

Quarterly financial report

Third quarter of 2015



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Basis of presentation

The consolidated profit and loss accounts and balance sheets at the end of the third quarter of 2015 and 2014, together with the disclosures shown in this Financial Report, are presented in accordance with the standards, principles and accounting criteria defined in Note 1 of the Group's audited consolidated semi-annual financial statements as of 30 June 2015.

The profit and loss account for 2014 has been restated for comparison purposes as a result of the early application in 2014 of the IFRIC 21, particularly in terms of how IFRIC 21 should be applied to the recognition and accrual of contributions to the Deposit Guarantee Fund.

The group acquired control of TSB Banking Group PLC on 30 June 2015. As a result of consolidating the latter, the balance sheet figures are not comparable with those of the preceding periods.

Key figures

	ex. TSB					Change (%)	Total group (7)		Change (%)
	30.09.14	31.12.14	31.03.15	30.06.15	30.09.15		30.06.15	30.09.15	
Profit and loss account (€million)									
Net interest income	1,650	2,260	643	1,299	1,973	19.6	1,299	2,240	35.8
Gross operating income	3,677	4,801	1,666	2,960	3,953	7.5	2,960	4,259	15.8
Pre-provisions income	(1)	2,133	2,749	1,142	1,909	11.6	1,909	2,434	14.1
Attributable net profit	(1)	364	372	175	352	48.5	352	580	59.4
Balance sheet (€million)									
Total assets	162,785	163,346	167,480	164,247	165,928	1.9	203,959	205,141	26.0
Gross loans to customers, excluding repos and accrual adjustments)	101,894	102,380	103,963	104,798	104,876	2.9	135,084	134,973	32.5
Gross loans to customers, excluding repos	118,361	117,964	118,527	118,416	117,768	-0.5	148,963	148,095	25.1
Gross loans to customers	119,175	118,552	118,593	118,826	118,299	-0.7	149,372	148,625	24.7
On-balance sheet funds	125,150	121,807	121,914	120,096	120,320	-3.9	156,189	155,837	24.5
Of which: Customer funds	(2)	97,375	94,461	94,899	95,345	-1.8	130,370	129,957	33.5
Mutual funds		14,665	15,706	18,674	20,230	39.0	20,230	20,390	39.0
Pension funds and third-party insurance products		12,191	11,755	11,750	11,445	-5.2	11,445	11,556	-5.2
Funds under management		154,814	152,185	156,128	155,506	0.8	191,599	191,553	23.7
Shareholders' equity		10,298	10,224	10,409	--	--	12,062	12,080	17.3
Profitability and cost-to-income ratios (%)									
ROA	(3)	0.22	0.23	0.43	--	--	0.35	0.36	
RORWA	(3)	0.47	0.50	0.77	--	--	0.66	0.74	
ROE	(3)	3.54	3.70	5.72	--	--	5.53	5.96	
ROTE	(3)	3.95	4.14	6.41	--	--	6.17	6.62	
Cost / income (ex amortisation)	(4)	54.71	53.14	48.82	48.58	47.50	48.58	50.25	
Risk and capital management									
Non-performing loans (€million)	16,777	15,910	14,863	13,962	13,122		14,215	13,345	
NPL ratio (%)	12.92	12.74	11.68	10.98	10.38		9.01	8.51	
NPL coverage ratio (%)	51.5	49.4	51.4	52.8	54.5		53.7	55.3	
Common Equity Tier 1	11.8	11.7	11.8	--	--		11.5	11.6	
Tier I	11.8	11.7	11.8	--	--		11.5	11.6	
Total capital ratio	13.0	12.8	12.8	--	--		13.0	13.0	
Share data (period end)									
Number of shareholders	232,411	231,481	229,181	--	--		260,549	274,220	
Number of shares (million)	4,013	4,024	4,025	--	--		5,187	5,318	
Share price (€)	(5)	2,344	2,205	2,279	--	--	2,165	1,642	
Market capitalisation (€million)		9,407	8,874	9,173	--	--	11,231	8,732	
Earnings per share (EPS) (€)	(6)	0.09	0.09	0.14	--	--	0.11	0.12	
Book value per share (€)		2.57	2.54	2.58	--	--	2.31	2.25	
Price / Book value (times)		0.91	0.87	0.88	--	--	0.94	0.73	
Price / Earnings ratio (P/E) (times)		26.53	23.88	15.91	--	--	19.39	13.54	
Including conversion of convertible bonds:									
Fully diluted number of shares including conversion of convertible bonds (million)		4,286	4,290	4,290	--	--	5,474	5,474	
Earnings per share (EPS) (€)	(6)	0.08	0.09	0.13	--	--	0.11	0.12	
Book value per share (€)		2.40	2.38	2.42	--	--	2.19	2.19	
Price / Book value (times)		0.98	0.93	0.94	--	--	0.99	0.75	
Other data									
Branches	2,337	2,320	2,305	2,288	2,292		2,919	2,920	
Employees	17,662	17,529	17,596	17,708	17,776		26,176	26,130	

