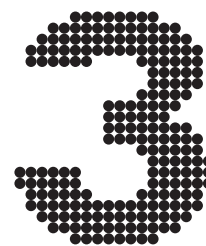


Financial information



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Key figures in 2019

The key figures for the Group, including financial and non-financial data of critical importance for the management of the Group, are set out below:

	2019	2018	Year-on-year change (%)
Income statement (million euros)	(A)		
Net interest income	3,622	3,675	(1.4)
Gross income	4,932	5,010	(1.6)
Pre-provisions income	1,719	1,737	(1.0)
Group net profit	768	328	134.0
Balance sheet (million euros)	(B)		
Total assets	223,754	222,322	0.6
Outstanding gross loans and advances	144,572	139,366	3.7
Loans and advances to customers, gross	150,749	146,420	3.0
On-balance sheet customer funds	146,309	137,343	6.5
Off-balance sheet funds	43,163	44,034	(2.0)
Total customer funds	189,472	181,377	4.5
Equity	12,974	12,117	7.1
Shareholders' equity	13,172	12,545	5.0
Ratios (%)	(C)		
ROA	0.35	0.15	
RORWA	0.95	0.41	
ROE	5.94	2.60	
ROTE	7.36	3.18	
Cost-to-income	55.63	58.29	
Risk management	(D)		
Stage 3 exposures (thousand euros)	6,141	6,554	
Total NPAs (million euros)	7,326	8,279	
NPL ratio (%)	3.83	4.22	
Coverage ratio of stage 3 exposures (%) (*)	49.6	54.1	
NPA coverage ratio (%) (*)	46.9	52.1	
Capital management	(E)		
Risk-weighted assets (RWA) (million euro)	81,231	80,335	
Common Equity Tier 1 (phase-in) (%)	(1)	12.0	12.4
Tier 1 (phase-in) (%)	(2)	13.4	13.9
Total capital ratio (phase-in) (%)	(3)	14.7	15.7
Leverage ratio (phase-in) (%)		4.86	5.01
Liquidity management	(F)		
Loan-to-deposit ratio (%)	98.6	101.6	
Shareholders and shares (as at reporting date)	(G)		
Number of shareholders	235,034	235,523	
Average number of shares (million)	5,538	5,565	
Share price (euros)	1.040	1.001	
Market capitalisation (million euros)	5,760	5,568	
Earnings per share (EPS) (euros)	0.13	0.05	
Book value per share (euros)	2.38	2.25	
Price/Book value	0.44	0.44	
Price/earnings ratio (P/E)	8.29	20.11	
Other information			
Branches	2,402	2,457	
Employees	24,454	26,181	

(*) Excluding floor clauses.

(A) This section sets out key margins from the income statement for the last two years.

(B) This table of key figures provides an overview of year-on-year changes in the main items in the Group's consolidated balance sheet, focusing particularly on data related to loans and advances and customer funds.

(C) The ratios in this section of the table have been included to give a meaningful picture of profitability and the cost-to-income ratio in the last two years.

(D) This section gives some key balances and ratios related to the Group's risk management.

(E) The ratios in this section of the table have been included to give a meaningful picture of the capital position in the last two years.

(F) This section gives a meaningful picture of liquidity performance in the last two years.

(G) This section provides data on the share price and other stock market ratios and indicators.

(1) Core capital / risk-weighted assets (RWA).

(2) Tier 1 capital / risk-weighted assets (RWA).

(3) Total capital / risk-weighted assets (RWA).

Earnings performance

Strong growth by Group earnings, including notable resilience in banking revenues.

Million euros

Profit & loss account

	2019	2018	Year-on-year change (%)
Interest and similar income	4,985	4,862	2.5
Interest and similar charges	(1,362)	(1,187)	14.8
Net interest income	3,622	3,675	(1.4)
Fees and commissions (net)	1,439	1,335	7.7
Net banking revenues	5,061	5,010	1.0
Net trading income and exchange differences	126	225	(44.0)
Equity-accounted affiliates and dividends	61	65	(5.9)
Other operating income/expense	(317)	(290)	9.0
Gross income	4,932	5,010	(1.6)
Operating expenses	(2,743)	(2,920)	(6.1)
Staff expenses	(1,649)	(1,591)	3.7
Other general administrative expenses	(1,095)	(1,330)	(17.7)
Depreciation and amortisation	(470)	(353)	33.0
Total costs	(3,213)	(3,273)	(1.8)
Memorandum item:			
Recurring expenses	(3,109)	(3,027)	2.7
Non-recurring expenses	(105)	(246)	(57.5)
Pre-provisions income	1,719	1,737	(1.0)
Provisions for loan losses	(672)	(751)	(10.5)
Provisions for other financial assets	(22)	(166)	(86.9)
Other provisions and impairments	(244)	(404)	(39.5)
Capital gains on asset sales and other revenue	170	2	—
Profit/(loss) before tax	951	419	127.1
Corporation tax	(174)	(84)	108.3
Profit or loss attributed to minority interests	9	7	27.0
Group net profit	768	328	134.0
Memorandum item:			
Average total assets	223,470	217,168	2.9
Earnings per share (euros)	0.13	0.05	—

The average exchange rate used for TSB's income statement is 0.8782. The accumulated exchange rate in December 2018 was 0.8851.

