Risk and Capital Information according to Pillar 3

2024

Handelsbanken plc
Company No. 11305395
Year ended 31 December 2024

Handelsbanken

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Introduction

Handelsbanken plc ("the Bank") and its subsidiaries ("UK Group") are subsidiaries of Svenska Handelsbanken AB (publ) ("Handelsbanken Group"). In this report the Bank and the UK Group provides information in compliance with the Disclosure Capital Requirements Regulation ("CRR") Part of the Prudential Regulatory Authority ("PRA") Rulebook. The disclosures pursuant to this Part can be found in this report in the form of quantitative and qualitative information to be provided as stipulated in Chapter 'Pillar 3 Templates and Instructions' in the Disclosure (CRR) Part. Definitions and explanations are found at the end of the document.

BASIS OF PREPARATION

Institutions are required to publish their disclosures in the manner set out in 'Disclosure (CRR) Part' of the PRA Rulebook.

Requirements of Chapter 2 'Level of Application' and Chapter 4 'Disclosure (Part Eight CRR)' Articles 433a, 433b and 433c are based on institution size, complexity and whether they are listed or non-listed institutions. The UK Group is a non-listed large institution and is required to provide information in accordance with Rule 2.3 of Chapter 2, Rule 2.4 of Chapter 2 and Article 433a(2)a in Chapter 4[1].

The information published in this Pillar 3 disclosure represents the UK Group's annual disclosures for 2024. All data is recorded as at 31 December 2024 and is consistent with Common Reporting ('CoRep') and Financial Reporting ('FinRep').

Capital disclosures (which include Own Funds, Risk Weighted Exposure Amounts, Capital Buffers, Credit Risk, Credit Risk Mitigation and Leverage Ratio) and Remuneration disclosures are prepared on a UK Group basis in line with the UK Group's capital reporting processes. The UK Group disclosures incorporate its wholly-owned subsidiaries Handelsbanken Wealth & Asset Management Limited ('HWAM') and Handelsbanken Authorised Corporate Director ('HACD').

Liquidity reporting matters are supervised by the PRA at the Bank level, therefore liquidity disclosures are prepared on this basis.

As a UK parent institution, the UK Group satisfies its consolidated disclosure requirements under Rule 2.4 and applies the derogation available under Rule 2.5. The UK Group is consolidated into its third country parent, Handelsbanken Group Pillar 3 disclosure.

PRESENTATION OF PILLAR 3 DISCLOSURE AND THE ANNUAL REPORT AND FINANCIAL STATEMENTS

This report presents the Pillar 3 disclosures of the UK Group and is expected to be read in conjunction with the UK Group's Annual Consolidated Report and Financial Statements ('Annual Report') and the Handelsbanken Group Pillar 3 disclosure.

This Pillar 3 disclosure refers to organisational structures and processes, including risk management policies and objectives. More information on these topics can be found in the Annual Report from pages 34 and 58 respectively.

REGULATORY DEVELOPMENTS

Basel 3.1 near-final rules were published in two tranches in December 2023 and September 2024. The new requirements are currently proposed to come into force on 1 January 2027. Whilst these disclosures are based on the existing Basel 3 requirements, the UK Group is currently working on the implementation of Basel 3.1.

Further to the subsidiarisation in 2018, the UK Group has focused on its strategic objectives, one of which being to obtain approval from the PRA for calculating credit capital requirements using an internal ratings based (IRB) approach. During 2024, the Bank has continued to focus on enhancing its governance and controls arrangements, improving the data and IT infrastructure and building internal IRB models and expertise in line with the relevant regulations.

Additional information on the key regulatory developments is provided in the Annual Report from page 15.

1. The UK Group is not required to make semi-annual disclosures under Article 433a(2)b by application of Rule 2.3 (subsidiaries of parent undertakings established in a third country) and semi-annual disclosures are satisfied by Handelsbanken Group disclosures.

2.0

Risk management policies and objectives

Handelsbanken Group's restrictive approach to risk means that the UK Group deliberately avoids high-risk transactions. This low risk tolerance is maintained through a strong risk culture and applies to all areas of the UK Group. The UK Group is characterised by a clear division of responsibility where each part of the business operations bears full responsibility for its business and risk management. The decentralised business model is combined with strong centralised controls.

The UK Group adopts a risk management framework (RMF) and risk tolerance metrics to monitor risks, which are approved at Board level. The UK Group has a low risk tolerance and this restrictive approach means that it deliberately avoids high-risk transactions, even if the remuneration is high. This is maintained through a strong risk culture that is sustainable in the long-term and applies to all areas of the UK Group. The low risk tolerance is outlined in the RMF. HWAM and its subsidiary HACD take a similar approach to risk, and maintain their own Risk Management Frameworks which are consistent with the Bank's framework, allowing for the differences in business undertaken and relative size.

The Bank's business model focuses on taking credit risks in the branch operations on customers with whom the Bank can build long-term relations. Risk appetite for other risks are low.

The Bank's principal risks are the following:

- Credit risk - the risk of facing economic loss as a result of counterparties being unable to fulfil their contractual obligations including losses arising as a result of concentrations of exposures;
- Market risk - the risk of loss arising from potential adverse changes in the value or income of the firm's assets and liabilities due to a fluctuation in market rates, namely interest and FX rates. Market risks are only considered for the banking book and limited to interest rate and currency exchange rate risks. Interest rate risk is driven by banking activity (lending and borrowing money, holding and issuing securities and gathering deposits) aimed to generate earnings from cash-flow;
- Operational risk - the risk of loss due to inadequate or failed internal processes, people and systems or external events;
- Capital risk - the risk of not fulfilling all capital requirements set out for banks by public authorities;
- Funding and liquidity risk - the risk that the business cannot meet its liabilities and payment obligations when they fall due;
- Model risk - the risk of adverse financial impact or unintended business outcomes arising from the design, implementation, or use of models. In the Bank's risk taxonomy, model risk is treated as a cross-cutting risk given the use of models across the risk spectrum;
- Business strategy risk - the risk of loss of income, inability to reach strategic objectives, or risk of sustained financial loss due to business strategy decisions or plans (including remuneration), failure to implement or adapt strategies/plans to changes in the external or internal business environment;
- Compliance risk - the risk of sanctions, material financial loss, or loss to reputation that may be suffered as a result of failure to comply with laws, regulations, rules, codes of conduct or guidance applicable to operations, that are subject to authorisation and regulatory permissions;
- Sustainability risks - the collective term for factors in the sustainability area which may have an adverse effect on the Bank's earnings, customers, assets, reputation, operations, financial resilience and compliance with regulation; and
- Group risk - the risk of loss or negative impact on the Bank from its relationships (financial or non-financial) with other entities in the same Group, or by risk which may affect the financial position of the Handelsbanken Group, including reputational contagion

More information on the UK Group's approach to and management of risk, can be found in the Risk and Capital Management section of the UK Group's Annual Report (From page 58).

GOVERNANCE PROCESS AROUND CAPITAL CALCULATIONS

The UK Group has internal control processes and follows the defined governance process around its capital calculations. These include quarterly reviews and approvals on regulatory reporting returns by both the Finance department (first line of defence) and Risk department (second line of defence).

On a monthly basis, the Finance department presents the capital position to the Asset and Liability Committee ('ALCO') and reports the capital ratios to Risk department for risk tolerance monitoring. In addition, on a periodic basis, Internal Audit department (third line of defence) and first line Operational Risk and Control department review the processes and controls around capital calculations.

The UK Group has a Financial Regulatory Reporting Working Group and a Prudential Steering Group, comprising Finance and Risk representatives, that reviews and challenges regulatory interpretations and implementation, under delegated authority from ALCO. More detail on the UK Group's corporate governance approach, structure and committee reports, can be found in the Strategic Report section of the UK Group's Annual Report (from page 34).

3.0

Key metrics and overview of risk weighted exposure amount

Template KM1 shows key metrics relating to risk-based capital ratios, the leverage ratio and liquidity standards and provides a set of key metrics covering the UK Group's available capital (including buffer requirements and ratios). KM1 encompasses total risk-weighted assets, leverage ratio, Liquidity Coverage Ratio ("LCR") and Net Stable Funding Ratio ("NSFR").

UK KM1 KEY METRICS

Given the capital strength and considering our capital and liquidity plans, the Board has agreed a dividend of £485m for the year. The Board of Directors met on 12 March 2025 and recommended this dividend which was approved at the Annual General Meeting. After taking into account the dividend, the total capital ratio is 20.6%, pre dividend it was 24.8%. The recommended dividend of £485m reduces the CET1 ratio from 22.2% to 18.0%. KM1 is presented taking into account the dividend and it is deducted in relevant metrics. More detail on the approach to capital management, the composition of the UK Group's capital resources, capital requirements, RWAs and capital ratios, can be found in the Risk and Capital Management section of the Annual Report (From page 70). Paragraph (h) of Article 447 is not included as the UK Group does not have resolution groups. Excluded rows (such as LREQ and G-SIB numbers) are deemed not relevant for the UK Group at present.

Key metrics 2024		2024	2023
GBP m			
	Available own funds (amounts)		
1	Common Equity Tier 1 (CET1) capital	2,089	2,214
2	Tier 1 capital	2,089	2,214
3	Total capital	2,389	2,614
	Risk-weighted exposure amounts		
4	Total risk-weighted exposure amount	11,605	11,066
	Capital ratios (as a percentage of risk-weighted exposure amount)		
5	Common Equity Tier 1 ratio (%)	18.0%	20.0%
6	Tier 1 ratio (%)	18.0%	20.0%
7	Total capital ratio (%)	20.6%	23.6%
	Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)		
UK 7a	Additional CET1 SREP requirements (%)	1.5%	1.6%
UK 7b	Additional AT1 SREP requirements (%)	0.5%	0.5%
UK 7c	Additional T2 SREP requirements (%)	0.6%	0.7%
UK 7d	Total SREP own funds requirements (%)	10.6%	10.8%
	Combined buffer requirement (as a percentage of risk-weighted exposure amount)		
8	Capital conservation buffer (%)	2.5%	2.5%
9	Institution specific countercyclical capital buffer (%)	2.0%	2.0%
11	Combined buffer requirement (%)	4.5%	4.5%
UK 11a	Overall capital requirements (%)	15.1%	15.3%
12	CET1 available after meeting the total SREP own funds requirements (%)	13.1%	15.7%
	Leverage ratio		
13	Total exposure measure excluding claims on central banks	22,473	24,356
14	Leverage ratio excluding claims on central banks (%)	9.3%	9.1%
	Liquidity Coverage Ratio		
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	8,853	7,946
UK 16a	Cash outflows - Total weighted value	6,792	7,390
UK 16b	Cash inflows - Total weighted value	1,392	2,170
16	Total net cash outflows (adjusted value)	5,400	5,220
17	Liquidity coverage ratio (%)	165%	153%
	Net Stable Funding Ratio		
18	Total available stable funding	19,210	19,525
19	Total required stable funding	14,166	14,950
20	NSFR ratio (%)	136%	131%

3.0

UK OV1 OVERVIEW OF RISK WEIGHTED EXPOSURE AMOUNTS

The table below shows risk weighted exposure amounts (RWEA's) for credit and operational risk at the end of the current period. Credit risk is calculated under the Standardised Approach and Operational risk is calculated under the Basic Indicator Approach. Excluded rows (such as IRB, CVA and securitisation numbers) are deemed not relevant for the UK Group at present.

Overview of total risk exposure amounts 2024 GBP m		**2024** **Risk weighted exposure amounts (RWEAs)**	**2023** **Risk weighted exposure amounts (RWEAs)**	**2024** **Total own funds requirements**
1	Credit risk (excluding CCR)	10,184	9,940	814
2	Of which the standardised approach	10,184	9,940	814
23	Operational risk	1,421	1,126	114
UK 23a	Of which basic indicator approach	1,421	1,126	114
24	Amounts below the thresholds for deduction (subject to 250% risk weight)	2	4	0
29	**Total**	**11,605**	**11,066**	**928**

UK OVC ICAAP INFORMATION

Article 438(a) in the Disclosure (CRR) Part of the PRA Rulebook

Approach to assessing the adequacy of their internal capital.

In addition to the regulatory capital and buffer requirements, the UK Group performs internal capital adequacy assessments in which all risks and capital requirements are assessed. To assess the UK Group's capital adequacy on a forward looking basis and to ensure it has sufficient capital to withstand plausible but severe stress conditions, the UK Group produces a capital plan based on the UK Group's macroeconomic base case forecast and for a range of stress testing scenarios.

Article 438(c) in the Disclosure (CRR) Part of the PRA Rulebook

Upon demand from the relevant competent authority, the result of the institution's internal capital adequacy assessment process.

This has not been requested but can be provided upon demand from the relevant competent authority.

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Regulatory own funds

The disclosed regulatory adjustments comprise of deductions from own funds and prudential filters as referred to in points (a), (d), (e) and (f) of Article 437 in the Disclosure (CRR) Part of the PRA Rulebook. The right hand column of this template shows the source of every major input, which is cross-referenced to the corresponding rows in template UK CC2.

UK CC1 COMPOSITION OF REGULATORY OWN FUNDS

Presentation in accordance with the requirements in the Pillar 3 Templates and Instructions Chapter in the Disclosure (CRR) Part of the PRA Rulebook. The interim profits number is adjusted for the approved dividend of £485m. More detail on the capital resources and capital ratios can be found in the Risk and Capital Management section of the UK Group's Annual Report (From page 70). Excluded rows (such as AT1 numbers) are deemed not relevant for the UK Group at present.

