

Sabadell

Q4 2018 Results

February 1, 2019

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Highlights

2018 Highlights

1. Important milestones achieved during the year



✓ Balance sheet de-risking

✓ TSB migration completed into a strong banking system

2. Strong volume growth



(Group) (ex-TSB)
+0.5% **+1.8%**

 YoY gross loans¹

(Group) (ex-TSB)
+3.2% **+6.0%**

 YoY performing loans²

3. Solid core banking revenue ex-TSB



(QoQ) (YoY)
+2.4% **+4.1%**

 Core banking revenue³, ex-TSB

(YoY) (YoY)
+1.1% **+11.3%**
 NII, ex-TSB Fees & Commissions, ex-TSB

4. Year impacted by extraordinary items



(Group)
-€637.1M of which:
 2018 one-off items (gross)

- €121.0M TSB IT migration extraordinary costs
- €339.0M TSB post-migration net one-off items
- €177.1M extraordinary provisions for institutional NPA sales

Note: All data is considered on a like-for-like basis for comparison purposes, i.e. like-for-like assumes, when applicable, constant FX and excludes Sabadell United Bank, Mediterráneo Vida as well as the Mortgage Enhancement portfolio contribution (€35.1M contribution to net profit from Sabadell United Bank and Mediterráneo Vida, as well as €51.8M from the Mortgage Enhancement portfolio), throughout the presentation. ¹ Includes accrual adjustments and excludes repos. ² Excludes the impact of the APS NPL run-off (the APS run-off refers to 80% of the APS problematic exposure, the risk of which is assumed by the DGF, as well as the change in the net loans and receivables account). The APS NPL run-off as at Dec-18 refers only to the DGF receivable account, throughout the presentation.

³ Core banking revenue refers to net interest income plus fees and commissions.

2018 Highlights

5. Net profit in the year
- | | | | | |
|----------------------------------|---|--|--|--|
| <p>5. Net profit in the year</p> | ➤ | <p>(Group)</p> <p>€328.1M</p> <p>2018 net profit (reported)</p> | <p>(Group)</p> <p>€783.3M</p> <p>2018 net profit (excl. one-offs¹)</p> | <p>(Group)</p> <p>+9.6%</p> <p>2018 net profit growth (excl. one-offs¹, YoY)</p> |
|----------------------------------|---|--|--|--|
-
6. Balance sheet de-risking ahead of plan
- | | | | | | |
|--|---|--|---|---|--|
| <p>6. Balance sheet de-risking ahead of plan</p> | ➤ | <p>(Group)</p> <p>4.2%</p> <p>NPL ratio²</p> <p>-112bps YoY³</p> | <p>(Group)</p> <p>1.8%</p> <p>Net NPAs to total assets ratio²</p> <p>-190bps YoY³</p> | <p>(ex-TSB)</p> <p>€7.8bn</p> <p>NPA reduction YoY³</p> | <p>€153M</p> <p>NPA annual savings (including the sale of Solvia)</p> |
|--|---|--|---|---|--|
-
7. Sound capital position
- | | | | | | |
|----------------------------------|---|---|--|--|--|
| <p>7. Sound capital position</p> | ➤ | <p>11.3%</p> <p>FL CET1 (pro forma)</p> <p>+10bps QoQ</p> | <p>11.1%</p> <p>FL CET1 (reported)</p> <p>+10bps QoQ</p> | <p>14.9%</p> <p>FL total capital (pro forma)</p> <p>+70bps QoQ</p> | <p>c.€138M capital gain</p> <p>+15bps CET1</p> <hr style="border-top: 1px dashed black;"/> <p>pro forma Solvia sale</p> |
|----------------------------------|---|---|--|--|--|
-
8. Final cash dividend
- Final cash dividend of €0.01 per share, which brings the **total yearly dividend to €0.03 per share⁴**. Total **dividend pay-out** stood at **c.50%**

Note: Pro forma data considers RWAs released from institutional NPA sales announced in Q2, the capital gains from the sale of Solvia and IFRS16 impact.

¹ One-off items refers to €121.0M of extraordinary costs related to TSB's IT migration, €339.0M of post-migration net one-off items and €177.1M related to extraordinary provisions for institutional NPA sales.

² Includes 100% of the APS exposure to reflect reporting change.

³ Includes 20% of the APS exposure. This risk is assumed by Sabadell in accordance with the APS protocol.

⁴ Includes both the interim cash dividend of €0.02 per share declared in 3Q18 and an additional €0.01 per share as the final cash dividend.

2

Profitability and efficiency

4Q18 highlights: Profitability and efficiency

	Sabadell, Group		Sabadell, ex-TSB		
	QoQ	YoY ¹	QoQ	YoY ¹	
Gross loans ²	-0.7%	+0.5%	-0.5%	+1.8%	<ul style="list-style-type: none"> Positive gross volumes YoY for the first time in several years
Performing loans ³	+0.1%	+3.2%	+0.7%	+6.0%	<ul style="list-style-type: none"> Performing loans ex-TSB increased QoQ driven by Corporates and SMEs in Spain and Mexico, while Group performing loans were impacted by lower volumes in TSB
NII	-0.2%	+0.7%	+1.1%	+1.1%	<ul style="list-style-type: none"> NII increased, driven by strong volumes at ex-TSB level
Fees & Commissions	+4.6%	+9.6%	+5.2%	+11.3%	<ul style="list-style-type: none"> Remarkable fees & commissions performance continued QoQ, driven by service commissions

Strong Group core banking revenue of +1.0% QoQ and +2.9% YoY (+2.4% QoQ and +4.1% YoY at ex-TSB level)

Note: All data is considered on a like-for-like basis for comparison purposes. Core banking revenue refers to net interest income plus fees and commissions.

¹ %YoY calculated as the growth rate of cumulative results to December 2018 vs. cumulative results to December 2017.

² Includes accrual adjustments and excludes repos.

³ Excludes the impact of the APS NPL run-off.

2018 income statement

	Sabadell, Group					Sabadell, ex-TSB		
	2017 reported	2017 like-for-like	2018	%YoY like-for-like constant FX	%YoY like-for-like	2017 like-for-like	2018	%YoY like-for-like
In million EUR								
Net interest income	3,802.4	3,662.9	3,675.2	0.7%	0.3%	2,647.6	2,675.5	1.1%
Equity method & dividends	315.9	315.3	64.7	-79.5%	-79.5%	315.1	64.6	-79.5%
Fees & Commissions	1,223.4	1,219.9	1,335.3	9.6%	9.5%	1,122.9	1,250.1	11.3%
Trading income & forex	622.5	566.6	225.4	-60.2%	-60.2%	510.8	207.7	-59.3%
Other operating results	-227.0	-195.1	-290.4	49.2%	48.9%	-179.3	-230.1	28.3%
Gross operating income	5,737.3	5,569.6	5,010.2	-9.8%	-10.0%	4,417.2	3,967.7	-10.2%
Personnel recurrent costs	-1,546.9	-1,519.2	-1,569.4	3.6%	3.3%	-1,135.3	-1,168.1	2.9%
Administrative recurrent costs	-1,116.7	-1,102.5	-1,105.0	0.8%	0.2%	-600.6	-652.6	8.7%
Non recurrent & net one-off costs	-59.3	-59.1	-246.0	--	--	-15.6	-40.2	158.6%
Depreciation & amortisation	-402.2	-398.9	-353.1	-11.4%	-11.5%	-326.2	-264.5	-18.9%
Pre-provisions income	2,612.1	2,489.9	1,736.8	-30.1%	-30.2%	2,339.5	1,842.3	-21.3%
Total provisions & impairments	-2,196.4	-2,197.5	-1,320.4	-39.9%	-39.9%	-2,108.7	-1,089.4	-48.3%
Gains on sale of assets and other results	432.6	432.7	2.5	-99.4%	-99.4%	426.0	1.2	-99.7%
Profit before taxes	848.3	725.1	418.9	-41.9%	-42.2%	656.9	754.1	14.8%
Taxes	-43.1	-4.4	-83.6	--	--	25.3	-179.0	--
Minority interest	3.7	3.7	7.1	92.0%	92.0%	3.7	7.1	92.0%
Attributable net profit	801.5	717.0	328.1	-54.0%	-54.2%	678.5	568.0	-16.3%
Memo: Attributable net profit excl. one-offs¹	801.5	717.0	783.3	9.6%	9.2%	678.5	692.0	2.0%

Excluding one-offs¹, Group net profit grew by +9.6% YoY (+2.0% at ex-TSB level)

Note: The EURGBP exchange rate of 0.8851 used for the 2018 P&L corresponds to the daily average rate of 2018 (0.8759 as at 2017).

¹ One-off items refers to €121.0M of extraordinary costs related to TSB's IT migration, €339.0M of post-migration net one-off items and €177.1M related to extraordinary provisions for institutional NPA sales.

Quarterly income statement

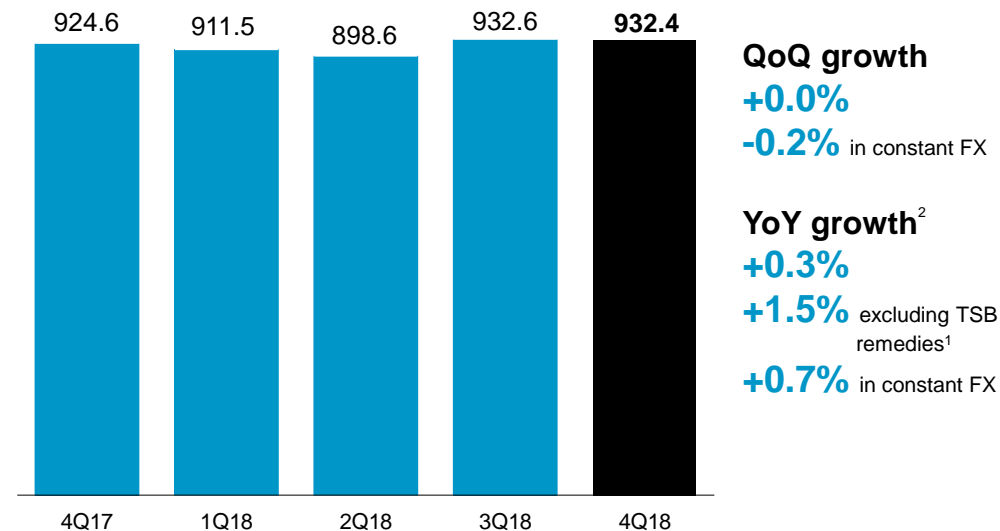
	Sabadell, Group				Sabadell, ex-TSB		
	3Q18	4Q18	%QoQ constant FX	%QoQ	3Q18	4Q18	%QoQ
In million EUR							
Net interest income	932.6	932.4	-0.2%	0.0%	672.3	679.6	1.1%
Equity method & dividends	15.2	12.8	-15.5%	-15.5%	15.1	12.7	-15.9%
Fees & Commissions	341.4	357.2	4.6%	4.6%	315.9	332.5	5.2%
Trading income & forex	-13.0	-7.4	-42.8%	-43.0%	-7.8	-4.5	-42.1%
Other operating results	-24.0	-168.0	--	--	-15.7	-159.1	--
Gross operating income	1,252.2	1,127.1	-10.2%	-10.0%	979.9	861.2	-12.1%
Personnel recurrent costs	-391.9	-400.3	2.0%	2.1%	-293.9	-293.8	0.0%
Administrative recurrent costs	-258.0	-288.2	11.3%	11.7%	-160.4	-166.5	3.8%
Non recurrent & net one-off costs	-69.6	-33.2	-53.1%	-52.3%	-4.2	-28.5	--
Depreciation & amortisation	-91.4	-85.1	-7.0%	-6.8%	-68.0	-59.5	-12.5%
Pre-provisions income	441.4	320.3	-27.4%	-27.4%	453.5	312.9	-31.0%
Total provisions & impairments	-274.3	-239.9	-12.5%	-12.5%	-250.8	-171.8	-31.5%
Gains on sale of assets and other results	-0.7	-0.8	10.2%	10.5%	-0.9	-1.1	19.8%
Profit before taxes	166.4	79.6	-52.1%	-52.1%	201.7	140.0	-30.6%
Taxes	-37.2	2.1	--	--	-49.8	-38.3	-23.1%
Minority interest	2.0	1.4	-29.9%	-29.9%	2.0	1.4	-29.9%
Attributable net profit	127.2	80.3	-36.8%	-36.9%	150.0	100.3	-33.1%
Memo: Attributable net profit excl. one-offs¹	190.1	130.8	-31.1%	-31.2%	150.0	100.3	-33.1%

- Solid core banking revenue momentum, with a +2.4% growth QoQ at ex-TSB level and +1.0% at Group level
- Quarterly net profit impacted by the IDEC and DGF annual payments due in Q4 and TSB one-off items

Group net interest income remained stable QoQ while it continued to grow at ex-TSB level

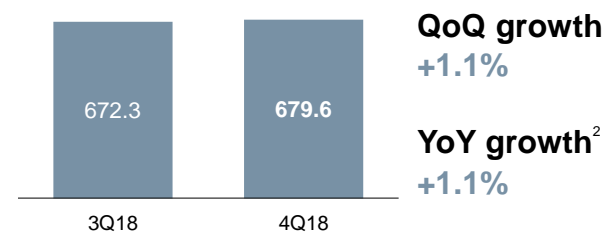
Group net interest income evolution

In million EUR



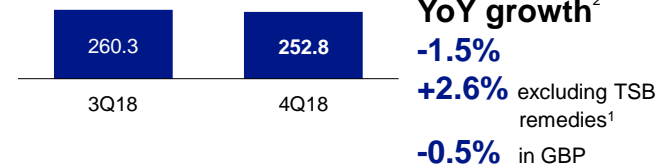
Sabadell, ex-TSB

In million EUR



TSB

In million EUR



Note: All data is considered on a like-for-like basis for comparison purposes.

