

**2Q21**

**Quarterly Financial  
Report**

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## Basis of presentation

The consolidated income statement and balance sheet as at the end of June 2021 and 2020, 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 2021.

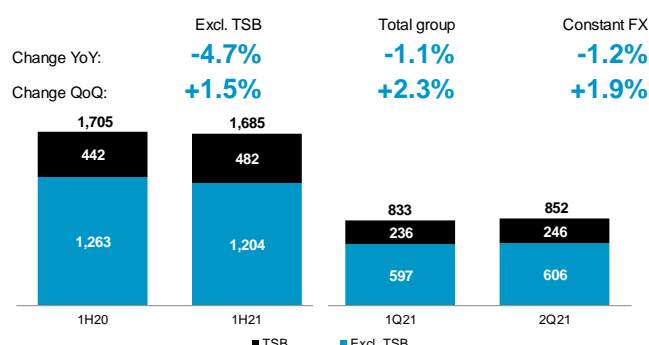
Pursuant to the Guidelines on alternative performance measures published by the European Securities and Markets Authority on 5 October 2015 (ESMA/2015/1415), a glossary has been included with the definitions and the reconciliation with the items presented in the financial statements of certain alternative financial measures used in this document. See Glossary of terms on performance measures.

# 1. Summary

## Net interest income

At the end of June 2021, net interest income stood at 1,685 million euros, decreasing by -1.1% year-on-year due to the smaller contribution of the ALCO portfolio following the sales carried out in the previous year and also due to lower yields and lower overdraft fees.

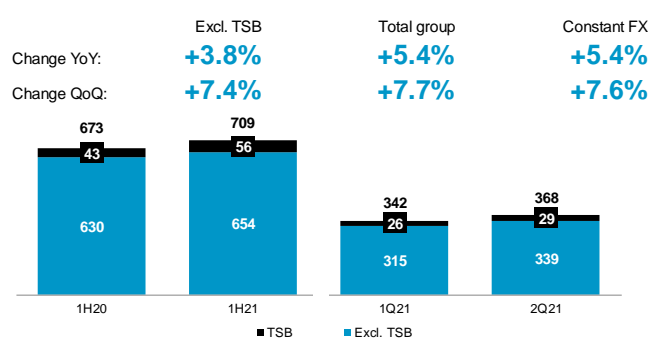
In the quarter, this item grew by 2.3%, mainly supported by the increase in volumes, the lower capital market costs, as well as higher inflows from TLTRO III and the greater number of days in the second quarter of the year.



## Net fees and commissions

Fees and commissions amounted to 709 million euros, representing year-on-year growth of 5.4%, mainly driven by the good performance of service fees and mutual fund fees.

They increased by 7.7% in the quarter, supported by service fees and in particular by the growth of sight account fees.

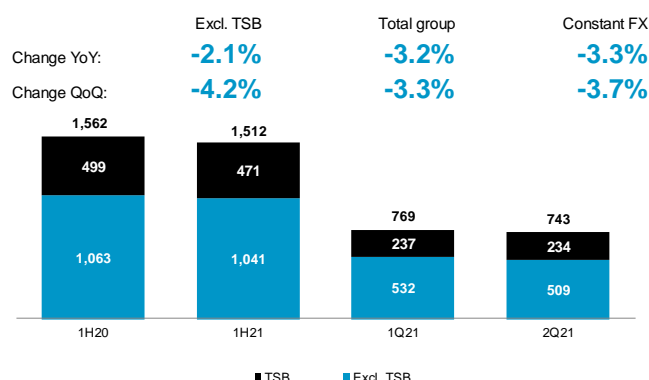


## Total costs

Total costs amounted to -1,512 million euros as of the end of June 2021, down by -3.2% from the previous year, due to the improvement in personnel expenses, as the savings from the efficiency plan executed in Spain began to come through, and also due to the reduction of general expenses at TSB.

In quarter-on-quarter terms, total costs declined by -3.3%, supported by lower personnel expenses, as well as lower general expenses at TSB.

The Group's efficiency ratio fell by 91bps in the quarter to 53.7% as of the end of June 2021.

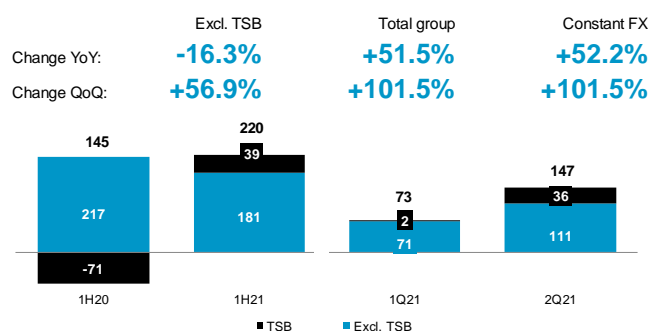


## Net profit of the Group

As of the end of June 2021, the Group's net profit amounted to 220 million euros, with profit ex-TSB amounting to 181 million euros and profit at TSB to 39 million euros.

Profit in the quarter stood at 147 million euros and included the contribution to the Single Resolution Fund (SRF) of -88 million euros and the capital gain on the sale of the depositary business, for which 83 million euros (gross) were recognised. Additionally TSB recorded a tax reduction of €23M due to the substantive enactment in Parliament of the increase in the UK corporation tax rate from 19% to 25% from April 2023.

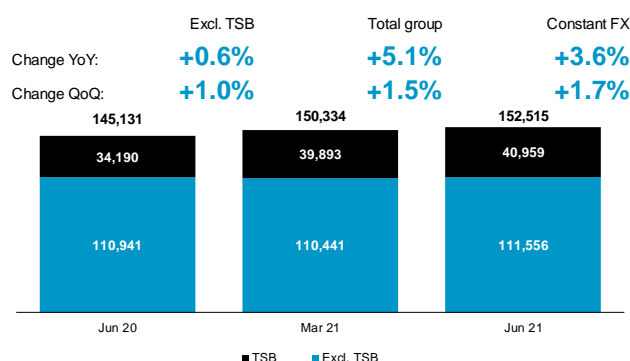
It is worth highlighting the good performance of core results (net interest income + fees and commissions – costs), which increased by 8.2% in the year and by 17.4% in the quarter.



## Performing loans

Performing loan figures were positive, growing by 5.1% year-on-year and by 1.5% in the quarter.

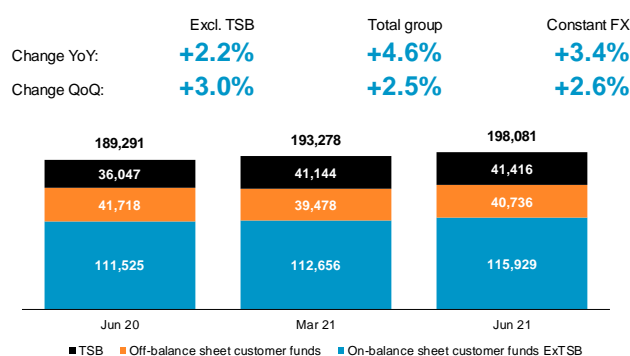
Excluding the APS impact, this growth was 6.2% year-on-year and 1.5% in the quarter, primarily supported by the increase in mortgages granted to individuals, particularly in TSB, as well as the good momentum of business lending to corporates, SMEs and the self-employed in Spain.



## Customer funds

There was a positive evolution of on-balance sheet customer funds, which were up by 6.6% year-on-year and by 2.3% in the quarter, due to the increase in sight accounts, which offset the decline in term deposits.

Off-balance sheet funds decreased year-on-year following the disposal of Sabadell Asset Management, but grew by 3.2% in the quarter due to mutual funds growth, supported mainly by higher inflow volumes.



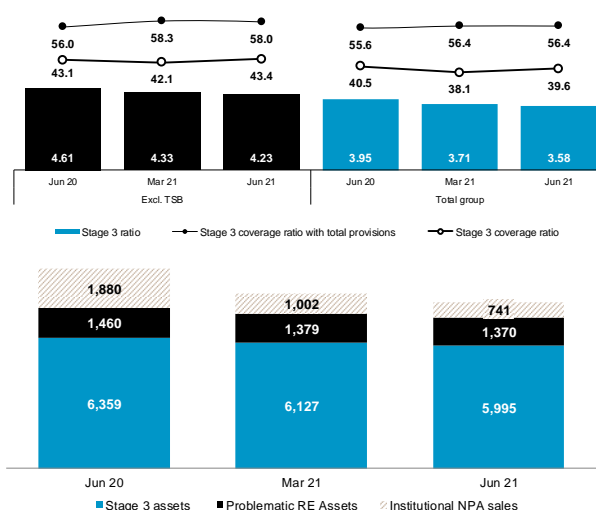
## Problematic assets (\*)

The Group's stage 3 ratio was reduced in the quarter, standing at 3.6%. The stage 3 coverage ratio considering total provisions stood at 56.4% and the stage 3 coverage ratio at 39.6%.

NPAs amounted to 7,365 million euros in gross terms, representing a reduction of -142 million euros in the quarter, of which -133 million euros were classified as stage 3, with the NPAs coverage standing at 52.8%.

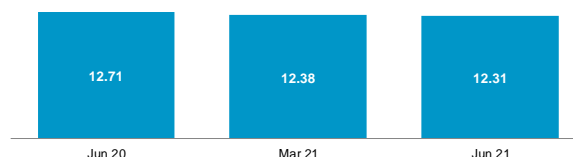
The gross NPA ratio fell to 4.4%, while the net NPA ratio stood at 2.1%.

The Group's credit cost of risk stood at 53 bps as of the end June 2021, improving by 16 bps relative to March when it stood at 69 bps.



## Capital ratio

At the end of June 2021, the CET1 ratio stood at 12.31% while the Total Capital ratio stood at 16.87%, above the regulatory requirement with an MDA buffer of 379 bps. The fully-loaded CET1 ratio stood at 12.00%.



(\*) 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. Key figures

	Excl. TSB			Total group			
	30.06.20	30.06.21	YoY (%)	30.06.20	30.06.21	YoY (%)	
<b>Profit and loss account (€ million)</b>							
Net interest income	1,263	1,204	-4.7	1,705	1,685	-1.1	
Core revenues	1,893	1,857	-1.9	2,378	2,395	0.7	
Gross operating income	1,944	1,822	-6.3	2,461	2,357	-4.2	
Pre-provisions income	881	781	-11.4	899	845	-6.0	
Attributable net profit	217	181	-16.3	145	220	51.5	
<b>Balance sheet (€ million)</b>							
Total assets	19,156.8	20,288.9	5.9	23,447	25,012.0	6.7	
Performing gross loans	11,094.1	11,556	0.6	14,513.1	15,251.5	5.1	
Gross loans to customers	11,659.6	11,322	-0.2	15,138.1	15,038	4.4	
On-balance sheet customer funds	11,152.5	11,929	3.9	14,572	15,345	6.6	
Off-balance sheet customer funds	417.8	40,736	-2.4	417.8	40,736	-2.4	
Total customer funds	15,324.3	15,665	2.2	18,929.1	19,801	4.6	
Net equity	--	--	--	12,718	12,673	-0.4	
Shareholders' equity	--	--	--	13,140	13,120	-0.2	
<b>Profitability and efficiency ratios (%)</b>							
ROA	--	--	--	0.12	0.17	--	
RORWA	--	--	--	0.33	0.50	--	
ROE	--	--	--	1.96	3.10	--	
ROTE	--	--	--	2.44	3.88	--	
Efficiency	46.20	47.77	--	53.65	53.73	--	
<b>Risk management</b>							
Stage 3 exposures (€million)	(1)	5,816	5,314	-8.6	6,359	5,995	-5.7
Total problematic assets (€million)	(1)	7,276	6,684	-8.1	7,820	7,365	-5.8
Stage 3 ratio (%)	(1)	4.61	4.23	--	3.95	3.58	--
Stage 3 coverage ratio (%)	(1)	43.1	43.4	--	40.5	39.6	--
Stage 3 coverage ratio with total provisions (%)	(1)	56.0	58.0	--	55.6	56.4	--
Problematic assets coverage (%)	(1)	51.8	53.7	--	51.8	52.8	--
<b>Liquidity management (%)</b>							
Loan-to-deposits ratio		100	97	--	99	98	--
LCR		234	249	--	214	220	--
NSFR	(2)	--	--	--	124	136	--
<b>Capital management</b>							
Risk weighted assets (RWA) (€million)	--	--	--	78,210	80,989	3.6	
Common Equity Tier 1 (%)	--	--	--	12.71	12.31	--	
Common Equity Tier 1 fully-loaded (%)	--	--	--	11.92	12.00	--	
Tier 1 (%)	--	--	--	14.19	14.35	--	
Total capital ratio (%)	--	--	--	16.31	16.87	--	
MREL (%RWA)	--	--	--	24.49	25.01	--	
MREL (%LRE)	--	--	--	8.06	9.42	--	
Leverage ratio (%)	--	--	--	4.69	5.40	--	
<b>Share data (period end)</b>							
Number of shareholders	--	--	--	247,003	235,053	--	
Average number of shares (million)	--	--	--	5,590	5,584	--	
Share price (€)	(3)	--	--	0.309	0.574	--	
Market capitalisation (€million)	--	--	--	1,728	3,206	--	
Earnings per share (EPS) (€)	(4)	--	--	0.03	0.06	--	
Book value per share (€)	--	--	--	2.35	2.35	--	
TBV per share (€)	--	--	--	1.89	1.88	--	
Price / Book value (times)	--	--	--	0.13	0.24	--	
Price / Earnings ratio (P/E) (times)	--	--	--	9.43	10.27	--	
<b>Other data</b>							
Branches	1,768	1,628	--	2,271	1,918	--	
Employees	17,073	15,117	--	24,206	21,095	--	

(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) Calculated based on the CRR II methodology since March 2021, while in 2020 it was calculated using the Basel Committee approach, considering the best estimate as at the date of publication of the report.

(3) Without adjusting historical values.

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

(5) The EUR/GBP exchange rate used for the income statement as of 30.06.2021 is 0.8681. The exchange rate used for the balance sheet is 0.8581.

## 3. Performance review

### Macroeconomic environment

#### Global economic, political and financial environment

The vaccination process and rebounding inflation, especially in the United States, have been the main economic and financial factors influencing the economic performance in 2Q21.

The good progress made with the vaccination process has helped to keep the epidemiological situation under control in most developed economies. This led European countries to ease containment measures, resulting in increased mobility. During the last few weeks of the quarter, the emergence of the Delta variant of the virus caused case numbers to spike once again in some countries, although this wave differs from previous ones in that there have been fewer hospitalisations thanks to the effectiveness of the vaccines.

Inflation has picked up significantly on both sides of the Atlantic, especially in the United States. Inflationary pressures stem from commodities prices, which are at multi-years highs, and from higher transportation costs due to bottlenecks. These bottlenecks have also emerged in the production of semi-conductors, and their impact on activity, which was initially limited to the automotive industry, is spilling over into a larger number of sectors.

In relation to activity, GDP in 1Q21 showed that the Eurozone had entered into a technical recession as a result of the tighter containment measures in that quarter. Economic sentiment indicators, however, point to significant recovery in 2Q21, helped by the progress made in the vaccination campaigns. The US continues to spearhead the recovery, thanks to the gradual resumption of economic activity and the new administration's fiscal stimulus. Economic confidence indicators continue to point towards a significant pick-up in activity in 2Q21.

#### Economic situation in Spain

In contrast to the slowdown of activity in 1Q21, economic performance has been positive throughout 2Q21. Business confidence indicators are currently the highest they have been in several years, and an increasing number of coincident indicators have been recovering pre-pandemic levels. Against this backdrop, the Bank of Spain envisages a quarterly GDP growth of 2.2% in 2Q21. For the year as a whole, institutions such as the European Commission (EC) and AIReF estimate GDP growth at over 6.0%.

In terms of the labour market, at the end of June, effective employment figures (not including furloughs, called ERTes in Spain) were already higher than they were in June 2019, if one excludes the hospitality industry. This last industry has been the main contributor to employment levels over the past four months. The number of furloughs (ERTes) still in effect in June represented less than 13% of the peak number recorded in April 2020 and the majority of those furloughed worked in tourism-related sectors.

In terms of economic policy, the EC approved Spain's Recovery Plan, which is the first step to ensuring that the country can receive transfers from Next Generation EU fund.

As part of the commitments undertaken with the EC in the Recovery Plan, the Government approved the first phase of its pension reform, which aims to remove incentives for early retirement, offer incentives to postpone retirement, bring back the indexation of pensions to CPI inflation and repeal the sustainability factor of pensions, which links initial pensions to life expectancy.

#### Economic situation in the United Kingdom

The recovery that the British economy had been enjoying since February began to lose steam in May as the lifting of restrictions was delayed in light of the Delta variant. Nevertheless, leading economic indicators point towards a swift recovery going forward. Inflation in year-on-year terms rebounded from 2.1% to 2.5% in June. Bank of England (BoE) Deputy Governor Ben Broadbent said the increase was not a cause for concern as there is bound to be some resurgence of inflation as the economy opens up.

The unemployment rate continued to be kept in check and stood at 4.8%. The labour market has been performing well, as there has been a sharp rise in workers on payroll, even though there are still relatively large numbers of workers on furlough. Vacancy numbers have continued to increase dramatically and a large number of companies are reporting difficulties in filling them.

In the housing market, prices (Halifax index) have continued to rebound, supported by: (i) pent-up demand, (ii) the extension of the temporary increase to the Stamp Duty Land Tax nil rate band, (iii) the increase in people's preference for working from home, (iv) a lack of supply, and (v) low interest rates. Monthly mortgage approvals for house purchases have continued to be significantly above pre-crisis levels.

Lastly, the UK Government has said that the majority of its support measures will remain in place for the first half of the year, after which it will gradually lift them. These support measures have continued to have a significant impact on the public accounts. The deficit between April and May was the second largest deficit figure ever recorded after the one recorded last year. Public debt (excluding public banks) at the end of May reached 99.2% of GDP, the highest level since the 1960s.

