

Sabadell

Mortgage Covered Bond Information

June 2020



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General Overview

Executive Summary



- Covered Bond Label issuer since 1st of January 2013.
- Recurrent issuer in Capital Markets with almost one benchmark transaction per year. Banc Sabadell has at June 2020 six benchmark covered bond issues in the market.
- Covered bonds are LCR eligible as HQLA Level 1.
- Rating Upgrades Banc Sabadell Covered Bond programme:
 - ✓ On April 2018 Moody's Upgraded to **Aa1** from Aa2.
 - ✓ On July 2018 DBRS Upgraded to **AAA** from AA.

Covered Bonds RATING and CRR compliance

Covered Bond Rating:

MOODY'S⁽¹⁾

Aa1

17 April 2018



AAA

4 July 2018

(1) Moodys Cédulas Territoriales (Covered Bonds) Rating Aa1 as of 17 April 2018

CRR compliance

Accomplishing eligibility criteria as HQLA:

- | | | |
|--|---|--|
| ▪ A minimum rating of AA- | ✓ | Aa1 (Moody's) / AAA (DBRS) |
| ▪ At least over 500 MM EUR issuance amount | ✓ | > € 500 million |
| ▪ Transparency requirements | ✓ | |
| ▪ Collateralization over 102% | ✓ | 200% (*) |

(*) Calculation of Collateralization Ratio = Mortgage Portfolio / Outstanding Cédulas Hipotecarias

Following CRR Banco Sabadell's mortgage covered bonds are LCR eligible as HQLA **Level 1**.

NOTE: Banco Sabadell is member of the Covered Bond Label initiative with the aim of enhancing the Covered Bonds' market transparency.

All the information about Banco Sabadell covered bonds in: <https://www.coveredbondlabel.com/issuer/27/>

Mortgage Covered Bonds in the Market



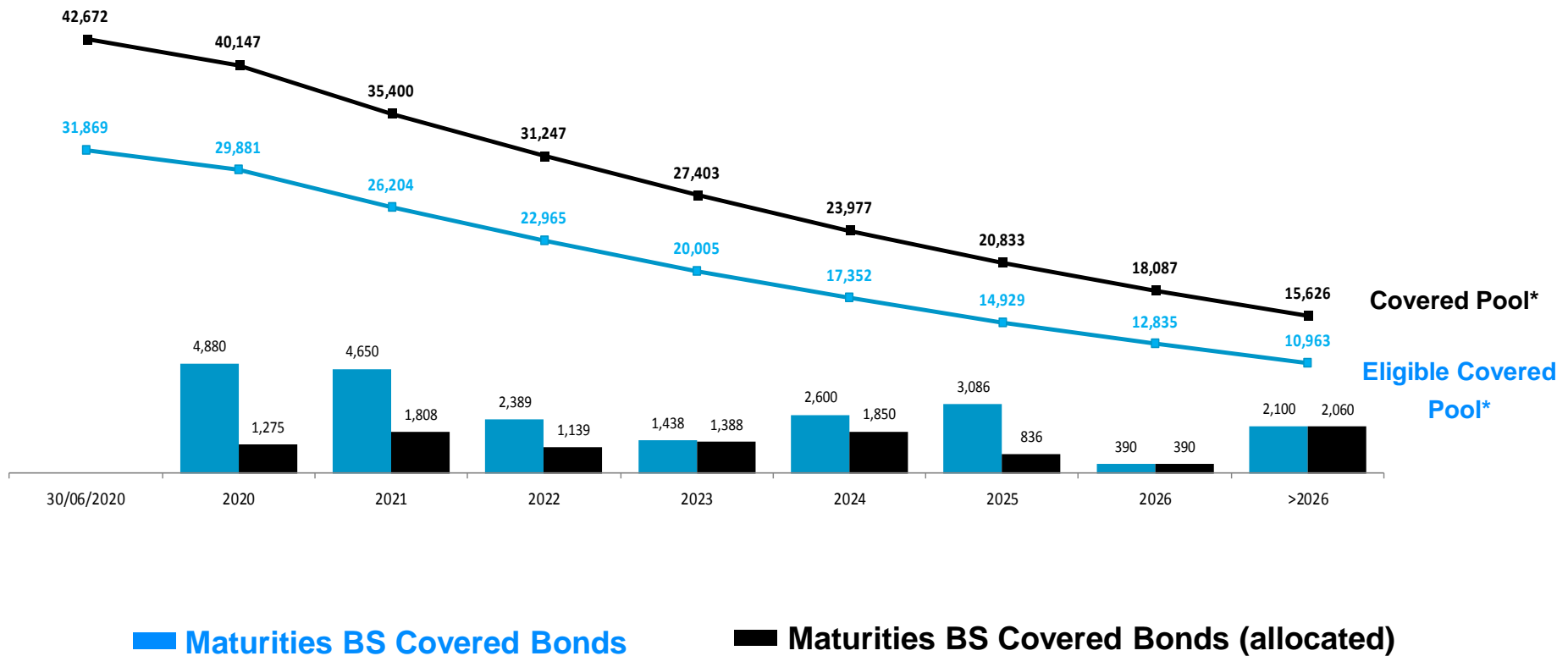
Six outstanding benchmark covered bonds issues at June 2020

