

A decorative background on the right side of the slide, composed of a grid of grey dots that form a large, upward-pointing triangle. The dots are arranged in a pattern that tapers towards the top.

3Q20

results

October 30, 2020

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5 Balance sheet

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4 Credit risk profile



1

Highlights

Key highlights



1 Capital position on track to outperform guidance

2 New efficiency plan, fully funded with HTC portfolio capital gains, to increase pre-provision profit

3 Large unrealised capital gains in HTC portfolio remain

4 TSB on track to return to underlying profitability

5 Better-than-expected asset quality trends support a lower cost of risk guidance

6 Commercial activity has surpassed or is approaching pre-Covid levels across products

Key data

12.9% / 13.4%
CET1 Sep-20 reported / pro forma

+€115M
Annual impact on
pre-provision profit¹

€1.3bn² / 116bps CET1
Unrealised capital gains
Oct-2020

Break-even in 2021³

85-90bps
2020E Group credit CoR guidance
(improving from 90-95 bps)

Loan growth YoY⁴
+5.1% / +4.8%
Ex-TSB / TSB

¹ Includes expected recurrent annual cost savings in Spain and the impact of the incremental benefit from accelerating the restructuring in UK (before absorbing cost inflation), and net of NII loss from ALCO bond sales.

² Pre-tax and as at Oct. 26th. ³ On a stand-alone basis. ⁴ Performing loans excluding APS impact. TSB in local currency.

Efficiency initiatives in Spain and acceleration in UK will improve Group pre-provision profit

New efficiency programme in Spain

- **Increased customer service digitisation and process reengineering**
 - **Transfer of servicing activities to self-service**
 - Process reengineering and **automation of operational centre activities**
 - **Enabling self-servicing for certain call centre activities**

- **Corporate centre simplification**
 - **Centralisation of competences** (key data, models, projects, planning, control and reporting, among others)
 - **Delaying** of regional commercial support structures
 - **Organisational restructuring to reduce verticality**

Restructuring acceleration at TSB

- **Acceleration of branch transformation:**
 - **2020:** 61 out of 82 branches closed as at end of Sep-20
 - **2021: 164 branches to close.** At the end of 2021, TSB will have 290 branches (-46% vs 2019). **Net reduction of c.900 roles**

- **Restructuring costs front-loaded to 2020 and 2021 (vs. 2020-2022 previously):**
 - **Total restructuring costs, to achieve the net savings announced in business plan, revised down to £170M from £180M**
 - **£126M** out of c.£170M total restructuring costs incurred to date

- **Continued acceleration of digital transformation (customer focus and operational excellence)**

Launch in 4Q20

+€115M
Annual impact on pre-provision profit¹

Fully funded with HTC portfolio capital gains

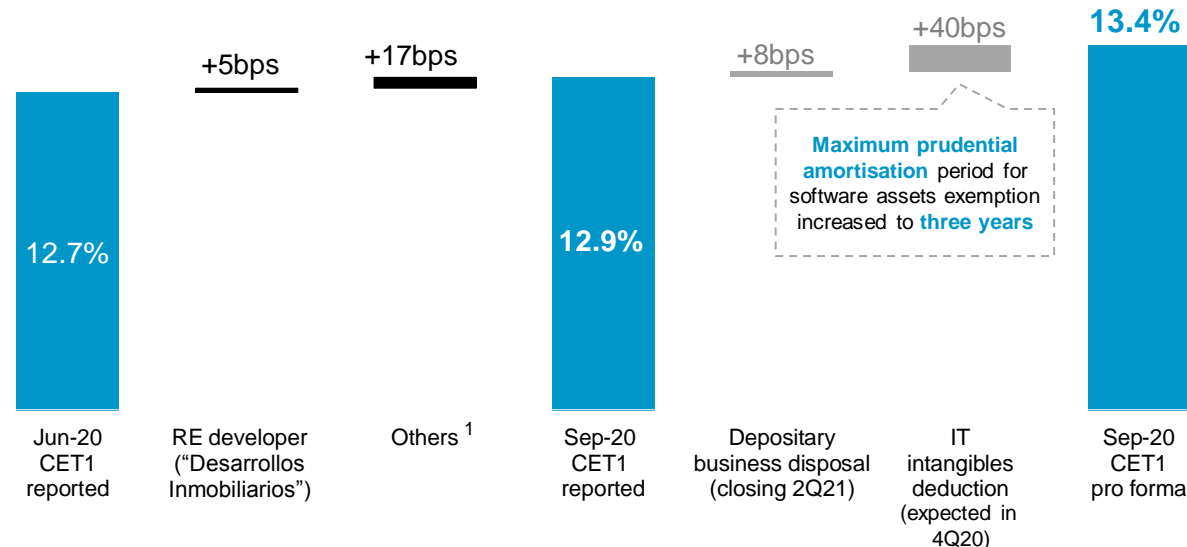
¹ Includes expected recurrent annual cost savings in Spain and the impact of the incremental benefit from accelerating the restructuring in UK (before absorbing cost inflation), and net of NII loss from ALCO bond sales.

Capital position on track to outperform guidance

CET1 guidance in Q2



QoQ CET1 evolution



Solid MDA buffer of 355bps (reported)²

Note: Data includes IFRS9 transitional arrangements. ¹ Includes QoQ IFRS9 impact of 12bps. ² Total capital reported as at Sep-20 (16.55%) vs. total capital requirement of 2020 (13.00%).

Better-than-expected asset quality trends support a lower cost of risk guidance

Key positives

Description



Bottom-up Structural Analysis and IFRS9 models



- ✓ **Structural analysis presented in 2Q20**, which has been thoroughly tested and updated
 - ✓ The **updated base scenario** leads to **PD levels** of **1.3x pre-Covid**
 - ✓ The **updated adverse scenario** leads to **PD levels** of **1.8x pre-Covid**
 - ✓ The **revised COR guidance** of **85-90bps** implies **2.2x pre-Covid level**
- ✓ **IFRS9 models** reviewed with new macroeconomic assumptions (broadly in line with those of the BoS, BoE and ECB)



Strong asset quality trends



- ✓ **Lowest** Group NPL **inflows** in the last year
- ✓ **Gross NPL inflows** -50% QoQ and -21% YoY¹



Focus on risk management



- ✓ Risk deep dive presented in 2Q20
- ✓ **Additional risk disclosure presented in 3Q20 showcasing our resilient loan book**

2020e Group credit CoR guidance of 85-90bps (improving from previous guidance of 90-95 bps)

¹ Refers to 3Q20 vs. 3Q19.



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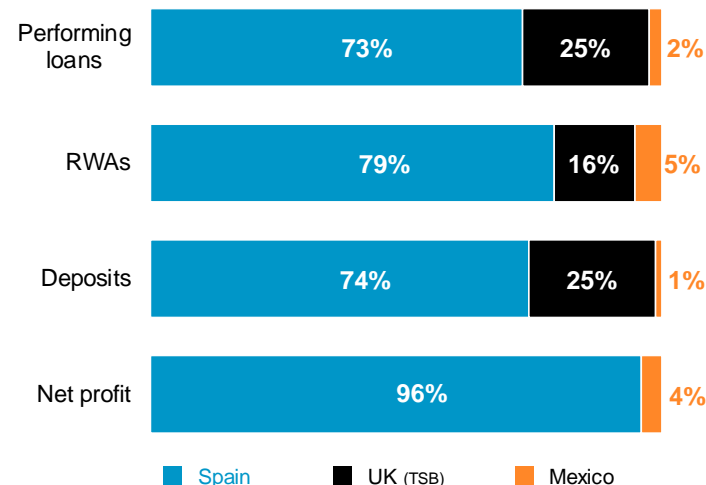
Business performance

Performing loans continue to grow YoY across geographies

Group performing loans evolution by geography. €M

	Sep-20	QoQ	YoY
Spain	104,743	-0.6%	+5.3%
of which: foreign branches	9,655	-2.0%	+9.8%
UK (TSB)	35,415	+3.6%	+4.8%
Mexico	3,543	-5.1%	+23.4%
Total	143,701	+0.3%	+5.5%

Business distribution across geographies. Sep-20

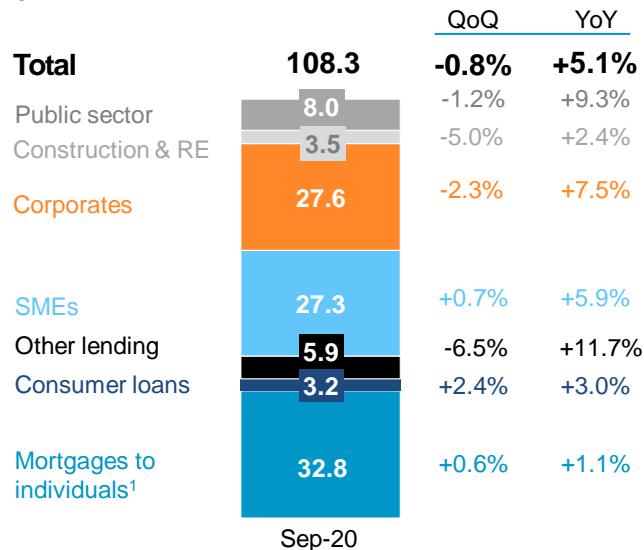


Note: Excludes accrual adjustments. Group growth rate expressed in constant FX and Mexico and UK in local currency. Excludes CAM Asset Protection Scheme A/R.

Sabadell ex-TSB mortgages, consumer lending and SMEs lending increased in the quarter

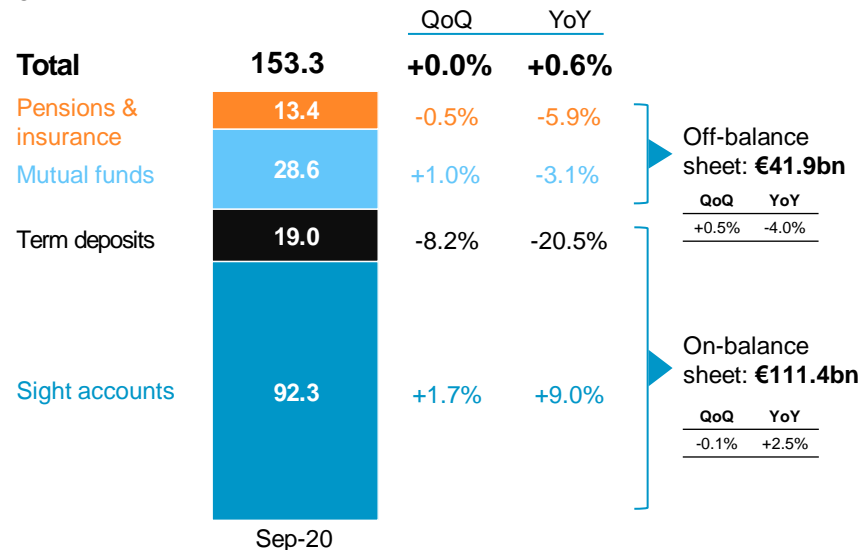
Performing loans

€Bn



Customer funds

€Bn



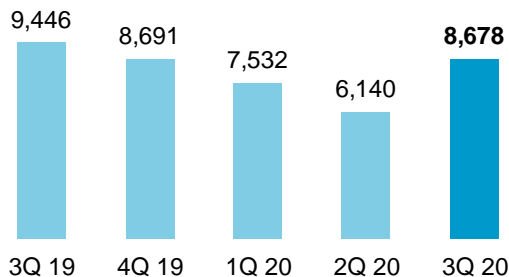
- Credit growth impacted QoQ by a decreasing demand for ICO-guaranteed loans although volume growth remained strong YoY
- Mortgages to individuals have shown positive growth both in the quarter and YoY

- Total customer funds remained stable QoQ driven by positive growth in off-balance sheet funds, as a result of higher mark-to-market valuations, which were offset by a reduction of on-balance sheet funds as customers increased spending post lockdown
- Term deposits continued to flow into current accounts

Commercial activity in Spain has surpassed or is approaching pre-Covid levels across products

Retailer payment services (PoS)

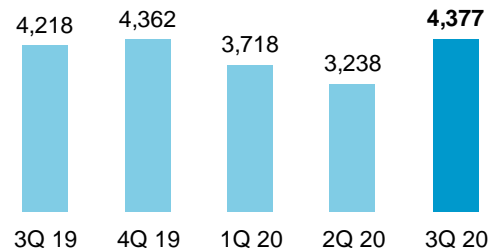
Turnover in €M



Market share
17.3%
+66bps YoY

Credit cards

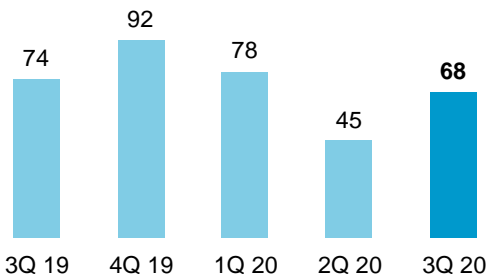
Turnover in €M



Market share
7.8%
-9bps YoY

Insurance

New insurance premiums in €M

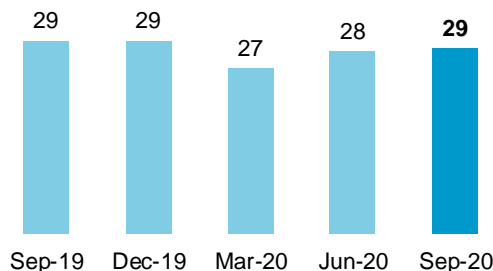


Market share
(Life premiums)
6.1%
+18bps YoY

"Blink" digital sales
(over total)
37% YtD

Mutual funds

AuMs in €bn

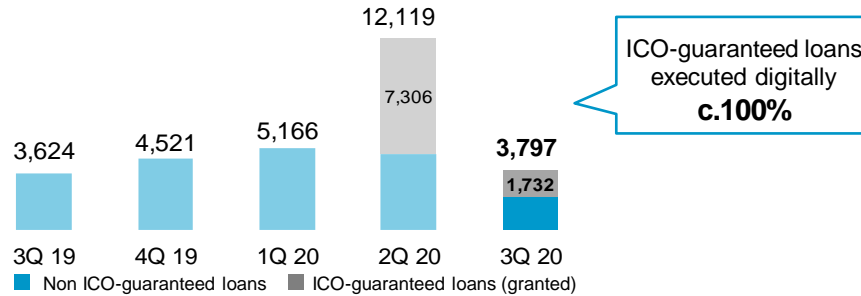


Market share
(AuM)¹
6.0%
-8bps YoY

Lending to individuals consolidated its recovery while demand for ICO-guaranteed loans declined

