

# Quarterly financial report

January - March 2019



*#Therewhereveryouare*

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## Basis of presentation

The consolidated income statement and balance sheet as at the end of March 2019 and 2018, together with the disclosures shown in this Financial Report, are presented in accordance with the accounting standards, principles and criteria defined in Note 1 to the Group's consolidated annual accounts as at 31 December 2018. Pursuant to the Guidelines on alternative performance measures published by the European Securities and Markets Authority on 5 October 2015 (ESMA/2015/1415es), a glossary has been included with the definitions and the reconciliation with the items presented in the financial statements of certain alternative financial measures used in this document. See Glossary of terms on performance measures

# 1. Key figures

	Excl. TSB			Total group <sup>(5)</sup>			
	31.03.18	31.03.19	Change (%)	31.03.18	31.03.19	Change (%)	
<b>Profit and loss account (€million)</b>							
Net interest income	658.4	656.2	-0.3	911.5	900.7	-1.2	
Core revenues	949.7	972.5	2.4	1,226.0	1,243.4	1.4	
Gross operating income	1,174.3	1,024.9	-12.7	1,455.1	1,324.3	-9.0	
Pre-provisions income	649.0	511.4	-21.2	615.1	547.3	-11.0	
Attributable net profit	303.1	251.0	-17.2	259.3	258.3	-0.4	
<b>Balance sheet (€million)</b>							
Total assets	169,676	178,131	5.0	219,009	225,744	3.1	
Performing gross loans	101,653	105,097	3.4	137,246	140,139	2.1	
Gross loans to customers	109,048	110,818	1.6	145,066	147,413	1.6	
On-balance sheet funds	120,508	125,982	4.5	158,521	162,698	2.6	
Of which: Customer funds	98,283	105,967	7.8	133,280	139,986	5.0	
Off-balance sheet customer funds	46,364	43,655	-5.8	46,364	43,655	-5.8	
Funds under management	166,871	169,637	1.7	204,885	206,353	0.7	
Net equity	--	--	--	12,870	12,478	-3.0	
Shareholders' equity	--	--	--	12,965	12,750	-1.7	
<b>Profitability and cost-to-income ratios (%)</b>							
ROA	--	--	--	0.43	0.41	--	
RORWA	--	--	--	1.17	1.09	--	
ROE	(1)	--	--	7.15	7.19	--	
ROTE	--	--	--	8.66	8.94	--	
Cost / income	40.39	44.46	--	53.42	52.10	--	
<b>Risk management</b>							
Non-performing exposures (€million)	(2)	7,507	5,912	-21.2	7,898	6,383	-19.2
Total problematic assets (€million)	(2)	14,923	7,715	-48.3	15,314	8,186	-46.5
NPL ratio (%)	(2)	6.38	4.92	--	5.14	4.10	--
NPL coverage ratio (%)	(2)	56.9	53.1	--	56.6	52.6	--
Problematic assets coverage (%)	(2)	55.3	50.9	--	55.2	50.7	--
<b>Capital management</b>							
Risk weighted assets (RWA) (€million)	--	--	--	78,525	83,612	6.5	
Common Equity Tier 1 phase-in (%)	--	--	--	12.9	11.7	--	
Common Equity Tier 1 fully-loaded (%)	--	--	--	12.0	11.0	--	
Tier 1 phase-in (%)	--	--	--	14.4	13.0	--	
Total capital ratio phase-in (%)	--	--	--	16.1	14.9	--	
Leverage ratio phase-in (%)	--	--	--	5.08	4.94	--	
<b>Liquidity management</b>							
Loan-to-deposits ratio (%)	103.7	99.8	--	102.9	100.6	--	
<b>Share data (period end)</b>							
Number of shareholders	--	--	--	231,373	240,887	--	
Average number of shares (million)	--	--	--	5,579	5,537	--	
Share price (€)	(3)	--	--	1,661	0,888	--	
Market capitalisation (€million)	--	--	--	9,267	4,915	--	
Earnings per share (EPS) (€)	(4)	--	--	0.16	0.15	--	
Book value per share (€)	--	--	--	2.32	2.30	--	
TBV per share (€)	--	--	--	1.91	1.85	--	
Price / Book value (times)	--	--	--	0.72	0.39	--	
Price / Earnings ratio (P/E) (times)	--	--	--	10.64	5.74	--	
<b>Other data</b>							
Branches	1,923	1,906	--	2,474	2,455	--	
Employees	17,721	17,863	--	26,056	26,177	--	

(1) ROE adjusted by the Additional Tier 1 coupons, after tax, stood at 6.80%.

(2) In 4Q18 portfolios sold to institutional investors (pending closing) have been reclassified as non-current assets held for sale, therefore the figures are shown excluding these assets. As of 4Q18, data are expressed assuming 100% APS.

(3) Without adjusting historical values.

(4) Net profit adjusted by the Additional Tier 1 coupons, after tax, recorded under equity.

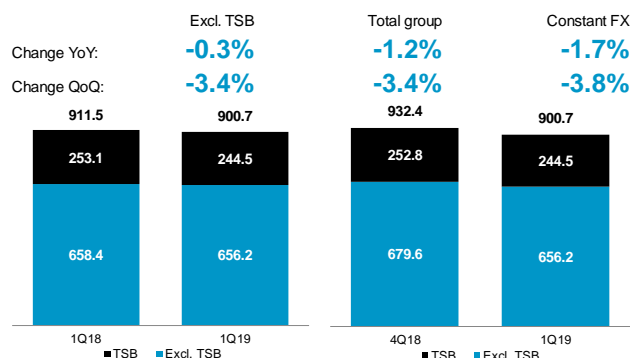
(5) The EURGBP exchange rate used for the income statement as at 31.03.19 is 0.8770. The exchange rate used for the balance sheet is 0.8583.

## 2. Summary

### Net interest income

Net interest income declined by -1.2% in the year, impacted by the application of IFRS16, increased competition in the United Kingdom and lower volumes in 2018 at TSB.

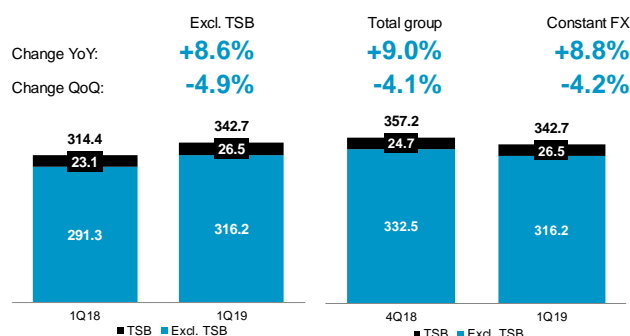
In the quarter, net interest income declined by -3.4% due to seasonality, IFRS16, higher cost of wholesale funding and lower fixed income portfolio contribution.



### Net fees and commissions

Net fees and commissions have performed well year-on-year, recording a 9.0% growth, driven by service fees.

In the quarter, fees and commissions declined by -4.1%, impacted by seasonality.



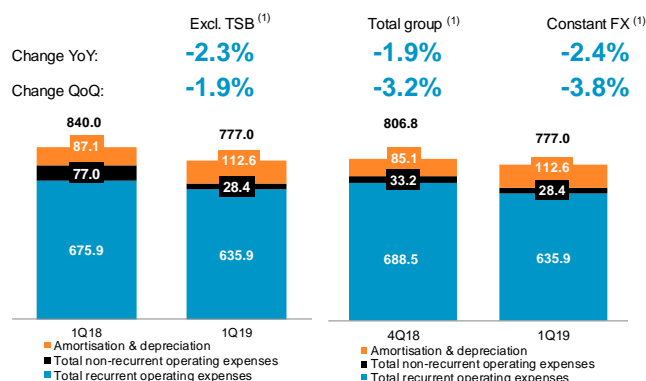
### Total costs

Total costs amounted to -777.0 million euros, representing a year-on-year decline of -7.5%, mainly due to one-off costs associated with TSB's migration in the previous year.

Recurrent expenses and amortisations declined by -1.9% year-on-year.

In the quarter, recurrent expenses and amortisations declined by -3.2%, mainly due to the lower costs at TSB.

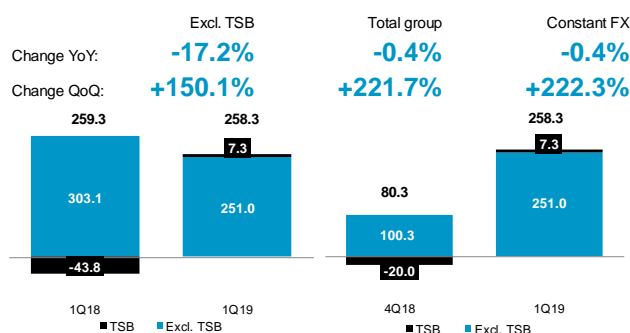
The efficiency ratio stood at 52.1% in the first quarter of 2019.



### Net profit of the Group

The Group's net profit amounted to 258.3 million euros at the end of the first quarter of 2019, with the ROE standing at 7.2%.

The Group's core banking revenue (net interest income + net fees and commissions) continued to grow, increasing by 1.4% year-on-year (2.4% excluding TSB).

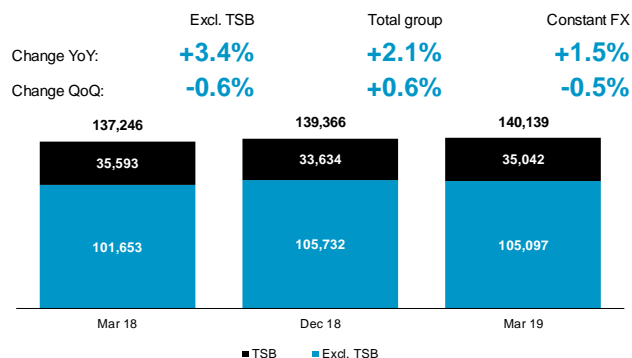


(1) Variance of total recurrent expenses and amortisations.

## Performing loans

Performing loans maintained their positive growth trend, increasing by 2.1% year-on-year. Quarter-on-quarter, lending was impacted by the payment of 993 million euros derived from APS, and showed a growth of 0.6% (-0.6% excluding TSB).

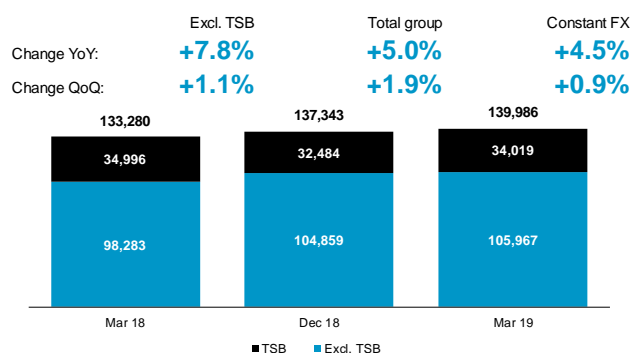
Excluding the APS NPL run-off impact, performing loans grew by 3.4% year-on-year, driven by the good performance of Spain and Mexico. Quarter-on-quarter, it grew by 1.3%. Considering a constant exchange rate, increase of 2.8% year-on-year and 0.2% quarter-on-quarter.



## On-balance sheet customer funds

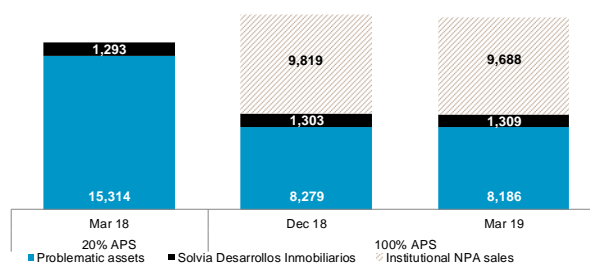
On-balance sheet customer funds increased by 5.0% year-on-year and 1.9% quarter-on-quarter, reflecting the strength of the banking franchise.

Off-balance sheet funds declined both year-on-year and quarter-on-quarter due to the decline in mutual funds.



## Problematic assets (\*)

The Group's problematic assets declined, showing a reduction in the quarter of -93 million euros, representing a decrease of -170 million euros in non-performing loans and an increase of 77 million euros in foreclosed assets.



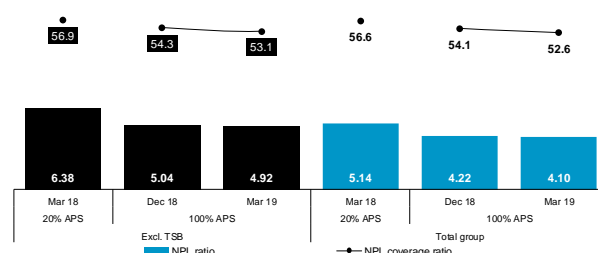
## NPL ratio and coverage (\*)

The Group's NPL ratio has declined significantly, falling to 4.10%.

The NPA coverage ratio stood at 50.7%.

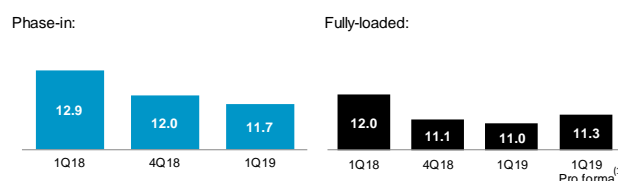
The Group's cost of risk improved, standing at 51 bps at the end of the first quarter of 2019, compared to 65 bps at the end of the first quarter of the previous year.

The net NPAs to total assets ratio stood at 1.8%.



## Capital ratio

The CET1 ratio stood at 11.7% phase-in and at 11.0% fully-loaded at the end of the first quarter of 2019, after the implementation of IFRS16 and the total impact of TRIM. The pro forma (1) CET1 ratio was 11.3% fully-loaded.



(\*) Figures expressed as 100% APS. In 4Q18 portfolios sold to institutional investors (pending closing) have been reclassified as non-current assets held for sale, therefore the figures are shown excluding these assets.

(1) Includes +18bps in RWAs released from NPA sales and +15bps in capital gains from the sale of Solvia closed and announced in the public statement of April 24, 2019.

## 3. Performance review

### Macroeconomic environment

#### Global economic, political and financial environment

The process involving the UK's withdrawal from the EU has been one of the main aspects in the spotlight during the quarter. The UK Parliament rejected the deal reached by the Government with the EU three times and also voted against leaving the EU without a deal. The Parliament took temporary control over the Brexit process to put three alternative Brexit solutions on the table, but all three options were voted down. The political deadlock resulted in the EU granting an extension for the UK's withdrawal until April 12th in order for UK authorities to reach an agreement on Brexit. This deadline was subsequently extended to the end of October.

Meanwhile, there is growing optimism regarding the possibility of the US and China reaching an agreement that will put an end to the trade war that they have been waging for nearly a year. As regards potential tariffs on the EU automotive industry, the US has finalised its industry report, but has not yet published its conclusions. If the report concludes that the industry's imports pose a national security risk, Trump could impose tariffs or other protectionist measures.

As regards activity, recent figures suggest that the weakness of the global economy at the beginning of 2019 may have bottomed out, although its effects can still be seen in some indicators, particularly in the manufacturing industry. Economic data in the US have been mixed in 1Q19. The end of the government's temporary shutdown and the improved financial market performance supported the rebound of several activity indexes. The euro area, meanwhile, is being affected by the global trade tensions, the Brexit, the situation in Turkey and the stagnating Italian economy. Similarly, the damaging effects of certain factors such as new emission standards in the auto industry and the Rhine's low water levels are proving to be more persistent than initially expected.

#### Economic situation in Spain

The economy has continued to perform well. In 1Q19, activity grew similarly to the previous quarter. Bank of Spain estimates that in 1Q19 GDP has increased by 0.6% quarter-on-quarter (4Q18: 0.6%). In the negative side, it highlighted the slower reduction of unemployment rates in the first two months of the year and the weakness of the manufacturing industry, which has been in line with the euro area. Overall in 2018, GDP increased by 2.6% (2017: 3.0%).

The unemployment rate declined by one tenth in 4Q18 to 14.5% of the active population, the lowest it has been since 2008.

In relation to the foreign sector, in 2018 the current account balance recorded a surplus (0.8% of GDP) for the sixth consecutive year, although this was considerably lower than in 2017 (1.9% of GDP).

Lastly, the rejection of the 2019 State budget resulted in snap elections being called, scheduled for April 28th.

#### Economic situation in the UK

Activity has continue to grow at moderate rates. Three-month GDP to February grew by 0.3% quarter-on-quarter, mainly driven by the services sector. In terms of the labour market, the unemployment rate fell to 3.9%, the lowest it has been since 1975, while wage growth was the fastest it has been since the end of 2008. A number of firms reported that they were being forced to raise salaries due to difficulties in filling vacancies. Leading activity indicators point towards lower activity levels and a slowdown in job creation.

As regards inflation, this has remained close to the BoE target. Housing prices have continued to increase at moderate rates, affected by uncertainty regarding Brexit but supported by the reduced unemployment rate and low interest rates.

#### Economic situation in Latin America

In Mexico, recent activity data have been poor. In particular, quarter-on-quarter GDP growth in 4Q18 stood at 0.2% (Q3: 0.6%). This slowdown was particularly influenced by a significant contraction in investment and a slight decline in private consumption. This led to an annual growth rate of the Mexican economy for 2018 of circa 2%, the lowest it has been since 2013. In terms of domestic policy, although the government presented a State budget for 2019 which are in line with the tax consolidation, there is still some uncertainty regarding the management of its economic policy and, in particular, regarding the future of Mexico's energy sector. The government has therefore taken steps to stop the 2013 energy reform, cancelling the oil and electricity auctions scheduled by the former administration. Given this context, Standard & Poor's downgraded its outlook from stable to negative for both the country's sovereign debt (BBB+) and the corporate debt of Pemex (BBB+).

In Brazil, although the government announced proposals for an ambitious pension reform (a crucial aspect for the country's fiscal sustainability), markets have reacted negatively to recent political events, which have highlighted the complexity involved in governing the country. Furthermore, the latest activity data continue to show a sluggish economic recovery. GDP growth in 4Q18 was slower than expected, recording the same growth rate as in 2017 (1.1% year-on-year).

Meanwhile, in Colombia, independent tax authorities have eased fiscal targets in light of the increased expenses associated with the influx of migrants from Venezuela. This has given the government a bit of breathing space, after it failed to approve a sufficiently restrictive tax reform.

#### Fixed-income markets

The Fed and the ECB have shown a clearly accommodating attitude throughout the quarter. In particular, there is a growing consensus in the Fed in favour of not raising rates at all this year. It has also indicated that it will be "patient" and it has set the end of its

balance sheet reduction for September. The ECB indicated that it would not increase rates until at least the end of the year (before: summer 2019). It also announced a new round of long-term funding operations from September. The central bank showed less optimism regarding activity in the euro area, skewing the risks associated with such activity towards the downside. The BoE insisted it will wait for clarity regarding the outcome of Brexit before making any changes to its monetary policy. Assuming an orderly Brexit, the central bank indicated that it would gradually tighten its monetary policy. In the event of a no-deal Brexit the BoE reiterated that its response in terms of monetary policy would not be automatic.

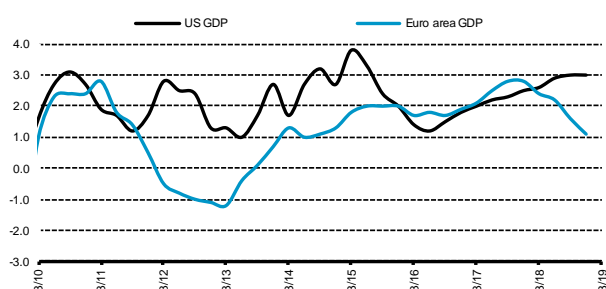
Yields on German and US government bonds declined in the quarter. In the case of German bonds, yields descended into negative territory for the first time since 2016. This decline in yields was influenced by the accommodating tone of central banks, concerns regarding global economic growth and the situation in Turkey. The quarter also saw high demand for public debt issues in the

European periphery. In this context, the Greek treasury issued 10-year bonds for the first time since 2010.