Net interest income

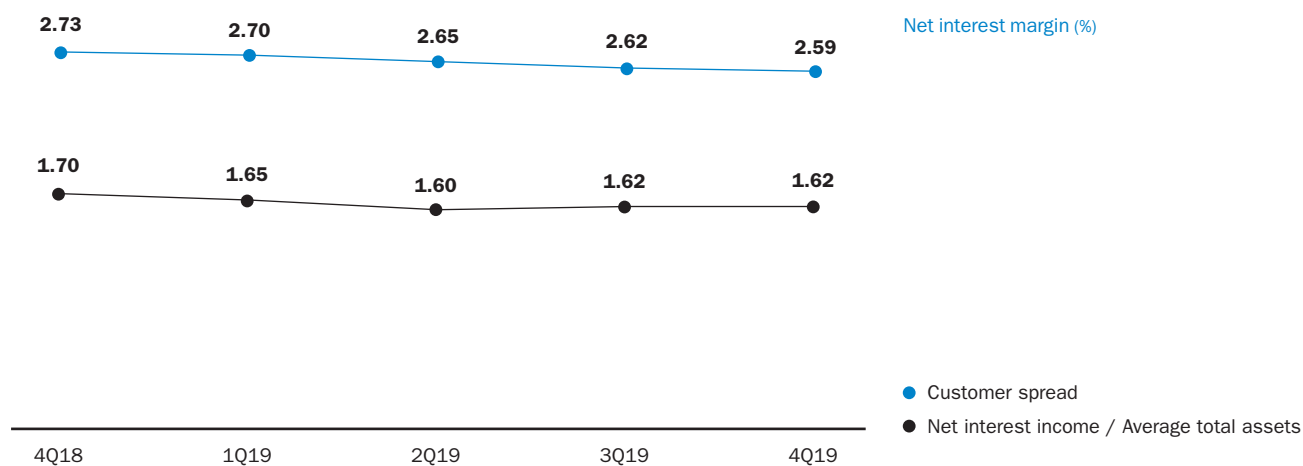
Net interest income amounted to 3,622 million euros in 2019, 1.4% less than in 2018, mainly as a result of the impact of IFRS 16, lower interest rates and the effect of securitising consumer loans in 2019.

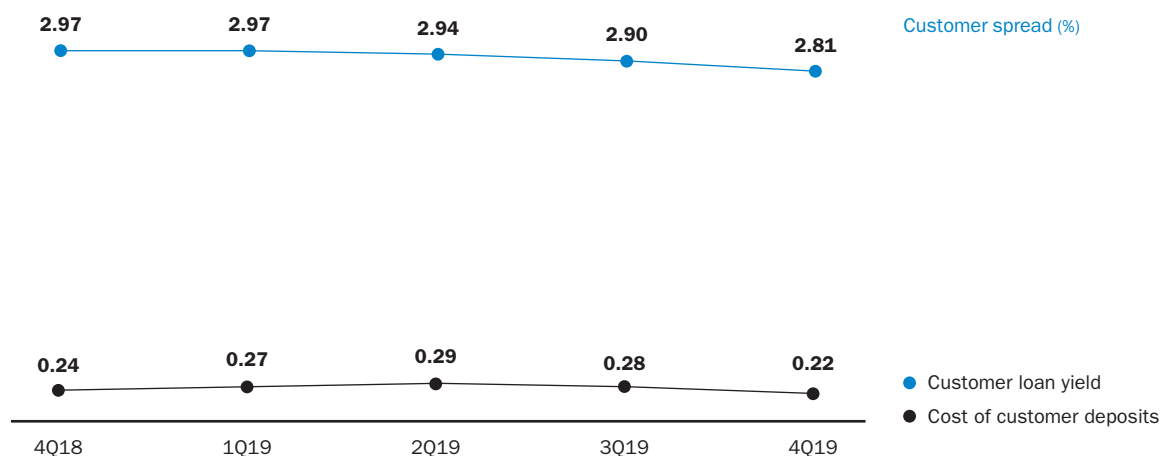
As a result, the return on average total assets was 1.62% in 2019 (1.69% in 2018).

