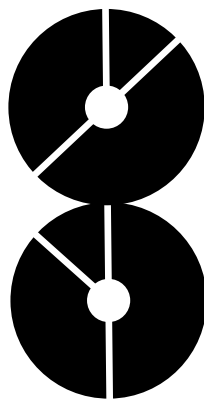
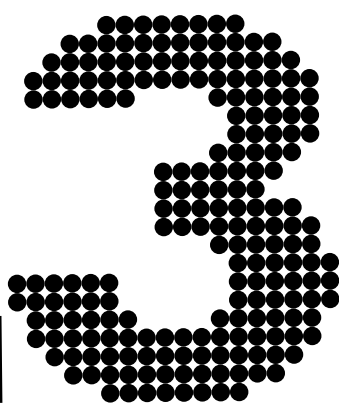
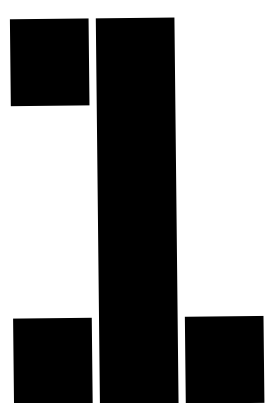
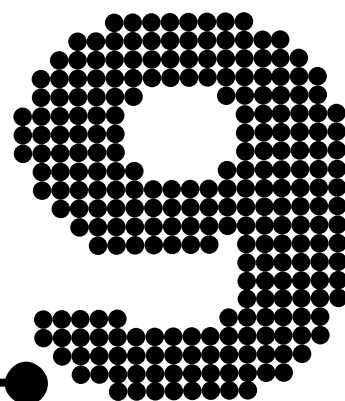
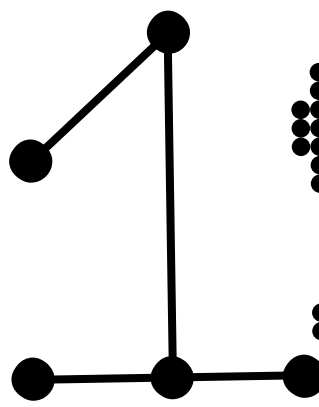
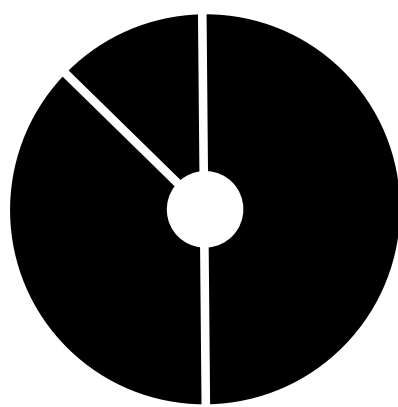
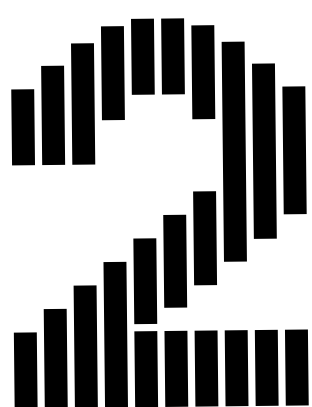


Banco Sabadell Annual Report



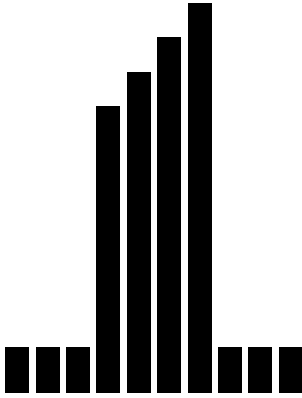
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Year

Contents

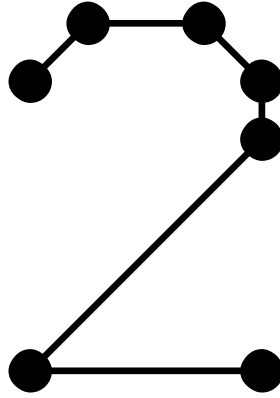
Key figures in 2019

2



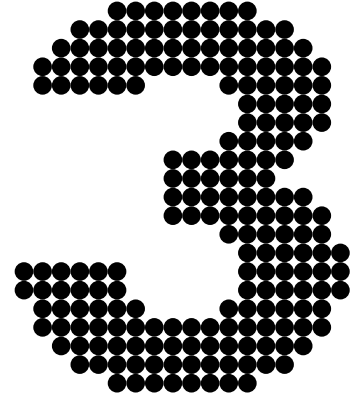
Chairman's message

4



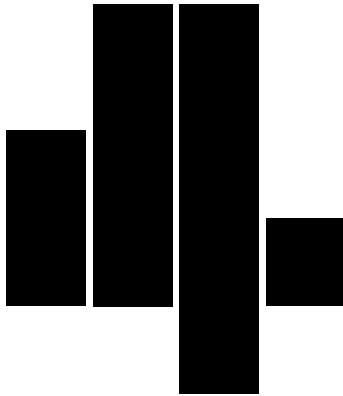
Corporate governance

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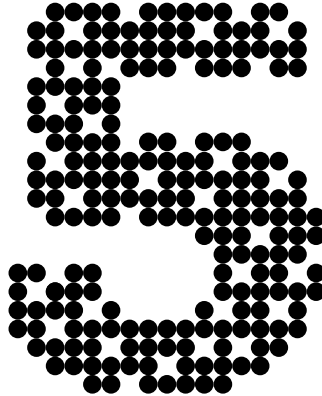
Milestones in 2019

