

Quarterly Financial Report

January - December 2018



#Therewhereveryouare

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Basis of presentation

The consolidated income statement and balance sheet at the end of December 2018 and 2017, 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 accounts at 31 December 2018. 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			
	31.12.17	31.12.18	Change (%)	31.12.17	31.12.18	Change (%)	
Profit and loss account (€million)							
Net interest income	(1)	2,647.6	2,675.5	1.1	3,662.9	3,675.2	0.3
Gross operating income	(1)	4,417.2	3,967.7	-10.2	5,569.6	5,010.2	-10.0
Pre-provisions income	(1)	2,339.5	1,842.3	-21.3	2,489.9	1,736.8	-30.2
Attributable net profit	(1)	678.5	568.0	-16.3	717.0	328.1	-54.2
Balance sheet (€million)							
Total assets		173,203	176,140	1.7	221,348	222,322	0.4
Performing gross loans		102,119	105,732	3.5	137,522	139,366	1.3
Gross loans to customers		111,743	112,269	0.5	147,325	146,420	-0.6
On-balance sheet funds		121,122	126,251	4.2	159,095	161,678	1.6
Of which: Customer funds		97,686	104,859	7.3	132,096	137,343	4.0
Mutual funds		27,375	26,379	-3.6	27,375	26,379	-3.6
Pension funds and third-party insurance products		13,951	14,059	0.8	13,951	14,059	0.8
Funds under management		166,447	170,285	2.3	204,420	205,711	0.6
Net equity		--	--	--	13,222	12,117	-8.4
Shareholders' equity		--	--	--	13,426	12,545	-6.6
Profitability and cost-to-income ratios (%)							
ROA		--	--	--	0.38	0.15	
RORWA		--	--	--	1.03	0.41	
ROE	(2)	--	--	--	6.10	2.60	
ROTE		--	--	--	7.27	3.18	
Cost / income		42.10	46.90		50.15	58.29	
Risk management							
Non-performing exposures (€million)	(3)	7,781	6,106	-21.5	7,925	6,554	-17.3
Total problematic assets (€million)	(3)	15,174	7,832	-48.4	15,318	8,279	-46.0
NPL ratio (%)	(3)	6.57	5.04		5.14	4.22	
NPL coverage ratio (%)	(3)	45.6	54.3		45.7	54.1	
Problematic assets coverage (%)	(3)	49.7	52.2		49.8	52.1	
Capital management							
Risk weighted assets (RWA) (€million)		--	--	--	77,505	80,279	3.6
Common Equity Tier 1 phase-in (%)		--	--	--	13.4	12.0	
Common Equity Tier 1 fully-loaded (%)		--	--	--	12.8	11.1	
Tier 1 phase-in (%)		--	--	--	14.3	13.4	
Total capital ratio phase-in (%)		--	--	--	16.1	15.5	
Leverage ratio phase-in (%)		--	--	--	4.97	4.87	
Liquidity management							
Loan-to-deposits ratio (%)		105.4	101.1		104.3	101.6	
Share data (period end)							
Number of shareholders		--	--	--	235,130	235,523	
Average number of shares (million)		--	--	--	5,570	5,565	
Share price (€)	(4)	--	--	--	1656	1001	
Market capitalisation (€million)		--	--	--	9,224	5,568	
Earnings per share (EPS) (€)	(5)	--	--	--	0.14	0.05	
Book value per share (€)		--	--	--	2.41	2.25	
TBV per share (€)		--	--	--	2.00	1.80	
Price / Book value (times)		--	--	--	0.69	0.45	
Price / Earnings ratio (P/E) (times)		--	--	--	11.85	20.11	
Other data							
Branches		1,922	1,907		2,473	2,457	
Employees		17,558	17,828		25,845	26,181	

(1) For the purposes of comparison, 2017 figures are shown excluding Sabadell United Bank (hereinafter, SUB), Mediterráneo Vida and TSB's Mortgage Enhancement portfolio figures. See P&L reported data in the section "Income statement."

(2) ROE adjusted by the Additional Tier 1 coupons, after tax, stood at 2.19%.

(3) Figures expressed as 100% APS. In 4Q18 institutional NPAs have been reclassified as non-current assets held for sale, therefore the figures are shown excluding these assets.

(4) Without adjusting historical values.

(5) Net profit adjusted by the Additional Tier 1 coupons, after tax, recorded under equity.

(6) The EURGBP exchange rate used for the income statement at 31.12.18 is 0.8851. The exchange rate used for the balance sheet is 0.8945.

2. Summary

Two important milestones achieved in 2018:

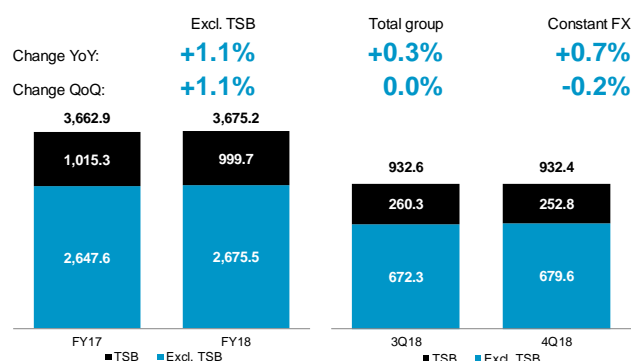
- TSB migration completed into a strong banking system.
- Balance sheet de-risking following the announcement of institutional NPA sales.

Figures presented on a like-for-like basis: ^(*)

Net interest income

Net interest income increased during the year by 0.7% (1.1% excluding TSB) considering a constant exchange rate, driven by the strong growth of volumes excluding TSB. Excluding TSB's post-migration remedies, net interest income grew by 1.5% year-on-year.

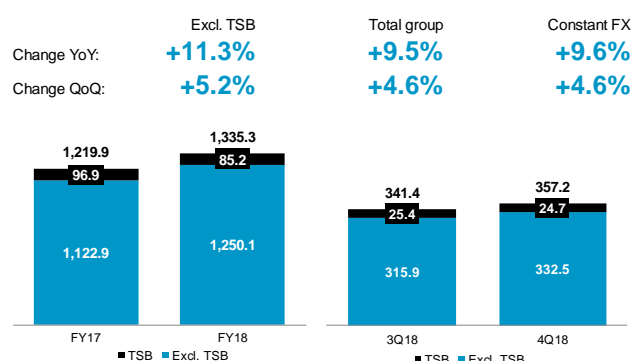
Group net interest income remained stable quarter-on-quarter, with a 1.1% growth excluding TSB.



Net fees and commissions

Fees and commissions recorded a strong growth year-on-year considering a constant exchange rate, growing by 9.6% (11.3% excluding TSB), driven by service and asset management fees. Excluding TSB's post-migration remedies, growth of 10.1% year-on-year.

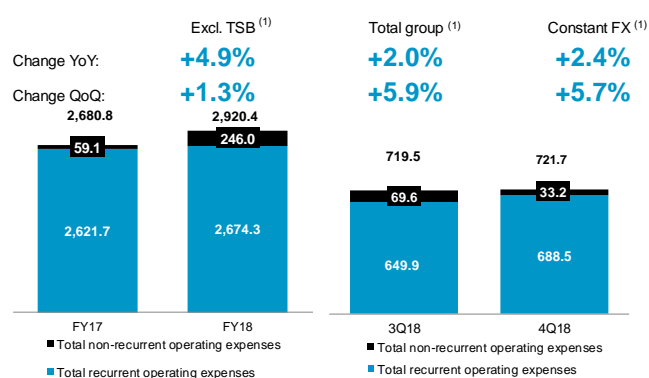
Fees and commissions performed well in the quarter, increasing by 4.6% (5.2% excluding TSB), growing across all segments.



Operating expenses

At the end of 2018, recurrent expenses amounted to €-2,674.3 million, representing an increase of 2.0% year-on-year. In the quarter, operating expenses remained flat.

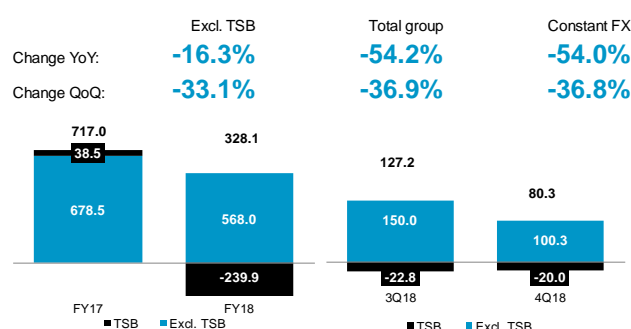
Non-recurrent expenses amounted to €-246.0 million in the year and €-33.2 million in the quarter, mainly due to TSB extraordinary migration and post-migration costs.



Net profit of the Group

The Group's net profit amounted to €328.1 million (€568.0 million excluding TSB) at the end of 2018, impacted by one-offs. Excluding TSB migration and post-migration one-off impacts and extraordinary provisions for institutional NPA sales, net profit increased by 9.6% year-on-year considering a constant exchange rate.

Strong growth of core banking revenue (net interest income + net fees and commissions), increasing by 4.1% year-on-year and by 2.4% in the quarter excluding TSB.



(*) Excluding contributions of SUB, Mediterráneo Vida and TSB's Mortgage Enhancement portfolio.

(1) Variance of total recurrent expenses.

Performing loans

Strong volume growth trend confirmed, growing at a constant exchange rate of 1.5% year-on-year (3.5% excluding TSB).

Excluding the impact of the APS NPL run-off and considering a constant exchange rate, performing loan volumes increased by 3.2% year-on-year (6.0% excluding TSB), driven by the positive performance of SMEs and corporates in Spain and strong growth in Mexico. Quarter-on-quarter, volumes increased slightly by 0.1% (0.7% excluding TSB).

In TSB, core mortgages remained in line with the previous year. In the quarter, lending declined mainly due to the reduction of core mortgages, reflecting the conscious decision to reduce new origination in the second quarter and third quarter.

On-balance sheet customer funds

On-balance sheet customer funds increased considering a constant exchange rate by 4.2% (7.3% excluding TSB) in the year and by 1.8% (2.7% excluding TSB) in the quarter. Off-balance sheet funds declined both year-on-year and quarter-on-quarter due to the decrease in mutual funds.

In TSB, on-balance sheet customer funds declined year-on-year, due to the reduction in savings deposits, which reflects pricing decisions taken early in 2018 to manage deposit volumes through the 2018 'ISA season' given TSB's strong liquidity position with a LCR of 298%. The year-on-year growth of personal current accounts is particularly noteworthy.

Problematic assets (*)

Significant decline in problematic assets, which have been reduced, excluding TSB, by €-7,846 million in the year, as includes €-5,800 million within the scope of institutional NPA sales reclassified as non-current assets held for sale. The organic NPA reduction amounted to €-2,047 million in the year and €-305 million in the quarter.

NPL ratio and coverage (**)

Strong reduction in the Group's NPL ratio to 4.22% (5.04% excluding TSB).

The NPA coverage ratio reached 52.1%, whereby the coverage of NPLs reached 54.1% and the coverage of foreclosed assets reached 44.5%.

The net NPAs to total assets ratio stood at 1.8%.

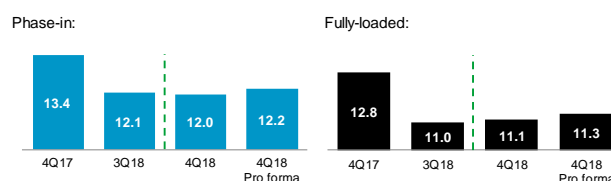
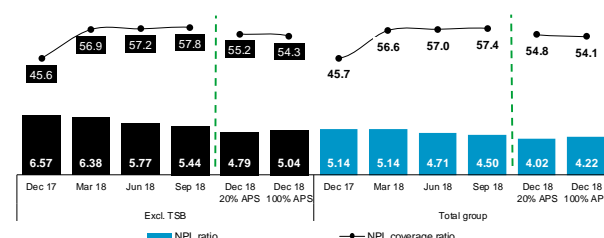
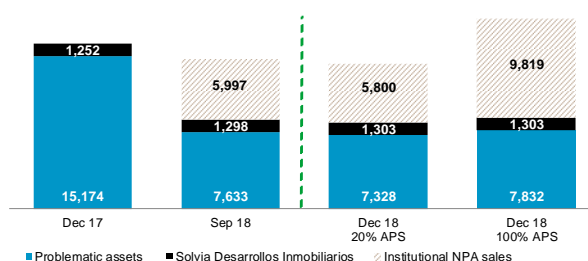
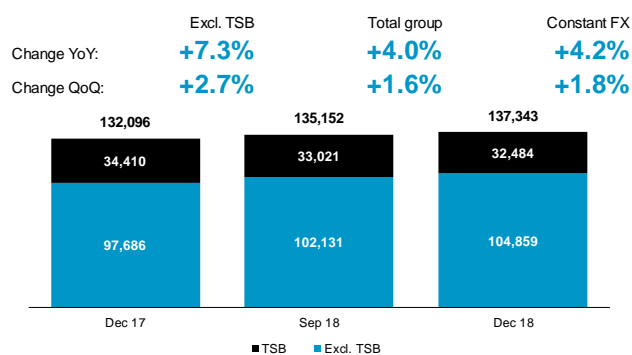
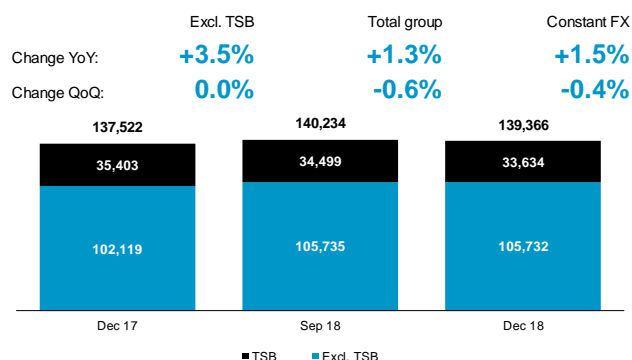
Capital ratio

The phase-in CET1 ratio stood at 12.0% and the fully-loaded CET1 ratio at 11.1% at the end of 2018. The pro forma⁽¹⁾ CET1 ratio was 12.2% phase-in and 11.3% fully-loaded.

(*) NPA variations expressed as 20% APS. In 4Q18 institutional NPAs have been reclassified as non-current assets held for sale, therefore the figures are shown excluding these assets.

(**) Figures expressed as 100% APS.

(1) Includes +19bps in RWAs released from NPA sales, +15bps in capital gains from the sale of Solvia and -16bps in IFRS16 impact.



3. Performance review

Macroeconomic environment

Global economic, political and financial environment

The tightening of financial conditions in global markets has been notable in the last quarter of the year. This occurred amidst the shift in the monetary policies of major central banks, while at the same time there have been growing concerns regarding the potential deceleration of the global economy. While the United States and China managed to reach a truce in their trade war, tech tensions between the two countries have remained elevated. In relation to Brexit, the UK Government and the EU agreed on a draft withdrawal agreement in November, which envisaged a transition period beginning in March 2019. However, in light of the concerns as to whether this would be approved by the UK Parliament, the Government decided to postpone the vote until 2019. The government has indicated that it will continue to negotiate with the EU in order to secure greater assurances regarding the backstop (arrangement to avoid a hard border in Ireland), in the hope that this will help gain Parliament's approval in the UK. Within the euro area, the Italian government was forced to reduce its public deficit targets for 2019 (to 2.0% GDP), after its budgets for the year were rejected by the European Commission in a context in which the country's risk premium and activity were negatively affected. In France, the yellow vests protests have led the government to approve expansionary fiscal policy measures, which could potentially hinder the country's compliance with European regulations.

In terms of activity, the US economy has continued to perform well, although business confidence in the manufacturing industry has declined. In the euro area, activity slowed in 4Q18, influenced by the deceleration of external demand. Other one-off factors have also affected weighed down on activity, including the new emissions standards in the automotive industry and the dwindling water levels of the Rhine river, with its low levels limiting the transportation of fuel..

Economic situation in Spain

The economy continued to grow at a strong pace in the second half of 2018. In 3Q18, the economy grew by 0.6% quarter-on-quarter, while coincident and economic sentiment indicators, as well as Bank of Spain estimates, point toward a continuation of this growth rate in 4Q18.

Regarding the labour market, 2018 ended with over 19 million people signed up to the Social Security system, the highest figure since 2008 and close to the peak of 19.4 million recorded in 2007. There were 3.2 million unemployed at the end of 2018, the lowest figure since December 2008.

Lastly, the government presented its State General Budget for 2019, although there are concerns regarding the income forecasts and the likelihood of them being approved.

Economic situation in the UK

Activity has slowed slightly, after GDP in 3Q18 increased by 0.6% quarter-on-quarter, favoured by an unusually warm summer. In terms of the labour market,

unemployment rates have remained at historic lows, while wage growth was its fastest since the end of 2008. A number of firms reported that they were being forced to raise salaries due to difficulties in filling vacancies.

Inflation has converged towards the BoE's target (2% year-on-year). This lower inflation was influenced by the dispelling of the effects of the pound's devaluation caused by Brexit and by the drop in oil prices at the end of the year.

The growth rate of housing prices has shown signs of stabilisation, after gradually slowing in recent years as a result of uncertainty surrounding Brexit.

Economic situation in Latin America

In Mexico, GDP in 3Q18 grew at a good pace (0.8% quarter-on-quarter), but the main activity indicators point towards another deceleration of the economy in 4Q18. This led to an annual growth rate of the Mexican economy for 2018 of around 2%, lower than in the previous year. The uncertainty surrounding the management of economic policy by the new government, led by President López Obrador, has soared since mid-October, leading to high levels of volatility in financial markets. This has been linked to some unconventional decisions, such as the decision to cancel construction on the already partially built new Mexican international airport following the results of an unofficial popular consultation. Against this backdrop, Fitch lowered Mexico's credit outlook (at BBB+) to negative. The central bank has been forced to continue raising its official interest rate, to 8.25%.

