

**1Q20**

**Quarterly Financial  
Report**

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## Basis of presentation

The consolidated income statement and balance sheet as at the end of March 2020 and end of March 2019, 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 financial statements as at 31 December 2019.

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			
	31.03.19	31.03.20	YoY (%)	31.03.19	31.03.20	YoY (%)	
<b>Profit and loss account (€ million)</b>							
Net interest income	656	643	-2.1	901	884	-1.8	
Core revenues	972	969	-0.3	1,243	1,234	-0.8	
Gross operating income	1,025	1,092	6.5	1,324	1,371	3.6	
Pre-provisions income	511	564	10.3	547	593	8.4	
Attributable net profit	251	101	-59.9	258	94	-63.7	
<b>Balance sheet (€ million)</b>							
Total assets	180,393	180,112	-0.2	225,744	223,286	-1.1	
Performing gross loans	105,097	108,631	3.4	140,139	143,475	2.4	
Gross loans to customers	110,818	114,274	3.1	147,413	149,618	1.5	
On-balance sheet customer funds	105,967	109,414	3.3	139,986	144,005	2.9	
Off-balance sheet customer funds	43,655	40,044	-8.3	43,655	40,044	-8.3	
Total customer funds	149,622	149,458	-0.1	183,641	184,048	0.2	
Net equity	--	--	--	12,478	12,771	2.4	
Shareholders' equity	--	--	--	12,750	13,110	2.8	
<b>Profitability and efficiency ratios (%)</b>							
ROA	--	--	--	0.41	0.11	--	
RORWA	--	--	--	1.09	0.29	--	
ROE	--	--	--	7.19	1.82	--	
ROTE	--	--	--	8.94	2.26	--	
Efficiency	44.46	42.26	--	52.10	49.34	--	
<b>Risk management</b>							
Non-performing exposures (€million)	(1)	5,912	5,680	-3.9	6,383	6,112	-4.2
Total problematic assets (€million)	(1)	7,715	6,991	-9.4	8,186	7,422	-9.3
NPL ratio (%)	(1)	4.92	4.59	--	4.10	3.84	--
NPL coverage ratio (%)	(1)	53.1	53.1	--	52.6	52.8	--
Problematic assets coverage (%)	(1)	50.9	49.6	--	50.7	49.6	--
<b>Liquidity management (%)</b>							
Loan-to-deposits ratio	100	99	--	101	100	--	
LCR	175	184	--	163	172	--	
<b>Capital management</b>							
Risk weighted assets (RWA) (€million)	--	--	--	83,612	81,469	-2.6	
Common Equity Tier 1 phase-in (%)	--	--	--	11.7	12.2	--	
Common Equity Tier 1 fully-loaded (%)	--	--	--	11.0	11.6	--	
Tier 1 phase-in (%)	--	--	--	13.0	13.6	--	
Total capital ratio phase-in (%)	--	--	--	14.9	15.7	--	
Leverage ratio phase-in (%)	--	--	--	4.94	4.93	--	
<b>Share data (period end)</b>							
Number of shareholders	--	--	--	240,887	234,082	--	
Average number of shares (million)	--	--	--	5,537	5,603	--	
Share price (€)	(2)	--	--	0.888	0.469	--	
Market capitalisation (€million)	--	--	--	4,915	2,628	--	
Earnings per share (EPS) (€)	(3)	--	--	0.15	0.03	--	
Book value per share (€)	--	--	--	2.30	2.33	--	
TBV per share (€)	--	--	--	1.85	1.88	--	
Price / Book value (times)	--	--	--	0.39	0.20	--	
Price / Earnings ratio (P/E) (times)	--	--	--	5.74	15.78	--	
<b>Other data</b>							
Branches	1,906	1,862	--	2,455	2,396	--	
Employees	17,863	17,139	--	26,177	24,415	--	

(1) NPA portfolios sold to institutional investors have been reclassified as non-current assets held for sale, therefore the figures are shown excluding these assets.

(2) Without adjusting historical values.

(3) Net profit adjusted by the Additional Tier 1 coupons recorded under equity.

(4) The EURGBP exchange rate used for the income statement as at 31.03.2020 is 0.8614. The exchange rate used for the balance sheet is 0.8864.

## 2. Summary

### Covid-19 management

At Banco Sabadell we protect our stakeholders, without losing sight of our key strategic priorities that are: resilient core revenue, ongoing NPA management, execute on TSB's restructuring plan, maintain adequate capital levels and create shareholder value.

Furthermore, given the exceptional situation we are currently living due to the health crisis caused by Covid-19, we have overlaid these with additional specific management measures, such as:

- **Responsibility:** With operational and service continuity, taking care of customers and employees and strengthening our sanitary measures, enabling headquarters employees teleworking (>95% in Spain and TSB), keeping some of our branches open (70% in Spain and 89% in TSB), promoting the use of remote channels to reduce traffic in branches and redeploying branch employees to reinforce remote services.
- **Resilience:** With Resilient IT platform in response to increased digital pressure, providing an excellent response to the larger number of people working from home, swiftly implementing new end-to-end digital processes and reaching a record peak in the number daily commercial contacts with customers.
- **Commitment:** Providing a quick response to our customers' needs and contributing to society and being close. Learning more about their needs, helping them to implement financial solutions, offering government-backed lending schemes, advancing unemployment benefits and pensions, deferring social rent for vulnerable families and offering a prompt payment pledge to suppliers.
- **Digitisation:** Taking a leap forward in boosting customer digitisation, that will continue after lockdown. With an increase in the weight of servicing through digital channels compared to the branch channel, a growth of interactions with the bank via web and mobile and with around 20% of new digital clients in Spain over the age of 65 (twice the average level from previous months).

Banco Sabadell is also carrying out a commercial plan to support our customers in Spain, through specific support plans for each customer segment, including companies and individuals, and multiplying proactive contacts with customers. The bank is also offering customised financial solutions through: ICO-guaranteed loans (20-40% underwritten by banks), government mortgage and loan moratoria (interest plus principal) of three months, as well as solutions beyond government measures. For instance, it is offering a principal payment holiday of up to 12 months for mortgages, a principal payment holiday of up to 6 months for personal loans, and a principal payment holiday of up to 6 months in SMEs as well as a renewal of expired credit facilities and an extension of working capital maturities.

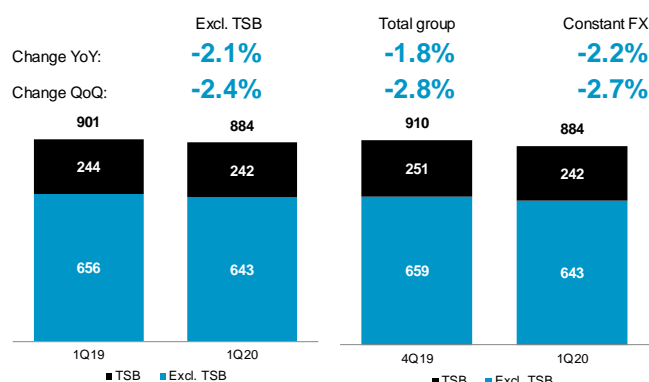
Additionally, we are providing help to meet current needs or special situations, with measures such as our support plan for pensioners, advances of unemployment benefits and by allowing customers to retain access to their 'Cuenta Expansion', even if they fail to meet the requirements.

Likewise, in the United Kingdom, financial solutions are being made available to TSB customers, including implementing solutions designed to alleviate immediate financial pressures felt by customers, offering a payment holiday (interest plus principal) of up to three months for mortgages, a extended payment holiday (interest plus principal) of up to three consecutive months for personal loans, a three month payment holiday for credit cards, making the first £500 of all arranged overdrafts interest and fee free and temporary reduction interest rates for all customers. In business banking, it is offering capital payment holidays of up to six months on new term loans and waiving of arrangement fees on new lending applications and overdrafts renewals. It is also offering overdrafts backed by the government's Coronavirus Business Interruption Loan Scheme (CBILS), measures implemented to support vulnerable customers, in addition to measures to protect our customers from fraud through awareness campaigns.

### Net interest income

Net interest income amounted to 884 million euros as at end of March 2020, representing a reduction of -1.8% year-on-year, due to the consumer loan securitisation carried out in the third quarter of the previous year and lower interest rates.

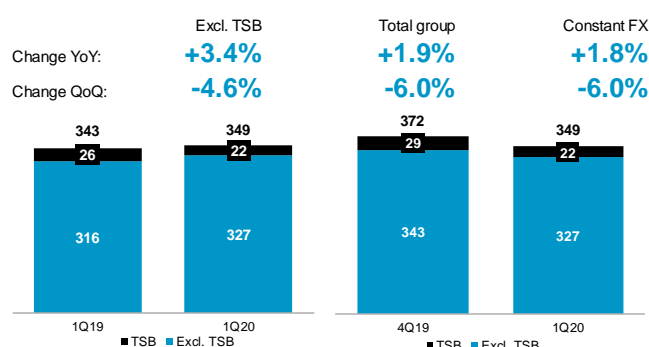
During the quarter, it declined by -2.8% impacted by lower yields, the maturities of the ALCO portfolio and the seasonal effect in the first quarter of the year.



### Net fees and commissions

Net fees and commissions reached 349 million euros, representing year-on-year growth of 1.9%, with increases recorded across all product segments: services, risk transactions and asset management.

In the quarter, fees and commissions declined by -6.0% impacted by reduced activity associated with Covid-19 and by volatility in the financial markets and the seasonal effect on asset management fees.



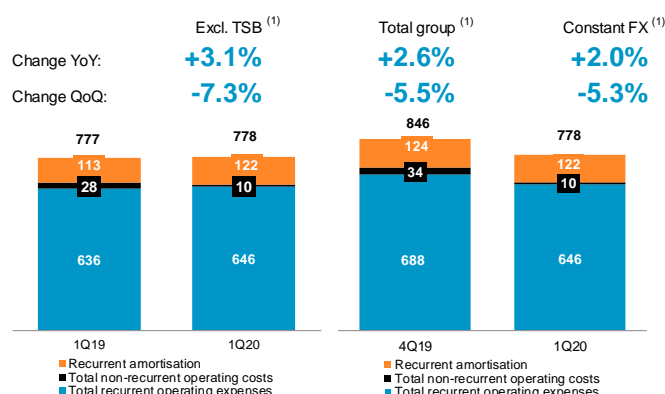
### Total costs

Total costs amounted to -778 million euros as at the end of March 2020, thus remaining in line with the first quarter of the previous year. Recurrent costs increased by 2.6% year-on-year due to higher personnel expenses and increased amortisations.

During the quarter recurrent costs decreased by -5.5% mainly due to lower general expenses ex-TSB, including, in particular, marketing costs and third party costs.

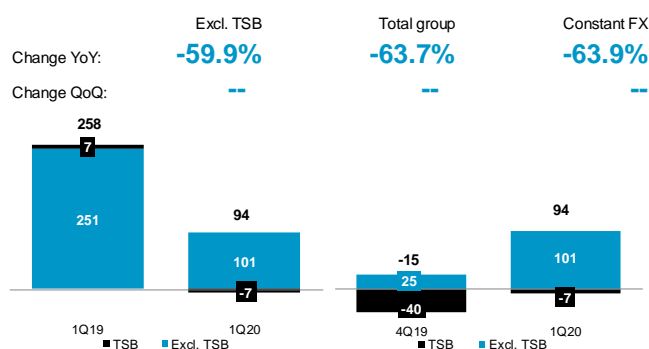
Non-recurrent costs declined in the quarter and include -5 million euros corresponding to TSB restructuring costs.

The efficiency ratio stands at 49.3% as at the end of March 2020, an improvement year-on-year.



### Net profit of the Group

The Group's net profit amounted to 94 million euros as at the end of March 2020, impacted by the front-loading of extraordinary provisions associated with the impact of Covid-19 in the amount of -213 million euros.



(1) Change in recurrent costs.

## Performing loans

The dynamism continues in performing loans, which posted growth of 2.4% year-on-year. Quarter-on-quarter, lending volumes were impacted by the payment received from the DGF of 1,329 million euros associated with the APS, therefore they declined by -0.8%.

The organic growth<sup>(1)</sup> of lending stood at 3.1% year-on-year and 0.6% in the quarter, with a particularly noteworthy growth of the business in Spain in corporates, SMEs and public administrations, which offset the decline in TSB, which was mainly affected by the negative effect of the sterling exchange rate.

## Customer funds

On-balance sheet customer funds increased by 2.9% year-on-year, driven by the increase of sight accounts, and declined by -1.6% in the quarter, due to maturity of term deposits. Excluding these maturities, customer funds increased by 3.8% year-on-year and the decline in the quarter shrinks to -0.7%.

Off-balance sheet funds declined by -8.3% year-on-year and by -7.2% quarter-on-quarter, mainly due to mutual funds, which were also impacted by the negative performance of financial markets.

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

The Group's problematic assets were reduced by -764 million euros in the past twelve months, with a reduction of -271 million euros in non-performing loans and -493 euros in foreclosed assets.

In the quarter, this item increased by 96 million euros, representing a decline of -29 million euros in non-performing loans and an increase of 125 million euros in foreclosed assets.

## NPL ratio and coverage<sup>(\*)</sup>

The Group's NPL ratio stood at 3.8%, improving from the first quarter of the previous year, when it stood at 4.1%.

The ratio of problematic assets to gross loans plus real estate assets stood at 4.9%, down from 5.5% in 1Q19, while the ratio of NPAs to total assets ratio stood at 1.7%.

The Group's credit cost of risk stood at 93bps as at the end of March 2020, which falls to 39bps when excluding the front-loading of extraordinary provisions associated with the impact of Covid-19.

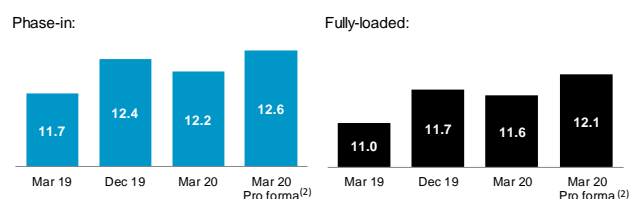
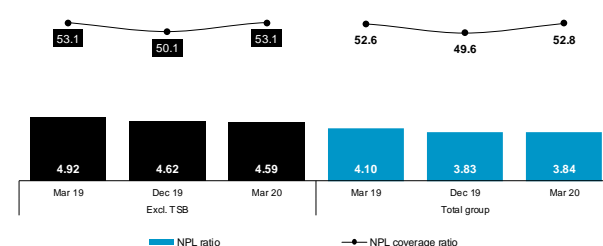
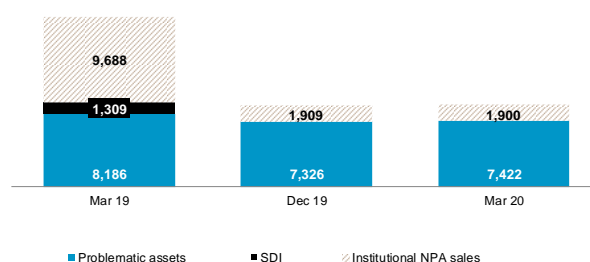
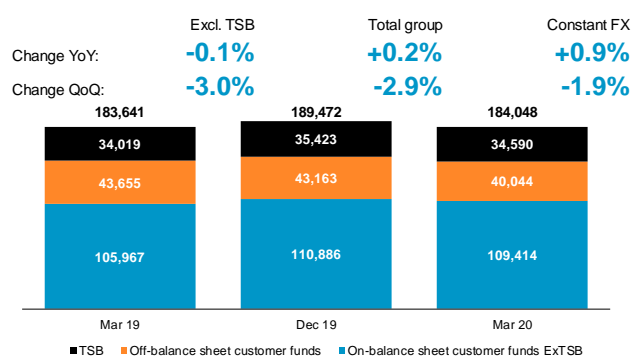
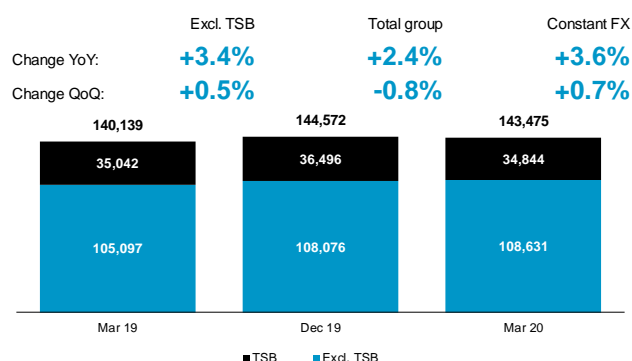
## Capital ratio

The CET1 ratio stood at 12.2% phase-in and at 11.6% fully-loaded as at the end of March 2020. The pro forma<sup>(2)</sup> CET1 ratio was 12.6% phase-in and 12.1% fully-loaded.

(\*) NPA portfolios sold to institutional investors have been reclassified as non-current assets held for sale, therefore the figures are shown excluding these assets.

(1) Excludes CAM APS and the impact of €0.5bn A/R related to the closing of NPA disposals (€1.1bn in Dec-19).

(2) Includes +5bps from the sale of the real estate developer, +35bps from the sale of Sabadell AM and +7bps from the sale of the depositary business.



## 3. Performance review

### Macroeconomic environment

#### Global economic, political and financial environment

The quarter has been marked by the spread of the coronavirus pandemic across the developed economies. Up to now, the countries most severely affected countries in Europe have been Spain and Italy, with a significant surge in numbers in the United States. This being so, different governments have begun to implement and/or extend measures to contain the virus. Italy and Spain are the countries that have adopted the most extreme measures, to the point of placing their economic activity in “hibernation”. In the case of the United Kingdom and United States, the measures have been less strict and, in the US, have been largely driven by local government initiatives.

In this respect, indicators are now being published that demonstrate a significant contraction of the global economy, such as the fall in electricity consumption. In addition, certain business confidence indicators in some economies have reached their lowest ever level. The labour market is also undergoing significant deterioration. The IMF expects GDP to fall in 2020 in practically every economy across the globe. It estimates that the global economy will experience the largest economic contraction since the Great Depression.

The economic authorities have announced different measures to support the economy. These measures have been channelled through expansive fiscal policy, hitherto unprecedented in some countries, in order to protect jobs and families, guarantee business funding and buttress the health system.