Composition of regulatory own funds 2024 GBP m		Amount at disclosure date	Source based on reference numbers/ letters of the balance sheet under the regulatory scope of consolidation amount of UK CRR
	Common Equity tier 1 capital: instruments and reserves		
1	Capital instruments and the related share premium accounts	2,076	
	of which: share capital	5	E – 1
	of which: share premium accounts	2,071	E – 2
2	Retained earnings	189	E – 3
5a	Interim Profits	-126	
6	**Common equity tier 1 (CET1) capital before regulatory adjustments**	**2,139**	
	Common equity tier 1 (CET1) capital: regulatory adjustments		
8	Intangible assets (net of related tax liability) (negative amount)	-50	A - 5
27a	Credit Losses	0	
28	**Total regulatory adjustments to common equity tier 1 (CET1) capital**	**-50**	
29	**Common equity tier 1 (CET1) capital**	**2,089**	
45	**Tier 1 capital (T1 = CET1 + AT1)**	**2,089**	
	Tier 2 (T2) capital: instruments and provisions		
46	Capital instruments and the related share premium accounts	300	
50	Credit risk adjustments		
51	**Tier 2 (T2) capital before regulatory adjustments**	**300**	
58	**Tier 2 (T2) capital**	**300**	
59	**Total capital (TC = T1 + T2)**	**2,389**	
60	**Total risk-weighted assets**	**11,605**	
	Capital ratios and requirements including buffers		
61	Common equity tier 1 capital (as a percentage of total risk exposure amount)	18.0%	
62	Tier 1 capital (as a percentage of total risk exposure amount)	18.0%	
63	Total capital (as a percentage of total risk exposure amount)	20.6%	
64	Institution CET1 overall capital requirements	10.4%	
65	of which: capital conservation buffer requirement	2.5%	
66	of which: countercyclical buffer requirement	2%	
68	Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements	13.1%	
	Amounts below the thresholds for deduction (before risk weighting)		
75	Deferred tax assets arising from temporary differences (amount below 17,65% threshold, net of related tax liability where the conditions in Article 38 (3) are met)	1	

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UK CC2 RECONCILIATION OF REGULATORY OWN FUNDS TO BALANCE SHEET IN THE AUDITED FINANCIAL STATEMENTS

The table below shows a reconciliation between audited balance sheet own funds and regulatory own funds as at 31 December 2024 in accordance with the requirements of the Pillar 3 Templates and Instructions Chapter in the Disclosure (CRR) Part of the PRA Rulebook. For the purposes of Rule 2.3 in the 'Disclosure (CRR) Part', Pillar 3 disclosures are prepared on a UK Group basis which is the same basis and regulatory scope as the financial statements. Dash (-) reflects applicable rows with no value in the current period.

The UK Group Annual Report lines that are reconciled to the regulatory own funds are referenced, with the reference linking to the composition of regulatory own funds in UK CC1 above.

Reconciliation of regulatory own funds to balance sheet in the audited financial statements 2024 GBP m		Balance-sheet as in published financial statements	Reference
	ASSETS		
A – 1	Cash and balances with central banks	9,085	
A – 2	Other loans to central banks	-	
A – 3	Loans to other credit institutions	3,563	
A – 4	Loans to the public	17,826	
A – 5	Intangible assets	50	8
A – 6	Property and equipment	22	
A – 7	Right-of-use assets	51	
A – 8	Current tax assets	2	
A – 9	Deferred tax assets	1	
A – 10	Assets held for sale	-	
A – 11	Prepaid expenses and accrued income	19	
A – 12	Other assets	95	
A – 13	**Total assets**	**30,714**	
	LIABILITIES AND EQUITY		
L - 1	Liabilities to credit institutions	4,979	
L - 2	Deposits and borrowing from the public	20,881	
L - 3	Issued securities	2,136	
L - 4	Current tax liabilities	-	
L - 5	Deferred tax liabilities	2	
L - 6	Provisions	14	
L - 7	Lease liabilities	52	
L - 8	Accrued expenses and deferred income	10	
L – 9	Other liabilities	16	
L - 10	**Total liabilities**	**28,090**	
E – 1	Share capital	5	1
E – 2	Share premium	2,071	1
E – 3	Retained earnings	189	2
E – 4	Profit for the year	359	
E – 5	**Total equity**	**2,624**	
LE - 1	**Total liabilities and equity**	**30,714**	

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UK CCA MAIN FEATURES - REGULATORY OWN FUNDS INSTRUMENTS, CET1

Presentation in accordance with the requirements of Commission Implementing Regulation (UK) No 2021/637, for meeting own funds and eligible liabilities requirements.

Main features - regulatory own funds instruments, CET1		
1	Issuer	UK Group
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
2a	Public or private placement	Private
3	Governing law(s) of the instrument	English law
3a	Contractual recognition of write down and conversion powers of resolution authorities	N/A
	Regulatory treatment	
4	Current treatment taking into account, where applicable, transitional CRR rules	Common equity tier 1 capital
5	Post-transitional CRR rules	Common equity tier 1 capital
6	Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated	Solo & sub consolidated
7	Instrument type (types to be specified by each jurisdiction)	Ordinary shares
8	Amount recognised in regulatory capital or eligible liabilities (Currency in million, as of most recent reporting date)	GBP 2,076m comprising nominal and premium
9	Nominal amount of instrument	GBP 5m
UK-9a	Issue price	100%
UK-9b	Redemption price	N/A
10	Accounting classification	Shareholder's equity
11	Original date of issuance	Various
12	Perpetual or dated	Perpetual
13	Original maturity date	No maturity
14	Issuer call subject to prior supervisory approval	No
15	Optional call date, contingent call dates and redemption amount	N/A
16	Subsequent call dates, if applicable	N/A
	Coupons / dividends	
17	Fixed or floating dividend/coupon	N/A
18	Coupon rate and any related index	N/A
19	Existence of a dividend stopper	No
UK-20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary
UK-20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary
21	Existence of step up or other incentive to redeem	No
22	Noncumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down features	No
31	If write-down, write-down trigger(s)	N/A
32	If write-down, full or partial	N/A
33	If write-down, permanent or temporary	N/A
34	If temporary write-down, description of write-up mechanism	N/A
34a	Type of subordination (only for eligible liabilities)	N/A
UK-34b	Ranking of the instrument in normal insolvency proceedings	Shareholder's equity - subordinate to all other forms of debt and capital
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Tier 2 capital
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	N/A
37a	Link to the full term and conditions of the instrument (signposting)	N/A

UK CCA MAIN FEATURES - REGULATORY OWN FUNDS INSTRUMENTS, T2

Presentation in accordance with the requirements of Commission Implementing Regulation (UK) No 2021/637, for meeting own funds and eligible liabilities requirements.

Main features - regulatory own funds instruments, T2

1	Issuer	UK Group	UK Group
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	N/A	N/A
2a	Public or private placement	Private	Private
3	Governing law(s) of the instrument	English law	English law
3a	Contractual recognition of write down and conversion powers of resolution authorities	Yes	Yes
	Regulatory treatment		
4	Current treatment taking into account, where applicable, transitional CRR rules	Tier 2	Tier 2
5	Post-transitional CRR rules	Tier 2	Tier 2
6	Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated	Solo & sub consolidated	Solo & sub consolidated
7	Instrument type (types to be specified by each jurisdiction)	Subordinated loan	Subordinated loan
8	Amount recognised in regulatory capital or eligible liabilities (Currency in million, as of most recent reporting date)	GBP 150m	GBP 150m
9	Nominal amount of instrument	GBP 150m	GBP 150m
UK-9a	Issue price	100%	100%
UK-9b	Redemption price	100%	100%
10	Accounting classification	Liability – amortised cost	Liability – amortised cost
11	Original date of issuance	19 Jun 2024	19 Jun 2024
12	Perpetual or dated	Dated	Dated
13	Original maturity date	19 Jun 2034	19 Jun 2035
14	Issuer call subject to prior supervisory approval	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	At any time following fifth anniversary of the drawdown date (June 2029), if any of the circumstances permitted by Article 78(4) of the CRD IV Regulation applies, regulatory approval and agreement between the borrower and lender	At any time following fifth anniversary of the drawdown date (June 2030), if any of the circumstances permitted by Article 78(4) of the CRD IV Regulation applies, regulatory approval and agreement between the borrower and lender
16	Subsequent call dates, if applicable	Refer to 15	Refer to 15
	Coupons / dividends		
17	Fixed or floating dividend/coupon	Floating	Floating
18	Coupon rate and any related index	1.72% Compounded Daily Sonia	1.83% Compounded Daily Sonia
19	Existence of a dividend stopper	No	No
UK-20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Mandatory	Mandatory
UK-20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No
22	Noncumulative or cumulative	Cumulative	Cumulative
23	Convertible or non-convertible	Convertible	Convertible
24	If convertible, conversion trigger(s)	On the occurrence of a Group Viability Event or Issuer Resolution Event	On the occurrence of a Group Viability Event or Issuer Resolution Event
25	If convertible, fully or partially	Fully	Fully
26	If convertible, conversion rate	To be determined at conversion	To be determined at conversion
27	If convertible, mandatory or optional conversion	Mandatory	Mandatory
28	If convertible, specify instrument type convertible into	Ordinary shares	Ordinary shares
29	If convertible, specify issuer of instrument it converts into	Ordinary shares of HB	Ordinary shares of HB
30	Write-down features	Yes	Yes
31	If write-down, write-down trigger(s)	On the occurrence of a Group Viability Event or Issuer Resolution Event	On the occurrence of a Group Viability Event or Issuer Resolution Event
32	If write-down, full or partial	Fully	Fully
33	If write-down, permanent or temporary	Permanent	Permanent
34	If temporary write-down, description of write-up mechanism	N/A	N/A
34a	Type of subordination (only for eligible liabilities)	N/A	N/A
UK-34b	Ranking of the instrument in normal insolvency proceedings	Subordinated debt eligible as Tier 2	Subordinated debt eligible as Tier 2
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Senior non-preferred	Senior non-preferred
36	Non-compliant transitioned features	No	No
37	If yes, specify non-compliant features	N/A	N/A
37a	Link to the full term and conditions of the instrument (signposting)	N/A	N/A

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Eligible liabilities

The institution's eligible liabilities instruments within the meaning of Article 72b CRR are disclosed in the below table.

UK CCA MAIN FEATURES - ELIGIBLE LIABILITIES INSTRUMENT

Main features - eligible liabilities instruments

1	Issuer	UK Group	UK Group	UK Group
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	N/A	N/A	N/A
2a	Public or private placement	Private	Private	Private
3	Governing law(s) of the instrument	English law	English law	English law
3a	Contractual recognition of write down and conversion powers of resolution authorities	Yes	Yes	Yes
	Regulatory treatment			
4	Current treatment taking into account, where applicable, transitional CRR rules	N/A	N/A	N/A
5	Post-transitional CRR rules	Eligible liabilities	Eligible liabilities	Eligible liabilities
6	Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated	Solo & sub consolidated	Solo & sub consolidated	Solo & sub consolidated
7	wInstrument type (types to be specified by each jurisdiction)	Senior non-preferred loan	Senior non-preferred loan	Senior non-preferred loan
8	Amount recognised in regulatory capital or eligible liabilities (Currency in million, as of most recent reporting date)	GBP 50m	GBP 50m	GBP 100m
9	Nominal amount of instrument	GBP 50m	GBP 50m	GBP 100m
UK-9a	Issue price	100%	100%	100%
UK-9b	Redemption price	100%	100%	100%
10	Accounting classification	Liability – amortised cost	Liability – amortised cost	Liability – amortised cost
11	Original date of issuance	13 Jun 2024	13 Dec 2024	18 Dec 2024
12	Perpetual or dated	Dated	Dated	Dated

Main features - eligible liabilities instruments - cont.

13	Original maturity date	13 Jun 2028	13 Jun 2029	18 Dec 2027
14	Issuer call subject to prior supervisory approval	Yes	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	At any time in whole or in part together with accrued interest and breakage costs (if any) as reasonably agreed between the borrower and the lender, subject to having obtained regulatory approval and being in compliance with the regulatory reconditions.	At any time in whole or in part together with accrued interest and breakage costs (if any) as reasonably agreed between the borrower and the lender, subject to having obtained regulatory approval and being in compliance with the regulatory reconditions.	At any time in whole or in part together with accrued interest and breakage costs (if any) as reasonably agreed between the borrower and the lender, subject to having obtained regulatory approval and being in compliance with the regulatory reconditions.
16	Subsequent call dates, if applicable	Refer to 15	Refer to 15	Refer to 15
	Coupons / dividends			
17	Fixed or floating dividend/coupon	Floating	Floating	Floating
18	Coupon rate and any related index	0.91% Compounded Daily Sonia	1.02% Compounded Daily Sonia	0.90% Compounded Daily Sonia
19	Existence of a dividend stopper	No	No	No
UK-20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Mandatory	Mandatory	Mandatory
UK-20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No
22	Noncumulative or cumulative	Cumulative	Cumulative	Cumulative
23	Convertible or non-convertible	Convertible	Convertible	Convertible
24	If convertible, conversion trigger(s)	On the occurrence of a Group Viability Event or Issuer Resolution Event	On the occurrence of a Group Viability Event or Issuer Resolution Event	On the occurrence of a Group Viability Event or Issuer Resolution Event
25	If convertible, fully or partially	Fully	Fully	Fully
26	If convertible, conversion rate	To be determined at conversion	To be determined at conversion	To be determined at conversion
27	If convertible, mandatory or optional conversion	Mandatory	Mandatory	Mandatory
28	If convertible, specify instrument type convertible into	Ordinary shares	Ordinary shares	Ordinary shares
29	If convertible, specify issuer of instrument it converts into	Ordinary shares of the UK Group	Ordinary shares of the UK Group	Ordinary shares of the UK Group
30	Write-down features	Yes	Yes	Yes
31	If write-down, write-down trigger(s)	On the occurrence of a Group Viability Event or Issuer Resolution Event	On the occurrence of a Group Viability Event or Issuer Resolution Event	On the occurrence of a Group Viability Event or Issuer Resolution Event
32	If write-down, full or partial	Fully	Fully	Fully
33	If write-down, permanent or temporary	Permanent	Permanent	Permanent
34	If temporary write-down, description of write-up mechanism	N/A	N/A	N/A
34a	Type of subordination (only for eligible liabilities)	Contractual	Contractual	Contractual
UK-34b	Ranking of the instrument in normal insolvency proceedings	Rank below own funds	Rank below own funds	Rank below own funds
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Senior preferred	Senior preferred	Senior preferred
36	Non-compliant transitioned features	No	No	No
37	If yes, specify non-compliant features	N/A	N/A	N/A
37a	Link to the full term and conditions of the instrument (signposting)	N/A	N/A	N/A

6.0

Countercyclical capital buffers

UK CCYB1 GEOGRAPHICAL DISTRIBUTION OF CREDIT EXPOSURES RELEVANT FOR THE CALCULATION OF THE COUNTERCYCLICAL BUFFER

The below table shows the geographical breakdown of credit exposures relevant for the calculation of the countercyclical capital buffer. Blank values are deemed not applicable for the UK Group. More information on the regulatory capital buffer framework including countercyclical buffers can be found in the Capital buffers part of the Risk and Capital Management section in the UK Group's Annual Report (From page 70).

Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer 2024		General credit exposures		Relevant credit exposures Market risk				Own funds requirements						
GBP m		Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models	Securitisation exposures Exposure value for non-trading book	Total exposure value	Relevant credit risk exposures - Credit risk	Relevant credit exposures Market risk	Relevant credit exposures Securitisation positions in the non-trading book	Total	Risk-weighted exposure amounts	Own fund requirements weights (%)	Counter-cyclical buffer rate (%)
010	Breakdown by country													
	United Kingdom	18,225					18,225	806			806	10,073	99%	2.0%
	Other countries	142					142	8			8	99	1%	0.1%
020	**Total**	**18,367**					**18,367**	**814**			**814**	**10,172**	**100.0%**	

UK CCYB2 AMOUNT OF INSTITUTION SPECIFIC COUNTERCYCLICAL CAPITAL BUFFER

The table shows the total amount for the institution specific countercyclical capital buffer.

Amount of institution-specific countercyclical capital buffer 2024 GBP m		
1	**Total risk exposure amount**	**11,605**
2	**Institution specific countercyclical buffer rate**	**2.0%**
3	**Institution specific countercyclical buffer requirement**	**232**

7.0

Leverage ratio

UK LRA DISCLOSURE OF LR QUALITATIVE INFORMATION

Article 451(1)(d) of the Disclosure (CRR) Part of the PRA Rulebook.
Description of the processes used to manage the risk of excessive leverage.

As a standardised bank the risk of excessive leverage is low. The UK Group manages its risk of excessive leverage as part of its overall capital management activities.

Description of the factors that had an impact on the leverage ratio during the period to which the disclosed leverage ratio refers.

The leverage ratio excluding claims on central bank slightly increased to 9.3% compared to 9.1% in 2023.

UK LR1 LRSUM: SUMMARY RECONCILIATION OF ACCOUNTING ASSETS AND LEVERAGE RATIO EXPOSURES

The below table shows the summary reconciliation of accounting assets and leverage ratio exposures. Excluded rows (such as derivatives numbers) are deemed not relevant for the UK Group at present. More information on the leverage ratio, can be found in the leverage ratio, funding and liquidity risk and capital requirements parts of the Risk and Capital Management section in the UK Group's Annual Report (From page 70).

LRSum: Summary reconciliation of accounting assets and leverage ratio exposures 2024 GBP m		Applicable amount
1	Total assets as per published financial statements	30,714
4	(Adjustment for exemption of exposures to central banks)	-9,085
7	Adjustment for eligible cash pooling transactions	188
10	Adjustment for off-balance sheet items (i,e, conversion to credit equivalent amounts of off-balance sheet exposures)	706
12	Other adjustments	-50
13	**Total exposure measure**	**22,473**

7.0

UK LR2 LRCOM: LEVERAGE RATIO COMMON DISCLOSURE

The below table shows the leverage ratio for the current period. The exposures are specified for the categories on-balance and off-balance.

The leverage ratio is calculated as tier 1 capital divided by the total exposures. Excluded rows (such as derivatives and securities financing transaction numbers) are deemed not relevant for the UK Group at present.

LRCom: Leverage ratio common disclosure 2024 GBP m		**2024**	**2023**
	On-balance sheet exposures (excluding derivatives and SFTs)		
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	30,901	35,566
6	(Asset amounts deducted in determining tier 1 capital (leverage))	-50	-51
7	Total on-balance sheet exposures (excluding derivatives and SFTs)	30,851	32,515
	Other off-balance-sheet exposures		
19	Off-balance sheet exposures at gross notional amount	4,107	3,688
20	(Adjustments for conversion to credit equivalent amounts)	-3,401	-2,968
22	Off-balance sheet exposures	706	720
	Capital and total exposure measure		
23	Tier 1 capital (leverage)	2,089	2,214
24	Total exposure measure including claims on central banks	31,558	33,235
UK-24a	(-) Claims on central banks excluded	-9,085	-8,879
UK-24b	Total exposure measure excluding claims on central banks	22,473	24,356
	Leverage ratio		
25	Leverage ratio excluding claims on central banks (%)	9.3%	9.1%
UK-25a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	9.3%	9.1%
UK-25b	Leverage ratio excluding central bank reserves as if the temporary treatment of unrealised gains and losses measured at fair value through other comprehensive income had not been applied (%)	9.3%	9.1%
UK-25c	Leverage ratio including claims on central banks (%)	6.6%	6.7%

UK LR3 LRSPL: SPLIT-UP OF ON-BALANCE SHEET EXPOSURES (EXCLUDING DERIVATIVES, SFTS AND EXEMPTED EXPOSURES)

The below table specifies on-balance sheet exposures excluding derivatives, SFTs, and exposures exempt from the leverage ratio calculation. Excluded rows (such as covered bonds numbers) are deemed not relevant for the UK Group at present.

LRSpl: Split-up of on-balance sheet exposures (excluding derivatives, SFTs and exempted exposures) 2024 GBP m		**CRR leverage ratio exposures**
UK-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	30,714
UK-3	Banking book exposures, of which:	30,714
UK-5	Exposures treated as sovereigns	9,088
UK-7	Institutions	3,565
UK-8	Secured by mortgages of immovable properties	16,706
UK-9	Retail exposures	124
UK-10	Corporates	748
UK-11	Exposures in default	209
UK-12	Other exposures (e.g., equity, securitisations, and other non-credit obligation assets)	274

8.0

Funding and liquidity risk

Liquidity risk is the risk that the Bank will not be able to meet its payment obligations when they fall due without being affected by unacceptable costs or losses.

Funding risk is the risk that the Bank does not have stable sources of funding in the medium and long term. It relates to liquidity risk because such risks mean the Bank will not be able meet its payment obligations.

Handelsbanken has a low risk tolerance of funding and liquidity risks. This is achieved by maintaining a good match of incoming and outgoing cash flows over time and by maintaining large stocks of high quality liquid assets.

A centralised Treasury model is a core part of Handelsbanken Group's business model and as such the Bank Treasury operating model must be set up in a way to preserve this principle while at the same time ensuring robust risk management of funding and liquidity risks in the Bank.

Handelsbanken Group Treasury sets the overall funding strategy of the Handelsbanken Group and this sets the principles for the Bank's funding strategy. This covers its sources and types of funding. The strategy is aligned with the Bank's business model and implemented by the Board through the Bank's funding plan in the Internal Liquidity Adequacy Assessment Process (ILAAP).

UK LIQA Liquidity Risk Management
In accordance with Articles 435(1) and 451a(4) of the Disclosure (CRR) Part of the PRA Rulebook.

Strategies and processes in the management of the liquidity risk, including policies on diversification in the sources and tenor of planned funding.

The Bank's Board oversees key decisions for the funding and liquidity strategy, as outlined in the Bank's Funding and Liquidity Risk Policy. The objective of the Policy is to ensure the Bank can continue to operate and meet its obligations as they fall due, even in the event of severe but plausible stress scenarios. The Policy establishes the basis for suitable governance arrangements to ensure that the Bank holds an adequate buffer of high quality liquid assets, funds illiquid assets with stable funding and also complies with the relevant audit and regulatory requirements.

The Bank primarily relies on Handelsbanken Group for its liquidity contingency support. Handelsbanken Group has a strong funding and liquidity position and takes a conservative approach to the management of funding and liquidity risks. Part of this work has involved centralising liquidity management with the purpose of strengthening control of the liquidity risks and optimising funding in all scenarios.

Handelsbanken Group's global funding programmes cover the maturities in all currencies that it needs to fund its lending and enables it to issue in all currencies of relevance to it. This minimises liquidity risks at an aggregate level and also in each individual currency. Handelsbanken Group Treasury sets the overall funding strategy and approach of the Handelsbanken Group and this sets the principles for the Bank's funding strategy. This covers its sources and types of funding. The strategy is aligned with Handelsbanken Group's business model and implemented by the Bank's Board through the Funding and Liquidity Risk Policy.

The Policy references the Bank's Funding and Liquidity Risk Tolerance Statement. The Statement is based on always holding enough liquidity, of sufficient quality, to meet liabilities as they fall due throughout severe, yet plausible, liquidity stress scenarios. Survival time horizons are defined to determine quantitative measures to support the Statement and monitor adherence.

The Statement is embedded via quantitative Board Risk tolerance limits to support key regulatory ratios, namely the LCR and NSFR metrics.

Structure and organisation of the liquidity risk management function (authority, statute, other arrangements).

The Bank's Board has overall responsibility for the Bank's liquidity risk management. The Board approves the Funding and Liquidity Risk Policy documents and decides on the liquidity risk tolerance at least annually. To assist the Board in fulfilling its oversight responsibilities, the Board Risk and Compliance Committee ("BRCC") maintains oversight of all key risk categories, including liquidity risk. The BRCC is chaired by an Independent Non-Executive Director together with four other Independent Non-Executive Directors and one Non-Executive Director of the Board. The committee meets approximately six times a year. The Chief Financial Officer ("CFO") has the functional responsibility for funding and liquidity risk. Within the Bank, the CFO has delegated the day to day management of risk for funding and liquidity to the UK desk of Group Treasury. The desk must ensure that the Bank adheres to liquidity limits and the Board's liquidity risk tolerance. The UK desk of Group Treasury has dual reporting lines to the UK CFO and Group Treasury. Furthermore, the CFO has delegated to the Bank's UK Treasurer the responsibilities for the Bank's ILAAP and liquidity contingency planning, as part of the Bank's Recovery Plan. The Bank's UK Treasurer articulates the Bank's funding and liquidity plan.

The Bank operates a three lines of defence model to liquidity risk management. The first line of defence ("1LoD") own the risks incurred in the liquidity risk management process, including regulatory and compliance related risks, and is responsible for the day-to-day management of liquidity related risks, as well as ensuring an effective control environment to manage risk. The second line Risk function of the Bank oversees and challenges the 1LoD on the identification, assessment, management and reporting across liquidity risks. The third line Internal Audit function of the Bank is responsible for providing risk based independent assurance over the design and operating effectiveness and appropriateness of the liquidity risk management process and associated controls.

A description of the degree of centralisation of liquidity management and interaction between the group's units.

Handelsbanken Group has a decentralised business model within a branch network but, most funding and liquidity risk management is centralised in Group Treasury. The UK desk of Group Treasury, alongside UK Treasury, are responsible for the Bank's liquidity portfolio and monitoring liquidity flows during the day to ensure that the Bank has sufficient liquidity in its payment systems at any given time to meet the Bank's payment obligations.

Scope and nature of liquidity risk reporting and measurement systems.

A key to embedding liquidity risk management is independent risk monitoring and reporting as this allows the Bank to assess itself in a robust and transparent manner. Key quantitative and qualitative measures are reported on daily, weekly and monthly basis, primarily by the Bank's UK Risk function to ensure independence, but supplemented with 1LoD risk owner views and risk management knowledge. Risk measures are consistent to, and aligned with, Handelsbanken Group principles where relevant. The Board, sitting as the BRCC, delegates its key risk oversight responsibilities to the management level committees to check and challenge the effectiveness of risk management. ALCO is the management committee where liquidity risk management effectiveness, strategy and key policies are challenged and debated at a management level. It is chaired alternatively by the CFO or CRO. Management information is shared monthly and is of a forward looking nature as well as monitoring adherence to risk tolerances. ALCO reports into the BRCC and the Board.

Policies for hedging and mitigating the liquidity risk and strategies and processes for monitoring the continuing effectiveness of hedges and mitigants.

In order to limit risk in liquidity management, the Bank has a robust risk tolerance framework including both quantitative limits and qualitative statements for liquidity risk. The Bank's Risk function is responsible for measuring risks and reporting risk utilisation daily to the CFO, weekly to the CEO, and on a regular basis to the Board. Liquidity planning is based on an analysis of cash flows. The funding strategy is that illiquid assets are financed with stable, long-term funding, and that a positive liquidity position (cash flow plus liquid assets) must be maintained – even in stressed conditions. This gap analysis is supplemented by scenarios, in which the effect on liquidity is further stressed and analysed using various assumptions. The Bank specific Funding and Liquidity Risk policy articulates the key boundaries the Bank operates within, with regard to liquidity risk management. The Bank is not a trading bank, does not use derivatives and holds its liquid assets as cash balances at the Bank of England. The Bank's market risk arising from day to day banking book operations is managed primarily through borrowing and lending with the Handelsbanken Group. As a result, there is no requirement for hedge effectiveness testing or similar. This approach is set out within the Bank's Market Risk Policy and accompanying Treasury instructions.

