4Q19
Quarterly Financial Report

Contents

Basis of presentation

The consolidated income statement and balance sheet as at the end of December 2019 and 2018, 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 annual financial statements as at 31 December 2019.
Pursuant to the Guidelines on alternative performance measures published by the European Securities and Markets Authority on 5 October 2015 (ESMA/2015/1415es), a glossary has been included with the definitions and the reconciliation with the items presented in the financial statements of certain alternative financial measures used in this document. See Glossary of terms on performance measures.

1. Key figures

		Excl. TSB			Total group		
		31.12.18	31.12.19	Change (%)	31.12.18	(5) 31.12.19	Change (%)
Profit and loss account (€ million)							
Net interest income		2,675	2,644	-1.2	3,675	3,622	-1.4
Core revenues		3,926	3,966	1.0	5,010	5,061	1.0
Gross operating income		3,968	3,841	-3.2	5,010	4,932	-1.6
Pre-provisions income		1,842	1,680	-8.8	1,737	1,719	-1.0
Attributable net profit		568	813	43.1	328	768	134.0
Balance sheet (€ million)							
Total assets		176,140	177,305	0.7	222,322	223,754	0.6
Performing gross loans		105,732	108,076	2.2	139,366	144,572	3.7
Gross loans to customers		112,269	113,492	1.1	146,420	150,749	3.0
On-balance sheet customer funds		104,859	110,886	5.7	137,343	146,309	6.5
Off-balance sheet customer funds		44,034	43,163	-2.0	44,034	43,163	-2.0
Total customer funds		148,893	154,049	3.5	181,377	189,472	4.5
Net equity		--	--		12,117	12,974	7.1
Shareholders' equity		--	--		12,545	13,172	5.0
Profitability and efficiency ratios (%)							
ROA		--	--		0.15	0.35	
RORWA		--	--		0.41	0.95	
ROE	(1)	--	--		2.60	5.94	
ROTE		--	--		3.18	7.36	
Efficiency		46.90	47.57		58.29	55.63	
Risk management							
Non-performing exposures (€ million)	(2)	6,106	5,690	-6.8	6,554	6,141	-6.3
Total problematic assets (€ million)	(2)	7,832	6,874	-12.2	8,279	7,326	-11.5
NPL ratio (%)	(2)	5.04	4.62		4.22	3.83	
NPL coverage ratio (%)	(2)	54.3	50.1		54.1	49.6	
Problematic assets coverage (%)	(2)	52.2	47.2		52.1	46.9	
Liquidity management (%)							
Loan-to-deposits ratio		101	97		102	99	
LCR		168	184		158	172	
Capital management							
Risk weighted assets (RWA) (€ million)		--	--		80,335	81,231	1.1
Common Equity Tier 1 phase-in (%)		--	--		12.0	12.4	
Common Equity Tier 1 fully-loaded (%)		--	--		11.1	11.7	
Tier 1 phase-in (%)		--	--		13.4	13.9	
Total capital ratio phase-in (%)		--	--		14.7	15.7	
Leverage ratio phase-in (%)		--	--		4.86	5.01	
Share data (period end)							
Number of shareholders		--	--		235,523	235,034	
Average number of shares (million)		--	--		5,565	5,538	
Share price (€)	(3)	--	--		1.001	1.040	
Market capitalisation (€ million)		--	--		5,568	5,760	
Earnings per share (EPS) (€)	(4)	--	--		0.05	0.13	
Book value per share (€)		--	--		2.25	2.38	
TBV per share (€)		--	--		1.81	1.92	
Price / Book value (times)		--	--		0.44	0.44	
Price / Earnings ratio (P/E) (times)		--	--		20.11	8.29	
Other data							
Branches		1,907	1,862		2,457	2,402	
Employees		17,828	17,060		26,181	24,454	

(1) ROE adjusted by Additional Tier 1 coupons stood at 5.4%.
(2) NPA portfolios sold to institutional investors were reclassified as non-current assets held for sale, therefore the figures are shown excluding these assets.
(3) Without adjusting historical values.
(4) Net profit adjusted by the Additional Tier 1 coupons recorded under equity.
(5) The EURGBP exchange rate used for the income statement as at 31.12.2019 is 0.8782. The exchange rate used for the balance sheet is 0.8508.

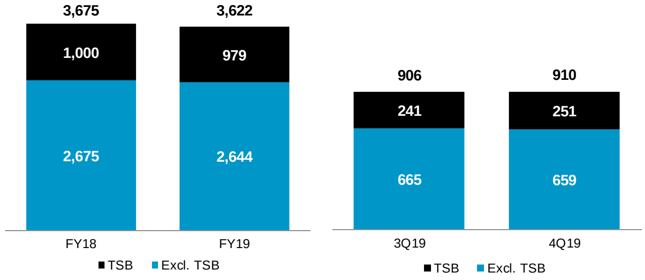
2. Summary

Net interest income

Net interest income amounted to 3,622 million euros as at 2019 year-end, representing a reduction of -1.4% in the year, due to the impact of IFRS 16 implementation, the consumer loan securitisation and lower interest rates. Excluding the impact of the securitisation[1], this decline is brought down to -0.9%.

In the quarter, net interest income grew by 0.4%. Excluding the impact of the securitisation, growth of 2.1% due to larger volumes, the impact of tiering, the lower wholesale funding cost and the impact of sterling appreciation, which was partially offset by the negative effect of interest rates.

	Excl. TSB	Total group	Constant FX
Change YoY:	-1.2%	-1.4%	-1.8%
Change QoQ:	-1.0%	+0.4%	-0.9%

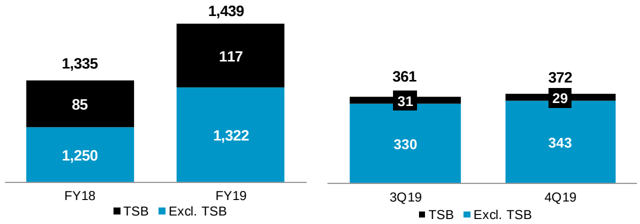


Net fees and commissions

Fees and commissions performed well year-on-year, recording a growth of 7.7%, with increases recorded across all segments.

In the quarter, fees and commissions grew by 2.9%, driven by the positive effect of asset management fees seasonality.

	Excl. TSB	Total group	Constant FX
Change YoY:	+5.8%	+7.7%	+7.6%
Change QoQ:	+3.7%	+2.9%	+2.5%



Total costs

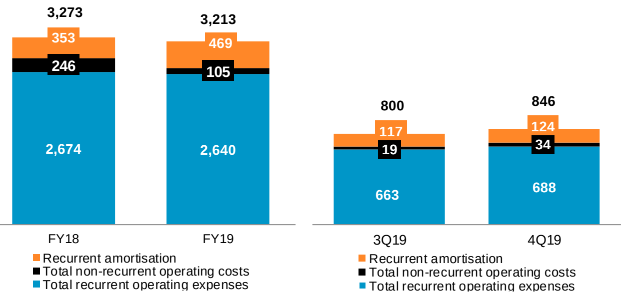
Total costs amounted to -3,213 million euros as at the end of 2019, representing a year-on-year decline of -1.8%, mainly due to the one-off costs associated with TSB's migration and post-migration in the previous year. Recurrent costs increased by 2.7% year-on-year due to higher personnel expenses.

In the quarter, recurrent costs increased by 4.1%, mainly due to higher general expenses excluding TSB and higher amortisations due to software investments, which increased in the last quarter due to seasonality. The sterling appreciation also had an impact on costs.

In the year, non-recurrent costs included -85 million euros in TSB (-50 million euros in restructuring costs and -35 million euros related to others). The fourth quarter includes -26 million euros of restructuring costs in TSB.

The efficiency ratio stood at 55.6% as at the end of 2019, improving on the previous year.

	Excl. TSB [2]	Total group [2]	Constant FX [2]
Change YoY:	+2.7%	+2.7%	+2.3%
Change QoQ:	+5.0%	+4.1%	+2.6%

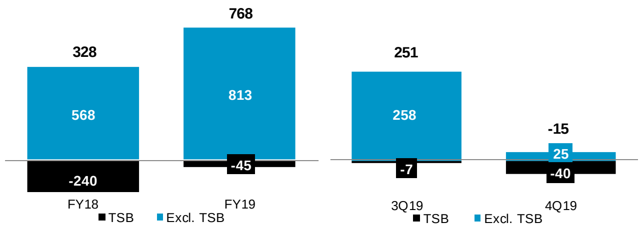


Net profit of the Group

The Group's net profit amounted to 768 million euros as at 2019 year-end, representing a significant improvement on the previous year. ROE stood at 5.9%. Excluding the one-off impacts of the year[3], ROE stood at 5.2%.

The Group's core banking revenue showed ongoing resilience, despite the challenging interest rate environment, increasing by 1.0% year-on-year (1.4% excluding the impact of the securitisation).

	Excl. TSB	Total group	Constant FX
Change YoY:	+43.1%	+134.0%	+134.4%
Change QoQ:	-90.3%	--	--



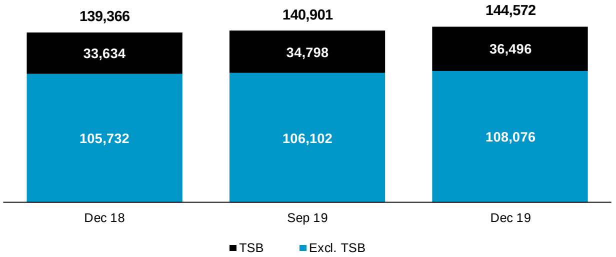
(1) Excludes the impact of the €1bn consumer loan securitisation carried out in Sep.19 (whose balance amounts to €0.9bn as at Dec.19).
(2) Change in recurrent costs.
(3) Excludes the impacts (net) of Solvia disposal capital gain (+130M), the consumer loan securitisation (+62M), the insurance business disposal earn-out (+30M), the Sareb debt impairment (-33M), the provision for "Rex" (-20M) and the closing of institutional NPA portfolio sales (-72M).

Performing loans

Performing loans growth remained robust, increasing by 3.7% year-on-year and 2.6% quarter-on-quarter.

Excluding the APS and one-offs impacts[1], organic growth stood at 4.4% year-on-year and 1.8% in the quarter, driven by a positive performance across geographies, particularly in the segments of corporates, SMEs, mortgages and consumer loans.

	Excl. TSB	Total group	Constant FX
Change YoY:	+2.2%	+3.7%	+2.3%
Change QoQ:	+1.9%	+2.6%	+1.5%

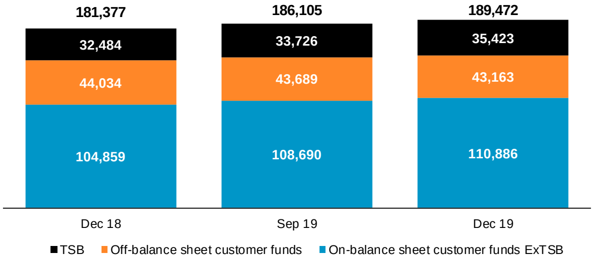


Customer funds

On-balance sheet customer funds grew by 6.5% year-on-year and 2.7% in the quarter, driven by the increase in sight accounts.

Off-balance sheet funds declined by -2.0% year-on-year and by -1.2% quarter-on-quarter, mainly due to mutual funds and pensions.

	Excl. TSB	Total group	Constant FX
Change YoY:	+3.5%	+4.5%	+3.5%
Change QoQ:	+1.1%	+1.8%	+1.0%

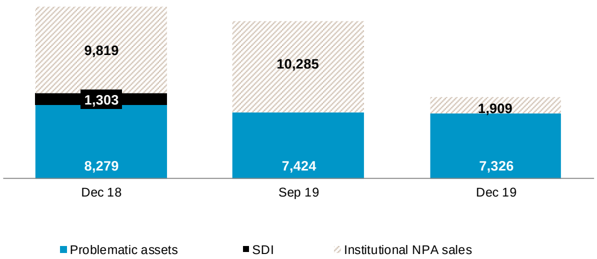


Problematic assets (*)

The Group's problematic assets were reduced by -954 million euros during the year, with a reduction of -413 million euros in non-performing loans and -541 million euros in foreclosed assets, due to the portfolio sales carried out during the year.

In the quarter, declined of -98 million euros, representing a decline of -251 million euros in non-performing loans and an increase of 152 million euros in foreclosed assets.

The disposals of the portfolios named "Coliseum", "Challenger" and "Rex" were closed in the fourth quarter with a gross book value c.8,200 million euros.

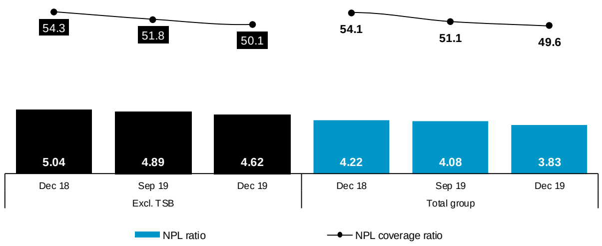


NPL ratio and coverage (*)

The Group NPL ratio improved to 3.8%, compared to 4.2% in the previous year.

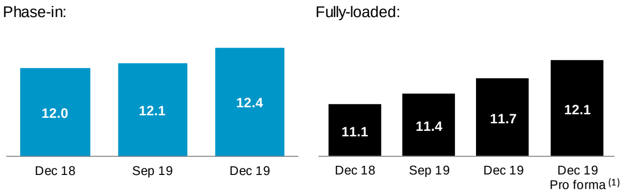
The ratio of problematic assets in relation to gross loans plus foreclosed assets stood at 4.8%, down from 5.6% in the previous year, while the net NPAs to total assets ratio stood at 1.7%.

The Group's cost of risk stood at 61bps as at the end of 2019. Excluding the extraordinary provisions associated with the sale of the "Rex" foreclosed asset portfolio and the closing of institutional NPA sales[2], recurrent cost of risk stood at 52bps, improving 14bps year-on-year.



Capital ratio

The CET1 ratio improved by 34bps, standing at 11.7% fully-loaded as at the end of 2019. The pro forma[3] CET1 ratio stood at 12.1% fully-loaded.



(*) NPA portfolios sold to institutional investors were reclassified as non-current assets held for sale, therefore the figures are shown excluding these assets.
(1) Excludes the impact of the consumer loan securitisation carried out in Sep.19 for €1bn (€0.9bn as at Dec.19) and the impact of €1.1bn A/R related to the closing of NPA disposals.
(2) Challenger, Coliseum and Rex.
(3) Includes +5bps from the sale of the real estate developer and +36bps from the sale of Sabadell AM, announced on 21 January 2020.

3. Performance review

Macroeconomic environment

Global economic, political and financial environment

The final quarter of 2019 has been characterised by easing tensions between the US and China, with both countries recently signing a trade deal. The phase one deal removes some tariffs and includes a pledge by China to buy more US goods and services. Meanwhile, the US has toughened its stance in relation to the EU, announcing new tariffs in retaliation for illegal subsidies paid to Airbus and the French digital tax. In the economic environment, there have been signs of more stable activity in the euro area in 4Q19. Furthermore, the reduction of trade uncertainty following the deal signed between the US and China may help to support activity in the euro area. Nevertheless, the economy remained sluggish in 4Q19. Business confidence indicators pointed towards a minimal growth of GDP in the quarter (3Q19: 0.2% quarter-on-quarter). In the US, business confidence indicators in the manufacturing industry, combined with the poor performance of retail sales in 4Q19, pointed towards a slight slowdown in activity with respect to 3Q19 (0.5% quarter-on-quarter). In the quarter, GDP was supported by private consumption, which continued to be driven by a strong labour market. Inflation in both regions remained below the target of central banks. In the political arena, in the US, the House of Representatives approved the start of the impeachment trial against Trump, which will take place in the Senate in January. In the EU, the new European Commission was approved and fears emerged of a potential collapse of the coalition government in Italy.

Economic situation in Spain

Economic activity retained its momentum in the final quarter of the year. GDP posted a growth of 0.4% in 3Q19, thanks to the upturn of private consumption and business investment, and data relating to 4Q19 signalled a continuation of this GDP growth. In terms of the labour market, job creation slowed in 3Q19 and this, together with a larger working population, resulted in a slight reduction of the unemployment rate (from 14.0% to 13.9% of the active population). New Social Security registrations continued to slow in year-on-year terms in 4Q19, while the reduction of the official unemployment rate continued to taper off. In the real estate sector, the growth of house prices in 3Q19 rebounded by 1.6% quarter-on-quarter (2Q19: 1.2%), although year-on-year it continued to slow. The performance of house prices is in contrast with data relating to property sales, which were negatively affected by the introduction of the new mortgage law. Lastly, after the elections held on 10 November, PSOE and Podemos reached an agreement to form a minority coalition government. Pedro Sánchez narrowly won the vote to govern in the coalition. The government's manifesto includes, among other pledges, a tax hike for high earners and changes to the labour and pension reforms of 2012 and 2013.

Economic situation in the United Kingdom

Investors closely followed the snap election held in December. The Conservative Party emerged victorious with a large majority. This is expected to clear the way for the approval of the withdrawal agreement negotiated by B. Johnson with the EU to leave the bloc by 31 January, thus marking the start of a transition period that Johnson has refused to extend beyond the deadline (31 December). In the economic arena, activity has continued to be weighed down by Brexit uncertainty and the snap election. All of this has also translated into volatile economic data. GDP increased by 0.3% quarter-on-quarter in 3Q19, having contracted by 0.2% in the previous quarter. Leading activity indicators, meanwhile, point towards a further slowdown over the coming months. Looking at the components of GDP, business investment continued to be particularly hard hit by the high levels of uncertainty, contracting in six of the last seven quarters and standing at levels 3% lower in 3Q19 than in 4Q17. Foreign trade has also been weighing down on GDP. Even consumption, which until now had continued to be the main driver of the economy, has started to show signs of slowing down. The labour market remains tight, with an unemployment rate close to record lows at 3.8%, while wages were up 1.7% year-on-year in real terms. However, at the same time, there are signs that the strong labour market may be approaching a turning point. On one hand, job creation has slowed. On the other hand, the inactive rate ratio, which reached record lows in February 2019, has been gradually increasing ever since. Furthermore, the number of job vacancies, which in early 2019 was the highest since records began, has slowly been falling since then.

