

# SVENSKA HANDELSBANKEN AB

## ***The proposals of the Board for the 2017 annual general meeting (AGM)***

### ***Item 9. Resolution on the allocation of the Bank's profits in accordance with the adopted balance sheet and also concerning the record day***

The Board proposes an ordinary dividend of SEK 5.00 per share and that the remaining profits be carried forward to next year. In addition, the Board proposes that Friday, 31 March 2017 be the record day for receiving dividends. If the meeting resolves in accordance with the proposal, Euroclear Sweden AB expects to distribute the dividend on Wednesday, 5 April 2017.

With reference to Chapter 18, Section 4 of the Swedish Companies Act, the following statement from the Board is noted:

The Board's assessment is that the amount of the proposed dividend, totalling SEK 9.721 million, is justifiable in view of the nature of operations, their scope, consolidation requirement, risk-taking, liquidity, and the general situation in both the parent company and the Group. Unrealised changes in assets and liabilities at fair value have had a net impact on equity of SEK 5.322 million. The total capitalisation of the parent company and the consolidated situation at the year-end, minus the proposed dividend based on completed conversions and other material changes since the year-end, exceeded the requirements pursuant to regulation (EU) 575/2013 and directive 2013/36/EU and other relevant requirements which the authorities have established for the Bank.

### ***Item 11. The Board's proposal for authorisation for the Board to resolve on acquisition and divestment of shares in the Bank***

The earning capacity of the Bank remains good, and a stable capital situation can be foreseen. Depending on the continuing growth in volumes, a strengthened capital situation may arise. In such a situation, it could be appropriate to adjust the Bank's capital structure, which may inter alia be carried out by repurchasing the Bank's own shares. A new authorisation by the meeting for the Board to resolve on the repurchase of the Bank's own shares is therefore justified. The Board also notes that if the Bank were to acquire a company or operations, such a transaction could be facilitated if its own repurchased shares were available to finance an acquisition.

Thus the Board proposes that the meeting shall authorise the Board to resolve on the purchase of Handelsbanken's own class A and/or B shares until the AGM in 2018 on the following conditions:

- The purchases shall be made on Nasdaq Stockholm AB.
- The Bank may purchase a total of no more than 120,000,000 class A and/or B shares or a higher number which comprises a percentage adjustment for an increase in the number of shares in Handelsbanken due to conversion of convertibles or a stock split.
- When they are purchased, the shares shall be paid for at a price within the registered price range at any time, or at a price in compliance with Nasdaq Stockholm AB's rules regarding volume-weighted average prices.

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- The aggregated holding of the Bank's own shares, including shares in the trading book, shall not at any time exceed one-tenth of the total number of shares in the Bank.
- Purchases may take place within the scope of a buyback program in accordance with the Regulation (EU) No 596/2014 of the European Parliament and of the Council and the Commission delegated regulation (EU) 2016/1052.

The Board also proposes that the AGM authorise the Board a) to resolve on divestment of the Bank's own shares, deviating from the shareholders' preferential rights, as payment in connection with an acquisition of a company or business, and b) to resolve on divestment of the Bank's own shares on Nasdaq Stockholm AB at a price within the registered price range at any time, or in some other way than through Nasdaq Stockholm AB, in order to finance acquisition of a company or business, with or without preferential rights for the shareholders, and with or without provisions on payment in kind or through a set-off. In this case, if divestment deviates from the shareholders' preferential rights, the remuneration for shares sold must correspond to an estimated market value and can be payable in forms other than cash. In other respects, the following terms shall apply:

- The authorisations can be utilised on one or more occasions until the next AGM.
- The authorisation on divestment covers all class A or B shares in Handelsbanken held by the Bank at the time of the Board's resolution.

With reference to Chapter 19, Section 22 of the Swedish Companies Act, the Board has made the following statement: The Board's assessment is that the proposed authorisation on acquisition of the Bank's own shares is justifiable, in view of the nature of operations, their scope, consolidation requirements, risk-taking, liquidity and the general situation in both the parent company and the Group. Unrealised changes in assets and liabilities at fair value have had a net impact on equity of SEK 5.322 million. The total capitalisation of the parent company and the consolidated situation at the year-end, minus the proposed dividend based on completed conversions and other material changes since the year-end, exceeded the requirements pursuant to regulation (EU) 575/2013 and directive 2013/36/EU and other relevant requirements which the authorities have established for the Bank.

***Item 12. The Board's proposal for acquisition of shares in the Bank for the Bank's trading book pursuant to Chapter 7, Section 6 of the Swedish Securities Market Act***

The Board proposes that the meeting make the following resolution:

In order to facilitate its securities operations, and until the next AGM, the Bank shall have the right to acquire its own ordinary class A and/or B shares for the Bank's trading book pursuant to Chapter 7, Section 6 of the Swedish Securities Market Act (2007:528), on condition that the Bank's own shares in the trading book at no time exceed two per cent of all shares in the Bank. The shares shall be acquired at the market price applicable at the time of purchase.

