

Svenska Handelsbanken

Resilience in the current environment

- Defensive qualities well-reflected in valuation
- Adj. EPS down 1-2% for 2026-27e
- The end of the cost-cutting story?

Highest-valued large cap bank (adj. P/E)

With the Q4'25 report, Handelsbanken finally moved within its target range for the management buffer of 100-300bp, which resulted in a higher-than-expected proposed DPS for 2025. As the risk exposure amount was also lower than we thought, our dividend projection for 2026 came down by less than the positive surprise for 2025. When assuming that Handelsbanken stays at similar management buffer levels in our forecast period as in Q4'25, dividend yields remain attractive at 12% in 2026 and 7% p.a. thereafter. Together with its defensive qualities in the current turmoil, the solid dividend yields are probably an important reason for the stock's resilience in the current environment. Handelsbanken is now the highest-valued Nordic large cap banking stock in terms of adj. P/E despite relatively low expected net earnings growth (CAGR) in 2025-28e. We therefore see better alternatives elsewhere.

Adj. EPS slightly down

We have cut our operating profit and adjusted EPS forecasts for 2026-27 by 1-2% in this report to reflect slightly lower net interest income (partly FX).

Underinvesting in IT?

Despite Handelsbanken surprising positively in terms of costs throughout 2025, we expect relatively high cost growth in 2026e-28e, and see its cost/income ratio increasing (as opposed to the situation in the other banks excl. DNB). Although headcount has been reduced, an important reason for the cost reduction is that Handelsbanken has cut back on IT spending in both absolute and relative terms during 2024-25 (see the cost section). One might question whether Handelsbanken's SEK 7.8bn in total IT spending (including capitalised costs) in 2024-2025 is sustainable vs. SEB's SEK 11.1bn and Swedbank's SEK 10.9bn. This poses a risk of cost inflation vs. peers at some point.

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SEKm	2024	2025	2026e	2027e	2028e
Total income	62,345	56,795	55,641	57,423	59,599
Total operating costs	-25,208	-23,567	-23,938	-24,587	-25,356
Operating profit	35,018	30,749	28,860	30,881	32,186
EPS adj.	14.13	12.07	11.34	12.09	12.63
BVPS	106.07	100.68	94.42	96.49	99.84
NAVPS	101.81	96.65	90.49	92.55	95.90
DPS	15.00	17.50	10.00	9.25	10.25
Total income growth (%)	0.2	-8.9	-2.0	3.2	3.8
Total.op.costs (%)	8.7	-6.5	1.6	2.7	3.1
Op. profit growth (%)	-3.6	-12.2	-6.1	7.0	4.2
C/I (%)	39.7	41.5	43.0	42.8	42.5
Loan losses (%)	-0.03	-0.01	0.00	0.01	0.01

Source: ABG Sundal Collier, Company Data

Reasons:

Estimate changes Case refresher

BUY HOLD SELL

Financials

Estimate changes (%)	2026e	2027e
Total income	-0.9	-1.1
Total op costs	-0.1	0.1
Operating profit	-1.4	-1.9
EPS adj.	-1.1	-1.9

Source: ABG Sundal Collier

SHB.A-SE/SHBA SS

Share price (SEK)	17/3/2026	140.35
Target price	(138.00)	140.00

MCap (SEKm)	277,897
MCap (EURm)	25,974
No. of shares (m)	1,980.0
Free float (%)	73.0
Av. daily volume (k)	4,180

Next event Q1 Report 22 April 2026

Performance



	2026e	2027e	2028e
P/E adj. (x)	12.4	11.6	11.1
EPS adj. growth (%)	-6.0	6.6	4.5
P/BV (x)	1.49	1.45	1.41
BVPS growth (%)	-6.2	2.2	3.5
P/NAV	1.55	1.52	1.46
NAVPS growth	-6.4	2.3	3.6
Dividend yield (%)	7.1	6.6	7.3
ROE (%)	11.5	12.6	12.8
RONAV (%)	12.1	13.2	13.4
CET 1 ratio	17.6	17.8	17.8

