

**3Q21**

**Quarterly Financial  
Report**

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## Basis of presentation

The consolidated income statement and balance sheet as at the end of September 2021 and 2020, together with the disclosures shown in this Financial Report, are presented in accordance with the accounting standards, principles and criteria defined in Note 1 to the Group's consolidated interim financial statements as at 30 June 2021.

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

# 1. Summary

## Net interest income

Net interest income amounted to 2,563 million euros at the end of September 2021, increasing by 0.7% year-on-year, driven mainly by loan volume growth, particularly that of TSB's mortgage book, and by increased revenue from TLTRO III, higher remuneration earned on corporate deposits and lower wholesale funding costs, which offset the reduced contribution of the ALCO portfolio following last year's sales and lower yields on loans.

In the quarter, NII grew by 2.9%, mainly due to the higher remuneration earned on corporate deposits, increased volumes at TSB and the greater number of days in the third quarter of the year.

## Net fees and commissions

Fees and commissions amounted to 1,070 million euros, representing year-on-year growth of 7.0%, driven mainly by the good performance of service fees and mutual fund fees.

Quarter-on-quarter, net fees and commissions declined by -1.9% affected by third-quarter seasonality, and by the sale of the depository business in June of this year.

## Total costs

Total costs amounted to -2,549 million euros as at the end of September 2021, including -301 million euros of non-recurrent costs related to the second phase of the efficiency plan carried out in the third quarter. Recurrent costs were down by -2.9% year-on-year due to an improvement in staff expenses as the savings from the first phase of the efficiency plan in Spain continued to come through, and by a reduction of general expenses at TSB.

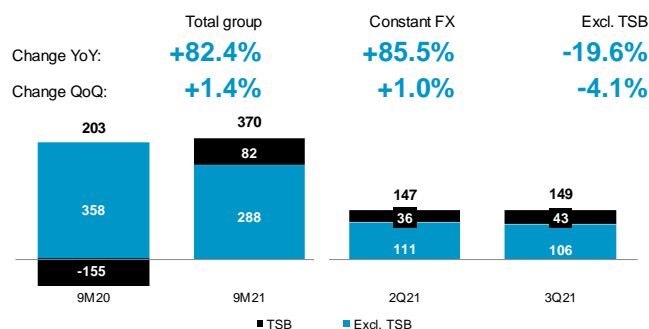
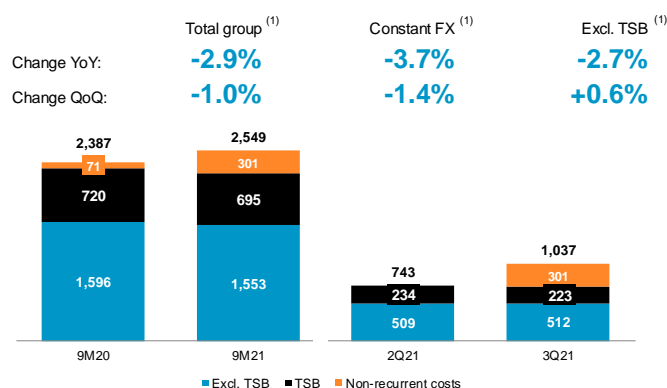
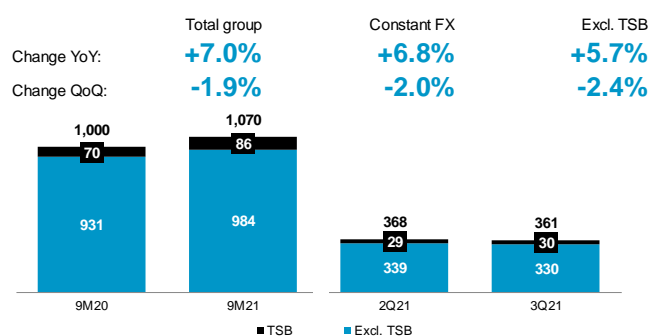
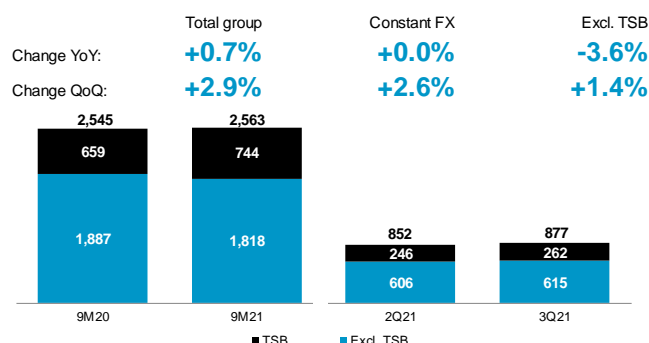
Quarter-on-quarter, recurrent costs continue on a downward trend, having decreased by -1.0% mainly due to lower staff expenses.

## Net profit of the Group

As of the end of September 2021, the Group's net profit amounted to 370 million euros, representing year-on-year growth of 82.4%, with profit ex-TSB amounting to 288 million euros and profit at TSB reaching 82 million euros.

Profit in the quarter stood at 149 million euros and included 324 million euros from the ALCO portfolio sales which funded the second phase of the restructuring plan carried out in Spain which entailed a total cost of -331 million euros.

It is worth highlighting the good performance of core results (net interest income + fees and commissions – recurrent costs), which increased by 12.6% in the year and by 5.4% in the quarter.



(1) Change in recurrent costs.

## Performing loans

Performing loans showed good growth in the year having increased by 4.8% year-on-year. Excluding the APS impact, growth was 5.9% year-on-year, primarily supported by the increase in mortgage lending to individuals, particularly in TSB, as well as the good momentum of commercial lending to corporates, SMEs and self-employed customers in Spain.

Performing loans remained stable in the quarter, despite the third quarter seasonality. The growth of TSB's mortgage book was offset by the reclassification of c.400 million euros of BancSabadell d'Andorra assets to *non-current assets held for sale* after agreeing to its disposal, which takes place in October, and also by a reduction of c.600 million euros corresponding to Social Security advance payments included in the second quarter.

## Customer funds

On-balance sheet customer funds evolved positively, showing growth of 6.6% year-on-year and 0.4% quarter-on-quarter due to increased sight accounts, which offset the decline in term deposits.

Off-balance sheet funds increased by 13.0% in the year and by 2.3% in the quarter due to mutual funds growth supported mainly by an increased volume of net inflows.

## Non-performing assets (\*)

The Group's stage 3 ratio remained stable in the quarter at 3.6%, while the stage 3 coverage ratio considering total provisions increased in the quarter and stood at 57.9%, and the stage 3 coverage ratio stood at 41.9%.

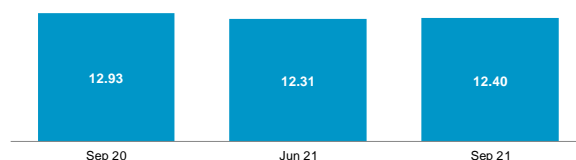
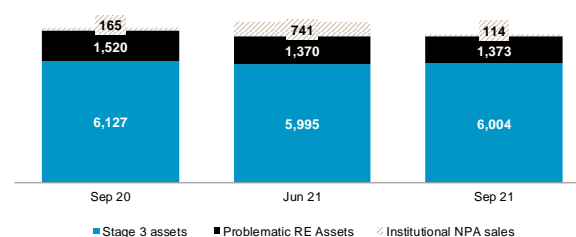
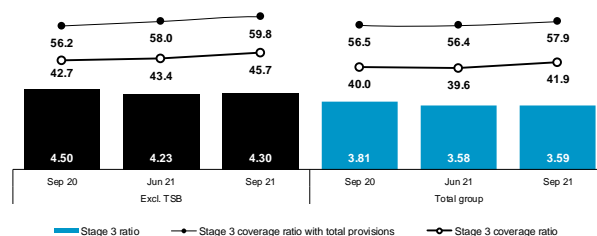
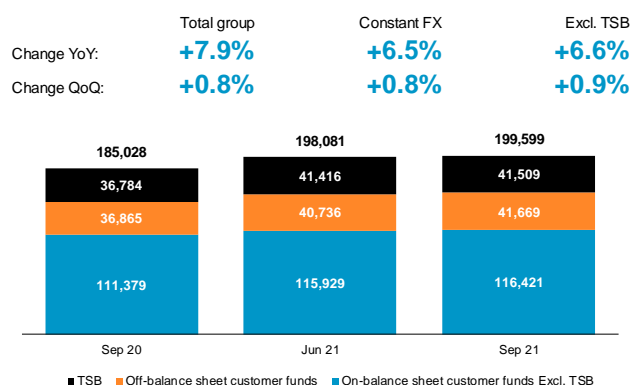
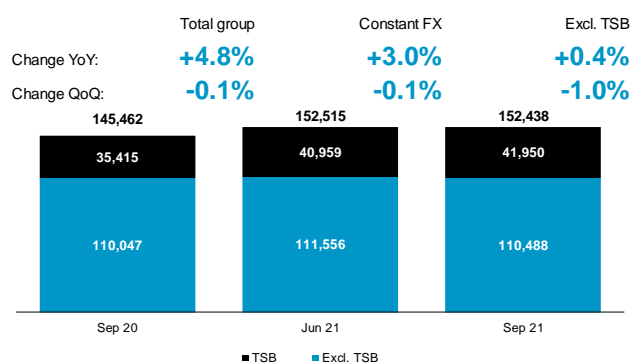
The volume of NPAs amounts to 7,377 million euros in gross terms, and NPA coverage stood at 54.0% (\*\*).

The gross NPA ratio remains steady at 4.4%, while the net NPA ratio declined slightly to 2.0% (\*\*).

The Group's credit cost of risk stood at 51 bps as of the end September 2021, thus improving by 2 bps relative to the end of June 2021 and by 37 bps relative to September 2020.

## Capital ratio

At the end of September 2021, the CET1 ratio stood at 12.40%, having increased by 9 bps quarter-on-quarter, while the Total Capital ratio stood at 17.01%, placing it above the regulatory requirement, with an MDA buffer of 388 bps. The fully-loaded CET1 ratio stood at 12.12%.



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

## 2. Key figures

	Excl. TSB			Total group			
	30.09.20	30.09.21	YoY (%)	30.09.20	30.09.21	YoY (%)	
<b>Profit and loss account (€ million)</b>							
Net interest income	1,887	1,818	-3.6	2,545	2,563	0.7	
Core revenues	2,818	2,803	-0.5	3,546	3,633	2.5	
Gross operating income	2,880	3,095	7.5	3,636	3,908	7.5	
Pre-provisions income	1,284	1,241	-3.4	1,249	1,359	8.8	
Attributable net profit	358	288	-19.6	203	370	82.4	
<b>Balance sheet (€ million)</b>							
Total assets	192,954	201,246	4.3	236,094	249,922	5.9	
Performing gross loans	110,047	110,488	0.4	145,462	152,438	4.8	
Gross loans to customers	115,567	115,337	-0.2	151,557	158,020	4.3	
On-balance sheet customer funds	111,379	116,421	4.5	148,163	157,930	6.6	
Off-balance sheet customer funds	36,865	41,669	13.0	36,865	41,669	13.0	
Total customer funds	148,244	158,089	6.6	185,028	199,599	7.9	
Net equity	--	--	--	12,731	12,877	1.1	
Shareholders' equity	--	--	--	13,168	13,251	0.6	
<b>Profitability and efficiency ratios (%)</b>							
ROA	--	--	--	0.09	0.17	--	
RORWA	--	--	--	0.25	0.52	--	
ROE	--	--	--	1.49	3.16	--	
ROTE	--	--	--	1.85	3.95	--	
Efficiency	47.37	52.46	--	56.28	56.53	--	
<b>Risk management</b>							
Stage 3 exposures (€million)	(1)	5,617	5,355	-4.7	6,127	6,004	-2.0
Total problematic assets (€million)	(1)	7,137	6,729	-5.7	7,647	7,377	-3.5
Stage 3 ratio (%)	(1)	4.50	4.30	--	3.81	3.59	--
Stage 3 coverage ratio (%)	(1)	42.7	45.7	--	40.0	41.9	--
Stage 3 coverage ratio with total provisions (%)	(1)	56.2	59.8	--	56.5	57.9	--
Problematic assets coverage (%)	(1)	51.8	55.2	--	52.3	54.0	--
<b>Liquidity management (%)</b>							
Loan-to-deposits ratio		99.1	95.3	--	98.5	97.1	--
LCR		226	250	--	206	223	--
NSFR	(2)	--	--	--	125	137	--
<b>Capital management</b>							
Risk weighted assets (RWA) (€million)		--	--	77,797	80,085	2.9	
Common Equity Tier 1 (%)		--	--	12.93	12.40	--	
Common Equity Tier 1 fully-loaded (%)		--	--	12.01	12.12	--	
Tier 1 (%)		--	--	14.41	14.46	--	
Total capital ratio (%)		--	--	16.55	17.01	--	
MREL (%RWA)		--	--	25.38	25.23	--	
MREL (%LRE)		--	--	9.22	9.48	--	
Leverage ratio (%)		--	--	5.25	5.43	--	
<b>Share data (period end)</b>							
Number of shareholders		--	--	246,671	229,745	--	
Average number of shares (million)		--	--	5,586	5,586	--	
Share price (€)	(3)	--	--	0.297	0.726	--	
Market capitalisation (€million)		--	--	1,660	4,053	--	
Earnings per share (EPS) (€)	(4)	--	--	0.02	0.06	--	
Book value per share (€)		--	--	2.35	2.36	--	
TBV per share (€)		--	--	1.88	1.90	--	
Price / Book value (times)		--	--	0.13	0.31	--	
Price / Earnings ratio (P/E) (times)		--	--	13.65	12.73	--	
<b>Other data</b>							
Branches		1,719	1,524	2,204	1,814	--	
Employees		16,890	15,096	23,918	21,022	--	

- (1) NPA portfolios sold to institutional investors have been reclassified as non-current assets held for sale, therefore the figures are shown excluding these assets. The NPA coverage ratio is based on total provisions.
- (2) Calculated based on the CRR II methodology since March 2021, while in 2020 it was calculated using the Basel Committee approach, considering the best estimate as of the date of publication of the report.
- (3) Historical values not adjusted.
- (4) Net profit adjusted by the Additional Tier 1 coupons recorded under equity.
- (5) The cumulative EUR/GBP exchange rate as at 30.09.21 applied to income statement throughout the report is 0.8636. The exchange rate used specifically for 3Q21 is 0.8553, and for the balance sheet is 0.8605.
- (6) Throughout this document, YoY variations in relation to the income statement refer to the cumulative nine-month period to the end of September 2020 versus the corresponding cumulative nine-month period to the end of September 2021.

## 3. Performance review

### Macroeconomic environment

#### Global economic, political and financial environment

The historic rise in energy prices in Europe and doubts concerning economic growth in China have added to the shocks affecting the global economy as a result of bottlenecks in different sectors. These bottlenecks and supply shortages are hampering industrial production, with some sectors, such as automotive, particularly hard hit amidst increased demand. Despite this, the eurozone economy performed well in 3Q21, supported by the easing of virus containment measures. In the United States, growth has cooled following a strong rebound linked to the reopening of the economy in the first half of the year.

Prices have also been driven upwards by the supply-side pressures and by rising commodities prices and energy costs, particularly in Europe. Annual inflation in the eurozone surged in September to 3.4%, its highest level in the last thirteen years. Meanwhile, in the United States concerns focus more on the potential second-round effects on inflation expectations and wages, due to a labour supply shortage.

With regard to parliamentary politics, Germany held its general elections. The Social Democratic Party (SPD) emerged as the election winner, as the polls had predicted, while Merkel's party, the Christian Democratic Union (CDU), obtained its worst ever election result, even though it came in second place. Shortly after the elections, the SPD, Greens and Liberals (FDP) reached a preliminary agreement to form a coalition.

Lastly, the development of the pandemic has continued to improve and its influence on economic and market activity has become less and less dominant, thanks to progress with vaccination campaigns and despite the spread of the more contagious Delta variant over the summer. In this respect, the easing of containment measures have, by and large, continued. However, evidence has emerged of the waning effectiveness of vaccines after six months and, for that reason, a number of countries have begun to deliver booster vaccines.

#### Economic situation in Spain

Economic activity continued to perform well despite the constraints posed by supply issues and rising inflation. Following the sharp downward revision of GDP for 2Q21 (from 2.8% quarter-on-quarter to 1.1%), data corresponding to 3Q21 indicate a good performance in the quarter. In this respect, labour market data and household consumption indicators have improved compared to the previous quarter. Furthermore, business confidence indicators remain at high levels and above pre-pandemic levels, although the most recent figures have been set back due to the supply problems and rising costs for businesses, reflected in lower industrial production.

With regard to economic policy, the Spanish Government presented its draft State Budget for 2022. The budget's tone is clearly expansive. At the fiscal level, of particular note is the establishment of a minimum 15% taxable base for Corporate

Income Tax applicable to large companies and a new lower limit for deductible contributions to private pension plans.

#### Economic situation in the United Kingdom

The recovery seen in the British economy since February has lost momentum as a result of the bottlenecks, the pandemic and Brexit. Disruptions to supply chains have been evident. Apart from supermarkets and hospitality outlets, petrol stations have been affected and a number of energy distribution companies have gone out of business. However, the leading economic indicators signal an economic revival in the coming months.

For its part, inflation jumped year-on-year to just above 3.0%. The Governor of the Bank of England (BoE), Andrew Bailey, has expressed growing concern about increasing energy prices and rising inflation expectations.

