

Q1

2021

Digitalisation@Handelsbanken





LOCAL, PERSONAL OR DIGITAL – DO WE HAVE TO CHOOSE?

One year ago, we asked ourselves the question of whether it is possible to build relationships through the screen of a smartphone. We found ourselves in a situation where it was clear that the pandemic would force us to see each other on our webcams rather than in person. Many of us wondered how co-operation with colleagues, dialogues with customers and personal relationships would be affected by a lack of such meetings. Not least of these concerns was building up new relationships. As it turned out, our worries were unfounded. Overall during the past year, I have mainly encountered people who have been positively surprised at how new tools have helped, rather than hurt, co-operation. Customers, too, have reaped the benefits of more personal meetings now that advisors have greater availability via the digital sphere – wherever and whenever. This positive trend is reinforced by a survey carried out by the Swedish Internet Foundation, with 8 out of 10 respondents stating that working from home has gone well. While there are, of course, downsides to working from home, video conferencing,

new digital tools and an increased understanding of how to collaborate remotely mean that working from home and digital meetings are here to stay.

For us – who have spent the last 150 years building long-term, personal relationships – the question we now face is how to translate the lessons we have learned about physical meetings into a digital context. Because there are very few who believe that video conferencing is where this all ends. Relationships are built up in their own context. This is long since well-proven. Earlier examples, such as gaming and dating, show the importance of common goals to the formation and success of relationships, regardless of whether they are physical or digital. Relationships are based on trust, and are created by delivering on promises through consideration, empathy and dialogue. It is up to us to show that this is something that the banking sector is also capable of succeeding in.

Stephan Erne, Chief Digital Officer

**CONTENTS
Q1 2021**

**Digitalisation
our way**

Page 6

**Advisory
support for
improved
customer
satisfaction**

Page 12

**Pilot:
Consolidate
your pensions!**

Page 14

**Advisory
services,
awareness,
gender equality**

Page 20

**Private
Banking
services on
the customer's
terms**

Page 22

Presence 2.0

Page 8

**More
personal
contact and
advisory
services**

Page 10

**The
development
of our advisory
services is a crit-
ical building block
of our CSR**

Page 16

**The benefits
of holding
meetings in your
living room**

Page 18

**Successful,
long-term
customer
relationships
in the future**

Page 24

**Digitalisation
of the mortgage
process**

Page 26

DIGITALISATION OUR WAY

Digitalisation per se has no intrinsic value. As we see it, technology merely helps us to become even more like Handelsbanken for even more customers, and to create even more added value to our offerings.

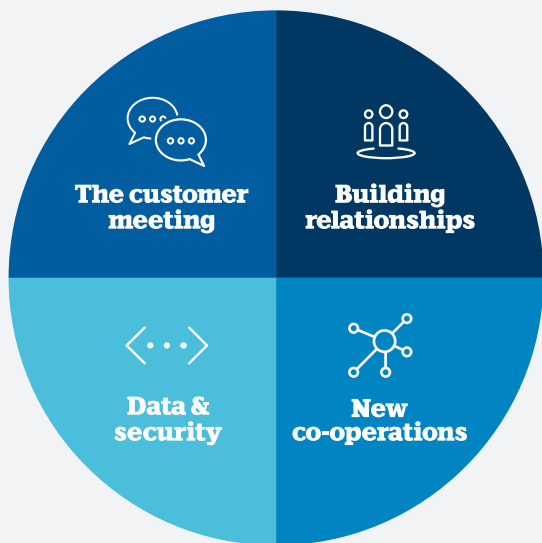
Advances in digital technology are being made at an ever increasing rate. Faced with so many opportunities, we must ask ourselves the question: What should we focus on? This question needs to be asked for cost reasons, and efficiency reasons. It also needs to be asked to ensure that we focus on developments actually being requested by our customers and keep clear of ideas that are simply not Handelsbanken.

The process of digitalisation is constantly ongoing, and the journey of transformation is like a marathon. Our next steps on this journey will be about coming even closer to our customers and providing a more individualised and personal type of advisory service to even more customers. To be able to understand and actively help our customers with their needs, we need to enhance our focus on and understanding of the customer's life situation or the company's growth phase. Our aim is to provide advisory services as part of a lifelong commitment.

Here, we describe how we are developing an even more personal service, with the help of new technology and greater interplay between our various meetings places. We also provide some concrete examples of the work under way as part of Handelsbanken's digitalisation process. The content will be updated on a regular basis to reflect current developments.

As we see it, digitalisation is not only about developing digital tools and functions; it's a way of adding value by combining availability, products and services, as well as personal advisory services, so that we can meet our customers where and when they want, on whatever platform they choose. So for us, the overall customer experience is the most important consideration.

Our development activities focus specifically on four areas, and the pace of development is increasing, particularly with regards to personal customer meetings, data usage and the transition to cloud-based services.



