

1 – GOVERNANCE STRUCTURE AND STRATEGY OVERVIEW

1.1. Organisational structure

The group is organised into the following business units:

- Business banking in Spain encompasses the following customers' business units:
 - Commercial Banking: is the largest single business line; it focuses on offering financial products and services to large and medium-sized enterprises, SMEs, small retailers, sole proprietors, individuals and professional groups, Consumer Finance and Bancassurance.

During the last year, the bank has unified the brands Sabadell Atlántico and SabadellCAM to strengthen its image, with "Sabadell" being the flagship brand that operates throughout most of the Spanish market.

It also operates under the following brands:

- o SabadellHerrero, in Asturias and León.
 - o SabadellGuipuzcoano, in the Basque Country, Navarra and La Rioja.
 - o Sabadell Gallego in Galicia.
 - o SabadellSolbank, in the Canary Islands, the Balearic Islands and the southern and south-eastern coast areas of mainland Spain.
 - o ActivoBank serves customers who prefer to do their banking exclusively by telephone or online.
- Corporate Banking: this unit offers products and services to large corporations and financial institutions, both Spanish and international. Its activities encompass corporate banking, structured finance, Trade & Finance and IFIs.
- Markets and Private Banking: this unit offers savings and investment management services to Banco Sabadell customers, including the analysis of investment options, market trading, active wealth management and custody services. It comprises the following businesses, which are managed on an integrated basis: SabadellUrquijo Private Banking, the Investment, Products and Analysis unit, Treasury and Capital Markets, and Securities Trading and Custody services.

Asset Transformation handles the overall management of the bank's real estate assets taking an integrated view of the whole process and providing services for real estate asset portfolios for both the group and third parties with a focus on business and leveraging value.

- Banking business in the United Kingdom corresponds to TSB Banking Group PLC and 6 months of results. The TSB franchise includes retail business that is carried out in the United Kingdom and which includes current and savings accounts, personal loans, cards and mortgages.
- Banking business in America: this area is made up of a number of business units, affiliates and representative offices that engage in corporate banking, private banking and commercial banking activities related to finance. The bank has the capacity and experience to provide all types of banking services, from the most complex and specialised for large corporations, such as structure project finance operations, to products for individuals. The business is carried on through the Banco Sabadell Miami Branch, Sabadell United Bank and Sabadell Securities in the United States and Sabadell Capital SOFOM and Banco Sabadell Institución Banca Múltiple in Mexico.
- BancSabadell d'Andorra: incorporated in the Principality of Andorra, BancSabadell d'Andorra is owned 50.97% by Banco Sabadell. Its customers consist of medium-to-high earners and leading companies in the Principality of Andorra.

Banco Sabadell is the parent of a corporate group which at 31 December 2015 comprised 170 companies of which 127 were treated as group undertakings and 43 were associates (at 31 December 2014 the group consisted of 225 companies of which 165 were group undertakings and 60 were associates).

The Board of Directors is the highest decision-making body in the company and its consolidated group, as it is

responsible under the law and the Articles of Association for managing and representing the institution. The Board of Directors is basically configured as a supervision and control instrument, delegating the management of ordinary banking business to the executive organs and the management team.

The Board of Directors is governed by clear and transparent rules of governance, in particular the Articles of Association and the Regulations of the Board of Directors, in accordance with corporate governance regulations.

Its responsibilities include:

- a) Approving general strategies of the Company;
- b) Naming and, if appropriate, discharging administrators in the various subsidiaries;
- c) Identifying the main risks facing the company and implementing and monitoring adequate internal control and information systems;
- d) Establishing policies relating to information, communication with markets and shareholders, and public opinion;
- e) Establishing policy on treasury shares within the framework laid down by the shareholders at the Annual General Meeting, if applicable;
- f) Approving the Annual Corporate Governance Report;
- g) Authorising transactions between the company and directors or significant shareholders that could lead to conflicts of interest; and
- h) Generally, taking decisions concerning business or financial operations that are of particular importance for the Company.

The members of the Board of Directors at 31 December 2015 were the following:

Members of the Board of Directors	Position
José Oliu Creus	Chairman
José Javier Echenique Landiribar	Deputy Chairman
Jaime Guardiola Romojaro	Managing Director
Aurora Catá Sala	Director
Héctor María Colonques Moreno	Director
Joaquín Folch-Rusiñol Corachán	Director
María Teresa García-Milá Lloveras	Director
José Manuel Lara García	Director
Joan Llonch Andreu	Director
David Martínez Guzmán	Director
José Manuel Martínez Martínez	Director
José Ramón Martínez Sufrategui	Director
Antonio Vitor Martins Monteiro	Director
José Luis Negro Rodríguez	Director - General Manager
David Vegara Figueras	Director
Miquel Roca i Junyent	Secretary to the Board (non-director)
Maria José García Beato	Deputy Secretary to the Board (non-director)

The Board of Directors has implemented a set of clear and transparent rules and regulations on corporate governance as required by Spanish regulations. The majority of the Board's members (12 of the 15) are non-executive directors and include nine independent directors.

At present, there are five committees to which the Board of Directors delegates functions by making use of the powers conferred on it in the Articles of Association; meetings of the committees are attended by members of Senior Management.

These Committees are:

- the Executive Committee
- the Audit and Control Committee
- the Appointments Committee
- the Remuneration Committee
- the Risk Committee

The composition of these Committees at 31 December 2015 is shown in the table below:

Board Committees - membership					
Position	Executive	Audit and Control	Appointments	Remuneration	Risk Control
Chairman	José Oliu Creus	Maria Teresa Garcia-Milà Lloveras	Héctor María Colonques Moreno	Aurora Catà Sala	José Manuel Martínez Martínez
Deputy Chairman	-	-	-	-	-
Member	José Javier Echenique Landiribar	Joan Llonch Andreu	Aurora Catà Sala	Héctor María Colonques Moreno	Maria Teresa Garcia-Milà Lloveras
Member	Jaime Guardiola Romojaro	José Ramón Martínez Sufrategui	José Javier Echenique Landiribar	José Javier Echenique Landiribar	Joan Llonch Andreu
Member	José Manuel Martínez Martínez	-	Joaquín Folch-Rusiñol Corachán	Joaquín Folch-Rusiñol Corachán	David Vegara Figueras
Member	José Luis Negro Rodríguez	-	-	-	-
Member	David Vegara Figueras	-	-	-	-
Secretary	Maria José García Beato	Miquel Roca i Junyent	Miquel Roca i Junyent	Maria José García Beato	Maria José García Beato
Number of meetings had in 2015	35	7	6	6	8

Executive Committee

The Executive Committee is responsible for the coordination of the bank's Executive Management, adopting to this end any resolutions and decisions within the scope of the powers vested in it by the Board of Directors, for monitoring usual activities in the Bank; any decisions adopted by the Committee are reported to the Board of Directors during their joint meetings, without prejudice to any other functions assigned to the Executive Committee in the Articles of Association and the Board's Regulations.

Audit and Control Committee

The purpose of the Audit and Control Committee is to review reports from the Internal Audit Department to verify that good banking and accounting practices are being followed in all parts of the organisation, as well as to ensure that General Management and their other executive functions take suitable measures to address improper conduct or practices by persons in the organisation. It is also a watchdog, ensuring that the measures, policies and strategies defined by the Board are duly implemented (the committee meets not less than once a quarter).

The Audit and Control Committee is responsible for functions established in the Law, including:

- Reporting to the General Meeting on all issues raised by shareholders that are within its remit;
- Monitoring the effectiveness of the company's internal controls, any Internal Audit carried out and the risk management systems, including those for fiscal risks, in place, and discussing with auditors or auditing firms any

significant internal control weaknesses identified in the course of the audit;

- c) Overseeing the preparation and presentation of statutory financial information;
- d) Making recommendations to the Board of Directors, for submission to the Annual General Meeting, on the appointment of external auditors and their terms of engagement, the scope of their professional mandate and, if applicable, the terminal or non-renewal of their engagement; reviewing performance of the auditing agreement and ensuring that the opinion on the annual accounts and the main findings of the auditor's report are expressed in a clear and precise way;
- e) Advising on the annual accounts and the quarterly and half-yearly financial statements and any prospectuses required to be filed with the regulatory or supervisory authorities; monitoring regulatory compliance and ensuring that generally accepted accounting principles have been correctly applied, and reporting on any proposed amendments to those principles;
- f) Maintaining working relations with external auditors to receive information on, and enquire into, any issues that could compromise their independence and keeping itself informed of any other matters related to the audit process and to auditing standards.
- g) Advising on any issues referred to the Committee by the Board of Directors that are within its terms of reference; and
- h) Any other matters for which the Committee is responsible by law or under the Articles of Association or any regulations made in accordance therewith, or under any generally applicable rules on corporate governance.

The Committee also has the following tasks in connection with compliance of regulatory provisions, legal requirements and the precepts of Corporate Governance Codes:

1. Overseeing compliance with the law, internal regulations and regulatory provisions concerning Company activities;
2. Assessing the effectiveness of, and compliance with, the Regulations of the Annual General Meeting, the rules of procedure of the Board of Directors, the Company's Code of Conduct and, particularly, the Internal Code of Conduct for trading on the stock markets;
3. Reviewing compliance with the rules on corporate governance and submitting recommendations for improvement to the Board as it sees fit; and
4. Supervising the corporate governance report to the Board of Directors for approval and inclusion in the annual report.

Appointments Committee

The Appointments Committee shall have, as a minimum, the following basic responsibilities, without prejudice to any other functions assigned to the Appointments Committee by Law, in the Articles of Association and the Board's Regulations:

- a) Make recommendations to the Board of Directors on the appointment of external consultants for their co-opted appointment or for their subjection to the decision at the Annual General Meeting, in addition to any proposals for re-electing or discharging these counsellors;
- b) Submit the proposals for the appointment of the remaining board members for their co-opted appointment or for their subjection to the decision at the Annual General Meeting, in addition to any proposals for re-electing or discharging these counsellors;
- c) Ensure compliance with the qualitative composition of the Board of Directors, in accordance with the provisions of Article 54 of Statutes of Association;
- d) Evaluate the suitability, skills, knowledge and experience necessary for members of the Board of Directors;
- e) Submit the proposals for the appointment and discharge of senior management members;
- f) Submit the proposals for the appointment and discharge of directors included in the Identified Staff;
- g) Report the basic conditions of the contracts of the executive directors and senior management members;

h) Examine and organise the plans of succession of the Chairman of the Board and the first executive director of the Bank and, where applicable, present proposals to the Board; and

i) Establish an objective for gender diversity in the Board of Directors and prepare ideas on how to reach this objective;

Remuneration Committee

The Remuneration Committee shall have, as a minimum, the following basic responsibilities, without prejudice to any other functions assigned to the Appointments Committee by Law, in the Articles of Association and the Board's Regulations:

a) Propose to the Board of Directors the remuneration policy of the board members;

b) Propose to the Board of Directors the remuneration policy of the General Managers and those performing top management functions who directly report to the Board, Executive Committee members or Managing Directors, and the individual remuneration and other contractual conditions of the Board Members, ensuring their compliance;

c) Regularly review the remuneration policy;

d) Report on the schemes for remuneration in shares and/or options;

e) Regularly review the general principles in matters of remuneration, and the remuneration schemes of all employees, weighing their conformity with these principles;

f) Ensure that remuneration is transparent.

g) Ensure that any potential conflicts of interest do not hinder the independence of external consultants; and

h) Verify the information on remuneration contained in the various corporate documents, including the Report on Board Members' Remuneration.

Risk Committee

The Risk Committee is responsible for:

a) Supervising the implementation of the Risk Appetite Framework;

b) Determining and making recommendations to the full Board on annual levels of investment in the real estate market, as well as criteria and volumes applicable to all of its different types;

c) Reporting to the full Board on the development of its tasks, in accordance with this Article of Association and any other applicable legal or statutory requirements;

d) Making quarterly reports to the full Board on the levels of risks taken, investments carried out and on their evolution, as well as on any possible repercussions on the Group's income caused by fluctuations in interest rates and their adjustment to the VAR approved by the Board;

e) Monitoring and detecting any breaches of the approved tolerance thresholds, ensuring the activation of the

corresponding contingency plans established to this effect;

f) Reporting to the Remuneration Committee on whether the employees' Remuneration Programs are coherent with the Bank's risk, capital and liquidity levels.

1.2. Operating review; objectives achieved and actions implemented

The group's development objectives are focused on profitable growth and the generation of shareholder value through a strategy of business diversification based on high returns, efficiency and quality of service together with a conservative risk profile, while maintaining high standards of ethics and professional conduct combined with sensitivity to shareholders' interests.