#### Economic situation in Spain

Economic activity continued to progress at a steady pace in 4Q19, in line with the sustained growth of the two preceding quarters (0.4% quarterly), leading overall GDP growth for 2019 to increase by 2.0% over the year. The coronavirus health crisis has radically altered that dynamic since mid-March and the forecasts of institutions such as the Bank of Spain and the IMF signal GDP downturns in 2020 on an unparalleled scale (ranging between -6.6% and -13.6%), far exceeding any backslide witnessed during the years of the global financial crisis.

In relation to the labour market, unemployment dipped slightly in 4Q19 to 13.8%, resulting in an average for the year of 14.1%. Looking at 1Q20, the unprecedented loss of jobs registered in March will place a strain on the unemployment rate, which may bounce back sharply in this quarter and in subsequent quarters. The preliminary estimates of the official bodies indicate an unemployment rate of around 20% of the active population.

In the real estate sector, house prices in 4Q19 fell by -0.6% quarter-on-quarter (3Q19: 1.6%), and shrank relative to the previous quarter for the first time since 4Q15. Looking at 1Q20, there is an expectation that the market data for the real estate sector will be affected by the State of Alarm and the two-week paralysis of all non-essential business activity.

Finally, the deficit of the General government overall recovered for the first time since 2012 to reach 2.6% of GDP in 2019 (2020: 2.5%). It is forecast that the budget deficit, and government debt, will increase significantly in 2020 as a result of the various fiscal packages announced by the Government to manage the coronavirus crisis.

#### Economic situation in the United Kingdom

Economic activity was lacklustre in 4Q19 in view of uncertainty over Brexit. The repeated postponement of the of the UK's departure from the EU led to stockpiling activity and other preparations for the possibility of a no-deal departure, giving rise to dramatic data swings. Despite this, the British economy achieved 1.4% growth for 2019 overall, similar to the rate of growth recorded in 2018.

At the beginning of 2020, economic activity continued to lack momentum. Even though Boris Johnson's comfortable electoral win significantly boosted optimism among the economic pundits since, amongst other things, it finally brought about the United Kingdom's departure from the EU on 31 January, that optimism was not reflected in the economic data, other than by a moderate recovery of house prices. The transition period began, but uncertainty persisted around how the negotiations concerning the future relationship with the EU would progress and whether there would be an agreement by the end of 2020. The public health crisis and the social distancing measures began to have a palpable impact on the economy as from mid-March. This also led to a paralysis of negotiations with the EU, increasing the likelihood of an extension of the transition period beyond 31 December.

The labour market continued to indicate strong job creation. Consequently, the unemployment rate has remained close to historic lows, despite having increased slightly to 4.0% in February due to a change in the participation rate. Nevertheless, the coronavirus crisis will cause significant job destruction. One of the many and unprecedented schemes that the Government has put in place to mitigate the impacts of this crisis involves payment, by the Government, of 80% of the salaries at up to £2,500 for each employee, to companies whose business activity is interrupted and who do not lay off their staff. This scheme will mitigate, but will not inhibit, significant job destruction. Some early evidence of this is that requests for social welfare schemes increased significantly in the last two weeks of March.

The budget deficit for 2019 as a whole was 2.1% of GDP, remaining below 3% for the third consecutive year. However, in light of the unprecedented packages of measures that the Government has put in place to manage the coronavirus crisis, the deficit is forecast to increase substantially in 2020, and may outstrip the deficit recorded during the 2008 financial crisis.

#### Economic situation in Latin America

Countries in this region are most likely in the early stage of the spread of the virus, as there are still few economic indicators that reflect the economic impact of measures to contain the contagion. However, the situation is expected to

worsen in the coming weeks and may even be more complex than in other countries, given their more meagre health resources. The economic consensus anticipates a pronounced fall in GDP growth for this year, in all Latin American economies.

In Mexico, the Government's slow response in applying containment measures and the limited fiscal space to support the economy, could exacerbate the economic impact of the public health crisis. In addition, all this is taking place in an environment of impaired business confidence and the popularity of Mexico's President (AMLO) is at its lowest point since his term of office began.

With regard to Brazil, the global pandemic has, for now, quashed hopes of fiscal reforms to ensure the sustainability of public debt and any expectation of an economic recovery. In addition, it appears that internal conflicts between President Jair Bolsonaro and several members of his cabinet about how to respond to the spread of the virus, could jeopardise the country's political stability.

### Fixed-income markets

The central banks of the main developed economies have complemented the measures adopted by the Governments and have implemented a clearly accommodative monetary policy. Thus, the ECB increased its asset purchase programme (870 billion euros, until the end of the year) and has extended the range of assets it will acquire. Furthermore, it has improved the conditions of some of its liquidity operations, has implemented other new ones with attractive conditions and relaxed the collateral conditions for funding operations. For its part, at two extraordinary meetings, the

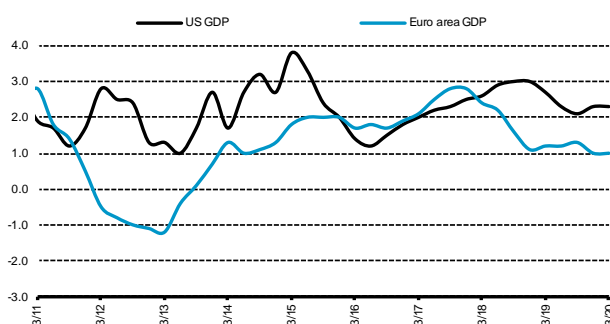
Federal Reserve lowered the official base rate by 150 bps to a range of between 0.00-0.25%, with the aim of improving conditions to fund the economy. It also started a new unlimited asset purchase programme and introduced different mechanisms to provide liquidity. Lastly, the Bank of England lowered its base rate to 0.10%, increased its asset purchase programme (£200 billion) and established credit-easing programmes, particularly for SMEs and large corporates experiencing financial difficulties as a result of Covid-19.

Fear of the impact of coronavirus, as well as the evidence of economic impairment signalled by the economic indicators, have exacerbated risk-aversion in the global financial markets. In this environment, the yields on US and German long-term government bonds fell, reaching new all-time lows. Furthermore, the risk premiums of European periphery countries increased significantly, despite the enlargement of the ECB asset purchase programme.

### Equity markets

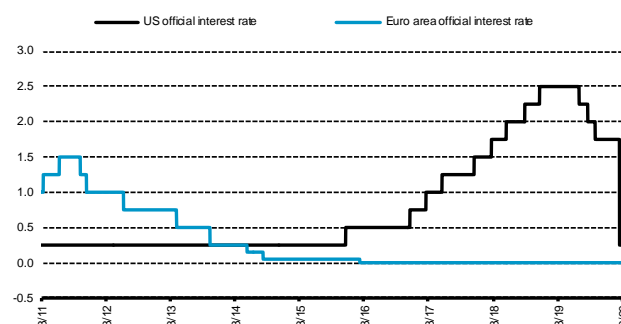
The equity indices of the main developed economies suffered significant falls during 1Q20, influenced by the substantial impairment of economic expectations caused by the spread of Covid-19. For example, the United States S&P 500 fell by 18.1% in euros, while the Japanese Nikkei 225 declined by 17.4% in euros. The falls were greater in Europe. The German DAX fell by 25.0% and the French CAC slumped by 26.5%. In the European periphery, the falls were slightly heavier. The Spanish IBEX and the Italian MIB plunged 28.9% and 27.5%, respectively.

**GDP – US vs. Euro area** (year-on-year change, %)



Source: Bloomberg

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



### Exchange rates: Parity vs. euro

Fx	31.03.19	30.06.19	30.09.19	31.12.19	31.03.20
USD	1.1235	1.1380	1.0889	1.1234	1.0956
GBP	0.8583	0.8966	0.8857	0.8508	0.8864
MXN	21.6910	21.8201	21.4522	21.2202	26.1772

Source: Bank of Spain



## Income statement

### Highlights:

Core banking revenue was affected in the quarter by seasonality, and by the negative impact of Covid-19 on the economic environment. Besides the impact of the health crisis, core banking revenue was affected in net interest margin in the year by the consumer loan securitisation carried out in the third quarter of the previous year.

Extraordinary provisions associated with the impact of Covid-19 amounting to -213 million euros were front-loaded.

In addition, the exposure of the ALCO portfolio was reduced by maturities and bond sales, which resulted in capital gains recorded in net trading income.

### Income statement

(€ million)	Excl. TSB			Total group			
	1Q19	1Q20	YoY (%)	1Q19	1Q20 <sup>(1)</sup>	YoY (%)	YoY (%) at constant FX
<b>Net interest income</b>	<b>656</b>	<b>643</b>	<b>-2.1</b>	<b>901</b>	<b>884</b>	<b>-1.8</b>	<b>-2.2</b>
Net fees and commissions	316	327	3.4	343	349	1.9	1.8
<b>Core revenues</b>	<b>972</b>	<b>969</b>	<b>-0.3</b>	<b>1,243</b>	<b>1,234</b>	<b>-0.8</b>	<b>-1.1</b>
Net trading income and exchange differences	51	137	167.1	67	151	124.1	124.2
Income from equity method and dividends	12	4	-69.9	12	4	-69.9	-69.9
Other operating income/expense	-11	-18	64.5	1	-17	--	--
<b>Gross operating income</b>	<b>1,025</b>	<b>1,092</b>	<b>6.5</b>	<b>1,324</b>	<b>1,371</b>	<b>3.6</b>	<b>3.2</b>
Operating expenses	-434	-441	1.6	-664	-652	-1.8	-2.4
Personnel expenses	-292	-310	6.1	-391	-403	3.2	2.7
Other general expenses	-142	-131	-7.6	-273	-249	-8.9	-9.6
Amortisation & depreciation	-80	-87	9.2	-113	-126	11.4	10.9
<i>Promemoria:</i>							
Recurrent costs	-510	-526	3.1	-749	-768	2.6	2.0
Non-recurrent costs	-3	-2	-46.7	-28	-10	-64.8	-65.3
<b>Pre-provisions income</b>	<b>511</b>	<b>564</b>	<b>10.3</b>	<b>547</b>	<b>593</b>	<b>8.4</b>	<b>8.4</b>
Provisions for NPLs	-139	-362	159.3	-157	-400	154.7	155.0
Provisions for other financial assets	-2	-16	--	-5	-14	178.1	178.1
Other impairments	-28	-39	40.9	-28	-39	40.9	40.9
Gains on sale of assets and other results	1	1	16.3	1	1	38.0	39.1
<b>Profit before tax</b>	<b>343</b>	<b>149</b>	<b>-56.7</b>	<b>358</b>	<b>141</b>	<b>-60.7</b>	<b>-60.9</b>
Income tax	-91	-48	-48.1	-99	-46	-53.1	-53.5
Minority interest	1	1	-34.1	1	1	-34.1	-34.1
<b>Attributable net profit</b>	<b>251</b>	<b>101</b>	<b>-59.9</b>	<b>258</b>	<b>94</b>	<b>-63.7</b>	<b>-63.9</b>

(1) The EURGBP exchange rate used for the income statement is 0.8614.

## Quarterly income statement

(€million)	Excl. TSB						Total group						
	1Q19	2Q19	3Q19	4Q19	1Q20	QoQ (%)	1Q19	2Q19	3Q19	4Q19	1Q20	QoQ (%)	QoQ (%) at constant FX
<b>Net interest income</b>	<b>656</b>	<b>664</b>	<b>665</b>	<b>659</b>	<b>643</b>	<b>-2.4</b>	<b>901</b>	<b>905</b>	<b>906</b>	<b>910</b>	<b>884</b>	<b>-2.8</b>	<b>-2.7</b>
Net fees and commissions	316	333	330	343	327	-4.6	343	363	361	372	349	-6.0	-6.0
<b>Core revenues</b>	<b>972</b>	<b>997</b>	<b>995</b>	<b>1,001</b>	<b>969</b>	<b>-3.2</b>	<b>1,243</b>	<b>1,269</b>	<b>1,268</b>	<b>1,282</b>	<b>1,234</b>	<b>-3.7</b>	<b>-3.6</b>
Net trading income and exchange differences	51	-27	90	-3	137	--	67	-23	86	-4	151	--	--
Income from equity method and dividends	12	24	16	9	4	-56.9	12	24	16	9	4	-56.9	-56.9
Other operating income/expense	-11	-87	-20	-179	-18	-89.7	1	-100	-29	-188	-17	-90.8	-90.7
<b>Gross operating income</b>	<b>1,025</b>	<b>907</b>	<b>1,082</b>	<b>827</b>	<b>1,092</b>	<b>32.0</b>	<b>1,324</b>	<b>1,169</b>	<b>1,340</b>	<b>1,098</b>	<b>1,371</b>	<b>24.9</b>	<b>25.1</b>
Operating expenses	-434	-449	-462	-483	-441	-8.8	-664	-676	-683	-721	-652	-9.5	-9.3
Personnel expenses	-292	-312	-312	-309	-310	0.2	-391	-419	-416	-423	-403	-4.7	-4.6
Other general expenses	-142	-137	-150	-174	-131	-24.7	-273	-256	-267	-298	-249	-16.4	-16.1
Amortisation & depreciation	-80	-81	-83	-90	-87	-3.3	-113	-114	-117	-126	-126	0.0	0.1
<i>Promemoria:</i>													
Recurrent costs	-510	-523	-541	-567	-526	-7.3	-749	-767	-780	-812	-768	-5.5	-5.3
Non-recurrent costs	-3	-6	-4	-6	-2	-67.0	-28	-23	-19	-34	-10	-70.7	-70.6
<b>Pre-provisions income</b>	<b>511</b>	<b>377</b>	<b>537</b>	<b>254</b>	<b>564</b>	<b>121.8</b>	<b>547</b>	<b>380</b>	<b>540</b>	<b>251</b>	<b>593</b>	<b>136.1</b>	<b>136.3</b>
Provisions for NPLs	-139	-136	-109	-218	-362	65.7	-157	-145	-124	-246	-400	62.9	63.5
Provisions for other financial assets	-2	-6	-2	-8	-16	86.4	-5	-9	-2	-5	-14	167.7	167.7
Other impairments	-28	-30	-68	-119	-39	-67.1	-28	-30	-68	-119	-39	-67.1	-67.1
Gains on sale of assets and other results	1	140	0	34	1	-97.3	1	139	-2	32	1	-96.6	-96.6
<b>Profit before tax</b>	<b>343</b>	<b>345</b>	<b>357</b>	<b>-57</b>	<b>149</b>	<b>--</b>	<b>358</b>	<b>334</b>	<b>345</b>	<b>-86</b>	<b>141</b>	<b>--</b>	<b>--</b>
Income tax	-91	-61	-98	84	-48	--	-99	-55	-93	73	-46	--	--
Minority interest	1	5	1	2	1	-610	1	5	1	2	1	-610	-610
<b>Attributable net profit</b>	<b>251</b>	<b>279</b>	<b>258</b>	<b>25</b>	<b>101</b>	<b>--</b>	<b>258</b>	<b>273</b>	<b>251</b>	<b>-15</b>	<b>94</b>	<b>--</b>	<b>--</b>

(1) The EURGBP exchange rate used for the income statement of the quarter is 0.8614.

### Net interest income:

Net interest income amounted to 884 million euros as at end of March 2020, representing a reduction of -1.8% in the year, due to the consumer loan securitisation carried out in the third quarter of the previous year and lower interest rates. During the quarter, it fell by -2.8% impacted by lower yields, the maturities of the ALCO portfolio and the seasonal effect in the first quarter of the year.

Excluding TSB, net interest income amounted to 643 million euros as at the end of March 2020, representing a decrease of -2.1% year-on-year and -2.4% quarter-on-quarter.

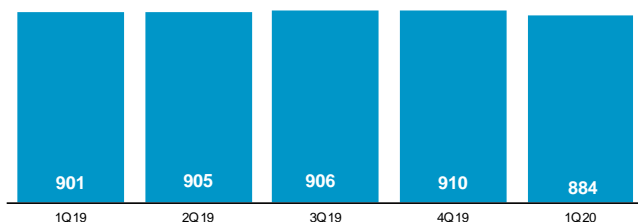
TSB's net interest income amounted to 242 million euros, -1.1% lower than in the previous year and -3.7% lower quarter-on-quarter, mainly due to pressure on mortgage spreads and lower income from current account overdrafts.

### Customer spread and margin on total assets:

The customer spread was 2.58% (2.50% ex-TSB) and net interest margin relative to average total assets was 1.62% (1.46% ex-TSB), remained broadly stable as the effect of a lower yield ex-TSB was mitigated by a lower wholesale funding cost for the group.