The labour market has continued to demonstrate resilience and the unemployment rate has fallen even further, standing at 4.5% in August. Companies have been reporting difficulties finding the staff they need and some have resorted to raising wages. Nevertheless, there remains some uncertainty about whether unemployment will be impacted by the end of the furlough scheme (equivalent to the Spanish *ERTE*), which still supported 1.1 million workers a few weeks before its conclusion at the end of September.

In terms of the UK property market, the growth rate of house prices has slowed relative to recent months, but remains at high levels compared with recent years, despite the gradual reduction of homebuyer incentives. House prices continue to be buoyed by: (i) a change of preferences following lockdown and the introduction of homeworking; (ii) the shortage of supply; (iii) the favourable labour market; and (iv) low interest rates. Monthly mortgage approvals for house purchases have moderated, but remain above pre-crisis levels.

Lastly, the Government has kept most of its home ownership schemes fully or partially in place until the end of 3Q21. These support measures have continued to have a significant impact on the public accounts. In recent months, the deficit has reached its second highest level since records began in 1993, last year's deficit being the highest. Public debt has risen to 97.6% of GDP, the highest level since 1963.

#### Economic situation in Latin America

Inflation and mid-term inflation expectations in various Latin American countries have overshot their targets. Inflationary shocks against a backdrop of economic reopening, global production and supply chain problems and raised commodities prices, have been less transitory than hoped. All this has prompted most central banks in the region to respond aggressively, withdrawing the monetary stimulus measures implemented when the crisis broke out. In fact, some central banks, such as those of Chile or Brazil, have already set their benchmark rates at levels even higher than just before the outbreak of the pandemic.

In Mexico, the economic recovery continues to progress and consensus growth forecasts for this year continue to be revised upwards. The export sector remains strong and industrial production is close to pre-pandemic levels, despite the fact that economic activity is weighed down by the automotive sector (due to the global supply chain issues). In the political arena, president López Obrador is seeking cross-party support to approve constitutional reform of the electricity sector, aimed at strengthening the hand of the State-owned electricity company to the detriment of private investment and renewable energies. Interventionism in this area remains a drag on investment.

### Fixed-income markets

The main central banks have been pushing forward with their strategy to withdraw the stimulus measures applied during the pandemic.

In this vein, the ECB announced that its Pandemic Emergency Purchase Programme (PEPP) will be slowed down. It also conveyed optimism concerning the economic recovery and continued to indicate that the upturn in inflation will be temporary. However, some central bank members have begun to express their concern about rising prices and indicated that the ECB could be underestimating inflation.

For its part, the Fed surprised with a less accommodating tone than expected when it signalled, at its September meeting, that it could announce the beginning of tapering of its bond buying programme in November and that the process could be concluded by mid-2022. It also indicated that the central bank expects six to seven rate hikes by the end of 2024, with half of the Federal Open Market Committee (FOMC) members anticipating that the rate rise cycle will begin in 2022. At the same time, the Fed appeared less optimistic about economic activity and its inflation forecasts were revised upwards significantly.

For its part, the Bank of England suggested that it could raise rates imminently, against a backdrop of high inflation and labour market tensions, although it signalled that it would wait to see how the labour market develops following the end of the furlough scheme (*ERTE* equivalent).

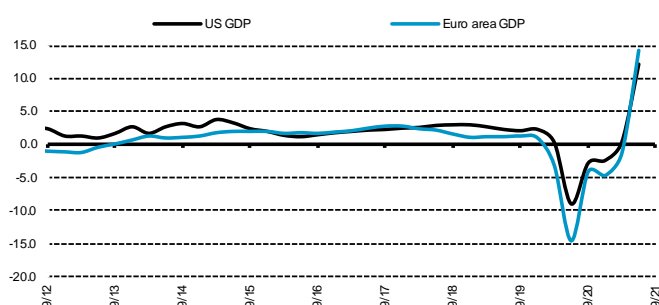
The yield on long-term government debt in the main developed economies wavered back and forth over the quarter. Initially it declined, influenced by fears of the spread of the Covid Delta variant and uncertainty about the efficacy of vaccines. Subsequently, the yield reversed due to the rising inflation expectations, a change of consensus about the future actions of central banks, higher inflation and the promising tone of economic data following the easing of pandemic containment measures.

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

### Equity markets

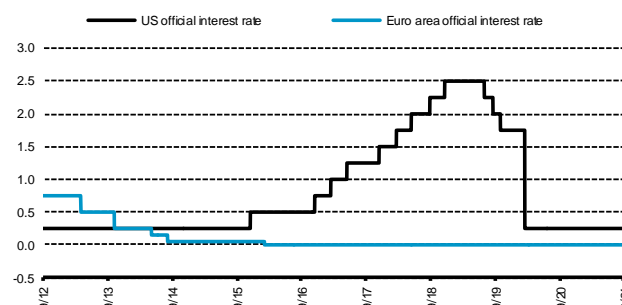
The performance of the equity markets has been divided into two distinctly different parts in 3Q21. In July and August, the stock markets of the main developed economies continued to rally, with the S&P500 reaching new record highs. However, in September the equity markets slipped back, influenced by increasing inflationary pressures and worsening economic confidence data. Overall, the S&P500 ended the quarter up (+2.6% in euros), while the European stock markets generally ended on a down note. Thus, the Euro STOXX 50 fell -0.40% in euros, the IBEX dropped by -0.03%, while the German DAX slid by -1.74%. By contrast, the Japanese Nikkei ended the quarter up +4.4% in euros, in anticipation of new economic stimulus measures.

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



Source: Bloomberg

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



### Exchange rates: Parity vs. euro

Fx	30.09.20	31.12.20	31.03.21	30.06.21	30.09.21
USD	1.1708	1.2271	1.1725	1.1884	1.1579
GBP	0.9124	0.8990	0.8521	0.8581	0.8605
MXN	26.1848	24.4160	24.0506	23.5784	23.7439

Source: Bank of Spain



## Income statement

### Summary of results:

Banco Sabadell Group has generated attributable profit of 370 million euros up to September 2021, with 288 million euros recorded ex-TSB and 82 million euros corresponding to TSB, which continues to generate profits thus making a positive contribution to the Group.

It should be noted that this quarter includes 324 million euros from the ALCO portfolio sales which funded the second phase of the efficiency plan carried out in Spain, with an impact on the income statement of -331 million euros, including -301 million euros recorded under costs, -26 million euros recorded under provisions and -4 million euros recorded under gains/losses on assets sales and other results.

In addition, it is worth noting the growth of core results in the quarter (net interest income + fees and commissions - recurrent costs), which were up 5.4% in the quarter, supported by net interest income growth and by improved recurrent costs, particularly lower staff expenses.

### Income statement

(€ million)	Excl. TSB			Total group				
	9M20	9M21	YoY (%)	9M20	9M21	YoY (%)	YoY (%) at constant FX	
<b>Net interest income</b>	<b>1,887</b>	<b>1,818</b>	<b>-3.6</b>	<b>2,545</b>	<b>2,563</b>	<b>0.7</b>	<b>0.0</b>	
Net fees and commissions	931	984	5.7	1,000	1,070	7.0	6.8	
<b>Core revenues</b>	<b>2,818</b>	<b>2,803</b>	<b>-0.5</b>	<b>3,546</b>	<b>3,633</b>	<b>2.5</b>	<b>1.9</b>	
Net trading income and exchange differences	155	344	121.3	177	348	96.2	95.6	
Income from equity method and dividends	25	67	167.3	25	67	167.3	167.3	
Other operating income/expense	-118	-119	0.8	-112	-140	24.9	24.9	
<b>Gross operating income</b>	<b>2,880</b>	<b>3,095</b>	<b>7.5</b>	<b>3,636</b>	<b>3,908</b>	<b>7.5</b>	<b>6.9</b>	
Operating expenses	-1,326	-1,578	19.0	-2,001	-2,160	7.9	7.1	
Personnel expenses	-907	-1,140	25.7	-1,212	-1,410	16.3	15.6	
Other general expenses	-419	-438	4.5	-789	-750	-4.9	-5.9	
Amortisation & depreciation	-270	-276	2.5	-386	-389	0.7	-0.1	
Total costs	-1,596	-1,854	16.2	-2,387	-2,549	6.8	5.9	
Memorandum item:								
Recurrent costs	-1,596	-1,553	-2.7	-2,316	-2,248	-2.9	-3.7	
Non-recurrent costs	0	-301	--	-71	-301	--	--	
<b>Pre-provisions income</b>	<b>1,284</b>	<b>1,241</b>	<b>-3.4</b>	<b>1,249</b>	<b>1,359</b>	<b>8.8</b>	<b>8.8</b>	
Provisions for NPLs	-986	-712	-27.8	-1,156	-733	-36.6	-36.8	
Provisions for other financial assets	-85	-58	-31.6	-84	-58	-30.8	-30.8	
Other impairments	-151	-120	-21.0	-151	-120	-21.0	-21.0	
Gains on sale of assets and other results	303	79	-74.0	298	78	-73.7	-73.7	
<b>Profit before tax</b>	<b>365</b>	<b>430</b>	<b>17.6</b>	<b>156</b>	<b>527</b>	<b>237.6</b>	<b>247.8</b>	
Income tax	-7	-133	--	47	-148	--	--	
Minority interest	1	9	--	1	9	--	--	
<b>Attributable net profit</b>	<b>358</b>	<b>288</b>	<b>-19.6</b>	<b>203</b>	<b>370</b>	<b>82.4</b>	<b>85.5</b>	
Memorandum item:								
Core results (NII + net fees and commissions - costs)	(1)	1,222	1,249	2.3	1,230	1,385	12.6	12.5

(1) Calculation taking account of recurrent costs.



## Quarterly income statement

(€million)	Excl. TSB						Total group						QoQ (%) at constant FX	
	3 Q20	4 Q20	1Q21	2Q21	3 Q21	QoQ (%)	3 Q20	4 Q20	1Q21	2Q21	3 Q21	QoQ (%)		
<b>Net interest income</b>	<b>624</b>	<b>627</b>	<b>597</b>	<b>606</b>	<b>615</b>	<b>1.4</b>	<b>841</b>	<b>854</b>	<b>833</b>	<b>852</b>	<b>877</b>	<b>2.9</b>	<b>2.6</b>	
Net fees and commissions	301	323	315	339	330	-2.4	327	350	342	368	361	-1.9	-2.0	
<b>Core revenues</b>	<b>925</b>	<b>951</b>	<b>912</b>	<b>945</b>	<b>945</b>	<b>0.0</b>	<b>1,168</b>	<b>1,204</b>	<b>1,175</b>	<b>1,220</b>	<b>1,238</b>	<b>1.5</b>	<b>1.2</b>	
Net trading income and exchange differences	19	619	14	7	323	--	22	622	23	5	320	--	--	
Income from equity method and dividends	11	12	46	10	11	13.8	11	12	46	10	11	13.8	13.8	
Other operating income/expense	-19	-168	-13	-99	-6	-93.7	-26	-172	-14	-108	-18	-83.5	-83.6	
<b>Gross operating income</b>	<b>936</b>	<b>1,414</b>	<b>959</b>	<b>862</b>	<b>1,273</b>	<b>47.6</b>	<b>1,176</b>	<b>1,666</b>	<b>1,230</b>	<b>1,127</b>	<b>1,551</b>	<b>37.7</b>	<b>37.5</b>	
Operating expenses	-440	-737	-440	-416	-722	73.3	-694	-937	-640	-611	-909	48.9	48.6	
Personnel expenses	-291	-580	-296	-273	-570	108.5	-414	-672	-385	-369	-656	77.6	77.4	
Other general expenses	-149	-157	-144	-143	-151	5.8	-280	-265	-255	-242	-253	4.9	4.5	
Amortisation & depreciation	-93	-93	-92	-93	-92	-1.1	-131	-137	-129	-133	-128	-3.9	-4.2	
Total costs	-533	-830	-532	-509	-813	59.7	-825	-1,074	-769	-743	-1,037	39.4	39.1	
Memorandum item:														
Recurrent costs	-533	-516	-532	-509	-512	0.6	-754	-742	-769	-743	-736	-1.0	-1.4	
Non-recurrent costs	0	-314	0	0	-301	--	-71	-332	0	0	-301	--	--	
<b>Pre-provisions income</b>	<b>403</b>	<b>584</b>	<b>427</b>	<b>353</b>	<b>460</b>	<b>30.2</b>	<b>350</b>	<b>592</b>	<b>461</b>	<b>383</b>	<b>515</b>	<b>34.3</b>	<b>34.2</b>	
Provisions for NPLs	-189	-668	-290	-187	-235	26.1	-238	-676	-313	-192	-228	18.9	18.9	
Provisions for other financial assets	-4	-42	-18	-30	-10	-67.8	-4	-104	-18	-30	-10	-67.8	-67.8	
Other impairments	-60	-103	-24	-44	-52	16.9	-60	-103	-24	-44	-52	16.9	16.9	
Gains on sale of assets and other results	28	14	4	75	0	-100.0	22	15	1	73	5	-93.7	-93.7	
<b>Profit before tax</b>	<b>178</b>	<b>-215</b>	<b>100</b>	<b>166</b>	<b>163</b>	<b>-1.9</b>	<b>71</b>	<b>-277</b>	<b>108</b>	<b>190</b>	<b>229</b>	<b>21.0</b>	<b>20.8</b>	
Income tax	-35	80	-25	-53	-55	2.9	-12	77	-30	-40	-78	94.7	95.3	
Minority interest	2	0	5	2	2	-2.7	2	0	5	2	2	-2.7	-2.7	
<b>Attributable net profit</b>	<b>141</b>	<b>-136</b>	<b>71</b>	<b>111</b>	<b>106</b>	<b>-4.1</b>	<b>57</b>	<b>-201</b>	<b>73</b>	<b>147</b>	<b>149</b>	<b>1.4</b>	<b>1.0</b>	
Memorandum item:														
Core results (NII + net fees and commissions - costs)	(1)	392	434	381	436	433	-0.6	414	462	406	477	502	5.4	5.2

(1) Calculation taking account of recurrent costs.

### Net interest income:

Net interest income amounted to 2,563 million euros at the end of September 2021, representing growth of 0.7% year-on-year, driven mainly by loan volume growth, particularly that of TSB's mortgage book, and by increased revenue from TLTRO III, higher remuneration earned on corporate deposits and lower wholesale funding costs, which offset the reduced contribution of the ALCO portfolio following last year's sales and lower yields on loans. Net interest income improved by 2.9% in the quarter, mainly driven by the higher remuneration earned on corporate deposits, increased volumes at TSB and the greater number of days in the third quarter of the year.

Excluding TSB, net interest income amounted to 1,818 million euros at the end of September 2021, representing a decline of -3.6% year-on-year due to the smaller contribution from the ALCO portfolio following the sales carried out in the previous year and also due to lower yields on loans, while in the quarter it grew by 1.4% for the reasons explained above.

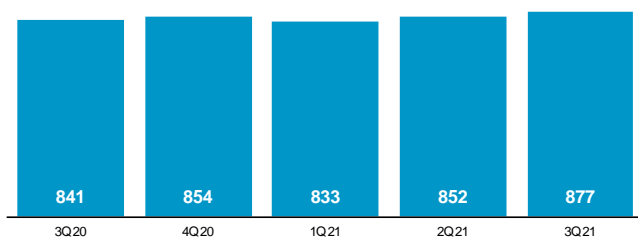
Net interest income in TSB stood at 744 million euros, growing by 13.0% year-on-year and by 6.7% in the quarter; both of these changes were mainly due to strong growth of mortgage lending volumes.

### Customer spread and margin on average total assets:

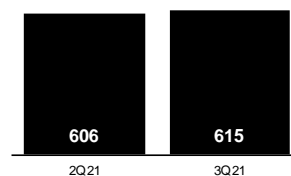
The customer spread stood at 2.24% (2.14% ex-TSB) remaining stable in the quarter as a result of lower customer deposit costs following the higher remuneration earned on corporate deposits. The margin on average total assets stood at 1.40% (1.21% ex-TSB), representing a slight increase quarter-on-quarter.

