

Dodd-Frank Act
§165(d) Resolution
Plan 2015 as of year
ending

December 31

2014

**Svenska
Handelsbanken AB
(publ)**

Public Section

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Section 1: PUBLIC SECTION

1. I. Summary of Resolution Plan.

As a foreign bank that is treated as a bank holding company under section 8(a) of the International Banking Act of 1978 (12 U.S.C. 3106(a)), and that has \$50 billion or more in total consolidated assets, Svenska Handelsbanken AB (publ) (hereinafter “The Bank,” “Handelsbanken,” “we,” “us,” or “our”) is a Covered Company within the meaning of the Final Rule¹.

1.1.A. The names of material entities:

The Final Rule defines a Material Entity as an entity that is significant to a Core Business Line (Core Business Line is defined as a business line of a Covered Company, including associated services, functions and support, that, in the view of the Covered Company, upon failure would result in a material loss of revenue, profit or franchise value), or a Critical Operation (defined as an operation of a Covered Company, including associated services, functions and support, the failure or discontinuance of which, in the view of the Covered Company or as jointly directed by the Board of Governors of the Federal Reserve System (the “Board”) and the Federal Deposit Insurance Corporation (the “Corporation”), would pose a threat to the financial stability of the United States). The Bank has no Material Entities for purposes of the 2015 resolution plan owing to its limited operations in the United States. The focus of this resolution plan (the “Resolution Plan”) is the orderly resolution of the New York branch (hereinafter, the “New York Branch” or the “Branch”) as the U.S. operations of the Bank.

1.1.B. Description of core business lines

Handelsbanken has no Core Business Line in the US.

Handelsbanken has six home markets: Sweden, the UK, Denmark, Finland, Norway and the Netherlands. In each of these countries is a nationwide branch network, organized into one or more regional banks in each country.

Handelsbanken’s decentralized method of working results in a very flat organizational structure. In pace with the establishment of new home markets, the Bank strives to devolve central decision-making power, so that the decisions can be taken as close to the customers and the market as possible.

Almost all business questions that cannot be solved at a branch are still dealt with in the country where the branch is located. Therefore, as we have grown, a need for stronger national operations has emerged. Each home market has its own national organization with responsibility for the profits of the branch operations.

Each regional bank has joint administrative resources, regional expertise and specialists to support the branches’ business. Every Handelsbanken branch is led by a branch manager who is solely responsible for all operations in his/her branch’s geographical area. Branch managers staff and organize their branches according to the business that the branch chooses to do on its market.

We have given our branch managers a very high degree of independence, as we are convinced that those who work closest to the customer will make the most sensible decisions, from the customers’ and from the Bank’s point of view. Through the local presence they may detect credit- related problems at an early stage, which has

¹ Federal Reserve System Regulation QQ, 12 CFR Part 243, and Federal Deposit Insurance Corporation Regulation 12 CFR Part 381 (the “Final Rule”).

a big impact on the credit risk outcome. This mandate to take important business decisions on the spot with the customer is a sound basis for successful customer meetings. Our customers meet the person who will make the decision, not a messenger. The described decentralized approach, however, is applied within the strict limitations given by the Bank's conservative global credit policy.

The branches' independence gives them a very strong local presence with long-term customer relationships. In order to retain and develop these relations, we also have a branch network outside our home markets. Handelsbanken currently has more than 800 offices in 24 countries worldwide. Nearly 30 of these are located in 18 countries around the world, organized within Handelsbanken International ("HI") since they are located outside our six home markets. HI is administratively part of Handelsbanken Capital Markets. Handelsbanken International's main task is to support the Bank's customers in the home markets with their international business. The New York Branch is part of HI.

In the UK, we now have 200 branches, and the Bank's growth there continues. Handelsbanken has also opened several new branches in the Netherlands, where we now have a total of 20 branches.

In Sweden, Handelsbanken is the bank with the most very large companies as customers. For these customers, among the largest international companies, we have gathered the Bank's specialists in a special unit called Large Corporates.

