# Annual Report 2025

Stadshypotek
– a Handelsbanken company

# Brief information

**Share capital**

SEK 4,050,000,000. The lowest and highest permissible share capital according to the Articles of Association is SEK 2,000,000,000 and SEK 8,000,000,000 respectively.

**Number of shares**

162,000 shares with a quotient value of SEK 25,000 per share.

**Convertible debt, etc.**

The company has not issued any debt instruments that can be converted into or exchanged for shares, or that entail the right to subscribe to new shares.

**Ownership structure**

A subsidiary of Svenska Handelsbanken AB (publ), corporate identity number 502007-7862. The Bank publishes consolidated annual accounts in which Stadshypotek AB (publ) is included.

**Financial calendar 2026**

Interim report January – June 2026: 15 July

**Addresses**

**Stadshypotek AB**
**Visiting address:** Torsgatan 14
**Postal address:** 103 70 Stockholm, Sweden
**Telephone:**+46 (0)8 701 54 00
**Website:** stadshypotek.se

**Stadshypotek AB NUF**
**Visiting address:** Tjuvholmen Allé 11
**Postal address:** Postboks 1342 Vika
NO-0113 Oslo, Norway
**Telephone:** +47 (0)22 39 70 00

**Stadshypotek AB (publ),**
**branch operations in Finland**
**Visiting address:** Östersjögatan 11–13
**Postal address:** FI-00180 Helsinki, Finland
**Telephone:** +358 (0)10 444 11

Stadshypotek AB (publ)
Corporate identity no: 556459-6715
Date of registration: 23 December 1992
Registered office: Stockholm
stadshypotek.se

# The year in brief

## -17%

**Operating profit** decreased by 17% to SEK 7,271m (8,739).

## -12%

**Net interest income** went down by 12% to SEK 10,501m (11,990).

## -1%

**Loans to the public** decreased by 1%, to SEK 1,570bn (1,583).

## 8.6%

**Return on equity** was 8.6% (10.6).

## 0.00%

**The credit loss ratio** was 0.00% (-0.01).

## 12.8%

**The common equity tier 1 ratio** was 12.8% (12.5).

# Five-year overview and key metrics

## Income statements

| SEK m | 2025 | 2024 | 2023 | 2022 | 2021 |
|---|---|---|---|---|---|
| Interest income | 51,854 | 63,928 | 52,584 | 27,213 | 20,971 |
| Interest expenses | -41,353 | -51,938 | -40,372 | -12,234 | -5,316 |
| **Net interest income** | **10,501** | **11,990** | **12,212** | **14,979** | **15,655** |
| Fee and commission income | 4 | 13 | 15 | 13 | 13 |
| Fee and commission expenses | -51 | -65 | -42 | -52 | -41 |
| **Net fee and commission income** | **-47** | **-52** | **-27** | **-39** | **-28** |
| **Net gains/losses on financial transactions** | **353** | **468** | **690** | **-12** | **88** |
| **Other income** | **1** | **12** | **1** | **1,190** | **2** |
| **Total income** | **10,808** | **12,418** | **12,876** | **16,118** | **15,717** |
| General administrative expenses | | | | | |
| Staff costs | -88 | -79 | -83 | -76 | -100 |
| Other administrative expenses | -2,182 | -2,514 | -2,289 | -1,932 | -1,810 |
| Depreciation, amortisation and impairment losses of property, equipment and intangible assets | -26 | -31 | -28 | -27 | -27 |
| **Total expenses** | **-2,296** | **-2,624** | **-2,400** | **-2,035** | **-1,937** |
| **Profit before credit losses and regulatory fees** | **8,512** | **9,794** | **10,476** | **14,083** | **13,780** |
| Net credit losses | -20 | 104 | -95 | -63 | 4 |
| Regulatory fees | -1,221 | -1,159 | -1,083 | -1,133 | -707 |
| **Operating profit** | **7,271** | **8,739** | **9,298** | **12,887** | **13,077** |
| **Profit before taxes** | **7,271** | **8,739** | **9,298** | **12,887** | **13,077** |
| Taxes | -1,619 | -1,815 | -1,863 | -2,850 | -2,722 |
| **Profit for the year** | **5,652** | **6,924** | **7,435** | **10,037** | **10,355** |
| Earnings per share, SEK | 34,888 | 42,741 | 45,893 | 61,955 | 63,922 |

## Balance sheets

| SEK m | 2025 | 2024 | 2023 | 2022 | 2021 |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Loans to credit institutions | 14,224 | 30,485 | 10,623 | 9,066 | 13,301 |
| Loans to the public | 1,569,616 | 1,583,330 | 1,580,628 | 1,565,815 | 1,525,915 |
| Value change of interest-hedged item in portfolio hedge | - | - | -1 | -6 | 4 |
| Derivative instruments | 11,329 | 14,356 | 12,043 | 7,941 | 7,223 |
| Other assets | 637 | 1,777 | 1,174 | 1,807 | 900 |
| **Total assets** | **1,595,806** | **1,629,948** | **1,604,467** | **1,584,623** | **1,547,343** |
| **Liabilities and equity** | | | | | |
| Due to credit institutions | 864,493 | 872,331 | 836,050 | 861,675 | 837,120 |
| Issued securities | 660,501 | 685,643 | 690,693 | 641,902 | 638,603 |
| Derivative instruments | 4,151 | 5,617 | 8,922 | 16,094 | 2,428 |
| Other liabilities | 3,588 | 5,584 | 6,494 | 10,237 | 11,342 |
| Subordinated liabilities | - | - | - | - | - |
| Equity | 63,073 | 60,773 | 62,308 | 54,715 | 57,850 |
| **Total liabilities and equity** | **1,595,806** | **1,629,948** | **1,604,467** | **1,584,623** | **1,547,343** |

## Key metrics

| | 2025 | 2024 | 2023 | 2022 | 2021 |
|---|---|---|---|---|---|
| Return on equity, % | 8.6 | 10.6 | 11.3 | 15.4 | 15.6 |
| C/I ratio, % | 21.2 | 21.1 | 18.6 | 12.6 | 12.3 |
| Credit loss ratio, % | 0.00 | -0.01 | 0.01 | 0.00 | 0.00 |
| Common equity tier 1 ratio, CRR, % | 12.8 | 12.5 | 11.6 | 12.9 | 12.6 |
| Tier 1 ratio, CRR, % | 17.9 | 17.5 | 16.6 | 17.1 | 16.9 |
| Total capital ratio, CRR, % | 17.9 | 17.5 | 16.6 | 18.5 | 18.3 |
| Average number of employees | 48 | 52 | 49 | 44 | 57 |

For the calculations of key figures and definitions, see pages 79 and 80.
Senior non-preferred notes have changed heading from Issued securities to Due to credit institutions. The comparative figures have been updated.

# Organisation, sustainability and employees

Stadshypotek AB (publ), corporate identity number 556459-6715, is a public credit market company which has its registered office in Stockholm and is licensed to conduct operations under the Swedish Banking and Financing Business Act. Its core business comprises the financing of properties, primarily residential properties, office and commercial buildings, and forestry and farming properties. Since 1997, the company has been a wholly owned subsidiary of Svenska Handelsbanken AB (publ), corporate identity number 502007-7862.

## Organisational structure

Stadshypotek is responsible for the Handelsbanken Group's mortgage business in Sweden, Norway and Finland. In Sweden, the business mainly comprises the financing of private residential properties, office and commercial buildings, and forestry and farming properties. The business operations of Stadshypotek's branch in Norway focus primarily on the financing of residential properties.

## Integration with Handelsbanken

Stadshypotek's operations are based on the principle that its organisation and working practices are centred around Handelsbanken's branch offices, which are responsible for all the business of individual customers. One consequence of this approach is that Stadshypotek's lending operations in Sweden are run via Handelsbanken's Swedish branch operations, while the lending operations at Stadshypotek's branches (in Norway and Finland) are run via Handelsbanken's branch operations in each of the respective countries. This integration with Handelsbanken has been successfully applied since Handelsbanken's acquisition of Stadshypotek in 1997.

## Discontinued operations

Since 31 December 2021, Stadshypotek's operations in Finland constitute a disposal group and discontinued operations in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. See note 30.

## Sustainability

In accordance with the Handelsbanken Group's work on sustainability, Stadshypotek strives to achieve sustainable development. Stadshypotek has a long-term perspective for its business, and sustainability is deeply embedded in both the corporate culture and the working methods. Stadshypotek aims to contribute to sustainable development, chiefly through its business operations, products and services. We do this by constantly reviewing our offering and by developing sustainable products.

We offer green financing on favourable terms to both private and corporate customers. Green mortgages refer to loans for private homes such as detached and semi-detached houses, terraced housing and apartments that meet certain environmental criteria. Green loans to companies and housing co-operative associations refer to the financing of buildings that are environmentally certified or energy efficient. Green energy loans are also available to both companies and housing co-operative associations looking to finance investments in energy efficiency improvements to their properties, or investments intended to protect the properties against the effects of climate change. All customer segments can benefit from a product range that promotes a sustainable transition.

Stadshypotek is part of the Handelsbanken Group and is subject to the requirement regarding sustainability reporting stipulated in the Swedish Annual Accounts Act. Svenska Handelsbanken AB (publ), corporate identity number 502007-7862, with its registered office in Stockholm, has in its Annual and Sustainability Report for 2025 prepared statutory sustainability reporting that meets the requirements of the Swedish Annual Accounts Act. The disclosures made in the report refer to the entire Group.

For more information about how the Handelsbanken Group addresses sustainability, see handelsbanken.com/sustainability.

## Employees

In 2025, the average number of employees at Stadshypotek was 48 (52). Of these employees, 36 per cent (38) were women and 64 per cent (62) were men. Stadshypotek's branches in Norway and Finland purchase services from Handelsbanken's branches in each of the respective countries in order to run their business.

**Staff development**

The company's strength is grounded in the combined expertise of its employees. The most important source of professional enhancement is our day-to-day learning where all employees are responsible for constant development – their own and that of the operations. All employees participate in their unit's business planning every year. After the plan is set, individual planning dialogues and performance reviews are carried out, linking the business goals with the goals of individual employees. Each employee then puts together an individual action plan, setting out the goals to be attained and the conditions necessary for this. Based on the action plan and follow-ups, all employees then have a salary dialogue review with their line manager at the end of the year.

Stadshypotek is part of the Handelsbanken Group's internal labour market. The strong corporate culture and the Group's values are crucial to the success of operations, so internal recruitment is important. Internal mobility helps spread the working methods, exchange of experience and corporate culture throughout the Group. Employees with many years' experience and extensive knowledge acquired from different parts of the Group play a key part in ensuring satisfied customers. Stadshypotek's need for employees in various positions is primarily met through internal recruitment within the Group. Managers must be exemplary ambassadors for the Bank's corporate culture, which explains why most managers are recruited internally.

**Gender equality and diversity**

Work to promote gender equality, diversity and an inclusive corporate culture is a fundamental part of the company's core values. At Stadshypotek, all employees must have equal opportunities for development. We aim to have an inclusive work environment, where we respect and appreciate our different backgrounds, competencies and experiences. No type of discrimination is tolerated at Stadshypotek. Stadshypotek works continuously for gender equality and diversity, which is crucial for attracting and retaining talented employees. A prioritised element of our equality efforts is increasing awareness of how social and cultural norms affect us in our daily lives.

**Work environment and health**

The overall, long-term goals of work environment efforts are for the employees to enjoy good health, to develop on a personal level and to function in an optimal way. Many different health factors influence these goals. Together with their employees and trade union representative, each manager is responsible for performing regular work environment surveys, based on our health factors.

The results form the basis of a work environment plan which is integrated with the unit's business plan and in this way becomes a natural part of how the operation develops. Stadshypotek also follows up sickness absence rate figures, as well as reported incidents.

**Oktogonen – Handelsbanken's profit-sharing scheme**

The Oktogonen profit-sharing scheme covers all Stadshypotek employees. The provision is classified as variable remuneration and is subject to profitability metrics linked to the attainment of the Handelsbanken Group's corporate goal. An allocation is made following the Board's overall assessment of the Handelsbanken Group's performance. Disbursements are made directly to the individual employee either in cash, to a pension savings programme, a savings plan or a combination of these.

# Corporate governance report

The shareholder ultimately decides on the corporate governance of Stadshypotek. At the annual general meeting, shareholders appoint the Board and the auditors. The Board is responsible to the owner for Stadshypotek's organisation and management of the company's affairs, and it appoints a Chief Executive to run the company's operating activities. The auditors examine the financial reporting, among other matters, and submit an auditor's report. The corporate governance report has been prepared in accordance with the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559).

## Shareholders and shareholders' meetings

Stadshypotek AB (publ) is a wholly owned subsidiary of Svenska Handelsbanken AB (publ).

Shareholders exercise their right to decide on matters concerning Stadshypotek at the annual general meeting (AGM), Stadhypoteket's highest decision-making body. Every year, an annual general meeting is held at which the Board, the Chairman of the Board and the auditors are appointed.At the annual general meeting, decisions are also taken regarding matters such as the fees paid to Board members and auditors, the adoption of the income statement and balance sheet, the appropriation of profits, and the discharge of the Board and Chief Executive from liability for the past financial year.

The Articles of Association contain no limitations with regard to the number of votes each shareholder may represent at a shareholders' meeting. Amendments to Stadshypotek's Articles of Association must be decided at a shareholders' meeting.

## External auditors

External auditors are appointed by the annual general meeting for the period until the end of the following year's annual general meeting. The auditors are accountable to shareholders. They carry out an audit and submit an auditor's report covering matters such as this annual report, including the corporate governance report, and the administration of the Board and the Chief Executive. In addition, the auditors report orally and in writing to the Board concerning how their audit was conducted. The auditors also submit a summary report of their audit to the Board as a whole.

The Board[1]

| Name | **Dan Lindwall**<br>Chairman | **Michael Bertorp**<br>Board Member | **Carl Cederschiöld**<br>Board Member |
|---|---|---|---|
| Year elected | 2024 | 2013 | 2025 |
| Year of birth | 1965 | 1949 | 1973 |
| Position and significant board assignments | • Deputy Chief Executive Officer of Svenska Handelsbanken AB.<br>• Part of Handelsbanken's Executive Team, Responsible for subsidiaries and Group-wide matters at Handelsbanken.<br>• Chairman, Handelsbanken Liv Försäkringsaktiebolag.<br>• Board Member, P27 Nordic Payments Platform AB<br>• Board Member, BGC Holding. | • Chairman, Bergs Timber AB.<br>• Consultancy services, legal and business administration. | • Head of Savings and Financing at Handelsbanken.<br>• Chairman of the Board, Handelsbanken Fonder AB. |
| Background | • Various positions at Handelsbanken. Employed since 2000. | • 1984–2005 SCA.<br>• 1982–1984 Swedish Ministry of Justice.<br>• 1972–1982 The Swedish courts. | • Various positions at Handelsbanken. Employed since 1998. |
| Academic background and qualifications | • Advanced Management Program, Wharton, University of Pennsylvania.<br>• MBA, Gothenburg University School of Business, Economics and Law. | • Law degree, Lund University. | • Bachelor's degree in Business Administration, Stockholm University. |
| Board meeting attendance[2] | 20/20 | 19/20 | 5/20 |

1) The table shows the composition of the Board at year-end. Following extraordinary Board meetings, Caroline Forsberg and Carl Cederschiöld are members of Stadshypotek's Board. Jörgen Olander and Michael Sterne have, in conjunction with these appointments, stepped down from Handelsbanken's Board.
2) Including per capsulam meetings.

## The Board

The Board is responsible for Stadshypotek's organisation and manages Stadshypotek's affairs on behalf of the company's shareholders.

The Board continuously assesses Stadshypotek's financial situation and ensures that Stadshypotek is organised so that accounting records, management of funds and other aspects of the company's financial circumstances are adequately monitored. The Board establishes policies and instructions on how this is to be executed, and establishes rules of procedure for the Board and also an instruction for the CEO.

These policy documents state how responsibility and authority are allocated among the Board as a whole, the Chairman of the Board and the Chief Executive. The Board's duties also include the completion of tasks incumbent upon an audit committee.

The Board appoints the Chief Executive and the Head of Risk Control, and decides on the employment terms for these persons and for other executive officers at Stadshypotek. The Chairman is responsible for evaluating the Board's work.

## Credit committee

The Board has set up a credit committee which decides on credit cases where the amount exceeds the decision limit that the Board has delegated to another unit. Cases of special importance and credits to Board members and certain persons in managerial positions are decided upon by the Board as a whole.

## Chief Executive

The Chief Executive is appointed by the Board to lead Stadshypotek's day-to-day operations. In addition to instructions from the Board, the Chief Executive is obliged to comply with the provisions of the Swedish Companies Act and a number of other statutes.

## Corporate governance at Stadshypotek

Corporate governance concerns how rights and obligations are allocated among the various bodies of the company, in accordance with prevailing laws and regulations. Corporate governance also encompasses the systems for decision-making, and the structure through which shareholders control Stadshypotek, directly and indirectly. Stadshypotek's shareholders exercise corporate governance principally by electing the Board, which in turn appoints and gives instructions to the Chief Executive.

The following are fundamental to corporate governance at Stadshypotek: owner directives and the documents adopted by the Board, such as the Board's rules of procedure, instructions to the Chief Executive, credit instructions and other policy documents, as well as the instructions and guidelines issued by the Chief Executive.

A central part of governance at Stadshypotek concerns the management of risks that arise in operations. Risk management is dealt with separately in note 2.

## Company management[1]

**Cecilia Hasselbo**
Chief Executive. Employed since 2023.
**Mikael Otterbjörk**
Credits. Employed since 2014.
**Johan Uddenberg[2]**
Finance and business analysis. Employed since 2025.
**Anna Österman**
Property Valuation. Employed since 2019.
**Peter Fahlstedt**
Corporate governance and risk management. Employed since 2021.
**Maria Juhlin[3]**
Corporate governance and risk management. Employed since 2023.
**Jan Mårtén[4]**
Risk control. Employed since 2021.
**Christine Werbro**
HR. Employee at Handelsbanken.
**Mattias Lidgren**
Funding. Employee at Handelsbanken.
**Niklas Eklund**
Business Development and Market, Sweden. Employee at Handelsbanken.
**Eylem Oussi**
Compliance. Employee at Handelsbanken.

1) The table shows the company's management team as at 1 January 2026.
2) Johan Uddenberg joined the team on 1 January 2026, replacing Magnus Skaaden who stepped down on 31 December 2025.
3) Maria Juhlin joined the team on 1 April 2025, replacing Carolina Bornudd Kivitalo who stepped down on 31 March 2025.
4) Jan Mårtén joined the team on 1 December 2025, replacing Jennie Bardosson who stepped down on 20 November 2025.

| Name | Linda Hellström<br>Board member | Caroline Forsberg<br>Board member | Helena Håkansson<br>Board Member (employee representative) |
|---|---|---|---|
| Year elected | 2022 | 2025 | 2018 |
| Year of birth | 1972 | 1978 | 1969 |
| Position and significant board assignments | • General Counsel, part of senior management, and Head of Legal, Products, Sustainability, Investment offering and Communications at Handelsbanken Liv Försäkringsaktiebolag.<br>• Board member of Svenska RKA International Insurance Services AB. | • County Manager for Dalarna County at Handelsbanken. | • Employee in Handelsbanken's Swedish branch operations.<br>• Board member of Financial Sector Union of Sweden's Swedish branch operations union club.<br>• Board member of Financial Sector Union of Sweden's Handelsbanken union club. |
| Background | • 2006–2012 Lawyer at Länsförsäkringar Liv AB.<br>• 2002–2005 Notary at Stockholm County Court.<br>• 2000–2002 Lawyer and head of European Union law, Swedish Immigration Board.<br>• 2000 Legal Intern, UNHCR. | • Various positions at Handelsbanken. Employed since 1998. | • Various positions at Handelsbanken.<br>• Employed since 2007.<br>• 2002–2007 Secondary school teacher, Kalmar.<br>• 1991–1998 Bank employee at Ölands Bank.<br>• 1989–1991 Bank employee at Sparbanken Kronan. |
| Academic background and qualifications | • Law and Political Science, Lund University. | • Master's degree in Business Administration, Stockholm University. | • Marketing course, IHM.<br>• Bachelor's degree in English.<br>• Master's degree in French.<br>• Qualified teacher for Years 4–9. |
| Board meeting attendance[2] | 20/20 | 5/20 | 20/20 |

1) The table shows the composition of the Board at year-end. Following extraordinary Board meetings, Caroline Forsberg and Carl Cederschiöld are members of Stadshypotek's Board. Jörgen Olander and Michael Sterne have, in conjunction with these appointments, stepped down from Handelsbanken's Board.
2) Including per capsulam meetings.

## Framework for internal control

**Internal control for operations**
The responsibility for internal control is an integral part of managerial responsibility. This responsibility means that fit-for-purpose instructions and procedures for the operation must be in place, and compliance with procedures must be monitored regularly.

**Internal Audit**
Handelsbanken Internal Audit assumes responsibility for Stadshypotek's internal auditing activities in accordance with an outsourcing agreement.

Handelsbanken Internal Audit performs an independent, impartial audit of the operations and financial reporting of Stadshypotek. A key duty is to assess and verify processes for risk management, internal control and corporate governance.

Internal auditing assignments are based on an internal auditing policy established by the Board. Planned auditing tasks are documented every year in an audit plan established by the Board. The conclusions of internal audits, the actions to be taken and their status are reported to the Board on a regular basis.

**Risk Control**
Risk Control is responsible for checking that all material risks at Stadshypotek are identified and managed by the functions concerned, and for analysing and reporting those risks. This includes monitoring and checking the company's risk management and evaluating whether Stadshypotek's risk management framework is fit-for-purpose and effective.

The Head of Risk Control is directly subordinate to the Chief Executive, and reports to the Board and to the Head of Handelsbanken Risk Control.

**Compliance**
Under the terms of an outsourcing agreement, Handelsbanken Compliance serves as Stadhypotek's compliance function.

Compliance is responsible for monitoring and verifying compliance in Stadshypotek, providing advice and support on measures to be taken by the business to ensure compliance, and reporting material deficiencies and risks. Compliance reports to the Chief Executive and the Board.

## Remuneration principles

The remuneration policy establishes Stadshypotek's principles for remuneration to employees. The policy states that Stadshypotek's remuneration system must be consistent with Stadshypotek's business objectives and business culture, which are based on sound, sustainable operations maintaining a high level of ethical standards, good administrative order and compliance among employees. Remuneration must be on market terms, enabling Stadshypotek to attract, recruit, retain and develop skilled staff, and ensuring good management succession, thus contributing to the achievement of Stadshypotek's corporate goal.

At Stadshypotek, remuneration is established individually when an employee takes up a new position and in local salary reviews. Taking into account all collective agreements binding on Stadshypotek, Stadshypotek's model for setting salaries and the salary-setting factors it specifies is to be based on: the nature and level of difficulty of the work, competency and skills, work performance and results achieved, leadership, the market, and being a cultural ambassador for the Handelsbanken Group. The independent control functions monitor and analyse the remuneration system, and report material risks and deficiencies to the Board Member responsible for remuneration matters. There is no performance-based variable remuneration on offer, but termination benefits may be agreed.

All Stadshypotek employees are covered by Handelsbanken's profit-sharing scheme, Oktogonen. The provision is classified as variable remuneration and is subject to profitability metrics linked to the attainment of Handelsbanken's corporate goal, and to an assessment of Handelsbanken's overall development by the Central Board. Disbursements are mainly made in cash to the employees, or alternatively to a pension plan, a savings plan or a combination of the two.

## The Board's report on internal control regarding financial reporting

The control environment described above in this corporate governance report is fundamental to Stadshypotek's internal control of financial reporting.

Risk assessment is another part of the internal control process and comprises identification and management of the risks that may affect financial reporting, as well as the control activities aimed at preventing, detecting and correcting errors and deviations.

**Risk assessment**
Risk assessment aims to identify, manage and follow up risks with the potential to affect the financial reporting. Annual self-evaluations are an essential part of Stadshypotek's total risk assessment. Financial reporting risks are part of this total analysis. A self-evaluation defines events that constitute potential risks to the operations and estimates the probability and consequences of each risk. An action plan is then drawn up, based on the self-evaluation.

**Control activities**
Various control activities are incorporated in the entire financial reporting process. Reported amounts and analyses of income statements and balance sheets are reconciled and checked regularly by Stadshypotek's finance and accounting function.

Heads of finance and accounting at branches are responsible for ensuring that the control activities in the financial reporting for their respective units are fit for purpose. This means that they are designed to prevent, detect and correct errors and deviations, and are in compliance with internal guidelines and instructions. At each quarterly closing of accounts, the branches certify that the prescribed periodic checks and reconciliation of accounts have been carried out.

**Follow-up**
The functions of Internal Audit, Compliance, Risk Control and Stadshypotek's finance and accounting department monitor compliance with policies, instructions and other steering documents. The policy established by the Board for internal auditing activities states that these must entail the examination of internal governance and control, and an evaluation of the reliability of the financial reporting.

# Lending

## Stadshypotek's role in Handelsbanken

In the Swedish operations of the Handelsbanken Group, mortgage finance is funded principally via Stadshypotek. For the most part, Stadshypotek outsources the operational business to Handelsbanken. The Handelsbanken Group has a robust business model based on a decentralised way of working, local expertise within the branch network, and a high degree of adaptability to customer' needs and expectations. Regardless of whether meetings take place digitally or in person, availability and accessibility are prioritised.

## Mortgage market in Sweden

The mortgage market continued to recover in 2025, and can now be described as stable and balanced. Changes in market conditions have improve household finances – mainly through lower interest rates, but also thanks to a decline in energy prices. House prices climbed by 0.2 per cent on an annual basis, while prices for housing co-operative apartments fell by 0.2 per cent. The market is saturated with housing available for purchase, which is holding back price developments. The number of house sales during the year was around 59,000, representing an increase of 6 per cent compared to 2024. The number of sold housing co-operative apartments was approximately 107,000, which is around the same amount as the previous year. Table 2 on page 10 shows price trends in the Greater Stockholm, Greater Gothenburg and Greater Malmö areas.

## Corporate market in Sweden

After a few fallow years, the commercial property market has begun to show signs of recovery. According to the real estate consultant Newsec, the transaction volume amounted to SEK 190 billion, an increase slightly over 10 per cent compared with 2024. Above all, demand remains high for quality properties in attractive locations – ideally those with environmental certification. The properties' cash flows remain stable. Commercial and office properties have benefited from indexed rental agreements while, for rented housing, rent negotiations generated historically high rent increases. However, the vacancy rate for commercial and office properties has grown in the wake of the weak economic climate of the past few years. A downturn in the demand for office premises has also contributed to the increased vacancies. There is still a housing shortage in many places, although the trend is for a slightly higher number of vacancies for residential properties as well. The conditions for new residential construction projects improved during the year, and it is expected that ground will be broken for a somewhat higher number of construction projects in the coming years. These projects will involve mainly the production of multi-family dwellings, specifically rental apartments.

## Mortgage and corporate markets in Norway

The mortgage market in Norway grew by 5.0 per cent in 2025, compared to 6.4 per cent in 2024. For non-financial companies with a mortgage on a property, the market in Norway grew by 1.0 per cent in 2025, compared to 2.2 per cent in 2024.

## Customer satisfaction in decline for the mortgage industry

Media coverage of the mortgage market was largely negative during 2025, which is clearly reflected in the 2025 Swedish Quality Index (SKI) annual mortgage survey. Customer satisfaction suffered broadly across the entire sector, both as a whole and in relation to underlying aspects and relationships. Despite this trend, Handelsbanken saw a slight increase in overall customer satisfaction, which is considered an indication of continued trust among customers.

## Stadshypotek's lending

Stadshypotek's lending volume in Sweden rose by SEK 19 billion (12) during the year. Household lending increased by SEK 12 billion (-3), while loans to the corporate market grew by SEK 7 billion (15). At year-end, Stadshypotek's loans to the public in Sweden were SEK 1,426 billion (1,407), with loans to households accounting for 67 per cent (67), or SEK 956 billion (944).

The market share for loans to Swedish households secured by mortgages in single-family housing or housing co-operative apartments was 20.3 per cent (20.5) at the end of November. According to Statistics Sweden's statistics, the market comprises total lending to Swedish households with single-family housing or housing co-operative apartments as collateral. The market share therefore also includes Handelsbanken's lending to Swedish households with collateral in single-family housing or housing co-operative apartments.

At year-end, loans to the public by Stadshypotek's branch in Norway totalled NOK 143 billion (151), with the private market accounting for NOK 108 billion (115) and the corporate market accounting for NOK 35 billion (36).

Stadshypotek's Finnish branch is in the process of being divested and, at year-end, loans to the public Finland totalled EUR 1 billion (3), with the private market accounting for EUR 0 billion (0) and the corporate market accounting for EUR 1 billion (3).

Table [1] – Mortgage market in Sweden[1]

| Mortgage lending to households<br>SEK bn<br>Type of collateral | 2025 | 2024 | Change, SEK bn | Change, % |
|---|---|---|---|---|
| Single-family housing[1] | 2,832 | 2,751 | 81 | 3 |
| Housing co-operative apartment[1] | 1,441 | 1,411 | 30 | 2 |
| **Total** | **4,273** | **4,162** | **111** | **3** |

Table 2 – Mortgage market in Sweden, price trends

| Price trend, % | 2025 | 2024 |
|---|---|---|
| **Single-family housing** | | |
| Greater Stockholm | 0 | 6 |
| Greater Gothenburg | 0 | 4 |
| Greater Malmö | 3 | 5 |
| **Housing co-operative apartments** | | |
| Greater Stockholm | 1 | 7 |
| Greater Gothenburg | -1 | 4 |
| Greater Malmö | 1 | 5 |

Table 3 – Corporate market in Sweden

| Lending to non-financial companies<br>SEK bn<br>Type of collateral | 2025 | 2024 | Change, SEK bn | Change, % |
|---|---|---|---|---|
| Property as collateral[1] | 1,797 | 1,712 | 85 | 5 |
| *of which multi-family dwellings* | *1,064* | *1,059* | *5* | *0* |
| *of which housing co-operative associations* | *574* | *571* | *3* | *1* |

Table 4 – Mortgage market in Norway, price trend

| Price trend, % | 2025 | 2024 |
|---|---|---|
| Norway[1] | 5 | 6 |

1) The figures for 2025 and 2024 refer to December.

# Funding

Stadshypotek's treasury function is integrated with Handelsbanken Treasury. This organisational structure offers the best conditions for matching the funding source and instrument offering the lowest funding cost when securing funding. An integrated treasury department has also made it possible to make efficient use of the Handelsbanken Group's liquidity.

## Funding instruments

Stadshypotek raises funds on the Swedish money market and capital market and through the parent company. Foreign markets are also used for the purposes of diversification. The primary source of funding is bonds in Sweden, along with Handelsbanken's liquidity.

Covered bonds are issued in the company's own name and primarily within the framework of a benchmark loan system aimed at the Swedish institutional market. Concentrating large volumes into a small number of loans results in good market liquidity. At year-end, Stadshypotek had eight outstanding benchmark loans which mature between 2026 and 2031. Stadshypotek's bonds are arranged by five market makers. The Swedish programme is also used for issues in Norwegian kroner.

International issues of covered bonds are done mainly within a Euro Medium Term Covered Note (EMTCN) programme. The total facility amount of this programme is EUR 20 billion. Issues under this programme are arranged according to agreements signed with 21 banks.

In addition, Stadshypotek has a US Medium Term Covered Bond programme for issues in the US, as well as a programme for issues in Australia (AMTCN).

Stadshypotek also has a commercial paper programme in Sweden, with a ceiling of SEK 90 billion.