Average total assets

	2019			2018			Change		Effect	
	Average balance	Results	Rate %	Average balance	Results	Rate %	Average balance	Results	Rate	Volume
Cash on hand and at central banks and credit institutions	29,674,435	63,482	0.21	28,583,832	23,299	0.08	1,090,603	40,183	46,455	(6,272)
Loans and advances to customers	139,674,387	4,058,039	2.91	135,903,483	4,016,686	2.96	3,770,904	41,353	(61,856)	103,209
Fixed-income securities	26,937,403	342,243	1.27	25,950,163	352,466	1.36	987,240	(10,223)	(16,899)	6,676
Subtotal	196,286,225	4,463,764	2.27	190,437,478	4,392,451	2.31	5,848,747	71,313	(32,300)	103,613
Equity securities	879,843	—	—	933,848	—	—	(54,005)	—	—	—
Property, plant and equipment and intangible assets	5,398,789	—	—	4,084,833	—	—	1,313,956	—	—	—
Other assets	20,905,143	340,451	1.63	21,712,189	274,307	1.26	(807,046)	66,144	—	66,144
Total capital employed	223,470,000	4,804,215	2.15	217,168,348	4,666,758	2.15	6,301,652	137,457	(32,300)	169,757
Credit institutions	28,634,214	(43,933)	(0.15)	32,033,556	(35,690)	(0.11)	(3,399,342)	(8,243)	10,207	(18,450)
Customer deposits	147,550,925	(391,969)	(0.27)	141,060,307	(309,436)	(0.22)	6,490,618	(82,533)	(59,247)	(23,286)
Capital market	24,738,681	(357,263)	(1.44)	24,614,108	(323,015)	(1.31)	124,573	(34,248)	(36,147)	1,899
Subtotal	200,923,820	(793,165)	(0.39)	197,707,971	(668,141)	(0.34)	3,215,849	(125,024)	(85,187)	(39,837)
Other liabilities	9,816,263	(388,655)	(3.96)	7,134,507	(323,433)	(4.53)	2,681,756	(65,222)	—	(65,222)
Own funds	12,729,917	—	—	12,325,870	—	—	404,047	—	—	—
Total funds	223,470,000	(1,181,820)	(0.53)	217,168,348	(991,574)	(0.46)	6,301,652	(190,246)	(85,187)	(105,059)
Average total assets	223,470,000	3,622,395	1.62	217,168,348	3,675,184	1.69	6,301,652	(52,789)	(117,487)	64,698

Financial revenues or costs deriving from the application of negative interest rates are recognised as a function of the nature of the related asset or liability. The credit institutions line under liabilities refers to negative interest on the balance of liabilities with credit institutions, the most significant item being TLTRO II revenues.





Gross income

Dividends received and equity-accounted profits amounted to 61 million euros, compared with 65 million euros in 2018. Those revenues are due mainly to the insurance and pension fund business.

Net fees and commissions amounted to 1,439 million euros, a 7.7% increase year-on-year. This growth was attributable to good performance in all segments, notably service fees.

Trading income and exchange differences totalled 126 million euros, including the negative impact of remeasuring the subordinated debt of the holding in SAREB in the second quarter, and the positive impact of the capital gain on securitising consumer loans in the third quarter. The 2018 figure, 225 million euros, was due to the sale of fixed-income instruments.

Other operating revenues and expenses amounted to -317 million euros, compared with -290 million euros in 2018. Notable components of this item include the -121 million euros contribution to the Spanish Deposit Guarantee Fund (-106 million euros in 2018), the -59 million euros contribution to the Single Resolution Fund (-50 million euros the previous year), -48 million euros of the levy on conversion of deferred tax assets into debt claims against the Spanish tax authorities (-45 million euros in 2018), and the -31 million euros tax on deposits at credit institutions (IDEC) (-31 million euros in 2018).euros

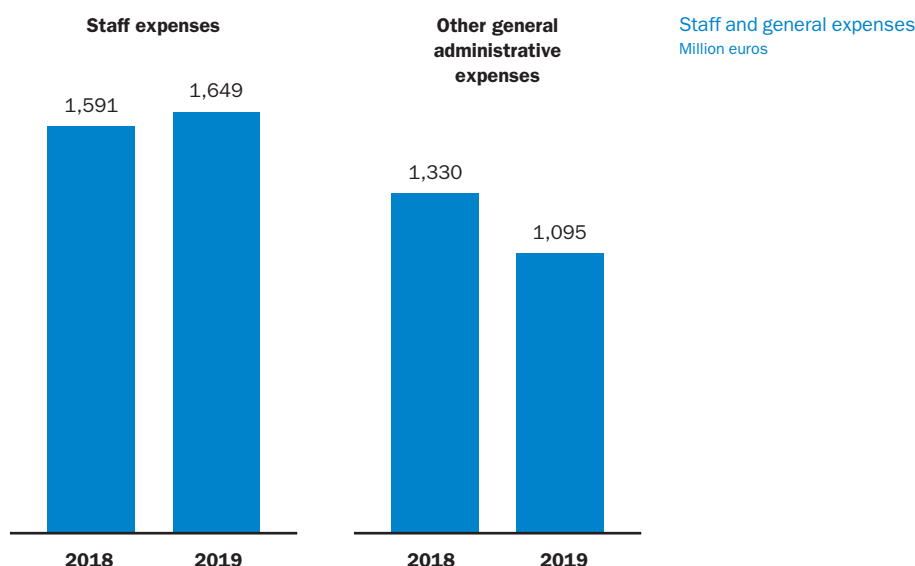
Pre-provisions income

Expenses amounted to -3,213 million euros in 2019, of which -105 million euros were non-recurring. Expenses in 2018 amounted to -3,273 million euros, including -246 million of non-recurring items. The year-on-year reduction is due mainly to the extraordinary migration and post-migration costs at TSB in 2018.

The cost-to-income ratio improved in 2019 to 55.63%, from 58.29% in 2018.

