policies and calculation methods that were applied in the Annual Report and Sustainability Report for 2020.

#### Future regulatory changes

##### IFRS 17 Insurance Contracts

IFRS 17 Insurance Contracts has been published by the IASB and replaces IFRS 4 Insurance Contracts. Assuming that IFRS 17 is adopted by the EU, this standard is to be applied as of the 2023 financial year. IFRS 17 entails a change in how insurance contracts are recognised, presented and valued. It will also entail extended disclosure requirements.

In order to reduce discrepancies in the recognition of insurance contracts, IFRS 17 introduces uniform valuation principles based on three measurement approaches: the building block approach, the premium allocation approach, and the variable fee approach. IFRS 17 prescribes the building block approach for the valuation of insurance contracts, whereby the insurance commitment is valued on the basis of expected present values of future cash flows, with consideration given to a risk margin and a profit margin. The two other valuation approaches can be applied under specific circumstances. The choice of approach depends on the terms of the contract (long-term, short-term or profit-yielding). The Bank has a project for the implementation of IFRS 17 and is currently analysing the financial effects of the new standard on the Group's accounts.

#### Other changes in IFRS

None of the other 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.

Note 2 Net interest income

SEK m	Q3 2021	Q2 2021	Change	Q3 2020	Change	Jan-Sep 2021	Jan-Sep 2020	Change	Full year 2020
<b>Interest income</b>									
Loans to credit institutions and central banks	-100	-54	-85%	-131	24%	-236	620		517
Loans to the public	9,465	9,506	0%	9,995	-5%	28,451	32,167	-12%	41,754
Interest-bearing securities eligible as collateral with central banks	64	69	-7%	72	-11%	197	237	-17%	291
Bonds and other interest-bearing securities	72	66	9%	86	-16%	202	311	-35%	380
Derivative instruments	-310	-300	-3%	-126	-146%	-926	1,145		1,172
Other interest income	317	311	2%	309	3%	976	940	4%	1,282
<b>Total</b>	<b>9,508</b>	<b>9,598</b>	<b>-1%</b>	<b>10,205</b>	<b>-7%</b>	<b>28,664</b>	<b>35,420</b>	<b>-19%</b>	<b>45,396</b>
Interest income reported in Net gains/losses on financial transactions	-10	7		14		-37	-108	66%	-112
<b>Total interest income</b>	<b>9,518</b>	<b>9,591</b>	<b>-1%</b>	<b>10,191</b>	<b>-7%</b>	<b>28,701</b>	<b>35,528</b>	<b>-19%</b>	<b>45,508</b>
<i>of which interest income according to the effective interest method and interest on derivatives in hedge accounting</i>	<i>9,177</i>	<i>9,263</i>	<i>-1%</i>	<i>9,673</i>	<i>-5%</i>	<i>27,657</i>	<i>32,578</i>	<i>-15%</i>	<i>42,164</i>
<b>Interest expense</b>									
Due to credit institutions and central banks	-23	-44	-48%	-98	-77%	-116	-548	-79%	-576
Deposits and borrowing from the public	-68	-86	-21%	-140	-51%	-216	-1,233	-82%	-1,332
Issued securities	-1,601	-1,567	2%	-2,332	-31%	-5,083	-9,995	-49%	-11,786
Derivative instruments	795	707	12%	957	-17%	2,491	2,186	14%	2,690
Subordinated liabilities	-248	-232	7%	-275	-10%	-836	-892	-6%	-1,186
Government fees	-356	-368	-3%	-344	3%	-1,069	-1,088	-2%	-1,424
Other interest expenses	-60	-40	50%	-48	25%	-136	-168	-19%	-204
<b>Total</b>	<b>-1,561</b>	<b>-1,630</b>	<b>-4%</b>	<b>-2,280</b>	<b>-32%</b>	<b>-4,965</b>	<b>-11,738</b>	<b>-58%</b>	<b>-13,818</b>
Interest expense reported in Net gains/losses on financial transactions	-4	0		18		-4	45		84
<b>Total interest expense</b>	<b>-1,557</b>	<b>-1,630</b>	<b>-4%</b>	<b>-2,298</b>	<b>-32%</b>	<b>-4,961</b>	<b>-11,783</b>	<b>-58%</b>	<b>-13,902</b>
<i>of which interest expense according to the effective interest method and interest on derivatives in hedge accounting</i>	<i>-1,142</i>	<i>-1,211</i>	<i>-6%</i>	<i>-1,834</i>	<i>-38%</i>	<i>-3,707</i>	<i>-9,897</i>	<i>-63%</i>	<i>-11,609</i>
<b>Net interest income</b>	<b>7,961</b>	<b>7,961</b>	<b>0%</b>	<b>7,893</b>	<b>1%</b>	<b>23,740</b>	<b>23,745</b>	<b>0%</b>	<b>31,606</b>

Included on the Derivative instruments rows is net interest income which relates to assets and liabilities that are hedged. These can have either a positive or a negative impact on interest income and interest expenses.

## Note 3 Net fee and commission income

SEK m	Q3 2021	Q2 2021	Change	Q3 2020	Change	Jan-Sep 2021	Jan-Sep 2020	Change	Full year 2020
Brokerage and other securities commissions	145	160	-9%	139	4%	479	487	-2%	656
Mutual funds	1,556	1,441	8%	1,120	39%	4,358	3,213	36%	4,432
Custody and other asset management fees	285	279	2%	241	18%	834	704	18%	979
Advisory services	35	63	-44%	51	-31%	166	152	9%	240
Insurance	235	225	4%	196	20%	675	573	18%	779
Payments	873	799	9%	785	11%	2,382	2,391	0%	3,182
Loans and deposits	318	328	-3%	335	-5%	974	1,012	-4%	1,353
Guarantees	73	78	-6%	86	-15%	227	269	-16%	352
Other	156	161	-3%	182	-14%	483	480	1%	648
<b>Total fee and commission income</b>	<b>3,676</b>	<b>3,534</b>	<b>4%</b>	<b>3,135</b>	<b>17%</b>	<b>10,578</b>	<b>9,281</b>	<b>14%</b>	<b>12,621</b>
Securities	-54	-61	-11%	-66	-18%	-173	-197	-12%	-258
Payments	-443	-396	12%	-375	18%	-1,165	-1,121	4%	-1,494
Other	-22	-22	0%	-22	0%	-65	-61	7%	-83
<b>Total fee and commission expenses</b>	<b>-519</b>	<b>-479</b>	<b>8%</b>	<b>-463</b>	<b>12%</b>	<b>-1,403</b>	<b>-1,379</b>	<b>2%</b>	<b>-1,835</b>
<b>Net fee and commission income</b>	<b>3,157</b>	<b>3,055</b>	<b>3%</b>	<b>2,672</b>	<b>18%</b>	<b>9,175</b>	<b>7,902</b>	<b>16%</b>	<b>10,786</b>

## Net fee and commission income per segment

January - September 2021										
SEK m	Home markets									Group Jan-Sep 2021
	Sweden	UK	Norway	Denmark	Finland	The Nether- lands	Capital Markets	Other	Adj. & elim.	
Brokerage and other securities commissions	186	6	13	45	11	7	210	9	-8	479
Mutual funds	3,416	231	174	115	160	40	251		-29	4,358
Custody and other asset management fees	479	25	76	138	39	53	35	0	-11	834
Advisory services	2	35	2	12			117		-2	166
Insurance	610		34	18	58		-25	0	-20	675
Payments	1,627	201	175	133	243	1	12	-8	-2	2,382
Loans and deposits	555	92	64	45	164	14	36	4	0	974
Guarantees	79	13	29	54	15	1	38		-2	227
Other	372	3	3	66	10	1	212	1	-185	483
<b>Total fee and commission income</b>	<b>7,326</b>	<b>606</b>	<b>570</b>	<b>626</b>	<b>700</b>	<b>117</b>	<b>886</b>	<b>6</b>	<b>-259</b>	<b>10,578</b>
<b>Total fee and commission expenses</b>	<b>-1,059</b>	<b>-45</b>	<b>-95</b>	<b>-86</b>	<b>-164</b>	<b>-11</b>	<b>-188</b>	<b>-14</b>	<b>259</b>	<b>-1,403</b>
<b>Net fee and commission income</b>	<b>6,267</b>	<b>561</b>	<b>475</b>	<b>540</b>	<b>536</b>	<b>106</b>	<b>698</b>	<b>-8</b>	<b>0</b>	<b>9,175</b>
<i>of which Net card commissions</i>	633	26	55	44	13	-1	0	-9		761

January - September 2020										
SEK m	Home markets									Group Jan-Sep 2020
	Sweden	UK	Norway	Denmark	Finland	The Nether- lands	Capital Markets	Other	Adj. & elim.	
Brokerage and other securities commissions	171	6	13	40	13	10	229	15	-10	487
Mutual funds	2,400	200	109	78	118	33	333		-58	3,213
Custody and other asset management fees	344	28	51	115	22	44	101		-1	704
Advisory services	0	29	1	10			113		-1	152
Insurance	635		27	19	45		-137	1	-17	573
Payments	1,640	197	173	127	242	2	22	-10	-2	2,391
Loans and deposits	537	118	59	48	194	15	39	3	-1	1,012
Guarantees	94	13	33	50	19	1	59		0	269
Other	374	3	3	61	10	1	202	2	-176	480
<b>Total fee and commission income</b>	<b>6,195</b>	<b>594</b>	<b>469</b>	<b>548</b>	<b>663</b>	<b>106</b>	<b>961</b>	<b>11</b>	<b>-266</b>	<b>9,281</b>
<b>Total fee and commission expenses</b>	<b>-1,020</b>	<b>-44</b>	<b>-96</b>	<b>-87</b>	<b>-145</b>	<b>-15</b>	<b>-227</b>	<b>-11</b>	<b>266</b>	<b>-1,379</b>
<b>Net fee and commission income</b>	<b>5,175</b>	<b>550</b>	<b>373</b>	<b>461</b>	<b>518</b>	<b>91</b>	<b>734</b>	<b>0</b>	<b>0</b>	<b>7,902</b>
<i>of which Net card commissions</i>	647	27	52	37	21	0	0	-8		776



## Note 4 Net gains/losses on financial transactions

SEK m	Q3 2021	Q2 2021	Change	Q3 2020	Change	Jan-Sep 2021	Jan-Sep 2020	Change	Full year 2020
Amortised cost	108	96	13%	72	50%	259	174	49%	182
<i>of which loans</i>	122	124	-2%	104	17%	336	261	29%	309
<i>of which interest-bearing securities</i>	0	0		0	0%	0	0	0%	0
<i>of which issued securities</i>	-14	-28	50%	-32	56%	-77	-87	11%	-127
Fair value through other comprehensive income	0	0	0%	0	0%	0	0	0%	-1
<i>of which expected credit losses</i>	0	0	0%	0	0%	0	0	0%	-1
Fair value through profit or loss, fair value option	-192	-124	-55%	34		-752	429		304
<i>of which interest-bearing securities</i>	-192	-124	-55%	34		-752	429		304
Fair value through profit or loss, mandatory including FX effects	670	514	30%	186	260%	1,992	331		1,021
Hedge accounting	33	14	136%	26	27%	22	59	-63%	49
<i>of which net gains/losses on fair value hedges</i>	34	13	162%	26	31%	22	60	-63%	49
<i>of which cash flow hedge ineffectiveness</i>	-1	1		0		0	-1		0
Result from financial components in insurance contract	-27	-14	-93%	40		-46	-96	52%	-118
<b>Net gains/losses on financial transactions</b>	<b>592</b>	<b>486</b>	<b>22%</b>	<b>358</b>	<b>65%</b>	<b>1,475</b>	<b>897</b>	<b>64%</b>	<b>1,437</b>

## Note 5 Other expenses

SEK m	Q3 2021	Q2 2021	Change	Q3 2020	Change	Jan-Sep 2021	Jan-Sep 2020	Change	Full year 2020
Property and premises	-136	-146	-7%	-149	-9%	-438	-474	-8%	-626
External IT costs	-620	-681	-9%	-501	24%	-1,927	-1,620	19%	-2,199
Communication	-66	-74	-11%	-72	-8%	-216	-238	-9%	-314
Travel and marketing	-33	-31	6%	-27	22%	-91	-120	-24%	-157
Purchased services	-506	-520	-3%	-402	26%	-1,506	-1,438	5%	-1,924
Supplies	-32	-38	-16%	-46	-30%	-109	-134	-19%	-172
Other administrative expenses	-167	-121	38%	-346	-52%	-447	-674	-34%	-693
<b>Other expenses</b>	<b>-1,560</b>	<b>-1,611</b>	<b>-3%</b>	<b>-1,543</b>	<b>1%</b>	<b>-4,734</b>	<b>-4,698</b>	<b>1%</b>	<b>-6,085</b>

