Spanish economy is outperforming the Eurozone

- Spanish GDP growth is outperforming Europe
- Improvement in the labour market – unemployment down 44% since peak
- Current account balance registered a surplus for the fifth year in a row
- Corporates and individuals have progressed substantially in their deleveraging
- Household expenditure and residential investments are growing while business investment has also remained dynamic
- The tourism industry remained strong, although it is slowing down

Source: Eurostat and Banco Sabadell.
Banking sector profitability continues to improve

Credit to the private sector by segment
Year-end, year-on-year variation in percentage

- Credit to return to positive growth rates this year after reaching break-even point in 2017
- High dynamism in secured and non-secured new lending to households and strong performance of the SME and corporate segments
- Front-book yields continue to stand above back-book levels
- Lower government bond portfolios profitability is being mitigated by ongoing reduction of funding costs
- Strong progress in bank legacy assets clean-up

Credit to the non-financial private sector
Year-end, stock w/o non-performing loans, year-on-year variation in percentage

Source: Bank of Spain and Banco Sabadell.
Interest rate hike scenario delayed slightly but still expected for 2H19

Interest rates have reached bottom
12 months Euribor. In percentage

The ECB has announced its exit strategy from the heterodox measures of monetary policy...

- Reduction of monthly asset purchases
- End of quantitative easing
- Start of the rate hike cycle

... but will continue to show an accommodative stance

Spanish banks are well positioned to profit from rate rises

Source: Bloomberg and ECB.
Sabadell benefits from a higher exposure to the profitable SME segment...

Significant market penetration in Spain

77% Large enterprises² 52% SMEs² 33% Microcompanies²

NPS³ leadership in both SMEs and large enterprises

+36% (1st) Large enterprises⁴ +18% (1st) SMEs⁴

Strong market share across products

11.5% Customer lending⁵ 15.5% Transactions at PoS (value) 13.7% Total exports⁶

Diversified lending portfolio across businesses and geographies¹

Note: Data as at June 2018 or last month available.

¹ Performing loans, excluding the impact of the APS (i.e. the 80% of the APS problematic exposure which is presented as performing and the net loans and receivables account). Data as at June 2018.

² Large enterprises: ≥ €10M turnover, SMEs >€0.9 and < €10M turnover. Microcompanies < €0.9M turnover. ³ Source: Benchmark NPS Accenture Report. Net promoter score (NPS) is based on the question “On a scale of 0-10, where 0 is not at all likely and 10 is extremely likely, how likely is it that you would 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. Considers peer group entities. ⁴ Large enterprises in NPS analysis: ≥ €5M turnover, SMEs < €5M turnover. ⁵ Excluding loans to real estate companies and repos. ⁶ Excluding guarantees.
... and stands out relative to peers YoY in terms of volume growth in Spain

Performing loan growth YoY, ex-TSB

In percentage

Sabadell ex-TSB

4.6%

Sector average

-1.0%

Performing loan growth by segments, ex-TSB

In million euros, in percentage

<table>
<thead>
<tr>
<th>Segment</th>
<th>Jun-17</th>
<th>Jun-18</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporates</td>
<td>21,089</td>
<td>23,098</td>
<td>+9.5%</td>
</tr>
<tr>
<td>SMEs</td>
<td>23,970</td>
<td>25,112</td>
<td>+4.8%</td>
</tr>
<tr>
<td>Mortgages to individuals</td>
<td>30,918</td>
<td>30,749</td>
<td>-0.5%</td>
</tr>
<tr>
<td>Retail lending, public admin. and others</td>
<td>20,240</td>
<td>21,716</td>
<td>+7.3%</td>
</tr>
</tbody>
</table>

1 Excluding repos.
2 Excludes the impact of the APS NPL run-off (i.e. the APS NPL run-off refers to the 80% of the APS problematic exposure, which is presented as performing as it is assumed by the DGF, and the change in the net loans and receivables account).
3 Peer group includes Santander Spain, BBVA Spain, CaixaBank Ex-BPI and Bankinter and excludes Bankia as there is no comparable data available for the period under review. Arithmetic mean excluding Sabadell.
4 Refers to residential mortgages for individuals only within Spain.
5 Retail lending refers to non-mortgage lending to individuals and “others” includes construction and real estate sectors.
Market shares in Spain have increased steadily, but not at the expense of loan spreads

