

Dodd-Frank Act §165(d)  
Reduced Resolution Plan

**2022**

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**Svenska Handelsbanken AB (publ)**

**Public Section**

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## Section 1: PUBLIC SECTION

### Executive Summary

Section 165(d) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank Act”) mandates that certain bank holding companies develop resolution plans for the rapid and orderly resolution in the event of material financial distress or failure. As a foreign bank that is treated as a bank holding company under section 8(a) of the International Banking Act of 1978 (12 U.S.C. 3106(a)), and that has \$250 billion or more in total consolidated assets, Svenska Handelsbanken AB (publ) (the “Group,” “Handelsbanken,” “we,” “us,” or “our”) is a “covered company” subject to Resolution Plan Rule<sup>1</sup> (the “Rule”).

For a foreign banking organization with a limited US footprint such as Handelsbanken, the Federal Reserve Board and FDIC regulations require the foreign banking organization to submit a triennial “reduced content” resolution plan generally limited to material changes to the plan since its previous filing and changes to the strategic analysis included in that filing. The focus of Handelsbanken’s US resolution plan is to provide a high-level description for the orderly resolution of our US operations. There are no material changes to Handelsbanken’s strategic analysis since our previous filing, and we submit our US resolution plan in accordance with the current Rule requirements.

#### *Group Operations*

Svenska Handelsbanken AB (publ) is the parent company of Handelsbanken Group founded in Stockholm on 5 June 1871 and does business under the commercial name *Handelsbanken*. The Group is a public limited liability banking company incorporated under the banking laws of Sweden, registered with the Municipality of Stockholm under the registration number 502007-7862. The registered office of the Handelsbanken is SE-106 70 Stockholm, Sweden (telephone number: +46 8 701 10 00).

Handelsbanken is a leading Swedish banking group that provides various investment and other financial services, in addition to its wide range of traditional banking services, primarily in Sweden, Norway, the UK and the Netherlands, (collectively referred to as the “Home Markets”), for private and corporate customers. These services include financing such as mortgages, bilateral lending to corporates and financing via capital markets, services within the savings area such as asset management, pension and insurance, private banking and asset protection and payment solutions. The majority of the Group’s assets and customers are located in, or have businesses related to, the Home Markets.

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<sup>1</sup> 12 CFR Parts 243 and 381, *Resolution Plans Required*, revised on December 31, 2019 to reflect amendments to the Dodd-Frank Act made by the Economic Growth, Regulatory Relief, and Consumer Protection Act (EGRRCPA).

Handelsbanken works on the basis of a well-tested, proven business model, and has a strong risk culture and local presence through nationwide local branches. The Group's goal is to have better profitability than the average of comparable competitors in its Home Markets. Handelsbanken's offering is directed towards customers with stable cash flows who want a long-term relationship with their bank, and is primarily focused on private customers, property companies and owner-managed companies.

The Group has a decentralized business model with a high degree of local decision-making power. The operations are conducted through a network of branches in each Home Market as well as through other meeting places. In addition to its Home Markets, the Group has operations in the US and Luxembourg. In 2021, the Group's average number of employees for continuing operations was 11,039.

In 2021, the Group decided to cease its operations in Denmark and Finland and a process has been initiated to divest these two business segments. This divestment is part of the Group's strategy to streamline its operations in the markets where the Group has the largest presence and is the most profitable.

Also during 2021, the Group made further advances in its sustainability activities by implementing concrete and measurable sustainability goals in its core operations: financing, investment and advisory services.

As of 31 December 2021, the Group had SEK 3,346,764 million (US\$370,217 million) in total assets and SEK 181,731 million (US\$20,103 million) in total shareholders' equity and generated SEK 19,543 million (US\$2,162 million) of net profit for the year then ended for total operations. For continuing operations net profit amounted to SEK 18,848 million (US\$2,085 million).

