A large graphic on the right side of the page consisting of a grid of grey dots. The dots are arranged in a triangular shape, with the top row having one dot, the second row having two dots, and so on, forming a large upward-pointing triangle. The dots are semi-transparent and overlap slightly.

2Q20

results

July 31, 2020

index

1 Covid-19
update

2 Business
performance

3 Financial
results

4 Credit risk
profile

5 Balance sheet

6 Closing
remarks



1

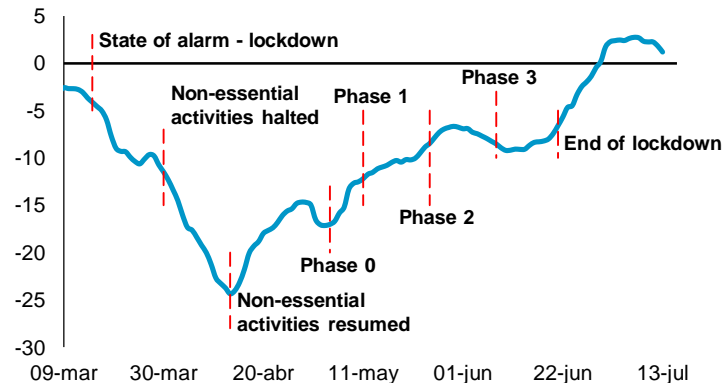
Covid-19 update

Economic activity is set to recover

Spain

The effects of the crisis have been temporary so far

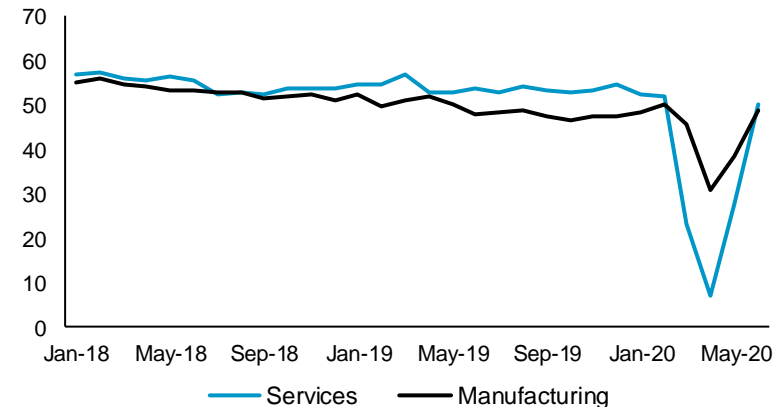
Change in demand for electricity (weekly average, YoY %)



Note: Phase numbering refers to the degree of lockdown easing, where 0 is the most restricted situation and 3 the least restricted. Source: Red Eléctrica Española.

- **High frequency indicators** are recovering (demand for electricity, credit card spending, road traffic, etc.)
- **Labour market indicators** have improved. 46% of those affected by an ERTE (furlough) have returned to work
- **Industrial production** recorded a monthly increase of around 15% in May

Business confidence indicators have shown a swift recovery to date. PMI data in points (Markit)

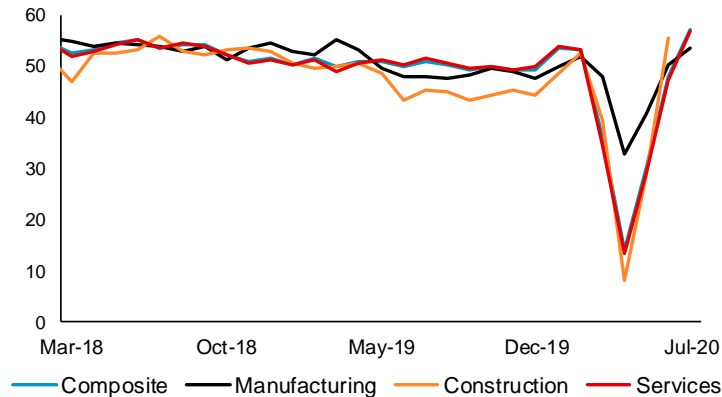


- **Retail sales** recorded a monthly increase of around 19% in May
- **Economic sentiment** returned to levels compatible with economic stability
- **The state guarantees scheme** is generating significant momentum in business lending

Economic activity is set to recover

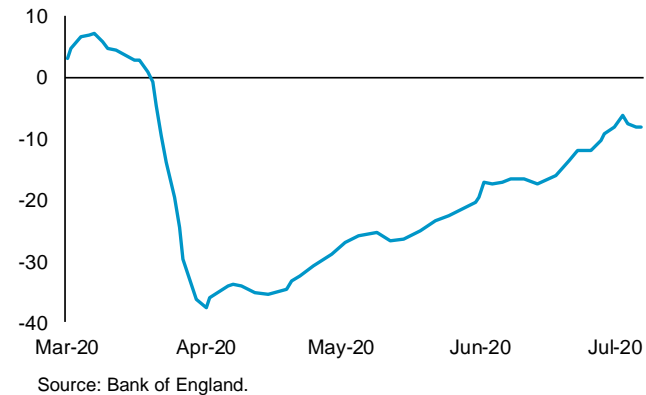
United Kingdom

Business confidence indicators have shown a swift recovery to date. PMI data in points (Markit)



- **GDP** started to pick up in May. The Bank of England considers the recovery gained significant momentum in June
- The **rebound in activity** has been led by manufacturing, construction and online retail
- The **labour market** has shown resilience, supported by government schemes that subsidise wages

Consumer spending indicators have almost recovered pre-Covid-19 levels. Debit and credit card purchases (change from Jan-Feb 2020)



Source: Bank of England.

- **Housing prices** have held up relatively well and activity levels have already started to recover
- **Government-guaranteed loan schemes** have led to a sharp increase in SME lending

Governments and central banks have further increased their support to the economy

Government measures

Spain

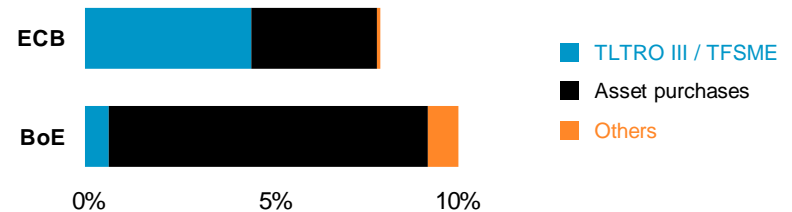
- **Fiscal measures** have been increased by €23.2bn (to €41.2bn or 3.3% GDP, ex. furlough schemes)
- **Payment holidays** extended to include mortgages and other loans on properties related to tourism and transport activities. Application deadline extended by 3 additional months
- **Public support for corporates' solvency (€10bn) and guarantees for business investment (ICO, €40bn)**, in addition to the €100bn State Guarantees (ICO) to support liquidity

UK

- **Fiscal measures** have been increased by c.£100bn (to £189bn or c.9% GDP). Salaries of 12.2M furloughed employees have been supported through the JRS and the SEISS, with claims amounting to £37.6bn
- **Mortgage and consumer credit payment holidays** application deadline extended by 3 additional months
- **State guarantees:** £330bn (c.15% GDP). £63.8bn already approved

Monetary measures

Increase in central bank transactions. 2Q20, % of GDP



ECB

- **PEPP** has been increased by €600bn (to €1.35tn) and extended until June 2021
- New longer term liquidity operations (PELTROs) and easing of **TLTROs**
- Further easing of **collateral measures**

BoE

- **Quantitative Easing** increased by £100bn (to £745bn)



2

Business performance

Growing capital base and resilient balance sheet despite the challenging environment

1 Solvency position

12.7%

CET1 ratio
(reported)

331 bps

MDA buffer
(reported)

2 Liquidity profile

214%

LCR

€49bn

Total liquid assets

3 Risk metrics

4.0%

NPL ratio

5.1%

NPA ratio

4 Loan volume growth

+4.2%^(YoY)

Performing loans¹

+3.9%^(YoY)

Gross loans¹

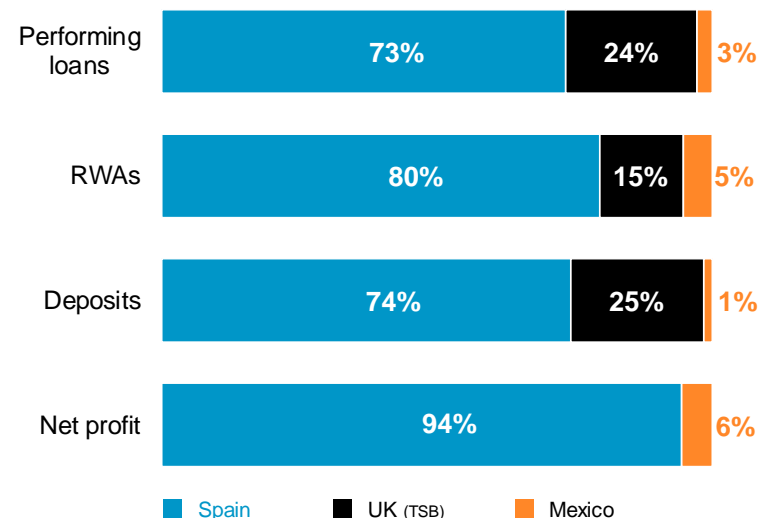
Note: % YoY calculated as the growth rate of Jun-20 vs. Jun-19, throughout the presentation. All figures refer to Group level and as at Jun-20. ¹ Exclude CAM Asset Protection Scheme A/R and the impact of €0.2bn A/R related to the closing of NPA disposals (€0.5bn in Mar-20). Growth rates at constant FX.

Performing loans continue to grow YoY across geographies

Group performing loans evolution by geography. €M

	Jun-20	QoQ	YoY
Spain	105,414	+2.4% ¹	+3.9% ¹
of which: foreign branches	9,855	-2.4%	+20.6%
UK (TSB)	34,190	+1.0%	+2.8%
Mexico	3,767	+3.0%	+28.4%
Total	143,370	+2.1%¹	+4.2%¹

Business distribution across geographies. Jun-20

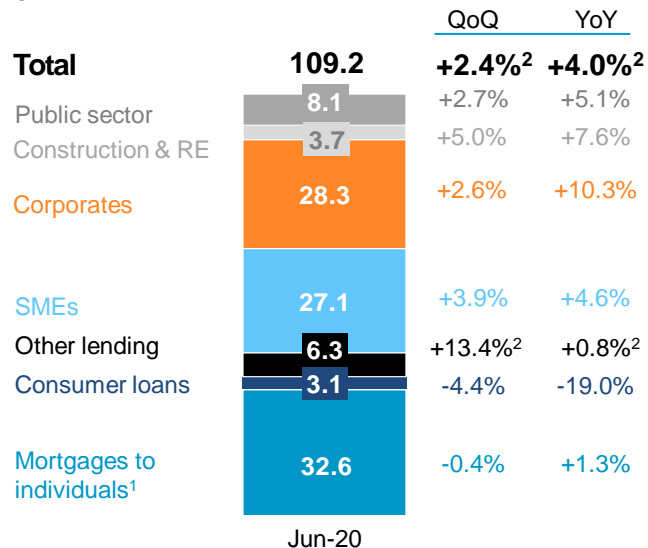


Note: Group growth rate expressed in constant FX and Mexico and UK in local currency. Excludes CAM Asset Protection Scheme A/R. ¹ Excludes the impact of €0.2bn A/R related to the closing of NPA disposals (€0.5bn in Mar-20).

Sabadell ex-TSB commercial activity

Performing loans

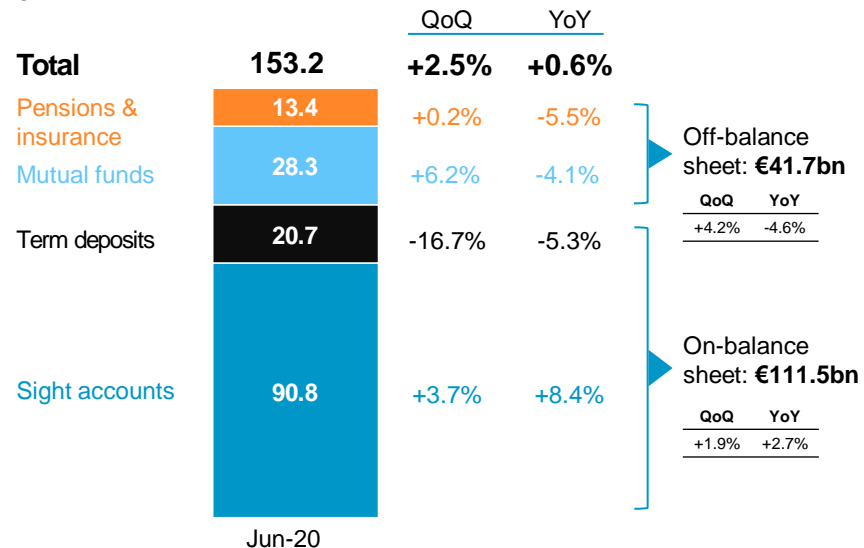
€Bn



- Net lending growth driven by ICO-guaranteed loans to Corporates, SMEs and the self-employed
- Mortgage loans have shown a resilient performance

Customer funds

€Bn



- Total customer funds increased QoQ driven by both on and off-balance sheet funds, as a result of lower cash drawdowns by corporates and individuals during the lockdown, and higher mutual and pension fund valuations

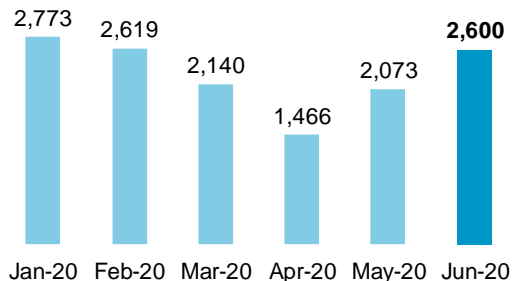
Note: Excludes accrual adjustments. Performing loans exclude CAM asset protection scheme A/R. Mutual funds include managed accounts. ¹ Refers to residential mortgages to individuals within Spain only.

² Exclude the impact of €0.2bn A/R related to the closing of NPA disposals (€0.5bn in Mar-20).