Our four focus areas

Handelsbanken's development work is focused most distinctly on four areas:

The customer meeting: It has to be simple to be a customer of Handelsbanken. Our meeting places must be accessible and useful, and based on our customers' requirements. We will offer an integrated local and accessible experience, where customers can move between different meeting places.

Building relationships: Our personal and long-term customer relationships give us a competitive edge. By supplementing our personal knowledge of our customers with concrete data, and by reducing the administrative tasks required of our employees, we are given the opportunity to provide the right offer, at the right time, in the right place. It must be easy to give service and support to our customers.

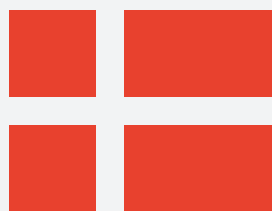
Data & security: We use data to offer relevant, customised services and products at all our meeting places. As the importance and value of data are constantly increasing, we have to ensure that our customers feel secure in the knowledge that our use of data meets the highest standards of security, ethics and privacy. Our strength lies in combining this with close relationships and extensive customer knowledge in our customer meetings.

New co-operations: New regulations and new technology are generating increased openness and data sharing. Together with other players, we can capitalise on our in-depth knowledge of our customers' expectations to develop our local and digital presence, and in doing so create customer benefit and business opportunities.

91,2/100

satisfaction among customers in the age bracket 18–29 after receiving advice on savings or pension

(Source: Survey by SKI, Q4 2020)



Launch of a new customer relations platform



110 000

visitors to the Pensions Guide since October 2020 launch



93 per cent of customers experience that they have a personal contact for their occupational pension, compared with a sector average of 43 per cent

(Source: SKI Insurance 2020)



No.1 in the transfer market 2020

Ca 33%

growth in proportion of non-physical meetings between 2019 and 2020

A man with a beard and dark hair, wearing a grey t-shirt and a blue denim jacket, is looking down at a black smartphone in his right hand. The background is a soft, out-of-focus green and yellow, suggesting an outdoor setting. The text is overlaid in the lower half of the image.

***“The concept of
‘presence’ is being
redefined”***



PRESENCE 2.0

Charlotte Wilson is Head of Handelsbanken Debt Capital Markets Sweden. Debt Capital Markets is Handelsbanken's department for advisory services and tailored structured finance solutions, in both capital markets and via the Bank's balance sheet.

How do you feel that the rapid transition to using different points of contact with customers and branches has affected you and customers?

The general feeling is that the opportunities for holding more meetings more efficiently have improved thanks to a growing use of Skype and other digital tools. We have come closer to one another despite not meeting in person. It seems less pretentious and more homely for both parties. Being able to bring the right people together quickly and efficiently also makes it much easier to check that things are going according to plan, provide relevant advice and take informed decisions. In terms of customer offerings, it makes it easier to bring the relevant expertise and participants to the table on a more regular basis.

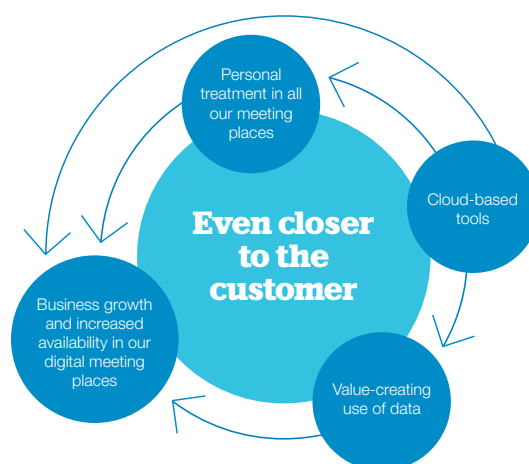
Will online meetings replace physical meetings?

No, but being able to offer alternative ways of meeting makes us more available to one another and to our customers. It becomes much easier to resolve specific issues, but also to maintain contact in general, even if both we and our customers also want to meet up in person. What's important here is that we are available in the manner best suited to the customer. Seen from this perspective, online meetings mean that the concept of 'presence' is being redefined. We can offer customers greater flexibility in terms of when, where and how we meet them. This transition has not only led to a reduction in the number of physical meetings, it has also led to a complete or partial reduction in phone calls and telephone conferences, replacing them with more personal online meetings, often

using the customer's choice of platform. This creates an experience and sensation of having more contact.

How is the transition affecting customer satisfaction?

We have seen many examples of how customer satisfaction has been positively affected by our actions during the pandemic. Our sustainability meetings covering the new EU taxonomy is a good example of this, as we needed to quickly find a way of reaching out to customers with important information. By quickly and efficiently organising advisory meetings with experts, the local branch and other people relevant to our customers, we have been able to exceed customer expectations, resulting in improved levels of customer satisfaction and more business.



