

A decorative background graphic consisting of a grid of grey dots. The dots are arranged in a pattern that tapers towards the top, forming a shape reminiscent of a stylized arrow or a modern architectural element. The dots are semi-transparent and overlap slightly.

4Q19

results

January 30, 2020

index

1 Business performance

2 Financial results

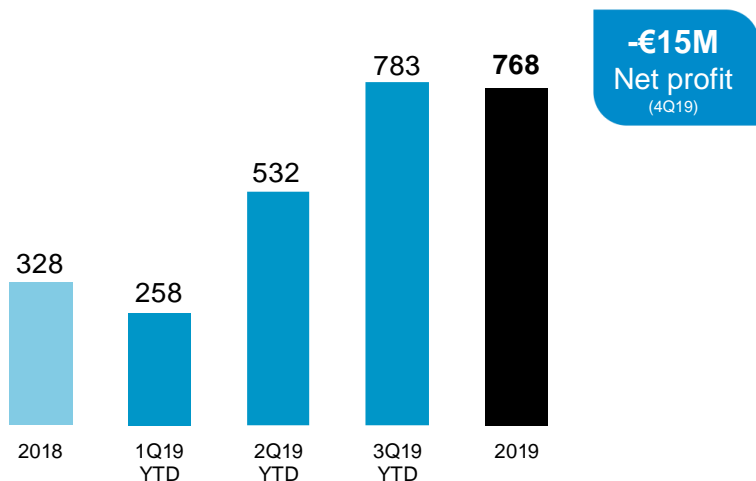
3 Balance sheet

4 Outlook

2019 highlights: profitability and value creation

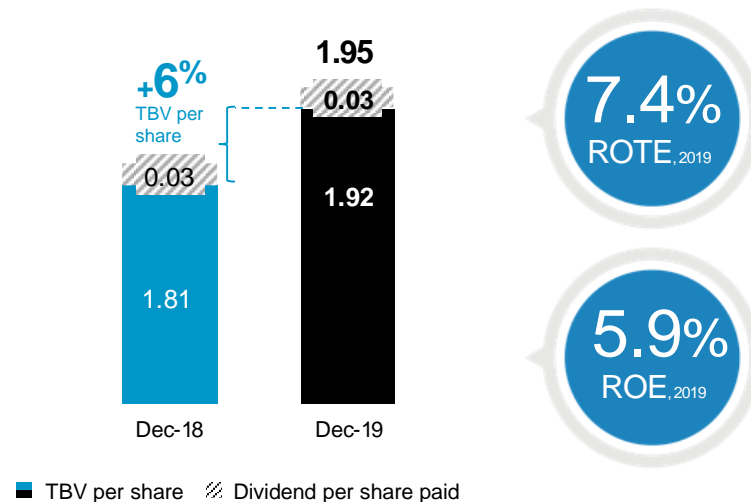
Sabadell quarterly results...

Group attributable net profit
€M



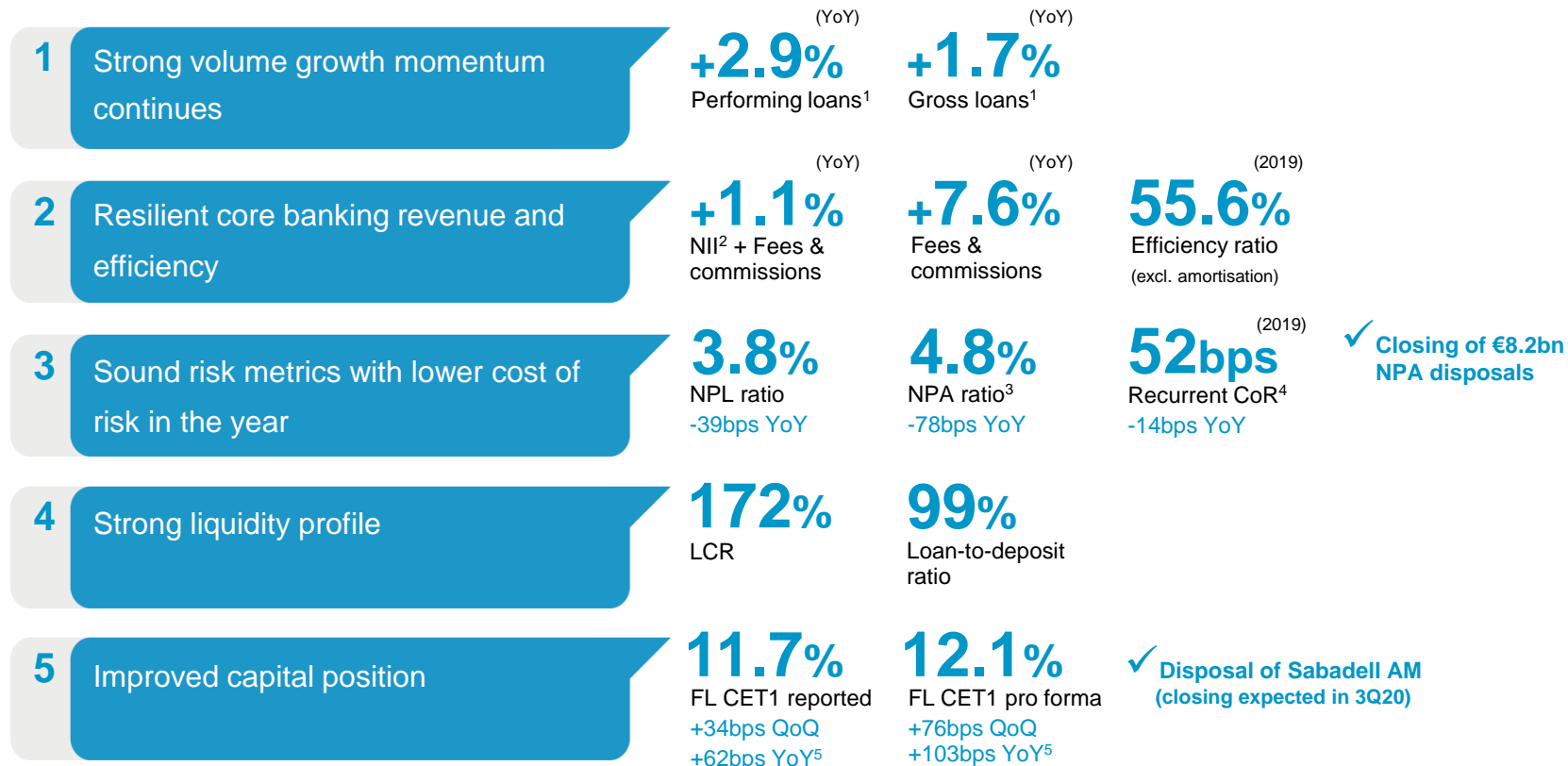
... support shareholder value creation

TBV per share + dividends
€



Final cash dividend of €0.02 per share, which brings the total yearly dividend on 2019 profits to €0.04 per share. Total dividend pay-out stood at c.40%

2019 highlights: business performance and capital



Note: %YoY calculated as the growth rate of 2019 FY results vs. 2018, throughout the presentation. Growth rates expressed in constant FX. ¹ Performing loans exclude CAM Asset Protection Scheme A/R. Performing and gross loans growth exclude the impact of €1bn consumer loans securitised in Sep-19 (balance of €0.9bn in Dec-19) and the impact of €1.1bn A/R related to the closing of NPA disposals. ² YoY growth exclude the impact of €1bn consumer loans securitised in Sep-19. ³ NPAs / (gross loans + foreclosed assets). Gross loans includes accrual adjustments. ⁴ Excludes the extraordinary provisions related to the "REX" disposal for -€28M and -€103M related to the closing of NPA disposals (Challenger, Coliseum and REX). ⁵ YoY change based on FL CET1 Dec-18 reported.

2019 achievements



| | |
|---|---|
| 1. Commercial dynamism and resilient core banking revenue | +1.1% Δ Core revenue ¹ |
| 2. Sound risk profile with decreasing CoR and NPAs | 4.8% NPA ratio ² -78bps YoY |
| 3. Capital rebuilt | 12.1% FL CET1 pro forma +103bps YoY ³ |
| 4. TSB regaining commercial momentum | +3.8% / +3.6% Δ Customer funds / net loans |
| 5. Delivering on shareholder value | +6% + €0.03 Δ TBV + Dividends paid per share |

Note: **Growth rates expressed in constant FX.** ¹ Refers to NII + Fees & commissions and excludes the impact of €1bn consumer loans securitised in Sep-19 (balance of €0.9bn in Dec-19). ² NPAs / (gross loans + foreclosed assets). Gross loans includes accrual adjustments. ³ YoY change based on Dec-18 FL CET1 reported.

2019 results vs. Group guidance

| | 2019 Group guidance | 2019 results |
|--|-----------------------------|---|
| Net interest income | -1% - 0% YoY | -1.4% reported, -0.9% excl. securitisation ¹ |
| Fees & commissions | High single digit growth | +7.7% reported |
| Trading income | €80 -100M | €126M |
| Efficiency ratio (excl. amortisation) | c.55% | 55.6% |
| Cost of risk | 45bps | 52bps ² |
| TSB | Small positive contribution | -€45M |
| ROE | >6.5% | 5.9% reported, 5.2% recurrent ³ |
| Organic capital generation | 45bps | 41bps |
| FL CET1 | ≥ 11.6% | 11.7% (12.1% pro forma) |
| TBV per share | >5% | +6.1% |

¹ Excludes the impact of €1bn consumer loans securitised in Sep-19 (balance of €0.9bn in Dec-19). ² Recurrent CoR, which excludes the extraordinary provisions related to the sale of the NPA portfolio "REX" of -€28M and -€103M related to the closing of all of real estate asset disposals (Challenger, Coliseum and REX). ³ Excludes all 2019 one-offs, which are listed in the yearly income statement slide.



1

Business
performance

Performing loans grew QoQ and YoY in all geographies

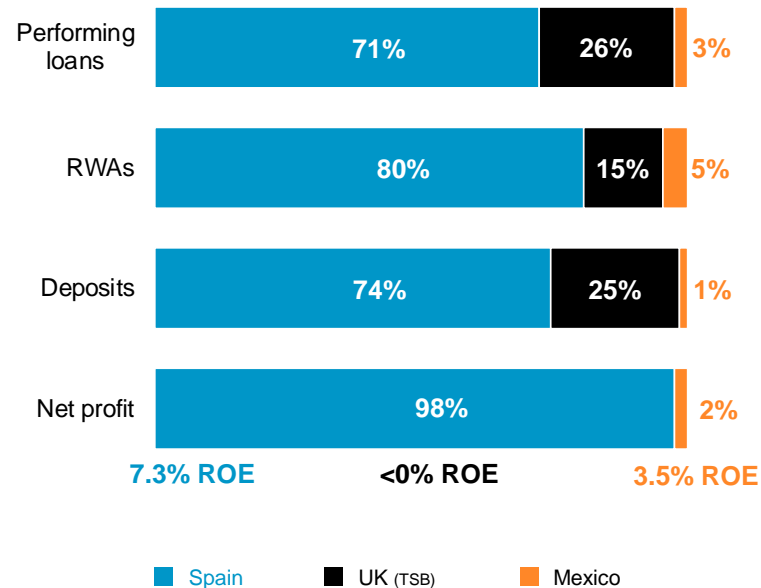
Group performing loans evolution by geography

€M. Excludes CAM Asset Protection Scheme A/R

| | Dec-19 | Change (const. FX) | |
|----------------------------|----------------|--------------------------|--------------------------|
| | | QoQ | YoY |
| Spain | 101,345 | +0.7% ¹ | +2.7% ¹ |
| of which: foreign branches | 9,134 | +3.9% | +16.2% |
| UK (TSB) | 36,496 | +0.7% | +3.2% |
| Mexico | 3,640 | +2.8% | +7.9% |
| Total | 141,480 | +0.8%¹ | +2.9%¹ |

Business distribution across geographies

Dec-19

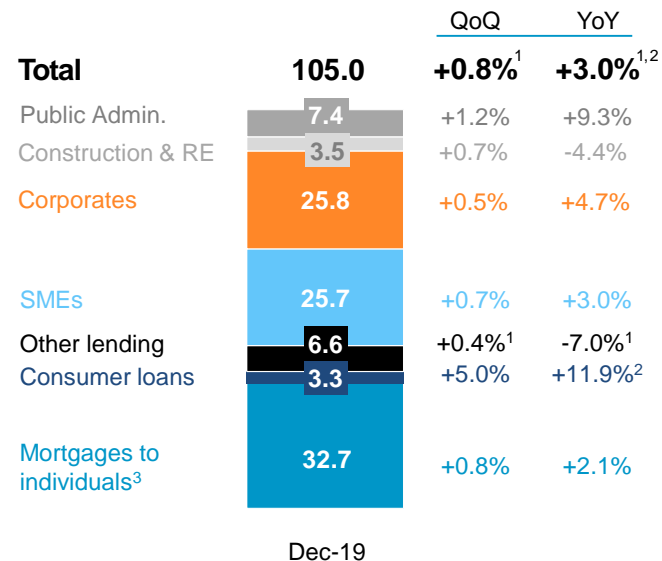


Note: **Growth rates expressed in constant FX and local currency.** ¹ QoQ growth excludes the impact of €1.1bn A/R related to the closing of NPA disposals. YoY growth also excludes the impact of €1bn consumer loans securitised in Sep-19 (balance of €0.9bn in Dec-19).

Commercial activity at Sabadell ex-TSB

Performing loans

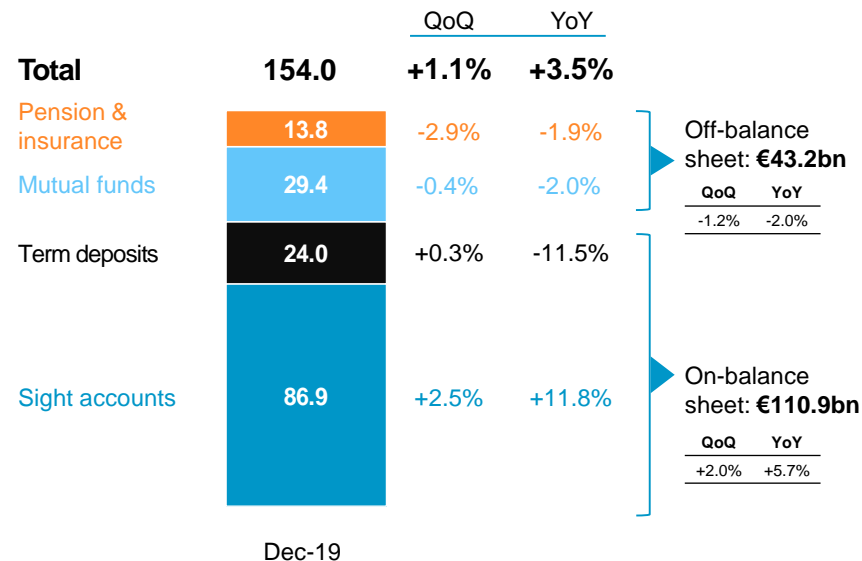
€Bn



- Corporates, SMEs and Mortgages are the main drivers of growth both in the quarter and in the year

Customer funds

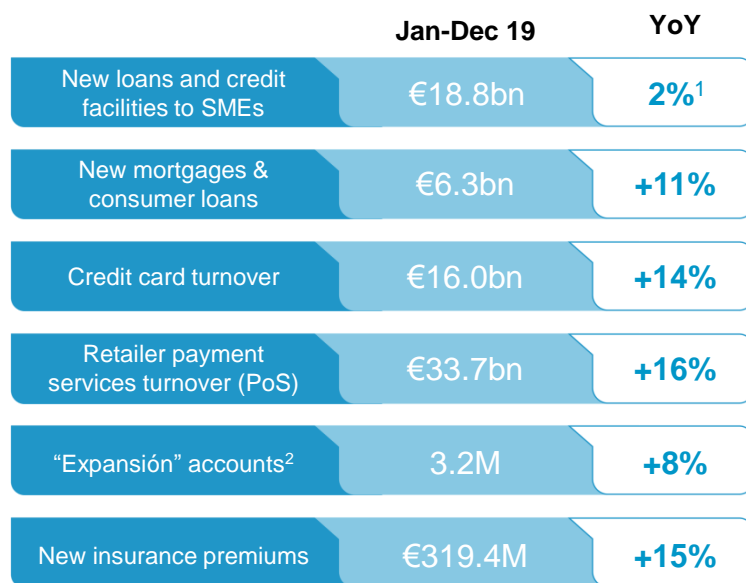
€Bn



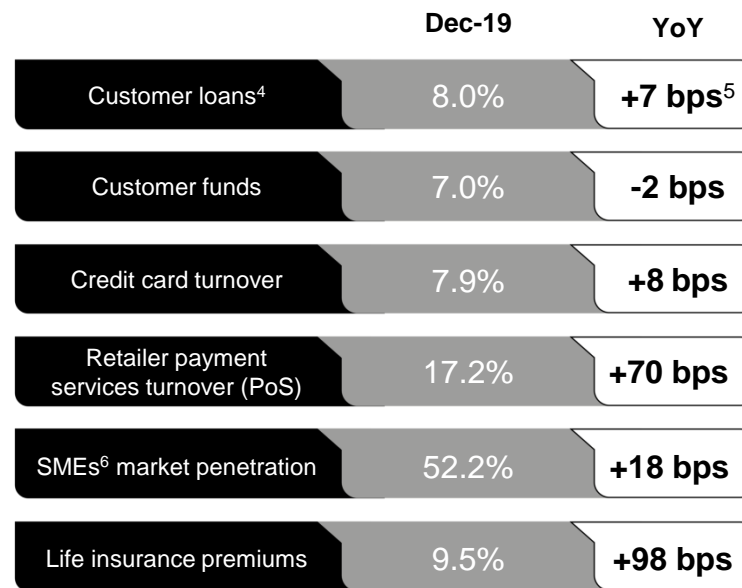
- Customer funds grew QoQ driven by higher sight accounts

Strong commercial momentum across products in Spain

Activity across products



Market share³



¹ YoY growth excluding Real Estate Development. ² Expansion accounts as at Dec-19. ³ 2019 figures correspond to latest data available. Sources include Bank of Spain, ICEA, Inverco and Servired. ⁴ Excluding repos and CAM Asset Protection Scheme A/R. ⁵ YoY growth excludes the impact of €1bn consumer loans securitised in Sep-19 (balance of €0.9bn in Dec-19). ⁶ Companies with a turnover between €0.9M and €10M.