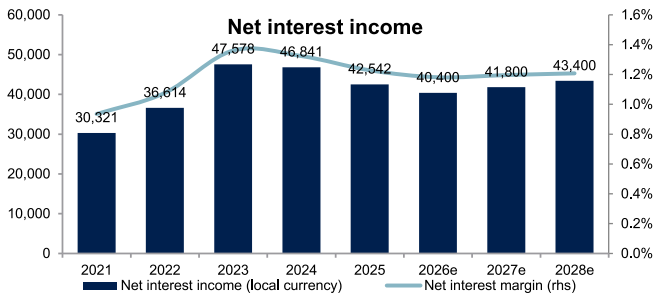
Company description

Handelsbanken is one of the four large banks in Sweden. Its operations are primarily based in Sweden, while it is also present in Norway, in the UK and in the Netherlands. While the lion's share of its profit is derived from its Swedish branch office operations, the contributions from the UK and Norway are meaningful.

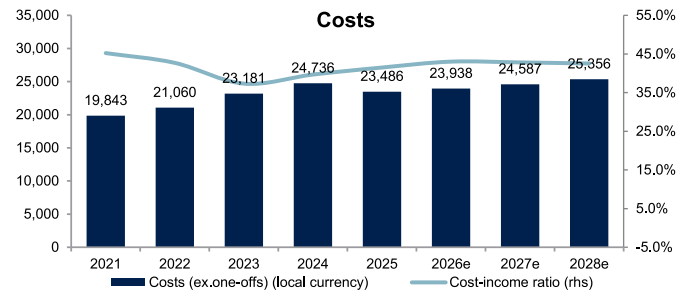
Sustainability information

Risks

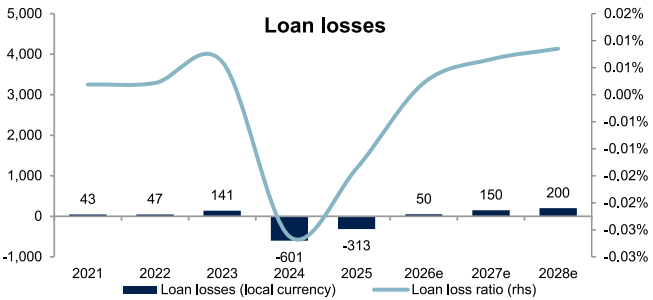
Deteriorating asset quality, weaker than expected pre-provisioning earnings trend and regulation (capital requirements, taxes etc.).



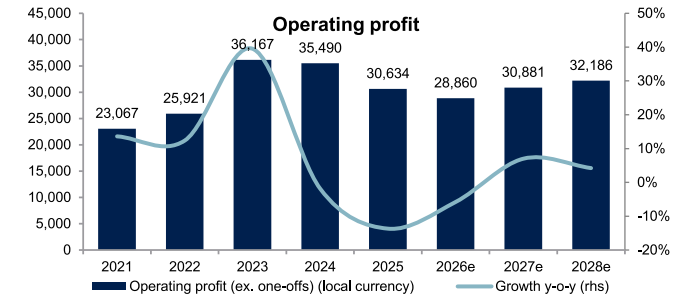
Source: Company data & ABGSC Research



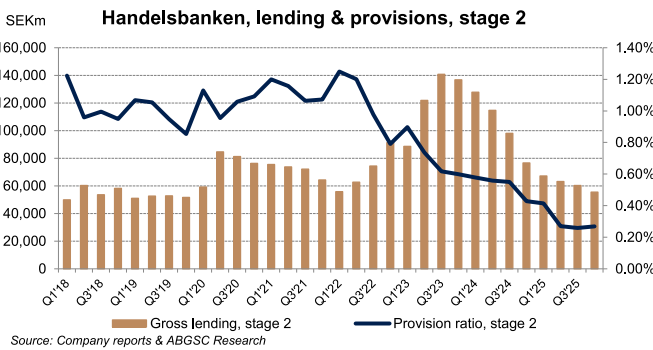
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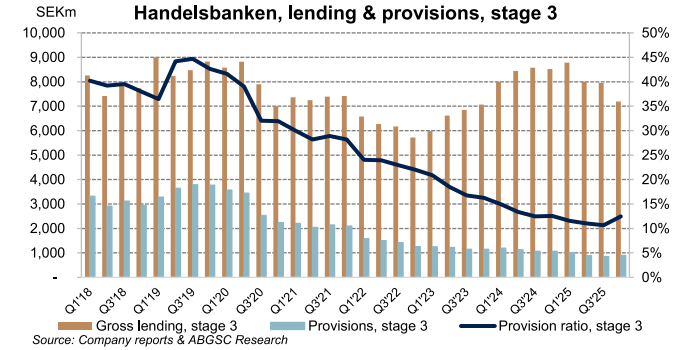
Source: Company data & ABGSC Research