- (1) In 2015, following the application of IFRIC 21 on accounting for levies, the contributions to the Deposit Guarantee Fund will be reflected in the profit and loss account as a single payment at year-end, instead of being accrued during the year. Assuming linear accrual of those contributions, net income before provisions as of 30 September 2015 would amount to €2,295.0 million, (€2,241.1 million excluding TSB) compared with €1,991.9 million as of 30 September 2014, representing an increase of 15.2% with respect to 30 September 2014 (+12.5% excluding TSB), and net income attributable to the group as of 30 September 2015 would amount to €482.4 million (€442.8 million excluding TSB) compared with €265.3 million as of 30 September 2014, representing an increase of 81.9% comparable with 30 September 2014 (+66.9% excluding TSB).
- (2) Includes customer deposits (ex-repos) and other liabilities placed through the branch network: mandatory convertible bonds, non-convertible bonds issued by Banco Sabadell, commercial paper and others.
- (3) Includes accrual of contributions to the Deposit Guarantee Fund.
- (4) Personnel and other general administrative expenses/gross income. To calculate these ratios, gross operating income was adjusted considering only recurrent trading income and exchange differences, whilst also assuming linear accrual of contributions to the Deposit Guarantee Fund.
- (5) Without adjusting historical values.
- (6) Assuming linear annualisation of income to date and accrual of contributions to the Deposit Guarantee Fund.
- (7) EURGBP applied to the P&L account is 0.7234 (average for 3Q15). For the balance sheet is 0.7114 as of 30.06.15 and 0.7385 as of 30.09.15.

Summary of the quarter

Good earnings performance

- ✓ Net interest income continues to rise on a quarter-on-quarter basis due to the lower cost of funding in customer deposits and capital markets, reaching €2,240.3 million in the first nine months of 2015 (+35.8% y/y and +43.5% q/q). Excluding TSB Banking Group (henceforth TSB), net interest income reached €1,973.1 million in the first nine months of 2015 (+19.6% y/y and +2.8% q/q).
- ✓ Revenue from fees and commissions have performed well in a seasonally weak quarter driven by the asset management business, reaching €728.2 million in the first nine months of 2015, representing a growth of 15.7% year-on-year and 20.1% with respect to the previous quarter. Excluding TSB, revenue from fees and commissions was €687.0 million at the end of September of 2015, an increase of 9.1% year-on-year and 2.1% with respect to the previous quarter.
- ✓ Lower level of cost of risk in this quarter, taking advantage of the strong provisions taken in the first half of the year. Strong trading income due to management of the ALCO portfolio until June 2015 allowed to increase coverage levels.
- ✓ The group's attributable net profit as of September 2015 amounted to €579.8 million (€540.2 million excluding TSB).

Stability in volumes and problematic assets continue downward trend

- ✓ The loans to customers and the customer funds remain stable in the quarter
- ✓ The volume of problematic assets has declined considerably in the quarter, by €839 million. The reduction amounts to €2,996 million in the last twelve months.
- ✓ The Group's NPL ratio has declined by 50bp in the quarter, to 8.51% (10.38% excluding TSB).
- ✓ The NPL coverage level continues to improve, having attained 54.45% without considering TSB (55.34% with TSB), while foreclosed real estate assets reached 44.1%.

Performance review

Macroeconomic environment

Global economic and financial background

Global financial markets witnessed abrupt fluctuations during the summer, as a result of concerns regarding the growth in China following the devaluation of the Yuan and due to the impending increase for the first time in nine years of the benchmark interest rate by the Fed. Performance was especially negative for currencies, stock exchanges and corporate debt of emerging countries, with similar, and in some cases greater, losses than those suffered in other historical periods of financial crisis.

In terms of economic activity, the Eurozone has continued its gradual recovery, with a quarterly growth of 0.4% in the second quarter (1Q15: 0.5%). Economic indicators in the United States show some moderation in activity during the third quarter, following the positive performance of the economy in the second quarter (1.0% QoQ). The labour market has continued to recover, and various indicators of the real estate market show a notable increase in activity. The Japanese economy, having contracted in the second quarter by -0.3% (QoQ), still shows signs of weakness in the third quarter. According to Standard&Poor's, the country's fiscal situation are delicate, made worse by an ageing population and persistent deflation. This context led to the rating of Japanese public debt being downgraded from AA- to A+ with a stable outlook, in line with ratings already issued by other agencies. With regards to inflation, it has been remained at low levels in the main advanced economies due to the decline in energy prices.