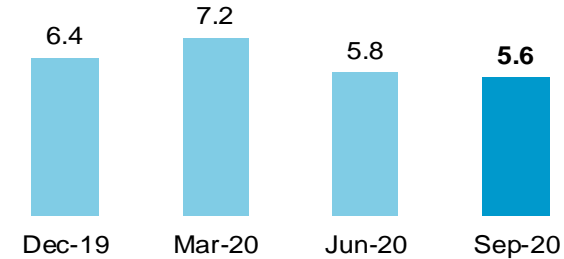
New loans and credit facilities to companies¹

€M



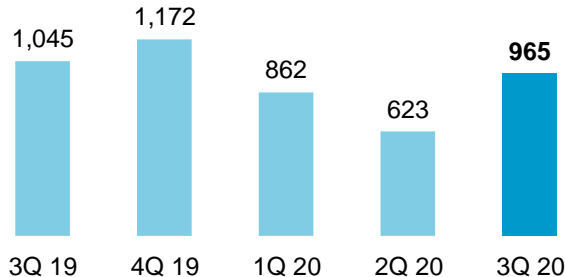
Balance of credit line drawdowns

SMEs and Corporates (including foreign branches) stock in €bn



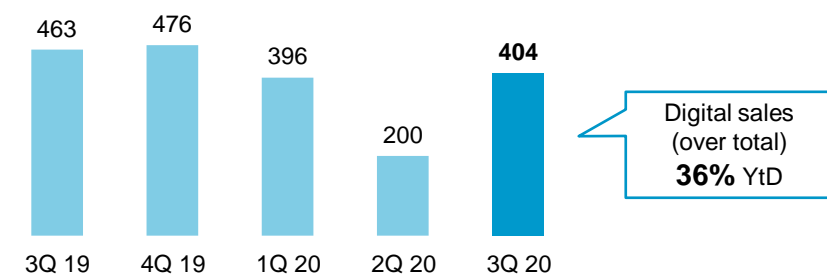
New mortgage lending

€M



New consumer loans²

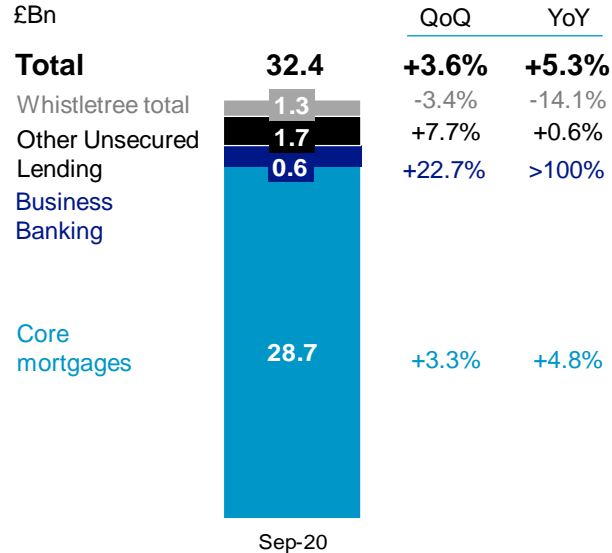
€M



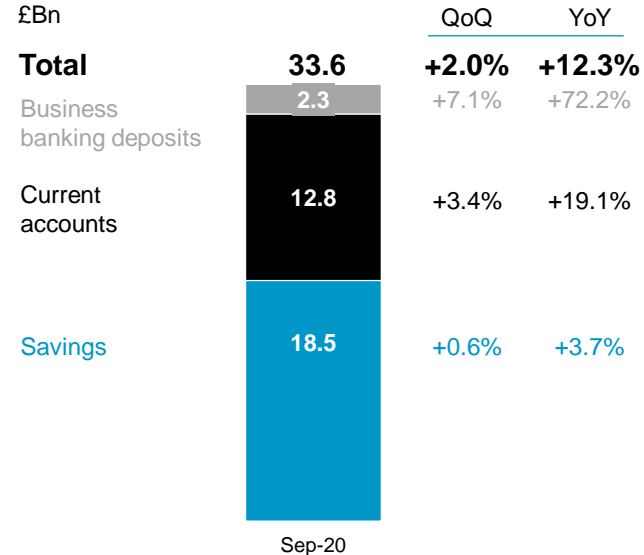
¹ Includes self-employed and excludes Global Corporate Banking ² Consumer loans includes Sabadell Consumer Finance.

All loans and customer funds categories showed significant growth in the quarter at TSB

Net loans



Customer funds



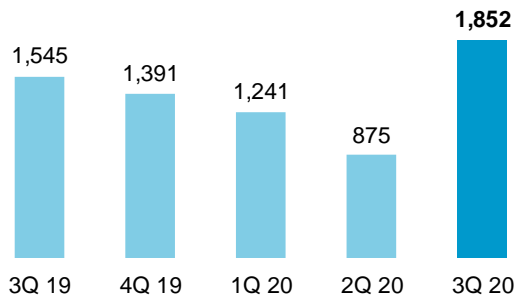
- Strong growth in net lending across products
- Mortgage growth benefitted from a rebound in the mortgage market and TSB's operational resilience amid increased demand
- Higher unsecured loan origination reflects the easing of lockdown restrictions and pick-up in consumer spending levels
- Business banking reflects continued demand for the Bounce Back Loan Scheme, albeit at reduced levels vs. Q2

- Slower quarterly deposit growth across current accounts and savings as consumer spend levels increased
- Business banking deposits benefitted from funds deposited following strong take-up of UK Government's Bounce Back Loan Scheme

TSB reaches its highest level of commercial activity since the beginning of 2018

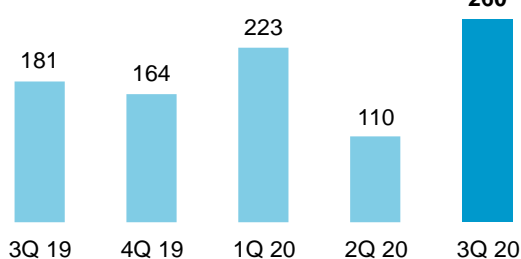
New mortgage lending

£M



New unsecured lending¹

£M

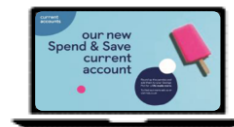


Good progress on TSB's strategic plan beyond restructuring

Customer focus

Operational excellence

Launch of new products to help deliver money confidence to customers:



Spend & Save Current Account
Includes savings pots and auto balancer



Partnership with ApTap
Customers bill management and bill switching capability

Progress in digitisation:

- ✓ Online forms >30 forms live 275K forms submitted
- ✓ TSB Smart Agent 400K customers supported YtD

TSB has taken on direct control of technology services through its partnership with IBM

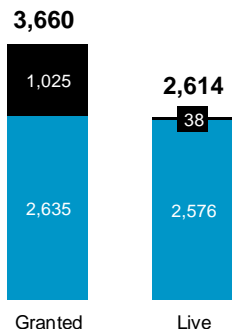
- Optimising the platform to deliver greater cost effectiveness and further innovation
- New IT Bridge live in Edinburgh, part of the £120M digital investment already announced

¹ Excludes credit cards and overdrafts.

Many payment holidays have now ended with no impact on asset quality

Sabadell Spain

€M

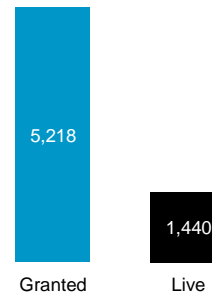


■ Sector specific ■ Statutory

- 92% of live payment holidays are mortgages
- c.70% of expired statutory payment holidays have moved to the sector specific payment holidays programme
- c. 1% of expired statutory payment holidays are non-performing
- Not a material amount of sector specific payment holidays has expired to date

TSB UK

£M



- 97% of live payment holidays are mortgages
- No uplift in NPLs despite considerable reduction of live payment holidays

Payment holidays

Solutions for SMEs & Corporates

ICO liquidity guaranteed loans



- >75% guaranteed by the ICO (State-owned Entity)

Bounce Back Loans



- 100% guaranteed by the UK Government

A strong commitment to sustainability

3Q20 milestones

- Inaugural Banco Sabadell **green bond issuance**, raising €500M
- Launch of **new financing solutions for companies and households linked to Sustainability**
 - ✓ Real Estate Eco-Leasing: for the acquisition of sustainable real estate
 - ✓ “*Eco-Reformas*” loan: special conditions for energy-efficient and sustainable home renovations
- **Carbon footprint reduction** by using **solar panels** in Headquarters



Commitment to Sustainability



€623M

New project-finance lending in renewable energy YtD
(+26% QoQ)



Sep-20: New membership of **Ofiso**, a multisectoral sustainable finance forum in Spain



3

Financial results

Income statement

€M	Sabadell Group					
	3Q20	9M20	QoQ (cte. FX)	QoQ	YoY (cte. FX)	YoY
Net interest income	841	2,545	3.1%	2.5%	-5.8%	-6.2%
Fees & commissions	327	1,000	1.2%	1.0%	-6.1%	-6.3%
Core banking revenue	1,168	3,546	2.6%	2.1%	-5.9%	-6.2%
Trading income & forex	22	177	>100%	>100%	36.3%	36.0%
Other income & expenses	-14	-87	-74.9%	-75.5%	16.6%	14.3%
Gross operating income	1,176	3,636	8.4%	7.9%	-4.9%	-5.2%
Operating expenses ¹	-694	-2,001	7.1%	6.2%	-0.7%	-1.1%
Depreciation & amortisation	-131	-386	1.4%	0.8%	12.6%	12.3%
Pre-provisions income	350	1,249	14.2%	14.8%	-14.8%	-14.9%
Total provisions & impairments ²	-302	-1,391	-52.3%	-52.4%	>100%	>100%
Gains on sale of assets and other results ^{1 2}	22	298	-91.9%	-91.8%	>100%	>100%
Profit before taxes	71	156	<-100%	<-100%	-85.4%	-85.0%
Taxes and minority interest	-13	47	<-100%	<-100%	<-100%	<-100%
Attributable net profit	57	203	7.4%	10.9%	-74.5%	-74.1%

1.5%
ROE
Sep-20

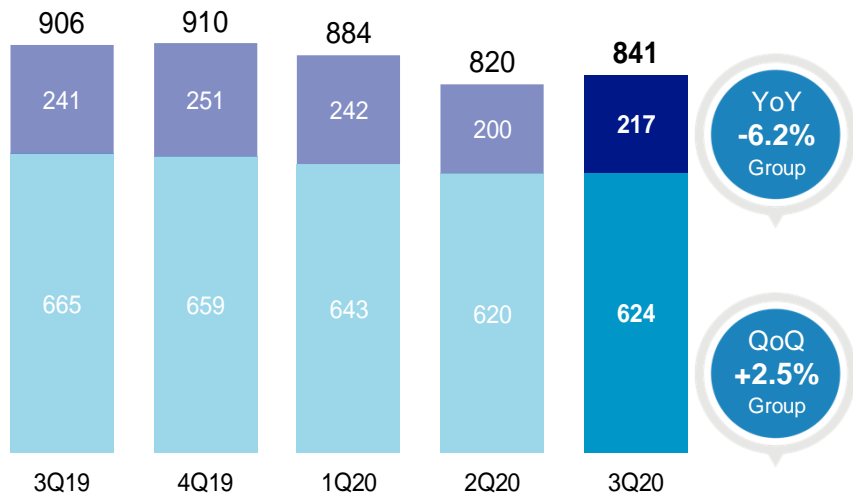
€1.88
TBV per
share
Sep-20

**Net profit in the quarter impacted by the following one-off items: TSB restructuring acceleration (-€76M¹)
and closing of the Real Estate Developer disposal (+€9M²)**

NII benefits from volumes, TLTRO-III and end of overdraft waivers in the UK Sabadell

Evolution of Group NII

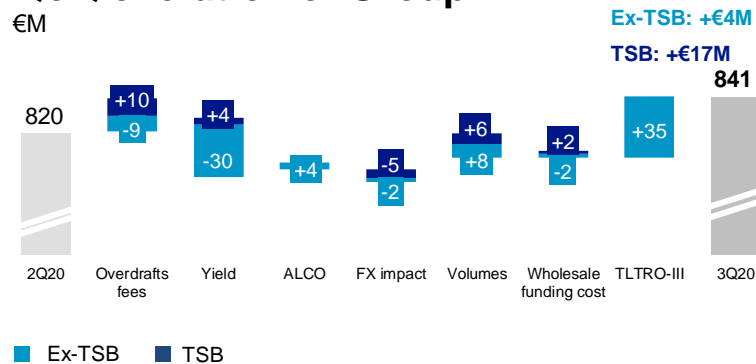
€M



	QoQ	YoY
Sabadell, ex-TSB	+0.6%	-5.0%
TSB	+8.7%	-9.4%

QoQ evolution of Group NII

€M



Sensitivity to interest rates

Impact over 1 year of 10 bps decrease / increase in all relevant rates¹

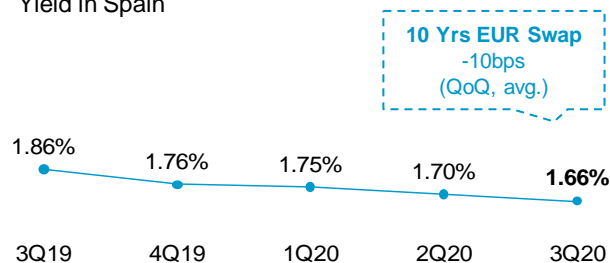
NII impact (€M)	Decrease	Increase
Group	-25	+33
of which:		
Sabadell Spain	-16	+21
TSB	-9	+12

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

Resilient front book pricing despite an even more challenging interest rate environment