11



Building the future

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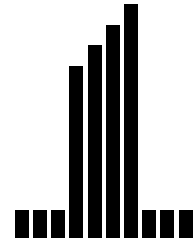
Roadmap of published information

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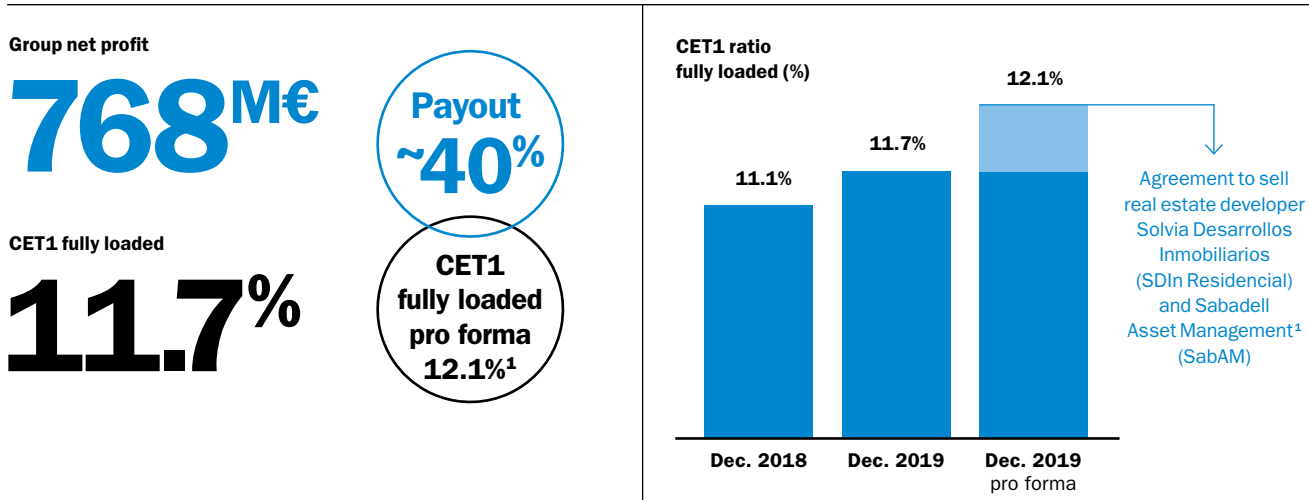
Contact

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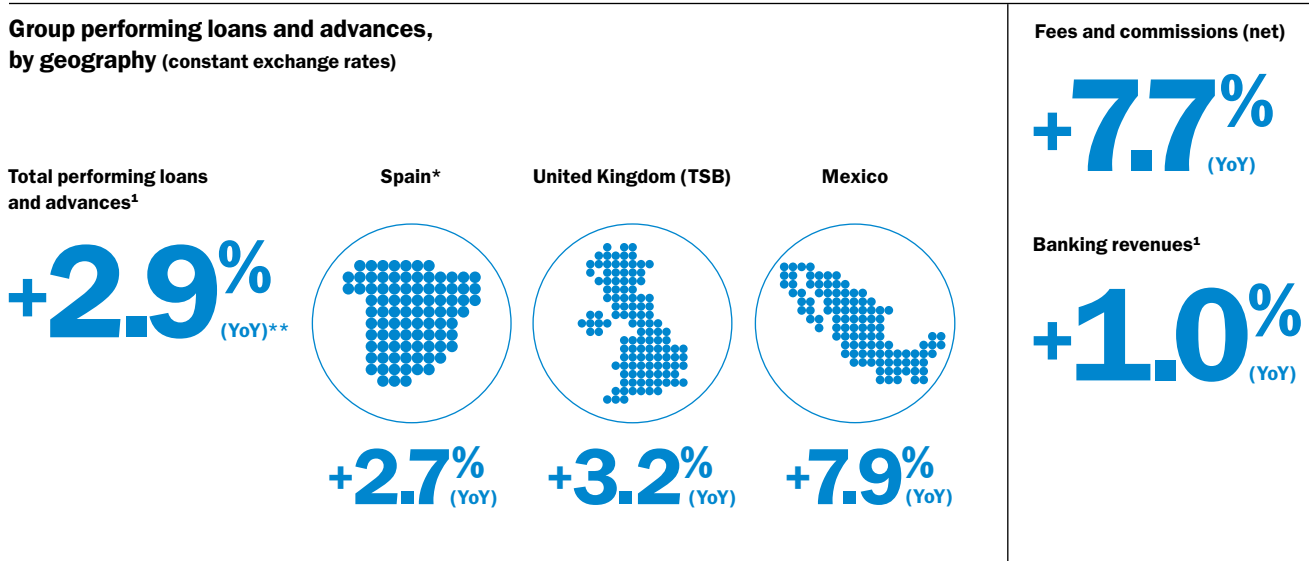
Key figures in 2019



Capital objective attained: 12.1% pro forma.



Solid growth in the banking business in all geographies.



¹ See roadmap of published information

* Includes 5 branches and 13 representative offices in the rest of the world

** YoY: Growth year-on-year

During the year, a number of portfolios and the real estate servicer were divested, which substantially reduced the volume of non-performing assets.