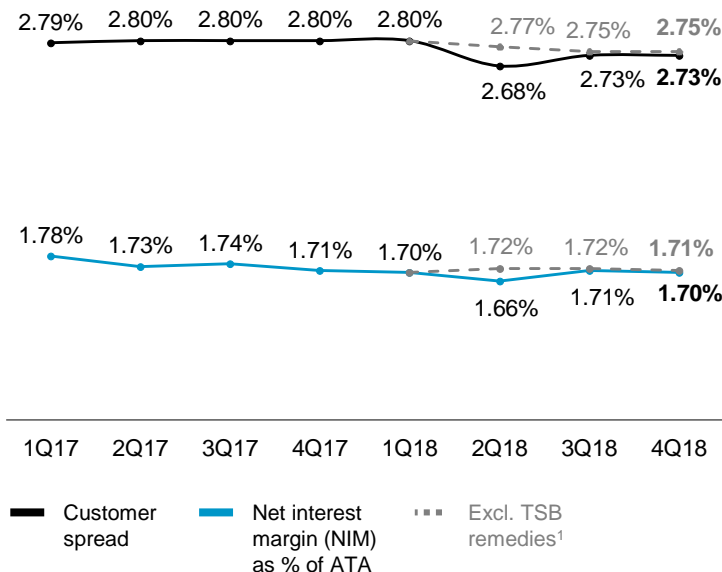
¹ Excludes post-migration remediation activities: Nil related to overdraft fee waivers and the increase in Classic Plus Account interest to 5%.

² YoY calculated as the growth rate of cumulative results to December 2018 vs. cumulative to December 2017.

Net interest margin and customer spread ex-TSB remained robust as Sabadell continued to defend pricing

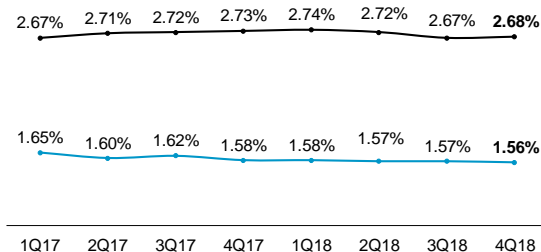
Customer spread and net interest margin, Sabadell Group

In percentage



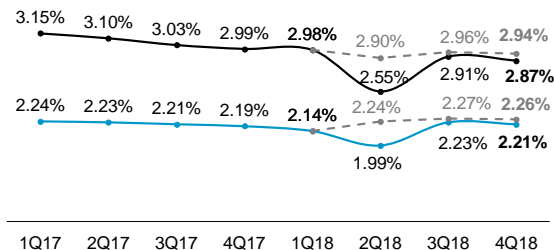
Sabadell, ex-TSB

In percentage



TSB

In percentage



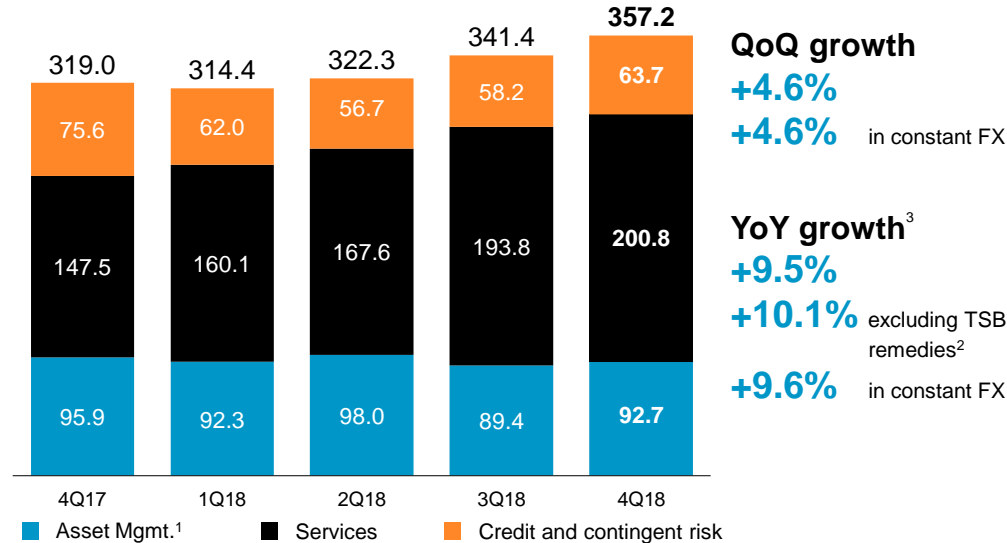
Note: All data is considered on a like-for-like basis for comparison purposes.

¹ Excludes post-migration remediation activities: NII related to overdraft fee waivers and the increase in Classic Plus Account interest to 5%.

Fees & Commissions continued to perform well, growing across all segments in the quarter

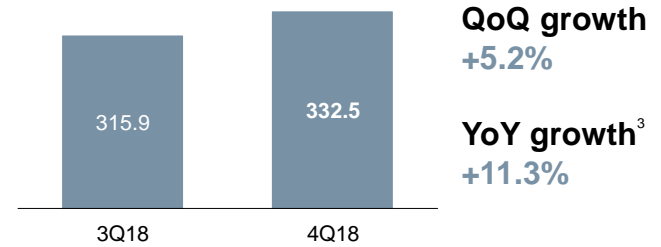
Group Fees & Commissions income evolution

In million EUR



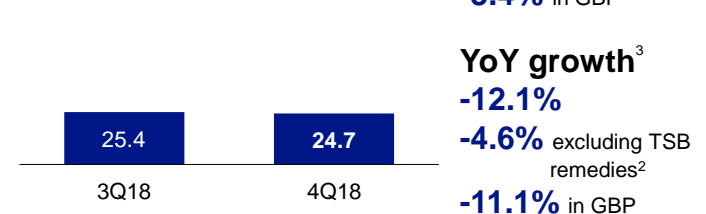
Sabadell, ex-TSB

In million EUR



TSB

In million EUR



Note: All data is considered on a like-for-like basis for comparison purposes.

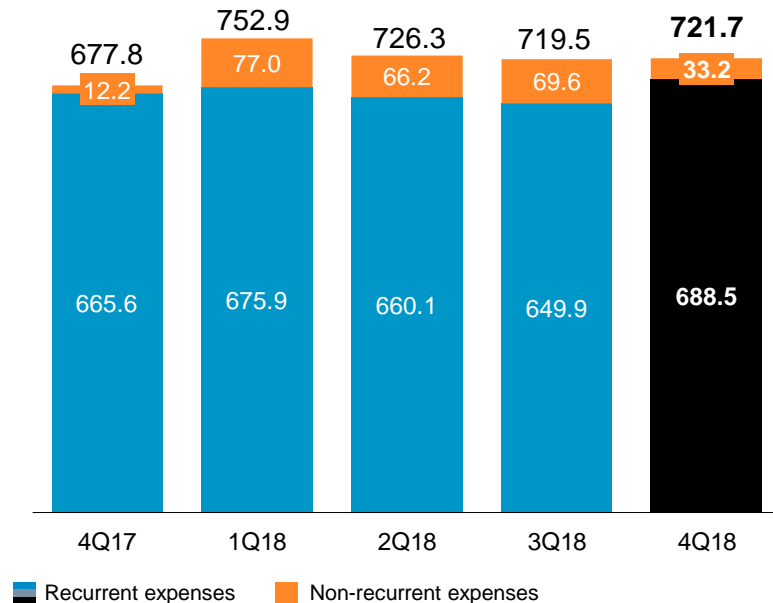
¹ Includes mutual funds, pension funds, insurance brokerage and wealth management commissions.

² Excludes post-migration remediation activities: extraordinary waivers of overdraft charges related to fees and credit card over limit fees. ³ YoY calculated as the growth rate of cumulative results to December 2018 vs. cumulative results to December 2017.

Total costs remained stable in the quarter

Group personnel and general expenses

In million EUR



Recurrent costs:

QoQ growth

+5.9%

+5.7% in constant FX

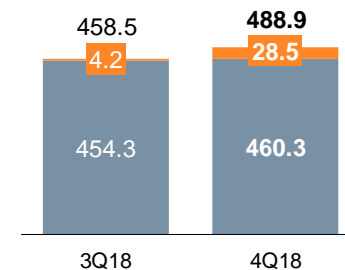
YoY growth¹

+2.0%

+2.4% in constant FX

Sabadell, ex-TSB

In million EUR



Recurrent costs:

QoQ growth

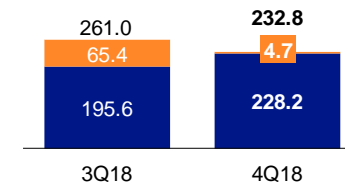
+1.3%

YoY growth¹

+4.9%

TSB

In million EUR



Recurrent costs:

QoQ growth

+16.7%

+16.0% in GBP

YoY growth¹

-3.6%

-2.6% in GBP

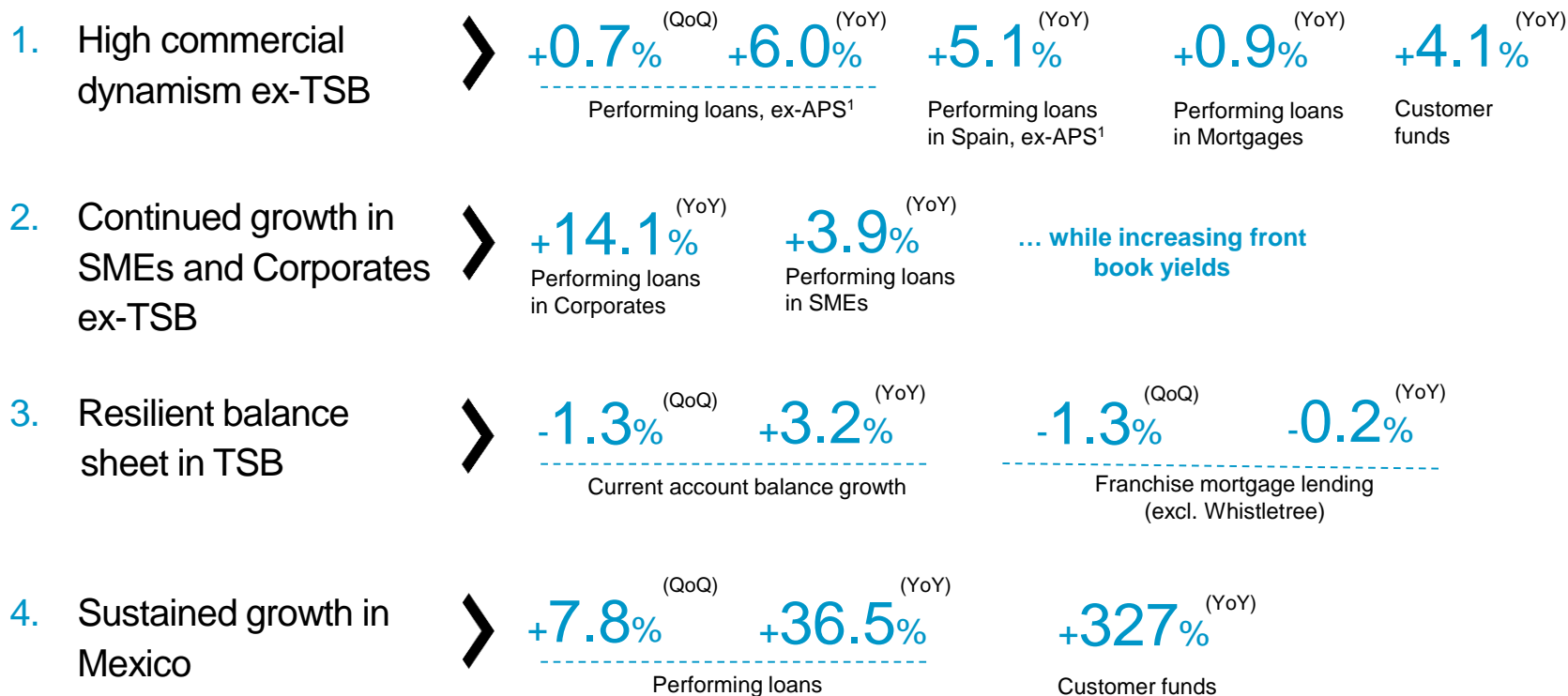
Note: All data is considered on a like-for-like basis for comparison purposes.

¹%YoY calculated as the growth rate of cumulative results to December 2018 vs. cumulative results to December 2017.

3

Commercial activity and
transformation

4Q18 highlights: Commercial activity and transformation



Note: All data is considered on a like-for-like basis for comparison purposes. Figures related to our business in UK and Mexico are expressed in local currency.

¹ Excludes the impact of the APS NPL run-off (the APS run-off refers to 80% of the APS problematic exposure, the risk of which is assumed by the DGF, as well as the change in the net loans and receivables account). The APS NPL run-off as at Dec-18 refers only to the DGF receivable account. Spain includes foreign branches and representative offices abroad.

