

Handelsbanken

Press release

Stockholm, 16 December 2008

Handelsbanken issues hybrid Tier 1 capital loan

Until now, the Swedish Tier 1 capital regulations have set a limit of 15 percent on the proportion of hybrid Tier 1 capital loans that may be included as Tier 1 capital. However, the Swedish Financial Supervisory Authority has now announced that Swedish banks, like their counterparts in most EU countries, can include up to 30 percent in hybrid Tier 1 capital loans.

Handelsbanken has issued a hybrid Tier 1 capital loan of SEK 2.1 billion. The issue was subscribed for by a small group of institutional investors. The loan leads to an increase in Handelsbanken's capital base and thus boosts the Bank's lending capacity.

"The issue has attracted a great deal of interest and it was carried out on good terms. Our assessment is that this was helped by the Government's stabilisation fund, which includes Handelsbanken," says Ulf Riese, CFO of Handelsbanken.

"At present, many companies need to renew their loans, while many international lenders have disappeared from our domestic markets. To meet this need, we are further increasing our lending capacity by issuing this hybrid Tier 1 capital loan."

"The Swedish Financial Supervisory Authority has decided that the loan may be included in Tier 1 capital when calculating the Bank's capital base. Thus our Tier 1 capital ratio will be strengthened by about 0.2 percentage points."

Following yesterday's issue, Handelsbanken has the capacity to issue approximately SEK 10 billion more, according to the new regulations.

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