Long-term strategic partnership with a world leading asset manager and disposal of Sabadell Asset Management^B Sabadell



- Amundi will acquire 100% of Sabadell AM and will enter into a 10-year distribution agreement with Banco Sabadell
- Closing of this transaction is expected in 3Q20

Transaction rationale

- Long-term strategic partnership with **leading European asset manager** and one of the top ten worldwide
- **Complements existing product offering:** provides clients with access to a strong performing investment proposition and a wider and more diverse range of products
- Adds an outstanding **ESG offering**
- Provides **access to Amundi's world-class expertise in serving retail networks**
- **Improves scale:** provides savings and reduces investment needs
- **Strengthens digital capabilities** in this segment
- Allows **Sabadell to fully focus on client acquisition and relationship management:** reinforces the bank's commitment to continue to lead in customer satisfaction rankings



Perimeter and financial impact

€21.8bn
Assets under
Management¹

€34M
earned in 2019 (net)
€65M in fees and
€17M in OPEX

€430M
Transaction
amount
excl. €30M earn out

13x
2020e P/E
multiple

€351M
Net capital gain²
of which €58M subject
to guarantees

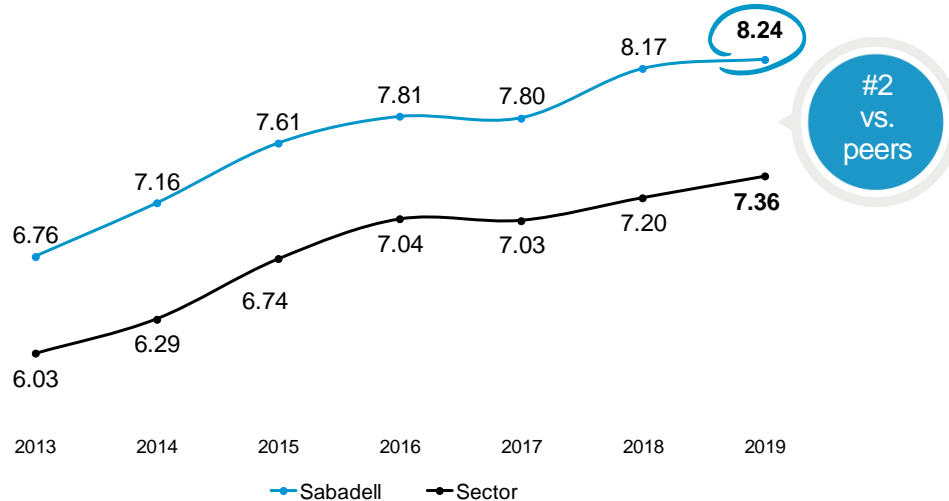
+43bps
FL CET1³
of which +36bps
materialised at closing

This partnership further builds-out Sabadell's position as a reference player in the Savings and Investment segment in Spain, helping the bank increase market penetration and accelerate growth in the medium-term

¹ Includes Sabadell Asset Management Luxembourg but excludes Sabadell Urquijo Gestión. ² This capital gain will be adjusted at closing to reflect net profit earned by Sabadell Asset Management from 31/12/19 to the date of completion of the transaction. ³ Hence 7 bps will be accrued over the length of the agreement.

Sabadell continues to stand out in service quality...

Evolution of the service quality index¹



Net promoter score (NPS)²

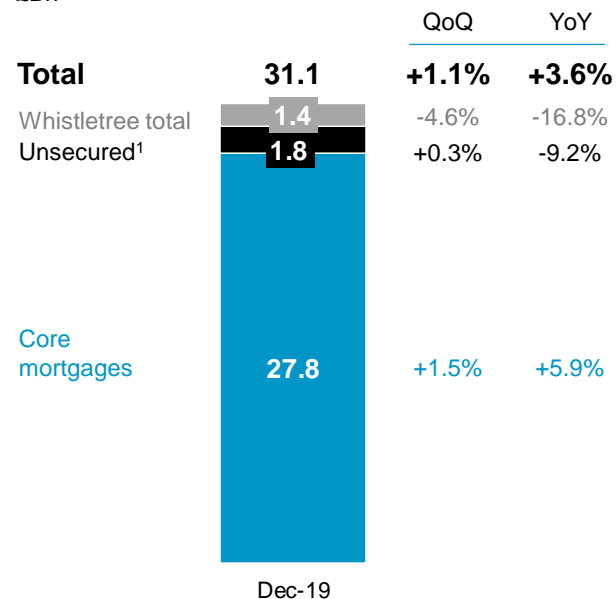
| | 2019 | Ranking |
|------------------|------|-----------------|
| SMEs | 22% | 1 st |
| Personal banking | 33% | 2 nd |
| Corporates | 34% | 3 rd |
| Retail banking | 11% | 3 rd |

... which is one of Sabadell's main competitive advantages

TSB commercial momentum recovered in 2019

Net loans

£Bn

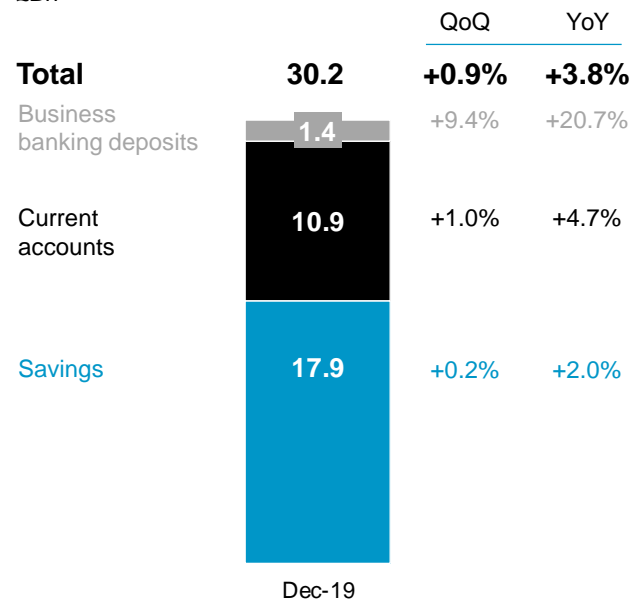


- Net lending continued to increase QoQ driven by mortgage origination activity and improved customer retention. Unsecured lending returned to growth in Q4
- Solid growth in the year driven by higher mortgage acquisition activity and an improved service offering

¹ Includes business banking.

Customer funds

£Bn

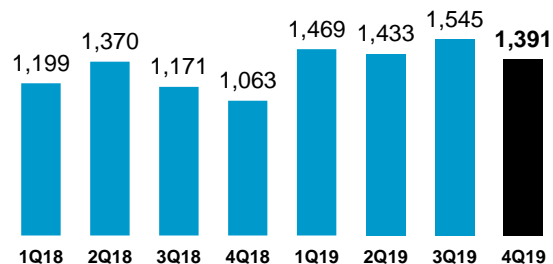


- Customer funds increased both in the quarter and in the year with growth across all products
- Business banking deposits increased reflecting the positive impact of the Incentivised Switching Scheme and a competitive savings proposition

TSB NPS and new lending considerably higher YoY

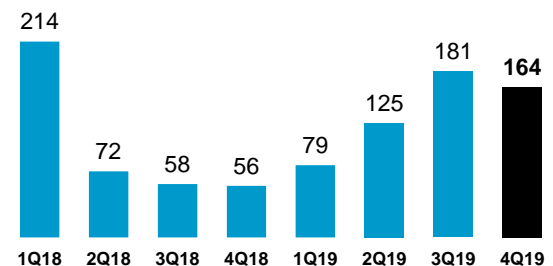
New mortgage lending

£M (broker + branch)

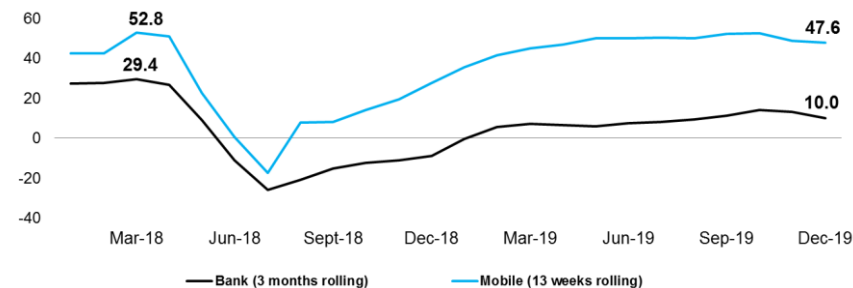


New unsecured lending

£M



NPS



NPS Bank

3 months rolling



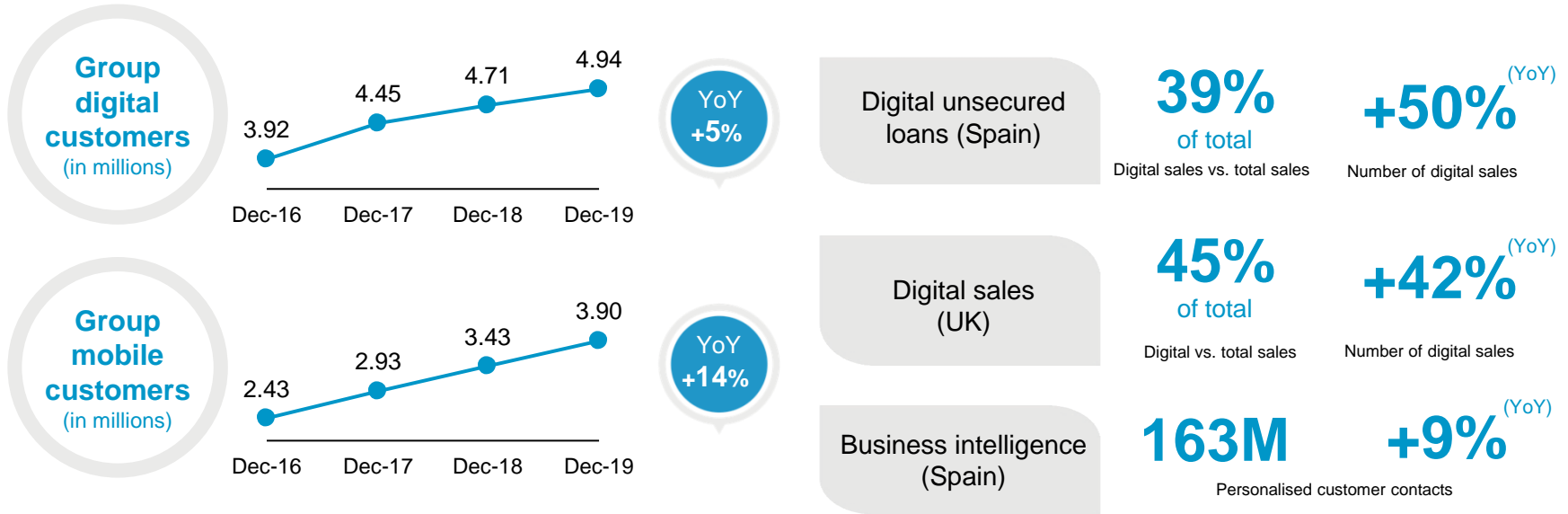
NPS Mobile

13 weeks rolling



TSB's bank and mobile NPS has recovered since Jul-18

Sabadell picks up speed with its digital transformation



Note: Data as at December 2019.

Group strategic alliance with IBM

- Modernize and transform our IT infrastructures in line with our hybrid Cloud strategy to increase resilience, security and scalability as well as improve our cost structure and flexibility
- Simplify our operating model through the implementation of market best practices and consolidation of IT suppliers
- Accelerate time to market to develop and launch new digital products and services and a superb customer experience





2

Financial results

Quarterly income statement

| €M | Sabadell Group | | | Sabadell ex-TSB | |
|--|----------------|------------------|---------------------|-----------------|-----------------|
| | 4Q19 | %QoQ | %QoQ Constant FX | 4Q19 | %QoQ |
| Net interest income | 910 | 0.4% | -0.9% | 659 | -1.0% |
| Fees & commissions | 372 | 2.9% | 2.5% | 343 | 3.7% |
| Core banking revenue | 1,282 | 1.1% | 0.1% | 1,001 | 0.6% |
| Trading income & forex | -4 | <-100% | <-100% | -3 | <-100% |
| Other income & expenses ¹ | -180 | >100% | >100% | -170 | >100% |
| Gross operating income | 1,098 | -18.1% | -18.9% | 827 | -23.5% |
| Operating expenses | -721 | 5.6% | 4.0% | -483 | 4.6% |
| Depreciation & amortisation | -126 | 7.2% | 5.7% | -90 | 7.8% |
| Pre-provisions income | 251 | -53.5% | -53.5% | 254 | -52.6% |
| Total provisions & impairments ² | -370 | 91.1% | 90.4% | -345 | 92.7% |
| Gains on sale of assets and other results ³ | 32 | <-100% | >100% | 34 | <-100% |
| Profit before taxes | -86 | >100% | >100% | -57 | >100% |
| Taxes and minority interest | 72 | >100% | >100% | 82 | >100% |
| Attributable net profit | -15 | <-100% | <-100% | 25 | -90.3% |

Net profit impacted in the quarter by:

- ¹ IDEC and DGF annual payments in the quarter of -€144M
- ² Provisions associated with the closing of REX, Coliseum and Challenger portfolio disposals of -€103M
- ³ Insurance business disposal earn-out of +€37M

Cumulative impact:
-€210M (-€143M net of taxes)

Yearly income statement

| €M | Sabadell Group | | | Sabadell ex-TSB | |
|---|----------------|-----------------|---------------------|-----------------|--------------|
| | 2019 | %YoY | %YoY Constant FX | 2019 | %YoY |
| Net interest income | 3,622 | -1.4% | -1.8% | 2,644 | -1.2% |
| Fees & commissions | 1,439 | 7.7% | 7.6% | 1,322 | 5.8% |
| Core banking revenue | 5,061 | 1.0% | 0.7% | 3,966 | 1.0% |
| Trading income & forex ¹ ² | 126 | -44.0% | -44.0% | 111 | -46.6% |
| Other income & expenses | -256 | 13.3% | 13.0% | -236 | 42.6% |
| Gross operating income | 4,932 | -1.6% | -1.8% | 3,841 | -3.2% |
| Operating expenses | -2,743 | -6.1% | -6.4% | -1,827 | -1.8% |
| Depreciation & amortisation | -470 | 33.0% | 32.7% | -334 | 26.3% |
| Pre-provisions income | 1,719 | -1.0% | -1.1% | 1,680 | -8.8% |
| Total provisions & impairments ³ | -938 | -29.0% | -29.2% | -865 | -20.6% |
| Gains on sale of assets and other results ⁴ ⁵ | 170 | >100% | >100% | 174 | >100% |
| Profit before taxes | 951 | >100% | >100% | 989 | 31.1% |
| Taxes and minority interest | -183 | >100% | >100% | -176 | -5.6% |
| Attributable net profit | 768 | >100% | >100% | 813 | 43.1% |

Net profit impacted in the year by one-off items:

- ¹ Consumer loan securitisation capital gain of +€88M
- ² Sareb debt impairment of -€47M
- ³ One-off provisions associated with NPA disposals¹ of -€131M
- ⁴ Solvia disposal capital gain of +€133M
- ⁵ Insurance business disposal earn-out of +€37M

Cumulative impact:
+€80M (+€97M net of taxes)

IFRS16 Group impact – broadly neutral on profit

- Net interest income: -€17M
- Operating expenses: +€124M
- Depreciation & amortisation: -€116M

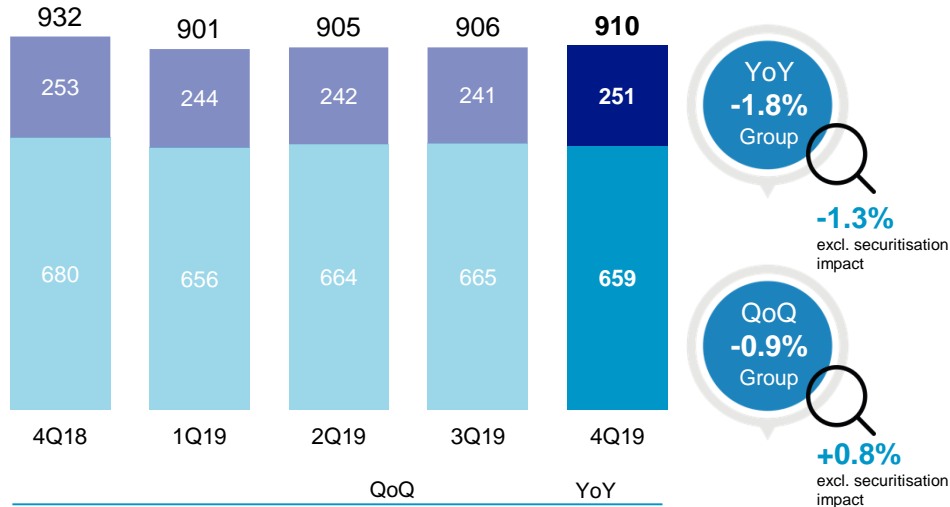
Note: %YoY calculated as the growth rate of 2019 FY results vs. 2018, throughout the presentation. EUR/GBP exchange rate of 0.8782 used for 2019 P&L.

