



15	Mission, values and business model
17	Strategic Plan 2021-2023
19	Banco Sabadell share performance and shareholders
22	Corporate Governance
28	The client
41	Banco Sabadell's response to the COVID-19 health crisis

Banco de Sabadell, S.A. (hereinafter, also referred to as Banco Sabadell, the Bank or the company), with registered office in Alicante, Avenida Óscar Esplá, 37, engages in banking business and 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 is made up of different financial institutions, brands, subsidiaries and investees that cover all aspects of financial business. It operates mainly in Spain, the United Kingdom and Mexico.

The Group was organised into the following businesses in 2021:

- Banking Business Spain, which groups together the Retail, Business and Corporate Banking business units, where Retail and Business Banking are managed under the same Commercial Network:
 - Retail Banking: it offers financial products and services to customers classed as natural persons. These include investment products and medium- and long-term finance, such as consumer loans, mortgages, and leasing or renting services, as well as short-term finance. Funds come mainly from customer deposits and sight deposits, savings insurance, mutual funds, and pension plans. The main services also include payment methods such as cards and insurance linked to consumer loans and mortgages.
 - Business Banking: this offers financial products and services to companies and the self-employed. These include investment and financing products, such as working capital products, revolving loans and medium- and long-term finance. It also offers customised structured finance and capital market solutions, as well as specialised advice for businesses. Funds mainly come from deposits, customer sight deposits, and mutual funds. The main services also include collection/payment methods such as cards and POS terminals, as well as import and export services.
 - Corporate Banking (CIB): this unit is responsible for managing the segment of large corporations which, because of their unique characteristics, require a tailor-made service, supplementing the range of transaction banking products with the services of the specialised units, thus offering a single, all-encompassing solution to their needs, taking into account the features of the economic activity sector and the markets in which they operate. It has units that develop custom products for large corporations and financial institutions. The units responsible for developing customised products are horizontal to the entire Banco Sabadell Group and their capabilities also extend to the Corporate Banking and Institutional Banking segment. Through its international presence in 17 countries, with representative offices and operational branches, it offers financial

and advisory solutions to large Spanish and international corporations and financial institutions. It has operational branches in London, Paris, Lisbon, Casablanca and Miami.

- Banking business UK: the TSB franchise covers business conducted in the United Kingdom, which includes current and savings accounts, loans, credit cards and mortgages.
- Banking business Mexico: offers the full range of banking and financial services via Corporate Banking and Commercial Banking.

Banco Sabadell is the controlling company of a group which, at 31 December 2021, comprised 96 companies, of which, apart from the parent company, 73 were classified as subsidiary institutions and 22 as associated companies (106 at 31 December 2020, of which 85 were subsidiary institutions and 20 were associated companies).

Mission, values and business model

Mission and values

Banco Sabadell helps people and companies bring their projects to life, anticipating their needs and ensuring that they make the best economic decisions. We do this through environmentally and socially responsible management.

This is Banco Sabadell's *raison d'être*: to help its customers make the best economic decisions to enable them to carry out their projects, whether they are personal or business projects. To this end, it offers its customers the opportunities offered by big data, digital capabilities and the expert knowledge of its specialists.

The bank and those who are part of it share the values that help to achieve this mission, no matter how, where or when.

Banco Sabadell fulfils its mission by being true to its values:

- Commitment and Non-Conformism, values that define the way we are.
- Professionalism and efficiency, values that define the way we work.
- Empathy and openness, values that define the way we relate to each other.

Business model, main objectives achieved and actions implemented

The Bank's business model is geared towards profitable growth that generates value for shareholders. This is achieved through a strategy of business diversification based on profitability, efficiency, sustainability and quality of service together with a conservative risk profile, while maintaining high standards of ethics and professional conduct combined with sensitivity to stakeholders' interests.

The Bank's management model focuses on a long-term vision of customers, through constant efforts to promote customer loyalty and by adopting an initiative-based, proactive approach. The Bank offers 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, more stringent provisioning requirements, the economic recession, and the pressure of capital markets are some of the factors that have forced Spanish banks to merge and thus increase in scale, maximise efficiency, and shore up their balance sheets.

During the last eleven 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 operations in 2013 in appropriate economic conditions within the framework of the financial reorganisation of the banking industry, such as the acquisition of Caixa d'Estalvis del Penedès, Banco Gallego and Lloyds España.

Thanks to these acquisitions and the organic growth seen in recent years, Banco Sabadell has been able 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 loans 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, 4% in securities trading, and 16% in POS turnover.

Banco Sabadell also maintains its quality differential with respect to the rest of the industry and ranks as a leader among its peers in terms of customer experience (Net Promoter Score) in the areas of SMEs and Corporate Banking.

Banco Sabadell has always been a trailblazer on the international front. In 2021 this has continued to be the case and Sabadell has continued to be present in strategic locations and to accompany companies in their international activity. Banco Sabadell has expanded its international presence in recent years, including as notable

milestones the acquisition of UK bank TSB in 2015, and the incorporation of a bank in Mexico in 2016.

The Group has become one of the largest banks in Spain's financial system. It has a geographically diverse business (70% in Spain, 28% in the UK, and 2% in Mexico) and its customer base is now six times larger than it was in 2008, and it has achieved all of this while safeguarding its solvency and liquidity.

After a 2020 heavily impacted by the COVID-19 crisis, 2021 has been a year of recovery, especially in developed countries. This recovery has been supported by the positive effects of the increased control of the pandemic, the reopening of economies and the high fiscal stimulus introduced. The latest contagion waves had a limited impact on demand. In contrast, zero-COVID policies in Asia – mainly in China – partially paralysed production and transport processes, which affected international production chains.

Meanwhile, the increase in inflation has been one of the most striking surprises of the year. The high levels of inflation eventually led to a shift in monetary policy, first in emerging and then in developed countries.

In this context, in year-on-year terms, Banco Sabadell significantly increased its net income, and found support both in TSB and in Spain. Of note was the year-on-year improvement in banking commission (Margin + Fees), the reduction in risk cost, the good commercial dynamics, and the materialisation of the first cost savings from phase 1 of the efficiency plan launched in 2020.

In addition, Banco Sabadell has launched phase 2 of the efficiency plan in 2021. This second phase will be implemented before the first quarter of 2022 and will enable the bank to achieve expected annual savings of 130 million euros. The costs associated with this restructuring phase amounted to 331 million euros were recorded in the third quarter of 2021, and following the strategy implemented in 2020, were financed by sales of the ALCO portfolio.

Also noteworthy in 2021 was the closing of the sale of the institutional depositary business (with a net profit of 59 million euros), the sale to MoraBanc of Banco Sabadell's entire stake in BancSabadell d'Andorra (51.61%), with a net profit of 2 million euros, and the closing of the sale of Bansabadell Renting, with net profit of 42 million euros.

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 applicable regulations, 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.

2021-2023 Strategic Plan

The Group's strategic priorities include an increased focus on core businesses in Spain and a significant improvement in the profitability of international businesses.

The Strategic Plan 2023 was presented on 28 May 2021. This plan defines the Group's strategic priorities, which include (i) an increased focus on core businesses in Spain, with different levers of action for each business that will strengthen the Bank's competitive position in the domestic market, and (ii) a significant improvement in the profitability of international businesses, both in the UK and in the rest of the countries. The cost base will also be reduced during the plan to bring it in line with competitive realities. These changes will be implemented based on a more efficient allocation of capital, fostering the group's growth in those geographies and businesses that offer a higher capital-adjusted profitability.

In this way, the Strategic Plan sets out a specific strategic approach for each business:

In Retail Banking, the approach is to undertake a major transformation, which will entail a profound change in the offer and the customer relationship model.

On the supply side, transactional servicing will be made available to customers in a simple and agile way through digital channels. As for the commercial offer of products and services, there will be a fundamentally digital and remote offer for those products in which the customer wants autonomy, immediacy, and convenience, such as consumer loans, accounts and cards. On the other hand, for more complex products such as mortgages, insurance and savings/investment products, where customers require support, specialised product managers will be available and multi-channel support will be offered.

The objective in Retail Banking is to better respond to customers' needs and, at the same time, reduce the cost base of the business.

In Business Banking, the bank's notable franchise in this segment will be strengthened and specific levers have been established for profitable growth: launch of sectoral solutions for businesses, support for customers in their internationalisation process, expansion of specialised solutions for SMEs, and a comprehensive support plan for Next Generation EU funds. This will be reinforced by an optimal risk management framework, complementing the vision of risk and business experts with new business intelligence and data analytics tools.

The objective in Business Banking is to drive growth while preserving risk quality and boosting profitability.

The approach in Corporate Banking Spain is to develop plans to improve customer-to-customer profitability and increase the contribution of the specialised product

units to income generation.

The objective in this business is to obtain an adequate profitability for each customer and to satisfy their needs.

TSB is going to focus on what it does best and what the market recognises: the retail mortgage market. TSB has an excellent platform, with a high operational capacity to manage mortgages and a well-established network of financial intermediaries, a key aspect in the UK market where a large proportion of new mortgages are granted through this channel.

TSB's objective is to increase its contribution to the group's profitability by focusing on the retail mortgage business.

In the Group's other international businesses, the priority is to actively manage the capital that the Group allocates to these businesses. In addition, there are specific priorities in each geographic area: in Mexico, the focus is on rigorous cost management; in Miami, the Private Banking business will be strengthened, and in the rest of the offices abroad, priority will be given to accompanying Spanish customers in their international activity.

In just a few months after the launch of the plan, concrete progress has already materialised. For example, in Spain, the first phase of the roll-out of specialist mortgage and savings-investment managers has been completed, the 100% digital application for new cards have been launched and, in consumer affairs, the product offer has been expanded, with the capacity to offer a loan that is more adjusted to the risk profile and which allows price segmentation. Moreover, new vertical offers for specific sectors, a specific accompanying offer for Next Generation EU funds, and new digital services for businesses have been launched.

In terms of cost reduction, the second phase of the expected efficiency plan was implemented in the last quarter of the year, and a workforce adjustment was agreed with the unions with the 100% support of the negotiating table. This agreement, together with other cost-cutting measures implemented, will result in savings of 130 million euros per year, on top of the 140 million euros annual savings from the first phase of the efficiency plan, implemented in the first quarter of 2021. The combination of the two phases involves reducing the workforce by more than 20% and closing around 25% of the branches.

