

Ordinary General Meeting of Shareholders

Alicante, 26 March 2021

Speech by Mr. Jaime Guardiola

Good morning, ladies and gentlemen,

The Chairman described the general context in which the bank operated during 2020, and gave the main figures.

I would like to discuss our results for the year and the main milestones in our performance.

2020 was a complex year, marked by the COVID crisis, in which Banco Sabadell strengthened its financial position and its balance sheet, exhibited excellent commercial dynamics, and supported its customers and society in general, to help mitigate the effects of the pandemic.

First, I'll discuss the year's results.

Attributed net profit amounted to 2 million euro in 2020, or 222 million euro if we exclude our UK subsidiary, TSB.

Those results include a number of extraordinary effects with a total negative balance of approximately 700 million euro. I'll discuss those effects in detail.

Firstly, the bank booked 1,200 million euro in extraordinary provisions, enabling it to cover the potential impact of the COVID-19 crisis and strengthen the balance sheet.

Secondly, the bank had extraordinary restructuring costs of 314 million euro in Spain and 101 million in the UK. These restructurings, which I will discuss later, will substantially improve the bank's cost base going forward.

The third extraordinary impact was a capital gain of 599 million euros from the sale of our ALCO portfolio, which was used to finance restructuring plans, and the sale of non-performing assets.

The fourth extraordinary impact on earnings was the capital gain of 293 million euro from the sale of our asset management company.

That sale is the result of a strategic alliance with Amundi, the largest asset management firm in Europe and one of world's top ten. The alliance will enable us to improve and

expand our range of saving and investment products, a strategic priority for the bank.

As I said, the 2020 results were shaped by sizeable provisioning and restructuring charges. As a result, Banco Sabadell is in a much sounder position going forward, having provided for the potential impacts of the COVID-19 crisis and substantially improved its cost base.

I will now discuss performance during 2020, focusing on five key aspects.

The first is our sound capital position. The second was the divestment of the older non-performing assets in the bank's portfolio. The third achievement in the year was the implementation of an efficiency plan in Spain. The fourth was business growth and accelerated digitalisation. And the fifth, in a year marked by COVID-19, was that Banco Sabadell remained true to its commitment to society and sustainability. I will now discuss each of those five aspects in more detail.

Firstly, our strong capital position. As the Chairman mentioned, at the end of the year, the CET1 phase-in capital ratio stood at 12.6%, higher than at the end of 2019.

And the total capital ratio was 16.1%. Therefore, the bank has a comfortable capital position, with a pro forma buffer of 357 basis points over the minimum regulatory requirements.

The second achievement was that we shed older non-performing assets.

Since 2013, we have reduced the volume of these assets by more than 30 billion euro.

Moreover, the bank sold portfolios of older non-performing assets worth 1.2 billion euro in 2020. As a result, it has practically eliminated the APS relating to Banco CAM.

I should note that 48% of the current balance of non-performing assets are so classified by the bank, not because they meet the regulatory criteria. Of the total non-performing assets, only 360 million euro in net terms are over three years past-due.

These figures evidence the quality of the bank's balance sheet. Additionally, the NPA ratio was reduced by 23 basis points with respect to 2019, to 3.6% at year-end. And the ratio of net non-performing assets to total assets declined by 30 basis points to end the year at 1.4%.

Another data item that confirms the bank's good risk profile is the non-performing assets coverage ratio.

At the end of the year, this ratio stood at 52.6%, up 570 basis points from 2019.

The third management achievement in 2020 was the implementation of an efficiency plan in Spain. The plan was based on further digitalising customer service, and simplification of the corporate centre.

The restructuring costs associated with the plan amounted to 314 million euro. The resulting cost savings in the future will be 141 million euro per year.

Execution of the plan was funded entirely with the capital gain on the ALCO portfolio, and the planned voluntary severances were completed in the first quarter of 2021. Consequently, 100% of the cost savings will materialise starting in the second quarter of 2021.

This plan is an important step towards adapting our cost base to the competitive reality, and to the value chain of each business, which are key factors for improving the bank's efficiency going forward.

I will now discuss the fourth achievement of the year — business growth and accelerating digitalisation.

Customer loans stood at 145,117 million euro at the end of 2020, a 4.4% year-on-year increase at constant exchange rates. By geographical area, Sabadell Spain and Corporate Banking account for 72% of the group's total lending, up 3.2% over the previous year. Lending by TSB, which accounts for 26% of the total, increased by 7.1% year-on-year. And lending in Mexico expanded by 13% with respect to 2019.

This increase in lending in all the group's geographies, in a context marked by COVID-19, highlights Banco Sabadell's commitment to supporting families and companies.

I will now discuss performance in the individual geographies.

I will start with Sabadell Spain and Corporate Banking.

The bank granted over 125 thousand loans to businesses, totalling about 12 billion euro in new loans to self-employed

people, shops, and small and large companies, in the framework of the ICO COVID-19 guarantees.

As for the loan holidays afforded by law and those offered by the banking industry, Banco Sabadell granted over 65,000 to private individuals and self-employed workers amounting to approximately 3.7 billion euro, of which close to 2 billion euro are still in force.

When the pandemic broke out, the bank made a huge effort to support its customers and quickly made these support measures available to businesses and families.

