



3Q20

**Quarterly Financial
Report**

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Basis of presentation

The consolidated income statement and balance sheet as at the end of September 2020 and 2019, together with the disclosures shown in this Financial Report, are presented in accordance with the accounting standards, principles and criteria defined in Note 1 to the Group's consolidated interim financial statements as at 30 June 2020.

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

1. Key figures

	Excl. TSB			Total group			
	30.09.19	30.09.20	YoY (%)	30.09.19	30.09.20	YoY (%)	
Profit and loss account (€ million)							
Net interest income	1,985	1,887	-5.0	2,712	2,545	-6.2	
Core revenues	2,965	2,818	-5.0	3,780	3,546	-6.2	
Gross operating income	3,014	2,880	-4.4	3,834	3,636	-5.2	
Pre-provisions income	1,426	1,284	-9.9	1,467	1,249	-14.9	
Attributable net profit	788	358	-54.6	783	203	-74.1	
Balance sheet (€ million)							
Total assets	177,940	192,954	8.4	222,809	236,094	6.0	
Performing gross loans	106,102	110,047	3.7	140,901	145,462	3.2	
Gross loans to customers	111,977	115,567	3.2	147,535	151,557	2.7	
On-balance sheet customer funds	108,690	111,379	2.5	142,416	148,163	4.0	
Off-balance sheet customer funds	43,689	41,935	-4.0	43,689	41,935	-4.0	
Total customer funds	152,379	153,314	0.6	186,105	190,098	2.1	
Net equity	--	--	--	13,057	12,731	-2.5	
Shareholders' equity	--	--	--	13,267	13,168	-0.8	
Profitability and efficiency ratios (%)							
ROA	--	--	--	0.40	0.09	--	
RORWA	--	--	--	1.08	0.25	--	
ROE	--	--	--	6.92	1.49	--	
ROTE	--	--	--	8.58	1.85	--	
Efficiency	46.09	47.37	--	54.13	56.28	--	
Risk management							
Non-performing exposures (€million)	(1)	5,932	5,617	-5.3	6,391	6,127	-4.1
Total problematic assets (€million)	(1)	6,964	7,137	2.5	7,424	7,647	3.0
NPL ratio (%)	(1)	4.89	4.50	--	4.08	3.81	--
NPL coverage ratio (%)	(1)	51.8	56.2	--	51.1	56.5	--
Problematic assets coverage (%)	(1)	49.6	51.8	--	49.1	52.3	--
Liquidity management (%)							
Loan-to-deposits ratio	98	99	--	99	98	--	
LCR	181	226	--	168	206	--	
Capital management							
Risk weighted assets (RWA) (€million)	--	--	--	82,615	77,797	-5.8	
Common Equity Tier 1 (%)	--	--	--	12.1	12.9	--	
Tier 1 (%)	--	--	--	13.5	14.4	--	
Total capital ratio (%)	--	--	--	15.3	16.5	--	
Leverage ratio (%)	--	--	--	4.98	5.25	--	
Share data (period end)							
Number of shareholders	--	--	--	236,844	246,671	--	
Average number of shares (million)	--	--	--	5,536	5,586	--	
Share price (€)	(2)	--	--	0.890	0.297	--	
Market capitalisation (€million)	--	--	--	4,928	1,660	--	
Earnings per share (EPS) (€)	(3)	--	--	0.15	0.02	--	
Book value per share (€)	--	--	--	2.38	2.35	--	
TBV per share (€)	--	--	--	1.93	1.88	--	
Price / Book value (times)	--	--	--	0.37	0.13	--	
Price / Earnings ratio (P/E) (times)	--	--	--	5.88	13.65	--	
Other data							
Branches	1,893	1,719	--	2,437	2,204	--	
Employees	17,202	16,890	--	24,997	23,918	--	

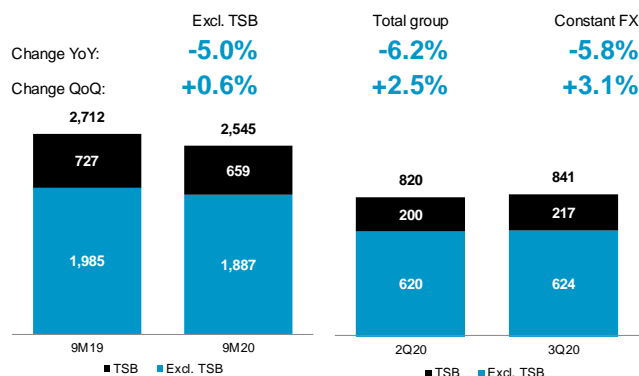
- (1) NPA portfolios sold to institutional investors have been reclassified in 2019 as non-current assets held for sale, therefore the figures are shown excluding these assets.
(2) Without adjusting historical values.
(3) Net profit adjusted by the Additional Tier 1 coupons recorded under equity.
(4) The EURGBP exchange rate used for the income statement as at 30.09.2020 is 0.8837. The exchange rate used for the balance sheet is 0.9124.

2. Summary

Net interest income

Net interest income amounted to 2,545 million euros as at the end of September 2020, declining by -6.2% year-on-year and growing by 2.5% in the quarter. The year-on-year change is mainly due to lower interest rates, lower income following the consumer loan securitisation carried out in the third quarter of the previous year, lower overdraft fees due to the support taken in relation to Covid-19 and a smaller contribution of the ALCO portfolio.

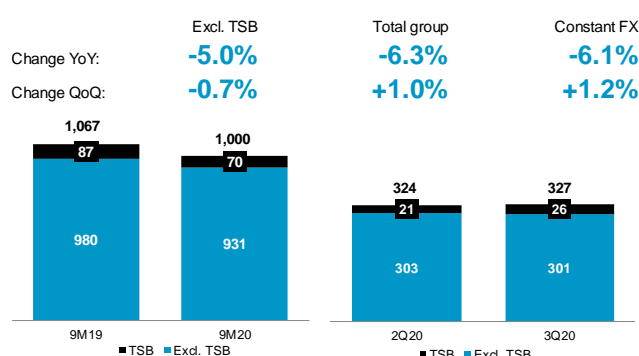
This quarterly growth was supported by larger volumes, additional TLTRO III funding and an increase in overdraft fees at TSB, now that the Covid-19 support measures are starting to come to an end.



Net fees and commissions

Fees and commissions amounted to 1,000 million euros, representing a year-on-year decline of -6.3% and a quarterly growth of 1.0%. The year-on-year change has been affected by lower activity levels brought about by the lockdown due to the pandemic, with service fees recording the largest impact.

The growth in the quarter was supported by service fees, after activity levels bounced back as restrictions were lifted, offsetting the drop in asset management fees after the disposal of Sabadell Asset Management was closed on 30 June 2020.

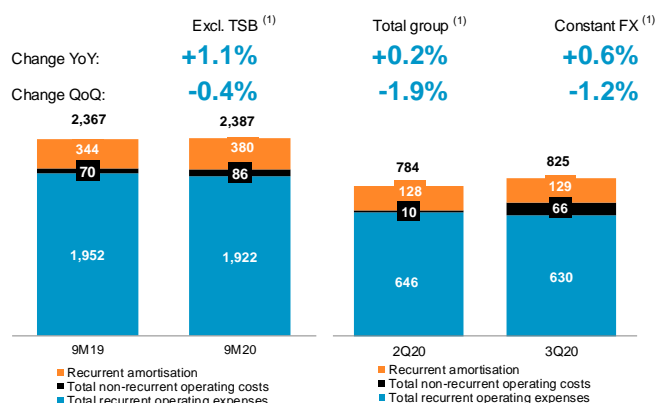


Total costs

Total costs amounted to -2,387 million euros as at the end of September 2020, increasing by 0.9% compared to the same period in the previous year. Recurrent costs increased slightly by 0.2% year-on-year. Non-recurrent costs increased, driven by the acceleration of restructuring costs in TSB, which amounted to -71 million euros in the third quarter and -83 million euros year to date.

In the quarter, recurrent costs were down by -1.9%, due to lower personnel expenses.

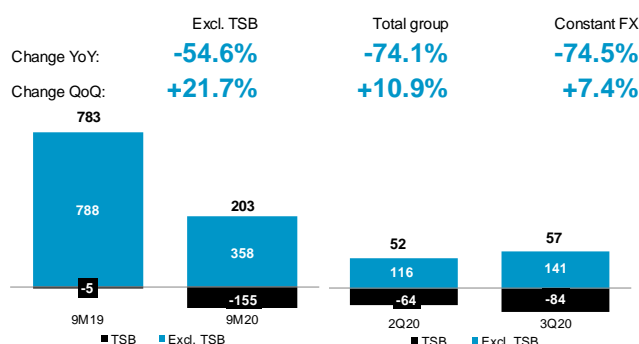
The group efficiency ratio stood at 56.3% as at the end of September 2020, impacted by restructuring costs at TSB. Excluding these costs, the efficiency ratio was 53.9%.



Net profit of the Group

The Group's net profit amounted to 203 million euros as at end of September 2020, decreasing in year-on-year terms due to the increase in loan loss provisions after updates made to IFRS9 models to incorporate macroeconomic scenarios that factor in Covid-19, as well as the reduction in income as a result of lower activity levels brought about by the pandemic.

The growth in net profit during the quarter was supported by the recovery of core business and the reduction of provisions. Additionally, the previous quarter had been impacted by the contributions made to the Single Resolution Fund (SRF).

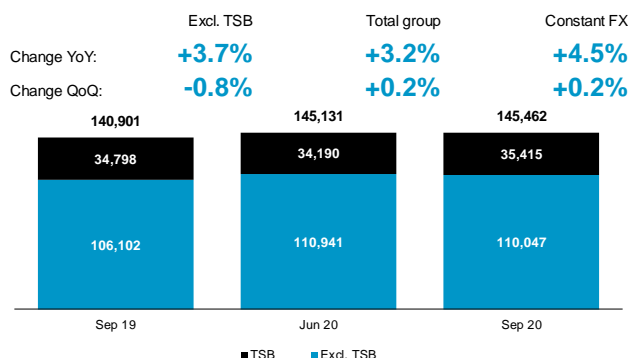


(1) Change in recurrent costs.

Performing loans

Performing loans increased by 3.2% year-on-year and by 0.2% in the quarter. Considering a constant exchange rate, they increased by 4.5% in the year, driven by a positive performance across geographies with the main growth drivers of the business in Spain being ICO-guaranteed loans granted to corporates, SMEs and the self-employed, while in quarter-on-quarter terms, lending grew by 0.2%, mainly due to the increase of core mortgage in TSB.

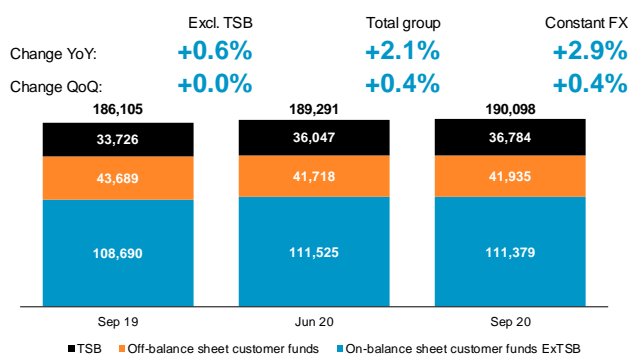
Excluding the APS impact, performing loans increased by 4.3% year-on-year and 0.2% in the quarter, rising to 5.5% YoY and 0.3% in the quarter considering a constant exchange rate.



Customer funds

On-balance sheet customer funds grew by 4.0% year-on-year and by 0.4% in the quarter. Considering a constant exchange rate, they increased by 5.0% year-on-year and 0.4% in the quarter, mainly due to the increase in sight accounts, which offset the decline in term deposits.

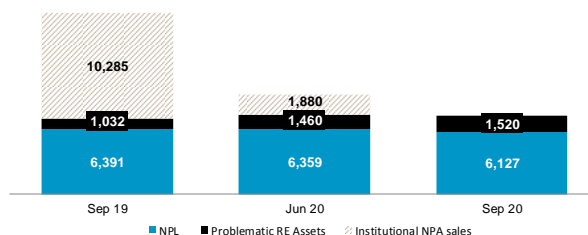
Off-balance sheet funds fell by -4.0% year-on-year and increased by 0.5% in the quarter due to mutual funds, which were impacted by financial markets performance.



Problematic assets (*)

The Group recorded an organic reduction of problematic assets of -172 million euros in the quarter, as non-performing loans decreased by -232 million euros due to lower inflows and the active management of NPLs, while foreclosed assets increased by 60 million euros.

It is worth noting that 100% of the share capital of SDIN Residencial and a pool of real estate assets have been disposed this quarter.



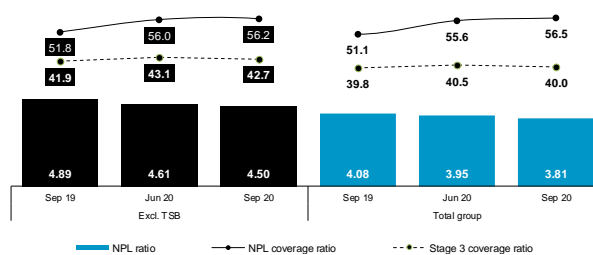
NPL ratio and coverage (*)

The Group's NPL ratio stood at 3.81%, improving in relation to the September 2019 figure of 4.08% and the June 2020 figure of 3.95%.

The NPLs coverage ratio stood at 56.5% and the stage 3 coverage ratio stood at 40.0%.

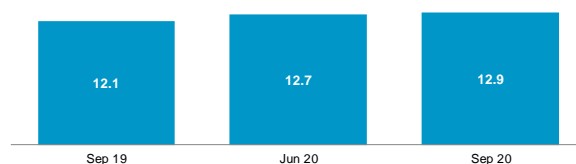
The ratio of problematic assets in relation to gross loans plus real estate assets improved, reaching 5.0%.

The Group's credit risk cost was 88bps at the end of September 2020, improving on June's figure of 107bps.



Capital ratio

The CET1 ratio stood at 12.9%⁽¹⁾ at the end of September 2020, improving by +22bps with respect to the previous quarter, with +12bps corresponding to IFRS9, +5bps corresponding to the disposal of the real estate developer, and +5bps corresponding to other items.



(*) NPA portfolios sold to institutional investors have been reclassified in 2019 as non-current assets held for sale, therefore the figures are shown excluding these assets.

(1) Once the disposal of the depositary business is closed in the second quarter of 2021, an additional impact of +8bps will be recorded.

3. Performance review

Macroeconomic environment

Global economic, political and financial environment

The coronavirus pandemic has continued to be the main economic and financial constraint in 3Q20. In Europe, where the situation was kept relatively under control in June and July, new infections have once again surged in a number of countries, including France and Spain. Against this backdrop, at the end of July many countries began to announce new measures in an effort to contain the virus (limits on inside and outside gatherings, nightlife restrictions, etc.). In contrast to what happened in March and April, the mortality rate has remained quite low.

The global economy suffered an unprecedented contraction in the first half of the year. The hardest hit economies were those that are more reliant on the services sector. The varying severity of measures taken to contain the spread of the virus is another factor that explains the uneven performance of the different economies. The easing of lockdown measures from May onwards has boosted activity levels in 3Q20. However, not all countries and sectors are recovering equally, and economic growth in 3Q20 is expected to only partially recover the ground lost in 1H20.

One major aspect in Europe has been the decision to create a European Recovery Fund. This Fund will provide grants to countries, partly through transfers, thus avoiding a deterioration of national fiscal metrics, and partly through loans. The funds will be obtained through debt issued by the European Commission in financial markets. To access these funds, countries will be required to present investment and structural reform projects that are in line with the Council recommendations for the different countries and also with the priorities of the European Commission. This European macroeconomic stabilisation mechanism represents a significant step towards European integration.

In relation to Brexit, the UK and the EU have continued negotiations around their future relationship, but with little success. The stumbling blocks are the same ones that existed when these negotiations began: fishing, level playing field and governance. The UK Government introduced its Internal Market Bill to Parliament in September. The controversial bill proposes breaching the terms of the Withdrawal Agreement (WA). The EU Parliament and US Congress have indicated they will not ratify a trade agreement with the UK unless the parts of the bill that break the terms of the WA are removed. The EU warned that it would take legal action over the UK's plans to break the WA, but that it would nevertheless continue negotiations.