In line with the strategic objectives, TSB significantly increased its contribution to the Group during the year, with significant growth in new mortgages, while deleveraging was recorded in the other international businesses.

By 2023, the main financial targets of the Strategic Plan are the following: a return on tangible equity (ROTE) above 6% in 2023, although this target is expected to be reached already in 2022, and to maintain a CET1 fully-loaded capital ratio above 12% throughout the Plan. Beyond 2023, the transformation undertaken will continue to deliver results and profitability will continue to improve.

On the other hand, the macroeconomic assumptions on which the financial projections of the plan are based have been constructed from a conservative point of view and in a context of pandemic control, accompanied by fiscal and monetary measures by governments and central banks, respectively.

As regards the growth of the system's lending, over the time horizon of the next three years, in Spain and the United Kingdom, positive cumulative growth is expected in

all segments. In this regard, Banco Sabadell aims to grow above the market in the mortgage segment, both in Spain and in the UK, while in consumer loan, the performance differs geographically for strategic reasons: higher growth than other banks in Spain and lower appetite in the UK, which reflects a lower commercial priority in this specific segment. As regards the corporate segment, the strategic focus is to continue to grow in Spain, while in international exposures, the size of the loan book will decrease due to a more efficient allocation of capital by the bank.

Furthermore, with reference to the evolution of the different lines of the income statement, recurrent income is expected to increase throughout the plan: low single digit net interest income and mid-single digit net fee and commission income. In both cases, it will be driven by increased commercial dynamism of Banco Sabadell both in Spain and in the UK franchise, TSB. On the cost side, thanks to the efficiency plans being implemented in the Spanish and UK businesses, the group-wide cost base is expected to be reduced to 2.9 billion euro by 2023. And finally, the cost of credit risk is expected to trend downwards during the plan, supported by better risk management and a favourable macroeconomic situation.

In conclusion, the Strategic Plan was designed on the basis of immediate delivery as early as 2021. In this respect, all the objectives set at the end of the year were met: i) net interest income grew by +0.8% in the year, ii) commission income increased by +8.7%, iii) a cost of credit risk of 49 basis points which is in the range of the 2019-20 cost of credit risk and iv) finally, capital at 12.22% with an MDA buffer of 398 bp.

Banco Sabadell share performance and shareholders

The share capital of Banco Sabadell amounts to 703,370,587.63 euros, represented by 5,626,964,701

shares of a single class with a par value of 0.125 euros. The number of shares in the bank has remained unchanged for more than 4 years as the group has no remuneration policies that could have a dilutive effect on the current share capital and rights to convert preference shares issued as contingently convertible into newly issued ordinary shares of the bank (AT1) have not been exercised.

The good performance of the recurring margin and the expected decline in the cost of risk enabled Banco Sabadell to bring forward the profitability target on tangible capital to above 6% by 2022, while maintaining a level of capital above 12%.

The 2021 financial year has continued to be marked by the evolution of the COVID-19 pandemic. In the first half of the year, the tone in financial markets was more positive thanks to the prospect of progress in vaccination against the coronavirus, although, at the same time, governments continued to impose various measures to contain its spread and extended the duration of the various financial aids to the real economy announced in the previous year. As a result of this improved outlook for the pandemic, macroeconomic indicators performed favourably, pointing to an imminent strong recovery of the global economy, leaving behind the economic and financial instability and uncertainty that the pandemic had generated during 2020.

However, as the year progressed, fears of an increase in inflation expectations were heightened, supported by rising energy and commodity prices. In addition, heightened uncertainty over supply chain disruptions was beginning to erode consumer confidence indicators and, as a result, cast doubt on the rapid economic recovery that macroeconomic indicators had been pointing to months earlier.

As a result of these higher inflation expectations, the banking sector benefited in the stock market from a more plausible interest rate hike scenario and the beginning of the reduction of the various asset purchase programmes.

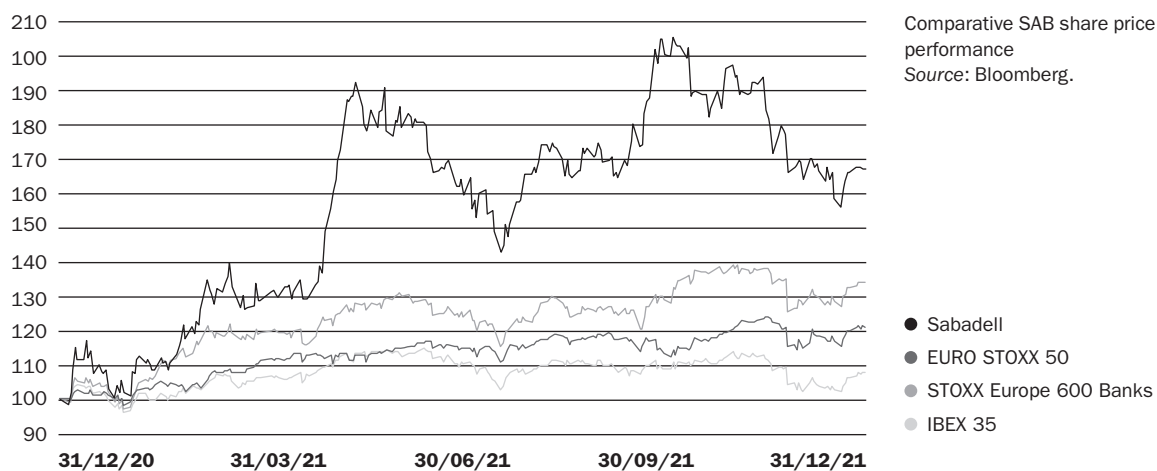
Banco Sabadell's share performance outperformed the rest of the Spanish banks with a revaluation of +67% in the year, +39% above the comparables, making it the best IBEX-35 stock in 2021 among the companies that made up the index since the beginning of the year. The systemic factors mentioned above have had a significant influence on the evolution of the share. Banco Sabadell's idiosyncratic factors include the launch of a new Strategic Plan, a new management team, better than expected results per annum, and a higher contribution of the UK franchise, TSB, to the Group's results. This has been well received by financial analysts and the market in general.

At the end of 2021, 77% of equity analysts covering Banco Sabadell's shares had a Buy or Hold recommendation on the shares.

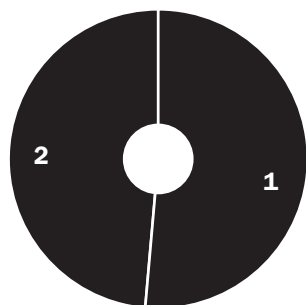
During 2021, institutional shareholders owned 48% of the stock, while retail shareholders owned 52%. Within the Bank's shareholding structure, at year-end 2021, three investor groups reported a holding of more than 3% according to figures reported to the CNMV. The aggregate holding of those three shareholders represents 9.94% of the total share capital; the remaining holdings are free-float capital. The members of the Board of Directors, one of whom is the indirect holder of the voting of one of the investors mentioned earlier, hold 3.67% of the bank's share capital.

Banco Sabadell's market capitalisation stood at 3,306 million euros at year-end, with a price-to-book value ratio (P/BV) of 0.25.

Banco Sabadell's share performance outperformed the rest of the Spanish banks with a revaluation of +67% in the year, making it the best IBEX-35 stock in 2021.

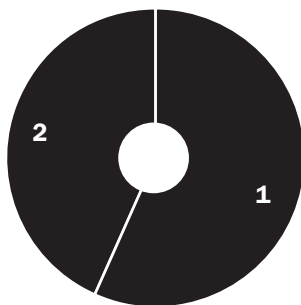


Note: Share price adjusted for the effect of dividends and capital increases.



Distribution of shareholders
31.12.2021 (in %)

1	Retail shareholders	51.6
2	Institutional investors	48.4



Distribution of shareholders
31.12.2020 (in %)

1	Retail shareholders	56.7
2	Institutional investors	43.3

No. of shares	Shareholders	Shares in tranche	% of capital
From 1 to 12,000	179,459	573,130,438	10.19
From 12,001 to 120,000	45,899	1,427,423,280	25.37
From 120,001 to 240,000	1,866	307,959,112	5.47
From 240,001 to 1,200,000	1,039	469,333,426	8.34
From 1,200,001 to 15,000,000	139	433,432,171	7.70
More than 15,000,000	30	2,415,686,274	42.93
TOTAL	228,432	5,626,964,701	100.00

Analysis of shareholdings at 31 December 2021

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

Analysis of shareholdings at 31 December 2020

	Million	Million euro	Euros	Million euro	Euros
	Average number of shares	Profit attributable to the group	Profit attributable to the Group, per share	Own funds	Book value per share
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
2021	5,586	530	0.080	13,357	2.39

Benefit and book value per share 2018-2021

Share performance

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

	2021	2020	Year-on-year change (%)
Shareholders and trading			
Number of shareholders	228,432	244,225	(6.5)
Average number of shares (million)	5,586	5,582	0.1
Average daily trading (million shares)	33	59	(44.2)
Share price (euro)			
Initial	0.354	1.040	—
High	0.743	1.080	—
Low	0.343	0.250	—
Closing	0.592	0.354	—
Market capitalisation (million euro)	3,306	1,976	—
Market ratios			
Earnings per share (EPS) (euro)	0.08	(0.01)	—
Book value per share (euro)	2.39	2.32	—
Price/Book value	0.25	0.15	—
Price/earnings ratio (P/E)	7.69	(27.75)	—

Share performance

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 of Shareholders.

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.

On 21 July 2021, the European Central Bank issued a note informing that the period of recommendation not to pay or enter into irrevocable commitments to pay dividends would end on 30 September 2021. Afterwards, the Board of Directors, during its meeting that took place on 26 January 2022, proposed to the General Meeting of Shareholders the approval of the distribution of a gross dividend of 0.03 euros per share charged to the income statement of 2021.

It is proposed to distribute a gross dividend of 0.03 euro per share.

Credit rating

In 2021, the four agencies that assessed Banco Sabadell's credit quality were S&P Global Ratings, Moody's Investors Service, Fitch Ratings and DBRS Ratings GmbH.

On 20 May 2021, DBRS Ratings GmbH affirmed the short and long-term credit rating of Banco Sabadell at A (low) and R-1 (low) with a negative outlook, in light of the economic situation brought about by COVID-19. On 30 September 2021, DBRS published its full credit rating (A (low) and R-1(low)) with a negative outlook.