As a result, pre-provisions income amounted to 1,719 million euros in 2019, a -1.0% decline with respect to the 1,737 million euros registered in 2018, mainly as a result of lower trading income and exchange differences and the increase in other operating income/expense, partly offset by higher banking revenues and lower expenses.

Provisions and impairments totalled 938 million euros, compared with 1,320 million euros in 2018. The reduction was due mainly to the lower amount of recurring provisions and the impact in 2018 of provisions for indemnities to TSB customers and higher provisions for the institutional sale of NPA portfolios.



Capital gains on assets sales amounted to 170 million euros, mainly from the disposal of Solvia Servicios Inmobiliarios and from booking the earnout on the insurance business; the 2018 figure was 2 million euros.

Group net profit

After deducting corporation tax and the share of profit attributed to minority interests, net profit attributable to the Group for 2019 was 768 million euros, a 134.0% increase compared with the previous year, mainly as a result of improvements in core banking revenue, lower provisions, the capital gain on the sale of Solvia Servicios Inmobiliarios, and the extraordinary expenses at TSB the previous year.

**Dynamic commercial performance
in all geographies, including a notable
recovery at TSB.**

**Sound risk profile and decline
in non-performing assets.**

Balance sheet

Million euros

Balance sheet

	2019	2018	% 19/18
Cash, cash balances at central banks and other demand deposits	15,169	23,494	(35.4)
Financial assets held for trading	2,441	2,045	19.4
Non-trading financial assets mandatorily at fair value through profit or loss	171	141	21.0
Financial assets at fair value through profit or loss	—	—	—
Financial assets at fair value through other comprehensive income	7,802	13,247	(41.1)
Financial assets at amortised cost	181,423	164,416	10.3
Debt securities	19,219	13,132	46.4
Loans and advances	162,204	151,284	7.2
Investments in joint ventures and associates	734	575	27.7
Tangible assets	3,462	2,498	38.6
Intangible assets	2,565	2,461	4.2
Other assets	9,987	13,445	(25.7)
Total assets	223,754	222,322	0.6
Financial liabilities held for trading	2,714	1,738	56.1
Financial liabilities at fair value through profit or loss	—	—	—
Financial liabilities at amortised cost	205,636	206,077	(0.2)
Deposits	178,898	179,878	(0.5)
Central banks	20,065	28,799	(30.3)
Credit institutions	11,471	12,000	(4.4)
Customers	147,362	139,079	6.0
Debt securities issued	22,570	22,599	(0.1)
Other financial liabilities	4,168	3,601	15.8
Provisions	430	466	(7.7)
Other liabilities	1,998	1,924	3.9
Total liabilities	210,779	210,205	0.3
Shareholders' equity	13,172	12,545	5.0
Accumulated other comprehensive income	(267)	(491)	(45.7)
Non-controlling interests	69	64	9.1
Equity	12,974	12,117	7.1
Total equity and total liabilities	223,754	222,322	0.6
Loan commitments provided	27,564	22,646	21.7
Financial guarantees provided	2,107	2,041	3.3
Other commitments provided	10,399	8,233	26.3
Total memorandum accounts	40,070	32,920	21.7

The EUR/GBP exchange rate used for the balance sheet is 0.8508 at 31 December 2019

At the end of 2019, assets at Banco Sabadell and its Group totalled 223,754 million euros, compared with 222,322 million euros at the end of 2018.

Outstanding gross loans and advances amounted to 144,572 million at 2019 year-end, a 3.7% year-on-year increase. The largest component of gross loans and receivables was mortgage loans, which amounted to 83,720 million euros at 31 December 2019 and accounted for 58% of total outstanding gross loans and advances.

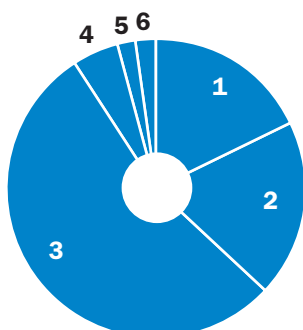
Million euros

Loans and receivables

	2019	2018	Year-on-year change (%)
Mortgage loans & credit	83,720	80,872	3.5
Loans and credit secured with other collateral	3,330	2,767	20.3
Commercial loans	6,443	6,186	4.2
Finance leases	2,558	2,565	(0.2)
Overdrafts, etc.	48,521	46,976	3.3
Outstanding gross loans and advances	144,572	139,366	3.7
Assets classified as stage 3 (customers)	5,923	6,472	(8.5)
Accrual adjustments	18	(13)	—
Loans and advances to customers, gross, excluding repos	150,513	145,824	3.2
Repos	236	596	(60.4)
Loans and advances to customers, gross	150,749	146,420	3.0
NPL and country-risk provisions	(2,933)	(3,433)	(14.6)
Loans and advances to customers	147,816	142,987	3.4

The EUR/GBP exchange rate used for the balance sheet is 0.8508 as at 31 December 2019

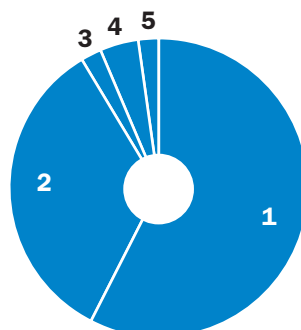
The breakdown of customer loans and advances by customer profile and product type, excluding stage 3 assets and accrual adjustments, is shown in the following graphics:



Loans and advances to customers, by customer profile
31.12.2019 (%) (*)

1 Companies	18
2 SMEs	19
3 Individuals	54
4 Public sector	5
5 Real estate developers	2
6 Other	2

(*) Excluding non-performing assets and accrual adjustments.