**Covered bonds**

Covered bonds are issued on an ongoing basis, by permission of the Swedish Financial Supervisory Authority, under the Covered Bonds (Issuance) Act (2003:1223). Covered bonds are bonds with priority rights to Stadshypotek's assets. These assets consist of credits and their associated collateral as prescribed by Swedish legislation.

Stadshypotek has covered bond pools in Sweden and Norway. All cover pools have been given the highest possible rating by Moody's: Aaa.

The cover pools consist of collateral as per the legislation mentioned above and include a safety buffer (over collateral, or OC) that exceeds the statutory requirements by a good margin.

The unutilised facilities under the cover pools corresponded to 109 per cent (91) of the nominal debt at 31 December 2025. Information about the assets in the cover pools for covered bonds is provided in the tables on page 12.

## Interest rate trends

The long awaited Swedish rate-cutting cycle that began in 2024 continued into 2025. During the year, the Riksbank successively cut the policy rate from 2.50 per cent to 1.75 per cent. According to the Riksbank, market participants and research analysts, the policy rate will remain unchanged at this level at least until the end of 2026.

Above all, worries that the Swedish recovery would be prolonged was what convinced the Riksbank to continue with cuts in 2025. Inflation surprised on the upside. The Riksbank interpreted this as a temporary setback which did not require any changes to monetary policy. The later inflation figures, coming in lower, suggest that this was the right interpretation. During the second half of the year, the Swedish economy began to turn, with increases to household consumption, investments and exports. This was after three weak years for the Swedish economy. Employment levels remain at a compromised level, but labour market statistics and corporate surveys indicate that it has begun to stabilise and may start to climb slightly soon.

Towards the end of 2025, market rates rose across the globe, and the stronger growth prospects in Sweden pushed up interest rates along the entire curve, after which they stayed at around the same levels.

## Funding

The integration of Stadshypotek's treasury function with Handelsbanken Treasury ensures efficient management of the Handelsbanken Group's liquidity and market funding. Among other things, Handelsbanken's liquidity surplus is used to finance lending at Stadshypotek. Liquidity is transferred on a daily basis in the form of overnight loans and lending transactions from Handelsbanken to Stadshypotek that involve longer maturities. In addition, long-term funding in Handelsbanken's name on the international capital market can be passed on to Stadshypotek.

With the aim of reducing liquidity risk, short-term funding is augmented by long-term funding, which is adjusted using swap agreements so that the interest-fixing period matches the maturity of lending. Thus, Stadshypotek has good diversification of its funding with respect to both maturity and geographical markets.

Lending with long-term rate fixing has mainly been financed in Stadshypotek's own name in Sweden through the issue of covered bonds. Stadshypotek also has international long-term funding in its own name through international funding programmes.

Stadshypotek uses swap agreements to reduce interest rate and foreign exchange risks in connection with funding. The use of derivatives increases the degree of flexibility in conjunction with funding. Thus, funding can be carried out when market conditions are favourable, without exposing the company to interest rate and foreign exchange risks.

At the year-end, interest rate swap agreements in which fixed interest is received totalled SEK 384 billion (376), while interest rate swap agreements paying fixed interest amounted to SEK – billion (1).

Issues made under Stadshypotek's bond programme in Swedish kronor totalled a nominal SEK 89 billion (105) during the year. During the same period, a nominal volume totalling SEK 104 billion (114) matured or was repurchased. The carrying amount of the outstanding Swedish kronor bonds was SEK 552 billion (566) at year-end, including accrued interest.

Issues of foreign currency bonds under the EMTCN programme totalled EUR 1 billion (1). The nominal outstanding volume at year-end was EUR 8 billion (8).

The Norwegian kroner issue was a nominal amount of NOK – billion (7). The outstanding nominal volume at the year-end was NOK 23 billion (29). Stadshypotek issued two green bonds in 2025, with a nominal amount of SEK 8 billion.

**Rating**
The ratings remained unchanged during the year.

| Stadshypotek | Covered bonds | Long-term | Short-term |
|---|---|---|---|
| Moody's | Aaa | - | P-1 |
| Standard & Poor's | | AA- | A-1+ |
| Fitch | | AA | F1+ |

**Lending volume available in cover pools, 31 December**

| | Assets pooled | | Assets utilised | |
|---|---|---|---|---|
| SEK m | 2025 | 2024 | 2025 | 2024 |
| Swedish pool, SEK | 1,316,426 | 1,298,858 | 652,944 | 671,531 |
| Norwegian pool, NOK | 123,938 | 137,562 | 68,401 | 78,979 |
| **Total** | **1,440,364** | **1,436,420** | **721,345** | **750,510** |

**Average loan-to-value (LTV) of cover pools, 31 December**

| % | 2025 | 2024 |
|---|---|---|
| Swedish pool, SEK | 54.6 | 54.3 |
| Norwegian pool, NOK | 57.5 | 58.5 |

**At 31 December 2025, the cover pool assets for covered bonds, categorised by type of collateral, were as follows:**

| Type of collateral<br>SEK m | Sweden | Norway | Total |
|---|---|---|---|
| Public | 1,736 | 0 | 1,736 |
| Single-family housing | 504,825 | 57,798 | 562,623 |
| Second home | 35,507 | 3,795 | 39,302 |
| Rental property | 377,335 | 26,420 | 403,755 |
| Housing co-operative apartment, share | 279,495 | 11,557 | 291,052 |
| Housing co-operative apartment, premises | 256 | 0 | 256 |
| Owner-occupied apartment | 0 | 21,971 | 21,971 |
| Housing company share – apartment | 0 | 1,535 | 1,535 |
| Housing company share – house | 0 | 0 | 0 |
| Commercial/Offices | 69,423 | 93 | 69,516 |
| Agricultural | 47,841 | 635 | 48,476 |
| Residential farm | 0 | 134 | 134 |
| Other | 8 | 0 | 8 |
| **Total** | **1,316,426** | **123,938** | **1,440,364** |

**Stadshypotek's funding, 31 December**

| SEK bn | 2025 | | 2024 | | |
|---|---|---|---|---|---|
| | Carrying amount | Proportion, % | Carrying amount | Proportion, % | Change, SEK bn |
| Funding from the parent company | 811 | 54 | 823 | 53 | -12 |
| Senior non-preferred notes, parent company | 53 | 3 | 49 | 3 | 4 |
| Covered bonds, SEK | 553 | 36 | 566 | 36 | -13 |
| Covered bonds, foreign currency | 108 | 7 | 120 | 8 | -12 |
| **Total** | **1,525** | **100** | **1,558** | **100** | **-33** |

# Financial overview 2025

## Result

Stadshypotek's operating profit for the year was SEK 7,271 million (8,739), a decrease of SEK 1,468 million (559), or 17 per cent (6), compared to the previous year. The decrease was mainly due to decreased margins arising from the fierce competition in the Swedish mortgage loan market.

## Operating income

Income for the year was SEK 10,808 million (12,418), a decrease of SEK 1,610 million (458), or 13 per cent (4), compared to the previous year. Of this income, SEK 1,035 million (1,043) was attributable to the branch in Norway and SEK 165 million (411) to the branch in Finland.

Net interest income decreased by SEK 1,489 million (222), or 12 per cent (2), to SEK 10,501 million (11,990). Of the net interest income, SEK 1,043 million (1,054) was attributable to the branch in Norway and SEK 165 million (396) to the branch in Finland. Net interest income for the Swedish operations decreased by SEK 1,246 million (499), primarily due to narrower margins in the private market.

Net gains/losses on financial transactions totalled SEK 353 million (468).

## Expenses and credit losses

Expenses decreased by SEK 328 million (+224), or 13 per cent (+9), to SEK -2,296 million (-2,624), of which SEK -208 million (-128) was attributable to the branch in Norway and SEK -40 million (-183) to the branch in Finland. Staff costs rose by SEK 9 million (-4), or 11 per cent (-5), compared to 2024. Other administrative expenses went down by SEK 332 million (+225), or 13 per cent (+10). This decrease was mainly attributable to reduced compensation paid to the parent company for the sale and administration of mortgage loans.

Net credit losses totalled SEK -20 million (+104). This amount includes changed macroeconomic assumptions that resulted in a reduction to the provision requirement of SEK 32 million. The credit loss ratio stood at 0.00 per cent of lending (-0.01).

## Taxes and profit for the year

After taxes of SEK -1,619 million (-1,815), profit for the year was SEK 5,652 million (6,924).

## Profitability

The profit corresponded to a return on equity of 8.6 per cent (10.6). For a five-year overview of income statements and balance sheets, and for key financial figures and ratios, see page 3.

## Other comprehensive income

Other comprehensive income consists primarily of the effective portion of the change in the fair value of interest rate swaps and cross-currency interest rate swaps used as hedging instruments in cash flow hedging. Cash flow hedges are applied to manage exposures to variations in cash flows relating to changes in the variable interest rates on lending and funding. Cash flow hedging is also used to hedge foreign exchange risk in future cash flows relating to funding in foreign currencies. Lending and funding are recognised at amortised cost, whereas the derivatives used to hedge these items are recognised at market value. Over time, the market values of the derivatives reach zero as each individual hedge reaches maturity, but this entails volatility in other comprehensive income during the term of the hedge. During the period, these changes in the values of hedging instruments in cash flow hedges totalled SEK 644 million (736) after tax.

## Total assets and equity

At 31 December 2025, Stadshypotek's total assets stood at SEK 1,595,806 million (1,629,948), with equity accounting for SEK 63,073 million (60,773).

## Group contribution

A Group contribution of SEK 3,500 million (4,300) has been provided to the parent company, Handelsbanken.

## Financial risks

For information about financial risks, see note 2.

## Proposed appropriation of profits

In accordance with the balance sheet for Stadshypotek AB, the following profits, after deduction for a net paid Group contribution of SEK 2,779 million and other dividends of SEK 958 million, are at the disposal of the annual general meeting:

| | |
|---|---|
| Retained earnings, SEK m | 28,492 |
| Fair value fund, SEK m | -966 |
| Profit for the year, SEK m | 5,652 |
| **Total** | **33,178** |

The Board proposes that the remaining profits be carried forward to the next year.

When assessing the amount of the Group contribution from the company, account has been taken of the nature of operations, their scope, the consolidation requirement, the capital adequacy requirement and risk-taking. The Board's assessment is that the above appropriation of profits is prudent and well adapted to the operations as a going concern. The total capitalisation of Stadshypotek at year-end exceeded the statutory minimum requirement pursuant to regulation (EU) 575/2013 and Directive 2013/36/EU and other relevant requirements established by the authorities for the company.

**Half-yearly performance**

| SEK m | 2025 Jul–Dec | 2025 Jan–Jun | 2024 Jul–Dec | 2024 Jan–Jun |
|---|---|---|---|---|
| Interest income | 24,869 | 26,985 | 31,484 | 32,444 |
| Interest expenses | -19,966 | -21,387 | -25,421 | -26,517 |
| **Net interest income** | **4,903** | **5,598** | **6,063** | **5,927** |
| Fee and commission income | 2 | 2 | 6 | 7 |
| Fee and commission expenses | -26 | -25 | -35 | -30 |
| **Net fee and commission income** | **-24** | **-23** | **-29** | **-23** |
| **Net gains/losses on financial transactions** | **277** | **76** | **142** | **326** |
| **Other income** | **1** | **0** | **12** | **0** |
| **Total income** | **5,157** | **5,651** | **6,188** | **6,230** |
| General administrative expenses | | | | |
| Staff costs | -45 | -43 | -39 | -40 |
| Other administrative expenses | -1,075 | -1,107 | -1,288 | -1,226 |
| Depreciation, amortisation and impairment losses of property, equipment and intangible assets | -12 | -14 | -17 | -14 |
| **Total expenses** | **-1,132** | **-1,164** | **-1,344** | **-1,280** |
| **Profit before credit losses and regulatory fees** | **4,025** | **4,487** | **4,844** | **4,950** |
| Net credit losses | -17 | -3 | 92 | 12 |
| Regulatory fees | -620 | -601 | -580 | -579 |
| **Operating profit** | **3,388** | **3,883** | **4,356** | **4,383** |
| **Profit before taxes** | **3,388** | **3,883** | **4,356** | **4,383** |
| Taxes | -815 | -804 | -914 | -901 |
| **Net profit/loss for the period** | **2,573** | **3,079** | **3,442** | **3,482** |

# Income statement

| SEK m | Note | 2025 | 2024 |
|---|---|---|---|
| Interest income | | 51,854 | 63,928 |
| Interest expenses | | -41,353 | -51,938 |
| **Net interest income** | *3* | **10,501** | **11,990** |
| Fee and commission income | | 4 | 13 |
| Fee and commission expenses | | -51 | -65 |
| **Net fee and commission income** | *4* | **-47** | **-52** |
| **Net gains/losses on financial transactions** | *5* | **353** | **468** |
| **Other income** | *30* | **1** | **12** |
| **Total income** | | **10,808** | **12,418** |
| General administrative expenses | | | |
| Staff costs | *6* | -88 | -79 |
| Other administrative expenses | *7, 30* | -2,182 | -2,514 |
| Depreciation, amortisation and impairment losses of property, equipment and intangible assets | *16, 17* | -26 | -31 |
| **Total expenses** | | **-2,296** | **-2,624** |
| **Profit before credit losses and regulatory fees** | | **8,512** | **9,794** |
| Net credit losses | *8* | -20 | 104 |
| Regulatory fees | *9* | -1,221 | -1,159 |
| **Operating profit** | | **7,271** | **8,739** |
| **Profit before taxes** | | **7,271** | **8,739** |
| Taxes | *10* | -1,619 | -1,815 |
| **Profit for the year** | | **5,652** | **6,924** |
| Earnings per share, SEK | | 34,888 | 42,741 |

For the calculations of key figures and definitions, see pages 79 and 80.

# Statement of comprehensive income

| SEK m | 2025 | 2024 |
|---|---|---|
| **Profit for the year** | **5,652** | **6,924** |
| **Other comprehensive income** | | |
| **Items that may subsequently be reclassified to the income statement** | | |
| Cash flow hedges | 811 | 927 |
| Translation difference | -326 | -26 |
| Tax on items that may subsequently be reclassified to the income statement | -100 | -185 |
| *of which cash flow hedges* | *-167* | *-191* |
| *of which translation difference* | *67* | *6* |
| **Total items that may subsequently be reclassified to the income statement** | **385** | **716** |
| **Total other comprehensive income** | **385** | **716** |
| **Total comprehensive income for the year** | **6,037** | **7,640** |

# Balance sheet

| SEK m | Note | 2025 | 2024 |
|---|---|---|---|
| **Assets** | | | |
| Loans to credit institutions | *11* | 14,224 | 30,485 |
| Loans to the public | *12* | 1,569,616 | 1,583,330 |
| Shares and participating interests | *13* | 0 | 0 |
| Derivative instruments | *14, 15* | 11,329 | 14,356 |
| Intangible assets | *16* | 39 | 65 |
| Property and equipment | *17* | 0 | 0 |
| Current tax assets | | 33 | - |
| Deferred tax assets | *10* | 189 | 395 |
| Other assets | *18* | 297 | 1,232 |
| Prepaid expenses and accrued income | *19* | 79 | 85 |
| **Total assets** | | **1,595,806** | **1,629,948** |
| *of which Group claims* | *25* | *23,909* | *44,936* |
| **Liabilities** | | | |
| Due to credit institutions | *20* | 864,493 | 872,331 |
| Issued securities | *21* | 660,501 | 685,643 |
| Derivative instruments | *14, 15* | 4,151 | 5,617 |
| Current tax liabilities | | - | 388 |
| Deferred tax liabilities | *10* | - | - |
| Other liabilities | *22* | 3,567 | 5,172 |
| Accrued expenses and deferred income | *23* | 21 | 24 |
| **Total liabilities** | | **1,532,733** | **1,569,175** |
| *of which Group liabilities* | *25* | *872,184* | *882,307* |
| **Equity** | | | |
| Share capital | | 4,050 | 4,050 |
| Other funds | | 24,879 | 24,520 |
| Retained earnings | | 28,492 | 25,279 |
| Profit for the year | | 5,652 | 6,924 |
| **Total equity** | | **63,073** | **60,773** |
| **Total liabilities and equity** | | **1,595,806** | **1,629,948** |

Senior non-preferred notes have changed heading from Issued securities to Due to credit institutions. The comparative figures have been updated.

# Statement of changes in equity

| 31 December 2025 | Restricted equity | | | Non-restricted equity | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| SEK m | Share capital[1] | Statutory reserve | Fund for internally developed software | Tier 1 instruments | Tier 2 instruments | Hedge reserve[2] | Translation reserve[2] | Retained earnings incl. profit for the year | Total |
| **Closing equity 2024** | 4,050 | 8,106 | 65 | 17,700 | - | -1,367 | 16 | 32,203 | 60,773 |
| Profit for the year | | | | | | | | 5,652 | 5,652 |
| Other comprehensive income | | | | | | 644 | -259 | | 385 |
| **Total comprehensive income for the year** | | | | | | 644 | -259 | 5,652 | 6,037 |
| Dividend on equity instruments | | | | | | | | -958 | -958 |
| Group contributions provided | | | | | | | | -3,500 | -3,500 |
| Tax effect on Group contributions | | | | | | | | 721 | 721 |
| Fund for internally developed software | | | -26 | | | | | 26 | - |
| **Closing equity 2025** | 4,050 | 8,106 | 39 | 17,700 | - | -723 | -243 | 34,144 | 63,073 |

| 31 December 2024 | Restricted equity | | | Non-restricted equity | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| SEK m | Share capital[1] | Statutory reserve | Fund for internally developed software | Tier 1 instruments | Tier 2 instruments | Hedge reserve[2] | Translation reserve[2] | Retained earnings incl. profit for the year | Total |
| **Closing equity 2023** | 4,050 | 8,106 | 89 | 17,700 | 4,500 | -2,103 | 36 | 29,930 | 62,308 |
| Profit for the year | | | | | | | | 6,924 | 6,924 |
| Other comprehensive income | | | | | | 736 | -20 | | 716 |
| **Total comprehensive income for the year** | | | | | | 736 | -20 | 6,924 | 7,640 |
| Tier 2 instruments | | | | | -4,500 | | | | -4,500 |
| Dividend on equity instruments | | | | | | | | -1,261 | -1,261 |
| Group contributions provided | | | | | | | | -4,300 | -4,300 |
| Tax effect on Group contributions | | | | | | | | 886 | 886 |
| Fund for internally developed software | | | -24 | | | | | 24 | - |
| **Closing equity 2024** | 4,050 | 8,106 | 65 | 17,700 | - | -1,367 | 16 | 32,203 | 60,773 |

1) Average number of shares, 162,000 (162,000).
2) Included in fair value fund.

**Specification of changes in equity**

| Change in hedge reserve<br>SEK m | 2025 | 2024 |
|---|---|---|
| **Hedge reserve at beginning of year** | -1,367 | -2,103 |
| **Cash flow hedge** | | |
| **Effective portion of change in fair value** | 880 | 1,022 |
| *Interest rate risk* | *611* | *1,386* |
| *Foreign exchange risk* | *269* | *-364* |
| **Net amount reclassified in the income statement** | -69 | -95 |
| *Interest rate risk* | *-78* | *-84* |
| *Foreign exchange risk* | *9* | *-11* |
| **Tax** | -167 | -191 |
| **Hedge reserve at end of year** | -723 | -1,367 |

| Change in translation reserve<br>SEK m | 2025 | 2024 |
|---|---|---|
| **Translation reserve at beginning of year** | 16 | 36 |
| Change in translation difference | -326 | -26 |
| Tax on change for the year | 67 | 6 |
| Reclassified to the income statement, net after tax | - | 0 |
| **Translation reserve at end of year** | -243 | 16 |

# Cash flow statement

| SEK m | 2025 | 2024 |
|---|---|---|
| **Operating activities** | | |
| Operating profit | 7,271 | 8,739 |
| *of which paid-in interest* | *52,690* | *64,493* |
| *of which paid-out interest* | *-42,680* | *-50,676* |
| Adjustment for non-cash items in profit/loss | | |
| Credit losses | 17 | -65 |
| Depreciation and amortisation | 26 | 31 |
| Other non-cash items | 1,115 | 3,630 |
| Paid income tax | -1,214 | -841 |
| Change in the assets and liabilities of operating activities | | |
| Loans to the public | 12,881 | -18,180 |
| Due to credit institutions | -6,778 | 50,612 |
| Issued securities | -21,589 | -12,759 |
| Derivative instruments | 829 | 926 |
| Change in other balance sheet items | -2,530 | -196 |
| **Cash flow from operating activities** | **-9,972** | **31,897** |
| **Investing activities** | | |
| Divestment of foreign branch operations | - | -100 |
| Acquisition of intangible assets | - | -7 |
| **Cash flow from investing activities** | **-** | **-107** |
| **Financing activities** | | |
| Repayment of equity instruments | - | -4,500 |
| Dividend on equity instruments | -956 | -1,325 |
| Group contribution paid | -4,300 | -6,000 |
| **Cash flow from financing activities** | **-5,256** | **-11,825** |
| **Cash flow for the year** | **-15,228** | **19,965** |
| **Liquid funds at beginning of year** | **30,485** | **10,623** |
| Cash flow from operating activities | -9,972 | 31,897 |
| Cash flow from investing activities | - | -107 |
| Cash flow from financing activities | -5,256 | -11,825 |
| Exchange rate difference on liquid funds | -1,033 | -103 |
| **Liquid funds at end of year** | **14,224** | **30,485** |

Liquid funds are defined as Loans to credit institutions

The cash flow statement has been prepared using the indirect method.

| **Divestment of foreign branch operations**<br>SEK m | 2025 | 2024 |
|---|---|---|
| Purchase price | - | 14,870 |
| Loans to the public | - | -14,959 |
| Sales overheads | - | -11 |
| **Net gains/losses** | **-** | **-100** |

# Notes

# Note 1 Material accounting policies

## Contents



## 1. Statement of compliance

**Basis for accounts**

Stadshypotek's (the company's) annual report has been prepared in accordance with international financial reporting standards (IFRS) and interpretations of these standards as adopted by the EU. In addition, the accounting policies also adhere to the Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559), and the regulations and general guidelines issued by the Swedish Financial Supervisory Authority in FFFS 2008:25, Annual Reports in Credit Institutions and Securities Companies. The presentation currency is the Swedish krona and all figures are rounded to the nearest million kronor (SEK m) unless otherwise stated. The company's accounting policies are described in note 1.

**Issuance and adoption of annual report and company information**

The Annual Report was approved for issue by the Board and the Chief Executive on 2 February 2026 and will be submitted for adoption by the annual general meeting on 31 March 2026.

Stadshypotek AB (publ) has its registered office in Stockholm, at the address Torsgatan 14, 103 70 Stockholm, Sweden. Its core business comprises the financing of properties, primarily residential properties, as well as office and commercial buildings. The company is a wholly owned subsidiary of Svenska Handelsbanken AB (publ). Further information on the operations is provided in the Administration report.

## 2. Changed accounting policies

The changes in accounting regulations applicable from 1 January 2025 have not had any impact on the company's financial reports, capital adequacy, large exposures or other circumstances according to the applicable regulatory requirements.

The accounting policies and calculation methods applied by the company during the financial year are consistent with the policies applied in the 2024 Annual Report.

## 3. Changes in IFRS which are yet to be applied

**Amendments to the classification and measurement of financial instruments (IFRS 9 and IFRS 7)**

Amendments to IFRS 9 and IFRS 7 relating to the classification and measurement of financial instruments were adopted by the EU on 27 May 2025 and are applicable as of the 2026 financial year.

The amendments to IFRS 9 primarily entail clarifications to the assessment of whether contractual cash flows in financial assets, which include terms dependent on future events, meet the criteria to constitute solely payments of principal and interest (SPPI criteria). Above all, the amendments provide guidance for assessing whether the SPPI criteria are met for a sustainability-linked loan. In certain cases, unforeseen events give rise to contractual cash flows that meet SPPI criteria, both before and after the changes to the cash flows, but the nature of the unforeseen event is not directly related to basic lending risks and costs. One example is sustainability-linked loans, where the terms of the agreement state that the interest rate is adjusted based on the borrower's reduction of their carbon dioxide emissions. In such cases, the SPPI criteria are met only if the contractual cash flows in all possible scenarios do not deviate significantly from a financial asset with identical contractual cash flows, but without the occurrence of the unforeseen event. It is further clarified that contractual cash flows do not meet SPPI criteria if they are indexed to a variable that does not constitute basic lending risks and costs, such as an equity index or commodity index, or if they represent a portion of the borrower's income of profit, even if such terms may be common in the market. The amendments to IFRS 7 entail, among other effects, qualitative and quantitative 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 a basic lending risks and costs. The disclosure requirements encompass financial assets at amortised cost or fair value through other comprehensive income, and financial liabilities at amortised cost.

The amendments to IFRS 9 also clarify the timing of the initial recognition of financial assets and liabilities and the timing of the removal 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, i.e. before the contractual obligation is met, annulled or lapses, on the condition that certain criteria specified in the regulations are met.

The changes are not assessed to have a material impact on Stadshypotek's financial reports, capital adequacy, large exposures or other circumstances according to the applicable regulatory requirements.

**Other forthcoming changes in regulations**

Other forthcoming changes in the accounting regulations issued for application are not assessed to have a material impact on Stadshypotek's financial reports, capital adequacy, large exposures or other circumstances according to the applicable regulatory requirements.

## 4. Financial instruments (IFRS 9 Financial Instruments, IAS 32 Financial Instruments: Presentation)

**Recognition and derecognition**

Purchases and sales of equities and money market and capital market instruments on the spot market are recognised on the trade date. The same applies to derivatives. Other financial assets and liabilities are normally recognised on the settlement date.

Financial assets are removed 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 removed from the balance sheet when the obligation is fulfilled, ceases or is cancelled.

## Note 1 Cont.

**Measurement categories**
Financial assets are allocated to one of the following measurement categories:
1. amortised cost
2. fair value through other comprehensive income
3. fair value through profit or loss
   a) mandatory
   b) fair value option.

The starting points for the classification of financial assets into the respective measurement categories is the company's business model for managing such assets and the asset's contractual terms.

Financial liabilities are allocated to one of the following measurement categories:
1. amortised cost
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, upon initial recognition, are irrevocably identified as being measured at fair value (fair value option).

Financial assets and liabilities recognised on the same row on the balance sheet may be classified in different measurement categories, see note 28, Classification of financial assets and liabilities.

Upon initial recognition, all financial assets and liabilities are designated at fair value. For financial instruments at fair value through profit or loss, the transaction costs are recognised in the income statement on the acquisition date. For other financial instruments, the transaction costs are included in the acquisition cost.

**Assessment of the business model for financial assets**
The assessment of the business model for managing financial assets defines classification into measurement categories. For the purposes of the business model, Stadshypotek has divided its financial assets into portfolios on the basis of how they are managed, reported and evaluated by the company's management. When the business model is determined for the respective portfolio, the factors considered include 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 financial assets' contractual terms**
The assessment of whether contractual cash flows constitute solely payments of principal and interest is significant for the classification into measurement categories. For the purposes 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. If the financial asset has 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 are assessed as not constituting solely payments of principal and interest.

The company offers sustainability-linked loan agreements to its corporate customers, which include an incentive in the form of a lower interest rate for the borrower to make progress towards certain defined sustainability goals, determined on a sliding scale depending on the amount of progress made towards the goals. The difference compared to a non-sustainability-linked loan is that the interest rate is adjusted by a pre-determined amount (in general from 1.5 to 5.0 basis points), based on the borrower's progress towards their sustainability goals. The sustainability-linked goals are thus specific to each individual borrower. The company has evaluated the sustainability-linked loan agreements and the contractual cash flows constitute solely payments of principal and interest on the outstanding principal amount. The contractual cash flows are thus deemed to be consistent with a basic loan arrangement, and the sustainability-linked loan agreements are recognised at amortised cost.

**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.
- The contractual cash flows constitute solely payments of principal and interest.

Financial assets recognised in this measurement category consist of loans to credit institutions and loans to the public. These assets are subject to impairment testing. Financial liabilities recognised in this measurement category consist primarily of liabilities due to credit institutions, and issued securities.

Amortised cost consists of the discounted present value of all future payments relating to the instrument where the discount rate is the instrument's effective interest rate at the time of acquisition. Interest and credit losses are recognised in the income statement items Net interest income and Credit losses, respectively. Early repayment charges for loans redeemed ahead of time, capital gains/losses generated from repurchases of the Bank's own issued securities, and foreign exchange effects are recognised in the income statement under Net gains/losses on financial transactions.

**Fair value through profit or loss, mandatory**
If a financial asset does not meet the conditions for measurement at amortised cost or for measurement at fair value through other comprehensive income, measurement at fair value through profit or loss is mandatory. Financial assets and liabilities held for trading are always classified as measured at fair value through profit or loss, as are financial assets managed and evaluated on a fair value basis.

The measurement category called fair value through profit or loss, mandatory, includes derivatives, value change of interest-hedged items in portfolio hedges, and assets where the customer bears the value change risk.

Foreign exchange effects, unrealised and realised changes in value related to these instruments are recognised in the income statement under Net gains/losses on financial transactions.

For the recognition of derivatives through hedge accounting, see section 7.

**Fair value through profit or loss, fair value option**
There is an option, at initial recognition, to irrevocably designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency ('accounting mismatch') that would otherwise arise from measuring the asset.

There is a corresponding option to irrevocably designate, at initial recognition, a financial liability as measured at fair value through profit or loss if either of the following conditions is met:
- It eliminates or significantly reduces a measurement or recognition inconsistency ('accounting mismatch') that would otherwise arise from measuring the liability.
- A group of financial liabilities, or a group of both financial assets and financial liabilities, is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy. Information about these instruments is provided internally to the company's management on that same basis.

This valuation principle has been applied to avoid inconsistencies when measuring assets and liabilities which are counter-positions of each other and which are managed on a portfolio basis. Unrealised and realised changes in value are recognised under Net gains/losses

## Note 1 Cont.

on financial transactions. Interest is recognised under Net interest income.

The above measurement-category criteria are met only for liabilities where the customer bears the risk of changes in value.

**Reclassifications of financial instruments**
As a general rule, financial assets are not reclassified after initial recognition. Reclassification is permitted in the rare cases where the company changes its business model for managing a portfolio of financial assets. The reclassification of financial liabilities is not permitted after initial recognition.

**Credit commitments**
Credit commitments are reported off the balance sheet until the settlement date of the loan, see note 24, Pledged assets and commitments. Fees received for credit commitments are accrued under 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 is included in the loan's effective interest. Irrevocable credit commitments are subject to impairment testing.

**Compound financial instruments**
A compound financial instrument consists of a derivative component (an embedded derivative) and a non-derivative host contract. If the host contract in a compound financial instrument is a financial liability, an embedded derivative must be separated from the host contract and recognised as a derivative if all of the following terms are met:

- The economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract.
- A separate instrument with the same terms as the embedded derivative would meet the definition of a derivative.
- The compound financial instrument is not measured at fair value through profit or loss. Consequently, derivatives embedded in financial liabilities measured at fair value through profit or loss are not recognised separately.

Embedded derivatives in financial assets are not recognised separately. Financial assets with embedded derivatives are regarded as a whole when assessing whether their contractual cash flows constitute solely payments of principal and interest.

**Repurchase transactions**
Repurchase agreements, or repo transactions, refer to agreements where the parties simultaneously agree on the sale of specific securities and the repurchase of these securities at a pre-determined price. Securities sold in a repo transaction (repurchase agreement) remain on the balance sheet during the life of the transaction, as the company is exposed to the value change risk applying to the security during this period. The sold instrument is also reported off-balance as a pledged asset. Depending on the counterparty, payment received is recognised under due to credit institutions or as deposits and borrowing from the public. Securities bought in a repo transaction (reverse repurchase agreement) are accounted for in the corresponding way, i.e. they are not recognised on the balance sheet during the life of the transaction. Depending on the counterparty, the payment made is recognised under Other loans to central banks, Loans to other credit institutions or Loans to the public. Collateral received which is sold on under repurchase agreements is recognised off-balance as a commitment.