On 24 June 2021, S&P Global Ratings revised Banco Sabadell's long-term rating, placing it at BBB-, with a stable outlook, from BBB, to reflect the challenges of profitability, efficiency, and digitalisation facing the new management team. The short-term rating was changed from A-2 to A-3. In November, S&P again revised Banco Sabadell's rating. On 29 November, it published a new report with an improved sentiment on Banco Sabadell but retaining the rating, outlook, and challenges published in the first half of the year.

On 22 September 2021, Fitch Ratings affirmed Banco Sabadell's long-term rating at 'BBB-', with a stable

outlook, reflecting the Group's sound capitalisation and diversification, and its challenges in terms of profitability and constraining the cost of risk. The short-term rating remained at 'F3'.

On 15 July 2021 and in connection with a change to its methodology for credit rating for banks, Moody's Investors Service affirmed Banco Sabadell's long-term deposit and long-term senior debt ratings at Baa2 and Baa3, respectively, with a stable outlook, and upgraded the rating on long-term junior issues from Ba3 to Ba2. The agency reiterated the improvement in asset quality due to the significant reduction in NPAs and the bank's comfortable liquidity position.

During 2021, Banco Sabadell has maintained continuous interaction with the four agencies. In the virtual meetings with the agencies' analysts, issues such as the 2021-2023 strategic plan, TSB's evolution, results, capital, liquidity, risks and credit quality, and management of NPAs were discussed.

The table below details the current ratings and the last date on which any publication reiterating this rating was made.

Agency	Long-term	Short-term	Outlook	Last updated
DBRS	A (low)	R-1 (low)	Negative	30/09/2021
S&P Global Rating	BBB-	A-3	Stable	29/11/2021
Moody's Investors Service	Baa3	P-2	Stable	15/07/2021
Fitch Ratings	BBB-	F3	Stable	22/09/2021

Credit rating. Ratings and date of last update

Corporate Governance

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 corporate website www.grupobancosabadell.com (See the "Corporate Governance and Remuneration Policy - Internal Governance Framework" section).

In accordance with the provisions of article 540 of the Capital Companies Law, Banco Sabadell Group has drawn up the Annual Corporate Governance Report for 2021, which, in accordance with article 49 of the Commercial Code, is a part of this Directors' Report of the 2021 consolidated Annual Accounts and is attached as a separate document; it contains a section setting out the

degree to which the Bank adheres to the recommendations on corporate governance in Spain.

Following the 2020 financial year, Banco Sabadell has once again opted to prepare the Annual Corporate Governance Report in free PDF format in order to explain and publicise, with maximum transparency, the main aspects contained therein and, in particular, the substantial changes made during the 2021 financial year to improve and strengthen corporate governance, in line with best practices.

General Meeting of Shareholders 2021

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 social 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 “Shareholders’ General Meeting – General Meetings 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.

The Ordinary General Meeting of Shareholders held on 26 March 2021, at second call, approved all the items on the agenda, including the annual accounts and corporate management for the financial year 2020 and, as regards appointments, the ratification and appointment of Mr César González-Bueno Mayer as Executive Director and Ms Alicia Reyes Revuelta as Independent Director, as well as the re-election as members of the Board of Directors of Mr Anthony Frank Elliott Ball and Mr Manuel Valls Morató as Independent Directors.

In addition, the Board of Directors submitted to the General Meeting of Shareholders a proposal to amend certain provisions of the Articles of Association, which was approved on 26 March 2021, and which essentially entailed the following:

- Chairman with non-executive status, in line with the leading international banks and Corporate Governance best practice.
- A Strategy and Sustainability Committee increasing the focus point on strategic elements, sustainability, and commitment to ESG (Environmental, Social & Governance) aspects.
- The Delegated Committee has been abolished and the Credit Delegated Committee has been set up to monitor and oversee credit risks on a weekly basis.
- The Appointments Committee has taken on all corporate governance functions and is now called the Appointments and Corporate Governance Committee, also focusing on ESG engagement.
- The powers of the Audit and Control Committee have been updated and revised.
- The possibility of holding the General Meeting of Shareholders telematically has been introduced, in line with the main Spanish listed companies.

Information regarding the General Meeting of Shareholders 2021 is published on the corporate website www.grupobancosabadell.com (see the website section

“Shareholders and Investors-Shareholders’ General Meeting”).

Composition of the 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 control, and it delegates the management of ordinary business matters to the Chief Executive Officer.

The Board of Directors is subject to well-defined, transparent rules of governance, particularly the Articles of Association and the Regulation of the Board of Directors (available on the corporate website under “Corporate Governance and Remuneration Policy-Regulations of the Board”), and it conforms to best practices in the area of corporate governance.

At the Board of Directors meeting held on 18 March 2021, Mr César González-Bueno Mayer accepted the position of Chief Executive Officer, once the corresponding regulatory authorisations had been received, and his appointment as Chief Executive Officer was ratified by the Board of Directors following his ratification and appointment as Director by the General Meeting of Shareholders on 26 March 2021.

Within the framework of the new corporate governance scheme reflected in the amendment to the Articles of Association approved by the General Meeting of Shareholders, the Board of Directors, at its meeting held on 26 March 2021, following the General Meeting of Shareholders, acknowledged the status of the Chairman, Josep Oliu Creus, as “Other External” Director, in accordance with the Capital Companies Act, as well as the status of the Director María José García Beato as “Other External” Director, in accordance with the Capital Companies Act, with effect as of 31 March 2021. The Board of Directors also appointed Gonzalo Baretino Coloma as Deputy Secretary of the Board of Directors.

The Board of Directors, at its meeting of 28 July 2021, appointed Mr Luis Deulofeu Fuguet as Independent Director to replace Mr Javier Echenique Landiribar. In the same meeting, the Board agreed to appoint Mr Pedro Fontana García as Deputy Chairman of the Board, replacing Mr Javier Echenique Landiribar. Following receipt of the corresponding regulatory authorisations, Mr Luis Deulofeu Fuguet accepted the position on 26 October 2021.

The Board of Directors consisted, as of 31 December 2021, of fifteen members: its non-executive Chairman, ten Independent Directors, two Executive Directors, one Other External Director and one Proprietary Director. 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 as well as in a participatory way. It features suitable diversity in terms of competency, professional background, origin and gender, as its members have extensive experience in banking, finance, digital transformation and IT, insurance, risk management and audit, in regulatory, legal and academic matters, as well as in human resources, consulting, and in the business and international arena. The Board's Matrix of Competencies can be consulted on the website under "Internal Governance Framework of Banco Sabadell" (See the corporate website "Corporate governance and Remuneration Policy – Internal Governance Framework" section).

Since 2019, Banco Sabadell has had a competency and diversity matrix in place, which is revised annually by the Board of Directors. The latest review was carried out on 18 November 2021, in view of the changes that took place within the Board of Directors. The Board has increased its diversity, in relation to the category of Directors and the knowledge, skills, and experience, which have been strengthened in the following areas: retail banking and digital transformation.

The Director Candidate Selection Policy, which was approved by the Board of Directors in 2016 and whose last update was performed in the Board meeting on 30 September 2021, 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.

At year-end 2021, there were four female Directors: three female Independent Directors (out of a total of ten Independent Directors) and one female Other External Director.

The CEO, Mr César González-Bueno, brings together the knowledge, skills, and experience 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. Having analysed his experience with regard to the Banco Sabadell Matrix of Competencies, his appointment was found to increase the diversity of the Board of Directors. 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 of Directors 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 External Directors, and direct the regular assessment of the Chairman of the Board of Directors. The Lead Independent Director also coordinates the Succession

Composition of the Board of Directors at 31 December 2021

Chairman

Josep Oliu Creus

Deputy Chairman

Pedro Fontana García

CEO

César González-Bueno Mayer

Lead Independent Director

Anthony Frank Elliott Ball

Female director

Aurora Catá Sala

María José García Beato

Mireya Giné Torrens

Alicia Reyes Revuelta

Director

Luis Deulofeu Fuguet

George Donald Johnston III

David Martínez Guzmán

José Manuel Martínez Martínez

José Ramón Martínez Sufrategui

Manuel Valls Morató

Director-General Manager

David Vegara Figueras

Non-Director Secretary

Miquel Roca i Junyent

Non-Director Deputy Secretary

Gonzalo Baretino Coloma

Plan for the Chairman and CEO that was adopted in 2016 and updated in 2022 and, in practice, chairs any meetings with investors or proxy advisors.

For a better and more diligent performance of its general supervision function, the Board of Directors is obliged to directly exercise the following responsibilities stipulated by Law, amongst others:

- those that derive from good corporate governance rules which are generally applied;
- approval of the general strategy of the company;
- appointing and, as necessary, removing directors of the company's subsidiaries;
- identifying the company's main risks, and implementing and monitoring suitable internal control and reporting systems;
- setting policy on the reporting and disclosure of information to shareholders, the markets and the general public;
- establishing the policy on treasury stock, which the General Meeting of Shareholders determines, where appropriate;
- approving the Annual Corporate Governance Report.
- authorising the company's operations with the Directors and relevant shareholders which might present conflict of interests; and
- generally deciding on business or financial transactions that are of particular importance for the company.

- Strategy and Sustainability Committee.
- Credit Delegated Committee.
- Audit and Control Committee.
- Appointments and Corporate Governance Committee.
- Remuneration Committee.
- Risk Committee.

The organisation and structure of the Board Committees are set out in the Articles of Association and in their respective Regulations, which establish their rules of composition, functioning, and responsibilities (see the section of the corporate website "Corporate Governance and Remuneration Policy-Regulations of the Committees"), and develop and complete the rules of operation and basic functions set out in the Articles of Association and in the Regulation 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.

Committees Board of Director

Following the amendment of the Articles of Association, a Strategy and Sustainability Committee and a Credit Delegated Committee were set up, and the competencies of the Audit and Control Committee were updated, while the Appointments Committee was given additional competencies in the area of Corporate Governance and is now called the Appointments and Corporate Governance Committee.

In addition to the constitution of the new Board Committees, on 26 March 2021, the Board of Directors appointed Ms Mireya Giné Torrens as Chairman of the Audit and Control Committee and as a Member of the Appointments and Corporate Governance Committee, appointed Ms Alicia Reyes Revuelta as a Member of the Risk Committee, and appointed Mr Gonzalo Baretino Coloma, General Secretary and Deputy Secretary of the Board, as Non-Director Secretary of the Credit Delegated Committee, the Remuneration Committee, and the Risk Committee.

