

	2015	2016	% 16/15
Net interest income	539.62	1,050.86	94.7
Fees and commissions (net)	78.83	122.74	55.7
Other revenues	(3.72)	35.18	(1,045.34)
Gross income	614.73	1,208.78	96.6
Operating expenses	(493.57)	(874.55)	77.2
Operating profit/(loss)	121.16	334.23	175.9
Profit/loss on problematic assets	(59.50)	(106.91)	79.7
Other profits/(losses)	—	(4.43)	—
Profit/loss before tax	61.66	222.89	261.5
Ratios (%)			
ROE (profit / average shareholders' equity)	5.3	7.0	—
Cost:income (general administrative expenses / gross income)	77.9	72.6	(6.83)
NPL ratio	0.6	0.5	(20.97)
NPL coverage ratio	44.8	52.7	17.6
Business volumes			
Loans and advances	36,062	34,447	(4.48)
Customer funds	35,249	34,320	(2.64)
Other information			
Employees	8,224	8,060	(1.99)
Branches	614	587	(4.40)

The exchange rate applied for 2016 was GBP 0.8562 for the balance sheet and GBP 0.8166 (year average) for the income statement.

The exchange rate applied for 2015 was GBP 0.7340 for the balance sheet and GBP 0.7201 (six-month average) for the income statement.

Only six months of results were included in 2015. Accounting own funds used for ROE purposes.

Global Corporate Banking

Global Corporate Banking offers financial solutions and advisory services to large companies and financial institutions, both Spanish and foreign, with branches throughout Spain and in 16 other countries. It encompasses Corporate Banking, Structured Finance, Trade Finance and International Financial Institutions.

Corporate Banking

Business overview

Corporate Banking is the unit that handles large corporations; to address the needs of these customers the Bank offers a global solutions approach and a team of professionals located in Madrid, Barcelona, London, Paris, Miami, Mexico City, Bogotá, Lima and Casablanca.

The business model is based on a close strategic relationship with customers, providing them with global solutions adapted to their needs, taking into account the specific features of their industry and the markets in which they operate. Our value contribution takes a number of forms: support from our sales teams working in the

various geographies; a client-focused service delivered by dedicated teams with expertise in particular industries; and constantly improving middle office support to assure excellence in service delivery.

Key developments in 2016

2016 was an excellent year for Global Corporate Banking which saw the roll-out of a coordinated strategy across all working teams and geographies and in which huge strides were made in firmly establishing Banco Sabadell as the best Corporate Banking experience for customers. Key values underpinning our business model are: knowing the customer, coverage and coordination, excellence in service and specialisation.

The Bank's "know your customer" policy means engaging with the client in a strategic partner relationship, being knowledgeable about their industry or sector, and understanding their development strategy, their most immediate challenges and their key markets. It does all this through a process of collaborative working with its sales and specialist teams serving customers in the different geographies where they are operating, to draw up personalised service and global risk proposals (Global Approach Planning).

Banco Sabadell is a key player in Spain, ranking first in Project Finance deals and fourth in MLA* mandates.

To achieve coverage and coordination, in recent years Banco Sabadell has increased its international presence in new markets such as Mexico, Peru and Colombia. This puts the Bank in a position to offer customers the necessary local knowledge and expertise in the complexities of each market and to support them as they expand their international operations. Banco Sabadell also maintains working arrangements with correspondent banks (international financial institutions) all over the world, enabling it to offer additional support and assure customers of genuinely global coverage in their foreign trade ventures.

Excellence in service delivery worldwide is what all the people involved in our customer's value chain (whether it be the local sales team, the back office team, the specialists, the advisors or even the risk analysts) strive to attain, working in unison so that the customer can

see us continually improving in our search for excellence. Numerous indicators show the level of service being provided, such as: customer satisfaction surveys (9 out of 10 rating in overall satisfaction with account manager, 2016) and internal surveys (8.9 out of 10 in Structured Finance, 9.1 out of 10 for Financial Institutions team, and many more).

