

Handelsbanken

Since 1871

Handelsbanken was founded in 1871. Today, a little over 150 years later, we are one of the world's strongest banks.

Our idea of how to run our Bank is based on trust and respect for individuals, both customers and employees. Through personal relationships, a longterm approach and a strong local presence, we create value in every customer meeting.

Our ambition is to provide the best bank offering within financing, savings and advisory services. With satisfied customers, we see potential for continued strong business development and profitable growth at a low risk. Our home markets are Sweden, Norway, the UK and the Netherlands, with business also conducted in Luxembourg and the USA.

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Handelsbanken plc is a UK public limited company incorporated and domiciled in the UK. Its registered office and principal place of business is 25 Basinghall Street, London EC2V 5HA, UK.

Directors and advisors

Directors

Margaret Trujillo Bueno (Chair)
Maureen Laurie (Senior Independent Director)
John Ellacott
Patricia Jackson
Agneta Lilja
Mikael Ericson
Mikael Hallåker
Martin Björnberg (Chief Financial Officer)
Mikael Sørensen (Chief Executive Officer)

Company Secretary

Kevin Taylor

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Independent auditors

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2.0

Statements

Chair's statement



Margaret Trujillo Bueno
Chair of the Board of Directors

18 March 2026

I am pleased to present the 2025 consolidated financial statements for Handelsbanken plc and its subsidiaries (the "UK Group"), my first since assuming the Chair role in April.

In a year marked by global, political and economic uncertainty the UK saw subdued growth, inflation remaining elevated but expected to fall and interest rates forecast to decline. Against this backdrop we remained focused on our customers, our key strategic priorities, and operational resilience. We continued to enhance and expand our propositions in line with the needs of our customers with a commitment to green and sustainable finance propositions across our business operations and activities; sustainability has long been a natural part of Handelsbanken's way of doing business.

While lower interest rates affected overall profitability, we saw growth in net new customers, deposits, and corporate and sustainable lending alongside a rising trend in our mortgage business through an enhanced proposition and broker partnerships. Our financial results demonstrate resilience, reflect the strength of our business model through the cycle and strong capital position. Looking ahead, while we acknowledge that the economic outlook remains uncertain, we have positive momentum and are pursuing an ambitious investment plan to accelerate growth, improve efficiency, scalability and enhance productivity through digitalisation. As this evolves we will continue to focus on good customer outcomes and sustainable value creation to successfully navigate the challenges and opportunities that lie ahead. The Board and I remain committed to upholding the highest standards of governance, adopting a rigorous approach to risk management consistent with our low risk appetite and safeguarding the interests of all our stakeholders.

We are delighted to have the most satisfied customers for both personal and corporate banking for the seventh year in a row. The EPSI and CMA survey results demonstrate excellent performance relative to peers and acknowledge the dedication of our people who are vital to the Bank's ongoing success. We recognise employee engagement as a key enabler, our internal people survey showed that colleagues rated the Bank above the industry benchmark as a good place to work. Reflecting on our corporate culture and relationship led, decentralised business model, we fully appreciate the importance of maintaining a healthy work-life balance and we will continue the work progressed in 2025 to improve our employee proposition.

Finally, I would like to thank our customers for the trust they have placed in us, extend my gratitude to my predecessor Mikael Hallåker, and acknowledge the significant contribution of the leadership team and our people for their ongoing dedication and commitment to our Bank's values and purpose.

"Our financial results demonstrate resilience, reflect the strength of our business model through the cycle and strong capital position"

Chief Executive Officer's statement



Mikael Sørensen
CEO

18 March 2026

The past year has continued to demonstrate the strength of our core values of trust and empowerment and of our model of building long-term relationships with satisfied customers while maintaining a low risk tolerance. We have seen significant economic challenges at both the global and domestic level, and yet we have not only continued to deliver for our customers but laid the foundations for future growth.

Questions remain for the UK economy, which is still in a period of adjustment. At a global level, continued above-target inflation has acted as a brake on central banks' ability to reduce interest rates, whilst international trade has been affected by the implementation of US tariffs. In the UK, this has been accompanied by uncertainty for businesses. The size of the public sector deficit gave rise to widespread anticipation of tax rises in November's budget, which in turn impeded confidence. However, this should be seen in the broader context; in comparison with the past half decade, the degree of stabilisation has been encouraging, and this in turn has laid the path for growth. Global volatility, which was dampening confidence, continued to reduce over the course of 2025. However, at the time of writing, the ongoing conflict in the Middle East has undoubtedly caused a resurgence of that volatility, impacting global stock markets and commodity prices. Meanwhile, higher interest rates – which had been dissuading customers from borrowing to invest in their businesses, have been on a clear downward trajectory throughout the last year. As of Spring 2026, question marks are emerging over whether that downward trajectory may have paused. Nevertheless, our customers want to do more, and the economic landscape together with our steadfast customer-led approach, is more conducive to facilitating this, albeit we stay alert to the impact that conflict in the Middle East could have on the UK economy. As a bank we have strong fundamentals: we are well capitalised, we have long-term trusted relationships with customers who tell us they are extremely satisfied¹, and Handelsbanken is once-again rated as Europe's safest commercial bank². Even with a backdrop of some uncertainty, we can afford to be ambitious.

This is only possible because our strong underlying values and business model mean we are operating from a position of strength. Our unflinching focus on customer satisfaction combined with our low risk tolerance have placed us in very good stead. Our customers value our approach and recognise the benefits thereof. Reductions in interest rates have necessarily placed downward pressure on our margins, but this in turn has been offset by volume growth.

This year, we have seen clear growth across all business lines. Total deposits have grown every quarter, whilst our corporate lending volume continues to expand. In 2024, we added Broker Connect, a platform which complements our branch-led proposition and supports colleagues in their mortgage business. Over the past twelve months we have partnered with more broker networks, engaged with more customers, and made it possible for ever-more people to take advantage of our mortgage expertise. With the majority of UK mortgage business conducted through intermediaries, this was a strategic step to help introduce more customers to our way of doing business, and it continues to pay dividends.

Handelsbanken Wealth & Asset Management Limited's (Handelsbanken Wealth) assets under management have risen to £4.8bn. We remain the only one of our peer institutions able to offer an interconnected and fully relationship-driven approach encompassing personal and corporate banking, and wealth management under one roof, serving all our customers' needs, in 141 locations across the country. Our branch network is stronger than

1. 2025 EPSI Study of the UK Banking Industry [epsi-uk-2025.pdf](#)

2. Global Finance: World's 50 Safest Commercial Banks 2025 [PRESS RELEASE: Global Finance Names The World's 50 Safest Commercial Banks 2025 | Global Finance Magazine](#)

ever; we have not just developed our product proposition but also been investing in the modernisation of our branches. Firstly, because we know that how our branches look and feel is key to the customer experience, and secondly, because we know that our customers value connectivity. Better meeting spaces in more accessible locations are central to our relationship-based approach.

Our ongoing programme of upgrading our IT systems continues to improve our customers' experience, facilitating growth and de-risking our business. A new Customer Relationship Management (CRM) system has now been fully implemented across the entire branch network. We can already see this driving momentum across the business. Our new mortgage origination tool is also now available for all branches, which has already produced huge benefits for our customers. We are constantly improving our online banking and our mobile apps to better enhance customer interaction. With better data, slicker processes and enhanced capabilities we have delivered more than twice the expected time savings back to our branch colleagues. Finally, for the first time this year we established a 450-strong customer experience panel, which regularly provides insights and feedback on how we can make improvements that will enhance our customers' experience of banking with us.

Sustainability remains a key consideration for our customers and we have broadened our efforts to support them in their own sustainable ambitions. This year we have seen our sustainability-linked lending grow to over £1bn, while corporate green volumes currently stand at nearly £900m. We have also launched our Sustainable Home Reward for private mortgages, which has seen uptake of more than £100m, and a new Green Vehicle Finance product. We are committed to helping our customers make climate-friendly choices, and continue to do so also for our own operation. This year also saw us move our London-based head office to Woolgate, a newly-developed complex in the heart of the City of London, which was net zero in construction, has an EPC A rating, and is BREEAM rated as excellent. This has allowed us to reduce operating costs whilst significantly reducing our environmental impact.

We are encouraged by the progress made in 2025. We have strong foundations on which to build, an ambitious plan for the future, and we look ahead with cautious optimism. I would like to thank every one of my colleagues, and every one of our customers, for enabling us to do this. Our colleagues, who continue to provide the best customer experience, day after day and year after year. Our customers, who place their trust in us – to manage their finances and help them with their businesses. We can show solid success, with firm foundations, but I also dare to believe that the best is definitely ahead. We have always believed that by doing the right thing for our customers, we will see our Bank prosper.

3.0

Strategic and Directors' report

Strategic report

Our goal

Svenska Handelsbanken AB (publ) ('Svenska Handelsbanken'), and its group of subsidiaries ('Handelsbanken Group'), which includes Handelsbanken plc, has one corporate goal: attaining a higher return on equity than the average of its competitors in its home markets, of which the UK is one. This goal is achieved through focusing on two fundamental means within the Handelsbanken Group: having more satisfied customers and lower costs (including credit losses) than our competitors.

The Bank is managed on an entity basis and not by business segment, therefore no segmental information is provided.

Our business model: local relationship banking

Handelsbanken is a relationship bank, built around satisfied customers, financial strength and sustainable values. We believe banking should be local and personal, and that the interests of our customers should always come first.

The Bank has a long-term approach to customer relationships, a decentralised way of working, and a strong local presence through a nationwide branch network. This means that in communities across the UK, experienced bankers have the autonomy to take swift, sensible decisions that matter to their customers, providing them with the best possible service. This distinctive approach, where employees are empowered to make decisions, is based on trust and respect for the individual and an unshakeable belief in people and their ability and will to do good things well. It is also an approach that has demonstrated, since we first began operating in the UK, that those closest to their customers take the best decisions and provide the best advice. As a result, branches build broad, strong, and lasting relationships throughout the communities they serve.

We have found our bespoke, high-touch relationship banking service to be particularly well-suited to certain types of customer. These include family-owned, and owner-managed businesses, business owners themselves, property investors, corporate executives and professionals. As we refine our business strategy, we are using our knowledge of these groups' particular needs to continually shape our product and service offering.

Changes to our organisation

The Bank's strategy, to offer a range of core products across lending, deposits and wealth management to core private individual, property, and trading business customers, remains unchanged. The branch-based distribution model focusses on providing a proactive, high-quality advisory service. Digital channels are being enhanced to create a more seamless customer experience. Customer Connect offers an alternative choice for interacting with the Bank, providing a value-add, proactive customer relationship service.

As we develop the Bank and its propositions, we want to work as one business, focussing on delivering advice, banking and wealth solutions to customers of Handelsbanken in the UK. Therefore, to work towards shifting the operating model, the Bank announced a functional integration with Handelsbanken Wealth on 30 September 2025. Functional integration became effective across common functions from 1 January 2026, with the aim of improving customer experience, driving synergies, and reducing bureaucracy through simplified governance, policies and processes. The integration will also achieve greater alignment between Handelsbanken Wealth and the Bank resulting in a more seamless customer experience through joined up processes and technology deliveries.

Throughout the year, the Bank continued to review and make adjustments to the branch network to optimise performance. In 2025, the number of branches and meeting places changed from 150 in 2024 year-end to 141 in 2025 year-end.

Cost management and having lower costs through the economic cycle remains a strong focus. At the beginning of 2025, the Bank announced an organisational restructure, affecting head office functions. The restructure focused on improving efficiency and effectiveness in departments, removing any areas of duplication.

Strategic initiatives

A number of strategic initiatives were delivered in the year to support growth including development of the Bank's propositions, improvements to the broker offering and benefits to customers from IT modernisation. To support customer acquisition, the Bank launched a national brand awareness initiative, focussed on the Bank's core customers, including brand posters in key locations, radio adverts on Times Radio and Classic FM, and sponsorship of Times Radio's weekend breakfast show. The Bank also continued its focus on sustainability, including launching new products, increasing engagement with customers, and entering into new partnerships to drive additional business opportunities.

Review of financial performance

The UK Group's performance is presented on a statutory basis, as explained under the basis of accounting on page 86, and structured in a manner consistent with the key elements of the Bank's business model as explained on page 11.

	2025 £'000	2024 £'000	% Movement
Income Statement			
Total income	871,569	942,176	-7.5%
Total expenses	(456,798)	(454,305)	0.5%
Net credit gains and net losses on disposal of property, equipment and intangible assets	7,061	10,151	-30.4%
Profit before tax	421,832	498,022	-15.3%

Key performance indicators

Key figures for the UK Group are as follows:

Financial and Non-financial KPI's	2025	2024	Movement
Liquidity Coverage Ratio (See Funding and Liquidity section)	165.9%	180.0%	-14.1%
Net Stable Funding Ratio (NSFR)	130.0%	136.0%	-6.0%
CET1 ratio (See Funding and Liquidity section)	17.5%	18.0%	-0.5%
Return on equity (See Chief Financial Officer commentary section)	12.7%	14.0%	-1.3%
Cost / income ratio (See Chief Financial Officer commentary section)	52.4%	48.2%	4.2%
Credit gain ratio	0.03%	0.05%	-0.02%
Loan to deposit ratio	85.8%	85.4%	0.4%
Responsible fund assets as a percentage of overall AUM of our multi asset funds	5.7%	9.1%	-3.4%
	2025	2024	% Movement
Average deposits from the public	£21.2bn	£20.6bn	2.9%
Average loans to the public	£18.1bn	£17.9bn	1.1%
Assets Under Management and Administration (AUMA)	£4,799m	£4,536m	5.8%
Corporate customer satisfaction (See Customer Outcomes section)	82.1	81.9	0.2%
Personal customer satisfaction (See Customer Outcomes section)	86.5	84.2	2.7%
Return on assets	1.02%	1.14%	-10.5%

Chief Financial Officer commentary

JANUARY-DECEMBER 2025 COMPARED WITH JANUARY-DECEMBER 2024

Overall, the Bank delivered a financially resilient performance in 2025. Falling base rates drove, as expected, income down and costs remained well-controlled, even as IT investments increased. Momentum strengthened across all business lines, with customer numbers rising. Growth was more pronounced in the second half of the year, providing a solid tailwind heading into 2026. Total income for 2025 declined by 7.5% to £872 million, while total expenses increased by 0.5% to £457 million. Profit before tax fell by 15.3% to £422 million, supported by a £7.5 million reduction in loan loss provisions. The cost/income ratio rose by 4.2 percentage points to 52.4%, and return on equity (RoE) declined by 1.3 percentage points to 12.7%.

The reduction in income was primarily driven by a decrease in net interest income (NII), largely due to lower Bank of England base rates. Margins also tightened, although this was partially offset by a £518 million (4%) increase in corporate lending volumes and a £588 million (3%) rise in deposit balances. Other income lines were broadly flat year-on-year.

The modest increase in expenses was driven by a £2 million rise in employee costs and an £8 million increase in depreciation, partially offset by £8 million of reductions in other operating expenses. Higher employee costs reflected annual pay increases and one-off restructuring-related termination costs, mitigated by a reduced workforce. Depreciation, amortisation and impairment rose due to the London head office relocation, which resulted in fit-out depreciation, rent impairment, and dilapidation charges. Other operating expenses fell mainly due to lower legal, professional, and contractor costs as major risk-management investment initiatives neared completion.

Asset quality remained strong, with net credit gains of £7.2 million in 2025 compared with £10.2 million in 2024, as expected credit loss (ECL) provisions continued to decrease. Stage 1 and 2 provisions fell due to improvements in customer credit quality, positive credit rating migration, the release of the post-model adjustment related to construction-sector geopolitical risks, and changes in maturities, cash flows, and collateral valuations. The reduction in Stage 3 provisions primarily reflected the crystallisation of losses and write-backs during the year. Overall, ECL provisions remain low, supported by the Bank's high quality portfolio.

Arrears levels, already low, continued to decrease and reflect a broader improving trend. Given the Bank's predominantly secured lending profile, arrears seldom result in losses and remain low relative to peers.

FUNDING AND LIQUIDITY

Capital and liquidity positions remain strong, with significant surplus to both regulatory requirements and risk tolerance. Given the strong capital position and considering our capital and liquidity plans, the Board has recommended a dividend of £247 million for the year. The recommended dividend reduces the CET1 from 19.5% (pre-dividend) to 17.5% (2024: 18.0%). The Bank reports a Liquidity Coverage Ratio (LCR) of 165.9% (2024: 180%). The LCR has been stable year-on-year, with no change in funding strategy. However, given the nature of the measure there are inevitable fluctuations caused by changes in the maturity structure of issued debt and also from client activities (e.g. deposits, loans issued/repaid). As at 31 December 2025, the Net Stable Funding Ratio (NSFR) was 130%. The NSFR has remained relatively stable over the previous 12 months.

BUSINESS DEVELOPMENT AND OUTLOOK

2025 was a year for the UK where tangible growth momentum was built with increased volumes evidenced in all three key business lines; lending, deposits, and wealth. Building on last year's improvement, the UK experienced a shift in the level of business activity across corporate and private banking and wealth management, driven by a strong focus on customer prospecting activity and increased branch engagement with client directors.

The corporate banking business continued to perform well, experiencing growth in deposits and lending from new and existing customers. The private banking business performed strongly in deposits, throughout the year and a notable pick up in growth on private lending in the second half of year. Although competition remains fierce in lending to private banking customers, momentum has been built and new business increased through both direct branch business and growth in broker-generated business.

Lending volumes grew on average by 1% total lending to customers reaching £18.1bn, where corporate lending grew 3% and private lending declined 2%. On average, deposits grew by 3% with total average volumes reaching £21.2bn. Corporate banking average deposit volumes increased by 3% and private banking average deposit volumes increased by 4%.

Assets Under Management & Administration (AUMA) in Handelsbanken Wealth, reached £4,799m, up 6% compared to last year (2024: £4,536m). The increase was due to positive market movements. Handelsbanken Wealth continues to strengthen the quality of engagement and collaboration with the Bank's branches.

As outlined above, the outlook for the UK economy in 2026 remains uncertain. Potential upsides to growth come from a possible fall in household savings rates, incremental improvements to Britain's relationship with the EU, and reforms to the planning system. However, a number of structural problems with the UK economy, including high industrial energy prices and a rise in labour market inactivity, as well as a growing tax burden from the previous two budgets weakening consumer spending, will likely act as restraints on UK growth prospects. Geopolitical risks add to downside growth risks. Inflation is expected to remain above the Bank of England's 2% target persisting throughout 2026. This projection is made in the context of elevated consumer inflation expectations as well as the UK's history of having higher inflation than the Eurozone. This environment continues to suggest that, while interest rates will likely fall, they will only do so at a slower pace than 2025, keeping consumer and business sentiment subdued.

The Bank's business model remains unchanged, with a through-the-cycle view and low risk-tolerance, paired with our strong financial position. Looking ahead to 2026, the Bank enters the year with strong momentum. Our business model benefits from network effects, where increased customer activity drives additional engagement, referrals, and opportunities. In addition, our current market share remains modest relative to the broader banking sector and core customers, providing significant room for expansion within our existing business model. The potential of falling rates is on one hand a potential drag on net interest income and on the other hand a potential for increased investment demand amongst our customers. Altogether, this could further strengthen the opportunities of business growth, despite the somewhat lacklustre economic outlook.

Furthermore, we will continue to invest to improve our operations capacity and risk management.

BUSINESS DEVELOPMENT AND CHANGE PROGRAMMES

Climate change and transition to net zero emissions

Handelsbanken is committed to the goals of the Paris Agreement and national climate targets. The Bank's group-wide transition plan outlines the key strategies driving progress in this area and the work of the UK Net Zero Steering Committee. Chaired by the Head of Sustainability and composing several members of the Executive team, the steering committee plays a central role in ensuring momentum, setting priorities, and providing targeted support for climate-related initiatives.

In 2025, engagement with corporate banking customers continued as further tools, training, and product features were rolled out, all reflected in steadily rising volumes of green and sustainable lending. For its private banking customers, Handelsbanken expanded its sustainability engagement by integrating further help and incentives to its standard home mortgage products, where customers who own or improve their property to a sufficient level now benefit from a Sustainable Home Reward payment from the Bank. In parallel, actions were taken to accelerate emissions reductions in the Bank's own operations and supply chain.



For more information on the Bank's approach to climate change, please see the Non-Financial and Sustainability Information Statement, starting on page 16.

Regulatory

Internal Ratings Based (IRB) approach: Further to the subsidiarisation in 2018, Handelsbanken plc has focused on its strategic objectives, one of which is to obtain an IRB approval from the Prudential Regulation Authority ('PRA') for calculating credit capital requirements. The Bank continues to engage with the PRA for its IRB permissions and continues to engage on the timing and sequencing of its IRB application. During 2025, the Bank has continued to enhance its governance and controls arrangements, improving the data and IT infrastructure and building internal IRB models and expertise in line with the relevant regulations, while in parallel holding pre-engagement discussions with the PRA.

The PRA has published final Basel 3.1 rules with an implementation date of 1 January 2027. The Bank is currently working on the implementation of the new requirements and estimates the impact on capital ratios to be neutral.

Technology

Technology modernisation: The Bank's technology investment is building underlying technology enablers that help make business processes more efficient, increase automation, and decommission costly legacy systems, and which will enhance products and channels. Fundamentally the investment is helping the Bank to lower costs, reduce risk, and provide a platform for longer-term sustainable growth and customer satisfaction. The transformation continues at pace, with notable progress through 2025.

Customer Relationship Management (CRM) platform: The Bank has now completed the bank-wide rollout of a new CRM system focused on lead and prospect management and a customer 360 view, leading to more efficient internal processes and improved information to support customer-focused activities. During 2026 the Bank will continue to improve and expand on the initial CRM functionality.

Digital transformation: The Bank has continued to enhance its digital customer offering to meet increased customer needs and expectations around digital services, supporting strong branch relationships, and providing the tools colleagues need to allow them to focus on growth. The Bank's digital channels remain an important investment area, and further enhancements are planned through 2026.

New mortgage origination platform: The Bank has now completed the bank-wide rollout of the new mortgage origination platform, originating c.80% of mortgage business via this channel. The new platform delivers an improved colleague and customer experience, reduces the average processing time for a new mortgage, and decreases risk by reducing dependence on legacy systems. These foundations will allow the Bank to be more responsive to future customer and regulatory demands in the mortgage market.

Payments: The Bank is making meaningful progress to modernise its current core banking platform, starting with the delivery of a modern payments platform. In 2025 the Bank completed an extensive procurement process to identify, assess, select, and onboard, a new payments platform provider. Delivery work will continue through 2026, with an initial go-live date planned 2027. The new platform will provide a modern, scalable, industry-standard solution to support the Bank's payments strategy.

Stakeholder engagement

Further detail on how the directors have had regard to the matters set out in section 172 (1) forms the Directors' statement required under section 414CZA of The Companies Act 2006 and can be found in the Strategic report on page 38.

Non-Financial and Sustainability Information (NFSI) Statement

OUR APPROACH TO SUSTAINABILITY

Handelsbanken has a long-term perspective for its business, and sustainability is deeply embedded in both the corporate culture and its operational approach. Sustainability is not only an engagement with environmental or social issues, but also something to be integrated into all parts of the Bank's business and organisation. Integrating a sustainability perspective throughout the operations ensures that Handelsbanken Group conducts operations that are financially sound, environmentally and socially sustainable, and that contribute to sustainable development.

As previously mentioned, the Bank will play its full part in the Paris Agreement's goal of limiting global warming to close to 1.5°C, by supporting customers on their transition journey, as well as by reducing the impact of its own operations. Through integrating sustainability into the Bank's core operations, and the products and services offered to clients, Handelsbanken can facilitate and contribute to the transition.

Equally, Handelsbanken is committed to addressing further environmental and social challenges relevant and material to its business operations, while upholding the same high standards of financial integrity, customer consideration, and responsibility to local communities that have become hallmarks of Handelsbanken's approach over many decades.

The UK sustainability strategy, steers the Bank's objectives and resources. It builds upon established strengths and distinctive market position, in order to maximise positive societal impact and business value from the Bank's activities.

ENVIRONMENTAL

Handelsbanken's most pronounced ESG focus is on climate action, approached holistically across the value chain. This is done by supporting customers in their transition to a low-carbon economy and in adapting to the physical impact of climate change; eliminating emissions from its own operations; and actively engaging suppliers to promote both emissions reduction and physical resilience. Our approach, progress and outlook are detailed in the Climate-related financial disclosures (CFD) report on pages 19-28.

SOCIAL

Handelsbanken has long held that creating highly-satisfied loyal employees, and customers, while striving to maintain the trust of the communities we serve, is the most effective route to long-term profitability. This is the prism through which we approach relevant social sustainability issues.

Human rights and modern slavery

Handelsbanken has an important role to play in promoting respect for human rights and continues to align to internationally recognised standards including the UN Guiding Principles on Business and Human Rights (UNGPs) along with the UN Global Compact. The Modern Slavery Working Group in the UK ensures we regularly engage with relevant stakeholders regarding our responsibilities in this area and acknowledge the importance of our supply chain to our overall operational sustainability. More than being a legal requirement, the statement reflects our commitment to ethical practices and transparency whilst emphasising the importance of social responsibility within the Bank.

Handelsbanken continues to track its progress and to report this through a statement activity³ each year. Please visit handelsbanken.co.uk for the latest modern slavery statement for more details.

Our employees

Each Handelsbanken recruitment is viewed as a significant and long-term investment in the success of the Bank. Employees with broad knowledge, diverse backgrounds and experience make a vital contribution, supporting the attainment of our corporate goal.

An individual's scope to contribute is particularly strong within Handelsbanken's devolved management model, where those closest to the question are responsible and accountable for finding a suitable solution. Moreover, the absence of departmental budgets and top-down targets ensures teams can form and collaborate openly in support of each other's objectives. Throughout 2025, we continued to nurture and embed our distinctive management model and sought to inspire colleagues further by deepening the understanding of the breadth of our culture and values, showcasing examples of our culture in action, individual career opportunities, highlighting personal stories, and celebrating long service.

To retain employees, the right conditions must exist for personal and career development, embracing each individual's experience, circumstances and background. In line with our culture, we enable all employees across the Bank to access appropriate development and learning resources.

3. The Bank's statement activity is the regulatory work we do to both manage, and progress, our statement commitments every year, to ensure that we remain compliant with the Modern Slavery Act 2015.

People with disabilities

Opportunities are provided to all for training, career development and succession, regardless of mental or physical health or disability, with adjustments being accommodated as appropriate. Where a provision, criterion or practice places a disabled person at a substantial disadvantage in comparison with someone who is not disabled, the Bank will make reasonable adjustments to mitigate the disadvantage.

As a people-oriented bank, our hybrid working guidelines empower managers and colleagues to find ways of working that take account of the individual's work and personal needs while supporting customer-oriented collaboration.

Training / Learning and Development

In addition to the mandatory training staff undertake, our learning and development offering empowers colleagues to drive their own development; fostering an environment where all colleagues have the opportunity to learn, grow and succeed. We offer a range of meaningful solutions that support: driving sustainable growth, enhancing communication, and developing inclusive line managers who inspire their teams to thrive. Our ever-evolving L&D offering incorporates mandatory training and includes a variety of engaging digital courses, and action-oriented face to face and virtual workshops, allowing colleagues to choose how and when to learn. Our apprenticeship offering also provides opportunities for colleagues to obtain a qualification whilst embedding valuable skills and knowledge in a specific job role. We also have an excellent mentoring scheme which further supports individuals to learn and grow in their career, with support and guidance from their colleagues.

Equal opportunities and diversity and inclusion (D&I)

Building an inclusive environment for all employees to flourish enables us to embrace the many wider benefits of diversity as an organisation. This is why D&I, including equality, is a key priority and focus area for the Bank.

We are committed to providing all colleagues with equal opportunities in employment. We do not discriminate against employees or job applicants based on any protected characteristic, be that sex, gender reassignment, marital or civil partner status, pregnancy or maternity, sexual orientation, disability, age, race, religion or belief. Promotion within the Bank is purely based on merit.

The Bank's aims in this regard are:

- to create an environment in which individual differences and the contribution of everyone is recognised and valued;
- to provide a working environment that promotes dignity and respect for all;
- not to tolerate any form of intimidation, bullying or harassment;
- to provide training, development and progression opportunities to all;
- to promote equality in the workplace as good management practice that makes sound business sense; and
- not discriminate unlawfully against customers, suppliers or others using or seeking to use the Bank's services.

To demonstrate support for diversity and inclusion, the Bank was one of the initial signatories of the Women in Finance Charter (WIFC), a pledge for gender balance across the UK financial services industry. Continued focus in this area has seen us increase the number of female leaders within the Bank by 4% since 2023.

In addition, our Employee Resource Groups (ERGs) have been instrumental in driving greater engagement and raising awareness of diversity and inclusion across the UK. Our diversity and inclusion (D&I) strategy is aligned with our culture and values. We have five ERGs (Gender, LGBTQ+ and allies, Valuing Differences, Wellbeing, and Neuro-Inclusion). These Bank-wide groups provide a space for discussion, and thus help raise awareness of difference through a collective voice. They are also integral to the D&I agenda. The D&I policy sets out how the Bank recognises the value of an equal and diverse workforce and its commitment to creating and maintaining a truly inclusive work culture based on trust and respect for all individuals.

More broadly, we remain a member of the 10,000 Black Interns initiative, to help address under-representation within financial services. 2025, our fifth year of participation, saw us commit to hiring six Black interns for that summer.

Since December 2019 we have been actively encouraging colleagues to share their diversity data, so that we can set focused and meaningful D&I actions. So far, 65% of colleagues have shared their diversity data (from 44% in 2022). This data is vital for baselining and setting appropriate goals to steer the Bank's ambitions in this area.

Although not a UK listed company, we are cognisant of both the Hampton-Alexander Review and the Parker Review and will take these recommendations into account when deciding on our own appropriate D&I goals in 2026. Our Board is already 44% female, and our Executive Team is 23% female. 32% of our staff who hold leadership positions are female.

We have a gender-neutral approach to our family friendly policies, as well as providing grandparent leave, empowering employees to decide what works best for them and their family. Being a family-friendly employer means appreciating that the term 'family' can mean many different things. We want to ensure that we recognise this and that our support removes any barriers to our employees achieving a great work life blend, whilst allowing all our working parents, regardless of gender, to continue to develop and advance their career at the Bank. We also recognise the impact that being a working carer can have on our employees, so to further support those affected, Carers Leave is paid.

The Bank undertakes gender pay reporting in line with the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017. Our gender pay gap report is on [handelsbanken.co.uk](https://www.handelsbanken.co.uk).

Employee communication and engagement

The Bank's values of mutual trust, respect and responsibility can only be brought to life through open channels of communication and collaboration. So, we continue to seek feedback from employees in a variety of ways, many of which provide senior managers and decision-makers with valuable and timely input:

- Quarterly UK Works Council (UKWC) attended by the CEO and Chief Human Resources Officer;
- A UKWC member also attends the Svenska Handelsbanken European Works Council (EWC) meetings, to discuss relevant cross-border matters;
- Annual work environment surveys supported by action planning;
- UK-wide Q&A sessions with the CEO and other senior leaders;
- Visits by the CEO and other senior leaders to branches and functions; and
- A staff suggestions system.

All employees have access to the Bank's various communication channels which include:

- Handelsbanken's intranet which is an internal platform focusing on values-led communications. We drive engagement by sharing customer stories, celebrating our successes, and keeping employees informed by sharing the latest business news, financial results, and training materials. In 2024, we introduced new people stories and features, to provide additional ways to embed our culture, and showcase our values of empowerment, and trust and respect for the individual; and
- Video presentations from senior managers such as the UK CEO and Chief Financial Officer, Group CEO and Group CFO, and the Chief HR Officer.

We have always focused on running the Bank in a prudent, risk-averse manner, with values of personal responsibility, empowerment and accountability fundamental to our way of doing business. In addition, we recognise the need for formal ways of maintaining our employees' high levels of competency and skill, which is achieved through:

- Mandatory training modules;
- Annual reassessments of fitness and propriety for employees in Senior Manager or Certification Regime roles;
- An extensive training and competence scheme; and
- The Bank's performance management system, "the Wheel".

This latter involves a year-round dialogue between employee and line manager in support of the individual's action plan and personal development, which are themselves aligned to broader business objectives. All of this facilitates motivated and engaged colleagues, in turn underpinning the Bank's culture, while maintaining the skills, knowledge and expertise necessary for excellent performance and outstanding customer service.

Oktagonen – our employee profit-sharing scheme

The profit-sharing scheme, Oktagonen, covers all employees in Handelsbanken Group and is classified as variable remuneration, with all eligible employees receiving the same allocation (adjusted for time spent in the business and part-timers).

For Oktagonen in the UK, we use a Share Incentive Plan (SIP) model, requiring the Oktagonen allocation (or a proportion thereof, up to the allowable limits as set by legislation) to be used to purchase Partnership Shares in the form of Handelsbanken Group Shares. If employees sell their Partnership Shares within three years of the Oktagonen award being made and whilst still employed in the Bank, then the Oktagonen award is clawed back via other remuneration.

It is also subject to malus and clawback clauses, where required and in line with regulatory requirements. If the allocation per person in a given year exceeds the maximum allowed under Partnership Shares in the SIP legislation (£1,800 currently), the excess may be allocated in cash. However, employees will be given the option to use the excess to make an additional contribution to their pension scheme. Leavers and expats not eligible to participate in the SIP, and where categorised as 'good leavers', receive the allocation in cash. All shares held by employees are eligible to receive dividends if awarded, which are reinvested into the purchase of additional shares for employees.

The allocation to the profit-sharing scheme is based on Handelsbanken Group's corporate goal, calculated as return on equity (ROE) compared with peer banks in the Group's main markets, as well as on the Group Central Board's overall assessment of the Bank's performance and risk management. However, the Bank's Board ratifies any allocation, taking into account the Bank's overall performance, which 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 Bank's cost of capital and liquidity.

LOCAL COMMUNITY ENGAGEMENT

Being active in local communities is a natural part of how the Bank does business. Its decentralised model empowers local teams and branches to build long-term relationships and take responsibility for the Bank's impact and reputation among local stakeholders. Branches are already involved in a wide range of initiatives tailored to their communities, and the Bank continues to support these efforts by sharing good examples and offering guidance on how community engagement can align with its ESG priorities to amplify positive environmental and social impact.

As a local relationship bank, Handelsbanken is established in communities across the UK. Colleagues regularly contribute their time, money and expertise to charities, local institutions and community initiatives. The Bank also offers matched funding of up to £500 per employee per year for donations made to established good causes. In 2025 total charitable donations came to £107,266 (2024: £73,053), including branch donations, employee donations, and matched funding.

Another way the Bank supports local initiatives is by providing time for colleagues to contribute to their communities through volunteering. In 2022, the CSR Day was introduced, which entitling employees to one day of paid leave each year to volunteer in their communities. As of 31 December 2025, 234 colleagues used their 2025 CSR entitlement, spending a total of 214 days volunteering in their communities.

Customer outcomes

According to an independent EPSI Rating Group survey of British banks' personal and business customers, in 2025, Handelsbanken plc was again rated top for customer satisfaction. The annual assessment has seen an increase in scores for the Bank compared to 2024 for both personal and corporate customers. The score for personal customers returned an index score of 86.5 (2024: 84.2), compared with a sector average of 76.1, whereas for corporate customers, the Bank had an index value of 82.1 (2024: 81.9), compared with a sector average of 65.7.

In the latest independent service quality survey by the Competition and Markets Authority (CMA), once again, the Bank was rated highest for relationship/account management, amongst the largest 16 providers of SME banking services in Great Britain and Northern Ireland. The survey looks at small and medium size enterprise (SME) customers' willingness to recommend their bank to other SMEs, of which 85% of those surveyed were 'extremely' or 'very likely' to recommend Handelsbanken plc.

GOVERNANCE

Operating to high standards of security and integrity is critical to Handelsbanken's model of responsible banking. Consistently rated among the safest commercial banks in the world, and the safest commercial bank in Europe [Global Finance magazine], with substantially lower loan losses and a stronger capital position than its peers, the Bank believes in always being an asset to, and never a burden on, society.

Handelsbanken has chosen to focus on a number of other areas that it and its stakeholders believe to be essential to good governance.

Tax responsibility

We have long believed that being a responsible taxpayer is central to being a responsible bank and are proud to pay all taxes due in our countries of operation. We will continue to embed responsible tax management, both in our own operations and through our dealings with customers, landlords, and suppliers. For further information on our tax strategy, please visit: handelsbanken.co.uk.

Financial crime prevention, anti-bribery and anti-corruption

The Bank has zero tolerance of financial crime, including bribery and corruption, the criminal facilitation of tax evasion, money laundering, non-compliance with financial sanctions, and fraud. As

part of our obligations as a regulated firm, we are required to have robust governance, effective risk procedures and adequate internal systems and control mechanisms in place to mitigate the risk the Bank might be used to commit financial crime.

Svenska Handelsbanken is responsible for establishing and maintaining consistent and effective financial crime compliance processes throughout the Handelsbanken Group. As a result, Handelsbanken plc's financial crime policies set out the strategy and approach to identify financial crime arising in connection with all of its business activities and transactions, both in the UK and any other relevant jurisdiction.

All employees are required to comply with the Bank's financial crime policies, and a mandatory annual training framework is in place to remind employees of their obligations.

CLIMATE-RELATED FINANCIAL DISCLOSURES

These climate-related disclosures have been prepared in accordance with the Companies Act 2006 requirements along with the Task Force on Climate-related Financial Disclosures (TCFD) 2021 implementation guidance, with further consideration given towards future International Sustainability Standards Board (ISSB) and transition plan reporting obligations.

Governance

Policies and guidelines

Handelsbanken Group has a number of sustainability-related policies and guidelines, which Handelsbanken plc has adopted across its UK operations. These include among the most restrictive policies towards fossil fuel financing of any European bank. To read more about these policies and guidelines, you should access the latest Group Annual and Sustainability Report at: handelsbanken.com.

Governance structure

The diagram overleaf sets out Handelsbanken plc's sustainability-related governance structure

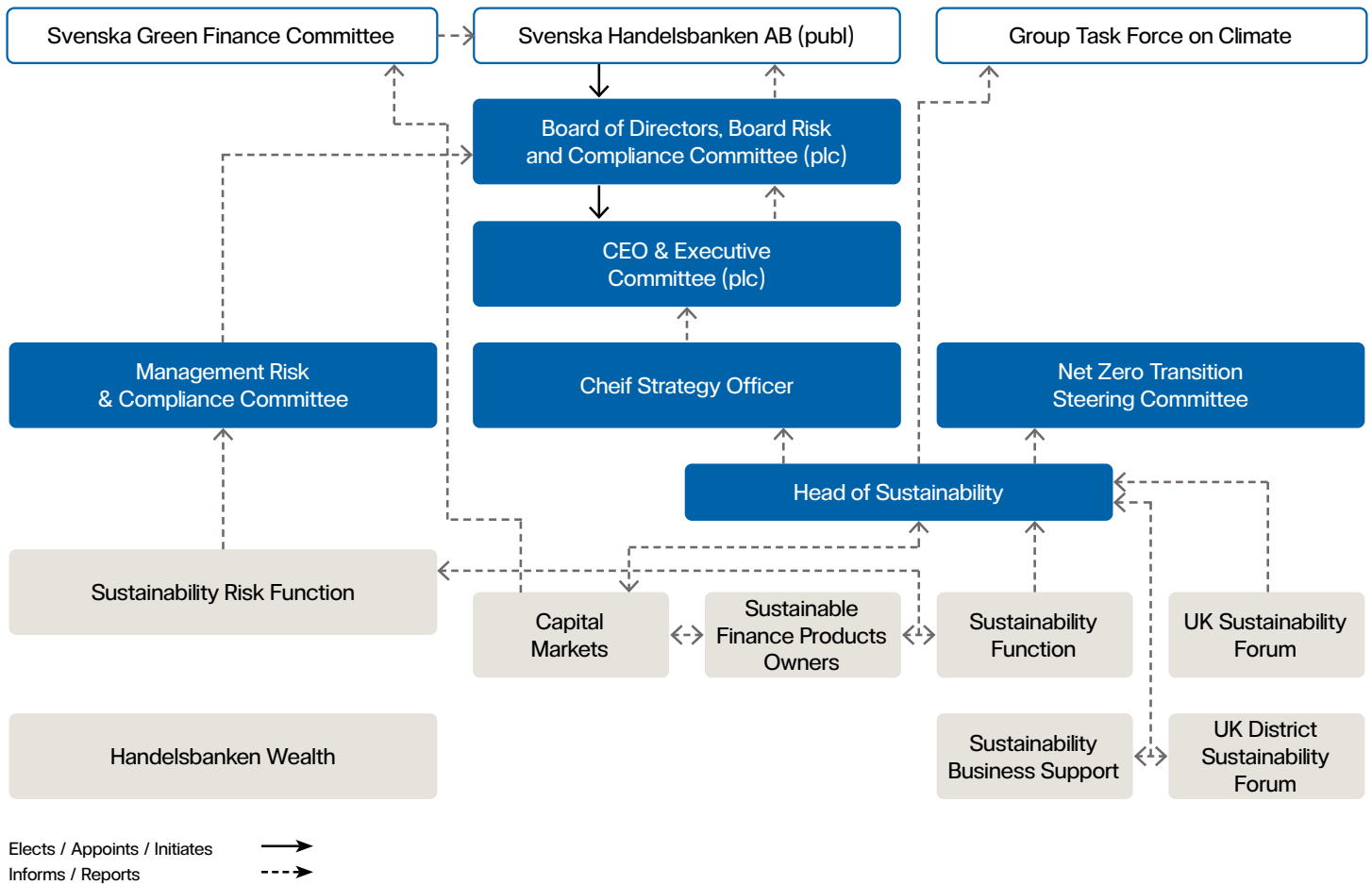


Figure 1: Sustainability governance and oversight in Handelsbanken plc

Handelsbanken plc's climate change governance is structured across several tiers. The Board retains ultimate accountability, setting strategy and overseeing progress. Key delegated responsibilities include to the Board Risk & Compliance Committee (BRCC), which oversees climate risk management at least quarterly. The Net Zero Transition Steering Committee, which is chaired by the head of sustainability, comprises a sub-group of Executive Team members. It meets bi-monthly to review progress, risks and executive decisions with these relayed to the Board or BRCC.

The Management Risk & Compliance Committee (MRCC) oversees risk at the management level and updates the BRCC and Executive Team quarterly and it is co-chaired by the chief risk officer (CRO) who holds senior management function (SMF) responsibility for climate-related financial risks. The head of sustainability updates the Executive Team on progress and market developments. Operationally, due to its decentralised approach, the Bank requires each business area to identify and integrate climate-related risk monitoring into daily operations. Additionally, Handelsbanken Wealth has a dedicated Sustainable Investment Committee and its own management and board responsible for climate-related matters, which includes alignment with the Wealth Sustainable Investment Policy.

Strategy

Working with our customers

Handelsbanken integrates sustainability into its core lending and corporate customer reviews processes, supporting climate change mitigation and adaptation. This integrated approach enables relationship managers to embed sustainable financing options into everyday customer advice, ensuring eligible borrowers benefit from the Bank's full range of product features alongside the added value of relevant sustainability benefits.

With corporate real estate forming a large share of the Bank's loan portfolio, the sustainability strategy largely focuses on financing solutions that help customers transition to a low-carbon economy and strengthen their properties against more frequent and severe weather events. The Bank's sustainable financing range for large corporate counterparties comprises Sustainability-Linked Loans (SLL), green loans – including loans related to water and maritime life, and social loans.

Beyond these counterparties, corporate customers looking to finance eligible green property assets can benefit from a discount to the interest rate on their loan, as well as discounted lending to cover costs related to energy efficiency improvements, low-carbon technologies or climate resilience adaptation. The ambition is to continue to improve the sustainable financing product offering to further incentivise long-term, portfolio-wide 'greening' of customers' assets and to support economic activity which mitigates social issues and challenges, achieving positive social outcomes.

For its private banking customers, Handelsbanken has expanded its sustainability engagement by integrating further help and incentives to its standard home mortgage products. Mortgage customers who own or improve their property to a sufficient level now benefit from a Sustainable Home Reward payment from the Bank of up to £1,000. This approach was acknowledged by the Green Finance Institute, which recognised the Bank with "Pioneer" status. Furthermore, the Bank has partnered with suppliers, providing its retail customers with access to free home energy and retrofitting advice.

Working with our suppliers

The supply chain sustainability strategy aims to drive related value and manage risk through our third-party relationships. The strategy has four main objectives:

1. Protecting our planet;
2. Protecting workers in our supply chains;
3. Driving responsible business practices;
4. Delivering social value.

In 2025, Handelsbanken established a Sustainable Procurement Working Group, including members across all home markets. The aim of the working group is to ensure a standardised and focused approach across the Group, resulting in a greater impact. Throughout the year, the working group focused on three key initiatives:

1. Reviewing and enhancing the Supplier Code of Conduct;
2. Developing the EcoVadis on-boarding programme;
3. Commencing a review of the Group's ESG due diligence questions asked in tenders.

Handelsbanken make its expectations on suppliers clear through the Supplier Code of Conduct (SCoC). Following the Group review, the enhanced Code of Conduct will be shared with the Bank's higher-risk suppliers.

To improve the reliability, transparency, accessibility and comprehensiveness of our supplier sustainability data, the Bank has partnered with EcoVadis, a CSR rating agency conducting sustainability supply chain assessments based on international standards. The on-boarding programme with EcoVadis follows a high ESG risk-based approach and Handelsbanken has, as outlined in the Supply Chain ESG strategy, continued to on-board suppliers during 2025.

The review of the ESG due diligence questions for the Bank's tender process was carried out by the Sustainable Procurement Working Group. Once a final set is agreed it is the intention that they will be integrated into the standard procurement procedures going forward, in alignment with Handelsbanken Group.

Managing our operational climate impacts

Reducing the Bank's own operational carbon footprint remains a priority. During 2025, work has continued on various initiatives to achieve this, including:

- Long-term energy strategy, underpinned by entering into a sustainable energy consortium Corporate Power Purchase Agreement;
- Continuing to implement a Branch of the Future standard across our portfolio of premises. This embeds the use of sustainable products and materials within branch fit-outs, using approved contractors who meet our sustainability criteria, resulting in improvements to the energy performance and ratings of our branches and head offices;
- Branch decarbonisation strategy. Developed in partnership with external technical consultants, based on practical achievement of the Bank's emissions reduction objectives. Conducting decarbonisation audits focusing on heating and cooling emission reductions and the removal of gas;
- A programme of installing smart meters and internet-connected sensors across our estate. As well as improving the quality of our energy-related data, such granular tracking enables us to analyse downstream energy demand and identify potential efficiencies, while extending the lifespan and productive capacity of existing apparatus; and
- Transparency of the carbon produced at a local level. Developed in 2025, the Bank's Environmental Sustainability Module (ESM) to collate carbon emissions produced by each branch and head office location, to be launched in 2026. Elements will include energy, business travel and paper usage.

Regarding emissions from business travel and commuting, the Bank is working towards introducing an employee salary sacrifice scheme for electric vehicles and to begin rolling out EV charging points where possible across the Bank's estate. These steps, coupled with further tightening of the employee travel policy, alignment of relevant allowances, and consistent messaging, will be instrumental in driving down this substantial source of emissions.

Risks and opportunities

In relation to climate-related risks and opportunities, the Bank considers the short term to be 0-1 year, the medium term to be 1-5 years and the long term to be 5+ years. This aligns with the Bank's overall strategic planning and decision making. The Bank recognises that climate-related aspects often become apparent over medium and longer terms and considers all aspects of climate within its risk strategy, capital planning, and other strategy-related endeavours.

The processes used to determine climate-related risks and opportunities include escalation of ideas through the relevant Net Zero Transition Programme workstreams. These groups agree forward-looking commitments for the Bank to focus on.

From a risk process perspective, a sustainability horizon scanning group has been formed with various relevant entities across the organisation, including Risk, Compliance, Credit, Sustainability, Products, DCM, and Handelsbanken Wealth. This group has terms

of reference complementary to the Bank's overall horizon-scanning programme, and provides scanning on at least a quarterly basis. The sustainability team also provides a monthly briefing to senior management which is used to escalate emergent climate-related risks or opportunities.

Type	Category	Climate-Related Risks	Potential Financial Impacts	Time Horizon	
Transition	Policy & Legal	Enhanced climate reporting obligations	Increased costs for the Bank relating to improvement in data quality for more accurate reporting & potential fines for unsatisfactory reporting)	M	
		Exposure to litigation	Increased costs resulting from litigation actions Reduced demand for products resulting from fines/judgements/bad press	M/L	
		Changes in current or future policies and regulations	Increased costs for the bank to keep up with changing policies Increased costs for customers which could affect cashflows and repayment capacity Write-offs, asset impairments and early retirement of existing assets due to policy changes Carbon taxes impacting customers in emission heavy sectors (i.e. agriculture)	M/L	
	Technology	Substitution of existing products and services for lower emission options	Reduced demand for products and/or increased investment for product development	L	
		Costs to transition to lower emissions technology	Increased costs to adopt and deploy new technologies, practices or processes Write offs and early retirements of assets	L	
	Consumer/Market sentiment	Changes in customer behaviours and preferences	Reduced demand for products and services	S/M/L	
		Uncertainty in market signals	Abrupt and unexpected shifts in energy prices and asset valuations	M/L	
	Physical	Acute	Increased severity of extreme weather events	Negative impacts on the workforce (health, safety, absenteeism)	S/M/L
				Write offs and early retirement of assets	
				Increased capital costs (damage to facilities) Reduced revenue from lower sales/output	
Chronic		Longer-term, slow-onset shifts in climate patterns, such as sustained higher temperatures, sea-level rise, and changing precipitation patterns	Negative impacts on the workforce (health, safety, absenteeism)	M/L	
	Write offs and early retirement of assets/gradual decrease in asset valuations Increased cost insurance Increased capital costs (damage to facilities) Reduced revenue from lower sales/output				

From an opportunities perspective, the Bank is in the process of developing a robust opportunities identification and materiality assessment process. The identification of short-term opportunities and medium and long-term opportunities has been separated into two distinct processes. In the short-term, opportunities are captured within each business area's yearly business planning

exercise. Conversely, as medium and longer-term opportunities are more dependent on internal and external uncertainties including future product developments, business strategy, future regulations and governmental policies, requiring more specialist sustainability understanding, a yearly workshop has been trialled with sustainability champions from each business area.