In political terms, in Greece, despite austerity measures proposed by Europe being rejected by the population in a referendum held in early July, a third international rescue package (of up to €86 billion) was eventually agreed, subject to strict conditionality. At present, the release of a first payment of €26 billion has been approved, which includes €10 billion toward the recapitalisation of the country's financial system. Following this agreement, new general elections were held in Greece (September 20th), with Syriza emerging as the victor. This party has formed a new coalition government with Independent Greeks. In this context, Fitch and Moody's have upgraded their rating for the country.

Macroeconomic situation in Spain

Economic activity has continued to improve in the third quarter, although the growth rate has decreased slightly. In particular, the Bank of Spain estimates that the GDP has grown by 0.8% this quarter, compared with 1.0% growth in the second one. On the fiscal front, budget implementation data show that public deficit has continued to decline. The approved budgetary plan for 2016 is based on an expected growth rate slightly above consensus. In terms of politics, the next general elections has been set for December 20th, 2015. With regards to the elections for the Catalan parliament, held on September 27th, separatist parties obtained a combined majority, but less than 50% of overall votes. Finally, Standard&Poor's upgraded its credit rating for Spanish public debt to BBB+ with a stable outlook.

Macroeconomic situation in the United Kingdom

Economic activity has reduced its growth in the third quarter. The growth rate of the economy has gone down in the third quarter. Retail sales have slowed down and some business confidence indices have hit record lows this year. In terms of the labour market, the unemployment rate has fallen to 5.4% of the active population, while wages have increased by nearly 3.0% year-on-year. Finally, in September inflation reached negative figures (-0.1% YoY) for the second time since 1960 (the first time was in April 2015). The decline in inflation was partly due to energy and food prices. In this context, core inflation maintained a year-on-year growth rate of 1.0%.

Macroeconomic situation in Latin America

Latin American markets have been particularly affected by the financial instability, experienced mainly in emerging economies, which took place this Summer (concerns about China, falls in prices of commodities and fears associated with the increase in interest rates by the Fed). Additionally, there has been increasing instability in Brazil, due to doubts regarding the capabilities and willingness of the government to introduce the necessary fiscal adjustments. In this situation, and in the face of severe currency depreciations, new doubts have arisen in the region in terms of the ability of companies to pay back the debts they have incurred in foreign currencies. Similarly, some central banks have been forced to increase their official interest rates in order to avoid falling inflation expectations from becoming unanchored (Colombia and Peru). In this framework, growth rate forecasts in Latin America have continued their downward trend.

Fixed-income markets

In its September meeting, the Fed decided to maintain the benchmark interest rate in the 0.00-0.25% range, although for the first time the convenience of increasing it was discussed. The decision to maintain the benchmark interest rate was based on low inflation (due to the appreciation of the dollar and the fall in the oil price) and on the recent international developments and in financial markets. During its September meeting the ECB adopted a more accommodating stance and left the doors open for the expansion of its asset purchase program. Following this, various members of the central bank pointed out that this expansion need not be immediate. In relation to this program, the ECB extended the limit of public debt that it can purchase from 25% to 33% of each issuance, provided that this does not enable the institution to hinder the process of organised restructuring. Similarly, the ECB lowered its predicted rates of growth and inflation.

Regarding long term fixed-income markets, yields of public debt from Germany and the United States were reduced, due to fears of a global economic slowdown. The decrease in expected inflation rates throughout the Eurozone and the decision by the Fed to maintain the benchmark interest rate also contributed to the decline. With regards to the euro area periphery, once the uncertainty about the situation in Greece subsided, risk premia remained mostly stable. In

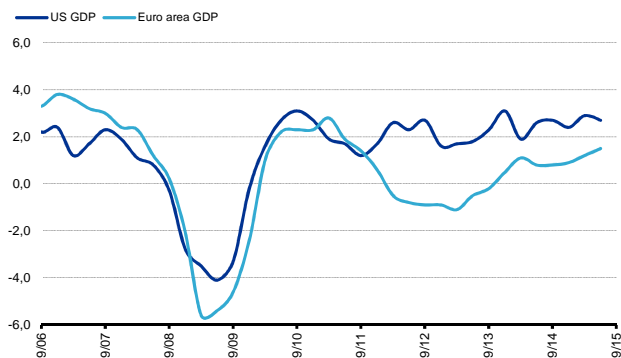
Spain, the risk premium increased slightly due to impending elections.