In Brazil, business confidence and markets reacted positively to the electoral victory of Jair Bolsonaro, and are waiting for the first steps to be taken in terms of the pension system reforms, which are key for the country's fiscal sustainability. In Colombia, the government was unable to gain approval for a tax reform designed to generate sufficient revenues to comply with the existing fiscal rule. However, the approval of the reduction of corporate income tax was positive.

Fixed-income markets

Central banks in the main advanced economies have continued with the normalisation of their monetary policies. In its December meeting the Fed raised its interest rate once again to 2.25-2.50%, although it adopted a slightly more dovish tone. The ECB ended its asset purchase programme at the end of 2018, although it indicated that it would continue to reinvest, in full, the principal payments from maturing securities purchased under the asset purchase programme for an extended period of time. The BoE, meanwhile, maintained its bank base rate at 0.75% and indicated that it will not change it until there is more clarity regarding Brexit. The BoE insisted that Brexit will have a negative impact on the UK economy, particularly in the event of a no deal. The central bank also indicated that in the event of a no-deal Brexit, its response in terms of monetary policy would not be automatic, and that if the

shock to supply is greater than the shock to demand, it may raise its bank base rate.

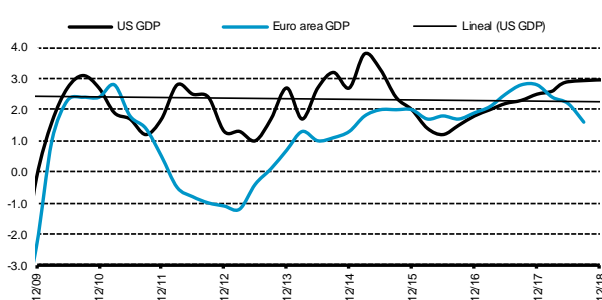
Yields on German, US and UK long-term government bonds declined in the quarter, reaching minimum levels since 2017 in the case of German bonds.

Declining yields were affected by the uncertainty generated by geopolitical tensions between the US and China, the poor performance of risky assets, Brexit developments, the fall in oil prices in the last few months of the year and disappointing activity data in the euro area. In this context, risk premiums in Spain and Portugal increased moderately. The Italian yield spread shrank, supported by the government's adjustment of its public deficit target.

Equity markets

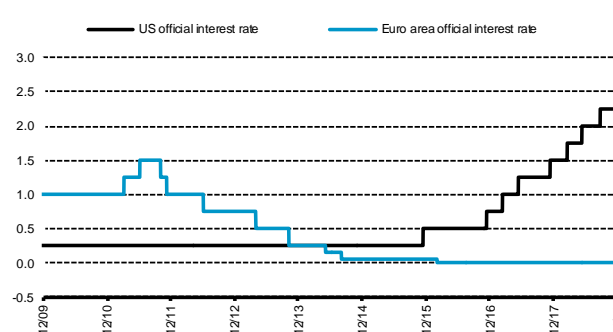
The various stock market indices in the main developed economies performed poorly during the final quarter of the year. The Euro STOXX 50 fell 11.7% in euros, while the German DAX and the French CAC declined by practically 14%. The IBEX declined by 9.1%. Outside Europe, the S&P 500 fell by 12.8% in euros, while the Nikkei declined by 13.4% in euros.

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



Source: Bloomberg

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



Exchange rates: Parity vs. euro

Fx	31.12.17	31.03.18	30.06.18	30.09.18	31.12.18
USD	1.1993	1.2321	1.1658	1.1576	1.1450
GBP	0.8872	0.8749	0.8861	0.8873	0.8945
MXN	23.6612	22.5249	22.8817	21.7800	22.4921

Source: Bank of Spain

Income statement

Highlights:

Group net profit amounted to €328.1 million (€568.0 million excluding TSB) at the end of 2018, impacted by one-offs amounting to a gross total of €-637.1 million, of which €-121.0 million corresponded to extraordinary costs related to TSB's IT migration, €-339.0 million corresponded to post-migration net one-off items and €-177.1 million related to extraordinary provisions for institutional NPA sales.

Excluding those impacts, Group net profit grew by 9.6% year-on-year on a like-for-like basis and in constant exchange rate.

Strong growth of core banking revenue (net interest income + net fees and commissions), increasing by 2,9% year-on-year considering like-for-like basis and constant exchange rate (4.1% excluding TSB).

Profit and loss account - Reported

(€ million)	Excl. TSB			Total group			
	FY17	FY18	Change (%) YoY	FY17	⁽¹⁾ FY18	Change (%) YoY	Change (%) at constant FX
Net interest income	2,768.8	2,675.5	-3.4	3,802.4	3,675.2	-3.3	-2.9
Income from equity method and dividends	315.7	64.6	-79.5	315.9	64.7	-79.5	-79.5
Net fees and commissions	1,127.8	1,250.1	10.8	1,223.4	1,335.3	9.1	9.3
Results from financial transactions (net)	504.5	209.3	-58.5	614.1	226.7	-63.1	-63.0
Foreign exchange (net)	8.4	-1.6	--	8.4	-1.3	--	--
Other operating income/expense	-211.3	-230.1	8.9	-227.0	-290.4	27.9	28.1
Gross operating income	4,514.0	3,967.7	-12.1	5,737.3	5,010.2	-12.7	-12.4
Personnel expenses	-1,178.9	-1,208.3	2.5	-1,573.6	-1,590.6	1.1	1.5
Non-recurrent	-15.8	-40.2	154.1	-26.6	-21.2	-20.3	-20.4
Recurrent	-1,163.0	-1,168.1	0.4	-1,546.9	-1,569.4	1.5	1.9
Other general expenses	-614.8	-652.6	6.1	-1,149.4	-1,329.8	15.7	16.4
Non-recurrent	0.0	0.0	--	-32.7	-224.8	--	--
Recurrent	-614.8	-652.6	6.1	-1,116.7	-1,105.0	-1.1	-0.4
Amortization & depreciation	-329.6	-264.5	-19.7	-402.2	-353.1	-12.2	-12.1
Pre-provisions income	2,390.8	1,842.3	-22.9	2,612.1	1,736.8	-33.5	-33.3
Provisions for NPLs	-1,080.6	-667.8	-38.2	-1,169.4	-750.6	-35.8	-35.8
Other financial assets	-55.8	-18.0	-67.7	-55.8	-166.2	197.9	197.9
Other impairments	-971.1	-403.6	-58.4	-971.1	-403.6	-58.4	-58.4
Gains on sale of assets and other results	425.9	1.2	-99.7	432.6	2.5	-99.4	-99.4
Badwill	0.0	0.0	--	0.0	0.0	--	--
Profit before tax	709.1	754.1	6.3	848.3	418.9	-50.6	-50.2
Income tax	5.8	-179.0	--	-43.1	-83.6	94.2	99.4
Consolidated net profit	714.9	575.2	-19.5	805.2	335.2	-58.4	-58.1
Minority interest	3.7	7.1	92.0	3.7	7.1	92.0	92.0
Attributable net profit	711.2	568.0	-20.1	801.5	328.1	-59.1	-58.8
Pro memoria:							
Average total assets (€ million)	168,418	170,502		214,356	217,168		
Earnings per share (€)	⁽²⁾ 0.12	0.09		0.14	0.05		

(1) The EURGBP exchange rate used for the income statement is 0.8851.

(2) Net profit adjusted by the Additional Tier 1 coupons, after tax, recorded under equity. Aggregate at the end of each quarter, not annualised.

Profit and loss account - Like-for-like basis

(€ million)	Excl. TSB			Total group			
	FY17	FY18	Change (%) YoY	FY17	(1) FY18	Change (%) YoY	Change (%) at constant FX
Net interest income	2,647.6	2,675.5	1.1	3,662.9	3,675.2	0.3	0.7
Income from equity method and dividends	315.1	64.6	-79.5	315.3	64.7	-79.5	-79.5
Net fees and commissions	1,122.9	1,250.1	11.3	1,219.9	1,335.3	9.5	9.6
Results from financial transactions (net)	502.4	209.3	-58.3	558.1	226.7	-59.4	-59.3
Foreign exchange (net)	8.4	-1.6	--	8.4	-1.3	--	--
Other operating income/expense	-179.3	-230.1	28.3	-195.1	-290.4	48.9	49.2
Gross operating income	4,417.2	3,967.7	-10.2	5,569.6	5,010.2	-10.0	-9.8
Personnel expenses	-1,150.9	-1,208.3	5.0	-1,545.5	-1,590.6	2.9	3.2
Non-recurrent	-15.6	-40.2	158.6	-26.3	-21.2	-19.5	-19.6
Recurrent	-1,135.3	-1,168.1	2.9	-1,519.2	-1,569.4	3.3	3.6
Other general expenses	-600.6	-652.6	8.7	-1,135.2	-1,329.8	17.1	17.9
Non-recurrent	0.0	0.0	--	-32.7	-224.8	--	--
Recurrent	-600.6	-652.6	8.7	-1,102.5	-1,105.0	0.2	0.8
Amortization & depreciation	-326.2	-264.5	-18.9	-398.9	-353.1	-11.5	-11.4
Pre-provisions income	2,339.5	1,842.3	-21.3	2,489.9	1,736.8	-30.2	-30.1
Provisions for NPLs	-1,081.3	-667.8	-38.2	-1,170.1	-750.6	-35.9	-35.8
Other financial assets	-55.8	-18.0	-67.7	-55.8	-166.2	197.9	197.9
Other impairments	-971.6	-403.6	-58.5	-971.6	-403.6	-58.5	-58.5
Gains on sale of assets and other results	426.0	1.2	-99.7	432.7	2.5	-99.4	-99.4
Badwill	0.0	0.0	--	0.0	0.0	--	--
Profit before tax	656.9	754.1	14.8	725.1	418.9	-42.2	-41.9
Income tax	25.3	-179.0	--	-4.4	-83.6	--	--
Consolidated net profit	682.2	575.2	-15.7	720.7	335.2	-53.5	-53.2
Minority interest	3.7	7.1	92.0	3.7	7.1	92.0	92.0
Attributable net profit	678.5	568.0	-16.3	717.0	328.1	-54.2	-54.0

(1) The EURGBP exchange rate used for the income statement is 0.8851.

Quarterly profit and loss account

(€ million)	Excl. TSB					Change (%) 3Q18	Total group					Change (%) 3Q18	Change (%) at constant FX
	4Q17	1Q18	2Q18	3Q18	4Q18		4Q17	1Q18	2Q18	3Q18	4Q18		
Net interest income	667.3	658.4	665.1	672.3	679.6	1.1	924.6	911.5	898.6	932.6	932.4	0.0	-0.2
Income from equity method and dividends	12.0	12.8	23.9	15.1	12.7	-6.9	12.2	12.9	23.8	15.2	12.8	-15.5	-16.5
Net fees and commissions	295.0	291.3	310.3	315.9	332.5	5.2	319.0	314.4	322.3	341.4	357.2	4.6	4.6
Results from financial transactions (net)	20.1	216.3	-0.5	-10.8	5.3	--	33.7	222.5	17.1	-16.0	2.1	--	--
Foreign exchange (net)	13	3.5	1.7	3.0	-9.8	--	13	3.5	2.8	2.0	-9.5	--	--
Other operating income/expense	-131.0	-7.0	-48.3	-15.7	-159.1	--	-136.5	-9.7	-88.7	-24.0	-168.0	--	--
Gross operating income	864.6	1,174.3	952.3	979.9	861.2	-12.1	1,154.1	1,455.1	1,175.9	1,252.2	1,127.1	-10.0	-10.2
Personnel expenses	-289.5	-293.5	-294.5	-298.1	-322.3	8.1	-392.6	-389.5	-409.1	-403.6	-388.4	-3.8	-4.0
Non-recurrent	-9.0	-3.3	-4.3	-4.2	-28.5	--	-8.9	-5.9	-15.4	-11.8	11.9	--	--
Recurrent	-280.5	-290.2	-290.2	-293.9	-293.8	0.0	-383.7	-383.6	-393.7	-391.9	-400.3	2.1	2.0
Other general expenses	-163.5	-162.4	-163.2	-160.4	-166.5	3.8	-285.2	-363.4	-317.2	-316.9	-333.3	5.5	5.0
Non-recurrent	0.0	0.0	0.0	0.0	0.0	--	-3.4	-7.1	-50.8	-57.8	-45.1	-22.1	-23.0
Recurrent	-163.5	-162.4	-163.2	-160.4	-166.5	3.8	-281.9	-292.3	-266.4	-258.0	-288.2	11.7	11.3
Amortization & depreciation	-84.4	-69.4	-67.7	-68.0	-59.5	-12.5	-101.9	-87.1	-89.5	-91.4	-85.1	-6.8	-7.0
Pre-provisions income	327.2	649.0	426.9	453.5	312.9	-31.0	374.4	615.1	360.1	441.4	320.3	-27.4	-27.4
Provisions for NPLs	-99.2	-173.4	-199.0	-185.8	-109.5	-41.1	-122.7	-196.6	-223.2	-202.9	-127.8	-37.0	-37.0
Other financial assets	-9.3	-1.9	2.7	-0.7	-18.2	--	-9.3	-1.9	-89.3	-7.0	-68.0	--	--
Other impairments	-96.6	-46.2	-249.0	-64.3	-44.1	-31.4	-96.6	-46.2	-249.0	-64.3	-44.1	-31.4	-31.4
Gains on sale of assets and other results	48.0	-1.1	4.3	-0.9	-1.1	19.8	48.6	-0.6	4.6	-0.7	-0.8	10.5	10.2
Badwill	0.0	0.0	0.0	0.0	0.0	--	0.0	0.0	0.0	0.0	0.0	--	--
Profit before tax	170.2	426.5	-14.1	201.7	140.0	-30.6	194.4	369.7	-196.8	166.4	79.6	-52.1	-52.1
Income tax	-36.1	-12.9	3.1	-49.8	-38.3	-23.1	-44.7	-108.9	60.4	-37.2	2.1	--	--
Consolidated net profit	134.0	304.5	17.0	151.9	101.7	-33.0	149.7	260.7	-136.4	129.2	81.7	-36.8	-36.7
Minority interest	2.0	15	2.3	2.0	1.4	-29.9	2.0	15	2.3	2.0	1.4	-29.9	-29.9
Attributable net profit	132.0	303.1	14.6	150.0	100.3	-33.1	147.7	259.3	-138.7	127.2	80.3	-36.9	-36.8
Pro memoria:													
Average total assets (€million)	167,380	168,982	169,785	170,632	172,568		214,017	216,880	217,039	216,813	217,934		
Earnings per share (€)	(2)	0.12	0.05	0.05	0.07	0.09	0.14	0.04	0.01	0.03	0.05		

(1) The EURGBP exchange rate used for the income statement of the quarter is 0.8871.

(2) Net profit adjusted by the Additional Tier 1 coupons, after tax, recorded under equity. Aggregate at the end of each quarter, not annualised.

Net interest income:

Net interest income amounted to €3,675.2 million at the end of 2018, growing by 0.7% year-on-year on a like-for-like basis and considering a constant exchange rate, impacted by TSB's remedies. Excluding this impact, growth of 1.5% in the year. Net interest income remained stable in the quarter.

Excluding TSB, net interest income amounted to €2,675.5 million at the end of 2018, representing a 1.1% growth year-on-year on a like-for-like basis, driven by the increase in volumes. In the quarter, growth of 1.1%.

TSB net interest income amounted to €999.7 million, representing a slight decline of -0.6% year-on-year on a like-for-like basis and considering a constant exchange rate, as a result of its remedies carried out in 2018. In the quarter, net interest income was down -2.9% due to lower mortgage volumes.

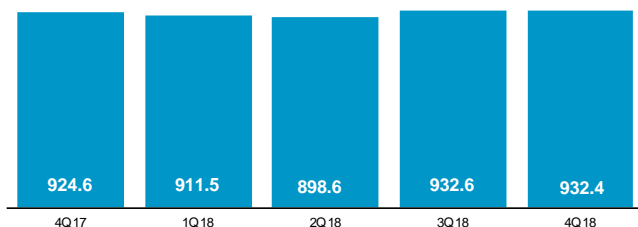
Customer spread and net interest margin:

Excluding TSB remedies, the customer spread stood at 2.75%, remaining stable compared to the previous quarter, while the net interest margin as a percentage of average total assets stood at 1.71% (1.72% in the previous quarter).

Excluding TSB, the customer spread at the end of the quarter stood at 2.68% (2.67% in the previous quarter) as Sabadell continued to defend pricing as part of its volumes growth strategy. The net interest margin as a percentage of average total assets stood at 1.56% (1.57% in the previous quarter).

