

2020 year-end results

Banco Sabadell reports a profit of two million euros having allocated provisions of 2,275 million euros due to COVID-19, completed the sale of portfolios and executed on its restructuring plan



Jaime Guardiola and Tomás Varela took part in their last results presentation as CEO and CFO respectively.

- The Bank (ex-TSB) reports a profit of 222 million euros with growth across all margins in the quarter
- Following the sale of three asset portfolios, the Bank has liquidated assets from the Caja de Ahorros del Mediterráneo (CAM) Asset Protection Scheme (APS), reducing its NPL ratio for the year by 23 bps to 3.6% – below the banking sector average
- The Bank has laid the foundations for its new strategic plan, which will be presented in May
- The efficiency plan will deliver €141 million in annual cost savings
- The Bank's capital position remains at 12.6% following the implementation of the efficiency plan and it has an additional €1.2 billion of unrealised capital gains
- TSB improves its efficiency, reduces its recurring costs and accelerates its plan to return to profit in 2021

Banco Sabadell Group has ended 2020 with net attributable profit of 2 million euros (222 million euros ex-TSB), after allocating provisions of 2,275 million due to the COVID-19 crisis, implementing restructuring plans in Spain and the United Kingdom, and completing the sale of non-performing asset portfolios.

Core banking revenue amounted to 4,749 million euros, 6.2% lower year-on-year. These revenues performed well in the quarter, increasing by 3.1%, supported by net interest income growth and increased fees and commissions.

Total costs amounted to 3,461 million euros as at the end of December 2020.

Recurring costs fell by 2.4% year-on-year due to a reduction of personnel expenses and lower general expenses.

The **CET1 ratio** stood at 12.6%. With regard to liquidity management, the Group's Liquidity Coverage Ratio (LCR) stood at 198% at year-end 2020 while its loan-to-deposit ratio was 98%, with a balanced retail funding structure.

Lending growth and lower default rates

Banco Sabadell has ended the 2020 financial year with year-on-year growth in lending across all geographies.

Gross performing loans had a balance of 146,878 million euros at year-end 2020, representing year-on-year growth of 1.6%. Organic lending⁽¹⁾ grew 2.6% year-on-year.

On-balance sheet customer funds amounted to a total of 150,778 million euros, representing year-on-year growth of 3.1%, and off-balance sheet customer funds amounted to 38,064 million euros at year-end 2020. Total funds under management amounted to 209,748 million euros.

Banco Sabadell has finalised the sale of portfolios, thereby completing the liquidation of assets from the CAM APS. Following these sales, the Group's NPL ratio stood at 3.6%, below the sector average, and the ratio of net NPAs to total assets was reduced to 1.4%. The ratio of problematic assets to gross loans plus real estate assets was also lowered, in this case, to 4.7%. The Group's cost of credit risk stands at 86bps.

Execution of efficiency plans and new strategic plan

The Bank has successfully completed its staff downsizing plan in Spain with 1,817 employees agreeing to take voluntary redundancy. The plan will have a positive impact of 141 million euros in annual cost savings. This efficiency plan was funded with capital gains of 314 million euros from the sale of part of the ALCO portfolio.

For its part, TSB expects to return to profit in 2021, one year earlier than anticipated, having accelerated the execution of its efficiency, transformation and growth plan. The UK bank reduced its recurring cost base in 2020 and saw strong recovery of its business activity. TSB has improved its efficiency with the reduction of its workforce by 685 employees and closure of 93 branches.

Banco Sabadell plans to present its new strategic plan to investors and analysts in May. The plan will improve both its efficiency and organic capital generation and will focus on digital transformation and generation of shareholder value.

(1) Excludes the CAM APS.

	31.12.2019	31.12.2020
RATIOS	%	%
Cost-to-income	55.63	55.41
Core capital / Common equity	12.4	12.6
NPL	3.83	3.60
NPL coverage	49.6	56.5
RESOURCES		
Number of branches	2,398	2,083
Number of employees	24,454	23,458

Cumulative data in million euros	31.12.2019	31.12.2020	YoY change	Change at Constant FX rate
KEY BALANCE SHEET FIGURES				
Total assets	223,754	235,763	5.4%	6.8%
Gross performing loans	144,572	146,878	1.6%	3.3%
Gross performing loans ex APS	141,480	145,117	2.6%	4.4%
On-balance sheet customer funds	146,309	150,778	3.1%	4.6%
Off-balance sheet customer funds	43,163	38,064	-11.8%	-11.8%
RESULTS				
Interest income	3,622	3,399	-6.2%	-5.5%
Core revenue	5,061	4,749	-6.2%	-5.6%
Gross income	4,932	5,302	7.5%	8.1%
Pre-provisions income	1,719	1,841	7.1%	7.4%
Profit before tax	951	-121	-	-
Profit attributable to the Group	768	2	-99.7%	-99.7%

Sabadell share price and market performance during 2020

The beginning of the final quarter of the year was characterised by a resurgence of Coronavirus cases in Europe and the United States, which continued to constrain the financial markets and the macroeconomic outlook. The economic impact of the second wave of the virus was much less pronounced than that of the first, thanks to the less restrictive containment measures, better preparedness of businesses, a reduced additional impact on the tourism sector and the absence of a second wave in China, among other things. On this occasion, Spain seemed to fare better than the other main European economies.

The quarter was also marked by the Biden victory in the US elections, the announcement of vaccines against COVID-19 with greater than expected efficacy, and the agreement reached on Brexit just before the end of the year.