### Evolution of net interest income

Total group (€ millions)



Sabadell ex - TSB (€ millions)



Change YoY:

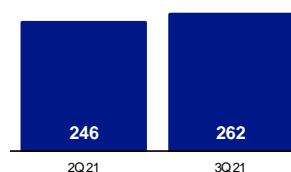
**-3.6%**

Change QoQ:

**+1.4%**

	Total group	Constant FX
Change YoY:	<b>+0.7%</b>	<b>+0.0%</b>
Change QoQ:	<b>+2.9%</b>	<b>+2.6%</b>

TSB (€ millions)



Change YoY:

**+13.0%**

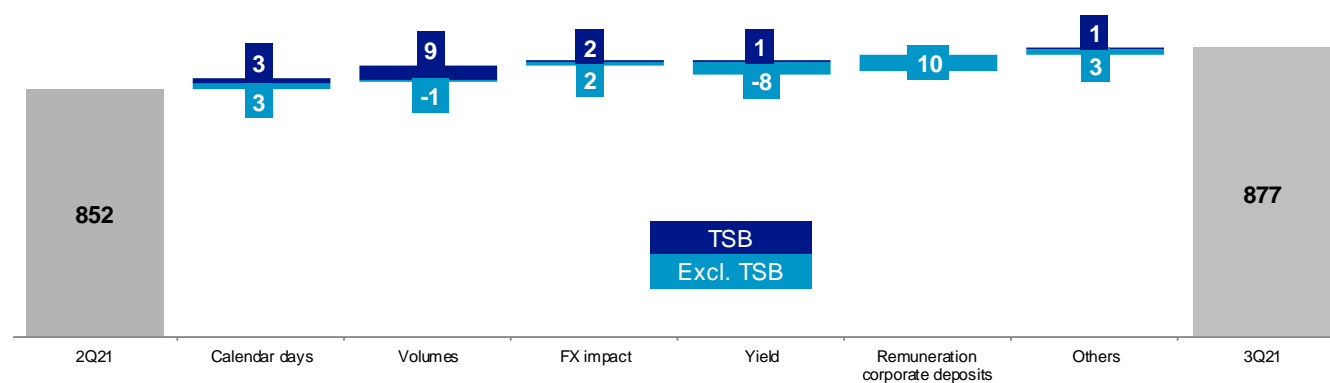
**+10.4%** Constant FX

Change QoQ:

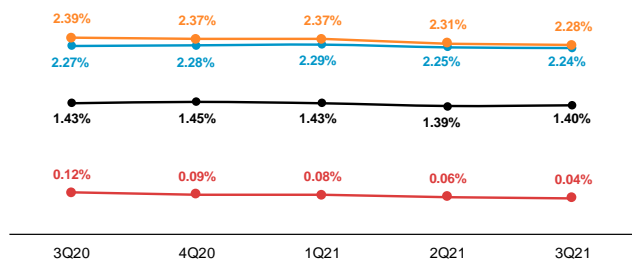
**+6.7%**

**+5.8%** Constant FX

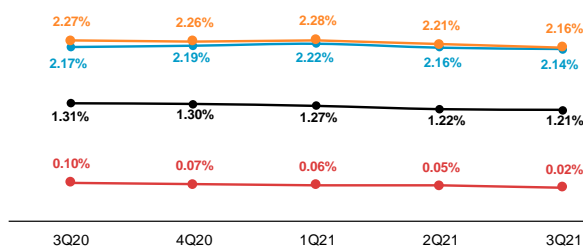
### Quarterly evolution of net interest income



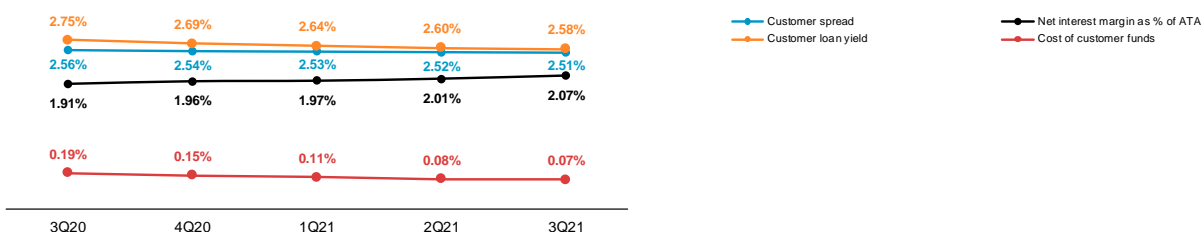
### Net interest income, Group (%)



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



### Net interest income, TSB (%)



## Gains and charges in the quarter

### Total Group

(€ million)	3 Q20			4 Q20			1Q21			2 Q21			3 Q21		
	Avg. balance	Rate %	Results	Avg. balance	Rate %	Results	Avg. balance	Rate %	Results	Avg. balance	Rate %	Results	Avg. balance	Rate %	Results
Cash and cash equivalents (1)	36,048	-0.08	-7	38,368	-0.17	-16	41,910	-0.21	-21	48,149	-0.32	-38	49,896	-0.26	-32
Loans to customers (net)	144,698	2.39	869	146,229	2.37	871	148,164	2.37	866	151,579	2.31	875	153,649	2.28	881
Fixed-income securities	29,524	0.87	65	27,693	0.72	50	25,198	0.67	42	26,344	0.63	41	26,080	0.65	43
Equity securities	1,044	--	--	956	--	--	1,007	--	--	1,120	--	--	1,046	--	--
Tang. & intang. assets	5,353	--	--	5,385	--	--	5,429	--	--	5,278	--	--	5,027	--	--
Other assets	16,484	0.56	23	15,742	0.74	29	14,453	0.36	13	13,062	0.34	11	13,061	0.29	10
<b>Total assets</b>	<b>233,151</b>	<b>1.62</b>	<b>950</b>	<b>234,374</b>	<b>1.59</b>	<b>934</b>	<b>236,160</b>	<b>1.54</b>	<b>899</b>	<b>245,532</b>	<b>1.45</b>	<b>889</b>	<b>248,759</b>	<b>1.44</b>	<b>901</b>
Financial institutions (2)	34,093	0.69	59	34,379	0.69	60	34,679	0.70	60	38,111	0.78	74	38,420	0.77	75
Customer deposits (3)	153,694	-0.12	-46	154,676	-0.09	-34	157,698	-0.08	-30	163,316	-0.06	-23	165,534	-0.04	-15
Capital markets	23,439	-1.31	-77	22,753	-1.27	-72	22,366	-1.31	-72	22,480	-1.15	-64	23,455	-1.10	-65
Other liabilities	9,165	-1.94	-45	9,701	-1.36	-33	8,845	-1.12	-24	9,018	-1.08	-24	8,591	-0.86	-19
Shareholders' equity	12,760	--	--	12,865	--	--	12,573	--	--	12,607	--	--	12,758	--	--
<b>Total funds</b>	<b>233,151</b>	<b>-0.19</b>	<b>-109</b>	<b>234,374</b>	<b>-0.14</b>	<b>-80</b>	<b>236,160</b>	<b>-0.11</b>	<b>-66</b>	<b>245,532</b>	<b>-0.06</b>	<b>-37</b>	<b>248,759</b>	<b>-0.04</b>	<b>-24</b>
<b>Net interest income</b>			<b>841</b>			<b>854</b>			<b>833</b>			<b>852</b>			<b>877</b>
<b>Customer spread</b>		<b>2.27</b>			<b>2.28</b>			<b>2.29</b>		<b>2.25</b>				<b>2.24</b>	
<b>Net interest margin as % of ATA</b>		<b>1.43</b>			<b>1.45</b>			<b>1.43</b>		<b>1.39</b>				<b>1.40</b>	

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

### Sabadell ex-TSB

(€ million)	3 Q20			4 Q20			1Q21			2 Q21			3 Q21		
	Avg. balance	Rate %	Results	Avg. balance	Rate %	Results	Avg. balance	Rate %	Results	Avg. balance	Rate %	Results	Avg. balance	Rate %	Results
Cash and cash equivalents (1)	30,092	-0.12	-9	33,362	-0.20	-17	36,812	-0.25	-22	44,290	-0.34	-37	46,570	-0.27	-32
Loans to customers (net)	109,684	2.27	627	109,738	2.26	623	109,318	2.28	613	111,126	2.21	612	111,726	2.16	608
Fixed-income securities	26,911	0.92	62	24,822	0.75	47	22,662	0.73	41	23,818	0.74	44	23,177	0.77	45
Other assets	23,575	0.62	37	22,892	0.69	40	21,579	0.42	22	20,231	0.34	17	19,976	0.27	14
<b>Total assets</b>	<b>190,262</b>	<b>1.50</b>	<b>717</b>	<b>190,814</b>	<b>1.44</b>	<b>693</b>	<b>190,371</b>	<b>1.39</b>	<b>654</b>	<b>199,465</b>	<b>1.28</b>	<b>636</b>	<b>201,450</b>	<b>1.25</b>	<b>635</b>
Financial institutions (2)	30,694	0.78	60	30,967	0.78	61	31,512	0.78	61	35,729	0.84	75	35,478	0.84	75
Customer deposits (3)	117,121	-0.10	-29	117,332	-0.07	-20	118,090	-0.06	-19	122,669	-0.05	-14	124,269	-0.02	-7
Capital markets	21,362	-1.29	-69	20,907	-1.25	-66	20,479	-1.29	-65	20,798	-1.15	-60	21,412	-1.14	-62
Other liabilities and shareholders' equity	21,085	-1.03	-55	21,608	-0.74	-40	20,290	-0.68	-34	20,270	-0.61	-31	20,291	-0.53	-27
<b>Total funds</b>	<b>190,262</b>	<b>-0.19</b>	<b>-93</b>	<b>190,814</b>	<b>-0.14</b>	<b>-65</b>	<b>190,371</b>	<b>-0.12</b>	<b>-57</b>	<b>199,465</b>	<b>-0.06</b>	<b>-30</b>	<b>201,450</b>	<b>-0.04</b>	<b>-20</b>
<b>Net interest income</b>			<b>624</b>			<b>627</b>			<b>597</b>			<b>606</b>			<b>615</b>
<b>Customer spread</b>		<b>2.17</b>			<b>2.19</b>			<b>2.22</b>		<b>2.16</b>				<b>2.14</b>	
<b>Net interest margin as % of ATA</b>		<b>1.31</b>			<b>1.30</b>			<b>1.27</b>		<b>1.22</b>				<b>1.21</b>	

- (1) Includes cash, central banks, credit institutions and reverse repos.
- (2) Financial income or expenses arising from the application of negative interest rates are recorded in line with the nature of the associated asset or liability. The credit institutions heading on the liabilities side includes financial income arising from the application of negative interest rates to balances 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 67 million euros at the end of September 2021, after recording higher earnings from investees related to renewable energy in the first quarter of the year, which explains the variation relative to previous year.

### Net fees and commissions:

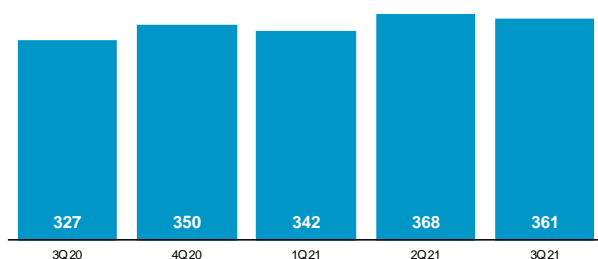
Net fees and commissions amounted to 1,070 million euros as of the end of September 2021, representing year-on-year growth of 7.0% (5.7% ex-TSB), supported by the growth of service fees and mutual funds fees, which offset the decline caused by the contribution of 30 million euros in the

previous year by Sabadell Asset Management following the sale carried out on 30 June 2020.

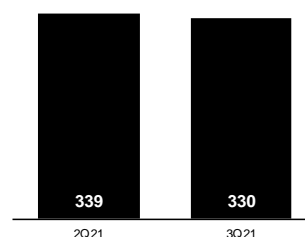
Quarter-on-quarter, net fees and commissions decreased by -1.9% (-2.4% ex-TSB), affected by third quarter seasonality with a greater impact on service fees and commissions on risk transactions, and by the sale of the depository business in the second quarter. On the other hand, it should be noted that asset management fees evolved well in the quarter, supported by mutual fund fee growth due to higher net inflows.

## Evolution of net fees and commissions

Total group (€ millions)



Sabadell ex - TSB (€ millions)



Change YoY:

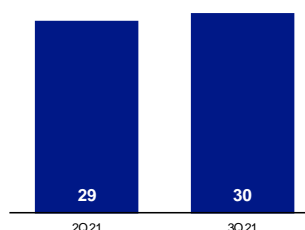
**+5.7%**

Change QoQ:

**-2.4%**

	Total group	Constant FX
Change YoY:	<b>+7.0%</b>	<b>+6.8%</b>
Change QoQ:	<b>-1.9%</b>	<b>-2.0%</b>

TSB (€ millions)



Change YoY:

**+23.7%**

**+20.9%** Constant FX

Change QoQ:

**+3.6%**

**+2.7%** Constant FX

## Net fees and commissions

(€ million)	Excl. TSB			Total group			Excl. TSB			Total group		
	2 Q21	3 Q21	QoQ (%)	2 Q21	3 Q21	QoQ (%)	9 M 20	9 M 21	YoY (%)	9 M 20	9 M 21	YoY (%)
Lending fees	43	42	-2.6	43	42	-2.6	117	125	7.1	117	125	7.1
Guarantees commissions	25	25	-0.7	25	25	-0.7	76	75	-1.4	76	75	-1.4
<b>Risk transaction fees</b>	<b>68</b>	<b>67</b>	<b>-1.9</b>	<b>68</b>	<b>67</b>	<b>-1.9</b>	<b>193</b>	<b>200</b>	<b>3.7</b>	<b>193</b>	<b>200</b>	<b>3.7</b>
Cards	39	44	12.3	53	60	11.7	120	123	2.3	150	166	10.7
Payment orders	17	18	5.8	18	19	4.8	40	52	29.9	42	54	29.0
Securities	18	16	-11.6	18	16	-11.6	54	49	-8.7	54	49	-8.7
Custodian mutual and pension funds	3	0	-100.0	3	0	-100.0	9	7	-25.5	9	7	-25.5
Sight accounts	69	62	-10.6	81	72	-10.4	140	187	33.3	176	218	24.0
Foreign currency and notes exchange	22	22	2.0	27	28	4.7	69	64	-6.5	77	80	4.4
Other transactions	22	21	-6.2	17	15	-10.1	66	60	-8.0	52	46	-10.0
<b>Commissions for services</b>	<b>190</b>	<b>182</b>	<b>-4.1</b>	<b>217</b>	<b>210</b>	<b>-3.3</b>	<b>498</b>	<b>543</b>	<b>9.0</b>	<b>560</b>	<b>621</b>	<b>11.0</b>
Mutual funds	29	33	13.7	29	33	13.7	97	88	-9.2	97	88	-9.2
Pension funds and insurance brokerage	46	42	-7.6	48	45	-6.6	127	136	7.2	134	143	6.5
Wealth management	6	6	9.0	6	6	9.0	16	17	8.5	16	17	8.5
<b>Asset Under Management commissions</b>	<b>80</b>	<b>81</b>	<b>1.2</b>	<b>83</b>	<b>84</b>	<b>1.5</b>	<b>240</b>	<b>242</b>	<b>0.6</b>	<b>248</b>	<b>249</b>	<b>0.5</b>
<b>Total</b>	<b>339</b>	<b>330</b>	<b>-2.4</b>	<b>368</b>	<b>361</b>	<b>-1.9</b>	<b>931</b>	<b>984</b>	<b>5.7</b>	<b>1,000</b>	<b>1,070</b>	<b>7.0</b>

### Net trading income and exchange differences:

At the end of September 2021, this item amounted to a total of 348 million euros (344 million euros ex-TSB), while at the end of September of the previous year it amounted to 177 million euros (155 million euros ex-TSB). This quarter includes 324 million euros of capital gains generated by sales from the ALCO portfolio classified in the held to collect portfolio to fund the second phase of the efficiency plan carried out in Spain.

### Other operating income and expenses:

This item stood at -140 million euros at the end of September 2021 (-119 million euros ex-TSB), while in the previous year it amounted to -112 million euros (-118 million euros ex-TSB), as it included the positive impact of the insurance indemnity received in relation to the technological migration at TSB.

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

### Total costs:

Total costs amounted to -2,549 million euros as at the end of September 2021 (-1,854 million euros ex-TSB), and include -301 million euros related to the second phase of the efficiency plan carried out in Spain in the third quarter of 2021.

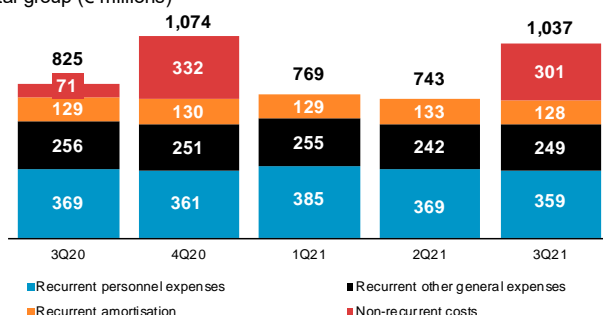
Recurrent costs were down by -2.9% year-on-year (-2.7% ex-TSB) due to an improvement in staff expenses as the savings from the first phase of the efficiency plan in Spain continued to come through, and by a reduction of general expenses at TSB. In the quarter they were down by -1.0% (0.6% growth ex-TSB) due to lower staff expenses recorded at TSB.

