

Results at end of first half of 2020

Banco Sabadell earns profit of 145 million euros in the first half of the year and allocates provisions of 1,089 million euros after updating the macroeconomic scenarios due to Covid-19



CEO, Jaime Guardiola, during the online presentation.

- The CET1 phase-in ratio increases by 55bps in the quarter to 12.7% (12.1% fully loaded ⁽¹⁾).
- On-balance sheets funds increase by 4.0% and the Group's performing loans record a 3.3%⁽²⁾ growth year-on-year.
- The Bank grants 9,300 million euros of ICO-guaranteed loans and 2,527 million euros in payment holidays for mortgages and consumer loans.
- 70% of customers are using digital channels to carry out transactions.

Banco Sabadell Group has ended the first half of 2020 with a net attributable profit of 145 million euros, 72.7% lower in year-on-year terms, after allocating required provisions totalling 1,089 million euros due to the updates made to IFRS 9 models to incorporate new macroeconomic scenarios in light of Covid-19. These provisions entail a credit cost of risk of 107bps, in line with the guidance.

Core banking revenue (net interest income + net fees and commissions) amounted to 2,378 million euros, a year-

on-year reduction of 5.3%, remaining strong despite exceptional circumstances this quarter. In the last few weeks of the quarter, activity recovered substantially and reached pre-Covid-19 levels, which allowed the Bank to increase its market share in POS turnover, credit cards and insurance.

Net interest income amounted to 1,705 million euros as at the end of June 2020, declining by 5.6% year-on-year due to the effect of interest rates and the smaller contribution of the ALCO portfolio. Net fees and commissions amounted to

673 million euros, 4.6% less than in the previous year, due to lower activity levels and the exceptional circumstances at the beginning of the quarter.

Costs were contained and were 0.3% lower than in the previous year, falling to 1,562 million euros at the end of June. The Bank's capital position puts it in a good position to face the current macroeconomic environment: the proforma⁽¹⁾ CET1 ratio was 12.8% phase-in and 12.1% fully-loaded. In terms of liquidity management, the LCR (Liquidity Coverage Ratio) increased to 214% at Group level.

Loan growth and increase of funds under management

Banco Sabadell has ended the first six months of 2020 with loan growth

across all geographies. Gross performing loans ended June 2020 with a balance 145,131 million euros, representing year-on-year growth of 2.4%.

On-balance sheet customer funds amounted to 147,572 million euros at end-June 2020, representing a year-on-year increase of 4.0%, driven by growth of sight accounts.

Helping self-employed individuals, companies and households to overcome Covid-19

The Bank has supported the self-employed, companies and households, anticipating their needs and offering them solutions to help cushion the effects of the health crisis.

At 24 July, the Bank had granted a total of 9,300 million euros of ICO-

guaranteed loans to SMEs, the self-employed and corporates, in addition to 9,978 million euros of loans guaranteed by Banco Sabadell until June 2020. Regarding its individual retail customers, Banco Sabadell has granted 2,326 million euros of mortgage payment holidays and 201 million euros in consumer loan payment holidays as at June 2020.

Robustness of IT platform and digitisation

Throughout the pandemic, the institution has demonstrated the robustness and resilience of its IT platform, proving that it has adequate digital capabilities in place to enable staff to work from home and continue providing services to employees and customers as usual.

70% of customers are using digital channels to carry out transactions and 86% of ICO-guaranteed loans were signed for digitally. Relative to the first quarter of the year, the number of documents signed digitally increased from 26% to 41% and app signups were up by 13%.

(1) Pro forma data Includes +6bps from the sale of the real estate developer and +8bps from the sale of the depositary business.

(2) Excludes CAM APS and the account receivable created for the right of first refusal associated with the NPA portfolio sales of €0.5bn in 1Q20 and €0.2bn in 2Q20.

	30.06.2019	30.06.2020
RATIOS	%	%
Efficiency	54.72	53.65
Core capital / Common equity	11.9	12.7
NPL ratio	4.05	3.95
NPA coverage ratio	51.7	55.6
RESOURCES		
Number of branches	2,454	2,271
Number of employees	25,372	24,206

Cumulative data in million euros	30.06.2019	30.06.2020	YoY change	Change at Constant FX rate
KEY BALANCE SHEET FIGURES				
Total assets	224,852	234,447	4.3%	4.9%
Gross performing loans	141,703	145,131	2.4%	3.3%
Gross performing loans ex APS	138,611	143,370	3.4%	4.3%
On-balance sheet customer funds	141,862	147,572	4.0%	4.7%
Off-balance sheet customer funds	43,720	41,718	-4.6%	-4.6%
RESULTS				
Interest income	1,806	1,705	-5.6%	-5.4%
Core revenue	2,512	2,378	-5.3%	-5.2%
Gross income	2,494	2,461	-1.3%	-1.2%
Pre-provisions income	927	899	-3.0%	-2.9%
Profit before tax	692	85	-87.6%	-88.1%
Profit attributable to the Group	532	145	-72.7%	-73.0%

SAB shares and the market during the first half of 2020

The second quarter of the year was marked by the shock that the spread of coronavirus caused to the global economy, generating one of the most volatile periods in the history of the financial markets.

At the end of April, the publication of economic data and the first of the Q1 corporate earnings released in the United States confirmed the poor economic outlook. The IMF forecast the worst economic recession since the Great Depression of the 1930s. In addition, the barrel price of crude oil continued to fall, entering negative territory for the first time in history.

In May, the banking sector saw a clear downward trend stemming from a wave of global divestments triggered by the Norwegian sovereign wealth fund, which affected various Spanish banks, including Sabadell. Furthermore, the decision of the Spanish National Securities Market Commission (CNMV) not to prolong its temporary ban on short positions also eroded the stock prices of financial institutions.