An outline of the Bank's contingency funding plans.

The Bank maintains a contingency funding plan for use in the event of a liquidity shortfall. This forms part of the Bank's recovery plan. The plan stipulates responsibilities, sets out practical steps and considerations needed in order to implement various contingency actions, and describes their estimated impacts. It also determines a set of indicators to be used to help identify when it is appropriate to take contingency actions. A traffic light system is adopted, where each indicator has a baseline level and (up to three) trigger levels with prescribed escalation and reporting processes.

The focus is on being proactive rather than reactive, to ensure continued access to liquidity and continued confidence in the Bank in times of crisis.

The indicators cover the Bank's short-term and long-term funding needs, dependence on wholesale markets (including, the cost of wholesale funding) and retail deposits movements.

Each indicator is monitored at the applicable level of periodicity depending on the indicator and the current business state. Indicators are evaluated and discussed by ALCO on a monthly basis. An annual review of the indicator framework is conducted.

The Bank's Risk and UK Treasury functions monitor the liquidity metrics on a daily basis. If any of the metrics breach pre-determined thresholds, it is the responsibility of the Bank's UK Treasurer to recommend remedial action.

An explanation of how stress testing is used.

The measurement of the Bank's liquidity situation is based on stress tests, which aim to ensure that the Bank has sufficient liquidity, from both a short-term and long-term perspective, across various stressed scenarios and considering various liquidity generating actions. The stress tests are carried out on a combination of market wide and idiosyncratic stress on a regular and ad hoc basis.

A declaration approved by the management body on the adequacy of liquidity risk management arrangements of the institution providing assurance that the liquidity risk management systems put in place are adequate with regard to the institution's profile and strategy.

The Bank has satisfactory arrangements for risk management which are fit for purpose in relation to the Bank's business goal, overall risk profile and the risk strategy which the Board has decided for the operations.

8.0

A concise liquidity risk statement approved by the management body succinctly describing the institution's overall liquidity risk profile associated with the business strategy.

To ensure that the Bank maintains a healthy liquidity position, the Board stipulates the Bank's risk tolerance for liquidity. The Bank has a low tolerance to risk. The structural risk in the balance sheet must promote stable, long-term profit growth and not be as high as to prevent the Bank from being able to, in the short and long term, fulfil the requirements set by supervisory authorities. Liquidity risks shall only occur as a natural step in customer business in connection with the Bank's funding and liquidity risk management and not as a result of any trading activities.

The Bank's Board have approved its Risk Management Framework including its qualitative risk statements and quantitative risk metrics supporting these. For funding and liquidity, as noted on page 65 of the UK Group's Annual Report:

'The Bank must have a sufficient liquidity reserve in the form of High Quality Liquid Assets (HQLA) to survive severe but plausible stress tests, both short and medium term, to support primary business objectives'.

More information on the UK Group's approach to and management of funding and liquidity risk, can be found in the Risk and Capital Management section of the UK Group's Annual Report (From page 65).

8.0

UK LIQ1 QUANTITATIVE INFORMATION OF LCR

The following table shows weighted and unweighted components and levels for the LCR where the values presented are simple averages of month-end observations over the 12 months preceding the end of each quarter. The LCR has been stable during 2024. Dash (-) reflects applicable rows with no value in the current period and greyed out sections are non reportable rows. Excluded rows (such as derivatives numbers) are deemed not relevant for the Bank at present.

Quantitative information of LCR 2024 GBP m		**Total unweighted value (average)**				**Total weighted value (average)**			
		31 Dec 24	**30 Sep 24**	**30 Jun 24**	**31 Mar 24**	**31 Dec 24**	**30 Sep 24**	**30 Jun 24**	**31 Mar 24**
Number of data points used in the calculation of averages		**12**	**12**	**12**	**12**	**12**	**12**	**12**	**12**
HIGH-QUALITY LIQUID ASSETS									
1	**Total high-quality liquid assets (HQLA)**					8,853	8,730	8,475	8,189
CASH – OUTFLOWS									
2	Retail deposits and deposits from small business customers, of which:	7,375	7,290	7,323	7,409	777	761	766	778
3	Stable deposits	1,434	1,444	1,441	1,437	72	72	72	72
4	Less stable deposits	4,544	4,462	4,503	4,641	705	689	694	706
5	Unsecured wholesale funding	12,390	12,507	12,509	12,572	5,602	5,798	5,883	6,002
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	5,219	5,209	5,162	5,160	1,245	1,243	1,232	1,232
7	Non-operational deposits (all counterparties)	6,787	6,913	6,974	7,007	3,973	4,170	4,278	4,365
8	Unsecured debt	384	385	373	405	384	361	371	386
10	Additional requirements	3,456	3,458	3,490	3,538	350	361	371	386
13	Credit and liquidity facilities	3,456	3,458	3,490	3,538	350	361	371	386
14	Other contingent funding obligations	84	84	83	82	52	52	52	52
15	Other contingent funding obligations	464	386	311	241	11	10	11	11
16	**TOTAL CASH OUTFLOWS**					6,792	6,982	7,083	7,229
CASH – INFLOWS									
18	Inflows from fully performing exposures	1,421	1,455	1,649	1,997	1,273	1,305	1,511	1,856
19	Other cash inflows	119	89	76	54	119	89	76	54
20	**TOTAL CASH INFLOWS**	1,540	1,544	1,725	2,051	1,392	1,394	1,587	1,910
UK-20c	**Inflows subject to 75% cap**	1,540	1,544	1,725	2,051	1,392	1,394	1,587	1,910
21	**LIQUIDITY BUFFER**					8,853	8,730	8,475	8,189
22	**TOTAL NET CASH OUTFLOWS**					**5,400**	**5,588**	**5,496**	**5,319**
23	**LIQUIDITY COVERAGE RATIO (%) (1)**					**165%**	**157%**	**155%**	**155%**

1. **The ratios reported in the above table are simple averages of month-end LCR ratios over the trailing 12 months to the reporting quarter date. Therefore, these ratios may not be equal to the implied LCR % calculated when using the average component amounts reported under 'LIQUIDITY BUFFER' and 'TOTAL NET CASH OUTFLOWS' in the above table.**

8.0

UK LIQ2 NET STABLE FUNDING RATIO

The following table shows weighted and unweighted components and level for the NSFR at year-end 2024.

The main elements of the NSFR are issued debt and the deposit base. Treasury monitors the deposit base and manages the maturity structure of the issued debt and Handelsbanken Group funding to ensure a stable NSFR. The structure of the liability side should be based on the composition of the assets in order to maintain a sound structural liquidity position. The more long-term lending and other illiquid assets, the more stable financing is required. During 2024, the NSFR and the deposit base have remained stable. Dash (-) reflects applicable rows with no value in the current period and greyed out sections are non reportable rows. Excluded rows (such as derivatives numbers) are deemed not relevant for the Bank at present.

Net Stable Funding Ratio 2024 GBP m		Unweighted value by residual maturity				
Available stable funding (ASF) Items		**No maturity**	**< 6 months**	**6 months to < 1yr**	**≥ 1yr**	**Weighted value**
1	Capital items and instruments	2,263	-	-	300	2,563
2	***Own funds***	2,263	-	-	300	2,563
3	***Other capital instruments***		-	-	-	-
4	Retail deposits		7,622	94	20	7,039
5	*Stable deposits*		1,488	-	-	1,414
6	*Less stable deposits*		6,134	94	20	5,625
7	Wholesale funding:		15,868	870	3,247	9,608
8	*Operational deposits*		4,992	-	-	2,496
9	*Other wholesale funding*		10,876	870	3,247	7,112
11	Other liabilities:	-	440	-	-	-
13	*All other liabilities and capital instruments not included in the above categories*		440	-	-	-
14	**Total available stable funding (ASF)**					19,210
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					0
17	Performing loans and securities:		3,400	1,965	15,684	13,469
19	*Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions*		2,007	705	780	1,333
20	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		746	574	5,537	5,363
21	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		3	3	15	13
22	Performing residential mortgages, of which:		647	686	9,367	6,773
23	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		636	676	9,278	6,687
26	Other assets:		118	38	449	516
31	*All other assets not included in the above categories*		118	38	449	516
32	Off-balance sheet items		3,586	-	-	181
33	**Total RSF**					14,166
34	Net Stable Funding Ratio (%)					136%

8.0

UK LIQB ON QUALITATIVE INFORMATION ON LCR, WHICH COMPLEMENTS TEMPLATE UK LIQ1

In accordance with Article 451a(2) CRR

Explanations on the main drivers of LCR results and the evolution of the contribution of inputs to the LCR's calculation over time.

The main drivers of the LCR are issued unsecured debt, non-operational deposits and central bank placements. In addition to this, the lending and borrowing from Handelsbanken Group used for interest rate hedging purposes has a material impact on the Bank's LCR as and when maturities fall within the LCR stress horizon. The goal is to manage these inputs so that they are correlated in regards to volume changes. By controlling these inputs, the Bank has achieved a relatively stable LCR over time. The Bank has used a non-maturing deposits model since 2022, to understand and assess the behaviouralisation of deposits for interest rate risk management purposes.

Explanations on the changes in the LCR over time.

The LCR has been stable during 2024. Given the nature of the measure there are inevitable fluctuations caused by changes in the maturity structure of the Bank's issued debt and also from client activities (e.g. deposits, loans issued/repaid).

Explanations on the actual concentration of funding sources.

The funding and liquidity risk management in Handelsbanken Group is centralised in Handelsbanken Group Treasury. The Bank regularly enters into inter-company deposits with Handelsbanken Group, which means that there is a high concentration and reliance on Handelsbanken Group from the Bank's perspective. It is worth noting Handelsbanken Group's funding is diversified between different types of funding sources in various markets, currencies and forms of funding instruments which is a key component of the funding strategy. This reduces the significance of individual markets or sources of funding. This results in a funding structure that is relatively stable over time. The most important sources of funding in Handelsbanken Group are deposits from households and companies as well as covered and senior bonds. The short-term funding mainly comprises deposits from financial companies and institutions as well as issues of commercial papers and certificates of deposit.

High-level description of the composition of the Bank`s liquidity buffer.

The liquidity reserve is built up by central bank balances. Holdings which can provide the Bank with immediate liquidity in normal and stressed situations in the relevant currencies for the Bank.

Derivative exposures and potential collateral calls.

Not applicable.

Currency mismatch in the LCR.

The Bank holds large and relevant liquidity reserves to match the outflows and inflows of LCR in all currencies of relevance for the Bank.

Other items in the LCR calculation that are not captured in the LCR disclosure template but that the institution considers relevant for its liquidity profile.

Not applicable.

9.0

Credit risk

UK Group's low risk tolerance is maintained by means of a strong credit policy and credit culture. The UK Group's credit policy states that credits must normally have satisfactory collateral. A weak repayment capacity can never be accepted on the grounds that good collateral has been offered to the UK Group. The decentralised work method with a local connection and the UK Group's approach to risks are important reasons for the UK Group reporting very low credit losses over a long period.

CREDIT QUALITY

UK CRB ADDITIONAL DISCLOSURE RELATED TO THE CREDIT QUALITY OF ASSETS.

The scope and definitions of 'past-due' and 'impaired' exposures used for accounting purposes and the differences, if any, between the definitions of past due and default for accounting and regulatory purposes as specified by the EBA Guidelines on the application of the definition of default in accordance with Article 178 UK CRR.

Past-due is defined as a borrower having an unsettled, overdue payment (interest, repayment instalment or fee not paid by the due date). The definition of 'impaired' is identical with the definition of default. There is no difference between the definitions of past-due and default for accounting and regulatory purposes. UK Group's definition of default is that the counterparty is over 90 days overdue with a payment or that an assessment has been made that the counterparty will be unable to fulfil its contractual payment obligations. Such an assessment implies that it is deemed to be more likely than not that the borrower will be unable to pay.

The extent of past-due exposures (more than 90 days) that are not considered to be impaired and the reasons for this.

There are some cases where exposures that are more than 90 days past-due are not considered to be impaired. These are either the past-due amount is immaterial or the reason for the arrears is technical, meaning that it has been caused by deficiencies in systems outside the control of the customer and the customer is not considered to be in default for any other reason. The definition of immaterial is only applicable to corporate exposures (Corporate, Bank, Sovereign and Municipality), when the unpaid, overdue amount is below the equivalent of:

1. SEK 5,000; and
2. The relative threshold of 1% of the borrower's total exposure in the UK Group.

All retail exposures are classified as impaired irrespective of the amount.

Description of methods used for determining general and specific credit risk adjustments.

In the CRR, credit risk adjustments are loss provisions that are divided into two categories which are specific and general. The term credit risk adjustments in CRR corresponds to provisions in accounting rules. Expected Credit Losses ('ECL') determined in accordance with IFRS 9 correspond to specific credit risk adjustments in CRR.

The impairment rules presented in IFRS 9 apply to financial assets at amortised cost, financial assets at fair value through other comprehensive income, as well as financial guarantees and other irrevocable commitments, and are based on a model for the recognition of ECL. The assets to be tested for impairment are divided into three stages, depending on the degree of credit impairment.

- Stage 1 comprises financial assets with no significant increase in credit risk since initial recognition;
- Stage 2 comprises financial assets with a significant increase in credit risk since initial recognition, but for which there is no objective evidence that the claim is credit-impaired at the time of reporting; and
- Stage 3 comprises financial assets for which objective circumstances have been identified indicating that the claim is credit-impaired.