Commercial activity in Spain has broadly recovered to pre-Covid levels

Retailer payment services (PoS)

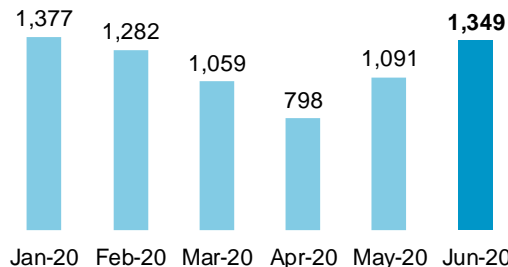
Turnover in €M



Market share
17.4%
+102bps YoY

Credit cards

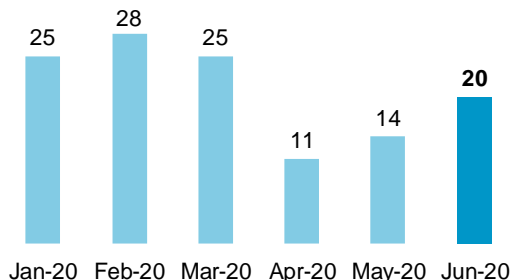
Turnover in €M



Market share
8.0%
+10bps YoY

Insurance

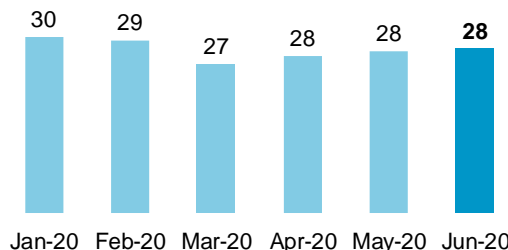
New insurance premiums in €M



Market share
(Life premiums)
6.2%
+35bps YoY

Mutual funds

AuMs in €bn

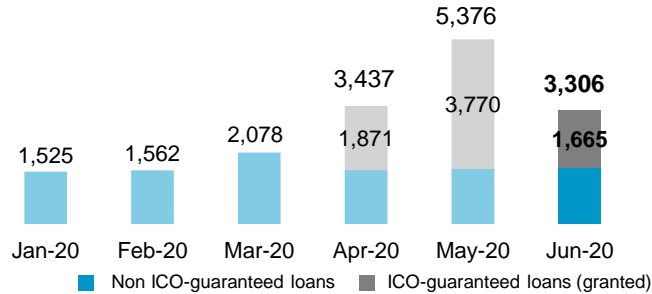


Market share
(AuM)
5.9%
-15bps YoY

Lending to individuals recovering steadily and SMEs lending underpinned by ICO-guaranteed loans

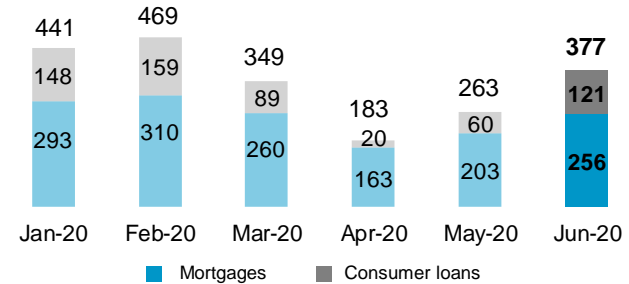
Lending to SMEs

New loans and credit facilities in €M



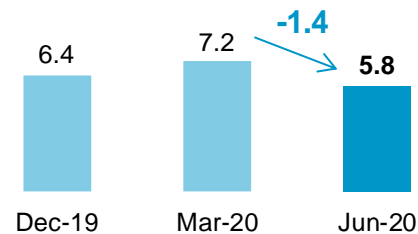
Lending to individuals

New mortgages and consumer loans in €M



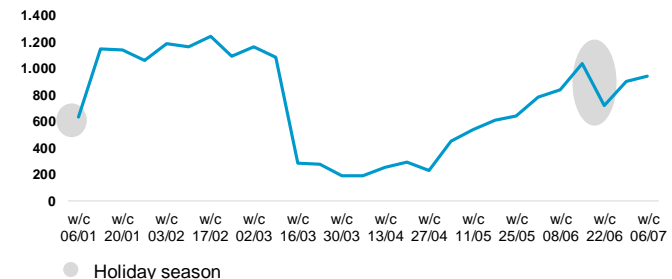
Credit line drawdowns

SMEs and Corporates (including foreign branches) in €bn



Weekly mortgage simulations

In €M



Note: Consumer loans includes Sabadell Consumer Finance. "w/c" refers to week commencing.

Key financial solutions offered to our customers in Spain

Payment holiday

Mortgages and personal loans payment holiday (statutory)

- Applies to interest and principal
- Lasts up to 3 months
- Clients can apply until the end of September

Solutions beyond government measures (sector-specific)

- Mortgages: principal payment holiday up to 12 months
- Personal loans: principal payment holiday up to 6 months
- Clients can apply until the end of September

ICO-guaranteed loans

- % guaranteed by the government: 76% (avg.)
- Yield: 1.9%¹ (avg.)
- Loan term: 3.6 years (avg.)
- Clients can apply until the end of September

¹ Excludes guarantee cost.

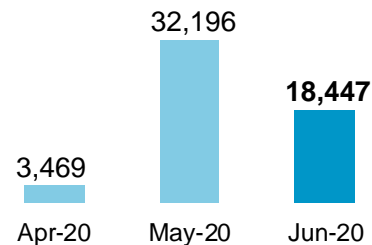
Payment holiday

	Statutory	Sector	% portfolio
Mortgages	€895M	€1.4bn	6.4%
Consumer	€74M	€127M	6.6%

Note: Granted, outstanding principal. Data as at June 30th 2020.

Payment holiday evolution

Number of payment holidays approved (mortgages & consumer lending)



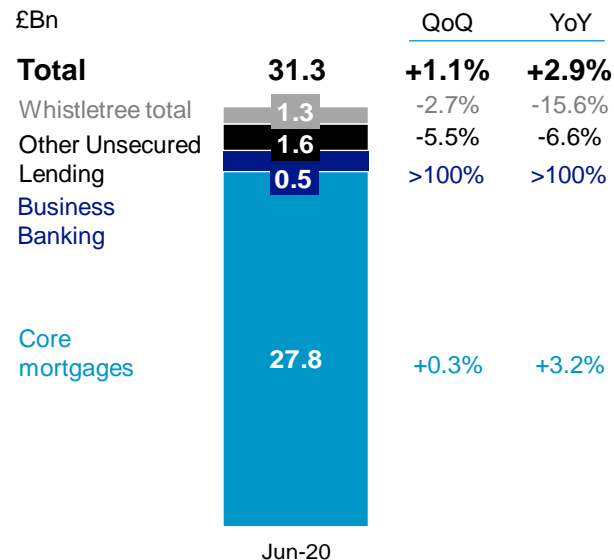
ICO loans (SMEs & Corporates)

	Amount
Loans granted	€9.3bn
Loans in process	€1.7bn

Note: Data as at July 24th 2020.

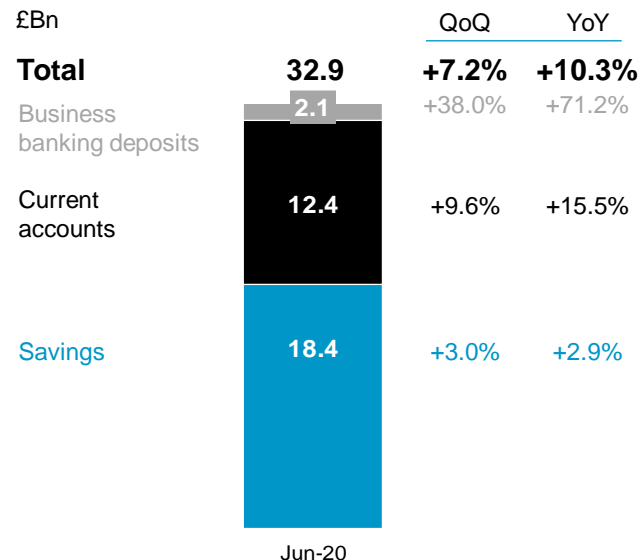
TSB commercial activity

Net loans



- Quarterly growth in net lending reflects £0.4bn of business banking loans under the UK Government's Bounce Back Loans Scheme
- Positive growth in mortgages despite Covid-19 disruption
- Reduction in unsecured balances reflects lower consumer spend levels and lower unsecured loan origination following Covid-19 lockdown

Customer funds

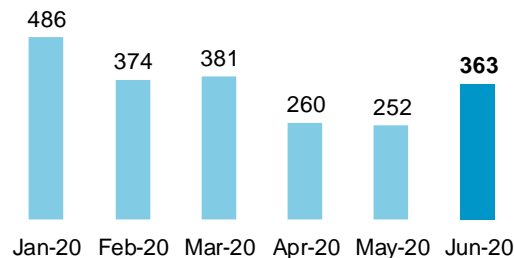


- Strong deposit growth across current accounts and savings reflecting lower consumer spend levels
- Business banking deposits also benefitted from funds deposited following strong take-up of UK Government's Bounce Back Loans Scheme

TSB commercial activity is also recovering

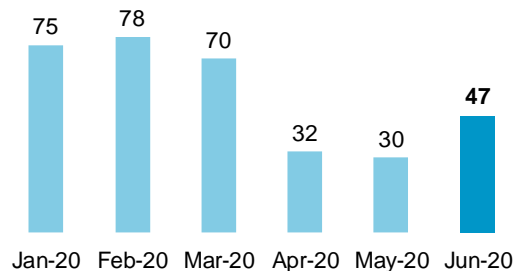
New mortgage lending

£M



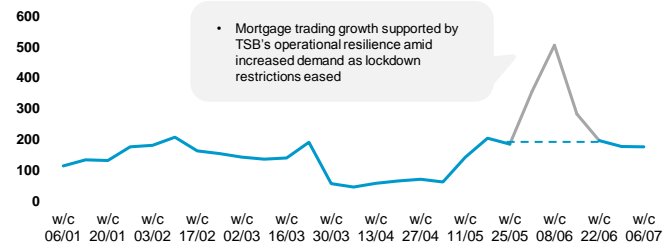
New unsecured lending¹

£M



Mortgages applications per week

In £M



Progress on TSB's strategic plan

Customer focus

- NPS is at its highest level in over two years at +14.5
- Continued to grow business banking customer base with almost 20,000 Business Current Accounts (BCA) opened in H1

Simplification & efficiency

- Acceleration of strategic plans, introducing new digital banking features through partnerships with tech suppliers (IBM and Adobe).
- 43 branches closed in H1 and 1,000 FTE reduction YoY
- Restructuring progressing as expected in our November business plan

Operational excellence

- Native cloud-based IT infrastructure has seamlessly supported c.3.5k employees working full time from home through lockdown
- 80 positions at TSB's new IT centre in Edinburgh have been filled during lockdown, part of a £120M investment in IT

Note: "w/c" refers to week commencing. ¹Excludes credit cards and overdrafts.

Key financial solutions offered to our customers in UK

Payment holiday (mortgages, personal loans and credit cards)

- Applies to interest and principal
- Lasts up to 3 months, and can be extended by a further 3 months
- Clients can apply for new payment holidays or request extensions (up to three months) until the end of October

Overdrafts

- First £500 of all arranged overdrafts interest and fee free
- Temporary reduction of interest rates for all customers
- Duration of up to 3 months
- From 9-Jul customers can only benefit via application, with applications for support closing after 31-Oct

Bounce Back Loans (SMEs)

- % guaranteed by the government: 100%
- Loan size: £2,000 to £50,000 (capped at 25% of turnover)
- Yield: 2.5% (avg.)
- Loan term: 6 years (avg.) with option to repay at any time

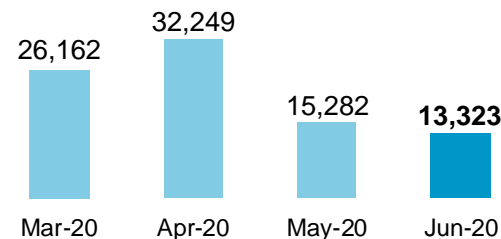
Payment holiday

	Granted	% portfolio
Mortgages	£4.8bn	16.4%
Consumer	£149M	9.3%

Note: Outstanding principal. Data as at June 30th 2020.

Payment holiday evolution

Number of payment holidays applications (mortgages & consumer lending)



Bounce Back Loans

	Amount
Loans granted	£445M
Loans in process	£185M

Note: Data as at July 24th 2020.

Leap forward in digitisation to be consolidated post-lockdown



Leap forward in the number of digital interactions with the bank ...

- ✓ Documents signed digitally **41%** in Q2 vs. 26% in Q1

- ✓ Number of app logins **+13%** in Q2 vs. Q1

- ✓ All ICO-guaranteed loans and payment holidays have been executed digitally¹



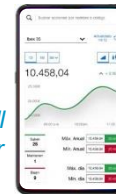
... underpinned by accelerated development of new digital products and services ...

- ✓ New products available for digital signature **x2** in Q2 vs. Q1
- ✓ New launches in Q2

Pulso

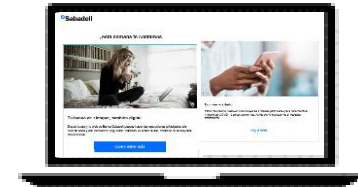


Sabadell Broker



... and support for our customers to drive digital take-up

- ✓ Proactive contacts with customers to foster the use of digital tools **+159%** in Q2 vs. Q1



- ✓ Rate of customer registrations for mobile app
From just over 1,200 before lockdown to almost **3,500** every day

- ✓ Transactions processed through digital or automated channels has increased to over **90%** at Jun-20

- ✓ New digital features **13** deliveries

Save the Pennies



- ✓ Offline forms transformed into digital-only interactions **25** online forms launched

- ✓ TSB Smart Agent conversations
The live chat feature has responded to almost **1M** customer questions

- ✓ Video banking appointments pilot **60%** of new appointments

¹ Excluding signatures in notaries.

A strong commitment to sustainability

The Sustainable Finance Plan approved by the Board of Directors incorporates sustainability into Sabadell's business model, risk management and relationships with stakeholders

1H20 milestones

- ✓ Sustainability selected as one of our six Corporate Objectives for the Group in 2020, impacting variable remuneration of employees
- ✓ Commitment to align our reporting practices with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations
- ✓ Launch of Banco Sabadell SDG Bond Framework to promote the financing of activities that contribute to environmental and social development
- ✓ Offering 2 new multi-asset flexible Sustainable Funds (Sabadell Crecimiento Sostenible and Sabadell Acumula Sostenible)
- ✓ Definition and implementation of “eligibility guidelines” to identify sustainable portfolios and green projects



Commitment to Sustainability



€475M New project finance lending in renewable energy



Sep-19: Founding Signatory of UN Principles for Responsible Banking



Dec-19: Ratification of the Spanish Collective Commitment to Climate Action

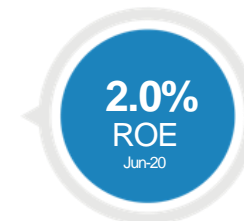


3

Financial results

Income statement

€M	Sabadell Group					
	2Q20	1H20	QoQ (cte. FX)	QoQ	YoY (cte. FX)	YoY
Net interest income	820	1,705	-6.1%	-7.3%	-5.4%	-5.6%
Fees & commissions	324	673	-7.0%	-7.3%	-4.6%	-4.6%
Core banking revenue	1,144	2,378	-6.3%	-7.3%	-5.2%	-5.3%
Trading income & forex ¹	4	155	<-100%	<-100%	>100%	>100%
Other income & expenses ²	-59	-72	>100%	>100%	16.1%	14.7%
Gross operating income	1,089	2,461	-19.8%	-20.6%	-1.2%	-1.3%
Operating expenses	-654	-1,307	1.6%	0.3%	-2.3%	-2.5%
Depreciation & amortisation	-130	-255	4.7%	3.5%	12.7%	12.5%
Pre-provisions income	305	899	-48.4%	-48.6%	-2.9%	-3.0%
Total provisions & impairments ³	-635	-1,089	40.5%	40.0%	>100%	>100%
Gains on sale of assets and other results ⁴	275	276	>100%	>100%	97.8%	97.8%
Profit before taxes	-55	85	<-100%	<-100%	-88.1%	-87.6%
Taxes and minority interest	104	58	<-100%	<-100%	<-100%	<-100%
Attributable net profit	52	145	-45.8%	-45.0%	-73.0%	-72.7%

