

Quarterly financial report

Third quarter of 2017



Contents

1		
Key figures		3
2		
Summary		4
3		
Performance review		6
Macroeconomic environment		6
Income statement		8
Balance sheet		17
Risk management		22
Capital management and credit ratings		26
Liquidity management		27
Results by business units		28
4		
Share price performance		34
5		
Other key developments in the quarter		35
6		
Annex: TSB		36
7		
Glossary of terms on performance measures		37

Disclaimer

This document is strictly for informational purposes and is not an offer of any product. No agreement or commitment should be based or dependant on this document or any part of it.

Any decisions on financial transactions should take into account the client's needs and their appropriateness from a legal, fiscal, accounting and/or financial point of view, in accordance with the information documents envisaged under the law in force. Investments that are commented on or recommended herein may not be of interest to all investors.

The opinions, projections and estimates contained in this document are based on available public information and are an evaluation by Banco de Sabadell, S.A. at the date of drafting. No assurance is given that future results or events will conform to those opinions, projections and estimates. The information is subject to change without prior notice, its accuracy is not guaranteed and it may be incomplete or summarised. Banco de Sabadell, S.A. accepts no liability whatsoever for any losses arising from the use of this document or its content or otherwise in connection herewith.

Basis of presentation

The consolidated profit and loss accounts at the end of September 2017 and 2016, 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 half-yearly accounts as at 30 June 2017.

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		
	30.09.16	30.09.17	Change (%)	30.09.16	30.09.17 ⁽⁵⁾	Change (%)
Profit and loss account (€million)						
Net interest income	2,089.2	2,101.5	0.6	2,890.9	2,877.8	-0.5
Gross operating income	3,337.4	3,649.4	9.3	4,273.2	4,583.1	7.3
Pre-provisions income	1,743.6	2,063.6	18.4	1,995.6	2,237.7	12.1
Attributable net profit	471.4	579.2	22.9	646.9	653.8	1.1
Balance sheet (€million)						
Total assets	162,679	163,944	0.8	205,843	211,076	2.5
Performing gross loans	(1) 101,120	102,035	0.9	134,252	137,833	2.7
Gross loans to customers	(1) 111,199	112,250	0.9	144,531	148,242	2.6
On-balance sheet funds	(1) 114,823	118,657	3.3	153,003	156,295	2.2
Of which: Customer funds	(1) 93,722	96,958	3.5	127,361	131,295	3.1
Mutual funds	22,220	26,920	212	22,220	26,920	212
Pension funds and third-party insurance products	13,889	14,187	2.1	13,889	14,187	2.1
Funds under management	(1) 154,534	163,786	6.0	192,714	201,424	4.5
Net equity	--	--	--	13,195	13,205	0.1
Shareholders' equity	--	--	--	12,872	13,372	3.9
Profitability and cost-to-income ratios (%)						
ROA	--	--	--	0.38	0.37	--
RORWA	--	--	--	0.91	0.97	--
ROE	--	--	--	6.13	6.05	--
ROTE	--	--	--	7.39	7.20	--
Cost / income	43.95	42.58	--	49.91	51.20	--
Risk management						
Non-performing exposures (€million)	10,158	8,186	-19.4	10,328	8,345	-19.2
Total problematic assets (€million)	19,265	16,949	-12.0	19,435	17,108	-12.0
NPL ratio (%)	(2) 8.25	6.90	--	6.60	5.40	--
NPL coverage ratio (%)	(2) 53.0	48.7	--	52.9	48.8	--
Problematic assets coverage (%)	(2) 47.5	51.5	--	48.3	51.5	--
Capital management						
Risk weighted assets (RWA)	--	--	--	85,668	81,345	-5.0
Common Equity Tier 1 (%)	--	--	--	12.1	13.2	--
Tier I (%)	--	--	--	12.1	13.6	--
Total capital ratio (%)	--	--	--	13.9	15.5	--
Leverage ratio (%)	--	--	--	4.88	5.22	--
Liquidity management						
Loan-to-deposits ratio (%)	(1) 106.7	105.5	--	104.6	104.5	--
Share data (period end)						
Number of shareholders	--	--	--	266,790	239,871	--
Average number of shares (million)	--	--	--	5,430	5,573	--
Share price (€)	(3) --	--	--	1.140	1.766	--
Market capitalisation (€million)	--	--	--	6,190	9,842	--
Earnings per share (EPS) (€)	(4) --	--	--	0.14	0.14	--
Book value per share (€)	--	--	--	2.36	2.39	--
Price / Book value (times)	--	--	--	0.48	0.74	--
Price / Earnings ratio (P/E) (times)	--	--	--	7.96	12.78	--
Other data						
Branches	2,192	1,971	--	2,791	2,522	--
Employees	18,007	17,589	--	25,972	25,972	--

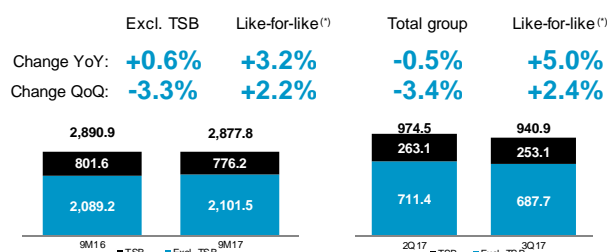
- (1) In March 2017, Sabadell United Bank (hereinafter, SUB) has been reclassified as a non-current assets/liabilities held for sale following a sale agreement reached in February 2017. The sale of this company was completed on 31 July 2017. For the purpose of comparison, amounts are calculated without considering SUB figures.
- (2) The coverage of NPLs and problematic assets as at Sep17 excludes provisions associated with mortgage floor provisions. As at Sep16, excluding SUB, the NPL coverage ratio would stand at 51.62% (51.65% excl. TSB), the coverage ratio of problematic assets would stand at 47.55% (47.53% excl. TSB) and the NPL ratio at 6.75% (8.49% excl. TSB).
- (3) Without adjusting historical values.
- (4) Net profit adjusted by the Additional Tier I coupon payment, after tax, registered in equity.
- (5) The EURGBP exchange rate used for the income statement at 30/09/17 is 0.8721. The rate used for the balance sheet is 0.8818 as at 30/09/17.

2. Summary

Solid growth of core banking business:

Net interest income

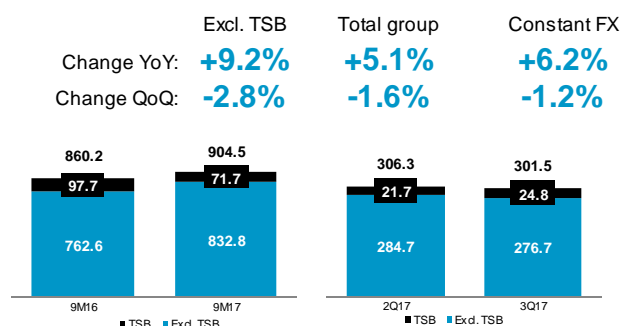
The growth of net interest income has continued, supported by positive year-on-year volumes and slightly lower cost of customer funds in the quarter, with a like-for-like^(*) growth of 5.0% year-on-year (3.2% excluding TSB) and of 2.4% quarter-on-quarter (2.2% excluding TSB).



Net fees and commissions

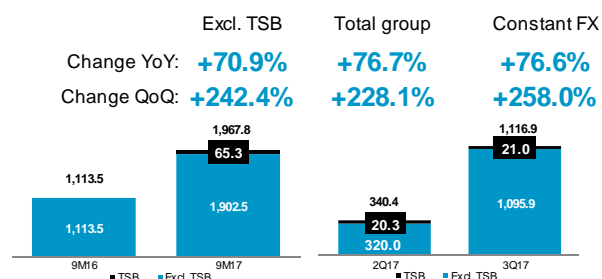
Quarter-on-quarter, income from net fees and commissions fall slightly mainly due to third quarter seasonality.

Year-on-year, service fees and asset under management fees have performed particularly well, growing by 5.1% (9.2% excluding TSB).



NPLs provisions and other impairments

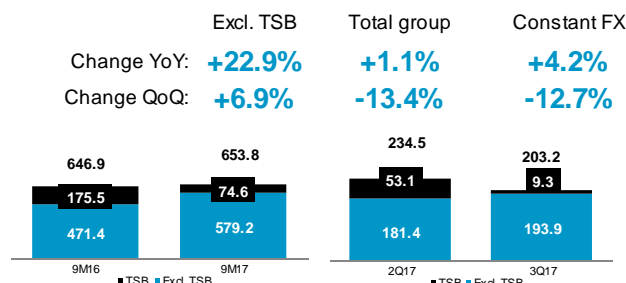
NPLs provisions and other impairments amounted to €1,967.8 million as at September 2017, compared to €1,113.5 million as at September 2016. Extraordinary gains from trading income, the capital gain associated with the sale of SUB and BanSabadell Vida's net fee for the reinsurance contract with Swiss Re Europe materialising during the year have been neutralised with provisions in their gross amounts.



Net profit of the Group

Strong momentum in the Group's core banking revenue (net interest income + net fees and commissions), which grow 5.2% year-on-year on a like-for-like basis^(*).

The Group's net profit amounted to €653.8 million (€579.2 million excluding TSB) as at September 2017.

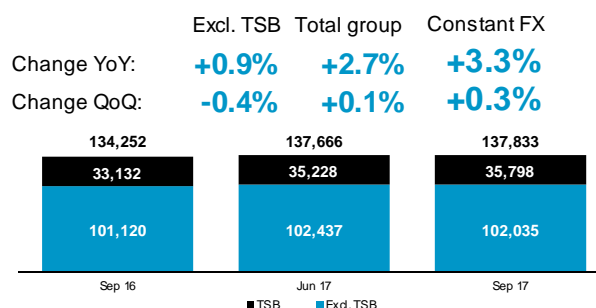


(*) Data assuming constant FX and excluding contributions of SUB, Mediterráneo Vida and TSB's Mortgage Enhancement portfolio.

Performing gross loans

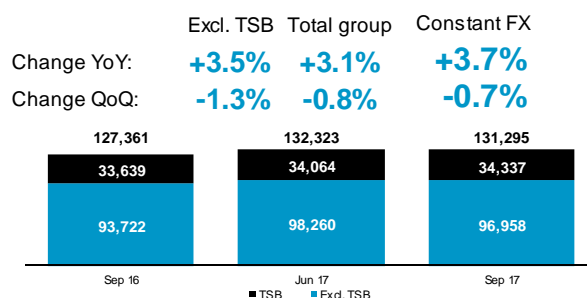
Performing gross loans increased by 2.7% (3.3% considering a constant exchange rate) compared to the same period in the previous year (0.9% excluding TSB), with sustained improvement in the lending mix. Excluding TSB's Mortgage Enhancement portfolio, this growth stands at 4.4% year-on-year (5.0% considering a constant exchange rate). Quarter-on-quarter, group performing gross loans have increased by 0.1% despite the seasonality of the quarter.

In TSB, the positive trend shown by franchise customer lending has continued, driven by the increase in mortgages lending.



On-balance sheet customer funds

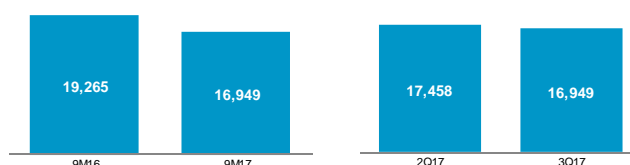
On-balance sheet customer funds increased year-on-year by 3.1% (3.5% excluding TSB), with a 3.7% increase considering a constant exchange rate. Compared with the previous quarter, decreased of -0.8% (-1.3% excluding TSB). There has been a growth of both sight accounts and off-balance sheet funds, mainly driven by strong growth in mutual funds.



Problematic assets

Solid progress in the problematic asset reduction plan with a decrease excluding TSB of €1,668 million during the year and of €509 million during the quarter, improving the composition of foreclosed assets.

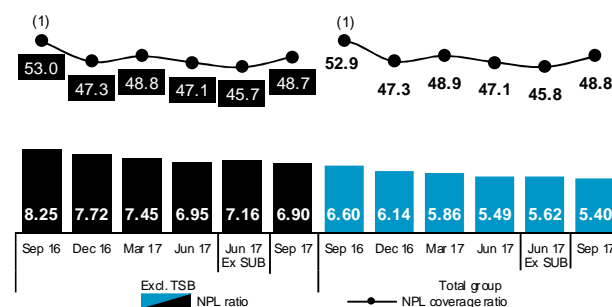
Foreclosed assets sold at a 2.6% premium on average this quarter.



NPL ratio and coverage

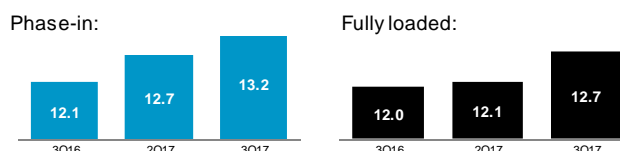
Sustained reduction in the Group's NPL ratio, which stands at 5.40% (6.90% excluding TSB).

Extraordinary capital gains from recent corporate transactions have allowed to increase problematic assets coverage to 51.5%, with NPL coverage at 48.8% and foreclosed assets coverage at 54.2%.



Capital ratio

Best capital position in the sector, with the phase-in Common Equity Tier 1 (CET1) ratio standing at 13.2% and the fully-loaded CET1 ratio at 12.7% as at 30 September 2017.



NOTE: Coverage is calculated excluding provisions associated with mortgage floor provisions.
 (1) Excluding SUB, the NPL coverage ratio would stand at 51.62% (51.65% excl. TSB) and the NPL ratio at 6.75% (8.49% excl. TSB).

3. Performance review

Macroeconomic environment

Global economic and financial background

Economic activity has been synchronised and robust in the main developed economies. GDP experienced an upturn during 2Q17, growing by 0.8% quarter-on-quarter in the US and 0.6% in the euro area. However, it should be noted that the effect of the hurricanes in the US is causing a decline in certain activity indicators for 3Q17. In the euro area, the various economic sentiment indicators suggest that the positive tone of activity will be maintained going forward. Inflation in the euro area was supported by the most volatile components (energy and holiday packages), although it remained below the ECB's objective. In the US, inflation stopped its downward trend and even surprised to the upside in August, for the first time in five months. In terms of politics, in the US Trump made changes to his administration, which have translated into a more pragmatic tone, whilst Congress published the draft of its tax reform bill which is expected to be approved by the end of the year. Lastly, Angela Merkel's party was the most voted party in the German elections, but failed to secure an absolute majority. Her party therefore intends to govern with the Liberals and Greens.

Macroeconomic situation in Spain

Activity has continued to perform well. In 2Q17, GDP increased by 0.9% quarter-on-quarter (1Q17: 0.8%) and the unemployment rate fell to 17.2%, a figure that was last reached in early 2009. However, certain recent indicators such as industrial production, retail sales and tourism statistics point towards a slightly lower increase in GDP during 3Q17. Bank of Spain estimates that GDP growth could have stood at 0.8% quarter-on-quarter during Q3. In terms of the foreign sector, the current account surplus recorded until July was slightly lower than in the previous year, affected by a larger trade deficit. In fiscal terms, fiscal performance up to the month of August is compatible with the General Government deficit target of 3.1% of GDP for the end of the year. The Government delayed the approval of the General State Budget until 2018 due to a lack of Parliamentary support.

Macroeconomic situation in the UK

Activity has remained subdued. Data from the third quarter are following a similar pattern to the second quarter (GDP 2Q17: +0.3% quarter-on-quarter), with some private consumption indicators showing a slight improvement. Housing prices have been slightly higher than expected, reflecting a pause in the slowdown of their growth. Inflation has remained clearly above the objective of Bank of England, supported by the weakness of the pound. In September, prices rose by 3.0% year-on-year, the highest rate since April 2012. In terms of politics, after the Conservative party lost its absolute majority in the June's snap elections, doubts have emerged concerning May's leadership to reach a successful conclusion of Brexit negotiations. Despite the more constructive tone of the Prime Minister, negotiations with the EU have reached a stand-still, mainly due to the inability to reach an agreement on the 'divorce bill' to be paid by the UK. No definitive

agreement has been reached regarding matters of priority such as the rights of expatriated citizens and the border with Ireland.

