

Results at the end of the first quarter of 2020

Banco Sabadell earns profit of 94 million euros having set aside 213 million euros of provisions for COVID-19



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The presentation of results was delivered electronically.

- **The bank is managing the current situation with a comfortable solvency and liquidity position and a cleaned-up balance sheet.**
- **The proforma⁽¹⁾ CET1 ratio stands at 12.6% phase-in and 12.1% fully-loaded.**
- **Solid liquidity position with a Liquidity Coverage Ratio (LCR) of 172%, a Loan-to-Deposits ratio of 100%, and more than 45,000 million euros in liquid assets.**
- **There was strong containment of costs, which were down 8.1% in the quarter and, notwithstanding seasonal swings, a year-on-year decrease is forecast.**

Banco Sabadell Group has closed the first quarter of 2020 with net attributable profit of 94 million euros (63.7% lower relative to the first quarter of last year), having front-loaded extraordinary provisions of 213 million euros for potential impairments associated with the COVID-19 crisis. Excluding those provisions, profit amounts to 245 million euros, 5.1% less than in March 2019.

Core banking revenue declined slightly by 0.8% year-on-year, in a negative interest rate environment. At the end of March 2020, net interest income amounted to 884 million euros, (-1.8% in the year), the

customer spread stood at 2.58% and net interest income as a percentage of average total assets stood at 1.62%. Net fees and commissions stood at 349 million euros (+1.9% year-on-year and -6.0% in the quarter due to COVID-19, volatility in the financial markets and the seasonal effect on asset management fees).

Costs amounted to 778 million euros (-8.1% quarter-on-quarter) and both recurrent and non-recurrent costs were reduced. Total provisions and impairments amounted to 454 million euros at the end of the first quarter, compared with 190 million euros in the first quarter of

2019, mainly due to the provisions for COVID-19, which amounted to 213 million euros. The Group's cost of credit risk was 93bps (39bps excluding the COVID-19 provisions).

Comfortable capital and liquidity position

From the point of view of solvency and liquidity, Banco Sabadell moves forward from a solid starting point at the end of March 2020. Having progressively increased its capital ratio throughout 2019, the pro forma⁽¹⁾ CET1 ratio stands at 12.6% phase-in and at 12.1% fully-loaded. The liquidity position presents a Liquidity Coverage Ratio (LCR) of 172% and a loan-to-deposit ratio of 100%, with a balanced retail funding structure.

Lending performed well

At the end of the first quarter of 2020, the Group's gross performing loans had a balance of 143,475 million euros (+2.4% year-on-year), organic growth⁽²⁾ of lending was up 3.1% year-on-year, on-balance sheet customer funds amounted to 144,005 million euros (+2.9% year-on-year) and total off-balance sheet customer funds amounted to 40,044 million euros.

Sight deposits amounted to 118,878 million euros (+7.8% year-on-year), term deposits amounted to 25,115 million euros and funds under management amounted to 207,957 million euros (+0.8% year-on-year).

ICO lines, TSB and the digitisation leap

The bank has completed the first tranche of the ICO guarantee line, with a total of 2,125 million euros in loans granted to SMEs, self-employed and corporates. The number of operations in progress at the end of April was 61,036, for a volume of 7,887 million euros.

TSB remains focussed on implementing its new strategic plan and developing its commercial activity, as well as offering customers funding solutions in light of COVID-19.

The current situation is increasing the use of digital channels. In Spain, online transactions increased (+13%) in April as did access via the app (+9%). Also in Spain, 20% of new digital customers were more than 65 years of age, double the number in previous quarters. Additionally, more than 80% of the bank's workforce are teleworking.

(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.

(2) Excludes CAM APS and the account receivable created for the pre-emptive right associated with the NPA portfolio sales of €0.5bn in 1Q20.

	31.03.2019	31.03.2020
RATIOS	%	%
Efficiency	52.10	49.34
Core capital / Common equity phase-in	11.7	12.2
NPL ratio	4.10	3.84
NPA coverage ratio	52.6	52.8
RESOURCES		
Number of branches	2,455	2,396
Number of employees	26,177	24,415

Cumulative data in million euros	31.03.2019	31.03.2020	YoY change	Change at Constant FX rate
KEY BALANCE SHEET FIGURES				
Total assets	225,744	223,286	-1.1%	-0.1%
Gross performing loans	140,139	143,475	2.4%	3.6%
Gross performing loans ex APS	137,048	141,714	3.4%	4.7%
On-balance sheet customer funds	139,986	144,005	2.9%	3.8%
Off-balance sheet customer funds	43,655	40,044	-8.3%	-8.3%
RESULTS				
Interest income	901	884	-1.8%	-2.2%
Core revenue	1,243	1,234	-0.8%	-1.1%
Gross income	1,324	1,371	3.6%	3.2%
Pre-provisions income	547	593	8.4%	8.4%
Profit before tax	358	141	-60.7%	-60.9%
Profit attributable to the Group	258	94	-63.7%	-63.9%

The General Shareholders' Meeting approved the distribution of a supplementary dividend to shareholders of €0.02 (gross) per share

During the meeting of the Board of Directors of Banco Sabadell, held on 30 January 2020, a resolution was agreed to distribute a supplementary dividend to shareholders of €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 paid out on 24 December 2019. The total shareholder remuneration corresponding to 2019 amounts to €0.04 (gross) per share. The dividend proposal was approved by the Annual General Meeting (AGM), and the supplementary dividend was paid out.

Sabadell share price and market performance during the first quarter of 2020

The quarter was characterised by the impact of the health crisis on developed economies, which has triggered a financial shock arising from the sudden tightening of financial conditions, lack of liquidity in the capital markets, extreme volatility and severe repricing of all financial assets at global level. In this respect, the main global stock markets suffered falls in excess of 20% with volatility at record-breaking high levels.