## Note 6 Credit losses

SEK m	Q3 2021	Q2 2021	Change	Q3 2020	Change	Jan-Sep 2021	Jan-Sep 2020	Change	Full year 2020
<b>Expected credit losses on balance sheet items</b>									
The period's provision Stage 3	-240	-66	264%	-194	24%	-424	-568	-25%	-829
Reversal of Stage 3 provisions previous years	96	93	3%	176	-45%	232	511	-55%	581
<b>Total expected credit losses Stage 3</b>	<b>-144</b>	<b>27</b>		<b>-18</b>		<b>-192</b>	<b>-57</b>	<b>237%</b>	<b>-248</b>
The period's net provision Stage 2	89	44	102%	-50		89	-439		-430
The period's net provision Stage 1	-9	7		16		14	-46		-35
<b>Total expected credit losses in Stage 1 and Stage 2</b>	<b>80</b>	<b>51</b>	<b>57%</b>	<b>-34</b>		<b>103</b>	<b>-485</b>		<b>-465</b>
<b>Total expected credit losses on balance sheet items</b>	<b>-64</b>	<b>78</b>		<b>-52</b>	<b>23%</b>	<b>-89</b>	<b>-542</b>	<b>-84%</b>	<b>-713</b>
<b>Expected credit losses on off-balance sheet items</b>									
The period's net provision Stage 3	17	-46		-10		22	-66		-20
The period's net provision Stage 2	-10	-17	-41%	-27	-63%	6	-112		-95
The period's net provision Stage 1	-10	-13	-23%	9		-15	-22	32%	-24
<b>Total expected credit losses on off-balance sheet items</b>	<b>-3</b>	<b>-76</b>	<b>-96%</b>	<b>-28</b>	<b>-89%</b>	<b>13</b>	<b>-200</b>		<b>-139</b>
<b>Write-offs</b>									
Actual credit losses for the period	-74	-136	-46%	-943	-92%	-387	-1,289	-70%	-1,834
Utilised share of previous provision Stage 3	61	115	-47%	924	-93%	331	1,235	-73%	1,757
<b>Total write-offs</b>	<b>-13</b>	<b>-21</b>	<b>-38%</b>	<b>-19</b>	<b>-32%</b>	<b>-56</b>	<b>-54</b>	<b>4%</b>	<b>-77</b>
<b>Recoveries</b>									
	<b>14</b>	<b>66</b>	<b>-79%</b>	<b>50</b>	<b>-72%</b>	<b>121</b>	<b>112</b>	<b>8%</b>	<b>148</b>
<b>Net credit losses</b>	<b>-66</b>	<b>47</b>		<b>-49</b>	<b>35%</b>	<b>-11</b>	<b>-684</b>	<b>-98%</b>	<b>-781</b>
<i>of which loans to the public</i>	<i>-64</i>	<i>122</i>		<i>-20</i>	<i>220%</i>	<i>-25</i>	<i>-484</i>	<i>-95%</i>	<i>-638</i>

SEK m	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020
<b>1) Expected credit losses Stage 3 on and off balance sheet</b>	<b>-127</b>	<b>-19</b>	<b>-24</b>	<b>-145</b>	<b>-28</b>
<b>Change in model-based provision Stage 1 and Stage 2:</b>					
Update of macroeconomic scenarios and risk factors	6	14	34	10	40
Transfer of exposures in exposed sectors from Stage 1 to Stage 2*	5	-3	1	3	-7
Change in probability of default in portfolio at beginning of quarter (net rating changes)	1	-33	-70	-35	-6
Effects of changes in exposures (existing, new and terminated exposures)	17	6	18	38	44
Other in Stage 1 and Stage 2	39	31	69	16	25
<b>Model-based credit losses in Stage 1 and Stage 2</b>	<b>68</b>	<b>15</b>	<b>52</b>	<b>32</b>	<b>96</b>
<b>Expert-based provision for Covid-19 (stress of ECL 12 months, in Stage and Stage 2):</b>					
Provision for stress in exposed sectors according to assumptions	-706	-695	-678	-663	-564
Extended stress of the group exposure of Hotel corp.			-27		-100
Reduction, based on 80% probability for stress, 90% in UK and 100% for hotel	101	98	102	99	97
<b>Expert-based calculation of provision</b>	<b>-605</b>	<b>-597</b>	<b>-603</b>	<b>-564</b>	<b>-567</b>
<b>Expert-based credit losses in Stage 1 and Stage 2 (change in provision versus previous quarter)</b>	<b>-8</b>	<b>6</b>	<b>-39</b>	<b>3</b>	<b>-148</b>
<b>2) Expected credit losses in Stage 1 and Stage 2 on and off balance sheet</b>	<b>60</b>	<b>21</b>	<b>13</b>	<b>35</b>	<b>-52</b>
<b>3) Write-offs</b>	<b>-13</b>	<b>-21</b>	<b>-22</b>	<b>-23</b>	<b>-19</b>
<b>4) Recoveries</b>	<b>14</b>	<b>66</b>	<b>41</b>	<b>36</b>	<b>50</b>
<b>Net credit losses (1+2+3+4)</b>	<b>-66</b>	<b>47</b>	<b>8</b>	<b>-97</b>	<b>-49</b>
<i>* expert-based assessment of significant increase in credit risk</i>					

The provision requirement for Stage 1 and Stage 2 has decreased during the third quarter. The primary reason for this is that the model-based provision decreased during the quarter, partly due to slightly shorter maturities and a somewhat lower exposure to counterparties with a relatively high reserve ratio.

The macroeconomic scenarios were updated prior to the third quarter based on the prevailing market conditions. Both the probability weighting of 15%/70%/15% for a negative/neutral/positive scenario and the selection of macroeconomic risk factors are unchanged since the second quarter.

In order to incorporate the estimated impact of the Covid-19 pandemic from factors not covered by the model, an expert-based calculation has been carried out at aggregate level to adjust the model-based calculations for selected sub-portfolios. A stressed scenario for these sub-portfolios has been compared with the model-based calculation as at 30 September 2021, with the difference constituting the expert-based calculation. Thereafter, the Bank has assessed the probability that the outcome of the expert-based calculation will arise, and arrived at an additional provision requirement of SEK 605m (597), an increase of SEK 8m. The stressed sub-portfolios include all private customers (excluding mortgages) and corporate customers assessed as belonging to a sector that is especially exposed to the effects of the Covid-19 pandemic. The exposed sectors are primarily comprised of construction businesses, retail, and hotel and restaurant businesses. Specific counterparties in the identified sectors have been excluded, based on an expert assessment, as the provision requirement is deemed to have been considered in the model-based calculation. For both companies and private individuals, probability of default (PD) is the risk parameter that has been stressed for the coming 12 months.

In addition to the stress above, an expert-based assessment has been made for companies in the sectors which are particularly affected by the Covid-19 pandemic and have a higher than normal credit risk. These companies are deemed to have a significant increase in credit risk solely due to their sector and rating and are placed in Stage 2, regardless of the size of the change in the modelled credit risk since the credit was granted. The expert-based assessment results in a reduced provision requirement of SEK 5m (-3), due to transfers between Stage 1 and Stage 2.

The process for the impairment testing of agreements in Stage 3 has not changed due to the Covid-19 pandemic, but remains as before with the customary procedure for individual assessment.

## Loans to the public – Key figures

	30 Sep 2021	30 Jun 2021	31 Mar 2021	31 Dec 2020	30 Sep 2020
Credit loss ratio %, acc	0.00	0.00	0.01	0.03	0.03
Total credit loss reserve ratio, %	0.14	0.14	0.15	0.15	0.17
Credit loss reserve ratio Stage 1, %	0.02	0.02	0.02	0.02	0.02
Credit loss reserve ratio Stage 2, %	1.06	1.16	1.20	1.09	1.06
Credit loss reserve ratio Stage 3, %	28.93	28.19	29.99	31.97	32.05
Proportion of loans Stage 3, %	0.22	0.22	0.22	0.21	0.23

For definitions, please see the Fact Book which is available at [handelsbanken.com/ir](http://handelsbanken.com/ir).

## Note 7 Loans

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

SEK m	30 Sep 2021	30 Jun 2021	31 Mar 2021	31 Dec 2020	30 Sep 2020
Cash and balances with central banks	613,846	598,097	684,396	397,642	557,689
Other loans to central banks	1,927	18,307	1,459	21,326	34,508
Interest-bearing securities eligible as collateral with central banks	416	417	418	1,181	1,904
Loans to other credit institutions	31,035	37,543	43,378	21,920	26,748
<i>of which reverse repos</i>	15,075	15,542	19,728	523	2,492
Loans to the public	2,361,498	2,337,419	2,321,695	2,269,612	2,290,611
<i>of which reverse repos</i>	15,768	13,655	13,073	11,626	14,879
Bonds and interest-bearing securities	8,680	8,596	9,584	7,964	4,804
<b>Total</b>	<b>3,017,402</b>	<b>3,000,379</b>	<b>3,060,930</b>	<b>2,719,645</b>	<b>2,916,264</b>

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

SEK m	30 Sep 2021	30 Jun 2021	31 Mar 2021	31 Dec 2020	30 Sep 2020
Volume, gross	3,020,690	3,003,650	3,064,428	2,723,110	2,920,063
<i>of which Stage 1</i>	2,941,211	2,922,590	2,981,585	2,639,707	2,830,893
<i>of which Stage 2</i>	72,089	73,809	75,478	76,401	81,275
<i>of which Stage 3</i>	7,390	7,251	7,365	7,002	7,895
Provisions	-3,290	-3,273	-3,501	-3,467	-3,801
<i>of which Stage 1</i>	-381	-372	-383	-389	-407
<i>of which Stage 2</i>	-771	-857	-909	-840	-863
<i>of which Stage 3</i>	-2,138	-2,044	-2,209	-2,238	-2,531

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

SEK m	30 Sep 2021	30 Jun 2021	31 Mar 2021	31 Dec 2020	30 Sep 2020
Loans to the public, gross	2,364,779	2,340,683	2,325,187	2,273,069	2,294,406
<i>of which Stage 1</i>	2,285,309	2,259,639	2,242,371	2,189,683	2,205,263
<i>of which Stage 2</i>	72,080	73,793	75,451	76,384	81,248
<i>of which Stage 3</i>	7,390	7,251	7,365	7,002	7,895
Provisions	-3,281	-3,264	-3,492	-3,457	-3,795
<i>of which Stage 1</i>	-376	-366	-378	-385	-404
<i>of which Stage 2</i>	-767	-854	-905	-834	-860
<i>of which Stage 3</i>	-2,138	-2,044	-2,209	-2,238	-2,531

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

30 September 2021				
SEK m	Stage 1	Stage 2	Stage 3	Total
Provision at beginning of year	-389	-840	-2,238	-3,467
Derecognised assets	31	57	109	197
Write-offs	0	1	330	331
Remeasurements due to changes in credit risk	-80	69	-96	-107
Changes due to update in the methodology for estimation	-	-	-	-
Foreign exchange effect, etc	-8	-19	-41	-68
Purchased or originated assets	-48	-18	-17	-83
Transfer to Stage 1	-25	42	1	18
Transfer to Stage 2	55	-213	7	-151
Transfer to Stage 3	83	150	-193	40
<b>Provision at end of period</b>	<b>-381</b>	<b>-771</b>	<b>-2,138</b>	<b>-3,290</b>

31 December 2020				
SEK m	Stage 1	Stage 2	Stage 3	Total
Provision at beginning of year	-363	-444	-3,767	-4,574
Derecognised assets	68	106	156	330
Write-offs	-	2	1,755	1,757
Remeasurements due to changes in credit risk	-235	-123	-71	-429
Changes due to update in the methodology for estimation	-	-	-	-
Foreign exchange effect, etc	19	21	76	116
Purchased or originated assets	-81	-78	-20	-179
Transfer to Stage 1	-16	28	3	15
Transfer to Stage 2	109	-501	9	-383
Transfer to Stage 3	110	149	-379	-120
<b>Provision at end of period</b>	<b>-389</b>	<b>-840</b>	<b>-2,238</b>	<b>-3,467</b>

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

30 September 2021				
SEK m	Stage 1	Stage 2	Stage 3	Total
Provision at beginning of year	-385	-834	-2,238	-3,457
Derecognised assets	31	57	109	197
Write-offs	0	1	330	331
Remeasurements due to changes in credit risk	-82	66	-96	-112
Changes due to update in the methodology for estimation	-	-	-	-
Foreign exchange effect, etc	-7	-18	-41	-66
Purchased or originated assets	-46	-18	-17	-81
Transfer to Stage 1	-25	42	1	18
Transfer to Stage 2	55	-213	7	-151
Transfer to Stage 3	83	150	-193	40
<b>Provision at end of period</b>	<b>-376</b>	<b>-767</b>	<b>-2,138</b>	<b>-3,281</b>

31 December 2020				
SEK m	Stage 1	Stage 2	Stage 3	Total
Provision at beginning of year	-360	-441	-3,767	-4,568
Derecognised assets	68	104	156	328
Write-offs	-	2	1,755	1,757
Remeasurements due to changes in credit risk	-235	-125	-71	-431
Changes due to update in the methodology for estimation	-	-	-	-
Foreign exchange effect, etc	19	21	76	116
Purchased or originated assets	-80	-77	-20	-177
Transfer to Stage 1	-16	28	3	15
Transfer to Stage 2	109	-495	9	-377
Transfer to Stage 3	110	149	-379	-120
<b>Provision at end of period</b>	<b>-385</b>	<b>-834</b>	<b>-2,238</b>	<b>-3,457</b>

The change analysis shows the net effect on the provision for the stage in question for each explanatory item during the period. The impact of reversals and write-offs is calculated on the opening balance. The effect of revaluations arising as a result of changes due to updates in the methodology for estimation, foreign exchange effects, etc., is calculated before any transfer of net amounts between stages. Purchased or originated assets and amounts transferred between stages are recognised after the effects of other explanatory items are taken into account. The transfer rows present the effect on the provision for the stated stage.

