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Organisational structure

Banco de Sabadell, S.A. ("Banco Sabadell", the "Bank" or the "company") with registered office at Avenida Óscar Esplá, 37, in Alicante, has as its object to engage in banking and it is subject to the standards and regulations governing banking institutions operating in Spain. It has been subject to prudential supervision on a consolidated basis by the European Central Bank (ECB) since November 2014.

The Bank is the parent company of a group of institutions which it controls directly or indirectly and which, with it, comprise Banco Sabadell Group. Banco Sabadell offers a full range of financial services through its financial institutions, brands, subsidiaries and affiliates, which cover all areas of the finance business and operate basically in Spain, the United Kingdom and Mexico.

The Group was organised into the following businesses in 2020:

- Banking Spain groups the following customer-facing business units:
 - Commercial Banking: the Group's largest single line of business, focused on offering financial products and services to large and medium enterprises, SMEs, shops and self-employed workers, private individuals and professionals, as well as providing consumer finance, asset management and bancassurance. Private Banking offers value-added products and services to its customers.

Sabadell is the main brand used in most of the Spanish market. The Group also operates under the following brands:

 - SabadellHerrero, in Asturias and León.
 - SabadellGuipuzcoano, in the Basque Country, Navarra and La Rioja.
 - SabadellGallego, in Galicia.
 - SabadellSolbank, in the Canary Islands, the Balearic Islands and in the southern and eastern coastal areas of mainland Spain.
 - ActivoBank serves customers who prefer to do their banking exclusively by telephone or online.
 - Corporate banking: offers specialised financing services together with a broad range of solutions, from transactional banking services to very complex custom solutions, in finance, treasury, and import/export, among others. It includes the overseas branches and representative offices since their main customers are Spanish.
 - Asset Transformation engages in horizontal management of non-performing and real estate exposures. It implements the asset transformation strategy and adopts a comprehensive vision of the Group's property portfolio with a view to maximising its value.
- Banking UK: the TSB franchise covers retail banking in the United Kingdom (current and savings accounts, personal loans, cards and mortgages).

- Banking Mexico: offers the full range of banking and financial services via Corporate Banking and Commercial Banking.

Banco Sabadell is the parent company of a group which, at 31 December 2020, comprised 106 companies, of which, apart from the parent company, 85 were classified as Group companies and 20 as associated companies (174 at 31 December 2019, of which 149 were Group companies and 24 were associated companies).

Corporate governance structure

Banco Sabadell has a sound corporate governance structure that guarantees effective, prudent management. The internal governance framework which sets out, among other aspects, the shareholder structure, the governing bodies, the Group's structure, the composition and operation of corporate governance, the internal control functions, key governance matters, the risk management framework and the Group's policies, is published on the website www.grupobancosabadell.com (See the "Corporate governance and Remuneration policy - Internal Governance Framework" section of the corporate website).

General Meeting of Shareholders

The Bank's main governing body is the General Meeting of Shareholders, in which the shareholders decide on matters attributed to the Meeting by law, the Articles of Association (available on the corporate website under "Corporate governance and remuneration policy - Articles of Association") and its own Regulation, and those business decisions that the Board of Directors considers to be of vital importance for the bank's future and for the company's interests.

The General Meeting of Shareholders has adopted its own Regulation, which sets out the principles and basic rules of action (available on the corporate website under "Shareholder and Investor information - GM Regulations") and safeguards shareholder rights and transparency.

In the General Meeting of Shareholders, shareholders may cast one vote for every thousand shares they own or represent.

The Policy on communication and contacts with shareholders, institutional investors and proxy advisors approved by the Board of Directors, in conformity with the June 2020 revision of the Good Governance Code of Listed Companies, aims to promote transparency vis-à-vis the markets and build trust while safeguarding, at all times, the legitimate interests of institutional investors, shareholders and proxy advisors and of Banco Sabadell's other stakeholders.

Board of Directors

With the exception of matters reserved for the General Meeting of Shareholders, the Board of Directors is the highest decision-making body in the company and its consolidated group, as it is responsible, under the law and the Articles of Association, for the management and representation of the bank. The Board of Directors acts mainly as an instrument of supervision and oversight, and delegates the management of ordinary business matters to the CEO.

The Board of Directors is subject to well-defined, transparent rules of governance, particularly the Articles of Association and its own terms of reference (available on the corporate website under “Corporate governance and remuneration policy - Regulations of the Board of Directors”), and it conforms to best practices in the area of corporate governance.

The members of the Board of Directors at 31 December 2020 were as follows: four executive directors and eleven non-executive directors (ten of them independent and one proprietary). The composition of the Board of Directors has an appropriate balance between the various categories of director.

The composition of the Board of Directors is diverse and efficient. It is of the appropriate size to perform its functions effectively by drawing on a depth and diversity of opinions, enabling it to operate with a level of quality and efficacy and in a participatory way. It combines a suitable diversity in terms of competency, professional background, origin and gender, as its members have extensive experience in banking, finance, insurance, risk and auditing, regulatory affairs and the law, as well as the academy, human resources and consulting, business and the international arena. The Board's Matrix of Competencies can be consulted on the website under “Corporate governance and remuneration policy – Internal Governance Framework”).

The Director Candidate Selection Policy, which was approved by the Board of Directors in 2016, establishes the procedure for selecting candidates and it seeks to ensure an appropriate balance in the composition of the Board of Directors, facilitate the selection of women directors and, generally, guarantee that it is free of inherent bias that might entail discrimination.

The last two independent directors who were appointed are women, which increases the diversity of the Board of Directors in terms of age, gender, training, knowledge and experience. Ms. Mireya Giné Torrens, whose appointment was approved by the General Meeting of Shareholders on 26 March 2020, provides experience and knowledge of finance, the academy, digital and IT (digital transformation). Ms. Alicia Reyes Revuelta, appointed by co-optation by the Board of Directors on 24 September 2020, provides experience and knowledge of banking, both retail and corporate, as well as finance. Both of them have international experience.

At 2020 year-end, there were four female directors: three independent directors (out of a total of ten

Composition of the Board of Directors as of 31 December 2020

Chairman

Josep Oliu Creus

Deputy Chairman

José Javier Echenique Landiribar

Chief Executive Officer

Jaime Guardiola Romojaro

Director General Manager

David Vegara Figueras

Director Secretary General

María José García Beato

Directors

Anthony Frank Elliott Ball

Aurora Catá Sala

Pedro Fontana García

Mireya Giné Torrens

George Donald Johnston III

David Martínez Guzmán

José Manuel Martínez Martínez

José Ramón Martínez Sufrategui

Alicia Reyes Revuelta

Manuel Valls Morató

Secretary (non-member)

Miquel Roca i Junyent

independent directors) and one executive director.

On 17 December 2020, the Board of Directors appointed Mr. César González-Bueno Mayer as an executive director and as CEO, succeeding Mr. Jaime Guardiola Romojaro, once the pertinent regulatory authorisations had been obtained.

Chosen after a diligent, in-depth selection process, Mr. César González-Bueno has the requisite knowledge, skills and experience as set out in the Succession Plan for the Chairman and CEO. He has an excellent commercial and professional reputation, possesses the appropriate knowledge and experience to discharge his duties and is in a position to exercise good governance of the Bank. His appointment was found to increase the diversity of the Board of Directors, having regard to the Banco Sabadell Matrix of Competencies. It was therefore concluded that he is the right person for the job, and he is eminently qualified to hold the positions to which he has been appointed and to lead the bank into the future, since he represents values and experience that fit the direction and strategy of Banco Sabadell.

The Board has a lead independent director, who is empowered, under the Articles of Association, to give notice of meetings of the Board of Directors, add items to the meeting agenda, coordinate and meet with the non-executive directors, reflect the opinion of the non-executive directors, and direct the regular assessment of the Chairman of the Board of Directors. The lead independent director also coordinates the Succession Plan for the Chairman and CEO that was adopted in 2016 and, in practice, chairs any meetings with investors or proxy advisors.

To ensure better and more diligent performance of its general supervisory duties, the Board undertakes to directly discharge the responsibilities provided by law, including:

- a) those deriving from the generally-applicable corporate governance standards;
- b) approving the Company's general strategies;
- c) appointing and, as necessary, removing directors of the Company's subsidiaries;
- d) identifying the Company's main risks and implementing and monitoring suitable internal control and reporting systems;
- e) setting policy on the reporting and disclosure of information to shareholders, the markets and the general public;
- f) setting policy on own shares in accordance with any guidelines laid down by the Shareholders' Meeting;
- g) approving the Annual Corporate Governance Report;
- h) authorising transactions between the Company and directors or significant shareholders which may lead to conflicts of interest; and
- i) generally deciding on business or financial transactions that are of particular importance for the Company.