Equity markets

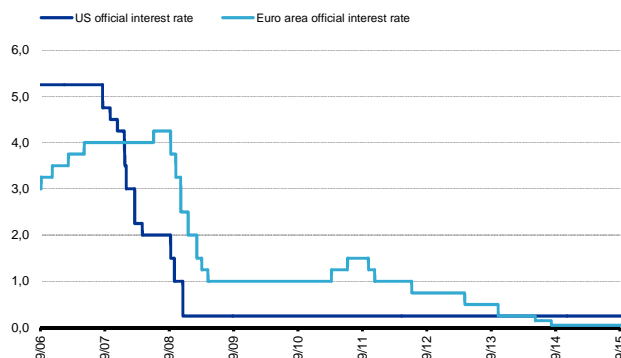
The main stock market indices of advanced economies experienced significant declines during this quarter, influenced by fears of a global regression due to problems experienced by emerging economies. As a result, the Euro

STOXX 50 fell by -9.5%, and the IBEX 35 decreased by -11.2%. In Germany, there was also a significant decrease in the DAX (-11.7%), which was further exacerbated by the Volkswagen scandal. In the United States, the S&P 500 decreased by -7.2% in Euros and in Japan, the Nikkei 225 fell -12.5% in Euros, affected by the country's significant exposure to China.

GDP – USA vs. Eurozone (year-on-year variation in %)



Official interest rate – USA vs. Eurozone (%)



Income statement

Banco Sabadell Group has ended the first nine months of 2015 with a net attributable profit of €579.8 million (an increase of 59.4% year-on-year), after booking €1,955.2

million in provisions for NPL, financial assets and real estate. Excluding TSB, the net attributable profit was €540.2 million (an increase of 48.5% year-on-year).

Profit and loss account

(€'000)	ex. TSB			Total group	
	9M14	(1) 9M15	Change (%) YoY	(1) (2) 9M15	Change (%) YoY
Net interest income	1,650,047	1,973,103	19.6	2,240,293	35.8
Income from equity method and dividends	-348	40,527	--	40,527	--
Net fees and commissions	629,608	686,992	9.1	728,207	15.7
Results from financial transactions (net)	1,299,030	1,154,112	-11.2	1,152,343	-11.3
Foreign exchange (net)	90,445	102,477	13.3	102,477	13.3
Other operating income/expense	7,771	-4,049	--	-5,042	--
Gross operating income	3,676,553	3,953,162	7.5	4,258,805	15.8
Personnel expenses	-906,483	-919,475	1.4	-1,032,307	13.9
Non-recurrent	-32,717	-32,273	-1.4	-33,923	3.7
Recurrent	-873,766	-887,202	1.5	-998,384	14.3
Other general expenses	-431,373	-437,274	1.4	-557,677	29.3
Non-recurrent	-5,987	-3,301	-44.9	-3,301	-44.9
Recurrent	-425,386	-433,973	2.0	-554,376	30.3
Amortization & depreciation	-205,975	-216,136	4.9	-234,640	13.9
Pre-provisions income	2,132,722	2,380,277	11.6	2,434,181	14.1
Provisions for NPLs and other impairments	-1,724,987	-1,955,218	13.3	-1,955,218	13.3
Gains on sale of assets	85,300	-17,485	--	-17,485	--
Badwill	0	207,371	--	207,371	--
Profit before tax	493,035	614,945	24.7	668,849	35.7
Income tax	-124,442	-72,418	-41.8	-86,756	-30.3
Consolidated net profit	368,593	542,527	47.2	582,093	57.9
Minority interest	4,749	2,288	-51.8	2,288	-51.8
Attributable net profit	363,844	540,239	48.5	579,805	59.4
Pro memoria:					
Average total assets (€ million)	163,586	165,625		178,905	
Earnings per share (€)	(3) 0.07	0.08		0.09	

(1) In 2015, following the application of IFRIC 21 on accounting for levies, contributions to the Deposit Guarantee Fund will be reflected in the profit and loss account as a single payment at year-end, instead of being accrued during the year. Assuming linear accrual of these contributions, the net income before provisions as of 30 September 2015 would amount to €2,295.0 million (€2,241.1 million excluding TSB) compared with €1,991.9 million as of 30 September 2014, which would be an increase of 15.2% compared with 30 September 2014 (+12.5% excluding TSB) and the net income attributable to the group as of 30 September 2015 would amount to €482.4 million (€442.8 million excluding TSB) compared with €265.3 million as of 30 September 2014, which is an increase of 81.9% compared with 30 September 2014 (+66.9% excluding TSB).