The bank has a business model that fosters long-term customer relationships through constant efforts to promote customer loyalty by adopting an initiative-based proactive approach. The bank offers a comprehensive range of products and services, competent and highly qualified personnel, a technological platform with ample capacity to support future growth and a relentless focus on quality.

Since the onset of the financial crisis, Spain's banking sector has been going through an unprecedented process of consolidation. Higher levels of capital, stricter provisioning requirements, the economic recession and pressure from the capital markets are some of the factors that have driven Spanish banks to merge and gain in scale, maximise efficiency and strengthen their balance sheets.

During the last decade, Banco Sabadell has expanded its geographic presence and increased its market share in Spain through several acquisitions, the largest of which was Banco CAM in 2012, which enabled it to notably expand its balance sheet. In 2013 Banco Sabadell was able to undertake further corporate actions on economically acceptable terms in a context of banking sector restructuring. Following the acquisition of the Penedès branch network, Banco Gallego and Lloyds España in 2013, Banco Sabadell is well positioned to grow organically and to benefit from the economic recovery in Spain.

Synergies from the Banco CAM merger exceeded expectations, with the systems and operational integration of the Penedès branch network into that of Banco Sabadell being successfully complemented in 2013, followed by the integration of Banco Gallego and Lloyds España in 2014.

Acquisitions and organic growth in recent years have enabled Banco Sabadell to reinforce its position in some of Spain's most prosperous regions (e.g. Catalonia, Valencia and the Balearic Islands) and to increase its market share in other key areas. According to the most recent available information, at a national level, Banco Sabadell holds a market share of 7.8% in lending and 6.5% in deposits (October 2015). Banco Sabadell also has a strong position in other products such as ICO funding, with a market share of 18.9% (December 2015); commercial loans with a share of 10.4% (October 2015); direct salary payments with 6.4% (November 2015) and POS terminal transactions, with 17.9% (September 2015).

Banco Sabadell has always been a leader in cross-border operations. It has continued to be so in 2015 through its presence in strategic markets and by serving companies as they expand abroad, reaching market shares of 31.5% and 16.5% in documentary credits for exports and imports, respectively (November 2015).

Internationalisation, one of the pillars of the bank's current business plan, has been significantly carried out in 2015. The acquisition of TSB meant that at 2015 year-end, 30% of the Group's credit investment is abroad.

The short-term priority for TSB is the execution of its current business plan, on one hand, and the technological migration and integration on the other hand. In the medium-term, Banco Sabadell's high market share in the SMEs sector in Spain, together with its international experience, will be a solid added-value tool to support TSB in the development of efficient and high-quality services for SMEs in the United Kingdom.

In 2015, Banco Sabadell has experienced a favourable dynamic in the acquisition of off-balance funds, increasing its weight on the balance sheet. The mutual funds share has increased from 5.1% at the beginning of 2015 to 6.0% in December 2015.

Since 2007 deposits have been the Bank's primary source of funding, thereby reducing its dependency on capital markets. Other developments during the year include the successful completion of two senior debt issues for €750 and €1,000 million in June and October respectively, with a strong interest from investors.

In 2015, Banco Sabadell has maintained its policy of removing problem assets and it has implemented allowances of €2,333 million, allowing it to achieve a coverage ratio of doubtful assets of 53.6%.

2 – BUSINESS PERFORMANCE AND RESULTS

2.1. Global economic and financial environment

In 2015, the global economy has maintained a modest growth. The year has been marked by new episodes of political and geopolitical instability, and also by more erratic behaviour of financial markets.

In the political arena, uncertainty regarding Greece during the first half of the year took centre stage. The new Government elected in January, led by the political party Syriza, began a challenging process of negotiation with international lenders regarding the terms of the financial aid programmes. The negotiations became increasingly complicated, ending with Greece calling a referendum to decide on whether or not to accept the conditions of the rescue package. Furthermore, the ECB froze the emergency liquidity that had been granted to the Greek banking sector, resulting in a significant outflow of banking deposits, which required the establishment of capital controls. In this context, Greece became the first developed country to break its financial commitments with the IMF, and significant doubts arose as regards to it remaining a member of the Eurozone. In the end, a third international rescue package for Greece was granted, of up to €86 billion, tied to an important set of conditions. Following the agreement, the instability surrounding the country was significantly reduced, and new elections were held (on 20 September), in which Syriza was victorious once again.

In the political arena, the victory of the Conservative Party in the United Kingdom, which won the elections with absolute majority, also attracted widespread attention. This implies that a referendum will be held before the end of 2017 to decide on whether or not the country will remain a part of the European Union. In Portugal, after the general elections, difficulties in forming a government became apparent. Finally, the Socialist Party headed the government thanks to the support from left-wing parties and despite obtaining fewer votes than the Conservative Party. In Spain, the conservative Partido Popular won the general elections held on 20 December, although agreements and pacts will have to be reached in order to be able to form a government. Lastly, in terms of the European development, work has continued on the Banking Union process, with a proposal from the European Commission to create a European Deposit Guarantee Mechanism. Similarly, the creation of the Capital Markets Union has also continued to develop, with the publication of an Action Plan up to 2017.

In the geopolitical arena, the conflict in Ukraine has taken second stage to the refugee crisis in Europe and the increasing tension with regards to Syria, particularly after the terrorist attacks in Paris by the Islamic State.

With regards to the global financial markets, the abrupt summer movements are notable, fuelled by doubts concerning the growth of China after the devaluation of the Chinese Yuan and amidst expectations that the first increase in interest rates in nine years would take place in the United States. The evolution was particularly negative in terms of currencies, stock exchanges and corporate debt of emerging countries, with similar reductions, and in some cases even more severe reductions, reaching previous economic crisis levels.

In terms of activity in the United States, the economy has maintained growth rates similar to those seen in 2014, and the labour market has continued to progress with the implementation of its normalisation process. The economy has been negatively affected by the strength of the dollar and the reduced activity in the petroleum extraction sector. In the Eurozone, despite the uncertainty surrounding Greece, activity has been more positive than in the previous year, backed by the depreciation of the Euro, the lower price of crude oil and reduced financing costs. In the United Kingdom, the economy has maintained a favourable trend, supported by the good performance of the labour market, although it is

experiencing lower growth rates than in 2014. In Japan, the economy has shown weakness, with its GDP declining in the second quarter.

Emerging economies have witnessed lower growth rates than in 2014, affected by more restrictive financing conditions, lower commodities prices and the structural deceleration in China. In China, this deceleration is framed within its process of changing its production model. China has made progress in areas such as financial liberalisation, while the authorities have continued to adopt measures to limit the deterioration of the country's activities. On the other hand, in Latin America, the economic situation has continued to decline in Brazil, in a context of political instability and severe fiscal imbalances and declines in current accounts. Mexico has maintained a moderate growth rate, which slightly exceeds that of 2014. In Colombia, the economy has decelerated, hindered by the deterioration of its petrol activity. Eastern Europe has suffered an economic downturn and the financial crisis in Russia, which was still affected by the conflict in Ukraine, particularly in the first half of the year.

The Spanish economy has maintained a highly favourable development, and has continued to stand out from other Eurozone countries. In 2015, its GDP will have recorded growth in excess of 3.0%, something not seen since 2007. Domestic demand has continued to be the main source of growth, while exports have maintained a notable dynamism. The activity has benefited from lower crude oil prices, a reduced fiscal effort (e.g. tax reductions) and some favourable financing conditions. The positive behaviour of the economic activity has been reflected in an improved behaviour in the labour market, with an increase in net employment and a further decline in unemployment rates. With regards to the external sector, the economy has maintained a situation of surplus current accounts for the third consecutive year. Lastly, in terms of tax, the public deficit has continued to decline, although the European Commission estimates that in 2015 it will be above the target GDP level of 4.2%.

In terms of inflation, it has remained at a very low level and a long way off from the targets of the monetary policies in the main developed economies. Inflation has declined due to the lower price of crude oil and of commodities in general. In this sense, the price of petrol was at its lowest in over a decade, affected by aspects such as a lack of adjustment of supply and a weak demand. The underlying aspect of inflation (prices excluding food or energy) has shown a better improvement than the general price index.

The monetary policy of the main central banks has continued to be accommodating. In the Eurozone, the ECB extended its private asset purchase program in March, to allow public debt to also be purchased. This new program included monthly purchases of assets for €60 million. At its December meeting, the ECB extended this program by six months, up to March 2017, and also reduced the deposit interest rate to -0.30%. The ECB's monetary policy has enabled the German short part of its price curve to remain in negative figures throughout the year. In fact, the two-year profitability of the German bond has reached historical levels. In the United States, the Fed, in its December meeting, increased the benchmark interest rate for the first time in nine years, to 0.25-0.50%. The improvement in labour market conditions was an influencing factor in this decision. In the United Kingdom, the benchmark interest rate of the Bank of England has remained unaltered, at 0.50%, and the stock of assets acquired under its purchase program has also remained stable, at GBP 375 million. Lastly, in Japan, the central bank has not made any changes to the monthly purchase volume of assets. In its December meeting, it qualitatively modified some of the characteristics of its asset purchase program to facilitate its implementation.

The profitability of long-term public debt markets in the United States and Germany have remained at very reduced levels, ending the year at levels only slightly above those of 2014. These assets have been supported by reduced inflation, the accommodating characteristics of monetary policies and doubts concerning global economic growth. The profitability of the German bond reached a new record low in April, due in part to the start of the ECB purchase programs and the uncertainty surrounding Greece. The profitability of the German bond over 10 years, after having reached levels close to 0.0%, suffered a significant and historic increase, which can be explained, in part, by the idiosyncrasies of the operation of the public debt market itself. This rate of increase gradually slowed throughout the second half of the year. In Europe, public debt has continued to be supported by the ECB's monetary policy, as shown by the limited recovery of country-risk premiums when uncertainty surrounding Greece was at its highest. Credit rating agencies have introduced new credit rating improvements in these countries. Throughout the year, risk premiums in Italy and Portugal have declined, while in Spain the year-end has seen levels which are slightly above 2014 levels. Political uncertainty in Spain due to the various elections, has contributed to worse behaviour in terms of assets. In any event, the profitability of public debt of these countries has reached historic minimums.

In currency markets, the euro has once again been significantly devalued compared with the dollar and the pound sterling. This depreciation largely occurred in the first quarter, coinciding with the announcement of the purchase of public debt by the ECB. The yen, quoted against the dollar, ended the year at levels similar to those in 2014. The outflow of capital from the Japanese economy, in a context where various domestic investors have diversified their portfolios to give

more weight to foreign assets, have caused the yen to depreciate. However, during the financial instability over the summer, the yen acted as a safe asset and appreciated.

In terms of equity markets, European indices have been supported by the ECB's monetary policy. During the summer, the indices in both Europe and the United States were severely affected by doubts concerning global economic growth. Throughout the year, in the United States, the S&P 500 has increased, in euro, by over 10%, although this improvement is due exclusively to the appreciation of the dollar. In Europe, the EURO STOXX 50 has advanced by almost 4%, although with a similar behaviour over all the European countries. The IBEX-35 in Spain has ended the year below its 2014 levels, with a fall of 7%, while the German DAX, despite the Volkswagen scandal, has recorded an increase of close to 10%.

Finally, financial markets in emerging countries have maintained high volatility and were severely affected during summer, with strong exchange depreciations and an abrupt stock market decline in China. The high volatility has been linked to doubts concerning the extent of the economic deceleration in China, political instability in some countries, reduced prices of commodities and concerns over a possible increase in the benchmark interest rate in the United States. In this context of strong exchange depreciations, some central banks have been forced to increase their official interest rates in order to avoid falling short of inflation expectations. Standard&Poor's and Fitch withdrew the investment grade of Brazilian sovereign debt in foreign currencies, which had been maintained since 2008.