Source: Company data & ABGSC Research



Source: Company reports & ABGSC Research



Source: Company reports & ABGSC Research

Forecast revisions										
SEKm	New forecasts			Old forecasts			Diff			
	2026e	2027e	2028e	2026e	2027e	2028e	2026e	2027e	2028e	
Net interest income	40,400	41,800	43,400	40,950	42,450		-550	-1%	-650	-2%
Net commission income	12,506	12,852	13,372	12,473	12,853		33	0%	-2	0%
Trading income	2,200	2,222	2,266	2,200	2,222		0	0%	0	0%
Insurance	305	314	320	296	305		9	3%	9	3%
Other income	230	235	239	227	232		3	1%	3	1%
Total income	55,641	57,423	59,599	56,147	58,063		-506	-1%	-640	-1%
Personnel costs**	-15,003	-15,445	-15,980	-15,003	-15,596		0	0%	151	-1%
Other costs	-8,935	-9,142	-9,376	-8,915	-9,018		-20	0%	-125	1%
Total costs	-23,938	-24,587	-25,356	-23,918	-24,614		-20	0%	26	0%
Profit before loan losses	31,703	32,835	34,243	32,228	33,449		-526	-2%	-614	-2%
Loan losses	-50	-150	-200	-150	-175		100	-67%	25	-14%
Other	-2,793	-1,804	-1,858	-2,801	-1,804		8	0%	0	0%
Operating profit	28,860	30,881	32,186	29,277	31,471		-417	-1%	-589	-2%
Tax	-6,349	-6,794	-7,081	-6,500	-6,986		150	-2%	193	-3%
Other (disc. operations)	-250	-200	-150	-253	-203		3	-1%	3	n.m.
Net profit	22,261	23,887	24,955	22,525	24,281		-264	-1%	-394	-2%
<i>Adjusted net profit</i>	<i>22,457</i>	<i>23,945</i>	<i>25,012</i>	<i>22,717</i>	<i>24,398</i>		<i>-260</i>	<i>-1%</i>	<i>-453</i>	<i>-2%</i>
<i>Number of shares (m)*, YE</i>	<i>1,980</i>	<i>1,980</i>	<i>1,980</i>	<i>1,980</i>	<i>1,980</i>		<i>0</i>	<i>0%</i>	<i>0</i>	<i>0%</i>
<i>Share buybacks</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>		<i>0</i>	<i>n.a.</i>	<i>0</i>	<i>n.a.</i>
<i>EPS</i>	<i>11.2</i>	<i>12.1</i>	<i>12.6</i>	<i>11.4</i>	<i>12.3</i>		<i>-0.1</i>	<i>-1%</i>	<i>-0.2</i>	<i>-2%</i>
<i>Adjusted EPS</i>	<i>11.3</i>	<i>12.1</i>	<i>12.6</i>	<i>11.5</i>	<i>12.3</i>		<i>-0.1</i>	<i>-1%</i>	<i>-0.2</i>	<i>-2%</i>
<i>DPS</i>	<i>10.0</i>	<i>9.3</i>	<i>10.3</i>	<i>9.0</i>	<i>9.5</i>		<i>1.0</i>	<i>11%</i>	<i>-0.2</i>	<i>-3%</i>

