

Sabadell

1Q19 results

April 26, 2019

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Business
performance

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Financial results

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Balance sheet

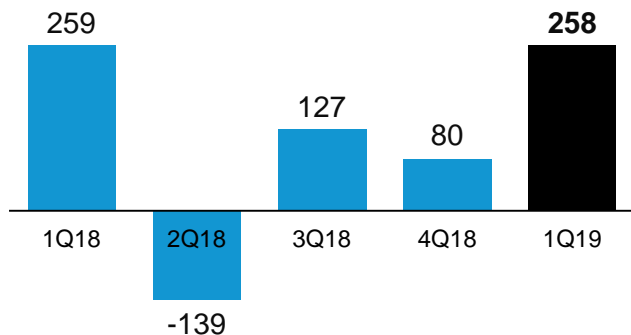
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Closing remarks

1Q19 highlights: profitability and value creation

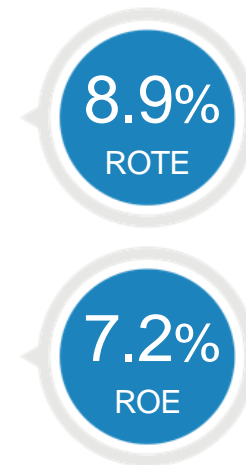
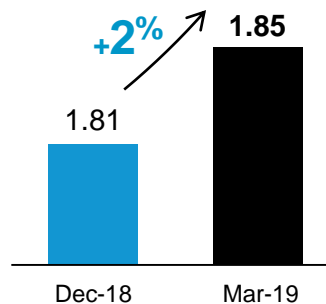
Sabadell quarterly results...

Group attributable net profit
€M



... support shareholder value creation

TBV per share + dividends
€



TBV per share expected to improve by >5% in 2019

Positive organic capital generation and TBV per share improvement in 2019

Guidance recap

Group target 2019E

Net interest income	1% - 2%
Fees & commissions	High single digits
Trading income ¹	€80 -100M
Efficiency ratio (excl. amortisation)	c.55%
Cost of risk	45bps
TSB	Small positive contribution The guidance will be updated when the new CEO finishes her review of the Plan

50bps

2019E organic capital generation²

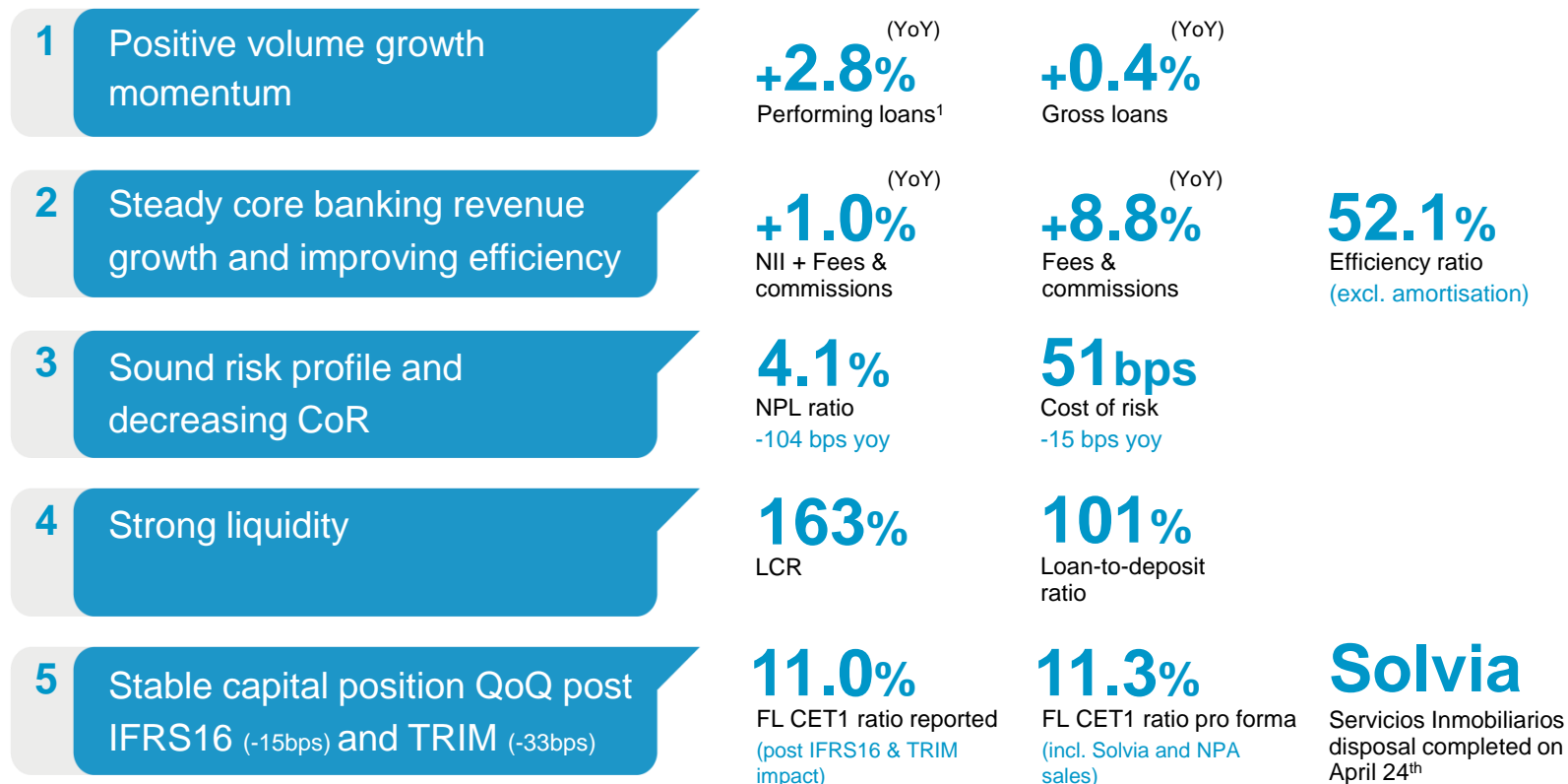
>5%

TBV per share growth

Guidance implies a ROE of c.7% and a fully loaded CET1 of 11.6% or higher

¹ Includes foreign exchange income. ² Assuming a dividend cash pay-out ratio of 50% of recurrent profits.

1Q19 highlights: business performance and capital



Note: Growth rates expressed in constant FX. ¹ Exclude CAM APS NPL run-off.

1

Business performance

Positive group loan growth driven by Spain and Mexico

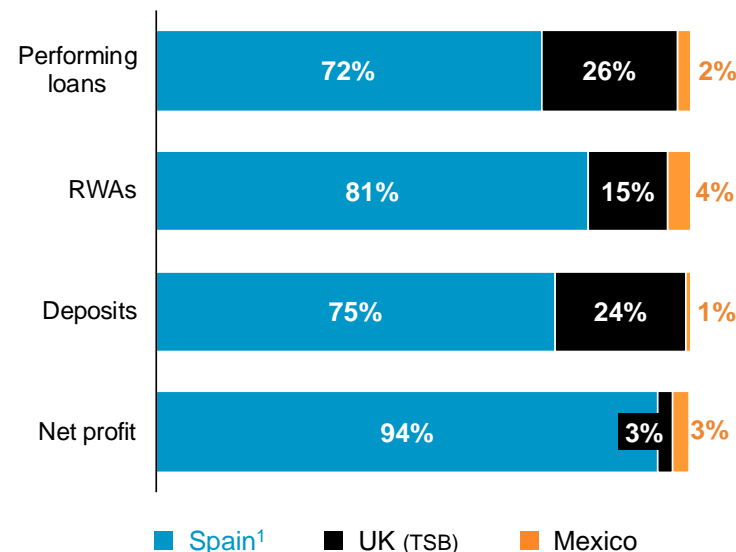
Group performing loans evolution by geography

€M

	Mar-19	Change (const. FX)	
		QoQ	YoY
Spain	98,666	+0.2%	+4.5%
of which: foreign branches	7,882	+0.2%	+26.5%
UK	35,042	0.0%	-3.4%
Mexico	3,339	+1.2%	+28.1%
Total	137,048	+0.2%	+2.8%

Business distribution across geographies

Mar-19

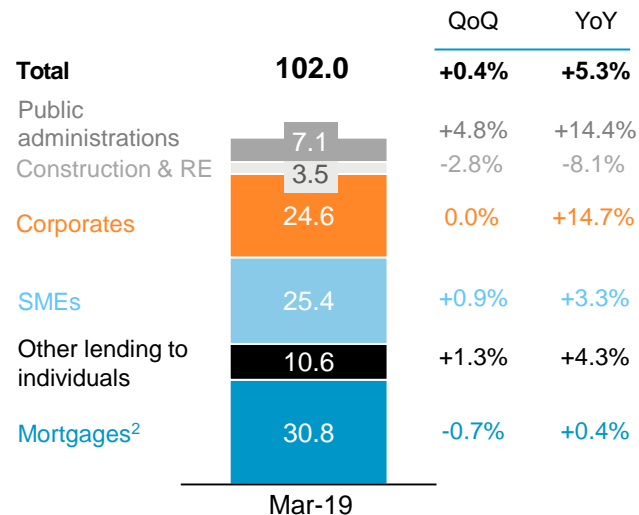


Note: Performing loans exclude CAM APS NPL run-off. ¹ Includes foreign branches.

Commercial activity at Sabadell, ex-TSB

Performing loans¹

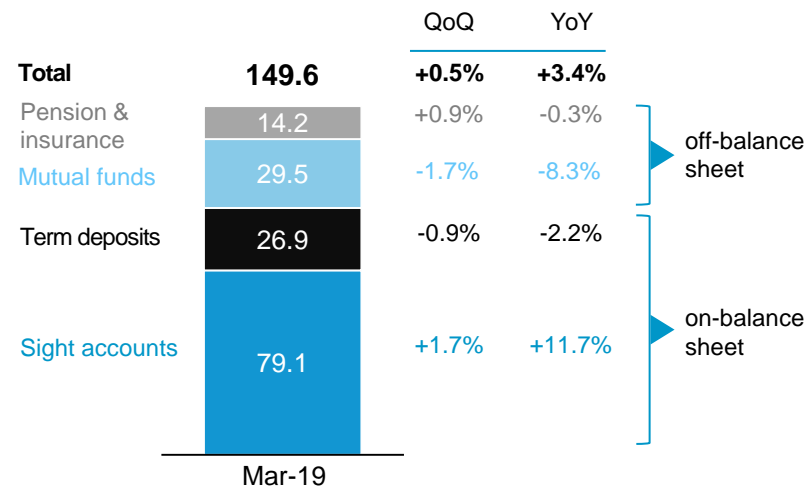
€Bn



- SMEs and other lending to individuals have driven credit growth QoQ, offsetting deleveraging in other segments

Customer funds

€Bn

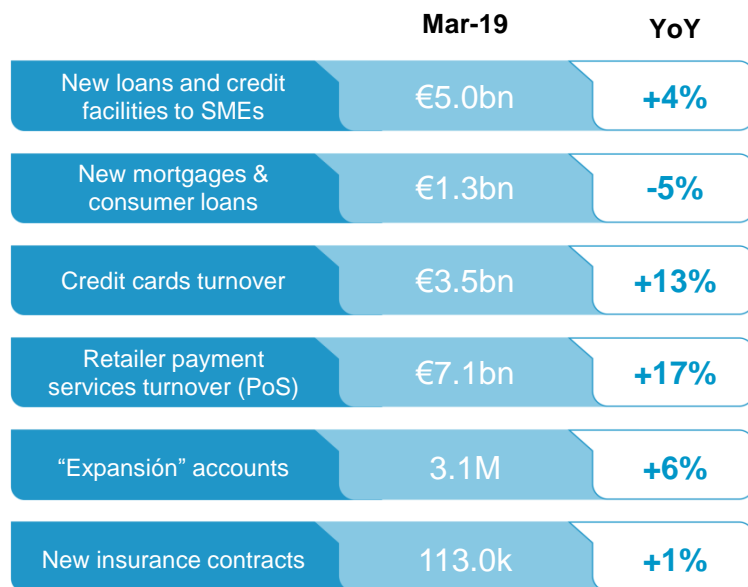


- Customer funds growth YoY reflects the strength of our banking franchise
- Positive dynamics continue in pension & insurance

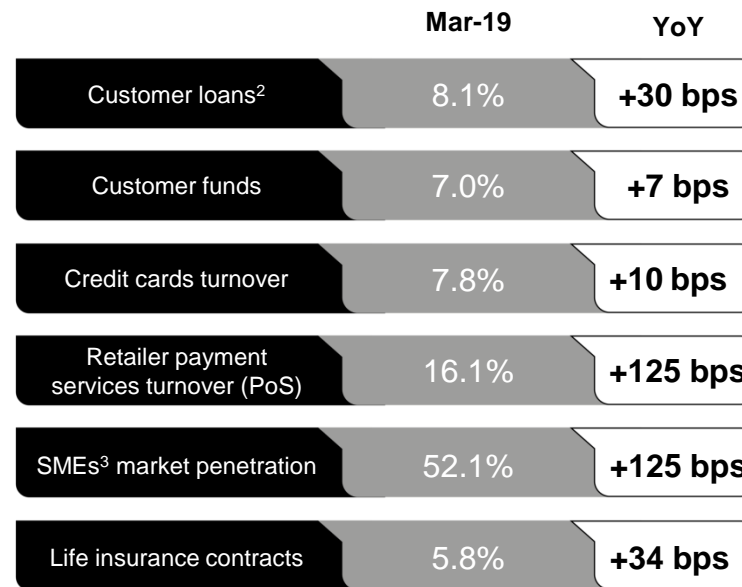
¹ Exclude CAM APS NPL run-off. ² Refers to residential mortgages to individuals within Spain only.