Issuer	Issue Date	Current Rating Moody's/DBRS	Currency	Amount (€ in million)	Coupon (%)	Maturity Date
Banco Sabadell	12/11/2014	Aa1(M)/AAA(D)	EUR	1,350	0.875%	12/11/2021
Banco Sabadell	03/11/2015	Aa1(M)/AAA(D)	EUR	1,000	0.625%	03/11/2020
Banco Sabadell	10/06/2016	Aa1(M)/AAA(D)	EUR	1,000	0.625%	10/06/2024
Banco Sabadell	20/10/2016	Aa1(M)/AAA(D)	EUR	1,000	0.125%	20/10/2023
Banco Sabadell	26/04/2017	Aa1(M)/AAA(D)	EUR	1,100	1.000%	26/04/2027
Banco Sabadell	20/01/2020	Aa1(M)/AAA(D)	EUR	1,000	0.125%	10/02/2028
TOTAL				6,450	0.586%	

Until 2017 Sabadell has tapped the European Covered Bond market at least once per year to build its covered bond yield curve.

In January 2020 Banc Sabadell issued a new 8 years covered Bond .

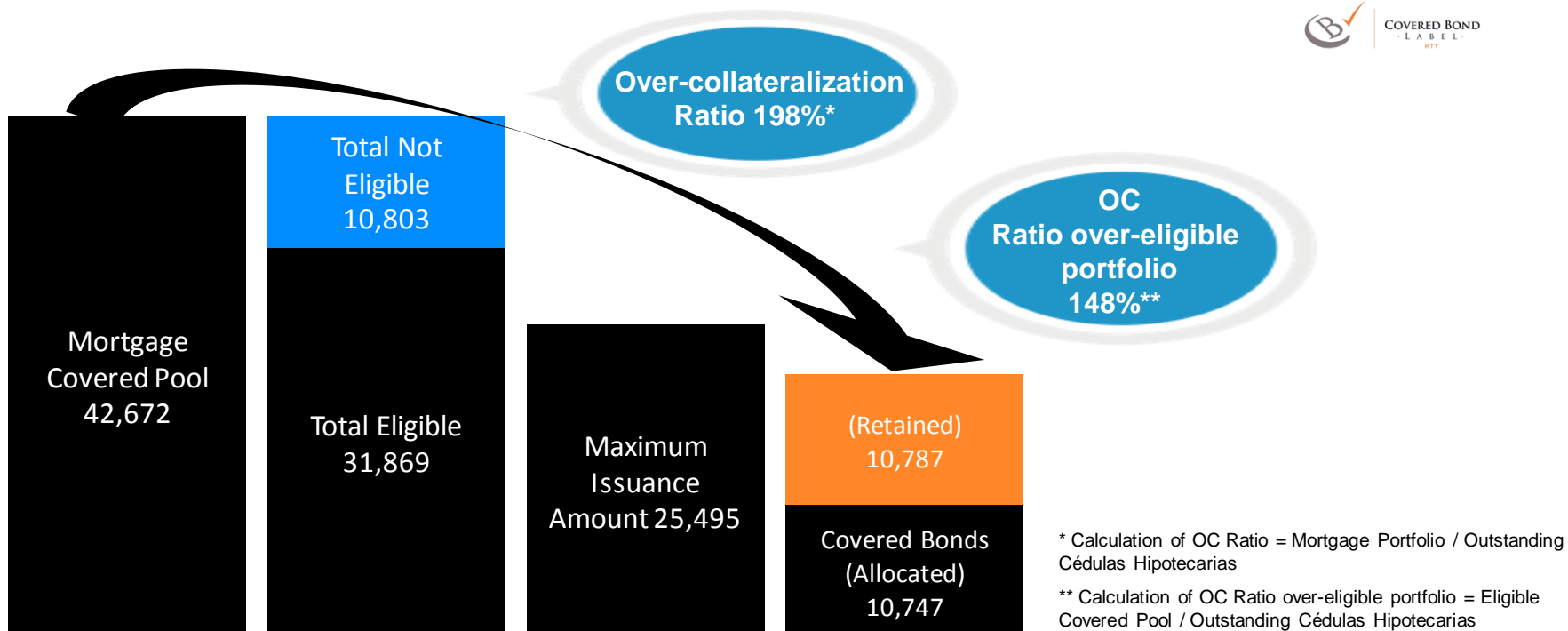
Banco Sabadell Covered Pool Amortization Profile