Macroeconomic situation in Latin America

In Mexico, GDP growth in the first half of the year has not been affected by Trump. In terms of prices, inflation may have reached its peak, which has led the Central Bank of Mexico to maintain its benchmark interest rate at 7.00% in its latest meetings. Fitch and Standard & Poor's have raised their rating outlook of the country to stable (BBB+). In terms of the NAFTA renegotiation, conversations have begun but are proving to be complex due to the tough stance adopted by the US.

In South America, there has been some improvement in economic trends. Particularly worthy of note are the implementation of ambitious reforms by Brazilian authorities and the surge in reconstruction activity in Peru following the recent natural disasters that have affected this country. In this context, central banks in the region have continued to lower their benchmark interest rates, although they signalled that they may be approaching the end of this cycle of interest rate cuts.

Fixed-income markets

In its September meeting, the Fed announced that it would begin to reduce its balance sheet as of October. At the same time, the Fed funds rate remained at 1.00-1.25% and maintained its hike path for 2017 and 2018 (with one more hike planned for 2017 and a further three in 2018), although it lowered its estimated equilibrium interest rate once again. The internal debate within the Fed regarding the possible persistence of reduced inflation has become apparent. The ECB did not make any additional changes to its discourse and clarified that it intends to announce a recalibration of its asset purchase programme in October. The central bank demonstrated a particular concern for the volatility of the euro and stated that it would need to be especially cautious with its communication policy to avoid market over-interpretation. Lastly, Bank of England toughened its rhetoric in its September meeting and suggested that a slight withdrawal of the monetary stimulus could be appropriate in the coming months.

The complacency in financial markets continued over the summer, with the volatilities of various assets reaching record lows. In long-term fixed-income markets, the yield of US and German government bonds closed the quarter at similar levels to the previous quarter. The increase in geopolitical tensions with North Korea, lower-than-expected inflation data in the US, occasional episodes of instability in Trump's administration, and the fact that the market delayed the ECB's interest rate hikes resulted in downward pressure for sovereign bond yields. Conversely, the Fed's intention of raising interest rates again in 2017 and a further three times in 2018, together with the publication of the draft tax reform bill in the US, boosted yields. No significant shifts in risk premiums have been observed in the European periphery, with the exception of Portugal, where the risk premium experienced a pronounced decline, influenced by the

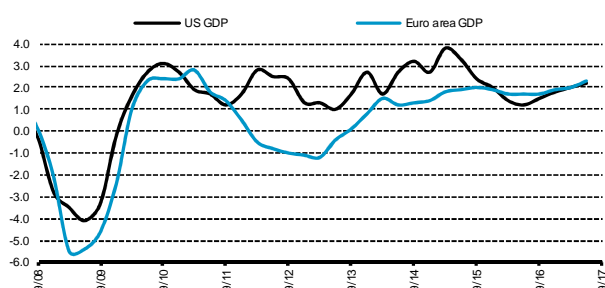
upgrade in Standard & Poor's rating, which placed Portugal's credit rating at investment grade for the first time since 2012. Credit rating agencies have also implemented positive actions on the ratings of Spain and Greece. Lastly, Greece issued long-term public debt for the first time since 2014.

Equity markets

American and Japanese equity indices experienced increases during the quarter in their respective currencies, although the appreciation of the euro against the dollar and

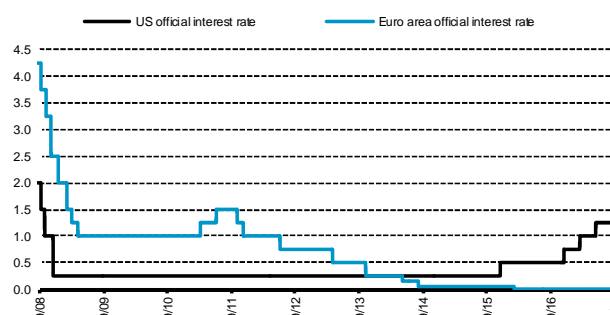
the yen has resulted in returns being lower when measured in euros. The S&P 500 experienced an upturn during the third quarter of almost +4.0% in dollars and +0.5% in euros, whilst the Nikkei 225 rose by +1.6% in yen but declined by almost -2.0% in euros. There have been general revaluations in European stock indices, with the exception of the IBEX 35 (-0.6%), which was affected by domestic political uncertainty. The Italian MIB rose by +10.3% whilst the Euro STOXX 50, together with the DAX and the CAC, rose by just over +4.0%.

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



Source: Bloomberg

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



Exchange rates: Parity vs. euro

Fx	30.09.16	31.12.16	31.03.17	30.06.17	30.09.17
USD	1.1161	1.0541	1.0691	1.1412	1.1806
GBP	0.8610	0.8562	0.8555	0.8793	0.8818
MXN	21.7389	21.7719	20.0175	20.5839	21.4614

Source: Bank of Spain

Income statement

Highlights:

The Group's net profit amounted to €653.8 million (€579.2 million excluding TSB) as at September 2017.

Net interest income continued to grow 2.4% (2.2% excluding TSB) considering a like-for-like basis during the quarter.

Net fees and commissions fall slightly during the quarter, mainly due to third quarter seasonality.

Extraordinary gains from net trading income, the capital gain associated with the sale of SUB and BanSabadell Vida's net fee for the reinsurance contract with Swiss Re Europe materialising during the year have been neutralised with provisions in their gross amounts.

Profit and loss account

(€ million)	Excl. TSB			Total group			
	9M16	9M17	Change (%) YoY	9M16	9M17 ⁽¹⁾	Change (%) YoY	Change (%) at fixed FX
Net interest income	2,089.2	2,101.5	0.6	2,890.9	2,877.8	-0.5	1.8
Income from equity method and dividends	72.1	303.8	321.6	72.1	303.8	321.6	321.6
Net fees and commissions	762.6	832.8	9.2	860.2	904.5	5.1	6.2
Results from financial transactions (net)	502.1	484.4	-3.5	556.7	580.4	4.3	5.1
Foreign exchange (net)	14.1	7.2	-49.4	14.1	7.2	-49.4	-49.2
Other operating income/expense	-102.8	-80.3	-21.9	-120.8	-90.5	-25.1	-24.1
Gross operating income	3,337.4	3,649.4	9.3	4,273.2	4,583.1	7.3	9.3
Personnel expenses	-921.1	-889.4	-3.4	-1,239.0	-1,181.0	-4.7	-2.7
Non-recurrent	-21.1	-6.8	-67.6	-35.1	-17.8	-49.4	-48.0
Recurrent	-900.0	-882.6	-1.9	-1,203.9	-1,163.2	-3.4	-1.4
Other general expenses	-437.4	-451.3	3.2	-748.1	-864.2	15.5	19.2
Non-recurrent	0.0	0.0	--	-10.2	-29.4	188.8	190.3
Recurrent	-437.4	-451.3	3.2	-737.9	-834.8	13.1	16.8
Amortization & depreciation	-235.3	-245.2	4.2	-290.5	-300.3	3.4	5.0
Pre-provisions income	1,743.6	2,063.6	18.4	1,995.6	2,237.7	12.1	13.6
Provisions for NPLs	-609.4	-981.4	61.0	-609.4	-1,046.7	71.8	70.9
Other financial assets	-122.6	-46.5	-62.1	-122.6	-46.5	-62.1	-58.8
Other impairments	-381.5	-874.6	129.2	-381.5	-874.6	129.2	129.2
Gains on sale of assets and other results	34.0	377.9	--	32.0	384.0	--	--
Badwill	0.0	0.0	--	0.0	0.0	--	--
Profit before tax	664.1	539.0	-18.8	914.1	653.8	-28.5	-26.6
Income tax	-189.1	41.9	--	-263.6	1.7	--	--
Consolidated net profit	475.0	580.9	22.3	650.5	655.5	0.8	3.9
Minority interest	3.6	1.7	-53.1	3.6	1.7	-53.1	-53.1
Attributable net profit	471.4	579.2	22.9	646.9	653.8	1.1	4.2
Pro memoria:							
Average total assets (€ million)	162,961	168,767		206,147	214,471		
Earnings per share (€)	⁽²⁾ 0.07	0.09		0.11	0.10		

(1) The EURGBP exchange rate used for the income statement is 0.8721.

(2) Net profit adjusted by the Additional Tier I coupon payment, after tax, registered in equity. Accumulated at the end of each quarter, not annualised.

Quarterly profit and loss account

(€million)	Excl. TSB						Total group						
	3Q16	4Q16	1Q17	2Q17	3Q17	Change (%) 2Q17	3Q16	4Q16	1Q17	2Q17	3Q17	Change (%) 2Q17	Change (%) at fixed FX
Net interest income	696.9	697.7	702.4	711.4	687.7	-3.3	948.4	946.9	962.4	974.5	940.9	-3.4	-2.1
Income from equity method and dividends	23.2	12.6	16.4	19.7	267.7	--	23.2	12.6	16.4	19.7	267.7	--	--
Net fees and commissions	258.8	260.2	271.4	284.7	276.7	-2.8	290.0	288.3	296.7	306.3	301.5	-1.6	-12
Results from financial transactions (net)	54.3	54.0	341.9	114.0	28.5	-75.0	53.9	53.0	353.0	192.4	35.0	-81.8	-81.7
Foreign exchange (net)	-0.5	2.8	1.1	3.8	2.3	-39.6	-0.5	2.8	1.1	3.8	2.3	-39.6	-40.3
Other operating income/expense	-20.6	-106.3	-27.0	-48.9	-4.4	-91.0	-21.9	-106.1	-29.6	-53.3	-7.6	-85.7	-85.7
Gross operating income	1,012.0	920.9	1,306.3	1,084.6	1,258.5	16.0	1,293.0	1,197.5	1,600.0	1,443.4	1,539.7	6.7	7.8
Personnel expenses	-307.1	-314.6	-298.1	-296.2	-295.1	-0.4	-410.3	-424.1	-394.9	-396.0	-390.1	-1.5	-0.3
Non-recurrent	-6.9	-28.2	-3.5	-1.7	-1.6	-4.5	-11.0	-32.9	-7.0	-5.8	-5.0	-14.0	-11.4
Recurrent	-300.3	-286.4	-294.6	-294.5	-293.5	-0.3	-399.3	-391.2	-387.9	-390.2	-385.1	-1.3	-0.1
Other general expenses	-145.2	-143.6	-151.0	-150.6	-149.6	-0.7	-251.1	-252.2	-293.0	-294.4	-276.7	-6.0	-4.0
Non-recurrent	0.0	0.0	0.0	0.0	0.0	--	-3.5	-8.9	-10.9	-12.3	-6.2	-49.2	-47.1
Recurrent	-145.2	-143.6	-151.0	-150.6	-149.6	-0.7	-247.7	-243.3	-282.2	-282.1	-270.5	-4.1	-2.1
Amortization & depreciation	-79.0	-88.0	-83.0	-79.2	-83.1	5.0	-96.5	-105.4	-100.6	-96.8	-103.0	6.4	7.3
Pre-provisions income	480.7	374.8	774.2	558.7	730.7	30.8	535.0	415.9	811.5	656.2	770.0	17.3	18.0
Provisions for NPLs	-95.0	223.8	-365.1	-159.9	-456.4	185.4	-95.0	195.6	-389.0	-180.3	-477.5	164.9	163.7
Other financial assets	-4.3	-14.3	-3.5	-39.8	-3.2	-92.0	-4.3	-14.3	-3.5	-39.8	-3.2	-92.0	-81.9
Other impairments	-112.4	-495.0	-118.0	-120.3	-636.2	428.8	-112.4	-495.0	-118.0	-120.3	-636.2	428.8	--
Gains on sale of assets and other results	-1.3	5.5	-5.8	17.0	366.7	--	-3.3	3.1	1.7	16.0	366.4	--	--
Badwill	0.0	0.0	0.0	0.0	0.0	--	0.0	0.0	0.0	0.0	0.0	--	--
Profit before tax	267.7	94.8	281.8	255.7	1.5	-99.4	320.1	105.3	302.6	331.8	19.4	-94.1	-94.1
Income tax	-74.4	-33.2	-76.1	-74.4	192.5	--	-97.0	-40.0	-84.8	-97.4	183.9	--	--
Consolidated net profit	193.3	61.6	205.6	181.2	194.0	7.0	223.1	65.4	217.8	234.4	203.3	-13.3	-12.6
Minority interest	15	18	18	-0.2	0.1	--	15	18	18	-0.2	0.1	--	--
Attributable net profit	191.8	59.7	203.9	181.4	193.9	6.9	221.6	63.5	216.1	234.5	203.2	-13.4	-12.7
Pro memoria:													
Average total assets (€million)	163,649	164,410	166,321	172,682	167,289		206,477	206,619	211,690	219,082	212,630		
Earnings per share (€)	(2) 0.07	0.10	0.03	0.06	0.09		0.11	0.13	0.03	0.07	0.10		

(1) The EURGBP exchange rate used for the income statement of the quarter is 0.8976.

(2) Net profit adjusted by the Additional Tier 1 coupon payment, after tax, registered in equity. Accumulated at the end of each quarter, not annualised.

Net interest income:

Net interest income amounted to €2,877.8 million as at September 2017, declining by -0.5%, negatively affected by changes in the EUR/GBP exchange rate (increasing by 1.8% considering a constant exchange rate). Quarter-on-quarter, it declines by -3.4% quarter-on-quarter, due mainly to the cease of SUB's contributions following its sale in July 2017. Considering a like-for-like basis, this item increased by 5.0% year-on-year and 2.4% quarter-on-quarter.

Excluding TSB, net interest income amounted to €2,101.5 million as at September 2017, a 0.6% increase year-on-year and a -3.3% decrease quarter-on-quarter.

Considering a like-for-like basis, this item increased by 3.2% year-on-year and 2.2% quarter-on-quarter.

In TSB there was a solid growth in the franchise's net interest income, increasing by 3.2% during the quarter and by 10.5% during the year.

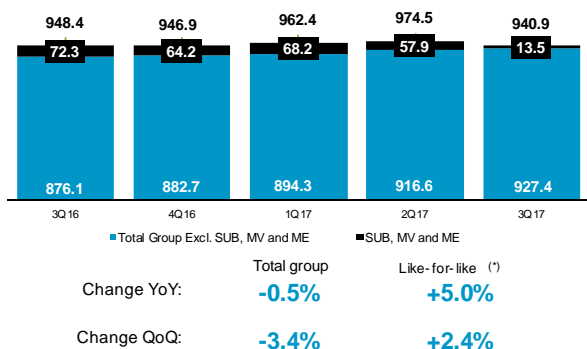
Customer spread:

As of September 2017, the customer spread stood at 2.79% (2.79% during the previous quarter, considering a like-for-like basis). The net interest margin stood at 1.76% (1.74% in the third quarter and 1.73% in the previous quarter considering a like-for-like basis).

Excluding TSB, the customer spread as at September 2017 stood at 2.71% (2.69% in the previous quarter considering a like-for-like basis) while the net interest margin was 1.63% (1.62% in the third quarter and 1.60% in the previous quarter considering a like-for-like basis).

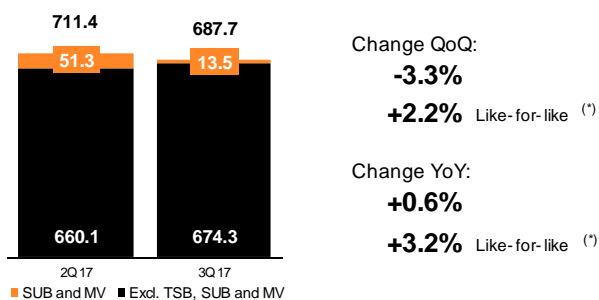
Net interest income

Total Group (€ million)

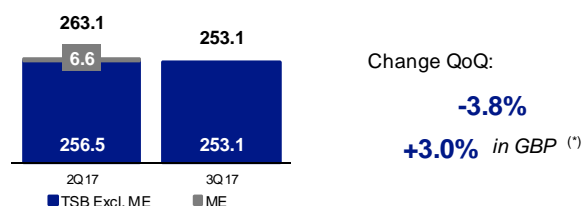


(*) Growth rates are expressed in a like-for-like basis (i.e. assuming constant FX and excluding Sabadell United Bank and Mediterráneo Vida as well as the Mortgage enhancement contribution).