Strong commercial momentum across products in Spain

Activity across products



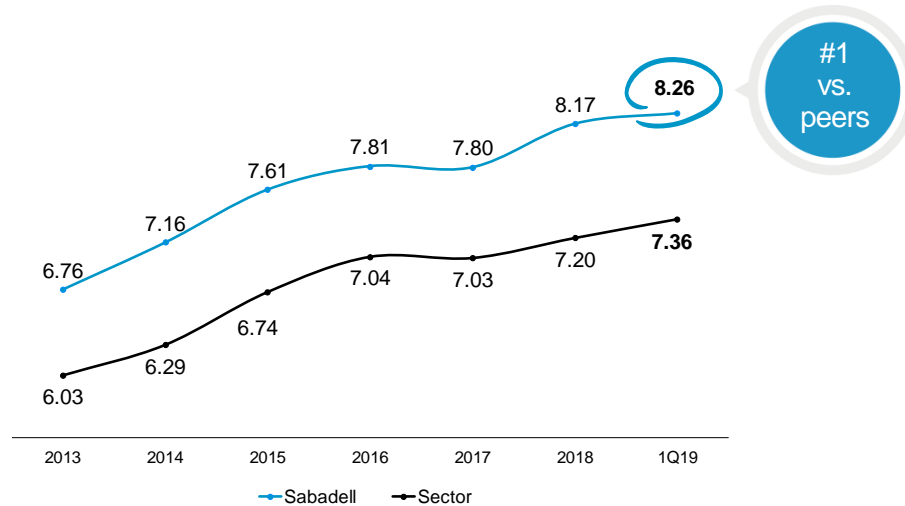
Market share¹



¹ 2019 figures correspond to latest data available. Sources include Bank of Spain, ICEA, Inverco and Servired. ² Excluding repos and CAM APS NPL run-off. ³ Companies with a turnover between €0.9M and €10M.

Sabadell continues to be the leader in service quality...

Evolution of the service quality index¹



Net promoter score (“NPS”)²

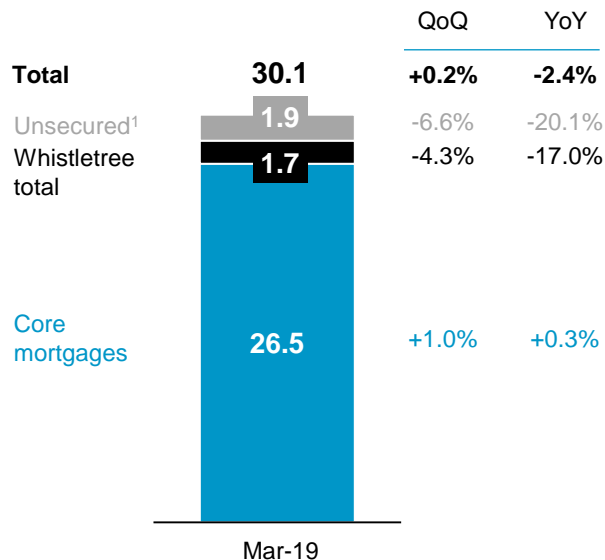
	2019	Ranking
Corporates	32%	1 st
SMEs	19%	1 st
Personal banking	25%	2 nd
Retail banking	7%	3 rd

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

Growth in loans and deposits at TSB in the quarter

Net loans

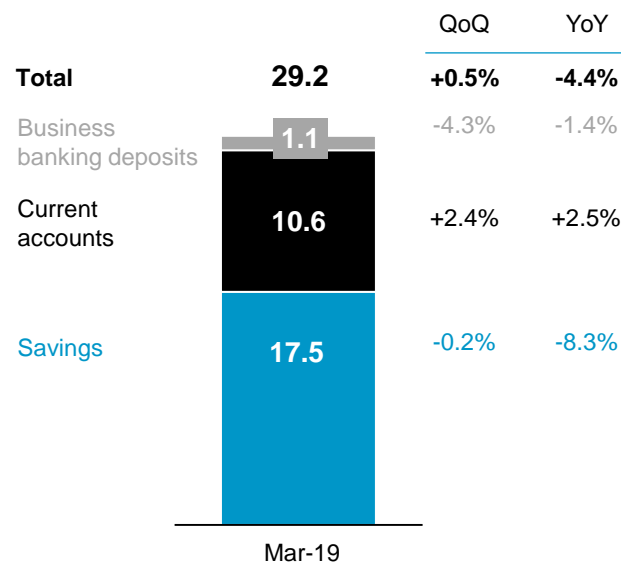
£Bn



- QoQ increase in mortgage balances primarily driven by strong mortgage applications in 4Q18, with the benefit reflected in 1Q19

Customer funds

£Bn



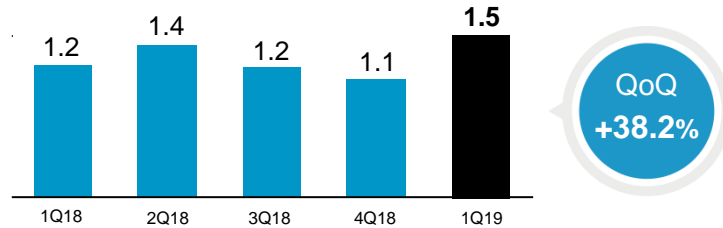
- Current accounts increase driven by higher balances

¹ Includes business banking.

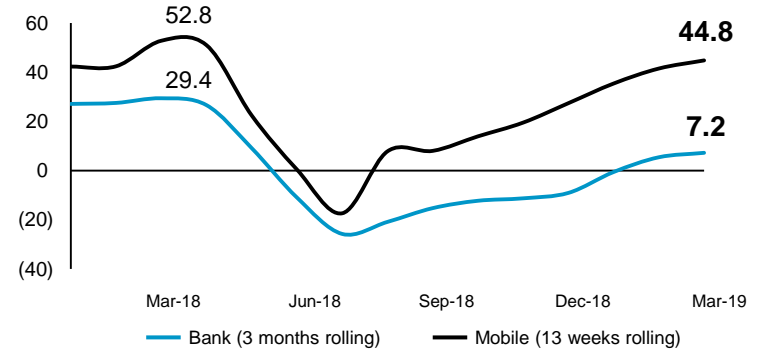
TSB has regained momentum

New mortgage lending

£Bn (broker + branch)

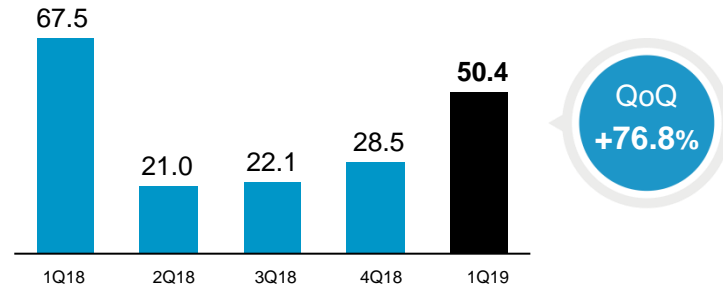


NPS



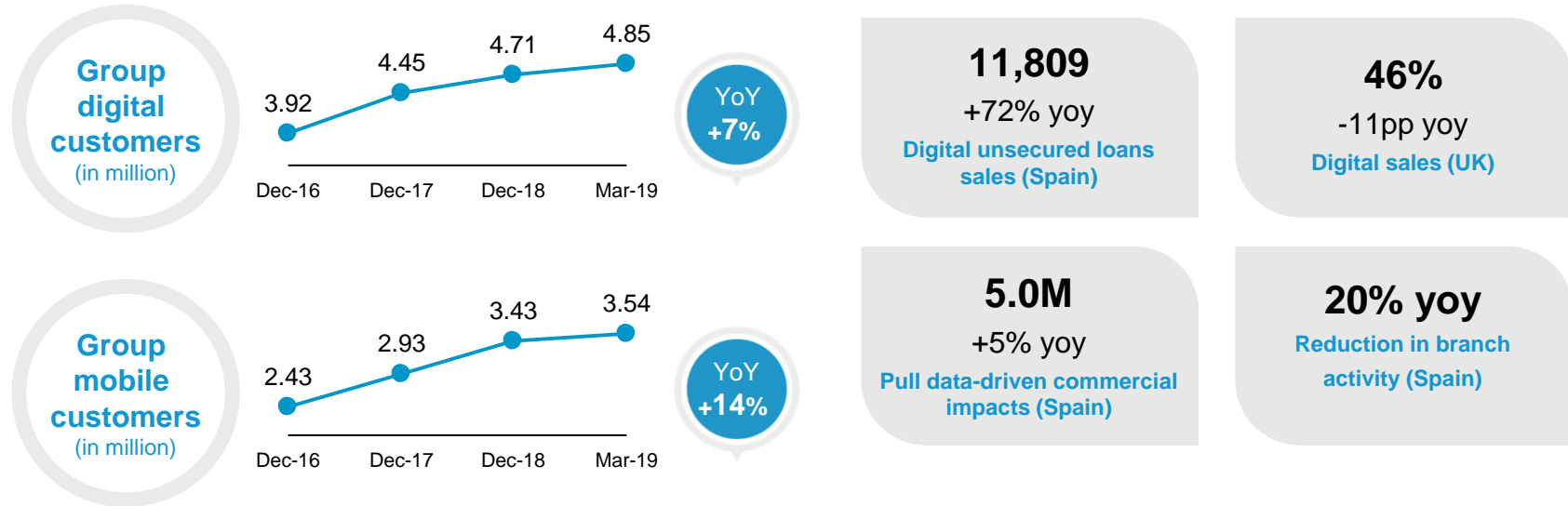
Personal current accounts

New openings + switch ins. In thousands



100%
complaints related to migration resolved

Strongly committed to our digital transformation



New digital initiatives



Sabadell Blink
Sabadell's first all-digital insurance offering



TSB Digital Franchise Loans
Unsecured lending through digital channels



Note: Data as at March 2019.

2

Financial results

Quarterly income statement

€M	Sabadell, Group			Sabadell, ex-TSB		
	1Q19	%QoQ	%YoY	1Q19	%QoQ	%YoY
Net interest income	901	-3.8%	-1.7%	656	-3.4%	-0.3%
Fees & commissions	343	-4.2%	8.8%	316	-4.9%	8.6%
Core banking revenue	1,243	-3.9%	1.0%	972	-3.9%	2.4%
Trading income & forex	67	nm	-70.2%	51	nm	-76.5%
Other income & expenses	13	nm	nm	1	nm	-81.4%
Gross operating income	1,324	17.0%	-9.3%	1,025	19.0%	-12.7%
Operating expenses	-664	-8.4%	-12.3%	-434	-11.3%	-4.8%
Depreciation & amortisation	-113	31.7%	28.9%	-80	34.0%	14.8%
Pre-provisions income	547	70.6%	-11.1%	511	63.5%	-21.2%
Total provisions & impairments	-190	-21.2%	-22.5%	-169	-1.8%	-23.8%
Gains on sale of assets and other results	1	nm	nm	1	nm	nm
Profit before taxes	358	nm	-3.1%	343	>100%	-19.5%
Taxes and minority interest	-100	nm	-9.6%	-92	>100%	-25.0%
Attributable net profit	258	>100%	-0.4%	251	>100%	-17.2%

IFRS16 Group impact
(€M)- neutral on profit

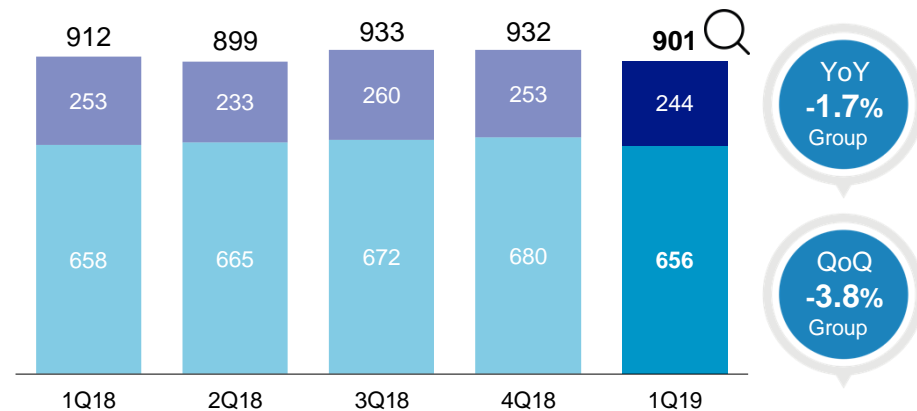
Net interest income	Operating expenses	Depreciation & amortisation
-4	30	-26

Note: The EURGBP exchange rate of 0.8770. Group growth rates expressed in constant FX. nm refers to non-meaningful (growth rates above 300%).