Data as of June 2020. Euros in Million

*Assuming 5% CPR static mortgage portfolio and no new issuances.

Over-collateralization Ratio



Data as of June 2020. Euros in Million

Moody's Over-Collateralization Analysis

(Moody's covered bond report as of 30/09//2019)

Current Situation

Current Over-Collateralization (OC) ⁽¹⁾	109.5%
OC Level to maintain current rating	21.0%

Moody's Stressed scenario

Estimated OC to maintain current rating if Banco Sabadell is downgrade by 1 notch:	24.5%
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⁽¹⁾ Calculation of OC (by Moody's) = (Mortgage Portfolio – Outstanding Cédulas Hipotecarias) / Outstanding Cédulas Hipotecarias

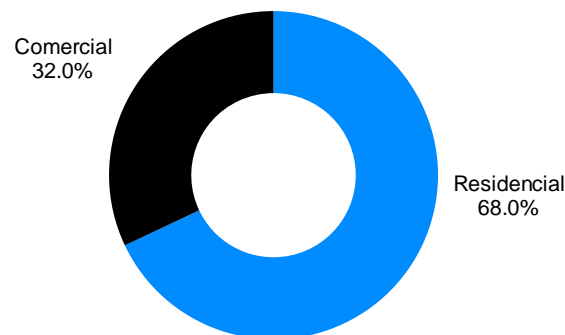
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Total Covered Pool Highlights

Covered Pool Highlights

Data as of June 30 2020	Covered Pool	Of which		
		Residential	Commercial	Eligible
Outstanding amount (€ M)	42,672	29,001	13,671	31,869
Weighted average LTV	59%	62%	53%	47%
Weighted average seasoning (years)	6.7	7.5	5.1	6.5
Weighted average maturity (years)	17.0	19.3	12.0	16.2
Weighted average interest rate %	1.7	1.5	2.0	1.7
Numbers of Loans	442,849	373,823	69,026	369,874
Average Loan Size (€)	96,358	77,580	198,053	86,161

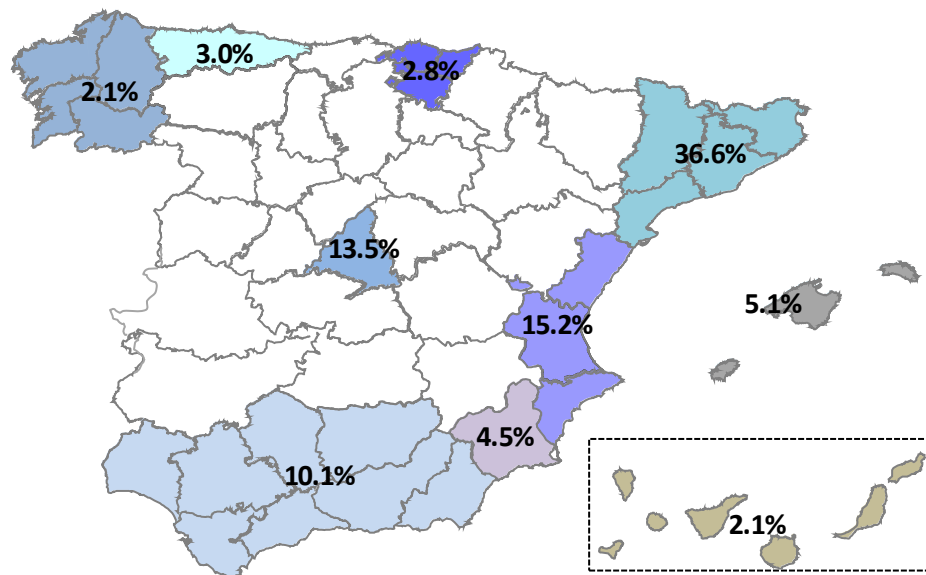
Type of Colateral (as of June 30 2020)