#### Economic situation in Latin America

Some economies in the region, such as Brazil and Chile, were able to recover pre-Covid GDP levels in 1Q21, thanks to limited closures despite the pandemic and/or their exposure to commodities exports. In any event, the pandemic situation in the region continues to be complex, which has aggravated socio-political issues in some countries.

In Peru, Pedro Castillo, a proponent of economic interventionism, won the presidential elections. The country's society is divided after years of political instability. In Colombia, the Government backtracked on its proposed tax reform in light of social unrest. Doubts regarding the country's ability to implement a tax reform have caused Colombia to

lose its investment grade rating. In Chile, the new Constitution that is currently being drafted will focus on key issues such as the independence of the central bank and the economic development model. As things stand, the more conservative parties do not hold sufficient seats to veto proposals brought forward by independent groups, left-wing parties or representatives of the indigenous peoples. Lastly, in Brazil, there have been increasing calls to open formal impeachment proceedings against Jair Bolsonaro over his handling of the pandemic and the alleged irregularities of his procurement of Covid-19 vaccines.

Mexico has not yet recovered all of the activity lost in the first half of 2020, although a number of indicators related to foreign trade, consumption of goods and manufacturing production are back to normal. Economic outlooks and the socio-political environment have substantially improved in recent months. Upward revisions of GDP growth forecasts for this year have been constant, supported by the situation in the United States and the easing of containment measures at the domestic level. In the political arena, Congress elections weakened the Government coalition and further eroded its ability to implement an interventionist policy in the energy sector. Lastly, Banxico announced a surprise increase in the benchmark interest rate, even though inflation is clearly above target.

#### **Fixed-income markets**

The main central banks have generally maintained monetary stimulus and see the rebound of inflation as being temporary, signalling their intention not to respond imminently to it.

The ECB is optimistic about the economic recovery and revised its forecasts significantly upwards in June. It also indicated that risks to activity had become broadly balanced. The central bank also revised up its inflation forecasts for 2021 and 2022, although it expects inflation to remain well below target in 2023. Furthermore, the ECB maintained the pace of its bond purchases (which it had increased in the previous quarter), insisting that its main goal is to maintain favourable financing conditions for the whole economy.

On the other hand, at its June meeting, the Fed delivered a surprise by shifting to a less accommodative stance and pointed to an earlier start of the rate hike cycle than previously considered. The Fed revised its inflation forecast for this year significantly upwards and was optimistic as regards economic

activity. Finally, it reiterated that it will maintain its current bond-buying pace until substantial progress has been made towards monetary policy objectives, although it suggested that it would ramp up the debate over tapering in the coming meetings.

The BoE has also improved its outlooks for the UK economy. It has maintained its forward guidance that it will not tighten its monetary policy until it has evidence that spare capacity is being eliminated and that the inflation target of 2% is being met on a sustained basis.

Long-term German government bond yields ended the quarter at levels slightly higher than those of the previous quarter. Early on in the quarter, yields rebounded amid greater concerns surrounding inflation and the possibility that the ECB might slow down the pace of its bond-buying. However, this rebound was then brought to a stop, influenced by a number of factors, including the ECB's announcement that it would maintain monetary stimulus, the view held by central banks that inflationary pressures were temporary, and the plateauing of commodities prices. These aspects also affected US long-term government bond yields, which plunged during the quarter. Yields were also weighed down by a decline in net Treasury bond issuance in 2Q21 and by the fact that some activity indicators have been hampered by disruptions in global production chains.

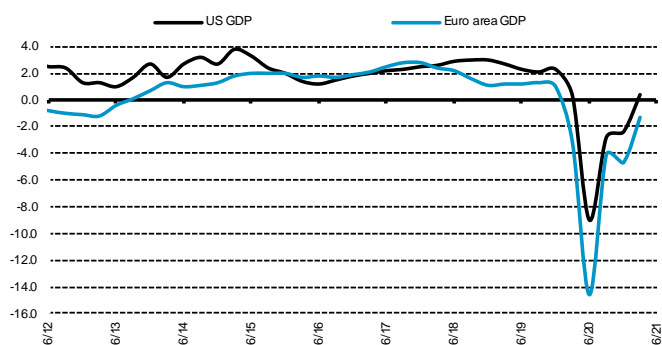
Public debt risk premiums in the European periphery remained at contained levels thanks to the ECB's monetary policy.

Lastly, the European Commission began the necessary issuances to finance the EU Recovery Fund. These issuances were a success, attracting record-breaking demand.

#### **Equity markets**

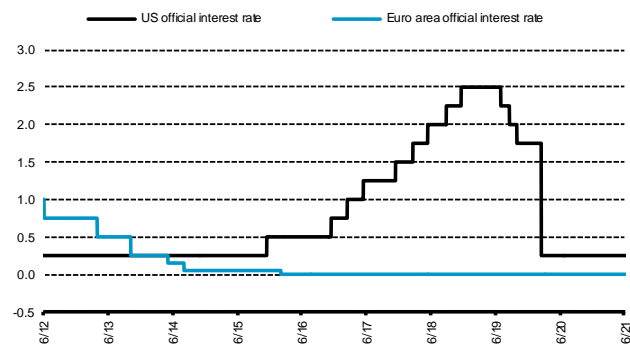
After a first quarter of widespread upswings in the main equity indices, the trend has continued into the second quarter, although increases have been less pronounced and with more geographical divergence. Positive economic data and the good pace of vaccination programmes in developed countries have been supporting factors for stock markets. S&P 500 rallied by +7.6% in euros in the quarter, Euro STOXX 50 did so by +3.7%, Ibex 35 by +2.8% and the German Dax posted gains of +3.5%. Conversely, Nikkei 225 was down by -2.5% while the Hang Seng index gained +2.0% in euro terms.

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



Source: Bloomberg

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



### Exchange rates: Parity vs. euro

Fx	30.06.20	30.09.20	31.12.20	31.03.21	30.06.21
USD	1.1198	1.1708	1.2271	1.1725	1.1884
GBP	0.9124	0.9124	0.8990	0.8521	0.8581
MXN	25.9470	26.1848	24.4160	24.0506	23.5784

Source: Bank of Spain



## Income statement

### Summary of results:

Banco Sabadell Group has generated attributable profit of 220 million euros up to June 2021, of which 181 million euros are recorded ex-TSB and 39 million euros correspond to TSB, which continues to be profit-making, with a positive contribution to the Group.

It is worth highlighting the growth of net interest income in the quarter, which was mainly supported by the growth of volumes and also by fees and commissions due to the increase in service fees.

It is also worth noting that the cost savings from the efficiency plan executed in Spain are already starting to come through, which has translated into a reduction of total costs of -3.3% in the quarter.

These improvements have led to a quarterly increase in core results (net interest income + fees and commissions – costs) of 17.4%.

In the same vein, the reduction of provisions has also translated into an improvement of credit cost of risk in the quarter, which has fallen to 53 bps.

Finally, it is worth highlighting that the second quarter included the gross capital gain of 83 million euros on the sale of the depositary business and the contribution to the SRF of -88 million euros. Additionally TSB recorded a tax reduction of 23 million euros due to the substantive enactment in Parliament of the increase in the UK corporation tax rate from 19% to 25% from April 2023.

### Income statement

(€ million)	Excl. TSB			Total group			
	1H20	1H21	YoY (%)	1H20	1H21	YoY (%)	YoY (%) at constant FX
<b>Net interest income</b>	<b>1,263</b>	<b>1,204</b>	<b>-4.7</b>	<b>1,705</b>	<b>1,685</b>	<b>-1.1</b>	<b>-1.2</b>
Net fees and commissions	630	654	3.8	673	709	5.4	5.4
<b>Core revenues</b>	<b>1,893</b>	<b>1,857</b>	<b>-1.9</b>	<b>2,378</b>	<b>2,395</b>	<b>0.7</b>	<b>0.6</b>
Net trading income and exchange differences	136	21	-84.6	155	28	-81.9	-81.9
Income from equity method and dividends	14	56	299.9	14	56	299.9	299.9
Other operating income/expense	-99	-113	13.3	-86	-122	41.2	41.6
<b>Gross operating income</b>	<b>1,944</b>	<b>1,822</b>	<b>-6.3</b>	<b>2,461</b>	<b>2,357</b>	<b>-4.2</b>	<b>-4.3</b>
Operating expenses	-886	-856	-3.4	-1,307	-1,251	-4.3	-4.4
Personnel expenses	-616	-570	-7.6	-798	-754	-5.5	-5.6
Other general expenses	-270	-287	6.2	-509	-497	-2.3	-2.5
Amortisation & depreciation	-176	-185	4.6	-255	-261	2.3	2.2
Total costs	-1,063	-1,041	-2.1	-1,562	-1,512	-3.2	-3.3
<b>Pre-provisions income</b>	<b>881</b>	<b>781</b>	<b>-11.4</b>	<b>899</b>	<b>845</b>	<b>-6.0</b>	<b>-6.0</b>
Provisions for NPLs	-796	-476	-40.2	-918	-505	-45.0	-45.1
Provisions for other financial assets	-81	-48	-40.4	-80	-48	-39.6	-39.5
Other impairments	-91	-68	-25.4	-91	-68	-25.4	-25.4
Gains on sale of assets and other results	275	78	-71.5	276	74	-73.2	-73.2
<b>Profit before tax</b>	<b>188</b>	<b>266</b>	<b>41.9</b>	<b>85</b>	<b>298</b>	<b>248.1</b>	<b>251.7</b>
Income tax	28	-78	--	59	-70	--	--
Minority interest	-1	7	--	-1	7	--	--
<b>Attributable net profit</b>	<b>217</b>	<b>181</b>	<b>-16.3</b>	<b>145</b>	<b>220</b>	<b>51.5</b>	<b>52.2</b>
Memorandum item:							
Core results (NII + net fees and commissions - costs)	830	816	-1.6	816	883	8.2	8.3

(1) The EUR/GBP exchange rate used for the income statement is 0.8681.

## Quarterly income statement

(€million)	Excl. TSB						Total group							
	2 Q20	3 Q20	4 Q20	1 Q21	2 Q21	QoQ (%)	2 Q20	3 Q20	4 Q20	1 Q21	2 Q21	QoQ (%) <sup>(1)</sup>	QoQ (%) at constant FX	
<b>Net interest income</b>	<b>620</b>	<b>624</b>	<b>627</b>	<b>597</b>	<b>606</b>	<b>1.5</b>	<b>820</b>	<b>841</b>	<b>854</b>	<b>833</b>	<b>852</b>	<b>2.3</b>	<b>1.9</b>	
Net fees and commissions	303	301	323	315	339	7.4	324	327	350	342	368	7.7	7.6	
<b>Core revenues</b>	<b>923</b>	<b>925</b>	<b>951</b>	<b>912</b>	<b>945</b>	<b>3.6</b>	<b>1,144</b>	<b>1,168</b>	<b>1,204</b>	<b>1,175</b>	<b>1,220</b>	<b>3.9</b>	<b>3.5</b>	
Net trading income and exchange differences	-1	19	619	14	7	-51.4	4	22	622	23	5	-80.0	-80.3	
Income from equity method and dividends	10	11	12	46	10	-78.6	10	11	12	46	10	-78.6	-78.6	
Other operating income/expense	-81	-19	-168	-13	-99	--	-69	-26	-172	-14	-108	--	--	
<b>Gross operating income</b>	<b>852</b>	<b>936</b>	<b>1,414</b>	<b>959</b>	<b>862</b>	<b>-10.1</b>	<b>1,089</b>	<b>1,176</b>	<b>1,666</b>	<b>1,230</b>	<b>1,127</b>	<b>-8.4</b>	<b>-8.7</b>	
Operating expenses	-446	-440	-737	-440	-416	-5.3	-654	-694	-937	-640	-611	-4.6	-5.0	
Personnel expenses	-306	-291	-580	-296	-273	-7.7	-394	-414	-672	-385	-369	-4.1	-4.4	
Other general expenses	-139	-149	-157	-144	-143	-0.6	-260	-280	-265	-255	-242	-5.3	-6.0	
Amortisation & depreciation	-89	-93	-93	-92	-93	1.1	-130	-131	-137	-129	-133	3.2	2.8	
Total costs	-535	-533	-830	-532	-509	-4.2	-784	-825	-1,074	-769	-743	-3.3	-3.7	
Memorandum item:														
Recurrent costs	-535	-533	-516	-532	-509	-4.2	-784	-754	-742	-769	-743	-3.3	-3.7	
Non-recurrent costs	0	0	-314	0	0	--	0	-71	-332	0	0	--	--	
<b>Pre-provisions income</b>	<b>317</b>	<b>403</b>	<b>584</b>	<b>427</b>	<b>353</b>	<b>-17.3</b>	<b>305</b>	<b>350</b>	<b>592</b>	<b>461</b>	<b>383</b>	<b>-17.0</b>	<b>-17.1</b>	
Provisions for NPLs	-435	-189	-668	-290	-187	-35.5	-518	-238	-676	-313	-192	-38.6	-38.7	
Provisions for other financial assets	-65	-4	-42	-18	-30	71.3	-65	-4	-104	-18	-30	71.3	71.3	
Other impairments	-52	-60	-103	-24	-44	87.6	-52	-60	-103	-24	-44	87.6	87.6	
Gains on sale of assets and other results	274	28	14	4	75	--	275	22	15	1	73	--	--	
<b>Profit before tax</b>	<b>39</b>	<b>178</b>	<b>-215</b>	<b>100</b>	<b>166</b>	<b>66.1</b>	<b>-55</b>	<b>71</b>	<b>-277</b>	<b>108</b>	<b>190</b>	<b>75.6</b>	<b>75.5</b>	
Income tax	75	-35	80	-25	-53	112.7	105	-12	77	-30	-40	31.5	31.3	
Minority interest	-2	2	0	5	2	-47.2	-2	2	0	5	2	-47.2	-47.2	
<b>Attributable net profit</b>	<b>116</b>	<b>141</b>	<b>-136</b>	<b>71</b>	<b>111</b>	<b>56.9</b>	<b>52</b>	<b>57</b>	<b>-201</b>	<b>73</b>	<b>147</b>	<b>101.5</b>	<b>101.5</b>	
Memorandum item:														
Core results (NII + net fees and commissions - costs)	(2)	388	392	434	381	436	14.5	360	414	462	406	477	17.4	17.3

(1) The EUR/GBP exchange rate used for the income statement of the quarter is 0.8621.

(2) Data considering recurrent costs.

### Net interest income:

At the end of June 2021, net interest income stood at 1,685 million euros, decreasing by -1.1% over the year due to the smaller contribution of the ALCO portfolio following the sales carried out in the previous year, lower yields and lower overdraft fees. In the quarter, net interest income improved, growing by 2.3%, mainly supported by the increase in volumes, lower capital market costs, as well as higher inflows due to TLTRO III and the greater number of days in the second quarter of the year.

Excluding TSB, net interest income amounted to 1,204 million euros as of the end of June 2021, representing a decline of -4.7% relative to the previous year, while in the quarter it grew by 1.5%, which both led to the variations mentioned above.

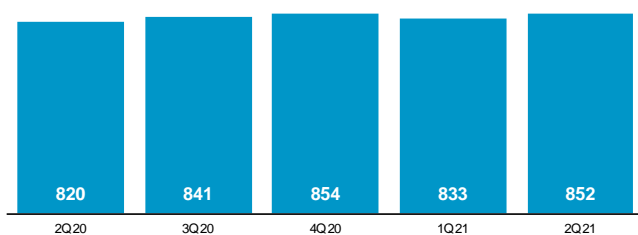
Net interest income in TSB stood at 482 million euros, growing by 9.1% year-on-year and by 4.4% in the quarter; both of these changes were mainly the result of the strong growth of mortgage lending volumes.

### Customer spread and net interest margin:

The customer spread was 2.25% (2.16% excluding TSB), falling by 4 bps in the quarter, mainly due to lower loan yields, as the new lending yields are lower than the stock, but higher than the first quarter. The net interest margin as a percentage of average total assets was 1.39% (1.22% excluding TSB).