Economic situation in Spain

The economic impact of the measures taken since mid-March to contain the spread of the virus saw GDP plunge by 17.8% in 2Q20 in the sharpest drop on record. Added to the 5.2% quarterly drop in GDP recorded in 1Q20, this latest drop has resulted in Spain recording the largest decline in economic activity out of all of the major European economies in the first half of the year. The economy began to gradually recover in May, when lockdown measures were lifted, although this

growth has since slowed in the face of a resurgence of the pandemic and the measures that have been reimposed in an effort to contain it. In any event, the reopening of the economy resulted in consensus estimates of double-digit GDP growth in 3Q20. The Bank of Spain expects GDP growth in the quarter to be between 13% and 16%.

The labour market, meanwhile, continues to gradually improve. Approximately half of the jobs lost between March and April had been recovered by September, while the number of furloughed workers has fallen by 78% from its peak figure recorded in April. However, this reduction in the number of furloughed workers has also slowed since mid-August, and employment figures in some sectors related to tourism are still far below their pre-pandemic levels.

Lastly, Standard & Poor's revised its outlook of Spain's public debt rating (A) downwards, from stable to negative, in the face of the possibility that 2021 budgets might not be approved and that the current economic weakness might continue over the next two years.

Economic situation in the United Kingdom

Activity levels bottomed out in April (with GDP falling by -25.3% from the pre-crisis level recorded in February). Activity began to recover in May, as the government started easing lockdown measures, and continued to grow until July. Since then, this growth has slowed as restrictions have been reimposed in some areas in an effort to contain the spread of the virus. In August, economic activity was still 9% below pre-crisis levels. Inflation dropped to 0.2% year-on-year in August, but had recovered slightly in September, standing at a still modest 0.5% year-on-year.

The labour market has been considerably more resilient than expected, thanks to the wage subsidy schemes introduced by the Government. The unemployment rate rose from 4.0% to 4.5% between February and August. Nevertheless, research houses continue to expect a sharper rise in unemployment, as some of the wage subsidy schemes will likely become less generous and stricter eligibility criteria will be applied.

In the housing market, prices began to pick up as lockdown measures were lifted. As at September, house prices had risen by 7.3% to their highest since June 2016. Factors that helped to drive this rebound in house prices include: (i) pent-up demand, (ii) the increase of the Stamp Duty Land Tax threshold, and (iii) the increase in people's preference for working from home. Monthly mortgage approvals, which had plunged by almost 90% in May, have recovered significantly, jumping beyond pre-crisis levels to hit a 13-year high.

Government guarantee schemes also continued to provide significant support for the economy, with an ongoing upward trend in SME lending.

The unprecedented measures put in place by the Government to deal with the coronavirus crisis have had a significant impact on public accounts. Public deficit between April and September was four times higher than the figure for the whole of the previous tax year, and the highest figure ever recorded

in the first six months of a tax year. Public debt soared to its highest levels since 1960.

Economic situation in Latin America

Latin American economies saw record falls in economic activity levels in the second quarter of 2020 as a result of the measures taken to contain the virus. Many countries in this region lack healthcare and fiscal resources and this, combined with concerns about the global spread of the virus, suggests that economic recovery is likely to be complex. However, the number of new Covid-19 cases detected in the region has been falling since September.

In Mexico, the Government has continued to refuse to implement any tax stimulus measures to support the economy and the country's economic response continues to be among the world's most frugal. Despite this, economic recovery is slowly taking shape, driven particularly by external demand (US) and by the automotive industry, both of which have practically returned to normal. In contrast, domestic demand and investment continue to show signs of weakness. In this environment, consensus estimates of economic growth for this year have stopped being revised downwards. On the other hand, the benefits from the entry into effect of the new NAFTA in July will only be obtained if investor demand picks up, something that largely depends on how AMLO's government manages the economy.

In Brazil, the rapid reopening of the economy and the strong fiscal stimulus measures are allowing it to recover faster than other countries in the region. However, there are increasing concerns regarding the sustainability of public accounts and there are clear divisions between Bolsonaro and his economy minister, who favours smaller fiscal stimulus.

Fixed income markets

Central banks in the main developed economies have shown a clearly accommodative tone. The ECB has shown its concern for the appreciation of the euro and the low inflation rates in the eurozone. It has indicated that it will expand its monetary policy measures if needed. The BoE has also indicated its willingness to expand its monetary policy measures. However, the aspect that has taken centre stage in the BoE has been the possibility of interest rates being reduced to negative figures, something that the market has been pricing in since May. The Governor of the BoE has indicated that although negative rates are certainly in the toolbox, they are not something that will be implemented immediately. The Fed, meanwhile, changed up its monetary policy strategy, establishing an average inflation target in order to allow inflation to go above the fixed target of 2%. The

Fed has scaled down its interventions in public debt and credit markets.

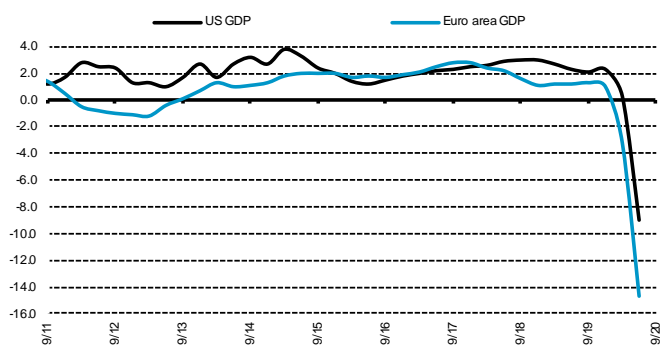
Yields on long-term German government bonds fell slightly and remained at clearly negative levels, influenced by the accommodative tone of the ECB's monetary policy. In terms of the interbank market, the generous amounts of liquidity injected by the ECB, together with the performance of other money markets, have weighed down on the Euribor curve, which recorded record lows, with a number of tranches falling below the deposit rate (-0.50%). Yields on long-term US government debt, on the other hand, increased slightly, influenced by expectations that an additional fiscal stimulus package will be approved. Yields on UK government bonds remained broadly unchanged.

Risk premiums in the periphery are at or approaching pre-pandemic levels. Risk premiums were supported by the economic recovery that began in May, by expectations that the ECB's accommodative policies would be extended and by the agreement in relation to the EU Recovery Fund.

Equity markets

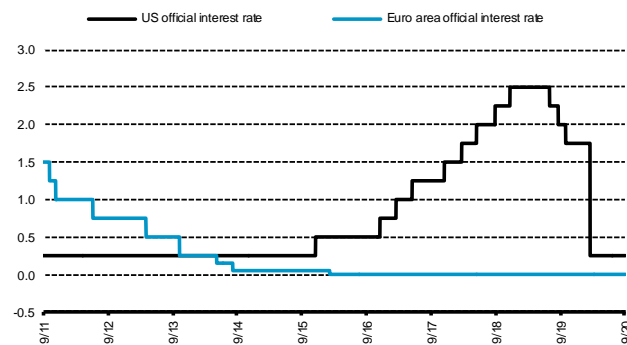
3Q20 can be divided into two, clear parts. In July and August, equity markets performed well, supported by the recovery of economic data, the backing from central banks and positive news regarding potential vaccines for Covid-19. In September, markets were negatively impacted by the emergence of new Covid-19 clusters. Overall in the quarter, S&P500 gained +4.0% in euros and Japan's Nikkei rose by almost +2.0% in euros. Stock markets in Europe have not performed so well. Euro STOXX 50 dropped -1.3%, with Germany's DAX climbing +3.7% while Spain's IBEX brought up the rear, affected by the resurgence of cases and falling by -7.1%.

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



Source: Bloomberg

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



Exchange rates: Parity vs. euro

Fx	30.09.19	31.12.19	31.03.20	30.06.20	30.09.20
USD	1.0889	1.1234	1.0956	1.1198	1.1708
GBP	0.8857	0.8508	0.8864	0.9124	0.9124
MXN	21.4522	21.2202	26.1772	25.9470	26.1848

Source: Bank of Spain

Income statement

Highlights:

Core banking revenue performed well in the quarter, mainly supported by the growth of net interest income as the Covid-19 support measures put in place in TSB started to come to an end.

It is worth highlighting the acceleration of TSB's restructuring costs, which in the quarter has entailed the recognition of -76 million euros in non-recurrent impacts, of which -71 million euros have been recognised as non-recurred costs and -5 million euros have been recorded under gains on sale of assets.

It is also worth noting that 100% of the share capital of SDIN Residencial and a pool of real estate assets have been disposed this quarter, generating a capital gain of 9 million euros (net). This impact is recognised in different headings on the income statement (-32 million euros (gross) in "Other impairments", +31 million euros (net) in "Gains on sale of assets and other results").

Income statement

(€ million)	Excl. TSB			Total group			
	9M19	9M20	YoY (%)	9M19	9M20 ⁽¹⁾	YoY (%)	YoY (%) at constant FX
Net interest income	1,985	1,887	-5.0	2,712	2,545	-6.2	-5.8
Net fees and commissions	980	931	-5.0	1,067	1,000	-6.3	-6.1
Core revenues	2,965	2,818	-5.0	3,780	3,546	-6.2	-5.9
Net trading income and exchange differences	114	155	36.0	130	177	36.0	36.3
Income from equity method and dividends	52	25	-52.1	52	25	-52.1	-52.1
Other operating income/expense	-118	-118	0.1	-128	-112	-12.8	-11.7
Gross operating income	3,014	2,880	-4.4	3,834	3,636	-5.2	-4.9
Operating expenses	-1,344	-1,326	-1.3	-2,023	-2,001	-1.1	-0.7
Personnel expenses	-916	-907	-0.9	-1,226	-1,212	-1.1	-0.8
Other general expenses	-428	-419	-2.2	-797	-789	-1.0	-0.5
Amortisation & depreciation	-244	-270	10.5	-344	-386	12.3	12.6
<i>Promemoria:</i>							
Recurrent costs	-1,574	-1,592	1.1	-2,296	-2,302	0.2	0.6
Non-recurrent costs	-14	-4	-73.4	-70	-86	21.7	24.2
Pre-provisions income	1,426	1,284	-9.9	1,467	1,249	-14.9	-14.8
Provisions for NPLs	-385	-986	156.2	-426	-1,156	171.3	172.6
Provisions for other financial assets	-10	-85	--	-16	-84	--	--
Other impairments	-125	-151	20.8	-125	-151	20.8	20.8
Gains on sale of assets and other results	140	303	115.7	138	298	116.2	116.1
Profit before tax	1,046	365	-65.1	1,037	156	-85.0	-85.4
Income tax	-251	-7	-97.3	-248	47	--	--
Minority interest	7	1	-90.3	7	1	-90.3	-90.3
Attributable net profit	788	358	-54.6	783	203	-74.1	-74.5

(1) The EURGBP exchange rate used for the income statement is 0.8837.

Quarterly income statement

(€ million)	Excl. TSB						Total group						
	3 Q19	4 Q19	1Q20	2 Q20	3 Q20	QoQ (%)	3 Q19	4 Q19	1Q20	2 Q20	3 Q20	QoQ (%)	QoQ (%) at constant FX
Net interest income	665	659	643	620	624	0.6	906	910	884	820	841	2.5	3.1
Net fees and commissions	330	343	327	303	301	-0.7	361	372	349	324	327	10	12
Core revenues	995	1,001	969	923	925	0.2	1,268	1,282	1,234	1,144	1,168	2.1	2.6
Net trading income and exchange differences	90	-3	137	-1	19	--	86	-4	151	4	22	--	--
Income from equity method and dividends	16	9	4	10	11	8.5	16	9	4	10	11	8.5	8.5
Other operating income/expense	-20	-179	-18	-81	-19	-77.0	-29	-188	-17	-69	-26	-63.0	-62.5
Gross operating income	1,082	827	1,092	852	936	9.9	1,340	1,098	1,371	1,089	1,176	7.9	8.4
Operating expenses	-462	-483	-441	-446	-440	-13	-683	-721	-652	-654	-694	6.2	7.1
Personnel expenses	-312	-309	-310	-306	-291	-5.1	-416	-423	-403	-394	-414	5.1	5.9
Other general expenses	-150	-174	-131	-139	-149	7.0	-267	-298	-249	-260	-280	7.8	8.9
Amortisation & depreciation	-83	-90	-87	-89	-93	4.1	-117	-126	-126	-130	-131	0.8	14
<i>Promemoria:</i>													
Recurrent costs	-541	-567	-526	-534	-532	-0.4	-780	-812	-768	-774	-760	-19	-12
Non-recurrent costs	-4	-6	-2	-1	-1	8.9	-9	-34	-10	-10	-66	--	--
Pre-provisions income	537	254	564	317	403	27.3	540	251	593	305	350	14.8	14.2
Provisions for NPLs	-109	-218	-362	-435	-189	-56.5	-124	-246	-400	-518	-238	-54.1	-53.9
Provisions for other financial assets	-2	-8	-16	-65	-4	-93.8	-2	-5	-14	-65	-4	-93.8	-93.8
Other impairments	-68	-119	-39	-52	-60	16.2	-68	-119	-39	-52	-60	16.2	16.2
Gains on sale of assets and other results	0	34	1	274	28	-89.9	-2	32	1	275	22	-91.8	-91.9
Profit before tax	357	-57	149	39	178	--	345	-86	141	-55	71	--	--
Income tax	-98	84	-48	75	-35	--	-93	73	-46	105	-12	--	--
Minority interest	1	2	1	-2	2	--	1	2	1	-2	2	--	--
Attributable net profit	258	25	101	116	141	21.7	251	-15	94	52	57	10.9	7.4

(1) The EURGBP exchange rate used for the income statement of the quarter is 0.9054.

Net interest income:

Net interest income amounted to 2,545 million euros as at the end of September 2020, representing a decline of -6.2% in the year and a growth of 2.5% in the quarter. The year-on-year change is mainly due to lower interest rates, lower income following the consumer loan securitisation carried out in the third quarter of the previous year, lower overdraft fees due to the support taken in relation to Covid-19 and a smaller contribution of the ALCO portfolio.

Excluding TSB, net interest income amounted to 1,887 million euros as at the end of September 2020, representing a decrease of -5.0% compared to the previous year, for the reasons already explained above, while the quarterly growth of 0.6% was supported mainly by the inflow of funds from TLTRO III.

TSB's net interest income amounted to 659 million euros, falling by -9.4% compared to the previous year, due to the interest rate cut in the UK, Covid-19 and the measures taken to contain it. As these measures have now started to come to an end, this has pushed net interest income up by 8.7% in the quarter, and it has also been boosted by larger volumes.

Customer spread and net interest margin:

The customer spread stood at 2.27% (2.17% excluding TSB) and the net interest margin relative to average total assets stood at 1.43% (1.31% excluding TSB).

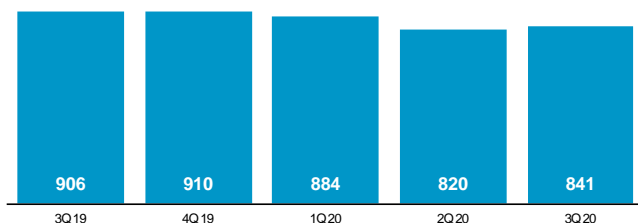
At ex-TSB level, the customer spread has been affected by the change in credit mix, the cost of ICO guarantees, lower overdraft fees and the lower contribution from Mexico and Miami. Additionally, the net interest margin as a percentage of average total assets has been impacted by higher assets derived from TLTRO III funding.

In TSB, the growth was driven by the recovery of overdraft fees and the lower cost of customer funds.

Excluding the impact of overdraft fees, the customer spread was 2.36% (2.27% excluding TSB). The impact of ICO guarantees was -3bps in second quarter and -3bps in third quarter.