Regional distribution Covered Pool

Top 10 per region (as of June 30 2020)

% of the portfolio



Regional distribution vs %GDP (*)

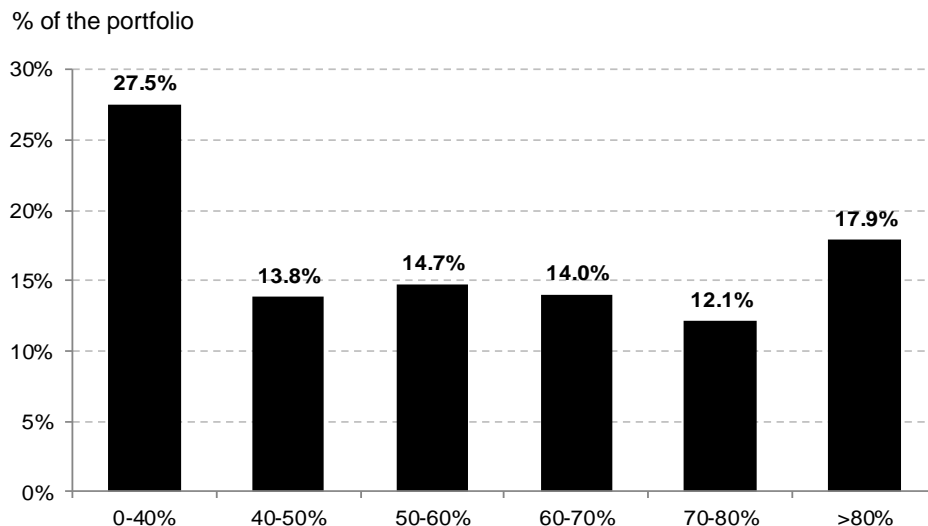
Balance per region	% Pool	% GDP
Catalunya	36.6%	19.1%
Valencia	15.2%	9.3%
Madrid	13.5%	19.0%
Andalucía	10.1%	13.3%
Baleares	5.1%	2.6%
Murcia	4.5%	2.6%
Asturias	3.0%	2.0%
Pais Vasco	2.8%	6.1%
Galicia	2.1%	5.2%
Canarias	1.7%	3.8%
Castilla León	1.6%	4.9%
Aragón	1.3%	3.1%
Castilla La Mancha	1.1%	3.5%
Navarra	0.5%	1.7%
Cantabria	0.3%	1.2%
Extremadura	0.3%	1.6%
La Rioja	0.2%	0.7%
Ceuta y Melilla	0.1%	0.3%
Total	100.0%	

- ✓ The mortgage portfolio is mainly concentrated in the wealthiest regions of Spain (east and north of Spain, Madrid).

* Source: INE- %GDP Estimated 2018.

Covered Pool Banco Sabadell

Balance per LTV (as of June 30 2020)

