

Extraordinary General Meeting of Shareholders

Sabadell, 23 February 2012

Good afternoon, ladies and gentlemen shareholders,

As I have already mentioned to you, today we are holding an Extraordinary General Meeting for the purpose of submitting for your approval an agreement on a capital increase with preemptive subscription rights that reinforces the Banco Sabadell's position in the face of the new legal requirements and the important challenges it has set before it.

However, before going on to present the agreements that are being put forward today for your approval, I am going to report to you on the most significant aspects of the 2011 financial year, including the capital increase agreed on 2 December 2011, as a consequence of the public offer for the sale and subscription of shares aimed at the holders of certain preferred shares issues, and I will fully explain to you the characteristics and details of the Banco CAM acquisition operation.

It will be the Ordinary General Meeting, which we will convene at the appropriate time, that must, as stipulated in the Capital Companies Act, approve the annual accounts and the complementary dividend payment that the Board proposed on 26 January 2012, for a sum of 0.05 euros per share, which will be paid in treasury shares, which means that the corresponding payout for the 2011 financial year will be 0.10 euros per share.

Report on the most significant aspects of the 2011 financial year

As was already made public at the presentation of the results on 26 January 2012, I can disclose to you in advance that, at the close of its 130th financial year, Banco Sabadell made a net attributable profit of 231.9 million euros, having assigned 1,048.9 million euros to allocations for insolvencies and new provisions. The trading margin before provisions was 1,230.70 million euros, a rise of 8.3% on that obtained during last year.

The economic weakness and strong instability of the financial markets have not prevented Banco Sabadell from closing the year 2011 having hit its targets in terms of margin generation and improvement of the balance sheet which we had proposed within the delicate situation of the economy.

Dynamic management of assets and liabilities, with the commercial efforts of our network, have allowed us to close the financial year with a growth in the net interest income of 5.4%. The gross operating margin has grown by 7.5% with respect to the previous year. Our balance sheet has also seen growth as a result of the incorporation of Banco Guipuzcoano into our group of consolidated companies, as well as the focusing of our commercial activity on attracting deposits and on the availability of credit for our clients.

The restructuring effort through the generation of supplementary provisions; the sustained application of the extraordinary results of a financial order for the same purpose, and, moreover, the increase in solvency through active capital management and the operations that we will comment upon later have been key features of the last financial year.

The year 2011 also saw the culmination of the operative integration of Banco Guipuzcoano into our group. This year we will implement the merger by absorption of the Guipuzcoano into the Sabadell, which has already been approved by the boards of directors of both companies. In the end, the same formula as that used with Banco Herrero was chosen, and thus the Banco Sabadell brand in the communities of the Basque Country, Navarra and La Rioja will be that of SabadellGuipuzcoano, and it will act as a territorial management with a special personality in that entire area.

The general framework within which financial activity in the year 2011 has developed registered another critical episode in the difficult economic context that we have been experiencing since the start of the financial crisis in 2007. The focus of the problem has become the sovereign debt in the Eurozone as a consequence of the solvency problems of Greece and the difficulties in resolving them and also due to aid for countries such as Portugal and Ireland.

The financial instability in the region was significantly accentuated during the second half of 2011, with contagion to countries central to the euro system, such as Italy and Spain, and the spread of the uncertainty to countries that were previously totally beyond all doubt such as the United States and France. This lack of credibility in monetary stability has been a shock that has sent the economic momentum into reverse across the entire Eurozone, which has entered into recession.

The risk premiums in the inter-bank markets returned to the levels of late 2008 and many of the finance markets remained closed for credit institutions. Only a few banks, among them our own, were capable of issuing on organised debt markets during the first half of the year; but then none of the Spanish banks or savings banks had access to the market during the year's second half.

In particular, the situation became extremely delicate with respect to Spain since its public debt risk premium reached its highest levels since the start of European Monetary Union, actually exceeding 450 basis points, with the consequent effect on the costs of liabilities and on the cost of and accessibility to credit for our companies.

The European authorities have gradually adopted a series of measures to try to re-establish financial stability and return credibility and confidence, both to the countries of the euro jeopardised by the contagion effect as well as the entire group of banks in the Eurozone whose balance sheets are affected by the imbalance produced by the downwards fluctuation of their real or financial assets.