Source: ABGSC forecasts

* N:o of shares outstanding

** Oktogonen SEK 250m p.a. for 2026-28e

**Including special DPS of SEK 1.50 for 2026e and SEK 0.75 for 2028e

ABGSC vs. Infront consensus												
SEKm	ABGSC			Infront consensus			Diff					
	2026e	2027e	2028e	2026e	2027e	2028e	2026e	2027e	2028e			
Net interest income	40,400	41,800	43,400	40,619	41,953	43,425	-219	-1%	-153	0%	-25	0%
Net commission income	12,506	12,852	13,372	12,431	13,002	13,604	74	1%	-150	-1%	-232	-2%
Trading income	2,200	2,222	2,266	2,080	2,117	2,130	121	6%	105	5%	137	6%
Insurance	305	314	320	358	371	391	-53	-15%	-57	-15%	-70	-18%
Other income	230	235	239	276	261	276	-46	-17%	-26	-10%	-36	-13%
Total income	55,641	57,423	59,599	55,764	57,704	59,825	-123	0%	-282	0%	-226	0%
Personnel costs	-15,003	-15,445	-15,980	-15,058	-15,478	-15,932	55	0%	33	0%	-48	0%
Other costs	-8,935	-9,142	-9,376	-8,994	-9,231	-9,515	59	-1%	88	-1%	139	-1%
Total costs	-23,938	-24,587	-25,356	-24,052	-24,709	-25,447	114	0%	121	0%	91	0%
Profit before loan losses	31,703	32,835	34,243	31,711	32,996	34,378	-9	0%	-161	0%	-135	0%
Loan losses	-50	-150	-200	-457	-576	-609	407	-89%	426	-74%	410	-67%
Other	-2,793	-1,804	-1,858	-2,663	-2,485	-2,491	-130	5%	682	-27%	633	-25%
Operating profit	28,860	30,881	32,186	28,592	29,934	31,278	268	1%	947	3%	908	3%
Tax	-6,349	-6,794	-7,081	-6,336	-6,628	-6,940	-13	0%	-166	3%	-141	2%
Other (disc. operations)	-250	-200	-150	-69	-59	-41	-181	262%	-141	n.m.	-109	n.m.
Net profit	22,261	23,887	24,955	22,187	23,247	24,296	74	0%	640	3%	658	3%
EPS	11.24	12.06	12.60	11.21	11.74	12.27	0.0	0%	0.3	3%	0.3	3%
DPS	10.00	9.25	10.25	10.50	10.40	10.50	-0.50	-5%	-1.15	-11%	-0.25	-2%
CET1 ratio	17.6%	17.6%	17.8%	17.3%	17.2%	17.1%						