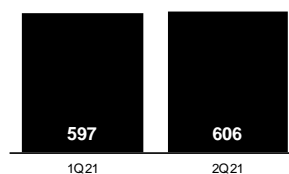
### Evolution of net interest income

Total group (€ millions)



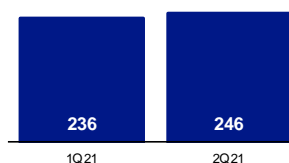
	Total group	Constant FX
Change YoY:	-1.1%	-1.2%
Change QoQ:	+2.3%	+1.9%

Sabadell ex - TSB (€ millions)



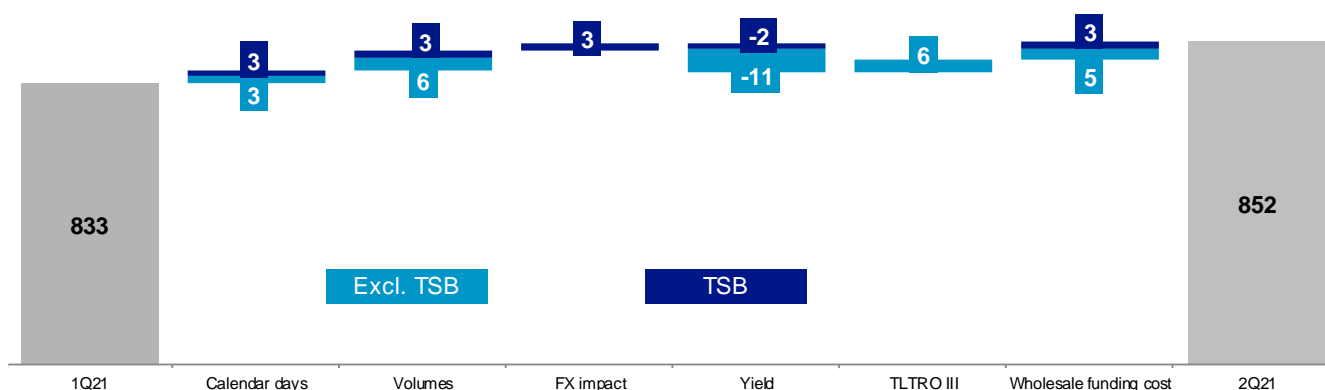
Change YoY: **-4.7%**  
Change QoQ: **+1.5%**

TSB (€ millions)

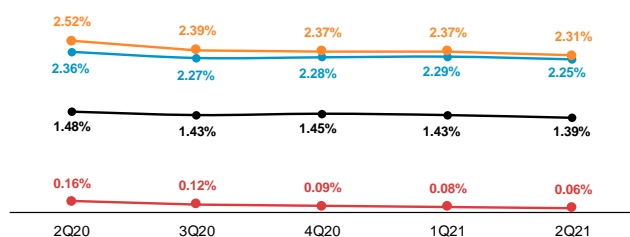


Change YoY: **+9.1%** Constant FX  
**+8.5%** Constant FX  
Change QoQ: **+4.4%** Constant FX  
**+2.9%** Constant FX

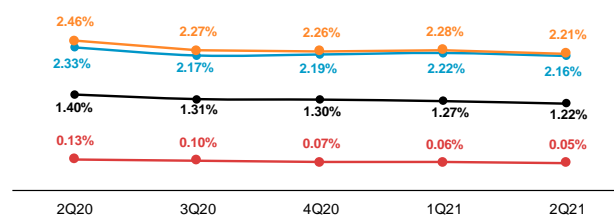
### Quarterly evolution of net interest income



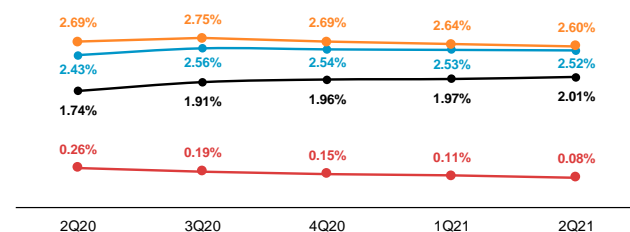
### Net interest income, Group (%)



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



### Net interest income, TSB (%)



Customer spread  
Customer loan yield  
Net interest margin as % of ATA  
Cost of customer funds

## Gains and charges in the quarter

### Total Group

(€ million)	2 Q20			3 Q20			4 Q20			1Q21			2 Q21 (1)		
	Avg. balance	Rate %	Results	Avg. balance	Rate %	Results	Avg. balance	Rate %	Results	Avg. balance	Rate %	Results	Avg. balance	Rate %	Results
Cash and cash equivalent (2)	28,341	0.10	7	36,048	-0.08	-7	38,368	-0.17	-16	41,910	-0.21	-21	48,149	-0.32	-38
Loans to customers (net)	143,838	2.52	900	144,698	2.39	869	146,229	2.37	871	148,164	2.37	866	151,579	2.31	875
Fixed-income securities	26,550	0.96	63	29,524	0.87	65	27,693	0.72	50	25,198	0.67	42	26,344	0.63	41
Equity securities	1,038	--	--	1,044	--	--	956	--	--	1,007	--	--	1,120	--	--
Tang. & intang. assets	5,412	--	--	5,353	--	--	5,385	--	--	5,429	--	--	5,278	--	--
Other assets	17,380	1.00	43	16,484	0.56	23	15,742	0.74	29	14,453	0.36	13	13,062	0.34	11
<b>Total assets</b>	<b>222,558</b>	<b>1.83</b>	<b>1,014</b>	<b>233,151</b>	<b>1.62</b>	<b>950</b>	<b>234,374</b>	<b>1.59</b>	<b>934</b>	<b>236,160</b>	<b>1.54</b>	<b>899</b>	<b>245,532</b>	<b>1.45</b>	<b>889</b>
Financial institutions (3)	23,720	0.08	5	34,093	0.69	59	34,379	0.69	60	34,679	0.70	60	38,111	0.78	74
Customer deposits (4)	151,935	-0.16	-61	153,694	-0.12	-46	154,676	-0.09	-34	157,698	-0.08	-30	163,316	-0.06	-23
Capital markets	24,211	-1.28	-77	23,439	-1.31	-77	22,753	-1.27	-72	22,366	-1.31	-72	22,480	-1.15	-64
Other liabilities	9,953	-2.45	-61	9,165	-1.94	-45	9,701	-1.36	-33	8,845	-1.12	-24	9,018	-1.08	-24
Shareholders' equity	12,739	--	--	12,760	--	--	12,865	--	--	12,573	--	--	12,607	--	--
<b>Total funds</b>	<b>222,558</b>	<b>-0.35</b>	<b>-194</b>	<b>233,151</b>	<b>-0.19</b>	<b>-109</b>	<b>234,374</b>	<b>-0.14</b>	<b>-80</b>	<b>236,160</b>	<b>-0.11</b>	<b>-66</b>	<b>245,532</b>	<b>-0.06</b>	<b>-37</b>
<b>Net interest income</b>			<b>820</b>			<b>841</b>			<b>854</b>			<b>833</b>			<b>852</b>
<b>Customer spread</b>		<b>2.36</b>			<b>2.27</b>			<b>2.28</b>		<b>2.29</b>				<b>2.25</b>	
<b>Net interest margin as % of ATA</b>		<b>1.48</b>			<b>1.43</b>			<b>1.45</b>		<b>1.43</b>				<b>1.39</b>	

- (1) The EUR/GBP exchange rate used for the income statement in the quarter is 0.8621 while that used for the balance sheet is 0.8581.
- (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 on the liabilities side includes financial income arising from the application of negative interest rates to deposits of credit institutions, mainly those relating to TLTRO II and III.
- (4) Includes repos.

### Sabadell ex-TSB

(€ million)	2 Q20			3 Q20			4 Q20			1Q21			2 Q21		
	Avg. balance	Rate %	Results	Avg. balance	Rate %	Results	Avg. balance	Rate %	Results	Avg. balance	Rate %	Results	Avg. balance	Rate %	Results
Cash and cash equivalents (1)	20,759	0.10	5	30,092	-0.12	-9	33,362	-0.20	-17	36,812	-0.25	-22	44,290	-0.34	-37
Loans to customers (net)	109,146	2.46	668	109,684	2.27	627	109,738	2.26	623	109,318	2.28	613	111,126	2.21	612
Fixed-income securities	24,311	1.01	61	26,911	0.92	62	24,822	0.75	47	22,662	0.73	41	23,818	0.74	44
Other assets	24,621	0.84	51	23,575	0.62	37	22,892	0.69	40	21,579	0.42	22	20,231	0.34	17
<b>Total assets</b>	<b>178,836</b>	<b>1.77</b>	<b>786</b>	<b>190,262</b>	<b>1.50</b>	<b>717</b>	<b>190,814</b>	<b>1.44</b>	<b>693</b>	<b>190,371</b>	<b>1.39</b>	<b>654</b>	<b>199,465</b>	<b>1.28</b>	<b>636</b>
Financial institutions (2)	18,815	0.13	6	30,694	0.78	60	30,967	0.78	61	31,512	0.78	61	35,729	0.84	75
Customer deposits (3)	116,445	-0.13	-37	117,121	-0.10	-29	117,332	-0.07	-20	118,090	-0.06	-19	122,669	-0.05	-14
Capital markets	21,947	-1.23	-67	21,362	-1.29	-69	20,907	-1.25	-66	20,479	-1.29	-65	20,798	-1.15	-60
Other liabilities and shareholders' equity	2,1629	-1.24	-66	2,1085	-1.03	-55	2,1608	-0.74	-40	20,290	-0.68	-34	20,270	-0.61	-31
<b>Total funds</b>	<b>178,836</b>	<b>-0.37</b>	<b>-165</b>	<b>190,262</b>	<b>-0.19</b>	<b>-93</b>	<b>190,814</b>	<b>-0.14</b>	<b>-65</b>	<b>190,371</b>	<b>-0.12</b>	<b>-57</b>	<b>199,465</b>	<b>-0.06</b>	<b>-30</b>
<b>Net interest income</b>			<b>620</b>			<b>624</b>			<b>627</b>			<b>597</b>			<b>606</b>
<b>Customer spread</b>		<b>2.33</b>			<b>2.17</b>			<b>2.19</b>		<b>2.22</b>				<b>2.16</b>	
<b>Net interest margin as % of ATA</b>		<b>1.40</b>			<b>1.31</b>			<b>1.30</b>		<b>1.27</b>				<b>1.22</b>	

- (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 on the liabilities side includes financial income arising from the application of negative interest rates to deposits of credit institutions, mainly those relating to TLTRO II and III.
- (3) Includes repos.

### Income from equity method and dividends:

This item amounted to 56 million euros as of the end of June 2021, after recording higher earnings from investees related to renewable energy in the first quarter of the year, which explains the variations relative to previous periods.

### Net fees and commissions:

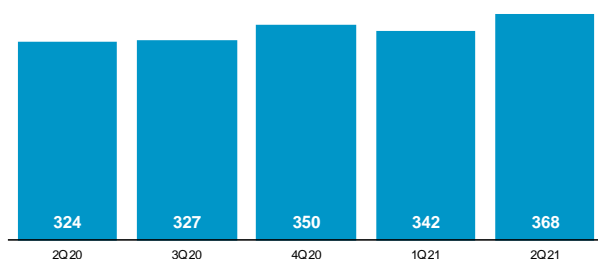
Net fees and commissions amounted to 709 million euros as of the end of June 2021, representing year-on-year growth of 5.4% (3.8% excluding TSB), supported by the growth of service fees and mutual funds, which more than offset the decline caused by the contribution of 30 million euros in the previous year by Sabadell Asset Management after the sale carried out on 30 June 2020. Excluding this impact, fees

and commissions increased by 10.4% year-on-year (9.1% excluding TSB).

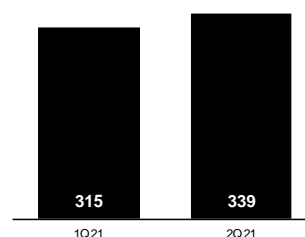
In quarter-on-quarter terms, net fees and commissions increased by 7.7% (7.4% excluding TSB), mainly due to the good evolution of service fees and in particular by the growth of sight account fees.

## Evolution of net fees and commissions

Total group (€ millions)



Sabadell ex - TSB (€ millions)



Change YoY:

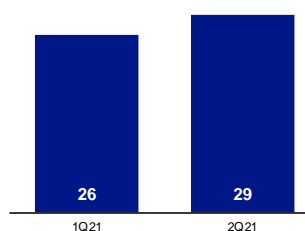
**+3.8%**

Change QoQ:

**+7.4%**

	Total group	Constant FX
Change YoY:	<b>+5.4%</b>	<b>+5.4%</b>
Change QoQ:	<b>+7.7%</b>	<b>+7.6%</b>

TSB (€ millions)



Change YoY:

**+28.3%**

**+27.6%** Constant FX

Change QoQ:

**+10.9%**

**+9.3%** Constant FX

## Net fees and commissions

(€ million)	Excl. TSB			Total group			Excl. TSB			Total group		
	1Q21	2Q21	QoQ (%)	1Q21	2Q21	QoQ (%)	1H20	1H21	YoY (%)	1H20	1H21	YoY (%)
Lending fees	41	43	4.6	41	43	4.6	76	84	10.1	76	84	10.1
Guarantees commissions	24	25	3.3	24	25	3.3	51	50	-3.1	51	50	-3.1
<b>Risk transaction fees</b>	<b>65</b>	<b>68</b>	<b>4.1</b>	<b>65</b>	<b>68</b>	<b>4.1</b>	<b>127</b>	<b>133</b>	<b>4.8</b>	<b>127</b>	<b>133</b>	<b>4.8</b>
Cards	40	39	-3.5	53	53	0.1	79	79	-0.3	98	107	9.2
Payment orders	17	17	1.1	18	18	1.2	27	34	26.5	28	35	26.2
Securities	15	18	17.4	15	18	17.4	36	33	-8.1	36	33	-8.1
Custodian mutual and pension funds	4	3	-13.3	4	3	-13.3	6	7	12.9	6	7	12.9
Sight accounts	55	69	26.3	65	81	24.6	90	124	37.7	114	146	27.8
Foreign currency and notes exchange	21	22	4.4	25	27	6.1	49	42	-13.3	54	52	-3.2
Other transactions	18	22	23.2	14	17	25.5	44	40	-9.4	34	31	-8.9
<b>Commissions for services</b>	<b>170</b>	<b>190</b>	<b>12.1</b>	<b>194</b>	<b>217</b>	<b>12.1</b>	<b>332</b>	<b>360</b>	<b>8.5</b>	<b>370</b>	<b>411</b>	<b>11.1</b>
Mutual funds	27	29	7.0	27	29	7.0	73	56	-23.6	73	56	-23.6
Pension funds and insurance brokerage	47	46	-3.0	50	48	-3.1	87	93	7.4	92	98	6.4
Wealth management	6	6	-4.2	6	6	-4.2	11	11	3.1	11	11	3.1
<b>Asset Under Management commissions</b>	<b>80</b>	<b>80</b>	<b>0.3</b>	<b>83</b>	<b>83</b>	<b>0.1</b>	<b>171</b>	<b>160</b>	<b>-6.1</b>	<b>176</b>	<b>165</b>	<b>-6.2</b>
<b>Total</b>	<b>315</b>	<b>339</b>	<b>7.4</b>	<b>342</b>	<b>368</b>	<b>7.7</b>	<b>630</b>	<b>654</b>	<b>3.8</b>	<b>673</b>	<b>709</b>	<b>5.4</b>

(1) The EUR/GBP exchange rate used for the income statement is 0.8681 year-to-date until June and 0.8621 for the second quarter.

### Net trading income and exchange differences:

At the end of June 2021, this item amounted to a total of 28 million euros (21 million euros excluding TSB), while in June of the previous year it amounted to 155 million euros (136 million euros excluding TSB) due to capital gains generated by ALCO portfolio sales.

### Other operating income and expenses:

This item stood at -122 million euros as of the end of June 2021 (-113 million euros excluding TSB), while in the previous year it amounted to -86 million euros (-99 million euros not including TSB), as it included the positive impact of insurance compensation related to TSB IT migration.

The change from the previous quarter is mainly explained by the recognition in the second quarter of the contribution to the Single Resolution Fund (SRF) of -88 million euros.

### Total costs:

Total costs amounted to -1,512 million euros as of the end of June 2021 (-1,041 million euros excluding TSB), representing a reduction of -3.2% (-2.1% excluding TSB) compared to the same period in the previous year and of -3.3% (-4.2% excluding TSB) in the quarter, due in both cases to the savings on personnel expenses after the savings from the efficiency plan executed in Spain began to come through and to the improvement in general expenses in TSB.

It is worth noting that the branch closures (c. 250) and the reduction of full-time employees (c. 1,500) announced in the restructuring plan in 2019, have already been completed.

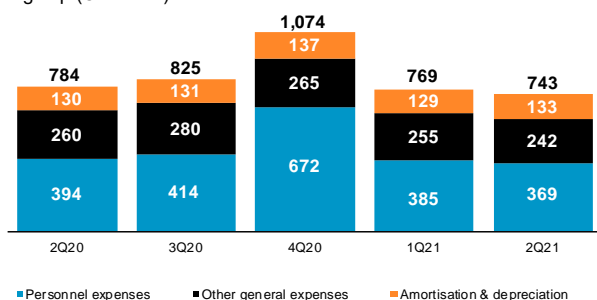
### Total costs

(€ million)	Excl. TSB			Total group			Excl. TSB			Total group		
	1Q21	2Q21	QoQ (%)	1Q21	2Q21	QoQ (%)	1H20	1H21	YoY (%)	1H20	1H21	YoY (%)
<b>Personnel expenses</b>	<b>-296</b>	<b>-273</b>	<b>-7.7</b>	<b>-385</b>	<b>-369</b>	<b>-4.1</b>	<b>-616</b>	<b>-570</b>	<b>-7.6</b>	<b>-798</b>	<b>-754</b>	<b>-5.5</b>
IT and communications	-56	-60	7.3	-109	-114	3.9	-106	-117	10.1	-198	-223	12.4
Advertising	-11	-11	-1.2	-24	-19	-19.7	-16	-22	40.0	-40	-43	7.6
Premises and office supplies	-11	-8	-23.0	-18	-12	-36.2	-17	-19	15.9	-40	-30	-24.8
Technical reports and judicial expenses	-6	-5	-20.6	-10	-8	-16.4	-11	-11	2.4	-23	-18	-22.8
Subcontracted administrative services	-13	-12	-7.7	-36	-30	-15.3	-29	-24	-17.8	-89	-66	-26.2
Contributions and taxes	-29	-31	5.7	-33	-34	3.1	-58	-60	2.3	-67	-67	0.1
Others	-18	-16	-9.5	-26	-25	-2.3	-33	-34	2.0	-52	-51	-2.2
<b>Other general expenses</b>	<b>-144</b>	<b>-143</b>	<b>-0.6</b>	<b>-255</b>	<b>-242</b>	<b>-5.3</b>	<b>-270</b>	<b>-287</b>	<b>6.2</b>	<b>-509</b>	<b>-497</b>	<b>-2.3</b>
<b>Amortisation &amp; depreciation</b>	<b>-92</b>	<b>-93</b>	<b>1.1</b>	<b>-129</b>	<b>-133</b>	<b>3.2</b>	<b>-176</b>	<b>-185</b>	<b>4.6</b>	<b>-255</b>	<b>-261</b>	<b>2.3</b>
<b>Total costs</b>	<b>-532</b>	<b>-509</b>	<b>-4.2</b>	<b>-769</b>	<b>-743</b>	<b>-3.3</b>	<b>-1,063</b>	<b>-1,041</b>	<b>-2.1</b>	<b>-1,562</b>	<b>-1,512</b>	<b>-3.2</b>

(1) The EUR/GBP exchange rate used for the income statement is 0.8681 year-to-date until June and 0.8621 for the second quarter.