Balance sheet dynamics

Evolution of customer loans and funds

In million EUR	Sabadell, Group								Sabadell, ex-TSB				
	Dec-17	Sep-18	Dec-18	%QoQ constant FX	%QoQ	%YoY like-for-like constant FX	%YoY like-for-like	Dec-17	Sep-18	Dec-18	%QoQ	%YoY like-for-like	
Total assets	221,348	217,751	222,322	2.3%	2.1%	0.6%	0.4%	173,203	171,547	176,140	2.7%	1.7%	
Of which:													
Gross loans to customers ex repos ¹	145,323	147,203	145,824	-0.7%	-0.9%	0.5%	0.3%	109,742	112,184	111,673	-0.5%	1.8%	
Performing loans	137,522	140,234	139,366	-0.4%	-0.6%	1.5%	1.3%	102,119	105,735	105,732	0.0%	3.5%	
Performing loans ex-APS²	131,287	135,483	135,279	0.1%	-0.2%	3.2%	3.0%	95,884	100,983	101,646	0.7%	6.0%	
Fixed income portfolio	24,638	26,270	26,567	1.2%	1.1%	7.9%	7.8%	22,253	23,606	23,790	0.8%	6.9%	
Total liabilities	208,127	205,558	210,205	2.5%	2.3%	1.1%	1.0%	162,458	161,563	166,177	2.9%	2.3%	
Of which:													
On-balance sheet customer funds	132,096	135,152	137,343	1.8%	1.6%	4.2%	4.0%	97,686	102,131	104,859	2.7%	7.3%	
Term funds ³	34,076	28,654	29,678	3.7%	3.6%	-12.8%	-12.9%	29,647	25,963	27,123	4.5%	-8.5%	
Sight accounts	98,020	106,499	107,665	1.3%	1.1%	10.1%	9.8%	68,039	76,168	77,736	2.1%	14.3%	
Wholesale funding	22,062	20,750	21,520	3.8%	3.7%	-2.4%	-2.5%	20,141	18,997	19,833	4.4%	-1.5%	
ECB funding	21,501	20,500	21,548	5.1%	5.1%	0.2%	0.2%	21,501	20,500	21,548	5.1%	0.2%	
BoE funding	6,341	7,292	7,233	0.0%	-0.8%	15.0%	14.1%	0	0	0	--	--	
Off-balance sheet funds	45,325	47,159	44,034	-6.6%	-6.6%	-2.8%	-2.8%	45,325	47,159	44,034	-6.6%	-2.8%	
Of which:													
Mutual funds	27,375	28,882	26,379	-8.7%	-8.7%	-3.6%	-3.6%	27,375	28,882	26,379	-8.7%	-3.6%	
Pension funds	3,987	3,801	3,594	-5.4%	-5.4%	-9.8%	-9.8%	3,987	3,801	3,594	-5.4%	-9.8%	
Third party insurance products	9,965	10,456	10,465	0.1%	0.1%	5.0%	5.0%	9,965	10,456	10,465	0.1%	5.0%	
Managed accounts	3,999	4,019	3,595	-10.5%	-10.5%	-10.1%	-10.1%	3,999	4,019	3,595	-10.5%	-10.1%	
Total customer funds	177,421	182,311	181,377	-0.4%	-0.5%	2.4%	2.2%	143,011	149,290	148,893	-0.3%	4.1%	

Note: All data is considered on a like-for-like basis for comparison purposes. The EURGBP exchange rate of 0.8945 used for this quarter's balance sheet is the closing exchange rate as at December 2018.

¹ Includes accrual adjustments.

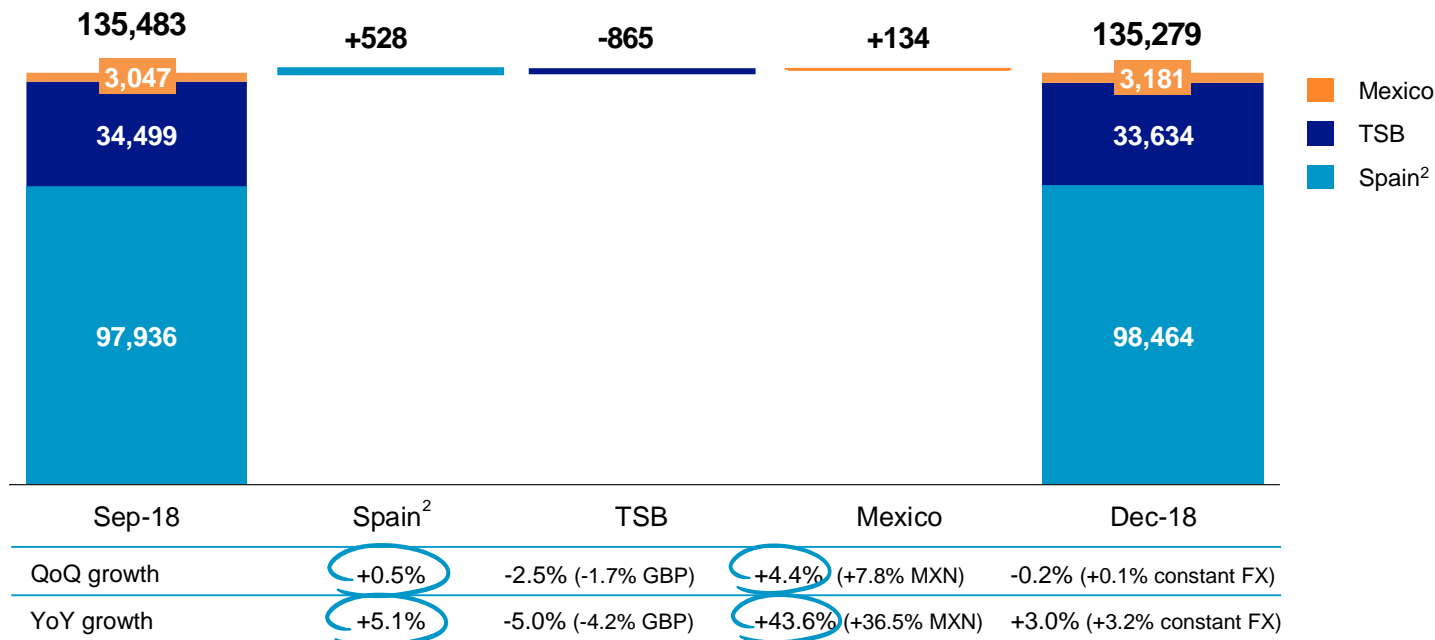
² Excludes the impact of the APS NPL run-off (the APS run-off refers to 80% of the APS problematic exposure, the risk of which is assumed by the DGF, as well as the change in the net loans and receivables account). The APS NPL run-off as at Dec-18 refers only to the DGF receivable account.

³ Term funds include term deposits and other funds placed via the branch network and exclude repos and deposits from institutional clients.

Spain and Mexico continued to grow QoQ and showed a remarkable performance YoY, driving volumes above YE target

Performing loans: performance by geographic contribution, Group (excl. APS)¹

In million EUR



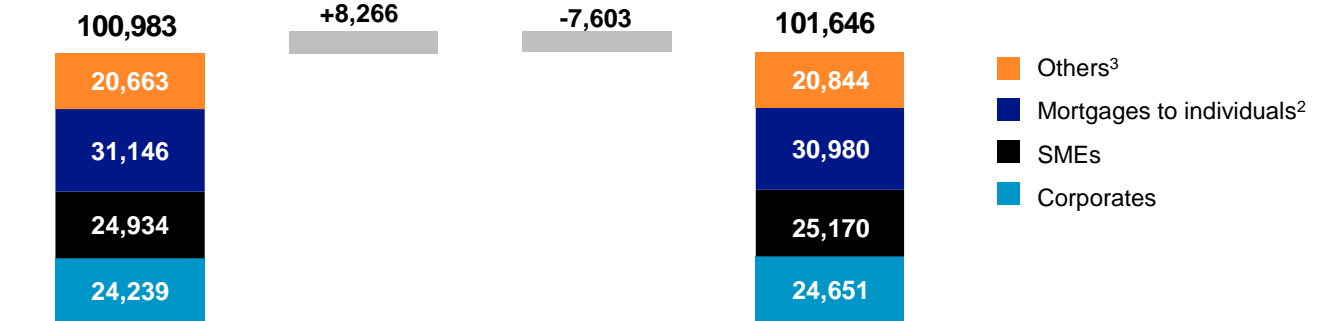
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² Spain includes foreign branches and representative offices abroad.

Corporates and SMEs are the main drivers of performing loan growth this quarter and in the year

Performing loans: performance by customer type, ex-TSB (excl. APS)¹

In million EUR



	Sep-18	New lending, ex-TSB	Attrition, ex-TSB	Dec-18	% QoQ	% YoY
Corporates	24,239	2,777	-2,365	24,651	+1.7%	+14.1%
SMEs	24,934	3,000	-2,764	25,170	+0.9%	+3.9%
Mortgages to individuals ²	31,146	765	-931	30,980	-0.5%	+0.9%
Others ³	20,663	1,724	-1,543	20,844	+0.9%	+7.8%
Total Sabadell, ex-TSB (excl. APS)	100,983	8,266	-7,603	101,646	+0.7%	+6.0%
APS exposure ¹	4,752	0	-666	4,086	-14.0%	-28.2%
Total Sabadell, ex-TSB	105,735	8,266	-8,269	105,732	+0.0%	+3.5%

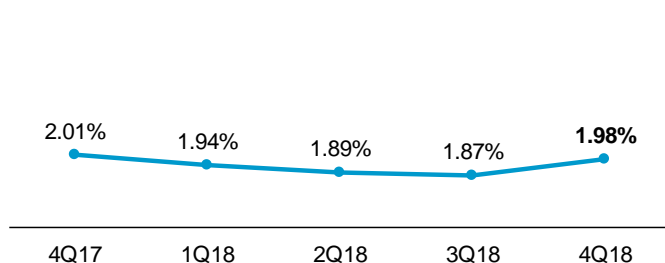
Note: Excludes accrual adjustments. ¹ Excludes the impact of the APS NPL run-off (the APS run-off refers to 80% of the APS problematic exposure, the risk of which is assumed by the DGF, as well as the change in the net loans and receivables account). The APS NPL run-off as at Dec-18 refers only to the DGF receivable account.

² Refers to residential mortgages to individuals within Spain only. ³ "Others" includes non-mortgage lending to individuals, public administrations and other sectors including construction and real estate sectors.

Front book pricing increased across all segments

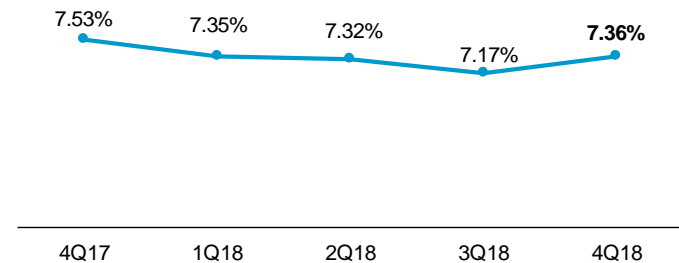
Mortgages to individuals

Yield in percentage



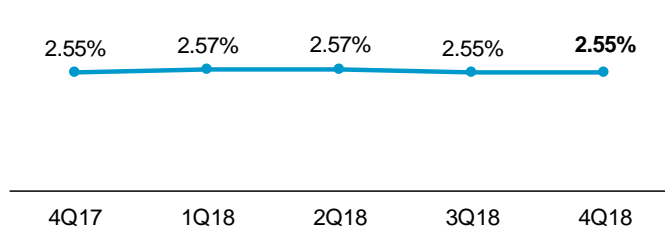
Consumer loans

Yield in percentage



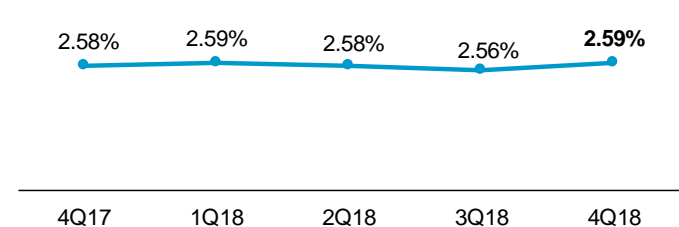
Loans to SMEs and Corporates

Yield in percentage



Credit line for SMEs and Corporates

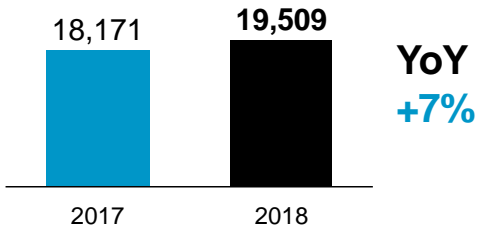
Yield in percentage



Strong commercial momentum across products in Spain...

