

Q1 2018 Results

Banco Sabadell's profit amounts to €259.3 million, a 32.8% increase



CEO, Jaime Guardiola, appearing before the media.

- **Solid growth in the Group's core banking business, net interest income and net fees, which increased by 3.8%.**
- **Performing loans grew 3.6%* year-on-year, driven by the good performance of SMEs and new mortgage production.**
- **The Group's digital customers increased to 4.6 million, 11% more than a year ago.**

At the end of the first quarter of 2018 Banco Sabadell's net profit reached €259.3M, 32.8% higher than in the first quarter of 2017. The core banking business - net interest income and net fees, showed solid growth amounting to 3.8%.

Net interest income increased by 2.8% year-on-year to €911.5M, and customer spread increased by 2.8%. Results from financial transactions amounted to €222.5 million, materialising the majority of the result anticipated in the year.

Operating expenses stood at €752.9M, of which €77M correspond to non-recurrent expenses relating to the TSB I.T. migration, which were already anticipated in

the first quarter. Excluding non-recurrent costs, operating expenses increased by 1.5% in the quarter, due to the increase in expenses in the Mexican business and seasonality in personnel expenses.

Provisions for insolvencies and other impairments amounted to €244.8M, which represents a cost of risk of 64bp. The NPL ratio continued to decline, reaching 5.14%, down from 5.32% IFRS9** proforma in the previous quarter. Non-performing assets continued to be reduced at a good pace: €3,189M during the last 12 months and €251M in the quarter. NPA coverage increased to 55.2%, subsequent to the implementation of IFRS9.

The capital position remains solid, with fully loaded Common Equity Tier 1 (CET 1) of 12%, percentage which reflects the implementation of IFRS9.

Performing loans growth

Performing loans grew by 3.6% year-on-year and by 0.4% in the quarter, boosted by the good performance of SMEs and new mortgage production. Total customer funds increased by 4.9% with particularly strong growth in sight accounts and mutual funds.

On balance sheet customer funds increased by 3% year-on-year, driven by growth in sight accounts. Off balance sheet customer funds grew by 10.8%, mainly due to mutual and insurance funds. The net entry of investment funds stood out, with a year-on-year increase of 17.4%.

Total Group assets amounted to €219.009M euros, a 4.5% increase on a like-for-like basis.

Digitalisation figures

Digitalisation figures continued to increase, as a result of the bank's commitment to commercial transformation. The Group now has 4.6 million digital customers, an 11% increase compared to a year ago, and sales via digital channels represent 19% of the total.

With regard to distribution and simplification, a new "insurance relationship manager" role has been created, and new types of offices are being piloted. The digital offer will shortly include Apple Pay, a mobile payment service, which is another improvement to Sabadell Mobile and Sabadell Wallet.

Maximum in terms of quality

According to the results of STIGA-EQUOS, Banco Sabadell has achieved a historic maximum in the first quarter, by scoring 8.19. Customers have improved their valuation in terms of "commercial actions" or "cross selling of payroll and insurance".

"Investment explanation" has also improved. Improving customer quality is precisely one of the key objectives of the bank's new Strategic Business Plan 2018-2020.

In terms of the acquisition of companies and individuals, for another quarter, acquisition has proved to be intense, with a total of 124,657 new customers. By segment, the Group has acquired 93,854 new individual customers and 30,803 companies.

The market share of different products in Spain has shown notable improvements. In companies, POS turnover stands out, where Banco Sabadell's share has grown to 14.62% in the first quarter of 2018, compared to 13.79% one year ago, and documentary credit, which stood at 29.73% in March, has increased from 28.85% 12 months ago. Market share in loans also grew, increasing from 11.14% to 11.25%. In individuals, in the life insurance segment, the share grew to 5.50% at the end of the first quarter, up from 5.21% one year ago, and mutual funds grew to 6.22%, up from 6.04%.

NOTE: Information calculated on a like-for-like basis, assuming constant FX and excluding Sabadell United Bank, Mediterráneo Vida and the mortgage enhancement portfolio.

* Performing loans growth excludes APS impact (i.e. 80% of the APS problematic exposure; this risk is presented as performing in the net loans and receivables account).