Source: Infront consensus, ABGSC forecasts

Handelsbanken - Income statement, quarterly								
SEKm	Q1'25	Q2'25	Q3'25	Q4'25	Q1'26e	Q2'26e	Q3'26e	Q4'26e
Net interest income	11,347	10,689	10,468	10,038	10,000	10,075	10,150	10,175
Net commission income	2,900	2,866	2,979	3,117	3,073	3,128	3,120	3,185
Trading income	506	-64	573	677	550	550	550	550
Insurance	28	105	71	85	75	75	75	80
Other income	9	28	30	343	36	74	50	70
Total income	14,790	13,624	14,121	14,260	13,734	13,902	13,945	14,060
Personnel costs	-3,789	-3,784	-3,656	-3,548	-3,717	-3,733	-3,742	-3,812
Other costs	-2,236	-2,233	-2,059	-2,261	-2,232	-2,243	-2,079	-2,381
Total costs	-6,025	-6,017	-5,715	-5,809	-5,949	-5,976	-5,821	-6,193
Profit before loan losses	8,765	7,607	8,406	8,451	7,785	7,927	8,124	7,867
Loan losses	54	219	35	5	-5	-5	-17	-22
Other	-681	-663	-673	-775	-698	-698	-698	-698
Operating profit	8,138	7,163	7,768	7,681	7,082	7,223	7,408	7,147
Tax	-1,801	-1,624	-1,747	-1,583	-1,558	-1,589	-1,630	-1,572
Other	-15	-51	-73	-130	-62	-63	-62	-63
Net profit	6,322	5,488	5,948	5,968	5,462	5,571	5,716	5,511
Tax rate	22%	23%	22%	21%	22%	22%	22%	22%
EPS	3.2	2.8	3.0	3.0	2.8	2.8	2.9	2.8
Adjusted net profit	6,402	5,610	6,035	5,847	5,512	5,621	5,766	5,558
Adjusted EPS	3.2	2.8	3.0	3.0	2.8	2.8	2.9	2.8
Key balance sheet data								
SEKm	Q1'25	Q2'25	Q3'25	Q4'25	Q1'26e	Q2'26e	Q3'26e	Q4'26e
Lending, net	2,281,255	2,302,424	2,288,016	2,263,765	2,256,520	2,267,416	2,275,947	2,290,403
Goodwill & other intangibles	8,274	8,183	8,080	7,991	7,943	7,896	7,848	7,800
Total assets	3,702,091	3,660,767	3,802,267	3,387,566	3,387,566	3,387,566	3,404,504	3,450,625
Shareholders' equity	183,916	188,546	194,687	199,352	170,164	175,735	181,451	186,963
Net asset value	175,642	180,363	186,607	191,361	162,221	167,840	173,604	179,163
Capital adequacy								
SEKm	Q1'25	Q2'25	Q3'25	Q4'25	Q1'26e	Q2'26e	Q3'26e	Q4'26e
Tier 1 capital, excl. hybrids	148,127	148,423	146,040	137,084	137,094	138,463	138,477	139,736
Tier 1 capital, reported	158,145	157,896	155,427	146,233	146,243	147,612	147,626	148,885
Capital base	183,568	183,804	181,002	171,268	171,278	172,647	172,661	173,920
Risk exposure amount (BIS II/III)	807,228	808,404	801,540	779,729	779,729	787,526	787,526	795,402
Asset quality								
SEKm	Q1'25	Q2'25	Q3'25	Q4'25	Q1'26e	Q2'26e	Q3'26e	Q4'26e
Problem loans, gross	8,781	8,001	7,951	7,190	7,089	7,070	6,938	6,919
Provisions	-1,482	-1,216	-1,155	-1,188	-1,186	-1,196	-1,224	-1,251
Problem loans, net	7,299	6,785	6,796	6,002	5,903	5,873	5,714	5,668
Key figures								
	Q1'25	Q2'25	Q3'25	Q4'25	Q1'26e	Q2'26e	Q3'26e	Q4'26e
Profitability								
Net interest margin	1.25%	1.16%	1.12%	1.12%	1.18%	1.19%	1.20%	1.19%
ROE	12.8%	11.8%	12.4%	12.1%	11.8%	12.9%	12.8%	12.0%
RONAV	13.6%	12.6%	13.2%	12.4%	12.5%	13.6%	13.5%	12.6%
RORWA	3.10%	2.72%	2.96%	3.02%	2.80%	2.84%	2.90%	2.79%
Efficiency								
Adj. cost/income ratio	41%	44%	40%	41%	43%	43%	42%	44%
Adj. cost/assets	0.66%	0.65%	0.61%	0.65%	0.70%	0.71%	0.69%	0.72%
Financial position								
Lending/deposits	160%	163%	164%	175%	162%	163%	165%	180%
REA/total assets	22%	22%	21%	23%	23%	23%	23%	23%
Tier 1 ratio, core	18.4%	18.4%	18.2%	17.6%	17.6%	17.6%	17.6%	17.6%
Tier 1 ratio, reported	19.6%	19.5%	19.4%	18.8%	18.8%	18.7%	18.7%	18.7%
Capital adequacy	22.7%	22.7%	22.6%	22.0%	22.0%	21.9%	21.9%	21.9%
Equity ratio, core	4.0%	4.1%	3.8%	4.0%	4.0%	4.1%	4.1%	4.0%
Asset quality								
Problem loans, gross/lending	0.38%	0.35%	0.35%	0.32%	0.31%	0.31%	0.30%	0.30%
Problem loans, net/lending	0.32%	0.29%	0.30%	0.27%	0.26%	0.26%	0.25%	0.25%
Provision ratio	16.9%	15.2%	14.5%	16.5%	16.7%	16.9%	17.6%	18.1%
Loan losses, net/lending	-0.01%	-0.04%	-0.01%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: Company data, ABGSC forecasts