The high standards achieved by the Bank's specialist Global Corporate Banking teams were once again reflected in industry league tables. Its Structured Finance teams, for example, were responsible for making the Bank a key player in deal origination and structuring for customers at a global level. (T6). Banco Sabadell's dedicated teams of local specialists are spread over the different geographies where the Bank has a presence. The Bank is also extremely active in the secondary market through its specialist global team.

€ million

Position	Mandated Lead Arranger	Amount	Number	%
1	Banco Sabadell SA	656	25	12.60
2	Santander	699	23	13.40
3	CaixaBank	503	23	9.60
4	BBVA	414	19	7.90
5	Bankia	501	16	9.60
6	Banco Popular Español SA	269	11	5.10
7	Banesto Banco Universal CA	191	6	3.70
8	ICO	174	6	3.30
9	Liberbank SA	164	5	3.10
10	BNP Paribas	254	4	4.90

T6

Project finance loan MLA
— Spanish market 2016

€ million

Position	Mandated Lead Arranger	Amount	Number	%
1	Santander	7,231	166	14.20
2	CaixaBank	5,813	133	11.40
3	BBVA	5,315	120	10.40
4	Banco Sabadell SA	2,924	110	5.70
5	Bankia	4,304	100	8.40
6	Banco Popular Español SA	1,765	59	3.50
7	Bankinter	806	34	1.60
8	SG Corporate & Investment Banking	2,089	28	4.10
9	BNP Paribas	1,877	26	3.70
10	Credit Agricole CIB	1,454	20	2.90

Syndicated loan MLA
— Spanish market 2016

* Mandated Lead Arranger.

Another major theme for Global Corporate Banking is innovation. By actively listening to our customer and coordinating with our product teams we can innovate and adapt to the customer's evolving needs in any market in which it is operating. Innovations that were developed for our customers in 2016 comprised both new services and adaptations of existing ones, and included novelties such as "milestone" factoring, energy efficiency leasing and the tax lease.

With regard to profitability, our business model of developing stable, long-term relationships means that we benefit from the relationship with the customer and the customer's relationship with us. To ensure that this happens the Bank has tools that help it to optimise capital consumption and remain profitable within this framework.

Key financial data

The gross income attributable to the Corporate Banking business unit in 2016 was €214.7 million, a rise of 9% compared with the figure for 2015 that was due, in large measure, to a net interest income that remained stable despite the prevailing low interest rates. Maintaining the interest margin was a priority objective for the year which, together with the growth of business in regions of the world where spreads were wider, enabled net interest income for the year to remain almost unchanged (down 1.0%).

Net fee and commission income also made a bigger contribution to earnings for 2016, increasing by 55.4%, thanks partly to a strong contribution generated by

customers' operations abroad. This included both international finance and foreign trade services carried out at the Bank's offices in Spain and especially at its offices in other countries.

On the expenditure side, the year saw a considerable increase in costs as a result of the need to upgrade the Bank's IT platforms outside Spain given the vigorous growth in business being experienced in those markets and in preparation for future growth; our foreign branches and offices saw the volume of customer-generated business grow by 41.7% in 2016 and by 205.0% since the launch of the Triple plan that came to an end in that year. As a result of the Bank's increased international presence, costs items for 2016 reflected the growth in the number of specialist personnel in the Corporate Banking and Structured Finance businesses and the costs of upgrades to IT systems at foreign branches and offices.

Loan impairment provisions were lower than in the previous year and the loan loss ratio for 2016 was down to 2.0%, a 120 basis point improvement on the year before.

An increased risk appetite among investors outside Spain in 2016 (fuelled by the higher returns available on their investments), together with the Bank's increased capabilities in foreign markets and coordination with its teams abroad, enabled the Bank to continue to support its customers' expansion plans anywhere in the world. An indication of this was that funds under management (customers' investments and deposit balances) increased overall; however, in Spain the increases were mainly in deposits while our offices abroad showed increases both in deposits and in investments.