### Total costs

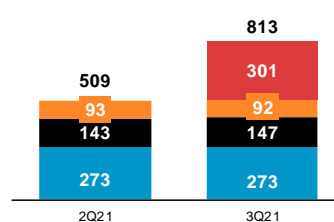
(€ million)	Excl. TSB			Total group			Excl. TSB			Total group		
	2 Q21	3 Q21	QoQ (%)	2 Q21	3 Q21	QoQ (%)	9 M 20	9 M 21	YoY (%)	9 M 20	9 M 21	YoY (%)
<b>Personnel expenses</b>	<b>-273</b>	<b>-570</b>	<b>108.5</b>	<b>-369</b>	<b>-656</b>	<b>77.6</b>	<b>-907</b>	<b>-1,140</b>	<b>25.7</b>	<b>-1,212</b>	<b>-1,410</b>	<b>16.3</b>
IT and communications	-60	-61	1.2	-114	-111	-2.2	-153	-178	16.3	-296	-334	13.2
Advertising	-11	-10	-9.4	-19	-20	5.3	-32	-32	1.0	-64	-63	-2.4
Premises and office supplies	-8	-11	26.7	-12	-20	69.2	-34	-30	-10.4	-85	-49	-42.1
Technical reports and judicial expenses	-5	-6	23.1	-8	-10	18.9	-20	-17	-11.6	-36	-27	-23.7
Subcontracted administrative services	-12	-11	-2.1	-30	-28	-7.0	-41	-35	-13.8	-123	-94	-23.5
Contributions and taxes	-31	-32	3.5	-34	-35	2.6	-94	-91	-3.2	-107	-101	-4.7
Others	-16	-20	27.7	-25	-30	19.6	-46	-54	18.0	-79	-81	3.3
<b>Other general expenses</b>	<b>-143</b>	<b>-151</b>	<b>5.8</b>	<b>-242</b>	<b>-253</b>	<b>4.9</b>	<b>-419</b>	<b>-438</b>	<b>4.5</b>	<b>-789</b>	<b>-750</b>	<b>-4.9</b>
<b>Amortisation &amp; depreciation</b>	<b>-93</b>	<b>-92</b>	<b>-1.1</b>	<b>-133</b>	<b>-128</b>	<b>-3.9</b>	<b>-270</b>	<b>-276</b>	<b>2.5</b>	<b>-386</b>	<b>-389</b>	<b>0.7</b>
<b>Total costs</b>	<b>-509</b>	<b>-813</b>	<b>59.7</b>	<b>-743</b>	<b>-1,037</b>	<b>39.4</b>	<b>-1,596</b>	<b>-1,854</b>	<b>16.2</b>	<b>-2,387</b>	<b>-2,549</b>	<b>6.8</b>
Memorandum item:												
Recurrent costs	-509	-512	0.6	-743	-736	-1.0	-1,596	-1,553	-2.7	-2,316	-2,248	-2.9
Non-recurrent costs	0	-301	--	0	-301	--	0	-301	--	-71	-301	--

## Evolution of total costs

Total group (€ millions)



Sabadell ex - TSB (€ millions)



Recurrent costs

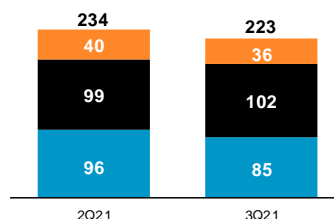
Change YoY:

**-2.7%**

Change QoQ:

**+0.6%**

TSB (€ millions)



Recurrent costs

Change YoY:

**-3.6%**

**-5.8%** Constant FX

Change QoQ:

**-4.6%**

**-5.5%** Constant FX

	Total group <sup>(1)</sup>	Constant FX <sup>(1)</sup>
Change YoY:	<b>-2.9%</b>	<b>-3.7%</b>
Change QoQ:	<b>-1.0%</b>	<b>-1.4%</b>

(1) Change over total recurrent costs.

## Core results:

At the end of September 2021, core results (net interest income + fees and commissions – recurrent costs) stood at 1,385 million euros, representing growth of 12.6% year-on-year as a result of the improved net interest

income and the good evolution of fees and commissions, as well as the aforementioned cost savings.

Core results grew by 5.4% in the quarter, driven by the good evolution of net interest income and costs.

(€million)	Total group					
	2 Q21	3 Q21	QoQ (%)	9 M 20	9 M 21	YoY (%)
Net interest income	852	877	2.9	2,545	2,563	0.7
Net fees and commissions	368	361	-1.9	1,000	1,070	7.0
Recurrent costs	-743	-736	-1.0	-2,316	-2,248	-2.9
<b>Core results</b>	<b>477</b>	<b>502</b>	<b>5.4</b>	<b>1,230</b>	<b>1,385</b>	<b>12.6</b>

## Provisions for loan losses and other impairments:

This item amounted to -911 million euros as of the end of September 2021 (-890 million euros ex-TSB), compared to -1,391 million euros (-1,222 million euros ex-TSB) at the end of September of the previous year; it therefore shows a substantial reduction mainly due to the fact that extraordinary provisions associated with the impact of Covid-19 had been booked in the previous year.

It includes -26 million euros in the quarter related to branch closures as part of the second phase of the efficiency plan carried out in Spain.

This level of provisions represents a credit cost of risk for the Group of 51 bps as of the end September 2021, thus improving by 2 bps relative to the end of June 2021 and by 37 bps relative to September 2020. The total cost of risk is 72 bps.

## Gains on sale of assets and other results:

Gains on sale of assets and other results stood at 78 million euros as at the end of September 2021, and mainly includes 83 million euros from the sale of the depository business in the second quarter and -4 million euros corresponding to the write-down of office premises due to branch closures as part of the second phase of the efficiency plan recorded in the quarter. In the previous year, this item mainly incorporated the capital gain on the sale of Sabadell Asset Management of 293 million euros.

## Net profit:

The Group's net profit amounted to 370 million euros at the end of September 2021, increasing by 82.4% year-on-year due mainly to the improvement of core revenue, reduction of recurrent costs and fewer provisions booked.

In the quarter, it amounted to 149 million euros and represents growth of 1.4% quarter-on-quarter due to the increased net interest income and lower recurrent costs.

## Balance sheet

### Highlights:

Good performance of outstanding performing loans in the year supported by the increase in mortgage lending to individuals, particularly in TSB, as well as the good momentum of lending to corporates, SMEs and the self-employed in Spain. It should be noted that the quarterly results were impacted by third quarter seasonality and by the outflow of c.400 million euros corresponding to the reclassification of BancSabadell d'Andorra assets to non-current assets held for sale after agreeing to its disposal, which takes place in October, and also by the Social Security advance payments amounting to c.600 million euros included in the previous quarter, both offset by the increased volumes at TSB.

At 30 September 2021, 8.8 billion euros of ICO funding had been drawn. With regard to payment holidays, there is an outstanding balance of 329 million euros <sup>(1)</sup> (10.1% of the volume originally granted).

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

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

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

### Balance sheet

(€million)	30.09.20	30.06.21	30.09.21	Change	
				YoY (%)	QoQ (%)
Cash, cash balances at central banks and other demand deposits	26,770	46,910	50,757	89.6	8.2
Financial assets held for trading and fair value with changes in PL	3,352	2,385	1,969	-41.2	-17.4
Financial assets in fair value OCI	6,996	6,900	6,581	-5.9	-4.6
Financial assets at amortised cost	182,689	177,438	173,589	-5.0	-2.2
Loans and advances to customers	148,267	154,860	154,741	4.4	-0.1
Loans and advances of central banks and credit institutions	12,221	3,533	3,769	-69.2	6.7
Debt securities	22,200	19,045	15,079	-32.1	-20.8
Investments in subsidiaries, joint ventures and associates	788	588	604	-23.4	2.7
Tangible assets	3,239	2,909	2,778	-14.2	-4.5
Intangible assets	2,560	2,568	2,563	0.1	-0.2
Other assets	9,702	10,421	11,081	14.2	6.3
<b>Total assets</b>	<b>236,094</b>	<b>250,120</b>	<b>249,922</b>	<b>5.9</b>	<b>-0.1</b>
Financial liabilities held for trading and fair value with changes in PL	2,629	1,639	1,526	-42.0	-6.9
Financial liabilities at amortised cost	218,014	233,256	231,863	6.4	-0.6
Central banks	(1) 30,362	34,819	36,264	19.4	4.2
Credit institutions	(1) 12,326	12,674	9,956	-19.2	-21.4
Customer deposits	148,953	158,212	158,660	6.5	0.3
Debt securities issued	21,759	21,778	21,726	-0.2	-0.2
Other financial liabilities	4,613	5,774	5,258	14.0	-8.9
Provisions	577	672	935	62.0	39.2
Other liabilities	2,143	1,880	2,721	27.0	44.7
<b>Subtotal liabilities</b>	<b>223,363</b>	<b>237,447</b>	<b>237,045</b>	<b>6.1</b>	<b>-0.2</b>
Shareholders' equity	13,168	13,120	13,251	0.6	1.0
Accumulated other comprehensive income	-507	-523	-451	-11.0	-13.7
Minority interest	71	76	77	9.8	2.1
<b>Net equity</b>	<b>12,731</b>	<b>12,673</b>	<b>12,877</b>	<b>1.1</b>	<b>1.6</b>
<b>Total liabilities and equity</b>	<b>236,094</b>	<b>250,120</b>	<b>249,922</b>	<b>5.9</b>	<b>-0.1</b>
Financial guarantees granted	2,093	2,031	2,034	-2.8	0.1
Commitments for loans granted	29,005	29,098	29,026	0.1	-0.2
Other commitments granted	9,120	7,506	7,410	-18.7	-13.3

(1) Deposits with central banks and credit institutions include the following amounts of repos: 9,244 million euros as at 30/09/2020, 9,376 million euros as at 30/06/2021 and 6,731 million euros as at 30/09/2021.

### Assets:

The Group's total assets amounted to 249,922 million euros, representing year-on-year growth of 5.9% and remaining stable in the quarter.

Excluding TSB, total assets amounted to 201,246 million euros, increasing by 4.3% year-on-year and decreasing by -0.8% in the quarter.



## Loans and advances to customers:

Gross performing loans ended the third quarter of 2021 with a balance of 152,438 million euros (110,488 million euros ex-TSB), representing year-on-year growth of 4.8% (0.4% ex-TSB) and remaining stable in the quarter (a fall of -1.0% ex-TSB).

Excluding the impact of the APS, lending growth stood at 5.9% year-on-year (1.8% ex-TSB).

In Spain, gross performing loans, excluding the APS, grew by 1.9% year-on-year, mainly driven by commercial lending to companies, SMEs and self-employed professionals, and by increased mortgage lending to individuals. In the quarter this item fell by -1.0% impacted by the seasonality effect, and by the reclassification of BancSabadell d'Andorra assets to non-current assets held for sale and also by Social Security advance payments included in the second quarter. Foreign branches are included in this perimeter and their balance amounts to 9,199 million euros,

representing a drop of -4.7% year-on-year and of -3.8% in the quarter.

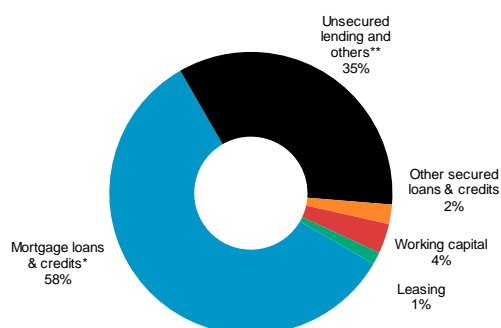
In TSB, lending increased by 18.5% year-on-year, supported by the appreciation of the pound; this is reversed in the quarter-on-quarter comparison, where the depreciation of the pound reduced growth to 2.4%. At constant exchange rates, the growth stood at 11.7% year-on-year and 2.7% quarter-on-quarter, with the strong growth of the mortgage book standing out in both cases.

Mexico saw growth of 0.3% year-on-year and 1.1% in the quarter, supported by the appreciation by the Mexican peso. At constant exchange rates, it fell -5.2% year-on-year but remained stable in the quarter due to a conservative policy for granting new loans.

## Loans and advances to customers

(€million)	Excl. TSB					Total group				
	30.09.20	30.06.21	30.09.21	Change		30.09.20	30.06.21	30.09.21	Change	
				YoY (%)	QoQ (%)				YoY (%)	QoQ (%)
Mortgage loans & credits	49,524	49,862	49,938	0.8	0.2	82,095	87,853	88,962	8.4	1.3
Other secured loans & credits	3,148	3,038	2,781	-11.7	-8.5	3,702	3,723	3,414	-7.8	-8.3
Working capital	4,312	5,439	5,200	20.6	-4.4	4,312	5,439	5,200	20.6	-4.4
Leasing	2,336	2,176	2,126	-9.0	-2.3	2,336	2,176	2,126	-9.0	-2.3
Unsecured lending and others	50,727	51,041	50,443	-0.6	-1.2	53,016	53,324	52,736	-0.5	-1.1
<b>Performing gross loans</b>	<b>110,047</b>	<b>111,556</b>	<b>110,488</b>	<b>0.4</b>	<b>-1.0</b>	<b>145,462</b>	<b>152,515</b>	<b>152,438</b>	<b>4.8</b>	<b>-0.1</b>
Of which: APS	1,761	241	241	-86.3	0.0	1,761	241	241	-86.3	0.0
<b>Performing gross loans excluding APS</b>	<b>108,286</b>	<b>111,315</b>	<b>110,247</b>	<b>1.8</b>	<b>-1.0</b>	<b>143,701</b>	<b>152,274</b>	<b>152,197</b>	<b>5.9</b>	<b>-0.1</b>
Stage 3 assets (customer)	5,448	4,837	4,874	-10.5	0.8	5,957	5,516	5,521	-7.3	0.1
Accruals	-28	-71	-25	-9.1	-64.4	38	6	60	59.9	--
<b>Gross loans to customers (excluding repos)</b>	<b>115,467</b>	<b>116,322</b>	<b>115,337</b>	<b>-0.1</b>	<b>-0.8</b>	<b>151,457</b>	<b>158,038</b>	<b>158,020</b>	<b>4.3</b>	<b>0.0</b>
Reverse repos	100	0	0	-100.0	--	100	0	0	-100.0	--
<b>Gross loans to customers</b>	<b>115,567</b>	<b>116,322</b>	<b>115,337</b>	<b>-0.2</b>	<b>-0.8</b>	<b>151,557</b>	<b>158,038</b>	<b>158,020</b>	<b>4.3</b>	<b>0.0</b>
NPL and country-risk provisions	-3,018	-2,903	-3,027	0.3	4.3	-3,289	-3,177	-3,279	-0.3	3.2
<b>Loans and advances to customers</b>	<b>112,549</b>	<b>113,419</b>	<b>112,310</b>	<b>-0.2</b>	<b>-1.0</b>	<b>148,267</b>	<b>154,860</b>	<b>154,741</b>	<b>4.4</b>	<b>-0.1</b>

## Loans and advances to customers by product type, 30/09/2021 (%) <sup>(\*)</sup>

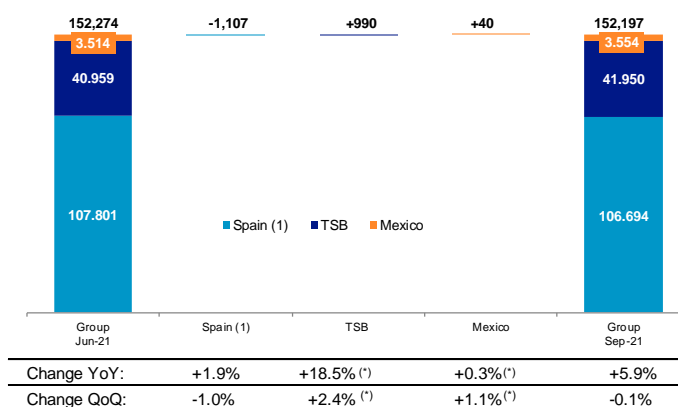


\*Includes mortgage loans and credits both to individuals and companies.

\*\*Includes ICO loans.

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

## Gross performing loans ex-APS: performance by geography (€ million)



(\*) In TSB +11.7% YoY and +2.7% QoQ in GBP and in Mexico -5.2% YoY and +0.1% QoQ in MXN.  
(1) Spain includes foreign branches (€9,199M in Sep 21 and €9,567M in Jun 21).

## Liabilities:

### Customer funds:

At the end of September 2021, on-balance sheet customer funds amounted to 157,930 million euros (116,421 million euros ex-TSB), representing a year-on-year increase of 6.6% (4.5% ex-TSB) and a quarter-on-quarter increase of 0.4%, both at Group level and ex-TSB. This growth was driven by the increase in sight accounts, which offset the decline in term deposits.

Sight account balances amounted to 142,292 million euros (102,904 million euros ex-TSB), representing an increase of 12.7% year-on-year (11.4% ex-TSB) and of 1.6% in the quarter (2.1% ex-TSB), mainly due to a shift away from term deposits as a result of the low interest rate on savings accounts.

Term deposits amounted to 15,765 million euros (13,643 million euros ex-TSB), representing a fall of -28.9% year-on-year (-29.4% ex-TSB) and of -10.7% quarter-on-quarter (-11.7% ex-TSB), due to the shift to sight accounts.

At TSB, on-balance sheet customer funds increased by 12.8% year-on-year and by 0.2% in the quarter, supported in both cases by the performance of the pound sterling. At constant exchange rates, they increased by 6.4% year-on-year and by 0.5% in the quarter, supported by the growth of current accounts, reflecting higher levels of customer savings.

Total off-balance sheet customer funds amounted to 41,669 million euros as at the end of September 2021, increasing by 13.0% year-on-year and by 2.3% in the quarter, due to the increase of mutual funds driven mainly by the higher volume of net inflows.

### Marketable debt securities:

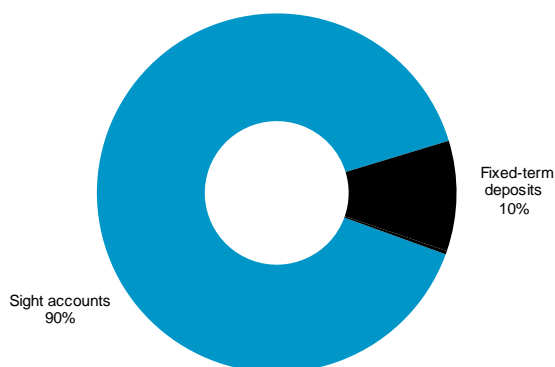
At the end of September 2021, this item amounted to 18,243 million euros (16,211 million euros ex-TSB), representing a fall of -3.2% year-on-year (-7.2% ex-TSB) and of -0.4% in the quarter, both at Group level and excluding TSB.

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

This item amounted to a total of 222,055 million euros (178,025 million euros ex-TSB), representing an increase of 7.0% year-on-year (5.4% ex-TSB) and quarterly growth of 0.6% (0.4% ex-TSB).

