

**Ordinary General Meeting of Shareholders**  
Alicante, 26 March 2021

**Speech by the Chairman, Mr. Josep Oliu**

Good morning, ladies and gentlemen,

On behalf of the members of the Board of Directors and on my own behalf, I welcome you to this Ordinary General Meeting and thank you for attending, whether in person or through the webcast that is being made available on the Bank's website.

This year we are once again holding the General Meeting in extraordinary circumstances due to the ongoing pandemic. In order to protect everyone's health, the Meeting is being held with capacity restrictions and in accordance with the applicable safety and hygiene measures, in compliance with current regulations.

For this reason, it has been recommended that the shareholders exercise their right to information prior to the Meeting and that they grant proxy using the mechanisms made available to them by physical or telematic means.

In consideration of the manner in which this General Meeting is being held, I would like to greet two members of the Board, Mr. George Donald Johnston and Ms. Mireia Giné, who cannot be here in person and are attending via diverse means of distance communication.

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*Bon dia, senyores i senyors accionistes,*

*En nom dels membres del Consell d'Administració i en el meu propi, els dono la benvinguda a aquesta Junta General Ordinària i els agraeixo la seva assistència, ja sigui aquí presencialment o a través de la retransmissió de la Junta General que s'està fent per mitjans telemàtics.*

*Aquest any celebrem de nou la Junta d'Accionistes en unes circumstàncies extraordinàries, degut a la situació de pandèmia en la que ens trobem, raó per la qual, amb l'objectiu de protegir la salut de tots, la Junta se celebra amb restriccions d'aforament i seguint les mesures de seguretat, prevenció i higiene aplicables, segons la normativa vigent.*

*Por aquest motiu, s'ha recomanat responsablement als accionistes exercir els seus drets d'informació amb caràcter previ a la celebració de la Junta i delegar la representació i el vot, mitjançant els mecanismes de delegació posats a la seva disposició a través de mitjans físics o telemàtics.*

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At today's meeting, we will report on Banco Sabadell's performance in 2020, the main actions taken we took in the extraordinary circumstances that prevailed during the year, and our vision for the institution's future.

Jaime Guardiola, who was CEO until 18 March, when César González-Bueno accepted that position upon obtaining clearance from the European Central Bank, will present the actions taken by Banco Sabadell and its Group in 2020 and the results obtained.

Then, César González-Bueno will present some aspects of his approach to managing the bank in the coming years.

Finally, you will be asked to vote on the motions on the Agenda, which was circulated several weeks ago along with the notice of this meeting.

Before continuing, and as is required, the Secretary to the Board will state the number of shareholders present and represented and the quorum with which this Meeting is legally called to order. The Secretary has the floor.

... and since the legally required quorum is present, I declare this Meeting to be validly convened.

...Thank you very much. The notary has the floor.

Having verified the necessary quorum, I hereby declare this Ordinary General Meeting of Shareholders to be open.

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Shareholders,

The year 2020, which was Banco Sabadell's 139th year of existence, will always be remembered as an extraordinary year because of the Covid-19 pandemic, which plunged the world into an environment of extreme uncertainty due to the lack of knowledge about the disease, the speed of its spread and the random severity with which it attacks.

Society was forced to respond with very special measures that greatly restricted personal life and economic activity, measures that are still in place to a lesser extent.

Faced with this unexpected situation, the Bank acted as critical infrastructure and responded quickly and effectively to the new environment, keeping most branches open for business and extending teleworking systems that were already in place prior to the beginning of the pandemic.

In parallel, the Bank contacted companies to provide liquidity and process applications for government guarantees to address this unprecedented situation, which enabled businesses to continue operating. Individual customers were also able to avail

themselves of the mortgage holiday instituted by the banks during the year.

In this complex socio-economic environment, the Bank adopted a prudent approach, booking extraordinary provisions and divesting older real estate and non-performing assets. All this was done with the goal of enhancing the capital position and the capacity to address the situation arising from the near-term economic effects of the pandemic, which are still surrounded by a considerable degree of uncertainty.

This is an asymmetric crisis, with unequal impacts on different economic agents, depending on the extent to which mobility restrictions affect them.