Main market shares and market penetration
In percentage

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2016</th>
<th>2Q18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Lending</td>
<td>7.50%</td>
<td>7.65%</td>
<td>8.00%</td>
</tr>
<tr>
<td>Sight Accounts ODS</td>
<td>6.54%</td>
<td>7.05%</td>
<td>7.46%</td>
</tr>
<tr>
<td>Mutual Funds</td>
<td>4.10%</td>
<td>6.00%</td>
<td>6.29%</td>
</tr>
<tr>
<td>Enterprises²</td>
<td>29.59%</td>
<td>35.00%</td>
<td>35.53%</td>
</tr>
</tbody>
</table>

Customer spread and Euribor evolution, ex-TSB
In percentage

<table>
<thead>
<tr>
<th></th>
<th>2Q18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer spread, ex-TSB</td>
<td>2.72%</td>
</tr>
<tr>
<td>Euribor 12M, (quarterly average)</td>
<td>-0.19%</td>
</tr>
</tbody>
</table>

Note: data as at June 2018 or last month available.
1 Other domestic sectors.
2 Mid corporates, pure SMEs and retail stores.
3 Peer group: Bankia (inc. BMN), BBVA Spain, CaixaBank (ex-BPI), and Santander Spain (inc. Banco Popular). Arithmetic mean excluding Sabadell.
Sabadell also stands out in terms of fee income growth

Fee growth YoY, ex-TSB

In percentage

<table>
<thead>
<tr>
<th></th>
<th>Sabadell ex-TSB</th>
<th>Sector average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage</td>
<td>9.0%</td>
<td>4.3%</td>
</tr>
</tbody>
</table>

Note: Data corresponds to cumulative results to June 2018 vs. cumulative results to June 2017.

1 Data is considered on a like-for-like basis for comparison purposes, i.e. like-for-like assumes constant FX and excludes Sabadell United Bank and Mediterráneo Vida.

2 Peer group includes Santander Spain (Popular 2017 fee income contribution has been estimated with its individual accounts), BBVA Spain, CaixaBank Ex-BPI and Bankinter ex Portugal and Bankia (including BMN). Arithmetic mean excluding Sabadell.

3 Includes mutual funds, pension funds, insurance brokerage and wealth management commissions.
We are focused on key areas with growth potential

**Insurance**
Increase insurance penetration among Sabadell’s customers while launching a broad digital insurance offering

**Unsecured lending**
Take advantage of our current customer base to grow in this profitable and expanding market segment

**Regions with potential (Madrid)**
Increase our presence in areas which represent a market opportunity to expand our business further

**Savings & Investments**
Establish Sabadell as a benchmark player for Savings & Investments

**Lending market**
Share in SMEs
Make use of our long-standing expertise and advanced analytics to grow further in the SME segment
Sabadell has improved its risk profile significantly over the last few years…

NPA reduction, ex-TSB
In billion euros

<table>
<thead>
<tr>
<th>Year</th>
<th>Guidance</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>4.4</td>
<td>7.4</td>
</tr>
<tr>
<td>2015</td>
<td>&gt; 6.5</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>2.0</td>
<td>3.41</td>
</tr>
<tr>
<td>2018 YTD</td>
<td>2.0</td>
<td>1.0 + 6.32</td>
</tr>
</tbody>
</table>

We have consistently exceeded our problematic exposure reduction targets.

We have decreased our net NPA ratio from 7.8% in 2013 to 1.7%² today.

Note: Includes contingent risk. Sabadell ex-TSB’s NPLs, foreclosed assets and NPAs include 20% of the problematic exposure included in the APS, which is assumed by Sabadell in accordance with the APS protocol.