2.2. Key financial and non-financial indicators

The key figures for the bank, including financial and non-financial data of critical importance to the running of the bank, are set out below:

		2015	2014	Change YoY (%)
Balance sheet (Thousand euro)				
	(A)			
Total assets		208,627,771	163,345,673	27.7
Gross loans and advances to customers, excluding reverse repos		152,696,839	117,963,953	29.4
Gross loans and advances to customers		153,425,314	118,551,550	29.4
On-balance sheet funds	(1)	162,974,003	121,806,632	33.8
Of which: On-balance sheet customer funds	(2)	131,489,191	94,460,668	39.2
Mutual funds		21,427,252	15,705,612	36.4
Marketing of pension funds and insurance		11,951,922	11,755,126	1.7
Funds under management	(3)	200,355,081	152,185,441	31.7
Shareholders' funds		12,274,945	10,223,743	20.1
Income statement (Thousand euro)				
	(B)			
Net interest income		3,202,830	2,259,706	41.7
Gross income		5,478,370	4,800,526	14.1
Profit before impairment and other provisions		2,862,993	2,749,104	4.1
Profit attributed to the parent company		708,441	371,677	90.6
Ratios (%)				
	(C)			
ROA	(4)	0.38%	0.23%	
ROE	(5)	6.34%	3.70%	
ROTE	(6)	7.58%	4.36%	
Cost/Income ratio	(7)	50.45%	53.14%	
Core capital / Common Equity	(8)	11.5%	11.7%	
Tier I	(9)	11.5%	11.7%	
BIS ratio	(10)	12.9%	12.8%	
Risk management				
	(D)			
Doubtful loans (€'000)		12,560,805	15,909,945	
Loan loss ratio (%)		7.79	12.74	
Loan loss and real estate impairment allowances (€'000)		11,344,044	11,814,083	
Loan loss coverage ratio		53.6	49.4	
Share data (period end)				
	(E)			
No. of shareholders		265,935	231,481	
Number of shares		5,439,244,992	4,024,460,614	
Share price (€)		1.635	2.205	
Market capitalisation (€'000)	(11)	8,893,166	8,873,936	
Earnings per share (EPS) (€)		0.13	0.09	
Book value per share (€)	(12)	2.26	2.54	
Price/Book value (times)		0.72	0.87	
Price/earnings ratio (P/E) (times)		12.55	23.88	
Adjusted for effect of mandatory convertible bonds				
Total number of shares including shares resulting from conversion of bonds		5,472,251,402	4,289,732,386	
Earnings per share (EPS) (€)		0.13	0.09	
Book value per share (€)		2.24	2.38	
Price/Book value (times)		0.73	0.93	
Other data				
Branches		2,873	2,320	
Employees		26,090	17,529	
Number of employees (million)	(13)	11.4	6.4	

(A) This section of the table provides an overview of year-on-year changes in the main items on the group's consolidated balance sheet, focusing especially on data related to customer loans and customer funds.

(B) This section sets out key components of the income statement for the last two years.

(C) The ratios in this section of the table have been included to give a meaningful indication of profitability, efficiency and capital adequacy in the last two years.

(D) This section gives some key balances related to risk and risk management within the group, as well as the most significant ratios related to this risk.

(E) This section provides data on the share price and other stock market ratios and indicators.

- (1) Includes customer deposits, debts represented by marketable securities, subordinated liabilities and liabilities under insurance contracts.
- (2) Includes customer deposits (ex repos) and other liabilities placed via the branch network: mandatory convertible bonds, non-convertible bonds issued by Banco Sabadell, commercial paper and others.
- (3) Includes on-balance sheet funds, mutual funds, pension funds, asset management and insurance contracts distributed by the Group.
- (4) Consolidated profit (loss) for the year/ average total assets.
- (5) Income attributable to the group / average shareholders' equity (not treating income attributable to the group as shareholders' equity)
- (6) Income attributable to the group / average shareholders' equity (not treating income attributable to the group as part of shareholders' equity, deducting goodwill).
- (7) Personnel and other general administrative expenses / gross income. To calculate these ratios, gross income was adjusted considering only net trading income and recurring exchange differences.
- (8) Core capital / risk-weighted assets (RWA). The December 2014 ratio was calculated according to Basel III with modifications provided in Bank of Spain Circular 2/2014 (approved in July 2014).
- (9) Tier 1 capital / risk-weighted assets (RWA). The December 2014 ratio was calculated according to Basel III with modifications provided in Bank of Spain Circular 2/2014 (approved in July 2014).
- (10) Total capital / risk-weighted assets (RWA). The December 2014 ratio was calculated according to Basel III with modifications provided in Bank of Spain Circular 2/2014 (approved in July 2014).
- (11) Number of shares by quoted market price at year-end.
- (12) Shareholders' equity / Number of shares.
- (13) The changes mainly correspond to the acquisition of TSB.

2.3. Financial review

Balance sheet and income statement

In 2015, the acquisition of the entirety of TSB shares was finalised, reaching a shareholding of 100% of TSB's share capital (see Note 2 of these current accounts).

As a result, the variations in the balances on the balance sheet and the profit and loss accounts were affected by the consolidation of TSB on 30 June 2015.

Banco Sabadell and its group ended 2015 with a net attributed profit of €708.4 million (€586.4 excluding TSB), after making the transfers to insolvencies and provisions of the securities and real estate assets portfolio of €2,333.2 million.

The positive evolution of the ordinary banking business and the strict control over recurring operating expenses, together with the adequate management of customer spreads and rigorous quality controls of the credit risk, complied once more with the main pillars on which the development of Banco Sabadell activities in 2015 were based.

Balance sheet

At the end of 2015, total assets for Banco Sabadell amounted to €208,627.8 million (€165,249.6 million excluding TSB), amply surpassing the figure at the end of 2014 (€163,345.7 million). This is mainly due to the acquisition of TSB.

Thousand euro			
	2015 ¹	2014	Change YoY (%)
Cash and balances with central banks	6,139,459	1,189,787	416.0
Assets held for trading, derivatives and other financial assets	3,097,952	3,253,356	(4.8)
Available-for-sale financial assets	23,460,356	21,095,619	11.2
Loans and receivables	154,754,303	117,895,179	31.3
Loans and advances to credit institutions	6,206,088	4,623,197	34.2
Loans and advances to customers (net)	146,815,737	110,835,723	32.5
Debt securities	1,732,478	2,436,259	(28.9)
Investments	340,996	513,227	(33.6)
Tangible assets	4,188,526	3,982,866	5.2
Intangible assets	2,080,570	1,591,296	30.7
Other assets	14,565,609	13,824,343	5.4
Total assets	208,627,771	163,345,673	27.7
Liabilities held for trading and derivatives	2,334,617	2,254,459	3.6
Financial liabilities at amortised cost	189,468,677	145,580,114	30.1
Deposits from central banks	11,566,070	7,201,546	60.6
Deposits from credit institutions	14,724,718	16,288,193	(9.6)
Customer deposits	132,876,312	98,208,370	35.3
Capital market	26,406,617	20,196,329	30.7
Subordinated liabilities	1,472,779	1,012,362	45.5
Other financial liabilities	2,422,181	2,673,314	(9.4)
Liabilities under insurance contracts	2,218,295	2,389,571	(7.2)
Provisions	346,225	395,215	(12.4)
Other liabilities	1,492,296	1,510,362	(1.2)
Total liabilities	195,860,110	152,129,721	28.7
Shareholders' funds	12,274,945	10,223,743	20.1
Valuation adjustments	455,606	937,416	(51.4)
Non-controlling interests	37,110	54,793	(32.3)
Total equity	12,767,661	11,215,952	13.8
Total liabilities and equity	208,627,771	163,345,673	27.7
Contingent risks	8,356,167	9,132,560	(8.5)
Contingent commitments	21,130,614	14,769,638	43.1
Total memorandum accounts	29,486,781	23,902,198	23.4

Gross loans and advances to customers (excluding repos) amounted to €152,696.8 million at 2015 year-end (€116,634.8 million excluding TSB). This item increased by 29.4% year-on-year (-1.1% excluding TSB) mainly as a result of the acquisition of TSB, partially offset by a reduced volume of doubtful assets. Secured mortgage loans formed the largest single component of gross lending, amounting to €90,538.6 million at 31 December 2015, representing 60% of total gross loans and advances.

Thousand euro					
	2015	2014	Change YoY (%)	Ex TSB 2015	Change YoY (%)
Mortgage loans and credit	90,538,646	57,112,332	58.5	57,835,895	1.3
Other secured loans and credit	2,201,305	2,155,279	2.1	2,201,305	2.1
Commercial loans	5,665,062	4,867,272	16.4	5,410,519	11.2
Other loans	28,092,445	24,194,643	16.1	26,303,782	8.7
Other credit	4,593,404	4,188,075	9.7	4,593,404	9.7
Finance leases	2,070,028	2,124,317	(2.6)	2,070,028	(2.6)
Overdrafts and sundry accounts	7,206,937	7,738,268	(6.9)	6,121,714	(20.9)
Doubtful loans	12,470,413	15,714,213	(20.6)	12,253,836	(22.0)
Accruals	(141,401)	(130,447)	8.4	(155,715)	19.4
Gross loans and advances to customers, excluding reverse repos	152,696,839	117,963,952	29.4	116,634,768	(1.1)
Reverse repos	728,475	587,597	24.0	728,475	24.0
Gross loans and advances to customers	153,425,314	118,551,549	29.4	117,363,243	(1.0)
Credit and country risk allowances	(6,609,577)	(7,715,826)	(14.3)	(6,425,973)	(16.7)
Loans and advances to customers (net)	146,815,737	110,835,723	32.5	110,937,270	0.1

The evolution of the Group's portfolio of problem assets improved in 2015. Quarter-on-quarter changes in these loans ex-TSB (doubtful assets plus real estate assets not covered by the Asset Protection Scheme) were as follows:

€million								
	2015				2014			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net increase in ordinary doubtful exposure	(802)	(731)	(540)	(544)	(83)	(203)	(316)	(457)
Change in real estate	211	167	1	7	64	148	202	263
Net increase in ordinary doubtful exposure and real estate	(591)	(564)	(539)	(537)	(19)	(55)	(114)	(194)
Assets written-off	245	170	300	234	265	97	224	298
Quarter-on-quarter movements in doubtful exposure and real estate	(836)	(734)	(839)	(771)	(284)	(152)	(338)	(492)

The decrease in doubtful assets was reflected in a loan loss ratio of 7.79% at the close of 2015, compared with 12.74% at the close of 2014 – a fall of 495 basis points. The provision coverage ratio for doubtful assets at 31 December 2015 was 53.6%, compared with 49.4% a year earlier.

In 2015, customer funds showed a positive trend and increased overall by 35.3% year on year (7.0% excluding TSB), mainly due to the acquisition of TSB and also to the sustained increase of off-balance sheet funds, in particular managed and traded funds associated with equity in credit investment schemes (CISs).

At 2015 year-end, on-balance sheet customer funds totalled €131,489.2 million (€96,227.0 million excluding TSB), compared with €94,460.7 million at 2014 year-end. The balances of demand accounts totalled €84,536.1 million (€53,849.5 million excluding TSB), representing a year-on-year change of 95.3% (24.4% excluding TSB) and customer term deposits amounted to €46,376.3 million (€41,800.8 million excluding TSB), 13.1% lower than in the previous year (21.7% lower excluding TSB). The downwards trend of interest rates in financial markets has caused a change in the composition of on-balance sheet customer funds (between term deposits and demand accounts) and a transfer of these to off-balance sheet funds.

Total off-balance sheet funds amounted to €37,381.1 million and increased by 23.0% compared with the previous year. In this chapter, the uninterrupted growth of equity in credit investment schemes (CISs), which at 31 December 2015 stood at €21,427.3 million, representing a 36.4% increase compared with 2014 year-end, and the equity

balances, that increased to €4,001.9 million, representing a growth of 37.1% compared with 2014 year-end were particularly notable.

Debit represented by marketable securities totalled €26,406.6 million at 2015 year-end, compared with €20,196.3 million at 31 December 2014. This increase was mainly due to the net increase in balances of bonds and commitments issued by TSB securitisation funds.

The total of funds under management at 31 December 2015 amounted to €200,355.1 million (€160,605.2 million excluding TSB), compared with €152,185.4 million at 31 December 2014, an increase of 31.7% in 2015 (5.5% excluding TSB).