### Equity markets

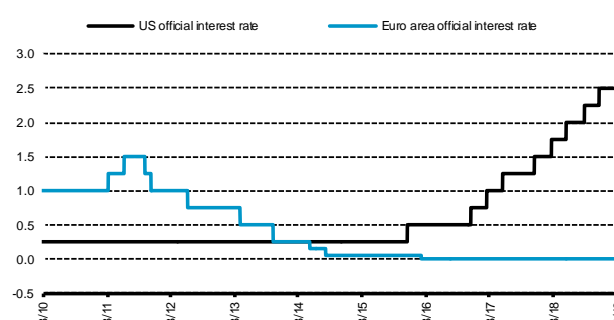
Equity indexes have generally performed well throughout the quarter, supported by the accommodating tone of central banks. The Italian MIB index was in the lead in terms of earnings, which increased by +16.2% in euro terms, despite the confirmation of the technical recession of the economy in 4Q18. Other European indexes also performed well, particularly the CAC, which was up +13.1% in euro terms, and the EURO STOXX 50, which soared with an +11.7% growth in euro terms. Meanwhile, the US S&P 500 increased by +15.4% in euro terms. The Japanese Nikkei index recorded the smallest growth in the quarter, with a revaluation of 7.7%.

### GDP – USA vs. Euro area (year-on-year change, %)



Source: Bloomberg

### Official interest rate – USA vs. Euro area (%)



### Exchange rates: Parity vs. euro

Fx	31.03.18	30.06.18	30.09.18	31.12.18	31.03.19
USD	1.2321	1.1658	1.1576	1.1450	1.1235
GBP	0.8749	0.8861	0.8873	0.8945	0.8583
MXN	22.5249	22.8817	21.7800	22.4921	21.6910

Source: Bank of Spain

## Income statement

### Highlights:

The Group's net profit amounted to 258.3 million euros (251.0 million euros excluding TSB) at the end of the first quarter of 2019.

The Group's core banking revenue (net interest income + net fees and commissions) continued to grow, increasing by 1.4% year-on-year (2.4% excluding TSB).

The efficiency ratio improved considerably, reaching 52.1% at the end of the first quarter of 2019.

Group ROE stood at 7.2%, increasing slightly compared to the first quarter of the previous year.

The application of IFRS16 was noteworthy, with an impact on net interest income, general expenses and amortisation, even though it is neutral at global terms.

### Profit and loss account

(€ million)	Excl. TSB			Total group			
	1Q18	1Q19	Change (%) YoY	1Q18	<sup>(1)</sup> 1Q19	Change (%) YoY	Change (%) at constant FX
<b>Net interest income</b>	<b>658.4</b>	<b>656.2</b>	<b>-0.3</b>	<b>911.5</b>	<b>900.7</b>	<b>-1.2</b>	<b>-1.7</b>
Net fees and commissions	291.3	316.2	8.6	314.4	342.7	9.0	8.8
<b>Core revenues</b>	<b>949.7</b>	<b>972.5</b>	<b>2.4</b>	<b>1,226.0</b>	<b>1,243.4</b>	<b>1.4</b>	<b>1.0</b>
Results from financial transactions and foreign exchange	218.8	51.3	-76.5	226.0	67.5	-70.1	-70.2
Income from equity method and dividends	12.8	12.3	-3.6	12.9	12.3	-4.3	-4.3
Other operating income/expense	-7.0	-11.2	61.4	-9.7	1.1	--	--
<b>Gross operating income</b>	<b>1,174.3</b>	<b>1,024.9</b>	<b>-12.7</b>	<b>1,455.1</b>	<b>1,324.3</b>	<b>-9.0</b>	<b>-9.3</b>
Operating expenses	-455.9	-433.8	-4.8	-752.9	-664.3	-11.8	-12.3
Personnel expenses	-293.5	-292.2	-0.4	-389.5	-390.9	0.4	0.0
Other general expenses	-162.4	-141.6	-12.8	-363.4	-273.4	-24.8	-25.3
<i>Promemoria:</i>							
<i>Recurrent expenses</i>	-452.6	-430.4	-4.9	-675.9	-635.9	-5.9	-6.4
<i>Non-recurrent expenses</i>	-3.3	-3.4	5.5	-77.0	-28.4	-63.1	-63.5
Amortisation & depreciation	-69.4	-79.7	14.8	-87.1	-112.6	29.3	28.9
<b>Pre-provisions income</b>	<b>649.0</b>	<b>511.4</b>	<b>-21.2</b>	<b>615.1</b>	<b>547.3</b>	<b>-11.0</b>	<b>-11.1</b>
Provisions for NPLs	-173.4	-139.5	-19.6	-196.6	-157.1	-20.1	-20.3
Provisions for other financial assets	-1.9	-1.5	-19.2	-1.9	-5.2	173.1	173.1
Other impairments	-46.2	-27.7	-40.0	-46.2	-27.7	-40.0	-40.0
Gains on sale of assets and other results	-1.1	0.8	--	-0.6	0.8	--	--
<b>Profit before tax</b>	<b>426.5</b>	<b>343.5</b>	<b>-19.5</b>	<b>369.7</b>	<b>358.1</b>	<b>-3.1</b>	<b>-3.1</b>
Income tax	-121.9	-91.5	-25.0	-108.9	-98.7	-9.4	-9.3
Minority interest	1.5	1.0	-31.2	1.5	1.0	-31.2	-31.2
<b>Attributable net profit</b>	<b>303.1</b>	<b>251.0</b>	<b>-17.2</b>	<b>259.3</b>	<b>258.3</b>	<b>-0.4</b>	<b>-0.4</b>
<i>Pro memoria:</i>							
Average total assets (€ million)	168,982	174,442		216,880	221,189		
Earnings per share (€)	<sup>(2)</sup> 0.05	0.04		0.04	0.04		

(1) The EURGBP exchange rate used for the income statement is 0.8770.

(2) Net profit adjusted by the Additional Tier 1 coupons, after tax, recorded under equity. Aggregate at the end of each quarter, not annualised.



## Quarterly profit and loss account

(€ million)	Excl. TSB						Total group						
	1Q18	2Q18	3Q18	4Q18	1Q19	Change (%) 4Q18	1Q18	2Q18	3Q18	4Q18	(1) 1Q19	Change (%) 4Q18	Change (%) at constant FX
<b>Net interest income</b>	<b>658.4</b>	<b>665.1</b>	<b>672.3</b>	<b>679.6</b>	<b>656.2</b>	<b>-3.4</b>	<b>911.5</b>	<b>898.6</b>	<b>932.6</b>	<b>932.4</b>	<b>900.7</b>	<b>-3.4</b>	<b>-3.8</b>
Net fees and commissions	291.3	310.3	316.9	332.5	316.2	-4.9	314.4	322.3	341.4	357.2	342.7	-4.1	-4.2
<b>Core revenues</b>	<b>949.7</b>	<b>975.4</b>	<b>988.3</b>	<b>1,012.1</b>	<b>972.5</b>	<b>-3.9</b>	<b>1,226.0</b>	<b>1,220.9</b>	<b>1,274.0</b>	<b>1,289.6</b>	<b>1,243.4</b>	<b>-3.6</b>	<b>-3.9</b>
Results from financial transactions and foreign exchange	28.8	12	-7.8	-4.5	51.3	--	226.0	19.9	-13.0	-7.4	67.5	--	--
Income from equity method and dividends	12.8	23.9	16.1	12.7	12.3	-3.3	12.9	23.8	16.2	12.8	12.3	-4.1	-4.1
Other operating income/expense	-7.0	-48.3	-16.7	-169.1	-112	-92.9	-9.7	-88.7	-24.0	-168.0	1.1	--	--
<b>Gross operating income</b>	<b>1,174.3</b>	<b>952.3</b>	<b>979.9</b>	<b>861.2</b>	<b>1,024.9</b>	<b>19.0</b>	<b>1,455.1</b>	<b>1,175.9</b>	<b>1,252.2</b>	<b>1,127.1</b>	<b>1,324.3</b>	<b>17.5</b>	<b>17.0</b>
Operating expenses	-455.9	-457.7	-458.5	-488.9	-433.8	-11.3	-752.9	-726.3	-719.5	-721.7	-664.3	-7.9	-8.4
Personnel expenses	-293.5	-294.5	-298.1	-322.3	-292.2	-9.3	-389.5	-409.1	-403.6	-388.4	-390.9	0.7	0.3
Other general expenses	-162.4	-163.2	-160.4	-166.5	-141.6	-15.0	-363.4	-317.2	-315.9	-333.3	-273.4	-18.0	-18.6
<i>Pro memoria:</i>													
Recurrent expenses	-452.6	-453.4	-454.3	-460.3	-430.4	-6.5	-675.9	-660.1	-649.9	-688.5	-635.9	-7.6	-8.1
Non-recurrent expenses	-3.3	-4.3	-4.2	-28.5	-3.4	-87.9	-77.0	-66.2	-69.6	-33.2	-28.4	-14.4	-14.2
Amortisation & depreciation	-69.4	-67.7	-68.0	-59.5	-79.7	34.0	-87.1	-89.5	-91.4	-85.1	-112.6	32.3	31.7
<b>Pre-provisions income</b>	<b>649.0</b>	<b>426.9</b>	<b>453.5</b>	<b>312.9</b>	<b>511.4</b>	<b>63.5</b>	<b>615.1</b>	<b>360.1</b>	<b>441.4</b>	<b>320.3</b>	<b>547.3</b>	<b>70.9</b>	<b>70.6</b>
Provisions for NPLs	-173.4	-199.0	-185.8	-109.5	-139.5	27.3	-196.6	-223.2	-202.9	-127.8	-167.1	22.9	21.8
Provisions for other financial assets	-19	2.7	-0.7	-18.2	-15	-91.5	-19	-89.3	-7.0	-68.0	-5.2	-92.3	-92.3
Other impairments	-46.2	-249.0	-64.3	-44.1	-27.7	-37.1	-46.2	-249.0	-64.3	-44.1	-27.7	-37.1	-37.1
Gains on sale of assets and other results	-1.1	4.3	-0.9	-1.1	0.8	--	-0.6	4.6	-0.7	-0.8	0.8	--	--
<b>Profit before tax</b>	<b>426.5</b>	<b>-14.1</b>	<b>201.7</b>	<b>140.0</b>	<b>343.5</b>	<b>145.3</b>	<b>369.7</b>	<b>-196.8</b>	<b>166.4</b>	<b>79.6</b>	<b>358.1</b>	<b>349.7</b>	<b>354.1</b>
Income tax	-121.9	31.1	-49.8	-38.3	-91.5	138.9	-108.9	60.4	-37.2	2.1	-98.7	--	--
Minority interest	15	2.3	2.0	14	10	-27.2	15	2.3	2.0	14	10	-27.2	-27.2
<b>Attributable net profit</b>	<b>303.1</b>	<b>14.6</b>	<b>150.0</b>	<b>100.3</b>	<b>251.0</b>	<b>150.1</b>	<b>259.3</b>	<b>-138.7</b>	<b>127.2</b>	<b>80.3</b>	<b>258.3</b>	<b>221.7</b>	<b>222.3</b>
<i>Pro memoria:</i>													
Average total assets (€million)	168,982	169,785	170,632	172,568	174,442		216,880	217,039	216,813	217,934	221,189		
Earnings per share (€)	(2)	0.05	0.05	0.07	0.09	0.04	0.04	0.01	0.03	0.05	0.04		

(1) The EURGBP exchange rate used for the income statement of the quarter is 0.8770.

(2) Net profit adjusted by the Additional Tier 1 coupons, after tax, recorded under equity. Aggregate at the end of each quarter, not annualised.

### Net interest income:

Net interest income amounted to 900.7 million euros at the end of the first quarter of 2019, representing a year-on-year decline of -1.2%. Quarter-on-quarter, net interest income fell by -3.4% at Group level.

Excluding TSB, net interest income amounted to 656.2 million euros at the end of the first quarter of 2019, representing a slight decrease of -0.3% compared to the previous year, due to the impact of IFRS16. In the quarter, net interest income declined by -3.4% due to seasonality, the impact of IFRS16, higher cost of wholesale funding (Tier 2 issuance) and lower fixed income portfolio contribution.

TSB's net interest income amounted to 244.5 million euros, declining by -3.4% year-on-year and -3.3% quarter-on-quarter due to increased competition in the UK and lower volumes in 2018.

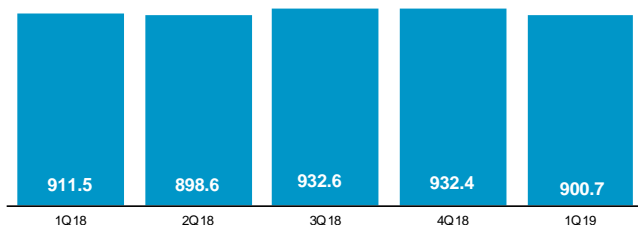
### Customer spread and net interest margin:

The customer spread stood at 2.70% (2.73% in the previous quarter) and the net interest margin as a percentage of average total assets stood at 1.65% (1.70% in the previous quarter), impacted by lower yields in UK, higher cost of wholesale funding (Tier 2 issuance), increased in forex deposits and higher liquidity in the quarter.

Excluding TSB, the customer spread at the end of the quarter stood at 2.67% (2.68% in the previous quarter). The net interest margin as a percentage of average total assets stood at 1.53% (1.56% in the previous quarter).

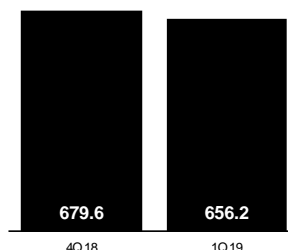
## Evolution of net interest income

Total group (€ millions)



Change YoY:	<b>-1.2%</b>	Constant FX	<b>-1.7%</b>
Change QoQ:	<b>-3.4%</b>		<b>-3.8%</b>

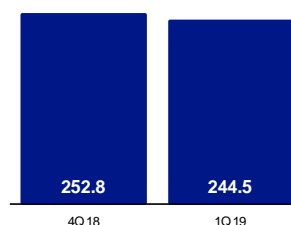
Sabadell ex - TSB (€ millions)



Change YoY:  
**-0.3%**

Change QoQ:  
**-3.4%**

TSB (€ millions)



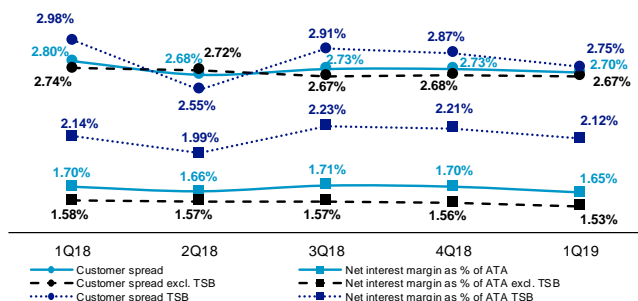
Change YoY:  
**-3.4%**

Constant FX  
**-4.6%**

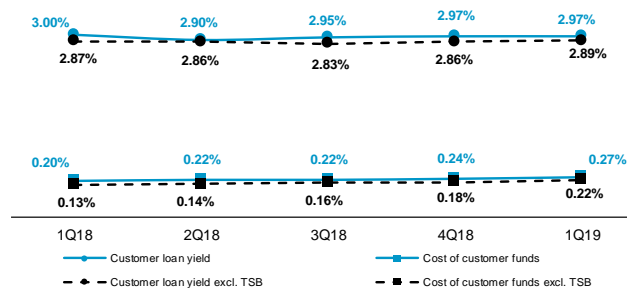
Change QoQ:  
**-3.3%**

Constant FX  
**-4.5%**

## Net interest margin (%)



## Customer spread (%)



## Gains and charges in the quarter

### Total Group

2019 (€ million)	1st Quarter (1)			2nd Quarter			3rd Quarter			4th Quarter		
	Avg.balance	Rate %	Results	Avg.balance	Rate %	Results	Avg.balance	Rate %	Results	Avg.balance	Rate %	Results
Cash and cash equivalent (2)	31,207	0.19	45									
Loans to customers (net)	138,026	2.97	1,011									
Fixed-income securities	25,213	1.34	83									
Equity securities	869	--	--									
Tang. & intang. assets	5,331	--	--									
Other assets	20,543	1.67	85									
<b>Total assets</b>	<b>221,189</b>	<b>2.19</b>	<b>1,194</b>									
Financial institutions (3)	32,238	-0.15	-12									
Customer deposits (4)	144,271	-0.27	-97									
Capital markets	24,639	-1.39	-85									
Other liabilities	7,698	-5.23	-99									
Shareholders' equity	12,343	--	--									
<b>Total funds</b>	<b>221,189</b>	<b>-0.54</b>	<b>-293</b>									
<b>Net interest income</b>			<b>901</b>									
<b>Customer spread</b>		<b>2.70</b>										
<b>Net interest margin as % of ATA</b>		<b>1.65</b>										

2018 (€ million)	1st Quarter			2nd Quarter			3rd Quarter			4th Quarter		
	Avg.balance	Rate %	Results	Avg.balance	Rate %	Results	Avg.balance	Rate %	Results	Avg.balance	Rate %	Results
Cash and cash equivalent (2)	29,544	0.01	1	28,180	0.01	1	27,865	0.15	11	28,762	0.16	11
Loans to customers (net)	133,924	3.00	992	135,992	2.90	983	137,034	2.95	1,019	136,621	2.97	1,022
Fixed-income securities	25,407	1.41	89	26,158	1.42	93	25,886	1.28	84	26,340	1.32	88
Equity securities	989	--	--	1,021	--	--	836	--	--	891	--	--
Tang. & intang. assets	3,874	--	--	4,061	--	--	4,179	--	--	4,220	--	--
Other assets	23,142	0.77	44	21,625	1.11	60	21,013	1.52	81	21,099	1.70	90
<b>Total assets</b>	<b>216,880</b>	<b>2.10</b>	<b>1,125</b>	<b>217,039</b>	<b>2.10</b>	<b>1,136</b>	<b>216,813</b>	<b>2.19</b>	<b>1,194</b>	<b>217,934</b>	<b>2.21</b>	<b>1,212</b>
Financial institutions (3)	31,881	-0.11	-9	32,137	-0.09	-7	31,924	-0.10	-8	32,190	-0.14	-12
Customer deposits (4)	138,805	-0.20	-69	140,271	-0.22	-76	142,224	-0.22	-78	142,883	-0.24	-87
Capital markets	25,588	-1.34	-84	25,005	-1.29	-81	23,715	-1.31	-78	24,174	-1.31	-80
Other liabilities	7,848	-2.64	-51	7,327	-4.04	-74	6,799	-5.69	-98	6,581	-6.10	-101
Shareholders' equity	12,757	--	--	12,299	--	--	12,151	--	--	12,106	--	--
<b>Total funds</b>	<b>216,880</b>	<b>-0.40</b>	<b>-213</b>	<b>217,039</b>	<b>-0.44</b>	<b>-238</b>	<b>216,813</b>	<b>-0.48</b>	<b>-262</b>	<b>217,934</b>	<b>-0.51</b>	<b>-279</b>
<b>Net interest income</b>			<b>912</b>			<b>899</b>			<b>933</b>			<b>932</b>
<b>Customer spread</b>		<b>2.80</b>			<b>2.68</b>			<b>2.73</b>			<b>2.73</b>	
<b>Net interest margin as % of ATA</b>		<b>1.70</b>			<b>1.66</b>			<b>1.71</b>			<b>1.70</b>	

- (1) The EURGBP exchange rate used for the income statement for the quarter is 0.8770 while that used for the balance sheet is 0.8583.
- (2) Includes cash, central banks, credit institutions and reverse repos.
- (3) Financial income or expenses arising from the application of negative interest rates are recorded in line with the nature of the associated asset or liability. The credit institutions heading under liabilities includes financial income arising from the application of negative interest rates to deposits of credit institutions on the liabilities side, mainly those relating to TLTRO II.
- (4) Includes repos.