## Loans to the public – by sector

30 September 2021	Gross			Provisions			Net
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
SEK m							
Private individuals	1,205,159	16,625	2,834	-155	-121	-762	1,223,580
<i>of which mortgage loans</i>	1,009,000	11,579	879	-31	-21	-53	1,021,353
<i>of which other loans with property mortgages</i>	150,778	3,672	823	-11	-12	-144	155,106
<i>of which other loans to private individuals</i>	45,381	1,374	1,132	-113	-88	-565	47,121
Housing co-operative associations	262,273	1,374	71	-6	-4	-32	263,676
<i>of which mortgage loans</i>	242,329	604	11	-3	0	-7	242,934
Property management	622,377	35,927	1,721	-89	-210	-230	659,496
Manufacturing	20,883	2,802	103	-11	-15	-55	23,707
Retail	20,064	817	404	-17	-42	-92	21,134
Hotel and restaurant	2,403	6,532	56	-5	-225	-6	8,755
Passenger and goods transport by sea	2,262	1,357	1,172	-1	-22	-456	4,312
Other transport and communication	8,919	398	91	-11	-17	-63	9,317
Construction	18,228	841	155	-21	-19	-80	19,104
Electricity, gas and water	11,549	362	3	-3	-11	-3	11,897
Agriculture, hunting and forestry	21,999	1,007	78	-12	-12	-31	23,029
Other services	15,243	1,661	210	-18	-41	-153	16,902
Holding, investment and insurance companies, funds etc.	50,198	1,440	90	-14	-6	-73	51,635
Government and municipalities	5,758	110	-	0	-1	-	5,867
<i>of which Swedish national debt office</i>	379	-	-	-	-	-	379
Other corporate lending	17,994	827	402	-13	-21	-102	19,087
<b>Total</b>	<b>2,285,309</b>	<b>72,080</b>	<b>7,390</b>	<b>-376</b>	<b>-767</b>	<b>-2,138</b>	<b>2,361,498</b>

31 December 2020	Gross			Provisions			Net
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
SEK m							
Private individuals	1,149,125	18,737	2,236	-155	-169	-756	1,169,018
<i>of which mortgage loans</i>	962,972	12,734	601	-37	-28	-56	976,186
<i>of which other loans with property mortgages</i>	145,738	4,330	591	-13	-19	-139	150,488
<i>of which other loans to private individuals</i>	40,415	1,673	1,044	-105	-122	-561	42,344
Housing co-operative associations	248,889	1,405	98	-6	-3	-43	250,340
<i>of which mortgage loans</i>	225,561	678	18	-4	-1	-7	226,245
Property management	600,483	33,375	1,674	-96	-267	-328	634,841
Manufacturing	22,332	3,747	174	-16	-21	-107	26,109
Retail	17,894	2,206	379	-17	-59	-96	20,307
Hotel and restaurant	4,584	5,804	37	-10	-145	-9	10,261
Passenger and goods transport by sea	2,394	2,077	1,162	-1	-6	-288	5,338
Other transport and communication	9,025	601	102	-9	-24	-80	9,615
Construction	15,655	1,977	166	-19	-41	-86	17,652
Electricity, gas and water	12,946	754	3	-3	-10	-1	13,689
Agriculture, hunting and forestry	20,223	1,312	61	-12	-20	-42	21,522
Other services	14,616	1,491	318	-18	-43	-211	16,153
Holding, investment and insurance companies, funds etc.	46,772	2,011	155	-16	-14	-108	48,800
Government and municipalities	7,086	91	-	0	-1	-	7,176
<i>of which Swedish national debt office</i>	474	-	-	-	-	-	474
Other corporate lending	17,659	796	437	-7	-11	-83	18,791
<b>Total</b>	<b>2,189,683</b>	<b>76,384</b>	<b>7,002</b>	<b>-385</b>	<b>-834</b>	<b>-2,238</b>	<b>2,269,612</b>

## Specification of Loans to the public – Property management

30 September 2021	Gross			Provisions			Net
SEK m	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
<b>Loans in Sweden</b>							
State-owned property companies	7,892	14	-	0	0	-	7,906
Municipal-owned property companies	8,085	-	-	0	-	-	8,085
Residential property companies	124,613	2,035	39	-4	-6	-8	126,669
<i>of which mortgage loans</i>	113,369	1,590	18	-4	-5	-4	114,964
Other property management	116,506	13,713	266	-13	-65	-87	130,320
<i>of which mortgage loans</i>	64,566	2,954	39	-3	-9	-8	67,539
<b>Total loans in Sweden</b>	<b>257,096</b>	<b>15,762</b>	<b>305</b>	<b>-17</b>	<b>-71</b>	<b>-95</b>	<b>272,980</b>
<b>Loans outside Sweden</b>							
UK	135,528	8,704	638	-35	-62	-62	144,711
Norway	113,928	7,571	40	-19	-44	-3	121,473
Denmark	23,286	657	131	-6	-13	-30	24,025
Finland	42,190	2,852	596	-3	-17	-35	45,583
The Netherlands	48,886	367	-	-9	-2	-	49,242
Other countries	1,463	14	11	0	-1	-5	1,482
<b>Total loans outside Sweden</b>	<b>365,281</b>	<b>20,165</b>	<b>1,416</b>	<b>-72</b>	<b>-139</b>	<b>-135</b>	<b>386,516</b>
<b>Total loans - Property management</b>	<b>622,377</b>	<b>35,927</b>	<b>1,721</b>	<b>-89</b>	<b>-210</b>	<b>-230</b>	<b>659,496</b>

31 December 2020	Gross			Provisions			Net
SEK m	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
<b>Loans in Sweden</b>							
State-owned property companies	7,895	14	-	0	-	-	7,909
Municipal-owned property companies	7,635	-	-	0	-	-	7,635
Residential property companies	124,320	1,274	57	-5	-8	-47	125,591
<i>of which mortgage loans</i>	113,335	1,107	12	-4	-6	-6	114,438
Other property management	118,593	10,026	218	-20	-101	-86	128,630
<i>of which mortgage loans</i>	63,899	1,920	29	-3	-12	-10	65,823
<b>Total loans in Sweden</b>	<b>258,443</b>	<b>11,314</b>	<b>275</b>	<b>-25</b>	<b>-109</b>	<b>-133</b>	<b>269,765</b>
<b>Loans outside Sweden</b>							
UK	127,793	10,051	622	-37	-76	-107	138,246
Norway	105,806	7,731	61	-16	-56	-4	113,522
Denmark	21,133	2,087	125	-7	-14	-34	23,290
Finland	42,328	1,684	577	-3	-9	-47	44,530
The Netherlands	42,742	498	-	-8	-2	-	43,230
Other countries	2,238	10	14	0	-1	-3	2,258
<b>Total loans outside Sweden</b>	<b>342,040</b>	<b>22,061</b>	<b>1,399</b>	<b>-71</b>	<b>-158</b>	<b>-195</b>	<b>365,076</b>
<b>Total loans - Property management</b>	<b>600,483</b>	<b>33,375</b>	<b>1,674</b>	<b>-96</b>	<b>-267</b>	<b>-328</b>	<b>634,841</b>

## Specification of Loans to the public – Property management: Type of collateral &amp; country, home markets

30 September 2021

SEK m, gross	Sweden	UK	Norway	Denmark	Finland	The Netherlands	Total
Government guarantees	2,505	-	24	-	25,035	-	27,564
Residential	149,112	80,258	20,162	13,501	6,522	34,003	303,558
Office, retail, hotel	67,282	45,781	84,852	4,406	7,820	3,642	213,783
Other real estate	11,436	-	92	3,251	1,206	10,646	26,631
Industry, logistics	17,029	11,673	2,045	543	3,732	294	35,316
Agriculture, forestry	1,829	786	39	92	1	-	2,747
Other collateral	9,821	3,254	1,754	1,666	661	527	17,683
Unsecured	14,149	2,697	11,706	533	391	141	29,617
Undeveloped	-	421	865	82	270	-	1,638
<b>Total</b>	<b>273,163</b>	<b>144,870</b>	<b>121,539</b>	<b>24,074</b>	<b>45,638</b>	<b>49,253</b>	<b>658,537</b>

31 December 2020

SEK m, gross	Sweden	UK	Norway	Denmark	Finland	The Netherlands	Total
Government guarantees	2,371	-	23	-	23,104	-	25,498
Residential	146,484	70,192	18,618	11,822	7,128	27,940	282,184
Office, retail, hotel	68,409	49,941	79,779	4,447	8,292	3,165	214,033
Other real estate	14,960	248	682	3,094	1,083	10,390	30,457
Industry, logistics	17,309	12,380	2,063	702	3,684	181	36,319
Agriculture, forestry	1,730	889	44	100	1	-	2,764
Other collateral	8,681	1,572	674	2,433	549	459	14,368
Unsecured	10,088	2,438	11,231	731	561	1,105	26,154
Undeveloped	-	806	484	16	187	-	1,493
<b>Total</b>	<b>270,032</b>	<b>138,466</b>	<b>113,598</b>	<b>23,345</b>	<b>44,589</b>	<b>43,240</b>	<b>633,270</b>

## Loans to the public – Property management: Commercial properties LTV per country, home markets

30 September 2021

LTV, %	Sweden	UK	Norway	Denmark	Finland	The Netherlands	All
0-40	82.1	86.7	79.6	73.8	79.6	81.8	82.2
41-60	16.3	12.5	17.5	19.9	15.1	15.9	15.7
61-75	1.2	0.6	1.9	4.9	2.2	1.0	1.4
>75	0.4	0.1	0.9	1.4	3.1	1.3	0.7
<b>Average LTV</b>	<b>47</b>	<b>44</b>	<b>51</b>	<b>55</b>	<b>48</b>	<b>50</b>	<b>48</b>

31 December 2020

LTV, %	Sweden	UK	Norway	Denmark	Finland	The Netherlands	All
0-40	81.2	86.0	76.1	70.4	78.3	82.6	80.6
41-60	16.7	13.4	20.4	23.7	15.8	16.3	17.1
61-75	1.4	0.5	2.3	4.4	2.5	0.8	1.5
>75	0.7	0.2	1.2	1.6	3.5	0.3	0.8
<b>Average LTV</b>	<b>48</b>	<b>45</b>	<b>54</b>	<b>56</b>	<b>50</b>	<b>49</b>	<b>49</b>

Loan to value (LTV) shows lending in relation to the market value of the collateral.



## Loans to the public – Property management: Residential properties LTV per country, home markets

30 September 2021							
LTV, %	Sweden	UK	Norway	Denmark	Finland	The Netherlands	All
0-40	79.9	83.1	75.2	65.4	55.8	75.8	78.0
41-60	17.1	16.3	21.6	24.2	20.3	21.6	18.0
61-75	2.7	0.4	2.1	7.7	9.5	1.9	2.7
>75	0.3	0.2	1.0	2.6	14.4	0.7	1.3
<b>Average LTV</b>	<b>49</b>	<b>48</b>	<b>54</b>	<b>63</b>	<b>82</b>	<b>54</b>	<b>52</b>

31 December 2020							
LTV, %	Sweden	UK	Norway	Denmark	Finland	The Netherlands	All
0-40	79.5	83.0	73.2	64.4	56.2	76.5	77.7
41-60	17.4	16.5	22.2	24.4	20.6	21.2	18.3
61-75	2.8	0.4	2.9	8.7	10.0	1.5	2.8
>75	0.3	0.2	1.7	2.5	13.2	0.8	1.2
<b>Average LTV</b>	<b>49</b>	<b>48</b>	<b>57</b>	<b>63</b>	<b>80</b>	<b>54</b>	<b>52</b>

Loan to value (LTV) shows lending in relation to the market value of the collateral.

## Note 8 Credit risk exposure

SEK m	30 Sep 2021	30 Jun 2021	31 Mar 2021	31 Dec 2020	30 Sep 2020
Cash and balances with central banks	613,846	598,097	684,396	397,642	557,689
Other loans to central banks	1,927	18,307	1,459	21,326	34,508
Interest-bearing securities eligible as collateral with central banks	95,694	89,197	83,447	99,133	84,402
Loans to other credit institutions	31,035	37,543	43,378	21,920	26,748
<i>of which reverse repos</i>	15,075	15,542	19,728	523	2,492
Loans to the public	2,361,498	2,337,419	2,321,695	2,269,612	2,290,611
<i>of which reverse repos</i>	15,768	13,655	13,073	11,626	14,879
Bonds and other interest-bearing securities	30,291	33,404	41,101	44,566	44,449
Derivative instruments*	27,520	25,632	30,631	30,614	49,574
Contingent liabilities	73,183	75,896	82,667	79,895	87,449
Commitments	486,808	478,732	484,966	463,424	477,348
<b>Total</b>	<b>3,721,802</b>	<b>3,694,227</b>	<b>3,773,740</b>	<b>3,428,132</b>	<b>3,652,778</b>

\* Refers to the total of positive market values.