**IFRS9 is a new international accounting standard which entered into force earlier this year.

	31.03.2017	31.03.2018
RATIOS	%	%
Cost-to-income ¹	52.32	53.42
Core capital / Phase-in Common Equity	11.9	12.9
NPL ratio	5.86	5.14
NPL coverage excl. floors	48.9	56.6
RESOURCES		
Number of branches	2,767	2,474
Number of employees	26,412	26,056

Note: Sabadell United Bank, Mediterráneo Vida and Mortgage Enhancement data excluded in order to be comparable with previous periods.
⁽¹⁾ To calculate these ratios, gross operating income was adjusted considering recurrent trading income and linear accrual of the Deposit Guarantee Fund contribution.

Cumulative data in million euro	31.03.2017	31.03.2018	Change considering	YoY change constant exchange rate
KEY BALANCE SHEET FIGURES				
Total assets	209,675	219,009	4.5%	5.3%
Performing gross loans	135,238	137,246	1.5%	2.2%
Performing gross loans ex APS	128,785	132,482	2.9%	3.6%
Customer-based funding on balance sheet	130,148	133,280	2.4%	3.0%
Customer-based funding off balance sheet	41,848	46,364	10.8%	10.8%
RESULTS				
Net interest income	894.3	911.5	1.9%	2.8%
Gross operating income	1,545.0	1,455.1	-5.8%	-5.3%
Net income before provisions	777.8	615.1	-20.9%	-20.8%
Profit before tax	271.2	369.7	36.3%	36.4%
Consolidated net profit	197.2	260.7	32.2%	32.3%
Attributable net profit	195.4	259.3	32.7%	32.8%

SAB share and the market during the first quarter of 2018

After strong increases in the main global stock exchanges in January, mainly due to the positive tone of the most important economies, during February there was a significant correction of the U.S. stock exchange after a 2017 marked by significant repricing. This was immediately noted in the European continent.

Amongst the reasons for this it is worth highlighting the upturn in the profitability of U.S. government bonds, ahead of expectations of a FED interest rate hike. As the quarter continued, another critical factor for markets became evident: the potential commercial war between the U.S. and China.

The SAB share, similar to Spanish equities, was also affected, correcting its value and ending the quarter at levels which were practically the same as those at the end of 2017.

With regards to peers, the SAB share continues to remain amongst the best during the last twelve months.

Approval of the distribution of a dividend

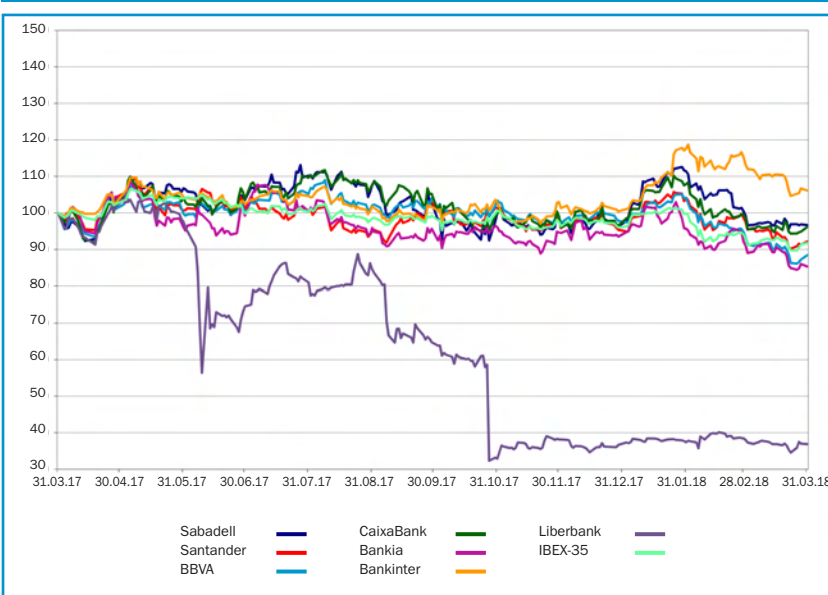
2017

The Ordinary General Meeting of Shareholders, held on 19 April, approved the proposal for the remuneration of €0.07 per share corresponding to the year ended 31 December 2017. On 29.12.2017 €0.02 per share was paid, and on 27.4.2018 the payment of a supplementary dividend of €0.05 was paid.