Type	Climate-Related Risks	Potential Financial Impacts	Time Horizon
Policy and Legal	Changes in policy and regulations requiring customers to transition properties at a faster pace	Increase revenue through demand for sustainable and green products	
Technology	Technological advancements makes it easier and cheaper to implement sustainable technology	Increase revenue through demand for sustainable and green products	
Consumer/Market sentiment	Changes in customer behaviour and preferences	Increase revenue through demand for sustainable and green products	
	Market confidence	Increased revenue/lower cost of capital as a result of improved sustainability credentials	
Resource efficiency	Moving to more energy efficient buildings and decarbonising existing ones	Lower fixed costs	S/M/L
		Increased revenue through improved sustainability credentials	
Product and services	Expansion of sustainable and green product suite	Increased revenue through demand for sustainable and green products and services	
		Better competitive position to reflect shifting consumer preferences, resulting in increased revenues	
De-risking/Resilience	Lowering the risk of lending portfolios and strengthening operational resilience	Lower credit losses	
		Reduced operational losses/fines	

Strategy resilience

The Bank considers its strategy to be resilient to climate-related risks and opportunities. We welcome the economy-wide transition underway and encourage ambitious public policy aligned to the UK's commitment to the Paris Agreement. Recognising that achievement of our own decarbonisation objectives depends substantially on such policy, we nevertheless judge the Bank to be well-positioned both to facilitate and capitalise on the transition to a low-carbon economy.

Sustainability is taken into account during the credit granting process, wherein both transition and physical risks are considered, which feeds into a risk-based pricing model, meaning sustainability is integrated into loan pricing. In 2025, improvements were made to methods of climate scenario analysis, using a range of Representative Concentration Pathways (RCP) and Network for Greening the Financial System (NGFS) scenarios to inform thinking, whilst ensuring alignment with current market practice. These adaptation methods, amongst others are helping the Bank improve its strategic resilience, through supporting risk management, as well as identifying and capitalising on opportunities.

The Bank continues efforts to quantify the potential impact of climate-related risks and opportunities on the Bank's financial position and performance. It currently considers the impact of

climate-related issues to be of low materiality in the short-term, given its core strategy and value proposition will not change, and customers are well-placed to seize opportunities.

Handelsbanken plc has not been active in acquisitions, divestments, or the issuance of bonds or guarantees for capital raising purposes, and thus does not currently consider climate-related issues within these areas.

Risk management

Climate change is embedded in the Bank-wide Risk Management Framework, which enables climate risks to be managed in line with other risks. This includes identification, assessment, management, monitoring and reporting of climate risks.

Handelsbanken plc has developed a climate change risk assessment including data from across all areas of the Bank. The risk assessment is subject to a yearly refresh and allows the Bank to manage and monitor the most significant risks on an ongoing basis.

Climate-related risks have been classified into physical and transition risks and are considered using the existing risk assessment matrix, which looks at both the likelihood and potential impact of an event happening in the next 12 months.

Risk owners have been assigned to identify, assess, manage and monitor climate-related risks from the first line of defence. The risks have been included in the scope of second line of defence's oversight with advisory input and challenge to ensure the Bank meets external and internal climate risk management requirements and third line of defence's assessment of climate change and wider sustainability risks as part of an annual internal audit risk assessment process.

Climate risk early warning indicators (EWIs) are used within the Bank's quarterly Sustainability Risk MI report, with the objective of identifying trends in climate-related risk indicators that may negatively affect the Bank's portfolio, and to prompt appropriate mitigation. The Bank regularly reviews its climate-related risk tolerances and has rolled out tools and MI to support branches in lowering their exposure to climate risks, while identifying and capturing potential climate opportunities. Risk indicators are listed in the Metrics and Targets section of the report.

The management of the main risk categories is summarised below:

Credit risks

Physical and transition climate risk is considered as part of lending decisions and at annual review for lending secured against real estate, via assessment of flood risk and EPC ratings. In addition, a broader sustainability assessment is included in the customer credit rating process. As part of the annual review process the Bank then continues to monitor risks identified and looks to support customers with transitional activities. The Bank regularly scrutinises and performs thematic assessments on areas to monitor trends in climate risk exposure across its portfolios.

Work is ongoing to continue enhancing the sustainability assessment in the credit rating process, through improved credit instructions and refreshed guidance to aid sustainability assessment risk. A comprehensive sustainability assessment tool has been developed for corporate property and trading business customer portfolios to support account managers in embedding climate and sustainability considerations to make well-rounded credit assessments.

Operational risk

The Bank's climate-related risks include business continuity, third-party management, inadequate MI on in-scope emissions, and damage to our physical assets.

The approach to operational climate change risks is closely linked to our wider work on operational resilience (in line with FCA PS21/3, PRA PS6/21). This includes testing the Bank's ability to resume important business services within impact tolerance in a range of severe-but-plausible disruption scenarios. Handelsbanken plc's test scenarios will cover disruptions to key people, facilities, systems, data, suppliers and FMIs.

Handelsbanken plc has also evaluated scenarios of median and 'once in a career' severity connected to sustainability-related risk events. Examples of scenarios reviewed include mis-selling of sustainability-related products and discounts, failure to meet publicly-stated sustainability objectives, and potential greenwashing.

Finally, the Bank has performed multiple operational risk scenario analysis exercises including adverse weather events such as extreme heat, and flooding. This considers direct and indirect effects, both financial and non-financial.

Liquidity and funding risk

Handelsbanken plc has identified a number of climate-related risk factors that could impact the Bank's liquidity and cost of funding, such as:

- Adverse climate events that affect inflation and market interest rates;
- Concentration of customers in high flood risk areas that could negatively impact customer deposits;
- Lack of sufficient green bonds issued by Group to fund green lending products to customers in the UK; and
- Policy changes relating to minimum energy performance standards, resulting in costs to customers and a reduction in customer deposits.

The risks are monitored on an ongoing basis via the previously mentioned annual risk assessment, where the materiality of risks is assessed and necessary controls put in place. The quarterly ESG and Climate Risk MI report is also used for liquidity and funding-relevant early warning indicator monitoring.

Metrics and targets

Climate objectives are fully embedded into the Bank's core business model and ways of working and progress against these strategically important objectives will continue to be regularly assessed and steered through the Bank's relevant committees. As previously outlined, the Bank supports the UK's commitments to the Paris Agreement's goal of limiting global warming to close to 1.5°C and remains committed to maintaining our ambition. For example, the Bank benchmarks its lending portfolio against relevant reference pathways aligned with 1.5°C. For more information about this work, please see the Handelsbanken Group Annual and Sustainability Report at handelsbanken.com.

We remain committed to our climate efforts and will continue to work towards the following goals:

- Halve Handelsbanken Group's absolute scope 1 and 2 operational emissions by 2030, from a 2021 base year; and
- Purchase of 100% renewable energy through to 2030.

Climate-based calculations are made according to the GHG Protocol. Emissions are included from sources that are owned or controlled by the Bank, and divided into three categories, referred to as scopes.

We are committed to timely and transparent reporting. However, ongoing data availability and quality challenges, as well as the evolution of our processes and industry standards, may result in re-assessing our approach to sustainability disclosures. We will continue our work to enhance our measurement capabilities and, over time, we expect climate data granularity to improve. To manage the impact of these changes, we have adopted a principles-based approach to guide whether prior metrics and baselines should be restated or re-baselined where affected.

Our emissions and energy usage data is as follows:

Activity	Source emission factors
Electricity consumption	The 2025 UK Government Greenhouse Gas Conversion factors for Company Reporting
Heating and cooling	The 2025 UK Government Greenhouse Gas Conversion factors for Company Reporting
Transport Figures	Average across home markets
Business travel	Figures from service provider
Resource consumption	Figures from service provider where available and average across home markets where not
Greenhouse gases (GHG)	GWP factors CO ₂ : 1, CH ₄ : 28 & N ₂ O: 265. Source: IPCC R4 consistent with the 2025 UK Government Greenhouse Gas Conversion factors for Company Reporting

Our emissions and energy usage data is as follows:

General information	Unit	2025	2024	2021 baseline ¹
Number of premises reporting ¹	Number	150	161	196
Total office space reported	M2	40,048	39,831	50,261
Number of employees covered by environmental data ²	Number	2,991	3,087	2,667

GHG emissions (tCO ₂ e)	Unit	2025	2024	2021 baseline ¹
Scope 1 emissions ³	Tonnes	0	0	152
Scope 2 emissions ⁴	Tonnes	976	999	1,148
Scope 2 emissions without Green Obligations electricity	Tonnes	1,412	1,509	1,948
Scope 3 emissions ⁵	Tonnes	881	1,012	617
Total emissions	Tonnes	1,857	2,011	1,917
Total emissions per employee	Tonnes/employee	0.62	0.65	0.72

Emissions of greenhouse gases by source (tCO ₂ e)	Unit	2025	2024	2021 baseline ¹
Emission from energy use (in buildings)	Tonnes	1,123	1,145	1,367
Emissions from Business travel	Tonnes	528	562	105
Emissions from IT Equipment ⁵	Tonnes	102	213	308
Emissions from other sources	Tonnes	104	91	138

Energy usage	Unit	2025	2024	2021 baseline ¹
Total energy consumption (in buildings)	MWh	8,377	8,338	11,233
Electricity consumption	MWh	2,465	2,461	3,778
Change in electricity consumption from preceding year	%	0.17%	2.40%	N/A
Proportion renewable electricity ⁶	%	100%	100%	100%
Total electricity consumption per employee	MWh/employee	0.82	0.80	1.42
Use of heating and cooling	MWh	5,912	5,877	7,455
Emission from Biogas ⁷	Tonnes	75	63	N/A

Business travel	Unit	2025	2024	2021 baseline*
Total business travel	Km	4,254,127	3,836,489	814,340
Business travel per employee	Km/employee	1,422	1,243	305
Travel by air	Km	810,715	698,251	24,945
Travel by car	Km	1,397,839	1,573,982	542,986
Travel by train	Km	2,045,573	1,564,256	246,409

Resource efficiency	Unit	2025	2024	2021 baseline*
Paper usage	Tonnes	61	53	122
Paper usage per employee	Kg/employee	20	17	46
Water consumption ⁸	M ³	22,425	20,563	13,537

* 2021 is used as the base year in line with the Bank's work related to the Science Based Targets initiative.

1. Number of premises including branches, meeting space and Head Offices.
2. Number of employees according to the definition in the Annual Report average number of full-time employees.
3. Scope 1 – Direct emissions from stationary combustion of diesel, city gas, biogas and Eo1 fuel oil. Scope 1 is 0 in 2025 and 2024 due to our purchasing of Biogas which is outside the scope of GHG Protocol. See Footnote 7 for more information.
4. Scope 2 – Indirect emissions from purchased electricity, heating and cooling.
5. Scope 3 – Other indirect emissions from business travel, transportation, paper use, water consumption, upstream emissions from electricity use, and purchased IT equipment. Category 15 financed emissions are not included in the table. See section below for separate disclosure relating to financed emissions.
6. We purchase Renewable energy certificates after total volume of electricity is calculated.
7. Biogas emissions are accounted for outside of the regular GHG protocol. Handelsbanken has purchased Biogas for branches that are on a centrally managed contract evidenced through REGOs. This does not cover all of our branches as some have energy provided by the landlords. Centrally managed branches in 2022 and 2021 were also supplied with Biogas, however, we have not been able to update the Scope 1 & Scope 2 emissions from those years to reflect this. This means that there is a drop in emissions between our baseline year and 2023 onwards due to the inclusion of Biogas in this year's calculations, which is not a true reflection of the decrease in the Bank's energy emissions.
8. Estimates apply water usage per M2 in Handelsbanken's Swedish branch offices to data on total UK office space.

Transition-related metrics

Scope 3 category 15 Financed Emissions for real estate is the Bank's most material emissions source. It represents over 80% of Handelsbanken plc's lending. Year-on-year performance against our chosen intensity metric of kg CO₂e per m² of financed property is below.

Scope 3 Category 15 (Financed Emissions) Category	Metric Type	Q4 2024 (baseline)	Q4 2025	Change
Commercial Real Estate (kg CO ₂ e/m ²)	Intensity	30.98	29.82	3.87% decrease
Residential Real Estate (kg CO ₂ e/m ²)	Intensity	30.88	30.53	1.15% decrease

Scope 3 emissions calculated using PCAF methodology

Update to base year

During the year, Handelsbanken updated the base year for emission calculations linked to the Bank's lending from 2021 to 2024 in order to improve completeness and accuracy. The decision reflects updated industry standards for parts of the real estate portfolio, expanded data for properties in certain markets, expanded scope of calculations to all corporate lending, and challenges with the availability of historical data. Note that the base year for targets linked to own operations is unchanged. See table GHG emission reduction targets on page 24 for the base year and targets for own operations.

Transition Metrics

Real estate energy efficiency: The use of EPC data is crucial to understanding the impact of transition risk. EPC ratings are monitored to provide a view of the energy efficiency of the Bank's property lending book. There is an ongoing initiative to improve the data coverage and quality of the EPC ratings.

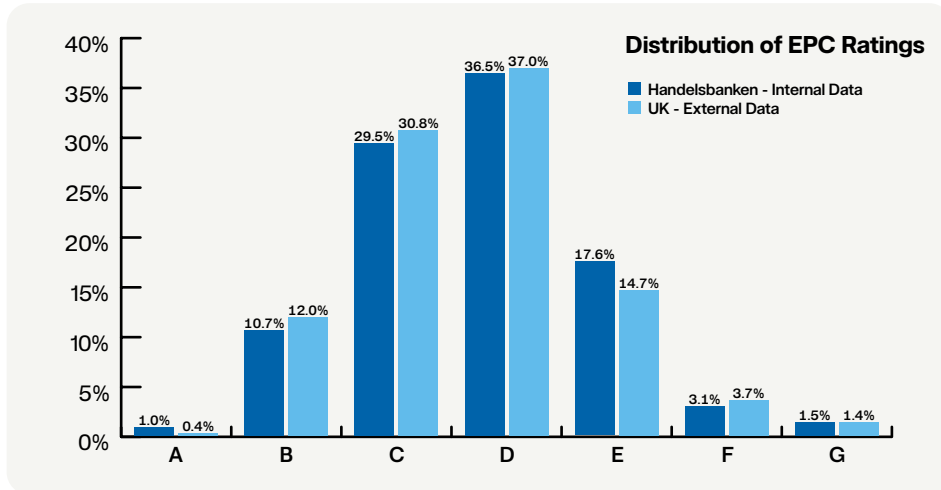


Figure 1: Distribution of EPC Ratings vs. National Average

Exposure to flood risk

The flood risk rating in the figure below is based on JBA's 2025 "floodability" index which indicates the likelihood of flooding for postcodes in the UK; it is based on a qualitative scale across five bands, ranging from low to very high flood risk. Flood risk insurance is a condition of any lending, and we do verify, and for larger exposures seek evidence, that flood risk insurance remains in place.

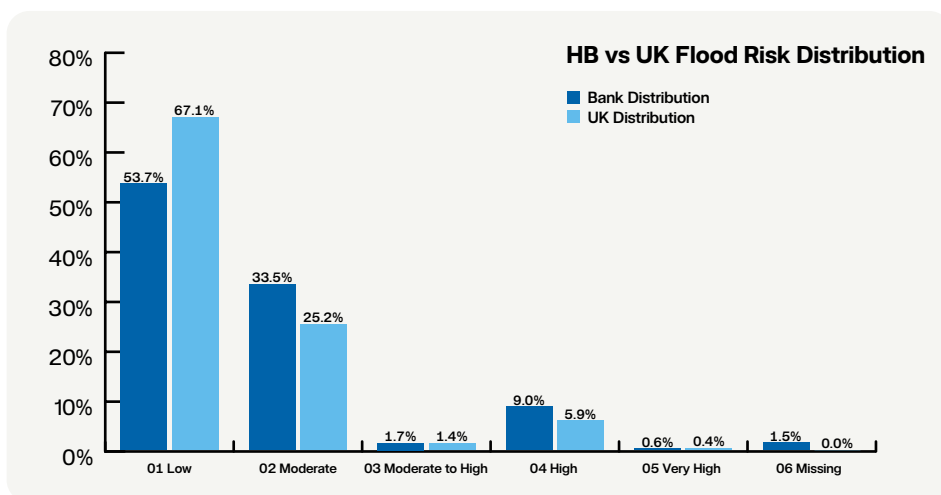


Figure 2: Distribution of collateral by flood risk rating

Branch metrics

Quarterly MI is being created for our branch teams, covering aspects such as branch-level financed emissions intensity for property lending, exposures to flood and EPC-related metrics, and commercial opportunities for providing sustainable finance.

Other metrics

Regarding remuneration, as previously stated, the Bank operates an all-employee profit share scheme called Oktogonen (see page 18). Whilst the scheme considers aspects such as long-term financial stability and customer satisfaction, to which sustainability is both linked and a contributing factor, the Bank does not directly consider sustainability factors such as net zero performance within this scheme.

Handelsbanken Wealth set an ambition to increase client investment into its 'Responsible Funds' range as a percentage of overall AUM, on an ongoing basis. However, during 2025, this percentage fell from 9.1% to 5.7%.

Climate risk sector exposure

The Bank has assessed its exposure to sectors with high physical or transitional climate risk. MI is recorded in line with PRA and European Central Bank (ECB) expectations. The table below shows exposures to these sectors relative to total corporate lending.

PROPORTION OF LENDING IN CLIMATE CHANGE SENSITIVE SECTORS

Sector	Q4 24	Q4 25	YoY Change (PP)
Agriculture & Fishing	0.99%	1.04%	0.05
Business Services related to accommodation and food (i.e. tourism) and human health	6.71%	7.29%	0.58
Construction	7.14%	7.59%	0.45
Electricity (production, trade, supply)	0.02%	0.29%	0.27
Finance Industry	6.71%	7.23%	0.52
Manufacturing various (e.g. food, textiles, apparel, leather, wood and paper products, chemicals)	2.88%	4.07%	1.19
Public administration	0.07%	0.02%	-0.05
Real Estate	69.91%	66.53%	-3.38
Transport, Utilities & Storage	1.10%	1.16%	0.06
Water collection or transport	0.59%	0.49%	-0.10
Fossil Fuel - Indirect (i.e. Support Activities, Distribution, Trade, Sale)	0.10%	0.11%	0.01

Table 1: Percentage of lending by sector

Corporate governance report

CHAIR'S INTRODUCTION

On behalf of the Board I am pleased to introduce the Corporate Governance report for the year ended 31 December 2025.

Since assuming the Chair role in April, I have continued to build on the strong work of my predecessor, Mikael Hallåker, to shape and grow the Bank to support the vision of delivering sustainable growth. In another busy year, our commitment to robust corporate governance has supported sustainable value creation and safeguarded the interests of all our stakeholders.

Good governance is not merely a matter of compliance, but a strategic asset that underpins every decision we make. Our experienced, well-functioning Board, supported by committees with clearly allocated roles and responsibilities, has provided the leadership and strategic oversight necessary to deliver on our long-term objectives while prudently managing risk. We have, and will continue to prioritise, a culture of integrity, accountability, and transparency, which has guided our actions and earned the trust of our customers.

BOARD AND ACTIVITIES

This report outlines the key activities and deliberations of the Board and its committees, demonstrating adherence to the standards, processes and culture that are set. These requirements share the same ethos as the Bank's customer-centric outlook that is synonymous with good customer outcomes.

There were seven scheduled Board meetings this year and these were supplemented by training, briefing sessions and ad-hoc meetings which included strategy and execution, financial performance, risk management and corporate governance. Regular updates were also received from around the business including the Bank's change programmes, the Handelsbanken Wealth proposition, and people development. There were also regular economic updates, plus a focus on financial crime and regulatory change.

The Board visited locations around the UK enabling us to discuss issues important to our people, in addition to our annual visit to Stockholm which continues to develop relationships with senior management at Group through sharing of experiences and knowledge; this will remain an area of continued focus in the year ahead.

The Board's oversight during the reporting year focused on a number of key strategic priorities, with the following highlighting some examples of the Board's role in providing robust governance and strategic direction in the year:

- **Strategy:** The Board received regular, detailed updates on major change programmes and rigorously scrutinised costs while monitoring execution and delivery against strategic milestones. It also critically assessed the core business objectives within the Bank's business plan, overseeing updates to the overarching strategy and ensuring alignment with the Group's wider strategic objectives;
- **Operational effectiveness:** The Board maintained close oversight of initiatives designed to enhance operational effectiveness and efficiency, both of which remain a key focus. This included regular updates on change programmes, deliverables, execution and cost effective delivery;
- **People:** Insight included monitoring the recruitment, development, and performance of all staff to ensure a robust talent pipeline and clear succession plans for critical roles, securing leadership continuity and stability. Feedback from the employee survey was assessed with outputs to continue to ensure wellbeing and preservation of culture;
- **Handelsbanken Wealth:** As an integral part of the Bank's overall proposition, Board deliberations focused on the strategic integration of the Handelsbanken Wealth business. The objective was to ensure a unified value proposition that delivers market-leading outcomes for both current and future customers, optimising cross-functional synergies and service delivery;

- **Board composition and succession:** To ensure the Board maintains the optimal balance of skills, experience, and perspectives necessary for the Bank's current and future needs, succession planning remained under continuous review;
- **Governance and risk management:** The Board fulfilled its critical governance duties by reviewing, challenging, and formally approving the Bank's key prudential documents, including the Internal Capital Adequacy Assessment Process (ICAAP), the Internal Liquidity Adequacy Assessment Process (ILAAP), the Recovery Plan, risk tolerance statements, and the overarching Risk Management Framework. The Board also provided continuous, rigorous oversight of the Bank's significant, ongoing project to adopt an Internal Ratings Based (IRB) approach for calculating credit risk exposure, a key regulatory and strategic initiative;
- **Financial performance:** Through regular updates from the CEO and Chief Financial Officer, the Board remained fully informed of the Bank's financial performance. A continued focus was maintained on business volumes, and the proactive management of the Bank's capital and liquidity positions, ensuring prudent financial stewardship; and
- **Sustainability:** The Board remains committed to being sustainability leaders and how the initiatives in this area will align with the corporate strategy. This included consideration of forthcoming regulatory change, how customers could be supported, new product lines and how the Bank could strengthen its ESG offerings.

COMMITTEES

The Board has delegated a number of responsibilities to Board committees, which deploy the expertise of members to make decisions and recommendations. The Chair of each committee reports the outcome of committee meetings to the Board and all committee papers and minutes are available to the whole Board ensuring that necessary oversight is maintained.

The matters reserved for the Board and terms of reference are reviewed annually to ensure they operate effectively. Independent non-executive directors are represented on all Board committees, to allow for independent challenge.

A report from the main Board committees, which sets out their approach and considerations is in the Committee report section starting on page 45.

Management committees report to the Executive Team whose purpose is to be an advisory body to the CEO in order for the CEO to make informed decisions. The CEO reports formally to the Board, at each Board meeting, on any material matters raised and decisions taken by the CEO since the previous meeting. Terms of reference are issued for the management committees, and other governance bodies as appropriate, and these specify the responsibilities, membership, roles, responsibilities and reporting lines of the respective body.

The below illustrates the committee structure in Handelsbanken plc as at 31 December 2025:

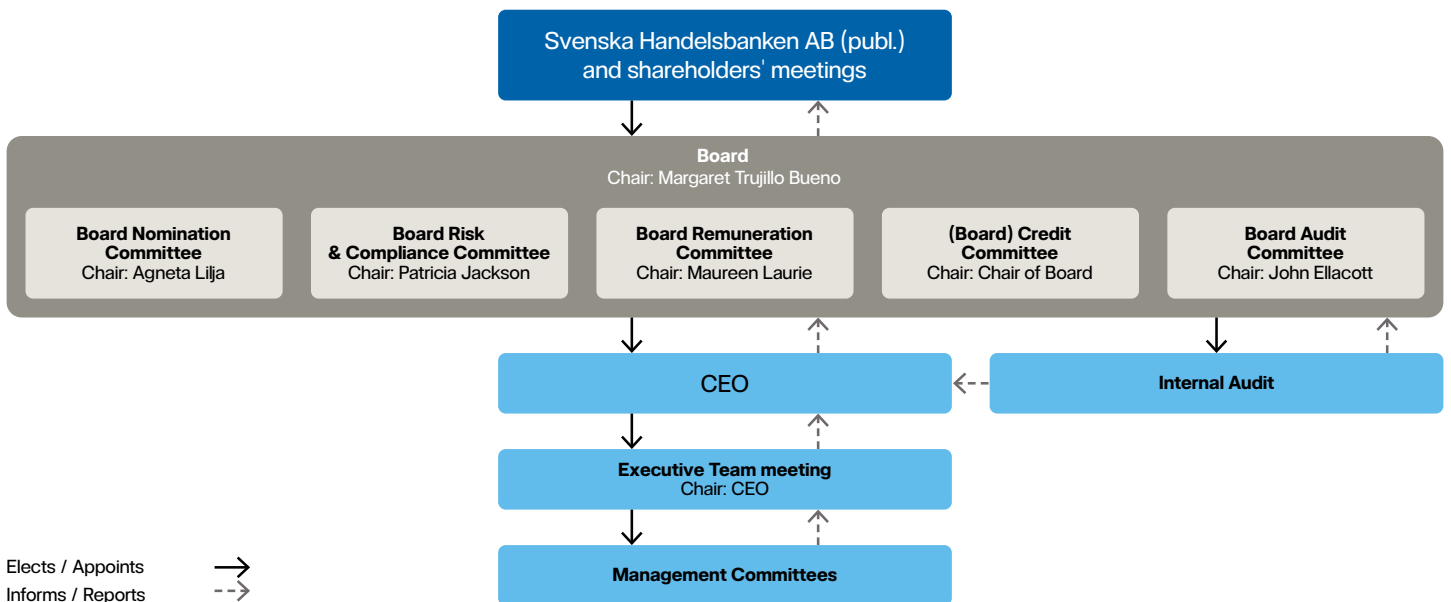


Figure 3: Board governance and oversight in Handelsbanken plc

CULTURE AND VALUES

The Bank fosters a culture of responsibility and empowerment, where the Board recognises the importance of setting the culture and embedding it throughout the organisation, operations, and risk management. The decentralised model, balanced with centralised controls, drives high risk awareness and prudent business practices. To gauge cultural effectiveness, the Bank uses a variety of metrics, such as employee surveys, adherence to conduct rules, disciplinary procedures, incident logs, customer feedback, and an evaluation of its risk management framework.

LOOKING AHEAD

Handelsbanken plc has chosen to comply with the Wates Principles for the reporting year ended 31 December 2025. Our corporate governance priorities for the year ahead will continue operating at high levels of corporate governance as well as continually reflect and further embed the lessons from the Board effectiveness reviews, which will support the continued strengthening of governance across the Bank.

MEETING AND ATTENDANCE TABLE

Throughout 2025 senior executives, external advisers and independent advisers were invited, as required, to attend and present to the Board and its committees on business developments and governance matters. Time is scheduled for the Chair to meet separately with the non-executive directors to discuss any matters arising. A comprehensive Board pack and agenda is circulated beforehand so that directors have the opportunity to consider the issues to be discussed. The Company Secretary attends all Board meetings and is responsible for documenting discussions and actions arising at meetings.

The below table sets out the attendance at formally scheduled meetings in 2025. Additional Board and Board committee meetings were convened during the year to discuss ad hoc business development, governance, and regulatory matters. These ad hoc meetings have not been included in the table below but are referenced in a footnote:

BOARD AND COMMITTEE ATTENDANCE AT SCHEDULED MEETINGS IN 2025

Board Member	Board Meeting	Remuneration Committee	Audit Committee	Risk & Compliance Committee	Nomination Committee	Credit Committee
Margaret Trujillo Bueno (Chair)	7/7	6/6	2/2	6/6	2/2	10/12
John Ellacott	7/7	6/6	5/5	6/6		11/12
Mikael Hallåker	7/7	3/3	3/3	6/6	2/2	11/12
Maureen Laurie	7/7	6/6		6/6	3/3	
Agneta Lijja	7/7			6/6	3/3	
Mikael Sørensen	7/7					10/12
Martin Björnberg	7/7					
Mikael Ericson	7/7	3/3	5/5	6/6		
Patricia Jackson	7/7		5/5	6/6	2/3	12/12

1. The Board met on two separate occasions in the year to consider one-off items where a Board approval was required. It also held a strategy day which all members attended.
2. The Board welcomes directors to attend committee meetings where they are not members.
3. On the appointment of Margaret Trujillo Bueno as Chair in April 2025, Margaret Trujillo Bueno left the Audit Committee and joined the Nomination Committee. Mikael Hallåker left the Remuneration Committee and joined the Audit Committee
4. If not in attendance at the Credit Committee, feedback and decisions on approvals are provided before the meeting.

SUBSIDIARY GOVERNANCE

Handelsbanken Wealth

A wholly owned subsidiary of Handelsbanken plc since November 2018, Handelsbanken Wealth provides UK-based clients with investment and wealth management advice.

Acquired by the Handelsbanken Group in 2013, it operates under its own FCA regulation (Company Registration number 4132340) and has its own Board, which consists of two executive directors, one non-executive director, and two independent non-executive directors, one of whom is the Chair. Handelsbanken Wealth's CEO provides regular updates to the Handelsbanken plc Board and is a member of the Bank's Executive Team.

Since November 2021, the Handelsbanken Wealth business has included an in-house Authorised Corporate Director (ACD) who reports to its own independent Board. In line with the Group's standard parent-subsiidiary model, Handelsbanken Wealth's business model, vision, strategy, and governance are aligned with Handelsbanken plc, unless UK regulations require otherwise. The subsidiary is subject to internal audits by Handelsbanken plc's Internal Audit department and external audits by PwC. For more details on audit oversight, refer to page 48 of the Committee reports.

Svenska Properties Nominees Limited (SPNL)

SPNL is a nominee company, established to enable Handelsbanken plc to perfect legal charges over securities. It is classed as a dormant company under the Companies Act and has two directors appointed, both of whom are executives of the Bank. The SPNL Board meets once a year.

Handelsbanken Healthcare CT Limited

Handelsbanken Healthcare CT Limited is classed as a dormant company under the Companies Act and has five directors, all of whom are executives of the Bank and Handelsbanken Wealth. It was established during 2025 for the purpose of operating the Bank's private medical insurance through a healthcare trust.

Wates Principles

Delivering high standards of governance, corporate and social responsibility, ethics, and risk management is central to Handelsbanken plc. Sound and prudent management form the core of the Bank's values and governance structure. To monitor these standards and ensure the business operates within the expected culture while meeting its strategic objectives, the Board continues to apply the Wates Corporate Governance Principles for Large Private Companies. Below is how we've implemented these.

PRINCIPLE 1 – PURPOSE AND LEADERSHIP

"An effective board develops and promotes the purpose of a company, and ensures that its values, strategy and culture align with that purpose."

We are a relationship bank, deeply committed to building lifelong connections with both our customers and our employees. We provide our customers with consistent care and high-quality service, and we maintain our financial strength to support them through all economic conditions. By attracting and developing our employees for the long-term, we strengthen both these customer relationships and our company culture.

The Bank's core values are timeless and fundamental. The first is a profound trust in the individual and their ability to perform well. This value naturally leads to a decentralised model, empowering colleagues across the business to make decisions within our central framework of policies and controls. Our second core value is a long-term, sustainable view in every action we take. This guides us to forge deep customer relationships, prudently manage risks, and make sensible, lasting decisions. Our employee profit-sharing foundation, Oktogonen, also reinforces this long-term perspective. (for details on our remuneration system, please see page 18).

These values are key to our aim of achieving a higher return on equity than comparable banks in our home markets. By having more satisfied customers and lower costs than our competitors, we can deliver long-term, high-growth value for our shareholders, reflected in rising earnings per share over a business cycle.

The Board's main role is to provide leadership and ensure the Bank is managed within a framework of prudent controls and core values, while also delivering long-term shareholder value. The Board is responsible for the Bank's strategy, culture, governance, risk management, and regulatory compliance. The Board continuously monitors and improves its performance to assist with these duties.

The Board remains dedicated to ensuring good governance and instilling a culture of decentralisation, customer focus, sustainable decision-making, and social responsibility with all stakeholders across the Bank. The Board's policies and direction, as well as its review and challenge of executive management, all reflect these values.

Further details about stakeholder engagement are in our Strategic report on page 38.

Highlights of the work completed by the Board during 2025 are in the Corporate governance report on page 29.

PRINCIPLE 2 – BOARD COMPOSITION

"Effective board composition requires an effective chair and a balance of skills, backgrounds, experience and knowledge, with individual directors having sufficient capacity to make a valuable contribution. The size of a board should be guided by the scale and complexity of the company."

The Bank's sole shareholder, Svenska Handelsbanken, approves the appointment of Board members, based on recommendations from the Nomination Committee and approval by the Board. Board members bring a range of skills and experience to the Bank through the combination of four independent non-executive directors, two non-executive directors, an independent Chair of the Board, and two executive directors. This diverse skillset and experience ensures the Board has oversight and a strong understanding of the Bank's operation and its stakeholders which helps support executive management by providing useful challenge and support.

Directors



Margaret Trujillo Bueno
Chair

Board committee memberships:
Board Remuneration Committee
Board Risk and Compliance Committee
Board Nomination Committee
Board Credit Committee, Chair

Margaret has over 40 years' experience in financial services, having held a number of senior roles. She was CEO of Unity Trust Bank and prior to that she undertook roles within HSBC in the UK, US and Canada. She was a member of HSBC European executive and risk management committee, and diversity council. Her board experience included HSBC Securities and Global Asset Management, Canada. She returned to the UK in 2012 to lead HSBC Wealth Management Europe.



Mikael Hallåker
Non-executive director

Board committee memberships:
Board Risk and Compliance Committee
Board Audit Committee
Board Credit Committee

Mikael Hallåker worked for the ultimate parent company Svenska Handelsbanken since 2001 before retiring at the end of March 2025. He was the Chair of the Board for Handelsbanken plc from November 2018 to April 2025. Mikael held a variety of senior manager and Board roles with Group and Group subsidiaries, such as Chair of Handelsbanken Fastigheter AB (property company), Chair of Stadshypotek AB (mortgage company), Handelsbanken Liv AB (life insurance) and Chair of Handelsbanken Markets Securities Inc. (small broker-dealer in NY). Mikael is also a board member of the Handelsbanken Group's pension fund and the Group's pension trust.



Maureen Laurie
Senior independent non-executive
director, Chair of the Board Remuneration
Committee

Board committee memberships:
Board Remuneration Committee, Chair
Board Nomination Committee
Board Risk and Compliance Committee

Maureen Laurie's background is in international financial services, news and the public sector, having held senior HR roles for Reuters, the European Bank for Reconstruction and Development, Standard Chartered Bank plc, Barclays International and Private Banking, London International Financial Futures and Options Exchange (LIFFE), Euronext NV/NYSE Inc. and the British Council. She has also served as a non-executive trustee director and independent governor for London Metropolitan University; independent non-executive director and remuneration committee chair for the Cooperative Bank plc, and as an elected trustee director for Reuters Pension Fund Limited.



John Ellacott
Independent non-executive director,
Chair of the Board Audit Committee

Board committee memberships
Board Audit Committee, Chair
Board Risk and Compliance Committee
Board Remuneration Committee
Credit Committee
Handelsbanken Wealth & Asset Management - Board

John Ellacott worked at KPMG for 33 years, including 21 years as a partner, before retiring in September 2017. At KPMG, John was primarily an auditor, but also provided advisory services covering strategy, regulatory transactions and listings both in the UK and internationally. John specialised in the financial sector and has worked with many of the UK's leading banks and building societies. John was a governor of Giggleswick School and has also served on the regional board of the Prince's Trust.



Agneta Lilja
Non-executive director,
Chair of the Board Nomination Committee

Board committee memberships
Board Nomination Committee, Chair
Board Risk and Compliance Committee

Agneta Lilja started her career in Svenska Handelsbanken in 1981 and during her time in the Bank has held senior positions as Head of Handelsbanken International as well as an area manager in the Bank's Stockholm region. Between 2010 and 2019 she was a member of Svenska Handelsbanken senior management, as Head of Central Infrastructure, Chief Information Officer and executive director.



Mikael Sørensen
Chief Executive Officer

Board committee memberships
Board Credit Committee

Mikael Sorensen was appointed CEO of Handelsbanken UK in September 2016. Before joining the UK, Mikael worked in numerous roles and regions across the Handelsbanken Group, including branch manager and regional area manager in Denmark, General Manager in Poland, and as CEO in the Netherlands from 2007 to 2016. He has been a member of Handelsbanken's Group Senior Management since 2013.



Martin Björnberg
Chief Financial Officer

Board committee memberships
None

Martin Björnberg joined Svenska Handelsbanken AB (publ.) in 1989. Martin started working in the Bank's branch operations as an account manager before moving to IT and business development operations where he led improvement and efficiency programmes for the Bank's retail processes. Between 2002 and 2017 Martin moved on to hold senior management positions in one of the Swedish regions. He was also Head of HR for the Swedish Regional banks unit in Stockholm.

Martin has held his current position of Chief Financial Officer for Handelsbanken's UK operation since April 2017, with a short break between 1 December 2021 and 1 March 2022. Martin sits on the Board of the Swedish Chamber of Commerce, a not-for-profit organisation, aimed at supporting entrepreneurs and businesses within the Swedish-British business community.



Patricia Jackson
Independent Non-Executive Director

Board committee memberships
Board Risk and Compliance Committee, Chair
Board Audit Committee
Board Nomination Committee

Patricia has over 30 years' experience in senior leadership roles, supporting banks and other institutions in developing their risk practices, capabilities, and processes. She has worked both as a consultant and as a non-executive director. From 1994 to 2004, she was Head of the Financial Industry and Regulation Division at the Bank of England and in 2004, she became a partner at EY and Head of the banking risk practice and served as EMEIA Risk Governance lead from 2013 to 2017.

She began her non-executive career in 2008 and was a member of the Lloyd's of London Franchise Board from 2017 to 2020, where she chaired the risk committee. She was Chair of the Board of SMBC Nikko Capital Markets and Chair of the risk committee of a sister company, SMBC Bank International, the European hub of SMBC, between 2017 and 2024. She currently has a non-executive role with the trading platform [Capital.com](https://www.capital.com).



Mikael Ericson
Independent Non-Executive Director

Board committee memberships
Board Risk and Compliance Committee
Board Audit Committee
Board Remuneration Committee

Mikael has over 35 years' experience in financial services across different organisations. He has led and advised banks through many strategic issues, having held a number of executive positions in the UK and Europe, being Head of International Banking at Danske Bank and CEO of Carnegie Investment Bank. During his time as CEO and President, Mikael also helped establish Intrum AB as the world's leading debt collection and credit management company.

Amongst other Board positions, he is Chairman of Lyvia, which is a leading European technology partner covering the full value chain from digital design and strategy to software and tech development. He is also Chairman of Protium, a green hydrogen energy services company.

There is a clear division of responsibilities between the Board and the executive leadership of the Bank to enable a balance of power and effective decision-making. The Chair is responsible for setting the tone from the top in terms of the purpose, vision and values of the Bank and leading and managing the Board in an effective way. The day-to-day running and management of the Bank is delegated to the CEO, save for the specific matters reserved for the Board, as set out in the Board Matters. The CEO and the Chief Financial Officer have been delegated authority by the Board to allocate formal decision powers to executive management.

The Bank operates on the basis that diversity and inclusion in its workforce is fundamental in order to reflect the societies within which it operates. In practice, this requires working towards being a truly diverse bank, in every sense. Diversity and inclusion are supported through recruitment procedures as well as career development initiatives.

Further details about gender diversity are included in the Board Nomination Committee's report on page 45.

PRINCIPLE 3 – DIRECTOR RESPONSIBILITIES

"The board and individual directors should have a clear understanding of their accountability and responsibilities. The board's policies and procedures should support effective decision-making and independent challenge."

Director accountability and effective governance

The Board and individual directors maintain a clear and robust understanding of their respective responsibilities and accountability. The policies and procedures established are specifically designed to support effective decision-making and facilitate independent challenge, ensuring robust oversight of the Bank's operations.

Governance framework and accountability

Handelsbanken plc operates within clearly-defined governance processes that span the entire corporate structure. The Group CEO provides steering guidelines to the plc, which align its business model, culture, strategy, policies, and guidelines with those of the parent company. These guidelines explicitly mandate the notification of material issues to the Group and reserve certain significant matters, such as material transactions, large credit approvals, remuneration approach, and Board composition, for shareholder approval. These directives are further reinforced by formal agreements regarding capital, liquidity, and balance sheet management.

Similarly, the Bank issues its own steering guidelines to its subsidiary, Handelsbanken Wealth. Issued by the UK CEO, these guidelines provide high-level direction to the subsidiary's board of directors and detail matters reserved for plc approval, ensuring alignment across the UK operations.

Policy implementation and transparency

All responsibilities are formally documented and allocated in strict compliance with prevailing laws and regulations. In line with the Bank's culture of transparency, all employees have access to these policies and corporate governance practices, which are translated into detailed instructions and supported by relevant training.

Individual accountability and the senior managers regime (SMR)

The senior managers regime (SMR) applies to all individuals performing a senior management function (SMF), making them personally accountable for managing specific aspects of the Bank's regulated activities. The regime requires an annual assessment of the fitness and propriety of these employees. A comprehensive SMR management responsibilities map is formally approved by the Board each year.

Independent judgement and conflicts of interest

Directors are subject to a statutory duty to exercise independent judgement at all times and must actively avoid any conflicts of interest that might compromise this judgement. All employees, including Board directors, must adhere strictly to the Bank's conflicts of interest policy. Potential conflicts are actively disclosed at every Board and Board committee meeting, and a complete register for all directors is formally noted by the Board annually. Managed by the Company Secretary, any potential conflicts are appropriately mitigated or managed.

Informed decision making and oversight

The Board receives regular, timely, and accurate information on all aspects of the business, including financial data, risks, compliance, and strategy. The Finance function, staffed by appropriately qualified professionals, ensures the integrity of all financial information. External audits are conducted annually by PricewaterhouseCoopers LLP (PwC), and financial controls are reviewed by the Internal Audit function. The second line of defence departments (Compliance and Risk) play a crucial role in reviewing non-financial data. The processes for collecting and reporting financial data are subject to risk-based review by Internal Audit, with aggregate results reported to the Board Audit Committee.

Informed decision making and oversight

The Board receives regular, timely, and accurate information on all aspects of the business, including financial data, risks, compliance, and strategy. The finance function, staffed by appropriately qualified professionals, ensures the integrity of all financial information. External audits are conducted annually by PricewaterhouseCoopers LLP (PwC), and financial controls are reviewed by the internal audit function. The second line of defence departments (compliance and risk) play a crucial role in reviewing non-financial data. The processes for collecting and reporting financial data are subject to risk-based review by internal audit, with aggregate results reported to the Board Audit Committee.

To ensure consistency and appropriateness, the governance function reviews all submissions for Board and Board committee meetings, challenging business areas, the second line, or specialist risk functions where necessary.

Shareholder dialogue

The Chair of the Board maintains an ongoing, transparent dialogue with the Group. This formal and informal relationship provides dedicated time and focus on matters of importance to both the Group and the Bank in a practical and effective way.

PRINCIPLE 4 – OPPORTUNITY AND RISK

“A board should promote the long-term sustainable success of the company by identifying opportunities to create and preserve value and establishing oversight for the identification and mitigation of risk.”

The Board maintains a sharp focus on opportunities to drive value and manage associated risks.

Opportunity and value creation

The Executive Team reviews and agrees upon the annual business plan before its submission to the Board. This plan explicitly includes opportunities designed to create and preserve long-term value, with progress monitored throughout the year. The Executive Team continuously works to enable the business to meet its objectives and strategy, having close regard for the interests of shareholders, customers, employees, and other stakeholders. The CEO presents identified long-term strategic opportunities to the Board for formal approval. The transparent culture fostered by the Board, Board Committees, and management committees encourages regular dialogue on innovation and opportunity, while the organisation's flat structure facilitates timely decisions by the appropriate body.

Risk and responsibilities

Handelsbanken plc's key risks are outlined in the Risk and Capital Management report starting on page 55.

The Board retains ultimate responsibility for ensuring the effective management of all risks. It also holds overall responsibility for setting the strategy and corporate objectives and, in doing so, defines the level and type of risks the business is prepared to take in pursuit of those goals. The Board and its committees oversee the establishment of risk policies, which support the governance of risk management and control across the Bank.

The Board Risk and Compliance Committee is specifically tasked with maintaining oversight of all key risk categories relevant to the business. It assists the full Board in fulfilling its risk oversight responsibilities, monitors risk control and risk management activities, and oversees the process for monitoring compliance with all applicable laws and regulations.

Management committees also monitor risk, with the Management Risk and Compliance Committee playing a dominant role. This committee oversees, reviews, assesses, and challenges risks and controls, makes recommendations where appropriate within its terms of reference, and reports to the Board Risk and Compliance Committee.

Handelsbanken plc's risk tolerance statements, which articulate the precise level and type of risks the business is prepared to take, are documented, communicated across the organisation, and reviewed and annually approved by the Board. These metrics feed into the Bank's overarching approach to risk management, as outlined in the risk management framework owned by the chief risk officer. Risk tolerance statements are reflected in various Board-approved documents and translated into a series of detailed risk frameworks. In turn, the Bank's operating standards and procedures are translated into specific instructions, allowing for the consistent implementation of risk management activities throughout the organisation. As an integral part of the framework, a dedicated stress-testing framework outlines the Bank's approach to stress testing.

PRINCIPLE 5 – REMUNERATION

“A board should promote executive remuneration structures aligned to the long-term sustainable success of a company, taking into account pay and conditions elsewhere in the company.”

Handelsbanken plc's approach to remuneration is outlined in its remuneration policy, which is approved by the Board. The policy's objective is to provide a competitive, regulatorily compliant, gender-equal, and gender-neutral reward offering. This framework enables the Bank to attract, retain, and develop qualified employees while consistently aligning with the Bank's strategic business plan, risk profile, culture, and values. The policy applies across all departments, units, branches, and to all employees, including executive and non-executive directors.

Handelsbanken Wealth, a wholly-owned subsidiary, fully aligns with this policy. Deviations are permitted only when necessitated by the nature of the subsidiary's business, law, regulation, or regulatory interpretation; in such cases the Bank is promptly informed of the variance.

The Bank's remuneration practices comply with all relevant regulations and rules, including the PRA remuneration rules and the FCA dual-regulated firm Remuneration Code. The views and policies of the shareholder are considered as appropriate, with reporting escalated to the shareholder when necessary. Importantly, the Bank does not pay variable remuneration based on individual performance. In the asset and wealth management business, variable pay is restricted to a small number of employees who are not identified as material risk takers.

The directors' remuneration disclosure can be found in note 8.

PRINCIPLE 6 – STAKEHOLDER RELATIONSHIPS AND ENGAGEMENT

“Directors should foster effective stakeholder relationships aligned to the company's purpose. The board is responsible for overseeing meaningful engagement with stakeholders, including the workforce, and having regard to their views when taking decisions.”

Maintaining the trust of our stakeholders and playing an active, responsible role in our communities are fundamental Handelsbanken values. The needs of our diverse stakeholders are carefully weighed during decision-making. We rely on word-of-mouth recommendations over product marketing, meaning the impact of our business conduct on our reputation is always central to our strategy.

The Handelsbanken Group is a recognised leader in areas important to our stakeholders, such as empowering employees, fostering customer loyalty, and providing stability that supports local and national economies through the cycle.

The Board acknowledges its responsibility for ensuring all decisions are well-informed and thoroughly account for the interests of our various stakeholders, as detailed in the following section on the Bank's stakeholder engagement.

Stakeholder engagement

The following disclosure describes how the directors of Handelsbanken plc have had regard to the matters set out in section 172(a) to (f) and forms the Directors' Statement required under section 414CZA of The Companies Act 2006. Further details on key actions in this area are also contained within each of the committee reports starting on page 45 and the Non-Financial and Sustainability Information Statement starting on page 16.

Our colleagues Why we engage

We hold a fundamental belief in our colleagues, their desire, and their capacity to do a good job. We know that empowering our employees leads to high levels of ownership and engagement, which in turn drives the customer satisfaction crucial to the Bank's success. This long-standing approach has fostered a mutually respectful and collaborative culture. Colleagues are encouraged and supported to develop their careers in directions that align with their unique talents and interests; this breadth of experience further strengthens the Bank's culture and overall effectiveness.

How we engage

Our intentionally flat structure and open culture are designed to foster direct, day-to-day engagement between all colleagues, executive directors, and senior management. This commitment to open dialogue ensures transparency and responsiveness across the organisation.

- **Branch visits:** Our non-executive directors visited branches throughout the year. These visits were crucial for facilitating direct, first-hand discussions and gathering direct insight from frontline employees;
- **Direct access and presentations:** Employees from across the business - including all Executive Team members and SMF holders - delivered presentations to the full Board during the year. This provided the Board with vital overviews of various business areas and direct exposure to our talent and operations;
- **Dialogue with committee chairs:** Committee chairs regularly meet with management when planning agendas, receiving project updates, or discussing specific areas. This ongoing insight ensures that the most relevant and critical items are understood and prioritised for discussion and decision-making;
- **Shaping diversity and inclusion:** Diversity and inclusion are areas of high importance to the Board. Board members aim to gain a comprehensive understanding of key issues and are provided the opportunity to regularly review progress against strategic goals;
- **Employee voice:** The CEO and chief HR officer attend the UK Works Council, a vital forum established specifically to provide employees with a strong, collective voice within the organisation;
- **Town halls:** The CEO and members of senior management host regular Q&A sessions, providing opportunities for direct interaction and first-hand responses to questions from colleagues across the entire Bank;
- **Training and briefings:** Board briefing and training sessions have intentionally included participation from a diverse range of colleagues. This approach provides the Board with ongoing access and exposure to a wide-ranging group of employees and perspectives;
- **Understanding organisational change:** Regular, detailed updates on organisational changes are provided by the chief HR officer, offering clear insights into how employees are affected by projects, and capturing their valuable feedback and views.

Insights and outcomes

Functions and branches in the Bank undertake a wellbeing survey, which looks at a number of factors including balance, respect, engagement, and pride. This year, the use of a new system enabled more detailed insight and therefore scrutiny of outputs. This enabled the results to be analysed at micro and macro levels of the Bank, allowing teams and functions to discuss the results for their areas, and formulate any necessary actions as part of the business planning process.