(2) EURGBP applied to the P&L account is 0.7234 (average for 3Q15).

(3) Not annualised.

Quarterly profit and loss account

(€000)	ex. TSB							Change (%) 2Q15	Total group	
	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15	3Q15		(1) 3Q15	Change (%) 2Q15
Net interest income	530,042	545,945	574,060	609,659	643,077	655,901	674,125	2.8	941,315	43.5
Income from equity method and dividends	22	8,464	-8,834	9,077	10,352	16,948	13,227	-22.0	13,227	-22.0
Net fees and commissions	200,971	213,508	215,129	231,283	225,834	228,213	232,945	2.1	274,160	20.1
Results from financial transactions (net)	930,660	202,234	166,136	464,574	736,249	378,019	39,844	-89.5	38,075	-89.9
Foreign exchange (net)	16,015	22,323	52,107	9,111	65,415	16,866	20,196	19.7	20,196	19.7
Other operating income/expense	13,245	-985	-4,489	-199,731	-15,074	-1,781	12,806	--	11,813	--
Gross operating income	1,690,955	991,489	994,109	1,123,973	1,665,853	1,294,166	993,143	-23.3	1,298,786	0.4
Personnel expenses	-298,766	-310,929	-296,788	-296,121	-301,047	-314,458	-303,970	-3.3	-416,802	32.5
Non-recurrent	-5,976	-24,934	-1,807	-592	-5,572	-19,168	-7,533	-60.7	-9,183	-52.1
Recurrent	-292,790	-285,995	-294,981	-295,529	-295,475	-295,290	-296,437	0.4	-407,619	38.0
Other general expenses	-151,871	-141,576	-137,926	-139,341	-146,339	-146,154	-144,781	-0.9	-265,184	81.4
Non-recurrent	-3,788	-2,199	0	-878	-1,124	-1,187	-990	-16.6	-990	-16.6
Recurrent	-148,083	-139,377	-137,926	-138,463	-145,215	-144,967	-143,791	-0.8	-264,194	82.2
Amortization & depreciation	-67,951	-67,983	-70,041	-72,129	-76,060	-67,390	-72,686	7.9	-91,190	35.3
Pre-provisions income	1,172,367	471,001	489,354	616,382	1,142,407	766,164	471,706	-38.4	525,610	-31.4
Provisions for NPLs and other impairments	-1,096,497	-318,821	-309,669	-774,672	-906,481	-842,640	-206,097	-75.5	-206,097	-75.5
Gains on sale of assets	69,927	12,178	3,195	151,648	9,580	-12,895	-14,170	9.9	-14,170	9.9
Badwill	0	0	0	0	0	207,371	0	-100.0	0	-100.0
Profit before tax	145,797	164,358	182,880	-6,642	245,506	118,000	251,439	113.1	305,343	158.8
Income tax	-31,541	-47,346	-45,555	14,694	-69,757	60,181	-62,842	--	-77,180	--
Consolidated net profit	114,256	117,012	137,325	8,052	175,749	178,181	188,597	5.8	228,163	28.1
Minority interest	3,033	1,476	240	219	1,111	573	604	5.4	604	5.4
Attributable net profit	111,223	115,536	137,085	7,833	174,638	177,608	187,993	5.8	227,559	28.1
Pro memoria:										
Average total assets (€million)	167,190	161,120	162,499	162,741	166,113	165,960	164,817		204,223	
Earnings per share (€)	(2) 0.02	0.04	0.07	0.09	0.04	0.06	0.08		0.09	

(1) EURGBP applied to the P&L account is 0.7234 (average for 3Q15)
(2) YTD at the end of each quarter (not annualised).

Net interest income continued the upward trend of previous quarters to reach €2,240.3 million in the first nine months of the year, i.e. 35.8% more than in the first nine months of 2014, largely as a result of the reduction in funding costs of both customer deposits and capital markets.

Excluding TSB, the net interest income would amount to €1,973.1 million at the end of September 2015, i.e. 19.6% more than in the first nine months of 2014.