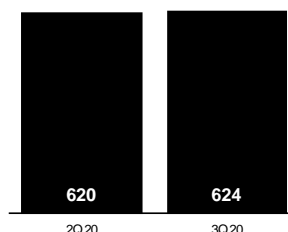
Evolution of net interest income

Total group (€ millions)



Change YoY:	-6.2%	Constant FX	-5.8%
Change QoQ:	+2.5%		+3.1%

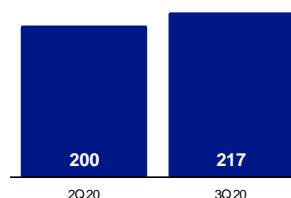
Sabadell ex - TSB (€ millions)



Change YoY:
-5.0%

Change QoQ:
+0.6%

TSB (€ millions)



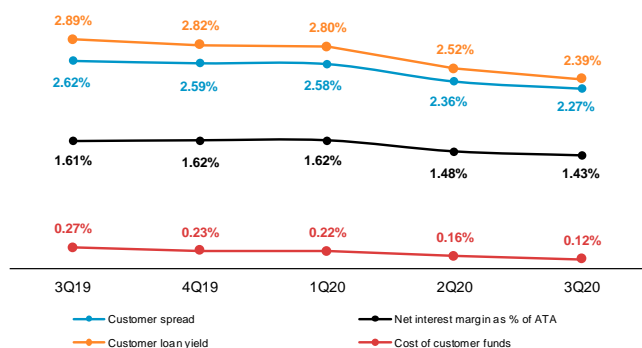
Change YoY:
-9.4%

Constant FX
-9.5%

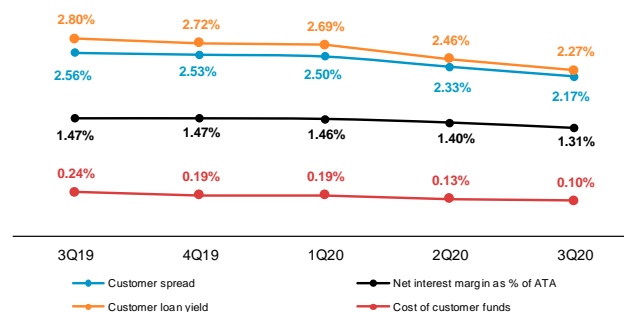
Change QoQ:
+8.7%

Constant FX
+10.9%

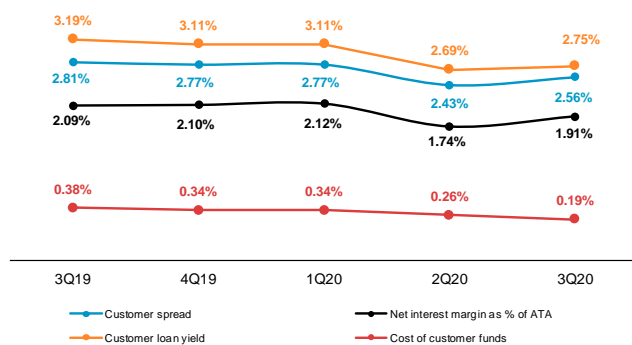
Net interest income, Group (%)



Net interest income, ex-TSB (%)



Net interest income, TSB (%)



Gains and charges in the quarter

Total Group

2020 (€ 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 (2)	26,255	0.19	13	28,341	0.10	7	36,048	-0.08	-7			
Loans to customers (net)	142,034	2.80	988	143,838	2.52	900	144,698	2.39	869			
Fixed-income securities	27,499	1.16	79	26,550	0.96	63	29,524	0.87	65			
Equity securities	1,000	--	--	1,038	--	--	1,044	--	--			
Tang. & intang. assets	5,475	--	--	5,412	--	--	5,353	--	--			
Other assets	18,074	1.41	63	17,380	1.00	43	16,484	0.56	23			
Total assets	220,338	2.09	1,143	222,558	1.83	1,014	233,151	1.62	950			
Financial institutions (3)	22,792	-0.14	-8	23,720	0.08	5	34,093	0.69	59			
Customer deposits (4)	149,636	-0.22	-82	151,935	-0.16	-61	153,694	-0.12	-46			
Capital markets	25,330	-1.33	-84	24,211	-1.28	-77	23,439	-1.31	-77			
Other liabilities	9,672	-3.55	-85	9,953	-2.45	-61	9,165	-1.94	-45			
Shareholders' equity	12,908	--	--	12,739	--	--	12,760	--	--			
Total funds	220,338	-0.47	-259	222,558	-0.35	-194	233,151	-0.19	-109			
Net interest income			884			820			841			
Customer spread		2.58			2.36			2.27				
Net interest margin as % of ATA		1.62			1.48			1.43				

2019 (€ million)	1st Quarter			2nd Quarter			3rd Quarter			4th Quarter		
	Avg. balance	Rate %	Results	Avg. balance	Rate %	Results	Avg. balance	Rate %	Results	Avg. balance	Rate %	Results
Cash and cash equivalent (2)	31,207	0.19	15	33,178	0.21	17	27,695	0.26	18	26,689	0.19	13
Loans to customers (net)	138,026	2.97	1,011	139,417	2.94	1,022	139,634	2.89	1,018	141,583	2.82	1,006
Fixed-income securities	25,213	1.34	83	26,672	1.30	87	28,356	1.20	86	27,469	1.25	86
Equity securities	869	--	--	935	--	--	856	--	--	859	--	--
Tang. & intang. assets	5,331	--	--	5,364	--	--	5,405	--	--	5,493	--	--
Other assets	20,543	1.67	85	21,034	1.46	77	21,026	1.64	87	21,012	1.75	92
Total assets	221,189	2.19	1,194	226,600	2.13	1,203	222,972	2.15	1,209	223,104	2.13	1,198
Financial institutions (3)	32,238	-0.15	-12	31,913	-0.12	-9	26,511	-0.20	-14	23,989	-0.15	-9
Customer deposits (4)	144,271	-0.27	-97	148,279	-0.29	-107	147,937	-0.27	-102	149,653	-0.23	-86
Capital markets	24,639	-1.39	-85	24,855	-1.45	-90	24,527	-1.50	-93	24,932	-1.44	-90
Other liabilities	7,698	-5.23	-99	8,893	-4.13	-92	11,109	-3.38	-95	11,509	-3.56	-103
Shareholders' equity	12,343	--	--	12,659	--	--	12,888	--	--	13,020	--	--
Total funds	221,189	-0.54	-293	226,600	-0.53	-298	222,972	-0.54	-303	223,104	-0.51	-288
Net interest income			901			905			906			910
Customer spread		2.70			2.65			2.62			2.59	
Net interest margin as % of ATA		1.65			1.60			1.61			1.62	

- (1) The EURGBP exchange rate used for the income statement in the quarter is 0.9054 while that used for the balance sheet is 0.9124.
- (2) Includes cash, central banks, credit institutions and repos.
- (3) Financial income or expenses arising from the application of negative interest rates are recorded in line with the nature of the associated asset or liability. The credit institutions heading on the liabilities side includes financial income arising from the application of negative interest rates to deposits of credit institutions on the liabilities side, mainly those relating to TLTRO II and III.
- (4) Includes repos.

Sabadell ex-TSB

2020 (€ million)	1st Quarter			2nd Quarter			3rd Quarter			4th Quarter		
	Avg.balance	Rate %	Results	Avg.balance	Rate %	Results	Avg.balance	Rate %	Results	Avg.balance	Rate %	Results
Cash and cash equivalents (1)	20,691	0.10	5	20,759	0.10	5	30,092	-0.12	-9			
Loans to customers (net)	105,977	2.69	709	109,146	2.46	668	109,684	2.27	627			
Fixed-income securities	24,759	1.19	73	24,311	1.01	61	26,911	0.92	62			
Other assets	25,450	1.04	66	24,621	0.84	51	23,575	0.62	37			
Total assets	176,876	1.94	854	178,836	1.77	786	190,262	1.50	717			
Financial institutions (2)	17,583	0.01	0	18,815	0.13	6	30,694	0.78	60			
Customer deposits (3)	114,880	-0.19	-53	116,445	-0.13	-37	117,121	-0.10	-29			
Capital markets	22,941	-1.25	-71	21,947	-1.23	-67	21,362	-1.29	-69			
Other liabilities and shareholders' equity	21,472	-1.63	-87	21,629	-1.24	-66	21,085	-1.03	-55			
Total funds	176,876	-0.48	-211	178,836	-0.37	-165	190,262	-0.19	-93			
Net interest income			643			620			624			
Customer spread		2.50			2.33			2.17				
Net interest margin as % of ATA		1.46			1.40			1.31				

2019 (€ million)	1st Quarter			2nd Quarter			3rd Quarter			4th Quarter		
	Avg.balance	Rate %	Results	Avg.balance	Rate %	Results	Avg.balance	Rate %	Results	Avg.balance	Rate %	Results
Cash and cash equivalents (1)	23,099	0.02	1	24,537	0.03	2	19,760	0.08	4	19,692	0.01	1
Loans to customers (net)	103,260	2.89	737	105,130	2.84	745	105,843	2.80	746	105,373	2.72	722
Fixed-income securities	22,695	1.38	77	24,620	1.33	82	26,009	1.23	81	24,873	1.28	80
Other assets	27,647	1.14	78	28,131	1.04	73	27,886	1.20	85	28,105	1.31	93
Total assets	176,700	2.05	893	182,418	1.98	901	179,499	2.02	916	178,043	2.00	896
Financial institutions (2)	24,862	0.02	2	24,561	0.07	4	19,526	0.00	0	17,787	0.07	3
Customer deposits (3)	110,544	-0.22	-60	114,990	-0.24	-68	115,133	-0.24	-70	114,566	-0.19	-55
Capital markets	22,523	-1.37	-76	22,367	-1.41	-79	22,141	-1.48	-83	22,478	-1.41	-80
Other liabilities and shareholders' equity	18,772	-2.22	-103	20,500	-1.85	-95	22,699	-1.70	-97	23,212	-1.79	-105
Total funds	176,700	-0.54	-237	182,418	-0.52	-238	179,499	-0.55	-250	178,043	-0.53	-237
Net interest income			656			664			665			659
Customer spread		2.67			2.60			2.56			2.53	
Net interest margin as % of ATA		1.51			1.46			1.47			1.47	

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

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

(3) Includes repos.

Income from equity method and dividends:

This item amounted to 25 million euros as at the end of September 2020, compared to 52 million euros in the preceding year, which included extraordinary impacts.

In the quarter, this item amounted to 11 million euros.

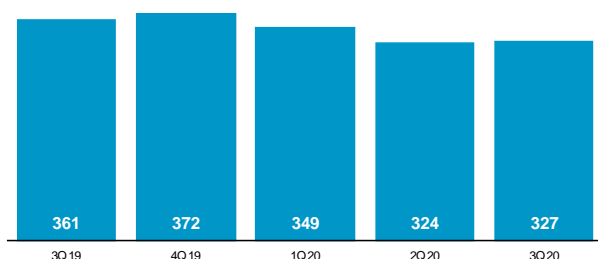
Net fees and commissions:

Fees and commissions amounted to 1,000 million euros as at the end of September 2020, representing a year-on-year decline of -6.3% (-5.0% excluding TSB), mainly impacted by lower activity levels as a result of the lockdown imposed to contain the pandemic, with service fees recording the largest impact. Fees and commissions were also affected by some payment services cost that have been netted of fees, when in the last year, this cost was recorded in general expenses.

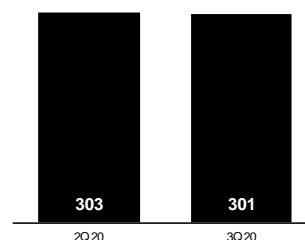
In the quarter, fees and commissions increased by 1.0%, mainly due to higher service fees. Particularly worthy of note was the increase in cards and fees in TSB, as the recovery of activity levels offset the decline in fees on mutual funds, following the disposal of Sabadell Asset Management.

Evolution of net fees and commissions

Total group (€ millions)



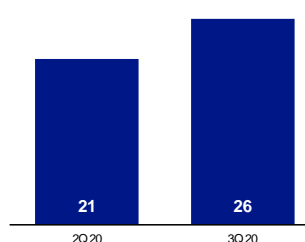
Sabadell ex - TSB (€ millions)



Change YoY:
-5.0%

Change QoQ:
-0.7%

TSB (€ millions)



Change YoY:
-20.5%
-20.3% Constant FX

Change QoQ:
+24.6%
+27.1% Constant FX

	Total group	Constant FX
Change YoY:	-6.3%	-6.1%
Change QoQ:	+1.0%	+1.2%

Net fees and commissions

(€ million)	Excl. TSB			Total group			Excl. TSB			Total group		
	2 Q20	3 Q20	QoQ (%)	2 Q20	3 Q20	QoQ (%)	9 M 19	9 M 20	YoY (%)	9 M 19	9 M 20	YoY (%)
Lending fees	38	41	9.1	38	41	9.1	107	117	9.7	106	117	10.7
Guarantees commissions	26	25	-3.9	26	25	-3.9	81	76	-5.9	82	76	-7.0
Risk transaction fees	63	66	3.8	63	66	3.8	187	193	3.0	187	193	3.0
Cards	36	41	11.4	44	52	18.1	164	120	-27.1	201	150	-25.2
Payment orders	12	13	8.6	13	14	9.2	46	40	-11.2	48	42	-12.2
Securities	16	18	10.1	16	18	10.1	46	54	16.4	46	54	16.4
Custodian mutual and pension funds	3	3	5.8	3	3	5.8	9	9	0.3	9	9	0.3
Sight accounts	49	50	2.1	60	62	3.0	105	140	33.9	145	176	21.0
Foreign currency and notes exchange	22	20	-9.0	24	23	-5.6	78	69	-12.2	86	77	-11.0
Other transactions	21	22	5.5	16	18	7.1	78	66	-16.1	69	52	-25.6
Commissions for services	159	166	4.5	177	190	7.1	527	498	-5.5	605	560	-7.5
Mutual funds	35	24	-30.7	35	24	-30.7	112	97	-12.8	112	97	-12.8
Pension funds and insurance brokerage	40	40	-0.3	43	42	-0.9	135	127	-5.9	144	134	-6.5
Wealth management	6	5	-11.2	6	5	-11.2	19	16	-17.1	19	16	-17.1
Asset Under Management commissions	81	69	-14.3	84	72	-14.2	266	240	-9.6	275	248	-9.8
Total	303	301	-0.7	324	327	1.0	980	931	-5.0	1,067	1,000	-6.3

(1) The EURGBP exchange rate used for the income statement is 0.8837 for the year and 0.9054 for the quarter.

Net trading income and exchange differences:

As at the end of September 2020, this item amounted to a total of 177 million euros (155 million euros excluding TSB), mainly due to the capital gains on ALCO portfolio sales, while at the end of the same period in the previous year it amounted to 130 million euros (114 million euros excluding TSB), due to earnings arising from the consumer loan securitisation carried out in the third quarter of 2019.

In the quarter, this item amounted to 22 million euros. In the last quarter, it included -27 million euros of the SAREB debt impairment, meaning that this debt held has already been 100% provisioned.

Other operating income and expenses:

This item amounted to -112 million euros as at the end of September 2020 (-118 million euros excluding TSB), compared to -128 million euros in the same period of the previous year (-118 million euros excluding TSB). This year includes the recognition in TSB of 14 million pounds of insurance compensation due to the IT migration and the recognition of the final migration-related payment made by Lloyds Banking Group to TSB, while the previous year included the income received for VISA Inc.

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

Total costs:

Total costs amounted to -2,387 million euros as at the end of September 2020 (-1,596 million euros excluding TSB), increasing by 0.9% compared to the end of September of the previous year, and by 5.3% quarter-on-quarter due to the acceleration of TSB's restructuring costs.

Recurrent costs amounted to -2,302 million euros (-1,592 million euros excluding TSB), increasing slightly by 0.2% year-on-year (1.1% excluding TSB), due to higher amortisations which offset the reduction of both personnel expenses and general expenses. In the quarter, recurrent costs fell by -1.9% (-0.4% excluding TSB), mainly due to lower personnel expenses.

Non-recurrent costs increased both year-on-year and quarter-on-quarter, due to the acceleration of TSB's restructuring costs, -83 million euros of which were recognised in the first nine months of 2020 (-71 million euros in the third quarter).

