

SVENSKA HANDELSBANKEN AB

Proposal from the nomination committee (2014) and a report on its work

The nomination committee has consisted of Mr Anders Nyberg (Industrivärden), chairman, Mr Jan-Erik Höög (Oktogonen Foundation), Mr Mats Guldbrand (Lundberg ownership group), Mr Bo Selling (Alecta),¹ and Mr Anders Nyrén, Chairman of the Board of Handelsbanken.

Election of the chairman of the meeting

The nomination committee proposes that Mr Sven Unger be elected chairman of the annual general meeting (AGM).

Determining the number of members of the Board to be appointed by the meeting

The nomination committee proposes that the meeting resolve that the Board consist of ten members.

Determining the number of auditors

The nomination committee proposes that the meeting resolve that two registered auditing companies be appointed as auditors.

Deciding fees for Board members and auditors, and decision on indemnity undertaking for Board members

Fees

Fees are proposed as follows: unchanged SEK 3,150,000 (3,150,000) to the Chairman, SEK 900,000 (875,000) to the Vice Chairmen, and SEK 625,000 (600,000) to each of the remaining members. For committee work, the following unchanged fees are proposed: SEK 325,000 to each member of the credit committee, SEK 125,000 to each member of the remuneration committee, SEK 200,000 to the chairman of the audit committee, and SEK 150,000 to the remaining members of the audit committee. If the Board establishes a risk committee, a fee of SEK 250,000 per member of this committee is proposed. Board members who are employees of Handelsbanken are not to receive a fee.

The nomination committee proposes that the meeting resolve on remuneration to be paid to the auditors 'on approved account.'

Indemnity undertaking for Board members

The nomination committee proposes that the AGM resolve that the Bank shall grant an indemnity undertaking to each Board member in respect of administrative penalties as stated in the regulations implementing the European Parliament's and the Council's directive 2013/36/EU (CRD 4) to which he or she is liable in their capacity as a member of the Bank's Board as a result of a final and absolute decision or final and absolute judgement, in accordance with the following main conditions.

¹As at 31 August 2013, AMF – Insurance and funds, was the fourth largest shareholder in Handelsbanken. AMF has declined to participate on the nomination committee and Alecta has therefore taken its place.

- The indemnity undertaking shall not apply if the Board member, through action or omission, intentionally or by negligence, has brought about the decision or the judgement, or if the Board member, prior to the decision or the judgement, has accepted payment obligation for the fee without the Bank's written consent.
- The Bank shall be entitled to receive information about any proceedings that have been initiated regarding a possible administrative penalty for a Board member, as well as to assign a legal counsel to represent the Board member in the proceedings, provided that the Bank defrays the fee for the legal counsel.
- The indemnity undertaking shall apply to the period during which the Board member is a member of the Bank's Board, and thereafter for a period that does not cease until the period of limitation for the Board member's obligation to pay administrative penalties has expired.
- Disputes arising as a result of the indemnity undertaking must be resolved through arbitration in accordance with the Arbitration Rules of the Arbitration Institute of the Stockholm Chamber of Commerce ("the Arbitration Institute"). The Arbitration Tribunal shall be composed of three arbitrators appointed by the Arbitration Institute. The seat of arbitration shall be in Stockholm. Regardless of the outcome, the Bank shall defray all costs for the proceedings, including any reasonable legal costs for the Board member, the Bank's own legal costs, fees to the Arbitration Institute, and fees to the arbitrators, provided that the Board member's claim was not manifestly groundless.

Election of the Board members and the Chairman of the Board

The nomination committee proposes that the meeting re-elect all Board members with the exception of Ms Lone Fønss Schrøder who at a late stage has declined re-election.

The nomination committee also proposes that the AGM re-elect Mr Anders Nyrén as Chairman of the Board.

The Swedish Code of Corporate Governance stipulates that a majority of the Board members elected by the AGM must be independent of the Bank and its management. Mr Pär Boman, Mr Tommy Bylund and Ms Charlotte Skog are employees of Handelsbanken, and thus not independent of the Bank and its management. Mr Jan Johansson and Mr Anders Nyrén are also considered to be dependent in relation to the Bank and its management, since they are CEO of Svenska Cellulosa AB SCA and AB Industrivärden respectively, while the Bank's CEO Pär Boman is a member of the board of both companies. In addition, Ms Lone Fønss Schrøder, one of the independent Board members, has notified the nomination committee that she will not be available for re-election. This was done at such a late stage that the nomination committee has not been able to take the requisite action to recruit a new Board member. These circumstances mean that the nomination committee's proposal for ten Board members includes five individuals who are not independent of the Bank and its management. Consequently, the Code's majority requirement has not been fulfilled in this respect.