## Evolution of total costs

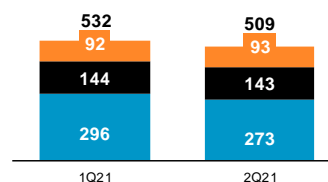
Total group (€ millions)



■ Personnel expenses ■ Other general expenses ■ Amortisation & depreciation

	Total group	Constant FX
Change YoY:	<b>-3.2%</b>	<b>-3.3%</b>
Change QoQ:	<b>-3.3%</b>	<b>-3.7%</b>

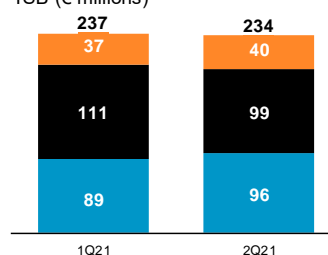
Sabadell ex - TSB (€ millions)



Change YoY:  
**-2.1%**

Change QoQ:  
**-4.2%**

TSB (€ millions)



Change YoY:  
**-5.6%**

**-6.1%** Constant FX

Change QoQ:  
**-1.1%**

**-2.5%** Constant FX

## Core results:

At the end of June 2021, core results (net interest income + fees and commissions – costs) amounted to 883 million euros, increasing by 8.2% year-on-year and

17.4% quarter-on-quarter, driven by the good performance of net interest income and net fees and commissions, and by the cost savings commented.

(€ million)	Total group			Total group		
	1Q21	2Q21	QoQ (%)	1H20	1H21	YoY (%)
Net interest income	833	852	2.3	1,705	1,685	-1.1
Net fees and commissions	342	368	7.7	673	709	5.4
Costs	-769	-743	-3.3	-1,562	-1,512	-3.2
<b>Core results (NII + net fees and commissions - costs)</b>	<b>406</b>	<b>477</b>	<b>17.4</b>	<b>816</b>	<b>883</b>	<b>8.2</b>

(1) The EUR/GBP exchange rate used for the income statement is 0.8681 year-to-date until June and 0.8621 for the second quarter.

## Provisions for NPLs and other impairments:

This item amounted to -621 million euros as of the end of June 2021 (-593 million euros excluding TSB), compared to -1,089 million euros (-968 million euros excluding TSB) at the end of the previous June; it therefore shows a substantial reduction mainly due to the fact that extraordinary provisions associated with the impact of Covid-19 had been booked in the previous year.

The reduction from the previous quarter is mainly due to lower provisions allocated for NPLs as fewer NPL inflows were recorded in the quarter and TSB had a lower level of provisions following the improvement of the macroeconomic environment.

This level of provisions has resulted in an improvement of 16 bps in the Group's credit cost of risk, which stood at 53 bps as at the end of June 2021 compared to 69 bps in the previous quarter. The total cost of risk was 74 bps.

## Gains on sale of assets and other results:

Capital gains on sale of assets and other results amounted to 74 million euros as of the end of June 2021 and mainly included 83 million euros from the sale of the depositary business. In the previous year, this item mainly incorporated the capital gain on the sale of Sabadell Asset Management of 293 million euros.

## Net profit:

The Group's net profit amounted to 220 million euros as of the end of June 2021, increasing by 51.5% year-on-year mainly due to the improvement of fees and commissions, the reduction of costs and because fewer provisions were booked.

In the quarter, it amounted to 147 million euros, significantly higher than in the first quarter of the year due to the increase of net interest income and fee income, lower costs, lower level of provisions and due to the tax reduction in TSB commented.

## Balance sheet

### Highlights:

Good performance of performing loans, supported by the increase in mortgages granted to individuals, particularly in TSB, as well as the good momentum of business lending to corporates, SMEs and the self-employed in Spain.

As of 30 June 2021, 9 billion euros in ICO guaranteed loans have been disposed in Spain. In terms of payment holidays, the balance of active payment holidays was 540 million euros in Spain <sup>(1)</sup> (16.6% of the volume originally granted) and 94 million pounds in the UK (2.0% of the volume originally granted).

The good evolution of sight accounts is driving the growth of on-balance sheet customer funds, offsetting the fall in term deposits resulting from the low interest rates on savings accounts.

Off-balance sheet funds followed an upward trend, supported by the growth of mutual funds, mainly due to new inflows.

(1) Excludes payment holidays in the transport and tourism industries.

### Balance sheet

(€million)	30.06.20	31.03.21	(2) 30.06.21	Change	
				YoY (%)	QoQ (%)
Cash, cash balances at central banks and other demand deposits	29,049	42,275	46,910	61.5	110
Financial assets held for trading and fair value with changes in PL	3,577	3,059	2,385	-33.3	-22.0
Financial assets in fair value OCI	6,211	6,875	6,900	11.1	0.4
Financial assets at amortised cost	178,431	176,287	177,438	-0.6	0.7
Loans and advances to customers	148,018	152,709	154,860	4.6	14
Loans and advances of central banks and credit institutions	9,082	5,082	3,533	-6.1	-30.5
Debt securities	21,331	18,497	19,045	-10.7	3.0
Investments in subsidiaries, joint ventures and associates	775	822	588	-24.2	-28.5
Tangible assets	3,300	3,173	2,909	-11.8	-8.3
Intangible assets	2,557	2,562	2,568	0.4	0.3
Other assets	10,547	9,819	10,421	-1.2	6.1
<b>Total assets</b>	<b>234,447</b>	<b>244,872</b>	<b>250,120</b>	<b>6.7</b>	<b>2.1</b>
Financial liabilities held for trading and fair value with changes in PL	3,626	1,959	1,639	-54.8	-16.3
Financial liabilities at amortised cost	215,166	227,924	233,256	8.4	2.3
Central banks	(1) 30,810	34,593	34,819	13.0	0.7
Credit institutions	(1) 9,248	10,511	12,674	37.0	20.6
Customer deposits	148,341	156,553	158,212	6.7	11
Debt securities issued	21,827	21,524	21,778	-0.2	12
Other financial liabilities	4,941	4,743	5,774	16.9	21.7
Provisions	530	674	672	26.8	-0.3
Other liabilities	2,407	1,686	1,880	-21.9	11.5
<b>Subtotal liabilities</b>	<b>221,730</b>	<b>232,242</b>	<b>237,447</b>	<b>7.1</b>	<b>2.2</b>
Shareholders' equity	13,140	13,000	13,120	-0.2	0.9
Accumulated other comprehensive income	-490	-445	-523	6.7	17.6
Minority interest	68	75	76	11.0	1.6
<b>Net equity</b>	<b>12,718</b>	<b>12,630</b>	<b>12,673</b>	<b>-0.4</b>	<b>0.3</b>
<b>Total liabilities and equity</b>	<b>234,447</b>	<b>244,872</b>	<b>250,120</b>	<b>6.7</b>	<b>2.1</b>
Financial guarantees granted	2,015	1,956	2,031	0.8	3.8
Commitments for loans granted	28,933	29,431	29,098	0.6	-1.1
Other commitments granted	9,920	8,096	7,506	-24.3	-7.3

(1) Deposits with central banks and credit institutions include the following amounts of repos: 5,478 million euros as of 30.06.2020, 6,988 million euros as of 31.03.2021 and 9,376 million euros as of 30.06.2021.

(2) The EUR/GBP exchange rate used for the balance sheet is 0.8581.

### Assets:

The Group's total assets amounted to 250,120 million euros, representing year-on-year growth of 6.7% and 2.1% in the quarter.

Excluding TSB, total assets amounted to 202,889 million euros, increasing by 5.9% year-on-year and by 2.5% in the quarter.



## Loans and advances to customers:

Performing loans ended the second quarter of 2021 with a balance of 152,515 million euros (111,556 million euros excluding TSB), representing year-on-year growth of 5.1% (0.6% excluding TSB) and of 1.5% (1.0% excluding TSB) in the quarter.

Excluding the impact of the APS, the growth stood at 6.2% year-on-year (2.0% excluding TSB).

In Spain, performing gross loans, excluding the APS, grew by 2.3% year-on-year and by 1.2% in the quarter, mainly driven by business lending to corporates, SMEs and self-employed professionals and by the increase in mortgage loans granted to individuals. In addition, it is worth noting that loans figures for this quarter include an increase of c.600 million euros related to Social Security advance payments. Foreign branches and Banc Sabadell d'Andorra are included in this scope and their balance amounted to 9,567 million euros, representing a decline of -2.5% year-on-year and an increase of 0.3% in the quarter.

In TSB, lending increased by 19.8% year-on-year, supported by the appreciation of the pound, something that is reversed in the quarter-on-quarter comparison, where the depreciation of the pound reduced growth to 2.7%. At a constant exchange rate, lending grew by 12.7% year-on-year and by 3.4% in the quarter, with a particularly strong growth, in both cases, of mortgage lending volumes stemming from the resilience of the property market during the pandemic and UK government support measures such as the temporary stamp duty holiday.

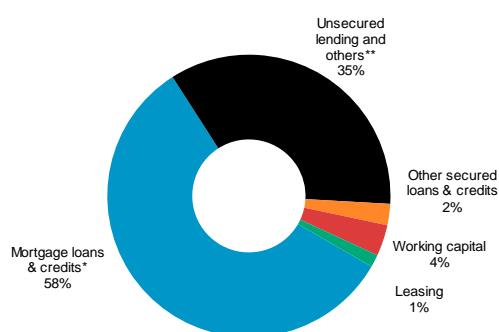
Mexico recorded a reduction of -6.7% year-on-year and of -3.1% in the quarter, as it followed a conservative policy when granting new loans.

## Loans and advances to customers

(€ million)	Excl. TSB					Total group (1)				
	30.06.20	31.03.21	30.06.21	Change		30.06.20	31.03.21	30.06.21	Change	
				YoY (%)	QoQ (%)				YoY (%)	QoQ (%)
Mortgage loans & credits	49,329	49,755	49,862	1.1	0.2	80,919	86,616	87,853	8.6	1.4
Other secured loans & credits	3,226	3,038	3,038	-5.8	0.0	3,662	3,750	3,723	1.7	-0.7
Working capital	4,625	5,104	5,439	17.6	6.6	4,625	5,104	5,439	17.6	6.6
Leasing	2,431	2,158	2,176	-10.5	0.8	2,431	2,158	2,176	-10.5	0.8
Unsecured lending and others	51,330	50,387	51,041	-0.6	1.3	53,494	52,707	53,324	-0.3	1.2
<b>Performing gross loans</b>	<b>110,941</b>	<b>110,441</b>	<b>111,556</b>	<b>0.6</b>	<b>1.0</b>	<b>145,131</b>	<b>150,334</b>	<b>152,515</b>	<b>5.1</b>	<b>1.5</b>
Of which: APS	1,761	241	241	-86.3	0.0	1,761	241	241	-86.3	0.0
<b>Performing gross loans excluding APS</b>	<b>109,180</b>	<b>110,200</b>	<b>111,315</b>	<b>2.0</b>	<b>1.0</b>	<b>143,370</b>	<b>150,093</b>	<b>152,274</b>	<b>6.2</b>	<b>1.5</b>
Stage 3 assets (customer)	5,632	4,901	4,837	-14.1	-1.3	6,175	5,639	5,516	-10.7	-2.2
Accruals	-77	-85	-71	-8.6	-16.8	-25	-6	6	--	--
<b>Gross loans to customers (excluding repos)</b>	<b>116,496</b>	<b>115,257</b>	<b>116,322</b>	<b>-0.1</b>	<b>0.9</b>	<b>151,281</b>	<b>155,967</b>	<b>158,038</b>	<b>4.5</b>	<b>1.3</b>
Reverse repos	100	0	0	-100.0	--	100	0	0	-100.0	--
<b>Gross loans to customers</b>	<b>116,596</b>	<b>115,257</b>	<b>116,322</b>	<b>-0.2</b>	<b>0.9</b>	<b>151,381</b>	<b>155,967</b>	<b>158,038</b>	<b>4.4</b>	<b>1.3</b>
NPL and country-risk provisions	-3,108	-2,970	-2,903	-6.6	-2.3	-3,364	-3,258	-3,177	-5.5	-2.5
<b>Loans and advances to customers</b>	<b>113,488</b>	<b>112,287</b>	<b>113,419</b>	<b>-0.1</b>	<b>1.0</b>	<b>148,018</b>	<b>152,709</b>	<b>154,860</b>	<b>4.6</b>	<b>1.4</b>

(1) The EUR/GBP exchange rate used for the balance sheet is 0.8581.

## Loans and advances to customers by product type, 30.06.2021 (%) <sup>(\*)</sup>

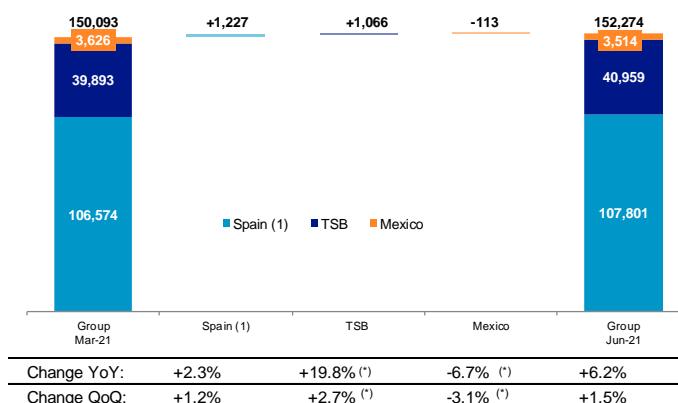


\*Includes mortgage loans and credits both to individuals and companies.

\*\*Includes ICO loans.

(\*) Excluding stage 3 assets and accrual adjustments.

## Performing gross loans ex-APS: performance by geography (€ million)



(\*) In TSB +12.7% YoY and +3.4% QoQ in GBP and in Mexico -8.2% YoY and -3.7% QoQ in MXN.

(1) Spain includes foreign branches.

## Liabilities:

### Customer funds:

As of the end of June 2021, on-balance sheet customer funds amounted to a total of 157,345 million euros (115,929 million euros excluding TSB), representing a year-on-year increase of 6.6% (3.9% excluding TSB). This growth was driven by the increase in sight accounts, which offset the decline of term deposits. In the quarter, on-balance sheet customer funds increased by 2.3% (2.9% excluding TSB).

Sight account balances amounted to 140,028 million euros (100,808 million euros excluding TSB), representing an increase of 13.0% year-on-year (11.1% excluding TSB) and of 3.4% in the quarter (4.1% excluding TSB), mainly as funds flowed out of term deposits as a result of the low interest rate on savings accounts.

Term deposits amounted to 17,645 million euros (15,448 million euros excluding TSB), representing a decline of -26.4% (-26.5% excluding TSB) compared to the previous year and of -5.0% (-3.3% excluding TSB) in the quarter, as funds flowed into sight accounts.

At TSB, on-balance sheet customer funds increased by 14.9% year-on-year and by 0.7% in the quarter, impacted in both cases by the performance of the pound sterling. At a constant exchange rate, they increased by 8.0% year-on-year and by 1.4% in the quarter, supported by the growth of current accounts, reflecting lower levels of consumer spending.

Total off-balance sheet customer funds amounted to 40,736 million euros at the end of June 2021, falling by -2.4% year-on-year, impacted by the disposal of Sabadell Asset Management in the previous year, where a large part of the accounts has become commercialized accounts. Excluding this impact, off-balance sheet customer funds increased by 11.2% year-on-year. Quarter-on-quarter, this item grew by 3.2% due to the increase of mutual funds, supported mainly by greater inflow volumes.

### Marketable debt securities:

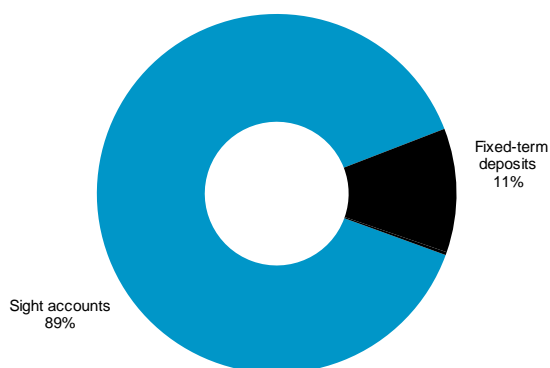
At the end of June 2021, this item amounted to 18,315 million euros (16,277 million euros excluding TSB), representing a decline of -3.3% year-on-year (-5.2% excluding TSB) and an increase of 4.1% in the quarter (1.0% excluding TSB).

### Funds under management and third-party funds:

This item amounted to a total of 220,726 million euros (177,270 million euros excluding TSB), representing a year-on-year increase of 4.2% (2.1% excluding TSB) and a quarterly growth of 1.5% (1.8% excluding TSB).

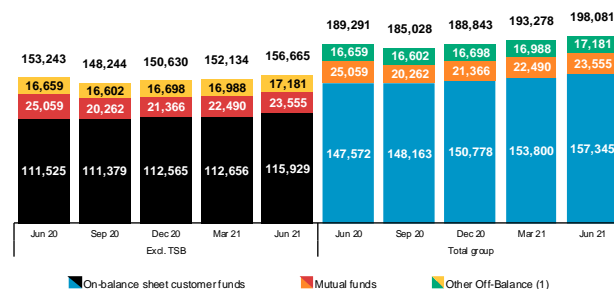
Exposures to central banks at the end of June 2021 amounted to 34,791 million euros, of which 32,000 million euros related to the ECB, remaining stable during the quarter, and 2,640 million euros related to the Bank of England, up by c.400 million euros in the quarter.

### Customer deposits, 30.06.2021 (%) (\*)



(\*) Excluding accrual adjustments and hedging derivatives.

### Evolution of customer funds (€ million)



	Excl. TSB (*)	Total group (*)
Change YoY:	<b>+3.9%</b>	<b>+6.6%</b>
Change QoQ:	<b>+2.9%</b>	<b>+2.3%</b>

(\*) Change on balance sheet customer funds.

