



2T20

**Quarterly Financial
Report**

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Basis of presentation

The consolidated income statement and balance sheet as at the end of June 2020 and 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 interim financial statements as at 30 June 2020.

Pursuant to the Guidelines on alternative performance measures published by the European Securities and Markets Authority on 5 October 2015 (ESMA/2015/1415), 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			
	30.06.19	30.06.20	YoY (%)	30.06.19	30.06.20	YoY (%)	
Profit and loss account (€ million)							
Net interest income	1,320	1,263	-4.3	1,806	1,705	-5.6	
Core revenues	1,969	1,893	-3.9	2,512	2,378	-5.3	
Gross operating income	1,932	1,944	0.6	2,494	2,461	-1.3	
Pre-provisions income	889	881	-0.9	927	899	-3.0	
Attributable net profit	530	217	-59.1	532	145	-72.7	
Balance sheet (€ million)							
Total assets	180,359	191,568	6.2	224,852	234,447	4.3	
Performing gross loans	107,853	110,941	2.9	141,703	145,131	2.4	
Gross loans to customers	113,706	116,596	2.5	148,087	151,381	2.2	
On-balance sheet customer funds	108,620	111,525	2.7	141,862	147,572	4.0	
Off-balance sheet customer funds	43,720	41,718	-4.6	43,720	41,718	-4.6	
Total customer funds	152,340	153,243	0.6	185,581	189,291	2.0	
Net equity	--	--	--	12,715	12,718	0.0	
Shareholders' equity	--	--	--	13,021	13,140	0.9	
Profitability and efficiency ratios (%)							
ROA	--	--	--	0.40	0.12	--	
RORWA	--	--	--	1.05	0.33	--	
ROE	--	--	--	6.85	1.96	--	
ROTE	--	--	--	8.50	2.44	--	
Efficiency	46.77	46.20	--	54.72	53.65	--	
Risk management							
Non-performing exposures (€million)	(1)	5,921	5,816	-1.8	6,380	6,359	-0.3
Total problematic assets (€million)	(1)	7,795	7,276	-6.7	8,253	7,820	-5.3
NPL ratio (%)	(1)	4.81	4.61	--	4.05	3.95	--
NPL coverage ratio (%)	(1)	52.4	56.0	--	51.7	55.6	--
Problematic assets coverage (%)	(1)	50.4	51.8	--	50.1	51.8	--
Liquidity management (%)							
Loan-to-deposits ratio	100	100	--	101	99	--	
LCR	167	234	--	157	214	--	
Capital management							
Risk weighted assets (RWA) (€million)	--	--	--	83,124	78,210	-5.9	
Common Equity Tier 1 (%)	--	--	--	11.9	12.7	--	
Tier 1 (%)	--	--	--	13.3	14.2	--	
Total capital ratio (%)	--	--	--	15.1	16.3	--	
Leverage ratio (%)	--	--	--	4.95	4.69	--	
Share data (period end)							
Number of shareholders	--	--	--	237,675	247,003	--	
Average number of shares (million)	--	--	--	5,537	5,590	--	
Share price (€)	(2)	--	--	0.911	0.309	--	
Market capitalisation (€million)	--	--	--	5,044	1,728	--	
Earnings per share (EPS) (€)	(3)	--	--	0.15	0.03	--	
Book value per share (€)	--	--	--	2.35	2.35	--	
TBV per share (€)	--	--	--	1.89	1.89	--	
Price / Book value (times)	--	--	--	0.39	0.13	--	
Price / Earnings ratio (P/E) (times)	--	--	--	6.13	9.43	--	
Other data							
Branches	1,906	1,768	--	2,454	2,271	--	
Employees	17,212	17,073	--	25,372	24,206	--	

(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 30.06.2020 is 0.8731. The exchange rate used for the balance sheet is 0.9124.

2. Summary

Covid-19 update

The crisis triggered by Covid-19 has entailed a paradigm shift in terms of working methods and the way in which Banco Sabadell interacts with its customers on a daily basis. The Bank's response in this regard has been very effective, as it has ensured operational continuity at all times without undermining its customer service and while safeguarding the health of its customers and employees.

In terms of the Bank's commercial response, it has launched a support plan with extraordinary measures to deal with this unprecedented situation, which include providing corporates and SMEs with access to the government's support schemes and offering payment holidays to its individual customers, in order to help them overcome this period of economic instability.

The main measures taken in Spain have been: (i) a payment holiday or moratorium, which can be either statutory or sector-specific, as well as a moratorium based on the principle of freedom of contract, and (ii) ICO-guaranteed loans of up to 100,000 million euros for companies and the self-employed. In addition, the Spanish government has announced as at 3 July 2020 a new package of measures, including the creation of a new line of ICO guarantees for an amount of 40,000 million euros.

The statutory moratorium consists of offering a 3-month payment holiday on mortgages and consumer loans, which applies to both interest and principal, for customers that meet certain vulnerability criteria. Customers have until the end of September to apply.

The sector moratorium, on the other hand, consists of offering a payment holiday of up to 12 months for mortgages and up to 6 months for consumer loans to those affected by Covid-19. In this case, the payment holiday applies only to capital, meaning that the customer continues to pay interest. Customers have until the end of September to apply.

As at 30 June 2020, Banco Sabadell had granted statutory moratoria amounting to 895 million euros in the mortgage segment and 74 million euros in consumer loans, while the sector moratoria had been applied to 1,400 million euros of the stock of mortgages and 127 million euros of consumer loans.

Under the ICO guarantee facility, guarantees are provided for between 60% and 80% of the loans, depending on whether the customer is self-employed, an SME or a large enterprise, up to a maximum period of 5 years. Banco Sabadell has granted 9,300 million euros of these guarantees and was processing applications for a further 1,700 million euros as at 24 July 2020.

The UK government and the UK regulator have also implemented various measures in order to help the economy and protect customers. In addition to sector-specific measures, TSB has also taken a series of actions designed to protect affected customers.

The UK regulator has put the following measures in place: (i) payment holiday for mortgages, consumer loans and credit cards, (ii) waiver of overdraft fees and interest, (iii) Coronavirus Business Interruption Loan Scheme (CBILS), for SMEs with a turnover of up to 45 million pounds, (iv) Coronavirus Large Business Interruption Loan Scheme (CLBILS) and (v) Bounce Back Loan Scheme (BBLs).

The three-month payment holiday for mortgage, consumer loans and credit cards can be requested by any customer who has experienced financial difficulties due to Covid-19, and it waives payments of principal and interest. Clients can apply for new payment holidays or request extensions (up to three months) until the end of October. As at 30 June 2020, TSB has granted 4,800 million pounds in mortgage payment holidays and 149 million pounds in consumer loans.

Arranged overdrafts offer customers a fee-free and interest-free overdraft allowance of up to 500 pounds and a temporary reduction of interest rates for all customers, for up to 3 months. From 9 July customers can only benefit via application, with applications for support closing after 31 October.

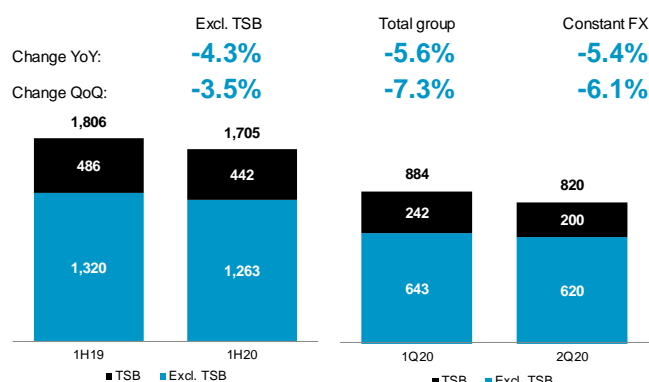
Under the Coronavirus Business Interruption Loan Scheme (CBILS), SMEs with an annual turnover of less than 45 million pounds can submit an application to receive up to 5 million pounds in loans, overdrafts, invoice finance facilities and asset finance facilities, with a maximum term of 6 years. The UK government guarantees 80% of each loan and pays interest during the first 12 months.

The Bounce Back Loan Scheme (BBLs) allows companies to request loans of up to 25% of their turnover, capped at 50,000 pounds. The UK government provides a full (100%) guarantee and pays interest for the first 12 months and companies begin making repayments after one year, at an interest rate of 2.5% with a maximum term of 6 years (average) with option to repay at any time. As at 24 July 2020, TSB had granted a total of 445 million pounds and was processing applications for a further 185 million pounds.

TSB also supports retail customers and companies with a series of improvements in its customer care service. For instance, TSB employees have reached out to their most vulnerable customers to offer them help and assistance, and they have also issued ATM cards, allowing customers to easily access to their money without having to visit a branch in person.

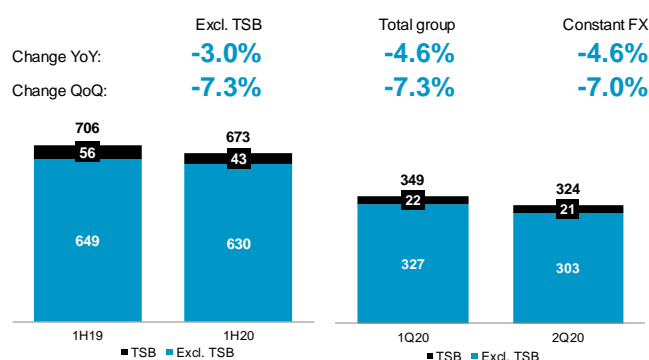
Net interest income

Net interest income amounted to 1,705 million euros as at the end of June 2020, representing a decline of -5.6% year-on-year and -7.3% in the quarter. This quarterly change was due to lower overdraft fees, following the measures taken due to Covid-19, as well as the lower contribution of the ALCO portfolio, both of which were partially offset by the larger volumes, lower wholesale funding costs and TLTRO III. Additionally, in terms of the year-on-year change, it is worth highlighting the impact of lower income following the consumer loan securitisation carried out in the third quarter of the previous year.



Net fees and commissions

Fees and commissions amounted to 673 million euros, representing a decline of -4.6% year-on-year and -7.3% in the quarter, affected by lower activity levels as a result of the lockdown enforced due to the pandemic, with service fees recording the largest impact.

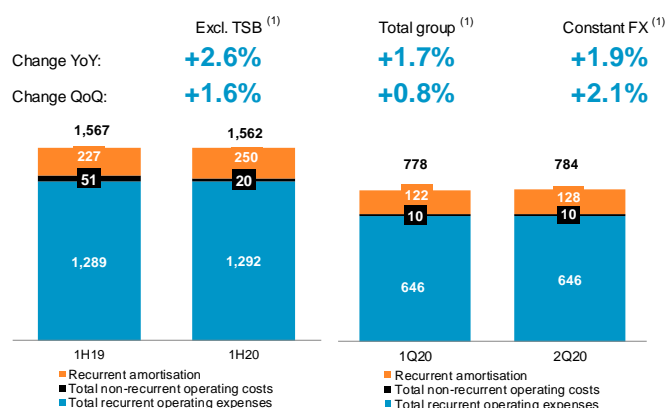


Total costs

Total costs amounted to -1,562 million euros as at the end of June 2020, dropping by -0.3% compared to the end of the first half of the previous year. Recurrent costs increased by 1.7% year-on-year, mainly due to higher amortisations. Non-recurrent costs were significantly reduced due to lower expenses at TSB.

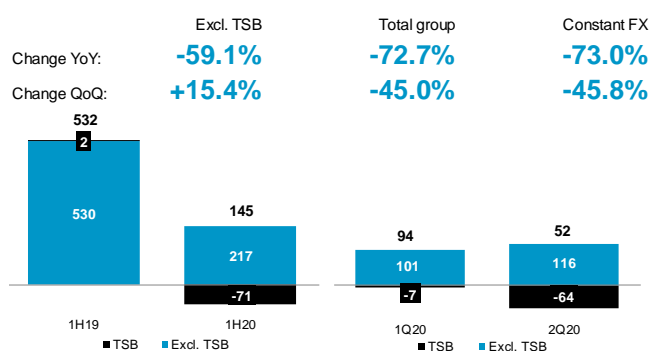
In the quarter, recurrent costs increased by 0.8%, mainly due to higher general expenses excluding TSB and higher amortisations, which offset the reduction of staff expenses. Non-recurrent costs remained in line with the previous quarter and included -11 million euros of TSB restructuring costs year to date.

The efficiency ratio stood at 53.7% as at the end of June 2020, improving on the same period in the previous year.



Net profit of the Group

Net profit attributable to the Group amounted to 145 million euros as at the end of June 2020, impacted by higher loan loss provisions after updates made to IFRS9 models to incorporate new macroeconomic scenarios, as well as lower revenues as a result of lower activity levels brought about by the pandemic, which offset the impact of the net capital gain of 293 million euros on the sale of Sabadell Asset Management.

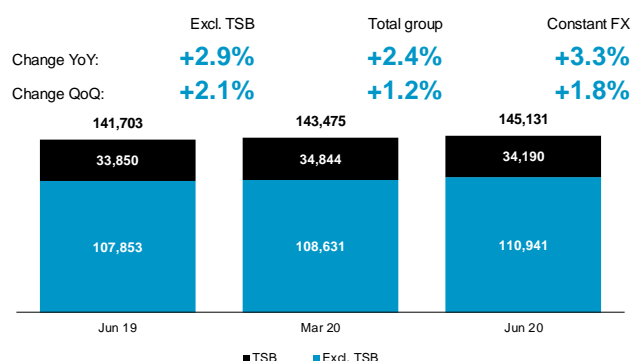


(1) Change in recurrent costs.

Performing loans

Performing loans increased by 2.4% year-on-year and by 1.2% in the quarter. Considering a constant exchange rate, it increased by 3.3% in the year and by 1.8% quarter-on-quarter.

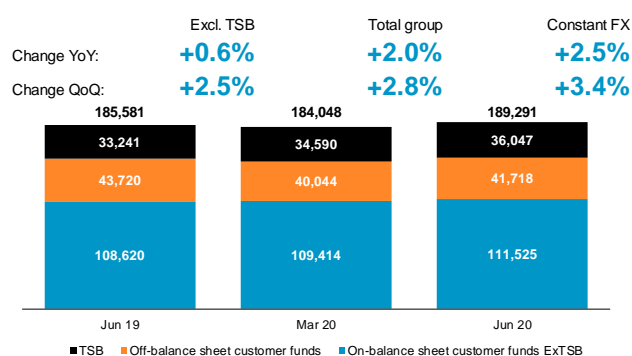
The organic growth⁽¹⁾ of lending stood at 3.3% year-on-year and 1.4% in the quarter, with the main growth drivers of the business in Spain being ICO-guaranteed loans granted to corporates, SMEs and the self-employed, which offset the negative effect of the sterling exchange rate at TSB.



Customer funds

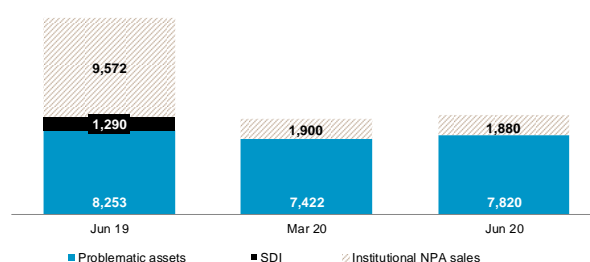
On-balance sheet customer funds grew by 4.0% year-on-year and 2.5% in the quarter, driven by the increase in sight accounts, despite the negative exchange rate effect at TSB. Considering a constant exchange rate, customer funds grew by 4.7% year-on-year and by 3.2% in the quarter, mainly due to lower cash drawdowns by corporates and individuals during the lockdown.