Thousand euro					
	2015	2014	Change YoY (%)	Ex TSB 2015	Change YoY (%)
On-balance sheet customer funds	131,489,191	94,460,668	39.2	96,227,003	1.9
Customer deposits	132,876,312	98,208,370	35.3	97,625,064	(0.6)
Current accounts	50,889,085	31,098,746	63.6	39,404,802	26.7
Savings accounts	33,647,047	12,176,217	176.3	14,444,711	18.6
Time deposits	46,376,324	53,395,928	(13.1)	41,800,754	(21.7)
Repurchase agreements	1,950,585	1,291,799	51.0	1,950,586	51.0
Accruals	226,621	447,697	(49.4)	226,621	(49.4)
Adjustments due to hedging derivatives	(213,350)	(202,017)	5.6	(202,410)	0.2
Debt represented by marketable securities	26,406,617	20,196,329	30.7	22,455,945	11.2
Subordinated liabilities	1,472,779	1,012,362	45.5	924,858	(8.6)
Liabilities under insurance contracts	2,218,295	2,389,571	(7.2)	2,218,295	(7.2)
On-balance sheet funds	162,974,003	121,806,632	33.8	123,224,162	1.2
Mutual funds	21,427,252	15,705,612	36.4	21,427,252	36.4
Equity funds	1,417,574	953,518	48.7	1,417,574	48.7
Balanced funds	4,271,899	1,695,488	152.0	4,271,899	152.0
Fixed-income funds	4,327,692	3,829,651	13.0	4,327,692	13.0
Guaranteed return funds	3,380,152	3,793,940	(10.9)	3,380,152	(10.9)
Real estate funds	67,407	9,225	--	67,407	--
Investment entities (SICAVs)	1,994,220	1,725,078	15.6	1,994,220	15.6
Mutual funds	5,968,308	3,698,712	61.4	5,968,308	61.4
Wealth management	4,001,904	2,918,071	37.1	4,001,904	37.1
Pension funds	4,305,121	4,334,615	(0.7)	4,305,121	(0.7)
Individual	2,759,773	2,861,552	(3.6)	2,759,773	(3.6)
Company	1,529,575	1,456,994	5.0	1,529,575	5.0
Group	15,773	16,069	(1.8)	15,773	(1.8)
Third party insurance products	7,646,801	7,420,511	3.0	7,646,801	3.0
Funds under management	200,355,081	152,185,441	31.7	160,605,240	5.5

(*) Includes customer deposits (ex-repos) and other liabilities placed by the branch network: bonds mandatorily convertible into shares, straight bonds of Banco Sabadell, commercial paper

Income and profit performance

Thousand euro					
	2015	2014	Change YoY (%)	Ex TSB 2015	Change YoY (%)
Interest and similar income	4,842,356	4,513,497	7.3	4,158,143	(7.9)
Interest and similar charges	(1,639,526)	(2,253,791)	(27.3)	(1,494,933)	(33.7)
Net interest income	3,202,830	2,259,706	41.7	2,663,210	17.9
Returns on equity instruments	2,912	8,628	(66.2)	2,912	(66.2)
Share of profit/(loss) of equity accounted entities	48,795	101	-	48,795	-
Net fees and commissions	1,003,344	860,891	16.5	924,515	7.4
Net gains (losses) on financial assets and liabilities	1,208,161	1,763,604	(31.5)	1,207,108	(31.6)
Exchange differences (net)	137,926	99,556	38.5	137,926	38.5
Other operating income/expense	(125,598)	(191,960)	(34.6)	(123,377)	(35.7)
Gross income	5,478,370	4,800,526	14.1	4,861,089	1.3
Personnel expenses	(1,457,341)	(1,202,604)	21.2	(1,219,305)	1.4
Recurring (*)	(1,417,493)	(1,169,295)	21.2	(1,183,777)	1.2
Non-recurring	(39,848)	(33,309)	19.6	(35,528)	6.7
Other general administrative expenses	(829,174)	(570,714)	45.3	(588,418)	3.1
Recurring (**)	(805,201)	(563,849)	42.8	(579,645)	2.8
Non-recurring	(23,973)	(6,865)	249.2	(8,773)	27.8
Depreciation and amortisation	(328,862)	(278,104)	18.3	(289,588)	4.1
Profit before impairment and other provisions	2,862,993	2,749,104	4.1	2,763,778	0.5
Provisions for loan losses and other impairments	(2,333,163)	(2,499,659)	(6.7)	(2,333,163)	(6.7)
Profit on disposal of assets	(16,960)	236,948	-	(16,960)	-
Negative goodwill	231,891	-	-	231,891	-
Profit/(loss) from discontinued operations	-	-	-	-	-
Profit/(loss) before tax	744,761	486,393	53.1	645,546	32.7
Corporate income tax	(32,516)	(109,748)	(70.4)	(55,318)	(49.6)
Consolidated profit/(loss) for the year	712,245	376,645	89.1	590,228	56.7
Profit/(loss) attributed to non-controlling interests	3,804	4,968	(23.4)	3,804	(23.4)
Income attributed to the group	708,441	371,677	90.6	586,424	57.8
Memorandum item:					
Average total assets	186,535,634	163,372,812	14.2	165,824,058	1.5
Earnings per share (€)	0.13	0.09	-	0.11	-

Net interest income totalled €3,202.8 million in 2015, rising by 41.7% on the previous year's figure, with the ratio of net interest income to average total assets and the customer margin both increasing significantly. This upward trend was due to a reduction of financing costs and the acquisition of TSB. Excluding TSB, net interest income amounts to €2,663.2 million at 2015 year-end, an increase of 17.9% compared with the previous year.

In terms of overall annual averages, the net interest margin for the year was 1.72% (1.61% excluding TSB), 34 basis points higher than the figure for the previous year (1.38% in 2014). The higher average return on average total assets was the result of several factors, mainly due to the rise in customer spreads (due mainly to the lower cost of customer deposits), lower capital market funding costs, the reduction in problem assets and the improved profitability of recent acquisitions.

	2015			2014			Change			€B
	Average balance	Income/(expense)	Rate (%)	Average balance	Income/(expense)	Rate (%)	Average balance	Income/(expense)	Volume	
Cash, central banks and other credit institutions	7,363,259	42,204	0.57	4,259,117	40,099	0.94	3,104,142	2,105	4,931	
Loans and advances to customers	121,382,919	3,973,834	3.27	106,441,489	3,640,970	3.42	14,941,430	332,864	(364,487)	
Fixed-income portfolio	27,388,253	763,530	2.79	22,703,810	806,852	3.55	4,684,443	(43,322)	(181,949)	
Subtotal	156,134,431	4,779,568	3.06	133,404,416	4,487,921	3.36	22,730,015	291,647	(541,508)	
Equity portfolio	1,431,499	-	-	1,325,403	-	-	106,096	-	-	
Tangible and intangible assets	4,228,316	-	-	3,761,914	-	-	466,402	-	-	
Other assets	24,744,119	62,788	0.25	24,681,079	25,576	0.10	(136,960)	37,212	37,212	
Total capital employed	186,538,365	4,842,356	2.60	163,372,812	4,513,497	2.76	23,165,553	328,859	(504,294)	
Credit institutions	17,508,806	(140,619)	(0.80)	13,234,024	(194,307)	(1.47)	4,274,782	53,688	56,130	
Deposits from other creditors	110,217,214	(738,986)	(0.67)	93,079,509	(1,107,189)	(1.19)	17,137,705	368,203	949,695	
Capital markets	26,792,153	(660,394)	(2.46)	26,901,563	(908,505)	(3.38)	(109,410)	248,111	233,477	
Repurchase agreements	9,623,242	(41,567)	(0.43)	8,597,642	(49,178)	(0.57)	1,025,600	7,612	12,761	
Subtotal	164,141,415	(1,581,565)	(0.96)	141,812,738	(2,258,180)	(1.59)	22,328,677	677,815	1,262,063	
Other liabilities	10,148,335	(57,961)	(0.57)	10,785,387	5,389	0.05	(637,052)	(63,350)	(63,350)	
Shareholders' equity	12,248,615	-	-	10,774,687	-	-	1,473,928	-	-	
Total funds	186,538,365	(1,639,526)	(0.88)	163,372,812	(2,253,791)	(1.38)	23,165,553	614,265	1,198,713	
Average total assets	186,538,365	3,202,830	1.72	163,372,812	2,258,706	1.38	23,165,553	943,124	684,420	

Dividends received and income from equity-accounting undertakings together amounted to €51.7 million against €8.7 million in 2014 (an increase of €43.0 million). The increase was due to income from insurance and pension assets that significantly increased compared with the previous year.

Net fees and commissions totalled €1,003.3 million (€924.5 million excluding TSB) due mainly to the acquisition of TSB, a 16.5% increase year-on-year (7.4% excluding TSB). This increase was mainly due to the positive performance of mutual funds and structuralisation and insurance (syndicated) operations, as well as the consolidation of TSB.

Fees and commissions derived from risk operations grew by €53.4 million overall, largely due to the acquisition of TSB. Fees for services increased by €30.5 million, with a strong performance being shown in the securities, credit/debit card and syndicated loan categories, driven by the growth in business volumes and the inclusion of TSB in the consolidated group accounts. Fees and commissions related to mutual funds, insurance and pensions showed an increase of €58.6 million on the previous year, attributable primarily to the growth of assets held in collective investment schemes (CISs) sold by the group or under its management.

Income from financial operations totalled €1,208.2 million (€1,207.1 million excluding TSB), with particularly notable gains from the sale of fixed income financial assets available for sale amounting to €1,045.5 million. The high level of gains from financial operations derived from the management of the ALCO portfolio up to June 2015 is also particularly noteworthy; these allowed hedging levels to be strengthened. In 2014, income from financial operations totalled €1,763.6 million, of which €1,860.7 million corresponded to the sale of fixed income financial assets available for sale.

Net income from exchange differences totalled €137.9 million, compared with a significantly lower amount in 2014 (€99.6 million), representing a year-on-year increase of 38.5%.

Other operating income and expenses showed a negative balance of €125.6 million (€-123.4 million excluding TSB), compared with €-192.0 million in 2014. A major component of this item consisted of contributions to the deposit guarantee fund amounting to €-86.0 million and contributions to the national resolution fund amounting to €-43.5 million.

Operating expenses (personnel and general) for 2015 totalled €2,286.5 million (€1,807.7 million excluding TSB), of which €63.8 million were non-recurring in character (consisting essentially of redundancy payments to employees); in 2014, operating expenses amounted to €1,773.3 million and included €40.2 million in non-recurring expenses.

Recurring operating expenses in 2015 increased by 28.2% overall (1.7% excluding TSB), compared with 2014 (specifically, personnel expenses increased by 21.2% (1.2% excluding TSB) and general expenses increased by 42.8% (2.8% excluding TSB).

The increase in gross income in 2015 combined with the policies to hold down operating expenses resulted in an improved cost/income ratio which at the end of the year stood at 50.45% (46.16% excluding TSB), down from 53.14% at the end of 2014 (the figures for both years included income and expenses from financial operations and exchange differences net of recurring differences, which amount to €400 million per year).

The profit and loss account explained before resulted in a profit before impairment and other allowances of €2,863.0 million in 2015 (€2,763.8 million excluding TSB), compared with €2,749.1 million in 2014.

Allowances for impairment and other losses (on real estate and financial assets, for the most part) were €2,333.2 million, compared with €2,499.7 million in 2014.

Capital gains on asset disposals amounted to €-17.0 million and were made up largely of profit and loss from the sale of the group's sale of property, plant and equipment for own use. In 2014, gains from sales of assets amounted to €236.9 million and included mainly gross gains of €162 million due to the sale of the debt management and recovery business and an exceptional payment of €80 million (net of formalisation expenses) on the signature of a reinsurance treaty in respect of the Mediterráneo Vida.

The group's income statement for 2015 included a negative goodwill of €231.9 million, mainly attributable to the badwill (net of tax) generated by the acquisition of TSB.

After deducting income tax and the share of profit attributed to non-controlling interests, the year-end profit attributed to the group for 2015 was €708.4 million, an increase of 90.6% compared with the previous year. Excluding TSB, the net profit attributed to the group amounts to €586.4 million at 2015 year-end, an increase of 57.8% compared with the previous year.

2.4. Business review

The main financial highlights associated with the group's main business units are set out below, in accordance with the segment reporting procedures described in Note 43 of these consolidated annual accounts.

Banking business in Spain

Within the banking business in Spain, the most significant businesses should be identified, and used to give information concerning the changes in profit and loss and the key figures.

Commercial Banking

Thousand euro

	2015	2014	Change YoY (%)
Net interest income	2,141,985	1,778,469	20.4
Net fees	651,564	636,269	2.4
Other income	(55,635)	(76,969)	(27.7)
Gross income	2,737,914	2,337,769	17.1
Operating expenses	(1,395,259)	(1,345,734)	3.7
Operating income	1,342,655	992,035	35.3
Impairment losses	(642,929)	(644,154)	(0.2)
Profit/(loss) before taxes	699,726	347,881	101.1
Ratios (%):			
ROE	14.8%	8.0%	
Cost/Income ratio	49.9%	57.6%	
Loan/Loss ratio	9.0%	10.3%	
Coverage ratio	52.7%	47.2%	
Customer balances (million euro)			
Loans and receivables	77,708	79,460	(2.2)
Deposits	94,053	90,785	3.6
Securities deposited	9,008	8,678	3.8
Other data			
Employees	12,550	12,562	(0.1)
Domestic branches	2,190	2,253	(2.8)

The Group's largest business line is Commercial Banking, which provides a range of financial products and services for large and medium-sized companies, SMEs, businesses and individuals - private banking, personal banking and mass market customers- non-residents and professional groups, with a degree of specialisation that provides customers with personalised attention depending on their needs, whether from experts throughout its multi-brand branch network or via other channels to support the customer relationship and give access to remote banking services.

2015 has been characterised by an improvement in net interest income, stronger customer relationships, a major boost to the insurance business and strong growth in mutual funds. Following the Triple business plan, management priorities in 2015 have been on the one hand, profitability, and on the other, integrated productivity capacity.

As regards individuals, the bank has mainly worked on two pillars: the reinforcement of customer relationships and the boost of notoriety.