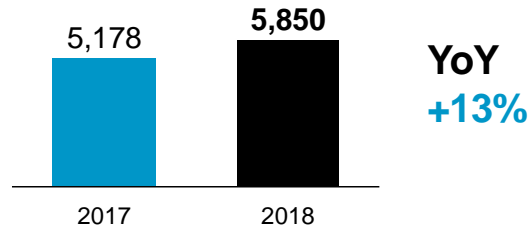
New loans and credit facilities to SMEs

In million EUR



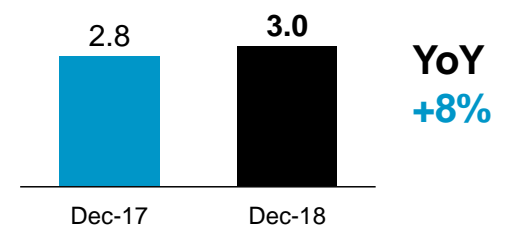
New mortgages & consumer loans¹

In million EUR



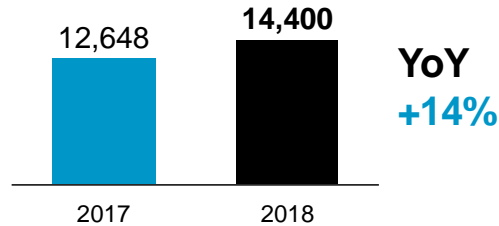
Expansión accounts²

Number of accounts (in million)



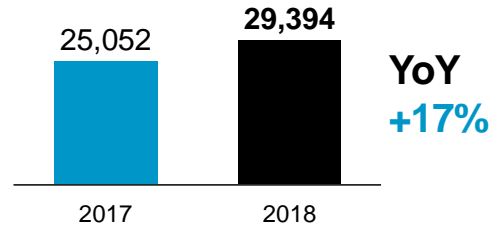
Credit card turnover

In million EUR



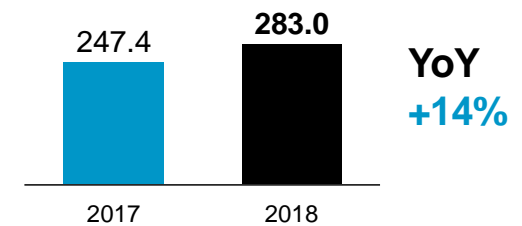
PoS turnover

In million EUR



New insurance premium

In million EUR



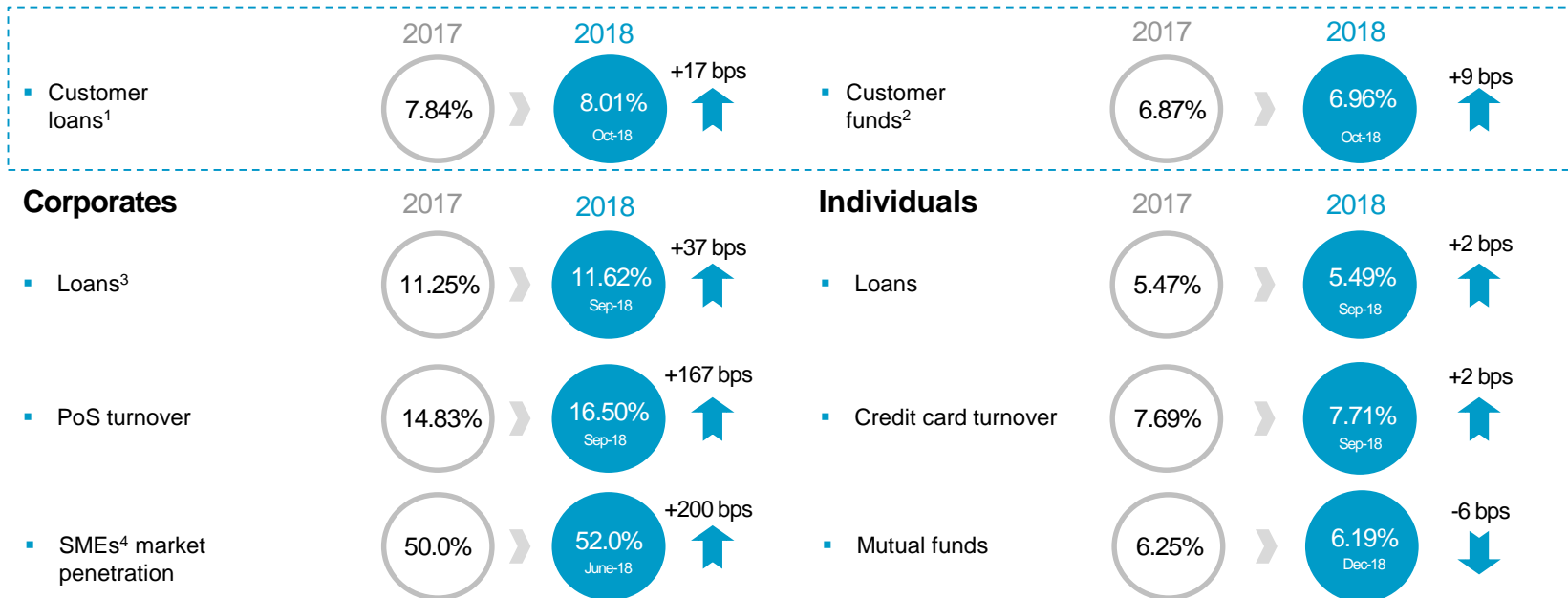
¹ New mortgages to individuals and self-employed. New consumer loans including Sabadell Consumer Finance.

² Expansión account is the relationship account with engaged businesses and individuals.

... with market shares increasing across most products

Market shares

In percentage



Note: 2017 data as at December. 2018 figures correspond to last available data. Data refers to Sabadell Spain.

Sources include Bank of Spain, ICEA, Inverco and Servired.

¹ Excluding repos and the APS NPL run-off.

² Customer funds from other domestic sectors: sight and term accounts, mutual funds, savings insurance products, pension plans and retail bonds.

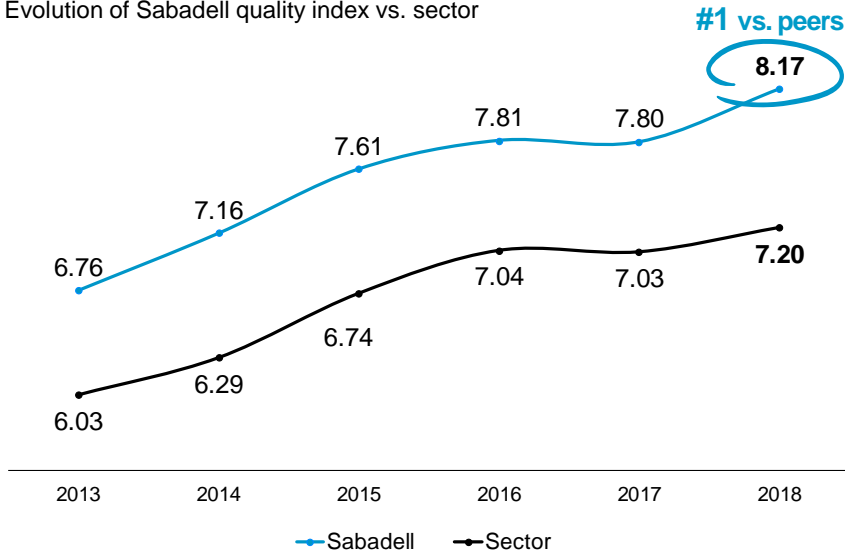
³ Excluding loans to real estate companies and repos.

⁴ Companies with a turnover between €0.9M and €10M.

Sabadell retains its NPS leadership in both SMEs and large enterprises...

Level of service quality¹

Evolution of Sabadell quality index vs. sector



... while in terms of service quality, Sabadell continues to be ranked #1, widening the gap with its peers even more

Net promoter score (“NPS”)²

	2018	Ranking
Large enterprises (turnover >€5M)	34%	1 st
SMEs (turnover <€5M)	16%	1 st
Personal banking	28%	2 nd
Retail banking	6%	3 rd

Note: Data refers to Sabadell Spain.

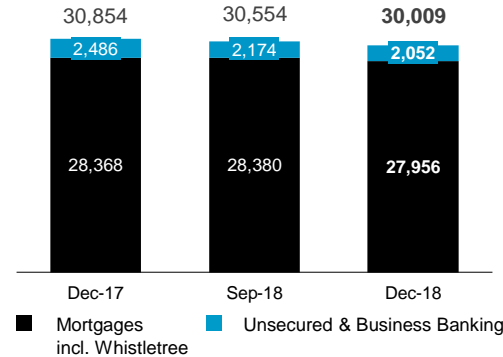
¹ Source: STIGA, EQUOS (Objective Quality Analysis in Banking Networks, 4Q18). Cumulative data.

² Source: Benchmark NPS Accenture Report. Net promoter score (NPS) is based on the question “On a scale of 0-10, where 0 is not at all likely and 10 is extremely likely, how likely is it that you would 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. Considers peer group entities. Data as at last available month.

TSB mortgage balances remained broadly stable while current account balances increased by more than 3% YoY

Total customer lending (net)

In million GBP



QoQ growth

-1.8%

-1.3% mortgages excl. Whistletree

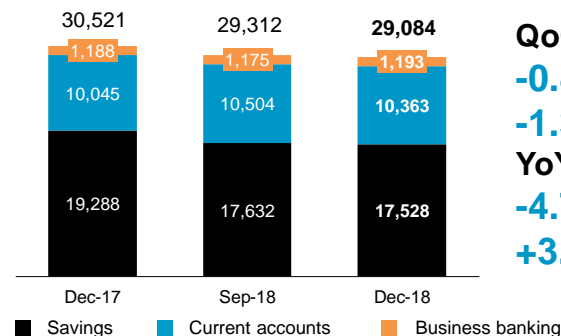
YoY growth

-2.7%

-0.2% mortgages excl. Whistletree

Total customer deposits

In million GBP



QoQ growth

-0.8%

-1.3% current accounts

YoY growth

-4.7%

+3.2% current accounts

Customer lending highlights

- **Mortgage lending¹ decreased by -1.3% QoQ** reflecting the conscious decision to reduce new origination in Q2 and Q3
- In Q4, TSB saw the value of **mortgage applications increase by 142%** on Q3, which is expected to flow to completions in 1Q19
- Overall, **mortgage lending¹ remained broadly stable YoY**

Customer deposits highlights

- **Current account balances decreased marginally QoQ** and increased by **+3.2% YoY**
- **Savings deposits reduction**, both quarterly and in the year, reflects pricing decisions taken early in 2018 to manage deposit volumes through the 2018 'ISA season' given TSB's strong liquidity position with a LCR of 298%
- **c.140,000 customers opened a new bank account or switched their account to TSB in 2018**, while c. 80,000 customers switched out from TSB (out of 3.8M current account customers and over 5M customers in total)

TSB achieved its key priorities announced in September – Sabadell

the start of a new chapter

Finalising customer compensation

Completing the work of putting things right for customers

- **TSB has resolved** more than 181,000 customer complaints – **c.90%** of the 204,000 **complaints** received since migration

Product functionality

Achieving product functionality for customers

- TSB has a customer-focused team, and a **strong banking system** that customers are starting to see the benefits of, with the **majority of products available across all channels**:
 - Mortgage brokers can also submit applications in half the time compared with the old system; TSB has already started to see the benefits with the **busiest ever week in TSB's history for mortgage applications in December**
 - **Current accounts** can now be **opened in a branch in half the time** compared with the old system, and **online current account openings** have **returned to pre-migration levels** following the launch of an improved online application
 - The launch of key savings products in the online channel for existing customers in the middle of last quarter has helped to increase inflows

Looking ahead to 2019

Appointing a CEO for TSB's next chapter and launch of SME business strategy

- In November, **Debbie Crosbie** was announced as **CEO designate**¹ and she joins the business in Spring 2019
- In December, TSB was named as part of the **Incentivised Switching Scheme for SMEs**, and the Bank is bidding for a grant from the Capability and Innovation Fund

¹ The appointment is subject to regulatory approval.

TSB has a unique and compelling case to bring competition rapidly to SME banking

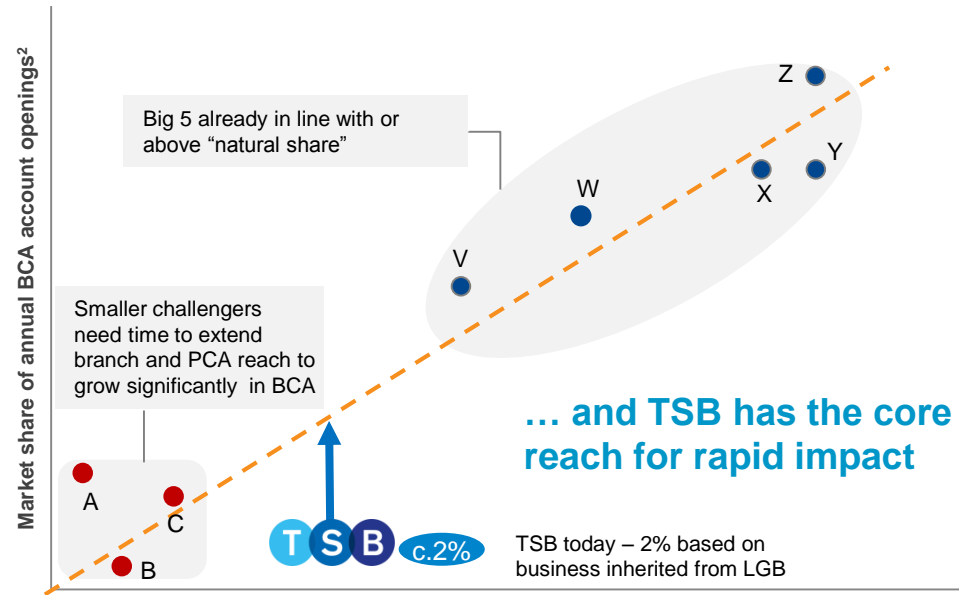
Branch and PCA share remain the key drivers of new BCA share...

- Share of branches & PCA stock are key components of BCA share¹
- Very strong correlation of these drivers to BCA account openings in 2018
- No bank materially outperforms this correlation at scale



TSB has:

- **7% share of branches** with >500 across Britain
- **3.8M PCA customers base** which continues to grow as we have been consistently capturing >6% PCA flow during the last years
- **Only 2% BCA share**, inherited from Lloyds



Note: "PCA" refers to Personal Current Accounts and "BCA" to Business Current Accounts.