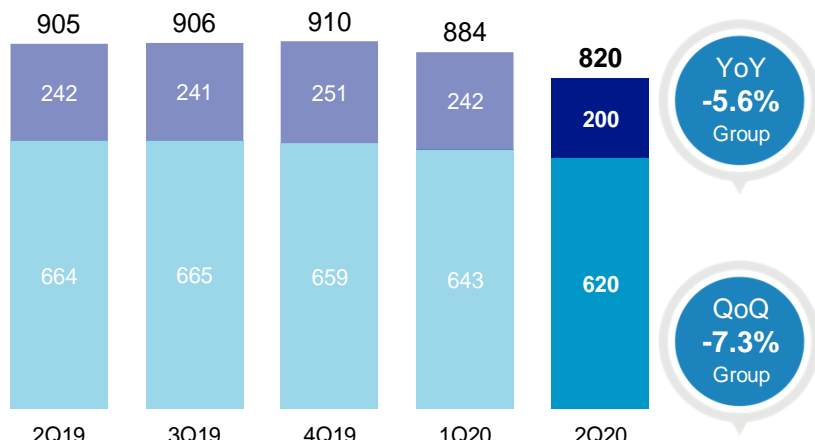


Net profit impacted by SAREB final subordinated debt impairment (-€27M),¹ Single Resolution Fund payment (-€78M),² provisioning models update with new macro-scenarios³ and the capital gain of Sabadell Asset Management disposal (+€293M)⁴

NII impacted by Covid-19 related headwinds

Evolution of Group NII

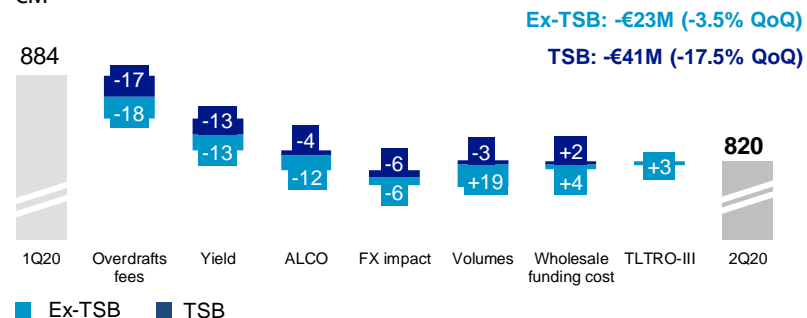
€M



	QoQ	YoY
Sabadell, ex-TSB	-3.5%	-4.3%
TSB	-17.5%	-9.2%

QoQ evolution of Group NII

€M



2H20 NII to recover from current levels with the following key tailwinds...

Ex-TSB

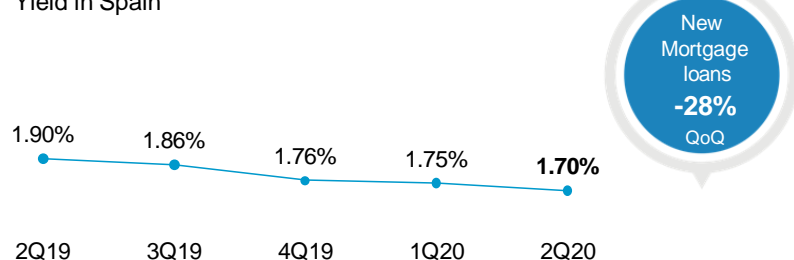
- TLTRO-III: c.€150M contribution for the first 12 months (€74M in H2)
- Higher loan volumes
- Overdraft income to gradually recover as the situation normalises
- The increase of the ALCO portfolio size in the quarter will slightly improve its contribution to NII from Q3

TSB: lower cost of deposits, end of overdraft waivers and higher volumes

Front book yield impacted by new lending mix, which is predominantly led by ICO-guaranteed loans

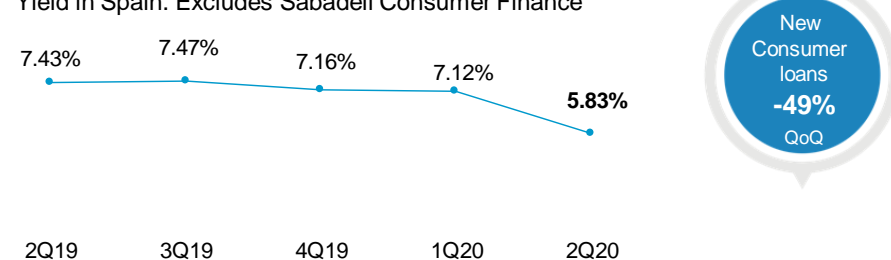
Mortgages to individuals

Yield in Spain



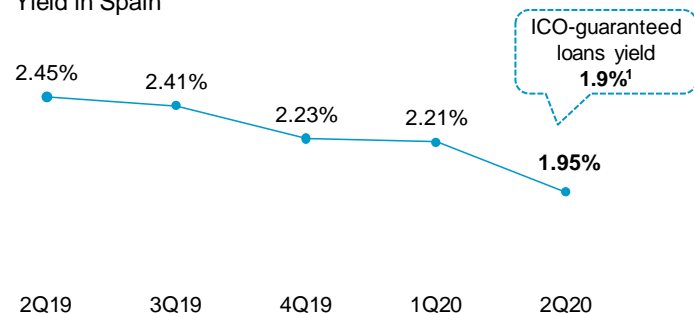
Consumer loans

Yield in Spain. Excludes Sabadell Consumer Finance



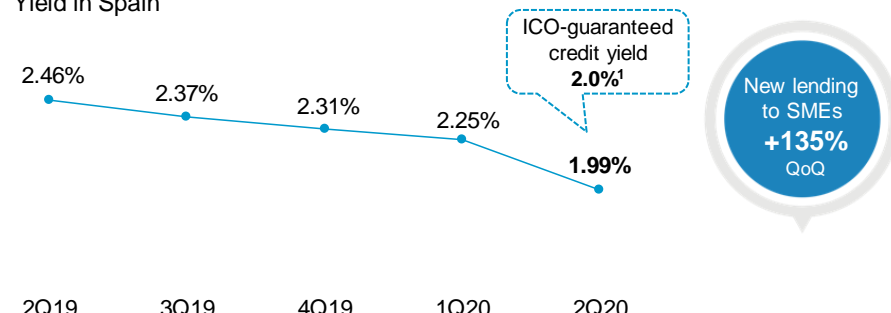
Loans to SMEs and Corporates

Yield in Spain



Credit line for SMEs and Corporates

Yield in Spain

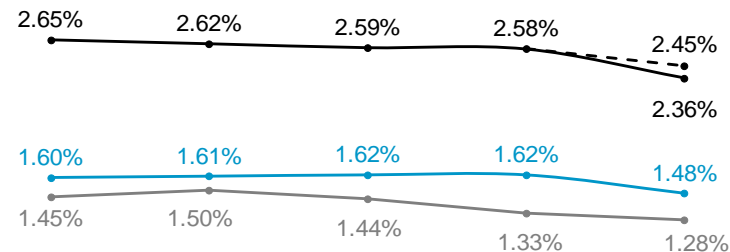


¹ Excludes guarantee cost.

Group NIM impacted by lower loan yields

Sabadell Group

In euros



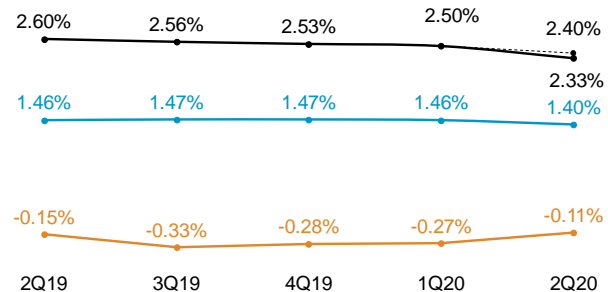
2Q19 3Q19 4Q19 1Q20 2Q20

- Customer spread
- - Customer spread excl. overdraft fees variation
- Wholesale funding cost
- Net interest margin (NIM) as % of ATA
- 12M Euribor (quarterly average)
- Bank of England base rate (quarterly average)

- Group NIM decreased, impacted by lower loan yields resulting from changes in credit mix, lower UK interest rates and a reduction of overdraft commissions

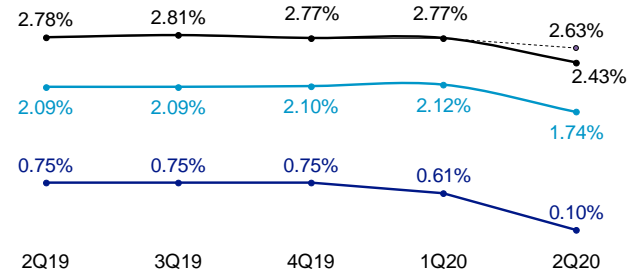
Sabadell ex-TSB

In euros



TSB

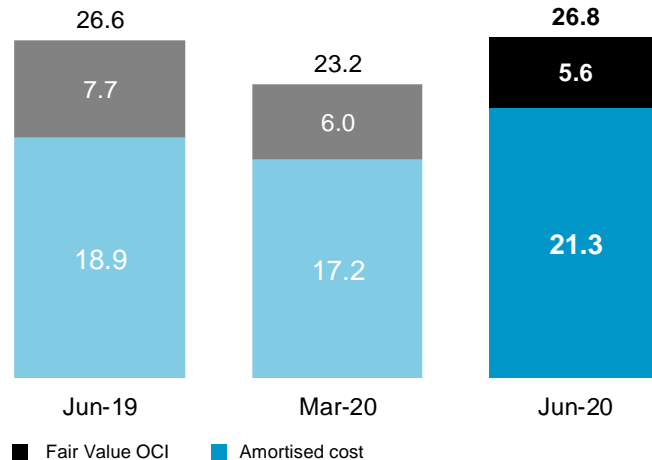
In euros



ALCO portfolio increased during the quarter

Reinvestment in Spanish government bonds

Evolution of fixed income portfolio. Sabadell Group. €Bn



1.0%
Yield
(Jun-20)

4.4 yrs
Total duration¹
(Jun-20)

8.9 yrs
Avg. maturity
(Jun-20)

Limited risk to capital

Fair Value OCI composition. Sabadell Group. €Bn (avg. maturity)



Key considerations

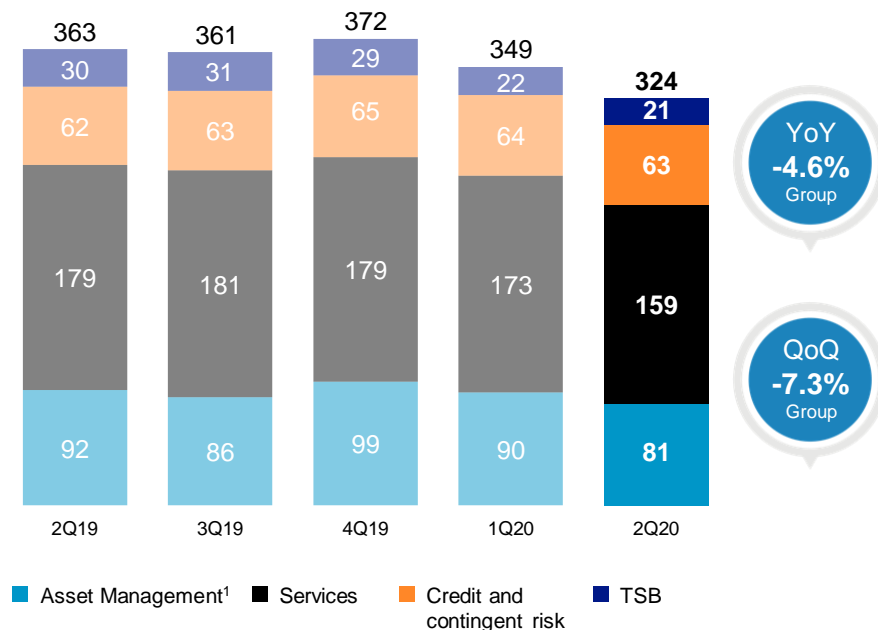
- The increase of the ALCO portfolio size in the quarter will slightly improve its contribution to NII from Q3
- No significant maturities to occur in the rest of the year
- The sensitivity of the capital position remains low, as portfolio structure has been broadly unchanged

Note: Fixed income portfolio excludes the trading portfolio and government treasury bills. ¹ Duration includes the impact of hedges.

Fee performance impacted by lower activity levels during lockdown

Evolution of Group fees & commissions

€M



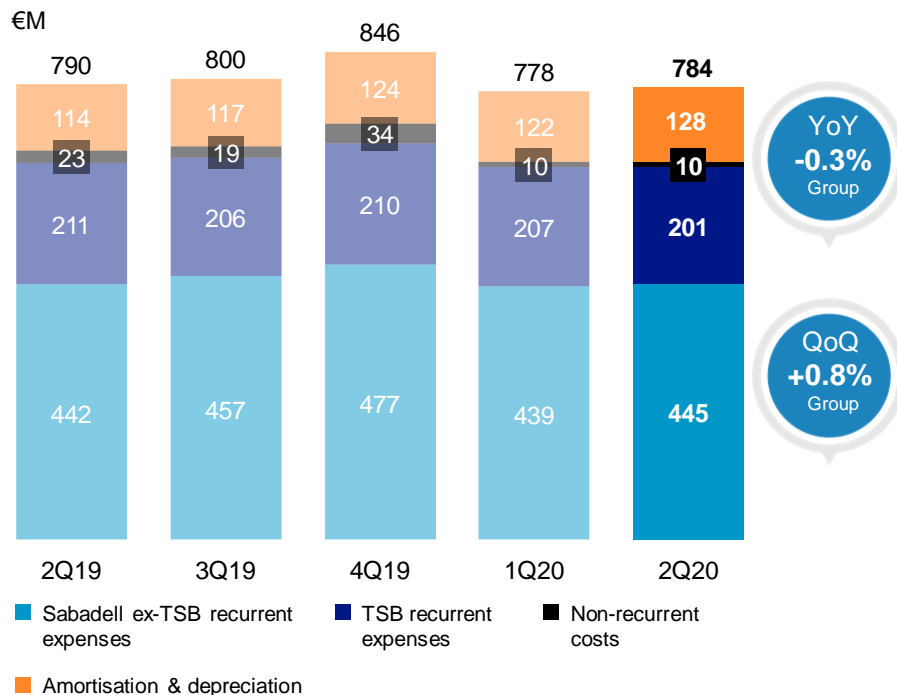
	QoQ	YoY
Sabadell, ex-TSB	-7.3%	-3.0%
of which		
Credit and contingent risk	-1.5%	+2.7%
Services	-8.2%	-4.1%
Asset Mgmt. ¹	-9.7%	-4.9%
TSB	-6.6%	-23.2%

- Lower activity levels during the lockdown impacted service fees in particular
- Corporate lending activity has been robust, which has helped credit and contingent risk fees
- The closing of Sabadell Asset Management business disposal will represent a €26M reduction in fees in H2
- Improved activity levels and dynamic corporate lending will impact fees positively in H2

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

Total costs remained contained in the quarter

Evolution of Group costs

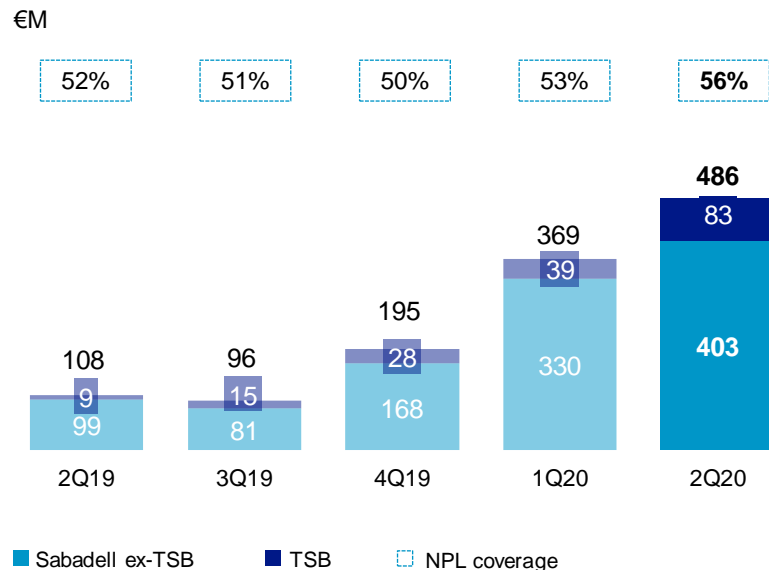


Recurrent expenses & amortisation	QoQ	YoY
Sabadell, ex-TSB	+1.6%	+2.6%
TSB	-0.9%	-0.1%

- Lower personnel costs both in TSB and ex-TSB offset by higher general expenses and amortisation
- TSB recurrent costs decreased as the bank continued to make progress in its restructuring plan. TSB restructuring cost amounted to €11M YTD
- Sabadell expects total costs for the full year to decrease YoY

Frontloading of IFRS9 credit provisions due to new Covid-19 macro-economic scenarios

Evolution of credit provisions (excl. costs)



Group credit CoR

107bps (YtD)

- Sabadell has updated its IFRS9 models by incorporating a new macro-economic scenario
- As a result, provisions have increased QoQ and should fall in H2
- Group credit CoR guidance for the year confirmed at 90-95bps

New macro-economic scenarios

Real GDP growth	2020e	2021e	2-year cumulative
Spain ¹	-9.4%	6.9%	-3.1%
UK ¹	-11.6%	9.6%	-3.1%

¹ Sabadell macro scenario calculated as weighted average of all different macro-economic scenarios used in our provisioning models according to the probability assigned to each of them.