Coming even closer to the customer is an important step in Handelsbanken's digitalisation journey. This will involve increasing availability and giving customers a personal reception in all meeting places, while using customer data as effectively as possible and in the customer's best interests.

More personal contact and advisory services

New circumstances and new ways of meeting can represent new opportunities for both us and our customers. After all, the closer we are to each other, the greater the value of our offering.

The Covid-19 pandemic has changed our lives in many ways, causing us to rethink, not least in terms of how we meet and communicate with one another. Physical meetings and phone calls have largely been replaced by remote meetings with the help of various digital technologies. The proportion of non-physical meetings (telephone, Skype, etc.) has grown by 33 per cent between 2019 and 2020.

However, this shift does not seem to have had a negative impact on, for example, the overall customer contact. Despite the pandemic, we had just as much contact with our customers in 2020 as in 2019. But we do see many positive aspects.

In fact, digitalisation has in many ways helped us come even closer to our customers and become more available, even though the opportunities for physical meetings have been more limited.

This is very much in line with the aim of our digitalisation journey, which is ultimately about being able to provide advisory services as a lifelong commitment, by coming even closer to the customer and offering individual and personal advisory services to even more customers.

Becoming even more like Handelsbanken for even more people, quite simply.

Advisory services for life

We want to support our customers and enable them to reach their goals in life, however great or small.

The aim of Handelsbanken's digitalisation journey is to be able to provide advisory services for life, by making our competencies and expertise more readily available and enhancing the customer value in our advisory meetings, by increasing our use of data and tailoring it more closely to our customers' needs. Taking our customers' current life situation as the starting point, we are committed to understanding and actively helping them meet their needs, in both the short term and the long term.

Even closer
to the
customer

Individual
and personal
advisory
services for
more people

Increased
focus on
life events



Better advisory support and more efficient meetings result in greater customer satisfaction and more business

The interplay between relevant information, smart tools, available advisors and customers is critical to our success, and the success of our customers.

The number of advisory meetings is steadily rising, with online meetings accounting for a growing proportion, currently around 30 per cent*. Such a trend necessitates the constant development of the support structures for customers and advisors alike, in order to improve both advisory services and business.

During Q1 2021, we have improved the information on mutual funds on all our websites, and several methods of incorporating the sustainability perspective have been launched. These efforts will continue to create a clearer overview for advisors and

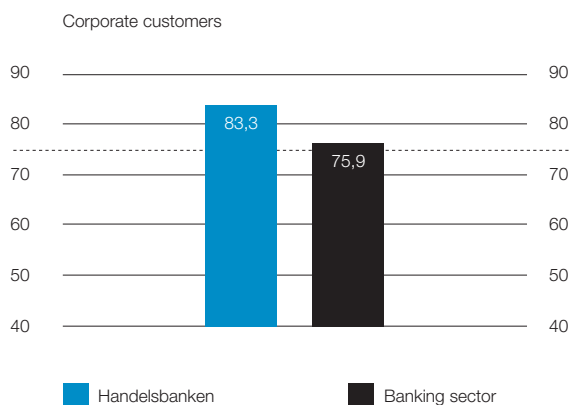
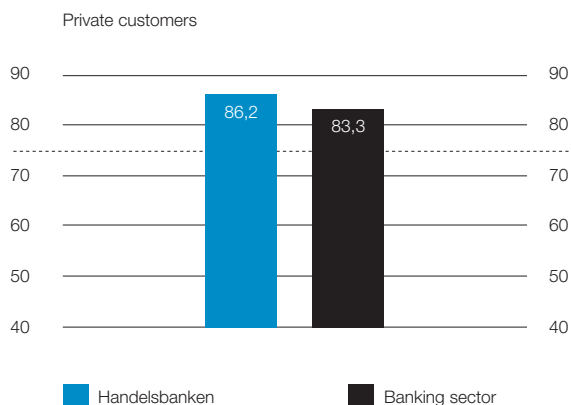
customers alike. Developments are also constantly being made in the technology that enables digital signatures.

The benefits of holding more meetings that offer more added value to our customers are numerous. Today we see strong results in the sector comparisons reported in SKI surveys commissioned by us, regarding the overall impression and degree of commitment and advisory services in customer meetings. Younger customers in particular are especially satisfied following an advisory meeting, which we would like to build on.

*Refers to advice on financial instruments, risk management, mutual funds and insurance.

Customer satisfaction in the customer meeting Overall impression

According to a survey conducted by Swedish Quality Index (SKI), commissioned by Handelsbanken. (Q4 2020)



Satisfaction and usage often highest among younger customers

According to our surveys conducted by SKI (Q4 2020), customers in the 18-29 age group are most satisfied with their savings and pension advice. Younger users are also more extensively using services such as the Pension Guide, Savings Guide and My Finances.