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

## Customer funds

(€ million)	Excl. TSB						Total group					
	30.06.20	31.03.21	30.06.21	Change		30.06.20	31.03.21	30.06.21	Change			
				YoY (%)	QoQ (%)				YoY (%)	QoQ (%)		
<b>Financial liabilities at amortised cost</b>	<b>173,234</b>	<b>181,817</b>	<b>186,779</b>	<b>7.8</b>	<b>2.7</b>	<b>215,166</b>	<b>227,924</b>	<b>233,256</b>	<b>8.4</b>	<b>2.3</b>		
Non-retail financial liabilities	61,709	69,161	70,850	14.8	2.4	67,594	74,123	75,911	12.3	2.4		
Central banks	27,450	32,345	32,178	17.2	-0.5	30,810	34,593	34,819	13.0	0.7		
Credit institutions	9,247	10,509	12,672	37.1	20.6	9,248	10,511	12,674	37.0	20.6		
Institutional issues	20,326	21,956	20,606	1.4	-6.2	22,595	24,277	22,645	0.2	-6.7		
Other financial liabilities	4,685	4,350	5,394	15.1	24.0	4,941	4,743	5,774	16.9	21.7		
<b>On-balance sheet customer funds</b>	<b>111,525</b>	<b>112,656</b>	<b>115,929</b>	<b>3.9</b>	<b>2.9</b>	<b>147,572</b>	<b>153,800</b>	<b>157,345</b>	<b>6.6</b>	<b>2.3</b>		
Customer deposits	112,223	115,016	116,794	4.1	1.5	148,341	156,553	158,212	6.7	1.1		
Sight accounts	90,776	96,844	100,808	11.1	4.1	123,888	135,397	140,028	13.0	3.4		
Fixed-term deposits	(2) 21,031	15,981	15,448	-26.5	-3.3	23,966	18,573	17,645	-26.4	-5.0		
Repos	287	2,075	424	47.7	-79.6	336	2,449	424	26.0	-82.7		
Accruals and derivative hedging adjustments	129	117	114	-12.0	-2.6	150	135	115	-22.9	-14.6		
Debt and other marketable securities	17,166	16,122	16,277	-5.2	1.0	18,931	17,589	18,315	-3.3	4.1		
Subordinated liabilities	(3) 2,463	3,473	3,463	40.6	-0.3	2,896	3,935	3,463	19.6	-12.0		
<b>On-balance sheet funds</b>	<b>131,851</b>	<b>134,612</b>	<b>136,535</b>	<b>3.6</b>	<b>1.4</b>	<b>170,168</b>	<b>178,077</b>	<b>179,990</b>	<b>5.8</b>	<b>1.1</b>		
Mutual funds	25,059	22,490	23,555	-6.0	4.7	25,059	22,490	23,555	-6.0	4.7		
Managed mutual funds	414	407	430	3.9	5.9	414	407	430	3.9	5.9		
Dedicated investment companies	1,406	1,424	1,450	3.2	1.8	1,406	1,424	1,450	3.2	1.8		
Third-party funds	23,239	20,659	21,674	-6.7	4.9	23,239	20,659	21,674	-6.7	4.9		
Mutual funds pro forma	19,979	22,490	23,555	17.9	4.7	19,979	22,490	23,555	17.9	4.7		
Managed accounts	3,226	3,445	3,708	15.0	7.6	3,226	3,445	3,708	15.0	7.6		
Pension funds	3,248	3,410	3,458	6.5	1.4	3,248	3,410	3,458	6.5	1.4		
Individual	2,112	2,223	2,253	6.7	1.4	2,112	2,223	2,253	6.7	1.4		
Company	1,126	1,180	1,198	6.5	1.5	1,126	1,180	1,198	6.5	1.5		
Group	11	6	6	-42.6	-2.0	11	6	6	-42.6	-2.0		
Third-party insurance products	10,185	10,133	10,015	-1.7	-1.2	10,185	10,133	10,015	-1.7	-1.2		
<b>Off-balance sheet customer funds</b>	<b>41,718</b>	<b>39,478</b>	<b>40,736</b>	<b>-2.4</b>	<b>3.2</b>	<b>41,718</b>	<b>39,478</b>	<b>40,736</b>	<b>-2.4</b>	<b>3.2</b>		
<b>Off-balance sheet customer funds pro forma</b>	<b>36,638</b>	<b>39,478</b>	<b>40,736</b>	<b>11.2</b>	<b>3.2</b>	<b>36,638</b>	<b>39,478</b>	<b>40,736</b>	<b>11.2</b>	<b>3.2</b>		
<b>Funds under management and third-party funds</b>	<b>173,570</b>	<b>174,090</b>	<b>177,270</b>	<b>2.1</b>	<b>1.8</b>	<b>211,886</b>	<b>217,555</b>	<b>220,726</b>	<b>4.2</b>	<b>1.5</b>		
<b>Funds under management and third-party funds pro forma</b>	<b>168,489</b>	<b>174,090</b>	<b>177,270</b>	<b>5.2</b>	<b>1.8</b>	<b>206,806</b>	<b>217,555</b>	<b>220,726</b>	<b>6.7</b>	<b>1.5</b>		

Proforma note: Data adjusted for the impact of the Sabadell Asset Management disposal.

- (1) The EUR/GBP exchange rate used for the balance sheet is 0.8581.  
(2) Includes deposits redeemable at notice and hybrid financial liabilities.  
(3) Subordinated liabilities of debt securities.

## Equity:

The following table shows the evolution of equity as of the end of June 2021:

### Equity

(€ million)	30.06.20	31.03.21	30.06.21	Change	
				YoY	QoQ
<b>Shareholders' equity</b>	<b>13,140</b>	<b>13,000</b>	<b>13,120</b>	<b>-20</b>	<b>120</b>
Issued capital	703	703	703	0	0
Reserves	12,300	12,238	12,213	-87	-25
Of which: A T1	-184	-240	-266	-82	-26
Other equity	32	21	17	-15	-4
Less: treasury shares	-42	-36	-34	7	2
Attributable net profit	145	73	220	75	147
Less: interim dividends	0	0	0	0	0
<b>Accumulated other comprehensive income</b>	<b>-490</b>	<b>-445</b>	<b>-523</b>	<b>-33</b>	<b>-78</b>
<b>Minority interest</b>	<b>68</b>	<b>75</b>	<b>76</b>	<b>8</b>	<b>1</b>
<b>Net equity</b>	<b>12,718</b>	<b>12,630</b>	<b>12,673</b>	<b>-45</b>	<b>43</b>

## Risk management

### Highlights:

The Group's stage 3 ratio was reduced in the quarter to 3.6% as of the end of June 2021.

In the quarter, stage 3 assets had declined by -133 million euros, while the balance of foreclosed assets was down by -9 million euros.

With regard to the breakdown of loans by stages, it should be noted that 88.9% are classified as stage 1 with a coverage level of 0.3%, the balance of stage 2 loans represents 7.5% of the total with coverage of 4.2% and the balance of stage 3 loans represents 3.6% of the total with coverage of 39.6%.

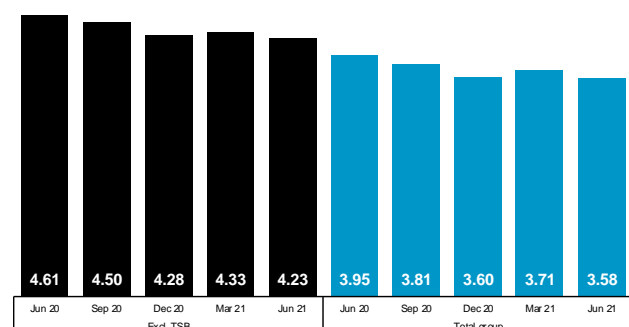
The NPA coverage ratio stood at 52.8%, with the stage 3 coverage ratio including total provisions standing at 56.4% and the foreclosed asset coverage ratio standing at 37.3%.

### Risk management:

Problematic assets were reduced by -142 million euros in the quarter and had a balance of 7,365 million euros at the end of June 2021, of which 5,995 million euros correspond to stage 3 assets and 1,370 million euros correspond to foreclosed assets.

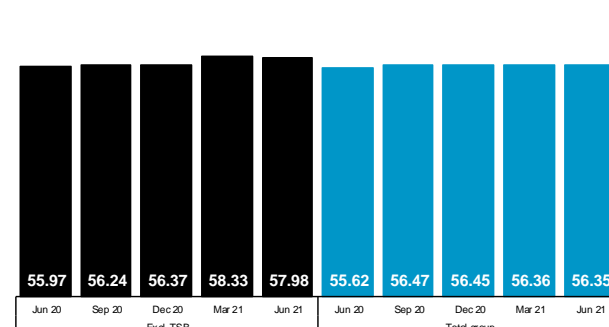
The gross NPAs ratio was reduced during the quarter to 4.4%. The net NPA ratio stood at 2.1%.

### Stage 3 ratios (%) <sup>(\*)</sup>



(\*) Calculated including contingent exposures.

### Stage 3 coverage ratios with total provisions (%) <sup>(\*)</sup>



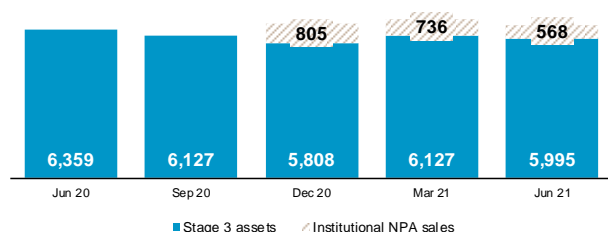
### Stage 3 ratios, by segment <sup>(\*)</sup>

Total group	Jun 20	Sep 20	Dec 20	Mar 21	Jun 21
Real estate development and/or construction purposes	9.48%	8.60%	8.10%	8.20%	8.62%
Construction purposes non-related to real estate dev. (1)	4.62%	4.54%	13.26%	12.93%	12.97%
Large corporates	1.50%	1.40%	2.20%	2.48%	2.16%
SME and small retailers and self-employed	6.79%	6.77%	6.72%	6.54%	6.35%
Individuals with 1st mortgage guarantee assets	3.61%	3.37%	2.36%	2.53%	2.45%
<b>Stage 3 ratio</b>	<b>3.95%</b>	<b>3.81%</b>	<b>3.60%</b>	<b>3.71%</b>	<b>3.58%</b>

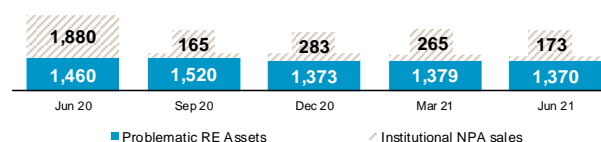
(\*) Calculated including contingent exposures.

(1) In Dec-20, 106 million euros of guarantees in this segment were reclassified to stage 3 unlikely to pay, which explains the increase of this ratio in the quarter.

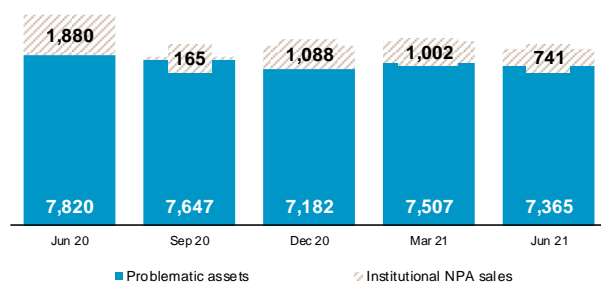
### Evolution of stage 3 assets (€ million) <sup>(\*)</sup>



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



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



(\*) Calculated including contingent exposures.

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

### Evolution of stage 3 assets and Group real estate assets

(€million)		2Q20	3Q20	4Q20	1Q21	2Q21
Gross entries (stage 3)	(1)	716	356	1,151	757	537
Recoveries and sales	(1) (2)	-355	-383	-1,364	-342	-536
<b>Net stage 3 entries</b>		<b>361</b>	<b>-27</b>	<b>-213</b>	<b>415</b>	<b>1</b>
Gross entries (foreclosed assets)		165	78	83	47	31
Sales	(2)	-15	-18	-230	-41	-40
<b>Change in foreclosed assets</b>		<b>150</b>	<b>60</b>	<b>-147</b>	<b>6</b>	<b>-9</b>
<b>Net stage 3 entries + Change in foreclosed assets</b>		<b>511</b>	<b>33</b>	<b>-359</b>	<b>420</b>	<b>-8</b>
Write-offs		-114	-205	-106	-95	-133
<b>Foreclosed assets and stage 3 quarterly change</b>		<b>397</b>	<b>-172</b>	<b>-466</b>	<b>325</b>	<b>-142</b>

(1) In 4Q 2020, gross inflows (stage 3) included 708 million euros due to reclassifications to stage 3, and recoveries included c.1.000 million euros corresponding to reductions related to NPA portfolio sales.

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

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

(€ million)	Jun 20	Sep 20	Dec 20	Mar 21	Jun 21
Stage 3 exposures	6,359	6,127	5,808	6,127	5,995
Total provisions	3,537	3,460	3,279	3,453	3,378
<b>Stage 3 coverage ratio with total provisions (%)</b>	<b>55.6%</b>	<b>56.5%</b>	<b>56.5%</b>	<b>56.4%</b>	<b>56.4%</b>
Stage 3 exposures	6,359	6,127	5,808	6,127	5,995
Stage 3 provisions	2,578	2,451	2,272	2,335	2,374
<b>Stage 3 coverage ratio (%)</b>	<b>40.5%</b>	<b>40.0%</b>	<b>39.1%</b>	<b>38.1%</b>	<b>39.6%</b>
Problematic RE Assets	1,460	1,520	1,373	1,379	1,370
Provisions	514	541	502	510	511
<b>Problematic Real Estate coverage ratio (%)</b>	<b>35.2%</b>	<b>35.6%</b>	<b>36.6%</b>	<b>37.0%</b>	<b>37.3%</b>
Total problematic assets	7,820	7,647	7,182	7,507	7,365
Provisions	4,051	4,001	3,781	3,963	3,889
<b>Problematic assets coverage (%)</b>	<b>51.8%</b>	<b>52.3%</b>	<b>52.6%</b>	<b>52.8%</b>	<b>52.8%</b>
Gross loans and guarantees granted + problematic RE Assets	162,295	162,459	162,847	166,618	168,767
<b>Gross NPA ratio (%)</b> (1)	<b>4.8%</b>	<b>4.7%</b>	<b>4.4%</b>	<b>4.5%</b>	<b>4.4%</b>
Net problematic assets	3,769	3,646	3,401	3,543	3,476
<b>Net NPA ratio (%)</b> (1)	<b>2.3%</b>	<b>2.2%</b>	<b>2.1%</b>	<b>2.1%</b>	<b>2.1%</b>
<b>Net problematic assets as of % of total assets</b>	<b>1.6%</b>	<b>1.5%</b>	<b>1.4%</b>	<b>1.4%</b>	<b>1.4%</b>

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

(1) The gross NPA ratio is calculated as gross problematic assets divided by customer loans and guarantees given plus problematic real estate assets, while the net NPA ratio is calculated as net problematic assets divided by customer loans and guarantees given plus problematic real estate assets.

## Forborne and restructured loans

The outstanding balance of forborne and restructured loans as of the end of June 2021 is as follows:

(€million)	Jun 20		Sep 20		Dec 20		Mar 21		Jun 21	
	Total	Of which: stage 3	Total	Of which: stage 3	Total	Of which: stage 3	Total	Of which: stage 3	Total	Of which: stage 3
Public sector	11	10	11	9	15	9	10	9	10	8
Companies and self employed	2,774	1,812	2,758	1,811	3,547	1,721	4,687	1,943	5,111	1,902
Of which: Financing for construction and real estate development	303	207	263	177	309	136	263	128	341	146
Individuals	1,892	1,189	1,797	1,174	1,776	978	1,813	1,025	1,833	1,050
<b>Total</b>	<b>4,676</b>	<b>3,011</b>	<b>4,566</b>	<b>2,994</b>	<b>5,338</b>	<b>2,707</b>	<b>6,511</b>	<b>2,977</b>	<b>6,954</b>	<b>2,960</b>
<b>Provisions</b>	<b>1,132</b>	<b>1,010</b>	<b>1,079</b>	<b>972</b>	<b>1,135</b>	<b>957</b>	<b>1,300</b>	<b>1,051</b>	<b>1,261</b>	<b>1,053</b>
<b>Coverage ratio</b>	<b>24.2%</b>	<b>33.6%</b>	<b>23.6%</b>	<b>32.5%</b>	<b>21.3%</b>	<b>35.4%</b>	<b>20.0%</b>	<b>35.3%</b>	<b>18.1%</b>	<b>35.6%</b>

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

(€million)	Gross amount	Allowances for losses
<b>Real estate assets deriving from financing of construction and real estate development</b>	<b>705</b>	<b>260</b>
Finished buildings	651	234
Housing	408	140
Rest	243	94
Buildings under construction	7	4
Housing	7	4
Rest	0	0
Land	47	22
Building land	28	12
Other land	19	10
<b>Real estate assets deriving from home loan mortgages</b>	<b>638</b>	<b>239</b>
<b>Real estate assets acquired in discharge of debts</b>	<b>28</b>	<b>12</b>
<b>Total real-estate portfolio</b>	<b>1,370</b>	<b>511</b>

(\*) Problematic real estate 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.

## Breakdown of loans and provisions, by stages

(€ million)	Stage 1	Stage 2	Stage 3
Loans to customers and guarantees granted	148,772	12,630	5,995
<i>Change QoQ</i>	1.3%	3.0%	-2.2%
Provisions	472	532	2,374
<b>Coverage</b>	<b>0.3%</b>	<b>4.2%</b>	<b>39.6%</b>
<b>% Stage / Total Loans</b>	<b>88.9%</b>	<b>7.5%</b>	<b>3.6%</b>

## Liquidity management

### Highlights:

The Group had a solid liquidity position with an LCR (Liquidity Coverage Ratio) of 220% as of the end of June 2021 (249% excluding TSB and 148% in TSB), with total liquid assets of 51,680 million euros.

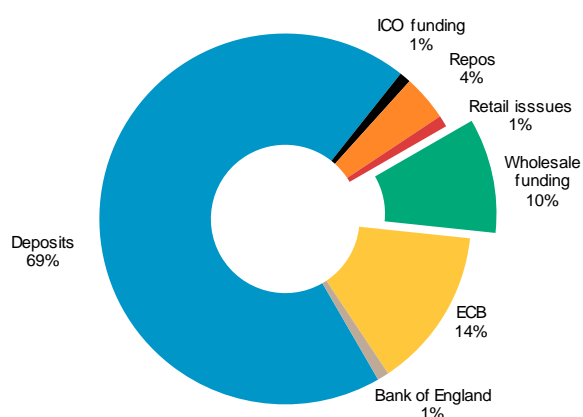
The loan-to-deposit ratio as of the end of June 2021 was 98%, with a balanced retail funding structure.