**Derivative instruments**
All derivatives are recognised on the balance sheet at fair value. Derivatives with positive fair values are recognised on the assets side under Derivative instruments. Derivatives with negative fair values are recognised on the liabilities side under Derivative instruments. Realised and unrealised gains and losses on derivatives are recognised in the income statement under Net gains/losses on financial transactions. For the recognition of derivatives through hedge accounting, see section 7.

**Offsetting of financial assets and liabilities**
Financial assets and liabilities are offset and recognised at a net amount on the balance sheet if the company has a contractual right to offset, in its operating activities and in the event of bankruptcy, and if the intention is to settle the items on a net basis or to simultaneously liquidate the asset and settle the liability. Further information about the offsetting of financial assets and liabilities is provided in note 15, Offsetting of financial instruments.

### 5. Principles for fair value measurement of financial assets and liabilities (IFRS 13 Fair Value Measurement)

Fair value is defined as the price at which an asset could be sold or a liability could be transferred in a normal transaction between independent market participants.

For financial instruments traded on an active market, the fair value is the same as the quoted market price. An active market is one where quoted prices are readily and regularly available from a regulated market, execution venue, reliable news service or equivalent, and where the price information can be verified by means of regularly occurring transactions. The current market price corresponds to the price between the bid price and the offer price which is most representative of fair value under the circumstances. For groups of financial instruments which are managed on the basis of the company's net exposure to market risk, the current market price is presumed to be the same as the price which would be received or paid if the net position were divested.

When there is no reliable information about market prices for financial instruments, fair value is established using valuation models. The valuation models used are based on input data which essentially can be verified using market observations such as market interest rates and share prices. If necessary, an adjustment is made for other variables which a market participant would be expected to take into consideration when setting a price. The assumptions used in the valuation are based on market practice and are continuously reviewed by the risk control function, as well as being compared with the counterparty valuation.

**Derivatives**
All derivatives are recognised on the balance sheet at fair value. Derivatives with positive fair values are recognised on the assets side under Derivative instruments. Derivatives with negative fair values are recognised on the liabilities side under Derivative instruments. Realised and unrealised gains and losses on derivatives are recognised in the income statement under Net gains/losses on financial transactions. For the recognition of derivatives through hedge accounting, see section 7.

**Assets and liabilities where the customer bears the value change risk**
Assets where the customer bears the value change risk mainly comprise shares in unit-linked insurance contracts. These shares are valued using the fund's current market value (NAV). Each asset corresponds to a liability where the customer bears the value change risk. The valuation of these liabilities reflects the valuation of the assets. Since the policyholders/shareholders have prior rights to the assets, there is no motive to adjust the valuation for credit risk. Assets and liabilities where the customer bears the value change risk have essentially been classified at fair value through profit or loss.

## Note 1 Cont.

### 6. Credit losses (IFRS 9 Financial Instruments)

**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 financial guarantees and irrevocable credit commitments, and are based on a model for the recognition of expected credit losses. 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 claim is credit-impaired at the time of reporting.
- Stage 3 comprises financial assets for which objective circumstances have been identified indicating that the claim is credit-impaired.

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 Group-wide, central process using model-based calculation. 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). For a more detailed description of significant increase in credit risk, see the Credit risks section of note 2. The provisions in the different impairment stages are calculated on an individual basis. Manual calculation is used for agreements in Stage 3, with the exception of a small portfolio of homogeneous claims which have a model-calculated provision in Stage 3. In conjunction with each reporting date, an assessment is made at agreement level as to whether an agreement will be subject to a model-based calculation or a manual 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 totalled. Total credit losses in Stage 1 are calculated using the probability of default during the coming 12-month period. For Stage 2 and Stage 3, credit losses are calculated using the probability of default during the asset's remaining time to maturity.

**Model-based calculation**

The calculation of the expected credit losses takes into consideration at least three macroeconomic scenarios (one neutral, one positive and one negative scenario) with relevant macroeconomic risk factors, such as unemployment, key/central bank rates, GDP, inflation and property prices, by country. 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.

For additional information on the models used to calculate expected credit losses for agreements in Stage 1 and Stage 2, and for an explanation of concepts such as PD, EAD and LGD, expected maturity, significant increase in credit risk and macroeconomic information, see the 'Credit risks' section in note 2. For sensitivity analyses for expected credit losses, see note 8 Credit losses.

**Manual calculation**

Assets in Stage 3 are tested for impairment on an individual basis using a manual calculation. This testing is carried out on a regular basis and in conjunction with every reporting date by the local branch with business responsibility (unit with customer and credit responsibility) and is decided by the local credit committee or central credit department.

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, non-payment or an indication of unlikeliness to pay. Impairment testing involves an estimation of 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 loan'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 carried out for credit losses, in order to incorporate the estimated impact of factors not deemed to have been considered in the model (Stage 1 and Stage 2), or which have not been considered in manual calculations (Stage 3). The model-based calculations are constructed with the ambition of making as accurate estimations as possible 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. The manual analysis aims to apply expert knowledge about the individual credits to assess whether the model-based or manual calculation needs to be replaced with an expert-based calculation. An expert-based calculation may result in either a higher or a 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 result in either a higher or a 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 amount, after the deduction of expected credit losses.
- Off-balance sheet items (irrevocable credit commitments) are recognised at their nominal amounts. Provisions for expected credit losses on these instruments are recognised as a provision on the balance sheet.

## Note 1 Cont.

- Financial assets at fair value through other comprehensive income are recognised at fair value on the balance sheet. Provisions for expected credit losses on these instruments are recognised in the fair value reserve in equity and do not, therefore, reduce the carrying amount of the instrument.
- For financial assets measured at amortised cost and off-balance sheet items, the period's credit losses (expected and actual) are recognised in the income statement under the item Credit losses. This item consists of the period's provisions for expected credit losses, less reversals of previous provisions, as well as write-offs and recoveries during the period.
- For financial assets measured at fair value through other comprehensive income, the credit losses for the period (expected and actual) are recognised in the income statement under the item Net gains/losses on financial transactions.
- Write-offs comprise actual 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, monitored. Monitoring is 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 waived 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 accruing to the company in relation to written-off financial assets are recognised in income as recoveries.

Further information on credit losses is provided in note 8, Credit losses.

**Default/credit-impaired asset**
The company's definition of default is identical to the definition applied in the Capital Requirements Regulation (CRR), entailing either that the counterparty is more than 90 days overdue on 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 the borrower is more likely to be unable to pay than to be able to pay. This assessment is based on all available information about the borrower's repayment capacity. Consideration is given to indicators of insolvency such as insufficient liquidity, late and cancelled payments, records of non-payment or other signs of impaired repayment capacity. Other signals may include the borrower being declared bankrupt or the granting of a substantial concession or forbearance measure, entailing a decrease in the value of the company'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 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 company'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 for the corresponding items is recognised net, that is, taking into account impairment. Interest rate effects arising due to discounting effects, attributable to the decrease of the period until the expected payment, result in a reversal of previously provisioned amounts and are recognised as interest income in accordance with the effective interest method.

**Valuation of repossessed property and equipment to protect claims**
Upon initial recognition, repossessed property and equipment is recognised at fair value on the balance sheet. Repossessed property and equipment which is expected to be divested in the near future is valued at the lower of the carrying amount and fair value less costs to sell.

Repossessed property which is not expected to be divested in the near future is reported as investment properties at fair value through profit or loss.

**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 measures or commercial renegotiations. Forbearance measures refer to changes in terms and conditions in conjunction with restructurings or other financial relief measures. Such changes are implemented with the objective of securing repayment in full, or of maximising the repayment of the outstanding loan amount, from lenders experiencing, or expected to experience, 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 the market conditions for repayment or interest.

If the cash flows from a financial asset which is classified as measured at amortised cost have been modified, but not significantly, the modification does not normally result in derecognition of the financial asset. 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 unconditional connection between modifications and assessed credit risk. When a financial asset is subject to forbearance measures and the asset remains on the balance sheet, it is classified in Stage 2 or Stage 3, based on the outcome of the assessment made when granting the forbearance measure. 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 this date is used thereafter for the calculation of expected credit losses and for the assessment of whether there has been a significant increase in credit risk since the initial recognition.

### 7. Hedge accounting (IAS 39 Financial Instruments: Recognition and Measurement)

Stadshypotek has elected to continue to apply the hedge accounting rules in IAS 39, in accordance with the transitional rules in IFRS 9. The company applies different methods for hedge accounting, depending on the purpose of the hedge. Derivatives – mainly interest rate swaps and cross-currency interest rate swaps – are used as hedging instruments. As part of the company's hedging strategies, the value changes of hedging instruments are sometimes divided into separate components and included in more than one hedge relationship. Therefore, a single hedging instrument can hedge different risks. Hedging instruments are only split in this way if the hedged risks can be clearly identified, the efficiency can be reliably measured, and the total value change of the hedging instrument is included in a hedge relationship.

## Note 1 Cont.

Fair value hedges are used to protect the company against undesirable impact on profit/loss due to exposure to changes in market prices. Fair value hedges are applied for individual assets and liabilities and for portfolios of financial instruments. Hedged risks in hedging relationships at fair value comprise the interest rate risk on lending and borrowing at fixed interest rates. The hedging instruments in these hedging relationships consist of interest rate swaps. In the case of fair value hedges, the hedge instrument and hedged risk are both recognised at fair value. Changes in value are recognised directly in the income statement under Net gains/losses on financial transactions. When portfolio hedging is applied, the value of the hedged item is reported as a separate line item in the balance sheet in conjunction with Loans to the public. When fair value hedges are terminated early, the accrued value change on the hedged item is amortised under Net gains/losses on financial transactions during the remaining time to maturity. When a fair value hedge is terminated early, and the hedged item no longer exists, the value change generated is reversed directly under Net gains/losses on financial transactions.

Cash flow hedges are applied to manage exposures to variations in cash flows relating to changes in the variable interest rates on lending and funding. The expected maturity for this type of lending and funding is normally much longer than the interest rate adjustment period, which is very short. Cash flow hedging is also used to hedge foreign exchange risk in future cash flows deriving from lending and funding. Foreign exchange risks deriving from intragroup monetary items can also be subject to this type of hedging, if they give rise to currency exposures which are not fully eliminated on consolidation. Derivatives which are hedging instruments in cash flow hedges are measured at fair value. If the derivative's value change is effective – that is, it corresponds to future cash flows related to the hedged item – it is recognised as a component of Other comprehensive income and in the hedge reserve in equity. Ineffective components of the derivative's value change are recognised in the income statement under Net gains/losses on financial transactions. When a cash flow hedge is terminated early, the cumulative gain or loss on the hedging instrument previously recognised in other comprehensive income is amortised under Net gains/losses on financial transactions during the period in which the hedged cash flows are expected to occur. If cash flow hedges are terminated early and the hedged cash flows are no longer expected to occur, the accumulated value change is reclassified in the hedge reserve to Net gains/losses on financial transactions.

For more information, see note 14, Derivative instruments.

### 8. Assets held for sale and accounting of discontinued operations (IFRS 5 Non-current Assets Held for Sale and Discontinued Operations)

Non-current assets or a group of assets, possibly with some directly associated liabilities (disposal group), are classified as held for sale when the carrying amount will be mainly recovered through a sale and when a sale is highly probable. If an asset is classified as held for sale, special valuation principles are applied. These principles essentially mean that, with the exception of items such as financial assets and liabilities, assets held for sale and disposal groups are measured at the lower of the carrying amount and fair value less costs to sell. Thus, property, plant and equipment or intangible assets held for sale are not depreciated or amortised. Any impairment losses and subsequent revaluations are recognised directly in the income statement. However, a gain is not reported to the extent that it exceeds previously recognised accumulated impairment. For legal entities, non-current assets with a definite useful life are depreciated/amortised over their useful life in accordance with the Swedish Annual Accounts Act, for such time as they are classified as held for sale. Assets and liabilities held for sale are not recognised on separate rows on the balance sheet of legal entities, but are disclosed in a separate note. See note 30, Disclosures regarding assets and liabilities held for sale and discontinued operations.

Independent operations of a material nature which can be clearly differentiated from the company's other operations and which are classified as held for sale using the policies described above are considered to be discontinued operations. Profit or loss from discontinued operations comprises the profit or loss before tax of discontinued operations, i.e. the profit or loss before tax that arises when valuing the assets held for sale/disposal groups that are included in discontinued operations at fair value less costs to sell, and realised gains/losses from the disposal of discontinued operations. Profit from discontinued operations is not recognised separately as an individual item in the income statement of legal entities. Profit from discontinued operations is instead disclosed in a separate note. See note 30, Disclosures regarding assets and liabilities held for sale and discontinued operations.

### 9. Equity

Equity comprises the components described here.

**Hedge reserve**
Unrealised changes in the value of derivative instruments which comprise hedge instruments in cash flow hedges are reported in the hedge reserve.

**Translation reserve**
The translation reserve comprises unrealised foreign exchange effects arising due to translation of foreign units to the company's presentation currency.

**Retained earnings including profit for the year**
Retained earnings comprise the profits generated from the current and previous financial years. Dividends are reported as deductions from retained earnings. Realised gains/losses which are attributable to equity instruments classified as measured at fair value through other comprehensive income are reclassified from the fair value reserve to retained earnings.

### 10. Income

**Net interest income**
Interest income and interest expenses 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. 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 interest income also includes interest from derivative instruments recognised through hedge accounting and interest from derivatives in economic hedges, as these hedge items for which the interest flows are recognised under Net interest income.

All interest income and interest expense are recognised as net interest income in the income statement.

**Income from contracts with customers**
The standard Revenue from contracts with customers, IFRS 15, is applied for different types of services which are mainly recognised under Fee and commission income in the income statement. IFRS 15 is also applicable to the item Other income. However, Other income does not, in all material respects, refer to income from contracts with customers.

## Note 1 Cont.

The income is recognised at the point in time at which the performance obligation is fulfilled, which corresponds to the transfer of control over the service to the customer. The total reimbursement 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.

The following principles apply to the time at which income is recognised:

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

Payments are made on a regular basis as the services are performed and advance payments refer to a maximum of 12 months into the future. Accrued income is recognised for services rendered which are yet to be paid for and deferred income is recognised for short-term advance payments for services which are yet to be rendered. Income from contracts with customers constitutes an insignificant proportion of the items Other accrued income and Deferred income. There is no additional expenditure to obtain a contract with a customer recognised as an asset (prepaid expense); instead, additional expenditure to obtain a contract with a customer is recognised as an expense during the accounting period in which it arises.

**Net fee and commission income**
Income and expense for various kinds of services are recognised in the income statement under the items Fee and commission income and Fee and commission expense, respectively. Fee and commission expense is transaction-based and directly related to transactions for which the income is recognised as fee and commission income.

**Net gains/losses on financial transactions**
Net gains/losses on financial transactions shows the impact on profit or loss that arises when measuring financial assets and liabilities at fair value through profit or loss and when financial assets and liabilities are realised.

- 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, such as early repayment charges for loans redeemed ahead of time, and capital gains/losses generated from repurchases of the Bank's own issued securities and premature closing of derivatives contracts.
- Gains/losses on financial instruments measured at fair value through profit or loss, fair value option, consist of unrealised and realised changes in the value of financial assets and liabilities that upon initial recognition were identified as measured at fair value through profit or loss.
- Gains/losses on financial instruments measured at fair value through profit or loss, mandatory, consist of unrealised and realised changes in value, dividend income and interest (with the exception of interest deriving from derivatives used to hedge items for which the interest flow is recognised in net interest income) on financial assets and liabilities, or which are managed and evaluated on the basis of fair value.
- Fair value hedges consist or unrealised and realised changes in the value of hedging instruments, and the hedged risk component in financial assets and liabilities which constitute hedged items in fair value hedges. Ineffective portion of cash flow hedges consists of changes in the value of hedging instruments which do not correspond to future cash flows attributable to the hedged item.

### 11. Employee benefits (IAS 19 Employee Benefits)

**Staff costs**
Staff costs consist of salaries, pension costs and other forms of direct staff costs including social security costs, special payroll tax on pension costs and other forms of 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.

**Defined benefit plans**
The company has pension obligations which are guaranteed through insurance with Pensionskassan SHB Tjänstepensionsförening (occupational pension fund). These obligations are reported according to the IAS 19 rules for defined benefit plans, whereby the company under common control shares the risks related to the pension obligations, since the pension fund's assets are not allocated among the employers who have insurance with the pension fund. According to these rules, the company reports the insurance charges which are debited for the period as an expense.

**Defined contribution pension plans**
Defined contribution pension plans under the BTPK plan are plans where the company's obligations are limited to the contributions the company has undertaken to pay. In such cases, the size of the employee's pension is determined by the contributions the company pays towards the plan or to an insurance company and the return on the capital invested that these contributions generate. Consequently, it is the employee who bears the actuarial risk (that benefits will be less than expected) and the investment risk (that assets invested will be insufficient to meet expected benefits). The company's obligations regarding contributions to defined contribution plans are reported as an expense in profit for the year as the benefits are earned by employees through their service.

### 12. Regulatory fees

**Interest-free lending to the Riksbank**
A change to the Sveriges Riksbank Act, effective from 1 January 2025, allows the Riksbank to demand a certain amount of interest-free deposits from Swedish banks and other credit institutions operating in Sweden. The Riksbank may demand interest-free deposits if its equity falls below the target level stipulated for the Swedish Riksbank. The amount of interest-free deposits required is subject to adjustment every year, once the Swedish parliament has finalised the Riksbank's income statement and balance sheet. The first deposit with the Riksbank was made on 31 October 2025.

There is no contractual agreement between the Riksbank and the respective institutions in line with IAS 32 Financial Instruments: Presentation. Rather, the demand for interest-free deposits derives from regulatory requirements. This demand is not considered to meet the criteria for cash funds, as the institutions do not have full right of disposal over the deposited funds during the period in which the deposit requirement is in effect. The criteria for classification as a financial asset according to IAS 32 are therefore not considered to be fulfilled. Consequently, there is no single IFRS standard applicable to the accounting of the interest-free lending to the Riksbank. The company has therefore developed an accounting policy in line with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. The assessments made in the development of this accounting policy have taken into account the provisions specified in IFRS 9 Financial Instruments and IFRIC 21 Levies. The basic premise of the accounting standard is that the interest income lost due to the regulatory interest-free

## Note 1 Cont.

lending requirement with the Riksbank comprises a regulatory fee. The accounting policy entails that:

- The interest-free lending to the Riksbank is accounted for as a zero-coupon instrument at amortised cost in the balance sheet item Other loans to central banks.
  - The lending is discounted at the time of the deposit to the Riksbank to the applicable market interest rate for lending to the Swedish government.
  - The maturity is the period until the Riksbank's next annual decision on interest-free deposits.
  - The initial exchange rate difference is amortised over the maturity and is recognised in the line item Interest income.
- The interest-free lending is a regulatory requirement, and an amount corresponding to the initial exchange rate difference is recognised at the time of the deposit to the Riksbank as an expense in the income statement, as part of the line item Regulatory fees.

### 13. Group contribution

Group contributions are recognised in accordance with the economic substance of the contribution. Group contributions provided by the company to the parent company are treated as dividends and recognised as a reduction of retained earnings.

### 14. Estimates and material assessments

In certain cases, the application of the company's accounting policies means that assessments 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.

**Financial instruments at fair value**
When categorising financial instruments at fair value at level 1, level 2 or level 3, assessments are required in terms of the degree of transparency regarding market data used in the valuation. Financial instruments which are valued at the current market price in an active market are included in level 1. Financial instruments which are valued using valuation models based on input data which essentially can be verified using market observations are included in level 2. Financial instruments which have been valued on the basis of valuation models essentially affected by input data that is not possible to verify using external market information are included in level 3. Assessments have thus been made to identify which financial instruments are lacking an active market. Moreover, assessments have been made in selecting the valuation models to be applied and the input data to be used in those models.

The starting point is that input data used in valuation models can essentially be verified using market observations such as quoted prices for equities and fixed-income instruments. In the event that input data in a valuation model cannot be verified with external market data to any material extent, it is required that company management apply its own estimates and assumptions when calculating fair value. The company's holdings of financial assets classified at level 3 constitute, however, only a very minor proportion of the total financial assets at fair value. The company has an established control environment for ascertaining the fair values of financial instruments, including reviews of valuation models and market prices performed by the risk control function. The carrying amounts for financial instruments measured at fair value are presented in note 29, Fair value measurement of financial instruments.

For further information on material assessments undertaken in the fair value measurement of financial instruments and the assumptions applied, see note 1, section 5, Principles for fair value measurement of financial assets and liabilities, and note 29, Fair value measurement of financial instruments.

**Credit losses**
The calculation of expected credit losses involves a number of decisions arrived at using assumptions and assessments. The valuation of expected credit losses is inherently associated with a certain degree of uncertainty. Areas involving a high degree of assessment are described below under the respective headings.

**Forward-looking data in macroeconomic scenarios**
The company continuously monitors macroeconomic developments, with a particular focus on home markets. Through this monitoring, macroeconomic scenarios are produced which form the basis for the forward-looking data used in the model-based calculation of expected credit losses. The capacity of the company's customers to fulfil their contractual payments varies in line with macroeconomic developments. Consequently, future macroeconomic developments have an impact on the company's view of the provision needed to cover expected losses. The calculation of the provision requirement for expected credit losses is based on the neutral scenario proposed by the company's macro-research unit. As the losses may be more highly affected by a future deterioration of economic trends than by the equivalent improvement, the company uses at least two alternative scenarios to take into account the non-linear aspects of expected credit losses. These alternative scenarios represent conceivable developments, one significantly worse and one significantly better than the neutral scenario. The most significant macroeconomic risk factors have been selected on the basis of the company's loss history over the past decade, supplemented with experience-based assessments. These risk factors are then used as macroeconomic risk factors in the company's quantitative statistical models for forecasting migrations, defaults, loss rates and exposures. Macroeconomic risk factors include unemployment, key rates and central bank rates, GDP, inflation and property prices. Given the company's business model of offering credit to customers with a high repayment capacity, the connection between the macroeconomic developments and the provision requirement is not always particularly pronounced. For a more detailed description of macroeconomic information, see the Credit risks section of note 2, and for a sensitivity analysis, see note, 8 Credit losses.

**Significant increase in credit risk**
The company 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. For a more detailed description of significant increase in credit risk, see the Credit risks section of note 2.

**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 make use of several assumptions and assessments. One key assumption is that the quantifiable relationships between macroeconomic risk factors and risk parameters in historical data are representative of future events. The quantitative models applied are based on a history of approximately 10 years, although this history varies by product and region depending on the availability of historical outcomes. The quantitative models have been designed with the

## Note 1 Cont.

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 individual macroeconomic risk factors' demonstrative ability on individual risk parameters. The selection of the macroeconomic risk factors and specification of the model are based on achieving a balance between simplicity, demonstrative ability and stability.

**Manual and expert-based calculation**
As a general rule, manual calculations are used for agreements in Stage 3, with the exception of a small portfolio of homogeneous claims in Stage 3.

Expert-based calculation is carried out for model outcomes on agreements in Stage 1 and Stage 2, in order to incorporate the estimated impact of factors not deemed to have been captured by the model and also for manually assessed agreements in Stage 3. For a more detailed description of manual and expert-based calculation, see Manual calculation and Expert-based calculation in section 6.

### 15. Exchange rates

| Exchange rates | 31 Dec 2025 | 31 Dec 2024 |
|---|---|---|
| EUR 1 = SEK | | |
| Income statement (average) | 11.0677 | 11.4340 |
| Balance sheet (at end of period) | 10.8047 | 11.4775 |
| NOK 1 = SEK | | |
| Income statement (average) | 0.9445 | 0.9832 |
| Balance sheet (at end of period) | 0.9148 | 0.9678 |

# Note 2 Risks and risk control

### Risks and uncertainty factors

Stadshypotek's low risk tolerance means that, as part of the Handelsbanken Group, Stadshypotek avoids granting credits to high-risk customers. This, combined with good capitalisation and a strong liquidity situation, makes the company well prepared to operate in a stricter regulatory environment and more difficult market conditions.

### Risk Control

Stadshypotek's operations are conducted with a controlled low level of risk. Stadshypotek's risks are credit risk, market risk, liquidity risk, operational risk and business risk. Credit risk is the risk of Stadshypotek facing economic loss because its counterparties cannot fulfil their contractual obligations. Market risk stems from price changes in the financial markets. The market risks affecting Stadshypotek are interest rate risk and foreign exchange risk. Liquidity risk refers to the risk that Stadshypotek will not be able to meet its payment obligations when they fall due without being affected by unacceptable costs or losses. Operational risk is defined as the risk of loss due to inadequate or failed internal processes, human error, malfunctioning systems, or external events. The definition includes legal risk. Credit risk is the most significant risk for Stadshypotek.

The Stadshypotek Board establishes policies that govern risk management and reporting. In addition, Stadshypotek's Chief Executive sets guidelines and instructions for managing and controlling all types of risk. These documents are based on the policies that the Board of Handelsbanken has adopted for managing and reporting risks within the Handelsbanken Group as a whole. Stadshypotek's risk management aims to ensure compliance with the strict approach to risk established by the Board.

Stadshypotek's lending operations are integrated with those of Handelsbanken, which means that Stadshypotek's lending is carried out via the Bank's branch network. Stadshypotek's funding needs are managed by Handelsbanken Treasury. Individual outsourcing agreements specify the services which Handelsbanken is to perform on behalf of Stadshypotek. Thus, the business operations at Stadshypotek are conducted according to the same fundamental principles which apply at Handelsbanken. The Bank's corporate culture is characterised by a clear division of responsibility, where each part of the business operations bears full responsibility for its business and for risk management. The person who is most familiar with the customer and the market conditions is the person best equipped to assess the risk and can also take action at an early stage in the event of problems. Each branch and each profit centre is responsible for dealing with any problems that arise. As a consequence, there are strong incentives for high risk awareness and for prudence in business operations. In addition to the accountability of decision-makers, control procedures are in place to ensure that excessive risks are not taken in individual transactions or local operations. In lending, this means that large loans are subject to limits and are assessed at various decision levels, depending on the size of the credit limit. Procedures also exist to limit market risk and liquidity risk at Stadshypotek, where the company's Board establishes limits.

Stadshypotek also has risk control independent of business operations which is responsible for the regular follow-up and monitoring of all risks applying to operations, primarily credit risk, market risk, liquidity risk, counterparty risk and operational risk. The Risk Control function carries out daily measurements and checks to ensure that exposure to market, liquidity and counterparty risks is within the set limits. Limit utilisation is reported internally within the company, and to the parent company's Handelsbanken Risk Control function. In addition, limit utilisation is reported regularly to Stadshypotek's Chief Executive and Board of Directors.

## Note 2 Cont.

Stadshypotek is also covered by Handelsbanken Risk Control, which is designed to identify the Handelsbanken Group's risks, gauge them, and ensure that management of these risks complies with the Group's low risk tolerance. Handelsbanken Risk Control is responsible for the independent reporting of risks for the banking group to which Stadshypotek belongs. Handelsbanken Risk Control also develops and provides models for measuring risk that are applied in Stadshypotek's operations and performs certain calculations that provide a basis for some of Stadshypotek's external reporting.

Stadshypotek also has a procedure for continual capital planning to ensure that it maintains sufficient capital to withstand a serious loss, notwithstanding the risk-mitigation measures in place. The method for calculating economic capital ensures that all risks are considered in a consistent manner when the need for capital is assessed.

## Credit risks

Credit risk is defined as the risk of Stadshypotek facing economic loss because its counterparties cannot fulfil their contractual obligations.

**Rules for lending at Stadshypotek**

Lending must be carried out in accordance with the terms stated in Stadshypotek's credit instructions and credit policy, established annually by the company's Board. These include the maximum permitted loan-to-value ratio (LTV) for various property types and a requirement that loans above a certain amount be subject to an advance examination conducted by Stadshypotek before the loan can be disbursed. Stadshypotek primarily offers loans for residential properties. Credits at Stadshypotek must normally have satisfactory collateral, and fall within the assessed value of the collateral by an adequate margin. For private residential properties, such as detached houses, co-operative apartments and second homes, the maximal loan-to-value ratio is 85% of the market value in Sweden and Finland, and 90% in Norway. The above loan-to-value ratios correlate with the customary loan-to-value ratios for mortgage borrowing in each of the respective countries. For office and commercial properties, which are only mortgaged in the Swedish market, a maximum of 60 per cent of the market value applies. Industrial and warehouse properties are not financed by Stadshypotek.

**Principles for managing credit risk**

Stadshypotek's lending takes place through Handelsbanken. Lending operations are based on the principles applying at the Bank, but also take into account other special instructions and regulations regarding the granting of credit, as specified by Stadshypotek. In the Bank's decentralised organisation, the branch responsible for the customer has total credit responsibility. The branches are responsible for credit decisions, but large credits are subject to limits and are assessed by a special credit organisation. Decisions on limits are made at the branch, county or central level, depending on the size of the credit limit. The Bank is selective when choosing customers, and borrowers must be of high quality. The quality requirement is never neglected in favour of higher credit volumes or to achieve higher returns. Of the total volume for corporate exposures at Stadshypotek, 99 per cent (99) was to customers with a repayment capacity assessed as normal or better than normal, i.e. with a rating grade from one to five on the Bank's ten-point risk rating scale.

The Bank strives to be a relationship bank whose branches maintain regular contact with the customer. This gives the branch an in-depth understanding of each individual customer and a continually updated picture of the private customer or company. This contact also enables the branch to quickly identify any problems and take action. In many cases, this means that the Bank can take action more rapidly, before a problem escalates, than would have been possible with a more centralised management of problem loans. Therefore, the branch addresses problems that arise when a customer has repayment difficulties. If necessary, the branch obtains support from Handelsbanken's head office and Stadshypotek's credit department. In accordance with the Bank's practices, all employees whose work involves transactions linked to credit risk adopt a tried and tested approach to such risks, and this constitutes an important part of the Handelsbanken Group's culture.

According to the Handelsbanken Group's and Stadshypotek's credit policy, weak repayment capacity can never be accepted on the grounds that good collateral has been offered to the Bank. Collateral may, however, substantially reduce Stadshypotek's loss if the borrower cannot fulfil their commitments. Credits in Stadshypotek must therefore always be satisfactorily secured by mortgages in property or a co-operative apartment. Unsecured credit may be granted when the borrower or guarantor is a government, regional authority or municipality, or when lending to joint ownership associations. In addition to the advance examination conducted in accordance with the Credit Instructions for Stadshypotek, Stadshypotek's credit department carries out a further examination after loans have been disbursed. The examination looks at credits selected according to predetermined criteria, checking, for example, that the loan-to-value ratio of mortgaged properties complies with regulations. In addition, Stadshypotek's credit department regularly performs control activities to ensure that Stadshypotek's credit portfolio has a low tolerance for credit risks and is otherwise aligned with Stadshypotek's credit policy and credit instructions. Stadshypotek's valuation unit carries out regular checks to ensure that the property valuations are correctly performed and that they reflect the market value of the property.

**Risk rating**

The Handelsbanken Group's risk rating system comprises multiple systems, methods, processes and procedures to support the Handelsbanken Group's classification and quantification of credit risk.

The Handelsbanken Group's internal risk classification system, which is also used for credits in Stadshypotek, is applied to measure the credit risk of all operations in a reliable and consistent manner. The risk rating is based on the Bank's internal rating, which is determined by an assessment of each counterparty's repayment capacity. The rating is determined by the risk of financial strain and by the assessed resistance to this strain. The method and classification are based on the rating model applied by the Handelsbanken Group.