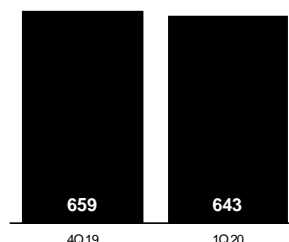
## Evolution of net interest income

Total group (€ millions)



Change YoY:	<b>-1.8%</b>	Constant FX	<b>-2.2%</b>
Change QoQ:	<b>-2.8%</b>		<b>-2.7%</b>

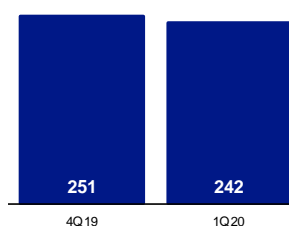
Sabadell ex - TSB (€ millions)



Change YoY:  
**-2.1%**

Change QoQ:  
**-2.4%**

TSB (€ millions)



Change YoY:  
**-1.1%**

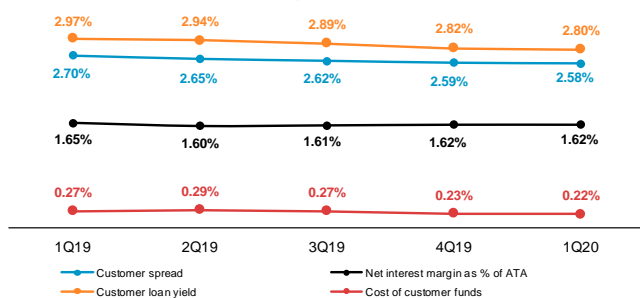
Change QoQ:  
**-2.8%**

Constant FX

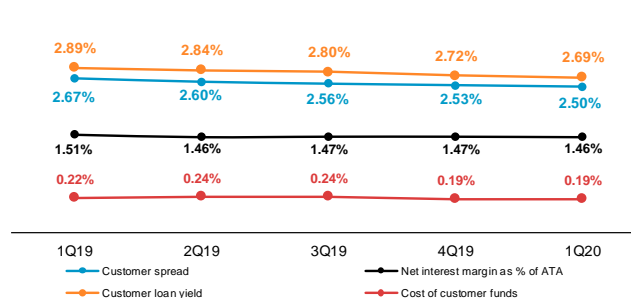
Change QoQ:  
**-3.7%**

Constant FX

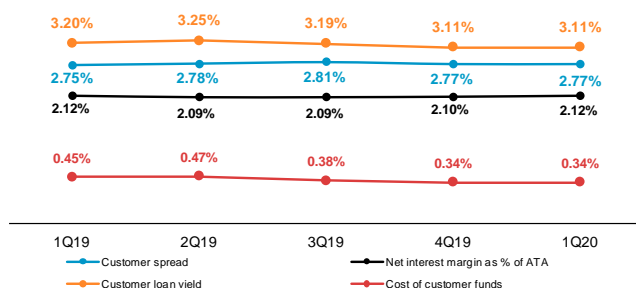
## Net interest income, Group (%)



## Net interest income, ex-TSB (%)



## Net interest income, TSB (%)



## Gains and charges in the quarter

### Total Group

2020 (€ 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)	26,255	0.19	13									
Loans to customers (net)	142,034	2.80	988									
Fixed-income securities	27,499	1.16	79									
Equity securities	1,000	--	--									
Tang. & intang. assets	5,475	--	--									
Other assets	18,074	1.41	63									
<b>Total assets</b>	<b>220,338</b>	<b>2.09</b>	<b>1,143</b>									
Financial institutions (3)	22,792	-0.14	-8									
Customer deposits (4)	149,636	-0.22	-82									
Capital markets	25,330	-1.33	-84									
Other liabilities	9,672	-3.55	-85									
Shareholders' equity	12,908	--	--									
<b>Total funds</b>	<b>220,338</b>	<b>-0.47</b>	<b>-259</b>									
<b>Net interest income</b>			<b>884</b>									
<b>Customer spread</b>		<b>2.58</b>										
<b>Net interest margin as % of ATA</b>		<b>1.62</b>										

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 equivalent (2)	31,207	0.19	15	33,178	0.21	17	27,695	0.26	18	26,689	0.19	13
Loans to customers (net)	138,026	2.97	1,011	139,417	2.94	1,022	139,634	2.89	1,018	141,583	2.82	1,006
Fixed-income securities	25,213	1.34	83	26,672	1.30	87	28,356	1.20	86	27,469	1.25	86
Equity securities	869	--	--	935	--	--	856	--	--	859	--	--
Tang. & intang. assets	5,331	--	--	5,364	--	--	5,405	--	--	5,493	--	--
Other assets	20,543	1.67	85	21,034	1.46	77	21,026	1.64	87	21,012	1.75	92
<b>Total assets</b>	<b>221,189</b>	<b>2.19</b>	<b>1,194</b>	<b>226,600</b>	<b>2.13</b>	<b>1,203</b>	<b>222,972</b>	<b>2.15</b>	<b>1,209</b>	<b>223,104</b>	<b>2.13</b>	<b>1,198</b>
Financial institutions (3)	32,238	-0.15	-12	31,913	-0.12	-9	26,511	-0.20	-14	23,989	-0.15	-9
Customer deposits (4)	144,271	-0.27	-97	148,279	-0.29	-107	147,937	-0.27	-102	149,653	-0.23	-86
Capital markets	24,639	-1.39	-85	24,855	-1.45	-90	24,527	-1.50	-93	24,932	-1.44	-90
Other liabilities	7,698	-5.23	-99	8,893	-4.13	-92	11,109	-3.38	-95	11,509	-3.56	-103
Shareholders' equity	12,343	--	--	12,659	--	--	12,888	--	--	13,020	--	--
<b>Total funds</b>	<b>221,189</b>	<b>-0.54</b>	<b>-293</b>	<b>226,600</b>	<b>-0.53</b>	<b>-298</b>	<b>222,972</b>	<b>-0.54</b>	<b>-303</b>	<b>223,104</b>	<b>-0.51</b>	<b>-288</b>
<b>Net interest income</b>			<b>901</b>			<b>905</b>			<b>906</b>			<b>910</b>
<b>Customer spread</b>		<b>2.70</b>			<b>2.65</b>			<b>2.62</b>			<b>2.59</b>	
<b>Net interest margin as % of ATA</b>		<b>1.65</b>			<b>1.60</b>			<b>1.61</b>			<b>1.62</b>	

- (1) The EURGBP exchange rate used for the income statement for the quarter is 0.8614 while that used for the balance sheet is 0.8864.
- (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 ex-TSB

2020 (€ 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)	20,691	0.10	5									
Loans to customers (net)	105,977	2.69	709									
Fixed-income securities	24,759	1.19	73									
Other assets	25,450	1.04	66									
<b>Total assets</b>	<b>176,876</b>	<b>1.94</b>	<b>854</b>									
Financial institutions (2)	17,583	0.01	0									
Customer deposits (3)	114,880	-0.19	-53									
Capital markets	22,941	-1.25	-71									
Other liabilities and shareholders' equity	2,1472	-1.63	-87									
<b>Total funds</b>	<b>176,876</b>	<b>-0.48</b>	<b>-211</b>									
<b>Net interest income</b>			<b>643</b>									
<b>Customer spread</b>		<b>2.50</b>										
<b>Net interest margin as % of ATA</b>		<b>1.46</b>										

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	24,537	0.03	2	19,760	0.08	4	19,692	0.01	1
Loans to customers (net)	103,260	2.89	737	105,130	2.84	745	105,843	2.80	746	105,373	2.72	722
Fixed-income securities	22,695	1.38	77	24,620	1.33	82	26,009	1.23	81	24,873	1.28	80
Other assets	27,647	1.14	78	28,131	1.04	73	27,886	1.20	85	28,105	1.31	93
<b>Total assets</b>	<b>176,700</b>	<b>2.05</b>	<b>893</b>	<b>182,418</b>	<b>1.98</b>	<b>901</b>	<b>179,499</b>	<b>2.02</b>	<b>916</b>	<b>178,043</b>	<b>2.00</b>	<b>896</b>
Financial institutions (2)	24,862	0.02	2	24,561	0.07	4	19,526	0.00	0	17,787	0.07	3
Customer deposits (3)	110,544	-0.22	-60	114,990	-0.24	-68	115,133	-0.24	-70	114,566	-0.19	-55
Capital markets	22,623	-1.37	-76	22,367	-1.41	-79	22,141	-1.48	-83	22,478	-1.41	-80
Other liabilities and shareholders' equity	18,772	-2.22	-103	20,500	-1.85	-95	22,699	-1.70	-97	23,212	-1.79	-105
<b>Total funds</b>	<b>176,700</b>	<b>-0.54</b>	<b>-237</b>	<b>182,418</b>	<b>-0.52</b>	<b>-238</b>	<b>179,499</b>	<b>-0.55</b>	<b>-250</b>	<b>178,043</b>	<b>-0.53</b>	<b>-237</b>
<b>Net interest income</b>			<b>656</b>			<b>664</b>			<b>665</b>			<b>659</b>
<b>Customer spread</b>		<b>2.67</b>		<b>2.60</b>			<b>2.56</b>			<b>2.53</b>		
<b>Net interest margin as % of ATA</b>		<b>1.51</b>		<b>1.46</b>			<b>1.47</b>			<b>1.47</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 4 million euros as at the end of March 2020, compared to 12 million euros in the previous year. It fell in the quarter, due to a lower contribution of income from the insurance and pension fund business.

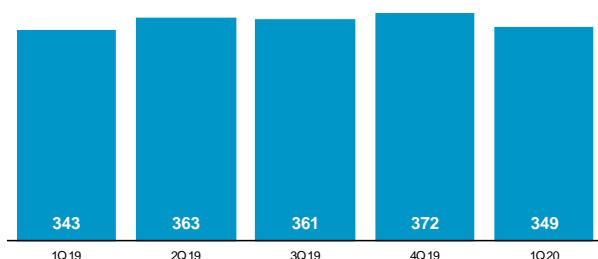
### Net fees and commissions:

Fees and commissions amounted to 349 million euros representing growth of 1.9% (3.4% ex-TSB), the increase in all segments being noteworthy.

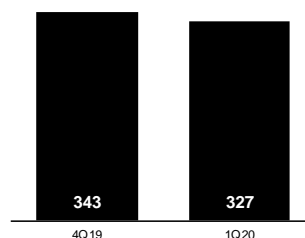
In the quarter, fees and commissions declined by -6.0% (-4.6% ex-TSB) impacted by reduced economic activity associated with Covid-19 and by volatility in the financial markets and the seasonal effect of asset management fees. Moreover, 8 million euros less in fees as some payment services cost have been netted of fees for the first time this quarter. In previous quarters this cost was recorded in general expenses.

## Evolution of net fees and commissions

Total group (€ millions)



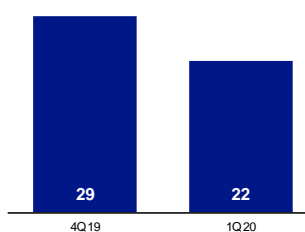
Sabadell ex - TSB (€ millions)



Change YoY:  
**+3.4%**

Change QoQ:  
**-4.6%**

TSB (€ millions)



Change YoY:  
**-15.2%**  
**-16.6%** Constant FX

Change QoQ:  
**-23.0%**  
**-22.9%** Constant FX

	Total group	Constant FX
Change YoY:	<b>+1.9%</b>	<b>+1.8%</b>
Change QoQ:	<b>-6.0%</b>	<b>-6.0%</b>

## Net fees and commissions

(€million)	Excl. TSB			Total group			Excl. TSB			Total group		
	4 Q19	1Q20	QoQ (%)	4 Q19	1Q20	QoQ (%)	1Q19	1Q20	YoY (%)	1Q19	1Q20	YoY (%)
Lending fees	37	38	3.8	38	38	1.0	35	38	10.8	35	38	10.8
Guarantees commissions	28	26	-8.2	27	26	-4.8	27	26	-5.3	27	26	-5.3
<b>Risk transaction fees</b>	<b>65</b>	<b>64</b>	<b>-1.4</b>	<b>65</b>	<b>64</b>	<b>-1.4</b>	<b>62</b>	<b>64</b>	<b>3.7</b>	<b>62</b>	<b>64</b>	<b>3.7</b>
Cards	53	43	-19.7	66	53	-19.7	48	43	-11.0	58	53	-8.0
Payment orders	16	15	-5.8	16	15	-6.8	14	15	3.4	15	15	1.9
Securities	17	20	21.1	17	20	21.1	15	20	33.7	15	20	33.7
Custodian mutual and pension funds	3	3	-3.9	3	3	-3.9	3	3	3.7	3	3	3.7
Sight accounts	34	42	21.9	48	54	13.0	35	42	20.4	48	54	12.7
Foreign currency and notes exchange	25	27	7.5	28	30	6.5	27	27	1.0	29	30	1.7
Other transactions	31	23	-23.8	27	17	-34.3	25	23	-6.1	22	17	-21.2
<b>Commissions for services</b>	<b>179</b>	<b>173</b>	<b>-3.3</b>	<b>205</b>	<b>193</b>	<b>-5.8</b>	<b>167</b>	<b>173</b>	<b>3.7</b>	<b>190</b>	<b>193</b>	<b>1.4</b>
Mutual funds	41	38	-9.1	41	38	-9.1	36	38	2.8	36	38	2.8
Pension funds and insurance brokerage	47	47	0.2	50	50	-1.2	45	47	5.1	48	50	3.7
Wealth management	11	5	-49.2	11	5	-49.2	7	5	-18.2	7	5	-18.2
<b>Asset Under Management commissions</b>	<b>99</b>	<b>90</b>	<b>-9.0</b>	<b>102</b>	<b>92</b>	<b>-9.4</b>	<b>88</b>	<b>90</b>	<b>2.4</b>	<b>91</b>	<b>92</b>	<b>1.7</b>
<b>Total</b>	<b>343</b>	<b>327</b>	<b>-4.6</b>	<b>372</b>	<b>349</b>	<b>-6.0</b>	<b>316</b>	<b>327</b>	<b>3.4</b>	<b>343</b>	<b>349</b>	<b>1.9</b>

(1) The EURGBP exchange rate used for the income statement is 0.8614.

### Net trading income and exchange differences:

At the end of March 2020 this item totalled 151 million euros (137 million euros ex-TSB), mainly due to the capital gains generated by the sales of ALCO portfolio, while at the end of the first quarter of the previous year it amounted to 67 million euros (51 million euros ex-TSB).

### Other operating income and expenses:

This item amounted to -17 million euros as at the end of March 2020 (-18 million euros ex-TSB) compared with 1 million euros in the same quarter of the previous year (-11 million euros ex-TSB). This quarter includes an £11 million insurance recovery payment collected by TSB in relation to the technological migration, while the previous year it included the positive impact of renegotiation of the VISA Inc. service contract.

The quarter-on-quarter change is due to the contribution to the Deposit Guarantee Fund (DGF) and the payment of the Tax on Deposits in Credit Institutions (IDEC, for its acronym in Spanish).

### Total costs:

Total costs amounted to -778 million euros as at the end of March 2020 (-528 million euros ex-TSB), thus remaining in line with the first quarter of the previous year.

Recurrent costs amounted to -768 million euros (-526 million euros ex-TSB), having increased 2.6% year-on-year (3.1% ex-TSB) due to higher personnel expenses and increased amortisations.

During the quarter recurrent costs decreased by -5.5% (-7.3% ex-TSB) mainly due to lower general expenses ex-TSB, including, in particular, marketing costs and third party costs.

Non-recurrent costs show a significant decline, as the previous year included the impacts related to the TSB migration. Non-recurrent costs declined substantially in the quarter and include -5 million euros corresponding to TSB restructuring costs.

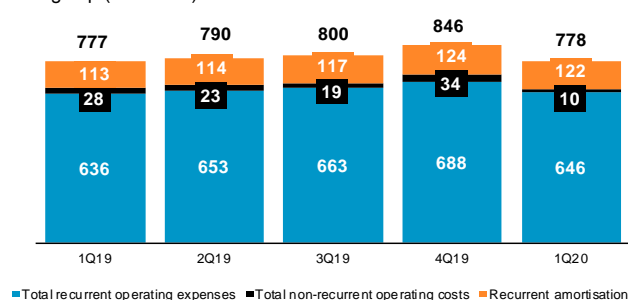
### Total costs

(€ million)	Excl. TSB			Total group			Excl. TSB			Total group		
	4 Q19	1Q20	QoQ (%)	4 Q19	1Q20	QoQ (%)	1Q19	1Q20	YoY (%)	1Q19	1Q20	YoY (%)
Recurrent	-304	-308	1.4	-401	-400	-0.3	-289	-308	6.7	-386	-400	3.7
Non-recurrent	-6	-2	-67.0	-22	-4	-84.1	-3	-2	-46.7	-5	-4	-34.7
<b>Personnel expenses</b>	<b>-309</b>	<b>-310</b>	<b>0.2</b>	<b>-423</b>	<b>-403</b>	<b>-4.7</b>	<b>-292</b>	<b>-310</b>	<b>6.1</b>	<b>-391</b>	<b>-403</b>	<b>3.2</b>
IT and communications	-46	-52	13.3	-98	-93	-4.4	-42	-52	23.4	-93	-93	0.3
Advertising	-14	-6	-58.7	-29	-20	-31.3	-12	-6	-49.5	-23	-20	-12.7
Premises and office supplies	-15	-8	-50.9	-13	-16	23.5	-13	-8	-40.5	-25	-16	-34.9
Technical reports and judicial expenses	-29	-4	-86.1	-31	-10	-67.7	-7	-4	-41.2	-9	-10	9.9
Subcontracted administrative services	-13	-16	19.9	-36	-50	37.4	-15	-16	5.4	-32	-50	56.0
Contributions and taxes	-26	-27	4.6	-42	-31	-26.2	-29	-27	-7.6	-29	-31	6.2
Others	-30	-18	-37.9	-38	-26	-32.1	-24	-18	-22.8	-40	-26	-35.2
<b>Total recurrent</b>	<b>-174</b>	<b>-131</b>	<b>-24.7</b>	<b>-287</b>	<b>-246</b>	<b>-14.2</b>	<b>-142</b>	<b>-131</b>	<b>-7.6</b>	<b>-250</b>	<b>-246</b>	<b>-1.8</b>
Non-recurrent	0	0	--	-11	-3	-71.0	0	0	--	-23	-3	-86.1
<b>Other general expenses</b>	<b>-174</b>	<b>-131</b>	<b>-24.7</b>	<b>-298</b>	<b>-249</b>	<b>-16.4</b>	<b>-142</b>	<b>-131</b>	<b>-7.6</b>	<b>-273</b>	<b>-249</b>	<b>-8.9</b>
Recurrent	-90	-87	-3.3	-124	-122	-1.8	-80	-87	9.2	-113	-122	8.5
Non-recurrent	0	0	--	-1	-3	201.3	0	0	--	0	-3	--
<b>Amortisation &amp; depreciation</b>	<b>-90</b>	<b>-87</b>	<b>-3.3</b>	<b>-126</b>	<b>-126</b>	<b>0.0</b>	<b>-80</b>	<b>-87</b>	<b>9.2</b>	<b>-113</b>	<b>-126</b>	<b>11.4</b>
<b>Total</b>	<b>-573</b>	<b>-528</b>	<b>-7.9</b>	<b>-846</b>	<b>-778</b>	<b>-8.1</b>	<b>-513</b>	<b>-528</b>	<b>2.8</b>	<b>-777</b>	<b>-778</b>	<b>0.1</b>

(1) The EURGBP exchange rate used for the income statement is 0.8614.

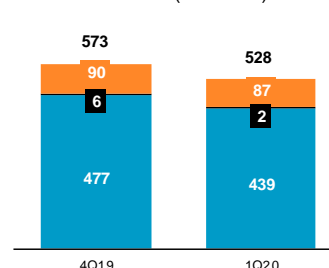
## Evolution of total costs

Total group (€ millions)



■ Total recurrent operating expenses ■ Total non-recurrent operating costs ■ Recurrent amortisation

Sabadell ex - TSB (€ millions)

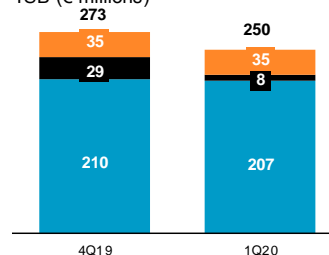


### Recurrent costs

Change YoY: **+3.1%**

Change QoQ: **-7.3%**

TSB (€ millions)



### Recurrent costs

Change YoY: **+1.5%**

**-0.2%** Constant FX

Change QoQ: **-1.2%**

**-0.9%** Constant FX

	Total group <sup>(1)</sup>	Constant FX <sup>(1)</sup>
Change YoY:	<b>+2.6%</b>	<b>+2.0%</b>
Change QoQ:	<b>-5.5%</b>	<b>-5.3%</b>

(1) Change over total recurrent costs.