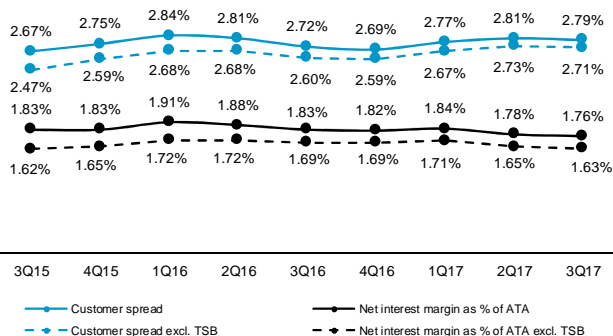
Sabadell excl. TSB (€ million)



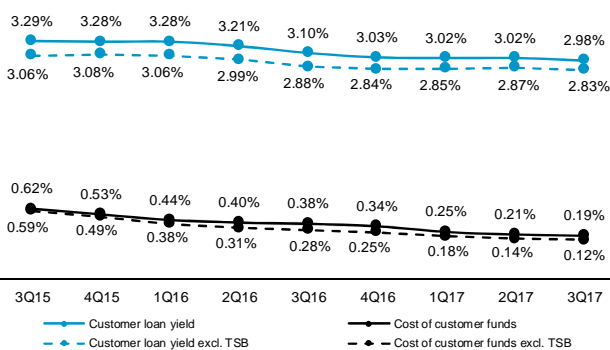
TSB (€ million)



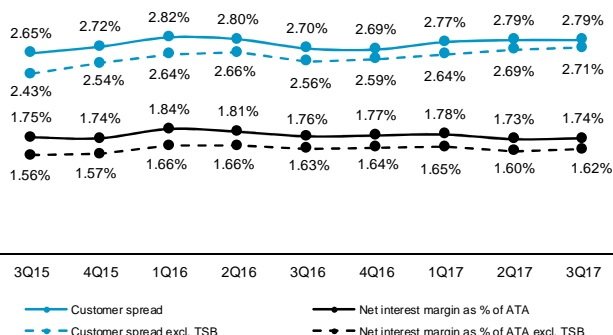
Net interest income (%)



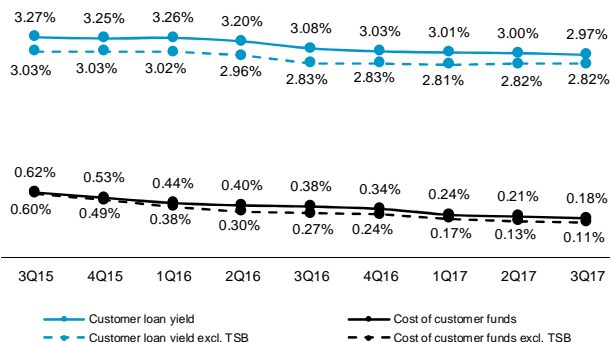
Customer spread (%)



Net interest income – Like-for-like (%)



Customer spread - Like-for-like (%)



Gains and charges in the quarter

Total Group

2017 (€million)	1st Quarter			2nd Quarter			3rd Quarter (1)			4th Quarter		
	Avg.balance	Rate %	Results	Avg.balance	Rate %	Results	Avg.balance	Rate %	Results	Avg.balance	Rate %	Results
Cash and cash equivalent (3)	12,712	0.05	2	18,198	-0.01	-1	19,408	-0.03	-1			
Loans to customers (net)	138,670	3.02	1,034	139,176	3.02	1,049	135,288	2.98	1,015			
Fixed-income securities	29,763	2.45	158	31,800	1.59	126	28,417	1.59	114			
Equity securities	983	--	--	911	--	--	1,328	--	--			
Tang. & intang. assets	5,270	--	--	6,049	--	--	4,850	--	--			
Other assets	24,292	0.40	24	22,947	0.37	21	23,337	0.37	22			
Total assets	211,690	2.33	1,218	219,082	2.19	1,195	212,630	2.14	1,149			
Financial institutions (2)	3,1876	-0.18	-14	41,109	-0.06	-6	38,072	-0.02	-2			
Customer deposits	129,635	-0.25	-80	131,137	-0.21	-70	127,826	-0.19	-60			
Sight Accounts	56,127	-0.09	-12	60,868	-0.06	-9	62,926	-0.05	-8			
Term accounts / Fix term deposits	23,409	-0.25	-15	22,997	-0.19	-11	20,725	-0.17	-9			
Ofex inv. / Foreign S.	43,288	-0.46	-49	42,912	-0.45	-48	39,299	-0.44	-44			
Others	6,812	-0.26	-4	5,359	-0.16	-2	4,875	0.06	1			
Capital markets	26,576	-1.74	-114	25,299	-1.44	-91	25,800	-1.44	-94			
Other liabilities	10,656	-1.78	-47	8,488	-2.54	-54	7,799	-2.66	-52			
Shareholders' equity	12,947	--	--	13,048	--	--	13,133	--	--			
Total funds	211,690	-0.49	-255	219,082	-0.40	-221	212,630	-0.39	-208			
Net interest income			962			974			941			
Customer spread		2.77			2.81			2.79				
Net interest margin as % of ATA		1.84			1.78			1.76				

2016 (€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 (3)	10,899	0.34	9	11,804	0.33	10	11,129	0.25	7	11,513	0.18	5
Loans to customers (net)	138,494	3.28	1,130	139,254	3.21	1,113	137,427	3.10	1,071	137,649	3.03	1,048
Fixed-income securities	25,061	2.81	175	25,893	2.46	159	27,174	2.31	158	27,198	2.42	165
Equity securities	966	--	--	980	--	--	1,058	--	--	1,013	--	--
Tang. & intang. assets	4,801	--	--	5,282	--	--	5,241	--	--	5,060	--	--
Other assets	24,585	0.30	19	23,938	0.35	21	24,449	0.31	19	24,186	0.43	26
Total assets	204,806	2.62	1,333	207,153	2.53	1,302	206,477	2.42	1,255	206,619	2.40	1,244
Financial institutions (2)	25,030	-0.61	-38	24,420	-0.65	-39	23,243	-0.22	-13	26,717	-0.20	-14
Customer deposits	126,729	-0.44	-140	129,503	-0.40	-129	128,777	-0.38	-123	126,934	-0.34	-108
Sight Accounts	46,390	-0.20	-23	49,029	-0.17	-20	52,126	-0.14	-18	52,753	-0.13	-17
Term accounts / Fix term deposits	32,271	-0.72	-57	29,865	-0.57	-42	26,912	-0.43	-29	24,427	-0.34	-21
Ofex inv. / Foreign S.	41,430	-0.59	-61	43,336	-0.62	-67	42,112	-0.63	-67	42,047	-0.57	-60
Others	6,638	0.06	1	7,273	0.05	1	7,627	-0.48	-9	7,707	-0.51	-10
Capital markets	30,641	-2.12	-162	30,265	-1.89	-142	30,441	-1.88	-144	29,516	-1.87	-138
Other liabilities	9,832	-0.80	-20	10,046	-0.92	-23	10,807	-1.01	-28	10,428	-1.40	-37
Shareholders' equity	12,574	--	--	12,918	--	--	13,209	--	--	13,024	--	--
Total funds	204,806	-0.70	-359	207,153	-0.65	-333	206,477	-0.59	-307	206,619	-0.57	-297
Net interest income			974			969			948			947
Customer spread		2.84			2.81			2.72			2.69	
Net interest margin as % of ATA		1.91			1.88			1.83			1.82	

- (1) The EURGBP exchange rate used for the income statement for the quarter is 0.8976 while that used for the balance sheet is 0.8818.
- (2) Includes repos. 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 of the balance sheet includes income from negative interest rates of balances of credit institutions under liabilities, mainly those relating to TLTRO II.
- (3) Includes cash, central banks, credit institutions and reverse repos.

Sabadell excl. TSB

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 (2)	7,430	-0.07	-1	13,400	-0.09	-3	14,039	-0.13	-4			
Loans to customers (net)	103,464	2.85	727	103,533	2.87	740	101,298	2.83	724			
Fixed-income securities	26,693	2.22	146	28,047	1.60	112	24,516	1.60	99			
Equity securities	978	--	--	346	--	--	763	--	--			
Tang. & intang. assets	3,878	--	--	4,361	--	--	4,282	--	--			
Other assets	23,877	0.54	32	22,995	0.56	32	22,391	0.60	34			
Total assets	166,321	2.20	903	172,682	2.05	881	167,289	2.02	852			
Financial institutions (1)	26,730	-0.13	-9	33,868	0.01	1	31,280	0.02	2			
Customer deposits	95,774	-0.18	-43	97,251	-0.14	-35	94,876	-0.12	-28			
Sight Accounts	56,127	-0.09	-12	60,868	-0.06	-9	62,926	-0.05	-8			
Term accounts / Fix term deposits	23,409	-0.25	-15	21,997	-0.19	-11	20,725	-0.17	-9			
Ofex inv. / Foreign S.	9,203	-0.52	-12	8,894	-0.58	-13	6,208	-0.77	-12			
Others	7,036	-0.26	-4	5,491	-0.16	-2	5,017	0.06	1			
Capital markets	23,832	-1.73	-102	23,802	-1.38	-82	24,392	-1.38	-85			
Other liabilities and shareholders' equity	19,985	-0.95	-47	17,762	-1.22	-54	16,740	-1.24	-52			
Total funds	166,321	-0.49	-200	172,682	-0.39	-170	167,289	-0.39	-164			
Net interest income			702			711			688			
Customer spread		2.67			2.73			2.71				
Net interest margin as % of ATA		1.71			1.65			1.63				

2016 (€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 (2)	6,827	0.29	5	6,013	0.24	4	5,584	0.19	3	6,396	0.14	2
Loans to customers (net)	103,769	3.06	789	104,061	2.99	774	104,026	2.88	752	104,157	2.84	743
Fixed-income securities	23,287	2.89	167	23,949	2.52	150	25,107	2.37	149	24,979	2.48	156
Equity securities	936	--	--	958	--	--	1,052	--	--	1,007	--	--
Tang. & intang. assets	3,352	--	--	3,772	--	--	3,685	--	--	3,874	--	--
Other assets	24,490	0.31	19	23,815	0.38	23	24,194	0.36	22	23,996	0.43	26
Total assets	162,661	2.42	980	162,567	2.35	950	163,649	2.25	926	164,410	2.24	927
Financial institutions (1)	24,419	-0.62	-38	23,254	-0.60	-35	22,045	-0.15	-8	25,082	-0.16	-10
Customer deposits	92,958	-0.38	-88	94,188	-0.31	-72	95,028	-0.28	-67	93,832	-0.25	-60
Sight Accounts	46,390	-0.20	-23	49,029	-0.17	-20	52,126	-0.14	-18	52,753	-0.13	-17
Term accounts / Fix term deposits	32,271	-0.72	-57	29,865	-0.57	-42	26,912	-0.43	-29	24,427	-0.34	-21
Ofex inv. / Foreign S.	7,660	-0.47	-9	8,021	-0.51	-10	8,363	-0.51	-11	8,797	-0.54	-12
Others	6,638	0.06	1	7,273	0.05	1	7,627	-0.48	-9	7,855	-0.50	-10
Capital markets	26,474	-2.12	-140	25,839	-1.93	-124	26,226	-1.91	-126	25,616	-1.91	-123
Other liabilities and shareholders' equity	18,810	-0.42	-20	19,285	-0.48	-23	20,349	-0.54	-28	19,881	-0.74	-37
Total funds	162,661	-0.70	-285	162,567	-0.63	-254	163,649	-0.56	-229	164,410	-0.56	-230
Net interest income			696			697			697			698
Customer spread		2.68			2.68			2.60			2.59	
Net interest margin as % of ATA		1.72			1.72			1.69			1.69	

- (1) Includes repos. 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 of the balance sheet includes income from negative interest rates of balances of credit institutions under the liabilities, mainly those relating to TLTRO II.
- (2) Includes cash, central banks, credit institutions and reverse repos.

Income from equity method and dividends:

This item amounted to €303.8 million at the end of the third quarter of 2017, compared with €72.1 million at the end of the same quarter in 2016. This income mainly includes results from the insurance and pension business and BanSabadell Vida's net fee for the reinsurance contract with Swiss Re Europe during the third quarter of 2017.

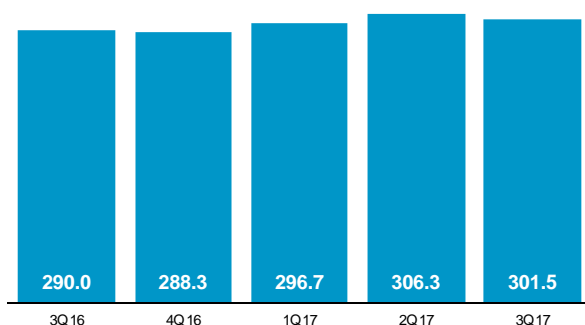
Net fees and commissions:

Year-on-year, service fees and asset under management fees have performed particularly well, growing by 5.1% overall for the Group and by 9.2% excluding TSB.

During the quarter, they fall slightly mainly due to seasonality associated with the third quarter.

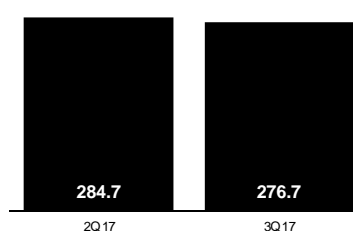
Evolution of net fees and commissions

Total Group (€ million)



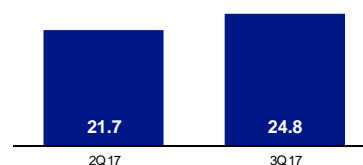
	Excl. TSB	Total group
Change YoY:	+9.2%	+5.1%
Change QoQ:	-2.8%	-1.6%

Sabadell **excl. TSB** (€ million)



Change QoQ:
-2.8%

TSB (€ million)



Change QoQ:
+14.3%
+19.3% in GBP

Net fees and commissions

	Excl. TSB			Total group			Excl. TSB			Total group		
	2 Q 17	3 Q 17	Change (%)	2 Q 17	3 Q 17	Change (%)	9 M 16	9 M 17	Change (%)	9 M 16	9 M 17	Change (%)
(€million)												
Lending fees	314	29.5	-6.1	53.2	49.9	-6.2	89.7	90.3	0.7	163.6	154.8	-5.4
Guarantees commissions	25.4	24.1	-4.9	25.4	24.1	-4.9	75.7	74.4	-1.7	75.7	74.4	-1.7
Risk transaction fees	56.8	53.6	-5.6	78.6	74.0	-5.8	165.4	164.8	-0.4	239.3	229.2	-4.2
Cards	44.0	46.3	5.4	51.6	55.7	8.0	115.2	130.1	13.0	142.3	153.4	7.8
Payment orders	13.5	13.1	-3.0	13.5	13.1	-3.0	37.0	40.0	8.1	37.0	40.0	8.1
Securities	16.3	15.0	-7.8	16.3	15.0	-7.8	37.3	47.4	27.0	37.3	47.4	27.0
Custodian mutual and pension funds	3.3	3.4	2.8	3.3	3.4	2.8	9.4	9.8	4.4	9.4	9.8	4.4
Sight accounts	28.9	31.1	7.8	31.6	33.3	5.4	56.4	89.3	58.4	66.8	97.6	46.0
Foreign currency and notes exchange	18.4	20.5	11.6	18.4	20.5	11.6	53.1	55.8	5.0	53.1	55.8	5.0
Other transactions	21.1	13.6	-35.4	10.5	6.4	-39.7	60.5	55.8	-7.9	46.8	31.4	-32.9
Commissions for services	145.3	143.0	-1.6	145.2	147.4	1.5	368.9	428.1	16.0	392.7	435.3	10.9
Mutual funds	38.3	39.0	1.8	38.3	39.0	1.8	108.5	112.6	3.8	108.5	112.6	3.8
Pension funds and insurance brokerage	39.5	36.9	-6.5	39.5	36.9	-6.5	103.4	113.5	9.8	103.4	113.5	9.8
Wealth management	4.8	4.2	-11.9	4.8	4.2	-11.9	16.4	13.8	-15.6	16.4	13.8	-15.6
Asset Under Management commissions	82.6	80.1	-3.0	82.6	80.1	-3.0	228.2	239.9	5.1	228.2	239.9	5.1
Total	284.7	276.7	-2.8	306.3	301.5	-1.6	762.6	832.8	9.2	860.2	904.5	5.1

(1) The EURGBP exchange rate used for the income statement is 0.8721 over the year and 0.8976 during the quarter.