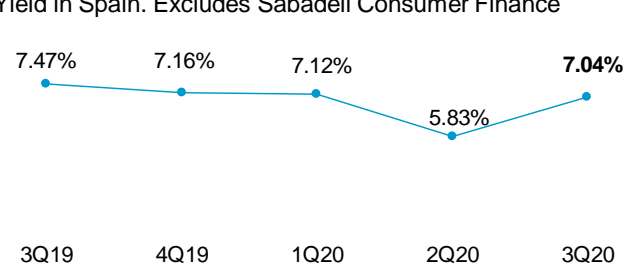
Mortgages to individuals

Yield in Spain



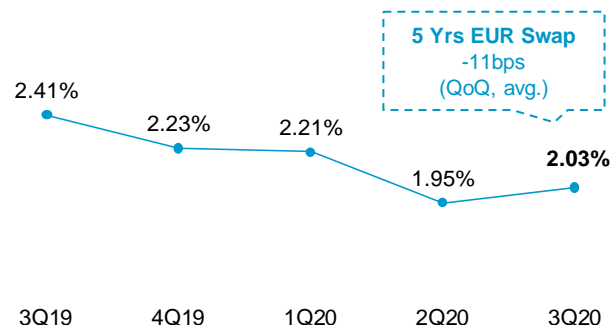
Consumer loans

Yield in Spain. Excludes Sabadell Consumer Finance



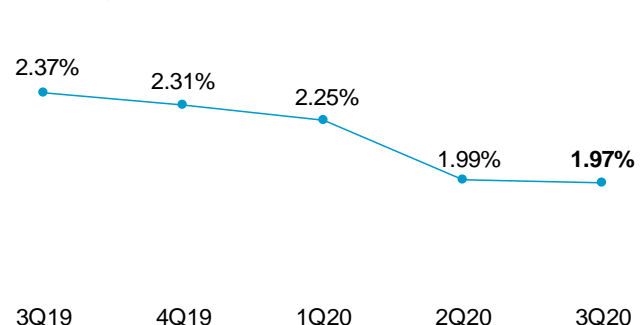
Loans to SMEs and Corporates

Yield in Spain



Credit line for SMEs and Corporates

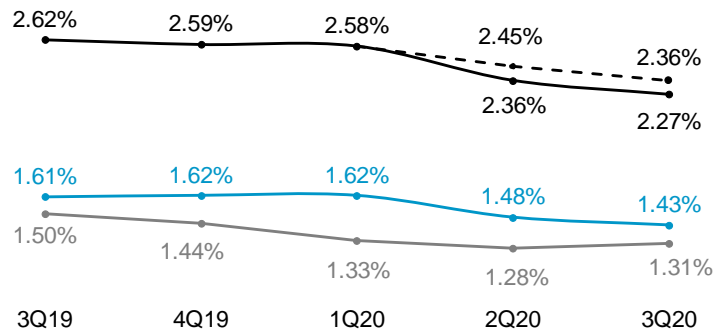
Yield in Spain



NIM impacted by lower loan yields ex-TSB, partially offset by a higher TSB customer spread Sabadell

Sabadell Group

In euros

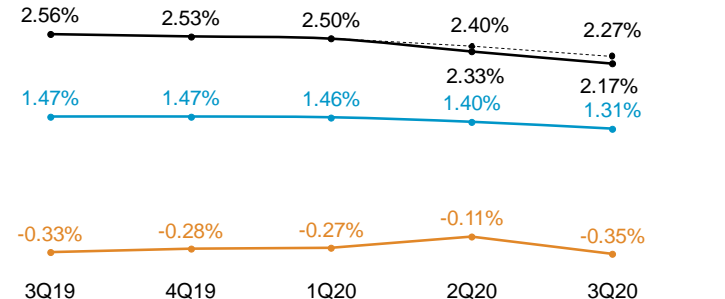


- Customer spread
- NIM as % of ATA
- - Customer spread excl. overdraft fees loss
- 12M Euribor (quarterly avg.)
- Wholesale funding cost
- BoE base rate (quarterly avg.)

- NIM impacted by lower loan yields (ex-TSB) and higher assets derived from TLTRO III funding
- Lower loan yields (ex-TSB) due to changes in credit mix, ICO guarantee cost, lower overdraft fees and contribution from Mexico and Miami. This was partially offset by a higher customer spread at TSB supported by the recovery of overdraft fees and lower cost of customer funds

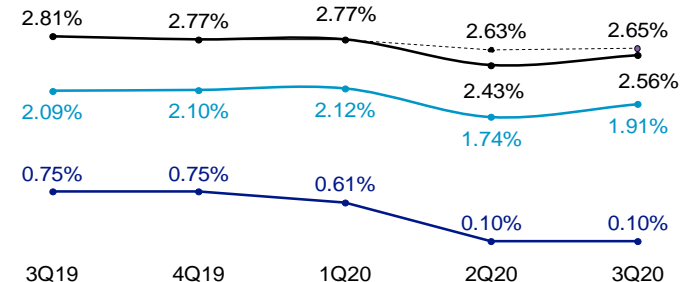
Sabadell ex-TSB

In euros



TSB

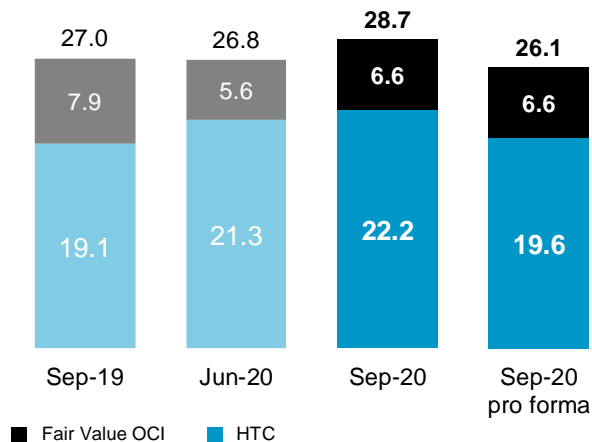
In euros



Efficiency plan fully funded with capital gains from Spanish bond sale

Sale of Spanish bonds from HTC portfolio, executed in October

Evolution of fixed income portfolio. Sabadell Group. €Bn



Hefty capital gains remain post transaction

€1.3bn

Unrealised capital gains in HTC portfolio (as at Oct. 26th)

ALCO Portfolio breakdown

Fixed income composition pro forma. Sabadell Group. €Bn

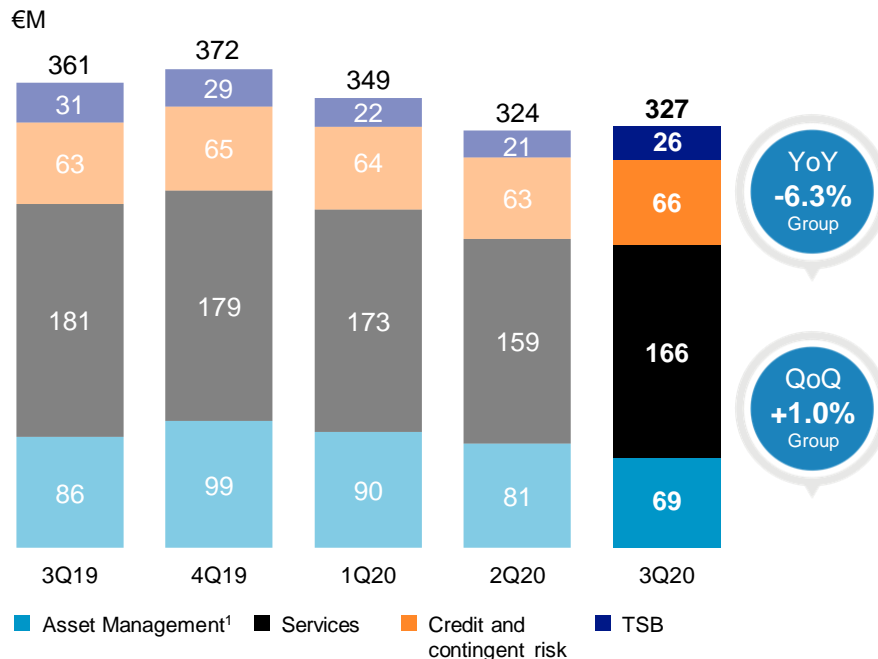


- Spain
- Italy
- Portugal
- Agencies & Covered bonds
- Other governments and Corporates & Financials

- The capital position's sensitivity to bond spread volatility remains low as Fair Value OCI composition is small with short duration
- Only 2% of our ALCO portfolio will mature over the next 2 years

Fees increased in the quarter driven by the recovery of service fees

Evolution of Group fees & commissions



	QoQ	YoY
Sabadell, ex-TSB	-0.7%	-5.0%
of which		
Credit and contingent risk	+3.8%	+3.0%
Services	+4.5%	-5.5%
Asset Mgmt. ¹	-14.3%	-9.6%
TSB	+24.6%	-20.5%

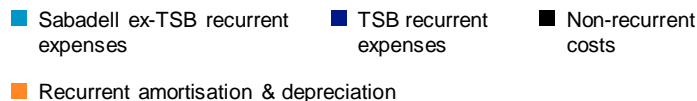
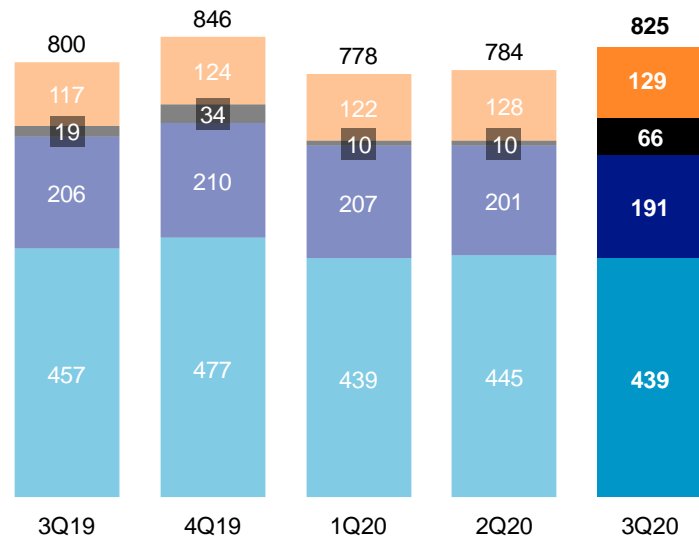
- Group fees & commissions increased in the quarter, mainly driven by the post-lockdown recovery of activity levels both at ex-TSB and TSB level
- Asset management fees impacted by SAB AM disposal (€11M management fee lost in the quarter)
- Improved activity levels and dynamic corporate lending will continue to have a positive impact on fees for the rest of the year

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

Lower Group recurrent costs in the quarter

Evolution of Group costs

€M



YoY
+0.9%
Group

QoQ
+5.3%
Group

Recurrent expenses & amortisation	QoQ	YoY
Group	-1.9%	+0.2%
Sabadell, ex-TSB	-0.4%	+1.1%
TSB	-5.1%	-1.8%

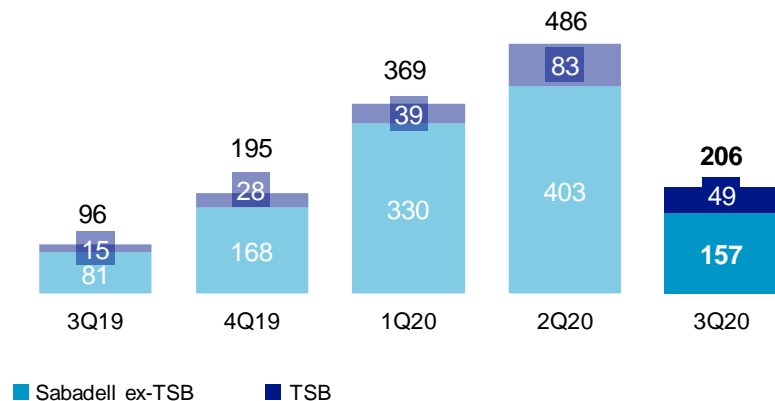
- Lower recurrent costs in the quarter driven by lower personnel expenses ex-TSB and lower general expenses at TSB
- Total costs increased in the quarter driven by the acceleration of TSB's restructuring plan
 - TSB restructuring costs amounted to €71M¹ in the quarter (€83M YTD)
- Total costs for the full year to decrease YoY, when excluding ex-TSB restructuring costs

¹ €76M of TSB restructuring costs in the quarter, of which €71M in OPEX and €5M in other results.

Credit provisions decreased QoQ, year-end Group credit CoR to remain at current levels

Evolution of credit provisions (excl. costs)

€M



Group credit CoR (excl. costs)

88bps (YtD)

- IFRS9 models updated in Q2 with new COVID-19 macro-scenario, resulting in a significant amount of provisions being front-loaded ahead of H2
- Credit provisions decreased in the quarter supported by asset quality trends and in line with the current year-end guidance



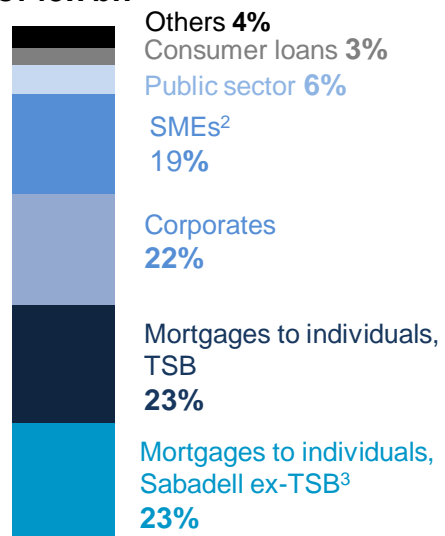
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Credit risk profile

Stable Covid-sensitive exposure QoQ with higher proportion of ICO lending Sabadell

Group performing loans. Sep-20

€143.7bn



67% of total credit portfolio is secured¹

Corporates and SMEs most sensitive to Covid-19. Sep-20. €Bn

	Performing loans	EAD	ICO lending
Tourism, Hospitality & Leisure	5.6	6.6	17%
Transport	3.4	3.8	11%
of which, Airlines	0.4	0.4	8%
Auto	1.3	1.5	23%
Retail (non food)	1.1	1.3	30%
Oil	0.3	0.4	0%
Total most Covid-sensitive	11.6	13.6	17%
% of total	8%	7%	

Structural analysis outcome, ex-TSB. Updated

Sabadell, ex-TSB	Performing loan breakdown	Multiple of 2019 PD			
		2Q20		3Q20	
		Base	Stress	Base	Stress
Corporates & SMEs	47%	1.4x	1.6x	1.4x	1.9x
Specialised lending	8%	1.0x	1.0x	1.0x	1.0x
Self-employed	5%	1.2x	1.3x	1.2x	1.4x
Mortgages to individuals	24%	1.1x	1.2x	1.1x	1.2x
Consumer loans and others	9%	1.2x	1.3x	1.2x	1.4x
Public sector	7%				
Total	€108.3bn	1.3x	1.7x	1.3x	1.8x

Note: This data excludes CAM Asset Protection Scheme A/R. EAD refers to Exposure at Default. Data does not include contingent risks. ¹ Includes mortgage guarantees, ICO-guaranteed loans and others. ² Includes self-employed and specialised lending. ³ Includes mortgages to self-employed.

Overview of Corporates & SMEs loan portfolio, ex-TSB

Highly diversified across size and segments. Only 16% micro-enterprises. Very international customers. High longevity, which evidences long-lasting relationships

Key metrics

Segments according to type (turnover)	Performing loans		Customer longevity (avg. yrs)	Guarantees			Post / Pre Covid PD multiple	
	€M	%		Mortgages		% Others ⁴	Base	Stress
				%	LTV (median)			
Micro-enterprises (<€2M)	7,838	16%	10	31%	52%	52%	1.5	1.8
Small (€2-10M) & Medium enterprises (€10-50M)	10,020	20%	16	27%	50%	38%	1.3	1.8
Corporates (>€50M)	13,043	26%	19	12%	50%	30%	1.5	2.3
Operating Enterprises Spain	30,901	62%	11	22%	51%	38%	1.4	2.0
Holding companies & Other Spain (*)	6,302	13%	13	31%	62%	43%	0.9	1.7
SMES & Corporates Spain	37,203	74%	11	23%	53%	39%	1.4	1.9
Specialised Lending	3,104	6%	6	6%	40%	39%	1.0	1.0
Corporates, International Branches	9,696	20%	19	8%	65%	35%	1.2	1.6
Total	50,003	100%	11	22%	53%	39%	1.4	1.9

(*) Holding companies & Other Spain: Investment holdings €2.2bn, Commercial real estate as a specialized lending €3.5bn, temporarily association of business and other SPV €0.6bn.