Committees of the Board of Directors

In accordance with the Articles of Association, the Board of Directors has established the following committees:

- Delegated Committee.
- Audit and Control Committee.
- Appointments Committee.
- Remuneration Committee.
- Risk Committee.

The organisation and structure of the Board committees is set out in the Articles of Association and in their respective terms of reference, which give the rules governing their composition, operation and responsibilities (See the "Corporate governance and remuneration policy - Regulations of the Committees"), and elaborate upon the terms of reference and basic functions envisaged in the Articles of Association and the Regulations of the Board of Directors.

The Committees have sufficient resources to perform their functions, can draw on external advice and are entitled to obtain information about any aspect of the institution, with unrestricted access to senior management and group executives and to any type of information or documentation at the Bank's disposal in connection with the matters within their competency.

The composition of these committees at 31 December 2020, and the number of meetings held in 2020, is shown in the table below:

Committee composition

Position	Delegated	Audit and Control	Appointments	Remuneration	Risk
Chairman	Josep Olius Creus	Manuel Valls Morató	José Manuel Martínez Martínez	Aurora Catá Sala	George Donald Johnston III
Member	José Javier Echenique Landiribar	Pedro Fontana García	Anthony Frank Elliott Ball	Anthony Frank Elliott Ball	Aurora Catá Sala
Member	Jaime Guardiola Romojaro	Mireya Giné Torrens	Aurora Catá Sala	George Donald Johnston III	Manuel Valls Morató
Member	Pedro Fontana García	José Ramón Martínez Sufrategui	—	José Ramón Martínez Sufrategui	—
Secretary (non-member)	María José García Beato	Miquel Roca i Junyent	Miquel Roca i Junyent	María José García Beato	María José García Beato
Number of meetings in 2020	35	12	16	12	14

Delegated Committee

The Delegated Committee is composed of four directors (two executive and two independent) and is chaired by the Chairman of the Board; it has the functions and powers delegated to it expressly by the Board of Directors which the law and the Articles allow it to delegate. It exercises oversight over the Bank's day-to-day business and must report any decisions it makes to the Board of Directors.

Audit and Control Committee

The Audit and Control Committee comprises four independent directors and is chaired by an expert in auditing. It meets at least once per quarter. Its main function is to oversee the efficacy of the Bank's internal control, internal audit and risk management systems, supervise the process of drafting and presenting regulated financial disclosures, advise on the Bank's annual and mid-year financial statements, liaise with the external auditor, and ensure that suitable measures are taken to address any conduct or methods that might be inappropriate. It also ensures that the measures, policies and strategies defined by the Board are duly implemented.

Appointments Committee

The main functions of the Appointments Committee, which comprises three independent directors, are to ensure that the qualitative composition of the Board of Directors fulfils the requirements, assess whether directors meet the suitability, competency and experience requirements for the position, make proposals as to the appointment of independent directors and advise on the appointment of other directors. It must also set a representation target for the minority gender on the Board of Directors and draw up guidelines on how the target should be achieved; it advises on proposals for the appointment and removal of senior executives and identified staff, as well as on the basic contractual conditions for executive directors and senior executives.

Remuneration Committee

The main functions of the Remuneration Committee, which comprises four independent directors, are to make proposals to the Board of Directors on policy for the remuneration of directors and general managers and on remuneration and other contractual conditions for individual executive directors, and to ensure compliance with existing policies. It also advises on the Annual Report on Director Remuneration and reviews the general principles governing remuneration and the arrangements for the remuneration of all employees, ensuring that transparency is maintained.

Risk Committee

The main functions of the Risk Committee, which comprises three independent directors, are to supervise and exercise oversight to ensure that all the risks of the Bank and its consolidated group are accepted, controlled and managed appropriately, and to report to the Board on the performance of its duties, in accordance with the law, the Articles of Association and the Board of Directors Regulation, and the Committee's own terms of reference.

Bank Chairman

Under Article 54 of the Articles of Association, the Chairman of the Board of Directors is the Bank's chief representative and, in performing his functions, he is the person with primary responsibility for the effectiveness of the Board of Directors, representing the Bank in any event, and signing on behalf of the company; he convenes and chairs meetings of the Board of Directors, setting the agenda, directing the debates and deliberations within the Board of Directors, and, in the event, the General Meeting, and is responsible for executing the decisions adopted by the Board of Directors and the General Meeting of Shareholders without the need for this to be expressly mentioned. He also holds any powers delegated to him by the Board of Directors.

Chief Executive Officer

Under article 54 of the Articles of Association, the CEO is the person with primary responsibility for managing and directing the business, and for representing the Bank in the Chairman's absence. The Board may attribute to the CEO any powers that it sees fit from among those that it is allowed by law to delegate.

Control units

The Internal Audit Division and the Risk Division have access to and report directly to the Board of Directors and its committees — the Audit and Control Committee and Board Risk Committee, respectively.

The Bank publishes an Annual Report on Corporate Governance, which contains detailed information on corporate governance, and the Non-Financial Disclosures Report, both of which are part of the 2020 financial statements, together with an Annual Report on Director Remuneration, all of which are available on the on the CNMV website and the Banco Sabadell corporate website www.grupobancosabadell.com.

Business model, main objectives achieved and actions implemented

The Bank's business model is focused on profitable growth with the goal of creating shareholder value. This is achieved through a business diversification strategy based on profitability, sustainability, efficiency and service quality, with a conservative risk profile and within a framework of ethical and professional codes, taking into account the interests of the various stakeholders.

The Bank's business model pursues long-term relationships with customers through constant efforts to promote customer loyalty through an initiative-based, proactive approach. The Bank has a comprehensive range of products and services, competent, highly qualified personnel, an IT platform with ample capacity to support future growth, and a relentless focus on quality.

Since the financial crisis in 2008, Spain's banking sector has been engaged in an unprecedented concentration process. Higher levels of capital, stricter provisioning requirements, the economic recession and pressure from the capital markets are some of the factors that have driven Spanish banks to merge and gain in scale, maximise efficiency and strengthen their balance sheets.

During the last ten years, Banco Sabadell has expanded its geographic footprint and increased its market share in Spain through acquisitions, most notably that of Banco CAM in 2012. Banco Sabadell was able to engage in additional M&A transactions in 2013 in appropriate economic conditions within the framework of the restructuring of the banking industry, and in 2015 it acquired Penedès, Banco Gallego y Lloyds España.

The acquisitions and organic growth in recent years have enabled Banco Sabadell to reinforce its position in some of Spain's most prosperous regions (e.g. Catalonia, Valencia and the Balearic Islands) and to increase market share in other key areas. According to the most recent information, Banco Sabadell has a market share of 8% in lending and 7% in deposits at national level. Banco Sabadell also has a strong position in other products: 9% in commercial credit; 10% in lending to companies; 6% in mutual funds; 10% in securities trading; and 17% in POS turnover.

Banco Sabadell also maintains its quality differential with respect to the rest of the industry and ranks in the top 3 among its peers in terms of customer experience (Net Promoter Score) in the areas of Personal Banking, SMEs and Large Corporations.

Banco Sabadell has always been a trailblazer on the international front. This continued to be the case in 2020, as Sabadell retained its position in the leading financial hubs and supported businesses in their international activities, having achieved a 15% share of Swift transfers. Banco Sabadell has expanded its international presence in recent years, including notably the acquisition of UK bank TSB in 2015, and the incorporation of a bank in Mexico in 2016.

As a result, Sabadell is one of the largest players in the Spanish financial system, having diversified geographically (72% in Spain, 26% in the UK and 2% in Mexico) and expanded its customer base six-fold since 2008, all while safeguarding its capital adequacy and liquidity.

The year 2020 was marked by the COVID-19 pandemic, which triggered an unprecedented crisis for the global economy. Social distancing measures implemented as a result of the pandemic produced simultaneous supply and demand shocks worldwide. The year was also affected, once again, by the persisting adverse interest rate situation, which continues to weigh on the industry's profitability. Despite this, Banco Sabadell has been able to generate net profit while strengthening its capital position and balance sheet.