In terms of companies, the bank has increased the amount of new customers it has attracted, as well as its market shares in all segments for another year.

Net interest income attributable to Commercial Banking amounted to €2,141.9 million in 2015, while profit before tax totalled €699.7 million. The ROE was 14.8% and the cost/income ratio was 49.9%. The volume of business in loans and advances amounted to €77,708 million and assets under management were €94,053 million.

Corporate Banking

Corporate Banking offers financial solutions and advisory services to large companies and financial institutions, both Spanish and foreign. Its activities encompass corporate banking, structured finance, Trade Finance and IFIs.

Thousand euro

	2015	2014	Change YoY (%)
Net interest income	164,053	162,499	1.0
Net fees	25,492	24,942	2.2
Other income	7,445	11,439	(34.9)
Gross income	196,990	198,880	(1.0)
Operating expense	(29,660)	(26,596)	11.5
Operating income	167,330	172,284	(2.9)
Impairment losses	(96,720)	(102,236)	(5.4)
Profit/(loss) before taxes	70,610	70,048	0.8
Ratios (%):			
ROE	8.4%	7.1%	
Cost/Income ratio	14.8%	13.4%	
Loan/Loss ratio	3.2%	2.5%	
Coverage ratio	65.0%	64.7%	
Customer balances (million euro)			
Loans and receivables	11,702	10,798	8.4
Deposits	6,191	5,177	19.6
Securities deposited	666	662	0.6
Other data			
Employees	124	113	9.7
Domestic branches	2	2	-
Foreign branches	3	3	-

2015 has seen a significant growth in investment in the large corporate clients segment. Closeness to customers and excellent service provided by the Middle Office allows the bank to grow in terms of financing operations of large corporations.

A key feature is also the increase seen in 2015 in specialist products, with a greater contribution of value, which is evident in the recorded income figures: foreign trade operations, treasury distribution business and fees for structured financing operations, the result in these cases of increased productivity in the offering of more sophisticated solutions together with the coordination of specialist teams.

In 2015, net interest income attributed to Corporate Banking stands at €164 million, and the profit before tax at €70.6 million. The ROE ratio stands at 8.4% and the cost/income ratio at 14.8%.

Markets and Private Banking

Markets and Private Banking offers and designs products and services with a high added-value with a view to achieving good profitability for the customer, increasing and diversifying the client base and ensuring consistency of investment processes through a rigorous analysis and with a good-quality management, while taking the customer relationship model to a multichannel level.

Thousand euro

	2015	2014	Change YoY (%)
Net interest income	44,884	51,102	(12.2)
Net fees	183,414	141,900	29.3
Other income	6,895	4,322	59.5
Gross income	235,193	197,324	19.2
Operating expenses	(104,446)	(96,032)	8.8
Operating income	130,747	101,292	29.1
Impairment losses	(7,797)	996	(882.8)
Profit/(loss) before taxes	122,950	102,288	20.2
Ratios (%):			
ROE	125.2%	94.7%	
Cost/Income ratio	44.0%	48.7%	
Loan/Loss ratio	4.3%	3.4%	
Coverage ratio	62.1%	56.1%	
Customer balances (million euro)			
Loans and receivables	981	1,029	(4.6)
Deposits	16,854	16,896	(0.2)
Securities deposited	6,231	7,326	(15.0)
Assets under management in CIs	15,459	12,007	28.7
Total assets including mutual funds sold but not managed	21,427	15,706	36.4
Other data			
Employees	529	529	-
Domestic branches	12	12	

In 2015, gross contributed income amounted to €235.1 million, and profit before tax was €122.9 million. The ROE ratio stands at 125.2% and the cost/income ratio at 44%. The volume of customer funds under management stands at €23,085 million.

SabadellUrquijo Private Banking has continued to contribute value through personalised advisory services and the offering of specific Private Banking products, such as mutual funds, discretionary management portfolios or SICAVs has allowed SabadellUrquijo to achieve the best rankings in Private Banking institutions. The commercial activity has been unequivocally tied to the exhaustive analysis of the customers' risk profile and the adaptation of the products and services offered.

Investment Management, at 2015 year-end, investment funds under management of Spanish law amounted to €12,840.2 million, 29.0% above 2014 year-end, and significantly more than the increase in the sector, which has been 13.1%. With this volume of managed equity, the Sabadell Group has achieved an investment fund share of nearly 6%, and its managing entity, Sabadell Inversión, has remained as the fourth largest investment fund manager in Spain.

Treasury and Capital Market, in 2015, it has increased its activity in Foreign currency operations with customers, increasing the accumulated income by 32.0% compared with the previous year, and the Trading activities and operations have been directed towards the management of liquidity and the proactiveness in the management of the fixed-income trading portfolio, as well as the operations in currencies arising from the bank's customer orders and instructions. In terms of Capital Market activity, the bank continues to identify potential operations and receiving

mandates, both from issuers and from institutional clients who channel their financing and investment needs through ours.

In terms of Contracting and Custody of Securities, 2015 has been characterised by significant market movements, mainly on a national scale. Political and economic uncertainties have had a negative impact on volumes, mainly in the second quarter of the year. However, 2015 has seen a strong growth in market shares, reaching the top ranking among market members, with a market share in excess of 14%. In July it reached a record market share of 20.68%.

Banking business United Kingdom

Banking Business United Kingdom corresponds to TSB Banking Group PLC and 6 months of results. The TSB franchise includes retail business that is carried out in the United Kingdom and includes current and savings accounts, personal loans, credit/debit cards and mortgages.

Thousand euro			
	2015	2014	Change YoY (%)
Net interest income	539,620	-	-
Net fees	78,829	-	-
Other income	(3,721)	-	-
Gross income	614,728	-	-
Operating expense	(493,566)	-	-
Operating income	121,162	-	-
Impairment losses	(59,500)	-	-
Profit/(loss) before taxes	61,662	-	-
Ratios (%):			
ROE	5.3%	-	-
Cost/Income ratio	77.9%	-	-
Loan/Loss ratio	0.6%	-	-
Coverage ratio	44.8%	-	-
Customer balances (million euro)			
Loans and receivables	36,062	-	-
Deposits	40,699	-	-
Other data			
Employees	8,224	-	-
Domestic branches	614	-	-

(*) On 30 June 2015, the Group took control over TSB Banking Group PLC, therefore only 6 months of results are shown.

The exchange rate applied on the balance sheet is GBP 0.734 and on the income statement is GBP 0.720 (average of last six months)

The business also includes the “mortgage premium” which is a separate set of mortgages allocated to TSB as part of the restructuring of Lloyds, as well as ex-UKAR assets. Ex-UKAR assets are a set of mortgages that were managed by the British government and which were purchased during an acquisition process effective from 7 December.

Sources of financing are mainly comprised of the increase in customer deposits and the success in their diversification, with a launch of the first securitisation on the market.

These funds are mainly used to increase the loans and advances portfolio, following a successful launch of a mortgage mediation platform and the acquisition of UKAR mortgages, as explained previously.

Banking business America

Thousand euro

	2015	2014	Change YoY (%)
Net interest income	216,096	148,082	45.9
Net fees	26,460	25,722	2.9
Other income	2,209	3,179	(30.5)
Gross income	244,765	176,983	38.3
Operating expense	(142,338)	(111,365)	27.8
Operating income	102,427	65,618	56.1
Provisions (net)	2,938	3,485	(15.7)
Impairment losses	(29,152)	(22,995)	19.1
Operating expense	4,769	2,525	88.9
Profit/(loss) before taxes	80,982	48,632	66.5
Ratios (%):			
ROE	14.5%	10.8%	
Cost/Income ratio	54.1%	58.0%	
Loan/Loss ratio	0.6%	1.0%	
Coverage ratio	142.6%	89.5%	
Customer balances (million euro)			
Loans and receivables	7,374	4,942	49.2
Deposits	6,769	5,478	23.6
Real-estate assets (gross)	1,996	1,790	11.5
Other data			
Employees	764	692	10.4
Domestic branches	28	28	-

The exchange rate applied in 2015 is USD 1.0887 and in 2014 is USD 1.2141.

Banco Sabadell Banking Business America is comprised of various business units that together manage the financing business of corporate, private and commercial banking in this geography. This business is managed from Miami, where Banco Sabadell has a Full International Branch which has been operating since 1993, and a banking entity, Sabadell United Bank, which develops the commercial banking business in South Florida. In 2012, the bank opened a representative office in New York from which it manages a large part of the structured financing business and in 2015, new representative offices have been opened in Colombia and Peru to strengthen the corporate banking and structured financing business. Additionally, in 2014 Sabadell Capital was set up in Mexico, to develop a portfolio of corporate credit and Project Finance, which has been consolidated in 2015.

Sabadell also works in coordination with the representative offices in Mexico, Dominican Republic and Venezuela, rendering customer services.

Within the internationalisation plan framework, in August the bank was granted a banking licence in Mexico, which will allow it to operate as a commercial bank in this country from early 2016. In this way, operations started in 2014 can be extended with the start-up of Sabadell Capital, which is a multiple purpose financial institution (SOFOM).

In 2015, the bank has continued with its consolidation project of domestic banking in Florida through its subsidiary Sabadell United Bank, strengthening its associate banking business and improvement programs for operating efficiency.

Real Estate Asset Transformation

Thousand euro

	2015	2014	Change YoY (%)
Net interest income	(44,772)	(11,192)	300.0
Net fees	(1,584)	(659)	140.4
Other income	107,853	15,228	608.3
Gross income	61,497	3,377	1,721.1
Operating expense	(143,180)	(135,824)	5.4
Operating income	(81,683)	(132,447)	(38.3)
Provisions (net)	(71)	(1,847)	(96.1)
Impairment losses	(508,448)	(407,293)	24.8
Other results	(254,005)	(455,884)	(44.3)
Profit/(loss) before taxes	(844,207)	(997,472)	(15.4)
Ratios (%):			
ROE	(20.0)%	(39.3)%	
Cost/Income ratio	-	-	
Loan/Loss ratio	64.9%	61.9%	
Coverage ratio	52.5%	50.9%	
Customer balances (million euro)			
Loans and receivables	8,413	12,394	(32.1)
Deposits	301	484	(37.7)
Real estate assets (gross)	9,234	8,848	4.4
Other data			
Employees	712	668	6.6
Domestic branches	-	-	-

In 2015 the development of the asset transformation strategy established in previous years has been further implemented. Its main objective is the optimisation of value, either through management, to maximise the possible changes in value, or through divestment, in the event that this is the best alternative.

With regards to debt recovery assets in default status, it is particularly important to note that in 2015 Banco Sabadell has continued to proactively manage default situations of mortgage debts for customers' housing, seeking solutions that avoid legal proceedings and not carrying out, under any circumstances, forceful evictions.

Following the acquisition of one of SAREB's real estate asset portfolios in November 2014, Solvia has been the first 'servicer' to complete the migration and service transfer process of portfolios acquired through SAREB, positioning itself as one of the main management platforms in Spain in terms of the volume of assets managed.

3.-THE ENVIRONMENT

Environmental sustainability

We care about the future and about sustainability. This is why Banco Sabadell has an environmental policy in place, is a signatory to the main international covenants on the environment and promotes a commitment to the environment globally.

Environmental policy

- Minimise the potential environmental impacts of processes, facilities and services.
- Effectively manage the environmental risks and opportunities inherent in the business.
- Promote a global commitment to the environment.

Global covenants and alliances

- A signatory of the United Nations Global Compact: in taking this step we are committing ourselves to adopting a preventive approach to environmental protection, promoting initiatives to foster environmental responsibility and supporting the development of technologies that do not harm the environment.
- A signatory of the Carbon Disclosure Project (CDP) and CDP Water Disclosure: a commitment to actively combat climate change and publish an annual inventory of corporate emissions.
- A signatory of the Equator Principles; to ensure that social and environmental risks are taken account of in the funding of large projects.
- A signatory of the United Nations Principles for Responsible Investment in the “investment manager” category: inclusion of environmental, social and governance criteria in investment policies and practices.
- A collaborating partner of the Spanish Association of Renewable Energy Producers and a member of the Spanish Wind Energy Association.
- Environmental management system certified to ISO 14004: 15.10% of our employees in Spain work in one of our six certified Central Service buildings. Our environmental management system has been adapted for the rest of the group.
- Certified to Gold level under LEED New Construction for sustainable buildings: certification was obtained for the service area of the group's main Central Service building in Sant Cugat del Vallès.
- A member of the European Commission's GreenBuilding Programme: Banco Sabadell is a partner in the GreenBuilding Programme for the sustainable construction of the group's logistics centre and general archive in Polinyà.

All departments of the organisation have the financial resources they need to meet Banco Sabadell's aims and commitments on the environment. Due to the structure of the group and the nature of its business, these funds are not recognised under a specific line item to provide an overview of environment-related costs and investment.