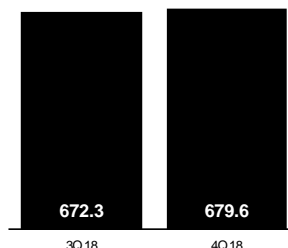
Evolution of net interest income – Like-for-like basis

Total group (€ millions)



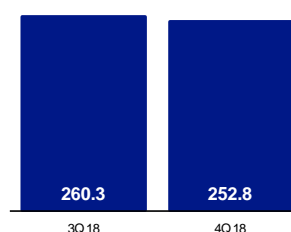
Change YoY: **+0.3%** (Total group), **+0.7%** (Constant FX)
 Change QoQ: **0.0%** (Total group), **-0.2%** (Constant FX)

Sabadell ex - TSB (€ millions)



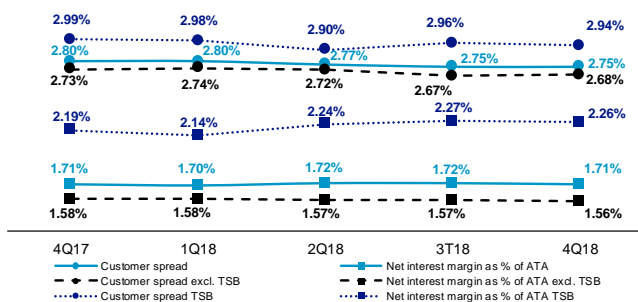
Change QoQ: **+1.1%**
 Change YoY: **+1.1%**

TSB (€ millions)

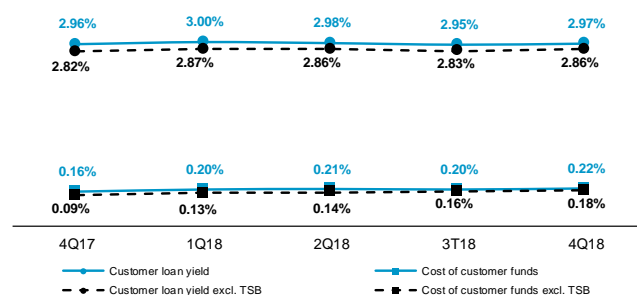


Change QoQ: **-2.9%**, **-3.5%** in GBP
 Change YoY: **-1.5%**, **-0.5%** in GBP

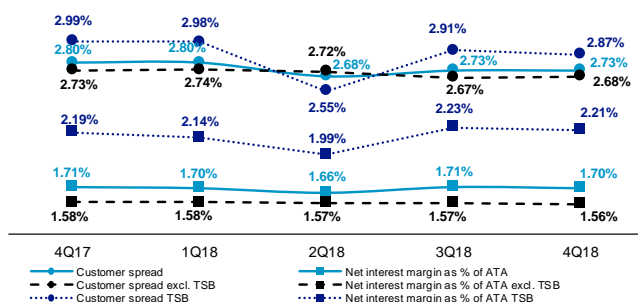
Net interest margin – excluding TSB remedies (%)



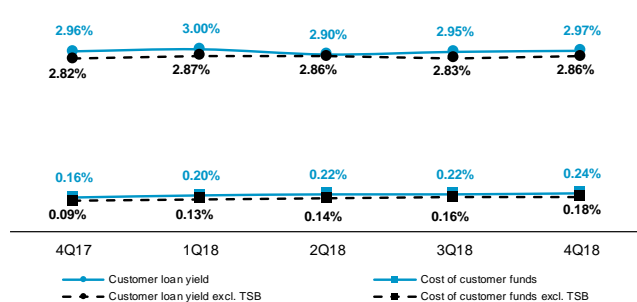
Customer spread – excluding TSB remedies (%)



Net interest margin (%)



Customer spread (%)



Gains and charges in the quarter

Total Group

2018 (€ million)	1st Quarter			2nd Quarter			3rd Quarter			4th Quarter (1)		
	Avg.balance	Rate %	Results	Avg.balance	Rate %	Results	Avg.balance	Rate %	Results	Avg.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)	3,1881	-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	

2017 (€ million)	1st Quarter			2nd Quarter			3rd Quarter			4th Quarter		
	Avg.balance	Rate %	Results	Avg.balance	Rate %	Results	Avg.balance	Rate %	Results	Avg.balance	Rate %	Results
Cash and cash equivalent (2)	12,712	0.05	2	18,198	-0.01	-1	19,408	-0.03	-1	23,602	0.05	3
Loans to customers (net)	138,670	3.02	1,034	139,176	3.02	1,049	135,288	2.98	1,015	134,680	2.96	1,004
Fixed-income securities	29,763	2.15	158	31,800	1.59	126	28,417	1.59	114	25,310	1.51	96
Equity securities	983	--	--	911	--	--	1,328	--	--	1,091	--	--
Tang. & intang. assets	4,200	--	--	4,270	--	--	4,308	--	--	4,294	--	--
Other assets	25,363	0.38	24	24,726	0.34	21	23,880	0.36	22	25,041	0.35	22
Total assets	211,690	2.33	1,218	219,082	2.19	1,195	212,630	2.14	1,149	214,017	2.09	1,126
Financial institutions (3)	20,162	-0.29	-14	31,188	-0.06	-5	30,700	-0.05	-4	32,011	-0.08	-7
Customer deposits (4)	141,349	-0.23	-80	141,058	-0.20	-71	135,198	-0.17	-59	135,525	-0.16	-56
Capital markets	26,576	-1.74	-114	25,299	-1.44	-91	25,800	-1.44	-94	26,411	-1.33	-88
Other liabilities	10,656	-1.78	-47	8,488	-2.54	-54	7,799	-2.66	-52	6,858	-2.88	-50
Shareholders' equity	12,947	--	--	13,048	--	--	13,133	--	--	13,212	--	--
Total funds	211,690	-0.49	-255	219,082	-0.40	-221	212,630	-0.39	-208	214,017	-0.37	-201
Net interest income			962			974			941			925
Customer spread		2.79			2.82			2.81			2.80	
Net interest margin as % of ATA		1.84			1.78			1.76			1.71	

- (1) The EURGBP exchange rate used for the income statement for the quarter is 0.8871 while that used for the balance sheet is 0.8945.
- (2) Includes cash, central banks, credit institutions and reverse repos.
- (3) Financial income and expenses deriving from the application of negative interest rates are recorded in line with the nature of the associated asset or liability. The credit institutions heading on the liabilities side includes income from negative interest rates of balances of credit institutions under liabilities, mainly those relating to TLTRO II.
- (4) Includes repos.

Sabadell excluding TSB

2018 (€ million)	1st Quarter			2nd Quarter			3rd Quarter			4th Quarter		
	Avg.balance	Rate %	Results	Avg.balance	Rate %	Results	Avg.balance	Rate %	Results	Avg.balance	Rate %	Results
Cash and cash equivalents (1)	210,13	-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 assets	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	

2017 (€ million)	1st Quarter			2nd Quarter			3rd Quarter			4th Quarter		
	Avg.balance	Rate %	Results	Avg.balance	Rate %	Results	Avg.balance	Rate %	Results	Avg.balance	Rate %	Results
Cash and cash equivalents (1)	7,430	-0.07	-1	13,400	-0.09	-3	14,039	-0.13	-4	16,089	-0.12	-5
Loans to customers (net)	103,464	2.85	727	103,533	2.87	740	101,298	2.83	724	99,666	2.82	708
Fixed-income securities	26,693	2.22	146	28,047	1.60	112	24,516	1.60	99	22,968	1.50	87
Equity securities	978	--	--	346	--	--	763	--	--	526	--	--
Tang. & intang. assets	3,723	--	--	3,794	--	--	3,843	--	--	3,841	--	--
Other assets	24,032	0.53	32	23,562	0.55	32	22,830	0.59	34	24,289	0.47	29
Total assets	166,321	2.20	903	172,682	2.05	881	167,289	2.02	852	167,380	1.94	819
Financial institutions (2)	17,498	-0.13	-12	26,536	0.01	-1	25,629	0.00	0	25,951	0.01	1
Customer deposits (3)	105,007	-0.15	-39	104,583	-0.13	-33	100,528	-0.11	-27	100,214	-0.09	-23
Capital markets	23,832	-1.73	-102	23,802	-1.38	-82	24,392	-1.38	-85	24,938	-1.26	-79
Other liabilities and shareholders' equity	19,985	-0.95	-47	17,762	-1.22	-54	16,740	-1.24	-52	16,276	-1.22	-50
Total funds	166,321	-0.49	-200	172,682	-0.39	-170	167,289	-0.39	-164	167,380	-0.36	-152
Net interest income			702			711			688			667
Customer spread		2.70			2.74			2.72			2.73	
Net interest margin as % of ATA		1.71			1.65			1.63			1.58	

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

Income from equity method and dividends:

This item amounted to €64.7 million at the end of 2018, compared to €315.9 million at the end of the previous year, which included €253.5 million of the payment of BanSabadell Vida net fee received for the reinsurance contract with Swiss Re Europe. The income mainly includes results from the insurance and pension fund business.

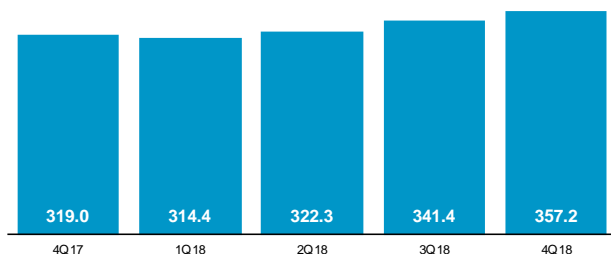
Net fees and commissions:

Net fees and commissions continued to record a strong year-on-year growth of 9.1% (10.8% excluding TSB). On a like-for-like basis and considering a constant exchange rate, increased of 9.6% (11.3% excluding TSB), driven by the positive performance of service and asset management fees. Excluding TSB remedies, growth of 10.1% year-on-year.

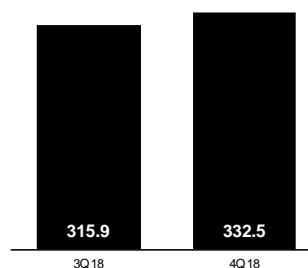
Quarter-on-quarter, commissions perform well, increasing by 4.6% (5.2% excluding TSB), growing across all segments.

Evolution of fees and commissions – Like-for-like basis

Total group (€ millions)



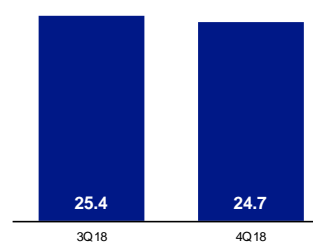
Sabadell ex - TSB (€ millions)



Change QoQ:
+5.2%

Change YoY:
+11.3%

TSB (€ millions)



Change QoQ:
-2.8%
-3.4% in GBP

Change YoY:
-12.1%
-11.1% in GBP

	Total group	Constant FX
Change YoY:	+9.5%	+9.6%
Change QoQ:	+4.6%	+4.6%

Net fees and commissions

(€million)	Excl. TSB			Total group			Excl. TSB			Total group		
	3 Q18	4 Q18	Change (%) ⁽¹⁾	3 Q18	4 Q18	Change (%) ⁽¹⁾	FY17	FY18	Change (%) ⁽¹⁾	FY17	FY18	Change (%) ⁽¹⁾
Lending fees	33.2	35.3	6.3	33.2	35.3	6.4	121.1	134.2	10.8	206.1	138.0	-33.1
Guarantees commissions	25.0	28.4	13.7	25.0	28.4	13.7	98.7	102.6	4.0	98.7	102.6	4.0
Risk transaction fees	58.2	63.7	9.5	58.2	63.7	9.5	219.8	236.8	7.7	304.8	240.6	-21.1
Cards	53.7	52.8	-1.7	62.9	61.0	-2.9	174.4	193.9	11.2	205.7	224.9	9.3
Payment orders	14.2	16.0	5.5	14.9	15.7	5.2	54.0	56.2	4.1	54.0	61.6	14.1
Securities	16.3	13.5	-16.8	16.3	13.5	-16.8	60.4	61.1	1.1	60.4	61.1	1.1
Custodian mutual and pension funds	3.3	3.2	-2.8	3.3	3.2	-2.8	13.3	13.2	-0.4	13.3	13.2	-0.4
Sight accounts	40.5	38.1	-6.0	58.2	57.6	-1.0	119.3	149.9	25.6	130.8	221.0	69.0
Foreign currency and notes exchange	24.4	26.9	10.2	27.7	29.0	5.0	74.6	96.5	29.5	74.6	102.0	36.8
Other transactions	17.5	30.3	73.4	10.6	20.7	94.9	73.5	83.4	13.5	41.3	38.6	-6.5
Commissions for services	169.9	179.8	5.8	193.8	200.8	3.6	569.4	654.3	14.9	580.0	722.3	24.5
Mutual funds	41.1	38.4	-6.6	41.1	38.4	-6.6	158.4	157.7	-0.4	158.4	157.7	-0.4
Pension funds and insurance brokerage	39.7	43.7	10.1	41.2	47.4	15.1	152.8	172.1	12.6	152.8	185.5	21.4
Wealth management	7.1	6.9	-3.2	7.1	6.9	-3.2	27.4	29.2	6.6	27.4	29.2	6.6
Asset Under Management commissions	87.9	89.0	1.2	89.4	92.7	3.7	338.6	359.0	6.0	338.6	372.4	10.0
Total	315.9	332.5	5.2	341.4	357.2	4.6	1,127.8	1,250.1	10.8	1,223.4	1,335.3	9.1

Note: 2017 figures include Sabadell United Bank, Mediterráneo Vida and TSB's Mortgage Enhancement portfolio.

(1) The EURGBP exchange rate used for the income statement is 0.8851 in the year and 0.8871 in the quarter.

Net trading income and exchange differences:

At the end of 2018, this item amounted to €225.4 million (€207.7 million excluding TSB), compared to €622.5 million (€512.9 million excluding TSB) at the end of the previous year, mainly due to lower fixed-income portfolio sales and the early call of TSB's Mortgage Enhancement portfolio in 2017.

Other operating income and expenses:

This item amounted to €-290.4 million at the end of 2018 (€-230.1 million excluding TSB) compared with €-227.0 million at the end of 2017 (€-211.3 million excluding TSB).

Particularly worthy of note was the contribution to the Deposit Guarantee Fund of €-106.3 million (€-98.3 million in the previous year), fraud losses in TSB related to migration amounting to €-55.8 million, the contribution to the Single Resolution Fund of €-49.7 million (€-50.6 million in the previous year), the capital contributions associated with the conversion of deferred tax assets into credit eligible for the Spanish Tax Authority of €-45.0 million (€-54.7 million in the previous year) and the payment of the Tax on Deposits of Credit Institutions (IDEC) of €-30.7 million (€-28.1 million in the previous year).

Operating expenses:

Operating expenses amounted to €-2,920.4 million at the end of 2018, compared to €-2,723.0 million in the preceding year. Non-recurrent expenses amounted to €-246.0 million, of which €-40.2M are excluding TSB and €-205.8M correspond to TSB mainly to migration and post-migration. Recurrent costs amounted to €-2,674.3 million, representing an increase of 2.0% year-on-year on a like-for-like basis. In the quarter, operating expenses amounted to €-721.7 million, remaining flat quarter-on-quarter. Non-recurrent expenses decreased in the quarter mainly due to one-off saving costs at TSB.

Excluding TSB, operating expenses amounted to €-1,860.9 million, compared with €-1,793.6 million in the previous year. Recurrent costs increased by 4.9% year-on-year on a like-for-like basis, due mainly to higher expansion costs in Mexico. In the quarter, operating expenses amounted to €-488.9 million, representing a 6.6% increase due to Mexico and higher non-recurrent costs.

Operating expenses

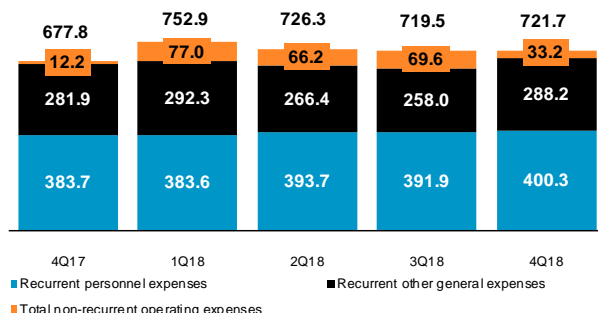
(€ million)	Excl. TSB			Total group			Excl. TSB			Total group		
	3 Q18	4 Q18	Change (%) 3 Q18	3 Q18	4 Q18	Change (%) 3 Q18	FY 17	FY 18	Change (%) YoY	FY 17	FY 18	Change (%) YoY
Recurrent	-293.9	-293.8	0.0	-391.9	-400.3	2.1	-1,163.0	-1,168.1	0.4	-1,546.9	-1,569.4	1.5
Non-recurrent	-4.2	-28.5	--	-11.8	11.9	--	-15.8	-40.2	154.1	-26.6	-212	-20.3
Personnel expenses	-298.1	-322.3	8.1	-403.6	-388.4	-3.8	-1,178.9	-1,208.3	2.5	-1,573.6	-1,590.6	1.1
IT and communications	-39.5	-37.9	-4.1	-77.7	-80.0	3.0	-157.7	-164.8	4.5	-414.4	-360.1	-13.1
Advertising	-12.9	-14.7	14.1	-23.9	-33.5	39.9	-39.2	-51.2	30.4	-106.4	-107.0	0.6
Premises and office supplies	-35.0	-32.4	-7.4	-55.2	-52.1	-5.5	-132.1	-136.8	3.5	-210.0	-216.6	3.1
Taxes other than income tax	-28.6	-32.4	13.6	-28.6	-32.4	13.6	-106.6	-114.9	7.8	-106.9	-114.9	7.5
Others	-44.5	-49.1	10.3	-72.6	-90.1	24.1	-179.1	-184.9	3.2	-279.0	-306.3	9.8
Total recurrent	-160.4	-166.5	3.8	-258.0	-288.2	11.7	-614.8	-652.6	6.1	-1,116.7	-1,105.0	-1.1
Non-recurrent	0.0	0.0	--	-57.8	-45.1	-22.1	0.0	0.0	--	-32.7	-224.8	--
Other general expenses	-160.4	-166.5	3.8	-315.9	-333.3	5.5	-614.8	-652.6	6.1	-1,149.4	-1,329.8	15.7
Total	-458.5	-488.9	6.6	-719.5	-721.7	0.3	-1,793.6	-1,860.9	3.7	-2,723.0	-2,920.4	7.2

Note: 2017 figures include Sabadell United Bank, Mediterráneo Vida and TSB's Mortgage Enhancement portfolio.

(1) The EURGBP exchange rate used for the income statement is 0.8851 in the year and 0.8871 in the quarter.

Evolution of operating expenses – Like-for-like basis

Total group (€ millions)



	Total group ⁽¹⁾	Constant FX ⁽¹⁾
Change YoY:	+2.0%	+2.4%
Change QoQ:	+5.9%	+5.7%

(1) Change over total recurrent costs.

Pre-provisions income:

At the end of 2018, pre-provisions income amounted to €1,736.8 million (€1,842.3 million excluding TSB), representing a -30.1% decline year-on-year on a like-for-like basis and considering a constant exchange rate (-21.3% excluding TSB), mainly due to the extraordinary net trading income generated and the payment of BanSabadell Vida net fee received in relation to the reinsurance contract with Swiss Re Europe in the previous year, as well as one-off items related to TSB migration and post-migration incurred during 2018.

