

G-SIB 2019

Disclosure for global systemically important banks (G-SIBs) indicators as of 31 December 2019

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Introduction (1/2)

In November 2011 the FSB published an integrated set of policy measures to address the systemic and moral hazard risks associated with systemically important financial institutions. It identified an initial group of global systemically important banks (G-SIBs), using a methodology developed by the Basel Committee on Banking Supervision (BCBS). The report noted that the list of G-SIBs would be updated annually and published by the FSB each November. The latest list was published in November 2019, where 30 banks were identified as G-SIBs.

The Basel Committee on Banking Supervision (BCBS) assesses the systemic importance of banks in a global context. Global systemic importance should be measured in terms of the impact that a bank's failure can have on the global financial system and wider economy, rather than the risk that a failure could occur. This can be thought of as a global, system-wide, loss-given-default (LGD) concept rather than a probability of default (PD) concept.

The supervisory process is based on the results of the **indicator-based measurement approach**.

The selected indicators shall reflect:

- Size
- Interconnectedness
- Substitutability/Financial Infrastructure
- Complexity
- Cross-Jurisdictional Activity

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Banks that have a score produced by the indicator-based measurement approach that exceeds a cutoff level set by the Committee will be classified as G-SIBs. The current cut-off score for G-SIB designation is 130 bps

This score, which captures the global share of activity and systemic risk that a bank poses to the larger financial system, is used in determining the higher loss absorbency (HLA) requirement.

FSB apply the following requirements to G-SIBs:

- Higher capital buffer.*
- Total Loss-Absorbing Capacity (TLAC)
- Resolution planning and regular resolvability assessments.
- Higher supervisory expectations

Although Banco de Sabadell Group is not currently a G-SIB, the obligation to disclose is defined as follows:

“In accordance with the BCBS standards, all banks with a leverage ratio exposure measure exceeding 200 billion euros (using the exchange rate applicable at the financial year-end) are required to publically disclose information containing at least the 12 indicators defined in G-SIB methodology within four months of the financial year-end”.

In the next slides we disclose the information, corresponding to the fiscal year 2019.

* The G-SIBs shall be subject to a mandatory **capital buffer (the ‘G-SII buffer’)** according to Article 131 CRD (EU), and its transposition to Spanish regulation: Art. 46 LOSSEC, Art. 62 RD 84/2015 and N° 13 CBE 2/2016.

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Summary

| Category | Indicator | 31 Dec 2019 |
|---|---|-------------|
| Size | Total exposures as defined for use in the BIS Basel III leverage ratio ¹ | 228,057,529 |
| Interconnectedness | Intra-Financial System Assets | 5,466,552 |
| | Intra-Financial System Liabilities | 12,474,198 |
| | Securities Outstanding | 28,371,953 |
| Substitutability/financial institution infrastructure | Payments Activity | 242,121,906 |
| | Assets Under Custody | 77,041,762 |
| | Underwritten Transactions in Debt and Equity Markets | 2,091,131 |
| Complexity | Notional Amount of Over-the-Counter (OTC) Derivatives | 169,549,236 |
| | Trading and Available-for-Sale Securities ² | 1,060,285 |
| | Level 3 Assets | 216,667 |
| Cross-Jurisdictional Activity | Cross-Jurisdictional Claims | 87,086,114 |
| | Cross-Jurisdictional Liabilities | 63,276,140 |

Euros in thousands

¹ According to the instructions of GSIBs template requirements, this indicator matches the definition of total exposures as defined in Basel III leverage ratio framework and disclosure requirements. January 2014, Basel Committee on Banking Supervision, available at www.bis.org

² After offsetting of trading and available-for-sale securities that meet the definition of unencumbered Level 1 and Level 2 (after haircuts) assets, as per BCBS definition.

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General Bank Data

| Section 1 - General Information | GSIB | Response |
|--|------|--|
| a. General information provided by the relevant supervisory authority: | | |
| (1) Country code | 1001 | ES |
| (2) Bank name | 1002 | Banco de Sabadell, S.A. |
| (3) Reporting date (yyyy-mm-dd) | 1003 | 2019-12-31 |
| (4) Reporting currency | 1004 | EUR |
| (5) Euro conversion rate | 1005 | 1 |
| (6) Submission date (yyyy-mm-dd) | 1006 | 2020-05-01 |
| b. General Information provided by the reporting institution: | | |
| (1) Reporting unit | 1007 | 1,000 |
| (2) Accounting standard | 1008 | IFRS |
| (3) Date of public disclosure (yyyy-mm-dd) | 1009 | 2020-04-30 |
| (4) Language of public disclosure | 1010 | English |
| (5) Web address of public disclosure | 1011 | www.grupbancsabadell.com/cor |