International trade active customers¹

(% of clients)

	In Sabadell	In Spain ²
Micro-enterprises	6%	1%
SMEs	26%	15%
Corporates	35%	31%
Total	13%	12%

Evolution of debt level

	Debt / Assets ³		
	Pre Covid	May	July
Micro-enterprises	30.8%	35.6%	36.9%
SMEs	24.8%	28.9%	29.8%
Corporates	15.5%	17.2%	17.1%
Holding & Others	29.0%	29.1%	29.4%

Observed default rates

	3 yrs avg.	2019	2012/11 Multiplier
Micro-enterprises	3.5%	3.6%	1.6x
SMEs	1.6%	1.8%	1.4x
Corporates	1.1%	1.2%	1.3x
Holding & other	1.2%	1.2%	1.6x
Corporates, International Branches	0.1%	0.2%	

Mortgages, ex-TSB¹

- **Exposure:** €32.8bn
- **Portfolio metrics^{2,3}:**
 - LTV (avg.): 68%
 - Affordability (median): 24%
- **New lending metrics^{2,3}:**
 - LTV (avg.): 65%
 - LTV > 80%: 4%
 - Affordability>40%: 16%
 - Affordability>40% and LTV > 80%: 1%
- **Observed default rate:**
 - 2019: 0.8%
 - 3 yrs avg.: 0.9%
 - 2012/11 Multiplier: 1.7x

Small retail and self-employed

- **Limited exposure:** €3bn
- **Business activity:**
 - 46% no Covid-impact or quick recovery sectors, such as pharmacies (21% of total), medical practices, tax advisors and others
- **Customer longevity:** 8 yrs. (avg.)
- **Observed default rate:**
 - 2019: 4.3%
 - 3 yrs avg.: 4.3%
 - 2012/11 Multiplier: 1.6x

Mortgages, TSB⁴

- **Exposure:** £28.7bn
- **LTV (avg.)⁵:** 45%
- **Loan to income multiple⁶(avg.):** 3.3x
- **Mortgage profile:**
 - Fixed (80% of total) / Variable (20%)
 - Repayment (88% of total) / Interest only (12%)
 - Owner occupied (88% of total) / Buy-to-let (12%)

Consumer lending

- **Limited exposure:** €3.2bn
- **Loan's purpose:**
 - 41% durable goods (cars, white goods and others)
 - 59% other lending (home refurbishment, student loans, medical care, other households' needs and others)
- **Observed default rate:**
 - 2019: 4.8%
 - 3 yrs avg.: 4.7%
 - 2012/11 Multiplier: 1.5x



5

Balance sheet

Quarterly decrease in NPL ratio driven by lower inflows and active management of NPLs

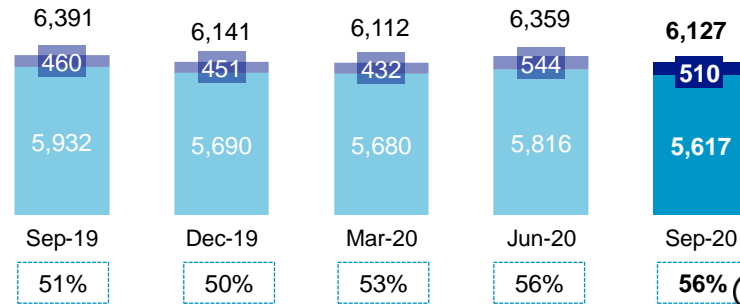
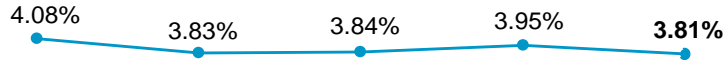
Exposure by Stages and coverage ratio

€M

	Stage 1	Stage 2	Stage 3
Loan to customers and contingent risks	145,465	9,347	6,127
Provisions	632	377	2,451
Coverage	0.4%	4.0%	40.0%

Group NPLs, NPL ratio and coverage

€M

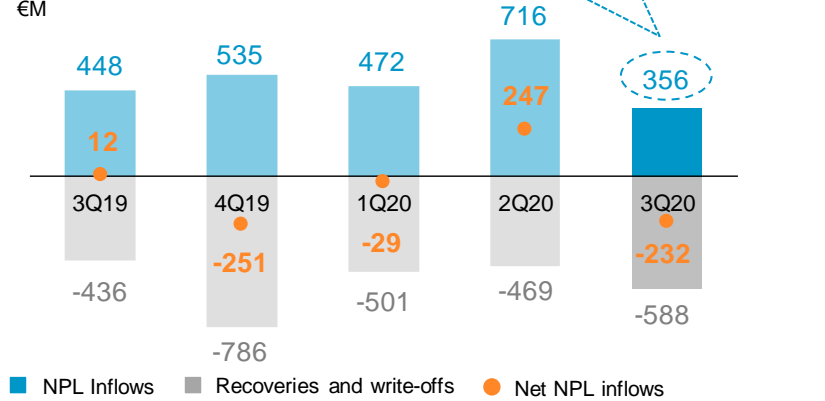


■ Ex-TSB ■ TSB

Note: Includes contingent risk.

Group net NPL inflows

€M



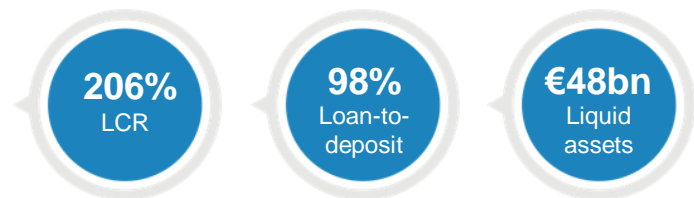
- Foreclosed asset exposure: €1,520M
- NPLs with collateral: 62%
- NPL coverage remained stable QoQ

🔍 < Coverage ratio expressed as total provisions over NPLs

Strong liquidity position

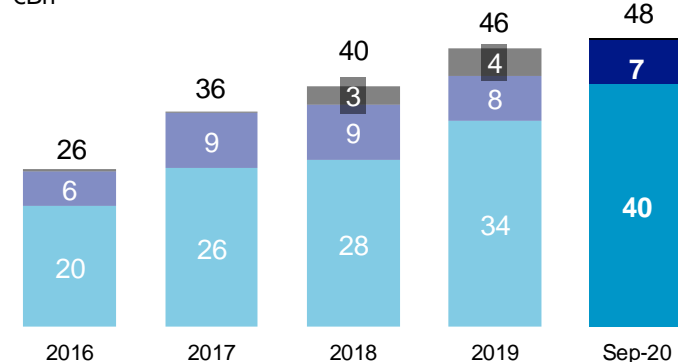
Substantial liquidity buffers

Sabadell Group



Total liquid assets

€Bn



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

Credit ratings

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

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

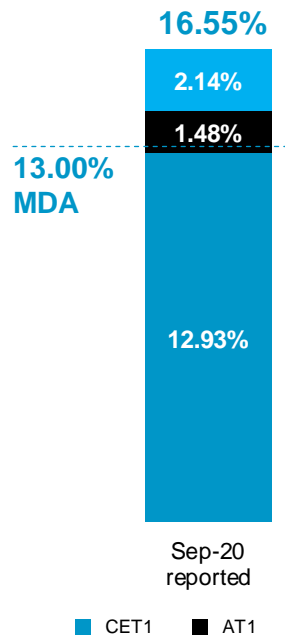
Outstanding central bank funding

- TLTRO-III:** €27bn withdrawn at the Jun-20 auction, of which €13.5bn rolled over from TLTRO-II and €13.5bn is new funding
- TFS:** £3.1bn, likely to be rolled over into new TFSME facilities

Reported CET1 increased +22bps QoQ, which resulted in a comfortable MDA buffer of 355bps

Strong capital position ...

Group capital position



... well above capital requirements

Group capital requirements

	2020	Sep-20 (incl. Art. 104 CRDV)
Pillar 1 CET1	4.50%	4.50%
Pillar 2 CET1 Requirement (P2R)	2.25%	1.27%
Capital Conservation Buffer	2.50%	2.50%
Countercyclical Buffer	-	-
Other Systemically Important Institutions	0.25%	0.25%
CET1 Requirement	9.50%	8.52%
AT1	1.50%	1.92% ²
Tier 2	2.00%	2.56% ²
Total Capital Requirement	13.00%	13.00%

MDA buffer reported
355bps¹

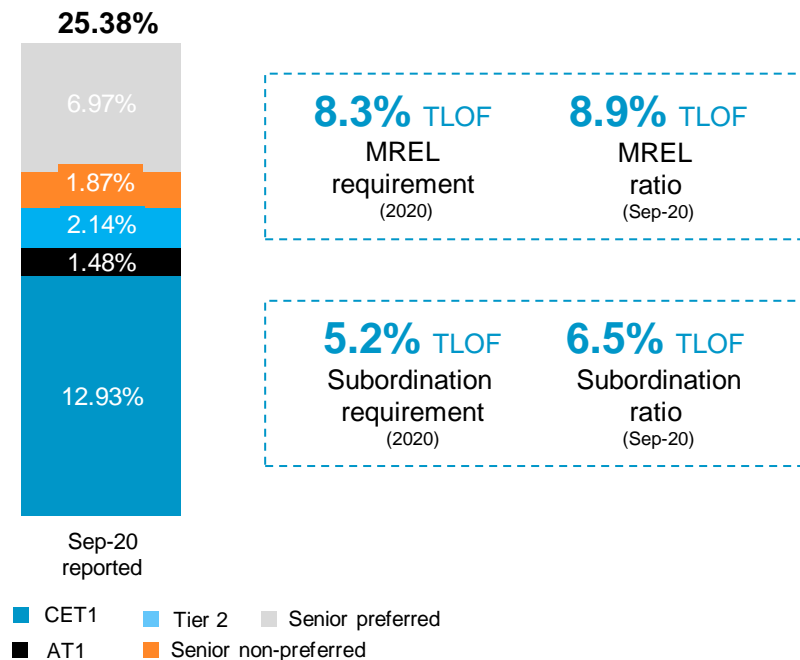
Leverage ratio
5.2%

- Sabadell's **reported fully-loaded CET1 ratio** stood at **12.0%** as at **Sep-20 (+9bps QoQ)**
- **No interim dividend in 2020**, therefore no dividend accrued in the quarter

Sabadell is MREL compliant

MREL position, Sabadell Group

% RWAs



2020 YTD issuances

- €500M Green Senior Preferred bond 6.5 non-call 5.5 years (1.13% coupon)
- €500M Senior Preferred 3 non-call 2 years (1.75% coupon)
- €1bn Covered bonds 8 years (0.13% coupon)
- €300M Tier 2 (2.00% coupon)

Debt issuance plan

- Funding plan completed in 2020, with a total issued amount of €2.3bn

Application of Article 104a

- 85bps potential increase in our current CET1 buffer over P2R by issuing c.€325M of AT1 and c.€325M of Tier 2

A large, bold, blue number '6' is centered on the left side of the slide. It is overlaid on a decorative background consisting of a grid of small, light grey dots. The dots are arranged in a pattern that tapers to the right, creating a triangular shape. The number '6' is a solid, vibrant blue color.

6

Closing remarks

Sabadell is delivering on its 2020 priorities

Priorities ahead

Progress YTD



Cut costs in Spain



✓ **New efficiency plan in Spain** to deliver additional pre-provisions income from 2021 onwards (€115M)¹. Cost fully funded through government bond sales with no upfront capital impact, while hefty unrealised capital gains remain in the ALCO portfolio post transaction (€1.3bn as at Oct. 26th)



Consolidate commercial recovery



✓ Commercial recovery further consolidated this quarter, with **activity approaching or at pre-Covid levels in Spain and above pre-Covid levels in the UK**. Group performing loans² grew +5.5% YoY



Deliver on TSB's business plan



✓ Substantial progress made on TSB restructuring to date. Restructuring plan expected to be completed one year ahead of schedule. **TSB on track to break-even in 2021³**

✓ Continued **acceleration** of **digital transformation**



Strong focus on risk management



✓ **Strong asset quality trends** underpin a lower Group credit cost of risk guidance for 2020 of 85-90bps, supported by a thorough review of our structural analysis presented in Q2 and of our IFRS9 models with revised macro-scenarios

✓ **Strengthened capital position:** CET1 ratio at 12.9% (reported), already above Q2 year-end guidance. Improved CET1 ratio guidance for year-end 2020 of c.13%

Appendix

1 Covid-19
update

2 Financial
statements

3 Business
profile

4 Commercial
activity

5 Customer
spread

6 Funding
structure

7 Credit risk
profile

8 Asset
quality

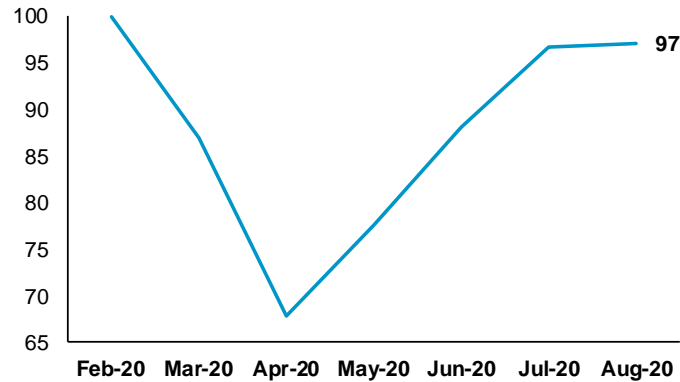
9 RWAs

10 Share data

1. Spanish economy – Q3 developments

Economic activity began a gradual recovery in May with the easing of lockdown measures

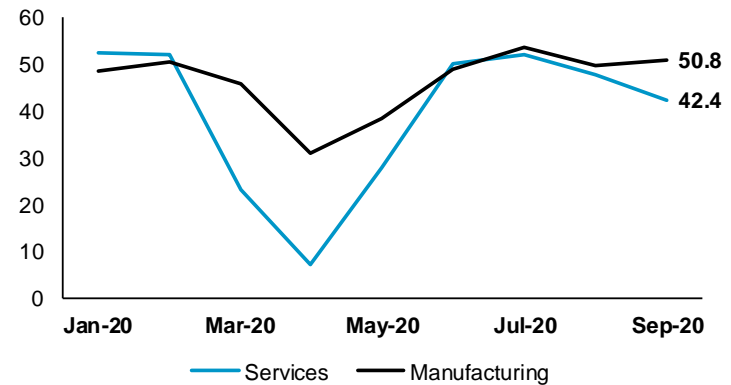
Industrial production in Spain (February 2020=100). Source: Bloomberg.