Fortunately, the immediate reaction of science and the large pharmaceutical companies made it possible, with unprecedented speed, to create vaccines and treatments that will undoubtedly halt the spread of the disease and, at the same time, make it possible to restore mobility and normalise activity in the sectors that have been most affected.

The pandemic was not the only event of note during the year; 2020 also brought Brexit and a change in the US government. The Brexit agreement put an end to uncertainty about what could have been a sudden breakup with the European Union and raised positive expectations. The change in government in the US offers the possibility of a return to multilateral relations and international cooperation.

The economic and financial authorities responded forcefully to offset the negative impact of Covid, although the approaches and intensity varied from country to country, depending on their pre-existing economic capacity. The stimuli were initially in the form of liquidity support, as well as non-refundable subsidies and support for maintaining employment.

The central banks played a key role in providing liquidity, and governments introduced subsidies and capital support to address the solvency impairment caused by the restrictions.

The European fiscal response came in the form of NextGenerationEU, a programme to boost productivity that will be financed with European bonds, for the first time ever – a milestone in the process of building the European Union.

These funds, to be allotted to eligible projects in three categories — digitalisation, sustainability and social action, represent a good opportunity for our country and will undoubtedly help offset the GDP declines at a macroeconomic level and revive growth by business, which is the foundation of our welfare in the future.

Spain experienced an unprecedented 11% decline in GDP during 2020, compared with a 6.8% decline in the Eurozone as a whole; consequently, it is essential not only to have the capacity to take advantage of the Next Generation funds to drive our economy forward but also, supplementarily, to provide direct aid to offset the fixed costs that companies have borne during the lockdowns. In this way, certain companies can be perfectly viable and, consequently, contribute to maintaining our production structure and employment.

Government aid in Spain was channelled through furlough programs to stave off job destruction. Additionally, ICO guarantees made it possible to avoid a liquidity crisis in companies and, consequently, they played a fundamental role in maintaining financial stability.



In this context, the banks were and continue to be a key factor in addressing companies' problems, both by maintaining the operational continuity of the payment system at all times and by channelling government assistance.

This is not a financial crisis and it is not part of the economic cycle; rather, it is a crisis caused by an unpredictable external shock, where the banks' fundamental role in society makes them part of the solution.

However, uncertainty and the risk that the banks might ultimately bear the cost of the crisis have affected bank share performance. Banco Sabadell's share price was harshly impacted by the effects of Covid and the uncertainty surrounding the final outcome of Brexit.

In addition to the reduction in bank returns in 2020 and possibly in subsequent years because of low interest rates that will foreseeably persist, Banco Sabadell was affected by doubts about the pandemic's impact on small and medium enterprises, which are a core component of our business. As a result, there were doubts in the market about the Bank's ability to continue on a standalone basis, or of the advisability of doing so.

The Board of Directors reflected intensely on the way forward, in consultation with the management team and external advisors, while adopting the appropriate measures to address these challenges.

The initial impact of the crisis and the persistence of low interest rates for a long time have accelerated the drive towards digitalisation and cost cutting. Banks, and this one in particular, must react to reach normalised levels of returns on capital, so as to strengthen confidence on the part of economic agents and investors in the system by lowering the cost of capital.

The exercise that the Bank undertook to establish the main lines of its long-term vision focuses on the domestic business, and on enhancing our strengths, such as business banking services, while at the same time digitalising and increasing productivity in retail banking.

We have decided to concentrate on domestic business in the next few years in addition to important international diversification, seeking value in those businesses that produce greater returns for shareholders or that may do so in the future.

Once the vision of the Bank's challenges and opportunities for its future on a standalone basis had been established, the possibility of a merger was also explored but was ruled out for economic reasons.

The Board considered that such a transaction was not attractive to shareholders and that the Bank has ample scope to improve its results and share price, which will materialise over the next few years; therefore, for the time being, concentration is not seen as an attractive option.

Accordingly, it was determined that the best strategy for the Bank today is to grow the business along the lines I have described and to strengthen management in order to achieve the objectives that have been set and to maintain our position as a core bank in the Spanish financial system, now and in the future.

We ended the year 2020 with 2 million euro in profit after booking extraordinary provisions totalling 2,275 million euro, having generated 5,302 million euro in gross operating income, as we will see when Jaime Guardiola gives his report.