NPA ratio fell to

3.8%

NPA coverage ratio

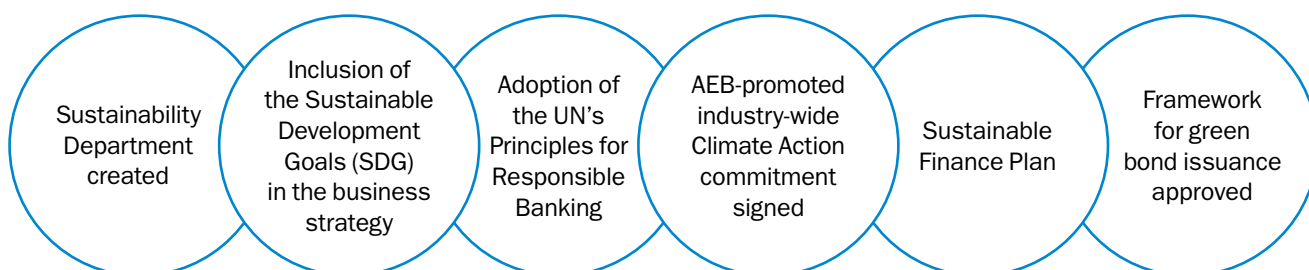
46.9%

Non-performing assets / Total assets

1.7%

2019: turning point in sustainability

Banco Sabadell is determined to support our customers in the transition towards a more sustainable economy.



Digital and commercial transformation

Digital consumer loans (Spain)

39%

Digital sales as % of total

+50%
(YoY)

No. of digital sales

Business intelligence (Spain)

163M

+9%
(YoY)

Impacts tailored to customers

Digital sales (United Kingdom)

45%

Digital sales as % of total

+42%
(YoY)

No. of digital sales

TSB

TSB launched a new Strategic Plan underpinned by a sound, robust platform.

Customer funds at TSB¹

+3.8%
(YoY)

Net loans and advances at TSB¹

+3.6%
(YoY)

Chairman's message



Josep Olliu Creus, Chairman

Dear shareholder,

Although 2019 proved to be demanding for Banco Sabadell, it culminated in an improved capital position due to the sale of real estate portfolios, and a stronger capital ratio, which reached 12%. The Bank achieved positive results while TSB left the technology crisis behind it and focused on moving forward in the framework of a profitability plan under a new professional executive team.

The year was marked by weakening of the global economy caused by trade tensions between the United States and China and the uncertainty surrounding Brexit. These situations had an adverse impact on international trade and on manufacturing, while services and consumer spending were more resilient.

The euro area proved vulnerable to the more adverse world situation and the economy registered moderate growth, affected by export performance. The European economy was also impacted by the confluence of a number of idiosyncratic factors, such as the new environmental regulations in the automobile industry.

In the United Kingdom, the unknowns surrounding Brexit continued to shape economic activity, especially investment. The election result, which produced a less fragmented Parliament, had a positive impact on economic sentiment based on the belief that it should facilitate the negotiation of a Brexit agreement.

The Spanish economy stood out in positive terms within the euro area by achieving 2.0% GDP growth. As in 2018, growth dynamics were supported by domestic demand. In Spain, the unemployment rate continued to decline, house prices remained dynamic in aggregate, the country registered a trade surplus for the eighth consecutive year, and several rating agencies upgraded Spain's sovereign debt.

Faced with the flagging global economy, the main central banks resumed monetary stimulus policies. In the United States, the Fed cut interest rates for the first time in a decade. The ECB reduced the deposit interest rate for the first time since 2016 and resumed its asset purchase programme. Actions by the central banks contributed to good performance by the capital markets in 2019, which also benefited towards the end of the year from the trade agreement that was finally reached between the United States and China.

The European banking industry maintained its capital position in 2019, made advances in reducing non-performing loans, and had a good liquidity position overall, as evidenced by the ECB's liquidity stress tests in the euro area banking system. The prolonged period of low interest rates continued to pose challenges to profitability. The European and Spanish markets suffered the consequences of the various uncertainties and monetary policy decisions, and the banking industry performed similarly but fell short of its targets.

Banco Sabadell reported net profit of 768 million euros in 2019, an increase of 134% on the previous year. This result was driven by 1.0%

year-on-year growth in banking revenues, a 1.8% reduction in total costs, and significantly lower provisions and impairments than in 2018.

Revenue growth was attributable to dynamic commercial performance, which was positive in all geographies, reflected in year-on-year growth of 2.9% in total performing loans and advances, and 7.7% in fee and commission income.

The cost of risk declined on a recurring basis to 52 bps as a result of a significant reduction in non-performing assets and in the NPL ratio, to 3.8% at year-end. The portfolio sales agreed in 2018, worth 8,200 million euros gross, were completed in December 2019. All these factors provided a substantial improvement in the institution's risk profile, following the major transformation the previous year.

The year also saw TSB regain its commercial momentum, and evidenced that all the migration-related incidents had been resolved. TSB has laid the groundwork for a new era; a new customer-centric Strategic Plan was unveiled that focuses on simplicity, efficiency and operational excellence; and the bank has a sound, competitive IT platform and a new management team with an enhanced governance model. TSB is not yet contributing profit to the Group, but it is on the path to doing so in the coming years.

One notable achievement in 2019 was the improvement in the capital position, as the Group achieved its target CET1 FL ratio of 11.7% (12.1% in pro forma terms). As a result, the ROTE reached 7.4%, and the Board of Directors proposed that the General Meeting of Shareholders approve a gross dividend of 0.04 euros per share from 2019 income, representing a payout of around 40%.