The Bank offers various advanced services and specialist skills, including advisory services, cash management, customer driven fixed income and currency trading where we co-ordinate the Bank's international presence and good lending capacity.

PRODUCT SPECIALISTS AND BUSINESS AREAS

Handelsbanken offers a full range of products and services to meet all the financial needs of its customers. Responsible for this range are product specialists in the Bank's business areas, who produce and develop solutions and services in close collaboration with the branch office operations in each country. These specialists are called product owners and are responsible for the functionality, packaging and financial aspects of their product.

Handelsbanken has four business areas with product owners: Handelsbanken Capital Markets, Stadshypotek, Forestry and Farming and Handelsbanken Direkt.

Handelsbanken Capital Markets

The Handelsbanken Capital Markets business area includes the Bank's investment bank and asset management, and also pensions and insurance. Here we have gathered staff with highly specialized skills: operations are based on the Bank's top-ranked research, asset management and allocation products, which form the basis of product development and advisory services. It also includes Handelsbanken International.

These operations comprise equities, commodities, fixed income, currencies, discretionary wealth management, structured products, traditional and exchange-traded funds, corporate finance, debt capital markets, and the Investment Centre, which includes Private Banking. Research includes macro, strategy and corporate research covering almost 250 Nordic companies, which forms the basis for stock recommendations.

Stadshypotek

Stadshypotek is one of the leading mortgage lending institutions in Sweden. Stadshypotek offers mortgage loans for houses, housing co-operative properties and second homes, forest and agricultural property, multi-family dwellings and commercial and office buildings. Stadshypotek dates back to 1865 and has been a wholly-owned subsidiary of Handelsbanken since 1997.

Handelsbanken Forestry and Farming

Forest-owners and farmers often have special requirements for financial advice to develop their business. Handelsbanken therefore offers specialist skills with a good local presence in this area. Our forestry and farming specialists are located around Sweden, close to the customer.

Handelsbanken Direkt

Handelsbanken Direkt has overall responsibility for business and product development of standardized banking services, such as deposit and payment services for private customers and personal service by phone and Handelsbanken's online service. For the corporate market, their responsibility covers leases, conditional sales, a vehicle fleet, invoice services, and debt collection. This business area is also responsible for all card operations.

Central Units

Handelsbanken's central head office has administrative functions and specialist departments with overarching responsibility for various functions at the Bank. These are support and management functions where certain units also formulate the Bank's corporate policy in areas such as finance, human resources, credits and communications.

1.1.C. Summary financial information regarding assets, liabilities, capital and major funding sources

The Consolidated Balance sheet for Svenska Handelsbanken AB (publ) as of December 31, 2014

Group SEK m	2014	2013
ASSETS		
Cash and balances with central banks	454 532	334 794
Other loans to central banks	51 047	35 160
Interest-bearing securities eligible as collateral with central banks	78 219	57 451
Loans to other credit institutions	70 339	62 898
Loans to the public	1 807 836	1 696 339
Value change of interest hedged item in portfolio hedge	70	96
Bonds and other interest-bearing securities	63 725	64 125
Shares	46 546	48 595
Investments in associates	286	272
Assets where the customer bears the value change risk	94 763	80 930
Derivative instruments	116 124	69 961
Reinsurance assets	6	4
Intangible assets	8 132	7 835
Property and equipment	2 239	2 205
Current tax assets	115	405
Deferred tax assets	389	269
Net pension assets	-	1 733
Assets held for sale	1 196	1 247
Other assets	14 321	13 262
Prepaid expenses and accrued income	6 791	7 140
Total assets	2 816 676	2 484 721
LIABILITIES AND EQUITY		
Due to credit institutions	200 074	171 624
Deposits and borrowing from the public	1 022 267	825 205
Liabilities where the customer bears the value change risk	94 864	80 977
Issued securities	1 212 613	1 150 641
Derivative instruments	62 878	61 529