Economic situation in Latin America

A wave of mass protests has affected a number of countries in the region (Bolivia, Chile, Colombia and Ecuador), reflecting the widespread discontent among the population with the existing economic and social situation. Chile saw a particularly severe outbreak of social unrest, with more protestors taking to the streets here in than in Colombia, which substantially damaged the country's economic activity. In Mexico, economic activity continued to post a very poor performance, due to weak investment, which was affected by uncertainty surrounding the policies of President López Obrador and the decisions made by the Trump administration. In particular, GDP was stagnant in 3Q19, after the country entered a technical recession in the first half of the year, which led consensus economic growth forecasts to be revised downwards for 2019 and 2020. Against this backdrop, in the last quarter of the year, the central bank has cut its official interest rate twice, to 7.25%. In terms of politics, particularly worthy of note was the approval in the US of the new trade deal that will replace NAFTA (USMCA). In Brazil, the latest data showed an improvement in economic activity. Specifically, in 3Q19 GDP grew by 0.6% quarter-on-quarter, driven by the positive performance of investment and private consumption. In the political arena, the pension reform was finally approved by the Senate; a step that, while significant, is not yet large enough to ensure the country's fiscal sustainability. The government may have delayed proposing other reforms in light of the fears of a contagion effect of the social unrest taking place in other countries in the region. In Argentina, the coalition led by Peronist A. Fernández and the former populist president C. F. de Kirchner won the elections held in October. This victory casts doubts on the role that the

IMF will play in Argentina's debt restructuring process and the commitment undertaken by the new government to meet the macroeconomic targets set by this institution. In its first few days in power, the government took the first steps towards negotiating the country's sovereign debt restructuring process.

Fixed-income markets

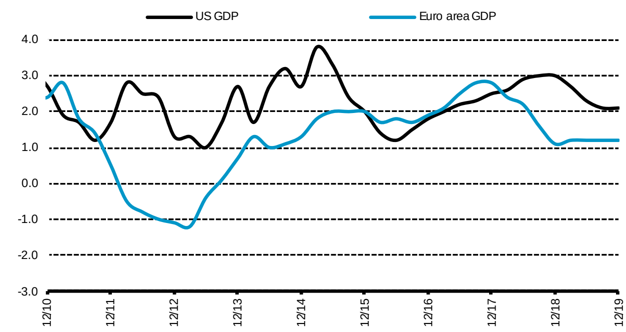
The announcement in September of a new package of monetary stimulus measures caused divisions in the European Central Bank (ECB), with one of its Board members going as far as resigning over the issue. Despite this, the minutes of its September meeting evidenced the existing consensus in the central bank to inject more monetary stimulus if necessary. In this sense, a number of ECB members have left the door open to further rate cuts. In January, the ECB will launch a review of its monetary policy strategy. Lagarde, the president of the institution, has indicated that the discussion will cover a wide range of topics, from the inflation target to the inclusion of a "green" target. This last point has been particularly controversial in the ECB.

In its December meeting, the US Federal Reserve (Fed) kept interest rates within the 1.50-1.75% range, after having cut rates by 25bp on three occasions in three consecutive meetings. The Fed considers the current accommodative stance of its monetary policy to be appropriate and it has signalled that it has no plans to implement further rate cuts in 2020. On the other hand, the Fed has managed to stabilise the dollar repo rate, after repo markets tightened sharply in September. However, a persistently strong demand for liquidity has prompted the central bank to keep injecting a significant amount of liquidity into the system through repo auctions over different terms and purchases of treasury bills. Yields on German, US and UK government bonds rebounded significantly in the quarter. The apparent halt in the deterioration of global activity, positive news regarding the trade war between the US and China, together with the victory of the Conservative Party in the UK, have supported this recovery of yields. Risk premiums in the periphery were supported, with the exception of Italy (due to the political noise in this country), by the improved performance of financial markets.

Equity markets

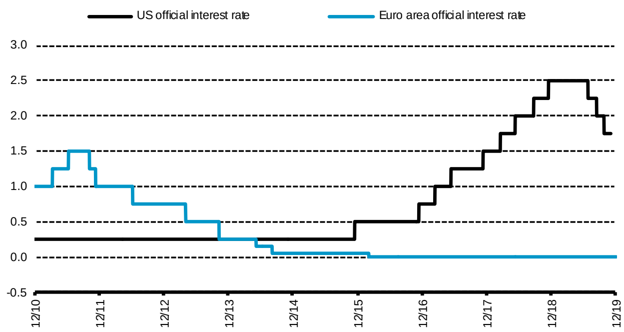
The main European and global indices recorded gains, driven by easing trade tensions between the US and China and the lower risk of the UK leaving the EU without a deal. On a global scale, the US index S&P 500 posted an upturn of 5.4% in euros (8.5% in dollars) and reached new record highs during the quarter. The Japanese index, Nikkei 225, posted an increase of 5.0% in euros (8.7% in yen). In Europe, the increases were more modest, with the German DAX, an index that is fairly sensitive to global trade conditions, posting the largest growth with 6.6% in euro terms. Spain's IBEX 35 brought up the rear of these increases in Europe, growing by 3.3% in euro terms, weighed down by political uncertainty. Lastly, the UK index FTSE 100 grew by 1.8% in pounds (6.7% in euros), hindered by the appreciation of the pound.

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



Source: Bloomberg

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



Exchange rates: Parity vs. euro

Fx	31.12.18	31.03.19	30.06.19	30.09.19	31.12.19
USD	1.1450	1.1235	1.1380	1.0889	1.1234
GBP	0.8945	0.8583	0.8966	0.8857	0.8508
MXN	22.4921	21.6910	21.8201	21.4522	21.2202

Source: Bank of Spain

Income statement

Highlights:

The Group's net profit amounted to 768 million euros as at 2019 year-end (813 million euros excluding TSB).

In the fourth quarter, it was impacted by the contribution to the Deposit Guarantee Fund (DGF) and the payment of the tax on deposits of credit institutions (IDEC) of -144 million euros, the extraordinary provisions associated with the closing of institutional NPA portfolio sales of -103 million euros and the earn-out of the insurance business of 37 million euros. In addition to these impacts in the fourth quarter, profit during the year was impacted by 88 million euros corresponding to the capital gain on the consumer loan securitisation, the capital gain on the sale of Solvia of 133 million euros, the SAREB subordinated debt impairment of -47 million euros and the provision associated with the sale of the Rex portfolio of -28 million euros.

Core banking revenue showed ongoing resilience, despite the challenging interest rate environment, increasing by 1.0% year-on-year both at Group level and excluding TSB. Quarter-on-quarter, growth of 1.1% (0.6% excluding TSB). Excluding the impact of the securitisation, growth of 1.4% year-on-year (1.5% excluding TSB) and 2.3% in the quarter (2.1% excluding TSB).

Income statement

	Excl. TSB			Total group			
(€ million)	FY18	FY19	Change (%) YoY	FY18	FY19 (1)	Change (%) YoY	Change (%) at constant FX
Net interest income	**2,675**	**2,644**	**-1.2**	**3,675**	**3,622**	**-1.4**	**-1.8**
Net fees and commissions	1,250	1,322	5.8	1,335	1,439	7.7	7.6
Core revenues	**3,926**	**3,966**	**1.0**	**5,010**	**5,061**	**1.0**	**0.7**
Net trading income and exchange differences	208	111	-46.6	225	126	-44.0	-44.0
Income from equity method and dividends	65	61	-5.6	65	61	-5.9	-5.8
Other operating income/expense	-230	-297	29.0	-290	-317	9.0	8.8
Gross operating income	**3,968**	**3,841**	**-3.2**	**5,010**	**4,932**	**-1.6**	**-1.8**
Operating expenses	-1,861	-1,827	-1.8	-2,920	-2,743	-6.1	-6.4
Personnel expenses	-1,208	-1,225	1.4	-1,591	-1,649	3.7	3.4
Other general expenses	-653	-602	-7.8	-1,330	-1,095	-17.7	-18.1
Amortisation & depreciation	-265	-334	26.3	-353	-470	33.0	32.7
Promemoria:							
Recurrent costs	*-2,085*	*-2,141*	*2.7*	*-3,027*	*-3,109*	*2.7*	*2.3*
Non-recurrent costs	*-40*	*-20*	*-51.2*	*-246*	*-105*	*-57.5*	*-57.7*
Pre-provisions income	**1,842**	**1,680**	**-8.8**	**1,737**	**1,719**	**-1.0**	**-1.1**
Provisions for NPLs	-668	-603	-9.7	-751	-672	-10.5	-10.9
Provisions for other financial assets	-18	-19	2.5	-166	-22	-86.9	-86.9
Other impairments	-404	-244	-39.5	-404	-244	-39.5	-39.5
Gains on sale of assets and other results	1	174	--	2	170	--	--
Profit before tax	**754**	**989**	**31.1**	**419**	**951**	**127.1**	**128.0**
Income tax	-179	-167	-6.9	-84	-174	108.3	111.6
Minority interest	7	9	27.0	7	9	27.0	27.0
Attributable net profit	**568**	**813**	**43.1**	**328**	**768**	**134.0**	**134.4**

(1) The EURGBP exchange rate used for the income statement is 0.8782.

Quarterly income statement

	Excl. TSB						Total group						
(€ million)	4Q18	1Q19	2Q19	3Q19	4Q19	Change (%) 3Q19	4Q18	1Q19	2Q19	3Q19	(1) 4Q19	Change (%) 3Q19	Change (%) at constant FX
Net interest income	**680**	**656**	**664**	**665**	**659**	**-1.0**	**932**	**901**	**905**	**906**	**910**	**0.4**	**-0.9**
Net fees and commissions	332	316	333	330	343	3.7	357	343	363	361	372	2.9	2.5
Core revenues	**1,012**	**972**	**997**	**995**	**1,001**	**0.6**	**1,290**	**1,243**	**1,269**	**1,268**	**1,282**	**1.1**	**0.1**
Net trading income and exchange differences	-5	51	-27	90	-3	--	-7	67	-23	86	-4	--	--
Income from equity method and dividends	13	12	24	16	9	-46.6	13	12	24	16	9	-46.6	-46.6
Other operating income/expense	-159	-11	-87	-20	-179	--	-168	1	-100	-29	-188	--	--
Gross operating income	**861**	**1,025**	**907**	**1,082**	**827**	**-23.5**	**1,127**	**1,324**	**1,169**	**1,340**	**1,098**	**-18.1**	**-18.9**
Operating expenses	-489	-434	-449	-462	-483	4.6	-722	-664	-676	-683	-721	5.6	4.0
Personnel expenses	-322	-292	-312	-312	-309	-0.8	-388	-391	-419	-416	-423	1.8	0.6
Other general expenses	-167	-142	-137	-150	-174	15.9	-333	-273	-256	-267	-298	11.5	9.1
Amortisation & depreciation	-59	-80	-81	-83	-90	7.8	-85	-113	-114	-117	-126	7.2	5.7
Promemoria:													
Recurrent costs	*-520*	*-510*	*-523*	*-541*	*-567*	*5.0*	*-774*	*-749*	*-767*	*-780*	*-812*	*4.1*	*2.6*
Non-recurrent costs	*-29*	*-3*	*-6*	*-4*	*-6*	*25.7*	*-33*	*-28*	*-23*	*-19*	*-34*	*76.0*	*68.5*
Pre-provisions income	**313**	**511**	**377**	**537**	**254**	**-52.6**	**320**	**547**	**380**	**540**	**251**	**-53.5**	**-53.5**
Provisions for NPLs	-110	-139	-136	-109	-218	99.6	-128	-157	-145	-124	-246	98.3	97.1
Provisions for other financial assets	-18	-2	-6	-2	-8	249.5	-68	-5	-9	-2	-5	156.9	156.9
Other impairments	-44	-28	-30	-68	-119	75.9	-44	-28	-30	-68	-119	75.9	75.9
Gains on sale of assets and other results	-1	1	140	0	34	--	-1	1	139	-2	32	--	--
Profit before tax	**140**	**343**	**345**	**357**	**-57**	**--**	**80**	**358**	**334**	**345**	**-86**	**--**	--
Income tax	-38	-91	-61	-98	84	--	2	-99	-55	-93	73	--	--
Minority interest	1	1	5	1	2	64.1	1	1	5	1	2	64.1	64.1
Attributable net profit	**100**	**251**	**279**	**258**	**25**	**-90.3**	**80**	**258**	**273**	**251**	**-15**	**--**	**--**

(1) The EURGBP exchange rate used for the income statement of the quarter is 0.8606.

Net interest income:

Net interest income amounted to 3,622 million euros as at 2019 year-end, representing a year-on-year decline of -1.4% at Group level, impacted by the implementation of IFRS 16, the consumer loan securitisation and lower interest rates. Quarter-on-quarter, net interest income increased by 0.4%. Excluding the impact of the securitisation, the year-on-year decline is reduced to -0.9%, representing a growth of 2.1% in the quarter due to larger volumes, the savings from tiering and the lower wholesale funding cost, which was partially offset by the negative effect of interest rates.

Excluding TSB, net interest income amounted to 2,644 million euros as at the end of 2019, representing a decrease of -1.2% compared to the previous year. In the quarter, it declined by -1.0%, standing at 659 million euros. Excluding the impact of the securitisation, this decline is reduced to -0.5% year-on-year, with a growth of 1.3% in the quarter.

TSB's net interest income amounted to 979 million euros, falling by -2.1% compared to the previous year, mainly due to the increase in competitive pressure on interest rates and the higher wholesale funding cost due to higher volume of issuances. Quarter-on-quarter, net interest income grew by 4.2%, supported by the positive effect of the exchange rate of the pound.

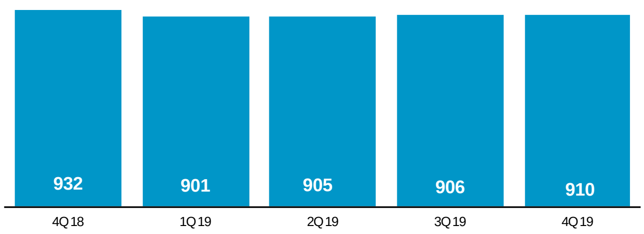
Customer spread and net interest margin:

The customer spread stood at 2.59% (2.53% excluding TSB), impacted by lower interest rates, including the loss of income due to the consumer loan securitisation, which was partially offset by the lower cost of deposits.

The net interest margin as a percentage of average total assets stood at 1.62% (1.48% excluding TSB), remaining in line with the previous quarter due to the savings from tiering and the lower cost of deposits and wholesale funding.

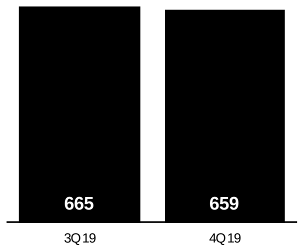
Evolution of net interest income

Total group (€ millions)



	Total group	Constant FX
Change YoY:	-1.4%	-1.8%
Change QoQ:	+0.4%	-0.9%

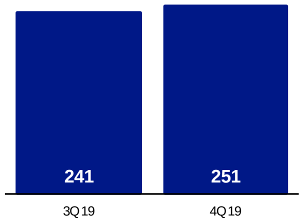
Sabadell ex - TSB (€ millions)



Change YoY:
-1.2%

Change QoQ:
-1.0%

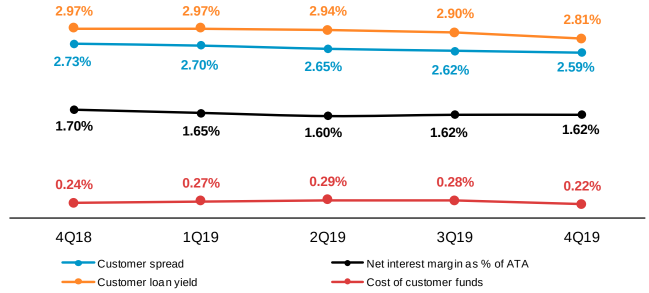
TSB (€ millions)



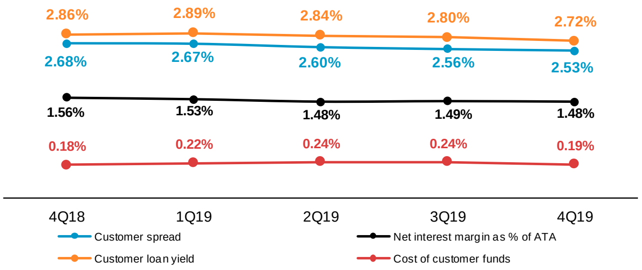
Change YoY:
-2.1%
-2.9% Constant FX

Change QoQ:
+4.2%
-0.5% Constant FX

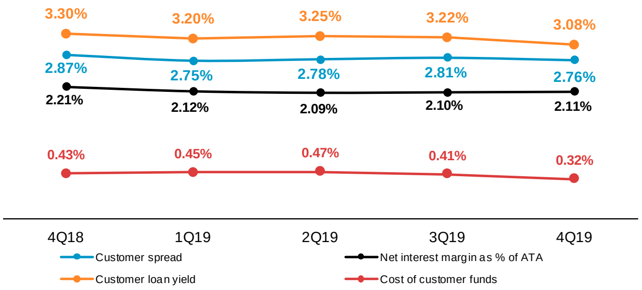
Net interest income, Group (%)



Net interest income, excl. TSB (%)



Net interest income, TSB (%)