Number 1 on the transfer market 2020

Our advisory meetings, and the continuity between branches and remote advisory sessions, also play a key role in Handelsbanken's leading position in the transfer market. The availability of the branch is supplemented with the option of contact with a pensions specialist in conjunction with potential transfers of existing individual occupational pensions or private pension insurance.

Examples of developments in advisory support:

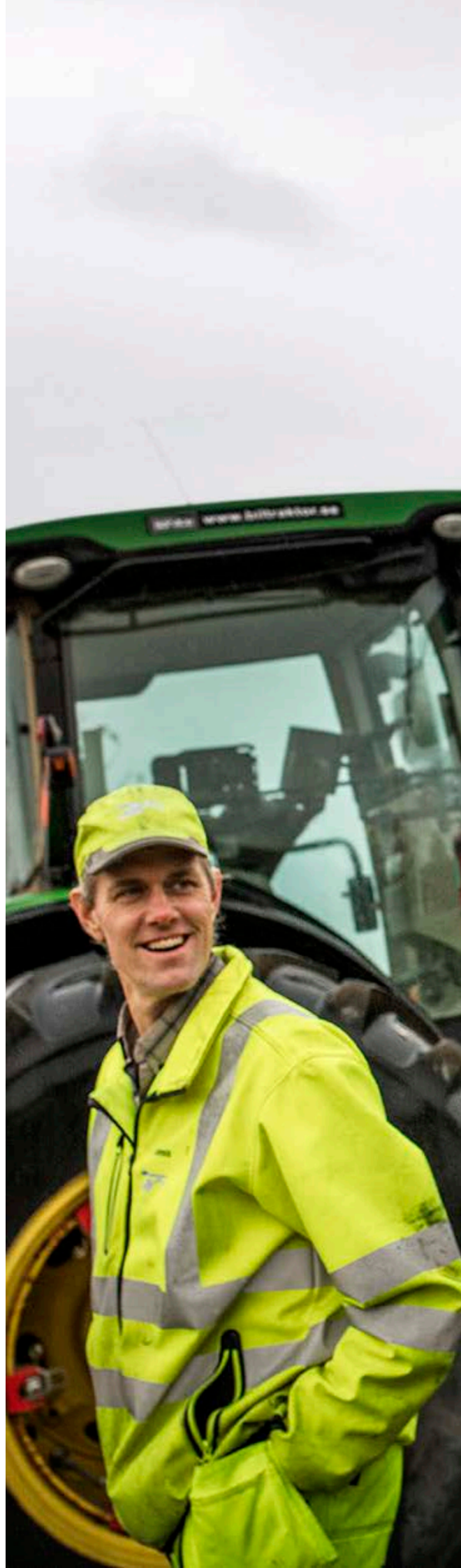
- Digital signing of shopping basket after advisory sessions for the most common savings forms
- Product classification of funds and better information about goals in the investment business
- Option for advisors in Norway to provide advice about the new "Eget pensionskonto", EPK (Own Pension account).
- Sustainability classifications at product level, as well as sustainability preferences for Private Banking customers.

Pilot: Consolidate your pensions!