NII declined in the quarter mainly driven by seasonality

Group net interest income evolution

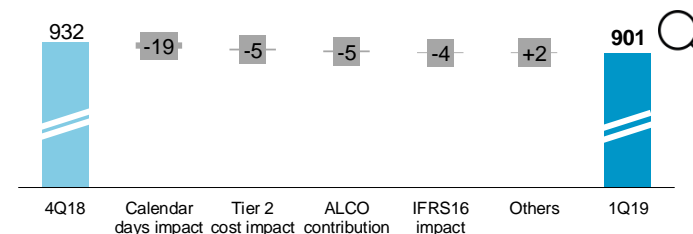
€M



	QoQ	YoY
Sabadell, ex-TSB	-3.4%	-0.3%
TSB	-4.5%	-4.6%

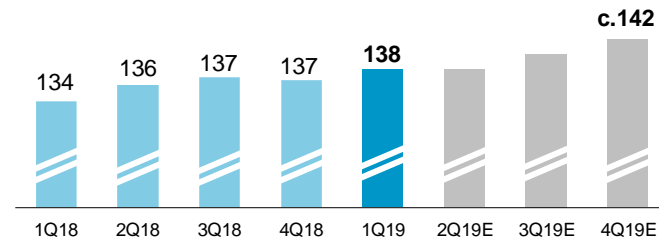
Group net interest income QoQ evolution

€M



Group loans evolution

€Bn. Quarterly average balance



On track to meet 1% – 2% NII growth target by year-end supported by increasing volumes throughout the year

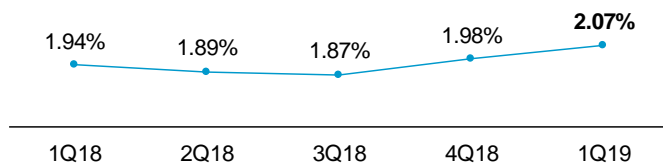
■ Sabadell ex-TSB ■ TSB

Note: Group and TSB growth rates expressed in constant FX.

Overall front book pricing continued to increase in Spain

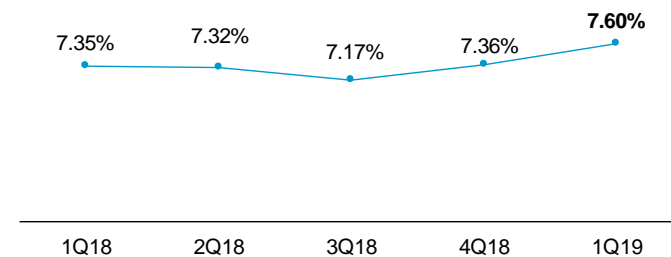
Mortgages to individuals

Yields. In Spain.



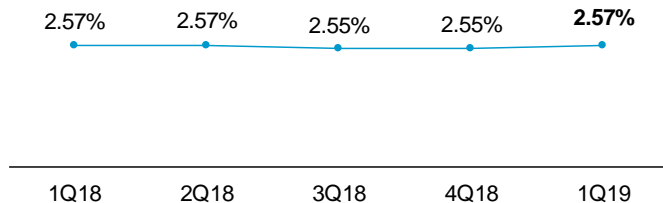
Consumer loans

Yield. In Spain. Excludes Sabadell Consumer Finance



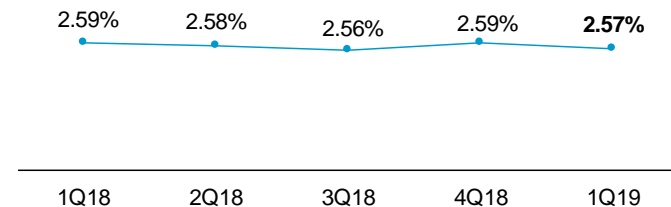
Loans to SMEs and Corporates

Yield. In Spain.



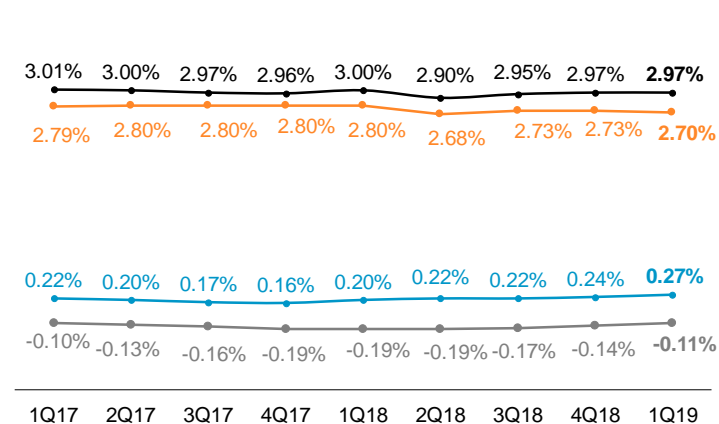
Credit line for SMEs and Corporates

Yield. In Spain.



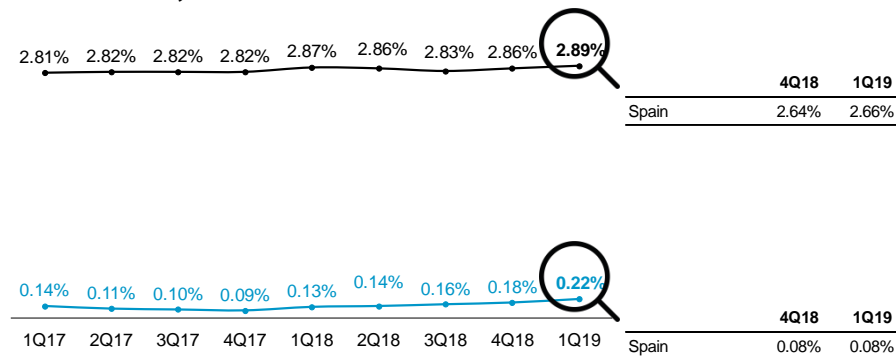
Customer loan yield and cost of funds evolution

Sabadell Group

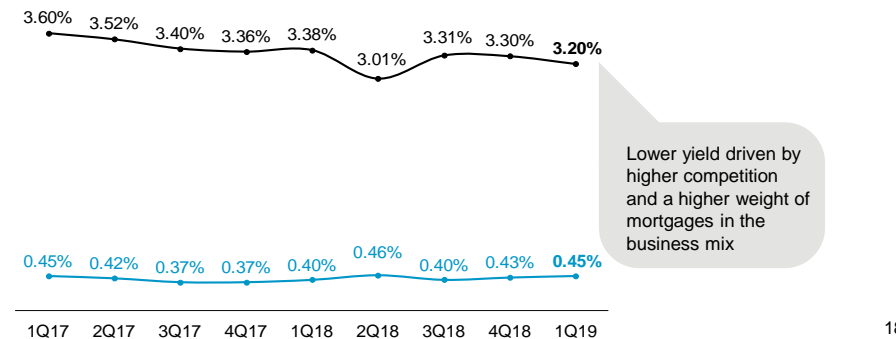


- Customer loan yield
- Cost of customer funds
- Customer spread
- Euribor 12M (quarterly average)

Sabadell, ex-TSB



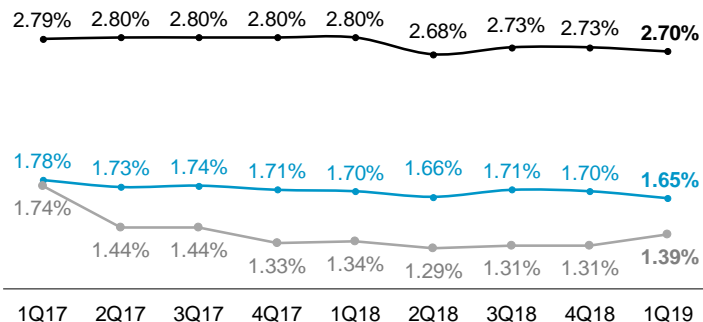
TSB



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

Customer spread, net interest margin and wholesale funding cost evolution

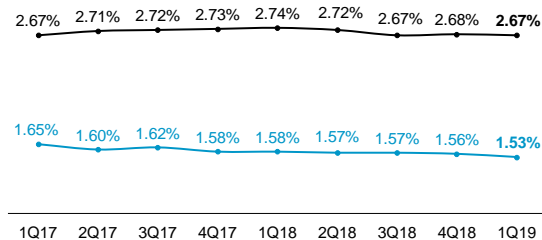
Sabadell Group



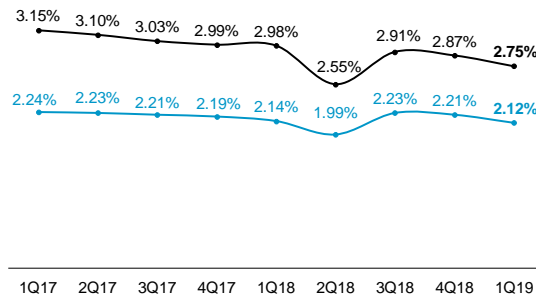
— Customer spread — Net interest margin (NIM) as % of ATA
 — Wholesale funding cost

- NIM impacted by higher wholesale funding costs (Tier 2) and higher liquidity in the quarter

Sabadell, ex-TSB



TSB

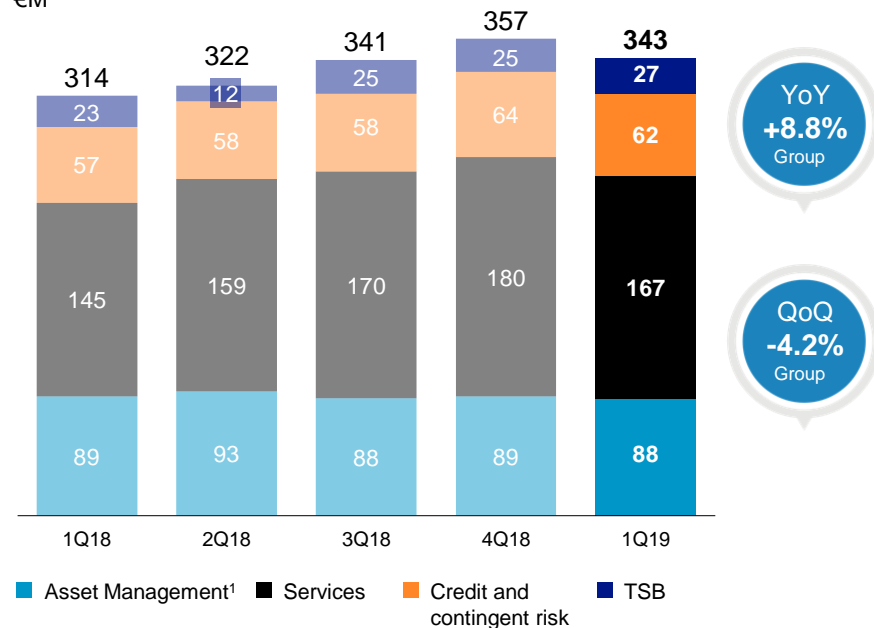


Note: All data is considered on a like-for-like basis for comparison purposes.