Net trading income:

As at September 2017, it amounted to €580.4 million (€484.4 million excluding TSB), compared with €556.7 million as at September in the preceding year (€502.1 million excluding TSB). The early call of TSB's Mortgage Enhancement portfolio during the second quarter of 2017 is particularly noteworthy. The same period in the preceding year includes €109.5 million from the sale of 100% of Visa Europe shares.

Net gains/(losses) from exchange differences:

This item amounted to €7.2 million as at September 2017, compared with €14.1 million during the same period in the previous year.

Other operating income and expenses:

This item amounted to €-90.5 million as at September 2017 (€-80.3 million excluding TSB) compared to €-120.8 million at the end of the third quarter of 2016 (€-102.8 million excluding TSB).

Particularly worthy of note was the contribution to the Single Resolution Fund of €-50.6 million (€-47.7 million in the preceding year), contributions for converting deferred tax assets into credit receivable by the Spanish Tax Authority and TSB's contribution to the Financial Services Compensation Scheme.

Operating expenses:

Operating expenses amounted to €2,045.2 million as at September 2017, including €47.1 million in non-recurrent expenses.

Excluding TSB, operating expenses amounted to €1,340.7 million, representing a decline of -1.3% year-on-year, of which €6.8 million corresponded to non-recurrent expenses.

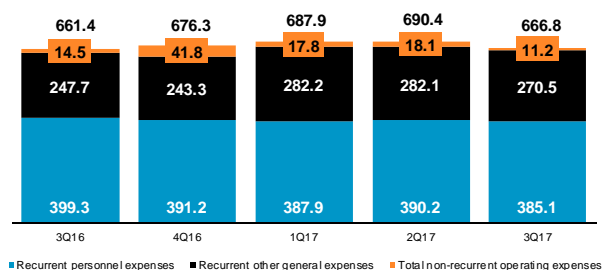
Operating expenses

(€million)	Excl. TSB			Total group			Excl. TSB			Total group		
	2 Q17	3 Q17	Change (%) 2 Q17	2 Q17	3 Q17	Change (%) 2 Q17	9 M 16	9 M 17	Change (%) YoY	9 M 16	9 M 17	Change (%) YoY
Recurrent	-294.5	-293.5	-0.3	-390.2	-385.1	-1.3	-900.0	-882.6	-1.9	-1,203.9	-1,163.2	-3.4
Non-recurrent	-1.7	-1.6	-4.5	-5.8	-5.0	-14.0	-2.11	-6.8	-67.6	-35.1	-17.8	-49.4
Personnel expenses	-296.2	-295.1	-0.4	-396.0	-390.1	-1.5	-921.1	-889.4	-3.4	-1,239.0	-1,181.0	-4.7
IT and communications	-38.9	-37.3	-4.1	-112.7	-103.7	-8.0	-115.8	-116.2	0.3	-222.2	-329.4	48.2
Advertising	-9.2	-8.8	-4.3	-27.7	-23.5	-15.2	-28.4	-27.0	-4.8	-83.9	-78.2	-6.8
Premises and office supplies	-33.3	-33.6	0.9	-60.3	-55.4	-8.1	-10.1	-10.19	-7.5	-187.0	-173.7	-7.1
Taxes other than income tax	-24.9	-25.0	0.4	-25.0	-25.0	0.0	-76.4	-76.9	0.6	-76.6	-77.0	0.5
Others	-44.3	-44.9	1.4	-56.4	-62.9	11.4	-106.7	-129.3	21.2	-168.2	-176.5	4.9
Total recurrent	-150.6	-149.6	-0.7	-282.1	-270.5	-4.1	-437.4	-451.3	3.2	-737.9	-834.8	13.1
Non-recurrent	0.0	0.0	--	-12.3	-6.2	-49.2	0.0	0.0	--	-10.2	-29.4	188.8
Other general expenses	-150.6	-149.6	-0.7	-294.4	-276.7	-6.0	-437.4	-451.3	3.2	-748.1	-864.2	15.5
Total	-446.8	-444.7	-0.5	-690.4	-666.8	-3.4	-1,358.5	-1,340.7	-1.3	-1,987.1	-2,045.2	2.9

(1) The EURGBP exchange rate used for the income statement is 0.8721 over the year and 0.8976 during the quarter.

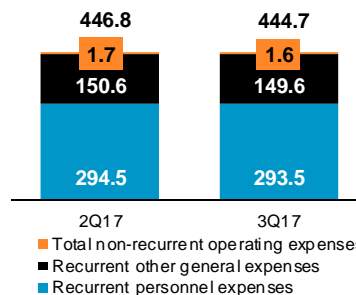
Changes in operating expenses

Total Group (€ million)



	Excl. TSB	Total group
Change YoY:	-1.3%	+2.9%
Change QoQ:	-0.5%	-3.4%

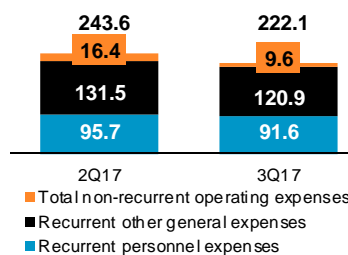
Sabadell excl. TSB (€ million)



Change QoQ:

-0.5%

TSB (€ million)



Change QoQ:

-8.8%

-4.8% in GBP

Pre-provisions income:

As at September 2017, pre-provisions income amounted to €2,237.7 million (€2,063.6 million excluding TSB), representing an increase of 12.1% year-on-year (an increase of 18.4% excluding TSB), mainly due to BanSabadell Vida's net fee for the reinsurance contract with Swiss Re Europe.

NPLs provisions and other impairments:

This item amounted to €1,967.8 million as at September 2017 (€1,902.5 million excluding TSB), compared with €1,113.5 million in the preceding year.

During the quarter, they amounted to €1,116.9 million (€1,095.9 million excluding TSB), compared with €340.4 million (€320.0 million excluding TSB) during the previous quarter, mainly due to extraordinary gains generated by recent corporate transactions allocated to extraordinary provisions.

Gains on sales of assets and other income:

This item amounted to €384.0 million as at September 2017 (€32.0 million at the end of the same quarter of 2016), and includes the net capital gain from the sale of Sabadell United Bank and Mediterráneo Vida. Figures for the same period during the preceding year mainly include gross gains of €52 million from the sale of the stake held in Dexia Sabadell.

Net profit:

Net profit attributable to the Group amounted to €653.8 million as at September 2017, compared with €646.9 million obtained during the same period in 2016.

Excluding TSB, net profit attributable to the Group amounted to €579.2 million at the end of September 2017, a 22.9% increase compared with the same period in 2016 (€471.4 million).

Balance sheet

Highlights:

Performing gross loans growth year-on-year with sustained improvement in the lending mix, represented by a growth of 4.4% (5.0% considering a constant exchange rate) excluding TSB's Mortgage Enhancement portfolio. Compared to the previous quarter, it has grown despite the seasonality associated with the third quarter.

Positive off-balance sheet fund evolution mainly driven by strong growth in mutual funds.

In TSB, the positive trend shown by franchise customer lending has continued, driven by the increase in mortgages lending. Customer funds have increased driven primarily by strong current account growth.

Balance sheet

(€million)	30.09.16	30.06.17	(3) 30.09.17	Change (%)	
				30.09.16	30.06.17
Cash, cash balances at central banks and other demand deposits	6,023	13,901	13,588	125.6	-2.3
Financial assets held for trading and derivatives and other financial assets	4,841	2,434	2,352	-51.4	-3.4
Held to maturity investments	0	9,344	11,312	--	211
Available-for-sale financial assets	23,052	18,990	16,371	-29.0	-13.8
Loans and receivables	148,430	148,081	147,991	-0.3	-0.1
Loans and advances to customers	(1) 142,805	142,043	144,050	0.9	14
Loans and advances of central banks and credit institutions	4,356	5,439	3,342	-23.3	-38.5
Debt securities	1,268	599	599	-52.8	0.0
Investments in subsidiaries, joint ventures and associates	390	518	785	101.3	51.7
Tangible assets	4,316	4,586	4,602	6.6	0.4
Intangible assets	2,024	2,077	2,123	4.9	2.2
Other assets	16,767	17,527	11,952	-28.7	-31.8
Total assets	205,843	217,458	211,076	2.5	-2.9
Financial liabilities held for trading and derivatives	3,642	2,922	2,937	-19.4	0.5
Financial liabilities at amortised cost	184,585	195,561	193,201	4.7	-12
Central banks	(2) 10,776	26,136	26,311	144.2	0.7
Credit institutions	(2) 14,427	10,666	7,103	-50.8	-33.4
Customer deposits	(1) 129,664	131,841	133,937	3.3	16
Debt securities issued	27,162	22,996	22,318	-17.8	-3.0
Other financial liabilities	2,556	3,922	3,533	38.2	-9.9
Assets covered under insurance and reinsurance contracts	48	43	40	-16.9	-7.5
Provisions	323	302	308	-4.7	1.9
Other liabilities	4,050	5,557	1,387	-65.8	-75.0
Subtotal liabilities	192,648	204,385	197,872	2.7	-3.2
Shareholders' equity	12,872	13,188	13,372	3.9	14
Valuation adjustments	283	-186	-239	--	28.9
Minority interest	40	71	72	79.2	2.5
Net equity	13,195	13,073	13,205	0.1	1.0
Total liabilities and equity	205,843	217,458	211,076	2.5	-2.9
Contingent risks	8,369	8,446	8,599	2.7	1.8
Contingent liabilities	21,317	20,740	22,157	3.9	6.8

- (1) In March 2017, SUB has been reclassified as a non-current assets/liabilities held for sale following a sale agreement reached in February 2017. The sale of this company was completed on 31 July 2017.
(2) Deposits with central banks and credit institutions include the following amounts of repos: €6,346 million as at 30/09/2016, €5,526 million as at 30/06/17 and €2,268 million as at 30/09/17.
(3) The EURGBP exchange rate used for the balance sheet is 0.8818.

Assets:

Banco Sabadell Group's total assets increased by 2.5% year-on-year to €211,076 million. Excluding TSB, they amounted to €163,944 million, representing a 0.8% increase year-on-year. During the quarter, they declined by -2.9% (-3.7% excluding TSB), mainly due to the sale of SUB.

Loans and advances to customers:

Performing gross loans closed September 2017 with a balance of €137,833 million. Year-on-year, this item increased by 2.7%, negatively affected by changes in the exchange rate of the pound against the euro during the year (increasing by 3.3% considering a constant exchange rate). Excluding TSB's Mortgage Enhancement portfolio, this growth stands at 4.4% year-on-year (5.0% considering a constant exchange rate).

Excluding TSB, performing gross loans amounted to €102,035 million as at September 2017, representing an increase of 0.9% year-on-year. Quarter-on-quarter, they declined by -0.4% due mainly to the seasonality associated with this quarter.

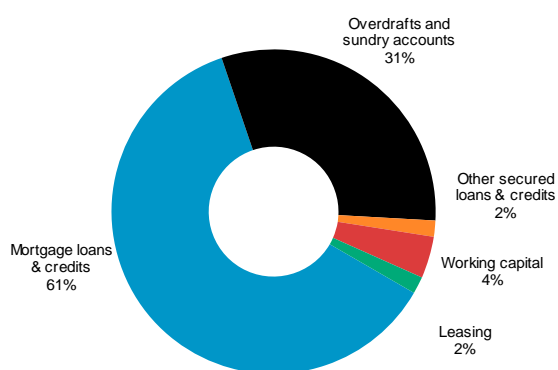
In TSB, franchise lending continues to perform well, driven by the growth in mortgage lending.

Loans and advances to customers

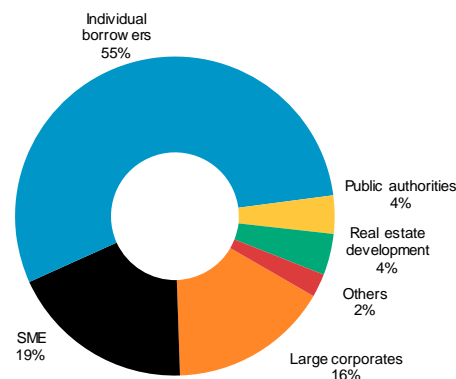
(€million)	Excl. TSB					Total group				
	30.09.16	30.06.17	30.09.17	Change (%)		30.09.16	30.06.17	30.09.17	Change (%)	
Mortgage loans & credits	54,333	52,802	52,555	-3.3	-0.5	84,829	84,394	84,735	-0.1	0.4
Other secured loans & credits	2,101	2,259	2,246	6.9	-0.5	2,101	2,259	2,246	6.9	-0.5
Working capital	4,629	5,560	5,719	23.6	2.9	4,824	5,560	5,719	18.6	2.9
Leasing	2,157	2,286	2,327	7.9	1.8	2,157	2,286	2,327	7.9	1.8
Overdrafts and sundry accounts	37,901	39,530	39,187	3.4	-0.9	40,342	43,166	42,805	6.1	-0.8
Performing gross loans (Excl. SUB)	101,120	102,437	102,035	0.9	-0.4	134,252	137,666	137,833	2.7	0.1
Performing gross loans	104,724	102,437	102,035	-2.6	-0.4	137,856	137,666	137,833	0.0	0.1
Non-performing loans	10,061	8,475	8,117	-19.3	-4.2	10,231	8,636	8,276	-19.1	-4.2
Accruals	-154	-135	-90	-41.7	-33.5	-124	-101	-55	-55.6	-45.5
Gross loans to customers (excluding repos)	111,028	110,777	110,062	-0.9	-0.6	144,360	146,201	146,054	1.2	-0.1
Reverse repos	171	65	2,188	--	--	171	65	2,188	--	--
Gross loans to customers	111,199	110,842	112,250	0.9	1.3	144,531	146,266	148,242	2.6	1.4
NPL and country-risk provisions	-5,129	-4,142	-4,112	-19.8	-0.7	-5,213	-4,222	-4,192	-19.6	-0.7
Loans and advances to customers (Excl. SUB)	106,070	106,700	108,138	1.9	1.3	139,318	142,043	144,050	3.4	1.4
Loans and advances to customers	109,557	106,700	108,138	-1.3	1.3	142,805	142,043	144,050	0.9	1.4

(1) The EURGBP exchange rate used for the balance sheet is 0.8818.

Loans and advances to customers by product type, 30/09/17 (%) (*)

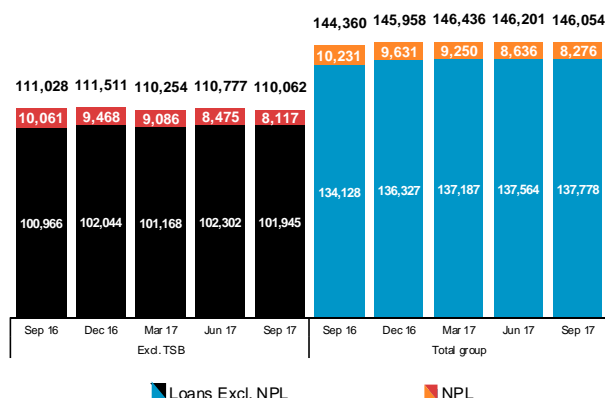


Loans and advances to customers by customer profile, 30/09/17 (%)



(*) Excluding NPLs and accrual adjustments.