I will quote one very eloquent figure in this regard: in just the first six months of 2020, Banco Sabadell granted almost as much in loans to companies as it did in the whole of 2019.

Apart from these support measures, commercial dynamics were excellent during the year.

The bank increased its main market shares in personal banking. Specifically, it increased its share among households by 13 basis points, and its share of life and casualty insurance premiums by the same degree. Its share

of mutual funds increased by 5.95%. That growth was driven, to a great extent, by the alliance with Amundi.

Banco Sabadell continues to show its lead in the business segment. Over half of Spain's small and medium enterprises are customers of the bank. And that proportion rises to 71% among large companies.

Other data that illustrate the power of our business franchise include our 17% market share in POS turnover, and our 30% share of export documentary credit.

In the Corporate and Investment Banking business, Corporate lending grew by 8.6% in 2020 compared to the previous year.

And Banco Sabadell ranked third among mandated lead arrangers of project finance deals in the Spanish market.

To conclude my discussion of the business in Spain, I will refer to digitalisation. Year on year, we are seeing a steady increase in customer digital adoption. COVID-19 significantly accelerated this trend, and we have seen a huge leap in self-service and remote sales figures. Let me give you some figures.

In 2020, 93% of service transactions were conducted through remote channels, while the number of digitally signed documents increased by 80%, Sabadell Wallet user numbers doubled, and Bizum money transfers increased 3.5-fold.

As for commercial activity, 38% of loans were arranged digitally. Sales of insurance policies under Blink, the bank's digital insurance line, increased five-fold, while digital sales of mutual funds doubled.

Additionally, 80% of customer communications have been personalised using business intelligence.

In this context, the bank continued to roll out new digital capabilities and partnerships. One example is the Ahorro Expansión savings account, a 100% digital account that offers families mechanisms for saving routinely. Sabadell Broker, a digital platform for trading in equities. Nomo pymes, an app to support our SME customers in their day-to-day accounting needs. And the alliance with startup Onfido, which enables us to incorporate new facial biometrics capabilities.

These are just four examples of the many initiatives we have implemented and they illustrate the bank's efforts to

enable and facilitate the digital acceleration we experienced during the year.

I now turn to TSB, our UK subsidiary. As in Spain, one of the main lines of activity was supporting customers to relieve the financial stress caused by the pandemic.

In 2020, TSB granted more than 114,000 loan holidays to individuals, worth around 5.1 billion pounds, of which around 400 million are still in force. It arranged around 24,000 Bounce Back Loans for companies, amounting to close to 600 million pounds; those loans are 100% government-backed.

In parallel with these support measures, TSB achieved excellent commercial performance. New mortgage lending totalled 6,097 million pounds in 2020, up 4.4% on the previous year. Meanwhile, consumer loan production rose to 807 million pounds, a 46.9% increase on 2019, due to the launch of new digital products.

Implementation of TSB's business plan, unveiled in 2019, was accelerated considerably in 2020.

TSB announced that it will return to profit in 2021, ahead of schedule, after bringing forward branch closures and the cost savings envisaged in the plan. Acceleration of digitalisation in the wake of COVID-19 played a key role in this achievement.

At TSB, more than 90% of all transactions, and more than 70% of sales, were made through digital channels.

I will conclude my review of business performance by turning to Mexico, where Sabadell ranks in tenth place among banks that provide funding for companies. In just six years, Sabadell has managed to achieve a very significant position in the Mexican market, in competition with institutions that have been operating there for decades.

The year saw major developments in transactional products and services in the area of personal banking. Two examples are the launch of a 100% digital account, and the creation of Movistar Money, in partnership with Movistar Mexico.

With this alliance, Sabadell is the first financial institution in Mexico to arrange consumer credit that is 100% digital.

I will now discuss the fifth highlight of our performance in 2020: our firm commitment to society and sustainability

During the pandemic, the bank granted a significant volume of loan holidays and ICO-guaranteed loans to help alleviate the financial stress on customers.

But the bank went even farther, taking a range of other actions to mitigate the effects of the pandemic on society.

For example, it advanced the payment of pensions and unemployment benefits to customers, and implemented a specific plan so that elderly customers did not have to visit their branch during the lockdowns. It also deferred social rent collection from vulnerable households, paid suppliers promptly and made donations to NGOs.

To illustrate Banco Sabadell's commitment to sustainability, I would like to highlight our inaugural issue of green bonds, and the launch of new products, such as sustainable mutual funds, the fixed-rate green mortgage, and new cards made of materials that reduce the carbon footprint.

We also provided over 1.1 billion euro in funding for renewable energy projects in 2020.

And a final figure: the bank reduced its CO2 emissions from electricity consumption in Spain by 99.79%.

Looking to the future, Banco Sabadell will present a new business plan in May.

As you know, that plan will be driven by César González-Bueno, who succeeds me as CEO. This planned orderly handover brings an end to my fourteen years as CEO of Banco Sabadell.

César, I wish you every success.

I am convinced that you are the right person to lead this project and that you will do a great job.

To the Chairman and the Board of Directors: my most sincere gratitude for your trust and support during all these years.

I would also like to express my gratitude to you, the shareholders.

To conclude, I would like to acknowledge the whole team at Banco Sabadell. You are an example of professionalism,

dedication, commitment and service. It has been a privilege to work with all of you over the past fourteen years.

Thank you very much.