There is a system through which whistleblowing concerns can be anonymously reported which supports colleagues by ensuring they can raise concerns in a confidential and safe way.

The Bank's straightforward, fixed salary remuneration approach promotes a collaborative, customer-oriented culture, as well as one with prudent decision-making, particularly in challenging economic conditions. Colleague engagement is also supported by the high levels of employee retention.

Our customers Why we engage

We help our customers transform their business prospects and financial future through highly tailored advice and bespoke services. Our aim is to develop long-term, personal relationships where customers are highly satisfied with the service we provide. Success has been evidenced by the Bank being identified as top for customer satisfaction in the EPSI survey for the 17th year running.

Customer engagement is integral to our identity as a demand-led organisation. Customer feedback doesn't just refine our operations; it actively informs and shapes the very products and services we develop and how we deliver them. Through this deeply engaged approach, we build our position as a 'trusted adviser', significantly reinforcing the unique value of our local, relationship banking model.

How we engage

- The CEO maintains regular meetings with customers to gain direct exposure to and awareness of matters important to them;
- The CEO's report to the Board includes a comprehensive overview of branch performance metrics. This provides the Board with deeper insight into customer feedback, industry and competitor developments, customer numbers, complaint levels, emerging trends, and overall customer sentiment;
- In reporting on infrastructure and operations, the CEO supports the Board's understanding of the Bank's operational performance and its capacity to effectively serve customers;
- The Board receives updates from senior management on developments within their respective areas, including specific briefings on vulnerable customers and the steps being taken to enhance support;
- Enhancing our digital proposition remains a priority as uptake increases, with a particular focus on improving functionality and usability;
- The Board reviews the findings from the CMA banking quality survey (SME customers) and the EPSI Rating survey (personal and corporate customer satisfaction). This analysis has prompted constructive debate and led to targeted improvements in our digital services to better align with customer expectations.

Insights and outcomes

While the EPSI Rating and CMA survey results confirm the Bank's continued strong performance, there is no complacency; only an ongoing desire to improve. Long-term success is only possible with a truly customer-centric business model, and as a result, the customer outcome forms a core part of all Board deliberations. This focus is reflected in the Board's attention to the green agenda, organisational change, and technology during meetings throughout the year. The Bank remains committed to investing in its digital platforms to enhance capabilities and ensure diligent oversight in this area.

The Board receives continuous information regarding market developments, which supports strategic and competitor insight. Management reporting incorporates detailed complaints statistics and customer satisfaction trends, while also offering suggestions for product, service, and process enhancements that would improve the overall customer experience and meet their evolving expectations.



Public authorities Why we engage

As a responsible bank, we maintain constructive engagement with all relevant public authorities and take a straightforward approach to meeting their expectations. The Board oversees the Bank's interactions with its regulatory supervisors, taking all obligations arising from this engagement seriously. It scrutinises plans to ensure the right resources are dedicated to fulfilling the Bank's obligations with due attention. The Bank engages openly with parliamentarians, government officials, and other groups involved in public policy discussions, wherever our perspectives are deemed capable of adding value to their deliberations.

Regular updates are provided to the Board by the external affairs team, which also ensures a cohesive engagement strategy by representing Handelsbanken on UK Finance's External Affairs Committee. This department is functionally responsible for engagement with government officials, parliamentarians, industry bodies, and business representative groups. The compliance function retains specific responsibility for engagement with our primary regulators.

How we engage

- Throughout the year, executive directors actively participated in meetings and conferences with our regulators at both the strategic and supervisory levels;
- Certain non-executive directors also met with regulators at a supervisory level and took part in discussions with our prudential regulator to share their perspectives and benchmark the Bank's priorities against regulatory expectations;
- The CEO and chief financial officer hold biannual meetings with HM Treasury, supported by the external affairs team. Further ad hoc policy and political engagement continues throughout the year, with a present focus on forging relationships with relevant roles within the Labour government;
- The Board Risk and Compliance Committee receives regulatory updates, including detailed financial regulatory horizon scanning. To further enhance the Board's oversight, regulatory engagement updates have been included in the Board packs during 2025;
- The CEO, chief financial officer, chief risk officer, and chief compliance officer raise important matters with the Board. They also provide insights into key areas of focus, alongside progress made in addressing regulatory actions and other relevant activities;
- The Bank's external affairs team fosters transparency and alignment of views, leading to enhanced, proactive engagement with authorities.

Insights and outcomes

Handelsbanken plc has useful and transparent relationships with its regulators and with other public authorities including HMRC and HM Treasury. Regular liaison helps the Bank remain aligned to the evolving regulatory framework and aware of policy changes under consideration. The Board is committed to complying with all relevant legislation and it forms an integral part of the Bank's control frameworks.

Our suppliers Why we engage

We engage with our suppliers on a range of issues to minimise risks to the Bank and to embed best practices throughout our supply chain. By supporting and engaging closely with our suppliers, we are better positioned to achieve the best possible outcomes for our customers. This collaboration also provides our suppliers with an opportunity to demonstrate that, alongside the services they provide, they meet our high expectations regarding corporate, social, and environmental responsibility.

How we engage

- Contracts are subject to rigorous due diligence and governed by strict follow-up and cost management procedures. The Board specifically approves material outsourcing and high-risk third-party arrangements, in line with the Bank's dedicated policy;
- Key supplier risk updates are provided to both the Board and the Board Risk and Compliance Committee, which maintain oversight of high-risk and materially outsourced contracts;
- The Board acknowledges the importance of supplier engagement, receiving updates on these business relationships through regular management reporting.

The Board has a zero-tolerance policy for modern slavery within our supply chain and annually approves the modern slavery statement, which is publicly available on the Bank's website.

Insights and outcomes

A dedicated procurement and supplier management department enables the Bank to engage with suppliers as part of the on-boarding process. As part of the ongoing monitoring of key suppliers, this department undertakes general due diligence regarding the financial soundness and credibility of suppliers.

The supplier management team is in regular contact with our key suppliers to monitor supplier performance against agreed deliverables to minimise any impact on the delivery of services. On a quarterly basis the supplier management team discusses performance (including objectives and plans throughout the year), risk and issues, change management, continuous process improvements, and contract and commercial management. Our suppliers have continued to provide us and our customers with the contracted services throughout the year, and we continue our regular discussions with them.

The Bank takes pride in making payments promptly and as detailed on the government portal for payment practices pays 98% of invoices within 30 days.⁴



4. <https://check-payment-practices.service.gov.uk/>



Our communities Why we engage

Handelsbanken plc relies fundamentally on the trust and support of our communities to prosper, achieving local and sustainable growth primarily through word-of-mouth referral. Our high degree of employee empowerment, combined with a decentralised structure, provides branches with both the discretion and the motivation to engage actively and responsibly within their own local communities. The distinct stakeholders for each branch typically include business and professional networks, charitable and cultural initiatives, and public institutions, among others.

Active engagement with representative organisations, business groups, and industry peers enhances the Bank's understanding of these stakeholders' interests and concerns, while also helping them understand the Bank's values, approach, and impact. As previously stated, we remain committed to being a responsible taxpayer and corporate citizen, consistently meeting the evolving expectations of the communities we serve.

How we engage

- Within reporting and through visits to the branch network, the Board receives updates on the Bank's community work giving it an overview of initiatives in this area.

Insights and outcomes

The decentralised nature of our model means that the topics of community engagement are diverse and often specific to each location. Despite this, common priorities emerge, such as local and regional economic development, access to finance and banking expertise, and philanthropic causes. The Bank actively seeks to develop meaningful, long-term community networks.

The Board understands that tax is a crucial societal contribution and is committed to a transparent approach, building on the Handelsbanken Group's strong reputation.

The environment

Why we engage

Responsible actions underpin long-term value creation. Stable, productive, and resilient ecosystems are central to sustainable development but are currently threatened by climate change. This disruption impacts both global and local economies, which consequently influences the Bank's long-term operational stability. It is vital, from a risk perspective, that we can identify and manage the climate change risks facing our customers' businesses and assets. Crucially, the opportunities inherent in helping our customers transition to a net-zero economy are substantial, benefiting both commercial growth and relationship depth.

How we engage

- The Board engages with the credit risk framework and policy to ensure that all credits granted give due consideration to their environmental impact;
- The Board Risk and Compliance Committee is responsible for overseeing the Bank's approach to climate change risk, reviewing and challenging its strategy in this area;
- Building on the Handelsbanken Group's work in this field, the Board has received updates from the Group Sustainability team on initiatives to achieve net-zero emissions (both direct and financed), and how they can be leveraged across the Group;
- Policies, guidelines, and instructions are used to ensure alignment on corporate strategy, governance, and sustainability;
- The Bank is represented on the UK Finance Sustainability Committee and is an active member of its working group to promote sustainable practices among financial institutions.

Insights and outcomes

This results in managers as well as employees within the Bank taking responsibility for incorporating environmental risks and opportunities into the way they adapt their operations and conduct business.

Making business decisions that further long-term, sustainable development, and not taking such decisions in cases where the negative environmental impact is too high, is important for the Bank, and is reflected in some of the initiatives Handelsbanken Group is engaged in such as the UN's Principles for Responsible Banking (PRB). The purpose of this global initiative is to set out and increase the contribution to sustainable development from the global banking sector, within which the Bank is committed to align its strategy and practice with the Sustainable Development Goals and Paris Climate Agreement.





Shareholder Why we engage

The Bank's strategy, values, and policies are closely aligned with those of its parent and sole shareholder, Svenska Handelsbanken. Understanding and sharing these perspectives is important for the Bank to maintain the necessary independence as a subsidiary while effectively adding value as a key contributor to the overall performance of the Handelsbanken Group.

How we engage

- The Board, while exercising independent judgement, recognises the importance of aligning with the proven Handelsbanken Group model and its policies where appropriate. This is supported by the Chair and reinforced by representatives from Svenska Handelsbanken, such as the Group Chief Information Officer, who presents at or attends UK Board and committee meetings;
- The ultimate parent company issues steering guidelines directly to the Board, which clarify matters reserved for shareholder approval;
- Regular reporting keeps Board members informed about key initiatives at the Group level;
- Remuneration Committee remains mindful of Group policies when developing its own remuneration policy;
- Bank's policies and processes are aligned with those of the ultimate parent company, provided they are appropriate and do not conflict with local regulations;
- Members of the executive management team maintain regular liaison with their counterparts within the broader Handelsbanken Group.

Insights and outcomes

Effective engagement with our shareholder is essential for the Bank's success. The relationship is supported by clear guidelines and agreements that define the responsibilities of both the Bank and its shareholder. This engagement is also facilitated by the Chair's and other members of senior management's regular contact with the shareholder.

The continuing investment in the UK illustrates the engagement between the Bank's executive management and the Handelsbanken Group. To support alignment, senior managers continue to regularly interact with their Group counterparts.

Committee reports

BOARD NOMINATION COMMITTEE

Purpose: The committee places the highest priority on ensuring the Board maintains an optimal and balanced composition to effectively discharge its duties. A robust mix of skills, experience, and competencies is fundamental to facilitating constructive deliberation and, ultimately, sound, effective Board decisions. To achieve this the committee defines the requirements for board positions, including roles, skills, and time commitments, and recommends new executive and non-executive members to the board and shareholders. The committee also maintains diverse and inclusive succession plans for these roles.

Membership: Comprising four non-executive directors (NEDs), three of whom are independent non-executive directors.

Other attendees: The Chief Human Resources Officer and other Board members attend meetings as appropriate.

Details of meeting attendance can be found in the Corporate Governance report on page 31, and individual members in the Wates Principle 2 section on pages 33-36.

To ensure a critical role in the stewardship of the Bank's governance framework, focusing on ensuring robust leadership continuity, appropriate talent management, and a diverse, inclusive culture. The committee's activities during the reporting year included:

- **Strategic succession planning:** The committee received comprehensive updates and actively deliberated on succession plans for both the Board and the executive management team. Particular focus was given to future changes in Board Committee memberships. An outline transition plan was specifically formulated and approved to manage the smooth rotation of long-serving independent NEDs as they approach the end of their final terms;
- **Chair transition oversight:** The committee closely monitored the succession process for the Board Chair role. The planned transition from Mikael Hallåker to Margaret Trujillo Bueno in April 2025 was overseen by the committee and subsequently executed as an effective and seamless transition, ensuring leadership stability at the highest level;
- **Board effectiveness and training:** The committee reviewed and approved the annual Board training plans. This year's programme strategically incorporated a balance of internal and external presenters. The committee determined that this blend of external perspectives and internal expertise provides a broad spectrum of views essential for informed governance and continuous professional development;
- **Material risk taker identification and oversight:** To support the integrity of the Bank's remuneration system and risk management framework, the committee conducted a thorough review of the full population of material risk takers (MRTs). The list, which identifies staff whose professional activities could have a material impact on the Bank's risk profile, was assessed

against rigorous qualitative criteria, running in parallel with the remuneration committee's review of quantitative criteria;

- **Monitoring board evaluation outcomes:** On behalf of the full Board, the committee monitored the outputs and key recommendations arising from the annual board evaluation. This oversight included diligent follow-up and tracking of action items to ensure all recommendations were adequately and effectively implemented, thereby driving continuous improvement in Board performance;
- **Driving diversity in senior leadership:** The committee maintained a strong focus on the recruitment process, mandating approaches designed to increase diverse appointments. The committee specifically concentrated its oversight on strengthening the Bank's senior leadership talent pipeline (both management and executive levels). This focus is considered essential for building an inclusive culture where everyone can thrive and ensuring the Bank's leadership reflects the diversity of the communities it serves;
- **Fostering an inclusive culture and gender balance:** The committee continues to deliver on its core objective of achieving gender balance and fostering a more diverse and inclusive workforce, driving sustainable change across the Bank. As part of this work, the committee meticulously considered the annual gender pay statement. It was noted that while work is still required on the current overall gender balance, the Bank's succession pipeline is projected to improve this in the coming years. The committee pays particular attention to staff turnover rates and the impact this has on overall gender balance. The gender balance data split between the Executive Team, senior management, and all employees is detailed in the relevant section of this report;

% Female	2025	2024
Executive Committee	23%	23%
Senior Management	30%	31%
Employees	46%	46%

- **Board skills matrix:** The Board annually assesses its skills to reflect market developments and areas of increasing prominence. It also monitored this for senior management so providing a view of the talent pipeline of potential leaders as well as their key strengths and development areas. This is then overlaid with observations and feedback from Board and key management stakeholders to determine areas of strength and weakness and whether any changes or training are required. The Board-approved composition statement also sets out the process to be followed enabling a robust and thorough process, which includes diversity considerations.

BOARD REMUNERATION COMMITTEE

Purpose: The primary governance purpose of the committee is to provide independent oversight and recommendations on the remuneration and other terms of employment for the Bank's most critical function holders. This mandate specifically includes:

- Executive directors of the Board;
- Senior management function holders who comprise the Bank's Executive Team; and
- Key control function leaders, specifically the Chief Executive Officer of Handelsbanken Wealth, the money laundering reporting officer (MLRO), the chief compliance officer, chief risk officer, company secretary and chief audit officer.

In fulfilling this mandate, the committee ensures that recommendations made to the Board, and where required to the shareholder, rigorously take into account prevailing market terms while remaining consistent with the Bank's established culture and approved risk tolerance. This aims to ensure compliance with all regulatory requirements applicable to a UK-regulated bank.

Membership: The composition of the committee is structured to ensure independence and objectivity in decision-making. It comprises four members of the Board and a clear majority of the members, including the committee Chair, must be independent non-executive directors (INEDs). Appointments of both the committee Chair and its members are formal Board decisions, made only upon the considered recommendation of the Nomination Committee, ensuring a robust, peer-reviewed selection process.

Other attendees: The chief human resources officer attends all meetings of the committee, and other directors are invited as appropriate. The committee ensures it is kept up to date and appraised of market trends through the support of the chief human resources officer and external advisers Mercer Kepler.

Details of meeting attendance can be found in the Corporate Governance report on page 31, and individual members in the Wates Principle 2 section on pages 33-36.

The Remuneration Committee maintains a rigorous governance framework to ensure the Bank's approach to reward is aligned with prudent risk management, regulatory compliance, and the delivery of long-term strategic objectives. Activities and considerations during the year included:

- **Governance and benchmarking of remuneration policy:** The committee routinely enforces robust governance by benchmarking pay policies and levels against relevant UK market comparators. In 2025, the committee systematically considered two detailed reports from its independent advisors, Mercer Kepler, focusing on financial sector practices, pay levels, and trends. This external, objective insight allows the committee to scrutinise the Bank's fixed pay and benefits models, ensuring that the total reward package remains competitive without compromising the Bank's sound risk culture. The committee maintains strict oversight of all human resources initiatives related to reward strategy;
- **Performance, prudence, and regulatory alignment in executive pay:** Fixed remuneration for the Bank's most senior and critical function holders is determined through a balanced evaluation of both quantitative and qualitative performance. In 2025, the committee's deliberations prioritised robust financial

stewardship: profitability, the cost-to-income ratio, and the quality of the credit book. Critically, qualitative governance considerations were equally weighted, encompassing effective risk management, net asset growth, customer satisfaction outcomes, successful product development, and digital/technology improvements. Leadership evaluation and observance of our regulatory commitments were paramount. Mindful of market sentiment, executive pay awards were broadly aligned with levels approved for all employees, demonstrating a consistent and equitable approach to reward across the organisation. The governance principle of non-differentiation by seniority for core benefits underscores the culture of a fair approach for all employees;

- **Handelsbanken Wealth remuneration:** The committee's governance remit extended to the review and formal ratification of variable pay awards within the Wealth business for non-material risk taker (MRT) staff. This process ensures that performance-related pay is strictly assessed against the annual business plan and, crucially, remains subject to robust deferral, malus, and clawback conditions. The committee maintains oversight and scrutinises any deviation from the agreed remuneration approach;
- **Promoting employee ownership:** The Bank encourages long-term alignment of employee interests with shareholder outcomes through participation in the Group's Oktogonen plan. The high (97%) participation rate (2024: 98%) across the UK operation, including Wealth, signifies strong cultural alignment. This amounted to share awards of c.£645 prior to any pro-rating for each participating employee, with additional approval of awards for those designated as MRTs. In addition, dividend payments were allocated and reinvested in Svenska Handelsbanken shares held in the UK Oktogonen Share Incentive Plan. The governance here is key: awards are allocated equally to all participants (pro-rated only for time/part-time status) based on objective, Group-determined performance measures, primarily return on equity versus peer banks. This structure reinforces a shared ownership culture and mitigates excessive individual risk-taking incentives;
- **Diversity, equality and inclusion:** The committee proactively leverages its mandate to drive improvements in the gender pay gap which have been moving in line with a positive trajectory and despite a slight reduction in this trend in 2025, analysis of the succession pipeline suggests positive reductions in both average and median gaps and analysis of the succession pipeline suggests this will continue. The Bank takes pride in being an equal pay employer, which is something actively monitored. Further detail can be found in the 2025 Gender Pay Gap Report. During 2025, the committee noted the structural factors which can influence career progression and in conjunction with the Nomination Committee continued to encourage the development of policies that attract and support a well-qualified gender balanced pipeline, especially for key and senior roles. The committee critically reviewed measures introduced by the Bank, such as the extension of family-friendly benefits and the introduction of carers leave initiatives, confirming that reward strategy supports an inclusive culture;
- **Regulatory compliance:** A core governance function of the committee is ensuring comprehensive regulatory compliance. The committee formally approved all remuneration-based regulatory reporting, including the MRT quantitative analysis, the Directors' Remuneration Report, the High Earners' Report, and all relevant Pillar 3 remuneration disclosures;

- **Independent assurance:** The committee received and scrutinised annual reports from the chief risk officer, chief compliance officer, and chief audit officer. These independent control function reports provided essential assurance, confirming the satisfactory functioning of the remuneration system and full adherence to all regulatory requirements. The committee confirmed the reappointment of Mercer Kepler as its independent advisers, having regard to their specific knowledge and contribution to maintaining best practice in remuneration governance.
- **Stress testing and resilience:** Stress test results were critically assessed, demonstrating the Bank's capacity to withstand severe stress with only minor reliance on capital buffers. This provided governance assurance over the Bank's financial resilience. Further details of the stress testing approach are provided in the risk and capital management section;
- **Recovery and resolution oversight:** The committee formally reviewed and recommended the recovery and resolution plan for Board approval. Complementing this, a recovery and resolution test was conducted, subjecting the Bank's processes to a simulated failure scenario intended to enhance contingency planning and test its ability to manage a recovery or resolution event effectively;

BOARD RISK AND COMPLIANCE COMMITTEE

Purpose: The committee plays a pivotal role in the Bank's corporate governance architecture, assisting the Board in fulfilling its essential risk oversight responsibilities. Its mandate is structured to ensure effective risk stewardship and a robust control environment across all Bank activities, which involves recommending appropriate and clearly-defined risk appetite and associated tolerances to the Board. This includes ensuring alignment with Group's principal risks (including key and emerging risks), risk policies, frameworks and controls, reflected in a robust and supportive risk culture.

It also monitors risk control and risk management and oversees the Bank's processes for monitoring compliance with laws and regulations and the embedding of the Bank's risk management framework. It oversees and receives reports from the chief risk officer, the chief credit officer and the chief compliance officer.

Membership: The committee comprises seven members, with a mandated majority of the members being INEDs. To ensure integrated governance across financial reporting and risk management, the terms of reference explicitly require the Chair of the Board Audit Committee to be a member of this Committee.

Appointments are made by the Board, on the recommendation of the Nomination Committee.

Other attendees: The chief risk officer, chief compliance officer, chief credit officer and chief audit officer attend all meetings and other directors of the Board are invited to join meetings as appropriate.

Details of meeting attendance can be found in the Corporate Governance Report on page 31, and individual members in the Wates Principle 2 section on pages 33-36.

To support the Bank operating in an environment of resilience, stability, and adherence to regulatory standards, the committee undertook a proactive approach to risk management and prudential oversight during 2025 which included the following activities:

- **Prudential framework review and challenge:** The committee oversaw and, following rigorous review and challenge, recommended the annual review and Board approval of the Bank's risk tolerance statements. This process underpinned the Internal Capital Adequacy Assessment Process (ICAAP) and Internal Liquidity Adequacy Assessment Process (ILAAP) for 2025, ensuring capital and liquidity risk management remains robust and forward-looking. The governance process for these critical assessments was deepened through dedicated committee meetings held throughout the year which facilitated comprehensive scrutiny, allowing members to question and challenge the prudential capital and liquidity analysis. The committee actively provided feedback and collaborated with management to ensure appropriate focus and rigour;

- **Prudent capital management:** Following scrutiny an annual dividend of £247m (2024: £485m) was recommended to the shareholder. This recommendation was made with the specific assurance that the CET1 ratio would be maintained at a prudent level of 17.5%, demonstrating careful capital management and consideration for long-term stability alongside shareholder returns;
- **Control environment and continuous oversight:** The committee oversaw regular reports on the effectiveness of the Bank's financial crime prevention processes and operational resilience. It also sustained its focus on actively assessing both current and emerging risks and their mitigation. A key governance priority was leading the embedding of the risk culture throughout the organisation, ensuring risk consciousness and risk intelligent working methods are integrated into all business activities;
- **Change:** Specific governance over significant projects were presented to help oversee the risks associated with the Bank's change and IT modernisation programme. This included close monitoring of timelines, vendor selection, and outsourcing arrangements;
- **Regulatory engagement:** The committee maintained a close and proactive engagement with the Bank's regulators, ensuring open communication and timely address of regulatory expectations. The committee approved the 2026 compliance monitoring plan and regular reports from the Compliance function ensured continuous oversight of regulatory developments, interactions with regulators, and any significant instances of non-compliance, demonstrating a robust governance structure for regulatory adherence.

BOARD AUDIT COMMITTEE

Purpose: The committee is a cornerstone of the Bank's financial governance, mandated to assist the Board in diligently fulfilling its critical oversight responsibilities in respect of the financial reporting process, the system of internal controls, and the external and internal audit process. The committee is also responsible for overseeing the Bank's whistleblowing arrangements.

Membership: The committee is specifically engineered to ensure independence, expertise, and cross-functional governance alignment. Appointment of the Committee Chair, as well as of the members of the committee, are made by the Board, on the recommendation of the Nomination Committee. The committee comprises four members, of which three are INED. The Chair of the Board Risk and Compliance Committee is a member.

Other attendees: the chief audit officer, chief financial officer, chief risk officer, chief accountant and the external auditor attend all meetings and other directors of the Board are invited to join meetings as appropriate. Private, "closed sessions" with the chief audit officer and the external auditor, conducted in the absence of executive management, provide a forum for open dialogue regarding any concerns relating to financial reporting, internal controls, or audit scope/findings, thereby reinforcing auditor independence and objectivity. Updates are also received from key business areas and external insights provided where deemed necessary or relevant.

Details of meeting attendance can be found in the Corporate Governance Report on page 31, and individual members in the Wates Principle 2 section on pages 33-36.

Activities and considerations during the year included:

- **Financial reporting:** The committee monitored the integrity of the financial statements through the review of disclosures and the Bank's application of significant accounting policies. Specifically, it provided independent challenge of the impairment testing for the carrying value of Handelsbanken Wealth in Handelsbanken plc financials and goodwill in the UK Group consolidated financials. This included a review of financial forecasts and the outcome of an external valuation conducted by KPMG. There was also active and effective challenge of expected credit losses through the review of the macroeconomic scenarios and the critical judgements and assumptions underpinning the Bank's (IFRS 9) model-based estimations, including post model adjustments. The committee also continued to follow up on model improvements by examining the output of dedicated IFRS9 model validation exercises;
- **Going concern:** This involved careful consideration of the Bank's capital plan, funding and liquidity position, and stress testing outcomes, alongside the broader macroeconomic context. The committee concluded that the financial statements should be prepared on a going concern basis, providing assurance to the Board and stakeholders. The going concern statement is included in the Directors' report on page 52;
- **Internal audit:** Through the reports from the Chief Audit Officer, the committee considered the effectiveness of the Bank's internal financial controls system and other control and risk management systems. The control environment in the Bank is deemed to be improving, with a key challenge ahead being the management of anticipated business transformation while continuing to improve business as usual controls; and
- **Regulations:** The committee continued to follow industry developments, specifically in relation to the Board assessment as to the effectiveness of material controls following updates to the UK Corporate Governance Code in 2024.

Internal audit

Internal Audit operates as the third line of defence in the Bank providing independent assurance to the Board. It reports directly to the Chair of the Board Audit Committee and has an unrestricted scope based on an impartial assessment of the risks in the business operation and how effectively these are being managed. The Internal Audit department's scope, areas of responsibility and authority are defined in the Internal Audit Charter and are focused on the Bank's most material risks as determined by a formal risk assessment process. The outcome of the risk assessment is summarised in an internal audit plan that is approved by the committee annually. The committee monitors progress against the

audit plan during the year and approves any updates or changes. The appointment and removal of the chief audit officer is the responsibility of the committee.

During 2025, Internal Audit carried out a substantial number of audits in line with the approved audit plan, including district audits concentrated on the credit processes, anti-money laundering and key operational process. Other audits during the year centred on the risk and control environment across the organisation including a review of certain regulatory attestations, governance, risk management framework implementation, information security, regulatory reporting, and the payments processes. The chief audit officer reports regularly on the outcome of the audits undertaken and the status of outstanding audit findings, with the committee receiving a copy of the audit reports with the most severe risk grading.

The effectiveness of the Internal Audit department is reviewed and monitored by the committee annually using feedback from the Board, senior executives and other relevant stakeholders. The committee also ensures that Internal Audit is sufficiently resourced and has full, free and unrestricted access to all departments, functions, records, property and personnel within the Bank and its subsidiaries, enabling the department to fulfil its responsibilities. During 2025, an external quality assurance of the Internal Audit department was carried out by KPMG. This demonstrated that the Internal Audit function is a well-respected, independent and integrated function, and generally conforms with the 2024 International Standards for the Professional Practice of Internal Auditing and generally adopts the 2025 CII Internal Audit Code of Practice: Principles on effective internal audit in the financial services, private, and third sectors.

External audit

The external auditor used by the Bank is one of the firms used by its parent Svenska Handelsbanken and is selected through a tender process which was last conducted in 2021 when PwC was appointed. The committee oversees the relationship with the external auditor and considers the external auditor's engagement including remuneration, effectiveness, objectivity and independence. The committee also agrees the external audit plan and the levels of materiality proposed by the external auditor.

The external auditor attends all committee meetings and meets regularly with the committee members without executive management present.

During the year, the committee received regular detailed reports from the external auditor on its observations as well as reports outlining the audit objectives, the auditors' qualifications, resources and expertise, the effectiveness of the audit process, procedures and policies for maintaining independence and compliance with the ethical standards issued by the FRC.

External audit independence and objectivity

The effectiveness of the external audit process is contingent on maintaining an independent and objective relationship with the external auditor. The committee is responsible for monitoring and annually assessing these aspects of the external auditor relationship taking into account relevant UK law, regulation, other professional requirements, ethical standards and the guidance on rotation of audit partner and staff.

The rotation of the external auditor takes place at regular intervals in line with the Bank's external audit policy and is recommended by the committee for Board approval. As the appointment of external auditors in the Bank forms part of the selection of external auditors for the Handelsbanken Group, it is completed in conjunction with the Group Board Audit Committee.

In 2022 the committee approved the use of a deposit product for PwC's insolvency practice. The Bank and PwC determined that this type of banking product was permissible under the relevant independence requirements. This arrangement was approved for continued use in 2025.

The committee assessed the overall performance of the external auditor (PwC) and concluded it had been effective for the financial year ending 31 December 2024 at the committee meeting in June 2025.

Non-audit services

A policy is established for managing the use of the external auditor for non-audit services detailing a list of prohibited and permitted non-audit services. Non-audit services performed by PwC during the financial year ending 31 December 2025 related to CASS (Client Asset Assurance Standard) audits for Handelsbanken plc, Handelsbanken Wealth and Handelsbanken ACD Limited. This audit related service is permitted under the FRC Ethical Standard, and PwC confirmed its independence and ability to perform the work prior to the audit. The fees for all audit and other services paid to our external auditors during the financial year are set out in note 7.

Whistleblowing

The committee reviews the adequacy and security of the Bank's arrangements for anyone with a serious concern, including its customers, employees and contractors to raise concerns, in confidence, about possible wrongdoing, ensuring the arrangements allow proportionate and independent investigation of such matters and appropriate follow up action. The Chair of the committee is the Bank's appointed whistleblowing champion whose role is to oversee and opine on the effectiveness of the Bank's whistleblowing arrangements. The chief compliance officer presents the status of outstanding whistleblowing reports for the year to the committee. Due to the confidential nature of the reports, the Chair of the committee also meets separately with the Compliance department to go through whistleblowing data. In respect of the financial year ending 31 December 2025, the committee has deemed the arrangements in relation to whistleblowing to be working satisfactorily. This was underpinned by a staff survey which evidenced a strong level of awareness of how to whistle blow, and that a high proportion of staff have confidence in the process and feel safe in reporting misconduct or unethical behaviour in the organisation.

Fair, balanced and understandable

The committee has concluded that the 2025 annual report and financial statements, taken as a whole, are fair, balanced and understandable, and provide the information necessary for stakeholders to assess the Bank's performance, business model and strategy. In its review of the financial statements the committee focused on significant matters and judgements which were challenged and discussed with the business as well as the external auditor.

Directors' duty to promote the success of the company

Section 172 requires a company director to act in a way that he / she considers, in good faith, would most likely promote the success of the company for the benefit of its members, and in doing so has regard (amongst others) to:

- the likely consequences of any decisions in the long term;
- the interests of the Bank's employees;
- the need to foster the Bank's business relationships with suppliers, customers and others;
- the impact of the Bank's operations on the community and the environment;
- the desirability of the Bank maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the Bank.

The Bank's business model revolves around empowering employees to make the right decisions with a focus on the long-term, wherever they are employed within the Bank. This has the benefit of not only improving the quality of the service to the customer, but also ensuring that the employees can see that their individual efforts are making a contribution to the performance of the Bank.

The directors believe in building long-term relationships with customers, employees, and also with the communities and markets where the Bank is active. The Bank always wants to be close to the communities that we serve, so we believe in a decentralised business model where the local branch is the hub of the customer relationship, based on personal meetings combined with digital services and solutions.

As discussed in the stakeholder engagement section on pages 38-44, the Bank liaises with suppliers on a range of issues to minimise risks and embed best practice in a number of areas throughout the supply chain. Supporting and engaging with suppliers facilitates the Bank being in a position to receive the best possible outcomes for customers.

For further information on stakeholder engagement, please see the stakeholder engagement section on pages 38-44.

Approved by the Board of Directors

and signed on behalf of the Board.

Mikael Sørensen
CEO

Date 18 March 2026

Directors' report

The directors present their report and the audited consolidated financial statements for the Bank and its subsidiaries for the year ended 31 December 2025.

The Strategic report and Corporate Governance report, together with this section fulfils section 414C of the Companies Act 2006 by including, by cross reference, details of the Bank's position on the business model and strategy, financial risk management objectives and policies, business overview, future prospects, and corporate social responsibility activities during 2025.

PROPOSED DIVIDEND

The Board of Directors of Handelsbanken plc met on 18 March 2026 and recommended a final dividend of £247 million (2024: £485 million) which is for approval at the AGM (see note 22 for more details).

DIRECTORS

The directors of the company who held office during the year, and up to the date of signing the financial statements were:

Margaret Trujillo Bueno (Chair)
 Maureen Laurie (Senior independent director)
 John Ellacott
 Agneta Lilja
 Mikael Sørensen
 Mikael Ericson
 Mikael Hallåker
 Patricia Jackson
 Martin Björnberg

DIRECTORS' THIRD PARTY INDEMNITY INSURANCE

A third-party indemnity provision was in place for directors throughout the year and at the date of the approval of the financial statements via Svenska Handelsbanken indemnity insurance.

POLITICAL AND CHARITABLE DONATIONS

There were no political donations made, or political expenditure incurred in the financial year (2024: £nil).

During the year, the Bank made £107,266 (2024: £73,053) of donations to charitable organisations.

BRANCHES

The Bank operates via a network of branches in the UK, with no branches outside the UK.

OUR EMPLOYEES

For disclosures related to employment, training and advancement of disabled persons please see the Strategic report starting on page 11.

STAKEHOLDER RELATIONSHIPS

To see how the Bank engages with its stakeholders and the impact of this engagement, please see the Stakeholder Engagement report starting on page 38 and the Bank's Section 172 statement, on page 50.

RESEARCH AND DEVELOPMENT

The Bank undertakes research and development on projects that will improve its technological and operational infrastructure and create efficiencies. The aim is to improve the service provided to its customers, to increase operational efficiency, and to improve compliance with regulatory and economic requirements.

The costs of development are capitalised when they have economic value that will extend into the future, and when the relevant accounting requirements are met.

FINANCIAL INSTRUMENTS

For the financial risk management objectives of the Bank, including an assessment of the exposure to credit risk, liquidity risk and cash-flow, please see note 2 and the Risk and Capital Management report starting on page 55.

SECURITIES AND SHARES

The Bank has no listed securities.

There were no shares:

- Purchased or acquired by the Bank under Section 659 of the Companies Act 2006;
- Acquired by the Bank's nominee, or by another with company financial assistance, the company having a beneficial interest under Section 662(1) of The Companies Act 2006;
- Made subject to a lien or other charge taken (whether expressly or otherwise) by the company and permitted by Section 670(2)

- or (4) of the Companies Act 2006 (exceptions from general rule against a company having a lien or charge on its own shares); and
- Acquired as prescribed by Article 22(2), Directive 77/91/EEC.

REGULATION

The Bank is authorised and regulated by the FCA and PRA. Its Financial Services Register number is 806852. The Bank is incorporated in England and Wales with company number 11305395.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and the parent company financial statements in accordance with UK-adopted international accounting standards.

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of the profit or loss of the group and parent company for that period. In preparing the financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- State whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Make judgements and accounting estimates that are reasonable and prudent; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and parent company will continue in business.

The directors are responsible for safeguarding the assets of the group and parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the group's and parent company's transactions and disclose with reasonable accuracy at any time the financial position of the group and parent company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are responsible for the maintenance and integrity of the parent company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

- So far as the director is aware, there is no relevant audit information of which the group's and parent company's auditors are unaware; and

- They have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group's and parent company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions in s418 of The Companies Act 2006.

EVENTS AFTER THE BALANCE SHEET DATE

The UK Group has reviewed events from 31 December 2025 up until the authorisation of the financial statements for issue.

On 18 March 2026, the directors recommended a dividend for 2025 of £49.00 (2024: £95.97) per ordinary share. The total dividend will subsequently be paid, subject to approval at the AGM on 18 March 2026. As the dividend was recommended after 31 December 2025, it is classified as a non-adjusting event and is therefore not recognised in the financial statements for the year ended 31 December 2025.

There have been no other significant events between 31 December 2025 and the date of approval of the annual report and consolidated financial statements which would require a change to or additional disclosure in the financial statements.

GOING CONCERN

The consolidated financial statements are prepared on a going concern basis as the directors are satisfied that Handelsbanken plc and its subsidiaries have the resources to continue in business for the foreseeable future - which has been taken as at least 12 months from the date of approval of the financial statements. For further information on Handelsbanken plc's going concern statement, please see note 1 on page 86.

FUTURE DEVELOPMENTS

The Bank continues to see the UK as an attractive growth market, due to its low market share and niche offering in the local market. As such, the Bank will continue to play an integral role as an engine for growth for the Handelsbanken Group.

In 2026, the Bank will continue to support the increasing drive for sustainability and continue its programme of IT modernisation to further enhance the Bank's offering.

The Bank is continuing on its path of building a bank for the future, including those that drive efficiencies, and those that simplify or automate manual processes which will allow for our branch colleagues to spend more time serving customers. At the same time the Bank is managing costs carefully, finding ways to be more efficient and effective in its head office functions.

As ever, our growth strategy remains consistent with our model: organic, customer-by-customer, and mainly through word-of-mouth, recommendation and referral.

STREAMLINED ENERGY AND CARBON REPORTING

The company is required to adhere to the streamlined energy and carbon reporting (SECR) regulation introduced by the UK government. Information in relation to SECR can be found in the climate change section of the Strategic report on page 25.

OTHER DISCLOSURES

For an indication of likely developments in the business and information regarding significant events since the end of the financial year, please see information within this directors' report and note 28.

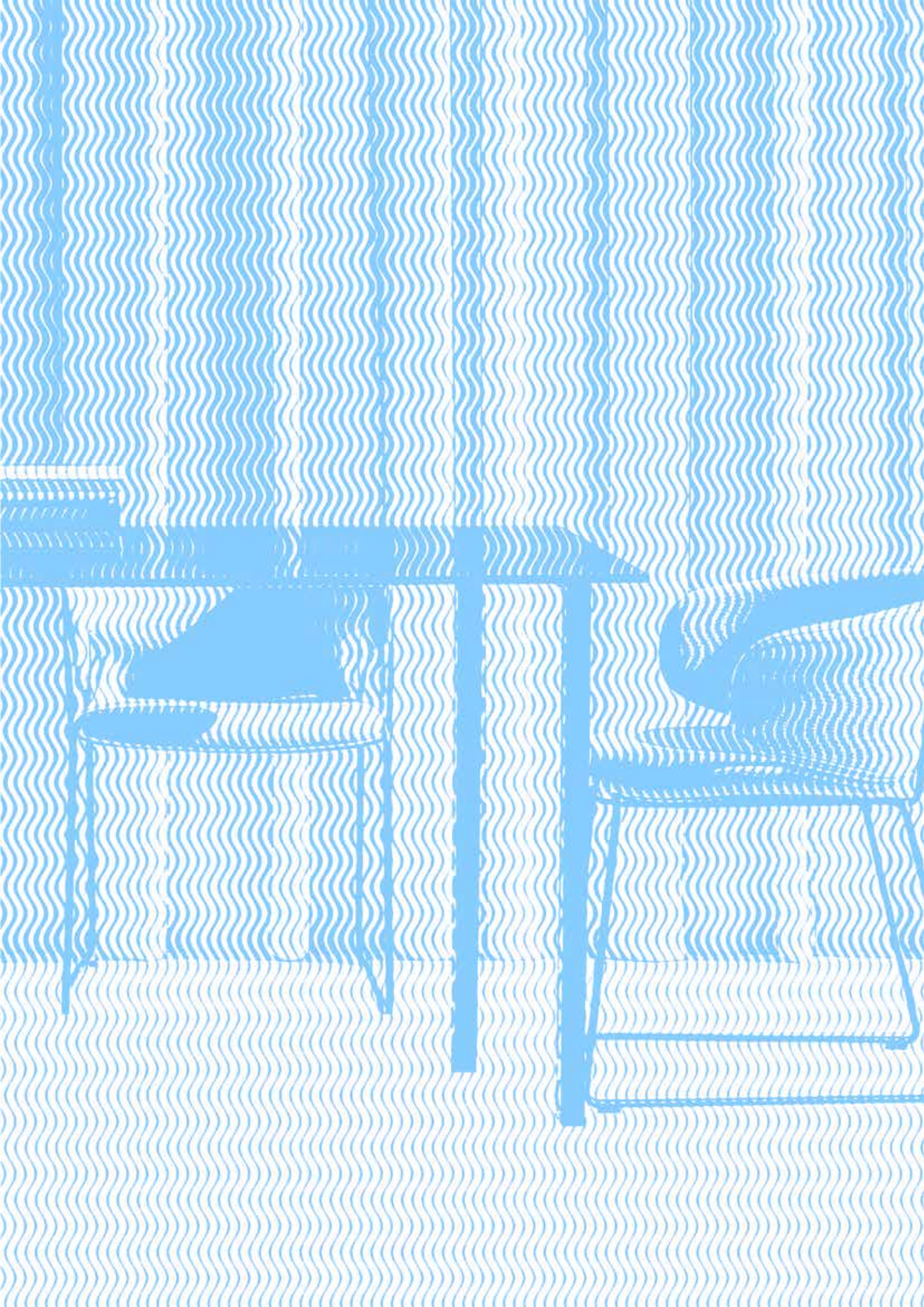
INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP has expressed its willingness to continue in office as independent auditors and a resolution to reappoint it will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
And signed on behalf of the Board.

Mikael Sørensen
CEO

Date 18 March 2026



Risk and capital management

Risk and capital management

Handelsbanken plc works on the basis of a proven business model which has been unchanged within the Handelsbanken Group for over 40 years. The Bank has a decentralised way of working and a strong local presence through its nationwide branch network. The Bank attaches great importance to its availability to customers and long-term relationships with those customers, has low tolerance of risk and achieves growth by expanding business organically. The business model focuses on taking a large proportion of credit decisions in-branch and works actively to minimise other risks.

Handelsbanken plc aims to maintain a robust financial and capital position, defined by both regulatory and internal ratios.

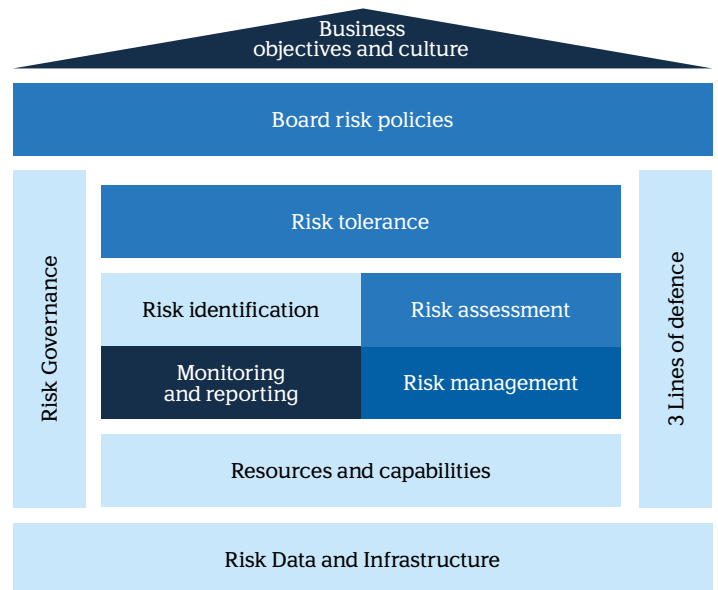
RISK CULTURE

Handelsbanken plc has a strong risk-management culture. Effective risk-management is central to the Bank's approach to business. The low tolerance of risk is embedded in the corporate culture, through empowerment, good administrative order and suitable risk management frameworks (RMFs). Every employee in the Bank has a common responsibility to manage risks, through being familiar with risk management policies which are relevant to their responsibilities, having the capability and support to escalate actual or potential risk issues, and having a role-appropriate level of awareness of the risk-management approach outlined in the RMF. The Bank's decentralised organisational model, with a local presence, enables decision-making to be managed in close proximity to the customer, with the ultimate responsibility residing with the Board.

Handelsbanken plc's core values and operating principles are set out in an internal booklet called 'Our Way'. These core values provide a stable, enduring and long-term perspective for day-to-day decision-making. They are integral to every aspect of the Bank's work and are deeply embedded among the Bank's employees, forming the roots of the Bank's distinctive corporate culture. Our Way provides a common reference point, steering how each employee should approach working relationships with customers, colleagues, policymakers, supervisors, business partners, suppliers, industry peers and the broader community. It provides a clear framework of principles for how we manage our bank in a sustainable way, focusing on lifelong customer relationships, mutual trust and respect, strong control of risks and costs, financial stability, and long-term, responsible decision-making.

RISK MANAGEMENT FRAMEWORK

Managing risk effectively is fundamental to the Bank's strategy and to enable sustainable growth. Handelsbanken plc has an established RMF that sets out the Bank's structure of risk-management including risk tolerance, governance and the approach to effectively identify, assess, manage and report relevant risks as illustrated in the diagram below. The RMF is informed by Board risk policies and provides the link from the policies to instructions and standards, where the operational aspects of risk management are described and defined, including controls, monitoring and reporting. The Bank continues to enhance and embed the framework, aiming for excellent risk management supported by an effective risk framework. Handelsbanken Wealth and Handelsbanken ACD Limited takes a similar approach to its RMFs.



RISK GOVERNANCE STRUCTURE

The Board of Handelsbanken plc has responsibility for setting strategy and corporate objectives and has the ultimate responsibility for ensuring risks are managed effectively. The Board has delegated the oversight of risks and risk management to the Board Risk and Compliance Committee.

On the management level there are two key risk committees: the Asset and Liability Committee, and the Management Risk and Compliance Committee, which are responsible for overseeing the risk profile of the Bank. These committees are in turn supported by a number of sub-committees, for example Credit, Model and Financial Crime Risk Management.

Within Handelsbanken Wealth, the Handelsbanken Wealth Board has responsibility for setting strategy and corporate objectives and is responsible for ensuring risks are managed effectively. The Board has delegated the oversight of risks and risk-management to the Executive Team. There are a number of other committees which support the Executive Team including the Financial Crime Prevention Committee.

Handelsbanken ACD Limited has its own Board with responsibility for the high-level supervision of the regulatory activities of the ACD, focusing on compliance, risk, systems and controls, and regulatory responsibilities.

RISK TOLERANCE

Risk tolerance is defined as the type and level of risk that the Bank is prepared to tolerate in pursuing its business objectives. The Bank has a conservative approach to risk and the articulated low risk tolerance is one of the fundamental principles of the business model.

Risk tolerances are set by the Bank and Handelsbanken Wealth and Handelsbanken ACD Limited Boards, and are used to guide decision-making and risk-management across the UK Group. The risk tolerance statements consist of qualitative statements, supplemented by quantitative metrics where possible.

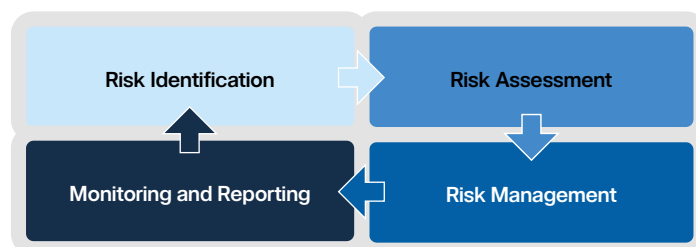
THREE LINES OF DEFENCE

Handelsbanken plc adopts a three lines of defence approach to risk management.

- The first line of defence consists of the branch network and the supporting head-office functions. The first line is responsible for risk-management and for making business decisions in line with the Bank's risk tolerance;
- The second line of defence consists of the risk control and compliance functions. These functions are independent units with responsibility for providing oversight and challenge to the first line, as well as supporting them in building out appropriate controls and risk-management capabilities; and
- Internal Audit is the third line of defence. It is independent and impartial and provides independent assurance to the Board. Its scope is unrestricted and based on independent assessment of key risks and how effectively they are being managed. The Bank's Internal Audit function also provides internal audit services to the Bank's subsidiaries.

RISK MANAGEMENT PROCESS

The Bank's risk-management process consists of risk identification, assessment, management, and monitoring and reporting.



Risk identification

Risk identification is the process of finding, recognising and describing risks that can have an impact on the strategic objectives on the Bank. The process aims to identify all risks related to principal and emerging risk types.

Risk identification is carried out through both a top-down and bottom-up approach as well as by assessing emerging risks:

- Top-down risk assessment is performed by starting from the Bank's principal risks as defined in the risk taxonomy and from there identifying specific risk events relevant to the Bank. This is done through the annual review and refresh of the risk taxonomy, and further assessed through the annual ICAAP and ILAAP;
- Bottom-up assessment is performed by identifying key inherent risks in the business that affect the ability to achieve the Bank's objectives, and these are linked to the risk taxonomy;
- Emerging risks should include those whose impact and probability are difficult to assess and quantify at present, but with a reasonable probability of affecting the company over a longer time horizon, typically greater than one year. These risks may not be fully understood yet or measurable; and
- Emerging risks are to be identified through monitoring of new governance policy, regulations, industry trends and other external factors (including those in the technology and digital space), as well as monitoring of internal factors such as changing portfolio, business model and product offerings. Emerging risk differs from the regulatory horizon scanning as the latter is primarily focused on upcoming regulatory changes.

Functions in the first line of defence are responsible for the bottom-up and emerging risk identification within their respective remits.

The second line of defence is responsible to review, challenge and provide oversight of the risk identification processes, and for coordinating the top-down Bank-wide risk identification processes, as well as the coordination and aggregation of the top-down emerging risk assessments.

Risk assessment

Risk assessment is the process to assess and measure identified risks following a consistent and standardised approach. This process allows the Bank to identify its key financial and non-financial material risks and helps to prioritise resources and development of mitigating measures and controls.