Provisions for NPLs and other impairments:

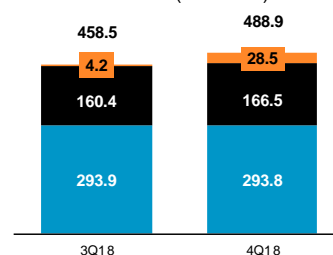
This item amounted to €-1,320.4 million at the end of 2018 (€-1,089.4 million excluding TSB) and included TSB customer redress provision amounting to €-142.1 million and extraordinary provisions for institutional NPA sales amounting to €-177.1 million.

At the end of the previous year, it amounted to €-2,196.4 million (€-2,107.6 million excluding TSB).

Gains on asset sales and other income:

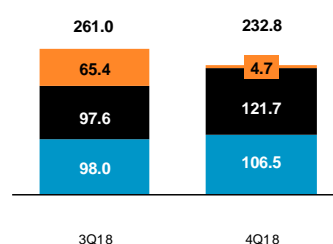
This item amounted to €2.5 million at the end of 2018, while at the end of 2017 it amounted to €432.6 million including €376.2 million of the gain on the sale of Sabadell United Bank and €16.6 million of Mediterráneo Vida.

Sabadell ex - TSB (€ millions)



Recurrent expenses
Change QoQ:
+1.3%
Change YoY:
+4.9%

TSB (€ millions)



Recurrent expenses
Change QoQ:
+16.7%
+16.0% in GBP
Change YoY:
-3.6%
-2.6% in GBP

Net profit:

Group net profit amounted to €328.1 million at the end of 2018, affected by extraordinary impacts of TSB migration and post-migration and extraordinary provisions for institutional NPA sales amounting to a total gross of €-637.1 million. Excluding those impacts, net profit increased by 9.6% year-on-year on a like-for-like basis and in constant exchange rate.

Excluding TSB, net profit attributable to the Group amounted to €568.0 million at the end of 2018. Excluding extraordinary provisions for institutional NPA sales, the growth on a like-for-like basis was 2.0% year-on-year.

The following table shows the one-off impacts by item:

(€ million)	FY18
NII and fees	-48.6
Other operating income	-55.8
Expenses	-138.0
Customer redress provisions	-142.1
Total TSB one-offs post-migration	-384.6
Cost saving initiatives	45.5
Total TSB net one-offs post-migration	-339.0
Extraordinary TSB migration costs	-121.0
NPA extraordinary provisions	-177.1
Total one-offs	-637.1

Balance sheet

Highlights:

Banco Sabadell continues to gain market share across most products and segments, whilst maintaining the high service quality for which it has always been known and improving customer experience, adapting it to new market requirements. Banco Sabadell continues to be the leader in terms of customer experience in the SMEs and large enterprises segments, and has improved to the third position in retail banking.

Performing loans maintained their positive growth trend, increasing in constant exchange rate by 1.5% year-on-year (3.5% excluding TSB).

Excluding the impact of the APS NPL run-off and considering a constant exchange rate, performing loan volumes increased by 3.2% year-on-year (6.0% excluding TSB), driven the positive performance of SMEs and corporates in Spain and strong growth in Mexico.

On-balance sheet customer funds increased considering a constant exchange rate by 4.2% (7.3% excluding TSB) in the year.

Off-balance sheet funds declined year-on-year due to the decline in mutual funds, impacted by the negative performance in the financial markets in the last quarter.

In TSB, core mortgages remained in line with the previous year. On-balance sheet customer funds declined year-on-year due to savings deposits offset by the growth of current accounts.

Balance sheet

(€million)	31.12.17	30.09.18	31.12.18 ⁽²⁾	Change (%)	
				31.12.17	30.09.18
Cash, cash balances at central banks and other demand deposits	26,363	20,310	23,494	-10.9	15.7
Financial assets held for trading and fair value with changes in PL	1612	1,937	2,186	35.6	12.9
Held to maturity investments	11,172	0	0	-100.0	--
Financial assets in fair value OCI	13,181	13,077	13,247	0.5	1.3
Financial assets at amortised cost	149,551	163,594	164,416	9.9	0.5
Loans and advances to customers	143,598	143,605	142,987	-0.4	-0.4
Loans and advances of central banks and credit institutions	5,379	6,962	8,297	54.2	19.2
Debt securities	574	13,028	13,132	--	0.8
Investments in subsidiaries, joint ventures and associates	576	558	575	-0.1	3.0
Tangible assets	3,827	3,237	2,498	-34.7	-22.8
Intangible assets	2,246	2,378	2,461	9.6	3.5
Other assets	12,821	12,659	13,445	4.9	6.2
Total assets	221,348	217,751	222,322	0.4	2.1
Financial liabilities held for trading and fair value with changes in PL	1471	1,458	1,738	18.2	19.2
Financial liabilities at amortised cost	204,045	201,604	206,077	1.0	2.2
Central banks	(1)	27,848	27,806	3.4	3.6
Credit institutions	(1)	14,171	12,513	-15.3	-4.1
Customer deposits	135,307	136,581	139,079	2.8	1.8
Debt securities issued	23,788	21,258	22,599	-5.0	6.3
Other financial liabilities	2,932	3,447	3,601	22.8	4.5
Provisions	318	476	466	46.9	-2.0
Other liabilities	2,293	2,020	1,924	-16.1	-4.8
Subtotal liabilities	208,127	205,558	210,205	1.0	2.3
Shareholders' equity	13,426	12,607	12,545	-6.6	-0.5
Valuation adjustments	-265	-477	-491	85.2	3.0
Minority interest	61	62	64	3.9	2.1
Net equity	13,222	12,192	12,117	-8.4	-0.6
Total liabilities and equity	221,348	217,751	222,322	0.4	2.1
Financial guarantees granted	1,983	2,016	2,041	2.9	1.2
Commitments for loans granted	20,906	21,994	22,646	8.3	3.0
Other commitments granted	9,917	8,092	8,233	-17.0	1.7

(1) Deposits with central banks and credit institutions include the following amounts of repos: €9,591 million at 31.12.17, €7,522 million at 30.09.18 and €7,600 million at 31.12.18.

(2) The EURGBP exchange rate used for the balance sheet is 0.8945.

Assets:

The Group's total assets amounted to €222,322 million, representing a year-on-year increase in constant exchange rate of 0.6% and 2.3% in the quarter.

Excluding TSB, total assets amounted to €176,140 million, representing a 1.7% increase year-on-year and a 2.7% increase quarter-on-quarter.

Loans and advances to customers:

Performing loans ended 2018 with a balance of €139,366 million (€105,732 million excluding TSB), growing in constant exchange rate by 1.5% year-on-year (3.5% excluding TSB), driven by the good performance of SMEs and corporates in Spain and strong growth in Mexico.

Excluding the APS NPL run-off and assuming constant exchange rate, growth of 3.2% (6.0% excluding TSB) year-on-year. In the quarter, slightly increased of 0.1% (0.7% excluding TSB).

In Spain, performing loans excluding the APS NPL run-off grew by 5.1% year-on-year, and 0.5% quarter-on-quarter with an annual growth of 0.9% in individual mortgages. Mexico continues to show a remarkable performance, growing by 43.6% year-on-year, and 4.4% quarter-on-quarter.

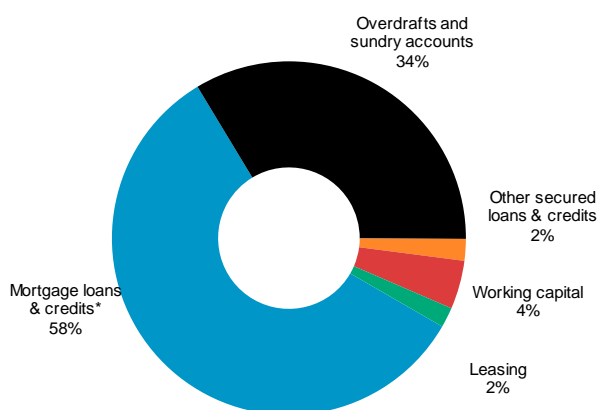
In TSB, core mortgages remained in line with the previous year. In the quarter, lending declined mainly due to the reduction of core mortgages, reflecting the conscious decision to reduce new origination in the second quarter and third quarter.

Loans and advances to customers

(€ million)	Excl. TSB					Total group				
	31.12.17	30.09.18	31.12.18	Change (%)		31.12.17	30.09.18	31.12.18	Change (%)	
Mortgage loans & credits	52,259	51,727	49,833	-4.6	-3.7	84,267	83,444	80,872	-4.0	-3.1
Other secured loans & credits	2,315	2,607	2,766	19.5	6.1	2,315	2,609	2,767	19.5	6.0
Working capital	5,802	5,805	6,186	6.6	6.6	5,802	5,805	6,186	6.6	6.6
Leasing	2,316	2,526	2,565	10.7	1.5	2,316	2,526	2,565	10.7	1.5
Overdrafts and sundry accounts	39,427	43,071	44,383	12.6	3.0	42,822	45,850	46,976	9.7	2.5
Performing gross loans	102,119	105,735	105,732	3.5	0.0	137,522	140,234	139,366	1.3	-0.6
Non-performing loans	7,723	6,509	6,024	-22.0	-7.4	7,867	6,951	6,472	-17.7	-6.9
Accruals	-100	-60	-83	-16.9	38.3	-66	18	-13	-79.7	--
Gross loans to customers (excluding repos)	109,742	112,184	111,673	1.8	-0.5	145,323	147,203	145,824	0.3	-0.9
Reverse repos	2,001	349	596	-70.2	70.6	2,001	349	596	-70.2	70.6
Gross loans to customers	111,743	112,534	112,269	0.5	-0.2	147,325	147,553	146,420	-0.6	-0.8
NPL and country-risk provisions	-3,646	-3,724	-3,211	-119	-13.8	-3,727	-3,948	-3,433	-7.9	-13.0
Loans and advances to customers	108,097	108,810	109,058	0.9	0.2	143,598	143,605	142,987	-0.4	-0.4

(1) The EURGBP exchange rate used for the balance sheet is 0.8945.

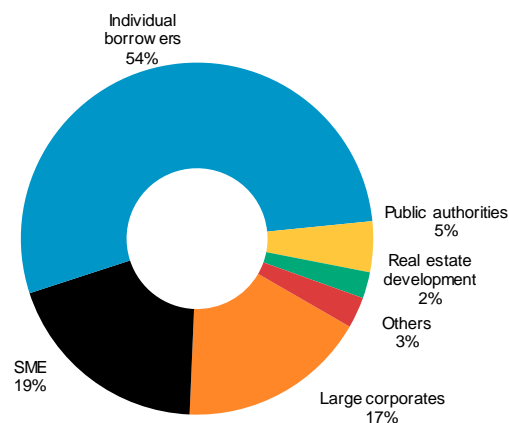
Loans and advances to customers by product type, 31.12.18 (%) ^(*)



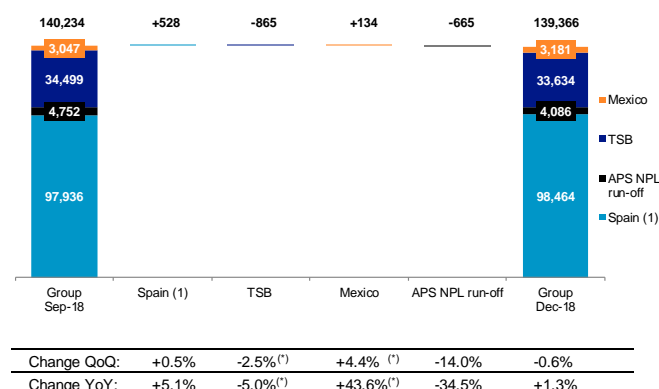
*Includes mortgage loans and credits both to individuals and companies.

(*) Excluding NPAs and accrual adjustments.

Loans and advances to customers by customer profile, 31.12.18 (%)

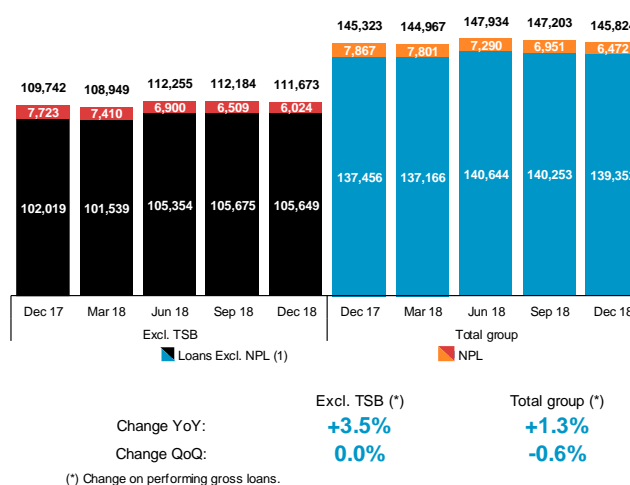


Performing loans: performance by geographies (€ million)



(*) In TSB -1.7% QoQ and -4.2% YoY in GBP and in Mexico +7.8% QoQ and +36.5% YoY in MXN.
 (1) Spain includes overseas branches and representative offices abroad.

Evolution of gross customer lending (€ million)



(*) Change on performing gross loans.

Liabilities:

Customer funds:

At the end of 2018, on-balance sheet customer funds amounted to €137,343 million (€104,859 million excluding TSB), representing a 4.2% growth year-on-year considering a constant exchange rate (7.3% excluding TSB) and a 1.8% growth quarter-on-quarter (2.7% excluding TSB), supported by the increase in sight accounts and term deposits.

Sight account balances amounted to €107,665 million (€77,736 million excluding TSB), representing an increase in constant exchange rate of 10.1% year-on-year (14.3% excluding TSB) and a 1.3% increase quarter-on-quarter (2.1% excluding TSB).

Term deposits amounted to €28,709 million (€26,154 million excluding TSB), representing an -11.5% decline from the previous year (-6.6% excluding TSB) and a 1.9% increase from the previous quarter (2.7% excluding TSB). This year-on-year decline is mainly due to interest rate fluctuations, the effects of which are reflected in the transfer to sight accounts.

Total off-balance sheet customer funds amounted to €44,034 million at the end of 2018 and declined by -2.8% from the previous year (-6.6% quarter-on-quarter), due to the decline in mutual funds, impacted by the negative performance in the financial markets, specially in the last quarter. A positive aspect that should be highlighted is the growth in third-party insurance products sold by the Group, which increased by 5.0% year-on-year.

Debt and other tradable securities:

At the end of 2018, this item amounted to €19,568 million (€18,313 million excluding TSB), representing a -7.9% decline year-on-year (-7.3% excluding TSB) and a 4.4% growth in the quarter (5.1% excluding TSB). The issuance of €500 million of subordinated debt was especially relevant in the quarter.

Exposures to central banks amounted to €28,781 million, of which €21,548 million corresponded to the ECB and €7,233 million corresponded to the Bank of England.

Funds under management:

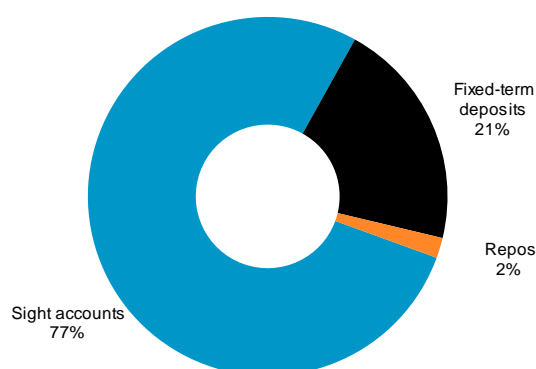
Funds under management amounted to €205,711 million (€170,285 million excluding TSB), compared with €204,420 million (€166,447 million excluding TSB) in 2017, representing a year-on-year increase of 0.6% (2.3% excluding TSB) and a quarter-on-quarter growth of 0.3% both at Group level and excluding TSB.