¹ Refers to the extraordinary provisions related to the "REX" disposal for -€28M and -€103M related to the closing of NPA disposals (Challenger, Coliseum and REX).

NII broadly stable QoQ as underlying volumes increased and cost of funding improved

Evolution of Group net interest income

€M. Group and TSB growth rates expressed in constant FX



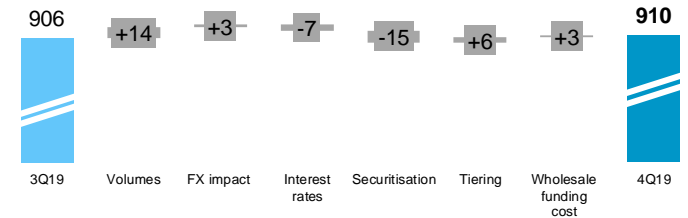
| | QoQ | YoY |
|-------------------------|--------------|--------------|
| Sabadell, ex-TSB | -1.0% | -1.2% |
| TSB | -0.5% | -2.9% |

- An additional decrease of 10bps in all relevant rates¹ would impact NII by -€18M in the 12 months following the rate cut

¹ Includes all relevant yield curves (EUR, GBP and USD).

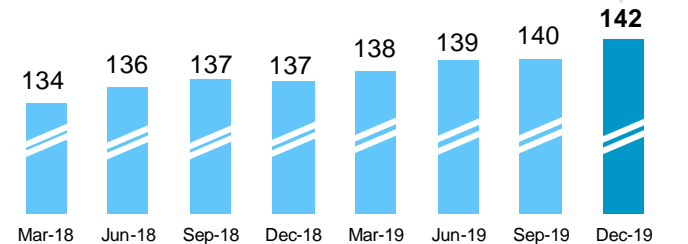
Evolution of Group net interest income QoQ

€M



Evolution of Group loans

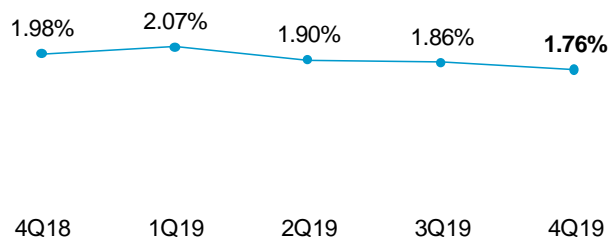
€Bn. Quarterly average balance



Front book yields impacted by new lending product mix

Mortgages to individuals

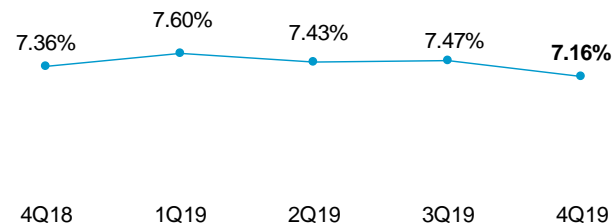
Yield in Spain



10 Yrs
EUR Swap
+12bps
(QoQ, avg.)

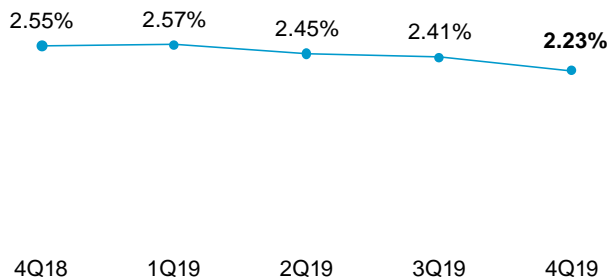
Consumer loans

Yield in Spain. Excludes Sabadell Consumer Finance



Loans to SMEs and Corporates

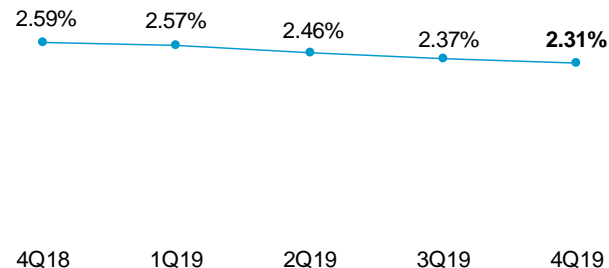
Yield in Spain



5 Yrs
EUR Swap
+14bps
(QoQ, avg.)

Credit line for SMEs and Corporates

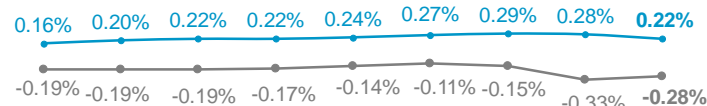
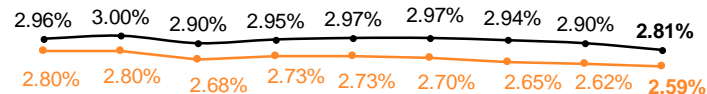
Yield in Spain



Group customer spreads impacted by lower yields and securitisation

Sabadell Group

In euros



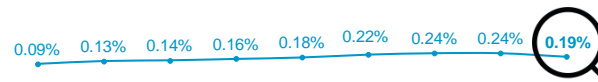
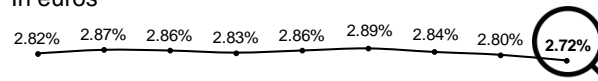
4Q17 1Q18 2Q18 3Q18 4Q18 1Q19 2Q19 3Q19 4Q19

- Customer loan yield
- Cost of customer funds
- Customer spread
- Euribor 12M (quarterly average)

Group customer spread impacted by lower yields (including the loss of income from securitised consumer loans), partially offset by a reduction in cost of customer funds

Sabadell ex-TSB

In euros



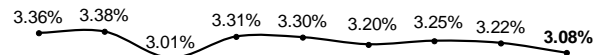
4Q17 1Q18 2Q18 3Q18 4Q18 1Q19 2Q19 3Q19 4Q19

| | 3Q19 | 4Q19 |
|-----------------------------------|-------|-------|
| Spain | 2.55% | 2.54% |
| Spain excl. securitisation impact | 2.56% | 2.58% |

| | 3Q19 | 4Q19 |
|-------|-------|-------|
| Spain | 0.07% | 0.05% |

TSB

In euros

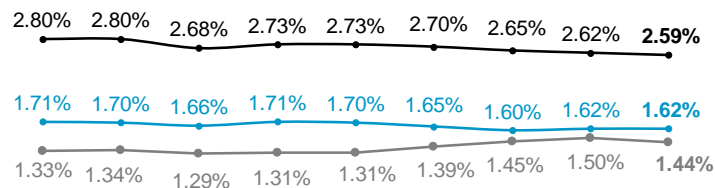


4Q17 1Q18 2Q18 3Q18 4Q18 1Q19 2Q19 3Q19 4Q19

NIM resilient owing to lower cost of funds and tier savings

Sabadell Group

In euros



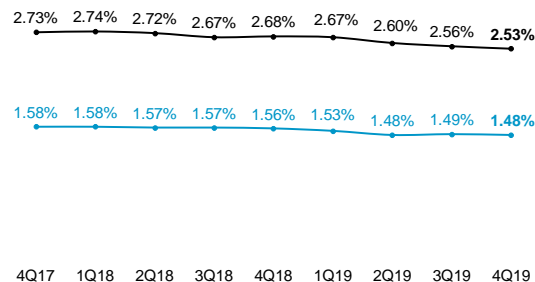
4Q17 1Q18 2Q18 3Q18 4Q18 1Q19 2Q19 3Q19 4Q19

— Customer spread — Net interest margin (NIM) as % of ATA
 — Wholesale funding cost

Group NIM remained stable QoQ thanks to tiering-related savings, lower customer funds and wholesale funding cost

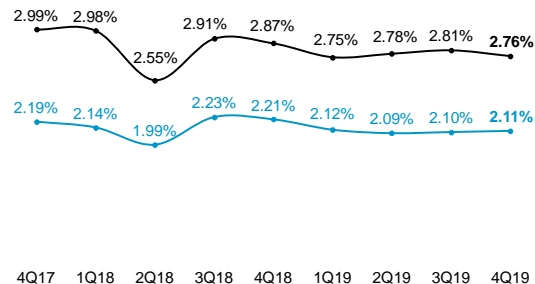
Sabadell ex-TSB

In euros



TSB

In euros



High structural resilience to decreases in interest rates

Assets

Performing loan portfolio composition

Sabadell Spain

Mortgages

- 59% of mortgage balances linked to Euribor, repricing once a year
- Switch towards fixed rate mortgages (41% of balances and 70% of new production)
- Front book pricing (on average) at higher yield than the back book

SMEs & Corporates

- Shorter-duration, predominantly fixed rate / with Euribor floor (87% of balances, c.100% of new production)

Others

- Predominantly fixed rate / with Euribor floor (78% of back book and c.96% of new production)

✓ 66% of lending is non-sensitive to decreases in Euribor

ALCO portfolio maturity profile

✓ Only 11% of the ALCO portfolio will mature over the next two years with a yield of 1.2%

Liabilities

Deposit base composition



€39bn wholesale deposits, which represents 35% of total on-balance sheet customer funds

Currently we are passing through the cost of negative interest rates to **€3.7bn** of these wholesale deposits (>€1.2bn higher QoQ)

✓ Potential for re-pricing of additional wholesale deposits

Wholesale funding cost



Expensive wholesale funding maturities during 4Q19 and in 1H20:

- €524M covered bonds (coupon >4%) matured in Nov-19
- €413M Tier 2 (6.25% coupon) maturing in Apr-20

✓ Cost of wholesale funding to improve in 2020

ECB Tiering



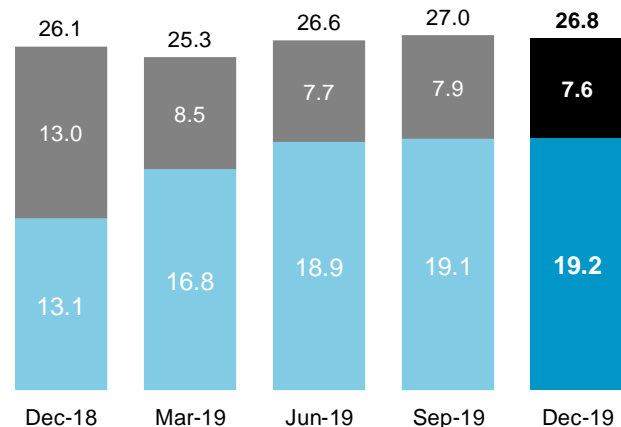
Tiering has exempted **c.€6.4bn** of deposits, currently at the ECB, from the deposit facility rate of -0.5%. This was effective from 30th October

✓ Tiering-related savings of c.€32M annually

ALCO contribution to NII remained stable in the quarter

Increasing long-dated amortised cost portfolio...

Evolution of fixed income portfolio. Sabadell Group. €Bn



■ Fair Value OCI ■ Amortised cost

1.2%
Yield
(Dec-19)

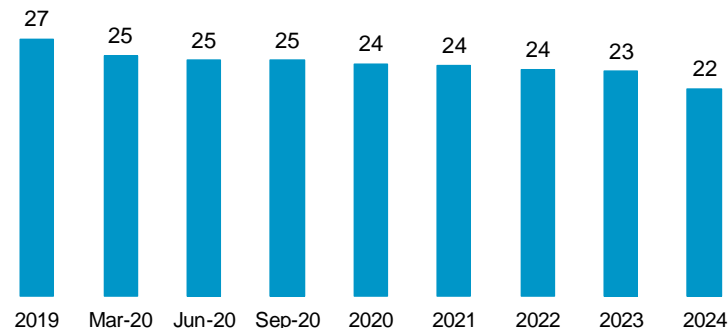
5 yrs
Duration¹
(Dec-19)

9 yrs
Avg. maturity
(Dec-19)

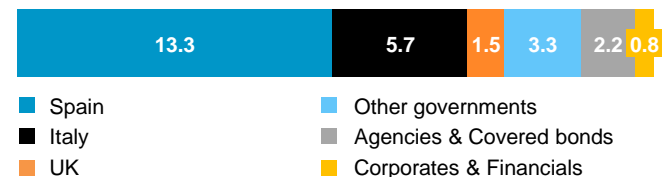
... and low reinvestment risk

Fixed income portfolio run-off. Sabadell Group. €Bn

- Only 11% of the ALCO portfolio will mature over the next two years (7% in 1Q20) and 20% in the next five years



Fixed income portfolio composition. Sabadell Group. €Bn

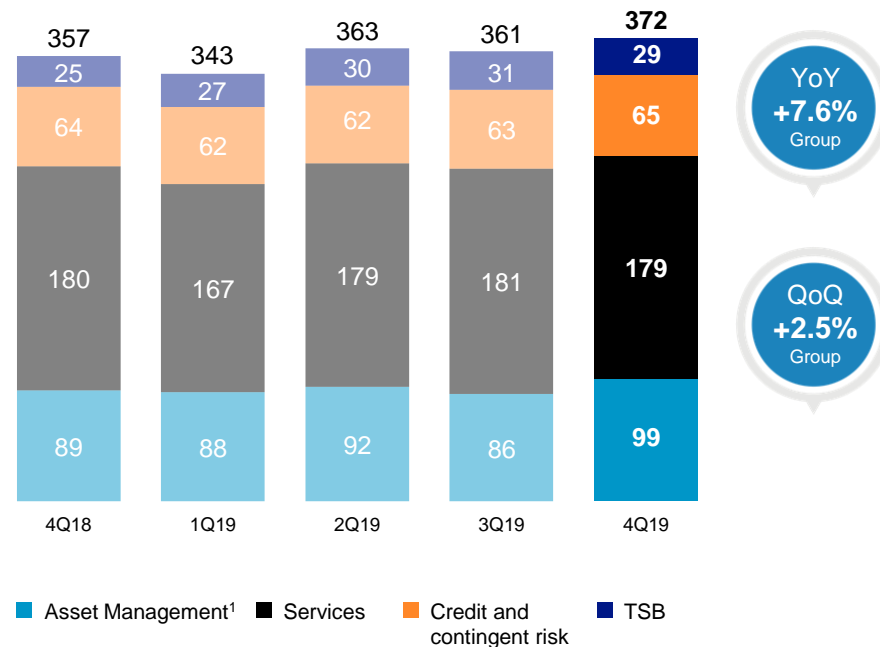


Note: Fixed income portfolio excludes the trading portfolio. ¹ Duration includes the impact of hedges.