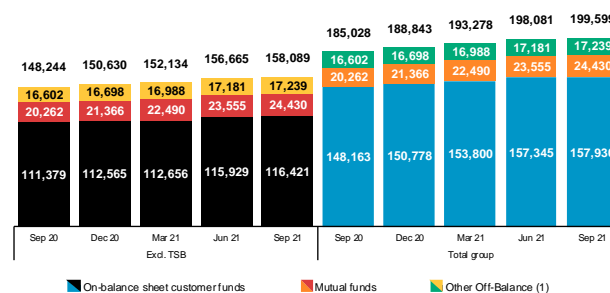
Exposures to central banks at the end of September 2021 amounted to 36,264 million euros, of which 32,000 million euros related to the ECB, remaining stable during the quarter, and 3,504 million euros related to the Bank of England, up by c.900 million in the quarter due to the increase of the TFSME (Term Funding Scheme with additional incentives for SMEs).

### Customer deposits, 30/09/2021 (%) (\*)



(\*) Excluding accrual adjustments and hedging derivatives.

### Evolution of customer funds (€ million)



	Excl. TSB (*)	Total group (*)
Change YoY:	<b>+4.5%</b>	<b>+6.6%</b>
Change QoQ:	<b>+0.4%</b>	<b>+0.4%</b>

(\*) Change on balance sheet customer funds.

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

## Customer funds

(€ million)	Excl. TSB					Total group				
	30.09.20	30.06.21	30.09.21	Change		30.09.20	30.06.21	30.09.21	Change	
				YoY (%)	QoQ (%)				YoY (%)	QoQ (%)
<b>Financial liabilities at amortised cost</b>	<b>175,769</b>	<b>186,779</b>	<b>183,883</b>	<b>4.6</b>	<b>-1.6</b>	<b>218,014</b>	<b>233,256</b>	<b>231,863</b>	<b>6.4</b>	<b>-0.6</b>
Non-retail financial liabilities	64,390	70,850	67,462	4.8	-4.8	69,851	75,911	73,933	5.8	-2.6
Central banks	27,002	32,178	32,760	21.3	1.8	30,362	34,819	36,264	19.4	4.2
Credit institutions	12,323	12,672	9,956	-19.2	-21.4	12,326	12,674	9,956	-19.2	-21.4
Institutional issues	20,662	20,606	19,936	-3.5	-3.2	22,549	22,645	22,456	-0.4	-0.8
Other financial liabilities	4,403	5,394	4,810	9.3	-10.8	4,613	5,774	5,258	14.0	-8.9
<b>On-balance sheet customer funds</b>	<b>111,379</b>	<b>115,929</b>	<b>116,421</b>	<b>4.5</b>	<b>0.4</b>	<b>148,163</b>	<b>157,345</b>	<b>157,930</b>	<b>6.6</b>	<b>0.4</b>
Customer deposits	112,088	116,794	116,663	4.1	-0.1	148,953	158,212	158,660	6.5	0.3
Sight accounts	92,341	100,808	102,904	11.4	2.1	126,274	140,028	142,292	12.7	1.6
Fixed-term deposits	(1) 19,336	15,448	13,643	-29.4	-11.7	22,187	17,645	15,765	-28.9	-10.7
Repos	279	424	0	-99.9	-99.9	339	424	484	43.0	14.3
Accruals and derivative hedging adjustments	132	114	115	-12.9	1.0	153	115	119	-22.5	3.0
Debt and other marketable securities	17,475	16,277	16,211	-7.2	-0.4	18,844	18,315	18,243	-3.2	-0.4
Subordinated liabilities	(2) 2,479	3,463	3,483	40.5	0.6	2,916	3,463	3,483	19.4	0.6
<b>On-balance sheet funds</b>	<b>132,041</b>	<b>136,535</b>	<b>136,357</b>	<b>3.3</b>	<b>-0.1</b>	<b>170,712</b>	<b>179,990</b>	<b>180,386</b>	<b>5.7</b>	<b>0.2</b>
Mutual funds	20,262	23,555	24,430	20.6	3.7	20,262	23,555	24,430	20.6	3.7
Managed mutual funds	422	430	458	8.4	6.4	422	430	458	8.4	6.4
Dedicated investment companies	1,298	1,450	1,434	10.5	-1.1	1,298	1,450	1,434	10.5	-1.1
Third-party funds	18,542	21,674	22,538	21.5	4.0	18,542	21,674	22,538	21.5	4.0
Managed accounts	3,230	3,708	3,879	20.1	4.6	3,230	3,708	3,879	20.1	4.6
Pension funds	3,260	3,458	3,458	6.1	0.0	3,260	3,458	3,458	6.1	0.0
Individual	2,112	2,253	2,250	6.5	-0.2	2,112	2,253	2,250	6.5	-0.2
Company	1,137	1,198	1,202	5.8	0.3	1,137	1,198	1,202	5.8	0.3
Group	10	6	6	-42.2	-0.5	10	6	6	-42.2	-0.5
Third-party insurance products	10,113	10,015	9,902	-2.1	-1.1	10,113	10,015	9,902	-2.1	-1.1
<b>Off-balance sheet customer funds</b>	<b>36,865</b>	<b>40,736</b>	<b>41,669</b>	<b>13.0</b>	<b>2.3</b>	<b>36,865</b>	<b>40,736</b>	<b>41,669</b>	<b>13.0</b>	<b>2.3</b>
<b>Funds under management and third-party funds</b>	<b>168,906</b>	<b>177,270</b>	<b>178,025</b>	<b>5.4</b>	<b>0.4</b>	<b>207,577</b>	<b>220,726</b>	<b>222,055</b>	<b>7.0</b>	<b>0.6</b>

(1) Includes deposits redeemable at notice and hybrid financial liabilities.

(2) Subordinated liabilities of debt securities.

## Equity:

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

### Equity

(€ million)	30.09.20	30.06.21	30.09.21	Change	
				YoY	QoQ
<b>Shareholders' equity</b>	<b>13,168</b>	<b>13,120</b>	<b>13,251</b>	<b>83</b>	<b>131</b>
Issued capital	703	703	703	0	0
Reserves	12,283	12,213	12,190	-93	-23
Of which: AT1	-202	-266	-291	-89	-26
Other equity	19	17	18	-1	1
Less: treasury shares	-41	-34	-30	11	4
Attributable net profit	203	220	370	167	149
<b>Accumulated other comprehensive income</b>	<b>-507</b>	<b>-523</b>	<b>-451</b>	<b>56</b>	<b>72</b>
<b>Minority interest</b>	<b>71</b>	<b>76</b>	<b>77</b>	<b>7</b>	<b>2</b>
<b>Net equity</b>	<b>12,731</b>	<b>12,673</b>	<b>12,877</b>	<b>146</b>	<b>204</b>

## Risk management

### Highlights:

The Group's stage 3 ratio was stable in the quarter and stood at 3.6% as of the end of September 2021.

With regard to the breakdown of loans by stages, it should be noted that 89.1% are classified as stage 1 with a coverage level of 0.3%, the balance of stage 2 loans represents 7.3% of the total with coverage of 4.2% and the balance of stage 3 loans represents 3.6% of the total with coverage of 41.9%.

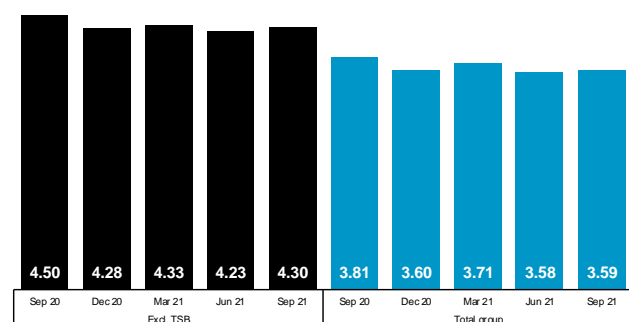
The NPA coverage ratio including total provisions increased in the quarter and stood at 54.0%, with the stage 3 coverage ratio including total provisions standing at 57.9% and the foreclosed asset coverage ratio standing at 37.0%.

### Risk management:

Problematic assets remained broadly stable in the quarter and had a balance of 7,377 million euros at the end of September 2021, of which 6,004 million euros correspond to stage 3 assets and 1,373 million euros correspond to foreclosed assets.

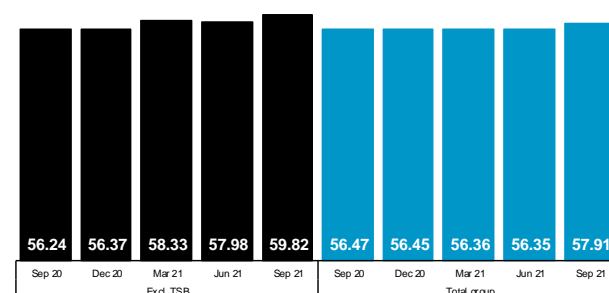
The gross NPA ratio was reduced during the quarter and stood at 4.4%. The net NPA ratio including total provisions stood at 2.0%.

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



(\*) Calculated including contingent exposures.

### Ratio of stage 3 coverage with total provisions (%) <sup>(\*)</sup>



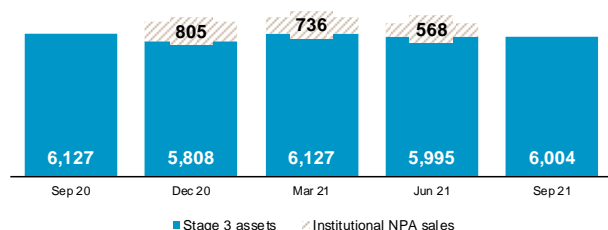
### Stage 3 ratios by segment <sup>(\*)</sup>

Total group	Sep 20	Dec 20	Mar 21	Jun 21	Sep 21
Real estate development and/or construction purposes	8.60%	8.10%	8.20%	8.62%	9.05%
Construction purposes non-related to real estate dev. (1)	4.54%	13.26%	12.93%	12.97%	11.77%
Large corporates	1.40%	2.20%	2.48%	2.16%	2.28%
SME and small retailers and self-employed	6.77%	6.72%	6.54%	6.35%	6.14%
Individuals with 1st mortgage guarantee assets	3.37%	2.36%	2.53%	2.45%	2.51%
<b>Stage 3 ratio</b>	<b>3.81%</b>	<b>3.60%</b>	<b>3.71%</b>	<b>3.58%</b>	<b>3.59%</b>

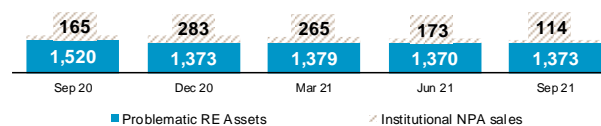
(\*) Calculated including contingent exposures.

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

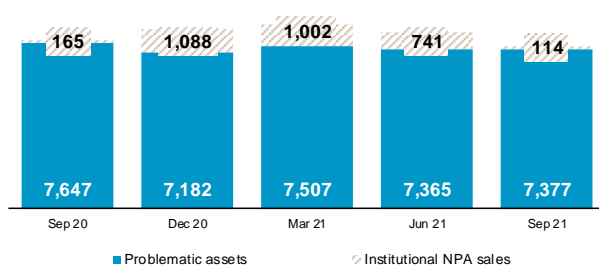
### Evolution of stage 3 assets (€ millions) <sup>(\*)</sup>



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



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



(\*) Calculated including contingent exposures.

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

### Evolution of Group stage 3 assets and foreclosed assets

(€million)		3Q20	4Q20	1Q21	2Q21	3Q21
Gross entries (stage 3)	(1)	356	1,151	757	537	511
Recoveries and sales	(1) (2)	-383	-1,364	-342	-536	-373
<b>Net stage 3 entries</b>		<b>-27</b>	<b>-213</b>	<b>415</b>	<b>1</b>	<b>139</b>
Gross entries (foreclosed assets)		78	83	47	31	63
Sales	(2)	-18	-230	-41	-40	-59
<b>Change in foreclosed assets</b>		<b>60</b>	<b>-147</b>	<b>6</b>	<b>-9</b>	<b>3</b>
<b>Net stage 3 entries + Change in foreclosed assets</b>		<b>33</b>	<b>-359</b>	<b>420</b>	<b>-8</b>	<b>142</b>
Write-offs		-205	-106	-95	-133	-129
<b>Foreclosed assets and stage 3 quarterly change</b>		<b>-172</b>	<b>-466</b>	<b>325</b>	<b>-142</b>	<b>13</b>

(1) In 4Q20 gross inflows (stage 3) included 708 million euros due to reclassifications to stage 3, and recoveries included c.1.000 million euros corresponding to reductions related to NPA portfolio sales.

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

## Evolution of coverage of the Group's problematic assets <sup>(\*)</sup>

(€ million)	Sep 20	Dec 20	Mar 21	Jun 21	Sep 21
Stage 3 exposures	6,127	5,808	6,127	5,995	6,004
Total provisions	3,460	3,279	3,453	3,378	3,477
<b>Stage 3 coverage ratio with total provisions (%)</b>	<b>56.5%</b>	<b>56.5%</b>	<b>56.4%</b>	<b>56.4%</b>	<b>57.9%</b>
Stage 3 exposures	6,127	5,808	6,127	5,995	6,004
Stage 3 provisions	2,451	2,272	2,335	2,374	2,513
<b>Stage 3 coverage ratio (%)</b>	<b>40.0%</b>	<b>39.1%</b>	<b>38.1%</b>	<b>39.6%</b>	<b>41.9%</b>
Problematic RE Assets	1,520	1,373	1,379	1,370	1,373
Provisions	541	502	510	511	508
<b>Problematic Real Estate coverage ratio (%)</b>	<b>35.6%</b>	<b>36.6%</b>	<b>37.0%</b>	<b>37.3%</b>	<b>37.0%</b>
Total problematic assets	7,647	7,182	7,507	7,365	7,377
Provisions	4,001	3,781	3,963	3,889	3,985
<b>Problematic assets coverage (%)</b>	<b>52.3%</b>	<b>52.6%</b>	<b>52.8%</b>	<b>52.8%</b>	<b>54.0%</b>
Gross loans and guarantees granted + problematic RE Assets	162,459	162,847	166,618	168,767	168,608
<b>Gross NPA ratio (%)</b>	<b>(1) 4.7%</b>	<b>4.4%</b>	<b>4.5%</b>	<b>4.4%</b>	<b>4.4%</b>
Net problematic assets	3,646	3,401	3,543	3,476	3,393
<b>Net NPA ratio (%)</b>	<b>(1) 2.2%</b>	<b>2.1%</b>	<b>2.1%</b>	<b>2.1%</b>	<b>2.0%</b>
<b>Net problematic assets as of % of total assets</b>	<b>1.5%</b>	<b>1.4%</b>	<b>1.4%</b>	<b>1.4%</b>	<b>1.4%</b>

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

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

## Forborne and restructured loans

The outstanding balance of forborne and restructured loans as at the end of September 2021 was as follows:

(€million)	Sep 20		Dec 20		Mar 21		Jun 21		Sep 21	
	Total	Of which: stage 3	Total	Of which: stage 3	Total	Of which: stage 3	Total	Of which: stage 3	Total	Of which: stage 3
Public sector	11	9	15	9	10	9	10	8	10	8
Companies and self employed	2,758	1,811	3,547	1,721	4,687	1,943	5,111	1,902	5,151	1,851
Of which: Financing for construction and real estate development	263	177	309	136	263	128	341	146	323	141
Individuals	1,797	1,174	1,776	978	1,813	1,025	1,833	1,050	1,910	1,086
<b>Total</b>	<b>4,566</b>	<b>2,994</b>	<b>5,338</b>	<b>2,707</b>	<b>6,511</b>	<b>2,977</b>	<b>6,954</b>	<b>2,960</b>	<b>7,070</b>	<b>2,946</b>
<b>Provisions</b>	<b>1,079</b>	<b>972</b>	<b>1,135</b>	<b>957</b>	<b>1,300</b>	<b>1,051</b>	<b>1,261</b>	<b>1,053</b>	<b>1,311</b>	<b>1,113</b>
<b>Coverage ratio</b>	<b>23.6%</b>	<b>32.5%</b>	<b>21.3%</b>	<b>35.4%</b>	<b>20.0%</b>	<b>35.3%</b>	<b>18.1%</b>	<b>35.6%</b>	<b>18.5%</b>	<b>37.8%</b>

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

(€million)	Gross amount	Allowances for losses
<b>Real estate assets deriving from financing of construction and real estate development</b>	<b>694</b>	<b>249</b>
Finished buildings	641	222
Housing	409	136
Rest	233	86
Buildings under construction	8	4
Housing	7	4
Rest	0	0
Land	45	23
Building land	29	13
Other land	17	10
<b>Real estate assets deriving from home loan mortgages</b>	<b>650</b>	<b>246</b>
<b>Real estate assets acquired in discharge of debts</b>	<b>29</b>	<b>13</b>
<b>Total real-estate portfolio</b>	<b>1,373</b>	<b>508</b>

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

## Breakdown of loans and provisions by stages

(€ million)	Stage 1	Stage 2	Stage 3
Loans to customers and guarantees granted	148,999	12,231	6,004
<i>Change QoQ</i>	<i>0.2%</i>	<i>-3.2%</i>	<i>0.2%</i>
Provisions	450	514	2,513
<b>Coverage</b>	<b>0.3%</b>	<b>4.2%</b>	<b>41.9%</b>
<b>% Stage / Total Loans</b>	<b>89.1%</b>	<b>7.3%</b>	<b>3.6%</b>



## Liquidity management

### Highlights:

The Group has a solid liquidity position with an LCR ratio of 223% at the end of September 2021 (250% ex-TSB and 146% at TSB), and with total liquid assets of 53,911 million euros.