Off-balance sheet funds fell by -4.6% year-on-year and increased by 4.2% in the quarter due to mutual funds, which were impacted by financial market performance.



Problematic assets (*)

The Group recorded an organic reduction of problematic assets of -434 million euros in the past twelve months, representing a decrease of -21 million euros in non-performing loans and a reduction of -413 million euros in foreclosed assets. In the quarter, this item increased by 397 million euros due to lower recoveries and the early recognition of NPLs at TSB, representing an increase of 247 million euros in non-performing loans and an increase of 150 million euros in foreclosed assets.

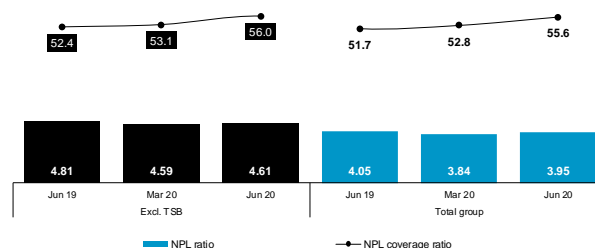


NPL ratio and coverage (*)

The Group's NPL ratio stood at 3.95%, improving from June of the previous year, when it stood at 4.05%.

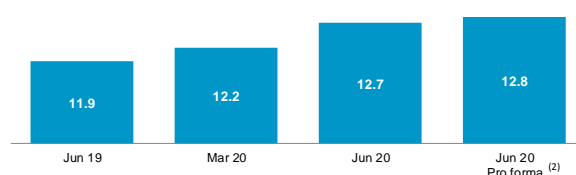
The ratio of problematic assets in relation to gross loans plus real estate assets stood at 5.1%, down from 5.5% in 2Q19, while the net NPAs to total assets ratio stood at 1.6%.

The Group's credit cost of risk was 107bps at the end of June 2020, affected by the new macroeconomic scenario.



Capital ratio

The CET1 ratio stood at 12.7% at the end of June 2020, improving by +55bps with respect to the previous quarter, where +36bps corresponded to the disposal of Sabadell Asset Management, +20bps to the SME supporting factor and -1bps to other items. The pro forma⁽²⁾ CET1 ratio was 12.8%.



(*) 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 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.
 (2) Includes +8bps on the sale of the depositary business and +6bps on the sale of the real estate developer.

3. Performance review

Macroeconomic environment

Global economic, political and financial environment

The coronavirus pandemic has continued to be the main economic and financial driver during 2Q20, overshadowing issues such as Brexit and international geopolitical tensions.

The lockdown measures taken by the majority of governments to contain the spread of the virus led to an unprecedented contraction of GDP in most developed economies in 1Q20. From May onwards, when the infection rate began to slow down in developed countries, these countries gradually began to lift lockdown measures in order to reactivate economic activity. Mobility began to recover in Europe and the United States and, with it, activity, something that can be seen especially in high-frequency indicators such as electricity demand. Thus, the worst in economic terms could be behind us now. Despite this, GDP for 2Q20 as a whole is expected to have contracted again at unprecedented rates.

In relation to pan-European policy, the European Commission (EC) has proposed the creation of a European Recovery Fund. This fund would provide grants to countries, part of which would be through transfers, thus avoiding a deterioration of national fiscal metrics. The funds would be obtained through debt issues by the EC in the financial markets.

More recently, despite the fact that the spread of the virus seems relatively under control in the euro zone, in the United States, there are concerns about the upsurge of cases in some Southern and Western states.

Economic situation in Spain

The measures taken to contain the spread of the virus have had a material impact on activity. GDP contracted by 5.2% quarter-on-quarter in 1Q20 – the largest decrease since records began. Although since early May restrictions on mobility and activity have been gradually lifted, GDP is expected to contract even further in 2Q20. The Bank of Spain expects GDP to fall by between 16% and 21.8% quarter-on-quarter, taking the annual growth rate to a -9.0% to -15.1% bracket.

The impact of the crisis on the labour market has also been acute. Almost 900 thousand jobs were lost in the first half of March alone. In April, the labour market stabilised and job creation slowly began to pick up in May and June. This recovery is still being primarily supported by furloughed employees going back to work. By the end of June, the number of furloughed employees had fallen to 54% of the peak figure recorded in April. At the end of June, 22% of jobs lost at the beginning of the crisis had been recovered.

Lastly, there is a clear impairment of public accounts due to lower income and higher expenses. The public deficit recorded by the State between January and May already exceeded the deficit recorded by all general governments at the end of 2019 (2.83%) and had more than doubled its May 2019 figure.

Economic situation in the United Kingdom

In the United Kingdom, lockdown measures taken to contain the spread of the virus also had an unprecedented economic impact. Activity bottomed in April (with GDP falling by -26% from the pre-crisis level recorded in February). In May, activity began to recover as measures started to be taken to lift the lockdown (GDP posted a monthly growth of 1.8%), although at the end of May the economy was still 25% below its pre-crisis levels of February. The lockdown was further eased in June, which helped to speed up recovery.

The labour market was resilient to the impact of coronavirus, supported by government schemes, under which 12.1 million wages, representing more than one-third of the workforce, were subsidised. As a result, the unemployment rate at the end of May was close to record lows at 3.9%. There were some job losses, but in many cases employees became inactive, as lockdown measures made it hard to search for employment. Wages (excluding bonuses) increased by 0.7% year-on-year in May, a significantly slower growth rate than the 2.9% year-on-year increase recorded before the crisis, with the impact of government-backed schemes that provide grants to cover 80% of wages.

In the housing market, prices fell slightly in 2Q20 but activity levels have started to pick up. Government guarantee schemes also provided significant support for the economy, leading to a significant rebound in SME lending.

The unprecedented measures put in place by the government to deal with the coronavirus crisis have had a significant impact on public accounts. Public deficit in 2Q20 (128 billion pounds) was more than double that recorded in the previous full fiscal year (April 2019 to March 2020), marking a new record high for the second consecutive quarter. Public debt stood at 99.6% of GDP, the highest since 1961.

Economic situation in Latin America

Latin American economies are expected to post record-breaking declines in activity during the second quarter of 2020. Economic recovery in this region is also expected to be complex, given the lack of healthcare and fiscal resources in many countries.

In Mexico, AMLO's government has continued to refuse to implement greater tax stimulus measures to support the economy and the country's economic response continues to be among the world's most frugal. Investor confidence has also been further eroded by the government's intentions to strengthen the national power utility, (Comision Federal de Electricidad), as well as Pemex, to the detriment of renewable energies. Although Mexican courts have dealt a blow to these intentions, the latter have nevertheless tarnished perceptions of the country's legal certainty. On the other hand, activity data suggest that the worst in terms of the decline of activity levels may be over. In any event, consensus has continued to revise downwards the growth forecasts for this year and recovery is expected to be particularly sluggish for 2021.

In Brazil, Bolsonaro's management of the health crisis has not been overly satisfactory. A number of ministers, including the health minister, have resigned over clashes with the president and the more radical wing within the government. Bolsonaro is making the most of the crisis to militarise his administration, which is resulting in a clear institutional deterioration of the region's largest economy.

Fixed income markets

Central banks in the main developed economies have continued to expand their monetary policy measures. The ECB increased its pandemic emergency purchase programme (PEPP) by 600 billion euros to a total of 1,350 billion euros, extending it to at least the end of June 2021. It also introduced additional changes to TLTRO III to increase its appeal. The Fed has continued with its unlimited bond-buying plan, making cumulative purchases of over 1.5 trillion dollars as at the end of 2Q20. At the same time, the Fed has been gradually implementing its other credit facilities introduced following the distortions seen in different financial market segments. The BoE, meanwhile, increased its quantitative easing programme by 100 billion pounds (to 745 billion pounds).

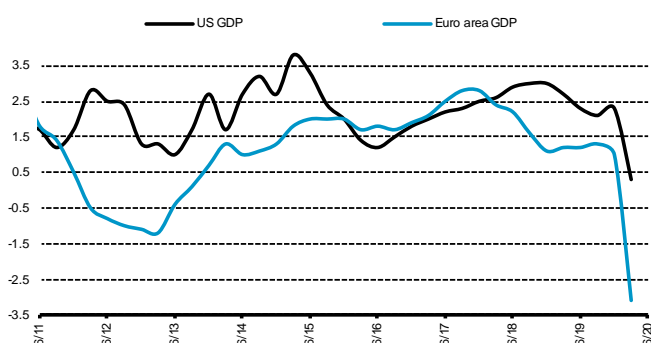
Long-term German and US government bond yields ended the quarter at levels similar to those of the previous quarter. Bond yields felt upward pressure from improved activity data and an increased bond issuance in both countries.

Conversely, they were exposed to downward pressure as a result of the ECB's increased bond purchases and concerns that some US states were failing to keep the spread of the virus in check. Risk premiums in the periphery were reduced, supported by improved activity, the European Commission's proposal for an EU Recovery Fund and the ECB's increased bond purchases.

Equity markets

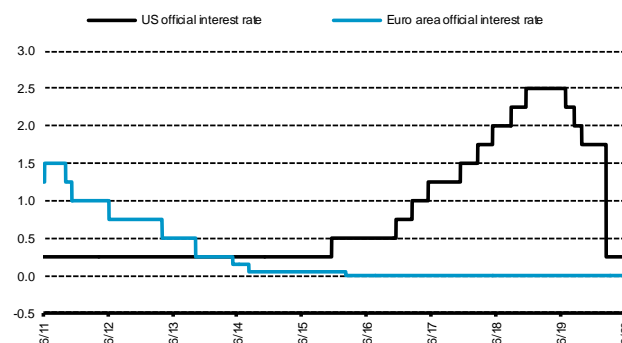
The second quarter has been characterised by significant volatility. Equity indices in the main developed economies rebounded sharply after plunging in light of the spread of Covid-19. In the US, S&P500 rebounded by 17.1% in euro terms, while the Japanese Nikkei 225 posted a 14.9% increase in euro terms. The recovery of European stock markets, with the exception of Germany, has been less pronounced. The German DAX gained 23.9% and the French CAC was up 12.3%, while in the European periphery, the Spanish IBEX rose by a mere 6.6% while the MIB in Italy increased by 13.6%.

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



Source: Bloomberg

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



Exchange rates: Parity vs. euro

Fx	30.06.19	30.09.19	31.12.19	31.03.20	30.06.20
USD	1.1380	1.0889	1.1234	1.0956	1.1198
GBP	0.8966	0.8857	0.8508	0.8864	0.9124
MXN	21.8201	21.4522	21.2202	26.1772	25.9470

Source: Bank of Spain

Income statement

Highlights:

Core banking revenue was affected in the quarter by lower activity levels as a result of the lockdown enforced due to the pandemic and by the measures taken. Moreover it was impacted by lower interest rate in the UK as well as the devaluation of the pound sterling.

Higher loan loss provisions have been allocated following the updates made to IFRS9 models to include the new macroeconomic scenarios.

The disposal of Sabadell Asset Management has also been carried out in the quarter, leading to the recognition of a net capital gain of 293 million euros.

Income statement

(€ million)	Excl. TSB			Total group			
	1H19	1H20	YoY (%)	1H19	1H20 ⁽¹⁾	YoY (%)	YoY (%) at constant FX
Net interest income	1,320	1,263	-4.3	1,806	1,705	-5.6	-5.4
Net fees and commissions	649	630	-3.0	706	673	-4.6	-4.6
Core revenues	1,969	1,893	-3.9	2,512	2,378	-5.3	-5.2
Net trading income and exchange differences	24	136	--	45	155	245.9	245.9
Income from equity method and dividends	36	14	-61.5	36	14	-61.5	-61.5
Other operating income/expense	-98	-99	1.2	-99	-86	-13.1	-12.4
Gross operating income	1,932	1,944	0.6	2,494	2,461	-1.3	-1.2
Operating expenses	-882	-886	0.4	-1,340	-1,307	-2.5	-2.3
Personnel expenses	-604	-616	2.0	-810	-798	-1.5	-1.4
Other general expenses	-279	-270	-3.0	-530	-509	-4.0	-3.8
Amortisation & depreciation	-161	-176	9.9	-227	-255	12.5	12.7
<i>Promemoria:</i>							
Recurrent costs	-1,033	-1,060	2.6	-1,516	-1,542	1.7	1.9
Non-recurrent costs	-10	-3	-71.5	-51	-20	-60.9	-60.8
Pre-provisions income	889	881	-0.9	927	899	-3.0	-2.9
Provisions for NPLs	-275	-796	189.3	-302	-918	203.9	205.2
Provisions for other financial assets	-8	-81	--	-14	-80	--	--
Other impairments	-58	-91	57.5	-58	-91	57.5	57.5
Gains on sale of assets and other results	141	275	95.6	139	276	97.8	97.8
Profit before tax	689	188	-72.7	692	85	-87.6	-88.1
Income tax	-153	28	--	-154	59	--	--
Minority interest	6	-1	--	6	-1	--	--
Attributable net profit	530	217	-59.1	532	145	-72.7	-73.0

(1) The EURGBP exchange rate used for the income statement is 0.8731.

Quarterly income statement

(€million)	Excl. TSB						Total group						
	2 Q19	3 Q19	4 Q19	1Q20	2 Q20	QoQ (%)	2 Q19	3 Q19	4 Q19	1Q20	2 Q20	QoQ (%)	QoQ (%) at constant FX
Net interest income	664	665	659	643	620	-3.5	905	906	910	884	820	-7.3	-6.1
Net fees and commissions	333	330	343	327	303	-7.3	363	361	372	349	324	-7.3	-7.0
Core revenues	997	995	1,001	969	923	-4.8	1,269	1,268	1,282	1,234	1,144	-7.3	-6.3
Net trading income and exchange differences	-27	90	-3	137	-1	--	-23	86	-4	151	4	-97.3	-97.3
Income from equity method and dividends	24	16	9	4	10	176.1	24	16	9	4	10	176.1	176.1
Other operating income/expense	-87	-20	-179	-18	-81	--	-100	-29	-188	-17	-69	--	--
Gross operating income	907	1,082	827	1,092	852	-22.0	1,169	1,340	1,098	1,371	1,089	-20.6	-19.8
Operating expenses	-449	-462	-483	-441	-446	1.1	-676	-683	-721	-652	-654	0.3	16
Personnel expenses	-312	-312	-309	-310	-306	-1.2	-419	-416	-423	-403	-394	-2.3	-1.3
Other general expenses	-137	-150	-174	-131	-139	6.5	-256	-267	-298	-249	-260	4.3	6.2
Amortisation & depreciation	-81	-83	-90	-87	-89	2.8	-114	-117	-126	-126	-130	3.5	4.7
<i>Pro memoria:</i>													
Recurrent costs	-523	-541	-567	-526	-534	16	-767	-780	-812	-768	-774	0.8	2.1
Non-recurrent costs	-6	-4	-6	-2	-1	-50.2	-23	-19	-34	-10	-10	-0.2	2.7
Pre-provisions income	377	537	254	564	317	-43.8	380	540	251	593	305	-48.6	-48.4
Provisions for NPLs	-136	-109	-218	-362	-435	20.2	-145	-124	-246	-400	-518	29.4	30.0
Provisions for other financial assets	-6	-2	-8	-16	-65	--	-9	-2	-5	-14	-65	--	--
Other impairments	-30	-68	-119	-39	-52	32.9	-30	-68	-119	-39	-52	32.9	32.9
Gains on sale of assets and other results	140	0	34	1	274	--	139	-2	32	1	275	--	--
Profit before tax	345	357	-57	149	39	-73.8	334	345	-86	141	-55	--	--
Income tax	-61	-98	84	-48	75	--	-55	-93	73	-46	105	--	--
Minority interest	5	1	2	1	-2	--	5	1	2	1	-2	--	--
Attributable net profit	279	258	25	101	116	15.4	273	251	-15	94	52	-45.0	-45.8

(1) The EURGBP exchange rate used for the income statement of the quarter is 0.8872.