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Size Indicator

| Section 2 - Total Exposures | GSIB | Amount in thousand EUR |
|---|------|------------------------|
| a. Derivatives | | |
| (1) Counterparty exposure of derivatives contracts | 1012 | 798,958 |
| (2) Capped notional amount of credit derivatives | 1201 | 58,638 |
| (3) Potential future exposure of derivative contracts | 1018 | 756,695 |
| b. Securities financing transactions (SFTs) | | |
| (1) Adjusted gross value of SFTs | 1013 | 4,938,522 |
| (2) Counterparty exposure of SFTs | 1014 | 40,877 |
| c. Other assets | 1015 | 208,496,451 |
| d. Gross notional amount of off-balance sheet items | | |
| (1) Items subject to a 0% credit conversion factor (CCF) | 1019 | 10,443,224 |
| (2) Items subject to a 20% CCF | 1022 | 15,430,681 |
| (3) Items subject to a 50% CCF | 1023 | 10,720,535 |
| (4) Items subject to a 100% CCF | 1024 | 3,476,661 |
| e. Regulatory adjustments | 1031 | 3,290,503 |
| f. Total exposures indicator (Total exposures prior to regulatory adjustments) (sum of items 2.a.(1) through 2.c, 0.1 times 2.d.(1), 0.2 times 2.d.(2), 0.5 times 2.d.(3), and 2.d.(4)) | 1103 | 228,057,529 |

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Interconnectedness Indicators (1/2)

| Section 3 - Intra-Financial System Assets | GSIB | Amount in thousand EUR |
|--|------|------------------------|
| a. Funds deposited with or lent to other financial institutions | 1033 | 3,327,498 |
| (1) Certificates of deposit | 1034 | 0 |
| b. Unused portion of committed lines extended to other financial institutions | 1035 | 140,657 |
| c. Holdings of securities issued by other financial institutions: | | |
| (1) Secured debt securities | 1036 | 168,437 |
| (2) Senior unsecured debt securities | 1037 | 640,421 |
| (3) Subordinated debt securities | 1038 | 20 |
| (4) Commercial paper | 1039 | 3,946 |
| (5) Equity securities | 1040 | 115,200 |
| (6) Offsetting short positions in relation to the specific equity securities included in item 3.c.(5) | 1041 | 0 |
| d. Net positive current exposure of securities financing transactions with other financial institutions | 1213 | 434,335 |
| e. Over-the-counter derivatives with other financial institutions that have a net positive fair value: | | |
| (1) Net positive fair value | 1043 | 157,715 |
| (2) Potential future exposure | 1044 | 478,323 |
| f. Intra-financial system assets indicator (sum of items 3.a, 3.b through 3.c.(5), 3.d, 3.e.(1), and 3.e.(2), minus 3.c.(6)) | 1045 | 5,466,552 |

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Interconnectedness Indicators (2/2)

| Section 4 - Intra-Financial System Liabilities | GSIB | Amount in thousand EUR |
|---|-------------|-------------------------------|
| a. Funds deposited by or borrowed from other financial institutions: | | |
| (1) Deposits due to depository institutions | 1046 | 2,168,208 |
| (2) Deposits due to non-depository financial institutions | 1047 | 9,940,883 |
| (3) Loans obtained from other financial institutions | 1105 | 0 |
| b. Unused portion of committed lines obtained from other financial institutions | 1048 | 237,469 |
| c. Net negative current exposure of securities financing transactions with other financial institutions | 1214 | 10,192 |
| d. Over-the-counter derivatives with other financial institutions that have a net negative fair value: | | |
| (1) Net negative fair value | 1050 | 23,285 |
| (2) Potential future exposure | 1051 | 94,162 |
| e. Intra-financial system liabilities indicator (sum of items 4.a.(1) through 4.d.(2)) | 1052 | 12,474,198 |

| Section 5 - Securities Outstanding | GSIB | Amount in thousand EUR |
|---|-------------|-------------------------------|
| a. Secured debt securities | 1053 | 12,085,901 |
| b. Senior unsecured debt securities | 1054 | 6,329,322 |
| c. Subordinated debt securities | 1055 | 1,860,465 |
| d. Commercial paper | 1056 | 1,094,222 |
| e. Certificates of deposit | 1057 | 0 |
| f. Common equity | 1058 | 5,852,043 |
| g. Preferred shares and any other forms of subordinated funding not captured in item 5.c. | 1059 | 1,150,000 |
| h. Securities outstanding indicator (sum of items 5.a through 5.g) | 1060 | 28,371,953 |

