

## Customer

Banco Sabadell has a customer-centric relationship-based business model with distinct personal management standards that are focused on value creation. Sale processes are based on high quality advice and materials. The relationship model is supplemented with specific product campaigns designed with a focus on the customer.

Banco Sabadell believes that the relationship with customers should be a long-term one based on trust and authenticity. For that reason, Banco Sabadell focuses on the customer experience as a means of standing out from its competitors and achieving profitable growth. This approach is a logical consequence of the excellent quality of service that is part of Banco Sabadell's DNA.

The customer experience attributes that Banco Sabadell wishes to be recognized for are: trust, excellence in service delivery, transparency and convenience.

Banco Sabadell aspires to be the leader in customer experience in all segments. To achieve this, the Bank has implemented a continuous improvement methodology based on measurement and, particularly, on provoking and assuring action; it revolves around the account manager, whose task is to support the customer and offer the best service to meet the customer's needs.

The Bank is also working to include customer service quality as a metric in personnel incentives throughout the organization and has commenced an ambitious programme of internal communication and training in order to raise awareness throughout the organization of the need to put the customer at the centre of our day-to-day.

Banco Sabadell conducts regular surveys to identify areas for improvement, both overall and in each customer relationship channel. These surveys reflect the Bank's focus on customer service quality in the form of the steady increase in all indicators. G4-PR5 (G8).

Banco Sabadell seeks to protect the interests of its customers and has control mechanisms in place to supervise the products and services it offers. Before a product or service is offered for sale, its suitability is evaluated in the

branch network and pre-contractual information sheets are produced for complex financial products; in compliance with the European directive on markets and financial instruments (MiFID), the Bank conducts suitability and appropriateness tests (G4-S011, GR-PR8).

Our customer relationship model is based on quality, commitment and transparency. The Group's customers and users may contact the Customer Service Department (CSD) with any complaints or issues that have not been resolved satisfactorily at their local branch. The CSD is independent from the business and operational side of the group and is governed by the Banco Sabadell Group's own rules and procedures on the protection of customers and users of financial services. Customers and users may also appeal to the Customer Ombudsman, an independent organ that is competent to resolve any issues referred to it either directly or on appeal. Decisions of the CSD or the Ombudsman are binding on all the Bank's units.

In 2015, the CSD handled 19,650 complaints and claims, 25% less than in the previous year. The CSD also provides assistance and information to customers and users with regard to matters that are not formal complaints or claims. In 2015, it handled 408 requests for assistance and information, compared with 769 the previous year.\*



**G8** Customer satisfaction with Banco Sabadell (G4-PR5)

Source: STIGA, Customer satisfaction surveys. Data corresponding to December 2014 and December 2015.

\* For more details, see note 47 in the 2015 consolidated financial statements.

## BS strengths

The strengths of Banco Sabadell are set out in the chapters of this annual report, apart from those that are detailed below.



### Organization by business (G4-8)

The banking business is divided into the following business units:

#### Commercial Banking

Offers both lending and savings products. Lending products include mortgage loans and credit facilities. The product range for savers includes demand and term deposit accounts, mutual funds and pension plans.

Other key business areas are insurance products and payment means, such as credit cards and transfers.

#### Markets and Private Banking

Offers and designs value-added products and services to deliver good returns to customers, increase and diversify the customer base and ensure that investment processes remain consistent, based on disciplined analysis and proven quality. There is also a move towards a multi-channel approach to customer relationship management.

#### UK banking business (TSB)

The TSB franchise includes retail banking in the United Kingdom (current and savings accounts, personal loans, cards and mortgages).

#### Global Corporate Banking

Offers specialized financial services to large corporations and financial institutions, together with a comprehensive range of solutions, from transactional banking to more sophisticated, tailor-made solutions in such areas as structured financing and treasury services, among others.

#### Banking business America

Provides all types of banking and financial services, from the most complex and specialized for large corporations, including project finance, to offerings for individuals, covering all products and services that professionals and companies of all sizes might need.