## Note 9 Derivatives

SEK m	30 Sep 2021	30 Jun 2021	31 Mar 2021	31 Dec 2020	30 Sep 2020
<b>Positive market values</b>					
Trading	25,773	24,727	30,031	28,543	35,818
Fair value hedges	3,095	2,706	2,768	3,207	3,318
Cash flow hedges	18,917	19,128	20,421	24,208	39,588
Amounts offset	-20,265	-20,929	-22,589	-25,344	-29,150
<b>Total</b>	<b>27,520</b>	<b>25,632</b>	<b>30,631</b>	<b>30,614</b>	<b>49,574</b>
<b>Negative market values</b>					
Trading	21,699	22,444	26,619	42,757	36,734
Fair value hedges	1,439	1,082	1,279	630	658
Cash flow hedges	6,279	8,202	8,209	10,478	4,086
Amounts offset	-16,720	-17,476	-18,474	-21,046	-25,049
<b>Total</b>	<b>12,697</b>	<b>14,252</b>	<b>17,633</b>	<b>32,819</b>	<b>16,429</b>
<b>Nominal value</b>					
Trading	2,880,967	2,791,194	2,739,181	2,661,187	2,958,488
Fair value hedges	434,999	392,131	350,385	308,268	236,976
Cash flow hedges	653,614	649,098	669,434	714,675	765,670
Amounts offset	-2,321,741	-2,337,844	-2,213,093	-2,110,391	-2,045,784
<b>Total</b>	<b>1,647,839</b>	<b>1,494,579</b>	<b>1,545,907</b>	<b>1,573,739</b>	<b>1,915,350</b>

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 10 Offsetting of financial instruments

30 September 2021 SEK m	Derivatives	Repurchase agreements, securities borrowing and similar agreements	Total
<b>Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements</b>			
Gross amount	47,785	39,872	87,657
Amounts offset	-20,265	-8,461	-28,726
<b>Carrying amount on the balance sheet</b>	<b>27,520</b>	<b>31,411</b>	<b>58,931</b>
<b>Related amounts not offset on the balance sheet</b>			
Financial instruments, netting arrangements	-10,797	-	-10,797
Financial assets received as collateral	-12,762	-31,375	-44,137
<b>Total amounts not offset on the balance sheet</b>	<b>-23,559</b>	<b>-31,375</b>	<b>-54,934</b>
<b>Net amount</b>	<b>3,961</b>	<b>36</b>	<b>3,997</b>
<b>Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements</b>			
Gross amount	29,417	27,301	56,718
Amounts offset	-16,720	-8,461	-25,181
<b>Carrying amount on the balance sheet</b>	<b>12,697</b>	<b>18,840</b>	<b>31,537</b>
<b>Related amounts not offset on the balance sheet</b>			
Financial instruments, netting arrangements	-10,797	-	-10,797
Financial assets pledged as collateral	-1,688	-18,840	-20,528
<b>Total amounts not offset on the balance sheet</b>	<b>-12,485</b>	<b>-18,840</b>	<b>-31,325</b>
<b>Net amount</b>	<b>212</b>	<b>-</b>	<b>212</b>

31 December 2020 SEK m	Derivatives	Repurchase agreements, securities borrowing and similar agreements	Total
<b>Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements</b>			
Gross amount	55,958	14,692	70,650
Amounts offset	-25,344	-2,014	-27,358
<b>Carrying amount on the balance sheet</b>	<b>30,614</b>	<b>12,678</b>	<b>43,292</b>
<b>Related amounts not offset on the balance sheet</b>			
Financial instruments, netting arrangements	-14,846	-	-14,846
Financial assets received as collateral	-7,503	-12,669	-20,172
<b>Total amounts not offset on the balance sheet</b>	<b>-22,349</b>	<b>-12,669</b>	<b>-35,018</b>
<b>Net amount</b>	<b>8,265</b>	<b>9</b>	<b>8,274</b>
<b>Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements</b>			
Gross amount	53,865	2,014	55,879
Amounts offset	-21,046	-2,014	-23,060
<b>Carrying amount on the balance sheet</b>	<b>32,819</b>	<b>-</b>	<b>32,819</b>
<b>Related amounts not offset on the balance sheet</b>			
Financial instruments, netting arrangements	-14,846	-	-14,846
Financial assets pledged as collateral	-13,310	-	-13,310
<b>Total amounts not offset on the balance sheet</b>	<b>-28,156</b>	<b>-</b>	<b>-28,156</b>
<b>Net amount</b>	<b>4,663</b>	<b>-</b>	<b>4,663</b>

Derivative instruments are offset on the balance sheet when the settlement of two or more derivatives reflects the Bank's anticipated cash flows. Repurchase agreements and reverse repurchase agreements with central counterparty clearing houses are offset on the balance sheet when this reflects the Bank's anticipated cash flows in the settlement of two or more agreements. This occurs when the Bank has both a contractual right and intention to settle the agreed cash flows with a net amount. The remaining counterparty risk in derivatives is reduced through netting agreements if payments are suspended, i.e. netting positive values against negative values in all derivative transactions with the same counterparty in a bankruptcy situation. Handelsbanken's policy is to sign netting agreements with all bank counterparties. Netting agreements are supplemented with agreements for issuing collateral for the net exposure. The collateral used is mainly cash, but government securities are also used. Collateral for repurchase agreements and borrowing and lending of securities is normally in the form of cash or other securities.

The amount offset for derivative assets includes offset cash collateral of SEK 3,665m (7,330) 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 120m (3,032), derived from the balance sheet item Loans to the public.

## Note 11 Goodwill and other intangible assets

SEK m	Goodwill			Other intangible assets			Total		
	Jan-Sep 2021	Jan-Sep 2020	Full year 2020	Jan-Sep 2021	Jan-Sep 2020	Full year 2020	Jan-Sep 2021	Jan-Sep 2020	Full year 2020
Opening residual value	6,822	7,007	7,007	4,508	4,178	4,178	11,330	11,185	11,185
Additional during the period	-	-	-	369	837	1,031	369	837	1,031
The period's amortisation	-	-	-	-511	-393	-548	-511	-393	-548
The period's impairments	-	-	-	-77	-64	-82	-77	-64	-82
Foreign exchange effect	78	-47	-185	36	-30	-71	114	-77	-256
<b>Closing residual value</b>	<b>6,900</b>	<b>6,960</b>	<b>6,822</b>	<b>4,325</b>	<b>4,528</b>	<b>4,508</b>	<b>11,225</b>	<b>11,488</b>	<b>11,330</b>

## Note 12 Due to credit institutions, deposits and borrowing from the public

SEK m	30 Sep 2021	30 Jun 2021	31 Mar 2021	31 Dec 2020	30 Sep 2020
Due to credit institutions	123,027	126,690	157,321	124,723	198,906
<i>of which repos</i>	138	58	326	-	2,157
Deposits and borrowing from the public	1,449,474	1,427,959	1,474,862	1,229,763	1,317,718
<i>of which repos</i>	18,702	12,749	10,691	-	265

## Note 13 Issued securities

SEK m	Jan-Sep 2021	Jan-Sep 2020	Full year 2020
<b>Issued securities at beginning of year</b>	<b>1,310,737</b>	<b>1,384,961</b>	<b>1,384,961</b>
Issued	733,381	782,795	944,015
Repurchased	-42,067	-56,010	-72,852
Matured	-638,879	-713,259	-880,712
Foreign exchange effect etc.	22,539	-29,313	-64,675
<b>Issued securities at end of period</b>	<b>1,385,711</b>	<b>1,369,174</b>	<b>1,310,737</b>

## Note 14 Pledged assets, contingent liabilities and commitments

SEK m	30 Sep 2021	30 Jun 2021	31 Mar 2021	31 Dec 2020	30 Sep 2020
Assets pledged for own debt	979,024	933,844	894,646	897,907	905,889
Other pledged assets	47,701	51,563	48,447	48,430	60,772
Contingent liabilities	73,183	75,896	82,667	79,895	87,449
Commitments	486,808	478,732	484,966	463,424	477,348

Note 15 Classification of financial assets and liabilities

30 September 2021		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					
<b>Assets</b>								
Cash and balances with central banks					613,846	<b>613,846</b>	613,846	
Other loans to central banks					1,927	<b>1,927</b>	1,927	
Interest-bearing securities eligible as collateral with central banks	9,525	85,753		398	18	<b>95,694</b>	95,694	
Loans to other credit institutions					31,035	<b>31,035</b>	31,137	
Loans to the public					2,361,498	<b>2,361,498</b>	2,367,481	
Value change of interest-hedged item in portfolio hedge					-971	<b>-971</b>		
Bonds and other interest-bearing securities	9,956	11,655		8,680		<b>30,291</b>	30,291	
Shares	20,076			890		<b>20,966</b>	20,966	
Assets where the customer bears the value change risk	235,252				61	<b>235,313</b>	235,313	
Derivative instruments	15,178		12,342			<b>27,520</b>	27,520	
Other assets	22				18,065	<b>18,087</b>	18,087	
<b>Total</b>	<b>290,009</b>	<b>97,408</b>	<b>12,342</b>	<b>9,968</b>	<b>3,025,479</b>	<b>3,435,206</b>	<b>3,442,262</b>	
Investments in associates						<b>461</b>		
Non-financial assets						<b>30,968</b>		
<b>Total assets</b>						<b>3,466,635</b>		
<b>Liabilities</b>								
Due to credit institutions					123,027	<b>123,027</b>	123,434	
Deposits and borrowing from the public					1,449,474	<b>1,449,474</b>	1,449,493	
Liabilities where the customer bears the value change risk		235,252			61	<b>235,313</b>	235,313	
Issued securities	1,635				1,384,076	<b>1,385,711</b>	1,394,733	
Derivative instruments	6,822		5,875			<b>12,697</b>	12,697	
Short positions	14,350					<b>14,350</b>	14,350	
Other liabilities	18				20,642	<b>20,660</b>	20,660	
Subordinated liabilities					31,579	<b>31,579</b>	33,393	
<b>Total</b>	<b>22,825</b>	<b>235,252</b>	<b>5,875</b>		<b>3,008,859</b>	<b>3,272,811</b>	<b>3,284,073</b>	
Non-financial liabilities						<b>11,541</b>		
<b>Total liabilities</b>						<b>3,284,352</b>		

31 December 2020	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							
<b>Assets</b>							
Cash and balances with central banks					397,642	<b>397,642</b>	397,642
Other loans to central banks					21,326	<b>21,326</b>	21,326
Interest-bearing securities eligible as collateral with central banks	3,928	94,024		401	780	<b>99,133</b>	99,133
Loans to other credit institutions					21,920	<b>21,920</b>	21,918
Loans to the public					2,269,612	<b>2,269,612</b>	2,281,897
Value change of interest-hedged item in portfolio hedge					25	<b>25</b>	
Bonds and other interest-bearing securities	9,962	26,640		7,964		<b>44,566</b>	44,566
Shares	20,245			800		<b>21,045</b>	21,045
Assets where the customer bears the value change risk	197,152				60	<b>197,212</b>	197,212
Derivative instruments	16,834		13,780			<b>30,614</b>	30,614
Other assets	30				6,083	<b>6,113</b>	6,113
<b>Total</b>	<b>248,151</b>	<b>120,664</b>	<b>13,780</b>	<b>9,165</b>	<b>2,717,448</b>	<b>3,109,208</b>	<b>3,121,466</b>
Investments in associates						<b>386</b>	
Non-financial assets						<b>25,694</b>	
<b>Total assets</b>						<b>3,135,288</b>	
<b>Liabilities</b>							
Due to credit institutions					124,723	<b>124,723</b>	125,220
Deposits and borrowing from the public					1,229,763	<b>1,229,763</b>	1,229,741
Liabilities where the customer bears the value change risk		197,152			60	<b>197,212</b>	197,212
Issued securities	2,215				1,308,522	<b>1,310,737</b>	1,326,970
Derivative instruments	23,851		8,968			<b>32,819</b>	32,819
Short positions	1,682					<b>1,682</b>	1,682
Other liabilities	38				13,890	<b>13,928</b>	13,928
Subordinated liabilities					41,082	<b>41,082</b>	42,675
<b>Total</b>	<b>27,786</b>	<b>197,152</b>	<b>8,968</b>		<b>2,718,040</b>	<b>2,951,946</b>	<b>2,970,247</b>
Non-financial liabilities						<b>11,869</b>	
<b>Total liabilities</b>						<b>2,963,815</b>	

## Note 16 Fair value measurement of financial instruments

30 September 2021 SEK m	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Interest-bearing securities eligible as collateral with central banks	93,810	1,865	-	95,675
Bonds and other interest-bearing securities	20,515	9,776	-	30,291
Shares	19,274	1,066	626	20,966
Assets where the customer bears the value change risk	234,277	496	480	235,253
Derivative instruments	19	27,473	28	27,520
<b>Total</b>	<b>367,896</b>	<b>40,676</b>	<b>1,134</b>	<b>409,706</b>

<b>Liabilities</b>				
Liabilities where the customer bears the value change risk	234,277	496	480	235,253
Issued securities	-	1,635	-	1,635
Derivative instruments	33	12,636	28	12,697
Short positions	13,988	362	-	14,350
<b>Total</b>	<b>248,298</b>	<b>15,129</b>	<b>508</b>	<b>263,935</b>

31 December 2020 SEK m	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Interest-bearing securities eligible as collateral with central banks	97,513	840	-	98,353
Bonds and other interest-bearing securities	37,931	6,635	-	44,566
Shares	19,892	603	550	21,045
Assets where the customer bears the value change risk	196,244	434	474	197,152
Derivative instruments	267	30,267	80	30,614
<b>Total</b>	<b>351,847</b>	<b>38,779</b>	<b>1,104</b>	<b>391,730</b>

<b>Liabilities</b>				
Liabilities where the customer bears the value change risk	196,244	434	474	197,152
Issued securities	-	2,215	-	2,215
Derivative instruments	255	32,484	80	32,819
Short positions	1,488	194	-	1,682
<b>Total</b>	<b>197,987</b>	<b>35,327</b>	<b>554</b>	<b>233,868</b>

**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 value 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 2020),

the instrument has been moved between the levels in the table. During January – September 2021, some of the volumes have been moved between level 1 and level 2, as a result of a new assessment of market activity. On the assets side, interest-bearing securities worth SEK 806m were transferred from level 1 to level 2. Interest-bearing securities worth SEK 64m were moved from level 2 to level 1. On the liabilities side, no transfers from level 1 to level 2 or from level 2 to level 1 have taken place. No transfers between levels took place during the period January – September 2021 due solely to the Covid-19 situation. 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. Most of these holdings represent investment assets in the Group's insurance operations. Value changes in the investment assets are included in the basis for calculating the yield split in the insurance operations and are therefore not reported directly in the income statement.