Income statement (SEKm)	2019	2020	2021	2022	2023	2024	2025	2026e	2027e	2028e
Net interest income	32,135	29,962	30,321	36,614	47,578	46,841	42,542	40,400	41,800	43,400
Net commission income	10,697	9,670	11,458	10,981	11,140	11,727	11,862	12,506	12,852	13,372
Trading income	1,299	1,217	1,699	1,540	2,661	3,103	1,692	2,200	2,222	2,266
Insurance income	145	194	179	-11	493	422	289	305	314	320
Other operating income	288	208	620	1,250	379	252	410	230	235	239
Total income	44,564	41,251	44,277	50,374	62,251	62,345	56,795	55,641	57,423	59,599
Personnel costs	-13,549	-13,907	-12,452	-13,040	-13,642	-15,731	-14,777	-15,003	-15,445	-15,980
Other operating costs	-8,194	-7,020	-7,391	-8,172	-9,539	-9,477	-8,790	-8,935	-9,142	-9,376
Total operating costs	-21,743	-20,927	-19,843	-21,212	-23,181	-25,208	-23,567	-23,938	-24,587	-25,356
Profit before loan losses	22,821	20,324	24,434	29,162	39,070	37,137	33,228	31,703	32,835	34,243
Loan losses	-1,045	-649	-43	-47	-141	601	313	-50	-150	-200
Investment portfolio	-	-	-	-	-	-	-	-	-	-
Other items	20	-880	-916	-2,287	-2,604	-2,720	-2,792	-2,793	-1,804	-1,858
Operating profit	21,796	18,795	23,475	26,828	36,325	35,018	30,749	28,860	30,881	32,186
Tax	-4,871	-4,240	-4,627	-5,431	-8,417	-7,795	-6,755	-6,349	-6,794	-7,081
Other items after tax	-3	1,028	679	279	1,201	229	-269	-250	-200	-150
Net profit	16,922	15,583	19,527	21,676	29,109	27,452	23,725	22,261	23,887	24,955
Tax rate (%)	22.3	22.6	19.7	20.2	23.2	22.3	22.0	22.0	22.0	22.0
EPS	8.62	7.87	9.86	10.95	14.70	13.86	11.98	11.24	12.06	12.60
Net profit adj.	16,502	16,567	19,369	20,598	28,833	27,978	23,893	22,457	23,945	25,012
EPS adj.	8.41	8.37	9.78	10.40	14.56	14.13	12.07	11.34	12.09	12.63
Key balance sheet data	-	-	-	-	-	-	-	-	-	-
Net lending	2,292,603	2,269,612	2,163,135	2,315,818	2,291,808	2,297,878	2,263,765	2,290,403	2,340,437	2,406,083
Goodwill and intangibles	11,185	11,330	8,302	8,402	8,567	8,426	7,991	7,800	7,800	7,800
Total assets	3,069,667	3,135,288	3,346,764	3,453,718	3,537,792	3,539,173	3,387,566	3,450,625	3,536,986	3,648,872
Shareholders equity	159,824	171,464	181,706	194,021	205,077	210,021	199,352	186,963	191,050	197,680
Net asset value	148,639	160,134	173,404	185,619	196,510	201,595	191,361	179,163	183,250	189,880
Capital adequacy	-	-	-	-	-	-	-	-	-	-
Tier 1 capital, excl. hybrids	132,731	146,160	149,709	158,551	157,577	155,345	137,084	139,736	145,298	149,953
Tier 1 capital, reported	148,550	158,332	163,222	174,134	172,603	166,296	146,233	148,885	154,447	159,102
Capital base	166,060	175,245	180,458	193,186	200,082	193,192	171,268	173,920	179,482	184,137
Risk exposure amount (BIS II)	716,462	721,403	773,158	810,144	836,790	825,457	779,729	795,402	815,275	841,065
Asset quality	-	-	-	-	-	-	-	-	-	-
Problem loans, gross	8,831	7,002	7,421	5,716	7,064	8,525	7,190	6,919	6,693	6,731
Provisions for problem loans	-4,574	-3,467	-3,185	-2,459	-2,400	-1,614	-1,188	-1,251	-1,361	-1,511
Problem loans, net	4,257	3,535	4,236	3,257	4,664	6,911	6,002	5,668	5,333	5,220
Key figures	-	-	-	-	-	-	-	-	-	-
Profitability	-	-	-	-	-	-	-	-	-	-
Net interest margin (%)	1.06	0.97	0.94	1.08	1.36	1.32	1.23	1.18	1.20	1.21
ROE (%)	11.20	9.41	11.06	11.54	14.59	13.23	11.59	11.52	12.64	12.84
RONAV (%)	11.64	10.73	11.61	11.47	15.09	14.06	12.16	12.12	13.21	13.41
ROREA (%)	2.38	2.17	2.61	2.74	3.53	3.30	2.96	2.83	2.97	3.01
Cost efficiency	-	-	-	-	-	-	-	-	-	-
Cost/income Core (%)	48.55	47.08	45.23	42.71	37.33	39.68	41.50	43.02	42.82	42.54
Costs/assets Core (%)	0.71	0.63	0.61	0.62	0.66	0.70	0.68	0.70	0.70	0.71
Financial position	-	-	-	-	-	-	-	-	-	-
Net lending/deposits (%)	205.1	184.6	168.1	175.6	176.5	175.2	174.9	173.5	173.4	173.3
REA/assets (%)	23.3	23.0	23.1	23.5	23.7	23.3	23.0	23.1	23.1	23.1
Common equity tier 1 ratio (%)	18.5	20.3	19.4	19.6	18.8	18.8	17.6	17.6	17.8	17.8
Tier 1 ratio, reported (%)	20.7	21.9	21.1	21.5	20.6	20.1	18.8	18.7	18.9	18.9
Capital adequacy (%)	23.2	24.3	23.3	23.8	23.9	23.4	22.0	21.9	22.0	21.9
Equity ratio Core (%)	4.3	4.7	4.5	4.6	4.5	4.4	4.0	4.0	4.1	4.1
Asset quality	-	-	-	-	-	-	-	-	-	-
Problem loans, gross/lending (%)	0.39	0.31	0.34	0.25	0.31	0.37	0.32	0.30	0.29	0.28
Problem loans, net/lending (%)	0.19	0.16	0.20	0.14	0.20	0.30	0.27	0.25	0.23	0.22
Provision ratio (%)	51.8	49.5	42.9	43.0	34.0	18.9	16.5	18.1	20.3	22.4
Loan losses, net/lending (%)	0.05	0.03	0.00	0.00	0.01	-0.03	-0.01	0.00	0.01	0.01

