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Banco de Sabadell, S.A. (hereinafter, also referred to as Banco Sabadell, the Bank or the Institution), 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 entities which it controls directly or indirectly and which comprise, together with the Bank, Banco Sabadell Group. Banco Sabadell is comprised 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 2022:

- Banking business Spain, which groups together the Retail, Business and Corporate banking business units, where Retail and Business banking are managed under the same Branch Network:
 - Retail Banking: offers financial products and services to individuals for personal use. These include investment products and medium- and long-term finance, such as consumer loans, mortgages and leasing or rental services, as well as short-term finance. Funds come mainly from customer deposits and current accounts, 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: offers financial products and services to companies and self-employed persons. These include investment and financing products, such as working capital products, loans and medium- and long-term financing. It also offers customised structured finance and capital market solutions, as well as specialised advice for businesses. Funds mainly come from customer deposits, current accounts 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 the development of these custom products do so for the entire Banco Sabadell Group, extending their capabilities to the Corporate and Institutional Banking segment. Through its presence abroad 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 branches operating 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 banking and financial services for Corporate Banking and Commercial Banking.

Banco Sabadell is the parent company of a group of companies that, as at 31 December 2022, numbered a total of 88. Of these, aside from the parent company, 68 are considered subsidiaries and 19 are considered associates (as at 31 December 2021, there were 96 companies, including 73 subsidiaries and 22 associates).

Mission, values and business model

Mission and values

Banco Sabadell helps people and businesses to bring their projects to life, anticipating their needs and taking care to help them make the best economic decisions. It does this through socially and environmentally responsible management.

This is Banco Sabadell's *raison d'être*: to help its customers make the best financial decisions so that they may see their personal or business projects take shape. To that end, it gives customers the benefit of the opportunities offered by big data, digital capabilities and the expert knowledge of its specialist managers.

The Bank, and those who form part of it, share the values that help make it possible to fulfil this mission.

Banco Sabadell delivers on its mission by being true to its values:

- Commitment and Non-Conformism, values that define its way of being.
- Professionalism and Effectiveness, values that define its way of working.
- Empathy and Openness, values that define its way of interacting.

Business model, main objectives achieved and actions carried out

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, sustainability, efficiency 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 to the relationship. The Bank offers a comprehensive range of products and services, competent and highly qualified personnel, an IT platform with ample capacity to support future growth, and a relentless focus on quality.

Since the financial crisis of 2008, the Spanish banking industry has been involved in an unprecedented process of consolidation. The need for higher capital levels, stricter requirements in terms of provisions, the economic recession and pressures on the capital markets have been some of the factors that have forced Spanish financial institutions to merge and, by doing so, gain scale advantages, maximise efficiency and strengthen their balance sheets.

Over the last eleven years, Banco Sabadell has expanded its geographical footprint and increased its market share in Spain through a number of acquisitions, the most significant of which was Banco CAM in 2012. In 2013, Banco Sabadell was able to undertake other corporate transactions as part of the restructuring of banks under suitable economic terms, such as the acquisition of the branch network of Caixa d'Estalvis del Penedès, Banco Gallego and Lloyds España.

As a result of these acquisitions and the organic growth of recent years, Banco Sabadell has strengthened its position in some of Spain's most prosperous regions (Catalonia, Valencia and the Balearic Islands) and it has also increased its market share in other key areas. According to the most recent information available, Banco Sabadell has a market share of 8% in loans and 7% in deposits at the domestic level. Banco Sabadell also has a good market share in other products, including 9% in trade credit, 9% in business lending, 6% in investment funds, 5% in securities trading and 17% in PoS turnover.

With regard to international business, Banco Sabadell has always been a benchmark. This has not changed in 2022 and Sabadell continues to be present in strategic areas, supporting companies in their international activity. Over the last few years, Banco Sabadell has expanded its international footprint. The main milestones have been the acquisition of British bank TSB in 2015 and the creation of a bank in Mexico in 2016.

With these developments, the Group has become one of the largest institutions in Spain's financial system. It has a geographically diverse business (76% in Spain, 22% in the UK and 2% in Mexico) and its customer base is now six times larger than it was in 2008. It has achieved all of this while safeguarding its solvency and liquidity.

The main factors at play in 2022 were the conflict in Ukraine, the energy crisis in Europe, new upside inflation surprises, the interest rate hikes introduced by central banks and the management of Covid-19 in China. All these factors have resulted in a gradual deterioration of the growth-inflation mix, driving many economies into stagflation towards the end of the year. Covid-19 has become less prominent as a factor influencing the economy and financial markets in an environment in which the reduced severity of the latest variants of the virus has been confirmed. In most countries, Covid-19 has been transitioning to an endemic phase, the main exception being China. Generally, 2022 was a very negative year for financial assets, both equities and fixed income.

Against this background, Banco Sabadell significantly increased its net profit year-on-year. The Group's increased net profit was mainly driven by solid core results (net interest income + fees and commissions – recurrent costs), which improved as a result of increased net interest income, higher income from fees and commissions, and the cost reduction effort.

The reduction in provisions is also noteworthy, both in terms of fewer credit provisions and reduced real estate provisions.

Banco Sabadell conducts its business in an ethical and responsible manner, delivering on its commitment to society by ensuring that its activities have a positive impact on people and the environment. Each and every person in the organisation plays their part in applying the principles and policies of corporate social responsibility, ensuring quality and transparency in customer service.

In addition to complying with the applicable regulations and standards, Banco Sabadell has a set of policies, internal rules and codes of conduct that guarantee ethical and responsible behaviour at all levels of the organisation and in all Group activities.

Strategic plan 2021-2023

The Group's Strategic Plan was presented on 28 May 2021. This plan defined 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, in both the United Kingdom and other geographies. 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 return.

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 entails a profound change in the offering and the customer relationship model.

On the supply side, transactional servicing is being made more readily available to customers in a simple and agile way through digital channels. As for the commercial offering of products and services, a fundamentally digital and remote offer is being developed 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 are currently being deployed and multi-channel support is 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 is being 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 is 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 profitability and increase the contribution of specialised product units to income generation.

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

TSB has focused its business on what it does best and what it is known for in the market: retail mortgages. 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.

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 geographical area: in Mexico, the focus is on rigorous cost management; in Miami, the Private Banking business will be strengthened; while in the rest of the foreign branches priority will be given to supporting Spanish customers in their international activity.

Now that 2022 has ended and with the plan in action for over a year, the progress achieved is very significant.

Some examples include: deployment of more than 600 specialised managers, a new digital landing page for mortgages, an online mortgage simulator, a new portal for customers to monitor their mortgage payments, a new pricing model for consumer loans and mortgages, digitisation of consumer loans, 100% digital card application process, expansion of pre-approved consumer loans and cards, integration of Sabadell Wallet in the mobile app, optimisation of product campaigns, launch of a customer retention plan, launch of the Sabadell online account... and the list goes on.

The specialised managers now sell 31% of mortgages, 46% of savings and investment products and 69% of insurance. In terms of other products, 47% of new cards

are issued through the app, pre-approved loans have increased by 43% year-on-year and, thanks to the digital account, new customers can sign up 100% digitally in less than five minutes.

In Business Banking, 30 specific sectoral offerings have been introduced for business customers and customer acquisition in those sectors has increased by 22% in the year, the risk approval process has been improved and made more specialised and flexible, new improved functionalities have been added in online banking, thus expanding the digital offering and interaction between the customer and Bank/manager. The use of data analytics in risk management has been enhanced to ensure greater discrimination and appropriate channelling of

new credit. In terms of capabilities, the middle market team has been bolstered to increase the knowledge base already in use in Corporate Banking.

With regard to costs, a cross-cutting efficiency plan involving Business and Retail banking has been executed, enabling a 3.5% reduction in recurrent costs year-on-year.

In Corporate Banking Spain, greater focus has been placed on continuous monitoring of customer profitability.

For its part, in line with the strategic goals, TSB has grown its market share in mortgages. It too has executed an efficiency plan to reduce costs and adjust the size of its branch network. This plan was completed in the last quarter of 2021, achieving annual savings of 70 million euros.

These actions have enabled TSB to turn around its income statement and, following years of losses, it now contributes positively to the Group's earnings.