## Sabadell excluding TSB

2019 (€ million)	1st Quarter			2nd Quarter			3rd Quarter			4th Quarter		
	Avg.balance	Rate %	Results	Avg.balance	Rate %	Results	Avg.balance	Rate %	Results	Avg.balance	Rate %	Results
Cash and cash equivalents (1)	23,099	0.02	1									
Loans to customers (net)	103,260	2.89	737									
Fixed-income securities	22,695	1.38	77									
Equity securities	869	--	--									
Tang. & intang. assets	4,762	--	--									
Other assets	19,758	1.60	78									
<b>Total assets</b>	<b>174,442</b>	<b>2.08</b>	<b>893</b>									
Financial institutions (2)	24,862	0.02	2									
Customer deposits (3)	110,544	-0.22	-60									
Capital markets	22,523	-1.37	-76									
Other liabilities and shareholders' equity	16,514	-2.52	-103									
<b>Total funds</b>	<b>174,442</b>	<b>-0.55</b>	<b>-237</b>									
<b>Net interest income</b>			<b>656</b>									
<b>Customer spread</b>		<b>2.67</b>										
<b>Net interest margin as % of ATA</b>		<b>1.53</b>										

2018 (€ million)	1st Quarter			2nd Quarter			3rd Quarter			4th Quarter		
	Avg.balance	Rate %	Results	Avg.balance	Rate %	Results	Avg.balance	Rate %	Results	Avg.balance	Rate %	Results
Cash and cash equivalents (1)	21,013	-0.18	-10	20,625	-0.17	-9	19,845	-0.03	-2	21,266	-0.04	-2
Loans to customers (net)	98,849	2.87	700	100,741	2.86	718	102,538	2.83	731	102,648	2.86	740
Fixed-income securities	22,961	1.48	84	23,314	1.49	86	23,539	1.33	79	23,616	1.36	81
Equity securities	961	--	--	1,006	--	--	825	--	--	889	--	--
Tang. & intang. assets	3,668	--	--	3,707	--	--	3,763	--	--	3,815	--	--
Other assets	21,530	0.89	47	20,391	1.14	58	20,123	1.42	72	20,333	1.62	83
<b>Total activos</b>	<b>168,982</b>	<b>1.97</b>	<b>821</b>	<b>169,785</b>	<b>2.02</b>	<b>854</b>	<b>170,632</b>	<b>2.05</b>	<b>881</b>	<b>172,568</b>	<b>2.07</b>	<b>902</b>
Financial institutions (2)	25,064	0.01	1	24,763	0.02	1	24,645	0.07	4	24,906	0.03	2
Customer deposits (3)	103,372	-0.13	-34	105,696	-0.14	-36	108,568	-0.16	-43	109,843	-0.18	-51
Capital markets	23,735	-1.35	-79	23,155	-1.32	-76	21,940	-1.33	-74	22,460	-1.28	-72
Other liabilities and shareholders' equity	16,810	-1.23	-51	16,172	-1.93	-78	16,479	-2.45	-95	16,359	-2.61	-101
<b>Total funds</b>	<b>168,982</b>	<b>-0.39</b>	<b>-163</b>	<b>169,785</b>	<b>-0.45</b>	<b>-189</b>	<b>170,632</b>	<b>-0.48</b>	<b>-208</b>	<b>172,568</b>	<b>-0.51</b>	<b>-222</b>
<b>Net interest income</b>			<b>658</b>			<b>665</b>			<b>672</b>			<b>680</b>
<b>Customer spread</b>		<b>2.74</b>			<b>2.72</b>			<b>2.67</b>			<b>2.68</b>	
<b>Net interest margin as % of ATA</b>		<b>1.58</b>			<b>1.57</b>			<b>1.57</b>			<b>1.56</b>	

(1) Includes cash, central banks, credit institutions and reverse repos.

(2) Financial income or expenses arising from the application of negative interest rates are recorded in line with the nature of the associated asset or liability. The credit institutions heading under liabilities includes financial income arising from the application of negative interest rates to deposits of credit institutions on the liabilities side, mainly those relating to TLTRO II.

(3) Includes repos.

### Income from equity method and dividends:

This item amounted to 12.3 million euros at the end of the first quarter of 2019, compared with 12.9 million euros at the end of the first quarter of the previous year. The income mainly includes income from the insurance and pension fund business.

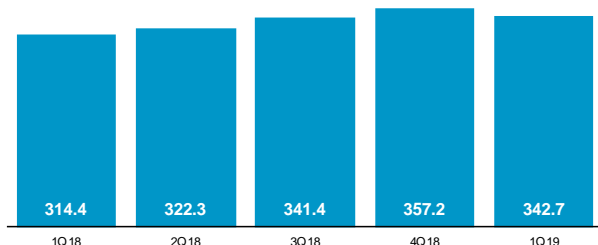
### Net fees and commissions:

Net fees and commissions continued to perform well, with a year-on-year increase of 9.0% (8.6% excluding TSB), mainly supported by the improvement in service fees.

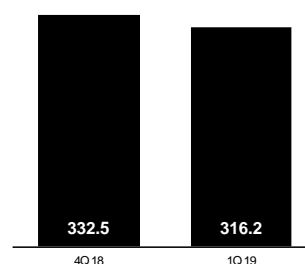
Quarter-on-quarter, net fees and commissions declined by -4.1% (-4.9% excluding TSB), due to seasonality in the first quarter of the year.

## Evolution of net fees and commissions

Total group (€ millions)



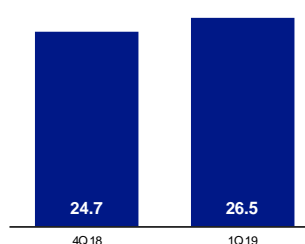
Sabadell ex - TSB (€ millions)



Change YoY:  
**+8.6%**

Change QoQ:  
**-4.9%**

TSB (€ millions)



Change YoY:  
**+14.6%**  
**+13.2%** Constant FX

Change QoQ:  
**+7.0%**  
**+5.7%** Constant FX

	Total group	Constant FX
Change YoY:	<b>+9.0%</b>	<b>+8.8%</b>
Change QoQ:	<b>-4.1%</b>	<b>-4.2%</b>

## Net fees and commissions

(€ million)	Excl. TSB			Total group			Excl. TSB			Total group		
	4 Q 18	1Q19	Change (%) 4 Q 18	4 Q 18	1Q19	Change (%) 4 Q 18	1Q18	1Q19	Change (%) YoY	1Q18	1Q19	Change (%) YoY
Lending fees	35.3	34.6	-1.9	35.3	34.6	-1.9	32.9	34.6	5.0	38.1	34.6	-9.2
Guarantees commissions	28.4	27.2	-4.3	28.4	27.2	-4.3	23.9	27.2	13.6	23.9	27.2	13.6
<b>Risk transaction fees</b>	<b>63.7</b>	<b>61.8</b>	<b>-3.0</b>	<b>63.7</b>	<b>61.8</b>	<b>-3.0</b>	<b>56.9</b>	<b>61.8</b>	<b>8.6</b>	<b>62.0</b>	<b>61.8</b>	<b>-0.4</b>
Cards	52.8	48.3	-8.6	61.0	57.8	-5.2	41.5	48.3	16.3	48.2	57.8	19.9
Payment orders	15.0	14.3	-4.4	15.7	15.0	-4.4	12.8	14.3	11.8	16.1	15.0	-6.5
Securities	13.5	15.1	12.0	13.5	15.1	12.0	14.9	15.1	1.5	14.9	15.1	1.5
Custodian mutual and pension funds	3.2	3.0	-5.9	3.2	3.0	-5.9	3.4	3.0	-11.6	3.4	3.0	-11.6
Sight accounts	38.1	34.7	-8.9	57.6	47.8	-17.0	34.2	34.7	1.6	52.1	47.8	-8.3
Foreign currency and notes exchange	26.9	26.5	-1.2	29.0	29.1	0.1	19.0	26.5	39.5	19.0	29.1	52.9
Other transactions	30.3	24.8	-18.2	20.7	22.2	6.9	19.6	24.8	26.6	6.3	22.2	253.9
<b>Commissions for services</b>	<b>179.8</b>	<b>166.8</b>	<b>-7.2</b>	<b>200.8</b>	<b>190.1</b>	<b>-5.4</b>	<b>145.4</b>	<b>166.8</b>	<b>14.7</b>	<b>160.1</b>	<b>190.1</b>	<b>18.8</b>
Mutual funds	38.4	36.5	-5.0	38.4	36.5	-5.0	38.6	36.5	-5.6	38.6	36.5	-5.6
Pension funds and insurance brokerage	43.7	44.6	2.1	47.4	47.8	0.8	42.3	44.6	5.5	45.6	47.8	4.8
Wealth management	6.9	6.6	-4.3	6.9	6.6	-4.3	8.1	6.6	-19.2	8.1	6.6	-19.2
<b>Asset Under Management commissions</b>	<b>89.0</b>	<b>87.7</b>	<b>-1.5</b>	<b>92.7</b>	<b>90.8</b>	<b>-2.0</b>	<b>89.0</b>	<b>87.7</b>	<b>-1.5</b>	<b>92.3</b>	<b>90.8</b>	<b>-1.6</b>
<b>Total</b>	<b>332.5</b>	<b>316.2</b>	<b>-4.9</b>	<b>357.2</b>	<b>342.7</b>	<b>-4.1</b>	<b>291.3</b>	<b>316.2</b>	<b>8.6</b>	<b>314.4</b>	<b>342.7</b>	<b>9.0</b>

(1) The EURGBP exchange rate used for the income statement is 0.8770.

### Net trading income and exchange differences:

At the end of the first quarter of 2019, this item amounted to 67.5 million euros (51.3 million euros excluding TSB), compared to 226.0 million euros (218.8 million euros excluding TSB) at the end of the first quarter of the previous year, mainly due to lower sales from the fixed-income portfolio.

### Other operating income and expenses:

This item amounted to 1.1 million euros at the end of the first quarter of 2019 (-11.2 million euros excluding TSB) compared with -9.7 million euros at the end of the first quarter of 2018 (-7.0 million euros excluding TSB), mainly due to the impact of renegotiating the services contract with VISA Inc. in TSB.

In the previous quarter, the payment to the Deposit Guarantee Fund by amount of -106.3 million euros and the payment of the Tax on Deposits in Credit Institutions stand out by -30.7 million euros.

### Total costs:

Total costs amounted to -777.0 million euros at the end of the first quarter of 2019 (-513.5 million euros excluding TSB), compared to -840.0 million euros in the first quarter of the previous year (-525.3 million euros excluding TSB).

Recurrent costs and amortisations amounted to -748.6 million euros (-510.0 million euros excluding TSB), representing a -1.9% decrease year-on-year (-2.3% excluding TSB). Non-recurrent costs experienced a significant decline, as the first quarter of the previous year included the impact of TSB's migration.

In the quarter, recurrent expenses and amortisations declined by -3.2% (-1.9% excluding TSB), mainly due to lower costs at TSB.

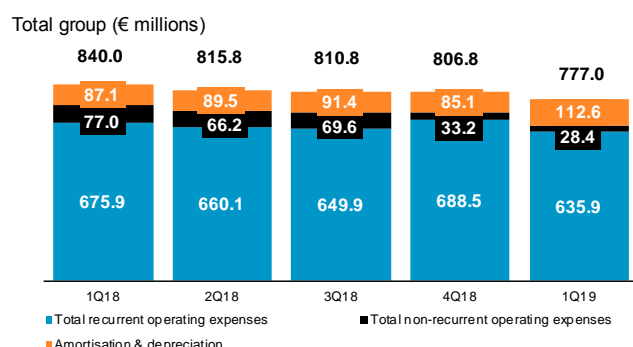
It should be taken into account the application of IFRS16, with an impact of 30.6 million euros (22.0 million euros excluding TSB) in general expenses and -26.3 million euros (-17.7 million euros excluding TSB) in amortisation.

### Total costs

(€million)	Excl. TSB			Total group			Excl. TSB			Total group		
	4 Q18	1Q19	Change (%) 4 Q18	4 Q18	1Q19	Change (%) 4 Q18	1Q18	1Q19	Change (%) YoY	1Q18	1Q19	Change (%) YoY
Recurrent	-293.8	-288.8	-1.7	-400.3	-385.6	-3.7	-290.2	-288.8	-0.5	-383.6	-385.6	0.5
Non-recurrent	-28.5	-3.4	-87.9	11.9	-5.4	--	-3.3	-3.4	5.5	-5.9	-5.4	-9.3
<b>Personnel expenses</b>	<b>-322.3</b>	<b>-292.2</b>	<b>-9.3</b>	<b>-388.4</b>	<b>-390.9</b>	<b>0.7</b>	<b>-293.5</b>	<b>-292.2</b>	<b>-0.4</b>	<b>-389.5</b>	<b>-390.9</b>	<b>0.4</b>
IT and communications	-37.9	-41.9	10.6	-80.0	-93.1	16.4	-41.5	-41.9	1.1	-111.7	-93.1	-16.6
Advertising	-14.7	-11.7	-20.6	-33.5	-22.9	-31.7	-11.3	-11.7	3.2	-27.5	-22.9	-16.7
Premises and office supplies	-32.4	-12.8	-60.5	-52.1	-24.6	-52.9	-34.7	-12.8	-63.1	-54.0	-24.6	-54.5
Taxes other than income tax	-32.4	-29.2	-10.1	-32.4	-29.2	-10.1	-26.2	-29.2	11.3	-26.3	-29.2	11.1
Others	-49.1	-46.0	-6.2	-90.1	-80.6	-10.6	-48.7	-46.0	-5.5	-72.9	-80.6	10.5
<b>Total recurrent</b>	<b>-166.5</b>	<b>-141.6</b>	<b>-15.0</b>	<b>-288.2</b>	<b>-250.3</b>	<b>-13.1</b>	<b>-162.4</b>	<b>-141.6</b>	<b>-12.8</b>	<b>-292.3</b>	<b>-250.3</b>	<b>-14.4</b>
Non-recurrent	0.0	0.0	--	-45.1	-23.1	-48.8	0.0	0.0	--	-71.1	-23.1	-67.6
<b>Other general expenses</b>	<b>-166.5</b>	<b>-141.6</b>	<b>-15.0</b>	<b>-333.3</b>	<b>-273.4</b>	<b>-18.0</b>	<b>-162.4</b>	<b>-141.6</b>	<b>-12.8</b>	<b>-363.4</b>	<b>-273.4</b>	<b>-24.8</b>
<b>Amortisation &amp; depreciation</b>	<b>-59.5</b>	<b>-79.7</b>	<b>34.0</b>	<b>-85.1</b>	<b>-112.6</b>	<b>32.3</b>	<b>-69.4</b>	<b>-79.7</b>	<b>14.8</b>	<b>-87.1</b>	<b>-112.6</b>	<b>29.3</b>
<b>Total</b>	<b>-548.3</b>	<b>-513.5</b>	<b>-6.4</b>	<b>-806.8</b>	<b>-777.0</b>	<b>-3.7</b>	<b>-525.3</b>	<b>-513.5</b>	<b>-2.2</b>	<b>-840.0</b>	<b>-777.0</b>	<b>-7.5</b>

(1) The EURGBP exchange rate used for the income statement is 0.8770.

## Evolution of total costs



	Total group <sup>(1)</sup>	Constant FX <sup>(1)</sup>
Change YoY:	<b>-1.9%</b>	<b>-2.4%</b>
Change QoQ:	<b>-3.2%</b>	<b>-3.8%</b>

(1) Change over total recurrent costs and amortisation.

### Pre-provisions income:

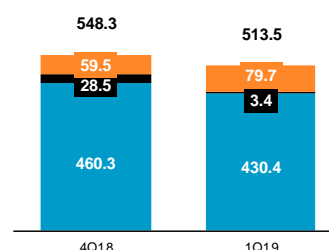
At the end of the first quarter of 2019, pre-provisions income amounted to 547.3 million euros (511.4 million euros excluding TSB), representing a year-on-year decline of -11.0% (-21.2% excluding TSB), mainly due to the extraordinary trading results of the previous year.

### Provisions for NPLs and other impairments:

This item amounted to -190.1 million euros at the end of the first quarter of 2019 (-168.7 million euros excluding TSB), compared with -244.8 million euros (-221.5 million euros excluding TSB) at the end of the first quarter of the preceding year.

These figures represented an improved cost of risk, which stood at 51 bps at the end of the first quarter of 2019.

Sabadell ex - TSB (€ millions)

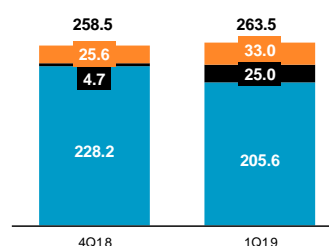


### Recurrent expenses and amortisation

Change YoY:  
**-2.3%**

Change QoQ:  
**-1.9%**

TSB (€ millions)



### Recurrent expenses and amortisation

Change YoY:  
**-1.0%**  
**-2.3%** Constant FX

Change QoQ:  
**-6.0%**  
**-7.1%** Constant FX

### Net profit:

The Group's net profit amounted to 258.3 million euros at the end of the first quarter of 2019, remaining at similar levels to the first quarter of the previous year, despite the latter including the impact of extraordinary trading results. The positive performance of core banking revenue was noteworthy, as well as the reduction of costs and provisions, which have resulted in improved efficiency and cost of risk.

Excluding TSB, net profit attributable to the Group amounted to 251.0 million euros at the end of the first quarter of 2019.

## Balance sheet

### Highlights:

Positive trend of performing loans, which increased by 2.1% year-on-year (3.4% excluding TSB). Quarter-on-quarter, lending was impacted by the payment of 993 million euros derived from APS, and showed a growth of 0.6% (-0.6% excluding TSB).

Excluding the impact of the APS NPL run-off, performing loans increased by 3.4% year-on-year (5.3% excluding TSB) and by 1.3% quarter-on-quarter (0.4% excluding TSB), driven by Spain and Mexico. Considering a constant exchange rate, increase of 2.8% year-on-year and 0.2% quarter-on-quarter.

On-balance sheet customer funds increased by 5.0% year-on-year (7.8% excluding TSB) and 1.9% quarter-on-quarter (1.1% excluding TSB), reflecting the strength of the banking franchise.