Risk management

Risks are managed through preventive, detective, and corrective controls that mitigate the risk exposure to a tolerable level. When a risk is outside management risk tolerance, the functions managing the risk — either crystallised or emerging, define action plans to change the underlying process, change existing controls or introduce new controls to prevent the risk going outside the Board's risk tolerance. There are also other risk treatments that are used in certain instances such as elimination of the risk (i.e. cease activity) or risk transfer (taking insurance to provide cover).

Risk monitoring and reporting

Risk monitoring is performed across the first and second line and aims to continuously monitor identified and assessed risks to understand how the risk profile changes. This allows the Bank to check that risk controls and mitigating actions remain efficient and that any changes in the risk profile can be escalated and addressed.

- First line performs day-to-day risk monitoring in line with the RMF, risk policies and instructions;
- The Risk Control function provides independent monitoring of the overall risk profile and risk exposure compared to risk tolerance thresholds and limits; and
- The Compliance function undertakes independent monitoring as a part of its oversight and challenge role, using a risk-based approach to design an annual compliance monitoring plan.

Risk reporting provides the Board, Risk Committee members and senior management with appropriate, accurate and timely information related to the risk profile of the Bank to support timely actions and decision-making.

Risk reports are produced by risk owners in the first line, and second line provide oversight and produce a risk opinion report. The most material risks are presented to the Management Risk Committees which in-turn assesses and escalates any risks or specific risk-related issues to the Board Risk and Compliance Committee.

STRESS-TESTING

Stress-testing is a key risk-management tool for measuring risks and testing the effectiveness of controls and mitigation measures. Stress-testing, including scenario analysis, risk specific sensitivity analysis and firm-wide stress tests, are performed both for internal risk analysis, informing business strategy, and for capital, liquidity and funding planning and adequacy assessment.

The key stress-testing processes performed by the Bank are:

- Firm-wide stress test assessed as part of the ICAAP to assess the impact of idiosyncratic and macroeconomic events on the overall capital position and profitability of the Bank;
- Liquidity stress test used for the ILAAP to assess the impact of idiosyncratic and macroeconomic events on the overall liquidity position of the bank;
- Firm-wide stress test performed as part of recovery planning to test the Bank's recovery plan to the maximum extent possible;
- Reverse stress-testing, which is used to assess potential tail events that could harm the Bank's business model in the

absence of mitigating actions;

- Operational risk scenario analysis that analyses the Bank's key operational risks to assess potential impact and to test the controls and mitigating actions; and
- Scenario and stress-testing are undertaken in relation to forecasting and assessing potential credit losses. The results of these stresses are included in the ICAAP and form part of Risk Control's forward-looking analysis.

The Board Risk and Compliance Committee is actively involved in defining relevant scenarios and in reviewing key stress assumptions and results.

Within Handelsbanken Wealth, the internal capital and risk assessment process requires identification of potential material harms that may result from the ongoing operation or the winding down of the business, and includes a firm-wide stress test, liquidity stress test, operational risk scenario analysis, and wind-down planning. This process incorporates the ACD function.

PRINCIPAL RISKS

The principal risks set out below are the key risks relevant to Handelsbanken plc, including those that could result in events or circumstances that might threaten the Bank's business model, future performance, solvency or liquidity and reputation. These risks are broadly categorised and should be read in conjunction with other sections of this annual report, including the forward-looking statements section and the Strategic report. It should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties facing Handelsbanken plc.

- Business strategy risk;
- Credit risk;
- Financial risk (liquidity, funding and capital risk, market risk);
- Compliance risks including:
 - Financial crime risk;
 - Regulatory compliance; and
- - Conduct risk.
- Operational risks including:
 - Information technology and information security risk;
 - Change management risk; and
 - Third-party management risk.
- Sustainability risk, including climate change risk;
- Model risk; and
- Group risk, geopolitical risk and reputational risk.

Business strategy risk

Strategic risks include external factors such as macro regulatory changes or shifts in industry dynamics, customer preferences, competition or regulations. These factors have the potential to lead to income, capital or reputational loss, as well impacting the Bank's ability to achieve strategic objectives. Alternatively, risk can materialise internally from decisions or plans related to business strategy, strategy implementation or adaptation to changes in the internal business environment, such as capacity, staff turnover, or technology.

Handelsbanken plc continuously assesses risk-drivers linked to industry shifts, competition, customer preferences, regulatory alterations, product launches, project outcomes and technological advancements to effectively monitor and mitigate strategic risks.

Handelsbanken plc has a low risk-tolerance of business strategy risk and a business model that focuses on long-term profit stability, through-the-cycle financial resilience and is true to the Handelsbanken culture. Business strategies should be achievable, understandable, resilient to normal business cycles, and adaptable to external events and changes.

The macroeconomic outlook for the UK continues to be highly uncertain, with inflation remaining more persistent than expected, further tax rises very possible and growth lethargic.

The latest November 2025 budget set out optimistic plans which detailed near-term spending increases, coupled with tax rises only set to take effect in the medium term, closer to the General Election. As such, this suggests that the UK government is likely to find meeting its fiscal targets a significant challenge, a situation made even more difficult by resurgent conflict in the Middle East. Measures to undertake further fiscal consolidation may well prove politically difficult and greater borrowing is likely to result. Even if the economy recovers more rapidly than we anticipate, which would allow today's plans to again become realistic, electoral pressure to further increase spending is likely to lead to higher costs of capital and preclude tax reductions, leaving consumers and investors cautious.

The Office for Budget Responsibility has lowered GDP expectations in their report accompanying the Chancellor's Spring Statement to a sedate and steady 1.1% per annum through 2030. While CPI inflation is expected to fall to just over 2% by mid-2026, this was before the energy driven inflationary surge seen in March 2026. The price energy surge, combined with increases to regulated prices (National Living Wage and excise duties) will push inflation toward 4% by year end; sustainably meeting the 2% target level for inflation will necessitate a recoupling of consumers' expectations to inflation levels, which is likely to take several years. More optimistically, both consumer and business balance sheets remain healthy and with the savings rate at over 9%, well above its historic norm, there is scope for spending to be increased as and when confidence recovers.

The Bank of England is expected to retain a cautious approach to the next move to interest rates throughout 2026, owing to inflationary pressures and increased market uncertainty. We now expect interest rates of 3.75%, to be the bottom of the present cycle.

Both consumer and business confidence remain subdued. Consumer confidence remains some 20% below its pre-Covid pandemic norm, and while business confidence, reflected in the composite PMI, suggests modest expansion over the course of 2026, highly ambitious environmental targets continue to result in elevated electricity prices, which has skewed the types of investment the UK can realistically attract. The housing market continues to be driven by a need to adjust to realistic yields, and as such we expect nominal house price growth to be subdued, while real growth remains very marginally negative. Once confidence recovers, we see scope from an affordability perspective (house prices/income) for property prices to increase, but that is a post-2027 expectation.

The Bank operates in a competitive market that is experiencing increasing competition from a range of sources, including high street banks and challenger banks, particularly in the offering of traditional bank products and disaggregation of payment services. The

heightened competition and current economic climate has resulted in the slower growth of new business and compressed margins.

Credit risk

Credit risk is the risk of losses arising from a borrower or counterparty failing to meet its obligations as they fall due. The Bank has a conservative and sustainable approach to credit risk through the economic cycle, where a customer's weak or uncertain repayment capacity can never be offset by a high margin or by collateral.

The Bank's business model focuses on taking credit risks in the branch operations. Branches know their customers and the local market conditions best. This local relationship banking model improves the quality of credit decisions, as the branch knows its customers and the local conditions better than anyone else at the Bank.

The objective is to minimise risks, so that the business model is relatively independent of changes in the economic cycle. Consequently, Handelsbanken plc is not a full-service or universal bank, but it offers a limited number of core products and services of high quality that are relevant for the core customers and meet their expectations.

The Bank's strict approach to maintaining a low risk-tolerance for credit risk means that it deliberately avoids high-risk transactions, even if the remuneration is high at the time. This low credit-risk tolerance is maintained through a strong credit culture that is sustainable in the long-term. Relationships with customers are for the long-term, which means that the Bank is a stable and long-term business partner for its customers, regardless of the business cycle or market situation.

The Bank only lends to borrowers if there are demonstrable grounds for believing that the borrower is fully able to repay, which results in customers with an average or better than average repayment capacity being onboarded. The Bank does not have an even distribution of lending across the risk curve, rather there is a deliberate strategy to a concentration of customers and exposure in better credit risk classes.

It is important to the Bank that granting credit facilities is based on an assessment of each customer's repayment capacity. However, the Bank operates a number of well-established centralised steering mechanisms, including the allocation of internal capital, minimum qualitative thresholds to aid customer selection, and consistent credit policy which all support a prudent credit risk culture. The Bank's credit policy is centralised, in an otherwise decentralised bank, which enables the Bank to operate a consistent approach to credit assessment and decision-making.

The Bank's branch-based decentralised way of working empowers employees to make credit decisions that are based on prudent, long-term relationships. Employees are empowered to choose the best customers within their geographical area, and to only provide credit to those customers that meet the qualitative standards set out by credit policy.

In the Bank's decentralised organisation, customer and credit responsibility lies with the branch manager or with the employees appointed by the manager. Credit decision documentation includes general and financial information regarding the borrower and an assessment of their repayment capacity, loans and credit terms, as well as a valuation of collateral.

The local branch's close contact with its customers also enables the branch to quickly identify any issues, actively manage higher

risks and take action. In many cases, this means that the Bank can take action more rapidly than would have been possible with a more centralised management of problem loans. If necessary, the local branch obtains support from the local credit teams, central departments and head office.

Operating within a decentralised and empowered organisation requires a strong control environment and common ideas on how credit-related operations should be run. Consequently, the Bank never decentralises its values, business model, business strategy, policies, risk frameworks, financial steering system or the brand. These all remain centralised elements within the Bank's way of working.

To enable the Bank to maintain a strong control environment we:

- Have comprehensive and fit-for-purpose policies, guidelines, risk frameworks, delegated decision limits and governance frameworks;
- Identify and track key and emerging risks, and always have clear ownership of all risks;
- Focus on mitigating all risks and ensuring proper oversight;
- Maintain the consistency and quality of data; and
- Have effective governance and risk escalation reporting processes.

A strong credit risk culture is embedded within the Bank through:

1. Strong leadership and a clearly-defined credit strategy;
2. Involvement of stakeholders at all stages of the risk-management process through the operation of the 'credit lifecycle';
3. An emphasis on training in credit risk management procedures and continuous learning;
4. Absence of an automatic decision-making model so that individuals have appropriate accountability for actions and decisions;
5. Communication and openness on all credit risk-management issues and the lessons that can be learned;
6. Use of insights, lessons learned and knowledge-sharing as best practice; and
7. No short-term incentives in terms of volume goals or bonuses.

Ensuring quality and consistency is a key component of decentralised decision-making. Within the credit process, an overview of the credit assessment is conducted by a higher-level examining party. Dependent upon the decision level, this may include credit quality, and rating confirmation, documentation and process adherence.

Credit quality

The quality of the Bank's credit portfolio, which is underpinned by a strong customer base with substantially secured exposure, has shown resilience and maintained a high-quality risk distribution throughout recent economic strain, including the COVID-19 pandemic, the Russia-Ukraine conflict and period of elevated inflation and interest rate pressure. The significant majority of financial support that the Bank provided in the form of payment concessions and forbearance during these periods of increased

financial strain have been effective in helping our customers maintain their credit quality. As a result, the Bank is well-positioned to face the challenges brought about by the continued uncertain macroeconomic environment due to our local operating model, dynamic rating approach, and expert account managers who are able to respond to changing customer circumstances with a range of support options as required, assessed on a case-by-case basis. The portfolio has proven to be resilient and remains strong, with the significant majority of customers continuing to be assessed as having a stronger than normal repayment capacity.

A significant proportion of the Bank's loan portfolio (57.3%) is provided to property management customers, secured on income-producing real estate. 22.4% of the portfolio is provided to private individuals largely secured on residential real estate via regulated mortgage contracts. The remaining 20.3% of the portfolio is provided to non-property management corporate customers. Overall, in excess of 87.5% of the total on and off-balance sheet credit lending portfolio is secured on UK properties, mainly private dwellings, securing regulated mortgage contracts or income-producing real estate. In total, across all customers only 12.5% of the Bank's portfolio is unsecured, predominantly to our large corporate customers.

The composition of our portfolio has been largely unchanged throughout the year. The Bank has followed its principles of managing the lending portfolio on a case-by-case basis, applying a prudent approach to credit decision-making, supporting our customers and using our well-established credit methodology and conservative appetite for risk.

The Bank's measures to limit its credit risk include the acceptance of collateral from customers. This is typically in the form of pledging immovable property, such as residential properties and other real estate, floating charges on assets and guarantees (including guarantor commitments). The basic principle applied in property finance is that credits must be covered by collateral in the form of properties. The Bank follows internal recommendations and external regulations which limit the maximum LTVs permissible.

Collateral valuations are undertaken by professionally-qualified experts at origination and at counterparty level are subject to annual monitoring undertaken by credit experts in branches who are supported by professionally-qualified subject matter experts. In addition, the Bank uses automatic valuation monitoring and appropriate property indices to support our valuation overview processes at portfolio level.

The portfolio remains very well secured with modest LTVs. Weighted average LTV for property management customers secured on investment property collateral is 47.3% and the weighted average LTV for private individuals secured on residential properties which form collateral for a regulated mortgage contract is 54.2%.

See note 10 for more details on the LTV distribution. It is based on the most up-to-date, un-indexed professional valuations on charged collateral, by customer classification as at 31 December 2025.

For further information on the Bank's lending and deposits, refer to the balance sheet and relevant notes.

Credit risk concentrations

The Bank's branches focus on establishing long-term relationships with customers of sound creditworthiness. If a branch identifies a good customer, it should be able to conduct business with this

customer, irrespective of whether the Bank as a whole has major exposure to the business sector that the customer represents. As a consequence, Handelsbanken plc has relatively large concentrations in some individual sectors. However, the Bank monitors the performance and quality of the credit portfolio and calculates concentrations for various business sectors.

If the credit portfolio has a concentration in a particular sector or counterparty that can be assumed to increase risk, this concentration is monitored. Concentration risks are identified and assessed when the Bank considers its capital requirements, as documented in the ICAAP. This helps the Bank maintain sufficient capital whilst also taking into account concentration risks. If the concentration risks are judged to be excessive, the Bank has the opportunity and capacity to reduce them.

Concentration risk is a function of the Bank's strategic low risk-tolerance, with a focus on secured recourse and the branch operating model. As a low-risk, secured lender, the Bank has an intentional property concentration in line with the Bank's strategy and long-established expertise in this sector. These concentrations are mitigated by mature procedures and controls, including:

- Having clear qualitative (risk rating) parameters set out in credit policy;
- Undertaking active, through-the-cycle risk management via local branches, using defined processes for annual reviews, CQE (Credit Quality Examination) and watchlist and monthly monitoring via risk tolerances, to ensure risks are well managed;
- Having a Pillar 2A buffer for sector concentration risk (and using the Herfindahl-Hirschman index to monitor concentration risk via the ICAAP);
- Monitoring single counter-party concentrations; and
- Having a UK market concentration, as a result of our geographic operating model (mitigated by virtue of having UK-wide diversification).

Credit provisions

The accounting standard IFRS 9 imposes rules for the calculation of provisions for expected credit losses (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. For information pertaining to the recognition and measurement of ECL and for definitions, please see note 1(g) of these financial statements. The relevant figures can be found in note 10 of the financial statements.

The Bank has used Post Model Adjustments (PMA) in the ECL calculations relating to geopolitical risks for corporates involved in the construction sector until Q1 2025. The PMAs have been designed to reflect potential increases in credit risk within specific segments of the portfolio which have not yet been reflected in modelled output or specific impairments.

This means, in practice, that the model calculated ECLs are based on agreement-specific customer level information, while the PMAs 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.

We have recorded an IFRS 9 balance sheet provision of £12.2m in the year to 31 December 2025, a decrease of £7.5m when compared with the year prior. We have kept this position under close review throughout the year and updated our view on a quarterly basis. Key indicators of the underlying quality of the lending portfolio are the movement in rating assessment, and the level of arrears in the portfolio which impacts staging criteria and calculation of the provisions over time.

Arrears levels as at 31 December 2025 total £81.9m and arrears volumes have decreased by £8.4m when compared with the year prior. Current arrears volumes represent 0.4% of exposure at default. £71m relates to customers considered in financial difficulty.

Model-based provision calculations for credit agreements in Stage 1 and Stage 2

For definitions and additional information on model-based calculations of ECL, see note 1, section (g) Credit losses.

Handelsbanken Group's central process for model-based calculations of expected credit losses in Stage 1 and Stage 2 incorporates a number of different processes and methods which support the quantification of the provision requirement. The model-based calculations factor in historical, current, and forward-looking data. Historical data form the basis for the construction of the model and parameters applied, current data comprise the prevailing balances on the reporting date (as included in the calculation requirements) and forward-looking data refer to the macroeconomic scenarios used to calculate future risk parameters and exposures.

The models use historical risk data, meaning that the accounting of provisions and calculations of capital requirements are based on loss history. The calculations are primarily affected by the risk parameters known as 'probability of default' (PD), 'exposure at default' (EAD) and 'loss given default' (LGD).

Stage 1 & 2 IFRS 9 expected credit loss provisions including PMAs have decreased from £14.8m to £9m, down by £5.8m, when compared to 31 December 2024. The decrease in modelled provisions is driven by a more positive macroeconomic outlook due to the forecast reduction in interest rates.

Customers seeking support have been assisted and evaluated via the business as usual credit assessment processes and provided with forbearance if appropriate.

Forbearance

Forbearance occurs when the local branch agrees to grant a concession for a customer experiencing, or about to experience, financial difficulty in meeting prevailing contractual payments. The Bank considers a loan forbore when such concessions or modifications are provided as a result of the borrower's present or expected financial difficulties and where the concession would be outside the normal course of business. During 2025 the Bank clarified what constitutes the normal course of business for existing customers in order to align with Group interpretation. It is now permitted for existing customers to receive loan extensions to allow for a managed repair providing that the prevailing repayment profile can be maintained. There is no change to the Bank's definition of default and the impact of this change is deemed immaterial.

A key indicator of underlying strength within the credit portfolio is the level of forbearance granted. During 2023, the forbearance instructions were improved, and further training was delivered to

the branch network which continues to be supported by mandatory annual training and prior to the changes referred to above, further workshops were provided in 2025. As of 31 December 2025, active forbearance totalled £19m, a decrease of £77m from that at 31 December 2024. The movement is in line with expectations considering the changes in the macroeconomic environment and the strength of our credit portfolio. All forbearance arrangements have been agreed on a case-by-case basis based on the specific financial circumstances of each customer. Given forbearance is granted where a path to the original repayment capacity is visible, the majority of customers benefitting from these arrangements are expected to return to fully performing status.

Forbearance allows modifications to the terms agreed at the point that the facility was originally drawn, moving them to a basis that would not otherwise be considered in order to support the repayment of the debt where other terms are amended. Examples of forbearance include the extension of a repayment period and agreeing respites from payments of interest, capital or fees. The Bank also reassesses whether there has been a significant increase in credit risk, and whether the assets should be classified as impaired or reported as a Stage 3 exposure.

Credit agreements with registered forbearance measures are subject to enhanced monitoring for a period of up to two years, known as a probation period.

Monitored credits automatically return to normal status following the completion of the probation period if all conditions have been met. The conditions required for the forbearance to be removed are that the payment plan is being followed and there is no default.

In addition to the two-year probation period for registered forbearance exposures, an additional one-year probation period, i.e. a total of three years, is applicable for credits reported as in default when the forbearance was registered.

Handelsbanken plc's approach is based on a commitment to treat customers fairly and to agree forbearance, if, after a full assessment of all financial factors, it is concluded there is a realistic prospect of the customer's financial position stabilising to enable them to repay their facility in full. A request for a concession can either come from a customer or can be identified as appropriate by the branch employees who proactively monitor the financial health of the customer on an ongoing basis.

Customers who have a forbearance concession approved continue to be managed by the local branch where the relationship is already established. The forbearance plan is closely monitored with all higher risk exposures subject to quarterly reporting and review by the local credit teams. This enables a good understanding of the customer's financial situation and provides a local source of support. Branch employees receive advice from a variety of specialist teams who provide support and guidance throughout the process, from the point of agreeing the concession. Customers are also signposted to free debt advice agencies for additional support.

As at 31 December 2025, there were 224 defaults across the portfolio, totalling £159m, based on exposure at default. £68m of this EAD was derived from secured property management exposure. Every customer in default undergoes a quarterly impairment test and the low levels of provisions are a reflection of the low LTV profile of those customers.

Liquidity and funding risk

Liquidity risk is defined as the risk that Handelsbanken plc will not be able to meet its payment obligations when they fall due or can only do so by bearing unacceptable costs or losses. Funding risk is defined as the risk that Handelsbanken plc does not have stable sources of funding in the medium and long-term.

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. The policy establishes the basis for suitable governance arrangements to ensure that Handelsbanken plc holds an adequate buffer of High-Quality Liquid Assets (HQLA), funds illiquid assets with stable funding, and also complies with the relevant regulatory requirements.

Liquidity and funding in the Handelsbanken Group

The Bank primarily relies on Handelsbanken Group for its liquidity contingency support through a formal funding agreement. The Handelsbanken Group has a strong liquidity position. Liquidity management is centralised in the Group to strengthen control of the liquidity risks and achieve optimal allocation of funding resources in all scenarios. The liquidity position is reviewed and monitored at the Board level. The Bank can supplement the Group liquidity contingency support with its own liquidity raising measures in the event of a stress event, as outlined in its recovery plan.

Handelsbanken Group has a low tolerance for liquidity risks, and the Bank's internal transfer pricing takes liquidity risks into account. Handelsbanken Group's global funding programmes ensure well-diversified access to funding in terms of different currencies, the number of investors, debt types and geographic breakdown. Handelsbanken Group also has a large and high-quality liquidity reserve, which provides a good degree of resistance to possible disruptions in the financial markets. Group Treasury's liquidity portfolio which includes the Bank's liquidity reserve, has a low risk profile and primarily consists of balances with central banks, government bonds and covered bonds. Liquidity reserves are kept in all currencies that are important to the Bank.

Handelsbanken Group Treasury sets the overall funding strategy and approach of the Handelsbanken Group which in turn 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 is implemented by the Bank's Board via the funding and liquidity risk policy.

Liquidity and funding in Handelsbanken plc

The funding and liquidity risk 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 Liquidity Coverage Ratio ('LCR') and Net Stable Funding Ratio ('NSFR') metrics.

The ILAAP document sets out the Bank's approach to managing liquidity and funding. The ILAAP has been prepared in line with regulation on liquidity and funding risk-management defined in the PRA Rulebook for Capital Requirement Regulation ('CRR') firms and the related guidelines and policy statements.

The purpose of the ILAAP is to ensure:

- That the Board and senior management are informed about the ongoing identification, assessment and management of liquidity and funding risks;
- All material liquidity and funding risks are identified, and sufficient management and controls are put in place to effectively manage them;
- The Bank's high-quality liquidity reserve is adequate under stressed conditions, taking into account a variety of scenarios which cover severe but plausible idiosyncratic and market-wide liquidity stress events, including a combination of the two, alongside appropriate reverse stress testing;
- The Bank has in place adequate liquidity contingency planning as part of the Bank's recovery plan and a clear understanding of available recovery options and sources of funding under stress;
- The results of the ILAAP are taken into account as part of business strategy and funding and liquidity planning; and
- The Bank meets the PRA's Overall Liquidity Adequacy Rule (OLAR).

As of 31 December 2025, the Bank's balance sheet funding includes £21.5bn (2024: £20.9bn) of deposits from individual and corporate customers. This is supplemented by £4.0bn (2024: £5.0bn) of predominantly long-term funding from Svenska Handelsbanken. This funding includes £300m of subordinated Tier 2 debt and £450m of senior non-preferred debt for MREL (Minimum Requirements for Own Funds and Eligible Liabilities).

The Bank also has a sterling book of certificates of deposit of £1.8bn (2024: £2.1bn) funding short-term assets only. The majority of all sources of funding are denominated in sterling.

Balances in the BoE Reserve Account totalled £7.7bn (2024: £9.1bn) as of 31 December 2025.

The Bank reports an LCR, 166% (2024: 180%) as of 31 December 2025, and maintains the LCR above internal buffers set on top of the minimum regulatory requirement of 100%. The LCR is a measure of liquidity assessing the cash inflows and outflows over a period of 30 days. It is calculated as the ratio of high quality liquid assets to net cash inflows and outflows within a 30 day window.

UK Group	2025	2024
Liquidity Coverage Ratio (LCR)%	166%	180%
	2025	2024
	£'000	£'000
High Quality Liquid Assets (HQLA)	7,700,633	9,038,079
Cash outflows	5,623,794	6,240,775
<i>Of which, deposits from the public and small and medium companies</i>	<i>874,880</i>	<i>843,029</i>
<i>Of which, unsecured capital market financing and large corporate deposits</i>	<i>4,419,652</i>	<i>5,047,773</i>
<i>Of which, other cash outflows</i>	<i>329,262</i>	<i>349,973</i>
Cash inflows	981,634	1,215,894

Liquidity and funding in Handelsbanken Wealth and Handelsbanken ACD Limited

Under IFPR, there is a requirement to hold an amount of liquid assets equal to one third of the firm's Fixed Overhead Requirement. Consideration must also be given to any higher requirement needed to meet 1) the liquid assets needed at any given point in time to fund ongoing operations as well as to mitigate any adverse trends throughout the economic cycle, or 2) the liquid assets required in the event of an orderly wind down.

Within Handelsbanken Wealth liquidity risk exists in an investment context and is managed in accordance with a liquidity policy which seeks to facilitate the funds and portfolios having sufficient and appropriate liquidity to enable clients to redeem their investment in a reasonable allocated time period and where relevant, in accordance with the fund terms, prospectus and rules. An independent third party provider supplies liquidity information and analysis on each of the multi-asset funds, and this is overseen by the ACD.

Market risk

The Bank has defined market risk as 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.

Exposure

Handelsbanken plc maintains a balance sheet consisting of banking products with primarily sterling denominated activity. The Bank does not operate a trading book and market risks are only taken as part of meeting customers' lending, investment and risk management needs.

The Capital Markets department of the Bank operates an agency model with Svenska Handelsbanken, where all market risk of the trading book is held (including interest rate, FX, credit spread, equity and commodity pricing risks). As such, market risks are only considered for the banking book and limited to interest rate and currency exchange rate risks. Interest rate and currency exchange rate risks in Handelsbanken plc are purely driven by core lending and borrowing activities. The exposure to currency is limited, as more than 97% of the Bank's assets and liabilities are denominated in GBP.

Interest rate risk

Interest rate risk in the banking book refers to the current or prospective risk to capital and earnings arising from adverse movements in interest rates that affect banking book positions. It arises as part of meeting customers' lending, investment and risk management needs.

The Bank recognises the following interest rate risk types:

- **Repricing / gap risk:** The risk that assets and liabilities reprice at different times;
- **Basis risk:** The risk from relative changes in interest rates for financial instruments that have similar tenors but are priced using different benchmarks; and
- **Option risk:** The risk from embedded options in products that allow counterparties to alter the level and timing of cash flows.

Interest rate risk is limited by naturally matching assets and liabilities as far as possible, hedging residual positions via Handelsbanken Group intercompany loans and deposits, and by taking other actions to limit residual risk where appropriate. Interest rate risk is managed within tight limits by UK Group Treasury, primarily by Economic Value of Equity and Net Interest Income sensitivity measures that are independently reported by Risk Control.

Interest rate risk is closely monitored through Board risk tolerance measures, management limits and management information.

Compliance risk

Compliance risk is defined by the Bank as the risk of sanctions, material financial loss, or loss to reputation the Bank may suffer as a result of its failure to comply with laws, regulations, rules, code of conduct or guidance applicable to its operations that are subject to authorisation and its regulatory permissions.

Compliance risk comprises three supporting risks: Regulatory compliance, conduct, and financial crime

- Regulatory compliance risk is defined by the Bank as the risk that non-compliance with our regulatory obligations may lead to regulatory action or reputational harm;
- Conduct risk is defined by the Bank as the risk that the behaviours and actions of the Bank, its staff and/or agents whether intentional or unintentional may result in poor customer outcomes, threaten market integrity and/or effective competition;
- Financial crime risk is defined by the Bank as the risk that the Bank may be used for, or to facilitate, money laundering, terrorist financing, fraud, tax evasion and/or bribery and corruption, or the risk of the Bank or its members of staff breaching financial sanctions.

The Bank regards compliance with regulatory requirements as a fundamental principle for secure and sound banking operations, which in turn enables the Bank to grow in a compliant manner, deliver good customer outcomes, and continue to foster long-lasting relationships with our customers.

Operational risk

Operational risk is the risk of loss due to inadequate or failed internal processes, people, systems or external events including legal risk.

Operational risk-management is a core component of the RMF and is embedded in day-to-day business activities. Responsibilities are set out in a combination of policies, framework and guidance documents 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.

Business and operations functions, 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.

Exposure

The UK Group's exposure to operational risk arises through the provision 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 Bank's strategic objectives. Management continues to address risks with material residual exposures in line with the low risk-tolerance of the Bank. Alongside ongoing risk and control monitoring, operational risk oversight is focused on a number of key areas: those that are currently of most significance for the Bank and its subsidiaries are:

Payments risk

This is the risk of payments processed in an untimely manner, erroneously or duplicated, resulting in the detriment of customers or in regulatory breaches, and includes compliance with external payment scheme rules and regulations.

The Bank facilitates customer payments through its various channels, such as online banking and mobile app platforms, customer support service as well as via branches. The types of payments the Bank facilitates includes, but is not limited to, CHAPS, Bacs and Faster Payments. Whilst the payments landscape modernises at pace the Bank continues to progress efforts within its payment systems as well as control environment to meet both customer and regulatory requirements.

Information technology and information security risk

IT plays a key role in supporting business requirements, customer expectations, the mitigation of information security, data and IT resilience-and continuity related risks. It therefore needs to be resilient, secure, available and appropriately governed such that IT supports the business to achieve its objectives, provides quality products and services to our customers, supports our strategies to meet our legal and regulatory obligations. UK Group continues to enhance and invest in systems, technologies, processes, people and capabilities (including reporting and oversight) in alignment with the UK Group's IT strategy, modernisation imperative, the broader direction of the UK Group and that of the Handelsbanken Group.

Information security risk is the risk of potential financial, reputational or legal / regulatory loss as a result of a compromise in the confidentiality, integrity, availability or traceability of information assets. Cyber-attacks remain a key area of focus across financial services organisations. The Bank remains alert to ongoing and emerging cyber risks, with cyber threat monitoring processes in place to identify vulnerabilities and continuously review/assess its controls to manage the related risks.

Change management risk

The change management risk is the risk of failure to effectively design, execute or deliver change initiatives, and not realising intended benefits and outcomes.

Change management MI and risks are reported through the Bank's governance process, up to and including the Board and periodic updates to PRA/FCA on our material change initiatives. This approach provides a centralised view of change (including prioritisation), in conjunction with additional assurance activities

by the second and third lines of defence in order to minimise the overall risks to the UK Group.

Business resilience risk

Business resilience risk is the risk of disruption to UK Group's (including IT systems and data) ability to operate through and/or recover from disruptive/impactful continuity events (for example, natural disasters, IT systems failure). The Bank takes a proportionate approach and prioritises the resilience of the services that would have the highest impact (on customers and the Bank) if disrupted.

The UK Group has achieved a number of the key deliverables in accordance with prescribed regulatory time-frames connected to operational resilience to meet annual self-assessment requirements. The work continues to make further enhancements through development of an overarching Operational Resilience Framework and to embedding the resulting practices in a phased manner within the UK Group.

Third-party management risk

This is the risk of the UK Group's inability to effectively source or manage third-party arrangements (including outsourcing), resulting in disruption to customer services or activities, business operations or regulatory breaches. The UK Group works with a variety of external suppliers to deliver services and products. The business is also reliant on a range of shared enterprise services and supporting systems provided by Svenska Handelsbanken, such as payments and IT management. Ongoing performance management and assurance is undertaken to maintain effective supplier relationships.

There remains regulatory focus on outsourcing and third-party risk management, including oversight of sub-outsourcing arrangements as well as increasing consideration of the risks associated with cloud service providers (CSP) and important business services (IBS) including but not limited to cross-border data security, compliance risk and cloud concentration risk. This will remain an area of focus as part of ongoing framework enhancements.

The Bank continues to develop and embed its third-party management risk framework including procurement management and supplier relationship management with oversight of service providers to support their adherence to these requirements.

Svenska Handelsbanken is a material outsource provider of services, including IT services, to the Bank. These services are covered by a formal master service agreement (MSA) and supported by service level agreements (SLAs) between Handelsbanken Group and the Bank. Changes and enhancements to the SLA are made on a periodic basis in cooperation with the Bank's Legal and Supplier Management departments. A range of service meetings take place to support the ongoing governance and management of Group service provision. These include executive meetings with both the Bank's CIO and Handelsbanken Group CIO in attendance, management meetings to foster close supplier relationship management, and delivery meetings focused on delivery and operational demands. A formal escalation and dispute resolution procedure is established and exercised through these channels.

Monitoring

The operational risk requirements are defined and documented within the operational risk management policy and frameworks, and associated standards, instructions, and Board risk tolerance statements, which are aligned with Svenska Handelsbanken's policies and risk tolerance.

Monitoring of key operational risks focuses on assessment and analysis of operational risk events, and the assessment of controls and is undertaken in line with the three lines of defence approach as defined in the RMF. Operational risk reporting is an essential component of the framework providing the Management Risk and Compliance Committee, Board Risk and Compliance Committee as well as the Board with appropriate, accurate and timely information regarding material operational risks in order to inform decision-making including risk-mitigation actions.

The UK Group undertakes annual, forward-looking scenario analysis to gain insight into severe, but plausible, operational risk events that could materially impact the Bank's ability to deliver on the strategic objectives and/or operational risk capital. The Bank's scenario analysis examines risks both within the risk profile, as well as horizon-scanning or market-wide stresses such as geopolitical risk, and how these could crystallise into an operational risk event.

Outlook

The UK Group's operational risk outlook is affected by the environment in which it operates as well as its strategy. Current themes the Bank remains vigilant of include:

- The scale, complexity and pace of change, particularly in meeting strategic (including organisational and technology), and regulatory programmes;
- IT and operational resilience and the continued increase in the sophistication of technology and cyber-crime threats;
- Threats to infrastructure resulting from the current geopolitical landscape, including cyber-attacks;
- Third-party supplier concentration risk, including Svenska Handelsbanken and cloud service providers; and
- Regulatory environment and the volume of changes impacting the industry.

The UK Group continues to invest in these areas to maintain and develop appropriate controls and help facilitate residual risk exposures being managed within tolerance, whilst at the same time enhancing frameworks and processes to meet the evolving regulations and external requirements.

Model risk

Overview

Model risk is classified as a Level 1 cross-cutting risk within the Bank's risk taxonomy, reflecting its importance as a key area of focus in the Bank's overall risk management framework. Model risk is defined as "the risk of adverse financial impact or unintended business outcomes arising from the design, implementation, or use of models." This definition underscores the potential for significant consequences if models are not appropriately developed, implemented, or monitored.

The Bank maintains a low tolerance for model risk, recognising the critical role that models play in decision-making and compliance with regulatory requirements. The Bank's approach emphasises robust governance, strong control environments, and effective model risk management practices to minimise exposure to model risk. This is achieved through rigorous validations, ongoing performance monitoring, and adherence to the Bank's policies and frameworks.

Governance

The Model Oversight Committee serves as the central governance body for model risk management, providing oversight and challenge to the validation and management of models. The output of this is reported to the Management Risk and Compliance Committee. Matters of significance arising at the Model Oversight Committee meetings will be reported by the chair to the Management Risk and Compliance Committee and escalated to the Board Risk and Compliance Committee if appropriate.

For models which require regulatory notification, the Board and senior management are responsible for ensuring the Bank documents the design of the model, monitors model performance and remediates related issues. These models will follow the same governance process described above, although a more rigorous review and challenge and reporting may be required where appropriate. The Asset and Liability Committee will be informed of model approvals or changes that materially impact the financial and capital risk monitoring or management.

Group risk

Group risk is 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.

Handelsbanken plc's sources of group risk are therefore its relationship with Handelsbanken Group. Handelsbanken plc operates on a standalone basis as a PRA-regulated UK bank. Nonetheless, Handelsbanken plc continues to draw significant strength from its relationships with the broader Handelsbanken Group.

Reputational risk

Reputational risk is the risk of adverse perception by customers, counterparties, shareholders, investors, regulators, or other stakeholders that could affect the Bank's ability to maintain existing, or establish new, business relationships and continued access to third party services.

Geopolitical risk

Geopolitical risk is the risk associated with political, economic or social instability caused by national or international events, policies or tensions.

Sustainability risk

The Bank's approach to ESG risk is described in the Non-Financial and Sustainability Information report on pages 16-19. A more specific focus on climate change risk management is described in the Non-Financial and Sustainability Information report on pages 19-28.

CAPITAL MANAGEMENT

The UK Group aims to maintain a strong capital base in relation to the underlying risks of the business, regulatory requirements and internal risk tolerances, while having the resources to support further capital-efficient growth.

The Bank measures the amount of capital it requires and holds through applying the regulatory framework defined by the Capital Requirements Directive and Regulation (CRD IV / CRR), as implemented in the UK by the PRA and supplemented through additional regulation under the PRA Rulebook. The Bank continues to monitor the estimated impact of the PRA's 'final rules' implementing the 'Basel 3.1' standards, and the Bank plans to be ready to implement them in advance of the PRA's deadline.

The PRA uses capital ratios as a measure of capital adequacy in the UK banking sector, comparing the Bank's capital resources with its risk-weighted assets (the assets and off-balance sheet exposures are 'weighted' to reflect the inherent credit and other risks).

The minimum amount of total capital, under Pillar 1 of the regulatory framework, is determined as 8% of aggregate risk-weighted assets (RWAs). At least 4.5% of RWAs are required to be covered by Common Equity Tier 1 (CET1) capital and at least 6% of RWAs are required to be covered by Tier 1 capital. Given the Bank does not hold Additional Tier 1 capital it needs to meet the 6% of RWA with CET1 capital.

There are also some risks which are not adequately covered by the Pillar 1 requirements (e.g. interest rate risk and credit concentration). These risks are captured within the Bank's Pillar 2A requirements. Pillar 2A capital requirements are determined as part of the ICAAP and subsequently agreed by the PRA through their Capital Supervisory Review and Evaluation Process (C-SREP). Pillar 2A requirements must be met with at least the same capital quality as Pillar 1 and therefore at least 56.25% CET1 capital, no more than 43.75% Additional Tier 1 capital and no more than 25% Tier 2 capital. Similar to Pillar 1, given the Bank does not hold Additional Tier 1 capital it needs to meet 75% of Pillar 2A requirement with CET1 capital.

The PRA sets these additional minimum requirements through the issuance of the Bank specific Total Capital Requirement (TCR), which includes the aggregate of Pillar 1 and 2A requirements. As of 31 December 2025, the TCR for the Bank is set at 10.59%.

Capital buffers

The regulatory capital buffer framework is designed so that firms maintain enough capital above their regulatory minimum to withstand periods of stress. All buffers are required to be met with CET1 capital.

The capital conservation buffer (CCB) is a standard buffer of 2.5% of RWAs designed to provide for losses in the event of stress. The countercyclical capital buffer (CCyB) is time-varying and is designed to require banks to hold additional capital to remove or reduce the build-up of systemic risk in times of credit boom, providing additional loss-absorbing capacity and acting as an incentive for banks to constrain further credit growth. The amount of the buffer is determined by reference to buffer rates set by the individual countries where the Bank has relevant credit risk exposures. The UK Group exposures are almost exclusively in the UK, therefore as of 31 December 2025, the Bank applies the UK CCyB rate of 2% of RWAs.

The PRA may also determine that further additional 'Pillar 2B' capital is required to be held in addition to the buffers outlined above. The additional buffer is based on an institution's own stress testing as part of the ICAAP. The PRA does not permit firms to disclose if they are subject to such a buffer.

Leverage ratio

The UK Group is not in scope of the UK leverage ratio minimum capital requirement. Nonetheless, the PRA expects firms not in scope of the UK leverage ratio requirement to maintain a leverage ratio above 3.25%, with which the Bank has complied. The leverage ratio framework does not currently give rise to higher capital requirements for the Bank than the risk-based capital framework.

Minimum requirement for own funds and eligible liabilities (MREL)

MREL is focused on ensuring that UK banks have sufficient capital resources and liabilities to absorb losses to allow them to return to business as usual following a resolution event and without recourse to taxpayer funds. Handelsbanken plc, as a material subsidiary of a foreign-owned group, is subject to MREL requirements. The Bank's MREL requirements are 21.2% of RWA, reduced by any applicable BoE scalar. MREL applies the same to Handelsbanken plc and the UK Group.

Svenska Handelsbanken, as the sole shareholder and provider of all the Bank's regulatory capital, will also be expected to provide any future MREL-compliant instruments. As of 31 December 2025, the UK Group has £450m of unsecured senior non-preferred debt. With this £450m of MREL-compliant debt and £2,456bn of capital resources, the UK Group has a total capital and MREL ratio of 23.6% of RWA, as of 31 December 2025. This ratio is actively managed to maintain the Bank's adherence.

Reporting and monitoring

The Bank reports quarterly to the PRA detailing the Bank's capital requirements, capital resources and capital adequacy.

In addition, the Bank's Asset and Liability Committee monitors the actual capital and forecast positions monthly and reports regularly to the Board and Board Risk and Compliance Committee. This facilitates the capital position being appropriately reviewed, with visibility and challenge of the capital ratios, risk tolerance and the outlook.

Capital adequacy management

As part of the Bank's strategic capital planning process, the level of capital resources required to support the Bank's future growth, strategic business investments, minimum regulatory requirements (including any forthcoming regulatory requirements) and internal risk tolerances are considered. Handelsbanken plc also plans for severe stresses and sets out what actions would be taken if an extremely severe stress threatened the Bank's viability and solvency.

CAPITAL RESOURCES

The Bank's capital resources consist of CET1 capital and Tier 2 capital issued to its parent, Svenska Handelsbanken. The Bank has not issued any Additional Tier 1 capital. The Bank's regulatory capital resources are as follows:

UK Group	2025 £m	2024 £m
Common equity tier 1		
Paid up capital	5	5
Share premium	2,071	2,071
Retained earnings	63	189
Current year P&L	304	359
Goodwill and other intangible assets	(40)	(50)
Adjustment to retained earnings for foreseeable dividends	(247)	(485)
Common equity tier 1 capital	2,155	2,089
Additional tier 1 instruments	-	-
Total tier 1 capital	2,155	2,089
Tier 2	301	300
Total capital resources	2,456	2,389

The recommended dividend of £247m reduces the CET1 ratio from 19.5% (pre-dividend) to 17.5%.

CAPITAL REQUIREMENTS

The Bank's Pillar 1 capital requirements for credit risk are calculated using the standardised approach under CRR, applying the risk-weights prescribed in the regulation. Operational risk is quantified using the basic indicator approach (BIA). According to the BIA, the capital requirements are calculated by multiplying a factor specified in CRR by the average of three years' operating income. The Bank has not included capital requirements for market risk in its RWA calculations as it does not hold trading positions, and its FX exposures are below the minimum regulatory thresholds.

At 31 December 2025, the Bank's RWAs are £12,309m (£11,605m at 31 December 2024), due to an increase in operational risk RWA of £256m and credit risk RWA of £448m which is due to increased lending in corporate and private banking.

The following table summarises the Bank's RWAs. It shows the year-end and average total credit exposures, broken down by exposure class. For on-balance sheet items, the exposure value shown is the gross carrying value of exposure less allowances and impairments. For off-balance sheet items, the exposure value shown is the gross carrying value of the exposure, less provisions. The average exposure values shown are the average of the quarter-end values.

UK Group	RWAs 2025 £m	RWAs 2024 £m
Credit risk according to standardised approach	10,632	10,184
Operational risk according to BIA	1,677	1,421
Market risks	-	-
Total RWAs	12,309	11,605

UK Group £ m	2025		2024	
	Value of exposures at year end	Average value of exposures over the year	Value of exposures at year end	Average value of exposures over the year
Central Governments or Central Banks	8,065	8,272	9,185	9,009
Institutions	3,518	3,522	3,607	4,484
Corporates	4,738	3,559	3,105	2,908
Retail	544	395	340	337
Secured by mortgages on immovable property	18,665	18,283	18,066	18,136
<i>of which, secured by mortgages on residential property</i>	<i>11,300</i>	<i>11,189</i>	<i>11,180</i>	<i>11,391</i>
Exposures in default*	159	186	212	209
Items associated with particularly high risk*	107	98	111	111
Other items	126	150	190	122
Total	35,922	34,465	34,816	35,316

* Sourced from Common Reporting Framework

CAPITAL ADEQUACY RATIOS

The Bank's capital adequacy ratios are as follows:

UK Group	2025	2024
Common equity tier 1 capital ratio	17.5%	18.0%
Tier 1 capital ratio	17.5%	18.0%
Total capital ratio	20.0%	26.6%

Capital ratios remain well above the TCR and capital buffers set by the PRA.

LEVERAGE RATIO

The leverage ratio is the ratio of Tier 1 capital to total exposure. Tier 1 capital is defined according to the CRR. Exposures are defined as the total on and off-balance sheet exposures (after application of credit conversion factors) minus assets that are deducted from capital resources and central bank claims, as per the PRA Rulebook. The Bank's leverage ratio is as follows:

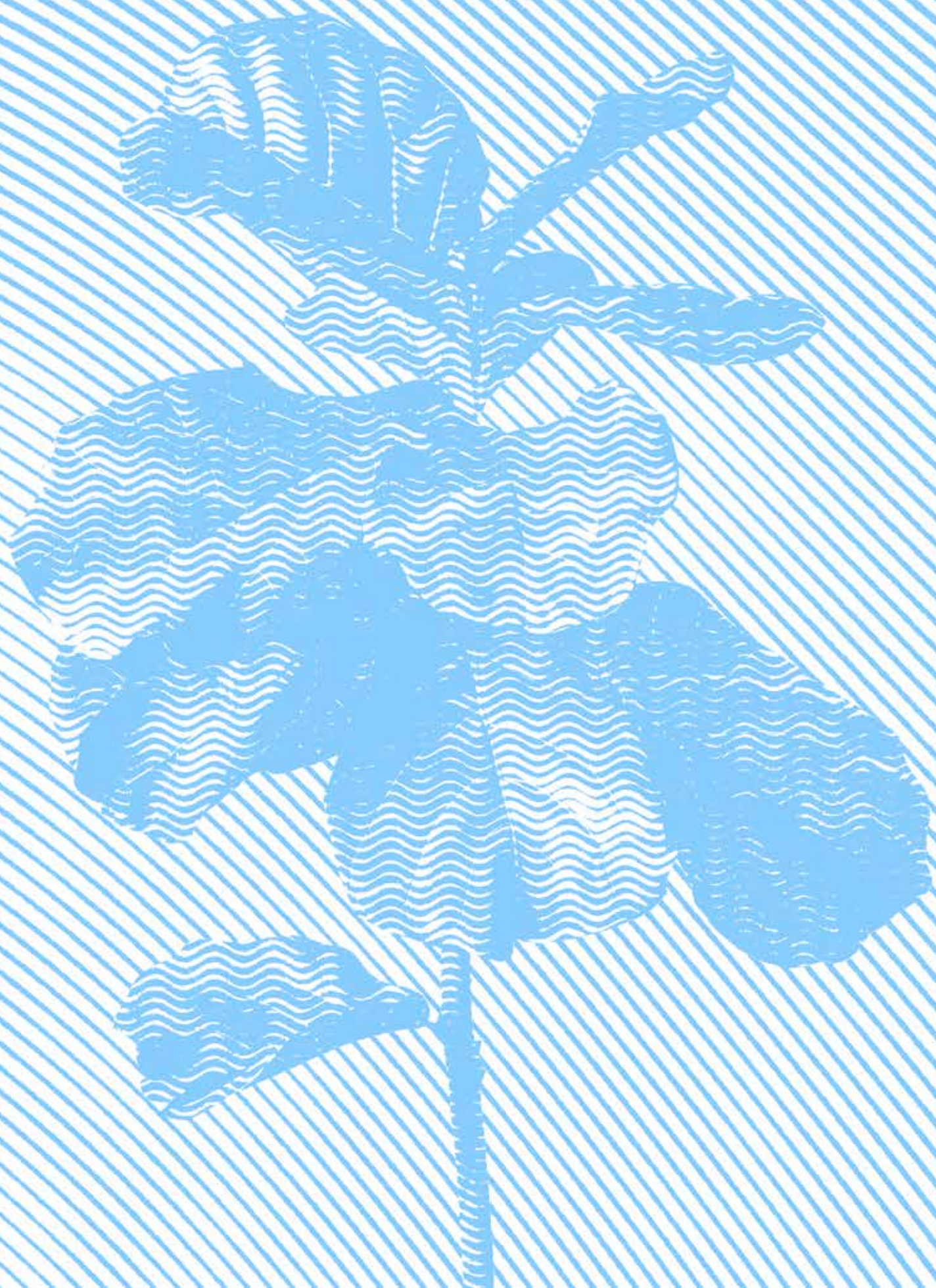
UK Group	2025 £'m	2024 £'m
Tier 1 capital	2,155	2,089
Exposure measure	23,011	22,473
<i>Of which, on-balance sheet</i>	<i>29,869</i>	<i>30,901</i>
<i>Of which, (-) asset deduction</i>	<i>(40)</i>	<i>(50)</i>
<i>Of which, (-) central bank claims</i>	<i>(7,743)</i>	<i>(9,085)</i>
<i>Of which, off-balance sheet</i>	<i>925</i>	<i>706</i>
Leverage ratio	9.4%	9.3%

CREDIT RATINGS

Handelsbanken plc aims to have a high rating with the external rating agencies. The Bank's long-term and short-term ratings are below.