Gains and charges in the quarter

Total Group

2019 (€ million)	1st Quarter Avge.balance	 Rate %	 Results	2nd Quarter Avge.balance	 Rate %	 Results	3rd Quarter Avge.balance	 Rate %	 Results	4th Quarter (1) Avge.balance	 Rate %	 Results
Cash and cash equivalent (2)	31,207	0.19	15	33,178	0.21	17	27,695	0.26	18	26,689	0.19	13
Loans to customers (net)	138,026	2.97	1,011	139,417	2.94	1,022	139,634	2.90	1,021	141,583	2.81	1,004
Fixed-income securities	25,213	1.34	83	26,672	1.30	87	28,356	1.20	86	27,469	1.25	86
Equity securities	869	--	--	935	--	--	856	--	--	859	--	--
Tang. & intang. assets	5,331	--	--	5,364	--	--	5,405	--	--	5,493	--	--
Other assets	20,543	1.67	85	21,034	1.46	77	21,026	1.64	87	21,012	1.75	92
Total assets	**221,189**	**2.19**	**1,194**	**226,600**	**2.13**	**1,203**	**222,972**	**2.16**	**1,212**	**223,104**	**2.13**	**1,195**
Financial institutions (3)	32,238	-0.15	-12	31,913	-0.12	-9	26,511	-0.20	-14	23,989	-0.15	-9
Customer deposits (4)	144,271	-0.27	-97	148,279	-0.29	-107	147,937	-0.28	-104	149,653	-0.22	-83
Capital markets	24,639	-1.39	-85	24,855	-1.45	-90	24,527	-1.50	-93	24,932	-1.44	-90
Other liabilities	7,698	-5.23	-99	8,893	-4.13	-92	11,109	-3.38	-95	11,509	-3.56	-103
Shareholders' equity	12,343	--	--	12,659	--	--	12,888	--	--	13,020	--	--
Total funds	**221,189**	**-0.54**	**-293**	**226,600**	**-0.53**	**-298**	**222,972**	**-0.54**	**-305**	**223,104**	**-0.51**	**-285**
Net interest income			**901**			**905**			**906**			**910**
Customer spread		**2.70**			**2.65**			**2.62**			**2.59**	
Net interest margin as % of ATA		**1.65**			**1.60**			**1.62**			**1.62**	

2018 (€ million)	1st Quarter Avge.balance	 Rate %	 Results	2nd Quarter Avge.balance	 Rate %	 Results	3rd Quarter Avge.balance	 Rate %	 Results	4th Quarter Avge.balance	 Rate %	 Results
Cash and cash equivalent (2)	29,544	0.01	1	28,180	0.01	1	27,865	0.15	11	28,762	0.16	11
Loans to customers (net)	133,924	3.00	992	135,992	2.90	983	137,034	2.95	1,019	136,621	2.97	1,022
Fixed-income securities	25,407	1.41	89	26,158	1.42	93	25,886	1.28	84	26,340	1.32	88
Equity securities	989	--	--	1,021	--	--	836	--	--	891	--	--
Tang. & intang. assets	3,874	--	--	4,061	--	--	4,179	--	--	4,220	--	--
Other assets	23,142	0.77	44	21,625	1.11	60	21,013	1.52	81	21,099	1.70	90
Total assets	**216,880**	**2.10**	**1,125**	**217,039**	**2.10**	**1,136**	**216,813**	**2.19**	**1,194**	**217,934**	**2.21**	**1,212**
Financial institutions (3)	31,881	-0.11	-9	32,137	-0.09	-7	31,924	-0.10	-8	32,190	-0.14	-12
Customer deposits (4)	138,805	-0.20	-69	140,271	-0.22	-76	142,224	-0.22	-78	142,883	-0.24	-87
Capital markets	25,588	-1.34	-84	25,005	-1.29	-81	23,715	-1.31	-78	24,174	-1.31	-80
Other liabilities	7,848	-2.64	-51	7,327	-4.04	-74	6,799	-5.69	-98	6,581	-6.10	-101
Shareholders' equity	12,757	--	--	12,299	--	--	12,151	--	--	12,106	--	--
Total funds	**216,880**	**-0.40**	**-213**	**217,039**	**-0.44**	**-238**	**216,813**	**-0.48**	**-262**	**217,934**	**-0.51**	**-279**
Net interest income			**912**			**899**			**933**			**932**
Customer spread		**2.80**			**2.68**			**2.73**			**2.73**	
Net interest margin as % of ATA		**1.70**			**1.66**			**1.71**			**1.70**	

(1) The EURGBP exchange rate used for the income statement for the quarter is 0.8606 while that used for the balance sheet is 0.8508.
(2) Includes cash, central banks, credit institutions and reverse repos.
(3) Financial income or expenses arising from the application of negative interest rates are recorded in line with the nature of the associated asset or liability. The credit institutions heading under liabilities includes financial income arising from the application of negative interest rates to deposits of credit institutions on the liabilities side, mainly those relating to TLTRO II.
(4) Includes repos.

Sabadell ex-TSB

2019 (€ million)	1st Quarter Avge.balance	1st Quarter Rate %	1st Quarter Results	2nd Quarter Avge.balance	2nd Quarter Rate %	2nd Quarter Results	3rd Quarter Avge.balance	3rd Quarter Rate %	3rd Quarter Results	4th Quarter Avge.balance	4th Quarter Rate %	4th Quarter Results
Cash and cash equivalents (1)	23,099	0.02	1	24,537	0.03	2	19,760	0.08	4	19,692	0.01	1
Loans to customers (net)	103,260	2.89	737	105,130	2.84	745	105,843	2.80	746	105,373	2.72	722
Fixed-income securities	22,695	1.38	77	24,620	1.33	82	26,009	1.23	81	24,873	1.28	80
Equity securities	869	--	--	935	--	--	856	--	--	859	--	--
Tang. & intang. assets	4,762	--	--	4,795	--	--	4,868	--	--	4,945	--	--
Other assets	19,758	1.60	78	20,202	1.45	73	20,029	1.67	85	20,026	1.83	93
Total assets	**174,442**	**2.08**	**893**	**180,219**	**2.01**	**901**	**177,366**	**2.05**	**916**	**175,768**	**2.02**	**896**
Financial institutions (2)	24,862	0.02	2	24,561	0.07	4	19,526	0.00	0	17,787	0.07	3
Customer deposits (3)	110,544	-0.22	-60	114,990	-0.24	-68	115,133	-0.24	-70	114,566	-0.19	-55
Capital markets	22,523	-1.37	-76	22,367	-1.41	-79	22,141	-1.48	-83	22,478	-1.41	-80
Other liabilities and shareholders' equity	16,514	-2.52	-103	18,301	-2.08	-95	20,566	-1.87	-97	20,937	-1.98	-105
Total funds	**174,442**	**-0.55**	**-237**	**180,219**	**-0.53**	**-238**	**177,366**	**-0.56**	**-250**	**175,768**	**-0.54**	**-237**
Net interest income			**656**			**664**			**665**			**659**
Customer spread		**2.67**			**2.60**			**2.56**			**2.53**	
Net interest margin as % of ATA		**1.53**			**1.48**			**1.49**			**1.48**	

2018 (€ million)	1st Quarter Avge.balance	1st Quarter Rate %	1st Quarter Results	2nd Quarter Avge.balance	2nd Quarter Rate %	2nd Quarter Results	3rd Quarter Avge.balance	3rd Quarter Rate %	3rd Quarter Results	4th Quarter Avge.balance	4th Quarter Rate %	4th Quarter Results
Cash and cash equivalents (1)	21,013	-0.18	-10	20,625	-0.17	-9	19,845	-0.03	-2	21,266	-0.04	-2
Loans to customers (net)	98,849	2.87	700	100,741	2.86	718	102,538	2.83	731	102,648	2.86	740
Fixed-income securities	22,961	1.48	84	23,314	1.49	86	23,539	1.33	79	23,616	1.36	81
Equity securities	961	--	--	1,006	--	--	825	--	--	889	--	--
Tang. & intang. assets	3,668	--	--	3,707	--	--	3,763	--	--	3,815	--	--
Other assets	21,530	0.89	47	20,391	1.14	58	20,123	1.42	72	20,333	1.62	83
Total activos	**168,982**	**1.97**	**821**	**169,785**	**2.02**	**854**	**170,632**	**2.05**	**881**	**172,568**	**2.07**	**902**
Financial institutions (2)	25,064	0.01	1	24,763	0.02	1	24,645	0.07	4	24,906	0.03	2
Customer deposits (3)	103,372	-0.13	-34	105,696	-0.14	-36	108,568	-0.16	-43	109,843	-0.18	-51
Capital markets	23,735	-1.35	-79	23,155	-1.32	-76	21,940	-1.33	-74	22,460	-1.28	-72
Other liabilities and shareholders' equity	16,810	-1.23	-51	16,172	-1.93	-78	15,479	-2.45	-95	15,359	-2.61	-101
Total funds	**168,982**	**-0.39**	**-163**	**169,785**	**-0.45**	**-189**	**170,632**	**-0.48**	**-208**	**172,568**	**-0.51**	**-222**
Net interest income			**658**			**665**			**672**			**680**
Customer spread		**2.74**			**2.72**			**2.67**			**2.68**	
Net interest margin as % of ATA		**1.58**			**1.57**			**1.57**			**1.56**	

(1) Includes cash, central banks, credit institutions and reverse repos.
(2) Financial income or expenses arising from the application of negative interest rates are recorded in line with the nature of the associated asset or liability. The credit institutions heading under liabilities includes financial income arising from the application of negative interest rates to deposits of credit institutions on the liabilities side, mainly those relating to TLTRO II.
(3) Includes repos.

Income from equity method and dividends:

It amounted to 61 million euros as at the end of 2019, compared to 65 million euros in the preceding year. This line mainly includes income from the insurance and pension fund business.

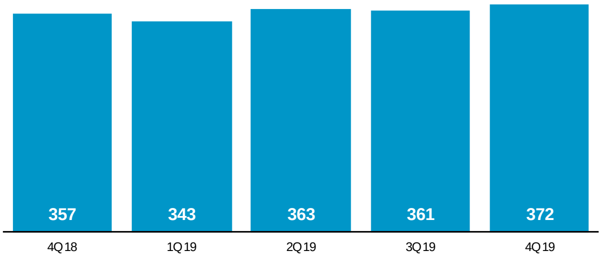
Net fees and commissions:

Net fees and commissions continued to perform well, with a year-on-year increase of 7.7% (5.8% excluding TSB), increasing across all segments.

Quarter-on-quarter, fees and commissions increased by 2.9% (3.7% excluding TSB), mainly due to the positive effect of asset management fees seasonality.

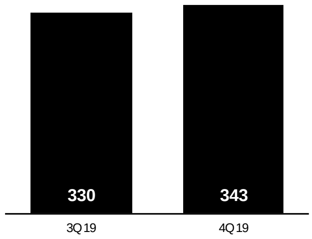
Evolution of net fees and commissions

Total group (€ millions)



	Total group	Constant FX
Change YoY:	+7.7%	+7.6%
Change QoQ:	+2.9%	+2.5%

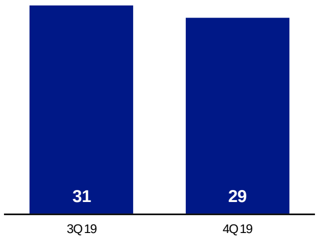
Sabadell ex - TSB (€ millions)



Change YoY:
+5.8%

Change QoQ:
+3.7%

TSB (€ millions)



Change YoY:
+36.8%
+35.7% Constant FX

Change QoQ:
-5.7%
-10.0% Constant FX

Net fees and commissions

	Excl. TSB			Total group			Excl. TSB			Total group		
(€ million)	3Q19	4Q19	Change (%) 3Q19	3Q19	4Q19 (1)	Change (%) 3Q19	FY18	FY19	Change (%) YoY	FY18	FY19 (1)	Change (%) YoY
Lending fees	37	37	-0.9	36	38	4.6	134	144	7.0	138	144	4.1
Guarantees commissions	26	28	7.8	27	27	0.1	103	109	5.8	103	109	5.8
Risk transaction fees	**63**	**65**	**2.7**	**63**	**65**	**2.7**	**237**	**252**	**6.5**	**241**	**252**	**4.8**
Cards	60	53	-11.6	74	66	-10.8	194	218	12.4	225	267	18.6
Payment orders	16	16	-0.2	16	16	-0.1	56	61	8.9	62	64	4.1
Securities	17	17	0.7	17	17	0.7	61	63	3.3	61	63	3.3
Custodian mutual and pension funds	3	3	5.1	3	3	5.1	13	12	-5.7	13	12	-5.7
Sight accounts	35	34	-2.0	49	48	-2.1	150	139	-7.4	221	193	-12.6
Foreign currency and notes exchange	24	25	4.6	27	28	4.6	97	103	7.0	102	114	11.9
Other transactions	26	31	17.6	23	27	15.6	83	109	30.4	39	96	148.3
Commissions for services	**181**	**179**	**-1.0**	**209**	**205**	**-1.9**	**654**	**706**	**7.8**	**722**	**810**	**12.1**
Mutual funds	38	41	9.9	38	41	9.9	158	153	-3.1	158	153	-3.1
Pension funds and insurance brokerage	42	47	11.2	45	50	11.4	172	182	5.5	185	194	4.6
Wealth management	7	11	61.4	7	11	61.4	29	30	2.8	29	30	2.8
Asset Under Management commissions	**86**	**99**	**14.4**	**89**	**102**	**14.4**	**359**	**364**	**1.5**	**372**	**377**	**1.2**
Total	**330**	**343**	**3.7**	**361**	**372**	**2.9**	**1,250**	**1,322**	**5.8**	**1,335**	**1,439**	**7.7**

(1) The EURGBP exchange rate used for the income statement is 0.8782 for the year and 0.8606 for the quarter.

Net trading income and exchange differences:

As at the end of 2019, net trading income and exchange differences amounted to 126 million euros (excluding TSB it amounted to 111 million euros) and included the SAREB subordinated debt impairment of -47 million euros, which was carried out in the second quarter of 2019, the impact of 88 million euros corresponding to the capital gain on the securitisation carried out in the third quarter, as well as sales of the fixed-income portfolio. At the end of the previous year, it amounted to 225 million euros (208 million euros excluding TSB) and mainly included fixed-income portfolio sales.

Other operating income and expenses:

This item amounted to -317 million euros as at the end of 2019 (-297 million euros excluding TSB), compared to -290 million euros as at the end of 2018 (-230 million euros excluding TSB).

Particularly worthy of note were the contribution to the Deposit Guarantee Fund of -121 million euros in total over the year (-106 million euros in the preceding year), the contribution to the Single Resolution Fund of -59 million euros (-50 million euros in the preceding year), the accrual of the capital contributions associated with the conversion of deferred tax assets into credit eligible for the Spanish Tax Authority of -48 million euros (-45 million euros in the preceding year) and the payment of the tax on deposits of credit institutions (IDEC) of -31 million euros (the same as in the preceding year).

Total costs:

Total costs amounted to -3,213 million euros as at the end of 2019 (-2,161 million euros excluding TSB), compared to -3,273 million euros as at the end of the previous year (-2,125 million euros excluding TSB), representing a reduction of -1.8% year-on-year (growth of 1.7% excluding TSB), mainly due to lower non-recurrent expenses in TSB.

Recurrent costs amounted to -3,109 million euros (-2,141 million euros excluding TSB), representing an increase of 2.7% year-on-year, both at Group level and excluding TSB, due to higher personnel expenses.

In the quarter, recurrent costs increased by 4.1% (5.0% excluding TSB), mainly due to higher general expenses excluding TSB (which include, among others, marketing costs, and IT spending as well as year-end third-party advisory costs), as well as larger amortisations due to software investments, which increased in the last quarter of the year due to seasonality. The sterling appreciation also had an impact on costs.

Non-recurrent costs experienced a significant decline, as the previous year included the impacts of TSB's migration and post-migration. In the year, non-recurrent costs included -85 million euros in TSB (-50 million euros in restructuring costs and -35 million euros related to others). The fourth quarter includes -26 million euros of restructuring costs in TSB.

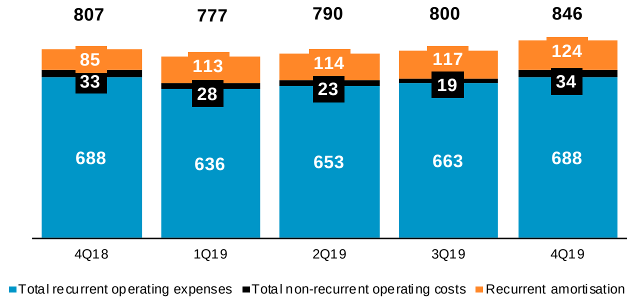
Total costs

	Excl. TSB			Total group			Excl. TSB			Total group		
(€ million)	3Q19	4Q19	Change (%) 3Q19	3Q19	4Q19 (1)	Change (%) 3Q19	FY18	FY19	Change (%) YoY	FY18	FY19 (1)	Change (%) YoY
Recurrent	-307	-304	-1.1	-399	-401	0.6	-1,168	-1,205	3.2	-1,569	-1,590	1.3
Non-recurrent	-4	-6	25.7	-17	-22	30.5	-40	-20	-51.2	-21	-59	178.3
Personnel expenses	**-312**	**-309**	**-0.8**	**-416**	**-423**	**1.8**	**-1,208**	**-1,225**	**1.4**	**-1,591**	**-1,649**	**3.7**
IT and communications	-43	-46	8.3	-95	-98	3.6	-165	-167	1.6	-360	-374	4.0
Advertising	-14	-14	-1.2	-24	-29	21.3	-51	-54	5.5	-107	-99	-7.3
Premises and office supplies	-7	-15	117.3	-18	-13	-29.5	-137	-47	-65.3	-217	-79	-63.4
Technical reports and judicial expenses	-11	-29	155.6	-14	-31	116.8	-33	-56	69.6	-54	-66	20.7
Subcontracted administrative services	-14	-13	-1.9	-42	-36	-14.6	-56	-55	-2.5	-114	-150	32.1
Contributions and taxes	-28	-26	-8.6	-28	-42	48.9	-115	-112	-3.0	-115	-128	11.1
Others	-32	-29	-9.6	-43	-37	-12.4	-96	-111	15.8	-138	-154	11.3
Total recurrent	**-150**	**-174**	**15.9**	**-265**	**-287**	**8.3**	**-653**	**-602**	**-7.8**	**-1,105**	**-1,050**	**-5.0**
Non-recurrent	0	0	--	-3	-11	331.6	0	0	--	-225	-44	-80.2
Other general expenses	**-150**	**-174**	**15.9**	**-267**	**-298**	**11.5**	**-653**	**-602**	**-7.8**	**-1,330**	**-1,095**	**-17.7**
Recurrent	-83	-90	7.8	-117	-124	6.3	-265	-334	26.3	-353	-469	32.7
Non-recurrent	0	0	--	0	-1	--	0	0	--	0	-1	--
Amortisation & depreciation	**-83**	**-90**	**7.8**	**-117**	**-126**	**7.2**	**-265**	**-334**	**26.3**	**-353**	**-470**	**33.0**
Total	**-545**	**-573**	**5.1**	**-800**	**-846**	**5.8**	**-2,125**	**-2,161**	**1.7**	**-3,273**	**-3,213**	**-1.8**

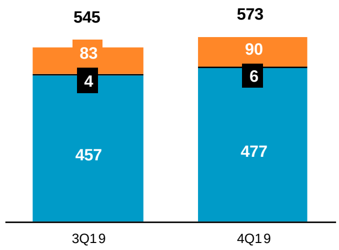
(1) The EURGBP exchange rate used for the income statement is 0.8782 for the year and 0.8606 for the quarter.