In Mexico the cost base has been reduced and it is focusing on the business areas that it knows best and where it has most growth potential: Corporate Banking and Business Banking. In the other international business lines, the focus has been on supporting Spanish customers abroad and local customers who have a presence in Spain, focusing their growth potential on the most profitable assets.

The key financial targets established were (i) to achieve a return on tangible equity (ROTE) above 6% in 2023, and (ii) to maintain the fully-loaded CET1 capital ratio above 12% throughout the Plan.

The first target has already been achieved and surpassed in 2022, with ROTE of 7.8% at year-end, and the Group's fully-loaded CET1 capital ratio is also above the target level established in the Plan, at 12.55%.

Beyond 2023, the strategic transformation undertaken will continue to deliver results and, therefore, profitability should continue to improve.

To conclude, the Strategic Plan was conceived on the assumption that the various milestones would be met in the short term and, in that respect, in 2021, all of the targets established for the end of that year were achieved. As regards 2022, the different lines of the income statement have continued on a positive trend and in the right direction to meet the targets for 2023: (i) net interest income

grew by +10.9% in the year, (ii) fees and commissions increased by +1.5%, (iii) total costs were below 2.9 billion euros, thanks to the various efficiency plans implemented, (iv) credit cost of risk stood at 44 basis points, and lastly, (v) the capital ratio stood at 12.55% with an MDA buffer of 399 basis points.

The Board agreed to put forward a proposal to the Annual General Meeting to raise the payout ratio to 50%, to be paid from 2022 earnings, combining a cash dividend with a share buyback.

Furthermore, with the aim of increasing shareholder remuneration, and on the strength of the Group's improved profitability, the Board agreed to put forward a proposal to the Annual General Meeting to raise the payout ratio to 50%, to be paid from 2022 earnings, combining a cash dividend with a share buyback. This share buyback is conditional upon obtaining the relevant mandatory authorisations.

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 five years as the Group has no remuneration policies that could have a dilutive effect on the current share capital and rights to convert preferred securities issued as contingently convertible into newly issued ordinary shares of the Bank (AT1) have not been exercised. Nor has the Group implemented any other corporate actions that could have an effect on current share capital.

The main factors at play in 2022 were the conflict in Ukraine, new upside inflation surprises, the hawkish tone of central banks and the management of Covid-19 in China. All these factors have resulted in a gradual deterioration of the growth-inflation mix, driving many economies close to stagflation.

Covid-19 was less prominent as a factor influencing the economy and financial markets in an environment in which the reduced severity of the latest variants of the virus was gradually confirmed. In most countries, Covid-19 has been transitioning to an endemic phase, the main exception being China.

Generally, 2022 was a very negative year for the financial markets because these factors have led to a sharp downturn in prospects for economic growth. Most financial assets recorded heavy losses in 2022. In fact, it was the worst year in several decades if we consider the combined performance of fixed income and equities. The

volatility of securities was particularly high due to the sharp repricing of official interest rates in the markets.

Liquidity conditions and market depth were at their lowest levels since the global financial crisis, which exacerbated market swings. Corporate and peripheral risk premiums have recorded significant upturns, reaching levels not seen since the pandemic. The euro has depreciated substantially against the dollar, to levels not seen since 2002.

The central banks have focused on fighting inflation, prioritising this objective in view of signs of an economic slowdown and slumps in the financial markets. With that aim in mind, the monetary authorities have tightened monetary policy, in line with the high levels of inflation.

In the Eurozone, the European Central Bank took significant steps to normalise its monetary policy. It increased interest rates by 250 basis points, bringing the deposit rate into positive territory for the first time since 2012. In fact, at one meeting it implemented the highest interest rate hike in its history (75 basis points). The European Central Bank also discontinued its quantitative easing programmes and began to discuss quantitative tightening.

As a result of these heightened inflationary expectations, banking sector results trended in the direction of a return to normal levels, driven by interest rate rises implemented by the central banks, which supported the capacity of the financial sector to intervene in the economy. Although banks have increased their interest income, funding costs have also become more expensive for them. Nevertheless, on balance the outlook is generally positive and profitability in the banking sector has surpassed pre-pandemic levels.

Banco Sabadell's share price performed well, gaining +58% over the year, making it the second best performing IBEX 35 stock in 2022 and the best performing in the 2021/22 period.

Banco Sabadell's share price performed well, gaining +58% over the year, making it the second best performing IBEX 35 stock in 2022 and the best performing in the 2021/22 period, among the companies that made up the index since the beginning of 2021. On a like-for-like basis, the market revaluation has been above the European banking industry benchmark (STOXX Europe 600 Banks) which depreciated by 3.4%, and also above general indices such as EURO STOXX 50 and IBEX 35 which fell cumulatively by 4.5% and 5.6%, respectively, over the year. The systemic factors mentioned above have had a significant influence on the share price performance. Banco Sabadell's idiosyncratic factors include better-than-expected annual results 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.

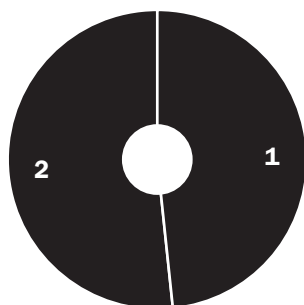
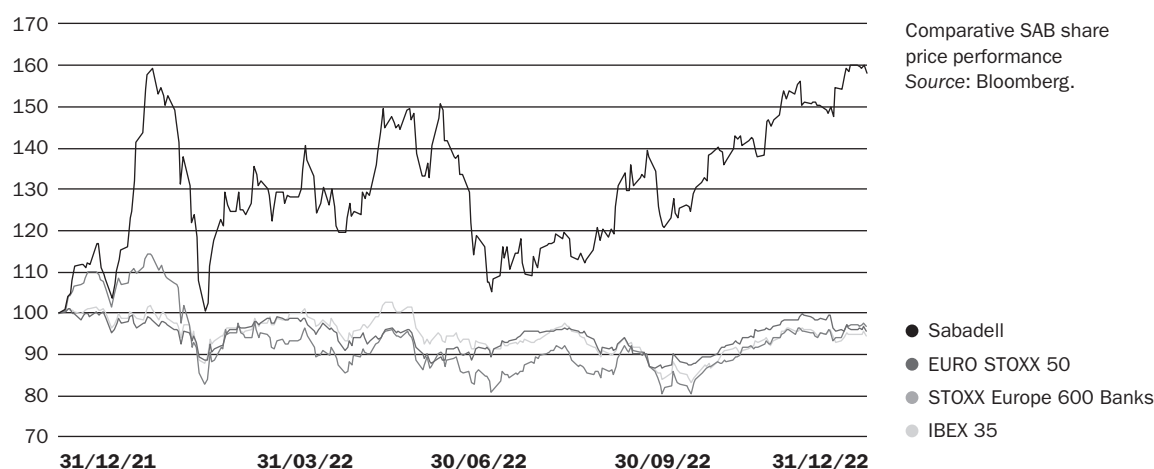
At the end of 2022, 96% of equity analysts covering Banco Sabadell had a Buy or Hold recommendation on the stock.

In terms of shareholder structure, in the financial year 2022, institutional shareholders increased in representation with 52% of the Bank's shares, while minority shareholders hold 48%. Within the Bank's shareholding structure, at year-end 2022, four investor groups reported a holding of more than 3% according to figures reported to the CNMV. The aggregate holding of those four shareholders represents 13.16% of the total share capital; the remaining holdings are free-float capital. The members

of the Board of Directors, one of whom is considered to control the voting rights attributed to the shares held by one of the aforesaid investors, hold 3.62% of the Bank's share capital.

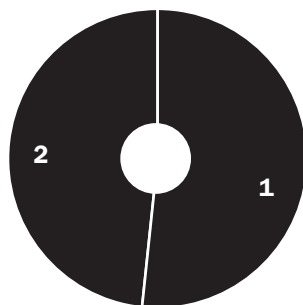
Banco Sabadell's market capitalisation stood at 4,927 million euros at year-end, with a price/book value ratio of 0.43.