On 28 July 2021, the Board of Directors appointed Mr. Pedro Fontana García as Chairman of the Credit Delegated Committee, and Mr. Luis Deulofeu Fuguet as Member of the Credit Delegated Committee and of the Strategy and Sustainability Committee, positions he accepted on 26 October.

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

Composition of the committees

Position	Strategy and Sustainability	Delegated Credit	Audit and Control	Appointments & Corporate Governance	Remuneration	Risk
Chairman	Josep Oliu Creus	Pedro Fontana García	Mireya Giné Torrens	José Manuel Martínez Martínez	Aurora Catá Sala	George Donald Johnston III
Member	Luis Deulofeu Fuguet	Luis Deulofeu Fuguet	Pedro Fontana García	Anthony Frank Elliott Ball	Anthony Frank Elliott Ball	Aurora Catá Sala
Member	Pedro Fontana García	María José García Beato	José Ramón Martínez Sufrategui	Aurora Catá Sala	George Donald Johnston III	Alicia Reyes Revuelta
Member	María José García Beato	César González-Bueno Mayer	Manuel Valls Morató	Mireya Giné Torrens	José Ramón Martínez Sufrategui	Manuel Valls Morató
Member	César González-Bueno Mayer (*)	Alicia Reyes Revuelta	—	—	—	—
Member	José Manuel Martínez Martínez	—	—	—	—	—
Non-member secretary	Miquel Roca i Junyent	Gonzalo Baretino Coloma	Miquel Roca i Junyent	Miquel Roca i Junyent	Gonzalo Baretino Coloma	Gonzalo Baretino Coloma
Number of meetings in 2021	9	21	12	16	12	14

(*) Member for strategy matters only.

The Delegated Committee held 18 meetings in 2021 before it was disbanded.

Strategy and Sustainability Committee

The Strategy and Sustainability Committee, comprising five Directors, two Other External, and three Independent Directors, and is chaired by the Chairman of the Board of Directors. In matters of strategy, the Chief Executive Officer shall participate in the meetings with the right to speak and vote, and, for this purpose, the Board shall be composed of six members.

In the area of strategy, the Committee's main responsibilities are to evaluate and propose to the Board of Directors strategies for growth, development, diversification or transformation of the company's business; to inform and advise the Board of Directors on the company's long-term strategy; identifying new opportunities for value creation and submitting to the Board of Directors corporate strategy proposals in relation to new investment or divestment opportunities, financial operations with a material accounting impact and relevant technological transformations; studying and proposing recommendations or improvements to the strategic plans and their updates which, from time to time, are submitted to the Board of Directors; and issuing and submitting to the Board of Directors, on an annual basis, a report containing the proposals, evaluations, studies and work carried out during the financial year.

In the area of sustainability, the Committee has the following competencies: review the bank's sustainability and environmental policies; inform the Board of Directors of possible modifications and periodic updates of the sustainability strategy; review the definition and modification of diversity and integration, human rights, equal opportunity and reconciliation policies, and periodically assess their degree of fulfilment; review the bank's social action

strategy and its sponsorship and patronage plans; review and report on the bank's Non-Financial Disclosures Report prior to its review and report by the Audit and Compliance Committee and its subsequent formulation by the Board of Directors; and receive information relating to reports, letters, or communications from external supervisory bodies within the scope of this Committee's competencies.

Credit Delegated Committee

The Credit Delegated Committee is made up of five Directors – one Executive, one Other External and three Independent – whose main functions are to analyse and, where appropriate, resolve credit operations in accordance with the assumptions and limits established by express delegation of the Board of Directors, and to prepare reports on those matters within its sphere of action that are required by the Board of Directors. It shall also have all those functions assigned to it by law, the Articles of Association, and the Regulation of the Board of Directors.

Audit and Control Committee

The Audit and Control Committee comprises four Independent Directors and the Chairwoman is 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 accounts, 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 of Directors are duly implemented.

Appointments and Corporate Governance Committee

The Appointments and Corporate Governance Committee, of which four Independent Directors are members, has as its main responsibilities to ensure compliance with the qualitative composition of the Board of Directors, assessing the suitability, skills and experience required of the members of the Board of Directors; submitting proposals as to the appointment of Independent Directors and reporting on proposals as to the appointment of the remaining Directors; to report on proposals as to the appointment and removal of senior executives and the Identified Staff; to report on the basic conditions of the contracts of Executive Directors and senior executives; and to examine and organise the succession of the Chairman of the Board and the chief executive of the Bank and, if appropriate, make proposals to the Board to ensure that such succession takes place in an orderly and planned manner. It also has to establish a target for representation of the gender that is less represented on the Board of Directors and drawing up guidelines on how to achieve that target.

As regards Corporate Governance, its main powers are to report to the Board of Directors on the company's internal corporate policies and rules, unless they fall within the competence of other Committees; to supervise compliance with the company's corporate governance rules, excluding those corresponding to areas that fall within the competence of other Committees; to report to the Board of Directors the Annual Corporate Governance Report for its approval and annual publication; supervise, within the scope of its competence, the communications that the company makes with shareholders and investors, proxy advisers, and other stakeholders, and report on these to the Board of Directors; and any other actions that may be necessary to ensure good corporate governance in all the company's actions.

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 Board 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, the Regulation of the Board of Directors and the Committee's own terms of reference.

Bank Chairman

Article 55 of the Articles of Association stipulates that the Chairman shall serve as a non-executive Director. He/she is the Bank's highest representative and has the rights and obligations inherent to such representation. In discharging his duties, the Chairman of the Board of Directors is the person with primary responsibility for the effectiveness of the Board of Directors and, as such, shall represent the Bank in any event, and have the power to sign on behalf of the company; he/she shall convene and chair meetings of the Board of Directors, setting the agenda, directing the debates and deliberations within the Board of Directors, and shall be responsible for ensuring compliance with the decisions adopted by the Board of Directors.

Chief Executive Officer

Under article 56 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 of Directors shall also permanently delegate to the CEO all legally delegable powers it deems appropriate.

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 the Annual Corporate Governance Report which includes detailed information on the bank's corporate governance, the Annual Report on Directors' Remuneration and the Non-Financial Disclosures Report, which are part of this Directors' Report, and can be found on the website of the National Securities Market Commission and on Banco Sabadell's corporate website www.grupobancosabadell.com.

The client

Brand

"At Banco Sabadell we help people and companies make their projects a reality, looking ahead and ensuring that they make the best economic decisions. We do this through responsible stewardship that is committed to the environment and to society. We are non-conformist and committed. We work professionally and efficiently. And we relate to each other with 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 2021, Banco Sabadell showed that, despite the circumstances, its vision remains as valid as ever, and it is true to its values to support its customers and 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.

Supporting our customers

The way customers talk about Banco Sabadell, how the bank has accompanied them over time and the quality of the service they receive, is the result of a business model in which the customer is always the main focus of attention.

The COVID-19 crisis has accelerated changes in customer behaviour, particularly in terms of the adoption of new ways of interacting, and has consolidated an environment in which digitalisation and remote channels are becoming increasingly important. The current context highlights the need for transformation, which is why Banco Sabadell has redefined and accelerated the customer relationship model, responding to their new consumer habits.

With greater control of the pandemic, the macroeconomic context is improving and there is an important stimulus package and measures for economic recovery, and Banco Sabadell wants to continue to support and accompany customers on this path.

Furthermore, society is becoming increasingly socially and environmentally aware and Banco Sabadell has therefore taken the firm decision to accompany our customers in their transition towards a sustainable economy.

Private individuals

In Retail Banking, we are moving towards a relationship model that combines the personal support of specialised managers in branches with access to the digital offer of our products, thus offering a differential value proposition to customers, responding to current demand and accessing a greater number of customers in this segment.

Corporate Customers

The ability of our network to establish fruitful and long-lasting relationships with companies – the average

length of service of our customers is 11 years – is one of the strengths of our Business Banking, which we will further enhance. At Banco Sabadell, we have good knowledge of our customers, which allows us to provide them with specialised solutions and accompany them in the development of their business.

Driving digitalisation

Banco Sabadell continues to develop a digitalisation plan to guarantee the most complete and satisfactory user experience possible. This plan involves expanding new digital features and services, and assisting customers in the transition to digitalisation. Some examples of the improvements implemented are the unification of transfers, the elimination of manual verification of new accounts and the contractual simplification of funds and sight accounts, the ability to consult card liquidations from previous months and to claim incorrect charges through digital channels, and improvements in file management capabilities and usability.

Accompanying customers on this journey is vital to ensure that customers are aware of the bank's remote channel solutions and self-service operations and that they have sufficient information to use them. To support customers in their digitalisation process, Banco Sabadell has implemented a personalised Support Plan, segmented by type and adapted to each customer, with simple, user-oriented communications that help customers to familiarise themselves with the use of remote channels and carry out self-service operations conveniently, quickly and securely.

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 digitalisation.

Some of the lines of communication that have been carried out are:

- Working with customers from the outset, promoting the use of remote channels.
- Communicating with customers based on their degree of digitalisation, and a monthly newsletter to inform them of new digital features and highlight existing ones.
- Specifically communicating with senior customers, informing them how to carry out the most frequent operations through remote channels.
- 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.

Thanks to all the actions carried out at Banco Sabadell, 60% of our customers are now digital, an increase of 5% over the previous year.

Enhancing the customer experience

Continuous improvement

At Banco Sabadell, we work from the perspective of continuous improvement, which is why we have developed a methodology that allows us to listen to the voice of the customer, measure and assess the main reasons for satisfaction and dissatisfaction, and how close or far we are from meeting our customers' expectations. The ultimate goal is to implement lines of approach that will not only improve their experience, but also try to exceed their expectations.

Research has 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.

BS idea: pooling ideas for the Transformation of Banco Sabadell

BS idea is a gamified open innovation programme, inspired by the design thinking methodology, which allows all Banco Sabadell employees to propose ideas for improvement in any area of the organisation. This is a model adapted to Banco Sabadell's strategy in which the talent of the participants helps the management to achieve its objectives.

BS idea is implemented through challenges, which are competitions focused on priority projects for the entity, selected by the BS idea Committee, made up of the entity's directors. In 2021, 12 different challenges have been launched with topics as relevant and diverse as the reduction of non-commercial tasks in offices, new ways of working (SmartWork), European funds, boosting the equity business, the mortgage business of the future, and increasing the use of our digital channels, among others. Participation in these competitions has been a success, demonstrating once again the importance of listening to the voice of employees.