Evolution of total costs

Total group (€ millions)



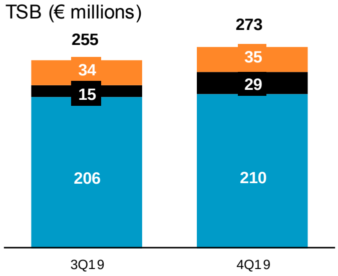
Sabadell ex - TSB (€ millions)



Recurrent costs
Change YoY:
+2.7%

Change QoQ:
+5.0%

TSB (€ millions)



Recurrent costs
Change YoY:
+2.6%
+1.8% Constant FX

Change QoQ:
+2.1%
-2.5% Constant FX

	Total group (1)	Constant FX (1)
Change YoY:	**+2.7%**	**+2.3%**
Change QoQ:	**+4.1%**	**+2.6%**

(1) Change over total recurrent costs.

Pre-provisions income:

At the end of 2019, pre-provisions income amounted to 1,719 million euros (1,680 million euros excluding TSB), representing a decline of -1.0% year-on-year (-8.8% excluding TSB), mainly due to lower trading results and exchange differences, which were offset by the improvement in core banking revenue and the reduction in costs.

Provisions for NPLs and other impairments:

This item amounted to -938 million euros as at the end of 2019 (-865 million euros excluding TSB), compared with -1,320 million euros (-1,089 million euros excluding TSB) as at the end of the previous year, due to lower recurrent provisions during the year and the higher extraordinary provisions in the previous year associated with the institutional sales of non-performing assets and customer redress provisions in TSB following the IT migration.

In the quarter, it amounted to -370 million euros compared to -194 million euros in the previous quarter, due to the extraordinary provision of -103 million euros for the closing of institutional NPA portfolio sales. Additionally, due to write-offs assessed within policy, single name exposures and to a lesser extent seasonal revaluation of collateral.

These provisions entail a cost of risk for the Group of 61bps as at 2019 year-end. Excluding the extraordinary provisions associated with the sale of the “Rex” foreclosed asset portfolio and the closing of institutional NPA sales, recurrent cost of risk stood at 52bps, improving 14bps year-on-year.

Gains on asset sales and other income:

This item amounted to 170 million euros as at the end of 2019, compared to 2 million euros in the preceding year, due to the capital gain of 133 million euros on the sale of Solvia Servicios Inmobiliarios and the earn-out of the insurance business of 37 million euros. It also includes the impact of -3 million euros in restructuring costs associated with TSB’s branch sales.

Net profit:

The Group’s net profit amounted to 768 million euros as at 2019 year-end (813 million euros excluding TSB), representing a significant increase year-on-year mainly due to the improvement of core banking revenue, the capital gain on Solvia and the one-offs recorded in the preceding year.

Balance sheet

Highlights:

Performing loans growth remained robust, increasing by 3.7% year-on-year and 2.6% quarter-on-quarter.

Excluding the APS and one-offs impacts(1), organic growth stood at 4.4% year-on-year and 1.8% in the quarter, driven by the positive performance across geographies, particularly in the segments of corporates, SMEs, mortgages and consumer loans.

On-balance sheet customer funds grew by 6.5% year-on-year and 2.7% in the quarter, driven by the increase in sight accounts.

Off-balance sheet funds declined by -2.0% year-on-year and by -1.2% quarter-on-quarter, mainly due to mutual funds and pensions.

(1) Excludes the impact of the consumer loan securitisation carried out in Sep.19 for €1bn (€0.9bn as at Dec.19) and the impact of €1.1bn A/R related to the closing of NPA disposals.

Balance sheet

(€million)		31.12.18	30.09.19	31.12.19 (2)	Change (%) 31.12.18	Change (%) 30.09.19
Cash, cash balances at central banks and other demand deposits		23,494	19,879	15,169	-35.4	-23.7
Financial assets held for trading and fair value with changes in PL		2,186	3,177	2,612	19.5	-17.8
Financial assets in fair value OCI		13,247	8,137	7,802	-41.1	-4.1
Financial assets at amortised cost		164,416	171,471	181,423	10.3	5.8
Loans and advances to customers		142,987	144,377	147,816	3.4	2.4
Loans and advances of central banks and credit institutions		8,297	7,969	14,388	73.4	80.6
Debt securities		13,132	19,124	19,219	46.4	0.5
Investments in subsidiaries, joint ventures and associates		575	596	734	27.7	23.2
Tangible assets		2,498	3,354	3,462	38.6	3.2
Intangible assets		2,461	2,499	2,565	4.2	2.6
Other assets		13,445	13,696	9,987	-25.7	-27.1
Total assets		**222,322**	**222,809**	**223,754**	**0.6**	**0.4**
Financial liabilities held for trading and fair value with changes in PL		1,738	2,841	2,714	56.1	-4.5
Financial liabilities at amortised cost		206,077	203,913	205,636	-0.2	0.8
Central banks	(1)	28,799	21,277	20,065	-30.3	-5.7
Credit institutions	(1)	12,000	9,123	11,471	-4.4	25.7
Customer deposits		139,079	143,888	147,362	6.0	2.4
Debt securities issued		22,599	22,624	22,570	-0.1	-0.2
Other financial liabilities		3,601	7,001	4,168	15.8	-40.5
Provisions		466	396	430	-7.7	8.8
Other liabilities		1,924	2,603	1,998	3.9	-23.2
Subtotal liabilities		**210,205**	**209,752**	**210,779**	**0.3**	**0.5**
Shareholders' equity		12,545	13,267	13,172	5.0	-0.7
Accumulated other comprehensive income		-491	-280	-267	-45.7	-4.8
Minority interest		64	70	69	9.1	-0.5
Net equity		**12,117**	**13,057**	**12,974**	**7.1**	**-0.6**
Total liabilities and equity		**222,322**	**222,809**	**223,754**	**0.6**	**0.4**
Financial guarantees granted		2,041	2,072	2,107	3.3	1.7
Commitments for loans granted		22,646	26,138	27,564	21.7	5.5
Other commitments granted		8,233	9,555	10,399	26.3	8.8

(1) Deposits with central banks and credit institutions include the following amounts of repos: 7,600 million euros as at 31.12.2018, 5,030 million euros as at 30.09.2019 and 7,607 million euros as at 31.12.2019.
(2) The EURGBP exchange rate used for the balance sheet is 0.8508.

Assets:

The Group's total assets amounted to 223,754 million euros, representing an increase of 0.6% year-on-year and a 0.4% increase in the quarter.

Excluding TSB, they amounted to 177,305 million euros, representing an increase of 0.7% year-on-year and 0.9% quarter-on-quarter.

Loans and advances to customers:

Gross performing loans ended 2019 with a balance of 144,572 million euros (108,076 million euros excluding TSB), representing a year-on-year growth of 3.7% (2.2% excluding TSB), impacted by the consumer loan securitisation and the A/R related to the closing of NPA disposals. Excluding the APS and these impacts, organic growth was 4.4% year-on-year, driven by the strong performance across geographies.

Quarter-on-quarter, it increased by 2.6% (1.9% excluding TSB). Excluding the impact of the account receivable mentioned, it grew by 1.8% (0.8% excluding TSB).

In Spain, performing loans excluding the APS increased by 2.9% year-on-year and by 1.8% quarter-on-quarter, with the growth in corporates, SMEs, mortgages and consumer loans being particularly noteworthy.

Mexico continues to perform remarkably well, growing by 14.4% year-on-year, and by 3.9% in the quarter.

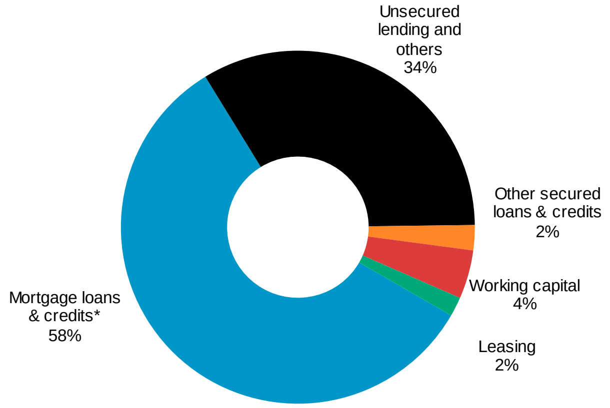
In TSB, lending increased by 8.5% year-on-year and 4.9% in the quarter, supported by the appreciation of the pound. Considering a constant exchange rate, it increased by 3.2% year-on-year and by 0.7% in the quarter, driven by mortgage origination activity, with improved service offering and customer retention. Unsecured lending returned to growth in fourth quarter.

Loans and advances to customers

	Excl. TSB					Total group				
				Change (%)				(1)	Change (%)	
(€ million)	31.12.18	30.09.19	31.12.19	31.12.18	30.09.19	31.12.18	30.09.19	31.12.19	31.12.18	30.09.19
Mortgage loans & credits	49,833	49,715	49,642	-0.4	-0.1	80,872	82,058	83,720	3.5	2.0
Other secured loans & credits	2,766	3,010	3,327	20.3	10.5	2,767	3,011	3,330	20.3	10.6
Working capital	6,186	5,447	6,443	4.2	18.3	6,186	5,447	6,443	4.2	18.3
Leasing	2,565	2,634	2,558	-0.2	-2.9	2,565	2,634	2,558	-0.2	-2.9
Unsecured lending and others	44,383	45,296	46,106	3.9	1.8	46,976	47,751	48,521	3.3	1.6
Performing gross loans	**105,732**	**106,102**	**108,076**	**2.2**	**1.9**	**139,366**	**140,901**	**144,572**	**3.7**	**2.6**
Non-performing loans	6,024	5,823	5,473	-9.1	-6.0	6,472	6,281	5,923	-8.5	-5.7
Accruals	-83	-42	-57	-31.5	36.7	-13	34	18	--	-46.3
Gross loans to customers (excluding repos)	**111,673**	**111,884**	**113,492**	**1.6**	**1.4**	**145,824**	**147,216**	**150,513**	**3.2**	**2.2**
Reverse repos	596	93	0	-100.0	-100.0	596	320	236	-60.4	-26.2
Gross loans to customers	**112,269**	**111,977**	**113,492**	**1.1**	**1.4**	**146,420**	**147,535**	**150,749**	**3.0**	**2.2**
NPL and country-risk provisions	-3,211	-2,970	-2,742	-14.6	-7.7	-3,433	-3,158	-2,933	-14.6	-7.1
Loans and advances to customers	**109,058**	**109,007**	**110,751**	**1.6**	**1.6**	**142,987**	**144,377**	**147,816**	**3.4**	**2.4**

(1) The EURGBP exchange rate used for the balance sheet is 0.8508.

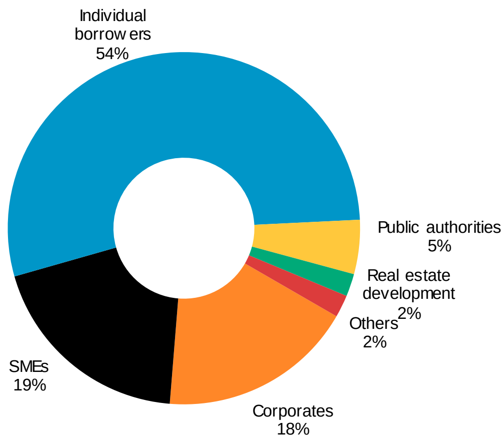
Loans and advances to customers by product type, 31.12.2019 (%) (*)



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

(*) Excluding NPLs and accrual adjustments.

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



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

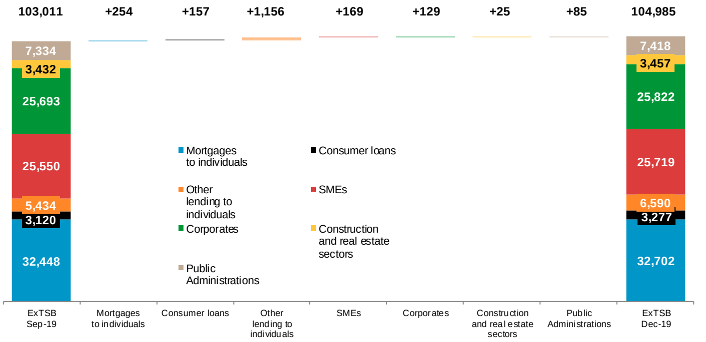
Change YoY:	+2.9% (2)	+8.5% (*)	+14.4% (*)	+4.6% (2)
Change QoQ:	+1.8% (2)	+4.9% (*)	+3.9% (*)	+2.7% (2)

(*) In TSB +3.2% YoY and +0.7% QoQ in GBP and in Mexico +7.9% YoY and +2.8% QoQ in MXN.

(1) Spain includes overseas branches.

(2) Excluding in the quarter the impact of €1.1bn€ A/R related to the closing of NPA disposals and additionally in the year €0.9bn securitization, at Group level an increase of +4.4% YoY and +1.8% QoQ and for Spain +2.7% YoY and +0.7% QoQ.

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



Change YoY:	+2.1%	-11.8% (*)	+12.3% (*)	+3.0%	+4.7%	-4.4%	+9.3%	+3.3% (*)
Change QoQ:	+0.8%	+5.0%	+21.3% (*)	+0.7%	+0.5%	+0.7%	+1.2%	+1.9% (*)

(*) Excluding in the quarter the impact of €1.1bn€ A/R related to the closing of NPA disposals and additionally in the year €0.9bn securitization, at ExTSB level an increase of +3.0% YoY and +0.8% QoQ, consumer loans +11.9% YoY and other lending to individuals -7.0% YoY and 0.4% QoQ.

Liabilities:

Customer funds:

At the end of 2019, on-balance sheet customer funds amounted to 146,309 million euros (110,886 million euros excluding TSB), representing a year-on-year increase of 6.5% (5.7% excluding TSB) and a quarter-on-quarter increase of 2.7% (2.0% excluding TSB), reflecting the strength of the banking franchise.

Sight account balances amounted to 118,868 million euros (86,875 million euros excluding TSB), representing an increase of 10.4% year-on-year (11.8% excluding TSB) and a 3.2% increase quarter-on-quarter (2.5% excluding TSB).

Term deposits amounted to 27,339 million euros (23,909 million euros excluding TSB), representing a -4.8% decline from the previous year (-8.6% excluding TSB) and a -1.1% decline from the previous quarter (-1.6% excluding TSB).

At TSB level, on-balance sheet customer funds increased by 9.0% year-on-year and by 5.0% in the quarter, driven by the growth of current accounts, which in turn was supported by the positive effect of the exchange rate. Considering a constant exchange rate, this item increased by 3.7% year-on-year and by 0.9% in the quarter, supported by growth across all products, particularly in business banking deposits reflecting a competitive savings proposition.

Total off-balance sheet funds amounted to 43,163 million euros as at the end of 2019, declining by -2.0% with respect to the previous year, mainly due to the decline of mutual funds. Quarter-on-quarter, this item declined by -1.2% due to pension funds.

Debt and other marketable securities:

At the end of 2019, this item amounted to 19,514 million euros (17,544 million euros excluding TSB), representing a slight decline of -0.3% year-on-year (-4.2% excluding TSB) and of -0.3% in the quarter (-0.4% excluding TSB).

Exposures to central banks at the end of 2019 amounted to 19,873 million euros, of which 14,613 million euros corresponded to the ECB and 5,260 million euros corresponded to the Bank of England.

It is worth noting the reduction in the position with the ECB and the Bank of England in the year, due to the early repayment of 7 billion euros of TLTRO II and the 2 billion pound TFS payment.

In the fourth quarter, an issuance was carried out of 620 million euros of senior preferred debt and 524 million euros of covered bonds matured.

Funds under management:

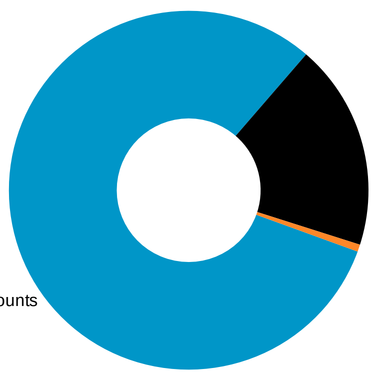
Funds under management amounted to a total of 213,095 million euros (175,184 million euros excluding TSB), compared with 205,711 million euros (170,285 million euros excluding TSB) one year previously, representing a year-on-year increase of 3.6% (2.9% excluding TSB) and a quarter-on-quarter growth of 1.4% (1.0% excluding TSB).