4

Credit risk profile

Cost of risk views are contrasted vis a vis a stressed structural analysis

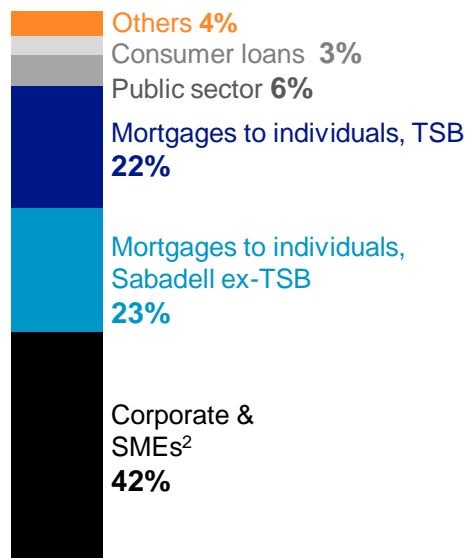
- The nature of this crisis has created a shock on the revenues and income of all client segments. At the same time, a very significant amount of public support has been provided through Government guaranteed funding and public transfers to fill the gaps
- The funding has an impact on debt while the shock on revenues remains a challenge. The financial ratios in terms of leverage and profitability are strained. The intensity differs across sectors
- In this context, a **structural analysis** to assess impacts, which seems to be the appropriate approach, has been performed on **93% of the portfolio**, excluding only the Public Sector
- Customer revenues and income have been stressed well beyond the levels that have been observed between March and June
- **Models have been developed to estimate SME and Corporate PDs based on metrics such as Debt and EBITDA.** They have been enriched with the current rating models. For individuals and self-employed, the current retail models have been used. The relevant stressed metrics have been updated in the models to obtain PDs adapted to the current scenario
- The **resulting combined PD under this stress structural approach is 1.3x pre-Covid levels in the base scenario and 1.7x in the adverse, while Group credit cost of risk guidance in 2020 of 90 to 95 bps is more than twice pre-Covid levels**

Well diversified portfolio with limited exposure to sectors most sensitive to Covid-19 B Sabadell

Group performing loans

Jun-20

€143bn



65% of total credit portfolio is secured¹

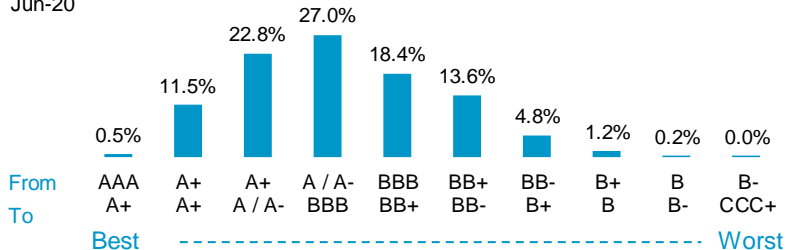
Corporates and SMEs most sensitive to Covid-19

Jun-20. €Bn

	Performing loans	EAD	ICO lending
Tourism, Hospitality & Leisure	5.6	6.7	14%
Transport	3.3	3.7	9%
of which, Airlines	0.4	0.4	7%
Auto	1.4	1.6	19%
Retail (non food)	1.2	1.4	19%
Oil	0.3	0.5	0%
Total	11.8	13.9	14%
% of total	8%	8%	

Breakdown of Corporate & SME portfolio EAD by rating

Jun-20



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

What makes the Coronavirus crisis different?

- ✓ Significant private sector deleveraging ahead of the crisis
- ✓ No previous economic and financial instability observed
- ✓ Severe shock with a more rapid recovery
- ✓ Significant and prompt public support to the economy (>€200bn liquidity and public transfers in Spain)
- ✓ Mitigating actions from regulators

Significant deleveraging

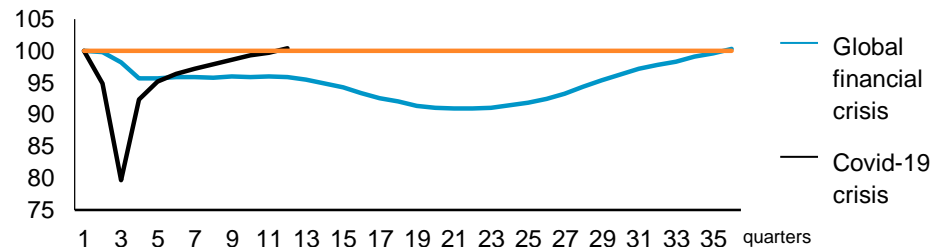
	Private debt (% as of GDP)		Interest rates (Euribor 12M)
	Spain	Eurozone	
2007	209	155	4.74%
2019	150	169	-0.25%

Main liquidity measures

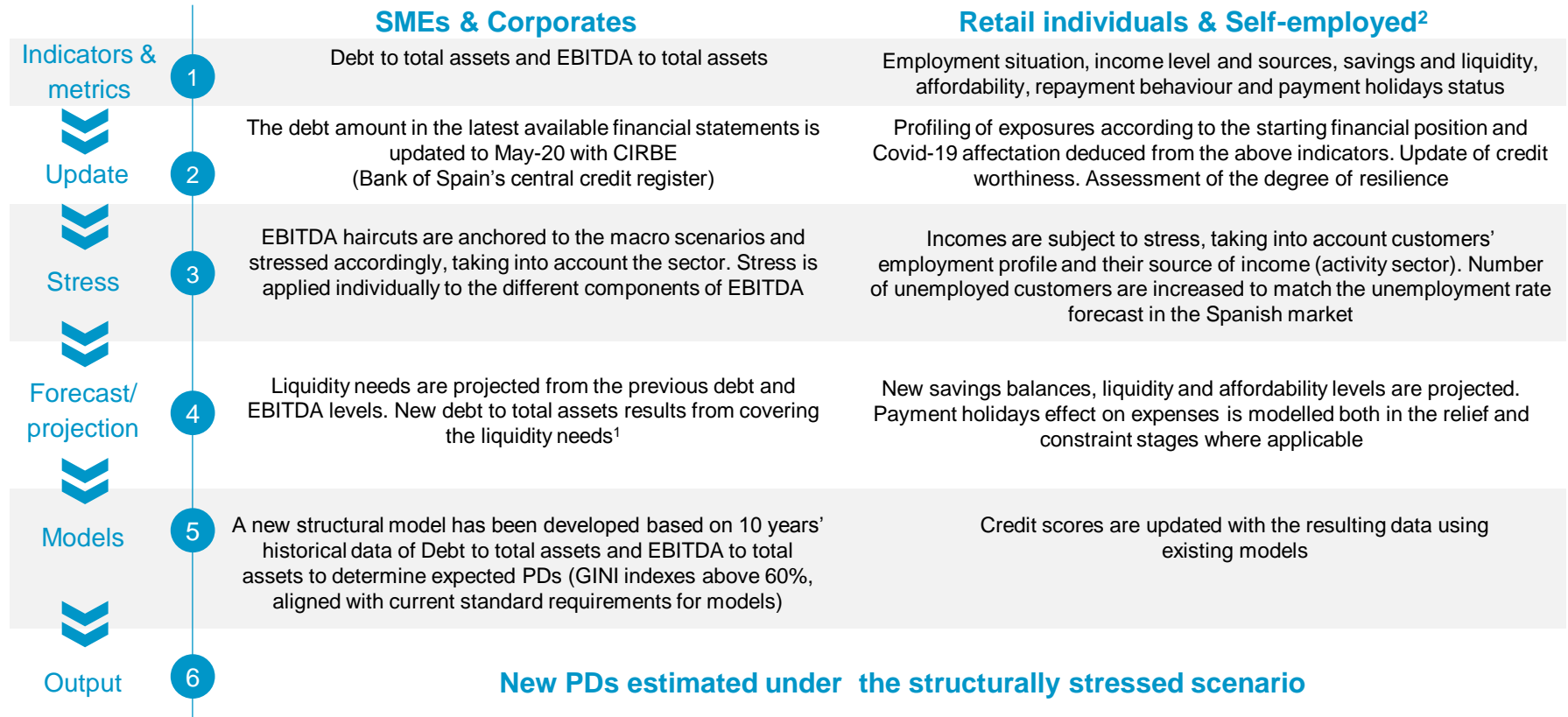
	2020 amount
ICO-guarantee lending	€150bn ¹
Furloughs (ERTE) and self-employed income support	€10-11bn
Covid-19 unemployment benefits and statutory sick pay claims	€23bn
Tax relief (deferral, reduction or instalments) for SMEs and self-employed	€15bn
Unallocated funds of guaranteed minimum income scheme	€2bn
Regulatory flexibility for councils with a current account surplus	€0.3bn
Sector packages (tourism, transport and automotive)	€2.8bn

The current crisis shows signs of being intense, but short-lived

GDP (Actual/BoS). Pre-crisis level= 100



The characteristics of this crisis demand a structural 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.

Key metrics profile and stress exercise

Corporate & SMEs, Sabadell, ex-TSB

Customer segments

Jun-20
Small Businesses
SMEs
Corporates

Key credit metrics

Debt /Assets	EBITDA /Assets
34%	6%
26%	7%
22%	8%

Debt amount increase

From Dec-18 to Mar-20	From Mar-20 to May-20
11%	6%
12%	10%
1%	2%

Collateralisation with Sabadell

ICO	Secured	LTV
15%	53%	53%
12%	48%	52%
10%	23%	54%

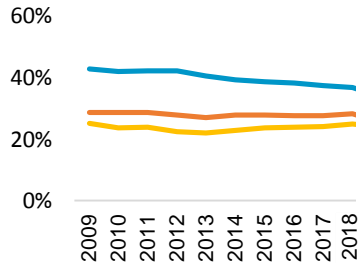


Lower leverage and strong earnings built up before the crisis



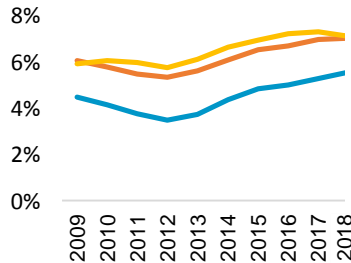
Debt/assets

Sabadell customers. Annual median



EBITDA/assets

Sabadell customers. Annual median

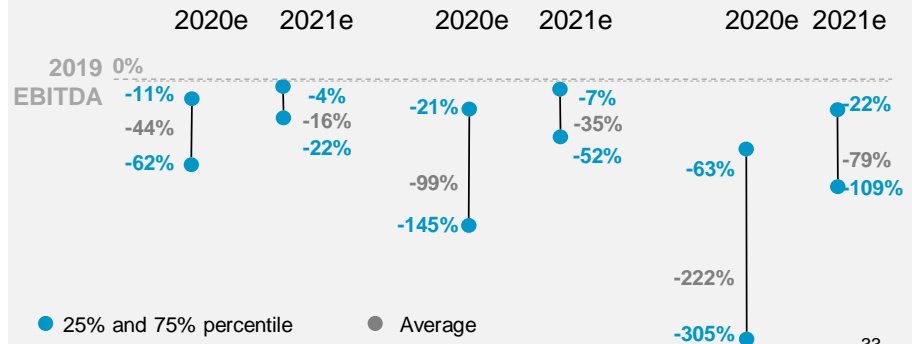


■ Small businesses ■ SMEs ■ Corporates

EBITDA stress assumptions applied in the models

2020-21 EBITDA reduction from 2019 level according to NVUL segmentation

Recovery speed	“N” (not impacted)	“V/U” shape	“L” shape
Performing loans, %	8%	75%	17%



Key metrics profile and stress exercise

Retail individuals and self-employed, Sabadell ex-TSB

Customer segments

Retail individuals
Self-employed

Key credit metrics (2019)

Debt /Income	Income, annual average
35%	37k
33%	71k

Collateralisation with Sabadell (Jun-20)

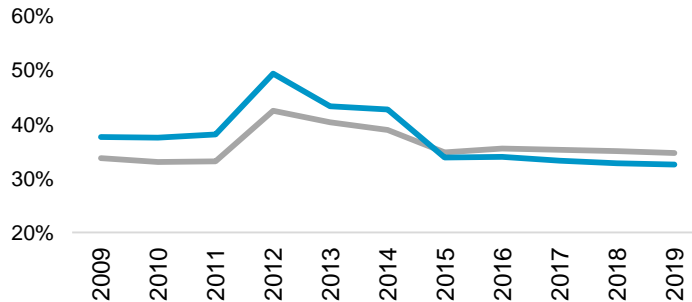
Payment holidays	Secured	LTV
5%	92%	67%
7%	82%	62%



Lower leverage and higher savings before the crisis

Debt/income

Annual average. Sabadell customers.