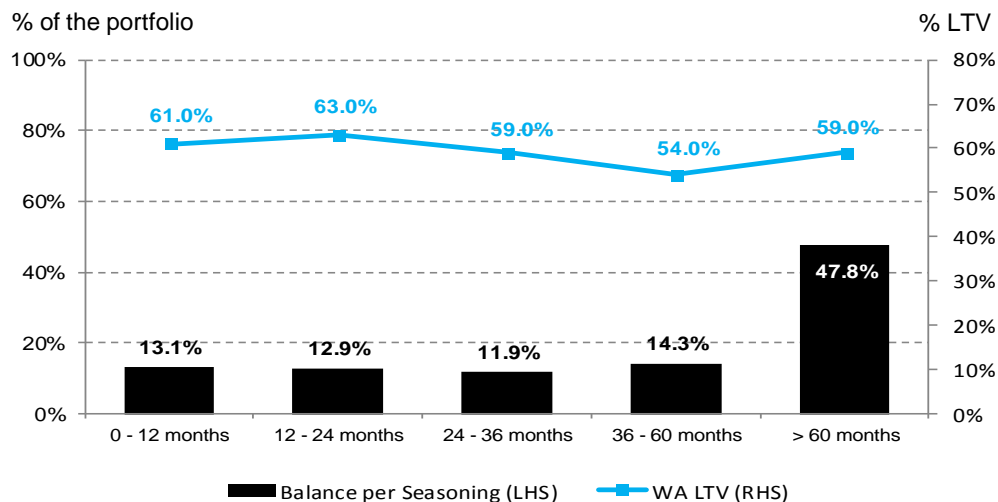


✓ WA LTV: 59.9%

✓ 27.5% of the mortgage portfolio have LTV lower than 40%

✓ 82.1% of the mortgage portfolio have a LTV lower than 80%

Balance per Seasoning (as of June 30 2020)



✓ Weighted average seasoning: 6.7 years

✓ 62.1% of the pool has a seasoning above 3 years

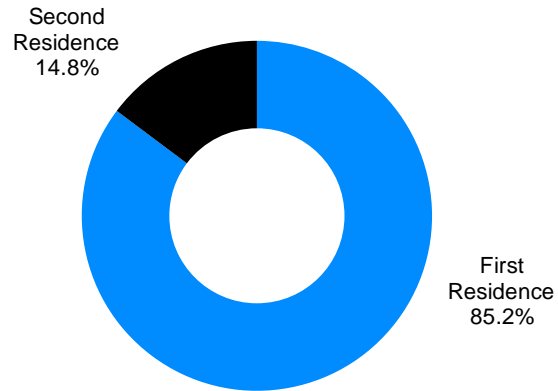
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Residential Covered Pool Highlights

Residential Pool Banco Sabadell (I)

Type of Residence (as of June 30 2020)

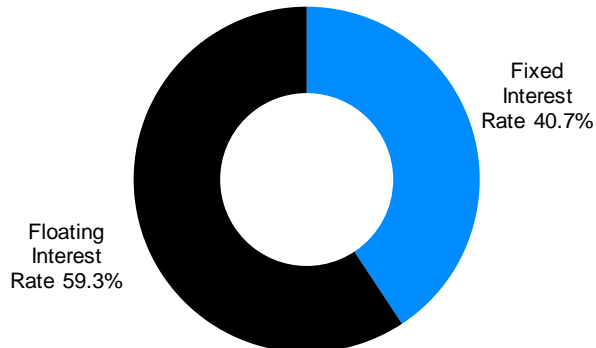
(% of the portfolio)



	1st residence	2nd residence
WA LTV	63.0%	56.0%
WA seasoning	7.7 years	6.4 years
WA maturity	19.8 years	16.4 years
WA interest rate	1.4%	1.9%

Balance per interest rate (as of June 30 2020)

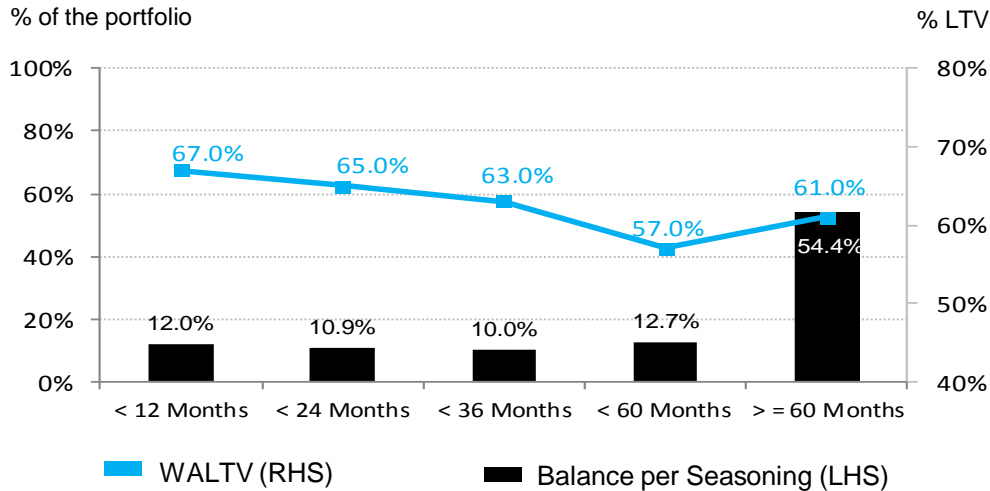
% of the portfolio



- ✓ 99.4% of the loans pay monthly installments.
- ✓ Weighted average interest rate: 1.5%
- ✓ Weighted average interest rate of the portfolio referenced to fixed interest rate: 2.2%