- The improvement has been mirrored both by **traditional indicators** (such as industrial production or retail consumption) and by **high frequency** indicators (such as demand for electricity or card spending)
- The **labour market** has also shown improvement. In recent months, half of the jobs lost between March and April have been recovered and 73% of those affected by an ERTE (furlough) have returned to work

Economic recovery has slowed down due to new Covid-19 outbreaks

Purchasing Managers' Index (level). Source: Bloomberg.

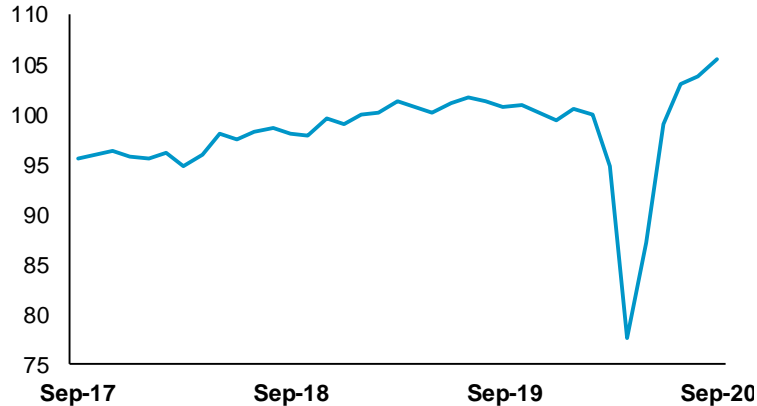


- The **Bank of Spain** estimates **GDP growth between 13.0% and 16.6% QoQ** in Q3 2020
- **Economic recovery will depend on the future development of the Covid-19 crisis** and will continue to be diverse across sectors

1. UK economy – Q3 developments

Retail sales have been supporting the recovery

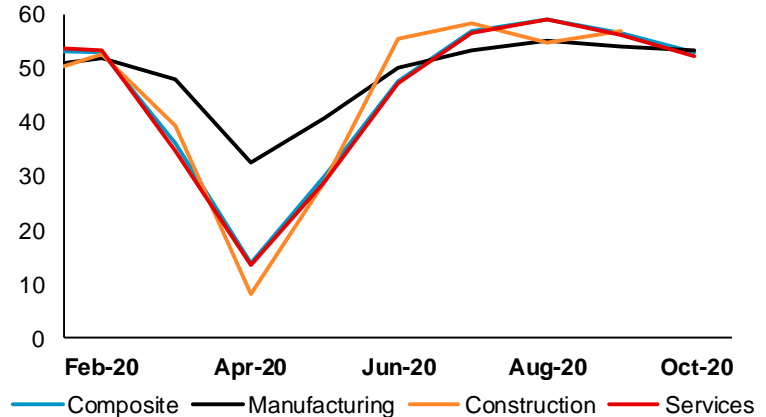
Retail sales (volume, Index Feb 20=100). Source: ONS.



- The **UK economy** is expected to experience **double-digit GDP growth** in 3Q20
- **The fiscal and monetary measures** put in place have been key to mitigating the impact and have laid the foundations for an early recovery
- **The unemployment rate** has picked up from 4.0% to 4.5% since the beginning of the crisis, which is far less than initially anticipated

Business confidence has recovered swiftly but firms are increasingly worried about a second wave.

Purchasing Managers' Index (level). Source: Reuters.



- **Retail sales** have registered five consecutive months of growth. Total retail sales in September were 3.9% higher in value and 5.5% higher in volume compared to February 2020's pre-pandemic levels
- The **housing market** has been undeniably strong since lockdown restrictions began to ease in May. For example, the BoE recently reported that mortgage approvals have risen to the highest level since Oct-2007

1. Macroeconomic assumptions as of Q3

Weighted avg. of macro scenarios¹

	2020e	2021e	2022e
Real GDP (g%) (SP)	-12.0%	6.7%	4.0%
Housing prices (g%) (SP)	-4.9%	0.0%	3.5%
Unemployment (%) (SP)	17.0%	18.2%	16.3%
Real GDP (g%) (UK)	-10.6%	7.0%	1.6%
Housing prices (g%) (UK)	0.8%	-8.1%	4.4%
Unemployment (%) (UK)	5.5%	7.3%	5.8%

¹ Weighted average of all different macro-economic scenarios assessed in our provisioning models according to the probability assigned to each one. For Spain: Baseline scenario: 60%, upside: 15% and downside: 25%. For the UK: Baseline scenario: 50%, upside: 10%, downside: 30%, tail risk scenario 1: 5%, tail risk scenario 2: 5%.

1. Governments and regulators have proposed additional support measures in Q3

Spain

- **Furlough (ERTEs) extended** until 31 January
- **Statutory payment holidays extended** for rental sector where landlords own multiple properties or are public entities; new moratoria arranged for tourism and transport segments (for applicable sub-segments)
- **State Guarantees (ICO):** New €40bn ICO guarantee line approved. In July, first tranche of €8bn was released to support companies and self-employed

EC, EBA and ECB

- **State Aid Temporary Framework:** The EC has published a proposal to extend it until 30 June 2021¹
- **Prudential treatment of software assets:** The EBA has extended the prudential amortisation period for software assets to three years. Implementation expected for end of 2020
- **Leverage ratio relief:** The ECB exercises regulatory discretion to allow the exclusion of certain central bank exposures from leverage ratio until 27 June 2021

UK

- **Additional support for businesses and workers impacted by coronavirus and local restrictions:**
 - Extension of job support schemes (JSS, JSS expanded, SEISS extension, JRB, Kickstart Scheme)
 - Local Restrictions Support Grants
 - Extension of finance schemes (BBLS, CBILS, CLBILS) until 30 November and flexibility to pay back loans
- **Stamp Duty Land Tax temporary reduced rates**
- **Payment holidays:**
 - FCA and PRA announced measures to ensure that tailored support is provided for consumer credit and overdraft customers struggling with payments as a result of coronavirus
 - Banks are expected to contact clients before payment holidays expire and offer them, where necessary, the option to refinance or restructure their debt

¹ 30 September 2021 for recapitalisation measures. It also includes additional State Aid in the form of support for uncovered fixed costs.

2. Detailed income statement

€M	Sabadell Group						Sabadell ex-TSB				TSB			
	3Q20	9M20	QoQ (cte. FX)	QoQ	YoY (cte. FX)	YoY	3Q20	9M20	QoQ	YoY	3Q20	9M20	QoQ (cte. FX)	YoY (cte. FX)
Net interest income	841	2,545	3.1%	2.5%	-5.8%	-6.2%	624	1,887	0.6%	-5.0%	217	659	10.9%	-9.5%
Fees & commissions	327	1,000	1.2%	1.0%	-6.1%	-6.3%	301	931	-0.7%	-5.0%	26	70	27.1%	-20.3%
Core banking revenue	1,168	3,546	2.6%	2.1%	-5.9%	-6.2%	925	2,818	0.2%	-5.0%	243	728	12.5%	-10.7%
Trading income & forex	22	177	>100%	>100%	36.3%	36.0%	19	155	>100%	36.0%	3	22	-32.2%	38.9%
Other income & expenses	-14	-87	-74.9%	-75.5%	16.6%	14.3%	-8	-93	-89.4%	41.9%	-7	6	>100%	>100%
Gross operating income	1,176	3,636	8.4%	7.9%	-4.9%	-5.2%	936	2,880	9.9%	-4.4%	239	756	2.9%	-7.8%
Personnel recurrent costs	-375	-1,167	-3.9%	-4.4%	-1.6%	-1.8%	-290	-903	-5.1%	0.2%	-85	-263	0.4%	-8.2%
Administrative recurrent costs	-255	-755	1.5%	0.6%	-0.7%	-1.1%	-149	-419	7.0%	-2.2%	-106	-336	-5.3%	0.4%
Non-recurrent costs	-66	-86	>100%	>100%	24.2%	21.7%	-1	-4	8.9%	-73.4%	-65	-82	>100%	48.4%
Recurrent depreciation & amortisation	-129	-380	1.5%	0.9%	10.7%	10.4%	-93	-270	4.1%	10.5%	-36	-110	-4.8%	10.2%
Pre-provisions income	350	1,249	14.2%	14.8%	-14.8%	-14.9%	403	1,284	27.3%	-9.9%	-53	-35	>100%	>100%
Total provisions & impairments	-302	-1,391	-52.3%	-52.4%	>100%	>100%	-253	-1,222	-54.1%	>100%	-49	-169	-40.5%	>100%
Gains on sale of assets and other results	22	298	-91.9%	-91.8%	>100%	>100%	28	303	-89.9%	>100%	-5	-5	>100%	93.9%
Profit before taxes	71	156	<-100%	<-100%	-85.4%	-85.0%	178	365	>100%	-65.1%	-107	-209	-15.4%	>100%
Taxes and minority interest	-13	47	<-100%	<-100%	<-100%	<-100%	-36	-8	<-100%	-97.1%	23	54	-21.6%	>100%
Attributable net profit	57	203	7.4%	10.9%	-74.5%	-74.1%	141	358	21.7%	-54.6%	-84	-155	-32.6%	>100%

Note: EUR/GBP exchange rate of 0.8837 used for 9M20 P&L and EUR/GBP exchange rate of 0.9054 used for 3Q20 P&L.

2. Detailed income statement, TSB contribution to Group

€M	TSB			
	3Q20	9M20	%QoQ	%YoY
Net interest income	197	582	10.9%	-9.5%
Fees & commissions	24	62	27.1%	-20.3%
Core banking revenue	220	644	12.5%	-10.7%
Trading income & forex	3	19	-34.2%	38.9%
Other income & expenses	-6	5	>100%	>100%
Gross operating income	217	668	2.9%	-7.8%
Operating expenses	-231	-598	24.8%	-0.2%
Personnel expenses	-112	-271	43.8%	-1.3%
Other general expenses	-119	-328	11.0%	0.6%
Amortisation & depreciation	-34	-103	-4.9%	16.7%
Memo line:				
Recurrent costs	-206	-628	-3.2%	-1.7%
Non-recurrent costs	-59	-74	>100%	48.4%
Pre-provisions income	-48	-34	>100%	>100%
Total provisions & impairments	-44	-152	-40.5%	>100%
Gains on sale of assets and other results	-5	-4	>100%	93.9%
Profit before taxes	-97	-190	15.4%	>100%
Taxes and minority interest	21	49	-21.6%	>100%
Attributable net profit	-76	-140	-32.6%	>100%

- Consolidated financials at Group level include TSB acquisition-related core deposits and brand intangibles amortisation of €40M pre-tax per year from 2019 to 2022, which is excluded from TSB stand-alone financials

2. Balance sheet

€M	Sabadell Group					Sabadell ex-TSB		
	Sep-20	QoQ (cte. FX)	QoQ	YoY (cte. FX)	YoY	Sep-20	QoQ	YoY
Total assets	236,094	0.7%	0.7%	7.0%	6.0%	192,954	0.7%	8.4%
Of which:								
Gross loans to customers ex repos ¹	151,457	0.1%	0.1%	4.1%	2.9%	115,467	-0.9%	3.2%
Performing loans	145,462	0.2%	0.2%	4.5%	3.2%	110,047	-0.8%	3.7%
Performing loans ex-APS²	143,701	0.3%	0.2%	5.5%	4.3%	108,286	-0.8%	5.1%
Fixed income portfolio	29,857	5.3%	5.3%	8.3%	8.0%	27,013	4.1%	8.0%
Total liabilities	223,363	0.8%	0.7%	7.5%	6.5%	180,067	0.7%	9.2%
Of which:								
On-balance sheet customer funds	148,163	0.4%	0.4%	5.0%	4.0%	111,379	-0.1%	2.5%
Term funds ³	21,889	-7.5%	-7.6%	-19.1%	-19.8%	19,038	-8.2%	-20.5%
Sight accounts	126,274	1.9%	1.9%	10.7%	9.7%	92,341	1.7%	9.0%
Wholesale funding	21,956	-0.3%	-0.3%	-3.6%	-3.9%	20,164	1.6%	-1.4%
ECB funding	27,000	-1.0%	-1.0%	89.1%	89.1%	27,000	-1.0%	89.1%
BoE funding	3,359	0.0%	0.0%	-49.1%	-50.6%	0	--	--
Off-balance sheet funds	41,935	0.5%	0.5%	-4.0%	-4.0%	41,935	0.5%	-4.0%
Of which:								
Mutual funds	25,332	1.1%	1.1%	-3.1%	-3.1%	25,332	1.1%	-3.1%
Pension funds	3,260	0.3%	0.3%	-11.2%	-11.2%	3,260	0.3%	-11.2%
Third party insurance products	10,113	-0.7%	-0.7%	-4.0%	-4.0%	10,113	-0.7%	-4.0%
Managed accounts	3,230	0.1%	0.1%	-3.2%	-3.2%	3,230	0.1%	-3.2%
Total customer funds	190,098	0.4%	0.4%	2.9%	2.1%	153,314	0.0%	0.6%

Note: EUR/GBP exchange rate of 0.9124 used for Sep-20 balance sheet.¹ Includes accrual adjustments. ² Excludes CAM Asset Protection Scheme A/R. ³ Term funds include term deposits and other funds placed via the branch network and exclude repos and deposits from institutional clients.