The Bank's results in 2020 were impacted primarily by banking revenues, because of the decline in commercial activity, and by an increase in defaults as a result of the worsening economic situation caused by COVID-19. These impacts were offset by capital gains on the sale of 100% of Sabadell Asset Management, S.A., S.G.I.I.C, Sociedad Unipersonal, better performance by recurring costs, and higher trading income. Additionally, in order to increase the Group's profitability, Banco Sabadell implemented an efficiency plan in Spain and accelerated the restructuring plan in the UK. In line with its strategy of focusing on its core business, during the year Banco Sabadell announced a sale of its institutional depository business for 115 million euros, and it completed the sale of SDIN Residencial, S.L., Sociedad Unipersonal.

Banco Sabadell does business in an ethical and responsible way and shows its commitment to society by ensuring that its actions have a positive impact on people and the environment. Each and every person in the organisation has a part to play in observing and applying the principles and policies that underlie corporate social responsibility, as well as in assuring quality and transparency in customer service.

In the area of compliance, in addition to observing the law, Banco Sabadell has put in place a set of policies, procedures and codes of conduct to provide a guarantee of ethical and responsible conduct at all levels of the organisation and in all Group operations. In 2020, Banco Sabadell issued its first green bond, raising 500 million euros and reflecting the bank's commitment to sustainability.

2021

Banco Sabadell adopts strategic plans in which it sets targets for the coming years in accordance with the macroeconomic, business and regulatory context.

The year 2021 will be shaped by the current adverse macroeconomic situation, driven by the COVID-19 pandemic and the negative interest rate situation. In this scenario, Banco Sabadell will unveil a Business Plan in 2021 focused on enhancing its strengths, increasing profitability and maximising value creation. This new

plan will prioritise the domestic market as a means of enhancing efficiency in the use of capital and the group's resources, thereby increasing profitability and shareholder value creation.

Banco Sabadell's ambitions in Spain focus on improving profitability based on the programme to enhance efficiency and transform the retail market, commencing with a restructuring plan that has been agreed with the unions and will entail shedding approximately 1,800 workers in 2021, while reinforcing its value proposition in its core segments (particularly SMEs, where it leads in customer satisfaction and which offers the greatest added value and profitability; in this segment, it will implement its new plan to enhance the cost-to-income ratio and organic capital generation) and will expand spreads while working to control its risk profile. This is to be accompanied by measures to enhance the business's sustainability by transforming the distribution and digitalisation model to offer a broad range of distinctive products and services to each customer while retaining the lead in quality of service.

Additionally, late last year it launched a new plan in the United Kingdom to improve business efficiency and increase volume and revenues organically. The TSB restructuring plan was accelerated in 2020.

The strategy defined for the Mexican market is based essentially on customers and products that enable us to maximise profitability based on an innovative digital model.

Banco Sabadell's business model pursues value creation for all its stakeholders while offering a wide range of products and excellent quality of service to its customers and developing its human capital. All this while maintaining its commitment to society and the environment, through ethical and responsible development of its business.

Share performance and share ownership

The year 2020 was shaped by the events surrounding the COVID-19 pandemic and the economic crisis that resulted from the virus's spread and the measures imposed by governments to contain it. The resulting economic instability and uncertainty had a significant impact on stock market performance in 2020.

The stimulus packages announced by governments and international institutions in order to palliate the effect of the pandemic on the real economy helped to boost investor confidence to an extent. However, as the year progressed, growing fears of a second wave of the virus again undermined investor confidence and hurt share prices globally.

With the second wave of COVID-19 and multiplying containment measures, the markets discounted an increasingly complex scenario and a growing likelihood of another recession. For this reason, hope for an economic recovery lay mainly in progress with developing vaccines against the virus.

Other factors that have produced uncertainty in the stock markets in 2020 were the trade tensions between China and the United States, uncertainty about Brexit, and the US presidential elections.

Towards year-end, progress with vaccines, the election of Joe Biden to the White House, and the Brexit agreement on 24 December had a very positive impact on share prices on both sides of the Atlantic.

Banco Sabadell's share was significantly affected by the factors mentioned above. As for endogenous factors, it shed non-performing assets, maintained a robust level of capital, launched an efficiency plan in Spain, and accelerated the TSB restructuring plan, all of which were welcomed by analysts and the broad market. The announcement of M&A transactions in the Spanish banking industry also had a positive impact on the stock.

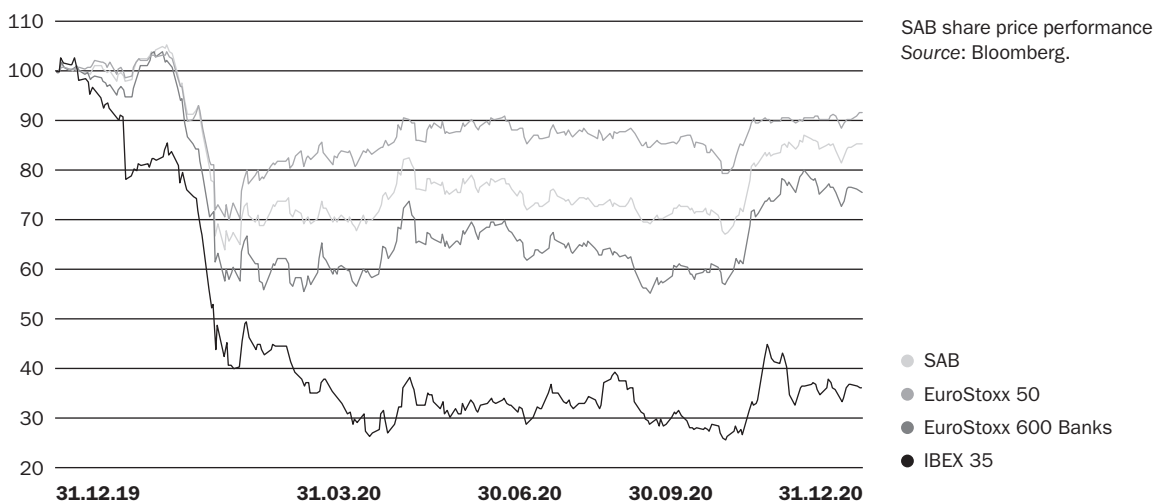
At the end of 2020, 65% of equity analysts covering Banco Sabadell had a Buy or Hold recommendation on the stock.

During 2020, institutional investors owned 43% of the stock, while retail investors owned 57%.

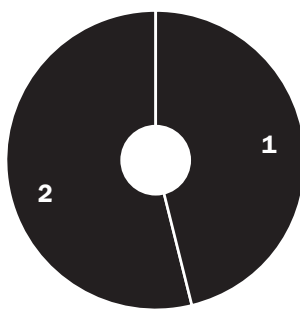
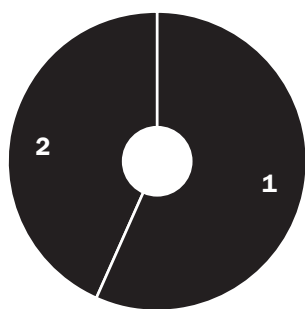
Banco Sabadell's market capitalisation stood at 1,976 million euros at year-end, with a price-to-book ratio of 0.15.

Sabadell's share performance was shaped by the crisis arising from the coronavirus pandemic.

The next figure shows the share's performance during the year:



Note: share price adjusted for dividends and capital increases.