Evolution of gross loans to customers (€ million)



Total group (*)
 Change YoY: **+2.7%**
 Change QoQ: **+0.1%**

Excl. TSB (*)
 Change YoY: **+0.9%**
 Change QoQ: **-0.4%**

(*) Change on performing gross loans.

Liabilities:

Customer funds:

At September 2017, on-balance sheet customer funds amounted to €131,295 million (€96,958 million excluding TSB), a 3.1% increase year-on-year (3.5% excluding TSB) and a -0.8% decrease quarter-on-quarter (-1.3% excluding TSB).

Sight account balances amounted to €98,625 million (€68,936 million excluding TSB), a 16.7% increase year-on-year (23.3% excluding TSB) and a 2.3% increase quarter-on-quarter (2.8% excluding TSB).

Term deposits amounted to €30,900 million (€26,252 million excluding TSB), a -23.3% decrease compared with the same period in the previous year (-25.5% excluding TSB) and a quarter-on-quarter decrease of -8.7% (-9.7% excluding TSB) due mainly to interest rate fluctuations, reflected in the transfers to sight accounts and off-balance sheet funds.

Total off-balance sheet customer funds amounted to €45,129 million at the end of September 2017, a 13.6% increase compared with the previous year (a 2.6% increase quarter-on-quarter). Equity in mutual funds amounted to €26,920 million at 30 September 2017, representing a 21.2% increase year-on-year (3.8% quarter-on-quarter).

In TSB, customer funds increased by 4.5% during the year and by 1.1% during the quarter, driven primarily by strong current account growth.

Debt and other tradable securities:

At 30 September 2017, this item amounted to €20,114 million (€19,126 million excluding TSB), representing a -21.3% decline year-on-year (-12.8% excluding TSB) and a -3.3% decline during the quarter (-3.2% excluding TSB). This year-on-year decline is mainly due to maturities of TSB's securitisation bonds and secured debt.

The position with the ECB as at 30 September 2017 stands at €20,500 million, with the TLTRO II auction, in which the bank participated with €10,500 million, being particularly notable. The position held with Bank of England TFS at 30 September 2017 amounted to €5,169 million.

In May 2017, Sabadell carried out an issuance of AT1 for €750 million, with a coupon rate of 6.5%. Furthermore, €1,600 million have been successfully issued in covered bonds during the year.

Funds under management:

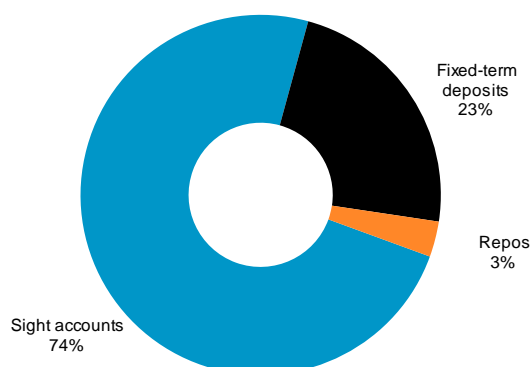
Funds under management amounted to €201,424 million (€163,786 million excluding TSB), compared with €192,714 million (€154,534 million excluding TSB) one year previously, representing a year-on-year increase of 4.5% (6.0% excluding TSB) and a quarter-on-quarter increase of 1.3% (1.0% excluding TSB).

Customer funds

(€million)	Excl. TSB					Total group				
			Change (%)					(1) Change (%)		
	30.09.16	30.06.17	30.09.17	30.09.16	30.06.17	30.09.16	30.06.17	30.09.17	30.09.16	30.06.17
Financial liabilities at amortised cost	145,399	152,338	149,990	3.2	-1.5	184,585	195,561	193,201	4.7	-1.2
Non-retail financial liabilities	47,962	54,079	53,032	10.6	-1.9	53,509	63,238	61,906	15.7	-2.1
Central banks	10,776	20,954	21,142	96.2	0.9	10,776	26,136	26,311	144.2	0.7
Credit institutions	13,422	9,822	7,113	-47.0	-27.6	14,427	10,666	7,103	-50.8	-33.4
Institutional issues	2,1208	19,815	21,659	2.1	9.3	25,749	22,514	24,960	-3.1	10.9
Other financial liabilities	2,556	3,489	3,119	22.0	-10.6	2,556	3,922	3,533	38.2	-9.9
On-balance sheet customer funds	97,437	98,260	96,958	-0.5	-1.3	131,076	132,323	131,295	0.2	-0.8
On-balance sheet customer funds (excl. SUB)	93,722	98,260	96,958	3.5	-1.3	127,361	132,323	131,295	3.1	-0.8
Customer deposits	91,732	96,594	97,753	6.6	1.2	125,793	131,841	133,937	6.5	1.6
Sight accounts	55,903	67,083	68,936	23.3	2.8	84,539	96,365	98,625	16.7	2.3
Fixed-term deposits	(2) 35,259	29,067	26,252	-25.5	-9.7	40,262	33,849	30,900	-23.3	-8.7
Repos	357	299	2,412	--	--	788	1,494	4,274	442.1	186.1
Accruals and derivative hedging adjustments	213	145	153	-28.0	5.7	203	133	138	-32.0	3.5
Debt and other tradable securities	2,1932	19,757	19,126	-12.8	-3.2	25,556	20,808	20,114	-21.3	-3.3
Subordinated liabilities	(3) 1,111	1,723	1,737	56.4	0.8	1,606	2,188	2,204	37.2	0.7
Assets covered under insurance and reinsurance contracts	48	43	40	-16.9	-7.5	48	43	40	-16.9	-7.5
On-balance sheet funds (excl. SUB)	114,823	118,117	118,657	3.3	0.5	153,003	154,881	156,295	2.2	0.9
Mutual funds	22,220	25,943	26,920	21.2	3.8	22,220	25,943	26,920	21.2	3.8
Equity funds	1216	1,465	1,725	41.9	17.8	1216	1,465	1,725	41.9	17.8
Balanced funds	4,303	5,848	6,242	45.1	6.7	4,303	5,848	6,242	45.1	6.7
Fixed-income funds	4,919	4,797	4,667	-5.1	-2.7	4,919	4,797	4,667	-5.1	-2.7
Guaranteed return funds	3,623	4,123	3,976	9.7	-3.6	3,623	4,123	3,976	9.7	-3.6
Real estate funds	88	118	122	38.1	3.1	88	118	122	38.1	3.1
Venture capital funds	13	23	23	71.5	-0.1	13	23	23	71.5	-0.1
Dedicated investment companies	2,016	2,192	2,206	9.4	0.7	2,016	2,192	2,206	9.4	0.7
Third-party funds	6,042	7,379	7,959	31.7	7.9	6,042	7,379	7,959	31.7	7.9
Managed accounts	3,602	3,943	4,022	11.7	2.0	3,602	3,943	4,022	11.7	2.0
Pension funds	4,133	4,040	4,035	-2.4	-0.1	4,133	4,040	4,035	-2.4	-0.1
Individual	2,633	2,534	2,530	-3.9	-0.1	2,633	2,534	2,530	-3.9	-0.1
Company	1,485	1,492	1,491	0.4	-0.1	1,485	1,492	1,491	0.4	-0.1
Group	15	14	14	-7.9	-1.2	15	14	14	-7.9	-1.2
Third-party insurance products	9,756	10,070	10,152	4.1	0.8	9,756	10,070	10,152	4.1	0.8
Off-balance sheet customer funds	39,711	43,997	45,129	13.6	2.6	39,711	43,997	45,129	13.6	2.6
Funds under management (excl. SUB)	154,534	162,114	163,786	6.0	1.0	192,714	198,878	201,424	4.5	1.3

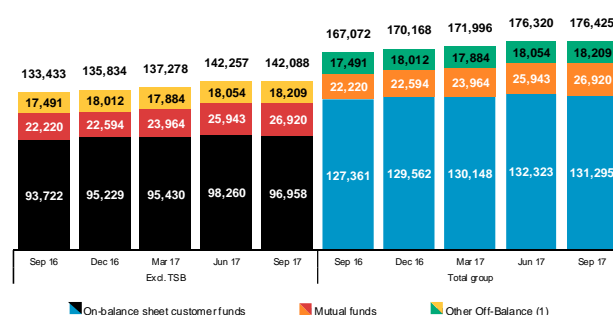
- (1) The EURGBP exchange rate used for the balance sheet is 0.8818.
(2) Includes deposits redeemable at notice and hybrid financial liabilities.
(3) These are subordinated liabilities of debt securities.

Customer deposits, 30/09/17 (%) (*)



(*) Excluding accrual adjustments and hedging derivatives.

Evolution of customer funds (€ million)



Excl. TSB (*) Total group (*)

Change YoY: **+3.5%** Change YoY: **+3.1%**

Change QoQ: **-1.3%** Change QoQ: **-0.8%**

(*) Change on balance sheet customer funds.

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

Net equity:

As at September 2017, this item amounted to €13,205 million, representing a 1.0% increase mainly due to net profit increase compared with the previous quarter and remaining relatively stable with respect to September 2016.

Net equity

(€million)	30.09.16	30.06.17	30.09.17	Change	
				30.09.16	30.06.17
Shareholders' equity	12,872	13,188	13,372	500	184
Issued capital	696	702	702	6	0
Reserves	11,621	12,097	12,090	468	-8
Other equity	34	45	43	9	-2
Less: treasury shares	-126	-108	-117	9	-10
Attributable net profit	647	451	654	7	203
Less: dividends and payments	0	0	0	0	0
Valuation adjustments	283	-186	-239	-522	-54
Minority interest	40	71	72	32	2
Net equity	13,195	13,073	13,205	10	132

Risk management

Highlights:

There has been a substantial reduction in the Group's NPL ratio, which stands at 5.40% (6.90% excluding TSB).

Solid progress in the problematic asset reduction plan with a decrease excluding TSB of €1,668 million during the year and of €509 million during the quarter, improving the composition of foreclosed assets.

Foreclosed assets sold at a 2.6% premium on average this quarter.

Extraordinary capital gains from recent corporate transactions have allowed to increase problematic assets coverage to 51.5%, with NPL coverage at 48.8% and foreclosed assets coverage at 54.2%.

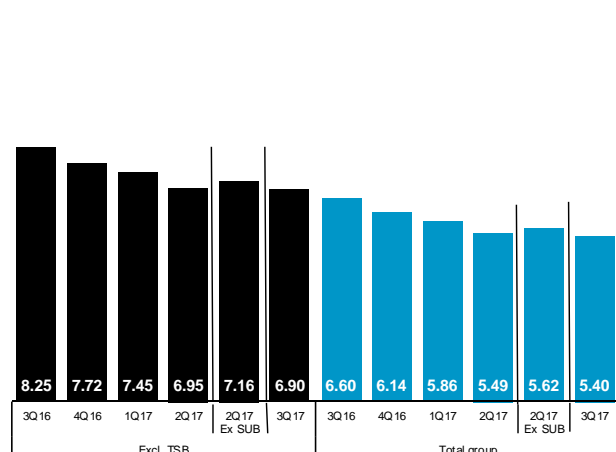
NPL ratio and coverage:

The Group's NPL ratio continued its downward trend due to the steady reduction in non-performing loans throughout 2017.

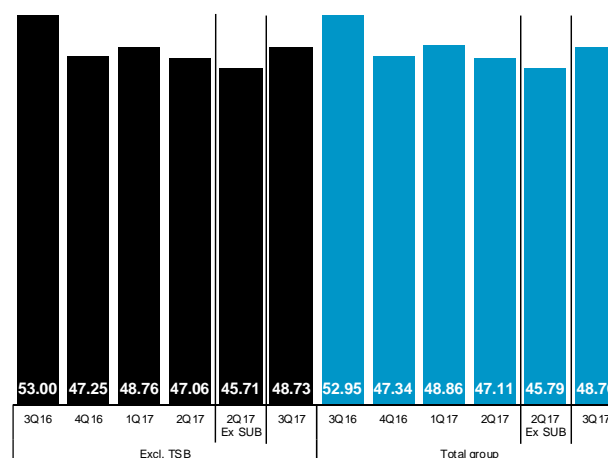
Quarterly reduction of non-performing loans, excluding TSB, of €355 million and €1,397 million in the year. As at September 2017, the balance of non-performing loans excluding TSB amounted to €8,186 million.

Quarterly reduction of problematic assets, excluding TSB, of €509 million and €1,668 million in the year. As at September 2017, the balance of problematic assets excluding TSB amounted to €16,949 million.

NPL ratio (%) ^(*)



NPL coverage ratios (%) ^(*)



(*) NPL ratio is calculated including contingent exposures and 20% of the APS balance. As at Sep16, excluding SUB, the NPL coverage ratio would stand at 51.62% (51.65% excl. TSB) and the NPL ratio at 6.75% (8.49% excl. TSB).

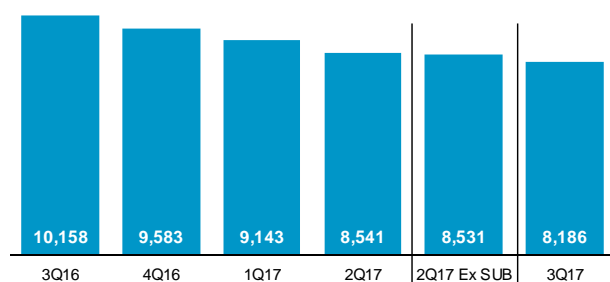
Note: Coverage ratios are calculated excluding mortgage floor provisions.

NPL ratios by segment ^(*)

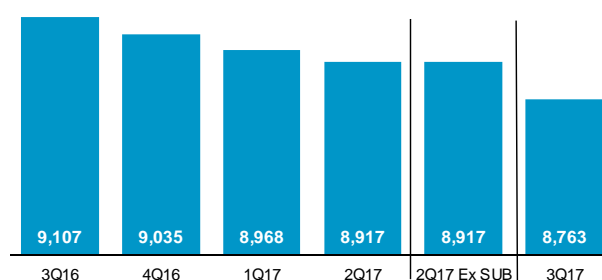
Excl. TSB	3Q16	4Q16	1Q17	2Q17	2Q17 Ex SUB	3Q17
Real estate development and/or construction purposes	31.99%	29.05%	28.04%	25.80%	25.80%	23.82%
Construction purposes non-related to real estate dev.	11.62%	9.68%	5.88%	6.57%	6.57%	6.44%
Large corporates	3.84%	3.82%	3.16%	3.01%	3.01%	3.03%
SME and small retailers and self-employed	8.71%	8.47%	8.41%	8.31%	8.76%	8.21%
Individuals with 1st mortgage guarantee assets	7.43%	7.25%	7.24%	7.20%	7.42%	7.51%
NPL ratio	8.25%	7.72%	7.45%	6.95%	7.16%	6.90%

(*) NPL ratio is calculated including contingent exposures and 20% of the APS balance.

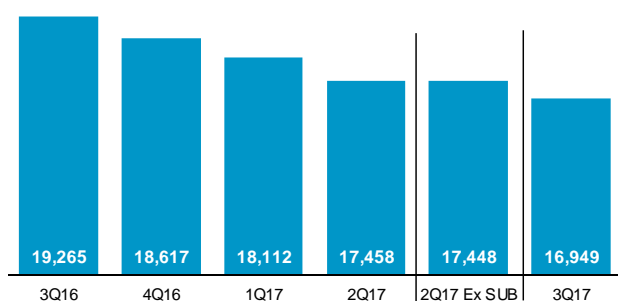
Evolution of NPLs excl. TSB (€ million) ^(*)



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



Evolution of problematic assets excl. TSB (€ million) ^(*)



^(*) NPL ratio is calculated including contingent exposures and 20% of the APS balance.

