

Ordinary General Meeting of Shareholders

Alicante, 26 March 2020

Speech by the Chairman, Mr. Josep Olliu

Fellow shareholders,

In 2019, the 138th year of its history, Banco Sabadell concluded the transformation of its risk profile after completing the sale of non-performing assets foreclosed since the 2008 crisis, and it definitively overcame the technology crisis at TSB, with a new profitability plan, a new management team, and a cutting-edge IT system.

At the same time, the Bank strengthened its capital position, fulfilling its goal of achieving a capital ratio of 12%, and it returned revenues to normality with a business model that has proved to be both powerful and resilient in this complex environment.

2019 was a highly dynamic year commercially and revenues in the banking business proved very adaptable, reaching 5,061 million euro despite low interest rates and numerous

uncertainties, evidencing the banking business's resilience and potential.

After the final adjustments due to portfolio sales, net profit amounted to 768 million euro, an increase of 134% compared with the previous year.

Our Chief Executive Officer, Mr. Jaime Guardiola, will describe the essential features of the business that enabled us to obtain these results.

I would like to emphasise that in 2019 Banco Sabadell built a good foundation from which to address 2020 on a solid footing.

However, the crisis unleashed by the coronavirus pandemic and the confinement measures adopted in many countries, including Spain, have presented citizens, companies, banks and governments alike with an enormous and unprecedented challenge.

The closures and lockdowns in the various countries constitute a two-fold shock, affecting both supply and demand, with a

negative impact on the sectors most directly related to trade, hospitality and leisure, as well as manufacturing as a whole.

How much this period of temporary restrictions to tackle the health crisis ultimately costs will depend on how long it lasts and how effective the remedial measures are at mitigating those costs.

Small businesses and the self-employed with less capacity to withstand the effects will require government help to bridge the gap in income during the time they are not operational. Larger companies are already taking measures to accumulate liquidity and to temporarily reduce their workforces with a view to reducing their fixed costs while sales are stalled.

This crisis is not like that of 2008, whose origin was financial. This crisis stems from society's need to combat, at any price, a new epidemiological phenomenon that has taken the world by surprise due to its swift spread and potentially lethal effects on the elderly and people with pre-existing conditions.

Consequently, this is a crisis caused by society itself in its effort to defend against a lethal threat, and the costs of this effort must be shared as widely as possible.

Central banks have taken monetary policy measures, such as massive asset purchases to help ensure banks have sufficient liquidity to finance the cash flow shortfall in the economy.

However, the Bank's main concern from the outset has been to pursue government-based solutions that, with our help, might guarantee that as many companies as possible can surmount this temporary lack of solvency and liquidity.

We have called for and supported generous guarantees to companies to help cover the losses which this period of sluggish activity will cause in the economy.

We have also defended the need for these guarantees to enable banks to provide the necessary credit and liquidity without jeopardising their solvency at a time of increasingly stringent capital requirements.

Success in overcoming this crisis and the scale of the resulting public debt in European countries will hinge on these measures being sufficient, flexible and finely tuned.

It is essential that States implement the right economic measures. We believe that defending the viability of the

business fabric is the best way to safeguard jobs and, in short, the best strategy for society.

The measures announced by governments and, in particular, those adopted by the Spanish government, are a move in the right direction, since not only will they channel public spending to mitigate the most acute effects of the crisis, namely healthcare and the lack of income in vulnerable households, but they also evidence how essential it is to maintain the business fabric and entrepreneurship in Spain, which is what generates employment and wealth in a sustainable manner.

Among the measures announced are moratoria, subsidies, and government sureties and guarantees for loans to cover this temporary dip in solvency in the economy.

Banks face this challenge with a capital position that is a far cry from the situation in 2008, and they have sufficient liquidity. We will therefore be pivotal when it comes to analysing and determining the best ways to help businesses and households overcome this period of difficulty.

Banco Sabadell is a proximity bank, which places us in a privileged position as regards understanding our customers and seeking solutions for them, supporting them so that they

can solve their problems, working on the necessary restructuring, and providing remedies for their specific situations.