However, the proposed composition of the Board does fulfil the requirement that at least two of the independent members must also be independent of the company's major shareholders. Dependences as regards the major shareholders are as follows. Mr Tommy Bylund and Ms Charlotte Skog are dependent in relation to the Oktogonen Foundation, one of the Bank's

major shareholders, of which they are board members. Mr Anders Nyrén, Mr Fredrik Lundberg, Mr Sverker Martin-Löf and Mr Pär Boman are dependent in relation to AB Industrivärden, a major shareholder in Handelsbanken, of which they are board members; in addition, Mr Anders Nyrén is the Chief Executive of AB Industrivärden.

For a more detailed presentation of the persons proposed for re-election, please see the attached information.

Election of auditors

The nomination committee proposes that the meeting re-elect KPMG AB and Ernst & Young AB as auditors for the period until the end of the AGM to be held in 2015. These two auditing companies have announced that, should they be elected, they will appoint the same auditors to be auditors in charge as in 2013: Mr Stefan Holmström (authorised public accountant) will be appointed as auditor in charge for KPMG AB, and Mr Erik Åström (authorised public accountant) will be appointed as auditor in charge for Ernst & Young AB.

Mandate of the nomination committee

The 2010 annual general meeting resolved as follows on the procedure for appointing a nomination committee for the annual general meeting in 2011 and subsequent annual general meetings. The resolution remains in force until changed by a future general meeting.

The nomination committee shall have five members. Four of the members (the “Shareholders’ Representatives”) shall represent the Bank’s four largest shareholders/shareholder groups in terms of votes, according to shareholder information from Euroclear Sweden AB as at 31 August the year before the annual general meeting is held, or which by some other means prove to be among the largest shareholders (the “Largest Shareholders”) on this date; one of these members is to chair the committee. However, the nomination committee must not include representatives of companies which are significant competitors of the Bank in any of its main areas of operations.

The annual general meeting assigns the Chairman of the Board to contact the Largest Shareholders. These will each appoint one representative who, together with the Chairman, are to constitute the nomination committee for the period until a new nomination committee is appointed by mandate from the next annual general meeting. The members of the nomination committee for the nomination of Board members shall be announced on the Bank’s website six months at the latest before the annual general meeting where election is to be conducted.

The members of the nomination committee are to appoint a chairman among themselves. No fees are to be paid.

Should a shareholder which is represented on the nomination committee cease to be one of the Largest Shareholders as a result of changes in the ownership structure, then, if the change is significant and the majority of the members of the nomination committee so decides, the shareholder’s representative must withdraw from the nomination committee, and the shareholder which has been newly added to the four largest shareholders/shareholder groups in terms of votes is to appoint a representative instead. However, changes in the ownership structure which occur less than three months before an annual general meeting will not lead to any change in the composition of the nomination committee.

If a Shareholders' Representative leaves his/her position with the shareholder, the shareholder is entitled to appoint a new representative for the nomination committee.

If one of the Largest Shareholders no longer wishes to participate in the work of the nomination committee by having a representative on the committee, and the nomination committee considers that there is a need to replace this representative, the shareholder which is next in line among the largest shareholders/shareholder groups in terms of votes is to appoint a representative instead.

Any changes in the composition of the nomination committee must be made public immediately.

This resolution on the procedure for appointing a nomination committee for the annual general meeting in 2011 and subsequent annual general meetings shall apply until it is amended by a future shareholders' meeting.

The nomination committee is not proposing any amendment to how the nomination committee should be appointed.

Report on the work of the nomination committee

The nomination committee has held 4 meetings.

It has been stated on the Bank's website under the heading "Annual general meeting", that shareholders may submit proposals to the nomination committee by 31 December 2013 at the latest.