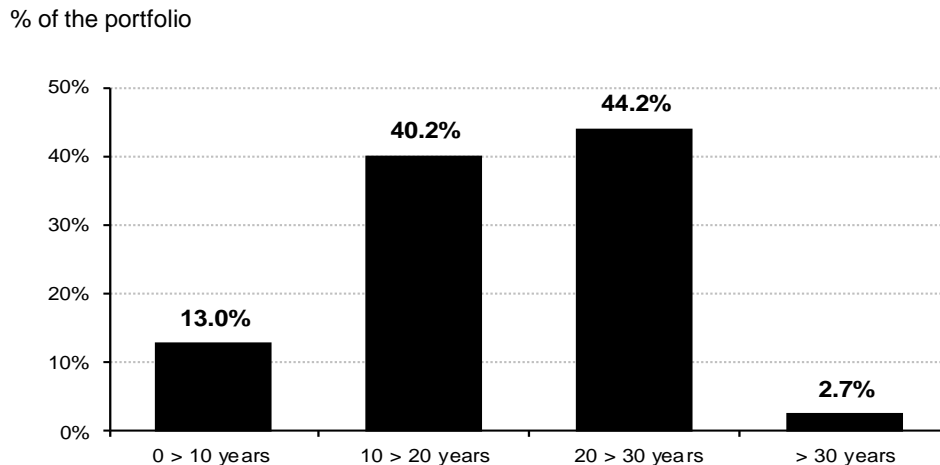
Residential Pool Banco Sabadell (II)

Balance per Seasoning combined with LTV (as of June 30 2020)



- ✓ Weighted average seasoning: 7.5 years
- ✓ 67.1% of the pool has a seasoning above 3 years
- ✓ Loans with seasoning lower than 12 months have a weighted average LTV of 67%

Balance per Average Maturity (as of June 30 2020)



- ✓ Weighted average maturity: 19.3 years.
 - WA maturity first residence: 19.8 years
 - WA maturity second residence: 16.4 years

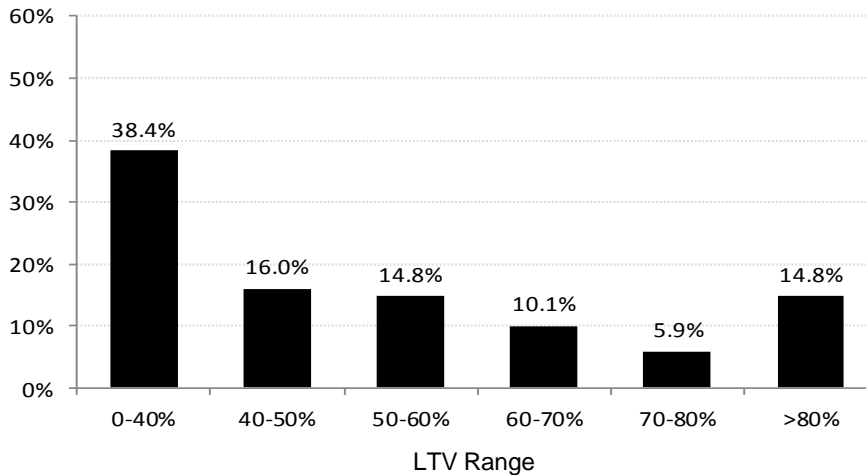
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Commercial Covered Pool Highlights

Commercial Pool Banco Sabadell (I)

Balance per LTV (as of June 30 2020)