The graph below shows the evolution of the share price performance over the year:



Breakdown of shareholders in 31.12.2022 (%)

1	Retail investors	48.45
2	Institutional investors	51.55



Breakdown of shareholders in 31.12.2021 (%)

1	Retail investors	51.59
2	Institutional investors	48.41

No. of shares	Shareholders	Shares in tranche	% of capital
From 1 to 12,000	172,396	544,828,582	9.68 %
From 12,001 to 120,000	43,289	1,345,690,480	23.92 %
From 120,001 to 240,000	1,773	292,025,971	5.19 %
From 240,001 to 1,200,000	970	436,083,675	7.75 %
From 1,200,001 to 15,000,000	150	462,045,729	8.21 %
More than 15,000,000	32	2,546,290,264	45.25 %
TOTAL	218,610	5,626,964,701	100.00 %

Analysis of shareholdings at 31 December 2022

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 %

Analysis of shareholdings at 31 December 2021

	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
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
2022	5,594	859	0.134	13,841	2.47

Benefit and book value per share 2019-2022

(*) The average number of shares is shown net of the treasury share position.

Share performance

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

	2022	2021	Year-on-year change (%)
Shareholders and trading			
Number of shareholders	218,610	228,432	(4.3)
Average number of shares (million)	5,627	5,627	—
Average daily trading (million shares)	41	33	24.0
Share price (euro)			
Initial	0.592	0.354	—
High	0.950	0.743	—
Low	0.565	0.343	—
Closing	0.881	0.592	—
Market capitalisation (million euro)	4,927	3,306	—
Market ratios			
Earnings per share (EPS) (euro)	0.13	0.08	—
Book value per share (euro)	2.47	2.39	—
P/TBV (price/tangible book value per share)	0.43	0.31	—
Price/earnings ratio (P/E)	6.58	7.69	—

Share performance

Dividend policy

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

In 2022, the Bank paid its shareholders a dividend of 0.03 euros per share from 2021 earnings, through a single cash payment. This payout represented a share price return of 5.1% at year-end 2021.

On 26 October 2022, the Board of Directors agreed to distribute a cash interim dividend of 0.02 euros gross per share from 2022 earnings, amounting to 112 million euros, which was paid out on 30 December 2022. On the same date, the Board of Directors approved an increase of the payout ratio applicable to 2022 results to at least 40%.

On 25 January 2023, the Board of Directors approved the shareholder remuneration policy, which establishes the principles and parameters that should govern the Group's dividend and shareholder remuneration policy. In

that same meeting, and in accordance with the aforesaid shareholder remuneration policy, the Board of Directors agreed to submit a proposal to the Annual General Meeting to increase of the payout ratio to 50%, to be paid out of 2022 earnings, combining a cash dividend with a share buyback. This share buyback is conditional upon obtaining the relevant mandatory authorisations. This resulted in a total distributable amount of 430 million euros, representing a dividend yield of 8.7% on the share price at the end of 2022.

To reach the aforesaid payout level, the Board of Directors will ask the Annual General Meeting to approve the distribution of a supplementary gross cash dividend, from 2022 earnings, of 0.02 euros per share, payable in April 2023. As a result, cash dividend remuneration in the year would reach 0.04 euros per share or 225 million euros, representing a share price return, based on share price at the end of 2022, of 4.5% and an increase of 33.3% on the cash dividend distributed in 2021.

Furthermore, the Board of Directors agreed to submit a proposal to the Annual General Meeting regarding a share buyback in the amount of 204 million euros, which would be equivalent to close to 4% of the market capitalisation as at the end of 2022 and which, subject to obtaining the mandatory authorisations, would complement the shareholder remuneration paid out of the earnings for 2022.

Credit rating

In 2022, 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 18 May 2022, DBRS Ratings GmbH maintained Banco Sabadell's long-term rating of A (Low), improving the outlook from negative to stable, in order to reflect the lower impact that the Covid-19 crisis is expected to have on Banco Sabadell's operating environment in both Spain and the United Kingdom. The short-term was also unchanged, remaining at R-1 (Low). The full rating review report was published on 7 July.

On 30 June 2022, Fitch Ratings affirmed Banco Sabadell's long-term rating of BBB- with a stable outlook, reflecting the Group's adequate capitalisation and risk diversification and its challenges in relation to profitability and keeping cost of risk contained. They indicated that the factors that had a negative outlook (asset quality and profitability) have stabilised. The short-term rating

was maintained at F3. The full rating review report was published on 15 July.

On 20 October 2022, S&P Global Ratings revised and improved Banco Sabadell's long- and short-term ratings from BBB-/A-3 to BBB/A-2 with stable outlook. It also revised and upgraded the Bank's senior preferred debt rating from BBB- to BBB, and its long-term resolution counterparty rating from BBB to BBB+. This rating improvement stems from the accumulation of a buffer of subordinated products that can absorb losses. Other credit ratings remained unchanged. The stable outlook reflects progress achieved with the Strategic Plan and the expectation that the Bank will continue to deliver on that plan and improve the solidity and profitability of the franchise. The full rating review report was published on 21 November.

On 7 November 2022, Moody's Investors Service affirmed its ratings of Banco Sabadell's long-term deposits and long-term senior debt at Baa2 and Baa3, respectively, upgrading the outlook from stable to positive, suggesting the possibility of a rating upgrade in the next 12-18 months if Banco Sabadell continues to improve its profitability on the strength of increased net interest income and the containment of operating costs and credit provisions. The short-term rating was also unchanged, remaining at P-2. The full rating review report was published on 21 December.

During 2022, Banco Sabadell has maintained continuous interaction with the four agencies. In both virtual and face-to-face meetings, issues such as progress with the strategic plan 2021-2023, results, capital, liquidity, risks and credit quality, and management of NPAs were discussed with analysts from these agencies.

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)	Stable	07/07/2022
S&P Global Rating	BBB	A-2	Stable	21/11/2022
Moody's Investors Service	Baa3	P-2	Positive	21/12/2022
Fitch Ratings	BBB-	F3	Stable	15/07/2022

Credit rating. Ratings and date of last update

Corporate governance

Banco Sabadell has a solid corporate governance structure which ensures effective and prudent management of the Bank and which prioritises ethical, sound and transparent governance, taking into consideration the interests of shareholders, customers, employees and society in all geographies in which it operates. The internal governance framework, which sets out, among other aspects, its shareholding 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, the internal procedure for the approval of credit transactions granted to Directors and their related parties and the Group's policies, is published on the corporate website: www.grupbancsabadell.com (see the section "Corporate Governance and Remuneration Policy - Internal Governance Framework" on the website).

As required by Article 540 of the Spanish Capital Companies Act, Banco Sabadell Group has prepared the Annual Corporate Governance Report for the year 2022, which, in accordance with Article 49 of the Spanish Commercial Code, forms part of the Directors' Report accompanying the 2022 consolidated annual financial statements. It includes a section on the extent to which the Bank adheres to the recommendations on corporate governance currently in force in Spain.

In line with previous years, 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.

Annual General Meeting 2022

The Bank's main governing body is the Annual General Meeting, in which 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 Regulations, and those business decisions that the Board of Directors considers to be of vital importance for the Bank's future and for the interests of the shareholders.

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

In the Annual General Meeting, shareholders may cast one vote for every thousand shares that they possess or represent. The Policy on communication and contact with shareholders, institutional investors and proxy advisors approved by the Board of Directors and adapted to the Good Governance Code of Listed Companies after its June 2020 revision, 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 all other stakeholders of Banco Sabadell.

In order to improve and encourage shareholder participation, the following key aspects have been implemented:

- Extension of shareholders' methods of participation in the Annual General Meeting of 24 March 2022, which they were able to attend in person or remotely through a live broadcast, and at which they were able to vote on motions on the agenda and speak during question time.
- Provision of new electronic channels through Banco Sabadell's websites (corporate website and BSONline) and the mobile app (BSMóvil) so that shareholders could delegate and cast their vote in advance of the Annual General Meeting.

The Annual General Meeting held on 24 March 2022, on second call, approved all the items on the agenda, including the annual financial statements and corporate management for the 2021 financial year and, as regards appointments, the ratification and appointment of Luis Deulofeu Fuguet as Independent Director, as well as the re-election as members of the Board of Directors of Pedro Fontana García, George Donald Johnston III and José Manuel Martínez Martínez as Independent Directors and of David Martínez Guzmán as Proprietary Director.

