

Stadshypotek's Interim Report

JANUARY – JUNE 2023 COMPARED WITH JANUARY – JUNE 2022

Stadshypotek's operating profit decreased by SEK 1,171m, or 20%, to SEK 4,750m (5,921). Net interest income fell by SEK 1,156m to SEK 6,431m, (7,587), mainly due to higher funding costs arising from rises in market rates, as well as narrower margins, especially for Swedish and Norwegian private loans. In Sweden, net interest income decreased by SEK 695m, while in the Norwegian branch net interest income decreased by SEK 120m.

Of the net interest income, SEK 367m (487) was attributable to the branch in Norway and SEK 219m (304) to the branch in Finland. Excluding the Danish branch, which has been divested, and the Finnish branch, which is in the process of being divested, net interest income decreased by SEK 815m to SEK 6,205m (7,020). Net gains/losses on financial transactions increased by SEK 134m to SEK 103m (-31).

Expenses rose by SEK 198m to SEK -1,200m (-1,002). This increase was mainly attributable to an increase in the compensation paid to the parent company for services rendered on behalf of Stadshypotek in the Bank's branches, relating to the sale and administration of mortgage loans.

Net credit losses totalled SEK -30m (-43). This amount includes expert-based calculations that resulted in a smaller provision requirement of SEK 23m. The credit loss ratio corresponded to 0.00% (0.01) of lending.

LENDING

Compared to the close of the corresponding period during the previous year, loans to the public increased by 1%, or SEK 9bn, and stood at SEK 1,580bn (1,571). In Sweden, loans to the public increased by 4%, or SEK 55bn, to SEK 1,392bn (1,337). As per 30 June 2022, lending in the Danish operations amounted to SEK 52bn.

FUNDING

Issues of Stadshypotek's benchmark programme¹ loans in Swedish kronor totalled a nominal SEK 77.8bn (63.7) during the period. During the period, a nominal volume totalling SEK 60.8bn (32.9) matured or was repurchased. The carrying amount of outstanding Swedish kronor bonds was SEK 556.6bn (535.1) at the end of the period.

Issues of commercial paper in Swedish kronor during the period amounted to a nominal SEK – bn (6.0), and the outstanding volume at the end of the period was SEK – bn (6.0).

Issues of foreign currency bonds under the EMTCN programme totalled EUR 1.0bn (-). The outstanding volumes at the end of the period were nominally EUR 8.7bn (7.8) and GBP – bn (0.7).

The outstanding volume in the US programme totalled USD – bn (-) at the end of the period. Issues in NOK totalled NOK – bn (-). The outstanding volume at the end of the period totalled NOK 19.0bn (24.0).

CAPITAL ADEQUACY

The total capital ratio according to CRD IV was 17.6% (18.4) while the common equity tier 1 ratio calculated according to CRD IV was 12.3% (12.7). Further information on capital adequacy is provided in note 19, Capital adequacy.

RATINGS

Stadshypotek's ratings remained unchanged during the entire period.

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

OTHER

Stadshypotek's Danish operations were divested during the fourth quarter of 2022, along with the rest of Handelsbanken's business in Denmark. During the second quarter of 2023, Handelsbanken signed an agreement to divest parts of the Finnish operations once the requisite approvals are received from the relevant authorities. Stadshypotek's Finnish branch is included in the agreement. The transaction is expected to be concluded during the second half of 2024.

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Cecilia Hasselbo
Chief Executive Stadshypotek AB

This information is of the type that Stadshypotek is obliged to make public pursuant to the Swedish Securities Markets Act. The information was submitted for publication through the agency of the contact person set out above, at 11:00 a.m. CET on 19 July 2023.

For more information about Stadshypotek please go to [Handelsbanken.com](https://www.handelsbanken.com)