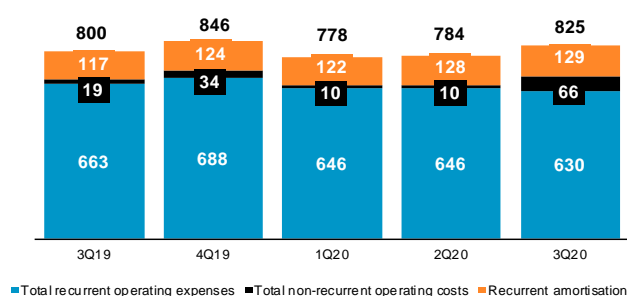
Total costs

(€ million)	Excl. TSB			Total group			Excl. TSB			Total group		
	2Q20	3Q20	QoQ (%)	2Q20	3Q20	QoQ (%)	9M19	9M20	YoY (%)	9M19	9M20	YoY (%)
Recurrent	-305	-290	-5.1	-392	-375	-4.4	-902	-903	0.2	-1,189	-1,167	-1.8
Non-recurrent	-1	-1	8.9	-2	-40	--	-14	-4	-73.4	-37	-46	23.1
Personnel expenses	-306	-291	-5.1	-394	-414	5.1	-916	-907	-0.9	-1,226	-1,212	-1.1
IT and communications	-54	-47	-13.4	-105	-97	-7.6	-121	-153	26.0	-276	-294	6.6
Advertising	-10	-16	60.8	-20	-24	18.1	-40	-32	-19.8	-70	-64	-8.3
Premises and office supplies	-9	-17	84.5	-18	-24	39.2	-32	-34	5.1	-66	-58	-12.6
Technical reports and judicial expenses	-7	-9	25.7	-11	-12	7.0	-27	-20	-26.3	-35	-33	-6.2
Subcontracted administrative services	-13	-12	-11.2	-38	-33	-14.9	-41	-41	-0.5	-114	-121	6.3
Contributions and taxes	-31	-36	15.4	-35	-39	11.2	-86	-94	10.2	-86	-105	22.7
Others	-15	-13	-12.8	-27	-27	-0.2	-82	-46	-44.2	-117	-80	-31.7
Total recurrent	-139	-149	7.0	-254	-255	0.6	-428	-419	-2.2	-764	-755	-1.1
Non-recurrent	0	0	--	-6	-25	--	0	0	--	-33	-34	0.5
Other general expenses	-139	-149	7.0	-260	-280	7.8	-428	-419	-2.2	-797	-789	-1.0
Recurrent	-89	-93	4.1	-128	-129	0.9	-244	-270	10.5	-344	-380	10.4
Non-recurrent	0	0	--	-2	-2	-9.2	0	0	--	0	-7	--
Amortisation & depreciation	-89	-93	4.1	-130	-131	0.8	-244	-270	10.5	-344	-386	12.3
Total	-535	-533	-0.4	-784	-825	5.3	-1,588	-1,596	0.5	-2,367	-2,387	0.9

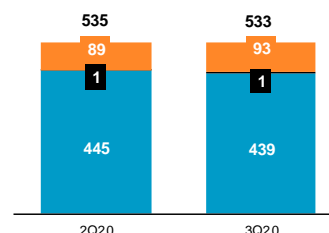
(1) The EURGBP exchange rate used for the income statement is 0.8837 for the year and 0.9054 for the quarter.

Evolution of total costs

Total group (€ millions)



Sabadell ex - TSB (€ millions)

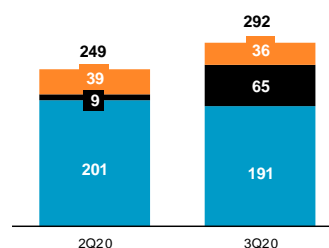


Recurrent costs

Change YoY: **+1.1%**

Change QoQ: **-0.4%**

TSB (€ millions)



Recurrent costs

Change YoY: **-1.8%**

-1.7% Constant FX

Change QoQ: **-5.1%**

-3.2% Constant FX

	Total group ⁽¹⁾	Constant FX ⁽¹⁾
Change YoY:	+0.2%	+0.6%
Change QoQ:	-1.9%	-1.2%

(1) Change over total recurrent costs.

Pre-provisions income:

As at the end of September 2020, pre-provisions income amounted to 1,249 million euros (1,284 million euros excluding TSB), representing a decline of -14.9% year-on-year (-9.9% excluding TSB), mainly due to the decline in core revenues caused by lower activity levels as a result of Covid-19 and the measures taken to contain the pandemic, in addition to the acceleration of TSB's restructuring costs.

Provisions for NPLs and other impairments:

This item amounted to -1,391 million euros as at the end of September 2020 (-1,222 million euros excluding TSB), compared to -568 million euros (-520 million euros excluding TSB) as at the end of the same period of the previous year. The year-on-year change is mainly due to higher loan loss provisions allocated after updating the IFRS9 models to incorporate macroeconomic scenarios, which were recognised in the second quarter of the year, meaning that provisions have dropped sharply in the third quarter of the year.

The Group's credit cost of risk stood at 88bps as at end of September 2020 compared to 107bps as at end of June.

Capital gains on asset sales and other results:

Gains on asset sales and other results in the quarter included the disposal of SDIN and a pool of real estate assets, resulting in the recognition of 31 million euros under this heading, which in the previous quarter included the sale of Sabadell Asset Management. The disposal of 80% of Solvia Servicios Inmobiliarios was recognised in the previous year.

Net profit:

The Group's net profit amounted to 203 million euros as at end of September 2020 (358 million euros excluding TSB), decreasing in year-on-year terms due to higher loan loss provisions allocated after updating IFRS9 models to include macroeconomic scenarios, as well as the reduction in income as a result of lower activity levels brought about by the pandemic.

The growth in net profit during the quarter was supported by the recovery of core revenues and the reduction of provisions. Additionally, the previous quarter had been impacted by the contributions made to the Single Resolution Fund (SRF).

Balance sheet

Highlights:

Performing loans increased by 3.2% year-on-year and by 0.2% in the quarter. Considering a constant exchange rate, they increased by 4.5% in the year, driven by a positive performance across geographies, with the main growth drivers of the business in Spain being ICO-guaranteed loans granted to corporates, SMEs and the self-employed, while in quarter-on-quarter terms, lending grew by 0.2%, mainly due to the increase of core mortgage in TSB.

Excluding the APS impact, performing loans increased by 4.3% year-on-year and 0.2% in the quarter, rising to 5.5% YoY and 0.3% in the quarter considering a constant exchange rate.

As at 30 September 2020, 7,207 million euros in ICO guaranteed loans have been disposed in Spain and 503 million pounds in Bounce Back Loans have been disposed in United Kingdom.

In terms of payment holidays, as at 30 September 2020, there were 2,614 million euros live in Spain and 1,440 million pounds in United Kingdom.

On-balance sheet customer funds grew by 4.0% year-on-year and by 0.4% in the quarter. Considering a constant exchange rate, they increased by 5.0% year-on-year and 0.4% in the quarter, mainly due to the increase in sight accounts, which offset the decline in term deposits.

Off-balance sheet funds fell by -4.0% year-on-year and increased by 0.5% in the quarter due to mutual funds, which were impacted by financial markets performance.

Balance sheet

(€million)	30.09.19	30.06.20	30.09.20 ⁽²⁾	Change	
				YoY (%)	QoQ (%)
Cash, cash balances at central banks and other demand deposits	19,879	29,049	26,770	34.7	-7.8
Financial assets held for trading and fair value with changes in PL	3,177	3,577	3,352	5.5	-6.3
Financial assets in fair value OCI	8,137	6,211	6,996	-14.0	12.6
Financial assets at amortised cost	171,471	178,431	182,689	6.5	2.4
Loans and advances to customers	144,377	148,018	148,267	2.7	0.2
Loans and advances of central banks and credit institutions	7,969	9,082	12,221	53.4	34.6
Debt securities	19,124	21,331	22,200	16.1	4.1
Investments in subsidiaries, joint ventures and associates	596	775	788	32.2	1.6
Tangible assets	3,354	3,300	3,239	-3.4	-1.9
Intangible assets	2,499	2,557	2,560	2.5	0.1
Other assets	13,696	10,547	9,702	-29.2	-8.0
Total assets	222,809	234,447	236,094	6.0	0.7
Financial liabilities held for trading and fair value with changes in PL	2,841	3,626	2,629	-7.5	-27.5
Financial liabilities at amortised cost	203,913	215,166	218,014	6.9	1.3
Central banks	(1)	21,277	30,810	42.7	-1.5
Credit institutions	(1)	9,123	9,248	35.1	33.3
Customer deposits	143,888	148,341	148,953	3.5	0.4
Debt securities issued	22,624	21,827	21,759	-3.8	-0.3
Other financial liabilities	7,001	4,941	4,613	-34.1	-6.6
Provisions	396	530	577	45.9	8.9
Other liabilities	2,603	2,407	2,143	-17.7	-11.0
Subtotal liabilities	209,752	221,730	223,363	6.5	0.7
Shareholders' equity	13,267	13,140	13,168	-0.8	0.2
Accumulated other comprehensive income	-280	-490	-507	81.0	3.4
Minority interest	70	68	71	1.2	3.2
Net equity	13,057	12,718	12,731	-2.5	0.1
Total liabilities and equity	222,809	234,447	236,094	6.0	0.7
Financial guarantees granted	2,072	2,015	2,093	1.0	3.9
Commitments for loans granted	26,138	28,933	29,005	11.0	0.2
Other commitments granted	9,555	9,920	9,120	-4.6	-8.1

(1) Deposits with central banks and credit institutions include the following amounts of repos: 5,030 million euros as at 30.09.2019, 5,478 million euros as at 30.06.2020 and 9,244 million euros as at 30.09.2020.

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

Assets:

The Group's total assets amounted to 236,094 million euros, representing an increase of 6.0% year-on-year and of 0.7% in the quarter.

Excluding TSB, they amounted to 192,954 million euros, increasing by 8.4% year-on-year and by 0.7% in the quarter.

Loans and advances to customers:

Performing loans ended the third quarter of 2020 with a balance of 145,462 million euros (110,047 million euros excluding TSB), representing a year-on-year growth of 3.2% (3.7% excluding TSB).

Excluding the impact of the APS, they grew by 4.3% year-on-year (5.1% excluding TSB) and by 0.2% in the quarter (falling by -0.8% excluding TSB).

In Spain, performing loans excluding the APS increased by 5.3% year-on-year, mainly supported by ICO-guaranteed loans granted to corporates, SMEs and the self-employed. In the quarter, this item fell by -0.6% as the demand for ICO loans has been decreasing. It is also worth noting that commercial activity is approaching pre-Covid levels in all products.

Mexico posted a growth of 1.1% year-on-year and a decline of -5.9% in the quarter, affected by exchange rate movements of the Mexican peso.

In Mexican pesos, the growth was 23.4% year-on-year and the quarterly decline was -5.1%, due to customer pre-payments and lower activity levels.

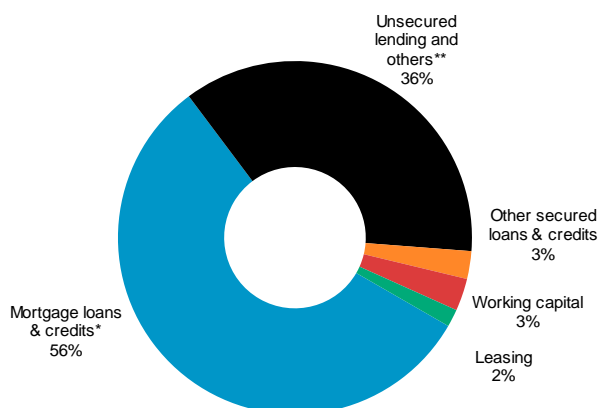
In TSB, lending increased by 1.8% year-on-year, affected by the depreciation of the pound, and by 3.6% in the quarter. Considering a constant exchange rate, this increase was 4.8% year-on-year. The quarterly increase was the same, 3.6%, due to the growth recorded across all products, particularly in the mortgage book, after activity levels rebounded. It is also worth highlighting that the growth in lending was driven by both Bounce Back Loans, although growth levels were lower than in the previous quarter, as well as the unsecured loan origination reflecting the easing of lockdown restrictions and pick-up in consumer spending levels.

Loans and advances to customers

(€ million)	Excl. TSB						Total group ⁽¹⁾					
				Change					Change			
	30.09.19	30.06.20	30.09.20	YoY (%)	QoQ (%)	30.09.19	30.06.20	30.09.20	YoY (%)	QoQ (%)		
Mortgage loans & credits	49,715	49,329	49,524	-0.4	0.4	82,058	80,919	82,095	0.0	1.5		
Other secured loans & credits	3,010	3,226	3,148	4.6	-2.4	3,011	3,662	3,702	22.9	1.1		
Working capital	5,447	4,625	4,312	-20.8	-6.8	5,447	4,625	4,312	-20.8	-6.8		
Leasing	2,634	2,431	2,336	-11.3	-3.9	2,634	2,431	2,336	-11.3	-3.9		
Unsecured lending and others	45,296	51,330	50,727	12.0	-1.2	47,751	53,494	53,016	11.0	-0.9		
Performing gross loans	106,102	110,941	110,047	3.7	-0.8	140,901	145,131	145,462	3.2	0.2		
Of which: APS	3,092	1,761	1,761	-43.0	0.0	3,092	1,761	1,761	-43.0	0.0		
Performing gross loans excluding APS	103,011	109,180	108,286	5.1	-0.8	137,809	143,370	143,701	4.3	0.2		
Non-performing loans	5,823	5,632	5,448	-6.4	-3.3	6,281	6,175	5,957	-5.1	-3.5		
Accruals	-42	-77	-28	-33.2	-64.2	34	-25	38	9.4	--		
Gross loans to customers (excluding repos)	111,884	116,496	115,467	3.2	-0.9	147,216	151,281	151,457	2.9	0.1		
Reverse repos	93	100	100	7.4	0.0	320	100	100	-68.7	0.0		
Gross loans to customers	111,977	116,596	115,567	3.2	-0.9	147,535	151,381	151,557	2.7	0.1		
NPL and country-risk provisions	-2,970	-3,108	-3,018	1.6	-2.9	-3,158	-3,364	-3,289	4.2	-2.2		
Loans and advances to customers	109,007	113,488	112,549	3.2	-0.8	144,377	148,018	148,267	2.7	0.2		

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

Loans and advances to customers by product type, 30.09.2020 (%) ⁽¹⁾

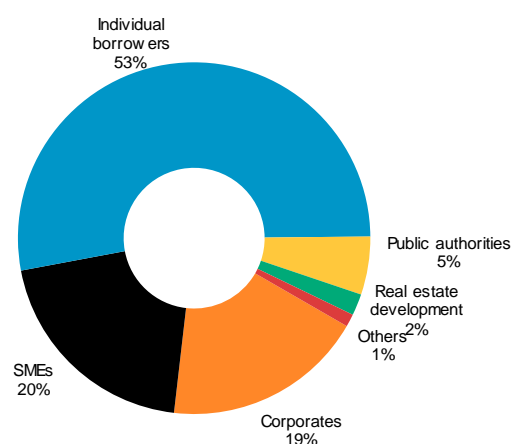


*Includes mortgage loans and credits both to individuals and companies.

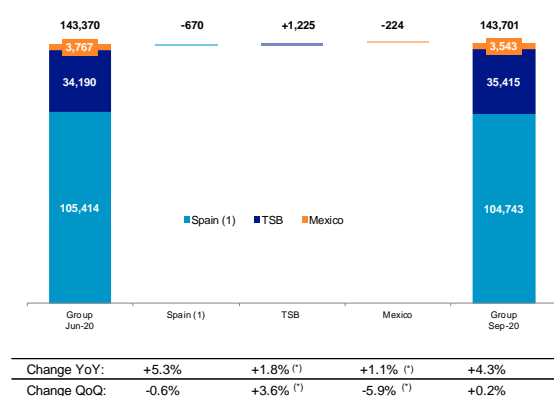
**Includes ICO loans.

(*) Excluding NPLs and accrual adjustments.

Loans and advances to customers by customer profile, 30.09.2020 (%)

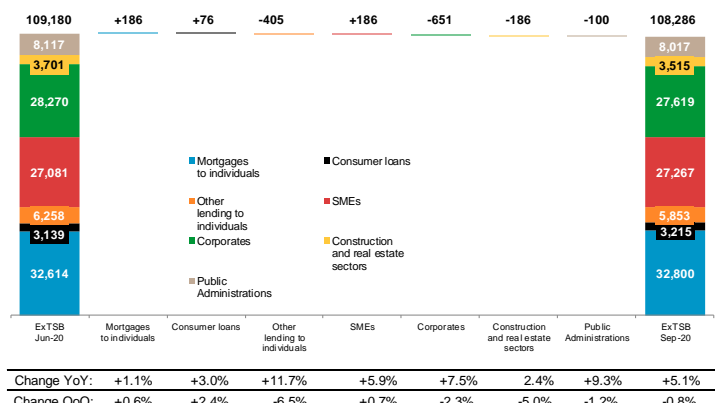


Gross performing loans ex APS: performance by regions (€ million)



(*) In TSB +4.8% YoY and +3.6% QoQ in GBP and in Mexico +23.4% YoY and -5.1% QoQ in MXN.
(1) Spain includes overseas branches.