A specific jury for each challenge rewards those ideas that are most aligned with the bank's strategy, with the improvement of customer satisfaction and with the transformation process. It is also an excellent channel for

innovation and communication between teams, enabling them to share opinions and experiences.

As a novelty, this year a new section dedicated to Testing with internal users has been launched.

In an environment of digitalisation and constant change, there is a need for a single space in which to carry out all types of user testing before launching products, services and processes. BS idea offers management and project teams the possibility to improve usability and user experience by testing with bank employees.



1,459
Published Ideas



7,208
Active users

Measuring the customer experience



484
Selected Ideas



538
New users

Measuring the customer experience

Measuring the Banco Sabadell customer satisfaction 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.

Qualitative research

Qualitative measuring is based on different studies and research from diverse methodologies 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 used range from conventional in-depth interviews or focus groups by segments, to more innovative methodologies based on behavioural economics and the detection of consumers' deepest emotions and motivations.

Quantitative research

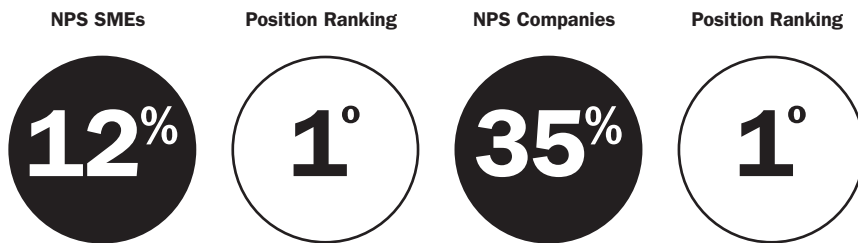
Banco Sabadell Spain also analyses its customers' experience through quantitative surveys. Some are more akin to conventional satisfaction surveys, while others incorporate an emotional component: to make the organisation aware of the importance of considering customers in our decisions, so as to make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

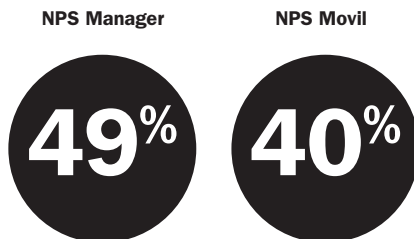
The NPS is measured in the main customer segments, products, and relationship channels. Of note were the results in the segments of companies and SMEs, segments in which Banco Sabadell has historically developed a greater specialisation, making it the bank most recommended by companies.

Banco Sabadell is the bank most recommended by companies.



Source: *Benchmark Accenture* (cumulative data 2021). NPS Gestor and NPS Movil refer to retail *banking*.

In recent years, as a result of the digital transformation, the measurement of digital channels that complement the traditional service channel (manager) has gained importance:



Position Ranking of the entities that form part of the peer group of Accenture's Bchk NPS study (BBVA, La Caixa, Santander and Banco Sabadell).

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.

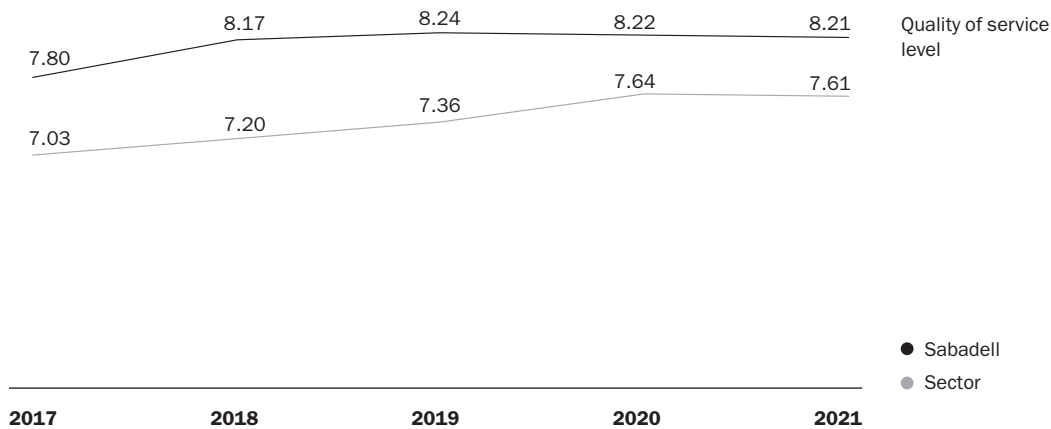
In the current context, marked by the pandemic and digitalisation, surveys in the digital dimension are growing in importance. Banco Sabadell sees the use of digital channels as a Moment of Truth and, consequently, has focused on measuring customer satisfaction and improving the customer satisfaction 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 Shopping, 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 Spanish bank service quality, is conducted using the Mystery Shopping technique.

Banco Sabadell continues to maintain a quality differential with respect to the sector, which has increased in the last year.



Accolades

Banco Sabadell is a benchmark for organisations in Spain, due to its consolidated track record in quality management and its recognised management model.

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. This EFQM score has also enabled it to hold, since its creation, the title of Ambassador of European Excellence with special mention.

But for Banco Sabadell, internal accolade of excellence is also very important. In this regard, almost 20 years ago, it created awards to recognise the excellence of those branches (as a result of customer satisfaction surveys), corporate divisions and projects that are a benchmark for the rest of the entity.

One of the internal awards that the bank created in 2020, as a result of its firm commitment to sustainability, was the accolade of the best sustainability projects implemented in the organisation, with an impact on the bank's contribution to the Sustainable Development Goals and with ESG (Environmental, Social & Governance) criteria. In 2021, there has been an exponential increase in the number of applications submitted, one of which has also received external accolade. This is the Accompaniment Programme for the socio-economic improvement of vulnerable families, winner of the first prize for Good Management Practices, awarded by the Excellence in Management Club, in the category of Large Organisation.

In 2021, despite the context of restrictions due to COVID-19, Banco Sabadell continued to reward and make internal excellence visible, adapting the acknowledgements to virtual or hybrid formats, depending on the

health restrictions at the time. In these adverse situations, accolade becomes even more important, as it is a motivational driver for employees, which is also reflected in the results externally.

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 Regulations for the Protection of Customers and Users of Financial Services. The most recent amendment to those Rules was approved by the Bank of Spain in June 2021.

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. The

Regulations for the protection of customers and users of financial services of Banco Sabadell ensure compliance with the above-mentioned requirements.

In 2021, a total of 49,720 complaints and claims were received, 16.9% more than in 2020, in addition to 1,143 issues that remained unresolved at 31 December 2020. A total of 49,949 cases were processed in 2021.

See Note 42 to the 2021 consolidated annual accounts for further details.

Multi-channel strategy

Banco Sabadell has a set of communication channels with its customers, both physical (national and international branch network and ATM network) and digital (BS Online, Sabadell Movil, Direct Branch and social networks), responding to current customer demand.

The bank continues to seek to combine the best of traditional banking, such as the personal relationship, with the best of the digital world.

The branch is no longer the focal point of operations, but a wide range of touch points, where the customer is the protagonist. This requires simplifying processes as much as possible and changing the distribution model, something to which the bank is devoting a great deal of effort in order to respond to the ubiquity of our customers and offer them the best experiences.

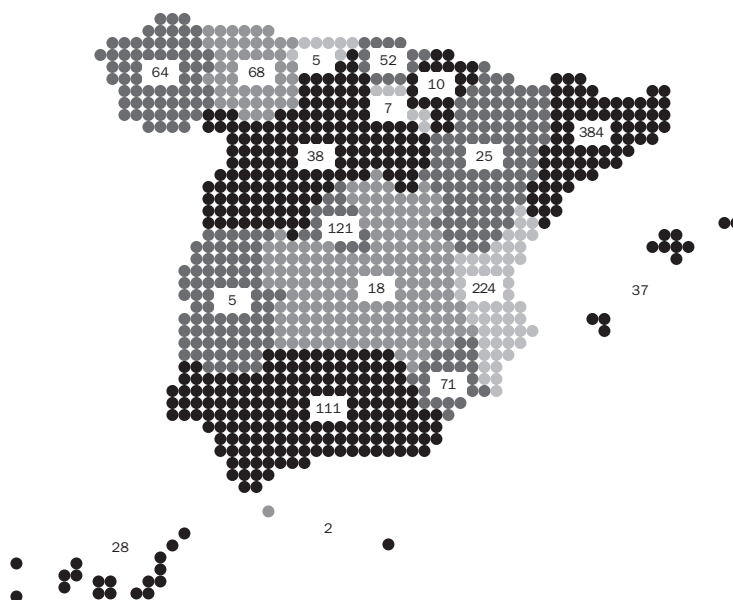
Branch network

Banco Sabadell ended 2021 with a network of 1,593 branches (290 TSB branches), i.e., a net reduction of 490 branches with respect to 31 December 2020 (a reduction of 326 branches excluding TSB).

Of the total Banco Sabadell and Group branch network, 955 branches operate under the Sabadell brand

(including 25 business banking branches and 2 corporate banking branches); 64 as SabadellGallego (including 3 business branches); 85 under the SabadellHerrero brand in Asturias and León (3 business branches); 66 as SabadellGuipuzcoano (5 business banking branches); 11 as SabadellUrquijo; 89 branches under the Solbank brand; and 323 offices that make up the international network, of which 290 are in TSB and 15 in Mexico.

Number of branches by autonomous community





- **Subsidiaries and investees**
 Mexico DF (Mexico)
 London (United Kingdom)
- **Branches**
 Miami (USA)
 Paris (France)
 Casablanca (Morocco)
 Lisbon (Portugal)
 London (UK)
- **Representative offices**
 Alger (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)

ATM network

The number of self-service network devices in Spain as of December 2021 is 2,645 units, comprising 1,922 branch ATMs and 723 mobile ATMs. The decrease in the number of ATMs in branches and the increase in the number of displaced ATMs is due to the closure of branches during the year.

With regard to the operations carried out during the year 2021, a downward trend can be observed; a total of 87,407,601 transactions have been carried out, a decrease of 2% in the total number of operations. In terms of the types of transactions most used, cash dispensing recorded similar volumes to the previous year and cash income continued to rise, with a 21% increase in the number of transactions.

During 2021, we have focused our efforts on continuously improving the overall availability of the self-service devices and enhancing customer satisfaction.