Group SEK m	2014	2013
Short positions	20 648	22 845
Insurance liabilities	663	622
Current tax liabilities	957	831
Deferred tax liabilities	9 209	7 413
Provisions	68	141
Net pension liabilities	1 480	-
Liabilities related to assets held for sale	580	539
Other liabilities	14 578	13 189
Accrued expenses and deferred income	18 681	21 861
Subordinated liabilities	30 289	15 965
Total liabilities	2 689 849	2 373 382
Minority interest	3	2
Share capital	2 956	2 956
Share premium	3 203	2 843
Reserves	12 220	1 837
Retained earnings	93 262	89 406
Profit for the year, attributable to shareholders in Svenska Handelsbanken AB	15 183	14 295
Total equity	126 827	111 339
Total liabilities and equity	2 816 676	2 484 721

For further information on our financial statements, refer to the Consolidated Financial Statements section of the Svenska Handelsbanken Group (the "Group") Annual Report 2014, and Risk and Capital Management – information according to Pillar 3, 2014.

Funding sources and uses. We primarily fund our balance sheet through customer deposits, issuance of certificates of deposit, long-term debt and shareholders' equity. Handelsbanken has a low tolerance for liquidity risks and works actively to minimize them in total and in all currencies. The ambition is that this will provide good access to liquidity, a low level of variation in earnings and a considerable capacity to meet customers' funding needs, even in difficult times. This is achieved by maintaining a good matching of incoming and outgoing cash flows over time in all currencies of importance to the Bank and by maintaining good liquidity reserves. This

ensures that the Bank can keep its core business intact for a very long period of time, even if there is extensive disruption in the financial markets. The starting point of this work is a well-matched balance sheet, where illiquid assets are financed using stable funding. The illiquid assets comprise credits to households and companies; these credits constitute the Bank's core business. The long-term stable funding of these assets consists of covered bonds issued by Stadshypotek, senior bonds issued by Handelsbanken, deposits from households and companies, subordinated liabilities and equity.

Part of the core operations is short-term lending to households and companies and on the liabilities side some of the deposits for these customers are shorter term. The main point, however, is that illiquid assets are not funded with short-term liabilities. Remaining parts of the balance sheet comprise liquid assets and liabilities that are shorter term. The short-term market funding and deposits from financial institutions finance liquid assets and assets with shorter maturities. In addition, more short-term assets and liabilities arise via transactions that support customer-driven transactions, such as derivative and repo transactions with other banks. Good diversification among different sources of funding in various markets, currencies and forms of funding instruments is a key component of the funding strategy. This reduces the significance of individual markets or sources of funding. In recent years, the Bank has considerably broadened its long-term international funding and has issued significant volumes of bonds in, for example, the eurozone, the UK, the US, Asia and Australia.

The most important sources of funding are deposits from households and companies as well as covered and senior bonds. The short-term funding mainly comprises deposits from financial companies and institutions as well as issues of certificates. Central Treasury has a number of different funding programs for market funding at its disposal, which in addition to the programs reported in the table below contain covered bonds in Swedish kronor. Bonds and certificates are issued under these programs in the Bank's and Stadshypotek's names. The funding programs ensure well-diversified access to funding in terms of different currencies, the number of investors and geographic distribution. An important part of sound liquidity management consists of maintaining significant volumes of unutilized collateral that can be used in the event of disruptions in the financial markets. The Bank therefore maintains significant volumes of non-encumbered assets that can be used as collateral when issuing covered bonds and securities with a high credit rating and liquidity. In addition to securing the Bank's liquidity, this also contributes to limiting the extent to which the Bank's senior lenders could be subordinated to lenders with collateral for their loans or who invest in covered bonds. The Bank therefore aims to achieve a sound balance between issuing non-covered bonds and covered bonds.

See chart below for funding programs as of 31 December 2014.