In the first quarter of 2021, the Bank issued 500 million euros of Tier 2 and 500 million euros of AT1, and in the second quarter it issued 500 million euros of Senior Non-Preferred (green) and 500 million pounds of covered bonds at TSB.

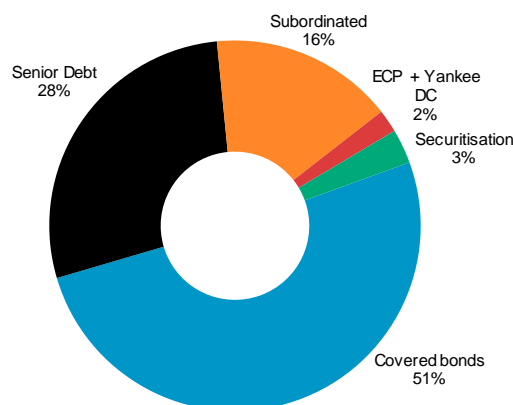
(€ million)		30.06.20	31.03.21	30.06.21 (1)
Loans and advances to customers	(2)	147,918	152,709	154,860
Brokered loans		-2,344	-1,556	-1,389
<b>Adjusted net loans and advances</b>		<b>145,573</b>	<b>151,153</b>	<b>153,472</b>
<b>On-balance sheet customer funds</b>		<b>147,572</b>	<b>153,800</b>	<b>157,345</b>
<b>Loan-to-deposits ratio (%)</b>		<b>99</b>	<b>98</b>	<b>98</b>

(1) The EUR/GBP exchange rate used for the balance sheet is 0.8581.  
 (2) Excludes reverse repos.

### Funding structure, 30.06.2021 (%)



### Wholesale funding breakdown, 30.06.2021 (%)



### Maturities

(€million)	2021	2022	2023	2024	2025	>2025	Outstanding balance
Covered bonds	1,508	1,722	1,388	2,724	836	3,058	11,236
Senior Debt	48	695	1,487	739	1,609	500	5,078
Senior Non Preferred Debt	0	0	0	951	500	500	1,951
Subordinated	0	0	0	0	0	1,810	1,810
<b>Total</b>	<b>1,556</b>	<b>2,417</b>	<b>2,875</b>	<b>4,414</b>	<b>2,945</b>	<b>5,868</b>	<b>20,075</b>

### New issuances in the year

(€ million)	1Q21	2Q21	3Q21	4Q21
Covered bonds	0	583		
Senior Non Preferred Debt	0	500		
Subordinated	500	0		
AT1	500	0		
<b>Total</b>	<b>1,000</b>	<b>1,083</b>		

### Maturities in the year

(€ million)	1Q21	2Q21	3Q21	4Q21
Covered bonds	300	0	0	1,508
Senior Debt	0	294	3	45
Subordinated	0	443	0	0
<b>Total</b>	<b>300</b>	<b>737</b>	<b>3</b>	<b>1,553</b>



## Capital management and credit ratings

### Highlights:

The CET1 ratio stood at 12.31% at the end of June 2021.

This CET1 ratio includes 31 bps of IFRS 9 transitional adjustments; therefore, the fully-loaded CET1 ratio stood at 12.00%, increasing by 4 bps from the previous quarter, where 7 bps corresponded to organic capital generation, 2 bps to value adjustments of the fixed-income portfolio and -5 bps to the growth of risk-weighted assets.

The minimum prudential requirements applicable to Banco Sabadell in 2021 following the Supervisory Review and Evaluation Process (SREP) are 8.52% for CET1, 10.44% for Tier 1 and 13.00% for Total Capital.

The Total Capital ratio stood at 16.87% at the end of June 2021 and was therefore above the required level with an MDA buffer of 379 bps, showing an advance of 13 bps compared to the previous quarter.

The phase-in leverage ratio stood at 5.40%.

The MREL ratio as a percentage of RWAs increased in the quarter and stood at 25.01%, above the requirement for the year 2022 (23.80%), while the MREL ratio as a percentage of the leverage ratio exposure was 9.42%, also above the requirement for the year 2022 (6.22%).

The Board announces its intention of establishing a 30% cash pay-out ratio for our 2021 annual results, after completing the ongoing supervisory dialogue.

### Capital ratios

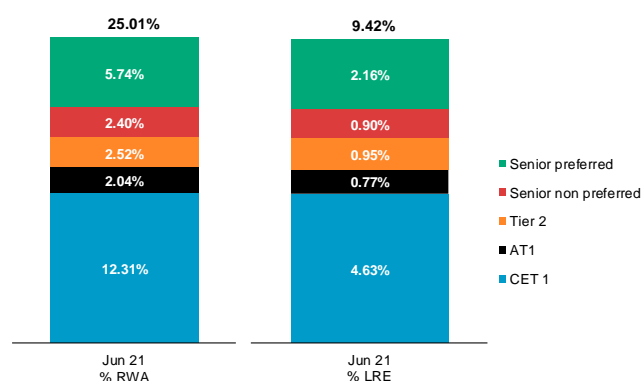
(€million)	Phase-in			Fully-loaded		
	30.06.20	31.03.21	30.06.21	30.06.20	31.03.21	30.06.21
Issued capital	703	703	703	703	703	703
Reserves	12,478	12,313	12,392	12,478	12,313	12,392
Minority interest	10	9	10	10	9	10
Deductions	(1) -3,249	-3,021	-3,137	-3,870	-3,358	-3,384
<b>Common Equity Tier 1</b>	<b>9,942</b>	<b>10,005</b>	<b>9,968</b>	<b>9,320</b>	<b>9,668</b>	<b>9,721</b>
<b>CET 1 (%)</b>	<b>12.71%</b>	<b>12.38%</b>	<b>12.31%</b>	<b>11.92%</b>	<b>11.96%</b>	<b>12.00%</b>
Preference shares and other	1,153	1,654	1,654	1,153	1,654	1,654
<b>Primary capital</b>	<b>11,095</b>	<b>11,659</b>	<b>11,621</b>	<b>10,474</b>	<b>11,322</b>	<b>11,375</b>
<b>Tier I (%)</b>	<b>14.19%</b>	<b>14.42%</b>	<b>14.35%</b>	<b>13.39%</b>	<b>14.01%</b>	<b>14.05%</b>
<b>Secondary capital</b>	<b>1,660</b>	<b>1,810</b>	<b>2,040</b>	<b>1,809</b>	<b>2,056</b>	<b>2,067</b>
<b>Tier II (%)</b>	<b>2.12%</b>	<b>2.24%</b>	<b>2.52%</b>	<b>2.31%</b>	<b>2.54%</b>	<b>2.55%</b>
<b>Total capital</b>	<b>12,756</b>	<b>13,469</b>	<b>13,661</b>	<b>12,282</b>	<b>13,377</b>	<b>13,442</b>
<b>Total capital ratio (%)</b>	<b>16.31%</b>	<b>16.66%</b>	<b>16.87%</b>	<b>15.70%</b>	<b>16.55%</b>	<b>16.60%</b>
<b>Risk weighted assets (RWA)</b>	<b>78,210</b>	<b>80,834</b>	<b>80,989</b>	<b>78,214</b>	<b>80,827</b>	<b>80,985</b>
<b>Leverage ratio (%)</b>	<b>4.69%</b>	<b>5.30%</b>	<b>5.40%</b>	<b>4.43%</b>	<b>5.16%</b>	<b>5.29%</b>
<b>CET 1 - BS (non-consolidated basis) (%)</b>	<b>14.29%</b>	<b>13.59%</b>	<b>13.52%</b>			
<b>Tier I - BS (non-consolidated basis) (%)</b>	<b>15.75%</b>	<b>15.64%</b>	<b>15.54%</b>			
<b>Tier II - BS (non-consolidated basis) (%)</b>	<b>1.67%</b>	<b>2.24%</b>	<b>2.48%</b>			
<b>Total capital ratio - BS (non-consolidated basis) (%)</b>	<b>17.42%</b>	<b>17.89%</b>	<b>18.02%</b>			
<b>ADIs</b>	(2) <b>2,529</b>	<b>2,391</b>	<b>2,500</b>			

Note: CET1 ratio accruing 30% cash dividend pay-out.

(1) Includes IFRS 9 transitional adjustments.

(2) "Available Distributable Items": Refers to distributable profit. It does not include interim dividends or share premiums.

### Evolution of Group MREL (% RWAs, % LRE)



### Credit ratings

Agency	Date	Long term	Short term	Outlook
DBRS	20.05.2021	A (low )	R-1 (low )	Negative
S&P Global Rating <sup>(1)</sup>	08.07.2021	BBB-	A-3	Stable
Moody's	15.07.2021	Baa3	P-2	Stable
Fitch Ratings	26.11.2020	BBB-	F3	Stable

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On 20 May 2021, **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 24 June 2021, **S&P Global Ratings** revised Banco Sabadell's long-term rating, placing it at BBB- (previously BBB), with a stable outlook, to reflect the challenges of profitability, efficiency and digitisation that await the new management team. The short-term rating was changed from A-2 to A-3. On 8 July 2021, S&P posted the full credit rating with a stable outlook.

On 15 July 2021, **Moody's** affirmed Banco Sabadell's credit rating with a stable outlook.

On 26 November 2020, **Fitch Ratings** affirmed Banco Sabadell's credit rating with a stable outlook.

## Results by business units

This section gives information regarding earnings and other indicators of the Group's business units.

The criteria that Banco Sabadell Group uses for its segment reporting are:

- Three geographical regions: Banking Business in Spain, United Kingdom and Mexico.
- Each business unit is allocated capital equivalent to 12% of its risk-weighted assets, assigning all of the corresponding deductions to each business unit and allocating the surplus of own funds to Banking Business Spain.

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

### Breakdown by geography and business unit

- **Banking Business Spain** includes the following customer-centric business units:
  - **Retail Banking:** Offers financial products and services to individuals. These include investment products and medium- and long-term finance, such as consumer loans, mortgages and leasing or rental services, as well as short-term finance. Funds come mainly from customer deposits and sight accounts, savings insurance, mutual funds and pension plans. The main services also include payment methods such as cards and insurance linked to consumer loans and mortgages.
  - **Business Banking:** Offers financial products and services to companies and self-employed workers. These include investment and financing products, such as working capital products, revolving loans and medium- and long-term finance. It also offers customised structured finance and capital market solutions, as well as specialised advice for businesses. Funds mainly come from deposits, customer sight accounts and mutual funds. The main services also include collection/payment methods such as cards and POS terminals, as well as import and export services.
  - **Corporate Banking:** This unit is responsible for managing the segment of large corporations which, because of their unique characteristics, require a tailor-made service, supplementing the range of transaction banking products with the services of the specialised units, thus offering a single, all-encompassing solution to their needs, taking into

account the features of the economic activity sector and the markets in which they operate. It has units that develop custom products for large corporations and financial institutions. The units responsible for the development of these custom products do so for the entire Banco Sabadell Group, extending their capabilities to the Institutional and Corporate Banking segment. Through its international presence in 17 countries, with representative offices and operational branches, it offers financial and advisory solutions to large Spanish and international corporations and financial institutions. It has operational branches in London, Paris, Lisbon, Casablanca and Miami.

#### – **Banking Business United Kingdom:**

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

#### – **Banking Business Mexico:**

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

The information presented herein is based on the standalone 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 here below.

## Profit and loss 1H21

(€ million)	Banking business Spain	Banking business United Kingdom	Banking Business Mexico	Total
<b>Net interest income</b>	<b>1,150</b>	<b>482</b>	<b>54</b>	<b>1,685</b>
Net fees and commissions	651	56	3	709
<b>Core revenues</b>	<b>1,801</b>	<b>537</b>	<b>57</b>	<b>2,395</b>
Net trading income and exchange differences	22	7	-1	28
Income from equity method and dividends	56	0	0	56
Other operating income/expense	-110	-9	-3	-122
<b>Gross operating income</b>	<b>1,769</b>	<b>535</b>	<b>53</b>	<b>2,357</b>
Operating expenses	-821	-394	-35	-1,251
Amortisation & depreciation	-180	-77	-4	-261
<b>Pre-provisions income</b>	<b>767</b>	<b>64</b>	<b>14</b>	<b>845</b>
Total provisions & impairments	-583	-28	-10	-621
Gains on sale of assets and other results	78	-5	0	74
<b>Profit before tax</b>	<b>263</b>	<b>31</b>	<b>4</b>	<b>298</b>
Income tax	-80	8	2	-70
Minority interest	7	0	0	7
<b>Attributable net profit</b>	<b>175</b>	<b>39</b>	<b>6</b>	<b>220</b>
ROE	3.2%	2.9%	1.8%	3.1%
Efficiency	46.4%	73.7%	66.2%	53.7%
Stage 3 ratio	4.3%	1.6%	0.3%	3.6%
Stage 3 coverage ratio w ith total provisions	57.3%	43.6%	416.9%	56.4%

## Profit and loss 1H20

(€ million)	Banking business Spain	Banking business United Kingdom	Banking Business Mexico	Total
<b>Net interest income</b>	<b>1,202</b>	<b>442</b>	<b>61</b>	<b>1,705</b>
Net fees and commissions	626	43	4	673
<b>Core revenues</b>	<b>1,828</b>	<b>485</b>	<b>65</b>	<b>2,378</b>
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
<b>Gross operating income</b>	<b>1,881</b>	<b>517</b>	<b>62</b>	<b>2,461</b>
Operating expenses	-854	-420	-32	-1,307
Amortisation & depreciation	-172	-79	-4	-255
<b>Pre-provisions income</b>	<b>855</b>	<b>18</b>	<b>26</b>	<b>899</b>
Total provisions & impairments	-958	-121	-11	-1,089
Gains on sale of assets and other results	275	1	0	276
<b>Profit before tax</b>	<b>173</b>	<b>-102</b>	<b>15</b>	<b>85</b>
Income tax	31	31	-3	59
Minority interest	-1	0	0	-1
<b>Attributable net profit</b>	<b>205</b>	<b>-71</b>	<b>12</b>	<b>145</b>
ROE	3.7%	--	3.8%	2.0%
Efficiency	45.4%	81.3%	52.0%	53.7%
Stage 3 ratio	4.7%	1.6%	0.8%	4.0%
Stage 3 coverage ratio w ith total provisions	55.6%	51.9%	132.5%	55.6%

## Balance sheet 1H21

(€ million)	Banking business Spain	Banking business United Kingdom	Banking Business Mexico	Total
<b>Total assets</b>	<b>195,172</b>	<b>50,233</b>	<b>4,715</b>	<b>250,120</b>
Performing gross loans	108,042	40,959	3,514	152,515
RE exposure	859	0	0	859
<b>Subtotal liabilities</b>	<b>185,748</b>	<b>47,604</b>	<b>4,095</b>	<b>237,447</b>
On-balance sheet customer funds	113,776	41,416	2,153	157,345
Capital markets w holesale funding	19,188	2,914	0	22,101
<b>Equity</b>	<b>9,423</b>	<b>2,629</b>	<b>620</b>	<b>12,673</b>
Off-balance sheet customer funds	40,736	0	0	40,736

## Balance sheet 1H20

(€ million)	Banking business Spain	Banking business United Kingdom	Banking Business Mexico	Total
<b>Total assets</b>	<b>184,315</b>	<b>45,099</b>	<b>5,033</b>	<b>234,447</b>
Performing gross loans	107,175	34,190	3,767	145,131
RE exposure	946	0	0	946
<b>Subtotal liabilities</b>	<b>174,798</b>	<b>42,562</b>	<b>4,370</b>	<b>221,730</b>
On-balance sheet customer funds	109,485	36,047	2,040	147,572
Capital markets w holesale funding	19,842	2,189	0	22,031
<b>Equity</b>	<b>9,517</b>	<b>2,537</b>	<b>664</b>	<b>12,718</b>
Off-balance sheet customer funds	41,718	0	0	41,718

## Banking Business Spain

As of the end of June 2021, net profit amounted to 175 million euros, representing a year-on-year decrease mainly due to lower net trading income and the impact in the previous year of the capital gain on the sale of Sabadell Asset Management.

Net interest income amounted to 1,150 million euros, -4.4% lower than at the end of June 2020, mainly due to the smaller contribution of the ALCO portfolio following the sales made in the previous year and also due to lower yields and lower overdraft fees.

Net fees and commissions stood at 651 million euros, 4.0% higher than in the same period of the previous year, mainly due to the good performance of service fees.

Net trading income and exchange differences stood at 22 million euros and showed a sharp reduction year-on-year as the previous year included greater capital gains on ALCO portfolio sales.

Equity-accounted results showed strong growth due to higher earnings recorded by investees related to renewable energies.

Operating expenses decreased by -3.8% due to the improvement in personnel expenses, as the savings from the efficiency plan that was executed began to come through.

Provisions and impairments amounted to -583 million euros, representing a sharp reduction, as the previous year included extraordinary provisions associated with the impact of Covid-19.

Capital gains included 83 million euros on the sale of the depositary business in the first half of 2021.