The UK Group applied an expert-based provision based on elevated credit risks relating to uncertainty factors which were not deemed to be fully considered in the UK Group's risk models. These uncertainty factors are primarily associated with the instability of the operating environment, including geopolitical tensions, which – in the past – created extensive supply chain disruptions, shortages of input goods and energy, and the availability of labour within certain sectors. In assessing how the uncertainty factors affect the credit risk, together with uncertainty surrounding how these factors will develop, the UK Group has applied an expert-based stress to sectors at risk of extra sensitivity to supply and access disruptions.

9.0

This stress has been applied in addition to the model-based calculations, and results in an additional provision requirement.

Model-based calculation
The accounting standard IFRS 9 imposes rules for the calculation of provisions for ECL on financial assets recognised at amortised cost, as well as on financial guarantees and irrevocable loan commitments. The calculation of ECL is undertaken at agreement level, whereby the characteristics of the agreement and the assessed credit risk of the counterparty govern the classification and quantification of the provision requirement. The Bank has used Post Model Adjustments ("PMA") in the ECL calculations in 2024. The PMA's have been designed to reflect potential significant increases in credit risk within specific segments of the portfolio which have not yet been reflected in specific impairments, and reflect forward looking macro risks which are not captured in the modelled output. This means, in practice, that the model calculated ECL could be disclosed as 'specific' provisions (as they are based on agreement-specific customer level information), while the PMA's are calculated using expert judgement and are used to measure risks as a timely response to increased credit risks which are not yet evident within specific customer level provisions.

The quantitative models which form the basis for the calculation of expected credit losses for agreements in Stage 1 and Stage 2 make use of several assumptions and assessments. One key assumption is that the quantifiable relationship between macroeconomic risk factors and risk parameters in historical data are representative of future events. The quantitative models applied are based on a history of approximately 10 years, although this history varies by product and region due to inconsistency in the availability of historical outcomes. The quantitative models have been constructed with the help of econometric models, applying the assumption that the observations are independently conditioned by the risk factors. This means that the risk parameters can be predicted without distortion. Furthermore, a selection of the most significant macroeconomic risk factors are made on the basis of the macroeconomic risk factors' ability to demonstrate individual risk parameters. The selection of the macroeconomic risk factors and specification of the model are based on achieving a balance between simplicity, demonstrative ability and stability.

Manual and expert-based calculation
As a rule, manual calculation is used for agreements in Stage 3, with the exception of a small portfolio of homogeneous claims in Stage 3. Expert-based calculation is carried out for model outcomes on agreements in Stage 1 and Stage 2, in order to incorporate the estimated impact of factors not deemed to have been considered in the model, as well as for manually assessed agreements in Stage 3.

The institution's own definition of a restructured exposure used for the implementation of point (d) of Article 47b and Article 178(3) UK CRR (specified by the Bank of England PS7/19).

Forborne exposure is defined as debt contracts to which forbearance measures have been extended. Forbearance measures are concessions towards debtors facing, or about to face, difficulties in meeting their financial commitments.

Pursuant to regulations from the European Banking Authority ("EBA"), the UK Group is required to manage credit agreements where the borrower has insufficient payment capacity at an early stage. At the stage where there are already delays to payment for a credit agreement, or where there are suspicions that payment will be delayed, the UK Group must take action. If changes to credit terms and conditions, or other terms and conditions affecting the credit agreement, are made by the UK Group to facilitate payment, this is to be considered forbearance. However, it is important that the granting of forbearance does not delay the implementation of any further necessary measures, such as managing credit losses. Forbearance on a credit includes both concessions in terms and conditions for existing credits and concessions through the issuance of new credit used to fully or partially repay existing credits. For the concession to be considered forbearance, all of the following conditions must be met:

- The borrower has, or is going to have, financial difficulties;
- The borrower is no longer able to fulfil existing credit terms and conditions; and
- The concession gives a benefit that the borrower would have been unable to attain without having, or being about to have, financial difficulties.

When assessing forbearance measures, a simultaneous assessment is to be made as to whether payment is unlikely. A default must be reported immediately when it is considered unlikely that the borrower will fulfil its commitments to the Bank, without taking into consideration realisation of any collateral.

All contractual exposures including overdrafts, charge cards, loans and committed loan offers (revocable and irrevocable) are considered credit agreements, as are debt instruments, although not when these are held by the UK Group for trading purposes. Committed loan offers refer to agreed or contracted loan facilities. Changes to credit terms and conditions for financially stable borrowers are not normally considered forbearance.

A default on a forborne agreement is triggered when the following indications are identified:

- If the decided forbearance measures result in the classification of the concession as material;
- If a concession is granted to a customer who has one or more other agreements that are in default, the agreement with the concession is placed in default. (For retail customers, if agreements corresponding to more than 70% of the customer's commitment are in default, the remaining agreements are automatically put in default);
- If an agreement is 30 days late and has previously been in default and is within the probation period, the agreement is placed in default because of the delay;
- If a new concession is granted to a customer that already has a concession, the agreement is placed in default; and/or
- If the agreement is in a probation period according to the regulations for 'non-performing' agreements and the customer is granted a further concession, the agreement is placed in default and classified as a distressed restructuring.

More information on the UK Group's approach to and management of credit risk can be found in the Risk and Capital Management section of the UK Group's Annual Report (From page 61).

UK CQ1 CREDIT QUALITY OF FORBORNE EXPOSURES

Gross carrying amount of forborne exposures and the related accumulated impairment, provisions, accumulated change in fair value due to credit risk, collateral and financial guarantees received, according to the scope of regulatory consolidation in accordance with Chapter 2 of Title II of Part One of the UK CRR. Dash (-) reflects applicable rows with no value in the current period. Excluded rows (such as debt instruments numbers) deemed not relevant for the UK Group at present.

Credit quality of forborne exposures 2024

		Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
			Non-performing forborne						
GBP m		Performing forborne		Of which defaulted	Of which impaired	On performing forborne exposures	On non-performing forborne exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
005	Cash balances at central banks and other demand deposits	-	-	-	-	-	-	-	-
010	Loans and advances	162	83	83	2	-1	-1	234	81
060	*Non-financial corporations*	144	48	48	1	-1	0	182	47
070	*Households*	18	35	35	1	0	0	52	34
090	Loan commitments given	1	0	0	-	0	0	1	0
100	**Total**	**163**	**83**	**83**	**2**	**-1**	**-1**	**235**	**81**

UK CQ4 QUALITY OF NON-PERFORMING EXPOSURES BY GEOGRAPHY

Dash (-) reflects applicable rows with no value in the current period.

Quality of non-performing exposures by geography 2024

		Gross carrying/nominal amount						
			Of which non-performing					
GBP m				Of which defaulted	Of which subject to impairment	Accumulated impairment	Provisions on off-balance-sheet commitments and financial guarantees given	Accumulated negative changes in fair value due to credit risk on non- performing exposures
010	*On-balance-sheet exposures*	30,584	219	214	21,400	-18	-	-
020	*United Kingdom*	26,977	217	212	17,822	-18	-	-
030	*Sweden*	3,470	-	-	3,470	0	-	-
040	*Other countries*	137	2	2	108	0	-	-
050	**Total**	**30,584**	**219**	**214**	**21,400**	**-18**	**-**	**-**

UK CR1 PERFORMING AND NON-PERFORMING EXPOSURES AND RELATED PROVISIONS

Gross carrying amount of performing and non-performing exposures and the related accumulated impairment, provisions, accumulated change in fair value due to credit risk, accumulated partial write-off, and collateral and financial guarantees received, according to the scope of regulatory consolidation in accordance with Chapter 2 of Title II of Part One of the UK CRR. Dash (-) reflects applicable rows with no value in the current period.

Performing and non-performing exposures and related provisions 2024

		Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions							Collateral and financial guarantees received	
		Performing exposures			Non-performing exposures			Performing exposures accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			Accumulated partial write off		
GBP m			Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3		On performing exposures	On non-performing exposures
005	*Cash balances at central banks and other demand deposits*	9,184	9,184	-	-	-	-	0	0	-	-	-	-	-	-	-
010	*Loans and advances*	21,182	20,258	924	218	4	214	-13	-6	-6	-5	0	-5	-	20,495	206
020	*Central banks*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
030	*General governments*	22	22	-	-	-	-	0	0	-	-	-	-	-	22	-
040	*Credit institutions*	3,463	3,463	-	-	-	-	-	-	-	-	-	-	-	3,463	-
050	*Other financial corporations*	356	352	4	-	-	6	0	0	0	-	-	-	-	238	6
060	*Non-financial corporations*	11,621	10,972	649	101	3	98	-12	-6	-6	-3	0	-3	-	11,161	97
070	*Of which SMEs*	10,753	10,172	581	100	3	97	-11	-6	-6	-3	0	-3	-	10,523	97
080	*Households*	5,719	5,449	270	111	1	110	-1	-1	0	-2	0	-2	-	5,610	103
150	*Off-balance-sheet exposures*	4,107	1,799	53	4	0	4	2	0	1	0	0	-	-	1,522	4
160	*Central banks*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
170	*General governments*	99	99	0	-	-	-	0	0	0	-	-	-	-	0	-
180	*Credit institutions*	42	42	-	-	-	-	-	-	-	-	-	-	-	-	-
190	*Other financial corporations*	176	175	1	0	-	0	0	0	0	-	-	-	-	17	0
200	*Non-financial corporations*	3,416	1,127	34	2	-	2	2	0	1	-	-	-	-	1,308	2
210	*Households*	374	356	18	2	0	2	0	-	0	0	0	-	-	197	2
220	**Total**	**34,473**	**31,241**	**977**	**223**	**5**	**218**	**-11**	**-6**	**-5**	**-5**	**0**	**-5**	**-**	**22,017**	**210**

UK CR1-A MATURITY OF EXPOSURES

Excluded rows (such as debt instruments) are deemed not relevant for the UK Group at present.

Maturity of exposures 2024

		Net exposure value					
GBP m		on demand	< = 1 year	> 1 year < = 5 years	> 5 years	No stated maturity	Total
1	Loans and advances	127	6,668	13,077	5,525	137	25,534
3	**Total**	**127**	**6,668**	**13,077**	**5,525**	**137**	**25,534**

UK CQ3 CREDIT QUALITY OF PERFORMING AND NON-PERFORMING EXPOSURES BY PAST DUE DAYS

Blank values are deemed not applicable for the UK Group, dash (-) reflects applicable rows with no value in the current period.

Credit quality of performing and non-performing exposures by past due days 2024

Gross carrying amount/nominal amount		Performing exposures			Non-performing exposures								
GBP m			Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days		Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	Of which defaulted
005	Cash balances at central banks and other demand deposits	9,184	9,184	-	-	-	-	-	-	-	-	-	-
010	Loans and advances	21,182	21,173	9	218	154	7	12	26	19	0	-	214
020	*Central banks*	-	-	-	-	-	-	-	-	-	-	-	-
030	*General governments*	22	22	-	-	-	-	-	-	-	-	-	-
040	*Credit institutions*	3,463	3,463	-	-	-	-	-	-	-	-	-	-
050	*Other financial corporations*	356	356	-	6	2	1	3	0	0	-	-	6
060	*Non-financial corporations*	11,621	11,616	5	102	76	3	7	7	9	-	-	98
070	*Of which SMEs*	10,753	10,748	5	100	75	2	7	7	9	-	-	97
080	*Households*	5,720	5,716	4	110	76	3	2	19	10	0	-	110
150	Off-balance-sheet exposures	4,107			4								4
160	*Central banks*	-			-								-
170	*General governments*	99			-								-
180	*Credit institutions*	42			-								-
190	*Other financial corporations*	176			0								0
200	*Non-financial corporations*	3,416			2								2
210	*Households*	374			2								2
220	**Total**	**34,473**	**30,357**	**9**	**222**	**154**	**7**	**12**	**26**	**19**	**0**		**218**

9.0

CREDIT RISK MITIGATION TECHNIQUES

UK CRC QUALITATIVE DISCLOSURE REQUIREMENTS RELATED TO CRM TECHNIQUES

Article 453 (a) of the Disclosure (CRR) Part of the PRA Rulebook.

A description of the core policies and processes for on- and off-balance sheet netting and an indication of the extent to which institutions make use of balance sheet netting.

On-balance sheet netting of reciprocal cash balances is a primary means by which the UK Group utilises funded credit protection to reduce credit risk. On-balance exposures to Handelsbanken Group are netted in accordance with a legally enforceable netting agreements as detailed in the UK Group's credit risk mitigation framework.

Article 453 (b) of the Disclosure (CRR) Part of the PRA Rulebook.

The core features of policies and processes for eligible collateral evaluation and management eligible collateral evaluation and management.

The UK Group has a collateral management policy and supporting instructions in place to establish the governance of collateral, collateral eligibility and frequency and process of valuation.

Where property collateral is being taken, the UK Group must use suitably qualified professional valuers to complete the valuation of the property collateral. The UK Group holds the delegated responsibility for assessing the accuracy of received valuations. This assessment is based on the knowledge of the local property market as well as the UK Group's opinion of the actual property, including a critical review of the assumptions, analysis, specified property sector, type, attributes and yields. In addition, an internal valuer will undertake representative valuation quality examinations, to review and monitor the independent valuer's report against the instructions and regulatory requirements.

The UK Group follows up and regularly updates the market value of the collateral used for credit risk mitigation purposes. A control procedure is established whereby the market value is checked at least annually for all types of property. The value is checked more frequently when there are material changes in factors affecting the property market. For properties with an exposure exceeding GBP 2 million, a new valuation by an independent assessor is made at least every third year.