#### Change in holdings in level 3

January - September 2021 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
<b>Carrying amount at beginning of year</b>	<b>550</b>	<b>80</b>	<b>-80</b>	<b>474</b>	<b>-474</b>
Acquisitions	33	1	-2	-	-
Repurchases/sales	-2	7	1	-	-
Matured during the period	-	-	-	-	-
Unrealised value change in income statement	-29	-93	86	6	-6
Unrealised value change in other comprehensive income	74	-	-	-	-
Transfer from level 1 or 2	-	-	-	-	-
Transfer to level 1 or 2	-	33	-33	-	-
<b>Carrying amount at end of period</b>	<b>626</b>	<b>28</b>	<b>-28</b>	<b>480</b>	<b>-480</b>

January - December 2020 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
<b>Carrying amount at beginning of year</b>	<b>1,308</b>	<b>69</b>	<b>-70</b>	<b>493</b>	<b>-493</b>
Acquisitions	6	9	-13	-	-
Repurchases/sales	-704	-	5	-	-
Matured during the period	-	-	-	-	-
Unrealised value change in income statement	-22	-16	16	-19	19
Unrealised value change in other comprehensive income	-38	-	-	-	-
Transfer from level 1 or 2	-	17	-17	-	-
Transfer to level 1 or 2	-	1	-1	-	-
<b>Carrying amount at end of period</b>	<b>550</b>	<b>80</b>	<b>-80</b>	<b>474</b>	<b>-474</b>

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 gain/loss), the difference is accrued over the life of the financial instrument. Such differences occur when the applied valuation model does not fully capture all the components which affect the value of the instrument. Day 1 gains/losses are comprised of the Bank's profit margin and remuneration for, for example, capital costs and administrative costs. During the period January – September 2021, an accrual effect of SEK 117m (145) was recognised under Net gains/losses on financial transactions. Of the accrual effect during the corresponding period of the previous year, SEK 87m was attributable to the initial reversal of non-recognised day 1 gains/losses in conjunction with the transition to a new method for reporting CVA. At the end of the period, non-recognised day 1 gains/losses totalled SEK 497m; at year-end 2020, the corresponding figure was SEK 538m.



## Note 17 Assets and liabilities by currency

30 September 2021								
SEK m	SEK	EUR	NOK	DKK	GBP	USD	Other currencies	Total
<b>Assets</b>								
Cash and balances with central banks	190,648	162,166	2,061	25,980	87,845	145,083	63	613,846
Other loans to central banks	-	457	-	273	1,197	-	-	1,927
Loans to other credit institutions	800	4,284	15,366	-2	921	8,713	953	31,035
Loans to the public	1,472,472	238,850	283,270	105,363	245,239	13,401	2,903	2,361,498
<i>of which corporates</i>	521,492	144,750	175,456	41,335	168,688	13,216	1,425	1,066,362
<i>of which households</i>	950,980	94,100	107,814	64,028	76,551	185	1,478	1,295,136
Interest-bearing securities eligible as collateral with central banks	86,290	5,456	1,966	19	-	1,963	-	95,694
Bonds and other interest-bearing securities	17,393	846	11,122	16	-	914	-	30,291
Other items not broken down by currency	332,344							332,344
<b>Total assets</b>	<b>2,099,947</b>	<b>412,059</b>	<b>313,785</b>	<b>131,649</b>	<b>335,202</b>	<b>170,074</b>	<b>3,919</b>	<b>3,466,635</b>
<b>Liabilities</b>								
Due to credit institutions	38,604	47,600	16,702	63	3,243	16,761	54	123,027
Deposits and borrowing from the public	838,037	153,552	102,512	56,107	221,444	75,154	2,668	1,449,474
<i>of which corporates</i>	384,853	121,954	73,879	33,125	157,091	71,017	1,968	843,887
<i>of which households</i>	453,184	31,598	28,633	22,982	64,353	4,137	700	605,587
Issued securities	503,757	403,352	29,525	9	70,791	361,118	17,159	1,385,711
Subordinated liabilities	3,017	15,354	-	-	0	13,208	-	31,579
Other items not broken down by currency, incl. equity	476,844							476,844
<b>Total liabilities and equity</b>	<b>1,860,259</b>	<b>619,858</b>	<b>148,739</b>	<b>56,179</b>	<b>295,478</b>	<b>466,241</b>	<b>19,881</b>	<b>3,466,635</b>
Other assets and liabilities broken down by currency (net)		207,942	-164,920	-75,408	-39,618	296,061	16,021	
<b>Net foreign currency position</b>		<b>143</b>	<b>126</b>	<b>62</b>	<b>105</b>	<b>-106</b>	<b>59</b>	<b>389</b>

31 December 2020								
SEK m	SEK	EUR	NOK	DKK	GBP	USD	Other currencies	Total
<b>Assets</b>								
Cash and balances with central banks	84,525	128,206	18,025	212	100,280	65,480	914	397,642
Other loans to central banks	-	-	2,862	17,371	1,093	-	-	21,326
Loans to other credit institutions	2,083	10,886	1,280	294	1,394	4,534	1,449	21,920
Loans to the public	1,418,660	239,227	259,469	97,781	236,368	15,441	2,666	2,269,612
<i>of which corporates</i>	506,541	151,899	161,117	34,499	161,817	15,273	1,125	1,032,271
<i>of which households</i>	912,119	87,328	98,352	63,282	74,551	168	1,541	1,237,341
Interest-bearing securities eligible as collateral with central banks	89,688	5,457	839	19	-	2,368	762	99,133
Bonds and other interest-bearing securities	33,813	1,420	7,285	16	0	2,032	-	44,566
Other items not broken down by currency	281,089							281,089
<b>Total assets</b>	<b>1,909,858</b>	<b>385,196</b>	<b>289,760</b>	<b>115,693</b>	<b>339,135</b>	<b>89,855</b>	<b>5,791</b>	<b>3,135,288</b>
<b>Liabilities</b>								
Due to credit institutions	48,198	36,846	20,498	229	5,087	13,396	469	124,723
Deposits and borrowing from the public	732,785	132,828	83,757	47,247	208,449	22,651	2,046	1,229,763
<i>of which corporates</i>	310,737	106,377	58,415	24,285	149,183	18,513	1,365	668,875
<i>of which households</i>	422,048	26,451	25,342	22,962	59,266	4,138	681	560,888
Issued securities	478,803	390,814	24,709	104	68,531	331,087	16,689	1,310,737
Subordinated liabilities	3,002	15,213	-	-	0	22,867	-	41,082
Other items not broken down by currency, incl. equity	428,983							428,983
<b>Total liabilities and equity</b>	<b>1,691,771</b>	<b>575,701</b>	<b>128,964</b>	<b>47,580</b>	<b>282,067</b>	<b>390,001</b>	<b>19,204</b>	<b>3,135,288</b>
Other assets and liabilities broken down by currency (net)		190,618	-160,732	-68,039	-56,983	300,144	13,444	
<b>Net foreign currency position</b>		<b>113</b>	<b>64</b>	<b>74</b>	<b>85</b>	<b>-2</b>	<b>31</b>	<b>365</b>

## Note 18 Own funds and capital requirements in the consolidated situation

The requirements for the calculation of own funds and capital requirements are regulated in Regulation (EU) No 575/2013 (CRR) and Directive 2013/36/EU, which comprise the EU's implementation of the international Basel III regulations. All references to CRR in this report refer to these regulations in their entirety, regardless of legislative form (regulation, directive, executive decree or national implementation). Figures reported in this section refer to the minimum capital requirements under Pillar 1 and meet the requirements for publication of information relating to capital adequacy in CRR Part Eight, as well as in the Swedish Financial Supervisory Authority's regulation FFFS 2014:12. Information regarding the total capital requirement and common equity tier 1 capital requirements in Pillar 2 is provided in the Group performance section. They fulfil the requirements set out in the regulations and general guidelines issued by the Swedish Financial Supervisory Authority, FFFS 2008:25 Annual reports in credit institutions and securities companies.

Information in this section relates to Handelsbanken's material risks and capital requirement as of the publication date of this report. A full description of the Bank's risks and capital management can be found in Handelsbanken's Annual Report and in Handelsbanken's Risk and Capital – Information according to Pillar 3.

### Key metrics

	30 Sep 2021	30 Jun 2021	31 Mar 2021	31 Dec 2020	30 Sep 2020
<b>Available own funds (amounts)</b>					
Common equity tier 1 (CET1) capital	147,628	152,867	151,151	158,332	150,755
Tier 1 capital	160,704	165,555	164,148	146,160	135,465
Total capital	177,819	182,578	181,385	175,245	168,411
<b>Risk-weighted exposure amounts</b>					
Total risk-weighted exposure amount	759,375	744,288	747,273	721,403	697,074
<b>Capital ratios (as a percentage of risk-weighted exposure amount)</b>					
Common equity tier 1 ratio (%)	19.4%	20.5%	20.2%	20.3%	19.4%
Tier 1 ratio (%)	21.2%	22.2%	22.0%	21.9%	21.6%
Total capital ratio (%)	23.4%	24.5%	24.3%	24.3%	24.2%
<b>Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)</b>					
Additional CET1 SREP requirements (%)	1.2%				
Additional AT1 SREP requirements (%)	1.5%				
Additional T2 SREP requirements (%)	1.9%				
Total SREP own funds requirements (%)	9.9%	8.0%	8.0%	8.0%	8.0%
<b>Combined buffer requirement (as a percentage of risk-weighted exposure amount)</b>					
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 (%)	0.1%	0.1%	0.1%	0.1%	0.1%
Systemic risk buffer (%)	3.0%	3.0%	3.0%	3.0%	3.0%
Global Systemically Important Institution buffer (%)					
Other Systemically Important Institution buffer	1.0%	1.0%	1.0%	1.0%	
Combined buffer requirement (%)	6.6%	6.6%	6.6%	6.6%	5.6%
Overall capital requirements (%)	16.5%	14.6%	14.6%	14.6%	13.6%
CET1 available after meeting the total SREP own funds requirements (%)	13.9%				
<b>Leverage ratio</b>					
Leverage ratio total exposure measure	3,374,819	3,374,515	3,406,820	3,051,376	3,283,507
Leverage ratio	4.8%	4.9%	4.8%	5.2%	4.6%
<b>Additional own funds requirements to address excessive leverage (as a percentage of leverage ratio total exposure amount)</b>					
Additional CET1 leverage ratio requirements (%)					
Additional AT1 leverage ratio requirements (%)					
Additional T2 leverage ratio requirements (%)					
Total SREP leverage ratio requirements (%)	3.0%	3.0%	3.0%	3.0%	3.0%
Applicable leverage buffer					
Overall leverage ratio requirements (%)					
<b>Liquidity coverage ratio (LCR)</b>					
Total high-quality liquid assets (HQLA) (Weighted value-average)	751,877	736,563	743,754	736,681	718,947
Cash outflows - Total weighted value	567,668	562,019	562,308	546,265	539,454
Cash inflows - Total weighted value	67,079	64,596	63,201	65,548	69,467
Total net cash outflows (adjusted value)	500,589	497,423	499,107	480,717	469,987
Liquidity coverage ratio	151%	149%	150%	154%	154%
<b>Net stable funding ratio (NSFR)</b>					
Total available stable funding	1,993,554	1,983,117	1,990,234		
Total required stable funding	1,732,605	1,728,332	1,721,117		
NSFR ratio	115%	115%	116%		

## Overview of risk-weighted exposure amounts

	RWEA		Own funds requirements	
	30 Sep 2021	30 Jun 2021	30 Sep 2021	30 Jun 2021
<b>Credit risk (excluding CCR)</b>	<b>670,680</b>	<b>656,000</b>	<b>53,654</b>	<b>52,480</b>
Of which standardised approach	177,605	182,928	14,208	14,634
Of which foundation IRB (FIRB) approach	43,341	43,354	3,467	3,468
Of which slotting approach				
Of which equities under simple risk-weighted approach	3,363	3,297	269	264
Of which advanced IRB (AIRB) approach	219,243	231,544	17,539	18,524
Of which risk weight floor	227,128	194,877	18,170	15,590
<b>Counterparty credit risk - CCR</b>	<b>12,956</b>	<b>13,182</b>	<b>1,036</b>	<b>1,055</b>
Of which standardised approach	9,518	10,615	761	849
Of which internal model method (IMM)				
Of which exposures to a CCP	257	15	21	1
Of which credit valuation adjustment - CVA	2,692	2,552	215	204
Of which other CCR	489		39	
<b>Settlement risk</b>	<b>0</b>	<b>6</b>	<b>0</b>	<b>0</b>
<b>Securitisation exposures in the non-trading book (after the cap)</b>				
Of which SEC-IRBA approach				
Of which SEC-ERBA (including IAA)				
Of which SEC-SA approach				
Of which 1,250% deduction				
<b>Position, foreign exchange and commodities risks (market risk)</b>	<b>6,071</b>	<b>5,432</b>	<b>486</b>	<b>435</b>
Of which standardised approach	6,071	5,432	486	435
Of which IMA				
<b>Large exposures</b>				
<b>Operational risk</b>	<b>69,668</b>	<b>69,668</b>	<b>5,573</b>	<b>5,573</b>
Of which basic indicator approach				
Of which standardised approach	69,668	69,668	5,573	5,573
Of which advanced measurement approach				
<b>Amounts below the thresholds for deduction (subject to 250% risk weight)</b>				
<b>Total</b>	<b>759,375</b>	<b>744,288</b>	<b>60,750</b>	<b>59,543</b>

## 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 whole of the regional banking operations, and in the following subsidiaries: Stadshypotek AB, Handelsbanken Finans AB and Ecster AB. As of Q1 2021, the Bank's exposures in the UK at Group level 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 branch operations (excluding the Netherlands), Handelsbanken Capital Markets, Stadshypotek AB and Handelsbanken Finans AB, Ecster AB, and retail exposures in Sweden, Norway, Finland and Denmark, as well as in the subsidiaries Stadshypotek AB, Handelsbanken Finans AB and Ecster AB. Risk weight floors are applied to mortgage loans in Sweden and in Norway for both mortgage loans and corporate exposures secured by real estate.