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



Liabilities:

Customer funds:

As at the end of September 2020, on-balance sheet customer funds amounted to 148,163 million euros (111,379 million euros excluding TSB), representing a year-on-year increase of 4.0% (2.5% excluding TSB) and a quarterly increase of 0.4% (slight decline of -0.1% excluding TSB), driven by the growth of sight accounts, which offset the decline of term deposits.

Sight account balances amounted to 126,274 million euros (92,341 million euros excluding TSB), representing an increase of 9.7% year-on-year (9.0% excluding TSB) mainly as a result of both individuals and companies consuming and spending less during the lockdown, and an increase of 1.9% in the quarter (1.7% excluding TSB).

Term deposits amounted to 22,187 million euros (19,336 million euros excluding TSB), representing a decline of -19.7% (-20.4% excluding TSB) compared to the previous year, and of -7.4% (-8.1% excluding TSB) in the quarter, as term deposits continued to flow into current accounts as a result of the low interest rates paid on savings accounts.

At TSB level, on-balance sheet customer funds increased by 9.1% year-on-year and by 2.0% in the quarter. Considering a constant exchange rate, this item increased by 12.3% year-on-year and by 2.0% in the quarter, supported by the growth of current accounts, reflecting lower consumer spending, although spending levels were higher than in the previous quarter, and benefiting from the UK government's coronavirus Bounce Back Loan Scheme.

Total off-balance sheet funds amounted to 41,935 million euros as at the end of September 2020, declining by -4.0% with respect to the previous year and increasing by 0.5% in the quarter due to mutual funds, which were impacted by financial markets performance.

Marketable debt securities:

At the end of September 2020, this item amounted to 18,844 million euros (17,475 million euros excluding TSB), representing a decline of -3.7% year-on-year (-0.8% excluding TSB) and a decline of -0.5% in the quarter (growth of 1.8% excluding TSB).

The inaugural green bonds issuance was carried out in the third quarter of 2020, with 500 million euros of senior preferred notes.

In 2020, the Bank has issued 2,300 million euros in wholesale issuances.

Funds under management:

This item amounted to a total of 212,647 million euros (173,976 million euros excluding TSB), compared with 210,201 million euros (173,477 million euros excluding TSB) one year previously, representing an increase of 1.2% year-on-year (0.3% excluding TSB) and of 0.4% in the quarter (0.2% excluding TSB).

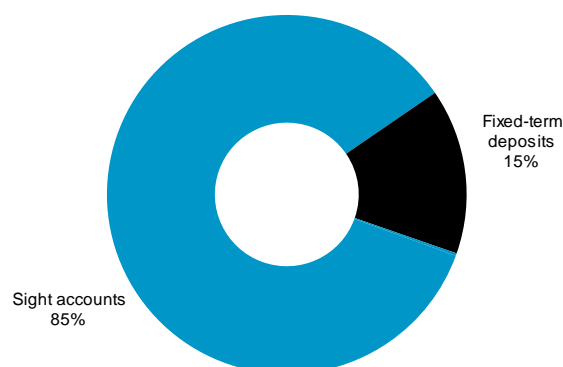
Exposures to central banks at the end of September 2020 amounted to 30,359 million euros, of which 27,000 million euros related to the ECB and 3,359 million euros related to the Bank of England.

Customer funds

(€ million)	Excl. TSB					Total group				
	30.09.19	30.06.20	30.09.20	Change		30.09.19	30.06.20	30.09.20	Change	
				YoY (%)	QoQ (%)				YoY (%)	QoQ (%)
Financial liabilities at amortised cost	160,071	173,234	175,769	9.8	1.5	203,913	215,166	218,014	6.9	1.3
Non-retail financial liabilities	51381	61,709	64,390	25.3	4.3	61,497	67,594	69,851	13.6	3.3
Central banks	14,467	27,450	27,002	86.6	-1.6	21,277	30,810	30,362	42.7	-1.5
Credit institutions	9,120	9,247	12,323	35.1	33.3	9,123	9,248	12,326	35.1	33.3
Institutional issues	21,098	20,326	20,662	-2.1	1.7	24,096	22,595	22,549	-6.4	-0.2
Other financial liabilities	6,696	4,685	4,403	-34.2	-6.0	7,001	4,941	4,613	-34.1	-6.6
On-balance sheet customer funds	108,690	111,525	111,379	2.5	-0.1	142,416	147,572	148,163	4.0	0.4
Customer deposits	109,576	112,223	112,088	2.3	-0.1	143,888	148,341	148,953	3.5	0.4
Sight accounts	84,751	90,776	92,341	9.0	1.7	115,130	123,888	126,274	9.7	1.9
Fixed-term deposits	(2) 24,300	21,031	19,336	-20.4	-8.1	27,647	23,966	22,187	-19.7	-7.4
Repos	352	287	279	-20.9	-2.8	894	336	339	-62.1	0.7
Accruals and derivative hedging adjustments	173	129	132	-23.5	2.0	217	150	153	-29.2	2.5
Debt and other marketable securities	17,616	17,166	17,475	-0.8	1.8	19,572	18,931	18,844	-3.7	-0.5
Subordinated liabilities	(3) 2,596	2,463	2,479	-4.5	0.7	3,052	2,896	2,916	-4.5	0.7
On-balance sheet funds	129,788	131,851	132,041	1.7	0.1	166,512	170,168	170,712	2.5	0.3
Mutual funds	26,145	25,059	25,332	-3.1	1.1	26,145	25,059	25,332	-3.1	1.1
Equity funds	1,568	38	47	-97.0	24.8	1,568	38	47	-97.0	24.8
Balanced funds	6,670	179	190	-97.2	5.8	6,670	179	190	-97.2	5.8
Fixed-income funds	4,895	71	70	-98.6	-1.5	4,895	71	70	-98.6	-1.5
Guaranteed return funds	3,438	51	52	-98.5	2.1	3,438	51	52	-98.5	2.1
Real estate funds	94	75	64	-32.4	-15.7	94	75	64	-32.4	-15.7
Venture capital funds	100	0	0	-100.0	--	100	0	0	-100.0	--
Dedicated investment companies	1,661	1,406	1,298	-21.9	-7.7	1,661	1,406	1,298	-21.9	-7.7
Third-party funds	7,718	23,239	23,612	205.9	1.6	7,718	23,239	23,612	205.9	1.6
Managed accounts	3,337	3,226	3,230	-3.2	0.1	3,337	3,226	3,230	-3.2	0.1
Pension funds	3,670	3,248	3,260	-11.2	0.3	3,670	3,248	3,260	-11.2	0.3
Individual	2,112	2,112	2,112	0.0	0.0	2,112	2,112	2,112	0.0	0.0
Company	1,547	1,126	1,137	-26.5	1.0	1,547	1,126	1,137	-26.5	1.0
Group	11	11	10	-3.4	-1.4	11	11	10	-3.4	-1.4
Third-party insurance products	10,536	10,185	10,113	-4.0	-0.7	10,536	10,185	10,113	-4.0	-0.7
Off-balance sheet customer funds	43,689	41,718	41,935	-4.0	0.5	43,689	41,718	41,935	-4.0	0.5
Funds under management	173,477	173,570	173,976	0.3	0.2	210,201	211,886	212,647	1.2	0.4

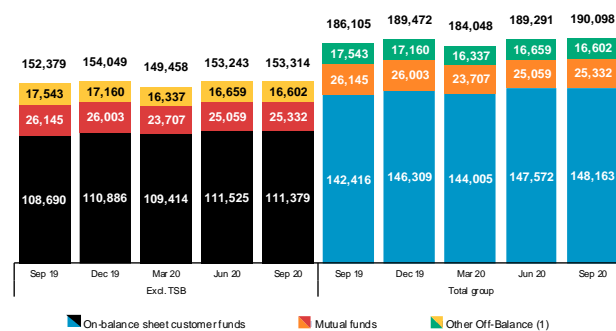
- (1) The EURGBP exchange rate used for the balance sheet is 0.9124.
(2) Includes deposits redeemable at notice and hybrid financial liabilities.
(3) Subordinated liabilities of debt securities.

Customer deposits, 30.09.2020 (%) ^(*)



(*) Excluding accrual adjustments and hedging derivatives.

Evolution of customer funds (€ million)



Excl. TSB (*) Total group (*)

Change YoY: **+2.5%** Change YoY: **+4.0%**

Change QoQ: **-0.1%** Change QoQ: **+0.4%**

(*) Change on balance sheet customer funds.

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

Equity:

The following table shows the evolution of equity as at the end of September 2020:

Equity

(€million)	30.09.19	30.06.20	30.09.20	Change	
				YoY	QoQ
Shareholders' equity	13,267	13,140	13,168	-100	28
Issued capital	703	703	703	0	0
Reserves	11,883	12,300	12,283	400	-17
Other equity	39	32	19	-20	-18
Less: treasury shares	-141	-42	-41	100	1
Attributable net profit	783	145	203	-580	57
Less: interim dividends	0	0	0	0	0
Accumulated other comprehensive incom	-280	-490	-507	-227	-17
Minority interest	70	68	71	1	2
Net equity	13,057	12,718	12,731	-326	13

Risk management

Highlights:

The Group recorded an organic reduction of problematic assets of -172 million euros in the quarter, representing a decrease of -232 million euros in non-performing loans, due to fewer inflows and the active management of NPLs, and an increase of 60 million euros in foreclosed assets. Over the past 12 months, this item increased by 223 million euros, due to the increase of 487 million euros of foreclosed assets, which offset the reduction of -264 million euros of non-performing loans.

The NPA coverage ratio stood at 52.3%, with the NPLs coverage ratio standing at 56.5% and the coverage of foreclosed assets at 35.6%.

The stage 3 coverage ratio stood at 40.0%, while the Group's NPL ratio stood at 3.81%, improving compared to the 3.95% figure of the previous quarter.

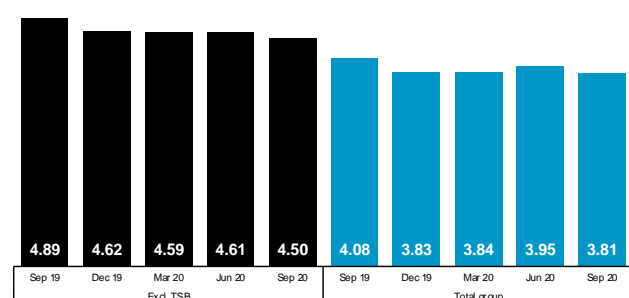
The Group's credit risk cost was 88bps at the end of September 2020, improving on June's figure of 107bps.

Risk management:

Non-performing assets have been reduced over the quarter, and at the end of September 2020 their balance was 7,647 million euros, of which 6,127 million euros correspond to non-performing loans and 1,520 million euros correspond to foreclosed assets. This volume of problematic (non-performing) assets brings the ratio of net NPAs to total assets down to 1.5%, compared to 1.6% in the previous quarter and 1.7% in the third quarter of the preceding year.

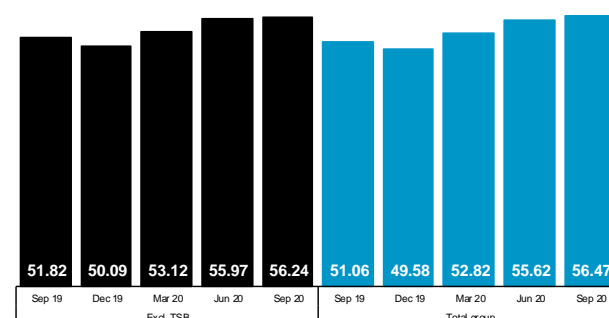
The ratio of problematic assets in relation to gross loans plus real estate assets was driven down from the previous quarter's level to 5.0%.

NPL ratios (%) ^(*)



(*) Calculated including contingent exposures.

NPL coverage ratios (%) ^(*)

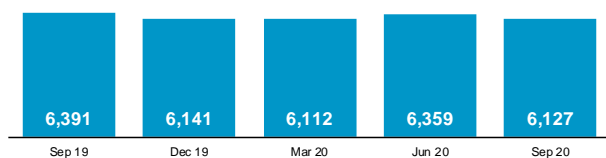


NPL ratios by segment ^(*)

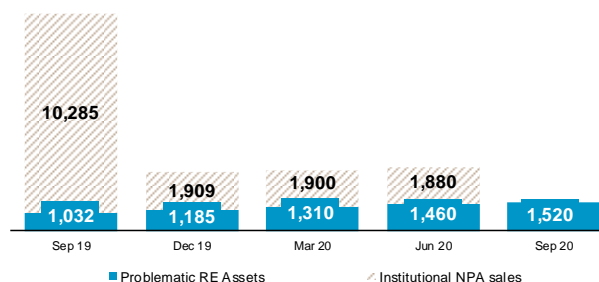
Total group	Sep 19	Dec 19	Mar 20	Jun 20	Sep 20
Real estate development and/or construction purposes	13.33%	10.91%	10.68%	9.48%	8.60%
Construction purposes non-related to real estate dev.	5.49%	6.10%	6.30%	4.62%	4.54%
Large corporates	1.73%	1.45%	1.35%	1.50%	1.40%
SME and small retailers and self-employed	6.73%	6.69%	6.75%	6.79%	6.77%
Individuals with 1st mortgage guarantee assets	3.63%	3.43%	3.41%	3.61%	3.37%
NPL ratio	4.08%	3.83%	3.84%	3.95%	3.81%

(*) Calculated including contingent exposures.

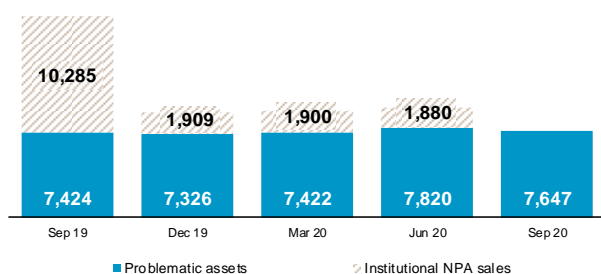
Evolution of NPLs (€ million) ^(*)



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



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



(*) Calculated including contingent exposures.

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

Evolution of Group NPLs and foreclosed assets

(€million)	Sep 19	Dec 19	Mar 20	Jun 20	Sep 20
Gross entries (NPLs)	448	535	472	716	356
Recoveries	(1)	-339	-401	-355	-383
Net NPL entries	109	-62	71	361	-27
Gross entries (foreclosed assets)	120	209	141	165	78
Sales	(1)	-961	-57	-16	-18
Change in foreclosed assets	-841	152	125	150	60
Net entries + Change in foreclosed assets	-732	90	196	511	33
Write-offs	-97	-189	-100	-114	-205
Foreclosed assets and NPLs quarterly change	-829	-99	96	397	-172

(1) NPA portfolios sold to institutional investors have been reclassified in 2019 as non-current assets held for sale, therefore the figures are shown excluding these assets.

Coverage of Group problematic assets ^(*)

(€ million)	Sep 19	Dec 19	Mar 20	Jun 20	Sep 20
Non-performing exposures	6,391	6,141	6,112	6,359	6,127
Provisions	3,263	3,045	3,228	3,537	3,460
NPL coverage ratio (%)	51.1%	49.6%	52.8%	55.6%	56.5%
Problematic RE Assets	1,032	1,185	1,310	1,460	1,520
Provisions	380	394	451	514	541
Problematic Real Estate coverage ratio (%)	36.8%	33.3%	34.4%	35.2%	35.6%
Total problematic assets	7,424	7,326	7,422	7,820	7,647
Provisions	3,643	3,439	3,680	4,051	4,001
Problematic assets coverage (%)	49.1%	46.9%	49.6%	51.8%	52.3%
Gross loans and advances to customers + problematic RE Assets	148,248	151,698	150,677	152,742	152,976
Problematic assets over Gross loans + RE assets (%)	5.0%	4.8%	4.9%	5.1%	5.0%
Net problematic assets	3,781	3,887	3,743	3,769	3,646
Net problematic assets as of % of total assets	1.7%	1.7%	1.7%	1.6%	1.5%

(*) Includes contingent exposures. NPA portfolios sold to institutional investors have been reclassified in 2019 as non-current assets held for sale, therefore the figures are shown excluding these assets.