Fees & commissions continued to grow steadily

Evolution of Group fees & commissions

€M. Group and TSB growth rates expressed in constant FX



| | QoQ | YoY |
|----------------------------|---------------|---------------|
| Sabadell, ex-TSB | +3.7% | +5.8% |
| of which | | |
| Credit and contingent risk | +2.7% | +6.5% |
| Services | -1.0% | +7.8% |
| Asset Mgmt. ¹ | +14.4% | +1.5% |
| TSB | -10.0% | +35.7% |

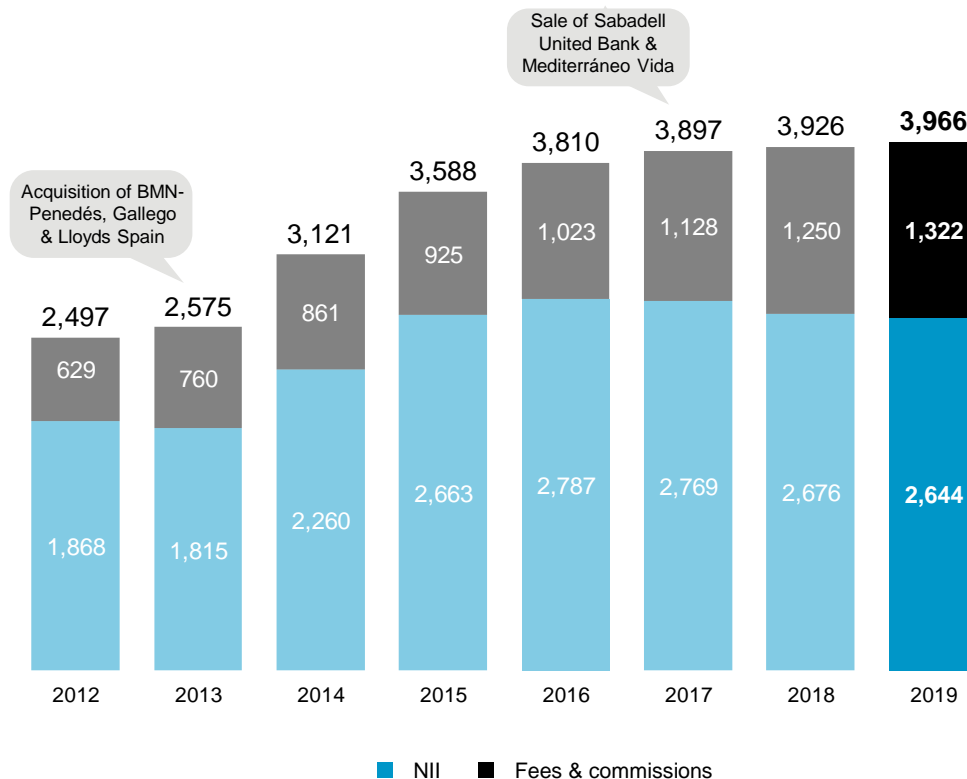
- The quarterly performance of fees & commissions has been driven by the positive effect of asset management seasonality
- YoY total group fees performance remained strong
- AM business sold contributed €65M in fees in 2019

¹ Includes mutual funds, pension funds, insurance brokerage and wealth management commissions.

Resilient core banking revenue over the years

Evolution of core banking revenue, ex-TSB

€M



Positive core banking revenue growth...



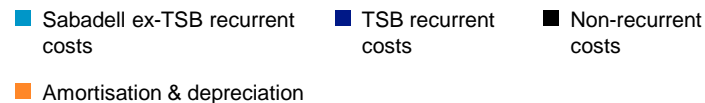
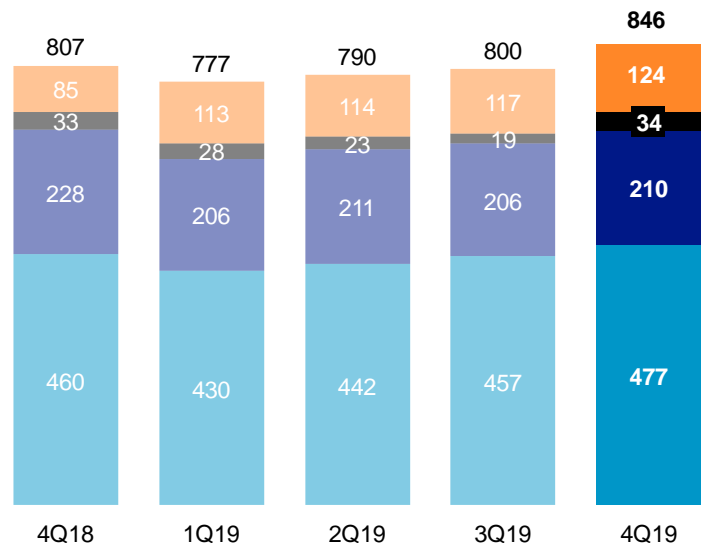
... in a challenging interest rate environment



Group expenses increased QoQ as expected

Evolution of Group expenses

€M. Group and TSB growth rates expressed in constant FX



| Recurrent costs & amortisation | QoQ | YoY |
|--------------------------------|--------------|--------------|
| Sabadell, ex-TSB | +5.0% | +2.7% |
| TSB | -2.5% | +1.8% |

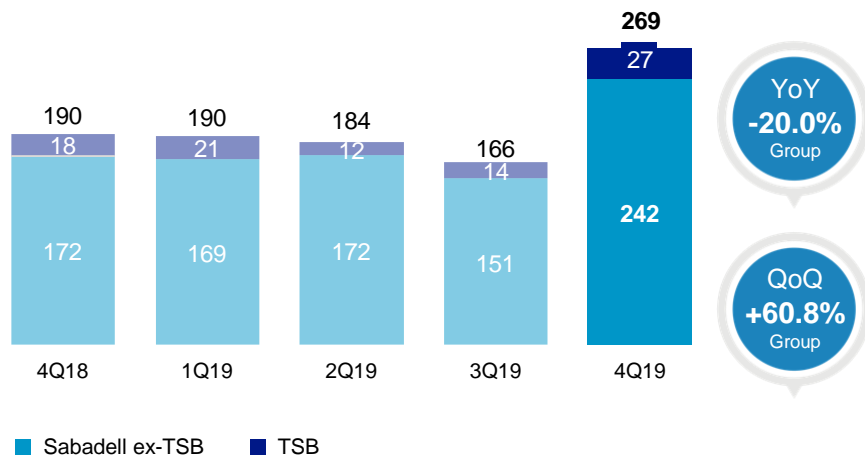
Group expenses increased QoQ driven by:

- **Recurrent general expenses at ex-TSB** driven, among others, by marketing and IT spending as well as year-end third-party advisory cost
- **Recurrent expenses at TSB** due to the impact of sterling appreciation
- **Amortisation** driven by higher software investment
- **Non-recurrent costs at TSB level**, which included €26M of restructuring costs at TSB
 - In the year, non-recurrent costs included €85M of TSB non-recurrent costs (€50M restructuring and €35M related to others)
 - Going forward, £45M of TSB restructuring cost will repeat annually until 2022 and other non-recurrent expenses of €35M will not repeat from this year onwards

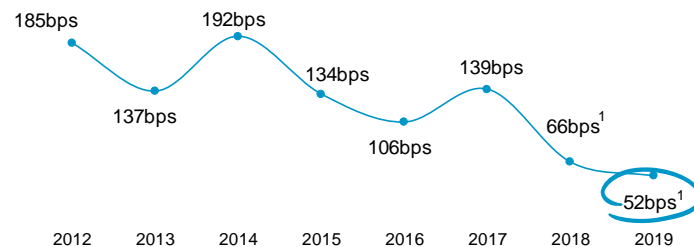
Recurrent cost of risk decreased by 14bps YoY

Evolution of Group total provisions¹

€M. Growth rates expressed in constant FX



Cost of risk has decreased significantly over the last few years



Ex-TSB provisions

- Above the annual quarterly average due to write-offs, single name exposures² and to a lesser extent seasonal revaluation of collateral. No structural changes

TSB provisions

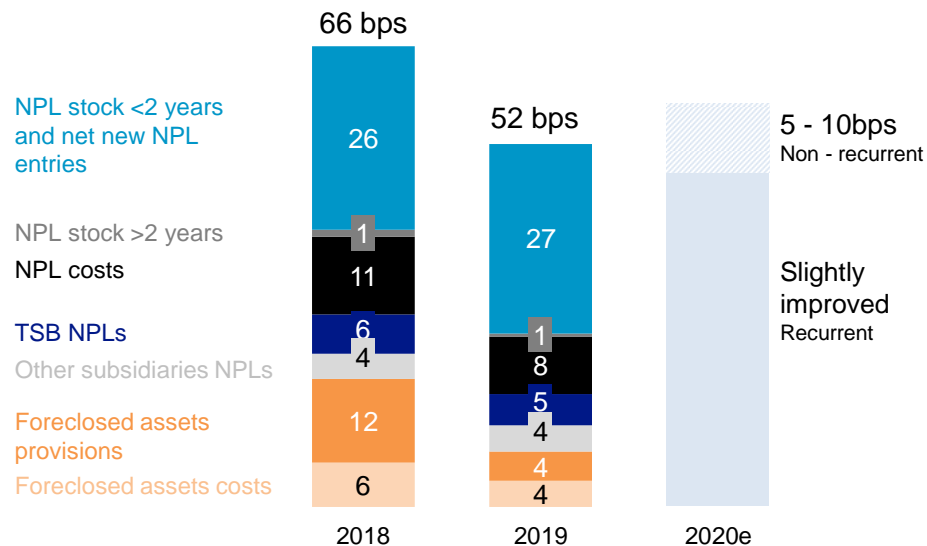
- Higher in the quarter due to the quarterly re-calibration of models following policy
- Overall, the annual provision charge of €74M, or CoR of 20bps, was in line with expectations and down 4bps YoY

¹ Excludes €177M of extraordinary provisions for the large institutional NPA sales and customer redress provisions at TSB of €92M in 2Q18, as well as €50M in 4Q18. 3Q19 excludes €28M of extraordinary provisions associated with the disposal of the REX NPA portfolio. Additionally, 4Q19 excludes €103M of extraordinary provisions associated with the closing of NPA sales. ² NPL exposures of more than €3M.

Decreasing recurrent CoR estimated in 2020

Recurrent CoR breakdown¹

bps



Estimated impact of ECB expectation for prudential provisioning for NPLs in 2020

- **CoR:** partly included in the recurrent CoR estimation, and anywhere between 5bps to 10bps could be added by further NPL management actions
- **CET1:** depending on the amount absorbed by CoR, up to -20bps could potentially be added, which would be offset by capital generated in the year

¹ 2018 CoR excludes 12bps of extraordinary provisions for the large institutional NPA sales announced in 2Q18. 2019 CoR excludes 2bps of extraordinary provisions associated with the disposal of the "REX" NPA portfolio and 7bps associated with the closing of the NPA sales.

A decorative graphic on the left side of the slide. It features a large, stylized blue number '3' centered over a background of grey dots. The dots are arranged in a pattern that forms a triangular shape pointing upwards, with the number '3' overlapping the lower part of this shape.

3

Balance sheet

Sabadell closed all 2018 NPA portfolios and REX disposals



As of December 20th, Sabadell closed the disposal of the real estate portfolios commercially known as **Coliseum, Challenger and Rex** to a subsidiary of Cerberus Capital Management L.P (“Cerberus”), in which Cerberus holds an 80% interest and Banco Sabadell holds the remaining 20%

🔍 Perimeter deconsolidated

61,000

Units

c.€8.2bn

Gross value

- 15,000 units, out of the total perimeter, with a gross book value of c.€1.8bn, are subject to third parties’ **right of first refusal**
- This right can be exercised during a period of approximately **6 months following** the closing date of the transaction
- **If** the third party does **not exercise** its right to acquire the asset, the asset will be **transferred to Cerberus**
- Any such exercise **cannot alter the financial impacts** of the transactions for Sabadell



Financial impacts

+16 bps

Fully-loaded
CET1

-€103M

Gross impairments and
provisions

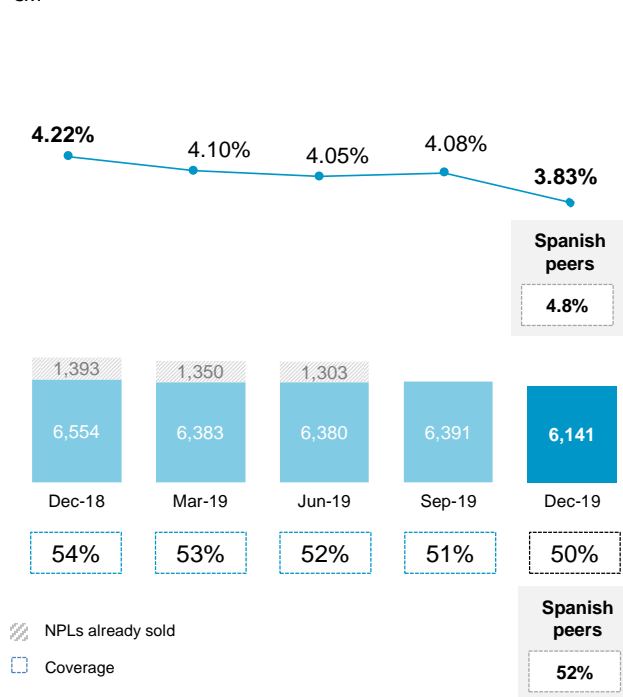
Additional impairments and provisions due to:

- **The implementation of certain contractual clauses** relating to the entire real estate portfolio involved (€52M net)
- **Costs related to the assets** being transferred but not attributable to the sale (€20M net)

NPL and NPA ratios decreased to 3.8% and 4.8% respectively

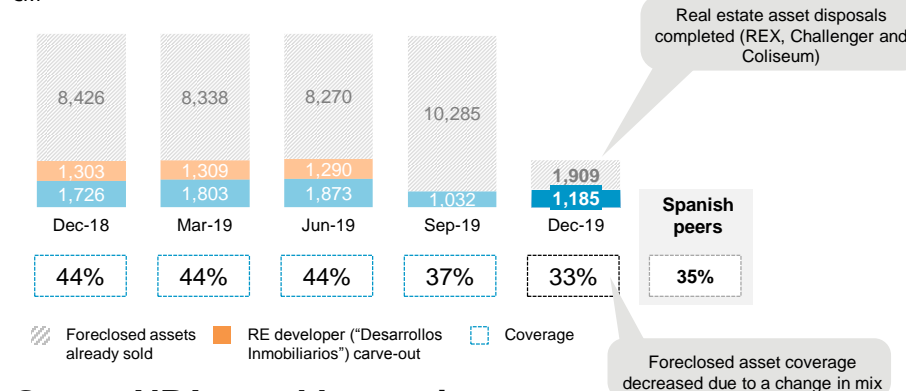
Group NPLs, ratio and coverage

€M



Group foreclosed assets and coverage

€M



Group NPAs and key ratios

€Bn

| | Dec-18 | Mar-19 | Jun-19 | Sep-19 | Dec-19 | Spanish peers |
|-------------------------|--------|--------|--------|--------|--------|---------------|
| Total NPAs | 8.3 | 8.2 | 8.3 | 7.4 | 7.3 | |
| Coverage | 52% | 51% | 50% | 49% | 47% | 50% |
| NPA ratio ¹ | 5.6% | 5.5% | 5.5% | 5.0% | 4.8% | 6.7% |
| Net NPAs / total assets | 1.8% | 1.8% | 1.8% | 1.7% | 1.7% | 2.0% |

QoQ
-€98M
Group

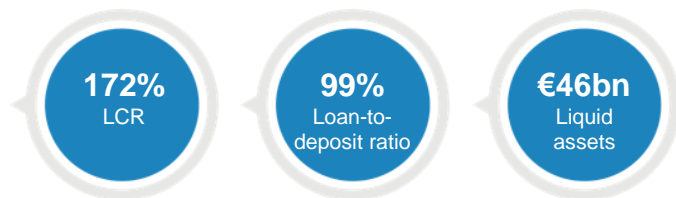
YoY
-€954M
Group

Note: Includes contingent risk. NPAs include 100% of Asset Protection Scheme exposure. See appendix for further details. Spanish peers include: Bankia, Bankinter, BBVA Spain, Caixabank and Santander Spain. Foreclosed assets coverage ratio includes Caixabank, Bankia and Bankinter. Average using Sep-19 data. ¹NPAs / (gross loans + foreclosed assets). Gross loans includes accrual adjustments.