Assessment of the Board and proposal for re-election

The Chairman of the Board, Mr Anders Nyrén, has reported on the assessment of the work of the Board carried out during the second half of 2013. In the opinion of the nomination committee, the work of the Board is functioning very well.

As support for its work, the nomination committee has received from Handelsbanken information regarding new rules and guidelines concerning boards that are relevant to the election of the Board of Handelsbanken. Some of these rules and guidelines relate to qualifications and requirements for being able to devote sufficient time to a board assignment. In its work, the nomination committee has also paid regard to a proposal concerning the composition of the Board that has been submitted by a Handelsbanken shareholder.

The nomination committee considers that ten members is satisfactory for the coming year although the ambition of the nomination committee for the next AGM is to increase the size of the Board. Ten members are sufficient for the Board to perform its tasks, including the tasks which are the responsibility of the Board's remuneration committee, audit committee and credit committee, and to perform the tasks which would be the responsibility of a risk committee if the Board, due to regulatory changes, constitutes such a committee.

The persons proposed for re-election are presented below. All are individuals with a good reputation, and in the opinion of the nomination committee, the composition of the proposed Board will be fit-for-purpose, given the Bank's operations, stage of development and other relevant circumstances. Based on the Board evaluation presented to the nomination committee

by the Chairman of the Board, as well as the nomination committee's own observations and the period of time that the members have served on the Handelsbanken Board, acquiring knowledge and experience of the Bank and its operations, it is the nomination committee's assessment that the proposed Board members have the breadth and versatility in terms of background, expertise and experience that are required in order to understand the Bank's operations, including its risks, organisational structure, etc. In addition, it is the opinion of the nomination committee that the proposed Board members will be able to constructively and effectively examine and, where necessary, question the decisions and activities of the Bank's senior management. After making the appropriate enquiries, it is also the opinion of the nomination committee that all the proposed members will be able to devote sufficient time to carrying out the Board assignment.

In its work, the nomination committee has considered and discussed the matter of diversity on the Board, including gender distribution, age, geographical origin, and professional and educational background. In the view of the nomination committee, the composition of the proposed Board is fit-for-purpose in this respect.

Among the nominated members, Mr Tommy Bylund and Ms Charlotte Skog have been proposed by the Oktogonen Foundation, in which context it may be noted that there are no separate employee representatives on the Bank's Board.

Board fees

The nomination committee proposes that the Board's fees be raised somewhat, with the exception of the fee to the Chairman of the Board, with fees for committee work being unchanged. The nomination committee is also proposing a fee for a risk committee, in the event that such a committee must be established. It is also noted that Board members who are employees of the Bank do not receive a fee.

Proposal concerning indemnity undertaking for Board members

As part of its work, the nomination committee has monitored the legislation process for the implementation of CRD 4. CRD 4 makes clear that if a financial institution has committed an infringement that leads to sanctions under the directive, it shall also be possible to resort to sanctions against the institution's management. These sanctions include administrative penalties. In short, the present legislative proposal for implementation of the directive's regulations on administrative penalties entails the following.

It must be possible to apply sanctions to both the institution and the institution's management. The management of a financial institution is defined as the board, the CEO and their deputies. If a financial institution is notified of a decision concerning a criticism or a warning due to contravention of the Swedish Banking and Financing Business Act or the Swedish Securities Market Act, the Swedish Financial Supervisory Authority may decide that an administrative penalty is payable by the institution. If there are special reasons for this, the Supervisory Authority may decide on an administrative penalty for a member of the institution's management, if he or she is responsible for the contravention in question. According to the proposal, it will be possible to set administrative penalties for physical persons at a maximum of (1) an amount in SEK that, as at 17 July 2013, corresponds to EUR 5 million, or (2) two times the sum of the profit or two times the sum of the costs that were avoided as a result of the contravention. Although sanctions should in principle be targeted at the institution and only in exceptional cases be applied to physical persons, administrative penalties – unlike criminal sanctions – do not presuppose any intent or negligence by the party being held

responsible for the contravention. Consequently, the nomination committee can state that, as far as can be judged, the implementation of CRD 4 will entail the possibility of administrative penalties of very large amounts being imposed on the Bank's management, without the need to prove negligence on the part of the manager(s) concerned.