### Balance sheet

(€million)	31.03.18	31.12.18	(2) 31.03.19	Change (%)	
				31.03.18	31.12.18
Cash, cash balances at central banks and other demand deposits	22,782	23,494	22,685	-0.4	-3.4
Financial assets held for trading and fair value with changes in PL	1,906	2,186	2,418	26.9	10.6
Financial assets in fair value OCI	15,867	13,247	8,748	-44.9	-34.0
Financial assets at amortised cost	158,833	164,416	171,652	8.1	4.4
Loans and advances to customers	140,691	142,987	144,158	2.5	0.8
Loans and advances of central banks and credit institutions	6,411	8,297	10,694	66.8	28.9
Debt securities	11,730	13,132	16,799	43.2	27.9
Investments in subsidiaries, joint ventures and associates	590	575	541	-8.4	-5.9
Tangible assets	3,770	2,498	3,565	-5.5	42.7
Intangible assets	2,271	2,461	2,475	9.0	0.6
Other assets	12,989	13,445	13,660	5.2	1.6
<b>Total assets</b>	<b>219,009</b>	<b>222,322</b>	<b>225,744</b>	<b>3.1</b>	<b>1.5</b>
Financial liabilities held for trading and fair value with changes in PL	1,490	1,738	2,001	34.3	15.1
Financial liabilities at amortised cost	201,820	206,077	208,953	3.5	1.4
Central banks	(1) 28,393	28,799	28,231	-0.6	-2.0
Credit institutions	(1) 11,865	12,000	13,868	16.9	15.6
Customer deposits	135,790	139,079	140,299	3.3	0.9
Debt securities issued	22,731	22,599	22,399	-1.5	-0.9
Other financial liabilities	3,039	3,601	4,156	36.8	15.4
Provisions	472	466	416	-11.8	-10.8
Other liabilities	2,358	1,924	1,896	-19.6	-1.4
<b>Subtotal liabilities</b>	<b>206,139</b>	<b>210,205</b>	<b>213,266</b>	<b>3.5</b>	<b>1.5</b>
Shareholders' equity	12,965	12,545	12,750	-1.7	1.6
Valuation adjustments	-155	-491	-339	19.3	-31.0
Minority interest	60	64	67	12.6	5.8
<b>Net equity</b>	<b>12,870</b>	<b>12,117</b>	<b>12,478</b>	<b>-3.0</b>	<b>3.0</b>
<b>Total liabilities and equity</b>	<b>219,009</b>	<b>222,322</b>	<b>225,744</b>	<b>3.1</b>	<b>1.5</b>
Financial guarantees granted	1,967	2,041	2,019	2.6	-1.1
Commitments for loans granted	21,284	22,646	23,632	11.0	4.4
Other commitments granted	7,166	8,233	8,268	15.4	0.4

(1) Deposits with central banks and credit institutions include the following amounts of repos: 6,891 million euros as at 31.03.18, 7,600 million euros as at 31.12.18 and 9,442 million euros as at 31.03.19.  
(2) The EURGBP exchange rate used for the balance sheet is 0.8583.

### Assets:

The Group's total assets amounted to 225,744 million euros, representing a year-on-year increase of 3.1% and 1.5% in the quarter.

Excluding TSB, amounted to 178,131 million euros, representing a 5.0% increase year-on-year and a 1.1% increase quarter-on-quarter.



### Loans and advances to customers:

Performing gross loans ended the first quarter of 2019 with a balance of 140,139 million euros (105,097 million euros excluding TSB), representing a year-on-year growth of 2.1% (3.4% excluding TSB) driven by Spain and Mexico. Quarter-on-quarter, lending was impacted by the payment of 993 million euros derived from APS, and showed a growth of 0.6% (-0.6% excluding TSB).

Excluding the APS NPL run-off impact, performing loans increased by 3.4% year-on-year (5.3% excluding TSB). In the quarter, it grew by 1.3% (0.4% excluding TSB).

In Spain, performing loans, excluding the APS, increased by 4.5% year-on-year and 0.2% quarter-on-quarter, with loans to SMEs as well as other lending to individuals being particularly noteworthy. Mexico continues to show a remarkable performance, growing by 33.1% year-on-year, and by 5.0% in the quarter.

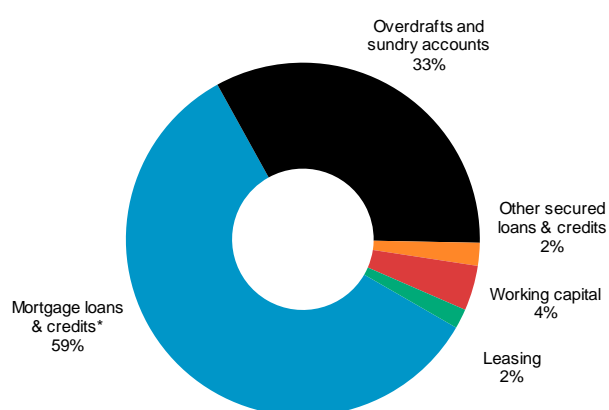
In TSB, performing loans decreased by -1.5% year-on-year and increased by 4.2% quarter-on-quarter mainly due to the good performance of core mortgages. Considering a constant exchange rate, decrease of -3.4% year-on-year and remained stable quarter-on-quarter.

### Loans and advances to customers

(€ million)	Excl. TSB					Total group				
	31.03.18		31.12.18		Change (%)	31.03.18		31.12.18		Change (%)
	31.03.18	31.12.18	31.03.19	31.03.18		31.12.18	31.03.19	31.03.18	31.12.18	
Mortgage loans & credits	52,000	49,833	49,638	-4.5	-0.4	84,301	80,872	82,184	-2.5	1.6
Other secured loans & credits	2,309	2,766	2,936	27.2	6.1	2,309	2,767	2,937	27.2	6.1
Working capital	5,644	6,186	5,781	2.4	-6.5	5,644	6,186	5,781	2.4	-6.5
Leasing	2,291	2,565	2,520	10.0	-1.7	2,291	2,565	2,520	10.0	-1.7
Overdrafts and sundry accounts	39,410	44,383	44,222	12.2	-0.4	42,702	46,976	46,717	9.4	-0.6
<b>Performing gross loans</b>	<b>101,653</b>	<b>105,732</b>	<b>105,097</b>	<b>3.4</b>	<b>-0.6</b>	<b>137,246</b>	<b>139,366</b>	<b>140,139</b>	<b>2.1</b>	<b>0.6</b>
Non-performing loans	7,410	6,024	5,827	-21.4	-3.3	7,801	6,472	6,298	-19.3	-2.7
Accruals	-114	-83	-106	-7.0	28.2	-80	-13	-32	-60.2	137.0
<b>Gross loans to customers (excluding repos)</b>	<b>108,949</b>	<b>111,673</b>	<b>110,818</b>	<b>1.7</b>	<b>-0.8</b>	<b>144,967</b>	<b>145,824</b>	<b>146,406</b>	<b>1.0</b>	<b>0.4</b>
Reverse repos	99	596	0	-100.0	-100.0	99	596	1,007	--	69.1
<b>Gross loans to customers</b>	<b>109,048</b>	<b>112,269</b>	<b>110,818</b>	<b>1.6</b>	<b>-1.3</b>	<b>145,066</b>	<b>146,420</b>	<b>147,413</b>	<b>1.6</b>	<b>0.7</b>
NPL and country-risk provisions	-4,180	-3,211	-3,038	-27.3	-5.4	-4,375	-3,433	-3,255	-25.6	-5.2
<b>Loans and advances to customers</b>	<b>104,868</b>	<b>109,058</b>	<b>107,780</b>	<b>2.8</b>	<b>-1.2</b>	<b>140,691</b>	<b>142,987</b>	<b>144,158</b>	<b>2.5</b>	<b>0.8</b>

(1) The EURGBP exchange rate used for the balance sheet is 0.8583.

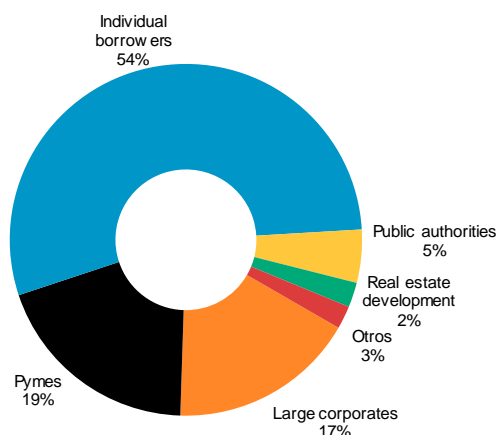
### Loans and advances to customers by product type, 31.03.19 (%) <sup>(\*)</sup>



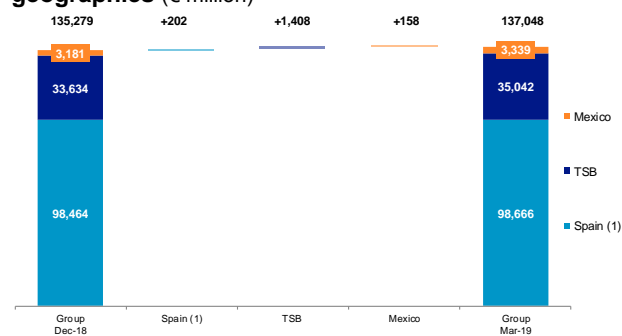
\*Includes mortgage loans and credits both to individuals and companies.

(\*) Excluding NPAs and accrual adjustments.

### Loans and advances to customers by customer profile, 31.03.19 (%)



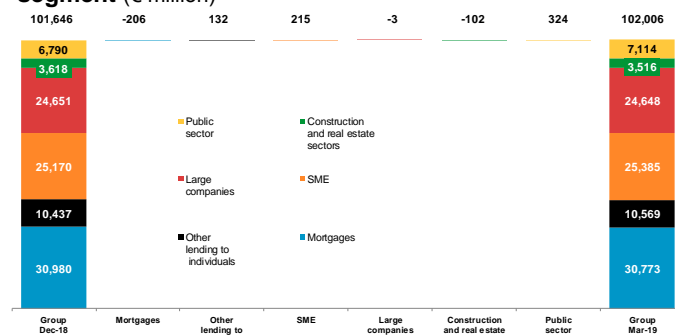
### Performing loans Ex APS: performance by geographies (€ million)



	Group Dec-18	Spain (1)	TSB	Mexico	Group Mar-19
Change YoY:	+4.5%	-1.5% (*)	+33.1% (*)	+3.4%	
Change QoQ:	+0.2%	+4.2% (*)	+5.0% (*)	+1.3%	

(\*) In TSB 0.0% QoQ and -3.4% YoY in GBP and in Mexico +1.2% QoQ and +28.1% YoY in MXN.  
 (1) Spain includes overseas branches.

### Performing loans Ex TSB Ex APS: performance by segment (€ million)



	Group Dec-18	Mortgages	Other lending to individuals	SME	Large companies	Construction and real estate sectors	Public sector	Group Mar-19
Change YoY:	+0.4%	+4.3%	+3.3%	+14.7%	-8.1%	+14.4%	+5.3%	
Change QoQ:	-0.7%	+1.3%	+0.9%	0.0%	-2.8%	+4.8%	+0.4%	

## Liabilities:

### Customer funds:

At the end of the first quarter of 2019, on-balance sheet customer funds amounted to 139,986 million euros (105,967 million euros excluding TSB), representing a year-on-year increase of 5.0% (7.8% excluding TSB) and a quarter-on-quarter increase of 1.9% (1.1% excluding TSB), reflecting the strength of the banking franchise.

Sight account balances amounted to 110,286 million euros (79,092 million euros excluding TSB), representing an increase of 8.3% year-on-year (11.7% excluding TSB) and 2.4% quarter-on-quarter (1.7% excluding TSB).

Term deposits amounted to 29,131 million euros (26,305 million euros excluding TSB), representing a -3.1% decline from the previous year (increase of 0.9% excluding TSB) and a 1.5% increase from the previous quarter (0.6% excluding TSB).

Total off-balance sheet customer funds amounted to 43,655 million euros as at the end of the first quarter of 2019 and declined by -5.8% from the previous year (-0.9% quarter-on-quarter), due to the decline in mutual funds. It is worth highlighting the growth in third-party insurance products, which increased by 2.5% year-on-year.

### Debt and other tradable securities:

At the end of the first quarter of 2019, this item amounted to 19,321 million euros (17,207 million euros excluding TSB), representing a decline of -4.2% year-on-year (-8.1% excluding TSB) and of -1.3% in the quarter (-6.0% excluding TSB). TSB's issuance of 750 million pounds in covered bonds and an issuance of 907 million euros of senior debt were especially relevant year to date.

Exposures to central banks at the end of the first quarter of 2019 amounted to 28,038 million euros, of which 20,500 million euros corresponded to the ECB and 7,538 million euros corresponded to the Bank of England.

### Funds under management:

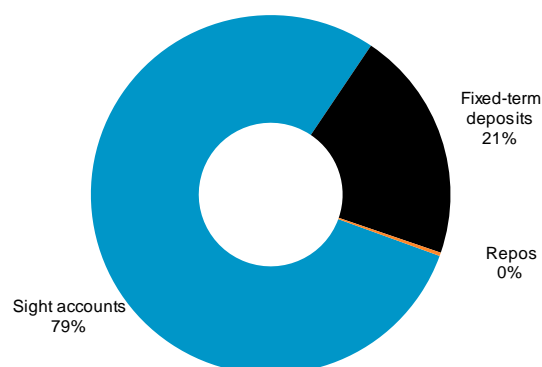
Funds under management amounted to 206,353 million euros (169,637 million euros excluding TSB), compared with 204,885 million euros (166,871 million euros excluding TSB) one year previously, representing a year-on-year increase of 0.7% (1.7% excluding TSB) and a quarter-on-quarter growth of 0.3% (-0.4% excluding TSB).

## Customer funds

(€ million)	Excl. TSB					Total group						
	31.03.18		31.12.18		31.03.19		31.03.18		31.12.18		31.03.19	
			Change (%)		Change (%)				Change (%)		Change (%)	
<b>Financial liabilities at amortised cost</b>	<b>155,932</b>	<b>163,329</b>	<b>164,382</b>	<b>5.4</b>	<b>0.6</b>	<b>201,820</b>	<b>206,077</b>	<b>208,953</b>	<b>3.5</b>	<b>1.4</b>		
Non-retail financial liabilities	57,648	58,470	58,415	1.3	-0.1	68,540	68,734	68,967	0.6	0.3		
Central banks	20,991	21,553	20,682	-1.5	-4.0	28,393	28,799	28,231	-0.6	-2.0		
Credit institutions	11,865	11,996	13,849	16.7	15.4	11,865	12,000	13,868	16.9	15.6		
Institutional issues	22,224	21,392	20,015	-9.9	-6.4	25,242	24,334	22,712	-10.0	-6.7		
Other financial liabilities	2,568	3,529	3,869	50.7	9.6	3,039	3,601	4,156	36.8	15.4		
<b>On-balance sheet customer funds</b>	<b>98,283</b>	<b>104,859</b>	<b>105,967</b>	<b>7.8</b>	<b>1.1</b>	<b>133,280</b>	<b>137,343</b>	<b>139,986</b>	<b>5.0</b>	<b>1.9</b>		
Customer deposits	99,683	105,353	106,169	6.5	0.8	135,790	139,079	140,299	3.3	0.9		
Sight accounts	70,792	77,736	79,092	11.7	1.7	101,794	107,665	110,286	8.3	2.4		
Fixed-term deposits	(2) 26,060	26,154	26,305	0.9	0.6	30,054	28,709	29,131	-3.1	1.5		
Repos	2,720	1,321	366	-86.5	-72.3	3,869	2,533	426	-89.0	-83.2		
Accruals and derivative hedging adjustments	111	142	405	263.5	185.0	73	172	456	--	165.8		
Debt and other tradable securities	18,730	18,313	17,207	-8.1	-6.0	20,173	19,568	19,321	-4.2	-1.3		
Subordinated liabilities	(3) 2,094	2,586	2,606	24.4	0.8	2,558	3,031	3,078	20.3	1.5		
<b>On-balance sheet funds</b>	<b>120,508</b>	<b>126,251</b>	<b>125,982</b>	<b>4.5</b>	<b>-0.2</b>	<b>158,521</b>	<b>161,678</b>	<b>162,698</b>	<b>2.6</b>	<b>0.6</b>		
Mutual funds	28,136	26,379	25,940	-7.8	-1.7	28,136	26,379	25,940	-7.8	-1.7		
Equity funds	1,907	1,681	1,547	-18.9	-8.0	1,907	1,681	1,547	-18.9	-8.0		
Balanced funds	6,885	6,469	6,472	-6.0	0.0	6,885	6,469	6,472	-6.0	0.0		
Fixed-income funds	4,342	4,027	4,280	-1.4	6.3	4,342	4,027	4,280	-1.4	6.3		
Guaranteed return funds	3,898	4,074	4,089	4.9	0.4	3,898	4,074	4,089	4.9	0.4		
Real estate funds	124	115	122	-1.4	5.8	124	115	122	-1.4	5.8		
Venture capital funds	39	46	47	21.3	2.2	39	46	47	21.3	2.2		
Dedicated investment companies	2,205	1,886	1,660	-24.7	-12.0	2,205	1,886	1,660	-24.7	-12.0		
Third-party funds	8,738	8,081	7,723	-11.6	-4.4	8,738	8,081	7,723	-11.6	-4.4		
Managed accounts	4,004	3,595	3,528	-11.9	-1.9	4,004	3,595	3,528	-11.9	-1.9		
Pension funds	3,911	3,594	3,616	-7.5	0.6	3,911	3,594	3,616	-7.5	0.6		
Individual	2,414	2,168	2,138	-11.4	-1.4	2,414	2,168	2,138	-11.4	-1.4		
Company	1,484	1,416	1,467	-1.1	3.6	1,484	1,416	1,467	-1.1	3.6		
Group	12	11	11	-12.7	0.1	12	11	11	-12.7	0.1		
Third-party insurance products	10,313	10,465	10,571	2.5	1.0	10,313	10,465	10,571	2.5	1.0		
<b>Off-balance sheet customer funds</b>	<b>46,364</b>	<b>44,034</b>	<b>43,655</b>	<b>-5.8</b>	<b>-0.9</b>	<b>46,364</b>	<b>44,034</b>	<b>43,655</b>	<b>-5.8</b>	<b>-0.9</b>		
<b>Funds under management</b>	<b>166,871</b>	<b>170,285</b>	<b>169,637</b>	<b>1.7</b>	<b>-0.4</b>	<b>204,885</b>	<b>205,711</b>	<b>206,353</b>	<b>0.7</b>	<b>0.3</b>		

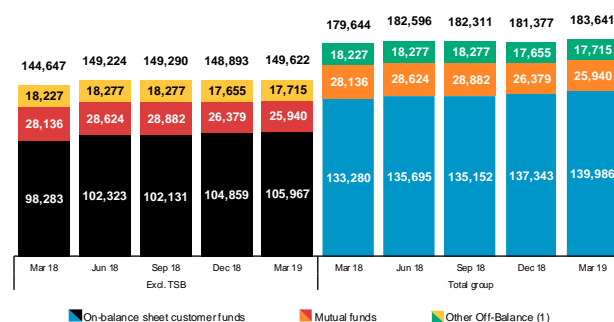
- (1) The EURGBP exchange rate used for the balance sheet is 0.8583.  
(2) Includes deposits redeemable at notice and hybrid financial liabilities.  
(3) These are subordinated liabilities of debt securities.

## Customer deposits, 31.03.19 (%) <sup>(\*)</sup>



(\*) Excluding accrual adjustments and hedging derivatives.

## Evolution of customer funds (€ million)



Excl. TSB (\*)

Total group (\*)

Change YoY: **+7.8%**

Change YoY: **+5.0%**

Change QoQ: **+1.1%**

Change QoQ: **+1.9%**

(\*) Change on balance sheet customer funds.

(1) Includes pension funds, third-party insurance products and wealth management.

## Net equity:

The following table shows the evolution of net equity at the end of the first quarter of 2019:

### Net equity

(€million)	31.03.18	31.12.18	31.03.19	Change	
				31.03.18	31.12.18
<b>Shareholders' equity</b>	<b>12,965</b>	<b>12,545</b>	<b>12,750</b>	<b>-215</b>	<b>205</b>
Issued capital	703	703	703	0	0
Reserves	12,082	11,732	11,900	-182	168
Other equity	36	35	38	1	2
Less: treasury shares	-16	-143	-149	-33	-6
Attributable net profit	259	328	258	-1	-70
Less: dividends and payments	0	-111	0	0	111
<b>Valuation adjustments</b>	<b>-155</b>	<b>-491</b>	<b>-339</b>	<b>-185</b>	<b>152</b>
<b>Minority interest</b>	<b>60</b>	<b>64</b>	<b>67</b>	<b>8</b>	<b>4</b>
<b>Net equity</b>	<b>12,870</b>	<b>12,117</b>	<b>12,478</b>	<b>-392</b>	<b>361</b>

## Risk management

### Highlights:

Strong reduction in the Group's NPL ratio, which stood at 4.10% (4.92% excluding TSB).