The table below shows the evolution of the Group's problematic assets. Their reduction during recent quarters is evident.

Evolution of NPLs and RE assets excl. TSB ^(*)

(€million)		3Q16	4Q16	1Q17	2Q17	3Q17
Entries	(1)	547	700	636	526	513
Recoveries		-880	-1,174	-897	-1,067	-706
Exits of perimeter	(2)	0	0	0	0	-10
Ordinary net entries		-333	-474	-261	-541	-203
Entries		248	384	312	304	48
Sales and other outcomes		-406	-457	-379	-355	-302
Change in real estate assets		-158	-73	-67	-51	-154
Net entries plus change in real estate assets		-490	-547	-328	-592	-357
Write-offs		-144	-101	-178	-61	-152
Real estate assets and NPL quarterly change		-634	-648	-506	-653	-509

^(*) Data include 20% of NPLs and RE assets covered by the APS.

(1) During the last quarter of 2016, this item included the impact of €184 million arising from the new Bank of Spain Circular on provisions.

(2) Corresponds to exit of SUB from the scope of consolidation.

Evolution of coverage of total Group NPLs and real estate assets ^(*)

(€ million)	3Q16	4Q16	1Q17	2Q17	2Q17 Ex SUB	3Q17
Non-performing exposures	10,328	9,746	9,307	8,703	8,693	8,345
Provisions	5,468	4,614	4,548	4,100	3,981	4,069
NPL coverage ratio (%) (**)	52.9%	47.3%	48.9%	47.1%	45.8%	48.8%
NPL coverage ratio incl. mortgage floors (%)		51.5%	53.1%	51.0%	49.7%	51.4%
RE Assets evolution	9,107	9,035	8,968	8,917	8,917	8,763
Provisions	3,911	4,297	4,299	4,264	4,264	4,746
Real Estate coverage ratio (%) (***)	42.9%	47.6%	47.9%	47.8%	47.8%	54.2%
Total problematic assets	19,435	18,781	18,275	17,619	17,610	17,108
Provisions	9,380	8,911	8,847	8,364	8,245	8,814
Problematic assets coverage (%) (****)	48.3%	47.4%	48.4%	47.5%	46.8%	51.5%
NPL coverage ratio incl. mortgage floors (%)		49.6%	50.6%	49.4%	48.7%	52.8%

(*) Includes contingent risks. Data include 20% of NPLs and RE assets covered by the APS.

(**) As at 3Q16, without considering SUB, the NPL coverage ratio would stand at 51.62% (51.65% excl. TSB).

(***) The real estate coverage ratio, including debt reductions, stands at 63.0%.

(****) As at 3Q16, without considering SUB, the coverage ratio of problematic assets would stand at 47.55% (47.53% excl. TSB).

Forborne and restructured loans

The balance of forborne and restructured loans at 30 September 2017 is as follows:

(€million)	Total	Of which: doubtful
Public authorities	16	3
Corporate and entrepreneurs	4,708	2,768
Of which: Financing for construction and real estate development	1,079	857
Individual borrowers	2,774	1,572
Total	7,497	4,343
Provisions	1,388	1,316

Foreclosed problematic assets ^(*)

(€million)	Gross amount	Allowances for losses
Real estate assets deriving from financing of construction and real estate development	6,839	3,902
Finished buildings	2,694	1,190
Housing	1,342	608
Rest	1,352	582
Buildings under construction	506	234
Housing	444	198
Rest	62	36
Land	3,639	2,478
Building land	1,299	827
Other land	2,340	1,651
Real estate assets deriving from home loan mortgages	1,924	844
Total real-estate portfolio	8,763	4,746

(*) Problematic real estate assets, including properties outside of Spain, considering the coverage allowed for in the original financing and the credit risk that was transferred through the enforcement of the APS.

Details of value adjustments made by the Group for credit risk hedging

(€million)	2016	2017
Initial balance	6,624	4,940
Movements reflected in provisions for NPLs	379	864
Movements not reflected in provisions for NPLs	-2,056	-1,600
Utilisation of provisions	-1,894	-1,313
Other movements (*)	-162	-287
Adjustments for exchange differences	-7	0
Final balance	4,940	4,204

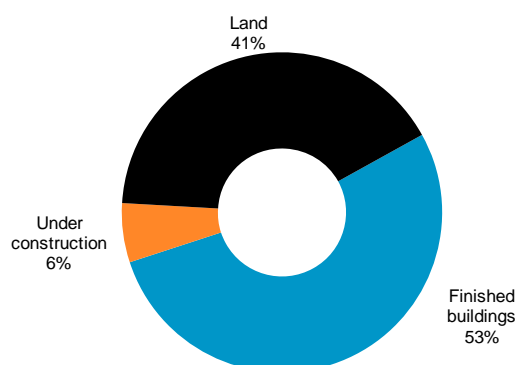
(*) Corresponds to the transfer in 2017 of €-149 million of value adjustments for credit risk hedging to non-current assets held for sale and investment properties.

NOTE: Excludes guarantees and cash and cash equivalents.

Real estate portfolio breakdown by asset class:

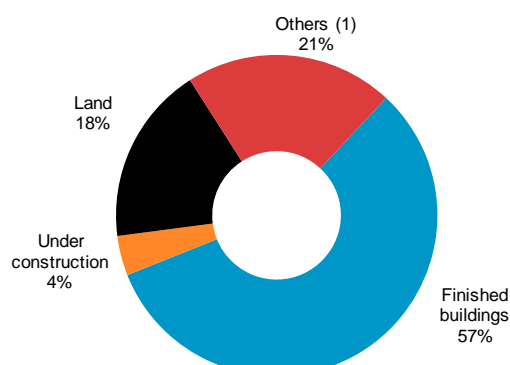
The breakdown, at 30 September 2017, by asset class of the real estate portfolio is as follows:

Foreclosed assets, 30/09/17 (*)



(*) Data 20% APS

Real estate development, 30/09/17 (*)



(1) Includes other guarantees.

Capital management and credit ratings

Highlights:

Best capital position in the sector, with the phase-in Common Equity Tier 1 (CET1) ratio standing at 13.2% and the fully-loaded CET1 ratio at 12.7% as at 30 September 2017.

The phase-in CET1 ratio improved substantially during the quarter, driven by RWAs savings from the sale of SUB and also due to the extraordinary provisions.

Capital ratios - phase-in

(€million)	30.09.16	30.06.17	30.09.17
Issued capital	696	702	702
Reserves	11,857	12,114	12,038
Minority interest	21	19	17
Deductions	-2,183	-2,219	-2,003
Common Equity Tier 1	10,391	10,616	10,755
CET 1 Phase-in (%)	12.1%	12.7%	13.2%
CET 1 Fully Loaded (%)	12.0%	12.1%	12.7%
Preferred Shares and convertible bonds	78	768	768
Deductions	-78	-436	329
Primary capital	10,391	10,948	11,101
Tier I (%)	12.1%	13.1%	13.6%
Secondary capital	1,556	1,502	1,476
Tier II (%)	1.8%	1.8%	1.8%
Total capital	11,947	12,450	12,578
Total capital ratio (%)	13.9%	14.9%	15.5%
Risk weighted assets (RWA)	85,668	83,782	81,345
Leverage ratio (%)	4.88	4.95	5.22

The phase-in CET1 ratio of Banco de Sabadell S.A. (individual) is 15.33% as at June 2017.

Credit ratings

Agency	Date	Long term	Short term	Outlook
DBRS ⁽²⁾	19.07.2017	BBB (high)	R-1 (low)	Stable
S&P Global Rating ⁽¹⁾	27.06.2017	BBB-	A-3	Positive
Moody's ⁽²⁾	10.05.2017	Baa3 / Baa2	P-3 / P-2	Positive/Stable

(1) Copyright by Standard & Poor's, A division of the McGraw-Hill Companies, Inc. Reproduced with permission of Standard & Poor's.

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

On 27 June 2017, S&P Global Ratings raised Banco Sabadell's long-term credit rating to BBB- from BB+ and its short term credit rating to A-3 from B, with the outlook remaining positive. With this upgrade in Banco Sabadell's rating, once again the bank has obtained Investment Grade rating. The rating action reflects the belief of S&P Global Ratings that Banco Sabadell has continued to strengthen its solvency and that it continues to make progress in de-risking its balance sheet. Additionally, S&P Global Ratings raised its rating of Banco Sabadell's non-deferrable subordinated debt and preferred shares by two notches to BB and B, respectively.

On 10 May 2017 Moody's Investors Service (Moody's) has taken rating actions on different Spanish banking groups, as a consequence of the change of Spain's banking Macro Profile (Baa2 stable) to "Strong-" from "Moderate+", as well as the continued improvement in the banks' credit fundamentals, notably asset risk. Moody's has affirmed Banco Sabadell's Baa2 long-term deposit rating with a stable outlook and its Baa3 long-term senior debt rating, changing the outlook to positive from stable.

On 19 July 2017 DBRS has affirmed Banco Sabadell's rating, maintaining its long term rating as BBB (high) and its short term rating as R-1 (low), with a stable outlook.

Liquidity management

Highlights:

The adjusted loan-to-deposit ratio at 30 September 2017 was 104.5% with a balanced retail funding structure.

The Liquidity Coverage Ratio (LCR) was 141% excluding TSB and 237% TSB at 30 September 2017,

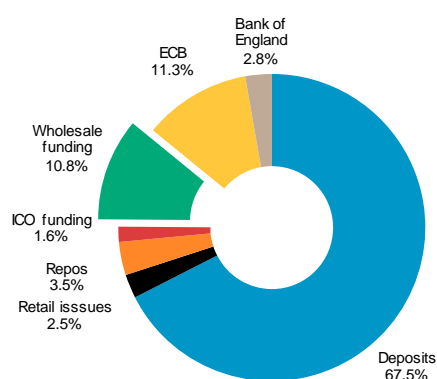
being 119% excluding TSB and 196% TSB the same period of the previous year.

No relevant maturities of wholesale funding are expected during the rest of the year.

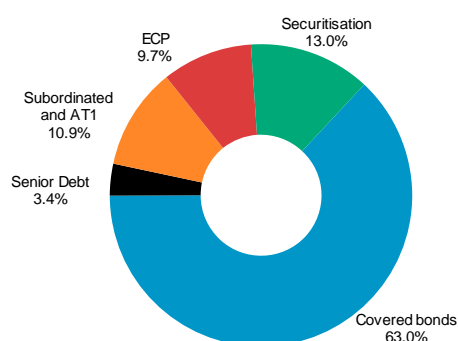
(€ million)		30.09.16	30.06.17	30.09.17 (1)
Loans and advances to customers	(2)	139,146	141,979	141,862
Brokered loans		-5,865	-5,058	-4,638
Adjusted net loans and advances		133,282	136,920	137,224
On-balance sheet customer funds		127,361	132,323	131,295
Loan-to-deposits ratio (%)	(3)	104.6	103.5	104.5

- (1) The EURGBP exchange rate used for the balance sheet is 0.8818 at 30/09/17.
 (2) Excludes reverse repos.
 (3) For the purpose of comparison, changes are calculated without considering SUB figures.

Funding structure, 30/09/17



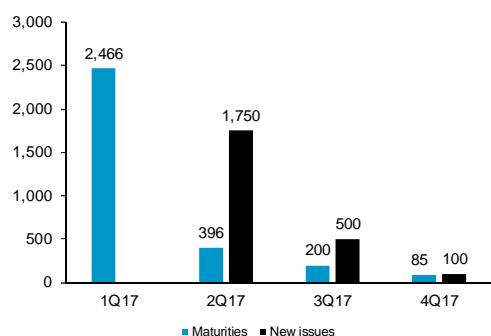
Wholesale funding breakdown, 30/09/17



Maturity of institutional issuances

(€million)	4Q17	2018	2019	2020	2021	2022	2023	>2023	Outstanding balance
Covered bonds	85	1,559	1,124	2,015	1,858	1,119	1,388	3,661	12,809
Senior Debt	0	657	0	0	0	25	0	0	682
Subordinated and AT1	0	0	0	425	477	0	0	1,283	2,185
Other mid- and long-term financial instruments	0	18	0	0	10	0	0	5	33
Total	85	2,233	1,124	2,440	2,345	1,144	1,388	4,950	15,709

New issuances and maturities of wholesale funding



Maturities during the year:

(€ million)	1Q17	2Q17	3Q17	4Q17
Covered bonds	1,407	330	200	85
GGB	1,059	0	0	0
Senior Debt	0	0	0	0
Subordinated and AT1	0	66	0	0
Total	2,466	396	200	85

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 capital over 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, United States, overseas branches and representative offices.

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-oriented business units:

Commercial Banking is the universal banking business that offers financing, investment and savings products.

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

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

- **Asset Transformation:**

Asset Transformation comprehensively manages irregular risk and real estate exposure, and also sets out and implements the strategy of real estate investees such as Solvia and Hotel Investment Partnership.

- **Banking business United Kingdom:**

The TSB franchise includes retail 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, overseas branches and representative offices that offer all types of banking and financial services de Corporate Banking, Private Banking and Commercial Banking.

The information presented here is based on the separate financial statements of each Group company, with the corresponding disposals and adjustments in the scope of consolidation and in the and 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:

Profit and loss 9M17

(€million)	Banking business Spain	Real Estate asset transformation	Banking business UK	Other geographies	Total
Net interest income	1,903.7	-37.2	776.2	235.0	2,877.8
Income from equity method and dividends	301.8	-0.4	0.0	2.3	303.8
Net fees and commissions	792.3	1.6	71.7	38.9	904.5
Results from financial transactions and foreign exchange	519.2	-34.9	96.0	7.3	587.6
Other operating income/expense	-170.0	89.3	-10.2	0.4	-90.5
Gross operating income	3,347.0	18.5	933.7	283.9	4,583.1
Operating expenses and amortization	-1,300.7	-124.0	-759.6	-161.1	-2,345.5
Pre-provisions income	2,046.3	-105.5	174.1	122.8	2,237.7
Impairment on loans & advances	-842.9	-1,043.0	-65.3	-16.6	-1,967.8
Gains on sale of assets and other results	376.7	0.0	6.1	1.2	384.0
Profit before tax	1,580.0	-1,148.5	114.9	107.4	653.8
Income tax	-271.7	343.0	-40.3	-29.4	1.7
Consolidated net profit	1,308.3	-805.5	74.6	78.0	655.5
Minority interest	1.4	0.0	0.0	0.3	1.7
Attributable net profit	1,306.9	-805.5	74.6	77.8	653.8
ROE	15.6%	--	3.3%	9.6%	6.0%
Cost / income	39.5%	--	80.4%	54.1%	51.2%
NPL ratio (%)	6.2%	28.9%	0.4%	0.9%	5.4%
NPL coverage ratio (%)	47.4%	53.2%	50.0%	103.4%	48.8%

Profit and loss 9M16

(€million)	Banking business Spain	Real Estate asset transformation	Banking business UK	Other geographies	Total
Net interest income	1,885.3	-15.4	801.6	219.3	2,890.9
Income from equity method and dividends	71.1	-1.1	0.0	2.0	72.1
Net fees and commissions	716.8	-1.8	97.7	47.7	860.2
Results from financial transactions and foreign exchange	547.0	-51.0	54.6	20.3	570.9
Other operating income/expense	-191.0	86.8	-18.0	1.4	-120.8
Gross operating income	3,029.3	17.4	935.8	290.8	4,273.2
Operating expenses and amortization	-1,335.2	-107.1	-683.8	-151.5	-2,277.6
Pre-provisions income	1,694.1	-89.7	252.0	139.2	1,995.6
Impairment on loans & advances	-529.9	-558.6	0.0	-25.0	-1,113.5
Gains on sale of assets and other results	33.5	0.0	-2.0	0.5	32.0
Profit before tax	1,197.6	-648.3	250.0	114.8	914.1
Income tax	-335.9	181.9	-74.5	-35.2	-263.6
Consolidated net profit	861.8	-466.4	175.5	79.5	650.5
Minority interest	3.3	0.0	0.0	0.3	3.6
Attributable net profit	858.5	-466.4	175.5	79.2	646.9
ROE	13.6%	--	7.4%	10.3%	6.1%
Cost / income	41.8%	--	67.2%	49.0%	49.9%
NPL ratio (%)	6.8%	34.4%	0.5%	0.6%	6.6%
NPL coverage ratio (%)	47.6%	63.1%	49.7%	159.4%	52.9%

Balance sheet 9M17

(€million)	Banking business Spain	Real Estate asset transformation	Banking business UK	Other geographies	Total
Total assets	133,995	15,640	47,132	14,309	211,076
Loans and advances to customers (Ex Repos)	92,923	4,250	35,912	8,776	141,862
RE exposure	0	3,995	0	23	4,017
Subtotal liabilities	125,045	13,676	45,647	13,503	197,872
On-balance sheet customer funds	92,205	106	34,337	4,647	131,295
Capital markets w wholesale funding	18,861	0	1,424	0	20,286
Equity	8,950	1,964	1,485	806	13,205
Off-balance sheet customer funds	44,086	14	0	1,030	45,129

Balance sheet 9M16

(€million)	Banking business Spain	Real Estate asset transformation	Banking business UK	Other geographies	Total
Total assets	126,741	18,125	43,164	17,813	205,843
Loans and advances to customers (Ex Repos)	92,197	6,546	33,248	10,644	142,634
RE exposure	0	5,174	0	21	5,196
Subtotal liabilities	118,322	15,977	41,638	16,711	192,648
On-balance sheet customer funds	89,101	144	33,639	8,192	131,076
Capital markets w wholesale funding	20,512	0	4,071	0	24,583
Equity	8,420	2,148	1,526	1,102	13,195
Off-balance sheet customer funds	38,742	15	0	954	39,711

Banking business Spain

Net profit in September 2017 amounted to €1,306.9 million, a year-on-year increase of 52.2% due to sales of businesses carried out throughout the year.

