

Ordinary General Meeting of Shareholders

Sabadell, 31 March 2016

Speech by CEO, Mr Jaime Guardiola

Good afternoon, ladies and gentlemen,

The Chairman has already explained the general context in which the bank has carried out its activities in 2015, and has indicated the main strategic actions that have taken place. Now, I shall explain how these actions and activities have been managed within this context, and how the different businesses of the group have changed over the last year, and the results that we have obtained.

In 2015, Banco Sabadell has focused on its road map, the 2014-2016 Triple plan and its three main pillars: profitability, transformation and internationalisation.

In terms of the first pillar of the Triple plan, profitability, we should highlight the consistent growth, throughout the implementation of the plan, of the income from the banking business, that is, the income obtained from the net interest income and the net fees and commissions received.

This growth has been influenced by the reduced cost of customer deposits and wholesale funding, but credit has also contributed significantly.

In December 2015, the bank's loans, excluding NPLs and TSB's contributions, already marked a turning point, increasing by 2.1% compared with the figures at the end of 2014.

These factors, together with the rigorous management of credit prices and the efforts made in terms of retaining customer loyalty, have been determining factors for the positive behaviour of our banking business.

I would like to emphasise that in the current environment of reduced interest rates, there is a lot of pressure on us and our activity, which makes our consistent income growth even more significant.

The second pillar of the Triple plan is a three-way transformation: balance sheet transformation, production model transformation and commercial transformation.

When we discuss the yearly figures later on, I will comment on the positive results obtained in terms of the balance sheet transformation, in which non-performing loans were reduced by over 3.5 billion euros, and also in terms of the production model, as administrative activities were further industrialised and transferred to operational centres.

The accumulation of tasks led to synergy creation and freed up time in our branches, resulting in improved efficiency and a greater focus on service quality.

I would now like to discuss the third pillar, commercial transformation, in more detail.

At the end of the year, nearly 1.8 million Sabadell customers used the bank's website, and over 1.15 million used their mobile phones to access their accounts. These figures have risen by 16.5% and 41.5% respectively, since the beginning of the Triple plan.

These figures clearly demonstrate the effect that technological developments are having on banking activities.

In this rapidly changing environment, Sabadell is a leading banking institution in terms of innovation, bringing improved digital capacities within reach of its customers, and always placing customers at the centre of the relationship. The customer chooses how and where to bank. We summarise this in four words: “there, wherever you are”.

I will complete this overview of the execution of the Triple plan by commenting on its third pillar: internationalisation.

Without a doubt, as the Chairman has explained, the most significant event in 2015 was the acquisition of TSB in the United Kingdom.

TSB is one of the largest challenger Banks in the United Kingdom, with 614 branches, 8,224 employees and 4.8 million customers. TSB is a solid franchise, with a well-respected brand and an efficient management team and workforce.

It develops its retail business in the United Kingdom on the basis of three strategic pillars: provide great banking to more people, help more people borrow well, and provide the kind of banking people want and deserve.

In 2015, 6.8% of the customers who opened a new account, or who changed banks in the United Kingdom, chose TSB.

Mortgage advances reached 4.8 billion pounds, more than three times the amount in 2014. The franchise's loans and advances increased by 2.3 billion pounds, 53.3% above the target set for the year.

The excellent perception of TSB is also worthy of mention, with a net promoter score that practically doubled in 2015.

Our strategy for TSB is to accelerate its growth using the three levers that make Sabadell a benchmark institution: migration onto the bank's technological platform, costs synergies, an enhanced product offering and the development of business banking.

Other milestones were also reached in 2015 in Banco Sabadell's internationalisation. We obtained a licence to operate as a commercial bank in Mexico. We acquired 4.99% of GNB Sudameris bank in Colombia, and we opened representative offices in Bogota and Lima.

This international expansion has led to the diversification of the group's balance sheet. At the end of 2015, 27% of the group's credit portfolio is in the United Kingdom, and another 5% is in the Americas. In other words, 32% of our credit portfolio is located outside Spain, amply exceeding the target indicated in the Triple plan of having 10% of credit outside of Spain by 2016.

Balance sheet

Having completed this brief overview of the execution of the second year of the Triple plan, I will now share with you the balance sheet figures.