Ownership structure 31.12.2020 (%)

1	Retail investors	56.7
2	Institutional investors	43.3

Ownership structure 31.12.2019 (%)

1	Retail investors	46.2
2	Institutional investors	53.8

No. of shares	Shareholders	Shares in tranche	% of capital
From 1 to 12,000	190,901	611,045,364	10.86
From 12,001 to 120,000	49,841	1,554,814,439	27.63
From 120,001 to 240,000	2,085	341,433,296	6.07
From 240,001 to 1,200,000	1,198	526,131,754	9.35
From 1,200,001 to 15,000,000	167	477,402,590	8.48
More than 15,000,000	33	2,116,137,258	37.61
TOTAL	244,225	5,626,964,701	100.00

Analysis of shareholdings at 31 December 2020

No. of shares	Shareholders	Shares in tranche	% of capital
From 1 to 12,000	189,863	563,139,756	10.01
From 12,001 to 120,000	42,426	1,284,276,683	22.82
From 120,001 to 240,000	1,620	264,631,530	4.70
From 240,001 to 1,200,000	921	393,813,970	7.00
From 1,200,001 to 15,000,000	167	465,296,435	8.27
More than 15,000,000	37	2,655,806,327	47.20
TOTAL	235,034	5,626,964,701	100

Analysis of shareholdings at 31 December 2019

	Million	Million euros	Euros	Million euros	Euros
	Average number of shares	Attributed income	Attributed income per share	Own funds	Book value per share
2017	5,570	802	0.144	13,426	2.41
2018	5,565	328	0.050	12,545	2.25
2019	5,538	768	0.125	13,172	2.38
2020	5,582	2	—	12,944	2.32

Earnings and book value per share 2017-2020

Share performance

Below are a number of indicators of the Bank's share performance:

	2020	2019	Change (%) year-on-year	Share performance
Shareholders and trading				
Number of shareholders	244,225	235,034	3.9	
Average number of shares (million)	5,582	5,538	0.8	
Average daily trading volume (million shares)	59	30	95.6	
Share price (euros)				
Beginning of the period	1.040	1.001	—	
High	1.080	1.130	—	
Low	0.250	0.714	—	
Closing	0.354	1.040	—	
Market capitalisation (million euros)	1,976	5,760	—	
Market ratios				
Earnings per share (EPS) (euros)	(0.01)	0.13	—	
Book value per share (euros)	2.32	2.38	—	
Price / Book value	0.15	0.44	—	
Price / Earnings ratio (P/E)	(27.75)	8.29	—	

Dividend policy

The Bank's shareholder remuneration policy conforms to the provisions of the Articles of Association and is submitted for approval each year by the General Meeting.

On 8 April 2020, in line with the European Central Bank's recommendation to banks not to pay or make irrevocable undertakings to pay dividends out of 2019 and 2020 earnings, the Bank's Board of Directors resolved not to pay a dividend in 2020 as a prudent response to the crisis created by COVID-19. The Bank intends to resume paying dividends when the European Central Bank lifts its recommendation not to pay or make irrevocable undertakings to pay dividends.

Credit rating

The rating agencies that assessed Banco Sabadell's credit quality in 2020 were S&P Global Ratings, Moody's, DBRS and Fitch Ratings. Below are details of the current ratings and the last date on which they were affirmed:

Agency	Long term	Short term	Outlook	Last review	Credit rating. Ratings and date of last update
DBRS	A (low)	R-1 (low)	Negative	30.06.2020	
S&P Global Rating	BBB	A-2	Negative	26.11.2020	
Moody's Investors Service	Baa3	P-2	Stable	10.11.2020	
Fitch Ratings	BBB-	F3	Stable	26.11.2020	

On 30 June 2020, DBRS Ratings GmbH affirmed the credit rating of Banco Sabadell with a negative outlook, reflecting their view that the disruption to the economy and the market resulting from the COVID-19 pandemic will have an adverse effect on the bank's operating environment in Spain and the UK.

On 26 November 2020, S&P Global Ratings affirmed its credit rating for Banco Sabadell with a negative outlook to reflect the challenging economic environment caused by the COVID-19 pandemic and the possibility of asset quality impairment in this situation.

On 10 November 2020, Moody's affirmed Banco Sabadell's credit rating, with a stable outlook, to reflect the significant balance sheet de-risking, strong liquidity and improved capital position, which might be affected depending on how the pandemic evolved.

On 26 November 2020, Fitch Ratings confirmed Banco Sabadell's credit rating, with a stable outlook, supported by the capital's ability to absorb the deterioration in asset quality caused by the pandemic and the likely reduction in profitability. The rating is also supported by the strong domestic franchise, particularly in the SME segment.

Customers

Brand

"At Banco Sabadell we want to help people and companies bring their projects to life, anticipating their needs and taking care to ensure that they make the best economic decisions. We do this through responsible stewardship that is committed to the environment and to society. Our values: Commitment, Non-conformism, Professionalism, Effectiveness, Empathy and Openness."

That is the promise of the Banco Sabadell brand, the bank we want to be. The brand is committed to our customers, employees and society because "we are distinguished not only by what we do, but also by how we do it".

In 2020, Banco Sabadell showed that, despite the circumstances, its vision remains as valid as ever, and it continued to support its customers to help them make the best economic decisions. Because, in times of uncertainty, decisions need to be made but one decision takes precedence: To support our customers.

Response to COVID-19

The COVID-19 crisis was an unprecedented disruption that forced society to adapt, in a short period of time, to a new complex reality in both social and economic terms.

Many customers are in a delicate situation due to the impact of the crisis on their health, their businesses, and their jobs, among others. Banco Sabadell is aware of this and, from the outset, it chose to address the situation in a customer-centric way, through a commitment to and empathy with its customers.

Early in the crisis, Banco Sabadell Spain implemented a Support Plan in order to be there for its customers and help them manage the effects. The first phase of the plan involved mobilising all its staff to contact customers proactively in order to ascertain their situation and offer them help and support in coping with the difficulties. Additionally, new channels for regular communication were created, such as a newsletter and a website dealing specifically with COVID-19 so as to ensure that customers have access, at all times, to all the information they need about the bank and the support available to them.

Banco Sabadell also centralised its efforts to ensure business and service continuity, and sought at all times to protect customers and employees by adopting the necessary sanitary measures and ensuring that its customer care maintains the high quality of service that has always defined the Bank. In this regard, the Bank encouraged the use of online tools and increased the number of transactions that offer the option of remote signature.

To drive resilience in the face of the COVID-19 crisis, the Bank also adopted specific measures and support plans for customer segments, including companies and individuals.

Private individuals

- **Moratorium:** Banco Sabadell expanded the benefits of this measure adopted by the government by implementing more flexible selection criteria and expanding the period of validity.
- **Loans:** the range of personal loans was expanded for customers who were having difficulties with the moratorium or experiencing delays with the paperwork.
- **Pensions and unemployment:** In Spain, Banco Sabadell offered advances on customers' unemployment benefits and pension payments. It focused particularly on the elderly, contacting customers in this category to minimise their need to visit the branch, and provided them with information on how to check their accounts and perform transactions without having to visit a branch.
- **Social rental:** families living in a home assigned to the Social Housing Fund (FSV) who had been affected by COVID-19 were able to defer rent payments for up to three months.
- **Insurance:** Banco Sabadell implemented a feature enabling individual customers to pay insurance premium instalments (life, home and automobile) and offered distinctive coverage and services in its property and casualty insurance.

Corporations, businesses and SMEs

- **Financing:** In Spain, Banco Sabadell earmarked 15 billion euros for revolving credit lines to enable its customers to meet liquidity needs in their businesses, large or small. Other measures included:

- Encouraging customers to renew credit lines early in order to avoid overdrafts.
- Working to help customers extend factoring, reverse factoring and discounting lines and import/export credit.
- Promoting a capital holiday of up to six months in certain loans.
- ICO support plan: the Bank processed applications for credit backed by the Spanish State via the Official Credit Institute (ICO) in order to extend support for businesses and self-employed workers affected by COVID-19.
- Point-of-sale: the Bank promoted solutions for businesses with physical stores to make sales by phone or via the web or, where home deliveries were possible, to collect payment on the customer's doorstep.
- Insurance: Banco Sabadell added facilities to enable companies to pay insurance premiums and offered distinctive coverage and services in property and casualty insurance for self-employed workers, shops and companies.

Other initiatives

- We expedited payments to our suppliers by implementing a one-week payment cycle in order to reduce liquidity stress.
- Customer service options were enhanced.
- The limit on contactless card payments was raised and the expiration date was extended on cards expiring in March or April.
- Facilities for cash withdrawals were added to the App.
- A total of 59 webinars were held on current issues such as financing, the digital transformation, international business, startups and leadership.
- Pulso, a new digital services for shops, was introduced to help customers in this segment remain up to date on trends in consumer spending and commercial activity in their country, region and local area.

Driving digitalisation

The situation created by COVID-19 has favoured a new form of relationship where digitalisation is vital in order to be able to maintain the quality of service that is the Bank's hallmark while also avoiding unnecessary trips to branches so as to protect the health of customers and employees alike.