¹ FCA Strategic Review of Retail Banking Business Models - Progress Report (June 2018)

² Q3 July 2017 - Q2 March 2018 data from Charterhouse Research UK Business Banking Survey weighted by region and turnover to be representative of £0-25m turnover businesses in Great Britain. Base: 13215

³ Share of branches and PCA stock calculated excluding competitors with no business banking services (June 2018)

The new platform delivers benefits to TSB and its customers



Operational efficiency



Capacity to create **innovative products**



Competitive advantage



Quicker time-to-market with a **digital and customer-centric mindset**



Open Banking



Fully open platform ready to **deliver Open Banking** and integration with Fintech start-ups



Easier upgrades



Faster and cheaper **technology upgrades**



Improved customer experience

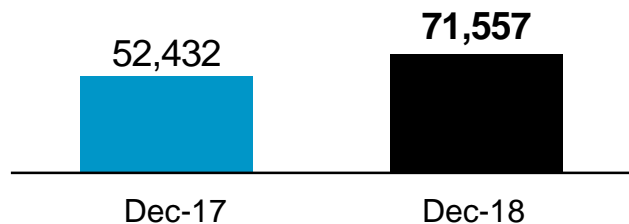


Platform with **faster service times** for customers
Significantly improved **mobile NPS score** (27.4 as at Dec-18 from 8.0 last quarter)

Our Mexican business continues to grow exponentially

Customer loans

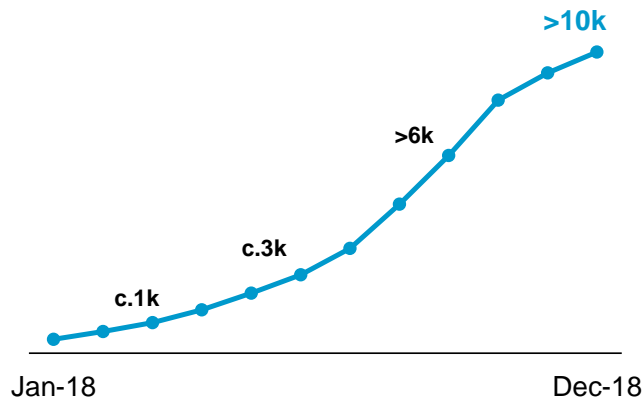
In million MXN



YoY growth
+36%

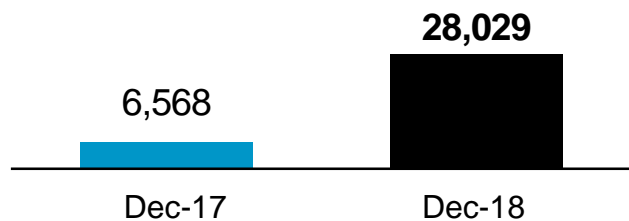
Personal Banking customers

Customers



Customer funds

In million MXN



YoY growth
+327%

Strongly committed to our digital and commercial transformation with digital clients up +6% YoY

4.7M

(+6% YoY)

Group digital clients

3.4M

(+17% YoY)

Group mobile clients

69M

(+3% YoY)

Group monthly web
and mobile traffic

37,065

(+39% YoY)

Digital sales of unsecured
loans in Spain

42%

(-17pp YoY)

Digital sales in UK

22%

(+2pp YoY)

Digital sales in Spain

878k

(+17% YoY)

Active Management
customers in Spain

89%

(+1pp YoY)

Transactions executed
through remote channels

19M

(+33% YoY)

Pull data-driven
commercial impacts

Sabadell continues to roll out new digital initiatives and invest in technological ventures

Initiatives in the quarter

Digital offering

Payments using facial recognition technology



Interaction with Amazon's Alexa voice service



Donations to NGOs with Bizum



...and other new capabilities and updates designed to continue improving user experience and to boost digital sales

Simplification and value proposition

Pre-approved loans for self-employed online and via mobile devices (offer, simulation and application)



Elija la cuota y plazo que más se adaptan a usted	
<p>Financiada</p> <p>Cuota mensual 240,96€/mes</p> <p>en 96 meses</p> <p><small>*TIN 6,90% - TAE 7,051%</small></p>	<p>Cuota mensual 302,56€/mes en 72 meses</p> <p><small>*TIN 6,90% - TAE 7,601%</small></p> <p>Cuota mensual 426,67€/mes en 48 meses</p> <p><small>*TIN 6,90% - TAE 7,601%</small></p>

Web client support at crucial moments

Estandondeest.es.com

TODO LO QUE DEBES SABER

Para tomar una buena decisión con tu nueva vivienda

Strategic investments



UnDosTres

Mexican start-up with a digital platform – available in desktop, mobile site and Android and iOS apps – that allows customers to make online payments easily, instantly and securely



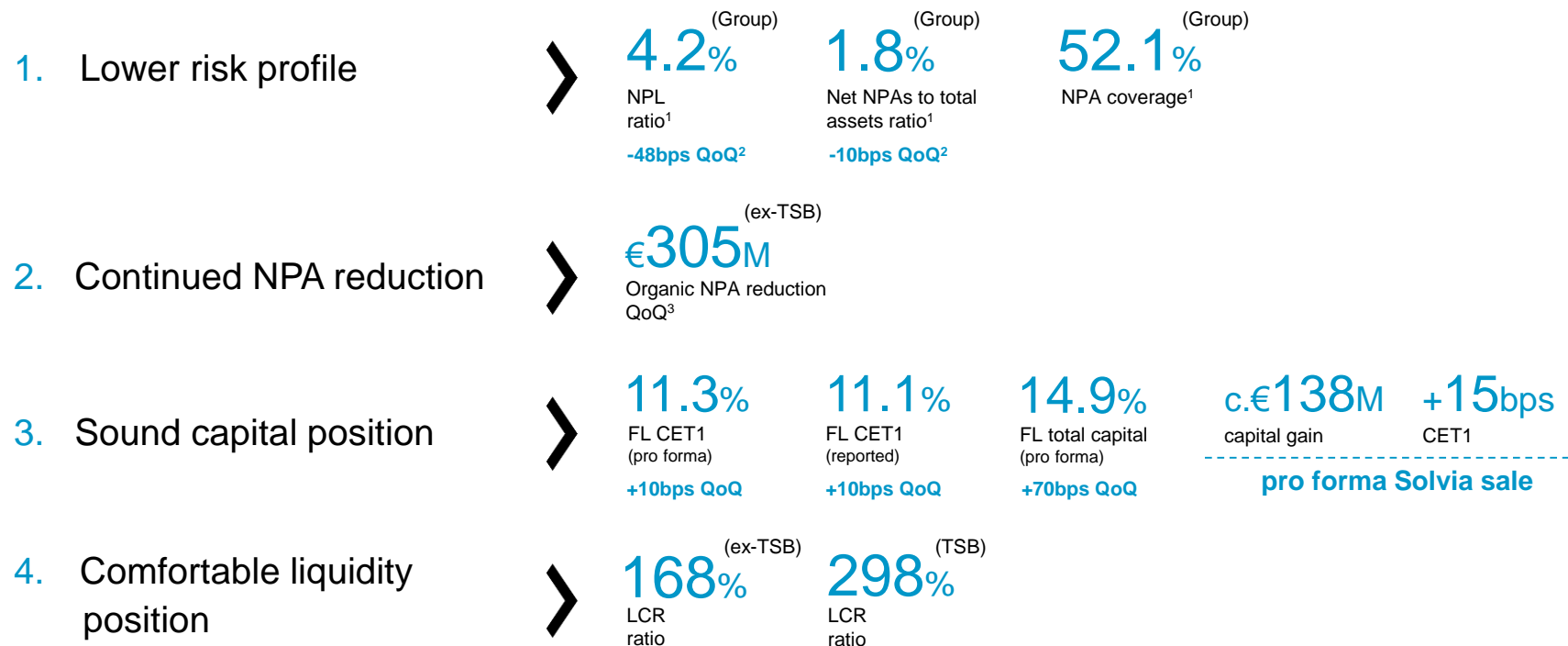
Base 10

Venture capital fund that mainly invests in Silicon Valley startups

4

Solvency and asset quality

4Q18 highlights: Solvency and asset quality



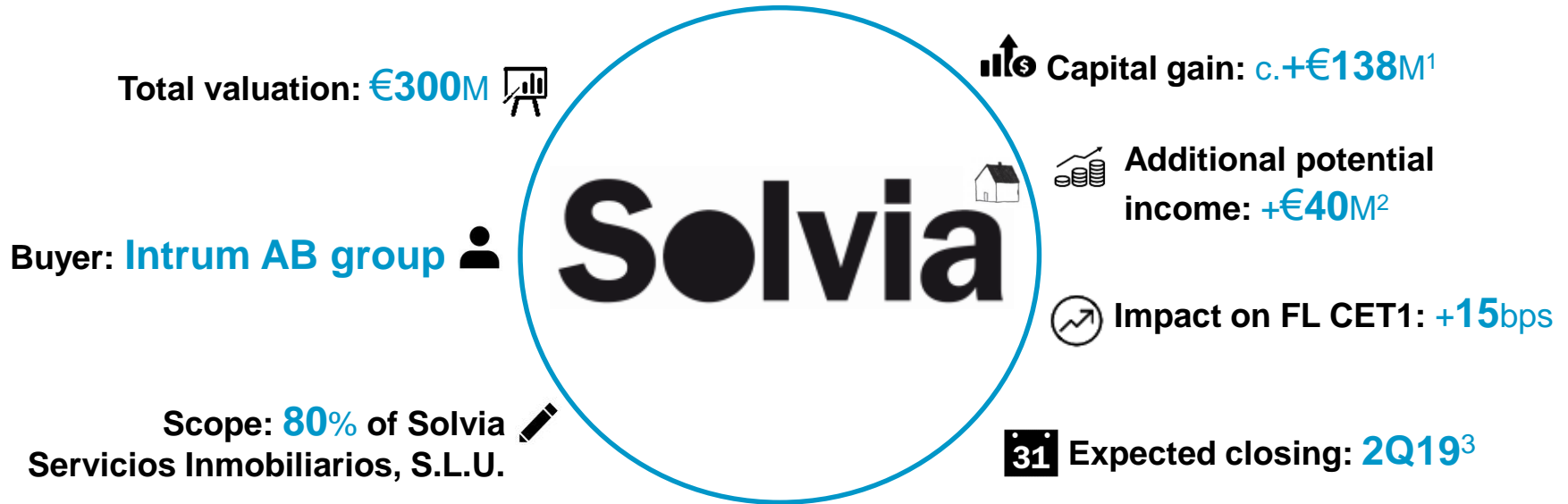
Note: All data is considered on a like-for-like basis for comparison purposes. Pro forma data considers RWAs released from institutional NPA sales announced in Q2, the capital gains from the sale of Solvia and IFRS16 impact.

¹ Includes 100% of the APS exposure to reflect reporting change.

² Includes 20% of the APS exposure. This risk is assumed by Sabadell in accordance with the APS protocol.

³ The reduction in the quarter relates to the difference between Dec-18 remaining exposure (incl. 20% APS) and Sep-18 remaining exposure pro forma of NPA institutional sales announced in Q2 (incl. 20% APS).

The sale of Solvia fits in with our strategy of selling non-core assets and will add 15bps of core capital

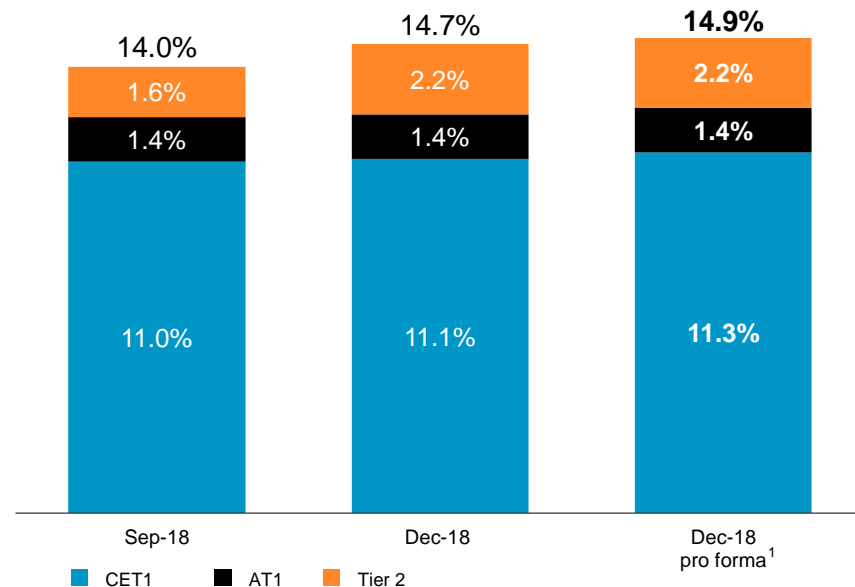


¹ The capital gain is net of taxes and will be generated upon closing the agreement.
² Additional potential income could be earned if Solvia meets certain business line targets.
³ Subject to obtaining the relevant authorisations.