Within this context, the banking regulators have acted by reinforcing the capital requirements made upon banks with the aim of providing them with greater capacity for resistance before possible extremely adverse scenarios. These greater requirements of capital have arisen not only due to the demand for greater regulatory capital ratios, but also by redefining downwards all those

concepts that were considered as tier 1 capital likely to count for regulatory purposes.

During the first quarter of the 2011 financial year, the European Banking Authority (EBA) subjected the main European banks to a stress test under theoretical scenarios of macroeconomic tension. In these tests, carried out under hypothetical extreme adverse scenarios, the EBA demanded that ratios of core tier 1 capital exceeded 5%. This requirement was especially tough for Spanish financial institutions both due to their exposure to the property sector and also because of the very definition of capital for the purposes of the tests carried out.

It should be highlighted that, for this solvency exercise, the EBA did not calculate as capital the mandatory convertible subordinated obligations which, for all purposes and for the market, and indeed for the Spanish authorities, are tier 1 capital instruments recorded on the balance sheet. Nor did they include in the calculation the generic provisions constituted nor the extraordinary results posted in the first quarter.

Despite this interpretation, Banco Sabadell passed this test reaching, in the most adverse hypothetical scenario, a capital level of 5.7%. It is important to point out that the ratio would have reached 8% if the EBA had considered, as the Bank of Spain and common sense do, that mandatory convertible obligations, along with generic provisions, are computable capital.

In October, after an especially dramatic episode in the European debt crisis, the European Banking Authority demanded an additional cushion of capital from the major banks due to their exposure to sovereign debt, creating a consideration of the sovereign debt of the Eurozone countries as risk assets and therefore consumers of capital, an unprecedented event with harmful effects on the European financial system that it would be difficult to overcome.

Higher capital requirements were established for major banking institutions, those considered systemically important, which in Spain were considered to be

all those with total assets exceeding 150,000 million euros and these were required to have a minimum of 9% capital before July 2012.

Due to the Bank's turnover at that time, Banco Sabadell did not form part of the group of banks considered as systemically important; but it will become part of it following the acquisition of Banco CAM.

In Spain, moreover, and during the year 2011, the process of restructuring of the financial system has continued, and there has also been an increase, in parallel with decisions taken in Europe, of the capital levels demanded of financial institutions. Initially the Royal Decree-Law 2/2011 of 18 February 2011 for the Reinforcement of the Financial System, raised the solvency threshold imposed upon the banks to levels of between 8% in the case of listed banks and 10% in the case of unlisted banks, remaining at 9% for listed banks considered systemically important.

Additionally, in 2012, the Royal Decree-Law 2/2012 on Restructuring of the Financial Sector, designed to regulate the restructuring of the balance sheets of the national financial organisations, have significantly accentuated the provisions that financial organisations must have at the end of this year by increasing the demand for cover on credits and assets linked to the property sector.

Banco Sabadell has made public the total amount of provisions to be made and of callable capital based on the new requirements. Specifically, and through the communication of a significant event to the CNMV (National Securities Market Commission), it reported that the amount necessary of provisions to be constituted is estimated at some 1,607 million euros. This amount includes both the additional provisions necessary for loans related with property development and property assets included in the balance sheet and the generic provision for developer loans classified as in a normal situation. The amount of additional capital is estimated at 789 million euros.

This, together with the consequences of integrating the Banco CAM balance into our own, in the favourable conditions under which our bid was successful, and the capital increase agreement being put forward today for your approval, will allow us to begin a new phase with a perimeter nearly double the size with thorough restructuring and a capitalisation suited to the new regulations.

Capital operations

During the 2011 financial year, the Board of Directors, making use of the authority delegated to it by the General Meeting, went ahead and carried out two capital increase operations, which have enabled Banco Sabadell to remain one step ahead of the new requirements I have commented upon to you and to be in conditions to comply with the requirements of both the EBA and the Spanish regulations.

The first of these was carried out in February, and I reported on it to you at the previous Ordinary General Meeting. It was a capital increase of 10%, in an operation to issue and place in the market 126,363,082 new shares issued at the price of 3.25 euros per share, which meant an effective sum of 410.7 million euros.

At the same time, a purchase offer was made for different subordinated or preferential debt issuances, which as they were completed below par, incorporated an extraordinary profit of 87 million euros which were allocated entirely to provisions. This operation had a positive impact on the bank's capital of 73 basis points overall.