## Pre-provisions income:

As at the end of March 2020, pre-provisions income amounted to 593 million euros (564 million euros ex-TSB), representing an increase of 8.4% year-on-year (10.3% ex-TSB), mainly due to higher net trading income arising from the sales of the ALCO portfolio.

## Provisions for NPLs and other impairments:

This item amounted to -454 million euros as at the end of March 2020 (-416 million euros ex-TSB), compared to -190 million euros (-169 million euros ex-TSB) as at the end of the first quarter of the previous year. This change is mainly due to the front-loading of extraordinary provisions associated with the impact of Covid-19, which amounted to -213 million euros (-193 million euros ex-TSB). A Post Model Adjustment was used in the calculation of Covid-19 provisions. This adjustment was based on our estimated credit losses, using the macro-economic scenarios recently published by the Bank of Spain, and giving more weight to the long-term outlook, which is more stable.

These provisions entailed a credit cost of risk for the Group of 93bps as at the end of March 2020, which falls to 39bps when excluding the front-loading of extraordinary provisions associated with the impact of Covid-19.

## Net profit:

The Group's net profit amounted to 94 million euros as at the end of March 2020 (101 million euros ex-TSB), impacted by the front-loading of extraordinary provisions associated with the impact of Covid-19.



## Balance sheet

### Highlights:

Performing loans continues to perform well, which posted a growth of 2.4% year-on-year. Quarter-on-quarter, lending volumes were impacted by the payment received from the DGF of 1,329 million euros associated with the APS, therefore they declined by -0.8%.

The organic growth<sup>(1)</sup> of lending stood at 3.1% year-on-year and 0.6% in the quarter, with a particularly noteworthy growth of the business in Spain in corporates, SMEs and public administrations, which offset the decline in TSB, which was mainly affected by the negative effect of the sterling exchange rate.

On-balance sheet customer funds increased by 2.9% year-on-year, driven by sight accounts, and they declined by -1.6% in the quarter, due to maturity of term deposits. Excluding these maturities, customer funds increased by 3.8% year-on-year and the decline in the quarter shrinks to -0.7%.

Off-balance sheet funds fell by -8.3% year-on-year and by -7.2% in the quarter due to the decline of mutual funds, which were affected by the negative performance of financial markets.

(1) Excludes CAM APS and the impact of €0.5bn A/R related to the closing of NPA disposals (€1.1bn in Dec-19).

### Balance sheet

(€million)	31.03.19	31.12.19	(2) 31.03.20	Change	
				YoY (%)	QoQ (%)
Cash, cash balances at central banks and other demand deposits	22,685	15,169	19,134	-15.7	26.1
Financial assets held for trading and fair value with changes in PL	2,418	2,612	3,459	43.1	32.4
Financial assets in fair value OCI	8,748	7,802	7,090	-19.0	-9.1
Financial assets at amortised cost	171,652	181,423	176,469	2.8	-2.7
Loans and advances to customers	144,158	147,816	146,495	1.6	-0.9
Loans and advances of central banks and credit institutions	10,694	14,388	12,777	19.5	-11.2
Debt securities	16,799	19,219	17,197	2.4	-10.5
Investments in subsidiaries, joint ventures and associates	541	734	771	42.4	5.0
Tangible assets	3,565	3,462	3,411	-4.3	-1.5
Intangible assets	2,475	2,565	2,540	2.6	-1.0
Other assets	13,660	9,987	10,411	-23.8	4.3
<b>Total assets</b>	<b>225,744</b>	<b>223,754</b>	<b>223,286</b>	<b>-1.1</b>	<b>-0.2</b>
Financial liabilities held for trading and fair value with changes in PL	2,001	2,714	3,688	84.4	35.9
Financial liabilities at amortised cost	208,953	205,636	204,214	-2.3	-0.7
Central banks	(1) 28,231	20,065	20,568	-27.1	2.5
Credit institutions	(1) 13,868	11,471	11,401	-17.8	-0.6
Customer deposits	140,299	147,362	144,721	3.2	-1.8
Debt securities issued	22,399	22,570	23,192	3.5	2.8
Other financial liabilities	4,156	4,168	4,332	4.2	3.9
Provisions	416	430	410	-1.5	-4.8
Other liabilities	1,896	1,998	2,202	16.1	10.2
<b>Subtotal liabilities</b>	<b>213,266</b>	<b>210,779</b>	<b>210,514</b>	<b>-1.3</b>	<b>-0.1</b>
Shareholders' equity	12,750	13,172	13,110	2.8	-0.5
Accumulated other comprehensive income	-339	-267	-406	19.8	52.4
Minority interest	67	69	68	1.0	-2.1
<b>Net equity</b>	<b>12,478</b>	<b>12,974</b>	<b>12,771</b>	<b>2.4</b>	<b>-1.6</b>
<b>Total liabilities and equity</b>	<b>225,744</b>	<b>223,754</b>	<b>223,286</b>	<b>-1.1</b>	<b>-0.2</b>
Financial guarantees granted	2,019	2,107	2,014	-0.2	-4.4
Commitments for loans granted	23,632	27,564	25,522	8.0	-7.4
Other commitments granted	8,268	10,399	11,315	36.9	8.8

(1) Deposits with central banks and credit institutions include the following amounts of repos: 9,442 million euros as at 31.03.2019, 7,607 million euros as at 31.12.2019 and 8,092 million euros as at 31.03.2020.

(2) The EURGBP exchange rate used for the balance sheet is 0.8864.

### Assets:

The Group's total assets amounted to 223,286 million euros, representing a decrease of -1.1% year-on-year and -0.2% in the quarter, affected by the negative impact of the sterling exchange rate in TSB.

Excluding TSB, they amounted to 180,112 million euros, falling slightly by -0.2% year-on-year and increasing by 0.3% in the quarter.

## Loans and advances to customers:

Performing loans ended the first quarter of 2020 with a balance of 143,475 million euros (108,631 million euros ex-TSB), representing a year-on-year growth of 2.4% (3.4% ex-TSB). Quarter-on-quarter, lending was impacted by the payment received from the DGF of 1,329 million euros associated with the APS, therefore it declined by -0.8% (but grew by 0.5% ex-TSB).

Organic growth<sup>(1)</sup> of lending was 3.1% year-on-year (4.3% ex-TSB) and 0.6% in the quarter (2.5% ex-TSB).

In Spain, performing loans excluding the APS increased by 4.6% year-on-year and by 1.9% in the quarter, supported by growth in corporates, SMEs and public administrations. Commercial activity shows resilience in the quarter despite being affected in the month of March by the economic slowdown derived from the Covid-19. Likewise, the drawdowns against credit lines facilities increased by 800 million euros.

(1) Excludes CAM APS and the impact of €0.5bn A/R related to the closing of NPA disposals (€1.1bn in Dec-19).

Mexico continues to perform remarkably well, growing by 8.5% year-on-year and declining by -0.5% in the quarter, due to the currency devaluation. In Mexican pesos, it increased by 30.9% year-on-year and by 22.8% in the quarter.

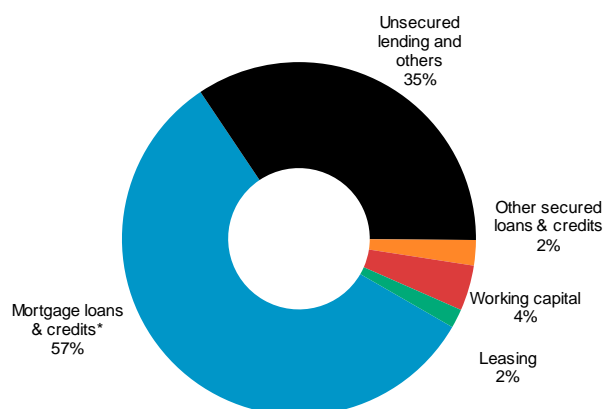
In TSB, lending was down by -0.6% year-on-year and -4.5% in the quarter, impacted by the devaluation of the pound. Considering a constant exchange rate, this item increased by 2.7% year-on-year, due to the larger mortgage portfolio, and dropped slightly by -0.5% in the quarter, where mortgage lending balances were broadly flat in the quarter as TSB continued to manage margins vs. volume considerations, and following an anticipated large fixed rate maturity in January. Additionally, seasonality has impacted credit cards and overdrafts performance in the first quarter.

## Loans and advances to customers

(€ million)	Excl. TSB					Total group <sup>(1)</sup>				
	31.03.19	31.12.19	31.03.20	Change		31.03.19	31.12.19	31.03.20	Change	
				YoY (%)	QoQ (%)				YoY (%)	QoQ (%)
Mortgage loans & credits	49,638	49,642	49,626	0.0	0.0	82,184	83,720	82,176	0.0	-1.8
Other secured loans & credits	2,936	3,327	3,331	13.4	0.1	2,937	3,330	3,335	13.6	0.2
Working capital	5,781	6,443	5,972	3.3	-7.3	5,781	6,443	5,972	3.3	-7.3
Leasing	2,520	2,558	2,486	-1.4	-2.8	2,520	2,558	2,486	-1.4	-2.8
Unsecured lending and others	44,222	46,106	47,216	6.8	2.4	46,717	48,521	49,506	6.0	2.0
<b>Performing gross loans</b>	<b>105,097</b>	<b>108,076</b>	<b>108,631</b>	<b>3.4</b>	<b>0.5</b>	<b>140,139</b>	<b>144,572</b>	<b>143,475</b>	<b>2.4</b>	<b>-0.8</b>
Of which: APS	3,092	3,092	1,761	-43.0	-43.0	3,092	3,092	1,761	-43.0	-43.0
<b>Performing gross loans excluding APS</b>	<b>102,006</b>	<b>104,985</b>	<b>106,870</b>	<b>4.8</b>	<b>1.8</b>	<b>137,048</b>	<b>141,480</b>	<b>141,714</b>	<b>3.4</b>	<b>0.2</b>
Non-performing loans	5,827	5,473	5,460	-6.3	-0.2	6,298	5,923	5,890	-6.5	-0.5
Accruals	-106	-57	-68	-35.9	20.0	-32	18	2	--	-89.3
<b>Gross loans to customers (excluding repos)</b>	<b>110,818</b>	<b>113,492</b>	<b>114,022</b>	<b>2.9</b>	<b>0.5</b>	<b>146,406</b>	<b>150,513</b>	<b>149,367</b>	<b>2.0</b>	<b>-0.8</b>
Reverse repos	0	0	251	--	--	1,007	236	251	-75.1	6.6
<b>Gross loans to customers</b>	<b>110,818</b>	<b>113,492</b>	<b>114,274</b>	<b>3.1</b>	<b>0.7</b>	<b>147,413</b>	<b>150,749</b>	<b>149,618</b>	<b>1.5</b>	<b>-0.7</b>
NPL and country-risk provisions	-3,038	-2,742	-2,915	-4.0	6.3	-3,255	-2,933	-3,123	-4.0	6.5
<b>Loans and advances to customers</b>	<b>107,780</b>	<b>110,751</b>	<b>111,358</b>	<b>3.3</b>	<b>0.5</b>	<b>144,158</b>	<b>147,816</b>	<b>146,495</b>	<b>1.6</b>	<b>-0.9</b>

(1) The EURGBP exchange rate used for the balance sheet is 0.8864.

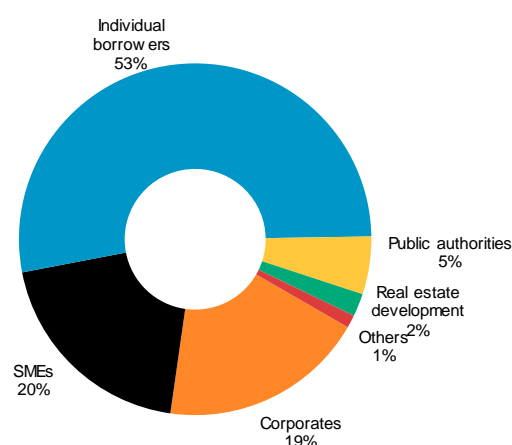
## Loans and advances to customers by product type, 31.03.2020 (%)<sup>(\*)</sup>



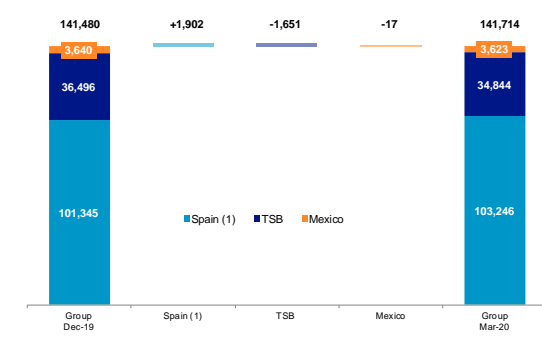
\*Includes mortgage loans and credits both to individuals and companies.

(\*) Excluding NPLs and accrual adjustments.

## Loans and advances to customers by customer profile, 31.03.2020 (%)



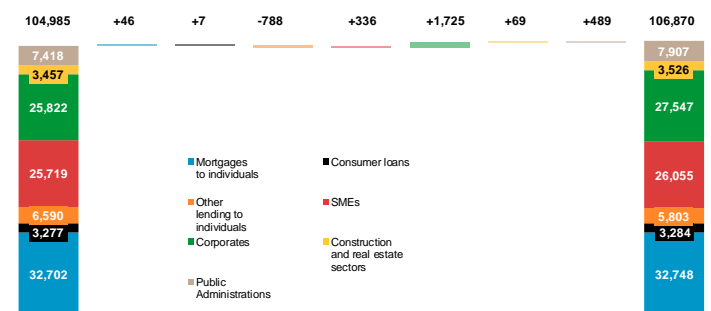
## Gross performing loans ex APS: performance by geographies (€ million)



Change YoY:	+4.6% <sup>(2)</sup>	-0.6% <sup>(1)</sup>	+8.5% <sup>(1)</sup>	+3.4% <sup>(2)</sup>
Change QoQ:	+1.9% <sup>(2)</sup>	-4.5% <sup>(1)</sup>	-0.5% <sup>(1)</sup>	+0.2% <sup>(2)</sup>

(\*) In TSB +2.7% YoY and -0.5% QoQ in GBP and in Mexico +30.9% YoY and +22.8% QoQ in MXN.  
 (1) Spain includes overseas branches.  
 (2) Excluding in the quarter the impact of €0.5bn (€1.1bn in Dec 19) A/R related to the closing of NPA disposals, at Group level an increase of +3.1% YoY and +0.6% QoQ and for Spain +4.2% YoY and +2.6% QoQ.

## Gross performing loans ex TSB ex APS: performance by segments (€ million)



Change YoY:	+2.5%	-13.4%	+3.6% <sup>(1)</sup>	+2.6%	+11.8%	0.3%	+11.1%	+4.8% <sup>(1)</sup>
Change QoQ:	+0.1%	+0.2%	-11.9% <sup>(1)</sup>	+1.3%	+6.7%	+2.0%	+6.6%	+1.8% <sup>(1)</sup>

(\*) Excluding in the quarter the impact of €0.5bn (€1.1bn in Dec 19) A/R related to the closing of NPA disposals, at Ex-TSB level an increase of +4.3% YoY and +2.5% QoQ and other lending to individuals -4.6% YoY and -2.0% QoQ.

## Liabilities:

### Customer funds:

At the end of March 2020, on-balance sheet customer funds amounted to 144,005 million euros (109,414 million euros ex-TSB), representing a year-on-year increase of 2.9% (3.3% ex-TSB) due to the growth of sight accounts, and a quarter-on-quarter decrease of -1.6% (-1.3% ex-TSB), due to the reduction of term deposits.

Sight account balances amounted to 118,878 million euros (87,498 million euros ex-TSB), representing an increase of 7.8% year-on-year (10.6% ex-TSB) and remaining in line with the previous quarter (growth of 0.7% ex-TSB).

Term deposits amounted to 25,115 million euros (21,905 million euros ex-TSB), representing a decline of -13.8% (-16.7% ex-TSB) from the previous year, and of -8.1% (-8.4% ex-TSB) in the quarter, due to maturing deposits and as term deposits continued to flow into current accounts as a result of the environment of low interest rates paid on saving deposits.

At TSB level, on-balance sheet customer funds increased by 1.7% year-on-year and declined by -2.4% in the quarter, impacted by the negative exchange rate effect. Considering a constant exchange rate, this item increased by 5.0% year-on-year and by 1.7% in the quarter, supported by the growth of current accounts as a result of the low savings rate on term deposits.

Total off-balance sheet funds amounted to 40,044 million euros as at the end of March 2020, declining by -8.3% with respect to the previous year and by -7.2% in the quarter, due to the decline of mutual funds, which were impacted by the negative performance of financial markets.

### Marketable debt securities:

At the end of March 2020, this item amounted to 19,828 million euros (17,972 million euros ex-TSB), representing a growth of 2.6% year-on-year (4.4% ex-TSB) and of 1.6% in the quarter (2.4% ex-TSB).

Exposures to central banks at the end of March 2020 amounted to 20,373 million euros, of which 15,325 million euros related to the ECB and 5,048 million euros related to the Bank of England.

In the first quarter of 2020, 300 million euros of Tier 2 and 1 billion euros of covered bonds have been issued.

### Funds under management:

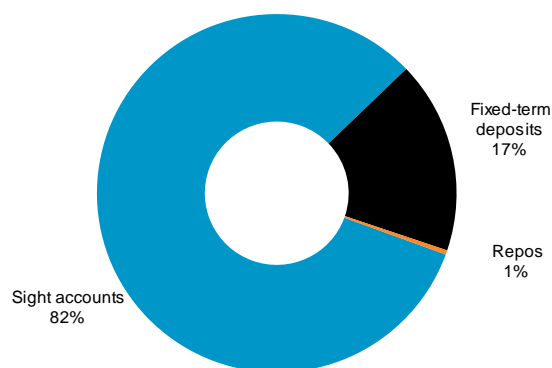
This item amounted to a total of 207,957 million euros (171,011 million euros ex-TSB), compared to 206,353 million euros (169,637 million euros ex-TSB) one year previously, representing a year-on-year increase of 0.8%, both at Group level and excluding TSB, and a quarter-on-quarter drop of -2.4% at Group level and excluding TSB.