Fees & commissions continued to grow in the year

Group fees & commissions evolution

€M



	QoQ	YoY
Sabadell, ex-TSB	-4.9%	+8.6%
of which		
Credit and contingent risk	-3.0%	+8.6%
Services	-7.2%	+14.7%
Asset Mgmt. ¹	-1.5%	-1.5%
TSB	+5.7%	+13.2%

- Solid YoY performance both at ex-TSB and TSB level
- QoQ growth impacted by seasonality and fewer calendar days in the quarter

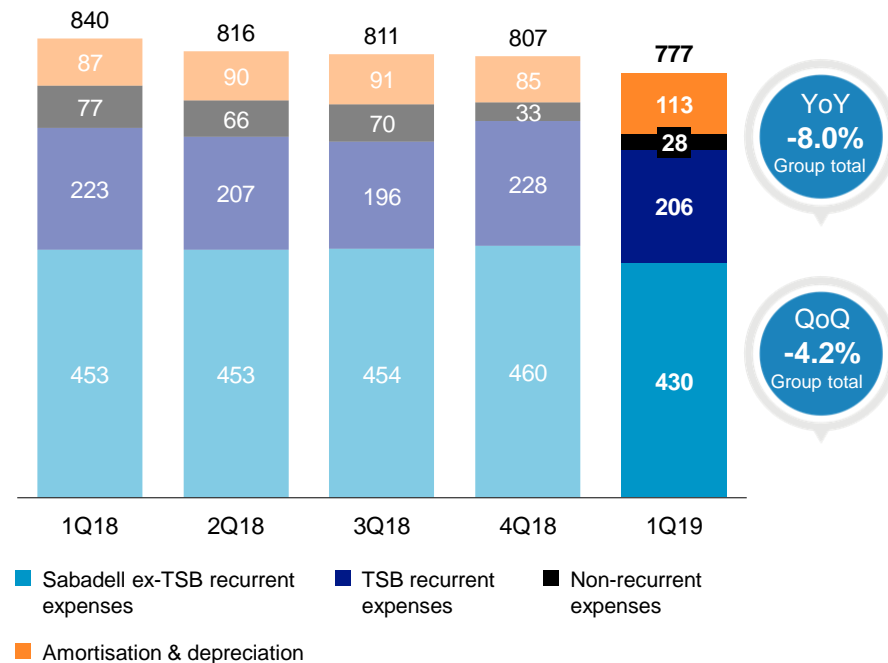
On track to meet high single-digit fee growth target by year-end

Note: Group and TSB growth rates expressed in constant FX. ¹ Includes mutual funds, pension funds, insurance brokerage and wealth management commissions.

Efficiency on track to meet our YE target of c.55%

Group expenses evolution

€M



Recurrent expenses & amortisation	QoQ	YoY
Sabadell, ex-TSB	-1.9%	-2.3%
TSB	-7.1%	-2.3%

Efficiency ratio
(excl. amortisation)

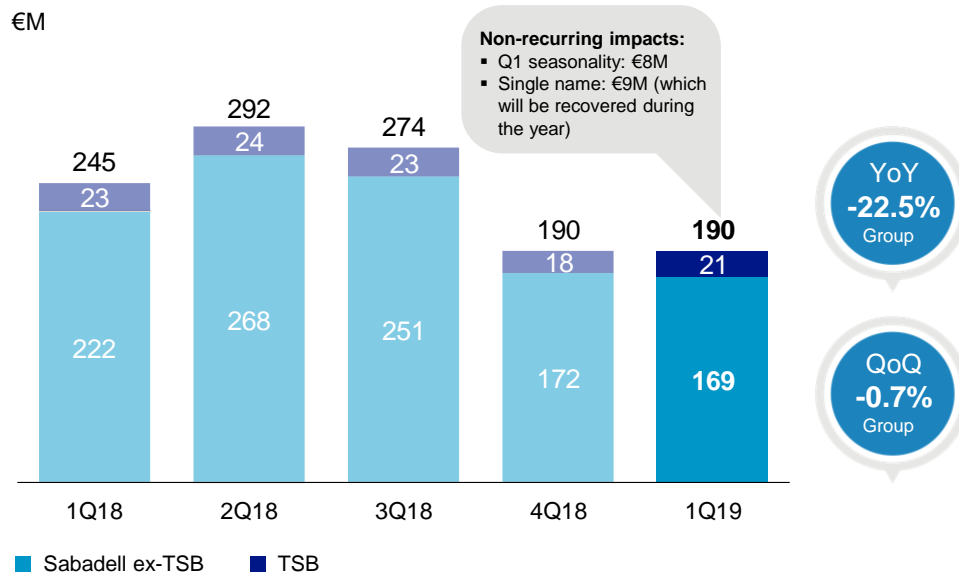
52.1%

- General expenses were positively impacted by IFRS16 (-€22M at Sabadell, ex-TSB and -€8M at TSB) while amortisations were negatively impacted (€18M at Sabadell, ex-TSB and €8M at TSB)

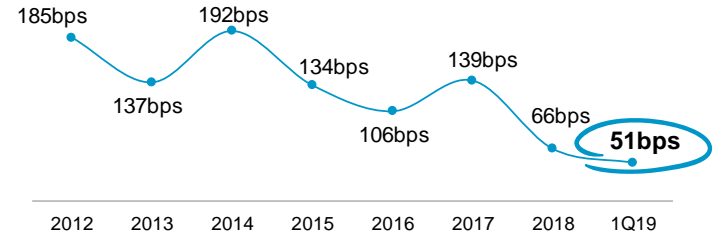
Cost of risk continued to improve in the quarter

Group total provisions¹

€M



Cost of risk has decreased significantly over the last few years



Cost of risk showed good progress towards achieving our year-end target of 45bps

Note: Group growth rate is expressed in constant FX. ¹ Excludes €177.1M of extraordinary provisions for the large institutional NPA sales announced in 2Q18 and €92.4M of customer redress provisions at TSB in 2Q18 and €49.7M in 4Q18.

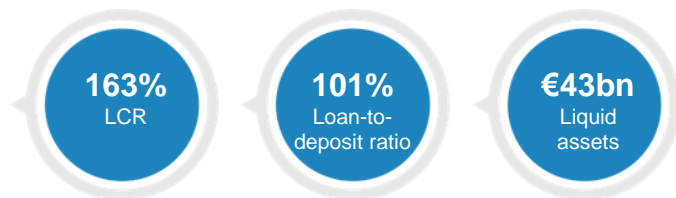
3

Balance sheet

Strong liquidity position

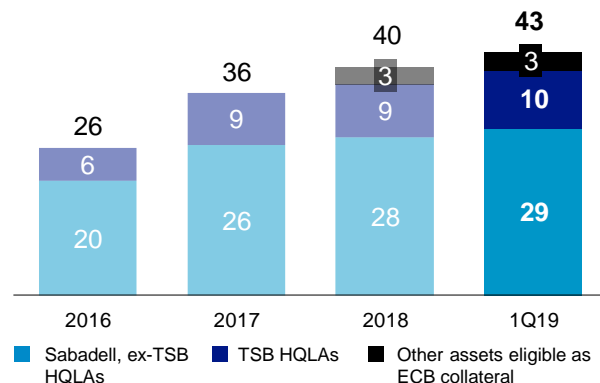
Liquidity indicators

Sabadell Group



Total liquid assets

€Bn



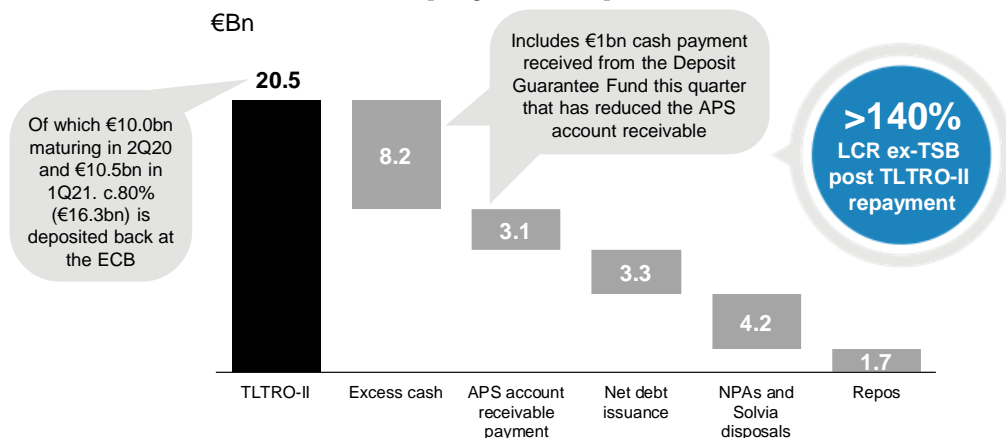
Credit ratings

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

Standard & Poor's	BBB Stable	Fitch Ratings	BBB Stable	NEW
Moody's	Baa3 Stable	DBRS	BBB (high) Positive	

TLTRO-II repayment plan

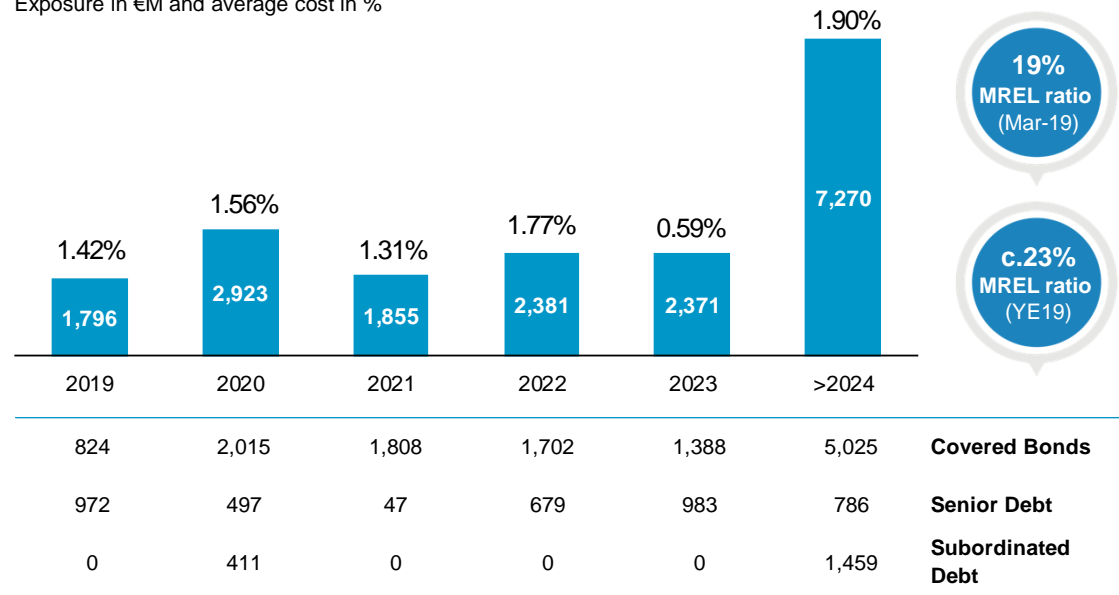
€Bn



Funding and MREL plan

Debt maturities and average cost, Sabadell Group

Exposure in €M and average cost in %



Manageable issuances of MREL-eligible instruments to replace existing debt maturities

Debt issuance plan

AT1 and T2

- Buckets nearly completed
- No new transactions in 2019

Senior Non Preferred

- Inaugural benchmark transaction in 2Q19
- Expected annual volume of c.€1.5bn for the next 3 years

Senior Preferred

- c.€1bn issued YTD in the Spanish domestic market with an average cost of 0.6%
- Additional issuances of c.€1.5bn expected in 2019, and less in the following years

Covered bonds & Securitisation

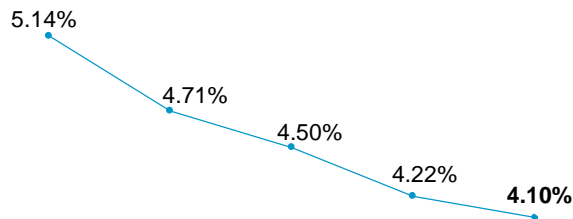
- £750M issued YTD in UK
- Additional issuance of c. €1.5bn (equivalent) expected in 2019