At the same time, aware of the challenge that climate change poses to society in general and to the banking sector in particular, last June Banco Sabadell adopted the United Nations Principles of Responsible Banking. These principles are the first reference framework to define the role and responsibility of the banking industry in guaranteeing a sustainable future. With this decision, the Bank strengthened its commitment to sustainability, which is fully integrated in its future strategy, and to society. Additionally, the impact of climate change on the banking sector attracted increasing attention from central banks and supervisors, which are working to incorporate climate risks into stress tests for 2021.

Going forward, Banco Sabadell will continue to advance with its digital transformation while preserving its distinctive features, converging on a business model based on service quality and respect for the Responsible Banking principles. Trends in metrics such as the number of consumer loans arranged digitally in Spain (up 50% year-on-year in 2019) are indicative of the accelerating digital transformation being undertaken by the Bank. The Bank signed a major agreement with IBM to modernise and transform its IT infrastructure, which will increase its resilience, security and scalability while simplifying the operating model and enhancing the customer experience.

The objectives for 2020 are to maintain the flow of banking revenues in an adverse environment, further reduce non-performing assets, execute TSB's new Strategic Plan and maintain an adequate level of capital - all core elements

of the Bank's strategy to address the upcoming challenges. The Bank looks to 2020 with the determination to create value for shareholders by being the bank for business that best serves its customers, while also improving the relationship with individual customers through an appropriate offer of products and services, increasingly arranged through digital channels.

A handwritten signature in black ink, appearing to read 'Olliu', written in a cursive style.

Josep Olliu
Chairman

January 2020



Jaime Guardiola Romojaro,
CEO

Board of Directors

Chairman

Josep Olius Creus

Vice-Chairman

José Javier Echenique Landiribar (I)

CEO

Jaime Guardiola Romojaro

Director and General Manager

José Luis Negro Rodríguez

Director and Secretary General

María José García Beato

Director and Chief Risk Officer (CRO)

David Vegara Figueras

Directors

Anthony Frank Elliott Ball (LID)

Aurora Catá Sala (I)

Pedro Fontana García (I)

María Teresa García-Milà Lloveras (Ex)

George Donald Johnston (I)

David Martínez Guzmán (P)

José Manuel Martínez Martínez (I)

José Ramón Martínez Sufrategui (I)

Manuel Valls Morató (I)

Secretary (non-member)

Miquel Roca i Junyent

Delegated Committee

Josep Olius Creus (C)

José Javier Echenique Landiribar (I)

Jaime Guardiola Romojaro (CEO)

Pedro Fontana García (I)

José Manuel Martínez Martínez (I)

María José García Beato (SNM)

Audit and Control Committee

Manuel Valls Morató (C)

Pedro Fontana García (I)

María Teresa García-Milà Lloveras (Ex)

José Ramón Martínez Sufrategui (I)

Miquel Roca i Junyent (SNM)

Appointments Committee

Aurora Catá Sala (C)

Anthony Frank Elliott Ball (LID)

María Teresa García-Milà Lloveras (Ex)

José Manuel Martínez Martínez (I)

Miquel Roca i Junyent (SNM)

Remuneration Committee

Aurora Catá Sala (C)

Anthony Frank Elliott Ball (LID)

George Donald Johnston (I)

José Ramón Martínez Sufrategui (I)

María José García Beato (SNM)

Risk Committee

George Donald Johnston (C)

María Teresa García-Milà Lloveras (Ex)

Manuel Valls Morató (I)

María José García Beato (SNM)

Director profiles

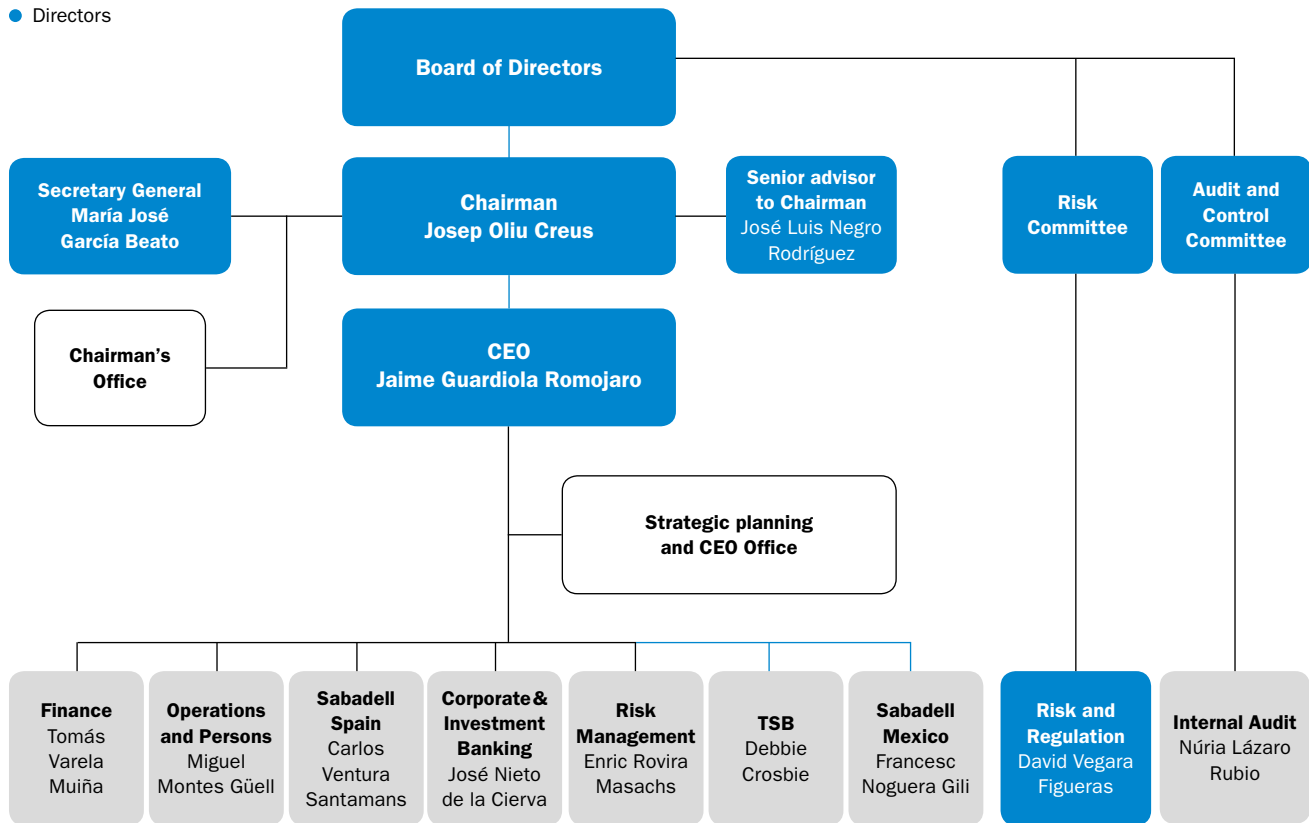
20% international
20% women
60% independent*