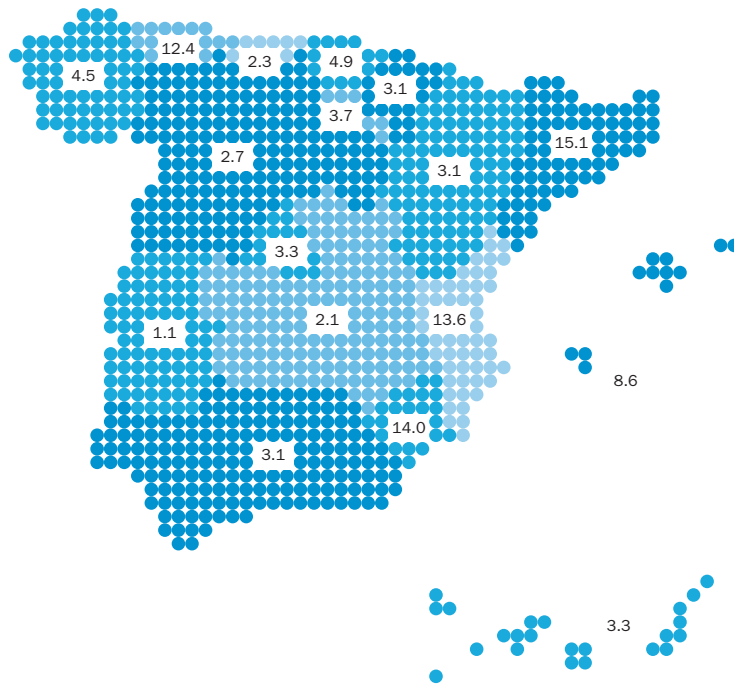
#### Asset Transformation

Manages the Group's non-performing and real estate exposure across all its businesses, and sets and implements the strategy with regard to real estate investees, including Solvia. The approach to non-performing and real estate exposure is to develop an asset transformation strategy based on a comprehensive vision of the group's real estate portfolio with the goal of maximising its value.

G9 Market share by region

Banco Sabadell market share in Spain

7.2%



Multibrand strategy

The Bank operates with a number of brands in Spain, all under the Banco Sabadell umbrella (T5).

In 2015, Banco Sabadell began to unify its territorial brands in order to enhance its potential nationwide and internationally under a single marque. Initially, the SabadellAtlantico and SabadellCAM brands were replaced by Sabadell (G10).

Banco Sabadell is a well-known name in international banking. With a specialized offer and an effective value proposition, Banco Sabadell is present in strategic locations and works with organizations that promote foreign trade, supporting customers as they grow and expand internationally.

**Sabadell** — Commercial Banking and Corporate Banking  
— Serving: all of Spain except territories covered by other brands

**Sabadell**Guipuzcoano — Commercial Banking and Corporate Banking  
— Serving: Basque Country, Navarra and La Rioja

**Sabadell**Herrero — Commercial Banking and Corporate Banking  
— Serving: Asturias and León

**Sabadell**Solbank — Commercial banking for European residents in Spain's tourist zones  
— Serving: the Mediterranean coast and the islands

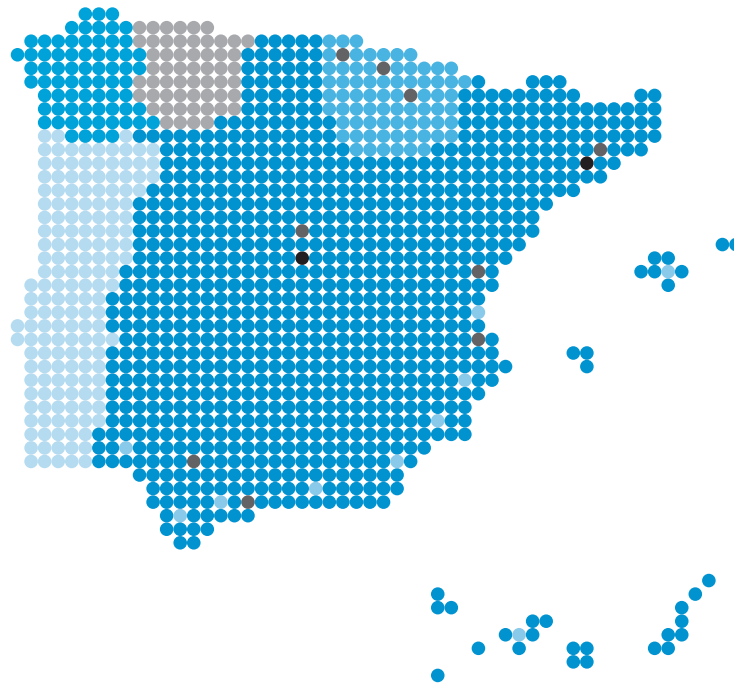
**Sabadell**Urquijo — Private Banking. Merger of Sabadell Banca Privada and Banco Urquijo  
Banca privada — Serving: all of Spain