## Balance Sheet Data

	As of 31 March			As of 31 December			
	2022 <sup>(1)</sup>	2022	2021	2021 <sup>(2)</sup>	2021	2020	2019
	<i>(in millions of U.S.\$)</i>	<i>(in millions of SEK)</i>		<i>(in millions of U.S.\$)</i>	<i>(in millions of SEK)</i>		
<b>Assets:</b>							
Loans to the public.....	238,592	2,209,362	2,321,695	239,285	2,163,135	2,269,612	2,292,603
Loans to credit institutions <sup>(3)</sup> .....	3,835	35,510	43,378	2,544	23,000	43,246	37,486
Interest-bearing securities <sup>(4)</sup> .....	13,175	121,996	83,447	14,807	133,855	143,699	146,027
Other assets.....	127,327	1,179,044	1,043,111	113,581	1,026,774	678,731	593,551
<b>Total assets.....</b>	<b>382,928</b>	<b>3,545,912</b>	<b>3,491,631</b>	<b>370,217</b>	<b>3,346,764</b>	<b>3,135,288</b>	<b>3,069,667</b>
<b>Liabilities and equity:</b>							
Deposits and borrowing from the public.....	148,756	1,377,477	1,373,500	142,327	1,286,637	1,229,763	1,117,825
Due to credit institutions.....	12,006	111,179	157,321	9,185	83,034	124,723	147,989
Issued securities.....	152,971	1,416,511	1,474,862	149,753	1,353,768	1,310,737	1,384,961
Subordinated liabilities.....	3,395	31,434	31,067	3,568	32,257	41,082	35,546
Other liabilities.....	46,507	430,657	280,127	45,281	409,337	257,510	223,514
<b>Total equity.....</b>	<b>19,293</b>	<b>178,655</b>	<b>174,754</b>	<b>20,103</b>	<b>181,731</b>	<b>171,473</b>	<b>159,832</b>
<b>Total liabilities and equity.....</b>	<b>382,928</b>	<b>3,545,912</b>	<b>3,491,631</b>	<b>370,217</b>	<b>3,346,764</b>	<b>3,135,288</b>	<b>3,069,667</b>

(1) Based on the rate provided by the Riksbank for 31 March 2022 of SEK 9.26/U.S.\$1.00. The Bank has provided this translation into U.S. dollars solely for reference.

(2) Based on the rate provided by the Riksbank for 31 December 2021 of SEK 9.04/U.S.\$1.00. The Bank has provided this translation into U.S. dollars solely for reference.

(3) Includes "Loans to other credit institutions" and "Other loans to central banks".

(4) Includes "Bonds and other interest-bearing securities" and "Interest-bearing securities eligible as collateral with central banks".

For further information on our financial statements, refer to the Consolidated Financial Statements section of the *Svenska Handelsbanken Group Annual Report and Sustainability Report 2021*, and *Risk and Capital Management – information according to Pillar 3, 2021*.