Since the pandemic began, Banco Sabadell Spain has implemented a digitalisation plan aimed at ensuring a customer experience that is as comprehensive and satisfactory as possible. This plan involves expanding new digital features and services and assisting customers in the transition to digitalisation. The improvements include raising the limit on ATM cash withdrawals, enabling customers to withdraw cash at ATMs using NFC technology, and new digital services for shops and self-employed workers to enable them to get their businesses online and accept alternative means of payment (the Phone&Sell service).

It is essential to support customers in the transition to digital so as to ensure that they are aware of the distance banking and self-service options that the Bank offers and are able to use them. To inform customers and support them in this process, Banco Sabadell designed a personalised communication plan to help customers familiarise themselves with the use of remote channels and perform self-service transactions conveniently, quickly and safely. This plan is being maintained over time, so that customers can see we are working with them round the clock, and we encourage them to transition towards digital.

This plan includes:

- Working with customers from the outset, promoting the use of remote channels.
- Communicating with customers on the basis of their degree of digitalisation, and a monthly newsletter to inform them of new digital features and highlight existing ones.
- Video tutorials on the main remote transactions so that customers can view a simple, visual explanation of how features work; instruction cards were produced for delivery to customers to assist them in using ATMs, the App and BS Online.

Moreover, to ensure that customers are able to use all the digital capabilities, the Bank offered the necessary services, such as distance banking, digital signature and a warning and alerts service.

As a result of all these initiatives, 58% of Banco Sabadell customers are now digital, 3% more than the previous year.

Enhancing the customer experience

Moments of truth

At Banco Sabadell Spain, we know that there are watershed moments in life; these are moments of interaction with the Bank to which customers bring a high level of expectation

and where the impressions they gain will shape their future perception of, and relationship with, the Bank.

For this reason, the Bank conducts in-depth customer surveys in connection with these moments in order to gain insights into how customers experience these events. The customer journey, focus groups and customer surveys are among the tools used by a multidisciplinary team to identify ten Moments of Truth for private customers and business customers.

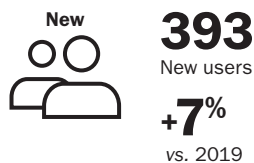
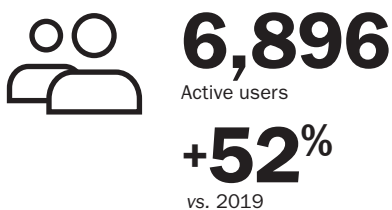
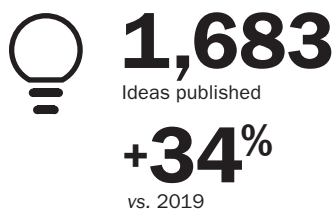
Moments of truth made it possible to transform and improve these processes by making them much more customer-centric so as to ensure that customers' experience is much more satisfactory.

BSIdea: pooling ideas for the Transformation of Banco Sabadell

BSIdea is a co-creation platform enabling Banco Sabadell employees to make suggestions for improvement in any area of the organisation. During 2020, the model evolved to adapt to Banco Sabadell's strategy and to ensure that participants' talent is leveraged to help the Bank achieve its goals.

BSIdea now operates on the basis of Challenges, which focus on what the Bank designates as priority projects. In 2020, it launched 11 different thematic challenges in key areas such as sustainability, reducing window and desk transactions in branches, and expanding our digital channels. The contests were successful, which will help solidify this new approach.

The BSIdea committee, composed of bank executives, selects and rewards the ideas that are most in line with the Bank's strategy, with enhancing the customer experience and with the transformation process. It is also an excellent channel for innovation and communication between teams, enabling them to share opinions and experiences.



Measuring the customer experience

Measuring the Banco Sabadell customer experience focuses on obtaining insights that help with decision-making and drive an increasingly customer-centric culture.

The experience is measured by understanding the market, consumers and customers, using a range of qualitative and quantitative research methodologies.

The new reality created by the pandemic made it more necessary than ever to gain first-hand knowledge on how customers feel, their concerns, trends and lifestyle changes. The Bank conducted regular research to ascertain the impact of COVID-19 and how it will evolve.

Society's main concerns as a result of the pandemic include the short- and long-term impact on the economy, and sustainability. The main support that consumers wanted from their bank consisted of expanding the scope for transacting remotely, helping them to manage their savings, and a mortgage moratorium.

Monitoring the customer experience enabled us to understand the problems and needs of the various customer segments and to ascertain if they felt sufficiently supported in the crisis, as well as making improvements.

Satisfaction surveys placed Banco Sabadell at or near the head of the major Spanish financial institutions in terms of satisfaction with the information or advice to customers during the COVID-19 crisis.

Qualitative research

A range of qualitative research approaches are used in order to gain a better understanding of the environment and customers. The goals of this process include:

- Understanding consumers' concerns, worries and attitudes and their current and future needs.
- Identifying the most emotional and least explicit part of consumer decision-making.
- Listening in depth, actively and constantly to the customer's voice, which enables us to ascertain how they experience their relationship with the bank at a range of touch points.

The methodologies we use range from conventional in-depth interviews and focus groups to more innovative approaches based on neuroscience and emotion detection.

Quantitative research

Banco Sabadell Spain also analyses its customers' experience through quantitative surveys. Some are more akin to conventional satisfaction surveys, while others incorporate an emotional component: to make the organisation aware of the importance of considering customers in our decisions, so as to make meaningful improvements.

1. Net Promoter Score (NPS)

The Net Promoter Score (NPS) is a key market benchmark for measuring the customer experience, enabling Banco Sabadell to compare its performance to that of its competitors and companies in other industries, at domestic and international level.

The NPS is measured in the main customer segments, products and relationship channels. In recent years, as a result of the digital transformation, measurements in digital channels have become more important:

NPS Online Banking



NPS Mobile



Source: Accenture Benchmark (cumulative data 2020). NPS Online Banking refers to the SME segment, while NPS Mobile refers to retail banking.

2. Satisfaction surveys

Banco Sabadell conducts regular surveys to gather in-depth knowledge of customer satisfaction and to identify areas for improvement for specific processes and contact channels. For each of these surveys, the Bank sets itself quality targets and keeps the results under constant scrutiny.

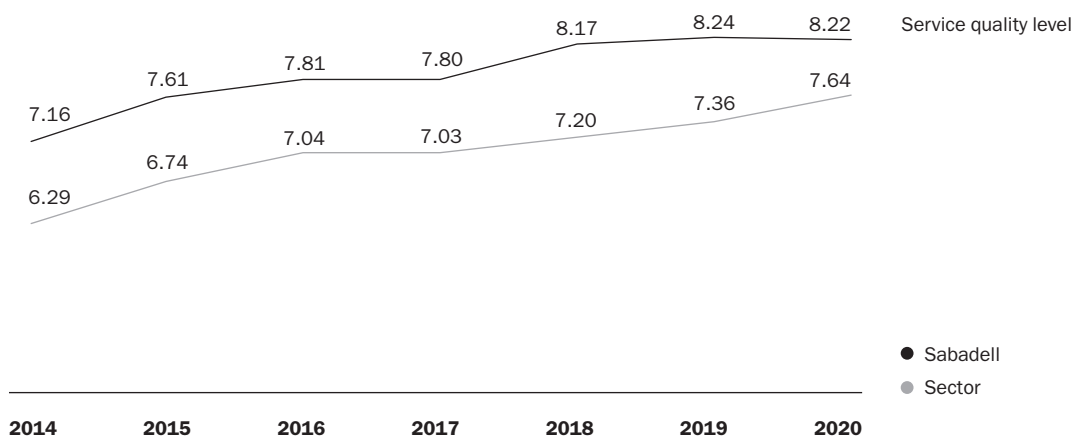
Banco Sabadell listens to its customers by conducting over 300,000 surveys per year and analysing more than 20 touch points.

In the current context, marked by the pandemic and digitalisation, surveys in the digital dimension are growing in importance. Banco Sabadell sees the use of digital channels as a Moment of Truth and, consequently, has focused on measuring customer satisfaction and improving the customer experience through BS Online Particulares, BS Online Empresas, the mobile app, etc.

3. Branch quality surveys

In addition to analysing customer perceptions, Banco Sabadell carries out objective studies using techniques such as the mystery shopper, under which an independent consultant performs a pseudo-purchase to gauge the quality of service and the commercial approach applied by the sales team.

EQUOS RCB (Stiga), the benchmark survey of bank service quality, is conducted using the mystery shopper technique. Banco Sabadell maintains its quality lead over its peers.