Key environmental action areas:

Renewable energy – finance and investment

Banco Sabadell promotes the development of sustainable energy through direct investment and as a provider of finance for renewable energy projects. As in previous years, the bank shared its experience in the renewables sector and provided speakers at leading forums in Spain. These included events organised by the Spanish Wind Energy Association and the Association of Renewable Energy Producers.

Banco Sabadell provides finance for renewable energy generation projects, such as wind energy, photovoltaic power, thermal solar energy, biomass or biofuel projects, in addition to advisory and brokerage services for this type of energy projects. Banco Sabadell also makes direct investments in the equity capital of renewable energy generation projects.

Most of this business is carried on through Sinia Renovables, a wholly-owned subsidiary.

The Equator Principles

Banco Sabadell adopted the Equator Principles in September 2011. Based on the policies, standards and guidelines of the International Finance Corporation (IFC), the Principles apply to structured finance projects and corporate loans.

Since then, the bank has applied the Equator Principles to all of its new structured finance projects valued at an amount greater than, or equal to, USD 10 million and corporate loans from USD 100 million. The projects are classed as A, B or C following the standard developed by the International Finance Corporation (IFC) and in all class-A or B projects a social and environmental assessment is carried out and reviewed by an independent expert.

Banco Sabadell publishes the details of each of its projects associated with the Equator Principles in its annual report, and they can also be consulted through the bank's website.

Environmental management and climate change management system

The Environment Committee is charged with overseeing compliance with group environmental policy and reviewing group performance in environmental matters. The group has an environmental management system which was set up in 2006 according to the ISO 14001:2004 standard. Currently 15.10% of the group's employees in Spain work in one of the six office buildings that have been certified to that standard. The environmental management system has been adapted for use at all other group facilities in Spain.

Year after year Banco Sabadell works to improve the eco-efficiency of its facilities and reduce the environmental impacts of the services it provides to customers.

Some of the measures it has taken to reduce consumption and emissions are as follows:

- Inventory of CO₂ emissions: In 2009 the Bank compiled an independently verified inventory of corporate CO₂ emissions. In 2015, it set up a new reduction target of 3% for the period 2015-2020 of scope 1 and 2 emissions, taking 2014 as a base. In 2015, a reduction in emissions of 70.80% has been achieved, mainly by purchasing electrical power generated from renewable sources.
- Power consumption; overall consumption of electrical power in Spain in 2015 was 97,642 MWh from 104,419 MWh in 2014. It should be noted that since April Banco Sabadell has increased its contracting of renewable energy sources through Nexus Renovables, which has provided 71.8% of the total electricity provided to the group in 2015.
- The majority of group branches are equipped with centralised heating and climate control systems. Lighting systems fitted with LED lamps and presence detectors in some areas of Central Service buildings.
- Widespread use of low-energy lamps and billboard lighting systems fitted with daylight switching systems.
- Energy recovery climate control systems are installed in Central Service buildings and larger branches.

Branches are using Thin Client hardware that consumes 90% less energy than conventional PCs.

- Paper consumption: Reduce, reuse and recycle. Paper consumption by the group in Spain in 2015 was 1,469 tons (up from 1,039 tons in 2014). The increase was due to the addition of new businesses to the group and the rise in customer numbers. At the same time, the main actions put in hand to reduce paper consumption were as follows:

- Banking services are now available to customers 24 hours a day via remote access channels, ATMs, telephone banking, email or social media. 100% of correspondence with customers was sent electronically.
 - Branches are equipped with digital tablets for customers' signatures. In 2015 this made it possible for 30 million printed forms to be eliminated.
 - Conventional paper is chlorine-free, certified by the FSC and produced to ISO 9001 and ISO 14001 standards; all of the group's printers are configured for duplex printing by default.
- Water usage: Water consumption is limited to sanitary uses and to some watering of gardens. In 2015 the group's water consumption resulted in costs of €1.08 million (€1.1 million in 2014). With regard to waste water management, all our facilities and offices are connected to the public sewage network. Toilet cisterns and taps are fitted with water-saving mechanisms. The main group Central Service building has a cistern for collecting rainwater and greywater for watering plants. Landscaped areas have been planted with autochthonous drought-resistant plants.
- In 2014, the lawn at the Agua Amarga corporate building (Alicante) began to be replaced with decorative gravel, which has resulted in savings of approximately 60% of water usage in 2015.
- Waste management: In 2015 the group generated 819 tons of waste paper and card (883 tons in 2014). In all group premises, used paper is treated as confidential waste for shredding and 100% is recycled through authorised waste managers. All Central Service buildings have facilities for the separation and collection of packaging, organic matter and batteries. Banco Sabadell works with Ricoh (only branches as banking printers are available) and the HP Planet Partners programme to manage the collection and reuse of toner cartridges and disposes of computer waste through authorised waste managers. There are specific oversight mechanisms for managing waste at branches that are in the process of closing or being merged.

Environmental training and awareness

All group employees have access to an online training course which is obligatory for staff at certified Central Service facilities.

Banco Sabadell also keeps all its suppliers informed on the group's environmental policy and integrates environmental and social responsibility into its supply chain in a number of ways. In the group-level procurement process, tenders or offers from suppliers with ISO 9001, ISO 14001/EMAS or EFQM certifications are looked on favourably. Consideration is given to the environmental qualities (recycled, ecological, good for the environment, etc.) of the products offered. Banco Sabadell's basic contract with suppliers includes specific clauses on compliance with environmental criteria, human rights and the Ten Principles of the United Nations Global Compact, as well as acceptance of the Supplier Code of Conduct. In particular, environmental requirements are included in specification for products and services that have significant environmental impacts.

4.- HUMAN RESOURCES

Human Resources aims to support the transformation of the organisation through a people agenda that is an integral part of its day-to-day business operations and its growth. Its key objective is to maximise the value-creating potential of Banco Sabadell's highly skilled workforce by developing their talent, managing their expectations and fully leveraging their capabilities.

Talent management and human capital form an essential component of the new "Triple" strategic business plan along with other key action areas of the plan.

The Triple plan includes drivers of organisational change and development as well as a wide-ranging and completely updated view of the Human Resources function.

In the area of organisational change and development, three strategic priorities have been identified: comprehensive talent management (strengthening leadership and fostering a culture in which talent is planned for and nurtured) to meet the needs generated by growth; raising the bar on employee performance (a universal model for today's

business that allows people performance to be actively managed); and involving and engaging all employees in the Group's development.

Key human resources data



Number of employees	2015	2014
Equivalent average workforce	21,879	17,760
Domestic workforce at year-end	16,869	16,593
Workforce at year-end	26,090	17,529
Turnover (%) (*)	1.02%	0.60%
Absenteeism (%) (**)	2.45%	2.41%
Hours of training per employee	20.99	33.62

The average number of employees has been calculated from the average number of employees at the end of each month.

(*) Undesired turnover: number of cases of sick leave and voluntary leaves of absence/total workforce x 100.

(**) Seriousness index (days lost/total working days x 100).

In terms of its external employees, the tendency is changing towards the hiring of personnel with training at the degree or diploma levels. Most of the hiring is carried out in response to an accumulation of tasks, however other reasons for which Banco Sabadell hires personnel externally are to fill a temporary position, to temporarily replace a worker whose post is being maintained, among others. The contracting of external personnel also facilitates introduction of recent graduates or students into the labour market.

Number of employees	Men	Women	Total
Spanish workforce	8,446	8,423 	16,869
International workforce	3,133	6,088 	9,221
Breakdown by gender (%)	44.4%	55.6%	100%
Average age (*)	45.23	41.86	43.54
Average length of service (*)	19.23	15.64	17.42

Figures calculated for the group's total workforce.

(*) Excludes TSB.

Number of employees	Men	Women	Total
Clerical staff	1,714	4,814	6,528
Technical staff	9,375	9,560	18,935
Management (*)	490	137	627
Total	11,579	14,511	26,090

Figures calculated for the group's total workforce.

(*) Data refer to TOP 300 directors.

Human resources management – policies and principles

Human resources policy is grounded in respect for human dignity, fair and competitive remuneration, transparency and truthfulness in reporting, and lasting cooperation.

Recruitment policy

In line with its human resources policy, Banco Sabadell has a personnel selection process which ensures that objective criteria based on professionalism and suitability are applied in finding the right person for each job and career path. The group seeks to ensure optimal professional development for its employees by encouraging them to excel and rewarding hard work. This mutual commitment is set out in the Banco Sabadell Group Code of Conduct.

In 2015 the Bank worked on a number of initiatives to strengthen and adapt its procedures for recruiting and attracting talent.

Banco Sabadell is not only competing in an ever more global, dynamic and competitive environment, but is also currently undergoing a major programme of transformation, expansion and internationalisation, for whose success having the best talent is critical.

Attracting, selecting and recruiting staff are a part of this new environment: a higher intake of new employees, new job profiles and geographic dispersion are making it necessary to redesign and update the procedures, skills, technologies and capabilities used to attract the best candidates and provide them with a professionally rewarding experience.

To meet this need the group has launched an ambitious internal recruitment program, whose purpose is to provide opportunities for career development and to favour internal movements of employees within the Group.

In line with the defined human resources model and policies, the volume of international movements continues to grow. The bank is still working on the consolidation of a portfolio of employees to selectively create future expansion, as well as the incorporation of international experience in management careers.

Equality, work-life balance and integration

Banco Sabadell guarantees equal opportunities in all aspects of its relations with employees: recruitment, training, promotion, working conditions, remuneration, etc. These principles are also set out in the Group's equality plan, human resources policy and code of conduct.

Equality

In 2010, Banco Sabadell adopted an equality plan aimed at avoiding all types of employment discrimination between women and men in the company, as required by Organic Law 3/2007. Certain lines of action were established for this purpose, including effective tracking and goal evaluation systems covering training, promotion and career development, remuneration, work-life balance, gender violence and sexual harassment. The equality plan's Steering Committee, which consists of employee and bank representatives, meets twice per year to monitor progress and compliance with the equality plan.

	2015	2014
% of promoted employees who are women	56.45%	56.06%
% of managerial positions held by women (*)	21.85%	16.77%

Figures calculated for the group's total workforce.

Diversity and integration

Banco Sabadell promotes employee diversity and integration in the workplace and non-discriminatory recruitment processes. The group takes action to adapt workplaces wherever necessary. The bank also assists employees with paperwork in their dealings with municipal, regional and national governments, thus helping to improve employees' well-being outside the strictly professional sphere. In compliance with Spain's Integration of People with Disabilities act ("LISMI"), the bank pursues other measures such as buying services and supplies from special employment centres.

In 2015 the Group has 254 employees with some form of disability (156 at the end of 2014).

Disability is not the only diversity issue that the Bank handles in a special way.

The human resources master plan involves important changes to the way in which managers and directors manage people and equipment. As part of talent management, one of the immediate challenges is to attract, develop, maintain and transfer talent in accordance with the expectations of each of the generations working together in the bank (baby boomers, generation X and millennials). A very ambitious plan has been approved to tackle this issue, closely linked to

current and future development of the age pyramid in the Group.

Work-life balance

Group employees enjoy a series of benefits thanks to an agreement between the bank and union representatives on ways of striking the right balance between work and personal and family life. Benefits include time off from work, paid or unpaid (e.g. to nurse an infant); unpaid leave (for maternity or to care for a relative); leave in special circumstances; paternity leave; and flexitime arrangements.

In this regard, another objective is to provide the organisation and people with tools and solutions for flexibility at work as required by the business strategy in order to improve productivity and competitiveness.

Compensation policy

Banco Sabadell's compensation policy is based on the principles of internal fairness, external competitiveness, transparency, differentiation, flexibility, simplicity, confidentiality and communication, as prescribed by the Group's human resources policy.

Compensation policy is based on the degree of responsibility attaching to the position and on each employee's professional development. This determines Group practices with regard to increases in both fixed and variable remuneration. In total, 89.7% of the workforce in Spain qualified for variable remuneration in 2015 (74.2% in 2014).

Other types of benefit are available to employees, including interest-free loans and grants to help with training or children's schooling.

Of particular relevance in this field is the launch of a new management model by objectives, with over 56,300 objectives, in a 'cascade' process, implemented in the first months of 2015.

Workplace hazards

Banco Sabadell has a policy of constantly striving to improve employees' health and working conditions.

As required by law, the bank has a health and safety plan setting out policy measures in this area. Each year it publishes a report on health and safety initiatives undertaken by the company which is available on the employee portal and the corporate website.

An initial risk assessment is performed on each new workplace and also on workplaces that have undergone refurbishment or alterations. A follow-up assessment is performed at a later date to evaluate both individual workstations and common areas, facilities as well as aspects such as temperature, lighting, etc. In 2015, 3,902 questionnaires on psycho-social risk were sent out, producing a 69.68% response rate.