Sabadell's risk profile continued to improve in the quarter

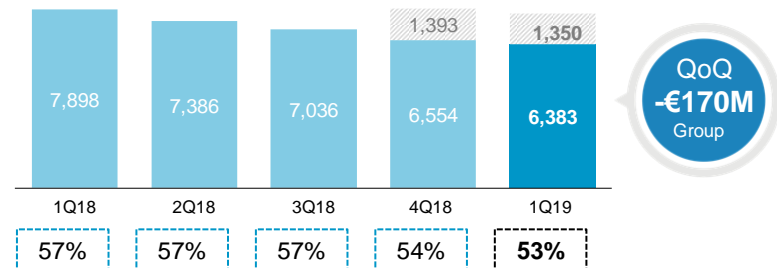
Group NPLs and coverage

€M

NPL ratio



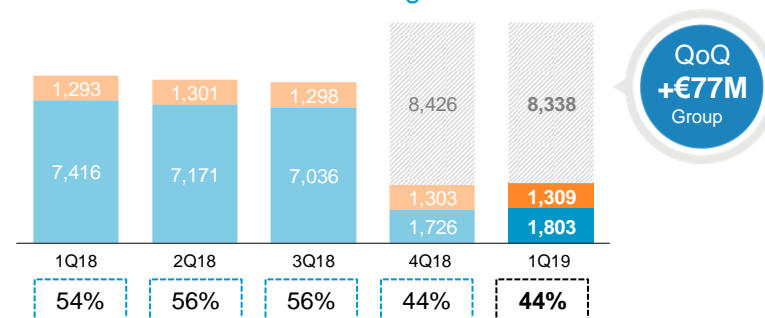
NPLs and coverage



Group foreclosed assets and coverage

€M

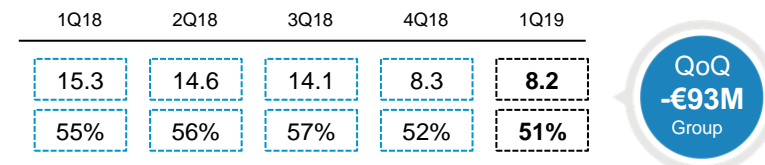
Foreclosed assets and coverage



Group NPAs and coverage

€Bn

NPAs and coverage



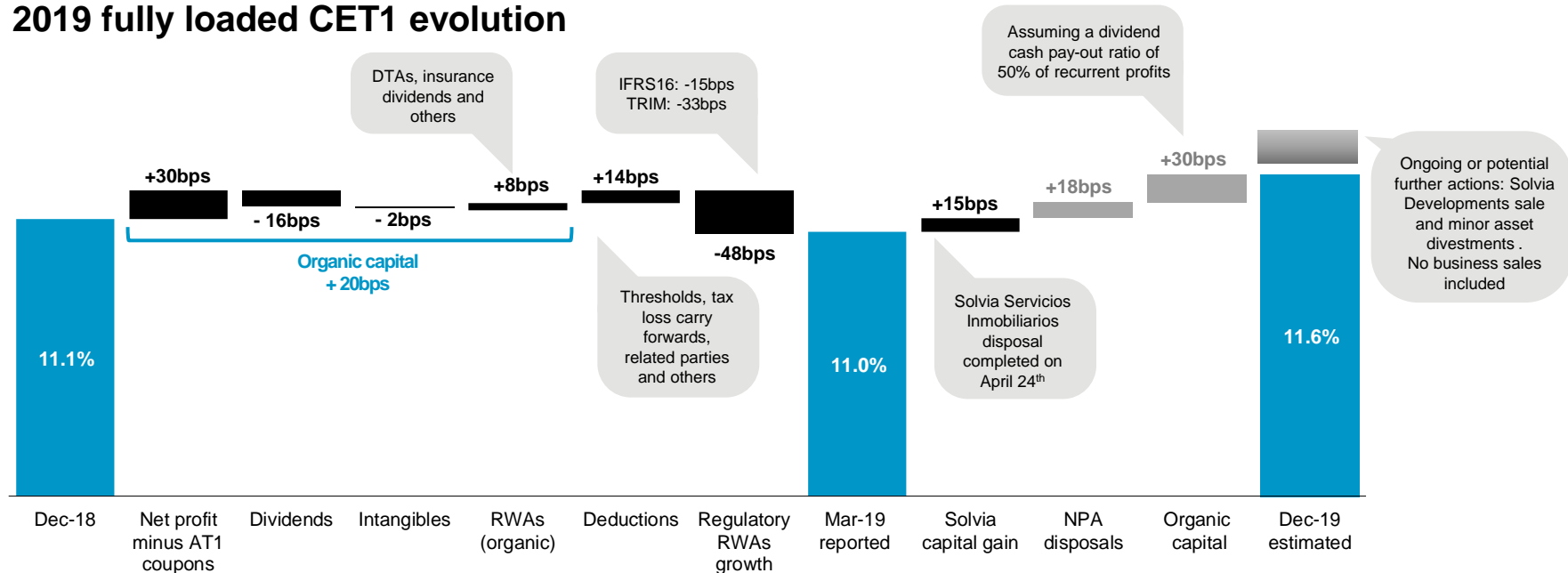
Note: Includes contingent risk. NPAs include 100% of APS exposure from 4Q18 onwards to reflect reporting change.

■ Solvia Developments carve-out

▨ NPAs sold in Q2 and reclassified as non-current assets held for sale

Fully loaded CET1 of 11.6% or higher by year end

2019 fully loaded CET1 evolution

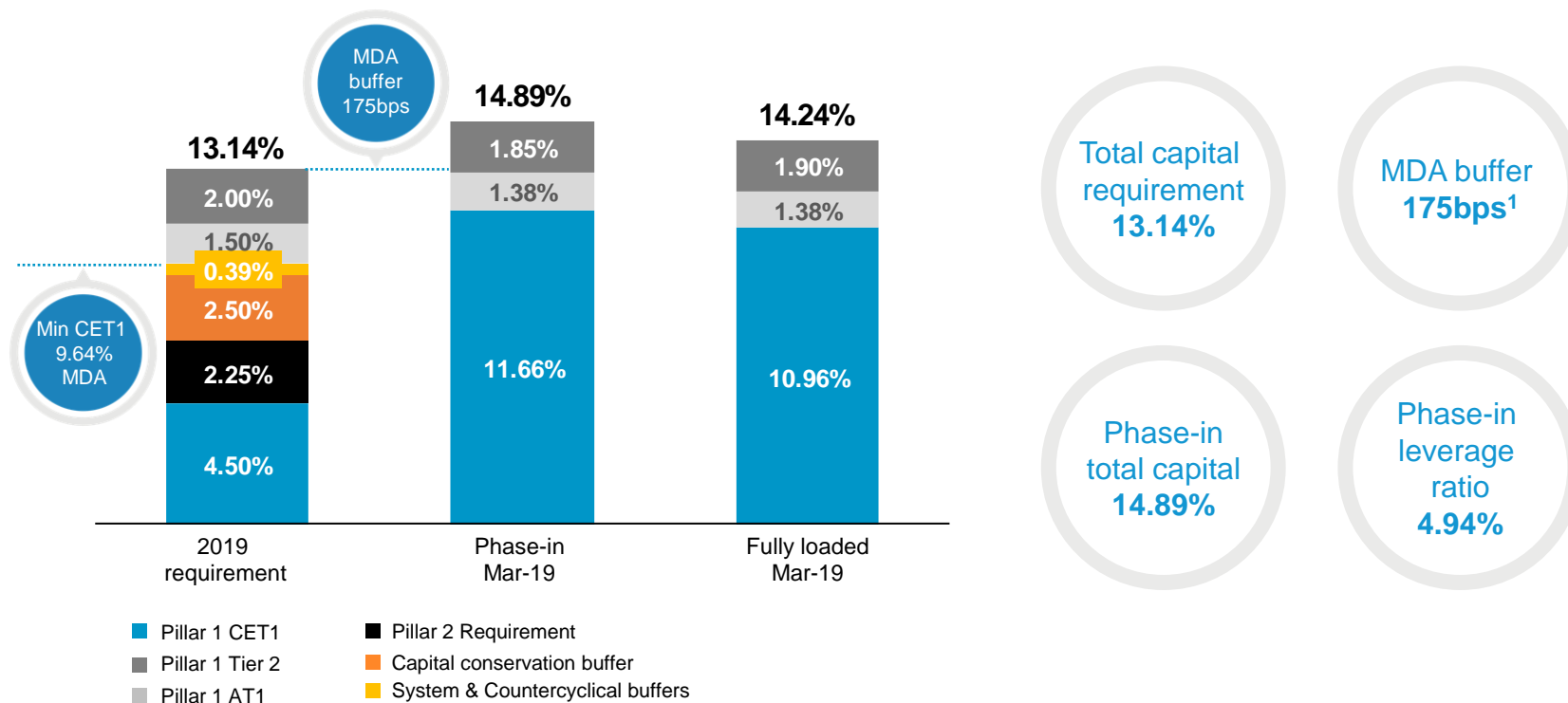


- TRIM reviews have covered and concluded on the Retail Mortgages, SMEs and Corporates portfolios. The impacts have been fully absorbed to date
- There is a remaining portfolio under review, a €3bn RWA low default portfolio with a current density of 50%

Mar-19 RWAs: €83,629M, of which:

- Credit risk: €67bn
- Market risk: €1bn
- Operational risk: €8bn
- DTAs & others: €8bn

Group total reported capital vs. requirements



¹ Total capital as at March 2019 vs. requirements.

4

Closing remarks

Closing remarks



Increasing profitability and focused on improving **shareholder value**



High commercial dynamism in Spain and Mexico with TSB regaining momentum. Debbie Crosbie, new TSB CEO, to join on May 1st



Sound risk profile and decreasing CoR



Fully loaded CET1 set to reach **11.6% or higher** by year-end

Appendix

1. Financial statement
2. Business profile
3. Customer spread
4. Funding structure
5. Fixed income portfolio
6. Asset Quality
7. Share data
8. Glossary

1. Detailed P&L

€M	Sabadell, Group							Sabadell, ex-TSB				
	1Q18	4Q18	1Q19	%QoQ constant FX	%QoQ	%YoY constant FX	%YoY	1Q18	4Q18	1Q19	%QoQ	%YoY
Net interest income	912	932	901	-3.8%	-3.4%	-1.7%	-1.2%	658	680	656	-3.4%	-0.3%
Fees & commissions	314	357	343	-4.2%	-4.1%	8.8%	9.0%	291	332	316	-4.9%	8.6%
Core banking revenue	1,226	1,290	1,243	-3.9%	-3.6%	1.0%	1.4%	950	1,012	972	-3.9%	2.4%
Trading income & forex	226	-7	67	nm	nm	-70.2%	-70.1%	219	-5	51	nm	-76.5%
Other income & expenses	3	-155	13	nm	nm	nm	nm	6	-146	1	nm	-81.4%
Gross operating income	1,455	1,127	1,324	17.0%	17.5%	-9.3%	-9.0%	1,174	861	1,025	19.0%	-12.7%
Personnel recurrent costs	-384	-400	-386	-4.0%	-3.7%	0.1%	0.5%	-290	-294	-289	-1.7%	-0.5%
Administrative recurrent costs	-292	-288	-250	-13.7%	-13.1%	-14.9%	-14.4%	-162	-167	-142	-15.0%	-12.8%
Non-recurrent costs	-77	-33	-28	-15.5%	-14.4%	-63.5%	-63.1%	-3	-29	-3	-87.9%	5.5%
Depreciation & amortisation	-87	-85	-113	31.7%	32.3%	28.9%	29.3%	-69	-59	-80	34.0%	14.8%
Pre-provisions income	615	320	547	70.6%	70.9%	-11.1%	-11.0%	649	313	511	63.5%	-21.2%
Total provisions & impairments	-245	-240	-190	-21.2%	-20.8%	-22.5%	-22.4%	-222	-172	-169	-1.8%	-23.8%
Gains on sale of assets and other results	-1	-1	1	nm	nm	nm	nm	-1	-1	1	nm	nm
Profit before taxes	370	80	358	nm	nm	-3.1%	-3.1%	426	140	343	>100%	-19.5%
Taxes and minority interest	-110	1	-100	nm	nm	-9.6%	-9.7%	-123	-40	-92	>100%	-25.0%
Attributable net profit	259	80	258	>100%	>100%	-0.4%	-0.4%	303	100	251	>100%	-17.2%

Note: The EURGBP exchange rate of 0.8770. Group growth rates expressed in constant FX. nm refers to non-meaningful (growth rates above 300%).