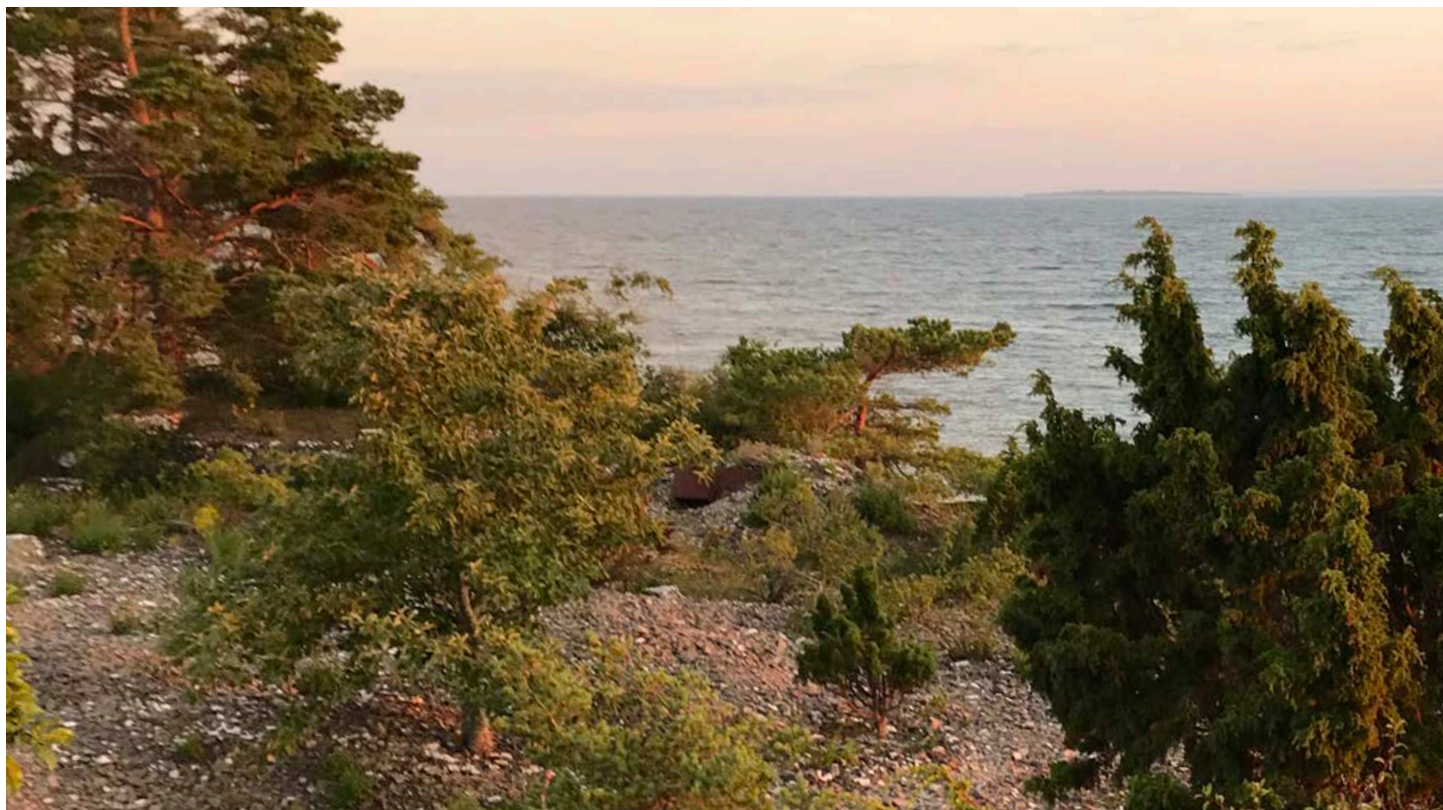
An agile approach allows for faster launches and constant development of our products and services. Pilots are an efficient way of pooling and sharing knowledge about our offerings and about what our customers appreciate.

During the spring, a pilot will be launched at 15 selected branches in Sweden where customers between 45 and 60 will receive an offer to consolidate all their pensions online, and receive advice by telephone from Transfer Advisory Services. The customers can access the offer by logging into Online Banking or the mobile app.

This is very much in line with our aim to be more proactive and based on our relationship and customer requirements, we can digitally provide customers with tips and advice that are relevant to their needs and their current life situation.







Developing our advisory services is a crucial part of our corporate social responsibility

Developing our advisory services using digital technology in our product range and meeting places is not just a matter of strengthening our offering to individual customers. It is also a critical part of how we take corporate social responsibility, and work with a long-term sustainability perspective.

By constantly improving our advisory services and enhancing their accessibility, we make it easier for

our customers to make relevant green choices with their finances, contributing to our goal of climate-neutral financing and investing operations by 2040.

This may refer to being able to promptly offer a meeting with a sustainability expert, develop advisory tools and training, or to product development, such as green loans and green mortgages. Green energy loans will soon be launched in Sweden, alongside green leasing/conditional sales.



New EU regulations for sustainability-related disclosures

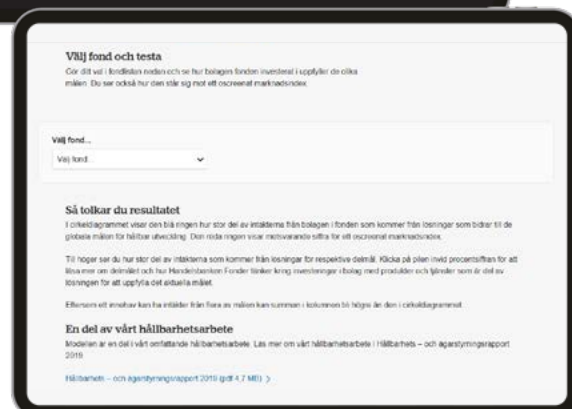
The EU regulations for sustainability-related disclosures, set to come into force on 10 March, will improve the transparency and standardisation of sustainability reporting within asset management. The regulations impose stringent demands on data and being able to provide evidence of what we do from a sustainability perspective. Our work with the Handelsbanken SDG Solutions Model has facilitated in-depth reporting since day one.

Handelsbanken SDG Solutions Model

Find tomorrow's winners – now open to everyone!

Together with a scientist from Stockholm School of Economics, Handelsbanken has developed an analysis model that actively searches funds – whether active or passively managed, or funds-of-funds – for companies that contribute towards the Sustainable Development Goals, SDG. The model is called Handelsbanken SDG Solutions Model, and builds on machine learning and AI that analyses companies' products and services and their contribution to the 169 targets of the SDG, serving as a means of analysing the fund as a whole.