¹ Includes €1,252M carved out into our new business line Solvia Desarrollos Inmobiliarios.
² Pro forma data considering the institutional NPA sales announced in 2018.
… and in 2018 it announced the sale of the majority of its real estate legacy exposure

The transactions will be accretive to both EPS and capital and will accelerate the pace of problematic assets disposals, well ahead of our 2020 business plan targets
TSB customers are generally receiving a consistent service in line with industry standards.

- **Mobile app logins and web logins**: At pre-migration levels
- **Wait times on our telephone channel**: Consistently in single figure minutes
- **Fully digital product offering**: We are currently working on going digital with our full product offering
The new platform will deliver benefits to TSB and its customers

- **Operational efficiency**
  - Capacity to create innovative products

- **Competitive advantage**
  - Quicker time-to-market with a digital and customer-centric mindset

- **Open Banking**
  - Fully adapted to Open Banking

- **Collaboration/Partnerships**
  - Partnership with Mastercard plus e-commerce and digital payments solutions

- **Easier upgrades**
  - Faster and cheaper Technology upgrades
Positive lending and current account growth in Q2 with improving business momentum

- **At the end of Q2**
  - Franchise mortgage lending was positive
  - Total current accounts were growing
  - Strong liquidity and capital ratios

- **Going forward from 2019**
  - Robust volume growth while margins will be challenged by a highly competitive environment and the end of TFS
We have four key priorities in the UK market

<table>
<thead>
<tr>
<th>Priorities in the UK market</th>
</tr>
</thead>
<tbody>
<tr>
<td>Putting things right for our customers</td>
</tr>
<tr>
<td>Regaining commercial momentum</td>
</tr>
<tr>
<td>Continuing to make the organisation more efficient – Focus on cost cutting</td>
</tr>
<tr>
<td>Product diversification – SME strategy roll-out</td>
</tr>
</tbody>
</table>

Local banking for Britain
Sabadell is strongly committed to the ongoing digital transformation

Digital transformation
- Efficiency
- Productivity
- Convenience
- Simplicity

Group Digital customers
4.7M (+12% YoY)

Group mobile customers
3.3M (+22% YoY)

Distribution model
“There, wherever you are”
Remote relationship managers (extended service hours)

Digital sales
- 768k (+181% YoY)
  Active Management customers
  Spain
- 17.1k (+52% YoY)
  Digital Sales
  Unsecured loans
  Spain

User Experience
- 51% in UK
- 18% in Spain

Note: Data as at June 2018.
New technologies are an opportunity to enhance the banking business

Leveraging on innovation in new technologies to enhance the banking business

Tailored value propositions

- **Business intelligence**
- **Pull data-driven commercial impacts in Spain**
- **Additional revenues driven by business intelligence**

Helping customers to make better decisions

- **Kelvin**
  - Know your local customers and competitors to make better business decisions

Note: Data as at June 2018.
Through InnoCells we have a proactive presence in the innovation ecosystem in the banking industry

**InnoCells**
By Banco Sabadell

Sabadell digital knowledge hub:
- Exploring new digital-based business models
- Monitoring market trends and scouting startups
- Prioritising areas of interest and identifying opportunities

**Business Building**
Developing capabilities and strategic businesses for the Group

**Strategic investments**
Corporate venture fund, direct investments, acquisitions and indirect investments in third-party funds

- Direct investment
- Indirect investment
- Strategic acquisition

International vocation with a focus on Spain, UK, Mexico, USA and Israel
Sabadell is well positioned for the new growth cycle and to meet its profitability targets

◆ Underlying business
  ▪ Strong core banking business momentum
  ▪ High margin SME franchise
  ▪ Diversified footprint
  ▪ Well positioned to benefit from rising interest rates
  ▪ TSB migration completed. 2019 to be a normalised year

◆ Strong asset quality
  Balance sheet clean-up mostly concluded

◆ Sound capital & liquidity position
  Sound solvency and liquidity position well above regulatory requirements and in line with sector levels

◆ Positive macro outlook
  Macroeconomic trends in Spain support our earnings outlook

◆ New opportunities from digital tech
  Ongoing progress in our digital transformation
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