31 December 2025	Long-term	Short-term
Standard & Poor's	AA-	A-1+
Fitch	AA (S)	F1+

31 December 2024	Long-term	Short-term
Standard & Poor's	AA-	A-1+
Fitch	AA (S)	F1+



Independent auditors' report to the members of Handelsbanken plc

Independent auditors' report to the members of Handelsbanken plc

Report on the audit of the financial statements

OPINION

In our opinion, Handelsbanken plc's group financial statements and parent company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2025 and of the group's and parent company's profit and the group's and parent company's cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and financial statements for the year ended 31 December 2025 ("the Annual report"), which comprise:

- the consolidated and parent company statement of profit or loss and other comprehensive income for the year ended 31 December 2025;
- the consolidated and parent company balance sheet as at 31 December 2025;
- the consolidated and parent company statement of changes in equity for the year ended 31 December 2025;
- the consolidated and parent company cash flow statement for the year ended 31 December 2025; and
- the notes to the financial statements for the year ended 31 December 2025.

Our opinion is consistent with our reporting to the Audit Committee.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to public interest entities, and we have fulfilled our other

ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in Note 7 (group) and Note 7.2 (parent company), we have provided no non-audit services to the parent company or its controlled undertakings in the period under audit.

OUR AUDIT APPROACH

Context

Handelsbanken plc is a member of the Handelsbanken Group, whose parent company is the Svenska Handelsbanken AB incorporated in Sweden. The group comprises of three operating entities, being Handelsbanken plc (the parent company), Handelsbanken Wealth & Asset Management Limited and Handelsbanken ACD Limited.

Overview

Audit scope

- We performed a full scope audit of the consolidated and the parent company financial statements. As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.
- The scope of the audit as well as the nature, timing and extent of audit procedures were determined based on our risk assessment, the financial significance of account balances and other qualitative factors.
- Audit procedures were performed over all account balances and disclosures which represent a risk of material misstatement to the financial statements.

Key audit matters

- Expected credit losses (ECL) on loans to the public (group and parent company)
- Materiality
- Overall group materiality: £24.4m (2024: £26.2m) based on 1% of net assets.
- Overall parent company materiality: £23.2m (2024: £24.9m) based on 1% of net assets, capped at 95% of group materiality.
- Performance materiality: £18.3m (2024: £19.7m) (group) and £17.4m (2024: £18.7m) (parent company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud)

identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

The key audit matters below are consistent with last year.

Key audit matter

How our audit addressed the key audit matter

Expected credit losses (ECL) on loans to the public (group and parent company)

The relevant references in the Annual report:

Note 1 (g): Credit losses

Note 1 (q): Material accounting judgements, estimates and assumptions - ECL provision calculations

Note 2 & 2.2: Risk management – subsection Credit risk

Note 10: Credit losses

The ECL provision recognised on the loans to the public stood at £11.6m (2024: £17.9m) as at the balance sheet date. This comprises of a collective provision of £8.4m, representing modelled expected credit losses (ECL), and a provision of £3.2m relating to individually impaired loans.

Determining ECL involves management judgement and is subject to estimation uncertainty. Under IFRS 9, impairment losses are recognised on an expected credit loss basis which requires the use of forward-looking information, reflecting management's view of potential future economic scenarios. The standard also requires management to make judgements regarding when a loan has experienced a 'significant increase in credit risk' (SICR). The ECL for stage 1 and 2 loans is determined by impairment models which include assumptions such as probability of default (PD), loss given default (LGD), exposure at default (EAD) and the use of multiple probability weighted economic scenarios. Post model adjustments (PMAs) are recorded to modelled output to account for situations where known or expected risk factors and information are not fully incorporated in the modelling process. Individual impairment assessments are performed for credit impaired loans (which are categorised as stage 3 loans).

While our audit procedures addressed both the modelled and individual provisions we focused on the appropriateness of the methodology used to determine whether a Significant Increase in Credit Risk (SICR) has occurred, given the level of judgement involved.

We also considered the completeness of PMAs applied, given the reduction in these during the period.

- We understood and critically assessed the appropriateness of the impairment policy, and the ECL methodology, involving our credit modelling specialists, and assessed whether they were appropriate and compliant with the requirements of IFRS 9.
- We evaluated the design effectiveness and implementation of key controls over the ECL process.
- We evaluated the methodology for determining the SICR criteria and assessed its appropriateness.
- We tested the application of SICR which drives the staging classification of the loans. This was done on a sample basis, considering both qualitative and quantitative factors. We also assessed the consideration of climate risk for the sample selected.
- We identified and tested the completeness and accuracy of critical data inputs, sourced from underlying systems, that are applied in the modelled calculation of ECL. We involved credit risk modelling specialists to support the audit team in the performance of these audit procedures.
- We tested the completeness of the exposures identified as being credit impaired. This was done on a sample basis, obtaining evidence to assess whether there were any indications that the loan should be considered credit impaired.
- For a risk-based sample of credit impaired (Stage 3) loans, we evaluated and tested the specific circumstances of the borrower, including the latest developments, collateral valuation (using our property valuation experts), and scenarios assigned for measuring the impairment provision, and assessed whether the key judgements applied were appropriate.
- We tested the reasonableness of macroeconomic and forward-looking information used in the ECL models by evaluating the coherence of the assumptions with our own knowledge and benchmarking to industry peers.
- Based on our knowledge and understanding of the limitations in models and industry emerging risks, we critically assessed the completeness of the post model adjustments.
- We evaluated and tested the disclosures in the financial statements.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the parent company, the accounting processes and controls, and the industry in which they operate.

The parent company provides corporate and retail banking services to customers in the United Kingdom. It operates through a series of branches, with centralised regional support and oversight arrangements.

The parent company is the only significant component in the scope of our audit of the consolidated financial statements, and the materiality allocated for these purposes was £23.2m (2024: £24.9m), less than our overall group materiality. The subsidiaries, including Handelsbanken Wealth & Asset Management Limited and Handelsbanken ACD Limited were considered to be inconsequential components for the purposes of our audit.

We evaluated the need for testing relating to other components deemed as inconsequential and determined that no further testing was required. There are certain centralised functions operated by the ultimate parent company, Svenska Handelsbanken, incorporated in Sweden, on which the group is reliant, and that are relevant to the audit of the group. Accordingly our audit involved instructing a component auditor in Sweden to perform specific audit procedures on these centralised activities, including information technology general controls and automated business controls operated in Sweden and modelled ECL provisions on stage 1 and 2 loans.

We interacted regularly with the component auditor in Sweden throughout the course of the audit. This included reviewing

their audit risk assessment, audit approach and selected work papers, and evaluating the work performed and the conclusions reached. We also visited Sweden to meet with management and the component auditors as part of our oversight procedures. We are satisfied that the procedures performed on our behalf were sufficient for the purposes of our audit.

The impact of climate risk on our audit

As part of our audit we made enquiries of management to understand the extent of the potential impact of climate risk on the group's and parent company's financial statements, and we remained alert when performing our audit procedures for any indicators of the impact of climate risk. Our procedures did not identify any material impact as a result of climate risk on the group's and parent company's financial statements.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements - group	Financial statements - parent company
Overall materiality	£24.4m (2024: £26.2m)	£23.2m (2024: £24.9m)
How we determined it	1% of net assets	1% of net assets, capped at 95% of group materiality
Rationale for benchmark applied	Net assets is a key measure used by management, the parent shareholder and other wider stakeholders and is a generally accepted benchmark for wholly owned banking subsidiaries of large groups.	The materiality approach for the parent company follows the group approach except for restricting materiality to 95% of the overall group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2024: 75%) of overall materiality, amounting to £18.3m (2024: £19.7m) for the group financial statements and £17.4m (2024: £18.7m) for the parent company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £1.2m (group audit) (2024: £1.4m) and £1.1m (parent company audit) (2024: £1.3m) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

CONCLUSIONS RELATING TO GOING CONCERN

Our evaluation of the directors' assessment of the group's and the parent company's ability to continue to adopt the going concern basis of accounting included:

- reviewing and challenging key assumptions used by directors in their assessment of going concern of the group and parent company;
- reviewing the financial forecasts including the liquidity and capital forecasts prepared by management. This included reviewing the results of stress testing performed by management of both liquidity and regulatory capital, and considering the reasonableness of the stress scenarios that were used;
- assessing the intra-group arrangements with respect to financing and operational support on which the group and parent company depend, and the continued availability of these;
- reviewing key legal and regulatory correspondence, and performing enquiries of the Prudential Regulation Authority ("PRA") and the Financial Conduct Authority ("FCA");
- giving consideration as to whether our audit procedures have identified events or conditions which may impact going concern of the group and parent company; and
- reviewing and evaluating the adequacy of the disclosures made in the financial statements in relation to going concern.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the parent company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

REPORTING ON OTHER INFORMATION

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is

a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and the Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and the Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and the Directors' report for the year ended 31 December 2025 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and parent company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and the Directors' report.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of the rules and regulations set by the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- making enquiries of management, internal audit and those charged with governance, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- reviewing key correspondence with the regulators, and making enquiries of the PRA and the FCA;
- assessing matters reported through whistleblowing and reviewing management's consideration thereof, and their results;
- identifying and testing selected journal entries that we assessed as having a higher risk of being fraudulent;
- critically assessing significant accounting estimates for bias; and
- incorporating unpredictability into the nature, timing and/or extent of our audit procedures.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [frc.org.uk/auditorsresponsibilities](https://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the parent company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

OTHER REQUIRED REPORTING

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the parent company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

We were first appointed by the parent company for the financial year ended 31 December 2022. Our uninterrupted engagement covers four financial years.

Darren Meek (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

18 March 2026



Consolidated financial statements

Consolidated statement of profit or loss and other comprehensive income, UK Group

UK Group	Note	2025 £'000	2024 £'000
Interest income calculated using the effective interest method		1,574,025	1,866,849
Interest expense		(784,441)	(1,005,107)
Net interest income	3	789,584	861,742
Fee and commission income		72,570	71,197
Fee and commission expense		(2,912)	(3,074)
Net fee and commission income	4	69,658	68,123
Net gains on financial transactions and other income	5	12,327	12,311
Total income		871,569	942,176
Personnel costs	6	(298,247)	(296,153)
Depreciation, amortisation and impairment	14,15,24	(36,386)	(28,159)
Other operating expenses	7	(122,165)	(129,993)
Total expenses		(456,798)	(454,305)
Profit before credit gains and net losses from disposal		414,771	487,871
Net credit gains	10	7,162	10,164
Net losses on disposal of property, equipment and intangible assets		(101)	(13)
Profit before tax		421,832	498,022
Taxes	11	(117,971)	(138,732)
Profit for the year		303,861	359,290
Other comprehensive income, net of tax		-	-
Total comprehensive income for the year		303,861	359,290

There is no other comprehensive income for the years ended 31 December 2024 and 2025. The results for the year were derived wholly from Handelsbanken UK Group's continuing operations. The notes on pages 85 - 142 form part of these financial statements.

Consolidated balance sheet, UK Group

UK Group	Note	2025 £'000	2024 £'000
ASSETS			
Cash and balances with central banks	12	7,743,225	9,084,816
Loans to other credit institutions	13	3,476,885	3,562,720
Loans to the public	2	18,414,143	17,826,369
Intangible assets	14	41,802	50,057
Property and equipment	15	26,817	21,635
Right-of-use assets	24	74,181	50,509
Current tax assets		3,581	2,431
Deferred tax assets	11	801	1,071
Prepaid expenses and accrued income		18,669	18,641
Other assets	16	4,508	95,608
Total assets		29,804,612	30,713,857
LIABILITIES			
Due to credit institutions	13	4,015,067	4,979,153
Deposits from the public	17	21,467,902	20,880,491
Issued securities	18	1,753,210	2,136,439
Deferred tax liabilities	11	1,920	2,179
Provisions	19	14,275	14,350
Lease liabilities		78,993	52,397
Accrued expenses and deferred income		10,381	9,686
Other liabilities	20	20,056	15,528
Total liabilities		27,361,804	28,090,223
EQUITY			
Share capital	21	5,050	5,050
Share premium	21	2,070,619	2,070,619
Retained earnings		367,139	547,965
Total equity		2,442,808	2,623,634
Total liabilities and equity		29,804,612	30,713,857

The financial statements on pages 80 to 83 were approved by the Board of Directors on 18 March 2026 and signed on its behalf by Martin Björnberg.

The notes on pages 85 - 142 form part of these financial statements.

Martin Björnberg
Director

Date 18 March 2026

Consolidated statement of changes in equity, UK Group

UK Group 2025	Note	Share capital £'000	Share premium £'000	Retained earnings for the year £'000	Total £'000
At 1 January 2025	21	5,050	2,070,619	547,965	2,623,634
Dividend Paid	22	-	-	(484,687)	(484,687)
Profit for the year		-	-	303,861	303,861
Other comprehensive income		-	-	-	-
Total comprehensive income		-	-	303,861	303,861
At 31 December 2025		5,050	2,070,619	367,139	2,442,808

UK Group 2024	Note	Share capital £'000	Share premium £'000	Retained earnings for the year £'000	Total £'000
At 1 January 2024	21	5,050	2,070,619	814,016	2,889,685
Dividend Paid	22	-	-	(625,341)	(625,341)
Profit for the year		-	-	359,290	359,290
Other comprehensive income		-	-	-	-
Total comprehensive income		-	-	359,290	359,290
At 31 December 2024		5,050	2,070,619	547,965	2,623,634

Consolidated cash flow statement, UK Group

	Note	2025 £'000	2024 £'000
OPERATING ACTIVITIES			
Profit before tax		421,832	498,022
<i>of which paid in interest</i>		1583,247	1919,799
<i>of which paid out interest</i>		(806,737)	(1011,246)
Adjustment for non-cash items in profit:			
Net credit gains	10	(7,162)	(10,164)
Net losses on disposal of property, equipment and intangible assets		101	13
Depreciation, amortisation and impairment	14,15 & 24	36,386	28,159
Lease liability interest expense	24	3,222	1,734
Acquisition of right of use asset	24	(40,681)	(8,854)
Provisions	19	(75)	(2,381)
Changes in the assets and liabilities of operating activities:			
Other loans to central banks		-	88,371
Loans to other credit institutions		87,866	1,634,611
Loans to the public		(580,612)	207,791
Due to credit institutions	13	(964,086)	(1,907,801)
Deposits from the public	17	587,411	521,089
Issued securities	18	(383,229)	1,568
Lease liabilities		38,681	9,469
Income tax payment		(119,110)	(140,399)
Other assets	16	91,100	(89,575)
Prepaid expenses and accrued income		(28)	(2,256)
Other liabilities	20	4,528	658
Accrued expenses and deferred income		695	(1,614)
Accrued interest		3,884	7,868
Cash (outflow)/inflow from operating activities		(819,277)	836,309
INVESTING ACTIVITIES			
Acquisitions of property and equipment	15	(14,385)	(7,728)
Disposal of property and equipment		100	277
Internally developed Intangible assets	14	(5,526)	(10,663)
Cash outflow from investing activities		(19,811)	(18,114)
FINANCING ACTIVITIES			
Dividends paid to company's shareholders	22	(484,687)	(625,341)
Payments made for lease liabilities	24	(11,901)	(11,884)
Cash outflow from financing activities		(496,588)	(637,225)
Cash (outflow)/inflow for the year		(1,335,676)	180,970
Cash balance at beginning of year	12	9,097,190	8,916,214
Net foreign exchange differences		13	6
Cash balance at end of year	12	7,761,527	9,097,190



Notes to the financial statements, UK Group

Notes to the financial statements

UK Group - Note 1

BASIS FOR PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

The parent company, Handelsbanken plc (Bank), is a public limited company limited by shares, registered and domiciled in England and Wales, the registered office is given in the directors and advisors section on page 5. The UK Group (Handelsbanken plc and its subsidiaries) is principally engaged in the provision of banking and wealth management services.

Basis of accounting

Handelsbanken plc prepares and presents consolidated financial statements for UK Group, even though it continues to meet the exemption criteria for presenting consolidated financial statements. Handelsbanken plc has three direct subsidiaries, Handelsbanken Wealth & Asset Management Limited (Handelsbanken Wealth), Svenska Property Nominees Limited (SPNL) and Handelsbanken Healthcare CT Limited as shown in note 13.2. The UK Group consolidated financial statements comprise these direct and indirect subsidiaries.

The report and consolidated financial statements of the UK Group have been prepared in accordance with UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006. They have been prepared on a historical cost basis unless otherwise stated. The accounting policies have been applied consistently, other than where new policies have been adopted. The parent company's accounting policies are shown in note 1.2.

The financial statements are presented in GBP rounded to the nearest thousand '£'000', which is also the functional currency.

Going concern

The consolidated financial statements are prepared on a going concern basis as the directors are satisfied that Handelsbanken plc and its subsidiaries have the resources to continue in business for the foreseeable future - which has been taken as at least 12 months from the date of approval of the financial statements. In making this assessment, the directors have considered a wide range of information relating to present and future conditions, including the current state of the balance sheet, future projections of profitability, cash flows, capital resources and the longer-term strategy of the business.

The UK Group benefits from support (from the ultimate parent, Svenska Handelsbanken) available in the form of capital and contingency funding arrangements, as well as operational support in some areas of activity, and the directors are satisfied that these will continue to be available for the foreseeable future. The UK Group aims to maintain a robust financial, capital and liquidity position, defined by regulatory and internal ratios. The UK Group has a diversified liquidity profile and can supplement the Group liquidity contingency support with its

own liquidity raising measures in the event of a stress event (see note 13 for current funding balance). Alongside the capital plan, a sensitivity analysis is undertaken to understand the impact of a range of factors on the capital projections and future regulatory changes. The UK Group has tested the resilience of the business by performing capital and liquidity stress tests. The stress tests include identification of material risks which can adversely impact the UK Group's capital and liquidity positions, development of severe but plausible stress test scenarios, and calculation of financial, capital and liquidity impacts. The results of the UK Group's stress testing support the going concern assessment.

After making due enquiries, the directors believe that the UK Group has sufficient resources to continue its activities for the foreseeable future, and over the going concern assessment period through to 31 March 2027.

b. Changes in accounting policies

New and amended standards and interpretations

There are no new accounting standards that are effective from 1 January 2025. The following accounting amendment to an accounting standard is effective from 1 January 2025:

Amendments to IAS 21: Lack of Exchangeability

The effect of this amendment on our financial statements is immaterial.

Changes in IFRS which are not yet effective

- IFRS 18: Presentation and Disclosure in Financial Statements

In April 2024, the IASB published the new accounting standard IFRS 18 Presentation and Disclosure in Financial Statements, which replaces IAS 1 Presentation of Financial Statements. The UK endorsed IFRS 18 in December 2025 and the effective date for the standard to be applied is 1 January 2027. IFRS 18 introduces new requirements for the presentation and disclosure of information in financial statements, particularly focusing on the structure of the income statement and disclosure of management-defined performance measures. The standard is not expected to have any financial effects on the overall reported performance of the UK Group since IFRS 18 does not introduce any new valuation principles, but rather focuses on presentation and disclosure in financial statements. Whilst the UK Group continues to assess the effects of the new standard, the impact is not expected to be significant.

- Amendments to the classification and measurement of financial instruments (IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosure)

The amendments to IFRS 9 and IFRS 7 relating to the classification and measurement of financial instruments were adopted by the UK on 15 April 2025 and are effective on 1 January 2026.

The amendments to IFRS 9 mainly clarify assessing whether contractual cash flows in financial assets, which include terms that are dependent on future events, meet the criteria for solely payments of principal and interest (SPPI criteria). The amendments mainly provide guidance for assessing whether the SPPI criteria are met for loans with ESG-linked features.

The amendments to IFRS 9 also clarify the timing of the initial recognition of financial assets and liabilities and the timing of the derecognition of financial assets and liabilities from the statement of financial position. The amendments include an optional exemption entailing that financial liabilities settled through electronic transfer can be derecognised from the statement of financial position before the settlement date.

The amendments to IFRS 7 entail, among other effects, disclosure requirements regarding contractual terms that could change the amount of contractual cash flows on the occurrence (or non-occurrence) of a contingent event that does not relate directly to changes in basic lending risks and costs.

The UK Group has assessed the effects of the amendments to IFRS 9 and IFRS 7 and concluded that they will not have a material impact on UK Group's financial statements.

- Other changes in IFRS

None of the other forthcoming changes in the accounting regulations issued for application are assessed to have a material impact on UK Group's financial statements.

c. Basis of consolidation and presentation

Subsidiaries

All companies directly or indirectly controlled by Handelsbanken plc (subsidiaries) have been fully consolidated. The Bank is deemed to have direct control of a company when it is exposed to, or is entitled to, variable returns from its holdings in the company and can affect the return by means of its influence over the company. As a rule, control exists if the Bank owns more than 50% of the voting power at shareholders' meetings or the equivalent.

Subsidiaries are consolidated according to the acquisition method. This means that the acquisition of a subsidiary is regarded as a transaction where the group acquires the company's identifiable assets and assumes its liabilities and obligations. In the case of business combinations, an acquisition balance sheet is prepared, where identifiable assets and liabilities are valued at fair value at the acquisition date. The cost of the business combination comprises the fair value of all assets, liabilities and issued equity instruments provided as payment for the net assets in the subsidiary. Any surplus due to the cost of the business combination exceeding the identifiable net assets on the acquisition balance sheet is recognised as goodwill in the group's balance sheet. Acquisition-related expenses are recognised when they arise. The subsidiary's financial reports are included in the consolidated financial statements starting on the acquisition date until the date on

which control ceases. Intra-group transactions and balances are eliminated when preparing the group's financial reports.

When accounting for business combinations, the acquired operations are recognised in the group's financial statements from the acquisition date. The acquisition date is the date when controlling interest over the acquired entity starts. The acquisition date may differ from the date when the transaction is legally established.

Impairment testing of goodwill

Recognised goodwill is derived from the Bank's investment in Handelsbanken Wealth. Goodwill is tested for impairment annually in connection with the closing of the annual financial statements. Impairment testing of the goodwill involves material judgements in determining both the value in use and fair value less costs to sell. Material assessments and assumptions in the impairment testing of goodwill are described in note 14. Previously recognised impairment losses on goodwill are not reversed.

d. Assets and liabilities in foreign currencies

The financial statements are presented in Great British Pounds (£), the UK Group's functional and presentation currency.

Translation of transactions in a currency other than the functional currency

Transactions in a currency other than the functional currency (foreign currency) are initially translated into the functional currency at the rate prevailing on the transaction date. Monetary items in foreign currencies are converted at the balance sheet date using the prevailing closing rate. Gains and losses arising from the currency translation of monetary items are recognised in the income statement as foreign exchange rate effects in net gains / losses on financial transactions.

e. Recognition and derecognition of financial instruments on the balance sheet

Purchases and sales of foreign exchange spot instruments are recognised on the trade date, which is the date on which an agreement is entered into. Other financial assets and liabilities are normally recognised on the settlement date.

Financial assets are derecognised from the balance sheet when the contractual rights to the cash flows originating from the asset expire or when all risks and rewards related to the asset are transferred to another party. A financial liability is derecognised from the balance sheet when the obligation is fulfilled, ceased or cancelled.

f. Financial instruments

Measurement categories

In accordance with IFRS 9, the UK Group classifies all financial assets into one of the following measurement categories:

1. Amortised cost;
2. Fair value through other comprehensive income; or
3. Fair value through profit or loss;
 - a. Mandatory;
 - b. Fair value option.

The UK Group does not engage in hedging activities in the capacity of principal, so the hedge accounting rules have no impact on the financial statements.

The starting point for the classification of financial assets into the respective measurement categories is the UK Group's business model for managing the financial instruments, as well as whether the instruments' contractual cash flows constitute solely payments of principal and interest (SPPI). All of the UK Group's financial assets are measured at amortised cost.

Financial liabilities are classified as follows:

1. Amortised cost; or
2. Fair value through profit or loss;
 - a. Mandatory;
 - b. Fair value option.

As a general rule, financial liabilities are recognised at amortised cost. The exceptions are financial liabilities which are required to be measured at fair value through profit or loss, such as derivatives and liabilities which are designated at fair value through profit or loss upon initial recognition. All of the UK Group's financial liabilities are measured at amortised cost as it does not have any derivatives or financial liabilities recognised under the fair value classification.

Upon initial recognition, all financial assets and liabilities are measured at fair value. Directly attributable transaction costs are included in the acquisition cost.

Assessment of the business model

The business model for managing financial assets defines classification into measurement categories. The business model is determined at the portfolio level, as this best reflects how the operations are governed and how information is reported to and evaluated by the UK Group's management. Information of significance when making a weighted assessment of the business model for a portfolio includes the established guidelines and objectives with a portfolio and how these are implemented in the operations, the risks which affect the performance of the portfolio and how the risks are managed, as well as the frequency, volume, reasons for, and times of, sales.

Assessment of whether contractual cash flows are solely payments of principal and interest

The assessment of whether contractual cash flows constitute SPPI is significant for the classification into measurement categories. For the purpose of this assessment, 'principal' is defined as the financial asset's fair value upon initial recognition. 'Interest' is defined as consideration for the time value of money, credit risk, other fundamental lending risks (such as liquidity risk) and costs (such as administrative expenses) as well as a profit margin.

To assess whether the financial asset's contractual cash flows constitute SPPI, the contractual terms of the financial asset are reviewed. If there are contractual terms that could change the timing or amounts of the contractual cash flows, modify the consideration for the time value of money, cause leverage or entail extra costs for prepayment and extension, then the cash flows need to be further assessed to determine whether the SPPI criterion is met.

Amortised cost

A financial asset is to be measured at amortised cost if both of the following conditions are met:

- The objective of the business model is to collect contractual cash flows; and
- The contractual cash flows constitute SPPI.

Financial assets recognised in the measurement category amortised cost consist of loans including sustainability-linked loans (SLLs) and holdings that fulfil the above conditions. These assets are subject to impairment testing, see note 1 section (g). Financial liabilities recognised in the measurement category amortised cost, consist primarily of liabilities due to credit institutions, deposits and borrowing from the public, and issued securities.

Amortised cost consists of the discounted present value of all future cash flows relating to the instrument where the discount rate is the instrument's effective interest rate at the time of acquisition.

Interest and credit losses relating to financial instruments measured at amortised cost are recognised in the income statement under Net interest income and Net credit gain/losses, respectively. Early repayment charges for loans redeemed ahead of time are recognised in the income statement under Interest income. Foreign exchange effects are recognised in net gains / losses on financial transactions.

Financial guarantees and loan commitments

Financial guarantees are contracts that require the issuer to make specified payments to reimburse the holder for a loss incurred because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument (loans and interest bearing securities). The fair value of an issued guarantee is the same as the premium received when it was issued. Upon initial recognition, the premium received for the guarantee is recognised as a liability under accrued expenses and deferred income on the balance sheet. The guarantee is subsequently measured at the higher of the amortised premium or the provision for the expected loss. Premiums relating to issued financial guarantees are amortised in net fee and commission income over the validity period of the guarantee. In addition, the total guaranteed amount relating to guarantees issued is reported off-balance sheet, see note 23.

Premiums for purchased financial guarantees are accrued and recognised as decreased interest income in net interest income if the debt instrument to which the guarantee refers is recognised there.

Loan commitments are reported off-balance sheet until the settlement date of the loan. Fees received for loan commitments are accrued in net fee and commission income over the maturity of the commitment unless it is highly probable that the commitment will be fulfilled, in which case the fee received is included in the effective interest of the loan.

Financial guarantees and irrevocable loan commitments are subject to impairment testing. Revocable credit guarantees that create a credit risk during the settlement window are also subject to impairment testing, however their ECL is deemed negligible, see note 1 section (g).

Certificates of deposit

The Bank funds part of the balance sheet in the short-term by issuing coupon-bearing Certificates of Deposit (CDs) in the UK money market. The CDs are initially recognised at fair value, being the issue proceeds less transaction costs incurred. The CDs are subsequently measured at amortised cost using the effective interest method.

Cash

Cash balances as referred to in the cash flow statement comprise cash on hand, non-restricted current accounts with central banks and amounts due from banks on demand or with an original maturity of three months or fewer. They exclude any accrued interest income and provisions for expected credit losses.

g. Credit losses**Expected credit losses**

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 irrevocable loan commitments, financial guarantees and other commitments, and are based on a model for the recognition of expected credit losses (ECL). This model stipulates that the provision must reflect a probability-weighted amount determined through the evaluation of a number of potential outcomes, with consideration given to all reasonable and verifiable information available on the reporting date without unreasonable expense or exertion. The assessment takes into account historical, current and future-oriented factors. The assets to be tested for impairment are divided into the following 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 asset 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.

For a definition of credit-impaired assets, refer to the heading Default / Credit-impaired assets in this section of note 1.

In Stage 1, provisions are to be recognised which correspond to the loss expected to occur within 12 months as a result of default. In Stage 2 and Stage 3, provisions are to be recognised corresponding to the loss expected to occur at some time during the whole of the remaining maturity of the asset as a result of default.

For agreements in Stage 1 and Stage 2, there is a Bank-wide central process using model-based calculations. The process begins for all agreements with an assessment of whether there has been a significant increase in the credit risk since initial recognition (start date of the agreement). The provisions in the different impairment stages are calculated separately. Agreements in Stage 3 are calculated manually. In conjunction with each reporting date, an assessment is made at the agreement level as to whether an agreement will be subject to a model-based calculation or a manual calculation.

Significant increase in credit risk

A significant increase in credit risk reflects the risk of default and is a measurement by which the agreement's relative change in credit risk since initial recognition is measured. For calculating significant increases in credit risks, the same underlying model is used in Handelsbanken Group as is used for the calculation of expected credit losses, with consideration given to historical, current and future-oriented information. Collateral is not taken into account in the assessment. At each reporting date, the Group-wide, central, model-based process begins for all agreements with an assessment of whether there has been a significant increase in the credit risk since initial recognition (start date of the agreement). This assessment then determines whether the expected credit loss is assessed over a 12-month horizon after the reporting date (Stage 1) or during the agreement's remaining lifetime (Stage 2). An important aspect which affects the size of the provision for credit losses is therefore which factors and thresholds are defined as triggers for the transfer of assets from Stage 1 to Stage 2. The Bank's definition of a significant increase in credit risk, which is decisive in the transfer of agreements to Stage 2, is based on both qualitative and quantitative factors. The quantitative indicator which is primarily used to assess the change in credit risk is the relative change, between the instrument's initial recognition and up to the most recent reporting date, in the probability of default (PD) during the agreement's remaining lifetime. In cases where it has required an unreasonable expense or exertion to establish the PD in conjunction with the initial recognition of an instrument, changes in the counterparty's or the agreement's internal rating or risk rating since initial recognition have been used to assess the significant change in the credit risk. Forecasts regarding the risk of default are based on three scenarios.

The primary criterion when assessing whether an agreement is deemed to have incurred a significant increase in credit risk and is thus transferred to Stage 2 is, as defined by Handelsbanken Group, that the estimated remaining probability of default (PD) on the reporting date is greater than a multiple of 2.5 times the corresponding probability of default upon initial recognition. The threshold level of 2.5 is based on statistical analysis of historical data and compares the increase in the remaining risk that the counterparty will default with the corresponding estimated risk upon the initial recognition of the agreement. In addition, there are other qualitative factors which the Bank has assessed as entailing a significant increase in credit risk, such as the agreement having payments that are more than 30 days overdue, or that the counterparty has been granted forbearance measures to be taken as the result of a deteriorated credit rating. If a significant increase in credit risk has arisen since initial recognition, a provision is recognised which corresponds to the expected credit losses for the entirety of the remaining lifetime and the financial instrument is transferred to Stage 2. The model is symmetrical, meaning that, if the financial instrument's credit risk decreases and there is therefore no longer a significant increase in credit risk since initial recognition, the financial asset is transferred back to Stage 1.

Model-based calculation

The calculations of expected credit losses are primarily affected by the risk parameters 'probability of default' (PD), 'exposure at default' (EAD) and 'loss given default' (LGD). Expected credit losses are determined by calculating PD, EAD and LGD up to the expected final maturity date of the agreement. The three risk parameters are multiplied and adjusted by the survival probability or, alternatively, the probability that a credit

exposure has not defaulted or been repaid in advance. The estimated expected credit losses are then discounted back to the reporting date using the original effective interest rate and are summed up. Total credit losses in Stage 1 are calculated using the probability of default within a 12 month period, while for Stage 2 and Stage 3, the calculation uses the probability of default during the asset's time to maturity.

Models for risk parameters and expected lifetime

The risk parameters PD, LGD and EAD are calculated for every agreement and future point in time, based on statistical models. These models are, as far as possible, founded on the relationships between the significant risk factors and relevant risk outcomes. In cases where the Handelsbanken Group lacks sufficient information due to, for example, too few defaults, the data is complemented with external information. The historical outcomes are analysed with regard to the correlation in agreement-specific risk factors such as product type, internal rating, length of customer relationship, collateral type, loan-to-value ratio, unemployment, and GDP growth. The risk factors identified as significant for a specific risk parameter are included in the model and the historical correlation is quantified. Post-core model adjustments are made to modelled output mainly to account for situations where known or expected risk factors and information cannot be fully incorporated in the modelling process. These model adjustments have been explained on page 96.

Probability of default (PD)

PD refers to the probability that a customer or an agreement will go into default at a given point in time during the asset's remaining lifetime. 12-month PD refers to the probability of default during the coming 12-month period. Lifetime PD refers to the probability of default during the asset's remaining lifetime (up to a maximum of 30 years). The future PDs are forecast on the reporting date, using forward-looking macroeconomic scenarios and current agreement and counterparty information. The forecast risk of default takes into account the development of scenarios and the probability of migrations between different states over time. The models calculate annual migration and default probabilities, whereby the migration model presents a probability that the agreement will belong to a particular state with a given risk of default in the future. The agreements expected PD for a given year is calculated as the probability-weighted PD over all conceivable states and scenarios. Expected PD for the remaining lifetime is based on the annual expected default forecasts and the probability that the agreement will be subject to early repayment. The degradation of an economic outlook based on forecast macroeconomic risk factors for each scenario, or an increase in the probability that the negative scenario will be realised, results in a higher PD.

Exposure at default (EAD)

EAD refers to the expected credit exposure at default. On the reporting date, future exposure at default is forecast on the basis of current repayment plans, the probability of early repayment and the expected utilisation of, for example, credit facilities, financial guarantees and loan commitments. EAD is forecast on an annual basis and comprises the amount at which losses and recoveries take place in conjunction with future defaults.

Expected lifetime

An instrument's expected lifetime is relevant to both the assessment of significant increase in credit risk, which takes into account changes in PD during the expected remaining lifetime, and the measurement of expected credit losses for the

asset's expected remaining lifetime. The expected lifetime is considered when calculating the remaining PD, by weighing the forecast annual PD values during the agreement's contractual duration against the probability that the agreement will not be subject to early repayment before defaulting. The probability of the agreement being subject to early repayment is based on statistical analysis and is included as a component of the model for EAD. Potential risk factors in the form of agreement, counterparty and macroeconomic risk factors have been assessed in the analysis. The risk factors identified as significant are included in the model. In several cases, no significant risk factors for early repayment are identified other than counterparty type and rating. These risk factors are, however, affected by forward-looking macroeconomic scenarios, which means that early repayment is indirectly dependent on forward-looking macroeconomic scenarios. For revolving credits with no maturity date, such as credit cards, and mortgage loans with interest-rate fixing periods of a maximum of three months, a 30-year maturity from the reporting date is applied, meaning that the expected lifetime is, in practice, defined by the behaviour-based statistical model.

Loss given default (LGD)

LGD reflects the financial loss which the Bank expects to incur in the event of default. The most important risk factors when calculating LGD are the value and type of collateral, and the characteristics of the counterparty. Forward looking macroeconomic risk factors are reflected in the LGD calculations through their impact on the value of collateral and the loan-to-value ratio. The quantification of the loss is divided between a probability that the counterparty recovers without causing the Bank any financial loss and a recovery rate if the counterparty does not recover. The recovery rate is affected by the loan-to-value ratio, in that a higher loan-to-value ratio is associated with a lower recovery rate. The most recently obtained valuation of collateral is included in the majority of LGD models. The collateral value of properties, and thus the loan-to-value ratio and the recovery rate, is affected by the price trend for the property, whereby an expected decline in real estate values pushes up the loan-to-value ratio and the expected loss given default.

Individual Assessment calculation

Assets in Stage 3 are tested for impairment on an individual basis using a manual process. This testing is carried out on a regular basis and in conjunction with every reporting date by the Bank branch with business responsibility (unit with customer and credit responsibility) and is decided by the area or central credit departments, or the Bank's Board.

Impairment testing is carried out when there are objective circumstances which indicate that the counterparty will not be able to fulfil its contractual obligations, according to the definition of default. Such objective circumstances could be, for example, late payment or non-payment, a change in the internal rating, or if the borrower enters bankruptcy.

Impairment testing involves an estimation of the future cash flows and the value of the collateral (including guarantees). Consideration is normally given to at least two forward-looking scenarios for expected cash flows, based on both the customer's repayment capacity and the value of the collateral. The outcome of these scenarios is probability-weighted and discounted with the claim's original effective interest rate. The scenarios used may take into account both macroeconomic and agreement-specific factors, depending on what is deemed

to affect the individual counterparty's repayment capacity and the value of the collateral. The assessment takes into account the specific characteristics of the individual counterparty. An impairment loss is recognised if the estimated recoverable amount is less than the carrying amount.

Expert-based calculation

Expert-based calculation is also carried out for credit losses 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 (Stage 1 and Stage 2) or not deemed to have been considered in manual calculation (Stage 3). The model-based calculations are constructed with the ambition of making as accurate as possible estimations of the individual contributions to the overall provision requirement. However, it is very difficult to incorporate all of the particular characteristics that define an individual agreement into a general model. For this reason, a manual analysis is carried out of the agreements which give the largest contributions to the overall provision requirement. For examples of these adjustments, see page 96 where post-core model adjustments have been explained.

The manual analysis aims to apply expert knowledge to determine whether the model-based calculations or manual calculations need to be replaced with an expert-based calculation. An expert-based calculation may entail either a higher or lower provision requirement than the original calculation.

Expert-based calculation can also be carried out at a more aggregate level to adjust the model-based calculations for a sub-portfolio or similar. These adjustments are distributed proportionally over the agreements involved. An expert-based calculation may entail either a higher or lower provision requirement than the original calculation.

Recognition and presentation of credit losses

Financial assets measured at amortised cost are recognised on the balance sheet at their net value, after the deduction of expected credit losses.

Off-balance sheet items (financial guarantees and irrevocable loan commitments) are recognised at their nominal values. Provisions for expected credit losses on these instruments are recognised as a provision on the balance sheet.

For financial assets measured at amortised cost and off-balance sheet items, the year's credit losses (expected and actual) are recognised in the income statement under the item Net credit (losses)/gains. Credit losses consists of the year's provisions for expected credit losses, less reversals of previous provisions, as well as write-offs and recoveries during the year.

Write-offs consist of incurred credit losses, less reversals of previous provisions for expected credit losses in Stage 3 and may refer to either the entirety or parts of a financial asset. Write-offs are recorded when there is deemed to be no realistic possibility of repayment. Following a write-off, the claim on the borrower and any guarantor normally remains and is thereafter, as a rule, subject to enforcement activities. Enforcement activities are not pursued in certain situations, such as when a trustee in bankruptcy has submitted their final accounts of the distribution of assets in conjunction with the bankruptcy, when a scheme of arrangement has been accepted or when a claim has been conceded in its entirety. Claims for which a concession is granted in conjunction with a restructuring of financial assets are always recognised as actual credit losses. Payments to the

Bank in relation to written-off financial assets are recognised in income as recoveries. Further information on credit losses is provided in note 10.

Default / credit-impaired assets

The Bank's definition of default is identical to that applied in the capital requirements regulation (CRR), entailing either 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 assessment is founded on all available information about the borrower's repayment capacity. Consideration is given to indicators of insolvency such as insufficient liquidity, late / cancelled payments, records of non-payment or other signs of impaired repayment capacity. Other signals may include the borrower entering into bankruptcy or the granting of a substantial concession entailing a decrease in the value of the Bank's claim on the borrower.

The probability of default is calculated before each reporting date and is incorporated in the assessment of whether there has been a significant increase in the credit risk since the initial recognition, as well as in the calculation of expected credit losses for financial assets in Stage 1 and Stage 2.

A credit-impaired financial asset, which is an exposure in Stage 3, is defined as an exposure in default. This means that the assessment for accounting purposes is consistent with the assessment used in the Bank's credit risk management.

Interest

In Stage 1 and Stage 2, recognition of interest income attributable to items on the balance sheet is based on gross accounting, which means that the full amount of interest income is recognised in Net interest income.

In Stage 3, interest income is recognised net, that is, taking impairment into account. For Stage 3 assets that are subsequently no longer credit impaired (i.e. cured) the Bank reverts to calculating interest income on a gross basis and any unrecognised interest is recognised as a reversal of credit losses.

Modified financial assets

A loan is seen as modified when the terms and provisions which determine the cash flows are amended relative to those in the original agreement as the result of forbearance or commercial renegotiations. Forbearance refers to changes to terms and conditions in conjunction with restructurings or other financial relief measures implemented with the objective of securing repayment in full, or of maximising the repayment of the outstanding loan amount, from lenders experiencing, or facing, financial difficulties. Commercial renegotiations refer to changes to terms and conditions which are not related to a borrower's financial difficulties, such as changes in the cash flow for a loan arising due to changes in market conditions with regard to repayment or interest.

If the cash flows from a financial asset which is classified as measured at amortised cost have been modified, but the cash flows have not significantly changed, the modification does not normally cause the financial asset to be derecognised from the balance sheet. In such cases, the gross carrying amount is recalculated on the basis of the changed cash flows of the financial asset, and the adjustment amount is recognised in the income statement.

As there may be various reasons for implementing a modification, there is no conditional connection between modifications and assessed credit risk. When a financial asset is subject to forbearance measures and the asset remains based on the outcome of the assessment made when granting the concession on the balance sheet, it is classified in Stage 2 or Stage 3. The assessment involves a check of whether a provision is required for credit loss, or other circumstance which results in classification in Stage 3.

If a financial asset is modified in a way that results in significantly changed cash flows, the modified financial asset is derecognised from the balance sheet and replaced with a new agreement. In such cases, the modification date constitutes the initial recognition date for the new agreement and is used thereafter for the calculation of expected credit losses and for the assessment of whether there has been a significant increase in the credit risk since the initial recognition.

Climate change

In preparing these financial statements, the UK Group has incorporated assessment of the climate-related risks outlined in the Climate-related financial disclosures on pages 19-28 into judgements associated with recognition, measurement, presentation and disclosure, where so permitted by UK adopted International Accounting Standards. At 31 December 2025, the UK Group considers its present financial exposure to climate-related risk to be low and accordingly has made limited reference to the impacts of climate-related risk in the notes to the financial statements, though consideration has been given in particular to the possible financial impacts of climate-related risks on its expected credit losses. Where forward-looking information is relied on in preparing the financial statements the UK Group has given due consideration, where appropriate and quantifiable, to potential future impacts of climate-related risk, but recognises that governmental and societal responses to climate change risks are still developing and thus their ultimate impacts on the UK Group are inherently uncertain and cannot be fully known.

The Bank has identified credit losses as the main area in which it could be exposed to the financial impacts of climate change risk, either where its lending practices could expose it to physical risks (e.g. secured collateral value deteriorated by flooding caused by extreme weather events) or transition risks (e.g. where corporate customers' viability is threatened by the need to transition to greener working practices). Although the Bank's expected credit loss models do not explicitly consider the potential impacts of such risks, climate change is considered in the Bank's rating methodology. The Bank's dynamic rating methodology contains a counterparty level forward looking rating assessment which is considered adequate to consider the external factors that may increase credit risk. Any reasonably possible credit losses associated with climate risk are therefore captured in the IFRS 9 SICR triggers and on this basis, no post-core model adjustment was recognised.

h. Leases

The UK Group assesses at contract inception whether a contract is, or contains, a lease. If the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration, it is deemed to be, or to contain, a lease. To assess whether a contract conveys the right to control the use of an asset, the UK Group must assess whether:

- i. The contract involves the use of an identified asset;
- ii. It has the right to direct the use of the asset, explicitly or implicitly;
- iii. It has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
- iv. It has the right to operate the asset.

UK Group has leasehold interests in its branches and head office premises. The leases are negotiated on commercial terms and incorporate the usual tenant covenants and restrictions expected in a standard commercial lease. Some of the tenant's leasehold covenants may be specific to individual premises or specific to the individual commercial terms of the transaction. The UK Group considers all the leasehold covenants and restrictions carefully and any impact they may have on the UK Group before committing to the lease.

Discount rates

Under IFRS 16, lease payments are discounted at the interest rate implicit in the lease, if this can be determined, otherwise the incremental borrowing rate can be used. The UK Group's assessment is that it is not possible to determine the implicit interest rates for leases, therefore the discount rate will be the Group's incremental borrowing rate, taking into account the individual circumstances of each lease, including currency and duration.

The incremental borrowing rate reflects the interest rate that the market considers to correspond to Handelsbanken Group's credit risk and general interest rate risk.

The Handelsbanken Group's funding strategy is managed centrally by Treasury in Stockholm. The Bank is covered by a guarantee on liquidity support. The UK Group therefore applies the internal interest rate(s) as stated above as the discount rate when calculating the lease liability.

The borrowing rate varies between different currencies, because the market rate, including the cost of converting the loan to the desired currency and the interest-fixing period, differ for each currency.

Since Handelsbanken Group does not issue bonds at any given time, a method must be used to estimate the borrowing rate in the currencies in which the UK Group has leases. The most significant borrowing currency for the Group is euros, however for the UK Group this is sterling. One method of estimating the borrowing rate is to use prices from the secondary market for the Group's issued bonds in euros, with different remaining maturities, and then adjust for the cost of converting to sterling through currency interest rate swaps. When comparing this

method with the indicative prices that agents quote, it is apparent that the method provides a good estimate of the borrowing rate. One difference that exists is the so-called "New issue premium", which is a premium offered to investors at the time of a new issue and is thus not included in prices from the secondary market. To adjust for this effect, 15bp is added to all interest curves and maturities.

UK Group as lessee

UK Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. Lease liabilities are recognised for lease payments and right-of-use assets are recognised to represent the right to use the underlying assets.

I. Right-of-use assets

When determining the value of the right-of-use asset and lease liability, UK Group includes initial direct costs attributable to the right-of-use asset, however UK Group excludes both VAT and property tax from the initial cost, with property tax being treated as a variable lease payment.

Right-of-use assets are recognised at the commencement date of the lease. Right-of-use assets are initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. Right-of-use assets are tested for impairment in accordance with IAS 36 when impairment indicators exist.

II. Lease liabilities

At the commencement date of the lease, a lease liability is recognised at the present value of future lease payments made over the lease term, discounted at UK Group's incremental borrowing rate.

The lease payments include fixed payments less any incentives receivable, variable lease payments that depend on an index or a rate, and any amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised and payments of penalties for terminating the lease, if the lease term reflects exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, or a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments).

When the lease liability is remeasured, a corresponding adjustment is made to the right-of-use asset or is recorded in the income statement if the carrying amount of the asset has been reduced to zero.

III. Short-term and leases of low-value assets

UK Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less from the transition date.

For low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

i. Intangible assets

Recognition on the balance sheet

An intangible asset is an identifiable non-monetary asset without physical form. An intangible asset is only recognised on the balance sheet if the probable future economic benefits attributable to the asset will flow to UK Group and if the acquisition cost can be reliably measured. This means that internally generated values in the form of goodwill, trademarks, customer databases and similar are not recognised as assets on the balance sheet.

Investments in software developed in-house are recognised as an expense on a current basis to the extent that the expenditure refers to maintenance of existing business operations or software. In the case of in-house development of new software, or development of existing software for new business operations, the expenditure incurred that can be reliably measured is capitalised from the time when it is probable that economic benefit will arise. Expenditure arising from borrowing costs is capitalised from the date on which the decision was made to capitalise expenditure for development of intangible assets.

When accounting for business combinations, the acquisition price is allocated to the value of acquired identifiable assets, liabilities and contingent liabilities in the acquired business. These assets may also include intangible assets that would not have been recognised on the balance sheet if they had been acquired separately or internally generated. The part of the acquisition price in a business combination that cannot be allocated to identifiable assets and liabilities is recognised as goodwill.

Intangible assets with a finite useful life

Intangible assets for which it is possible to establish an estimated useful life are amortised. The amortisation is on a straight-line basis over the useful life of the asset as follows:

Internally developed software	five years
Purchased software and licences	five years
Acquisition customer lists	20 years

The amortisation period is tested on an individual basis at the time of new acquisition and also continually if there are indications that the useful life may have changed.

Impairment of intangibles with a finite useful life

Intangible assets with a finite useful life are reviewed for impairment when there is an indication that the asset may be impaired. The impairment test is performed according to the same principles as for intangible assets with an indefinite useful life, i.e. by calculating the recoverable amount of the asset.

Intangible assets with an indefinite useful life

The only intangible asset with an indefinite useful life that the UK Group has is goodwill. Goodwill is recorded at cost less any impairment losses. Goodwill is tested annually for impairment when preparing the annual report or when there is an indication

that the asset is impaired. Impairment testing is performed by calculating the recoverable amount of the assets, i.e. the higher of the value in use and the fair value less costs to sell. As long as the recoverable amount exceeds the carrying amount, no impairment loss needs to be recognised. Impairment losses are recognised directly in the income statement. Since it is not possible to differentiate between cash flows arising from goodwill and cash flows arising from other assets, impairment testing of goodwill takes place at the level of cash-generating unit. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Goodwill is assessed at Handelsbanken Wealth as a whole. Previously-recognised impairment losses on goodwill are not reversed.

j. Property and equipment

UK Group's tangible non-current assets consist of property and equipment, assets are recorded at cost of acquisition less accumulated depreciation and impairment losses.

Depreciation is based on the estimated useful lives of the assets. A linear depreciation plan is usually applied. The estimated useful lives are reviewed annually. Fixtures, fittings and equipment are depreciated over five years, computer equipment is usually depreciated over three years, and branch fit-out costs over the lease term.

Impairment testing of property and equipment is carried out when there is an indication that the value of the asset may have decreased or at least at each financial year-end. Impairment losses are recognised in cases where the recoverable amount is less than the carrying amount. Any impairment losses are recognised immediately in the income statement. An impairment charge is reversed if there is an indication that there is no longer any impairment loss and there has been a change in the assumptions underpinning the estimated recoverable amount.

k. Provisions

Provisions consist of recognised expected negative outflows of resources which are uncertain in terms of timing or amount. Provisions are reported when the UK Group, as a consequence of past events, has a legal or constructive obligation, and it is probable that an outflow of resources will be required to settle the obligation. For recognition it must be possible to estimate the amount reliably. The amount recognised as a provision corresponds to the best estimate of the expenditure required to settle the obligation at the balance sheet date. The expected future date of the settlement is taken into account in the estimate.