## Customer funds

(€ million)	Excl. TSB					Total group				
	31.03.19	31.12.19	31.03.20	Change		31.03.19	31.12.19	31.03.20	Change	
				YoY (%)	QoQ (%)				YoY (%)	QoQ (%)
<b>Financial liabilities at amortised cost</b>	<b>164,382</b>	<b>162,196</b>	<b>161,962</b>	<b>-1.5</b>	<b>-0.1</b>	<b>208,953</b>	<b>205,636</b>	<b>204,214</b>	<b>-2.3</b>	<b>-0.7</b>
Non-retail financial liabilities	58,415	53,009	52,548	-10.0	2.4	68,967	59,327	60,209	-12.7	1.5
Central banks	20,682	14,795	15,512	-25.0	4.8	28,231	20,065	20,568	-27.1	2.5
Credit institutions	13,849	11,470	11,400	-17.7	-0.6	13,868	11,471	11,401	-17.8	-0.6
Institutional issues	20,015	21,135	21,553	7.7	2.0	22,712	23,623	23,909	5.3	1.2
Other financial liabilities	3,869	3,909	4,082	5.5	4.4	4,156	4,168	4,332	4.2	3.9
<b>On-balance sheet customer funds</b>	<b>105,967</b>	<b>110,886</b>	<b>109,414</b>	<b>3.3</b>	<b>-1.3</b>	<b>139,986</b>	<b>146,309</b>	<b>144,005</b>	<b>2.9</b>	<b>-1.6</b>
Customer deposits	106,169	111,887	110,084	3.7	-1.6	140,299	147,362	144,721	3.2	-1.8
Sight accounts	79,092	86,875	87,498	10.6	0.7	110,286	118,868	118,878	7.8	0.0
Fixed-term deposits	(2) 26,305	23,909	21,905	-16.7	-8.4	29,131	27,339	25,115	-13.8	-8.1
Repos	366	951	556	51.8	-41.5	426	951	556	30.4	-41.5
Accruals and derivative hedging adjustments	405	151	126	-69.0	-16.9	456	204	172	-62.3	-15.6
Debt and other marketable securities	17,207	17,544	17,972	4.4	2.4	19,321	19,514	19,828	2.6	1.6
Subordinated liabilities	(3) 2,606	2,591	2,911	11.7	12.4	3,078	3,056	3,364	9.3	10.1
<b>On-balance sheet funds</b>	<b>125,982</b>	<b>132,021</b>	<b>130,967</b>	<b>4.0</b>	<b>-0.8</b>	<b>162,698</b>	<b>169,932</b>	<b>167,913</b>	<b>3.2</b>	<b>-1.2</b>
Mutual funds	25,940	26,003	23,707	-8.6	-8.8	25,940	26,003	23,707	-8.6	-8.8
Equity funds	1,547	1,606	1,176	-24.0	-26.8	1,547	1,606	1,176	-24.0	-26.8
Balanced funds	6,472	6,823	6,255	-3.4	-8.3	6,472	6,823	6,255	-3.4	-8.3
Fixed-income funds	4,280	5,037	4,842	13.1	-3.9	4,280	5,037	4,842	13.1	-3.9
Guaranteed return funds	4,089	3,008	2,904	-29.0	-3.4	4,089	3,008	2,904	-29.0	-3.4
Real estate funds	122	76	76	-37.9	-0.9	122	76	76	-37.9	-0.9
Venture capital funds	47	101	137	190.4	35.3	47	101	137	190.4	35.3
Dedicated investment companies	1,660	1,667	1,448	-12.8	-13.1	1,660	1,667	1,448	-12.8	-13.1
Third-party funds	7,723	7,685	6,870	-11.0	-10.6	7,723	7,685	6,870	-11.0	-10.6
Managed accounts	3,528	3,363	2,934	-16.8	-12.8	3,528	3,363	2,934	-16.8	-12.8
Pension funds	3,616	3,367	3,126	-13.5	-7.1	3,616	3,367	3,126	-13.5	-7.1
Individual	2,138	2,216	2,042	-4.5	-7.8	2,138	2,216	2,042	-4.5	-7.8
Company	1,467	1,140	1,074	-26.8	-5.8	1,467	1,140	1,074	-26.8	-5.8
Group	11	11	10	-7.4	-7.6	11	11	10	-7.4	-7.6
Third-party insurance products	10,571	10,430	10,277	-2.8	-1.5	10,571	10,430	10,277	-2.8	-1.5
<b>Off-balance sheet customer funds</b>	<b>43,655</b>	<b>43,163</b>	<b>40,044</b>	<b>-8.3</b>	<b>-7.2</b>	<b>43,655</b>	<b>43,163</b>	<b>40,044</b>	<b>-8.3</b>	<b>-7.2</b>
<b>Funds under management</b>	<b>169,637</b>	<b>175,184</b>	<b>171,011</b>	<b>0.8</b>	<b>-2.4</b>	<b>206,353</b>	<b>213,095</b>	<b>207,957</b>	<b>0.8</b>	<b>-2.4</b>

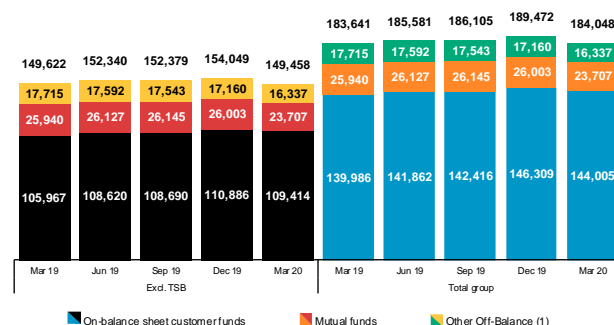
- (1) The EURGBP exchange rate used for the balance sheet is 0.8864.  
(2) Includes deposits redeemable at notice and hybrid financial liabilities.  
(3) Subordinated liabilities of debt securities.

## Customer deposits, 31.03.2020 (\*)



(\*) Excluding accrual adjustments and hedging derivatives.

## Evolution of customer funds (€ million)



Excl. TSB (\*)

Total group (\*)

Change YoY: **+3.3%**

Change YoY: **+2.9%**

Change QoQ: **-1.3%**

Change QoQ: **-1.6%**

(\*) Change on balance sheet customer funds.

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

## Equity:

The following table shows the evolution of equity at the end of March 2020:

### Equity

(€million)	31.03.19	31.12.19	31.03.20	Change	
				YoY	QoQ
<b>Shareholders' equity</b>	<b>12,750</b>	<b>13,172</b>	<b>13,110</b>	<b>360</b>	<b>-62</b>
Issued capital	703	703	703	0	0
Reserves	11,900	11,780	12,306	406	526
Other equity	38	40	43	5	3
Less: treasury shares	-149	-9	-36	113	-27
Attributable net profit	258	768	94	-165	-674
Less: interim dividends	0	-111	0	0	111
<b>Accumulated other comprehensive income</b>	<b>-339</b>	<b>-267</b>	<b>-406</b>	<b>-67</b>	<b>-140</b>
<b>Minority interest</b>	<b>67</b>	<b>69</b>	<b>68</b>	<b>1</b>	<b>-1</b>
<b>Net equity</b>	<b>12,478</b>	<b>12,974</b>	<b>12,771</b>	<b>294</b>	<b>-203</b>

## Risk management

### Highlights:

The Group's NPL ratio stood at 3.8%, improving from the first quarter of the previous year, when it stood at 4.1%.

Efforts continue to reduce to the Group's non-performing assets, which have declined by -764 million euros in the past twelve months, of which -271 million euros corresponded to non-performing loans and -493 million euros to foreclosed assets. In the quarter, they increased by 96 million euros due to the increase of 125 million euros in foreclosed assets, partially offset by -29 million euros in non-performing loans.

The NPA coverage ratio stands at 49.6%, with the coverage of non-performing loans standing at 52.8% and the coverage of foreclosed assets at 34.4%.

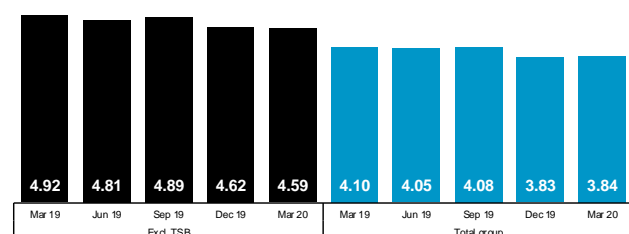
The Group's credit cost of risk stood at 93bps as at the end of March 2020, which falls to 39bps when excluding the front-loading of extraordinary provisions associated with the impact of Covid-19.

### Risk management:

Non-performing assets have been reduced over the year, and at the end of March 2020 their balance was 7,422 million euros, of which 6,112 million euros correspond to non-performing loans and 1,310 million euros correspond to foreclosed assets. This volume of problematic (non-performing) assets brings the ratio of net NPAs to total assets down to 1.7%, compared to 1.8% in the first quarter of the previous year.

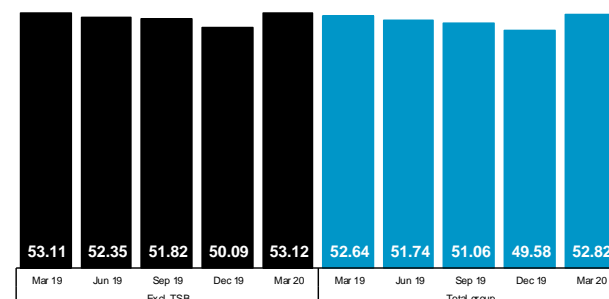
The ratio of problematic assets in relation to gross loans plus real estate assets stood at 4.9%, down from 5.5% in the first quarter of the previous year.

### NPL ratios (%) <sup>(\*)</sup>



(\*) Calculated including contingent exposures.

### NPL coverage ratios (%) <sup>(\*)</sup>

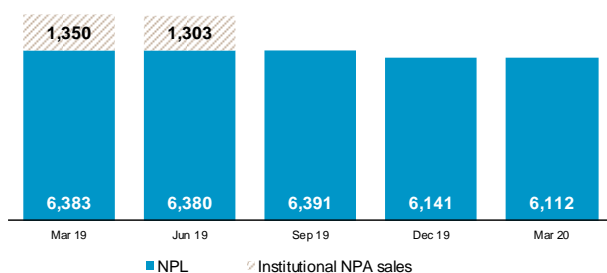


### NPL ratios by segment <sup>(\*)</sup>

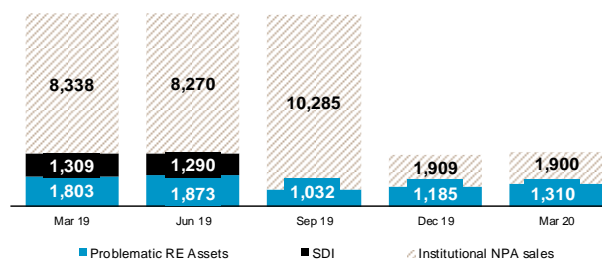
Excl. TSB	Mar 19	Jun 19	Sep 19	Dec 19	Mar 20
Real estate development and/or construction purposes	14.45%	13.97%	13.39%	10.96%	10.72%
Construction purposes non-related to real estate dev.	5.97%	5.65%	5.49%	6.11%	6.30%
Large corporates	1.88%	1.76%	1.73%	1.45%	1.35%
SME and small retailers and self-employed	6.44%	6.57%	6.77%	6.73%	6.78%
Individuals with 1st mortgage guarantee assets	5.80%	5.65%	5.54%	5.33%	5.21%
<b>NPL ratio</b>	<b>4.92%</b>	<b>4.81%</b>	<b>4.89%</b>	<b>4.62%</b>	<b>4.59%</b>

(\*) Calculated including contingent exposures.

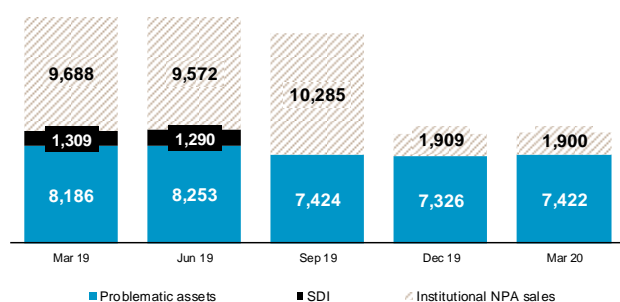
### Evolution of NPLs (€ million) <sup>(\*)</sup>



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



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



(\*) Calculated including contingent exposures.

The table below shows the evolution of the Group's problematic assets. Their reduction during recent quarters is evident.

### Evolution of NPLs and foreclosed assets, ex TSB

(€million)	Mar 19	Jun 19	Sep 19	Dec 19	Mar 20
Gross entries (NPLs)	408	457	380	469	406
Recoveries	(1)	-420	-371	-550	-333
<b>Net NPL entries</b>	<b>-12</b>	<b>86</b>	<b>80</b>	<b>-81</b>	<b>73</b>
Gross entries (foreclosed assets)	136	107	120	209	141
Sales	(1)	-59	-37	-961	-57
<b>Change in foreclosed assets</b>	<b>77</b>	<b>70</b>	<b>-841</b>	<b>152</b>	<b>125</b>
<b>Net entries + Change in foreclosed assets</b>	<b>66</b>	<b>156</b>	<b>-761</b>	<b>71</b>	<b>198</b>
Write-offs	-82	-76	-70	-161	-82
<b>Foreclosed assets and NPLs quarterly change</b>	<b>-117</b>	<b>79</b>	<b>-831</b>	<b>-90</b>	<b>116</b>

(1) NPA portfolios sold to institutional investors have been reclassified as non-current assets held for sale, therefore the figures are shown excluding these assets.

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

(€ million)	Mar 19	Jun 19	Sep 19	Dec 19	Mar 20
Non-performing exposures	6,383	6,380	6,391	6,141	6,112
Provisions	3,360	3,301	3,263	3,045	3,228
<b>NPL coverage ratio (%)</b>	<b>52.6%</b>	<b>51.7%</b>	<b>51.1%</b>	<b>49.6%</b>	<b>52.8%</b>
Problematic RE Assets	1,803	1,873	1,032	1,185	1,310
Provisions	790	831	380	394	451
<b>Problematic Real Estate coverage ratio (%)</b>	<b>43.8%</b>	<b>44.4%</b>	<b>36.8%</b>	<b>33.3%</b>	<b>34.4%</b>
Total problematic assets	8,186	8,253	7,424	7,326	7,422
Provisions	4,150	4,132	3,643	3,439	3,680
<b>Problematic assets coverage (%)</b>	<b>50.7%</b>	<b>50.1%</b>	<b>49.1%</b>	<b>46.9%</b>	<b>49.6%</b>
Gross loans and advances to customers + problematic RE Assets	148,209	149,866	148,248	151,698	150,677
<b>Problematic assets over Gross loans + RE assets (%)</b>	<b>5.5%</b>	<b>5.5%</b>	<b>5.0%</b>	<b>4.8%</b>	<b>4.9%</b>
Net problematic assets	4,036	4,121	3,781	3,887	3,743
<b>Net problematic assets as of % of total assets</b>	<b>1.8%</b>	<b>1.8%</b>	<b>1.7%</b>	<b>1.7%</b>	<b>1.7%</b>

(\*) Includes contingent exposures. NPA portfolios sold to institutional investors have been reclassified as non-current assets held for sale, therefore the figures are shown excluding these assets.

## Forbearance and restructured loans

The outstanding balance of forbore and restructured loans as at the end of March 2020 is as follows:

(€million)	Total	Of which: doubtful
Public sector	10	10
Companies and self employed	2,670	175
Of which: Financing for construction and real estate development	336	245
Individuals	1,819	1,169
<b>Total</b>	<b>4,500</b>	<b>2,894</b>
<b>Provisions</b>	<b>1,016</b>	<b>914</b>

## Pro forma 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>748</b>	<b>268</b>
Finished buildings	651	220
Housing	404	128
Rest	247	92
Buildings under construction	16	8
Housing	15	7
Rest	1	1
Land	82	40
Building land	43	20
Other land	39	20
<b>Real estate assets deriving from home loan mortgages</b>	<b>562</b>	<b>183</b>
<b>Total real-estate portfolio</b>	<b>1,310</b>	<b>451</b>

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



## Movements in credit loss allowances allocated by the Group

(€million)	2019	2020
<b>Initial balance</b>	<b>3,435</b>	<b>2,934</b>
IFRS9 implementation	0	0
Movements reflected in provisions for NPLs	549	371
Movements not reflected in provisions for NPLs	-1,059	-172
Utilisation of provisions	-947	-147
Other movements (*)	-112	-25
Adjustments for exchange differences	9	-9
<b>Final balance</b>	<b>2,934</b>	<b>3,124</b>

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

NOTE: Excludes guarantees and sums undrawn.

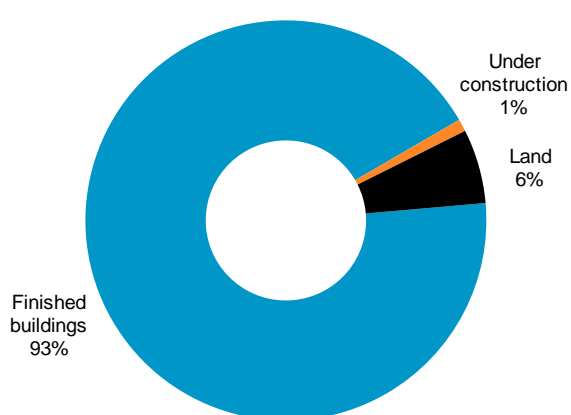
## Breakdown of loans and provisions by stages

(€ million)	Stage 1	Stage 2	Stage 3
Loans to customers and guarantees granted	144,140	8,788	6,112
Provisions	538	331	2,359
<b>Coverage</b>	<b>0.4%</b>	<b>3.8%</b>	<b>38.6%</b>

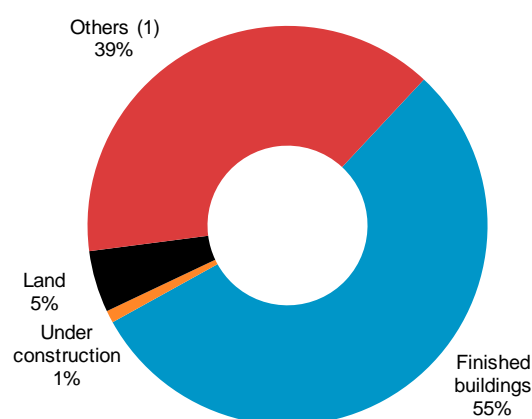
## Breakdown of real estate exposures by asset class:

The following figures show the real estate exposures at the end of March 2020, broken down by asset class:

### Foreclosed assets, 31.03.2020 (%)



### Real estate development, 31.03.2020 (%)



(1) Includes other guarantees

## Liquidity management

### Highlights:

Solid liquidity position, with the LCR (Liquidity Coverage Ratio) at the end of March 2020 standing at 172% at Group level (184% ex-TSB and 256% in TSB).