At present, a member of the Bank's Board has a liability for damages vis-à-vis the Bank and its shareholders (and other parties). This responsibility means that the Board member is obliged to pay damages if he or she has been negligent. This is stipulated by law, and is a reasonable responsibility. However, the nomination committee does not consider it reasonable to require a Board member to work under the threat of needing to pay a fee of EUR 5 million or more to the State, even if the Board member has not been negligent. In addition, in the nomination committee's assessment, such a threat could make it considerably more difficult for the Bank to keep and recruit suitable Board members.

In the light of this, the nomination committee considers that the provision of indemnity undertakings with the proposed contents for the Board members is essential to ensuring that the composition of the Bank's Board is fit-for-purpose, with diversity and breadth in terms of the members' expertise, experience and background.

Board members

Anders Nyrén, Chairman

Graduate in Business Administration and MBA

President and CEO of AB Industrivärden

Bromma

Nationality: Swedish

Born in 1954

Member since 2001

Chairman of the Board's credit committee and remuneration committee

Member of the Board's audit committee

Other assignments

Chairman of Sandvik AB

Board member Stockholm School of Economics and Stockholm School of Economics Association, AB

Industrivärden, Svenska Cellulosa AB SCA, AB Volvo

Background

1997-2001 Skanska, Deputy CEO, CFO

1996-1997 Nordbanken, Director with responsibility for Markets and Corporate Finance

1992-1996 Securum, Deputy CEO, CFO

1987-1992 OM International AB, CEO

1986-1987 STC Venture AB, CEO

1982-1987 STC, Deputy CEO, CFO

1979-1982 AB Wilhelm Becker, Director

Own shareholdings and those of immediate family

2,000

Not independent of the Bank and its management

Not independent of major shareholders (President and CEO of AB Industrivärden)

Fredrik Lundberg, Vice Chairman

Graduate Engineer and Graduate in Business Administration

Honorary Doctor of Economics and Honorary Doctor of Engineering

President and CEO of L E Lundbergföretagen AB

Djursholm

Nationality: Swedish

Born in 1951

Member since 2002

Member of the Board's credit committee

Other assignments

Chairman of Holmen AB, Hufvudstaden AB, Indutrade AB

Board member, L E Lundbergföretagen AB, AB Industrivärden, Sandvik AB, Skanska AB

Background

Active at Lundbergs since 1977

CEO L E Lundbergföretagen AB since 1981

Own shareholdings and those of immediate family

2,525,000 and 12,500,000 via L E Lundbergföretagen AB

Independent of the Bank and its management

Not independent of major shareholders (Board member, AB Industrivärden)

Sverker Martin-Löf, Vice Chairman

Lic. Tech

Ph D (h.c.)

Director

Stockholm

Nationality: Swedish

Born in 1943

Member since 2002

Chairman of the Board's audit committee
Member of the Board's credit committee

Other assignments

Chairman of AB Industrivärden, Svenska Cellulosa AB SCA, SSAB AB
Vice chairman of Telefonaktiebolaget LM Ericsson
Board member Skanska AB

Background

1977-2002 Active at Svenska Cellulosa AB SCA in various management positions

Own shareholdings and those of immediate family

4,000

Independent of the Bank and its management
Not independent of major shareholders (Board member, AB Industrivärden)

Jon Fredrik Baksaas

Graduate in Business Administration and MBA
President and CEO of Telenor ASA
Sandvika, Norway
Nationality: Norwegian
Born in 1954
Member since 2003

Other assignments

Chairman, GSM Association
Board member, Doorstep AS, VimpelCom Ltd
Member of Det Norske Veritas (Council)

Background

1994-2002 Telenor ASA, Chief Financial Officer/Executive Vice President/Senior Executive Vice President
1997-1998 Telenor Bedrift AS, Managing Director
1989-1994 TBK AS, Chief Finance Officer/Chief Executive Officer
1988-1989 Aker AS, Chief Finance Director
1985-1988 Stolt Nielsen Seaway AS, Oslo and Haugesund, Chief Finance Director
1979-1985 Det Norske Veritas, System consultant/Controller/Contract Co-ordinator

Own shareholdings and those of immediate family

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Independent of the Bank, its management and major shareholders