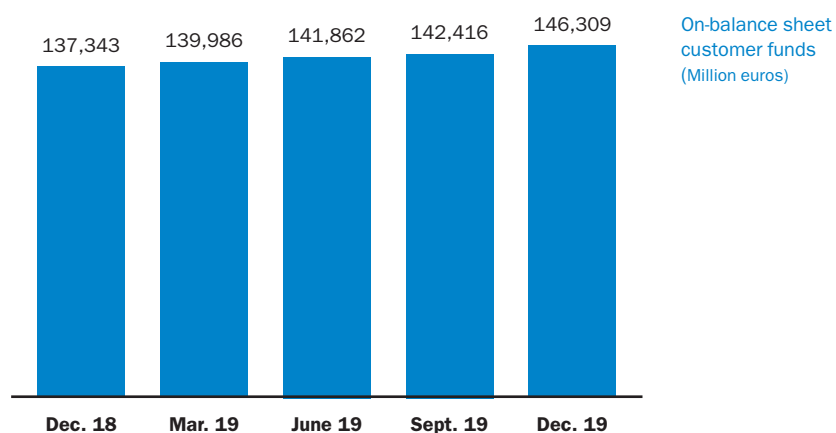


Loans and advances to customers, by product type
31.12.2019 (%) (*)

1 Mortgage loans & credit	58
2 Overdrafts, etc.	34
3 Loans and credit secured with other collateral	2
4 Commercial loans	4
5 Finance leases	2

(*) Excluding non-performing assets and accrual adjustments.

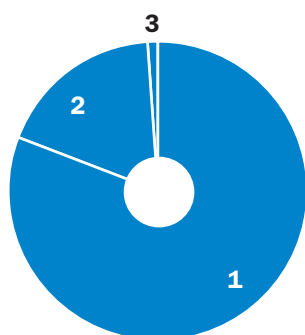
At 2019 year-end, customer funds on the balance sheet amounted to 146,309 million euros, a 6.5% increase on the figure of 137,343 million euros registered at the end of 2018.



Off-balance sheet customer funds amounted to 43,163 million euros, a decline of -2.0% year-on-year. Within this item, the balance of assets in collective investment institutions declined to 26,003 million euros at 31 December 2019, a reduction of -1.4% in year-on-year terms.

The balance of demand accounts amounted to 118,868 million euros, 10.4% higher than the previous year.

The breakdown of customer deposits at 2019 year-end is as follows:



Customer deposits
31.12.2019 (%)

1	Sight accounts	81
2	Deposits with agreed maturity	18
3	Repos	1

(*) Excluding accrual adjustments and hedging derivatives.

Total funds under management amounted to 213,095 million euros as at 31 December 2019, an increase of 3.6% with respect to the balance of 205,711 million euros as at 2018 year-end.

Million euros

	2019	2018	Year-on-year change (%)
On-balance sheet customer funds (*)	146,309	137,343	6.5
Customer deposits	147,362	139,079	6.0
Current and savings accounts	118,868	107,665	10.4
Deposits with agreed maturity	27,339	28,709	(4.8)
Repos	951	2,533	(62.4)
Accrual adjustments and hedging derivatives	204	172	18.6
Bonds and other marketable securities	19,514	19,568	(0.3)
Subordinated liabilities (**)	3,056	3,031	0.8
On-balance sheet funds	169,932	161,678	5.1
Mutual funds	26,003	26,379	(1.4)
Equity funds	1,606	1,681	(4.4)
Balanced funds	6,823	6,469	5.5
Fixed-income funds	5,037	4,027	25.1
Guaranteed return funds	3,008	4,074	(26.2)
Real estate funds	76	115	(33.7)
Venture capital funds	101	46	119.4
Investment companies	1,667	1,886	(11.6)
UCITS sold but not managed	7,685	8,081	(4.9)
Asset management	3,363	3,595	(6.5)
Pension funds	3,367	3,594	(6.3)
Personal schemes	2,216	2,168	2.2
Workplace schemes	1,140	1,416	(19.5)
Collective schemes	11	11	0.3
Insurance products sold	10,430	10,465	(0.3)
Off-balance sheet funds	43,163	44,034	(2.0)
Funds under management	213,095	205,711	3.6

Customer funds

(*) Includes customer deposits (excl. repos) and other liabilities placed via the branch network: non-convertible bonds issued by Banco Sabadell, commercial paper and others.

(**) Subordinated liabilities in connection with outstanding debt securities.