I would like to emphasise that sizeable provisions were booked to cover possible losses related to Covid and that our balance sheet has been enhanced by shedding all loans over three years past-due.

It was a year of strengthening the Bank for the future, coupled with a programme of incentivised layoffs that was completed between December 2020 and March of this year.

In strategic terms I would like to highlight the sale of Sabadell Asset Management to Amundi and the strategic distribution agreement with the latter. That transaction provided capital gains and is part of a strategy of seeking specialised partners through which the Bank can access higher quality products at lower costs by tapping scale economies.

Also part of this strategy is the agreement negotiated during the year for IBM to manage our technology infrastructure, for both Sabadell Spain and TSB.

As for capital adequacy, the Bank ended 2020 with a CET1 ratio of 12.6% in phased-in terms, and 357 basis points of capital in excess of the regulatory requirement (proforma MDA).

No dividend will be distributed out of 2020 earnings. At our last General Meeting, the regulatory and supervisory authorities were on the point of imposing a restriction on dividend distribution until at least the end of 2020. As we noted at the time, although the supplementary dividend out of 2019 income was paid in 2020, no dividend would be paid in the following year as part of a prudent response to the uncertainty caused by Covid.

The year also saw the process of succession for the Chief Executive Officer, Jaime Guardiola, who had expressed his desire to step down at the end of the year.

That process was conducted in accordance with the established succession plan, involving the Appointments Committee, the Lead Independent Director and the Chairman.

It was ultimately decided in December to appoint César González-Bueno as CEO, and the Meeting today is asked to

ratify his appointment as a director, as the European Central Bank confirmed his fitness and suitability just a few days ago.

Based on César's extensive experience, as well as his success driving innovation, digitalisation and restructuring processes at a number of banks, we believe he will play a very important role in strengthening and leading the Banco Sabadell team in the established direction and vision.

After Jaime Guardiola has presented his report on 2020, I will give César the floor so that he can address you as the new CEO.

But first I would like to acknowledge in particular the fundamental role that Jaime Guardiola has played in the last 14 years as CEO. During that time, he has led the Bank's team with a high degree of professionalism. Jaime joined Banco Sabadell in 2007, just when the financial crisis began. Under his leadership, and with no little effort, the Bank has steadily strengthened its balance sheet to become one of the core institutions in the Spanish financial system.

I would like to thank Jaime for his dedication and efforts throughout this period in which we have worked for the good of the Bank, and which was undoubtedly one of the most turbulent periods we have ever experienced. I wish him all the best in the future.

Debates and decisions by the Board of Directors remain focused on sustainability and on enhancing corporate governance so as to make Banco Sabadell a sustainable institution going forward, one that is equipped to address the challenges that may arise through a balanced structure of governance within the Board itself.

This Meeting is being asked to make important decisions about the institution's governance, in line with the recommendations of the EBA, which are attuned to best practices at listed companies and will contribute to the Bank's long-term sustainability.

The position of Chairman will be a non-executive role and, consequently, my work will focus on strategic issues and on oversight of management, while the CEO will be in charge of executive management. My task will be to coordinate the

actions of the Board, ensuring appropriate counterbalances to the executive line at all times through the Board's Committees.

Changes are also being made to those Committees. Firstly, a Credit Delegated Committee is established, which will meet weekly to analyse and approve credit risk. A new Strategy and Sustainability Committee has been created, chaired by me, which will oversee and promote all initiatives of strategic importance. Additionally, the Appointments Committee is being attributed the function of overseeing corporate governance.

The new Strategy and Sustainability Commission will also review and promote environmental and social policies and measures.

The Non-Financial Disclosures Report presented today for approval reflects the progress achieved in the areas of diversity, commitment to society and sustainability, highlighting the Bank's first green bond issue, for 500 million, during the year.

In the area of corporate governance, the appointment of Alicia Reyes as an independent director last September, following the retirement of José Luis Negro, is presented for ratification by the



General Meeting. Alicia has held a number of senior positions at Barclays and was formerly CEO of Wells Fargo in the UK. She will undoubtedly contribute the outstanding knowledge of banking that she has accumulated throughout her executive career.