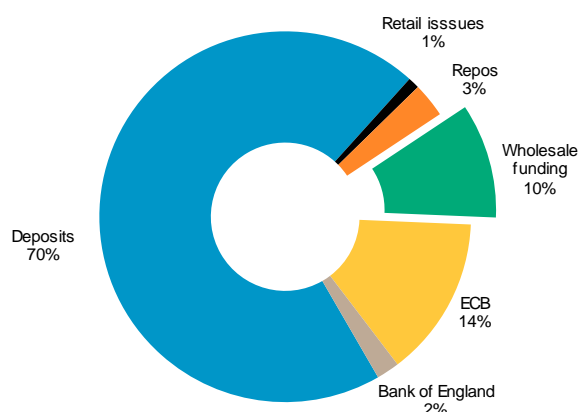
The loan-to-deposit ratio as at the end of September 2021 was 97.1%, with a balanced retail funding structure.

As of September 2021, the Bank had issued 500 million euros of Tier 2 and 500 million euros of AT1 in the first quarter of the year and 500 million euros of Senior Non-Preferred debt (green issuance) and 500 million pounds of mortgage covered bonds at TSB in the second quarter.

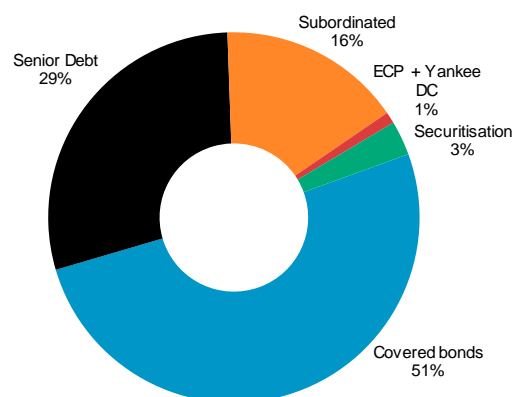
(€ million)		30.09.20	30.06.21	30.09.21
Loans and advances to customers	(1)	148,167	154,860	154,741
Brokered loans		-2,258	-1,389	-1,357
<b>Adjusted net loans and advances</b>		<b>145,910</b>	<b>153,472</b>	<b>153,384</b>
<b>On-balance sheet customer funds</b>		<b>148,163</b>	<b>157,345</b>	<b>157,930</b>
<b>Loan-to-deposits ratio (%)</b>		<b>98.5</b>	<b>97.5</b>	<b>97.1</b>

(1) Excludes reverse repos.

### Funding structure, 30/09/2021 (%)



### Wholesale funding breakdown, 30/09/2021 (%)



### Maturities

(€million)	2021	2022	2023	2024	2025	>2025	Outstanding balance
Covered bonds	1,508	1,720	1,388	2,722	836	3,056	11,230
Senior Debt	45	695	1,487	739	1,609	500	5,075
Senior Non Preferred Debt	0	0	0	951	500	500	1,950
Subordinated	0	0	0	0	0	1,810	1,810
<b>Total</b>	<b>1,553</b>	<b>2,416</b>	<b>2,875</b>	<b>4,412</b>	<b>2,944</b>	<b>5,866</b>	<b>20,066</b>

### New issuances in the year

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

### Maturities in the year

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

## Capital management and credit ratings

### Highlights:

The CET1 ratio stood at 12.40% as of the end of September 2021, having increased by 9 bps relative to the previous quarter.

This CET1 ratio includes 28 bps of IFRS9 transitional adjustments, therefore the fully-loaded CET1 ratio stood at 12.12%, having increased by 12 bps quarter-on-quarter.

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

The Total Capital ratio stood at 17.01% as of the end of September 2021, and was therefore above the required level with an MDA buffer of 388 bps, having increased by 9 bps relative to the previous quarter.

The phase-in leverage ratio stood at 5.43%.

The MREL ratio as a percentage of RWAs increased in the quarter and stood at 25.23%, above the requirement for the year 2022 (23.80%), while the MREL ratio as a percentage of the leverage ratio exposure was 9.48%, also above the requirement for the year 2022 (6.22%).

### Capital ratios

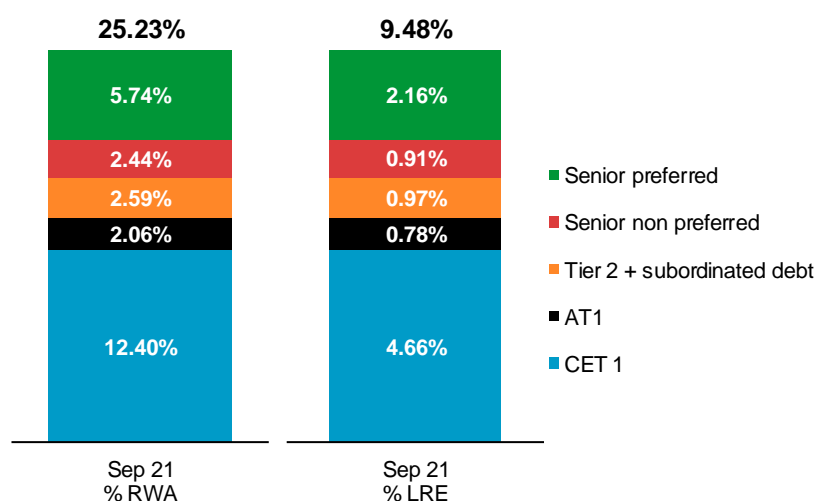
(€million)	Phase-in			Fully-loaded		
	30.09.20	30.06.21	30.09.21	30.09.20	30.06.21	30.09.21
Issued capital	703	703	703	703	703	703
Reserves	12,505	12,392	12,467	12,505	12,392	12,467
Minority interest	8	10	10	8	10	10
Deductions	(1) -3,156	-3,137	-3,252	-3,881	-3,384	-3,470
<b>Common Equity Tier 1</b>	<b>10,060</b>	<b>9,968</b>	<b>9,929</b>	<b>9,335</b>	<b>9,721</b>	<b>9,711</b>
<b>CET 1 (%)</b>	<b>12.93%</b>	<b>12.31%</b>	<b>12.40%</b>	<b>12.01%</b>	<b>12.00%</b>	<b>12.12%</b>
Preference shares and other	1,153	1,654	1,654	1,153	1,654	1,654
<b>Primary capital</b>	<b>11,213</b>	<b>11,621</b>	<b>11,582</b>	<b>10,489</b>	<b>11,375</b>	<b>11,364</b>
<b>Tier I (%)</b>	<b>14.41%</b>	<b>14.35%</b>	<b>14.46%</b>	<b>13.49%</b>	<b>14.05%</b>	<b>14.19%</b>
<b>Secondary capital</b>	<b>1,661</b>	<b>2,040</b>	<b>2,037</b>	<b>1,893</b>	<b>2,067</b>	<b>2,037</b>
<b>Tier II (%)</b>	<b>2.14%</b>	<b>2.52%</b>	<b>2.54%</b>	<b>2.43%</b>	<b>2.55%</b>	<b>2.54%</b>
<b>Total capital</b>	<b>12,875</b>	<b>13,661</b>	<b>13,620</b>	<b>12,382</b>	<b>13,442</b>	<b>13,402</b>
<b>Total capital ratio (%)</b>	<b>16.55%</b>	<b>16.87%</b>	<b>17.01%</b>	<b>15.93%</b>	<b>16.60%</b>	<b>16.73%</b>
<b>Risk weighted assets (RWA)</b>	<b>77,797</b>	<b>80,989</b>	<b>80,085</b>	<b>77,738</b>	<b>80,985</b>	<b>80,105</b>
<b>Leverage ratio (%)</b>	<b>5.25%</b>	<b>5.40%</b>	<b>5.43%</b>	<b>4.91%</b>	<b>5.29%</b>	<b>5.34%</b>
<b>CET 1 - BS (non-consolidated basis) (%)</b>	<b>14.83%</b>	<b>13.52%</b>	<b>13.61%</b>			
<b>Tier I - BS (non-consolidated basis) (%)</b>	<b>16.34%</b>	<b>15.54%</b>	<b>15.63%</b>			
<b>Tier II - BS (non-consolidated basis) (%)</b>	<b>1.72%</b>	<b>2.48%</b>	<b>2.40%</b>			
<b>Total capital ratio - BS (non-consolidated basis) (%)</b>	<b>18.05%</b>	<b>18.02%</b>	<b>18.03%</b>			
<b>ADIs</b>	(2) <b>2,520</b>	<b>2,500</b>	<b>2,553</b>			

Note: The CET1 ratio includes dividend accrual with a cash pay-out ratio of 30%.

(1) Includes IFRS 9 transitional adjustments.

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

### Evolution of the Group's MREL (% RWAs, % LRE)



### Credit ratings

Agency	Date	Long term	Short term	Outlook
DBRS	30.09.2021	A (low)	R-1 (low)	Negative
S&P Global Rating <sup>(1)</sup>	08.07.2021	BBB-	A-3	Stable
Moody's	15.07.2021	Baa3	P-2	Stable
Fitch Ratings	22.09.2021	BBB-	F3	Stable

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On 20 May 2021, **DBRS Ratings GmbH** affirmed the credit rating of Banco Sabadell with a negative outlook, in light of the economic situation brought about by Covid-19. On 30 September 2021, DBRS published its full credit rating with a negative outlook.

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

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

On 22 September 2021, **Fitch Ratings** affirmed Banco Sabadell's credit rating with a stable outlook.

## 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 unit is allocated capital equivalent to 12% of its risk-weighted assets, assigning all of the corresponding deductions to each business unit and allocating the surplus of own funds to Banking Business Spain.

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

### Segmentation by geography and business unit

- **Banking Business Spain**, which includes the following customer-centric business units:
  - Retail Banking: Offers financial products and services to individuals. These include investment products and medium- and long-term finance, such as consumer loans, mortgages and leasing or rental services, as well as short-term finance. Funds come mainly from customer deposits and sight accounts, savings insurance, mutual funds and pension plans. The main services also include payment methods such as cards and insurance linked to consumer loans and mortgages.
  - Business Banking: Offers financial products and services to companies and self-employed workers. These include investment and financing products, such as working capital products, revolving loans and medium- and long-term finance. It also offers customised structured finance and capital market solutions, as well as specialised advice for businesses. Funds mainly come from deposits, customer sight accounts and mutual funds. The main services also include collection/payment methods such as cards and POS terminals, as well as import and export services.
- Corporate Banking: This unit is responsible for managing the segment of large corporations which, because of their unique characteristics, require a tailor-made service, supplementing the range of transaction banking products with the services of the specialised units, thus offering a single, all-encompassing solution to their needs, taking into account the features of the economic activity sector and the markets in which they operate. It has units that develop custom products for large corporations and financial institutions. The units responsible for the development of these custom products do so for the entire Banco Sabadell Group, extending their capabilities to the Institutional and Corporate Banking segment. Through its international presence in 17 countries, with representative offices and operational branches, it offers financial and advisory solutions to large Spanish and international corporations and financial institutions. It has operational branches in London, Paris, Lisbon, Casablanca and Miami.
- **Banking Business United Kingdom:**

The TSB franchise includes business conducted in the United Kingdom, which includes current and savings accounts, loans, credit cards and mortgages.
- **Banking Business Mexico:**

It 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 9M21

(€ million)	Banking business Spain	Banking business United Kingdom	Banking Business Mexico	Total
<b>Net interest income</b>	<b>1,736</b>	<b>744</b>	<b>83</b>	<b>2,563</b>
Net fees and commissions	978	86	6	1,070
<b>Core revenues</b>	<b>2,713</b>	<b>830</b>	<b>89</b>	<b>3,633</b>
Net trading income and exchange differences	345	4	-1	348
Income from equity method and dividends	67	0	0	67
Other operating income/expense	-114	-21	-5	-140
<b>Gross operating income</b>	<b>3,011</b>	<b>813</b>	<b>83</b>	<b>3,908</b>
Operating expenses	-1,518	-582	-59	-2,160
Amortisation & depreciation	-271	-113	-6	-389
<b>Pre-provisions income</b>	<b>1,222</b>	<b>119</b>	<b>18</b>	<b>1,359</b>
Total provisions & impairments	-863	-21	-27	-911
Gains on sale of assets and other results	79	0	0	78
<b>Profit before tax</b>	<b>438</b>	<b>97</b>	<b>-9</b>	<b>527</b>
Income tax	-140	-15	7	-148
Minority interest	9	0	0	9
<b>Attributable net profit</b>	<b>289</b>	<b>82</b>	<b>-2</b>	<b>370</b>
ROE	3.1%	4.1%	--	3.2%
Efficiency	50.4%	71.6%	71.2%	56.5%
Stage 3 ratio	4.4%	1.5%	1.0%	3.6%
Stage 3 coverage ratio with total provisions	59.1%	42.1%	164.4%	57.9%

## Profit and loss 9M20

(€ million)	Banking business Spain	Banking business United Kingdom	Banking Business Mexico	Total
<b>Net interest income</b>	<b>1,799</b>	<b>659</b>	<b>87</b>	<b>2,545</b>
Net fees and commissions	925	70	6	1,000
<b>Core revenues</b>	<b>2,724</b>	<b>728</b>	<b>93</b>	<b>3,546</b>
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
<b>Gross operating income</b>	<b>2,793</b>	<b>756</b>	<b>87</b>	<b>3,636</b>
Operating expenses	-1,278	-675	-48	-2,001
Amortisation & depreciation	-263	-117	-7	-386
<b>Pre-provisions income</b>	<b>1,252</b>	<b>-35</b>	<b>32</b>	<b>1,249</b>
Total provisions & impairments	-1,207	-169	-15	-1,391
Gains on sale of assets and other results	303	-5	0	298
<b>Profit before tax</b>	<b>348</b>	<b>-209</b>	<b>17</b>	<b>156</b>
Income tax	-4	54	-3	47
Minority interest	1	0	0	1
<b>Attributable net profit</b>	<b>344</b>	<b>-155</b>	<b>14</b>	<b>203</b>
ROE	3.8%	--	2.8%	1.5%
Efficiency	45.7%	89.3%	55.5%	56.3%
Stage 3 ratio	4.6%	1.4%	0.6%	3.8%
Stage 3 coverage ratio with total provisions	55.8%	58.9%	166.3%	56.5%

## Balance sheet 9M21

(€ million)	Banking business Spain	Banking business United Kingdom	Banking Business Mexico	Total
<b>Total assets</b>	<b>193,511</b>	<b>51,672</b>	<b>4,740</b>	<b>249,922</b>
Performing gross loans	106,935	41,950	3,554	152,438
RE exposure	865	0	0	865
<b>Subtotal liabilities</b>	<b>183,860</b>	<b>49,067</b>	<b>4,118</b>	<b>237,045</b>
On-balance sheet customer funds	114,256	41,509	2,164	157,930
Capital markets w wholesale funding	18,888	2,905	0	21,793
<b>Equity</b>	<b>9,651</b>	<b>2,604</b>	<b>622</b>	<b>12,877</b>
Off-balance sheet customer funds	41,669	0	0	41,669

## Balance sheet 9M20

(€ million)	Banking business Spain	Banking business United Kingdom	Banking Business Mexico	Total
<b>Total assets</b>	<b>186,331</b>	<b>45,349</b>	<b>4,413</b>	<b>236,094</b>
Performing gross loans	106,505	35,415	3,543	145,463
RE exposure	979	0	0	979
<b>Subtotal liabilities</b>	<b>176,852</b>	<b>42,735</b>	<b>3,776</b>	<b>223,363</b>
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
<b>Equity</b>	<b>9,479</b>	<b>2,614</b>	<b>638</b>	<b>12,731</b>
Off-balance sheet customer funds	36,865	0	0	36,865

## Banking Business Spain

At the end of September 2021, net profit amounted to 289 million euros, a year-on-year decrease mainly due to the impact of the capital gain on the sale of Sabadell Asset Management in the previous year.

Net interest income amounted to 1,736 million euros, -3.5% lower than at the end of September 2020, mainly due to the smaller contribution of the ALCO portfolio following the sales made in the previous year and also due to lower yields on loans, offsetting the inflow of funds from TLTRO III and the increased remuneration earned on corporate deposits.

Net fees and commissions stood at 978 million euros, 5.7% higher year-on-year, due mainly to the good performance of service fees and mutual funds fees.

Net trading income and exchange differences stood at 345 million euros, with a strong growth year-on-year as the third quarter of 2021 includes 324 million euros to fund the second phase of the efficiency plan.

(€ million)	9M20	9M21	YoY (%)
<b>Net interest income</b>	<b>1,799</b>	<b>1,736</b>	<b>-3.5</b>
Net fees and commissions	925	978	5.7
<b>Core revenues</b>	<b>2,724</b>	<b>2,713</b>	<b>-0.4</b>
Net trading income and exchange differences	152	345	126.6
Income from equity method and dividends	25	67	167.3
Other operating income/expense	-109	-114	4.6
<b>Gross operating income</b>	<b>2,793</b>	<b>3,011</b>	<b>7.8</b>
Operating expenses	-1,278	-1,518	18.9
Amortisation & depreciation	-263	-271	2.9
<b>Pre-provisions income</b>	<b>1,252</b>	<b>1,222</b>	<b>-2.4</b>
Total provisions & impairments	-1,207	-863	-28.5
Gains on sale of assets and other results	303	79	-74.0
<b>Profit before tax</b>	<b>348</b>	<b>438</b>	<b>25.8</b>
Income tax	-4	-140	--
Minority interest	1	9	--
<b>Attributable net profit</b>	<b>344</b>	<b>289</b>	<b>-15.9</b>
<b>Accumulated ratios</b>			
ROE	3.8%	3.1%	
Efficiency	45.7%	50.4%	
Stage 3 ratio	4.6%	4.4%	
Stage 3 coverage ratio w/ total provisions	55.8%	59.1%	

Performing loans increased year-on-year by 0.4%, despite the collection by the DGF of 1,519 million euros related to the APS in the first quarter. Excluding the APS, lending growth was up by 1.9%, driven by commercial lending to corporates, SMEs and self-employed professionals, and by the growth of mortgage lending to individuals.