In order to achieve this improvement during the year 2021, a series of initiatives have been implemented, of which we highlight the assistance of ATMs outside office working hours, including weekends and holidays, the improvement of ATM monitoring by creating new indicators and follow-up control panels, the new recycling functionality and modifications in the interaction of customers with the most critical operations used by customers.

Other initiatives during the year included the analysis and monitoring of the ATMs moved to ensure greater profitability, operational efficiency and the design of the ATM footprint, which will have an impact on the organisation and distribution of ATMs.

Sabadell Online and Sabadell Mobile

In 2021, 60% of our customers were classified as digital, achieving a 5% increase in the number of digital customers compared to 2020.

The number of digital customers in the private customer segment grew 5% relative to 2020 and 2% in the business customer segment in the same period.

In addition to this growth in the digital customer base, the frequency of connection per customer, usage and contracting through digital channels has also continued to grow, as will be detailed below.

In 2021, we continued to push for the creation of new digital and remote capabilities to provide customers with better service from digital channels, offering greater convenience without having to travel to the branch network. Both the website and mobile devices have contributed to improving customer satisfaction and, at the same time, meeting the efficiency of the strategic plan.

Sabadell Online ([bancosabadell.com](https://www.bancosabadell.com) website)

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

The number of transactions carried out through Sabadell Online continues to grow both in terms of contracting capacity and servicing operations, which have been reduced by around 62% in branches in favour

of remote channels compared to 2020. Specifically, the number of transfers increased by 4% in Sabadell Online compared to the previous year.

In 2021, the customer satisfaction indicator in Sabadell Online Empresas increased to 7.3 points (+0.15 compared to the previous year) thanks to a series of improvements in this digital channel. Based on customer satisfaction surveys and interviews, the focus was on perfecting daily operations and improving the digital experience of Business Banking customers through four main lines of approach:

- Enhance functionalities that customers use on a daily basis (e.g., simplified transfer operations and easier file management);
- Improve usability to increase the quality of the service (e.g., more functional and intuitive menus and new accesses between Sabadell Online Particulares and Sabadell Online Empresas);
- Facilitate customer-manager interaction to strengthen the relationship (e.g., secure video calls between customers and managers and online appointment management);
- Expand the digital offer to surprise customers (e.g., new interface in Sabadell Online Empresas to access PwC's advisory service for processing European Recovery Fund grants).

Sabadell Mobile, adoption and usage habit growth

Banco Sabadell's user adoption of the distance banking app solution continues to grow, rising from 2.8 million to 2.9 million users, an increase of 7% compared to the previous year.

In addition to this increase in users, the frequency of access increased by 5% in logins per user per month compared with the previous year, to an average of 20 logins per month per customer in the individual customer segment.

The focus this year has therefore been on reducing the barriers to entry and friction in the journeys to access digital channels, enabling new functionalities for obtaining distance banking credentials without having to go to the branch network, as well as optimising their recovery in the event of loss or forgetfulness.

In addition to this effort to facilitate access to our online office, we have worked to improve the depth of information available, enabling the consultation of account movements for up to 10 years. In addition, the logos of the main vendors originating the payments have been added to facilitate the understanding and identification of account movements. Thus, at a glance, the customer can recognise the payment source without having to read or delve into it.

Operational improvements such as the debit/credit card blocking flow or tax payments have also been made to offer customers greater clarity, simplicity and ease in the process, achieving a reduction in the abandonment rate of online operations and, at the same time, a decrease in the number of calls to Direct Branch.

With regard to the use of operations related to financial products, we would highlight the following developments:

Specifically, in relation to investment and savings, the use of digital channels for the purchase and sale of securities increased by 5% compared to 2020, with the increase in remote subscriptions of mutual funds accumulated over the year being 42% higher than in the previous period. Extraordinary contributions to remote Savings Plans have increased by 13% and extraordinary contributions to remote Pension Plans by 4% compared to 2020.

Developments in financing products were as follows:

In pre-approved lending, sales are finally returning to pre-COVID levels. The focus in 2021 has been to make larger concession amounts immediately available to users at the click of a button, increasing the average amount contracted online.

In the area of mortgage financing, efforts have been concentrated on continuing to deploy simulation tools to enable users to make progress in their home purchase and financing decisions. This is the first part of a plan to develop tools to facilitate remote mortgage lending, which will be rolled out throughout the fourth quarter and first half of 2022.

Finally, in the range of means of payment, the option for our customers to contract debit and credit cards digitally has been enabled. This process consists of a digital catalogue, selection and comparison of products, 100% online contracting and online activation of the card.

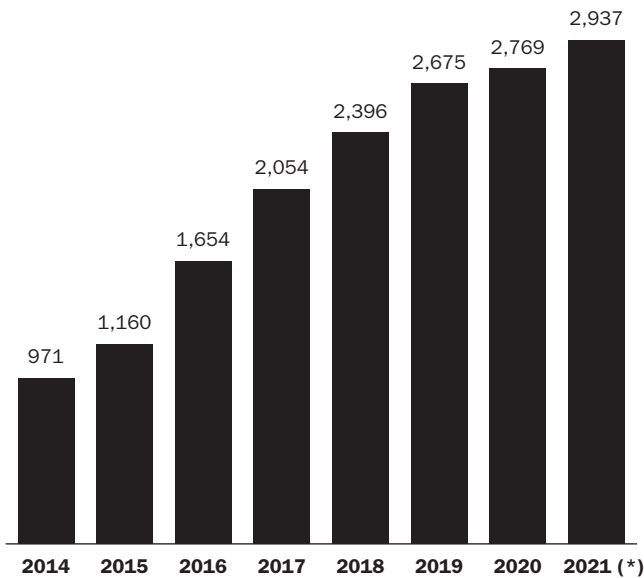
Sabadell Wallet

The trend in the use of Sabadell's mobile payments app continues to show positive growth.

There has been a 58% increase in logins compared to the previous year, with an average of 6 logins per month per customer.

The most frequently used operations include the following:

Bizum sending, which grew by 142% compared to the previous year. The use of Instant Money (a service that enables cash pick-up at ATMs without the need for a card, with just a 6-digit code) grew by 30%. The last operational highlight is the adoption and use of mobile payments, which recorded an 86% increase in the volume of operations compared to the previous year.



Progress of active customers in Sabadell Mobile (thousands clients)

(*) Latest information available as of November 2021.

Direct branch

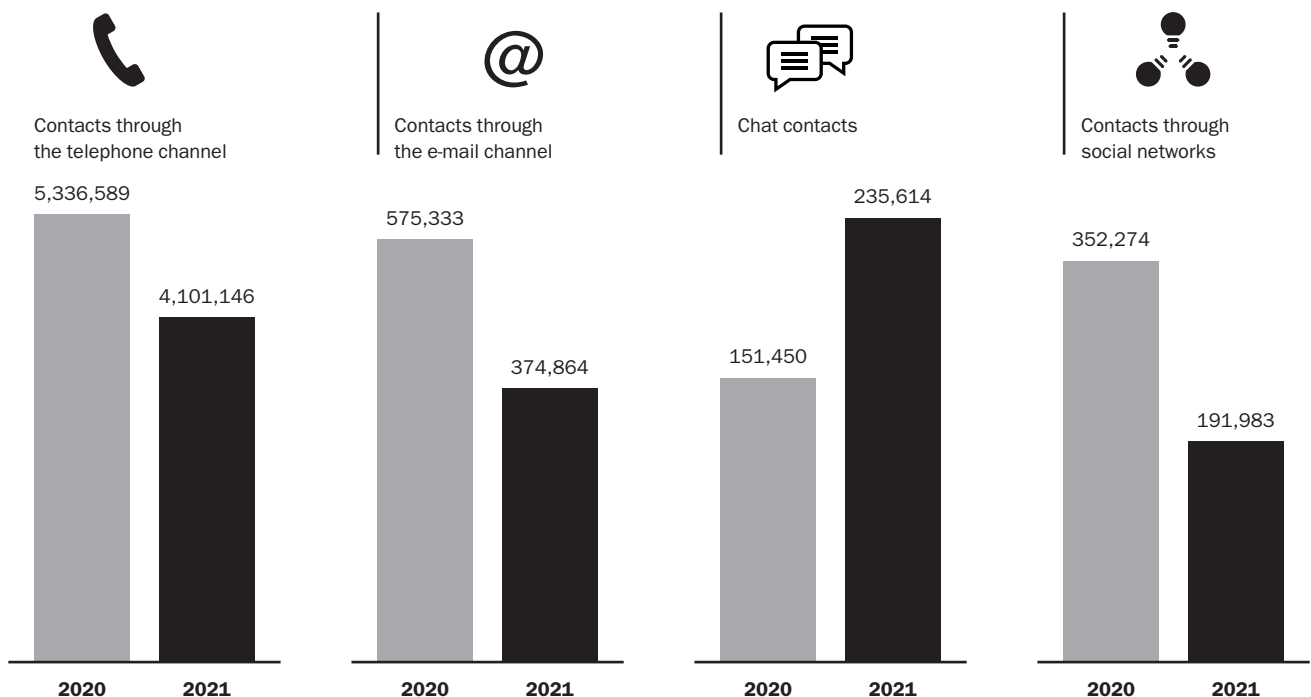
During 2021, contacts with Direct Branch decreased by over 24%, to 4.9 million, compared to 2020.

The service channel that has experienced the greatest growth this year has been chat. Telephone consultations accounted for 84% of the total, followed by e-mail, chat and social media. The following figure shows growth levels, by channel.

As regards service levels, the SLA (Service Level Agreement) ratio for telephone enquiries exceeded 93%, followed by chat (94.9%) and e-mail (91%). Banco Sabadell received 192,000 mentions in social media (SLA: 98%).

The decrease in volumes during 2021 is motivated by the following:

- Reduction of 290,000 calls due to process improvements and efficiency initiatives such as:
 - The activation of self-service locations in the telephone channel, which help our customers to carry out their daily operations.
 - Implementation of the Virtual Assistant.
- Non-critical operating hours restriction (from 19:00 hours to 8:00 hours).



Social media

Banco Sabadell has been active in social media since 2007. The objective: 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 2021.