Customer funds

(€ million)	Excl. TSB					Total group				
			Change (%)					Change (%)		
	31.12.17	30.09.18	31.12.18	31.12.17	30.09.18	31.12.17	30.09.18	31.12.18	31.12.17	30.09.18
Financial liabilities at amortised cost	159,462	158,891	163,329	2.4	2.8	204,045	201,604	206,077	1.0	2.2
Non-retail financial liabilities	6,176	56,760	58,470	-5.4	3.0	71,949	66,452	68,734	-4.5	3.4
Central banks	2,1507	20,502	21,553	0.2	5.1	27,848	27,806	28,799	3.4	3.6
Credit institutions	4,171	12,509	11,996	-15.3	-4.1	44,171	12,513	12,000	-15.3	-4.1
Institutional issues	23,436	20,464	21,392	-8.7	4.5	26,999	22,686	24,334	-9.9	7.3
Other financial liabilities	2,663	3,285	3,529	32.5	7.4	2,932	3,447	3,601	22.8	4.5
On-balance sheet customer funds	97,686	102,131	104,859	7.3	2.7	132,096	135,152	137,343	4.0	1.6
Customer deposits	99,277	103,109	105,353	6.1	2.2	135,307	136,581	139,079	2.8	1.8
Sight accounts	68,039	76,168	77,736	14.3	2.1	98,020	106,499	107,665	9.8	1.1
Fixed-term deposits	(2) 27,996	25,477	26,154	-6.6	2.7	32,425	28,167	28,709	-11.5	1.9
Repos	3,19	1,319	1,321	-57.7	0.1	4,750	1,756	2,533	-46.7	44.2
Accruals and derivative hedging adjustments	123	145	142	15.7	-2.2	113	158	172	52.3	8.3
Debt and other tradable securities	19,764	17,418	18,313	-7.3	5.1	21,250	18,735	19,568	-7.9	4.4
Subordinated liabilities	(3) 2,081	2,068	2,586	24.3	25.0	2,537	2,523	3,031	19.4	20.1
On-balance sheet funds	121,122	122,595	126,251	4.2	3.0	159,095	157,839	161,678	1.6	2.4
Mutual funds	27,375	28,882	26,379	-3.6	-8.7	27,375	28,882	26,379	-3.6	-8.7
Equity funds	1,929	1,900	1,681	-12.9	-11.5	1,929	1,900	1,681	-12.9	-11.5
Balanced funds	6,490	7,307	6,469	-0.3	-11.5	6,490	7,307	6,469	-0.3	-11.5
Fixed-income funds	4,488	4,138	4,027	-10.3	-2.7	4,488	4,138	4,027	-10.3	-2.7
Guaranteed return funds	3,829	4,102	4,074	6.4	-0.7	3,829	4,102	4,074	6.4	-0.7
Real estate funds	125	126	115	-8.3	-8.6	125	126	115	-8.3	-8.6
Venture capital funds	38	44	46	21.1	5.5	38	44	46	21.1	5.5
Dedicated investment companies	2,192	2,217	1,886	-13.9	-14.9	2,192	2,217	1,886	-13.9	-14.9
Third-party funds	8,283	9,050	8,081	-2.4	-10.7	8,283	9,050	8,081	-2.4	-10.7
Managed accounts	3,999	4,019	3,595	-10.1	-10.5	3,999	4,019	3,595	-10.1	-10.5
Pension funds	3,987	3,801	3,594	-9.8	-5.4	3,987	3,801	3,594	-9.8	-5.4
Individual	2,476	2,308	2,168	-12.4	-6.1	2,476	2,308	2,168	-12.4	-6.1
Company	1,498	1,481	1,416	-5.5	-4.4	1,498	1,481	1,416	-5.5	-4.4
Group	13	12	11	-14.6	-9.4	13	12	11	-14.6	-9.4
Third-party insurance products	9,965	10,456	10,465	5.0	0.1	9,965	10,456	10,465	5.0	0.1
Off-balance sheet customer funds	45,325	47,159	44,034	-2.8	-6.6	45,325	47,159	44,034	-2.8	-6.6
Funds under management	166,447	169,754	170,285	2.3	0.3	204,420	204,998	205,711	0.6	0.3

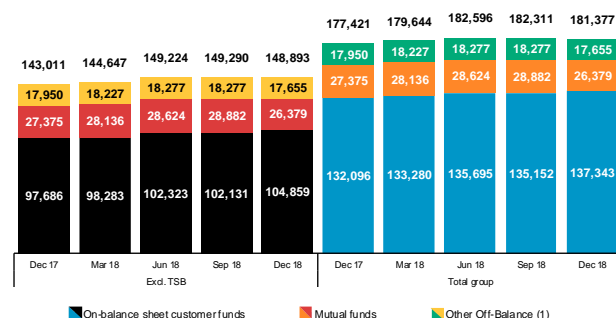
- (1) The EURGBP exchange rate used for the balance sheet is 0.8945.
(2) Includes deposits redeemable at notice and hybrid financial liabilities.
(3) These are subordinated liabilities of debt securities.

Customer deposits, 31.12.18 (%) ^(*)



(*) Excluding accrual adjustments and hedging derivatives.

Evolution of customer funds (€ million)



Excl. TSB (*) Total group (*)
Change YoY: **+7.3%** Change YoY: **+4.0%**
Change QoQ: **+2.7%** Change QoQ: **+1.6%**

(*) Change on balance sheet customer funds.

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

Net equity:

The following table shows the evolution of net equity at the end of 2018, with a decline year-on-year mainly due to the application of IFRS9:

Net equity

(€million)	31.12.17	30.09.18	31.12.18	Change	
				31.12.17	30.09.18
Shareholders' equity	13,426	12,607	12,545	-881	-63
Issued capital	703	703	703	0	0
Reserves	12,107	11,738	11,732	-374	-6
Other equity	32	42	35	3	-7
Less: treasury shares	-106	-124	-143	-37	-20
Attributable net profit	801	248	328	-473	80
Less: dividends and payments	-112	0	-111	1	-111
Valuation adjustments	-265	-477	-491	-226	-14
Minority interest	61	62	64	2	1
Net equity	13,222	12,192	12,117	-1,105	-75

Risk management

Highlights: (*)

Strong reduction in the Group's NPL ratio to 4.22% (5.04% excluding TSB).

Significant decline in problematic assets, which have been reduced, excluding TSB, by €-7,846 million in the year, as includes €-5,800 million within the scope of institutional NPA sales reclassified as non-current assets held for sale. The organic NPA reduction amounted to €-2,047 million in the year.

The NPA coverage ratio reached 52.1%, whereby the coverage of NPLs reached 54.1% and the coverage of foreclosed assets reached 44.5%.

The net NPAs to total assets ratio stood at 1.8%.

(*) Figures expressed as 100% APS. NPA variations expressed as 20% APS.

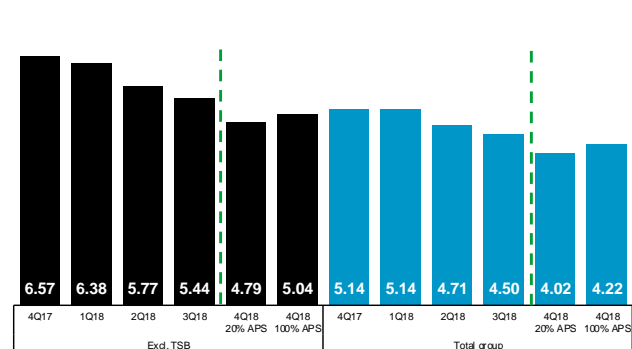
Risk management: (*)

At the end of 2018, the balance of problematic assets excluding TSB amounted to €7,832 million (€6,106M in NPLs and €1,726M in foreclosed assets), representing an annual reduction of €-7,846 million (€-1,992M in NPLs and €-5,854M in foreclosed assets), including €-5,800 million (€-279M in NPLs and €-5,521M in foreclosed assets) of the institutional NPA sales reclassified as non-current assets held for sale.

Organic NPA reduction amounted to €-2,047 million in the year (€-1,714M in NPLs and €-333M in foreclosed assets) and €-305 million in the quarter (€-491M in NPLs and €+186M in foreclosed assets).

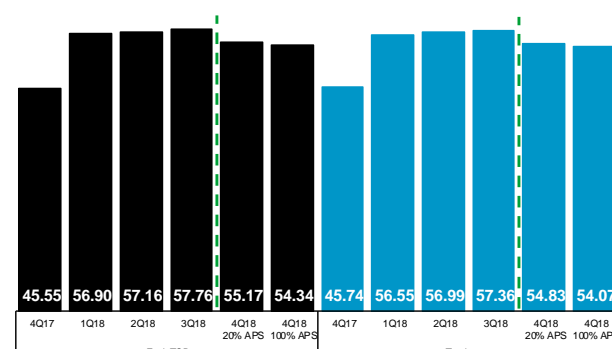
(*) Figures expressed as 100% APS. NPA variations expressed as 20% APS.

NPL ratios (%) (*)



(*) Calculated including contingent risk. In 4Q18 institutional NPAs have been reclassified as non-current assets held for sale, therefore the figures are shown excluding these assets.

NPL coverage ratios (%) (*)

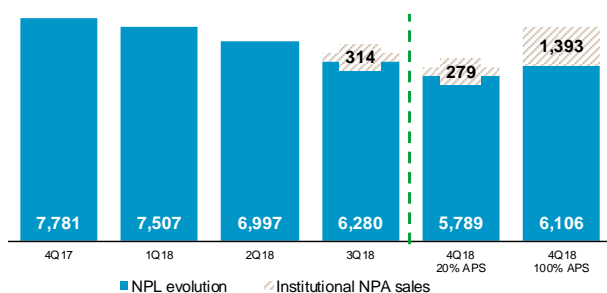


NPL ratios by segment (*)

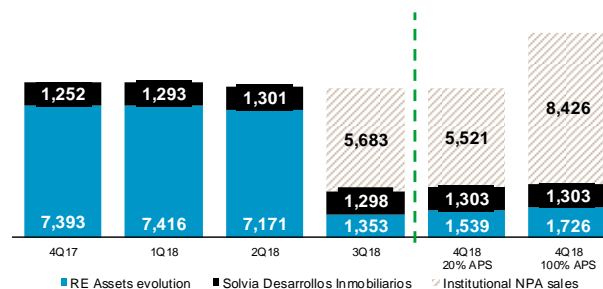
Excl. TSB	4 Q 17	1 Q 18	2 Q 18	3 Q 18	4 Q 18	4 Q 18
					20% APS	100% APS
Real estate development and/or construction purposes	21.37%	19.80%	17.66%	16.16%	12.81%	15.68%
Construction purposes non-related to real estate dev.	6.87%	7.17%	6.42%	5.58%	5.63%	5.68%
Large corporates	3.33%	3.53%	3.12%	2.60%	2.32%	2.32%
SME and small retailers and self-employed	8.09%	7.88%	7.40%	7.05%	6.26%	6.48%
Individuals with 1st mortgage guarantee assets	6.88%	6.50%	6.04%	5.89%	5.52%	5.82%
NPL ratio	6.57%	6.38%	5.77%	5.44%	4.79%	5.04%

(*) Calculated including contingent risk. In 4Q18 institutional NPAs have been reclassified as non-current assets held for sale, therefore the figures are shown excluding these assets.

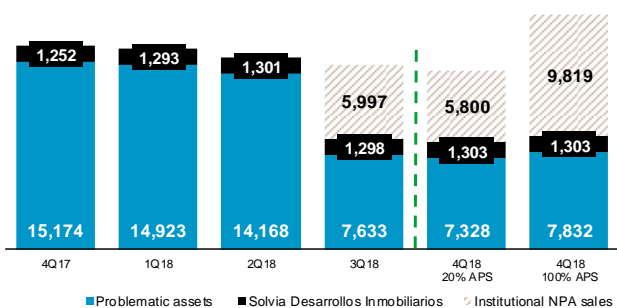
Evolution of NPLs excl. TSB (€ million) ^(*)



Evolution of real estate assets excluding TSB (€ million) ^(*)



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



(*) Calculated including contingent risk. In 4Q18 institutional NPAs have been reclassified as non-current assets held for sale, therefore the figures are shown excluding these assets.

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

NPLs and RE assets excluding TSB ^(*)

(€million)	4Q17	1Q18	2Q18	3Q18	4Q18
Entries	617	481	330	385	354
Recoveries ⁽¹⁾	-956	-539	-573	-600	-1,053
Ordinary net entries	-339	-58	-243	-215	-699
Entries	254	294	176	129	209
Sales and other outcomes ^{(1) (2)}	-1,624	-271	-419	-264	-5,706
Change in real estate assets	-1,370	23	-244	-135	-5,497
Net entries plus change in real estate assets	-1,709	-35	-487	-350	-6,196
Write-offs	-66	-216	-268	-187	-106
Real estate assets and NPL quarterly change	-1,775	-251	-755	-538	-6,302

(*) Data include 20% of APS.

(1) In 4Q18, €5,800 million included in institutional NPA sales have been reclassified as non-current assets held for sale (€279 million of NPLs and €5,521 million of foreclosed assets).
(2) In 4Q17 a new business line was carved out focusing on real estate developments services (Solvia Desarrollos Inmobiliarios), with €1,252 million in assets under management.

Coverage of Group problematic assets ^(*)

(€ million)	4Q17	1Q18	2Q18	3Q18	4Q18 20% APS	4Q18 100% APS
Non-performing exposures	7,925	7,898	7,386	7,036	6,236	6,554
Provisions	3,625	4,467	4,209	4,036	3,419	3,544
NPL coverage ratio (%)	45.7%	56.6%	57.0%	57.4%	54.8%	54.1%
RE Assets evolution	7,393	7,416	7,171	7,036	1,539	1,726
Provisions	3,998	3,979	3,991	3,932	691	767
Real Estate coverage ratio (%)	54.1%	53.7%	55.7%	55.9%	44.9%	44.5%
Total problematic assets	15,318	15,314	14,557	14,072	7,775	8,279
Provisions	7,623	8,446	8,200	7,968	4,111	4,311
Problematic assets coverage (%)	49.8%	55.2%	56.3%	56.6%	52.9%	52.1%
Problematic assets over Gross loans + RE assets	10.0%	10.0%	9.4%	9.1%	5.3%	5.6%
Net problematic assets	7,695	6,868	6,357	6,104	3,665	3,968
Net problematic assets as of % of total assets	3.5%	3.1%	2.9%	2.8%	1.6%	1.8%

(*) Includes contingent risk. In 4Q18 institutional NPAs have been 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 at the end of 2018 is as follows:

(€million)	Total	Of which: doubtful
Public sector	20	20
Companies and self employed	3,144	1,810
Of which: Financing for construction and real estate development	555	405
Individuals	2,110	1,209
Total	5,274	3,040
Provisions	1,136	992

Foreclosed assets ^(*)

(€million)	Gross amount	Allowances for losses
Real estate assets deriving from financing of construction and real estate development	1,210	582
Finished buildings	650	201
Housing	397	120
Rest	253	80
Buildings under construction	24	14
Housing	21	12
Rest	3	2
Land	536	368
Building land	142	82
Other land	394	286
Real estate assets deriving from home loan mortgages	515	185
Total real-estate portfolio	1,726	767

(*) Data 100% APS. Foreclosed real estate 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 allowances for credit losses allocated by the Group

(€million)	2017	2018
Initial balance	4,940	3,740
IFRS9 implementation	0	993
Movements reflected in provisions for NPLs	944	59
Movements not reflected in provisions for NPLs	-2,140	-184
Utilisation of provisions	-187	-1,451
Other movements (*)	-323	-363
Adjustments for exchange differences	-4	-3
Final balance	3,740	3,435

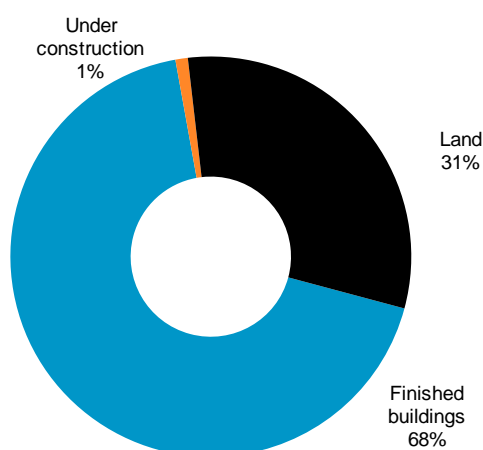
(*)Corresponds to the transfer of €162 million of impairment allowances for credit risk hedging of non-current assets held for sale and investment properties and the transfer of €201 million of impairment allowances to cover contingencies relating to mortgage floor provisions.

NOTE: Excludes guarantees and sums undrawn.

Breakdown of real estate exposures by asset class:

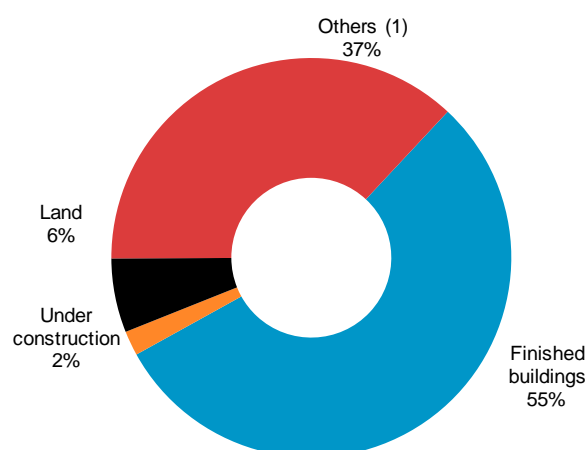
The following figures show the real estate exposures broken down by asset class at the end of 2018:

Foreclosed assets, 31.12.18 (%) ^(*)



(*) Data 100% APS and post institutional NPA sales.

Real estate development, 31.12.18 (%) ^(*)



(1) Includes other guarantees.

Capital management and credit ratings

Highlights:

The phase-in CET1 ratio stood at 12.0% and the fully-loaded CET1 ratio at 11.1% at the end of 2018. The pro forma⁽¹⁾ CET1 ratio was 12.2% phase-in and 11.3% fully-loaded.

The leverage ratio stood at 4.87% phase-in and 4.54% fully-loaded.

(1) Includes +19bps in RWAs released from NPA sales, +15bps in capital gains from the sale of Solvia and -16bps in IFRS 16 impact.

The fully-loaded total capital ratio increased by +70bps in the quarter, nearly completing the Tier 1 and Tier 2 capital buckets, with the issuance of €500 million of subordinated debt.

The Board of Directors has approved the distribution of a supplementary cash dividend of €0.01 (gross) per share, which brings the total yearly dividend to €0.03 (gross) per share. Total dividend pay-out stood at c.50%

Phase-in capital ratios

(€million)	31.12.17	30.09.18	31.12.18
Issued capital	703	703	703
Reserves	11,911	11,430	11,471
Minority interest	17	11	11
Deductions (1)	-2,217	-2,387	-2,567
Common Equity Tier 1	10,415	9,756	9,619
CET 1 Phase-in (%)	13.4%	12.1%	12.0%
Preference shares and other	1,152	1,152	1,153
Deductions	-456	0	0
Primary capital	11,111	10,909	10,771
Tier I (%)	14.3%	13.5%	13.4%
Secondary capital	1,348	1,195	1,663
Tier II (%)	1.7%	1.5%	2.1%
Total capital	12,459	12,104	12,434
Total capital ratio (%)	16.1%	15.0%	15.5%
Risk weighted assets (RWA)	77,505	80,930	80,279
Leverage ratio (%)	4.97%	5.00%	4.87%

The phase-in CET1 ratio of Banco de Sabadell S.A. (individual) is 12.24% at September 2018.

(1) Includes IFRS9 transitional adjustments.

Fully-loaded capital ratios

(€million)	31.12.17	30.09.18	31.12.18
Issued capital	703	703	703
Reserves	11,911	11,430	11,471
Minority interest	11	11	11
Deductions	-2,715	-3,210	-3,299
Common Equity Tier 1	9,911	8,934	8,887
CET 1 Fully Loaded (%)	12.8%	11.0%	11.1%
Preference shares and other	1,152	1,152	1,153
Primary capital	11,063	10,086	10,040
Tier I (%)	14.3%	12.4%	12.5%
Secondary capital	1,355	1,286	1,759
Tier II (%)	1.7%	1.6%	2.2%
Total capital	12,418	11,373	11,799
Total capital ratio (%)	16.0%	14.0%	14.7%
Risk weighted assets (RWA)	77,505	81,160	80,075
Leverage ratio (%)	4.95%	4.64%	4.54%

Credit ratings

Agency	Date	Long term	Short term	Outlook
DBRS	16.07.2018	BBB (high)	R-1 (low)	Positive
S&P Global Rating ⁽¹⁾	19.09.2018	BBB	A-2	Estable
Moody's ⁽²⁾	19.09.2018	Baa3 / Baa2	P-3 / P-2	Stable/Stable

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⁽²⁾ Corresponds to senior debt and deposits, respectively.