The internal rating is the most important component of the Handelsbanken Group's model for calculating capital requirements according to the IRB approach. The rating is dynamic; it is reassessed if there are signs that the counterparty's repayment capacity has changed. The rating is also reviewed periodically as stipulated in the regulations. The rating is made by the person responsible for granting the credit and it is subsequently checked by independent bodies.

**Risk rating methods**

To quantify the Handelsbanken Group's credit risks, and thus also Stadshypotek's credit risks, a calculation is made of the customer's probability of default (PD), the Handelsbanken Group's expected exposure at default (EAD), and the proportion of the exposure that the Handelsbanken Group is expected to lose in the event of default (Loss Given Default, LGD). Default is defined as when the counterparty is either 90 days past due on a payment or when an assessment has been made that the counterparty will not be able to pay as contractually agreed, for example if declared bankrupt. The PD value is expressed as a percentage where, for example, a PD value of 0.5 per cent means that one borrower in 200 with the same PD value is expected to default within one year.

## Note 2 Cont.

A credit in default does not necessarily mean that Stadshypotek will incur a loss, since there is collateral for the exposure. Nor does a default mean that future payment by the counterparty is out of the question, since the payment difficulties may be temporary.
At Stadshypotek, unsecured loans may only be granted when the borrower or guarantor is a government, region or municipality, or when lending to joint ownership associations.

For corporate exposures, the internal rating set for each counterparty is directly converted into a risk class graded on a scale from 1 to 10 (where risk class 10 refers to counterparties that have defaulted). The corporate exposures are divided into four counterparty types based on the business evaluation template used for the counterparty. PD is calculated individually for each risk class and counterparty type.

For retail exposures, the risk class is also based on the internal rating assigned to all credit customers. The rating is not translated directly into a risk class as for corporate exposures; instead, the different exposures are sorted into a number of smaller groups on the basis of certain factors. Such factors include the type of credit, the counterparty's debt-servicing record and the number of borrowers. 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. Different models are used for exposures to private individuals and to small companies respectively (that are also classed as retail exposures), but the principle is the same.

For retail exposures and exposures to medium-sized companies, property companies and housing co-operative associations, the LGD is determined using the Handelsbanken Group's own loss history. For exposures to large corporates that are subject to a capital requirement using the IRB Approach with own estimates of LGD and credit conversion factor (CCF), the LGD is determined on the basis of internal losses and external observations. For retail exposures secured by property in Sweden and for property exposures to medium-sized companies, property companies and housing co-operative associations, different LGD values are applied depending on the LTV ratio of the collateral.

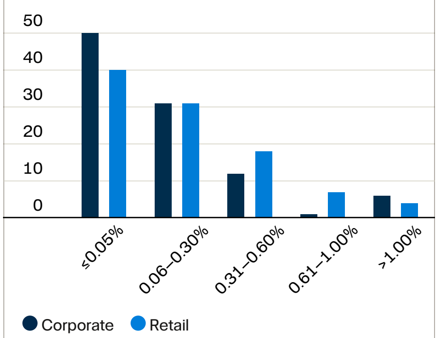
For each exposure class, the PD is calculated for each of the risk classes that refer to non-defaulted counterparties or agreements. PD is based on calculations of the historical percentage of defaults for different types of exposures. The average default rate is then adjusted by a margin of conservatism and a business cycle adjustment factor. The margin is intended to ensure that the long-term probability of default is not underestimated.

When establishing LGD, the risk measure must reflect the loss rates during economically unfavourable circumstances, known as downturn LGD. For collateral in property, the downturn LGD is based on observed loss rates from the property crisis in the early 1990s.

In addition to the capital adequacy calculation, measures of risk (PD, EAD, LGD) are used to calculate the cost of capital in each individual transaction and to calculate economic capital (EC). As a result, margins in the form of business cycle adjustments and conservatism adjustments in the risk measurements are also included in the cost of capital for individual transactions and in calculations of economic capital, resulting in conservative implied loss levels. The method used means that the Handelsbanken Group's historical losses have a direct impact on risk calculations and capital requirements.

**PD intervals and proportion of exposure by exposure type, corporate and retail, excluding defaulted credits**

Proportion of exposure, %




The diagram above shows a breakdown of Stadshypotek's exposures (EAD), excluding credits in default, between the different PD intervals for each exposure class. The PD values used are those applied when calculating the capital requirement.

## Note 2 Cont.

**Credit risk exposures by risk class 2025**

| | Balance sheet items | | | Off-balance sheet items | |
|---|---|---|---|---|---|
| SEK m | Loans to the public | Loans to credit institutions | Derivative instruments | Contingent liabilities | Total |
| **Risk class** | | | | | |
| 1 | 460,960 | 14,224 | - | 575 | 475,759 |
| 2 | 494,250 | - | - | 181 | 494,431 |
| 3 | 392,927 | - | - | 9 | 392,936 |
| 4 | 139,153 | - | - | 19 | 139,172 |
| 5 | 49,176 | - | - | 5 | 49,181 |
| 6 | 2,926 | - | - | - | 2,926 |
| 7 | 20,944 | - | - | - | 20,944 |
| 8 | 649 | - | - | - | 649 |
| 9 | 5,119 | - | - | 0 | 5,119 |
| Defaults | 2,806 | - | - | - | 2,806 |
| Standardised approach | 706 | - | 11,329 | - | 12,035 |
| **Total** | **1,569,616** | **14,224** | **11,329** | **789** | **1,595,958** |

**Credit risk exposures by risk class 2024**

| | Balance sheet items | | | Off-balance sheet items | |
|---|---|---|---|---|---|
| SEK m | Loans to the public | Loans to credit institutions | Derivative instruments | Contingent liabilities | Total |
| **Risk class** | | | | | |
| 1 | 457,948 | - | - | 813 | 458,761 |
| 2 | 479,178 | - | - | 233 | 479,411 |
| 3 | 387,095 | - | - | 37 | 387,132 |
| 4 | 149,234 | - | - | 1 | 149,235 |
| 5 | 61,428 | - | - | 15 | 61,443 |
| 6 | 14,188 | - | - | - | 14,188 |
| 7 | 24,642 | - | - | - | 24,642 |
| 8 | 204 | - | - | - | 204 |
| 9 | 6,237 | - | - | - | 6,237 |
| Defaults | 2,658 | - | - | - | 2,658 |
| Standardised approach | 518 | 30,485 | 14,356 | - | 45,359 |
| **Total** | **1,583,330** | **30,485** | **14,356** | **1,099** | **1,629,270** |

**Balance sheet items that are subject to impairment testing under IFRS 9, broken down by risk class 2025**

| | Gross | | | Provisions | | |
|---|---|---|---|---|---|---|
| SEK m | Stage 1 | Stage 2 | Stage 3 | Stage 1 | Stage 2 | Stage 3 |
| **Risk class** | | | | | | |
| 1 | 460,399 | 2,295 | - | -2 | -2 | - |
| 2 | 462,150 | 6,043 | - | -4 | -3 | - |
| 3 | 388,785 | 4,157 | - | -6 | -4 | - |
| 4 | 135,724 | 3,438 | - | -6 | -3 | - |
| 5 | 44,689 | 4,494 | - | -5 | -7 | - |
| 6 | 2,332 | 598 | - | -2 | -2 | - |
| 7 | 14,689 | 6,266 | - | -1 | -10 | - |
| 8 | - | 654 | - | - | -5 | - |
| 9 | 10 | 5,121 | - | 0 | -12 | - |
| Defaults | - | - | 2,948 | - | - | -142 |
| Standardised approach | 39,160 | 104 | - | 0 | 0 | - |
| **Total** | **1,547,938** | **33,170** | **2,948** | **-26** | **-48** | **-142** |

## Note 2 Cont.

**Balance sheet items that are subject to impairment testing under IFRS 9, broken down by risk class 2024**

| | Gross | | | Provisions | | |
|---|---|---|---|---|---|---|
| SEK m | Stage 1 | Stage 2 | Stage 3 | Stage 1 | Stage 2 | Stage 3 |
| **Risk class** | | | | | | |
| 1 | 498,656 | 1,723 | - | -1 | -1 | - |
| 2 | 472,500 | 2,528 | - | -4 | -2 | - |
| 3 | 378,799 | 3,805 | - | -6 | -5 | - |
| 4 | 142,087 | 3,869 | - | -5 | -3 | - |
| 5 | 54,269 | 7,187 | - | -6 | -22 | - |
| 6 | 6,599 | 7,614 | - | -4 | -21 | - |
| 7 | 17,242 | 7,418 | - | -1 | -17 | - |
| 8 | - | 209 | - | - | -5 | - |
| 9 | 33 | 6,218 | - | 0 | -14 | - |
| Defaults | - | - | 2,763 | - | - | -105 |
| Standardised approach | 518 | - | - | - | - | - |
| **Total** | **1,570,703** | **40,571** | **2,763** | **-27** | **-90** | **-105** |

**Loans to the public that are subject to impairment testing, broken down by stage and risk class 2025**

| | Gross | | | Provisions | | |
|---|---|---|---|---|---|---|
| SEK m | Stage 1 | Stage 2 | Stage 3 | Stage 1 | Stage 2 | Stage 3 |
| **Risk class** | | | | | | |
| 1 | 458,669 | 2,295 | - | -2 | -2 | - |
| 2 | 488,220 | 6,037 | - | -4 | -3 | - |
| 3 | 388,780 | 4,157 | - | -6 | -4 | - |
| 4 | 135,724 | 3,438 | - | -6 | -3 | - |
| 5 | 44,688 | 4,500 | - | -5 | -7 | - |
| 6 | 2,332 | 598 | - | -2 | -2 | - |
| 7 | 14,689 | 6,266 | - | -1 | -10 | - |
| 8 | - | 654 | - | - | -5 | - |
| 9 | 10 | 5,121 | - | 0 | -12 | - |
| Defaults | - | | 2,948 | - | - | -142 |
| Standardised approach | 602 | 104 | - | 0 | 0 | - |
| **Total** | **1,533,714** | **33,170** | **2,948** | **-26** | **-48** | **-142** |

**Loans to the public that are subject to impairment testing, broken down by stage and risk class 2024**

| | Gross | | | Provisions | | |
|---|---|---|---|---|---|---|
| SEK m | Stage 1 | Stage 2 | Stage 3 | Stage 1 | Stage 2 | Stage 3 |
| **Risk class** | | | | | | |
| 1 | 456,227 | 1,723 | - | -1 | -1 | - |
| 2 | 476,500 | 2,684 | - | -4 | -2 | - |
| 3 | 383,384 | 3,722 | - | -6 | -5 | - |
| 4 | 145,446 | 3,796 | - | -5 | -3 | - |
| 5 | 54,269 | 7,187 | - | -6 | -22 | - |
| 6 | 6,599 | 7,614 | - | -4 | -21 | - |
| 7 | 17,242 | 7,418 | - | -1 | -17 | - |
| 8 | - | 209 | - | - | -5 | - |
| 9 | 33 | 6,218 | - | 0 | -14 | - |
| Defaults | - | - | 2,763 | - | - | -105 |
| Standardised approach | 518 | - | - | - | - | - |
| **Total** | **1,540,218** | **40,571** | **2,763** | **-27** | **-90** | **-105** |

## Note 2 Cont.

### Calculation of 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 committed loan offers, financial guarantees and other commitments. This section provides descriptions of the processes and methods applied in the Handelsbanken Group's model-based calculations of provisions for expected credit losses (ECL).

ECL is calculated at agreement level, whereby the characteristics of the agreement and the counterparty govern the classification and quantification of the provision requirement. ECL is estimated using either a model-based or manual calculation, with the choice of method mainly dependent on whether the agreement is deemed to be credit impaired.

For information pertaining to the recognition and measurement of expected credit losses and for definitions, refer to note 1, section 6, Credit losses.

**Model-based calculations for agreements in Stage 1 and Stage 2**
Handelsbanken's Group-wide, central process for model-based calculations of expected credit losses incorporates a number of different processes and methods which support the quantification of the provision requirement in Stage 1 and Stage 2.

The model-based calculations factor in historical, current and forward-looking data. Historical data forms the basis for the structure of the model and parameters applied, current data comprises the prevailing balances on the reporting date (as included in the calculation requirements) and forward-looking data refers to the macroeconomic scenarios used to calculate future risk parameters and exposures.

The models use the same historical risk data as the IRB models, meaning that the accounting of provisions and calculations of capital requirements are based on the same basic loss history. Similar to how the risk rating system affects capital adequacy calculations, the internal rating (from which the risk rating derives) is a significant part of the models for calculating expected credit losses. The calculations are primarily affected by the risk parameters: probability of default (PD), exposure at default (EAD) and loss given default (LGD). The expected credit loss in a future period is obtained by multiplying the present value of the EAD by the PD and by the LGD. In contrast to the calculation of credit losses in the Capital Requirements Regulation, which also uses the risk parameters PD, EAD and LGD, the estimation of expected credit losses pursuant to IFRS 9 is based on current forward-looking assessments.

**Macroeconomic information**
The calculations for model-based assessments of significant increases in credit risk and expected credit losses are made with the application of models for the respective risk parameters (PD, EAD and LGD). In order to ensure that the calculations take into account non-linear aspects, three forward-looking macroeconomic scenarios are used in the models (one neutral, one negative and one positive). Each scenario includes significant macroeconomic risk factors, such as unemployment, GDP, property prices, key rates and central bank rates and inflation, by country. The significant macroeconomic risk factors have been identified from an assessment of the Bank's historical data and the relation to the risk parameters is estimated using the same historical material. The various scenarios are used to adjust the risk parameters in question. Each macroeconomic scenario represents a probability determined by the Bank. These probabilities are currently set at 70 per cent for the neutral scenario and 15 per cent for the positive and negative scenarios. Expected credit losses are recognised as a probability-weighted average of the expected credit losses for the respective scenarios.

All of the macroeconomic scenarios have been produced by the Bank's macroeconomic research unit, which is responsible for all economic research conducted by Handelsbanken, whether for internal or external use. These macroeconomic scenarios comprise region-specific, 30-year forecasts for Sweden, Norway, Finland, Denmark, the UK, the eurozone and the US, together with a global forecast. A change in the macroeconomic scenarios, or in the probability weights applied, affects both the assessment of significant increases in credit risk and the estimated expected credit losses. The scenarios are updated on a quarterly basis by the Bank's macroeconomic research unit and are presented for approval to the relevant decision-makers before being applied in the ECL calculations.

**Significant increase in credit risk**
A significant increase in credit risk reflects an increased risk of default and represents a measure of the agreement's relative change in credit risk since initial recognition. For calculating significant increases in credit risks, the same underlying models are used at Handelsbanken as those used for the calculation of expected credit losses, with consideration given to historical, current and forward-looking 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 agreement is expected to incur a credit loss within 12 months 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 effort 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 significant change in the credit risk. For agreements recognised initially on or after 1 January 2018, the forecasts of default risk are based on three scenarios. For agreements recognised before 1 January 2018, the same criteria are applied, but using a scenario based on the Bank's most recently published economic research at the time of initial recognition.

The main criterion when assessing whether an agreement is deemed to have incurred a significant increase in credit risk that requires its transfer to Stage 2, according to Handelsbanken's definition, is 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 the Bank's 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 counterparty having payments that are more than 30 days overdue, or the counterparty having been granted forbearance measures 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.

## Note 2 Cont.

**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. As far as possible, these models are founded on relationships between the significant risk factors and relevant risk outcomes identifiable in the Bank's own loss history. The majority of risk parameters which are quantified are based on approximately ten years of internal data. In cases where the Bank 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 covariation in agreement-specific, counterparty-specific and region-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.

**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 agreement's 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 and credit 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 on the Bank's internal history for approximately the past ten years, and is included as a component of the EAD model. 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 mortgage loans with an interest-rate fixing period of three months or less, 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 based on the a probability that the counterparty recovers without causing the Bank any financial loss and the 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 market value of the 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.

**Geographical breakdown of lending in Sweden**

| | Stockholm | | Västra Götaland | | Skåne | | Other counties | |
|---|---|---|---|---|---|---|---|---|
| Proportion of lending, % | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| Single-family housing | 27.7 | 27.8 | 15.0 | 15.0 | 13.9 | 13.7 | 43.4 | 43.5 |
| Housing co-operative apartments | 58.7 | 58.3 | 12.2 | 12.2 | 10.0 | 9.9 | 19.1 | 19.6 |
| **Private market** | **38.2** | **38.2** | **14.1** | **14.0** | **12.5** | **12.4** | **35.2** | **35.3** |
| Multi-family dwelling | 30.5 | 30.3 | 17.4 | 17.1 | 15.3 | 16.2 | 36.8 | 36.4 |
| Offices and commercial buildings | 33.3 | 31.9 | 16.7 | 18.4 | 13.5 | 12.3 | 36.5 | 37.5 |
| **Corporate market** | **31.2** | **30.7** | **17.2** | **17.4** | **14.9** | **15.2** | **36.7** | **36.7** |
| **Total** | **35.6** | **35.4** | **15.2** | **15.3** | **13.4** | **13.5** | **35.8** | **35.8** |

## Note 2 Cont.

### Loans to the public that are subject to impairment testing, geographical breakdown

Loans to the public, geographical breakdown 2025

| | Gross | | | Provisions | | | Net |
|---|---|---|---|---|---|---|---|
| SEK m | Stage 1 | Stage 2 | Stage 3 | Stage 1 | Stage 2 | Stage 3 | |
| Sweden | 1,394,602 | 29,135 | 2,770 | -23 | -43 | -120 | 1,426,321 |
| Norway | 128,384 | 2,188 | 123 | -3 | -4 | -7 | 130,681 |
| Finland | 10,728 | 1,847 | 55 | 0 | -1 | -15 | 12,614 |
| **Total** | **1,533,714** | **33,170** | **2,948** | **-26** | **-48** | **-142** | **1,569,616** |

Loans to the public, geographical breakdown 2024

| | Gross | | | Provisions | | | Net |
|---|---|---|---|---|---|---|---|
| SEK m | Stage 1 | Stage 2 | Stage 3 | Stage 1 | Stage 2 | Stage 3 | |
| Sweden | 1,368,854 | 36,044 | 2,505 | -23 | -82 | -95 | 1,407,203 |
| Norway | 143,692 | 2,315 | 188 | -4 | -4 | -2 | 146,185 |
| Finland | 27,672 | 2,212 | 70 | 0 | -4 | -8 | 29,942 |
| **Total** | **1,540,218** | **40,571** | **2,763** | **-27** | **-90** | **-105** | **1,583,330** |

### Loans to the public that are subject to impairment testing, broken down by sector and industry

Loans to the public broken down by sector and industry 2025

| | Gross | | | Provisions | | | Net |
|---|---|---|---|---|---|---|---|
| SEK m | Stage 1 | Stage 2 | Stage 3 | Stage 1 | Stage 2 | Stage 3 | |
| Private individuals | 990,196 | 20,163 | 2,423 | -17 | -25 | -96 | 1,012,644 |
| Housing co-operative associations | 247,325 | 7,129 | 60 | 0 | -3 | -9 | 254,502 |
| Property management | 270,479 | 4,673 | 394 | -7 | -11 | -30 | 275,498 |
| Manufacturing | 390 | 23 | 12 | 0 | 0 | 0 | 425 |
| Retail | 596 | 58 | 11 | 0 | 0 | -4 | 661 |
| Hotel and restaurant | 581 | 64 | - | 0 | -1 | - | 644 |
| Passenger and goods transport by sea | 5 | 5 | - | 0 | 0 | - | 10 |
| Other transport and communication | 372 | 36 | 4 | 0 | 0 | 0 | 412 |
| Construction | 1,054 | 183 | 7 | 0 | -1 | 0 | 1,243 |
| Electricity, gas and water | 723 | 1 | - | 0 | 0 | - | 724 |
| Agriculture, hunting and forestry | 17,428 | 496 | 24 | -2 | -4 | -2 | 17,940 |
| Other services | 2,261 | 270 | 13 | 0 | -2 | -1 | 2,541 |
| Holding, investment and insurance companies, mutual funds, etc. | 857 | 44 | - | 0 | -1 | - | 900 |
| Sovereigns and municipalities | 766 | - | - | 0 | - | - | 766 |
| Other corporate lending | 681 | 25 | - | 0 | 0 | - | 706 |
| **Total** | **1,533,714** | **33,170** | **2,948** | **-26** | **-48** | **-142** | **1,569,616** |

Loans to the public broken down by sector and industry 2024

| | Gross | | | Provisions | | | Net |
|---|---|---|---|---|---|---|---|
| SEK m | Stage 1 | Stage 2 | Stage 3 | Stage 1 | Stage 2 | Stage 3 | |
| Private individuals | 992,638 | 18,753 | 2,403 | -14 | -38 | -65 | 1,013,677 |
| Housing co-operative associations | 263,662 | 4,525 | 46 | -1 | -4 | -7 | 268,221 |
| Property management | 255,104 | 15,424 | 278 | -9 | -26 | -27 | 270,744 |
| Manufacturing | 415 | 22 | 4 | 0 | 0 | 0 | 441 |
| Retail | 626 | 99 | 7 | 0 | 0 | -2 | 730 |
| Hotel and restaurant | 627 | 80 | 0 | 0 | -2 | -1 | 704 |
| Passenger and goods transport by sea | 9 | 1 | - | 0 | 0 | - | 10 |
| Other transport and communication | 358 | 44 | - | 0 | 0 | - | 402 |
| Construction | 731 | 271 | 7 | -1 | -10 | - | 998 |
| Electricity, gas and water | 897 | 2 | - | 0 | 0 | - | 899 |
| Agriculture, hunting and forestry | 16,079 | 791 | 12 | -2 | -5 | -2 | 16,873 |
| Other services | 2,348 | 413 | 3 | 0 | -3 | -1 | 2,760 |
| Holding companies, investment companies and insurance companies, mutual funds, etc. | 1,084 | 110 | 1 | 0 | -2 | 0 | 1,193 |
| Sovereigns and municipalities | 1,273 | 3 | - | 0 | 0 | - | 1,276 |
| Other corporate lending | 4,367 | 33 | 2 | 0 | 0 | - | 4,402 |
| **Total** | **1,540,218** | **40,571** | **2,763** | **-27** | **-90** | **-105** | **1,583,330** |

## Note 2 Cont.

**Loans to the public that are subject to impairment testing, geographical breakdown by sector and industry**

Loans to the public, geographical breakdown by sector and industry 2025

| SEK m | Sweden | Norway | Finland | Total |
|---|---|---|---|---|
| Private individuals | 914,037 | 98,594 | 13 | 1,012,644 |
| Housing co-operative associations | 221,575 | 24,754 | 8,173 | 254,502 |
| Property management | 264,213 | 7,063 | 4,222 | 275,498 |
| Manufacturing | 425 | - | - | 425 |
| Retail | 610 | 51 | - | 661 |
| Hotel and restaurant | 626 | 18 | - | 644 |
| Passenger and goods transport by sea | 10 | - | - | 10 |
| Other transport and communication | 398 | 14 | - | 412 |
| Construction | 1,200 | 43 | - | 1,243 |
| Electricity, gas and water | 699 | - | 25 | 724 |
| Agriculture, hunting and forestry | 17,892 | 48 | - | 17,940 |
| Other services | 2,424 | 78 | 39 | 2,541 |
| Holding, investment, insurance companies, mutual funds etc. | 853 | 15 | 32 | 900 |
| Sovereigns and municipalities | 656 | - | 110 | 766 |
| Other corporate lending | 703 | 3 | - | 706 |
| **Net loans to the public** | **1,426,321** | **130,681** | **12,614** | **1,569,616** |
| *of which total provisions for expected credit losses (Stages 1–3)* | *-186* | *-14* | *-16* | *-216* |
| **Total loans to the public** | **1,426,507** | **130,695** | **12,630** | **1,569,832** |

Loans to the public, geographical breakdown by sector and industry 2024

| SEK m | Sweden | Norway | Finland | Total |
|---|---|---|---|---|
| Private individuals | 900,490 | 113,144 | 43 | 1,013,677 |
| Housing co-operative associations | 218,035 | 28,043 | 22,143 | 268,221 |
| Property management | 258,795 | 4,724 | 7,225 | 270,744 |
| Manufacturing | 441 | - | - | 441 |
| Retail | 711 | 19 | - | 730 |
| Hotel and restaurant | 690 | 14 | 0 | 704 |
| Passenger and goods transport by sea | 10 | - | - | 10 |
| Other transport and communication | 393 | 9 | - | 402 |
| Construction | 968 | 30 | - | 998 |
| Electricity, gas and water | 797 | - | 102 | 899 |
| Agriculture, hunting and forestry | 16,823 | 50 | - | 16,873 |
| Other services | 2,614 | 102 | 44 | 2,760 |
| Holding, investment, insurance companies, mutual funds etc. | 1,111 | 46 | 36 | 1,193 |
| Sovereigns and municipalities | 927 | - | 349 | 1,276 |
| Other corporate lending | 4,398 | 4 | - | 4,402 |
| **Net loans to the public** | **1,407,203** | **146,185** | **29,942** | **1,583,330** |
| *of which total provisions for expected credit losses (Stages 1–3)* | *-200* | *-10* | *-12* | *-222* |
| **Total loans to the public** | **1,407,403** | **146,195** | **29,954** | **1,583,552** |

### Loan-to-value

Loan-to-value (LTV) is lending as a proportion of the market value of the collateral. The latest valuation is mainly used as the market value when compiling the LTVs. Handelsbanken verifies the market values of pledged properties on an annual basis. Lending in Sweden, which accounts for 91 per cent (89) of Stadshypotek's total lending, extends to all parts of Sweden, with a concentration in urban areas. Categories of borrowers vary from individual households to large property companies. At year-end, lending was divided as follows: single-family housing, housing co-operative apartments and owner-occupied apartments 62.7 per cent (62.7); multi-family dwellings 27.6 per cent (27.9) and offices and commercial property 9.7 per cent (9.4). Lending to the largest customer category corresponded to 0.78 per cent (0.71) of the entire portfolio. There were 48 (45) customers or customer categories with loans of SEK 1 billion or more.

Loan-to-value analysis, Stadshypotek Sweden, 31 December, percentage of lending %

| | 2025 | | | 2024 | | |
|---|---|---|---|---|---|---|
| Loan-to-value ratio | Private market | Corporate market | Total | Private market | Corporate market | Total |
| 0–60% | 89.6 | 98.6 | 93.0 | 89.9 | 98.5 | 93.0 |
| 61–75% | 6.8 | 1.2 | 4.7 | 6.6 | 1.3 | 4.7 |
| >75% | **3.6** | **0.2** | 2.3 | **3.5** | **0.2** | 2.3 |

## Note 2 Cont.

**Validation of IFRS 9 models and model-based calculations**
The models and the risk parameters used in these are validated on an annual basis, and ensure that the model-based calculations demonstrate a good forecasting accuracy and identify unexpected deviations between forecasts and the most recent available outcomes. Validation takes place at several aggregation levels and encompasses all significant risk parameters, as well as the weighted estimated expected credit losses at the individual and aggregate levels. The validation is reported to the Chief Credit Officer, the CRO and the CFO. The principles for the evaluation and validation of the models are determined by the Bank's Group Risk Control, and the validation is carried out or reviewed by a party independent of the model development process.

### Manual calculations for agreements in Stage 3

Assets in Stage 3 are tested for impairment at the individual level using a manual calculation (with the exception of a small portfolio of homogeneous claims which have a model-calculated provision in Stage 3). This testing is carried out on a regular basis and in conjunction with every reporting date by the local branch with business responsibility (unit with customer and credit responsibility) and is decided by the county or national credit committee or central credit department.

Impairment testing is carried out when there are objective circumstances which indicate that the counterparty will not be able to fulfil their contractual obligations, according to the definition of default. Examples of objective circumstances include late payment or non-payment, a change in the internal rating, or if the borrower is declared bankrupt.

Impairment testing involves an estimation of 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 the counterparty's repayment capacity and the value of the collateral. The outcome of these scenarios is probability-weighted and discounted with the loan's original effective interest rate. The scenarios used can 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.

### Governance and internal controls

For calculating the expected credit losses on agreements in Stage 1 and Stage 2, Handelsbanken has a Group-wide, central process using internally developed statistical models (model-based calculation). Manual calculation is used for agreements in Stage 3. The description below primarily refers to the model-calculated provisions for expected credit losses. This process is covered by a number of internal controls, which are described below. The various stages of the process also entail different approvals and adoptions, creating a governance structure, which is also described below.

**Verification of input data in reports**
On each reporting date, the information forming the basis for the calculations of expected credit losses is checked for accuracy and completeness. This is carried out through automatic reconciliation of data loaded from delivery sources. Furthermore, a reasonability assessment is undertaken, whereby system balances are compared with the balances recorded on the previous reporting date. The balances which are ultimately used are then reconciled against the volumes recorded in the general ledger.

**Models**
Before a new quantitative model is included in the overall model system, it is subject to validation and must be approved for use by Handelsbanken's Chief Credit Officer. On the reporting date, only this model system can be used for calculations, meaning that only approved models are usable.

The quantitative models which form the basis for the calculations of expected credit losses involve several assumptions and assessments. Examples include the assumption that the quantifiable aspects of relationships between macroeconomic risk factors and risk parameters in historical data are representative for future events, and that an agreement's expected lifetime can be based on historical behavioural data. Furthermore, a selection of the most significant macroeconomic risk factors is made on the basis of the individual macroeconomic risk factors' demonstrative ability on 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. All assumptions and discretionary decisions are presented to the Bank's Chief Credit Officer for approval.

Any expert-assessed calculations in model-calculated agreements in Stage 1 and Stage 2 or in manually calculated agreements in Stage 3 require the approval of Handelsbanken's Chief Credit Officer before they are applied.

**Macroeconomic scenarios**
Macroeconomic scenarios are produced by the Bank's macroeconomic research unit, based on instructions issued by Handelsbanken's Chief Credit Officer. These instructions specify the desired macroeconomic risk factors, geographical areas to be included, and the number of scenarios and probability-weighting between them.

Before every reporting date, the current macroeconomic scenarios are presented to Handelsbanken's Chief Credit Officer and CFO, who approve the scenarios for use in the reporting process. The approved macroeconomic scenarios are then automatically loaded into the reporting flow.

**Size of the provisions**
The total calculated provisions in Stage 1 and Stage 2 require the approval of the Bank's Chief Credit Officer. Estimated provisions in Stage 3 are proposed by the Bank branch with business responsibility (unit with customer and credit responsibility) and are approved by either the county-level or national credit committee or a central unit, depending on the size of the provision. Of the credit provisions in Stage 3 which are approved by a county-level or national credit committee, a selection is subsequently reviewed/quality assured by the central credit department. In addition, Handelsbanken Risk Control submits an independent review on every reporting date of a selection of the credit provisions in Stage 3 which are approved centrally.

**Role of the control functions**
Handelsbanken Risk Control determines the validation principles and ensures that models are validated. An independent review is conducted on every reporting date of a selection of the credit provisions in Stage 3 which are approved centrally. Handelsbanken Internal Audit reviews the estimations of expected credit losses as part of its assignment to independently examine internal governance and control, and to evaluate the reliability of the Group's financial reporting.

**Credit losses**
Credit losses totalled SEK -20 million (+104). The credit loss ratio was 0.00 per cent (-0.01) of total lending. The largest credit loss attributable to a single customer or customer category was SEK 3 million (12). The ten largest credit losses totalled SEK 12 million (22). Credit losses are reported in note 8 on page 46.

**Repossessed property:**
At 31 December 2025, there was no repossessed property (-).

## Note 2 Cont.

### Counterparty risk

Counterparty risk arises when Stadshypotek has entered into derivative agreements, such as forward rate contracts, swaps or options, with a counterparty and there is a risk that the counterparty may not meet its obligations. Counterparty risk is regarded as a credit risk where the market value of the contract determines the size of the exposure. Since November 2013, all Stadshypotek's derivative agreements are entered into with Handelsbanken as the counterparty, which means that the parent company assumes this type of credit risk. Some of the credit limits available in the parent company are thus intended to cover any counterparty risks derived from Stadshypotek's transactions in derivatives. If Stadshypotek were again to enter into derivative agreements with an external counterparty, these would be restricted by means of credit limits established as part of the standard credit process at Handelsbanken and assigned to Stadshypotek.