The loan-to-deposit ratio as at the end of March 2020 was 100% with a balanced retail funding structure.

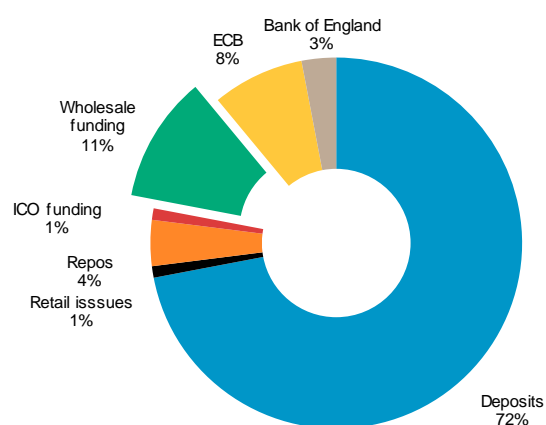
In the first quarter of 2020, 300 million euros of Tier 2 and 1 billion euros of covered bonds have been issued.

(€ million)		31.03.19	31.12.19	31.03.20 (1)
Loans and advances to customers	(2)	143,151	147,580	146,244
Brokered loans		-2,385	-3,334	-2,703
<b>Adjusted net loans and advances</b>		<b>140,766</b>	<b>144,246</b>	<b>143,540</b>
<b>On-balance sheet customer funds</b>		<b>139,986</b>	<b>146,309</b>	<b>144,005</b>
<b>Loan-to-deposits ratio</b>		<b>101</b>	<b>99</b>	<b>100</b>

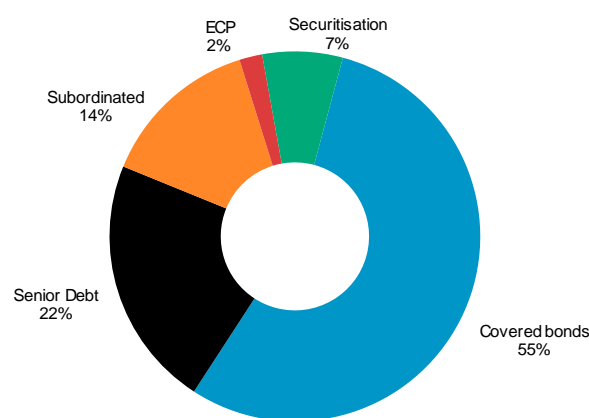
(1) The EURGBP exchange rate used for the balance sheet is 0.8864.

(2) Excludes reverse repos.

### Funding structure, 31.03.2020 (%)



### Wholesale funding breakdown, 31.03.2020 (%)



### Maturities

(€ million)	2020	2021	2022	2023	2024	>2024	Outstanding balance
Covered bonds	1,869	1,808	1,702	1,388	2,694	3,286	12,747
Senior Debt	5	360	682	987	859	1,489	4,382
Senior Non P preferred Debt	0	0	0	0	951	500	1,451
Subordinated	413	0	0	0	0	1,743	2,156
<b>Total</b>	<b>2,287</b>	<b>2,168</b>	<b>2,384</b>	<b>2,375</b>	<b>4,504</b>	<b>7,018</b>	<b>20,736</b>

### New issuances in the year

(€ million)	1Q20	2Q20	3Q20	4Q20
Covered bonds	1,000			
Subordinated	300			
<b>Total</b>	<b>1,300</b>			

### Maturities in the year

(€ million)	1Q20	2Q20	3Q20	4Q20
Covered bonds	146	594	130	1,145
Senior Debt	491	4	1	0
Subordinated	0	413	0	0
<b>Total</b>	<b>637</b>	<b>1,011</b>	<b>131</b>	<b>1,145</b>

## Capital management and credit ratings

### Highlights:

The CET1 ratio stood at 12.2% phase-in and at 11.6% fully-loaded as at the end of March 2020. The pro forma<sup>(1)</sup> CET1 ratio was 12.6% phase-in and 12.1% fully-loaded.

The fully-loaded ratio includes, in comparison with the previous quarter, -9bps of fair value reserve adjustments and -4bps of organic capital generation.

It is worth highlighting that the bank has decided not to pay a 2020 interim dividend, as a prudent measure in light of the Covid-19 crisis.

(1) Includes +5bps from the sale of the real estate developer, +35bps from the sale of Sabadell AM and +7bps from the sale of the depository business.

The capital requirement that the Group is required to meet is a phase-in CET1 ratio of at least 9.50% (8.52% after the ECB's statements of March 2020) and a phase-in total capital ratio of at least 13.00%, with the pro forma MDA buffer being 322bps.

The pro forma MREL ratio stood at 23.9% (23.8% in the previous quarter). The pro forma TLOF ratio stood at 9.3%, up 8bps from the previous quarter. Between 2019 and 2020, the bank has issued €4.3bn in issuances eligible for MREL.

The pro forma Leverage ratio stood at 5.09% phase-in.

### Phase-in capital ratios

(€million)	31.03.19	31.12.19	31.03.20
Issued capital	703	703	703
Reserves	12,029	12,364	12,443
Minority interest	14	15	9
Deductions (1)	-2,998	-2,973	-3,245
<b>Common Equity Tier 1</b>	<b>9,748</b>	<b>10,110</b>	<b>9,910</b>
<b>CET 1 Phase-in (%)</b>	<b>11.7%</b>	<b>12.4%</b>	<b>12.2%</b>
Preference shares and other	1,153	1,153	1,153
<b>Primary capital</b>	<b>10,901</b>	<b>11,263</b>	<b>11,063</b>
<b>Tier I (%)</b>	<b>13.0%</b>	<b>13.9%</b>	<b>13.6%</b>
<b>Secondary capital</b>	<b>1,550</b>	<b>1,492</b>	<b>1,754</b>
<b>Tier II (%)</b>	<b>1.9%</b>	<b>1.8%</b>	<b>2.2%</b>
<b>Total capital</b>	<b>12,451</b>	<b>12,755</b>	<b>12,817</b>
<b>Total capital ratio (%)</b>	<b>14.9%</b>	<b>15.7%</b>	<b>15.7%</b>
<b>Risk weighted assets (RWA)</b>	<b>83,612</b>	<b>81,231</b>	<b>81,469</b>
<b>Leverage ratio (%)</b>	<b>4.94%</b>	<b>5.01%</b>	<b>4.93%</b>

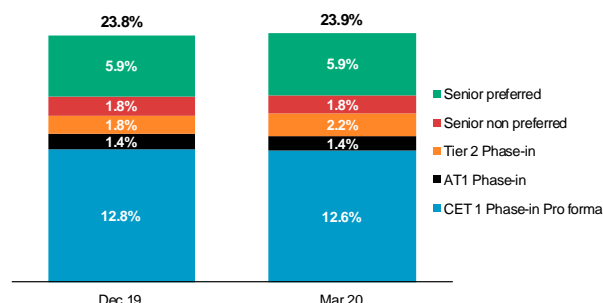
The phase-in CET1 ratio of Banco de Sabadell S.A. (standalone basis) is 14.1% as at December 2019.

(1) Includes IFRS 9 transitional adjustments.

### Fully-loaded capital ratios

(€million)	31.03.19	31.12.19	31.03.20
Issued capital	703	703	703
Reserves	12,029	12,364	12,443
Minority interest	14	15	18
Deductions	-3,583	-3,558	-3,728
<b>Common Equity Tier 1</b>	<b>9,163</b>	<b>9,525</b>	<b>9,437</b>
<b>CET 1 Fully Loaded (%)</b>	<b>11.0%</b>	<b>11.7%</b>	<b>11.6%</b>
Preference shares and other	1,153	1,153	1,154
<b>Primary capital</b>	<b>10,316</b>	<b>10,678</b>	<b>10,590</b>
<b>Tier I (%)</b>	<b>12.3%</b>	<b>13.1%</b>	<b>13.0%</b>
<b>Secondary capital</b>	<b>1,590</b>	<b>1,507</b>	<b>1,869</b>
<b>Tier II (%)</b>	<b>1.9%</b>	<b>1.9%</b>	<b>2.3%</b>
<b>Total capital</b>	<b>11,907</b>	<b>12,185</b>	<b>12,460</b>
<b>Total capital ratio (%)</b>	<b>14.2%</b>	<b>15.0%</b>	<b>15.3%</b>
<b>Risk weighted assets (RWA)</b>	<b>83,629</b>	<b>81,311</b>	<b>81,500</b>
<b>Leverage ratio (%)</b>	<b>4.67%</b>	<b>4.75%</b>	<b>4.72%</b>

### Group MREL (% RWAs)



### Credit ratings

Agency	Date	Long term	Short term	Outlook
DBRS	15.04.2020	A (low)	R-1 (low)	Negative
S&P Global Rating <sup>(1)</sup>	29.04.2020	BBB	A-2	Negative
Moody's <sup>(2)</sup>	12.12.2019	Baa3 / Baa2	P-3 / P-2	Stable/Stable
Fitch Ratings	27.03.2020	BBB	F2	Watch Negative

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

On 12 December 2019, **Moody's** affirmed Banco Sabadell's credit rating with a stable outlook.

On 27 March 2020, **Fitch Ratings** put all Banco Sabadell ratings (with the exception of its Support Ratings) in Rating Watch Negative, to reflect the risks associated with the health crisis generated by the Covid-19 pandemic.

On 15 April 2020, **DBRS Ratings GmbH** affirmed the credit rating of Banco Sabadell and changed the outlook to negative from stable, in light of the economic situation brought by Covid-19.

On 29 April 2020, **S&P Global Ratings** maintains Banco Sabadell's long-term rating of BBB with a change in outlook from stable to negative, to reflect the challenging economic environment relative to Covid-19 pandemic. The short-term rating remained at A-2.

## 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:

- Three geographical regions: Banking Business in Spain, United Kingdom and Mexico.
- Each business unit is allocated capital equivalent to 11% of its risk-weighted assets (capital divided by RWAs) and the surplus of own funds is allocated to Banking Business Spain.

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 which each segment is aimed.

### Breakdown by geography and business unit

- **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 revolving credit 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, amongst others. Private Banking offers value-added products and services for customers.

Corporate Banking offers specialised lending services together with a comprehensive offering of solutions ranging from transaction banking services to more complex and tailored solutions relating to the fields of financing and treasury, such as import and export activities, amongst others. Includes foreign branches and representative offices.

Asset Transformation comprehensively manages NPA risk and real estate exposures. It focuses on developing its asset transformation strategy and integrating the general overview of the Group's real estate balance sheet in order to maximise its value.

- **Banking Business United Kingdom:**

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

- **Banking Business Mexico:**

It offers banking and financial services for Corporate Banking and Commercial Banking in Mexico.

The information for each business unit is based on the individual accounting records of each Group company, after all consolidation disposals and adjustments have been made.

Each business unit bears its own direct costs, calculated on the basis of general.

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

## Profit and loss 1Q20

(€ million)	Banking business Spain	Banking business United Kingdom	Banking Business Mexico	Total
<b>Net interest income</b>	<b>611</b>	<b>242</b>	<b>32</b>	<b>884</b>
Net fees and commissions	324	22	3	349
<b>Core revenues</b>	<b>935</b>	<b>264</b>	<b>34</b>	<b>1,234</b>
Net trading income and exchange differences	133	14	4	151
Income from equity method and dividends	4	0	0	4
Other operating income/expense	-16	1	-3	-17
<b>Gross operating income</b>	<b>1,056</b>	<b>280</b>	<b>35</b>	<b>1,371</b>
Operating expenses	-422	-212	-19	-652
Amortisation & depreciation	-85	-38	-2	-126
<b>Pre-provisions income</b>	<b>549</b>	<b>29</b>	<b>15</b>	<b>593</b>
Total provisions & impairments	-410	-38	-7	-454
Gains on sale of assets and other results	1	0	0	1
<b>Profit before tax</b>	<b>141</b>	<b>-8</b>	<b>8</b>	<b>141</b>
Income tax	-46	1	-2	-46
Minority interest	1	0	0	1
<b>Attributable net profit</b>	<b>94</b>	<b>-7</b>	<b>6</b>	<b>94</b>
ROE	2.2%	--	4.6%	1.8%
Efficiency	39.9%	75.7%	52.9%	49.3%
NPL ratio (%)	4.7%	1.2%	1.1%	3.8%
NPL coverage ratio (%)	52.7%	48.9%	111.4%	52.8%

## Profit and loss 1Q19

(€ million)	Banking business Spain	Banking business United Kingdom	Banking Business Mexico	Total
<b>Net interest income</b>	<b>630</b>	<b>244</b>	<b>26</b>	<b>901</b>
Net fees and commissions	312	26	4	343
<b>Core revenues</b>	<b>942</b>	<b>271</b>	<b>30</b>	<b>1,243</b>
Net trading income and exchange differences	51	16	0	67
Income from equity method and dividends	12	0	0	12
Other operating income/expense	-9	12	-2	1
<b>Gross operating income</b>	<b>996</b>	<b>299</b>	<b>29</b>	<b>1,324</b>
Operating expenses	-422	-231	-12	-664
Amortisation & depreciation	-77	-33	-2	-113
<b>Pre-provisions income</b>	<b>497</b>	<b>36</b>	<b>14</b>	<b>547</b>
Total provisions & impairments	-165	-21	-3	-190
Gains on sale of assets and other results	1	0	0	1
<b>Profit before tax</b>	<b>332</b>	<b>15</b>	<b>11</b>	<b>358</b>
Income tax	-90	-7	-1	-99
Minority interest	1	0	0	1
<b>Attributable net profit</b>	<b>241</b>	<b>7</b>	<b>10</b>	<b>258</b>
ROE	7.9%	--	7.8%	7.2%
Efficiency	47.0%	77.0%	50.1%	52.1%
NPL ratio (%)	5.1%	1.3%	0.5%	4.1%
NPL coverage ratio (%)	52.6%	46.8%	233.8%	52.6%

## Balance sheet 1Q20

(€ million)	Banking business Spain	Banking business United Kingdom	Banking Business Mexico	Total
<b>Total assets</b>	<b>173,442</b>	<b>45,460</b>	<b>4,384</b>	<b>223,286</b>
Performing gross loans	105,008	34,844	3,623	143,475
RE exposure	859	0	0	859
<b>Subtotal liabilities</b>	<b>162,721</b>	<b>43,942</b>	<b>3,850</b>	<b>210,514</b>
On-balance sheet customer funds	107,803	34,590	1,612	144,005
Capital markets w wholesale funding	20,762	2,290	0	23,052
<b>Equity</b>	<b>10,720</b>	<b>1,518</b>	<b>533</b>	<b>12,771</b>
Off-balance sheet customer funds	40,044	0	0	40,044

## Balance sheet 1Q19

(€ million)	Banking business Spain	Banking business United Kingdom	Banking Business Mexico	Total
<b>Total assets</b>	<b>173,848</b>	<b>47,613</b>	<b>4,283</b>	<b>225,744</b>
Performing gross loans	101,758	35,042	3,339	140,139
RE exposure	1,013	0	0	1,013
<b>Subtotal liabilities</b>	<b>163,413</b>	<b>46,072</b>	<b>3,781</b>	<b>213,266</b>
On-balance sheet customer funds	104,627	34,019	1,340	139,986
Capital markets w wholesale funding	19,129	2,563	0	21,692
<b>Equity</b>	<b>10,435</b>	<b>1,541</b>	<b>502</b>	<b>12,478</b>
Off-balance sheet customer funds	43,655	0	0	43,655

## Banking Business Spain

Net profit as at the end of March 2020 amounted to 94 million euros, representing a year-on-year decline of -60.9%, due to the front-loading of extraordinary provisions associated with the impact of Covid-19.

Net interest income amounted to 611 million euros and declined by -3.0% with respect to the same period in 2019, mainly due to the consumer loan securitisation and lower interest rates.

Net fees and commissions amounted to 324 million euros, 4.0% higher than in the previous year, with increases recorded across product segments: services, risk transactions and asset management.

Trading results and exchange differences amounted to 133 million euros and included the capital gains on ALCO portfolio sales.

Operating expenses amounted to -422 million euros, in line with the first quarter of the previous year.

Provisions and impairments amounted to -410 million euros and were higher than in the previous year, mainly due to the front-loading of extraordinary provisions this quarter associated with the impact of Covid-19, which amounted to -193 million euros, as well as lower recoveries which were affected by the current situation.

(€ million)	1Q19	1Q20	YoY (%)	Simple evolution				
				1Q19	2Q19	3Q19	4Q19	1Q20
<b>Net interest income</b>	<b>630</b>	<b>611</b>	<b>-3.0%</b>	<b>630</b>	<b>633</b>	<b>636</b>	<b>628</b>	<b>611</b>
Net fees and commissions	312	324	4.0%	312	329	324	338	324
<b>Core revenues</b>	<b>942</b>	<b>935</b>	<b>-0.7%</b>	<b>942</b>	<b>962</b>	<b>960</b>	<b>966</b>	<b>935</b>
Net trading income and exchange differences	51	133	159.9%	51	-27	89	-3	133
Income from equity method and dividends	12	4	-69.9%	12	24	16	9	4
Other operating income/expense	-9	-16	65.7%	-9	-84	-17	-177	-16
<b>Gross operating income</b>	<b>996</b>	<b>1,056</b>	<b>6.0%</b>	<b>996</b>	<b>875</b>	<b>1,048</b>	<b>794</b>	<b>1,056</b>
Operating expenses	-422	-422	0.0%	-422	-424	-440	-461	-422
Amortisation & depreciation	-77	-85	9.8%	-77	-78	-81	-87	-85
<b>Pre-provisions income</b>	<b>497</b>	<b>549</b>	<b>10.6%</b>	<b>497</b>	<b>373</b>	<b>527</b>	<b>246</b>	<b>549</b>
Total provisions & impairments	-165	-410	147.6%	-165	-168	-176	-340	-410
Gains on sale of assets and other results	1	1	16.3%	1	140	0	34	1
<b>Profit before tax</b>	<b>332</b>	<b>141</b>	<b>-57.6%</b>	<b>332</b>	<b>345</b>	<b>351</b>	<b>-60</b>	<b>141</b>
Income tax	-90	-46	-49.3%	-90	-61	-97	83	-46
Minority interest	1	1	-34.1%	1	5	1	2	1
<b>Attributable net profit</b>	<b>241</b>	<b>94</b>	<b>-60.9%</b>	<b>241</b>	<b>278</b>	<b>253</b>	<b>21</b>	<b>94</b>
<b>Accumulated ratios</b>								
ROE	7.9%	2.2%		7.9%	9.2%	8.7%	7.3%	2.2%
Efficiency	47.0%	39.9%		47.0%	47.6%	47.4%	47.0%	39.9%
NPL ratio (%)	5.1%	4.7%		5.1%	4.9%	5.0%	4.7%	4.7%
NPL coverage ratio (%)	52.6%	52.7%		52.6%	51.4%	51.4%	50.5%	52.7%

Performing loans amounted to 105,008 million euros, impacted by the payment received for the APS of 1,329 million euros, representing a 3.2% increase with respect to the previous year, with the corporates, SMEs and public administrations segments being particularly worthy of note. Organic growth<sup>(1)</sup> of lending was 4.2%.