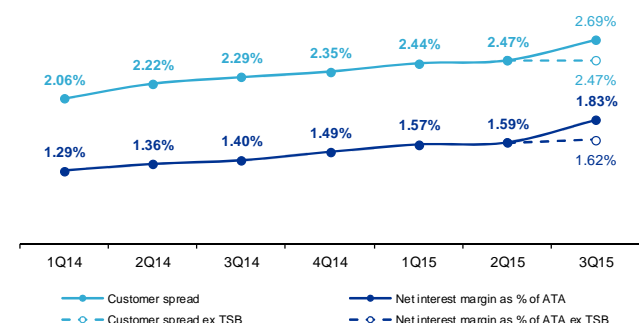
Quarterly yields and costs

2014 (€000)	1st Quarter			2nd Quarter			3rd Quarter (1)			4th Quarter		
	Avg.balance	Rate %	Results	Avg.balance	Rate %	Results	Avg.balance	Rate %	Results	Avg.balance	Rate %	Results
Cash and balance with central banks & fin. inst.	4,277,014	1.10	11,605	3,998,214	1.06	10,539	4,278,672	0.91	9,791	4,480,122	0.72	8,164
Loans to customers (net)	108,442,873	3.50	936,272	106,316,927	3.47	920,825	105,962,409	3.39	904,230	105,085,900	3.32	879,643
Fixed-income securities	24,136,993	3.41	202,734	21,208,649	3.84	203,235	22,276,597	3.65	204,884	23,207,907	3.35	195,999
Equity securities	834,668	--	--	1,395,773	--	--	1,401,733	--	--	1,659,535	--	--
Tang. & intang. assets	3,904,974	--	--	3,922,139	--	--	3,802,468	--	--	3,422,926	--	--
Other assets	25,593,732	0.10	6,075	24,277,850	0.10	6,235	24,777,363	0.11	6,827	24,884,304	0.10	6,439
Total assets	167,190,254	2.81	1,156,686	161,119,552	2.84	1,140,834	162,499,242	2.75	1,125,732	162,740,694	2.66	1,090,245
Financial institutions	16,165,139	-1.40	-55,769	13,552,136	-1.52	-51,463	10,565,998	-1.71	-45,646	12,720,001	-1.29	-41,429
Customer deposits	92,164,157	-1.44	-327,850	92,504,475	-1.25	-289,269	94,121,172	-1.10	-261,851	93,502,083	-0.97	-228,219
Capital markets	27,506,366	-3.54	-239,842	27,238,731	-3.51	-238,425	26,563,127	-3.41	-228,133	26,314,842	-3.05	-202,105
Repos	9,319,950	-0.68	-15,732	6,666,753	-0.71	-11,863	9,824,642	-0.47	-11,523	8,573,936	-0.47	-10,059
Other liabilities	11,838,144	0.43	12,549	10,296,456	-0.15	-3,869	10,384,566	-0.17	-4,517	10,639,953	0.05	1,226
Shareholders' equity	10,196,498	--	--	10,861,001	--	--	11,039,737	--	--	10,989,879	--	--
Total funds	167,190,254	-1.52	-626,644	161,119,552	-1.48	-594,889	162,499,242	-1.35	-551,672	162,740,694	-1.17	-480,586
Net interest income			530,042			545,945			574,060			609,659
Customer spread	2.06			2.22			2.29			2.35		
Net interest margin as % of ATA	1.29			1.36			1.40			1.49		