(€ million)	9M20	9M21	YoY (%)
<b>Total assets</b>	<b>186,331</b>	<b>193,511</b>	<b>3.9</b>
Performing gross loans	106,505	106,935	0.4
RE exposure	979	865	-11.6
<b>Subtotal liabilities</b>	<b>176,852</b>	<b>183,860</b>	<b>4.0</b>
On-balance sheet customer funds	109,750	114,256	4.1
Capital markets w/ wholesale funding	20,164	18,888	-6.3
<b>Equity</b>	<b>9,479</b>	<b>9,651</b>	<b>1.8</b>
Off-balance sheet customer funds	36,865	41,669	13.0
<b>Other data</b>			
Employees	16,391	14,618	
Branches	1,704	1,509	

Results under the equity method show strong growth due to higher earnings recorded by investees related to renewable energies in the first quarter.

Operating expenses grew in the year as they include -301 million euros of non-recurrent costs related to the second phase of the efficiency plan carried out in the third quarter. Excluding this impact, operating expenses fell by -4.0% year-on-year mainly due to improved staff expenses as the savings from the first phase of the efficiency plan carried out in 2020 continued to come through.

Provisions and impairments amounted to -863 million euros, representing a sharp reduction, as the previous year included extraordinary provisions associated with the impact of Covid-19.

Capital gains primarily included 83 million euros from the sale of the depositary business in the second quarter.

Simple evolution							
	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21
<b>611</b>	<b>591</b>	<b>597</b>	<b>600</b>	<b>570</b>	<b>579</b>	<b>586</b>	
324	302	299	321	314	336	327	
<b>935</b>	<b>893</b>	<b>896</b>	<b>922</b>	<b>885</b>	<b>916</b>	<b>913</b>	
133	0	20	618	15	7	323	
4	10	11	12	46	10	11	
-16	-78	-16	-162	-13	-97	-4	
<b>1,056</b>	<b>825</b>	<b>911</b>	<b>1,389</b>	<b>933</b>	<b>835</b>	<b>1,243</b>	
-422	-432	-424	-713	-424	-398	-697	
-85	-87	-91	-90	-90	-91	-90	
<b>549</b>	<b>306</b>	<b>397</b>	<b>585</b>	<b>420</b>	<b>347</b>	<b>455</b>	
-410	-548	-249	-801	-322	-261	-280	
1	274	28	15	4	75	0	
<b>141</b>	<b>32</b>	<b>175</b>	<b>-201</b>	<b>102</b>	<b>161</b>	<b>176</b>	
-46	77	-34	75	-27	-53	-59	
1	-2	2	0	5	2	2	
<b>94</b>	<b>110</b>	<b>139</b>	<b>-126</b>	<b>71</b>	<b>105</b>	<b>114</b>	
2.4%	3.7%	3.8%	2.2%	1.2%	3.2%	3.1%	
39.9%	45.4%	45.7%	47.6%	45.4%	46.4%	50.4%	
4.7%	4.7%	4.6%	4.4%	4.5%	4.3%	4.4%	
52.7%	55.6%	55.8%	55.7%	57.6%	57.3%	59.1%	

On-balance sheet customer funds grew by 4.1% year-on-year, driven by sight accounts, partly as the result of funds shifting away from term deposits due to the low interest rate environment. Off-balance sheet funds increased by 13.0% year-on-year due to mutual funds growth, mainly due to higher net inflows.

Simple evolution							
	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21
<b>173,442</b>	<b>184,315</b>	<b>186,331</b>	<b>183,896</b>	<b>190,290</b>	<b>195,172</b>	<b>193,511</b>	
105,008	107,175	106,505	106,327	106,815	108,042	106,935	
859	946	979	871	869	859	865	
<b>163,665</b>	<b>174,798</b>	<b>176,852</b>	<b>174,677</b>	<b>181,057</b>	<b>185,748</b>	<b>183,860</b>	
107,803	109,485	109,750	110,571	110,624	113,776	114,256	
20,762	19,842	20,164	18,332	18,815	19,188	18,888	
<b>9,777</b>	<b>9,517</b>	<b>9,479</b>	<b>9,219</b>	<b>9,233</b>	<b>9,423</b>	<b>9,651</b>	
40,044	41,718	36,865	38,064	39,478	40,736	41,669	
16,668	16,570	16,391	16,260	14,518	14,648	14,618	
1,847	1,753	1,704	1,614	1,613	1,613	1,509	

## Banking Business United Kingdom

Net profit stood at 82 million euros as at the end of September 2021, representing an improvement on last year's figure of -155 million euros, due to higher core revenues, lower costs and fewer provisions.

Net interest income amounted to a total of 744 million euros, 13.0% higher than in the previous year due to the strong growth of mortgage volumes.

Net fees and commissions increased by 23.7% year-on-year, mainly due to higher service fees, particularly card fees.

Operating expenses stood at -582 million euros and decreased by -13.8% year-on-year, due to the improvement of both personnel expenses and general expenses.

Provisions and impairments amounted to -21 million euros, falling considerably during the year, as the figure as at September 2020 included extraordinary provisions associated with the impact of Covid-19. In addition, this year includes a release of provisions due to the improved macroeconomic outlook.

Tax relief of 23 million euros is recorded under corporation tax in 2021 related to the UK parliament's enactment of a corporation tax increase from 19% to 25% to take effect as from April 2023.

(€ million)	9M20	9M21	YoY (%)	YoY (%) at constant FX	Simple evolution						
					1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21
<b>Net interest income</b>	<b>659</b>	<b>744</b>	<b>13.0</b>	<b>10.4</b>	<b>242</b>	<b>200</b>	<b>217</b>	<b>226</b>	<b>236</b>	<b>246</b>	<b>262</b>
Net fees and commissions	70	86	23.7	20.9	22	21	26	27	26	29	30
<b>Core revenues</b>	<b>728</b>	<b>830</b>	<b>14.0</b>	<b>11.4</b>	<b>264</b>	<b>221</b>	<b>243</b>	<b>253</b>	<b>262</b>	<b>275</b>	<b>293</b>
Net trading income and exchange differences	22	4	-81.8	-82.2	14	5	3	3	9	-2	-3
Income from equity method and dividends	0	0	--	--	0	0	0	0	0	0	0
Other operating income/expense	6	-21	--	--	1	12	-7	-4	0	-9	-12
<b>Gross operating income</b>	<b>756</b>	<b>813</b>	<b>7.6</b>	<b>5.1</b>	<b>280</b>	<b>237</b>	<b>239</b>	<b>252</b>	<b>271</b>	<b>264</b>	<b>278</b>
Operating expenses	-675	-582	-13.8	-15.7	-212	-208	-255	-200	-200	-194	-188
Amortisation & depreciation	-117	-113	-3.6	-5.8	-38	-40	-38	-44	-37	-40	-36
<b>Pre-provisions income</b>	<b>-35</b>	<b>119</b>	<b>--</b>	<b>--</b>	<b>29</b>	<b>-12</b>	<b>-53</b>	<b>8</b>	<b>34</b>	<b>30</b>	<b>55</b>
Total provisions & impairments	-169	-21	-87.5	-87.8	-38	-83	-49	-71	-23	-5	7
Gains on sale of assets and other results	-5	0	-94.7	-100.0	0	1	-5	1	-3	-1	4
<b>Profit before tax</b>	<b>-209</b>	<b>97</b>	<b>--</b>	<b>--</b>	<b>-8</b>	<b>-94</b>	<b>-107</b>	<b>-62</b>	<b>8</b>	<b>23</b>	<b>66</b>
Income tax	54	-15	--	--	1	30	23	-3	-5	13	-23
Minority interest	0	0	--	--	0	0	0	0	0	0	0
<b>Attributable net profit</b>	<b>-155</b>	<b>82</b>	<b>--</b>	<b>--</b>	<b>-7</b>	<b>-64</b>	<b>-84</b>	<b>-65</b>	<b>2</b>	<b>36</b>	<b>43</b>
<b>Accumulated ratios</b>											
ROE	--	4.1%			--	--	--	--	0.4%	2.9%	4.1%
Efficiency	89.3%	71.6%			75.7%	81.3%	89.3%	86.8%	73.8%	73.7%	71.6%
Stage 3 ratio	1.4%	1.5%			1.2%	1.6%	1.4%	1.3%	1.8%	1.6%	1.5%
Stage 3 coverage ratio w/ total provisions	58.9%	42.1%			48.9%	51.9%	58.9%	57.4%	42.0%	43.6%	42.1%

In TSB, lending has grown by 18.5% year-on-year, supported by the appreciation of sterling. At constant exchange rates, this item increased by 11.7% year-on-year due to the growth of the mortgage book.

On-balance sheet customer funds increased by 12.8%. At constant exchange rates, this item increased by 6.4% year-on-year, due to the increase in current accounts, reflecting higher levels of customer savings.

(€ million)	9M20	9M21	YoY (%)	YoY (%) at constant FX	Simple evolution						
					1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21
<b>Total assets</b>	<b>45,349</b>	<b>51,672</b>	<b>13.9</b>	<b>7.5</b>	<b>45,460</b>	<b>45,099</b>	<b>45,349</b>	<b>47,284</b>	<b>49,917</b>	<b>50,233</b>	<b>51,672</b>
Performing gross loans	35,415	41,950	18.5	11.7	34,844	34,190	35,415	36,977	39,893	40,959	41,950
<b>Subtotal liabilities</b>	<b>42,735</b>	<b>49,067</b>	<b>14.8</b>	<b>8.3</b>	<b>43,095</b>	<b>42,562</b>	<b>42,735</b>	<b>44,673</b>	<b>47,193</b>	<b>47,604</b>	<b>49,067</b>
On-balance sheet customer funds	36,784	41,509	12.8	6.4	34,590	36,047	36,784	38,213	41,144	41,416	41,509
Capital markets w/ wholesale funding	1,792	2,905	62.1	52.9	2,290	2,189	1,792	2,319	2,799	2,914	2,905
<b>Equity</b>	<b>2,614</b>	<b>2,604</b>	<b>-0.4</b>	<b>-6.0</b>	<b>2,365</b>	<b>2,537</b>	<b>2,614</b>	<b>2,611</b>	<b>2,724</b>	<b>2,629</b>	<b>2,604</b>
<b>Other data</b>											
Employees	7,028	5,926			7,276	7,133	7,028	6,709	6,451	5,978	5,926
Branches	485	290			534	503	485	454	373	290	290



## Mexico

Net profit at the end of September 2021 amounted to -2 million euros, representing a decline in year-on-year terms, mainly due to reduced net interest income and increased costs and allowances.

Net interest income amounted to 83 million euros having fallen by -5.2%, affected by reduced volumes.

Net fees and commissions amounted to 6 million euros, remaining in line with the previous year.

Operating expenses stood at -59 million euros having increased year-on-year, mainly due to higher IT costs.

Provisions and impairments amounted to -27 million euros, increasing year-on-year due to updates models and single-name NPLs entries.

(€ million)	9M20	9M21	YoY (%)	YoY (%) at constant FX	Simple evolution						
					1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21
<b>Net interest income</b>	<b>87</b>	<b>83</b>	<b>-5.2</b>	<b>-6.9</b>	<b>32</b>	<b>29</b>	<b>27</b>	<b>27</b>	<b>27</b>	<b>27</b>	<b>29</b>
Net fees and commissions	6	6	12.5	10.4	3	1	2	2	1	2	4
<b>Core revenues</b>	<b>93</b>	<b>89</b>	<b>-4.1</b>	<b>-5.8</b>	<b>34</b>	<b>30</b>	<b>29</b>	<b>29</b>	<b>28</b>	<b>29</b>	<b>32</b>
Net trading income and exchange differences	3	-1	--	--	4	0	-1	1	-1	0	0
Income from equity method and dividends	0	0	--	--	0	0	0	0	0	0	0
Other operating income/expense	-9	-5	-47.1	-48.1	-3	-3	-3	-5	-1	-2	-2
<b>Gross operating income</b>	<b>87</b>	<b>83</b>	<b>-4.5</b>	<b>-6.3</b>	<b>35</b>	<b>27</b>	<b>25</b>	<b>25</b>	<b>26</b>	<b>27</b>	<b>31</b>
Operating expenses	-48	-59	22.5	20.3	-19	-14	-16	-24	-16	-19	-24
Amortisation & depreciation	-7	-6	-13.1	-14.7	-2	-2	-3	-3	-2	-2	-1
<b>Pre-provisions income</b>	<b>32</b>	<b>18</b>	<b>-43.4</b>	<b>-44.4</b>	<b>15</b>	<b>11</b>	<b>6</b>	<b>-2</b>	<b>7</b>	<b>6</b>	<b>5</b>
Total provisions & impairments	-15	-27	76.7	73.5	-7	-4	-4	-12	-9	-1	-17
Gains on sale of assets and other results	0	0	--	--	0	0	0	0	0	0	0
<b>Profit before tax</b>	<b>17</b>	<b>-9</b>	<b>--</b>	<b>--</b>	<b>8</b>	<b>7</b>	<b>2</b>	<b>-14</b>	<b>-2</b>	<b>6</b>	<b>-12</b>
Income tax	-3	7	--	--	-2	-1	0	5	2	0	5
Minority interest	0	0	--	--	0	0	0	0	0	0	0
<b>Attributable net profit</b>	<b>14</b>	<b>-2</b>	<b>--</b>	<b>--</b>	<b>6</b>	<b>6</b>	<b>2</b>	<b>-10</b>	<b>0</b>	<b>6</b>	<b>-8</b>
<b>Accumulated ratios</b>											
ROE	2.8%	--			3.8%	3.8%	2.8%	0.6%	--	1.8%	--
Efficiency	55.5%	71.2%			52.9%	52.0%	55.5%	64.3%	63.7%	66.2%	71.2%
Stage 3 ratio	0.6%	1.0%			1.1%	0.8%	0.6%	0.5%	0.2%	0.3%	1.0%
Stage 3 coverage ratio with total provisions	166.3%	164.4%			111.4%	132.5%	166.3%	231.6%	477.4%	416.9%	164.4%

Performing loans grew by 0.3% year-on-year, supported by the appreciation of the Mexican peso. At constant exchange rates, this item fell -5.2% due to a conservative policy for granting new loans.

On-balance sheet customer funds increased by 32.9% year-on-year, supported by the evolution of the Mexican peso exchange rate. Considering a constant exchange rate, this item increased by 21.6%.

(€ million)	9M20	9M21	YoY (%)	YoY (%) at constant FX	Simple evolution						
					1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21
<b>Total assets</b>	<b>4,413</b>	<b>4,740</b>	<b>7.4</b>	<b>1.0</b>	<b>4,384</b>	<b>5,033</b>	<b>4,413</b>	<b>4,584</b>	<b>4,665</b>	<b>4,715</b>	<b>4,740</b>
Performing gross loans	3,543	3,554	0.3	-5.2	3,623	3,767	3,543	3,574	3,626	3,514	3,554
<b>Subtotal liabilities</b>	<b>3,776</b>	<b>4,118</b>	<b>9.1</b>	<b>3.2</b>	<b>3,754</b>	<b>4,370</b>	<b>3,776</b>	<b>3,922</b>	<b>3,992</b>	<b>4,095</b>	<b>4,118</b>
On-balance sheet customer funds	1,629	2,164	32.9	21.6	1,612	2,040	1,629	1,994	2,031	2,153	2,164
<b>Equity</b>	<b>638</b>	<b>622</b>	<b>-2.5</b>	<b>-11.6</b>	<b>630</b>	<b>664</b>	<b>638</b>	<b>661</b>	<b>673</b>	<b>620</b>	<b>622</b>
<b>Other data</b>											
Employees	499	478			471	503	499	489	483	469	478
Branches	15	15			15	15	15	15	15	15	15

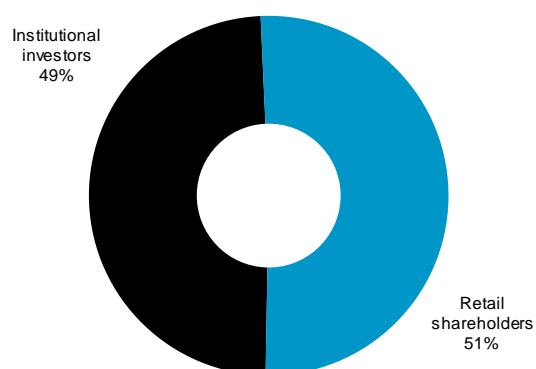
## 4. Share price performance

	30.09.20	30.06.21	30.09.21
<b>Shareholders and trading</b>			
Number of shareholders	246,671	235,053	229,745
Average number of shares (million)	5,586	5,584	5,586
Average daily trading volume (millions shares)	57	41	35
<b>Share price (€)</b> (1)			
Opening session (of the year)	1.040	0.354	0.354
High (of the year)	1.080	0.684	0.743
Low (of the year)	0.250	0.343	0.343
Closing session	0.297	0.574	0.726
Market capitalisation (€ million)	1,660	3,206	4,053
<b>Stock market multiples</b>			
Earnings per share (EPS) (€)	(2) 0.02	0.06	0.06
Book value (€ million)	13,111	13,099	13,190
Book value per share (€)	2.35	2.35	2.36
Tangible book value (€ million)	10,525	10,506	10,602
TBV per share (€)	1.88	1.88	1.90
Price / Book value (times)	0.13	0.24	0.31
Price / Earnings ratio (P/E) (times)	13.65	10.27	12.73

(1) Without adjusting historical values.

