

Sabadell Digital & Agile Lab

2016 was the year in which Sabadell Digital & Agile Lab, started in late 2015, showed its full potential. The "Lab" operates in an area of the Bank's central services building in Sant Cugat, Barcelona and uses co-creation strategies and Design Thinking and Agile methodologies to help the Bank to progress the implementation of its policy of technological and business 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 using its digital devices.

In 2016 the average occupancy of Lab spaces was 88%, providing a base for more than 500 internal and customer-focused activities in which more than 700 people took part.

Big Data - Kelvin Retail

In March 2016 a new service, Kelvin Retail, was launched, the first commercial Big Data-based service. There were 1,500 access in the first two weeks that followed the launch, and usage increased by 376% in the second half of 2016.

Kelvin Retail is an information service for small and mid-size retail businesses and sole proprietors that provides information held by the Bank concerning their trading performance, their customers and their industry. It consists of a private website in "responsive" mode (i.e. accessible on all devices and via BS Online and BS M6vil), supplemented by an activity report sent each month by email. It also provides comparative data on competitors according to location. All the information is first anonymised and aggregated, and is always presented in the form of statistics. All this information can be helpful to those managing the business with the decisions they have to take on a daily basis.

Open API & Sabadell Developers Portal

Open API is a library of methods where third parties can access and interact with some of the main functions 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 setting up its own API, Banco Sabadell has been able:

- To facilitate experimentation and development of new services by third parties.
- To increase the number of interactions with customers and potential customers.
- To attract talent and identify new business opportunities.

This initiative is aimed at developers who are Banco Sabadell customers, but is also open to anyone interested in the business opportunities offered by the Bank's API. The

Bank's interaction with these communities takes place on the developers.bancsabadell.com website, which was created specifically for this purpose.

Banco Sabadell does not expect the API to be used solely for the design, development and optimisation of applications to make it easy to perform banking tasks and expedite day-to-day bank transactions for its customers; rather, intention is to build new links with the fintech world, such as integrating banking services with cutting-edge devices (e.g. smartwatches, VR goggles, etc.).

In 2016 more than 180 independent developers worked on the Bank's Open API and 30 apps are currently in development.

Collaborative innovation

The Innovation Team, in conjunction with BStartup and Sabadell Venture Capital, has set up a project for collaborative innovation and building relationships with start-ups. The project's aim is to systematise awareness of and communication with the entrepreneurial ecosystem to ensure a sound approach is applied across the Bank.

The protocol ensures that all the business start-ups receive a customised service through the appointment of an agent who examines the project being undertaken. Start-ups are also informed of the Bank's various entrepreneurship and open innovation initiatives. A CRM has been put in place to centralise the management of relations with the entrepreneurs and ensure the observance of timescales, excellence in service provision, and the recording and implementation of start-ups' suggestions.

Quality of service

For Banco Sabadell, quality is not just a strategic option; rather, it is a whole approach to doing business, whether in the delivery of 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 2016 resulted in the Bank's EFQM Gold Seal (over 500 points) being renewed, with a score of over 700 points being awarded according to EFQM's very demanding standard. This means that the very high standards measured in 2014 were maintained, a truly extraordinary achievement.

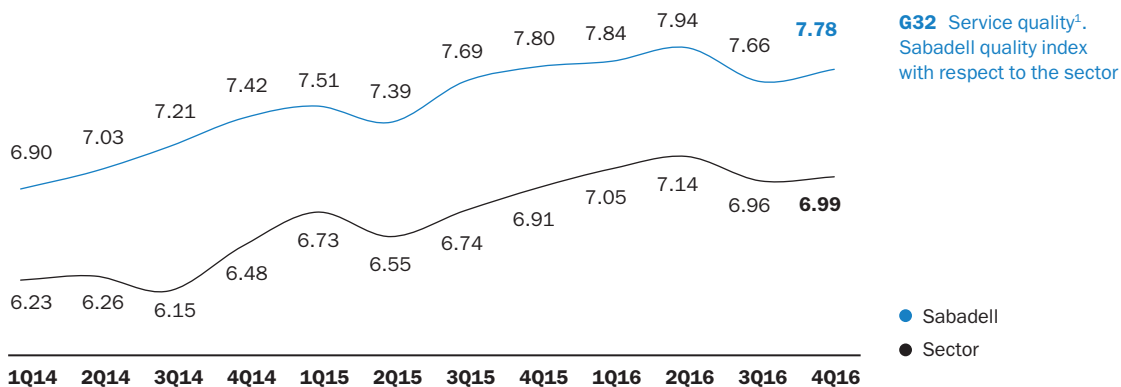
Banco Sabadell continues to show a clear lead in quality over the rest of the industry.

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 2016.

The Bank's "Madrid Excelente" quality mark was also renewed in 2015 for another three years after successfully coming through 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.

The optimised model makes it possible to keep track of costs in great detail, which is essential to the achievement of cost reduction goals, considering the increases in capacity resulting from acquisitions in recent years.



¹ Source: STIGA, EQUOS (Estudio de Calidad Objetiva Sectorial, 4Q 2016).

Accolades