Furthermore, in 2022, reinforcing its commitment to transparency, the Bank submitted for the approval of the Annual General Meeting a Supplement to the Banco Sabadell Director Remuneration Policy for the years 2021-2023, with the aim of developing and expanding the information available on certain aspects of that Policy that were introduced by Law 5/2021, of 12 April, which came into force subsequent to the Policy's approval.

For the second consecutive year, Banco Sabadell has obtained certification of its Annual General Meeting as a "Sustainable Event", having satisfactorily met the sustainability criteria for certification and having passed the preliminary assessment process and the in-person audit by Eventsost.

An external consultant verified the procedures established for the preparation and celebration of the 2022 Annual General Meeting and rendered a favourable opinion on compliance with the procedures. In particular, the consultant noted the developments observed over the last two years at Banco Sabadell's Annual General Meeting, particularly the aforementioned measures introduced to facilitate the participation of shareholders by electronic means.

Information regarding the 2022 Annual General Meeting of Shareholders is published on the corporate website www.grupbancsabadell.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 Annual General Meeting, the Board of Directors is the highest decision-making body of the Bank 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 - Regulation of the Board”), and it conforms to best practices in the area of corporate governance.

At its meeting of 26 May 2022, the Board of Directors appointed Laura González Molero as an Independent Director to replace José Ramón Martínez Sufrategui. Having received the corresponding regulatory authorisations, Laura González Molero accepted the role on 19 September 2022.

The composition of the Board of Directors as at 31 December 2022 is as follows:

Composition of the Board of Directors at 31 December 2022

Chair

Josep Oliu Creus

Deputy Chairman

Pedro Fontana García

Sabadell Group CEO

César González-Bueno Mayer

Lead Independent Director

Anthony Frank Elliott Ball

Female director

Aurora Catá Sala

María José García Beato

Mireya Giné Torrens

Laura González Molero

Alicia Reyes Revuelta

Director

Luis Deulofeu Fuguet

George Donald Johnston III

David Martínez Guzmán

José Manuel Martínez Martínez

Manuel Valls Morató

Director-General Manager

David Vegara Figueras

Non-Director Secretary

Miquel Roca i Junyent

Non-Director Deputy Secretary

Gonzalo Baretino Coloma

As at 31 December 2022, the Board of Directors is formed by fifteen members: its Chairman, ten Independent Directors, two Executive Directors, one Other External Director and one Proprietary Director. The composition of the Board 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 duties effectively by drawing on a depth and diversity of opinions, enabling it to operate with a level of quality and effectiveness and in a participatory way. Its members are suitably diverse in terms of competencies, professional background, origin and gender, and they have extensive experience in banking, finance, anti-money laundering & counter-terrorist financing, digital transformation & IT, insurance, risk & auditing, in regulatory affairs and the law, in academia, human resources & consultancy, responsible business & sustainability, as well as in international business. 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).

Banco Sabadell has had a competency and diversity matrix in place since 2019, which is reviewed annually by the Board of Directors. The latest review was carried out on 29 September 2022, in light of the changes that took place within the Board of Directors. The diversity of the Board of Directors increased in 2022 in terms of the gender of its members and the knowledge, skills and experience they bring, which have been reinforced in the following areas: retail and corporate banking, financial and capital markets, risk management and control, governance, anti-money laundering and counter-terrorist financing, responsible business and sustainability, international experience, consultancy, regulatory and supervisory bodies, communications and institutional relations.

The Director Selection Policy of Banco Sabadell of 25 February 2016 (most recently amended on 29 September 2022) sets out the principles and criteria to be taken into account in the selection processes and, consequently, in the assessment of the initial and ongoing suitability of Board members, as well as the reappointment of members of this administrative body to ensure their appropriate succession, the continuity of the Board of Directors and its collective suitability.

The process to select candidates for Directorships and to reappoint existing Directors is governed by the principle of diversity, fostering diversity within the Board of Directors so that its composition reflects a diverse collective, and ensuring that the selected members bring a wide range of qualities and competencies to provide diverse points of view and experience, and to promote independent opinions and sound decision-making within the Board of Directors.

The Board of Directors should ensure that the procedures to select its members apply the principle of diversity and that they promote diversity with respect to issues such as age, gender, disability, geographical provenance, or professional training and experience, and other aspects

that may be deemed appropriate to ensure a suitable and diverse composition of the Board of Directors. Those procedures should be free of any implicit bias that might lead to discrimination and, in particular, they should facilitate the selection of female directors so that a balanced presence of women and men on the Board may be achieved.

The appointment of Independent Director Laura González Molero increases female representation on the Board and brings different and complementary abilities to those already existing in the Board of Directors. As at year-end 2022, there were five female Directors, including four female Independent Directors out of a total of ten Independent Directors and one female "Other External" Director. Women represent 33% of the Board of Directors, fulfilling the Bank's commitment as set out in Sabadell's Commitment to Sustainability for the financial year 2022. They represent 40% of Independent Directors in line with the proposal of the Directive of the European Parliament and of the Council on improving the gender balance among non-executive directors of listed companies and related measures.

The Board of Directors has a Lead Independent Director who, in accordance with the Articles of Association, may request meetings of the Board of Directors, request the inclusion of new items on the agenda, coordinate and assemble Non-Executive Directors, articulate the opinions of External Directors and manage, as applicable, the regular assessment of the Chairman of the Board of Directors. The Lead Independent Director also coordinates the Succession Plan for the Chairman and CEO approved in 2016 and updated in January 2022 and, in practice, chairs any meetings with investors or proxy advisors.

To ensure a better and more diligent performance of its general supervisory duties, the Board of Directors is bound to directly exercise the responsibilities established under law, including:

- those that derive from generally applicable good corporate governance rules;
- approving the company's general strategy;
- appointing and, as necessary, removing directors of the various subsidiaries;
- identifying the company's main risks and implementing and monitoring suitable internal control and reporting systems;
- setting policies 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 Directors and significant shareholders which might present conflicts of interests; and
- generally, deciding on business or financial transactions that are of particular importance for the company.

Board Committees

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

- The Board Strategy and Sustainability Committee.
- The Delegated Credit Committee.
- The Board Audit and Control Committee.
- The Board Appointments and Corporate Governance Committee.
- The Board Remuneration Committee.
- The Board 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 Regulations of the Board of Directors.

The Board Committees have sufficient resources to perform their duties, 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 remit.

At its meeting of 29 September 2022, the Board of Directors approved the appointment of Laura González Molero as a voting member of the Board Audit and Control Committee and as voting member of the Board Remuneration Committee, replacing José Ramón Martínez Sufregui.

The composition and number of meetings of these Board committees as at 31 December 2022 are shown in the table below:

Composition of the committees

Position	Strategy and Sustainability	Delegated Credit	Audit and Control	Appointments & Corporate Governance	Remuneration	Board Risk
Chair	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	Laura González Molero	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	Laura González Molero	Manuel Valls Morató
Member	César González-Bueno Mayer (*)	Alicia Reyes Revuelta	—	—	—	—
Member	José Manuel Martínez Martínez	—	—	—	—	—
Secretary non-member	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 2022	13	41	11	11	9	15

(*) Member for strategy matters only.

Board Strategy and Sustainability Committee

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

In relation to strategy, the Board Committee's main responsibilities are to evaluate and propose to the Board of Directors strategies for the company's business growth, development, diversification or transformation, and to inform and advise the Board of Directors in matters related to the company's long-term strategy, identifying new opportunities to create value and bringing corporate strategy proposals to the Board's attention in relation to new investment or divestment opportunities, financial transactions with a material accounting impact, and relevant technological transformations. It also studies and puts forward recommendations and improvements to the strategic plans and updated versions that may be brought before the Board of Directors at any time, and it issues and submits to the Board an annual report setting out the proposals, assessments, studies and work carried out during the year.

In the area of sustainability, the Board 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 Board Audit and Control Committee and its subsequent sign-off by the Board of Directors; and receive information relating to reports, letters or communications from external supervisory bodies within the scope of this Board Committee's competencies.

Delegated Credit Committee

The main duties of the Delegated Credit Committee, which is formed by five Directors, one Executive, one Other External and three Independent Directors, 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 matters within its sphere of competence that may be required of it by the Board of Directors. Additionally, it shall be responsible for all duties ascribed to it by Law, the Articles of Association and the Regulations of the Board of Directors.