(€ million)	1H20	1H21	YoY (%)	Simple evolution					
				1Q20	2Q20	3Q20	4Q20	1Q21	2Q21
<b>Net interest income</b>	<b>1,202</b>	<b>1,150</b>	<b>-4.4</b>	<b>611</b>	<b>591</b>	<b>597</b>	<b>600</b>	<b>570</b>	<b>579</b>
Net fees and commissions	626	651	4.0	324	302	299	321	314	336
<b>Core revenues</b>	<b>1,828</b>	<b>1,801</b>	<b>-1.5</b>	<b>935</b>	<b>893</b>	<b>896</b>	<b>922</b>	<b>885</b>	<b>916</b>
Net trading income and exchange differences	133	22	-83.1	133	0	20	618	15	7
Income from equity method and dividends	14	56	299.9	4	10	11	12	46	10
Other operating income/expense	-93	-110	17.8	-16	-78	-16	-162	-13	-97
<b>Gross operating income</b>	<b>1,881</b>	<b>1,769</b>	<b>-6.0</b>	<b>1,056</b>	<b>825</b>	<b>911</b>	<b>1,389</b>	<b>933</b>	<b>835</b>
Operating expenses	-854	-821	-3.8	-422	-432	-424	-713	-424	-398
Amortisation & depreciation	-172	-180	4.6	-85	-87	-91	-90	-90	-91
<b>Pre-provisions income</b>	<b>855</b>	<b>767</b>	<b>-10.3</b>	<b>549</b>	<b>306</b>	<b>397</b>	<b>585</b>	<b>420</b>	<b>347</b>
Total provisions & impairments	-958	-583	-39.1	-410	-548	-249	-801	-322	-261
Gains on sale of assets and other results	275	78	-71.5	1	274	28	15	4	75
<b>Profit before tax</b>	<b>173</b>	<b>263</b>	<b>52.0</b>	<b>141</b>	<b>32</b>	<b>175</b>	<b>-201</b>	<b>102</b>	<b>161</b>
Income tax	31	-80	--	-46	77	-34	75	-27	-53
Minority interest	-1	7	--	1	-2	2	0	5	2
<b>Attributable net profit</b>	<b>205</b>	<b>175</b>	<b>-14.2</b>	<b>94</b>	<b>110</b>	<b>139</b>	<b>-126</b>	<b>71</b>	<b>105</b>
<b>Accumulated ratios</b>									
ROE	3.7%	3.2%		2.4%	3.7%	3.8%	2.2%	1.2%	3.2%
Efficiency	45.4%	46.4%		39.9%	45.4%	45.7%	47.6%	45.4%	46.4%
Stage 3 ratio	4.7%	4.3%		4.7%	4.7%	4.6%	4.4%	4.5%	4.3%
Stage 3 coverage ratio w ith total provisions	55.6%	57.3%		52.7%	55.6%	55.8%	55.7%	57.6%	57.3%

Outstanding performing loans increased year-on-year by 0.8%, despite the collection by the DGF of 1,519 million euros related to the APS. Excluding the APS, lending growth was up by 2.3%, driven by business lending to corporates, SMEs and self-employed professionals and by the increase in mortgage loans granted to individuals.

On-balance sheet customer funds grew by 3.9% year-on-year, driven by sight accounts, partly as the result of funds flowing out of term deposits due to the low interest rate environment. Off-balance sheet funds decreased by -2.4% year-on-year following the disposal of Sabadell Asset Management.

(€ million)	1H20	1H21	YoY (%)	Simple evolution					
				1Q20	2Q20	3Q20	4Q20	1Q21	2Q21
<b>Total assets</b>	<b>184,315</b>	<b>195,172</b>	<b>5.9</b>	<b>173,442</b>	<b>184,315</b>	<b>186,331</b>	<b>183,896</b>	<b>190,290</b>	<b>195,172</b>
Performing gross loans	107,175	108,042	0.8	105,008	107,175	106,505	106,327	106,815	108,042
RE exposure	946	859	-9.2	859	946	979	871	869	859
<b>Subtotal liabilities</b>	<b>174,798</b>	<b>185,748</b>	<b>6.3</b>	<b>163,665</b>	<b>174,798</b>	<b>176,852</b>	<b>174,677</b>	<b>181,057</b>	<b>185,748</b>
On-balance sheet customer funds	109,485	113,776	3.9	107,803	109,485	109,750	110,571	110,624	113,776
Capital markets w wholesale funding	19,842	19,188	-3.3	20,762	19,842	20,164	18,332	18,815	19,188
<b>Equity</b>	<b>9,517</b>	<b>9,423</b>	<b>-1.0</b>	<b>9,777</b>	<b>9,517</b>	<b>9,479</b>	<b>9,219</b>	<b>9,233</b>	<b>9,423</b>
Off-balance sheet customer funds	41,718	40,736	-2.4	40,044	41,718	36,865	38,064	39,478	40,736
<b>Other data</b>									
Employees	16,570	14,648		16,668	16,570	16,391	16,260	14,518	14,648
Branches	1,753	1,613		1,847	1,753	1,704	1,614	1,613	1,613

## Banking Business United Kingdom

Net profit stood at 39 million euros as of the end of June 2021, representing an improvement on last year's figure of -71 million euros, due to higher core revenues, lower costs and fewer provisions.

Net interest income amounted to a total of 482 million euros, 9.1% higher than in the previous year due to the strong growth of mortgage volumes.

Net fees and commissions increased by 28.3% year-on-year, mainly due to higher service fees, particularly card fees.

Operating expenses amounted to -394 million euros and fell by -6.2% year-on-year, due to improved general expenses.

Provisions and impairments amounted to -28 million euros, falling considerably during the year, as June 2020 included extraordinary provisions associated with the impact of Covid-19 and this year the improved macroeconomic environment was included.

A tax reduction of 23 million euros is recorded in Income tax due to the substantive enactment in Parliament of the increase in the UK corporation tax rate from 19% to 25% from April 2023.

(€ million)	1H20	1H21	YoY (%)	YoY (%) at constant FX	Simple evolution					
					1Q20	2Q20	3Q20	4Q20	1Q21	2Q21
<b>Net interest income</b>	<b>442</b>	<b>482</b>	<b>9.1</b>	<b>8.5</b>	<b>242</b>	<b>200</b>	<b>217</b>	<b>226</b>	<b>236</b>	<b>246</b>
Net fees and commissions	43	56	28.3	27.6	22	21	26	27	26	29
<b>Core revenues</b>	<b>485</b>	<b>537</b>	<b>10.8</b>	<b>10.2</b>	<b>264</b>	<b>221</b>	<b>243</b>	<b>253</b>	<b>262</b>	<b>275</b>
Net trading income and exchange differences	19	7	-62.4	-62.6	14	5	3	3	9	-2
Income from equity method and dividends	0	0	--	--	0	0	0	0	0	0
Other operating income/expense	13	-9	--	--	1	12	-7	-4	0	-9
<b>Gross operating income</b>	<b>517</b>	<b>535</b>	<b>3.5</b>	<b>3.0</b>	<b>280</b>	<b>237</b>	<b>239</b>	<b>252</b>	<b>271</b>	<b>264</b>
Operating expenses	-420	-394	-6.2	-6.7	-212	-208	-255	-200	-200	-194
Amortisation & depreciation	-79	-77	-2.8	-3.3	-38	-40	-38	-44	-37	-40
<b>Pre-provisions income</b>	<b>18</b>	<b>64</b>	<b>262.4</b>	<b>260.3</b>	<b>29</b>	<b>-12</b>	<b>-53</b>	<b>8</b>	<b>34</b>	<b>30</b>
Total provisions & impairments	-121	-28	-76.6	-76.7	-38	-83	-49	-71	-23	-5
Gains on sale of assets and other results	1	-5	--	--	0	1	-5	1	-3	-1
<b>Profit before tax</b>	<b>-102</b>	<b>31</b>	<b>--</b>	<b>--</b>	<b>-8</b>	<b>-94</b>	<b>-107</b>	<b>-62</b>	<b>8</b>	<b>23</b>
Income tax	31	8	-74.9	-75.0	1	30	23	-3	-5	13
Minority interest	0	0	--	--	0	0	0	0	0	0
<b>Attributable net profit</b>	<b>-71</b>	<b>39</b>	<b>--</b>	<b>--</b>	<b>-7</b>	<b>-64</b>	<b>-84</b>	<b>-65</b>	<b>2</b>	<b>36</b>
<b>Accumulated ratios</b>										
ROE	--	2.9%			--	--	--	--	0.4%	2.9%
Efficiency	81.3%	73.7%			75.7%	81.3%	89.3%	86.8%	73.8%	73.7%
Stage 3 ratio	1.6%	1.6%			1.2%	1.6%	1.4%	1.3%	1.8%	1.6%
Stage 3 coverage ratio with total provisions	51.9%	43.6%			48.9%	51.9%	58.9%	57.4%	42.0%	43.6%

In TSB, lending grew by 19.8% year-on-year, supported by the appreciation of the pound. Considering a constant exchange rate, this item increased by 12.7% year-on-year due to the growth of the mortgage book.

On-balance sheet customer funds increased by 14.9%. Considering a constant exchange rate, this item increased by 8.0% year-on-year, due to the increase in current accounts, reflecting lower consumer spending levels.

(€ million)	1H20	1H21	YoY (%)	YoY (%) at constant FX	Simple evolution					
					1Q20	2Q20	3Q20	4Q20	1Q21	2Q21
<b>Total assets</b>	<b>45,099</b>	<b>50,233</b>	<b>11.4</b>	<b>4.7</b>	<b>45,460</b>	<b>45,099</b>	<b>45,349</b>	<b>47,284</b>	<b>49,917</b>	<b>50,233</b>
Performing gross loans	34,190	40,959	19.8	12.7	34,844	34,190	35,415	36,977	39,893	40,959
<b>Subtotal liabilities</b>	<b>42,562</b>	<b>47,604</b>	<b>11.8</b>	<b>5.2</b>	<b>43,095</b>	<b>42,562</b>	<b>42,735</b>	<b>44,673</b>	<b>47,193</b>	<b>47,604</b>
On-balance sheet customer funds	36,047	41,416	14.9	8.0	34,590	36,047	36,784	38,213	41,144	41,416
Capital markets w/wholesale funding	2,189	2,914	33.1	25.2	2,290	2,189	1,792	2,319	2,799	2,914
<b>Equity</b>	<b>2,537</b>	<b>2,629</b>	<b>3.6</b>	<b>-2.6</b>	<b>2,365</b>	<b>2,537</b>	<b>2,614</b>	<b>2,611</b>	<b>2,724</b>	<b>2,629</b>
<b>Other data</b>										
Employees	7,133	5,978			7,276	7,133	7,028	6,709	6,451	5,978
Branches	503	290			534	503	485	454	373	290

## Mexico

Net profit at the end of June 2021 amounted to 6 million euros, representing a decline in year-on-year terms, mainly due to reduced net interest income and lower net trading income.

Net interest income amounted to 54 million euros and decreased by -11.1%, affected by the exchange rate of the Mexican peso. At a constant exchange rate, it fell by -9.4% due to lower volumes and a fall in the official rate (from 5.65% in June 2020 to 4.32% in June 2021).

Net fees and commissions amounted to 3 million euros, falling by 1 million euros from the previous year due to lower activity levels.

Operating expenses increased by -3 million euros, mainly due to higher general expenses associated with technology.

Provisions and impairments amounted to -10 million euros, lower than in the previous year due to lower lending volumes.

(€ million)	1H20	1H21	YoY (%)	YoY (%) at constant FX	Simple evolution					
					1Q20	2Q20	3Q20	4Q20	1Q21	2Q21
<b>Net interest income</b>	<b>61</b>	<b>54</b>	<b>-11.1</b>	<b>-9.4</b>	<b>32</b>	<b>29</b>	<b>27</b>	<b>27</b>	<b>27</b>	<b>27</b>
Net fees and commissions	4	3	-25.2	-23.8	3	1	2	2	1	2
<b>Core revenues</b>	<b>65</b>	<b>57</b>	<b>-12.0</b>	<b>-10.3</b>	<b>34</b>	<b>30</b>	<b>29</b>	<b>29</b>	<b>28</b>	<b>29</b>
Net trading income and exchange differences	4	-1	--	--	4	0	-1	1	-1	0
Income from equity method and dividends	0	0	--	--	0	0	0	0	0	0
Other operating income/expense	-6	-3	-56.3	-55.5	-3	-3	-3	-5	-1	-2
<b>Gross operating income</b>	<b>62</b>	<b>53</b>	<b>-15.2</b>	<b>-13.6</b>	<b>35</b>	<b>27</b>	<b>25</b>	<b>25</b>	<b>26</b>	<b>27</b>
Operating expenses	-32	-35	7.9	9.9	-19	-14	-16	-24	-16	-19
Amortisation & depreciation	-4	-4	5.0	7.0	-2	-2	-3	-3	-2	-2
<b>Pre-provisions income</b>	<b>26</b>	<b>14</b>	<b>-47.2</b>	<b>-46.2</b>	<b>15</b>	<b>11</b>	<b>6</b>	<b>-2</b>	<b>7</b>	<b>6</b>
Total provisions & impairments	-11	-10	-10.1	-8.4	-7	-4	-4	-12	-9	-1
Gains on sale of assets and other results	0	0	--	--	0	0	0	0	0	0
<b>Profit before tax</b>	<b>15</b>	<b>4</b>	<b>-74.2</b>	<b>-73.8</b>	<b>8</b>	<b>7</b>	<b>2</b>	<b>-14</b>	<b>-2</b>	<b>6</b>
Income tax	-3	2	--	--	-2	-1	0	5	2	0
Minority interest	0	0	--	--	0	0	0	0	0	0
<b>Attributable net profit</b>	<b>12</b>	<b>6</b>	<b>-50.4</b>	<b>-49.5</b>	<b>6</b>	<b>6</b>	<b>2</b>	<b>-10</b>	<b>0</b>	<b>6</b>
<b>Accumulated ratios</b>										
RDE	3.8%	1.8%			3.8%	3.8%	2.8%	0.6%	--	1.8%
Efficiency	52.0%	66.2%			52.9%	52.0%	55.5%	64.3%	63.7%	66.2%
Stage 3 ratio	0.8%	0.3%			1.1%	0.8%	0.6%	0.5%	0.2%	0.3%
Stage 3 coverage ratio with total provisions	132.5%	416.9%			111.4%	132.5%	166.3%	231.6%	477.4%	416.9%

Outstanding performing loans showed a reduction of -6.7% year-on-year and of -3.1% in the quarter, due to the conservative policy followed when granting new loans.

On-balance sheet customer funds increased by 5.5% year-on-year, supported by the evolution of the Mexican peso exchange rate. Considering a constant exchange rate, they showed a decrease of -2.9%.

(€ million)	1H20	1H21	YoY (%)	YoY (%) at constant FX	Simple evolution					
					1Q20	2Q20	3Q20	4Q20	1Q21	2Q21
<b>Total assets</b>	<b>5,033</b>	<b>4,715</b>	<b>-6.3</b>	<b>-9.3</b>	<b>4,384</b>	<b>5,033</b>	<b>4,413</b>	<b>4,584</b>	<b>4,665</b>	<b>4,715</b>
Performing gross loans	3,767	3,514	-6.7	-8.2	3,623	3,767	3,543	3,574	3,626	3,514
<b>Subtotal liabilities</b>	<b>4,370</b>	<b>4,095</b>	<b>-6.3</b>	<b>-8.3</b>	<b>3,754</b>	<b>4,370</b>	<b>3,776</b>	<b>3,922</b>	<b>3,992</b>	<b>4,095</b>
On-balance sheet customer funds	2,040	2,153	5.5	-2.9	1,612	2,040	1,629	1,994	2,031	2,153
<b>Equity</b>	<b>664</b>	<b>620</b>	<b>-6.5</b>	<b>-15.0</b>	<b>630</b>	<b>664</b>	<b>638</b>	<b>661</b>	<b>673</b>	<b>620</b>
<b>Other data</b>										
Employees	503	469			471	503	499	489	483	469
Branches	15	15			15	15	15	15	15	15

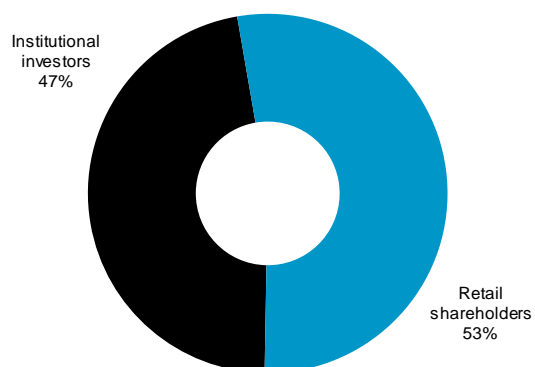
## 4. Share price performance

	30.06.20	31.03.21	30.06.21	
<b>Shareholders and trading</b>				
Number of shareholders	247,003	241,078	235,053	
Average number of shares (million)	5,590	5,581	5,584	
Average daily trading volume (millions shares)	58	44	41	
<b>Share price (€)</b> (1)				
Opening session (of the year)	1.040	0.354	0.354	
High (of the year)	1.080	0.502	0.684	
Low (of the year)	0.250	0.343	0.343	
Closing session	0.309	0.456	0.574	
Market capitalisation (€ million)	1,728	2,545	3,206	
<b>Stock market multiples</b>				
Earnings per share (EPS) (€)	(2)	0.03	0.01	0.06
Book value (€ million)		13,122	12,959	13,099
Book value per share (€)		2.35	2.32	2.35
Tangible book value (€ million)		10,539	10,372	10,506
TBV per share (€)		1.89	1.86	1.88
Price / Book value (times)		0.13	0.20	0.24
Price / Earnings ratio (P/E) (times)		9.43	49.54	10.27

(1) Without adjusting historical values.

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

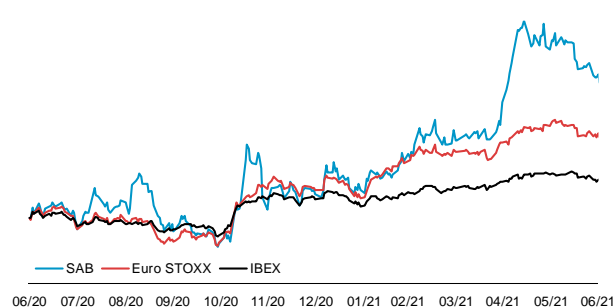
### Shareholder breakdown (%)



Source: GEM, data as of 30 June 2021

### Comparative evolution of SAB share

Period from 30.06.2020 to 30.06.2021





## 5. Key developments in the quarter

### **Banco Sabadell and the ALD Automotive group have entered into a long-term strategic partnership to offer vehicle leasing products**

On 29 April 2021, Banco Sabadell and the ALD Automotive group have entered into a long-term strategic relationship, to offer vehicle leasing products, which will allow Banco Sabadell to improve its customer value proposition for mobility solutions, with a larger and more innovative range of vehicle leasing products.