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

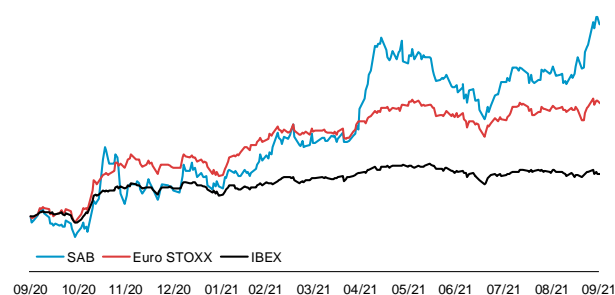
### Shareholder breakdown (%)



Source: GEM, data as at 30 September 2021

### Comparative evolution of SAB share price

Period from 30/09/2020 to 30/09/2021



## 5. Key developments in the quarter

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

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

### **Banco Sabadell transfers all of its stake in BancSabadell d'Andorra to Mora Banc Grup**

On 5 October, having obtained the pertinent regulatory authorisations, Banco Sabadell has transferred to Mora Banc Grup, S.A. ("MoraBanc") the entire shareholding stake held by Banco Sabadell at BancSabadell d'Andorra, S.A., which represents 50.97% of its share capital (and 51.61% taking into account the proportional treasury stock), for an amount of 68 million euros.

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

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

### **Banco Sabadell reaches a collective dismissal agreement in Spain**

On 15 October 2021, Banco Sabadell has reached an agreement with all the sections of the unions part of the negotiation committee which represent the employees, in the framework of a redundancy procedure for Banco Sabadell in Spain which will affect a maximum of 1,605 employees.

The cost of the process is estimated to be 269 million Euros before tax, equivalent to a negative impact of approximately 23 b.p. on the Common Equity Tier 1 (CET1) fully-loaded ratio. Nevertheless, as anticipated, this impact will be neutralised as this cost is financed with capital gains from the sale of bonds from the amortised cost portfolio. Both the provision for restructuring costs and the capital gains have been recorded in the third quarter of 2021.

The agreement reached will lead to minimum savings of 100 million Euros per year before tax, in line with what was announced in Banco Sabadell's Strategic Plan.

## 6. Glossary of terms on performance measures

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

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

	Definition and calculation	Page
ROA	(*) (**) (***) Consolidated income during the year / ATA. In the numerator the annualization of the profit obtained to date is considered and adjusted by contributions to deposit guarantee and resolution funds (DGF and SRF) and tax on deposits of credit institutions (IDEC), except year end.	5
ROE	(*) (***) Profit attributed to the Group / average equity. In the numerator the annualization of the profit obtained to date is considered and adjusted by contributions to deposit guarantee and resolution funds (DGF and SRF) and tax on deposits of credit institutions (IDEC), except year end.	5
RORWA	(*) Profit attributed to the Group / risk-weighted assets (RWA). In the numerator the annualization of the profit obtained to date is considered and adjusted by contributions to deposit guarantee and resolution funds (DGF and SRF) and tax on deposits of credit institutions (IDEC), except year end.	5
ROTE	(*) (***) Profit attributed to the Group / average equity. In the numerator the annualization of the profit obtained to date is considered and adjusted by contributions to deposit guarantee and resolution funds (DGF and SRF) and tax on deposits of credit institutions (IDEC), except year end. The denominator excludes intangible assets and the goodwill of the investees.	5
Efficiency ratio	(*) Administrative expenses / adjusted gross income. The denominator includes the linear accrual of contributions to deposit guarantee fund and resolution fund and tax on deposits of credit institutions, except year end.	5
Other operating income/expense	Includes the following accounting items: other operating income and other operating expense as well as income from assets and expenses on liabilities under insurance or reinsurance contracts.	8
Total provisions & impairments	Includes the following accounting items: (i) provisions or reversal of provisions, (ii) impairment or reversal of impairment on financial assets not measured at fair value through profit or loss and net modification losses or gains, (iii) impairment or reversal of impairment of investments in joint ventures and associates, (iv) impairment or reversal of impairment on non-financial assets, (v) profit or loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations (excluding gains or losses on sales of equity holdings and other items) and (vi) investment properties in the net gains or losses on derecognition of non-financial assets (including only gains or losses on the sale of investment properties).	8
Gains on sale of assets and other results	Includes the following accounting items: net gains or losses on derecognition of non-financial assets, excluding investment properties, and gains or losses on sales of equity holdings and other items included in the profit or loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations.	8
Pre-provisions income	Comprised of the following accounting items: gross income plus administration and amortisation/depreciation expenses.	8
Customer spread	(**) Difference between return and cost of assets and liabilities related to customers. The ratio has been calculated taking into account the difference between the average rate charged by the bank for customers loans and the average rate paid by the bank for the customers deposits. The average customers loans rate is the annualised ratio between the financial income from customer loans and the average daily balance of customer loans. The average rate of customers funds is the annualised ratio between the financial expenses on customers funds and the average daily balance of customers funds.	10
Credit cost of risk (bps)	Ratio between provisions for NPLs / loans to customer and guarantees granted. The numerator considers the linear annualization of the provisions for NPLs. In addition, the costs associated with the stage 3 management assets and provisions for institutional NPA sales are adjusted.	14
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.	15
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.	15
Gross loans to customers	Includes loans and advances to customers excluding impairment allowances.	16
Performing gross loans	Includes gross loans to customers excluding repos, stage 3 assets and accrual adjustments.	16
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).	18
Off-balance sheet customer funds	Includes mutual funds, asset management, pension funds and third-party insurance products.	18
On-balance sheet funds	Includes accounting sub-headings of customer deposits, debt securities issued (debt and other tradable securities and subordinated liabilities).	18
Funds under management and third-party funds	Sum of on-balance sheet and off-balance sheet customer funds.	18
Stage 3 coverage ratio with total provisions	Shows the % of stage 3 exposures covered by total provisions. Calculated using the ratio between the allowance of loans and advances to customers (including allowances for guarantees granted) / total stage 3 exposures (including stage 3 guarantees granted).	19
Stage 3 coverage ratio	Shows the % of stage 3 exposures covered by stage 3 provisions. Calculated using the ratio between the stage 3 allowance of loans and advances to customers (including stage 3 allowances for guarantees granted) / total stage 3 exposures (including stage 3 guarantees granted).	22
Problematic assets coverage	Ratio between provisions associated with problematic assets / total problematic assets.	22
Stage 3 ratio	Shows the % of stage 3 exposures over total risk assumed by customers not classified as non-current assets held for sale. Calculated using the ratio between stage 3 exposures, including guarantees granted / loans to customer and guarantees granted. See table for the definition of stage 3 exposures.	19
Problematic assets	Sum of stage 3 exposures and problematic real estate assets. Also referred to as non-performing assets (NPAs).	21
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.	21
Stage 3 exposures	Sum of accounting items: stage 3 loans and advances to customers and stage 3 guarantees granted.	22
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.	23
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.	24
Market capitalisation	Share price multiplied by the average number of outstanding shares at the end of the period.	31
Earnings per share	(*) Ratio between net profit attributed to the Group and the average number of outstanding shares at the end of the period. In the numerator the annualization of the profit obtained to date is considered and adjusted by the Additional Tier 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.	31
Book value per share	(*) Ratio between book value / average number of outstanding shares at the end of the period. Book value refers to equity, adjusted by contributions to deposit guarantee and resolution funds (DGF and SRF) and tax on deposits of credit institutions (IDEC), except at year end.	31
TBV per share	(*) Ratio between tangible book value and the average number of outstanding shares at the end of the period. The tangible book value is calculated as the sum of equity adjusted by intangible assets and the goodwill of the investees, and by contributions to deposit guarantee and resolution funds (DGF and SRF) and tax on deposits of credit institutions (IDEC), except year end.	31
Price / Book value (times)	(*) Ratio between share price / book value per share.	31
Price / Earnings ratio (P/E) (times)	(*) Ratio between share price / earnings per share.	31

(\*) 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 December of the previous year.

Alternative Performance measures	Conciliation (€millions)	9M 20	9M 21
ROA	Average total assets	225,378	243,530
	Consolidated net profit	203	379
	DGF - SRF - IDEC adjustment net of tax	-57	-61
	<b>ROA (%)</b>	<b>0.09</b>	<b>0.17</b>
ROE	Average equity	13,123	13,047
	Attributable net profit	203	370
	DGF - SRF - IDEC adjustment net of tax	-57	-61
	<b>ROE (%)</b>	<b>1.49</b>	<b>3.16</b>
RORWA	Risk weighted assets (RWA)	77,797	80,085
	Attributable net profit	203	370
	DGF - SRF - IDEC adjustment net of tax	-57	-61
	<b>RORWA (%)</b>	<b>0.25</b>	<b>0.52</b>
ROTE	Average equity (excluding intangible assets)	10,537	10,450
	Attributable net profit	203	370
	DGF - SRF - IDEC adjustment net of tax	-57	-61
	<b>ROTE (%)</b>	<b>1.85</b>	<b>3.95</b>
Efficiency ratio	Gross operating income	3,636	3,908
	DGF - SRF - IDEC adjustment	-81	-87
	<b>Adjusted gross operating income</b>	<b>3,555</b>	<b>3,821</b>
	Operating expenses	-2,001	-2,160
	<b>Efficiency ratio (%)</b>	<b>56.28</b>	<b>56.53</b>
Other operating income/expense	Other operating income	166	123
	Other operating expenses	-278	-263
	Income from assets under insurance or reinsurance contracts	0	0
	Expenses on liabilities under insurance or reinsurance contracts	0	0
	<b>Other operating income/expense</b>	<b>-112</b>	<b>-140</b>
Total provisions & impairments	Provisions or reversal of provisions	-144	-57
	Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss	-1,096	-735
	<b>Provisions for NPLs and other financial assets</b>	<b>-1,240</b>	<b>-791</b>
	Impairment or reversal of impairment of investments in joint ventures and associates	1	0
	Impairment or reversal of impairment on non-financial assets	-34	-82
	Profit or loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations	187	-36
	Gains or losses on sales of equity holdings and other items	-308	-1
	Gains from sales of investment properties and associates	4	0
	<b>Other impairments</b>	<b>-151</b>	<b>-120</b>
	<b>Total provisions &amp; impairments</b>	<b>-1,391</b>	<b>-911</b>
Gains on sale of assets and other results	Gains or losses on derecognition of non-financial assets, net	-7	77
	Gains or losses on sales of equity holdings and other items	308	1
	Gains from sales of investment properties and associates	-4	0
	<b>Gains on sale of assets and other results</b>	<b>298</b>	<b>78</b>
Pre-provisions income	Gross operating income	3,636	3,908
	Operating expenses	-2,001	-2,160
	Personnel expenses	-1,212	-1,410
	Other general expenses	-789	-750
	Amortisation & depreciation	-386	-389
	<b>Pre-provisions income</b>	<b>1,249</b>	<b>1,359</b>
Customer spread (*)	Loans to customers (net)		0
	Avg.balance	143,528	151,151
	Results	2,757	2,622
	Rate %	2.57	2.32
	Customer deposits		0.0
	Avg.balance	151,762	162,211
Results	-189	-67	
Rate %	-0.17	-0.06	
	<b>Customer spread</b>	<b>2.40</b>	<b>2.26</b>
Other assets	Derivatives - Hedge accounting	612	564
	Fair value changes of the hedged items in portfolio hedge of interest rate risk	459	115
	Tax assets	6,937	6,927
	Other assets	798	1,216
	Non-current assets and disposal groups classified as held for sale	895	2,260
	<b>Other assets</b>	<b>9,702</b>	<b>11,081</b>
Other liabilities	Derivatives - Hedge accounting	759	508
	Fair value changes of the hedged items in portfolio hedge of interest rate risk	382	118
	Tax liabilities	228	305
	Other liabilities	753	707
	Liabilities included in disposal groups classified as held for sale	21	1082
	<b>Other liabilities</b>	<b>2,143</b>	<b>2,721</b>

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

Alternative Performance measures	Conciliation (€millions)	9M 20	9M 21
Performing gross loans	Mortgage loans & credits	82,095	88,962
	Other secured loans & credits	3,702	3,414
	Working capital	4,312	5,200
	Leasing	2,336	2,126
	Unsecured lending and others	53,016	52,736
	<b>Performing gross loans</b>	<b>145,462</b>	<b>152,438</b>
	Stage 3 assets (customer)	5,957	5,521
	Accruals	38	60
	<b>Gross loans to customers excluding repos</b>	<b>151,457</b>	<b>158,020</b>
	Reverse repos	100	0
Gross loans to customers	<b>Gross loans to customers</b>	<b>151,557</b>	<b>158,020</b>
	NPL and country-risk provisions	-3,289	-3,279
	<b>Loans and advances to customers</b>	<b>148,267</b>	<b>154,741</b>
On-balance sheet customer funds	Financial liabilities at amortised cost	218,014	231,863
	Non-retail financial liabilities	69,851	73,933
	Central banks	30,362	36,264
	Credit institutions	12,326	9,956
	Institutional issues	22,549	22,456
	Other financial liabilities	4,613	5,258
	<b>On-balance sheet customer funds</b>	<b>148,163</b>	<b>157,930</b>
	Customer deposits	148,953	158,660
	Sight accounts	126,274	142,292
	Fixed-term deposits including available and hybrid financial liabilities	22,187	15,765
On-balance sheet funds	Repos	339	484
	Accruals and derivative hedging adjustments	153	119
	Debt and other marketable securities	18,844	18,243
	Subordinated liabilities (*)	2,916	3,483
	<b>On-balance sheet funds</b>	<b>170,712</b>	<b>180,386</b>
	Mutual funds	20,262	24,430
	Managed accounts	3,230	3,879
	Pension funds	3,260	3,458
	Third-party insurance products	10,113	9,902
	<b>Off-balance sheet customer funds</b>	<b>36,865</b>	<b>41,669</b>
Funds under management and third-party funds	<b>Funds under management and third-party funds</b>	<b>207,577</b>	<b>222,055</b>
	Customer, central banks and financial institutions loans and advances	5,988	5,554
Stage 3 exposures	Guarantees granted in stage 3	139	451
	<b>Stage 3 exposures (€ million)</b>	<b>6,127</b>	<b>6,004</b>
Stage 3 coverage ratio with total provisions (%)	Stage 3 exposures	6,127	6,004
	Total provisions	3,460	3,477
	<b>Stage 3 coverage ratio with total provisions (%)</b>	<b>56.5%</b>	<b>57.9%</b>
Stage 3 coverage ratio (%)	Stage 3 exposures	6,127	6,004
	Stage 3 provisions	2,451	2,513
	<b>Stage 3 coverage ratio (%)</b>	<b>40.0%</b>	<b>41.9%</b>
Problematic Real Estate coverage ratio (%)	Problematic RE Assets	1,520	1,373
	Provisions	541	508
	<b>Problematic Real Estate coverage ratio (%)</b>	<b>35.6%</b>	<b>37.0%</b>
Problematic assets	Stage 3 exposures	6,127	6,004
	Problematic RE Assets	1,520	1,373
	<b>Problematic assets</b>	<b>7,647</b>	<b>7,377</b>
Problematic assets coverage (%)	Provisions of problematic assets	4,001	3,985
	<b>Problematic assets coverage (%)</b>	<b>52.3%</b>	<b>54.0%</b>
Stage 3 ratio (%)	Stage 3 exposures	6,127	6,004
	Loans to customers and guarantees granted	160,939	167,234
	<b>Stage 3 ratio (%)</b>	<b>3.81%</b>	<b>3.59%</b>
Credit cost of risk (bps)	Loans to customers and guarantees granted	160,939	167,234
	Provisions for NPLs	-1,156	-733
	NPLs costs	-95	-95
	<b>Credit cost of risk (bps)</b>	<b>88</b>	<b>51</b>
Loan-to-deposits ratio (%)	Adjusted net loans and advances w/o repos by brokered loans	145,910	153,384
	On-balance sheet customer funds	148,163	157,930
	<b>Loan-to-deposits ratio (%)</b>	<b>98.5%</b>	<b>97.1%</b>
Market capitalisation (€million)	Average number of shares (million)	5,586	5,586
	Share price (€)	0.297	0.726
	<b>Market capitalisation (€million)</b>	<b>1,660</b>	<b>4,053</b>
Earnings per share (EPS) (€)	Net profit attributed to the Group adjusted	91	238
	Attributable net profit	203	370
	DGF - SRF - IDEC adjustment net of tax	-57	-61
	Accrued AT1	-55	-71
	Average number of shares (million)	5,586	5,586
	<b>Earnings per share (EPS) (€)</b>	<b>0.02</b>	<b>0.06</b>
Book value per share (€)	Adjusted equity	13,111	13,190
	Shareholders' equity	13,168	13,251
	DGF - SRF - IDEC adjustment net of tax	-57	-61
	Average number of shares (million)	5,586	5,586
	<b>Book value per share (€)</b>	<b>2.35</b>	<b>2.36</b>
TBV per share (€)	Intangible assets	2,586	2,589
	Tangible book value (€million)	10,525	10,602
	<b>TBV per share (€)</b>	<b>1.88</b>	<b>1.90</b>
Price / Book value (times)	Share price (€)	0.297	0.726
	<b>Price / Book value (times)</b>	<b>0.13</b>	<b>0.31</b>
Price / Earnings ratio (P/E) (times)	<b>Price / Earnings ratio (P/E) (times)</b>	<b>13.65</b>	<b>12.73</b>

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

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

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

# Shareholder and Investor Relations

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