Net interest income:

Net interest income amounted to 1,705 million euros as at the end of June 2020, representing a decline of -5.6% in the year and -7.3% in the quarter. This quarterly change was due to lower overdraft fees, following the measures taken due to Covid-19, lower interest rates, as well as the lower contribution of the ALCO portfolio, which were partially offset by larger volumes, lower wholesale funding costs and TLTRO III. Additionally, in terms of the year-on-year change, it is worth noting the impact of lower income following the consumer loan securitisation carried out in the third quarter of the previous year.

Excluding TSB, net interest income amounted to 1,263 million euros as at the end of June 2020, representing a decrease of -4.3% compared to the previous year and of -3.5% quarter-on-quarter.

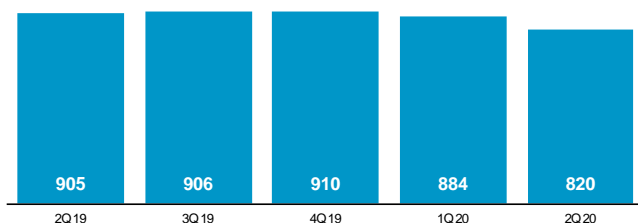
Net interest income in TSB amounted to 442 million euros, falling by -9.2% from the previous year and by -17.5% in the quarter, mainly due to lower current account overdraft fees as part of the measures taken due to Covid-19, pressure on mortgage yields, an lower interest rate in the UK as well as the devaluation of the pound sterling.

Customer spread and net interest margin:

The customer spread was 2.36% (2.33% excluding TSB), while the net interest margin as a percentage of average total assets stood at 1.48% (1.40% excluding TSB), falling as a result of lower loan yields resulting from changes in credit mix, lower UK interest rates and a reduction of overdraft commissions. Excluding the impact of overdraft fees, the customer spread was 2.45% (2.40% excluding TSB).

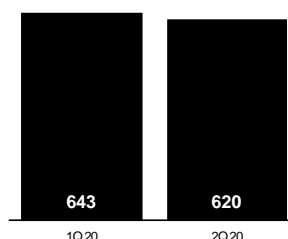
Evolution of net interest income

Total group (€ millions)



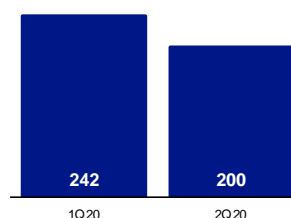
Change YoY:	Total group	Constant FX
	-5.6%	-5.4%
Change QoQ:	-7.3%	-6.1%

Sabadell ex - TSB (€ millions)



Change YoY:	-4.3%
Change QoQ:	-3.5%

TSB (€ millions)

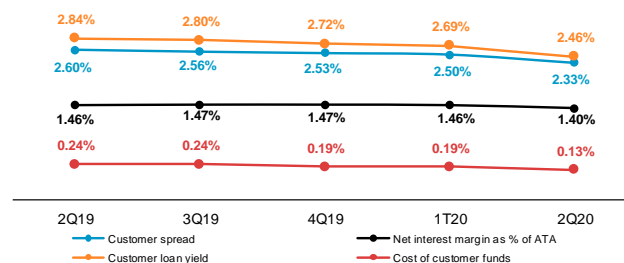


Change YoY:	-9.2%	Constant FX
	-9.4%	
Change QoQ:	-17.5%	Constant FX
	-15.0%	

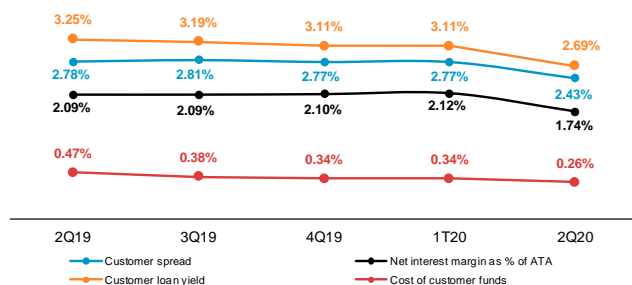
Net interest income, Group (%)



Net interest income, excl. TSB (%)



Net interest income, TSB (%)



Gains and charges in the quarter

Total Group

2020 (€ million)	1st Quarter			2nd Quarter (1)			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	28,341	0.10	7						
Loans to customers (net)	142,034	2.80	988	143,838	2.52	900						
Fixed-income securities	27,499	1.16	79	26,550	0.96	63						
Equity securities	1,000	--	--	1,038	--	--						
Tang. & intang. assets	5,475	--	--	5,412	--	--						
Other assets	18,074	1.41	63	17,380	1.00	43						
Total assets	220,338	2.09	1,143	222,558	1.83	1,014						
Financial institutions (3)	22,792	-0.14	-8	23,720	0.08	5						
Customer deposits (4)	149,636	-0.22	-82	151,935	-0.16	-61						
Capital markets	25,330	-1.33	-84	24,211	-1.28	-77						
Other liabilities	9,672	-3.55	-85	9,953	-2.45	-61						
Shareholders' equity	12,908	--	--	12,739	--	--						
Total funds	220,338	-0.47	-259	222,558	-0.35	-194						
Net interest income			884			820						
Customer spread		2.58			2.36							
Net interest margin as % of ATA		1.62			1.48							

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
Total assets	221,189	2.19	1,194	226,600	2.13	1,203	222,972	2.15	1,209	223,104	2.13	1,198
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	--	--
Total funds	221,189	-0.54	-293	226,600	-0.53	-298	222,972	-0.54	-303	223,104	-0.51	-288
Net interest income			901			905			906			910
Customer spread		2.70			2.65			2.62			2.59	
Net interest margin as % of ATA		1.65			1.60			1.61			1.62	

- (1) The EURGBP exchange rate used for the income statement for the quarter is 0.8872 while that used for the balance sheet is 0.9124.
- (2) Includes cash, central banks, credit institutions and 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 and III.
- (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	20,759	0.10	5						
Loans to customers (net)	105,977	2.69	709	109,146	2.46	668						
Fixed-income securities	24,759	1.19	73	24,311	1.01	61						
Other assets	25,450	1.04	66	24,621	0.84	51						
Total assets	176,876	1.94	854	178,836	1.77	786						
Financial institutions (2)	17,583	0.01	0	18,815	0.13	6						
Customer deposits (3)	114,880	-0.19	-53	116,445	-0.13	-37						
Capital markets	22,941	-1.25	-71	21,947	-1.23	-67						
Other liabilities and shareholders' equity	21,472	-1.63	-87	21,629	-1.24	-66						
Total funds	176,876	-0.48	-211	178,836	-0.37	-165						
Net interest income			643			620						
Customer spread		2.50			2.33							
Net interest margin as % of ATA		1.46			1.40							

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
Total assets	176,700	2.05	893	182,418	1.98	901	179,499	2.02	916	178,043	2.00	896
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	22,523	-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
Total funds	176,700	-0.54	-237	182,418	-0.52	-238	179,499	-0.55	-250	178,043	-0.53	-237
Net interest income			656			664			665			659
Customer spread		2.67			2.60			2.56			2.53	
Net interest margin as % of ATA		1.51			1.46			1.47			1.47	

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

(3) Includes repos.

Income from equity method and dividends:

This item amounted to 14 million euros as at the end of June 2020, compared to 36 million euros in the preceding year, which included extraordinary impacts. In the quarter, this item increased due to the larger contribution of the insurance and pensions business.

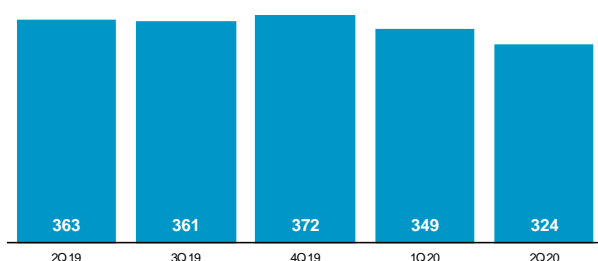
Net fees and commissions:

Fees and commissions amounted to 673 million euros as at the end of June 2020, representing a year-on-year decline of -4.6% (-3.0% excluding TSB), mainly impacted by lower activity levels as a result of the lockdown imposed to contain the pandemic. They were also affected by some payment services cost that have been netted of fees, when in the last year, this cost was recorded in general expenses.

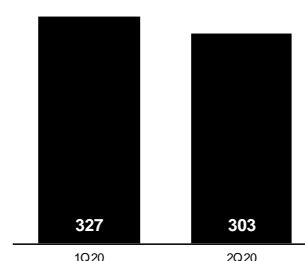
In the quarter, fees and commissions declined by -7.3%, both at Group level and excluding TSB, affected by lower activity levels caused by Covid-19, where service fees were particularly impacted.

Evolution of net fees and commissions

Total group (€ millions)



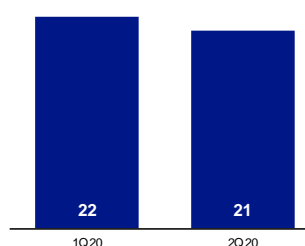
Sabadell ex - TSB (€ millions)



Change YoY:
-3.0%

Change QoQ:
-7.3%

TSB (€ millions)



Change YoY:
-23.2%
-23.3% Constant FX

Change QoQ:
-6.6%
-3.9% Constant FX

	Total group	Constant FX
Change YoY:	-4.6%	-4.6%
Change QoQ:	-7.3%	-7.0%

Net fees and commissions

(€ million)	Excl. TSB			Total group			Excl. TSB			Total group		
	1Q20	2Q20	QoQ (%)	1Q20	2Q20	QoQ (%)	1H19	1H20	YoY (%)	1H19	1H20	YoY (%)
Lending fees	38	38	-1.9	38	38	-1.9	69	76	9.5	69	76	9.5
Guarantees commissions	26	26	-0.9	26	26	-0.9	55	51	-6.0	55	51	-6.0
Risk transaction fees	64	63	-1.5	64	63	-1.5	124	127	2.7	124	127	2.7
Cards	43	36	-15.3	53	44	-16.4	104	79	-23.7	126	98	-22.7
Payment orders	15	12	-17.3	15	13	-17.4	30	27	-9.0	31	28	-10.2
Securities	20	16	-20.8	20	16	-20.8	30	36	21.9	30	36	21.9
Custodian mutual and pension funds	3	3	-5.2	3	3	-5.2	6	6	-0.2	6	6	-0.2
Sight accounts	42	49	16.2	54	60	11.7	70	90	30.0	97	114	17.9
Foreign currency and notes exchange	27	22	-17.8	30	24	-17.6	55	49	-10.6	60	54	-10.0
Other transactions	23	21	-11.5	17	16	-5.9	52	44	-15.9	46	34	-26.6
Commissions for services	173	159	-8.2	193	177	-8.1	346	332	-4.1	396	370	-6.6
Mutual funds	38	35	-5.8	38	35	-5.8	74	73	-1.7	74	73	-1.7
Pension funds and insurance brokerage	47	40	-14.7	50	43	-13.9	93	87	-6.3	99	92	-6.7
Wealth management	5	6	6.3	5	6	6.3	13	11	-14.3	13	11	-14.3
Asset Under Management commissions	90	81	-9.7	92	84	-9.4	180	171	-4.9	186	176	-5.2
Total	327	303	-7.3	349	324	-7.3	649	630	-3.0	706	673	-4.6

(1) The EURGBP exchange rate used for the income statement is 0.8731 in 1H20 and 0.8872 in 2Q20.

Net trading income and exchange differences:

As at the end of June 2020, this item amounted to a total of 155 million euros (136 million euros excluding TSB), mainly due to the capital gains on ALCO portfolio sales, while at the end of the first half of the previous year it amounted to 45 million euros (24 million euros excluding TSB). It is worth highlighting that this quarter includes -27 million euros of the SAREB debt impairment, meaning that this debt held has already been 100% provisioned.

Other operating income and expenses:

This item amounted to -86 million euros as at the end of June 2020 (-99 million euros excluding TSB), compared to -99 million euros in the same period of the previous year (-98 million euros excluding TSB). The year-on-year reduction is mainly due to the recognition in TSB of 14 million pounds of insurance compensation due to the IT migration and the recognition in this quarter of the final migration-related payment made by Lloyds Banking Group to TSB, which were offset by the income received in the previous year of VISA Inc.

The negative change with respect to the previous quarter is mainly due to the recognition of -78 million euros in contributions made to the Single Resolution Fund (SRF) this quarter.

Total costs:

Total costs amounted to -1,562 million euros as at the end of June 2020 (-1,063 million euros excluding TSB), dropping by -0.3% compared to the end of June of the previous year.

Recurrent costs amounted to -1,542 million euros (-1,060 million euros excluding TSB), representing a 1.7% growth year-on-year (2.6% excluding TSB), mainly due to higher amortisations. In the quarter, recurrent costs increased by 0.8% (1.6% excluding TSB), mainly due to higher general expenses excluding TSB and higher amortisations, which offset the reduction of staff expenses.

Non-recurrent costs recorded a sharp year-on-year reduction, as the previous year included impacts related to TSB's migration, while they remained broadly stable in quarter-on-quarter terms.

TSB restructuring costs amounted to -11 million euros in the first half of the year. The bank also carried out 43 branch closures.