Decline in group problematic assets, which have been reduced in the quarter by -93 million euros.

The NPA coverage ratio stood at 50.7%, whereby the coverage of NPLs reached 52.6% and the coverage of foreclosed assets reached 43.8%.

The Group's cost of risk has improved, standing at 51 bps at the end of the first quarter of 2019, compared to 65 bps at the end of the first quarter of the previous year.

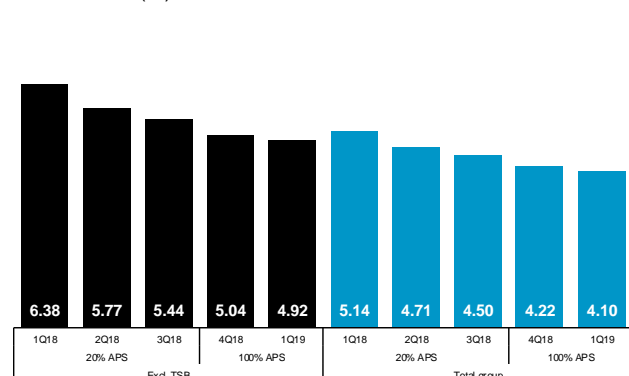
### Risk management:

The Group's NPL ratio continued its downward trend due to the steady reduction of non-performing loans, falling to 4.10%.

At the end of the first quarter of 2019, the balance of problematic assets amounted to 8,186 million euros, of which 6,383 million euros corresponded to non-performing loans and 1,803 million euros corresponded to foreclosed assets, representing a quarter-on-quarter reduction of -93 million euros (-170M in NPLs and +77M in foreclosed assets).

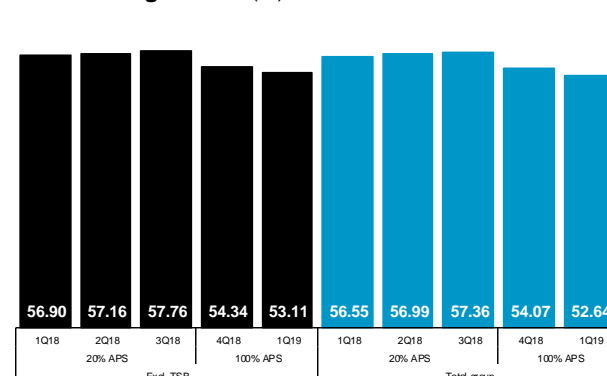
This level of non-performing assets (NPAs) resulted in a ratio of net NPAs to total assets of 1.8% and a ratio of problematic assets over gross loans plus real estate assets of 5.5%.

NPL ratios (%) (\*)



(\*) Calculated including contingent risk. In 4Q18 portfolios sold to institutional investors (pending closing) have been reclassified as non-current assets held for sale, therefore the figures are shown excluding these assets.

NPL coverage ratios (%) (\*)

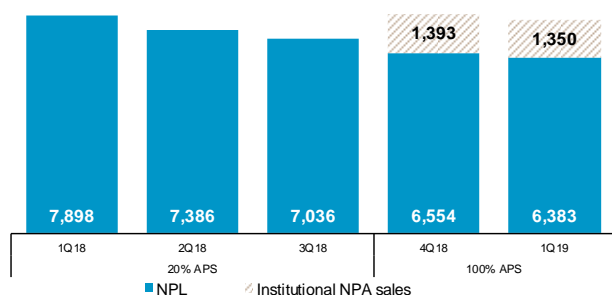


NPL ratios by segment (\*)

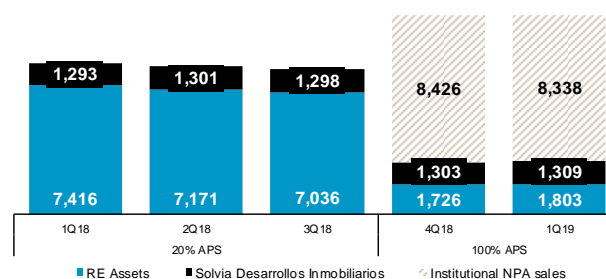
Excl. TSB	20% APS			100% APS	
	1Q 18	2Q 18	3Q 18	4Q 18	1Q 19
Real estate development and/or construction purposes	19.80%	17.66%	16.1%	15.68%	14.45%
Construction purposes non-related to real estate dev.	7.17%	6.42%	5.58%	5.68%	5.97%
Large corporates	3.53%	3.12%	2.60%	2.32%	1.88%
SME and small retailers and self-employed	7.88%	7.40%	7.05%	6.48%	6.44%
Individuals with 1st mortgage guarantee assets	6.50%	6.04%	5.89%	5.82%	5.80%
<b>NPL ratio</b>	<b>6.38%</b>	<b>5.77%</b>	<b>5.44%</b>	<b>5.04%</b>	<b>4.92%</b>

(\*) Calculated including contingent risk. In 4Q18 portfolios sold to institutional investors (pending closing) have been reclassified as non-current assets held for sale, therefore the figures are shown excluding these assets.

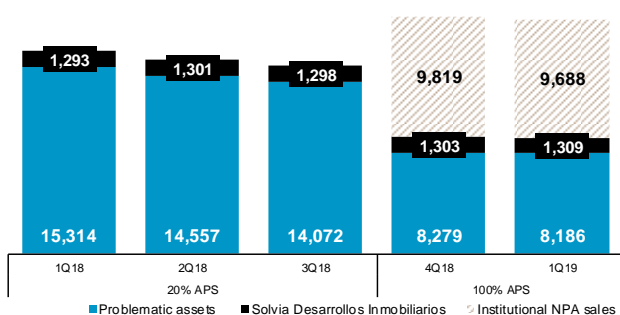
### Evolution of NPLs (€ million) <sup>(\*)</sup>



### Evolution of real estate assets (€ million) <sup>(\*)</sup>



### Evolution of problematic assets (€ million) <sup>(\*)</sup>



<sup>(\*)</sup> Calculated including contingent risk. In 4Q18 portfolios sold to institutional investors (pending closing) have been reclassified as non-current assets held for sale, therefore the figures are shown excluding these assets.

The table below shows the evolution of problematic assets and their reduction during the last few quarters.

### NPLs and RE assets excluding TSB

(€ million)	20% APS				100% APS
	1Q 18	2Q 18	3Q 18	4Q 18	1Q 19
Entries	481	330	385	354	408
Recoveries <sup>(1)</sup>	-539	-573	-600	-1,053	-420
<b>Ordinary net entries</b>	<b>-58</b>	<b>-243</b>	<b>-215</b>	<b>-699</b>	<b>-12</b>
Entries	294	176	129	209	136
Sales and other outcomes <sup>(1)</sup>	-271	-419	-264	-5,706	-59
<b>Change in real estate assets</b>	<b>23</b>	<b>-244</b>	<b>-135</b>	<b>-5,497</b>	<b>77</b>
<b>Net entries plus change in real estate assets</b>	<b>-35</b>	<b>-487</b>	<b>-350</b>	<b>-6,196</b>	<b>66</b>
Write-offs	-216	-268	-187	-106	-182
<b>Real estate assets and NPL quarterly change</b>	<b>-251</b>	<b>-755</b>	<b>-538</b>	<b>-6,302</b>	<b>-117</b>

<sup>(1)</sup> In 4Q18 5,800 million euros of NPAs included in institutional portfolios have been reclassified as non-current assets held for sale (279 million euros of NPLs and 5,521 million euros of foreclosed assets).

## Coverage of Group problematic assets <sup>(\*)</sup>

(€ million)	20% APS			100% APS	
	1Q18	2Q18	3Q18	4Q18	1Q19
Non-performing exposures	7,898	7,386	7,036	6,554	6,383
Provisions	4,467	4,209	4,036	3,544	3,360
<b>NPL coverage ratio (%)</b>	<b>56.6%</b>	<b>57.0%</b>	<b>57.4%</b>	<b>54.1%</b>	<b>52.6%</b>
RE Assets	7,416	7,171	7,036	1,726	1,803
Provisions	3,979	3,991	3,932	767	790
<b>Real Estate coverage ratio (%)</b>	<b>53.7%</b>	<b>55.7%</b>	<b>55.9%</b>	<b>44.5%</b>	<b>43.8%</b>
Total problematic assets	15,314	14,557	14,072	8,279	8,186
Provisions	8,446	8,200	7,968	4,311	4,150
<b>Problematic assets coverage (%)</b>	<b>55.2%</b>	<b>56.3%</b>	<b>56.6%</b>	<b>52.1%</b>	<b>50.7%</b>
<b>Problematic assets over Gross loans + RE assets</b>	<b>10.0%</b>	<b>9.4%</b>	<b>9.1%</b>	<b>5.6%</b>	<b>5.5%</b>
<b>Net problematic assets</b>	<b>6,868</b>	<b>6,357</b>	<b>6,104</b>	<b>3,968</b>	<b>4,036</b>
<b>Net problematic assets as of % of total assets</b>	<b>3.1%</b>	<b>2.9%</b>	<b>2.8%</b>	<b>1.8%</b>	<b>1.8%</b>

(\*) Includes contingent risk. In 4Q18 portfolios sold to institutional investors (pending closing) have been reclassified as non-current assets held for sale, therefore the figures are shown excluding these assets.

## Forborne and restructured loans

The outstanding balance of forborne and restructured loans as at the end of the first quarter of 2019 is as follows:

(€million)	Total	Of which: doubtful
Public sector	13	12
Companies and self employed	3,493	1,986
Of which: Financing for construction and real estate development	505	362
Individuals	2,054	1,249
<b>Total</b>	<b>5,561</b>	<b>3,247</b>
<b>Provisions</b>	<b>1,213</b>	<b>1,111</b>

## Foreclosed assets <sup>(\*)</sup>

(€million)	Gross amount	Allowances for losses
<b>Real estate assets deriving from financing of construction and real estate development</b>	<b>1,242</b>	<b>586</b>
Finished buildings	687	207
Housing	426	131
Rest	261	76
Buildings under construction	24	15
Housing	21	13
Rest	3	2
Land	531	364
Building land	137	78
Other land	393	287
<b>Real estate assets deriving from home loan mortgages</b>	<b>561</b>	<b>204</b>
<b>Total real-estate portfolio</b>	<b>1,803</b>	<b>790</b>

(\*) Data 100% APS. Foreclosed assets, including properties outside Spain, considering the provisions allocated in the original financing and the credit risk that was transferred through the enforcement of the APS.

### Movements in allowances for credit losses allocated by the Group

(€million)	2018	2019
<b>Initial balance</b>	<b>3,740</b>	<b>3,435</b>
IFRS9 implementation	993	0
Movements reflected in provisions for NPLs	519	107
Movements not reflected in provisions for NPLs	-1814	-287
Utilisation of provisions	-1451	-258
Other movements (*)	-363	-29
Adjustments for exchange differences	-3	1
<b>Final balance</b>	<b>3,435</b>	<b>3,256</b>

(\*) Corresponds to the transfer of allowances for credit losses to non-current assets held for sale and investment properties.

NOTE: Excludes guarantees and sums undrawn.

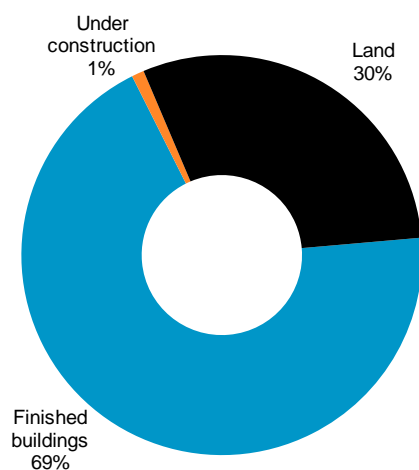
### Breakdown of credit and provisions by stages

(€million)	Stage 1	Stage 2	Stage 3
Loans to customers and contingent risks	140,328	9,005	6,383
Provisions	438	322	2,600
<b>Coverage</b>	<b>0.3%</b>	<b>3.6%</b>	<b>40.7%</b>

### Breakdown of real estate exposures by asset class:

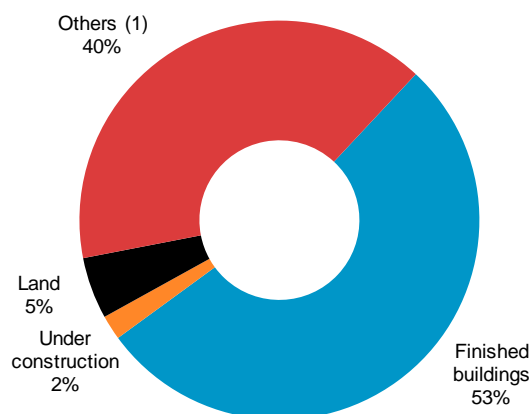
The following figures show the real estate exposures at the end of the first quarter of 2019, broken down by asset class:

#### Foreclosed assets, 31.03.19 (%) (\*)



(\*) Data 100% APS and post institutional portfolio sales.

#### Real estate development, 31.03.19 (%) (\*)



(1) Includes other guarantees.



## Capital management and credit ratings

### Highlights:

The CET1 ratio stood at 11.7% phase-in and at 11.0% fully-loaded at the end of the first quarter of 2019, after the implementation of IFRS16 and the total impact of TRIM. The pro forma <sup>(1)</sup> CET1 ratio was 11.3% fully-loaded.

The capital requirement on a consolidated basis requires the group to maintain a minimum phase-in CET1 ratio of 9.64% and a minimum phase-in Total Capital ratio of 13.14%, being the MDA buffer of 175 bps.

The fully-loaded CET1 ratio includes +20 bps of organic capital, +14 bps of deductions and -48 bps of growth of RWAs due to regulatory impacts (IFRS16 -15 bps and TRIM -33 bps). The TRIM reviews have covered and concluded on the Retail Mortgages, SMEs and Corporates portfolios. The impacts have been fully absorbed to date.

The leverage ratio stood at 4.94% phase-in and 4.67% fully-loaded.

(1) Includes +18bps in RWAs released from NPA sales and +15bps in capital gains from the sale of Solvia closed and announced in the public statement of April 24, 2019.

### Phase-in capital ratios

(€million)	31.03.18	31.12.18	31.03.19
Issued capital	703	703	703
Reserves	11,328	11,471	11,650
Minority interest	11	11	14
Deductions <sup>(1)</sup>	-1,924	-2,567	-2,619
<b>Common Equity Tier 1</b>	<b>10,118</b>	<b>9,619</b>	<b>9,748</b>
<b>CET 1 Phase-in (%)</b>	<b>12.9%</b>	<b>12.0%</b>	<b>11.7%</b>
Preference shares and other	1,52	1,53	1,53
<b>Primary capital</b>	<b>11,270</b>	<b>10,771</b>	<b>10,901</b>
<b>Tier I (%)</b>	<b>14.4%</b>	<b>13.4%</b>	<b>13.0%</b>
<b>Secondary capital</b>	<b>1,342</b>	<b>1,663</b>	<b>1,550</b>
<b>Tier II (%)</b>	<b>1.7%</b>	<b>2.1%</b>	<b>1.9%</b>
<b>Total capital</b>	<b>12,612</b>	<b>12,434</b>	<b>12,451</b>
<b>Total capital ratio (%)</b>	<b>16.1%</b>	<b>15.5%</b>	<b>14.9%</b>
<b>Risk weighted assets (RWA)</b>	<b>78,525</b>	<b>80,279</b>	<b>83,612</b>
<b>Leverage ratio (%)</b>	<b>5.08%</b>	<b>4.87%</b>	<b>4.94%</b>

The phase-in CET1 ratio of Banco de Sabadell S.A. (individual) was 13.08% as at December 2018.

(1) Includes IFRS 9 transitional adjustments.

### Fully-loaded capital ratios

(€million)	31.03.18	31.12.18	31.03.19
Issued capital	703	703	703
Reserves	11,328	11,471	11,650
Minority interest	11	11	14
Deductions	-2,601	-3,299	-3,204
<b>Common Equity Tier 1</b>	<b>9,441</b>	<b>8,887</b>	<b>9,163</b>
<b>CET 1 Fully Loaded (%)</b>	<b>12.0%</b>	<b>11.1%</b>	<b>11.0%</b>
Preference shares and other	1,52	1,53	1,53
<b>Primary capital</b>	<b>10,594</b>	<b>10,040</b>	<b>10,316</b>
<b>Tier I (%)</b>	<b>13.5%</b>	<b>12.5%</b>	<b>12.3%</b>
<b>Secondary capital</b>	<b>1,342</b>	<b>1,759</b>	<b>1,590</b>
<b>Tier II (%)</b>	<b>1.7%</b>	<b>2.2%</b>	<b>1.9%</b>
<b>Total capital</b>	<b>11,935</b>	<b>11,799</b>	<b>11,907</b>
<b>Total capital ratio (%)</b>	<b>15.2%</b>	<b>14.7%</b>	<b>14.2%</b>
<b>Risk weighted assets (RWA)</b>	<b>78,632</b>	<b>80,075</b>	<b>83,629</b>
<b>Leverage ratio (%)</b>	<b>4.72%</b>	<b>4.54%</b>	<b>4.67%</b>

## Credit ratings

Agency	Date	Long term	Short term	Outlook
DBRS	16.07.2018	BBB (high)	R-1 (low)	Positive
S&P Global Rating <sup>(1)</sup>	19.09.2018	BBB	A-2	Stable
Moody's <sup>(2)</sup>	21.02.2019	Baa3 / Baa2	P-3 / P-2	Stable/Stable
Fitch Ratings	29.03.2019	BBB	F3	Stable

(1) Copyright by Standard & Poor's, A division of the McGraw-Hill Companies, Inc. Reproduced with permission of Standard & Poor's.

(2) Corresponds to senior debt and deposits, respectively.

On 6 April 2018 **S&P Global Ratings** raised Banco Sabadell's long-term credit rating to BBB from BBB- and its short-term rating to A-2 from A-3. The outlook is stable. This credit rating upgrade is based on the improvement in Banco Sabadell's credit quality in a context of lower risk in the Spanish banking system, mainly due to its deleveraging, as well as improved investor confidence.

On 19 September 2018, S&P Global Ratings affirmed Banco Sabadell's long-term credit rating of BBB, its short-term rating of A-2 and its stable outlook.

On 19 September 2018, **Moody's** confirmed the Banco Sabadell long-term deposits rating of Baa2 and the senior debt rating of Baa3, as well as the short-term rating of deposits of P-2 and of senior debt of P-3, and it announced the change of outlook to stable from positive. The credit rating agency has taken into account the bank's improved asset risk profile following the sale of the majority of its foreclosed assets portfolio and the reduction of its NPLs, as well as the adequate liquidity position and the Group's capital and profitability indicators, which were weakened by the one-off items recognised in 2018 related to losses in the Group's subsidiary, TSB Bank plc, and provisions allocated for the sale of problematic assets. On 21 February 2019, Moody's affirmed its credit rating of Banco Sabadell.

On 16 July 2018, **DBRS Ratings Limited** raised the outlook for Banco Sabadell to positive (from stable) and confirmed the long-term rating at BBB (high) and the short-term rating at R-1 (low). The change in trend to positive and the confirmation of the rating reflect the positive perception of the solid capitalisation of Banco Sabadell Group and the ongoing improvement in both asset quality and the profitability of core business in Spain.

On 29 March 2019, **Fitch Ratings** assigned Banco Sabadell a long-term rating of BBB and a short-term rating of F3, with a stable outlook. This rating reflects the strength of Banco Sabadell, which is the fourth largest bank in Spain in terms of assets, with extensive experience in the SME business and a good level of diversification in terms of geographies, thanks to its activities in the United Kingdom and Mexico. Fitch has also highlighted Sabadell's capital levels, which meet the requirements of European regulatory bodies, its liquidity profile and its reduction of problematic assets. This rating also takes into account the bank's challenges in improving its business in the United Kingdom, after the issues which arose from the IT migration of its UK subsidiary, TSB, and the uncertain operating environment in the country caused by Brexit. Fitch considers Banco Sabadell to have a solid franchise in Spain, as a result of its acquisitions strategy over the past decade, which provides it with a sound income-generating capacity and prospects for improvement in its profitability.