Strong liquidity position

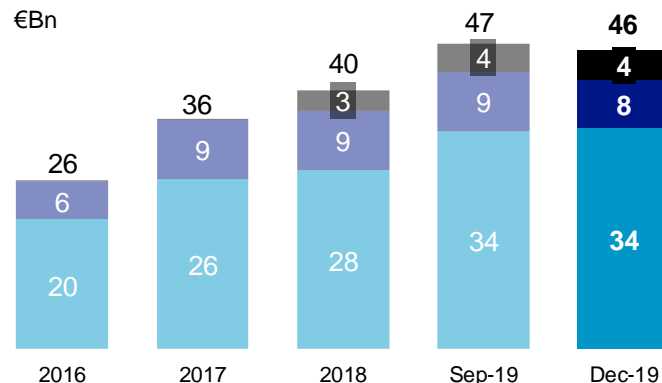
Liquidity indicators

Sabadell Group



Total liquid assets

€Bn



■ Sabadell, ex-TSB HQLAs ■ TSB HQLAs ■ Other assets eligible as ECB collateral

Credit ratings

Group long-term credit rating and outlook - senior unsecured (preferred)

| | | | |
|-------------------|-------------|---------------|----------------|
| Standard & Poor's | BBB Stable | Fitch Ratings | BBB Stable |
| Moody's | Baa3 Stable | DBRS | A (low) Stable |

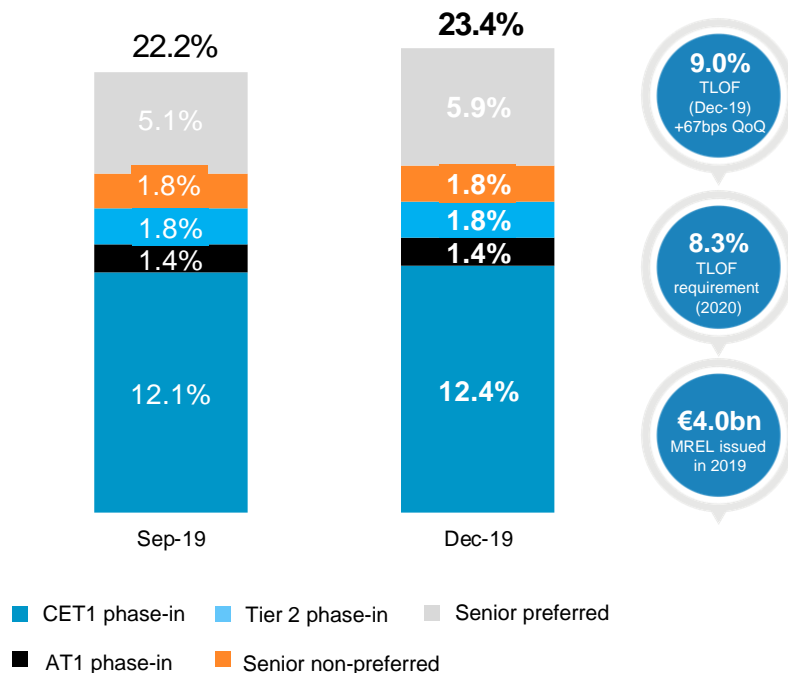
TLTRO-II and TFS repayment plan

- Both outstanding amounts of **TLTRO-II (€13.5bn)** and of **TFS (£4.5bn)**, to be repaid with existing excess liquidity and new wholesale funding.
- Amounts repaid in 2019:
 - €7.0bn of TLTRO-II
 - £2.0bn of TFS
- TLTRO-III**: no funding withdrawn as yet. Future withdrawals is subject to Euro balance sheet evolution

Meeting the MREL requirement

MREL evolution, Sabadell Group

% RWA



Sabadell has continued to access the market successfully

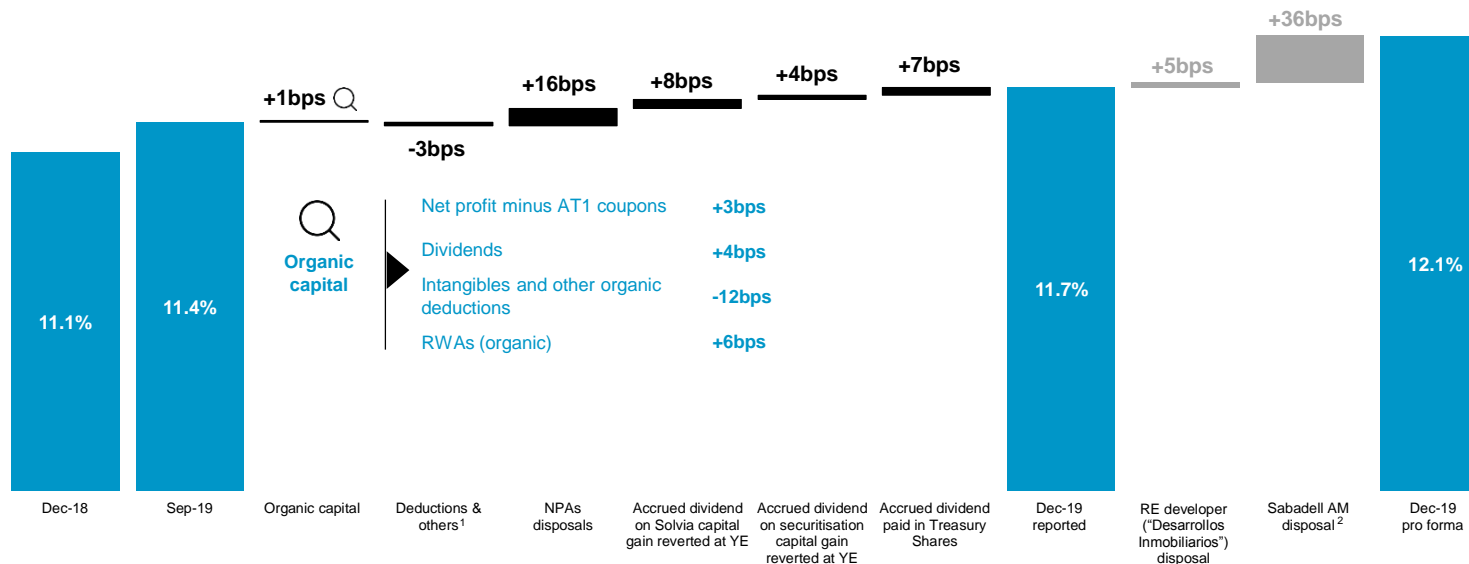
- **4Q19 issuances:**
 - ✓ €620M of senior preferred debt (0.54% weighted average coupon)
- **2020 YTD issuances:**
 - ✓ €300M Tier 2 (2.00% coupon)
 - ✓ €1bn covered bonds (0.13% coupon)

2020 debt issuance plan

- **Sabadell**
 - AT1 and T2**
 - ✓ Our strategy is to keep buckets full
 - Senior non-preferred**
 - ✓ €1-2bn to build up MREL buffer considering subordination requirements
 - Senior preferred, Covered bonds & Securitisation**
 - ✓ €2-3bn, subject to Euro balance sheet evolution
- **TSB**
 - Covered bonds & Securitisation**
 - ✓ £1.5bn issuance

FL CET1 rebuilt, pro forma at 12.1%

QoQ FL CET1 evolution



Dec-19 RWAs: €81,311M

Of which:

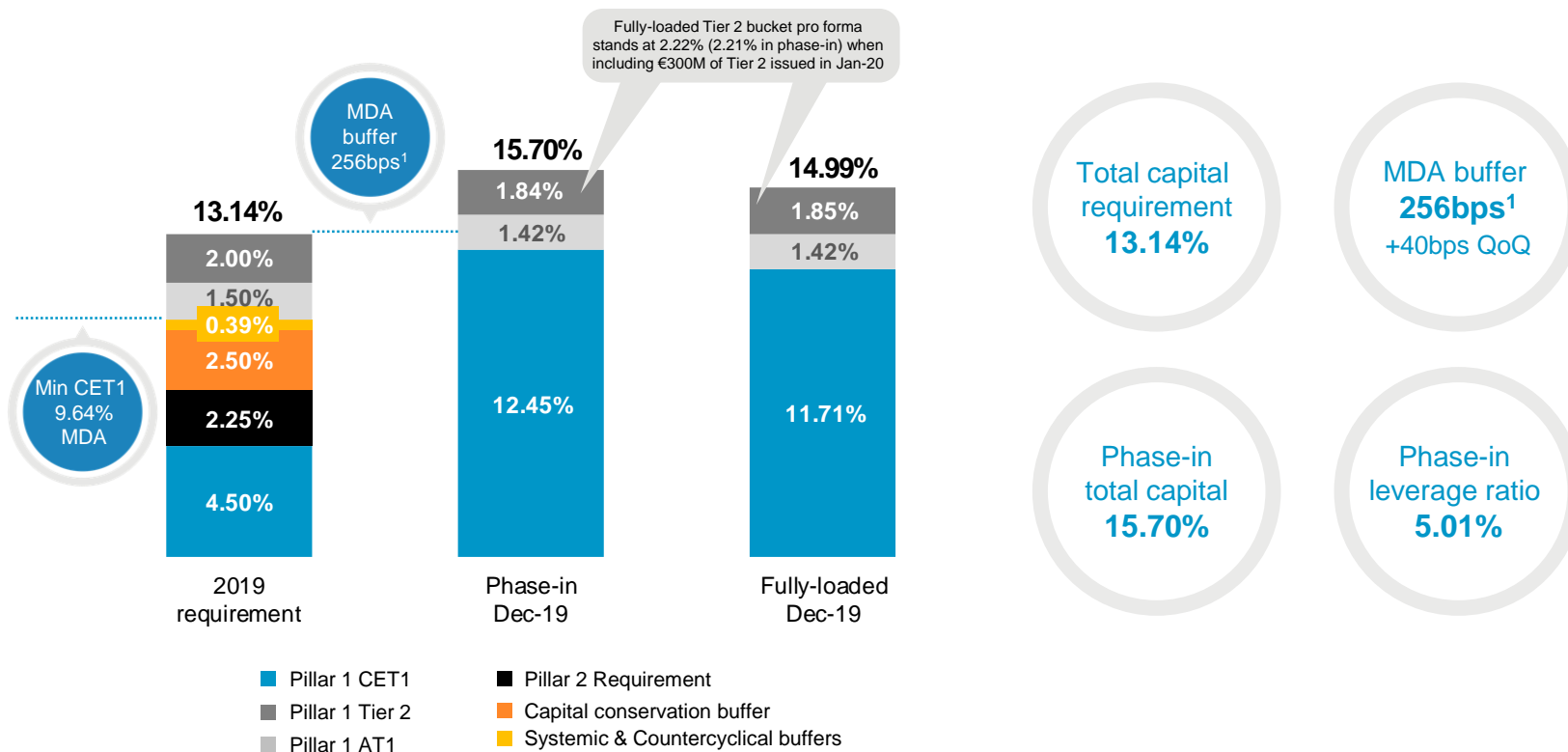
- Credit risk: €65bn
- Market risk: €1bn
- Operational risk: €8bn
- DTAs & others: €7bn

Of which:

- Spain: €65bn
- UK: €12bn
- Mexico: €4bn

¹ Includes fixed income portfolio fair value reserve adjustments. ² An additional 7 bps will be gained throughout the length of the agreement. The capital gain will be adjusted down at closing to reflect the net profit earned by Sabadell AM from 31/12/2019 to closing of the transaction.

Group total reported capital vs. requirements



¹ Total capital as at December 2019 vs. requirements.



4

Outlook

There are a number of challenges that the sector will face in 2020



**Negative
interest rates
scenario**

**Upward
pressure on
costs**



**Regulatory
impacts**

**Competition to
capture and
retain
customers**



2020 priorities



**Resilient core
banking revenue**



**Ongoing
management of
NPA exposures**



**Executing on
restructuring at
TSB**



**Maintain adequate
capital levels**



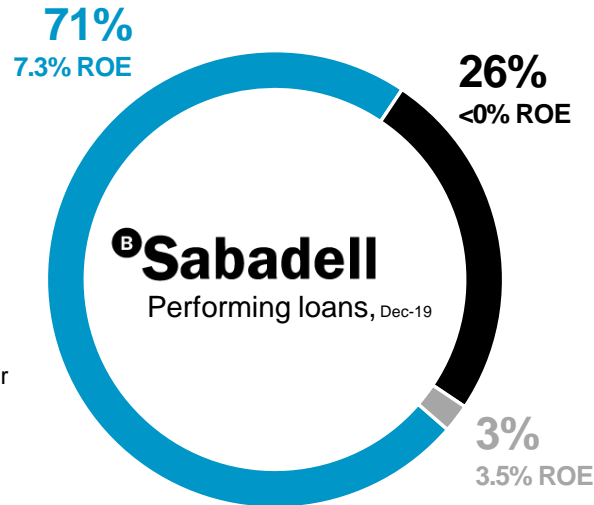
**Shareholder
value creation**

Clear strategy to deal with these challenges and deliver on our priorities

Spain

Re-focusing on core

- Strengthen value proposition in core segments
- Cost containment and actions on the distribution model- branch closures
- Ongoing reduction of residual problematic exposures
- Continue to focus on service quality and customer experience
- Leverage digital opportunities to improve our value proposition



United Kingdom

Executing on restructuring

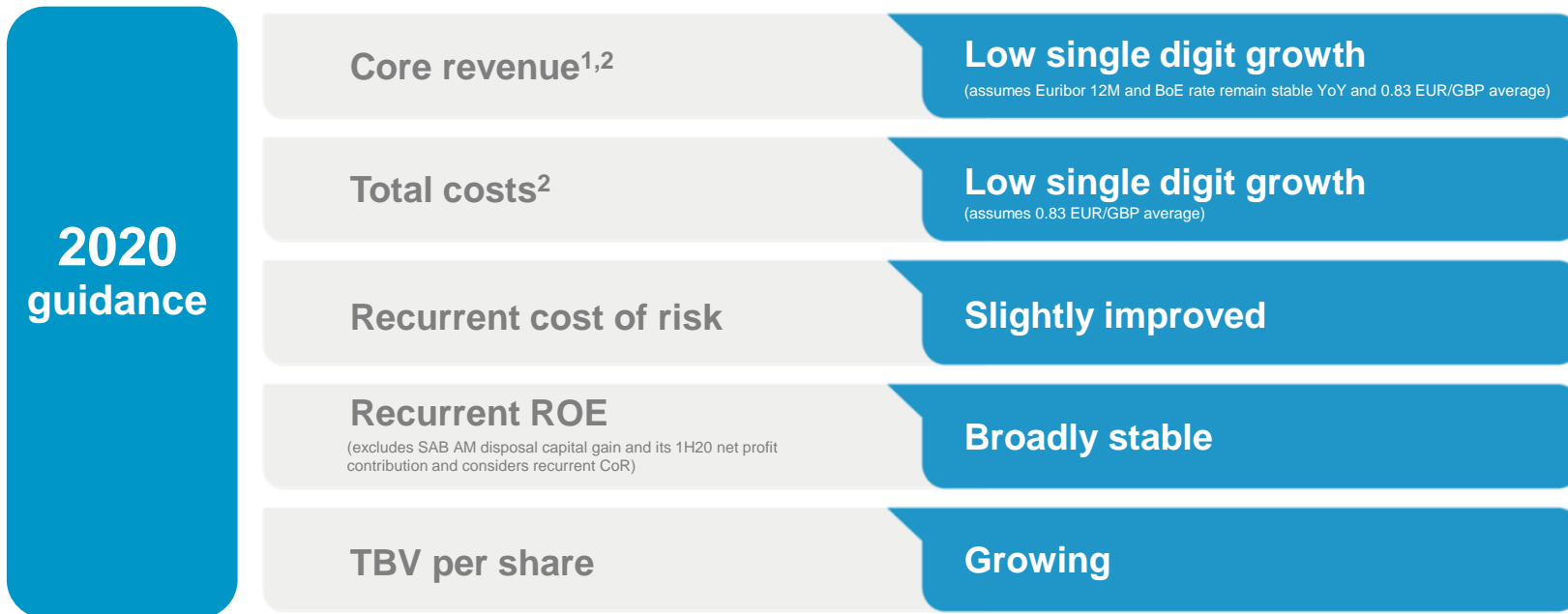
- Become a simpler and more efficient bank in a sustainable way. Restructuring plan launched in November 2019
- New digital capabilities to simplify our business and enhance customer experience
- Sustainable gross operating income growth: building on the momentum in our Retail business and expanding our Business Banking proposition

Mexico

Improving profitability

- Consolidate our SME & corporate business proposition focusing on customer experience
- Develop our retail banking business with new strategic partnerships
- Improve profitability of existing capacity

Fee growth and cost containment will support returns in 2020



Fully-loaded CET1 to remain at around 12%

Note: 2020 guidance based on 2019 reported figures. ¹ Core revenue refers to net interest income plus commissions. ² Includes 1H20 Sabadell AM contribution.