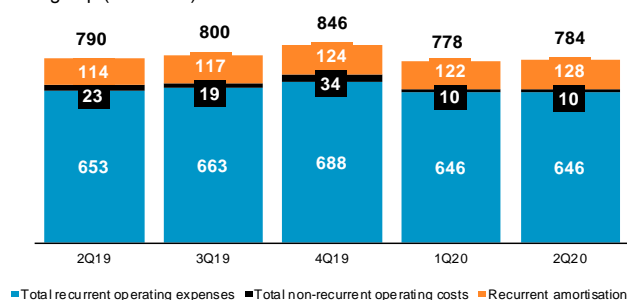
Total costs

(€ million)	Excl. TSB			Total group			Excl. TSB			Total group		
	1Q20	2Q20	QoQ (%)	1Q20	2Q20	QoQ (%)	1H19	1H20	YoY (%)	1H19	1H20	YoY (%)
Recurrent	-308	-305	-0.9	-400	-392	-2.0	-594	-613	3.2	-790	-792	0.3
Non-recurrent	-2	-1	-50.2	-4	-2	-30.4	-10	-3	-71.5	-20	-6	-70.6
Personnel expenses	-310	-306	-1.2	-403	-394	-2.3	-604	-616	2.0	-810	-798	-1.5
IT and communications	-52	-54	4.7	-93	-105	11.9	-79	-106	34.8	-182	-198	9.0
Advertising	-6	-10	68.9	-20	-20	2.0	-25	-16	-37.2	-46	-40	-12.8
Premises and office supplies	-8	-9	19.9	-16	-18	9.5	-25	-17	-32.6	-48	-34	-30.0
Technical reports and judicial expenses	-4	-7	68.5	-10	-11	9.5	-15	-11	-27.6	-21	-21	19.6
Subcontracted administrative services	-16	-13	-17.5	-50	-38	-22.7	-28	-29	6.0	-71	-88	23.6
Contributions and taxes	-27	-31	14.6	-31	-35	13.6	-58	-58	0.4	-58	-66	14.8
Others	-18	-15	-18.2	-26	-27	5.1	-49	-33	-32.4	-74	-53	-28.8
Total recurrent	-131	-139	6.5	-246	-254	3.3	-279	-270	-3.0	-499	-500	0.1
Non-recurrent	0	0	--	-3	-6	80.9	0	0	--	-31	-9	-70.7
Other general expenses	-131	-139	6.5	-249	-260	4.3	-279	-270	-3.0	-530	-509	-4.0
Recurrent	-87	-89	2.8	-122	-128	4.9	-161	-176	9.9	-227	-250	10.3
Non-recurrent	0	0	--	-3	-2	-47.4	0	0	--	0	-5	--
Amortisation & depreciation	-87	-89	2.8	-126	-130	3.5	-161	-176	9.9	-227	-255	12.5
Total	-528	-535	1.4	-778	-784	0.8	-1,043	-1,063	1.9	-1,567	-1,562	-0.3

(1) The EURGBP exchange rate used for the income statement is 0.8731 in 1H20 and 0.8872 in 2Q20.

Evolution of total costs

Total group (€ millions)

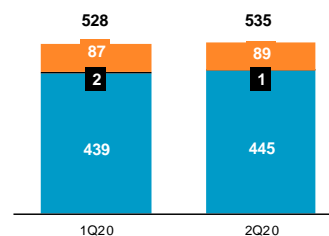


■ Total recurrent operating expenses ■ Total non-recurrent operating costs ■ Recurrent amortisation

	Total group ⁽¹⁾	Constant FX ⁽¹⁾
Change YoY:	+1.7%	+1.9%
Change QoQ:	+0.8%	+2.1%

(1) Change over total recurrent costs.

Sabadell ex - TSB (€ millions)

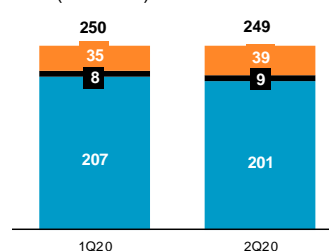


Recurrent costs

Change YoY:
+2.6%

Change QoQ:
+1.6%

TSB (€ millions)



Recurrent costs

Change YoY:
-0.1%
-0.2% Constant FX

Change QoQ:
-0.9%
+2.0% Constant FX

Pre-provisions income:

As at the end of June 2020, pre-provisions income amounted to 899 million euros (881 million euros excluding TSB), representing a decline of -3.0% year-on-year (-0.9% excluding TSB), mainly due to the reduction in core revenue caused by lower activity levels as a result of Covid-19 and the measures taken by the pandemic.

Provisions for NPLs and other impairments:

This item amounted to -1,089 million euros as at the end of June 2020 (-968 million euros excluding TSB), compared to -374 million euros (-341 million euros excluding TSB) as at the end of the first half of the previous year. This change is mostly due to the allocation of higher loan loss provisions following the updates made to IFRS9 models to include the new macroeconomic scenarios.

These provisions entail a Group credit cost of risk of 107bps as at the end of June 2020.

Capital gains on asset sales and other revenue:

Capital gains on asset sales and other revenue increased year-on-year due to the recognition of the disposal of Sabadell Asset Management, which generated a net capital gain of 293 million euros. The previous year included the disposal of 80% of Solvia Servicios Inmobiliarios.

Net profit:

Net profit attributable to the Group amounted to 145 million euros as at the end of June 2020 (217 million euros excluding TSB), impacted by higher loan loss provisions, as well as lower revenues as a result of lower activity levels brought about by the pandemic, which offset the impact of the capital gain on the disposal of Sabadell Asset Management.

Balance sheet

Highlights:

Performing loans increased by 2.4% year-on-year and by 1.2% in the quarter. Considering a constant exchange rate, this item increased by 3.3% in the year and by 1.8% quarter-on-quarter.

Organic growth⁽¹⁾ of lending stood at 3.3% year-on-year and 1.4% in the quarter, with the main growth drivers of the business in Spain being ICO-guaranteed loans granted to corporates, SMEs and the self-employed, which offset the negative effect of the sterling exchange rate at TSB.

On-balance sheet customer funds grew by 4.0% year-on-year and 2.5% in the quarter, driven by the increase in sight accounts, despite the negative exchange rate effect at TSB. Considering a constant exchange rate, they grew by 4.7% year-on-year and by 3.2% in the quarter, mainly due to lower cash drawdowns by corporates and individuals during the lockdown.

Off-balance sheet funds fell by -4.6% year-on-year and increased by 4.2% in the quarter due to mutual funds, which were impacted by financial market performance.

(1) 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.

Balance sheet

(€ million)	30.06.19	31.03.20	(2) 30.06.20	Change	
				YoY (%)	QoQ (%)
Cash, cash balances at central banks and other demand deposits	19,785	19,134	29,049	46.8	51.8
Financial assets held for trading and fair value with changes in PL	2,539	3,459	3,577	40.9	3.4
Financial assets in fair value OCI	7,962	7,090	6,211	-22.0	-12.4
Financial assets at amortised cost	174,148	176,469	178,431	2.5	1.1
Loans and advances to customers	144,895	146,495	148,018	2.2	1.0
Loans and advances of central banks and credit institutions	10,330	12,777	9,082	-12.1	-28.9
Debt securities	18,923	17,197	21,331	12.7	24.0
Investments in subsidiaries, joint ventures and associates	577	771	775	34.4	0.6
Tangible assets	3,568	3,411	3,300	-7.5	-3.3
Intangible assets	2,472	2,540	2,557	3.4	0.7
Other assets	13,801	10,411	10,547	-23.6	1.3
Total assets	224,852	223,286	234,447	4.3	5.0
Financial liabilities held for trading and fair value with changes in PL	2,440	3,688	3,626	48.6	-1.7
Financial liabilities at amortised cost	207,301	204,214	215,166	3.8	5.4
Central banks	(1) 22,910	20,568	30,810	34.5	49.8
Credit institutions	(1) 13,284	11,401	9,248	-30.4	-18.9
Customer deposits	143,231	144,721	148,341	3.6	2.5
Debt securities issued	21,636	23,192	21,827	0.9	-5.9
Other financial liabilities	6,241	4,332	4,941	-20.8	14.1
Provisions	423	410	530	25.4	29.2
Other liabilities	1,973	2,202	2,407	22.0	9.3
Subtotal liabilities	212,137	210,514	221,730	4.5	5.3
Shareholders' equity	13,021	13,110	13,140	0.9	0.2
Accumulated other comprehensive income	-374	-406	-490	31.1	20.7
Minority interest	69	68	68	-0.3	0.7
Net equity	12,715	12,771	12,718	0.0	-0.4
Total liabilities and equity	224,852	223,286	234,447	4.3	5.0
Financial guarantees granted	2,030	2,014	2,015	-0.7	0.0
Commitments for loans granted	25,162	25,522	28,933	15.0	13.4
Other commitments granted	11,039	11,315	9,920	-10.1	-12.3

(1) Deposits with central banks and credit institutions include the following amounts of repos: 9,173 million euros as at 30.06.2019, 8,092 million euros as at 31.03.2020 and 5,478 million euros as at 30.06.2020.

(2) The EURGBP exchange rate used for the balance sheet is 0.9124.

Assets:

The Group's total assets amounted to 234,447 million euros, representing an increase of 4.3% year-on-year and of 5.0% in the quarter.

Excluding TSB, they amounted to 191,568 million euros, increasing by 6.2% year-on-year and by 6.4% in the quarter.

Loans and advances to customers:

Gross performing loans ended the second quarter of 2020 with a balance of 145,131 million euros (110,941 million euros excluding TSB), representing a year-on-year growth of 2.4% (2.9% excluding TSB).

Organic growth⁽¹⁾ of lending was 3.3% year-on-year (4.0% excluding TSB) and 1.4% in the quarter (2.4% excluding TSB).

In Spain, gross performing loans excluding the APS increased by 4.1% year-on-year and by 2.1% in the quarter, mainly supported by ICO-guaranteed loans granted to corporates, SMEs and the self-employed, as well as mortgages, which continued to show a resilient performance in year-on-year terms.

Mexico continues to perform remarkably well, growing by 8.0% year-on-year, and by 4.0% in the quarter. In Mexican pesos, this item increased by 28.4% year-on-year and by 3.0% in the quarter.

In TSB, lending was up by 1.0% year-on-year and down by -1.9% in the quarter, impacted by the devaluation of the pound. Considering a constant exchange rate, this item increased by 2.8% year-on-year and by 1.0% in the quarter, due to the UK government's Bounce Back Loan Scheme as well as the increase of the mortgage book.

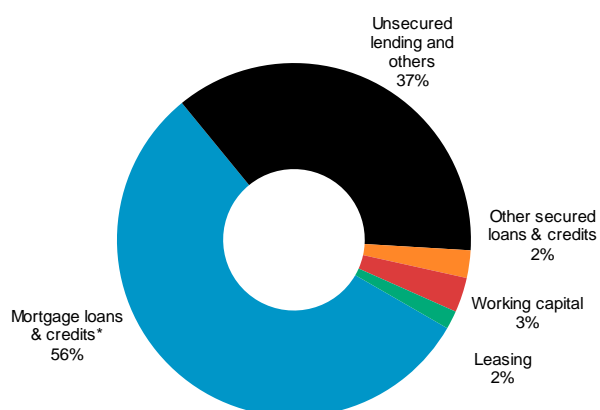
(1) Excludes CAM APS and the account receivable created for the right of first refusal associated with the NPA portfolio sales of €0.5bn in 1Q20 and €0.2bn in 2Q20.

Loans and advances to customers

(€ million)	Excl. TSB			Change		Total group ⁽¹⁾			Change	
	30.06.19	31.03.20	30.06.20	YoY (%)	QoQ (%)	30.06.19	31.03.20	30.06.20	YoY (%)	QoQ (%)
Mortgage loans & credits	49,753	49,626	49,329	-0.9	-0.6	81,293	82,176	80,919	-0.5	-1.5
Other secured loans & credits	3,240	3,331	3,226	-0.4	-3.1	3,240	3,335	3,662	13.0	9.8
Working capital	5,945	5,972	4,625	-22.2	-22.5	5,945	5,972	4,625	-22.2	-22.5
Leasing	2,707	2,486	2,431	-10.2	-2.2	2,707	2,486	2,431	-10.2	-2.2
Unsecured lending and others	46,207	47,216	51,330	11.1	8.7	48,517	49,506	53,494	10.3	8.1
Performing gross loans	107,853	108,631	110,941	2.9	2.1	141,703	143,475	145,131	2.4	1.2
Of which: APS	3,092	1,761	1,761	-43.0	0.0	3,092	1,761	1,761	-43.0	0.0
Performing gross loans excluding APS	104,761	106,870	109,180	4.2	2.2	138,611	141,714	143,370	3.4	1.2
Non-performing loans	5,818	5,460	5,632	-3.2	3.1	6,274	5,890	6,175	-1.6	4.8
Accruals	-58	-68	-77	34.2	13.8	17	2	-25	--	--
Gross loans to customers (excluding repos)	113,613	114,022	116,496	2.5	2.2	147,993	149,367	151,281	2.2	1.3
Reverse repos	94	251	100	6.9	-60.2	94	251	100	6.9	-60.2
Gross loans to customers	113,706	114,274	116,596	2.5	2.0	148,087	149,618	151,381	2.2	1.2
NPL and country-risk provisions	-2,994	-2,915	-3,108	3.8	6.6	-3,192	-3,123	-3,364	5.4	7.7
Loans and advances to customers	110,712	111,358	113,488	2.5	1.9	144,895	146,495	148,018	2.2	1.0

(1) The EURGBP exchange rate used for the balance sheet is 0.9124.

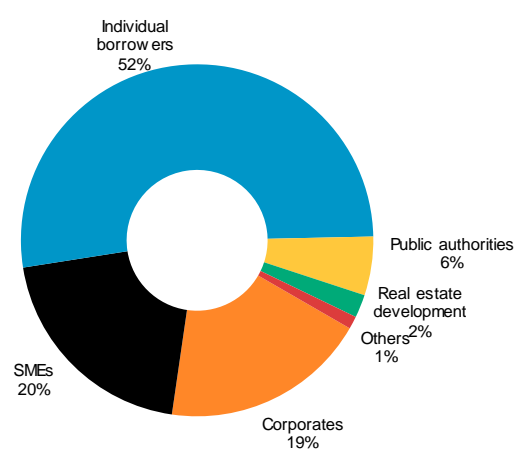
Loans and advances to customers by product type, 30.06.2020 (%)^(*)



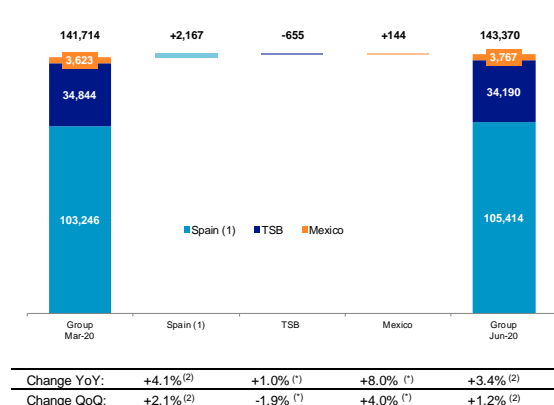
*Includes mortgage loans and credits both to individuals and companies.

(*) Excluding NPLs and accrual adjustments.

Loans and advances to customers by customer profile, 30.06.2020 (%)

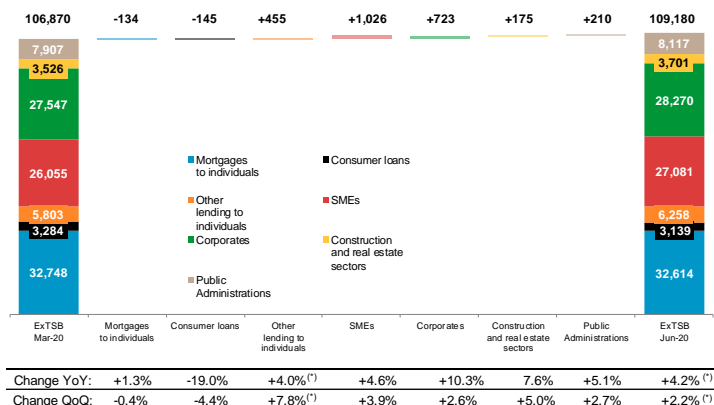


Gross performing loans ex APS: performance by regions (€ million)



(*) In TSB +2.8% YoY and +1.0% QoQ in GBP and in Mexico +28.4% YoY and +3.0% QoQ in MXN.
 (1) Spain includes overseas branches.
 (2) Excluding in the quarter the impact of €0.2bn (€0.5bn in Mar 20) A/R related to the closing of NPA disposals, at Group level an increase of +3.3% YoY and +1.4% QoQ and for Spain +3.9% YoY and +2.4% QoQ.