Accolades

With an established track record in managing quality and its excellent management model, Banco Sabadell is an example to all organisations in Spain.

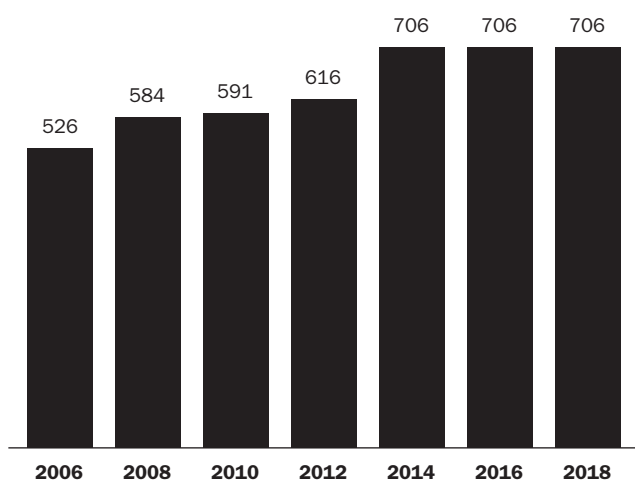
It is the only financial institution in Spain to score over 700 in the European Foundation for Quality Management (EFQM) Seal of Excellence in three consecutive evaluations (2014-2016-2018), as a result of which it obtained the highest level of the EFQM Seal of Excellence, confirming the robustness and excellence of its management model.

Banco Sabadell also holds the title of Ambassador of European Excellence, with a special mention, because it is one of just two Spanish organisations with more than 700 EFQM points.

On a regional basis, the Bank has held the "Madrid Excelente" distinction since 2009. This enables it to stand out from its competitors and is a sign of prestige in society as it accredits fulfilment of the quality and excellence standards established by the "Madrid Excelente" quality assurance programme.

Banco Sabadell also believes it is vital to recognise excellence inside the organisation. More than 15 years ago, it created awards for excellence at branches (customer satisfaction surveys), corporate centres and projects to serve as an inspiration for the rest of the institution.

Banco Sabadell performance in EFQM assessments



Accordingly, as a result of the Bank's strong commitment to sustainability, one of the cornerstones of its strategy for the coming years, in 2020 it created a new internal award for the best sustainability projects implemented in the organisation with an impact on the Bank's contribution to Sustainable Development Goals and ESG (Environmental, Social & Governance).

Competitive strategy: Superior relationship model

The world is evolving at a rapid pace and our customers' habits are changing, particularly as a result of COVID-19. In this context, Banco Sabadell continues to transform in order to continue delivering the best possible experience to an increasingly more informed and demanding customer base, without losing sight of productivity and efficiency.

At Banco Sabadell we have always sought to build long-term relationships of trust with our customers, so our transformation is focused on providing customers with a superior relationship model and a value proposition tailored to each segment based on specialisation and industrialisation.

A superior relationship that seeks to improve relations with customers who have more sophisticated needs

(specialisation) and, now more than ever, to simplify and facilitate the basic transactional relationship with all our customers (industrialisation), while expanding the range of products, services and features via self-service and digital and remote channels.

— The specialised approach is based on personalised expert advice channelled through a key figure: the account manager. In banking for companies, two new features were added to the conversation:

- The 360 Vision, a distinctive element offering an all-round vision of the customer, oriented towards supporting them in achieving their business goals.
- Sustainability, by assuming our role as a key agent for helping and supporting our customers in the transition towards a more sustainable economy.

— In retail banking, we are evolving towards a planned, multichannel customer vision that enables us to enhance efficiency, productivity and the customer experience.

This model is totally focused on the customer and their needs, and it is tightly driven by data, business intelligence, digitalisation, the distribution model and people.

Continuous improvement in digital capabilities enables us to redefine and expand the range of products and services and the features available on a self-service basis, enabling customers to interact through the channel that is most convenient for them; this has a clear impact on the customer experience and efficiency. Data and the application of business intelligence enable us to get to know the customer in more depth and, consequently, offer a range that is much more personalised and adapted to their needs. We continue to develop tools for our account managers and constantly enhance their training; we also have a team of data scientists who build and fine-tune analytical models to enable us to best respond to emerging challenges.

This superior relationship model give us better insights into customer needs and enables us to offer them a personalised value proposition that is both timely and meaningful. It also helps us to be there for customers in the way that best meets their needs.

Banco Sabadell encourages digitalisation and the use of data to transform the customer experience by redefining products and services, expanding their availability via digital channels, and enabling customers to interact across multiple channels, at their convenience.

Customer Care Service (SAC)

The Customer Care Service of Banco de Sabadell, S.A. conforms to the provisions of Ministry of the Economy Order 734/2004, of 11 March, the guidelines issued by the European Banking Authority (EBA) and the European Securities Market Authority (ESMA), and the Banco Sabadell Rules for the defence of customers and users of financial services. The most recent amendment to those Rules was approved by the Bank of Spain in October 2019.

In accordance with its terms of reference, the Banco Sabadell Customer Care Service (SAC) handles complaints from customers and users of the financial services of Banco Sabadell and a number of other institutions: Bansabadell Financiación, E.F.C., S.A., Sabadell Asset Management, S.A., S.G.I.I.C. Sociedad Unipersonal, Urquijo Gestión, S.G.I.I.C, S.A. and Sabadell Consumer Finance, S.A.U.

The SAC is independent of the bank's operations and business in order to ensure its autonomy, and it has the necessary resources to deal appropriately with complaints and claims, guided by the principles of transparency, independence, effectiveness, coordination, speed and security. The SAC also has sufficient authority to access all the necessary information and documentation in order to analyse each case, and the operational and business units are obliged to cooperate diligently in this connection.

In 2020, a total of 42,534 complaints and claims were received, 22.26% less than in 2019, in addition to 778 issues that remained unresolved at 31 December 2019. A total of 42,169 cases were processed in 2020.

For more details, see note 42 to the consolidated financial statements for 2020.

Multi-channel strategy

Banco Sabadell has developed new propensity models with which to anticipate customers' needs, either through their relationship with the branch network or through the other channels that the bank places at their disposal.

The arrival of the coronavirus greatly accelerated the process of digitalisation, which enables customers to interact with the bank in a simpler way through digital media (mobile app, online banking, BS Wallet, Instant Money).

New technologies enhance customer management, as customers are empowered to choose the most convenient channel for interacting with the bank, when, how and where they want.

Branch network

Banco Sabadell ended 2020 with a network of 2,083 branches (454 TSB branches), i.e. a net reduction of 315 branches with respect to 31 December 2019 (a reduction of 233 branches excluding TSB).

Of the total Banco Sabadell and Group branch network, 1,163 branches operate under the Sabadell brand (including 26 business banking branches and 2 corporate banking branches); 96 as SabadellGallego (including 3 business branches); 123 under the SabadellHerrero brand

in Asturias and León (3 business branches); 102 as SabadellGuipuzcoano (5 business banking branches); 11 as SabadellUrquijo; 94 branches under the Solbank brand; and 494 offices that make up the international network, of which 7 are in BancSabadell d'Andorra, 454 in TSB and 15 in Mexico.

Banco Sabadell - foreign market presence



● **Subsidiaries and affiliates**

- Andorra
- Mexico City (Mexico)
- London (United Kingdom)

● **Branches**

- Miami (USA)
- Paris (France)
- Casablanca (Morocco)
- Lisbon (Portugal)
- London (United Kingdom)

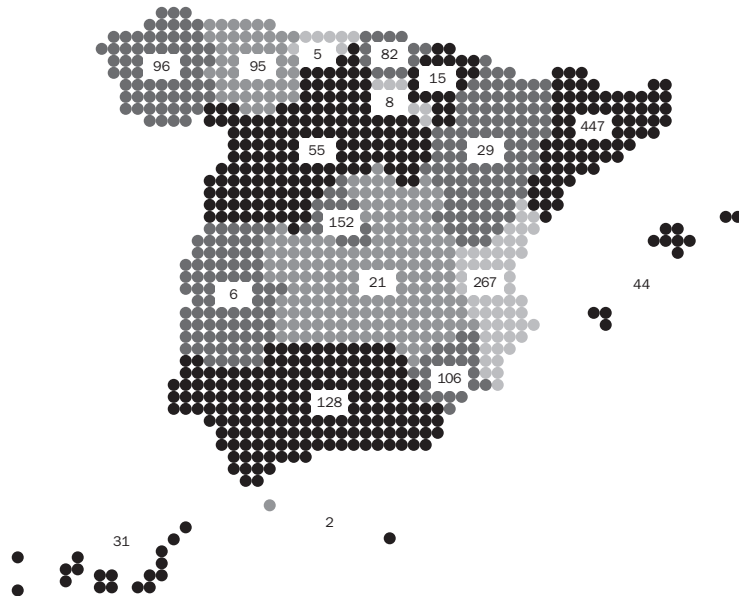
● **Representative offices**

- Algiers (Algeria)
- São Paulo (Brazil)
- Beijing (China)

- Shanghai (China)
- Bogotá (Colombia)
- Dubai (UAE)
- New York (USA)
- New Delhi (India)

- Warsaw (Poland)
- Lima (Peru)
- Santo Domingo (DR)
- Singapore (Singapore)
- Istanbul (Turkey)

Distribution of branches by region



ATM network

At the end of 2020, the Bank had 2,817 ATMs in Spain, 2,243 of them in branches and 574 in other locations. That is 79 less than at 2019 year-end. That decline was in line with the process of branch closures during the year.