A key success factor is continuous tracking of interactions with followers and customers. One of the key performance indicators (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 Banco Sabadell plays an active role, and this became particularly important this year. 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, 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 priorities in digital transformation, in line with the new Strategic Plan presented in 2021, include the implementation of new remote sales models for sophisticated products, the evolution of self-service purchasing of procurement products, and continuing to improve and incorporate new operations, also in self-service, to make customers more autonomous in their daily lives. The acceleration required to drive these three levers of transformation has created the opportunity to review organisational, methodological, and technological capabilities to improve productivity and user experience.

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 adds key capabilities for the group:

- 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.
- 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.

Main deliveries in 2021

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.

Some recent examples of retail banking with a high impact on customer user experience are:

- Increasing the depth of the transaction query to 10 years: in March 2021, we will enable the visualisation of transactions older than 24 months and up to 10 years in BS Online (BSO) and BS Movil (BSM), allowing customers to consult the corresponding transactions without the need to use assisted channels.
- Improvements to tax operations: in the first quarter of 2021, tax operations were improved by giving greater visibility on both the internet and mobile devices, and improving the tax form experience.
- Online card purchase: as of July 2021, we allow customers to purchase a card via BSO and BSM. In addition, a catalogue is created to help our customers get a better understanding of the cards offered by the bank and see which ones are best suited to their needs.
- Improvements in card operations: between July and September 2021, we improved the service and experience in card operations with different initiatives, such as allowing customers to claim transactions from digital channels with a digital signature, providing greater detail when a payment is rejected, consulting card settlements or improving the visibility of card information in BSO and BSM.
- Web and mobile integration with Adobe Target: for both informational and transactional content, we enabled the integration with Adobe Target, which will allow the bank a greater degree of personalisation of the offers and promotions that we present to customers, also allowing changes to the information presented without the need for intervention by IT teams.
- SMS reduction: throughout 2021, we have been reducing the total number of SMS messages sent to customers from different BSM operations, replacing SMS messages with push notifications and encouraging customers to migrate to digital signature, which has led to significant cost savings for the bank.
- CDD - KYC BSO: within the framework of the implementation of Continuous Due Diligence, a space is created in BSO where the customer can clearly identify the documentation that is required in order to continue to have an operational account. Similarly, a set of communications has been planned, which will ensure that the customer knows at all times what actions are pending and when they are required to carry them out.
- Virtual Assistant: Banco Sabadell's new Virtual Assistant, supported by the conversational platform and the Virtual Office, ready to incorporate the necessary conversational flows to reduce the volume of calls to the Direct Branch and encourage self-service.
- Improved service and operation of pre-approved loans by increasing the limit that can be contracted through digital channels so that customers can have access to a loan of up to 30,000 euros at any given moment. The contracting flows are improved in both self-service and assisted channels, providing more information to the customer on what is required to formalise the operation and optimising information to the customer service teams to improve the time required to manage requests.
- Improve access to contracting flows, offering a specific space in the global position for contracting products such as insurance and cards, which can also be customised (price, content, etc.) autonomously by marketing.
- Digital mortgage: deployment of new capabilities to start the process of capturing and managing the demand for mortgage products in the digital channel, through the deployment in October of a mortgage simulator that will enable our customers to assess their financing capacity and a first approximation of the resulting instalments, as well as enabling the bank to qualify digital leads according to their maturity in order to allocate commercial resources to manage those with the greatest possibility of conversion, as well as the pilot test in December 2021 of an accompanying portal that will enable and guide the customer to provide online the necessary documentation for the solvency study, while automating the consultation of bureaus and giving the manager better visibility of the status of operations at this phase of the process. This should result in an increase in the demand for mortgage products, better support for our customers, especially in remote channels, and greater conversion of opportunities (reducing the commercial effort and, therefore, improving efficiency).
- CDD - National Identity Card update with Onfido: in December 2021 and within the framework of Continuous Due Diligence, access to available customer information and access to update flows is improved. This year, the possibility of updating the National Identity Card from the website through the provider Onfido is enabled, improving the experience and conversion of the current process with the provider Veridas (the possibility of updating the National Identity Card in BS Movil has been available since January 2022).
- Digital onboarding: opening in December 2021 of the new 100% digital customer registration service, supported by Onfido's identity identification and validation solution, confirmed by digital signature and complying with legal and regulatory requirements, which will enable users to register as new customers of

the bank without the need to visit a branch. In addition, an Expansion Account can also be set up as part of the process. The opportunity has also been taken to simplify the set of contractual documentation for a number of contract products.

- 5 Star Programme: Sabadell Movil's experience improvement initiative has succeeded in moving key KPIs across the stability, performance, and usability levers with continuous delivery of improvements through 2021. Some of the initiatives highlighted include improved display of information and details of account and card transactions, access to 90 days' transactions without additional signature, a new app version for Huawei devices without Google services, improved conversion of the PIN recovery process (from 24% to 54% conversion rate), reduction of app login time and resolution of principal bugs.

Recent examples with a significant impact on the customer satisfaction:

- Improvements in file operations: deployment of new capabilities to provide greater ease of use in one of the most important and recurring operations for business customers and thus improve the satisfaction of BSO Empresas users. In addition, with these initiatives we improve efficiency and increase self-service through improved experience and service. The most relevant initiatives are detailed below:
 - Multiple file signing: more efficient functionality by allowing multiple batches to be signed without the need to go through them one by one. This saves time and effort for our customers.
 - Facilitating the creation of files: enabling customers to retrieve information from previously sent file dispatches and allowing them to be edited, generated and sent, thus reducing management time in a more comfortable way.
 - File import improvements: increase the visibility of the file import initiative to improve onboarding for users who want to carry out this operation.
 - File control centre: creation of a new interface that centralises the most relevant information on file management and has a new space for consultation and monitoring of file status, with direct access to the signature, cancellation, reuse, and details of the file.
- Transactional companies - New navigation menus: redesign of the navigation menus of BS Online Empresas and new organisation of the menus to facilitate the location and use of the operations. With this initiative, we want to improve our customer satisfaction index in order to be more competitive with our peers and reduce the number of customers who say they leave BSO without finding the operation they were looking for.
- European Recovery Fund: creation of a new page on BSO Empresas providing personalised help to customers about the European Economic Recovery Fund. In addition, this page provides our customers with access to PwC's external service that assists with the processing of the call they are interested in.

- Additional validations for international transfers: this project consists of applying a series of improvements to the international transfer screens in order to minimise the number of incidents due to errors in this type of transfer.
- MVP: Manager Area: the strategy in companies is to strengthen customer-manager communication, especially with value customers. With this project, we have created a new digital appointment flow accessible on the Home page and in the new Manager Area. With the proposed solution, it will be possible to request appointments (commercial), checkout (servicing) and appointment management.
- Dual Login: functionality that allows you to switch from private to business account and vice versa in an agile way, without penalising the user to log out to access again. In this way, the customer will have a better digital experience with the aim of increasing the percent of logins in BSO Empresas and positively influencing the improvement of the NPS.

Additionally, InnoCells has executed, from the Collaboration area, both pilots and proofs of concept with third parties (seeking to accelerate the digital transformation of the business through the incorporation of products, services, and differential third-party technologies, with the main focus on the Fintech ecosystem), as well as participation in projects framed within the strategic line of Financing.

We can highlight the following:

- Participation in the Request For Proposal for selection of a third-party platform (companies in the RFP: Cobee, in which the Group has stakes, and Compensa) for the digitalisation of the Group Pension Plan product offered to the Bank's corporate customers through the Joint Venture with Zurich, in which the Group has stakes. The solution developed together with Compensa is now deployed in production and active for contracting by corporate customers.
- Deployment of internal Speech Analysis capabilities: transcription and interpretation system with cognitive capabilities of manager-customer phone call recordings with different use cases (from regulatory to commercial). The pilot was carried out with Predictiva (a company in which the Group has a stake) and the Cognitive and Regulatory Compliance Departments, and offered insights on the comparison of the solution vs. the current solution and other providers (Telefónica Recordia).
- Deployment in the productive environment of Banco digital channels (BSMovil and BS Online, initially to employees and subsequently to end customers) of capabilities for detecting recurrent charges or subscriptions, offering the ability to change and cancel them. The pilot was conducted in collaboration with the startup Minna Technologies and provided insights for decision making in the Daily Banking project.
- Participation in the SmartPayments/SmartMoney pilot, through a collaborative action between different entities within the framework of Iberpay (BBVA,

Caixabank, Banco Santander, Banco Sabadell, and Bankia before the merger) to dynamise the transfer of money within the ECEC through tokenisation.

- Orchestration and active collaboration in two projects driven by the Funding strategic line (ongoing):
 - Digital Reactive Lending: offering identified customers in the individual segment the possibility to apply for a reactive loan in a 100% digital contracting process. Participation in the Request For Proposal for the selection of the third-party platform (selected company Indra-Minsait) and continuity in the project as orchestrator of the initiative.
 - Sabadell Consumer Finance-Instant Credit: definition of the strategy, evolution, and strengthening of digital financing operations at points of sale (both e-commerce and physical).

In addition, the area of Collaboration with third parties maintains continuous interaction with the startup ecosystem (collaboration with BStartup and Sabadell Venture Capital and participation in various events: South-Summit, 4YFN, Webinars, etc.) and has a specific portal (www.partnerships.innocells.io) to centralise and receive value proposals that may be of interest to the Group in an orderly fashion. In 2021, 27 contacts have been managed and some QuickWin initiatives have been executed for validation (e.g., collaboration with startup TaxDown, with a proposal for the creation of optimised tax returns).

Banco Sabadell's response to the COVID-19 health crisis

The sudden arrival of the COVID-19 crisis triggered a paradigm shift in the way we work and the way the Group relates to its customers on a day-to-day basis. The Group responded effectively, maintaining operational continuity at all times without impairing customer service and while safeguarding the health of customers and employees alike.

During the pandemic, Banco Sabadell has stood by its customers and society as a whole by offering financial support measures.

The bank continues to offer the business community measures to mitigate the lack of liquidity due to the pandemic, such as the renewal of policies and the extension of different products already contracted. Likewise, through the ICO Support Plan, applications for loans guaranteed by the State through the Official Credit Institute (Instituto de Crédito Oficial) have been managed.

In addition, the Bank has joined forces with the European Investment Bank to increase its capacity to lend to small and medium-sized enterprises (SMEs) and mid-caps affected by the economic impact of the COVID-19 pandemic.