Compliance with the highest standards of quality

Director Candidate Selection Policy
Succession plan for the Chairman and CEO
Lead Independent Director
Matrix of competencies and diversity
Assessment of the Board and Committees by an external consultant

Banco Sabadell organisational chart

● Directors



Executive Committee

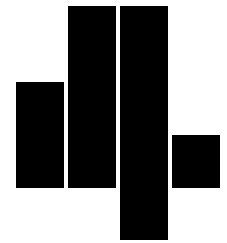
Chairman

Jaime Guardiola Romojaro – CEO

Members

María José García Beato – Secretary General
 David Vegara Figueras – Risk and Regulation
 Tomás Varela Muiña – Finance
 Miguel Montes Güell – Operations and People
 Carlos Ventura Santamans – Sabadell Spain
 José Nieto de la Cierva – Corporate & Investment Banking
 Enric Rovira Masachs – Risk Management

Milestones in 2019



Banco Sabadell's prospects for 2020 are good thanks to its dynamic commercial performance, revenue resilience, transformed risk profile, solid capital position and its resolution of the IT crisis in TSB.

Strong commercial performance in Spain.

Sabadell Spain product market shares (%)¹

● Dec. 2019 ● YoY

Customer loans ¹	8.0%	+7 bp	PoS turnover	17.2%	+70 bp
Customer funds	7.0%	-2 bp	Penetration in SMEs ¹	52.2%	+18 bp
Card turnover	7.9%	+8 bp	Life insurance premiums	9.5%	+98 bp

Sabadell is outstanding in two of its key identifying characteristics: service quality and customer experience.

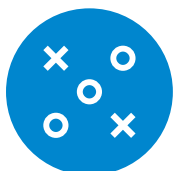
Customer experience Net promoter score (NPS)¹

Sabadell's position with respect to the sector in the Customer Experience index

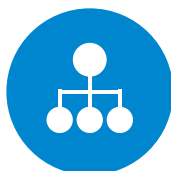
2019 Ranking

SMEs	22%	1 st	Large corporates	34%	3 rd
Personal Banking	33%	2 nd	Retail Banking	11%	3 rd