Provision is made for restructuring costs, including the costs of redundancy, when the UK Group has a constructive obligation to restructure. Restructuring refers to major organisational changes, for example when employees receive termination benefits relating to early termination of employment, or branches are closed. In order for a provision to be reported, a detailed formal restructuring plan must have been established and communicated so that a valid expectation has been created in those affected, that the entity will carry out the restructuring. A restructuring provision only includes the direct expenditures arising from the restructuring and which are not related to the future operations.

If the UK Group has a contract that is onerous, it recognises the present obligation under the contract as a provision. An onerous contract is one where the unavoidable costs of meeting the obligations under the contract exceed the expected economic benefits.

l. Equity

Equity includes the components described below:

Share capital

The share capital comprises the total value of the shares issued by the entity.

Share premium reserve

The share premium reserve comprises amounts that, in the issue of shares exceeds the quotient value of the shares issued, and premiums arising upon the transfer of assets and liabilities from Svenska Handelsbanken upon the creation of Handelsbanken plc.

Retained earnings including profit for the year

Retained earnings comprise the profits generated from the current and prior year(s).

m. Income

Net interest income

Interest income and interest expense are recognised as net interest income in the income statement. Net interest income also includes fees for state guarantees, such as deposit guarantees.

Interest income and interest expense for financial instruments at amortised cost are calculated and recognised by applying the effective interest method or, where considered appropriate, by applying a method that results in an amount constituting a reasonable estimate of the results of a calculation based on the effective interest method. Effective interest includes fees which are considered an integral part of the effective interest rate of a financial instrument (generally fees received as compensation for risk). The effective interest rate corresponds to the rate used to discount future contractual cash flows to the carrying amount of the financial asset or liability.

Net fee and commission income

Fee and commission is recognised at the point in time at which the performance obligation is satisfied, which corresponds to the transfer of control over the service to the customer.

The total income is divided between each service and recognition in income depends on whether the services are fulfilled at a specific point in time, or over time.

Fee and commission income in the form of, for example, management fees in asset management, is usually recognised at the rate these services are performed.

Fee and commission income in the form of, for example, brokerage, card fees or payment commissions, is generally recognised when the service has been performed, i.e. at a specific point in time.

When the income includes variable reimbursement, such as a refund, bonus or performance-based element, the income is recognised only when it is highly probable that no repayment of the amount will take place.

Loan fees not included in the effective interest are recognised as fee and commission income.

Fee and commission expenses are transaction-based and directly related to transactions for which the income is recognised as Fee and commission income.

The Bank acts as an intermediary for Svenska Handelsbanken for the sale of certain capital markets products and services in the UK. This is an agency model whereby the Bank acts in the capacity of agent and therefore only recognises commission income in the income statement. The commission is recognised at a point in time when our performance obligation is satisfied which corresponds to the sale of products and services in the UK. The commission is disclosed as intercompany commission and presented net of related costs.

Net gains / losses on financial transactions

Gains / losses on financial instruments at amortised cost consist of realised gains and losses on financial assets and liabilities classified as measured at amortised cost.

n. Employee benefits

Personnel cost

Personnel costs consist of salaries, pension costs and other forms of direct staff costs including social security costs and payroll overheads. Any remuneration in connection with terminated employment is recognised as a liability when the agreement is reached and amortised over the remaining employment period.

Accounting for pensions

The UK Group participates in a defined contribution scheme, the 'Svenska UK Retirement and Death Benefits Scheme (Defined Contribution Section)'. The pension scheme is set up under trusts and the assets are held separately from those of the Bank.

The UK Group makes contributions on behalf of employees to the scheme in accordance with the rules of the scheme, with no legal or constructive obligation to pay further amounts.

Handelsbanken plc also makes contributions to the personal pension schemes of certain employees. The Bank treats its contributions to these schemes as if they were contributions to a defined contribution scheme on the grounds that the assets and liabilities of the scheme are not separately attributable to the Bank.

Both of these types of contributions are recognised as expenses in the income statement during the time which services are rendered by employees.

Oktagonen profit-sharing scheme

The UK Group participates in a profit-sharing scheme Oktagonen, established by Svenska Handelsbanken to allow employees to share in Handelsbanken Group's profits when prescribed targets are achieved and subject to the Board's overall assessment regarding the UK Group's performance, on an annual basis.

Share-based payment arrangements - Share Incentive Plan ("SIP")

UK Group introduced the SIP as a more efficient means of disbursing Oktagonen allocations in the UK. As an HMRC-approved scheme, a SIP requires a UK trust to be established to operate the scheme on behalf of the company.

For Oktagonen in the UK, the SIP model now requires the Oktagonen allocation (or a proportion thereof, up to the allowable limits as set by legislation) to be used to purchase partnership shares. Any employee who wishes to participate directs Handelsbanken to withhold an amount selected by them (up to the maximum amount) from their pre-tax pay and have that amount transferred, on their behalf, to the SIP's administrator, who then acquires Svenska Handelsbanken shares. The SIP administrator holds the Partnership Shares in the SIP trust on behalf of the employee until directed by the employee to sell or transfer them out of the SIP. The UK Group's share-based payment arrangement is settled in Svenska Handelsbanken shares and classified, in accordance with IFRS 2, as cash-settled by the UK Group.

Any provisional UK Oktagonen allocation is accrued at year-end but is then subject to UK Board approval. Once the finalised amount is approved, the share-based payment vests immediately and the year-end accrual is adjusted accordingly. In addition, the approved final allocation amount is treated as a share-based payment liability until the UK trust purchases the shares on behalf of the employees.

For more detail see note 9: Share-based payment arrangement.

o. Taxes

The tax expense for the year consists of current tax and deferred tax. Current tax relates to the tax charge for the current period and any adjustment in relation to prior periods. Deferred tax relates to temporary differences between the carrying amount of an asset or liability and its taxable value.

Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date.

Current income tax relating to items recognised directly in equity or other comprehensive income is recognised in equity or other comprehensive income respectively and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled, and it is probable that the temporary differences will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it becomes probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

p. Critical accounting judgements, and significant estimates

In certain cases, the application of the UK Group's accounting policies means that judgements must be made that have a material impact on amounts reported. The amounts reported are also affected, in a number of cases, by estimates and assumptions about the future. Such assumptions always imply a risk for adjustment of the reported value of assets and liabilities. The assessments and assumptions applied always reflect the management's best and fairest assessments and are continually subject to examination and validation. The following judgements and assumptions have had a material impact on the financial statements. No single material accounting judgement is deemed to be critical.

Information about significant accounting estimates and key assumptions is included in the following notes:

- The assumptions used in ECL provision calculations (see the Manual and expert-based calculation section at the end of note 1(q));
- Estimating the incremental borrowing rate, see note 1(h);
- Provisions (including restructuring provisions), see notes 1(k) and note 19;
- Estimation of the effective interest rate, see note 1(m);
- The assumptions used in relation to present and potential conditions, including projections for profitability, future cash flows and capital resources in making the going concern assessment see note 1(a);
- The assumptions used when determining the lease terms, where the UK Group is both the lessee (IFRS 16), and the lessor (Asset Financing) see note 24.

Impairment of property and equipment (see note 15) Right-of-use assets (see note 24)

q. Material accounting judgements, estimates and assumptions - ECL provision calculations

Credit losses

The calculation of expected credit losses involves a number of assumptions and assessments. The valuation of expected credit losses is inherently associated with a certain degree of uncertainty. Areas involving a high degree of assumptions and assessments are described below under the respective headings.

Future-oriented information in macroeconomic scenarios

The Bank continuously monitors macroeconomic developments. Through this monitoring, the Handelsbanken Group develops the macroeconomic scenarios which form the basis for the

future-oriented information used in the model-based calculation of expected credit losses. The Bank reviews the output from the models and assesses the results for reasonableness. The capacity of the Bank's customers to fulfil their contractual payments varies in line with macroeconomic developments. Consequently, future macroeconomic developments have an impact on the Bank's view of the provision needed to cover expected losses. The calculation of the provision requirement for expected credit losses is based on the base scenario proposed by Svenska Handelsbanken's macroanalysis unit. As the losses may be more highly affected by a future deterioration of economic trends than by the equivalent improvement, the Bank uses another three alternative scenarios (the additional "severe downturn" scenario was first used as of 31 December 2021) to take into account the non-linear aspects of expected credit losses. These alternative scenarios represent conceivable developments, one significantly worse, one worse and one significantly better than the base scenario. The most significant macroeconomic risk factors have been selected on the basis of Handelsbanken's loss history over the past decade, supplemented with experience-based assessments. These macroeconomic risk factors are then used as macroeconomic risk factors in the quantitative statistical models for forecasting migrations, defaults, loss rates and exposures. Macroeconomic risk factors include unemployment, key / central bank rates, GDP, inflation and property prices. The Bank's business model, to offer credit to customers with a high repayment capacity, means that the connection between the macroeconomic developments and the provision requirement is not always especially strong.

The macroeconomic scenarios were regularly updated during the year based on the current market conditions. The provision requirement has decreased during 2025. This is partly due to positive change in the forward-looking macroeconomic risk factors, whereby GDP has increased, while interest rates have decreased compared to the forecast at the previous year-end.

Significant increase in credit risk

The Bank makes an assessment at agreement level at the end of each reporting period as to whether there has been a significant increase in credit risk since initial recognition.

Model-based calculation

The quantitative models which form the basis for the calculation of expected credit losses for agreements in Stage 1 and Stage 2 use several assumptions and assessments. One key assumption is that the quantifiable relationships between macroeconomic risk factors and risk parameters in historical data are representative for future events. The quantitative models applied are based on a history of approximately ten 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 is made on the basis of the macroeconomic risk factors' ability to demonstrate to 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.

The calculation of expected credit losses applies forward-looking information in the form of macro scenarios (one base, one upturn, one downturn and one severe downturn), with relevant macroeconomic risk factors, such as unemployment, key / central bank rates, GDP, inflation and property prices. The various scenarios are used to adjust the risk parameters. Every macroeconomic scenario is assigned a probability, and the expected credit losses are obtained as a probability-weighted average of the expected credit losses for each scenario. The base scenario is assigned a weighting of 50% (2024: 60%),

while an upturn in the economy is assigned a weighting of 5% (2024: 5%), a downturn in the economy is assigned a weighting of 35% (2024: 20%) and the severe downturn in the economy scenario is assigned a weighting of 10% (2024: 15%).

The following table presents the macro scenario forecasts for 2025 for some of the central risk factors and scenarios for the next three years. These have formed the basis for the calculation of expected credit losses in Stage 1 and Stage 2 as at 31 December 2025.

UK Group & Bank 2025 Macro factors	Severe downturn %			Downturn %			Base %			Upturn %		
	2026	2027	2028	2026	2027	2028	2026	2027	2028	2026	2027	2028
GDP Growth	-4.94	-2.86	1.10	-2.94	-1.36	1.60	1.06	1.14	1.60	2.36	2.14	1.90
Unemployment rate	7.53	8.85	9.00	6.93	7.85	7.50	5.53	5.35	5.00	5.13	4.65	4.50
Policy Interest rate	1.00	0.50	0.50	5.75	5.50	5.00	3.50	3.25	3.00	3.00	2.25	2.00
Consumer Pricing Index	1.87	1.67	1.80	5.57	5.57	2.80	3.07	2.57	2.30	2.67	1.87	1.70
Commercial property price growth	-17.55	-8.72	3.78	-13.12	-6.75	2.38	-1.29	-0.15	-0.17	7.30	5.87	-0.99
Residential property price growth	-7.29	-9.81	0.81	-5.44	-3.10	4.01	1.90	2.22	2.64	7.03	4.52	2.46

UK Group & Bank 2024 Macro factors	Severe downturn %			Downturn %			Base %			Upturn %		
	2025	2026	2027	2025	2026	2027	2025	2026	2027	2025	2026	2027
GDP Growth	-6.08	-2.47	2.70	-3.58	-0.47	2.35	1.42	1.53	1.70	3.02	2.33	1.50
Unemployment rate	6.75	8.63	8.50	6.45	7.03	7.50	4.75	4.63	4.50	4.05	3.63	3.80
Policy Interest rate	0.50	0.50	0.50	6.00	6.00	4.75	3.75	3.75	3.25	3.00	2.75	2.25
Consumer Pricing Index	1.47	1.63	1.90	5.37	5.13	3.20	2.87	2.63	2.20	1.99	1.93	1.60
Commercial property price growth	-15.91	-8.15	6.05	-11.89	-8.46	0.74	-1.02	-1.44	0.76	4.48	7.96	1.82
Residential property price growth	-8.07	-8.41	-1.77	-4.90	-4.59	-1.41	0.30	1.02	1.61	4.48	5.29	5.28

The table below shows the percentage increase/decrease in the provision for expected credit losses in Stage 1 and Stage 2, as at the balance sheet date, which arises when a probability of 100% is assigned to the Downturn (negative) and Upturn (positive) scenarios, respectively.

	2025		2024	
	Increase in the provision in a Downturn scenario	Decrease in the provision in an Upturn scenario	Increase in the provision in a Downturn scenario	Decrease in the provision in an Upturn scenario
%	23.97	-30.33	32.43	-30.87
Severe Downturn	29.61		37.19	

Manual and expert-based calculation

Expert-based calculations are applied as a rule for agreements in Stage 3. Expert-based calculation is also 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 calculated agreements in Stage 3. For a more detailed description of expert-based calculation, see note 1 point (g) under the heading 'Expert-based calculation'.

Post-model adjustments (PMAs) are made to modelled output mainly to account for situations where known or expected risk factors and information cannot be fully incorporated in the modelling process, for example the potential for losses associated with the current geopolitical and economic environment. The Bank has used PMAs in the ECL calculations relating to geopolitical risks for corporates involved in the construction sector until end of the Q1 2025 financial reporting period. There are no PMAs as of 31 December 2025 (2024: £2.5 million) as the Bank considered that IFRS 9 models were adequately capturing forward-looking risks and therefore there was no requirement for PMAs at year-end, 2025.

Notes to the financial statements

UK Group - Note 2

RISK MANAGEMENT

The UK Group's risk management is described in the Risk and Capital Management report on pages 55-70. Qualitative information about the Bank's approach to, and management of, risk is contained within this section and supports the specific information about the Bank's risks that are presented below. None of the financial data contained within the Risk and Capital Management report is audited.

GENERAL RISK EXPOSURE

Loans to the public subject to impairment testing under IFRS 9, broken down by sector and industry

UK Group and Bank 2025 £'000	Gross			Provisions			Loans after deduction of provisions
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
Private individuals	4,771,462	184,932	75,655	(214)	(293)	(1,970)	5,029,572
<i>of which other loans with property mortgages</i>	4,607,621	180,913	67,822	(190)	(276)	(1,652)	4,854,238
<i>of which other loans, private individuals</i>	163,841	4,019	7,833	(24)	(17)	(318)	175,334
Property management	11,449,670	360,732	68,741	(3,886)	(2,473)	(243)	11,872,541
Other	1,419,605	80,700	14,278	(1,030)	(537)	(986)	1,512,030
Total	17,640,737	626,364	158,674	(5,130)	(3,303)	(3,199)	18,414,143

UK Group and Bank 2024 £'000	Gross			Provisions			Loans after deduction of provisions
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
Private individuals	4,704,843	212,599	80,833	(248)	(195)	(1,187)	4,996,645
<i>of which other loans with property mortgages</i>	4,530,145	204,116	74,447	(206)	(169)	(979)	4,807,354
<i>of which other loans, private individuals</i>	174,698	8,483	6,386	(42)	(26)	(208)	189,291
Property management	10,610,288	587,278	113,240	(5,166)	(4,206)	(261)	11,301,173
Other	1,390,751	126,155	18,324	(1,031)	(2,202)	(3,446)	1,528,551
Total	16,705,882	926,032	212,397	(6,445)	(6,603)	(4,894)	17,826,369

Credit risk exposures, breakdown by type of collateral

UK Group 2025 £'000	Residential property	Other property	Sovereigns, municipalities ¹	Financial collateral	Collateral in assets	Unsecured	Total
Cash and balances with central banks	-	-	7,743,225	-	-	-	7,743,225
Loans to other credit institutions	-	-	-	608,183	-	2,868,702	3,476,885
Loans to the public	11,150,842	6,483,933	2,077	17,797	190,105	569,389	18,414,143
Total	11,150,842	6,483,933	7,745,302	625,980	190,105	3,438,091	29,634,253
Off-balance sheet items ²	494,777	848,465	96,707	1,883	-	4,682,123	6,123,955
<i>of which guarantee commitments</i>	17,824	115,26	40	1,217	-	2,329,62	263,559
<i>of which obligations</i>	476,953	836,939	96,667	666	-	4,449,171	5,860,396
Total	494,777	848,465	96,707	1,883	-	4,682,123	6,123,955
Total on and off-balance sheet items	11,645,619	7,332,398	7,842,009	627,863	190,105	8,120,214	35,758,208

Credit risk exposures, breakdown by type of collateral (cont.)

UK Group 2024 £'000	Residential property	Other property	Sovereigns, municipalities ¹	Financial collateral	Collateral in assets	Unsecured	Total
Cash and balances with central banks	-	-	9,084,816	-	-	-	9,084,816
Loans to other credit institutions	-	-	-	72,476	-	3,490,244	3,562,720
Loans to the public	10,948,620	6,066,280	4,989	13,422	184,096	608,962	17,826,369
Total	10,948,620	6,066,280	9,089,805	85,898	184,096	4,099,206	30,473,905
Off-balance sheet items [*]	587,690	811,897	96,707	3,633	-	4,558,721	6,058,648
<i>of which guarantee commitments</i>	18,517	11,343	40	1,304	-	226,653	257,857
<i>of which obligations</i>	569,173	800,554	96,667	2,329	-	4,332,068	5,800,791
Total	587,690	811,897	96,707	3,633	-	4,558,721	6,058,648
Total on and off-balance sheet items	11,536,310	6,878,177	9,186,512	89,531	184,096.00	8,657,927	36,532,553

1. Refers to direct sovereign exposures and government guarantees

* Included in Off-balance sheet items (Unsecured) are Bankers' Automated Clearing System ("BACS") facility limits of £2,196m (2024: £2,236m). In 2024 £1,950m of certain BACS facility limits were omitted from the financial statements. In addition, in 2024 certain BACS facility limits of £286m had been included in Credit Guarantees. In 2025 all BACS facility limits are included in Obligations with the 2024 comparatives restated. Whilst the related Contingent Liabilities, Guarantees and Commitments tables in note 23 have been restated, the related credit risk tables in note 10 have not been restated.

LIQUIDITY RISK**Contractual maturity analysis**

The following table summarises the contractual maturity profile of the Group's financial assets and liabilities. Loans and deposits to / from the public are shown in accordance with their contractual maturity rather than their next repricing date or behavioural characteristics. Fixed rate lending is assumed to refinance at the end of initial benefit, rather than the end of term.

UK Group 2025 £'000	Up to 30 days	31 days - 6 months	6 - 12 months	1 - 2 years	2 - 5 years	Over 5 years	Unspecified maturity	Total
Assets								
To central banks	7,743,225	-	-	-	-	-	-	7,743,225
To credit institutions	730,988	917,910	675,824	610,259	90,782	448,404	2,718	3,476,885
Loans to public	953,659	2,064,175	1,967,444	3,400,951	6,884,423	3,142,995	496	18,414,143
Other	-	-	-	-	-	-	4,508	4,508
Total	9,427,872	2,982,085	2,643,268	4,011,210	6,975,205	3,591,399	7,722	29,638,761
Liabilities								
To credit institutions	235,683	533,948	552,840	734,056	1,372,090	586,450	-	4,015,067
Deposits from public	17,806,431	3,324,478	178,152	14,955	792	143,094	-	21,467,902
Issued securities	88,059	1,238,358	426,793	-	-	-	-	1,753,210
<i>Of which CD's less than one year</i>	88,059	1,238,358	426,793	-	-	-	-	1,753,210
Other	-	-	-	-	-	-	20,056	20,056
Total	18,130,173	5,096,784	1,157,785	749,011	1,372,882	729,544	20,056	27,256,235
Off-balance sheet items								
Unutilised guarantees and loan commitments[*]	6,123,956	-	-	-	-	-	-	6,123,956

Contractual maturity analysis (cont.)

UK Group 2024 £'000	Up to 30 days	31 days - 6 months	6 - 12 months	1 - 2 years	2 - 5 years	Over 5 years	Unspecified maturity	Total
Assets								
To central banks	9,084,816	-	-	-	-	-	-	9,084,816
To credit institutions	935,609	1,157,007	670,222	619,829	136,060	43,993	-	3,562,720
Loans to public	661,354	1,626,017	1,487,655	3,757,513	7,636,945	2,656,885	-	17,826,369
Other	-	-	-	-	-	-	95,608	95,608
Total	10,681,779	2,783,024	2,157,877	4,377,342	7,773,005	2,700,878	95,608	30,569,513
Liabilities								
To credit institutions	603,614	434,563	429,014	1,110,554	1,563,246	838,162	-	4,979,153
Deposits from public	17,129,311	3,317,998	224,172	24,704	1,965	182,341	-	20,880,491
Issued securities	234,031	1,640,322	262,086	-	-	-	-	2,136,439
<i>Of which CD's less than one year</i>	<i>234,031</i>	<i>1,640,322</i>	<i>262,086</i>	-	-	-	-	<i>2,136,439</i>
Other	-	-	-	-	-	-	15,528	15,528
Total	17,966,956	5,392,883	915,272	1,135,258	1,565,211	1,020,503	15,528	28,011,611
Off-balance sheet items								
Unutilised guarantees and loan commitments*	6,019,163	-	-	-	-	-	-	6,019,163

* Included in Off-balance sheet items (Unsecured) are Bankers' Automated Clearing System ("BACS") facility limits of £2,196m (2024: £2,236m). In 2024 £1,950m of certain BACS facility limits were omitted from the financial statements. In addition, in 2024 certain BACS facility limits of £286m had been included in Credit Guarantees. In 2025 all BACS facility limits are included in Obligations with the 2024 comparatives restated. Whilst the related Contingent Liabilities, Guarantees and Commitments tables in note 23 have been restated, the related credit risk tables in note 10 have not been restated.

Maturity periods for financial liabilities

The table below does not directly reconcile to the UK Group's balance sheet or contractual maturity table, as the table includes all cash flows, on an undiscounted basis, related to both principal and future interest flows for the UK Group's financial liabilities.

UK Group 2025 £'000	Up to 30 days	31 days - 6 months	6 - 12 months	1 - 2 years	2 - 5 years	Over 5 years	Unspecified maturity	Total
Liabilities								
To credit institutions	237,014	554,290	580,756	799,483	1,582,207	703,200	-	4,456,950
Deposits from public	17,804,931	3,344,691	182,135	15,735	844	143,083	-	21,491,419
Issued securities	89,009	1,255,088	440,222	-	-	-	-	1,784,319
<i>Of which CD's less than one year</i>	<i>89,009</i>	<i>1,255,088</i>	<i>440,222</i>	-	-	-	-	<i>1,784,319</i>
Other	-	-	-	-	-	-	20,056	20,056
Total	18,130,954	5,154,069	1,203,113	815,218	1,583,051	846,283	20,056	27,752,744
UK Group 2024 £'000								
Liabilities								
To credit institutions	608,331	453,607	454,001	1,174,310	1,795,473	1,021,709	-	5,507,431
Deposits from public	17,128,973	3,344,096	230,577	26,250	2,139	182,324	-	20,914,359
Issued securities	246,273	1,653,284	273,704	-	-	-	-	2,173,261
<i>Of which CDs less than one year</i>	<i>246,273</i>	<i>1,653,284</i>	<i>273,704</i>	-	-	-	-	<i>2,173,261</i>
Other	-	-	-	-	-	-	15,528	15,528
Total	17,983,577	5,450,987	958,282	1,200,560	1,797,612	1,204,033	15,528	28,610,579

MARKET RISK***Net interest income sensitivity***

The net interest income sensitivity represents the effect of hypothetical movements of projected yield curves on the Bank's net interest income over a 12-month horizon. It is prepared based on a static balance sheet with all assets and liabilities maturing within the year replaced with like-for-like products. The measure also incorporates the effect of behavioural assumptions as to how and when individual products would reprice in response to changing rates.

During 2025 the measure was enhanced to reflect more accurately the observed repricing characteristics of customer deposits.

For year-end 2025, the net interest income sensitivity to an immediate rise in interest rates of all maturities by 2%, was an increase of £110.8m. The net interest income sensitivity to an immediate fall in interest rates by 2% was a reduction of £112m.

The net interest income sensitivity calculation does not include the impact of any management actions Handelsbanken plc would undertake to mitigate the impact of changing interest rates, therefore, it should not be considered as a guide to future earnings performance.

Notes to the financial statements

UK Group - Note 3

NET INTEREST INCOME

UK Group	2025 £'000	2024 £'000
Loans to the public	1,051,829	1,150,271
Loans to credit institutions and central banks	353,858	465,923
Loans to other group undertakings	159,169	242,326
Other interest income	9,169	8,329
Total interest income calculated using the effective interest method	1,574,025	1,866,849
Deposits and borrowing from the public	(549,935)	(655,461)
Due to other group undertakings	(143,763)	(228,687)
Issued securities	(86,981)	(118,672)
Lease liability	(3,222)	(1,734)
Other interest expense	(540)	(553)
Total interest expense	(784,441)	(1,005,107)
Net interest income	789,584	861,742

Notes to the financial statements

UK Group - Note 4

NET FEE AND COMMISSION INCOME

UK Group	2025 £'000	2024 £'000
Fund management commission	26,352	25,556
Payments	24,537	24,543
Loans and deposits	11,205	11,143
Advisory fees	3,980	3,698
Asset management commission	2,295	2,298
Intercompany commission	1,352	1,333
Guarantees	1,081	1,069
Other	1,768	1,557
Total fee and commission income	72,570	71,197
Payments	(2,909)	(2,968)
Intercompany commission	(2)	(105)
Other	(1)	(1)
Total fee and commission expense	(2,912)	(3,074)
Net fee and commission income	69,658	68,123

Fee and commission income refers to income from contracts with customers. Intercompany commissions, ad hoc advisory fees, payments and loans and deposits are generally recognised in conjunction with the rendering of the service, i.e. at a specific point in time. Income from fund and asset management commission, guarantees and ongoing advisory fees are generally recognised as the services are rendered, i.e. on a straight-line basis over time.

Fund management commission, advisory fees, asset management commission and other lines shown in the table above includes £34 million (2024: £33 million) revenue from contracts with customers recognised in the Handelsbanken Wealth entity.

7.0

Notes to the financial statements UK Group - Note 5

NET GAINS ON FINANCIAL TRANSACTIONS AND OTHER INCOME

UK Group	2025 £'000	2024 £'000
Foreign exchange spot instruments	11,824	11,303
Other	503	1,008
Total	12,327	12,311

The Other line mainly includes the research and development expenditure credit ("RDEC") related income recognised in the year.

Notes to the financial statements

UK Group - Note 6

PERSONNEL COSTS

The average number of persons employed (including directors) during the year was:

Average number of employees UK Group	2025	2024
Head office and support	1,233	1,302
Branch operations	1,654	1,695
Wealth management	192	188
Total	3,079	3,185

Personnel costs for the above persons were:

UK Group	2025 £'000	2024 £'000
Wages and salaries	217,295	218,294
Other pension costs	33,139	32,672
Social security costs	30,375	27,739
Staff benefits and other	13,289	12,817
Share-based payment arrangement	4,080	4,499
Variable pay	69	132
Total	298,247	296,153

For further detail on the Share-based payment arrangement, please see note 9.

Notes to the financial statements

UK Group - Note 7

OTHER OPERATING EXPENSES

UK Group	2025 £'000	2024 £'000
Professional and legal fees	13,532	22,240
Intercompany recharges	39,820	41,971
Rent and premises costs	18,180	18,260
IT and communication costs	18,277	15,192
Unrecoverable VAT on intercompany invoices	8,295	8,373
Travel, marketing, membership & supplies	10,961	11,760
Consultancy fees	3,507	6,885
Auditors' remuneration	1,630	1,502
Other operating expenses	7,963	3,810
Total operating expenses	122,165	129,993

Independent auditors' remuneration

UK Group	2025 £'000	2024 £'000
Fees payable to the company's auditor for the audit of the group accounts		
Handelsbanken plc	1,190	1,098
Handelsbanken Wealth & Asset Management Limited	105	90
Handelsbanken ACD Limited	40	35
Fees payable to the company's auditor for other services:		
Audit related assurance services		
Handelsbanken plc CASS	38	35
Handelsbanken Wealth & Asset Management Limited CASS	137	130
Handelsbanken ACD Limited CASS	116	110
Other non-audit services	4	4
Total audit and non-audit fees	1,630	1,502

Notes to the financial statements

UK Group - Note 8

DIRECTORS' REMUNERATION

Directors' remuneration for the year, including non-executive directors (NEDs)

Bank	2025 £'000	2024 £'000
Short-term employment benefits	2,951	2,847
Post employment benefits	33	29
Share-based payment	1	3
Total remuneration	2,985	2,879

Total contributions to the Handelsbanken DC pension scheme made by the Bank on behalf of the directors in 2025 was £nil (2024: £nil).

Expatriates assigned to the UK from other locations within the Handelsbanken Group do not participate in this pension scheme. Handelsbanken plc is not charged for the continuation of the home based Defined Benefit pension scheme, however, the cost of continuing this is included in the disclosures for completeness.

During the year to 31 December 2025, one (2024: one) director was remunerated via Svenska Handelsbanken, all other directors were remunerated via the UK Group.

The amounts in respect of the highest paid director were as follows:

Bank	2025 £'000	2024 £'000
Director's emoluments and fees	1,196	1,168

Notes to the financial statements

UK Group - Note 9

SHARE BASED PAYMENT ARRANGEMENT

As described in the Directors' report, Oktogonen allocations are used to purchase partnership shares via an HMRC-approved Share Incentive Plan (SIP) model.

Following the approval of an Oktogonen award for the 2024 performance year this was allocated via the SIP during 2025.

UK Group employees that are employed during the financial year to which the Oktogonen allocation relates, are eligible to use their allocation to purchase partnership shares, with the exception of some leavers.

Awards made during 2025 to the UK Group's personnel are shown in the table below:

UK Group	2025		2024	
	Number of shares	Average cost of shares £	Number of shares	Average cost of shares £
Annual free share awards	168,499	10.13	531,263	7.62

UK Group	2025 £'000	2024 £'000
Expenses arising from share based payment transactions	4,080	4,500
2023 Oktogonen allocation	-	2,893
2024 Oktogonen allocation	478	1,607
2025 Oktogonen allocation	3,602	-
Share-based payment liability	146	91
Oktogonen allocation provision	3,602	1,607

Notes to the financial statements

UK Group - Note 10

CREDIT LOSSES

The majority of the disclosures and calculations within this note are based on the activities of Handelsbanken plc. Due to its nature, Handelsbanken Wealth has minimal balances that are within scope of IFRS 9, and none of these balances have provisions.

Reconciliation of expected credit loss provision gains and losses

UK Group and Bank	2025 £'000	2024 £'000
Expected credit gain / (losses) on balance sheet items		
Stage 3 provision	(1,609)	(4,369)
Reversal of Stage 3 provision	2,860	489
Costs related to provision Stage 3	-	-
Total expected credit (losses) / gains in Stage 3	1,251	(3,880)
The year's net reversal / (provision) Stage 1	1,315	3,994
The year's net reversal / (provision) Stage 2	3,300	8,631
Total expected credit gains / (losses) in Stage 1 and Stage 2	4,615	12,625
Total expected credit gains / (losses) on balance sheet items	5,866	8,745
Expected credit gains on off-balance-sheet items		
The year's net provision Stage 3	-	-
The year's net reversal Stage 2	1,060	710
The year's net reversal Stage 1	82	258
Total expected credit gains on off-balance-sheet items	1,142	968
Write-offs		
Actual credit losses for the year ¹	(289)	(2,101)
Utilised share of previous provisions in Stage 3	279	2,000
Total write-offs	(10)	(101)
Recoveries	164	552
Net credit gains / (losses)	7,162	10,164
<i>of which loans to the public</i>	<i>6,019</i>	<i>9,172</i>

1. Of the year's actual credit losses, no amount is subject to enforcement activities (2024: nil)

Balance sheet and off-balance sheet items that are subject to impairment testing

2025 UK Group £'000	Gross amount			Provisions		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Balance sheet items						
Cash and balances with central banks	7,743,225	-	-	-	-	-
Loans to other credit institutions	3,476,891	-	-	(6)	-	-
Loans to the public	17,640,737	626,364	158,674	(5,130)	(3,303)	(3,199)
Total	28,860,853	626,364	158,674	(5,136)	(3,303)	(3,199)
Off-balance sheet items						
Total off-balance sheet	3,770,070	41,954	1,077	(407)	(168)	-
<i>of which contingent liabilities and guarantees</i>	<i>257,429</i>	<i>5,399</i>	<i>731</i>	<i>(103)</i>	<i>(47)</i>	-
<i>of which commitments</i>	<i>3,512,641</i>	<i>36,555</i>	<i>346</i>	<i>(304)</i>	<i>(121)</i>	-
Total	32,630,923	668,318	159,751	(5,543)	(3,471)	(3,199)

2024 UK Group £'000	Gross amount			Provisions		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Balance sheet items						
Cash and balances with central banks	9,084,816	-	-	-	-	-
Loans to other credit institutions	3,562,727	-	-	(7)	-	-
Loans to the public	16,705,882	926,032	212,397	(6,445)	(6,603)	(4,894)
Total	29,353,452	926,032	212,397	(6,445)	(6,603)	(4,894)
Off-balance sheet items						
Total off-balance sheet	1,797,597	52,330	3,934	(490)	(1,228)	-
<i>of which contingent liabilities and guarantees</i>	<i>540,230</i>	<i>5,842</i>	<i>1,008</i>	<i>(145)</i>	<i>(349)</i>	-
<i>of which commitments</i>	<i>1,257,367</i>	<i>46,488</i>	<i>2,926</i>	<i>(345)</i>	<i>(879)</i>	-
Total	31,151,022	978,362	216,331	(6,942)	(7,831)	(4,894)

* Off-balance sheet items have been restated for the Bankers' Automated Clearing System ("BACS") facility limits in note 2 and note 23, however note 10 was not restated for these items due to it not being possible to retrospectively assign the facility limits to relevant stage.

**Key figures, credit losses
Loans to the public**

UK Group and Bank	2025	2024
Credit loss ratio, % of loans to the public ¹	-0.03%	-0.05%
Total credit loss reserve ratio, %	0.06%	0.10%
Credit loss reserve ratio Stage 1, %	0.03%	0.04%
Credit loss reserve ratio Stage 2, %	0.53%	0.71%
Credit loss reserve ratio Stage 3, %	2.02%	2.30%
Proportion of loans in Stage 3, %	0.84%	1.16%

1. The calculation is based on the net credit loss for the year and the Loans to public balance at the beginning of the year.

CHANGE ANALYSIS

CHANGE IN GROSS EXPOSURE, PROVISION FOR EXPECTED CREDIT LOSSES, AND THE MAXIMUM EXPOSURE TO LOSS AT THE BEGINNING AND END OF THE YEAR

Balance sheet items that are subject to impairment testing

Loans to the public – Retail

2025 UK Group and Bank £'000	Exposure				Provision			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 2025	4,707,508	225,489	79,922	5,012,919	(285)	(324)	(1,302)	(1,911)
Derecognised assets	(354,814)	(34,008)	(17,698)	(406,520)	17	43	270	330
Write-offs	-	-	(109)	(109)	-	-	74	74
Remeasurements due to changes in credit risk	-	-	-	-	81	(125)	(884)	(928)
Repayments, additional drawdowns and accrued interest	(136,138)	(10,479)	(7,065)	(153,682)	-	-	-	-
Originated assets	624,248	5,670	-	629,918	(33)	(6)	-	(39)
From Stage 1 to Stage 2	(75,023)	75,023	-	-	30	(30)	-	-
From Stage 2 to Stage 1	57,723	(57,723)	-	-	(52)	52	-	-
To Stage 3	(15,254)	(11,303)	26,557	-	2	9	(11)	-
From Stage 3	1,144	5,230	(6,374)	-	-	-	-	-
Balance at 31 December 2025	4,809,394	197,899	75,233	5,082,526	(240)	(381)	(1,853)	(2,474)

2024 UK Group and Bank £'000	Exposure				Provision			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 2024	4,984,047	229,796	62,284	5,276,127	(3,321)	(2,084)	(401)	(5,806)
Derecognised assets	(453,158)	(30,402)	(13,510)	(497,070)	254	224	159	637
Write-offs	-	-	(230)	(230)	-	-	192	192
Remeasurements due to changes in credit risk	-	-	-	-	2,501	1,303	(1,188)	2,616
Repayments, additional drawdowns and accrued interest	(237,462)	(6,144)	2,477	(241,129)	-	-	-	-
Originated assets	469,156	7,465	558	477,179	(27)	(12)	(11)	(50)
From Stage 1 to Stage 2	(120,895)	120,895	-	-	64	(64)	-	-
From Stage 2 to Stage 1	79,975	(79,975)	-	-	(19)	19	-	-
To Stage 3	(16,699)	(17,059)	31,800	(1,958)	263	290	(53)	500
From Stage 3	2,544	913	(3,457)	-	-	-	-	-
Balance at 31 December 2024	4,707,508	225,489	79,922	5,012,919	(285)	(324)	(1,302)	(1,911)

Loans to public – Corporate

2025 UK Group and Bank £'000	Exposure				Provision			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 2025	11,998,374	700,543	132,475	12,831,392	(6,160)	(6,279)	(3,592)	(16,031)
Derecognised assets	(1,016,216)	(62,690)	(37,793)	(1,116,699)	506	1,216	28	1,750
Write-offs	-	-	(180)	(180)	-	-	205	205
Remeasurements due to changes in credit risk	-	-	-	-	3,859	98	2,051	6,008
Repayments, additional drawdowns and accrued interest	128,578	(1,342)	(15,982)	111,254	-	-	-	-
Originated assets	1,485,335	31,866	281	1,517,482	(914)	(176)	-	(1,090)
From Stage 1 to Stage 2	(88,854)	88,854	-	-	42	(42)	-	-
From Stage 2 to Stage 1	331,038	(331,038)	-	-	(2,235)	2,235	-	-
To Stage 3	(10,693)	(2,242)	12,935	-	12	26	(38)	-
From Stage 3	3,781	4,514	(8,295)	-	-	-	-	-
Balance at 31 December 2025	12,831,343	428,465	83,441	13,343,249	(4,890)	(2,922)	(1,346)	(9,158)

2024 UK Group and Bank £'000	Exposure				Provision			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 2024	11,192,901	1,479,006	104,739	12,776,646	(7,070)	(13,150)	(2,751)	(22,971)
Derecognised assets	(663,296)	(165,199)	(35,927)	(864,422)	483	1,807	-	2,290
Write-offs	-	-	(1,870)	(1,870)	-	-	1,808	1,808
Remeasurements due to changes in credit risk	-	-	-	-	(957)	(3,777)	228	(4,506)
Repayments, additional drawdowns and accrued interest	41,428	(200,465)	(3,916)	(162,953)	-	-	-	-
Originated assets	1,068,453	23,687	-	1,092,140	(437)	(287)	-	(724)
From Stage 1 to Stage 2	(572,648)	572,648	-	-	1,219	(1,219)	-	-
From Stage 2 to Stage 1	946,875	(946,875)	-	-	(2,437)	2,437	-	-
To Stage 3	(22,631)	(65,370)	79,852	(8,149)	3,039	7,910	(2,877)	8,072
From Stage 3	7,292	3,111	(10,403)	-	-	-	-	-
Balance at 31 December 2024	11,998,374	700,543	132,475	12,831,392	(6,160)	(6,279)	(3,592)	(16,031)

Off-balance sheet items that are subject to impairment testing

2025 UK Group and Bank £'000	Exposure				Provision			
	Stage 1*	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 2025	1,798,797	52,330	3,934	1,855,061	(490)	(1,228)	-	(1,718)
Derecognised assets	(420,852)	(4,217)	(2,248)	(427,317)	114	54	-	168
Remeasurements due to changes in credit risk	-	-	-	-	593	527	-	1,120
Repayments, additional drawdowns and accrued interest	1,920,933	(5,477)	(636)	1,914,820	-	-	-	-
Originated assets	468,304	2,225	8	470,537	(143)	(2)	-	(145)
From Stage 1 to Stage 2	(8,145)	8,145	-	-	2	(2)	-	-
From Stage 2 to Stage 1	11,156	(11,156)	-	-	(483)	483	-	-
To Stage 3	(129)	(4)	133	-	-	-	-	-
From Stage 3	6	108	(114)	-	-	-	-	-
Balance at 31 December 2025	3,770,070	41,954	1,077	3,813,101	(407)	(168)	-	(575)

2024 UK Group and Bank £'000	Exposure				Provision			
	Stage 1*	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 2024	1,783,142	74,858	3,148	1,861,148	(747)	(1,939)	-	(2,686)
Derecognised assets	(94,091)	(17,611)	(173)	(111,875)	48	212	-	260
Remeasurements due to changes in credit risk	-	-	-	-	308	419	-	727
Repayments, additional drawdowns and accrued interest	(123,309)	(2,862)	(317)	(126,488)	-	-	-	-
Originated assets	229,096	3,468	-	232,564	(89)	(131)	-	(220)
From Stage 1 to Stage 2	(30,347)	30,347	-	-	42	(42)	-	-
From Stage 2 to Stage 1	34,605	(34,605)	-	-	(93)	93	-	-
To Stage 3	(485)	(1,480)	1,677	(288)	41	160	-	201
From Stage 3	186	215	(401)	-	-	-	-	-
Balance at 31 December 2024	1,798,797	52,330	3,934	1,855,061	(490)	(1,228)	-	(1,718)

* For the Bank, Stage 1 exposure is £4.2m (2024: £3m) higher as a result of an intercompany guarantee.

Off-balance sheet items have been restated for the Bankers' Automated Clearing System ("BACS") facility limits in note 2 and note 23, however note 10 was not restated for these items due to it not being possible to retrospectively assign the facility limits to relevant stage.

The change analysis shows the net effect on the gross exposures and provisions for the stage in question for each explanatory item during the period. The effect of derecognitions, amounts transferred between stages and write-offs is calculated on the opening balance. Originated assets present the amounts in the stated stage at the end of the period. The effect of remeasurement due to changes credit risk and repayments, additional drawdowns and accrued interest reflect transactions, revaluations due to changes in the methodology for estimation and foreign exchange effects etc, including the movement not otherwise reflected in other explanatory items and are recognised after the effects of other explanatory items are taken into account. Originated and derecognitions items are identified at the customer level.

When performing a credit assessment of a customer, the customer is assigned a rating. This rating, together with other risk rating criteria, determines how exposures are assessed into risk classes. For corporate customers, the Bank determines rating using a methodology, which is split into:

- **The risk of financial strain (RFS):** risk of the company's earnings and regular cash flow decreasing to such a degree that they become insufficient for the company to meet its financial commitments to the Bank.
- **The financial powers of resistance (FPR):** refers to the company's ability, in a situation of financial strain, of obtaining cash funds to compensate for a shortage in its regular cash flow.

For each element of the rating an assessment is allocated to a rating from 1 to 5, where 1 is the best rating (lowest risk) and 5 is the worst rating (highest risk). The rating process is designed to ensure that internal ratings are as consistent as possible between branches for borrowers that have similar risk levels. The rating is converted to an internal risk class (RFS+FPR-1).

The rating assessment for retail customers looks at a borrower's financial information to produce a consistent indicative rating, which is then supplemented by expert judgement. The assessment of private individuals is as follows. The indicative rating is based on the following:

- **Risk of financial strain (RFS):** this refers to the risk of the borrower's earnings and regular cash flow decreasing to such a degree that they become insufficient for the borrower to meet their financial commitments. Consideration of the borrower's income, expenditure, dependents, surplus and both internal and external debt servicing commitments are considered;
- **Financial powers of resistance (FPR):** determines how any potential financial strain could be managed by the customer by requiring a detailed understanding of the customer's assets and liabilities.

Once all required data has been captured, a two-digit indicative rating (RFS/FPR) is produced. Each component of the indicative rating is allocated between 1 and 5, where 1 is the best rating (lowest risk) and 5 is the worst rating (highest risk). Known facts and forward-looking information using expert judgement, are then considered to produce the final rating. Once the ratings for RFS and FPR are finalised an overall risk class is expressed for the credit in the same way as for corporate customers. An average default rate is calculated for each of the smaller groups, and on the basis of this, the groups are sorted into one of the ten risk classes.

Balance sheet items, by risk class

Loans to the public – Retail

2025 UK Group and Bank £'000	Gross Volume				ECL				Total
	Stage 1	Stage 2	Stage 3	Total Gross	Stage 1	Stage 2	Stage 3	Total ECL	
Risk Class 1	172,488	-	-	172,488	(1)	-	-	(1)	172,487
Risk Class 2	574,419	1,304	-	575,723	(2)	(1)	-	(3)	575,720
Risk Class 3	1,605,936	10,292	-	1,616,228	(17)	(7)	-	(24)	1,616,204
Risk Class 4	1,655,076	98,596	-	1,753,672	(129)	(78)	-	(207)	1,753,465
Risk Class 5	798,824	26,332	-	825,156	(90)	(64)	-	(154)	825,002
Risk Class 6	314	34,654	-	34,968	(1)	(102)	-	(103)	34,865
Risk Class 7	-	22,288	-	22,288	-	(112)	-	(112)	22,176
Risk Class 8	-	4,379	-	4,379	-	(17)	-	(17)	4,362
Risk Class 9	-	52	-	52	-	-	-	-	52
Default	-	-	75,233	75,233	-	-	(1,853)	(1,853)	73,380
Unauthorised Overdraft	2	-	-	2	-	-	-	-	2
Other	2,335	2	-	2,337	-	-	-	-	2,337
Total	4,809,394	197,899	75,233	5,082,526	(240)	(381)	(1,853)	(2,474)	5,080,052

2024 UK Group and Bank £'000	Gross Volume				ECL				Total
	Stage 1	Stage 2	Stage 3	Total Gross	Stage 1	Stage 2	Stage 3	Total ECL	
Risk Class 1	217,407	-	-	217,407	(1)	-	-	(1)	217,406
Risk Class 2	542,827	56	-	542,883	(2)	-	-	(2)	542,881
Risk Class 3	1,536,378	12,937	-	1,549,315	(18)	(2)	-	(20)	1,549,295
Risk Class 4	1,605,319	85,951	-	1,691,270	(147)	(58)	-	(205)	1,691,065
Risk Class 5	803,967	44,449	-	848,416	(108)	(66)	-	(174)	848,242
Risk Class 6	1,095	53,959	-	55,054	(9)	(115)	-	(124)	54,930
Risk Class 7	-	23,337	-	23,337	-	(69)	-	(69)	23,268
Risk Class 8	-	4,477	-	4,477	-	(12)	-	(12)	4,465
Risk Class 9	-	323	-	323	-	(2)	-	(2)	321
Default	-	-	79,922	79,922	-	-	(1,302)	(1,302)	78,620
Unauthorised Overdraft	-	-	-	-	-	-	-	-	-
Other	515	-	-	515	-	-	-	-	515
Total	4,707,508	225,489	79,922	5,012,919	(285)	(324)	(1,302)	(1,911)	5,011,008

Loans to public – Corporate

2025 UK Group and Bank £'000	Gross Volume				ECL				Total
	Stage 1	Stage 2	Stage 3	Total Gross	Stage 1	Stage 2	Stage 3	Total ECL	
Risk Class 1	109,352	-	-	109,352	-	-	-	-	109,352
Risk Class 2	1,510,642	107	-	1,510,749	(32)	-	-	(32)	1,510,717
Risk Class 3	3,901,222	12,070	-	3,913,292	(197)	(8)	-	(205)	3,913,087
Risk Class 4	5,296,177	115,797	-	5,411,974	(1,596)	(193)	-	(1,789)	5,410,185
Risk Class 5	1,926,576	198,104	-	2,124,680	(2,693)	(1,050)	-	(3,743)	2,120,937
Risk Class 6	83,388	63,097	-	146,485	(371)	(555)	-	(926)	145,559
Risk Class 7	-	38,981	-	38,981	-	(1,113)	-	(1,113)	37,868
Risk Class 8	-	303	-	303	-	(3)	-	(3)	300
Risk Class 9	-	6	-	6	-	-	-	-	6
Default	-	-	83,441	83,441	-	-	(1,346)	(1,346)	82,095
Unauthorised Overdraft	7	-	-	7	-	-	-	-	7
Other	3,979	-	-	3,979	(1)	-	-	(1)	3,978
Total	12,831,343	428,465	83,441	13,343,249	(4,890)	(2,922)	(1,346)	(9,158)	13,334,091

2024 UK Group and Bank £'000	Gross Volume				ECL				Total
	Stage 1	Stage 2	Stage 3	Total Gross	Stage 1	Stage 2	Stage 3	Total ECL	
Risk Class 1	56,097	-	-	56,097	-	-	-	-	56,097
Risk Class 2	1,583,375	1,036	-	1,584,411	(35)	(1)	-	(36)	1,584,375
Risk Class 3	3,251,233	38,220	-	3,289,453	(219)	(13)	-	(232)	3,289,221
Risk Class 4	4,770,644	124,335	-	4,894,979	(1,697)	(229)	-	(1,926)	4,893,053
Risk Class 5	2,227,545	375,027	-	2,602,572	(3,638)	(2,517)	-	(6,155)	2,596,417
Risk Class 6	106,176	113,041	-	219,217	(570)	(2,147)	-	(2,717)	216,500
Risk Class 7	-	45,438	-	45,438	-	(1,297)	-	(1,297)	44,141
Risk Class 8	-	3,446	-	3,446	-	(75)	-	(75)	3,371
Risk Class 9	-	-	-	-	-	-	-	-	-
Default	-	-	132,475	132,475	-	-	(3,592)	(3,592)	128,883
Unauthorised Overdraft	-	-	-	-	-	-	-	-	-
Other	3,304	-	-	3,304	(1)	-	-	(1)	3,303
Total	11,998,374	700,543	132,475	12,831,392	(6,160)	(6,279)	(3,592)	(16,031)	12,815,361

Off-balance sheet items

2025 UK Group and Bank £'000	Gross Volume				ECL				Total
	Stage 1*	Stage 2	Stage 3	Total Gross	Stage 1	Stage 2	Stage 3	Total ECL	
Risk Class 1	387,340	-	-	387,340	-	-	-	-	387,340
Risk Class 2	449,770	161	-	449,931	(3)	(1)	-	(4)	449,927
Risk Class 3	1,023,793	1,969	-	1,025,762	(25)	(1)	-	(26)	1,025,736
Risk Class 4	1,299,032	9,502	-	1,308,534	(144)	(12)	-	(156)	1,308,378
Risk Class 5	550,714	11,142	-	561,856	(225)	(76)	-	(301)	561,555
Risk Class 6	2,475	15,708	-	18,183	(10)	(33)	-	(43)	18,140
Risk Class 7	-	3,404	-	3,404	-	(44)	-	(44)	3,360
Risk Class 8	-	63	-	63	-	(1)	-	(1)	62
Risk Class 9	-	-	-	-	-	-	-	-	-
Default	-	-	1,077	1,077	-	-	-	-	1,077
Unauthorised Overdraft	-	-	-	-	-	-	-	-	-
Other	56,946	5	-	56,951	-	-	-	-	56,951
Total	3,770,070	41,954	1,077	3,813,101	(407)	(168)	-	(575)	3,812,526

2024 UK Group and Bank £'000	Gross Volume				ECL				Total
	Stage 1*	Stage 2	Stage 3	Total Gross	Stage 1	Stage 2	Stage 3	Total ECL	
Risk Class 1	148,127	15	-	148,142	-	-	-	-	148,142
Risk Class 2	298,684	119	-	298,803	(4)	-	-	(4)	298,799
Risk Class 3	475,086	6,105	-	481,191	(43)	(1)	-	(44)	481,147
Risk Class 4	585,821	7,458	-	593,279	(244)	(14)	-	(258)	593,021
Risk Class 5	239,704	29,721	-	269,425	(182)	(789)	-	(971)	268,454
Risk Class 6	7,673	8,163	-	15,836	(16)	(384)	-	(400)	15,436
Risk Class 7	245	667	-	912	-	(37)	-	(37)	875
Risk Class 8	-	73	-	73	-	(3)	-	(3)	70
Risk Class 9	-	9	-	9	-	-	-	-	9
Default	-	-	3,934	3,934	-	-	-	-	3,934
Unauthorised Overdraft	-	-	-	-	-	-	-	-	-
Other	43,457	-	-	43,457	(1)	-	-	(1)	43,456
Total	1,798,797	52,330	3,934	1,855,061	(490)	(1,228)	-	(1,718)	1,853,343

* For the Bank, Stage 1 exposure is £4.2m (2024: £3m) higher as a result of an intercompany guarantee.