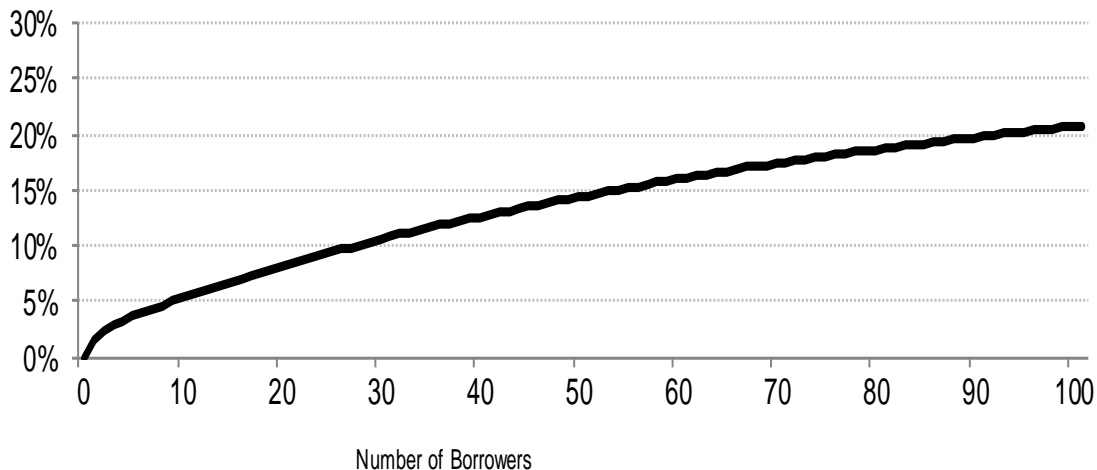
% of the portfolio



- ✓ Weighted average LTV: 52.7%
- ✓ The 79.3% of the commercial mortgage portfolio have a LTV lower than 70%

Cum Top 100 Borrowers (as of June 30 2020)

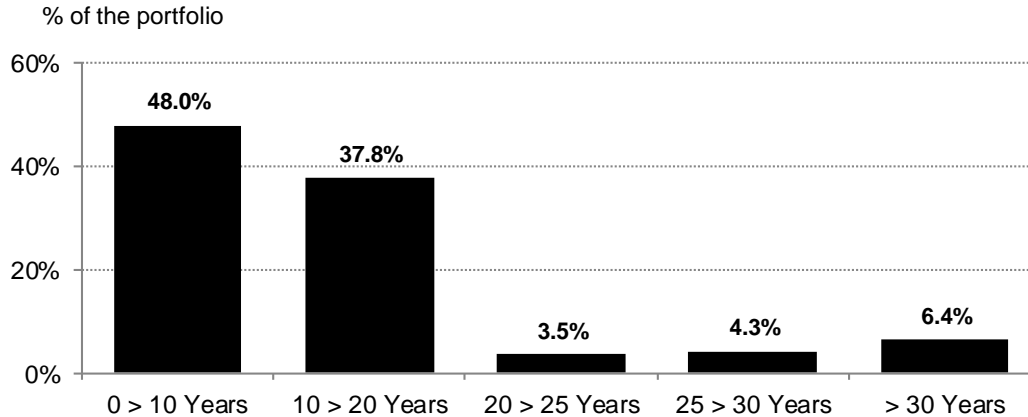
% of the portfolio



- ✓ A very granular portfolio: the 100 principal borrowers account for less than 20.7% of the portfolio.
- ✓ 53.080 Commercial Borrowers

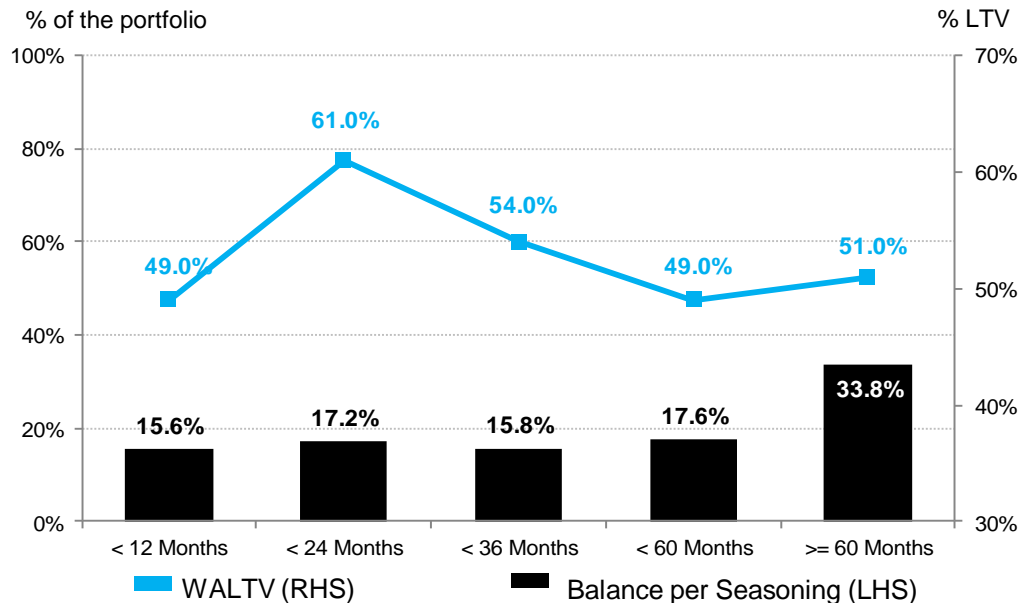
Commercial Pool Banco Sabadell (II)