Board Audit and Control Committee

The Board 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 functions are 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 interim financial statements, liaise with external auditors, 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.

Board Appointments and Corporate Governance Committee

The main responsibilities of the Board Appointments and Corporate Governance Committee, of which four Independent Directors are members, are 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; to submit proposals for the appointment of Independent Directors and report on proposals for the appointment of the remaining Directors; to report on proposals for 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 CEO of the Bank and, if appropriate, make proposals to the Board to ensure that such succession takes place in an orderly and planned manner. The Board Committee should also set a target for representation of the under-represented gender on the Board and produce guidelines on how to achieve that target.

In matters related to Corporate Governance, it is responsible for informing the Board of Directors of the Bank's corporate policies and internal regulations, unless they fall within the remit of other Board Committees; supervising compliance with the company's corporate governance rules, except for those that fall within the remit of other Board Committees; reporting to the Board of Directors on the Annual Corporate Governance Report for its approval and annual publication; supervising, within its sphere of competence, the Bank's communications with shareholders and investors, proxy advisors and other stakeholders, and reporting to the Board of Directors on these communications; and any other actions that may be necessary to ensure good corporate governance in all of the Bank's activities.

Board Remuneration Committee

Made up of four Independent Directors, the main responsibilities of the Board Remuneration Committee are to put forward proposals to the Board of Directors on the remuneration policy for Directors and General Managers, as well as on individual remuneration and other contractual conditions of Executive Directors, and to ensure compliance therewith. Additionally, it provides information for the Annual Report on Directors' Remuneration and reviews the general principles concerning remuneration and the remuneration schemes applicable to all employees, ensuring transparency in remuneration matters.

Board Risk Committee

The main functions of the Board Risk Committee, which comprises four 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 full Board on the performance of its duties, in accordance with the law, the Articles of Association, the Regulations of the Board of Directors and the Board Committee's own terms of reference.

Chairman of the Bank

Article 55 of the Articles of Association stipulates that the Chairman shall perform his duties as a non-Executive Director. The Chairman is the Bank's highest representative and is entrusted with the rights and obligations inherent to such representation. The Chairman, through the performance of his duties, is ultimately responsible for the effective operation of the Board of Directors and, as such, he represents the Bank in all matters and signs on its behalf, convenes and chairs meetings of the Board of Directors, sets the meeting agenda, leads discussions and deliberations during Board meetings and ensures the fulfilment of the motions adopted by the Board of Directors.

Chief Executive Officer (CEO)

Pursuant to Article 56 of the Articles of Association, the Chief Executive Officer has primary responsibility for managing and directing the business, and represents the Bank in the absence of the Chairman. The Board of Directors may also permanently delegate to the Chief Executive Officer any powers that may be legally delegated as it sees fit.

Control Units

The Internal Audit Division and the Risk Control and Regulation Division have access to and report directly to the Board of Directors and its Committees, specifically, to the Board Audit and Control Committee and the 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 form part of this Directors' Report, on the website of the National Securities Market Commission and on Banco Sabadell's corporate website www.grupbancsabadell.com.

Customers

At times of socio-economic change, as we are experiencing now, Banco Sabadell sees the customer experience as the differentiation lever that gives it a sustainable competitive advantage.

In that respect, the Bank works to offer products and services that adapt to the customer's needs, thus adopting a customer-centric approach, offering a wide range of products for each type of customer. This year, the Bank has focused on communication, striving for clearer and more easily understood messages, and on the introduction of relationship models that are more specialised and fine-tuned to current customer needs and that can facilitate customers' day-to-day interactions with Banco Sabadell.

Understanding the customer at all times during their relationship with Banco Sabadell is key. To achieve this,

new methodologies are constantly being developed to enable the Bank to listen to the customer, to measure and assess the main reasons for customer 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.

These methodologies allow the Bank to transform and adapt processes, making them more customer-centric so as to improve customer experience.

Measuring customer experience

To measure customer experience, Banco Sabadell 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.

— Defining the value propositions specific to each type of customer.

Qualitative analysis

With the aim of better understanding the customer environment and the customers within it, Banco Sabadell carries out a number of qualitative studies and research using different methodologies. The goals of this process include:

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

The techniques 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 analysis

Banco Sabadell 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 decision-making, so as to make meaningful improvements.

1. Net Promoter Score (NPS)

The Net Promoter Score (NPS), considered to be the key market benchmark for measuring customer experience, enables Banco Sabadell to compare its performance to that of its competitors and even that of companies in other industries, at both the domestic and international levels. The NPS is measured in the main customer segments, products and relationship channels.

Banco Sabadell Spain data

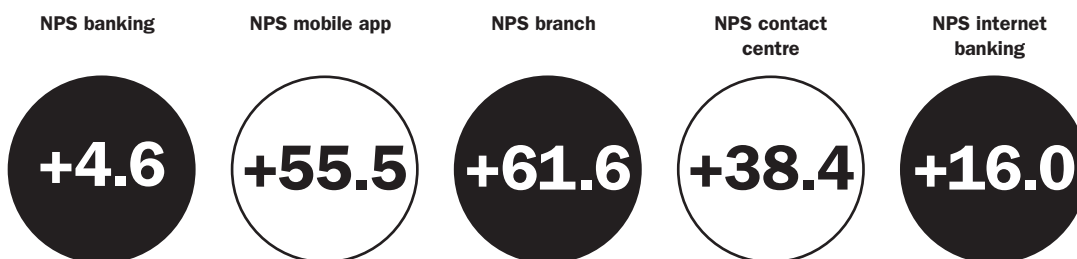
Posición ranking



Source: Accenture benchmarking of major Spanish financial institutions (2022 data).

In light of digital transformation, the measurement of customer satisfaction through digital channels has become more important. The NPS of the app for the retail segment is 40%.

TSB data



Source: Internal NPS tracking studies, December 2022 13-Week Rolling score.

The results obtained in 2022 show a positive trend in customer satisfaction in relation to the use of the channels.

Stemming from the focus on always offering the best possible experience to each customer group, one of the Bank's objectives is to continuously improve our NPS, both in terms of KPIs and in terms of our position relative to other banks.

2. Satisfaction surveys

At present, there are a number of different indicators related to customer experience, some closer to the conventional concept of customer satisfaction and others that incorporate more emotive aspects.

The overall customer experience measurement and management model of Banco Sabadell Spain is based on different indicators obtained from around 700,000 surveys and at more than 20 touch points. The results of the various surveys enable the Bank to ascertain the level of satisfaction of its customers and to identify areas where specific processes and contact channels could be improved. For each of these surveys, the Bank sets itself quality targets and monitors the results continuously.

In a multi-channel environment, the surveys related

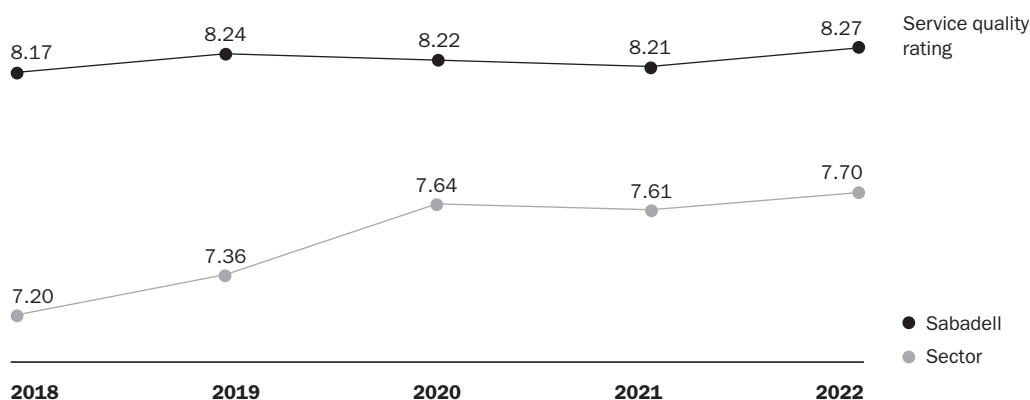
to specialised customer service, both in branches and in the digital sphere, are becoming increasingly relevant. For Banco Sabadell, the use of digital channels has reached a significant point, and this is precisely why the Bank has focused its efforts on the measurement of customer satisfaction and improvement of the customer experience with BSOonline Particulares for individuals, BSOonline Empresas for businesses, the mobile app, etc. In particular, we note the outstanding results of the call centre, which has seen an improvement of more than 6% in its rating over the last year, bringing the rating for customer care from managers above +8.9.