The year-on-year comparison of the data that I will share with you includes the impact, in accounting terms, of TSB's balances and results in June 2015.

At 31 December 2015, Sabadell's total assets amounted to 208,628 million euros, a 27.7% increase compared with the balance at 2014 year-end.

Loans to customers, excluding repos, the balance of doubtful assets, deferred income and accrued expenses,

amounts to 140,368 million euros, a 37.1% increase compared with 2014 year-end.

Organic growth, excluding TSB's contribution, stands at 2.1%. As I mentioned before, this growth marked a turning point in terms of loans and credit behaviour.

On-balance sheet customer funds totalled 131,489 million euros at the end of 2015, representing a very favourable evolution compared to the 94,461 million euros at the end of the previous year, with a 39.2% increase during 2015.

The most notable year-on-year growth is sight deposits, with a 24.4% increase, which rockets to a 95.5% increase after taking into account TSB's contribution.

On the other hand, time deposits have declined during the year, in line with the downwards trend of interest rates and investors' search for other, more attractive, types of investment when looking at profitability.

This is reflected in the evolution of off-balance sheet customer funds. Under this heading, we should look particularly at assets in mutual funds, which stood at 21,427

million euros at 31 December 2015. This figure represents a 36.4% increase compared with 2014 year-end. Similarly, managed accounts rose to 4,002 million euros, a 37.1% increase over the last twelve months.

Once we included pension funds and third party insurance products, off-balance sheet funds totalled 37,381 million euros, a 23.0% increase compared with the previous year.

In short, funds under management at the end of 2015 stood at 200,355 million euros, a 31.7% increase compared with the end of 2014. Organic growth reached 5.5%.

Profit and loss statement

Having discussed the most significant items both on and off the balance sheet, I will now give an overview of the most significant aspects of the profit and loss statement.

The attributable net profit in 2015 stood at 708 million euros, 90.6% higher than in the previous year.

Aside from TSB's contribution, the growth in profits is due to the positive evolution of income from ordinary business and

our rigorous management of expenses. All this shows that the Triple plan is going smoothly and that we are on our way to achieving the ambitious profitability objectives that we set ourselves two years ago.

This leads me to the main figures that have contributed to this year's profits.

In 2015, net interest income amounted to 3,203 million euros. Organic growth compared to the previous year is already high at 17.9%, and TSB's contribution has raised this figure to 41.7%.

I would like to emphasise that TSB, in addition to this significant contribution to the increase in net interest income, has also contributed to a notable improvement in our customer spread and in our profitability as percentage of average total assets. Specifically, these have increased by 16 and 18 basis points, respectively, in the fourth quarter of the year.

Dividends and income from equity method totalled 52 million euros, a figure that is well above the 8.7 million recorded in the previous year. This increase was due to

income from insurance and pension assets, which significantly increased compared with the previous year.

Commissions amounted to 1,003 million euros. This represents a 7.4% increase compared with the previous year, and a 16.5% increase when considering fees and commissions from TSB.

In this section, we should highlight the positive trend of fees and commissions from mutual funds, pensions and insurance products, which, together, increased by 30.8% compared with 2014.

Results from financial transactions totalled 1,208 million euros. This figure, although less than the 1,764 million euros in 2014, is still remarkable.

Taking the information I have shared with you so far into account, the group's gross operating income totalled 5,478 million euros at the end of 2015, a 14.1% increase compared with the previous year.

In terms of the supervision of expenses, the bank has continued to rigorously contain and control its costs, and this has its main focus in this area.

Operating expenses, which include personnel and other general administrative expenses, increased by just 1.9% from 2014 on a like-for-like basis. After the acquisition of TSB, expenditure amounted to 2,286 million euros, a 28.9% increase compared with 2014.

The group's cost containment policies, together with the recorded increase in gross income, have resulted in an improvement in the cost to income ratio, including financial operations and net recurring exchange differences, from 53.14% in 2014 to 46.16% in 2015 on a like-for-like basis. Including TSB, the cost/income ratio stands at 50.45%.

As a consequence of everything I have mentioned to you thus far, pre-provisions income has reached 2,863 million euros, representing a year-on-year increase of 4.1%.