On-balance sheet customer funds increased by 3.0% year-on-year due to the increase in sight accounts, which offset the decline in term deposits following a number of maturities. Excluding these maturities, customer funds increased by 4.4%. Off-balance sheet funds were down by -8.3%, due to the decline in mutual funds, impacted by the performance of financial markets.

(€ million)	1Q19	1Q20	YoY (%)	Simple evolution				
				1Q19	2Q19	3Q19	4Q19	1Q20
<b>Total assets</b>	<b>173,848</b>	<b>173,442</b>	<b>-0.2%</b>	<b>173,848</b>	<b>173,879</b>	<b>171,381</b>	<b>172,610</b>	<b>173,442</b>
Performing gross loans	101,758	105,008	3.2%	101,758	104,365	102,599	104,436	105,008
RE exposure	1,013	859	-15.3%	1,013	1,042	653	791	859
<b>Subtotal liabilities</b>	<b>163,413</b>	<b>162,721</b>	<b>-0.4%</b>	<b>163,413</b>	<b>163,208</b>	<b>160,364</b>	<b>161,695</b>	<b>162,721</b>
On-balance sheet customer funds	104,627	107,803	3.0%	104,627	106,802	106,839	108,890	107,803
Capital markets w wholesale funding	19,129	20,762	8.5%	19,129	19,168	20,459	19,912	20,762
<b>Equity</b>	<b>10,435</b>	<b>10,720</b>	<b>2.7%</b>	<b>10,435</b>	<b>10,671</b>	<b>11,017</b>	<b>10,915</b>	<b>10,720</b>
Off-balance sheet customer funds	43,655	40,044	-8.3%	43,655	43,720	43,689	43,163	40,044
<b>Other data</b>								
Employees	17,403	16,668	-4.2%	17,403	16,750	16,735	16,610	16,668
Branches	1,891	1,847	-2.3%	1,891	1,891	1,878	1,847	1,847

(1) Excludes CAM APS and the impact of €0.5bn A/R related to the closing of NPA disposals (€1.1bn in Dec-19).

## Banking Business United Kingdom

Net profit amounted to -7 million euros as at the end of March 2020, impacted by the front-loading of extraordinary provisions associated with the impact of Covid-19 of -20 million euros.

Net interest income amounted to 242 million euros, -1.1% lower than in the previous year, mainly due to pressure on mortgage spreads and lower income from current account overdrafts.

Net fees and commissions declined by -15.2% year-on-year, predominantly impacted by lower Debit Card income due to reduced foreign income (new regulation).

Other income and expenses declined mainly because the previous year included the positive impact of renegotiation of the VISA Inc. service contract. This quarter included 11 million pound insurance recovery payment related to migration.

Operating expenses amounted to -212 million euros, representing a year-on-year decline of -8.2% due to smaller non-recurrent costs, as the previous year includes costs related to migration. This quarter's figures include -5 million euros of restructuring costs.

Provisions and impairments amounted to -38 million euros, significantly higher than in the previous year due to the front-loading of extraordinary provisions associated with the impact of Covid-19 of -20 million euros.

(€ million)	1Q19	1Q20	YoY (%)	YoY (%) at constant FX	Simple evolution				
					1Q19	2Q19	3Q19	4Q19	1Q20
<b>Net interest income</b>	<b>244</b>	<b>242</b>	<b>-1.1%</b>	<b>-2.8%</b>	<b>244</b>	<b>242</b>	<b>241</b>	<b>251</b>	<b>242</b>
Net fees and commissions	26	22	-15.2%	-16.6%	26	30	31	29	22
<b>Core revenues</b>	<b>271</b>	<b>264</b>	<b>-2.4%</b>	<b>-4.2%</b>	<b>271</b>	<b>272</b>	<b>272</b>	<b>280</b>	<b>264</b>
Net trading income and exchange differences	16	14	-12.7%	-11.9%	16	4	-4	-1	14
Income from equity method and dividends	0	0	--	--	0	0	0	0	0
Other operating income/expense	12	1	-90.1%	-92.7%	12	-13	-9	-9	1
<b>Gross operating income</b>	<b>299</b>	<b>280</b>	<b>-6.6%</b>	<b>-8.2%</b>	<b>299</b>	<b>263</b>	<b>258</b>	<b>270</b>	<b>280</b>
Operating expenses	-231	-212	-8.2%	-9.7%	-231	-227	-221	-238	-212
Amortisation & depreciation	-33	-38	16.8%	14.7%	-33	-33	-34	-36	-38
<b>Pre-provisions income</b>	<b>36</b>	<b>29</b>	<b>-18.1%</b>	<b>-19.6%</b>	<b>36</b>	<b>2</b>	<b>4</b>	<b>-3</b>	<b>29</b>
Total provisions & impairments	-21	-38	76.1%	77.4%	-21	-12	-14	-25	-38
Gains on sale of assets and other results	0	0	--	--	0	-1	-1	-2	0
<b>Profit before tax</b>	<b>15</b>	<b>-8</b>	<b>--</b>	<b>--</b>	<b>15</b>	<b>-11</b>	<b>-12</b>	<b>-29</b>	<b>-8</b>
Income tax	-7	1	--	--	-7	6	5	-11	1
Minority interest	0	0	--	--	0	0	0	0	0
<b>Attributable net profit</b>	<b>7</b>	<b>-7</b>	<b>--</b>	<b>--</b>	<b>7</b>	<b>-5</b>	<b>-7</b>	<b>-40</b>	<b>-7</b>
<b>Accumulated ratios</b>									
ROE	--	--			--	--	--	--	--
Efficiency	77.0%	75.7%			77.0%	81.4%	82.7%	84.0%	75.7%
NPL ratio (%)	1.3%	1.2%			1.3%	1.3%	1.3%	1.2%	1.2%
NPL coverage ratio (%)	46.8%	48.9%			46.8%	43.8%	41.5%	43.1%	48.9%

Lending amounted to 34,844 million euros, representing a decline of -0.6% year-on-year, impacted by the devaluation of the pound. Considering a constant exchange rate, this item increased by 2.7% year-on-year, driven by the increase in the mortgage portfolio.

On-balance sheet customer funds amounted to 34,590 million euros, representing an increase of 1.7%, impacted by the negative effect of the sterling exchange rate. Considering a constant exchange rate, this item increased by 5.0% year-on-year, given the growth of current accounts as a result of the low rates on saving deposits.

(€ million)	1Q19	1Q20	YoY (%)	YoY (%) at constant FX	Simple evolution				
					1Q19	2Q19	3Q19	4Q19	1Q20
<b>Total assets</b>	<b>47,613</b>	<b>45,460</b>	<b>-4.5%</b>	<b>-1.4%</b>	<b>47,613</b>	<b>46,648</b>	<b>47,046</b>	<b>46,449</b>	<b>45,460</b>
Performing gross loans	35,042	34,844	-0.6%	2.7%	35,042	33,850	34,798	36,496	34,844
<b>Subtotal liabilities</b>	<b>46,072</b>	<b>43,942</b>	<b>-4.6%</b>	<b>-1.5%</b>	<b>46,072</b>	<b>45,143</b>	<b>45,559</b>	<b>44,924</b>	<b>43,942</b>
On-balance sheet customer funds	34,019	34,590	1.7%	5.0%	34,019	33,241	33,726	35,423	34,590
Capital markets w wholesale funding	2,563	2,290	-10.7%	-7.7%	2,563	2,415	2,391	2,423	2,290
<b>Equity</b>	<b>1,541</b>	<b>1,518</b>	<b>-1.5%</b>	<b>1.7%</b>	<b>1,541</b>	<b>1,505</b>	<b>1,488</b>	<b>1,525</b>	<b>1,518</b>
<b>Other data</b>									
Employees	8,314	7,276	-12.5%		8,314	8,160	7,795	7,394	7,276
Branches	549	534	-2.7%		549	548	544	540	534



## Banking Business Mexico

Net profit as at the end of March 2020 amounted to 6 million euros, representing a year-on-year decrease of -37.3%, mainly due to higher costs and provisions.

Net interest income amounted to 32 million euros and increased by 21.3%, due to lower cost of funding.

Net fees and commissions were 1 million euros below the previous year.

Other operating income and expenses increased in the year, mainly due to the payment to the Instituto para la Protección al Ahorro Bancario (IPAB) following the significant increase in customer funds acquired.

Gross income amounted to 35 million euros and increased by 23.2%, due to the larger core revenue and improved exchange differences.

Operating costs increased by 56.4% year-on-year due to higher general expenses mainly related to IT, insurance and subcontracted services partially compensated with lower advertisement costs.

Provisions and impairments amounted to -7 million euros, increasing significantly compared to the previous year due to the growth of lending.

(€ million)	1Q19	1Q20	YoY (%)	YoY (%) at constant FX	Simple evolution				
					1Q19	2Q19	3Q19	4Q19	1Q20
<b>Net interest income</b>	<b>26</b>	<b>32</b>	<b>21.3%</b>	<b>22.9%</b>	<b>26</b>	<b>31</b>	<b>29</b>	<b>31</b>	<b>32</b>
Net fees and commissions	4	3	-40.8%	-40.7%	4	4	6	4	3
<b>Core revenues</b>	<b>30</b>	<b>34</b>	<b>12.5%</b>	<b>13.9%</b>	<b>30</b>	<b>35</b>	<b>35</b>	<b>35</b>	<b>34</b>
Net trading income and exchange differences	0	4	--	--	0	0	1	0	4
Income from equity method and dividends	0	0	--	--	0	0	0	0	0
Other operating income/expense	-2	-3	58.2%	59.3%	-2	-3	-2	-2	-3
<b>Gross operating income</b>	<b>29</b>	<b>35</b>	<b>23.2%</b>	<b>25.9%</b>	<b>29</b>	<b>32</b>	<b>33</b>	<b>33</b>	<b>35</b>
Operating expenses	-12	-19	56.4%	57.6%	-12	-25	-21	-22	-19
Amortisation & depreciation	-2	-2	-11.2%	-9.8%	-2	-3	-3	-3	-2
<b>Pre-provisions income</b>	<b>14</b>	<b>15</b>	<b>1.1%</b>	<b>5.3%</b>	<b>14</b>	<b>4</b>	<b>9</b>	<b>8</b>	<b>15</b>
Total provisions & impairments	-3	-7	101.1%	112.0%	-3	-4	-3	-5	-7
Gains on sale of assets and other results	0	0	--	--	0	0	0	0	0
<b>Profit before tax</b>	<b>11</b>	<b>8</b>	<b>-28.4%</b>	<b>-26.2%</b>	<b>11</b>	<b>0</b>	<b>6</b>	<b>3</b>	<b>8</b>
Income tax	-1	-2	34.4%	40.7%	-1	0	-1	1	-2
Minority interest	0	0	--	--	0	0	0	0	0
<b>Attributable net profit</b>	<b>10</b>	<b>6</b>	<b>-37.3%</b>	<b>-35.7%</b>	<b>10</b>	<b>0</b>	<b>5</b>	<b>4</b>	<b>6</b>
<b>Accumulated ratios</b>									
ROE	7.8%	4.6%			7.8%	3.8%	3.7%	3.5%	4.6%
Efficiency	50.1%	52.9%			50.1%	60.6%	61.6%	62.9%	52.9%
NPL ratio (%)	0.5%	1.1%			0.5%	0.6%	0.9%	1.2%	1.1%
NPL coverage ratio (%)	233.8%	111.4%			233.8%	186.1%	132.4%	108.9%	111.4%

Performing loans amounted to 3,623 million euros, 8.5% more than in the previous year. Considering constant exchange rate, it increased by 30.9%.

On-balance sheet customer funds amounted to 1,612 million euros and increased by 20.3% year-on-year. Considering constant exchange rate, they increased by 45.2%.

(€ million)	1Q19	1Q20	YoY (%)	YoY (%) at constant FX	Simple evolution				
					1Q19	2Q19	3Q19	4Q19	1Q20
<b>Total assets</b>	<b>4,283</b>	<b>4,384</b>	<b>2.4%</b>	<b>23.5%</b>	<b>4,283</b>	<b>4,325</b>	<b>4,382</b>	<b>4,695</b>	<b>4,384</b>
Performing gross loans	3,339	3,623	8.5%	30.9%	3,339	3,488	3,503	3,640	3,623
<b>Subtotal liabilities</b>	<b>3,781</b>	<b>3,850</b>	<b>1.8%</b>	<b>22.9%</b>	<b>3,781</b>	<b>3,786</b>	<b>3,829</b>	<b>4,160</b>	<b>3,850</b>
On-balance sheet customer funds	1,340	1,612	20.3%	45.2%	1,340	1,818	1,851	1,996	1,612
<b>Equity</b>	<b>502</b>	<b>533</b>	<b>6.3%</b>	<b>28.3%</b>	<b>502</b>	<b>539</b>	<b>553</b>	<b>535</b>	<b>533</b>
<b>Other data</b>									
Employees	460	471	2.4%		460	462	467	450	471
Branches	15	15	0.0%		15	15	15	15	15

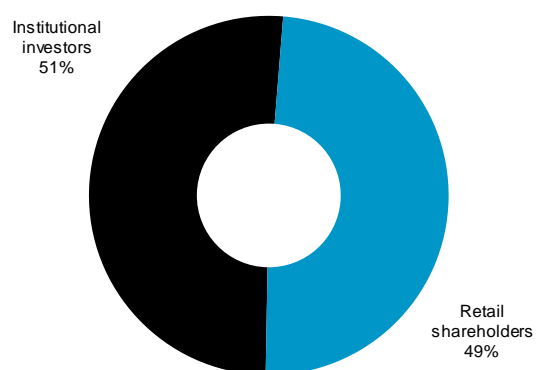
## 4. Share price performance

	31.03.19	31.12.19	31.03.20
<b>Shareholders and trading</b>			
Number of shareholders	240,887	235,034	234,082
Average number of shares (million)	5,537	5,538	5,603
Average daily trading volume (millions shares)	33	30	40
<b>Share price (€)</b> (1)			
Opening session (of the year)	1.001	1.001	1.040
High (of the year)	1.083	1.130	1.080
Low (of the year)	0.832	0.714	0.395
Closing session (end of quarter)	0.888	1.040	0.469
Market capitalisation (€ million)	4,915	5,760	2,628
<b>Stock market multiples</b>			
Earnings per share (EPS) (€)	(2) 0.15	0.13	0.03
Book value (€ million)	12,715	13,172	13,076
Book value per share (€)	2.30	2.38	2.33
Tangible book value (€ million)	10,240	10,607	10,536
TBV per share (€)	1.85	1.92	1.88
Price / Book value (times)	0.39	0.44	0.20
Price / Earnings ratio (P/E) (times)	5.74	8.29	15.78

(1) Without adjusting historical values.

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

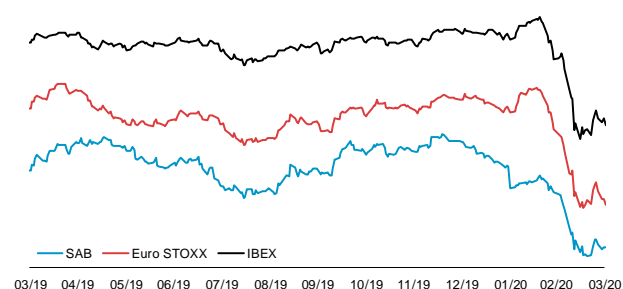
### Shareholder breakdown (%)



Source: GEM, data as at 31 March 2020

### Comparative evolution of SAB share

Period from 31.03.2019 to 31.03.2020



## 5. Key developments in the quarter

### **Banco Sabadell sells 100% of the share capital of Sabadell Asset Management, S.A., S.G.I.I.C, to Amundi AM**

On 21 January 2020, Banco Sabadell and Amundi Asset Management (Amundi) have entered into a long-term strategic partnership for the distribution of Amundi products through the retail network of Banco Sabadell in Spain. The agreement includes the sale of 100% of the share capital of Sabadell Asset Management, S.A., S.G.I.I.C, Sociedad Unipersonal (SabAM) for an amount of 430 million euros. The agreement makes provision for an additional amount of up to 30 million euros payable in 2024 in respect of assets under management pertaining to customers of Banco Sabadell at that time.

As at the end of March 2020, SabAM's assets under management amounted to approximately 21.8 billion euros, excluding third party funds, and it earned net profit of 34 million euros (including, among other items, 65 million euros in net fee income and 17 million euros of operating and staff expenses). The transfer of SabAM includes its subsidiary, Sabadell Asset Management Luxembourg, S.A., but excludes Sabadell Urquijo Gestión, S.A., S.G.I.I.C. Sociedad Unipersonal, which continues to belong to Banco Sabadell Group. The closing of the transaction, which is subject to obtaining the relevant authorisations, is expected to take place in the third quarter of 2020.

The transaction will generate a capital gain of approximately 351 million euros net of taxes, which will strengthen Banco Sabadell's capital position by adding 43 basis points to the fully-loaded Common Equity Tier 1 (CET1) ratio. Of the aforesaid capital gain, 58 million euros (corresponding to 7 basis points of fully-loaded CET1) are subject to certain guarantees in force throughout the 10-year duration of the distribution agreement and, as such, that amount will be recognised proportionately over the next 10 years. The remaining 293 million euros will be recognised upon closing of the transaction.