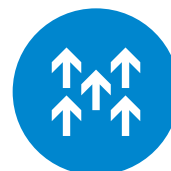
Milestones in 2019 at TSB



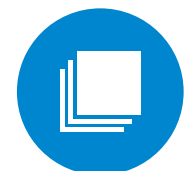
New Strategic Plan



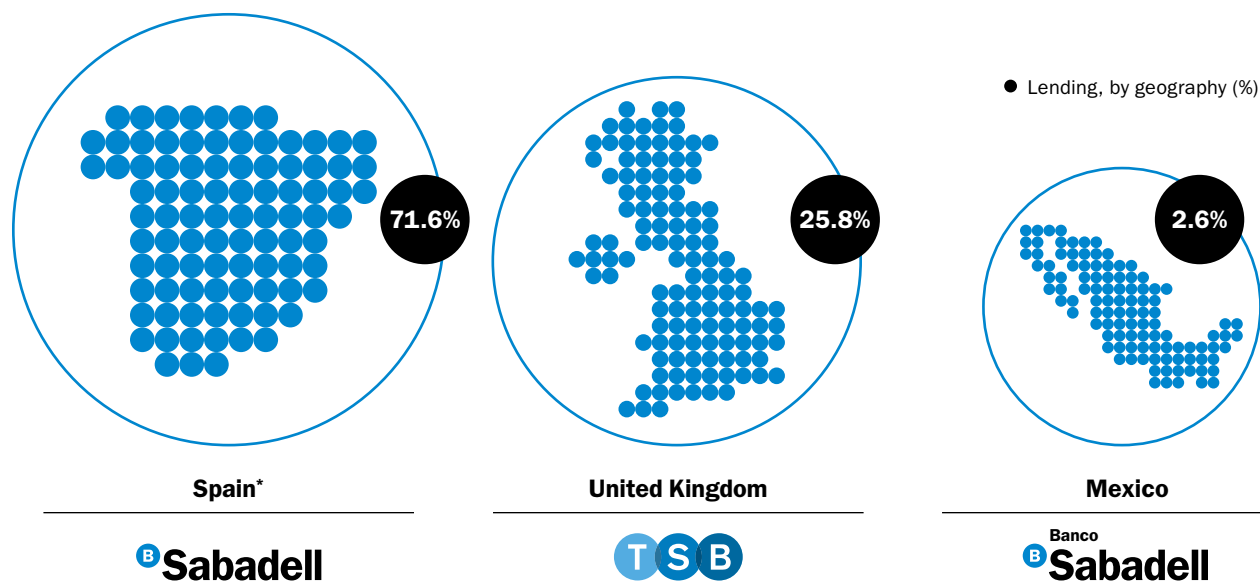
New management team



Regaining commercial momentum



Sound, robust technology platform



Customers

Million

12.0

Branches

2,402

Shareholders

235,034

€ **0.03€**

Dividend paid per share in 2019

+6%
tangible
book value
per share

Employees

24,454

55.9%

44.1%

97%
received
training
during the
year

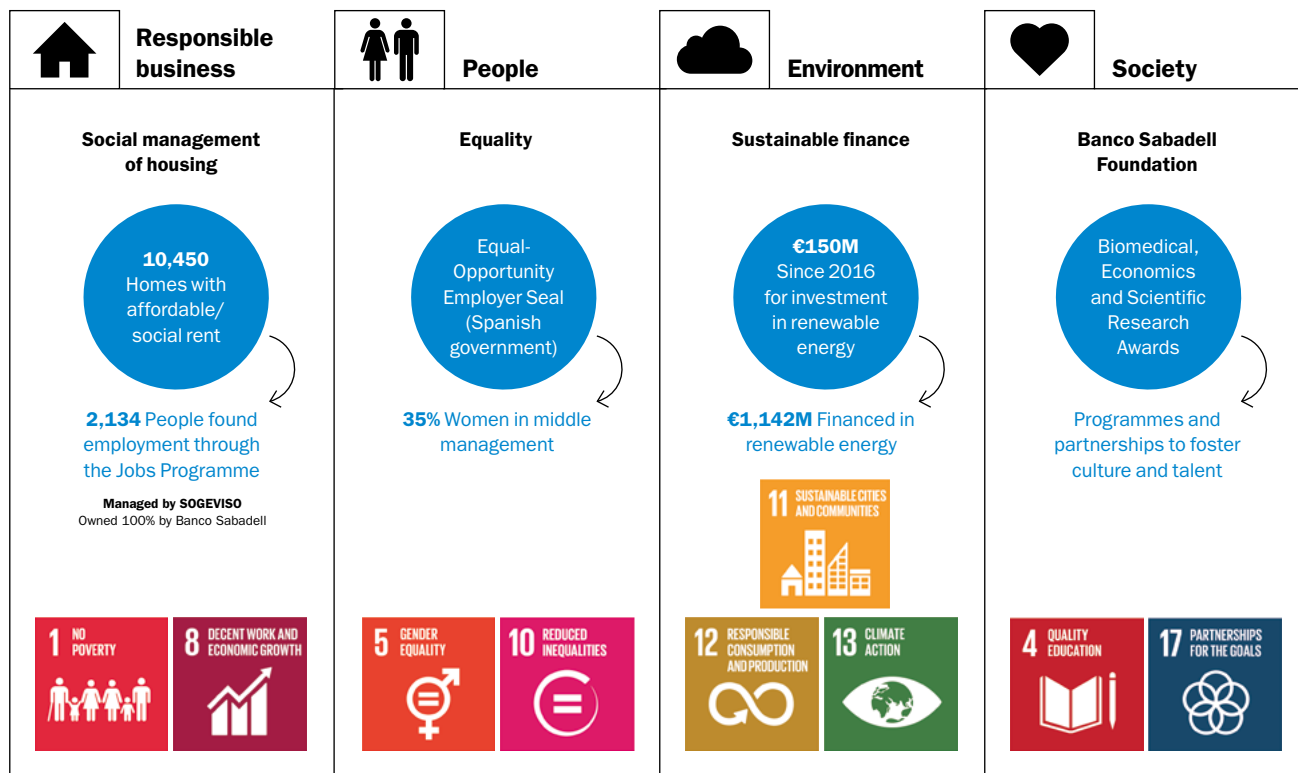
Financial data (Group)

	Million euros	2019/2018 % chg.
Balance sheet	Total on-balance sheet assets	223,754 0.6
	Customer loans	150,749 3.0
	Funds under management	213,095 3.6
	Own funds	13,172 5.0
Results	Gross income	4,932 -1.6
	Group net profit	768 134
	ROE ¹	5.9
Risks	Non-performing assets (NPA)	7,326 -11.5
	NPA coverage ratio (%)	46.9
	Non-performing assets / Total assets (%)	1.7
Capital ratios (%)	CET1 phase-in	12.4
	CET1 fully loaded pro forma	12.1
	CET1 fully loaded	11.7
Liquidity (%)	Loan-to-deposit (LtD) ratio	98.6