appendix

1 Financial statement

2 Business profile

3 Customer spread

4 Funding structure

5 Asset Quality

6 Share data

7 Glossary

1. Detailed quarterly income statement

| €M | Sabadell Group | | | | | Sabadell ex-TSB | | | |
|---|----------------|--------------|--------------|---------------------|------------------|-----------------|--------------|--------------|-----------------|
| | 4Q18 | 3Q19 | 4Q19 | %QoQ constant FX | %QoQ | 4Q18 | 3Q19 | 4Q19 | %QoQ |
| Net interest income | 932 | 906 | 910 | -0.9% | 0.4% | 680 | 665 | 659 | -1.0% |
| Fees & commissions | 357 | 361 | 372 | 2.5% | 2.9% | 332 | 330 | 343 | 3.7% |
| Core banking revenue | 1,290 | 1,268 | 1,282 | 0.1% | 1.1% | 1,012 | 995 | 1,001 | 0.6% |
| Trading income & forex | -7 | 86 | -4 | <-100% | <-100% | -5 | 90 | -3 | <-100% |
| Other income & expenses | -155 | -13 | -180 | >100% | >100% | -146 | -4 | -170 | >100% |
| Gross operating income | 1,127 | 1,340 | 1,098 | -18.9% | -18.1% | 861 | 1,082 | 827 | -23.5% |
| Personnel recurrent costs | -400 | -399 | -401 | -0.5% | 0.6% | -294 | -307 | -304 | -1.1% |
| Administrative recurrent costs | -288 | -265 | -287 | 6.2% | 8.3% | -167 | -150 | -174 | 15.9% |
| Non-recurrent costs | -33 | -19 | -34 | 68.5% | 76.0% | -29 | -4 | -6 | 25.7% |
| Recurrent depreciation & amortisation | -85 | -117 | -124 | 4.8% | 6.3% | -59 | -83 | -90 | 7.8% |
| Pre-provisions income | 320 | 540 | 251 | -53.5% | -53.5% | 313 | 537 | 254 | -52.6% |
| Total provisions & impairments | -240 | -194 | -370 | 90.4% | 91.1% | -172 | -179 | -345 | 92.7% |
| Gains on sale of assets and other results | -1 | -2 | 32 | >100% | <-100% | -1 | 0 | 34 | <-100% |
| Profit before taxes | 80 | 345 | -86 | >100% | >100% | 140 | 357 | -57 | >100% |
| Taxes and minority interest | 1 | -94 | 72 | >100% | >100% | -40 | -99 | 82 | >100% |
| Attributable net profit | 80 | 251 | -15 | <-100% | <-100% | 100 | 258 | 25 | -90.3% |

1. Detailed FY income statement

| €M | Sabadell Group | | | | Sabadell ex-TSB | | |
|---|----------------|--------------|---------------------|-----------------|-----------------|--------------|--------------|
| | 2018 | 2019 | %YoY constant FX | %YoY | 2018 | 2019 | %YoY |
| Net interest income | 3,675 | 3,622 | -1.8% | -1.4% | 2,676 | 2,644 | -1.2% |
| Fees & commissions | 1,335 | 1,439 | 7.6% | 7.7% | 1,250 | 1,322 | 5.8% |
| Core banking revenue | 5,010 | 5,061 | 0.7% | 1.0% | 3,926 | 3,966 | 1.0% |
| Trading income & forex | 225 | 126 | -44.0% | -44.0% | 208 | 111 | -46.6% |
| Other income & expenses | -226 | -256 | 13.0% | 13.3% | -166 | -236 | 42.6% |
| Gross operating income | 5,010 | 4,932 | -1.8% | -1.6% | 3,968 | 3,841 | -3.2% |
| Personnel recurrent costs | -1,569 | -1,590 | 1.0% | 1.3% | -1,168 | -1,205 | 3.2% |
| Administrative recurrent costs | -1,105 | -1,050 | -5.4% | -5.0% | -653 | -602 | -7.8% |
| Non-recurrent costs | -246 | -105 | -57.7% | -57.5% | -40 | -20 | -51.2% |
| Recurrent depreciation & amortisation | -353 | -469 | 32.4% | 32.7% | -265 | -334 | 26.3% |
| Pre-provisions income | 1,737 | 1,719 | -1.1% | -1.0% | 1,842 | 1,680 | -8.8% |
| Total provisions & impairments | -1,320 | -938 | -29.2% | -29.0% | -1,089 | -865 | -20.6% |
| Gains on sale of assets and other results | 2 | 170 | >100% | >100% | 1 | 174 | >100% |
| Profit before taxes | 419 | 951 | >100% | >100% | 754 | 989 | 31.1% |
| Taxes and minority interest | -91 | -183 | >100% | >100% | -186 | -176 | -5.6% |
| Attributable net profit | 328 | 768 | >100% | >100% | 568 | 813 | 43.1% |

1. Detailed income statement, TSB

Quarterly income statement

| €M | TSB | | | |
|---|------------|------------|------------|------------------|
| | 4Q18 | 3Q19 | 4Q19 | %QoQ |
| Net interest income | 224 | 217 | 216 | -0.5% |
| Fees & commissions | 22 | 28 | 25 | -10.0% |
| Core banking revenue | 246 | 245 | 241 | -1.6% |
| Trading income & forex | -3 | -4 | -1 | -83.2% |
| Other income & expenses | -8 | -8 | -8 | -6.5% |
| Gross operating income | 236 | 233 | 233 | -0.1% |
| Operating expenses | -207 | -199 | -205 | 2.7% |
| Personnel expenses | -59 | -94 | -98 | 4.7% |
| Other general expenses | -148 | -106 | -107 | 1.0% |
| Amortisation & depreciation | -23 | -30 | -31 | 0.9% |
| Memo line: | | | | |
| Recurrent costs | -225 | -216 | -211 | -2.5% |
| Non-recurrent costs | -4 | -14 | -25 | 82.2% |
| Pre-provisions income | 7 | 3 | -3 | >100% |
| Total provisions & impairments | -60 | -13 | -21 | 63.7% |
| Gains on sale of assets and other results | 0 | -1 | -1 | 28.3% |
| Profit before taxes | -54 | -11 | -25 | <-100% |
| Taxes and minority interest | 36 | 4 | -9 | <-100% |
| Attributable net profit | -18 | -7 | -34 | <-100% |

FY income statement

| €M | TSB | | |
|---|-------------|------------|-----------------|
| | 2018 | 2019 | %YoY |
| Net interest income | 885 | 859 | -2.9% |
| Fees & commissions | 75 | 102 | 35.7% |
| Core banking revenue | 960 | 962 | 0.2% |
| Trading income & forex | 16 | 13 | -13.9% |
| Other income & expenses | -53 | -17 | -67.6% |
| Gross operating income | 923 | 958 | 3.8% |
| Operating expenses | -938 | -805 | -14.2% |
| Personnel expenses | -338 | -372 | 10.0% |
| Other general expenses | -599 | -433 | -27.8% |
| Amortisation & depreciation | -78 | -119 | -59.0% |
| Memo line: | | | |
| Recurrent costs | -834 | -849 | 0.0% |
| Non-recurrent costs | -182 | -75 | 1.9% |
| Pre-provisions income | -93 | 34 | >100% |
| Total provisions & impairments | -204 | -63 | -69.0% |
| Gains on sale of assets and other results | 1 | -4 | >100% |
| Profit before taxes | -297 | -33 | 88.9% |
| Taxes and minority interest | 84 | -7 | <-100% |
| Attributable net profit | -212 | -40 | 81.3% |

Note: EUR/GBP exchange rate: 0.8606 used for 4Q19 P&L and 0.8782 used for 2019 P&L.

1. Detailed balance sheet

| | Sabadell Group | | | | | | | Sabadell ex-TSB | | | | | |
|--|----------------|----------------|----------------|---------------------|--------------|---------------------|--------------|-----------------|----------------|----------------|--------------|--------------|--|
| | Dec-18 | Sep-19 | Dec-19 | %QoQ constant FX | %QoQ | %YoY constant FX | %YoY | Dec-18 | Sep-19 | Dec-19 | %QoQ | %YoY | |
| €M | | | | | | | | | | | | | |
| Total assets | 222,322 | 222,809 | 223,754 | -0.5% | 0.4% | -0.5% | 0.6% | 176,140 | 175,763 | 177,305 | 0.9% | 0.7% | |
| Of which: | | | | | | | | | | | | | |
| Gross loans to customers ex repos ¹ | 145,824 | 147,216 | 150,513 | 1.2% | 2.2% | 1.9% | 3.2% | 111,673 | 111,884 | 113,492 | 1.4% | 1.6% | |
| Performing loans | 139,366 | 140,901 | 144,572 | 1.5% | 2.6% | 2.3% | 3.7% | 105,732 | 106,102 | 108,076 | 1.9% | 2.2% | |
| Performing loans ex-APS² | 135,279 | 137,809 | 141,480 | 1.6% | 2.7% | 3.1% | 4.6% | 101,646 | 103,011 | 104,985 | 1.9% | 3.3% | |
| Fixed income portfolio | 26,567 | 27,654 | 27,577 | -0.7% | -0.3% | 3.2% | 3.8% | 23,790 | 25,019 | 25,066 | 0.2% | 5.4% | |
| Total liabilities | 210,205 | 209,752 | 210,779 | -0.4% | 0.5% | -0.9% | 0.3% | 166,177 | 164,877 | 166,574 | 1.0% | 0.2% | |
| Of which: | | | | | | | | | | | | | |
| On-balance sheet customer funds | 137,343 | 142,416 | 146,309 | 1.7% | 2.7% | 5.2% | 6.5% | 104,859 | 108,690 | 110,886 | 2.0% | 5.7% | |
| Term funds ³ | 29,678 | 27,286 | 27,441 | 0.0% | 0.6% | -8.1% | -7.5% | 27,123 | 23,939 | 24,011 | 0.3% | -11.5% | |
| Sight accounts | 107,665 | 115,130 | 118,868 | 2.1% | 3.2% | 8.8% | 10.4% | 77,736 | 84,751 | 86,875 | 2.5% | 11.8% | |
| Wholesale funding | 21,520 | 22,850 | 22,335 | -2.7% | -2.3% | 3.4% | 3.8% | 19,833 | 20,459 | 19,912 | -2.7% | 0.4% | |
| ECB funding | 21,548 | 14,281 | 14,613 | 2.3% | 2.3% | -32.2% | -32.2% | 21,548 | 14,281 | 14,613 | 2.3% | -32.2% | |
| BoE funding | 7,233 | 6,797 | 5,260 | -25.7% | -22.6% | -30.8% | -27.3% | 0 | 0 | 0 | -- | -- | |
| Off-balance sheet funds | 44,034 | 43,689 | 43,163 | -1.2% | -1.2% | -2.0% | -2.0% | 44,034 | 43,689 | 43,163 | -1.2% | -2.0% | |
| Of which: | | | | | | | | | | | | | |
| Mutual funds | 26,379 | 26,145 | 26,003 | -0.5% | -0.5% | -1.4% | -1.4% | 26,379 | 26,145 | 26,003 | -0.5% | -1.4% | |
| Pension funds | 3,594 | 3,670 | 3,367 | -8.3% | -8.3% | -6.3% | -6.3% | 3,594 | 3,670 | 3,367 | -8.3% | -6.3% | |
| Third party insurance products | 10,465 | 10,536 | 10,430 | -1.0% | -1.0% | -0.3% | -0.3% | 10,465 | 10,536 | 10,430 | -1.0% | -0.3% | |
| Managed accounts | 3,595 | 3,337 | 3,363 | 0.8% | 0.8% | -6.5% | -6.5% | 3,595 | 3,337 | 3,363 | 0.8% | -6.5% | |
| Total customer funds | 181,377 | 186,105 | 189,472 | 1.0% | 1.8% | 3.5% | 4.5% | 148,893 | 152,379 | 154,049 | 1.1% | 3.5% | |

Note: The EUR/GBP exchange rate of 0.8508 used for this quarter's balance sheet is the closing exchange rate as at Dec-19. YoY growth exclude the impact of €1bn consumer loans securitised in Sep-19, (balance of €0.9bn in Dec-19). ¹ Includes accrual adjustments. ² Excludes CAM Asset Protection Scheme A/R. ³ Term funds include term deposits and other funds placed via the branch network and exclude repos and deposits from institutional clients.

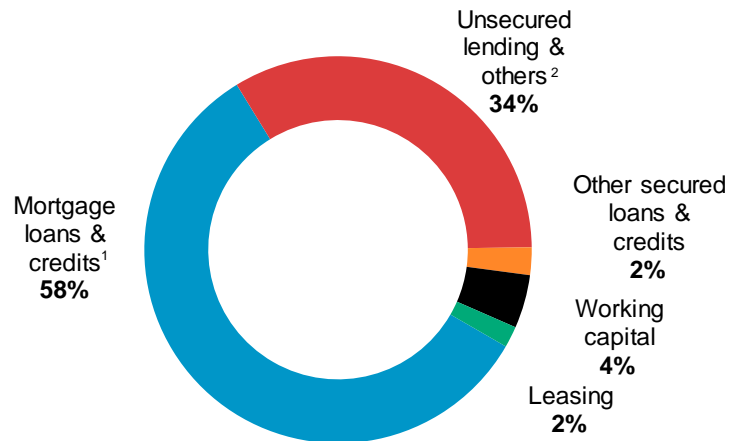
1. Detailed balance sheet, TSB

| €M | TSB | | | | |
|--|---------------|---------------|---------------|--------------|--------------|
| | Dec-18 | Sep-19 | Dec-19 | %QoQ | %YoY |
| Cash, cash balances at central banks and other demand deposits | 7,136 | 6,622 | 4,595 | -30.6% | -35.6% |
| Financial assets held for trading and fair value with changes in PL | 91 | 179 | 112 | -37.6% | 23.6% |
| Financial assets in fair value OCI | 2,388 | 1,823 | 1,587 | -12.9% | -33.5% |
| Financial assets at amortised cost | 30,945 | 32,252 | 32,574 | 1.0% | 5.3% |
| of which | | | | | |
| Total customer lending | 30,009 | 30,741 | 31,076 | 1.1% | 3.6% |
| Core mortgages | 26,256 | 27,402 | 27,800 | 1.5% | 5.9% |
| Whistletree mortgages | 1,741 | 1,518 | 1,449 | -4.6% | -4.6% |
| Unsecured & Business Banking | 2,012 | 1,821 | 1,827 | 0.3% | -9.2% |
| Tangible assets | 163 | 304 | 293 | -3.6% | 79.8% |
| Intangible assets | 18 | 19 | 20 | 7.1% | 10.4% |
| Other assets | 383 | 425 | 338 | -20.4% | -11.7% |
| Total assets | 41,124 | 41,625 | 39,521 | -5.1% | -3.9% |
| Financial liabilities held for trading and fair value with changes in PL | 94 | 155 | 128 | -17.7% | 36.1% |
| Financial liabilities at amortised cost | 38,242 | 38,834 | 36,961 | -4.8% | -3.3% |
| of which | | | | | |
| Total customer deposits | 29,084 | 29,911 | 30,182 | 0.9% | 3.8% |
| Fixed rate savings | 2,286 | 2,964 | 2,918 | -1.6% | 27.6% |
| Variable rate savings | 15,242 | 14,879 | 14,967 | 0.6% | -1.8% |
| Current accounts | 10,363 | 10,752 | 10,858 | 1.0% | 4.8% |
| Business banking | 1,193 | 1,316 | 1,440 | 9.4% | 20.7% |
| TFS | 6,470 | 6,200 | 4,475 | -27.8% | -30.8% |
| Provisions | 64 | 27 | 52 | 95.2% | -18.6% |
| Other liabilities | 1 | 1 | 494 | -34.5% | -42.6% |
| Subtotal liabilities | 39,260 | 39,770 | 37,635 | -5.4% | -4.1% |
| Shareholders' equity | 1,848 | 1,861 | 1,875 | 0.7% | 1.4% |
| Accumulated other comprehensive income | 15 | -6 | 11 | -- | -27.2% |
| Net equity | 1,864 | 1,855 | 1,886 | 1.7% | 1.2% |
| Total liabilities and equity | 41,124 | 41,625 | 39,521 | -5.1% | -3.9% |

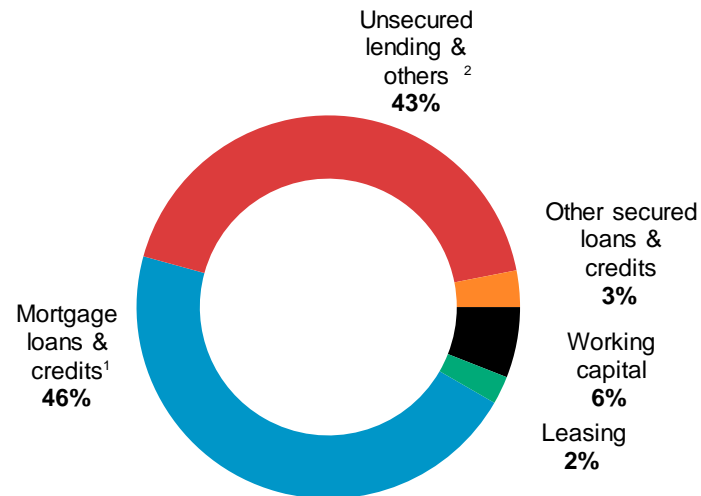
Note: The EUR/GBP exchange rate of 0.8508 used for this quarter's balance sheet is the closing exchange rate as at Dec-19.