Fully-loaded total capital ratio increased +70bps QoQ

Fully-loaded total capital ratio evolution

In percentage



Pro forma drivers¹

- **+19bps** due to NPA sales RWAs savings
- **+15bps** due to Solvia capital gain
- **-16bps** due to IFRS16 impact

Tier 1 and Tier 2 capital buckets completed

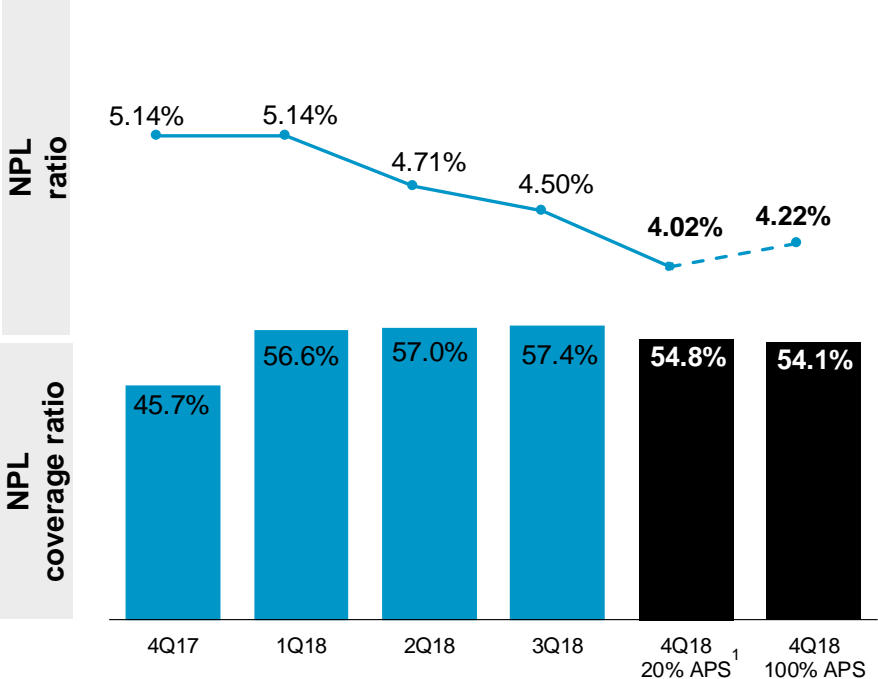
The pro forma fully-loaded CET1 ratio stands at 11.3%, while the pro forma phase-in CET1 ratio stands at 12.2%

¹ Included in Q4 pro forma capital ratios.

Group NPL ratio has been significantly reduced to 4.2% in the quarter

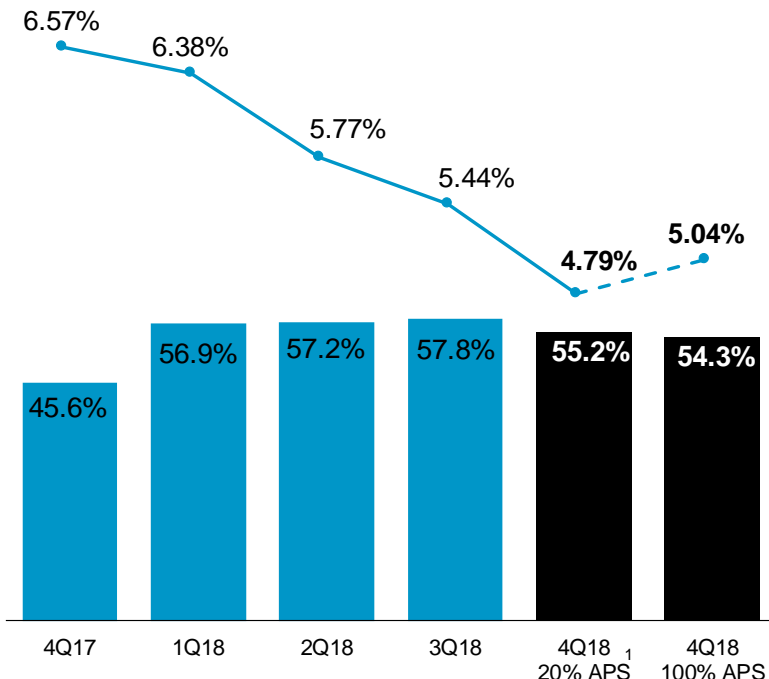
Sabadell, Group

In percentage



Sabadell, ex-TSB

In percentage



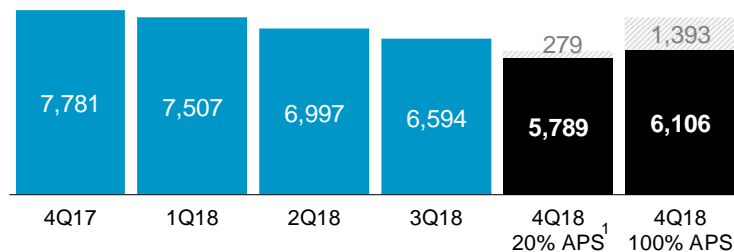
Note: Includes contingent risk.

¹ The Group and Sabadell ex-TSB's NPLs and provisions include 20% of the NPLs and associated provisions included in the APS. This risk is assumed by Sabadell in accordance with the APS protocol.

NPA continued to fall in the quarter

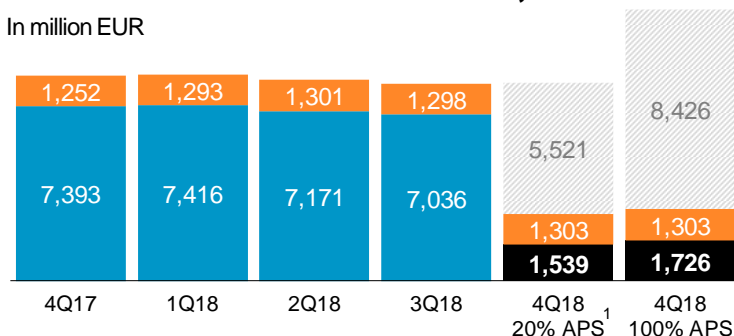
NPL evolution, ex-TSB

In million EUR



Foreclosed assets evolution, ex-TSB

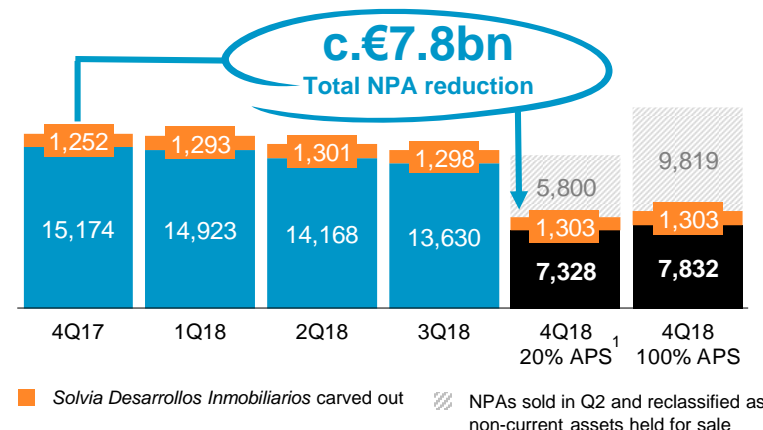
In million EUR



Total problematic assets, ex-TSB

In million EUR

- Total NPA reduction in the quarter²: **€305M**, of which:
 - €491M** NPL reduction
 - €186M** foreclosed assets increase
- During this quarter, **NPAs included in the scope of the institutional sales** announced in Q2 have been **reclassified as non-current assets held for sale**



Note: Includes contingent risk.

¹ Sabadell ex-TSB's NPLs and foreclosed assets include 20% of the problematic exposure included in the APS. This risk is assumed by Sabadell in accordance with the APS protocol.

² The reduction in the quarter relates to the difference between Dec-18 remaining exposure (incl. 20% APS) and Sep-18 remaining exposure pro forma of NPA institutional sales announced in Q2 (incl. 20% APS).

Net NPAs to total assets ratio stood at 1.8%

Sabadell Group coverage ratios evolution

In million EUR

	Pre NPA institutional sales				Post NPA institutional sales	
	4Q17	1Q18	2Q18	3Q18	4Q18 20% APS ¹	4Q18 100% APS
NPLs	7,925	7,898	7,386	7,036	6,236	6,554
Provisions	3,625	4,467	4,209	4,036	3,419	3,544
Coverage ratio (%)	45.7%	56.6%	57.0%	57.4%	54.8%	54.1%
Foreclosed assets	7,393	7,416	7,171	7,036	1,539	1,726
Provisions	3,998	3,979	3,991	3,932	691	767
Coverage ratio (%)	54.1%	53.7%	55.7%	55.9%	44.9%	44.5%
Total problematic assets	15,318	15,314	14,557	14,072	7,775	8,279
Provisions	7,623	8,446	8,200	7,968	4,111	4,311
Coverage ratio (%)	49.8%	55.2%	56.3%	56.6%	52.9% ³	52.1%
NPAs as % of (gross loans² + foreclosed assets) (%)	10.0%	10.0%	9.4%	9.1%	5.3% ³	5.6%
Net problematic assets	7,695	6,868	6,357	6,104	3,665	3,968
Net NPAs to total assets ratio (%)	3.5%	3.1%	2.9%	2.8%	1.6% ³	1.8%

Note: Includes contingent risk.

¹ Sabadell Group's NPLs and foreclosed assets include 20% of the problematic exposure included in the APS. This risk is assumed by Sabadell in accordance with the APS protocol. Accordingly, the Group provisions include the provisions associated with 20% of the problematic exposure included in the APS.

² Gross loans to customers including accrual adjustments.

³ As at Sep-18 Net NPAs to total assets pro forma stood at 1.7%, NPAs as % of (gross loans + foreclosed assets) at 5.5% and NPA coverage ratio at 54.5%.

TSB remains one of the UK's best capitalised banks with a very strong liquidity position

Total Customer Lending - Mortgages and Unsecured & Business Banking

In million GBP	Dec-17	Sep-18	Dec-18
Mortgages	28,368	28,380	27,956
Unsecured & Business Banking	2,486	2,174	2,052
Total Lending balances (net)	30,854	30,554	30,009

Mortgages - Residential vs. Buy to let (BTL)

In percentage	Dec-17	Sep-18	Dec-18
TSB Total BTL %	15%	15%	14%

Mortgages loan to value (LTV)¹

In percentage	Dec-17	Sep-18	Dec-18
LTV Mortgage Stock	44%	44%	44%

- ✓ **Secured lending** represents c.93% of overall lending
- ✓ **Good asset quality and low-risk mortgage portfolio:**
 - BTL represents only 14%
 - Mortgage lending has an average LTV of 44%
 - Interest only concentration is c.26% (excluding Whistletree)

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

In percentage (annualised for each quarter)	Dec-17	Sep-18	Dec-18
Mortgages	0.03%	0.00%	0.03%
Unsecured & Business Banking	2.89%	2.43%	2.37%
Total TSB AQR	0.27%	0.19%	0.21%

Doubtful loans ratio

In percentage	Dec-17	Sep-18	Dec-18
Doubtful loans ratio	0.4%	1.3%	1.3%

Common Equity Tier 1 Capital ratio

In percentage	Dec-17	Sep-18	Dec-18
Fully-loaded CET1 capital ratio	20.0%	19.5%	19.5%

- ✓ Capital position remains strong with a **CET1 ratio** of 19.5% on a fully-loaded basis
- ✓ **Robust liquidity position** with a LCR of 298%
- ✓ **Leverage ratio** of 4.4%³
- ✓ **High proportion of PCAs** in funding mix, which is c.36%

Note: Customer lending and deposits includes micro fair value hedge accounting adjustment.

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.

5

Closing remarks and
outlook

2018 has been a transformational year

Risks have been considerably reduced



Balance sheet de-risking

- Lower cost of risk
- Management time freed up
- Increased focus on core business



TSB IT migration completed

- Technological independence – modern, faster, less complex, no legacy
- Platform currently operating very well with majority of products available across all channels

Performance ex-TSB



- Sabadell ex-TSB performed in line with expectations and is on track to meet its 2020 business plan targets ex-TSB

Capital



- The pro forma fully-loaded CET1 ratio is expected to be above 11% throughout the year

Sabadell ex-TSB performed in line with expectations

On track to meet 2020 targets

	2018 target	2018 actual		
Performing loans (ex-TSB)	c.+1.6%	+3.5%		✓
NII (ex-TSB)	c.+1%	+1.1%		✓
Core banking revenue ¹ (ex-TSB)	>+5%	+4.1%	Strong fee growth at +11.3% YoY	✓
Recurrent costs ² (ex-TSB)	c.+5%	+4.9%		✓
Recurrent CoR ³ (Group)	c.60bps	65bps		✓

Sabadell ex-TSB is on track to meet its 2020 targets

Beating 2020 asset quality targets faster than expected

	2020 target	2018 actual	2020 targets achieved
NPA reduction (ex-TSB)	>€6.0bn	€7.8bn <small>(incl. institutional NPA sales)</small>	✓
NPL ratio (Group)	<3.0%	4.0%	Well on track to meet 2020 target
NPA coverage (ex-TSB)	50.0%	53.0%	✓
Net NPA ratio (Group)	2.0%	1.6%	✓
Problematic assets exposure (ex-TSB)	<€9.0bn <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="background-color: black; color: white; padding: 5px; text-align: center;">c.€4bn</div> <div style="background-color: #0070C0; color: white; padding: 5px; text-align: center;"><€5bn</div> </div>	c. €7.3bn <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="background-color: black; color: white; padding: 5px; text-align: center;">1,539</div> <div style="background-color: #0070C0; color: white; padding: 5px; text-align: center;">5,789</div> </div>	✓

■ Foreclosed assets ■ NPLs

Note: Data is considered on a like-for-like basis for comparison purposes. 2018 actual data includes 20% of the APS exposure. This risk is assumed by Sabadell in accordance with the APS protocol.