## Liquidity management

### Highlights:

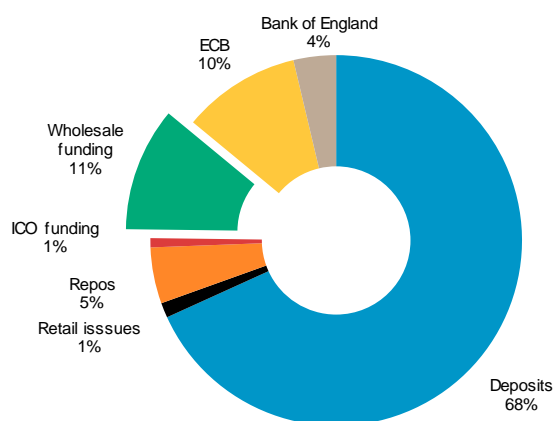
Strong liquidity position, with the LCR (Liquidity Coverage Ratio) at the end of the first quarter of 2019 standing at 163% at Group level (175% excluding TSB and 295% in TSB).

The loan-to-deposit ratio as at the end of the first quarter of 2019 was 100.6% with a balanced retail funding structure.

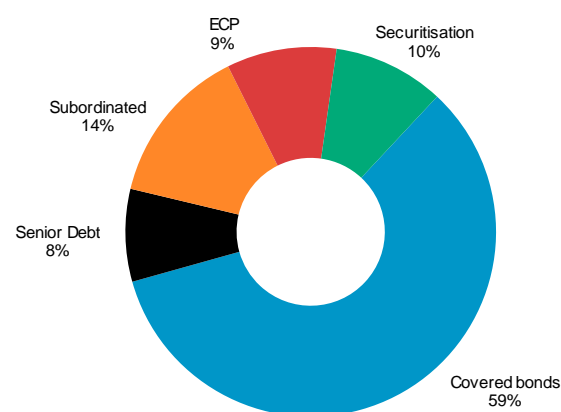
(€ million)	31.03.18	31.12.18	31.03.19 (1)
Loans and advances to customers (2)	140,592	142,391	143,151
Brokered loans	-3,513	-2,808	-2,385
<b>Adjusted net loans and advances</b>	<b>137,079</b>	<b>139,583</b>	<b>140,766</b>
<b>On-balance sheet customer funds</b>	<b>133,280</b>	<b>137,343</b>	<b>139,986</b>
<b>Loan-to-deposits ratio (%)</b>	<b>102.9</b>	<b>101.6</b>	<b>100.6</b>

(1) The EURGBP exchange rate used for the balance sheet is 0.8583.  
(2) Excludes reverse repos.

### Funding structure, 31.03.19 (%)



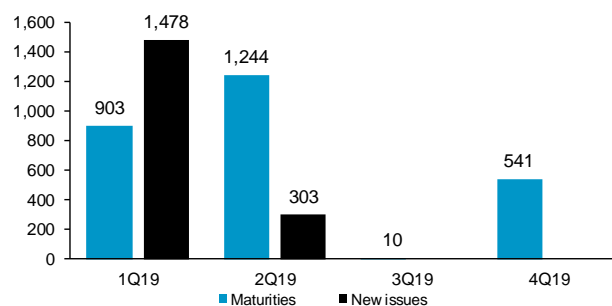
### Wholesale funding breakdown, 31.03.19 (%)



### Maturities

(€ million)	2019	2020	2021	2022	2023	2024	>2024	Outstanding balance
Covered bonds	824	2,015	1,808	1,702	1,388	2,724	2,301	12,762
Senior Debt	972	497	47	679	983	754	32	3,964
Subordinated	0	411	0	0	0	0	1,459	1,870
<b>Total</b>	<b>1,796</b>	<b>2,923</b>	<b>1,855</b>	<b>2,381</b>	<b>2,371</b>	<b>3,478</b>	<b>3,792</b>	<b>18,596</b>

### New issuances and maturities (€ million)



### Maturities in the year:

(€ million)	1Q19	2Q19	3Q19	4Q19
Covered bonds	300	300	0	524
Senior Debt	603	944	10	17
<b>Total</b>	<b>903</b>	<b>1,244</b>	<b>10</b>	<b>541</b>

## Results by business units

This section gives information regarding results and other indicators of the Group's business units.

The criteria that Banco Sabadell Group uses for its segment reporting are:

- There are four separate geographies: Banking Business Spain, Asset Transformation, Banking Business United Kingdom and Other Geographies.
- Each business is allocated 11% of the capital divided by its risk-weighted assets and the surplus of own funds is allocated to Banking Business Spain.
- Banking Business United Kingdom includes TSB's contribution to the Group.
- Other Geographies mostly comprises Mexico, foreign branches and representative offices.

In terms of the other criteria applied, segment information is first structured with a breakdown by geography and then broken down based on the customers to whom each segment is aimed.

This quarter, criteria for the distribution of capital allocated across segments have been updated.

### Segmentation by geography and business units

- **Banking Business Spain**, which includes the following customer-centric business units:

Commercial Banking offers both investment and savings products. In terms of investment, the sale of mortgage products, working capital and loans is particularly noteworthy. In terms of savings, the main products are deposits (demand deposits and term deposits), mutual funds, savings insurance and pension plans. Protection insurance products and payment services are also noteworthy, such as credit cards and the issues of transfers, among others.

Corporate Banking offers specialised financing services together with a comprehensive offering of solutions relating to the fields of lending and treasury, as well as import and export activities, among others.

Markets and Private Banking offers and designs high value-added products and services for customers.

### Asset Transformation:

Comprehensively manages NPA risk and real estate exposures, and also sets out and implements the strategy of real estate investee companies.

### Banking business United Kingdom:

The TSB franchise includes banking business conducted in the United Kingdom, which includes current and savings accounts, loans, credit cards and mortgages.

### Other geographies:

Other Geographies mostly comprises Mexico, foreign branches and representative offices that offer all types of banking and financial services of Corporate Banking, Private Banking and Commercial Banking.

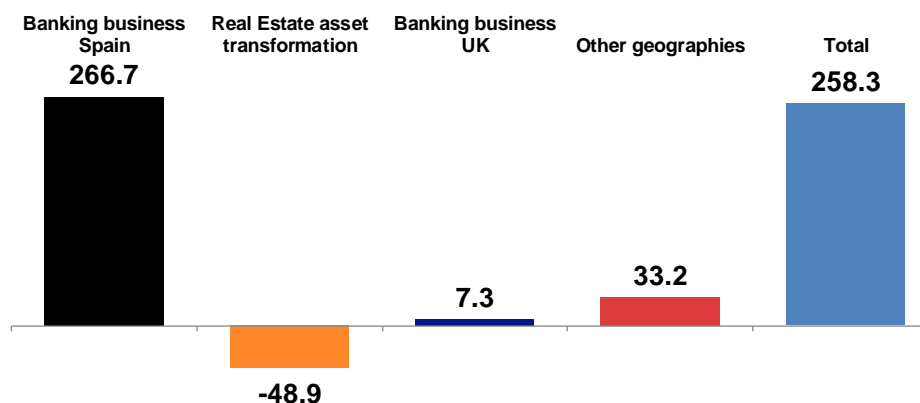
The information presented herein is based on the separate financial statements of each Group company, with the corresponding disposals and adjustments in the scope of consolidation and the analytical accounting of income and expenses in cases in which a business is spread over one or more legal entities, to enable revenues and costs to be allocated for each customer depending on the business unit to which that customer is assigned.

Each business unit is treated as an independent business, therefore commissioning takes place between businesses for the provision of services involving the distribution of products, services and systems. The overall net impact of commissioning between business units is zero.

Each business unit bears its own direct costs, on the basis of general and analytical accounting, as well as the indirect costs of corporate units.

Key data relating to the segmentation of the Group's activity are given hereafter.

## Attributable net profit



## Profit and loss 1Q19

(€ million)	Banking business Spain	Real Estate asset transformation	Banking business UK	Other geographies	Total
<b>Net interest income</b>	<b>593.4</b>	<b>-12.2</b>	<b>244.5</b>	<b>75.0</b>	<b>900.7</b>
Net fees and commissions	301.9	0.2	26.5	14.1	342.7
<b>Core revenues</b>	<b>895.4</b>	<b>-11.9</b>	<b>271.0</b>	<b>89.0</b>	<b>1,243.4</b>
Results from financial transactions and foreign exchange	49.5	0.0	16.1	1.8	67.5
Income from equity method and dividends	12.1	-0.1	0.0	0.3	12.3
Other operating income/expense	-31.6	18.4	12.3	2.0	1.1
<b>Gross operating income</b>	<b>925.3</b>	<b>6.4</b>	<b>299.4</b>	<b>93.2</b>	<b>1,324.3</b>
Operating expenses and amortisation	-438.2	-28.7	-263.5	-46.5	-777.0
<b>Pre-provisions income</b>	<b>487.1</b>	<b>-22.3</b>	<b>35.9</b>	<b>46.7</b>	<b>547.3</b>
Impairment on loans & advances	-127.9	-37.8	-21.3	-3.0	-190.1
Gains on sale of assets and other results	0.6	0.0	0.0	0.2	0.8
<b>Profit before tax</b>	<b>359.9</b>	<b>-60.1</b>	<b>14.6</b>	<b>43.8</b>	<b>358.1</b>
Income tax	-93.3	11.2	-7.2	-9.4	-98.7
Minority interest	-0.2	0.0	0.0	1.2	1.0
<b>Attributable net profit</b>	<b>266.7</b>	<b>-48.9</b>	<b>7.3</b>	<b>33.2</b>	<b>258.3</b>
ROE	10.4%	--	--	12.0%	7.2%
Cost / income	41.9%	--	77.0%	45.0%	52.1%
NPL ratio (%)	4.9%	44.5%	1.3%	0.4%	4.1%
NPL coverage ratio (%)	51.1%	56.1%	46.8%	199.3%	52.6%

## Profit and loss 1Q18

(€ million)	Banking business Spain	Real Estate asset transformation	Banking business UK	Other geographies	Total
<b>Net interest income</b>	<b>609.1</b>	<b>-5.7</b>	<b>253.1</b>	<b>55.0</b>	<b>911.5</b>
Net fees and commissions	285.0	-5.1	23.1	11.5	314.4
<b>Core revenues</b>	<b>894.1</b>	<b>-10.9</b>	<b>276.2</b>	<b>66.5</b>	<b>1,226.0</b>
Results from financial transactions and foreign exchange	208.3	8.7	7.2	1.8	226.0
Income from equity method and dividends	12.2	0.0	0.1	0.6	12.9
Other operating income/expense	-43.1	32.5	-2.7	3.6	-9.7
<b>Gross operating income</b>	<b>1,071.5</b>	<b>30.3</b>	<b>280.8</b>	<b>72.5</b>	<b>1,455.1</b>
Operating expenses and amortisation	-444.8	-33.1	-314.7	-47.4	-840.0
<b>Pre-provisions income</b>	<b>626.7</b>	<b>-2.8</b>	<b>-33.9</b>	<b>25.1</b>	<b>615.1</b>
Impairment on loans & advances	-98.3	-107.6	-23.3	-15.6	-244.8
Gains on sale of assets and other results	-1.1	0.0	0.4	0.0	-0.6
<b>Profit before tax</b>	<b>527.3</b>	<b>-110.4</b>	<b>-56.8</b>	<b>9.5</b>	<b>369.7</b>
Income tax	-148.2	25.7	13.0	0.7	-108.9
Minority interest	1.3	0.0	0.0	0.1	1.5
<b>Attributable net profit</b>	<b>377.7</b>	<b>-84.7</b>	<b>-43.8</b>	<b>10.1</b>	<b>259.3</b>
ROE	15.3%	--	--	8.9%	7.2%
Cost / income	38.0%	--	105.8%	63.3%	53.4%
NPL ratio (%)	6.0%	29.1%	1.1%	0.9%	5.1%
NPL coverage ratio (%)	56.5%	62.7%	49.9%	103.7%	56.6%

## Balance sheet 1Q19

(€ million)	Banking business Spain	Real Estate asset transformation	Banking business UK	Other geographies	Total
<b>Total assets</b>	<b>147,693</b>	<b>11,868</b>	<b>47,613</b>	<b>18,570</b>	<b>225,744</b>
Performing gross loans	93,015	768	35,042	11,314	140,139
RE exposure	0	1,013	0	0	1,013
<b>Subtotal liabilities</b>	<b>138,837</b>	<b>10,922</b>	<b>46,072</b>	<b>17,434</b>	<b>213,266</b>
On-balance sheet customer funds	98,970	315	34,019	6,682	139,986
Capital markets w wholesale funding	19,129	0	2,563	0	21,692
<b>Equity</b>	<b>8,856</b>	<b>945</b>	<b>1,541</b>	<b>1,136</b>	<b>12,478</b>
Off-balance sheet customer funds	42,543	41	0	1,071	43,655

## Balance sheet 1Q18

(€ million)	Banking business Spain	Real Estate asset transformation	Banking business UK	Other geographies	Total
<b>Total assets</b>	<b>139,346</b>	<b>15,235</b>	<b>49,332</b>	<b>15,096</b>	<b>219,009</b>
Performing gross loans	91,187	1,455	35,593	9,011	137,246
RE exposure	0	3,437	0	0	3,437
<b>Subtotal liabilities</b>	<b>130,202</b>	<b>14,062</b>	<b>47,740</b>	<b>14,136</b>	<b>206,139</b>
On-balance sheet customer funds	93,093	199	34,996	4,991	133,280
Capital markets w wholesale funding	19,374	0	1,885	0	21,259
<b>Equity</b>	<b>9,144</b>	<b>1,173</b>	<b>1,593</b>	<b>960</b>	<b>12,870</b>
Off-balance sheet customer funds	45,302	38	0	1,024	46,364

## Banking Business Spain

Net profit as at the end of March 2019 amounted to 266.7 million euros, representing a year-on-year decline of -29.4%, mainly due to the smaller contribution of net trading income and exchange differences.

Net interest income amounted to 593.4 million euros and declined by -2.6% compared to the previous period in 2018, mainly due to the impact of IFRS16 and the higher cost of funding, as well as the lower contribution of the fixed income portfolio.

Net fees and commissions income amounted to 301.9 million euros, 6.0% higher than in the previous year, driven by the positive performance of service fees.

Net trading income and exchange differences amounted to 49.5 million euros, representing a decline due to the extraordinary trading results of the previous year.

Administrative expenses and amortisations amounted to -438.2 million euros, a -1.5% decline compared to the same period in the previous year.

Provisions and impairments amounted to -127.9 million euros, higher than in the previous year.

(€ million)	Change (%)			Simple evolution				
	1Q18	1Q19	YoY	1Q18	2Q18	3Q18	4Q18	1Q19
<b>Net interest income</b>	<b>609.1</b>	<b>593.4</b>	<b>-2.6%</b>	<b>609.1</b>	<b>610.5</b>	<b>610.4</b>	<b>615.0</b>	<b>593.4</b>
Net fees and commissions	285.0	301.9	6.0%	285.0	290.5	305.1	321.4	301.9
<b>Core revenues</b>	<b>894.1</b>	<b>895.4</b>	<b>0.1%</b>	<b>894.1</b>	<b>901.1</b>	<b>915.5</b>	<b>936.4</b>	<b>895.4</b>
Results from financial transactions and foreign exchange	208.3	49.5	-76.2%	208.3	-3.1	-8.9	-3.5	49.5
Income from equity method and dividends	12.2	12.1	-0.9%	12.2	23.6	14.5	11.7	12.1
Other operating income/expense	-43.1	-31.6	-26.6%	-43.1	-87.9	-47.7	-180.4	-31.6
<b>Gross operating income</b>	<b>1,071.5</b>	<b>925.3</b>	<b>-13.6%</b>	<b>1,071.5</b>	<b>833.7</b>	<b>873.4</b>	<b>764.3</b>	<b>925.3</b>
Operating expenses and amortisation	-444.8	-438.2	-1.5%	-444.8	-451.9	-447.1	-446.9	-438.2
<b>Pre-provisions income</b>	<b>626.7</b>	<b>487.1</b>	<b>-22.3%</b>	<b>626.7</b>	<b>381.8</b>	<b>426.3</b>	<b>317.4</b>	<b>487.1</b>
Impairment on loans & advances	-98.3	-127.9	30.1%	-98.3	-163.8	-160.5	-120.1	-127.9
Gains on sale of assets and other results	-1.1	0.6	--	-1.1	4.2	-0.9	-1.1	0.6
<b>Profit before tax</b>	<b>527.3</b>	<b>359.9</b>	<b>-31.8%</b>	<b>527.3</b>	<b>222.2</b>	<b>265.0</b>	<b>196.2</b>	<b>359.9</b>
Income tax	-148.2	-93.3	-37.1%	-148.2	-57.4	-59.4	11.8	-93.3
Minority interest	1.3	-0.2	--	1.3	0.9	-0.1	0.0	-0.2
<b>Attributable net profit</b>	<b>377.7</b>	<b>266.7</b>	<b>-29.4%</b>	<b>377.7</b>	<b>163.9</b>	<b>205.7</b>	<b>208.0</b>	<b>266.7</b>
<b>Accumulated ratios</b>								
ROE	15.3%	10.4%		15.3%	11.4%	10.7%	10.3%	10.4%
Cost / income	38.0%	41.9%		38.0%	42.3%	43.8%	44.4%	41.9%
NPL ratio (%)	6.0%	4.9%		6.0%	5.5%	5.3%	5.2%	4.9%
NPL coverage ratio (%)	56.5%	51.1%		56.5%	55.0%	54.1%	52.1%	51.1%

Performing loans amounted to 93,015 million euros, representing a 2.0% increase year-on-year, with SMEs as well as other lending to individuals being particularly noteworthy.

On-balance sheet customer funds increased by 6.3% year-on-year, with a significant growth in sight accounts. Off-balance sheet funds fell by -6.1%, due to the decline in mutual funds.

(€ million)	Change (%)			Simple evolution				
	1Q18	1Q19	YoY	1Q18	2Q18	3Q18	4Q18	1Q19
<b>Total assets</b>	<b>139,346</b>	<b>147,693</b>	<b>6.0%</b>	<b>139,346</b>	<b>140,570</b>	<b>142,603</b>	<b>146,411</b>	<b>147,693</b>
Performing gross loans	91,187	93,015	2.0%	91,187	93,396	93,331	93,752	93,015
<b>Subtotal liabilities</b>	<b>130,202</b>	<b>138,837</b>	<b>6.6%</b>	<b>130,202</b>	<b>132,177</b>	<b>134,090</b>	<b>137,866</b>	<b>138,837</b>
On-balance sheet customer funds	93,093	98,970	6.3%	93,093	96,569	96,520	98,296	98,970
Capital markets w wholesale funding	19,374	19,129	-1.3%	19,374	18,348	18,997	19,833	19,129
<b>Equity</b>	<b>9,144</b>	<b>8,856</b>	<b>-3.2%</b>	<b>9,144</b>	<b>8,393</b>	<b>8,513</b>	<b>8,545</b>	<b>8,856</b>
Off-balance sheet customer funds	45,302	42,543	-6.1%	45,302	45,800	46,021	42,976	42,543
<b>Other data</b>								
Employees (1)	15,938	15,905	-0.2%	15,938	15,922	15,905	15,847	15,905
Branches	1,881	1,864	-0.9%	1,881	1,877	1,877	1,865	1,864

(1) Includes Fonomed (call centre) employees

## Asset Transformation

Net profit as at March 2019 amounted to -48.9 million euros, improving by 42.2% year-on-year, mainly due to the reduction of provisions and the positive results on foreclosed asset sales.