At the end of the quarter, the IRB approach was used to calculate 69% of the total risk-weighted exposure amount for credit risk, including the effects of risk weight floors. For the remaining credit risk exposures, the capital requirements are calculated using the standardised approach.

The total risk-weighted exposure amount for credit risk increased during the quarter due to new risk weight floors in Norway.

Credit quality is good. Of Handelsbanken's corporate exposures, 98% were to customers with a repayment capacity assessed as normal or better than normal, i.e. with a rating grade between 1 and 5 on the Bank's nine-point risk rating scale. The IRB approach is based on historical losses from both the financial crisis of recent years and the Swedish banking crisis in the early 1990s. These risk weights reflect the fact that Handelsbanken has reported low credit losses over a long period. The risk measurements applied contain margins of conservatism to ensure that the risk is not underestimated.

The level of the risk weight in the corporate exposures reflects the portfolio composition and how various loans are classified into different exposure classes.

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 19 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. Handelsbanken's exposure to market risks is also low. Essentially, market risks in the banking operations are only taken as part of meeting customers' investment and risk management needs. The situation with regard to regulatory developments continues to evolve rapidly. This rate of change, combined with the scope and complexity of the financial regulations, is the source of compliance risks for the Bank. Handelsbanken

devotes significant resources to ensuring that the Bank follows applicable regulations at any given time. The Bank's low tolerance of risk means that Handelsbanken is also well-equipped to operate under difficult market conditions. The current pandemic is causing uncertainty regarding economic development in the countries in which the Bank operates. Given this situation, Handelsbanken is maintaining its strict view of credit risks and the normal credit process established at the Bank.

### Liquidity and funding

Handelsbanken has a low tolerance of liquidity risks and works actively to minimise them, at aggregate level and also in each individual currency. The aim is to have good access to liquidity, a low level of variation in results and a considerable capacity to meet customers' funding needs, 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 internal interest rates to the business-operating units.

Furthermore, the Bank aims for breadth in its funding programmes and their use. This ensures that the Bank can keep its core business intact for a long period of time, even if there is extensive disruption in the financial markets.

To ensure sufficient liquidity to support its core operations in stressed financial conditions, the Bank holds large liquidity reserves in all currencies of relevance to the Bank. The liquidity reserve comprises several different parts. Cash, balances and other lending to central banks are components which can provide the Bank with immediate liquidity. The reserve also comprises liquid securities, such as government bonds, covered bonds and other securities of very high credit quality. These can also provide the Bank with immediate liquidity. These parts of the liquidity reserve are illustrated in the table and amounted to SEK 751bn at 30 September 2021. The remainder of the liquidity reserve comprises an unutilised issue amount for covered bonds and other liquidity-creating measures.

## Balances with central banks and securities holdings in the liquidity reserve

	30 Sep 2021	30 Jun 2021	31 Mar 2021	31 Dec 2020	30 Sep 2020
Market value, SEK m					
<b>Level 1 assets</b>	<b>745,795</b>	<b>740,391</b>	<b>812,430</b>	<b>558,086</b>	<b>711,842</b>
Cash and balances with central banks	614,597	615,219	684,692	417,889	591,204
Securities issued or guaranteed by sovereigns, central banks, MDBs and international organisations	94,312	94,452	82,904	100,364	83,800
Securities issued by municipalites and PSEs	748	656	625	645	694
Extremely high quality covered bonds	36,138	30,064	44,209	39,188	36,144
<b>Level 2 assets</b>	<b>5,612</b>	<b>4,661</b>	<b>6,425</b>	<b>4,650</b>	<b>5,698</b>
Level 2A assets	5,501	4,204	6,259	4,599	5,585
Securities issued or guaranteed by sovereigns, central banks, municipalities and PSEs	3,215	1,402	1,841	881	2,812
High quality covered bonds	2,286	2,802	4,418	3,718	2,773
Corporate debt securities (lowest rating AA-)	-	-	-	-	-
Level 2B assets	111	457	166	51	113
Asset-backed securities	-	-	-	-	-
High quality covered bonds	-	-	-	-	-
Corporate debt securities (rated A+ to BBB-)	111	457	166	51	113
Shares (major stock index)	-	-	-	-	-
<b>Total liquid assets</b>	<b>751,407</b>	<b>745,052</b>	<b>818,855</b>	<b>562,736</b>	<b>717,540</b>
of which in SEK	284,564	272,596	241,054	209,797	237,348
of which in EUR	170,099	141,714	123,888	132,403	147,065
of which in USD	147,934	152,291	292,005	69,901	182,104
of which in other currencies	148,810	178,451	161,908	150,635	151,023

30 September 2021					
Market value, SEK m	SEK	EUR	USD	Other	Total
<b>Level 1 assets</b>	<b>283,946</b>	<b>169,603</b>	<b>147,030</b>	<b>145,216</b>	<b>745,795</b>
Cash and balances with central banks	190,649	162,654	145,074	116,220	614,597
Securities issued or guaranteed by sovereigns, central banks, MDBs and international organisations	78,123	6,760	1,956	7,473	94,312
Securities issued by municipalites and PSEs	748	-	-	-	748
Extremely high quality covered bonds	14,426	189	-	21,523	36,138
<b>Level 2 assets</b>	<b>618</b>	<b>496</b>	<b>904</b>	<b>3,594</b>	<b>5,612</b>
Level 2A assets	617	386	904	3,594	5,501
Securities issued or guaranteed by sovereigns, central banks, municipalities and PSEs	-	-	-	3,215	3,215
High quality covered bonds	617	386	904	379	2,286
Corporate debt securities (lowest rating AA-)	-	-	-	-	-
Level 2B assets	1	110	-	-	111
Asset-backed securities	-	-	-	-	-
High quality covered bonds	-	-	-	-	-
Corporate debt securities (rated A+ to BBB-)	1	110	-	-	111
Shares (major stock index)	-	-	-	-	-
<b>Total liquid assets</b>	<b>284,564</b>	<b>170,099</b>	<b>147,934</b>	<b>148,810</b>	<b>751,407</b>

## Maturities for financial assets and liabilities

30 September 2021 SEK m	Up to 30 days	31 days - 6 mths	6 - 12 mths	1 - 2 yrs	2 - 5 yrs	5 yrs -	Unspec. maturity	Total
<b>Assets</b>								
Cash and balances with central banks	613,868	-	-	-	-	-	-	613,868
Interest-bearing securities eligible as collateral with central banks *	95,493	-	-	-	-	-	-	95,493
Bonds and other interest-bearing securities *	30,204	-	-	-	-	-	-	30,204
Loans to credit institutions	29,759	235	110	246	923	1,678	-	32,951
<i>of which reverse repos</i>	15,075	-	-	-	-	-	-	15,075
Loans to the public	63,601	258,213	191,314	211,857	432,861	1,201,080	-	2,358,926
<i>of which reverse repos</i>	15,768	-	-	-	-	-	-	15,768
Other **	37,338	-	-	-	-	-	297,855	335,193
<i>of which shares and participating interests</i>	20,966	-	-	-	-	-	-	20,966
<i>of which claims on investment banking settlements</i>	16,372	-	-	-	-	-	-	16,372
<b>Total</b>	<b>870,263</b>	<b>258,448</b>	<b>191,424</b>	<b>212,103</b>	<b>433,784</b>	<b>1,202,758</b>	<b>297,855</b>	<b>3,466,635</b>
<b>Derivative instruments</b>								
Due to credit institutions ***	45,273	41,746	4,027	2,173	142	921	28,743	123,025
<i>of which repos</i>	138	-	-	-	-	-	-	138
<i>of which deposits from central banks</i>	14,406	35,313	1,526	-	-	-	-	51,245
Deposits and borrowing from the public ***	128,726	20,979	2,808	466	370	6,298	1,289,061	1,448,708
<i>of which repos</i>	18,702	-	-	-	-	-	-	18,702
Issued securities	96,541	396,140	239,987	148,410	401,149	99,199	-	1,381,426
<i>of which covered bonds</i>	-	51,122	103,388	98,267	324,673	67,225	-	644,675
<i>of which bank certificates (CDs) with original maturity of less than one year</i>	16,792	133,191	28,525	-	-	-	-	178,508
<i>of which corporate certificates (CPs) with original maturity of less than one year</i>	64,954	190,641	87,008	-	-	-	-	342,603
<i>of which bank certificates (CDs) and corporate certificates (CPs) with original maturity above one year</i>	-	5,473	1,004	450	-	-	-	6,927
<i>of which Senior Non-Preferred Bonds</i>	-	-	-	-	16,635	15,468	-	32,103
<i>of which senior bonds and other securities with original maturity of more than one year</i>	14,795	15,713	20,062	49,693	59,841	16,506	-	176,610
Subordinated liabilities	-	-	-	10,512	11,873	8,655	-	31,040
Other **	25,397	-	-	-	-	-	457,039	482,436
<i>of which short positions</i>	14,350	-	-	-	-	-	-	14,350
<i>of which investment banking settlement debts</i>	11,047	-	-	-	-	-	-	11,047
<b>Total</b>	<b>295,937</b>	<b>458,865</b>	<b>246,822</b>	<b>161,561</b>	<b>413,534</b>	<b>115,073</b>	<b>1,774,843</b>	<b>3,466,635</b>

\* 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)

	30 Sep 2021	30 Jun 2021	31 Mar 2021	31 Dec 2020	30 Sep 2020
Liquidity coverage ratio (LCR) - sub-components, SEK m					
<b>High quality liquidity assets</b>	<b>747,998</b>	<b>742,088</b>	<b>814,738</b>	<b>559,278</b>	<b>714,115</b>
<b>Cash outflows</b>					
Retail deposits and deposits from small business customers	64,465	63,619	62,408	61,299	60,865
Unsecured wholesale funding	391,599	402,434	478,173	273,375	404,940
Secured wholesale funding	8,988	7,716	5,204	5,245	8,883
Other cash outflows	67,344	64,578	67,882	73,105	73,677
<b>Total cash outflows</b>	<b>532,396</b>	<b>538,347</b>	<b>613,667</b>	<b>413,024</b>	<b>548,365</b>
<b>Cash inflows</b>					
Inflows from fully performing exposures	28,502	29,095	29,973	27,536	25,159
Other cash inflows	31,514	31,621	33,335	13,491	44,702
<b>Total cash inflows</b>	<b>60,016</b>	<b>60,716</b>	<b>63,308</b>	<b>41,027</b>	<b>69,861</b>
<b>Liquidity coverage ratio (LCR)</b>	<b>158%</b>	<b>155%</b>	<b>148%</b>	<b>150%</b>	<b>149%</b>

## Net stable funding ratio (NSFR)

	30 Sep 2021	30 Jun 2021	31 Mar 2021	31 Dec 2020	30 Sep 2020
Net stable funding ratio (NSFR) - sub-components, SEK m					
<b>Available stable funding (ASF)</b>					
Capital items and instruments	199,264	206,021	204,073		
Retail deposits	691,608	687,227	666,027		
Wholesale funding	1,097,418	1,084,121	1,114,123		
Other liabilities	5,264	5,748	6,011		
<b>Total Available stable funding (ASF)</b>	<b>1,993,554</b>	<b>1,983,117</b>	<b>1,990,234</b>		
<b>Required stable funding (RSF)</b>					
Total high-quality liquid assets (HQLA)	6,158	6,135	5,417		
Assets encumbered for more than 12 months in cover pool	419,349	440,915	444,594		
Performing loans and securities	1,214,465	1,184,665	1,171,443		
Other assets	67,913	72,058	74,594		
Off-balance sheet items	24,720	24,559	25,069		
<b>Total Required stable funding (RSF)</b>	<b>1,732,605</b>	<b>1,728,332</b>	<b>1,721,117</b>		
<b>Net stable funding ratio (NSFR)</b>	<b>115%</b>	<b>115%</b>	<b>116%</b>		

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%. Minimum requirements for the net stable funding ratio (NSFR) – the structural liquidity measure that is the ratio between available stable funding and the stable funding required – entered into force in the EU on 30 June 2021 and means that the Bank must have sufficient stable funding to cover the duration of their long-term assets in a one-year perspective under both normal and stressed conditions. The minimum requirement applies at the aggregate level and the ratio must be at least 100%.