The model, primarily developed for use by our fund managers, is being updated and enhanced on an on-going basis. In Q1, an online version of the model was developed for use by our customers, meaning that they can now benefit from this innovation and invest in an intelligent, sustainable way, and contribute capital to the global transition. The initial response has been positive, and we see that customers are inspired by being able to review their savings. We can already make out a direct link between the use of the model and initiated fund transfers.





“Holding customer meetings in our living rooms enables us to make decisions faster, and be more available in more areas. Above all, it allows us to take a more personal approach to the advisory services we offer.”



Johan Fröberg is a corporate advisor at Handelsbanken Vasagatan in Stockholm.

W hat would you say is the most important insight into how you work with advisory services today?

At the moment, my customers and I mainly work remotely – physical meetings are rare. In spite of this, I do not think that my relationships with customers have suffered. They are perhaps even more personal now, thanks to digital technology. I previously almost exclusively used the telephone and email as an alternative to physical meetings. Skype, Teams and similar digital meeting channels have facilitated an upswing in many customer relationships. Meeting in each others' living rooms allows for a more relaxed and, in some respects, more intimate way of meeting than at our respective workplaces. Video calls will never be able to replace physical meetings entirely, but are certainly a fantastic complement – and are in many ways better than the other alternatives.

What do you think of the branches' availability to your customers?

We have become more accessible and available, no doubt. I can have more meetings planned on any given day, but also have the option of arranging

more spontaneous meetings. And that's not just me as an individual corporate advisor. It has become much easier to quickly invite various specialists to meetings with my customers. Sharing knowledge is not always about a deal here and now. Some business is prioritised by us, whereas the customers have it lower down on their to do lists. These meetings are much easier to agree on when they involve a half hour in front of the computer screen, rather than taking up half the day, with a conference room, etc. The simplicity afforded by digital technology is not a hard sell.

Are there other aspects of digitalisation worth highlighting?

As well as improving our availability, a digital way of working means we can work more quickly and makes our processes more professional. For example, digital signing is brilliant for both us and customers. Granted, a new customer has to meet us physically to open an account, but from then on most things can be solved digitally. To prepare a power of attorney is now a good start to a relationship, compared with a customer's surprise at how many forms need signing.

Advisory services, awareness, gender equality

Handelsbanken's sustainability work is largely about becoming better at what we are already good at – and serving more people. In terms of savings and asset management, this means, for example, continuously strengthening our offering from a sustainability and gender equality perspective.

On International Women's Day on 8 March, we launched a website with tips on achieving a more equal pension in the household. This is an example of the efforts within product development – for example, the development of the advisory tool – and the training being undertaken to create better conditions, by 2023, for women's savings, and to reduce the wealth gap between men and women.

Gender equality is SDG number 5, and is a prioritised sustainability goal for Handelsbanken. It is also an issue that our customers want the Bank to be fully engaged in.

This could involve, for example, providing advice that increases the chances of achieving better returns for women on their savings, which are today – similar to savings in general – at substantially lower levels than for men. But it is also about easily accessible training internally, so that we can meet our customers in the best possible way when addressing these areas as well.



“ By 2023, Handelsbanken, through business development and training, will have improved the conditions for women’s savings. This will make it possible to reduce the wealth gap that currently exists between men and women. ”

Daniel Andersson, Head of Handelsbanken Savings & Pension

Våra bästa tips för en mer jämställd pension

1. Arbeta heltid om du kan
2. Få tjänstepension vid föräldraledighet
3. Spara själv till pensionen
4. Dela på: föräldraledighet, VAB, oavlönat hemarbete
5. Kompensera den med lägre lön
6. Se över pension och trygghetsförsäkringar löpande



handelsbanken.se/pension

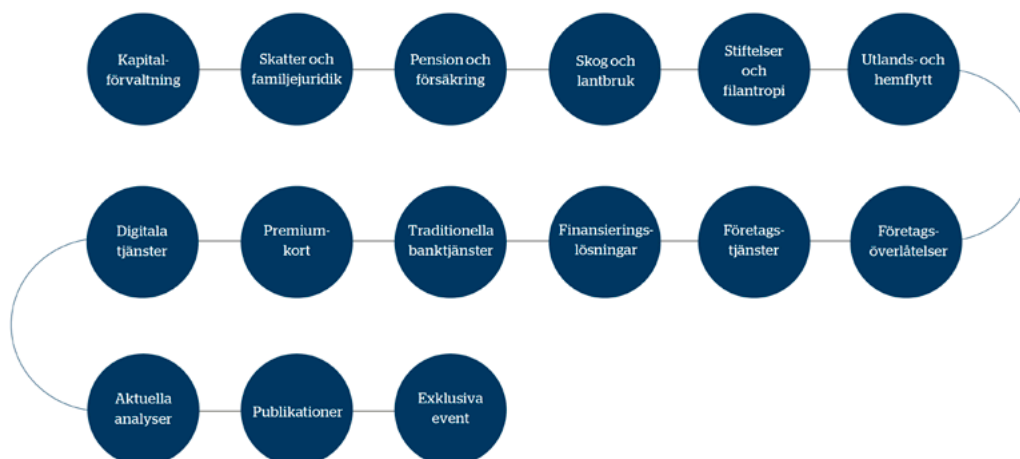
Private Banking services on the customers' terms

Effective ways of adapting and disseminating relevant information and functionality to our customers is a key focus area. New advances are constantly being made on the path to increased customer value.