Pär Boman

Engineering and Business/Economics degree
President and Group Chief Executive of Handelsbanken
Stockholm
Nationality: Swedish
Born in 1961
Member since 2006
Member of the Board's credit committee

Other assignments

Board member Svenska Cellulosa AB SCA, AB Industrivärden

Background

2002-2005 Executive Vice President, Head of Handelsbanken Markets
1998-2002 Executive Vice President, Head of Regional Bank Denmark, Handelsbanken
Employed by Handelsbanken since 1991

Holdings of shares and financial instruments, own and those of immediate family

11,892 shares, of which 5,892 held indirectly via the Oktogonen profit-sharing foundation
Nominal value SEK 8,318,142 in Handelsbanken's 2011 convertible bond

Not independent (President and Group Chief Executive)

Tommy Bylund

Upper Secondary School
Bank Vice President
Ljusdal
Nationality: Swedish
Born in 1959
Member since 2000
Member of the Board's credit committee

Other assignments

Chairman of the Oktogonen Foundation
Member of Ljusdal municipality's economic foundation (Närkljus)

Background

Employed by Handelsbanken since 1980
Branch manager at Handelsbanken since 1992

Holdings of shares and financial instruments, own and those of immediate family

18,556 shares indirectly via the Oktogonen profit-sharing foundation
Nominal value SEK 1,131,799 in Handelsbanken's 2011 convertible bond

Not independent (employee)

Jan Johansson

Bachelor of Laws
President and CEO of Svenska Cellulosa AB SCA
Stockholm
Nationality: Swedish
Born in 1954
Member since 2009
Member of the Board's remuneration committee

Other assignments

Board member SSAB AB, Svenska Cellulosa AB SCA

Background

2001-2007 President and CEO Boliden AB
2001 Head of network operations, Telia AB
1994-2001 Deputy CEO Vattenfall
1990-1994 Head of Division at Svenska Shell
1985-1990 Corporate lawyer within Shell
1984-1985 Trainee lawyer
1981-1983 District court clerk

Own shareholdings and those of immediate family

5,000

Not independent of the Bank and its management
Independent of major shareholders

Ole Johansson

Diploma in Economics and Business Administration
Director
Grankulla, Finland
Nationality: Finnish
Born in 1951
Member since 2012
Member of the Board's credit committee

Other assignments

Chairman of EQ Oyj Abp, Aker Arctic Technology Inc.

Background

1975-2011 Held various positions within the Wärtsilä (Metra) Group with the exception of a period with Valmet
1979-1981. CEO 2000-2011

Own shareholdings and those of immediate family

9,500

Independent of the Bank, its management and major shareholders

Bente Rathe

Graduate in Business Administration and MBA

Director

Trondheim, Norway

Nationality: Norwegian

Born in 1954

Member since 2004

Member of the Board's credit committee

Member of the Board's remuneration committee

Other assignments

Chair, Ecohz AS and Cenium AS (both companies are subsidiaries of Home Invest AS)

Vice Chair, Powel AS

Board member, Polaris Media ASA, Home Invest AS and its subsidiary Nordic Choice Hospitality Group AS, Aker Kvaerner Holding AS, Ethics Committee for Norwegian Government Pension Fund Global

Background

1999-2002 Deputy Group Chief Executive, Gjensidige NOR (CEO of life insurance company, chair of Mutual Fund and Asset Management Company)

1996-1999 President, Gjensidige Bank AS

1993-1996 CEO, Elcon Finans AS

1991-1993 Deputy CEO, Forenede Forsikring

1989-1991 CFO, Forenede Forsikring

1977-1989 Head of Credits and CFO E.A. Smith AS

Own shareholdings and those of immediate family

1,330

Independent of the Bank, its management and major shareholders

Charlotte Skog

Economics Programme at upper secondary school

Bank employee

Österskär

Nationality: Swedish

Born in 1964

Member since 2012

Deputy member of the Board's credit committee

Other assignments

Vice Chair of the Financial Sector Union Club at Handelsbanken

Board member of the Oktogonen Foundation, the Financial Sector Union

Background

Employed by Handelsbanken since 1989

Holdings of shares and financial instruments, own and those of immediate family

6,321 shares indirectly via the Oktogonen profit-sharing foundation

Nominal value SEK 242,722 in Handelsbanken's 2011 convertible bond

Not independent (employee)