### Market risk

Market risks originate from changes in prices and volatility in financial markets and comprise interest rate risk, equity price risk, foreign exchange risk and commodity price risk. The market risks affecting Stadshypotek are interest rate risk and foreign exchange risk. Stadshypotek's Board decides on limits for interest rate risk and foreign exchange risk.

**Interest rate risk**
At Stadshypotek, interest rate risk is measured and limits set as the absolute total of the changes in fair value per currency in the case of instantaneous parallel shifts of one percentage point for all interest rates. The risk measure includes items measured at market value and items not measured at market value, and is therefore not appropriate when assessing the impact on the balance sheet and income statement. Nor does it take into account Stadshypotek's opportunities to adapt to changed interest rate levels.

Due to the concentration of the benchmark loans to a small number of final maturity dates, it is not possible to match maturities in a traditional manner. Instead, the general method for achieving risk-neutral matching is based on the use of two different bonds to finance one lending transaction. Since one of the bonds has a shorter maturity than the lending and the other a longer maturity, the resultant interest rate risks for the two borrowing items balance each other out, so that they are risk-neutral with respect to the lending. Stadshypotek uses interest rate swaps to hedge against risks on its own balance sheet. Long-term funding may be shortened using interest rate swaps, so that the interest rate adjustment period matches the short-term lending at fixed and variable rates. Stadshypotek's capped rate loan offers borrowers insurance against future interest rate increases. This is a five-year loan where the interest rate on the loan goes down when short-term interest rates fall. If the short-term rate of interest increases, the borrower never has to pay more than a pre-determined maximum rate of interest. This commitment is hedged with interest rate options on terms corresponding to this lending. Since September 2019, this product has been closed for new lending.

The equity capital is placed in lending with a fixing period averaging 1.5 years (1.5). The daily interest rate risk on equity capital must not deviate from the risk limit specified by the Board.

**Foreign exchange risk**
The foreign exchange risk arising on all short-term funding in foreign currencies is eliminated by matching currency swaps. Stadshypotek has outstanding bonds issued in EUR under the EMTCN programme, which were converted into Swedish kronor and Norwegian kroner using cross-currency interest rate swaps. The aim is that the business should not at any point be exposed to foreign exchange risk as the result of funding in markets outside Sweden. All other refinancing in the foreign markets is raised through Handelsbanken and is subsequently transferred to Stadshypotek in Swedish kronor.

### Liquidity risk

Liquidity risk is the risk that Stadshypotek will not be able to meet its payment obligations when they fall due without being affected by unacceptable costs or losses. Stadshypotek's Board decides on the limits for liquidity risk. Liquidity risk is measured and limited by carrying out a gap analysis of cash flows for various maturities and all currencies, and a gap analysis of groups of currencies. The liquidity deficit consists of the amount by which estimated out-payments exceed estimated in-payments, and is restricted by limits. To an increasing extent, loans with a short interest fixing period and variable rate loans have long-term funding in order to minimise the liquidity risk. However, some of this lending is still funded by issues in short-term debt instruments. The maturity structure of the funding is well-diversified and adapted so that Handelsbanken's liquidity at Group level is in balance.

Stadshypotek is covered by an agreement regarding liquidity support within the Handelsbanken Group. According to the agreement, Handelsbanken holds a liquidity reserve for the Handelsbanken Group as a whole and is thus responsible for Stadshypotek fulfilling the liquidity reserve requirement as stipulated in the Swedish Financial Supervisory Authority's regulation FFFS 2010:7. The agreement also stipulates that the parties, in accordance with Article 8 of CRR and Chapter 6, Section 1 of FFFS 2014:12, are required to provide each other with liquidity support as necessary.

Stadshypotek's liquidity situation is regularly stress-tested. The stress tests focus on the short-term effects in the case of certain assumptions of relevance to its operations, for example disruptions in the market for covered bonds. Handelsbanken Risk Control conducts stress tests that focus on long-term disruptions for the entire Group, taking Stadshypotek's liquidity requirements into consideration.

The maturity analysis shows cash flows for the contracted payment commitments that are due for payment at the latest within the stated time intervals, including interest flows. Assets, liabilities and interest flows are also shown that mature in the time intervals corresponding to the contractual maturity dates. Interest flows for lending are matched in time with the liabilities that funded the lending. The total outstanding amount of these commitments does not necessarily represent future funding requirements.

For derivative instruments, cash flows are reported net for interest rate swaps and gross for instruments where gross cash flows are paid or received, such as cross-currency interest rate swaps. Loans to the public are reported as maturing in the time interval over five years remaining to maturity. Repayments according to plan during the current interest rate adjustment period and fixed interest flows are reported on their respective maturity dates.

## Note 2 Cont.

### The tables below show the interest rate fixing periods for Stadshypotek's assets and liabilities

**Interest rate fixing periods for Stadshypotek's assets and liabilities, 31 December 2025**

| SEK m | Up to 3 mths | 3–6 mths | 6–12 mths | 1–5 years | >5 yrs | Total |
|---|---|---|---|---|---|---|
| **Assets** | | | | | | |
| Loans to credit institutions | 14,224 | - | - | - | - | 14,224 |
| Loans to the public | 1,077,692 | 59,283 | 154,972 | 269,347 | 8,321 | 1,569,616 |
| **Total** | **1,091,916** | **59,283** | **154,972** | **269,347** | **8,321** | **1,583,840** |
| **Liabilities** | | | | | | |
| Due to credit institutions | 608,659 | 29,129 | 120,091 | 103,859 | 2,754 | 864,493 |
| Issued securities | 100,981 | 58,658 | 7,471 | 474,752 | 18,639 | 660,501 |
| **Total liabilities** | **709,640** | **87,787** | **127,562** | **578,611** | **21,393** | **1,524,994** |
| Off-balance sheet items | -359,812 | 36,055 | 7,402 | 323,142 | 1,966 | 8,753 |
| Difference between assets and liabilities, including off-balance sheet items | 22,464 | 7,551 | 34,812 | 13,878 | -11,106 | 67,599 |

**Interest rate fixing periods for Stadshypotek's assets and liabilities, 31 December 2024**

| SEK m | Up to 3 mths | 3–6 mths | 6–12 mths | 1–5 years | >5 yrs | Total |
|---|---|---|---|---|---|---|
| **Assets** | | | | | | |
| Loans to credit institutions | 23,954 | 4,590 | 1,941 | - | - | 30,485 |
| Loans to the public | 1,040,155 | 80,642 | 124,088 | 325,624 | 12,821 | 1,583,330 |
| **Total** | **1,064,109** | **85,232** | **126,029** | **325,624** | **12,821** | **1,613,815** |
| **Liabilities** | | | | | | |
| Due to credit institutions | 559,519 | 74,492 | 70,569 | 164,163 | 3,588 | 872,331 |
| Issued securities | 93,716 | - | 84,739 | 459,935 | 47,253 | 685,643 |
| **Total** | **653,235** | **74,492** | **155,308** | **624,098** | **50,841** | **1,557,974** |
| Off-balance sheet items, nominal amount | -360,362 | -9,007 | 34,177 | 305,933 | 20,323 | -8,936 |
| Difference between assets and liabilities, including off-balance sheet items | 50,512 | 1,733 | 4,898 | 7,459 | -17,697 | 46,905 |

### The tables below show the maturities for Stadshypotek's assets and liabilities

The table contains interest flows, which means that the balance items are not reconcilable with the company's balance sheet.

**Maturities for Stadshypotek's assets and liabilities, 31 December 2025**

| SEK m | Up to 3 mths | 3–12 mths | 1–5 years | >5 yrs | Total |
|---|---|---|---|---|---|
| Loans to credit institutions | 12,493 | 1,731 | - | - | 14,224 |
| Loans to the public | 80,908 | 243,654 | 362,436 | 992,313 | 1,679,311 |
| **Total assets** | **93,401** | **245,385** | **362,436** | **992,313** | **1,693,535** |
| Due to credit institutions | 191,674 | 183,253 | 511,666 | 36,428 | 923,021 |
| Issued securities | 30,650 | 76,328 | 579,565 | 22,104 | 708,647 |
| **Total liabilities** | **222,324** | **259,581** | **1,091,231** | **58,532** | **1,631,668** |

**Derivatives, 31 December 2025**

| SEK m | Up to 3 mths | 3–12 mths | 1–5 years | >5 yrs | Total |
|---|---|---|---|---|---|
| Total derivatives inflow | 15,643 | 14,082 | 83,065 | 14,973 | 127,763 |
| Total derivatives outflow | 15,815 | 11,865 | 79,253 | 15,146 | 122,079 |
| **Net** | **-172** | **2,217** | **3,812** | **-173** | **5,684** |

## Note 2 Cont.

Maturities for Stadshypotek's assets and liabilities, 31 December 2024

| SEK m | Up to 3 mths | 3–12 mths | 1–5 years | >5 yrs | Total |
|---|---|---|---|---|---|
| Loans to credit institutions | 20,820 | 9,796 | - | - | 30,616 |
| Loans to the public | 84,004 | 254,494 | 371,689 | 988,179 | 1,698,366 |
| **Total** | **104,824** | **264,290** | **371,689** | **988,179** | **1,728,982** |
| Due to credit institutions | 200,908 | 161,127 | 402,024 | 165,752 | 929,811 |
| Issued securities | 3,203 | 113,049 | 555,640 | 75,130 | 747,023 |
| **Total** | **204,111** | **274,176** | **957,664** | **240,883** | **1,676,834** |

Derivatives, 31 December 2024

| SEK m | Up to 3 mths | 3–12 mths | 1–5 years | >5 yrs | Total |
|---|---|---|---|---|---|
| Total derivatives inflow | 1,251 | 20,616 | 97,449 | 15,361 | 134,677 |
| Total derivatives outflow | 3,476 | 19,102 | 91,956 | 13,668 | 128,202 |
| **Net** | **-2,225** | **1,514** | **5,493** | **1,693** | **6,475** |

Senior non-preferred notes have changed heading from Issued securities to Due to credit institutions. The comparative figures have been updated.

## Operational risks

Operational risk is defined as the risk of loss due to inadequate or failed internal processes, human error, malfunctioning systems or external events. The definition includes legal risk.

Most of Stadshypotek's business is conducted within the framework of a number of essential outsourcing agreements that the company has with Handelsbanken. Responsibility for the identification, management and control of operational risk is an integrated part of managerial responsibility at all levels of the operations. In accordance with guidelines issued by the Chief Executive, an evaluation of operational risk is carried out at least annually for the purposes of identifying operational risks and quantifying the losses that may arise. The Chief Executive decides on the limits for operational risk. Risk Control at Stadshypotek reports operational risk to the Board and to Handelsbanken Risk Control on a quarterly basis.

## Sensitivity analysis

A sensitivity analysis has been performed to assess the impact of changes in the lending margin, lending volume, investment yield on own funds, credit loss ratio and market interest rates on operating profit, assuming all other factors remain unchanged. The analysis is based on the balance sheet at the end of 2025.

**Lending margin**
In the case of an increase/decrease of the nominal lending margin by 0.01 percentage points, net interest income is positively/negatively affected by SEK 157 million (158). However, changes in interest rates only have a gradual impact on a portfolio of fixed-interest loans. If the lending margin changes, it will be a long time before the full impact is reflected in the average lending margin of the fixed-interest portfolio.

**Lending volume**
To calculate the impact of an increase or decrease in lending volume, an interval is specified, since loans which are added to or deducted from the loan portfolio may have a different margin than the portfolio on average. The calculations comprise interest rate margins ranging from 0.7 per cent to 1.2 per cent. Based on these assumptions, an increase or decrease of the lending volume by one percentage point affects net interest income positively/negatively by SEK 110–189 million (111–190).

**Investment yield on own funds**
Equity is invested in fixed-term lending with an average maturity of 1.5 years (1.5). In the case of an increase or decrease in the investment yield on own funds of 0.10 percentage points, net interest income is positively/negatively affected by SEK 63 million (61).

**Market rate**
The net interest income effect when market rates change is measured as the change in net interest income over a twelve-month period in the case of a general increase of market rates by one percentage point. This effect reflects the differences in interest rate adjustment periods and the breakdown of volumes into assets, liabilities and derivatives, based on the assumption that the size of the balance sheet remains constant. The net interest income effect at year-end was SEK 684 million (552).

**Credit loss ratio**
In the case of an increase/decrease of the credit loss ratio by 0.01 percentage point, credit losses are negatively/positively affected by SEK 157 million (158).

## Economic capital

Stadshypotek applies a model for economic capital (EC), which is a vital component in planning to ensure that Stadshypotek has sufficient capital at all times in relation to all risks in the company.

Economic capital is calculated with a time horizon of one year and a confidence level that reflects an acceptable level of risk and desired rating. The Board has determined that the calculation of economic capital must be made with a 99.97 per cent confidence level, which captures an event which is extremely unfavourable for Stadshypotek. EC is the difference between the outcome in an average year with positive results and the outcome at a 99.97 per cent confidence level. Diversification effects between the different types of risk are taken into account when calculating EC. Since the risks are partly independent of each other, the capital requirement for all risks is lower than the sum of the economic capital for each individual risk.

The capital and other financial resources which form a buffer that can absorb negative outcomes are called available financial resources (AFR). AFR comprises Stadshypotek's equity, adjusted for intangible assets, but including tier 1 loans with a supplement for perpetual subordinated loans, and also the profit/loss before tax for the next twelve months.

Credit risk is calculated using simulated outcomes of default for all Stadshypotek's

## Note 2 Cont.

counterparties and exposures. Market risks comprise interest rate risk in the business operations. The non-financial risks comprise business risk and operational risk. Business risk is related to unexpected variations in earnings which may arise. For example, this may arise if demand or competition changes unexpectedly, thus resulting in lower volumes and squeezed margins.

The Board stipulates that the AFR/EC ratio should be in excess of 120 per cent. All calculations show that Stadshypotek is well capitalised in relation to its total risks.

### Capital planning

Stadshypotek's capital policy – most recently adopted by the Board in 2025 – sets out the guidelines for capital planning.

The capital requirement is determined by Stadshypoteket's risks, expected development, regulatory requirements and target ratios, the EC model and stress-test results. The capital planning is divided into short-term and mid- to long-term forecasting. The part of capital planning that comprises short-term forecasts up to two years ahead principally focuses on assessing existing performance and the development of the capital requirement. This forecasting is necessary to enable continual adaptation of the size and composition of own funds. Capital planning is performed through an ongoing analysis of changes in volume, risk and performance, and by monitoring events that may affect the capital requirements and capital level. Short-term forecasting includes all sub-components of Stadshypotek's own funds. In addition to regulatory minimum requirements and buffers, the capital requirement includes the Pillar 2 requirement, the leverage ratio requirement, and the minimum requirement for own funds and eligible liabilities (MREL). The analysis is based on a cautious basic scenario for how the existing earnings capacity can cope with various changes in volume, which may affect the development of the capital requirement and own funds, in order to adapt the composition and size of own funds when necessary.

The mid- to long-term component of capital planning aims to ensure compliance with statutory capital requirements and that Stadshypotek's AFR at all times covers, by a comfortable margin, all risks calculated according to the economic capital model.

The objective is to forecast the expected performance and judge whether Stadshypotek's resistance is satisfactory in various scenarios. The planning period is at least five years. Various scenarios and stress tests are performed as part of the forecasting work. A basic scenario forms the foundation of the capital forecast. This scenario is obtained from expected performance in the next five years regarding profit, volume growth and financial assumptions such as credit losses and performance on the fixed income market. The basic scenario is then compared to the outcomes in a number of business cycle and crisis scenarios. The stress scenarios have been established following analysis of the historical links between the impacts of various macroeconomic variables on the financial markets and have been selected by using the scenarios expected to have the greatest adverse impact on Stadshypotek. The result of the internal capital adequacy assessment is reported annually to the Board.

### Stadshypotek's target ratios for regulatory capital

The targets for Stadshypotek's capitalisation are set annually by the Board. A cornerstone of the internal capital requirement assessment regarding regulatory capital is the combination of stress and scenario analyses concerning Stadshypotek's situation, examined from both a long-term and short-term perspective. The scenarios used are based primarily on Stadshypotek's internal risk tolerance and on requirements expressly stipulated in regulations or issued by public authorities. In addition to the internal assessment of the capital requirement, the Swedish Financial Supervisory Authority has communicated that the target figures of Swedish banks must not be lower than the total capital requirement calculated by the supervisory authority, regardless of the banks' internal calculations. Stadshypotek has taken this into consideration when setting the target ratios for its regulatory capital. The Board has decided that common equity tier 1 capital, tier 1 capital and the total capital ratio under normal circumstances should be at least one percentage point higher than the overall capital requirement announced by the Swedish Financial Supervisory Authority. Furthermore, the Board has established that the leverage ratio must, under normal circumstances, exceed the capital requirement communicated by the Swedish Financial Supervisory Authority by at least 0.1 percentage points.

# Note 3 Net interest income

| SEK m | 2025 | 2024 |
|---|---|---|
| **Interest income** | | |
| Loans to credit institutions | 858 | 678 |
| Loans to the public | 50,994 | 63,238 |
| Other interest income | 2 | 12 |
| **Total interest income** | **51,854** | **63,928** |
| *of which interest expenses according to the effective interest method* | *-51,854* | *-63,928* |
| **Interest expenses** | | |
| Due to credit institutions | -24,393 | -31,039 |
| Issued securities | -15,762 | -14,145 |
| Derivative instruments[1] | -1,194 | -6,751 |
| Other interest expenses | -4 | -3 |
| **Total interest expenses** | **-41,353** | **-51,938** |
| *of which interest expenses according to the effective interest method and interest on derivatives through hedge accounting* | *-41,353* | *-51,938* |
| **Net interest income** | **10,501** | **11,990** |

Senior non-preferred notes have changed heading from Issued securities to Due to credit institutions. The comparative figures have been updated.

1) Net interest income from derivative instruments related to Stadshypotek's funding may have both a positive and a negative impact on interest expenses.

# Note 4 Net fee and commission income

| SEK m | 2025 | 2024 |
|---|---|---|
| **Fee and commission income** | | |
| Loans to the public | 0 | 8 |
| Other | 4 | 5 |
| **Total fee and commission income** | **4** | **13** |
| **Fee and commission expenses** | | |
| Securities | -50 | -59 |
| Other | -1 | -6 |
| **Total fee and commission expenses** | **-51** | **-65** |
| **Net fee and commission income** | **-47** | **-52** |

# Note 5 Net gains/losses on financial transactions

| SEK m | 2025 | 2024 |
|---|---|---|
| **Amortised cost** | **386** | **469** |
| *of which loans*[1] | *75* | *33* |
| *of which issued securities*[2] | *311* | *436* |
| **Fair value through profit or loss, mandatory including foreign exchange effects** | **-1** | **-8** |
| *Trading, derivatives, foreign exchange effects, etc.* | *-1* | *-8* |
| **Hedge accounting** | **-32** | **7** |
| *of which net/gains losses, fair value hedges*[3] | *-23* | *-4* |
| *of which ineffective portion of cash flow hedges*[4] | *-9* | *11* |
| **Total** | **353** | **468** |

1) Loans at amortised cost refers to early redemption charges for loans and receivables which have been repaid ahead of time.
2) Issued securities refers to realised price differences when repurchasing bonds.
3) The profit/loss item 'Net gains/losses, fair value hedges' includes the net result of unrealised and realised changes in the fair value of financial assets and financial liabilities which are subject to hedge accounting. Interest income and interest expenses for hedging instruments are recognised under net interest income.
4) Changes in the value of hedging instruments in cash flow hedges which exceed the changes in the value of hedged future cash flows are recognised under 'Ineffective portion of cash flow hedges'.

# Note 6 Staff costs

| SEK m | 2025 | 2024 |
|---|---|---|
| Salaries and fees | -45 | -48 |
| Social security costs | -15 | -15 |
| Pension costs | -22 | -18 |
| *of which special payroll tax* | *-4* | *-4* |
| Provision to profit-sharing scheme | -2 | -1 |
| Other staff costs | -4 | 3 |
| **Total staff costs** | **-88** | **-79** |

The average number of employees in the company during the year was 48 (52). Of these employees, 36 per cent (38) were women and 64 per cent (62) were men.

Stadshypotek has pension obligations under the BTP2 agreement which are guaranteed through insurance with Pensionskassan SHB, Tjänstepensionsförening (occupational pension fund).

These obligations are reported according to the IAS 19 rules for defined benefit plans, whereby the company under common control shares the risks related to the pension obligations, since the pension fund's assets are not allocated among the employers who have insurance with the pension fund. According to these rules, Stadshypotek reports the insurance charges which are debited for the period as an expense.

The pension fund does not debit charges calculated on the basis of the IAS 19 definition of defined benefit net expense for pensions. The charges are debited in accordance with the rules in the statutes for the pension fund with the purpose of debiting charges corresponding to an expense for pension benefits accrued during the period. The rules do not take into account actuarial gains and losses which have occurred. Nor do they take into account fluctuations in real return. Fees to the pension fund for 2026 are expected to amount to SEK 10 million.

The pension fund's obligations totalled SEK 7,223 million at 31 December 2025 (7,494), based on prudent assumptions, where the discount rate has been set in accordance with the principles in FFFS 2008:23 (Regulations governing insurance companies' choice of interest rate for calculation of technical provisions). The fair value of the pension fund's assets was SEK 16,984 million at 31 December 2025 (16,718). The breakdown of the pension fund's assets is shown in the table below.

**Pensionskassan's (pension fund) plan assets**

| SEK m | 2025 | 2024 |
|---|---|---|
| Shares and fund shares on an active market | 8,859 | 9,685 |
| Unlisted shares and fund shares | - | - |
| Interest-bearing securities listed on an active market | 6,521 | 5,635 |
| Other plan assets | 1,604 | 1,398 |
| **Total** | **16,984** | **16,718** |

Further information about the defined benefit pension plan can be found in note G8 of the 2025 Annual Report for Handelsbanken.

## Employee benefits

Stadshypotek takes a long-term view of its staff's employment. Remuneration must be on market terms, so that Stadshypotek is able to attract, retain and develop skilled staff, and ensure good management succession. Stadshypotek generally has a low risk tolerance, which is also reflected in its attitude towards remuneration. Fixed remuneration consists primarily of a basic salary, customary employee benefits and pension. There are no exceptions to this principle of a fixed salary, although termination benefits may be paid. Salaries are set locally and are based on salary-setting factors known in advance: the nature and level of difficulty of the work, competencies, performance and results achieved, leadership, the market, and the employee as a cultural ambassador for the Handelsbanken Group. The independent control functions monitor and analyse the remuneration system, and report material risks and deficiencies to the Board.

Total remuneration is defined as that which Stadshypotek pays directly or indirectly to an employee as part of their employment, such as cash salary, other cash remuneration, customary salary benefits, company car and pension provisions. As of 1 March 2021, all new employees and employees younger than 25 years of age accrue pension in a defined contribution plan. Persons employed before 1 March 2021 are not affected and remain covered by the defined benefit pension plan. The Board decides on the level of remuneration paid to individuals in Stadshypotek's executive management and control functions who are employees of Stadshypotek.

**Remuneration policy**

The principles for Stadshypotek's system of remuneration are established in a remuneration policy decided by the Board. The Board of Stadshypotek has a designated member who is involved in the preparation of supporting documentation considered by the Board when deciding levels of remuneration. Stadshypotek's remuneration policy is reviewed annually or more often if necessary. Stadshypotek's remuneration policy is based on a risk analysis produced by the risk control function at Stadshypotek, which is independent of the business operations. Risk Control and Compliance must identify, monitor, analyse and report on material risks associated with the remuneration policy.

## Note 6 Cont.

### Terms and remuneration of executive officers

For the Chief Executive, remuneration is paid in the form of a fixed salary, customary salary benefits and pension provisions. Decisions regarding the remuneration paid to the Chief Executive are taken by Stadshypotek's Board. The Chief Executive received a fixed salary and remuneration amounting to SEK 2.2 million, including benefits of SEK 0.0 million, during 2025.

There are no agreements involving termination benefits for the Chief Executive. The Chief Executive has a defined benefit pension under the BTP agreement with a retirement age of 65. The pension is fully earned by the age of retirement. If employment is terminated before the retirement age, a paid-up policy is disbursed covering the retirement pension amount already accrued.

Board member Michael Bertorp received a fee of SEK 325 thousand (325). No fees were paid to other members of the Board. The year's pension cost for the Chief Executive totalled SEK 1.1 million (1.0). For other members of the company's management team, remuneration is paid in the form of a fixed salary, customary salary benefits and a pension provision in accordance with the terms of the applicable collective agreement, the occupational pension plan for the Swedish banks (BTP1 and BTP2). The year's pension cost for other members of the company's management team was SEK 3.2 million (3.5).

**Salaries and fees**

| SEK m | 2025 | 2024 |
|---|---|---|
| Chief Executive and executive officers | 10 | 11 |
| Other employees | 35 | 37 |
| **Total** | **45** | **48** |

**Loans to executive officers**

| SEK m | 2025 | 2024 |
|---|---|---|
| Chief Executive and other executive officers in the company's senior management team | 53 | 47 |
| Other Board members (excluding Chief Executive) | 31 | 36 |
| **Total** | **84** | **83** |

The loans concerned were granted to 16 (16) individuals and all were secured by pledged collateral. Stadshypotek's interest income for loans to the above-mentioned categories totals SEK 1.5 million (2.0). Executive officers who are employed by Stadshypotek are subject to the same credit terms as other employees. The discount on the interest rate for credits is determined on the basis of the government borrowing rate set annually by the Swedish Tax Authority, plus 1.5 percentage points. The discount on the interest rate is taxed in connection with monthly salary payments and constitutes a basis for employer's contributions for Stadshypotek. Interest payable on credits exceeding SEK 3 million is determined by applying normal commercial terms. All credits are subject to the customary credit assessment.

**Gender balance, number**

| | 2025 | | 2024 | |
|---|---|---|---|---|
| | Men | Women | Men | Women |
| The Board | 3 | 3 | 5 | 2 |
| Executive officers[1] | 4 | 3 | 4 | 5 |

1) Employees of Stadshypotek. In addition, four people are employed by Handelsbanken.

# Note 7 Other administrative expenses

| SEK m | 2025 | 2024 |
|---|---|---|
| Sales overheads | -1,856 | -2,028 |
| IT costs | -122 | -127 |
| Supervision fee to the Swedish Financial Supervisory Authority | -53 | -49 |
| Control functions | -41 | -46 |
| Funding overheads | -43 | -45 |
| Business development | -44 | -44 |
| Other administrative expenses[1] | -23 | -175 |
| **Total** | **-2,182** | **-2,514** |
| *of which expenses for operating leases* | *-6* | *-6* |
| *of which internal expenses within the Handelsbanken Group* | *-2,095* | *-2,321* |

1) Other administrative expenses for 2024 include capital gains/losses of SEK -111m relating to the divestment of parts of the Finnish operations.

**Contracted irrevocable future operating lease charges, broken down by maturity**

| SEK m | 2025 | 2024 |
|---|---|---|
| Within 1 year | -6 | -7 |
| Between 1 and 5 yrs | -26 | -26 |
| Over 5 yrs | -5 | -5 |
| **Total** | **-37** | **-38** |

Operating leases are mainly related to agreements that are normal for the operations regarding rental expenses. RFR2 allows for exemptions from IFRS 16 for legal entities. Lease agreements are therefore recognised as operating leases.

**Remuneration to auditors and audit companies[1]**

| SEK m | 2025 | 2024 |
|---|---|---|
| Deloitte AB, audit assignments | -1 | -1 |
| Öhrlings PricewaterhouseCoopers AB, audit assignment | -2 | -2 |
| Öhrlings PricewaterhouseCoopers AB, audit activities not covered by the audit assignment | 0 | 0 |
| Öhrlings PricewaterhouseCoopers AB, non-audit services | 0 | 0 |
| KPMG AB, Other | - | 0 |
| **Total** | **-3** | **-3** |

1) Amounts in the table are exclusive of VAT

# Note 8 Credit losses

| SEK m | 2025 | 2024 |
|---|---|---|
| **Expected credit losses on balance sheet items** | | |
| The year's provision Stage 3 | -61 | -54 |
| Reversal of Stage 3 provisions to Stage 1 or Stage 2 | 16 | 11 |
| **Total expected credit losses in Stage 3** | **-45** | **-43** |
| The year's net provision Stage 2 | 41 | 84 |
| The year's net provision Stage 1 | 1 | 33 |
| **Total expected credit losses in Stage 1 and Stage 2** | **42** | **117** |
| **Total expected credit losses on balance sheet items** | **-3** | **74** |
| **Expected credit losses on off-balance sheet items** | | |
| The year's net provision Stage 3 | - | - |
| The year's net provision Stage 2 | - | 0 |
| The year's net provision Stage 1 | 0 | 0 |
| **Total expected credit losses on off-balance sheet items** | **0** | **0** |
| **Write-offs** | | |
| Actual credit losses for the year[1] | -27 | -21 |
| Utilised share of previous provisions in Stage 3 | 14 | 12 |
| **Total write-offs** | **-13** | **-9** |
| **Recoveries** | **-4** | **39** |
| **Net credit losses** | **-20** | **104** |
| *of which loans to the public* | *-20* | *104* |

1) Of the year's actual credit losses, SEK -27 million (-21) is subject to enforcement activities.

| SEK m | 2025 | 2024 |
|---|---|---|
| **Model-based provision in Stage 1 and Stage 2** | | |
| Update of macroeconomic assumptions | -2 | 72 |
| Transfer of exposures in exposed industries from Stage 1 to Stage 2 | 2 | -1 |
| Change in risk of default in included portfolio (net rating changes) | 7 | -19 |
| Effect of changed exposure (existing, new and terminated exposures) | 23 | 12 |
| Other | 2 | 13 |
| **Total model-based provision in Stage 1 and Stage 2** | **32** | **77** |
| *Expert-based provision* | *-* | *-10* |
| **Change in expert-based calculation** | **10** | **40** |
| **Total expected credit losses in Stage 1 and Stage 2** | **42** | **117** |

The provision amount has decreased in 2025. Model-based provisions decreased by SEK 32 million. The main reason for the decrease is volume changes in the lending portfolio, which accounted for SEK 23 million of the decrease.

At the end of 2024, the Bank applied an expert-based provision based on elevated credit risks relating to uncertainty factors which were not deemed to be fully considered in the Bank's risk models. These uncertainty factors were primarily linked to macroeconomic conditions and potentially substantial changes in demand. At the end of 2025, the Bank did not identify a need for an expert-based provision and therefore discontinued it. This resulted in a reversal of the previous provision amounting to SEK 10 million.

The impairment testing process for agreements in Stage 3 has not been changed, and the customary procedure with individual assessment has continued.