At the end of the quarter, the Group's aggregated LCR was 158%, which shows that the Bank has substantial resistance to short-term disruptions in the funding markets. At the same time, the Group's aggregated NSFR was 115%.

## Stress test with liquidity-creating measures

The governance of the Bank's liquidity position 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 market-wide 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 10% 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. The Bank also takes into account that balances with central banks and banks will be utilised and that Group Treasury's securities can immediately supply liquidity if provided as collateral, primarily in the market and as a last resort in central banks. In addition, the Bank can create liquidity through utilising the unutilised issue amount for covered bonds and by implementing other liquidity-creating measures to gradually provide the Bank with liquidity. With these conditions, the Bank will be liquid for more than three years.

## Non-encumbered assets, NEA

30 September 2021		
SEK bn	NEA	Accumulated coverage ratio in % of unsecured funding*
Holdings with central banks and securities in the liquidity portfolio***	751	88%
Mortgage loans	807	182%
Other household lending	175	202%
Property company lending lowest risk class (1-3)	280	235%
Other corporate lending lowest risk class (1-3)	105	247%
Loans to credit institutions lowest risk class (1-3)	8	248%
Other corporate lending	314	284%
Other assets	0	284%
<b>Total non-encumbered assets (NEA)</b>	<b>2,440</b>	<b>284%</b>
<b>Encumbered assets without underlying liabilities**</b>	<b>65</b>	
Encumbered assets with underlying liabilities	962	
<b>Total assets, Group</b>	<b>3,467</b>	

31 December 2020		
SEK bn	NEA	Accumulated coverage ratio in % of unsecured funding*
Holdings with central banks and securities in the liquidity portfolio***	563	69%
Mortgage loans	765	163%
Other household lending	168	184%
Property company lending lowest risk class (1-3)	261	216%
Other corporate lending lowest risk class (1-3)	108	229%
Loans to credit institutions lowest risk class (1-3)	10	230%
Other corporate lending	295	267%
Other assets	19	269%
<b>Total non-encumbered assets (NEA)</b>	<b>2,189</b>	<b>269%</b>
<b>Encumbered assets without underlying liabilities**</b>	<b>62</b>	
Encumbered assets with underlying liabilities	884	
<b>Total assets, Group</b>	<b>3,135</b>	

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

\*\* Over-collateralisation in cover pool (OC).

\*\*\* Relates to eligible as collateral value in central banks.

Information in this section relates to Handelsbanken's material risks and risk management at the time that this interim report is published. A full description of the Bank's risks and capital management can be found in Handelsbanken's Annual Report and in Handelsbanken's Risk and Capital – Information according to Pillar 3.

## Note 20 Related-party transactions

There have been no business transactions of material importance with related parties during the period.

## Note 21 Segment reporting

Information about the Bank's segment reporting is provided on pages 13-29.

## Note 22 Events after the balance sheet date

Information on significant events after the balance sheet date is provided on page 5 and 12.



## Condensed set of financial statements – Parent company

### INCOME STATEMENT – PARENT COMPANY

SEK m	Q3 2021	Q2 2021	Change	Q3 2020	Change	Jan-Sep 2021	Jan-Sep 2020	Change	Full year 2020
Net interest income	3,195	3,326	-4%	3,237	-1%	9,687	9,717	0%	13,071
Dividends received	189	414	-54%	143	32%	815	608	34%	15,937
Net fee and commission income	1,243	1,266	-2%	1,452	-14%	3,770	4,355	-13%	5,692
Net gains/losses on financial transactions	479	820	-42%	783	-39%	1,822	1,116	63%	1,869
Other operating income	703	782	-10%	671	5%	2,195	2,062	6%	2,790
<b>Total income</b>	<b>5,809</b>	<b>6,608</b>	<b>-12%</b>	<b>6,286</b>	<b>-8%</b>	<b>18,289</b>	<b>17,858</b>	<b>2%</b>	<b>39,359</b>
Staff costs	-2,529	-2,761	-8%	-3,984	-37%	-7,998	-9,299	-14%	-11,689
Other administrative expenses	-1,364	-1,421	-4%	-1,479	-8%	-4,198	-4,292	-2%	-5,684
Depreciation, amortisation and impairment of property, equipment and intangible assets	-632	-652	-3%	-687	-8%	-1,977	-2,016	-2%	-2,672
<b>Total expenses before credit losses</b>	<b>-4,525</b>	<b>-4,834</b>	<b>-6%</b>	<b>-6,150</b>	<b>-26%</b>	<b>-14,173</b>	<b>-15,607</b>	<b>-9%</b>	<b>-20,045</b>
<b>Profit before credit losses</b>	<b>1,284</b>	<b>1,774</b>	<b>-28%</b>	<b>136</b>		<b>4,116</b>	<b>2,251</b>	<b>83%</b>	<b>19,314</b>
Net credit losses	-41	3		-83	-51%	-73	-427	-83%	-477
Impairment of financial assets	-	-		-		-	-79		-79
<b>Operating profit</b>	<b>1,243</b>	<b>1,777</b>	<b>-30%</b>	<b>53</b>		<b>4,043</b>	<b>1,745</b>	<b>132%</b>	<b>18,758</b>
Appropriations	-	8		23		31	71	-56%	743
<b>Profit before tax</b>	<b>1,243</b>	<b>1,785</b>	<b>-30%</b>	<b>76</b>		<b>4,074</b>	<b>1,816</b>	<b>124%</b>	<b>19,501</b>
Taxes	-277	-315	-12%	-29		-878	-456	93%	-4,275
<b>Profit for the period</b>	<b>966</b>	<b>1,470</b>	<b>-34%</b>	<b>47</b>		<b>3,196</b>	<b>1,360</b>	<b>135%</b>	<b>15,226</b>

### STATEMENT OF COMPREHENSIVE INCOME – PARENT COMPANY

SEK m	Q3 2021	Q2 2021	Change	Q3 2020	Change	Jan-Sep 2021	Jan-Sep 2020	Change	Full year 2020
<b>Profit for the period</b>	<b>966</b>	<b>1,470</b>	<b>-34%</b>	<b>47</b>		<b>3,196</b>	<b>1,360</b>	<b>135%</b>	<b>15,226</b>
<b>Other comprehensive income</b>									
<b>Items that will not be reclassified to the income statement</b>									
Instruments measured at fair value through other comprehensive income - equity instruments	-2	17		98		49	256		-583
Tax on items that will not be reclassified to income statement	1	-2		-33		-2	-34		11
<i>of which equity instruments measured at fair value through other comprehensive income</i>	1	-2		-33		-2	-34		11
<b>Total items that will not be reclassified to the income statement</b>	<b>-1</b>	<b>15</b>		<b>65</b>		<b>47</b>	<b>222</b>		<b>-572</b>
<b>Items that may subsequently be reclassified to the income statement</b>									
Cash flow hedges	145	-334		-660		46	-717		-1,677
Instruments measured at fair value through other comprehensive income - debt instruments	3	-1		3		19	-		7
Translation differences for the period	302	-602		-141		811	-1,245		-2,184
<i>of which hedging net investment in foreign operations</i>	-2	7		-37	95%	-67	-286	77%	-256
Tax on items that may subsequently be reclassified to the income statement	-30	67		148		-	214		420
<i>of which cash flow hedges</i>	-30	69		141		-10	153		365
<i>of which debt instruments measured at fair value through other comprehensive income</i>	-1	0		-1		-4	-		-1
<i>of which hedging net investment in foreign operations</i>	1	-2		8	-88%	14	61	-77%	56
<b>Total items that may subsequently be reclassified to the income statement</b>	<b>420</b>	<b>-870</b>		<b>-650</b>		<b>876</b>	<b>-1,748</b>		<b>-3,434</b>
<b>Total other comprehensive income for the period</b>	<b>419</b>	<b>-855</b>		<b>-585</b>		<b>923</b>	<b>-1,526</b>		<b>-4,006</b>
<b>Total comprehensive income for the period</b>	<b>1,385</b>	<b>615</b>	<b>125%</b>	<b>-538</b>		<b>4,119</b>	<b>-166</b>		<b>11,220</b>

## Comment on results – Parent company January – September 2021 compared with January – September 2020

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 parent company's operating profit grew to SEK 4,043m (1,745), mainly due to a 14% decrease in staff costs, to SEK -7,998m (-9,299), and a 63% increase to net gains/losses on financial transactions, to SEK 1,822m (1,116). The lower figure for staff costs is mainly due to the provision to the restructuring reserve burdening Q3 2020. The positive change in net gains/losses on financial transactions compared with the same period of the previous year is attributable to the positive effects of narrowing 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. Profit for the period increased to SEK 3,196m (1,360). Net interest income decreased marginally to SEK 9,687m (9,717), while net fee and commission income decreased by 13% to SEK 3,770m (4,355). Since the start of the year, the parent company's equity has decreased to SEK 138,840m (142,839).

## BALANCE SHEET – PARENT COMPANY

SEK m	30 Sep 2021	30 Jun 2021	31 Mar 2021	31 Dec 2020	30 Sep 2020
<b>Assets</b>					
Cash and balances with central banks	526,001	496,649	580,494	297,362	457,312
Interest-bearing securities eligible as collateral with central banks	95,676	89,179	83,428	99,115	84,383
Loans to credit institutions	987,255	1,029,553	1,001,210	953,650	963,089
Loans to the public	584,229	580,018	574,469	566,145	586,281
Value change of interest hedged item in portfolio hedge	-977	-473	-316	13	-
Bonds and other interest-bearing securities	30,578	34,340	42,229	46,533	48,145
Shares	14,239	14,791	15,002	14,313	13,325
Shares in subsidiaries and investments in associates	73,123	73,109	73,095	73,057	73,077
Assets where the customer bears the value change risk	8,388	8,176	7,787	7,405	7,081
Derivative instruments	29,693	27,898	32,548	33,031	49,869
Intangible assets	3,313	3,332	3,452	3,459	3,449
Property, equipment and leasing assets	7,268	7,435	7,446	7,381	7,554
Current tax assets	2,675	1,908	1,198	154	2,761
Deferred tax assets	424	429	875	1,173	1,257
Other assets	16,751	8,958	10,852	20,775	15,356
Prepaid expenses and accrued income	1,784	1,999	1,993	1,297	1,416
<b>Total assets</b>	<b>2,380,420</b>	<b>2,377,301</b>	<b>2,435,762</b>	<b>2,124,863</b>	<b>2,314,355</b>
<b>Liabilities and equity</b>					
Due to credit institutions	211,792	208,629	213,672	193,054	269,307
Deposits and borrowing from the public	1,230,745	1,203,977	1,249,625	1,021,130	1,109,944
Liabilities where the customer bears the value change risk	8,388	8,176	7,787	7,405	7,081
Issued securities	702,738	730,768	739,879	657,520	694,010
Derivative instruments	21,463	23,865	28,762	44,774	34,501
Short positions	14,350	14,600	9,011	1,682	7,332
Current tax liabilities	-	-	-	-	-
Deferred tax liabilities	210	180	651	777	1,014
Provisions	1,204	1,297	1,504	2,276	2,533
Other liabilities	15,689	13,486	12,659	9,125	9,901
Accrued expenses and deferred income	2,520	3,005	3,394	2,266	2,349
Subordinated liabilities	31,579	30,961	31,067	41,082	44,005
<b>Total liabilities</b>	<b>2,240,678</b>	<b>2,238,944</b>	<b>2,298,011</b>	<b>1,981,091</b>	<b>2,181,977</b>
<b>Untaxed reserves</b>	<b>902</b>	<b>902</b>	<b>911</b>	<b>933</b>	<b>1,609</b>
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	7,431	7,017	8,088	6,706	9,279
Retained earnings	116,386	116,381	116,165	109,080	108,303
Profit for the period	3,196	2,230	760	15,226	1,360
<b>Total equity</b>	<b>138,840</b>	<b>137,455</b>	<b>136,840</b>	<b>142,839</b>	<b>130,769</b>
<b>Total liabilities and equity</b>	<b>2,380,420</b>	<b>2,377,301</b>	<b>2,435,762</b>	<b>2,124,863</b>	<b>2,314,355</b>

## CHANGE IN EQUITY – PARENT COMPANY

January – September 2021 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 *		
<b>Opening equity 2021</b>	<b>3,069</b>	<b>2,682</b>	<b>3,274</b>	<b>8,758</b>	<b>628</b>	<b>94</b>	<b>28</b>	<b>124,306</b>	<b>142,839</b>
Profit for the period								3,196	3,196
Other comprehensive income <i>of which reclassified within equity</i>					36	62	825		923
						-684			-684
<b>Total comprehensive income for the period</b>					<b>36</b>	<b>62</b>	<b>825</b>	<b>3,196</b>	<b>4,119</b>
Reclassified to retained earnings								0	0
Dividend								-8,118	-8,118
Fund for internally developed software			-198					198	
<b>Closing equity</b>	<b>3,069</b>	<b>2,682</b>	<b>3,076</b>	<b>8,758</b>	<b>664</b>	<b>156</b>	<b>853</b>	<b>119,582</b>	<b>138,840</b>