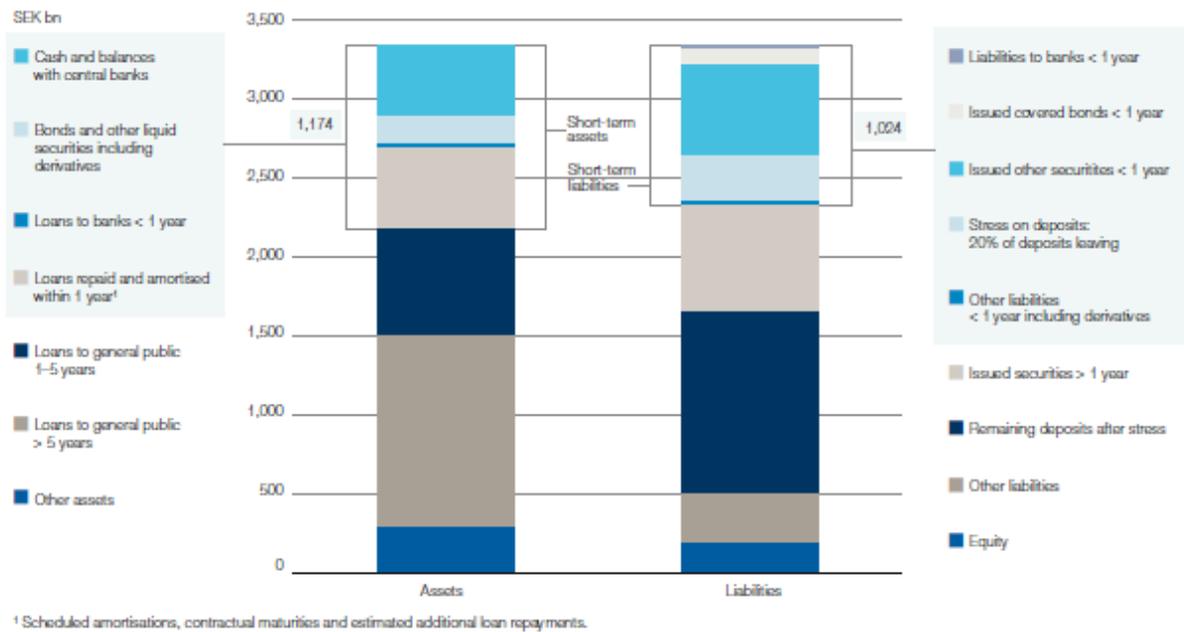
### *Funding sources and uses*

Handelsbanken has a low tolerance of liquidity risks, both at aggregate level and in individual currencies. The aim is to have good access to liquidity, a low level of variation in results and a considerable capacity to meet customers' funding needs, even in difficult times. This is achieved by maintaining a good matching

of incoming and outgoing cash flows over time in all currencies essential to the Group and by maintaining large liquidity reserves of good quality. The Group thus minimises the economic risks in funding and can thereby maintain stable and long term funding for the business-operating units.

Furthermore, the Group aims for breadth in its funding programmes and their use. This ensures that the Group can keep its core business intact for a long period of time, even if there is extensive disruption in the financial markets. The result of this work is a well-matched balance sheet, where illiquid assets are financed using stable funding. The illiquid assets comprise credits to households and companies; these credits constitute the Group’s core business. The long-term stable funding of these assets consists of covered bonds issued by the Group’s Swedish mortgage company Stadshypotek, senior bonds issued by Handelsbanken, deposits from households and a certain amount of deposits from companies, subordinated liabilities and equity. Part of the core operations is comprised of short-term lending to households and companies and on the liabilities side, some of the deposits for these customers are shorter term.

### Composition of the balance sheet from a maturity perspective, year-end 2021



A long-term crisis could result in a reduced balance sheet with retained core business, whereby the volume of short-term assets is gradually used to pay back maturing short-term liabilities. In the event of a more serious crisis, measures have been prepared to generate liquidity which will provide more support to the business operations. The market has great confidence in Handelsbanken, and its assessment is that Handelsbanken has a low credit risk. One illustration of this is that Handelsbanken has low funding costs in general among peer banks. Handelsbanken has a continued high rating with the external rating agencies and is one of the most highly rated banks globally among all peer banks.

### *US operations*

Handelsbanken operates a US branch (the “Branch”) pursuant to a license issued by the Superintendent (the “Superintendent”) of the New York State Department of Financial Services (“DFS”) under the NYBL and is subject to supervision, regulation and examination by the Superintendent, the DFS and the Board of Governors of the Federal Reserve System (the “Federal Reserve Board”).

