

# A safe haven for local authorities

In today's economic climate, finding a secure home for your organisation's deposit funds is paramount. However, it can be a difficult and complex task ensuring that your treasury strategy represents a robust combination of security, liquidity and yield.

## The right time to widen your horizons

Many organisations are rightly cautious about the true strength and stability of the financial institutions they select to look after their money. The recent uncertainty and ratings downgrades of other European countries may only have increased the sense that foreign financial institutions are 'off limits'.

However, amid this understandable concern and caution, organisations are increasingly recognising that such a blanket ban on foreign-headquartered banks could prevent them dealing with institutions that may be considered stronger than the UK's high street banks.

Handelsbanken, for example, has been judged one of the world's strongest banks by global financial information provider Bloomberg in May 2013. Its prudent, low-risk banking approach, long-term focus and solid capital position

have resulted in consistently strong, stable international credit ratings. The country of Sweden also enjoys the highest possible AAA credit rating.

However, these are just a handful of reasons why independent treasury advisers should feel confident recommending Handelsbanken. These reasons alone cannot begin to capture the "Handelsbanken difference", for which the bank's customers rate it so highly year-in, year-out.

## About Handelsbanken

Founded in Sweden in 1871, Handelsbanken is one of the leading banks in the Nordic region with over 800 branches in 24 countries worldwide. The bank first established a UK presence in 1982, and now operates a steadily expanding network of well over 170 branches throughout the UK.

Each branch operates like a small company in its own right, with experienced bankers empowered to make decisions at a local level, backed by one of the world's strongest banking groups. This decentralised approach enables us, as your local Handelsbanken branch, to offer a service precisely tailored to the needs of our local corporate and individual customers.

## The most satisfied customers

Handelsbanken was recently rated top for customer satisfaction for the fifth year running, in an independent survey\* of British banks' personal and business customers. Loyalty levels increased still higher, which bears testament to the bank's focus on building long-term customer relationships for mutual benefit, free from product campaigns, sales targets or short-term bonus incentives.

\* Customer satisfaction survey conducted independently by EPSI, October 2013.

## Credit risk and liquidity

Handelsbanken takes a prudent approach, preferring only to provide banking services to customers we can meet, understand and develop a local relationship with. The bank continues to evolve branch by branch and customer by customer, and this detailed understanding of each customer's financial position is just one more sign of the bank's conservative approach to risk.



**Handelsbanken**

It is this same prudent approach that explains why Handelsbanken has no exposure to any of the so-called "PIIGS" countries. It is also the reason why, in these uncertain times, Handelsbanken has chosen to build up very substantial liquidity reserves, enough to service the bank's lending commitments for as much as two years if international capital markets were to freeze up entirely.

Handelsbanken has not required any government support whatsoever during the financial crisis. Instead, the bank has been able to extend its support to more and more corporate and individual customers in communities across the UK.

Handelsbanken's credit rating reflects this achievement and its relative strength is displayed in the table below. These solid ratings confirm that the bank's financial stability is one of the best in Europe, ensuring its customers' deposits are well guarded.

#### Deposit protection scheme

Beyond Handelsbanken's own financial strength and stability, depositors with the bank are covered by the Swedish Deposit Guarantee Scheme. This provides compensation of up to EUR 100,000 for each eligible depositor, the same EU-wide level upon which the UK compensation scheme is now based, however the protection afforded by the Swedish scheme does not exclude larger customers.

The Deposit Guarantee Scheme is backed by the Swedish state which itself holds the highest possible AAA rating and a stable outlook from all three leading ratings agencies. Further details of the Swedish Deposit Guarantee Scheme are available on request and through our website.

#### Supporting you and your organisation

Handelsbanken provides everything from day-to-day transactional banking services to more sophisticated products and services for both corporate and individual customers. Schools and universities tend to place funds on deposit using one or more of the bank's instant access and notice accounts.

As your experienced local branch team, we will guide you through the whole account opening process and make sure everything runs smoothly. Once the account is open, you have direct line access to your designated account manager and support manager, who are available to address any of your requirements in a helpful and timely manner.

#### UK bank credit ratings

	Long Term	Short Term	Outlook
Handelsbanken	Aa3	Prime-1	Negative
HSBC Bank plc	Aa3	Prime-1	Negative
Barclays Bank plc	A2	Prime-1	Negative
Lloyds Bank plc	A1	Prime-1	Negative
Santander UK plc	A2	Prime-1	Negative
RBS plc	Baa1	Prime-2	Negative
Clydesdale Bank plc	Baa2	Prime-2	Stable

Source: Moody's as at 2nd June 2014. Please visit [www.moody.com](http://www.moody.com) for a breakdown of the credit definitions used.

	Handelsbanken	Barclays	Lloyds Bkg Grp	HSBC Hldgs	RBS Group
Cost / Income Ratio	46.9%	69.5%	81.3%	58.2%	68.5%
Return on Equity	13.0%	1.00%	-2.00%	9.2%	-15.4%
Gross NPLs / Total Loans	0.44%	2.84%	7.14%	3.61%	9.58%
Risk Provision / NPLs	58%	55%	49%	39%	64%
Bad Debt Charge / Average Loans	0.07%	0.66%	0.67%	0.53%	2.05%
Tier 1 Capital Ratio (according to Basel 2)	21.5%	15.7%	14.5%	14.5%	13.1%

All figures as end of 2013. Source: Deutsche Bank AG "Running the Numbers: The question Bank"