Forborne and restructured loans

The outstanding balance of forborne and restructured loans as at the end of September 2020 was as follows:

(€million)	Total	Of which: doubtful
Public sector	11	9
Companies and self employed	2,758	1,811
Of which: Financing for construction and real estate development	263	177
Individuals	1,797	1,174
Total	4,566	2,994
Provisions	1,079	972

Foreclosed assets ^(*)

(€million)	Gross amount	Allowances for losses
Real estate assets deriving from financing of construction and real estate development	789	286
Finished buildings	694	238
Housing	449	148
Rest	245	90
Buildings under construction	15	8
Housing	15	8
Rest	1	0
Land	80	39
Building land	47	24
Other land	32	15
Real estate assets deriving from home loan mortgages	697	240
Real estate assets acquired in discharge of debts	34	15
Total real-estate portfolio	1,520	541

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

Movements in credit loss allowances allocated by the Group

(€million)	2019	2020
Initial balance	3,435	2,934
IFRS9 implementation	0	0
Movements reflected in provisions for NPLs	549	959
Movements not reflected in provisions for NPLs	-1,059	-586
Utilisation of provisions	-947	-535
Other movements (*)	-112	-52
Adjustments for exchange differences	9	-16
Final balance	2,934	3,291

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

NOTE: Excludes guarantees and sums undrawn.

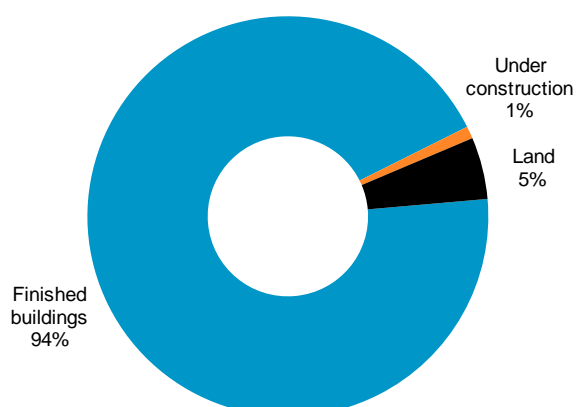
Breakdown of loans and provisions by stages

(€ million)	Stage 1	Stage 2	Stage 3
Loans to customers and guarantees granted	145,465	9,347	6,127
Provisions	632	377	2,451
Coverage	0.4%	4.0%	40.0%

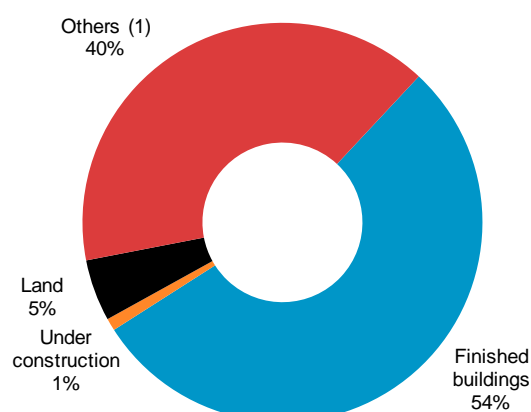
Breakdown of real estate exposures by asset class:

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

Foreclosed assets, 30.09.2020 (%)



Real estate development, 30.09.2020 (%)



(1) Includes other guarantees

Liquidity management

Highlights:

Solid liquidity position, with the Liquidity Coverage Ratio (LCR) at the end of September 2020 standing at 206% at Group level (226% ex-TSB and 211% in TSB).

The loan-to-deposit ratio as at the end of September 2020 was 98%, with a balanced retail funding structure.

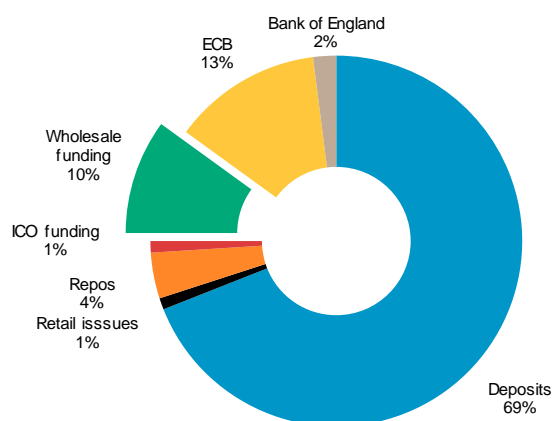
The inaugural green bonds issuance was carried out in the third quarter of 2020, with 500 million euros of senior preferred notes.

(€ million)		30.09.19	30.06.20	30.09.20 (1)
Loans and advances to customers	(2)	144,058	147,918	148,167
Brokered loans		-2,357	-2,344	-2,258
Adjusted net loans and advances		141,701	145,573	145,910
On-balance sheet customer funds		142,416	147,572	148,163
Loan-to-deposits ratio		99	99	98

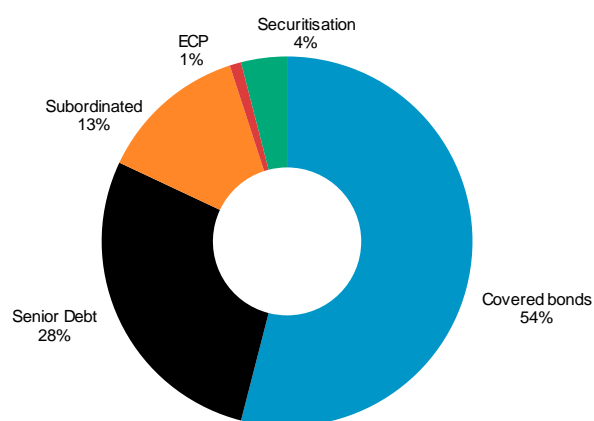
(1) The EURGBP exchange rate used for the balance sheet is 0.9124.

(2) Excludes reverse repos.

Funding structure, 30.09.2020 (%)



Wholesale funding breakdown, 30.09.2020 (%)



Maturities

(€ million)	2020	2021	2022	2023	2024	>2024	Outstanding balance
Covered bonds	1,145	1,808	1,687	1,388	2,672	3,286	11,987
Senior Debt	0	355	682	1,487	859	1,989	5,372
Senior Non Preferred Debt	0	0	0	0	951	500	1,451
Subordinated	0	0	0	0	0	1,732	1,732
Total	1,145	2,163	2,369	2,875	4,482	7,507	20,542

New issuances in the year

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

Maturities in the year

(€ million)	1Q20	2Q20	3Q20	4Q20
Covered bonds	146	594	130	1,145
Senior Debt	491	4	1	0
Subordinated	0	413	0	0
Total	637	1,011	131	1,145

Capital management and credit ratings

Highlights:

The CET1 ratio stood at 12.9%⁽¹⁾ at the end of September 2020, improving by +22bps with respect to the previous quarter, with +12bps corresponding to IFRS9, +5bps corresponding to the disposal of the real estate developer, and +5bps corresponding to other items. This CET1 ratio included 92bps of IFRS9 transitional adjustments, therefore the fully-loaded CET1 ratio stood at 12.0%, improving by +9bps compared to the previous quarter.

The Group's capital requirement is a CET1 ratio of at least 8.52% and a total capital ratio of at least 13.00%, with the MDA buffer being 355bps.

The leverage ratio stood at 5.25%.

The MREL ratio as a % of RWA's stood at 25.4% (24.5% in the previous quarter). The TLOF ratio stood at 8.9%, higher than the required 8.3%.

In 2020, the Bank has issued 2,300 million euros in wholesale issuances.

(1) Once the disposal of the depositary business is closed in the second quarter of 2021, an additional impact of +8bps will be recorded.

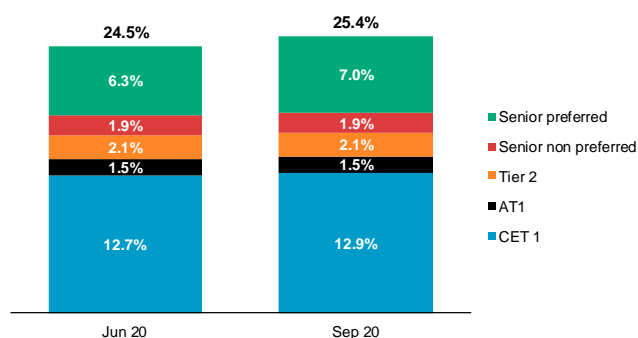
Capital ratios

(€million)	30.09.19	30.06.20	30.09.20
Issued capital	703	703	703
Reserves	12,314	12,478	12,505
Minority interest	16	10	8
Deductions (1)	-3,041	-3,249	-3,156
Common Equity Tier 1	9,993	9,942	10,060
CET 1 Phase-in (%)	12.1%	12.7%	12.9%
Preference shares and other	1,153	1,153	1,153
Primary capital	11,146	11,095	11,213
Tier I (%)	13.5%	14.2%	14.4%
Secondary capital	1,495	1,660	1,661
Tier II (%)	1.8%	2.1%	2.1%
Total capital	12,641	12,756	12,875
Total capital ratio (%)	15.3%	16.3%	16.5%
Risk weighted assets (RWA)	82,615	78,210	77,797
Leverage ratio (%)	4.98%	4.69%	5.25%

The CET1 ratio of Banco de Sabadell, S.A. (standalone) was 14.8% and its total capital ratio was 18.1% as at September 2020.

(1) Includes IFRS9 transitional arrangements.

Group MREL (% RWAs)



Credit ratings

Agency	Date	Long term	Short term	Outlook
DBRS	30.06.2020	A (low)	R-1 (low)	Negative
S&P Global Rating ⁽¹⁾	09.06.2020	BBB	A-2	Negative
Moody's	22.05.2020	Baa3	N/A	Stable
Fitch Ratings	17.09.2020	BBB-	F3	Stable

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

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

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

On 17 September 2020, **Fitch Ratings** revised Banco Sabadell's long-term rating, placing it at BBB- (previously BBB), with a stable outlook, to reflect the economic impacts of the coronavirus crisis on Banco Sabadell's credit profile. The short-term rating was changed from F2 to F3.

Results by business units

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

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

- Three geographical regions: Banking Business in Spain, United Kingdom and Mexico.
- Each business is allocated 11% of the capital divided by its risk-weighted assets and the surplus of own funds is allocated to Banking Business in Spain.

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

Breakdown by geography and business unit

- **Banking Business Spain** includes the following customer-centric business units:

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

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

Asset Transformation comprehensively manages NPA risk and real estate exposures. The unit focuses on developing the asset transformation strategy and integrating the end-to-

end vision of the Group's balance sheet in order to maximise its value.

– **Banking Business United Kingdom:**

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

– **Banking Business Mexico:**

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

The information presented is based on the individual accounting records of each Group company, after all consolidation disposals and adjustments have been made.

Each business unit bears its own direct costs, calculated on the basis of general accounting.

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

Profit and loss 9M20

(€ million)	Banking business Spain	Banking business United Kingdom	Banking Business Mexico	Total
Net interest income	1,799	659	87	2,545
Net fees and commissions	925	70	6	1,000
Core revenues	2,724	728	93	3,546
Net trading income and exchange differences	152	22	3	177
Income from equity method and dividends	25	0	0	25
Other operating income/expense	-109	6	-9	-112
Gross operating income	2,793	756	87	3,636
Operating expenses	-1,278	-675	-48	-2,001
Amortisation & depreciation	-263	-117	-7	-386
Pre-provisions income	1,252	-35	32	1,249
Total provisions & impairments	-1,207	-169	-15	-1,391
Gains on sale of assets and other results	303	-5	0	298
Profit before tax	348	-209	17	156
Income tax	-4	54	-3	47
Minority interest	1	0	0	1
Attributable net profit	344	-155	14	203
ROE	3.5%	--	3.4%	1.5%
Efficiency	45.7%	89.3%	55.5%	56.3%
NPL ratio (%)	4.6%	1.4%	0.6%	3.8%
NPL coverage ratio (%)	55.8%	58.9%	166.3%	56.5%

Profit and loss 9M19

(€ million)	Banking business Spain	Banking business United Kingdom	Banking Business Mexico	Total
Net interest income	1,899	727	86	2,712
Net fees and commissions	965	87	14	1,067
Core revenues	2,864	815	100	3,780
Net trading income and exchange differences	113	16	1	130
Income from equity method and dividends	52	0	0	52
Other operating income/expense	-111	-10	-7	-128
Gross operating income	2,920	820	94	3,834
Operating expenses	-1,286	-679	-58	-2,023
Amortisation & depreciation	-236	-100	-8	-344
Pre-provisions income	1,397	42	28	1,467
Total provisions & impairments	-509	-48	-11	-568
Gains on sale of assets and other results	140	-2	0	138
Profit before tax	1,029	-8	17	1,037
Income tax	-248	3	-3	-248
Minority interest	7	0	0	7
Attributable net profit	773	-5	15	783
ROE	6.3%	--	3.7%	6.9%
Efficiency	47.4%	82.7%	61.6%	54.1%
NPL ratio (%)	5.0%	1.3%	0.9%	4.1%
NPL coverage ratio (%)	51.4%	41.5%	132.4%	51.1%

Balance sheet 9M20

(€ million)	Banking business Spain	Banking business United Kingdom	Banking Business Mexico	Total
Total assets	186,331	45,349	4,413	236,094
Performing gross loans	106,505	35,415	3,543	145,462
RE exposure	979	0	0	979
Subtotal liabilities	175,710	43,762	3,890	223,363
On-balance sheet customer funds	109,750	36,784	1,629	148,163
Capital markets w wholesale funding	20,164	1,792	0	21,956
Equity	10,621	1,587	523	12,731
Off-balance sheet customer funds	41,935	0	0	41,935

Balance sheet 9M19

(€ million)	Banking business Spain	Banking business United Kingdom	Banking Business Mexico	Total
Total assets	171,381	47,046	4,382	222,809
Performing gross loans	102,599	34,798	3,503	140,901
RE exposure	653	0	0	653
Subtotal liabilities	160,364	45,559	3,829	209,752
On-balance sheet customer funds	106,839	33,726	1,851	142,416
Capital markets w wholesale funding	20,459	2,391	0	22,850
Equity	11,017	1,488	553	13,057
Off-balance sheet customer funds	43,689	0	0	43,689

Banking Business Spain

Net profit as at the end of September 2020 amounted to 344 million euros, with this year-on-year decline mainly being due to higher provisions allocated following the updates made to IFRS9 models in the second quarter to incorporate the macroeconomic scenarios.

Net interest income amounted to 1,799 million euros, falling by -5.2% compared to the same period in 2019, mainly impacted by lower interest rates, lower income following the consumer loan securitisation carried out in the third quarter of the previous year, lower overdraft fees due to the support taken in relation to Covid-19, as well as a smaller contribution of the ALCO portfolio, which were partially offset by the larger volumes, lower wholesale funding costs and TLTRO III.

Net fees and commissions amounted to 925 million euros, -4.2% less than in the previous year due to lower activity levels caused by the lockdown imposed due to the pandemic.

Net trading income and exchange differences amounted to 152 million euros and included the capital gains on the ALCO portfolio sales and the SAREB debt impairment.

Operating expenses amounted to -1,278 million euros, falling by -0.7% year-on-year due to the improvement of both personnel and general expenses.

Provisions and impairments amounted to -1,207 million euros, higher than in the previous year, mainly due to higher loan loss provisions allocated following the updates of macroeconomic scenarios.

Gains on asset sales and other results increased year-on-year, mainly due to the recognition of the disposal of Sabadell Asset Management and the closing of the disposal of SDIN and a pool of real estate assets. The previous year included the disposal of 80% of Solvia Servicios Inmobiliarios.