€ million

	2015	2016	% 16/15
Net interest income	164.05	162.39	(1.0)
Fees and commissions (net)	25.49	39.61	55.4
Other revenues	7.45	12.73	71.0
Gross income	196.99	214.73	9.0
Operating expenses	(29.66)	(37.88)	27.7
Operating profit/(loss)	167.33	176.85	5.7
Profit/loss on problematic assets	(96.72)	(87.35)	(9.7)
Profit/loss before tax	70.61	89.50	26.8
Ratios (%)			
ROE (profit / average shareholders' equity)	5.5	5.2	—
Cost:income ratio (general expenses / gross income)	14.8	17.5	—
NPL ratio	3.2	2.0	—
NPL coverage ratio	65.0	76.0	—
Business volumes			
Loans and advances	11,702	11,432	(2.3)
Customer funds	6,191	6,431	3.9
Securities deposited	666	2,269	241.0
Other information			
Employees	124	130	4.8
Spanish branches	2	2	—
Branches abroad	3	3	—

T7

The cost:income ratio was once again very low, at 17.5%, the return on equity rose to 7.8% in spite of the addition provisions made during the year (T7).

Structured Finance

Business overview

This business is centred on the origination and structuring of corporate and acquisition finance and project finance deals. In addition to traditional forms of bank lending, the unit has also specialised in corporate bond issuance, enabling it to cover the full range of options in long-term business finance. Banco Sabadell's structured finance team operates globally from offices in Madrid, Barcelona, Alicante, Bilbao, Oviedo, Paris, London, Lima, Bogotá, Miami, New York and Mexico City, and has more than 20 years' experience.

Key developments in 2016

In 2016 Banco Sabadell maintained its policy of supporting customers and adapting to meet their new needs as the economic environment improved in Spain and worldwide, having regard to changing credit market conditions.

A key indicator of the strength of business activity in the year was the volume of origination, which exceeded €5,900 million, spread over more than 260 deals.

A notable success on the international front was the Bank's launch of a new Mexican subsidiary, through which it participated in numerous syndicated loan deals with Mexican companies.

The Bank's representative offices in Lima and Bogotá began operations in the structured finance business in Latin America.

Fee income in these and other international markets where the unit operates accounted for 42% of total Structured Finance revenues in 2016.

Additionally, the business of originating bonds for customers has gained in strength. Bond issuance, which is operated alongside the treasury business, means that the unit can offer customers a full range of options in

long-term finance packages. In 2016 it played an active role in a number of bond issues in the Spanish and French markets.

Trade Finance & International Financial Institutions

Business overview

The business model in TradeFinance & IFIs focuses on two main activities: providing optimal support to our corporate customers as they expand abroad, in coordination with the Group's network of branches, subsidiaries and investees, and managing the business with the "bank" customer segment (over 3,000 financial institutions worldwide) with which Banco Sabadell has cooperation agreements to provide Group customers with the best possible coverage worldwide.

Key developments in 2016

The year 2016 saw more than 500 rounds of negotiations on bilateral business flows being concluded with bank customers in international markets, ensuring a balance between defending the interests of the Group and its customers and safeguarding shared commercial interests with the IFI customer segment while complying with internationally accepted rules and practices. The Bank focused on expanding its business with other banks in the international arena, in accordance with its risk policy, with the aim of ensuring the growth, robustness, quality and profitability of the Group's business with IFIs. The Bank gained substantial market shares in the documentary credit business received from correspondent banks: 30.3% of export documentary credit — 1.7% more than in 2015 — based on SWIFT traffic data (T8).

%

	2015	2016
East and South Asia	32.20	34.60
Asia and Oceania	27.60	28.30
Africa	21.70	21.20
Middle East and Central Asia	29.10	28.40
Central and Eastern Europe	26.30	23.70
Western Europe	20.90	22.20
LatAm	15.60	17.80
NAFTA and Central America	20.90	19.20
TOTAL	29.80	30.30

T8