The strategic partnership entered into between Banco Sabadell and Amundi will enable customers of Banco Sabadell to access new investment opportunities and a more extensive and internationally recognised range of products, thereby building out the current offering of savings and investment products, without involving any change to the institution's existing mutual funds and pension plans. This agreement strengthens Banco Sabadell's commitment to continue leading the customer satisfaction and customer experience rankings, one of Banco Sabadell's commercial priorities for 2020.

### **Banco Sabadell agrees to distribute a supplementary dividend to shareholders of 0.02 euros (gross) per share to be paid in cash**

During the Banco Sabadell Board of Directors meeting held on 30 January 2020, a resolution has been adopted to distribute a supplementary dividend to shareholders at €0.02 (gross) per share to be paid in cash.

This dividend supplements the interim dividend of €0.02 (gross) per share, agreed by the Board of Directors on 24 October 2019, and which was paid out on 24 December 2019.

The total shareholder remuneration corresponding to year 2019 amounts to €0.04 (gross) per share.

The dividend proposal was approved at the Annual General Meeting (AGM), executing the payout of the supplementary dividend.

### **Fitch Ratings updates its methodology and makes changes to Banco Sabadell ratings**

On 27 March, Fitch Ratings España S.A.U. communicated the following changes to Banco Sabadell ratings as a result of the update in its rating's methodology:

- Upgrade of Derivative Counterparty Rating to BBB+ from BBB
- Assignment of the Deposit Rating at BBB+/F2
- Upgrade of the Senior Preferred debt rating to BBB+ from BBB
- Downgrade of the Subordinated debt rating to BB+ from BBB-

At the same time, Fitch has placed all the ratings of Banco Sabadell (except the Support Ratings) on Rating Watch Negative to reflect the risks from the health alert generated by the COVID-19 pandemic.

### **Banco Sabadell closes deal with BNP Paribas Securities Services to sell its institutional depositary business**

On 28 March 2020, Banco Sabadell and BNP Paribas Securities Services S.C.A., Sucursal en España (BP2S) entered into an agreement by virtue of which BP2S has undertaken to acquire, subject to certain conditions, the institutional depositary business of Banco Sabadell for an amount of 115 million euros.

The agreement foresees additional collections after the closing subject to the fulfilment of certain objectives linked to the volume of the assets under deposit of BP2S and incomes for such commissions.

As at the end of 2019, Banco Sabadell's institutional depositary business included approximately 22 billion euros of assets under deposit.

The closing of the transaction is expected to take place in the second quarter of 2021, once the relevant authorisations have been obtained.

The transaction will generate a net capital gain of 75 million euros, of which 58 million euros will be recognised upon closing (corresponding to 7 basis points of CET1), the remaining 17 million euros being accrued proportionally during the following financial years.

**Banco Sabadell agrees not to pay dividend in 2020**

The Board of Directors of Banco Sabadell in its extraordinary meeting held on 8 April 2020, and as a precautionary measure in the face of the circumstances generated by the COVID-19 crisis, has agreed not to pay a dividend in 2020.

**DBRS Ratings maintains Banco Sabadell ratings, changing outlook to negative**

On 15 April 2020, DBRS Ratings GmbH, maintained Banco Sabadell's long-term rating of A (Low) with a change in outlook from stable to negative, in order to reflect the effects that the Covid-19 crisis will have on Banco Sabadell's operating environment in both Spain and the United Kingdom. The short-term rating remained at R-1 (Low).

**S&P Global Ratings maintains Banco Sabadell ratings, changing outlook to negative**

On 29 April 2020, S&P Global Ratings, maintains Banco Sabadell's long-term rating of BBB with a change in outlook from stable to negative, to reflect the challenging economic environment relative to Covid-19 pandemic. The short-term rating remained at A-2.

## 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:

	Definition and calculation	Page
ROA	(*) (**) (***) Consolidated income during the year / ATA. Considering linear annualisation of profit obtained to date and adjusted by contributions to deposit guarantee and resolution funds and tax on deposits of credit institutions, except year end.	3
ROE	(*) (***) Profit attributed to the Group / average equity. The numerator considers the linear annualisation of profit obtained to date and adjusted by contributions to deposit guarantee and resolution funds and tax on deposits of credit institutions, except year end.	3
RORWA	(*) Profit attributed to the Group / risk-weighted assets (RWA). The numerator considers linear annualisation of profit obtained to date and adjusted by contributions to deposit guarantee and resolution funds and tax on deposits of credit institutions, except year end.	3
ROTE	(*) (***) Profit attributed to the Group / average equity. The numerator considers the linear annualisation of profit obtained to date and adjusted by contributions to deposit guarantee and resolution funds and tax on deposits of credit institutions, except year end. The denominator excludes intangible assets.	3
Efficiency ratio	(*) Administrative expenses divided by adjusted gross income. The denominator includes the linear accrual of contributions to deposit guarantee fund and resolution fund and tax on deposits of credit institutions, except year end.	3
Other operating income/expense	Includes 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.	9
Total provisions & impairments	Includes the following accounting items: (i) impairment or reversal of impairment of investments in joint ventures and associates, (ii) impairment or reversal of impairment on non-financial assets, (iii) investment properties in the net gains or losses on derecognition of non-financial assets, (iv) profit or loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations (excluding the equity interests), (v) provisions or reversal of provisions and (vi) impairment or reversal of impairment on financial assets not measured at fair value through profit or loss and net modification losses or gains.	9
Gains on sale of assets and other results	Includes the following accounting items: net gains or losses on derecognition of non-financial assets, excluding 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.	9
Pre-provisions income	Comprised of the following accounting items: gross income plus administration and amortisation/depreciation expenses.	9
Customer spread	(**) Difference between return and cost of assets and liabilities related to customers. The ratio has been calculated taking into account the difference between the average rate charged by the bank for customers loans and the average rate paid by the bank for the customers deposits. The average customers loans rate is the annualised ratio between the financial income from customer loans and the average daily balance of customer loans. The average rate of customers funds is the annualised ratio between the financial expenses on customers funds and the average daily balance of customers funds.	11
Other assets	Includes 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.	17
Other liabilities	Includes 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.	17
Gross loans to customers	Includes loans and advances to customers excluding impairment allowances.	18
Performing gross loans	Includes gross loans to customers excluding repos, NPLs (stage 3) and accrual adjustments.	18
On-balance sheet customer funds	Includes customer deposits (ex repos) and other liabilities placed by the branch network (Banco Sabadell non-convertible bonds, commercial paper and others).	20
Off-balance sheet customer funds	Includes mutual funds, asset management, pension funds and third-party insurance products.	20
On-balance sheet funds	Includes accounting sub-headings of customer deposits, debt securities issued (debt and other tradable securities and subordinated liabilities).	20
Funds under management	Sum of on-balance sheet and off-balance sheet customer funds.	20
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, (NPLs)).	22
NPL ratio	Shows the % of stage 3 exposures (non-performing) over total risk assumed by customers not classified as non-current assets held for sale. Calculated using the ratio between stage 3 exposures (non-performing), including guarantees granted / loans to customer and guarantees granted. See table for the definition of stage 3 exposures (non-performing).	22
Cost of risk (bps)	Ratio between provisions for NPLs / loans to customer and guarantees granted. The numerator considers the linear annualization of the provisions for NPLs. In addition, the costs associated with the management of NPLs are adjusted.	22
Problematic assets	Sum of non-performing exposures, classified as stage 3, and problematic real estate assets. Also referred to as non-performing assets (NPAs).	24
Problematic Real Estate coverage ratio	Ratio between allowances for impairment of problematic RE assets / total problematic RE assets. Amount of problematic RE assets includes property classified in the portfolio of non-current asset and disposable groups classified as held for sale, excluding real estate investments with significant latent capital gains and rental properties, for which there is an agreement of sale that will be carried out after a reform process.	24
Stage 3 exposures (non-performing)	Sum of accounting items: stage 3 (NPLs) loans and advances to customers and stage 3 guarantees granted (non-performing).	25
Loan-to-deposits ratio	Net loans and receivables divided by retail funding. The numerator excludes mediation loans. The denominator considers real estate funding and customer funds.	26
Total capital ratio (%)	Ratio between total capital and the risk weighted assets. Total capital includes the accounting profit assuming a pay-out of 50%, that is different from the regulatory criteria which decreases that amount based on the obligations to fulfil for the rest of the year. The denominator has been calculated based on the Group's best estimate.	27
Market capitalisation	Share price multiplied by 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. The numerator considers the linear annualisation of profit obtained to date and adjusted by the Additional Tier I coupon payment registered in equity as well as by contributions to deposit guarantee and resolution funds and tax on deposits of credit institutions, except at year end.	34
Book value per share	(*) Ratio between book value / average number of outstanding shares at the end of the period. Book value refers to equity, adjusted by contributions to deposit guarantee and resolution funds and tax on deposits of credit institutions, except at year end.	34
TBV per share (€)	(*) Ratio between tangible book value and the average number of outstanding shares at the end of the period. The tangible book value is calculated as the sum of equity adjusted by intangible assets and by contributions to deposit guarantee and resolution funds and tax on deposits of credit institutions, except year end.	34
Price / Book value (times)	(*) Ratio between share price / book value per share.	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, as well as the tax on deposits of credit institutions, has been made based on the Group's best estimates.

(\*\*) Average calculated based on average daily balances.

(\*\*\*) Average calculated using the month-end positions since the previous December.

Alternative Performance measures	Conciliation (€millions)	1Q19	1Q20
ROA	Average total assets	221,189	220,338
	Consolidated net profit	259	94
	DGF - SRF - IDEC adjustment net of tax	-34	-34
	<b>ROA (%)</b>	<b>0.41</b>	<b>0.11</b>
ROE	Average equity	12,622	13,119
	Attributable net profit	258	94
	DGF - SRF - IDEC adjustment net of tax	-34	-34
	<b>ROE (%)</b>	<b>7.19</b>	<b>1.82</b>
RORWA	Risk weighted assets (RWA)	83,612	81,469
	Attributable net profit	258	94
	DGF - SRF - IDEC adjustment net of tax	-34	-34
	<b>RORWA (%)</b>	<b>1.09</b>	<b>0.29</b>
ROTE	Average equity (excluding intangible assets)	10,158	10,566
	Attributable net profit	258	93.8
	DGF - SRF - IDEC adjustment net of tax	-34	-34
	<b>ROTE (%)</b>	<b>8.94</b>	<b>2.26</b>
Efficiency ratio	Gross operating income	1,324	1,371
	DGF - SRF - IDEC adjustment	-49	-49
	<b>Adjusted gross operating income</b>	<b>1,275</b>	<b>1,322</b>
	Operating expenses	-664	-652
	<b>Efficiency ratio (%)</b>	<b>52.10</b>	<b>49.34</b>
Other operating income/expense	Other operating income	83	57
	Other operating expenses	-82	-75
	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>1</b>	<b>-17</b>
Total provisions & impairments	Impairment of reversal of impairment of investments in joint ventures and associates	0	0
	Impairment or reversal of impairment on non-financial assets	-12	-5
	Profit or loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations	-22	-34
	Gains from sales of associates	0	-2
	Gains from sales of investment properties and associates	7	1
	<b>Other impairments</b>	<b>-28</b>	<b>-39</b>
	Provisions or reversal of provisions	-3	-7
	Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss	-159	-408
	<b>Provisions for NPLs and other financial assets</b>	<b>-162</b>	<b>-415</b>
	<b>Total provisions &amp; impairments</b>	<b>-190</b>	<b>-454</b>
Gains on sale of assets and other results	Gains or losses on derecognition of non-financial assets, net	8	1
	Gains from sales of associates	0	2
	Gains from sales of investment properties and associates	-7	-1
	<b>Gains on sale of assets and other results</b>	<b>1</b>	<b>1</b>
Pre-provisions income	Gross operating income	1,324	1,371
	Operating expenses	-664	-652
	Personnel expenses	-391	-403
	Other general expenses	-273	-249
	Amortisation & depreciation	-113	-126
	<b>Pre-provisions income</b>	<b>547</b>	<b>593</b>
Customer spread	Loans to customers (net)		
	Avge.balance	138,026	142,034
	Results	1,011	988
	Rate %	2.97	2.80
	Customer deposits		
	Avge.balance	144,271	149,636
	Results	-97	-82
	Rate %	-0.27	-0.22
	<b>Customer spread</b>	<b>2.70</b>	<b>2.58</b>
	Other assets	Derivatives - Hedge accounting	490
Fair value changes of the hedged items in portfolio hedge of interest rate risk		133	369
Tax assets		6,773	6,857
Other assets		1,682	1,564
Non-current assets and disposal groups classified as held for sale		4,583	923
<b>Other assets</b>		<b>13,660</b>	<b>10,411</b>
Other liabilities	Derivatives - Hedge accounting	664	824
	Fair value changes of the hedged items in portfolio hedge of interest rate risk	135	320
	Tax liabilities	185	271
	Other liabilities	832	753
	Liabilities included in disposal groups classified as held for sale	81	34
	<b>Other liabilities</b>	<b>1,896</b>	<b>2,202</b>

Customer spread is calculated using accumulated data.

Alternative Performance measures	Conciliation (€millions)	1Q19	1Q20
Performing gross loans	Mortgage loans & credits	82,184	82,176
	Other secured loans & credits	2,937	3,335
	Working capital	5,781	5,972
	Leasing	2,520	2,486
	Unsecured lending and others	46,717	49,506
	<b>Performing gross loans</b>	<b>140,139</b>	<b>143,475</b>
	Non-performing loans (customer) - stage 3	6,298	5,890
	Accruals	-32	2
	<b>Gross loans to customers excluding repos</b>	<b>146,406</b>	<b>149,367</b>
	Reverse repos	1,007	251
Gross loans to customers	<b>Gross loans to customers</b>	<b>147,413</b>	<b>149,618</b>
	NPL and country-risk provisions	-3,255	-3,123
	<b>Loans and advances to customers</b>	<b>144,158</b>	<b>146,495</b>
On-balance sheet customer funds	Financial liabilities at amortised cost	208,953	204,214
	Non-retail financial liabilities	68,967	60,209
	Central banks	28,231	20,568
	Credit institutions	13,868	11,401
	Institutional issues	22,712	23,909
	Other financial liabilities	4,156	4,332
	<b>On-balance sheet customer funds</b>	<b>139,986</b>	<b>144,005</b>
	Customer deposits	140,299	144,721
	Sight accounts	110,286	118,878
	Fixed-term deposits including available and hybrid financial liabilities	29,131	25,115
On-balance sheet funds	Repos	426	556
	Accruals and derivative hedging adjustments	456	172
	Debt and other marketable securities	19,321	19,828
	Subordinated liabilities (*)	3,078	3,364
	<b>On-balance sheet funds</b>	<b>162,698</b>	<b>167,913</b>
	Mutual funds	25,940	23,707
	Managed accounts	3,528	2,934
	Pension funds	3,616	3,126
	Third-party insurance products	10,571	10,277
	<b>Off-balance sheet customer funds</b>	<b>43,655</b>	<b>40,044</b>
Funds under management	<b>Funds under management</b>	<b>206,353</b>	<b>207,957</b>
	Customer, central banks and financial institutions loans and advances	6,298	5,913
Stage 3 exposures (non-performing)	Guarantees granted in stage 3	85	199
	<b>Stage 3 exposures (non-performing) - (€million)</b>	<b>6,383</b>	<b>6,112</b>
NPL coverage ratio (%)	Stage 3 exposures (non-performing)	6,383	6,112
	Provisions	3,360	3,228
	<b>NPL coverage ratio (%)</b>	<b>52.6%</b>	<b>52.8%</b>
Problematic Real Estate coverage ratio (%)	Problematic RE Assets	1,803	1,310
	Provisions	790	451
	<b>Problematic Real Estate coverage ratio (%)</b>	<b>43.8%</b>	<b>34.4%</b>
Problematic assets	Stage 3 exposures (non-performing)	6,383	6,112
	Problematic RE Assets	1,803	1,310
	<b>Problematic assets</b>	<b>8,186</b>	<b>7,422</b>
	Provisions of problematic assets	4,150	3,680
	<b>Problematic assets coverage (%)</b>	<b>50.7%</b>	<b>49.6%</b>
NPL ratio (%)	Stage 3 exposures (non-performing)	6,383	6,112
	Loans to customers and guarantees granted	155,715	159,040
	<b>NPL ratio (%)</b>	<b>4.1%</b>	<b>3.8%</b>
Cost of risk (bps)	Loans to customers and guarantees granted	155,715	159,040
	Provisions for NPLs	-157	-400
	NPLs costs	-24	-31
	<b>Cost of risk (bps)</b>	<b>34</b>	<b>93</b>
	Extraordinary provisions associated with the impact of Covid-19	0	-213
	<b>Cost of risk (bps)</b>	<b>34</b>	<b>39</b>
Loan-to-deposits ratio	Adjusted net loans and advances w/o repos by brokered loans	140,766	143,540
	On-balance sheet customer funds	139,986	144,005
	<b>Loan-to-deposits ratio</b>	<b>100.6%</b>	<b>99.7%</b>
Market capitalisation (€million)	Average number of shares (million)	5,537	5,603
	Share price (€)	0.888	0.469
	<b>Market capitalisation (€million)</b>	<b>4,915</b>	<b>2,628</b>
Earnings per share (EPS) (€)	Net profit attributed to the Group adjusted	211	41
	Attributable net profit	258	94
	DGF - SRF - IDEC adjustment net of tax	-34	-34
	Accrued AT1	-13	-18
	Average number of shares (million)	5,537	5,603
	<b>Earnings per share (EPS) (€)</b>	<b>0.15</b>	<b>0.03</b>
Book value per share (€)	Adjusted equity	12,715	13,076
	Shareholders' equity	12,750	13,110
	DGF - SRF - IDEC adjustment net of tax	-34	-34
	Average number of shares (million)	5,537	5,603
	<b>Book value per share (€)</b>	<b>2.30</b>	<b>2.33</b>
TBV per share (€)	Intangible assets	2,475	2,540
	Tangible book value (€million)	10,240	10,536
	<b>TBV per share (€)</b>	<b>1.85</b>	<b>1.88</b>
Price / Book value (times)	Share price (€)	0.888	0.469
Price / Earnings ratio (P/E) (times)	<b>Price / Book value (times)</b>	<b>0.39</b>	<b>0.20</b>
	<b>Price / Earnings ratio (P/E) (times)</b>	<b>5.74</b>	<b>15.78</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)

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