At the outset of this crisis, the Bank activated its business continuity plan, as a result of which we are able to provide advisory and transactional services to our customers via teleworking or remote means while keeping branches open to the public at all times, and at the same time implementing protocols to minimise the risk to our employees.

Banco Sabadell is mobilised in the fight against COVID-19, ensuring the continuity of payment systems and the viability of businesses, which are essential to our economy. As always, we are doing this discreetly but very effectively. This is what distinguishes us from our competitors in the banking world.

I will not list the items on the agenda. I would simply like to highlight the proposed appointment of Ms. Mireia Giné as director to fill the vacancy left by Ms. Teresa Garcia-Milà, who is no longer an independent director.

Ms. Mireia Giné holds a PhD in Economics and has a brilliant academic track record in finance and corporate governance, as well as having been a founder and director of Wharton

Research Data Services, the world's leading digital platform for financial data and research applications.

Her experience in the digital world and in the world of fintechs, as well as her youth, are an important asset to the Bank's Board.

Today I would like to thank Teresa Garcia-Milà for her services to the Bank as a director over the last 13 years. Her intelligence, common sense and prudence have been very important in the Board's deliberations.

Teresa will continue to be connected to the Sabadell Group as she chairs the technology subsidiary Sabis and our recently-created technological advisory committee, which comprises external experts and directors of the Bank whose aim is to continually monitor our technological progress.

At the last few Meetings, I outlined the Bank's commitment, and my own in particular, to continue strengthening the Group's corporate governance, adapting it to best practices and to those models that are presently the focus of institutional shareholders and regulators alike.

At the last General Meeting, it was established that the Bank's senior executive is the CEO, and the Chairman's functions were therefore broadly defined supervisory, while retaining certain executive functions.

In 2020, we will continue to strive to perfect this governance structure and to clearly define the executive functions of management. It is up to the Board to establish the strategy and to make the major decisions, while at the same time exercising oversight of executive performance.

The Board has established that sustainability and the commitment to sustainability, not only of the company but also in social and environmental terms, are an essential part of the Bank's purpose as a company, and, accordingly, must form a part of its strategy, and this will be an important aspect in the development of future strategic plans.

The Bank subscribes to the Principles for Responsible Banking and to the Sustainable Development Goals advocated by the United Nations, and it has drafted a sustainable finance plan which will be one of the foundations of our future strategy.

The Bank is equally committed to diversity. An action plan has been devised to ensure the gradual inclusion of women in management positions, in order to reduce the gender gap.

As I said earlier, 2020 has brought with it a huge challenge that has overwhelmed our objectives and the foundations of our next strategic plan.

In the short term, our only goal is to overcome the crisis unleashed by the present state of emergency; but, once we have done so, the Bank's priority will be to improve profitability from the position in which we find ourselves at that point. We count on turning around TSB and Mexico as value creators, as well as our solid business models in Spain, based on our proximity to customers and on building a valuable relationship through all the channels we use to communicate with them.

I would like to emphasise that the Bank is focused fully on helping our customers and on minimising the impact on our own bottom line. We are aware that there will be an impact, and that 2020 will likely be a year in which, once again, we will be called on to make sacrifices. However, the Bank's strength today, in terms of both solvency and commercial power, enables us to look to the aftermath with optimism.

I would like to pay a heartfelt tribute to all the health workers in our country, who, at risk of becoming infected themselves, are working long hours in very difficult conditions to serve society.

I would also like to thank our own employees, who, quietly and modestly, are also devoting hours and hard work to maintain normal service in these difficult circumstances. We will be seasoned by this experience, and we will have developed more efficient working methods by the time it ends.

To conclude, I would like to thank the members of the Bank's Board of Directors for their rigour, critical eye and constant support at the meetings of the Board and its committees.

My gratitude also to all the shareholders, who continue to place their trust in us in these difficult conditions. I wish you all health and energy to overcome the present adversity, which we all know is temporary, but which will require that all of us give our very best.

Thank you very much