Customer funds

(€ million)		Excl. TSB 31.12.18	Excl. TSB 30.09.19	Excl. TSB 31.12.19	Excl. TSB Change (%) 31.12.18	Excl. TSB Change (%) 30.09.19	Total group 31.12.18	Total group 30.09.19	Total group (1) 31.12.19	Total group Change (%) 31.12.18	Total group Change (%) 30.09.19
Financial liabilities at amortised cost		**163,329**	**160,071**	**162,196**	**-0.7**	**1.3**	**206,077**	**203,913**	**205,636**	**-0.2**	**0.8**
Non-retail financial liabilities		58,470	51381	51309	-12.2	-0.1	68,734	61,497	59,327	-13.7	-3.5
Central banks		21,553	14,467	14,795	-31.4	2.3	28,799	21,277	20,065	-30.3	-5.7
Credit institutions		11,996	9,120	11,470	-4.4	25.8	12,000	9,123	11,471	-4.4	25.7
Institutional issues		21,392	21,098	21,135	-1.2	0.2	24,334	24,096	23,623	-2.9	-2.0
Other financial liabilities		3,529	6,696	3,909	10.8	-41.6	3,601	7,001	4,168	15.8	-40.5
On-balance sheet customer funds		**104,859**	**108,690**	**110,886**	**5.7**	**2.0**	**137,343**	**142,416**	**146,309**	**6.5**	**2.7**
Customer deposits		105,353	109,576	111,887	6.2	2.1	139,079	143,888	147,362	6.0	2.4
Sight accounts		77,736	84,751	86,875	11.8	2.5	107,665	115,130	118,868	10.4	3.2
Fixed-term deposits	(2)	26,154	24,300	23,909	-8.6	-1.6	28,709	27,647	27,339	-4.8	-1.1
Repos		1,321	352	951	-28.0	170.0	2,533	894	951	-62.4	6.4
Accruals and derivative hedging adjustments		142	173	151	6.5	-12.4	172	217	204	18.6	-6.1
Debt and other marketable securities		18,313	17,616	17,544	-4.2	-0.4	19,568	19,572	19,514	-0.3	-0.3
Subordinated liabilities	(3)	2,586	2,596	2,591	0.2	-0.2	3,031	3,052	3,056	0.8	0.1
On-balance sheet funds		**126,251**	**129,788**	**132,021**	**4.6**	**1.7**	**161,678**	**166,512**	**169,932**	**5.1**	**2.1**
Mutual funds		26,379	26,145	26,003	-1.4	-0.5	26,379	26,145	26,003	-1.4	-0.5
Equity funds		1,681	1,568	1,606	-4.4	2.4	1,681	1,568	1,606	-4.4	2.4
Balanced funds		6,469	6,670	6,823	5.5	2.3	6,469	6,670	6,823	5.5	2.3
Fixed-income funds		4,027	4,895	5,037	25.1	2.9	4,027	4,895	5,037	25.1	2.9
Guaranteed return funds		4,074	3,438	3,008	-26.2	-12.5	4,074	3,438	3,008	-26.2	-12.5
Real estate funds		115	94	76	-33.7	-18.9	115	94	76	-33.7	-18.9
Venture capital funds		46	100	101	119.4	0.8	46	100	101	119.4	0.8
Dedicated investment companies		1,886	1,661	1,667	-11.6	0.3	1,886	1,661	1,667	-11.6	0.3
Third-party funds		8,081	7,718	7,685	-4.9	-0.4	8,081	7,718	7,685	-4.9	-0.4
Managed accounts		3,595	3,337	3,363	-6.5	0.8	3,595	3,337	3,363	-6.5	0.8
Pension funds		3,594	3,670	3,367	-6.3	-8.3	3,594	3,670	3,367	-6.3	-8.3
Individual		2,168	2,112	2,216	2.2	4.9	2,168	2,112	2,216	2.2	4.9
Company		1,416	1,547	1,140	-19.5	-26.3	1,416	1,547	1,140	-19.5	-26.3
Group		11	11	11	0.3	0.9	11	11	11	0.3	0.9
Third-party insurance products		10,465	10,536	10,430	-0.3	-1.0	10,465	10,536	10,430	-0.3	-1.0
Off-balance sheet customer funds		**44,034**	**43,689**	**43,163**	**-2.0**	**-1.2**	**44,034**	**43,689**	**43,163**	**-2.0**	**-1.2**
Funds under management		**170,285**	**173,477**	**175,184**	**2.9**	**1.0**	**205,711**	**210,201**	**213,095**	**3.6**	**1.4**

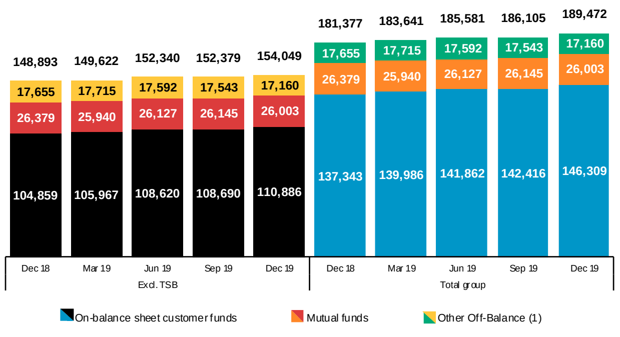
(1) The EURGBP exchange rate used for the balance sheet is 0.8508.
(2) Includes deposits redeemable at notice and hybrid financial liabilities.
(3) Subordinated liabilities of debt securities.

Customer deposits, 31.12.2019 (%) (*)



(*) Excluding accrual adjustments and hedging derivatives.

Evolution of customer funds (€ million)



Excl. TSB (*)		Total group (*)	
Change YoY:	+5.7%	Change YoY:	+6.5%
Change QoQ:	+2.0%	Change QoQ:	+2.7%

(*) Change on balance sheet customer funds.

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

Equity:

The following table shows the evolution of equity at the end of 2019:

Equity

(€million)	31.12.18	30.09.19	31.12.19	Change 31.12.18	Change 30.09.19
Shareholders' equity	**12,545**	**13,267**	**13,172**	**627**	**-96**
Issued capital	703	703	703	0	0
Reserves	11,732	11,883	11,780	48	-103
Other equity	35	39	40	4	0
Less: treasury shares	-143	-141	-9	135	133
Attributable net profit	328	783	768	440	-15
Less: interim dividends	-111	0	-111	0	-111
Accumulated other comprehensive income	**-491**	**-280**	**-267**	**225**	**13**
Minority interest	**64**	**70**	**69**	**6**	**0**
Net equity	**12,117**	**13,057**	**12,974**	**857**	**-82**

Risk management

Highlights:

The Group NPL ratio improved to 3.8%, compared to 4.2% in the previous year.

Efforts continue to reduce to the Group's problematic assets, which have been reduced in the year by -954 million euros. In the quarter, this reduction amounts to -98 million euros.

The NPA coverage ratio stood at 46.9%, with the coverage of non-performing loans standing at 49.6% and the coverage of foreclosed assets at 33.3%. It is worth highlighting that land assets represent c.6% of total foreclosed assets, down from 31% in the previous year, which has brought down the coverage of foreclosed assets.

The Group’s cost of risk stood at 61bps as at the end of 2019. Excluding the extraordinary provisions associated with the sale of the “Rex” foreclosed asset portfolio and the closing of institutional NPA sales, recurrent cost of risk stood at 52bps, improving 14bps year-on-year.

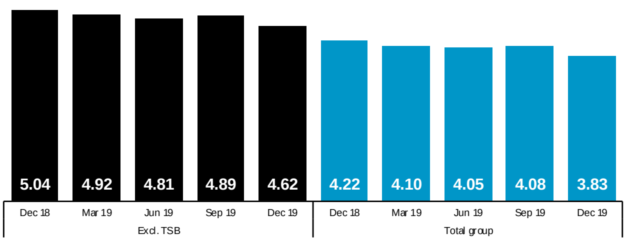
The disposals of the portfolios named “Coliseum”, “Challenger” and “Rex” were closed in the fourth quarter with a gross book value c.8,200 million euros.

Risk management:

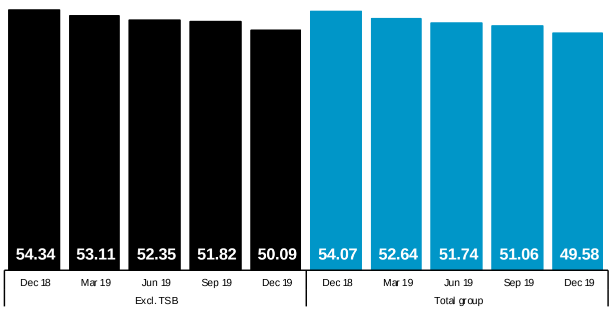
Reduction of problematic assets at the end of 2019, with a balance of 7,326 million euros, of which 6,141 million euros correspond to non-performing loans and 1,185 million euros correspond to foreclosed assets. This volume of problematic (non-performing) assets has brought down the ratio of net NPAs to average total assets to 1.7%, compared to 1.8% in the previous year.

The ratio of problematic assets in relation to gross loans plus foreclosed assets stood at 4.8%, down from 5.6% in the previous year.

NPL ratios (%) (*)



NPL coverage ratios (%) (*)



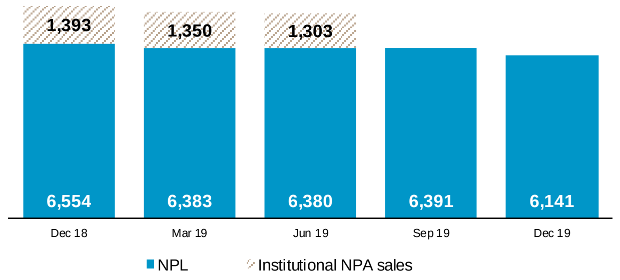
(*) Calculated including contingent exposures.

NPL ratios by segment (*)

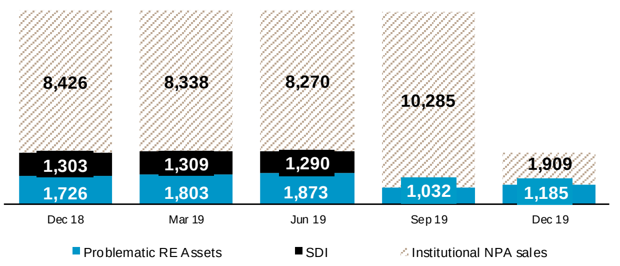
Excl. TSB	Dec 18	Mar 19	Jun 19	Sep 19	Dec 19
Real estate development and/or construction purposes	15.68%	14.45%	13.97%	13.39%	10.96%
Construction purposes non-related to real estate dev.	5.68%	5.97%	5.65%	5.49%	6.11%
Large corporates	2.32%	188%	176%	173%	145%
SME and small retailers and self-employed	6.48%	6.44%	6.57%	6.77%	6.73%
Individuals with 1st mortgage guarantee assets	5.82%	5.80%	5.65%	5.54%	5.33%
NPL ratio	**5.04%**	**4.92%**	**4.81%**	**4.89%**	**4.62%**

(*) Calculated including contingent exposures.

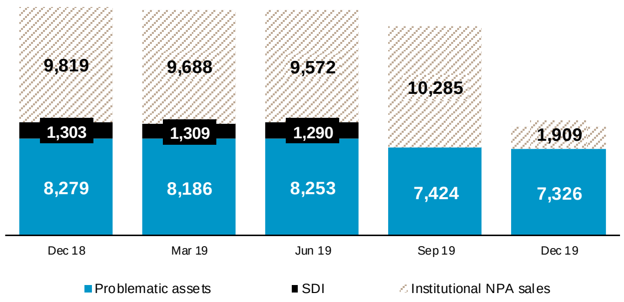
Evolution of NPLs (€ million) (*)



Evolution of foreclosed assets (€ million) (*)



Evolution of problematic assets (€ million) (*)



(*) Calculated including contingent exposures.

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

Evolution of NPLs and foreclosed assets, ex TSB

(€million)		20% APS Dec 18	100% APS Mar 19	Jun 19	Sep 19	Dec 19
Entries		354	408	457	380	469
Recoveries	(1)	-1,053	-420	-371	-300	-550
Ordinary net entries		**-699**	**-12**	**86**	**80**	**-81**
Entries		209	136	107	120	209
Sales and other outcomes	(1)	-5,706	-59	-37	-961	-57
Change in real estate assets		**-5,497**	**77**	**70**	**-841**	**152**
Net entries plus change in real estate assets		**-6,196**	**66**	**156**	**-761**	**71**
Write-offs		-106	-182	-76	-70	-161
Real estate assets and NPL quarterly change		**-6,302**	**-117**	**79**	**-831**	**-90**

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

Coverage of Group problematic assets(*)

(€ million)	Dec 18	Mar 19	Jun 19	Sep 19	Dec 19
Non-performing exposures	6,554	6,383	6,380	6,391	6,141
Provisions	3,544	3,360	3,301	3,263	3,045
NPL coverage ratio (%)	**54.1%**	**52.6%**	**51.7%**	**51.1%**	**49.6%**
Problematic RE Assets	1,726	1,803	1,873	1,032	1,185
Provisions	767	790	831	380	394
Problematic Real Estate coverage ratio (%)	**44.5%**	**43.8%**	**44.4%**	**36.8%**	**33.3%**
Total problematic assets	8,279	8,186	8,253	7,424	7,326
Provisions	4,311	4,150	4,132	3,643	3,439
Problematic assets coverage (%)	**52.1%**	**50.7%**	**50.1%**	**49.1%**	**46.9%**
Gross loans and advances to customers + problematic RE Assets	147,550	148,209	149,866	148,248	151,698
Problematic assets over Gross loans + RE assets (%)	**5.6%**	**5.5%**	**5.5%**	**5.0%**	**4.8%**
Net problematic assets	3,968	4,036	4,121	3,781	3,887
Net problematic assets as of % of total assets	**1.8%**	**1.8%**	**1.8%**	**1.7%**	**1.7%**

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

Forborne and restructured loans

The outstanding balance of forborne and restructured loans as at the end of 2019 is as follows:

(€million)	Total	Of which: doubtful
Public sector	10	10
Companies and self employed	2,657	1,724
Of which: Financing for construction and real estate development	365	253
Individuals	1,887	1,215
Total	**4,554**	**2,949**
Provisions	**1,001**	**907**

Foreclosed assets, pro forma (*)

(€million)	Gross amount	Allowances for losses
Real estate assets deriving from financing of construction and real estate development	**676**	**234**
Finished buildings	593	195
Housing	385	121
Rest	209	73
Buildings under construction	14	8
Housing	13	7
Rest	1	1
Land	69	32
Building land	27	10
Other land	42	22
Real estate assets deriving from home loan mortgages	**509**	**160**
Total real-estate portfolio	**1,185**	**394**

(*) Foreclosed assets, including properties outside Spain, considering the provisions allocated in the original financing and the credit risk that was transferred through the enforcement of the APS.

Movements in credit loss allowances allocated by the Group

(€million)	2018	2019
Initial balance	**3,740**	**3,435**
IFRS9 implementation	993	0
Movements reflected in provisions for NPLs	519	549
Movements not reflected in provisions for NPLs	-1,814	-1,059
Utilisation of provisions	-1,451	-947
Other movements (*)	-363	-112
Adjustments for exchange differences	-3	9
Final balance	**3,435**	**2,934**

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

NOTE: Excludes guarantees and sums undrawn.

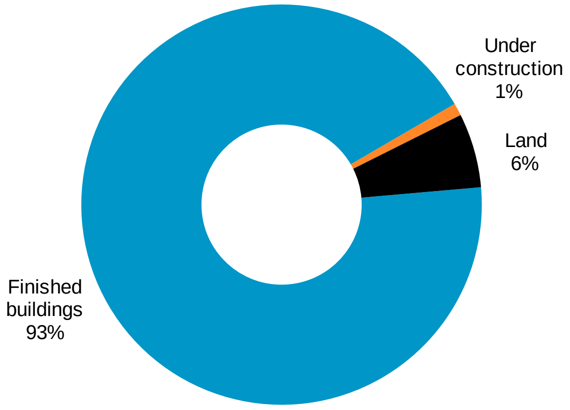
Breakdown of loans and provisions by stages

(€million)	Stage 1	Stage 2	Stage 3
Loans to customers and guarantees granted	145,662	8,323	6,141
Provisions	448	281	2,316
Coverage	**0.3%**	**3.4%**	**37.7%**

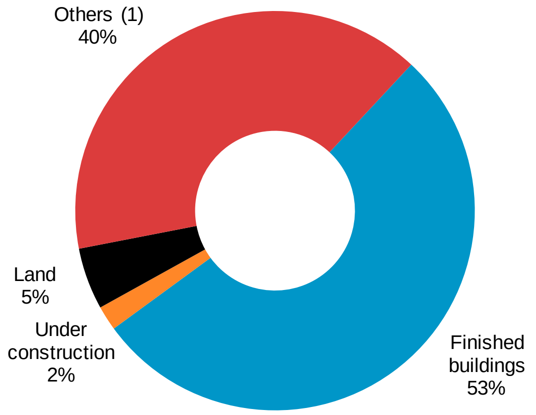
Breakdown of real estate exposures by asset class:

The following figures show the real estate exposures at the end of 2019, broken down by asset class:

Foreclosed assets, 31.12.2019 (%)



Real estate development, 31.12.2019 (%)



(1) Includes other guarantees

Liquidity management

Highlights:

Solid liquidity position, with the LCR (Liquidity Coverage Ratio) at the end of 2019 standing at 172% at Group level (184% excluding TSB and 231% in TSB), following the early repayment of 7 billion euros to the ECB in relation to TLTRO II and the 2 billion pound TFS payment to the Bank of England in 2019.

The loan-to-deposit ratio as at the end of 2019 was 99% with a balanced retail funding structure.

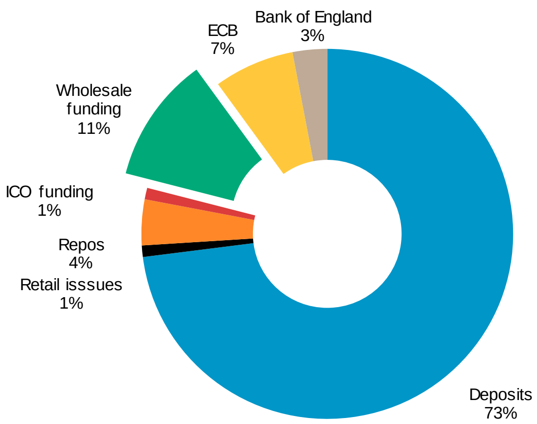
It is worth highlighting the issuance carried out in the fourth quarter of 620 million euros of MREL eligible senior preferred debt. In aggregate terms during the year, a total of 4 billion euros of MREL have been issued.

In January 2020, 300 million euros of Tier 2 and 1 billion euros of covered bonds have been issued.