Funding programs/limits as of 31 December 2014				
Programme	Program size	Currency	Unutilised amount, current program	Countervalue SEK m
ECP1	5 000	EUR	3 095	29 342
ECP (Stadshypotek) ¹	4 000	EUR	3 117	29 550
EMTCN (Stadshypotek) ¹	20 000	EUR	8 552	81 075
French Certificates of Deposit	7 500	EUR	6 693	63 452
MTN1	100 000	SEK	82 375	82 375
Swedish Commercial Paper	25 000	SEK	25 000	25 000
Swedish Commercial Paper (Stadshypotek)	90 000	SEK	90 000	90 000
EMTN1	50 000	USD	26 068	203 324
Extendible Notes	15 000	USD	7 924	61 805
Stadshypotek US 144A	15 000	USD	12 250	95 547
US 144A / 3(a)(2)	20 000	USD	10 600	82 677
USCP	15 000	USD	8 314	64 847
Other funding > 1 yr1	15 000	USD	14 200	110 756
AUD MTN	5 000	AUD	4 350	27 783
Stadshypotek AUD Covered Bond Program	5 000	AUD	4 250	27 144
Samurai	400 000	JPY	274 500	17 881
Total				1 092 558
Total program or limited amounts, SEK m	1 664 922			
Unutilised amount, SEK m	1 092 558			
Remaining to utilise, %	66%			

¹ It is possible to issue in other currencies than the original program currency under these programs, where currency conversion takes place at the time of issue.

For further information on our funding sources, refer to the 'Funding and Liquidity Risk' section of the Group Annual Report, 2014.

1.1.D. Description of derivative and hedging activities

Derivatives – mainly interest rate swaps and currency swaps – are used as hedging instruments. In addition, when hedging currency risks related to net investments in foreign operations, liabilities in the functional currency of the respective foreign operation are used as a hedging instrument. As part of the Group's hedging strategies, the value changes of a hedging instrument are sometimes divided into separate components and included in more than one hedge relationship. Therefore, one and the same hedging instrument can hedge different risks. Division of hedging instruments is only done if the hedged risks can clearly be identified, the efficiency can be reliably measured, and the total value change of the hedging instrument's value is included in a hedge relationship. Fair value hedges are used to protect the Group against undesirable impacts on profit/loss due to changes in the market prices of reported assets or liabilities. Hedged risks in hedging packages at fair value comprise the interest rate and currency risk on lending and funding at fixed interest rates. The hedging instruments in these hedging relationships consist of interest rate and currency swaps. In the case of fair value hedges, the hedge instrument and hedged risk are both recognized at fair value. Changes in value are recognized directly in the Bank's income statement under "Net gains/losses on financial items at fair value". When fair value hedges are prematurely terminated, the accrued value change on the hedged item is amortized in Net gains/losses on financial items at fair value. Fair value hedges are applied for individual assets and liabilities and for portfolios of financial instruments. The hedged risk in these portfolio hedges is the interest rate risk for lending where the original interest rate was fixed for three months and interest rate caps for lending with an original fixed-interest period of three months. The hedging instruments for these portfolio hedges are interest rate swaps and interest rate options (caps). In portfolio hedges at fair value, the part of the portfolio's value that is exposed to the hedged risk is measured at market value. The value of the hedged item in hedged portfolios is reported as a separate line item in the balance sheet in conjunction with Loans to the public. Cash flow hedges are applied to manage exposures to variations in cash flows relating to changes in the floating interest rates on lending and funding. The expected maturity for this type of lending and funding is normally much longer than the fixing period, which is very short. Cash flow hedging is also used to hedge currency risk in future cash flows deriving from fixed-rate funding. Interest rate swaps that are hedging instruments in cash flow hedges are measured at fair value. If the swap's value change is effective – that is, it corresponds to future cash flows related to the hedged item – it is recognized as a component of "Other Comprehensive Income" and in the hedge reserve in equity. Ineffective components of the swap's value change are recognized in the income statement under "Net gains/losses on financial items at fair value". Hedging of net investments in foreign units is applied to protect the Group from exchange rate differences due to operations abroad. Currency swaps and loans in foreign currencies are used as hedging instruments. The hedged item in these hedges is made up of net investments in the form of direct investments, as well as claims on foreign operations that are not expected to be settled in the foreseeable future. Loans in foreign currency that hedge net investments in foreign operations are recognized in the Group at the exchange rate on the balance sheet date. The effective part of the exchange rate differences for such loans is recognized as a component of "Other Comprehensive Income" and in the translation reserve in equity. The effective part of changes in value in currency swaps that hedge exchange rate risk in claims on foreign operations is recognized in the same manner. The ineffective components of hedges of

net investments in foreign operations are recognized in the income statement under Net gains/losses on financial items at fair value.