3. Branch quality surveys

In addition to analysing customer perceptions, Banco Sabadell carries out objective studies using techniques such as 'Mystery Shopping', whereby an independent consultant performs a pseudo-purchase to gauge the quality of service and the commercial approach applied by the sales team to potential customers.

EQUOS RCB (Stiga), the benchmark survey of service quality in Spanish financial institutions, is conducted using the Mystery Shopping technique.

Banco Sabadell ranks among the leading players and continues to maintain a quality differential with respect to the sector.



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 regulations was approved by the Bank of Spain in June 2021.

In accordance with its terms of reference, Banco Sabadell's SAC handles complaints and claims received from customers and users of Banco Sabadell's financial services and those of the institutions associated with it: BanSabadell Financiación, E.F.C., S.A.U., 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 lines in order to ensure its decision-making 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 regard. The Banco Sabadell regulations for the protection of customers and users of financial services ensure compliance with the above-mentioned requirements.

In 2022, 41,887 complaints and claims were received: 38,726 in the Customer Care Service (SAC), 2,547 through the Customer Ombudsman, 579 through the Bank of Spain and 35 through the CNMV. A total of 31,191

complaints have been accepted and resolved; a further 10,141 were not accepted for processing as they did not meet the requirements set forth in the regulations.

See Note 42 to the 2022 consolidated annual financial statements for further details.

Multi-channel strategy

Banco Sabadell has a fully consolidated multi-channel strategy, which combines the best of the digital world with enhanced specialisation and value-added personal relations. This makes it possible to forge a relationship with the customer that is tailored to their real needs and built on trust and expertise. In this way, a winning combination is achieved to give customers optimal service, as they can operate through digital channels for daily banking (BSOnline, BSMóvil, Direct Branch, social networks, ATM network) and use face-to-face channels for specialist advice (national and international branch network).

Digitisation and the continuous provision of new capabilities on digital channels, incorporating new functionalities to operate and apply for products and services remotely, has been key to achieving this, as has the deployment of specialists throughout the branch network.

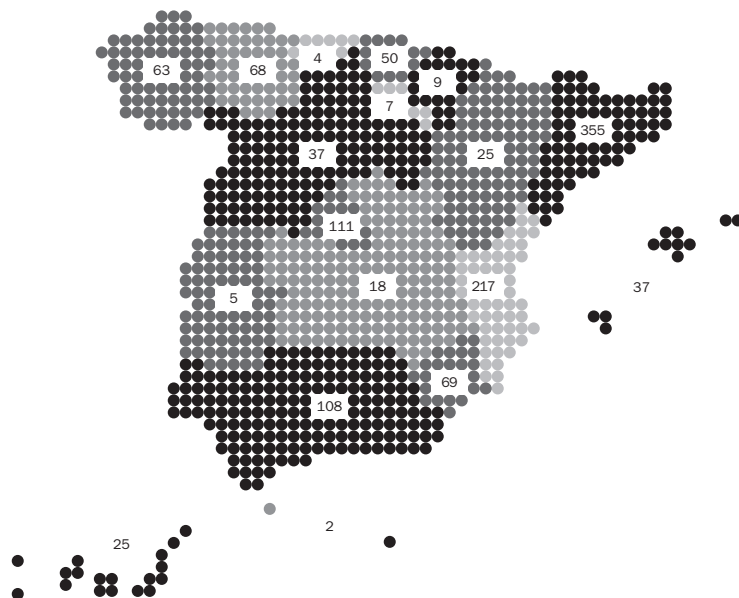
Branch network

Banco Sabadell ended 2022 with a network of 1,461 branches (220 TSB branches), indicating a net reduction of 132 branches with respect to 31 December 2021.

Of the total Banco Sabadell and Group branch network, 903 branches operate under the Sabadell brand (including 25 business banking branches and 2 corporate banking branches); 63 as SabadellGallego (including 3

business branches); 85 under the SabadellHerrero brand in Asturias and León (3 business banking branches); 63 as SabadellGuipuzcoano (5 business banking branches); 11 as SabadellUrquijo; 85 branches under the Solbank brand; and 251 offices that make up the international network, of which 220 are in TSB and 15 in Mexico.

Number of branches by autonomous community



Banco Sabadell in the world



- **Subsidiaries and Investees**
 Mexico DF (Mexico)
 London (United Kingdom)
- **Branches**
 Miami (USA)
 Paris (France)
 Casablanca (Morocco)
 Lisbon (Portugal)
 London (UK)
- **Representative Offices**
 Alger (Algeria)
 Beijing (China)
 Bogotá (Colombia)
 Dubai (UAE)
- **Representative Offices**
 New York (USA)
 New Delhi (India)
 Lima (Peru)
 Santo Domingo (DR)
- **Representative Offices**
 Singapore (Singapore)
 Istanbul (Turkey)

ATM network

The number of ATMs in the self-service network in Spain as at 31 December 2022 is 2,561, comprising 1,741 in-branch ATMs and 820 out-of-branch ATMs. In 2021, the number of ATMs has decreased by 4% due to branch closures and application of the new ATM model defined in 2021.

In terms of ATM transactions carried out in 2022, the downward trend observed the year before continued. A total of 84 million transactions were carried out, indicating a 4% reduction in the total number of ATM transactions.

A change in customer behaviour has been observed over the past year, with the number of transactions carried out at ATMs decreasing, while the value of such transactions has been increasing.

In terms of the most common types of transactions, namely deposits and withdrawals of cash, in both cases similar volumes to those of the previous year were recorded, but in terms of transaction amounts, these increased by 7.5% and by 2%, respectively.

In 2022, efforts were focused on continuously improving the overall availability of the ATM network and enhancing customer experience.

In particular, approximately 540 ATMs were overhauled in 2022, providing an opportunity to standardise functionalities across the ATM network. Other initiatives in the year included the implementation of cash recycling, the introduction of dynamic drawers that allow the type of banknotes available at each ATM to be customised

according to needs, a new distribution of ATM drawers to increase the capacity of the deposit-taking drawers, the availability of ATMs and, lastly, the introduction of the new option to send a transaction receipt, and receipts for BSO/BSM transactions, via email.

BSOnline and BSMóvil

In 2022, the ratio of digital retail customers reached 59.7%, increasing by 3.4 percentage points relative to the previous year.

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

In 2022, the Bank continued to develop new digital capabilities to offer customers a better service through the website and the app. Both have helped to improve customer experience, boost digital sales and achieve the strategic plan targets.

BSOnline (bancosabadell.com website)

Although more digital customers use the Banco Sabadell app, visits to the BSOonline website and the frequency of BSOonline use have remained the same. The customer website maintains an average of 6 million logins per month, and is used predominantly for banking operations and transactions.

In BSOonline Empresas for businesses, improvements have been introduced in terms of ease-of-use and the transactionality and percentage of users who connect on a daily basis have increased.

The main new features introduced this year are:

- New browsing pathways achieved through a welcome page and more intuitive and functional menus.
- New interfaces to facilitate day-to-day financial management (e.g. display and management of files, management of PoS invoices and remittances, requests for and management of pre-booked appointments, etc.).
- The expansion of the digital offering (e.g. new line of payments for financing needs).

The award received from *Global Finance* magazine, which considers the Banco Sabadell website for business customers as the best in Europe, is also noteworthy.

New features of note in BSOOnline

Particulars for individuals are the new functionalities launched, which have increased digital sales, and the adoption of new online operations related to financial products.

- In mortgages, as part of the plan to develop tools to facilitate remote mortgage applications, an online mortgage simulator and a new mortgages portal have been developed, giving customers an initial benchmark offer (instalments, terms, initial down payment, etc.) for mortgage applications and their subsequent approval, with no need to visit a branch.
- With regard to loans, the Bank continues to improve the pre-approved digital loan offering, increasing the amount that customers can request online without paperwork and without needing to visit a branch, thereby achieving a year-on-year increase of +36% in loans taken out online.
- The latest innovation in payment methods for the 100% online application process is the immediate card issue feature; now customers are offered the option of using the card from the moment of digital request, without having to wait for receipt of the physical card.