On 06 April 2018, S&P Global Ratings raised Banco Sabadell's long-term credit rating to BBB from BBB- and its short term credit rating to A-2 from A-3 with a stable outlook. This rating upgrade is based on the improvement of Banco Sabadell's credit quality in a context of lower industrial risks of the Spanish banking system, principally due to its deleveraging, as well as an improvement in investor confidence.

On 19 September 2018, S&P Global Ratings confirmed Banco Sabadell's long-term credit rating of BBB and its short term credit rating to A-2 with a stable outlook.

On 19 September 2018, Moody's Investors Service (Moody's) has confirmed the long term rating of deposits as Baa2 and senior debt as Baa3, as well as the short term rating of deposits as P-2 and Banco Sabadell's senior debt as P-3, and it has changed the rating outlook to stable, from positive.

On 16 July, DBRS Rating Limited raised Banco Sabadell's outlook to Positive (from Stable) and it confirmed Banco Sabadell's long term rating as BBB (High), and it's short term rating as R-1 (low). The upgrade to positive and the confirmation of the rating reflect the solid capitalisation vision of Banco Sabadell Group and the continuous improvement in asset quality and the profitability of the core business in Spain.

Liquidity management

Highlights:

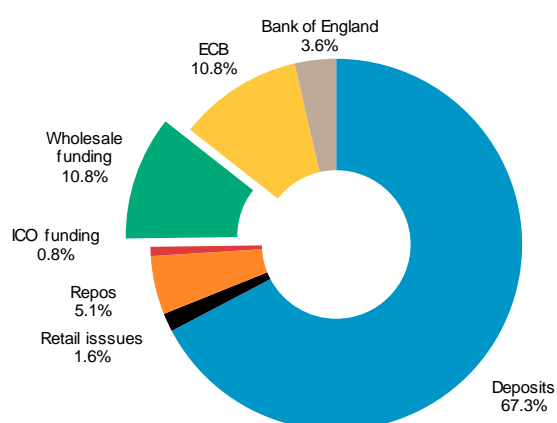
The loan-to-deposit ratio at the end of 2018 was 101.6% with a balanced retail funding structure.

The LCR (Liquidity Coverage Ratio) at the end of 2018 stood at 168% excluding TSB and at 298% in TSB, while in the preceding year it stood at 168% excluding TSB and at 295% in TSB.

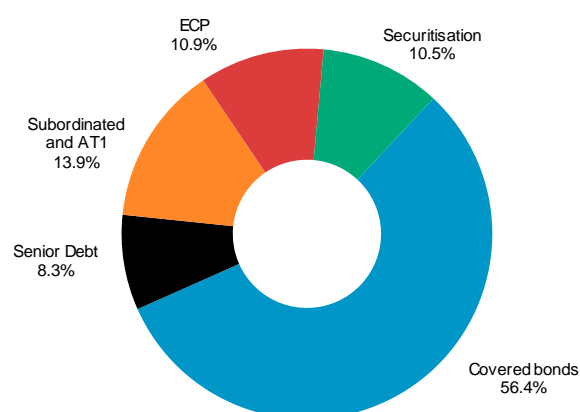
(€ million)	31.12.17	30.09.18	31.12.18 (1)
Loans and advances to customers (2)	141,597	143,255	142,391
Brokered loans	-3,835	-3,156	-2,808
Adjusted net loans and advances	137,761	140,099	139,583
On-balance sheet customer funds	132,096	135,152	137,343
Loan-to-deposits ratio (%)	104.3	103.7	101.6

(1) The EURGBP exchange rate used for the balance sheet is 0.8945 at 31.12.18.
 (2) Excludes reverse repos.

Funding structure, 31.12.18 (%)



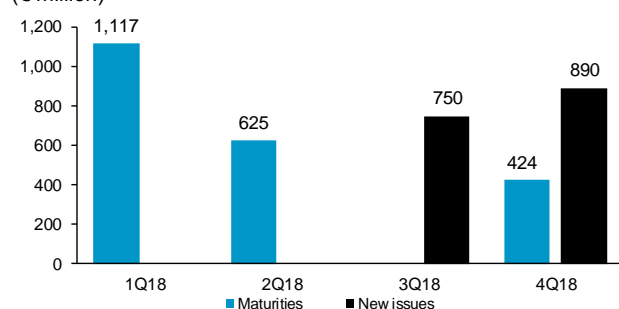
Wholesale funding breakdown, 31.12.18 (%)



Maturity of institutional issues

(€ million)	2019	2020	2021	2022	2023	2024	>2024	Outstanding balance
Covered bonds	1,124	2,015	1,808	1,678	1,388	1,850	2,301	12,165
Senior Debt	52	0	0	25	984	744	0	1,805
Subordinated and AT1	0	411	430	0	500	0	1,660	3,001
Other mid- and long-term financial instruments	0	0	10	0	0	4	0	14
Total	1,176	2,426	2,249	1,703	2,872	2,598	3,961	16,985

New issuances and maturities of wholesale funding (€ million)



Maturities in the year:

(€ million)	1Q18	2Q18	3Q18	4Q18
Covered bonds	1,112	20	0	424
GGB	0	0	0	0
Senior Debt	0	592	0	0
Subordinated and AT1	0	0	0	0
Other mid- and long-term financial instrurr	5	13	0	0
Total	1,117	625	0	424

Results by business units

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

The criteria that Banco Sabadell Group uses to report on results for each segment are:

- There are four separate geographies: Banking Business Spain, Asset Transformation, Banking Business United Kingdom and Other Geographies.
- 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.
- Banking Business United Kingdom includes TSB's contribution to the Group.
- Other Geographies mostly comprises Mexico, foreign branches and representative offices. For the purpose of comparison, changes have been calculated for investment, funds and the income statement excluding Sabadell United Bank.

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.

Segmentation by geography and business units

- **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 loans is particularly noteworthy. In terms of savings, the main products are deposits (demand deposits and term deposits), mutual funds, savings insurance and pension plans. Protection insurance products and payment services are also noteworthy, such as credit cards and the issues of transfers, amongst others.

Corporate Banking offers specialised financing services together with a comprehensive offering of solutions relating to the fields of financing and treasury, as well as import and export activities, amongst others.

Markets and Private Banking offers and designs high value-added products and services for customers.

Asset Transformation:

Comprehensively manages NPA risk and real estate exposure, and also sets out and implements the strategy of real estate investee companies.

Banking business United Kingdom:

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

Other geographies:

Other Geographies mostly comprises Mexico, foreign branches and representative offices that offer all types of banking and financial services of Corporate Banking, Private Banking and Commercial Banking.

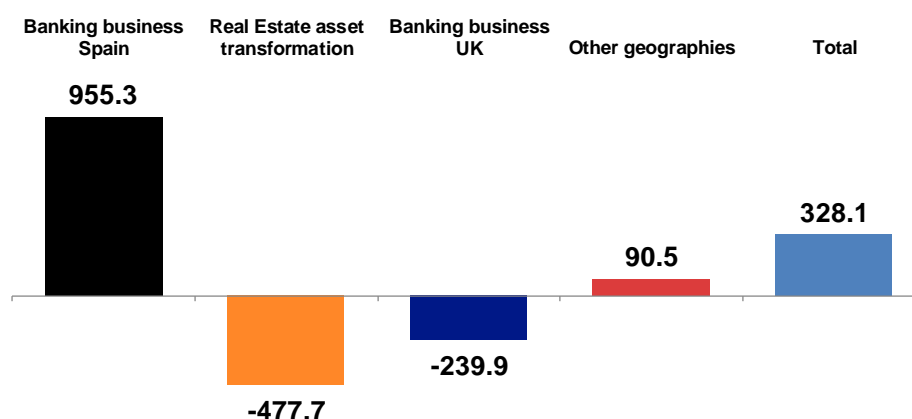
The information presented herein is based on the separate financial statements of each Group company, with the corresponding disposals and adjustments in the scope of consolidation and the analytical accounting of income and expenses in cases in which a business is spread over one or more legal entities, to enable revenues and costs to be allocated for each customer depending on the business unit to which that customer is assigned.

Each business unit is treated as an independent business, therefore commissioning takes place between businesses for the provision of services involving the distribution of products, services and systems. The overall net impact of commissioning between business units is zero.

Each business unit bears its own direct costs, 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:

Attributable net profit



Profit and loss 2018

(€ million)	Banking business Spain	Real Estate asset transformation	Banking business UK	Other geographies	Total
Net interest income	2,445.1	-28.5	999.7	258.8	3,675.2
Income from equity method and dividends	62.1	-0.1	0.2	2.6	64.7
Net fees and commissions	1,202.0	1.3	85.2	46.7	1,335.3
Results from financial transactions and foreign exchange	192.8	4.7	17.7	10.1	225.4
Other operating income/expense	-359.1	119.1	-60.3	9.8	-290.4
Gross operating income	3,543.0	96.6	1,042.5	328.1	5,010.2
Operating expenses and amortization	-1,790.7	-139.8	-1,148.1	-194.9	-3,273.4
Pre-provisions income	1,752.3	-43.2	-105.5	133.2	1,736.8
Impairment on loans & advances	-542.7	-520.0	-231.0	-26.6	-1,320.4
Gains on sale of assets and other results	1.2	0.0	1.2	0.0	2.5
Profit before tax	1,210.8	-563.2	-335.3	106.6	418.9
Income tax	-253.4	85.4	95.3	-11.0	-83.6
Consolidated net profit	957.4	-477.7	-239.9	95.5	335.2
Minority interest	2.1	0.0	0.0	5.0	7.1
Attributable net profit	955.3	-477.7	-239.9	90.5	328.1
ROE	10.8%	--	--	9.0%	2.60%
Cost / income	44.4%	--	101.6%	56.0%	58.29%
NPL ratio (%)	5.2%	33.5%	1.3%	0.3%	4.22%
NPL coverage ratio (%)	52.1%	83.4%	50.4%	292.9%	54.07%

Profit and loss 2017

(€ million)	Banking business Spain	Real Estate asset transformation	Banking business UK	Other geographies	Total
Net interest income	2,528.2	-52.1	1,033.5	292.7	3,802.4
Income from equity method and dividends	313.1	-0.5	0.2	3.2	315.9
Net fees and commissions	1,075.9	1.9	95.7	50.0	1,223.4
Results from financial transactions and foreign exchange	541.1	-37.5	109.6	9.3	622.5
Other operating income/expense	-332.4	118.3	-15.7	2.8	-227.0
Gross operating income	4,125.8	30.1	1,223.3	358.0	5,737.3
Operating expenses and amortization	-1,755.6	-162.7	-1,001.9	-204.9	-3,125.2
Pre-provisions income	2,370.3	-132.6	221.4	153.1	2,612.1
Impairment on loans & advances	-867.4	-1,215.8	-88.7	-24.4	-2,196.4
Gains on sale of assets and other results	383.7	41.0	6.6	1.2	432.6
Profit before tax	1,886.6	-1,307.4	139.0	130.0	848.3
Income tax	-320.9	364.0	-48.7	-37.3	-43.1
Consolidated net profit	1,565.7	-943.4	90.3	92.7	805.2
Minority interest	-0.4	0.0	0.0	4.1	3.7
Attributable net profit	1,566.1	-943.4	90.3	88.6	801.5
ROE	17.8%	--	--	8.8%	6.10%
Cost / income	39.1%	--	79.5%	54.5%	50.15%
NPL ratio (%)	5.7%	32.2%	0.4%	0.9%	5.14%
NPL coverage ratio (%)	45.6%	49.9%	55.9%	113.0%	45.74%

Balance sheet 2018

(€ million)	Banking business Spain	Real Estate asset transformation	Banking business UK	Other geographies	Total
Total assets	146,411	11,907	46,182	17,822	222,322
Loans and advances to customers (Ex Repos)	96,234	1,332	33,929	10,896	142,391
RE exposure	0	959	0	0	959
Subtotal liabilities	138,029	10,791	44,596	16,789	210,205
On-balance sheet customer funds	98,296	235	32,484	6,328	137,343
Capital markets w wholesale funding	19,833	0	1,688	0	21,520
Equity	8,382	1,116	1,586	1,033	12,117
Off-balance sheet customer funds	42,976	35	0	1,023	44,034

Balance sheet 2017

(€ million)	Banking business Spain	Real Estate asset transformation	Banking business UK	Other geographies	Total
Total assets	142,521	15,384	48,145	15,298	221,348
Loans and advances to customers (Ex Repos)	93,394	3,865	35,501	8,836	141,597
RE exposure	0	3,372	0	23	3,395
Subtotal liabilities	133,370	13,728	46,597	14,431	208,127
On-balance sheet customer funds	92,558	104	34,410	5,024	132,096
Capital markets w wholesale funding	20,168	0	1,920	0	22,062
Equity	9,151	1,656	1,548	866	13,222
Off-balance sheet customer funds	44,265	27	0	1,033	45,325

Banking Business Spain

Net profit at the end of 2018 amounted to €955.3 million, representing a year-on-year decline of -39.0%. Excluding Mediterráneo Vida in the previous year and the capital gains generated on the sales of Sabadell United Bank and Mediterráneo Vida, the decline was -19.5% due to the lower contribution of net trading income.

Net interest income amounted to €2,445.1 million, a -3.3% decrease compared to the end of 2017. Excluding Mediterráneo Vida, net interest income declined by -2.0%.

Net fees and commissions income amounted to €1,202.0 million, 11.7% higher than in the previous year, driven by the positive performance of service and asset management fees.

Net trading income and exchange differences amounted to €192.8 million, representing a decline due to lower net trading income and the SAREB impairment in the year.

Administrative and depreciation expenses amounted to €-1,790.7 million, 2.0% higher than the previous year, mainly explained by the increase in expenses associated with the transformation and digitalisation of the business and with new regulatory developments.

Provisions and impairments amounted to €-542.7 million, significantly less than in the previous year.

(€ million)	Change (%)			Simple evolution							
	FY17	FY18	YoY	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18
Net interest income	2,528.2	2,445.1	-3.3%	630.8	639.5	633.4	624.5	609.1	610.5	610.4	615.0
Income from equity method and dividends	313.1	62.1	-80.2%	15.8	19.6	266.4	11.3	12.2	23.6	14.5	11.7
Net fees and commissions	1,075.9	1,202.0	11.7%	256.9	270.5	264.8	283.6	285.0	290.5	305.1	321.4
Results from financial transactions and foreign exchange	541.1	192.8	-64.4%	340.5	148.3	30.4	21.9	208.3	-3.1	-8.9	-3.5
Other operating income/expense	-332.4	-359.1	8.0%	-62.0	-84.2	-23.7	-162.4	-43.1	-87.9	-47.7	-180.4
Gross operating income	4,125.8	3,543.0	-14.1%	1,182.0	993.7	1,171.3	778.8	1,071.5	833.7	873.4	764.3
Operating expenses and amortization	-1,755.6	-1,790.7	2.0%	-430.3	-421.6	-448.8	-454.8	-444.8	-451.9	-447.1	-446.9
Pre-provisions income	2,370.3	1,752.3	-26.1%	751.7	572.1	722.5	324.0	626.7	381.8	426.3	317.4
Impairment on loans & advances	-867.4	-542.7	-37.4%	-271.2	-176.1	-396.8	-23.2	-98.3	-163.8	-160.5	-120.1
Gains on sale of assets and other results	383.7	1.2	-99.7%	-5.8	17.0	366.7	5.8	-1.1	4.2	-0.9	-1.1
Profit before tax	1,886.6	1,210.8	-35.8%	474.7	413.0	692.4	306.6	527.3	222.2	265.0	196.2
Income tax	-320.9	-253.4	-21.1%	-139.9	-107.1	-24.8	-49.3	-148.2	-57.4	-59.4	11.8
Consolidated net profit	1,565.7	957.4	-38.9%	334.9	305.9	667.6	257.3	379.1	164.8	205.5	208.0
Minority interest	-0.4	2.1	--	1.6	-0.3	0.1	-1.8	1.3	0.9	-0.1	0.0
Attributable net profit	1,566.1	955.3	-39.0%	333.2	306.2	667.5	259.1	377.7	163.9	205.7	208.0
Accumulated ratios											
ROE	17.8%	10.8%		15.2%	15.5%	15.6%	17.8%	15.5%	11.2%	11.7%	10.8%
Cost / income	39.1%	44.4%		40.7%	38.7%	39.5%	39.1%	38.0%	42.3%	43.8%	44.4%
NPL ratio (%)	5.7%	5.2%		6.7%	6.5%	6.2%	5.7%	6.0%	5.5%	5.3%	5.2%
NPL coverage ratio (%)	45.6%	52.1%		45.9%	43.0%	47.4%	45.6%	56.5%	55.0%	54.1%	52.1%

Loans and advances to customers (excluding ATAs) amounted to €96,234 million, representing a 3.0% growth year-on-year.

On-balance sheet customer funds increased by 6.2% year-on-year, with a significant growth in sight accounts. Off-balance sheet funds fell by -2.9%, due to the decline in mutual and pension funds.