The project to update the fleet of ATMs that commenced in 2019 was completed in the first quarter of 2020. With a budget of 45.5 million euros, this important project took eight months and consisted of installing 699 new ATMs and upgrading the entire fleet by installing online deposits, barcode readers, and contactless and NFC features in the vast majority of them. These features enhance security for users and enable them to complete their transactions faster.

Work continued on ATM development in 2020. A first group of branches was outfitted with new ATMs with enhanced features, including accepting deposits and providing withdrawals in coin, as well as giving change.

The COVID-19 pandemic had a major impact on ATM operations in March and April. From the outset, Banco Sabadell gave priority to cleaning and disinfecting ATMs to ensure they were safe spaces. This was appreciated by the Bank's ATM users, who returned to the pre-pandemic level of utilisation.

BSOnline and Sabadell Móvil

In 2020, 58% of our customers were classified as digital, 3% more than in 2019. Focusing on customers who have interacted with the bank in the last six months, that percentage rises to 70%.

During the year, customers contacted us more frequently, increased branch visits, and stepped up their use of and interaction with digital channels, particularly solutions involving the mobile app: Sabadell Móvil (BSM) and BS Wallet, which registered steady growth year-on-year.

During the early stages of the COVID-19 pandemic, the Bank created useful content to support users in connecting and transacting online, as well as information of interest about the moratorium and ICO loans. The landing pages with this information received over 4.5 million visits.

BSOnline

Despite positive figures growth in mobile usage, BSOonline traffic and frequency remain high, and this service received an average of around 10 million visits per month in 2020, primarily for operational and transactional purposes, particularly from business customers.

The number of transactions performed via BSOonline continues to grow. Servicing transactions for corporate customers increased with respect to the previous year.

Sabadell Móvil

The number of users of Sabadell Móvil (BSM) continued to rise, from 2.7 million to 2.8 million. The app is the sole digital relationship channel with the Bank for 40% of digital customers.

In addition to growing volumes of downloads, app usage increased by 11% year-on-year, while visits to

BSWallet increased by 142%, to over 3 million visits per month.

Servicing and transaction volumes in this channel increased steadily, particularly in the area of recurring transactions.

Securities trading performed particularly well, with trades via digital channels doubling during the year, particularly via BSMóvil, where trades tripled with respect to the previous year.

Remote subscriptions to mutual funds increased by 58% with respect to 2019.

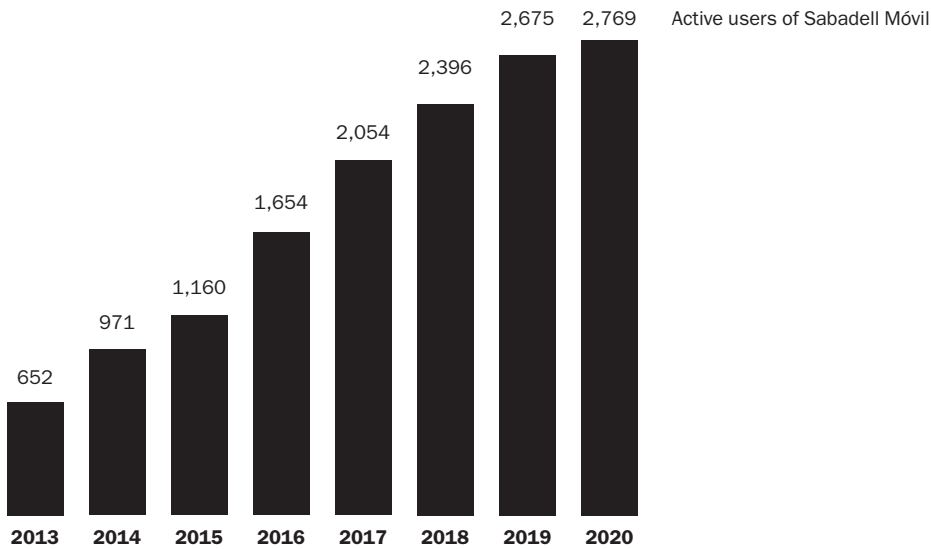
In 2020, the Bank rolled out a 100% digital process for opening an Ahorro Expansión account (long-term savings), which can now be performed end-to-end online. This product is proving to be very popular, having registered 37,000 new accounts in the first six months of 2020, exceeding the projections for the full year.

Bizum doubled the number of active users in 2020, and tripled the number of money transfers, while monthly user-to-user interactions increased by 15% with respect to 2019. Mobile payments doubled year-on-year in 2020, and Instant Money transactions increased by 20%.

The Sabadell Wallet app continues to improve the enrolment process and usability, and is logging overall growth in the rates of adoption, use and repeat use by customers.

The Bank also continued working to enhance the customer experience, having improved the account statement in the app for private individuals and adapting contractual information so that the raised limits are reflected in the contracts.

Improvements to the BSO interface were also considered as part of the "My Profile" initiative, which seeks to centralise private customer information in a single, readily accessible place and provide a standard view of transfers that is clearer, more efficient and more intuitive.



Direct Branch

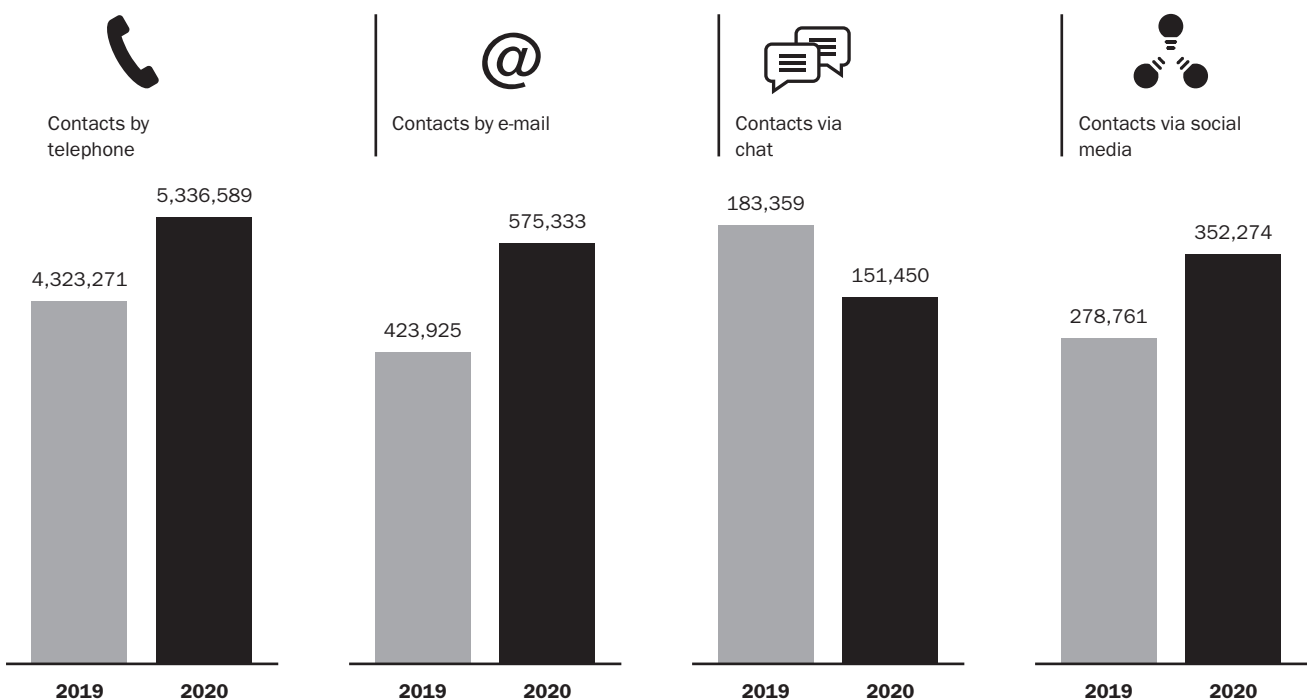
Contacts with Direct Branch increased by over 23% year-on-year, to 6.4 million.