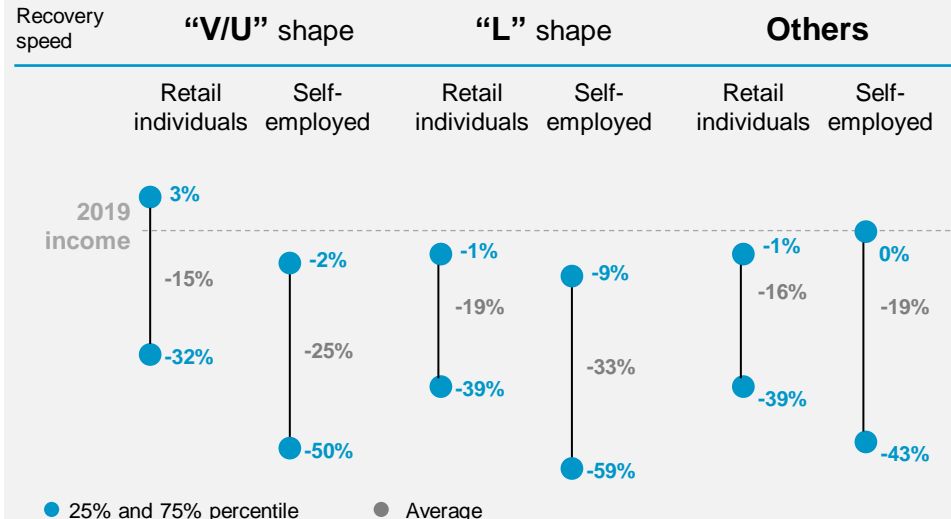


■ Retail individuals ■ Self-employed



2020e income post Covid stress levels vs. 2019

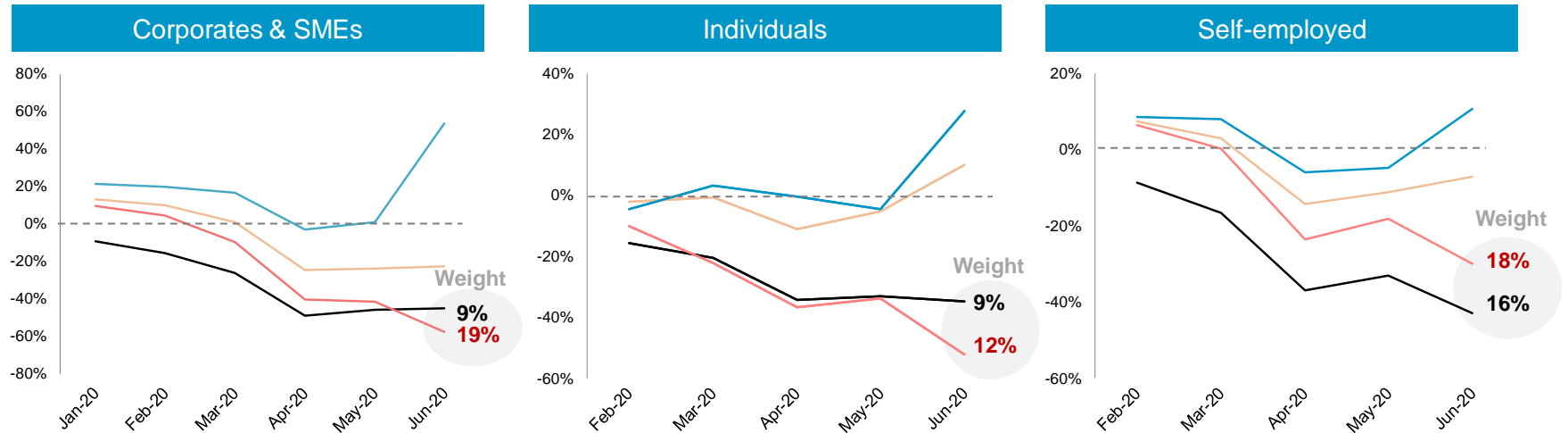
Average Annual income haircuts stressed in the models



Customer revenues and income have been stressed well beyond the levels observed during Covid-19

Actual income evolution during Covid-19 crisis to date

YoY variation. For individuals, variation vs. average 3-month period previous to the crisis



EBITDA reduction assumed in the structural model on average between -44% and -222% vs. 2019 level

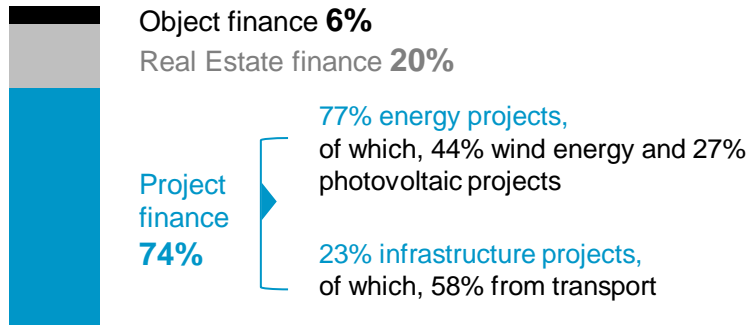
Annual income reduction assumed in the model on average between -15% and -19% vs. 2019 level

Annual income reduction assumed in the model on average between -19% and -33% vs. 2019 level

- Impacted pre-Covid-19
- Highly sensitive to Covid-19
- Moderately impacted by Covid-19
- Some positive impact from Covid-19

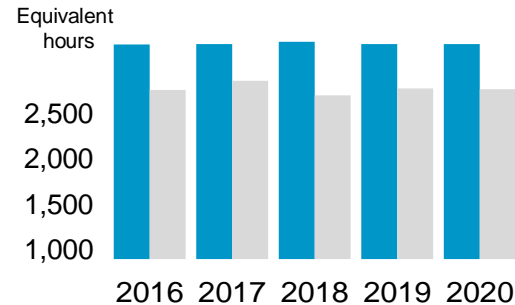
Specialised lending has little sensitivity to this crisis

EAD breakdown by type of portfolio



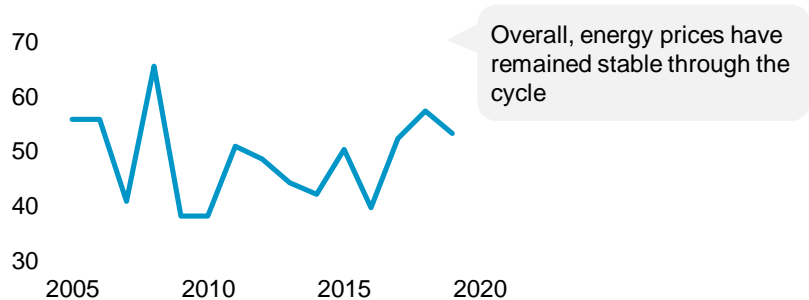
Stability in production levels

Very steady productivity after reaching installed capacity

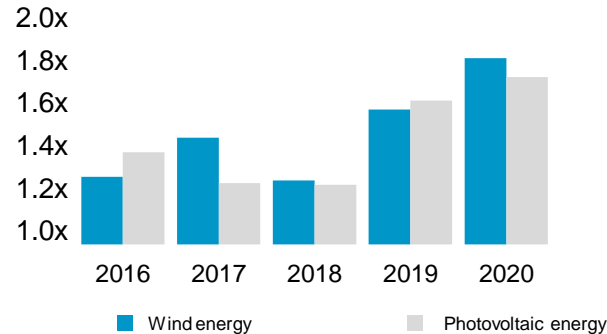


Average energy price in Spain

€/ MWh

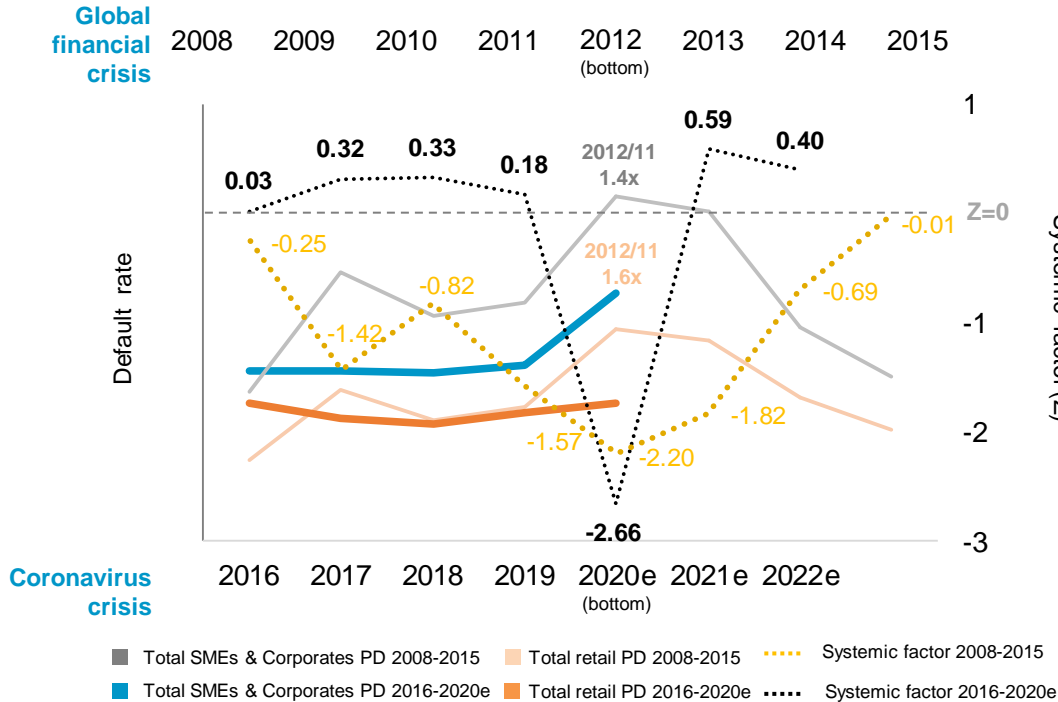


Debt service coverage ratio



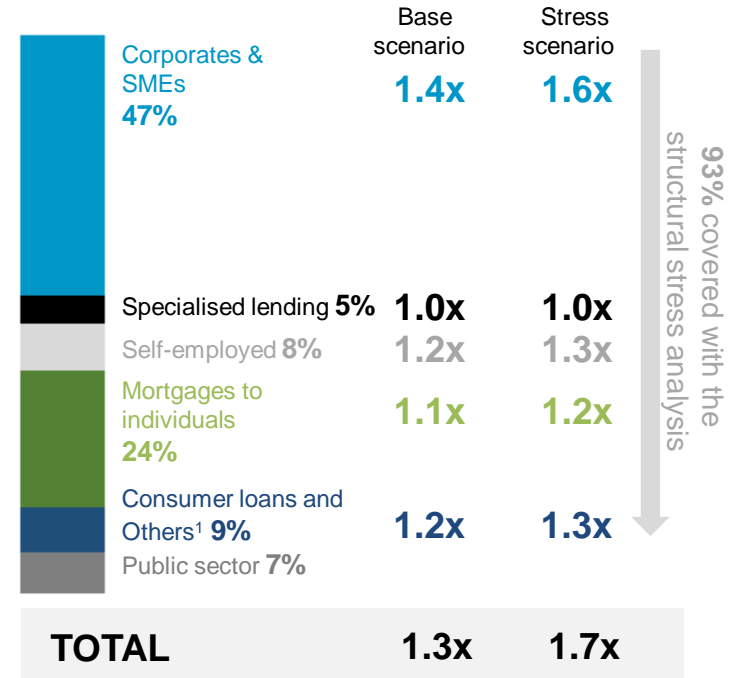
The resulting PD multiplier from the structural stress analysis provides sound support to the CoR outlook

Default rate evolution and systemic factor



Performing loans breakdown, Sabadell ex-TSB

€109bn PD multiplier to the 2019 PD resulting from the model



Systemic factor (Z) synthesis the macroeconomic indicators (GDP, unemployment and housing prices). Normal distribution around 0 average.

When positive reflects growth period and when negative a slowdown/recession period.

Note: Performing loans excludes CAM Asset Protection Scheme A/R. ¹ Includes social security and other lending to individuals (home improvements and student loans among others).

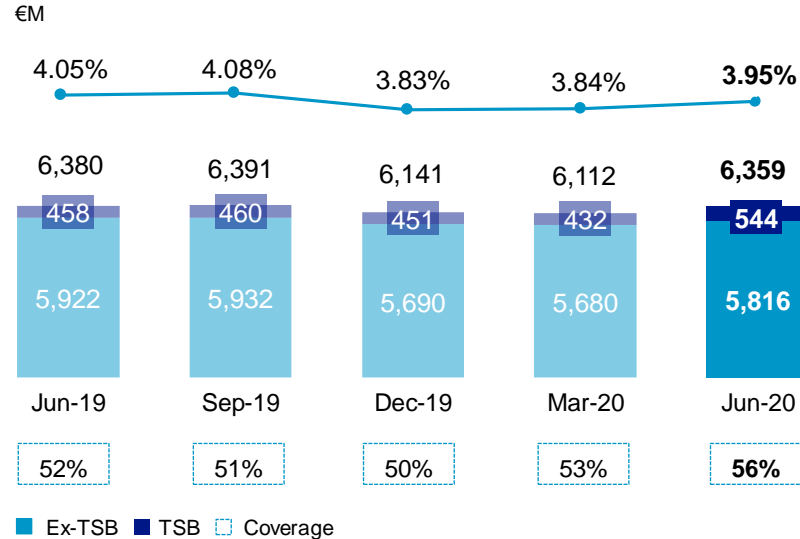


5

Balance sheet

Slight quarterly NPL increase driven by lower recoveries and early recognition of NPLs at TSB

Group NPLs, NPL ratio and coverage

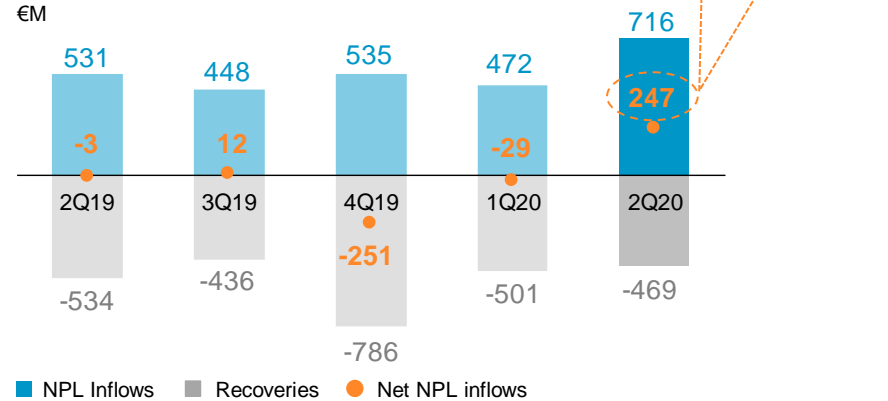


Foreclosed asset exposure: €1,460M

NPLs with collateral: 61%

Note: Includes contingent risk. ¹ Includes write-offs.