Total provisions and impairments totalled 2,333 million euros, which is lower than in the previous year, which saw them reach 2,500 million euros.

In particular, I would like to point out the improvement of non-performing loans. As I mentioned earlier, the reduction of non-performing loans is one of the Triple plan pillars and, in fact, the bank has been steadily reducing their balance. Specifically, in 2015 these doubtful assets have decreased by 3,566 million euros.

The group's non-performing loans ratio stands at 7.8%, a decrease of nearly five percentage points in a single year. Excluding TSB, this ratio stands at 9.9%, with a steady decline during all quarters in 2015.

I would like to end this overview of the most significant items of the profit and loss statement by mentioning that the acquisition of TSB has generated a profit with negative goodwill of 232 million euros.

Lastly, I would like to draw your attention to the core capital ratio, also known as the “Common Equity Tier 1 fully loaded ratio”. As the Chairman explained earlier, this ratio stood at 11.4% at 2015 year-end, which is a comfortable level and also above regulatory requirements.

Businesses

I will now briefly explain the most relevant characteristics of the activities of the bank's main businesses.

The group currently has five general banking business units: Commercial Banking, Markets and Private Banking, Global Corporate Banking, United Kingdom and Sabadell America. In addition, its Asset Transformation unit is responsible for the asset management business.

In 2015, volume of business from Commercial Banking customers totalled 180,769 million euros, a 1.0% increase from the previous year.

In 2015, in the corporates, businesses and public administrations segment, the bank has once again prioritised the provision of loans and credit for its production activities.

The new lending to companies has exceeded 37.3 billion euros, and pre-approved loans to self-employed, retailers and businesses totalled 4.7 billion euros.

The bank has been one of the most active institutions in terms of ICO funding for yet another year, reaching a market share of 18.9%.

I would also like to refer to BStartup, our start-up project, which aims to position the bank among the group of financial institutions that best support entrepreneurs and start-ups, with a particular focus on start-ups in the digital and technological sector. Through our BStartup 10 programme, the bank has already invested in 19 start-ups.

Another undeniably important event during 2015 was the launch of our Companies Commitment Plan. With this innovative customer relations model, the bank has taken on, in writing, a series of commitments with its customers, such as responding to their requests for funding within a maximum of seven days.

The Companies Commitment Plan cements what has traditionally been a distinctive feature of Banco Sabadell: being a reference bank for companies.

Throughout 2015, a total of 95,894 companies joined the bank as new customers. At the end of the year, 41.9% of

SMEs and 69.7% of large Spanish corporations were Sabadell customers.

In 2015, the bank has carried out intensive commercial activities in the individuals segment, as the main business data show.

New residential mortgages loans amounted to 2,443 million euros, 39.4% more than in 2014. Consumer loans taken out during 2015 totalled 749 million euros, a 65.0% increase compared with the previous year.

I would like to highlight the launch of the Expansión Mortgage and the Expansión Loan 24+24 during the year, an innovative product with a rapid response, acceptance and payment which can be fully managed through remote banking channels.

The behaviour of the payment methods business is also noteworthy. During 2015, card purchases totalled 9,274 million euros, a 15.9% increase compared with the previous year. Point of Sale turnover amounted to 18,512 million euros, 21.4% more than in 2014.

During the course of the year, 380,884 new customers have joined the bank. 70% of these new customers use us as their primary bank. We have achieved this through a competitive offering and our commitment to creating long-lasting relationships with our customers, as well as the growing awareness of the Sabadell brand in recent years.

In the same vein, marketing communication has continued to develop in 2015 with its own distinctive stamp, transmitting the professional, serious, innovative and entrepreneurial profile of Banco Sabadell.

Service quality has also continued to be a primary and distinguishing feature of the bank. STIGA, the benchmark study on the quality of banking branch networks in 2015, continues to place Sabadell as one of the leading banks on the market, significantly above the average in the sector.

In terms of the Insurance banking business, at 2015 year-end, total revenue from funds under management in insurance and pension plans amounted to 11,962 million euros, and life insurance and non-life insurance premiums totalled 462 million euros. This translates into year-on-year increases of 1.0% and 17.8% respectively.

Sabadell Consumer Finance, the group's point-of-sale consumer finance company, has completed 380,690 new transactions in 2015, more than double last year's figure. New loans amount to 478 million euros, with a 40.2% year-on-year increase.