Growing adoption and usage of BSMóvil

This year work has been carried out to improve the customer experience for individuals using the app. By listening carefully to their suggestions we have incorporated improvements in usability and have significantly improved the app's stability and performance.

All this has contributed to more widespread adoption of the Banco Sabadell app by users, with an increasing trend of individuals using the app, who now number 2.3 million.

Frequency of access has increased by 3% compared with the previous year, with an average of 20.5 monthly logins per customer in the retail segment.

All of the aforementioned new features on the website are also available in the app. We should also highlight the growth of Bizum: use is up by 20% relative to the previous year and is 0.8 percentage points above the market rate. The launch of Google Pay has allowed customers to use Google Wallet to activate Banco Sabadell cards and they can pay using their mobile devices instead of doing so through the near-field communication (NFC) facility, enabling the migration of customers who currently use this service to Google Pay or Samsung Pay and achieving this objective of simplifying mobile payment services, as well as extending their use to wearable devices.

In the process of making improvements and listening to customers, the opportunity has been identified to incorporate all of the Sabadell Wallet operations in the main app, thereby improving and simplifying the digital experience. Now with a single app customers can send or receive money via Bizum, use Instant Money (a service that allows cardless cash pick-up at an ATM by simply using a 6-digit keycode) or block their card if they suspect it has been stolen or lost.

In the business segment, the use of BSMóvil Empresas has stepped up a gear, with year-on-year growth of 20% in the number of logins in 2022.

The most noteworthy improvements include:
 – Easier access between BSMóvil Particulares (retail app) and BSMóvil Empresas (business app) for more

than 150,000 customers with different user profiles.
 – The new functionality to sign multiple files from the app.

Digital onboarding

A major area of progress this year: the launch of the digital onboarding process.

This process allows potential customers to register as a Banco Sabadell customer and open an account, completely digitally, marking the beginning of a new way of interacting with our customers. In addition, the new Sabadell Online Account allows the Bank to position itself as a benchmark in retail banking as it is 100% free and digital.

Direct Branch

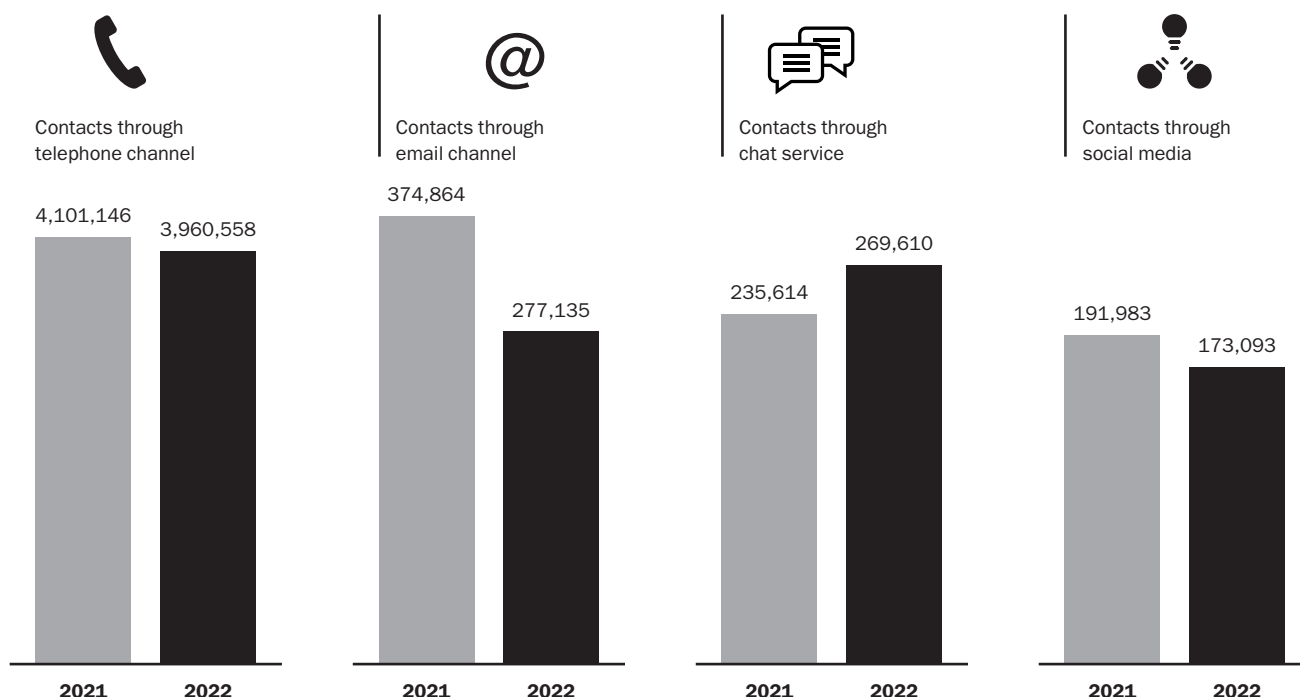
During 2022, Direct Branch contacts decreased by 4% compared to those recorded in 2021, and numbered 4.6 million.

The service channel that has experienced the greatest growth this year has been the chat feature. Telephone consultations accounted for 85% of total contacts across all channels, followed by e-mail, chat and social media. The graph below shows the contacts recorded, by channel.

As regards service levels, the Service Level Agreement (SLA) percentage for telephone enquiries was above 93%,

followed by the SLA for chat at 98% and the SLA for the e-mail channel at 85%. Banco Sabadell received over 173,000 mentions in social media, and the SLA was 98%. Highlights of 2022:

- Creation of the customer care service for senior and vulnerable customers in February, with its own telephone number and a specific procedure adapted to the customer profile.
- The launch of the new online account aimed at attracting digital customers.
- The introduction and development of the virtual assistant, which has led to reduced use of the telephone channel and has boosted the use of the chat feature in self-service.
- Improvement of procedures to provide Direct Branch with greater autonomy, more capacity for remote resolution and improved quality, whilst reducing the number of referrals to a branch.



Social media

Through social media Banco Sabadell aims to get to know digital customers and their needs, listen to their suggestions, and analyse how best to serve them. Banco Sabadell currently has a presence in five social media channels: Twitter, Facebook, LinkedIn, YouTube and Instagram, with 20 different profiles at the 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 24/7, both for handling banking queries and for broadcasting institutional and business messages, marketing campaigns and general interest messages.

Banco Sabadell currently has approximately 600,000 followers. Nearly 300,000 mentions of the brand were monitored or handled in 2022.

A key success factor is continuous tracking and monitoring of interactions with followers and customers. One of the most noteworthy KPIs in reports on social media positioning is the response rate, in which Banco Sabadell has a very high score. Social media are used to announce and webcast a large number of sponsored events and other initiatives in which we play an active role, and those that took place through digital platforms became particularly important this year. They include results presentations, the Annual General Meeting, the Barcelona Open Banc Sabadell Trofeo Conde de Godó tennis tournament, a superb example of digital coverage, as well as the South Summit and the Banco Sabadell Foundation research awards.

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

The Bank continues to expand its digital presence in fast-growing channels such as Instagram and LinkedIn, and continues with its segment-based specialisation through profiles related to such areas as the press (@SabadellPrensa, @SabadellPrensa and @Sabadell-Press), 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

In line with the new Strategic Plan presented in 2021, the digital transformation priorities are focused on improving customer experience in terms of both product offerings and quality of service received.

To that end, efforts have focused on the continuous development of digital onboarding through the improvement of the value proposition and contractual simplification, on expanding the card offer and online card application process, providing a digital loan and improving pre-approved loans, launching a digital mortgage platform, and on performing a thorough overhaul of the browsing experience and adding new functionalities in BSOOnline Empresas for businesses.

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 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 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 and 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: designing, implementing and delivering key business projects for the Group.