Group net NPL inflows¹



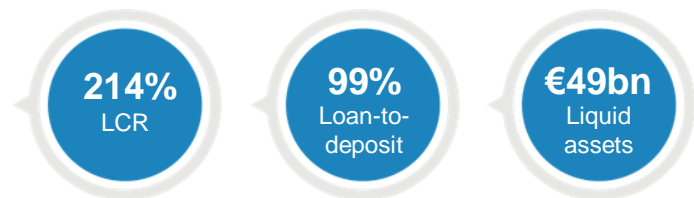
Key considerations

- This quarter, as part of the TSB's Covid-19 risk management assessment, TSB has classified to Unlikely to Pay or Qualitative NPLs all mortgages that had arrears of more than 30 days prior to clients applying for a payment holiday

Strong liquidity position

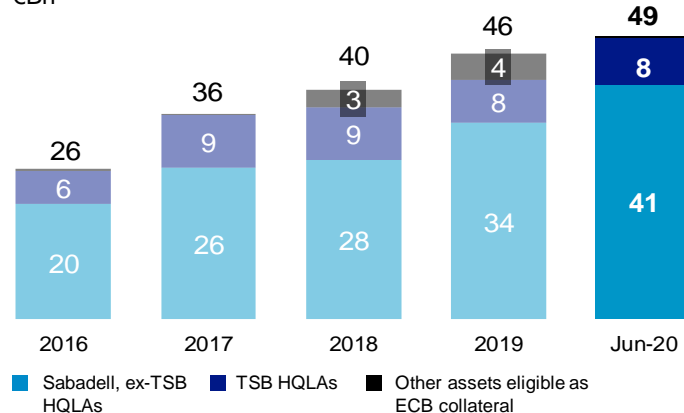
Substantial liquidity buffers

Sabadell Group



Total liquid assets

€Bn



Credit ratings

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

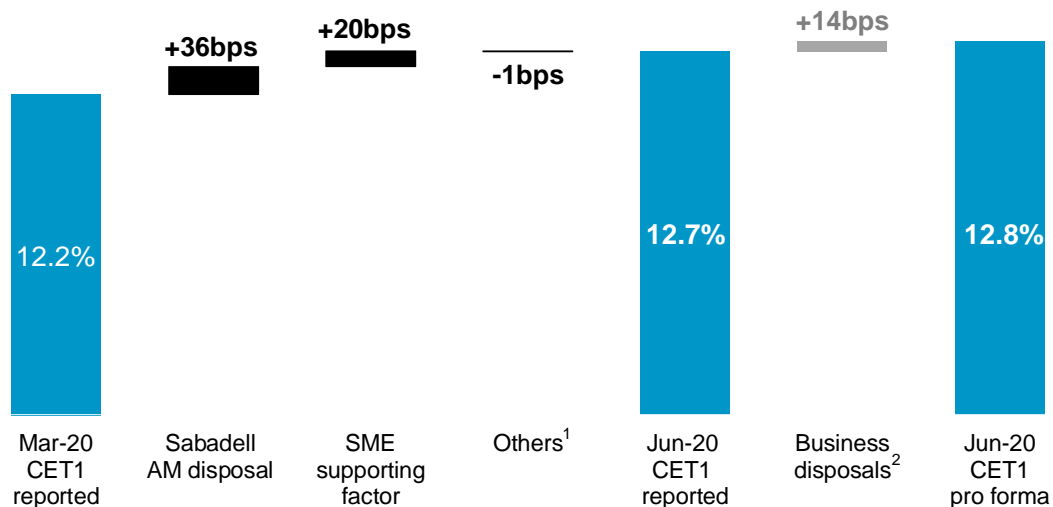
Standard & Poor's	BBB Negative	Fitch Ratings	BBB Watch negative
Moody's	Baa3 Stable	DBRS	A (low) Negative

Outstanding central bank funding

- TLTRO-III: €27bn, 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

Sabadell's reported CET1 position increased +55bps QoQ

QoQ CET1 evolution



RWAs breakdown

Jun-20 RWAs: €78,210M (-4.0% QoQ)

By type:

- Credit risk: €62bn
- Market risk: €1bn
- Operational risk: €8bn
- DTAs & others: €7bn

By geography:

- Spain: €62bn
- UK: €12bn
- Mexico: €4bn

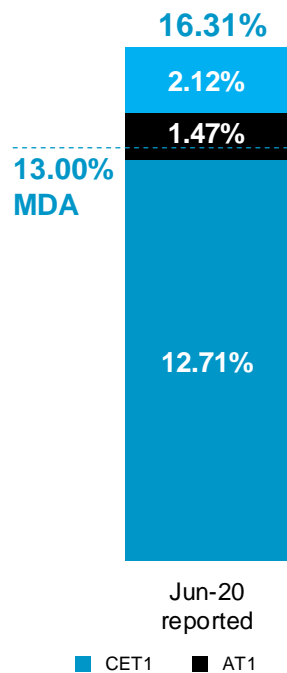
- No interim dividend in 2020, therefore no dividend accrued in the quarter
- Potential additional regulatory tailwind in the year: change prudential treatment of software assets
- Sabadell's reported fully-loaded CET1 ratio stood at 11.9% as at Jun-20

Note: Data includes IFRS9 transitional arrangements. ¹ Includes QoQ IFRS9 impact of 17bps. ² Of which: RE developer ("Desarrollos Inmobiliarios") disposal (+6bps) and the depositary business disposal (+8bps).

Comfortable MDA buffer of 331bps

Strong capital position ...

Group capital position



... well above capital requirements

Group capital requirements

	2020	Jun-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%

CET1 requirement of 8.52% post Mar-20 supervisory statement, which confirmed changes to P2R mix requirements as per CRDV

MDA buffer reported
331bps¹

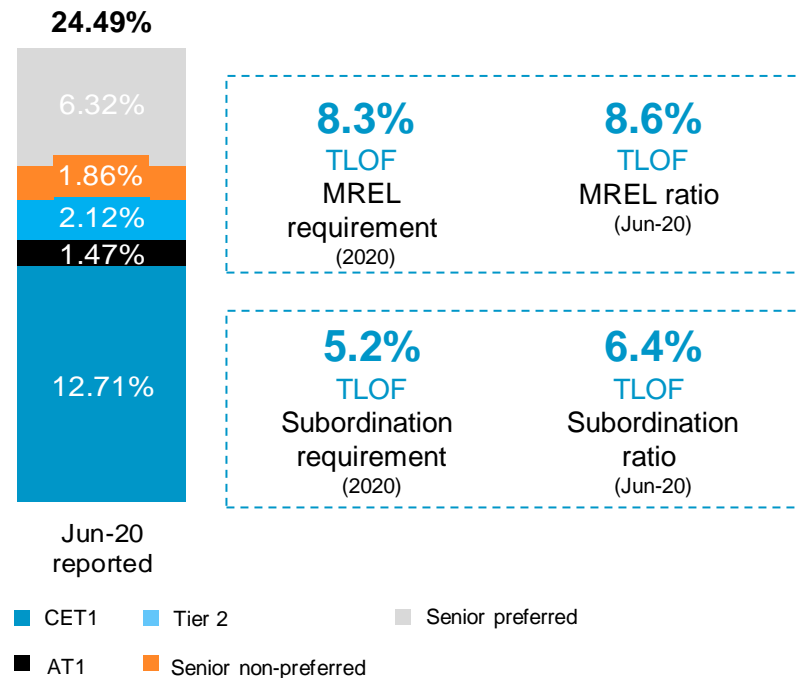
Leverage ratio
4.7%

Note: Data includes IFRS9 transitional arrangements ¹ Total capital reported as at Jun-20 (16.31%) vs. total capital requirement of 2020 (13.00%). ² Post Mar-20 ECB statement, which assumes the bank can use excess Tier 2 and AT1 to meet P2R (in total 98bps of excess hybrid capital, of which 42bps would be AT1 and 56bps Tier 2).

Sabadell is MREL compliant

MREL position, Sabadell Group

% RWAs



2020 YTD issuances

- ✓ €300M Tier 2 (2.00% coupon)
- ✓ €1bn covered bonds 8 years maturity (0.13% coupon)
- ✓ €500M senior preferred 3 non call 2 years (1.75% coupon)

€4.8bn MREL issued in 2019 and 2020 YTD

2H20 debt issuance plan

- SDG bond framework in place
- Inaugural benchmark SDG bond

Application of Article 104a

- The application of Art. 104a could potentially allow us to increase our current CET1 buffer over P2R by issuing an additional 86bps of AT1 and Tier 2 (of which 42bps will be AT1 and 44bps Tier 2)

Note: Data includes IFRS9 transitional arrangements.



6

Closing remarks

Conclusions



Quarterly performance impacted by **macro-economic environment** and **lower levels of commercial activity** during lockdown



Economy showing signs of recovery with **some commercial indicators at pre Covid-19 levels already**, which will support revenue in H2



IFRS9 models have been updated with new Covid-19 macro-scenarios, a significant amount of provisions have been front-loaded ahead of the credit migration cycle



Q2 is expected to produce the lowest quarterly core revenue, with the highest provisions in the year



Our capital base has increased despite a very challenging environment, and our solvency position remains strong with a CET1 ratio of 12.7%

Key priorities ahead



Potential for additional cost-cutting in Spain



Consolidate commercial recovery



**Deliver on TSB's business plan.
Potential to intensify and accelerate cost-cutting**



Focus on risk management

Appendix

1 Financial statements

2 Business profile

3 Commercial activity

4 Customer spread

5 Funding structure

6 Asset quality

7 Share data

8 Glossary

1. Detailed income statement

€M	Sabadell Group						Sabadell ex-TSB				TSB			
	2Q20	1H20	QoQ (cte. FX)	QoQ	YoY (cte. FX)	YoY	2Q20	1H20	QoQ	YoY	2Q20	1H20	QoQ (cte. FX)	YoY (cte. FX)
Net interest income	820	1,705	-6.1%	-7.3%	-5.4%	-5.6%	620	1,263	-3.5%	-4.3%	200	442	-15.0%	-9.4%
Fees & commissions	324	673	-7.0%	-7.3%	-4.6%	-4.6%	303	630	-7.3%	-3.0%	21	43	-3.9%	-23.3%
Core banking revenue	1,144	2,378	-6.3%	-7.3%	-5.2%	-5.3%	923	1,893	-4.8%	-3.9%	221	485	-14.0%	-10.9%
Trading income & forex	4	155	<-100%	<-100%	>100%	>100%	-1	136	<-100%	>100%	5	19	-66.3%	-7.3%
Other income & expenses	-59	-72	>100%	>100%	16.1%	14.7%	-71	-85	>100%	37.8%	12	13	>100%	>100%
Gross operating income	1,089	2,461	-19.8%	-20.6%	-1.2%	-1.3%	852	1,944	-22.0%	0.6%	237	517	-12.7%	-8.3%
Personnel recurrent costs	-392	-792	-1.0%	-2.0%	0.4%	0.3%	-305	-613	-0.9%	3.2%	-87	-178	-3.0%	-9.1%
Administrative recurrent costs	-254	-500	5.1%	3.3%	0.4%	0.1%	-139	-270	6.5%	-3.0%	-115	-230	2.5%	4.1%
Non-recurrent costs	-10	-20	2.7%	-0.2%	-60.8%	-60.9%	-1	-3	-50.2%	-71.5%	-9	-17	14.7%	-58.4%
Recurrent depreciation & amortisation	-128	-250	6.1%	4.9%	10.6%	10.3%	-89	-176	2.8%	9.9%	-39	-74	13.5%	11.4%
Pre-provisions income	305	899	-48.4%	-48.6%	-2.9%	-3.0%	317	881	-43.8%	-0.9%	-12	18	<-100%	-55.7%
Total provisions & impairments	-635	-1,089	40.5%	40.0%	>100%	>100%	-552	-968	32.6%	>100%	-83	-121	>100%	>100%
Gains on sale of assets and other results	275	276	>100%	>100%	97.8%	97.8%	274	275	>100%	95.6%	1	1	>100%	>100%
Profit before taxes	-55	85	<-100%	<-100%	-88.1%	-87.6%	39	188	-73.8%	-72.7%	-94	-102	<-100%	<-100%
Taxes and minority interest	104	58	<-100%	<-100%	<-100%	<-100%	74	27	<-100%	<-100%	30	31	<-100%	<-100%
Attributable net profit	52	145	-45.8%	-45.0%	-73.0%	-72.7%	116	217	15.4%	-59.1%	-64	-71	<-100%	<-100%

Note: EUR/GBP exchange rate of 0.8731 used for 1H20 P&L and EUR/GBP exchange rate of 0.8872 used for 2Q20 P&L.

1. Detailed income statement, TSB contribution to Group

£M	TSB			
	2Q20	1H20	%QoQ	%YoY
Net interest income	177	386	-15.0%	-9.4%
Fees & commissions	19	38	-3.9%	-23.3%
Core banking revenue	196	423	-14.0%	-10.9%
Trading income & forex	4	16	-66.3%	-7.3%
Other income & expenses	11	11	>100%	>100%
Gross operating income	210	451	-12.7%	-8.3%
Operating expenses	-185	-367	1.3%	-8.3%
Personnel expenses	-78	-159	-3.1%	-12.2%
Other general expenses	-107	-208	4.8%	-5.0%
Amortisation & depreciation	-36	-69	8.4%	18.8%
Memo line:				
Recurrent costs	-213	-421	2.0%	-0.2%
Non-recurrent costs	-8	-15	14.7%	-58.4%
Pre-provisions income	-10	15	<-100%	-55.7%
Total provisions & impairments	-74	-105	>100%	>100%
Gains on sale of assets and other results	0	1	>100%	>100%
Profit before taxes	-84	-89	>100%	<-100%
Taxes and minority interest	26	27	<-100%	<-100%
Attributable net profit	-57	-62	<-100%	<-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

1. Balance sheet

€M	Sabadell Group					Sabadell ex-TSB		
	Jun-20	QoQ (cte. FX)	QoQ	YoY (cte. FX)	YoY	Jun-20	QoQ	YoY
Total assets	234,447	5.6%	5.0%	4.9%	4.3%	191,568	6.4%	6.2%
Of which:								
Gross loans to customers ex repos ¹	151,281	2.1%	1.5%	2.9%	2.1%	116,496	2.4%	2.4%
Performing loans	145,131	2.0%	1.3%	3.1%	2.3%	110,941	2.4%	2.7%
Performing loans ex-APS²	143,370	2.1%	1.4%	4.2%	3.3%	109,180	2.4%	4.0%
Fixed income portfolio	28,342	14.4%	14.1%	4.2%	4.0%	25,958	14.6%	3.3%
Total liabilities	221,730	5.9%	5.3%	5.2%	4.5%	178,779	6.8%	6.6%
Of which:								
On-balance sheet customer funds	147,572	3.2%	2.5%	4.7%	4.0%	111,525	1.9%	2.7%
Term funds ³	23,684	-5.4%	-5.7%	-15.6%	-16.2%	20,749	-5.3%	-16.7%
Sight accounts	123,888	5.0%	4.2%	9.7%	9.0%	90,776	3.7%	8.4%
Wholesale funding	22,031	-4.2%	-4.4%	2.3%	2.1%	19,842	-4.4%	3.5%
ECB funding	27,268	77.9%	77.9%	75.9%	75.9%	27,268	77.9%	75.9%
BoE funding	3,359	-31.5%	-33.5%	-52.6%	-53.5%	0	--	--
Off-balance sheet funds	41,718	4.2%	4.2%	-4.6%	-4.6%	41,718	4.2%	-4.6%
Of which:								
Mutual funds	25,059	5.7%	5.7%	-4.1%	-4.1%	25,059	5.7%	-4.1%
Pension funds	3,248	3.9%	3.9%	-12.4%	-12.4%	3,248	3.9%	-12.4%
Third party insurance products	10,185	-0.9%	-0.9%	-3.1%	-3.1%	10,185	-0.9%	-3.1%
Managed accounts	3,226	10.0%	10.0%	-4.3%	-4.3%	3,226	10.0%	-4.3%
Total customer funds	189,291	3.4%	2.8%	2.5%	2.0%	153,243	2.5%	0.6%

Note: EUR/GBP exchange rate of 0.9124 used for Jun-20 balance sheet. Loan growth rates exclude the impact of €0.2bn A/R related to the closing of NPA disposals (€0.5bn in Mar-20).¹ Includes accrual adjustments.² Excludes CAM Asset Protection Scheme A/R. ³ Term funds include term deposits and other funds placed via the branch network and exclude repos and deposits from institutional clients.