The Branch provides a full range of commercial banking services to corporate customers, institutional investors and financial institutions, being particularly active in the area of commercial lending. It funds itself by taking corporate and bank deposits, borrowing in the interbank market and issuing certificates of deposit. The Branch maintains a portfolio of securities consisting of investment grade debt securities, primarily mortgage-backed securities issued by US-government-sponsored entities. The obligations of the Branch are not insured by the Federal Deposit Insurance Corporation (the “FDIC”) or any other governmental agency or authority in the US, Sweden or elsewhere.

The Branch’s products and services are a part of Handelsbanken Global Banking, which supports the Group in its goal to have a higher return on equity than its competitors. This is done by providing profitable business, having satisfied customers, low costs and qualitative support to Home Market operations. The Branch has two business lines:

1. Corporate Banking is responsible for large corporate customers. This includes customers that normally operates in one or several of Handelsbanken’s Home Markets. Corporate Banking develops broad long term client relationships, covering many different services. We welcome all sizes of corporates from main markets but actively market towards the larger corporates.
2. Treasury is responsible for sales of foreign exchange and money market products to corporate and treasury clients. Treasury also contributes to the global short term funding operations of the Group in US dollars and manages dollar liquidity needs on behalf of the Group’s Central Treasury, mainly through depositing excess cash at the Federal Reserve.

The Branch employed a total of 53 persons as of December 31, 2021 and is located at 900 Third Avenue, New York, New York 10022, USA. Its telephone number is +1 (212) 326-5100.

#### **(i) Names of Material Entities**

The Group’s Recovery Plan, which is drawn up and maintained by Group Risk Control in Stockholm, identifies four legal entities that are considered to be Material Entities: Svenska Handelsbanken AB (publ), Stadshypotek AB, Handelsbanken Plc., and Handelsbanken Fonder AB. These entities are considered as material on the basis that they operate activities that are either relevant to the Group and/or relevant to the economy.

The Final Rule defines Material Entities as any entity that is significant to a Core Business Line (Core Business Line is defined as a business line of a Covered Company, including associated services, functions and support, that, in the view of the Covered Company, upon failure would result in a material loss of revenue, profit or franchise value), or a Critical Operation (defined as an operation of a Covered Company, including associated services, functions and support, the failure or discontinuance of which, in the view of the Covered Company or as jointly directed by the Board of Governors of the Federal Reserve System (the “Board”) and the Federal Deposit Insurance Corporation (the “Corporation”), would pose a threat to the financial stability of the United States).

Handelsbanken **has not** identified any significant interconnections and interdependencies between our Branch operations and any of the Group’s Material Entities, owing to our limited operations in the US.

## (ii) Description of Core Business Lines

Core Business Lines are the functions that the Group needs to maintain in order to remain viable. They are the functions that generate the most revenue and profit at present and/or are expected to generate these in the future.

From a recovery perspective, the Core Business Lines are the traditional banking services provided through the branch offices, and those that a branch-oriented bank will always need to provide for its customers. For Handelsbanken, these basic banking services consist first and foremost of lending, deposit taking and making payments.

The analysis of the business lines that are core to the viability of the Group is carried out in two steps.

1. Business lines are first analysed in each Home Market, except for Netherlands. Business lines that are estimated to be of most importance for the Group’s viability in that specific market, are identified and are called “main business lines.”
2. The market-based main business lines are then compiled at Group level. From the list of market-based main lines, the business lines that are core to the Group and its continued viability are selected and comprise the Group’s Core Business Lines. The Core Business Lines at the aggregated level of the Group are deemed to be:
  - Lending Sweden
  - Deposits Sweden
  - Payments Sweden
  - Savings & Pension Sweden
  - Lending UK
  - Deposits UK

- Payments UK
- Lending Norway
- Deposits Norway
- Payments Norway

Handelsbanken **has not** identified any Core Business Lines in our Branch operations, and no significant interconnections and interdependencies between our Branch operations and any of the Group's Core Business Lines or critical operations exist, owing to our limited operations in the US.