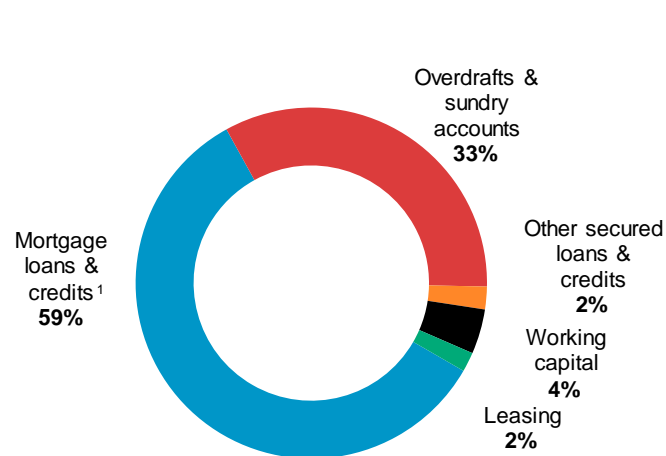
1. Detailed balance sheet

	Sabadell, Group							Sabadell, ex-TSB					
	Mar-18	Dec-18	Mar-19	%QoQ constant FX	%QoQ	%YoY constant FX	%YoY	Mar-18	Dec-18	Mar-19	%QoQ	%YoY	
€M													
Total assets	219,009	222,322	225,744	0.6%	1.5%	2.6%	3.1%	169,676	176,140	178,131	1.1%	5.0%	
Of which:													
Gross loans to customers ex repos ¹	144,967	145,824	146,406	-0.7%	0.4%	0.4%	1.0%	108,949	111,673	110,818	-0.8%	1.7%	
Performing loans	137,246	139,366	140,139	-0.5%	0.6%	1.5%	2.1%	101,653	105,732	105,097	-0.6%	3.4%	
Performing loans ex-APS²	132,482	135,279	137,048	0.2%	1.3%	2.8%	3.4%	96,889	101,646	102,006	0.4%	5.3%	
Fixed income portfolio	27,609	26,567	25,947	-2.8%	-2.3%	-6.2%	-6.0%	24,759	23,790	23,934	0.6%	-3.3%	
Total liabilities	206,139	210,205	213,266	0.5%	1.5%	3.0%	3.5%	159,209	166,177	167,923	1.1%	5.5%	
Of which:													
On-balance sheet customer funds	133,280	137,343	139,986	0.9%	1.9%	4.5%	5.0%	98,283	104,859	105,967	1.1%	7.8%	
Term funds ³	31,486	29,678	29,701	-0.4%	0.1%	-5.9%	-5.7%	27,491	27,123	26,875	-0.9%	-2.2%	
Sight accounts	101,794	107,665	110,286	1.2%	2.4%	7.7%	8.3%	70,792	77,736	79,092	1.7%	11.7%	
Wholesale funding	21,259	21,520	21,692	0.5%	0.8%	1.9%	2.0%	19,374	19,833	19,129	-3.5%	-1.3%	
ECB funding	20,987	21,548	20,500	-4.9%	-4.9%	-2.3%	-2.3%	20,987	21,548	20,500	-4.9%	-2.3%	
BoE funding	7,402	7,233	7,538	0.0%	4.2%	-0.1%	1.8%	0	0	0	--	--	
Off-balance sheet funds	46,364	44,034	43,655	-0.9%	-0.9%	-5.8%	-5.8%	46,364	44,034	43,655	-0.9%	-5.8%	
Of which:													
Mutual funds	28,136	26,379	25,940	-1.7%	-1.7%	-7.8%	-7.8%	28,136	26,379	25,940	-1.7%	-7.8%	
Pension funds	3,911	3,594	3,616	0.6%	0.6%	-7.5%	-7.5%	3,911	3,594	3,616	0.6%	-7.5%	
Third party insurance products	10,313	10,465	10,571	1.0%	1.0%	2.5%	2.5%	10,313	10,465	10,571	1.0%	2.5%	
Managed accounts	4,004	3,595	3,528	-1.9%	-1.9%	-11.9%	-11.9%	4,004	3,595	3,528	-1.9%	-11.9%	
Total customer funds	179,644	181,377	183,641	0.5%	1.2%	1.8%	2.2%	144,647	148,893	149,622	0.5%	3.4%	

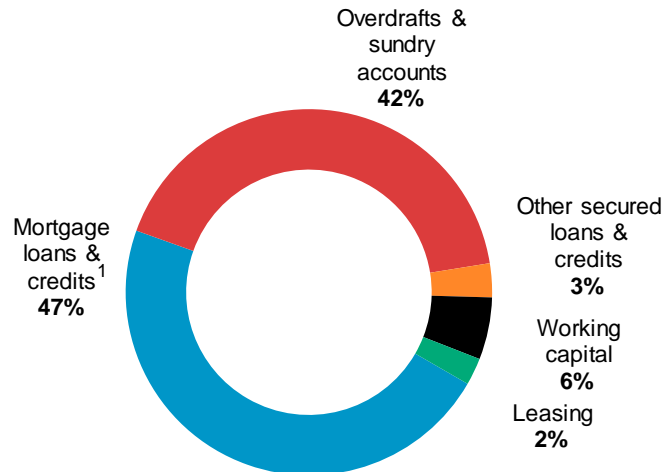
Note: The EURGBP exchange rate of 0.8583 used for this quarter's balance sheet is the closing exchange rate as at March 2019. ¹ Includes accrual adjustments. ² Excludes CAM APS NPL run-off. ³ Term funds include term deposits and other funds placed via the branch network and exclude repos and deposits from institutional clients.

2. Performing loans by product type

Sabadell Group

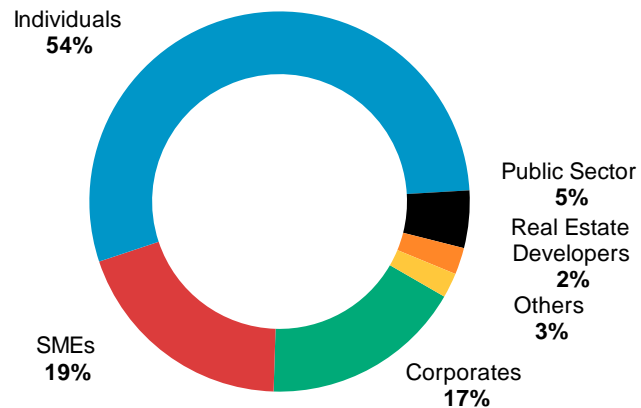


Sabadell, ex-TSB

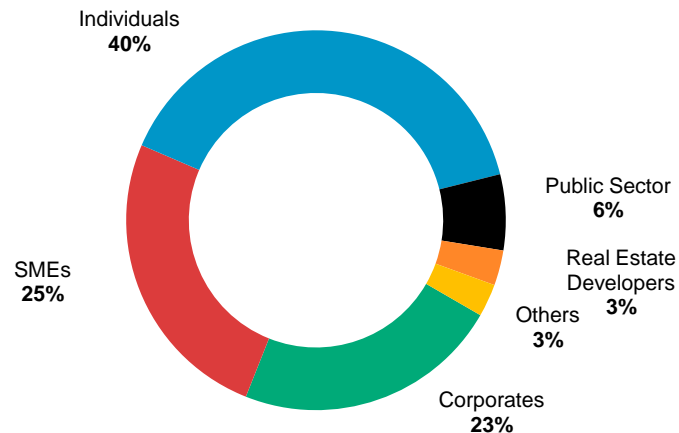


2. Business mix by customer type

Sabadell Group



Sabadell, ex-TSB



2. Performance by customer type

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

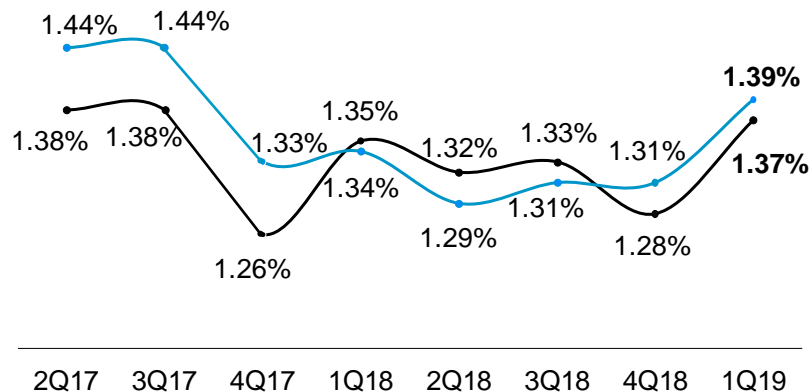
€M

	Dec-18	New lending	Attrition	Mar-19	% QoQ	% YoY
Corporates	24,651	1,815	-1,818	24,648	+0.0%	+14.7%
SMEs	25,170	2,627	-2,412	25,385	+0.9%	+3.3%
Mortgages to individuals ¹	30,980	693	-900	30,773	-0.7%	+0.4%
Other lending to individuals	10,437	754	-622	10,569	+1.3%	+4.3%
Public Administrations	6,790	619	-294	7,114	+4.8%	+14.4%
Construction and Real Estate sectors	3,618	363	-465	3,516	-2.8%	-8.1%
Total Sabadell, ex-TSB (excl. APS)²	101,646	6,871	-6,511	102,006	+0.4%	+5.3%

¹ Refers to residential mortgages to individuals within Spain only. ² Excludes CAM APS NPL run-off.

3. Wholesale funding cost and rates on term deposits

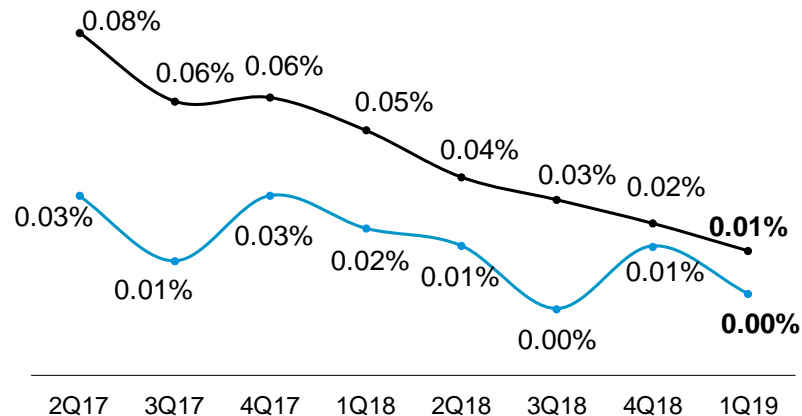
Wholesale funding cost¹



— Wholesale funding cost, Group — Wholesale funding cost, ex-TSB

Contractual rates on term deposits, ex-TSB

In Euros

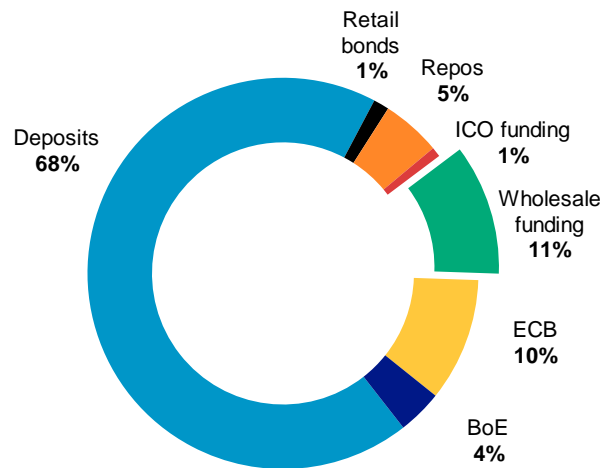


— Stock — New production / renewals

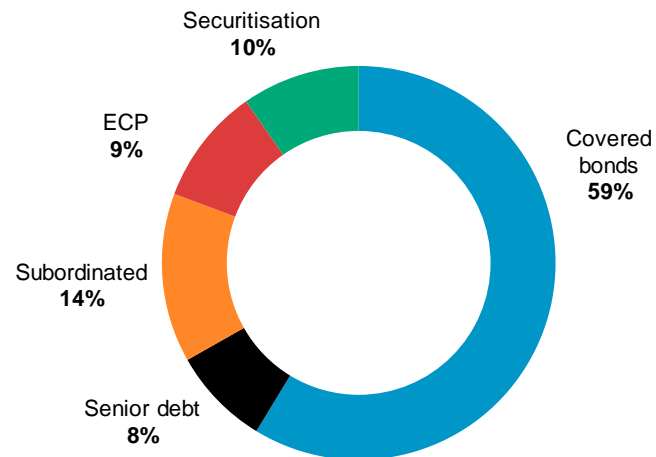
¹ Wholesale funding cost excludes the additional benefit from TLTRO II and TFS funding.

4. Group funding structure

Funding structure



Wholesale funding breakdown

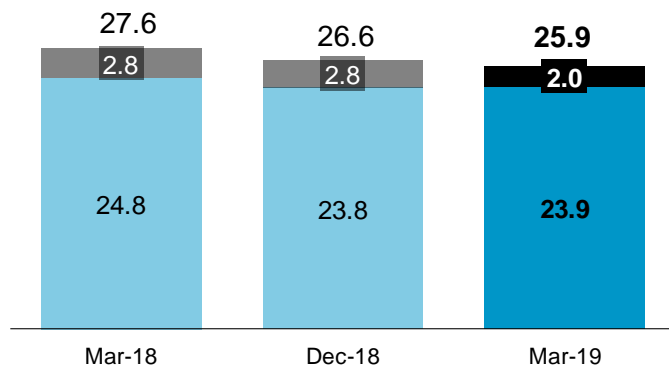


Note: Data as at March 2019.