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



(*) Excluding in the quarter the impact of €0.2bn (€0.5bn in Mar 20) A/R related to the closing of NPA disposals, at EXTSB level an increase of +4.0% YoY and +2.4% QoQ and other lending to individuals +0.8% YoY and +13.4% QoQ.

Liabilities:

Customer funds:

As at the end of June 2020, on-balance sheet customer funds amounted to 147,572 million euros (111,525 million euros excluding TSB), representing a year-on-year increase of 4.0% (2.7% excluding TSB) and a quarterly increase of 2.5% (1.9% excluding TSB), driven by the growth of sight accounts.

Sight account balances amounted to 123,888 million euros (90,776 million euros excluding TSB), representing an increase of 9.0% year-on-year (8.4% excluding TSB) and of 4.2% in the quarter (3.7% excluding TSB), mainly due to lower cash drawdowns by corporates and individuals during the lockdown.

Term deposits amounted to 23,966 million euros (21,031 million euros excluding TSB), representing a decline of -15.3% (-15.7% excluding TSB) compared to the previous year, and of -4.6% (-4.0% excluding TSB) in the quarter, as term deposits continued to flow into current accounts as a result of the low interest rates paid on saving deposits, as well as maturing deposits.

At TSB level, on-balance sheet customer funds increased by 8.4% year-on-year and by 4.2% in the quarter. Considering a constant exchange rate, this item increased by 10.4% year-on-year and by 7.3% in the quarter, supported by the growth of current accounts and deposits, reflecting lower consumer spend and benefiting from the UK government's Bounce Back Loan Scheme.

Total off-balance sheet funds amounted to 41,718 million euros as at the end of June 2020, declining by -4.6% with respect to the previous year and increasing by 4.2% in the quarter, due to mutual funds, which were impacted by financial market performance.

Marketable debt securities:

At the end of June 2020, this item amounted to 18,931 million euros (17,166 million euros excluding TSB), representing a growth of 1.7% year-on-year (3.2% excluding TSB) and a decline of -4.5% in the quarter, both at Group level and excluding TSB.

In the second quarter of 2020, 500 million euros of senior preferred notes have been issued.

Funds under management:

This item amounted to a total of 211,886 million euros (173,570 million euros excluding TSB), compared with 208,587 million euros (172,416 million euros excluding TSB) one year previously, representing an increase of 1.6% year-on-year (0.7% excluding TSB) and of 1.9% in the quarter (1.5% excluding TSB).

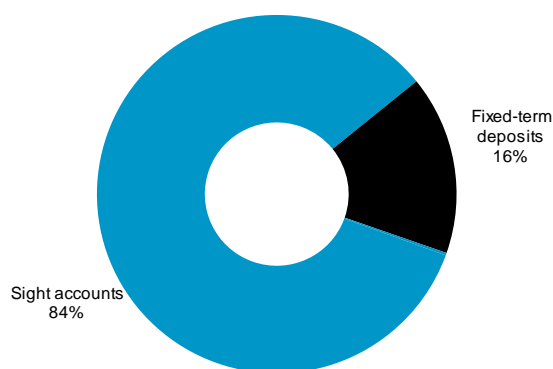
Exposures to central banks at the end of June 2020 amounted to 30,627 million euros, of which 27,268 million euros related to the ECB and 3,359 million euros related to the Bank of England. The quarter-on-quarter increase was due to TLTRO III, where the Bank has withdrawn 27,000 million euros of which 13,500 million euros rolled over from TLTRO II and 13,500 million euros is new funding.

Customer funds

(€ million)	Excl. TSB					Total group				
	30.06.19	31.03.20	30.06.20	Change		30.06.19	31.03.20	30.06.20	Change	
				YoY (%)	QoQ (%)				YoY (%)	QoQ (%)
Financial liabilities at amortised cost	163,616	161,962	173,234	5.9	7.0	207,301	204,214	215,166	3.8	5.4
Non-retail financial liabilities	54,995	52,548	61,709	12.2	17.4	65,440	60,209	67,594	3.3	12.3
Central banks	15,680	15,512	27,450	75.1	77.0	22,910	20,568	30,810	34.5	49.8
Credit institutions	13,281	11,400	9,247	-30.4	-18.9	13,284	11,401	9,248	-30.4	-18.9
Institutional issues	20,076	21,553	20,326	1.2	-5.7	23,005	23,909	22,595	-1.8	-5.5
Other financial liabilities	5,958	4,082	4,685	-21.4	14.8	6,241	4,332	4,941	-20.8	14.1
On-balance sheet customer funds	108,620	109,414	111,525	2.7	1.9	141,862	144,005	147,572	4.0	2.5
Customer deposits	109,490	110,084	112,223	2.5	1.9	143,231	144,721	148,341	3.6	2.5
Sight accounts	83,724	87,498	90,776	8.4	3.7	113,607	118,878	123,888	9.0	4.2
Fixed-term deposits	(2) 24,945	21,905	21,031	-15.7	-4.0	28,303	25,115	23,966	-15.3	-4.6
Repos	668	556	287	-57.0	-48.4	1,115	556	336	-69.8	-39.5
Accruals and derivative hedging adjustments	153	126	129	-15.7	3.0	205	172	150	-27.0	-12.9
Debt and other marketable securities	16,632	17,972	17,166	3.2	-4.5	18,617	19,828	18,931	1.7	-4.5
Subordinated liabilities	(3) 2,575	2,911	2,463	-4.4	-15.4	3,019	3,364	2,896	-4.1	-13.9
On-balance sheet funds	128,697	130,967	131,851	2.5	0.7	164,867	167,913	170,168	3.2	1.3
Mutual funds	26,127	23,707	25,059	-4.1	5.7	26,127	23,707	25,059	-4.1	5.7
Equity funds	1,693	1,176	38	-97.6	-96.8	1,693	1,176	38	-97.6	-96.8
Balanced funds	6,587	6,255	179	-97.3	-97.1	6,587	6,255	179	-97.3	-97.1
Fixed-income funds	4,364	4,842	71	-98.4	-98.5	4,364	4,842	71	-98.4	-98.5
Guaranteed return funds	4,020	2,904	51	-98.7	-98.2	4,020	2,904	51	-98.7	-98.2
Real estate funds	127	76	75	-40.7	-0.3	127	76	75	-40.7	-0.3
Venture capital funds	100	137	0	-100.0	-100.0	100	137	0	-100.0	-100.0
Dedicated investment companies	1,665	1,448	1,406	-15.6	-2.9	1,665	1,448	1,406	-15.6	-2.9
Third-party funds	7,671	6,870	23,239	202.9	238.3	7,671	6,870	23,239	202.9	238.3
Managed accounts	3,371	2,934	3,226	-4.3	10.0	3,371	2,934	3,226	-4.3	10.0
Pension funds	3,708	3,126	3,248	-12.4	3.9	3,708	3,126	3,248	-12.4	3.9
Individual	2,165	2,042	2,112	-2.4	3.4	2,165	2,042	2,112	-2.4	3.4
Company	1,532	1,074	1,126	-26.5	4.8	1,532	1,074	1,126	-26.5	4.8
Group	11	10	11	-1.4	5.0	11	10	11	-1.4	5.0
Third-party insurance products	10,514	10,277	10,185	-3.1	-0.9	10,514	10,277	10,185	-3.1	-0.9
Off-balance sheet customer funds	43,720	40,044	41,718	-4.6	4.2	43,720	40,044	41,718	-4.6	4.2
Funds under management	172,416	171,011	173,570	0.7	1.5	208,587	207,957	211,886	1.6	1.9

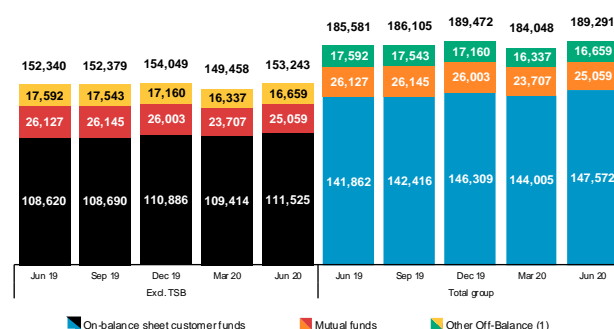
- (1) The EURGBP exchange rate used for the balance sheet is 0.9124.
(2) Includes deposits redeemable at notice and hybrid financial liabilities.
(3) Subordinated liabilities of debt securities.

Customer deposits, 30.06.2020 (%) ^(*)



(*) Excluding accrual adjustments and hedging derivatives.

Evolution of customer funds (€ million)



Excl. TSB (*)

Change YoY: **+2.7%**

Change QoQ: **+1.9%**

Total group (*)

Change YoY: **+4.0%**

Change QoQ: **+2.5%**

(*) 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 as at the end of June 2020:

Equity

(€million)	30.06.19	31.03.20	30.06.20	Change	
				YoY	QoQ
Shareholders' equity	13,021	13,110	13,140	119	30
Issued capital	703	703	703	0	0
Reserves	11,895	12,306	12,300	406	-6
Other equity	37	43	32	-5	-10
Less: treasury shares	-146	-36	-42	104	-6
Attributable net profit	532	94	145	-386	52
Less: interim dividends	0	0	0	0	0
Accumulated other comprehensive income	-374	-406	-490	-116	-84
Minority interest	69	68	68	0	0
Net equity	12,715	12,771	12,718	2	-54

Risk management

Highlights:

The Group's NPL ratio stood at 3.95%, improving from June of the previous year, when it stood at 4.05%.

The Group recorded an organic reduction of problematic assets of -434 million euros in the past twelve months, representing a decrease of -21 million euros in non-performing loans and a reduction of -413 million euros in foreclosed assets. In the quarter, this item increased by 397 million euros due to lower recoveries and the early recognition of NPLs at TSB, representing an increase of 247 million euros in non-performing loans and an increase of 150 million euros in foreclosed assets.

The NPA coverage ratio stood at 51.8%, with the coverage of non-performing loans standing at 55.6% and the coverage of foreclosed assets at 35.2%.

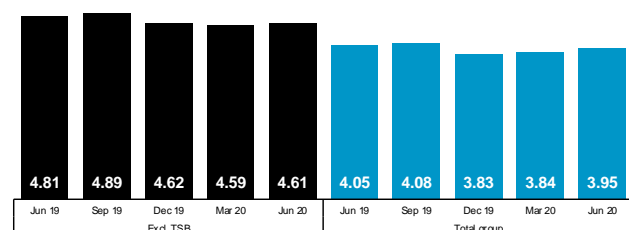
The Group's credit cost of risk was 107bps as at the end of June 2020, impacted by the new, updated macroeconomic scenario.

Risk management:

Non-performing assets have been reduced in the past twelve months, and at the end of June 2020 their balance was 7,820 million euros, of which 6,359 million euros corresponded to non-performing loans and 1,460 million euros corresponded to foreclosed assets. This volume of problematic (non-performing) assets brings the ratio of net NPAs to total assets down to 1.6%, compared to 1.8% in the second quarter of the previous year.

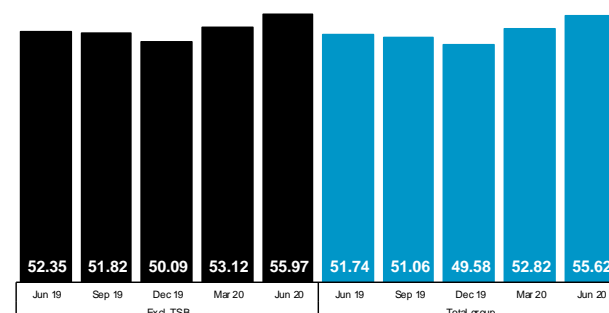
The ratio of problematic assets in relation to gross loans plus real estate assets stood at 5.1%, down from 5.5% in 2Q19.

NPL ratios (%) ^(*)



(*) Calculated including contingent exposures.

NPL coverage ratios (%) ^(*)

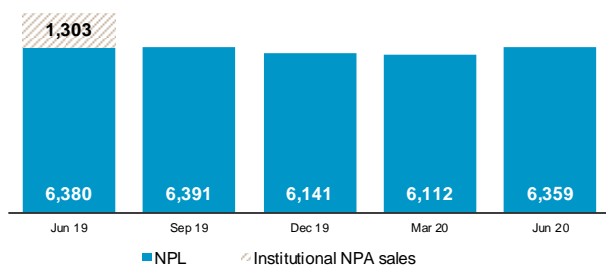


NPL ratios by segment ^(*)

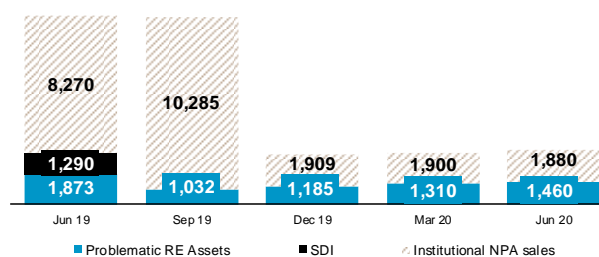
Excl. TSB	Jun 19	Sep 19	Dec 19	Mar 20	Jun 20
Real estate development and/or construction purposes	13.97%	13.39%	10.96%	10.72%	9.52%
Construction purposes non-related to real estate dev.	5.65%	5.49%	6.11%	6.30%	4.63%
Large corporates	1.76%	1.73%	1.45%	1.35%	1.50%
SME and small retailers and self-employed	6.57%	6.77%	6.73%	6.78%	6.82%
Individuals with 1st mortgage guarantee assets	5.65%	5.54%	5.33%	5.21%	5.26%
NPL ratio	4.81%	4.89%	4.62%	4.59%	4.61%

(*) Calculated including contingent exposures.

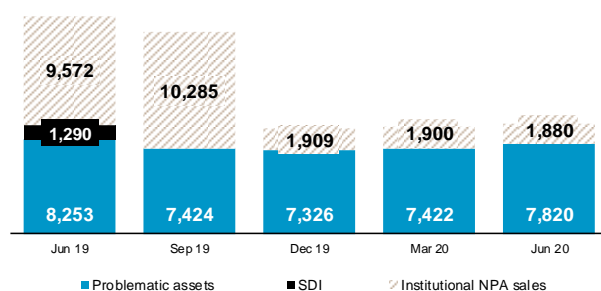
Evolution of NPLs (€ million) ^(*)



Evolution of foreclosed assets (€ million) ^(*)



Evolution of problematic assets (€ million) ^(*)



(*) Calculated including contingent exposures.

The table below shows the evolution of the Group's problematic assets and their reduction over the last few quarters.