Source: ABG Sundal Collier, Company Data

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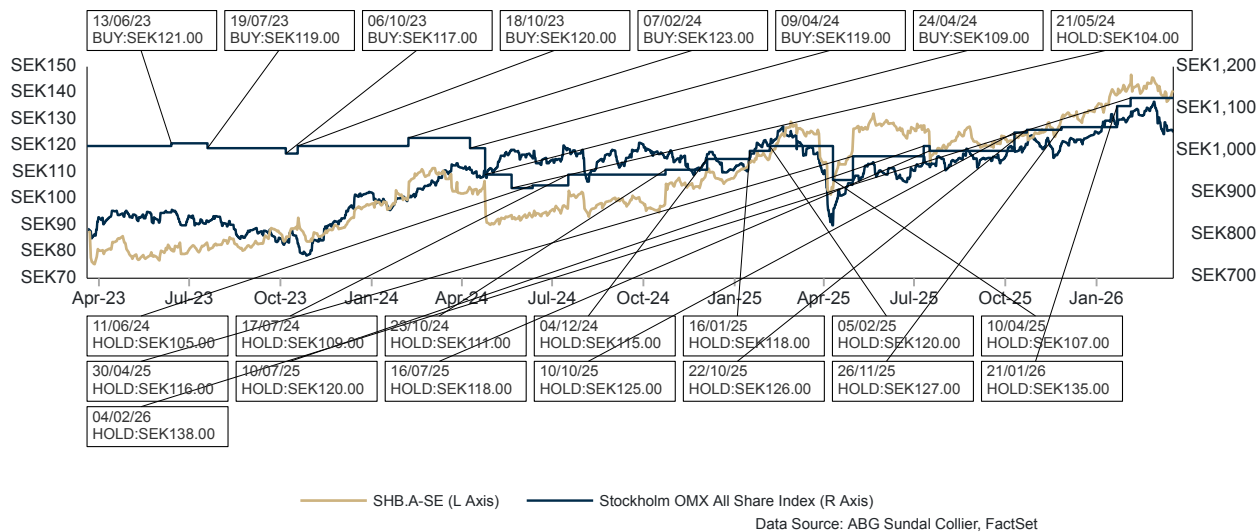
Company: Svenska Handelsbanken Currency: SEK

Current Recommendation: HOLD

Date: 18/3/2026

Current Target price: 140.00

Current Share price: 140.35



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Production of recommendation: 3/24/2026 13:45.

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