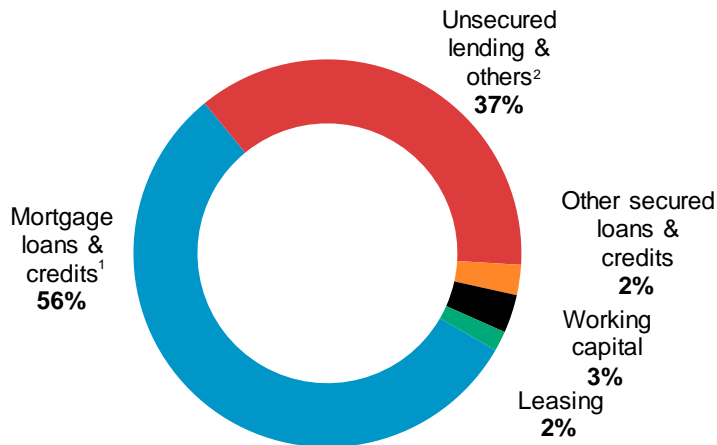
1. Individual detailed balance sheet, TSB

€M	TSB		
	Jun-20	%QoQ	%YoY
Cash, cash balances at central banks and other demand deposits	5,777	1.3%	-27.3%
Financial assets held for trading and fair value with changes in PL	296	56.4%	>100%
Financial assets in fair value OCI	1,272	3.9%	-19.2%
Financial assets at amortised cost	32,856	1.7%	4.5%
of which			
Total customer lending	31,261	1.1%	2.9%
Core mortgages	27,804	0.3%	3.2%
Unsecured & Business Banking	2,108	16.7%	15.4%
Whistletree mortgages	1,349	-2.7%	-15.6%
Tangible assets	284	-2.4%	-9.1%
Intangible assets	35	48.0%	71.8%
Other assets	562	27.7%	55.5%
Total assets	41,082	2.3%	-1.7%
Financial liabilities held for trading and fair value with changes in PL	284	71.4%	>100%
Financial liabilities at amortised cost	38,261	2.2%	-2.3%
of which			
Total customer deposits	32,909	7.2%	10.3%
Fixed rate savings	2,678	-5.9%	-11.1%
Variable rate savings	15,728	4.7%	5.7%
Current accounts	12,389	9.6%	15.6%
Business banking	2,115	38.0%	71.2%
TFS	3,065	-31.5%	-52.6%
Provisions	64	44.0%	98.5%
Other liabilities	656	3.2%	4.9%
Subtotal liabilities	39,265	2.5%	-1.6%
Shareholders' equity	1,833	-2.2%	-1.5%
Accumulated other comprehensive income	-16	46.4%	>100%
Net equity	1,817	-2.5%	-2.5%
Total liabilities and equity	41,082	2.3%	-1.7%

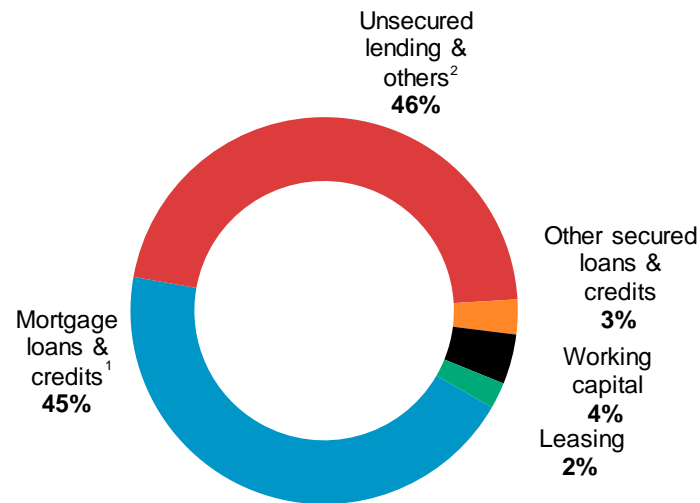
Note: EUR/GBP exchange rate of 0.9124 used for Jun-20 balance sheet.

2. Performing loans by product type

Sabadell Group



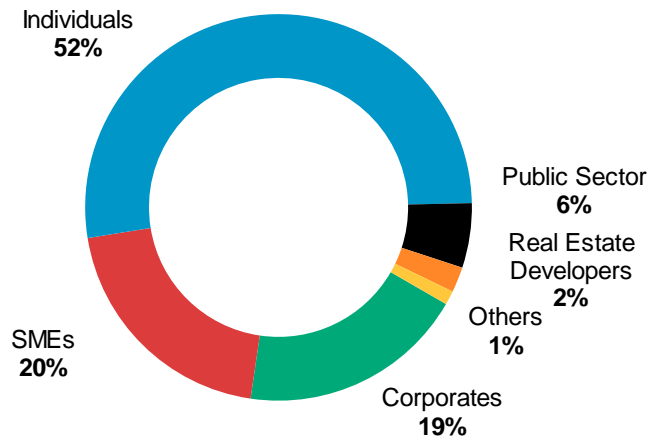
Sabadell ex-TSB



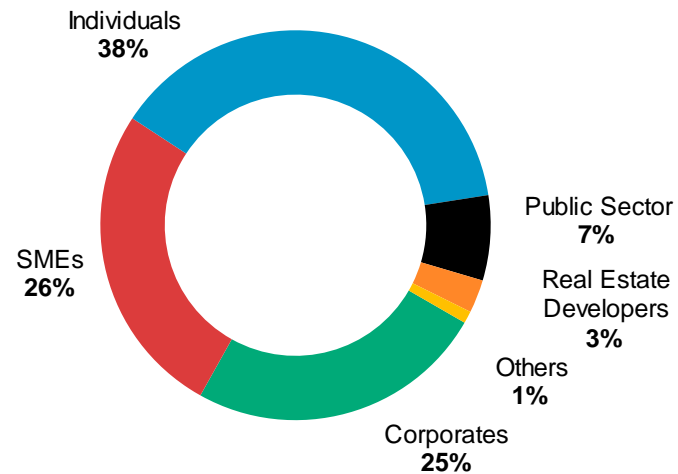
Note: Data as at Jun-20. ¹ Includes mortgage loans and credits to both individuals and companies. ² Unsecured loans, loans to the public sector, overdrafts and others.

2. Business mix by customer type

Sabadell Group



Sabadell ex-TSB



2. Performance by customer type

Performing loans: evolution by customer type, ex-TSB

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

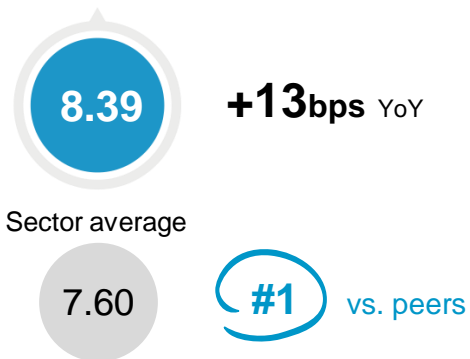
	Mar-20	New lending	Attrition	Jun-20	% QoQ	% YoY
Corporates	27,547	2,541	-1,818	28,270	+2.6%	+10.3%
SMEs	26,055	3,880	-2,854	27,081	+3.9%	+4.6%
Mortgages to individuals ¹	32,748	461	-594	32,614	-0.4%	+1.3%
Other lending and consumer loans	9,087	1,214	-904	9,397	+6.7% ²	-7.0% ²
Public Administrations	7,907	435	-225	8,117	+2.7%	+5.1%
Construction and Real Estate sectors	3,526	486	-311	3,701	+5.0%	+7.6%
Total Sabadell, ex-TSB (excl. APS)	106,870	9,017	-6,706	109,180	+2.4%²	+4.0%²

Note: Excludes accrual adjustments. ¹Refers to residential mortgages to individuals within Spain only. ²Excludes the impact of €0.2bn A/R related to the closing of NPA disposals (€0.5bn in Mar-20).

3. Service quality index and NPS

Sabadell Spain

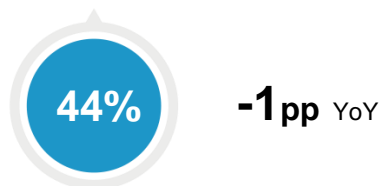
Service quality index



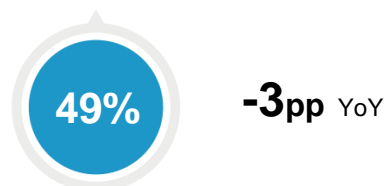
Net promoter score (NPS)

SMEs	22%	#1
Personal banking	33%	
Corporates	34%	
Retail banking	11%	

NPS Online banking

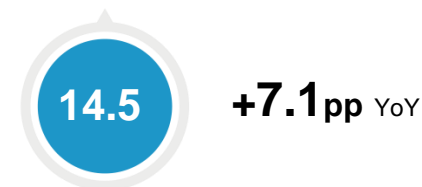


NPS Mobile

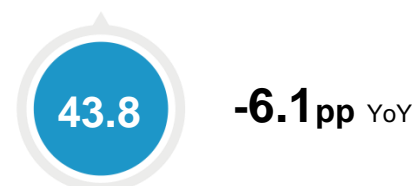


TSB UK

NPS Bank. 3-month average



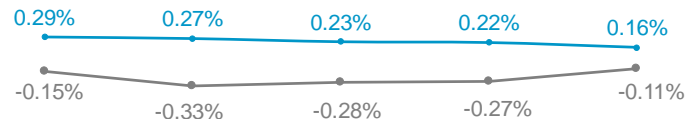
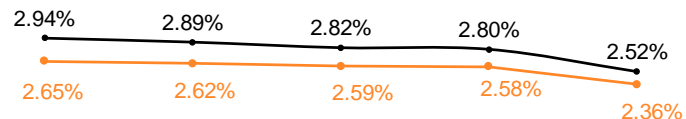
NPS Mobile. 13-week average



4. Customer spread evolution

Sabadell Group

In euros

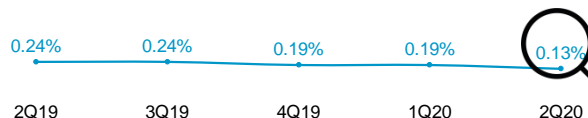
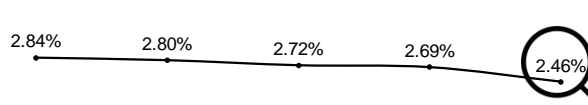


2Q19 3Q19 4Q19 1Q20 2Q20

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

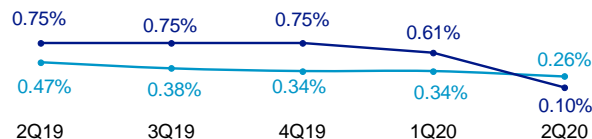
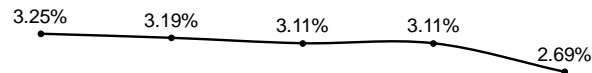
Sabadell ex-TSB

In euros



TSB

In euros

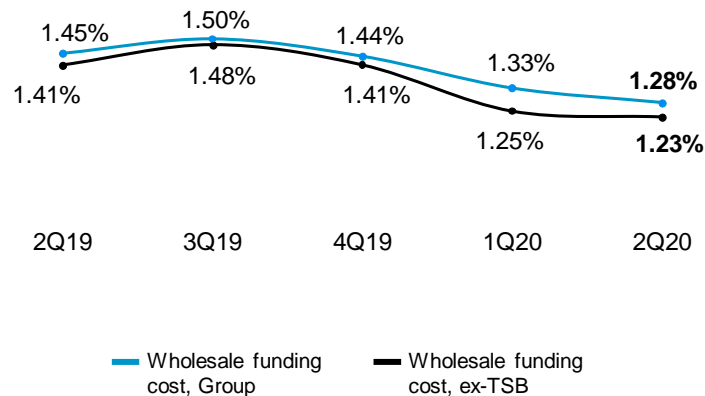


	1Q20	2Q20
Spain	2.51%	2.34%
Mexico	6.99%	5.90%

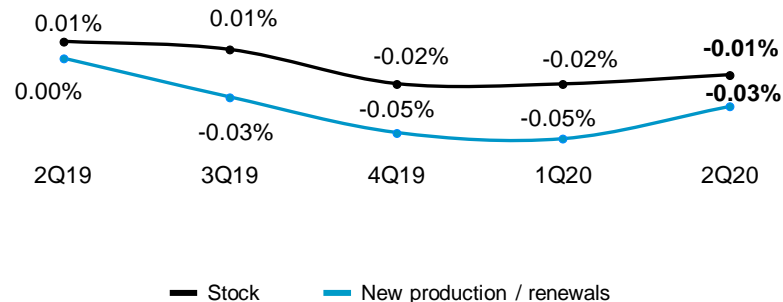
	1Q20	2Q20
Spain	0.04%	0.01%
Mexico	6.98%	5.61%

4. Wholesale funding cost and rates on term deposits

Wholesale funding cost¹



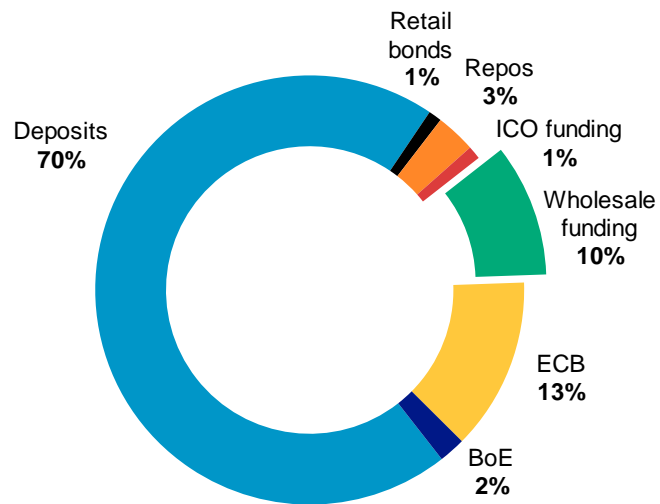
Euro term deposits, ex-TSB



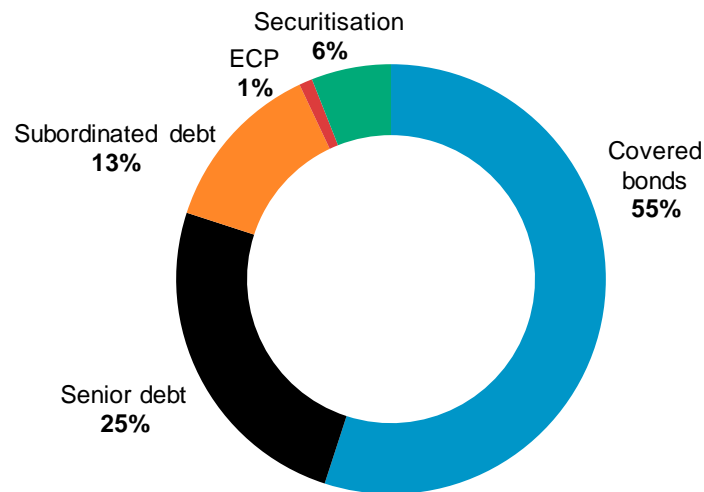
¹ Wholesale funding cost excludes the additional benefit from TLTRO-III and TFS funding.