(€ million)	9M19	9M20	YoY (%)	Simple evolution						
				1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20
Net interest income	1,899	1,799	-5.2%	630	633	636	628	611	591	597
Net fees and commissions	965	925	-4.2%	312	329	324	338	324	302	299
Core revenues	2,864	2,724	-4.9%	942	962	960	966	935	893	896
Net trading income and exchange differences	113	152	34.3%	51	-27	89	-3	133	0	20
Income from equity method and dividends	52	25	-52.1%	12	24	16	9	4	10	11
Other operating income/expense	-111	-109	-1.4%	-9	-84	-17	-177	-16	-78	-16
Gross operating income	2,920	2,793	-4.3%	996	875	1,048	794	1,056	825	911
Operating expenses	-1,286	-1,278	-0.7%	-422	-424	-440	-461	-422	-432	-424
Amortisation & depreciation	-236	-263	11.4%	-77	-78	-81	-87	-85	-87	-91
Pre-provisions income	1,397	1,252	-10.4%	497	373	527	246	549	306	397
Total provisions & impairments	-509	-1,207	136.9%	-165	-168	-176	-340	-410	-548	-249
Gains on sale of assets and other results	140	303	115.7%	1	140	0	34	1	274	28
Profit before tax	1,029	348	-66.1%	332	345	351	-60	141	32	175
Income tax	-248	-4	-98.6%	-90	-61	-97	83	-46	77	-34
Minority interest	7	1	-90.3%	1	5	1	2	1	-2	2
Attributable net profit	773	344	-55.5%	241	278	253	21	94	110	139
Accumulated ratios										
ROE	6.3%	3.5%		8.0%	6.7%	6.3%	7.3%	2.2%	3.4%	3.5%
Efficiency	47.4%	45.7%		47.0%	47.6%	47.4%	47.0%	39.9%	45.4%	45.7%
NPL ratio (%)	5.0%	4.6%		5.1%	4.9%	5.0%	4.7%	4.7%	4.7%	4.6%
NPL coverage ratio (%)	51.4%	55.8%		52.6%	51.4%	51.4%	50.5%	52.7%	55.6%	55.8%

Performing loans amounted to 106,505 million euros, representing a 3.8% increase compared to the previous year, mainly due to ICO-guaranteed loans granted to corporates, SMEs and the self-employed. Excluding the APS, they were up by 5.3%.

On-balance sheet customer funds posted a year-on-year increase of 2.7%, driven by the increase in sight accounts as a result of both individuals and companies consuming and spending less during the lockdown. Off-balance sheet funds were down by -4.0% year-on-year, due to the decline in mutual funds, impacted by financial markets performance.

(€ million)	9M19	9M20	YoY (%)	Simple evolution						
				1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20
Total assets	171,381	186,331	8.7%	173,848	173,879	171,381	172,610	173,442	184,315	186,331
Performing gross loans	102,599	106,505	3.8%	101,758	104,365	102,599	104,436	105,008	107,175	106,505
RE exposure	653	979	50.0%	1,013	1,042	653	791	859	946	979
Subtotal liabilities	160,364	175,710	9.6%	163,413	163,208	160,364	161,695	162,721	173,634	175,710
On-balance sheet customer funds	106,839	109,750	2.7%	104,627	106,802	106,839	108,890	107,803	109,485	109,750
Capital markets w wholesale funding	20,459	20,164	-1.4%	19,129	19,168	20,459	19,912	20,762	19,842	20,164
Equity	11,017	10,621	-3.6%	10,435	10,671	11,017	10,915	10,720	10,680	10,621
Off-balance sheet customer funds	43,689	41,935	-4.0%	43,655	43,720	43,689	43,163	40,044	41,718	41,935
Other data										
Employees	16,735	16,391	-2.1%	17,403	16,750	16,735	16,610	16,668	16,570	16,391
Branches	1,878	1,704	-9.3%	1,891	1,891	1,878	1,847	1,847	1,753	1,704

Banking Business United Kingdom

Net profit as at the end of September 2020 amounted to -155 million euros, impacted by higher loan loss provisions allocated following the updates made to IFRS9 models to incorporate the macroeconomic scenarios as well as by restructuring costs.

Net interest income amounted to 659 million euros and was therefore -9.4% lower than in the previous year, mainly due to fewer current account overdraft fees applied as part of the measures taken in response to Covid-19, pressure on mortgage yields and the interest rate cut in the UK.

Net fees and commissions fell by -20.5% year-on-year, mainly due to lower activity levels as a result of Covid-19. They were also affected by lower debit card fees after the volume of proceeds from abroad was reduced (new regulations).

Other income and expenses presented a positive change, as this year includes the final payment made by Lloyds due to

migration and also includes 14 million pounds in insurance compensation related to IT migration. The previous year included the positive impact of the renegotiation of the service contract with VISA Inc.

Operating expenses amounted to -675 million euros and fell by -0.5% year-on-year, due to lower recurrent personnel expenses. Year to date, operating expenses include -83 million euros of non-recurrent costs associated with the acceleration of TSB's restructuring plan (-71 million euros in the third quarter of the year).

Provisions and impairments amounted to -169 million euros, significantly higher than in the previous year, due to higher loan loss provisions allocated following the updates of macroeconomic scenarios.

Gains on asset sales and other results include -4 million euros related to restructuring costs year to date.

(€ million)	9M19	9M20	YoY (%)		Simple evolution						
			YoY (%)	at constant FX	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20
Net interest income	727	659	-9.4%	-9.5%	244	242	241	251	242	200	217
Net fees and commissions	87	70	-20.5%	-20.3%	26	30	31	29	22	21	26
Core revenues	815	728	-10.6%	-10.7%	271	272	272	280	264	221	243
Net trading income and exchange differences	16	22	35.6%	38.9%	16	4	-4	-1	14	5	3
Income from equity method and dividends	0	0	--	--	0	0	0	0	0	0	0
Other operating income/expense	-10	6	--	--	12	-13	-9	-9	1	12	-7
Gross operating income	820	756	-7.8%	-7.8%	299	263	258	270	280	237	239
Operating expenses	-679	-675	-0.5%	-0.2%	-231	-227	-221	-238	-212	-208	-255
Amortisation & depreciation	-100	-117	16.6%	16.7%	-33	-33	-34	-36	-38	-40	-38
Pre-provisions income	42	-35	--	--	36	2	4	-3	29	-12	-53
Total provisions & impairments	-48	-169	255.1%	259.0%	-21	-12	-14	-25	-38	-83	-49
Gains on sale of assets and other results	-2	-5	87.8%	93.9%	0	-1	-1	-2	0	1	-5
Profit before tax	-8	-209	--	--	15	-11	-12	-29	-8	-94	-107
Income tax	3	54	--	--	-7	6	5	-11	1	30	23
Minority interest	0	0	--	--	0	0	0	0	0	0	0
Attributable net profit	-5	-155	--	--	7	-5	-7	-40	-7	-64	-84
Accumulated ratios											
ROE	--	--	--	--	--	--	--	--	--	--	--
Efficiency	82.7%	89.3%			77.0%	81.4%	82.7%	84.0%	75.7%	81.3%	89.3%
NPL ratio (%)	1.3%	1.4%			1.3%	1.3%	1.3%	1.2%	1.2%	1.6%	1.4%
NPL coverage ratio (%)	41.5%	58.9%			46.8%	43.8%	41.5%	43.1%	48.9%	51.9%	58.9%

Lending amounted to 35,415 million euros, representing a growth of 1.8% year-on-year. Considering a constant exchange rate, this item increased by 4.8% year-on-year, due to the larger mortgage book and the UK government's coronavirus Bounce Back Loan Scheme.

On-balance sheet customer funds amounted to 36,784 million euros, representing an increase of 9.1%. Considering a constant exchange rate, this item increased by 12.3% year-on-year, due to the increase in current accounts, reflecting lower consumer spending levels and benefiting from the liquidity provided by the Bounce Back Loans.

(€ million)	9M19	9M20	YoY (%)		Simple evolution						
			YoY (%)	at constant FX	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20
Total assets	47,046	45,349	-3.6%	-0.7%	47,613	46,648	47,046	46,449	45,460	45,099	45,349
Performing gross loans	34,798	35,415	1.8%	4.8%	35,042	33,850	34,798	36,496	34,844	34,190	35,415
Subtotal liabilities	45,559	43,762	-3.9%	-1.1%	46,072	45,143	45,559	44,924	43,942	43,600	43,762
On-balance sheet customer funds	33,726	36,784	9.1%	12.3%	34,019	33,241	33,726	35,423	34,590	36,047	36,784
Capital markets w wholesale funding	2,391	1,792	-25.1%	-22.8%	2,563	2,415	2,391	2,423	2,290	2,189	1,792
Equity	1,488	1,587	6.7%	9.9%	1,541	1,505	1,488	1,525	1,518	1,499	1,587
Other data											
Employees	7,795	7,028	-9.8%		8,314	8,160	7,795	7,394	7,276	7,133	7,028
Branches	544	485	-10.8%		549	548	544	536	534	503	485

Banking Business Mexico

Net profit as at the end of September 2020 amounted to 14 million euros, representing a year-on-year decrease of 1 million euros, mainly due to the reduction of fees and the increase in provisions, which were offset by lower expenses.

Net interest income amounted to 87 million euros and increased by 1.4%, due to the lower cost of funding. Considering a constant exchange rate, this increase was 14.5%.

Net fees and commissions amounted to 6 million euros, down from the previous year due to lower activity levels as a result of Covid-19.

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

Operating expenses fell by -16.5% year-on-year, mainly due to lower general expenses, with the reduction of IT expenses being particularly noteworthy.

Provisions and impairments amounted to -15 million euros, representing an increase compared to the previous year due to higher loan loss provisions derived from the current macroeconomic scenario.

(€ million)	9M19	9M20	YoY (%)		Simple evolution						
			YoY (%)	at constant FX	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20
Net interest income	86	87	1.4%	14.5%	26	31	29	31	32	29	27
Net fees and commissions	14	6	-60.0%	-55.7%	4	4	6	4	3	1	2
Core revenues	100	93	-7.4%	4.5%	30	35	35	35	34	30	29
Net trading income and exchange differences	1	3	277.6%	294.3%	0	0	1	0	4	0	-1
Income from equity method and dividends	0	0	--	--	0	0	0	0	0	0	0
Other operating income/expense	-7	-9	23.8%	42.1%	-2	-3	-2	-2	-3	-3	-3
Gross operating income	94	87	-7.2%	4.3%	29	32	33	33	35	27	25
Operating expenses	-58	-48	-16.5%	-5.8%	-12	-25	-21	-22	-19	-14	-16
Amortisation & depreciation	-8	-7	-18.0%	-6.6%	-2	-3	-3	-3	-2	-2	-3
Pre-provisions income	28	32	14.8%	27.7%	14	4	9	8	15	11	6
Total provisions & impairments	-11	-15	41.7%	60.0%	-3	-4	-3	-5	-7	-4	-4
Gains on sale of assets and other results	0	0	--	--	0	0	0	0	0	0	0
Profit before tax	17	17	-1.6%	8.4%	11	0	6	3	8	7	2
Income tax	-3	-3	30.7%	42.6%	-1	0	-1	1	-2	-1	0
Minority interest	0	0	--	--	0	0	0	0	0	0	0
Attributable net profit	15	14	-7.1%	2.5%	10	0	5	4	6	6	2
Accumulated ratios											
ROE	3.7%	3.4%			7.8%	3.8%	3.7%	3.5%	4.6%	4.5%	3.4%
Efficiency	61.6%	55.5%			50.1%	60.6%	61.6%	62.9%	52.9%	52.0%	55.5%
NPL ratio (%)	0.9%	0.6%			0.5%	0.6%	0.9%	1.2%	1.1%	0.8%	0.6%
NPL coverage ratio (%)	132.4%	166.3%			233.8%	186.1%	132.4%	108.9%	111.4%	132.5%	166.3%

Performing loans amounted to 3,543 million euros, 1.1% more than in the previous year, impacted by the depreciation of the Mexican peso. Considering a constant exchange rate, this item increased by 23.4%.

On-balance sheet customer funds amounted to 1,629 million euros and decreased by -12.0% year-on-year, impacted by the depreciation of the Mexican peso. Considering a constant exchange rate, this item increased by 7.4%.

(€ million)	9M19	9M20	YoY (%)		Simple evolution						
			YoY (%)	at constant FX	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20
Total assets	4,382	4,413	0.7%	22.9%	4,283	4,325	4,382	4,695	4,384	5,033	4,413
Performing gross loans	3,503	3,543	1.1%	23.4%	3,339	3,488	3,503	3,640	3,623	3,767	3,543
Subtotal liabilities	3,829	3,890	1.6%	24.0%	3,781	3,786	3,829	4,160	3,850	4,496	3,890
On-balance sheet customer funds	1,851	1,629	-12.0%	7.4%	1,340	1,818	1,851	1,996	1,612	2,040	1,629
Equity	553	523	-5.4%	15.5%	502	539	553	535	533	538	523
Other data											
Employees	467	499	6.9%		460	462	467	450	471	503	499
Branches	15	15	0.0%		15	15	15	15	15	15	15

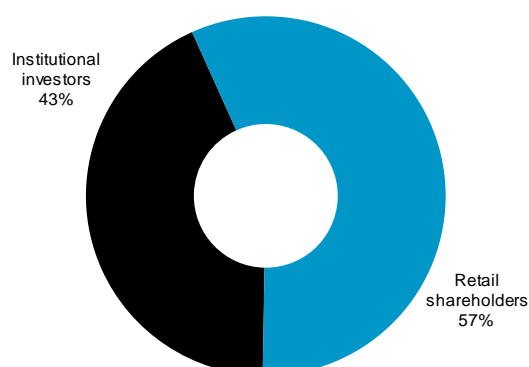
4. Share price performance

	30.09.19	30.06.20	30.09.20
Shareholders and trading			
Number of shareholders	236,844	247,003	246,671
Average number of shares (million)	5,536	5,590	5,586
Average daily trading volume (millions shares)	31	58	57
Share price (€) (1)			
Opening session (of the year)	1.001	1.040	1.040
High (of the year)	1.083	1.080	1.080
Low (of the year)	0.714	0.250	0.250
Closing session (end of quarter)	0.890	0.309	0.297
Market capitalisation (€ million)	4,928	1,728	1,660
Stock market multiples			
Earnings per share (EPS) (€)	(2) 0.15	0.03	0.02
Book value (€ million)	13,199	13,122	13,111
Book value per share (€)	2.38	2.35	2.35
Tangible book value (€ million)	10,671	10,539	10,525
TBV per share (€)	1.93	1.89	1.88
Price / Book value (times)	0.37	0.13	0.13
Price / Earnings ratio (P/E) (times)	5.88	9.43	13.65

(1) Without adjusting historical values.

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

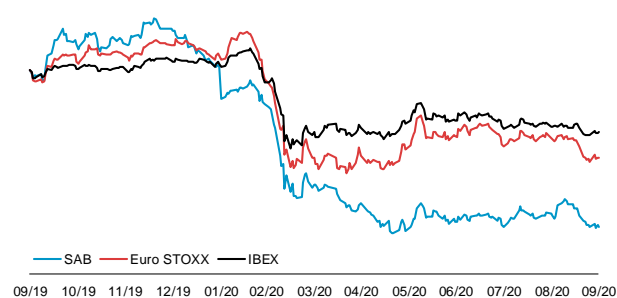
Shareholder breakdown (%)



Source: GEM, data as at 30 September 2020

Comparative evolution of SAB share

Period from 30.09.2019 to 30.09.2020



5. Key developments in the quarter

Fitch Ratings revises Banco Sabadell's credit rating

On 17 September 2020, Fitch Ratings España S.A.U. has announced the review of Banco Sabadell's long-term rating, standing at BBB- from BBB, with a stable outlook, to reflect the economic impacts of the coronavirus crisis on Banco Sabadell's credit profile. The short-term rating has gone from F2 to F3.

Banco Sabadell transfers 100% of SDIN Residencial and a pool of real estate assets

Following the Relevant Fact of 5 August 2019 (number 281,074), on 21 September 2020 Banco Sabadell, once the relevant authorizations have been obtained, has transferred 100% of the share capital of SDIN Residencial, S.L., Sociedad Unipersonal, together with a pool of real estate assets which mainly features land for urban developments, to OCM Redes HoldCo S.à.r.l., an entity controlled by funds managed and/or advised by Oaktree Capital Management. The total amount of the transaction, referenced to the initially established perimeter, amounted to 882 million Euros.

