

## 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 EUROBIT, 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

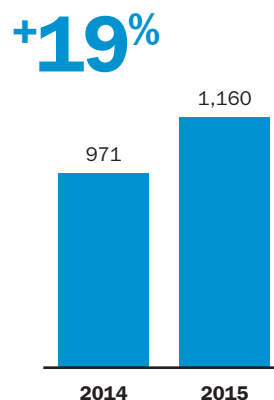
In 2015, the number of active users of Sabadell Móvil increased by over 19% year-on-year, to more than 1.16 million (G13).

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.

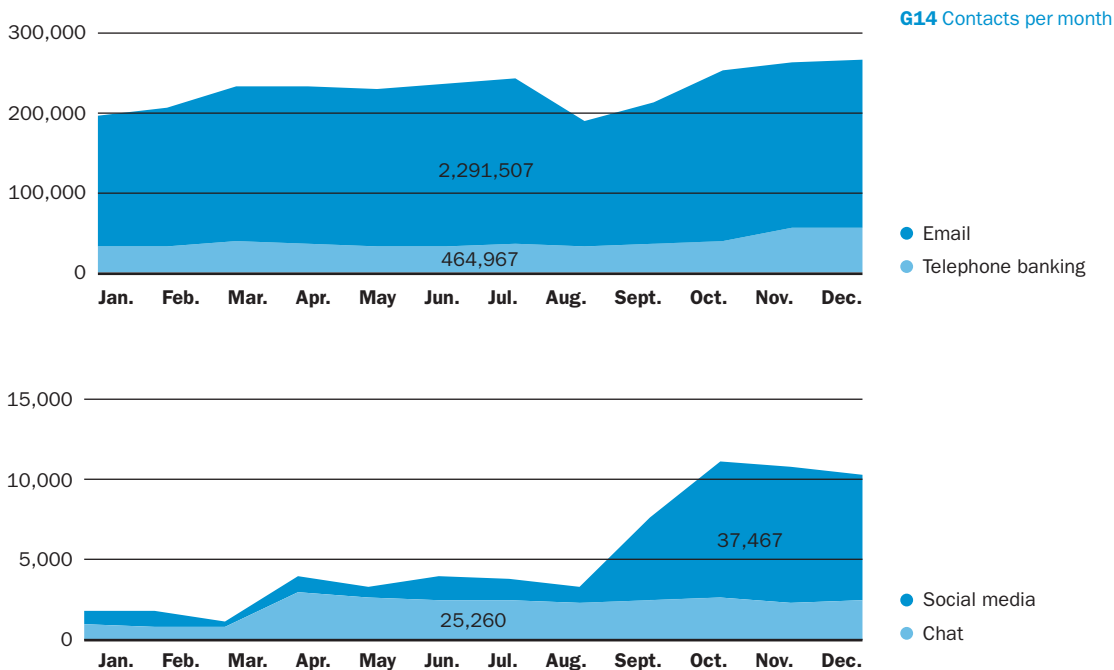
*Oficina Directa*

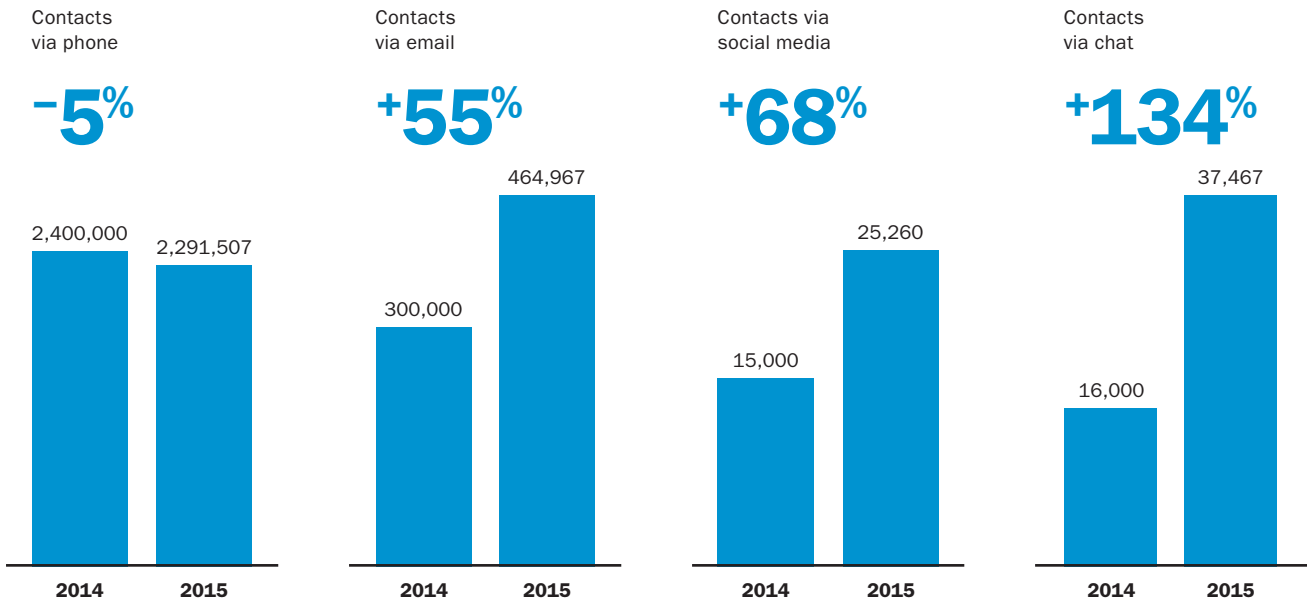
In 2015, Oficina Directa achieved over 2,810,000 contacts (G14), an increase of over 3% with respect to 2014.

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.