January – December 2020 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 *		
<b>Opening equity 2020</b>	<b>3,069</b>	<b>2,682</b>	<b>3,034</b>	<b>8,758</b>	<b>1,940</b>	<b>660</b>	<b>2,156</b>	<b>108,636</b>	<b>130,935</b>
Profit for the period								15,226	3,196
Other comprehensive income <i>of which reclassified within equity</i>					-1,312	-566	-2,128		-4,006
									0
<b>Total comprehensive income for the period</b>					<b>-1,312</b>	<b>-566</b>	<b>-2,128</b>	<b>15,226</b>	<b>11,220</b>
Reclassified to retained earnings								684	684
Fund for internally developed software			240					-240	
<b>Closing equity</b>	<b>3,069</b>	<b>2,682</b>	<b>3,274</b>	<b>8,758</b>	<b>628</b>	<b>94</b>	<b>28</b>	<b>124,306</b>	<b>142,839</b>

January – September 2020 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 *		
<b>Opening equity 2020</b>	<b>3,069</b>	<b>2,682</b>	<b>3,034</b>	<b>8,758</b>	<b>1,940</b>	<b>660</b>	<b>2,156</b>	<b>108,636</b>	<b>130,935</b>
Profit for the period								1,360	1,360
Other comprehensive income <i>of which reclassified within equity</i>					-564	222	-1,184		-1,526
<b>Total comprehensive income for the period</b>					<b>-564</b>	<b>222</b>	<b>-1,184</b>	<b>1,360</b>	<b>-166</b>
Fund for internally developed software			333					-333	
<b>Closing equity</b>	<b>3,069</b>	<b>2,682</b>	<b>3,367</b>	<b>8,758</b>	<b>1,376</b>	<b>882</b>	<b>972</b>	<b>109,663</b>	<b>130,769</b>

\* Included in fair value fund.

The Bank has called an extra general meeting on October 21 to decide on acquisition of 30.5 million Industrivärden A shares from Svenska Handelsbanken's Pension Foundation and dividend in kind of these. The amount of the extra dividend will be based on the share price of the Industrivärden A share on October 21 and amounts to around SEK 8.5 billion based on the share price as of September 30. The proposal is not included in the dividends in the table.

The translation reserve includes conversion effects relating to the balance sheets and income statements of the parent company's international branches. Accumulated conversion effects are reported for taxation when an international branch is closed down or divested. The tax regulations for the taxation of conversion effects are highly complex, and therefore subject to different interpretations. Therefore, it cannot be ruled out that conversion effects may need to be reported for taxation at an earlier stage than when a divestment/closedown takes place.

## CONDENSED STATEMENT OF CASH FLOWS – PARENT COMPANY

SEK m	Jan-Sep 2021	Jan-Sep 2020	Full year 2020
Operating profit	4,043	1,745	18,757
Adjustment for non-cash items in profit/loss	1,893	1,884	-12,481
Paid income tax	-3,213	-3,751	-4,910
Changes in the assets and liabilities of operating activities	220,848	199,632	47,324
<b>Cash flow from operating activities</b>	<b>223,571</b>	<b>199,510</b>	<b>48,690</b>
Change in shares	-90	-271	704
Change in property and equipment	-1,415	-1,010	-1,547
Change in intangible assets	-296	-678	-852
<b>Cash flow from investing activities</b>	<b>-1,801</b>	<b>-1,959</b>	<b>-1,695</b>
Repayment of subordinated loans	-9,811	-	-2
Issued subordinated loans	-	9,016	8,176
Dividend paid	-8,118	-	-
Received Group contributions	15,135	15,992	15,992
<b>Cash flow from financing activities</b>	<b>-2,794</b>	<b>25,008</b>	<b>24,166</b>
<b>Liquid funds at beginning of the year</b>	<b>297,362</b>	<b>242,889</b>	<b>242,889</b>
Cash flow for the period	218,976	222,559	71,161
Exchange rate difference on liquid funds	9,663	-8,136	-16,688
<b>Liquid funds at end of year*</b>	<b>526,001</b>	<b>457,312</b>	<b>297,362</b>

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

## OWN FUNDS AND CAPITAL REQUIREMENT – PARENT COMPANY

## Key metrics

	30 Sep 2021	30 Jun 2021	31 Mar 2021
<b>Available own funds (amounts)</b>			
Common equity tier 1 (CET1) capital	123,915	131,488	130,897
Tier 1 capital	136,991	144,175	143,894
Total capital	154,106	161,199	161,131
<b>Risk-weighted exposure amounts</b>			
Total risk-weighted exposure amount	423,452	417,216	472,629
<b>Capital ratios (as a percentage of risk-weighted exposure amount)</b>			
Common equity tier 1 ratio (%)	29.3%	31.5%	30.6%
Tier 1 ratio (%)	32.4%	34.6%	33.6%
Total capital ratio (%)	36.4%	38.6%	37.7%
<b>Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)</b>			
Additional CET1 SREP requirements (%)	0.9%		
Additional AT1 SREP requirements (%)	1.2%		
Additional T2 SREP requirements (%)	1.6%		
Total SREP own funds requirements (%)	9.6%	8.0%	8.0%
<b>Combined buffer requirement (as a percentage of risk-weighted exposure amount)</b>			
Capital conservation buffer (%)	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 (%)	0.2%	0.1%	0.1%
Systemic risk buffer (%)			
Global Systemically Important Institution buffer (%)			
Other Systemically Important Institution buffer			
Combined buffer requirement (%)	2.7%	2.6%	2.6%
Overall capital requirements (%)	12.2%	10.6%	10.6%
CET1 available after meeting the total SREP own funds requirements (%)	23.8%		
<b>Leverage ratio</b>			
Leverage ratio total exposure measure	1,695,039	1,701,210	1,751,124
Leverage ratio	8.1%	8.5%	8.2%
<b>Additional own funds requirements to address excessive leverage (as a percentage of leverage ratio total exposure amount)</b>			
Additional CET1 leverage ratio requirements (%)			
Additional AT1 leverage ratio requirements (%)			
Additional T2 leverage ratio requirements (%)			
Total SREP leverage ratio requirements (%)	3.0%	3.0%	3.0%
Applicable leverage buffer			
Overall leverage ratio requirements (%)			
<b>Liquidity coverage ratio (LCR)</b>			
Total high-quality liquid assets (HQLA) (Weighted value-average)	656,441	638,982	634,101
Cash outflows - Total weighted value	566,475	555,433	545,836
Cash inflows - Total weighted value	115,295	115,017	110,268
Total net cash outflows (adjusted value)	451,180	440,416	435,568
Liquidity coverage ratio	146%	146%	146%
<b>Net stable funding ratio (NSFR)</b>			
Total available stable funding	1,258,863	1,252,902	1,241,627
Total required stable funding	1,228,027	1,255,476	1,244,023
NSFR ratio	103%	100%	100%

**Overview of risk weighted exposure amounts**

	RWEA		Own funds requirements	
	30 Sep 2021	30 Jun 2021	30 Sep 2021	30 Jun 2021
<b>Credit risk (excluding CCR)</b>	<b>351,938</b>	<b>346,738</b>	<b>28,155</b>	<b>27,739</b>
Of which standardised approach	149,705	153,672	11,976	12,294
Of which foundation IRB (FIRB) approach	35,756	34,929	2,860	2,794
Of which slotting approach				
Of which equities under simple risk-weighted approach	3,244	3,241	260	259
Of which advanced IRB (AIRB) approach	131,884	143,255	10,551	11,460
Of which risk weight floor	31,350	11,641	2,508	931
<b>Counterparty credit risk - CCR</b>	<b>12,956</b>	<b>13,182</b>	<b>1,036</b>	<b>1,055</b>
Of which standardised approach	9,518	10,615	761	849
Of which internal model method (IMM)				
Of which exposures to a CCP	257	15	21	1
Of which credit valuation adjustment - CVA	2,692	2,552	215	204
Of which other CCR	489		39	
<b>Settlement risk</b>	<b>0</b>	<b>6</b>	<b>0</b>	<b>0</b>
<b>Securitisation exposures in the non-trading book (after the cap)</b>				
Of which SEC-IRBA approach				
Of which SEC-ERBA (including IAA)				
Of which SEC-SA approach				
Of which 1250% deduction				
<b>Position, foreign exchange and commodities risks (Market risk)</b>	<b>19,440</b>	<b>18,178</b>	<b>1,555</b>	<b>1,454</b>
Of which standardised approach	19,440	18,178	1,555	1,454
Of which IMA				
<b>Large exposures</b>				
<b>Operational risk</b>	<b>39,118</b>	<b>39,118</b>	<b>3,129</b>	<b>3,129</b>
Of which basic indicator approach				
Of which standardised approach	39,118	39,118	3,129	3,129
Of which advanced measurement approach				
<b>Amounts below the thresholds for deduction (subject to 250% risk weight)</b>				
<b>Total</b>	<b>423,452</b>	<b>417,216</b>	<b>33,876</b>	<b>33,377</b>

## SUBMISSION OF REPORT

We hereby submit this interim report.

Stockholm, 19 October 2021

Carina Åkerström  
President and Group Chief Executive

## PRESS AND TELEPHONE CONFERENCE

A press conference will be held at the Bank's head office on 20 October at 08:30 a.m. (CET).

A phone conference will be held on 20 October at 11:15 a.m. (CET).

Press releases, presentations, a fact book and a recording of the telephone conference will be available at [handelsbanken.com/ir](http://handelsbanken.com/ir).

This report has been subject to review by the company's auditors.

The highlights of the Annual Report for the January – December 2021 period will be published on 9 February 2022.

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# Auditors' report concerning review of interim report

To the Board of Svenska Handelsbanken AB (publ), corporate identity number 502007-7862

## INTRODUCTION

We have reviewed the interim report for Svenska Handelsbanken AB (publ) as at 30 September 2021 and for the nine-month period ending as at this date. The Board of Directors and the Chief Executive are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act for Credit Institutions and Securities Companies. Our responsibility is to express a conclusion on this interim report based on our review.

## FOCUS AND SCOPE OF THE REVIEW

We have conducted our review in accordance with the International Standard on Review Engagements ISRE 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily to persons responsible for financial and accounting matters, and applying analytical and other review

procedures. A review differs from and is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim report is not, in all material respects, in accordance with IAS 34 and the Annual Accounts Act for Credit Institutions and Securities Companies for the Group and in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies for the parent company.

Stockholm, 19 October 2021

Ernst & Young AB  
Jesper Nilsson, Authorised Public Accountant

PricewaterhouseCoopers AB  
Johan Rippe, Authorised Public Accountant

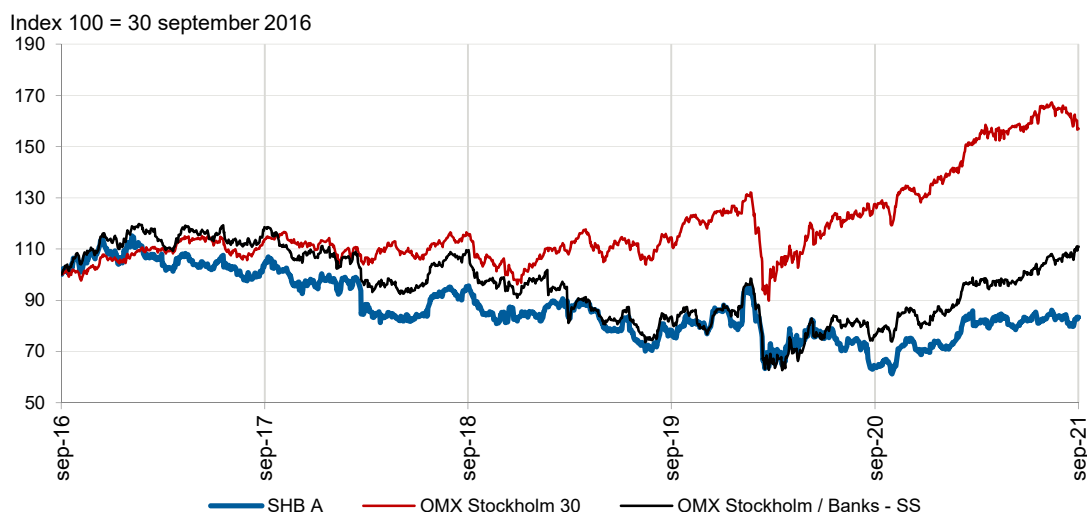


## Share price performance and other information

The Swedish stock market (OMX Stockholm 30 index) went up by 21% during the first nine months of the year. The Stockholm stock exchange's bank index climbed by 37%. Handelsbanken's class A share closed at SEK 98.32, an improvement of 19%, but including the distributed dividend of SEK 4.10, the total return was 24%.

Over the last five years, the Swedish stock market (OMX Stockholm 30) has gone up by 57%, while the bank index (OMX Stockholm Banks SS) has gone up by 11%. During the same period, the price of Handelsbanken's class A share has declined by 17%.

### SHARE PRICE PERFORMANCE PREVIOUS 5 YEARS



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