All Banco Sabadell personnel and new employees receive information on workplace hazard prevention and are required to take an online course in health and safety at work. The training is supplemented by publications, such as ergonomics factsheets and equipment manuals, related to the specific hazards affecting bank employees.

Employee development

Training

Banco Sabadell provides employees with function-based training: continuous, progressive training adapted to each individual's position.

	2015	2014
Employees who received training (%)	98%	98%
Investment in training per employee (euro)	257.1	365.7

Figures for Spain.

The launch of a new language learning tool has been particularly significant this year, introduced in response to the growing needs to learn languages as a result of the Group's internationalisation process.

The definition of a structure and objectives for the future Commercial School is also particularly relevant, which will allow people to align learning with business and commercial transformation challenges in which the Bank is engaged.

At the same time, the Commercial School will also be a key lever to provide sustainability to the commercial systematic network model which has been implemented as part of the Commercial Development Programme. A first glimpse of this new learning focus in Banco Sabadell and something that shall form part of the School is the Grow Up programme for new Office managers. Its purpose is to develop and transform the Manager, allowing them to eventually become a Business leader and, also, a Team leader in their office.

To reinforce this, Excellence Centres have been created with consultants who are specialised in each area (Training, Remuneration, Recruitment, etc.) who centralise their functional knowledge in terms of the business needs.

Leadership development

The transformation of the Leadership Management unit into the Strategic Talent Division has represented a qualitative leap in the development of the leadership capacity at all managerial levels of the organisation. The group of managers that form part of the corporate development programme continues to carry out regular psychometric evaluation and 360° assessments which collect feedback from direct superiors, colleagues and subordinates. They also receive specific strategic leadership training designed to enhance their leadership and team management skills.

In this context, the figure of the Human Resources Business Partner (HRBP) is notable under the management of the Strategic Talent Division. The HRBP is a consultant with decision-making authorities in the planning, prioritisation and management of specific needs which, in terms of people, are derived from the strategy of each business.

In terms of specific programmes, the Leading the Future (*Liderando el Futuro*) programme is a comprehensive Leadership Development programme aimed at managers to strengthen a leadership style that is common in Banco Sabadell and which promotes cooperation and development of teams, with a strong focus on action and business.

With this programme, carried out through a cutting edge flexible and integrated methodology, we encourage our managers to have a shared leadership vision and standard, and we favour the professional growth and development in line with the Bank's culture, using personal change as a basis to facilitate changes at an organisational level. The programme has a synergic effect where it achieves the 'cascade' transfer of knowledge of the people forming part of the teams, as well as a warmer and more human attitude. These attitudes position our Managers as a reference of quality and openness, both internally and in the external market. 15 managers took part in one or more of the stages of this Programme in 2015.

One of the main outcomes of this exercise has been the continuation of the Corporate Management Programme, which is designed for new department heads and Central Services directors with subordinates working under them. The Programme is based on developing management and team-building skills, promoting joined-up management at Central Services divisions and improving familiarity with Human Resources policies as a way of managing professional development and promoting success-driven behaviours appropriate to each role. A total of 43 employees took this training in 2015, its fifth year.

One of the organisation's main tools in managing people and focusing on results is the annual performance review and interview, where managers hold a mandatory one-to-one meeting with their direct reports, the goal being also to foster professional growth and build trust. During the interview the employee's performance during the year and their performance assessment, occupational goals and geographic mobility are discussed. This year the assessment has been simplified, and the integration of the Management by Objectives and the evaluation of performance has been integrated into a single model.

HR Operations

In terms of operations, in 2015 a division has been created which combines the operating tasks of all Human Resources departments. The Shared Services Centre is added to the already existing Employee Assistance Office, which focuses on rendering services to the other departments, thereby achieving greater efficiency through specialisation. This allows the human resources teams to focus on their specific function, resulting in greater ambitions and an improved achievement of the corresponding objectives.

Communication, participation and the volunteer programme

Communication

Banco Sabadell has numerous channels of communication between the different levels of the organisation to enhance internal communication and involve employees in the bank's goals.

The "Banco Sabadell Idea" platform allows employees to propose improvements in any area of the organisation. The platform is also an excellent communication channel by which employees can make queries and share experiences on products and processes. The ideas with the most votes and those which add the greatest value to the bank are considered by the persons in charge of the processes concerned and by members of a Decision Committee, who together reach a decision on their implementation. The ideas with most votes also receive a cash prize.

Participation

Banco Sabadell respects and guarantees employees' basic rights, including freedom of association and collective bargaining, enshrined in Spanish law. These principles are set out in its code of conduct and human resources policy.

Union representatives represent the entire workforce, not just union members; accordingly, labour agreements apply to all employees at the level at which the negotiation was conducted (industry, group, company, etc.). All employees are given one month's notice of significant changes. Union elections are held every four years. Banco Sabadell's management meets periodically with the general secretaries of the various trade unions and the latter participate regularly in various committees (National Health and Safety Committee, Equal Opportunities Committee, Training Committee and the Pension Plan Oversight Committee). Workplaces with more than 50 workers have a works council. Workplaces with between 6 and 10 workers may elect a union representative.

Volunteer programme

In response to this line of action, defined in the Corporate Social Responsibility Plan 2013, SabadellLife, a new internal portal, has been introduced; it incorporates all actions that involve our employees in terms of health, solidarity and sport.

SabadellLife publicises social action and corporate volunteer initiatives. The successes achieved year after year has led to a substantial increase in the number of volunteers and in the activities organised in 2015, many of which were proposed by the employees themselves.

Details of some of the most significant activities in 2015 are given below:

Trailwalker of Oxfam/Intermon. 324 people representing Banco Sabadell took part in this year's Trailwalker, making us the company with the largest number of employees taking part in Madrid, raising over €90,000 for water management projects carried out by Oxfam in the Sahara.

Sant Jordi Solidari en Centros Corporativos de Sant Cugat, Sabadell and Torre Diagonal. Associates such as Escuela Taiga (Special Needs Education), the Protectora de Sabadell, Ayuda en Acción and Sant Joan de Dèu, among others, raised over €7,500 (net) for charity.

Collection of toys and school supplies for children at risk of social exclusion in the various regions.

Collaboration with the Food Bank, where over a ton of foods have been collected for the needy among all regional branches.

Together with Banc de Sang y Teixits, Banco Sabadell makes blood donations, where year after year the number of blood donations has significantly increased.

For the third year in a row, 215 volunteers from the Bank participated in workshops for fourth grade pupils as part of the Schools Financial Education Programme in Catalonia (EFEC). The collaboration agreement with Catalonia's regional government (*Generalitat de Catalunya*) and the *Instituto de Estudios Financieros* covered 20% of schools in Catalonia. Additionally, this year Banco Sabadell has taken part in the "Tus Fianzas, tu futuro" (Spanish Banking Association) programme, where 35 volunteers shared basic knowledge about finance to second and third grade pupils throughout Spain.

In 2015, various corporate volunteer programmes have been carried out related to entrepreneurship through the senior collective, with the collaboration of particularly relevant Foundations with an important social impact: Fundación Emprèn, Fundación Princesa de Girona, Proyecto Cecrem, ADEIT Generalitat Valenciana, Fundación Novia Salcedo, Fundación Cares-Codec, Mes que Emprendadors-COTM and Proyecto Hombre de reinserción laboral.

This year, 475 letters were requested from the Magone Foundation, so that Banco Sabadell employees could become Wise Men at Christmas for a day, sending a Christmas gift to children at risk of social exclusion.

As in previous years, 120 volunteers took part in the Marató de TV3 (a marathon organised by the television channel TV3), which this year raised funds for combatting cardiovascular diseases.

COACH Foundation: a corporate volunteer initiative aimed at improving employability of young people at risk of social exclusion through coaching and mentoring. Ten young people have benefitted from this Programme this year.

Social Business Mentoring with the SHIP2B Foundation. 17 directors of Banco Sabadell have taken part as mentors in the B-Ready programme to accelerate social start-ups.

"FeinaambCor" Project. Together with Càritas, people over the age of 45 who were at risk of social exclusion have been employed by our temporary employment agencies.

5 – LIQUIDITY AND CAPITAL RESOURCES

5.1 Liquidity

The key aspects in the evolution of liquidity during the year at the group level have been as follows:

- The objective of recent years of generating a liquidity gap in commercial business, reducing overall financing in wholesale markets and increasing the liquidity position of the bank has continued to be followed.
- On-balance sheet customer funds have increased by 39.2% compared with 2014 year-end, mainly due to the acquisition of TSB.
- In 2015, the generation of a Commercial gap has stabilised, continuing to grow albeit at a more moderate pace than the positive trend seen in recent years. The Loan to Deposits (LTD) ratio of the group at year-end stood at

106.5% (108.2% excluding TSB).

- The group has slightly reduced (exTSB) its percentage of financing on wholesale markets. During the year, maturities in capital markets have been reached amounting to €3,277 million. On the other hand, Banco Sabadell performed two public issuances of five-year mortgage covered bonds in May and October 2015 for a total of €750 million and €1 billion euros, respectively. In November 2015, TSB launched a securitisation operation for the amount of GBP 535 million.
- In 2015, the three agencies that assessed the credit quality of Banco Sabadell were Standard & Poor's, Moody's and DBRS. In June, the credit rating agency Moody's, as a result of the publication of its new methodology and the review of governmental support, upgraded the rating of the long-term deposits of Banco Sabadell by +2 notches to Baa3 (from Ba2) and the long-term senior debt by +1 notch to Ba1 (from Ba2). The rating of short-term deposits was upgraded to P3 (from not-prime) and the rating of the short-term senior debt remained unchanged at not-prime. The rating of mortgage covered bonds and territorial bonds was upgraded by +4 notches up to Aa2 (from A3). In September, DBRS Ratings Limited downgraded the long-term rating of Banco Sabadell to BBB high (from A low) and confirmed the short-term rating of R1 low, reflecting the outlook that the agency has in terms of the evolution of European regulations and legislation, where there is less certainty in terms of the likelihood of systemic support.
- Banco Sabadell has participated in the targeted four-year liquidity auctions of BCE (TLTRO) for an aggregate amount at year end of €11 billion (€5 billion euros corresponding to the TLTRO of 17 December 2014.)
- The group has maintained a liquidity buffer in the form of liquid assets, to meet any possible future liquidity needs. The acquisition of TSB has positively affected the first line of liquidity of the entity by approximately €3 billion, with a high-quality portfolio of liquid assets mainly concentrated in cash and gilts.
- On 1 October 2015, the Liquidity Coverage Ratio (LCR) came into force, with a regulatory minimum requirement of 60%. All UGLs of the group have widely surpassed this minimum. At the group level, the LCR ratio of the entity has been permanently and stably positioned over the year at well above 100%. As regards the Net Stable Funding Ratio (NSFR), with the date set for its implementation in January 2018, the entity has continued to maintain stable levels above 100%.

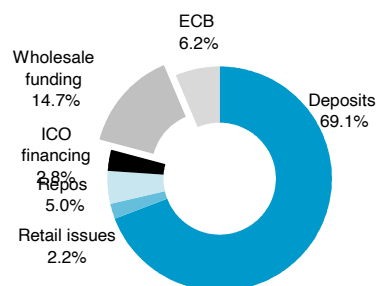
Key figures and basic liquidity ratios at the end of 2015 were:

€ million	2015	2014	Ex TSB 2015
Gross loans and advances to customers without repos	152,697	117,964	116,635
Provisions fund for insolvencies and country risk	(6,610)	(7,716)	(6,426)
Credit mediation	(6,069)	(7,869)	(6,069)
Adjusted net credit	140,018	102,379	104,140
On-balance sheet customer funds	131,489	94,461	96,227
Adjusted loans to deposits ratio (%)	106.5	108.4	108.2

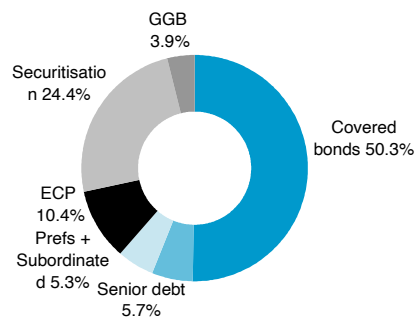
Exchange rate EUR/GBP applied on the balance sheet is 0.7340 at 31.12.15 and 0.7789 at 31.12.14.

The Group's principal sources of funding at the end of 2015 are shown in the following figures according to the type of instrument and counterparty:

Funding structure



Breakdown of institutional issuances



For further information regarding the group's liquidity management, strategy and evolution in 2015 see Note 4 on Risks, under the Liquidity Risk section in the notes to the annual accounts.