2. Performing loans by product type

Sabadell Group

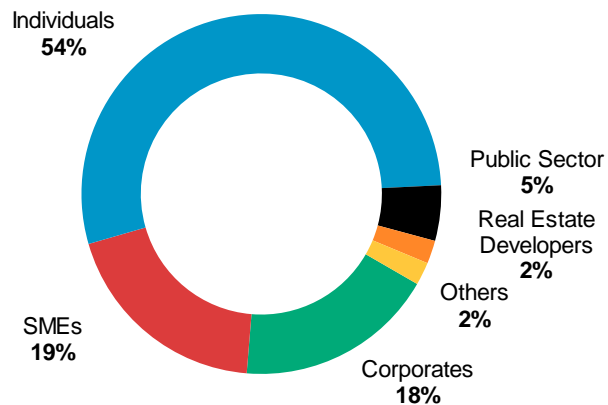


Sabadell ex-TSB

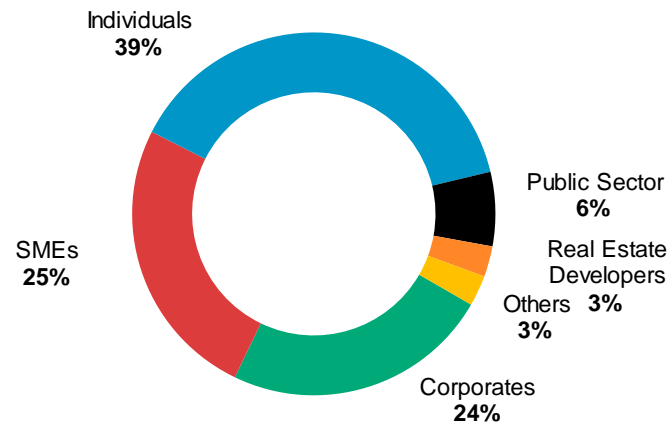


2. Business mix by customer type

Sabadell Group



Sabadell ex-TSB



2. Performance by customer type

Performing loans: performance by customer type, ex-TSB

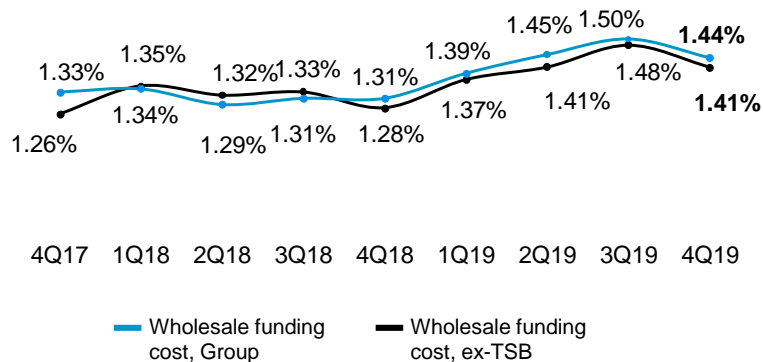
(excl. Asset Protection Scheme A/R). €M

| | Sep-19 | New lending | Attrition | Dec-19 | % QoQ | % YoY |
|---|----------------|---------------|----------------|----------------|--------------------------|--------------------------|
| Corporates | 25,693 | 3,986 | -3,857 | 25,822 | +0.5% | +4.7% |
| SMEs | 25,550 | 3,423 | -3,254 | 25,719 | +0.7% | +3.0% |
| Mortgages to individuals ¹ | 32,449 | 1,171 | -918 | 32,702 | +0.8% | +2.1% |
| Other lending and consumer loans | 8,554 | 2,922 | -1,608 | 9,867 | +2.1% ² | +0.3% ² |
| Public Administrations | 7,334 | 538 | -453 | 7,418 | +1.2% | +9.3% |
| Construction and Real Estate sectors | 3,432 | 487 | -462 | 3,457 | +0.7% | -4.4% |
| Total Sabadell, ex-TSB (excl. APS)³ | 103,011 | 12,526 | -10,553 | 104,985 | +0.8%² | +3.0%² |

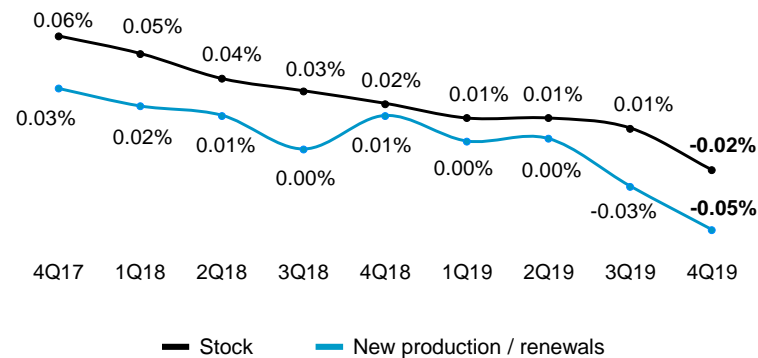
Note: Excludes accrual adjustments.¹ Refers to residential mortgages to individuals within Spain only. ² QoQ growth excludes the impact of €1.1bn A/R related to the closing of NPA disposals. YoY growth also excludes the impact of €1bn consumer loans securitised in Sep-19 (balance of €0.9bn in Dec-19). ³ Excludes CAM Asset Protection Scheme A/R.

3. Wholesale funding cost and rates on term deposits

Wholesale funding cost¹



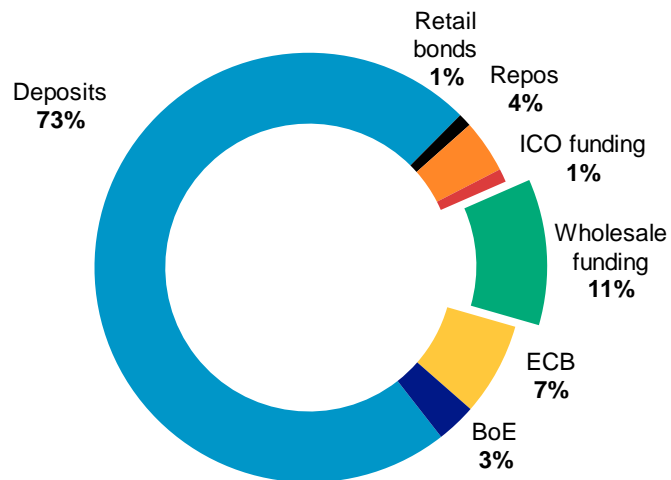
Euro term deposits, ex-TSB



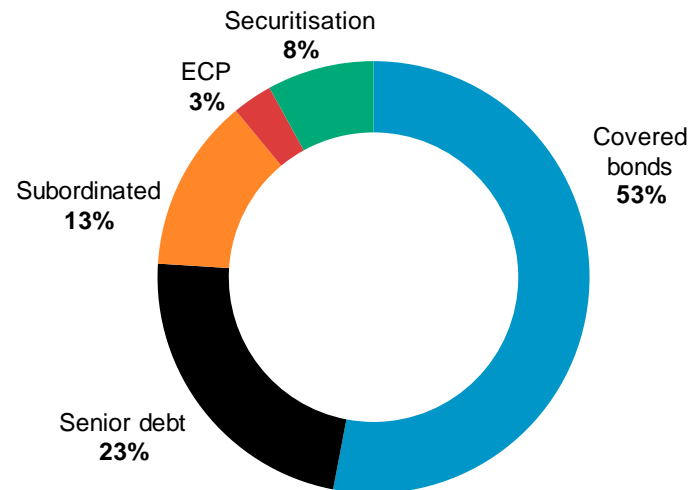
¹ Wholesale funding cost excludes the additional benefit from TLTRO-II and TFS funding.

4. Group funding structure

Funding structure



Wholesale funding breakdown

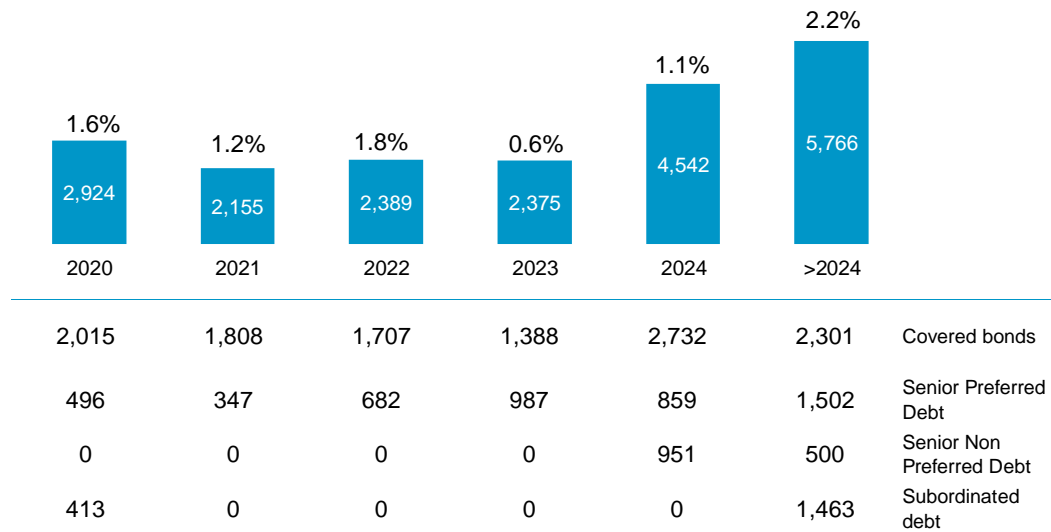


Note: Data as at December 2019.

4. Group debt maturities and issuances

Debt maturities and average cost

Maturities in €M and average cost in %



Note: debt maturities excludes AT1 issuance. Callable issuances considered at its legal maturity.

4Q19 and 2020 YTD debt issuances

| Instrument | Date | Size | Coupon |
|------------------|------------|-------|------------------|
| Senior preferred | 29/10/2019 | €500M | 0.63% |
| Senior preferred | 15/11/2019 | €120M | 0.20% (variable) |
| Tier 2 | 09/01/2020 | €300M | 2.00% |
| Covered bond | 13/01/2020 | €1bn | 0.13% |

2020 debt maturities

| Instrument | Date | Size | Coupon |
|------------------|------------|-------|--------|
| Senior preferred | 05/03/2020 | €491M | 0.65% |
| Covered bond | 29/03/2020 | €146M | 4.00% |
| Senior preferred | 15/04/2020 | €4M | 0.00% |
| Tier 2 | 26/04/2020 | €413M | 6.25% |
| Covered bond | 10/06/2020 | €594M | 0.38% |
| Structured bonds | 06/07/2020 | €1M | 2.00% |
| Covered bond | 20/07/2020 | €100M | 0.00% |
| Covered bond | 31/07/2020 | €30M | 4.60% |
| Covered bond | 03/11/2020 | €945M | 0.63% |
| Covered bond | 28/12/2020 | €200M | 3.75% |

5. Evolution of Sabadell Group NPA coverage ratios

| €M | Dec-18 | Mar-19 | Jun-19 | Sep-19 | Dec-19 |
|---|--------------|--------------|--------------|--------------|--------------|
| NPLs | 6,554 | 6,383 | 6,380 | 6,391 | 6,141 |
| Provisions | 3,544 | 3,360 | 3,301 | 3,263 | 3,045 |
| Coverage ratio (%) | 54.1% | 52.6% | 51.7% | 51.1% | 49.6% |
| Foreclosed assets | 1,726 | 1,803 | 1,873 | 1,032 | 1,185 |
| Provisions | 767 | 790 | 831 | 380 | 394 |
| Coverage ratio (%) | 44.5% | 43.8% | 44.4% | 36.8% | 33.3% |
| Total problematic assets | 8,279 | 8,186 | 8,253 | 7,424 | 7,326 |
| Provisions | 4,311 | 4,150 | 4,132 | 3,643 | 3,439 |
| Coverage ratio (%) | 52.1% | 50.7% | 50.1% | 49.1% | 46.9% |
| Gross loans ¹ + foreclosed assets | 147,550 | 148,209 | 149,866 | 148,248 | 151,698 |
| NPAs as % of (gross loans¹ + foreclosed assets) (%) | 5.6% | 5.5% | 5.5% | 5.0% | 4.8% |
| Net problematic assets | 3,968 | 4,036 | 4,121 | 3,781 | 3,887 |
| Net NPAs to total assets ratio (%) | 1.8% | 1.8% | 1.8% | 1.7% | 1.7% |

| €M | Stage 1 | Stage 2 | Stage 3 |
|---|-------------|-------------|--------------|
| Loans to customers and contingent risks | 145,662 | 8,323 | 6,141 |
| Provisions | 448 | 281 | 2,316 |
| Coverage | 0.3% | 3.4% | 37.7% |

Note: Includes contingent risk. NPAs include 100% of Asset Protection Scheme exposure. ¹ Includes accrual adjustments.

5. Evolution of NPLs and foreclosed assets

Evolution of NPLs and foreclosed assets, ex-TSB

€M

| | 4Q18 | 1Q19 | 2Q19 | 3Q19 | 4Q19 |
|--|---------------------|-------------|------------|-------------------|------------|
| Gross entries (NPLs) | 364 | 408 | 457 | 380 | 469 |
| Recoveries | -2.498 ² | -420 | -371 | -300 | -550 |
| Net NPL entries | -2.135 | -12 | 86 | 80 | -81 |
| Gross entries (foreclosed assets) | 234 | 136 | 107 | 120 | 209 |
| Sales ¹ | -8.691 ² | -59 | -37 | -961 ² | -57 |
| Change in foreclosed assets | -8.457 | 77 | 70 | -841 | 152 |
| Net NPL entries + Change in foreclosed assets | -10.591 | 66 | 156 | -761 | 71 |
| Write-offs | -123 | -182 | -76 | -70 | -161 |
| Foreclosed assets and NPLs quarterly change | -10.714 | -117 | 79 | -831 | -90 |

Note: Includes contingent risk. NPAs include 100% of Asset Protection Scheme exposure. ¹ Includes other outcomes. ² Includes institutional NPAs sold in the quarter and reclassified as non-current assets held for sale.

5. Forbearance exposure

Group forborne exposure and restructured loans

€M. Dec-19

| | Total | Of which: doubtful |
|--|--------------|--------------------|
| Public sector | 10 | 10 |
| Companies and self-employed | 2,657 | 1,724 |
| Of which: Financing for construction and real estate development | 365 | 253 |
| Individuals | 1,887 | 1,215 |
| Total | 4,554 | 2,949 |
| Provisions | 1,001 | 907 |

5. NPL ratio breakdown

NPL ratios by segment, ex-TSB

| | Dec-18 | Mar-19 | Jun-19 | Sep-19 | Dec-19 |
|--|-------------|-------------|-------------|-------------|-------------|
| Real Estate development and/or construction purposes | 15.7% | 14.4% | 14.0% | 13.4% | 11.0% |
| Construction purposes non-related to real estate dev. | 5.7% | 6.0% | 5.7% | 5.5% | 6.1% |
| Large corporates | 2.3% | 1.9% | 1.8% | 1.7% | 1.4% |
| SME and small retailers and self-employed | 6.5% | 6.4% | 6.6% | 6.8% | 6.7% |
| Individuals with 1 st mortgage guarantee assets | 5.8% | 5.8% | 5.7% | 5.5% | 5.3% |
| NPL ratio, Sabadell ex-TSB | 5.0% | 4.9% | 4.8% | 4.9% | 4.6% |

5. Asset Protection Scheme main figures

Asset Protection Scheme breakdown and evolution

€M

| | Jun-12 ^{1,2} | Dec-19 ² | Var. (%) |
|--|-----------------------|---------------------|---------------|
| Gross loans and advances | 19,117 | 1,986 | -89.6% |
| of which at risk | 18,460 | 1,980 | -89.3% |
| of which contingent guarantees and liabilities | 657 | 6 | -99.1% |
| Real estate assets | 4,663 | 167 | -96.4% |
| Equity stakes | 504 | 39 | -92.2% |
| Write offs | 360 | 513 | 42.5% |
| Total | 24,644 | 2,705 | -89.0% |

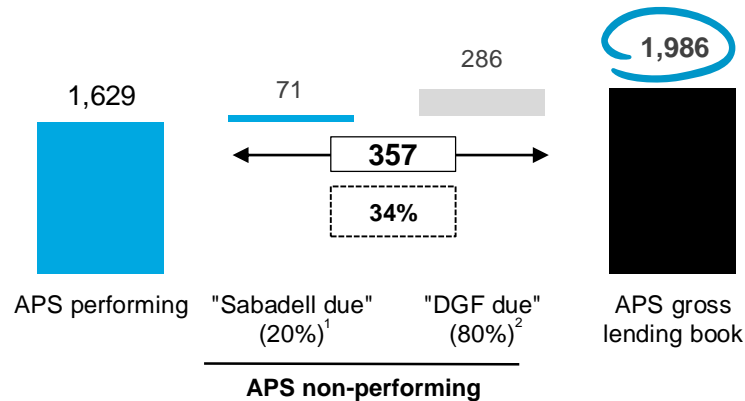
**The Asset Protection Scheme portfolio has decreased by
89% (c. €22bn) since its origination**

¹ The Asset Protection Scheme came into effect on June 1, 2012 with retroactive effect from July 31, 2011. ² Gross value of original existing provisions.