Balance per Average Maturity (as of June 30 2020)



- ✓ Weighted average maturity: 12.0 years
- ✓ 85.7% of the loans have average maturity below 20 years

Balance per Seasoning (as of June 30 2020)

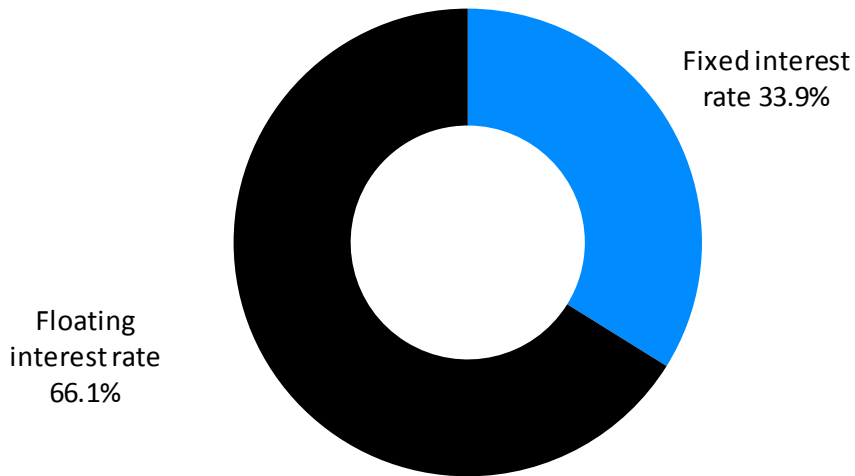


- ✓ Weighted average seasoning: 5.1 years
- ✓ 51.4% of the pool has a seasoning above 3 years
- ✓ The 68.1% of the commercial mortgages with a seasoning less than 2 years have a WALTV lower than 60%

Commercial Pool Banco Sabadell (III)

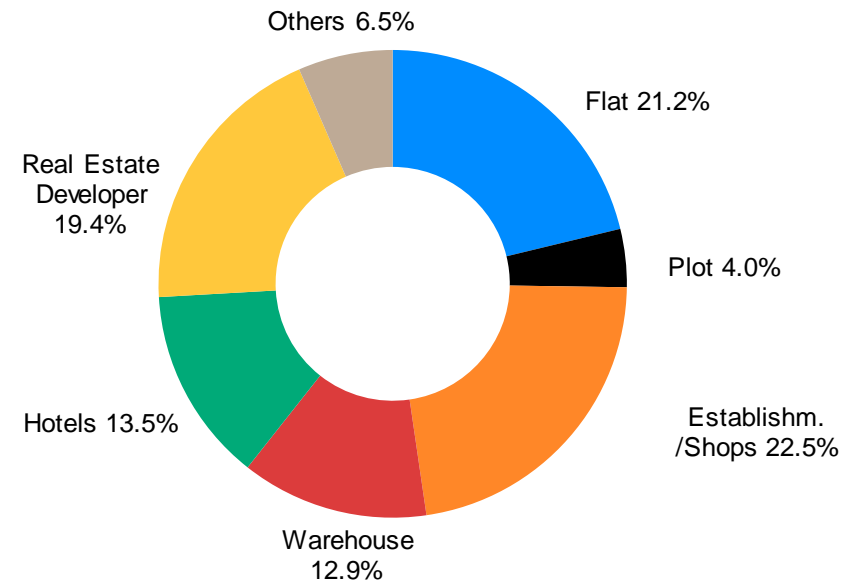
Balance per interest rate

(% of the portfolio as of June 30 2020)



Balance per property type

(% of the portfolio as of June 30 2020)



- ✓ 70.9% of the loans pay monthly installments.
- ✓ Weighted average interest rate 2.0%

 **Sabadell**

There, wherever you are