**Sabadell**Gallego — Serving: Galicia

T5 Brands under which Banco Sabadell operates in Spain

**G10** Map of brand territories

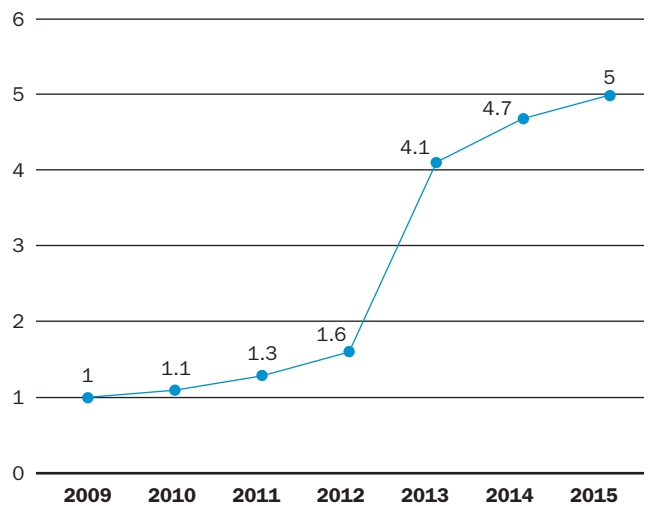
- Sabadell
- SabadellHerrero
- SabadellGuipuzcoano
- SabadellGallego
- SabadellSolbank
- SabadellUrquijo
- ActivoBank



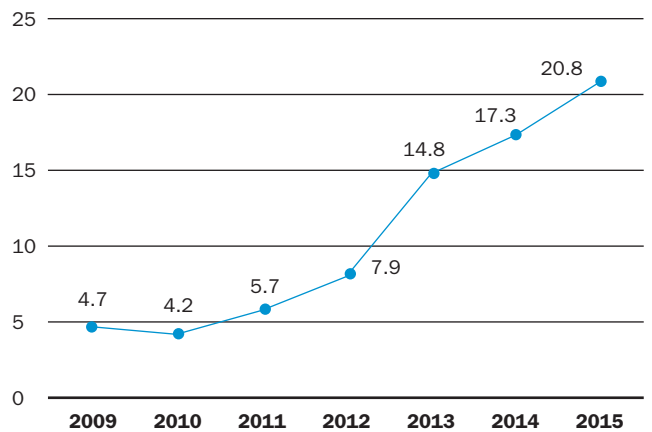
**Indicators of BS brand perception**

During 2015, the Bank continued its successful policy of raising brand awareness, which is necessary to increase the capacity for growth in the retail market in Spain, the aim being to match the brand recognition achieved by the main competitors. As a result, in five years, Banco Sabadell's brand awareness has risen from 1.1% to 5% in terms of top-of-mind and from 4.2% to 20.8% in terms of total visibility, and it ranks fifth among Spanish financial institutions, according to the annual FRS Inmark survey, which is a benchmark in the industry (G11 and G12).

**G11** Top-of-mind recognition



**G12** Total brand recognition



## Advertising campaigns and actions to enhance the Bank's image in 2015

The Bank's advertising in 2015 maintained its specific personality, which distinguishes it from the rest of the sector, conveying an image of professionalism, earnestness, modernity, innovation in customer service and entrepreneurship.

The “company commitment” (“Compromiso Empresas”), which was launched in the first quarter, conveyed our commitment to offering companies everything they could ask of their ideal bank. Closeness, trust, relationship, service, ... everything a company needs under a single umbrella agreement. In writing.

In April, in an analogy to the relationship between account manager and customer, we launched the second instalment of the “Close” (Cerca) project with Rafa Nadal and John Carlin. The campaign enhanced the image of our key asset, the account manager.

And in the final campaign of the year, we revisited conversations between personalities with two clear goals: transmit our competitive position as a go-to bank for funding needs, and launch our new slogan, “Sabadell. Wherever you may be”, which defines us as a different bank that aspires to closer and more beneficial relationships with its customers because of its commitment, convenience, transparency, quality and service based on a supportive approach.

## Multi-channel strategy

### Service channels

The Bank maintains a set of channels—both physical (branch network throughout Spain and in other countries) and digital (BS online, Sabadell móvil, Oficina directa and social media)—for communicating with customers and responding to their needs.

In 2015, under the Transformation Plan, Banco Sabadell continued working to combine the best features of traditional banking, such as personal relationships, with

the best of digital technology; this was effected through the Digital Transformation, to which the Bank devoted considerable efforts in order to be able to respond to our customers' mobility and growing demand for convenience.

This process entails a major cultural change both in relations with customers and within the bank itself. The change must start within and, to this end, employees were selected as “Ambassadors of change” to drive the necessary culture change from inside.