(€ million)	Change (%)			Simple evolution							
	FY17	FY18	YoY	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18
Total assets	142,521	146,411	2.7%	134,790	133,047	133,995	142,521	139,346	140,570	142,603	146,411
Loans and advances to customers (Ex Repos)	93,394	96,234	3.0%	91,769	92,361	92,923	93,394	92,750	96,099	95,869	96,234
Subtotal liabilities	133,370	138,029	3.5%	126,610	124,664	125,045	133,370	130,279	132,021	134,172	138,029
On-balance sheet customer funds	92,558	98,296	6.2%	90,455	92,933	92,205	92,558	93,093	96,569	96,520	98,296
Capital markets w/ wholesale funding	20,168	19,833	-1.7%	18,065	19,163	18,861	20,168	19,374	18,348	18,997	19,833
Equity	9,151	8,382	-8.4%	8,180	8,383	8,950	9,151	9,067	8,549	8,431	8,382
Off-balance sheet customer funds	44,265	42,976	-2.9%	40,781	42,954	44,086	44,265	45,302	45,800	46,021	42,976
Other data											
Employees (1)	15,888	15,847	-0.3%	16,025	15,988	15,950	15,888	15,938	15,922	15,905	15,847
Branches	1,880	1,865	-0.8%	2,123	1,931	1,930	1,880	1,881	1,877	1,877	1,865

(1) Includes Fonomed (call centre) employees

Asset Transformation

Net profit at December 2018 amounted to €-477.7 million, increasing by 49.4% year-on-year mainly due to fewer provisions and the positive results on real estate sales.

Net trading income includes sales on real estate companies.

Gross income amounted to €96.6 million, a far higher figure than in the previous year mainly due to higher net interest income.

Administrative and depreciation expenses declined by -14.1% year-on-year to €-139.8 million, driven by lower stock of real estate assets.

Provisions and impairments amounted to €-615.6 million, 48.8% less than in the previous year due to the extraordinary provisions allocated in 2017. In the year, they include €-177.1 million in extraordinary provisions for institutional NPA sales.

Results on sales amounted to €95.6 million at December 2018.

(€ million)	Change (%)			Simple evolution							
	FY17	FY18	YoY	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18
Net interest income	-52.1	-28.5	45.4%	-12.9	-9.0	-15.3	-14.9	-5.7	-7.9	-4.5	-10.4
Income from equity method and dividends	-0.5	-0.1	-78.3%	-0.1	-0.9	0.6	-0.2	0.0	0.0	0.0	-0.1
Net fees and commissions	1.9	1.3	-30.4%	0.4	0.7	0.5	0.3	-5.1	6.3	0.1	0.1
Results from financial transactions and foreign exchange	-37.5	4.7	--	-0.2	-34.4	-0.2	-2.6	8.7	0.1	0.0	-4.1
Other operating income/expense	118.3	119.1	0.7%	32.1	33.6	23.6	29.0	32.5	37.5	29.4	19.7
Gross operating income	30.1	96.6	220.6%	19.3	-10.0	9.2	11.6	30.3	36.1	25.0	5.3
Operating expenses and amortization	-162.7	-139.8	-14.1%	-40.7	-43.3	-40.0	-38.7	-33.1	-31.2	-29.6	-45.9
Pre-provisions income	-132.6	-43.2	67.4%	-21.3	-53.4	-30.8	-27.1	-2.8	4.9	-4.6	-40.7
Impairment on loans & advances	-1,201.7	-615.6	-48.8%	-198.4	-131.3	-694.1	-177.9	-122.9	-283.9	-95.5	-113.4
Sales results	-14.1	95.6	--	-15.2	-12.5	8.5	5.1	15.3	14.9	10.2	55.2
Gains on sale of assets and other results	41.0	0.0	-100.0%	0.0	0.0	0.0	41.0	0.0	0.0	0.0	0.0
Profit before tax	-1,307.4	-563.2	56.9%	-235.0	-197.2	-716.4	-158.9	-110.4	-264.1	-89.9	-98.8
Income tax	364.0	85.4	-76.5%	73.9	49.0	220.1	21.0	25.7	93.2	12.6	-46.0
Consolidated net profit	-943.4	-477.7	49.4%	-161.1	-148.1	-496.3	-137.9	-84.7	-170.9	-77.3	-144.8
Minority interest	0.0	0.0	--	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Attributable net profit	-943.4	-477.7	49.4%	-161.1	-148.1	-496.3	-137.9	-84.7	-170.9	-77.3	-144.8
Accumulated ratios											
ROE	--	--		--	--	--	--	--	--	--	--
Cost / income	--	--		--	--	--	--	--	--	--	--
NPL ratio (%)	32.2%	33.5%		28.6%	25.1%	28.9%	32.2%	29.1%	27.7%	26.6%	33.5%
NPL coverage ratio (%)	49.9%	83.4%		52.1%	52.9%	53.2%	49.9%	62.7%	64.0%	65.3%	83.4%

The good management of real estate assets continues, with net lending declining by -65.5% year-on-year and real estate exposures declined by -71.6%, due to the reclassification of institutional NPAs as non-current assets held for sale.

Intra-group funding amounted to €10,315 million, -18.3% less than in the previous year.

(€ million)	Change (%)			Simple evolution							
	4Q17	4Q18	YoY	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18
Total assets	15,384	11,907	-22.6%	17,424	17,398	15,640	15,384	15,235	12,850	12,531	11,907
Loans and advances to customers (Ex Repos)	3,865	1,332	-65.5%	5,962	5,603	4,250	3,865	3,032	2,613	2,448	1,332
RE exposure	3,372	959	-71.6%	4,638	4,622	3,995	3,372	3,437	3,180	3,103	959
Subtotal liabilities	13,728	10,791	-21.4%	15,361	15,367	13,676	13,728	13,947	11,797	11,311	10,791
On-balance sheet customer funds	104	235	126.8%	176	160	106	104	199	182	66	235
Intragroup financing	12,627	10,315	-18.3%	13,656	13,602	12,904	12,627	11,858	10,390	11,055	10,315
Equity	1,656	1,116	-32.6%	2,063	2,031	1,964	1,656	1,288	1,053	1,220	1,116
Off-balance sheet customer funds	27	35	32.0%	14	14	14	27	38	34	35	35
Other data											
Employees	1,018	1,073	5.4%	867	919	1,008	1,018	998	1,015	1,034	1,073

Banking Business United Kingdom

Net profit in December 2018 amounted to €-239.9 million, mainly due to €-460.0 million in migration and post-migration extraordinary costs.

Net interest income amounted to €999.7 million, declining by -3.3% year-on-year, impacted by TSB's post-migration remedies.

Net fees and commissions income fell by -11.0% year-on-year, mainly due to lower service commissions and remedies in TSB post-migration.

Net trading income includes results of fixed-income sales. Last year included the early call of Mortgage Enhancement portfolio.

Administrative and depreciation expenses increased by 14.6% year-on-year to €-1,148.1 million, including €-205.8 million in non-recurrent costs mainly related to migration and post-migration.

Provisions and impairments amounted to €-231.0 million and include a provision of €-142.1 million for the total estimated amount for customer redress, including extraordinary costs to the complaints management procedure related to the migration.

(€ million)	Change (%)			Simple evolution							
	FY17	FY18	YoY	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18
Net interest income	1,033.5	999.7	-3.3%	260.0	263.1	253.1	257.3	253.1	233.5	260.3	252.8
Income from equity method and dividends	0.2	0.2	-23.9%	0.0	0.0	0.0	0.2	0.1	-0.1	0.0	0.1
Net fees and commissions	95.7	85.2	-11.0%	25.3	21.7	24.8	23.9	23.1	12.0	25.4	24.7
Results from financial transactions and foreign exchange	109.6	17.7	-83.8%	11.1	78.4	6.5	13.6	7.2	18.6	-5.2	-2.9
Other operating income/expense	-15.7	-60.3	283.2%	-2.6	-4.4	-3.2	-5.5	-2.7	-40.4	-8.3	-8.9
Gross operating income	1,223.3	1,042.5	-14.8%	293.7	358.8	281.2	289.6	280.8	223.6	272.2	265.9
Operating expenses and amortization	-1,001.9	-1,148.1	14.6%	-256.4	-261.2	-241.9	-242.4	-314.7	-290.5	-284.4	-258.5
Pre-provisions income	221.4	-105.5	--	37.3	97.6	39.3	47.2	-33.9	-66.9	-12.1	7.4
Impairment on loans & advances	-88.7	-231.0	160.3%	-23.9	-20.3	-21.0	-23.5	-23.3	-116.2	-23.4	-68.1
Gains on sale of assets and other results	6.6	1.2	-81.5%	7.5	-1.1	-0.3	0.5	0.4	0.4	0.2	0.3
Profit before tax	139.0	-335.3	--	20.8	76.1	17.9	24.2	-56.8	-182.7	-35.4	-60.4
Income tax	-48.7	95.3	--	-8.6	-23.0	-8.6	-8.5	13.0	29.4	12.6	40.4
Consolidated net profit	90.3	-239.9	--	12.2	53.1	9.3	15.7	-43.8	-153.3	-22.8	-20.0
Minority interest	0.0	0.0	--	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Attributable net profit	90.3	-239.9	--	12.2	53.1	9.3	15.7	-43.8	-153.3	-22.8	-20.0
Accumulated ratios											
ROE	--	--	--	--	--	--	--	--	--	--	--
Cost / income	79.5%	101.6%	--	81.3%	78.7%	80.4%	79.5%	105.8%	112.1%	106.4%	101.6%
NPL ratio (%)	0.4%	1.3%	--	0.5%	0.5%	0.4%	0.4%	1.1%	1.1%	1.3%	1.3%
NPL coverage ratio (%)	55.9%	50.4%	--	54.7%	49.9%	50.0%	55.9%	49.9%	53.9%	55.0%	50.4%

Loans and advances to customers (excluding ATAs) amounted to €33,929 million, declining year-on-year by -4.4%. Considering a constant exchange rate, this item declined by -2.7% compared with the previous year.

On-balance sheet customer funds amounted to €32,484 million, declining by -5.6% year-on-year (-4.7% considering a constant exchange rate). In the year, they mainly declined due to the maturity of saving deposits (FRISA) while personal current accounts (PCAs) increased.

(€ million)	Change (%)			Simple evolution							
	FY17	FY18	YoY	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18
Total assets	48,145	46,182	-4.1%	47,519	47,195	47,132	48,145	49,332	47,159	46,204	46,182
Loans and advances to customers (Ex Repos)	35,501	33,929	-4.4%	36,093	35,343	35,912	35,501	35,823	35,472	34,795	33,929
Subtotal liabilities	46,597	44,596	-4.3%	45,980	45,696	45,647	46,597	47,760	45,656	44,731	44,596
On-balance sheet customer funds	34,410	32,484	-5.6%	34,718	34,064	34,337	34,410	34,996	33,373	33,021	32,484
Capital markets w/wholesale funding	1,920	1,688	-12.1%	1,581	1,489	1,424	1,920	1,885	1,809	1,753	1,688
Equity	1,548	1,586	2.4%	1,539	1,499	1,485	1,548	1,572	1,503	1,472	1,586
Other data											
Employees	8,287	8,353	0.8%	8,524	8,444	8,383	8,287	8,335	8,137	8,208	8,353
Branches	551	550	-0.2%	585	551	551	551	551	551	550	550

Other geographies

Net profit at December 2018 amounted to €90.5 million, representing a 2.1% increase year-on-year. Excluding Sabadell United Bank, net profit increased by 47.9% mainly due to Miami and foreign branches in EMEA (Paris, London and Casablanca)

Net interest income stood at €258.8 million, declining by -11.6% year-on-year. Excluding Sabadell United Bank, growth of 26.1%, mainly due to growth in Mexico and foreign branches in EMEA.

Net fees and commissions during the year declined by -6.6% year-on-year, mainly due to the lack of contribution of Sabadell United Bank. Excluding SUB, net fees and commissions grew by 3.3%.

Gross income amounted to €328.1 million, declining by -8.4% year-on-year. Excluding Sabadell United Bank, gross income grew by 24.5% due to the positive performance of Mexico, Miami and foreign branches in EMEA.

Administrative and depreciation expenses declined by -4.9% year-on-year. Excluding the sale of Sabadell United Bank, increased of 21.4%, due to expansion costs in Mexico.

Provisions and impairments increased in relation to the previous year due to provisions associated with the increased investment in Mexico and Miami.

(€ million)	Change (%)		
	FY17	FY18	YoY
Net interest income	292.7	258.8	-11.6%
Income from equity method and dividends	3.2	2.6	-17.6%
Net fees and commissions	50.0	46.7	-6.6%
Results from financial transactions and foreign exchange	9.3	10.1	8.7%
Other operating income/expense	2.8	9.8	247.4%
Gross operating income	358.0	328.1	-8.4%
Operating expenses and amortization	-204.9	-194.9	-4.9%
Pre-provisions income	153.1	133.2	-13.0%
Impairment on loans & advances	-24.4	-26.6	9.4%
Gains on sale of assets and other results	1.2	0.0	-100.0%
Profit before tax	130.0	106.6	-18.0%
Income tax	-37.3	-11.0	-70.4%
Consolidated net profit	92.7	95.5	3.1%
Minority interest	4.1	5.0	23.2%
Attributable net profit	88.6	90.5	2.1%
Accumulated ratios			
ROE	8.8%	9.0%	
Cost / income	54.5%	56.0%	
NPL ratio (%)	0.9%	0.3%	
NPL coverage ratio (%)	113.0%	292.9%	

	Simple evolution							
	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18
Net interest income	84.5	80.8	69.6	57.7	55.0	62.4	66.4	75.0
Income from equity method and dividends	0.6	1.0	0.7	0.9	0.6	0.3	0.6	1.1
Net fees and commissions	14.1	15.2	9.6	11.1	11.5	13.5	10.7	11.0
Results from financial transactions and foreign exchange	2.7	3.9	0.7	2.0	1.8	4.2	1.1	3.0
Other operating income/expense	3.0	1.8	-4.3	2.4	3.6	2.0	2.7	1.6
Gross operating income	104.9	102.7	76.3	74.1	72.5	82.4	81.6	91.7
Operating expenses and amortization	-61.1	-61.0	-39.0	-43.8	-47.4	-42.2	-49.8	-55.5
Pre-provisions income	43.8	41.7	37.3	30.3	25.1	40.2	31.7	36.2
Impairment on loans & advances	-1.8	-0.1	-13.5	-9.0	-15.6	-12.5	-5.1	6.5
Gains on sale of assets and other results	0.0	0.0	0.0	1.2	0.0	0.0	0.0	0.0
Profit before tax	42.0	41.6	23.8	22.6	9.5	27.8	26.6	42.6
Income tax	-10.2	-16.4	-2.8	-7.9	0.7	-4.7	-3.0	-4.1
Consolidated net profit	31.9	25.2	20.9	14.7	10.2	23.1	23.7	38.6
Minority interest	0.1	0.1	0.0	3.8	0.1	1.4	2.1	1.4
Attributable net profit	31.7	25.1	20.9	10.8	10.1	21.7	21.6	37.2
ROE	11.3%	10.0%	9.6%	8.8%	8.0%	8.9%	7.2%	9.0%
Cost / income	55.4%	55.9%	54.1%	54.5%	63.3%	55.2%	55.8%	56.0%
NPL ratio (%)	1.1%	0.8%	0.9%	0.9%	0.9%	0.6%	0.5%	0.3%
NPL coverage ratio (%)	174.8%	213.5%	103.4%	113.0%	103.7%	241.1%	312.1%	292.9%

Net lending amounted to €10,896 million, 23.3% higher than the previous year, mainly due to the growth of the business in Mexico and Miami.

On-balance sheet customer funds amounted to €6,328 million and increased by 26.0% year-on-year. Off-balance sheet funds amounted to €1,023 million and remained in line with the previous year.

(€ million)	Change (%)		
	FY17	FY18	YoY
Total assets	15,298	17,822	16.5%
Loans and advances to customers (Ex Repos)	8,836	10,896	23.3%
RE exposure	23	0	-100.0%
Subtotal liabilities	14,431	16,789	16.3%
On-balance sheet customer funds	5,024	6,328	26.0%
Equity	866	1,033	19.2%
Off-balance sheet customer funds	1,033	1,023	-1.0%
Other data			
Employees	765	908	18.7%
Branches	42	42	0.0%

	Simple evolution							
	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18
Total assets	19,360	19,819	14,309	15,298	15,096	15,356	16,412	17,822
Loans and advances to customers (Ex Repos)	7,880	8,671	8,776	8,836	8,987	9,634	10,143	10,896
RE exposure	31	31	23	23	0	0	0	0
Subtotal liabilities	18,198	18,658	13,503	14,431	14,153	14,391	15,343	16,789
On-balance sheet customer funds	4,799	5,167	4,647	5,024	4,991	5,572	5,545	6,328
Equity	1,161	1,160	806	866	943	966	1,069	1,033
Off-balance sheet customer funds	1,052	1,029	1,030	1,033	1,024	1,067	1,103	1,023
Employees	1,109	1,146	744	765	785	845	898	908
Branches	59	66	41	42	42	43	43	42

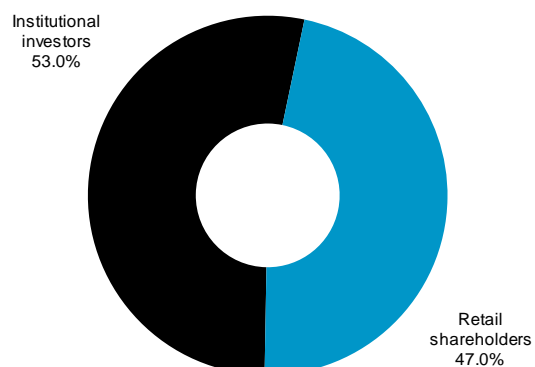
4. Share price performance

	31.12.2017	31.12.2018	Change (%) YoY
Shareholders and trading			
Number of shareholders	235,130	235,523	0.2
Average number of shares (million)	5,570	5,565	-0.1
Average daily trading volume (millions shares)	27	27	-0.1
Share price (€) (1)			
Opening session (of the year)	1.323	1.656	
High (of the year)	1.960	1.945	
Low (of the year)	1.295	0.950	
Closing session (end of quarter)	1.656	1.001	
Market capitalisation (€ million)	9,224	5,568	
Stock market multiples			
Earnings per share (EPS) (€)	(2) 0.14	0.05	
Book value per share (€)	2.41	2.25	
TBV per share (€)	2.00	1.80	
Price / Book value (times)	0.69	0.45	
Price / Earnings ratio (P/E) (times)	11.85	20.11	

(1) Without adjusting historical values.