Substitutability/Financial Institution Infrastructure Indicators

| Section 6 - Payments made in the reporting year (excluding intragroup payments) | GSIB | Amount in thousand EUR |
|--|-------------|-------------------------------|
| a. Australian dollars (AUD) | 1061 | 46,294 |
| b. Brazilian real (BRL) | 1062 | 0 |
| c. Canadian dollars (CAD) | 1063 | 77,515 |
| d. Swiss francs (CHF) | 1064 | 63,707 |
| e. Chinese yuan (CNY) | 1065 | 59,195 |
| f. Euros (EUR) | 1066 | 224,495,728 |
| g. British pounds (GBP) | 1067 | 1,197,225 |
| h. Hong Kong dollars (HKD) | 1068 | 12,607 |
| i. Indian rupee (INR) | 1069 | 0 |
| j. Japanese yen (JPY) | 1070 | 116,732 |
| k. Mexican pesos (MXN) | 1108 | 117,971 |
| l. Swedish krona (SEK) | 1071 | 49,385 |
| m. United States dollars (USD) | 1072 | 15,885,547 |
| n. Payments activity indicator (sum of items 6.a through 6.m) | 1073 | 242,121,906 |

| Section 7 - Assets Under Custody | GSIB | Amount in thousand EUR |
|--|-------------|-------------------------------|
| a. Assets under custody indicator | 1074 | 77,041,762 |

| Section 8 - Underwritten Transactions in Debt and Equity Markets | GSIB | Amount in thousand EUR |
|---|-------------|-------------------------------|
| a. Equity underwriting activity | 1075 | 32,060 |
| b. Debt underwriting activity | 1076 | 2,059,071 |
| c. Underwriting activity indicator (sum of items 8.a and 8.b) | 1077 | 2,091,131 |

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Complexity indicators

| Section 9 - Notional Amount of Over-the-Counter (OTC) Derivatives | GSIB | Amount in thousand EUR |
|--|-------------|-------------------------------|
| a. OTC derivatives cleared through a central counterparty | 1078 | 88,444,311 |
| b. OTC derivatives settled bilaterally | 1079 | 81,104,925 |
| c. OTC derivatives indicator (sum of items 9.a and 9.b) | 1080 | 169,549,236 |

| Section 10 - Trading and Available-for-Sale Securities | GSIB | Amount in thousand EUR |
|---|-------------|-------------------------------|
| a. Held-for-trading securities (HFT) | 1081 | 771,678 |
| b. Available-for-sale securities (AFS) | 1082 | 7,802,024 |
| c. Trading and AFS securities that meet the definition of Level 1 assets | 1083 | 7,098,777 |
| d. Trading and AFS securities that meet the definition of Level 2 assets, with haircuts | 1084 | 414,640 |
| e. Trading and AFS securities indicator (sum of items 10.a and 10.b, minus the sum of 10.c and 10.d) | 1085 | 1,060,285 |

| Section 11 - Level 3 Assets | GSIB | Amount in thousand EUR |
|---|-------------|-------------------------------|
| a. Level 3 assets indicator (Assets valued for accounting purposes using Level 3 measurement inputs) | 1086 | 216,667 |

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Cross-Jurisdictional Activity Indicators

| Section 12 - Cross-Jurisdictional Claims | GSIB | Amount in thousand EUR |
|---|------|------------------------|
| a. Cross-jurisdictional claims indicator (Total foreign claims on an ultimate risk basis) | 1087 | 87,086,114 |

| Section 13 - Cross-Jurisdictional Liabilities | GSIB | Amount in thousand EUR |
|--|------|------------------------|
| a. Foreign liabilities (excluding derivatives and local liabilities in local currency) | 1088 | 19,123,621 |
| (1) Any foreign liabilities to related offices included in item 13.a. | 1089 | 0 |
| b. Local liabilities in local currency (excluding derivatives activity) | 1090 | 44,152,519 |
| c. Cross-jurisdictional liabilities indicator (sum of items 13.a and 13.b, minus 13.a.(1)) | 1091 | 63,276,140 |

B Sabadell

There, wherever you are