As part of a larger effort to better meet Private Banking customers' increasingly advanced needs, a development plan has been drawn up. The plan involves an increase in the number of advisors, allied with increased availability and a more user-friendly customer experience, to evolve our advisory services step by step. This applies to our meeting places and our services, and will also entail improvements to investment overviews and screening. The end goal is a more personally tailored, relevant

offering that enhances customer satisfaction.

The first step was taken in the winter, with the addition of the monthly newsletter to our in-app options. With more readily available updates about developments in the market, reflecting Private Banking customers' interest in the information that affects their investments, the hope is to further improve engagement and satisfaction in this important target group.



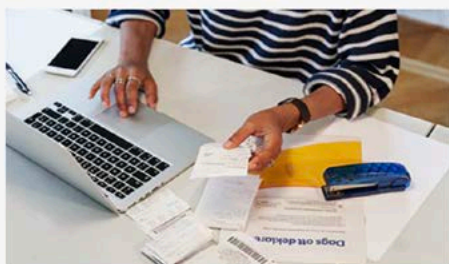
Öppna webbversionen

Handelsbanken

19 mars 2021

Private Banking

NYHETSBREV



Dags för återbäring

JURIDIK I år kan du få din skatteåterbäring redan under den andra veckan i april om du deklarerar digitalt och inte gör några ändringar eller tillägg i din deklaration. Vi bad jurist Ulrika Hilton om några tips.



Bopriserna fortsätter upp

BOSTAD Bostadspriserna fortsatte upp i hela Sverige i februari, enligt Valueguards HOX-index. På ett år har de gått upp med hela 12,6 procent. Och priserna på hus har stigit mer än de på lägenheter under pandemin, en trend som verkar ha fortsatt i februari. Vi räknar med en fortsatt uppgång under 2021.

More knowledge sharing

Advisory services are not all about personal meetings. Handelsbanken has a large number of customers that are also interested in improving their own knowledge in numerous different ways. Offering simple, smart ways of sharing our knowledge is another important part of supporting our customers when, where and how it suits them.

Our own digital finance and economics channel, EFN, is one example, as is our investment in a social media editorial team to support the entire Group and the branches.

In January, Handelsbanken UK launched an interactive Wealth Management brochure, which serves both as a smart advisory support tool in meetings with prospective customers and as education material for branch-based staff on the increasingly important wealth and asset management offering.

How does one ensure the continued success of long-term customer relationships in the future?

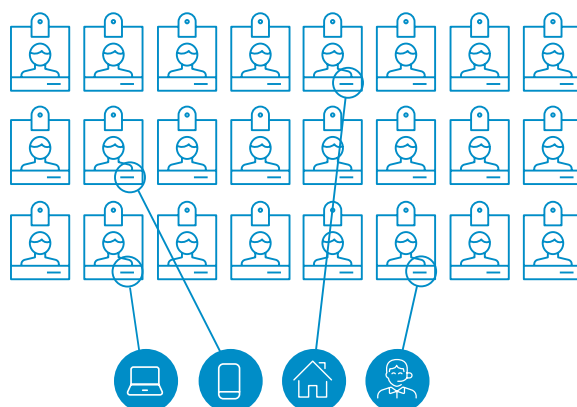
SKI's surveys show that service is an important factor in maintaining and strengthening our leading customer satisfaction and, particularly, we see working proactively with our customers as critical to our future offering.

In this work, we are increasingly using digital technology to further strengthen our personal customer relationships. In 2021, the implementation of a new customer relations platform started together with a leading supplier in this field.

In Denmark, private advisors have already begun using the platform in their work with customers. The initial indications are very positive, with positive effects also among customers. The Netherlands will be next, and preparatory measures are in full swing in readiness for a launch later this spring.

Both of these pilot projects are being evaluated thoroughly to ensure we take on board insights into the next stage.

With our strong starting point, our unique, decentralised and customer-centric business model, combined with our heritage, this development is not merely a matter of choosing and launching a tool, but rather about developing support that aligns with our already successful way of working. It is critical that we do not fall back into standardised working methods and systems – a customer relations platform at Handelsbanken has to help us take the next step as ourselves. And make us even better.