Handelsbanken has a restrictive view of market risks. Essentially, market risks in the banking operations are only taken as part of meeting customers' investment and risk management needs. During the past few years, the Bank has worked actively to reduce the market risks in its balance sheet. One result of this is that a much smaller part of the earnings come from net gains/losses on financial items at fair value. Market risks arise to meet customers' demand for financial instruments with exposure to the fixed income, currency, equity or commodities markets. To meet this demand, it may be necessary for the Bank to have certain holdings. This situation arises for example when the Bank has undertaken to set market prices in its function as a market maker. Finally, the Bank has major business flows, making it reasonable for it to take advantage of possible economies of scale.

1.1.E. Memberships in material payment, clearing and settlement systems

The New York Branch has no memberships in any material payment, clearing or settlement systems

1.1.F. Description of foreign operations

The New York Branch has no foreign operations. For a description of the Bank's global operations, see the Group's 2014 annual report, pages 28-43

1.1.G. Material supervisory authorities

- Federal Reserve Bank of New York
- New York State Department of Financial Services
- Swedish Financial Supervisory Authority

1.1.H. Principal Officers

Frank Vang Jensen, CEO Svenska Handelsbanken AB (publ)

See pages 64-65 of the Group's Annual report for a complete description of the Principal Officers of the Bank.

1.1.I. Resolution planning corporate governance structure and processes related to resolution planning

The Bank has developed and prepared a recovery plan for the Group (the "Recovery Plan") as required by the Swedish Financial Supervisory Authority, and this is arranged for, and monitored by, Central Management of the Bank, in coordination with the Corporate Governance department. The Group's Recovery plan was adopted through a resolution by the Board of Svenska Handelsbanken AB on 20 October 2015. The Group's Recovery Plan has been presented to the Swedish FSA and to the Supervisory College. The Group's Resolution Plan will be assembled by the National Debt Office, which is the appointed resolution authority in Sweden, once a law has been implemented.

Personnel at the New York Branch are responsible for preparation of the Resolution Plan for the US operations of the Bank ("US Operations"), which is then assessed and approved by the Head of HI, who is a member of senior management of the Bank, and who has been appointed by the Board to approve the US Resolution Plan. The New York Branch has written an Instruction that requires the US Resolution Plan to be kept updated and to be reviewed at least annually. This will be monitored by senior management at the Branch and the Bank.

1.1.J. Description of material management information systems

Handelsbanken utilizes a number of key management information systems and applications that directly support management, financial, risk, operational and regulatory reporting across the organization.

Reporting at the Bank falls under the following broad categories:

- Management reporting: Information required for board / senior management
- Financial reporting: Information required to provide financial performance data to senior management and external users.
- Risk reporting: Information required to identify, monitor and analyze risks in day-to-day business operations, including operational, credit and market risk reports.
- Operational reporting: Information required to summarize detailed day-to-day activities at a transaction level to support key decisions on a daily basis
- Regulatory reporting: Reports required by regulatory authorities.

The Bank has extensive reporting capabilities that allow for generation of key reports that are produced at defined frequencies during the normal course of business.

1.1.K. High-level description of resolution strategy including such items as the range of potential purchasers of the company, its material entities and core business lines

The resolution strategy assumes that the New York Branch will be liquidated pursuant to a proceeding under New York State Banking Law. There is no reliance on the provision of extraordinary support by the United States or any other government to Handelsbanken, its New York Branch or its subsidiaries to prevent the failure of the Bank, and there is no availability of any unsecured funding immediately prior to the commencement of resolution.