5. Fixed income portfolio overview

Fixed income portfolio evolution

Sabadell Group. €Bn



	Mar-18	Dec-18	Mar-19
% of assets	12.6%	11.9%	11.5%
Yield	1.4%	1.3%	1.3%
FV-OCI duration (yrs) ¹	2.6	0.9	1.1

■ Sabadell, ex-TSB ■ TSB

¹ Duration includes the impact of hedges.

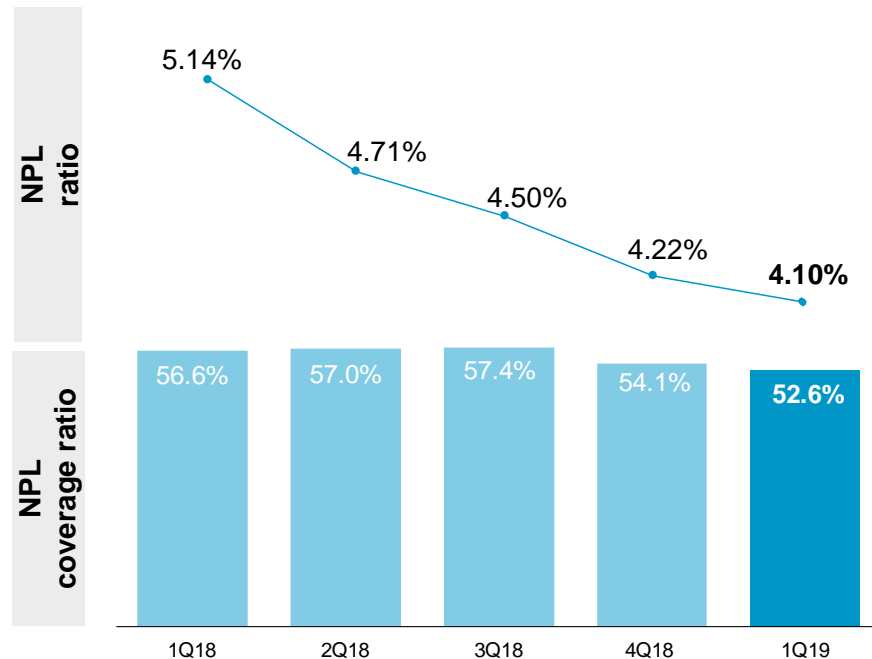
Fixed income portfolio composition

Sabadell Group. €Bn

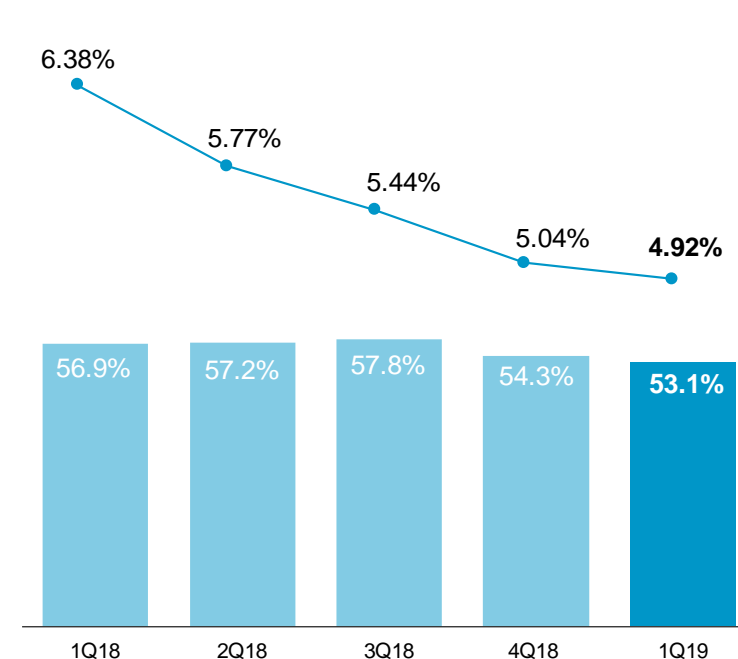
	Mar-18	Dec-18	Mar-19
Spanish Government Debt	9.4	12.1	12.5
Italian Government Debt	9.7	5.8	5.8
UK Government Debt	2.4	2.3	1.4
Other Government Debt	3.0	3.3	3.1
of which:			
US Government	0.2	0.2	0.2
Portuguese Government	1.7	2.0	1.8
Mexican Government	0.5	0.6	0.6
Agencies	1.0	1.0	0.9
Covered Bonds	0.1	0.0	0.0
Corporates & Financials	2.0	2.0	2.2
Total	27.6	26.6	25.9
of which:			
Amortised Cost	11.7	13.1	16.8
Fair Value OCI	15.5	13.0	8.5

6. NPL and coverage ratio

Sabadell, Group



Sabadell, ex-TSB

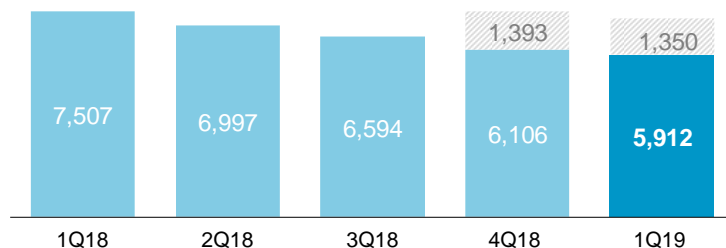


Note: Includes contingent risk. Data includes 100% of APS exposure from 4Q18 onwards to reflect reporting change.

6. Sabadell ex-TSB NPAs evolution

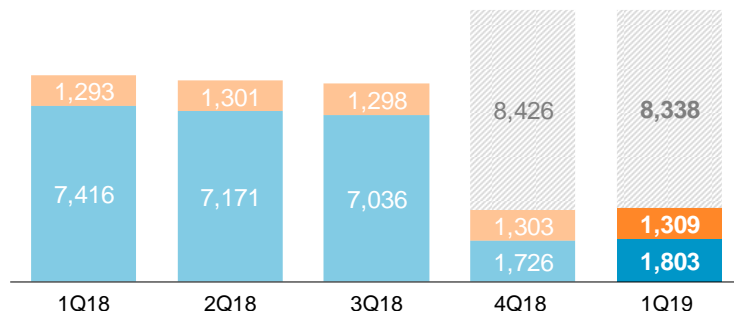
NPL evolution

€M



Foreclosed assets evolution

€M

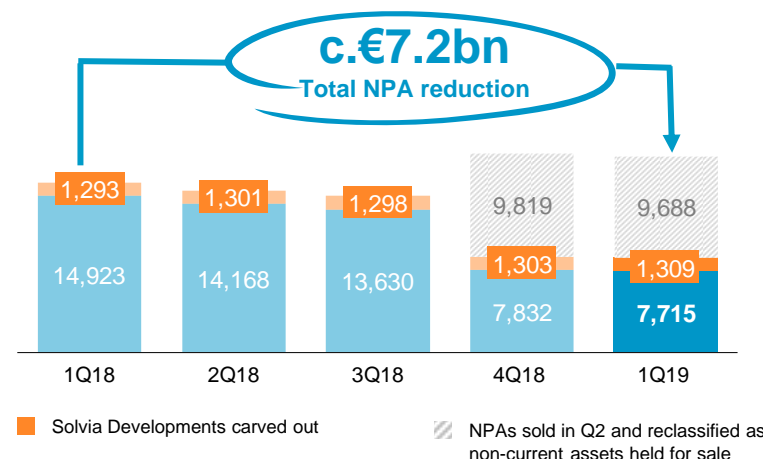


Total problematic assets

€M

Total NPA reduction in the quarter: **€117M**, of which:

- **€194M** NPL reduction
- **€77M** foreclosed assets increase



■ Solvia Developments carved out

▨ NPAs sold in Q2 and reclassified as non-current assets held for sale

Note: Includes contingent risk. NPAs include 100% of APS exposure from 4Q18 onwards to reflect reporting change.

6. Sabadell Group NPAs coverage ratios evolution

€M	Pre NPA institutional sales			Post NPA institutional sales	
	1Q18	2Q18	3Q18	4Q18	1Q19
NPLs	7,898	7,386	7,036	6,554	6,383
Provisions	4,467	4,209	4,036	3,544	3,360
Coverage ratio (%)	56.6%	57.0%	57.4%	54.1%	52.6%
Foreclosed assets	7,416	7,171	7,036	1,726	1,803
Provisions	3,979	3,991	3,932	767	790
Coverage ratio (%)	53.7%	55.7%	55.9%	44.5%	43.8%
Total problematic assets	15,314	14,557	14,072	8,279	8,186
Provisions	8,446	8,200	7,968	4,311	4,150
Coverage ratio (%)	55.2%	56.3%	56.6%	52.1%	50.7%
NPAs as % of (gross loans¹ + foreclosed assets) (%)	10.0%	9.4%	9.1%	5.6%	5.5%
Net problematic assets	6,868	6,357	6,104	3,968	4,036
Net NPAs to total assets ratio (%)	3.1%	2.9%	2.8%	1.8%	1.8%

€M	Stage 1	Stage 2	Stage 3
Loans to customers and contingent risks	140,328	9,005	6,383
Provisions	438	322	2,600
Coverage	0.3%	3.6%	40.7%

Note: Includes contingent risk. NPAs include 100% of APS exposure from 4Q18 onwards to reflect reporting change. ¹ Gross loans to customers including accrual adjustments.

6. Evolution of NPLs and foreclosed assets

Evolution of NPLs and foreclosed assets, ex-TSB

€M

	1Q18	2Q18	3Q18	4Q18	1Q19
Gross entries (NPLs)	481	330	385	364	408
Recoveries	-539	-573	-600	-2,498 ²	-420
Net NPL entries	-58	-243	-215	-2,135	-12
Gross entries (foreclosed assets)	294	176	129	234	136
Sales ¹	-271	-419	-264	-8,691 ²	-59
Change in foreclosed assets	23	-244	-135	-8,457	77
Net NPL entries + Change in foreclosed assets	-35	-487	-350	-10,591	66
Write-offs	-216	-268	-187	-123	-182
Foreclosed assets and NPLs quarterly change	-251	-755	-538	-10,714	-117

Note: Includes contingent risk. NPAs include 100% of APS exposure from 4Q18 onwards to reflect reporting change. ¹ Includes other outcomes. ² Includes NPAs sold in Q2 and reclassified as non-current assets held for sale (€1,393M of NPLs and €8,426M of foreclosed assets).

6. Forbearance exposure

Group forborne and restructured loans

€M

	Total	Of which: doubtful
Public sector	13	12
Companies and self-employed	3,493	1,986
Of which: Financing for construction and real estate development	505	362
Individuals	2,054	1,249
Total	5,561	3,247
Provisions	1,213	1,111

6. NPL ratio breakdown

NPL ratios by segment, ex-TSB

	1Q18	2Q18	3Q18	4Q18	1Q19
Real Estate development and/or construction purposes	19.8%	17.7%	16.2%	15.7%	14.4%
Construction purposes non-related to real estate dev.	7.2%	6.4%	5.6%	5.7%	6.0%
Large corporates	3.5%	3.1%	2.6%	2.3%	1.9%
SME and small retailers and self-employed	7.9%	7.4%	7.1%	6.5%	6.4%
Individuals with 1 st mortgage guarantee assets	6.5%	6.0%	5.9%	5.8%	5.8%
NPL ratio, Sabadell ex-TSB	6.4%	5.8%	5.4%	5.0%	4.9%

6. APS main figures

APS breakdown and evolution

€M

	Jun-12 ^{1,2}	Mar-19 ²	Var. (%)
Gross loans and advances	19,117	2,216	-88.4%
of which at-risk	18,460	2,209	-88.0%
of which contingent guarantees and liabilities	657	7	-98.9%
Real estate assets	4,663	231	-95.0%
Equity stakes	504	40	-92.1%
Write offs	360	627	74.2%
Total	24,644	3,115	-87.4%

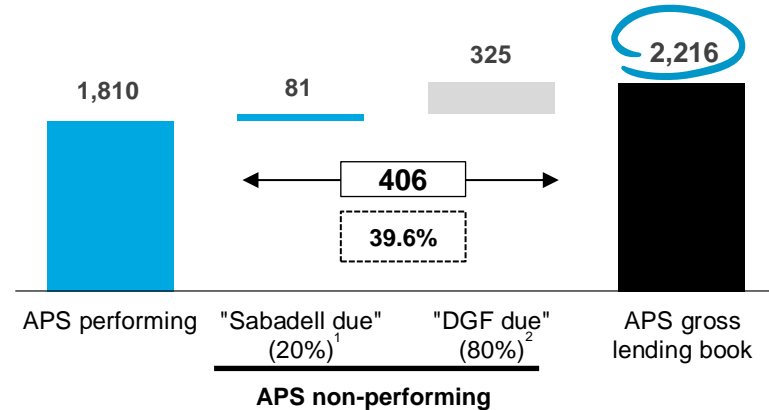
Post institutional NPA sales, the APS book has decreased by more than 87% (c.€21.5bn) since inception

¹ The APS came into effect on June 1, 2012 with retroactive effects from July 31, 2011. ² Gross of original existing provisions.