Off-balance sheet items have been restated for the Bankers' Automated Clearing System ("BACS") facility limits in note 2 and note 23, however note 10 was not restated for these items due to it not being possible to retrospectively assign the facility limits to relevant stage.

Loans to the public by LTV – Retail

2025 UK Group and Bank £'000	Gross				ECL				Total
	Stage 1	Stage 2	Stage 3	Total Gross	Stage 1	Stage 2	Stage 3	Total ECL	
LTV<50%	1,880,515	64,961	21,646	1,967,122	(53)	(119)	-	(172)	1,966,950
50%<=LTV<60%	920,351	38,172	16,613	975,136	(54)	(83)	(47)	(184)	974,952
60%<=LTV<70%	928,775	58,570	19,285	1,006,630	(50)	(94)	(411)	(555)	1,006,075
70%<=LTV<75%	495,892	15,154	7,696	518,742	(37)	(38)	(208)	(283)	518,459
75%<=LTV<80%	307,294	6,617	738	314,649	(19)	(12)	-	(31)	314,618
80%<=LTV<90%	177,890	2,963	2,624	183,477	(12)	(19)	-	(31)	183,446
90%<=LTV<100%	19,144	1,800	2,034	22,978	(1)	(1)	(502)	(504)	22,474
100<=LTV	10,126	8,441	3,272	21,839	(1)	(6)	(630)	(637)	21,202
Unsecured	69,407	1,221	1,325	71,953	(13)	(9)	(55)	(77)	71,876
Total	4,809,394	197,899	75,233	5,082,526	(240)	(381)	(1,853)	(2,474)	5,080,052

2024 UK Group and Bank £'000	Gross				ECL				Total
	Stage 1	Stage 2	Stage 3	Total Gross	Stage 1	Stage 2	Stage 3	Total ECL	
LTV<50%	1,855,966	92,929	26,038	1,974,933	(63)	(136)	(329)	(528)	1,974,405
50%<=LTV<60%	932,125	47,889	17,453	997,467	(53)	(71)	-	(124)	997,343
60%<=LTV<70%	943,314	48,541	15,836	1,007,691	(64)	(60)	(412)	(536)	1,007,155
70%<=LTV<75%	471,260	17,209	6,359	494,828	(34)	(18)	(15)	(67)	494,761
75%<=LTV<80%	261,665	11,245	1,518	274,428	(27)	(22)	-	(49)	274,379
80%<=LTV<90%	125,575	2,157	6,050	133,782	(10)	(2)	-	(12)	133,770
90%<=LTV<100%	29,179	1,755	4,192	35,126	(2)	(2)	(10)	(14)	35,112
100<=LTV	8,578	2,435	824	11,837	(18)	(8)	(365)	(391)	11,446
Unsecured	79,846	1,329	1,652	82,827	(14)	(5)	(171)	(190)	82,637
Total	4,707,508	225,489	79,922	5,012,919	(285)	(324)	(1,302)	(1,911)	5,011,008

Loans to the public by LTV – Corporate

2025 UK Group and Bank £'000	Gross				ECL				Total
	Stage 1	Stage 2	Stage 3	Total Gross	Stage 1	Stage 2	Stage 3	Total ECL	
LTV<50%	8,178,028	258,128	44,783	8,480,939	(2,595)	(1,153)	(49)	(3,797)	8,477,142
50%<=LTV<60%	3,279,105	128,044	23,766	3,430,915	(1,585)	(1,502)	-	(3,087)	3,427,828
60%<=LTV<70%	422,387	13,441	7,143	442,971	(262)	(103)	(37)	(402)	442,569
70%<=LTV<75%	76,941	222	-	77,163	(56)	-	-	(56)	77,107
75%<=LTV<80%	25,264	475	943	26,682	(8)	(5)	-	(13)	26,669
80%<=LTV<90%	64,135	-	1,050	65,185	(59)	-	(192)	(251)	64,934
90%<=LTV<100%	24,982	-	4,176	29,158	(9)	-	(37)	(46)	29,112
100<=LTV	142,500	2,729	-	145,229	(58)	(14)	-	(72)	145,157
Unsecured*	618,001	25,426	1,580	645,007	(258)	(145)	(1,031)	(1,434)	643,573
Total	12,831,343	428,465	83,441	13,343,249	(4,890)	(2,922)	(1,346)	(9,158)	13,334,091

* Included within the unsecured line is £209m that relates to Asset Financing, which cannot readily be allocated an LTV.

2024 UK Group and Bank £'000	Gross				ECL				Total
	Stage 1	Stage 2	Stage 3	Total Gross	Stage 1	Stage 2	Stage 3	Total ECL	
LTV<50%	8,014,873	446,291	60,889	8,522,053	(3,318)	(2,333)	-	(5,651)	8,516,402
50%<=LTV<60%	2,664,005	156,812	45,946	2,866,763	(1,924)	(2,273)	-	(4,197)	2,862,566
60%<=LTV<70%	299,847	16,370	16,130	332,347	(205)	(339)	(172)	(716)	331,631
70%<=LTV<75%	38,030	152	298	38,480	(60)	(2)	-	(62)	38,418
75%<=LTV<80%	46,207	11,199	1,760	59,166	(41)	(638)	-	(679)	58,487
80%<=LTV<90%	40,544	44,097	5,145	89,786	(55)	(311)	(2,943)	(3,309)	86,477
90%<=LTV<100%	14,930	-	983	15,913	(10)	-	(36)	(46)	15,867
100<=LTV	151,452	2,587	213	154,252	(112)	(18)	-	(130)	154,122
Unsecured*	728,486	23,035	1,111	752,632	(435)	(365)	(441)	(1,241)	751,391
Total	11,998,374	700,543	132,475	12,831,392	(6,160)	(6,279)	(3,592)	(16,031)	12,815,361

* Included within the unsecured line is £204m that relates to Asset Financing, which cannot readily be allocated an LTV.

Notes to the financial statements

UK Group - Note 11

TAXES

Income tax expense for the year

UK Group	2025 £'000	2024 £'000
Current tax:		
Current year current tax	117,701	137,594
Adjustments in respect of previous years	259	663
Total current tax charge	117,960	138,257
Deferred tax:		
Origination and reversal of temporary differences	(3)	(100)
Adjustments in respect of previous years	(10)	581
Rate change	24	(6)
Total deferred tax charge	11	475
Tax charge on profit	117,971	138,732

The tax assessed for the year is higher (2024: higher) than the standard rate of corporation tax in the UK. The differences are explained below:

Tax reconciliation

UK Group	2025 £'000	2024 £'000
Profit before taxation	421,832	498,022
Profit before tax multiplied by the standard rate of corporation tax in the UK of 25% (2024: 25%)	105,458	124,506
Tax effects of:		
Expenses not deductible for tax purposes	2,207	767
Banking surcharge	10,033	12,221
Adjustment to tax charge in respect of prior years - current tax	259	663
Impact of bank surcharge on deferred tax	24	(6)
Adjustment to tax charge in respect of prior year - deferred tax	(10)	581
Total tax charge	117,971	138,732

The Finance Act 2021 increased the main rate of corporation tax from 19% to 25% on 1 April 2023. The Finance Act 2022 increased the banking surcharge allowance from £25m to £100m and reduced the banking surcharge rate from 8% to 3% from 1 April 2023. The banking surcharge, which imposes additional tax at the set rate on banks' taxable profits in excess of the allowance, was £10.0m (2024: £12.2m) for the year ended 31 December 2025.

Deferred tax

All deferred tax assets and liabilities have been recognised at 28% by Handelsbanken plc (corporation tax of 25% and banking surcharge of 3%) and at 25% by Handelsbanken Wealth.

Pillar 2

The Finance (No.2) Act 2023, which received Royal Assent in July 2023, implements the Organisation for Economic Co-operation and Development (OECD) Base Erosion and Profit Shifting (BEPS) Pillar 2 income inclusion rule (IIR) in the UK. It introduces a multinational top-up tax (MTT), together with a domestic top-up tax (DTT), and applies to large multinational enterprises for accounting periods beginning on or after 31 December 2023.

MTT applies where a UK located entity is responsible for paying the top-up tax in respect of members of a qualifying multinational group located outside the UK and where their effective tax rate is less than 15%. DTT applies to both stand-alone UK entities and group entities for a top-up tax to be paid by UK entities with an effective tax rate of less than 15%.

Although the entities that make up the Handelsbanken UK sub-group are in scope of the enacted legislation, they did not have any subsidiaries, permanent establishments, or operations in other jurisdictions during the year ended 31 December 2025. The UK sub-group had an ETR of 28%. Consequently, the MTT / DTT did not apply, and no liabilities have arisen.

The UK sub-group applies the exemption to recognise and disclose information about deferred tax assets and liabilities related to income taxes under Pillar 2, as set out in the amendments to IAS 12 issued in May 2023.

Deferred tax balance

UK Group	2025 £'000	2024 £'000
Short term temporary differences	158	660
Fixed asset temporary differences	643	411
Deferred tax assets	801	1,071
Intangible asset temporary differences	(1,920)	(2,179)
Deferred tax liabilities	(1,920)	(2,179)

Deferred tax movement

UK Group	2025 £'000	2024 £'000
Deferred tax (liability)/asset as at 1 Jan	(1,108)	(632)
Income statement credit/(charge):		
Fixed asset temporary differences	173	(16)
Holiday accrual	-	-
Unutilised losses carried forward	-	(197)
Intangible asset temporary differences	259	259
Short term temporary differences	(429)	53
Prior year adjustment	10	(581)
Rate change	(24)	6
Deferred tax liabilities as at 31 Dec	(1,119)	(1,108)
Made up of:		
Deferred tax asset	801	1,071
Deferred tax liability	(1,920)	(2,179)

Notes to the financial statements

UK Group - Note 12

CASH AND BALANCES WITH CENTRAL BANKS

Cash balance at the end of the year in the cash flow statement includes cash held at central banks and due from other banks, excluding accrued interest income and provisions for expected credit losses.

Reconciliation of cash and balances on Balance sheet and Cash flow

UK Group		2025 £'000	2024 £'000
Cash and balances with central banks (Balance sheet)		7,743,225	9,084,816
Due from other banks	13	28,925	26,893
Add provision for expected credit losses reported as provisions	13	6	7
Less accrued interest		(10,629)	(14,526)
Cash balance at the end of the year (cash flow)		7,761,527	9,097,190

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Notes to the financial statements UK Group - Note 13

DUE (TO) / FROM OTHER CREDIT INSTITUTIONS

UK Group	2025 £'000	2024 £'000
Due from other banks	28,931	26,900
Intercompany lending	3,447,960	3,535,827
Total	3,476,891	3,562,727
Provision for expected credit loss	(6)	(7)
Total asset	3,476,885	3,562,720
<i>of which accrued interest income</i>	24,351	22,733
Loans from other credit institutions		
Due to other banks	298	3,683
Intercompany borrowing	4,014,769	4,975,470
Total liability	4,015,067	4,979,153
<i>of which accrued interest expense</i>	9,354	10,110

Notes to the financial statements

UK Group - Note 14

INTANGIBLE ASSETS

2025 UK Group	Acquisition customer lists £'000	Purchased software and licences £'000	Internally developed software £'000	Goodwill £'000	Total £'000
Cost					
At 1 January 2025	20,709	1,960	52,621	14,293	89,583
Additions	-	-	5,526	-	5,526
Disposals	-	-	(2,259)	-	(2,259)
At 31 December 2025	20,709	1,960	55,888	14,293	92,850
Accumulated amortisation and impairment					
At 1 January 2025	(11,994)	(1,960)	(25,572)	-	(39,526)
Amortisation	(1,036)	-	(12,745)	-	(13,781)
Change in Impairment	-	-	-	-	-
Disposals	-	-	2,259	-	2,259
At 31 December 2025	(13,030)	(1,960)	(36,058)	-	(51,048)
Balance at 31 December 2024	8,715	-	27,049	14,293	50,057
Balance at 31 December 2025	7,679	-	19,830	14,293	41,802
2024					
UK Group	Acquisition customer lists £'000	Purchased software and licences £'000	Internally developed software £'000	Goodwill £'000	Total £'000
Cost					
At 1 January 2024	20,709	1,960	41,958	14,293	78,920
Additions	-	-	10,663	-	10,663
Disposals	-	-	-	-	-
At 31 December 2024	20,709	1,960	52,621	14,293	89,583
Accumulated amortisation and impairment					
At 1 January 2024	(10,958)	(1,960)	(14,997)	-	(27,915)
Amortisation	(1,036)	-	(10,354)	-	(11,390)
Change in Impairment	-	-	(221)	-	(221)
Disposals	-	-	-	-	-
At 31 December 2024	(11,994)	(1,960)	(25,572)	-	(39,526)
Balance at 31 December 2023	9,751	-	26,961	14,293	51,005
Balance at 31 December 2024	8,715	-	27,049	14,293	50,057

Acquisition customer lists was initially recognised upon acquisition of Handelsbanken Wealth. It is amortised over 20 years from recognition in 2013. There were no indicators of impairment upon assessment at 31 December 2025.

Internally developed software consists of internal development projects undertaken that meet the criteria to be capitalised. As at 31 December 2025 there was £3.4m (2024: £4.3m) of capitalised work in progress included within intangible assets that is currently not being amortised. Internally developed software costs have been impaired during 2025 were £nil (2024: £0.2m). Amortisation was calculated on a straight-line basis over the useful life of five years. The remaining amortisation periods for internally developed software are between 2 - 54 months.

Capitalised work in progress relates to projects that have not yet been completed or have not yet met the criteria to commence amortisation.

Research and development costs incurred and recognised in the income statement and not capitalised amount to £14m (2024: £15m).

Goodwill has an indefinite useful life and therefore is not amortised. It is recognised on the balance sheet at cost less any impairment losses.

Impairment testing of goodwill and intangible assets with an indefinite useful life:

Goodwill held by the UK Group has been reviewed for impairment indicators as at the year-end. Given the recurring loss experience in relation to Handelsbanken Wealth & Asset Management Limited subsidiary being an impairment indicator, it was tested for impairment by assessing the recoverable amount based on the higher of value in use and fair value less cost of disposal (FVLCD) as at the year-end.

The recoverable value was determined based on the FVLCD by engaging a third-party accounting and advisory firm to perform a valuation using both an income approach and market approach to establish the fair value in accordance with IFRS 13 Fair Value Measurement.

The income approach uses discounted future cash flow projections based on a market participant's view. Cash flow projections are based on the forecast approved for a six-year period, adjusted for a market participant view. The main adjustments for the market participant view are market fee alignment, cost saving synergies and customer attrition. After the first six-year period, a forecast is made based on the assumption of a long-term growth rate. Estimated cash flows have been discounted at a rate based on a risk-free interest rate and a risk adjustment corresponding to the market's return requirement incorporating a company specific risk premium. In the annual impairment test, the discount range used was 15% - 16.5%. Included in the discount factor is an alpha of 3-4% to represent execution risk and forecast uncertainty.

The market approach applies multiples derived from comparable quoted companies and recent comparable transactions. Price to AUM ("P/AUM"), price/ earnings ("PE") and enterprise value to revenue ("EV/Revenue"), which are commonly used metrics for valuing wealth management businesses, were used. In considering the appropriate applicable multiples, the financial metrics of the business were compared to available information in the industry and were adjusted for performance and size differences, before the mean/medium multiple were utilised.

The recoverable amount (estimated as the midpoint of the FVLCD range calculated) was higher than the carrying amount requiring no impairment to be recognised. Further sensitivities were performed on the carrying value of the investment, further details can be found in note 13.2 within the Bank only financial statements on page 165.

Notes to the financial statements

UK Group - Note 15

PROPERTY AND EQUIPMENT

UK Group 2025	Branch fit out £'000	Fixtures, fittings and equipment £'000	Computer equipment £'000	Total £'000
Cost				
At 1 January 2025	38,589	10,082	15,645	64,316
Additions	10,445	2,259	1,681	14,385
Disposals	(9,895)	(260)	(470)	(10,625)
At 31 December 2025	39,139	12,081	16,856	68,076
Accumulated depreciation and impairment				
At 1 January 2025	(21,737)	(8,112)	(12,832)	(42,681)
Charge	(6,277)	(786)	(1,997)	(9,060)
Change in Impairment	61	(3)	-	58
Disposals	9,715	243	466	10,424
At 31 December 2025	(18,238)	(8,658)	(14,363)	(41,259)
Balance at 31 December 2024	16,852	1,970	2,813	21,635
Balance at 31 December 2025	20,901	3,423	2,493	26,817
UK Group 2024	Branch fit out £'000	Fixtures, fittings and equipment £'000	Computer equipment £'000	Total £'000
Cost				
At 1 January 2024	35,026	9,634	14,862	59,522
Additions	5,158	975	1,595	7,728
Disposals	(1,595)	(527)	(812)	(2,934)
At 31 December 2024	38,589	10,082	15,645	64,316
Accumulated depreciation and impairment				
At 1 January 2024	(19,968)	(7,928)	(11,734)	(39,630)
Charge	(3,107)	(710)	(1,910)	(5,727)
Change in Impairment	32	-	-	32
Disposals	1,306	526	812	2,644
At 31 December 2024	(21,737)	(8,112)	(12,832)	(42,681)
Balance at 31 December 2023	15,058	1,706	3,128	19,892
Balance at 31 December 2024	16,852	1,970	2,813	21,635

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Notes to the financial statements UK Group - Note 16

OTHER ASSETS

UK Group	2025 £'000	2024 £'000
Sundry debtors	2,547	3,805
Unsettled Certificate of Deposit	-	88,910
Other intercompany assets	93	113
Trade debtors	1,868	2,780
Total	4,508	95,608

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Notes to the financial statements UK Group - Note 17

DEPOSITS FROM THE PUBLIC

UK Group	2025 £'000	2024 £'000
Corporate	15,724,522	15,185,610
Private	5,743,380	5,694,881
Total	21,467,902	20,880,491
<i>of which accrued interest expenses</i>	<i>3,1088</i>	<i>4,1284</i>

Notes to the financial statements

UK Group - Note 18

ISSUED SECURITIES

Issued securities consist of CDs issued in the UK money market. The CDs are used to fund the balance sheet in the short term.

UK Group and Bank £'000	2025		2024	
	Carrying	Nominal	Carrying	Nominal
Issued securities at beginning of the year	2,106,113	2,119,500	2,099,883	2,118,500
Issued	3,472,923	3,479,350	4,630,089	4,668,150
Matured	(3,841,009)	(3,856,750)	(4,623,859)	(4,667,150)
Balance at 31 December	1,738,027	1,742,100	2,106,113	2,119,500
Accrued interest	15,183	-	30,326	-
Issued securities at end of the year	1,753,210	1,742,100	2,136,439	2,119,500

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Notes to the financial statements UK Group - Note 19

PROVISIONS

UK Group £'000	Provisions for off-balance sheet items	Other provisions	2025 Total	2024 Total
Provision at beginning of year	1,718	12,632	14,350	16,731
Additional provision	-	5,430	5,430	2,728
Reduction in provision	-	(4,362)	(4,362)	(4,141)
Change in expected credit losses	(1,143)	-	(1,143)	(968)
Provision at end of year	575	13,700	14,275	14,350

The provision for off-balance sheet items relates to expected credit losses. See note 10.

Other provisions mainly consist of amounts provided to restore the UK Group's premises back to their original condition upon exit, an Oktogonen provision (please see Share based payment arrangement note 9 for more detail) and amounts allocated for future settlement of the litigation and claims on the UK Group.

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Notes to the financial statements UK Group - Note 20

OTHER LIABILITIES

UK Group	2025 £'000	2024 £'000
Sundry creditors and other liabilities	15,727	11,218
VAT	1,257	1,084
Trade creditors	2,229	3,223
Other intercompany liabilities	843	3
Total	20,056	15,528

Sundry creditors and other liabilities consist mainly of tax and social security costs, variable pay and other liabilities.

Notes to the financial statements

UK Group - Note 21

SHARE CAPITAL AND SHARE PREMIUM

UK Group and Bank	Number of ordinary shares of 100p each ¹	Share capital £'000	Share premium £'000	Total £'000
At 1 January 2024	5,050,401	5,050	2,070,619	2,075,669
Shares issued during year	-	-	-	-
At 31 December 2024 and 1 January 2025	5,050,401	5,050	2,070,619	2,075,669
Shares issued during year	-	-	-	-
At 31 December 2025	5,050,401	5,050	2,070,619	2,075,669

* All shares are fully paid up, carry full voting, dividend and capital distribution rights, including on a winding up. They do not confer any rights of redemption. The par value of each share is 100 pence and there is no unauthorised share capital.

Notes to the financial statements

UK Group - Note 22

DIVIDENDS

UK Group and Bank	2025		2024	
	Per Share (£)	Total £'000	Per Share (£)	Total £'000
Dividends paid on ordinary shares	95.97	484,687	123.82	625,341
Dividends not recognised at the end of the year				
In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of £49.00 per fully paid ordinary share (2024: £95.97).	49.00	247,470	95.97	484,687

On 18 March 2026, the Directors recommended a dividend for 2025 of £49.00 per ordinary share. The total dividend will subsequently be paid, subject to approval at the AGM on 18 March 2026.

Notes to the financial statements

UK Group - Note 23

COMMITMENTS, CONTINGENT LIABILITIES AND GUARANTEES

UK Group	2025 £'000	2024 £'000
Contingent liabilities and Guarantees		
Credit guarantees [*]	80,400	80,677
Other guarantees	162,348	155,407
<i>Of which, intercompany</i>	44,303	41,128
<i>Of which, other</i>	118,045	114,279
Irrevocable letters of credit	20,811	24,773
<i>Of which, intercompany</i>	-	4,900
<i>Of which, other</i>	20,811	19,873
Other	311	888
Total contingent liabilities and guarantees	263,870	261,745
<i>of which subject to impairment testing according to IFRS 9[*]</i>	<i>263,559</i>	<i>260,857</i>
Commitments		
Loan commitments	3,164,023	2,995,634
Unutilised part of granted overdraft facilities	462,793	529,151
Other [*]	2,237,780	2,276,006
Total commitments	5,864,596	5,800,791
<i>of which subject to impairment testing according to IFRS 9[*]</i>	<i>3,553,742</i>	<i>3,547,502</i>
<i>Provision for expected credit losses reported as provisions, see Note 18.2</i>	<i>575</i>	<i>1,718</i>

* Included in Other commitments are Bankers' Automated Clearing System ("BACS") facility limits of £2,196m (2024: £2,236m). In 2024 £1,950m of certain BACS facility limits were omitted from the financial statements. In addition, in 2024 certain BACS facility limits of £286m had been included in Credit Guarantees. In 2025 all BACS facility limits are included in Other Commitments with the 2024 comparatives restated. Whilst the related credit risk & liquidity risk exposure tables in note 2 have been restated the credit risk tables in note 10 have not been restated.

Contingent liabilities and guarantees mainly consist of various types of guarantees. Credit guarantees are provided to customers in order to guarantee commitments in other credit and pension institutions. Other guarantees are mainly commercial guarantees. Contingent liabilities and guarantees also comprise unutilised irrevocable import letters of credit and confirmed export letters of credit. These transactions are included in the UK Group's services and are provided to support the UK Group customers. The nominal amounts of the guarantees are shown in the table.

Certain legal cases which were disclosed as contingent liability as of year-end can be seen in Other line in the table above. In addition to the ones disclosed, there are a number of cases, as a result of the ordinary course of business, which could result in contingent liability, but the UK Group is comfortable that they are remote and not significant to our financial statements.

Commitments include loans and overdraft commitments provided to customers.

Notes to the financial statements

UK Group - Note 24

LEASING

LEASING AS A LEASEE

The UK Group leases right-of-use assets, consisting of leases on properties that do not meet the definition of investment properties. Information about these leases, where the UK Group is the lessee is presented below.

Right-of-use assets

UK Group	£'000
Balance at 1 January 2024	50,720
Additions	8,854
Depreciation	(10,479)
Impairment	(374)
Right-of-use remeasurements	1,788
Balance at 31 December 2024 and 1 January 2025	50,509
Additions	40,681
Depreciation	(12,282)
Impairment	(1,321)
Right-of-use remeasurements	(3,406)
Balance at 31 December 2025	74,181

Lease liabilities

Maturity analysis, contractual undiscounted cash flows

UK Group	2025 £'000	2024 £'000
Less than one year	10,279	11,338
More than one year, less than 2 years	12,795	10,752
More than two years, less than 5 years	30,212	23,841
More than 5 years	47,454	15,030
Total undiscounted lease liabilities	100,740	60,961

Some of the UK Group's contracts for the rental of premises include an option to extend the term of the agreement, requiring that the contract is extended for a specific period of time if it is not terminated by a specific point in time. There are also contracts for the rental of premises which include an option for the UK Group to terminate the agreement before expiry. When determining the terms of lease agreements, the options of extending the term or terminating the agreement before expiry are only included when it is reasonably certain that these options will be exercised.

Handelsbanken Wealth's contracts for the rental premises do not include an option to extend the term of the agreement, so it is not possible to extend these contracts beyond the termination date of the lease or to terminate the agreement before expiry.

The terms of the leases have also been reviewed when reviewing the options to extend the term or terminate the lease.

Service components are only included in the lease payments if they are part of the lease contract. However, if there is a separate service contract that does not contain a lease, the expense is recognised on a straight-line basis over the life of the lease term.

Amounts recognised in income statement

UK Group	2025 £'000	2024 £'000
Depreciation expenses	12,282	10,479
Variable lease expenses	4,568	4,879
Lease liability, interest expenses	3,222	1,734
Short-term, low-value lease expenses	1,320	1,019

Variable lease expenses largely relate to service charges attached to the right-of-use asset.

The UK Group also leases IT equipment and machinery with contract terms between one and three years. These leases are short-term, or of low-value. The UK Group has elected not to recognise right-of-use assets or lease liabilities for these leases.

The value of these variable, short-term and low-value leases and interest expenses recognised in the income statement amounted to £9.1m (2024: £7.6m).

Amounts recognised in cash flow statement

UK Group	2025 £'000	2024 £'000
Total cash outflow for leases	11,901	11,884
Adjustment for non-cash items in profit:		
Lease liability interest expense	3,222	1,734
Acquisition of right of use asset	(40,681)	(8,854)

Notes to the financial statements

UK Group - Note 25

CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

Information about the fair values of financial instruments which are carried at amortised cost is given in note 26 and in the tables below.

2025 UK Group £'000	Amortised cost	Total carrying amount	Fair value
Assets			
Cash and balances with central banks	7,743,225	7,743,225	7,742,444
Loans to other credit institutions	3,476,886	3,476,885	3,484,046
Loans to the public	18,414,143	18,414,143	18,354,514
Other assets	4,508	4,508	4,508
Total	29,638,762	29,638,761	29,585,512
Goodwill and Intangible assets		41,802	
Other non-financial assets		124,049	
Total assets		29,804,612	
Liabilities			
Due to credit institutions	4,015,067	4,015,067	4,549,913
Deposits from the public	21,467,902	21,467,902	21,466,311
Issued securities	1,753,210	1,753,210	1,757,460
Other liabilities	20,056	20,056	20,056
Total	27,256,235	27,256,235	27,793,740
Non-financial liabilities		105,569	
Total liabilities		27,361,804	

2024 UK Group £'000	Amortised cost	Total carrying amount	Fair value
Assets			
Cash and balances with central banks	9,084,816	9,084,816	9,083,661
Loans to other credit institutions	3,562,720	3,562,720	3,565,135
Loans to the public	17,826,369	17,826,369	17,669,418
Other assets	95,608	95,608	95,608
Total	30,569,513	30,569,513	30,413,822
Goodwill and Intangible assets		50,057	
Other non-financial assets		94,287	
Total assets		30,713,857	
Liabilities			
Due to credit institutions	4,979,153	4,979,153	5,145,827
Deposits from the public	20,880,491	20,880,491	20,873,882
Issued securities	2,136,439	2,136,439	2,147,821
Other liabilities	15,528	15,528	15,528
Total	28,011,611	28,011,611	28,183,058
Non-financial liabilities		78,612	
Total liabilities		28,090,223	

Fair value is defined as the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between independent market participants. The fair value hierarchy categorises financial instruments according to how the valuations have been carried out together with the degree of transparency of the market data used in the valuation. Financial instruments which are valued at a direct and liquid market price are categorised as level 1. Financial instruments which are valued using valuation models which are substantially based on market data are categorised as level 2. Financial instruments whose value to a material extent are affected by input data that cannot be verified using external market information are categorised as level 3. The categorisation is based on the valuation method used on the balance sheet date.

Information about the fair value of financial instruments measured at amortised cost is categorised according to the valuation hierarchy described above. The categorisation is shown as levels 1-3 in the table below. These instruments essentially comprise lending, deposits and borrowing. For cash, cash equivalents and short-term receivables and liabilities, the carrying amount is considered to be an acceptable approximation of the fair value. Receivables and liabilities with the maturity date or the date for the next interest rate fixing falling within 30 days are defined as short-term. The valuation of loans to the public and customer deposits is based on a discounted cash flow model. The populations of loans to the public and customer deposits are categorised into portfolios with similar maturities. Market swap curves and the transactional margins for the populations are used to calculate the discount curves. Loans to customers are categorised as level 3 and customer deposits are categorised as level 2. The fair value of group funding and lending balances and issued securities are also based on a discounted cash flow model and are all categorised as level 2.

Notes to the financial statements

UK Group - Note 26

FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Fair value of financial instruments at amortised cost

2025 UK Group £'000	Level 1	Level 2	Level 3	Total
Assets				
Cash and balances with central banks	7,742,444	-	-	7,742,444
Loans to other credit institutions	-	3,484,046	-	3,484,046
Loans to the public	-	-	18,354,514	18,354,514
Total financial assets	7,742,444	3,484,046	18,354,514	29,581,004
Liabilities				
Due to credit institutions	-	4,549,913	-	4,549,913
Deposits from the public	-	21,466,311	-	21,466,311
Issued securities	-	1,757,460	-	1,757,460
Total financial liabilities	-	27,773,684	-	27,773,684
2024 UK Group £'000	Level 1	Level 2	Level 3	Total
Assets				
Cash and balances with central banks	9,083,661	-	-	9,083,661
Other loans to central banks	-	-	-	-
Loans to other credit institutions	-	3,565,135	-	3,565,135
Loans to the public	-	-	17,669,418	17,669,418
Total financial assets	9,083,661	3,565,135	17,669,418	30,318,214
Liabilities				
Due to credit institutions	-	5,145,827	-	5,145,827
Deposits from the public	-	20,873,882	-	20,873,882
Issued securities	-	2,147,821	-	2,147,821
Total financial liabilities	-	28,167,530	-	28,167,530

Notes to the financial statements

UK Group - Note 27

RELATED PARTY TRANSACTIONS

The related parties of the UK Group includes all entities within the Handelsbanken Group and key management personnel.

Key management personnel are those individuals who have the authority and responsibility for planning and exercising power to directly or indirectly control the activities of the Bank and its employees. The UK Group changed its definition of key management personnel in 2024 to include members of the Executive Team that hold a senior management function (SMF) as well as members of Handelsbanken plc's Board of Directors.

The remuneration of the directors is disclosed in note 8 to the financial statements.

Transactions with key management personnel of the UK Group

The following tables provide the total amount of transactions, which Handelsbanken Group has entered into with key management personnel including directors:

UK Group 2025 £'000	Balances at 31 December 2025	Interest expense
Residential mortgages	3,377	83
Loans (Excl Mortgages)	105	3
Deposits	2,263	26
Other	6,240	7

UK Group 2024 £'000	Balances at 31 December 2024	Interest expense
Residential mortgages	2,819	73
Loans (Excl Mortgages)	200	2
Deposits	2,282	31
Other	9,558	3

Other comprises mostly investments and related fees. Loans include loans given to directors from Handelsbanken plc and other Handelsbanken Group companies at the same terms and conditions applicable to all employees. Any additional tax costs incurred in the UK as a result of these transactions have been included in note 8.

KMP remuneration

UK Group and Bank	2025 £'000	2024 £'000
Short-term employment benefits	5,522	5,389
Post employment benefits	283	263
Share-based payment	5	15
Total remuneration	5,810	5,667

Transactions with other related parties

In addition to transactions with key management personnel, Handelsbanken plc enters into transactions with entities that are related to it. The following tables show transactions during the year and outstanding balances at the end of the reporting year.

During the year ended 31 December 2025, the UK Group received income and expenses from related parties as follows:

Other intercompany expenses and income mainly relate to costs recharged and services charged between members of the Handelsbanken Group.

UK Group £'000	Note	2025 Parent	2024 Parent
Intercompany interest income	3	159,169	242,326
Intercompany interest expense	3	(143,763)	(228,687)
Net intercompany interest income		15,406	13,639
Intercompany commission income	4	1,352	1,333
Intercompany commission expense	4	(2)	(105)
Net intercompany commission income		1,350	1,228
Other intercompany income		917	618
Other intercompany expense		(40,737)	(42,589)
Total other intercompany expense	7	(39,820)	(41,971)
Total		(23,064)	(27,104)

Amounts with ultimate parent company, as at 31 December 2025 and 31 December 2024 were as follows:

UK Group £'000	Note	2025 Parent	2024 Parent
Included within assets			
Intercompany lending*	13	3,447,960	3,535,827
Other intercompany assets		93	149
Total		3,448,053	3,535,976
Included within liabilities			
Intercompany borrowings	13	4,014,769	4,975,470
Of which deposits		3,242,600	4,369,481
Of which subordinated loans		300,607	300,692
Of which senior non preferred debt		458,747	200,479
Of which other		12,815	10,488
Other intercompany liabilities		844	1,506
Total		4,015,613	4,976,976
Of which, accrued interest	13	33,705	32,843

* Subject to impairment testing

We have considered the impairment of intercompany balances and assessed with specific regard to the current economic environment that no impairment is required in 2025 (2024: £nil).

Notes to the financial statements

UK Group - Note 28

SUBSEQUENT EVENTS

The UK Group has reviewed events from 31 December 2025 up until the authorisation of the financial statements for issue.

On 18 March 2026, the Directors recommended a dividend for 2025 of £49.00 per ordinary share. The total dividend will subsequently be paid, subject to approval at the AGM on 18 March 2026. As the dividend was recommended after 31 December 2025, it is classified as a non-adjusting event and is therefore not recognised in the financial statements for the year ended 31 December 2025.

There have been no other significant events between 31 December 2025 and the date of approval of the annual report and consolidated financial statements which would require a change to or additional disclosure in the financial statements.

Notes to the financial statements

UK Group - Note 29

IMMEDIATE AND ULTIMATE PARENT UNDERTAKING

The UK Group, including Handelsbanken plc is a wholly owned subsidiary of Svenska Handelsbanken, incorporated in Sweden, which is both the immediate parent undertaking and the ultimate parent undertaking.

Svenska Handelsbanken heads the largest group in which the results of the UK Group and the Bank are consolidated. Handelsbanken Group's financial statements are available upon request at: Central Head Office, Kungsträdgårdsgatan 2 SE-106 70 Stockholm, Sweden. They are also available online.



8.0

Handelsbanken plc
Financial statements for the year
ended 31 December 2025

Company number: 11305395

8.0

Statement of profit or loss and other comprehensive income, Bank

Bank	Note	2025 £'000	2024 £'000
Interest income calculated using the effective interest method		1,573,988	1,866,799
Interest expense		(784,783)	(1,006,380)
Net interest income	3.2	789,205	860,419
Fee and commission income		38,438	38,389
Fee and commission expense		(2,912)	(3,071)
Net fee and commission income	4.2	35,526	35,318
Net gains on financial transactions and other income	5.2	12,318	12,291
Total income		837,049	908,028
Personnel costs	6.2	(274,123)	(271,864)
Depreciation, amortisation and impairment	14.2, 15.2, 21.2	(33,213)	(25,847)
Other operating expenses	7.2	(109,080)	(116,186)
Total expenses		(416,416)	(413,897)
Profit before credit gains and net (losses) from disposal		420,633	494,131
Net credit gains	10	7,162	10,164
Net losses on disposal of property, equipment and intangible assets		(101)	(13)
Profit before tax		427,694	504,282
Taxes	10.2	(119,119)	(140,540)
Profit for the year		308,575	363,742
Other comprehensive income, net of tax		–	–
Total comprehensive income for the year		308,575	363,742

There is no other comprehensive income for the years ended 31 December 2024 and 2025.

The results for the year were derived wholly from Handelsbanken plc's continuing operations.

The notes on pages 149-178 form part of these financial statements.

8.0

Balance sheet, Bank

Bank	Note	2025 £'000	2024 £'000
ASSETS			
Cash and balances with central banks	11.2	7,743,225	9,084,816
Loans to other credit institutions	12.2	3,473,786	3,559,552
Loans to the public	2	18,414,143	17,826,369
Investments in subsidiaries	13.2	44,119	44,119
Intangible assets	14.2	19,830	27,049
Property and equipment	15.2	26,690	21,360
Right-of-use assets	21.2	72,837	47,085
Current tax assets		3,476	2,431
Deferred tax assets	10.2	452	643
Prepaid expenses and accrued income		16,441	14,005
Other assets	16.2	5,974	96,975
Total assets		29,820,973	30,724,404
LIABILITIES			
Due to credit institutions	12.2	4,015,067	4,979,153
Deposits from the public	17.2	21,483,286	20,895,713
Issued securities	18	1,753,210	2,136,439
Provisions	18.2	12,895	13,733
Lease liabilities		76,966	49,336
Accrued expenses and deferred income		8,992	7,519
Other liabilities	19.2	19,523	15,365
Total liabilities		27,369,939	28,097,258
EQUITY			
Share capital	21	5,050	5,050
Share premium	21	2,070,619	2,070,619
Retained earnings		375,365	551,477
Total equity		2,451,034	2,627,146
Total liabilities and equity		29,820,973	30,724,404

The financial statements on pages 145-148 were approved by the Board of Directors on 18 March 2026 and signed on its behalf by Martin Björnberg.

The notes on pages 149-178 form part of these financial statements.

Martin Björnberg
Director
Date 18 March 2026

8.0

Statement of changes in equity, Bank

Bank 2025	Note	Share capital £'000	Share premium £'000	Retained earnings for the year £'000	Total £'000
At 1 January 2025	21	5,050	2,070,619	551,477	2,627,146
Dividend Paid	22	-	-	(484,687)	(484,687)
Profit for the year		-	-	308,575	308,575
Other comprehensive income		-	-	-	-
Total comprehensive income		-	-	308,575	308,575
At 31 December 2025		5,050	2,070,619	375,365	2,451,034

Bank 2024	Note	Share capital £'000	Share premium £'000	Retained earnings for the year £'000	Total £'000
At 1 January 2024	21	5,050	2,070,619	813,076	2,888,745
Dividend Paid	22	-	-	(625,341)	(625,341)
Profit for the year		-	-	363,742	363,742
Other comprehensive income		-	-	-	-
Total comprehensive income		-	-	363,742	363,742
At 31 December 2024		5,050	2,070,619	551,477	2,627,146

8.0

Cash flow statement, Bank

	Note	2025 £'000	2024 £'000
OPERATING ACTIVITIES			
Profit before tax		427,694	504,282
<i>of which paid in interest</i>		1,583,210	1,919,749
<i>of which paid out interest</i>		(807,079)	(1,012,519)
Adjustment for non-cash items in profit:			
Net credit gains	10	(7,162)	(10,164)
Net losses on disposal of property, equipment and intangible assets		101	13
Depreciation, amortisation and impairment	13.2, 14.2, 15.2 & 21.2	33,213	25,847
Lease liability interest expense	21.2	3,120	1,629
Acquisition of right of use asset	21.2	(40,681)	(7,244)
Provisions	18.2	(838)	(2,661)
Changes in the assets and liabilities of operating activities:			
Other loans to central banks		-	88,371
Loans to other credit institutions		87,866	1,634,610
Loans to the public		(580,612)	207,791
Due to credit institutions	12.2	(964,086)	(1,907,801)
Deposits from the public	17.2	587,573	517,996
Issued securities	18	(383,229)	1,568
Lease liabilities		38,544	8,132
Income tax payment		(119,973)	(142,262)
Other assets	16.2	91,001	(90,076)
Prepaid expenses and accrued income		(2,436)	(2,175)
Other liabilities	19.2	4,158	428
Accrued expenses and deferred income		1,473	(1,644)
Accrued interest		3,884	7,868
Cash (outflow)/inflow from operating activities		(820,390)	834,508
INVESTING ACTIVITIES			
Acquisitions of property and equipment	15.2	(14,317)	(7,670)
Disposal of property and equipment		100	277
Internally Developed Intangible assets	14.2	(5,526)	(10,663)
Cash outflow from investing activities		(19,743)	(18,056)
FINANCING ACTIVITIES			
Dividends paid to company's shareholders	22	(484,687)	(625,341)
Payments made for lease liabilities	21.2	(10,787)	(10,990)
Cash outflow from financing activities		(495,474)	(636,331)
Cash (outflow)/inflow for the year		(1,335,607)	180,121
Cash balance at beginning of year	11.2	9,094,022	8,913,895
Net foreign exchange differences		13	6
Cash balance at end of year	11.2	7,758,428	9,094,022

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Notes to the financial statements, Bank - Note 1.2

BASIS FOR PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

Handelsbanken plc is a public limited company limited by shares, registered and domiciled in England and Wales, the registered office is given in the directors and advisors section on page 5. The Bank is principally engaged in the provision of banking services.

Basis of accounting

The financial statements of the Bank have been prepared in accordance with UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006. They have been prepared on a historical cost basis unless otherwise stated. The accounting policies have been applied consistently, other than where new policies have been adopted.

The financial statements are presented in GBP rounded to the nearest thousand '£'000', which is also the Bank's functional currency.

The relationship between the Bank's and the UK Group's accounting policies.

Handelsbanken plc's accounting policies correspond largely to those of the UK Group. The following reports only on those areas where the Bank's policies differ from those of the UK Group. In all other respects, reference is made to the accounting policies in note 1, starting on page 86.

Going concern

The consolidated financial statements are prepared on a going concern basis as the directors are satisfied that Handelsbanken plc and its subsidiaries have the resources to continue in business for the foreseeable future - which has been taken as at least 12 months from the date of approval of the financial statements. In making this assessment, the directors have considered a wide range of information relating to present and future conditions, including the current state of the balance sheet, future projections of profitability, cash flows, capital resources and the longer-term strategy of the business.

The UK Group and Bank benefits from support (from the ultimate parent, Svenska Handelsbanken) available in the form of capital and contingency funding arrangements, as well as operational support in some areas of activity, and the directors are satisfied that these will continue to be available for the foreseeable future. The UK Group and Bank aims to maintain a robust financial, capital and liquidity position, defined by regulatory and internal ratios. The UK Group and Bank have a diversified liquidity profile and can supplement the Group liquidity contingency support with their own liquidity raising measures in the event of a stress event. Alongside the capital plan, a sensitivity analysis is undertaken to understand the impact of a range of factors on the capital projections and future regulatory changes. The UK Group and Bank have tested the resilience of the business by performing capital and liquidity stress tests. The stress tests include identification of material risks which can adversely impact the UK Group's and Bank's capital and liquidity positions, development of severe but plausible stress test scenarios, and calculation of financial, capital and liquidity impacts. The results of the UK Group's and Bank's stress testing support the going concern assessment.

After making due enquiries, the directors believe that both the UK Group and Bank have sufficient resources to continue their activities for the foreseeable future, and over the going concern assessment period through to 31 March 2027.

b. Changes in Accounting Policies

New and amended standards and interpretations

There are no new accounting standards that are effective from 1 January 2025. The following accounting amendment to an accounting standard is effective from 1 January 2025:

- Amendments to IAS 21: Lack of Exchangeability

The effect of this amendment on our financial statements is immaterial.

Changes in IFRS which are not yet effective

- IFRS 18: Presentation and Disclosure in Financial Statements

In April 2024, the IASB published the new accounting standard IFRS 18 Presentation and Disclosure in Financial Statements, which replaces IAS 1 Presentation of Financial Statements. The UK endorsed IFRS 18 in December 2025 and the effective date for the standard to be applied is 1 January 2027. IFRS 18 introduces new requirements for the presentation and disclosure of information in financial statements, particularly focusing on the structure of the income statement and disclosure of management-defined performance measures. The standard is not expected to have any financial effects on the overall reported performance of the Bank since IFRS 18 does not introduce any new valuation principles, but rather focuses on presentation and disclosure in financial statements. Whilst the Bank continues to assess the effects of the new standard, the impact is not expected to be significant.

- Amendments to the classification and measurement of financial instruments (IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosure)

The amendments to IFRS 9 and IFRS 7 relating to the classification and measurement of financial instruments were adopted by the UK on 15 April 2025 and are effective on 1 January 2026.

The amendments to IFRS 9 mainly clarify assessing whether contractual cash flows in financial assets, which include terms that are dependent on future events, meet the criteria for solely payments of principal and interest (SPPI criteria). The amendments mainly provide guidance for assessing whether the SPPI criteria are met for loans with ESG-linked features.

The amendments to IFRS 9 also clarify the timing of the initial recognition of financial assets and liabilities and the timing of the derecognition of financial assets and liabilities from the statement of financial position. The amendments include an optional exemption entailing that financial liabilities settled through electronic transfer can be derecognised from the statement of financial position before the settlement date.

The amendments to IFRS 7 entail, among other effects, disclosure requirements regarding contractual terms that could change the amount of contractual cash flows on the occurrence (or non-occurrence) of a contingent event that does not relate directly to changes in basic lending risks and costs.

The Bank has assessed the effects of the amendments to IFRS 9 and IFRS 7 and concluded that they will not have a material impact on the Bank's financial statements.

- Other changes in IFRS

None of the other forthcoming changes in the accounting regulations issued for application are assessed to have a material impact on Bank's financial statements.

c. Investment in subsidiaries

The Bank is deemed to have direct control of a company when it is exposed to, or is entitled to, variable returns from its holdings in the company and can affect the return by means of its influence over the company. As a rule, control exists if the Bank owns more than 50 per cent of the voting power at shareholders' meetings or the equivalent. The acquisition of a subsidiary is regarded as a transaction where the Bank acquires the company's identifiable assets and assumes its liabilities and obligations.

Handelsbanken plc has three wholly owned direct subsidiaries. Shares in subsidiaries are measured at cost. All holdings are reviewed for impairment at each balance sheet date in order to assess whether they require impairment. If a value has decreased, impairment is recognised to adjust the value to the consolidated value. Any impairment costs are classified as impairment loss on financial assets in the income statement. Information on the Bank's subsidiaries can be found in note 13.2.

Svenska Handelsbanken heads the largest group in which the results of the Bank and its subsidiaries are consolidated. Svenska Handelsbanken is incorporated in Sweden. Handelsbanken Group's 2025 Annual Report is available from its head office at Kungsträdgårdsgatan 2, SE-106 70, Stockholm, Sweden.