The second capital increase operation has been carried out by virtue of the resolution of the General Shareholders' Meeting of 14 April 2011, with the aim of offering shares in exchange to holders of preferred shares from Banco Sabadell issues in 1999 and 2009, for a value of 750 million euros, and two issues by Banco Guipuzcoano in 2004 and 2009, for a value of 100 million euros.

In compliance with the stipulations of the Capital Companies Act, and this being the first General Meeting held following the increase agreement of 2 December 2011, I will now report to you on the main aspects of the increase agreement and its results.

The aim of the operation was to reinforce the capital structure and increase the higher quality own resources, as preferred shares are not considered as main capital.

The buyback offer also meant a good opportunity for holders of preferred shares to substitute illiquid securities for liquid shares, with an incentive to maintain the investment during one year.

The buyback took place through Banco Sabadell shares, with preferred shares valued at 100% of their par value, although at the moment of payment, 90% of the par value of the preferred shares was paid in shares, the remaining 10% being conditioned to the holder of the new shares maintaining ownership without interruption until December 2012, in which case the value would be increased with a premium of 2%.

All this and the fact that the shares were exchanged at the average market value of the last three months has meant a good opportunity for holders of preferred shares and an important reinforcement of the quality of the bank's capital.

This operation closed at the end of the last financial year and had a take-up rate of 94%. As a consequence, on 2 December 2011 the Board of Directors agreed upon a capital increase of 223,179,763 shares, with a cash value of 590.5 million euros, and the delivery of shares originating from treasury stocks for a cash value of 127 million euros, all this having a positive impact on the core capital ratio of 128 basis points, which has positioned us, before the incorporation of Banco CAM, among the highest in the country.

The Banco CAM operation

I would like to report to you in some detail on the operation for the acquisition and integration of Banco CAM.

This operation represents a transforming leap in the course of Banco Sabadell and a historical moment for the bank, in which it takes a step that converts Banco Sabadell into one of the six largest financial groups in Spain with a future projection destined to be one of the key players in the Spanish financial system.

The process of restructuring of the Spanish finance system has been driven and marked by the need to clean it up and tackle any possible losses produced, or that will be produced, due to property market exposure.

The new regulations on savings banks of July 2010 led to the conversion of many savings banks into banks, which reinforced their capital either by flotation or with the contribution of public capital in the form of ordinary shares, which was added to the aid received previously in the form of convertibles from the FROB (Fund for Orderly Bank Restructuring).

The re-privatisation of the institutions administrated or simply capitalised by the FROB represents an opportunity for banks with a more solid balance sheet position and recognised management capacity, especially in integration processes, as is the case of Banco Sabadell.

I am convinced that in the depths of crises there are always opportunities for consolidation operations that potentially generate value.

At the Meeting on 14 April last year, I manifested to you that if opportunities arose we would study them “taking into account the risk and profitability for the bank and for its shareholders) on a horizon in the relatively short term.”

With this guiding principle for action, during this last year, Banco Sabadell has analysed different operations and has made several offers, in some cases within the parameters that, after studying in detail their credit portfolios and the

balance structure of each, allowed us to conclude that they were likely to create value. Our demands for valuation to make them compatible with a project of creation for our shareholders made us renounce some of these opportunities.

In the case of the CAM, we evaluated the organisation, its history, its territorial cover and its credit portfolio. We also took into account the fact that, despite the negative impact of the news on its inadequate management, the operation offered Banco Sabadell a business opportunity and opened up a new future for our organisation. Undoubtedly, all this depended essentially on the economic conditions under which we took up the challenge of integration. Under the conditions proposed, we concluded that it was a sound operation for creating the future profit per share, within the context of business expectations and the synergies produced.

Banco CAM emerged as a bank after the Bank of Spain decided to take into administration the CAM, the Caja de Ahorros del Mediterráneo, a savings bank with a strong and deep-rooted presence in the regions of Valencia, Murcia and the Balearic Islands.

During the last year, the organisation had taken a prominent part in a failed attempt at association in the so-called Banco Base, which had attracted the eye of regulators and the media. Following the failure of the operation, the Bank of Spain decided to intervene and take over administration of the organisation, replace its administrators and, ultimately, split off its financial activity on 22 July last year into the so-called Banco CAM, leaving its social work outside the perimeter of the financial organisation.