¹ See roadmap of published information

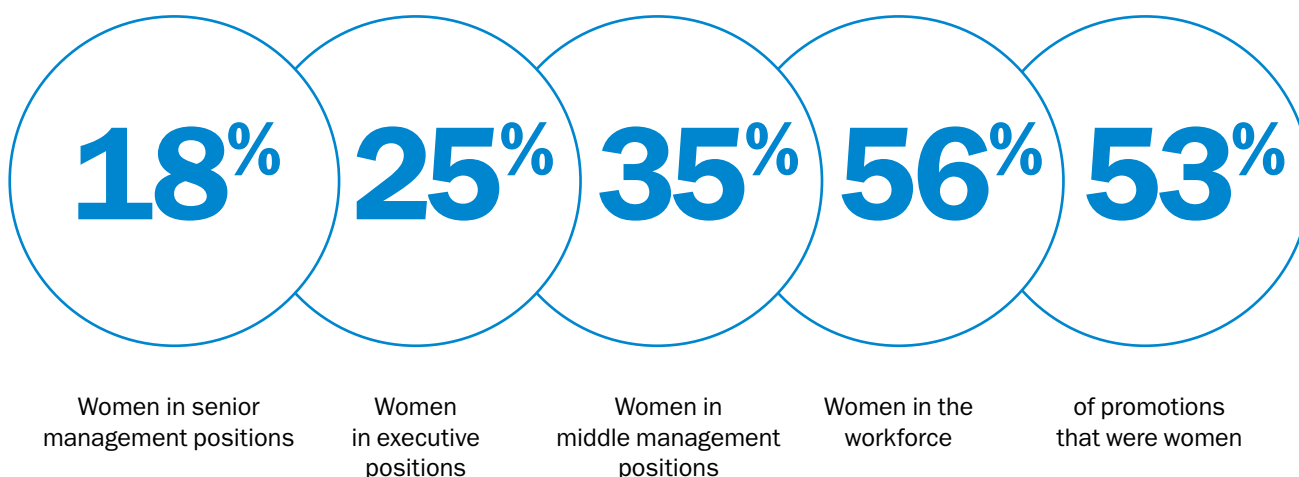
* Includes 5 branches and 13 representative offices in the rest of the world

Non-financial and sustainability information



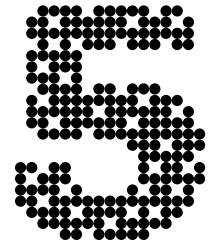
Banco Sabadell has placed the Sustainable Development Goals (SDG) at the heart of its strategy for the coming years. In June 2019, the Board of Directors designated the SDGs that are material and a priority for the Bank in pursuing its business.

Women in the Banco Sabadell Group

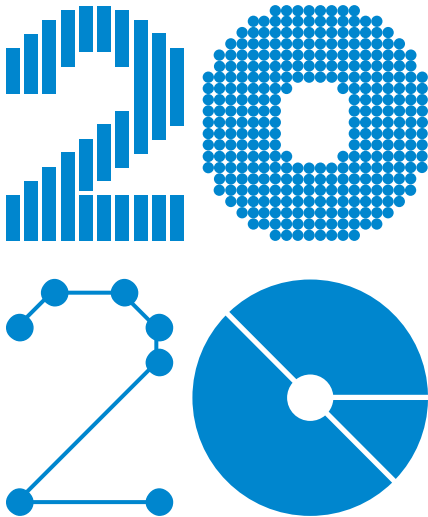


Quality certificates and other recognitions

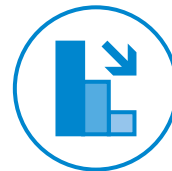




Priorities for 2020



Resilience in banking revenues



Continue to manage non-performing assets



TSB's new Strategic Plan



Maintain an adequate level of capital



Create value for shareholders

Sabadell has a solid base and a clear strategy to address challenges and achieve its goals.