**Key figures, credit losses**
**Loans to the public**

| | 2025 | 2024 |
|---|---|---|
| Credit loss ratio, acc., % | 0.00 | -0.01 |
| Total reserve ratio, % | 0.01 | 0.01 |
| Reserve ratio Stage 1, % | 0.00 | 0.00 |
| Reserve ratio Stage 2, % | 0.15 | 0.22 |
| Reserve ratio Stage 3, % | 4.80 | 3.79 |
| Percentage of loans in Stage 3 | 0.19 | 0.17 |

## Note 8 Cont.

**Balance sheet and off-balance sheet items that are subject to impairment testing 2025**

| | Gross | | | Provisions | | |
|---|---|---|---|---|---|---|
| SEK m | Stage 1 | Stage 2 | Stage 3 | Stage 1 | Stage 2 | Stage 3 |
| **Balance sheet items** | | | | | | |
| Loans to credit institutions | 14,224 | - | - | - | - | - |
| Loans to the public | 1,533,714 | 33,170 | 2,948 | -26 | -48 | -142 |
| **Total** | **1,547,938** | **33,170** | **2,948** | **-26** | **-48** | **-142** |
| **Off-balance sheet items** | | | | | | |
| Contingent liabilities | 789 | - | - | 0 | - | - |
| *of which guarantee commitments* | - | - | - | - | - | - |
| *of which obligations* | *789* | - | - | *0* | - | - |
| **Total** | **1,548,727** | **33,170** | **2,948** | **-26** | **-48** | **-142** |

**Balance sheet and off-balance sheet items that are subject to impairment testing 2024**

| | Gross | | | Provisions | | |
|---|---|---|---|---|---|---|
| SEK m | Stage 1 | Stage 2 | Stage 3 | Stage 1 | Stage 2 | Stage 3 |
| **Balance sheet items** | | | | | | |
| Loans to credit institutions | 30,485 | - | - | - | - | - |
| Loans to the public | 1,540,218 | 40,571 | 2,763 | -27 | -90 | -105 |
| **Total** | **1,570,703** | **40,571** | **2,763** | **-27** | **-90** | **-105** |
| **Off-balance sheet items** | | | | | | |
| Contingent liabilities | 1,095 | 4 | - | 0 | 0 | - |
| *of which guarantee commitments* | - | - | - | - | - | - |
| *of which obligations* | *1,095* | *4* | - | *0* | *0* | - |
| **Total** | **1,571,798** | **40,575** | **2,763** | **-27** | **-90** | **-105** |

### Change analysis

**Change in the provision for expected credit losses, loans to the public 2025**

| SEK m | Stage 1 | Stage 2 | Stage 3 | Total |
|---|---|---|---|---|
| **Provision at beginning of year** | **-27** | **-90** | **-105** | **-222** |
| Derecognised assets | 3 | 19 | 9 | 31 |
| Write-offs | 0 | 0 | 14 | 14 |
| Remeasurements due to changes in credit risk | -26 | 21 | -39 | -44 |
| Changes due to update in the methodology for estimation | 0 | 0 | 0 | 0 |
| Foreign exchange effect, etc. | 0 | 0 | 1 | 1 |
| Purchased or originated assets | -3 | -2 | 0 | -5 |
| Transfer to Stage 1 | -2 | 2 | 0 | 0 |
| Transfer to Stage 2 | 20 | -25 | -4 | -9 |
| Transfer to Stage 3 | 9 | 27 | -18 | 18 |
| **Provision at end of year** | **-26** | **-48** | **-142** | **-216** |

**Change in the provision for expected credit losses, loans to the public 2024**

| SEK m | Stage 1 | Stage 2 | Stage 3 | Total |
|---|---|---|---|---|
| **Provision at beginning of year** | **-61** | **-180** | **-89** | **-330** |
| Derecognised assets | 8 | 30 | 9 | 47 |
| Write-offs | 0 | 0 | 12 | 12 |
| Remeasurements due to changes in credit risk | 8 | 59 | -14 | 53 |
| Changes due to update in the methodology for estimation | 0 | 0 | 0 | 0 |
| Foreign exchange effect, etc. | 0 | 0 | 0 | 0 |
| Purchased or originated assets | -4 | -2 | -1 | -7 |
| Transfer to Stage 1 | -3 | 10 | 0 | 7 |
| Transfer to Stage 2 | 11 | -31 | 0 | -20 |
| Transfer to Stage 3 | 14 | 24 | -22 | 16 |
| **Provision at end of year** | **-27** | **-90** | **-105** | **-222** |

The provision for expected credit losses regarding off-balance sheet items was SEK 0 million in 2025 (0).

The provision for expected credit losses regarding balance sheet items, with the exception of loans to the public, was SEK 0 million in 2025 (0).

## Note 8 Cont.

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

**Change in gross volumes, balance sheet items that are subject to impairment testing, 2025**

| SEK m | Stage 1 | Stage 2 | Stage 3 | Total |
|---|---|---|---|---|
| **Volume at beginning of year** | **1,570,703** | **40,571** | **2,763** | **1,614,037** |
| Derecognised assets | -117,967 | -11,229 | -647 | -129,843 |
| Write-offs | -1 | -2 | -14 | -17 |
| Remeasurement due to changed credit risk | -8,831 | 1,803 | -175 | -7,203 |
| Changes due to update in the methodology for estimation | 0 | 0 | 0 | 0 |
| Foreign exchange effect, etc. | -7,159 | -276 | -8 | -7,443 |
| Purchased or originated assets | 113,052 | 1,435 | 38 | 114,525 |
| Transfer to Stage 1 | 28,666 | -28,598 | -68 | - |
| Transfer to Stage 2 | -30,079 | 30,300 | -221 | - |
| Transfer to Stage 3 | -446 | -834 | 1,280 | - |
| **Volume at end of year** | **1,547,938** | **33,170** | **2,948** | **1,584,056** |

**Change in gross volumes, balance sheet items that are subject to impairment testing, 2024**

| SEK m | Stage 1 | Stage 2 | Stage 3 | Total |
|---|---|---|---|---|
| **Volume at beginning of year** | **1,519,629** | **70,133** | **1,819** | **1,591,581** |
| Derecognised assets | -119,142 | -6,514 | -427 | -126,083 |
| Write-offs | -1 | -1 | -12 | -14 |
| Remeasurement due to changed credit risk | 11,165 | 5,962 | -139 | 16,988 |
| Changes due to update in the methodology for estimation | 0 | 0 | 0 | 0 |
| Foreign exchange effect, etc. | -1,853 | 17 | 0 | -1,836 |
| Purchased or originated assets | 131,536 | 1,831 | 33 | 133,400 |
| Transfer to Stage 1 | 55,182 | -55,165 | -17 | - |
| Transfer to Stage 2 | -25,135 | 25,319 | -184 | - |
| Transfer to Stage 3 | -680 | -1,011 | 1,691 | - |
| **Volume at end of year** | **1,570,703** | **40,571** | **2,763** | **1,614,037** |

**Change in gross volumes, loans to the public that are subject to impairment testing, 2025**

| SEK m | Stage 1 | Stage 2 | Stage 3 | Total |
|---|---|---|---|---|
| **Volume at beginning of year** | **1,540,218** | **40,571** | **2,763** | **1,583,552** |
| Derecognised assets | -117,942 | -11,229 | -647 | -129,818 |
| Write-offs | -1 | -2 | -14 | -17 |
| Remeasurement due to changed credit risk | 9,134 | 1,803 | -175 | 10,762 |
| Changes due to update in the methodology for estimation | 0 | 0 | 0 | 0 |
| Foreign exchange effect, etc. | -7,159 | -276 | -8 | -7,443 |
| Purchased or originated assets | 111,323 | 1,435 | 38 | 112,796 |
| Transfer to Stage 1 | 28,666 | -28,598 | -68 | - |
| Transfer to Stage 2 | -30,079 | 30,300 | -221 | - |
| Transfer to Stage 3 | -446 | -834 | 1,280 | - |
| **Volume at end of year** | **1,533,714** | **33,170** | **2,948** | **1,569,832** |

**Change in gross volumes, loans to the public that are subject to impairment testing, 2024**

| SEK m | Stage 1 | Stage 2 | Stage 3 | Total |
|---|---|---|---|---|
| **Volume at beginning of year** | **1,509,006** | **70,133** | **1,819** | **1,580,958** |
| Derecognised assets | -119,140 | -6,514 | -427 | -126,081 |
| Write-offs | -1 | -1 | -12 | -14 |
| Remeasurement due to changed credit risk | -8,586 | 5,962 | -139 | -2,763 |
| Changes due to update in the methodology for estimation | 0 | 0 | 0 | 0 |
| Foreign exchange effect, etc. | -1,853 | 17 | 0 | -1,836 |
| Purchased or originated assets | 131,423 | 1,831 | 33 | 133,287 |
| Transfer to Stage 1 | 55,182 | -55,165 | -17 | - |
| Transfer to Stage 2 | -25,135 | 25,319 | -184 | - |
| Transfer to Stage 3 | -680 | -1,011 | 1,691 | - |
| **Volume at end of year** | **1,540,218** | **40,571** | **2,763** | **1,583,552** |

## Note 8 Cont.

Change in gross volume, off-balance sheet items that are subject to impairment testing, 2025

| SEK m | Stage 1 | Stage 2 | Stage 3 | Total |
|---|---|---|---|---|
| **Volume at beginning of year** | **1,095** | **4** | **-** | **1,099** |
| Derecognised assets | -22 | - | - | -22 |
| Write-offs | 0 | - | - | 0 |
| Remeasurement due to changed credit risk | -366 | -4 | - | -370 |
| Changes due to update in the methodology for estimation | 0 | 0 | - | 0 |
| Foreign exchange effect, etc. | -38 | 0 | - | -38 |
| Purchased or originated assets | 120 | 0 | - | 120 |
| Transfer to Stage 1 | 0 | 0 | - | - |
| Transfer to Stage 2 | - | - | - | - |
| Transfer to Stage 3 | - | - | - | - |
| **Volume at end of year** | **789** | **-** | **-** | **789** |

Change in gross volume, off-balance sheet items that are subject to impairment testing, 2024

| SEK m | Stage 1 | Stage 2 | Stage 3 | Total |
|---|---|---|---|---|
| **Volume at beginning of year** | **11** | **0** | **-** | **11** |
| Derecognised assets | -6 | - | - | -6 |
| Write-offs | 0 | - | - | 0 |
| Remeasurement due to changed credit risk | 843 | 0 | - | 844 |
| Changes due to update in the methodology for estimation | 0 | 0 | - | 0 |
| Foreign exchange effect, etc. | -21 | 0 | - | -21 |
| Purchased or originated assets | 267 | 4 | - | 271 |
| Transfer to Stage 1 | 0 | 0 | - | - |
| Transfer to Stage 2 | - | - | - | - |
| Transfer to Stage 3 | - | - | - | - |
| **Volume at end of year** | **1,095** | **4** | **-** | **1,099** |

## Sensitivity analyses

**Macroeconomic forecast in ECL calculations and sensitivity analysis**
The calculation of expected credit losses applies forward-looking information in the form of macroeconomic scenarios. The expected credit loss is a probability-weighted average of the calculated forecasts. The forecast in the base case scenario is assigned a weight of 70% (70), while an upturn in the economy is assigned 15% (15), and a downturn 15% (15). These scenarios and weightings have formed the basis for the calculation of expected credit losses in Stage 1 and Stage 2 as at 31 December 2025.

Macroeconomic risk factors 2025, %

| | Downturn scenario | | | Base case scenario | | | Upturn scenario | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2026 | 2027 | 2028 | 2026 | 2027 | 2028 | 2026 | 2027 | 2028 |
| **GDP growth** | | | | | | | | | |
| Sweden | -1.49 | -0.30 | 1.90 | 2.51 | 2.20 | 1.90 | 3.81 | 3.20 | 2.20 |
| Norway | -2.41 | -0.85 | 1.60 | 1.59 | 1.65 | 1.60 | 2.89 | 2.65 | 1.90 |
| Finland | -2.99 | -0.70 | 1.50 | 1.01 | 1.80 | 1.50 | 2.31 | 2.80 | 1.80 |
| **Unemployment index** | | | | | | | | | |
| Sweden | 9.75 | 10.45 | 10.10 | 8.55 | 7.95 | 7.60 | 8.15 | 7.25 | 7.10 |
| Norway | 3.50 | 4.60 | 4.60 | 2.10 | 2.10 | 2.10 | 1.70 | 1.40 | 1.60 |
| Finland | 11.10 | 11.20 | 10.20 | 9.70 | 8.70 | 7.70 | 9.30 | 8.00 | 7.20 |
| **Key rate** | | | | | | | | | |
| Sweden | 4.00 | 4.50 | 4.25 | 1.75 | 2.25 | 2.25 | 1.25 | 1.25 | 1.25 |
| Norway | 5.75 | 5.75 | 5.00 | 3.50 | 3.50 | 3.00 | 3.00 | 2.50 | 1.75 |
| Finland | 4.00 | 4.25 | 4.00 | 1.75 | 2.00 | 2.00 | 1.25 | 1.00 | 1.00 |
| **Property price index, commercial properties** | | | | | | | | | |
| Sweden | -7.77 | -1.99 | -0.07 | 1.42 | 4.30 | 3.66 | 6.93 | 7.81 | 3.66 |
| Norway | -8.53 | -5.49 | -2.88 | 0.75 | 2.18 | 1.47 | 5.10 | 5.98 | 1.45 |
| Finland | -10.60 | -3.70 | 4.57 | 0.16 | 2.84 | 2.53 | 5.08 | 6.51 | 2.14 |
| **Property price index, residential properties** | | | | | | | | | |
| Sweden | -2.58 | -1.43 | 1.92 | 4.95 | 5.92 | 4.50 | 9.76 | 8.67 | 5.64 |
| Norway | 5.62 | -0.23 | 1.01 | 6.21 | 5.01 | 3.50 | 9.57 | 9.31 | 4.10 |
| Finland | -6.20 | -0.18 | 6.67 | 2.36 | 3.91 | 3.06 | 6.73 | 6.58 | 2.43 |

**Sensitivity analysis, macroeconomic scenarios**
The table below shows the percentage increase/decrease in the provision for expected credit losses in Stage 1 and Stage 2, as at 31 December 2025, which arises when a probability of 100% is assigned to the downturn and upturn scenarios, respectively.

## Note 8 Cont.

| | 2025 | | 2024 | |
|---|---|---|---|---|
| | Percentage increase of provision in downturn scenario | Percentage decrease of provision in upturn scenario | Percentage increase of provision in downturn scenario | Percentage decrease of provision in upturn scenario |
| **Total** | **26.90** | **-11.42** | **40.58** | **-18.84** |
| Sweden | 26.92 | -11.58 | 41.42 | -19.40 |
| Norway | 25.17 | -9.71 | 31.39 | -13.12 |
| Finland | 31.59 | -12.32 | 44.35 | -20.35 |

### Sensitivity analysis, significant increase in credit risk

The table below shows how the provision in Stage 1 and Stage 2 as at 31 December is affected if the threshold value applied for the ratio between residual credit risk calculated on the reporting date and on initial recognition were to be set 0.5 units lower and higher, respectively, than the applied threshold value of 2.5. A reduction of 0.5 to the threshold value would increase the number of loans transferred from Stage 1 to Stage 2 and would also entail an increase in the provision for expected credit losses. An increase of 0.5 to the threshold value would have the opposite effect. The company uses both quantitative and qualitative indicators to assess significant increases in credit risk. Further information is provided in note 2 under the heading "Credit risk".

Change in the total provision in Stage 1 and Stage 2, %

| Threshold value | 2025 | 2024 |
|---|---|---|
| 2 | 4.12 | 7.28 |
| 2.5 | - | - |
| 3 | -2.48 | -8.23 |

**Credit exposure by PD intervals**

Balance sheet items broken down by PD intervals

| | 2025 Gross volume, SEK m | | | 2024 Gross volume, SEK m | | |
|---|---|---|---|---|---|---|
| PD value[1] | Stage 1 | Stage 2 | Stage 3 | Stage 1 | Stage 2 | Stage 3 |
| 0.00 to <0.15 | 1,332,499 | 9,137 | - | 1,371,515 | 7,310 | - |
| 0.15 to <0.25 | 186,402 | 3,250 | - | 166,430 | 3,716 | - |
| 0.25 to <0.50 | 18,055 | 1,049 | - | 16,508 | 1,866 | - |
| 0.50 to <0.75 | 2,714 | 424 | - | 2,122 | 740 | - |
| 0.75 to <2.50 | 4,785 | 4,249 | - | 9,723 | 12,700 | - |
| 2.50 to <10.00 | 3,440 | 14,423 | - | 4,390 | 13,531 | - |
| 10.00 to <100 | 43 | 638 | - | 15 | 708 | - |
| 100 (defaults) | - | - | 2,948 | - | - | 2,763 |
| **Total** | **1,547,938** | **33,170** | **2,948** | **1,570,703** | **40,571** | **2,763** |

Loans to the public, breakdown by PD intervals

| | 2025 Gross volume, SEK m | | | 2024 Gross volume, SEK m | | |
|---|---|---|---|---|---|---|
| PD value[1] | Stage 1 | Stage 2 | Stage 3 | Stage 1 | Stage 2 | Stage 3 |
| 0.00 to <0.15 | 1,320,010 | 9,137 | - | 1,344,891 | 7,310 | - |
| 0.15 to <0.25 | 184,900 | 3,250 | - | 163,202 | 3,716 | - |
| 0.25 to <0.50 | 17,910 | 1,049 | - | 16,189 | 1,866 | - |
| 0.50 to <0.75 | 2,692 | 424 | - | 2,081 | 740 | - |
| 0.75 to <2.50 | 4,747 | 4,249 | - | 9,535 | 12,700 | - |
| 2.50 to <10.00 | 3,413 | 14,423 | - | 4,305 | 13,531 | - |
| 10.00 to <100 | 42 | 638 | - | 15 | 708 | - |
| 100 (defaults) | - | - | 2,948 | - | - | 2,763 |
| **Total** | **1,533,714** | **33,170** | **2,948** | **1,540,218** | **40,571** | **2,763** |

1) Refers to 12-month PD value as at the reporting date.

## Note 8 Cont.

Off-balance sheet items broken down by PD intervals

| | 2025 Gross volume, SEK m | | | 2024 Gross volume, SEK m | | |
|---|---|---|---|---|---|---|
| PD value[1] | Stage 1 | Stage 2 | Stage 3 | Stage 1 | Stage 2 | Stage 3 |
| 0.00 to <0.15 | 789 | 0 | | 1,095 | 4 | - |
| 0.15 to <0.25 | 0 | 0 | - | 0 | 0 | - |
| 0.25 to <0.50 | 0 | 0 | - | 0 | 0 | - |
| 0.50 to <0.75 | 0 | 0 | - | 0 | 0 | - |
| 0.75 to <2.50 | 0 | 0 | - | 0 | 0 | - |
| 2.50 to <10.00 | 0 | 0 | - | 0 | 0 | - |
| 10.00 to <100 | 0 | 0 | - | 0 | 0 | - |
| 100 (defaults) | - | - | - | - | - | - |
| **Total** | **789** | **-** | **-** | **1,095** | **4** | **-** |

1) Refers to 12-month PD value as at the reporting date.

There was no repossessed property at 31 December 2025 or at 31 December 2024.

# Note 9 Regulatory fees

| SEK m | 2025 | 2024 |
|---|---|---|
| Risk tax | -409 | -415 |
| Resolution fee | -792 | -744 |
| Deposit requirement, Riksbank | -20 | - |
| **Total** | **-1,221** | **-1,159** |

# Note 10 Taxes

Tax expenses recognised in the income statement

| SEK m | 2025 | 2024 |
|---|---|---|
| Current tax | | |
| Tax on profit for the year | -1,575 | -1,809 |
| Tax relating to prior years | -5 | -6 |
| Deferred tax | | |
| Changes in temporary differences | 0 | 0 |
| Tax relating to prior years | -39 | - |
| **Total** | **-1,619** | **-1,815** |
| **Profit before taxes** | **7,271** | **8,739** |
| **Effective tax rate** | **22.3%** | **20.8%** |
| Swedish tax rate | 20.6% | 20.6% |
| Tax calculated according to Swedish tax rate | -1,498 | -1,800 |
| **Difference** | **-121** | **-15** |
| The difference is due to the following items | | |
| Non-deductible / taxable items | 0 | 2 |
| Settlement of foreign tax | -77 | -11 |
| Tax relating to prior years | -44 | -6 |
| **Total** | **-121** | **-15** |

## Note 10 Cont.

Deferred tax assets

| SEK m | 2025 | 2024 |
|---|---|---|
| Hedging instruments | 188 | 355 |
| Settlement of foreign tax | - | 40 |
| Other | 1 | 0 |
| **Total** | **189** | **395** |

Change in deferred taxes 2025

| SEK m | Opening balance | Recognised in income statement | Recognised in other comprehensive income | Closing balance |
|---|---|---|---|---|
| Hedging instruments | 355 | - | -167 | 188 |
| Settlement of foreign tax | 40 | -40 | - | - |
| Other | 0 | 1 | 0 | 1 |
| **Total** | **395** | **-39** | **-167** | **189** |

Change in deferred taxes 2024

| SEK m | Opening balance | Recognised in income statement | Recognised in other comprehensive income | Closing balance |
|---|---|---|---|---|
| Hedging instruments | 546 | - | -191 | 355 |
| Settlement of foreign tax | 40 | 0 | - | 40 |
| Other | 0 | 0 | 0 | 0 |
| **Total** | **586** | **0** | **-191** | **395** |

### Unrecognised deferred tax assets and deficits

A deferred tax asset is recognised for loss carry-forwards and other deductible temporary differences to the extent that it can be utilised in the foreseeable future. Unrecognised deferred tax assets in Stadshypotek AB amount to SEK 247 million (124).

# Note 11 Loans to credit institutions

| SEK m | 2025 | 2024 |
|---|---|---|
| Central banks[1] | 1,731 | - |
| Banks[2] | 12,493 | 30,485 |
| **Total** | **14,224** | **30,485** |
| *of which accrued interest income* | *0* | *19* |
| 1) Refers to interest-free lending to the Swedish Riksbank. A change to the Sveriges Riksbank Act, effective from 1 January 2025, allows the Riksbank to demand a certain amount of interest-free deposits from Swedish banks and other credit institutions operating in Sweden. For a description of the accounting policy applied for the interest-free deposits to the Swedish Riksbank, see note 1. | | |
| 2) of which pledged cash collateral | *1,000* | *1,000* |

Average volumes

| SEK m | 2025 | 2024 |
|---|---|---|
| Loans to credit institutions | 18,088 | 10,121 |

# Note 12 Loans to the public

| SEK m | 2025 | 2024 |
|---|---|---|
| Household | 1,055,306 | 1,055,279 |
| Corporate | 514,526 | 528,273 |
| **Total** | **1,569,832** | **1,583,552** |
| Provision for expected credit losses | -216 | -222 |
| **Total loans to the public** | **1,569,616** | **1,583,330** |
| *of which accrued interest income* | *3,303* | *4,120* |

**Average volumes**

| SEK m | 2025 | 2024 |
|---|---|---|
| Loans to the public | 1,570,947 | 1,582,050 |

# Note 13 Shares and participating interests in Group companies

**Shares and participating interests in Group companies**

| SEK m | 2025 | 2024 |
|---|---|---|
| Shares in Group companies | 0 | 0 |

| | | | | | Carrying amount, SEK '000 | |
|---|---|---|---|---|---|---|
| Group companies | Corporate identity number | Domicile | Number of shares: | Ownership share, % | 2025 | 2024 |
| Svenska Intecknings Garanti AB Sigab | 556432-7285 | Stockholm | 1,000 | 100 | 100 | 100 |

# Note 14 Derivative instruments

| SEK m | Nominal amount/maturity Up to 1 year | 1–5 years | Over 5 yrs | Nominal amount 31 Dec 2025 | 31 Dec 2024 | Positive market values 31 Dec 2025 | 31 Dec 2024 | Negative market values 31 Dec 2025 | 31 Dec 2024 |
|---|---|---|---|---|---|---|---|---|---|
| **Derivatives for fair value hedges** | | | | | | | | | |
| Interest rate-related contracts | | | | | | | | | |
| Swaps | 30,652 | 311,843 | 13,685 | 356,180 | 334,911 | 6,340 | 6,311 | 3,008 | 4,710 |
| **Total** | **30,652** | **311,843** | **13,685** | **356,180** | **334,911** | **6,340** | **6,311** | **3,008** | **4,710** |
| **Derivatives for cash flow hedges** | | | | | | | | | |
| Interest rate-related contracts | | | | | | | | | |
| Swaps | 15,506 | 11,300 | 1,080 | 27,886 | 41,722 | 8 | 6 | 328 | 907 |
| Currency-related contracts | | | | | | | | | |
| Swaps | 18,221 | 55,112 | 12,937 | 86,270 | 89,733 | 4,981 | 8,039 | 815 | - |
| **Total** | **33,727** | **66,412** | **14,017** | **114,156** | **131,455** | **4,989** | **8,045** | **1,143** | **907** |
| **Total derivatives** | **64,379** | **378,255** | **27,702** | **470,336** | **466,366** | **11,329** | **14,356** | **4,151** | **5,617** |
| *of which OTC derivatives not settled by CCP* | *64,379* | *378,255* | *27,702* | *470,336* | *466,366* | *11,329* | *14,356* | *4,151* | *5,617* |

**Currency breakdown of market values**

| SEK m | Positive market values 31 Dec 2025 | 31 Dec 2024 | Negative market values 31 Dec 2025 | 31 Dec 2024 |
|---|---|---|---|---|
| SEK | -8,694 | -41,923 | 34,509 | 1,885 |
| EUR | 57,342 | 95,883 | -30,358 | 3,732 |
| NOK | -37,319 | -39,604 | - | - |
| **Total** | **11,329** | **14,356** | **4,151** | **5,617** |

Derivative contracts are recognised gross on the balance sheet and in the notes. Stadshypotek AB (publ) only has derivative transactions with its parent company, Svenska Handelsbanken AB (publ).

The table shows derivatives acting as hedging instruments for interest rate risk and foreign exchange risk in cash flow hedges at the respective year-end.

**Risk category and type of hedge accounting, 31 December 2025**

| SEK m | Up to 1 year | 1–5 years | Over 5 yrs |
|---|---|---|---|
| **Cash flow hedge** | | | |
| **Interest rate risk** | | | |
| Interest rate swaps pay fixed interest and receive variable interest | | | |
| Nominal amount | - | - | - |
| Average fixed interest rate, % | - | - | - |
| Interest rate swaps receive fixed interest and pay variable interest | | | |
| Nominal amount | 15,506 | 11,300 | 1,080 |
| Average fixed interest rate, % | 0.75 | 2.00 | 1.54 |
| **Foreign exchange risk** | | | |
| Interest rate swaps pay variable interest in SEK and receive variable interest in a foreign currency | | | |
| Currency-related derivatives EUR/SEK | | | |
| Nominal amount, SEK | 13,340 | 21,823 | 11,944 |
| Average exchange rate at time of acquisition SEK/EUR | 10.539 | 11.019 | 10.911 |
| Foreign exchange derivatives, EUR/NOK | | | |
| Nominal amount, SEK | 4,881 | 33,289 | 993 |
| Average exchange rate at time of acquisition NOK/EUR | 9.532 | 10.583 | 9.903 |

## Note 14 Cont.

**Risk category and type of hedge accounting, 31 December 2024**

| SEK m | Up to 1 year | 1–5 years | Over 5 yrs |
|---|---|---|---|
| **Cash flow hedge** | | | |
| **Interest rate risk** | | | |
| Interest rate swaps pay fixed interest and receive variable interest | | | |
| Nominal amount | 750 | - | - |
| Average fixed interest rate, % | 1.63 | - | - |
| Interest rate swaps receive fixed interest and pay variable interest | | | |
| Nominal amount | 12,177 | 27,647 | 1,148 |
| Average fixed interest rate, % | 0.54 | 1.25 | 1.54 |
| **Foreign exchange risk** | | | |
| Currency-related derivatives EUR/SEK | | | |
| Nominal amount, SEK | 10,865 | 36,257 | 1,089 |
| Average exchange rate at time of acquisition SEK/EUR | 10.253 | 10.834 | 10.305 |
| Foreign exchange derivatives, EUR/NOK | | | |
| Nominal amount, SEK | - | 29,852 | 11,670 |
| Average exchange rate at time of acquisition NOK/EUR | - | 10.574 | 10.066 |

The table shows amounts attributable to hedging instruments, and to ineffectiveness in hedge accounting at the respective year-end.

**Risk category and type of hedge accounting, 31 December 2025**

| SEK m | Nominal amount hedging instruments | Carrying amount hedging instruments: Assets | Carrying amount hedging instruments: Liabilities | Balance sheet item in which a hedging instrument is included | Change in fair value used to calculate ineffectiveness for 2025 | Changes in the values of hedging instruments recognised in other comprehensive income | Ineffectiveness recognised in the income statement | Income statement items which include ineffectiveness | Reclassified from the hedge reserve to the income statement | Income statement items which include the reclassification |
|---|---|---|---|---|---|---|---|---|---|---|
| **Cash flow hedge** | | | | | | | | | | |
| **Interest rate risk** | | | | | | | | | | |
| Interest rate swaps pay fixed interest and receive variable interest | - | - | - | Derivatives | -6 | -6 | - | Net gains/losses on financial transactions | - | - |
| Interest rate swaps receive fixed interest and pay variable interest | 27,886 | 8 | 328 | Derivatives | 617 | 617 | - | Net gains/losses on financial transactions | -78 | Net gains/losses on financial transactions |
| **Foreign exchange risk** | | | | | | | | | | |
| Currency-related derivatives SEK/EUR | 47,107 | 366 | 815 | Derivatives | 179 | 181 | -2 | Net gains/losses on financial transactions | - | - |
| Foreign exchange derivatives, EUR/NOK | 39,163 | 4,615 | - | Derivatives | 91 | 98 | -7 | Net gains/losses on financial transactions | - | - |
| **Total** | **114,156** | **4,989** | **1,143** | | **881** | **890** | **-9** | | **-78** | |

## Note 14 Cont.

Risk category and type of hedge accounting, 31 December 2024

| SEK m | Nominal amount hedging instruments | Carrying amount hedging instruments: Assets | Carrying amount hedging instruments: Liabilities | Balance sheet item in which a hedging instrument is included | Change in fair value used to calculate ineffectiveness for 2024 | Changes in the values of hedging instruments recognised in other comprehensive income | Ineffectiveness recognised in the income statement | Income statement items which include ineffectiveness | Reclassified from the hedge reserve to the income statement | Income statement items which include the reclassification |
|---|---|---|---|---|---|---|---|---|---|---|
| **Cash flow hedge** | | | | | | | | | | |
| **Interest rate risk** | | | | | | | | | | |
| Interest rate swaps pay fixed interest and receive variable interest | 750 | 6 | - | Derivatives | -13 | -13 | - | Net gains/losses on financial transactions | - | - |
| Interest rate swaps receive fixed interest and pay variable interest | 40,972 | - | 907 | Derivatives | 1,399 | 1,399 | - | Net gains/losses on financial transactions | -84 | Net gains/losses on financial transactions |
| **Foreign exchange risk** | | | | | | | | | | |
| Currency-related derivatives SEK/EUR | 48,211 | 3,034 | - | Derivatives | -135 | -136 | 1 | Net gains/losses on financial transactions | -1 | - |
| Foreign exchange derivatives, EUR/NOK | 41,522 | 5,005 | - | Derivatives | -218 | -228 | 10 | Net gains/losses on financial transactions | -10 | - |
| **Total** | **131,455** | **8,045** | **907** | | **1,033** | **1,022** | **11** | | **-95** | |

The tables show hedged items at the respective year-end.

Risk category and type of hedge accounting, 31 December 2025

| SEK m | Change in fair value used to calculate ineffectiveness | Hedge reserve | Of which amounts remaining in the hedge reserve from hedging relationships for which hedge accounting is no longer applied |
|---|---|---|---|
| **Cash flow hedge** | | | |
| **Interest rate risk** | | | |
| Variable-interest loans to the public | -617 | -492 | 242 |
| Variable-interest issued securities | 6 | 0 | - |
| **Foreign exchange risk** | | | |
| Issued securities at fixed interest rate in EUR | -279 | -419 | - |
| **Total** | **-890** | **-911** | **242** |

Risk category and type of hedge accounting, 31 December 2024

| SEK m | Change in fair value used to calculate ineffectiveness | Hedge reserve | Of which amounts remaining in the hedge reserve from hedging relationships for which hedge accounting is no longer applied |
|---|---|---|---|
| **Cash flow hedge** | | | |
| **Interest rate risk** | | | |
| Variable-interest loans to the public | -1,399 | -1,028 | 321 |
| Variable-interest issued securities | 13 | 6 | - |
| **Foreign exchange risk** | | | |
| Issued securities at fixed interest rate in EUR | 364 | -699 | - |
| **Total** | **-1,022** | **-1,721** | **321** |

## Note 14 Cont.

The table shows derivatives acting as hedging instrument for interest rate risk in fair value hedges at the respective year-end.