Evolution of Group NPLs and foreclosed assets

(€million)	Jun 19	Sep 19	Dec 19	Mar 20	Jun 20
Gross entries (NPLs)	531	448	535	472	716
Recoveries	(1)	-437	-597	-401	-355
Net NPL entries	94	109	-62	71	361
Gross entries (foreclosed assets)	107	120	209	141	165
Sales	(1)	-37	-961	-57	-15
Change in foreclosed assets	70	-841	152	125	150
Net entries + Change in foreclosed assets	164	-732	90	196	511
Write-offs	-97	-97	-189	-100	-114
Foreclosed assets and NPLs quarterly change	67	-829	-99	96	397

(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^(*)

(€ million)	Jun 19	Sep 19	Dec 19	Mar 20	Jun 20
Non-performing exposures	6,380	6,391	6,141	6,112	6,359
Provisions	3,301	3,263	3,045	3,228	3,537
NPL coverage ratio (%)	51.7%	51.1%	49.6%	52.8%	55.6%
Problematic RE Assets	1,873	1,032	1,185	1,310	1,460
Provisions	831	380	394	451	514
Problematic Real Estate coverage ratio (%)	44.4%	36.8%	33.3%	34.4%	35.2%
Total problematic assets	8,253	7,424	7,326	7,422	7,820
Provisions	4,132	3,643	3,439	3,680	4,051
Problematic assets coverage (%)	50.1%	49.1%	46.9%	49.6%	51.8%
Gross loans and advances to customers + problematic RE Assets	149,866	148,248	151,698	150,677	152,742
Problematic assets over Gross loans + RE assets (%)	5.5%	5.0%	4.8%	4.9%	5.1%
Net problematic assets	4,121	3,781	3,887	3,743	3,769
Net problematic assets as of % of total assets	1.8%	1.7%	1.7%	1.7%	1.6%

(*) 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 June 2020 is as follows:

(€million)	Total	Of which: doubtful
Public sector	11	10
Companies and self employed	2,774	182
Of which: Financing for construction and real estate development	303	207
Individuals	1,892	1,189
Total	4,676	3,011
Provisions	1,132	1,010

Foreclosed assets, pro forma^(*)

(€million)	Gross amount	Allowances for losses
Real estate assets deriving from financing of construction and real estate development	758	270
Finished buildings	674	228
Housing	440	143
Rest	234	85
Buildings under construction	15	8
Housing	15	8
Rest	1	0
Land	69	33
Building land	36	16
Other land	33	17
Real estate assets deriving from home loan mortgages	675	233
Real estate assets acquired in discharge of debts	27	11
Total real-estate portfolio	1,460	514

(*) 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
Initial balance	3,435	2,934
IFRS9 implementation	0	0
Movements reflected in provisions for NPLs	549	799
Movements not reflected in provisions for NPLs	-1,059	-346
Utilisation of provisions	-947	-309
Other movements (*)	-112	-36
Adjustments for exchange differences	9	-21
Final balance	2,934	3,366

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

NOTE: Excludes guarantees and sums undrawn.

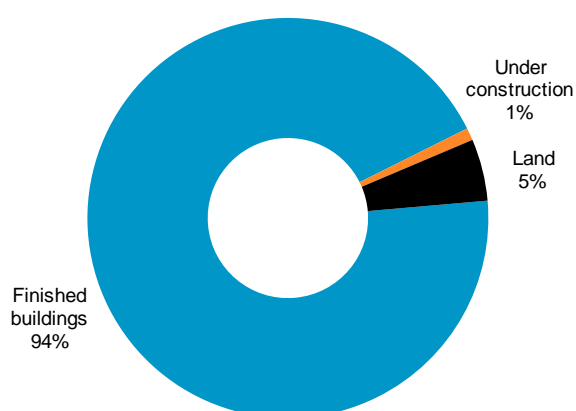
Breakdown of loans and provisions by stages

(€ million)	Stage 1	Stage 2	Stage 3
Loans to customers and guarantees granted	144,820	9,655	6,359
Provisions	651	308	2,578
Coverage	0.4%	3.2%	40.5%

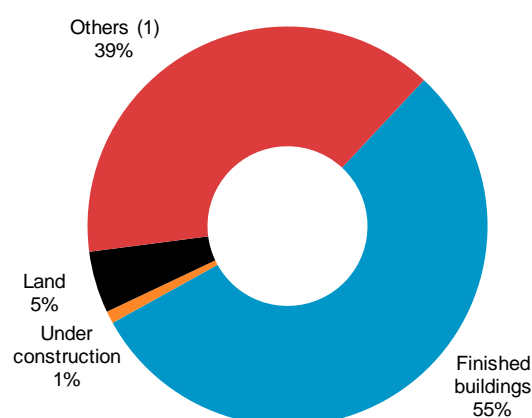
Breakdown of real estate exposures by asset class:

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

Foreclosed assets, 30.06.2020 (%)



Real estate development, 30.06.2020 (%)



(1) Includes other guarantees

Liquidity management

Highlights:

Solid liquidity position, with the LCR (Liquidity Coverage Ratio) increasing to 214% at Group level as at the end of June 2020 (234% excluding TSB and 247% in TSB), as a result of TLTRO III, where the Bank has withdrawn 27.000 million euros of which 13,500 million euros rolled over from TLTRO II and 13.500 million euros is new funding.

The loan-to-deposit ratio as at the end of June 2020 was 99%, with a balanced retail funding structure.

In the second quarter of 2020, 500 million euros of senior preferred notes have been issued.

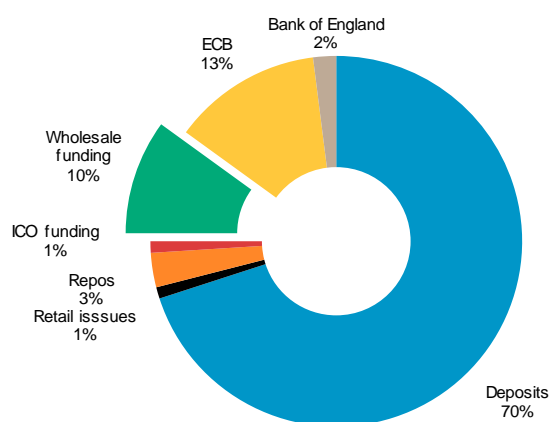
It is worth highlighting that Sabadell has launched a framework for the issuance of bonds linked to sustainable development goals.

(€ million)	30.06.19	31.03.20	30.06.20 (1)
Loans and advances to customers (2)	144,801	146,244	147,918
Brokered loans	-2,211	-2,703	-2,344
Adjusted net loans and advances	142,590	143,540	145,573
On-balance sheet customer funds	141,862	144,005	147,572
Loan-to-deposits ratio	101	100	99

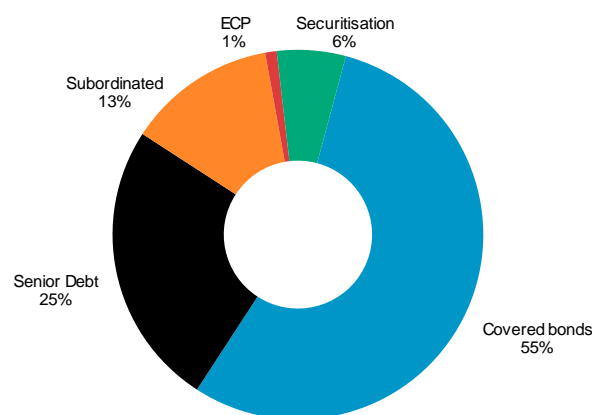
(1) The EURGBP exchange rate used for the balance sheet is 0.9124.

(2) Excludes repos.

Funding structure, 30.06.2020 (%)



Wholesale funding breakdown, 30.06.2020 (%)



Maturities

(€million)	2020	2021	2022	2023	2024	>2024	Outstanding balance
Covered bonds	1,275	1,808	1,687	1,388	2,672	3,286	12,117
Senior Debt	1	355	682	1,487	859	1,489	4,873
Senior Non Preferred Debt	0	0	0	0	951	500	1,451
Subordinated	0	0	0	0	0	1,732	1,732
Total	1,276	2,163	2,370	2,875	4,482	7,007	20,173

New issuances in the year

(€ million)	1Q20	2Q20	3Q20	4Q20
Covered bonds	1,000	0		
Senior Debt	0	500		
Subordinated	300	0		
Total	1,300	500		

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
Total	637	1,011	131	1,145

Capital management and credit ratings

Highlights:

The CET1 ratio stood at 12.7% as at the end of June 2020, improving by +55bps with respect to the previous quarter, where +36bps corresponded to the disposal of Sabadell Asset Management, +20bps to the SME supporting factor, +17bps of transitional IFRS9 and -18bps to other items. This CET1 ratio includes 79bps of IFRS9 transitional arrangements, thus the CET1 ratio stood at 11.9% fully-loaded.

The pro forma⁽¹⁾ CET1 ratio was 12.8%.

The capital requirement that the Group is required to meet is a CET1 ratio of at least 8.52% (9.50% before the ECB's measures of March 2020) and a total capital ratio of at least 13.00%, with the MDA buffer being 331bps.

(1) Includes +8bps on the sale of the depositary business and +6bps on the sale of the real estate developer.

The MREL ratio stood at 24.5% (23.4% in the previous quarter). The TLOF ratio stood at 8.6%, higher than the required 8.3%.

Between 2019 and 2020 year to date, the Bank has issued 4.800 million euros in issuances eligible for MREL.

The leverage ratio stood at 4.69%.

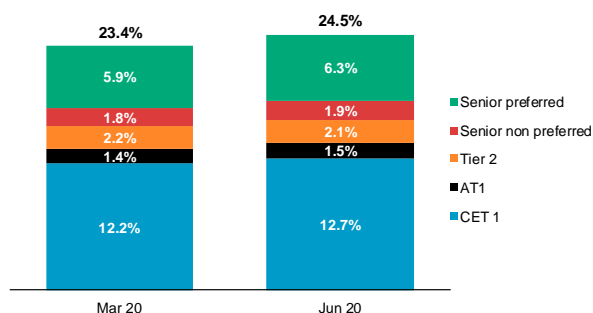
Capital ratio

(€million)	30.06.19	31.03.20	30.06.20
Issued capital	703	703	703
Reserves	12,197	12,443	12,478
Minority interest	14	9	10
Deductions (1)	-3,054	-3,245	-3,249
Common Equity Tier 1	9,861	9,910	9,942
CET 1 Phase-in (%)	11.9%	12.2%	12.7%
Preference shares and other	1,153	1,153	1,153
Primary capital	11,014	11,063	11,095
Tier I (%)	13.3%	13.6%	14.2%
Secondary capital	1,511	1,754	1,660
Tier II (%)	1.8%	2.2%	2.1%
Total capital	12,525	12,817	12,756
Total capital ratio (%)	15.1%	15.7%	16.3%
Risk weighted assets (RWA)	83,124	81,469	78,210
Leverage ratio (%)	4.95%	4.93%	4.69%

The CET1 ratio of Banco de Sabadell S.A. (standalone basis) stood at 14.3% and the Total Capital ratio stood at 17.4% as at June 2020.

(1) Includes IFRS 9 transitional arrangements.

Group MREL (% RWAs)



Credit ratings

Agency	Date	Long term	Short term	Outlook
DBRS	30.06.2020	A (low)	R-1 (low)	Negative
S&P Global Rating ⁽¹⁾	09.06.2020	BBB	A-2	Negative
Moody's	22.05.2020	Baa3	N/A	Stable
Fitch Ratings	08.06.2020	BBB	F2	Watch Negative

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On 30 June 2020, **DBRS Ratings GmbH** affirmed the credit rating of Banco Sabadell with a negative outlook, in light of the economic situation brought about by Covid-19.

On 9 June 2020, **S&P Global Ratings** affirmed the credit rating of Banco Sabadell with a negative outlook, in order to reflect the complex economic environment caused by the Covid-19 pandemic.

On 22 May 2020, **Moody's** affirmed Banco Sabadell's credit rating with a stable outlook.

On 8 June 2020, **Fitch Ratings** affirmed Banco Sabadell's credit rating with a Watch Negative outlook, to reflect the risks associated with the health crisis generated by the Covid-19 pandemic.

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 is allocated 11% of the capital divided by its risk-weighted assets and the surplus of own funds is allocated to Banking Business in Spain.

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

Segmentation by region and business units

- **Banking Business Spain** 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. Payment protection insurance products and payment services are also noteworthy, such as credit cards and the issues of transfers, among other things. Private Banking offers high value-added products and services to 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 lending and cash management, as well as import and export activities, among others. Includes foreign branches and representative offices.

Asset Management comprehensively manages NPA risk and real estate exposures. The unit focuses on developing the asset transformation strategy and integrating the end-to-end vision of the Group's 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:**

Offers banking and financial services for Corporate Banking and Commercial Banking in Mexico.

The information presented 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 accounting.

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

Profit and loss 1H20

(€ million)	Banking business Spain	Banking business United Kingdom	Banking Business Mexico	Total
Net interest income	1,202	442	61	1,705
Net fees and commissions	626	43	4	673
Core revenues	1,828	485	65	2,378
Net trading income and exchange differences	133	19	4	155
Income from equity method and dividends	14	0	0	14
Other operating income/expense	-93	13	-6	-86
Gross operating income	1,881	517	62	2,461
Operating expenses	-854	-420	-32	-1,307
Amortisation & depreciation	-172	-79	-4	-255
Pre-provisions income	855	18	26	899
Total provisions & impairments	-958	-121	-11	-1,089
Gains on sale of assets and other results	275	1	0	276
Profit before tax	173	-102	15	85
Income tax	31	31	-3	59
Minority interest	-1	0	0	-1
Attributable net profit	205	-71	12	145
ROE	3.4%	--	4.5%	2.0%
Efficiency	45.4%	81.3%	52.0%	53.7%
NPL ratio (%)	4.7%	1.6%	0.8%	4.0%
NPL coverage ratio (%)	55.6%	51.9%	132.5%	55.6%

Profit and loss 1H19

(€ million)	Banking business Spain	Banking business United Kingdom	Banking Business Mexico	Total
Net interest income	1,263	486	57	1,806
Net fees and commissions	641	56	8	706
Core revenues	1,904	543	65	2,512
Net trading income and exchange differences	24	20	0	45
Income from equity method and dividends	36	0	0	36
Other operating income/expense	-94	-1	-5	-99
Gross operating income	1,871	562	61	2,494
Operating expenses	-846	-458	-37	-1,340
Amortisation & depreciation	-155	-66	-5	-227
Pre-provisions income	870	38	19	927
Total provisions & impairments	-333	-33	-7	-374
Gains on sale of assets and other results	141	-1	0	139
Profit before tax	677	3	11	692
Income tax	-151	-1	-1	-154
Minority interest	6	0	0	6
Attributable net profit	520	2	10	532
ROE	6.7%	--	3.8%	6.9%
Efficiency	47.6%	81.4%	60.6%	54.7%
NPL ratio (%)	4.9%	1.3%	0.6%	4.1%
NPL coverage ratio (%)	51.4%	43.8%	186.1%	51.7%

Balance sheet 1H20

(€ million)	Banking business Spain	Banking business United Kingdom	Banking Business Mexico	Total
Total assets	184,315	45,099	5,033	234,447
Performing gross loans	107,175	34,190	3,767	145,131
RE exposure	946	0	0	946
Subtotal liabilities	173,634	43,600	4,496	221,730
On-balance sheet customer funds	109,485	36,047	2,040	147,572
Capital markets w wholesale funding	19,842	2,189	0	22,031
Equity	10,680	1,499	538	12,718
Off-balance sheet customer funds	41,718	0	0	41,718

Balance sheet 1H19

(€ million)	Banking business Spain	Banking business United Kingdom	Banking Business Mexico	Total
Total assets	173,879	46,648	4,325	224,852
Performing gross loans	104,365	33,850	3,488	141,703
RE exposure	1,042	0	0	1,042
Subtotal liabilities	163,208	45,143	3,786	212,137
On-balance sheet customer funds	106,802	33,241	1,818	141,862
Capital markets w wholesale funding	19,168	2,415	0	21,583
Equity	10,671	1,505	539	12,715
Off-balance sheet customer funds	43,720	0	0	43,720

Banking Business Spain

Net profit as at the end of June 2020 amounted to 205 million euros, representing a year-on-year decline of -60.6%, due to higher provisions allocated following the updates made to IFRS9 models to incorporate the new macroeconomic scenarios.