Revenue from SabadellUrquijo Private Banking stood in excess of 25 billion euros at the end of 2015.

The number of SICAVs under management stood at 199, with a volume of 1,953 million euros, a 15.4% increase compared with December 2014.

With regards to investment management, mutual funds under management of Spanish law held by the bank's management companies amounted to 13,088 million euros at the close of 2015. This represents a 31.5% increase compared with 2014. The market share also increased from 5.11% in 2014 to 5.95% in 2015.

In terms of securities trading and custody, 2015 saw strong growth in our trading market share, which has increased

from 9.97% in 2014 to 14.65% in 2015. In fact, Banco Sabadell is now ranked as the leading bank in the market.

Loans and receivables for the Corporate Banking business, responsible for the global management of the large corporations segment, stood at 11,702 million euros in 2015, an 8.4% increase compared to the previous year.

Customer accounts stands at 6,191 million euros, 19.6% higher than in 2014.

In structured finance, Banco Sabadell is one of the leading banks in terms of creating and structuring financing operations for its customers. Revenue from structured financing operations in 2015 amounted to 5,903 million euros, a 25.0% increase compared with the previous year.

In this field, it is worth noting that more than a third of the income for 2015 originated in foreign markets.

Banco Sabadell has been a pioneer in international business, and it has traditionally held a market share that is proportionally larger than expected, given the size of the

bank. This is particularly noteworthy given the importance of international business for economic activities in Spain.

The bank's market share of export documentary credit stood at 29.79% in December 2014, according to the number of Swift transactions, but this figure was exceeded in December 2015, reaching 30.45%.

With regards to asset management, in addition to the reduction of non-performing loans that I have already mentioned, I would also like to point out that over the last twelve months, real estate sales have totalled 2,682 million euros, exceeding the targets set for that period.

Solvia, our group's subsidiary specialising in real estate, and one of the main real estate servicing platforms in Spain, has played a fundamental role in this field.

In addition to the retail commercialisation of real estate properties, Solvia also provides a full range of real estate services and is the most renowned real estate portal in Spain, as well as being the third most recognised brand in the property and construction sector in Spain, according to the IOPE ranking.

I will finish this review of the most significant events in the bank's main businesses by commenting on the development of our business in the Americas.

This business is managed from Miami, where the bank has had a full international branch since 1993 and a banking institution, Sabadell United Bank, which has 27 branches in the state of Florida and is the eighth largest local bank in terms of revenue from deposits.

The bank also has representative offices in New York, Mexico, Venezuela, Brazil, the Dominican Republic and, as I mentioned earlier, new representative offices in Colombia and Peru.

Furthermore, the bank has been developing its corporate banking and structured financing business in Mexico since 2014, through Sabadell Capital. In 2015, this subsidiary has consolidated its operations in Mexico, achieving a credit volume in excess of 1 billion dollars, more than double the figure at 2014 year-end.

In the United States, the bank has a volume of business of 16,934 million dollars, with total assets of 9,453 million dollars. This represents an increase, compared with 2014, of 16.4% and 22.7%, respectively.

End

Dear shareholders, having completed the overview of the bank's business units, please allow me to take a brief look at our past history.

In 2008, Sabadell had about 80 billion euros in total assets, fewer than 10,000 employees and just 1,980,000 customers.

In 2015, we have nearly tripled in size and employees, and we now have 11.4 million customers. The growth that we have experienced during the crisis has cemented our position as one of the leading banks in the Spanish financial system.

Today, Banco Sabadell is a large, solvent bank, but we will not stop here. The development of the franchise in the United Kingdom and the new commercial bank opened in

Mexico at the beginning of 2016 are just some of the challenges facing us.

I would like to acknowledge the loyalty and trust of all of the shareholders here today. Your trust has been vital for us to achieve the targets and objectives that we have set ourselves.

I would also like to acknowledge and thank all of the bank's directors and employees. The commitment and devotion that you show us day after day are the embodiment of professionalism.

Without the professionalism and efforts of all of our workforce, we would not have been able to achieve the positive results that I have shared with you today, and I hope that you feel they are deserving of your approval.

Thank you very much.