A new customer relationship model has been developed which is more sophisticated and offers more access channels, through the Instant Banking programme, extending the idea of offering access via every possible channel. The branch office is no longer the hub of transactions; rather, customers are at the centre of the process and have a wide range of points of contact. This made it necessary to simplify processes as much as possible and change the distribution model to one of multiple locations, hub and spoke and an Active Management Approach. This business transformation is fully aligned with the digital transformation.

In 2015, internal efforts focused on developing new remote purchasing capabilities (“Instant Selling”), implementing digital signatures for private individuals, and developing the Sabadell wallet. These services are currently being rolled out to all customer segments. Innovation and a forward-looking approach to new digital experiences lead to a constant search for ways to improve the customer experience, e.g. with push notifications.

Practically 40% of active customers use digital channels, 85% of transactions are now digital, and 15% of customers use their mobile device as their main access channel.

The number of customers with a distance banking arrangement rose from 62% to 69% in 2015.

The Bank is very interested in learning about digital media from entrepreneurs and universities. To this end, it has established a web environment for external developers to develop a production version of an API that will allow apps to make use of the Bank's services, which will contribute to expanding its capacity and driving innovation.

Region	Branches	Region	Branches
Andalusia	143	Valencia	387
Aragón	38	Extremadura	6
Asturias	146	Galicia	129
Balearic Islands	65	La Rioja	8
Canary Islands	30	Madrid	209
Cantabria	6	Murcia	148
Castilla-La Mancha	23	Navarra	19
Castilla y León	64	Basque Country	107
Catalonia	674	Ceuta & Melilla	2

T6 Number of branches per region

## Branch network

Table T6 shows the branch network in Spain. Including the 669 branches in the international network, the Group had a total of 2,873 branch offices at the end of 2015.

## ATM network

A total of 104 million ATM transactions were performed in 2015 (10% more than in 2014), of which 65% used cards and 35% used passbooks.

At the end of the year, the Banco Sabadell Group in Spain had 3,224 ATMs and 379 passbook updating machines. The number of ATMs fell by 71 in the year while the Group added five passbook updaters.

In 2015, the Group commenced a plan to upgrade 800 ATMs in Spain in parallel with the new approach to ATM location at the branches, the main novelty being the Minivestibule; this upgrade programme is expected to continue in 2016. A number of actions were implemented during the year, including ATM system upgrades to shorten response times, improve cash management and standardise processes. The goal was to enhance ATM service in order to improve the customer experience.

## Remote-access channels

### BS Online

At the end of 2015, BS Online had over 3.7 million customers, of whom just over 3 million were private individuals and nearly 700,000 were companies, i.e. an 11% increase on 2014. The number of active users increased by 6%.

A total of 1,523 million transactions were performed online, an increase of 14% year-on-year.

The percentage of digital servicing operations (transactional) reached 85% in 2015.

At the end of the year, BS Online ranked fourth in terms of availability of web services for private users of Spanish banks, according to measurements by EU-ROBIT, a company specialized in monitoring Internet banking services; it also ranked first in web services for companies.

During the year, a number of new products and services were introduced, including notably the digital signature, an innovative system that replaces the current code card with the use of a mobile phone; this not only simplified online transactions for customers but also responded

to the security requirements of the European Banking Authority (EBA). Also noteworthy was the launch of several new features in BS Online, such as the ability to open a demand account, securities account or mutual fund account without having to visit a branch.

### Sabadell Móvil

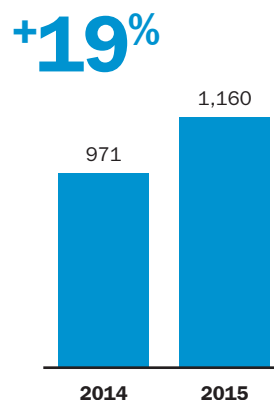
In 2015, the number of active users of Sabadell Móvil increased by over 19% year-on-year, to more than 1.16 million (G13).

In order to improve service, the application for phones and tablets was upgraded early in 2015 with a new design focused on ease of navigation, to make it more intuitive. The upgraded app places the user's overall balance at the centre of the screen for navigating to products and services. Moreover, queries about card transactions and balances were made simpler and more visual.

The user experience was enhanced in other important ways in 2015, such as the new message and alert mailbox, which groups all customer impacts, sorted by type. It provides the customer with a single area for signing transactions and pending documents. Customers are encouraged to sign up for push notifications instead of SMS.

Sabadell Móvil is constantly evolving to integrate the latest technologies so as to give the user a smoother experience. Initially, authentication using TouchID was introduced; the Digital Signature functionality, the new method for signing remote banking transactions, was added subsequently. In 2015, the Banco Sabadell app achieved fourth position in the Apple Store and seventh on Google Play, among the top 10 financial apps in Spain. The Banco Sabadell brand is a benchmark in terms of both digital capabilities and Internet presence, according to a survey by Kanvas Media.