Net interest income amounted to 1,202 million euros, falling by -4.8% compared to the same period in 2019, mainly impacted by lower overdraft fees, lower interest rates, as well as the lower contribution of the ALCO portfolio, which were partially offset by the larger volumes, lower wholesale funding costs and TLTRO III. Additionally, it is worth noting the impact of lower income following the consumer loan securitisation carried out in the third quarter of the previous year.

Net fees and commissions amounted to 626 million euros, -2.3% less than in the previous year due to lower activity levels caused by the lockdown imposed due to the pandemic.

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

Operating expenses amounted to -854 million euros, increasing by 1.0% year-on-year due to higher staff expenses.

Provisions and impairments amounted to -958 million euros, higher than in the previous year, mainly due to higher loan loss provisions allocated following the updates of macroeconomic scenarios.

Capital gains on asset sales and other revenue increased year-on-year due to the recognition of the disposal of Sabadell Asset Management, which generated a net capital gain of 293 million euros. The previous year included the disposal of 80% of Solvia Servicios Inmobiliarios.

(€ million)	1H19	1H20	YoY (%)	Simple evolution					
				1Q19	2Q19	3Q19	4Q19	1Q20	2Q20
Net interest income	1,263	1,202	-4.8%	630	633	636	628	611	591
Net fees and commissions	641	626	-2.3%	312	329	324	338	324	302
Core revenues	1,904	1,828	-4.0%	942	962	960	966	935	893
Net trading income and exchange differences	24	133	--	51	-27	89	-3	133	0
Income from equity method and dividends	36	14	-61.5%	12	24	16	9	4	10
Other operating income/expense	-94	-93	-0.2%	-9	-84	-17	-177	-16	-78
Gross operating income	1,871	1,881	0.6%	996	875	1,048	794	1,056	825
Operating expenses	-846	-854	1.0%	-422	-424	-440	-461	-422	-432
Amortisation & depreciation	-155	-172	11.0%	-77	-78	-81	-87	-85	-87
Pre-provisions income	870	855	-1.7%	497	373	527	246	549	306
Total provisions & impairments	-333	-958	187.2%	-165	-168	-176	-340	-410	-548
Gains on sale of assets and other results	141	275	95.6%	1	140	0	34	1	274
Profit before tax	677	173	-74.5%	332	345	351	-60	141	32
Income tax	-151	31	--	-90	-61	-97	83	-46	77
Minority interest	6	-1	--	1	5	1	2	1	-2
Attributable net profit	520	205	-60.6%	241	278	253	21	94	110
Accumulated ratios									
ROE	6.7%	3.4%		8.0%	6.7%	6.3%	7.3%	2.2%	3.4%
Efficiency	47.6%	45.4%		47.0%	47.6%	47.4%	47.0%	39.9%	45.4%
NPL ratio (%)	4.9%	4.7%		5.1%	4.9%	5.0%	4.7%	4.7%	4.7%
NPL coverage ratio (%)	51.4%	55.6%		52.6%	51.4%	51.4%	50.5%	52.7%	55.6%

Performing loans amounted to 107,175 million euros, representing a 2.7% increase compared to the previous year, mainly due to ICO-guaranteed loans granted to corporates, SMEs and the self-employed, as well as mortgages, which continued to show a resilient performance. Organic growth⁽¹⁾ of lending was 3.9% year-on-year.

On-balance sheet customer funds posted a year-on-year increase of 2.5%, driven by the increase in sight accounts as a result of lower cash drawdowns by corporates and individuals during the lockdown. Off-balance sheet funds were down by -4.6% year-on-year, due to the decline in mutual funds, impacted by financial market performance.

(€ million)	1H19	1H20	YoY (%)	Simple evolution					
				1Q19	2Q19	3Q19	4Q19	1Q20	2Q20
Total assets	173,879	184,315	6.0%	173,848	173,879	171,381	172,610	173,442	184,315
Performing gross loans	104,365	107,175	2.7%	101,758	104,365	102,599	104,436	105,008	107,175
RE exposure	1,042	946	-9.2%	1,013	1,042	653	791	859	946
Subtotal liabilities	163,208	173,634	6.4%	163,413	163,208	160,364	161,695	162,721	173,634
On-balance sheet customer funds	106,802	109,485	2.5%	104,627	106,802	106,839	108,890	107,803	109,485
Capital markets w wholesale funding	19,168	19,842	3.5%	19,129	19,168	20,459	19,912	20,762	19,842
Equity	10,671	10,680	0.1%	10,435	10,671	11,017	10,915	10,720	10,680
Off-balance sheet customer funds	43,720	41,718	-4.6%	43,655	43,720	43,689	43,163	40,044	41,718
Other data									
Employees	16,750	16,570	-1.1%	17,403	16,750	16,735	16,610	16,668	16,570
Branches	1,891	1,753	-7.3%	1,891	1,891	1,878	1,847	1,847	1,753

(1) 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.

Banking Business United Kingdom

Net profit as at the end of June 2020 amounted to -71 million euros, impacted by higher loan loss provisions allocated following the updates made to IFRS9 models to incorporate the new macroeconomic scenarios.

Net interest income amounted to 442 million euros and was therefore -9.2% lower than in the previous year, mainly due to lower current account overdraft fees applied as part of the measures taken in response to Covid-19, pressure on mortgage yields, an interest rate cut in the UK as well as the devaluation of the pound sterling.

Net fees and commissions fell by -23.2% year-on-year, mainly due to lower activity levels as a result of Covid-19. They were also affected by lower debit card fees after the volume of proceeds from abroad was reduced (new regulation).

Other income and expenses presented a positive change, as this quarter includes the final payment made by Lloyds due to the migration and the first-half period also includes 14 million pounds in insurance compensation related to the IT migration. The previous year included the positive impact of the renegotiation of the service contract with VISA Inc.

Operating expenses amounted to -420 million euros, representing a year-on-year decline of -8.2% due to lower non-recurrent costs, as the previous year included costs related to migration. The year's figures include -11 million euros of restructuring costs.

Provisions and impairments amounted to -121 million euros, significantly higher than in the previous year, due to higher loan loss provisions allocated following the updates of macroeconomic scenarios.

(€ million)	1H19	1H20	YoY (%)	YoY (%) at constant FX	Simple evolution					
					1Q19	2Q19	3Q19	4Q19	1Q20	2Q20
Net interest income	486	442	-9.2%	-9.4%	244	242	241	251	242	200
Net fees and commissions	56	43	-23.2%	-23.3%	26	30	31	29	22	21
Core revenues	543	485	-10.6%	-10.9%	271	272	272	280	264	221
Net trading income and exchange differences	20	19	-8.2%	-7.3%	16	4	-4	-1	14	5
Income from equity method and dividends	0	0	--	--	0	0	0	0	0	0
Other operating income/expense	-1	13	--	--	12	-13	-9	-9	1	12
Gross operating income	562	517	-8.0%	-8.3%	299	263	258	270	280	237
Operating expenses	-458	-420	-8.2%	-8.2%	-231	-227	-221	-238	-212	-208
Amortisation & depreciation	-66	-79	18.9%	18.9%	-33	-33	-34	-36	-38	-40
Pre-provisions income	38	18	-53.6%	-55.7%	36	2	4	-3	29	-12
Total provisions & impairments	-33	-121	261.4%	266.5%	-21	-12	-14	-25	-38	-83
Gains on sale of assets and other results	-1	1	--	--	0	-1	-1	-2	0	1
Profit before tax	3	-102	--	--	15	-11	-12	-29	-8	-94
Income tax	-1	31	--	--	-7	6	5	-11	1	30
Minority interest	0	0	--	--	0	0	0	0	0	0
Attributable net profit	2	-71	--	--	7	-5	-7	-40	-7	-64
Accumulated ratios										
ROE	--	--	--	--	--	--	--	--	--	--
Efficiency	81.4%	81.3%			77.0%	81.4%	82.7%	84.0%	75.7%	81.3%
NPL ratio (%)	1.3%	1.6%			1.3%	1.3%	1.3%	1.2%	1.2%	1.6%
NPL coverage ratio (%)	43.8%	51.9%			46.8%	43.8%	41.5%	43.1%	48.9%	51.9%

Lending amounted to 34,190 million euros, representing a growth of 1.0% year-on-year, impacted by the devaluation of the pound. Considering a constant exchange rate, this item increased by 2.8% year-on-year, due to the larger mortgage book and the UK government's Bounce Back Loan Scheme.

On-balance sheet customer funds amounted to 36,047 million euros, representing an increase of 8.4%. Considering a constant exchange rate, this item increased by 10.4% year-on-year, due to the increase in current accounts and deposits, reflecting lower consumer spending levels and benefiting from Bounce Back Loans.

(€ million)	1H19	1H20	YoY (%)	YoY (%) at constant FX	Simple evolution					
					1Q19	2Q19	3Q19	4Q19	1Q20	2Q20
Total assets	46,648	45,099	-3.3%	-1.6%	47,613	46,648	47,046	46,449	45,460	45,099
Performing gross loans	33,850	34,190	1.0%	2.8%	35,042	33,850	34,798	36,496	34,844	34,190
Subtotal liabilities	45,143	43,600	-3.4%	-1.7%	46,072	45,143	45,559	44,924	43,942	43,600
On-balance sheet customer funds	33,241	36,047	8.4%	10.4%	34,019	33,241	33,726	35,423	34,590	36,047
Capital markets w wholesale funding	2,415	2,189	-9.4%	-7.8%	2,563	2,415	2,391	2,423	2,290	2,189
Equity	1,505	1,499	-0.4%	1.4%	1,541	1,505	1,488	1,525	1,518	1,499
Other data										
Employees	8,160	7,133	-12.6%		8,314	8,160	7,795	7,394	7,276	7,133
Branches (1)	548	503	-8.2%		549	548	544	536	534	503

(1) The figure includes branches temporarily closed by Covid-19.

Banking Business Mexico

Net profit as at the end of June 2020 amounted to 12 million euros, representing a year-on-year increase of 20.6%, mainly due to lower costs.

Net interest income amounted to 61 million euros and increased by 6.9%, due to the cheaper cost of funding. Considering a constant exchange rate, this increase was 8.7%.

Net fees and commissions amounted to 4 million euros, down from the previous year due to lower activity levels.

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

Gross income amounted to 62 million euros and increased by 2.4%, due to higher revenue from exchange differences.

Operating expenses fell by -12.2% year-on-year mainly due to general IT and outsourcing expenses.

Provisions and impairments amounted to -11 million euros, representing a significant increase compared to the previous year due to the devaluation of the MXN currency in relation to the USD and the updated macroeconomic scenarios.

(€ million)	1H19	1H20	YoY (%)	YoY (%) at constant FX	Simple evolution					
					1Q19	2Q19	3Q19	4Q19	1Q20	2Q20
Net interest income	57	61	6.9%	8.7%	26	31	29	31	32	29
Net fees and commissions	8	4	-54.0%	-54.7%	4	4	6	4	3	1
Core revenues	65	65	-1.0%	0.5%	30	35	35	35	34	30
Net trading income and exchange differences	0	4	--	--	0	0	1	0	4	0
Income from equity method and dividends	0	0	--	--	0	0	0	0	0	0
Other operating income/expense	-5	-6	28.5%	32.7%	-2	-3	-2	-2	-3	-3
Gross operating income	61	62	2.4%	3.8%	29	32	33	33	35	27
Operating expenses	-37	-32	-12.2%	-11.1%	-12	-25	-21	-22	-19	-14
Amortisation & depreciation	-5	-4	-22.6%	-21.1%	-2	-3	-3	-3	-2	-2
Pre-provisions income	19	26	38.0%	39.4%	14	4	9	8	15	11
Total provisions & impairments	-7	-11	46.7%	50.5%	-3	-4	-3	-5	-7	-4
Gains on sale of assets and other results	0	0	--	--	0	0	0	0	0	0
Profit before tax	11	15	32.2%	32.1%	11	0	6	3	8	7
Income tax	-1	-3	117.4%	113.4%	-1	0	-1	1	-2	-1
Minority interest	0	0	--	--	0	0	0	0	0	0
Attributable net profit	10	12	20.6%	21.0%	10	0	5	4	6	6
Accumulated ratios										
ROE	3.8%	4.5%			7.8%	3.8%	3.7%	3.5%	4.6%	4.5%
Efficiency	60.6%	52.0%			50.1%	60.6%	61.6%	62.9%	52.9%	52.0%
NPL ratio (%)	0.6%	0.8%			0.5%	0.6%	0.9%	1.2%	1.1%	0.8%
NPL coverage ratio (%)	186.1%	132.5%			233.8%	186.1%	132.4%	108.9%	111.4%	132.5%

Performing loans amounted to 3,767 million euros, 8.0% more than in the previous year. Considering a constant exchange rate, this item increased by 28.4%.

On-balance sheet customer funds amounted to 2,040 million euros and increased by 12.2% year-on-year. Considering a constant exchange rate, this item increased by 33.4%.

(€ million)	1H19	1H20	YoY (%)	YoY (%) at constant FX	Simple evolution					
					1Q19	2Q19	3Q19	4Q19	1Q20	2Q20
Total assets	4,325	5,033	16.4%	38.4%	4,283	4,325	4,382	4,695	4,384	5,033
Performing gross loans	3,488	3,767	8.0%	28.4%	3,339	3,488	3,503	3,640	3,623	3,767
Subtotal liabilities	3,786	4,496	18.8%	41.2%	3,781	3,786	3,829	4,160	3,850	4,496
On-balance sheet customer funds	1,818	2,040	12.2%	33.4%	1,340	1,818	1,851	1,996	1,612	2,040
Equity	539	538	-0.3%	18.6%	502	539	553	535	533	538
Other data										
Employees	462	503	8.9%		460	462	467	450	471	503
Branches	15	15	0.0%		15	15	15	15	15	15

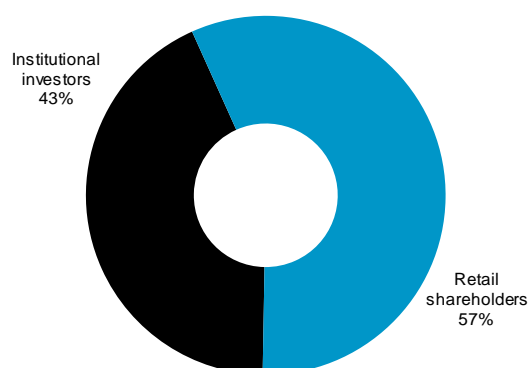
4. Share price performance

	30.06.19	31.03.20	30.06.20
Shareholders and trading			
Number of shareholders	237,675	234,082	247,003
Average number of shares (million)	5,537	5,603	5,590
Average daily trading volume (millions shares)	31	40	58
Share price (€) (1)			
Opening session (of the year)	1.001	1.040	1.040
High (of the year)	1.083	1.080	1.080
Low (of the year)	0.832	0.395	0.250
Closing session (end of quarter)	0.911	0.469	0.309
Market capitalisation (€ million)	5,044	2,628	1,728
Stock market multiples			
Earnings per share (EPS) (€)	(2) 0.15	0.03	0.03
Book value (€ million)	12,989	13,076	13,122
Book value per share (€)	2.35	2.33	2.35
Tangible book value (€ million)	10,488	10,507	10,539
TBV per share (€)	1.89	1.88	1.89
Price / Book value (times)	0.39	0.20	0.13
Price / Earnings ratio (P/E) (times)	6.13	15.78	9.43

(1) Without adjusting historical values.