8.0

Notes to the financial statements Bank - Note 2.2

RISK MANAGEMENT

Credit risk exposures, breakdown by type of collateral

Bank 2025 £'000	Residential property	Other property	Sovereigns, municipalities ¹	Financial collateral	Collateral in assets	Unsecured	Total
Cash and balances with central banks	-	-	7,743,225	-	-	-	7,743,225
Loans to other credit institutions	-	-	-	608,183	-	2,865,603	3,473,786
Loans to the public	11,150,842	6,483,933	2,077	17,797	190,105	569,389	18,414,143
Total	11,150,842	6,483,933	7,745,302	625,980	190,105	3,434,992	29,631,154
Off-balance sheet items ²	494,777	848,465	96,707	1,883	-	4,686,323	6,128,155
<i>of which guarantee commitments</i>	<i>17,824</i>	<i>11,526</i>	<i>40</i>	<i>1,217</i>	<i>-</i>	<i>2,329,952</i>	<i>263,559</i>
<i>of which obligations</i>	<i>476,953</i>	<i>836,939</i>	<i>96,667</i>	<i>666</i>	<i>-</i>	<i>4,453,371</i>	<i>5,864,596</i>
Total	494,777	848,465	96,707	1,883	-	4,686,323	6,128,155
Total on and off-balance sheet items	11,645,619	7,332,398	7,842,009	627,863	190,105	8,121,315	35,759,309

1. Refers to direct sovereign exposures and government guarantees.

Bank 2024 £'000	Residential property	Other property	Sovereigns, municipalities ¹	Financial collateral	Collateral in assets	Unsecured	Total
Cash and balances with central banks	-	-	9,084,816	-	-	-	9,084,816
Loans to other credit institutions	-	-	-	72,476	-	3,487,076	3,559,552
Loans to the public	10,948,620	6,066,280	4,989	13,422	184,096	608,962	17,826,369
Total	10,948,620	6,066,280	9,089,805	85,898	184,096	4,096,038	30,470,737
Off-balance sheet items ²	587,690	811,897	96,707	3,633	-	4,561,721	6,061,648
<i>of which guarantee commitments</i>	<i>18,517</i>	<i>11,343</i>	<i>40</i>	<i>1,304</i>	<i>-</i>	<i>2,296,53</i>	<i>260,857</i>
<i>of which obligations</i>	<i>569,173</i>	<i>800,554</i>	<i>96,667</i>	<i>2,329</i>	<i>-</i>	<i>4,332,068</i>	<i>5,800,791</i>
Total	587,690	811,897	96,707	3,633	-	4,561,721	6,061,648
Total on and off-balance sheet items	11,536,310	6,878,177	9,186,512	89,531	184,096	8,657,759	36,532,385

1. Refers to direct sovereign exposures and government guarantees.

² Included in Off balance sheet items (Unsecured) are Bankers' Automated Clearing System ("BACS") facility limits of £2,196m (2024: £2,236m). In 2024 £1,950m of certain BACS facility limits were omitted from the financial statements. In addition, in 2024 certain BACS facility limits of £286m had been included in Credit Guarantees. In 2025 all BACS facility limits are included in Obligations with the 2024 comparatives restated. Whilst the related Contingent Liabilities, Guarantees and Commitments tables in Note 20.2 have been restated, the related credit risk tables in Note 10 have not been restated.

LIQUIDITY RISK**Contractual maturity analysis**

The following table summarises the contractual maturity profile of the Bank's financial assets and liabilities. Loans and deposits to / from the public are shown in accordance with their contractual maturity rather than their next repricing date or behavioural characteristics. Fixed rate lending is assumed to refinance at the end of initial benefit, rather than the end of term.

Bank 2025 £'000	Up to 30 days	31 days - 6 months	6 - 12 months	1 - 2 years	2 - 5 years	Over 5 years	Unspecified maturity	Total
Assets								
To central banks	7,743,225	-	-	-	-	-	-	7,743,225
To credit institutions	730,607	917,910	675,824	610,259	90,782	448,404	-	3,473,786
Loans to public	953,949	2,064,175	1,967,444	3,400,951	6,884,423	3,142,705	496	18,414,143
Other	-	-	-	-	-	-	5,974	5,974
Total	9,427,781	2,982,085	2,643,268	4,011,210	6,975,205	3,591,109	6,470	29,637,128
Liabilities								
To credit institutions	235,683	533,948	552,840	734,056	1,372,090	586,450	-	4,015,067
Deposits from public	17,821,815	3,324,478	178,152	14,955	792	143,094	-	21,483,286
Issued securities	88,059	1,238,358	426,793	-	-	-	-	1,753,210
<i>Of which CD's less than one year</i>	<i>88,059</i>	<i>1,238,358</i>	<i>426,793</i>	-	-	-	-	<i>1,753,210</i>
Other	-	-	-	-	-	-	19,523	19,523
Total	18,145,557	5,096,784	1,157,785	749,011	1,372,882	729,544	19,523	27,271,086
Off-balance sheet items								
Unutilised guarantees and loan commitments*	6,128,155	-	-	-	-	-	-	6,128,155
Bank 2024								
Bank 2024 £'000	Up to 30 days	31 days - 6 months	6 - 12 months	1 - 2 years	2 - 5 years	Over 5 years	Unspecified maturity	Total
Assets								
To central banks	9,084,816	-	-	-	-	-	-	9,084,816
To credit institutions	932,441	1,157,007	670,222	619,829	136,060	43,993	-	3,559,552
Loans to public	661,354	1,626,017	1,487,655	3,757,513	7,636,945	2,656,885	-	17,826,369
Other	-	-	-	-	-	-	96,975	96,975
Total	10,678,611	2,783,024	2,157,877	4,377,342	7,773,005	2,700,878	96,975	30,567,712
Liabilities								
To credit institutions	603,614	434,563	429,014	1,110,554	1,563,246	838,162	-	4,979,153
Deposits from public	17,144,533	3,317,998	224,172	24,704	1,965	182,341	-	20,895,713
Issued securities	234,031	1,640,322	262,086	-	-	-	-	2,136,439
<i>Of which CD's less than one year</i>	<i>234,031</i>	<i>1,640,322</i>	<i>262,086</i>	-	-	-	-	<i>2,136,439</i>
Other	-	-	-	-	-	-	15,365	15,365
Total	17,982,178	5,392,883	915,272	1,135,258	1,565,211	1,020,503	15,365	28,026,670
Off-balance sheet items								
Unutilised guarantees and loan commitments*	6,019,163	-	-	-	-	-	-	6,019,163

* Included in Off-balance sheet line (Unutilised guarantees and loan commitments) are Bankers' Automated Clearing System ("BACS") facility limits of £2,196m (2024: £2,236m). In 2024 £1,950m of certain BACS facility limits were omitted from the financial statements. In addition, in 2024 certain BACS facility limits of £286m had been included in credit guarantees. In 2025 all BACS facility limits are included in Obligations with the 2024 comparatives restated. Whilst the related Contingent Liabilities, Guarantees and Commitments tables in note 20.2 have been restated, the related credit risk tables in notes 10 and 9.2 have not been restated.

Maturity periods for financial liabilities

The table below does not directly reconcile to the Bank's balance sheet or contractual maturity table, as the table includes all cash flows, on an undiscounted basis, related to both principal and future interest flows for the Bank's financial liabilities.

Bank 2025 £'000	Up to 30 days	31 days - 6 months	6 - 12 months	1 - 2 years	2 - 5 years	Over 5 years	Unspecified maturity	Total
Liabilities								
To credit institutions	237,014	554,290	580,756	799,483	1,582,207	703,200	-	4,456,950
Deposits from public	17,820,314	3,344,691	182,135	15,735	844	143,083	-	21,506,802
Issued securities	89,009	1,255,088	440,222	-	-	-	-	1,784,319
Of which CD's less than one year	89,009	1,255,088	440,222	-	-	-	-	1,784,319
Other	-	-	-	-	-	-	19,523	19,523
Total	18,146,337	5,154,069	1,203,113	815,218	1,583,051	846,283	19,523	27,767,594

Bank 2024 £'000	Up to 30 days	31 days - 6 months	6 - 12 months	1 - 2 years	2 - 5 years	Over 5 years	Unspecified maturity	Total
Liabilities								
To credit institutions	608,331	453,607	454,001	1,174,310	1,795,473	1,021,709	-	5,507,431
Deposits from public	17,144,194	3,344,096	230,577	26,250	2,139	182,324	-	20,929,580
Issued securities	246,273	1,653,284	273,704	-	-	-	-	2,173,261
Of which CD's less than one year	246,273	1,653,284	273,704	-	-	-	-	2,173,261
Other	-	-	-	-	-	-	15,365	15,365
Total	17,998,798	5,450,987	958,282	1,200,560	1,797,612	1,204,033	15,365	28,625,637

8.0

Notes to the financial statements

Bank - Note 3.2

NET INTEREST INCOME

Bank	2025 £'000	2024 £'000
Loans to the public	1,051,829	1,150,271
Loans to credit institutions and central banks	353,821	465,873
Loans to other group undertakings	159,169	242,326
Other interest income	9,169	8,329
Total interest income calculated using the effective interest method	1,573,988	1,866,799
Deposits and borrowing from the public	(549,935)	(655,461)
Due to other group undertakings	(144,209)	(230,065)
Issued securities	(86,981)	(118,672)
Lease liability	(3,120)	(1,629)
Other interest expense	(538)	(553)
Total interest expense	(784,783)	(1,006,380)
Net interest income	789,205	860,419

8.0

Notes to the financial statements

Bank - Note 4.2

NET FEE AND COMMISSION INCOME

Bank	2025 £'000	2024 £'000
Payments	24,537	24,543
Loans and deposits	11,205	11,143
Intercompany commission	1,352	1,333
Guarantees	1,081	1,069
Other	263	301
Total fee and commission income	38,438	38,389
Payments	(2,909)	(2,968)
Intercompany commission	(2)	(102)
Other	(1)	(1)
Total fee and commission expense	(2,912)	(3,071)
Net fee and commission income	35,526	35,318

8.0

Notes to the financial statements Bank - Note 5.2

NET GAINS ON FINANCIAL TRANSACTIONS AND OTHER INCOME

Bank	2025 £'000	2024 £'000
Foreign exchange spot instruments	11,824	11,303
Other income	494	988
Total	12,318	12,291

The Other line mainly includes the research & development expenditure credit ("RDEC") related income recognised in the year.

8.0

Notes to the financial statements

Bank - Note 6.2

PERSONNEL COSTS

The average number of persons employed (including directors) during the year was:

Average number of employees	2025	2024
Bank		
Head office and support	1,233	1,302
Branch operations	1,654	1,695
Total	2,887	2,997

Personnel costs for the above persons were:

	2025	2024
Bank	£'000	£'000
Wages and salaries	199,068	199,868
Other pension costs	30,646	30,276
Social security costs	27,921	25,474
Staff benefits and other	12,619	11,980
Share-based payment arrangement	3,869	4,266
Total	274,123	271,864

8.0

Notes to the financial statements

Bank - Note 7.2

OTHER OPERATING EXPENSES

Bank	2025 £'000	2024 £'000
Professional and legal fees	11,327	18,448
Intercompany recharges	35,585	38,532
Rent and premises costs	16,672	17,287
IT and communication costs	17,099	14,093
Unrecoverable VAT on intercompany invoices	8,295	8,373
Travel, marketing, membership & supplies	9,028	9,879
Consultancy fees	3,373	6,451
Auditors' remuneration	1,197	1,102
Other operating expenses	6,504	2,021
Total operating expenses	109,080	116,186

Independent auditors' remuneration

Bank	2025 £'000	2024 £'000
Fees payable to the company's auditor for the audit of the company accounts	1,155	1,063
Fees payable to the company's auditor for other services:		
Audit related assurance services	38	35
Other non-audit services	4	4
Total audit and non-audit fees	1,197	1,102

8.0

Notes to the financial statements

Bank - Note 8.2

SHARE BASED PAYMENT ARRANGEMENT

As described in the Directors' report, Oktogonen allocations are used to purchase partnership shares via an HMRC-approved Share Incentive Plan (SIP) model.

Following the approval of an Oktogonen award for the 2024 performance year this was allocated via the SIP during 2025.

UK Group employees that are employed during the financial year to which the Oktogonen allocation relates, are eligible to use their allocation to purchase partnership shares, with the exception of some leavers.

Awards made during 2025 to the Bank's personnel are shown in the table below.

Bank	2025		2024	
	No. of shares	Average cost of shares £	No. of shares	Average cost of shares £
Annual free share awards	159,023	10.13	501,639	7.62

Bank	2025 £'000	2024 £'000
Expenses arising from share based payment transactions	3,869	4,266
2023 Oktogonen allocation	-	2,747
2024 Oktogonen allocation	469	1,519
2025 Oktogonen allocation	3,400	-
Share-based payment liability	146	91
Oktogonen allocation provision	3,400	1,519

8.0

Notes to the financial statements Bank - Note 9.2

CREDIT LOSSES

Balance sheet and off-balance sheet items that are subject to impairment testing

2025 Bank £'000	Gross amount			Provisions		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Balance sheet items						
Cash and balances with central banks	7,743,225	-	-	-	-	-
Loans to other credit institutions	3,473,792	-	-	(6)	-	-
Loans to the public	17,640,737	626,364	158,674	(5,130)	(3,303)	(3,199)
Total	28,857,754	626,364	158,674	(5,136)	(3,303)	(3,199)
Off-balance sheet items						
Total off-balance sheet	3,774,270	41,954	1,077	(407)	(168)	-
<i>of which contingent liabilities and guarantees</i>	257,429	5,399	731	(103)	(47)	-
<i>of which commitments</i>	3,516,841	36,555	346	(304)	(121)	-
Total	32,632,024	668,318	159,751	(5,543)	(3,471)	(3,199)

2024 Bank £'000	Gross amount			Provisions		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Balance sheet items						
Cash and balances with central banks	9,084,816	-	-	-	-	-
Loans to other credit institutions	3,559,559	-	-	(7)	-	-
Loans to the public	16,705,882	926,032	212,397	(6,445)	(6,603)	(4,894)
Total	29,350,257	926,032	212,397	(6,452)	(6,603)	(4,894)
Off-balance sheet items						
Total off-balance sheet*	1,801,797	52,330	3,934	(490)	(1,228)	-
<i>of which contingent liabilities and guarantees</i>	540,230	5,842	1,008	(145)	(349)	-
<i>of which commitments</i>	1,261,567	46,488	2,926	(345)	(879)	-
Total	31,152,054	978,362	216,331	(6,942)	(7,831)	(4,894)

Off-balance sheet items have been restated for the Bankers' Automated Clearing System ("BACS") facility limits in notes 2.2 and 20.2, however note 9.2 was not restated for these items due to it not being possible to retrospectively assign the facility limits to relevant stage.

8.0

Notes to the financial statements Bank - Note 10.2

TAXES

Income tax expense for the year

Bank	2025 £'000	2024 £'000
Current tax:		
Current year current tax	118,639	139,060
Adjustments in respect of previous years	289	662
Total current tax charge	118,928	139,722
Deferred tax:		
Origination and reversal of temporary differences	197	(53)
Adjustments in respect of previous years	(30)	877
Rate change	24	(6)
Total deferred tax charge	191	818
Tax charge on profit	119,119	140,540

The tax assessed for the year is higher (2024: higher) than the standard rate of corporation tax in the UK. The differences are explained below:

Tax reconciliation

Bank	2025 £'000	2024 £'000
Profit before taxation	427,694	504,282
Profit before tax multiplied by the standard rate of corporation tax in the UK of 25% (2024: 25%)	106,924	126,071
Tax effects of:		
Expenses not deductible for tax purposes	1,879	716
Banking surcharge	10,033	12,221
Adjustments to tax charge in respect of prior years - current tax	289	662
Impact of bank surcharge on deferred tax	-	(7)
Adjustments to tax charge in respect of prior years - deferred tax	(30)	877
Adjustment of deferred tax for rate change	24	-
Total tax charge	119,119	140,540

The Finance Act 2021 increased the main rate of corporation tax from 19% to 25% on 1 April 2023. The Finance Act 2022 increased the banking surcharge allowance from £25m to £100m and reduced the banking surcharge rate from 8% to 3% from 1 April 2023. The banking surcharge, which imposes additional tax at the set rate on banks' taxable profits in excess of the allowance, was £10.0m (2024: £12.2m) for the year ended 31 December 2025.

Deferred Tax

All deferred tax assets and liabilities have been recognised at 28% by Handelsbanken plc (corporation tax of 25% and banking surcharge of 3%).

Pillar 2

Finance (No.2) Act 2023, which received Royal Assent in July 2023, implements the Organisation for Economic Co-operation and Development (OECD) Base Erosion and Profit Shifting (BEPS) Pillar Two income inclusion rule (IIR) in the UK. It introduces a multinational top-up tax (MTT), together with a domestic top-up tax (DTT), and applies to large multinational enterprises for accounting periods beginning on or after 31 December 2023.

MTT applies where a UK located entity is responsible for paying the top-up tax in respect of members of a qualifying multinational group located outside the UK and where their effective tax rate is less than 15%. DTT applies to both stand-alone UK entities and group entities for a top-up tax to be paid by UK entities with an effective tax rate of less than 15%.

Although the entities that make up the Handelsbanken UK sub-group are in scope of the enacted legislation, they did not have any subsidiaries, permanent establishments, or operations in other jurisdictions during the year ended 31 December 2025. The UK sub-group had an ETR of 28%. Consequently, the MTT / DTT did not apply, and no liabilities have arisen.

The UK sub-group applies the exemption to recognise and disclose information about deferred tax assets and liabilities related to income taxes under Pillar 2, as set out in the amendments to IAS 12 issued in May 2023.

Deferred tax balance

Bank	2025 £'000	2024 £'000
Short term temporary differences	-	426
Fixed asset temporary differences	452	217
Deferred tax assets	452	643

Deferred tax movement

Bank	2025 £'000	2024 £'000
Deferred tax asset at beginning of year	643	1,460
Fixed asset temporary differences	183	(7)
Short term temporary differences	(380)	61
Prior year adjustment	30	(877)
Movement in tax rate	(24)	6
Deferred tax asset at end of year	452	643

8.0

Notes to the financial statements

Bank - Note 11.2

CASH AND BALANCES WITH CENTRAL BANKS

Reconciliation of cash and balances on Balance sheet and Cash flow

Bank		2025 £'000	2024 £'000
Cash and balances with central banks (Balance sheet)		7,743,225	9,084,816
Due from other banks	12.2	25,826	23,725
Add provision for expected credit losses reported as provisions	12.2	6	7
Less accrued interest		(10,629)	(14,526)
Cash balance at the end of the year (cash flow)		7,758,428	9,094,022

8.0

Notes to the financial statements Bank - Note 12.2

DUE (TO) / FROM OTHER CREDIT INSTITUTIONS

Bank	2025 £'000	2024 £'000
Due from other banks	25,832	23,732
Intercompany lending	3,447,960	3,535,827
Total	3,473,792	3,559,559
Provision for expected credit loss	(6)	(7)
Total asset	3,473,786	3,559,552
<i>of which accrued interest income</i>	<i>24,351</i>	<i>22,733</i>
Loans from other credit institutions		
Due to other banks	298	3,683
Intercompany borrowing	4,014,769	4,975,470
Total liability	4,015,067	4,979,153
<i>of which accrued interest expense</i>	<i>9,354</i>	<i>10,110</i>

8.0

Notes to the financial statements Bank - Note 13.2

INVESTMENTS IN SUBSIDIARIES

Bank	Total £'000
Cost	
At 1 January 2024 and 1 January 2025	44,119
Impairment	
At 31 December 2024 and 31 December 2025	-
Balance	
At 31 December 2024 and 31 December 2025	44,119

Investments in subsidiaries held by the Bank during 2025 have been reviewed for impairment indicators as at the year-end. Given the recurring loss experience in relation to Handelsbanken Wealth & Asset Management Limited subsidiary being an impairment indicator, it was tested for impairment by assessing the recoverable amount based on the higher of value in use and fair value less cost of disposal (FVLCD) as at the year-end.

The recoverable value was determined based on the FVLCD by engaging a third-party accounting and advisory firm to perform a valuation using both an income approach and market approach to establish the fair value in accordance with IFRS 13 Fair Value Measurement.

The income approach uses discounted future cash flow projections based on a market participant's view. Cash flow projections are based on the forecast approved for a six-year period, adjusted for a market participant view. The main adjustments for the market participant view are market fee alignment, cost saving synergies and customer attrition. After the first six-year period, a forecast is made based on the assumption of a long-term growth rate. Estimated cash flows have been discounted at a rate based on a risk-free interest rate and a risk adjustment corresponding to the market's return requirement incorporating a company specific risk premium. In the annual impairment test, the discount range used was 15% - 16.5%. Included in the discount factor is an alpha of 3-4% to represent execution risk and forecast uncertainty.

The market approach applies multiples derived from comparable quoted companies and recent comparable transactions. Price to AUM ("P/AUM"), price/ earnings ("PE") and enterprise value to revenue ("EV/Revenue"), which are commonly used metrics for valuing wealth management businesses, were used. In considering the appropriate applicable multiples, the financial metrics of the business were compared to available information in the industry and were adjusted for performance and size differences, before the mean/medium multiple were utilised.

The recoverable amount (estimated as the midpoint of the FVLCD range calculated) is higher than the carrying amount as at the balance sheet date, therefore no impairment is recognised. Further sensitivities were performed to assess the impact of any reasonably possible change in the key assumptions which are shown in the table below. The effect of each is shown assuming that only the relevant assumption changes.

The key assumptions used in the FVLCD calculation are as follows.

In percent	
Discount Rate *	15.75
AUM Growth Rate (average over the next six years including attrition)	1.93
Cost Savings achieved by market participant (average per annum over next six years) **	15.53
In percent	Change required for carrying amount to equal recoverable amount
Discount Rate *	1.15
AUM Growth Rate (average over the next six years including attrition)	(0.60)
Cost Savings achieved by market participant (average per annum over next six years) **	(8.00)

* midpoint of the range

** as a % of total costs

Handelsbanken plc holds the following investments:

Name of company	UK company number	Place of business/ country of incorporation	Nature of Business	Percentage owned %	Registered office
Direct subsidiaries:					
Svenska Property Nominees Limited (dormant)	2308524	UK	Financial intermediation	100	25 Basinghall Street, London, England, EC2V 5HA
Handelsbanken Wealth & Asset Management Limited	4132340	UK	Fund management	100	25 Basinghall Street, London, England, EC2V 5HA
Handelsbanken Healthcare CT Limited (dormant)	16441362	UK	Corporate Trustee	100	25 Basinghall Street, London, England, EC2V 5HA
Indirect subsidiaries:					
Handelsbanken Nominees Limited (inactive)	2299877	UK	Administration of financial markets	100	77 Mount Ephraim, Tunbridge Wells, Kent, TN4 8BS
Handelsbanken Second Nominees Limited (inactive)	3193458	UK	Administration of financial markets	100	77 Mount Ephraim, Tunbridge Wells, Kent, TN4 8BS
Handelsbanken ACD Limited	4332528	UK	Financial intermediation	100	25 Basinghall Street, London, England, EC2V 5HA

8.0

Notes to the financial statements

Bank - Note 14.2

INTANGIBLE ASSETS

Bank 2025	Internally developed software £'000
Cost	
At 1 January 2025	52,621
Additions	5,526
Disposals	(2,259)
At 31 December 2025	55,888
Accumulated amortisation and impairment	
At 1 January 2025	(25,572)
Amortisation	(12,745)
Change in Impairment	-
Disposals	2,259
At 31 December 2025	(36,058)
At 31 December 2024	27,049
At 31 December 2025	19,830
Bank 2024	Internally developed software £'000
Cost	
At 1 January 2024	41,958
Additions	10,663
Disposals	-
At 31 December 2024	52,621
Accumulated amortisation and impairment	
At 1 January 2024	(14,997)
Amortisation	(10,354)
Change in Impairment	(221)
Disposals	-
At 31 December 2024	(25,572)
At 31 December 2023	26,961
At 31 December 2024	27,049

Research and development costs incurred and recognised in the income statement and not capitalised amount to £14.2 million (2024: £15 million), these costs relate entirely to internally developed software.

8.0

Notes to the financial statements Bank - Note 15.2

PROPERTY AND EQUIPMENT

Bank 2025	Branch fit out £'000	Fixtures, fittings and equipment £'000	Computer equipment £'000	Total £'000
Cost				
At 1 January 2025	38,589	7,452	12,978	59,019
Additions	10,445	2,258	1,614	14,317
Disposals	(9,895)	(260)	(470)	(10,625)
At 31 December 2025	39,139	9,450	14,122	62,711
Accumulated depreciation and impairment				
At 1 January 2025	(21,737)	(5,648)	(10,274)	(37,659)
Charge	(6,277)	(651)	(1,919)	(8,847)
Change in Impairment	61	-	-	61
Disposals	9,715	243	466	10,424
At 31 December 2025	(18,238)	(6,056)	(11,727)	(36,021)
Balance at 31 December 2024	16,852	1,804	2,704	21,360
Balance at 31 December 2025	20,901	3,394	2,395	26,690

Bank 2024	Branch fit out £'000	Fixtures, fittings and equipment £'000	Computer equipment £'000	Total £'000
Cost				
At 1 January 2024	35,026	7,005	12,252	54,283
Additions	5,158	974	1,538	7,670
Disposals	(1,595)	(527)	(812)	(2,934)
At 31 December 2024	38,589	7,452	12,978	59,019
Accumulated depreciation and impairment				
At 1 January 2024	(19,968)	(5,629)	(9,263)	(34,860)
Charge	(3,107)	(545)	(1,823)	(5,475)
Change in Impairment	32	-	-	32
Disposals	1,306	526	812	2,644
At 31 December 2024	(21,737)	(5,648)	(10,274)	(37,659)
Balance at 31 December 2023	15,058	1,376	2,989	19,423
Balance at 31 December 2024	16,852	1,804	2,704	21,360

8.0

Notes to the financial statements Bank - Note 16.2

OTHER ASSETS

Bank	2025 £'000	2024 £'000
Sundry debtors	1,798	2,947
Unsettled Certificate of Deposit	-	88,910
Other intercompany assets	93	149
Trade debtors	4,083	4,969
Total	5,974	96,975

8.0

Notes to the financial statements Bank - Note 17.2

DEPOSITS FROM THE PUBLIC

Bank	2025 £'000	2024 £'000
Corporate	15,724,522	15,185,610
Private	5,743,380	5,694,882
Intercompany borrowing	15,384	15,221
Total	21,483,286	20,895,713
<i>of which accrued interest expenses</i>	<i>3,108</i>	<i>4,128</i>

8.0

Notes to the financial statements Bank - Note 18.2

PROVISIONS

Bank £'000	Provisions for off-balance sheet items	Other provisions	2025 Total	2024 Total
Provision at beginning of year	1,718	12,015	13,733	16,394
Additional provision	-	4,305	4,305	2,367
Reduction in provision	-	(4,000)	(4,000)	(4,060)
Change in expected credit losses	(1,143)	-	(1,143)	(968)
Provision at end of year	575	12,320	12,895	13,733

The provision for off-balance sheet items relates to expected credit losses. See note 10.

Other provisions mainly consist of amounts provided to restore the Bank's premises back to their original condition upon exit, an Oktogonen provision (please see Share based payment arrangement note 9 for more detail) and amounts allocated for future settlement of the litigation and claims on the Bank.

8.0

Notes to the financial statements Bank - Note 19.2

OTHER LIABILITIES

Bank	2025 £'000	2024 £'000
Sundry creditors and other liabilities	15,451	11,396
VAT	1,257	1,084
Trade creditors	1,972	2,882
Other intercompany liabilities	843	3
Total	19,523	15,365

8.0

Notes to the financial statements Bank - Note 20.2

COMMITMENTS, CONTINGENT LIABILITIES AND GUARANTEES

Commitments include loans and overdraft commitments provided to customers.

Bank	2025 £'000	2024 £'000
Contingent liabilities and Guarantees		
Credit guarantees*	80,400	80,677
Other guarantees	162,348	155,407
Of which, intercompany	44,303	41,128
Of which, other	118,045	114,279
Irrevocable letters of credit	20,811	24,773
Of which, intercompany	-	4,900
Of which, other	20,811	19,873
Other	311	888
Total contingent liabilities and guarantees	263,870	261,745
<i>of which subject to impairment testing according to IFRS 9*</i>	<i>263,559</i>	<i>260,857</i>
Commitments		
Loan commitments	3,164,023	2,995,634
Unutilised part of granted overdraft facilities	462,793	529,151
Other*	2,237,780	2,276,006
Total commitments	5,864,596	5,800,791
<i>of which subject to impairment testing according to IFRS 9*</i>	<i>3,553,742</i>	<i>3,547,502</i>
<i>Provision for expected credit losses reported as provisions, see Note 18.2</i>	<i>575</i>	<i>178</i>

* Included in Other commitments are Bankers' Automated Clearing System ("BACS") facility limits of £2.196m (2024: £2.236m). In 2024 £1.950m of certain BACS facility limits were omitted from the financial statements. In addition, in 2024 certain BACS facility limits of £286m had been included in Credit Guarantees. In 2025 all BACS facility limits are included in Other Commitments with the 2024 comparatives restated. Whilst the related credit risk & liquidity exposure tables in note 2 have been restated the credit risk tables in note 10 have not been restated.

Contingent liabilities and guarantees mainly consist of various types of guarantees. Credit guarantees are provided to customers in order to guarantee commitments in other credit and pension institutions. Other guarantees are mainly commercial guarantees. Contingent liabilities and guarantees also comprise unutilised irrevocable import letters of credit and confirmed export letters of credit. These transactions are included in the Bank's services and are provided to support the Bank's customers. The nominal amounts of the guarantees are shown in the table.

Certain legal cases which were disclosed as contingent liability as of year-end can be seen in Other line in the table above. In addition to the ones disclosed, there are a number of cases, as a result of the ordinary course of business, which could result in contingent liability, but the Bank is comfortable that they are remote and not significant to our financial statements.

8.0

Notes to the financial statements

Bank - Note 21.2

LEASING

LEASING AS A LESSEE

The Bank leases right-of-use assets, consisting of leases on properties that do not meet the definition of investment properties. Information about these leases, where the Bank is the lessee is presented below.

Right-of-use assets

Bank	£'000
Balance at 1 January 2024	48,154
Additions	7,244
Depreciation	(9,455)
Reversal of impairment	(374)
Right-of-use remeasurements	1,516
Balance at 31 December 2024 and 1 January 2025	47,085
Additions	40,681
Depreciation	(11,348)
Reversal of impairment	(334)
Right-of-use remeasurements	(3,247)
Balance at 31 December 2025	72,837

Lease liabilities

Maturity analysis, contractual undiscounted cash flows

Bank	2025 £'000	2024 £'000
Less than one year	9,209	10,257
More than one year, less than 2 years	12,544	9,682
More than two years, less than 5 years	29,648	23,278
More than 5 years	46,698	13,966
Total undiscounted lease liabilities	98,099	57,183

Amounts recognised in income statement

Bank	2025 £'000	2024 £'000
Depreciation expenses	11,348	9,455
Variable lease expenses	4,568	4,879
Lease liability, interest expenses	3,120	1,629
Short-term, low-value lease expenses	1,441	1,285

Amounts recognised in cash flow statement

Bank	2025 £'000	2024 £'000
Total cash outflow for leases	10,787	10,990
Adjustment for non-cash items in profit:		
Lease liability interest expense	3,120	1,629
Acquisition of right of use asset	(40,681)	(7,244)

8.0

Notes to the financial statements

Bank - Note 22.2

CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

Information about the fair values of financial instruments which are carried at amortised cost is given in note 23.2 and in the tables below.

2025 Bank £'000	Amortised cost	Total carrying amount	Fair value
Assets			
Cash and balances with central banks	7,743,225	7,743,225	7,742,444
Loans to other credit institutions	3,473,786	3,473,786	3,483,663
Loans to the public	18,414,143	18,414,143	18,354,514
Other assets	5,974	5,974	5,974
Total	29,637,128	29,637,128	29,586,595
Investments in subsidiary		44,119	
Other non-financial assets		139,726	
Total assets		29,820,973	
Liabilities			
Due to credit institutions	4,015,068	4,015,067	4,549,913
Deposits from the public	21,483,286	21,483,286	21,481,694
Issued securities	1,753,210	1,753,210	1,757,460
Other liabilities	19,523	19,523	19,523
Total	27,271,087	27,271,086	27,808,590
Non-financial liabilities		98,853	
Total liabilities		27,369,939	

2024 Bank £'000	Amortised cost	Total carrying amount	Fair value
Assets			
Cash and balances with central banks	9,084,816	9,084,816	9,083,661
Loans to other credit institutions	3,559,552	3,559,552	3,561,967
Loans to the public	17,826,369	17,826,369	17,669,418
Other assets	96,975	96,975	96,975
Total	30,567,712	30,567,712	30,412,021
Investments in subsidiary		44,119	
Other non-financial assets		112,573	
Total assets		30,724,404	
Liabilities			
Due to credit institutions	4,979,153	4,979,153	5,145,827
Deposits from the public	20,895,713	20,895,713	20,889,104
Issued securities	2,136,439	2,136,439	2,147,821
Other liabilities	15,365	15,365	15,365
Total	28,026,670	28,026,670	28,198,117
Non-financial liabilities		70,588	
Total liabilities		28,097,258	

8.0

Notes to the financial statements Bank - Note 23.2

FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Fair value of financial instruments at amortised cost

2025 Bank £'000	Level 1	Level 2	Level 3	Total
Assets				
Cash and balances with central banks	7,742,444	-	-	7,742,444
Loans to other credit institutions	-	3,483,663	-	3,483,663
Loans to the public	-	-	18,354,514	18,354,514
Total financial assets	7,742,444	3,483,663	18,354,514	29,580,621
Liabilities				
Due to credit institutions	-	4,549,913	-	4,549,913
Deposits from the public	-	21,481,694	-	21,481,694
Issued securities	-	1,757,460	-	1,757,460
Total financial liabilities	-	27,789,067	-	27,789,067

2024 Bank £'000	Level 1	Level 2	Level 3	Total
Assets				
Cash and balances with central banks	9,083,661	-	-	9,083,661
Other loans to central banks	-	3,561,967	-	3,561,967
Loans to other credit institutions	-	-	17,669,418	17,669,418
Loans to the public	9,083,661	3,561,967	17,669,418	30,315,046
Total financial assets	8,878,735	5,352,867	17,719,994	31,951,596
Liabilities				
Due to credit institutions	-	5,145,827	-	5,145,827
Deposits from the public	-	20,889,104	-	20,889,104
Issued securities	-	2,147,821	-	2,147,821
Total financial liabilities	-	28,182,752	-	28,182,752

8.0

Notes to the financial statements

Bank - Note 24.2

RELATED PARTY TRANSACTIONS

The related parties of the Bank include the ultimate parent company, subsidiaries and key management personnel.

Key management personnel are those individuals who have the authority and responsibility for planning and exercising power to directly or indirectly control the activities of the Bank and its employees. The Bank changed its definition of key management personnel in 2024 to include members of the Executive Team that hold a senior management function (SMF) as well as members of Handelsbanken plc's Board of Directors.

A full list of the Bank's directors is in the Directors' report, the remuneration of the directors is disclosed in note 8 of the UK Group's consolidated financial statements.

A list of the Bank's subsidiaries is in note 13.2 to the financial statements.

Transactions with key management personnel of the Bank

The following table provides the total amount of transactions, which the Bank has entered into with key management personnel for the year ended 31 December 2025:

Bank 2025 £'000	Balances at 31 December 2025	Interest expense
Residential mortgages	3,377	83
Loans (Excl Mortgages)	98	3
Deposits	2,251	26
Other	4,868	7

Bank 2024 £'000	31 December 2024	Interest expense
Residential mortgages	2,699	68
Loans (Excl Mortgages)	200	2
Deposits	2,016	30
Other	7,925	3

Other comprises mostly investments and related fees. Loans include loans given to directors from Handelsbanken plc and other Handelsbanken Group companies under the same terms and conditions applicable to all employees. Any additional tax costs incurred in the UK as a result of these transactions have been included in note 8.

Transactions with other related parties

In addition to transactions with key management personnel, the Bank enters into transactions with entities that are related to it. The following tables show transactions during the year and outstanding balances at the end of the reporting year.

During the year ended 31 December 2025, the Bank received income and expenses from related parties as follows:

Other intercompany expenses and income mainly relate to costs recharged and services charged between members of the Handelsbanken Group.

Bank £'000	Note	2025		2024	
		Parent	Wholly-owned subsidiary and other	Parent	Wholly-owned subsidiary and other*
Intercompany interest income	3.2	159,169	-	242,326	-
Intercompany interest (expense)/ income	3.2	(143,764)	(445)	(228,687)	-1,378
Net intercompany interest income / (expense)		15,405	(445)	13,639	-1,378
Intercompany commission income	4.2	1,352	-	1,333	-
Intercompany commission expense	4.2	(2)	-	(102)	-
Net intercompany commission income		1,350	-	1,231	-
Other intercompany income		676	3,766	344	3,080
Other intercompany expense*		(40,026)	(2,192)	(41,952)	(4)
Total other intercompany (expense)/ income		(39,350)	1,574	(41,608)	3,076
Total		(22,595)	1,129	(26,738)	1,698

* Included in the other intercompany expenses is a payment to a Healthcare Trust Fund managed by AXA Health on behalf of the corporate trustee, Handelsbanken Healthcare CT Limited. Handelsbanken plc has paid £2.2m (2024: Nil) to the Healthcare Trust Fund to cover the employee medical expenses.

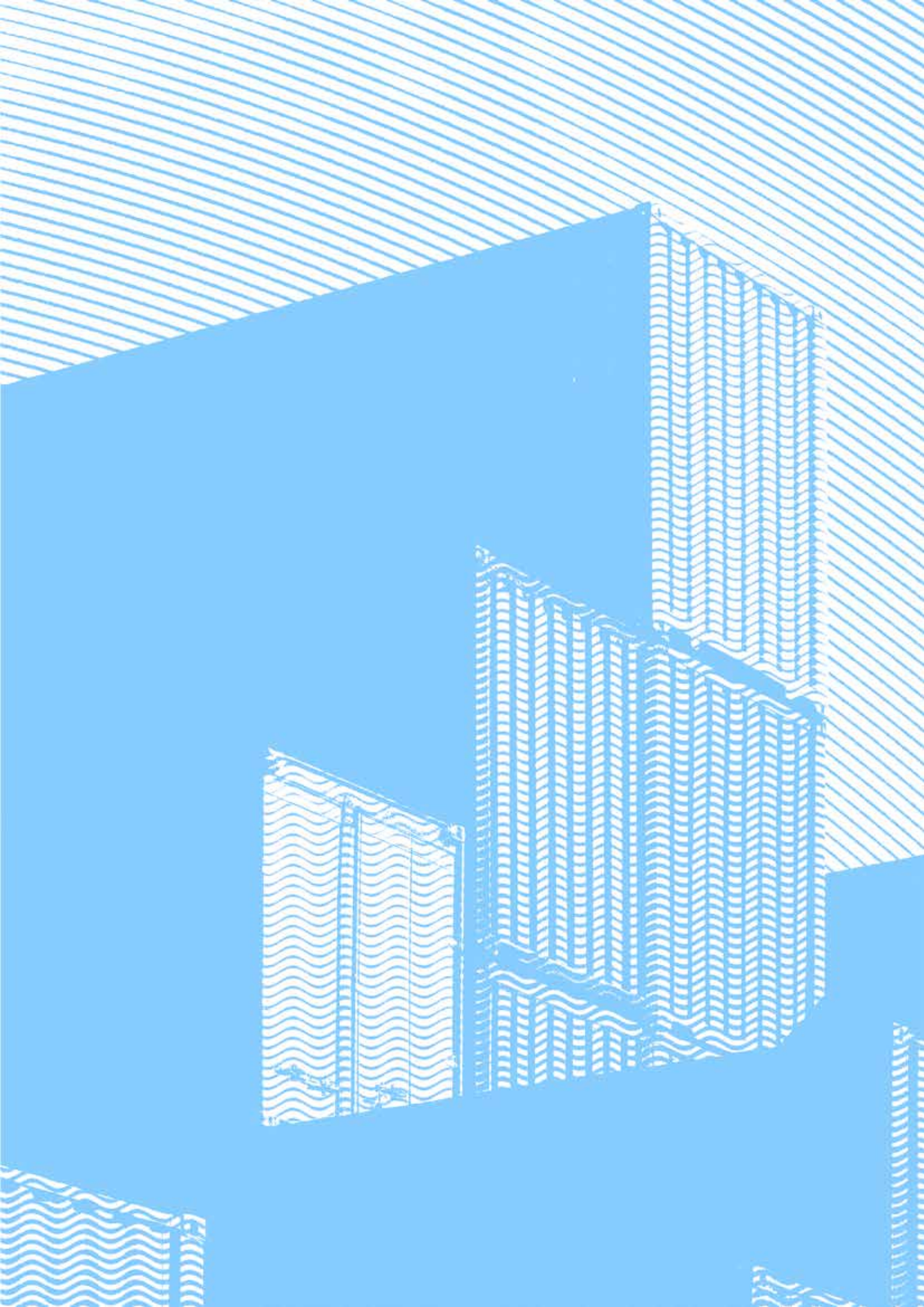
Amounts with ultimate parent company, and other intercompany parties as at 31 December 2025 and 31 December 2024 were as follows:

Bank	Note	2025		2024	
		Parent	Wholly-owned subsidiary	Parent	Wholly-owned subsidiary
Included within assets					
Intercompany lending†	12.2	3,447,960	-	3,535,827	-
Other intercompany assets		93	-	149	-
Total		3,448,053	-	3,535,976	-
Included within liabilities					
Intercompany borrowings	12.2	4,014,769	15,384	4,975,470	15,221
Of which deposits		3,242,600	-	4,369,481	-
Of which subordinated loans		458,747	-	300,692	-
Of which senior non preferred debt		300,607	-	200,479	-
Of which other		12,815	15,384	10,818	15,221
Other intercompany liabilities		844	-	1,506	-
Total		4,015,613	15,384	4,976,976	15,221
Of which, accrued interest	12.2	33,705	-	32,843	-

* Subject to impairment testing

During the year Handelsbanken Wealth made a group relief surrender to the Bank of its losses worth £0.8m (2024: £1.5m).

We have considered the impairment of intercompany balances and assessed with specific regard to the current economic environment that no impairment is required in 2025 (2024: £nil).



Glossary

9.0

Glossary

A

Assets Under Management & Administration (AUMA)

The total value of the assets that a financial institution oversees and administers on behalf of clients. Consists of both assets which are actively managed and those that are administratively overseen.

B

Basic Indicator Approach (BIA)

A simple approach for calculating the capital charge for operational risk under the Basel II Accord which uses the bank's average annual total gross income over the last three years as a risk indicator for the bank's operational risk exposure.

C

Capital Conservation Buffer (CCB)

A capital buffer designed to ensure banks build up capital buffers outside periods of stress that can be drawn down as losses are incurred.

Common equity tier 1 capital ratio (CET 1)

A measurement of a bank's core equity capital compared with its total risk-weighted assets.

Cost / Income ratio

Total expenses in relation to total income.

Countercyclical Capital Buffer (CCyB)

A time-varying buffer requiring banks to hold additional capital to remove or reduce the build-up of systemic risk in times of credit boom, providing additional loss-absorbing capacity and acting as an incentive for banks to constrain further credit growth.

Credit loss ratio

Losses on loans to the public in relation to loans to the public at the beginning of the year.

Customer Connect

A value-add, proactive advisory service available to all Handelsbanken plc customers 24/7 and 365 days a year.

D

Debt Capital Markets (DCM)

A market in which companies and governments raise funds through the trade of debt securities, including corporate bonds and government bonds.

Domestic top-up tax (DTT)

A top-up tax, separate to the Multinational Top-up Tax (MTT), that is charged on qualifying UK entities of multination groups where the aggregate effective tax rate is below 15%. This is charged in lieu of the MTT being charged on an overseas parent company.

E

Earnings per share

The profit for the year attributable to shareholders divided by the average number of outstanding shares.

Exposure at default (EAD)	EAD is the total value a bank is exposed to when a loan defaults.
Expected credit losses (ECL)	Expected credit losses are probability-weighted estimate of credit losses.
Energy Performance Certificate (EPC)	A rating scheme in the UK to sets out the energy efficiency of a property. Produced by an accredited domestic energy assessor, an EPC provides an indication of how much it will cost to heat (both water and space) and light a property.
F	
Financial Conduct Authority (FCA)	The Financial Conduct Authority regulates the conduct of financial firms.
Forbearance	Granting a concession for a customer experiencing or about to experience, financial difficulty in meeting prevailing contractual payments.
FPC	Financial Policy Committee.
G	
Greenhouse Gases (GHG)	GHG are atmospheric gases that trap heat or longwave radiation in the atmosphere, increasing the temperature of the Earth's surface. There are seven gases considered as part of the GHG Corporate Protocol Standard.
H	
High-Quality Liquid Assets (HQLA)	Assets which can be converted into cash easily and immediately, with little or no loss of value, including under the stress scenario.
I	
Internal capital adequacy assessment process (ICAAP)	The procedure by which a bank finds, quantifies, gathers, and keeps track of material risk in order to create a risk profile that serves as the foundation for capital allocation.
Internal liquidity adequacy assessment process (ILAAP)	A framework designed to assess the internal liquidity risk management practices of financial institutions. It provides a comprehensive and robust approach to measuring, monitoring and reporting of a bank's liquidity position and risks.
Internal ratings-based approach (IRB) approach	A method of calculating credit risk capital requirements using internal, rather than supervisory, estimates of risk parameters.
L	
Leverage ratio	Tier 1 capital in relation to total assets.
Liquidity coverage ratio (LCR)	High-quality liquid assets in relation to an estimated net outflow of liquidity over a period of 30 days.
Loan to deposit ratio	Ratio between total loans and total deposits.

Loan-to-value (LTV) ratio	The ratio between the amount of the loan as a percentage of the value of security (such as property). It tells the lender if potential losses due to non-payment may be recouped by selling the asset.
Loss given default (LGD)	The estimated ratio (percentage) of the loss on an exposure to the amount outstanding at default (EAD) upon default of a counterparty.
Lifetime ECL	The expected credit losses that result from all possible default events over the expected life of a financial instrument.
M	
Minimum requirement for own funds and eligible liabilities (MREL)	The Minimum Requirement for Own Funds and Eligible Liabilities (MREL) is a regulatory standard set by resolution authorities to ensure that banks maintain sufficient eligible instruments to support the implementation of their preferred resolution strategies. The MREL requirements for banks are often expressed as a percentage of their RWAs.
Multinational top-up tax (MTT)	A top-up tax that is charged on parent companies of multination groups where they do not meet the minimum effective tax rate for each of the territories in which they operate in.
N	
Net stable funding ratio (NSFR)	The ratio of the amount of available stable funding relative to the amount of required stable funding. It is a regulatory standard designed to ensure that banks maintain a stable funding profile in relation to their assets and off-balance sheet activities.
Net zero	A UK-wide ambition to achieve an overall balance between GHG emissions produced and taken out of the atmosphere, keeping global temperature increases to below 1.5°C. HB plc signed up to net zero in 2021, committed to playing our part in supporting the transition to a net zero economy.
O	
Oktogonen	Oktogonen is Handelsbanken's scheme for collective profit-sharing, based on a common corporate goal where all employees contribute to the success of the Bank. All eligible employees receive the same allocation (adjusted for time spent in the business and part-timers).
P	
Partnership for Carbon Accounting Financials (PCAF)	PCAF is a global partnership of financial institutions to measure and disclose the greenhouse gas (GHG) emissions associated with loans and investments. HB plc follows PCAF's Global Greenhouse Gas Accounting and Reporting Standard to calculate scope 3 carbon emissions.
Physical climate-related risks	Physical climate-related risks arise as consequence of global warming brought about by increased greenhouse gas emissions. This results in increased occurrences of extreme weather events, as well as rising sea levels, coastal erosion and similar consequences.
Prudential Regulation Authority (PRA)	The Prudential Regulation Authority in the UK is responsible for prudential regulation and supervision of banks, building societies, credit unions, insurers and major investment firms.

Probability of default (PD)	An estimate of the probability that a borrower will default on their credit obligations over a fixed time period.
R	
Return on assets	Profit after tax as a percentage of total assets.
Return on Equity (ROE)	A measure of a company's financial performance which is calculated by dividing profit after tax by average shareholders' equity.
Risk Control Self-Assessment (RCSA)	A crucial process for identifying and assessing the key operational risks faced by an organization and the effectiveness of controls that address those risks.
Risk Early Warning Indicators (EWIs)	A system designed to detect and monitor potential risks at an early stage. The purpose is to identify, assess and address risks before they escalate.
S	
Science Based Targets initiative (SBTi)	A corporate climate action organisation that enables companies and financial institutions worldwide to play their part in combating the climate crisis.
Scope 1 emissions	Greenhouse gas emissions generated directly from a company's emissions owned or controlled sources.
Scope 2 emissions	Greenhouse gas emissions generated indirectly from a company's purchased sources.
Scope 3 downstream emissions (categories 9-15)	Indirect downstream emissions that occur in an organisation's value chain are not owned or controlled by the company. Downstream (GHG Protocol categories 9-15) emissions covering emissions resulting from the good and services provided by the organisation. The categories are: 9. Downstream transportation and distribution; 10. Processing of sold products; 11. Use of sold products; 12. End-of-life treatment of sold products; 13. Downstream leased assets; 14. Franchises; 15. Investments.
Scope 3 upstream emissions (categories 1-8)	Indirect upstream emissions that occur in an organisation's value chain are not owned or controlled by the company. Upstream emissions (GHG Protocol categories 1-8) cover emissions which result from the organisation's supply chain. The categories are: 1. Purchased goods and services; 2. Capital goods; 3. Fuel- and energy-related activities not included in scope 1 and 2; 4. Upstream transportation and distribution; 5. Waste generated in Operations; 6. Business travel; 7. Employee commuting; 8. Upstream lease assets.
Sustainability-linked loans (SLL)	Loans linked to the borrower's sustainability performance measured against Environmental and/or Social and Governance criteria (ESG). The sustainability performance is thereby linked to the underlying margin of the loan, in relation to pre-agreed sustainability performance targets.

T

Task Force on climate-related financial disclosures (TCFD)	An international task force formed to develop a set of recommended climate-related disclosures that companies and financial institutions can use to better inform investors, shareholders and the public of their climate-related financial risks.
Total Capital Requirement (TCR)	Total Capital Requirement.
Transition Plan Taskforce (TPT)	An initiative launched by HM Treasury in April 2022 to help private sector companies develop, disclose, and deliver “gold standard” climate transition plans.
Transition risks	Transition risks are risks that arise through changes to legislation, changes in the demand for products and services, changed customer behaviour or other structural shifts which take place as part of society’s attempts to transition to a climate-neutral economy.

Handelsbanken is the trading name of Handelsbanken plc, which is incorporated in England and Wales with company number 11305395. Registered office: 25 Basinghall Street, London EC2V 5HA, UK. Handelsbanken plc is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Financial Services Register number 806852. Handelsbanken plc is a wholly-owned subsidiary of Svenska Handelsbanken AB (publ).

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