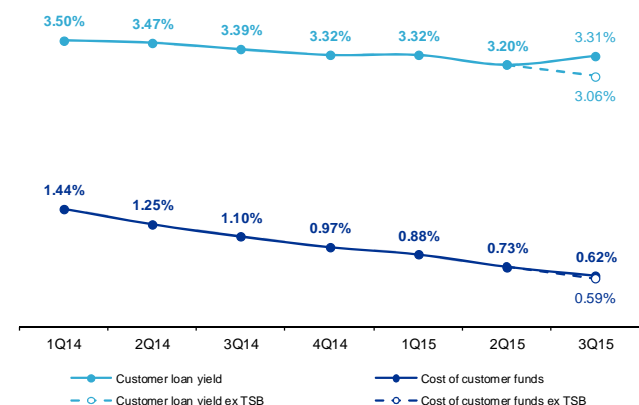
2015 (€000)	1st Quarter			2nd Quarter			3rd Quarter (1)			4th Quarter		
	Avg.balance	Rate %	Results	Avg.balance	Rate %	Results	Avg.balance	Rate %	Results	Avg.balance	Rate %	Results
Cash and balance with central banks & fin. inst.	4,506,907	0.69	7,620	4,239,111	0.72	7,608	10,017,261	0.58	14,711			
Loans to customers (net)	105,699,264	3.32	866,029	106,085,332	3.20	845,109	135,423,423	3.31	1,129,552			
Fixed-income securities	26,659,263	2.94	193,159	26,000,341	2.87	186,025	28,002,837	2.63	185,401			
Equity securities	1,466,208	--	--	1,765,119	--	--	1,291,662	--	--			
Tang. & intang. assets	3,712,828	--	--	3,486,113	--	--	4,795,049	--	--			
Other assets	24,068,998	0.18	10,440	24,383,857	0.19	11,596	24,692,983	0.37	22,968			
Total assets	166,113,468	2.63	1,077,248	165,959,873	2.54	1,050,338	204,223,215	2.63	1,352,632			
Financial institutions	15,819,325	-1.06	-41,192	16,682,943	-0.91	-37,966	18,932,939	-0.74	-35,120			
Customer deposits	92,350,893	-0.88	-200,352	93,214,329	-0.73	-169,704	126,974,769	-0.62	-198,163			
Capital markets	25,895,734	-2.71	-173,287	25,814,242	-2.56	-164,870	25,989,440	-2.35	-163,697			
Repos	10,118,263	-0.42	-10,564	8,425,452	-0.43	-9,016	9,767,542	-0.28	-6,936			
Other liabilities	10,323,239	-0.34	-8,776	9,485,553	-0.54	-12,881	10,312,977	-0.67	-17,401			
Shareholders' equity	11,606,014	--	--	12,337,354	--	--	12,245,548	--	--			
Total funds	166,113,468	-1.06	-434,171	165,959,873	-0.95	-394,437	204,223,215	-0.80	-411,317			
Net interest income			643,077			655,901			941,315			
Customer spread	2.44			2.47			2.69					
Net interest margin as % of ATA	1.57			1.59			1.83					

(1) EURGBP applied to the P&L account is 0.7234 (average for 3Q15) and to the balance sheet is 0.7385 (rate as of 30.09.15).

Net interest margin (%)



Customer spread (%)



The customer spread of 3Q15 reached 2.69% (2.47% in 2Q15) and the net interest margin as a percentage of average total assets reached 1.83% (1.59% in 2Q15). Excluding TSB, the customer spread in 3Q15 reached 2.47% (the same level recorded in 2Q15) and the net interest margin as a percentage of average total assets reached 1.62% (1.59% in 2Q15).

Dividends received and **results from companies that consolidate using the equity method** together increased considerably year-on-year, reaching €40.5 million at the end of September 2015, compared with -€0.4 million at the

end of September 2014. These revenues are due mainly to the insurance and pension fund business.

Net fees and commissions at the end of September 2015 totaled €728.2 million, up 15.7% year-on-year. Excluding TSB, net fees and commissions at the end of September 2015 totaled €687.0 million, up 9.1% year-on-year. This growth is largely due to fees and commissions from insurance and pension funds, mainly attributable to the good performance of off-balance sheet funds and to commercial actions aimed at enhancing cross-selling of products and services.

Net fees and commissions

(€000)	ex. TSB							Total group		
	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15	3Q15	Change (%)	(1)	Change (%)
Lending fees	28,829	28,829	27,957	30,367	28,781	28,402	27,812	-2.1	56,314	98.3
Guarantees commissions	25,558	26,822	25,898	26,846	25,694	25,829	26,636	3.1	26,636	3.1
Transferred to other entities	-944	-376	-277	-259	-280	-327	-247	-24.5	-247	-24.5
Risk transaction fees	53,443	55,275	53,578	56,954	54,195	53,904	54,201	0.6	82,703	53.4
Cards	32,397	35,007	39,180	39,689	36,465	38,907	39,960	2.7	60,344	55.1
Payment orders	10,967	11,292	11,727	12,006	11,362	12,090	12,201	0.9	12,201	0.9
Securities	25,109	17,721	16,465	20,500	20,160	20,655	18,297	-11.4	18,297	-11.4
Sight accounts	19,269	22,465	21,957	22,184	20,480	20,264	19,993	-1.3	22,337	10.2
Other transactions	20,090	23,141	23,346	26,931	27,523	24,515	23,149	-5.6	13,134	-46.4
Commissions for services	107,832	109,626	112,675	121,310	115,990	116,431	113,600	-2.4	126,313	8.5
Mutual funds	25,223	30,038	32,243	35,659	36,792	39,740	39,857	0.3	39,857	0.3
Pension funds and insurance brokerage	14,473	18,569	16,633	17,360	18,857	18,138	25,287	39.4	25,287	39.4
Mutual and pension fund and insurance commissions	39,696	48,607	48,876	53,019	55,649	57,878	65,144	12.6	65,144	12.6
Total	200,971	213,508	215,129	231,283	225,834	228,213	232,945	2.1	274,160	20.1
								Change (%)		Change (%)
								30.09.14		30.09.14
Accumulated September		629,608				686,992		9.1	728,207	15.7

(1)EURGBP applied to the P&L account is 0.7234 (average for 3Q15).