Main deliveries in 2022

InnoCells contributed to Banco Sabadell's digital offer and to improving 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 customers' user experience are:

Daily banking – Continuous improvement

Activation of the first three streams of the daily banking application, which continues to improve the perception of the Bank among customers in the online sphere, with high-impact initiatives in the areas and operations used most recurrently and those receiving more visits in our digital channels, especially BSMóvil. The Bank is thereby succeeding in reducing the digital gap and managing to make the experience of digital users as good as or better than in a bricks-and-mortar branch:

- Speed up: a stream focused on accelerating the continuous delivery of improvements to the customer experience in BSMóvil.
- Operations and access: a stream focused on improving the customer journey to access the app and carry out the most frequent transactions in BSMóvil.
- Digitisation: a stream aimed at improving the rate of our customers' digitisation.

Digital onboarding

Onboarding potential customers is a gateway to the sale of other products available in the Banco Sabadell portfolio. This project involves the implementation of digital onboarding capacity for new customers. Following the first phase, it is now possible for customers to:

- Register immediately through a 100% digital process.
- Sign up for the “digital package”: Expansión Digital account, Expansión Savings account, debit card and remote banking.
- Receive simplified legal acceptance and contract documentation.
- Gain access to the account, card and app in minutes (SLA: in one hour max).

Rollout of the mutual fund holders platform

At its current phase, this consists mainly of transferring all mutual funds distribution operations from the current mutual funds platform to the securities platform. Firstly, the access points for subscribing any type of mutual fund have been unified, and the sale of third-party funds has been enabled.

Rollout of the support portal for documentation provision and follow-up (customer/manager)

A simulation platform has been rolled out, together with a documentation upload function and a feature to follow up with customers showing interest in mortgage products.

This platform pre-filters leads, transferring the lead to CRM via the campaigns manager. Once in CRM, and based on the current “Digital Leads” solution, Banco Sabadell will apply a management strategy to those leads based on the capacities of existing Sales & Marketing tools, so that they will be managed in an organised and efficient manner in direct management, avoiding any wastage of leads due to ineffective follow-up.

The Direct Management managers can use the new platform for follow-up purposes, to contact the customer (by chat, email, push notifications, wall posts) and even to compile the different documents needed to initiate the usual internal mortgage process.

Reactive digital loan

This is one of the Institution's pivotal projects, as the objective is to provide retail customers with self-service capabilities in the consumer loan product segment, aiming for a 100% digital customer experience using the website and the app. The plan is to roll it out to customers during the first quarter.

Adobe Target in digital processes

Content customisation in line with the customer's profile in the digital channel is key to improving transaction conversion rates. This project incorporates the integration of the Adobe Target application in BSMóvil, providing the ability to apply changes in the content displayed to the customer, independently and without requiring changes to be applied by the technology division.

New Sabadell online account

Banco Sabadell continues to pursue the implementation of its new digital offering, which will be a multi-product offer comprising a current account, the Expansión savings account, mutual funds, securities, a debit card and pre-approved card credit, and the Expansión credit line.

Immediate card activation

The aim is to enable cards to be applied for, generated and activated immediately through instant selling (self-service) following signing of documentation.

This project has been prioritised in the Strategic Plan for retail customers and its current scope involves:

- Creating a catalogue to make it easier for customers to become familiar with and compare Banco Sabadell products and to highlight the cards recommended for each customer.

- Enabling the application for debit and credit cards by retail customers, for sole account holders, through our digital channels.
- Allowing the immediate activation of cards for use in secure e-commerce and XPay transactions, without having to wait for receipt of the physical card.
- Defining and establishing the experience and detailed functional design of expansions of scope and subsequent phases.

Bizum in BSMóvil

The project takes the services and operations available up to now in BSWallet and brings them together in BSMóvil, so that day-to-day banking can be managed using a single app. The migration of mobile payments through near-field communication (NFC) is not within the scope of this project, but it will be implemented in the first half of the current year.

- All Bizum operations are included (onboarding, portability, calendar, money transfers, single and multiple requests, QR Bizum Payment and access to Bizum keycode for eCommerce).
- Instant Money 2.0
- Cards (see PIN, activate/deactivate cards, sign up for Apple Pay, block card, see payments, etc.)

With regard to Business Banking and Network, Global Finance magazine selected Banco Sabadell's Business Banking website as the best in Europe in 2022. Some recent examples of projects with a significant customer impact are:

BSMóvil dual login

The aim of the initiative is to facilitate the identification of customers that have two profiles (BSMóvil for individuals and BSMóvil for businesses). Users that have signed up with biometrics can access both profiles through the app.

Redesign of the home page of BSOonline Empresas for businesses

New, more useful and functional home page for BSOonline Empresas for businesses. The ease-of-use and user experience is being improved to enable the display of information of interest to the customer directly from the home page.

Online Payments Line

The purpose of the project is to provide a new drawdown facility in BSOonline. Business customers that have an active payments line will be able to use the credit line to meet their day-to-day needs: payments of taxes, salaries and suppliers.

New browsing facility in BSOonline Empresas for businesses

We continue to improve the browser and menus in BSOonline Empresas for businesses, making it easier for customers to find the operations they need.

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, focusing mainly on the Fintech ecosystem), as well as participation in projects framed within the strategic line of Financing.

The following are particularly noteworthy:

- Participation in the Request for Proposal (RFP) for a solution for the loyalty and rewards system, with a system related to payments in member stores (analysing solutions such as Triple), offering added value to both retail and business customers of the Bank.
- Analysis and creation of a proposal for the development of the savings system and automatic rules to accelerate it, through value propositions such as Coinscrap, analysing different integration systems that have already been developed in other institutions.
- Full leverage of the Group's assets, such as the rollout of a customer acquisition campaign for Sabadell Consumer Finance to offer InstantCredit to current customers of Banco Sabadell.
- Analysis and participation in the RFP for the "financial move" service, inviting customers who access the Institution via the digital onboarding route to complete the value proposition by transferring the direct debits, salary payments, etc., that they have with their current bank to Banco Sabadell, thereby creating a valued customer from the outset. The final solution (analysed with third parties such as Finleap) will ultimately be approached through internal development, with a proposal to leverage and build on Banco Sabadell's existing capabilities.
- Creation of a framework for collaboration with third parties that will facilitate decision-making on market proposals based on a series of relevant factors, such as strategic alignment, business fit, costs and implementation lead times.
- Participation in the Proof of Concept (POC) for the digital euro, with the support of Spanish financial infrastructure players (Iberpay, Redsys and Bizum) and the main Spanish banks. The aim is to carry out an in-depth analysis of the technical, operational and business implications that its market entry would involve, and how it would co-exist with the digital payment instruments currently used by European citizens.
- Orchestration and active collaboration in two projects launched by the strategic line of Financing (ongoing):
 - Reactive Digital Loan: Management and rollout of the first phases of the project and activation of Family&Friends, prior to rollout to customers.

- Sabadell Consumer Finance – Instant Credit: Implementation of the project, according to scope, underpinned by three key pillars: evolution of the InstantCredit digital journey, balancing capacity to obtain an omni-channel GlobalCredit solution, and improvement of risk models for transaction approval processes.

The initiative was recognised in the Forbes innovation awards.

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, such as SouthSummit, 4YFN, webinars, etc.) and a specific portal is available (www.partnerships.innocells.io) to centralise and receive value propositions that may be of interest to the Group in an orderly fashion. In 2022 more than 20 contacts were managed.

New work model

In 2020, SmartWork was created, stemming from the need to create a different work model adapted to the prevailing environment and that would prepare Banco Sabadell to continue growing in the future. In 2022, this developed into SmartWork 2.0, a new blended work model suited to the current environment, with new tools (Office 365) and new capabilities (mobile, WiFi, etc.).

To support the workforce in their adoption of this model and help them learn to take advantage of the best of both worlds (on-site and remote), a series of differential actions impacting working arrangements, technology, equality and well-being have been implemented. These actions include, among others:

- More technology, to enable staff to work even more efficiently, with tools such as the SmartApp, new screens, and new smartphones or Office 365 accessible from all environments.
- Training support with live events (start of the new season of SmartBreaks) and training courses (e.g. inclusive leadership).
- Digital spaces, such as the SmartSite or the Equality and Diversity Space, where employees can find comprehensive information about the model.
- Health and well-being, with initiatives that have an impact on people's health, such as Reto Yoga 21 Días (21-Day Yoga Challenge) and the cycle of health conferences held in collaboration with Sanitas.

The work environment in the branch network has been upgraded, with technology and processes that increase efficiency and that better connect the Bank with its customers.