Net trading income includes sales of real estate companies.

Gross operating income amounted to 6.4 million euros, less than in the previous year due to the lower earnings associated with the institutional portfolios of foreclosed assets that were sold.

Administrative expenses and amortisations amounted to -28.7 million euros, representing a -13.3% decline year-on-year, driven by the smaller volume of foreclosed assets.

Provisions and impairments amounted to -63.8 million euros, -48.1% less than in the previous year mainly due to lower provisions related to the institutional portfolios that were sold.

(€ million)	Change (%)			Simple evolution				
	1Q18	1Q19	YoY	1Q18	2Q18	3Q18	4Q18	1Q19
<b>Net interest income</b>	<b>-5.7</b>	<b>-12.2</b>	<b>-112.9%</b>	<b>-5.7</b>	<b>-7.9</b>	<b>-4.5</b>	<b>-10.4</b>	<b>-12.2</b>
Net fees and commissions	-5.1	0.2	--	-5.1	6.3	0.1	0.1	0.2
<b>Core revenues</b>	<b>-10.9</b>	<b>-11.9</b>	<b>9.9%</b>	<b>-10.9</b>	<b>-1.6</b>	<b>-4.4</b>	<b>-10.3</b>	<b>-11.9</b>
Results from financial transactions and foreign exchange	8.7	0.0	--	8.7	0.1	0.0	-4.1	0.0
Income from equity method and dividends	0.0	-0.1	--	0.0	0.0	0.0	-0.1	-0.1
Other operating income/expense	32.5	18.4	-43.6%	32.5	37.5	29.4	19.7	18.4
<b>Gross operating income</b>	<b>30.3</b>	<b>6.4</b>	<b>-79.0%</b>	<b>30.3</b>	<b>36.1</b>	<b>25.0</b>	<b>5.3</b>	<b>6.4</b>
Operating expenses and amortisation	-33.1	-28.7	-13.3%	-33.1	-31.2	-29.6	-45.9	-28.7
<b>Pre-provisions income</b>	<b>-2.8</b>	<b>-22.3</b>	<b>--</b>	<b>-2.8</b>	<b>4.9</b>	<b>-4.6</b>	<b>-40.7</b>	<b>-22.3</b>
Impairment on loans & advances	-122.9	-63.8	-48.1%	-122.9	-283.9	-95.5	-113.4	-63.8
Sales results	15.3	26.0	69.9%	15.3	14.9	10.2	55.2	26.0
Gains on sale of assets and other results	0.0	0.0	--	0.0	0.0	0.0	0.0	0.0
<b>Profit before tax</b>	<b>-110.4</b>	<b>-60.1</b>	<b>45.5%</b>	<b>-110.4</b>	<b>-264.1</b>	<b>-89.9</b>	<b>-98.8</b>	<b>-60.1</b>
Income tax	25.7	11.2	-56.4%	25.7	93.2	12.6	-46.0	11.2
Minority interest	0.0	0.0	--	0.0	0.0	0.0	0.0	0.0
<b>Attributable net profit</b>	<b>-84.7</b>	<b>-48.9</b>	<b>42.2%</b>	<b>-84.7</b>	<b>-170.9</b>	<b>-77.3</b>	<b>-144.8</b>	<b>-48.9</b>
<b>Accumulated ratios</b>								
ROE	--	--		--	--	--	--	--
Cost / income	--	--		--	--	--	--	--
NPL ratio (%)	29.1%	44.5%		29.1%	27.7%	26.6%	33.5%	44.5%
NPL coverage ratio (%)	62.7%	56.1%		62.7%	64.0%	65.3%	83.4%	56.1%

The good management of real estate assets continues, performing loans declined by -47.2% year-on-year and net real estate exposures declined by -70.5%, due to the reclassification of institutional portfolios as non-current assets held for sale.

Intra-group financing amounted to 10,406 million euros, -12.2% less than in the previous year.

(€ million)	Change (%)			Simple evolution				
	1Q18	1Q19	YoY	1Q18	2Q18	3Q18	4Q18	1Q19
<b>Total assets</b>	<b>15,235</b>	<b>11,868</b>	<b>-22.1%</b>	<b>15,235</b>	<b>12,850</b>	<b>12,531</b>	<b>11,907</b>	<b>11,868</b>
Performing gross loans	1,455	768	-47.2%	1,455	2,273	2,147	854	768
RE exposure	3,437	1,013	-70.5%	3,437	3,180	3,103	959	1,013
<b>Subtotal liabilities</b>	<b>14,062</b>	<b>10,922</b>	<b>-22.3%</b>	<b>14,062</b>	<b>11,826</b>	<b>11,515</b>	<b>10,972</b>	<b>10,922</b>
On-balance sheet customer funds	199	315	58.0%	199	182	66	235	315
Intragroup financing	11,858	10,406	-12.2%	11,858	10,390	11,055	10,315	10,406
<b>Equity</b>	<b>1,173</b>	<b>945</b>	<b>-19.4%</b>	<b>1,173</b>	<b>1,024</b>	<b>1,016</b>	<b>935</b>	<b>945</b>
Off-balance sheet customer funds	38	41	7.3%	38	34	35	35	41
<b>Other data</b>								
Employees	998	1,045	4.7%	998	1,015	1,034	1,073	1,045

## Banking Business United Kingdom

Net profit amounted to 7.3 million euros at the end of the first quarter of 2019, mainly due to the impact of renegotiating the contract with VISA and the early sale of gilts.

Net interest income amounted to 244.5 million euros, declining by -3.4% year-on-year, mainly due to increased competition in the UK and lower volumes in 2018.

Net fees and commissions increased by 14.6% year-on-year, mainly due to the growth of service fees.

Net trading income includes the early sale of gilts.

Administrative expenses and amortisations amounted to -263.5 million euros, representing a year-on-year decline of -16.3%, as the first quarter of the previous year includes extraordinary migration costs.

Provisions and impairments amounted to -21.3 million euros, improving slightly in respect of the previous year.

(€ million)	Change (%)			Simple evolution				
	1Q18	1Q19	YoY	1Q18	2Q18	3Q18	4Q18	1Q19
<b>Net interest income</b>	<b>253.1</b>	<b>244.5</b>	<b>-3.4%</b>	<b>253.1</b>	<b>233.5</b>	<b>260.3</b>	<b>252.8</b>	<b>244.5</b>
Net fees and commissions	23.1	26.5	14.6%	23.1	12.0	25.4	24.7	26.5
<b>Core revenues</b>	<b>276.2</b>	<b>271.0</b>	<b>-1.9%</b>	<b>276.2</b>	<b>245.4</b>	<b>285.7</b>	<b>277.5</b>	<b>271.0</b>
Results from financial transactions and foreign exchange	7.2	16.1	124.4%	7.2	18.6	-5.2	-2.9	16.1
Income from equity method and dividends	0.1	0.0	-100.0%	0.1	-0.1	0.0	0.1	0.0
Other operating income/expense	-2.7	12.3	--	-2.7	-40.4	-8.3	-8.9	12.3
<b>Gross operating income</b>	<b>280.8</b>	<b>299.4</b>	<b>6.6%</b>	<b>280.8</b>	<b>223.6</b>	<b>272.2</b>	<b>265.9</b>	<b>299.4</b>
Operating expenses and amortisation	-314.7	-263.5	-16.3%	-314.7	-290.5	-284.4	-258.5	-263.5
<b>Pre-provisions income</b>	<b>-33.9</b>	<b>35.9</b>	<b>--</b>	<b>-33.9</b>	<b>-66.9</b>	<b>-12.1</b>	<b>7.4</b>	<b>35.9</b>
Impairment on loans & advances	-23.3	-21.3	-8.2%	-23.3	-116.2	-23.4	-68.1	-21.3
Gains on sale of assets and other results	0.4	0.0	-99.8%	0.4	0.4	0.2	0.3	0.0
<b>Profit before tax</b>	<b>-56.8</b>	<b>14.6</b>	<b>--</b>	<b>-56.8</b>	<b>-182.7</b>	<b>-35.4</b>	<b>-60.4</b>	<b>14.6</b>
Income tax	13.0	-7.2	--	13.0	29.4	12.6	40.4	-7.2
Minority interest	0.0	0.0	--	0.0	0.0	0.0	0.0	0.0
<b>Attributable net profit</b>	<b>-43.8</b>	<b>7.3</b>	<b>--</b>	<b>-43.8</b>	<b>-153.3</b>	<b>-22.8</b>	<b>-20.0</b>	<b>7.3</b>
<b>Accumulated ratios</b>								
ROE	--	--		--	--	--	--	--
Cost / income	105.8%	77.0%		105.8%	112.1%	106.4%	101.6%	77.0%
NPL ratio (%)	1.1%	1.3%		1.1%	1.1%	1.3%	1.3%	1.3%
NPL coverage ratio (%)	49.9%	46.8%		49.9%	53.9%	55.0%	50.4%	46.8%

Performing loans amounted to 35,042 million euros, representing a year-on-year decline of -1.5% due to the conscious decision to reduce new mortgage origination in 2018 in the context of the migration of the technology platform. In the quarter, growth of performing loans standing out the increase in core mortgages.

On-balance sheet customer funds amounted to 34,019 million euros and declined by -2.8% year-on-year. They increased quarter-on-quarter by 4.7%, due to personal current accounts (PCAs) resulting from the increase in volumes.

(€ million)	Change (%)			Simple evolution				
	1Q18	1Q19	YoY	1Q18	2Q18	3Q18	4Q18	1Q19
<b>Total assets</b>	<b>49,332</b>	<b>47,613</b>	<b>-3.5%</b>	<b>49,332</b>	<b>47,159</b>	<b>46,204</b>	<b>46,182</b>	<b>47,613</b>
Performing gross loans	35,593	35,042	-1.5%	35,593	35,202	34,499	33,634	35,042
<b>Subtotal liabilities</b>	<b>47,740</b>	<b>46,072</b>	<b>-3.5%</b>	<b>47,740</b>	<b>45,581</b>	<b>44,656</b>	<b>44,662</b>	<b>46,072</b>
On-balance sheet customer funds	34,996	34,019	-2.8%	34,996	33,373	33,021	32,484	34,019
Capital markets w wholesale funding	1,885	2,563	36.0%	1,885	1,809	1,753	1,688	2,563
<b>Equity</b>	<b>1,593</b>	<b>1,541</b>	<b>-3.3%</b>	<b>1,593</b>	<b>1,578</b>	<b>1,548</b>	<b>1,520</b>	<b>1,541</b>
<b>Other data</b>								
Employees	8,335	8,314	-0.3%	8,335	8,137	8,208	8,353	8,314
Branches	551	549	-0.4%	551	551	550	550	549



## Other geographies

Net profit in March 2019 amounted to 33.2 million euros, representing an increase of 229.0% year-on-year, positively affected by seasonal factors such as improvement of core business as well as lower loan losses in the quarter.

Net interest income amounted to 75.0 million euros, increasing by 36.3%, mainly due to the growth of Mexico, foreign branches in EMEA (Paris, London and Casablanca) and Miami.

Net fee and commissions increased by 22.1% year-on-year, mainly due to the improvement in fees and commissions in Mexico and in the Paris and London branches.

Gross operating income amounted to 93.2 million euros and increased by 28.6%, due to the improvement of the core business.

Administrative expenses and amortisations declined by -1.8% year-on-year.

Provisions and impairments declined compared to the previous year due to allocations for the one-off transactions recorded last year.

(€ million)	Change (%)			Simple evolution				
	1Q18	1Q19	YoY	1Q18	2Q18	3Q18	4Q18	1Q19
<b>Net interest income</b>	<b>55.0</b>	<b>75.0</b>	<b>36.3%</b>	<b>55.0</b>	<b>62.4</b>	<b>66.4</b>	<b>75.0</b>	<b>75.0</b>
Net fees and commissions	11.5	14.1	22.1%	11.5	13.5	10.7	11.0	14.1
<b>Core revenues</b>	<b>66.5</b>	<b>89.0</b>	<b>33.9%</b>	<b>66.5</b>	<b>75.9</b>	<b>77.2</b>	<b>86.0</b>	<b>89.0</b>
Results from financial transactions and foreign exchange	1.8	1.8	3.6%	1.8	4.2	1.1	3.0	1.8
Income from equity method and dividends	0.6	0.3	-50.0%	0.6	0.3	0.6	1.1	0.3
Other operating income/expense	3.6	2.0	-43.1%	3.6	2.0	2.7	1.6	2.0
<b>Gross operating income</b>	<b>72.5</b>	<b>93.2</b>	<b>28.6%</b>	<b>72.5</b>	<b>82.4</b>	<b>81.6</b>	<b>91.7</b>	<b>93.2</b>
Operating expenses and amortisation	-47.4	-46.5	-1.8%	-47.4	-42.2	-49.8	-55.5	-46.5
<b>Pre-provisions income</b>	<b>25.1</b>	<b>46.7</b>	<b>85.9%</b>	<b>25.1</b>	<b>40.2</b>	<b>31.7</b>	<b>36.2</b>	<b>46.7</b>
Impairment on loans & advances	-15.6	-3.0	-80.5%	-15.6	-12.5	-5.1	6.5	-3.0
Gains on sale of assets and other results	0.0	0.2	--	0.0	0.0	0.0	0.0	0.2
<b>Profit before tax</b>	<b>9.5</b>	<b>43.8</b>	<b>359.0%</b>	<b>9.5</b>	<b>27.8</b>	<b>26.6</b>	<b>42.6</b>	<b>43.8</b>
Income tax	0.7	-9.4	--	0.7	-4.7	-3.0	-4.1	-9.4
Minority interest	0.1	1.2	--	0.1	1.4	2.1	1.4	1.2
<b>Attributable net profit</b>	<b>10.1</b>	<b>33.2</b>	<b>229.0%</b>	<b>10.1</b>	<b>21.7</b>	<b>21.6</b>	<b>37.2</b>	<b>33.2</b>
<b>Accumulated ratios</b>								
ROE	8.9%	12.0%		8.9%	8.7%	7.0%	8.7%	12.0%
Cost / income	63.3%	45.0%		63.3%	55.2%	55.8%	56.0%	45.0%
NPL ratio (%)	0.9%	0.4%		0.9%	0.6%	0.5%	0.3%	0.4%
NPL coverage ratio (%)	103.7%	199.3%		103.7%	241.1%	312.1%	292.9%	199.3%

Performing loans amounted to 11,314 million euros, 25.6% higher than in the preceding year, mainly due to the growth of the business in Mexico, foreign branches in EMEA, and Miami.

On-balance sheet customer funds amounted to 6,682 million euros and increased by 33.9% year-on-year, due to the growth in Mexico and Miami. Off-balance sheet funds amounted to 1,071 million euros and increased by 4.6% year-on-year.

(€ million)	Change (%)			Simple evolution				
	1Q18	1Q19	YoY	1Q18	2Q18	3Q18	4Q18	1Q19
<b>Total assets</b>	<b>15,096</b>	<b>18,570</b>	<b>23.0%</b>	<b>15,096</b>	<b>15,356</b>	<b>16,412</b>	<b>17,822</b>	<b>18,570</b>
Performing gross loans	9,011	11,314	25.6%	9,011	9,796	10,257	11,126	11,314
RE exposure	0	0	--	0	0	0	0	0
<b>Subtotal liabilities</b>	<b>14,136</b>	<b>17,434</b>	<b>23.3%</b>	<b>14,136</b>	<b>14,281</b>	<b>15,296</b>	<b>16,705</b>	<b>17,434</b>
On-balance sheet customer funds	4,991	6,682	33.9%	4,991	5,572	5,545	6,328	6,682
<b>Equity</b>	<b>960</b>	<b>1,136</b>	<b>18.3%</b>	<b>960</b>	<b>1,076</b>	<b>1,116</b>	<b>1,117</b>	<b>1,136</b>
Off-balance sheet customer funds	1,024	1,071	4.6%	1,024	1,067	1,103	1,023	1,071
<b>Other data</b>								
Employees	785	913	16.3%	785	845	898	908	913
Branches	42	42	0.0%	42	43	43	42	42

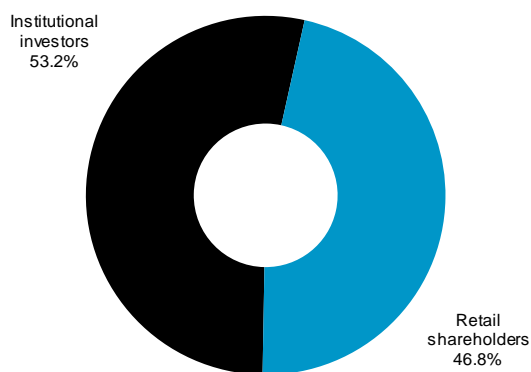
## 4. Share price performance

	31.03.18	31.12.18	31.03.19
<b>Shareholders and trading</b>			
Number of shareholders	231,373	235,523	240,887
Average number of shares (million)	5,579	5,565	5,537
Average daily trading volume (millions shares)	22	27	33
<b>Share price (€)</b> <sup>(1)</sup>			
Opening session (of the year)	1.656	1.656	1.001
High (of the year)	1.945	1.945	1.083
Low (of the year)	1.626	0.950	0.832
Closing session (end of quarter)	1.661	1.001	0.888
Market capitalisation (€ million)	9,267	5,568	4,915
<b>Stock market multiples</b>			
Earnings per share (EPS) (€)	<sup>(2)</sup> 0.16	0.05	0.15
Book value (€ million)	12,933	12,545	12,715
Book value per share (€)	2.32	2.25	2.30
Tangible book value (€ million)	10,662	10,084	10,240
TBV per share (€)	1.91	1.81	1.85
Price / Book value (times)	0.72	0.44	0.39
Price / Earnings ratio (P/E) (times)	10.64	20.11	5.74

(1) Without adjusting historical values.

(2) Net profit adjusted by the Additional Tier 1 coupons, after tax, recorded under equity.

### Shareholders' structure (%)



Source: GEM, data as at 31 March 2019.

### Comparative evolution of SAB share

Period from 31.03.18 to 31.03.19



## 5. Key developments in the quarter

### **Banco Sabadell agrees to distribute supplementary cash dividend to shareholders**

During the Banco Sabadell Board of Directors meeting held on 31 January 2019, a resolution was adopted to distribute a supplementary dividend in cash to shareholders at €0.01 (gross) per share.

This dividend supplements the interim dividend of €0.02 (gross) per share, agreed by the Board of Directors on 25 October 2018, and which was paid out on 28 December 2018, resulting in a total shareholder remuneration in cash of €0.03 (gross) per share corresponding to year 2018.

The dividend proposal has been approved by the Ordinary General Meeting of Shareholders.

### **Banco Sabadell receives notification of SREP requirements from the European Central Bank**

Banco Sabadell ("the bank") received the European Central Bank communication regarding the minimum prudential requirements as a result of the 2019 supervisory review and evaluation process (SREP). Banco Sabadell exceeds the minimum thresholds and therefore has no restrictions on dividends distribution, variable pay and additional Tier I capital coupon payments.

The requirement for Banco Sabadell at consolidated level is to keep at all times a Common Equity Tier I ratio of 9.64% (CET1 phased-in) and a minimum Total Capital (phased-in) of 13.14%. These ratios include the minimum Pillar 1 requirement (4.50%), the Pillar 2 requirement (2.25%), the capital conservation buffer (2.50%), the systemic risk buffer (0.25%) and the anticyclical buffer (0.14%).

As of December 2018, the reported CET1 phased-in ratio was 11.98% and the Total Capital was 15.49%.

Furthermore, during 2019, Sabadell expects to generate c.50bps of capital organically (i.e. full year profit net of organic RWAs growth and dividends), which will reinforce its solvency position and improve tangible book value per share by more than 5% in the year. This estimated organic capital generation is assuming a 50% dividend pay-out of recurrent profits.