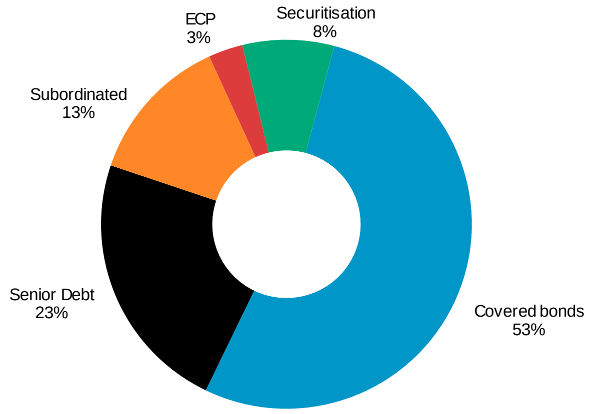
(€ million)		31.12.18	30.09.19	31.12.19 (1)
Loans and advances to customers	(2)	142,391	144,058	147,580
Brokered loans		-2,808	-2,357	-3,334
Adjusted net loans and advances		**139,583**	**141,701**	**144,246**
On-balance sheet customer funds		**137,343**	**142,416**	**146,309**
Loan-to-deposits ratio		**102**	**99**	**99**

(1) The EURGBP exchange rate used for the balance sheet is 0.8508.
(2) Excludes reverse repos.

Funding structure, 31.12.2019 (%)



Wholesale funding breakdown, 31.12.2019 (%)



Maturities

(€million)	2020	2021	2022	2023	2024	>2024	Outstanding balance
Covered bonds	2,015	1,808	1,707	1,388	2,732	2,301	11,951
Senior Debt	496	347	682	987	859	1,502	4,873
Senior Non Preferred Debt	0	0	0	0	951	500	1,451
Subordinated	413	0	0	0	0	1,463	1,875
Total	**2,924**	**2,155**	**2,389**	**2,375**	**4,542**	**5,766**	**20,151**

New issuances in the year

(€ million)	1Q19	2Q19	3Q19	4Q19
Covered bonds	874	0	0	0
Senior Debt	604	303	1,000	620
Senior Non Preferred Debt	0	1,000	500	0
Total	**1,478**	**1,303**	**1,500**	**620**

Maturities in the year

(€ million)	1Q19	2Q19	3Q19	4Q19
Covered bonds	300	300	0	524
Senior Debt	603	935	9	17
Total	**903**	**1,235**	**9**	**541**

Capital management and credit ratings

Highlights:

The CET1 ratio improved by 34bps, standing at 11.7% fully-loaded as at the end of 2019. The pro forma[3] CET1 ratio stood at 12.1% fully-loaded.

The fully-loaded CET1 ratio includes, in comparison with the previous quarter, +16bps from NPAs disposals, +8bps from the capital gain on Solvia and +4bps from the capital gain on the securitisation (both accrued as a dividend reverted at the end of the year), +7bps of accrued dividends paid in treasury shares, +1bp in organic capital generation and -3bps in deductions and others.

(1) Includes +5bps from the sale of the real estate developer and +36bps from the sale of Sabadell AM, announced on 21 January 2020.

The capital requirement that the Group needs to comply with is a phase-in CET1 ratio of at least 9.64% and a phase-in total capital ratio of at least 13.14%, with an MDA buffer of 256bps. In January 2020, 300 million euros of Tier 2 capital have been issued.

Total dividend declared in the year of €0.04 per share which brings dividend pay-out to c.40%.

The MREL ratio improved following the issuances carried out in the quarter, standing at 23.4% compared to 22.2% in the previous quarter. The TLOF ratio stood at 9.0%, increasing 67bps from the previous quarter.

Capital ratios, phase-in

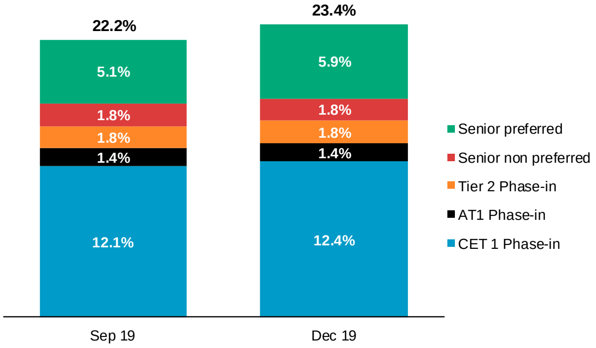
(€million)	31.12.18	30.09.19	31.12.19
Issued capital	703	703	703
Reserves	11,893	12,314	12,364
Minority interest	14	16	15
Deductions (1)	-2,982	-3,041	-2,973
Common Equity Tier 1	**9,629**	**9,993**	**10,110**
CET 1 Phase-in (%)	**12.0%**	**12.1%**	**12.4%**
Preference shares and other	1,153	1,153	1,153.095
Primary capital	**10,782**	**11,146**	**11,263**
Tier I (%)	**13.4%**	**13.5%**	**13.9%**
Secondary capital	**1,052**	**1,495**	**1,492**
Tier II (%)	**1.3%**	**1.8%**	**1.8%**
Total capital	**11,834**	**12,641**	**12,755**
Total capital ratio (%)	**14.7%**	**15.3%**	**15.7%**
Risk weighted assets (RWA)	**80,335**	**82,615**	**81,231**
Leverage ratio (%)	**4.86%**	**4.98%**	**5.01%**

The phase-in CET1 ratio of Banco de Sabadell S.A. (individual basis) is 14.1% as at December 2019.
(1) Includes IFRS 9 transitional arrangements.

Capital ratios, fully-loaded

(€million)	31.12.18	30.09.19	31.12.19
Issued capital	703	703	703
Reserves	11,893	12,314	12,364
Minority interest	14	16	15
Deductions	-3,679	-3,624	-3,558
Common Equity Tier 1	**8,931**	**9,409**	**9,525**
CET 1 Fully Loaded (%)	**11.1%**	**11.4%**	**11.7%**
Preference shares and other	1,153	1,153	1,153
Primary capital	**10,084**	**10,563**	**10,678**
Tier I (%)	**12.6%**	**12.8%**	**13.1%**
Secondary capital	**1,266**	**1,627**	**1,507**
Tier II (%)	**1.6%**	**2.0%**	**1.9%**
Total capital	**11,350**	**12,190**	**12,185**
Total capital ratio (%)	**14.1%**	**14.7%**	**15.0%**
Risk weighted assets (RWA)	**80,241**	**82,726**	**81,311**
Leverage ratio (%)	**4.55%**	**4.72%**	**4.75%**

Group MREL (% RWAs)



Credit ratings

Agency	Date	Long term	Short term	Outlook
DBRS	25.06.2019	A (low)	R-1 (low)	Estable
S&P Global Rating (1)	13.12.2019	BBB	A-2	Stable
Moody's (2)	12.12.2019	Baa3 / Baa2	P-3 / P-2	Stable/Stable
Fitch Ratings	20.12.2019	BBB	F2	Stable

(1) Copyright by Standard & Poor's, A division of the McGraw-Hill Companies, Inc. Reproduced with permission of Standard & Poor's.
(2) Corresponds to senior debt and deposits, respectively.

On 6 April 2018, **S&P Global Ratings** raised Banco Sabadell's long-term credit rating to BBB from BBB- and its short-term rating to A-2 from A-3. The outlook is stable. This credit rating upgrade was based on the improvement in Banco Sabadell's credit quality in a context of lower risk in the Spanish banking system, mainly due to its deleveraging, as well as improved investor confidence.
On 13 December 2019, S&P Global Ratings affirmed Banco Sabadell's long-term credit rating of BBB and its short-term rating of A-2, with a stable outlook.

On 19 September 2018, **Moody's** confirmed Banco Sabadell's long-term deposits rating of Baa2 and its long-term senior debt rating of Baa3, as well as its short-term deposits rating of P-2 and its short-term senior debt rating of P-3, and it announced the change of outlook to stable from positive. The credit rating agency took into account the bank's improved asset risk profile following the sale of the majority of its foreclosed asset portfolio and the reduction of its NPLs, as well as the adequate liquidity position and the Group's capital and profitability indicators, which were weakened by the one-off items recognised in 2018 related to losses in the Group's subsidiary, TSB Bank plc, and provisions allocated for the sale of problematic assets.
On 12 December 2019, Moody's affirmed Banco Sabadell's credit rating with a stable outlook.

On 4 June 2019, **DBRS Ratings GmbH** announced the upgrade of its long-term rating of Banco Sabadell to A (Low), with a stable outlook, from BBB (High), to reflect the significant reduction of problematic assets following the NPA sales, the progress made in resolving the incidents related to TSB's IT migration and the continuous improvement in core revenue. The short-term rating remained at R-1 (Low).
On 25 June 2019, DBRS Ratings GmbH affirmed Banco Sabadell's credit rating with a stable outlook.

On 29 March 2019, **Fitch Ratings** assigned Banco Sabadell a long-term rating of BBB and a short-term rating of F3, with a stable outlook. This rating reflects the solidity of Banco Sabadell, which is the fourth largest bank in Spain in terms of assets, with extensive experience in the SMEs business and a good geographical diversification, thanks to its activities in the United Kingdom and Mexico. Fitch has also highlighted Sabadell's capital levels, which meet the requirements of European regulatory bodies, its liquidity profile and its reduction of problematic assets. This rating also took into account the bank's challenges in improving its business in the United Kingdom, after the issues which arose from the IT migration of its UK subsidiary, TSB, and the uncertain operating environment in the country caused by Brexit. Fitch considers Banco Sabadell to have a solid franchise in Spain, as a result of its acquisitions strategy over the past decade, which provides it with a sound income-generating capacity and prospects for improvement in its profitability.
On 20 December, it raised Banco Sabadell's short-term rating to F2 from F3, reflecting the continuous improvement of its funding profile and its comfortable liquidity position. The long-term rating is still BBB, with a stable outlook.

Results by business units

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

This quarter, the Banking Business Spain and Other Geographies units have been restructured. The Real Estate Asset Transformation business now forms part of Banking Business Spain, thanks to the clean-up of the problematic real estate exposures held on the balance sheet. Additionally, foreign branches and representative offices are also included in Banking Business Spain, specifically under the Corporate Banking umbrella, as most of their clients are from Spain.

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

- Three geographies: Banking Business Spain, United Kingdom and Mexico.
- Each business is allocated 11% of the capital divided by its risk-weighted assets and the surplus of own funds is allocated to Banking Business 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**, which includes the following customer-centric business units:

Commercial Banking offers both investment and savings products. In terms of investment, the sale of mortgage products, working capital and revolving credit is particularly noteworthy. In terms of savings, the main products are deposits (demand deposits and term deposits), mutual funds, savings insurance and pension plans. Payment protection insurance products and payment services are also noteworthy, such as credit cards and the issues of transfers, among others. Private Banking segment provide products and services with high added value to customers.

Corporate Banking offers specialised lending services together with a comprehensive offering of solutions, ranging from transactional banking services to more complex and tailored solutions relating to the fields of lending and cash management, as well as import and export activities, among others.

Asset Management comprehensively manages NPA risk and real estate exposures. The unit focuses on developing the asset transformation strategy and integrating the end-to-end vision of the Group's balance sheet in order to maximise its value.

- **Banking Business United Kingdom:**

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

- **Banking Business Mexico:**

It offers banking and financial services for Corporate Banking and Commercial Banking in Mexico.

The information for each business unit is based on the individual accounting records of each Group company, after all consolidation disposals and adjustments have been made, and on analytical accounting of income and expenses where particular business lines are allocated to one or more legal entities, which allows income and expenses to be allocated to each customer in line with the business to which they are assigned.

Each business unit is treated as an independent business line, therefore fees and commissions received for the provision of services involving the distribution of products, services and systems are allocated between business units. The overall net impact of this allocation of fees and commissions between business units is zero.

Each business unit bears its own direct costs, calculated on the basis of general and analytical accounting, as well as the indirect costs of corporate units.

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

Profit and loss 2019

(€ million)	Banking business Spain	Banking business United Kingdom	Banking Business Mexico	Total
Net interest income	**2,527**	**979**	**117**	**3,622**
Net fees and commissions	1,304	117	19	1,439
Core revenues	**3,830**	**1,095**	**136**	**5,061**
Net trading income and exchange differences	110	15	1	126
Income from equity method and dividends	61	0	0	61
Other operating income/expense	-288	-20	-9	-317
Gross operating income	**3,714**	**1,091**	**127**	**4,932**
Operating expenses and amortisation	-2,070	-1,052	-91	-3,213
Pre-provisions income	**1,644**	**39**	**36**	**1,719**
Total provisions & impairments	-850	-72	-16	-938
Gains on sale of assets and other results	174	-4	0	170
Profit before tax	**968**	**-38**	**20**	**951**
Income tax	-165	-8	-2	-174
Minority interest	9	0	0	9
Attributable net profit	**794**	**-45**	**19**	**768**
ROE	7.3%	--	3.5%	5.9%
Efficiency	47.0%	84.0%	62.9%	55.6%
NPL ratio (%)	4.7%	1.2%	1.2%	3.8%
NPL coverage ratio (%)	50.5%	43.1%	108.9%	49.6%

Profit and loss 2018

(€ million)	Banking business Spain	Banking business United Kingdom	Banking Business Mexico	Total
Net interest income	**2,585**	**1,000**	**91**	**3,675**
Net fees and commissions	1,239	85	11	1,335
Core revenues	**3,824**	**1,085**	**102**	**5,010**
Net trading income and exchange differences	207	18	1	225
Income from equity method and dividends	64	0	1	65
Other operating income/expense	-224	-60	-6	-290
Gross operating income	**3,870**	**1,043**	**97**	**5,010**
Operating expenses and amortisation	-2,049	-1,148	-76	-3,273
Pre-provisions income	**1,821**	**-106**	**21**	**1,737**
Total provisions & impairments	-1,066	-231	-23	-1,320
Gains on sale of assets and other results	1	1	0	2
Profit before tax	**757**	**-335**	**-2**	**419**
Income tax	-189	95	10	-84
Minority interest	7	0	0	7
Attributable net profit	**561**	**-240**	**8**	**328**
ROE	5.2%	--	1.9%	2.6%
Efficiency	46.0%	101.6%	77.2%	58.3%
NPL ratio (%)	5.2%	1.3%	0.4%	4.2%
NPL coverage ratio (%)	53.9%	50.4%	284.5%	54.1%

Balance sheet 2019

(€ million)	Banking business Spain	Banking business United Kingdom	Banking Business Mexico	Total
Total assets	**172,610**	**46,449**	**4,695**	**223,754**
Performing gross loans	104,436	36,496	3,640	144,572
RE exposure	791	0	0	791
Subtotal liabilities	**161,695**	**44,924**	**4,160**	**210,779**
On-balance sheet customer funds	108,890	35,423	1,996	146,309
Capital markets w holesale funding	19,912	2,423	0	22,335
Equity	**10,915**	**1,525**	**535**	**12,974**
Off-balance sheet customer funds	43,163	0	0	43,163

Balance sheet 2018

(€ million)	Banking business Spain	Banking business United Kingdom	Banking Business Mexico	Total
Total assets	**172,246**	**46,182**	**3,894**	**222,322**
Performing gross loans	102,550	33,634	3,181	139,366
RE exposure	959	0	0	959
Subtotal liabilities	**162,167**	**44,662**	**3,377**	**210,205**
On-balance sheet customer funds	103,613	32,484	1,246	137,343
Capital markets w holesale funding	19,833	1,688	0	21,520
Equity	**10,080**	**1,520**	**517**	**12,117**
Off-balance sheet customer funds	44,034	0	0	44,034

Banking Business Spain

Net profit as at the end of December 2019 amounted to 794 million euros, representing a year-on-year increase of 41.7%, mainly due to the decline in provisions and impairments, the capital gain obtained on the sale of Solvia and the earn-out of the insurance business.

Net interest income amounted to 2,527 million euros and declined by -2.2% with respect to the same period in 2018, mainly due to the impact of the implementation of IFRS 16, the consumer loan securitisation and lower interest rates. Excluding the impact of the securitisation, this decline falls to -1.5%.

Net fees and commissions amounted to 1,304 million euros, 5.2% higher than in the previous year, with increases recorded across segments of products: services, credit and contingent risk and asset management.

Trading results and exchange differences amounted to 110 million euros, impacted by 88 million euros corresponding to the capital gain on the consumer loan securitisation and -47 million euros from the SAREB subordinated debt impairment, lower than in the previous year due to smaller fixed-income sales.

Operating expenses and amortisations amounted to -2,070 million euros, 1.0% higher than in the previous year due to higher personnel expenses.

Provisions and impairments amounted to -850 million euros, lower than in the previous year due to smaller recurrent provisions in the year as well as larger extraordinary provisions in the previous year associated with the institutional sales of non-performing assets.

Capital gains on asset sales and other income amounted to a total of 174 million euros as at 2019 year-end, and included 133 million euros on the sale of Solvia Servicios Inmobiliarios and the earn-out of the insurance business of 37 million euros.