G13 Sabadell Móvil active customers  
Thousands



Sabadell Mobile has been  
Spain's top-rated bank mobile app  
for the last four years.

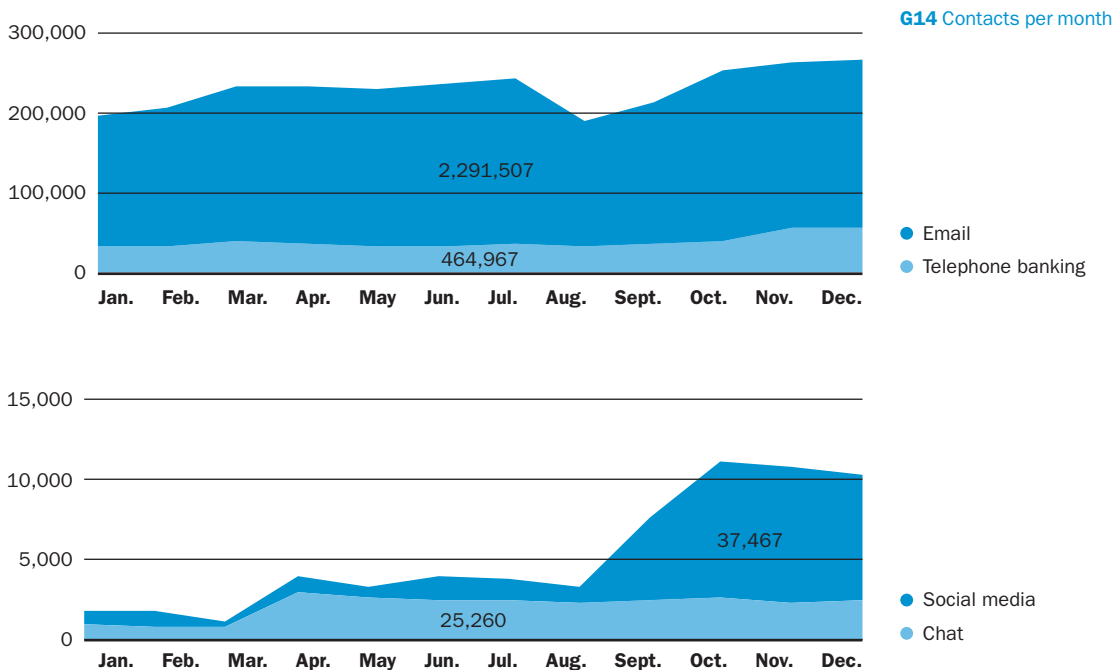
*Oficina Directa*

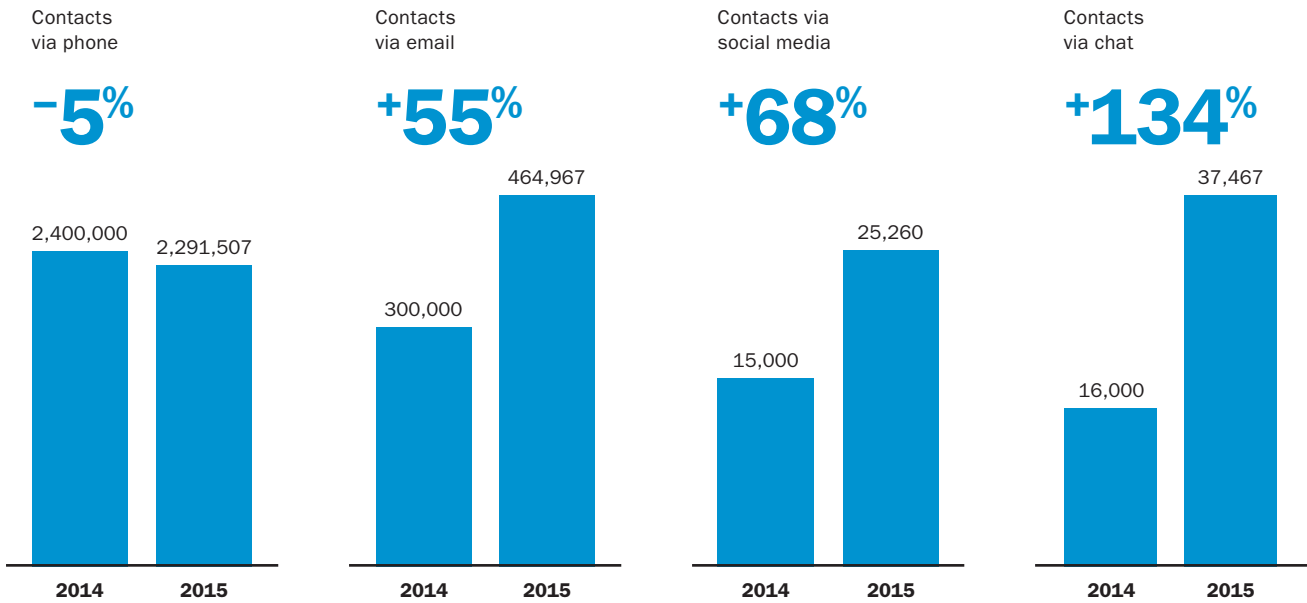
In 2015, Oficina Directa achieved over 2,810,000 contacts (G14), an increase of over 3% with respect to 2014.