### **Banco Sabadell begins process to sell Solvia Desarrollos Inmobiliarios S.L.U.**

Banco Sabadell has started a competitive process for the sale of 100% of the share capital in Solvia Desarrollos Inmobiliarios, S.L.U. together with a perimeter of land and urban developments managed by said company and owned by Banco Sabadell.

Solvia Desarrollos Inmobiliarios, S.L.U. is the result of the spin-off and block transfer of the part of the assets of the company Solvia Servicios Inmobiliarios, S.L.U. engaged in the provision of real estate development and promotion services. Banco Sabadell considers that the good situation of the real estate market and the strong investment demand for the consolidation of the national promotion

market allow it to put in value the promotion activity by means of this transaction.

Banco Sabadell is being advised by Rothschild, S.A. It is intended to sign the transaction during the first semester of 2019.

### **Banco Sabadell transfers shares from Banco GNB Sudameris SA.**

On 13 March 2019, Banco Sabadell has transferred to Glenoaks Investments, S.A. the 8,238,084 shares of the Colombian bank Banco GNB Sudameris, S.A. (Banco GNB Sudameris) it owned, representing in aggregate 4.99% of Banco GNB Sudameris' share capital, for a total consideration of sixty million three hundred and fifty-one thousand five hundred and sixty-nine US dollars, with fifty-two cents (\$60,351,569.52).

The transaction has been executed as a result of the exercise of the call option granted by Banco Sabadell to Starmites Corporation, S.à r.l. on 1 October 2015, as communicated to the market pursuant to the relevant fact of that same date (registration number 229193), which was assigned by the latter to Glenoaks Investments, S.A.

### **Fitch Rating begins covering the issuer rating of Banco Sabadell**

On 29 March 2019, the credit rating agency Fitch Rating will begin covering the issuer rating of Banco Sabadell and its debt issuances, assigning the following issuer ratings:

- Long-term Issuer Default Rating: BBB with Stable outlook.
- Short-term Issuer Default Rating: F3.

### **Banco Sabadell closed the sale of 80% of Solvia Servicios Inmobiliarios, S.L**

Further to the Relevant Fact dated 14 December 2018 (number 272,532), Banco Sabadell, having obtained the relevant authorisations, closed 23 April 2019 the sale of 80% of the share capital of Solvia Servicios Inmobiliarios, S.L. (Solvia) to Intrum Holding Spain, S.A.U. (formerly, Lindorff Holding Spain, S.A.U.), a company that forms part of Intrum AB Group. The transaction price has amounted to 241 million euros, corresponding to an equity value of 300 million euros for the entire share capital of Solvia. This price may increase by a maximum of 40 million euros, provided that the conditions relating to the evolution of some of Solvia's business lines are met.

The transaction has generated a capital gain of 138 million euros and a positive impact of 15 basis points on the Common Equity Tier 1 (fully-loaded) capital ratio.

## 6. Glossary of terms on performance measures

In the presentation of its results to the market, and for the purpose of monitoring the business and decision-making processes, the Group uses performance indicators pursuant to the generally accepted accounting regulations (EU-IFRS), and also uses other non-audited measures commonly used in the banking sector (Alternative Performance Measures, or "APMs") as monitoring indicators for the management of assets and liabilities, and the financial and economic situation of the Group, which facilitates its comparison with other entities.

Following the ESMA guidelines on APMs (ESMA/2015/1415es of October 2015), the purpose of which is to promote the use and transparency of information for the protection of investors in the European Union, the Group presents below, for each APM, the reconciliation with items shown in the financial statements (in each section of the report) and its definition and calculation:

		<b>Definition and calculation</b>	<b>Page</b>
ROA	(*) (**) (***)	Consolidated income during the year / ATA. Considering linear annualisation of profit obtained to date and adjusted by contributions to guarantee and resolution funds except year end.	3
ROE	(*) (***)	Profit attributed to the Group / average equity. Numerator considers linear annualisation of profit obtained to date and adjusted by contributions to guarantee and resolution funds except year end.	3
RORWA	(*)	Profit attributed to the Group / risk-weighted assets (RWA). Numerator considers linear annualisation of profit obtained to date and adjusted by contributions to guarantee and resolution funds except year end.	3
ROTE	(*) (***)	Profit attributed to the Group / average equity. Numerator considers linear annualisation of profit obtained to date and adjusted by contributions to guarantee and resolution funds except year end. Denominator excludes goodwill.	3
Cost / income ratio	(*)	Administrative expenses / gross income adjusted. In addition, the denominator includes the linear accrual of contributions to deposit guarantee fund and resolution fund except year end.	3
Other operating income/expense		Comprised of the following accounting items: Other operating income and other operating expense as well as income from assets and expenses on liabilities under insurance or reinsurance contracts	8
Total provisions & impairments		Comprised of the following accounting items: impairment or reversal of impairment of investments in joint ventures and associates, impairment or reversal of impairment on non-financial assets, investment properties in the gains or losses on derecognition of non-financial assets, net and profit or loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations excluding the associates, provisions or reversal of provisions and impairment or reversal of impairment on financial assets not measured at fair value through profit or loss.	8
Gains on sale of assets and other results		Comprised of the following accounting items: gains or losses on derecognition of non-financial assets, net, excluding the investment properties and associates included in the profit or loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations excluding the associates.	8
Pre-provisions income		Comprised of the following accounting items: gross income plus administration and amortisation/depreciation expenses	8
Customer spread	(**)	Difference between return and cost of assets and liabilities related to customers, i.e. contribution to net interest income of operations exclusively with customers. Calculated ratio taking into account the difference between the medium rate the bank receives for the customers' loans and the medium rate the bank pays for the customers' deposits. The medium rate of customers' loans is the annualized percentage between the financial income of clients' loans relative to the medium daily amount of clients' loans. The medium rate of customers' funds is the annualized percentage between the financial expenses of customers' funds relative to the medium daily amount of customers' funds.	10
Other assets		Comprised of the following accounting items: Derivatives - Hedge accounting, fair value changes of the hedged items in portfolio hedge of interest rate risk, tax assets, other assets, assets under insurance or reinsurance contracts and non-current assets and disposal groups classified as held for sale.	16
Other liabilities		Comprised of the following accounting items: Derivatives - Hedge accounting, tax liabilities, fair value changes of the hedged items in portfolio hedge of interest rate risk, other liabilities and liabilities included in disposal groups classified as held for sale.	16
Gross loans to customers		Includes loans and advances to customers excluding value corrections for impairment.	17
Performing gross loans		Includes gross loans to customers excluding repos, NPL (stage 3) and accrual adjustments.	17
On-balance sheet customer funds		Includes customer deposits (ex repos) and other liabilities placed by the branch network (Banco Sabadell non-convertible bonds, promissory notes and	19
Off-balance sheet customer funds		Includes mutual funds, asset management, pension funds and third-party insurance products.	19
On-balance sheet funds		Includes accounting sub-headings of customer deposits, debt securities issued (debt and other tradable securities and subordinated liabilities).	19
Funds under management		Sum of on-balance sheet and off-balance sheet customer funds.	19
NPL coverage ratio (%)		Shows the % of NPLs (stage 3), covered by total provisions. Calculated using the ratio between the allowance of loans and advances to customers (including allowances for guarantees granted) / total non-performing exposures (stage 3) (including stage 3 guarantees granted, (NPL)).	21
NPL ratio		% of stage 3 exposures (non-performing), over total risk assumed by customers. All of the calculation's components correspond to headings or sub-headings in accounting financial statements. Calculation comprised of the ratio between stage 3 exposures (non-performing), including guarantees granted/ Customer lending and guarantees granted. See table for the definition of stage 3 exposures (non-performing).	21
Cost of risk (bps)		Ratio between provisions for NPLs and other impairments / gross loans to customers excluding repos in addition to RE Assets. Considering in the numerator the linear annualization of the provisions for insolvencies and other impairments obtained to date and adjusted by impairment or reversal of impairment of investments in joint ventures or associates. In addition, in 2018 provisions for institutional NPA sales are adjusted.	21
Problematic assets		Sum of non-performing exposures, classified as stage 3, and foreclosed real estate assets.	23
Real estate coverage ratio		Calculation comprised of ratio between allowances for impairment of foreclosed real estate assets / total foreclosed real estate assets. Amount of foreclosed RE assets includes property classified in the non-current asset portfolio and disposable groups of items classed as held-for-trading.	23
Stage 3 exposures (non-performing)		Sum of accounting items: stage 3 (NPLs) loans and advances to customers and stage 3 guarantees granted (non-performing).	24
Total capital ratio (%)		It is composed of the quotient between total capital and the risk weighted assets. Total capital incorporates the accounting profit assuming a pay-out of 50%, that is different from the regulatory criteria which decrease that amount based on the obligations to fulfill for the rest of the year. The denominator has been made based on the Group's best estimate.	25
Loan-to-deposits ratio		Net loans and receivables over retail funding. Calculated by subtracting mediation loans from the numerator. The denominator considers real estate funding and customer funds, defined in this table.	27
Market capitalisation		Product of the share price and the average number of outstanding shares at the end of the period.	34
Earnings per share		Ratio between net profit attributed to the Group and the average number of outstanding shares at the end of the period. Numerator considers linear annualisation of profit obtained to date adjusted by the Additional Tier I coupon payment, after tax, registered in equity as well as adjusted by contributions to guarantee and resolution funds except year end.	34
Book value per share		Ratio between carrying value / average number of shares at the end of the period. Accounting value is calculated as the sum of equity, adjusted by contributions to guarantee and resolution funds except year end.	34
TBV per share (€)		Ratio between tangible book value / average number of shares at the end of the period. Tangible book value is calculated as the sum of equity and adjusted by intangible assets as well as by contributions to guarantee and resolution funds except year end.	34
Price / Book value (times)		Ratio between share price / carrying value.	34
Price / Earnings ratio (P/E) (times)	(*)	Ratio between share price / earnings per share.	34

(\*) The linear accrual of contributions to deposit guarantee funds and resolution funds has been made based on the Group's best estimates.

(\*\*) Average calculated using average daily balances.

(\*\*\*) Average calculated using the last positions at the end of the month since the previous December.

Alternative Performance measures	Conciliation (€millions)	1Q 18	1Q 19
ROA	Average total assets	216,880	221,189
	Consolidated net profit	261	259
	DGR - SRF adjustment net of tax	-32	-34
	<b>ROA (%)</b>	<b>0.43</b>	<b>0.41</b>
ROE	Average equity	12,889	12,622
	Attributable net profit	259	258
	DGR - SRF adjustment net of tax	-32	-34
	<b>ROE (%)</b>	<b>7.15</b>	<b>7.19</b>
RORWA	Risk weighted assets (RWA)	78,525	83,612
	Attributable net profit	259	258
	DGR - SRF adjustment net of tax	-32	-34
	<b>RORWA (%)</b>	<b>1.17</b>	<b>1.09</b>
ROTE	Average equity (excluding intangible assets)	10,638	10,158
	Attributable net profit	259	258
	DGR - SRF adjustment net of tax	-32	-34
	<b>ROTE (%)</b>	<b>8.66</b>	<b>8.94</b>
Cost / income ratio	Gross operating income	1,455	1,324
	DGR - SRF adjustment	-46	-49
	<b>Adjusted gross operating income</b>	<b>1,409</b>	<b>1,275</b>
	Operating expenses	-753	-664
	<b>Cost / income ratio (%)</b>	<b>53.42</b>	<b>52.10</b>
Other operating income/expense	Other operating income	72	83
	Other operating expenses	-82	-82
	Income from assets under insurance or reinsurance contracts	0	0
	Expenses on liabilities under insurance or reinsurance contracts	0	0
	<b>Other operating income/expense</b>	<b>-10</b>	<b>1</b>
Total provisions & impairments	Impairment or reversal of impairment of investments in joint ventures and associates	0	0
	Impairment or reversal of impairment on non-financial assets	-6	-12
	Profit or loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations	-39	-22
	Gains from sales of associates	0	0
	Gains from sales of investment properties and associates	-1	7
	<b>Other impairments</b>	<b>-46</b>	<b>-28</b>
	Provisions or reversal of provisions	3	-3
	Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss	-202	-159
	<b>Provisions for NPLs and other financial assets</b>	<b>-199</b>	<b>-162</b>
	<b>Total provisions &amp; impairments</b>	<b>-245</b>	<b>-190</b>
Gains on sale of assets and other results	Gains or losses on derecognition of non-financial assets, net	-1	8
	Gains from sales of associates	0	0
	Gains from sales of investment properties and associates	1	-7
	<b>Gains on sale of assets and other results</b>	<b>-1</b>	<b>1</b>
Pre-provisions income	Gross operating income	1,455	1,324
	Operating expenses	-753	-664
	Personnel expenses	-389	-391
	Other general expenses	-363	-273
	Amortisation & depreciation	-87	-113
	<b>Pre-provisions income</b>	<b>615</b>	<b>547</b>
Customer spread	Loans to customers (net)		
	Avge.balance	133,924	138,026
	Results	992	1,011
	Rate %	3.00	2.97
	Customer deposits		
	Avge.balance	138,805	144,271
	Results	-69	-97
	Rate %	-0.20	-0.27
	<b>Customer spread</b>	<b>2.80</b>	<b>2.70</b>
	Other assets	Derivatives - Hedge accounting	277
Fair value changes of the hedged items in portfolio hedge of interest rate risk		-12	133
Tax assets		7,125	6,773
Other assets		3,042	1,682
Non-current assets and disposal groups classified as held for sale		2,558	4,583
<b>Other assets</b>		<b>12,989</b>	<b>13,660</b>
Other liabilities	Derivatives - Hedge accounting	856	664
	Fair value changes of the hedged items in portfolio hedge of interest rate risk	-26	135
	Tax liabilities	614	185
	Other liabilities	902	832
	Liabilities included in disposal groups classified as held for sale	12	81
	<b>Other liabilities</b>	<b>2,358</b>	<b>1,896</b>

Customer spread is calculated using accumulated data.

Alternative Performance measures	Conciliation (€millions)	1Q 18	1Q 19
Performing gross loans	Mortgage loans & credits	84,301	82,184
	Other secured loans & credits	2,309	2,937
	Working capital	5,644	5,781
	Leasing	2,291	2,520
	Overdrafts and sundry accounts	42,702	46,717
	<b>Performing gross loans</b>	<b>137,246</b>	<b>140,139</b>
	Non-performing loans (customer) - stage 3	7,801	6,298
	Accruals	-80	-32
	<b>Gross loans to customers excluding repos</b>	<b>144,967</b>	<b>146,406</b>
	Reverse repos	99	1,007
Gross loans to customers	<b>Gross loans to customers</b>	<b>145,066</b>	<b>147,413</b>
	NPL and country-risk provisions	-4,375	-3,255
	<b>Loans and advances to customers</b>	<b>140,691</b>	<b>144,158</b>
On-balance sheet customer funds	Financial liabilities at amortised cost	201,820	208,953
	Non-retail financial liabilities	68,540	68,967
	Central banks	28,393	28,231
	Credit institutions	11,865	13,868
	Institutional issues	25,242	22,712
	Other financial liabilities	3,039	4,156
	<b>On-balance sheet customer funds</b>	<b>133,280</b>	<b>139,986</b>
	Customer deposits	135,790	140,299
	Sight accounts	10,179	10,286
	Fixed-term deposits including available and hybrid financial liabilities	30,054	29,131
On-balance sheet funds	Repos	3,869	426
	Accruals and derivative hedging adjustments	73	456
	Debt and other tradable securities	20,173	19,321
	Subordinated liabilities (*)	2,558	3,078
	<b>On-balance sheet funds</b>	<b>158,521</b>	<b>162,698</b>
	Mutual funds	28,136	25,940
	Managed accounts	4,004	3,528
	Pension funds	3,911	3,616
	Third-party insurance products	10,313	10,571
	<b>Off-balance sheet customer funds</b>	<b>46,364</b>	<b>43,655</b>
Funds under management	<b>Funds under management</b>	<b>204,885</b>	<b>206,353</b>
Stage 3 exposures (non-performing)	Customer, central banks and financial institutions loans and advances	7,801	6,298
	Guarantees granted in stage 3	97	85
	<b>Stage 3 exposures (non-performing) - (€million)</b>	<b>7,898</b>	<b>6,383</b>
NPL coverage ratio (%)	Stage 3 exposures (non-performing)	7,898	6,383
	Provisions	4,467	3,360
	<b>NPL coverage ratio (%)</b>	<b>56.6%</b>	<b>52.6%</b>
Real Estate coverage ratio (%)	RE Assets	7,416	1,803
	Provisions	3,979	790
	<b>Real Estate coverage ratio (%)</b>	<b>53.7%</b>	<b>43.8%</b>
Problematic assets	Stage 3 exposures (non-performing)	7,898	6,383
	RE Assets	7,416	1,803
	<b>Problematic assets</b>	<b>15,314</b>	<b>8,186</b>
	Provisions of problematic assets	8,446	4,150
	<b>Problematic assets coverage (%)</b>	<b>55.2%</b>	<b>50.7%</b>
NPL ratio (%)	Stage 3 exposures (non-performing)	7,898	6,383
	Loans to customers and contingent risks	153,674	155,715
	<b>NPL ratio (%)</b>	<b>5.1%</b>	<b>4.1%</b>
Cost of risk (bps)	Gross loans to customers excluding repos	144,967	146,406
	RE Assets	7,416	1,803
	Provisions for NPLs and other impairments	-243	-185
	<b>Cost of risk (bps)</b>	<b>65</b>	<b>51</b>
Loan-to-deposits ratio (%)	Adjusted net loans and advances w/o repos by brokered loans	137,079	140,766
	On-balance sheet customer funds	133,280	139,986
	<b>Loan-to-deposits ratio (%)</b>	<b>102.9%</b>	<b>100.6%</b>
Market capitalisation (€000)	Average number of shares (million)	5,579	5,537
	Share price (€)	1,661	0,888
	<b>Market capitalisation (€*000)</b>	<b>9,267</b>	<b>4,915</b>
Earnings per share (EPS) (€)	Net profit attributed to the Group adjusted	215	211
	Attributable net profit	259	258
	DGR - SRF adjustment net of tax	-32	-34
	Accrued AT1	-13	-13
	Average number of shares (million)	5,579	5,537
	<b>Earnings per share (EPS) (€)</b>	<b>0.16</b>	<b>0.15</b>
Book value per share (€)	Share price (€)	1,661	0,888
	Adjusted equity	12,933	12,715
	Shareholders' equity	12,965	12,750
	DGR - SRF adjustment net of tax	-32	-34
	Average number of shares (million)	5,579	5,537
	<b>Book value per share (€)</b>	<b>2.32</b>	<b>2.30</b>
TBV per share (€)	Intangible assets	2,271	2,475
	Tangible book value (€million)	10,662	10,240
	<b>TBV per share (€)</b>	<b>1.91</b>	<b>1.85</b>
Price / Book value (times)	<b>Price / Book value (times)</b>	<b>0.72</b>	<b>0.39</b>
Price / Earnings ratio (P/E) (times)	<b>Price / Earnings ratio (P/E) (times)</b>	<b>10.64</b>	<b>5.74</b>

(\*) Refers to subordinated liabilities of debt securities

See list, definition and purpose of the APMs used by Banco Sabadell Group here:

[www.grupbancsabadell.com/INFORMACION\\_ACCIONISTAS\\_E\\_INVERSORES/INFORMACION\\_FINANCIERA/MEDIDAS\\_ALTERNATIVAS\\_DEL\\_RENDIMIENTO](http://www.grupbancsabadell.com/INFORMACION_ACCIONISTAS_E_INVERSORES/INFORMACION_FINANCIERA/MEDIDAS_ALTERNATIVAS_DEL_RENDIMIENTO)

# Investor relations

For further information, contact:



Investor Relations

[investorrelations@bancsabadell.com](mailto:investorrelations@bancsabadell.com)

+44 2071 553 888