Article 453 (c) of the Disclosure (CRR) Part of the PRA Rulebook.

A description of the main types of collateral taken by the institution to mitigate credit risk.

The UK Group has real estate collateral for a large majority of its exposures. More than 90% of the UK Group's collaterals are in the form of real estate, both residential and commercial.

Article 453 (d) of the Disclosure (CRR) Part of the PRA Rulebook.

For guarantees and credit derivatives used as credit protection, the main types of guarantor and credit derivative counterparty and their creditworthiness used for the purposes of reducing capital requirements, excluding those used as part of synthetic securitisation structures.

The UK Group has some guarantees from sovereign exposures and from a wide range of corporate guarantors. The government (sovereign) guarantees relate to the Coronavirus Business Interruption Loan Scheme ('CBILS') that are no longer offered and small exposures still remain on the UK Group's balance sheet. The corporate guarantees are provided as credit mitigation for credit risk exposures to connected borrowers where there is commercial benefit.

Article 453 (e) of the Disclosure (CRR) Part of the PRA Rulebook.

Information about market or credit risk concentrations within the credit mitigation taken.

In order to manage and mitigate collateral concentration risk, the UK Group has a collateral management policy and supporting instructions in place to establish the governance of collateral, collateral eligibility and frequency and process of valuation. Procedures are in place to monitor the value of security on a regular basis and ensure that appropriate and prompt measures are taken where the agreed terms have not been met. The UK Group monitors the performance and quality of the credit portfolio. The UK Group also manages concentration for major individual counterparties and in the property management portfolio by having Board risk tolerances in place to limit the exposures to individual counterparts and property management portfolios.

9.0

UK CR3 CRM TECHNIQUES OVERVIEW: DISCLOSURE OF THE USE OF CREDIT RISK MITIGATION TECHNIQUES

The below table shows secured exposures and unsecured exposures. The outstanding secured exposures are broken down by amounts secured by collateral, guarantees and credit derivatives. Blank values are deemed not applicable for the UK Group. More information on the UK Group's approach to and management of operational risk, can be found in the Risk and Capital Management section of the UK Group's Annual Report (From page 67).

CRM techniques overview: Disclosure of the use of credit risk mitigation techniques 2024

			Secured carrying amount			
					Of which secured by financial guarantees	
GBP m		Unsecured carrying amount		Of which secured by collateral		Of which secured by credit derivatives
1	Loans and advances	9,865	20,701	17,051	2	
2	Debt securities					
3	**Total**	**9,865**	**20,701**	**17,051**	**2**	
4	Of which non-performing exposures	7	206	206	0	
UK-5	Of which defaulted	7	202	202	0	

9.0

CREDIT RISK STANDARDISED APPROACH

UK CR4 STANDARDISED APPROACH - CREDIT RISK EXPOSURE AND CRM EFFECTS

The below table shows exposures before and after credit conversion factors and credit risk mitigation, and risk exposure amounts and risk weights according to the standardised approach. The amounts and risk weights are specified by exposure class. Excluded rows (such as covered bonds numbers) are deemed not relevant for the UK Group at present and dash (-) reflects applicable rows with no value in the current period.

Standardised approach - Credit risk exposure and CRM effects 2024

		Exposures before CCF and before CRM		Exposures post CCF and post CRM		RWAs and RWA density	
GBP m		On-balance-sheet exposures	Off-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet exposures	RWAs	RWA density, %
1	Central governments or central banks	9,088	97	9,095	48	2	-
2	Regional governments or local authorities	-	-	-	-	-	-
6	Institutions	3,565	42	29	21	10	20%
7	Corporates	748	2,358	730	133	786	91%
8	Retail	124	216	123	32	113	73.2%
9	Secured by mortgages on immovable property	16,706	1,360	16,704	161	8,794	52.1%
10	Exposures in default	209	4	209	1	234	111.4%
11	Exposures associated with particularly high risk	82	30	82	4	128	150%
16	Other items	189	-	189	-	118	62.3%
17	**Total**	**30,711**	**4,107**	**27,161**	**400**	**10,185**	**37%**

10.0

Operational risk

Operational risk management is a core component of the risk management framework and is embedded in day to day business activities. Responsibilities are set out in a combination of policies to identify, assess, mitigate, monitor and report operational risk that could impact the achievement of business objectives and ability to stay within tolerance levels set by the Board.

OPERATIONAL RISK MANAGEMENT

Business operations as risk and control owners are responsible for the day-to-day management of operational risk, with oversight from the Risk and Compliance functions and independent assurance activities undertaken by Internal Audit.

The UK Group's exposure to operational risk is impacted through the operation of banking, wealth and asset management services, engagement with third parties, delivery of new products and services, and making effective use of reliable data in a changing external environment to deliver on the UK Group's strategic objectives. Alongside ongoing risk and control monitoring, operational risk oversight is focussed on a number of key areas. Management continue to address risks with material residual exposures in line with the low risk tolerance of the UK Group.

PRINCIPAL OPERATIONAL RISKS

Operational risk comprises a broad spectrum of risks; those that currently of most significance for UK Group:

- Internal and external fraud;
- Payments risk;
- Information technology and information security risk;
- Change management risk;
- Business resilience risk; and
- Third party payment risk.

Details on these risks and how they are managed is set out in the UK Group's Annual Report (From page 67)

UK OR1 OPERATIONAL RISK OWN FUNDS REQUIREMENTS AND RISK-WEIGHTED EXPOSURE AMOUNTS

Excluded rows (such as standardised approach numbers) are deemed not relevant for the UK Group at present. More information on the UK Group's approach to and management of operational risk can be found in the Risk and Capital Management section of the UK Group's Annual Report (From page 67).

Operational risk own funds requirements and risk-weighted exposure amounts 2024

		Relevant indicator				
GBP m		Year-3	Year-2	Last year	Own funds requirements	Risk weighted exposure amount
1	Banking activities subject to basic indicator approach (BIA)	533	733	1,006	114	1,421

11.0

Remuneration policy

The UK Group's principles for remuneration to employees are long established. As noted in this report in general, Handelsbanken Group has low tolerance of risk and holds the opinion that fixed remuneration contributes to healthy and sustainable operations. Performance-based variable remuneration is applied with great caution and only to a very limited extent in our subsidiary.

Performance-based variable remuneration is not given to material risk takers (MRTs).

UK REMA REMUNERATION POLICY

The Remuneration policy outlines the approach towards remuneration, and is approved by the Board annually. The objective of the policy is to attract, retain and motivate high quality employees, thus contributing to the achievement of the Handelsbanken Group's corporate goals and culture. The policy applies to all departments, units and branches of the UK Group. It applies to all UK Group employees, including directors and non-executive directors. HWAM as a wholly owned subsidiary of the UK Group fully aligns with this policy, allowing for deviation where the nature of the business, law, regulation and/or regulatory interpretation diverge from the equivalent position of the UK Group, in which case the subsidiary informs the UK Group of any deviation to this policy.

REMUNERATION GOVERNANCE

Information relating to the bodies that oversee remuneration

Name, composition and mandate of the main body (management body and remuneration committee where established) overseeing the remuneration policy and the number of meetings held by that main body during the financial year.

External consultants whose advice has been sought, the body by which they were commissioned, and in which areas of the remuneration framework.

A description of the scope of the institution's remuneration policy (eg by regions, business lines), including the extent to which it is applicable to subsidiaries and branches located in third countries.

Whether the management body and the remuneration committee, where established, reviewed the institution's remuneration policy during the past year, and if so, an overview of any changes that were made, the reasons for those changes and their impact on remuneration.

The management body is the Board of the UK Group ("the Board") and consists of the Chief Executive Officer ("CEO"), CFO and Non-Executive and Independent Non- Executive Directors.

The Board Remuneration Committee is chaired by Maureen Laurie, Senior Independent Director, and also consists of the Chairman of the Board, and two other Board members who are both Independent Non-Executive Directors. The Committee meets approximately 7-8 times a year and has the following responsibilities, having regard to the matters set out in the steering guidelines issued by the CEO on behalf of the shareholder:

- The remuneration and other terms of employment for the UK's Group CEO are approved by Handelsbanken Group following recommendations from the Committee and Board;
- Following recommendations from the Committee, the Board decides on remuneration and other terms of employment for all other executive directors of the Board as well as employees who are senior management function holders and part of the Bank's Executive Committee, the CEO of HWAM, the Money Laundering Reporting Officer and the UK Group's heads of control functions, taking into account prevailing market terms and to ensure they are consistent with the UK Group's culture and risk tolerance and otherwise in accordance with legal and regulatory requirements;
- To ratify the remuneration proposals for HWAM's Head of Risk and Head of Compliance based on recommendations received from the Board of HWAM;
- To ratify the individual performance based variable remuneration awards for HWAM with a final recommendation to shareholder;
- To consider any allocation for the profit sharing scheme (Oktogonen) once agreed by the Group Board and recommend an amount to be ratified by the Board, taking into account the UK Group's overall performance. Decisions on any individual adjustments to Oktogonen allocations in terms of malus and/or clawback to be applied to relevant employees and/or leavers are undertaken by the Bank's Executive Committee and reported to the Committee;
- To ensure that contractual terms of termination and any payments made, are fairly executed, consistent with the policies of the UK Group and do not reward failure, recognising the duty to mitigate loss;
- To oversee any major changes in employee benefits structures for the UK Group;
- To work and liaise as necessary with all other Board committees, including, in particular, the Nomination Committee in connection with the identification, approval and reporting of material risk takers having regard to the quantitative criteria in accordance with the Remuneration Part of the PRA Rulebook or FCA Handbook SYSC 19; and

- The committee also makes an assessment of the appropriateness of the UK Group's remuneration policy and remuneration system for the Bank.

In line with the MIFIDPRU remuneration code, HWAM is regulated by its own, separate remuneration policy, which is closely aligned to the UK Group's remuneration policy, and steering guidelines for the Board of HWAM. The HWAM Board undertakes its own assessment of HWAM's remuneration policy and remuneration system. However, the Committee also receives reports regarding HWAM's remuneration policy as part of its monitoring of risk management and consistency of procedures.

Advice is sought from our third party Reward Partners, Mercer with a specific focus on remuneration trends, regulatory changes and senior manager benchmarking.

The remuneration policy was reviewed by the Committee during the past year. No significant changes were made that impacted remuneration but the review ensured continued compliance with remuneration regulatory requirements.

REMUNERATION STRUCTURE

An overview of the key features and objectives of remuneration policy, and information about the decision-making process used for determining the remuneration policy and the role of the relevant stakeholders (e.g. the shareholders' meeting).

The UK Group's principles for remuneration to employees are long established. In general, the UK Group has a low tolerance of risk and consider that fixed remuneration contributes to healthy and sustainable operations. This is, therefore, the main principle underpinning the UK Group's approach to remuneration.

Individual Performance-based variable remuneration is applied with great caution and to a very limited extent. It is only offered to a small number of employees in HWAM carrying out active investment management activities.

The Oktogonen profit-sharing scheme covers all employees in the Handelsbanken Group. The scheme is classified as variable remuneration and is based on profitability metrics linked to Handelsbanken Group's corporate goal being met, in combination with the Board's overall assessment regarding the UK Group's performance and risk management.

Remuneration is set individually, primarily in the form of fixed remuneration. Salaries are reviewed annually and are set locally in accordance with the UK Group's decentralised culture and are based on salary setting factors which are determined in advance. These factors include:
- Work performance and results achieved ensuring good customer outcomes in with Consumer Duty;
- Competence and skills including performance against both technical and behavioural competencies;
- Being a cultural ambassador;
- Market and economic situation;
- The nature and degree of difficulty of the job; and
- Leadership (for managers who are responsible for the career development of employees).

Annual changes to salaries are not guaranteed and will, in addition to the criteria set out above, take into account affordability and the assessment of risk as provided by the BRCC. Due consideration will also be given to compliance with the relevant conduct rules for the role.

The UK Group is committed to providing equal opportunities for all employees and does not discriminate on the grounds of sex, gender reassignment, marital or civil partner status, pregnancy or maternity, sexual orientation, disability, age, race, colour, nationality, national or ethnic origins, religion or belief. As part of this commitment, the Committee receives analysis with regard to gender equal pay on at least an annual basis. The Bank's gender pay gap is not related to equal pay, and there is close monitoring of pay for all roles and at all levels to ensure gender neutrality.

REMUNERATION DECISION MAKING

Description of the ways in which current and future risks are taken into account in the remuneration processes.

Disclosures shall include an overview of the key risks, their measurement and how these measures affect remuneration.

An overview of the key features and objectives of remuneration policy, and information about the decision-making process used for determining the remuneration policy and the role of the relevant stake-holders (e.g. the shareholders' meeting).

The Chair of the UK Group's Remuneration Committee has been allocated the PRA Prescribed Responsibility for overseeing the development of, and implementation of the firm's remuneration policies and practices in accordance with the Remuneration Code (SYSC 19D)', for the Bank. As set out in 'Remuneration Governance' above, the Remuneration Committee makes recommendations to the Board on the remuneration and other terms of employment for the UK Group's senior management.

The UK Group's Executive Committee is responsible for developing and implementing an appropriate remuneration system with oversight from the Remuneration Committee.

The Chief Human Resources Officer is responsible for setting out how the remuneration framework operates and for ensuring that the total reward offering, including fixed compensation is consistent for all employees.

The UK Group's Risk department is responsible for the analysis of the risks associated with the remuneration system and carries out an annual follow up of how the remuneration system is applied as well as an analysis of the key business risks, including an evaluation of whether the remuneration system promotes sound, efficient risk management consistent with our low risk tolerance.