The EUR/GBP exchange rate used for the balance sheet is 0.8508 at 31 December 2019

The trend in non-performing assets improved in 2019. The quarter-on-quarter performance of these assets, excluding TSB, is shown below:

Million euros

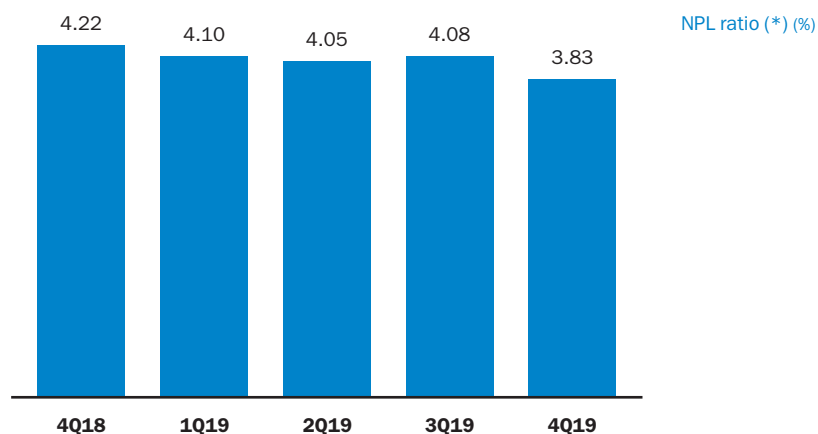
	2019				2018			
	1T	2T	3T	4T	1T	2T	3T	4T
Net ordinary increase in balance of stage 3 assets	(12)	86	80	(81)	(58)	(243)	(14)	(699)
Change in real estate assets	77	70	(841)	152	23	(244)	(136)	(5,497)
Ordinary net increase in NPAs + real estate	65	156	(761)	71	(35)	(487)	(150)	(6,196)
Write-offs	182	76	70	161	216	268	187	106
Ordinary quarter-on-quarter change in balance of stage 3 assets and real estate	(117)	80	(831)	(90)	(251)	(755)	(337)	(6,302)

Non-performing assets

Net variation, including as a non-performing exposure the 20% of exposure retained under the asset protection scheme (APS) and not transferred to the DGF.

Because of the reduction in stage 3 assets, the NPL ratio reached 3.83% at 2019 year-end, down from 4.22% a year earlier (a 39 basis point decline). The stage 3 asset coverage ratio was 49.6% at 31 December 2019, compared with 54.1% a year earlier, and the coverage ratio of foreclosed assets stood at 33.3% at 2019 year-end.

As at 31 December 2019, the balance of Banco Sabadell Group's exposures classified as stage 3 amounted to 6,141 million euros, having decreased by 413 million euros during the year.



* Includes contingent exposures. In 4Q18, institutional portfolios were reclassified as non-current assets available for sale; accordingly, those assets are excluded from the data.

The trend in the Group's coverage ratios is shown in the next table:

Million euros

	2018					2019			
	1Q	2Q	3Q	4Q 20% EPA	4Q 100% EPA	1Q	2Q	3Q	4Q
Stage 3 exposures	7,898	7,386	7,036	6,236	6,554	6,383	6,380	6,391	6,141
Provisions	4,467	4,209	4,036	3,419	3,544	3,360	3,301	3,263	3,045
Stage 3 coverage ratio	56.6	57.0	57.4	54.8	54.1	52.6	51.7	51.1	49.6
Real estate assets	7,416	7,171	7,036	1,539	1,726	1,803	1,873	1,032	1,185
Provisions	3,979	3,991	3,932	691	767	790	831	380	394
Real estate coverage ratio (%)	53.7	55.7	55.9	44.9	44.5	43.8	44.4	36.8	33.3
Total non-performing assets	15,314	14,557	14,072	7,775	8,279	8,186	8,253	7,424	7,326
Provisions	8,446	8,200	7,968	4,111	4,311	4,150	4,132	3,643	3,439
NPA coverage ratio(%)	55.2	56.3	56.6	52.9	52.1	50.7	50.1	49.1	46.9

Group coverage ratios

Includes contingent exposures. In 4Q18, institutional portfolios were reclassified as non-current assets available for sale; accordingly, those assets are excluded from the data.

The Banco Sabadell Group has a sound liquidity position and a balanced retail funding structure.

Liquidity management

Key features of the Group's liquidity performance during the year were:

- Despite the positive trend in the funding gap in 2019, which enabled the Bank to partly refinance maturities in the capital markets, the degree of funding in capital markets increased because of the need to fulfil the MREL (Minimum Requirement for Own Funds and Eligible Liabilities), which, because of the Bank's credit rating, focused on products with lower cost for a given term. The Group's loan-to-deposit (LTD) ratio ended 2019 at 98.6%.
- The institution continued to access the capital markets in normal conditions and took advantage of a number of issuance windows. 1,176 million euros in capital market funding matured in 2019. Banco Sabadell issued 1,027 million euros under the existing fixed-income shelf registration. Specifically, three issues of senior preferred debt maturing in 2 and 4.5 years for a total of 1,021 million euros, and two issues of structured bonds totalling 6 million euros. Banco Sabadell also made four issues, totalling 3,000 million euros, under its EMTN programme. Two of those issues were senior preferred: the first in July 2019 for 1,000 million euros at a term of 6 years, and the second for 500 million euros at a term of 6 years, callable in the fifth year. The other two issues were senior non-preferred, the first time that Banco Sabadell had issued this category of product. One was for 1,000 euros at a term of 5 years, and the other for 500 million euros at 5.5 years.
- In the third quarter, Banco Sabadell sold all tranches of the Sabadell Consumo 1 asset-backed trust to the market, including the excess spread. This was the first time that Banco Sabadell had securitised consumer loans in an amount exceeding 1,000 million euros. The transaction was arranged as a means of managing capital and liquidity.
- The positive rating trend was maintained in 2019. On 29 March 2019, Fitch Ratings initiated coverage of Banco Sabadell with a long-term BBB rating (stable outlook), and short-term F3 rating. On 20 December 2019, the agency upgraded the company's short-term rating from F3 to F2. On 4 June 2019, DBRS Ratings upgraded Banco Sabadell's long-term rating to A (low) from BBB (high). Meanwhile, S&P Global Ratings and Moody's affirmed the Bank's long-term ratings at BBB and Baa2, respectively. Additionally, both Moody's and DBRS Ratings affirmed the rating of the mortgage covered bonds (cédulas) at Aa1 and AAA, respectively.
- The institution maintained a liquidity buffer in the form of liquid assets to meet any liquidity needs.
- Since 1 January 2018, the minimum Liquidity Coverage Ratio (LCR) required by the regulator is 100%. All the Group's liquidity management units (LMUs) amply exceed that requirement. At Group level, the LCR remained well above 100% on a stable basis at all times during the year. As at 31 December 2019, the LCR was 184% excluding TSB and 231% at TSB. As for the Net Stable Funding Ratio (NSFR), which is due to come into force in June 2021, the institution has maintained a stable ratio in excess of 100%.

Key figures and basic liquidity ratios at 2019 year-end

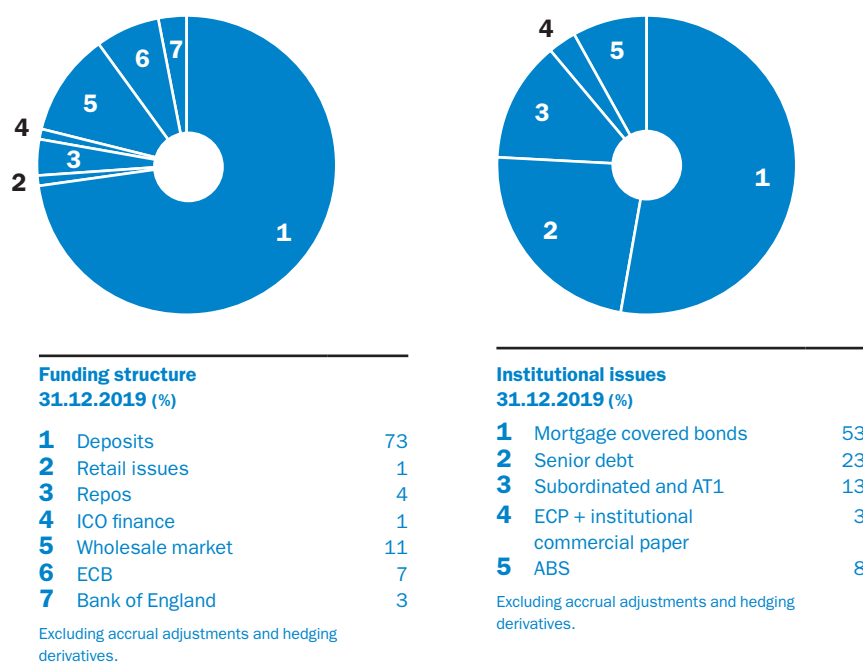
Million euros

	2019	2018
Loans and advances to customers, gross, excluding repos	150,513	145,824
NPL provisions	(2,933)	(3,433)
Brokered loans (ICO)	(3,334)	(2,808)
Adjusted net loans and advances	144,246	139,583
On-balance sheet customer funds	146,309	137,343
Loan-to-deposit ratio (%)	98.6	101.6

Liquidity ratios

The EUR/GBP exchange rate used for the balance sheet is 0.8508 at 31.12.19 and 0.8945 at 31.12.18.

The breakdown of the main sources of funding by instrument and counterparty at 2019 year-end is as follows (%):



For further details of the Group's liquidity management, liquidity strategy and liquidity performance during the year, see note 4 to the consolidated annual financial statements for 2019.