After the Bank of Spain's intervention and subsequent creation of Banco CAM, the FROB organised a public auction process which saw bids by several financial institutions.

Before presenting our bid, Banco Sabadell performed a rigorous and exhaustive analysis, assigning over 170 staff, together with independent teams of outside experts, who studied, in a painstaking process of due diligence, both the risks

and the value that the possible integration of Banco CAM could produce, as well as the conditions to ensure that such an incorporation would be sufficiently covered from the point of view of risks to be taken.

At the auction we presented an offer produced based on the strictest criteria, with the aim of not putting at risk either the solvency nor the path towards profits per share of our bank.

The offer was structured in accordance with the parameters established in the terms of the auction, applying for additional capital to the 2,800 million euros committed by the FROB, with a general nature, up to a total of 5,249 million euros.

Additionally, the assets protection scheme on which the offer was based reached up to 80% of the losses generated, with a perimeter of an assets portfolio of 24,660 million euros, which is thus protected for the purposes of consumption of capital and of loss at the time of its settlement.

Finally, Banco Sabadell, which set the acquisition price of Banco CAM at the symbolic amount of one euro, also requested liquidity support guarantees for an additional 12.5 million euros from the FROB.

The bid, made with this philosophy and in accordance with the parameters that the FROB had established, was the winner in the formal auction process that had been established.

As I said to you earlier, the successful bid for Banco CAM means the taking advantage of a unique strategic and transformational opportunity that will allow us to be positioned among the leading banking groups in Spain, at a crucial time when there is strong pressure on the financial system and on the concentration taking place within it.

Strategic sense and creation of value

With this operation, Banco Sabadell will increase its total assets by 75%, up to 166,000 million euros, and will incorporate into its group an organisation that has already been restructured by the Deposits Guarantee Fund and by the FROB.

Once Banco CAM is integrated into the group, the Banco Sabadell branch network will increase by nearly 70%, exceeding 2,200 branches, which will position it among the top six national banking networks. The Banco Sabadell client base will double and will exceed 5 million clients.

The market share of personal banking customers on a national level will exceed 9% and that of SMEs, 24%. Credit investment will grow by 72% and client deposits by 74%, meaning that the market share in credits and deposits will reach 6.2%.

The strength and deep roots of the CAM franchise in its territory of origin is an important value on the basis of which our management model will be applied. Today our operating model presents productivity rates some 40% higher than those of Banco CAM, which, following integration, will give rise to a greater time available for commercial action and the management challenge consists of applying the Sabadell's methods and ratios to the new markets of the CAM in order to increase their profitability.

The two and a half million clients that Banco CAM brings with it present an enormous potential for cross-selling. At Banco Sabadell, the penetration rate of products such as cards and salary deposits is some 15% higher, whereas in other spheres the distances are even greater. In life insurance policies, for example, the Banco Sabadell rate multiplies that of Banco CAM clients by eight. Banco CAM means, therefore, an excellent opportunity and a fundamental transaction with a high potential for generating value.

The operation not only has makes great strategic sense for Banco Sabadell, but it is structured as a financial operation put into effect with limited risks.

According to our forecasts, once the capital increases have been carried out, the characteristics of this operation allow mean that it can be accretive from the first year with respect to the path towards profits envisaged by the bank considered individually.

Our management team will have to make an important effort and invest great dedication for this operation to be a success and for the non-consolidated branches of the CAM to act like those that the Sabadell has today as a result of our organic growth or growth by consolidation.

The process up to the definitive integration of Banco CAM represents a new challenge, but the market and the Bank of Spain alike, along with ourselves, have confidence in the experience of the management team to carry out integration processes successfully and in record time, following the same lines as the processes that we began fifteen years ago, of active consolidation of weaker organisations, in order to construct a great franchise on a Spanish scale.

Banco Sabadell plans to definitively merge and integrate Banco CAM before the end of the year 2012, notwithstanding continuing to take advantage of the benefits of a brand so well consolidated in the Mediterranean area, linked to that of Banco Sabadell in that region, following the model used at Banco Herrero and Banco Guipuzcoano.

At this moment in time we are pending regulatory authorisation of approval from the competent Spanish regulating authorities and European Union Competition authorities in order to be able to close the operation, something which we expect to happen in the forthcoming weeks.

It is within this significant operation framework and envisaged extensive restructuring that the two resolutions that are presented next are put forward for the consideration and approval of this General Meeting.