In this environment, different governments have begun to implement and/or extend measures to contain the virus to the point where they have put economic activity into “hibernation” mode. In parallel, 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.

Furthermore, the central banks of the main developed economies have complemented the measures adopted by governments and have implemented a clearly accommodative monetary policy. The European Central Bank even announced a recommendation to European financial institutions to suspend dividend payments until October 2020. This measure was not introduced with retroactive effect and therefore did not affect the distribution of the supplementary dividend that Banco Sabadell had approved at its AGM the day before.

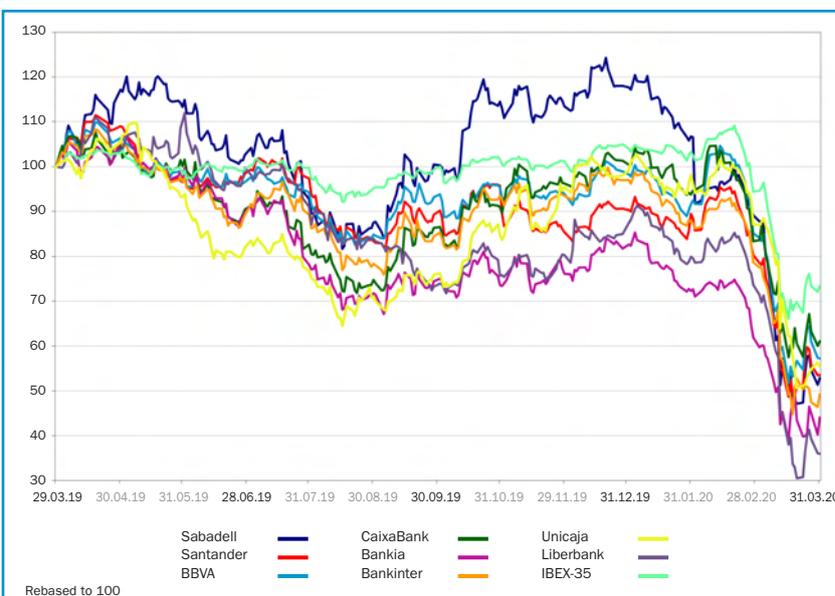
In this context, the Banco Sabadell share price did not escape the impact of the poor performance of the financial markets and, as the coronavirus crisis developed, it was severely penalised.

Sabadell share price and volumes

		Final price €	Maximum price €	Minimum price €	Average daily volume (securities)
2019		1.0400	1.1295	0.7140	30,271,356
2020	January	0.8140	1.0800	0.8140	27,540,614
	February	0.7912	0.9124	0.7680	36,892,922
	March	0.4690	0.8094	0.3950	54,606,189
Change					
Dec. 2019 - Mar. 2020		-54.90%			

Source: Spanish Stock Exchanges and Markets.

Share price performance



Technical information *

Number of shares	5,626,964,701
Number of shareholders	234,082
Average daily trading** (January-March, in securities)	39,767,001
Average daily trading** (January-March, in euros)	29,557,166
Market Capitalisation	2,639,046,445 €
EPS (earnings per share)	0.03 €
PER (price/earnings ratio)	15.78 x
Book value per share	2.33 €
Price/book value	0.20 x
Dividend yield (relative to end of December 2019)	2.88%
Dividend yield (relative to end of March 2019)	6.40%

* As at 31 March 2020.
** Source: Spanish Stock Exchanges and Markets.

Banco Sabadell is taking extraordinary measures due to COVID-19



In light of the health emergency caused by COVID-19, Banco Sabadell has set in motion an assistance plan ("plan de acompañamiento") for its customers. In addition to being able to access funding through the ICO lines managed by the bank, businesses affected by COVID-19 may benefit from moratoriums on mortgages and on non-mortgage loan repayments, renew their credit facilities in advance and request an extension of confirming and factoring arrangements, amongst other things. Households affected may also receive assistance through the various initiatives aimed at retail customers,

such as advances on pensions and unemployment benefit or the deferral of rent payments on housing rented under the Social Housing Fund. The bank has also taken measures intended to assist other groups, such as fast-tracking payments to suppliers or participation in a group insurance scheme for more than 700,000 healthcare workers, through Sabadell Seguros.

In addition, more than 80% of the bank's workforce is teleworking (97% of central services) thanks to a robust IT platform which has handled the increased traffic with no difficulties.

Agreement with BNP Paribas Securities Services on the sale of the institutional depository business



Banco Sabadell and the branch in Spain of BNP Paribas Securities Services (BP2S) have entered into an agreement by virtue of which BP2S has undertaken to acquire the institutional depository business of Banco Sabadell for 115 million euros. As at the end of 2019, Banco Sabadell's institutional depository business included approximately

22 billion euros of assets under deposit.

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), and the remaining 17 million euros will be accrued proportionally during the following financial years.

2020 financial year: payment of interim dividends is cancelled and senior management waives variable remuneration



On 8 April 2020, the Board of Directors of Banco Sabadell agreed that it would not pay interim dividends in the 2020 financial year, as a prudential measure in view of the COVID-19 crisis. In addition, the Chairman, CEO, executive directors and the other members of the bank's senior management have waived their variable remuneration for 2020, a measure that also includes members of the Management Committee of the UK subsidiary TSB.

The bank hires fifty young recent graduates



As an expression of confidence during the current economic standstill, Banco Sabadell has set up the second edition of its talent capture programme: Young Talent 2020. The bank will take on fifty young people with the ambition and motivation to work in the financial sector and technology. They will be hired from June, for a period of between three and five years, to work in different divisions of the bank.

Shareholder and Investor Relations Service

You can view this information on: www.grupobancosabadell.com
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