Spain

 **Sabadell**

Focus on commercial and corporate banking

United Kingdom



A Strategic Plan based on new digital capacities

Mexico

 **Banco Sabadell**

A clear strategy focused on SMEs and companies to improve profitability

Roadmap of published information

Block	Document	Website section
Corporate Governance System		
General Information	General information about the Group	Group
General Meeting	General Meetings Regulations, Shareholder information, Shareholders' Representation at the GM, Electronic Shareholders' Forum and Previous General Meetings	Shareholders and investors_Shareholders' General Meeting
Corporate governance	Board of Directors, director CVs and Board sub-committees	Corporate governance and Remuneration policy_Board of Directors
	Director Candidate Selection Policy	Corporate governance and Remuneration policy_Board of Directors
	Succession plan for the Chairman and CEO	Corporate governance and Remuneration policy_Board of Directors
Statutory documents	Articles of Association, Regulation of the Board of Directors, and internal regulations	Corporate governance and Remuneration policy
Internal Governance Framework	Banco Sabadell Internal Governance Framework	Corporate governance and Remuneration policy
Remuneration policy	Annual Report on Director Remuneration	Corporate governance and Remuneration policy
Committee reports	Committees: Audit and Control, Appointments, Remuneration, and Risk	Corporate governance and Remuneration policy
Annual Corporate Governance Report	Annual Corporate Governance Report	Corporate governance and Remuneration policy
Sustainability	General information	Sustainability_sustainability
	Non-Financial Disclosures Report 2019	Sustainability_Reports
	Policies, codes and standards	Sustainability_Policies, codes and rules
The share, and communication policy and channels	Sabadell Share, Key share data, Capital issuance, Shareholder structure, Shareholders' agreements, Investor's calendar and Equity analysts	Shareholder and investors_The share
	Shareholder remuneration	Shareholder and investors_The share
	InfoAccionista	Shareholder and investors_Shareholder services
	Annual report	Shareholder and investors_Economic and financial information_Annual reports
	Policy on communication and contacts with shareholders, institutional investors and proxy advisors	Shareholder and investors_Communication policy and channels
Economic and regulatory environment	Annual report_Economic, business and regulatory environment	Shareholder and investors_Economic and financial information_Annual reports
Financial information		
Business plan	Annual report_Banco Sabadell Group chapter_Plan 2020 section	Shareholder and investors_Economic and financial information_Annual reports
	Earnings presentations (quarterly)	Shareholder and investors_Economic and financial information_Quarterly financial reports
	Legal information 2019_Financial statements	Shareholder and investors_Economic and financial information_Annual reports
Balance sheet and earnings performance	Annual report_Banco Sabadell Group financial information chapter	Shareholder and investors_Economic and financial information_Annual reports
Financial statements	Legal information 2019_Financial statements	Shareholder and investors_Economic and financial information_Annual reports
Businesses		
General data	General business data	About the group_Financial Services
Description, data and milestones in the year	Annual report_Businesses chapter	Shareholder and investors_Economic and financial information_Annual reports
Financial data - main businesses	Legal information 2019_Financial statements_Directors' report	Shareholder and investors_Economic and financial information_Annual reports
Risks and Capital	Annual report_Risks chapter	Shareholder and investors_Economic and financial information_Annual reports
	Legal information 2019_Banco Sabadell Group Financial statements_Note 4, Note 5 and Schedule VI	Shareholder and investors_Economic and financial information_Annual reports
	Pillar III disclosures	Shareholder and investors_Economic and financial information_Pillar III disclosure

Definitions and terms

— Agreement to sell Sabadell Asset Management (SabAM): agreement reached in January 2020.
— Banking revenues: interest spread plus fees and commissions, excluding the impact of the consumer loan securitisation in September 2019.
— CET1 fully loaded pro forma (12.1%): CET1 fully loaded, including agreements to divest Solvia Desarrollos Inmobiliarios (SDIn) and SabAM (asset management).
— Customer funds at TSB: growth in customer funds at TSB calculated from balances in pounds sterling.
— Customer loans: excluding repos and the impact of the receivable in connection with the CAM APS portfolio. Year-on-year growth excludes securitisation of 1,000 million euros in consumer loans in September 2019, whose balance was 881 million euros at 2019 year-end.

— Net lending at TSB: net lending growth at TSB calculated from balances in pounds sterling.
— Net Promoter Score (NPS): Accenture benchmark survey. The NPS is based on the question "On a scale of 0 to 10, where 0 is 'not at all likely' and 10 is 'I would definitely recommend it', how likely would you be to recommend Banco Sabadell to a relative or friend?". The NPS is the percentage of customers who answered 9 or 10, after eliminating those who answered between 0 and 6.
— Penetration in SMEs: companies with revenues between 0.9 and 10 million euros.
— ROE: Group net profit / average equity (average calculated using the month-end positions since December of the previous year).
— Sabadell Spain product market shares: latest available data. Sources: Bank of Spain, ICEA, Inverco and Servired.

— Total outstanding loans and advances: excludes the account receivable under the APS portfolio from CAM, the impact of securitising 1,000 million euros of consumer loans in September 2019, whose balance was 881 million euros in December 2019, and the impact of 1,149 million euros account receivable for the right of first refusal on the sale of non-performing assets.

Contact

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BSpress@bancsabadell.com

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+34 965 906 979

Northwest Region

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Northern Region

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+34 952 122 350

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08008 Barcelona




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08174 Sant Cugat del Vallès

CBS Madrid
Isabel Colbrand, 22
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CBS Agua Amarga
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 @bancosabadell
 General Meeting of Shareholders 2020



This annual report is available on the group's website (www.grupobancosabadell.com), along with the full version and other reports and corporate policies. If you have a smartphone or tablet, you can access these reports on your device using the QR code.

The issuer's legal name is Banco de Sabadell, S.A. and its commercial name is Banco Sabadell. It is registered in the Mercantile Registry of Alicante, in tomo 4070, folio 1, hoja A-156980, and its registered offices are in Alicante at Avenida Óscar Esplà, 37.



Welcome to the bank in Spain that understands you best.

That's right, we can offer you what you need, in your own language. Because we put our focus on you with the care that you deserve, and not just when you arrive here, but also in your home here to support you with your financial affairs, as well as with matters closer to the heart of your business.

- With a team of specialist international agents, helping customers since 1996.
- Over 200 branches in Spanish territory which speak your language.
- An account which is tailored to your needs, selected based on whether you are a resident or not.
- And all of the financial services you need, as well as many more: mortgages, car renting, investment, etc.

How can we help you?
www.bancosabadell.com
+34 935 202 910



in

selves in your shoes, accompanying
your day to day activities. We are
e heart.

cial services that you may need,
ore: cards, credit and mortgages,
nent advice...

**u? For further information visit
com/welcome or call us on**

B Sabadell

There, wherever you are

Credits

Creative Director

Mario Eskenazi

Design

Gemma Villegas

Photography

Elena Claverol

Page 8

Joan Hernández Pijuan
Camp pintat de blanc 2003
Oil on canvas
180 × 150 cm
Banco Sabadell Collection



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Depósito legal: B-17200-2012