Pursuant to the provisions of Chapter 19, Section 22 of the Swedish Companies Act, the Board refers to the statement made under item 11 above.

***Item 13. The Board's proposal regarding authorisation for the Board to resolve on issuance of convertibles***

Since 2014, new EU rules have applied regarding capital adequacy in Sweden. Pursuant to the new capital adequacy regulations, certain debt instruments can be included as additional tier 1 capital. A condition for this is that the instruments are able to absorb losses, e.g. if it is mandatory that they be converted to shares if a pre-defined trigger event occurs, for example,

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if the Bank's common equity tier 1 ratio falls below a pre-defined minimum level. Thus it is the intention that the instruments – in the event that they are converted – will strengthen the Bank's common equity tier 1 ratio. If debt instruments with this conversion opportunity are issued, the provisions of the Swedish Companies Act regarding issuance of convertibles must be taken into account. Since these convertibles may comprise a fit-for-purpose capital instrument for the Bank, the Board proposes that the meeting authorise the Board to issue such convertibles.

The purpose of the authorisation is to permit a flexible, effective adaptation of Handelsbanken's capital structure. The reasons for being able to issue the convertibles with deviation from the shareholders' preferential rights are that the authorisation would allow the Board to rapidly perform issues of convertible debt instruments, which is considered appropriate in view of the fact that it is intended that these debt instruments will mainly be issued to debt investors on the international capital markets, and it is therefore important to be able to issue them at an appropriate point in time. Moreover, the instruments would only lead to mandatory conversion to shares in certain circumstances, but would not entail the right of conversion for the holders of the instruments themselves.

In light of the above, the Board is proposing that the meeting resolve to authorise the Board to issue convertibles during the period until the AGM in 2018, in accordance with the following conditions:

- The authorisation can be utilised on one or more occasions until the 2018 AGM.
- An issue may be made with or without deviation from shareholders' preferential rights.
- The convertibles will not include the right of conversion for the holders, but will lead to mandatory conversion to shares in accordance with the terms and conditions, in the case of one or more pre-defined events.
- It must be possible to convert to class A or class B shares in Handelsbanken.
- The loan amount and conversion conditions will be determined so that the aggregate number of shares which may be issued when converting convertibles issued under this authorisation, with application of the conversion price determined at the time of issue, amounts to a maximum of 180,000,000 shares. For convertibles issued according the authorisation, market-based terms for debt instruments which may be included as tier 1 capital instruments shall apply.

***Item 20. The Board's proposal concerning guidelines for remuneration to executive officers***

The Board proposes that the meeting decide on the following guidelines for remuneration and other terms of employment for executive officers of Handelsbanken. The guidelines shall not affect any remuneration previously decided for executive officers.

- The aggregated total remuneration shall be on market terms.
- Remuneration is paid only in the form of a fixed salary, pension provision and customary benefits. By special decision of the Board, the Bank can provide housing. Variable remuneration benefits such as bonus and percentage of profits are not paid.
- The executive officers in question are included in the Oktogonen profit-sharing system on the same terms as all employees of the Bank.
- The retirement age is normally 65. Retirement benefits are defined contribution, and may be payable in addition to a collectively agreed pension plan.

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- The period of notice on the part of the officer is six (6) months, and on the part of Handelsbanken a maximum of twelve (12) months. If the Bank terminates the employment contract later than five (5) years after the person becomes one of the Bank's executive officers, the period of notice is a maximum of twenty-four (24) months. No other termination benefits are paid. Other time periods may apply due to collective agreements and labour legislation.
- The Board shall have the right in exceptional circumstances to deviate from the established guidelines if there are special reasons in an individual case.

These guidelines shall apply to the Group Chief Executive, other Executive Directors and members of the parent company's Board who are also employees of the Bank.

***Item 21. The Board's proposal concerning the appointment of auditors in foundations without own management***

The board proposes that the registered public accounting firm Ernst & Young AB be appointed as auditing company to the following foundations, which are newly associated with Svenska Handelsbanken AB:

- The Elna Bengtsson Foundation Fund for Scientific Research (*Stiftelsen Elna Bengtssons fond för vetenskaplig forskning*)
- The Ann-Margret Lindell Foundation Scholarship Fund (*Stiftelsen Ann-Margret Lindells stipendiefond*)
- The Franke and Margareta Bergqvist Foundation for Promotion of Cancer Research (*Franke och Margareta Bergqvists stiftelse för främjande av cancerforskning*)
- The Memorial Fund of the Wendela, Einar and Inga Lisa Lind Family Foundation (*Stiftelsen familjen Wendela, Einar och Inga Lisa Linds minnesfond*)
- The Christer Ångman and Traude Franke Foundation (*Stiftelsen Christer Ångmans och Traude Frankes stiftelse*)
- The Ann-Mari and Curt Berg Foundation (*Ann-Mari och Curt Bergs Stiftelse*)