The Compliance department examines any compliance issues when any changes to the remuneration policy are proposed, ensuring continued compliance with UK regulations. It also conducts an annual review of the remuneration systems, the outcomes of which are presented to the Committee.

The Internal Audit department provides the Committee with an internal view of the robustness of the internal controls with regard to how the remuneration system is applied which also includes an assessment of the overall control environment, which is presented to the Committee.

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As part of the annual salary review process, the Control Functions assess the key risks facing the UK Group and the control environment, and whether these should impact the overall level of remuneration increases. This assessment is considered by the Committee when determining the overall level of remuneration increase. The same exercise is also carried out when the level of any Oktogonen allocation for the UK Group is being considered by the Committee.

FIXED REMUNERATION

Policies and criteria applied for the award of guaranteed variable remuneration and severance payments.

Fixed remuneration is made up of various component parts, which include, but are not be limited to: cash salary, car allowance and customary employee benefits including pension and right to salary during a period of notice. Fixed remuneration may also, in some circumstances, include salary supplements, utilised for example, whilst an employee is undertaking a more senior role on a temporary basis. The form of the special salary supplement must be clearly stated in the employee's terms and conditions of employment and shall be allowed on a temporary basis. Special salary supplements are not pensionable income.

Fixed remuneration exceeding £250,000 must be authorised by the Committee.

Payments to an employee of the UK Group, in relation to an early termination of a contract of employment for whatever reason, shall reflect performance achieved over time and shall not reward failure or misconduct. Such payments are subject to approval by the Chief Human Resources Officer of the UK Group, and generally do not exceed 12 month's salary.

Severance payments for any roles within the scope of the Committee are approved by the Committee.

2024 SALARY REVIEW

In determining the overall salary review spend, effective 1st January 2025, the Committee considered the UK Group's performance, the external environment and pressures on overall reward competitiveness, whilst balancing the need to support growth plans, ensuring we manage our costs effectively whilst still being able to attract and retain employees.

No inflationary increases were given and the salary setting criteria as outlined in the Remuneration Structure section above, continued to be used to determine individual salaries, ensuring increases were reflective of performance.

VARIABLE REMUNERATION

The description of the main parameters and rationale for any variable components scheme and any other non- cash benefit in accordance with point (f) of Article 450(1) the Disclosure (CRR) Part of the PRA Rulebook.

Information on the specific risk/performance indicators used to determine the variable components of remuneration and the criteria used to determine the balance between different types of instruments awarded, including shares, equivalent ownership interests, share-linked instruments, equivalent non cash- instruments, options and other instruments.

Description of the ways in which the institution seeks to link performance during a performance measurement period with levels of remuneration.

An overview of main performance criteria and metrics for institution, business lines and individuals.

An overview of how amounts of individual variable remuneration are linked to institution-wide and individual performance.

Information on the criteria used to determine the balance between different types of instruments awarded including shares, equivalent ownership interest, options and other instruments.

Policies and criteria applied for the award of guaranteed variable remuneration and severance payments.

Description of the ways in which current and future risks are taken into account in the remuneration processes.

Disclosures shall include an overview of the key risks, their measurement and how these measures affect remuneration.

Information on whether the institution benefits from a derogation laid down in SYSC 19D.3 Remuneration principles in the FCA Handbook (in accordance with point (k) of Article 450(1) the Disclosure (CRR) Part of the PRA Rulebook).

For the purposes of this point, institutions that benefit from such a derogation shall indicate whether this is on the basis of SYSC 19D.3 Remuneration principles of the FCA Handbook. They shall also indicate which of the remuneration requirements they apply the derogation(s), the number of staff members that benefit from the derogation(s) and their total remuneration, split into fixed and variable remuneration.

OKTOGONEN PROFIT-SHARING SCHEME

The profit-sharing scheme, Oktogonen, covers all employees in the Handelsbanken Group and is classified as variable remuneration. The SYSC 19D.3 Remuneration principles in the FCA Handbook have been applied to the design and implementation of the scheme.

Assessments that form the basis for the allocation to the profit-sharing scheme are to be based on Handelsbanken's corporate goals, calculated as return on equity (ROE) compared with peer banks in the Group's main markets, and on the Board's overall assessment of the Bank's performance and risk management. The assessment must also take into account the Bank's costs for capital and liquidity and is limited to a maximum allocation per employee across Handelsbanken Group of SEK 100k (circa GBP 8k).

Profit-sharing scheme allocations, are resolved by Handelsbanken Group through the Group Central Board. However, the UK Group's Board ratifies any allocation, taking into account overall performance. The performance assessment must be risk adjusted, and based on a perspective over several years, to take into account the underlying business cycle and any business risks, and on long-term sustainable profits. The assessment must also take into account the UK Group's cost of capital and liquidity. The Bank's Executive Committee shall decide if any individual adjustments to Oktogonen allocations in terms of malus and/or clawback shall be applied to relevant employees and/or leavers.

For the financial year 2024, the UK Group continued to utilise a HMRC approved Share Incentive Plan (SIP) model for Oktogonen in the UK. The Bank deferred the entire 2024 Oktogonen award for employees in shares via the SIP. The SIP model allows a significant proportion of an allocation (depending on the exchange rate and the quantum) to be invested in the form of Handelsbanken Group shares and is subject to malus and clawback clauses where required and in line with regulatory requirements. All shares held by employees are eligible to receive dividends, if awarded which are reinvested into the purchase of additional shares for employees.

INDIVIDUAL PERFORMANCE-BASED VARIABLE REMUNERATION

The ratios between fixed and variable remuneration set in accordance with SYSC19D.

A small number of employees in the HWAM investment management team are eligible to receive individual performance based variable remuneration and are also eligible to participate in the profit sharing scheme. Decisions on individual performance based variable remuneration are made on the basis of financial and non-financial criteria including Handelsbanken's salary setting factors and it must be designed so that it does not encourage unhealthy risk taking. HWAM's financial results are adjusted for risk and charged with the actual cost of the capital and liquidity required by the operations.

Proposals for the allocation of performance-based variable remuneration must include thorough documentation of performance and risks.

For all employees who receive individual performance based variable remuneration at least 50% of allocated individual performance based variable remuneration must be deferred by three years, regardless of the position held or the financial year that the variable remuneration relates to. For variable remuneration of more than SEK 3m circa (GBP 250,000) 60% of the remuneration is to be deferred for four years.

For variable remuneration where a longer evaluation period is deemed necessary, 60% of the amount is to be deferred for a maximum of five years.

Those eligible for individual performance based pay are required to invest 100% of the deferred variable remuneration into the HWAM fund range, i.e. within one or more Multi Asset Funds.

Deferred variable remuneration can be removed or reduced if losses, increased risks or increased expenses arise during the deferment period, or if payment is deemed to be unjustifiable in view of the UK Group's financial situation. No employee may receive performance-based variable remuneration equivalent to more than 100% of their fixed remuneration. HWAM applies ex-post risk adjustment in its operation of its malus and clawback system.

CONTROL FUNCTIONS

Information of how the institution ensures that staff in internal control functions are remunerated independently of the businesses they oversee.

No individual performance-related variable remuneration is provided to internal control functions. Internal control functions only participate in the profit-sharing scheme. To ensure that they are truly independent of their responsibilities and to avoid any conflicts of interest, the remuneration for the heads of control functions i.e. Chief Audit Officer, Chief Compliance Officer ("CCO"), and Chief Risk Officer ("CRO") are decided upon by the Board following recommendations by the Remuneration Committee. In addition the Committee decides on remuneration for the Money Laundering Reporting Officer.

The Prescribed Responsibility for safeguarding the independence of the Chief Audit Officer, is assigned to the Chair of the Audit Committee and the Prescribed Responsibility for safeguarding the independence of the CCO and the CRO is assigned to the Chair of the BRCC who, in each case, also maintain oversight of the performance and remuneration of those control functions and the employees performing those roles.

The committee received assurance from the Compliance function that the remuneration policy continued to be compliant with regulatory requirements.

RISK ADJUSTMENT AND REMUNERATION

Information on the criteria used for performance measurement and ex ante and ex post risk adjustment.

Information of the measures the institution will implement to adjust variable remuneration in the event that performance metrics are weak, including the institution's criteria for determining performance metrics when the performance metrics are considered "weak". In accordance with SYSC 19D of the Senior Management Arrangements, Systems and Controls Part of the FCA Handbook, to be paid or vested the variable remuneration has to be justified on the basis of the performance of the institution, the business unit and the individual concerned. Institutions shall explain the criteria/thresholds for determining that the performance is weak and that does not justify that the variable remuneration can be paid or vested.

Description of the ways in which the institution seeks to adjust remuneration to take account of long-term performance.

An overview of the institution's policy on deferral, pay out in instrument, retention periods and vesting of variable remuneration including where it is different among staff or categories of staff.

Information of the institution' criteria for ex post adjustments (malus during deferral and clawback after vesting, if permitted by national law).

The allocation to the profit-sharing scheme, Oktogonen, is adjusted based on an evaluation of Handelsbanken Group's corporate goal, calculated as return on equity (ROE) compared with peer banks in the Group's main markets, and on the Board's overall assessment of the UK Group's performance.

For individual performance based variable remuneration, which is only applied to a very small number of HWAM employees, and in adherence to FCA SYSC 19D.3.62- 64, SYSC 19G and the FCA's General guidance on the application of ex-post risk adjustment to variable remuneration, HWAM operates a malus and clawback system while also having the option to exercise in-year adjustments through the quarterly accrual process, which is detailed above under Individual Performance-Based Variable Remuneration. Any variable remuneration already awarded under the HWAM Individual Variable Pay scheme may require repayment by any eligible employee over the period of five years post allocation date in addition to any in-year deduction or withholding of any future disbursement over the combined period of the allocation's deferral.

Specific criteria applied to individual Performance- based variable remuneration uses the following criterial in respect of ex-post risk adjustments:

- UK Group or Handelsbanken Group's financial position or ability to fund its operations weakens materially, or the UK Group is subject to specific regulation or legislation changes;
- Unknown risks or losses materialise in the compensation setting profit figures/data at the unit or individual level;
- Significant losses have been incurred by the unit;
- Significant losses of assets and/or revenues which the variable compensation is based upon;
- Exposure to assets which, following the decision on allocation of variable compensation, have declined in value without the employee taking precautionary measures to minimise the risk of loss;
- If the allocation of variable compensation was based on clearly erroneous grounds, of which the employee was aware; and
- Failure by the employee to comply with internal and external regulations and instructions;
  - which resulted in a formal disciplinary outcome;
  - a conduct rule breach; and/or
  - failure to meet appropriate standards of fitness and propriety including participation in or responsibility for, conduct which resulted in significant losses to UK Group.

In instances of unprecedented circumstances the bank reserves the right to apply a more cautious approach to the timeline of deferments e.g. an extension to deferral timescales.

REMUNERATION OF MRTS

Information relating to the design and structure of the remuneration system for identified staff.

A description of the staff or categories of staff whose professional activities have a material impact on institutions' risk profile (identified staff).

Information of the institutions' criteria for ex post adjustments (malus during deferral and clawback after vesting, if permitted by national law).

Material Risk Takers (MRTs) are identified individuals within the UK Group with material managerial responsibilities and decision making powers and whose professional activities have a material impact on the UK Group's risk profile.

The UK Group carries out an annual review of MRTs both on an individual and consolidated basis. Employees are assessed against the qualitative and quantitative criteria set out in the Capital Requirements Directive V (CRD V) and European Banking Authority (EBA) regulations. This process is managed by the Human Resources function with support from the Governance, Compliance and Risk. The assessment also identifies employees who carry out activities which enable them to expose the UK Group to a material level of risk and therefore should be identified as MRTs, even where these staff members do not fall within any of the mandatory criteria outlined by the EBA. This assessment and analysis is documented in a report which is presented to the Committee annually.

For HWAM and HACD, assessment of risk-takers is carried out on an entity by entity basis, under the MIFIDPRU, AIFM Remuneration Code and under the above criteria.

Persons who have only been identified by virtue of the level of their remuneration, may be exempt from being identified as risk-takers, unless they are assessed as being able to materially affect the UK Group's risk profile by other means in their professional roles. In order to be regarded as having a material impact on the UK Group's risk profile, the person – alone or together with others – must have the right to decide for the UK Group on either major credit risk, market risk or liquidity risk. Fixed remuneration for MRTs is set using the salary setting factors outlined in Remuneration Structure above and includes an evaluation as to how effectively they have managed risks in their role.

No MRT receive individual performance based variable remuneration. However the UK Group's profit-sharing scheme is classified as variable remuneration and MRTs are eligible to participate.

The Oktogonen profit-sharing scheme is de-minimus. However, in line with regulatory requirements, our MRT employees are subject to malus and clawback. They must undertake not to use personal hedging strategies or remuneration or liability-related contracts of insurance to undermine the risk alignment effects embedded in their remuneration.

The UK Group's Annual Report contains more information on the UK Group's remuneration committee, in the Strategic Report section and on our employees and remuneration in the Directors Report section (From page 49).

UK REM1 REMUNERATION AWARDED FOR THE FINANCIAL YEAR

Excluded rows are deemed not relevant for UK Group. Dash (-) reflects applicable rows with no value in the current period.