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

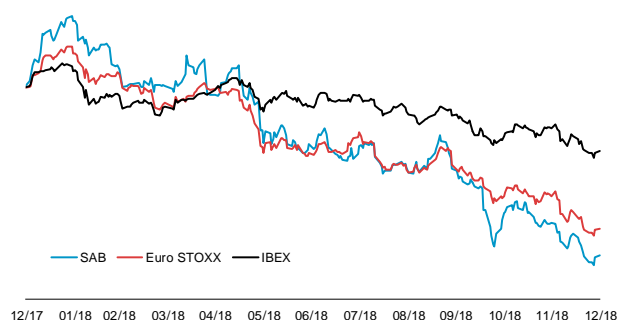
Shareholders' structure (%)



Source: GEM, data at 31 December 2018.

Comparative evolution of SAB share

Between 31.12.17 and 31.12.18



5. Key developments in the quarter

Banco Sabadell Group gives notice of its participation in the 2018 stress test carried out by the European Banking Authority (EBA)

Banco Sabadell Group has taken part in the 2018 EU-wide stress test conducted by the European Banking Authority (EBA), together with Bank of Spain, the European Central Bank (ECB), and the European Systemic Risk Board (ESRB). In the baseline scenario, Banco Sabadell Group demonstrates a significant organic capital generation capacity of +86bps over the three-year time horizon considered (2018-2020). In the adverse scenario, the Group would achieve a phase-in CET1 ratio of 8.40% and a fully-loaded CET1 ratio of 7.58% in 2020. This adverse scenario has been set by the ECB and the ESRB with a time horizon of 2020 and bases its projections on a static balance sheet assumption at December 2017, and therefore it does not take into account subsequent business strategies and management actions taken by the Group. Of the Group's overall fully-loaded CET1 ratio reduction of 446bps in the adverse scenario: (i) 180 bps (40% of the total) are related to the United Kingdom and specifically to the adverse macro-economic scenario defined for the stress test exercise in this geography, which was particularly severe compared to the scenarios applied to other geographies. (ii) The above impact is also driven by the fact that the contractual step-up in IT fees paid by TSB to Lloyds is projected and included in the Group's recurrent cost base throughout the entire 2018-2020 period, even though this cost was only applicable from January 2017 until migration was completed in April 2018. In accordance with the methodology used in the stress test, this amount is considered constant during this three-year period although, in reality, this cost was only incurred for four months. This represents a reduction of the fully-loaded CET1 ratio of 45bps. (iii) Likewise, 2018-2020 financial projections include the expenses incurred by Sabadell United Bank in 2017 prior to the sale of this subsidiary in July 2017, but not its revenue or its balance sheet. This represents a reduction of 15bps in the fully-loaded CET1 ratio.

These last two factors have a combined idiosyncratic effect which has translated into a negative impact of 60 bps in the fully-loaded CET1 ratio. Finally, the results of the stress test demonstrate the Group's resilience and its ability to overcome the adverse scenario that has been considered.

Banco Sabadell agrees sale of 80% of the share capital of Solvia Servicios Inmobiliarios, S.L.U. ("Solvia") to Lindorff Holding Spain, S.A.U.

On 14 December, Banco Sabadell agreed the sale of 80% of the share capital of Solvia Servicios Inmobiliarios, S.L.U. ("Solvia") to Lindorff Holding Spain, S.A.U., a company belonging to the Intrum AB group. Solvia has been valued at EUR 300 million. The price for the 80% stake the subject of the sale may increase in up to EUR 40 million provided that the conditions contemplated regarding the evolution of certain of Solvia's business units are met. The closing of the Transaction, which is subject to obtaining the relevant authorisations, is expected to occur in the second quarter of 2019. Banco Sabadell will generate a capital gain of EUR 138 million and the transaction will have a positive impact of 15 basis points on its Common Equity Tier 1 (fully loaded) capital ratio.

Banco Sabadell announces the selection of KPMG Auditores S.L. as statutory auditor

On 20 December 2018, the Board of Directors of Banco Sabadell, based on a prior recommendation by the Audit and Control Committee, has agreed to select KPMG Auditores, S.L. as the auditor of Banco Sabadell and of the consolidated annual accounts of Banco Sabadell Group for the years 2020, 2021 and 2022. The Audit and Control Committee has based its recommendation on the results of a selection process carried in accordance with that set forth in Regulation (EU) 537/2014 of 16 April, on the specific requirements regarding statutory audit of public-interest entities. The Board of Directors will propose this appointment to the next Ordinary General Shareholders Meeting.

Banco Sabadell adopted to distribute a supplementary dividend in cash to shareholders

During the Banco Sabadell Board of Directors meeting held on 31 January 2019, a resolution was adopted to distribute a supplementary dividend in cash to shareholders at €0.01 (gross) per share.

This dividend supplements the interim dividend of €0.02 (gross) per share, agreed by the Board of Directors on 25 October 2018, and which was paid out on 28 December 2018, resulting in a total shareholder remuneration in cash of €0.03 (gross) per share corresponding to year 2018.

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 guarantee and resolution funds except year end.	3
ROE	(*) (***)	Profit attributed to the Group / average equity. Numerator considers linear annualisation of profit obtained to date and adjusted by contributions to guarantee and resolution funds except year end.	3
RORWA	(*)	Profit attributed to the Group / risk-weighted assets (RWA). Numerator considers linear annualisation of profit obtained to date and adjusted by contributions to guarantee and resolution funds except year end.	3
ROTE	(*) (***)	Profit attributed to the Group / average equity. Numerator considers linear annualisation of profit obtained to date and adjusted by contributions to guarantee and resolution funds except year end. Denominator excludes goodwill.	3
Cost / income ratio	(*)	Administrative expenses / gross income adjusted. Calculated by adjusting gross income, taking into account in the denominator the recurrent results from financial transactions with the best group estimate except for the end of the year, as well as excluding in the year 2017 the commission received for BanSabadell Vida value-in force “VIF” and the income from Mortgage Enhancement of TSB. In addition, the denominator includes the linear accrual of contributions to deposit guarantee fund and resolution fund except year end.	3
Other operating income/expense		Comprised of 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		Comprised of the following accounting items: impairment of reversal of impairment of investments in joint ventures and associates, impairment or reversal of impairment on non-financial assets, investment properties in the gains or losses on derecognition of non-financial assets, net and profit or loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations excluding the associates, provisions or reversal of provisions and impairment or reversal of impairment on financial assets not measured at fair value through profit or loss.	8
Gains on sale of assets and other results		Comprised of the following accounting items: gains or losses on derecognition of non-financial assets, net, excluding the 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 excluding the associates.	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, i.e. contribution to net interest income of operations exclusively with customers. Calculated ratio taking into account the difference between the medium rate the bank receives for the customers' loans and the medium rate the bank pays for the customers' deposits. The medium rate of customers' loans is the annualized percentage between the financial income of clients' loans relative to the medium daily amount of clients' loans. The medium rate of customers' funds is the annualized percentage between the financial expenses of customers' funds relative to the medium daily amount of customers' funds.	11
Other assets		Comprised of the following accounting items: Derivatives - Hedge accounting, fair value changes of the hedged items in portfolio hedge of interest rate risk, tax assets, other assets, assets under insurance or reinsurance contracts and non-current assets and disposal groups classified as held for sale.	17
Other liabilities		Comprised of the following accounting items: Derivatives - Hedge accounting, tax liabilities, fair value changes of the hedged items in portfolio hedge of interest rate risk, other liabilities and liabilities included in disposal groups classified as held for sale.	17
Gross loans to customers		Includes loans and advances to customers excluding value corrections for impairment.	18
Performing gross loans		Includes gross loans to customers excluding repos, NPL (stage 3) and accrual adjustments.	18
On-balance sheet customer funds		Includes customer deposits (ex repos) and other liabilities placed by the branch network (Banco Sabadell non-convertible bonds, promissory notes and others).	20
Off-balance sheet customer funds		Includes mutual funds, asset management, pension funds and third-party insurance products.	20
On-balance sheet funds		Includes accounting sub-headings of customer deposits, debt securities issued (debt and other tradable securities and subordinated liabilities).	20
Funds under management		Sum of on-balance sheet and off-balance sheet customer funds.	20
NPL coverage ratio - stage 3 (%)		Shows the % of NPLs (stage 3), covered by 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 NPL guarantees granted, (stage 3)). 2017 excludes provisions related to mortgage floors.	22
NPL ratio		% of non-performing exposures (stage 3), over total risk assumed by customers. All of the calculation's components correspond to headings or sub-headings in accounting financial statements. Calculation comprised of the ratio between non-performing exposures (stage 3), including guarantees granted/ Customer lending and guarantees granted. See table for the definition of non-performing exposures (stage 3).	22
Non-performing exposures - stage 3		Sum of accounting items: NPLs (stage 3) loans and advances to customers and non-performing guarantees granted (stage 3).	24
Problematic assets		Sum of non-performing exposures, classified as stage 3, and foreclosed real estate assets. 2017 excludes provisions related to mortgage floors.	24
Real estate coverage ratio		Calculation comprised of ratio between allowances for impairment of foreclosed real estate assets / total foreclosed real estate assets. Amount of foreclosed RE assets includes property classified in the non-current asset portfolio and disposable groups of items classed as held-for-trading.	24
Total capital ratio (%)		It is composed of the quotient between total capital and the risk weighted assets. Total capital incorporates the accounting profit assuming a pay-out of 50%, that is different from the regulatory criteria which decrease that amount based on the obligations to fulfil for the rest of the year. The denominator has been made based on the Group's best estimate.	26
Loan-to-deposits ratio		Net loans and receivables over retail funding. Calculated by subtracting mediation loans from the numerator. The denominator considers real estate funding and customer funds, defined in this table.	28
Market capitalisation		Product of the share price and the average number of outstanding shares at the end of the period.	35
Earnings per share		Ratio between net profit attributed to the Group and the average number of outstanding shares at the end of the period. Numerator considers linear annualisation of profit obtained to date adjusted by the Additional Tier I coupon payment, after tax, registered in equity as well as adjusted by contributions to guarantee and resolution funds except year end.	35
Book value per share		Ratio between carrying value / average number of shares at the end of the period. Accounting value is calculated as the sum of equity, considering linear annualisation of profit obtained to date and adjusted by the Additional Tier I coupon payment as well as by contributions to guarantee and resolution funds except year end.	35
TBV per share (€)		Ratio between tangible value / average number of shares at the end of the period. Tangible value is calculated as the sum of equity, considering linear annualisation of profit obtained to date and adjusted by intangible assets and by the Additional Tier I coupon payment as well as by contributions to guarantee and resolution funds except year end.	35
Price / Book value (times)		Ratio between share price / carrying value.	35
Price / Earnings ratio (P/E) (times)	(*)	Ratio between share price / earnings per share.	35

(*) The linear accrual of contributions to deposit guarantee funds and resolution funds has been made based on the Group's best estimates.

(**) Average calculated using average daily balances.

(***) Average calculated using the last positions at the end of the month since the previous December.

Alternative Performance measures	Conciliation (€millions)	FY17	FY18
ROA	Average total assets	214,356	217,168
	Consolidated net profit	805	335
	ROA (%)	0.38	0.15
ROE	Average equity	13,143	12,643
	Attributable net profit	801	328
	ROE (%)	6.10	2.60
RORWA	Risk weighted assets (RWA)	77,505	80,279
	Attributable net profit	801	328
	RORWA (%)	1.03	0.41
ROTE	Average equity (excluding intangible assets)	11,025	10,309
	Attributable net profit	801	328
	ROTE (%)	7.27	3.18
Cost / income ratio	Gross operating income	5,737	5,010
	Adjusted gross operating income	5,430	5,010
	Operating expenses	-2,723	-2,920
	Cost / income ratio (%)	50.15	58.29
Other operating income/expense	Other operating income	338	257
	Other operating expenses	-546	-547
	Income from assets under insurance or reinsurance contracts	67	0
	Expenses on liabilities under insurance or reinsurance contracts	-86	0
	Other operating income/expense	-227	-290
	Total provisions & impairments	Impairment or reversal of impairment of investments in joint ventures and associates	-1
Impairment or reversal of impairment on non-financial assets		-799	-401
Profit or loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations		-139	-35
Gains from sales of associates		-17	0
Gains from sales of investment properties and associates		-15	32
Other impairments		-971	-404
Provisions or reversal of provisions		-14	-161
Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss		-1211	-756
Provisions for NPLs and other financial assets		-1,225	-917
Total provisions & impairments		-2,196	-1,320
Gains on sale of assets and other results	Gains or losses on derecognition of non-financial assets, net	401	35
	Gains from sales of associates	17	0
	Gains from sales of investment properties and associates	15	-32
	Gains on sale of assets and other results	433	2
Pre-provisions income	Gross operating income	5,737	5,010
	Operating expenses	-2,723	-2,920
	Personnel expenses	-1,574	-1,591
	Other general expenses	-1,149	-1,330
	Amortization & depreciation	-402	-353
	Pre-provisions income	2,612	1,737
Customer spread	Loans to customers (net)		
	Avge.balance	136,938	135,903
	Results	4,102	4,017
	Rate %	3.00	2.96
	Customer deposits		
	Avge.balance	138,258	141,060
Results	-266	-309	
Rate %	-0.19	-0.22	
Customer spread	2.81	2.74	
Other assets	Derivatives - Hedge accounting	374	302
	Fair value changes of the hedged items in portfolio hedge of interest rate risk	48	57
	Tax assets	6,861	6,859
	Other assets	2,976	1,640
	Non-current assets and disposal groups classified as held for sale	2,562	4,587
	Other assets	12,821	13,445
Other liabilities	Derivatives - Hedge accounting	1,004	634
	Fair value changes of the hedged items in portfolio hedge of interest rate risk	-5	37
	Tax liabilities	532	176
	Other liabilities	741	995
	Liabilities included in disposal groups classified as held for sale	21	83
	Other liabilities	2,293	1,924

Customer spread is calculated using accumulated data.

Alternative Performance measures	Conciliation (€millions)	FY 17	FY 18
Performing gross loans	Mortgage loans & credits	84,267	80,872
	Other secured loans & credits	2,315	2,767
	Working capital	5,802	6,186
	Leasing	2,316	2,565
	Overdrafts and sundry accounts	42,822	46,976
	Performing gross loans	137,522	139,366
	Non-performing loans (customer) - stage 3	7,867	6,472
	Accruals	-66	-13
	Gross loans to customers excluding repos	145,323	145,824
	Reverse repos	2,001	596
Gross loans to customers	Gross loans to customers	147,325	146,420
	NPL and country-risk provisions	-3,727	-3,433
	Loans and advances to customers	143,598	142,987
On-balance sheet customer funds	Financial liabilities at amortised cost	204,045	206,077
	Non-retail financial liabilities	71,949	68,734
	Central banks	27,848	28,799
	Credit institutions	14,171	12,000
	Institutional issues	26,999	24,334
	Other financial liabilities	2,932	3,601
	On-balance sheet customer funds	132,096	137,343
	Customer deposits	135,307	139,079
	Sight accounts	98,020	107,665
	Fixed-term deposits including available and hybrid financial liabilities	32,425	28,709
On-balance sheet funds	Repos	4,750	2,533
	Accruals and derivative hedging adjustments	113	172
	Debt and other tradable securities	21,250	19,568
	Subordinated liabilities (*)	2,537	3,031
	On-balance sheet funds	159,095	161,678
	Mutual funds	27,375	26,379
	Managed accounts	3,999	3,595
	Pension funds	3,987	3,594
	Third-party insurance products	9,965	10,465
	Off-balance sheet customer funds	45,325	44,034
Funds under management	Funds under management	204,420	205,711
Non-performing exposures - stage 3	Customer, central banks and financial institutions loans and advances	7,867	6,472
	Guarantees granted in stage 3	58	81
	Non-performing exposures - stage 3 (€million)	7,925	6,554
NPL coverage ratio - stage 3 (%)	Non-performing exposures - stage 3	7,925	6,554
	Provisions	3,625	3,544
	NPL coverage ratio - stage 3 (%)	45.7%	54.1%
Real Estate coverage ratio (%)	RE Assets evolution	7,393	1,726
	Provisions	3,998	767
	Real Estate coverage ratio (%)	54.1%	44.5%
Problematic assets	Non-performing exposures - stage 3	7,925	6,554
	RE Assets evolution	7,393	1,726
	Problematic assets	15,318	8,279
	Provisions of problematic assets	7,623	4,311
NPL ratio	Problematic assets coverage (%)	49.8%	52.1%
	Non-performing exposures - stage 3	7,925	6,554
	Loans to customers and contingent risks	154,050	155,206
Loan-to-deposits ratio (%)	NPL ratio (%)	5.1%	4.2%
	Adjusted net loans and advances w/o repos by brokered loans	137,761	139,583
	On-balance sheet customer funds	132,096	137,343
Market capitalisation (€000)	Loan-to-deposits ratio (%)	104.3%	101.6%
	Average number of shares (million)	5,570	5,565
	Share price (€)	1,656	1,001
Earnings per share (EPS) (€)	Market capitalisation (€'000)	9,224	5,568
	Net profit attributed to the Group adjusted	778	277
	Attributable net profit	801	328
	Accrued AT 1	-23	-51
Book value per share (€)	Average number of shares (million)	5,570	5,565
	Earnings per share (EPS) (€)	0.14	0.05
	Share price (€)	1,656	1,001
TBV per share (€)	Adjusted equity	13,403	12,494
	Shareholders' equity	13,426	12,545
	Accrued AT 1	-23	-51
	Average number of shares (million)	5,570	5,565
Price / Book value (times)	Book value per share (€)	2.41	2.25
	Intangible assets	2,246	2,461
	Adjusted equity (excluding intangible assets)	11,157	10,033
Price / Earnings ratio (P/E) (times)	TBV per share (€)	2.00	1.80
	Price / Book value (times)	0.69	0.45
	Price / Earnings ratio (P/E) (times)	11.85	20.11

(*) 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

Investor relations

For further information, contact:



Investor Relations

investorrelations@bancsabadell.com

+44 2071 553 888