			Change (%)	Simple evolution							
(€ million)	FY18	FY19	YoY	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19
Net interest income	**2,585**	**2,527**	**-2.2%**	**639**	**643**	**649**	**654**	**630**	**633**	**636**	**628**
Net fees and commissions	1,239	1,304	5.2%	288	307	313	330	312	329	324	338
Core revenues	**3,824**	**3,830**	**0.2%**	**928**	**950**	**962**	**984**	**942**	**962**	**960**	**966**
Net trading income and exchange differences	207	110	-46.7%	219	1	-8	-6	51	-27	89	-3
Income from equity method and dividends	64	61	-4.6%	13	24	15	12	12	24	16	9
Other operating income/expense	-224	-288	28.6%	-7	-47	-14	-156	-9	-84	-17	-177
Gross operating income	**3,870**	**3,714**	**-4.1%**	**1,152**	**928**	**955**	**835**	**996**	**875**	**1,048**	**794**
Operating expenses and amortisation	-2,049	-2,070	1.0%	-506	-512	-506	-525	-499	-502	-521	-548
Pre-provisions income	**1,821**	**1,644**	**-9.8%**	**646**	**417**	**449**	**310**	**497**	**373**	**527**	**246**
Total provisions & impairments	-1,066	-850	-20.3%	-219	-440	-245	-163	-165	-168	-176	-340
Gains on sale of assets and other results	1	174	--	-1	4	-1	-1	1	140	0	34
Profit before tax	**757**	**968**	**28.0%**	**426**	**-19**	**203**	**146**	**332**	**345**	**351**	**-60**
Income tax	-189	-165	-12.7%	-124	31	-53	-43	-90	-61	-97	83
Minority interest	7	9	27.0%	1	2	2	1	1	5	1	2
Attributable net profit	**561**	**794**	**41.7%**	**300**	**10**	**149**	**101**	**241**	**278**	**253**	**21**
Accumulated ratios											
ROE	5.2%	7.3%		9.9%	5.3%	5.0%	5.2%	7.9%	9.2%	8.7%	7.3%
Efficiency	46.0%	47.0%		41.7%	44.2%	46.2%	46.0%	47.0%	47.6%	47.4%	47.0%
NPL ratio (%)	5.2%	4.7%		6.5%	5.9%	5.6%	5.2%	5.1%	4.9%	5.0%	4.7%
NPL coverage ratio (%)	53.9%	50.5%		56.6%	56.8%	57.4%	53.9%	52.6%	51.4%	51.4%	50.5%

Performing loans amounted to 104,436 million euros, representing a 1.8% increase with respect to the previous year, with the corporates, SMEs, mortgages and consumer loans segments being particularly worthy of note. Excluding the APS and one-offs impacts(1), growth stood at 2.7%.

On-balance sheet customer funds increased by 5.1% year-on-year, with a significant growth in sight accounts. Off-balance sheet funds were down by -2.0%, due to the decline in mutual and pension funds.

			Change (%)	Simple evolution							
(€ million)	FY18	FY19	YoY	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19
Total assets	**172,246**	**172,610**	**0.2%**	**166,672**	**165,376**	**167,954**	**172,246**	**173,848**	**173,879**	**171,381**	**172,610**
Performing gross loans	102,550	104,436	1.8%	99,144	102,595	102,688	102,550	101,758	104,365	102,599	104,436
RE exposure	959	791	-17.5%	3,437	3,180	3,103	959	1,013	1,042	653	791
Subtotal liabilities	**162,167**	**161,695**	**-0.3%**	**155,747**	**155,273**	**157,759**	**162,167**	**163,413**	**163,208**	**160,364**	**161,695**
On-balance sheet customer funds	103,613	108,890	5.1%	97,814	101,566	101,376	103,613	104,627	106,802	106,839	108,890
Capital markets wholesale funding	19,833	19,912	0.4%	19,374	18,348	18,997	19,833	19,129	19,168	20,459	19,912
Equity	**10,080**	**10,915**	**8.3%**	**10,925**	**10,103**	**10,194**	**10,080**	**10,435**	**10,671**	**11,017**	**10,915**
Off-balance sheet customer funds	44,034	43,163	-2.0%	46,364	46,901	47,159	44,034	43,655	43,720	43,689	43,163
Other data											
Employees	17,373	16,610	-4.4%	17,382	17,381	17,398	17,373	17,403	16,750	16,735	16,610
Branches	1,892	1,847	-2.4%	1,908	1,905	1,905	1,892	1,891	1,891	1,878	1,847

(1) Excludes the impact of the consumer loan securitisation carried out in Sep.19 for €1bn (€0.9bn as at Dec.19) and the impact of €1.1bn A/R related to the closing of NPA disposals.

Banking Business United Kingdom

Net profit amounted to -45 million euros as at the end of 2019, improving significantly from the previous year, as the latter included the impacts of the IT migration.

Net interest income amounted to 979 million euros, -2.1% lower than in the previous year, mainly due to the increase in competitive pressure on interest rates and the higher wholesale funding cost due to higher volume of issuances.

Net fees and commissions increased by 36.8% year-on-year, mainly driven by the growth of service fees. The previous year was impacted by the waiver of overdraft fees following the IT migration.

Other operating income and expenses improved mainly because of the impact of fraud losses arising from the IT migration in the previous year and the positive impact of the agreement with VISA this year.

Operating expenses and amortisations amounted to -1,052 million euros, representing a year-on-year decline of -8.4%, as the previous year includes one-off migration costs. In the year, non-recurrent costs of -85 million euros have been recognised (-50 million euros in restructuring costs and -35 million euros related to others). The fourth quarter includes -26 million euros of restructuring costs.

Provisions and impairments amounted to -72 million euros, improving by 68.7% year-on-year as the preceding year included customer redress provisions associated with TSB's migration.

Capital gains on asset sales and other income include the impact of -3 million euros in restructuring costs associated with branch sales.

			Change (%)				Simple evolution				
(€ million)	FY18	FY19	YoY	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19
Net interest income	**1,000**	**979**	**-2.1%**	**253**	**233**	**260**	**253**	**244**	**242**	**241**	**251**
Net fees and commissions	85	117	36.8%	23	12	25	25	26	30	31	29
Core revenues	**1,085**	**1,095**	**0.9%**	**276**	**245**	**286**	**278**	**271**	**272**	**272**	**280**
Net trading income and exchange differences	18	15	-13.2%	7	19	-5	-3	16	4	-4	-1
Income from equity method and dividends	0	0	-100.0%	0	0	0	0	0	0	0	0
Other operating income/expense	-60	-20	-67.4%	-3	-40	-8	-9	12	-13	-9	-9
Gross operating income	**1,043**	**1,091**	**4.6%**	**281**	**224**	**272**	**266**	**299**	**263**	**258**	**270**
Operating expenses and amortisation	-1,148	-1,052	-8.4%	-315	-290	-284	-258	-264	-260	-255	-273
Pre-provisions income	**-106**	**39**	**--**	**-34**	**-67**	**-12**	**7**	**36**	**2**	**4**	**-3**
Total provisions & impairments	-231	-72	-68.7%	-23	-116	-23	-68	-21	-12	-14	-25
Gains on sale of assets and other results	1	-4	--	0	0	0	0	0	-1	-1	-2
Profit before tax	**-335**	**-38**	**88.8%**	**-57**	**-183**	**-35**	**-60**	**15**	**-11**	**-12**	**-29**
Income tax	95	-8	--	13	29	13	40	-7	6	5	-11
Minority interest	0	0	--	0	0	0	0	0	0	0	0
Attributable net profit	**-240**	**-45**	**81.2%**	**-44**	**-153**	**-23**	**-20**	**7**	**-5**	**-7**	**-40**
Accumulated ratios											
ROE	--	--		--	--	--	--	--	--	--	--
Efficiency	101.6%	84.0%		105.8%	112.1%	106.4%	101.6%	77.0%	81.4%	82.7%	84.0%
NPL ratio (%)	1.3%	1.2%		1.1%	1.1%	1.3%	1.3%	1.3%	1.3%	1.3%	1.2%
NPL coverage ratio (%)	50.4%	43.1%		49.9%	53.9%	55.0%	50.4%	46.8%	43.8%	41.5%	43.1%

Performing gross loans amounted to 36,496 million euros, representing an increase of 8.5%, supported by the appreciation of the pound. Considering a constant exchange rate, it increased by 3.2% year-on-year and by 0.7% in the quarter, driven by mortgage origination activity, with improved service offering and customer retention. Unsecured lending returned to growth in fourth quarter.

On-balance sheet customer funds amounted to 35,423 million euros, representing an increase of 9.0% year-on-year, driven by the growth of personal current accounts, which in turn was supported by the positive effect of the exchange rate. Considering a constant exchange rate, this item increased by 3.7% year-on-year, supported by growth across all products, particularly in business banking deposits reflecting competitive savings proposition.

			Change (%)				Simple evolution				
(€ million)	FY18	FY19	YoY	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19
Total assets	**46,182**	**46,449**	**0.6%**	**49,332**	**47,159**	**46,204**	**46,182**	**47,613**	**46,648**	**47,046**	**46,449**
Performing gross loans	33,634	36,496	8.5%	35,593	35,202	34,499	33,634	35,042	33,850	34,798	36,496
Subtotal liabilities	**44,662**	**44,924**	**0.6%**	**47,740**	**45,581**	**44,656**	**44,662**	**46,072**	**45,143**	**45,559**	**44,924**
On-balance sheet customer funds	32,484	35,423	9.0%	34,996	33,373	33,021	32,484	34,019	33,241	33,726	35,423
Capital markets wholesale funding	1,688	2,423	43.6%	1,885	1,809	1,753	1,688	2,563	2,415	2,391	2,423
Equity	**1,520**	**1,525**	**0.3%**	**1,593**	**1,578**	**1,548**	**1,520**	**1,541**	**1,505**	**1,488**	**1,525**
Other data											
Employees	8,353	7,394	-11.5%	8,335	8,137	8,208	8,353	8,314	8,160	7,795	7,394
Branches	550	540	-1.8%	551	551	550	550	549	548	544	540

Banking Business Mexico

Net profit as at December 2019 amounted to 19 million euros, representing a year-on-year increase of 149.1%, mainly due to the improvement in core banking revenue.

Net interest income amounted to 117 million euros and increased by 29.0%, due to the growth of performing loans.

Net fees and commissions increased by 68.3% year-on-year due to the acquisition of new customers.

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

Gross income amounted to 127 million euros and increased by 30.9%, due to the improvement of core banking revenue.

Operating expenses and amortisations increased by 19.3% year-on-year due to higher personnel expenses, and larger amortisations due to IT projects.

Provisions and impairments amounted to -16 million euros, representing an improvement of 32.3% year-on-year due to the improvement of the portfolio's credit quality.

			Change (%)	Simple evolution							
(€ million)	FY18	FY19	YoY	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19
Net interest income	**91**	**117**	**29.0%**	**19**	**22**	**24**	**26**	**26**	**31**	**29**	**31**
Net fees and commissions	11	19	68.3%	3	3	3	2	4	4	6	4
Core revenues	**102**	**136**	**33.2%**	**22**	**25**	**26**	**28**	**30**	**35**	**35**	**35**
Net trading income and exchange differences	1	1	-29.1%	0	0	0	1	0	0	1	0
Income from equity method and dividends	1	0	-100.0%	0	0	0	0	0	0	0	0
Other operating income/expense	-6	-9	46.0%	0	-2	-2	-3	-2	-3	-2	-2
Gross operating income	**97**	**127**	**30.9%**	**22**	**24**	**24**	**27**	**29**	**32**	**33**	**33**
Operating expenses and amortisation	-76	-91	19.3%	-19	-14	-20	-23	-14	-28	-24	-25
Pre-provisions income	**21**	**36**	**73.3%**	**3**	**10**	**4**	**3**	**14**	**4**	**9**	**8**
Total provisions & impairments	-23	-16	-32.3%	-3	-6	-6	-9	-3	-4	-3	-5
Gains on sale of assets and other results	0	0	--	0	0	0	0	0	0	0	0
Profit before tax	**-2**	**20**	**--**	**0**	**5**	**-2**	**-6**	**11**	**0**	**6**	**3**
Income tax	10	-2	--	2	0	3	5	-1	0	-1	1
Minority interest	0	0	--	0	0	0	0	0	0	0	0
Attributable net profit	**8**	**19**	**149.1%**	**3**	**4**	**1**	**-1**	**10**	**0**	**5**	**4**
Accumulated ratios											
ROE	1.9%	3.5%		3.5%	4.0%	3.0%	1.9%	7.8%	3.8%	3.7%	3.5%
Efficiency	77.2%	62.9%		86.5%	72.5%	74.8%	77.2%	50.1%	60.6%	61.6%	62.9%
NPL ratio (%)	0.4%	1.2%		0.1%	0.5%	0.8%	0.4%	0.5%	0.6%	0.9%	1.2%
NPL coverage ratio (%)	284.5%	108.9%		1005.9%	221.6%	158.7%	284.5%	233.8%	186.1%	132.4%	108.9%

Performing loans amounted to 3,640 million euros, 14.4% more than in the previous year.

On-balance sheet customer funds amounted to 1,996 million euros and increased by 60.2% year-on-year.

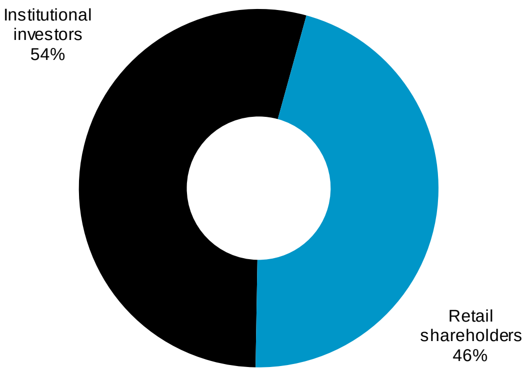
			Change (%)	Simple evolution							
(€ million)	FY18	FY19	YoY	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19
Total assets	**3,894**	**4,695**	**20.6%**	**3,004**	**3,400**	**3,593**	**3,894**	**4,283**	**4,325**	**4,382**	**4,695**
Performing gross loans	3,181	3,640	14.4%	2,510	2,870	3,047	3,181	3,339	3,488	3,503	3,640
Subtotal liabilities	**3,377**	**4,160**	**23.2%**	**2,652**	**3,011**	**3,143**	**3,377**	**3,781**	**3,786**	**3,829**	**4,160**
On-balance sheet customer funds	1,246	1,996	60.2%	469	757	755	1,246	1,340	1,818	1,851	1,996
Equity	**517**	**535**	**3.3%**	**352**	**389**	**450**	**517**	**502**	**539**	**553**	**535**
Other data											
Employees	455	450	-1.1%	339	397	439	455	460	462	467	450
Branches	15	15	0.0%	15	15	15	15	15	15	15	15

4. Share price performance

		31.12.18	30.09.19	31.12.19
Shareholders and trading				
Number of shareholders		235,523	236,844	235,034
Average number of shares (million)		5,565	5,536	5,538
Average daily trading volume (millions shares)		27	31	30
Share price (€)	(1)			
Opening session (of the year)		1.656	1.001	1.001
High (of the year)		1.945	1.083	1.130
Low (of the year)		0.950	0.714	0.714
Closing session (end of quarter)		1.001	0.890	1.040
Market capitalisation (€ million)		5,568	4,928	5,760
Stock market multiples				
Earnings per share (EPS) (€)	(2)	0.05	0.15	0.13
Book value (€ millon)		12,545	13,199	13,172
Book value per share (€)		2.25	2.38	2.38
Tangible book value (€ millon)		10,084	10,700	10,607
TBV per share (€)		1.81	1.93	1.92
Price / Book value (times)		0.44	0.37	0.44
Price / Earnings ratio (P/E) (times)		20.11	5.88	8.29

(1) Without adjusting historical values.
(2) Net profit adjusted by the Additional Tier 1 coupons recorded under equity.

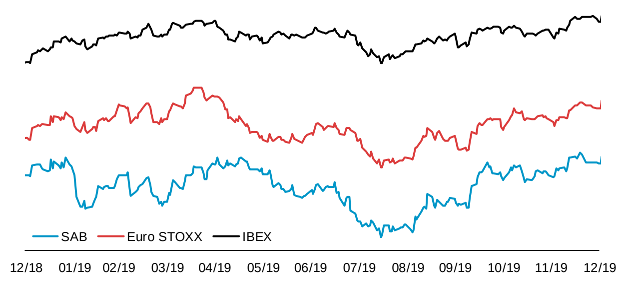
Shareholder breakdown (%)



Source: GEM, data as at 31 December 2019.

Comparative evolution of SAB share

Period from 31.12.2018 to 31.12.2019



5. Key developments in the quarter

Banco Sabadell has received a communication regarding the minimum requirement for own funds and eligible liabilities (MREL)

On 19 November 2019, Banco Sabadell received the communication from Bank of Spain, as preventive national resolution authority, of the decision adopted by the Single Resolution Board (SRB) on the determination of the minimum requirement for own funds and eligible liabilities (MREL). This decision is based on the current legislation and could be subject to subsequent changes by the resolution authorities.

The minimum MREL requirement on a consolidated basis established for Banco Sabadell is of 8.31 percent of the Total Liabilities and Own Funds (TLOF), of which 5.99 percent of TLOF shall be met with subordinated instruments taking into account an allowance of 2.2 percent of the Total Risk Exposure Amount (TREA).

The decision establishes that the requirement shall be reached by 1 January 2020 and from that date shall be met at all times. Banco Sabadell currently meets this MREL requirement, which matches the expectations of Banco Sabadell and is in line with its funding plans.

Banco Sabadell has been notified of the decision reached following the supervisory review and evaluation process (SREP)

On 5 December 2019, Banco Sabadell received the European Central Bank decision regarding the minimum prudential requirements as a result of the 2020 supervisory review and evaluation process (SREP).

Banco Sabadell exceeds the minimum thresholds and therefore has no restrictions on dividends distribution, variable pay and additional Tier I capital coupon payments.

The requirement for Banco Sabadell at consolidated level is to keep at all times a Common Equity Tier I ratio of 9.63% (CET1 phased-in) and a minimum Total Capital phased-in of 13.13%.

These ratios include the minimum Pillar 1 requirement (4.50%), the Pillar 2 requirement (2.25%), the capital conservation buffer (2.50%), the systemic risk buffer (0.25%) and the anticyclical buffer (0.13%).

Following this decision, the capital requirements remain unchanged from 2019.

Banco Sabadell states that the reference price of its shares is 1.0725 euros

Following the relevant fact published on 25 October 2019 (number 282,836) announcing the decision taken by the Board of Directors to distribute an interim dividend out of the earnings of 2019 on 24 December 2019 amounting to EUR 0.02 (gross) per share, it is noted that the Reference Price of the shares of Banco Sabadell is 1.0725 euros.

Consequently, the amount of the dividend, net of the corresponding withholding tax, i.e. EUR 0.0162 per share, has been paid as follows:

1. By delivering one share of Banco Sabadell for every 66.20368225 shares held by shareholders.
2. Fractional entitlements to less than one share has been delivered to the shareholders of Banco Sabadell according to the prior ratio settled in cash at the Reference Price.