Although usage of email, chat and social media increased rapidly during the year, the bulk of contacts were still by telephone (81%).

Nevertheless, telephone's share fell by five points with respect to 2014. Incoming emails increased by over 50%, social media messages by almost 70%, and chat conversations by 134% in the last 12 months (G15).

These data show that our customers use a multitude of channels and that they are increasingly resorting to alternative channels.





Service levels were similar to those of the previous year, and the SLA (Service Level Agreement) metric was 96% in telephone banking and close to 92% in e-mail. The SLA metric in online chat improved steadily from month to month, approaching 93% in December. We received over 388,000 mentions in social media (compared with 75,000 in 2014) and there were over 25,000 interactions, with an SLA of 97%.

During 2015, we continued to make improvements and launch new initiatives to enhance the various relationship channels. Online chat was introduced on the Bank's website for both individuals and businesses, and it achieved an SLA ratio of over 90% by responding in less than 1 minute. Speech analytics were implemented on the telephone channel to recognize customer's messages.

## Social media

Social media play an increasingly important role in our relationship with our customers; their use is expanding exponentially and strengthening our presence there is a priority for the Bank. A large number of events—both institutional and organized by third parties in which the Bank participated—were publicized via social media. For example, earnings presentation were relayed via *Twitter*.

Banco Sabadell changed its social media presence in 2015. On the one hand, @bspress, the Twitter channel for news about the Bank, was rebranded @Sabadellpremsa. And additional news channels were established in Catalan (@Sabadellpremsa) and English (@Sabadellpress). On the other, publication of new content on @SabadellCAM ceased and the account was frozen after this brand was regrouped under the Sabadell brand; its Facebook identity was merged with that of the Bank, which thereby gained 4,000 additional followers in just a month.

The number of followers on social media increased by

39% year-on-year to approach 200,000 followers combined in all the channels in which the Bank is present: Twitter, Facebook, YouTube, LinkedIn and Google+. The Bank continued to produce its own content in 2015, with 323 blog posts and 113 videos. It also made a firm transition towards streaming events online via BancSabadell-TV with the aim of providing customers and non-customers alike with real-time access to the Bank's activities. The number of live broadcasts for employees, such as the presentations of the challenges in BS Idea, also increased.

## Innovation and entrepreneurship

In 2015, the Bank continued to distribute content on the subjects of innovation and entrepreneurship. In February, the second Banco Sabadell "Hackathon" was held in Alicante, with 100 programmers participating in the challenge to develop ideas that would "revolutionize the bank of the future". The event could be followed via social media, where a large number of photos and videos were posted.

In the area of entrepreneurship, Banco Sabadell maintained the BStartup10 programme to support and encourage startups. Through this programme, the Bank participated in numerous events such as the first "Health & Bio Team Dating", in Barcelona. This innovative event sought to bring science and business together with the aim of creating new business projects. Additionally, Venture Network Events were organized throughout Spain.



## Barcelona Open Banc Sabadell

The Barcelona Open Banc Sabadell tennis tournament was the event of the Bank that achieved most followers in social media. In fact, it achieved an unprecedented 275 million impacts on Twitter. Almost 30,000 tweets were published during the tournament using the #bcnopenbs hashtag. Some 11,000 users posted their own tweets under that hashtag. Internet users were able to follow the tournament on its official website and via Twitter. Among the players most mentioned were the champion, Kei Nishikori, with over 11,000 mentions, followed by Rafa Nadal, with over 7,000, and Pablo Andujar, the finalist in this edition, who garnered more than 3,500 Twitter mentions.

## Cutting edge technology and innovation

In the area of pure innovation, the Bank continues to launch novel services that enrich the customer relationship and accelerate the Bank's digital transformation under a long-term vision of the bank of the future.