Progress towards 2020 targets

Sabadell ex-TSB

On track to meet 2020 financial targets with an improved asset quality profile

- **Core banking trends on track** to meet our original business plan targets
 - Increase in funding and MREL costs and delay in interest rate hikes will be offset by ...
 - ... improved volume revenue, upside on fees and slightly lower operating costs
- **Lower risk on capital** from the ALCO portfolio will lead to **lower trading** levels
- **NPA sales savings** will result in **lower provisions** and an increase in other operating results
- Digitalisation: **further progress on our commercial and digital transformation** over the next two years

Group capital

Organic capital generation will more than offset expected capital headwinds in the year

- **Fully-loaded CET1 pro forma ratio** to remain at **c.11%** in the coming quarters
- **Organic capital generation** will bring the ratio **above 11%** by **2019 year end**
- The **sale of non-core assets** could contribute **additional capital** above this level in the year
- Our current dividend policy of 40-50% dividend payout in cash (excluding extraordinary profits) is consistent with maintaining a fully-loaded CET1 pro forma above 11% throughout 2019 and at **12% during 2021**

Progress towards 2020 targets

TSB: the start of a new chapter

New financial plan will focus on boosting profitability by optimising efficiency and regaining commercial momentum

Key objectives achieved



Customer compensation nearly finalised



New modern stand-alone technology



Product functionality



Efficiency improvements



SME strategy already in place and full deployment expected for 2019

A strategic update will be presented by Debbie Crosbie, TSB's new CEO

[®] Sabadell



Estar donde estés.
Ser on siguis.
There, wherever you are.

Annex

2018 income statement - reported

In million EUR	Sabadell, Group				Sabadell, ex-TSB		
	2017	2018	% YoY constant FX	% YoY	2017	2018	% YoY
Net interest income	3,802.4	3,675.2	-2.9%	-3.3%	2,768.8	2,675.5	-3.4%
Equity method & dividends	315.9	64.7	-79.5%	-79.5%	315.7	64.6	-79.5%
Fees & Commissions	1,223.4	1,335.3	9.3%	9.1%	1,127.8	1,250.1	10.8%
Trading income & forex	622.5	225.4	-63.8%	-63.8%	512.9	207.7	-59.5%
Other operating results	-227.0	-290.4	28.1%	27.9%	-211.3	-230.1	8.9%
Gross operating income	5,737.3	5,010.2	-12.4%	-12.7%	4,514.0	3,967.7	-12.1%
Personnel recurrent costs	-1,546.9	-1,569.4	1.9%	1.5%	-1,163.0	-1,168.1	0.4%
Administrative recurrent costs	-1,116.7	-1,105.0	-0.4%	-1.1%	-614.8	-652.6	6.1%
Non recurrent & net one-off costs	-59.3	-246.0	319.3%	314.6%	-15.8	-40.2	154.1%
Depreciation & amortisation	-402.2	-353.1	-12.1%	-12.2%	-329.6	-264.5	-19.7%
Pre-provisions income	2,612.1	1,736.8	-33.3%	-33.5%	2,390.8	1,842.3	-22.9%
Total provisions & impairments	-2,196.4	-1,320.4	-39.9%	-39.9%	-2,107.6	-1,089.4	-48.3%
Gains on sale of assets	432.6	2.5	-99.4%	-99.4%	425.9	1.2	-99.7%
Negative goodwill	0.0	0.0	--	--	0.0	0.0	--
Profit before taxes	848.3	418.9	-50.2%	-50.6%	709.1	754.1	6.3%
Taxes	-43.1	-83.6	99.4%	94.2%	5.8	-179.0	--
Minority interest	3.7	7.1	92.0%	92.0%	3.7	7.1	92.0%
Attributable net profit	801.5	328.1	-58.8%	-59.1%	711.2	568.0	-20.1%

Note: The EURGBP exchange rate of 0.8851 used for the 2018 P&L corresponds to the daily average rate of 2018 (0.8759 as at 2017).

TSB's post-migration net one-off items

Post-migration net one-off items

In million EUR

	1Q18	2Q18	3Q18	4Q18	2018
NII and fees ¹	--	-36.3	-6.2	-6.2	-48.6
Other operating results	--	-39.8	-17.7	1.7	-55.8
Costs	--	-35.0	-63.5	-39.5	-138.0
Customer redress provisions	--	-92.4	--	-49.7	-142.1
Total one-offs	--	-203.5	-87.4	-93.7	-384.6
Cost savings initiatives	--	--	--	45.5	45.5
Total net one-offs	--	-203.5	-87.4	-48.2	-339.0

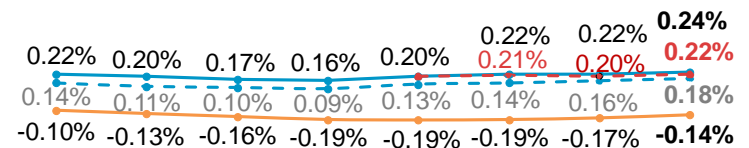
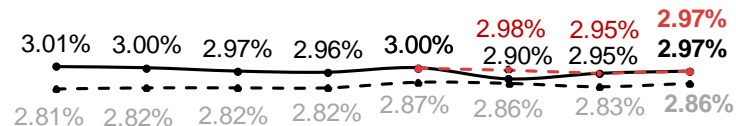
Note: The EURGBP exchange rate of 0.8871 used for TSB one-off items this quarter corresponds to the daily average rate of 4Q18.

¹ Includes the impact from the increase in Classic Plus Account interest to 5%.

Customer loan yield and cost of funds

Customer loan yield and cost of funds

In percentage



- Customer loan yield, Group
- Customer loan yield excl. TSB remedies, Group
- Customer loan yield, ex-TSB
- Cost of customer funds, Group
- Cost of customer funds excl. TSB remedies, Group
- Cost of customer funds, ex-TSB
- 12M Euribor (quarterly average)

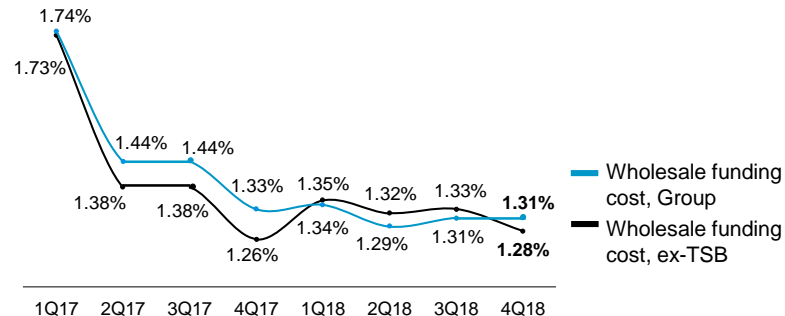
Note: All data is considered on a like-for-like basis for comparison purposes.

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

² Contractual rates for Euro term deposits.

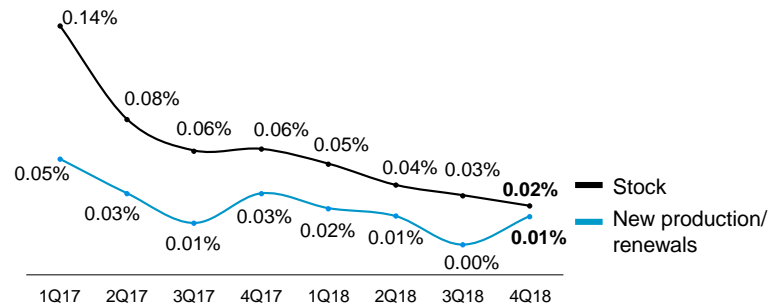
Wholesale funding cost¹

In percentage



Contractual rates on term deposits², ex-TSB

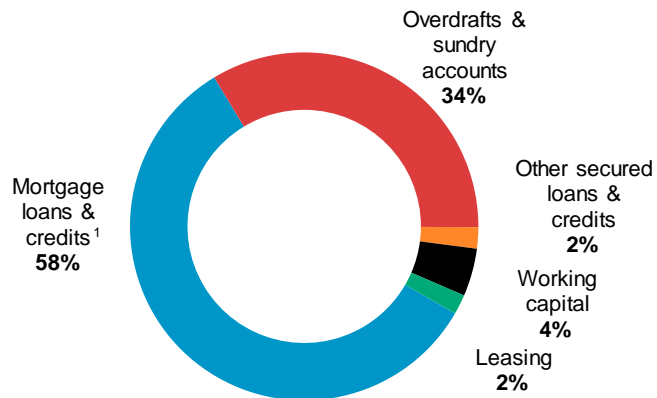
In percentage



Performing loans by product type

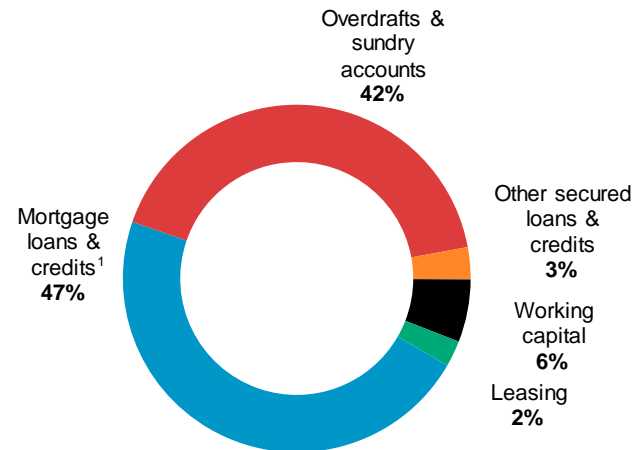
Sabadell Group

In percentage



Sabadell, ex-TSB

In percentage



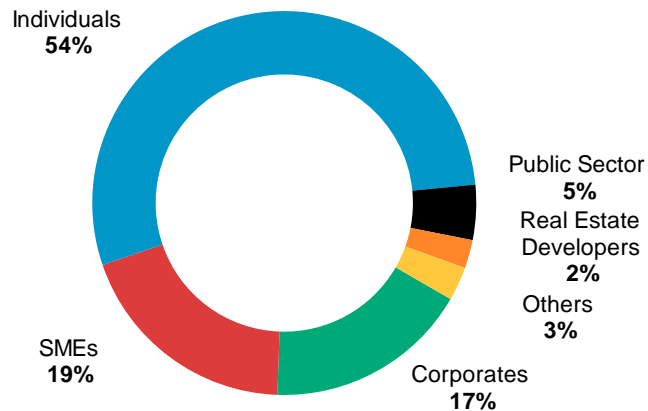
Note: Data as at December 2018.

¹ Includes mortgage loans and credits both to individuals and companies.