Banco Sabadell continued to prioritise the protection of employees and customers as the main focus of its actions in the first half of the year. The protocols established in the commercial network have been activated depending on the incidence in each territory, although, thanks to the high level of personal responsibility of our employees and the effectiveness of the measures activated, there have been few occasions when this has been necessary.

As for corporate centres, they have remained largely open and, while teleworking has remained the main focus, they have responded to a growing need for the face-to-face dynamics necessary to realise the full potential of hybrid working. In this regard, the completion of the delivery of portable devices to almost 100% of the workforce in February 2021 has been decisive, which, together with the deployment of the capabilities of the Office 365 platform, is shaping a more secure, agile, flexible, and connected organisation.

In terms of the group's financial metrics, after a year 2020 whose results were marked by the pandemic, this year Banco Sabadell has been able to generate 530 million euros of profit in the year 2021. In addition, it continued to increase its solvency level and strengthen its balance sheet, so that the group has solvency levels above its requirements, ample liquidity, and a healthy balance sheet.

In this respect, the CET1 fully-loaded capital ratio stands at 12.22%. Notably, the ratio increased by 20 basis points year-on-year, demonstrating the group's commitment to a broad solvency position with a ratio above 12%. The Group also enjoys a comfortable capital position with respect to regulatory requirements, 395 basis points above them. The Tier 1 and Tier 2 capital issues in January (Tier 2) and March and November of this year (AT1), for an aggregate amount of 1,750 million euros,

contributed to consolidating this total capital ratio.

The Group has a strong liquidity position, with 57,000 million euros in liquid assets, i.e., over 23% of its balance sheet, and a Liquidity Coverage Ratio (LCR) of 221%. Its balance sheet shows a healthy equilibrium between loans and deposits (loan-to-deposits ratio: 96%).

The Group also has a sound balance sheet. As a result of selling portfolios of NPAs in recent years and the ongoing organic elimination of NPAs, the Group's risk profile has improved significantly, so that net NPAs at year-end 2021 account for 1.4% of total assets, with an NPL ratio of 3.7%.

In the wake of the unprecedented shock to the economy as a result of the COVID-19 pandemic, governments adopted a series of measures to support the economy. Those measures include fiscal policies to provide liquidity support to economic agents, families, and companies.

Spain

In this respect, in Spain, some measures adopted in the context of the pandemic remained in place during 2021 and other new measures were promoted. Some of the most important ones are the following: (i) the legislative or sectoral payment moratoriums – both implemented in 2020 – were reactivated by Royal Decree-Law 3/2021 of 2 February, which extended the period for applying to 30 March 2021, stipulating a maximum duration of 9 months; (ii) the two ICO COVID-19 lines of guarantees launched in 2020 (of 100 billion and 40 billion, respectively, for liquidity and investment), whose period for applying was first extended to 31 December 2021 with the approval of Royal Decree-Law 05/2021 in March, and then extended for a further 6 months, until 30 June 2022, by Royal Decree-Law 27/2021, of 23 November; and (iii) the Code of Best Practices, approved in May 2021, and which mainly envisages 3 possibilities to which debtors, if they met a series of specific conditions (amount of public aid received, etc.), could avail themselves of: maturity extensions – up to 10 years – (which could be requested until 15 October 2021), conversion of debt into equity loans (which could also be requested until 15 October 2021) and debt reduction (whose maximum execution period is until 1 December 2022).

In addition, Royal Decree-Law 5/2021 approved by the Spanish Government envisaged a series of extraordinary measures to support solvency of business in response to the COVID-19 pandemic, approving public investment of up to 11 billion euro through three funds: a fund of 7 billion euro for direct aid to the self-employed and companies, to reduce debt levels subscribed from March 2020; a fund of 1 billion euro for those viable companies that cannot access the fund managed by the State Industrial Ownership Corporation (SEPI for its acronym in Spanish); and, finally, a 3 billion euro fund for the restructuring of COVID-19 financial debt. The latter fund is implemented within the framework of a Code of Good Practice, approved by the Council of Ministers Agreement of 11 May 2021. This framework allows for extending the amortisation term of guaranteed loans, extending

grace periods, converting loans into equity loans while maintaining the public guarantee, and granting direct transfers for the reduction of the outstanding principal of guaranteed loans. Banco Sabadell adhered to the Code of Best Practices on 3 June 2021.

As regards moratoriums in Spain, the legal moratorium consisted of offering a 3-month grace period on mortgages and consumer loans, both in interest and principal payments, to customers who met certain vulnerability criteria. Additionally, the sector moratorium consists of grace periods of up to 12 months for mortgages and 6 months for consumer loans to people affected by COVID-19. In this case, the grace period is only for principal repayments, and the customer must continue to pay interest. This moratorium is also applicable to persons who have benefited from a legal moratorium and who, upon expiration of that moratorium, meet the conditions established for the sector moratorium. On 3 February 2021, RDL 3/2021 was approved, extending the period for applying for moratoriums until 30 March 2021, the duration of which was for a maximum period of 9 months, including, where applicable, the moratorium period already enjoyed.

Grace periods granted by Banco Sabadell during the year, under the legal and sectoral moratorium, covered loans amounting to 3,500 million euros. As of 31 December 2021, the total outstanding moratorium amounts to around 3 billion euro. It is worth noting that, of the total loans under moratorium, 75% are mortgages. In addition, about 12% of the total moratorium granted is in stage 3.

With the COVID-19 ICO lines of guarantees ascending to 140 billion euro, the ICO grants a state guarantee of between 60% and 80% of the loans, depending on whether the customer is self-employed, an SME, or a large company. Banco Sabadell has granted, until 31 December 2021, 13.7 billion euro in this type of loans (benefiting from 10.5 billion euro in guarantees), of which 8.6 billion euro have been drawn down with an average guarantee of more than 75%.

United Kingdom

In the UK too, a number of measures have been implemented by the government and the regulator with the objectives of helping the economy and protecting customers of institutions that have been affected by COVID-19. In addition to the sectoral measures, TSB has taken a number of actions designed to protect customers affected by COVID-19.

On the part of the UK regulator, the Financial Conduct Authority (FCA), the measures taken are: (i) a statutory mortgage and consumer moratorium, (ii) exemption from interest payments on overdrafts, (iii) a government guarantee scheme for loans to businesses that have been disrupted by COVID-19 and have a turnover of up to £45 million (CBILS), (iv) a government guarantee scheme for loans from larger businesses that have also been disrupted by COVID-19 (CLBILS) and (v) an accelerated funding plan for all businesses (Bounce Back Loan scheme, BBLs), which is not cumulative with other schemes.

In relation to the statutory mortgage moratorium announced by the UK Government in March 2020, with a duration of 3 months for any customer who has experienced financial difficulties due to COVID-19, the FCA published its supervisory expectations specifying that the moratorium exempts customers from principal and interest payments. At the end of the moratorium period, entities and customers should agree how they intend to repay the remaining instalments, generally by increasing the remaining monthly instalments or by extending the term of the loan. On 2 June 2020, the period for applying for this moratorium was extended to 31 October 2020. Subsequently, in November 2020, the FCA announced a further extension of the period for applying until 31 March 2021.

In relation to the statutory credit products moratorium (personal loans and credit cards) announced by the Government in April 2020, with a duration of 3 months for any customer who has experienced financial difficulties due to COVID-19, the FCA published its supervisory expectations specifying that the moratorium exempts customers from principal and interest payments. At the end of the moratorium period, entities and customers should agree how they intend to repay the remaining instalments, generally by increasing the remaining monthly instalments or by extending the term of the loan. Furthermore, on 1 July 2020, the FCA also extended the period for applying for this moratorium to 31 October 2020. Subsequently, in November 2020, the FCA announced a further extension of the period for applying until 31 March 2021.

In this regard, as of 31 December 2021, all of the £4,442 million of moratoriums granted in TSB have matured, both on mortgages and credit products (personal loans and credit cards).

As regards the overdraft interest exemption, the FCA has published guidance specifying that customers with overdrafts of up to £500 for a term of up to 3 months are exempt from interest and commissions. This measure was initially applicable to all customers until 9 July 2020. In addition, the deadline for this aid was extended until 31 October 2020 for those customers who applied for it. Finally, the guidance has been updated in September 2020 so that banks will continue to provide support to those customers who are in distress after 31 October 2021.

The Coronavirus Business Interruption Loans Scheme (CBILS) with turnover per annum of less than £45 million allows institutions to borrow up to £5 million in the form of loans, overdrafts, invoice finance, and asset finance with a maximum term of 6 years. In this scheme, the government provides an 80% guarantee for each loan and covers the first 12 months of interest payments.

The Bounce Back Loan Scheme (BBL) is not cumulative with other schemes and is independent of turnover per annum. This scheme allows you to borrow up to 25% of your turnover up to a limit of £50,000. The government provides a 100% guarantee and pays the interest for the first 12 months. The company starts repaying the loan after one year and the interest rate is 2.5%, determined by the government. In addition, no refunds will be made during the first 12 months.

The Winter Economy Plan, announced on 24 September 2020, introduces a number of changes to these guaranteed schemes, most notably the Pay As You Grow option, which allows for payment deferral from 6 to 10 years, interest-only payments for up to 6 months and full payment suspension for up to 6 months (this option can be used once during the life of the loan and only after 6 payments have been made). In addition, in February 2021, the UK Government announced a plan introducing greater flexibility for Pay As You Grow, which now allows the third option to be taken up directly in the first instalment, without the need to make the first 6 payments.

The launch of the Recovery Loan Scheme was announced at the Budget presentation on 3 March 2021, which replaces the BBL and CBIL schemes. This allows, from 6 April 2021, companies of any size to borrow between £25,000 and £10 million with an 80% guarantee until the end of the year.

TSB has granted, until 31 December 2021, a total of £546 million from both the accelerated funding plan for all businesses (BBL) and the business loan guarantee scheme (CBILS).

In addition, TSB supports retail and business customers through the regulatory support measures mentioned above by offering interest-free or interest-refundable overdrafts, as well as through a number of customer service improvements. As an example, TSB employees have contacted the most vulnerable customers to offer assistance and ATM cards have been issued to customers who previously only used a savings book to enable them to better access cash without having to visit a branch. In addition, innovative ways have been put in place for TSB's telephony employees to work remotely to allow them to make large volumes of calls to avoid transactional fraud and bank operational phone calls. Finally, in partnership with IBM, TSB has developed the Smart Agent, which has enhanced the website by providing customer support with a range of services without the customer having to phone or visit a branch.