Net interest income grew to €1,903.7 million, a 1.0% increase compared to the same period in 2016. The quarterly decrease in net interest income is mainly due to the sale of Mediterráneo Vida. Considering a like-for-like basis, this item grew by 1.2%.

Net fees and commissions stood at €792.3 million, 10.5% higher than the previous year due to the positive performance of service fees and asset management fees.

Net trading income and income from exchange differences amounted to €519.2 million.

Income from equity method in this quarter recorded the extraordinary gain from BanSabadell Vida's net fee for the reinsurance contract with Swiss Re Europe.

Gross operating income amounted to €3,347.0 million, representing a 10.5% growth year-on-year.

Operating expenses and amortization amounted to €-1,300.7 million, a -2.6% decline compared to the same period in 2016.

Provisions and impairments amounted to €-842.9 million due to extraordinary provisions made during the year.

Gains on the sale of assets and other results amounted to €376.7 million and includes gains from the sale of Mediterráneo Vida and the sale of Sabadell United Bank.

(€ million)	Change (%)		
	9M16	9M17	YoY
Net interest income	1,885.3	1,903.7	1.0%
Income from equity method and dividends	71.1	301.8	324.3%
Net fees and commissions	716.8	792.3	10.5%
Results from financial transactions and foreign exchange	547.0	519.2	-5.1%
Other operating income/expense	-191.0	-170.0	-11.0%
Gross operating income	3,029.3	3,347.0	10.5%
Operating expenses and amortization	-1,335.2	-1,300.7	-2.6%
Pre-provisions income	1,694.1	2,046.3	20.8%
Impairment on loans & advances	-529.9	-842.9	59.1%
Gains on sale of assets and other results	33.5	376.7	1024.9%
Profit before tax	1,197.6	1,580.0	31.9%
Income tax	-335.9	-271.7	-19.1%
Consolidated net profit	861.8	1,308.3	51.8%
Minority interest	3.3	1.4	-56.8%
Attributable net profit	858.5	1,306.9	52.2%
Accumulated ratios			
ROE	13.6%	15.6%	
Cost / income	41.8%	39.5%	
NPL ratio (%)	6.8%	6.2%	
NPL coverage ratio (%)	47.6%	47.4%	

Simple evolution								
1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17		
637.4	624.4	623.5	628.0	630.8	639.5	633.4		
21.1	27.9	22.2	11.3	15.8	19.6	266.4		
230.4	241.9	244.4	243.0	256.9	268.8	266.6		
297.3	203.7	46.0	53.2	340.5	148.3	30.4		
-43.6	-96.5	-50.8	-149.4	-62.0	-84.2	-23.7		
1,142.6	1,001.4	885.3	786.2	1,182.0	992.0	1,173.0		
-447.6	-444.7	-442.9	-447.7	-430.3	-421.6	-448.8		
695.0	556.7	442.4	338.5	751.7	570.4	724.2		
-242.9	-239.9	-47.7	-39.5	-271.2	-176.2	-395.5		
-3.1	38.3	-1.3	5.5	-5.8	17.1	365.4		
449.1	355.1	393.5	304.5	474.7	411.2	694.1		
-141.7	-82.9	-111.2	-95.4	-139.9	-107.1	-24.8		
307.4	272.2	282.2	209.2	334.9	304.2	669.3		
1.2	0.7	1.4	2.2	1.6	-0.3	0.1		
306.2	271.4	280.9	207.0	333.2	304.5	669.2		
14.8%	15.4%	14.9%	19.4%	15.2%	15.5%	15.6%		
44.5%	41.2%	41.8%	43.4%	40.7%	38.7%	39.5%		
7.5%	7.0%	6.8%	6.6%	6.7%	6.5%	6.2%		
49.6%	49.4%	47.6%	43.2%	45.9%	43.0%	47.4%		

Loans and advances to customers (excluding repos) amounted to €92,923 million and grew by 0.8% year-on-year.

On-balance sheet customer funds increased by 3.5% year-on-year, with a significant growth of sight accounts. Off-balance sheet funds increased by 13.8%, with a strong growth in mutual funds.

(€ million)	Change (%)		
	9M16	9M17	YoY
Total assets	126,741	133,995	5.7%
Loans and advances to customers (Ex Repos)	92,197	92,923	0.8%
Subtotal liabilities	118,322	125,045	5.7%
On-balance sheet customer funds	89,101	92,205	3.5%
Capital markets w wholesale funding	20,512	18,861	-8.0%
Equity	8,420	8,950	6.3%
Off-balance sheet customer funds	38,742	44,086	13.8%
Other data			
Employees	16,198	15,837	-2.2%
Branches	2,131	1,930	-9.4%

Simple evolution								
1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17		
125,489	128,346	126,741	130,092	134,790	133,047	133,995		
91,792	93,248	92,197	92,059	91,769	92,426	92,923		
117,628	120,371	118,322	121,709	126,610	124,664	125,045		
89,642	91,756	89,101	89,835	90,455	92,933	92,205		
20,438	21,428	20,512	20,930	18,065	19,163	18,861		
7,860	7,975	8,420	8,382	8,180	8,383	8,950		
36,060	36,591	38,742	39,603	40,781	42,954	44,086		
16,213	16,160	16,198	16,001	15,912	15,875	15,837		
2,205	2,141	2,131	2,119	2,123	1,931	1,930		

Asset Transformation

Net profit as at September 2017 amounted to €-805.5, affected by the extraordinary provisions of this quarter.

Net interest income amounted to €-21.8 million, a lower figure than last year due to the reduction of the run-off loan portfolio.

Net trading income includes the impacts of the sales of non-performing asset portfolios.

Gross income increased to €18.5 million, 6.7% more than in the preceding year.

Operating expenses and amortization increased by 15.8% year-on-year to €-124.0 million due to the expansion of the servicer and the increase in the portfolio of hotels managed by Hotel Investment Partnership.

Provisions and impairments amounted to €-1,043 million due to extraordinary impairments carried out.

(€ million)	Change (%)			Simple evolution						
	9M16	9M17	YoY	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17
Net interest income	-15.4	-37.2	140.6%	-10.3	-3.0	-2.2	-10.8	-12.9	-9.0	-15.2
Income from equity method and dividends	-1.1	-0.4	-67.5%	0.0	-1.1	0.0	0.0	-0.1	-0.9	0.6
Net fees and commissions	-1.8	1.6	-187.4%	-0.5	-0.5	-0.8	0.4	0.4	0.7	0.5
Results from financial transactions and foreign exchange	-51.0	-34.9	-31.7%	-1.0	-50.1	0.0	0.6	-0.2	-34.4	-0.2
Other operating income/expense	86.8	89.3	2.9%	27.8	30.7	28.3	41.3	32.1	33.5	23.7
Gross operating income	17.4	18.5	6.7%	15.9	-24.0	25.4	31.5	19.3	-10.1	9.2
Operating expenses and amortization	-107.1	-124.0	15.8%	-35.0	-35.4	-36.7	-44.2	-40.7	-43.3	-40.0
Pre-provisions income	-89.7	-105.5	17.6%	-19.0	-59.4	-11.3	-12.8	-21.3	-53.4	-30.7
Impairment on loans & advances	-558.6	-1,043.0	86.7%	-185.5	-215.2	-157.9	-241.9	-213.6	-143.8	-685.6
Gains on sale of assets and other results	0.0	0.0	--	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Profit before tax	-648.3	-1,148.5	77.1%	-204.5	-274.6	-169.2	-254.7	-235.0	-197.2	-716.3
Income tax	181.9	343.0	88.5%	63.3	69.0	49.7	81.3	73.9	49.0	220.1
Consolidated net profit	-466.4	-805.5	72.7%	-141.2	-205.7	-119.5	-173.4	-161.1	-148.2	-496.3
Minority interest	0.0	0.0	--	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Attributable net profit	-466.4	-805.5	72.7%	-141.2	-205.7	-119.5	-173.4	-161.1	-148.2	-496.3
Accumulated ratios										
RDE	--	--	--	--	--	--	--	--	--	--
Cost / income	--	--	--	--	--	--	--	--	--	--
NPL ratio (%)	34.4%	28.9%	--	37.9%	34.7%	34.4%	31.7%	28.6%	25.1%	28.9%
NPL coverage ratio (%)	63.1%	53.2%	--	62.4%	61.4%	63.1%	54.2%	52.1%	52.9%	53.2%

Due to the good management of real estate assets, Loans and advances to customers (excluding repos) declined by -35.1% year-on-year and net real estate exposure declined by -22.8%.

Intra-group funding amounted to €12,904 million, -11.5% less than in the previous year.

(€ million)	Change (%)			Simple evolution						
	9M16	9M17	YoY	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17
Total assets	18,125	15,640	-13.7%	19,031	18,633	18,125	17,956	17,424	17,398	15,640
Loans and advances to customers (Ex Repos)	6,546	4,250	-35.1%	7,294	7,099	6,546	6,663	5,962	5,603	4,250
RE exposure	5,174	3,995	-22.8%	5,247	5,246	5,174	4,716	4,638	4,622	3,995
Subtotal liabilities	15,977	13,676	-14.4%	16,737	16,407	15,977	15,886	15,361	15,367	13,676
On-balance sheet customer funds	144	106	-26.2%	151	137	144	172	176	160	106
Intragroup financing	14,575	12,904	-11.5%	15,251	14,905	14,575	14,057	13,656	13,602	12,904
Equity	2,148	1,964	-8.6%	2,294	2,226	2,148	2,069	2,063	2,031	1,964
Off-balance sheet customer funds	15	14	-6.5%	31	31	15	15	14	14	14
Other data										
Employees	772	1,008	30.6%	653	750	772	825	867	919	1,008

Banking business United Kingdom

Net profit in September 2017 amounted to €74.6 million, representing a -57.5% decrease year-on-year.

Net interest income declined by -3.2% due to exchange rate fluctuations. Considering a constant exchange rate, net at 5.5%.

Trading income increased by 75.9%, mainly due to the early call of the Mortgage Enhancement portfolio. In 2016, it registered the income from the sale of Visa Europe shares.

Gross operating income, standing at €933.7 million, has declined slightly by -0.2%. Considering a constant exchange rate, this item increased by 10.8%.

Operating expenses and amortization increased by 11.1% to €-759.6 million due to expected step-up cost in TSB.

Provisions and impairments amounted to €-65.3 million. In 2016, they compensated against the expected loss reserve created in the Purchase Price Allocation exercise until the fourth quarter.

(€ million)	Change (%)			Simple evolution						
	9M16	9M17	YoY	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17
Net interest income	801.6	776.2	-3.2%	278.2	271.9	251.5	249.2	260.0	263.1	253.1
Income from equity method and dividends	0.0	0.0	--	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net fees and commissions	97.7	71.7	-26.6%	31.9	34.6	31.2	28.1	25.3	21.7	24.8
Results from financial transactions and foreign exchange	54.6	96.0	75.9%	4.7	50.2	-0.4	-1.0	11.1	78.4	6.5
Other operating income/expense	-18.0	-10.2	-43.6%	-0.5	-16.3	-1.3	0.2	-2.6	-4.4	-3.2
Gross operating income	935.8	933.7	-0.2%	314.4	340.4	281.0	276.6	293.7	358.8	281.2
Operating expenses and amortization	-683.8	-759.6	11.1%	-230.5	-226.6	-226.7	-235.5	-256.4	-261.2	-241.9
Pre-provisions income	252.0	174.1	-30.9%	83.8	113.8	54.4	41.1	37.3	97.6	39.3
Impairment on loans & advances	0.0	-65.3	--	0.0	0.0	0.0	-28.1	-23.9	-20.3	-21.0
Gains on sale of assets and other results	-2.0	6.1	-403.9%	0.0	0.0	-2.0	-2.4	7.5	-1.1	-0.3
Profit before tax	250.0	114.9	-54.0%	83.8	113.8	52.4	10.5	20.8	76.1	17.9
Income tax	-74.5	-40.3	-45.9%	-22.1	-29.8	-22.6	-6.7	-8.6	-23.0	-8.6
Consolidated net profit	175.5	74.6	-57.5%	61.7	84.0	29.8	3.8	12.2	53.1	9.3
Minority interest	0.0	0.0	--	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Attributable net profit	175.5	74.6	-57.5%	61.7	84.0	29.8	3.8	12.2	53.1	9.3
Accumulated ratios										
ROE	7.4%	3.3%		10.7%	9.1%	7.4%	8.0%	3.3%	3.5%	3.3%
Cost / income	67.2%	80.4%		67.3%	64.1%	67.2%	69.8%	81.3%	78.7%	80.4%
NPL ratio (%)	0.5%	0.4%		0.6%	0.5%	0.5%	0.5%	0.5%	0.5%	0.4%
NPL coverage ratio (%)	49.7%	50.0%		70.5%	64.6%	49.7%	52.7%	54.7%	49.9%	50.0%

Loans and advances to customers amounted to €35,912 million, an 8% increase year-on-year due to the strong growth of mortgages and despite the early call of the Mortgage Enhancement portfolio in June. Excluding this effect, and considering a constant exchange rate, loans and advances to customers increased by 15.7% compared with the previous year.

On-balance sheet customer funds amounted to €34,337 and increased by 2.1%. Considering a constant exchange rate, this growth stands at 4.5%.

(€ million)	Change (%)			Simple evolution						
	9M16	9M17	YoY	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17
Total assets	43,164	47,132	9.2%	42,832	43,398	43,164	43,720	47,519	47,195	47,132
Loans and advances to customers (Ex Repos)	33,248	35,912	8.0%	34,603	33,763	33,248	34,361	36,093	35,343	35,912
Subtotal liabilities	41,638	45,647	9.6%	41,199	41,788	41,638	42,200	45,980	45,696	45,647
On-balance sheet customer funds	33,639	34,337	2.1%	33,798	34,051	33,639	34,334	34,718	34,064	34,337
Capital markets w/ wholesale funding	4,071	1,424	-65.0%	4,048	4,370	4,071	3,882	1,581	1,489	1,424
Equity	1,526	1,485	-2.7%	1,632	1,609	1,526	1,521	1,539	1,499	1,485
Other data										
Employees	7,965	8,383	5.2%	8,199	8,068	7,965	8,060	8,524	8,444	8,383
Branches	599	551	-8.0%	612	604	599	587	585	551	551

Other geographies

Net profit in September 2017 amounted to €77.8 million, a year-on-year decrease of -1.9% due to the sale of SUB. Excluding SUB, net profit grew by 20.0%.