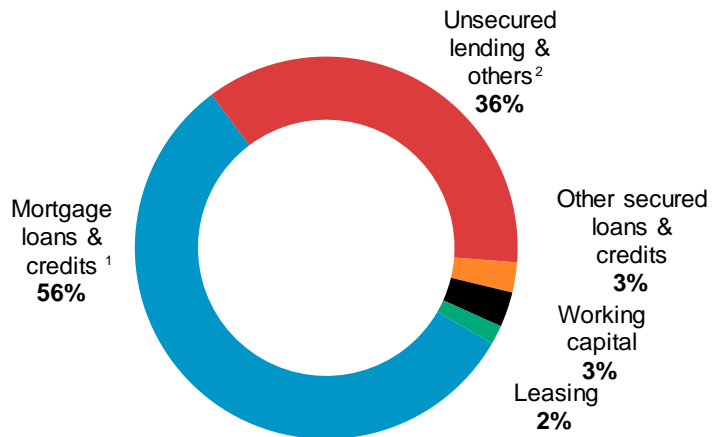
2. Individual detailed balance sheet, TSB

£M	TSB		
	Sep-20	%QoQ	%YoY
Cash, cash balances at central banks and other demand deposits	4,835	-16.3%	-27.0%
Financial assets held for trading and fair value with changes in PL	246	-17.0%	37.1%
Financial assets in fair value OCI	1,486	16.8%	-18.5%
Financial assets at amortised cost	33,861	3.1%	5.0%
of which			
Total customer lending	32,376	3.6%	5.3%
Core mortgages	28,727	3.3%	4.8%
Unsecured & Business Banking	2,346	11.3%	28.8%
Whistlefree mortgages	1,304	-3.4%	-14.1%
Tangible assets	270	-4.7%	-11.1%
Intangible assets	41	16.6%	>100%
Other assets	529	-5.8%	24.6%
Total assets	41,268	0.5%	-0.9%
Financial liabilities held for trading and fair value with changes in PL	333	17.0%	>100%
Financial liabilities at amortised cost	38,543	0.7%	-0.7%
of which			
Total customer deposits	33,579	2.0%	12.3%
Fixed rate savings	2,601	-2.9%	-12.2%
Variable rate savings	15,906	1.1%	6.9%
Current accounts	12,807	3.4%	19.1%
Business banking	2,265	7.1%	72.2%
TFS	3,065	0.0%	-49.1%
Provisions	118	84.2%	>100%
Other liabilities	523	-20.3%	-30.5%
Subtotal liabilities	39,516	0.6%	-0.6%
Shareholders' equity	1,768	-3.6%	-5.1%
Accumulated other comprehensive income	-15	-2.8%	>100%
Net equity	1,752	-3.6%	-5.6%
Total liabilities and equity	41,268	0.5%	-0.9%

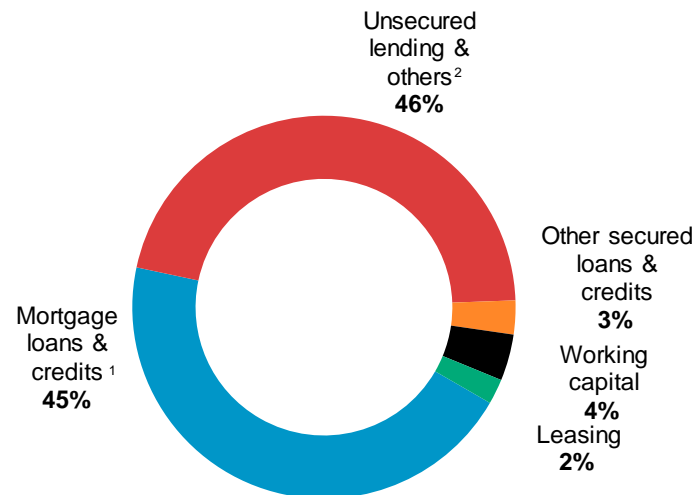
Note: EUR/GBP exchange rate of 0.9124 used for Sep-20 balance sheet.

3. Performing loans by product type

Sabadell Group



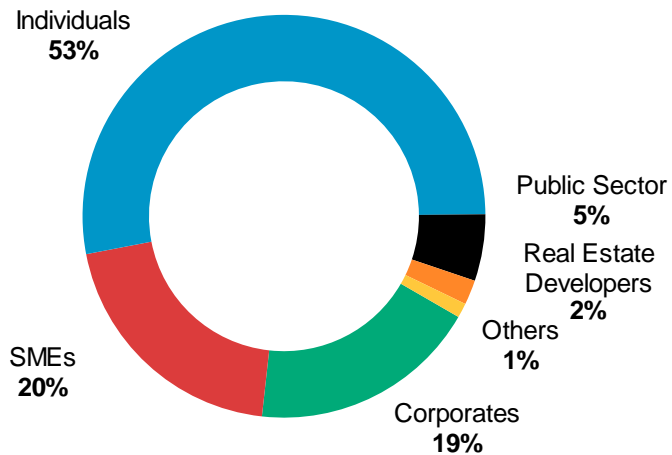
Sabadell ex-TSB



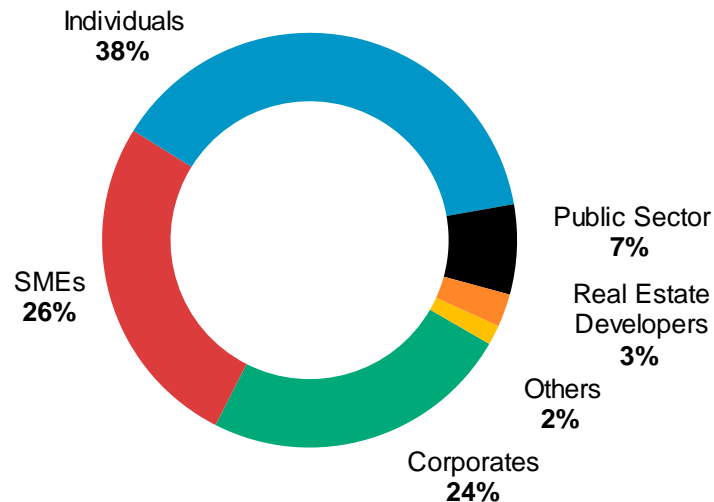
Note: Data as at Sep-20, refers to gross loans. ¹ Includes mortgage loans and credits to both individuals and companies. ² Unsecured loans, loans to the public sector, overdrafts and others. Includes ICO-guaranteed loans.

3. Gross loans by customer type

Sabadell Group



Sabadell ex-TSB



Note: Data as at Sep-20.

3. Performance by customer type

Performing loans: evolution by customer type, ex-TSB

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

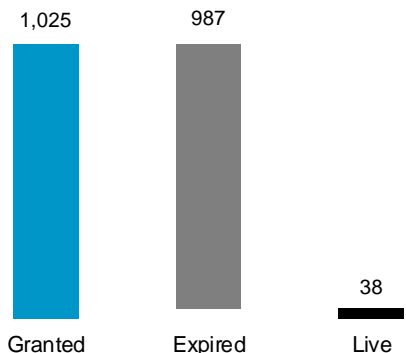
	Jun-20	New lending	Attrition	Sep-20	% QoQ	% YoY
Corporates	28,270	1,505	-2,156	27,619	-2.3%	+7.5%
SMEs	27,081	2,729	-2,543	27,267	+0.7%	+5.9%
Mortgages to individuals ¹	32,614	724	-538	32,800	+0.6%	+1.1%
Other lending and consumer loans	9,397	1,031	-1,360	9,068	-3.5%	+8.5%
Public Administrations	8,117	180	-280	8,017	-1.2%	+9.3%
Construction and Real Estate sectors	3,701	291	-477	3,515	-5.0%	+2.4%
Total Sabadell, ex-TSB (excl. APS)	109,180	6,460	-7,354	108,286	-0.8%	+5.1%

Note: Excludes accrual adjustments. ¹Refers to residential mortgages to individuals within Spain only.

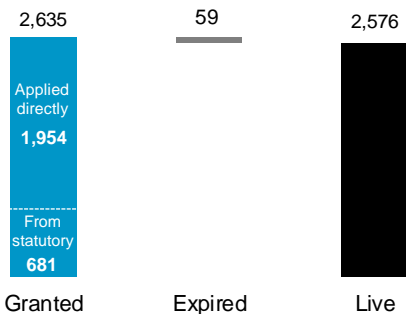
4. Payment holidays in Spain

Figures as at Sep. 30th. €M

Statutory payment holidays
Application period ended on Sep, 30th
(Note: outstanding principal)



Sector specific payment holidays
Applied directly 1,954
From statutory 681
Applications ended on Sep, 30th
(Note: outstanding principal)



Breakdown of live amount

Breakdown by collateral
€M

	Volume	As % of total portfolio
Mortgages	22	0.1%
Unsecured	16	0.6%

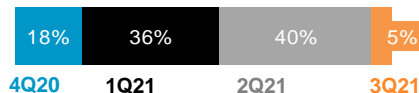
Breakdown by maturity

- All maturities in 4Q 20

Breakdown by collateral. €M

	Volume	As % of total portfolio
Mortgages	2,387	6.6%
Unsecured	188	6.7%

Breakdown by maturity



Expired payment holidays

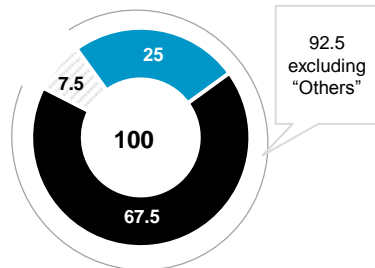
- c.70% of expired payment holidays have been moved to the sector-specific payment holidays programme
- c. 1% of expired payment holidays are non-performing

- No material amount has expired to date

4. ICO

ICO guarantee Programme. €bn

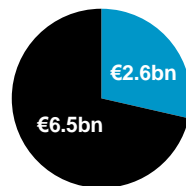
ICO liquidity
Clients can apply until Dec. 1st



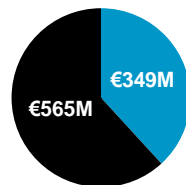
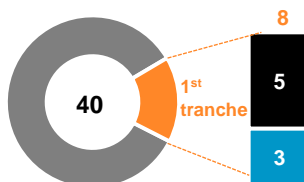
Others¹ Corporates SMEs & Self-employed

Guarantees allocated to Sabadell

€9.1bn
~10% market share



€914M
~11.5% market share



Sabadell activity as at Oct. 23rd. €bn

	Granted		In process
	10.5 Loans	8.0 Guarantees	0.9 Loans
SMEs & Self-employed	7.1	5.7	0.7
Corporates	3.4	2.3	0.2
Total	10.5	8.0	0.9

- Yield: 2.09² (avg.)
- Loan term: 3.3 years (avg.)

- Application period for new programme begins Oct-20
- >1,000 transactions as at Oct. 23rd

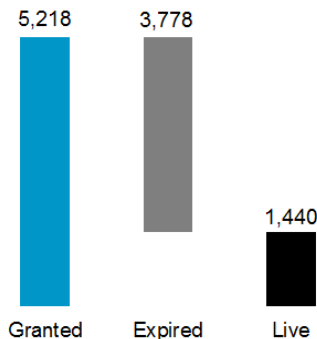
¹ Includes €4,000M to guarantee issuances in the Alternative Fixed Income Market (MARF by its Spanish acronym) + €500M to support the counter-guarantee that CERSA grants to the mutual guarantee societies of autonomous communities + €2,500M to reactivate the tourism sector + €500M to boost the automotive sector.

² Excludes guarantee cost.

4. Payment holidays and BBLs in the UK

Payment holidays
 Clients can apply until the end of Oct-20
 (Note: outstanding principal)

Figures as at Sep. 30th. £M



Life payment holidays. £M

	Volume	As % of total portfolio
Mortgages	1,398	4.6%
Unsecured	42	2.4%

Expired payment holidays

- No uplift in NPLs despite considerable reduction of live payment holidays

Bounce Back Loans
 Clients can apply until the end of Nov-20

Figures as at Oct. 23rd



- % guaranteed by the government: 100%
- Loan size: £2,000 to £50,000 (capped at 25% of turnover)
- Yield: 2.5%
- Loan term: 6 years with an option to extend up to 10 years. Early repayment is permitted at any stage without early repayment fees

4. Service quality index and NPS

Sabadell Spain

Service quality index



Sector average



#1 vs. peers

NPS Online banking



Net promoter score (NPS)

Corporates	41%	#1
Personal banking	28%	
SMEs	6%	
Retail banking	0%	

NPS Mobile



T S B UK

NPS Bank

3-month average



NPS Mobile

13-week average



4. Progress on digitisation in Spain with a focus on efficiency and commercial activity

Servicing digitisation

✓ Transactions carried out through remote channels
93% in Q3 (+2pp YoY)

✓ Documents signed digitally
46% in Q3 (+10pp YoY)

✓ Branches closed
50 in Q3 (144 YtD)

Remote commercial activity

✓ Pull data-driven commercial impacts over total
81% YtD
Advanced analytics: 2,000 different variables defining Customers' profile

✓ "Blink" digital insurance sales out of total
37% YtD

✓ Digital loan sales over total
36% YtD

New developments in Q3



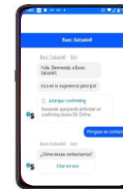
"Ahorro Expansión" Account
New way of saving through digital channels



Nomo for SMEs
Management tool for self-employed extended to SMEs



New prediction algorithm
AI to predict Covid impact on customers' finance



Zendesk
New customer service chatbot

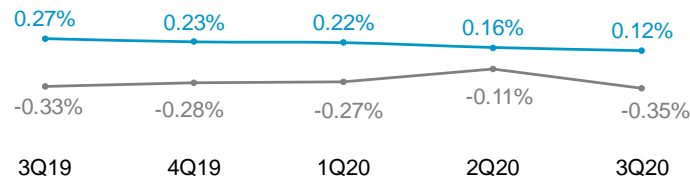
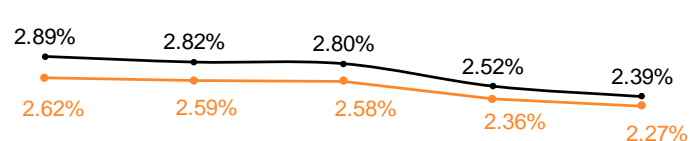


Video tutorial
To support customers with digital tools

5. Customer spread evolution

Sabadell Group

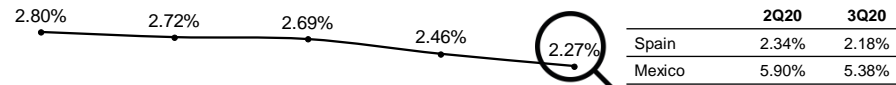
In euros



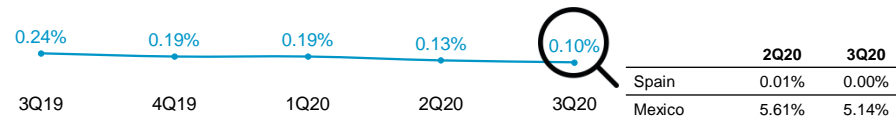
- Customer loan yield
- Cost of customer funds
- Customer spread
- 12M Euribor (quarterly average)
- Bank of England base rate (quarterly average)

Sabadell ex-TSB

In euros



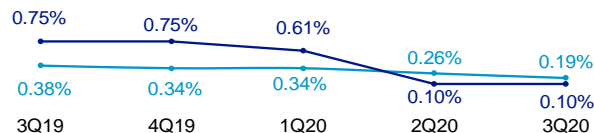
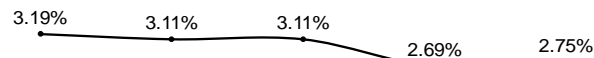
	2Q20	3Q20
Spain	2.34%	2.18%
Mexico	5.90%	5.38%