The completion of this transaction has generated a capital gain amounting to 9 million Euros net of taxes and will strengthen Banco Sabadell's capital position by adding 5 basis points to the fully-loaded Common Equity Tier 1 (CET1) ratio. When the previous transactions within the initially established perimeter are included, the transaction has generated a capital gain amounting to 22 million Euros net of taxes and will strengthen Banco Sabadell's capital position by adding 7 basis points to the fully-loaded CET1 ratio.

6. Glossary of terms on performance measures

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

Following the ESMA guidelines on APMs (ESMA/2015/1415 of October 2015), the purpose of which is to promote the use and transparency of information for the protection of investors in the European Union, the Group presents below, for each APM, the reconciliation with items shown in the financial statements (in each section of the report) as well as its definition and calculation:

		Definition and calculation	Page
ROA	(*) (**) (***)	Consolidated income during the year / ATA. In the numerator the annualization of the profit obtained to date is considered, excluding Solvia Servicios Inmobiliarios, S.L. capital gain in 2019, and adjusted by contributions to deposit guarantee and resolution funds (DGF and SRF) and tax on deposits of credit institutions (IDEC), except year end.	3
ROE	(*) (***)	Profit attributed to the Group / average equity. In the numerator the annualization of the profit obtained to date is considered, excluding Solvia Servicios Inmobiliarios, S.L. capital gain in 2019, and adjusted by contributions to deposit guarantee and resolution funds (DGF and SRF) and tax on deposits of credit institutions (IDEC), except year end.	3
RORWA	(*)	Profit attributed to the Group / risk-weighted assets (RWA). In the numerator the annualization of the profit obtained to date is considered, excluding Solvia Servicios Inmobiliarios, S.L. capital gain in 2019, and adjusted by contributions to deposit guarantee and resolution funds (DGF and SRF) and tax on deposits of credit institutions (IDEC), except year end.	3
ROTE	(*) (***)	Profit attributed to the Group / average equity. In the numerator the annualization of the profit obtained to date is considered, excluding Solvia Servicios Inmobiliarios, S.L. capital gain in 2019 and adjusted by contributions to deposit guarantee and resolution funds (DGF and SRF) and tax on deposits of credit institutions (IDEC), except year end. The denominator excludes intangible assets and the goodwill of the investees.	3
Efficiency ratio	(*)	Administrative expenses divided by adjusted gross income. The denominator includes the linear accrual of contributions to deposit guarantee fund and resolution fund and tax on deposits of credit institutions, except year end.	3
Other operating income/expense		Includes the following accounting items: other operating income and other operating expense as well as income from assets and expenses on liabilities under insurance or reinsurance contracts.	9
Total provisions & impairments		Includes the following accounting items: (i) provisions or reversal of provisions, (ii) impairment or reversal of impairment on financial assets not measured at fair value through profit or loss and net modification losses or gains, (iii) impairment or reversal of impairment of investments in joint ventures and associates, (iv) impairment or reversal of impairment on non-financial assets, (v) profit or loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations (excluding profit or loss on the sale of holdings) and (vi) investment properties in the net gains or losses on derecognition of non-financial assets (including only gains or losses on the sale of investment properties).	9
Gains on sale of assets and other results		Includes the following accounting items: net gains or losses on derecognition of non-financial assets, excluding investment properties and associates included in the profit or loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations.	9
Pre-provisions income		Comprised of the following accounting items: gross income plus administration and amortisation/depreciation expenses.	9
Customer spread	(**)	Difference between return and cost of assets and liabilities related to customers. The ratio has been calculated taking into account the difference between the average rate charged by the bank for customers loans and the average rate paid by the bank for the customers deposits. The average customers loans rate is the annualised ratio between the financial income from customer loans and the average daily balance of customer loans. The average rate of customers funds is the annualised ratio between the financial expenses on customers funds and the average daily balance of customers funds.	11
Other assets		Includes the following accounting items: derivatives - hedge accounting, fair value changes of the hedged items in portfolio hedge of interest rate risk, tax assets, other assets, assets under insurance or reinsurance contracts and non-current assets and disposal groups classified as held for sale.	17
Other liabilities		Includes the following accounting items: derivatives - hedge accounting, tax liabilities, fair value changes of the hedged items in portfolio hedge of interest rate risk, other liabilities and liabilities included in disposal groups classified as held for sale.	17
Gross loans to customers		Includes gross loans to customers excluding repos, NPLs (stage 3) and accrual adjustments.	18
Performing gross loans		Includes gross loans to customers excluding repos, NPLs (stage 3) and accrual adjustments.	18
On-balance sheet customer funds		Includes customer deposits (ex repos) and other liabilities placed by the branch network (Banco Sabadell non-convertible bonds, commercial paper and others).	20
Off-balance sheet customer funds		Includes mutual funds, asset management, pension funds and third-party insurance products.	20
On-balance sheet funds		Includes accounting sub-headings of customer deposits, debt securities issued (debt and other tradable securities and subordinated liabilities).	20
Funds under management		Sum of on-balance sheet and off-balance sheet customer funds.	20
NPL coverage ratio		Shows the % of NPLs (stage 3), covered by total provisions. Calculated using the ratio between the allowance of loans and advances to customers (including allowances for guarantees granted) / total stage 3 exposures (including stage 3 guarantees granted).	22
Stage 3 coverage ratio		Shows the % of NPLs (stage 3), covered by stage 3 provisions. Calculated using the ratio between the stage 3 allowance of loans and advances to customers (including stage 3 allowances for guarantees granted) / total stage 3 exposures (including stage 3 guarantees granted).	22
NPL ratio		Shows the % of stage 3 exposures (non-performing) over total risk assumed by customers not classified as non-current assets held for sale. Calculated using the ratio between stage 3 exposures (non-performing), including guarantees granted / loans to customer and guarantees granted. See table for the definition of stage 3 exposures (non-performing).	22
Cost of risk (bps)		Ratio between provisions for NPLs / loans to customer and guarantees granted. The numerator considers the linear annualization of the provisions for NPLs. In addition, the costs associated with the management of NPLs are adjusted.	22
Problematic assets		Sum of non-performing exposures, classified as stage 3, and problematic real estate assets. Also referred to as non-performing assets (NPAs).	24
Problematic Real Estate coverage ratio		Ratio between allowances for impairment of problematic RE assets / total problematic RE assets. Amount of problematic RE assets includes property classified in the portfolio of non-current asset and disposable groups classified as held for sale, excluding real estate investments with significant latent capital gains and rental properties, for which there is an agreement of sale that will be carried out after a reform process.	24
Stage 3 exposures (non-performing)		Sum of accounting items: stage 3 (NPLs) loans and advances to customers and stage 3 guarantees granted (non-performing).	25
Loan-to-deposits ratio		Net loans and receivables divided by retail funding. The numerator excludes mediation loans. The denominator considers real estate funding and customer funds.	26
Total capital ratio		Ratio between total capital and the risk weighted assets. Total capital includes the accounting profit assuming a pay-out of 50% (except year 2020), that is different from the regulatory criteria which decreases that amount based on the obligations to fulfil for the rest of the year. The denominator has been calculated based on the Group's best estimate.	27
Market capitalisation		Share price multiplied by the average number of outstanding shares at the end of the period.	34
Earnings per share	(*)	Ratio between net profit attributed to the Group and the average number of outstanding shares at the end of the period. In the numerator the annualization of the profit obtained to date is considered, excluding Solvia Servicios Inmobiliarios, S.L. capital gain in 2019 and adjusted by the Additional Tier 1 coupon payment registered in equity as well as by contributions to deposit guarantee and resolution funds (DGF and SRF) and tax on deposits of credit institutions (IDEC), except year end.	34
Book value per share	(*)	Ratio between book value / average number of outstanding shares at the end of the period. Book value refers to equity, adjusted by contributions to deposit guarantee and resolution funds and tax on deposits of credit institutions, except at year end.	34
TBV per share	(*)	Ratio between tangible book value and the average number of outstanding shares at the end of the period. The tangible book value is calculated as the sum of equity adjusted by intangible assets and the goodwill of the investees, and by contributions to deposit guarantee and resolution funds and tax on deposits of credit institutions, except year end.	34
Price / Book value (times)	(*)	Ratio between share price / book value per share.	34
Price / Earnings ratio (P/E) (times)	(*)	Ratio between share price / earnings per share.	34

(*) The accrual on a straight-line basis of contributions to the deposit guarantee fund and the resolution fund, as well as the tax on deposits of credit institutions, has been calculated based on the Group's best estimates.

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

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

Alternative Performance measures	Conciliation (€millions)	9M 19	9M 20
ROA	Average total assets	223,593	225,378
	Consolidated net profit	790	203
	DGF - SRF - IDEC adjustment net of tax	-68	-57
	ROA (%)	0.40	0.09
ROE	Average equity	12,860	13,123
	Attributable net profit	783	203
	DGF - SRF - IDEC adjustment net of tax	-68	-57
	ROE (%)	6.92	1.49
RORWA	Risk weighted assets (RWA)	82,615	77,797
	Attributable net profit	783	203
	DGF - SRF - IDEC adjustment net of tax	-68	-57
	RORWA (%)	1.08	0.25
ROTE	Average equity (excluding intangible assets)	10,373	10,537
	Attributable net profit	783	203
	DGF - SRF - IDEC adjustment net of tax	-68	-57
	ROTE (%)	8.58	1.85
Efficiency ratio	Gross operating income	3,834	3,636
	DGF - SRF - IDEC adjustment	-98	-81
	Adjusted gross operating income	3,736	3,555
	Operating expenses	-2,023	-2,001
	Efficiency ratio (%)	54.43	56.28
Other operating income/expense	Other operating income	169	166
	Other operating expenses	-297	-278
	Income from assets under insurance or reinsurance contracts	0	0
	Expenses on liabilities under insurance or reinsurance contracts	0	0
	Other operating income/expense	-128	-112
Total provisions & impairments	Provisions or reversal of provisions	-15	-144
	Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss	-428	-1,096
	Provisions for NPLs and other financial assets	-442	-1,240
	Impairment or reversal of impairment of investments in joint ventures and associates	0	1
	Impairment or reversal of impairment on non-financial assets	-64	-34
	Profit or loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations	69	187
	Gains from sales of associates	-135	-308
	Gains from sales of investment properties and associates	4	4
	Other impairments	-125	-151
	Total provisions & impairments	-568	-1,391
Gains on sale of assets and other results	Gains or losses on derecognition of non-financial assets, net	7	-7
	Gains from sales of associates	135	308
	Gains from sales of investment properties and associates	-4	-4
	Gains on sale of assets and other results	138	298
Pre-provisions income	Gross operating income	3,834	3,636
	Operating expenses	-2,023	-2,001
	Personnel expenses	-1,226	-1,212
	Other general expenses	-797	-789
	Amortisation & depreciation	-344	-386
	Pre-provisions income	1,467	1,249
Customer spread (*)	Loans to customers (net)		
	Avge.balance	139,031	143,528
	Results	3,052	2,757
	Rate %	2.93	2.57
	Customer deposits		
	Avge.balance	146,842	151,762
	Results	-306	-189
Rate %	-0.28	-0.17	
	Customer spread	2.65	2.40
Other assets	Derivatives - Hedge accounting	729	612
	Fair value changes of the hedged items in portfolio hedge of interest rate risk	383	459
	Tax assets	6,814	6,937
	Other assets	1,503	798
	Non-current assets and disposal groups classified as held for sale	4,267	895
	Other assets	13,696	9,702
Other liabilities	Derivatives - Hedge accounting	1,051	759
	Fair value changes of the hedged items in portfolio hedge of interest rate risk	335	382
	Tax liabilities	278	228
	Other liabilities	908	753
	Liabilities included in disposal groups classified as held for sale	30	21
	Other liabilities	2,603	2,143

(*) Customer spread is calculated using cumulative data.

Alternative Performance measures	Conciliation (€millions)	9M 19	9M 20
Performing gross loans	Mortgage loans & credits	82,058	82,095
	Other secured loans & credits	3,011	3,702
	Working capital	5,447	4,312
	Leasing	2,634	2,336
	Unsecured lending and others	47,751	53,016
	Performing gross loans	140,901	145,462
	Non-performing loans (customer) - stage 3	6,281	5,957
	Accruals	34	38
	Gross loans to customers excluding repos	147,216	151,457
	Reverse repos	320	100
Gross loans to customers	Gross loans to customers	147,535	151,557
	NPL and country-risk provisions	-3,158	-3,289
	Loans and advances to customers	144,377	148,267
On-balance sheet customer funds	Financial liabilities at amortised cost	203,913	218,014
	Non-retail financial liabilities	61,497	69,851
	Central banks	212,777	30,362
	Credit institutions	9,123	12,326
	Institutional issues	24,096	22,549
	Other financial liabilities	7,001	4,613
	On-balance sheet customer funds	142,416	148,163
	Customer deposits	143,888	148,953
	Sight accounts	15,130	126,274
	Fixed-term deposits including available and hybrid financial liabilities	27,647	22,187
On-balance sheet funds	Repos	894	339
	Accruals and derivative hedging adjustments	217	153
	Debt and other marketable securities	19,572	18,844
	Subordinated liabilities (*)	3,052	2,916
	On-balance sheet funds	166,512	170,712
	Mutual funds	26,145	25,332
	Managed accounts	3,337	3,230
	Pension funds	3,670	3,260
	Third-party insurance products	10,536	10,113
	Off-balance sheet customer funds	43,689	41,935
Funds under management	Funds under management	210,201	212,647
	Customer, central banks and financial institutions loans and advances	6,303	5,988
Stage 3 exposures (non-performing)	Guarantees granted in stage 3	88	139
	Stage 3 exposures (non-performing) - (€million)	6,391	6,127
NPL coverage ratio (%)	Stage 3 exposures (non-performing)	6,391	6,127
	Provisions	3,263	3,460
	NPL coverage ratio (%)	51.1%	56.5%
Stage 3 coverage ratio (%)	Stage 3 exposures (non-performing)	6,391	6,127
	Stage 3 provisions	2,546	2,451
	Stage 3 coverage ratio (%)	39.8%	40.0%
Problematic Real Estate coverage ratio (%)	Problematic RE Assets	1,032	1,520
	Provisions	380	541
	Problematic Real Estate coverage ratio (%)	36.8%	35.6%
Problematic assets	Stage 3 exposures (non-performing)	6,391	6,127
	Problematic RE Assets	1,032	1,520
	Problematic assets	7,424	7,647
	Provisions of problematic assets	3,643	4,001
NPL ratio (%)	Problematic assets coverage (%)	49.1%	52.3%
	Stage 3 exposures (non-performing)	6,391	6,127
	Loans to customers and guarantees granted	156,636	160,939
Cost of risk (bps)	NPL ratio (%)	4.1%	3.8%
	Loans to customers and guarantees granted	156,636	160,939
	Provisions for NPLs	-426	-1,156
	Cost of risk (bps)	29	88
Loan-to-deposits ratio (%)	Adjusted net loans and advances w/o repos by brokered loans	141,701	145,910
	On-balance sheet customer funds	142,416	148,163
	Loan-to-deposits ratio (%)	99.5%	98.5%
Market capitalisation (€million)	Average number of shares (million)	5,536	5,586
	Share price (€)	0.890	0.297
	Market capitalisation (€million)	4,928	1,660
Earnings per share (EPS) (€)	Net profit attributed to the Group adjusted	676	91
	Attributable net profit	783	203
	DGF - SRF - IDEC adjustment net of tax	-68	-57
	Accrued AT1	-38	-55
	Average number of shares (million)	5,536	5,586
	Earnings per share (EPS) (€)	0.15	0.02
Book value per share (€)	Adjusted equity	13,199	13,111
	Shareholders' equity	13,267	13,168
	DGF - SRF - IDEC adjustment net of tax	-68	-57
	Average number of shares (million)	5,536	5,586
TBV per share (€)	Book value per share (€)	2.38	2.35
	Intangible assets	2,528	2,586
	Tangible book value (€million)	10,671	10,525
Price / Book value (times)	TBV per share (€)	1.93	1.88
	Share price (€)	0.890	0.297
	Price / Book value (times)	0.37	0.13
Price / Earnings ratio (P/E) (times)	Price / Earnings ratio (P/E) (times)	5.88	13.65

(*) Refers to subordinated liabilities of debt securities.

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

www.grupbancsabadell.com/INFORMACION_ACCIONISTAS_E_INVERSORES/INFORMACION_FINANCIERA/MEDIDAS_ALTERNATIVAS_DEL_RENDIMIENTO

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