5. Asset Protection Scheme (“APS”) gross loans and real estate assets

APS gross loans and advances

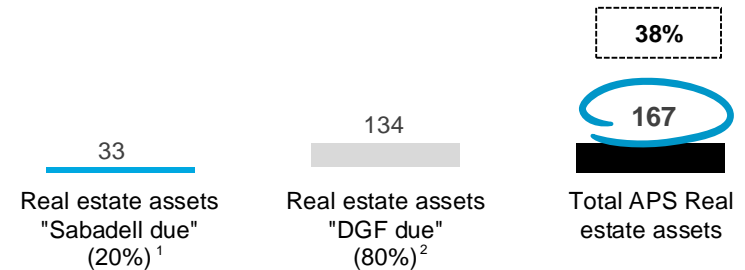
€M. Dec-19



The total APS NPL ratio is 18.0%

APS real estate

€M. Dec-19



“DGF due” loans and real estate exposures represent €637M in RWAs

Coverage

¹ 20% of total APS non-performing credit risk is assumed by Sabadell as per the APS protocol. ² 80% of total APS non-performing credit risk is transferred to the Deposit Guarantee Fund (“DGF”) as per the APS protocol.

5. TSB credit risk profile

Total Customer Lending - Mortgages and Unsecured & Business Banking

| €M | Dec-18 | Sep-19 | Dec-19 |
|-------------------------------------|---------------|---------------|---------------|
| Mortgages | 27,956 | 28,860 | 29,193 |
| Unsecured & Business Banking | 2,052 | 1,882 | 1,883 |
| Total Lending balances (net) | 30,009 | 30,741 | 31,076 |

Mortgages - Residential vs. Buy to let (BTL)

| In percentage | Dec-18 | Sep-19 | Dec-19 |
|------------------------|------------|------------|------------|
| TSB Total BTL % | 14% | 13% | 13% |

Mortgages loan to value (LTV)¹

| In percentage | Dec-18 | Sep-19 | Dec-19 |
|---------------------------|------------|------------|------------|
| LTV Mortgage Stock | 44% | 44% | 44% |

- ✓ **Secured lending** represents c.94% of overall lending
- ✓ **Good asset quality and low-risk mortgage portfolio:**
 - BTL represents 13%
 - Mortgage stock has an average LTV of c.44%
 - Interest only concentration is c.21% (excluding Whistletree)

Cost of Risk (AQR)² - Mortgages and Unsecured & Business Banking

| In percentage (annualised for September 2019) | Dec-18 | Sep-19 | Dec-19 |
|---|--------------|--------------|--------------|
| Mortgages | 0.01% | -0.01% | 0.00% |
| Unsecured & Business Banking | 2.84% | 2.42% | 2.94% |
| Total TSB AQR | 0.24% | 0.16% | 0.20% |

Doubtful loans ratio

| In percentage | Dec-18 | Sep-19 | Dec-19 |
|-----------------------------|-------------|-------------|-------------|
| Doubtful loans ratio | 1.3% | 1.3% | 1.2% |

Common Equity Tier 1 Capital ratio

| In percentage | Dec-18 | Sep-19 | Dec-19 |
|--|--------------|--------------|--------------|
| Fully-loaded CET1 capital ratio | 19.5% | 20.5% | 20.6% |

- ✓ Capital position remains strong with a **CET1 ratio** of 20.6% on a fully-loaded basis
- ✓ **Robust liquidity position** with LCR of 231%
- ✓ **Leverage ratio** of 4.6%³
- ✓ **High proportion of PCAs** in funding mix, c.36%

¹ The LTV ratio is a calculation which expresses the amount of a mortgage balance outstanding as a percentage of the total appraised value of the property. The appraised value is indexed quarterly. ² AQR is a measure used to track the quality of the lending book. Calculated as P&L impairment charge divided by average gross customer lending balances. ³ Leverage ratio using EBA standards.

6. Share data

| | Dec-18 | Sep-19 | Dec-19 |
|---|---------|---------|---------|
| Shareholders and trading | | | |
| Number of shareholders | 235,523 | 236,844 | 235,034 |
| Average number of shares (M) | 5,565 | 5,536 | 5,538 |
| Share price | | | |
| Closing session (end of quarter) (€) | 1.001 | 0.890 | 1.040 |
| Market capitalisation (€M) | 5,568 | 4,928 | 5,760 |
| Stock market multiples | | | |
| Earnings per share (EPS) (€) ¹ | 0.05 | 0.15 | 0.13 |
| Book value (€M) | 12,545 | 13,199 | 13,172 |
| Book value per share (€) | 2.25 | 2.38 | 2.38 |
| Tangible book value (€M) | 10,084 | 10,700 | 10,607 |
| Tangible book value per share (€) | 1.81 | 1.93 | 1.92 |
| Price / Book value (x) | 0.45 | 0.37 | 0.44 |
| Price / Earnings ratio (P/E) (x) ¹ | 20.11 | 5.88 | 8.29 |

¹ Figures adjusted to reflect the amount of the Additional Tier 1 coupon.

7. Glossary (I)

| Term | Definition |
|---|---|
| ATA | Average total assets |
| Book value per share | Ratio between the book value and the average number of outstanding shares at the end of the period. Book value refers to own funds adjusted by contributions to deposit guarantee and resolution funds and tax on deposits of credit institutions, except at year end |
| CAM APS | Banco CAM asset protection scheme. As a result of the acquisition of Banco CAM on 1 June 2012, the Asset Protection Scheme (APS) envisaged in the protocol on financial assistance measures for the restructuring of Banco CAM came into force with retroactive effect from 31 July 2011. Under the scheme, which covers a specific portfolio of assets with a gross value of €24.6bn as at 31 July 2011, the Deposit Guarantee Fund (DGF) bears 80% of the losses on the portfolio for a period of ten years, once impairment allowances in respect of those assets have been fully applied |
| CAM Asset Protection Scheme A/R | Refers to the DGF account receivable related with CAM Asset Protection Scheme |
| CoR | Cost of risk. Provisions for NPLs and other impairments divided by gross loans to customers excluding repos plus real estate assets. The numerator considers the linear annualisation of provisions for loan losses and real estate impairments obtained to date and adjusted by the impairment or reversal of impairment of investments in joint ventures and associates. Additionally, the ratio excludes provisions associated with institutional NPA sales |
| Core mortgages and current accounts at TSB | Include fair value micro-hedge accounting adjustments |
| Core revenue | Sum of net interest income and fees & commissions |
| Cost / income ratio (Efficiency ratio) | Administrative expenses divided by adjusted gross income. The denominator includes the linear accrual of contributions to deposit guarantee fund and resolution fund and tax on deposits of credit institutions, except at year end |
| Customer spread | Difference between yields and costs of assets and liabilities related to customers. The ratio has been calculated taking into account the difference between the average rate charged by the bank for customer loans and the average rate paid by the bank for customer deposits. The average customer loan rate is the annualised ratio between the financial income from customer loans and the average daily balance of customer loans. The average customer deposit rate is the annualised ratio between the financial expenses of customer funds and the average daily balance of customer funds |

7. Glossary (II)

| Term | Definition |
|--|--|
| DGF | Deposit Guarantee Fund |
| Digital clients | Individual clients over the age of 16 who have accessed the web, mobile or any other remote channel at least once in the last 3 months |
| Earnings per share | Ratio between net profit attributed to the Group and the average number of outstanding shares at the end of the period. Numerator considers the linear annualisation of profit obtained to date adjusted by Solvia capital gain, consumer loan securitisation capital gain and by the Additional Tier I coupon payment as well as by the accrual of contributions to deposit guarantee and resolution funds and tax on deposits of credit institutions, except at year end |
| Earned-out | Additional compensation from the insurance business disposal |
| EQUOS | Objective quality analysis of services provided by banking networks |
| Expansión current account | Sabadell key account with engaged businesses and individuals |
| Funds under management | Sum of on-balance sheet and off-balance sheet customer funds |
| Gains on sale of assets and other results | Includes the following items: net gains or losses on derecognition of non-financial assets, excluding investment properties and participating interests included in profit or loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations |
| Gross loans to customers | Includes loans and advances to customers excluding impairment allowances |
| HQLAs | High quality liquid assets |
| LCR | Liquidity coverage ratio: High quality liquid assets (HQLAs) divided by total net cash outflows |
| IDEC | Tax on deposits in credit institutions |
| Loan-to-deposit ratio | Net loans and receivables divided by retail funding. The numerator excludes mediation loans. The denominator considers real estate funding and customer funds |
| Market capitalisation | Share price multiplied by the average number of outstanding shares at the end of the period |

7. Glossary (III)

| Term | Definition |
|---|--|
| Net loans at TSB | Includes loans and advances to customers including impairment allowances |
| NIM | Net interest margin |
| NPL coverage ratio | Ratio between the allowance for loans and advances to customers (including allowances for guarantees given) and total non-performing loans (stage 3) |
| NPA A/R | Account receivable related to the closing of NPA disposals announced in Dec-19 (Challenger, Coliseum and REX) |
| NPL ratio | Ratio between stage 3 (non-performing) loans and total lending |
| NPA ratio | NPAs / (gross loans + foreclosed assets). Gross loans includes accrual adjustments. |
| NPS | The Net Promoter Score is obtained by asking customers “On a scale of 0-10, where 0 is not at all likely and 10 is extremely likely, how likely are you to recommend Sabadell to a friend or colleague?”. NPS is the percentage of customers who score 9-10 after subtracting the percentage who score 0-6 |
| Off-balance sheet customer funds | Includes mutual funds, assets under management, pension funds and insurance products sold |
| On-balance sheet customer funds | Includes customer deposits (ex repos) and other liabilities placed by the branch network (Banco Sabadell non-convertible bonds, commercial paper and others) |
| On-balance sheet funds | Includes accounting sub-headings of customer deposits, debt securities issues (debt and other marketable securities and subordinated liabilities) |
| Other operating income/expense | Includes the following items: other operating income and other operating expenses as well as income from assets and expenses on liabilities under insurance or reinsurance contracts |
| Gross performing loans | Gross loans to customers excluding repos, NPLs (stage 3) and accrual adjustments |
| Pre-provisions income | Gross income plus administrative and amortisation expenses |
| Price / Book value (x) | Ratio between share price and book value |

7. Glossary (IV)

| Term | Definition |
|--|--|
| Price / Earnings ratio (P/E) (x) | Ratio between share price and earnings per share |
| Problematic assets | Sum of non-performing loans, classified as stage 3, and foreclosed real estate assets. Also referred to as non-performing assets (NPAs) |
| Real estate coverage ratio | Ratio between allowances for impairment of foreclosed real estate assets and total foreclosed real estate assets. Amount of foreclosed real estate assets includes property classified in the portfolio of non-current assets and disposal groups classified as held for sale, excluding real estate investments with significant latent capital gains and rental properties, for which there is an agreement of sale that will be carried out after a reform process. |
| ROE | Profit attributed to the Group divided by average own funds ¹ . The numerator considers the linear annualisation of profit obtained to date adjusted by contributions to deposit guarantee and resolution funds and tax on deposits of credit institutions, except at year end. Net profit is not adjusted by the Additional Tier 1 coupon payments |
| ROTE | Profit attributed to the Group divided by average own funds ¹ . The numerator considers linear annualisation of profit obtained to date adjusted by contributions to deposit guarantee and resolution funds and tax on deposits of credit institutions, except at year end. The denominator excludes intangible assets. Net profit is not adjusted by the Additional Tier 1 coupon payments |
| RE developer (“Desarrollos Inmobiliarios”) disposal | In August 2019, Sabadell transferred 100% of the share capital in SDIN Residencial, S.L.U. and a pool of real estate assets, mainly land for urban developments, to a company controlled by funds managed and/or advised by Oaktree Capital Management |
| RWA | Risk weighted assets |
| Solvía disposal | Sabadell closed a deal to sell 80% of the share capital of Solvía Servicios Inmobiliarios, S.L.U. (“Solvía”) to Lindorff Holding Spain, S.A.U., a company owned by the Intrum AB group, in December 2018. The disposal was completed on April 24 th , 2019 |
| REX NPA portfolio disposal | Sabadell reached an agreement for the sale of a portfolio of real estate assets commercially identified as Rex to a subsidiary of Cerberus Capital Management, L.P., in which Cerberus owns an 80% interest and Sabadell the remaining 20% interest, in August 2019 |

¹ Average calculated using the last positions at the end of each month since previous December.

7. Glossary (V)

| Term | Definition |
|---|---|
| TBV per share (€) | Ratio between tangible book value and the average number of outstanding shares at the end of the period. The tangible book value is calculated as own funds adjusted by intangible assets and by contributions to deposit guarantee and resolution funds and tax on deposits of credit institutions, except at year end |
| TFS | Term Funding Scheme which is a monetary policy tool of the Bank of England and provides funding to participating banks and building societies at interest rates close to Bank Rate |
| TLOF | Total liabilities and own funds |
| Total capital ratio (%) | Ratio between total capital and risk weighted assets. Total capital includes the reported net profit assuming a dividend pay-out of 50%. This is different from the regulatory criteria, which decreases that amount based on the obligations to be fulfilled for the rest of the year. The denominator has been calculated based on the Group's best estimates |
| Total provisions & impairments | Includes the following items: (i) impairment or reversal of impairment of investments in joint ventures and associates, (ii) impairment or reversal of impairment of non-financial assets, (iii) investment properties in net gains or losses on derecognition of non-financial assets, (iv) profit or loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations (excluding the participation interests), (v) provisions or reversal of provisions and (vi) impairment or reversal of impairment and cash flow modification gains or losses on financial assets not measured at fair value through profit or loss and net modification losses or gains |
| Whistletree | Portfolio of former Northern Rock mortgages and unsecured loans, whose beneficial interest was acquired from Cerberus Capital Management Group with effect from 7 December 2015. The portfolio is currently in run-off |

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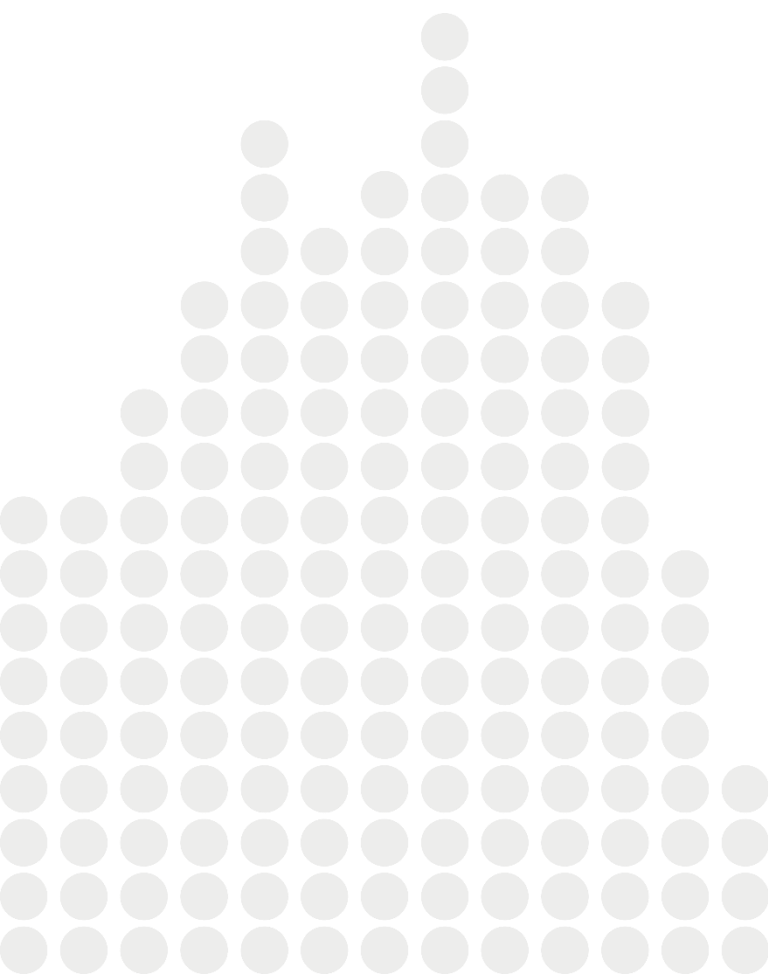
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