The contact channels that experienced fastest growth in 2020 were telephone, e-mail and social media. Telephone consultations accounted for 83% of the total, followed by e-mail, chat and social media. The following figure shows growth, by channel.

The SLA (Service Level Agreement) ratio for telephone enquiries exceeded 90.49%, followed by chat (90.00%) and e-mail (80%). Banco Sabadell received 427,894 mentions in social media (SLA: 92.00%).

Growth in volume in 2020 was driven by:

- The COVID-19 situation and branch closures increased the use of remote channels.
- The e-Commerce Directive's impact on shopping with cards.



Social media

Banco Sabadell has been active in social media since 2007. The objective was to get to know digital customers and their needs, obtain suggestions from them, and analyse how best to serve them. Three years later, in 2010, Banco Sabadell was an active participant in the most popular social platforms: Facebook and Twitter. Banco Sabadell currently has a presence in five social media: Twitter, Facebook, LinkedIn, YouTube and Instagram, with 20 different profiles at national level, and it has one of the best digital reputations in the financial sector.

Social media are among the main channels for engaging with our customers, both for handling queries and for broadcasting institutional and business messages, marketing campaigns and general interest messages.

Their use is growing exponentially and the Bank sets a high priority on raising its social media profile. Based on demand and the need to serve all customers anywhere in the world, a 24x7 service was implemented at the end of 2011.

Banco Sabadell currently has approximately 600,000 followers. Nearly 350,000 mentions of the brand were monitored or dealt with in 2020.

A key success factor is continuous tracking of interactions with followers and customers. One of the main KPIs in social media positioning is the response rate, in which Banco Sabadell has a high score. Additionally, social media served as an important channel for conveying corporate and institutional content and as a channel for opinion-makers, particularly during the lockdown and generally during the COVID-19 pandemic. Social media are used to announce and webcast many sponsored events and other educational initiatives in which we play an active role, and this became particularly important in 2020. They include earnings presentations, the General Meeting of Shareholders, the Barcelona Open Banc Sabadell Conde de Godó tennis tournament, a superb example of digital coverage, as well as the South Summit and the Banco Sabadell Foundation Research Awards. The year 2020 also marked a watershed in the Bank's commitment to sustainability and the creation of a solid digital community under the #SomosSabadell and #EstarDondeEstés hashtags.

In line with the initial objectives, Banco Sabadell closely tracks trends, social conversations associated with the Bank, and audiences, and it uses the results to develop a strategy to expand and strengthen our presence, impact and engagement. This growth is evidenced by follower numbers in new channels such as Instagram, market opinions gathered via mobile devices, opinions expressed in industry forums and, this year, analysis and interaction of our branch offices in Google Maps.

The Bank continues to expand its digital presence in fast-growing channels such as Instagram and LinkedIn, and maintains a policy of segment-based specialisation through profiles related to such areas as the press (@SabadellPrensa, @SabadellPremsa and @SabadellPress), the Banco Sabadell Foundation (@FBSabadell), @BStartup aimed at entrepreneurs, @InnoCells in support of new business and the digital transformation, and @Sabadell_Help, which is specifically for customer service.

Digital transformation and customer experience

Banco Sabadell's digital transformation approach and priorities

The COVID-19 pandemic and the widespread adoption of technology by customers have driven efforts to offer processes that are 100% digital and improve self-service capabilities. In response to this situation and with the objective of strengthening the digital relationship with its customers, Banco Sabadell accelerated its ability to deliver new features on digital channels. To do this, the Bank expanded its organisational, methodological and technological capabilities to enhance productivity and the user experience and entered into agreements with third parties on a large scale.

As part of its commitment to putting digital transformation at the heart of its strategy and operations, Banco Sabadell strengthened the mandate of InnoCells by making this subsidiary the Bank's digital hub. This platform adds digital capabilities to generate synergies, enabling the Bank to achieve challenging goals through a hybrid innovation model (internal and external) with project execution capabilities and digital expertise.

InnoCells

InnoCells has a multidisciplinary team capable of addressing challenges and projects end-to-end, through reflection and execution, enabling it to maximise the impact for the Banco Sabadell Group and enhance the customer experience.

InnoCells' capabilities include:

- Digital leadership: coordinating the Bank's digital innovation capabilities and providing a strategic vision from the ecosystem on key business aspects by identifying leading practices in the market.
- Strategic design and customer vision: evolving the value proposition towards the delivery of customer-centric digital experiences. Addressing the challenges holistically and incorporating customers' voices throughout the process: understanding users and their problems, proposing new products and services or amending existing current processes, and validating solutions with users.
- Agile technology development: scaling the Bank's organisational capabilities by adopting new agile work methodologies that enhance delivery capacity and continuous learning in projects.
- Access to the fintech ecosystem: seeking investment opportunities in the market based on corporate priorities, managing and extracting value from a proprietary portfolio of investments, and having a foothold in the fintech ecosystem.
- Strategic alliances: combining internal innovation with external capabilities, actively participating in the innovation ecosystem. Collaborating on a large scale with startups that complement the Banco Sabadell value proposition and

- enable it to reduce time-to-market and offer new services or features to customers.
- Driving technology architecture capabilities: developing new technology capabilities to improve productivity and connecting with third parties on a large scale.
- Capacity multiplier: design, implement and deliver key business projects for the Group.

- New corporate website: the Banco Sabadell website was upgraded to give it a more modern image and improve interaction and usability.
- Branch search engine: improvements to the branch search feature to enable customers to find their nearest branch more easily; this was very important in a situation in which branch hours and transactions were curtailed, and given the importance of enhancing self-service options to ensure customer satisfaction.

Main deliveries in 2020

InnoCells contributed to Banco Sabadell's digital offer and to improving the customer experience by both developing projects from scratch and adapting existing processes or exploring new environments.

Recent examples with a significant impact on the customer experience:

- Digital signature: implementation of digital signature processes for mobile and e-mail channels, even for customers not equipped for remote banking (e.g. applying for ICO loans or a moratorium). The volume of transactions using digital signatures expanded 70% in 2020 due to the addition of more transactions that can be performed remotely.
- Digital onboarding using facial recognition: through a partnership with the company Onfido, Banco Sabadell implemented the possibility of opening an account via distance banking. New remote identification and authentication capabilities offer customers a faster, all-digital registration process. The Digital Banker awarded the prize for Best eKYC to this new solution from Banco Sabadell.
- Launch of payments from BS Online for companies: business customers can use BSOonline to launch payments from their accounts at other banks using the Open Banking PISP feature; we were one of the first banks in Europe to offer this functionality.
- Sabadell Broker: launch of a new equities trading platform in BSOonline and BSMobile, which provides an up-to-date picture of the customer's portfolio with clear, concise information to facilitate trading in stocks.
- Cuenta Ahorro Expansión: a new savings product aimed at helping customers to develop the saving habit by automatically transferring their chosen amount out of their main account and helping them to improve their ability to save through routines (regular transfers, payment rounding, rainy day plan).
- Homeowners' insurance service via WhatsApp: a pioneering service that responds to customer reports and also sends messages proactively on key insurance issues and useful safety tips. This was pilot tested on a selection of customers with homeowner's insurance and is now being rolled out to all holders of this policy at Bansabadell Seguros Generales.
- Improved card transactions: improvements to remote transactions with cards, providing customers with new self-service capabilities: immediate disbursement of pre-approved loans, management of credit and debit limits, queries regarding CVVs and PANs, expiry dates, etc.
- Merchant logos: display of shop logos alongside account movements, providing greater clarity about expenditures via the mobile app.