Remuneration awarded for the financial year 2024

			MB Supervisory function	MB Management function	Other senior management	Other identified staff
1		Number of identified staff	13	24	3	56
GBP m						
2		Total fixed remuneration	1	8	1	9
3		Of which: cash-based	1	7	1	7
UK-4a		Of which: shares or equivalent ownership interests	-	-	-	0
5	**Fixed remuneration**	Of which: share-linked instruments or equivalent non-cash instruments	-	-	-	0
UK-5x		Of which: other instruments	-	-	-	0
7		Of which: other forms	0	1	0	2
9		**Number of identified staff**	**-**	**22**	**3**	**51**
GBP m						
10		Total variable remuneration	-	0	0	0
11		Of which: cash-based	-	0	0	0
12		Of which: deferred	-	-	-	-
UK-13a		Of which: shares or equivalent ownership interests	-	0	0	0
UK-14a		Of which: deferred	-	0	0	0
UK-13b	**Variable remuneration**	Of which: share-linked instruments or equivalent non-cash instruments	-	-	-	-
UK-14b		Of which: deferred	-	-	-	-
UK-14x		Of which: other instruments	-	-	-	-
UK-14y		Of which: deferred	-	-	-	-
15		Of which: other forms	-	-	-	-
16		Of which: deferred	-	-	-	-
17	**Total remuneration (2 + 10)**		**1**	**8**	**0**	**9**

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UK REM2 SPECIAL PAYMENTS TO STAFF WHOSE PROFESSIONAL ACTIVITIES HAVE A MATERIAL IMPACT ON INSTITUTIONS' RISK PROFILE (IDENTIFIED STAFF)

Special payments to staff whose professional activities have a material impact on institutions' risk profile (identified staff) 2024

GBP m

		MB Supervisory function	MB Management function	Other senior management	Other identified staff
Guaranteed variable remuneration awards					
1	Guaranteed variable remuneration awards - Number of identified staff				
2	Guaranteed variable remuneration awards -Total amount				
3	Of which guaranteed variable remuneration awards paid during the financial year, that are not taken into account in the bonus cap				
Severance payments awarded in previous periods, that have been paid out during the financial year					
4	Severance payments awarded in previous periods, that have been paid out during the financial year - Number of identified staff				
5	Severance payments awarded in previous periods, that have been paid out during the financial year - Total amount				
Severance payments awarded during the financial year					
6	Severance payments awarded during the financial year - Number of identified staff		3		1
7	Severance payments awarded during the financial year - Total amount		1		0
8	Of which paid during the financial year		1		0
9	Of which deferred				
10	Of which severance payments paid during the financial year, that are not taken into account in the bonus cap				
11	Of which highest payment that has been awarded to a single person		0		0

UK REM4 REMUNERATION OF 1 MILLION EUR OR MORE PER YEAR

Blank values are deemed not applicable for the UK Group.

Remuneration of 1 million EUR or more per year 2024

	EUR	Identified staff that are high earners as set out in Article 450(i) CRR
1	1,000,000 to below 1,500,000	2
2	1,500,000 to below 2,000,000	
3	2,000,000 to below 2,500,000	
4	2,500,000 to below 3,000,000	
5	3,000,000 to below 3,500,000	
6	3,500,000 to below 4,000,000	
7	4,000,000 to below 4,500,000	
8	4,500,000 to below 5,000,000	
9	5,000,000 to below 6,000,000	
10	6,000,000 to below 7,000,000	
11	7,000,000 to below 8,000,000	

UK REM5 INFORMATION ON REMUNERATION OF STAFF WHOSE PROFESSIONAL ACTIVITIES HAVE A MATERIAL IMPACT ON INSTITUTIONS' RISK PROFILE (IDENTIFIED STAFF)

Blank values are deemed not applicable for the UK Group and dash (-) reflects applicable rows with no value in the current period.

Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (identified staff) 2024

	Management body remuneration			Business areas						
	MB Supervisory function	MB Management function	Total MB	Investment banking	Retail banking	Asset management	Corporate functions	Independent internal control functions	All other	Total
Total number of identified staff										96
Of which: members of the MB	13	24	37							
Of which: other senior management				-	-	-	3	-	0	
Of which: other identified staff				-	16	-	33	-	7	
GBP m										
Total remuneration of identified staff	1	8	9	-	3	-	6	-	1	
Of which: variable remuneration	-	0	0	-	0	-	0	-	0	
Of which: fixed remuneration	1	8	9	-	3	-	6	-	1	

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Definitions and explanations

CAPITAL CONSERVATION BUFFER

The purpose of this buffer requirement of 2.5% is to ensure that all banks maintain buffer capital exceeding the minimum capital requirements.

CAPITAL REQUIREMENT

The statutory capital requirement means that an institution which is subject to UK CRR must have a common equity tier 1 ratio of at least 4.5%, a tier 1 ratio of at least 6% and a total capital ratio of at least 8%. This means that own funds must be at least the percentage of the risk exposure amount specified for each ratio. For definitions of each of the own funds amounts, see Common equity tier 1 capital, Tier 1 capital, and Total Capital. In addition to the general requirements, the supervisory authority may add institution-specific requirements in accordance with the second pillar of the regulations.

COMBINED BUFFER REQUIREMENT

The sum of the capital conservation buffer, the countercyclical buffer, and the buffer requirement which is the higher of the requirement for systemically important institutions or the systemic risk buffer.

COMMON EQUITY TIER 1 CAPITAL

Common equity tier 1 capital is one of the components of own funds and mainly comprises equity. Deductions are made for dividends generated, goodwill, and other intangible assets as well as the difference between an expected loss and provisions made for probable loan losses.

COMMON EQUITY TIER 1 RATIO

Common equity tier 1 capital in relation to total risk exposure amount.

COUNTERCYCLICAL BUFFER

A buffer requirement that varies over the business cycle to counteract excessively high credit growth. The level is set by the PRA and can be between 0 and 2.5%.

CREDIT CONVERSION FACTOR (CCF)

The factor that is used when calculating the exposure amount for unutilised overdraft facilities, committed loan offers, guarantees and other off-balance-sheet commitments.

CREDIT RISK PROTECTION

Risk-mitigation factors and measures.

CREDITS IN DEFAULT

Impaired exposures that are also classified as 'defaulted' under Article 178 of the UK CRR.

CRR (UK)

Onshored Capital Requirements Regulation (UK) No 575/2013 on prudential requirements for credit institutions and investment firms.

DEFAULT

A default shall be considered to have occurred with regard to a particular obligor when either or both of the following have taken place:

a. the institution considers that the obligor is unlikely to pay its credit obligations to the institution, the parent undertaking or any of its subsidiaries in full, without recourse by the institution to actions such as realising security; and/or
b. the obligor is more than 90 days past due on any material credit obligation to the institution, the parent undertaking or any of its subsidiaries. Competent authorities may replace the 90 days with 180 days for exposures secured by residential property or SME commercial immovable property in the retail exposure class, as well as exposures to public sector entities. The 180 days shall not apply for the purposes of point (m) Article 36(1) or Article 127 of the UK CRR.

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EXPOSURE AMOUNT

Exposure amount (exposure at default) is the amount which is subject to capital adequacy requirements. It is calculated including interest and fees. For off-balance-sheet items, the amounts are recalculated using the Credit Conversion Factor (CCF).

EXPOSURE VALUE

Exposure value is the same as exposure amount. The exposure value concept is used in the standardised approach for credit risk.

FORBEARANCE MEASURE

Forbearance measure is a concession by an institution towards an obligor that is experiencing or is likely to experience difficulties in meeting its financial commitments.

LEVERAGE RATIO

Tier 1 capital in relation to total assets, including certain off-balance-sheet items recalculated with conversion factors defined in the standardised approach and regulatory adjustments from own funds.

LIQUIDITY COVERAGE RATIO (LCR)

High-quality liquid assets in relation to an estimated net outflow of liquidity over a period of 30 days.

NET STABLE FUNDING RATIO (NSFR)

The structural liquidity measure that is the ratio between available stable funding and the stable funding required.

OWN FUNDS/TOTAL CAPITAL

Own funds are the sum of tier 1 and tier 2 capital.

PERFORMING CREDITS

Credits that are neither impaired nor defaulted.

PILLAR 2 GUIDANCE (PRA BUFFER)

According to the Pillar 2 framework, the regulatory authority may inform the Bank of the assessed appropriate level of capital to be held in excess of the minimum-and buffer requirements to cover risks and future financial stress.

PILLAR 2 REQUIREMENT (PILLAR 2A)

The requirement consists of an additional minimum requirement based on a formal decision from the regulatory authorities within the Pillar 2 framework and concerns risks that a bank is or could be exposed to that are not covered by the general minimum requirements.

PRA RULEBOOK

The PRA Rulebook contains provisions made by the PRA that apply to UK Credit Institutions (PRA-authorised firms).

RISK EXPOSURE AMOUNT

The capital requirement in accordance with CRR, multiplied by 12.5, the risk exposure amount is used in conjunction with market risk and operational risk.

RISK WEIGHT

A measure to describe the level of risk an exposure is expected to have according to the capital adequacy regulations.

RISK-WEIGHTED EXPOSURE AMOUNT

Exposure amount multiplied by risk weight. The risk-weighted exposure amount is used in conjunction with credit risk.

SPECIFIC CREDIT RISK ADJUSTMENT

Specific credit risk adjustments consist of collective and individual credit risk adjustments. These apply to exposures covered by the standardised approach.

STANDARDISED APPROACH

The Standardised Approach is the approach provided for in Chapter 2 of the UK CRR to calculate the risk-weighted exposure amounts for the purposes of points (a) and (f) of Article 92(3).

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TIER 1 CAPITAL

Common equity tier 1 capital including additional tier 1 capital.

TIER 1 RATIO

Tier 1 capital in relation to total risk exposure amount.

TIER 2 CAPITAL

Tier 2 capital is one of the components of own funds and mainly consists of subordinated loans which fulfil the requirements stated in the UK CRR and can therefore be included as tier 2 capital.

TOTAL CAPITAL RATIO

Total capital in relation to total risk exposure amount.

TOTAL LIABILITIES AND OWN FUNDS

The sum of the Bank's total liabilities and own funds.

TOTAL RISK EXPOSURE AMOUNT

The sum of risk exposure amount and risk-weighted exposure amount.

NUMBER CONVENSION

Blank values are deemed not applicable for the UK Group; and
Dash (-) reflects applicable rows with no value in the current period.

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Information items not disclosed according to Article 432 of the disclosure (CRR) part of the PRA Rulebook

Tables not applicable, non-material or confidential 2024

Table	Description	Reason for non-disclosure
UK INS1	Insurance participations	Not applicable to the UK Group.
UK INS2	Financial conglomerates - Information on own funds and capital adequacy ratio	The UK Group does not meet the financial conglomerate classification.
UK CR2	Changes in the stock of non-performing loans and advances	Threshold for disclosure not met.
UK CR2a	Changes in the stock of non-performing loans and advances and related net accumulated recoveries	Threshold for disclosure not met.
UK CQ2	Quality of forbearance	Threshold for disclosure not met.
UK CQ5	Credit quality of loans and advances to non-financial corporations by industry	Threshold for disclosure not met.
UK CQ6	Collateral valuation - loans and advances	Threshold for disclosure not met.
UK CQ7	Collateral obtained by taking possession and execution processes	The UK Group do not undertake the activities detailed in this template.
UK CQ8	Collateral obtained by taking possession and execution processes – vintage breakdown	The UK Group do not undertake the activities detailed in this template.
UK CR7	IRB approach – Effect on the RWEAs of credit derivatives used as CRM techniques	The UK Group do not use IRB approach
UK CR7-A	IRB approach – Disclosure of the extent of the use of CRM techniques	The UK Group do not use IRB approach
UK CR8	RWEA flow statements of credit risk exposures under the IRB approach	The UK Group do not use IRB approach
UK CR10	Specialised lending and equity exposures under the simple risk weighted approach	The UK Group do not undertake the activities detailed in this template.
UK REM3	Deferred remuneration	Proportionality under PRA SS2/17 applies.
UK LIB	Other qualitative information on the scope of application	Threshold for disclosure not met
UK IRRBBA	IRRBB risk management objectives and policies	Not required to be disclosed by UK Group in line with PRA Rulebook Disclosures section 2.1
UK CCR7	RWEA flow statements of CCR exposures under the IMM	Not applicable for UK Group
UK MR2-B	RWA flow statements of market risk exposures under the IMA	Not applicable for UK Group
UK MR2-B	RWA flow statements of market risk exposures under the IMA	Not applicable for UK Group

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Signature of the CFO and CRO

The Information Policy for the Handelsbanken Group, adopted by the Bank's Board, and the CEO's Guidelines for communication in the Handelsbanken Group, are Handelsbanken Group's steering documents for compliance with the disclosure requirements in the Disclosure (CRR) Part of the PRA Rulebook.

The control environment described in the Annual Report's Corporate Governance Report (from page 33) and in this report is fundamental to UK Group's internal control of disclosures under the Disclosure (CRR) Part of the PRA Rulebook: organisational structure, division of responsibilities, guidelines and steering documents. Another part of the internal control process is the identification and management of the risks that may affect the preparation of disclosures under the Disclosure (CRR) Part of the PRA Rulebook and the control activities incorporated in the process for preparing disclosures. The UK Group has information and communication paths intended to promote the completeness, accuracy, meaningfulness, and consistency over time of disclosures under the Disclosure (CRR) Part of the PRA Rulebook.

The responsibility for internal control of disclosures under the Disclosure (CRR) Part of the PRA Rulebook has been delegated from the CEO to managers who report directly to the CEO and who are in charge of internal control within their respective units.

We hereby declare that the disclosures under the Disclosure (CRR) Part of the PRA Rulebook have been prepared in accordance with the UK Group's internal control framework. The information which is provided under the Disclosure (CRR) Part of the PRA Rulebook is satisfactory, including in terms of control and frequency, in relation to the disclosure requirements in the Regulation and provides market participants with a comprehensive picture of UK Group's risk profile.

LONDON, APRIL 2025

Martin Björnberg, CFO William O'Carroll, CRO

Handelsbanken