I would like to pay tribute to the outstanding contribution that José Luis Negro made to the Bank in his more than 50 years of service, no mean feat! José Luis is one of the executives who made us a great bank. His work at the service of customers and shareholders fully merits our recognition.

Together with Alicia Reyes, you are also being asked to ratify the appointment of César González-Bueno as executive director and to re-appoint directors Manuel Valls and Anthony Ball.

Within the framework of the restructuring of the executive team presented to the Board recently by the CEO, the executive director María José García Beato is to step down from her executive functions and will continue as a non-executive director.

Following these changes, the Board is now comprised of the Chairman, ten independent directors, two external directors (one of whom is a proprietary director) and two executive directors.

In addition to the aforementioned matters relating to corporate governance, the Articles of Association are being amended to enable the General Meeting of Shareholders and the Board of Directors meetings to be held, and shareholders to vote, using electronic or telematic means, whenever the Board decides.

The Annual Corporate Governance Report discloses that the Bank only partially complies with some of the recommendations of the Code of Good Governance, the reasons for which are discussed at length. Those issues will be remedied by the amendment of the Articles that is submitted to you today for approval.

It simply involves the possibility of holding the General Meeting of Shareholders by distance means, a possibility not contemplated up to now. The Articles will also allow for the Lead Independent Director to contact investors, as currently happens, and to participate in the succession plans for the CEO and Chairman. In fact, he was involved as such in the

succession of the Chief Executive Officer, in accordance with the provisions of our succession plan.

The other area of partial compliance with the corporate governance code refers to the recommendation that the Secretary of the Board of Directors should also be the Secretary of the Delegated Committee, a recommendation that ceases to be applicable as of today, given that the Delegated Committee is being abolished.

Apart from the items on the agenda relating to amendments to the Articles of Association in areas of corporate governance, the other items to be read later by the Secretary of the Board relate to remuneration.

In this connection, the Director Remuneration Policy for 2021-2023 reflects the new corporate governance scheme, with a non-executive Chairman who earns fixed remuneration only, and also the changes arising from the compensation agreement reached with the new Chief Executive Officer.

The Annual Report on Director Remuneration, which is item ten on the agenda, states, among other matters, that, as a result of

the difficult social and financial situation arising from Covid, last April the Chairman, the Chief Executive Officer, the executive directors and other senior managers, as well as the members of the TSB Executive Committee, waived any variable remuneration to which they might be entitled for 2020.

We are at the beginning of 2021 and, despite the persisting limitations and the uncertainty about the toll that the restrictions will have on economic activity, the future looks much more hopeful today.

During 2020, the Bank laid the foundations for its future sustainability as a profitable, competitive standalone institution. Undoubtedly, the great challenge facing the Bank is adapting its product offering to a digital world. We have made great progress, but this will be a recurring theme in the coming years as we trim our cost structures to adapt to the new competitive reality.

The challenge facing the management team is to organise the businesses in order to grow the balance sheet and income statement while maintaining appropriate capital ratios.

Our quality of service and special approach to customer relations will be adapted to the new technology base, but our core values are the primary competitive factor that make Banco Sabadell stand out from the rest.

The crisis affected many companies' solvency. In the coming months, and as the economy returns to normal, we will see which companies continue to be competitive.

We at Banco Sabadell are prepared to support all those companies that, despite the vicissitudes, are viable and can address the future successfully.

After the extraordinary effort made in 2020, Banco Sabadell faces 2021 with a reinforced team of excellent professionals, a renewed business model and distinctive values that have been forged throughout our long history — 140 years this year.

The Bank's vision for the future is to be the best bank in providing each customer in our core markets, whether a company or a private individual, with the right solution for them.

To this end, we will make the necessary changes to adapt our customer relations to the behaviour patterns being forged by new technologies and major political and social trends.

Digitalisation, respect for the environment, the incorporation of women into management positions, and returns on capital are key factors for companies' sustainability and for meeting the broad demands of society.

I have full confidence in our management and in the large team of professionals that make up the Bank. I would like to thank them all for their hard work over the last few years. They have put the Bank on track for the future, and I am confident that the strategic path taken will soon result in a successful outcome for all our shareholders.

To conclude, I would like to thank you, the shareholders, for your trust.

I now give the floor to Mr. Jaime Guardiola.