Sabadell's share price increased by around +20% in the quarter

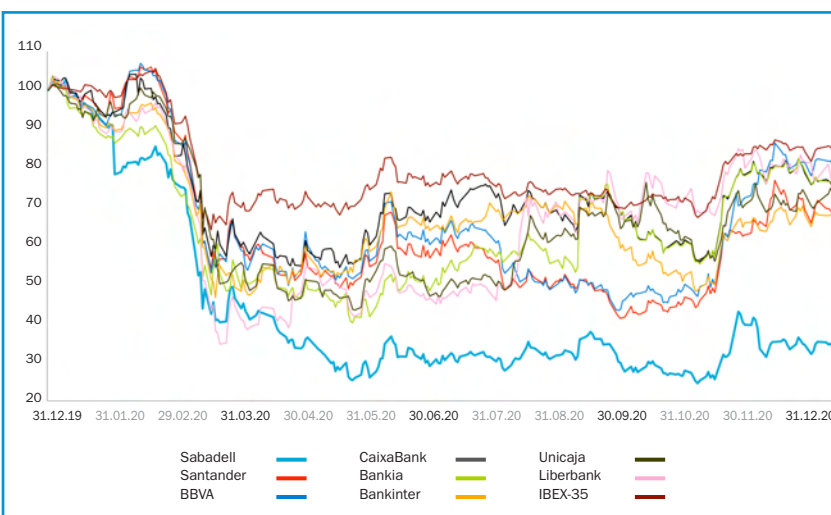
Sabadell's share price reacted to the news concerning conversations held with BBVA about a potential merger, and to the subsequent conclusion of those talks.

Overall, the Sabadell share price increased by around +20% in the quarter, broadly in line with the performance of the IBEX 35.

Sabadell share price and volumes

	Final price €	Maximum price €	Minimum price €	Average daily volume (securities)
2019	1.0400	1.1295	0.7140	30,271,356
2020				
January	0.8140	1.0800	0.8140	27,540,614
February	0.7912	0.9124	0.7680	36,892,922
March	0.4690	0.8094	0.3950	54,606,189
April	0.3781	0.4750	0.3430	34,607,745
May	0.2706	0.3730	0.2501	83,453,240
June	0.3091	0.3969	0.2759	108,894,482
July	0.2890	0.3644	0.2850	60,092,697
August	0.3382	0.3789	0.2860	47,637,051
September	0.2972	0.4210	0.2770	60,394,978
October	0.2620	0.3170	0.2500	50,556,634
November	0.3255	0.4500	0.2610	96,202,442
December	0.3540	0.3844	0.3264	48,754,920
Change				
Dec. 2019 - Dec. 2020	-65.96%			
Source: Bolsas y Mercados Españoles				

Share price performance



Technical information*

Number of shares	5,626,964,701
Number of shareholders	244,225
Average daily trading** (January-December, in securities)	59,215,142
Average daily trading** (January-December, in euros)	23,859,781
Market Capitalisation	1,991,945,504 €
EPS (earnings per share)	-0.01 €
PER (price/earnings ratio)	N/S
Book value per share	2.32 €
Price/book value	0.15 x
Dividend yield over last 12 months (relative to end of December 2020)	5.65%

* As at 31 December 2020.

** Source: Bolsas y Mercados Españoles.

César Gonzalez-Bueno, new CEO of Banco Sabadell



Banco Sabadell has appointed César González-Bueno as Chief Executive Officer to replace Jaime Guardiola, who will remain in his post until the Bank obtains the relevant regulatory authorisations.

González-Bueno founded ING Direct España and was CEO of ING in Spain and Portugal, as well as being a member of ING's Global Management Board. He also oversaw the creation and sale of EVO, as well as the refloating of Novagalicia Banco prior to its sale to Abanca. He has been involved with Banco Sabadell

since March 2020 as director of TSB, which provides him with a global outlook and in-depth knowledge of the institution.

The new CEO will lead the Banco Sabadell of the future and, from the outset, will take part in the design and implementation of a new strategic plan, whose main elements and objectives will be disclosed in May, after the presentation of 1Q 2021 results. Jaime Guardiola will remain connected with the Group as Chairman of Banco Sabadell México.

Change of leadership in the Financial Division and at Banco Sabadell México



Tomás Varela during the last presentation of results.

The Board of Directors of Banco Sabadell has appointed Leopoldo Alvear as new head of the Finance Division (CFO). He will join the Bank once the relevant regulatory authorisations have been obtained. Alvear joins Sabadell from Bankia, where he spent the last nine years as CFO. He replaces Tomás Varela, who has

had an outstanding career of almost 20 years at the helm of Banco Sabadell's Finance Division. Banco Sabadell México has appointed Francisco Lira as its new CEO replacing Francesc Noguera, who begins a new professional project. Lira was previously Assistant General Manager of Corporate & Investment Banking and Business Banking at the Mexican subsidiary.

Renewal of agreement with Real Club Tennis de Barcelona for the Barcelona Open tennis tournament



Banco Sabadell has extended its sponsorship of the Barcelona Open – Trofeo Conde de Godó tennis tournament for another year. This tournament, now in its 68th edition, is one of the most long-standing fixtures among the ATP World Tour 500 events. The Bank has been the main sponsor of the Barcelona tournament for 14 years, representing the most long-standing sponsorship in the history of this event. Keeping the sponsorship going under the current COVID-related circumstances is an expression of the Bank's firm allegiance with the city of Barcelona, its commitment to the tournament and to economic and business activity.

Presentation of six new investments in health startups

B Sabadell BStartup

BStartup has presented the six health projects selected by the BStartup Health programme in 2019 and 2020. Set up in 2018, the programme is intended to assist early stage health sector business projects. The startups selected are Dive Medical, Doppli, Gate2Brain, Inbrain, Miwendo and Oxolife. Each one has received 100,000 euros of investment with which to validate the technology and target market. In addition, they will all benefit from a support programme.

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