Agreement for capital increase with preemptive subscription rights

The first agreement to be put forward to the General Meeting for approval today is an increase through monetary contributions for a nominal amount of 86,476,525,625 euros, through the issuing and placing into circulation of 691,812,205 ordinary shares, addressed at shareholders who are holders of preemptive subscription rights.

The new shares confer upon their holders the same economic and political rights as the shares that are currently in circulation.

The Board will determine the exact date of the increase and the type of issue, at a time when it considers that market conditions will guarantee the success of the operation and the authorisation process through the competent bodies has been completed. I can let you know in advance, however, that except in situations of force majeure, it will take place soon and that following fulfilment of the formal and administrative requirements the subscription period will open.

The Board of Directors considers that the current financial situation, the new regulatory requirements and market expectations demand a solid capital base. In the light of this, the Board of Directors considers that it is a good idea to take advantage of the most suitable moment to carry out an increase operation with preemptive subscription rights like that proposed.

We will keep you informed through the public media, but also of course through our branches, managers and employees in general, regarding the conditions and the ways in which you can exercise your rights.

The capital increase proposed is not a necessary condition nor sufficient to complete the CAM operation overall. However, this solid capital base will allow completion, if necessary, of the capital base of Banco CAM, once the provisions and restructurings of the portfolio have been carried out.

Following the incorporation of Banco CAM into the group, Banco Sabadell will study the swap of Banco CAM preferred shares, in terms similar to those of the swaps that have been carried out in the market.

Proposal for agreement relating to the third point on the agenda

The second agreement that we are putting forward for your approval today is a delegation of powers for the Board of Directors to carry out capital increases under the conditions that every year are put forward at the Ordinary General Meeting.

The aim is to equip the Board with an instrument regulated by the Capital Company Act in force, which is fast and flexible in order to give an adequate response to the bank's needs, taking into account the circumstances of the market, of the organisation itself and the social and economic environment in which it is operating.

This year, as I have explained previously, we have used this authorisation for two operations, for swapping subordinated debt and preferred shares, which I commented upon at the start of my speech.

In this financial year, foreseeably, we can use this delegation for the operation of swapping preferred shares in Banco CAM for shares in Banco Sabadell.

Outlook for 2012

Before I finish, I would like to let you know in advance that at the Ordinary General Meeting, which we will hold in the first half of this year, myself and the managing director, Jaume Guardiola, will explain to you in detail the specific business outlook for Banco Sabadell for this financial year, once the CAM operation has been carried out.

Also during this financial year we envisage the merger of Banco Urquijo, which will become part of the group and become the Private Bank of Banco Sabadell.

We will also implement the merger of Banco Guipuzcoano into Banco Sabadell and that of Lydian Bank with the Sabadell United Bank, in Miami

You will be given full information on all this, as well as on the process of integration of Banco CAM, an operation that, undoubtedly, will mark this financial year.

Once these group organisations have been legally merged, Banco Sabadell will continue developing its policy of differentiated brands, maintaining the historical links of organisations with their territories and their clients.

From a general viewpoint, it is to be expected that the economic environment will continue to be weakened and that instability in the financial markets will persist. The economic, social and political situation in Greece continues to be critical and the development of the sovereign debt crisis in Europe will continue to be a determining factor in the context of the coming months.

It is essential for Europe to continue advancing in strengthening the mechanisms of economic governance and for the different member states of the European Union to correctly manage their economic policies.

A positive highlight is the impact of the latest measures adopted by the ECB, and by the main central banks, oriented towards providing global liquidity, and also some recent economic indicators from the United States and emerging countries that seem to push away fears of a new global recession.

In Spain, the decisions adopted by the government on the issue of structural reforms, among others, of reorganisation and driving forward the restructuring of the financial system, have to help to maintain the confidence of institutional investors and establish the bases for greater economic growth that is sustainable in the medium term.

Banco Sabadell is in conditions to successfully implement the CAM operation and put itself into a privileged position within the overall Spanish financial system. The acquisition of Banco CAM is a first and solid movement by Banco Sabadell that is thus anticipated in the market, in the same way as we do it with the capital increase that we are proposing today.

To finish, and before handing over to the Board secretary, I want to thank you once more on behalf of the Board of Directors and on my own behalf, for your presence here today and the support that you are giving us.

Many thanks for your attention.