### (iii) Identities of Principal Officers

The Group's Principal Officers are:

Name	Title
Carina Åkerström	President and Group Chief Executive
Arild Andersen	Country General Manager, Norway
Catharina Belfrage Sahlstrand	Chief Sustainability and Climate Officer
Carl Cederschiöld	CFO, Group Finance
Magnus Ericson	Chief Human Resources Officer, Group HR
Mattias Forsberg	Chief Information Officer
Michael Green	Country Head, Sweden
Maria Hedin	Chief Risk Officer, Group Risk Control
Dan Lindwall	Head, Capital Markets
Martin Noréus	Chief Strategy Officer
Anna Possne	Head, Product and Offerings
Robert Radway	Chief Credit Officer
Louise Sander	Group Communications Officer
Mikael Sörensen	Chief Executive Officer, Handelsbanken plc, UK

### (iv) High level description, of the resolution strategy, referencing the applicable resolution regimes for its Material Entities

The Group's resolution strategy is a single point of entry strategy (SPE) involving the application of the bail-in tool at the parent company level. The SPE strategy is aligned with the Group's centralized funding structure and capital management.

The applicable resolution regime for Handelsbanken Group is the Bank Recovery and Resolution Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014, (“BRRD”).

The Swedish implementation of the BRRD is through the Swedish Resolution Act (*Sw. lag (2015:1016) om resolution*) and any subsequent Swedish regulation transposing or implementing the BRRD and is subject to the exercise of powers thereunder. The Swedish National Debt Office (SNDO) is responsible for national resolution strategies and implementation of the resolution regime in Sweden.

In addition to the annual Group Recovery Plan, Handelsbanken is required to prepare a resolution plan specifically for its US operations, as it is the assumption that the Branch will be liquidated pursuant to a proceeding by the Superintendent of the New York State Department of Financial Services under the New York Banking Law (“NYBL”).

The NYBL authorizes the Superintendent, for a foreign bank’s creditors, to take possession of the business and property in New York State of a foreign bank that is licensed by the Superintendent to maintain a New York branch or agency under circumstances similar to those that would permit the Superintendent to take possession of the business and property of a New York State-chartered bank.

Pursuant to the NYBL, when the Superintendent takes possession of a New York branch or agency of a foreign bank, the Superintendent succeeds to the New York branch or agency’s assets wherever situated and all other assets of the foreign bank located in New York State. Upon taking title to such assets, the Superintendent would have the power, in most instances upon the order of the New York Supreme Court, to compromise the liabilities of the New York branch or agency (other than deposit liabilities) and sell the assets to pay the claims of holders of obligations of the New York branch or agency who have provided the necessary evidence of their claims to the Superintendent. In liquidating or dealing with the New York branch or agency’s business after taking possession of the branch or agency, the Superintendent is authorized to accept for payment out of the foreign bank’s business and property in New York State only those claims that arose out of transactions with the branch or agency and is not authorized to accept (i) claims that would not represent an enforceable legal obligation against the branch or agency if it were a separate and independent legal entity or (ii) amounts due and other liabilities to other offices, agencies or branches of, and affiliates of, the foreign bank. The NYBL provides that acceptance or rejection of claims by the Superintendent shall not prejudice the rights of such creditors to otherwise share in the assets of the foreign bank.

Handelsbanken’s operations, including the Branch, do not pose any risk to the US financial system, owing to its limited size in the US. Financial and operational support from the Group is assumed to be provided to the Branch if the Branch were to experience material financial distress. For the resolution scenario where the Branch experiences material financial distress and the Group is unable to provide sufficient financial

and operational support for the continuation of Branch operations, the Group's US resolution plan is to facilitate an orderly liquidation of Branch operations pursuant to proceedings under NYBL.

The Group's US resolution plan does not assume that any resolution actions taken outside the US that would eliminate the need to enter NYBL resolution proceedings, and there is no assumed provision of extraordinary support by the US or any other government to the Group, the Branch or any Group subsidiaries to prevent the failure of the Group.