6. APS gross loans and real estate assets

APS gross loans and advances

€M. Mar-19

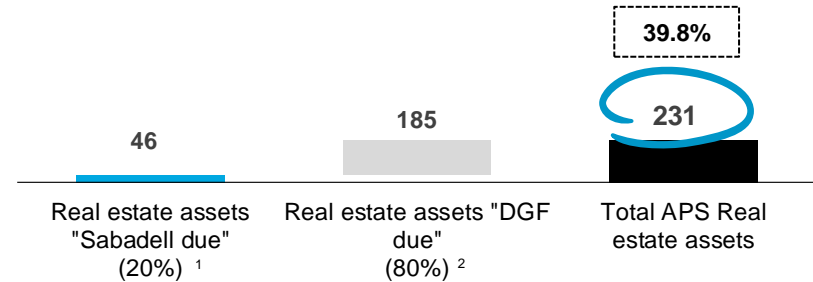


The total APS NPL ratio is 18.3%

Coverage

APS real estate

€M. Mar-19



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.

6. TSB credit risk profile

Total Customer Lending - Mortgages and Unsecured & Business Banking

€M	Mar-18	Dec-18	Mar-19
Mortgages	28,401	27,956	28,117
Unsecured & Business Banking	2,400	2,052	1,946
Total Lending balances (net)	30,801	30,009	30,063

Mortgages - Residential vs. Buy to let (BTL)

In percentage	Mar-18	Dec-18	Mar-19
TSB Total BTL %	15%	14%	13%

Mortgages loan to value (LTV)¹

In percentage	Mar-18	Dec-18	Mar-19
LTV Mortgage Stock	44%	44%	45%

- ✓ **Secured lending** represents c.93% of overall lending
- ✓ **Good asset quality and low-risk mortgage portfolio:**
 - BTL represents only 13%
 - Mortgage stock has an average LTV of 45%
 - Interest only concentration is c.24% (excluding Whistletree)

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

In percentage (annualised for each quarter)	Mar-18	Dec-18	Mar-19
Mortgages	-0.01%	0.03%	0.01%
Unsecured & Business Banking	3.27%	2.37%	2.68%
Total TSB AQR	0.27%	0.21%	0.21%

Doubtful loans ratio

In percentage	Mar-18	Dec-18	Mar-19
Doubtful loans ratio	1.1%	1.3%	1.3%

Common Equity Tier 1 Capital ratio

In percentage	Mar-18	Dec-18	Mar-19
Fully-loaded CET1 capital ratio	19.8%	19.5%	19.8%

- ✓ Capital position remains strong with a **CET1 ratio** of **19.8%** on a fully loaded basis
- ✓ **Robust liquidity position** with a LCR of 295%
- ✓ **Leverage ratio** of **4.5%**³
- ✓ **High proportion of PCAs** in funding mix, c.36%

Note: Customer lending and deposits include micro fair value hedge accounting adjustments. 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. The LTV ratio includes fees from Mar-19. 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.

7. Share data

	Mar-18	Dec-18	Mar-19
Shareholders and trading			
Number of shareholders	231,373	235,523	240,887
Average number of shares (M)	5,579	5,565	5,537
Share price			
Closing session (end of quarter) (€)	1.661	1.001	0.888
Market capitalisation (€M)	9,267	5,568	4,915
Stock market multiples			
Earnings per share (EPS) (€) ¹	0.16	0.05	0.15
Book value (€M)	12,933	12,545	12,715
Book value per share (€)	2.32	2.25	2.30
Tangible book value (€M)	10,662	10,084	10,240
Tangible book value per share (€)	1.91	1.81	1.85
Price / Book value (x)	0.72	0.45	0.39
Price / Earnings ratio (P/E) (x) ¹	10.64	20.11	5.74

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

8. Glossary (I)

Term	Definition
Book value per share	Ratio between carrying value / average number of shares at the end of the period. Accounting value is calculated as the sum of equity, adjusted by contributions to guarantee and resolution funds except year end.
CAM APS	As a result of the acquisition of Banco CAM on 1 June 2012, the Asset Protection Scheme (hereinafter, APS) envisaged in the protocol on financial assistance measures for the restructuring of Banco CAM came into force with retroactive effect as from 31 July 2011. Under the scheme, which covers a specified portfolio of assets with a gross value of 24,644 million euros as at 31 July 2011, the Deposit Guarantee Fund (hereinafter, "DGF") will bear 80% of the losses on the portfolio for a period of ten years, once impairment allowances in respect of those assets, which amounted to 3,882 million euros at the aforementioned date, have been fully applied.
CAM APS NPL run-off	Refers to the 80% of the CAM 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 CAM APS NPL run-off as at Dec-18 onwards refers only to the DGF receivable account.
CoR	Cost of risk. Ratio between provisions for NPLs and other impairments / gross loans to customers excluding repos in addition to RE Assets. Considering in the numerator the linear annualization of the provisions for insolvencies and other impairments obtained to date and adjusted by impairment or reversal of impairment of investments in joint ventures or associates. In addition, in 2018 provisions for institutional NPA sales are adjusted.
Core mortgages at TSB	Include micro fair value hedge accounting adjustments.
Core revenues	Sum of Net interest income and fees & commissions.
Cost / income ratio ¹ (Efficiency ratio)	Administrative expenses / gross income adjusted. In addition, the denominator includes the linear accrual of contributions to deposit guarantee fund and resolution fund except year end.
Current accounts at TSB	Include micro fair value hedge accounting adjustments.
Customer spread ²	Difference between return and cost of assets and liabilities related to customers, i.e. contribution to net interest income of operations exclusively with customers. Calculated ratio taking into account the difference between the medium rate the bank receives for the customers' loans and the medium rate the bank pays for the customers' deposits. The medium rate of customers' loans is the annualized percentage between the financial income of clients' loans relative to the medium daily amount of clients' loans. The medium rate of customers' funds is the annualized percentage between the financial expenses of customers' funds relative to the medium daily amount of customers' funds.
DGF	Deposit Guarantee Fund.
Digital clients	Individual clients older than 16 years old who have accessed at least once web, mobile or remote channel 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 linear annualisation of profit obtained to date adjusted by the Additional Tier I coupon payment, after tax, registered in equity as well as adjusted by contributions to guarantee and resolution funds except year end.
EQUOS	Objective Quality Analysis in Banking Networks.

¹ The linear accrual of contributions to deposit guarantee funds and resolution funds has been made based on the Group's best estimates.² Average calculated using average daily balances.

8. Glossary (II)

Term	Definition
Expansion current account	Sabadell relationship 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	Comprised of the following accounting items: gains or losses on derecognition of non-financial assets, net, excluding the investment properties and associates included in the profit or loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations excluding the associates.
Gross loans to customers	Includes loans and advances to customers excluding value corrections for impairment.
HQLA	High quality liquid assets.
Large institutional NPA sales	Institutional portfolio sales announced in the second quarter of 2018 for a total gross amount of €12.2bn (of which €1.8bn correspond to APS NPLs, €3.8bn to APS foreclosed assets, €5.3bn to non-APS foreclosed assets and €1.3bn to other assets, mainly write-offs.
LCR	Liquidity coverage ratio: High quality liquid asset amount (HQLA) / Total net cash outflow amount.
Loan-to-deposit ratio	Net loans and receivables over retail funding. Calculated by subtracting mediation loans from the numerator. The denominator considers real estate funding and customer funds.
Market Capitalisation	Product of the share price and the average number of outstanding shares at the end of the period.
NIM	Net interest margin
NPL coverage ratio	Shows the % of NPLs (stage 3), covered by total provisions. Calculated using the ratio between the allowance of loans and advances to customers (including allowances for guarantees granted) / total non-performing exposures (stage 3) (including stage 3 guarantees granted, (NPL)).
NPL ratio	% of stage 3 exposures (non-performing), over total risk assumed by customers. All of the calculation's components correspond to headings or sub-headings in accounting financial statements. Calculation comprised of the ratio between stage 3 exposures (non-performing), including guarantees granted / Customer lending and guarantees granted.
NPS	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.
Off-balance sheet customer funds	Includes mutual funds, asset management, pension funds and third-party insurance products.
On-balance sheet customer funds	Includes customer deposits (ex repos) and other liabilities placed by the branch network (Banco Sabadell non-convertible bonds, promissory notes and others).
On-balance sheet funds	Includes accounting sub-headings of customer deposits, debt securities issues (debt and other tradable securities and subordinated liabilities).
Other operating income/expense	Comprised of the following accounting items: Other operating income and other operating expense as well as income from assets and expenses on liabilities under insurance or reinsurance contracts.

8. Glossary (III)

Term	Definition
Performing gross loans	Gross loans to customers excluding repos, NPL (stage 3) and accrual adjustments.
Pre-provisions income	Gross income plus administration and amortisation/depreciation expenses.
Price / Book value (x)	Ratio between share price / carrying value.
Price / Earnings ratio (P/E) (x) ¹	Ratio between share price / earnings per share.
Problematic assets	Sum of non-performing exposures, classified as stage 3, and foreclosed real estate assets. Also referred as non-performing assets (NPA).
Real estate coverage ratio	Ratio between allowances for impairment of foreclosed real estate assets / total foreclosed real estate assets. Amount of foreclosed RE assets includes property classified in the non-current asset portfolio and disposable groups of items classed as held-for-sale.
ROE ^{1,3}	Profit attributed to the Group / average equity. Numerator considers linear annualisation of profit obtained to date and adjusted by contributions to guarantee and resolution funds except year end.
ROTE ^{1,2}	Profit attributed to the Group / average equity. Numerator considers linear annualisation of profit obtained to date and adjusted by contributions to guarantee and resolution funds except year end. Denominator excludes goodwill.
SDI sale	In February 2019, Sabadell announced that the Group started a competitive process for the sale of 100% of the share capital in Solvia Desarrollos Inmobiliarios, S.L.U. (SDIn) together with a perimeter of land and urban developments managed by said company and owned by Banco Sabadell. SDIn is the result of the spin-off and block transfer of the part of the assets of the company Solvia Servicios Inmobiliarios, S.L.U. engaged in the provision of real estate development and promotion services.
Solvia sale	Sabadell agreed in December 2018 the sale of 80% of the share capital of Solvia Servicios Inmobiliarios, S.L.U. ("Solvia") to Lindorff Holding Spain, S.A.U., a company belonging the Intrum AB group. Solvia has been valued at EUR 300 million. Sabadell will generate a capital gain of EUR 138 million and the transaction will have a positive impact of 15 basis points on its Common Equity Tier 1 (fully loaded) capital ratio.
TBV per share (€)	Ratio between tangible book value / average number of shares at the end of the period. Tangible book value is calculated as the sum of equity and adjusted by intangible assets as well as by contributions to guarantee and resolution funds except year end.
Total capital ratio (%)	Ratio between total capital and the risk weighted assets. Total capital incorporates the accounting profit assuming a pay-out of 50%, that is different from the regulatory criteria which decrease that amount based on the obligations to fulfil for the rest of the year. The denominator has been made based on the Group's best estimate.
Total provisions & impairments	Comprised of the following accounting items: (i) impairment or reversal of impairment of investments in joint ventures and associates, (ii) impairment or reversal of impairment on non-financial assets, (iii) investment properties in the gains or losses on derecognition of non-financial assets net , (iv) and profit or loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations excluding the associates, and (v) provisions or reversal of provisions and impairment or reversal of impairment on financial assets not measured at fair value through profit or loss.

¹ The linear accrual of contributions to deposit guarantee funds and resolution funds has been made based on the Group's best estimates.² Average calculated using average daily balances.³ Average calculated using the last positions at the end of the month since the previous December.

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