### Big Data - Kelvin Retail

With a view to leveraging the Bank's data assets, a project with Kelvin Retail was implemented in the second half of 2015.

Kelvin Retail is an information service aimed at small and medium-sized shops; it consists of a private website for shops plus a monthly email report summarising activity. The goal of this new service is to provide shops with the information that the Bank has regarding the performance of their business, customers and industry. All the information is first anonymized and aggregated, and is presented only in the form of statistics. Business managers can use this information to make decisions in their day-to-day.

On 21 December 2015, a pilot of this service was rolled out involving 82 participants with a total of 165 shops in 20 different sectors, the goal being to validate the usefulness of the service, improve the indicators and validate the channels for communication with the shops.

### Sabadell Digital & Agile Lab

In 2015, Banco Sabadell built and launched Sabadell Digital & Agile Lab, a disruptive space located at the corporate headquarters in Sant Cugat which will enable the Bank to advance its commitment to digital and commercial transformation.

From a technological point of view, Digital & Agile Lab has all the necessary tools, and the latest in mobile devices, to facilitate efficient project development and to replicate the different types of relationships with customers and users and their digital devices.

## Open API & Sabadell Developers Portal

Open API is a library of methods by which third parties can access and interact with some of the main features and digital services that the Bank offers its customers. This interface makes it possible to create applications that can be integrated seamlessly with Banco Sabadell services.

By implementing its own API, Banco Sabadell:

- Facilitates experimentation and development of new services by third parties.
- Increases the number of interactions with customers and potential customers.
- Attracts talent and identifies new business opportunities.

This initiative is aimed at developers who are Banco Sabadell customers but it is also open to anyone interested in the business opportunities offered by the Bank's API. The relationship with these communities is managed via the developers.bancosabadell.com portal, which was created specifically for this purpose.

Banco Sabadell does not wish the API to be confined to the design, development and optimization of applications to make it easy to perform banking tasks and expedite day-to-day bank transactions for its customers; in fact, it wants to build new bridges to the fintech world, such as integrating banking services with cutting-edge devices (e.g. smartwatches, VR goggles, etc.).

### cuBS Project

The cuBS project, developed in 2015, is one of the Bank's first disruptive innovation initiatives.

Through a cube-shaped device connected to the Internet, cuBS proposes a new experience that makes the Bank tangible in customers' homes.

It aims to provide new services, initially managing savings targets, and integrating them into family dynamics, which has a positive impact on children's financial education.

The results of this experiment have been compiled and the Bank is analysing a number of avenues for continuing with the project, which include producing the device on an industrial scale.

## Quality of service

For Banco Sabadell, quality is not just a strategic option; rather, it is a whole approach to doing business, whether in delivering value to stakeholders or in the execution of each and every process forming part of that business. This natural affinity with excellence helps to enhance the Bank's capabilities in all areas, transforming threats into strengths and challenges into opportunities for the future.

Consequently, the Bank makes use of existing standards and benchmarks to judge its own actions and satisfy itself that its way of doing business is the right one, and it sets itself new goals based on continual self-criticism.

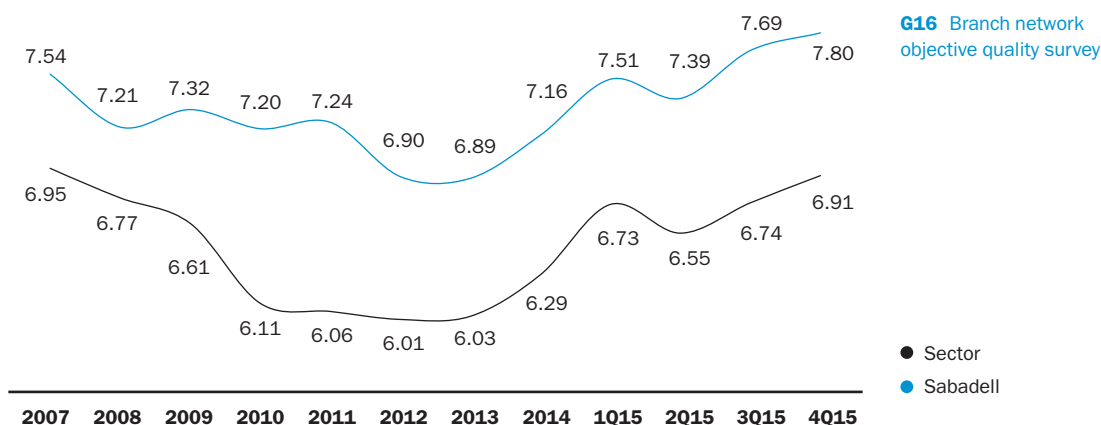
A key benchmark against which to measure and improve management practices is the European Foundation for Quality Management (EFQM) excellence model, against which the Bank is independently assessed every two years. The assessment carried out in November 2014 resulted in the Bank's EFQM Gold Seal (>500 points) being renewed, with a score of over 700 points being awarded according to EFQM's very demanding standard. That was an increase of almost 100 points with respect to 2012, a truly extraordinary achievement that is within the reach of very few organizations.