The shares were delivered on or after 24 December 2019, through the facilities which IBERCLEAR made available to its participant entities, to the shareholders of Banco Sabadell having acquired their shares up to (and including) 19 December 2019 and whose trades have settled up to (and including) 23 December 2019.

On the other hand, those shareholders whose custodians evidence in due time and form to Banco Sabadell their right to an exemption from withholding or to the application of a reduced withholding rate have received the relevant amount in cash.

Banco Sabadell formally executes the transfer of the majority of its real estate assets

Further to the relevant facts dated 19 July 2018 and 2 August 2019 (numbers 268033 and 281072, respectively), on 20 December 2020 Banco Sabadell executed the transfer of the majority of the real estate assets included in the real estate portfolios commercially named “Coliseum”, “Challenger” and “Rex” to certain companies wholly owned by a Cerberus Capital Management L.P (“Cerberus”) subsidiary, in which Cerberus holds an 80% interest and Banco Sabadell holds the remaining 20% and hence resulting in the deconsolidation of the aforesaid real estate assets from the balance sheet of Banco Sabadell Group.

The transferred real estate assets comprise approximately 46,000 units with a total gross book value of 6,414 million euros; this amount is net of the assets that have been marketed and sold to third parties up to closing. The transfer of the remaining units (approximately 15,000, with a gross book value of 1,817 million euros) is subject to the potential exercise of rights of first refusal by third parties. Any such exercise will not alter the expected financial impacts of the transactions for Banco Sabadell.

The price of the transactions amounts to approximately 3,430 million euros.

Upon closing the transactions, the implementation of certain contractual clauses relating to the entire real estate portfolio involved requires the recognition of additional provisions of 52 million euros net of tax. In addition, the Q4 2019 results will account for an amount of 20 million euros net of tax in costs related to the assets being transferred but not attributable to the sale.

The closing of these transactions contributes positively to improving the future profitability of Banco Sabadell Group and has a positive impact of 16 basis points on the Common Equity Tier 1 (fully-loaded) capital ratio of Banco Sabadell in the fourth quarter of 2019.

Banco Sabadell announces that the credit rating agency Fitch Ratings has raised its short-term rating

On 20 December, Fitch Ratings has upgraded Banco Sabadell's short-term rating to F2 from F3, reflecting the continued improvement of its funding structure and its comfortable liquidity position.

The long-term rating remains at BBB, with a stable outlook.

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

On 21 January 2020, Banco Sabadell and Amundi Asset Management (Amundi) have entered into a long-term strategic partnership for the distribution of Amundi products through the retail network of Banco Sabadell in Spain. The agreement includes the sale of 100% of the share capital of Sabadell Asset Management, S.A., S.G.I.I.C, Sociedad Unipersonal (SabAM) for an amount of 430 million euros. The agreement provides for an earn-out of up to 30 million euros, payable in 2024, depending on the assets under management held by SabAM pertaining to customers of Banco Sabadell on such date.

As at the end of 2019, SabAM's assets under management amounted to approximately 21.8 billion euros, excluding third party funds, and it earned net profit of 34 million euros (including, among other items, 65 million euros in net fee income and 17 million euros of operating and personnel expenses). The transfer of SabAM includes its subsidiary Sabadell Asset Management Luxembourg, S.A., and excludes Sabadell Urquijo Gestión, S.A., S.G.I.I.C. Sociedad Unipersonal, which remains part of Banco Sabadell Group.

The expected closing of the transaction, which is subject to obtaining the relevant authorisations, will take place in the third quarter of 2020. The transaction will generate a capital gain amounting to 351 million euros net of taxes, which will strengthen Banco Sabadell's capital position by adding 43 basis points to the fully-loaded Common Equity Tier 1 (CET1) ratio.

Of the capital gain, 58 million euros (corresponding to 7 basis points of fully-loaded CET1) are subject to specific guarantees in effect over the length of the distribution agreement and will therefore be accrued proportionally over the next 10 years; the remaining amount of the capital gain, 293 million euros, will be recognised upon closing the transaction.

The strategic partnership signed between Banco Sabadell and Amundi will enable the customers of Banco Sabadell to access new investment opportunities and a wider range of internationally recognised products, complementing the current offering of savings and investment products, without impacting existing investment funds and pension plans.

This agreement reinforces the commitment of Banco Sabadell to continue to lead customer satisfaction and experience rankings, which is one of Banco Sabadell's business priorities for 2020.

Banco Sabadell adopts a resolution to distribute a supplementary dividend to shareholders at €0.02 (gross) per share to be paid in cash

During the Banco Sabadell Board of Directors meeting held on 30 December 2020, Banco Sabadell adopts a resolution to distribute a supplementary dividend to shareholders at €0.02 (gross) per share to be paid in cash.

This dividend supplements the interim dividend of €0.02 (gross) per share, agreed by the Board of Directors on 24 October 2019, and which was paid out on 24 December 2019.

The total shareholder remuneration corresponding to year 2019 amounts to €0.04 (gross) per share.

The dividend proposal shall need to be approved at the Annual General Meeting (AGM), and the payout of the supplementary dividend shall be carried out once the AGM has been held.

6. Glossary of terms on performance measures

In the presentation of its results to the market, and for the purpose of monitoring the business and decision-making processes, the Group uses performance indicators pursuant to the generally accepted accounting regulations (EU-IFRS), and also uses other non-audited measures commonly used in the banking sector (Alternative Performance Measures, or "APMs") as monitoring indicators for the management of assets and liabilities, and the financial and economic situation of the Group, which facilitates its comparison with other entities.

Following the ESMA guidelines on APMs (ESMA/2015/1415es 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) and its definition and calculation:

		Definition and calculation	Page
ROA	(*) (**) (***)	Consolidated income during the year / ATA. Considering linear annualisation of profit obtained to date and adjusted by contributions to deposit guarantee and resolution funds and tax on deposits of credit institutions, except year end.	3
ROE	(*) (***)	Profit attributed to the Group / average equity. The numerator considers the linear annualisation of profit obtained to date and adjusted by contributions to deposit guarantee and resolution funds and tax on deposits of credit institutions, except year end.	3
RORWA	(*)	Profit attributed to the Group / risk-weighted assets (RWA). The numerator considers linear annualisation of profit obtained to date and adjusted by contributions to deposit guarantee and resolution funds and tax on deposits of credit institutions, except year end.	3
ROTE	(*) (***)	Profit attributed to the Group / average equity. The numerator considers the linear annualisation of profit obtained to date and adjusted by contributions to deposit guarantee and resolution funds and tax on deposits of credit institutions, except year end. The denominator excludes intangible assets.	3
Efficiency ratio	(*)	Administrative expenses divided by adjusted gross income. The denominator includes the linear accrual of contributions to deposit guarantee fund and resolution fund and tax on deposits of credit institutions, except year end.	3
Other operating income/expense		Includes the following accounting items: other operating income and other operating expense as well as income from assets and expenses on liabilities under insurance or reinsurance contracts.	8
Total provisions & impairments		Includes the following accounting items: (i) impairment of reversal of impairment of investments in joint ventures and associates, (ii) impairment or reversal of impairment on non-financial assets, (iii) investment properties in the net gains or losses on derecognition of non-financial assets, (iv) profit or loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations (excluding the equity interests), (v) provisions or reversal of provisions and (vi) impairment or reversal of impairment on financial assets not measured at fair value through profit or loss and net modification losses or gains.	8
Gains on sale of assets and other results		Includes the following accounting items: net gains or losses on derecognition of non-financial assets, excluding investment properties and associates included in the profit or loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations.	8
Pre-provisions income		Comprised of the following accounting items: gross income plus administration and amortisation/depreciation expenses.	8
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.	10
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 alowances.	17
Performing gross loans		Includes gross loans to customers excluding repos, NPLs (stage 3) 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 issueds (debt and other tradable securities and subordinated liabilities).	19
Funds under management		Sum of on-balance sheet and off-balance sheet customer funds.	19
NPL coverage ratio (%)		Shows the % of NPLs (stage 3), covered by total provisions. Calculated using the ratio between the allowance of loans and advances to customers (including allowances for guarantees granted) / total non-performing exposures (stage 3) (including stage 3 guarantees granted, (NPLs)).	21
NPL ratio		Shows the % of stage 3 exposures (non-performing) over total risk assumed by customers not classified as non-current assets held for sale. Calculated using the ratio between stage 3 exposures (non-performing), including guarantees granted / loans to customer and guarantees granted. See table for the definition of stage 3 exposures (non-performing).	21
Cost of risk (bps)		Ratio between provisions for NPLs and other impairments / gross loans to customers excluding repos plus problematic RE Assets. The numerator considers the linear annualization of the provisions for NPLs and oher impairments obtained to date and adjusted by the impairment or reversal of impairment of investments in joint ventures or associates. In addition, provisions for institutional NPA sales are adjusted.	21
Problematic assets		Sum of non-performing exposures, classified as stage 3, and problematic real estate assets. Also referred to as non-perfoming assets (NPAs).	23
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.	23
Stage 3 exposures (non-performing)		Sum of accounting items: stage 3 (NPLs) loans and advances to customers and stage 3 guarantees granted (non-performing).	24
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.	25
Total capital ratio (%)		Ratio between total capital and the risk weighted assets. Total capital includes the accounting profit assuming a pay-out of 50%, 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.	26
Market capitalisation		Share price multiplied by the average number of outstanding shares at the end of the period.	33
Earnings per share	(*)	Ratio between net profit attributed to the Group and the average number of outstanding shares at the end of the period. The numerator considers the linear annualisation of profit obtained to date and adjusted by the Additional Tier I coupon payment registered in equity as well as by contributions to deposit guarantee and resolution funds and tax on deposits of credit institutions, except at year end.	33
Book value per share	(*)	Ratio between book value / average number of outstanding shares at the end of the period. Book value refers to equity, adjusted by contributions to deposit guarantee and resolution funds and tax on deposits of credit institutions, except at year end.	33
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 by contributions to deposit guarantee and resolution funds and tax on deposits of credit institutions, except year end.	33
Price / Book value (times)	(*)	Ratio between share price / book value per share.	33
Price / Earnings ratio (P/E) (times)	(*)	Ratio between share price / earnings per share.	33

(*) The linear accrual of contributions to deposit guarantee funds and resolution funds, as well as the tax on deposits of credit institutions, has been made based on the Group's best estimates.
(**) Average calculated based on average daily balances.
(***) Average calculated using the positions at the end of each month since the previous December.

Alternative Performance measures	Conciliation (€millions)	FY18	FY19
ROA	Average total assets	217,168	223,470
	Consolidated net profit	335	777
	ROA (%)	**0.15**	**0.35**
ROE	Average equity	12,643	12,926
	Attributable net profit	328	768
	ROE (%)	**2.60**	**5.94**
RORWA	Risk weighted assets (RWA)	80,335	81,231
	Attributable net profit	328	768
	RORWA (%)	**0.41**	**0.95**
ROTE	Average equity (excluding intangible assets)	10,309	10,437
	Attributable net profit	328	768
	ROTE (%)	**3.18**	**7.36**
Efficiency ratio	Gross operating income	5,010	4,932
	Operating expenses	-2,920	-2,743
	Efficiency ratio (%)	**58.29**	**55.63**
Other operating income/expense	Other operating income	257	234
	Other operating expenses	-547	-551
	Income from assets under insurance or reinsurance contracts	0	0
	Expenses on liabilities under insurance or reinsurance contracts	0	0
	Other operating income/expense	**-290**	**-317**
Total provisions & impairments	Impairment of reversal of impairment of investments in joint ventures and associates	0	7
	Impairment or reversal of impairment on non- financial assets	-401	-86
	Profit or loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations	-35	-36
	Gains from sales of associates	0	-133
	Gains from sales of investment properties and associates	32	4
	Other impairments	**-404**	**-244**
	Provisions or reversal of provisions	-161	-27
	Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss	-756	-667
	Provisions for NPLs and other financial assets	**-917**	**-694**
	Total provisions & impairments	**-1,320**	**-938**
Gains on sale of assets and other results	Gains or losses on derecognition of non-financial assets, net	35	41
	Gains from sales of associates	0	133
	Gains from sales of investment properties and associates	-32	-4
	Gains on sale of assets and other results	**2**	**170**
Pre-provisions income	Gross operating income	5,010	4,932
	Operating expenses	-2,920	-2,743
	Personnel expenses	-1,591	-1,649
	Other general expenses	-1,330	-1,095
	Amortisation & depreciation	-353	-470
	Pre-provisions income	**1,737**	**1,719**
Customer spread	Loans to customers (net)		
	Avge.balance	135,903	139,674
	Results	4,017	4,058
	Rate %	2.96	2.91
	Customer deposits		
	Avge.balance	141,060	147,551
	Results	-309	-392
	Rate %	-0.22	-0.27
	Customer spread	**2.74**	**2.64**
Other assets	Derivatives - Hedge accounting	302	469
	Fair value changes of the hedged items in portfolio hedge of interest rate risk	57	250
	Tax assets	6,859	7,008
	Other assets	1,640	1,496
	Non-current assets and disposal groups classified as held for sale	4,587	764
	Other assets	**13,445**	**9,987**
Other liabilities	Derivatives - Hedge accounting	634	729
	Fair value changes of the hedged items in portfolio hedge of interest rate risk	37	235
	Tax liabilities	176	241
	Other liabilities	995	784
	Liabilities included in disposal groups classified as held for sale	83	10
	Other liabilities	**1,924**	**1,998**

Customer spread is calculated using accumulated data.

Alternative Performance measures	Conciliation (€millions)	FY18	FY19
	Mortgage loans & credits	80,872	83,720
	Other secured loans & credits	2,767	3,330
	Working capital	6,186	6,443
	Leasing	2,565	2,558
	Unsecured lending and others	46,976	48,521
Performing gross loans	**Performing gross loans**	**139,366**	**144,572**
	Non-performing loans (customer) - stage 3	6,472	5,923
	Accruals	-13	18
	Gross loans to customers excluding repos	**145,824**	**150,513**
	Reverse repos	596	236
Gross loans to customers	**Gross loans to customers**	**146,420**	**150,749**
	NPL and country-risk provisions	-3,433	-2,933
	Loans and advances to customers	**142,987**	**147,816**
	Financial liabilities at amortised cost	206,077	205,636
	Non-retail financial liabilities	68,734	59,327
	Central banks	28,799	20,065
	Credit institutions	12,000	11,471
	Institutional issues	24,334	23,623
	Other financial liabilities	3,601	4,168
On-balance sheet customer funds	**On-balance sheet customer funds**	**137,343**	**146,309**
	Customer deposits	139,079	147,362
	Sight accounts	107,665	118,868
	Fixed-term deposits including available and hybrid financial liabilities	28,709	27,339
	Repos	2,533	951
	Accruals and derivative hedging adjustments	172	204
	Debt and other tradable securities	19,568	19,514
	Subordinated liabilities (*)	3,031	3,056
On-balance sheet funds	**On-balance sheet funds**	**161,678**	**169,932**
	Mutual funds	26,379	26,003
	Managed accounts	3,595	3,363
	Pension funds	3,594	3,367
	Third-party insurance products	10,465	10,430
Off-balance sheet customer funds	**Off-balance sheet customer funds**	**44,034**	**43,163**
Funds under management	**Funds under management**	**205,711**	**213,095**
	Cutomer, central banks and financial institutions loans and advances	6,472	5,942
Stage 3 exposures (non-performing)	Guarantees granted in stage 3	81	198
	Stage 3 exposures (non-performing) - (€million)	**6,554**	**6,141**
	Stage 3 exposures (non-performing)	6,554	6,141
NPL coverage ratio (%)	Provisions	3,544	3,045
	NPL coverage ratio (%)	**54.1%**	**49.6%**
	Problematic RE Assets	1,726	1,185
Problematic Real Estate coverage ratio (%)	Provisions	767	394
	Problematic Real Estate coverage ratio (%)	**44.5%**	**33.3%**
	Stage 3 exposures (non-performing)	6,554	6,141
	Problematic RE Assets	1,726	1,185
Problematic assets	**Problematic assets**	**8,279**	**7,326**
	Provisions of problematic assets	4,311	3,439
	Problematic assets coverage (%)	**52.1%**	**46.9%**
	Stage 3 exposures (non-performing)	6,554	6,141
NPL ratio (%)	Loans to customers and guarantees granted	155,206	160,127
	NPL ratio (%)	**4.2%**	**3.8%**
	Gross loans to customers excluding repos	145,824	150,513
	Problematic RE Assets	1,726	1,185
	Dotaciones a insolvencias e inmuebles ajustado	-977	-792
Cost of risk (bps)	Provisions for NPLs	-751	-672
	Other impairments	-404	-244
	Impairment of reversal of impairment of investments in joint ventures and associates	0	-7
	Provisions for institutional NPA sales	177	131
	Cost of risk (bps)	**66**	**52**
	Adjusted net loans and advances w/o repos by brokered loans	139,583	144,246
Loan-to-deposits ratio	On-balance sheet customer funds	137,343	146,309
	Loan-to-deposits ratio	**101.6%**	**98.6%**
	Average number of shares (million)	5,565	5,538
Market capitalisation (€million)	Share price (€)	1.001	1.040
	Market capitalisation (€million)	**5,568**	**5,760**
	Net profit attributed to the Group adjusted	277	695
	Attributable net profit	328	768
Earnings per share (EPS) (€)	Accrued AT1	-51	-73
	Average number of shares (million)	5,565	5,538
	Earnings per share (EPS) (€)	**0.05**	**0.13**
	Shareholders' equity	12,545	13,172
	Average number of shares (million)	5,565	5,538
Book value per share (€)	**Book value per share (€)**	**2.25**	**2.38**
	Intangible assets	2,461	2,565
	Tangible book value (€millon)	10,084	10,607
TBV per share (€)	**TBV per share (€)**	**1.81**	**1.92**
	Share price (€)	1.001	1.040
Price / Book value (times)	**Price / Book value (times)**	**0.44**	**0.44**
Price / Earnings ratio (P/E) (times)	**Price / Earnings ratio (P/E) (times)**	**20.11**	**8.29**

(*) 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_INVERSORES/INFORMACION_FINANCIERA/MEDIDAS_ALTERNATIVAS_DEL_RENDIMIENTO

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