5.2. Capital resources

Note 5, Shareholders' equity and capital management of the consolidated report of the group, contains a detailed report of the capital management (regulatory framework, detailed data and capital activity).

The main figures related to capital management are shown below:

% / million euro		
	2015	2014
Core Capital	11,5	11,7
Tier I	11,5	11,7
Tier II	1,4	1,1
BIS Ratio	12,9	12,8
Capital base	11.417	9.541
Minimum required funds	7.102	5.953
Risk-weighted assets	88.769	74.418

Note 5 of the memorandum explains the main changes compared with the previous year in terms of regulation, evolution of risk weighted assets (RWAs) and the main components of own funds. Banco Sabadell has maintained an active capital management in 2015, which it has been carrying out in recent years, and which is a key aspect for the growth of the entity. Over the last four years, the bank has increased its capital base through issues classified as tier one capital, as shown in the table below:

M = million euro

		Amount	Impact on capital
February 2011	Debt-for-equity swap (equity through accelerated book building and buyback of preferential and subordinated shares)	411	+68 bp of core tier I
February 2012	Preferential shares swapped for ordinary shares	785	+131 bp of core tier I
March 2012	Capital increase	903	+161 bp of core tier I
July 2012	Preferential debt instruments and Banco CAM subordinated shares swapped for ordinary shares	1,404	+186 bp of core tier I
September 2013	Accelerated book building and capital increase with subscription rights	1,383	+178 bp of core tier I
October 2013	Issuance of Mandatorily Convertible Subordinated bonds for hybrid swap of Banco Gallego	122	+17 bp of core tier I
April 2015	Capital increase with preferential subscription rights - TSB	1,607	+181 bp of core tier I

Note: The capital impact (in basis points) is calculated using year-end data every year, and these figures have varied significantly due to new companies being incorporated into the group over the last few years.

6.-RISKS

In 2015, Banco Sabadell Group has continued to strengthen its risk management framework, making improvements in line with financial sector best practice.

For more details regarding the corporate risk culture, strategic risk framework and global organisation of the risks function, as well as the main financial and non-financial risks, see Note 4, *Financial Risk Management* in the consolidated annual accounts for 2015.

This year's main milestones in terms of the group's risk management have been the strengthening of the Risk Appetite Framework, adding an international focus point, and the improvement of the group's risk profile over the year, as explained in greater detail in Note 4 of the Memorandum.

7 – POST-BALANCE SHEET EVENTS

Since 31 December 2015, there have been no significant events worthy of mention.

8 – EXPECTED FUTURE DEVELOPMENTS

Banco Sabadell adopts three-year strategic plans designed in accordance with macroeconomic and regulatory conditions. The success it has had in implementing each of its previous strategic plans allowed Banco Sabadell to be ready for the new one and to have a high level of confidence in its successful outcome.

The “Óptima 2010” plan had the aim of preparing the bank to become an efficient platform for growth. Once that had been achieved, the “CREA” plan focused on organic and inorganic growth, which enabled the bank to reach critical

mass so as to compete effectively in the Spanish financial system while the whole sector was undergoing a process of concentration.

During the implementation phase of the “CREA” plan, Banco Sabadell was able to transform itself commercially, growing its customer base by a factor of three, increasing market shares and optimising its resources.

In the current macroeconomic context, having completed the restructuring and integration of Banco CAM and several acquisitions in 2013 in order to continue strengthening its franchise, Banco Sabadell started a new business plan in 2014 that aims to extract value from their customer base by leveraging its new size and margin-generating capability. The main goal of the 2014-2016 Triple Plan is Profitability. Key themes of the new plan are Transformation (transformation of the business, transformation of the production process and transformation of the balance sheet) and Internationalisation (laying the foundations for becoming more international in terms of structure, resources, etc.) and entering new markets.

The result of the second year of the Plan's implementation in terms of the set targets has been very satisfactory.

In 2016 Banco Sabadell has already started to work on a new plan for the 2017-2019 period which is based on the strength of its sources of income.

The main financial elements are: substantial reduction of problem assets, normalisation of the balance sheet, achievement of double-digit profitability, continued advances in terms of digital transformation, consolidation of the America project and the value enhancement of TSB.

9 – RESEARCH, DEVELOPMENT AND INNOVATION

2015 has been marked by the start of the TSB project, with a strong impact on the technological organisation, which has been restructured to take on the project with the utmost guaranties. At the international level, the project that will allow the Bank to start operating in Mexico as a multi-purpose banking institution has also been completed.

A Systems Plan has been conducted in parallel, as intensively as in the previous year, in line with the objectives of the Triple business plan 2014-2016.

In terms of boosting commercial development, the implementation of the new campaign management tools has continued and the project for the development of the commercial portfolio of the managers and of the customer file is underway. A project has been developed to simplify the contracting of the basic pack for the Expansión Account, allowing the number of pages to be reduced from 40 to 4, and optimising its functionality. A move towards a more optimised process for the registration of new customers has also begun for individuals, sole proprietors and companies, linked to the contracting of the basic pack, and this is also being incorporated into a single Customer contract.

In the area of corporate mobility, the functions of product simulation, monitoring, reporting and contracting have been broadened, allowing commercial managers to perform all their activities on the move using their tablets. This has been aided by the completion of our Centralised Signature platform, incorporating new signature modalities: trusted third party, second distance banking password and biometric signature.

In the field of active Risk management, work is underway on the retailers and sole proprietors risk models, and on new means of sanctioning operations for retailers and companies, and to create a new end-to-end circuit in the area of loan/loss management.

Additionally, for Treasury, Markets and Asset Management, during this year the bank has worked to adapt the systems to negative rates and implement a new customer risk control system for Treasury operations in FX (TGR), and the adaptation of the platform to the New Markets Reform.

As regards to the Corporate Administration Systems, the most noteworthy actions performed during the year are centred on projects to adapt hub branches management systems (Hub&Spoke) and the Active Management Commercial Network. Also worthy of mention in the field of Human Resources are new projects for internal talent management, training and employee expense management.

10 – TREASURY SHARE SALES AND BUYBACKS

For information on treasury sales and buybacks see Note 26 to the Annual Accounts.

11 – ADDITIONAL INFORMATION

a) Shares and share price information

Some indicators of the bank's share performance are shown in the following table:

	2015	2014	Change YoY (%)
Shareholders and trading			
No. of shareholders	265,935	231,481	14.9
Number of shares	5,439,244,992	4,024,460,614	35.2
Average daily trading volume (number of shares)	32,155,802	27,272,221	17.9
Share price (€)			
Opening session	2.205	1.896	
High	2.499	2.713	
Low	1.577	1.820	
Closing	1.635	2.205	
Market capitalisation (€'000)	8,893,166	8,873,936	
Market multiples			
Earnings per share (EPS) (€)	0.13	0.09	
Book value per share (€)	2.26	2.54	
Price/Book value	0.72	0.87	
Price/Earnings ratio (P/EPS)	12.55	23.88	
Assuming conversion of mandatory convertible bonds			
Total number of shares including those arising from conversion	5,472,251,402	4,289,732,386	
Earnings per share (EPS) (€)	0.13	0.09	
Book value per share (€)	2.24	2.38	
Price/Book value	0.73	0.93	

The bank's share price fell by 25.9% in 2015, in line with the average fall for all listed banks (-20%), while the IBEX-35 depreciated by 7.2%.

b) Dividend policy

The bank's shareholders' remuneration policy, in accordance with the bank's Statutes of Association, is submitted to shareholders for approval on a yearly basis at the Annual General Meeting.

In 2014, the bank compensated shareholders with €0.05 per share through a flexible remuneration scheme that offers them the chance to choose to receive this remuneration in cash and/or in new shares, and a complementary remuneration consisting in the handover of shares from the treasury portfolio. The percentage acceptance of remuneration in shares was 88.4%.

For 2015, the Board of Directors of the bank will propose the same remuneration scheme to the Annual General Meeting but with a value of €0.07 per share. This amount represents profits on the quoted share price of 4.3% (2.5% in 2014).

Over the coming years, Banco Sabadell foresees an increase in cash payments as remuneration to shareholders.

c) Managing the credit rating

In 2015 the three agencies rating Banco Sabadell's credit quality were Standard & Poor's, Moody's and DBRS. The current ratings, and the last dates on which they were affirmed, are as follows:

	Long term	Short term	Outlook	Last review
Standard & Poor's	BB+	B	Stable	2/12/15
Moody's	Ba1	NP	Stable	17/06/15
DBRS	BBB (high)	R-1 (low)	Stable	29/09/15

On 17 June 2015, Moody's Investor Service completed the review whereby it had allocated the ratings on 17 March 2015, as a result of the publication of its new methodology and the review of the government aid. The credit rating agency upgraded the rating for the long-term deposits of Banco Sabadell by +2 notches to Baa3 (from Ba2) and of the senior long-term debt by +1 notch to Ba1 (from Ba2). The rating of the short-term deposits increased to P3 (from not-prime) and the rating of the senior short-term debt remained at not-prime. The outlook changed to stable.

On 18 June 2015, Moody's Investor Service also concluded the review of the mortgage covered bonds started on 17 March 2015. The result was an upgrade in the rating of the mortgage covered bonds by +4 notches to Aa2 (from A3).

On 29 September 2015, DBRS Ratings Limited completed the review whereby it had allocated the ratings of various European banking groups on 20 May 2015, reflecting the outlook that the agency has in terms of the evolution of European regulations and legislation, where there is less certainty in terms of the likelihood of systemic support. This action implied a downgrade in the long-term rating of Banco Sabadell to BBB high (from A low). Short-term rating was confirmed at R1 low. DBRS also changed the outlook of Banco Sabadell to stable (formerly negative) reflecting the improvement of the bank's fundamentals, particularly asset quality and profitability.

On 2 December 2015, Standard & Poor's Ratings Services improved the outlook of Banco Sabadell to stable (from negative) and upheld the long-term rating of BB+, and the short-term rating of B. The credit rating agency has improved the intrinsic credit profile of the entity (Stand Alone Credit Profile – SACP) by +1 notch to bb+ (from bb) due to the improvement of the bank's risk profile, thus compensating the elimination of the notch from government support which the rating of Banco Sabadell had to date.

All agencies have stressed the improvement of the credit standing of Banco Sabadell and have favourably viewed the improvement made in its credit quality.

During 2015, Banco Sabadell has met with the three agencies. At these visits and teleconferences, the discussions have addressed subjects such as the bank's strategy, the acquisition of TSB, results, capital, liquidity, risks and credit

quality, and the management of problem assets.

d) Branch network

At the end of 2015, Banco Sabadell was operating 2,873 branches (including 614 TSB branches), an increase of 553 branches compared with 31 December 2014 (61 fewer branches excluding TSB), that is mainly due to the acquisition of TSB's branch network.

Of the total number of Banco Sabadell group branches and offices, 1,647 were operating under the Sabadell brand (including 47 specialist business banking and 2 specialist corporate banking branches); 129 were under the Banco Gallego brand (with 3 business banking branches); 178 formed the Banco Herrero network in Asturias and León (including 5 business banking branches); 131 were under the SabadellGuipuzoano brand (including 5 business banking branches); 12 were operating under the SabadellUrquijo name; 105 were Solbank branches, and the remaining 669 made up the group's international network, of which 27 were operated by Sabadell United Bank, 7 by BancSabadell d'Andorra and 614 by TSB. Additionally, ActivoBank has two customer service centres. The distribution of the group's Spanish branches by region is as follows:

Region	Branche	Region	Branche
Andalusia	143	Valencia	387
Aragón	38	Extremadura	6
Asturias	146	Galicia	129
Balearic Islands	65	La Rioja	8
Canary Islands	30	Madrid	209
Cantabria	6	Murcia	148
Castilla-La Mancha	23	Navarra	19
Castilla y León	64	Basque Country	107
Catalonia	674	Ceuta and Melilla	2

The group is present in the following countries:

Country	Branch	Representative office	Subsidiaries and associates
Europe			
Andorra			•
France	•		
Poland		•	
Portugal			•
UK	•		•
Turkey		•	
America			
Brazil		•	
Colombia		•	•
USA	•	•	•
Mexico		•	•
Peru		•	
Dominican Republic		•	
Venezuela		•	
Asia			
China		•	
UAE		•	
India		•	
Singapore		•	
Africa			
Algeria		•	
Morocco	•		

Corporate Governance

As required by Article 540 of the Capital Companies Act, the Banco Sabadell group has prepared an Annual Report on Corporate Governance for the year 2015, which, in accordance with Article 49 of the Code of Commerce, forms part of this Report for the Directors and is attached as a separate document. It includes a section on the extent to which the bank is following recommendations on corporate governance that currently exist in Spain.

Information on Corporate Governance can be accessed via the “Shareholder and investor information” tab on the home page of the Group website (www.grupobancosabadell.com).