The transaction includes the sale of 100% of the share capital of Bansabadell Renting, S.L.U. ("Bansabadell Renting") for an amount of FIFTY-NINE MILLION EUROS (€59,000,000).

The expected closing of the transaction, which is subject to obtaining the relevant authorisations, will occur on the last quarter of 2021.

It is expected that the transaction contributes with 10 basis points to the ratio Common Equity Tier 1 (CET1) fully-loaded.

### **Banco Sabadell sells its institutional depositary business to BNP Paribas**

Following the Inside Information of 30 March 2020 (number 287,476), after obtaining the relevant authorizations and the satisfaction of all conditions, on 4 June 2021, Banco Sabadell has transferred its institutional depositary business to Paribas Securities Services S.C.A., Sucursal en España (BP2S) for an amount of 115 million Euros.

The agreement foresees additional collections after date hereof subject to the satisfaction of certain targets linked to the volume of assets under deposit of BP2S and incomes for such commissions.

The transaction generates a net capital gain amounting to 75 million Euros for Banco Sabadell, of which 58 million Euros (corresponding to 7 basis points to CET1) are recognized today, the remainder 17 million Euros being accrued proportionally during the following financial years.

### **S&P Global Ratings revises Banco Sabadell's rating**

On 24 June 2021, S&P Global Ratings has announced the review of Banco Sabadell's long-term rating, standing at BBB- from BBB, with a stable outlook, to reflect the challenges Sabadell's new management team faces on profitability, efficiency and digitalization. The short-term rating has gone from A-2 to A-3.

### **Banco Sabadell and Mora Banc Grup agree on the sale of BancSabadell d'Andorra**

On 15 July 2021, Banco Sabadell and Mora Banc Grup, S.A. ("MoraBanc") have entered into an agreement whereby MoraBanc undertakes to acquire, subject to obtaining the relevant regulatory approvals, the entire shareholding stake held by Banco Sabadell at BancSabadell d'Andorra, S.A. (namely, 51.61% taking into account the treasury stock) for an amount of EUR 67 million approx. The final amount will be set upon verification of certain financial figures as of 30 June 2021.

Closing of the transaction is expected to occur on the last quarter of 2021.

MoraBanc has committed vis-à-vis Banco Sabadell to offering the minority shareholders of BancSabadell d'Andorra, S.A. the acquisition of their shares on the same economic terms as those agreed with Banco Sabadell.

It is expected that the transaction contributes with 7 basis points to the ratio Common Equity Tier 1 (CET1) fully-loaded.

## 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 unaudited 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 and adjusted by contributions to deposit guarantee and resolution funds (DGF and SRF) and tax on deposits of credit institutions (IDEC), except year end.	5
ROE	(*) (***)	Profit attributed to the Group / average equity. In the numerator the annualization of the profit obtained to date is considered and adjusted by contributions to deposit guarantee and resolution funds (DGF and SRF) and tax on deposits of credit institutions (IDEC), except year end.	5
RORWA	(*)	Profit attributed to the Group / risk-weighted assets (RWA). In the numerator the annualization of the profit obtained to date is considered and adjusted by contributions to deposit guarantee and resolution funds (DGF and SRF) and tax on deposits of credit institutions (IDEC), except year end.	5
ROTE	(*) (**)	Profit attributed to the Group / average equity. In the numerator the annualization of the profit obtained to date is considered 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.	5
Efficiency ratio	(*)	Administrative expenses / 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.	5
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 gains or losses on sales of equity holdings and other items) 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 gains or losses on sales of equity holdings and other items 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.	16
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.	16
Gross loans to customers		Includes loans and advances to customers excluding impairment allowances.	17
Performing gross loans		Includes gross loans to customers excluding repos, stage 3 assets and accrual adjustments.	17
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).	19
Off-balance sheet customer funds		Includes mutual funds, asset management, pension funds and third-party insurance products.	19
On-balance sheet funds		Includes accounting sub-headings of customer deposits, debt securities issued (debt and other tradable securities and subordinated liabilities).	19
Funds under management and third-party funds		Sum of on-balance sheet and off-balance sheet customer funds.	19
Stage 3 coverage ratio with total provisions		Shows the % of stage 3 exposures covered by total provisions. Calculated using the ratio between the allowance of loans and advances to customers (including allowances for guarantees granted) / total stage 3 exposures (including stage 3 guarantees granted).	20
Stage 3 coverage ratio		Shows the % of stage 3 exposures covered by stage 3 provisions. Calculated using the ratio between the stage 3 allowance of loans and advances to customers (including stage 3 allowances for guarantees granted) / total stage 3 exposures (including stage 3 guarantees granted).	22
Problematic assets coverage		Ratio between provisions associated with problematic assets / total problematic assets.	22
Stage 3 ratio		Shows the % of stage 3 exposures over total risk assumed by customers not classified as non-current assets held for sale. Calculated using the ratio between stage 3 exposures, including guarantees granted / loans to customer and guarantees granted. See table for the definition of stage 3 exposures.	20
Credit 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 stage 3 management assets and provisions for institutional NPA sales are adjusted.	20
Problematic assets		Sum of stage 3 exposures and problematic real estate assets. Also referred to as non-performing assets (NPAs).	22
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.	22
Stage 3 exposures		Sum of accounting items: stage 3 loans and advances to customers and stage 3 guarantees granted.	23
Loan-to-deposits ratio		Net loans and receivables divided by retail funding. The numerator excludes mediation loans. The denominator considers real estate funding and customer funds.	24
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.	25
Market capitalisation		Share price multiplied by the average number of outstanding shares at the end of the period.	32
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 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.	32
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 (DGF and SRF) and tax on deposits of credit institutions (IDEC), except at year end.	32
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 (DGF and SRF) and tax on deposits of credit institutions (IDEC), except year end.	32
Price / Book value (times)	(*)	Ratio between share price / book value per share.	32
Price / Earnings ratio (P/E) (times)	(*)	Ratio between share price / earnings per share.	32

(\*) 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 reference period, divided by the number of days during that period.

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

Alternative Performance measures	Conciliation (€millions)	1H20	2020	1H21
ROA	Average total assets	221,448	227,639	240,872
	Consolidated net profit	145	3	227
	DGF - SRF - IDEC adjustment net of tax	-18	0	-20
	<b>ROA (%)</b>	<b>0.12</b>	<b>0.00</b>	<b>0.17</b>
ROE	Average equity	13,106	13,151	12,991
	Attributable net profit	145	2	220
	DGF - SRF - IDEC adjustment net of tax	-18	0	-20
	<b>ROE (%)</b>	<b>1.96</b>	<b>0.02</b>	<b>3.10</b>
RORWA	Risk weighted assets (RWA)	78,210	78,779	80,989
	Attributable net profit	145	2	220
	DGF - SRF - IDEC adjustment net of tax	-18	0	-20
	<b>RORWA (%)</b>	<b>0.33</b>	<b>0.00</b>	<b>0.50</b>
ROTE	Average equity (excluding intangible assets)	10,522	10,558	10,391
	Attributable net profit	145	2	220
	DGF - SRF - IDEC adjustment net of tax	-18	0	-20
	<b>ROTE (%)</b>	<b>2.44</b>	<b>0.02</b>	<b>3.88</b>
Efficiency ratio	Gross operating income	2,461	5,302	2,357
	DGF - SRF - IDEC adjustment	-25	0	-29
	<b>Adjusted gross operating income</b>	<b>2,435</b>	<b>5,302</b>	<b>2,328</b>
	Operating expenses	-1,307	-2,938	-1,251
	<b>Efficiency ratio (%)</b>	<b>53.65</b>	<b>55.41</b>	<b>53.73</b>
Other operating income/expense	Other operating income	124	225	83
	Other operating expenses	-210	-509	-205
	Income from assets under insurance or reinsurance contracts	0	0	0
	Expenses on liabilities under insurance or reinsurance contracts	0	0	0
	<b>Other operating income/expense</b>	<b>-86</b>	<b>-284</b>	<b>-122</b>
Total provisions & impairments	Provisions or reversal of provisions	-117	-275	-49
	Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss	-881	-1,745	-504
	<b>Provisions for NPLs and other financial assets</b>	<b>-998</b>	<b>-2,020</b>	<b>-553</b>
	Impairment or reversal of impairment of investments in joint ventures and associates	1	0	0
	Impairment or reversal of impairment on non-financial assets	2	-40	-39
	Profit or loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations	182	103	-35
	Gains or losses on sales of equity holdings and other items	-277	-320	6
	Gains from sales of investment properties and associates	1	4	0
	<b>Other impairments</b>	<b>-91</b>	<b>-254</b>	<b>-68</b>
	<b>Total provisions &amp; impairments</b>	<b>-1,089</b>	<b>-2,275</b>	<b>-621</b>
Gains on sale of assets and other results	Gains or losses on derecognition of non-financial assets, net	1	-3	80
	Gains or losses on sales of equity holdings and other items	277	320	-6
	Gains from sales of investment properties and associates	-1	-4	0
	<b>Gains on sale of assets and other results</b>	<b>276</b>	<b>313</b>	<b>74</b>
Pre-provisions income	Gross operating income	2,461	5,302	2,357
	Operating expenses	-1,307	-2,938	-1,251
	Personnel expenses	-798	-1,885	-754
	Other general expenses	-509	-1,054	-497
	Amortisation & depreciation	-255	-523	-261
	<b>Pre-provisions income</b>	<b>899</b>	<b>1,841</b>	<b>845</b>
Customer spread (*)	Loans to customers (net)			
	Avge.balance	142,936	144,207	149,881
	Results	1,888	3,628	1,741
	Rate %	2.66	2.52	2.34
	Customer deposits			
	Avge.balance	150,785	152,495	160,522
	Results	-143	-223	-52
	Rate %	-0.19	-0.15	-0.07
	<b>Customer spread</b>	<b>2.47</b>	<b>2.37</b>	<b>2.27</b>
Other assets	Derivatives - Hedge accounting	689	550	497
	Fair value changes of the hedged items in portfolio hedge of interest rate risk	454	459	214
	Tax assets	6,962	7,152	6,861
	Other assets	1,469	908	1,491
	Non-current assets and disposal groups classified as held for sale	974	976	1,357
	<b>Other assets</b>	<b>10,547</b>	<b>10,044</b>	<b>10,421</b>
Other liabilities	Derivatives - Hedge accounting	893	783	610
	Fair value changes of the hedged items in portfolio hedge of interest rate risk	379	372	206
	Tax liabilities	251	206	253
	Other liabilities	855	883	742
	Liabilities included in disposal groups classified as held for sale	29	0	70
	<b>Other liabilities</b>	<b>2,407</b>	<b>2,244</b>	<b>1,880</b>

(\*) Customer spread is calculated using cumulative data.

Alternative Performance measures	Conciliation (€millions)	1H 20	2020	1H 21
Performing gross loans	Mortgage loans & credits	80,919	83,573	87,853
	Other secured loans & credits	3,662	3,698	3,723
	Working capital	4,625	4,991	5,439
	Leasing	2,431	2,231	2,176
	Unsecured lending and others	53,494	52,386	53,324
	<b>Performing gross loans</b>	<b>145,131</b>	<b>146,878</b>	<b>152,515</b>
	Stage 3 assets (customer)	6,175	5,320	5,516
	Accruals	-25	3	6
	<b>Gross loans to customers excluding repos</b>	<b>151,281</b>	<b>152,201</b>	<b>158,038</b>
	Reverse repos	100	63	0
Gross loans to customers	<b>Gross loans to customers</b>	<b>151,381</b>	<b>152,265</b>	<b>158,038</b>
	NPL and country-risk provisions	-3,364	-3,081	-3,177
	<b>Loans and advances to customers</b>	<b>148,018</b>	<b>149,183</b>	<b>154,860</b>
On-balance sheet customer funds	Financial liabilities at amortised cost	215,466	217,391	233,256
	Non-retail financial liabilities	67,594	66,612	75,911
	Central banks	30,810	31,881	34,819
	Credit institutions	9,248	10,083	12,674
	Institutional issues	22,595	20,905	22,645
	Other financial liabilities	4,941	3,743	5,774
	<b>On-balance sheet customer funds</b>	<b>147,572</b>	<b>150,778</b>	<b>157,345</b>
	Customer deposits	148,341	151,270	158,212
	Sight accounts	123,888	130,295	140,028
	Fixed-term deposits including available and hybrid financial liabilities	23,966	20,805	17,645
Repos	336	13	424	
Accruals and derivative hedging adjustments	150	157	115	
Debt and other marketable securities	18,931	17,510	18,315	
Subordinated liabilities (*)	2,896	2,903	3,463	
On-balance sheet funds	<b>On-balance sheet funds</b>	<b>170,168</b>	<b>171,683</b>	<b>179,990</b>
	Mutual funds	25,059	21,366	23,555
	Managed accounts	3,226	3,298	3,708
	Pension funds	3,248	3,349	3,458
	Third-party insurance products	10,885	10,051	10,015
Off-balance sheet customer funds	<b>Off-balance sheet customer funds</b>	<b>41,718</b>	<b>38,064</b>	<b>40,736</b>
Funds under management and third-party funds	<b>Funds under management and third-party funds</b>	<b>211,886</b>	<b>209,748</b>	<b>220,726</b>
Stage 3 exposures	Customer, central banks and financial institutions loans and advances	6,203	5,351	5,545
	Guarantees granted in stage 3	166	457	449
	<b>Stage 3 exposures (€ million)</b>	<b>6,359</b>	<b>5,808</b>	<b>5,995</b>
Stage 3 coverage ratio with total provisions (%)	Stage 3 exposures	6,359	5,808	5,995
	Total provisions	3,537	3,279	3,378
	<b>Stage 3 coverage ratio with total provisions (%)</b>	<b>55.6%</b>	<b>56.5%</b>	<b>56.4%</b>
Stage 3 coverage ratio (%)	Stage 3 exposures	6,359	5,808	5,995
	Stage 3 provisions	2,578	2,272	2,374
	<b>Stage 3 coverage ratio (%)</b>	<b>40.5%</b>	<b>39.1%</b>	<b>39.6%</b>
Problematic Real Estate coverage ratio (%)	Problematic RE Assets	1,460	1,373	1,370
	Provisions	514	502	511
	<b>Problematic Real Estate coverage ratio (%)</b>	<b>35.2%</b>	<b>36.6%</b>	<b>37.3%</b>
Problematic assets	Stage 3 exposures	6,359	5,808	5,995
	Problematic RE Assets	1,460	1,373	1,370
	<b>Problematic assets</b>	<b>7,820</b>	<b>7,182</b>	<b>7,365</b>
Problematic assets coverage (%)	Provisions of problematic assets	4,051	3,781	3,889
	<b>Problematic assets coverage (%)</b>	<b>51.8%</b>	<b>52.6%</b>	<b>52.8%</b>
	Stage 3 ratio (%)	Stage 3 exposures	6,359	5,808
Loans to customers and guarantees granted		160,835	161,474	167,397
<b>Stage 3 ratio (%)</b>		<b>4.0%</b>	<b>3.6%</b>	<b>3.6%</b>
Credit cost of risk (bps)	Loans to customers and guarantees granted	160,835	161,474	167,397
	Provisions for NPLs	-918	-1,832	-505
	NPLs costs	-63	-117	-64
	Provisions for institutional NPA sales	0.0	-325	0.0
<b>Credit cost of risk (bps)</b>	<b>107</b>	<b>86</b>	<b>53</b>	
Loan-to-deposits ratio (%)	Adjusted net loans and advances w/o repos by brokered loans	145,573	147,143	153,472
	On-balance sheet customer funds	147,572	150,778	157,345
	<b>Loan-to-deposits ratio (%)</b>	<b>98.6%</b>	<b>97.6%</b>	<b>97.5%</b>
Market capitalisation (€million)	Average number of shares (million)	5,590	5,582	5,584
	Share price (€)	0.309	0.354	0.574
	<b>Market capitalisation (€million)</b>	<b>1,728</b>	<b>1,976</b>	<b>3,206</b>
Earnings per share (EPS) (€)	Net profit attributed to the Group adjusted	91	-71	155
	Attributable net profit	145	2	220
	DGF - SRF - IDEC adjustment net of tax	-18	0	-20
	Accrued AT1	-37	-73	-45
	<b>Earnings per share (EPS) (€)</b>	<b>0.03</b>	<b>-0.01</b>	<b>0.06</b>
Book value per share (€)	Adjusted equity	13,122	12,944	13,099
	Shareholders' equity	13,140	12,944	13,120
	DGF - SRF - IDEC adjustment net of tax	-18	0	-20
	Average number of shares (million)	5,590	5,582	5,584
	<b>Book value per share (€)</b>	<b>2.35</b>	<b>2.32</b>	<b>2.35</b>
TBV per share (€)	Intangible assets	2,583	2,622	2,594
	Tangible book value (€million)	10,539	10,322	10,506
	<b>TBV per share (€)</b>	<b>1.89</b>	<b>1.85</b>	<b>1.88</b>
Price / Book value (times)	Share price (€)	0.309	0.354	0.574
Price / Earnings ratio (P/E) (times)	<b>Price / Book value (times)</b>	<b>0.13</b>	<b>0.15</b>	<b>0.24</b>
	<b>Price / Earnings ratio (P/E) (times)</b>	<b>9.43</b>	<b>-27.75</b>	<b>10.27</b>

(\*) Refers to subordinated liabilities of debt securities.

See list, definition and purpose of the APMs used by Banco Sabadell Group here:

[www.grupbancsabadell.com/INFORMACION\\_ACCIONISTAS\\_E\\_INVERSOIRES/INFORMACION\\_FINANCIERA/MEDIDAS\\_ALTERNATIVAS\\_DEL\\_RENDIMIENTO](http://www.grupbancsabadell.com/INFORMACION_ACCIONISTAS_E_INVERSOIRES/INFORMACION_FINANCIERA/MEDIDAS_ALTERNATIVAS_DEL_RENDIMIENTO)

# Shareholder and Investor Relations

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