Moreover, Banco Sabadell is still the only Spanish credit institution with 100% of its financial operations certified to the ISO 9001 standard, providing further proof of its customer-centred philosophy and diligent approach to process management. Banco Sabadell's ISO 9001 certification was renewed in 2015.

The Bank's "Madrid Excelente" quality mark was also renewed in 2015 for another three years after it successfully passed the evaluation.

The actions implemented under the commercial plan have been successful: customer satisfaction surveys ratify the improvement in service quality with respect to the industry average and also in absolute terms; Banco Sabadell is the top-rated bank in this respect (G16).

## Concentration of tasks provides synergies and frees up time for branch staff, contributing to greater operating efficiency and enabling them to focus on improving the customer experience.



\* Source: EQUOS, STIGA, Estudio de calidad de redes bancarias. 2015 data reported with consolidation scope at each quarter-end.

### Accolades



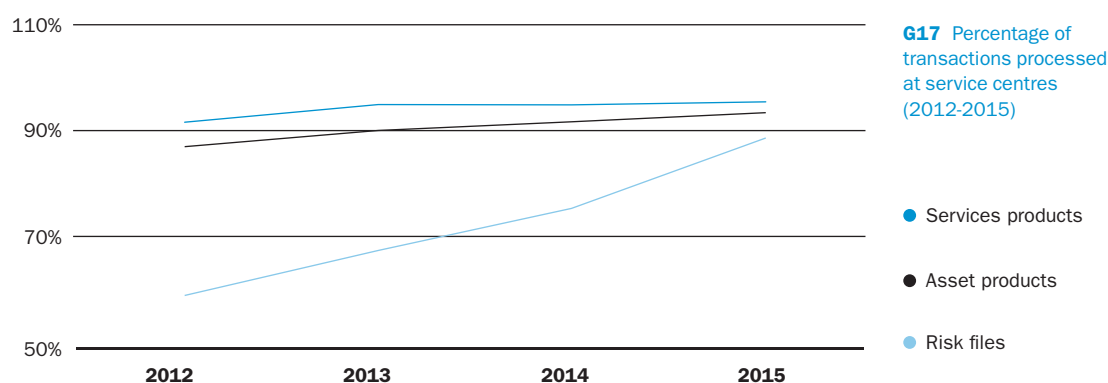
The environment (society, technology and, ultimately, consumers) is changing and this requires the Bank to evolve its current business model. This evolution entails adjusting the customer relationship model by incorporating new digital capabilities, improving business systems and adapting the branch network to customers' needs. The Transformation Plan currently under way at Banco Sabadell is an ambitious project, a challenge that drives our commitment to a long-term relationship with our customers.

The ongoing transformation of the Bank's operating model is aimed at key business activities in order to increase productivity and profitability while guaranteeing our hallmark quality of service.

This transformation involves industrialising administrative activities, enabling staff to devote more time to value tasks and critical business processes, leaving non-core activities to operational factories. The merger synergies provide shorter average turnaround times, greater responsiveness and amalgamation of processes, as well as the possibility of implementing improvements to expand traceability and oversight.

During the year, the plan to consolidate regional administrative centres took shape and additional transfer possibilities were identified, thereby enhancing concentration ratios, which are now quite close to the target set in the transformation plan. As for improvements in the customer experience, a new front-office model was tested that promotes the use of digital channels and moves administrative tasks to back-office centres. In this area, initiatives were adopted to improve communications with customers from specialized centres, making it possible to address solutions tailored to their needs. Automation has made processes simpler and more agile, resulting in greater operational efficiency (G17).

The optimized model allows for exhaustive tracking of expenditure, which is essential to achieving the cost reduction goals, considering the increases in capacity resulting from acquisitions in recent years.





Advertising document

Rafa Nadal  
Doha

**“Sometimes it is good to have your own criteria.”**

Being closer is knowing you well enough to know when you need advice and, more importantly, when you don't. And that is just what your Banco Sabadell Relationship Manager does. Get to know yours through the Pre-Arranged Appointment Service at [bancosabadell.com](http://bancosabadell.com)

Closer is a private conversation between Rafa Nadal and John Carlin.

**B Sabadell**