Capital management

Key capital figures and ratios

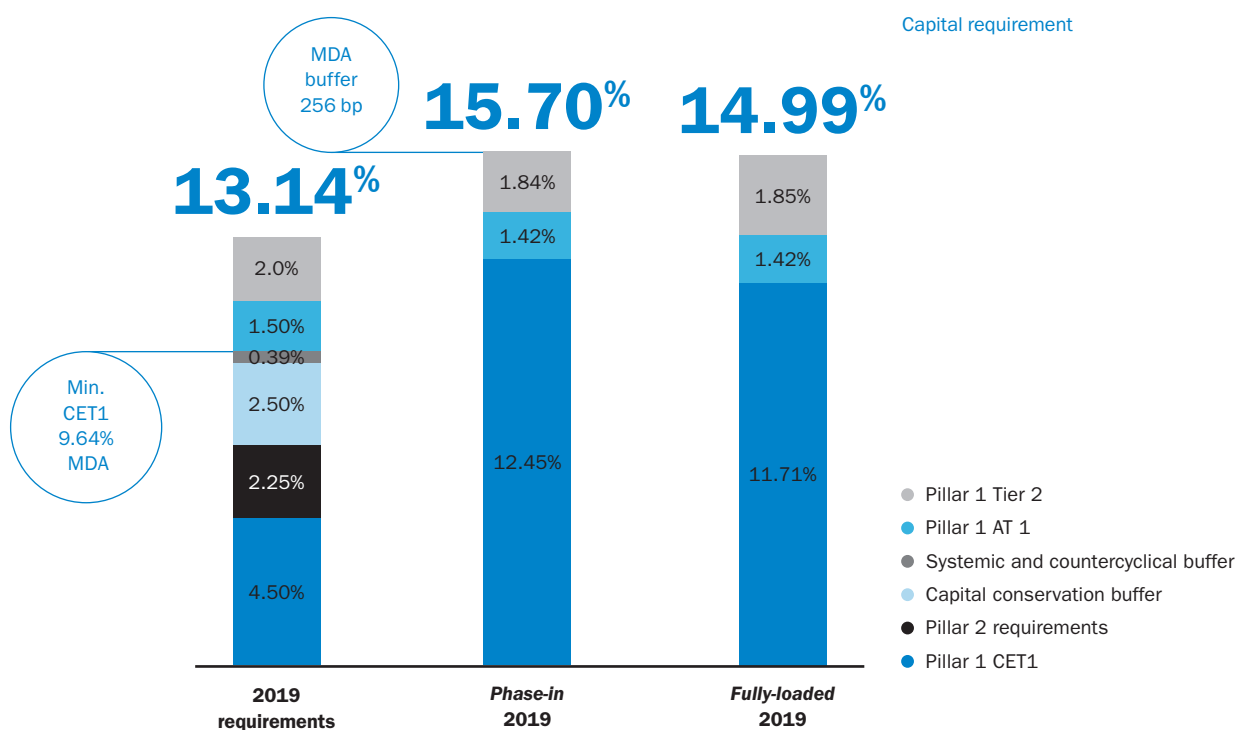
Thousand euros

	Fully-loaded		Phase-in	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Common Equity Tier 1 (CET1) capital	9,524,757	8,959,127	10,109,953	9,628,818
Tier 1 (T1) capital	10,677,852	10,112,275	11,263,048	10,781,965
Tier 2 (T2) capital	1,506,808	1,265,884	1,492,440	1,052,303
Total capital (Tier 1 + Tier 2)	12,184,660	11,378,159	12,755,488	11,834,268
Risk-weighted assets	81,310,988	80,193,793	81,230,838	80,335,078
CET1 (%)	11.71%	11.17%	12.45%	11.99%
Tier 1 (%)	13.13%	12.61%	13.87%	13.42%
Tier 2 (%)	1.85%	1.58%	1.84%	1.31%
Total capital ratio (%)	14.99%	14.19%	15.70%	14.73%
Leverage ratio	4.75%	4.55%	5.01%	4.86%

Capital adequacy

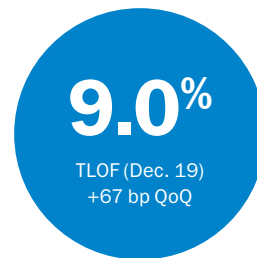
As at 31 December 2019, the main difference between the phase-in and fully-loaded ratios was due to transition to IFRS 9. In 2018, after the entry into force of IFRS 9, the Group chose to apply the transitional provisions established in Regulation (EU) 2017/2395.

During 2019, the Group increased its fully-loaded capital by over 566 million euros organically. Additionally, it issued 500 million euros of subordinated debt in 2018 which the European Central Bank authorised it to classify as Tier 2 capital in February 2019. Risk-weighted assets also reflect the impact of disposing of portfolios of non-performing assets during the year and the asset-backed securities issued in the third quarter. All the foregoing offset the 1,117 million euros increase in risk-weighted assets as a result of changes in accounting standards, regulatory effects such as the entry into force of IFRS 16, and the results of the TRIM (Targeted Review of Internal Models). As a result, the fully-loaded Common Equity Tier 1 (CET1) ratio was 11.71% at year-end.



At 31 December 2019, the Group had a CET1 ratio of 12.45%, i.e. a comfortable 256 bp above the requirements established in the Supervisory Review and Evaluation Process (SREP), which are expressed in phase-in terms.

The Group continued with its programme to fulfil the MREL and, during 2019, it successfully issued approximately 4,000 million euros of MREL-eligible securities, of which 1,500 million euros are senior non-preferred debt.



22.2% **23.4%** Group MREL