	2Q20	3Q20
Spain	0.01%	0.00%
Mexico	5.61%	5.14%

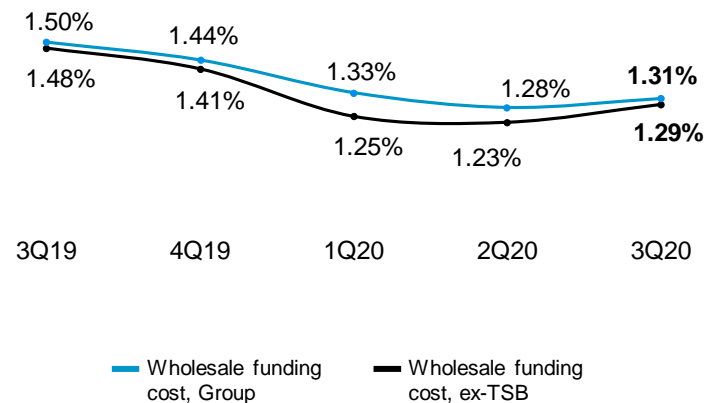
TSB

In euros

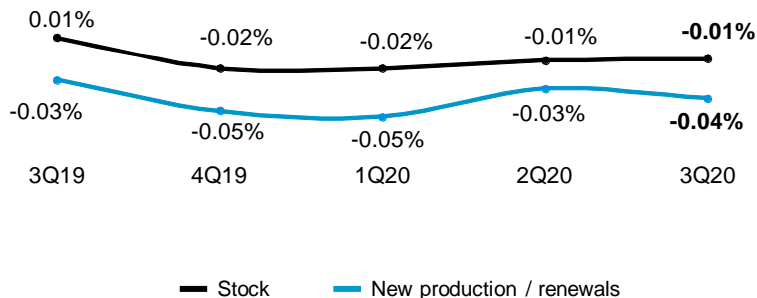


5. Wholesale funding cost and rates on term deposits

Wholesale funding cost¹



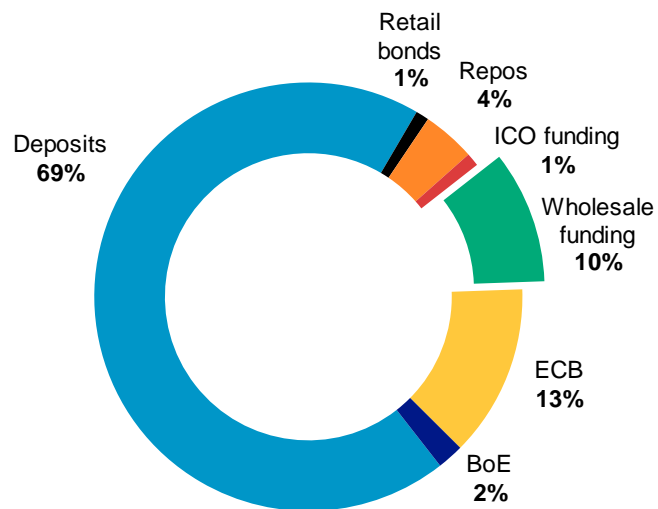
Euro term deposits, ex-TSB



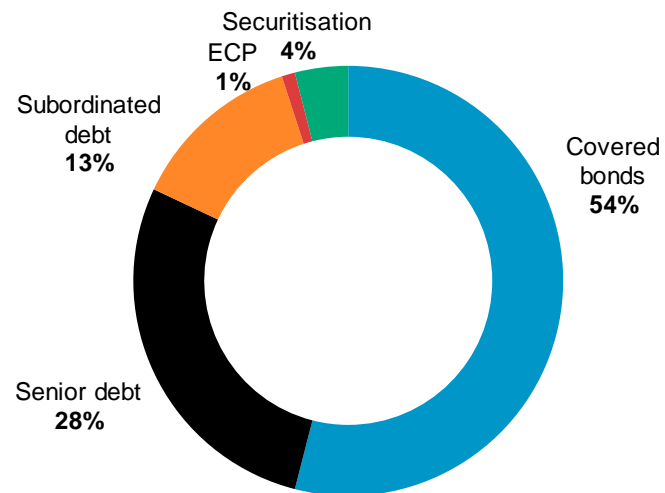
¹ Wholesale funding cost excludes the additional benefit from TLTRO-III and TFS funding.

6. Group funding structure

Funding structure



Wholesale funding breakdown

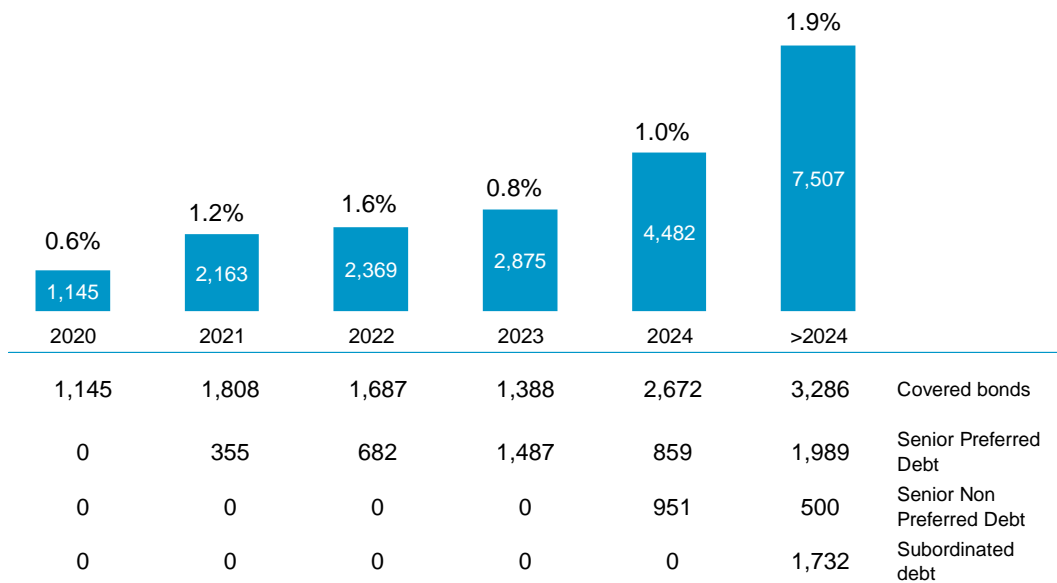


Note: Data as at Sep-20.

6. Group debt maturities and issuances

Debt maturities and average cost

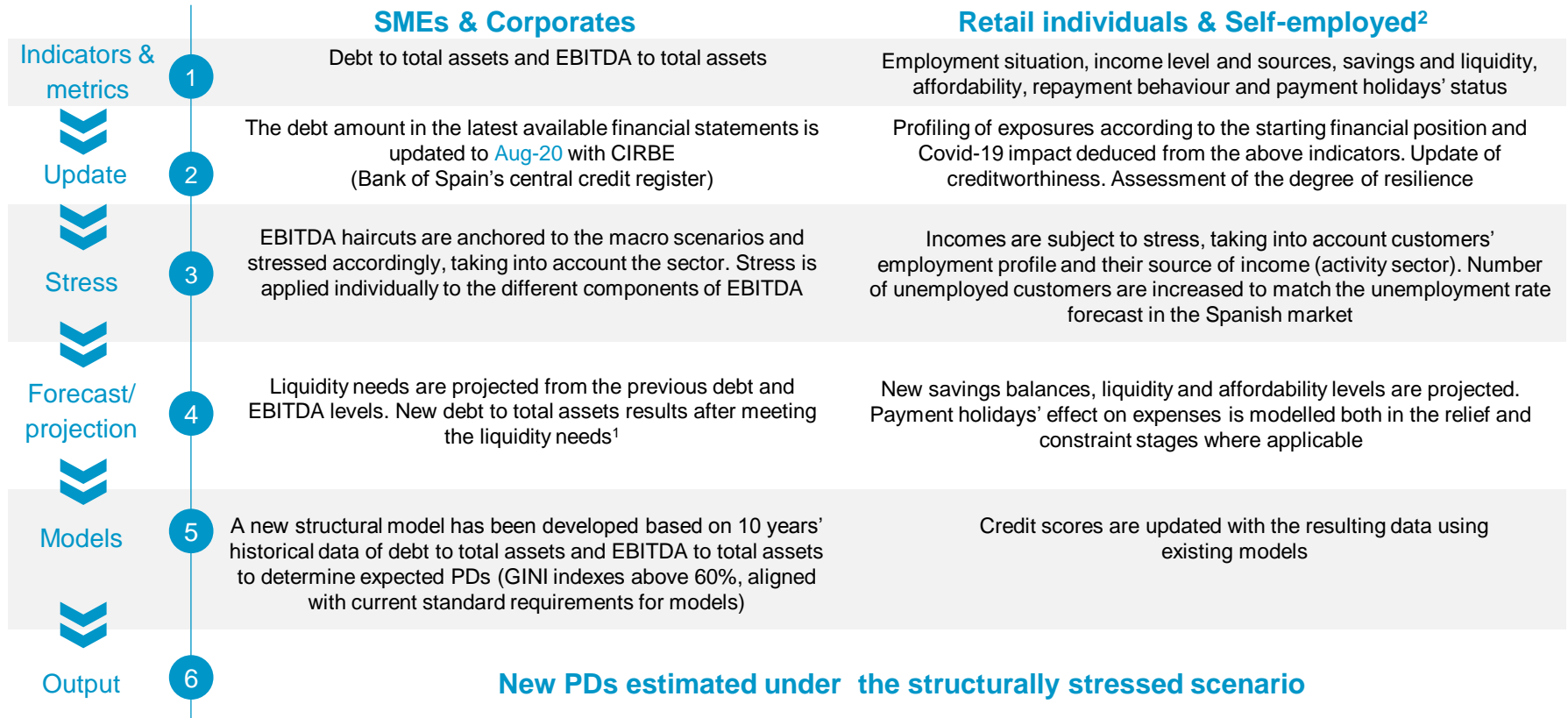
Maturities in €M and average cost in %



Debt maturities in next 12 months

Instrument	Date	Size	Coupon
Covered bond	03/11/2020	€945M	0.63%
Covered bond	28/12/2020	€200M	3.75%
Covered bond	22/03/2021	€300M	4.00%
Senior preferred bond	08/04/2021	€294M	0.45%

7. The characteristics of this crisis require the use of a structural Sabadell analysis approach for impact assessment and monitoring



¹Liquidity calculation algorithm : cash + credit drawn + projected EBITDA - taxes - long term debt amortisation - asset renewal. ² Includes mortgages, consumer loans and others.

8. Evolution of Sabadell Group NPA coverage ratios

€M	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20
NPLs	6,391	6,141	6,112	6,359	6,127
Provisions	3,263	3,045	3,228	3,537	3,460
Coverage ratio (%)	51.1%	49.6%	52.8%	55.6%	56.5%
Foreclosed assets	1,032	1,185	1,310	1,460	1,520
Provisions	380	394	451	514	541
Coverage ratio (%)	36.8%	33.3%	34.4%	35.2%	35.6%
Total problematic assets	7,424	7,326	7,422	7,820	7,647
Provisions	3,643	3,439	3,680	4,051	4,001
Coverage ratio (%)	49.1%	46.9%	49.6%	51.8%	52.3%
Gross loans ¹ + foreclosed assets	148,248	151,698	150,677	152,742	152,976
NPAs as % of (gross loans¹ + foreclosed assets) (%)	5.0%	4.8%	4.9%	5.1%	5.0%
Net problematic assets	3,781	3,887	3,743	3,769	3,646
Net NPAs to total assets ratio (%)	1.7%	1.7%	1.7%	1.6%	1.5%

	Stage 1	Stage 2	Stage 3
Loans to customers and contingent risks	145,465	9,347	6,127
Provisions	632	377	2,451
Coverage	0.4%	4.0%	40.0%

Note: Includes contingent risk. ¹ Includes accrual adjustments.

8. Evolution of NPLs and foreclosed assets

Evolution of NPLs and foreclosed assets, Group

€M

	3Q19	4Q19	1Q20	2Q20	3Q20
Gross entries (NPLs)	448	535	472	716	356
Recoveries	-339	-597	-401	-355	-383
Net NPL entries	109	-62	71	361	-27
Gross entries (foreclosed assets)	120	209	141	165	78
Sales ¹	-961 ²	-57	-16	-15	-18
Change in foreclosed assets	-841	152	125	150	60
Net NPL entries + Change in foreclosed assets	-732	90	196	511	33
Write-offs	-97	-189	-100	-114	-205
Foreclosed assets and NPLs quarterly change	-829	-99	96	397	-172

Note: Includes contingent risk. ¹ Includes other outcomes. ² Includes institutional NPAs sold in the quarter and reclassified as non-current assets held for sale.

8. Forborne exposures

Group forborne exposures and restructured loans

€M. Sep-20

	Total	Of which: doubtful
Public sector	11	9
Companies and self-employed	2,758	1,811
Of which: Financing for construction and real estate development	263	177
Individuals	1,797	1,174
Total	4,566	2,994
Provisions	1,079	972

8. NPL ratio breakdown

NPL ratios by segment, Group

	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20
Real Estate development and/or construction purposes	13.3%	10.9%	10.7%	9.5%	8.6%
Construction purposes non-related to real estate dev.	5.5%	6.1%	6.3%	4.6%	4.5%
Large corporates	1.7%	1.5%	1.4%	1.5%	1.4%
SME and small retailers and self-employed	6.7%	6.7%	6.8%	6.8%	6.8%
Individuals with 1 st mortgage guarantee assets	3.6%	3.4%	3.4%	3.6%	3.4%
NPL ratio, Group	4.1%	3.8%	3.8%	4.0%	3.8%

NPL ratios by segment, ex-TSB

	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20
Real Estate development and/or construction purposes	13.4%	11.0%	10.7%	9.5%	8.6%
Construction purposes non-related to real estate dev.	5.5%	6.1%	6.3%	4.6%	4.5%
Large corporates	1.7%	1.4%	1.4%	1.5%	1.4%
SME and small retailers and self-employed	6.8%	6.7%	6.8%	6.8%	6.8%
Individuals with 1 st mortgage guarantee assets	5.5%	5.3%	5.2%	5.3%	5.0%
NPL ratio, Sabadell ex-TSB	4.9%	4.6%	4.6%	4.6%	4.5%

8. TSB asset quality, liquidity and solvency position

Asset quality

	Sep-19	Jun-20	Sep-20
NPL ratio	1.3%	1.6%	1.4%
Coverage ratio	41.3%	51.9%	58.9%
Cost of risk ^{1 (YtD)}	0.16%	0.67%	0.61%

Solvency

	Sep-19	Jun-20	Sep-20
CET1 ratio ²	20.5%	20.1%	18.7%
Leverage ratio ³	4.3%	4.3%	4.1%

Liquidity

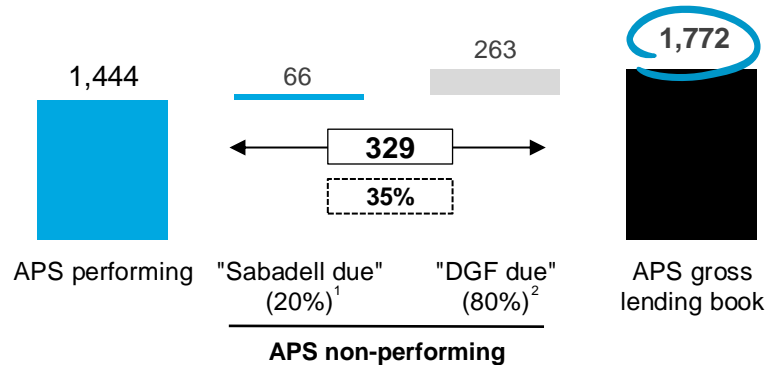
	Sep-19	Jun-20	Sep-20
LCR	290%	247%	211%

¹ Calculated as P&L impairment charge divided by period-end gross spot balances. ² CET1 ratio on a transitional basis. The Sep-20 fully-loaded CET1 ratio is 17.7%. ³ Calculated using EBA standards and on a transitional basis.