SAB share price and volumes

		Final price €	Maximum price €	Minimum price €	Average daily volume (securities)
2017		1.6560	1.9600	1.2950	27,237,193
2018	January	1.9140	1.9445	1.6470	24,253,028
	February	1.7255	1.9325	1.7110	23,534,045
	March	1.6610	1.7165	1.6255	18,614,260
Change					
Dec. 2017 - Mar. 2018: +0,30%					

Share price performance



Technical information *

Number of shares	5,626,964,701
Number of shareholders	231,373
Average daily trading (January-March, in securities)	22,145,190
Average daily trading (January-March, in euros)	39,482,166
Capitalisation	9,346,388,368 €
EPA (earnings per share)	0.16 €
PER (price/earnings ratio)	10.64 x
Book value per share	2.32 €
P/BC (price/book value)	0.72 x
Dividend yield (with closing price at end of December 2017)	3.02%

* As of 31 March 2018.

Shareholders gave a majority vote in favour of the bank's management and results



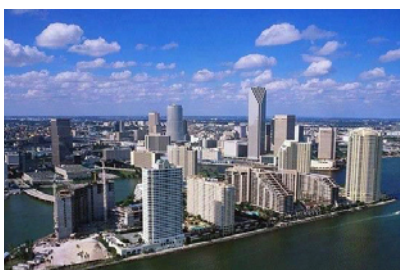
The Ordinary General Meeting of Shareholders was held in April, in Alicante.

The Ordinary General Meeting of Shareholders of Banco Sabadell was held in Alicante on 19 April, approving the management and results for 2017, with profit of €801.5M at year end. The Meeting also approved the allocation of €281.M in shareholder remuneration, through a supplementary dividend of €0.05 per share. Taking into account that €0.02 per share was paid in December, total shareholder remuneration for 2017 amounted to €0.07 per share, which represents a payout of 49%, €393M.

The re-election of CEO, Jaime Guardiola, was also approved, as well as the re-election of David Martínez as Proprietary Director and José Manuel Martínez as Independent Director. The appointment of two new independent directors, Pedro Fontana, and George Donald Johnston, was also ratified.

Chairman, Josep Olliu, and CEO, Jaime Guardiola, explained the most relevant achievements of 2017 to shareholders, as well as the main lines of the new Strategic Business Plan 2018-2020.

Financing for Spanish companies operating in the U.S. and Latin America



In February, Banco Sabadell and the Official Credit Institute (ICO for its acronym in Spanish) signed a financing agreement, amounting to €500M to support Spanish companies operating in the U.S. and Latin America. Companies which have a minimum of 30% of Spanish capital, or whose projects include

at least 30% of goods or services provided by a Spanish firm, can benefit from this agreement. This is the first time that the Línea ICO Canal Internacional has signed an agreement with a private Spanish bank outside of the country. Banco Sabadell was created in Miami in 1993.

Eleventh trophy for Rafa Nadal in Barcelona



Tennis champion Rafa Nadal continues to break records in the Barcelona Open Banco Sabadell. After beating Greek player Stefanos Tsitsipas in the final, 6-2, 6-1, Nadal won his eleventh trophy at the Real Club de Tennis Barcelona. This year also marks the Bank's eleventh year of sponsorship of this tournament. The image of the bank, as well the image of Nadal lifting the Conde de Godó trophy, have become classic images of this tournament.

S&P and Moody's improved the Sabadell's ratings



In April, S&P Global Ratings and Moody's, raised the bank's rating. S&P raised the long-term credit rating to BBB from BBB- and its short term credit rating to A-2 from A-3. The rating agency maintains the bank's outlook as stable, and bases the upgrade on the improvement of the bank's credit quality. Moody's also raised the credit rating of Banco Sabadell's mortgage and territorial covered bonds to Aa1, from Aa2, and also raised the outlook from stable to positive.

Shareholder Relations Service

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