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

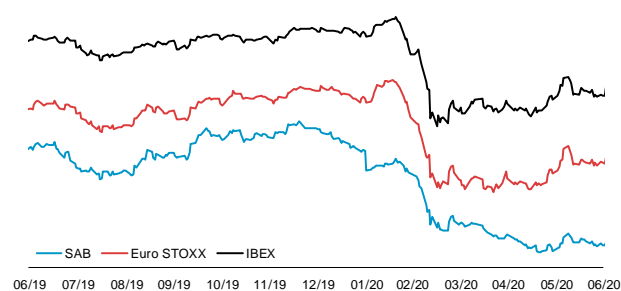
Shareholder breakdown (%)



Source: GEM, data as at 30 June 2020

Comparative evolution of SAB share

Period from 30.06.2019 to 30.06.2020



5. Key developments in the quarter

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.

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

Following the Relevant Fact of 21 January 2020 (number 286,050), and in the context of the strategic partnership entered into between Banco Sabadell and Amundi Asset Management (Amundi), on 30 June 2020, having obtained all of the necessary authorisations, Banco Sabadell sold 100% of the share capital of Sabadell Asset Management, S.A., S.G.I.I.C. Sociedad Unipersonal (SabAM) to Amundi for an amount of 430 million Euros and a forecast earn-out of up to 30 million euros, payable in 2024, depending on the assets under management pertaining to customers of Banco Sabadell on such date.

This transaction generates a capital gain amounting to 349 million euros net of taxes for Banco Sabadell and will strengthen Banco Sabadell's capital position by adding 43 basis points to the fully-loaded Common Equity Tier 1 (CET1) ratio. Of the capital gain, 56 million euros

(corresponding to 7 basis points of fully-loaded CET1) are subject to specific guarantees in effect over the length of the distribution agreement and will therefore be accrued proportionally over the next 10 years; the remaining amount of the capital gain, 293 million euros, are recognised upon closing the transaction.

As at the end of 2019, SabAM's assets under management amounts to 21.8 billion euros, excluding third party funds. The transfer of SabAM includes its subsidiary Sabadell Asset Management Luxembourg, S.A., and excludes Sabadell Urquijo Gestión, S.A., S.G.I.I.C. Sociedad Unipersonal, which remains part of Banco Sabadell Group.

The strategic partnership between Banco Sabadell and Amundi, one of the world's leading asset management companies, will enable the customers of Banco Sabadell to access new investment opportunities and a wider range of internationally recognised products, complementing the current offering of savings and investment products, without impacting existing investment funds and pension plans. This agreement reinforces the commitment of Banco Sabadell to continue to lead customer satisfaction and experience rankings, which is one of Banco Sabadell's business priorities for 2020.

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/2015/1415 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) as well as its definition and calculation:

		Definition and calculation	Page
ROA	(*) (**) (***)	Consolidated income during the year / ATA. In the numerator the annualization of the profit obtained to date is considered, excluding Solvia Servicios Inmobiliarios, S.L. capital gain in 2019, and adjusted by contributions to deposit guarantee and resolution funds (DGF and SRF) and tax on deposits of credit institutions (IDEC), except year end.	3
ROE	(*) (***)	Profit attributed to the Group / average equity. In the numerator the annualization of the profit obtained to date is considered, excluding Solvia Servicios Inmobiliarios, S.L. capital gain in 2019, and adjusted by contributions to deposit guarantee and resolution funds (DGF and SRF) and tax on deposits of credit institutions (IDEC), except year end.	3
RORWA	(*)	Profit attributed to the Group / risk-weighted assets (RWA). In the numerator the annualization of the profit obtained to date is considered, excluding Solvia Servicios Inmobiliarios, S.L. capital gain in 2019, and adjusted by contributions to deposit guarantee and resolution funds (DGF and SRF) and tax on deposits of credit institutions (IDEC), except year end.	3
ROTE	(*) (***)	Profit attributed to the Group / average equity. In the numerator the annualization of the profit obtained to date is considered, excluding Solvia Servicios Inmobiliarios, S.L. capital gain in 2019 and adjusted by contributions to deposit guarantee and resolution funds (DGF and SRF) and tax on deposits of credit institutions (IDEC), except year end. The denominator excludes intangible assets and the goodwill of the investees.	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) provisions or reversal of provisions, (ii) impairment or reversal of impairment on financial assets not measured at fair value through profit or loss and net modification losses or gains, (iii) impairment or reversal of impairment of investments in joint ventures and associates, (iv) impairment or reversal of impairment on non-financial assets, (v) profit or loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations (excluding profit or loss on the sale of holdings) and (vi) investment properties in the net gains or losses on derecognition of non-financial assets (including only gains or losses on the sale of investment properties).	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
Stage 3 exposures (non-performing) 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	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% (except year 2020), 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. In the numerator the annualization of the profit obtained to date is considered, excluding Solvia Servicios Inmobiliarios, S.L. capital gain in 2019 and adjusted by the Additional Tier I coupon payment registered in equity as well as by contributions to deposit guarantee and resolution funds (DGF and SRF) and tax on deposits of credit institutions (IDEC), except 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 the goodwill of the investees, 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 accrual on a straight-line basis of contributions to the deposit guarantee fund and the resolution fund, as well as the tax on deposits of credit institutions, has been calculated based on the Group's best estimates.

(**) Arithmetic mean, calculated as the sum of daily balances during the period in question, divided by the number of days in that period.

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

Alternative Performance measures	Conciliation (€millions)	1H 19	FY 19	1H 20
ROA	Average total assets	223,909	223,470	221,448
	Consolidated net profit	538	777	145
	DGF - SRF - IDEC adjustment net of tax	-32	0	-18
	ROA (%)	0.40	0.35	0.12
ROE	Average equity	12,756	12,926	13,106
	Attributable net profit	532	768	145
	DGF - SRF - IDEC adjustment net of tax	-32	0	-18
	ROE (%)	6.85	5.94	1.96
RORWA	Risk weighted assets (RWA)	83,124	81,231	78,210
	Attributable net profit	532	768	145
	DGF - SRF - IDEC adjustment net of tax	-32	0	-18
	RORWA (%)	1.05	0.95	0.33
ROTE	Average equity (excluding intangible assets)	10,281	10,418	10,522
	Attributable net profit	532	768	145
	DGF - SRF - IDEC adjustment net of tax	-32	0	-18
	ROTE (%)	8.50	7.37	2.44
Efficiency ratio	Gross operating income	2,494	4,932	2,461
	DGF - SRF - IDEC adjustment	-45	0	-25
	Adjusted gross operating income	2,449	4,932	2,435
	Operating expenses	-1,340	-2,743	-1,307
	Efficiency ratio (%)	54.72	55.63	53.65
Other operating income/expense	Other operating income	124	234	124
	Other operating expenses	-223	-551	-210
	Income from assets under insurance or reinsurance contracts	0	0	0
	Expenses on liabilities under insurance or reinsurance contracts	0	0	0
	Other operating income/expense	-99	-317	-86
Total provisions & impairments	Provisions or reversal of provisions	-16	-27	-17
	Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss	-300	-667	-881
	Provisions for NPLs and other financial assets	-316	-694	-998
	Impairment or reversal of impairment of investments in joint ventures and associates	0	7	1
	Impairment or reversal of impairment on non-financial assets	-20	-86	2
	Profit or loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations	91	-36	182
	Gains from sales of associates	-135	-133	-277
	Gains from sales of investment properties and associates	7	4	1
	Other impairments	-58	-244	-91
	Total provisions & impairments	-374	-938	-1,089
Gains on sale of assets and other results	Gains or losses on derecognition of non-financial assets, net	11	41	1
	Gains from sales of associates	135	133	277
	Gains from sales of investment properties and associates	-7	-4	-1
	Gains on sale of assets and other results	139	170	276
Pre-provisions income	Gross operating income	2,494	4,932	2,461
	Operating expenses	-1,340	-2,743	-1,307
	Personnel expenses	-810	-1,649	-798
	Other general expenses	-530	-1,095	-509
	Amortisation & depreciation	-227	-470	-255
	Pre-provisions income	927	1,719	899
Customer spread	Loans to customers (net)			
	Avge.balance	138,725	139,674	142,936
	Results	2,033	4,058	1,888
	Rate %	2.96	2.91	2.66
Customer spread	Customer deposits			
	Avge.balance	146,286	147,551	150,785
	Results	-204	-392	-143
	Rate %	-0.28	-0.27	-0.19
	Customer spread	2.68	2.64	2.47
Other assets	Derivatives - Hedge accounting	669	469	689
	Fair value changes of the hedged items in portfolio hedge of interest rate risk	241	250	454
	Tax assets	6,843	7,008	6,962
	Other assets	1,584	1,496	1,469
	Non-current assets and disposal groups classified as held for sale	4,465	764	974
	Other assets	13,801	9,987	10,547
Other liabilities	Derivatives - Hedge accounting	733	729	893
	Fair value changes of the hedged items in portfolio hedge of interest rate risk	226	235	379
	Tax liabilities	233	241	251
	Other liabilities	758	784	855
	Liabilities included in disposal groups classified as held for sale	22	10	29
	Other liabilities	1,973	1,998	2,407

Customer spread is calculated using accumulated data.

Alternative Performance measures	Conciliation (€millions)	1H19	2019	1H20
Performing gross loans	Mortgage loans & credits	81,293	83,720	80,919
	Other secured loans & credits	3,240	3,330	3,662
	Working capital	5,945	6,443	4,625
	Leasing	2,707	2,658	2,431
	Unsecured lending and others	48,517	48,521	53,494
	Performing gross loans	141,703	144,572	145,131
	Non-performing loans (customer) - stage 3	6,274	5,923	6,175
Gross loans to customers	Accruals	17	18	-25
	Gross loans to customers excluding repos	147,993	150,513	151,281
	Reverse repos	94	236	100
	Gross loans to customers	148,087	150,749	151,381
	NPL and country-risk provisions	-3,192	-2,933	-3,364
	Loans and advances to customers	144,895	147,816	148,018
On-balance sheet customer funds	Financial liabilities at amortised cost	207,301	205,636	215,166
	Non-retail financial liabilities	65,440	59,327	67,594
	Central banks	22,910	20,065	30,810
	Credit institutions	13,284	11,471	9,248
	Institutional issues	23,005	23,623	22,595
	Other financial liabilities	6,241	4,168	4,941
	On-balance sheet customer funds	141,862	146,309	147,572
	Customer deposits	143,231	147,362	148,341
	Sight accounts	113,607	118,868	123,888
	Fixed-term deposits including available and hybrid financial liabilities	28,303	27,339	23,966
On-balance sheet funds	Repos	1,115	951	336
	Accruals and derivative hedging adjustments	205	204	150
	Debt and other marketable securities	18,617	19,514	18,931
	Subordinated liabilities (*)	3,019	3,056	2,896
	On-balance sheet funds	164,867	169,932	170,168
	Mutual funds	26,127	26,003	25,059
	Managed accounts	3,371	3,363	3,226
Off-balance sheet customer funds	Pension funds	3,708	3,367	3,248
	Third-party insurance products	10,514	10,430	10,185
	Off-balance sheet customer funds	43,720	43,163	41,718
Funds under management	Funds under management	208,587	213,095	211,886
Stage 3 exposures (non-performing)	Customer, central banks and financial institutions loans and advances	6,290	5,942	6,203
	Guarantees granted in stage 3	90	198	156
	Stage 3 exposures (non-performing) - (€million)	6,380	6,141	6,359
Stage 3 exposures (non-performing) coverage ratio (%)	Stage 3 exposures (non-performing)	6,380	6,141	6,359
	Provisions	3,301	3,045	3,537
	Stage 3 exposures (non-performing) coverage ratio (%)	51.7%	49.6%	55.6%
Problematic Real Estate coverage ratio (%)	Problematic RE Assets	1,873	1,185	1,460
	Provisions	831	394	514
	Problematic Real Estate coverage ratio (%)	44.4%	33.3%	35.2%
Problematic assets	Stage 3 exposures (non-performing)	6,380	6,141	6,359
	Problematic RE Assets	1,873	1,185	1,460
	Problematic assets	8,253	7,326	7,820
	Provisions of problematic assets	4,132	3,439	4,051
	Problematic assets coverage (%)	50.1%	46.9%	51.8%
NPL ratio (%)	Stage 3 exposures (non-performing)	6,380	6,141	6,359
	Loans to customers and guarantees granted	157,586	160,127	160,835
	NPL ratio (%)	4.0%	3.8%	4.0%
Cost of risk (bps)	Loans to customers and guarantees granted	157,586	160,127	160,835
	Provisions for NPLs	-302	-672	-918
	NPLs costs	-61	-140	-63
	Cost of risk (bps)	31	33	107
Loan-to-deposits ratio	Adjusted net loans and advances w/o repos by brokered loans	142,590	144,246	145,573
	On-balance sheet customer funds	141,862	146,309	147,572
	Loan-to-deposits ratio	100.5%	98.6%	98.6%
Market capitalisation (€million)	Average number of shares (million)	5,537	5,538	5,590
	Share price (€)	0.911	1.040	0.309
	Market capitalisation (€million)	5,044	5,760	1,728
Earnings per share (EPS) (€)	Net profit attributed to the Group adjusted	474	695	91
	Attributable net profit	532	768	145
	DGF - SRF - IDEC adjustment net of tax	-32	0	-18
	Accrued AT1	-26	-73	-37
	Average number of shares (million)	5,537	5,538	5,590
	Earnings per share (EPS) (€)	0.15	0.13	0.03
Book value per share (€)	Adjusted equity	12,989	13,172	13,122
	Shareholders' equity	13,021	13,172	13,140
	DGF - SRF - IDEC adjustment net of tax	-32	0	-18
	Average number of shares (million)	5,537	5,538	5,590
	Book value per share (€)	2.35	2.38	2.35
TBV per share (€)	Intangible assets	2,502	2,594	2,583
	Tangible book value (€million)	10,488	10,578	10,539
	TBV per share (€)	1.89	1.91	1.89
Price / Book value (times)	Share price (€)	0.911	1.040	0.309
Price / Earnings ratio (P/E) (times)	Price / Book value (times)	0.39	0.44	0.13
	Price / Earnings ratio (P/E) (times)	6.13	8.29	9.43

(*) 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_INVERSOIRES/INFORMACION_FINANCIERA/MEDIDAS_ALTERNATIVAS_DEL_RENDIMIENTO

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