**Risk category and type of hedge accounting, 31 December 2025**

| SEK m | Up to 1 year | 1–5 years | Over 5 yrs |
|---|---|---|---|
| **Fair value hedges** | | | |
| **Interest rate risk** | | | |
| Interest rate swaps receive fixed interest and pay variable interest | | | |
| Nominal amount | 30,652 | 311,842 | 13,685 |
| Average fixed interest rate, % | 1.89 | 2.52 | 2.59 |

**Risk category and type of hedge accounting, 31 December 2024**

| SEK m | Up to 1 year | 1–5 years | Over 5 yrs |
|---|---|---|---|
| **Fair value hedges** | | | |
| **Interest rate risk** | | | |
| Interest rate swaps receive fixed interest and pay variable interest | | | |
| Nominal amount | 22,000 | 279,036 | 33,875 |
| Average fixed interest rate, % | 1.74 | 2.56 | 1.41 |

The table shows amounts attributable to hedging instruments, and to ineffectiveness in hedge accounting at the respective year-end.

**Risk category and type of hedge accounting, 31 December 2025**

| SEK m | Nominal amount hedging instruments | Carrying amount hedging instruments | | Balance sheet item in which a hedging instrument is included | Change in fair value used to calculate ineffectiveness for 2025 | Change in the value of the hedged item recognised in the income statement | Ineffectiveness recognised in the income statement | Income statement items which include ineffectiveness |
|---|---|---|---|---|---|---|---|---|
| | | Assets | Liabilities | | | | | |
| **Fair value hedges** | | | | | | | | |
| **Interest rate risk** | | | | | | | | |
| Interest rate swaps receive fixed interest and pay variable interest | 356,180 | 6,340 | 3,008 | Derivatives | 535 | -558 | -23 | Net gains/losses on financial transac-tions |
| **Total** | **356,180** | **6,340** | **3,008** | | **535** | **-558** | **-23** | |
| **Fair value portfolio hedges** | | | | | | | | |
| **Interest rate risk** | | | | | | | | |
| Interest rate options (cap) | - | - | - | Derivatives | - | - | - | Net gains/losses on financial transac-tions |
| **Total** | **-** | **-** | **-** | | **-** | **-** | **-** | |

**Risk category and type of hedge accounting, 31 December 2024**

| SEK m | Nominal amount hedging instruments | Carrying amount hedging instruments | | Balance sheet item in which a hedging instrument is included | Change in fair value used to calculate ineffectiveness for 2024 | Change in the value of the hedged item recognised in the income statement | Ineffectiveness recognised in the income statement | Income statement items which include ineffectiveness |
|---|---|---|---|---|---|---|---|---|
| | | Assets | Liabilities | | | | | |
| **Fair value hedges** | | | | | | | | |
| **Interest rate risk** | | | | | | | | |
| Interest rate swaps receive fixed interest and pay variable interest | 334,911 | 6,311 | 4,710 | Derivatives | 1,678 | -1,674 | -4 | Net gains/losses on financial transactions |
| **Total** | **334,911** | **6,311** | **4,710** | | **1,678** | **-1,674** | **-4** | |
| **Fair value portfolio hedges** | | | | | | | | |
| **Interest rate risk** | | | | | | | | |
| Interest rate options (cap) | - | - | - | Derivatives | - | 1 | 1 | Net gains/losses on financial transactions |
| **Total** | **-** | **-** | **-** | | **-** | **1** | **1** | |

## Note 14 Cont.

The below tables show hedged items at the respective year-end.

**Risk category and type of hedge accounting, 31 December 2025**

| | Carrying amount hedged item | | Accumulated fair value adjustment included in the carrying amount of the hedged item | | | | | |
|---|---|---|---|---|---|---|---|---|
| SEK m | Assets | Liabilities | Assets | Liabilities | Balance sheet item in which the hedged item is included | Change in value used to calculate ineffectiveness for 2025 | Accumulated amount of adjustments to fair value hedges remaining on the balance sheet for hedged items which are no longer adjusted for changes in fair value | Balance sheet item in which the accrued amount is included |
| **Fair value hedges** | | | | | | | | |
| Interest rate risk | - | 359,424 | - | -232 | Issued securities | -558 | - | Issued securities |
| **Total** | | **359,424** | **-** | **-232** | | **-558** | **-** | |
| **Fair value portfolio hedges** | | | | | | | | |
| Interest rate risk | - | | | | Loans to the public | | | |
| **Total** | **-** | **-** | **-** | **-** | | **-** | **-** | **-** |

**Risk category and type of hedge accounting, 31 December 2024**

| | Carrying amount hedged item | | Accumulated fair value adjustment included in the carrying amount of the hedged item | | | | | |
|---|---|---|---|---|---|---|---|---|
| SEK m | Assets | Liabilities | Assets | Liabilities | Balance sheet item in which the hedged item is included | Change in value used to calculate ineffectiveness for 2025 | Accumulated amount of adjustments to fair value hedges remaining on the balance sheet for hedged items which are no longer adjusted for changes in fair value | Balance sheet item in which the accrued amount is included |
| **Fair value hedges** | | | | | | | | |
| Interest rate risk | - | 335,803 | - | -868 | Issued securities | -1,674 | - | Issued securities |
| **Total** | | **335,803** | **-** | **-868** | | **-1,674** | **-** | |
| **Fair value portfolio hedges** | | | | | | | | |
| Interest rate risk | 1 | - | - | - | Loans to the public | - | - | - |
| **Total** | **1** | **-** | **-** | **-** | | **-** | **-** | **-** |

# Note 15 Offsetting of financial instruments

| SEK m | 2025 | 2024 |
|---|---|---|
| **Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements** | | |
| Gross amount | 11,329 | 14,356 |
| Amounts set off | - | - |
| **Carrying amount on the balance sheet** | **11,329** | **14,356** |
| **Related amounts not offset on the balance sheet** | | |
| Financial instruments, netting arrangements | -4,151 | -5,617 |
| **Total amounts not set off on the balance sheet** | **-4,151** | **-5,617** |
| **Net amount** | **7,178** | **8,739** |
| **Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements** | | |
| Gross amount | -4,151 | -5,617 |
| Amounts set off | - | - |
| **Carrying amount on the balance sheet** | **-4,151** | **-5,617** |
| **Related amounts not offset on the balance sheet** | | |
| Financial instruments, netting arrangements | 11,329 | 14,356 |
| **Total amounts not set off on the balance sheet** | **11,329** | **14,356** |
| **Net amount** | **7,178** | **8,739** |

The above information refers to reported financial instruments that are covered by legally binding netting agreements. All financial instruments that are subject to netting agreements have been entered into with the parent company Svenska Handelsbanken AB (publ) as the counterparty. No derivatives are subject to offsetting.

# Note 16 Intangible assets

**Internally developed software**

| SEK m | 2025 | 2024 |
|---|---|---|
| Cost of acquisition at beginning of year | 205 | 198 |
| Cost of additional acquisition for the year | - | 7 |
| Disposals and retirements | -48 | - |
| **Cost of acquisition at end of year** | **157** | **205** |
| Accumulated depreciation and impairment at beginning of year | -140 | -109 |
| Disposals and retirements | 48 | - |
| Depreciation for the year according to plan | -26 | -31 |
| Impairment for the year | - | - |
| **Accumulated depreciation and impairment losses at end of year** | **-118** | **-140** |
| **Carrying amount** | **39** | **65** |

# Note 17 Property and equipment

**Equipment**

| SEK m | 2025 | 2024 |
|---|---|---|
| Cost of acquisition at beginning of year | 3 | 3 |
| Cost of additional acquisition for the year | - | - |
| Disposals and retirements | - | - |
| **Cost of acquisition at end of year** | **3** | **3** |
| Accumulated depreciation and impairment at beginning of year | -3 | -3 |
| Disposals and retirements | - | - |
| Depreciation for the year according to plan | 0 | 0 |
| Impairment for the year | - | - |
| **Accumulated depreciation and impairment losses at end of year** | **-3** | **-3** |
| **Carrying amount** | **0** | **0** |

The cost of acquisition for tangible non-current assets depreciated in full in 2025 totalled SEK 3 million (3).

# Note 18 Other assets

| SEK m | 2025 | 2024 |
|---|---|---|
| Claims on investment banking settlements | - | 1,003 |
| Accounts receivable | 142 | 94 |
| Other | 25 | 21 |
| **Total other financial assets** | **167** | **1,118** |
| Tax and VAT assets | 130 | 114 |
| **Total other non-financial assets** | **130** | **114** |
| **Total** | **297** | **1,232** |

# Note 19 Prepaid expenses and accrued income

| SEK m | 2025 | 2024 |
|---|---|---|
| Prepaid expenses | 1 | 0 |
| Accrued income | 78 | 85 |
| **Total** | **79** | **85** |

# Note 20 Due to credit institutions

| SEK m | 2025 | 2024 |
|---|---|---|
| Banks | 864,493 | 872,331 |
| **Total** | **864,493** | **872,331** |
| *of which accrued interest expenses* | *5,661* | *6,721* |
| *of which senior non-preferred notes* | *53,094* | *49,111* |

**Average volumes**

| SEK m | 2025 | 2024 |
|---|---|---|
| Due to credit institutions | 833,751 | 839,803 |
| **Total** | **833,751** | **839,803** |

# Note 21 Issued securities

| | 2025 | | 2024 | |
|---|---|---|---|---|
| SEK m | Carrying amount | Nominal amount | Carrying amount | Nominal amount |
| Covered bonds[1 2] | 660,501 | 656,078 | 685,643 | 682,791 |
| **Total** | 660,501 | 656,078 | 685,643 | 682,791 |
| *of which accrued interest expenses* | *6,811* | | *5,998* | |

**Change analysis**

| SEK m | 2025 | 2024 |
|---|---|---|
| **Issued securities at beginning of year** | **685,643** | **690,693** |
| Issued | 99,431 | 121,858 |
| Repurchased | -45,463 | -43,217 |
| Matured | -75,557 | -91,441 |
| Foreign exchange effects, etc. | -3,553 | 7,750 |
| **Issued securities at end of year** | **660,501** | **685,643** |

**Average volumes**

| SEK m | 2025 | 2024 |
|---|---|---|
| Issued securities | 699,097 | 701,399 |
| **Total** | **699,097** | **701,399** |

1) For a list of bonds, see page 78.
2) Senior non-preferred notes have changed heading and are included in Due to credit institutions note 20 (previously Issued securities note 21). The comparative figures have been updated.

# Note 22 Other liabilities

| SEK m | 2025 | 2024 |
|---|---|---|
| Liabilities on investment banking settlements | - | - |
| Group contributions provided | 3,500 | 4,300 |
| Settlement of divestment in Finland | - | 778 |
| Dividend on equity instruments | 37 | 35 |
| Advance payments | 13 | 26 |
| Other | 14 | 31 |
| **Total other financial liabilities** | **3,564** | **5,170** |
| Tax and VAT liabilities | 1 | 2 |
| Other | 2 | 0 |
| **Total other non-financial liabilities** | **3** | **2** |
| **Total** | **3,567** | **5,172** |

# Note 23 Accrued expenses and deferred income

| SEK m | 2025 | 2024 |
|---|---|---|
| Accrued expenses | 9 | 8 |
| Deferred income | 12 | 16 |
| **Total** | **21** | **24** |

# Note 24 Pledged assets and commitments

**Assets pledged for own debt**

| SEK m | 2025 | 2024 |
|---|---|---|
| Pledged cash collateral held by banks | 1,000 | 1,000 |
| *of which pledged for covered bonds* | *1,000* | *1,000* |
| Loans to the public[1] | 721,345 | 750,510 |
| *of which pledged for covered bonds* | *721,345* | *750,510* |
| | **722,345** | **751,510** |

1) The cover pool comprises loans against mortgages in single-family housing, multi-family dwellings and housing co-operative apartments with a loan-to-value ratio of up to 75% of the market value, as well as public credits plus additional collateral in the form of cash funds deposited at banks. A separate specification is kept of the assets and the covered bonds, and also derivatives relating to these. In the event of the company's insolvency, pursuant to the Swedish Right of Priority Act, the holders of Stadshypotek's covered bonds have prior rights to the assets registered as collateral. If, at the time of a bankruptcy decision, the assets in the cover pool fulfil the terms of the Act, these must instead be kept separate from the bankruptcy estate's other assets and liabilities. In this event, the holders of the bonds must receive contractual payments under the terms of the bond for the period until maturity.

**Commitments**

| SEK m | 2025 | 2024 |
|---|---|---|
| Credit commitments | 1,205 | 1,894 |
| Repurchase agreement | 596 | 1,391 |
| Future lease payments | 37 | 38 |
| **Total** | **1,838** | **3,323** |

# Note 25 Related party disclosures

**Related parties – claims and liabilities**

| SEK m | 2025 | 2024 |
|---|---|---|
| Loans to credit institutions | 12,487 | 30,485 |
| Derivative instruments | 11,329 | 14,356 |
| Other assets | 93 | 95 |
| **Total** | **23,909** | **44,936** |
| Due to credit institutions | 864,493 | 872,331 |
| Derivative instruments | 4,151 | 5,617 |
| Other liabilities | 3,540 | 4,359 |
| **Total** | **872,184** | **882,307** |
| Commitments | 596 | 1,391 |
| Derivatives, nominal amounts | 470,336 | 466,367 |

**Related parties – income and expenses**

| SEK m | 2025 | 2024 |
|---|---|---|
| Interest income | 852 | 678 |
| Interest expenses[1] | -25,588 | -37,790 |
| Fee and commission income | - | 2 |
| Fee and commission expenses | -10 | -12 |
| Other income | - | 7 |
| Other administrative expenses | -2,090 | -2,326 |
| **Total** | **-26,836** | **-39,441** |

1) Interest expenses from derivative instruments related to Stadshypotek's funding may have both a positive and a negative impact on interest income and interest expenses.
Senior non-preferred notes have changed heading from Issued securities to Due to credit institutions. The comparative figures have been updated.

The business operations of Stadshypotek are highly decentralised, with Handelsbanken's bank branches responsible for all business relating to individual customers. One consequence of this approach is that Stadshypotek's lending operations are run via Handelsbanken's Swedish branch operations and the lending operations in Stadshypotek's branches in Norway and Finland are run via Handelsbanken's branch operations in the respective countries. Stadshypotek's funding needs are managed by Handelsbanken's Treasury Department. The services performed by Handelsbanken on behalf of Stadshypotek are regulated in outsourcing agreements between the parties.

Most of the inter-company transactions are thus with the parent company, Handelsbanken. The services purchased by Stadshypotek from the parent company, which are included in other administrative expenses, consist primarily of sales compensation, IT services and the treasury function. Stadshypotek's branches outside Sweden make payments to Handelsbanken's branches in the respective countries for services rendered by them on behalf of Stadshypotek. In addition, inter-company transactions consist of funding from the parent company, derivative transactions and lending to the parent company.

Pension premiums paid to Pensionskassan SHB Tjänstepensionsförening are reported in note 6. Note 6 also provides information regarding loans to executive officers, conditions and other remuneration to executive officers.

All amounts stated in the tables above refer to transactions with the parent company.

# Note 26 Segment reporting

Segment reporting reflects how management monitors the company's business operations, which for Stadshypotek is based on a geographical organisational structure. For definitions of key metrics, see pages 79 and 80.

**Income statement 2025**

| SEK m | Sweden | Norway | Other | Eliminations | Stadshypotek AB |
|---|---|---|---|---|---|
| Net interest income | 9,293 | 1,043 | 165 | - | 10,501 |
| Net fee and commission income | -47 | 0 | 0 | - | -47 |
| Net gains/losses on financial transactions | 361 | -8 | 0 | - | 353 |
| Other income | 1 | 0 | 0 | - | 1 |
| **Total income** | **9,608** | **1,035** | **165** | **-** | **10,808** |
| General administrative expenses | | | | | |
| Staff costs | -88 | - | - | - | -88 |
| Other administrative expenses | -1,934 | -208 | -40 | - | -2,182 |
| Depreciation, amortisation and impairment losses of property, equipment and intangible assets | -26 | - | - | - | -26 |
| **Total expenses** | **-2,048** | **-208** | **-40** | **-** | **-2,296** |
| **Profit before credit losses and regulatory fees** | **7,560** | **827** | **125** | **-** | **8,512** |
| Net credit losses | -18 | -5 | 3 | - | -20 |
| Regulatory fees | -1,126 | -65 | -30 | | -1,221 |
| **Operating profit** | **6,416** | **757** | **98** | **-** | **7,271** |
| **Profit before taxes** | **6,416** | **757** | **98** | **-** | **7,271** |

**Key figures 2025**

| | Sweden | Norway | Other | Stadshypotek AB |
|---|---|---|---|---|
| C/I ratio, % | 21.3 | 20.1 | 24.0 | 21.2 |
| Credit loss ratio, % | 0.00 | 0.00 | -0.01 | 0.00 |
| Loans to the public, SEK m | 1,426,321 | 130,681 | 12,614 | 1,569,616 |

**Income statement 2024**

| SEK m | Sweden | Norway | Other | Eliminations | Stadshypotek AB |
|---|---|---|---|---|---|
| Net interest income | 10,539 | 1,054 | 397 | - | 11,990 |
| Net fee and commission income | -55 | -1 | 4 | - | -52 |
| Net gains/losses on financial transactions | 478 | -10 | 0 | - | 468 |
| Other income | 1 | - | 11 | - | 12 |
| **Total income** | **10,963** | **1,043** | **412** | **-** | **12,418** |
| General administrative expenses | | | | | |
| Staff costs | -79 | - | - | - | -79 |
| Other administrative expenses | -2,203 | -128 | -183 | - | -2,514 |
| Depreciation, amortisation and impairment losses of property, equipment and intangible assets | -31 | - | - | - | -31 |
| **Total expenses** | **-2,313** | **-128** | **-183** | **-** | **-2,624** |
| **Profit before credit losses and regulatory fees** | **8,650** | **915** | **229** | **-** | **9,794** |
| Net credit losses | 107 | -2 | -1 | - | 104 |
| Regulatory fees | -1,068 | -61 | -30 | | -1,159 |
| **Operating profit** | **7,689** | **852** | **198** | **-** | **8,739** |
| **Profit before taxes** | **7,689** | **852** | **198** | **-** | **8,739** |

**Key figures 2024**

| | Sweden | Norway | Other | Stadshypotek AB |
|---|---|---|---|---|
| C/I ratio, % | 21.1 | 12.3 | 44.6 | 21.1 |
| Credit loss ratio, % | -0.01 | 0.00 | 0.00 | -0.01 |
| Loans to the public, SEK m | 1,407,203 | 146,185 | 29,942 | 1,583,330 |

# Note 27 Assets and liabilities by currency

The company's view of foreign exchange risk is shown in note 2.
The total value in Swedish kronor of the company's assets and liabilities broken down by currency is specified in the following table.

**31 December 2025**

| SEK m | SEK | EUR | NOK | Total |
|---|---|---|---|---|
| **Assets** | | | | |
| Loans to credit institutions | 6,966 | 861 | 6,397 | 14,224 |
| Loans to the public | 1,426,321 | 12,614 | 130,681 | 1,569,616 |
| *of which corporate* | *469,937* | *12,601* | *31,917* | *514,455* |
| *of which households* | *956,384* | *13* | *98,764* | *1,055,161* |
| Derivatives | -8,694 | 57,342 | -37,319 | 11,329 |
| Other assets | 563 | 74 | - | 637 |
| **Total assets** | **1,425,156** | **70,891** | **99,759** | **1,595,806** |
| **Liabilities** | | | | |
| Due to credit institutions | 776,614 | 13,047 | 74,832 | 864,493 |
| Issued securities | 552,417 | 86,928 | 21,156 | 660,501 |
| Derivatives | 34,509 | -30,358 | - | 4,151 |
| Other liabilities | 3,407 | 6 | 154 | 3,567 |
| Accrued expenses and deferred income | 21 | 0 | 0 | 21 |
| **Total liabilities** | **1,366,968** | **69,623** | **96,142** | **1,532,733** |
| **Net foreign currency position** | **58,188** | **1,268** | **3,617** | **63,073** |
| *of which retained earnings and international branch profits for the year* | | *491* | *4,048* | *4,539* |

**31 December 2024**

| SEK m | SEK | EUR | NOK | Total |
|---|---|---|---|---|
| **Assets** | | | | |
| Loans to credit institutions | 5,189 | 16,848 | 8,448 | 30,485 |
| Loans to the public | 1,407,203 | 29,942 | 146,185 | 1,583,330 |
| *of which corporate* | *462,905* | *29,918* | *35,349* | *528,172* |
| *of which households* | *944,298* | *24* | *110,836* | *1,055,158* |
| Derivatives | -41,923 | 95,883 | -39,604 | 14,356 |
| Other assets | 1,729 | 48 | - | 1,777 |
| **Total assets** | **1,372,198** | **142,721** | **115,029** | **1,629,948** |
| **Liabilities** | | | | |
| Due to credit institutions | 744,955 | 43,909 | 83,467 | 872,331 |
| Issued securities | 565,530 | 91,865 | 28,248 | 685,643 |
| Derivatives | 1,885 | 3,732 | - | 5,617 |
| Other liabilities | 4,577 | 782 | 201 | 5,560 |
| Accrued expenses and deferred income | 23 | 0 | 1 | 24 |
| **Total liabilities** | **1,316,970** | **140,288** | **111,917** | **1,569,175** |
| **Net foreign currency position** | **55,228** | **2,433** | **3,112** | **60,773** |
| *of which retained earnings and international branch profits for the year* | | *2,142* | *3,671* | *5,813* |

As a result of Stadshypotek's risk management strategy, inflows and outflows in foreign currency are matched.

# Note 28 Classification of financial assets and liabilities

31 December 2025

| SEK m | Fair value through profit or loss: Mandatory | Fair value through profit or loss: Fair value option | Fair value through profit or loss: Derivatives identified as hedging instruments | Amortised cost | Total carrying value | Fair value |
|---|---|---|---|---|---|---|
| **Assets** | | | | | | |
| Loans to credit institutions | | | | 14,224 | 14,224 | 14,224 |
| Loans to the public | | | | 1,569,616 | 1,569,616 | 1,568,439 |
| Derivative instruments | | | 11,329 | | 11,329 | 11,329 |
| Other assets | 7 | | | 160 | 167 | 167 |
| **Total** | 7 | - | 11,329 | 1,584,000 | 1,595,336 | 1,594,159 |
| Shares and participating interests in Group companies | | | | | 0 | |
| Non-financial assets | | | | | 470 | |
| **Total assets** | | - | | | 1,595,806 | |
| **Liabilities** | | | | | | |
| Due to credit institutions | | | | 864,493 | 864,493 | 864,323 |
| Issued securities | | | | 660,501 | 660,501 | 660,689 |
| Derivative instruments | | | 4,151 | | 4,151 | 4,151 |
| Other liabilities | | 7 | | 3,558 | 3,565 | 3,565 |
| **Total** | - | 7 | 4,151 | 1,528,552 | 1,532,710 | 1,532,728 |
| Non-financial liabilities | | | | | 23 | |
| **Total liabilities** | | | | | 1,532,733 | |

31 December 2024

| SEK m | Fair value through profit or loss: Mandatory | Fair value through profit or loss: Fair value option | Fair value through profit or loss: Derivatives identified as hedging instruments | Amortised cost | Total carrying value | Fair value |
|---|---|---|---|---|---|---|
| **Assets** | | | | | | |
| Loans to credit institutions | | | | 30,485 | 30,485 | 30,485 |
| Loans to the public | | | | 1,583,330 | 1,583,330 | 1,582,199 |
| Derivative instruments | | | 14,356 | | 14,356 | 14,356 |
| Other assets | 7 | | | 1,310 | 1,317 | 1,317 |
| **Total** | 7 | - | 14,356 | 1,615,125 | 1,629,488 | 1,628,357 |
| Shares and participating interests in Group companies | | | | | 0 | |
| Non-financial assets | | | | | 460 | |
| **Total assets** | | | | | 1,629,948 | |
| **Liabilities** | | | | | | |
| Due to credit institutions | | | | 872,331 | 872,331 | 859,668 |
| Issued securities | | | | 685,643 | 685,643 | 680,208 |
| Derivative instruments | | | 5,617 | | 5,617 | 5,617 |
| Other liabilities | | 7 | | 5,189 | 5,196 | 5,196 |
| **Total** | - | 7 | 5,617 | 1,563,163 | 1,568,787 | 1,550,689 |
| Non-financial liabilities | | | | | 388 | |
| **Total liabilities** | | | | | 1,569,175 | |

A description of the principles applied for measurement at fair value is given in note 1.

Senior non-preferred notes have changed heading from Issued securities to Due to credit institutions. The comparative figures have been updated.

# Note 29 Fair value measurement of financial instruments

**Financial instruments recognised at fair value, 31 December 2025**

| SEK m | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Assets** | | | | |
| Derivative instruments | | 11,329 | | 11,329 |
| Other assets | 7 | | | 7 |
| **Total** | **7** | **11,329** | **-** | **11,336** |
| **Liabilities** | | | | |
| Derivative instruments | | 4,151 | | 4,151 |
| Other liabilities | | 7 | | 7 |
| **Total** | **-** | **4,158** | **-** | **4,158** |

**Financial instruments recognised at fair value, 31 December 2024**

| SEK m | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Assets** | | | | |
| Derivative instruments | | 14,356 | | 14,356 |
| Other assets | 7 | | | 7 |
| **Total** | **7** | **14,356** | **-** | **14,363** |
| **Liabilities** | | | | |
| Derivative instruments | | 5,617 | | 5,617 |
| Other liabilities | | 7 | | 7 |
| **Total** | **-** | **5,624** | **-** | **5,624** |

**Fair value of financial instruments measured at amortised cost as at 31 December 2025**

| SEK m | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Assets** | | | | |
| Loans to credit institutions | | 14,224 | | 14,224 |
| Loans to the public | | | 1,568,439 | 1,568,439 |
| Other assets | | | 160 | 160 |
| **Total** | **-** | **14,224** | **1,568,599** | **1,582,823** |
| **Liabilities** | | | | |
| Due to credit institutions | | 864,323 | | 864,323 |
| Issued securities | 573,788 | 86,901 | | 660,689 |
| Other liabilities | | | 3,558 | 3,558 |
| **Total** | **573,788** | **951,224** | **3,558** | **1,528,570** |

**Fair value of financial instruments measured at amortised cost as at 31 December 2024**

| SEK m | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Assets** | | | | |
| Loans to credit institutions | | 30,485 | | 30,485 |
| Loans to the public | | | 1,582,199 | 1,582,199 |
| Other assets | | | 1,310 | 1,310 |
| **Total** | **-** | **30,485** | **1,583,509** | **1,613,994** |
| **Liabilities** | | | | |
| Due to credit institutions | | 859,668 | | 859,668 |
| Issued securities | 616,637 | 63,571 | | 680,208 |
| Other liabilities | | | 5,189 | 5,189 |
| **Total** | **616,637** | **923,239** | **5,189** | **1,545,065** |

## Note 29 Cont.

### Valuation process

Stadshypotek's independent risk control is responsible for having in place appropriate instructions and processes for fair value measurement of financial instruments. In general, the valuations are based on externally generated data as far as is possible, considering the circumstances in each case. In the case of model valuation, valuation models that are established in the market are always used. The models and input data which form the basis of the valuations are regularly validated by the independent risk control function to ensure that they are consistent with market practices and established financial theory. New and revised valuation models are always validated before they come into use.

Stadshypotek is also subject to the Handelsbanken Group's guidelines and instructions for valuation of financial instruments. Valuation matters which are of principle importance are discussed by the Handelsbanken Group's valuation committee, which includes representatives of both central and local risk control as well as financial functions. The valuation committee ensures that general instructions for valuation of financial instruments are consistently followed throughout the Handelsbanken Group and serve as support for decision-making in valuation and accounting matters.

### Principles for fair value measurement of financial instruments

Fair value is defined as the price at which an asset could be sold or a liability could be transferred in a normal transaction between independent market participants. For financial instruments traded on an active market, the fair value is the same as the quoted market price. An active market is one where quoted prices are readily and regularly available from a regulated market, execution venue, reliable news service or equivalent, and where the price information received can easily be verified by means of regularly occurring transactions. The current market price is generally the same as the current bid price for financial assets or the current asking price for financial liabilities.

For financial instruments where there is no reliable information about market prices, fair value is established using valuation models. These models are based on input data which essentially can be verified using market observations such as market rates. If necessary, an adjustment is made for other variables which a market participant would be expected to take into consideration when setting a price.

Stadshypotek's derivative contracts, including interest rate swaps and various types of linear currency derivatives, are valued using valuation models based on listed market rates and other market prices. The valuation of non-linear derivative contracts that are not actively traded is also based on a reasonable assumption of market-based input data such as volatility.

### Valuation hierarchy

In the tables, financial instruments at fair value have been categorised in terms of how the valuations have been carried out and the extent of market data used in the valuation. The categorisation is shown as levels 1–3 in the table. The categorisation is based on the valuation method used on the balance sheet date. Financial instruments which are valued at the current market price are categorised as level 1.

Financial instruments which are valued using valuation models essentially based on market data are categorised as level 2. Level 2 mainly includes interest-related and currency-related derivatives. Financial instruments which have been valued using valuation models essentially based on input data that is not possible to verify using external market information are categorised as level 3. Level 3 includes Value change of interest-hedged item in portfolio hedge.

### Principles for information about the fair values of financial instruments carried at cost or amortised cost

More information about the fair values of financial instruments carried at cost or amortised cost is given in the table. These instruments essentially comprise lending and funding.

**Lending**
Calculating fair value for lending purposes is based on the current market rate with assumed agreement-specific margins.

**Funding**
Issued securities have been valued at the current market price where this was available. Funding where market price information has not been found has been valued using a valuation model based on market data in the form of prices or interest rates for similar instruments.

**Other interest-bearing financial assets and liabilities**
For means of payment and short-term receivables and liabilities, the carrying amount is considered to be an acceptable estimate of the fair value. Short-term receivables and liabilities also include those with a maturity date or date for the next interest rate fixing falling within 30 days. Financial receivables and liabilities with a life of more than three months are discounted at the time the fair value is established.

Notes 28 and 29 also present the fair value of financial instruments reported at cost or amortised cost, categorised according to their respective valuation hierarchy.

# Note 30 Disclosures regarding assets and liabilities held for sale and discontinued operations

Disclosures regarding assets and liabilities held for sale and discontinued operations.

Assets and liabilities in Stadshypotek's operations in Finland constitute assets and liabilities held for sale, and are a disposal group in accordance with IFRS 5. The divestment process for the Finnish operations is continuing according to plan.

The disposal group and discontinued operations in Finland are comprised of Stadshypotek AB's branch operations in Finland (Handelsbanken Asuntoluottopankki) constitute the disposal group and discontinued operations.