5. Group funding structure

Funding structure



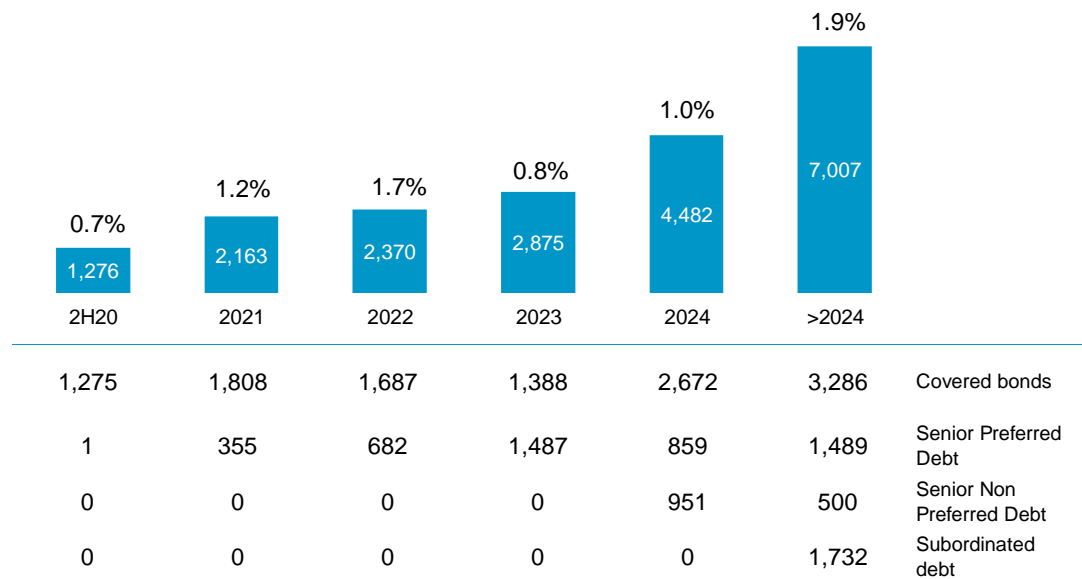
Wholesale funding breakdown



5. 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
Structured bond	06/07/2020	€1M	2.00%
Covered bond	20/07/2020	€100M	0.00%
Covered bond	31/07/2020	€30M	4.60%
Covered bond	03/11/2020	€945M	0.63%
Covered bond	28/12/2020	€200M	3.75%
Covered bond	22/03/2021	€300M	4.00%
Senior preferred bond	08/04/2021	€294	0.45%

Note: Debt maturities excludes AT1 issuance. Callable issuances considered at their legal maturity.

6. Evolution of Sabadell Group NPA coverage ratios

€M	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20
NPLs	6,380	6,391	6,141	6,112	6,359
Provisions	3,301	3,263	3,045	3,228	3,537
Coverage ratio (%)	51.7%	51.1%	49.6%	52.8%	55.6%
Foreclosed assets	1,873	1,032	1,185	1,310	1,460
Provisions	831	380	394	451	514
Coverage ratio (%)	44.4%	36.8%	33.3%	34.4%	35.2%
Total problematic assets	8,253	7,424	7,326	7,422	7,820
Provisions	4,132	3,643	3,439	3,680	4,051
Coverage ratio (%)	50.1%	49.1%	46.9%	49.6%	51.8%
Gross loans ¹ + foreclosed assets	149,866	148,248	151,698	150,677	152,742
NPAs as % of (gross loans¹ + foreclosed assets) (%)	5.5%	5.0%	4.8%	4.9%	5.1%
Net problematic assets	4,121	3,781	3,887	3,743	3,769
Net NPAs to total assets ratio (%)	1.8%	1.7%	1.7%	1.7%	1.6%



	Stage 1	Stage 2	Stage 3
Loans to customers and contingent risks	144,820	9,655	6,359
Provisions	651	308	2,578
Coverage	0.4%	3.2%	40.5%

- In line with other UK banks, this quarter TSB has recognised an increase in stage 2 loans as a result of a mortgage payment holiday review

6. Evolution of NPLs and foreclosed assets

Evolution of NPLs and foreclosed assets, Group

€M

	2Q19	3Q19	4Q19	1Q20	2Q20
Gross entries (NPLs)	531	448	535	472	716
Recoveries	-437	-339	-597	-401	-355
Net NPL entries	94	109	-62	71	361
Gross entries (foreclosed assets)	107	120	209	141	165
Sales ¹	-37	-961 ²	-57	-16	-15
Change in foreclosed assets	70	-841	152	125	150
Net NPL entries + Change in foreclosed assets	164	-732	90	196	511
Write-offs	-97	-97	-189	-100	-114
Foreclosed assets and NPLs quarterly change	67	-829	-99	96	397

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.

6. Forborne exposures

Group forborne exposures and restructured loans

€M. Jun-20

	Total	Of which: doubtful
Public sector	11	10
Companies and self-employed	2,774	1,812
Of which: Financing for construction and real estate development	303	207
Individuals	1,892	1,189
Total	4,676	3,011
Provisions	1,132	1,010

6. NPL ratio breakdown

NPL ratios by segment, ex-TSB

	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20
Real Estate development and/or construction purposes	14.0%	13.4%	11.0%	10.7%	9.5%
Construction purposes non-related to real estate dev.	5.7%	5.5%	6.1%	6.3%	4.6%
Large corporates	1.8%	1.7%	1.4%	1.4%	1.5%
SME and small retailers and self-employed	6.6%	6.8%	6.7%	6.8%	6.8%
Individuals with 1 st mortgage guarantee assets	5.7%	5.5%	5.3%	5.2%	5.3%
NPL ratio, Sabadell ex-TSB	4.8%	4.9%	4.6%	4.6%	4.6%

6. TSB asset quality, liquidity and solvency position

Asset quality

	Jun-19	Mar-20	Jun-20
NPL ratio	1.3%	1.2%	1.6%
Coverage ratio	43.8%	48.9%	51.9%
Cost of risk ^{1 (YtD)}	0.16%	0.43%	0.69%

Solvency

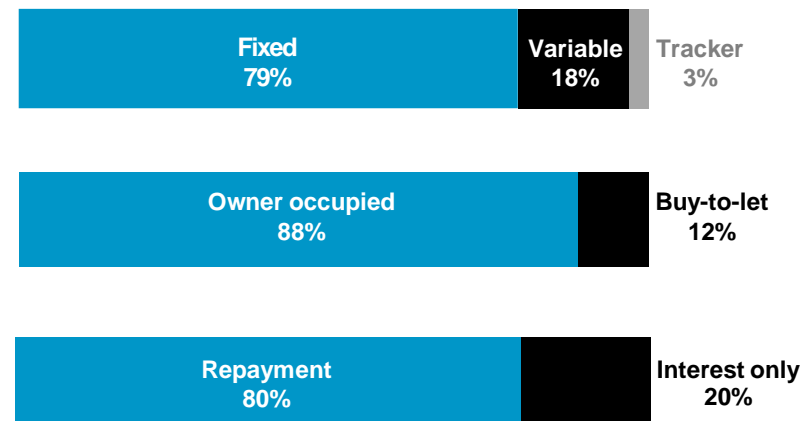
	Jun-19	Mar-20	Jun-20
CET1 ratio ²	20.2%	20.6%	20.1%
Leverage ratio ³	4.3%	4.5%	4.3%

Liquidity

	Jun-19	Mar-20	Jun-20
LCR	299%	256%	247%

A low risk mortgage portfolio⁴

TSB mortgage stock by product and repayment type. Jun-20



44% Mortgage stock average Loan to Value⁵

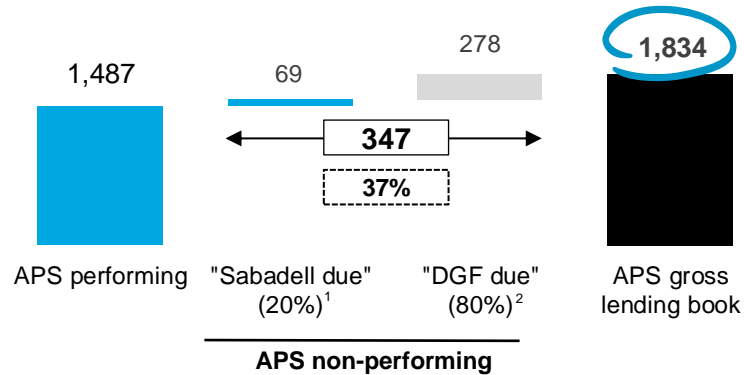
93% of net lending is secured (incl. Whistletree)

¹ Calculated as P&L impairment charge divided by average gross customer lending balances. ² CET1 ratio on a transitional basis. The Jun-20 fully-loaded CET1 ratio is 19.4%. ³ Calculated using EBA standards and on a transitional basis. ⁴ Excludes Whistletree portfolio. ⁵ 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.

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

APS gross loans and advances

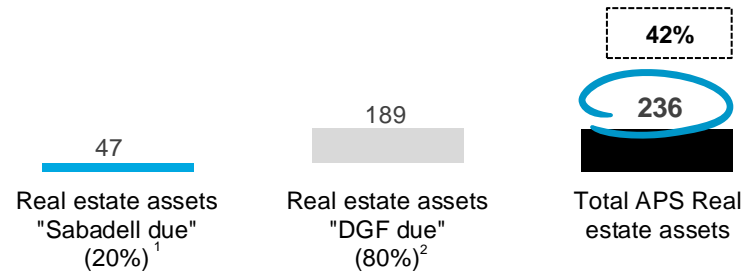
€M. Jun-20



The total APS NPL ratio is 18.9%

APS real estate

€M. Jun-20



“DGF due” loans and real estate exposures represent €548M in RWAs

☐ Coverage

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

7. Share data

	Jun-19	Mar-20	Jun-20
Shareholders and trading			
Number of shareholders	237,675	234,082	247,003
Average number of shares (M)	5,537	5,603	5,590
Share price			
Closing session (end of quarter) (€)	0.911	0.469	0.309
Market capitalisation (€M)	5,044	2,628	1,728
Stock market multiples			
Earnings per share (EPS) (€) ¹	0.15	0.03	0.03
Book value (€M)	12,989	13,076	13,122
Book value per share (€)	2.35	2.33	2.35
Tangible book value (€M)	10,488	10,507	10,539
Tangible book value per share (€)	1.89	1.88	1.89
Price / Book value (x)	0.39	0.20	0.13
Price / Earnings ratio (P/E) (x) ¹	6.13	15.78	9.43

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

8. Glossary (I)

Term	Definition
ATA	Average total assets
Book value per share	Ratio between the book value and the average number of outstanding shares at the end of the period. Book value refers to own funds adjusted by contributions to deposit guarantee and resolution funds and tax on deposits of credit institutions, except at year end
CAM APS	Banco CAM asset protection scheme. As a result of the acquisition of Banco CAM on 1 June 2012, the Asset Protection Scheme (APS) envisaged in the protocol on financial assistance measures for the restructuring of Banco CAM came into force with retroactive effect from 31 July 2011. Under the scheme, which covers a specific portfolio of assets with a gross value of €24.6bn as at 31 July 2011, the Deposit Guarantee Fund (DGF) bears 80% of the losses on the portfolio for a period of ten years, once impairment allowances in respect of those assets have been fully applied
CAM Asset Protection Scheme A/R	Refers to the DGF account receivable related with CAM Asset Protection Scheme
CoR	Cost of risk. Provisions for NPLs 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

8. Glossary (II)

Term	Definition
CRDV	Capital Requirements Directive IV
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
EFQM	European Foundation Quality Management
EQUOS	Objective quality analysis of services provided by banking networks
ERTE	Temporary workforce restructuring plan
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
FTEs	Full time equivalent
HQLAs	High quality liquid assets
ICO	Spanish Official Credit Institute
ISO	International Organization for Standardization
JRS	UK government's Coronavirus Job Retention Scheme
LCR	Liquidity coverage ratio: High quality liquid assets (HQLAs) divided by total net cash outflows

8. Glossary (III)

Term	Definition
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	Ratio between the allowance for loans and advances to customers (including allowances for guarantees given) and total non-performing loans (stage 3)
NPA A/R	Account receivable related to the closing of NPA disposals announced in Dec-19 (Challenger, Coliseum and REX)
NPL ratio	Ratio between stage 3 (non-performing) loans and total 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

8. Glossary (IV)

Term	Definition
Gross performing loans	Gross loans to customers excluding repos, NPLs (stage 3) and accrual adjustments
PELTROS	Pandemic emergency longer-term refinancing operations. It is a series of additional longer-term refinancing operations to ensure sufficient liquidity and smooth money market conditions during the pandemic period
PEPP	Pandemic emergency purchase programme. It is a temporary asset purchase programme of private and public sector securities. It is a non-standard monetary policy measure initiated in March 2020 by the ECB.
PMI	Purchasing Managers' Index . It is compiled by IHS Markit which is a global information provider
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.

8. 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
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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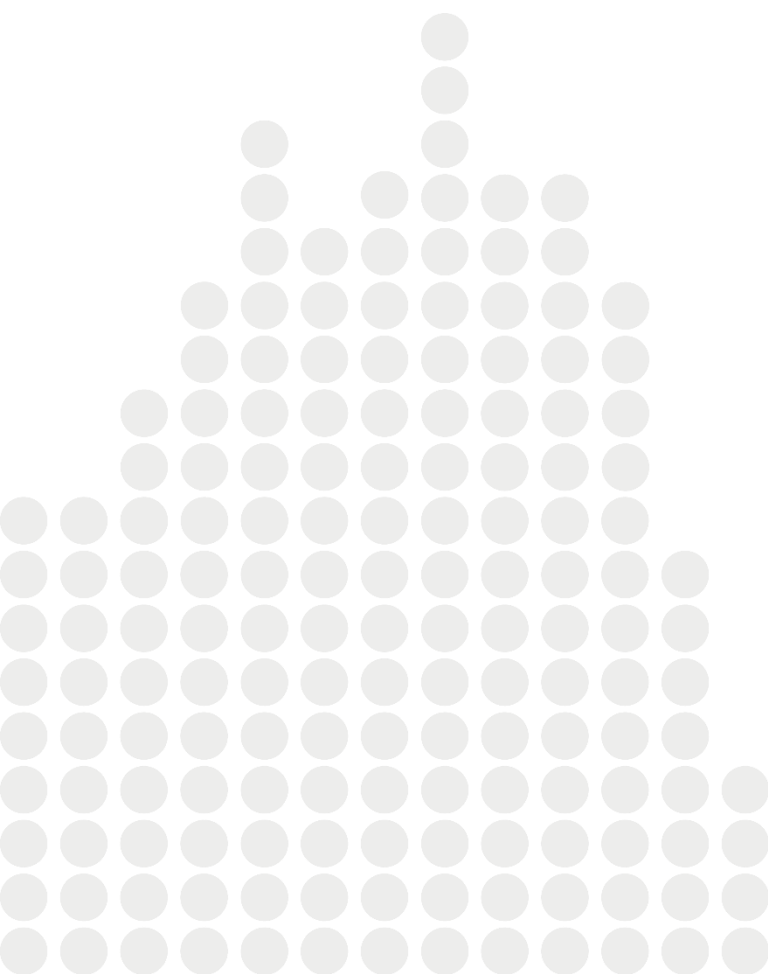
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