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

APS gross loans and advances

€M. Sep-20

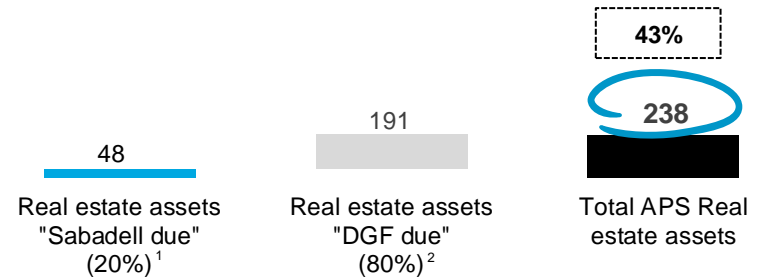


The total APS NPL ratio is 18.5%

☐ Coverage

APS real estate

€M. Sep-20



“DGF due” loans and real estate exposures represent €574M in RWAs

¹ 20% of total APS non-performing credit risk is borne 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.

9. RWAs breakdown

Sep-20 RWAs: €77,797M (-0.5% QoQ)

By type:

- Credit risk: €69bn
- Market risk: €1bn
- Operational risk: €8bn
- DTAs & others: €0.1bn

By geography:

- Spain: €61bn
 - UK: €12bn
 - Mexico: €4bn
-

10. Share data

	Sep-19	Jun-20	Sep-20
Shareholders and trading			
Number of shareholders	236,844	247,003	246,671
Average number of shares (M)	5,536	5,590	5,586
Share price			
Closing session (end of quarter) (€)	0.890	0.309	0.297
Market capitalisation (€M)	4,928	1,728	1,660
Stock market multiples			
Earnings per share (EPS) (€) ¹	0.15	0.03	0.02
Book value (€M)	13,199	13,122	13,111
Book value per share (€)	2.38	2.35	2.35
Tangible book value (€M)	10,671	10,539	10,525
Tangible book value per share (€)	1.93	1.89	1.88
Price / Book value (x)	0.37	0.13	0.13
Price / Earnings ratio (P/E) (x) ¹	5.88	9.43	13.65

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

Glossary (I)

Term	Definition
Affordability	Ratio between the rent and the debt of a client
ATA	Average total assets
BBLs	Bounce Back Loans
Book value per share	Ratio between the book value and the average number of outstanding shares at the end of the period. Book value refers to own funds adjusted by contributions to deposit guarantee and resolution funds and tax on deposits of credit institutions, except at year end
CBILS/CLBILS	Coronavirus Business Interruption Loan Scheme provides financial support to smaller businesses (SMEs), medium-sized and larger business across the UK that are losing revenue, and seeing their cashflow disrupted, as a result of the COVID-19 outbreak
CAM APS	Banco CAM asset protection scheme. As a result of the acquisition of Banco CAM on 1 June 2012, the Asset Protection Scheme (APS) envisaged in the protocol on financial assistance measures for the restructuring of Banco CAM came into force with retroactive effect from 31 July 2011. Under the scheme, which covers a specific portfolio of assets with a gross value of €24.6bn as at 31 July 2011, the Deposit Guarantee Fund (DGF) bears 80% of the losses on the portfolio for a period of ten years, once impairment allowances in respect of those assets have been fully applied
CAM Asset Protection Scheme A/R	Refers to the DGF account receivable related with CAM Asset Protection Scheme
CoR	Cost of risk. Provisions for NPLs divided by loans to customers and guarantees granted. The numerator considers the linear annualization of the provisions for NPLs. In addition, the costs associated with the management of NPLs are adjusted.
Core mortgages and current accounts at TSB	Includes fair value micro-hedge accounting adjustments
Core revenue	Sum of net interest income and fees & commissions
Cost / income ratio (Efficiency ratio)	Administrative expenses divided by adjusted gross income. The denominator includes the linear accrual of contributions to deposit guarantee fund and resolution fund and tax on deposits of credit institutions, except at year end
Customer spread	Difference between yields and costs of assets and liabilities related to customers. The ratio has been calculated taking into account the difference between the average rate charged by the bank for customer loans and the average rate paid by the bank for customer deposits. The average customer loan rate is the annualised ratio between the financial income from customer loans and the average daily balance of customer loans. The average customer deposit rate is the annualised ratio between the financial expenses of customer funds and the average daily balance of customer funds

Glossary (II)

Term	Definition
DGF	Deposit Guarantee Fund
Digital clients	Individual clients over the age of 16 who have accessed the web, mobile or any other remote channel at least once in the last 3 months
EAD	Exposure at default calculated as sum of amount drawn, amount available plus guarantees
Earnings per share	Ratio between net profit attributed to the Group and the average number of outstanding shares at the end of the period. In the numerator the annualization of the profit obtained to date is considered, excluding Solvia Servicios Inmobiliarios, S.L. capital gain in 2019 and adjusted by the Additional Tier I coupon payment registered in equity as well as by contributions to deposit guarantee and resolution funds (DGF and SRF) and tax on deposits of credit institutions (IDEC), except year end
EBA	European Banking Authority
EC	European Commission
EQUOS	Objective quality analysis of services provided by banking networks
ERTE	Temporary workforce restructuring plan
FTE	Full time employee
Funds under management	Sum of on-balance sheet and off-balance sheet customer funds
Gains on sale of assets and other results	Includes the following items: net gains or losses on derecognition of non-financial assets, excluding investment properties and participating interests included in profit or loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations
Gross loans to customers	Includes loans and advances to customers excluding impairment allowances
FCA	Financial Conduct Authority
HQLAs	High quality liquid assets
HTC	Hold to collect
ICO	Spanish Official Credit Institute
JRB	Job Retention Bonus
JSS	Job Support Scheme

Glossary (III)

Term	Definition
LCR	Liquidity coverage ratio: High quality liquid assets (HQLAs) divided by total net cash outflows
Loan-to-deposit ratio	Net loans and receivables divided by retail funding. The numerator excludes mediation loans. The denominator considers real estate funding and customer funds
Market capitalisation	Share price multiplied by the average number of outstanding shares at the end of the period
Net loans at TSB	Includes loans and advances to customers including impairment allowances
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 stage 3 exposures (including stage 3 guarantees granted)
NPA A/R	Account receivable related to the closing of NPA disposals announced in Dec-19 (Challenger, Coliseum and REX)
NPL ratio	Ratio between stage 3 (non-performing) loans and total risk assumed by customers not classified as non-current assets held for sale. Calculated using the ratio between stage 3 exposures (non-performing), including guarantees granted / loans to customer and guarantees granted
NPA ratio	NPAs / (gross loans + foreclosed assets). Gross loans includes accrual adjustments
NPS	The Net Promoter Score is obtained by asking customers "On a scale of 0-10, where 0 is not at all likely and 10 is extremely likely, how likely are you to recommend Sabadell to a friend or colleague?". NPS is the percentage of customers who score 9-10 after subtracting the percentage who score 0-6
Off-balance sheet customer funds	Includes mutual funds, assets under management, pension funds and insurance products sold
On-balance sheet customer funds	Includes customer deposits (ex repos) and other liabilities placed by the branch network (Banco Sabadell non-convertible bonds, commercial paper and others)
On-balance sheet funds	Includes accounting sub-headings of customer deposits, debt securities issues (debt and other marketable securities and subordinated liabilities)
Other operating income/expense	Includes the following items: other operating income and other operating expenses as well as income from assets and expenses on liabilities under insurance or reinsurance contracts

Glossary (IV)

Term	Definition
Gross performing loans	Gross loans to customers excluding repos, NPLs (stage 3) and accrual adjustments
OFISO	<i>Observatorio Español de la Financiación Sostenible</i>
PD	Probability of default
PMI	Purchasing Managers' Index . It is compiled by IHS Markit which is a global information provider
PRA	Prudential Regulation Authority
Pre-provisions income	Gross income plus administrative and amortisation expenses
Price / Book value (x)	Ratio between share price and book value
Price / Earnings ratio (P/E) (x)	Ratio between share price and earnings per share
Problematic assets	Sum of non-performing loans, classified as stage 3, and foreclosed real estate assets. Also referred to as non-performing assets (NPAs)
Real estate coverage ratio	Ratio between allowances for impairment of foreclosed real estate assets and total foreclosed real estate assets. Amount of foreclosed real estate assets includes property classified in the portfolio of non-current assets and disposal groups classified as held for sale, excluding real estate investments with significant latent capital gains and rental properties, for which there is an agreement of sale that will be carried out after a reform process.
ROE	Profit attributed to the Group divided by average equity ¹ . The numerator considers the linear annualisation of profit obtained to date is considered, excluding Solvia Servicios Inmobiliarios, S.L. capital gain in 2019, and adjusted by contributions to deposit guarantee and resolution funds (DGF and SRF) and tax on deposits of credit institutions (IDEC), except year end
ROTE	Profit attributed to the Group divided by average own funds ¹ . The numerator considers linear annualisation of profit obtained to date excluding excluding impacts such as Solvia Servicios Inmobiliarios, S.L. capital gain in 2019, and adjusted by contributions to deposit guarantee and resolution funds (DGF and SRF) and tax on deposits of credit institutions (IDEC), except year end. The denominator excludes intangible assets and the goodwill of the investees

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

Glossary (V)

Term	Definition
RE developer (“Desarrollos Inmobiliarios”) disposal	In August 2019, Sabadell transferred 100% of the share capital in SDIN Residencial, S.L.U. and a pool of real estate assets, mainly land for urban developments, to a company controlled by funds managed and/or advised by Oaktree Capital Management
RWA	Risk weighted assets
SEISS	UK’s government’s Self-Employment Income Support Scheme
Stage 3 coverage ratio	Shows the % of NPLs (stage 3), covered by stage 3 provisions. Calculated using the ratio between the stage 3 allowance of loans and advances to customers (including stage 3 allowances for guarantees granted) / total stage 3 exposures (including stage 3 guarantees granted)
TBV per share (€)	Ratio between tangible book value and the average number of outstanding shares at the end of the period. The tangible book value is calculated as the sum of equity adjusted by intangible assets and the goodwill of the investees and by contributions to deposit guarantee and resolution funds and tax on deposits of credit institutions, except at year end
TFS	Term Funding Scheme is a monetary policy tool of the Bank of England and provides funding to participating banks and building societies at interest rates close to Bank Rate
TFSME	Term Funding Scheme with additional incentives for SMEs
TLOF	Total liabilities and own funds
TLTRO	Targeted Longer-Term Refinancing Operations
Total capital ratio (%)	Ratio between total capital and the risk weighted assets. Total capital includes the accounting profit assuming a pay-out of 50% (except year 2020), that is different from the regulatory criteria which decreases that amount based on the obligations to fulfil for the rest of the year. The denominator has been calculated based on the Group’s best estimate
Total provisions & impairments	Includes the following accounting items: (i) provisions or reversal of provisions, (ii) impairment or reversal of impairment on financial assets not measured at fair value through profit or loss and net modification losses or gains, (iii) impairment or reversal of impairment of investments in joint ventures and associates, (iv) impairment or reversal of impairment on non-financial assets, (v) profit or loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations (excluding profit or loss on the sale of holdings) and (vi) investment properties in the net gains or losses on derecognition of non-financial assets (including only gains or losses on the sale of investment properties).
Whistletree	Portfolio of former Northern Rock mortgages and unsecured loans, whose beneficial interest was acquired from Cerberus Capital Management Group with effect from 7 December 2015. The portfolio is currently in run-off

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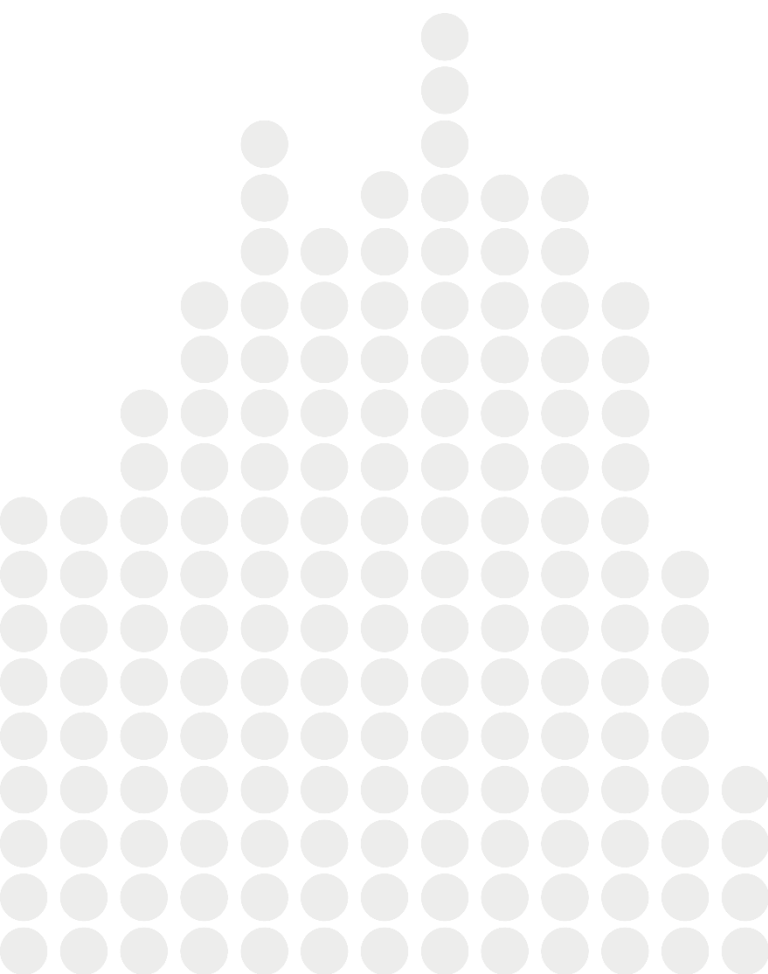
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