Business mix by customer type

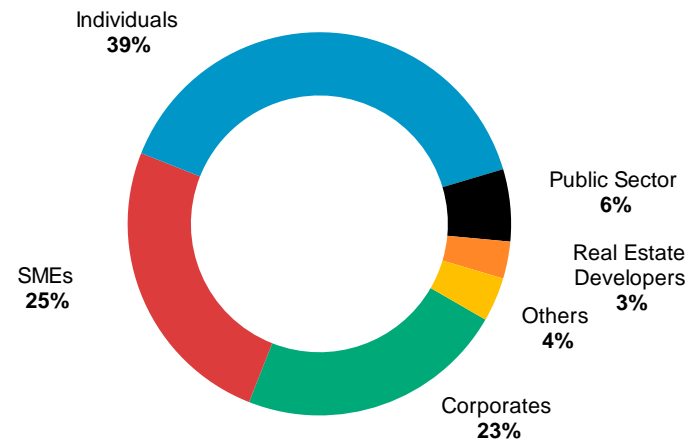
Sabadell Group

In percentage



Sabadell, ex-TSB

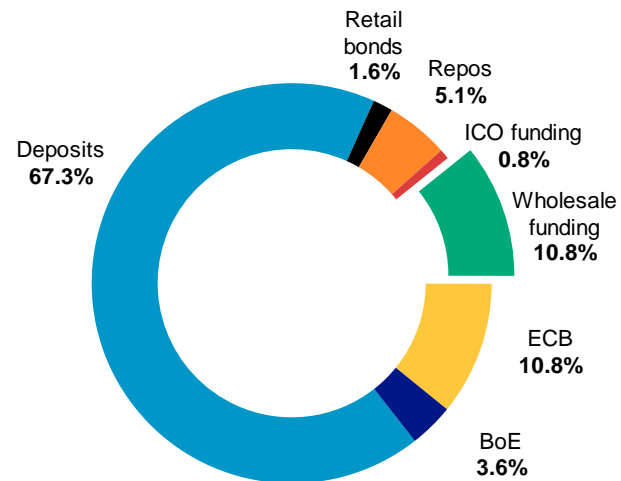
In percentage



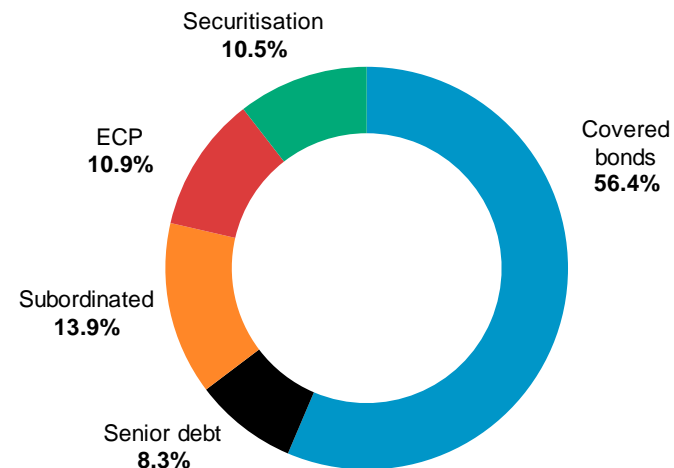
Funding structure, Sabadell Group

Funding structure

In percentage



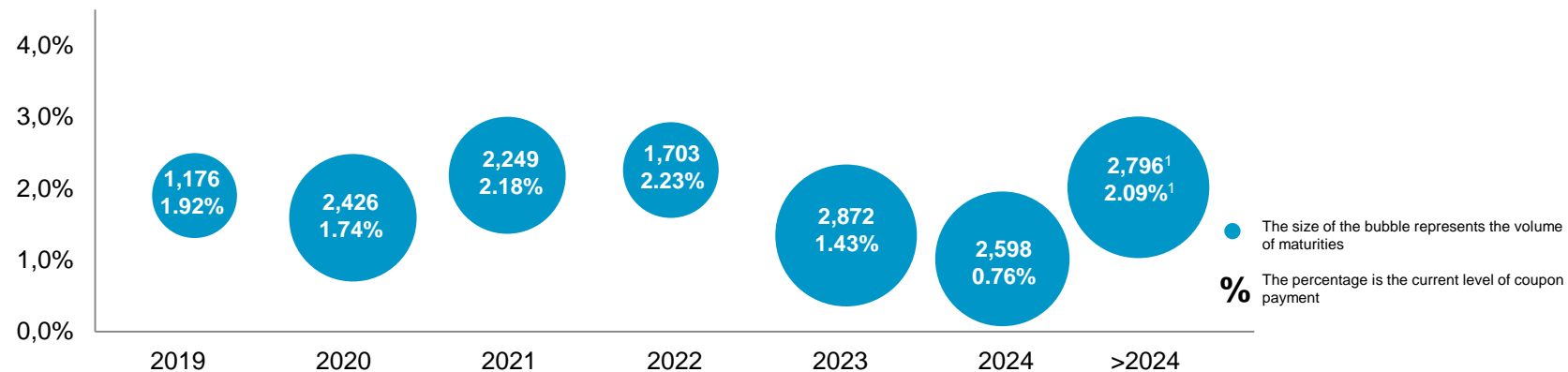
Wholesale funding breakdown



Wholesale funding maturities and cost

Upcoming wholesale maturities, Sabadell Group

In million EUR. In percentage



Maturity by product type, Sabadell Group

In million EUR

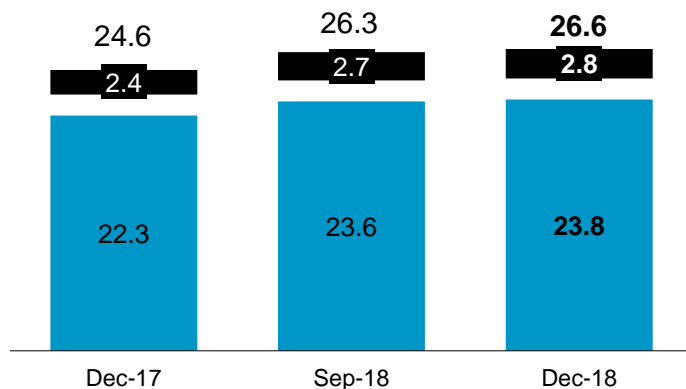
	2019	2020	2021	2022	2023	2024	>2024	Outstanding amount
Covered Bonds (CH)	1,124	2,015	1,808	1,678	1,388	1,850	2,301	12,165
Senior Debt	52	0	0	25	984	744	0	1,805
Subordinated Debt and AT1	0	411	430	0	500	0	1,660	3,001
Other mid- and long-term financial instruments	0	0	10	0	0	4	0	14
Total	1,176	2,426	2,249	1,703	2,872	2,598	3,961	16,985

¹ Excluding the AT1.

Fixed income portfolio

Fixed income portfolio evolution, Sabadell Group

In billion EUR



■ Fixed income portfolio, ex-TSB ■ TSB

Fixed income portfolio, Sabadell Group

In billion EUR

	Dec-17	Sep-18	Dec-18
Fixed income portfolio	24.6	26.3	26.6
% of total assets	11.1%	12.1%	11.9%
of which:			
Fair Value OCI fixed income portfolio	12.8	12.8	13.0
Fair Value OCI duration (yrs)¹	1.7	1.9	0.9

¹ Duration includes the impact of hedges.

Fixed income portfolio composition

Fixed income portfolio composition evolution, Sabadell Group

In billion EUR

	Dec-17	Sep-18	Dec-18
Spanish Government Debt	7.7	12.0	12.1
Italian Government Debt	9.6	5.9	5.8
UK Government Debt	1.9	2.2	2.3
Other Government Debt	2.6	3.3	3.3
of which:			
US Government	0.2	0.2	0.2
Portuguese Government	1.1	2.0	2.0
Mexican Government	0.7	0.6	0.6
Agencies	1.0	0.9	1.0
Covered Bonds	0.1	0.1	0.0
Corporates & Financials	1.7	1.9	2.0
Total	24.6	26.3	26.6
of which:			
Amortised Cost	11.2	13.0	13.1
Fair Value OCI	12.8	12.8	13.0

Evolution of NPLs and foreclosed assets

Evolution of NPLs and foreclosed assets, ex-TSB

In million EUR

	4Q17	1Q18	2Q18	3Q18	4Q18 20% APS
Gross entries (NPL)	617	481	330	385	354
Recoveries	-956	-539	-573	-600	-1,053 ³
Net NPL entries	-339	-58	-243	-215	-699
Gross entries (foreclosed assets)	254	294	176	129	209
Sales ¹	-1,624 ²	-271	-419	-264	-5,706 ³
Change in foreclosed assets	-1,370	23	-244	-135	-5,497
Net NPL entries + Change in foreclosed assets	-1,709	-35	-487	-350	-6,196
Write-offs	-66	-216	-268	-187	-106
Foreclosed assets and NPLs quarterly change	-1,775	-251	-755	-538	-6,302

Note: Includes contingent risk. Sabadell ex-TSB's NPLs and foreclosed assets include 20% of the problematic exposure included in the APS. This risk is assumed by Sabadell in accordance with the APS protocol.

¹ Includes other outcomes.

² Includes €1,252M carved out into our new business line *Solvia Desarrollos Inmobiliarios*.

³ Includes NPAs sold in Q2 and reclassified as non-current assets held for sale (€279M of NPLs and €5,521M of foreclosed assets).

Forbearance exposure, reported

Forborne and restructured loans, Sabadell Group

In million EUR

	Total	Of which: doubtful
Public sector	20	20
Companies and self-employed	3,144	1,810
Of which: Financing for construction and real estate development	555	405
Individuals	2,110	1,209
Total	5,274	3,040
Provisions	1,136	992

NPL ratio breakdown, reported

NPL ratios by segment, ex-TSB

In percentage

	4Q17	1Q18	2Q18	3Q18	4Q18 20% APS ¹	4Q18 100% APS
Real Estate development and/or construction purposes	21.37%	19.80%	17.66%	16.16%	12.81%	15.68%
Construction purposes non-related to real estate dev.	6.87%	7.17%	6.42%	5.58%	5.63%	5.68%
Large corporates	3.33%	3.53%	3.12%	2.60%	2.32%	2.32%
SME and small retailers and self-employed	8.09%	7.88%	7.40%	7.05%	6.26%	6.48%
Individuals with 1 st mortgage guarantee assets	6.88%	6.50%	6.04%	5.89%	5.52%	5.82%
NPL ratio, Sabadell ex-TSB	6.57%	6.38%	5.77%	5.44%	4.79%	5.04%

Note: Includes contingent risk.

¹ Sabadell ex-TSB's NPLs include 20% of the problematic exposure included in the APS. This risk is assumed by Sabadell in accordance with the APS protocol.

APS main figures

APS breakdown and evolution

In million EUR

Concept	Jun-12 ^{1,2}	Dec-18 ²	Var. (%)
Gross loans and advances	19,117	2,300	-88.0%
of which at-risk	18,460	2,292	-87.6%
of which contingent guarantees and liabilities	657	8	-98.8%
Real estate assets	4,663	233	-95.0%
Equity stakes	504	40	-92.1%
Write offs	360	620	72.3%
Total	24,644	3,194	-87.0%

Post institutional NPA sales, the APS book has decreased by 87% (c. €21.5bn) since inception

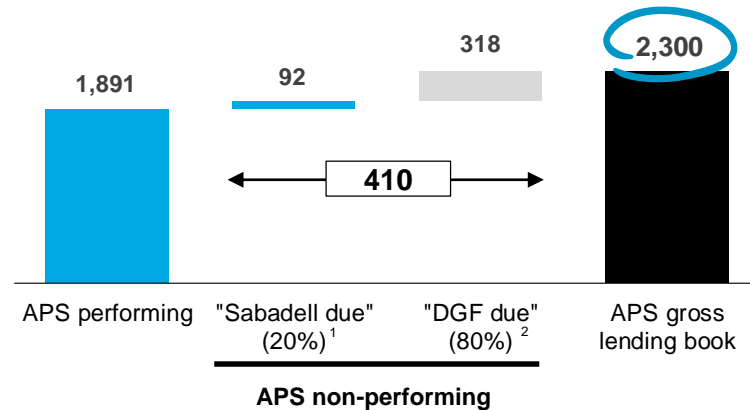
¹ The APS came into effect on June 1, 2012 with retroactive effects from July 31, 2011.

² Gross of original existing provisions.

APS gross loan and developers exposure

APS gross loans and advances (as at Dec-18)

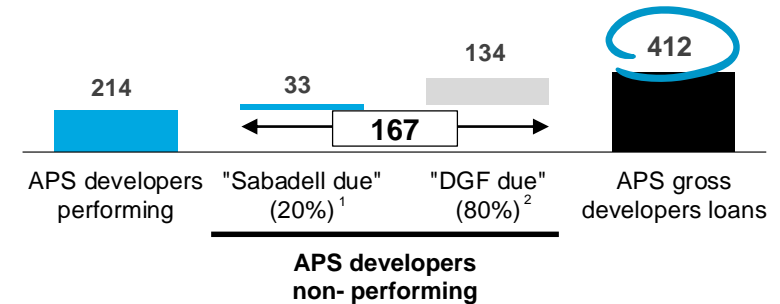
In million EUR



The total APS NPL ratio is 17.8%

APS developers loans (as at Dec-18)

In million EUR



The developers APS NPL ratio is 40.7%

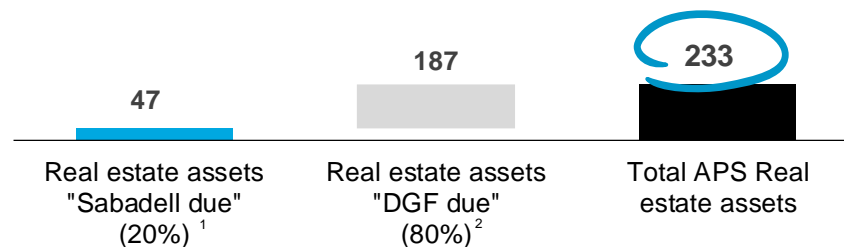
¹ 20% of total APS non-performing credit risk is assumed by Sabadell as per the APS protocol.

² 80% of total APS non-performing credit risk is transferred to the Deposit Guarantee Fund ("DGF") as per the APS protocol.

APS real estate asset book

APS real estate (as at Dec-18)

In million EUR



¹ 20% of all APS real estate losses are assumed by Sabadell as per the APS protocol.

² 80% of all APS real estate losses are assumed by the Deposit Guarantee Fund ("DGF") as per the APS protocol.

APS exposure and provisions overview

APS provisions and exposure (as at Dec-18)

In million EUR

	APS Exposure	APS Provisions	APS Coverage
Total APS problematic exposure			
Non-performing credit	410	167	40.8%
of which "DGF due" ¹	318	134	
Real estate assets	233	95	40.8%
of which "DGF due" ¹	187	76	
Total APS problematic credit and assets	643	262	40.8%
Total APS developers loans			
Non-performing developers credit	167	89	53.3%
of which "DGF due" ¹	134	71	
Total APS problematic developers credit and assets	401	184	46.0%

¹ "DGF due" represents 80% of APS exposure which risk has been assumed by the Deposit Guarantee Fund ("DGF") as per the APS protocol.

Sabadell Group's credit ratings and outlook

	Long Term	Short Term	Outlook	Last update
DBRS	BBB (High)	R-1 (low)	Positive	16.07.2018
STANDARD & POOR'S	BBB	A-2	Stable	19.09.2018
MOODY'S¹	Baa3/ Baa2	P-3/ P-2	Stable/Stable	19.09.2018

¹ Relates to senior debt and deposits, respectively.

Sabadell share: key data

	Dec-17	Dec-18
Shareholders and trading		
Number of shareholders	235,130	235,523
Average number of shares (million)	5,570	5,565
Share price		
Closing session (end of quarter) (€)	1.656	1.001
Market capitalisation (€ million)	9,224	5,568
Stock market multiples		
Earnings per share (EPS) (€) ¹	0.14	0.05
Book value per share (€)	2.41	2.25
Price / Book value (x)	0.69	0.45
Price / Earnings ratio (P/E) (x) ¹	11.85	20.11
Tangible Book Value per share (€)	2.00	1.80

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

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