**Assets and liabilities held for sale, Finland**

| SEK m | 31 Dec 2025 | 31 Dec 2024 |
|---|---|---|
| **Assets** | | |
| Loans to the public | 12,613 | 29,942 |
| Other assets | 65 | 41 |
| Prepaid expenses and accrued income | - | - |
| **Total** | **12,678** | **29,983** |
| **Liabilities** | | |
| Current tax liabilities | - | - |
| Deferred tax liabilities | - | - |
| Other liabilities | 3 | 779 |
| Accrued expenses and deferred income | 0 | 0 |
| **Total** | **3** | **779** |

**Income, expenses and profit from discontinued operations, Finland**

| SEK m | Full year 2025 | Full year 2024 |
|---|---|---|
| Net interest income | 641 | 2,299 |
| Net fee and commission income | 0 | 1 |
| Net gains/losses on financial transactions | 0 | 0 |
| Other income[1] | - | 12 |
| **Total income** | **641** | **2,312** |
| Staff costs | - | - |
| Other expenses[1] | -1 | -113 |
| Depreciation, amortisation and impairment of property, equipment and intangible assets | - | - |
| **Total expenses** | **-1** | **-113** |
| Net credit losses | -8 | -1 |
| Regulatory fees | -30 | -30 |
| **Profit from discontinued operations, before taxes** | **602** | **2,168** |

1) The figure for 2024 was affected by capital gains/losses from the partial divestment of the Finnish operations, amounting net to SEK -99m, of which SEK +12m was other income and SEK -111m was other expenses.

**Cash flow statement from discontinued operations, Finland**

| SEK m | Full year 2025 | Full year 2024 |
|---|---|---|
| Cash flow from operating activities | 15,729 | 19,541 |
| Cash flow from investing activities | - | 14,870 |
| Cash flow from financing activities | - | - |
| **Cash flow for the year from discontinued operations** | **15,729** | **34,411** |

# Note 31 Capital adequacy

## Capital policy

Stadshypotek aims to maintain a satisfactory capital level which reflects the risk inherent in the company's operations and exceeds the minimum statutory requirements. A healthy capital level is needed to manage financial strain and to support events such as acquisitions and major growth in volumes.

## Statutory capital requirement

According to the capital adequacy regulations, Regulation no. 575/2013 EU (CRR), which came into force in the EU on 1 January 2014 and Directive 2013/36/EU which was implemented in Sweden on 2 August 2014, Stadshypotek must have common equity tier 1 capital, tier 1 capital and total own funds which at least correspond to the individual requirements relative to the total risk-weighted exposure amount for credit risks, market risks and operational risks. In addition to maintaining capital according to the minimum requirement, Stadshypotek must hold common equity tier 1 capital to fulfil the requirement for a capital conservation buffer and a countercyclical capital buffer in line with the levels decided by the Swedish Financial Supervisory Authority.

The company must also perform an internal capital adequacy assessment. Stadshypotek's capital policy – most recently adopted by the Board in 2025 – sets out the guidelines for the internal capital adequacy assessment. Since 1 February 2016, the Swedish National Debt Office, acting as the resolution authority in Sweden, must also establish a minimum requirement for own funds and eligible liabilities (MREL) for the Handelsbanken Group and also for Stadshypotek. For 2025, the minimum requirement for Stadshypotek has been set at 6.0 per cent of total liabilities and own funds. In 2025, Stadshypotek met all the statutory minimum and buffer levels. Since 2018, Stadshypotek has been permitted to exclude structural hedges when calculating the capital requirement for foreign exchange risk in accordance with Article 352.2 of the Capital Requirements Regulation.

## Description of own funds

Own funds consist of tier 1 capital and tier 2 capital. The tier 1 capital is divided into common equity tier 1 capital and additional tier 1 capital. Common equity tier 1 capital mainly comprises equity and has been affected by the Board's proposal for appropriation of profits. Deductions for intangible assets are made from the common equity tier 1 capital.

A neutrality adjustment is made for the effect of cash flow hedges on equity. Institutions with permission to use internal ratings-based models (IRB institutions) must make a deduction for the difference between expected credit losses under the IRB approach and the provisions recognised in the accounts for probable credit losses where the expected credit losses exceed the provisions made. The deduction is made from the common equity tier 1 capital.

Stadshypotek is included in Handelsbanken's consolidated statements. In general, Stadshypotek and its parent company are able to re-allocate capital between the companies, to the extent that is permitted by legislation, for example capital adequacy requirements and restrictions in corporate law. Stadshypotek sees no other material or legal obstacles to a rapid transfer of funds from own funds, or repayment of liabilities between Stadshypotek and its parent company.

## Description of the capital requirement

Credit risks: Since Stadshypotek's lending takes place via Handelsbanken's branch network, Handelsbanken's IRB approach is also applied for Stadshypotek's risk classification and for calculating the credit risk for Stadshypotek's credits. The Swedish Financial Supervisory Authority has approved the Handelsbanken Group's IRB approach. There are two different IRB approaches: a foundation approach and an advanced approach. In the foundation approach, the Bank uses its own method to determine the probability of the customer defaulting within one year (PD), while the other parameters are set by the Financial Supervisory Authority. In the advanced approach, the Bank uses its own methods to calculate the loss given default (LGD) and the exposure at default (EAD). The advanced IRB approach has been applied for retail exposures (households and small companies) since 2007. Since 31 December 2010, the advanced IRB approach has been applied for medium-sized companies, housing co-operative associations and property companies, and in 2013, Stadshypotek received the Financial Supervisory Authority's approval to extend its use of the advanced IRB approach to large companies. As of Q2 2017, Stadshypotek applies the IRB approach without own estimates of LGD and credit conversion factor (CCF) for sovereign exposures.

In 2017, Handelsbanken received approval from the Swedish Financial Supervisory Authority to use new models for calculation of the PD values for companies. These models estimate the long-term PD, including a margin of conservatism and a business cycle adjustment, at the portfolio level. This portfolio PD is then allocated among the various risk classes. Normally the portfolio PD will not vary from year to year, though the risk-class PD will, as the breakdown of counterparties among the risk classes varies over time. When the new models were implemented, the risk weights for companies increased, while the future variation of the risk weights – and accordingly the capital requirement – decreased.

On 31 December 2018, the Swedish Financial Supervisory Authority introduced a risk weight floor of 25 per cent for Swedish mortgage loan exposures under Pillar 1. Following the Financial Supervisory Authority of Norway's decision to introduce a risk weight floor for certain exposures in Norway, the Swedish Financial Supervisory Authority resolved in 2022 to recognise the Norwegian measures in Pillar 1. In addition, the Swedish Financial Supervisory Authority introduced a risk weight floor of 25 per cent for Swedish residential properties and of 35 per cent for Swedish commercial properties on 30 September 2023.

Operational risk: Like its parent company, Stadshypotek uses the standardised approach which means that the capital requirement is calculated by multiplying a factor specified in the regulations by the average operating income during the last three years.

For a description of risk management, see note 2, Risks and risk control, on page 28.

## Note 31 Cont.

EU KM1 – Key metrics template

| Key metrics, SEK m | | 2025 | 2024 |
|---|---|---|---|
| | **Available own funds (amounts)** | | |
| 1 | Common equity tier 1 capital | 45,169 | 43,323 |
| 2 | Tier 1 capital | 62,869 | 61,023 |
| 3 | Total capital | 62,869 | 61,023 |
| | **Risk-weighted exposure amounts** | | |
| 4 | Total risk-weighted exposure amount | 351,694 | 347,799 |
| | **Capital ratios (as a percentage of risk-weighted exposure amount)** | | |
| 5 | Common Equity Tier 1 ratio (%) | 12.8 | 12.5 |
| 6 | Tier 1 ratio (%) | 17.9 | 17.5 |
| 7 | Total capital ratio (%) | 17.9 | 17.5 |
| | **Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)** | | |
| EU 7d | Additional own funds requirements to address risks other than the risk of excessive leverage (%) | 1.6 | 2.0 |
| EU 7e | *of which: to be made up of CET1 capital (percentage points)* | *1.1* | *1.3* |
| EU 7f | *of which: to be made up of Tier 1 capital (percentage points)* | *1.2* | *1.5* |
| EU 7g | Total SREP own funds requirements (%) | 9.6 | 10.0 |
| | **Combined buffer requirement (as a percentage of risk-weighted exposure amount)** | | |
| 8 | Capital conservation buffer (%) | 2.5 | 2.5 |
| EU 8a | Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%) | | |
| 9 | Institution specific countercyclical capital buffer (%) | 2.0 | 2.0 |
| EU 9a | Systemic risk buffer (%) | 0.4 | N/A |
| 10 | Global systemically important institution buffer (%) | | |
| EU 10a | Other systemically important institution buffer (%) | | |
| 11 | Combined buffer requirement (%) | 4.9 | 4.5 |
| EU 11a | Overall capital requirements (%) | 14.5 | 14.5 |
| 12 | CET1 available after meeting the total SREP own funds requirements (%) | 7.3 | 6.7 |
| | **Leverage ratio** | | |
| 13 | Total exposure measure | 1,572,008 | 1,585,809 |
| 14 | Leverage ratio (%) | 4.0 | 3.9 |
| | **Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)** | | |
| EU 14a | Additional own funds requirements to address the risk of excessive leverage (%) | | |
| EU 14b | *of which: to be made up of CET1 capital (percentage points)* | | |
| EU 14c | Total SREP leverage ratio requirements (%) | 3.0 | 3.0 |
| | **Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)** | | |
| EU 14d | Leverage ratio buffer requirement (%) | | |
| EU 14e | Overall leverage ratio requirement (%) | 3.0 | 3.0 |
| | **Liquidity Coverage Ratio** | | |
| 15 | Total high-quality liquid assets (HQLA) (Weighted value – average) | | |
| 16 | Total net cash outflows (adjusted value) | 87,330 | 90,799 |
| EU 16a | Cash outflows – Total weighted value | 41,881 | 25,856 |
| EU 16b | Cash inflows – Total weighted value | 45,449 | 64,943 |
| 17 | Liquidity coverage ratio (%) | | |
| | **Net Stable Funding Ratio** | | |
| 18 | Total available stable funding | 1,181,574 | 1,248,617 |
| 19 | Total required stable funding | 1,135,974 | 1,140,490 |
| 20 | NSFR ratio (%) | 104.0 | 109.5 |

## Note 31 Cont.

**EU KM2: Key metrics - MREL and, where applicable, G-SII requirement for own funds and eligible liabilities**

| | **MREL and, where applicable, G-SII requirement for own funds and eligible liabilities 2025,** SEK m | **31 Dec 2025 Minimum requirement for own funds and eligible liabilities (MREL)** | **31 Dec 2024 Minimum requirement for own funds and eligible liabilities (MREL)** |
|---|---|---|---|
| **Own funds and eligible liabilities, ratios and components** | | | |
| 1 | Own funds and eligible liabilities | 111,869 | 110,023 |
| EU-1a | *Of which own funds and subordinated liabilities* | *62,869* | *61,023* |
| 2 | Total risk exposure amount of the resolution group (TREA) | 351,694 | 347,799 |
| 3 | Own funds and eligible liabilities as a percentage of the TREA | 31.8 | 31.6 |
| EU-3a | *Of which own funds and subordinated liabilities* | *17.9* | *17.5* |
| 4 | Total exposure measure (TEM) of the resolution group | 1,572,008 | 1,585,809 |
| 5 | Own funds and eligible liabilities as a percentage of the TEM | 7.1 | 6.9 |
| EU-5a | *Of which own funds and subordinated liabilities* | *4.0* | *4.0* |
| **Minimum requirement for own funds and eligible liabilities (MREL)** | | | |
| EU-7 | MREL expressed as a percentage of the TREA | 21.7 | 23.0 |
| EU-8 | *Of which to be met with own funds or subordinated liabilities* | *0.0* | *0.0* |
| EU-9 | MREL expressed as a percentage of the TEM | 6.0 | 6.0 |
| EU-10 | *Of which to be met with own funds or subordinated liabilities* | *6.0* | *6.0* |

**EU OV1 – Overview of total risk exposure amounts**
The table shows risk-weighted exposure amounts (RWA) for credit risk, counterparty risk, market risk and operational risk the end of 2025 and the previous year. Credit risk is calculated according to the standardised approach, the foundation IRB approach and the advanced IRB approach. Market risk and operational risk are calculated according to the standardised approach.

| | | **Total risk exposure amounts (TREA)** | | **Total own funds requirements** |
|---|---|---|---|---|
| SEK m | | **2025** | **2024** | **2025** |
| 1 | **Credit risk (excluding CCR)** | **331,722** | **322,235** | **26,538** |
| 2 | *Of which the standardised approach* | *334* | *462* | *27* |
| 3 | *Of which the foundation IRB (FIRB) approach* | *6,494* | *832* | *520* |
| 4 | *Of which: slotting approach* | | | |
| EU 4a | *Of which: equities under the simple riskweighted approach* | | | |
| 5 | *Of which the advanced IRB (AIRB) approach* | *108,794* | *128,137* | *8,703* |
| | *Of which risk weight floor* | *216,100* | *192,804* | *17,288* |
| 6 | **Counterparty credit risk** | | | |
| 7 | *Of which the standardised approach* | | | |
| 8 | *Of which internal model method (IMM)* | | | |
| EU 8a | *Of which exposures to a CCP* | | | |
| 9 | *Of which other CCR* | | | |
| 10 | Credit valuation adjustments risk - CVA risk | | | |
| EU 10a | *Of which the standardised approach (SA)* | | | |
| EU 10b | *Of which the basic approach (F-BA and R-BA)* | | | |
| EU 10c | *Of which the simplified approach* | | | |
| 15 | **Settlement risk** | | | |
| 16 | **Securitisation exposures in the non-trading book (after the cap)** | | | |
| 17 | *Of which SEC-IRBA approach* | | | |
| 18 | *Of which SEC-ERBA (including IAA)* | | | |
| 19 | *Of which SEC-SA approach* | | | |
| EU 19a | *Of which 1250% / deduction* | | | |
| 20 | **Position, foreign exchange and commodities risks (Market risk)** | **1,179** | **2,844** | **94** |
| 21 | *Of which the Alternative standardised approach (A-SA)* | | | |
| EU 21a | *Of which the Simplified standardised approach (S-SA)* | *1,179* | *2,844* | *94* |
| 22 | *Of which the Alternative Internal Models Approach (A-IMA)* | | | |
| EU 22a | Large exposures | | | |
| 23 | Reclassifications between trading and non-trading books | | | |
| 24 | **Operational risk** | **18,793** | **22,720** | **1,503** |
| EU 24a | Exposures to crypto-assets | | | |
| 25 | Amounts below the thresholds for deduction (subject to 250% risk weight) | | | |
| 26 | Output floor applied (%) | | | |
| 27 | Floor adjustment (before application of transitional cap) | | | |
| 28 | Floor adjustment (after application of transitional cap) | | | |
| **29** | **Total** | **351,694** | **347,799** | **28,136** |

# Note 32 Material events after the balance sheet date

No material events have occurred after the balance sheet date.

# Note 33 Proposed appropriation of profits

The Board proposes that the profits be carried forward to the next year. The Board's proposed appropriation of profits is shown on page 13.

## Table of information items not disclosed under EBA/GL/2014/14

| Description | Reasons for non-disclosure[1] | Reference to information which replaces non-disclosed information |
|---|---|---|
| The approved levels for risk to which the institution is exposed. | Limit levels regarding the Bank's risk tolerance are strictly confidential. The information relates to competitively significant business circumstances. | Key metrics and risk measures on which the limit levels are based are stated in the report. |

1) Non-disclosed information is available to the supervisory authority.

# Signatures of the Board and Chief Executive

We hereby declare that the Annual Report has been prepared in accordance with generally accepted accounting practices for credit market companies in Sweden, that these accounts give a fair presentation of the company's financial position and performance, and that the statutory administration report provides a fair view of the company's operations, financial position and performance and describes material risks and uncertainties to which the company is exposed.

Approved and signed in Stockholm, 2 February 2026

Dan Lindwall
Chairman

Michael Bertorp
Board Member

Caroline Forsberg
Board Member

Linda Hellström
Board Member

Carl Cederschiöld
Board Member

Helena Håkansson
Employee Representative,
Board Member

Cecilia Hasselbo
Chief Executive

# Auditor’s report

To the general meeting of the shareholders of Stadshypotek AB (publ), corporate identity number 556459-6715

## Report on the annual accounts

**Opinions**
We have audited the annual accounts of Stadshypotek AB (publ) for the year 2025. The annual accounts of the company are included on pages 3–73 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies and present fairly, in all material respects, the financial position of parent company as of December 31, 2025 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies. A corporate governance statement has been prepared.

The statutory administration report is consistent with the other parts of the annual accounts. We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the company.

Our opinions in this report on the annual accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

**Basis for Opinions**
We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor’s Responsibilities section. We are independent of the company in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

**Particularly significant areas**
Particularly significant areas are those matters that, in our professional judgement, were of most significance in the audit of the financial statements for the current period. These matters were addressed in the context of the audit of, and in forming our opinion on, the financial statements as a whole, and we do not provide a separate opinion on these matters. The description below of how the audit was conducted in these areas is provided in this context.

We have fulfilled the responsibilities described in the Auditor’s responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

| Key audit matters | How our audit addressed the Key audit matter |
|---|---|
| **Provision for expected credit losses** | |
| Detailed information and description of the area are provided in the annual accounts. Credit risk exposure and how it is managed is described in note 2. The company's expected credit losses are specified in note 8. The relevant accounting policies for the company in this area are described in note 1. | |
| As of 31 December, 2025 lending to the public amounts to MSEK 1 569 616 which amounts to 98 % of total assets. Provision for expected credit losses on lending to the public amounts to MSEK 216 for which MSEK 74 is based on model and expert based calculations (Stage 1 and 2) and MSEK 142 based on manual calculations (Stage 3).<br>Expected credit losses shall be measured in a way that reflects an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes and is based on past events, current conditions and forecasts of economic conditions. To determine the provision Stadshypotek is required to make estimates and assumptions regarding for example criteria to identify a significant increase in credit risk and methods to calculate expected credit losses.<br>Given the complexity of the calculation and the fact that it requires Stadshypotek to make assessments and assumptions with a significant impact on reported amounts, the valuation of the reserve for expected credit losses has been considered a particularly significant area. | We have evaluated whether Stadshypotek’s assessment of probability of default, loss given default, exposure at default and expected credit loss as well as significant increase in credit risk is in accordance with IFRS 9. We have, among other things, carried out the following procedures;<br>– Obtained an understanding of and tested the design of key controls in the credit process including credit decision, credit review, rating classification as well as identifying and determining credits deemed to be in default.<br>– Tested controls related to model data input and general IT controls including system access management for affected systems.<br>– On a sample basis reviewed Stadshypotek’s initial and current credit rating<br>– Tested that data used from supporting systems used in the model is complete and accurate.<br>– Reviewed and assessed the model including assumptions and parameters and verified the functionality of the model.<br>– Assessed the reasonableness of the manual calculations (Stage 3), performed by Stadshypotek.<br>– Reviewed that the disclosures in the financial reports regarding provisions for expected credit losses are appropriate.<br><br>In our audit, we used our internal modelling specialists to assist us in the audit procedures we have performed. |

**Other Information than the annual accounts**
This document contains other information besides the annual report, which is found on pages 1-2 and 78-80. The Board of Directors and the CEO are responsible for this other information.

Our opinion on the annual report does not cover this information, and we do not express any form of assurance conclusion on this other information.

In connection with our audit of the annual report, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual report. During this review, we also consider the knowledge we have gained during the audit and assess whether the information otherwise appears to contain material misstatements.

If, based on the work we have performed on this information, we conclude that there is a material misstatement in this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of the Board of Directors and the Managing Director**
The Board of Directors and the Managing Director are responsible for the preparation of the annual report and that they give a fair presentation in accordance with the Swedish Annual Report Act for Credit Institutions and Securities Companies and, concerning the consolidated financial statement, in accordance with IFRS accounting standards as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual report, The Board of Directors and the Managing Director are responsible for the assessment of the company's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

**Auditor's responsibility**
Our objectives are to obtain reasonable assurance about whether the annual report as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden 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 annual accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual report or, if such disclosures are inadequate, to modify our opinion about the annual report. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual report, including the disclosures, and whether the annual report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the financial statement. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement confirming that we have complied with relevant ethical requirements regarding independence, and to disclose any relationships and other matters that could reasonably be thought to bear on our independence, as well as, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual report, including the most significant assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation preclude public disclosure about the matter.

## Report on other legal and regulatory requirements

**Opinions**

In addition to our audit of the annual report, we have also audited the administration of the Board of Directors and the Managing Director of Stadshypotek AB (publ) for the year 2025 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Director's and the Managing Director be discharged from liability for the financial year.

**Basis for Opinions**

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the company in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

**Responsibilities of the Board of Directors and the Managing Director**

The Board of Directors is responsible for the proposal regarding the allocation of the company's profit or loss. In the case of a proposed dividend, this includes, among other things, an assessment of whether the dividend is justifiable considering the requirements that the nature, scope, and risks of the company's operations impose on the size of the company's equity, the need for consolidation, liquidity, and overall financial position

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's financial situation and ensuring that the company´s organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

**Auditor's responsibility**

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Banking and Financing Business Act, the Swedish Annual Report Act for Credit Institutions and Securities Companies or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment, focusing on risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular significance for the company's situation. We review and evaluate decisions made, supporting documentations, actions taken, and other circumstances relevant to our opinion on discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting documents in order to be able to assess whether the proposal is in accordance with the Swedish Companies Act.

**The auditor's examination of the corporate governance statement**

The Board of Directors is responsible for the corporate governance report on pages 6-8 and for ensuring that it has been prepared in accordance with the Swedish Annual Report Act.

Our review has been conducted in accordance with FAR's recommendation RevR 16, The Auditor's Examination of the Corporate Governance Report. This means that our examination of the corporate governance report has a different focus and significantly lesser scope than the focus and scope of an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that this review provides us with a sufficient basis for our opinion.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Swedish Annual Report Act and chapter 7 section 31, second paragraph of the same act, are consistent with the other parts of the annual report and are in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies.

Stockholm, February 26 2026

Öhrlings PricewaterhouseCoopers AB

Magnus Svensson Henryson
Authorized Public Accountant

# Stadshypotek's bonds

**Covered bonds, SEK**

| Loan no. | Interest rate, % | Loan date | Interest due dates | Due date | Nominal amount, SEK '000 |
|---|---|---|---|---|---|
| EMTNCB | 3.25 | 2011-11-01 | 11-03 | 2026-11-03 | 2,000,000 |
| 1591 | 0.50 | 2020-10-16 | 06-01 | 2026-06-01 | 58,160,000 |
| 1592 | 1.00 | 2021-10-18 | 03-01 | 2027-03-01 | 81,600,000 |
| 1593 | 2.50 | 2022-08-25 | 12-01 | 2027-12-01 | 70,950,000 |
| 1594 | 2.00 | 2018-06-28 | 09-01 | 2028-09-01 | 81,886,000 |
| 1595 | 4.00 | 2023-09-18 | 05-02 | 2029-05-02 | 79,268,000 |
| 1596 | 2.50 | 2024-09-03 | 02-01 | 2030-02-01 | 64,750,000 |
| 1597 | 2.50 | 2025-09-02 | 12-02 | 2030-12-02 | 16,800,000 |
| 1598 | 1.50 | 2021-05-26 | 09-03 | 2031-09-03 | 1,372,000 |
| 1598X | 2.50 | 2024-09-03 | 09-01 | 2031-09-01 | 3,724,000 |
| 2022 | 2.5400 | 2022-04-19 | 04-27 | 2037-04-27 | 500,000 |
| 2023 | 3M STIBOR | 2022-05-06 | 01-05, 04-05, 07-05, 10-05 | 2026-01-05 | 5,980,000 |
| 2025 | 3M STIBOR | 2022-10-20 | 01-04, 04-04, 07-04, 10-04 | 2027-10-04 | 10,000,000 |
| 2026G | 3.6290 | 2023-06-13 | 06-20 | 2028-06-20 | 7,500,000 |
| 2027G | 3M STIBOR | 2023-06-13 | 03-20, 06-20, 09-20, 12-20 | 2028-06-20 | 1,500,000 |
| 2028 | 3M STIBOR | 2024-01-08 | 01-03, 04-03, 07-03, 10-03 | 2028-04-03 | 10,000,000 |
| 2029 | 3M STIBOR | 2024-03-18 | 02-02, 05-02, 08-02, 11-02 | 2027-08-02 | 13,100,000 |
| 2030G | 2.8830 | 2024-06-25 | 07-02 | 2029-07-02 | 6,000,000 |
| 2031 | 3M STIBOR | 2024-09-23 | 02-01, 05-01, 08-01, 11-01 | 2028-08-01 | 9,450,000 |
| 2032 | 3M STIBOR | 2025-02-12 | 01-03, 04-03, 07-03, 10-03 | 2028-01-03 | 11,600,000 |
| 2033G | 2.7900 | 2025-05-15 | 05-23 | 2030-05-23 | 6,500,000 |
| 2034G | 3M STIBOR | 2025-05-15 | 02-23, 05-23, 08-23, 11-23 | 2030-05-23 | 1,500,000 |
| 2035 | 3M STIBOR | 2025-10-06 | 01-02, 04-02, 07-02, 10-02 | 2031-01-02 | 2,300,000 |
| **Total** | | | | | **546,440,000** |

**Covered bonds, foreign currency**

| Currency | Nominal amount, thousands | Interest rate, % | Loan date | Interest due dates | Due date | Nominal amount, SEK '000 |
|---|---|---|---|---|---|---|
| EUR | 1,250,000 | 0.3750 | 2019-03-06 | 03-13 | 2026-03-13 | 13,505,821 |
| EUR | 500,000 | 0.1250 | 2016-09-27 | 10-05 | 2026-10-05 | 5,402,328 |
| EUR | 500,000 | 0.7500 | 2017-10-24 | 11-01 | 2027-11-01 | 5,402,328 |
| EURG | 1,000,000 | 3.1250 | 2023-03-28 | 04-04 | 2028-04-04 | 10,804,657 |
| EUR | 1,000,000 | 0.0100 | 2020-11-17 | 11-24 | 2028-11-24 | 10,804,657 |
| EUR | 750,000 | 2.8750 | 2024-03-14 | 03-21 | 2029-03-21 | 8,103,493 |
| EUR | 1,000,000 | 2.6250 | 2022-09-20 | 09-27 | 2029-09-27 | 10,804,657 |
| EUR | 1,000,000 | 0.0100 | 2021-09-23 | 09-30 | 2030-09-30 | 10,804,657 |
| EUR | 1,000,000 | 2.8750 | 2025-03-24 | 03-31 | 2032-03-31 | 10,804,657 |
| EUR | 100,000 | 1.4440 | 2018-04-16 | 04-19 | 2038-04-19 | 1,080,466 |
| EUR | 100,000 | 1.5445 | 2018-05-15 | 05-24 | 2038-05-24 | 1,080,466 |
| NOK | 8,000,000 | 3M NIBOR | 2021-02-16 | 03-10, 06-10, 09-10, 12-10 | 2026-03-10 | 7,318,056 |
| NOK | 8,000,000 | 3M NIBOR | 2023-08-31 | 01-10, 04-10, 07-10, 10-10 | 2028-10-10 | 7,318,056 |
| NOK | 7,000,000 | 3M NIBOR | 2024-09-05 | 03-12, 06-12, 09-12, 12-12 | 2029-09-12 | 6,403,299 |
| **Total** | | | | | | **109,637,598** |

**Total bonds**

| SEK '000 | Change in 2025 | Nominal amount |
|---|---|---|
| Covered bonds, SEK | -14,170,000 | 546,440,000 |
| Covered bonds, foreign currency | -12,543,292 | 109,637,598 |
| **Total** | **-26,713,292** | **656,077,598** |

# Calculation of key metrics

Return on equity

| SEK m | 2025 | 2024 | 2023 | 2022 | 2021 |
|---|---|---|---|---|---|
| **Equity** | 63,073 | 60,773 | 62,308 | 54,715 | 57,850 |
| Adjustment hedge reserve | 723 | 1,367 | 2,103 | 3,838 | -966 |
| Return of Group contribution, net | 2,779 | 3,414 | 4,764 | 7,940 | 8,734 |
| **Total adjusted equity** | 66,575 | 65,554 | 69,175 | 66,493 | 65,618 |
| **Adjusted equity, average**[1] | 65,786 | 65,461 | 65,664 | 64,980 | 66,428 |
| Profit for the year | 5,652 | 6,924 | 7,435 | 10,037 | 10,355 |
| **Return on equity, %** | 8.6 | 10.6 | 11.3 | 15.4 | 15.6 |

1) Average closing balance for the past five quarters.

# Definitions

## Alternative performance measures

Alternative performance measures (APMs) are financial measures of historical and future performance, financial position or cash flow that are not defined in either IFRS or the Capital Requirements Regulation.

Stadshypotek uses APMs to describe the performance of the operations and to increase comparability between periods. These need not be comparable with similar key metrics (performance measures) presented by other companies.

**Benchmark programme**
Covered bonds are issued in the company's own name and as part of a joint funding programme. The bonds have a fixed coupon yield or a floating rate.

**Proportion of loans in Stage 3**
Net loans to the public Stage 3 in relation to gross loans to the public.

**C/I ratio**
Total expenses in relation to total income.

**Credit loss ratio as a percentage of loans to the public**
Credit losses on loans to the public in relation to loans to the public at the beginning of the period.

**Earnings per share**
Profit for the year attributable to holders of ordinary shares divided by the average number of outstanding shares. Where applicable, the dilution effect is taken into account.

**Mortgage loans**
Lending in a mortgage institution.

**Reserve ratio Stage 1 loans to the public**
Provisions Stage 1 loans to the public in relation to gross loans to the public Stage 1.

**Reserve ratio Stage 2 loans to the public**
Provisions Stage 2 loans to the public in relation to gross loans to the public Stage 2.

**Reserve ratio Stage 3 loans to the public**
Provisions Stage 3 loans to the public in relation to gross loans to the public Stage 3.

**Return on equity**
Profit for the year in relation to average equity adjusted for rights issues, dividends and changes in the value of derivatives in cash flow hedges.

**Total reserve ratio, loans to the public**
Total provisions loans to the public in relation to gross loans to the public.

## Key metrics defined in the Capital Requirements Regulation

**Additional tier 1 capital**
Additional tier 1 capital comprises perpetual subordinated loans which meet the requirements stated in Regulation (EU) No 575/2013 and can therefore be included in the tier 1 capital.

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

**Credit conversion factor (CCF)**
The factor that is used when calculating the exposure amount for unutilised overdraft facilities, credit commitments, guarantees and other off-balance-sheet commitments.

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

**Common equity tier 1 capital available for use as a buffer**
The common equity tier 1 ratio after a deduction for the part of common equity tier 1 capital required to comply with all formal requirements.

**Common equity tier 1 ratio**
Common equity tier 1 capital in relation to risk-weighted exposure amount.

**Exposure amount**
Exposure amount (exposure at default) is the amount which is subject to capital adequacy requirements. The amount is calculated taking into account interest rates and fees. Amounts relating to off-balance-sheet items are recalculated using a credit conversion factor (CCF). For derivatives, the exposure amount is calculated as positive MTM (mark-to-market) plus value change risk, i.e. the nominal amount multiplied by the upward adjustment factor.

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

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

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

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

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

**Risk-weighted assets**
Total risk exposure amounts. The statutory capital requirement is based on this.

**Risk-weighted exposure amount**
Exposure amount multiplied by risk weight. Risk-weighted exposure amounts are used in connection with credit risks, including counterparty risks.

**Tier 1 capital**
Common equity tier 1 capital including additional tier 1 capital.

**Tier 1 ratio**
Tier 1 capital in relation to risk-weighted exposure amount.

**Tier 2 capital**
Tier 2 capital is a sub-component of own funds and comprises, among other things, subordinated loans and puttable financial instruments classified as equity which meet the requirements stated in Regulation (EU) No 575/2013 and can therefore be included in tier 2 capital.

**Total capital ratio**
Total own funds for capital adequacy purposes in relation to risk-weighted assets.

**Total risk-weighted exposure amount**
Total risk exposure amount is the sum of risk exposure amount and risk-weighted exposure amount.

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