Handelsbanken carries out numerous customer surveys every year, and overall customer satisfaction is measured with the help of SKI's annual customer satisfaction survey in the banking and finance sector. Since the surveys started in 1989, Handelsbanken has had the most satisfied private customers among the four major Swedish banks. Customer satisfaction is also above average in

the banking sector in other home markets. Other results of interest include that Handelsbanken is the bank where most private customers state that they have their own contact person (SKI Bank 2020) and is the bank with the most highly rated banking app among private customers (SKI Bank 2017, 2018, 2019, 2020).



DIGITALISING THE MORTGAGE PROCESS

A clear example of how Handelsbanken works with business development and digitalisation is our mortgage business – a core business area for the Bank and a high-priority matter. Here we see how we continuously and regularly develop, launch, implement and optimise various products, services and tools.

The increasing digitalised handling of the offerings, processes and services behind our mortgage business is about making them more attractive, simpler and clearer, allowing us to use the appropriate resources for the appropriate activities and to adopt a more sustainable approach.

This is why developments are under way in many areas, considering several different perspectives. After all, our strong position needs to be defended. In 2020, we were also the mortgage provider that captured the largest market share in terms of net mortgage lending in the Swedish market.

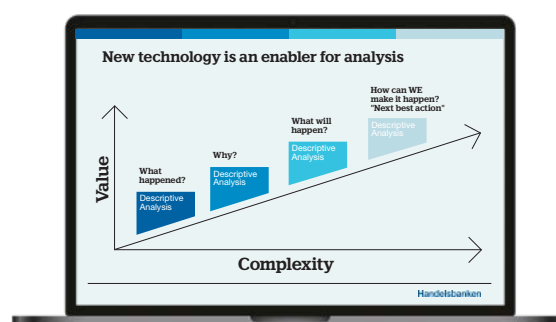
New technology helps improve analysis and spurs further development

**What happened? Why? What happens next?
What do we want to happen next?**

Using data from new services and tools allows us to produce more sophisticated analyses of past, present and future trends, and to handle more complex matters, which will ultimately generate added value for both us and our customers.

An important facet of our development during the coming times will involve creating conditions to ensure that our customers can always talk to decision-makers in their interactions with us, whatever platform they choose. It will also be important to ensure that our advisors receive the necessary support so that they contact the right customers with a relevant offering at the right time, particularly in the case of mortgages.

The process of transformation is like a marathon during which we must constantly evaluate and optimise what we are doing on the basis of the knowledge we have accumulated.



"I was pleasantly surprised to receive an answer so quickly. The reply came by text message - quick and efficient - and it was easy to find my committed loan offer in Online Banking."

(Customer feedback)

A higher proportion of customers are keeping their loans at Handelsbanken!

Digital committed loan offers with automated decisions

Applications from 3,000 customers. Total volume of SEK 5.7 billion.

Green mortgages offering a digital application process

16,000 working hours saved

Digital and automated applications and processing of temporary exemptions from mortgage payments introduced as a result of the pandemic

Individual rate offer prior to changes in mortgage terms, including new communication channels

More people who start filling in a mortgage application complete it and send it to us

New application process for mortgage loans and committed loan offers

Increased inflows of applications for loan offers

Greater visibility with marketing in online and social media channels

Time savings for advisors and customers

Home value digitally added in the loan application tool in Norway

FUTURE INITIATIVES

Green energy loans

Digital credit decisions

Digital pricing

Digital instruments of debt

NEWS IN BRIEF

Handelsbanken's payment services subsidiary, Ecster, is continuing to develop its use of a data warehouse in AWS. Most recently, this involves a shared function for default calculations that comes on stream during 2021. The data warehouse will gradually cover more and more areas, which will benefit both us and our customers.

In response to customer demand and to answer questions such as “How much pocket money should I give my children?” or “How can we teach children the value of money?” we will be testing some adapted content aimed at parents of infants and primary school children.

It will be easier for advisors at branches in Sweden to respond to customers who request bridging loans when buying a new home, once all the data is consolidated, and can be managed in a summary of housing costs.

In February, EFN Business Channel (EFN Ekonomi-kanalen) launched an app to provide customers with an additional source of financial information.

In Finland, we now offer mortgage loan quotes via the estate agent portal Dixu, which specialises primarily in digital viewings.

Customers in Finland are now able to choose and display their PIN, set limits with regard to amounts and where their cards may be used using Online Banking.

In Norway, there has been a further development of the corporate offering and Handelsbanken Insight has been upgraded so that the Bank can share information tailored more to customers' individual needs on their dashboard. During the spring, private customers applying for mortgages will also have their home value included in the application.

It will be easier for customers in Sweden to make card-related claims, as they will be able to register the claim on both open and secure websites. The customer merely needs to sign the claim with their BankID.