Net interest income, which stood at €235 million, increased by 7.1%, mainly as a result of the increase in Mexico's investment. Excluding SUB, net interest income grew by 29.7%.

Net fees and commissions declined by -18.3%, mainly due to fewer corporate banking transactions of Mexico.

Gross income, which stood at €283.9 million, recorded a decrease of -2.4%. Excluding SUB, gross income grew by 11.1%.

Operating expenses and amortization increased by 6.3% to €-161.1 million due to the expected costs of expansion into Mexico.

(€ million)	Change (%)		
	9M16	9M17	YoY
Net interest income	219.3	235.0	7.1%
Income from equity method and dividends	2.0	2.3	15.2%
Net fees and commissions	47.7	38.9	-18.3%
Results from financial transactions and foreign exchange	20.3	7.3	-64.1%
Other operating income/expense	1.4	0.4	-73.4%
Gross operating income	290.8	283.9	-2.4%
Operating expenses and amortization	-151.5	-161.1	6.3%
Pre-provisions income	139.2	122.8	-11.8%
Impairment on loans & advances	-25.0	-16.6	-33.7%
Gains on sale of assets and other results	0.5	1.2	134.4%
Profit before tax	114.8	107.4	-6.4%
Income tax	-35.2	-29.4	-16.6%
Consolidated net profit	79.5	78.0	-1.9%
Minority interest	0.3	0.3	-11.7%
Attributable net profit	79.2	77.8	-1.9%
Accumulated ratios			
RDE	10.3%	9.6%	
Cost / income	49.0%	54.1%	
NPL ratio (%)	0.6%	0.9%	
NPL coverage ratio (%)	159.4%	103.4%	

Simple evolution							
1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	
68.5	75.3	75.6	80.4	84.5	80.8	69.6	
0.5	0.4	1.1	1.2	0.6	1.0	0.7	
16.0	16.5	15.1	16.8	14.1	15.2	9.6	
10.0	2.7	7.7	3.0	2.7	3.9	0.7	
-0.3	-0.1	1.9	1.9	3.0	1.8	-4.3	
94.6	94.8	101.3	103.3	104.9	102.7	76.3	
-48.8	-51.0	-51.7	-54.2	-61.1	-61.0	-39.0	
45.9	43.8	49.6	49.0	43.8	41.7	37.3	
-6.5	-11.8	-6.1	-4.0	-1.8	-0.1	-14.7	
0.0	0.0	0.0	0.0	0.0	0.0	1.2	
39.3	32.0	43.4	45.0	42.0	41.6	23.8	
-13.9	-8.4	-12.9	-19.1	-10.2	-16.4	-2.8	
25.4	23.6	30.5	25.9	31.9	25.2	20.9	
0.1	0.0	0.2	-0.3	0.1	0.1	0.0	
25.3	23.5	30.4	26.2	31.7	25.1	20.9	
10.1%	9.7%	10.3%	13.2%	11.3%	10.0%	9.6%	
48.3%	49.3%	49.0%	49.1%	55.4%	55.9%	54.1%	
0.7%	0.6%	0.6%	0.5%	1.1%	0.8%	0.9%	
157.3%	173.4%	159.4%	174.8%	174.8%	213.5%	103.4%	

Loans and advances to customers amounted to €8,776.4 million, a -17.5% decrease due to the sale of Sabadell United Bank. Excluding SUB, loans and advances to customers grew by 22.6% mainly due to Mexico.

On-balance sheet customer funds amounted to €4,647 decreasing by -43.3% due to the sale of SUB. Excluding SUB, on-balance sheet customer funds grew by 3.8%. Off-balance sheet customer funds amounted to €1,030 million, representing an increase of 7.9%.

(€ million)	Change (%)		
	9M16	9M17	YoY
Total assets	17,813	14,309	-19.7%
Loans and advances to customers (Ex Repos)	10,644	8,776	-17.5%
RE exposure	21	23	7.2%
Subtotal liabilities	16,711	13,503	-19.2%
On-balance sheet customer funds	8,192	4,647	-43.3%
Equity	1,102	806	-26.9%
Off-balance sheet customer funds	954	1,030	7.9%
Other data			
Employees	1,037	744	-28.3%
Branches	61	41	-32.8%

Simple evolution							
1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	
16,669	17,514	17,813	20,740	19,360	19,819	14,309	
9,777	10,378	10,644	12,083	11,831	12,302	8,776	
18	21	21	22	31	31	23	
15,668	16,462	16,711	19,629	18,198	18,658	13,503	
7,699	8,207	8,192	9,116	8,633	8,772	4,647	
1,002	1,051	1,102	1,111	1,161	1,160	806	
1,016	933	954	988	1,052	1,029	1,030	
999	1,012	1,037	1,059	1,109	1,146	744	
57	61	61	61	59	66	41	

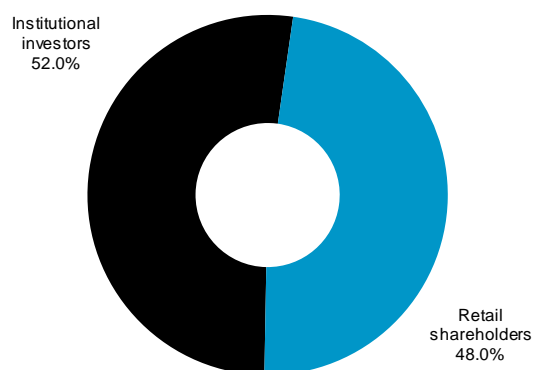
4. Share price performance

	30.09.2016	30.09.2017	Change (%) YoY
Shareholders and trading			
Number of shareholders	266,790	239,871	-10.1
Average number of shares (million)	5,430	5,573	2.6
Average daily trading volume (millions shares)	30	26	-12.1
Share price (€) (1)			
Opening session (of the year)	1.635	1.323	
High (of the year)	1.810	1.960	
Low (of the year)	1.065	1.295	
Closing session (end of quarter)	1.140	1.766	
Market capitalisation (€ million)	6,190	9,842	
Stock market multiples			
Earnings per share (EPS) (€)	(2) 0.14	0.14	
Book value per share (€)	2.36	2.39	
Price / Book value (times)	0.48	0.74	
Price / Earnings ratio (P/E) (times)	7.96	12.78	

(1) Without adjusting historical values.

(2) Net profit adjusted by the Additional Tier I coupon payment, after tax, registered in equity.

Shareholders' structure



Source: GEM, data at 30 September 2017.

5. Other key developments in the quarter

Banco Sabadell gives notice that Bansabadell Vida, S.A. de Seguros y Reaseguros, a company in which Banco Sabadell and Zurich Vida, Compañía de Seguros y Reaseguros, S.A. each hold a 50% interest, signed a reinsurance contract

On 24 July 2017, Bansabadell Vida, S.A. de Seguros y Reaseguros (Bansabadell Vida), company in which Banco Sabadell and Zurich Vida, Compañía de Seguros y Reaseguros, S.A. (Zurich) hold a 50% interest, executed a reinsurance contract in respect of its life insurance portfolio as at 30 June 2017.

Bansabadell Vida received a reinsurance commission of €683.7 million, resulting in net income of approximately €253.5 million for Banco Sabadell Group, after taxes and expenses relating to this transaction.

This agreement will not have any impact on Bansabadell Vida customers, nor on the policies subject to reinsurance.

Banco Sabadell gives notice that it has completed the sale of 100% of the share capital of its subsidiary Sabadell United Bank, N.A. to the US entity Iberiabank Corporation

On 31 July 2017, Banco Sabadell gave notice that, having obtained the relevant authorisations, it has completed the sale of its subsidiary Sabadell United Bank, N.A. (SUB) upon the transfer of the shares representing 100% of its share capital of its subsidiary to the U.S. entity Iberiabank Corporation (IBKC).

In terms of the purchase price, Banco Sabadell has received from IBKC \$795,980,080 in cash and 2,610,304 IBKC shares representing 4.87% of its share capital, with a value, as at close of trading on 28 July 2017, of \$208,954,835.

The estimated earnings on the transaction, which include the capital gain and earnings generated by SUB during the year, is of €402 million.

Banco Sabadell announces that the Board of Directors agreed to relocate its registered office

On 5 October 2017, the Board of Directors of Banco Sabadell agreed, in an extraordinary meeting, to relocate its registered office to Avenida Óscar Esplá nº 37, Alicante.

Banco Sabadell notifies the agreement to sell 100% of the share capital of its indirect subsidiary HI Partners Holdco Value Added, S.A.U., signed with an entity controlled by funds advised by The Blackstone Group L.P.

On 17 October 2017, Banco Sabadell notifies that its subsidiary Hotel Investment Partners, S.L. had sold the shares representing 100% of the share capital of HI Partners Holdco Value Added, S.A.U., its hotel management platform, to Halley Holdco S.à r.l, an entity controlled by funds advised by affiliates of The Blackstone Group L.P., for a price of €630,732,907, with the definitive consideration being potentially subject to non-material adjustments, and conditional upon the authorization of the National Markets and Competition Commission (Comisión Nacional de los Mercados y la Competencia).

The transaction is estimated to give rise to a net capital gain of €55 million in the results of Banco Sabadell for fiscal year 2017 and generate 22 basis points of Common Equity Tier 1 (CET1) in the regulatory capital position of Banco Sabadell as of December 31, 2017.

Banco Sabadell announce that the Board of Directors has resolved to distribute an interim dividend

On 26 October 2017 the Board of Directors has resolved to distribute an interim dividend out of the earnings of 2017 amounting to €0.02 (gross) per share, which shall be paid on 29 December 2017, the ex-dividend date being 27 December 2017.

6. Annex: TSB

The performance of TSB's income statement and balance sheet is shown below:

Income statement:

(in million pounds)		2Q17	3Q17	% QoQ	9M16	9M17	% YoY
Franchise and Whistletree	(1)	225.0	232.1	3.2%	610.0	674.2	10.5%
Mortgage enhancement	(2)	5.5	0.0	-100.0%	41.3	15.6	-62.2%
Net interest income		230.5	232.1	0.7%	651.3	689.8	5.9%
Franchise and Whistletree	(1)	29.4	26.6	-9.5%	83.0	80.8	-2.7%
Mortgage enhancement	(2)	46.7	0.0	-100.0%	-5.3	46.1	--
Other operating income		76.1	26.6	-65.0%	77.7	126.9	63.3%
Total income		306.6	258.7	-15.6%	729.0	816.7	12.0%
Total operating expenses (excl. one-offs)		-206.1	-203.5	-1.3%	-518.0	-612.4	18.2%
Franchise and Whistletree	(1)	-17.5	-18.9	8.0%	-61.8	-57.0	-7.8%
Mortgage enhancement	(2)	0.0	0.0	--	0.1	0.0	-100.0%
Impairment on loans & advances		-17.5	-18.9	8.0%	-61.7	-57.0	-7.6%
Management profit (excl. one-offs)		83.0	36.3	-56.3%	149.3	147.3	-1.3%
Other operating income		-6.5	-10.4	60.0%	12.3	-13.1	--
Tax income		-20.4	-7.1	-65.2%	-47.8	-36.5	-23.6%
Statutory Profit after Tax		56.1	18.8	-66.5%	113.8	97.7	-14.1%
		2Q17	3Q17	QoQ	9M16	9M17	YoY
TSB NIM	(3)	2.99%	3.01%	0.02 pp	3.14%	3.02%	-0.12 pp

(1) Franchise comprises the retail banking business carried out in the United Kingdom, which offers a broad range of financial services. Whistletree is a portfolio of former Northern Rock mortgage loans and unsecured debt which was acquired from Cerberus Capital Management Group with effect from 7 December 2015.

(2) The Mortgage Enhancement portfolio (valued at £3.4 billion) was created in February 2014 by Lloyd's Banking Group (LBG) to enhance TSB's profitability with a target of delivering £230 million profit over a four year period. TSB and LBG agreed an early settlement arrangement and the portfolio was returned to LBG on June 28, 2017. The transaction was effective as of June 1, 2017.

(3) Calculated as the net interest income divided by the average of performing gross loans.

Balance sheet:

(in million pounds)	3T16	2Q17	3Q17	%QoQ	% YoY
Franchise and Whistletree customer lending	26,686	30,175	30,829	2.2%	15.5%
Mortgage enhancement	1,944	0	0	--	-100.0%
Total Customer lending (Net)	28,630	30,175	30,829	2.2%	7.7%
Savings deposits	19,096	19,286	19,247	-0.2%	0.8%
Current account deposits	8,830	9,552	9,867	3.3%	11.7%
Business banking deposits	1,030	1,105	1,150	4.1%	11.7%
Total customer deposits	28,956	29,943	30,264	1.1%	4.5%
	3T16	2Q17	3Q17	QoQ	YoY
CET 1 Capital ratio	17.0%	19.3%	18.9%	-0.4 pp	1.9 pp

7. 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 (IFRS-EU), 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:

Alternative Performance measures	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. Average Total Assets are the moving average of total assets over the last 12 calendar months.	3
ROE	(*) (***) Profit attributed to the Group / average own funds. Numerator considers linear annualisation of profit obtained to date and adjusted by contributions to guarantee and resolution funds except year end.	3
RORWA	(*) Consolidated income during the year / risk-weighted assets (RWA).	3
ROTE	(*) (***) Profit attributed to the Group / average own funds. 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	(*) Staff expenses and other general administrative expenses / gross income. Calculated by adjusting gross income, taking into account the recurrent results from financial transactions with the best group estimate, excluding commission received for BanSabadell Vida value-in force “VIF”. 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
Other 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 and shareholdings, 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.	8
Gains on sale of assets and other results	Comprised of the following accounting items: gains or (-) losses on derecognition of non-financial assets and shareholdings, 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.	10
Other assets	Comprised of the following accounting items: 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: tax liabilities, 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 NPL and country-risk provisions.	18
Performing gross loans	Includes gross loans to customers excluding repos, NPL 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	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, marketable debt securities, subordinated liabilities and liabilities under insurance or reinsurance contracts.	20
Funds under management	Sum of on-balance sheet and off-balance sheet customer funds.	20
NPL coverage ratio	Shows the % of NPLs covered by provisions. Calculated using the ratio between the allowance of loans and advances to customers (including allowances for contingent exposures) / total non-performing exposures (including contingent liabilities).	22
NPL ratio	% of non-performing exposures 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, including contingent liabilities / Customer lending and contingent liabilities. See table for the definition of non-performing exposures. Contingent liabilities include granted guarantees and contingent commitments.	22
Non-performing exposures	Sum of accounting items: NPLs, Loans and advances to customers and non-performing guarantees granted.	24
Problematic assets	Sum of non-performing exposures and foreclosed real estate assets.	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
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.	27
Market capitalisation	Product of the share price and the average number of outstanding shares at the end of the period.	34
Earnings per share	Ratio between net profit attributed to the Group and the average number of outstanding shares at the end of the period. Numerator considers linear annualisation of profit obtained to date adjusted by the Additional Tier I coupon payment as well as adjusted by contributions to guarantee and resolution funds except year end.	34
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 own funds, considering linear annualisation of profit obtained to date and adjusted by contributions to guarantee and resolution funds except year end.	34
Price / Book value (times)	Ratio between share price / carrying value.	34
Price / Earnings ratio (P/E) (times)	(*) Ratio between share price / earnings per share.	34

(*) The linear accrual of contributions to guarantee funds and resolution funds have 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 December 2016.

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

www.grupbancsabadell.com/ INFORMACION_ACCIONISTAS_E_INVERSOSES/INFORMACION_FINANCIERA/MEDIDAS_ALTERNATIVAS_DEL_RENDIMIENTO

Investor relations

For further information, contact:



Investor Relations

investorrelations@bancsabadell.com

+44 2071 553 888