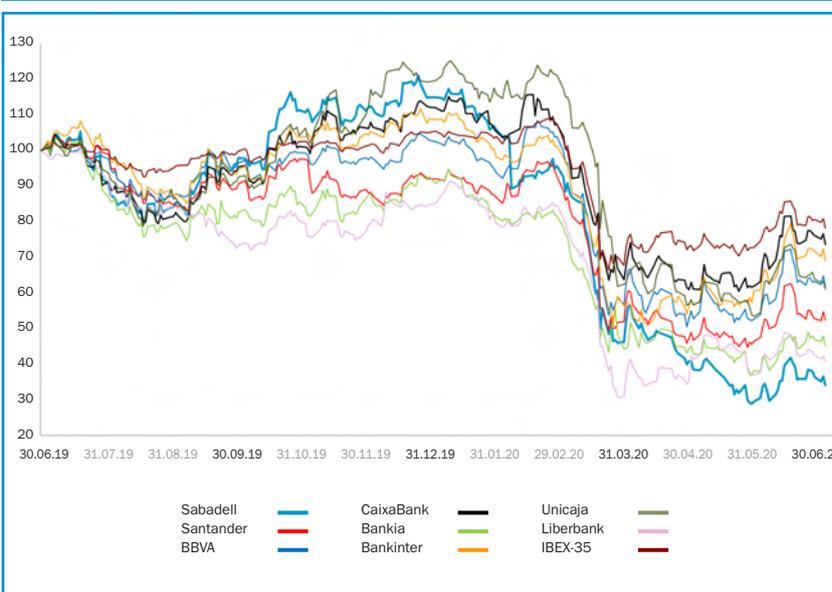
The month of June began on a positive note for the financial markets. The ECB's decisive fiscal stimulus measures, which were more substantial than expected, unleashed an initial bullish reversal in the stock markets. Additionally, the fact that the Recovery Plan was approved gave cause for optimism with regard to economic recovery. In this respect, the banking sector was one of the main beneficiaries. However, as the month progressed, European indices turned red, as an upturn in coronavirus case numbers and the downward adjustment of the International Monetary Fund's economic growth forecasts fuelled pessimism in the securities markets.

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
	April	0.3781	0.4750	0.3430	34,607,745
	May	0.2706	0.3730	0.2501	83,453,240
	June	0.3091	0.3969	0.2759	108,894,482

Source: Spanish Stock Exchanges and Markets.

Share price performance



Technical information *

Number of shares	5,626,964,701
Number of shareholders	247,003
Average daily trading** (January-June, in securities)	57,952,273
Average daily trading** (January-June, in euros)	27,475,885
Market Capitalisation	1,739,294,789 €
EPS (earnings per share)	0.03 €
PER (price/earnings ratio)	9.43 x
Book value per share	2.35 €
Price/book value	0.13 x
Dividend yield (relative to end of December 2019)	3.85%
Dividend yield last 12 months	12.94%

* As at 30 June 2020.

** Source: Spanish Stock Exchanges and Markets.

Banco Sabadell launches framework for the issuance of sustainable bonds



Banco Sabadell has put in motion a framework for the issuance of bonds linked to sustainable development goals, thereby stepping up its commitment to the fight against climate change and to social development, and cementing its role as a cornerstone of a sustainable economy.

Green bonds will target projects with environmental benefits, such as the reduction of greenhouse gas emissions, pollution prevention and climate change adaptation. Social

bonds, on the other hand, focus on the generation of benefits that provide access to essential services, facilitate social inclusion and promote the generation and maintenance of employment. Sustainability bonds finance a combination of green and social activities. The proceeds obtained from issuing these types of bonds will be used to fully or partially finance or re-finance new, existing or future loans or projects.

Closing of strategic partnership transaction with Amundi



Banco Sabadell has closed a strategic partnership with Amundi to grow the investment fund business in Spain. The transaction has been given the necessary regulatory authorisations and entails the acquisition by Amundi of 100% of Sabadell Asset Management for 430 million euros. The transaction generates a capital gain of 349 million euros for Banco Sabadell and strengthens its capital position, increasing the fully-loaded CET1 ratio by 43 basis points.

Sabadell Asset Management is a leading asset management firm in Spain, with 21 billion euros of assets under management, of which 16.1 billion euros are Spanish-domiciled funds.

For Carlos Ventura, General Manager of Sabadell Spain, the agreement “will enable us to detect the best investment opportunities for our customers, adding Amundi’s international experience to cover all their needs”.

EIB and Banco Sabadell: 576 million euros to support businesses



The European Investment Bank (EIB) Group and Banco Sabadell have joined forces to support small and medium-sized enterprises (SMEs) – the businesses most affected by the economic impact of COVID-19. With this goal in mind, the EIB – through its subsidiary specialising in venture capital for SMEs – has granted Banco Sabadell a 96 million euro guarantee for a synthetically securitised loan portfolio, which will enable the Spanish bank to increase its lending capacity to offer 576 million euros in financing for projects of Spanish companies, primarily the self-employed, SMEs and mid-caps.

Dr Eduardo Morales receives Economic Research Award



Dr. Eduardo Morales has won the 19th Banco Sabadell Foundation Award for Economic Research for his work on companies’ strategic decisions and how they contribute to their export performance and capacity for innovation. Dr. Morales is one of the most outstanding researchers in the field of international trade and his work explains what it is that makes certain companies more productive, or more successful, than others.

Shareholder and Investor Relations Service

You can view this information on: www.grupobancosabadell.com
(Shareholders and Investors)

Shareholder Assistance:
accionista@bancosabadell.com
Tel. 937 288 882

Sena, 12 · 08174 Sant Cugat del Vallès (Barcelona)