In particular, fees and commissions obtained from management and commercialisation of mutual funds and from the commercialisation of insurance and pension funds, together increased by 33.3% with respect to September 2014. Assets in mutual funds expanded steadily, amounting to €20,389.6 million as of 30 September 2015, i.e. an increase of 39.0% year-on-year.

Income from financial transactions amounted to €1,152.3 million at the end of September 2015 (€1,154.1 million excluding TSB), including, inter alia, €1,025.8 million in gains on the sale of available-for-sale fixed-income financial assets and €135.1 million in results from the trading portfolio. At the end of September 2014, income from financial transactions amounted to €1,299.0 million,

including €1,262.5 million in gains from the sale of available-for-sale fixed-income financial assets and €33.6 million in results from the trading portfolio.

Foreign exchange net gains amounted to €102.5 million at the end of September 2015, an increase of 13.3% year-on-year.

Operating expenses (personnel and general) at the end of September 2015 amounted to €1,590.0 million, of which €37.2 million were non-recurrent items (mainly personnel indemnities).

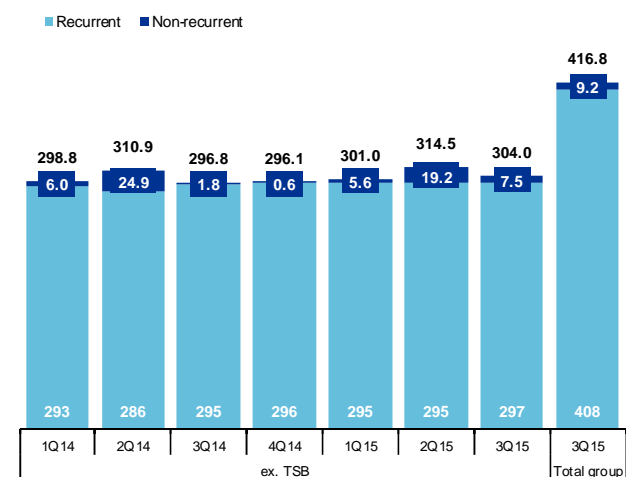
Excluding TSB, operating expenses amounted to €1,356.7 million, of which €35.6 million were non-recurrent items.

Operating expenses

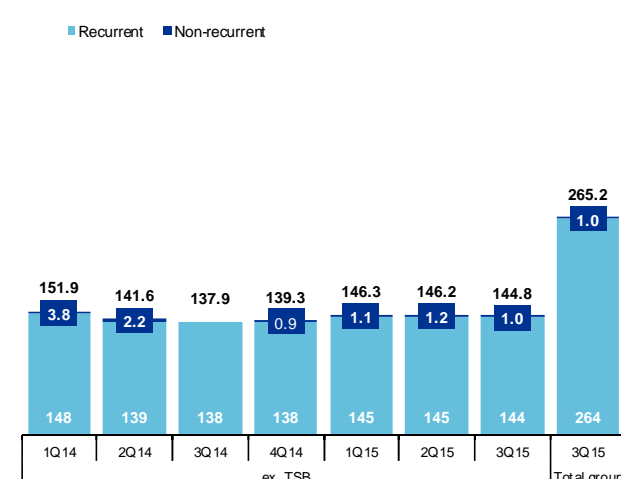
(€000)	ex. TSB							Change (%) 2 Q15	Total group	
	1Q14	2 Q14	3 Q14	4 Q14	1Q15	2 Q15	3 Q15		(1) 3 Q15	Change (%) 2 Q15
Recurrent	-292,790	-285,995	-294,981	-295,529	-295,475	-295,290	-296,437	0.4	-407,619	38.0
Non-recurrent	-5,976	-24,934	-1,807	-592	-5,572	-19,168	-7,533	-60.7	-9,183	-52.1
Personnel expenses	-298,766	-310,929	-296,788	-296,121	-301,047	-314,458	-303,970	-3.3	-416,802	32.5
IT and communications	-36,074	-31,497	-31,255	-28,627	-35,207	-33,022	-34,304	3.9	-49,545	50.0
Advertising	-9,667	-10,677	-7,568	-10,853	-7,187	-14,145	-9,863	-30.3	-33,853	139.3
Premises and office supplies	-43,846	-37,674	-37,748	-33,558	-39,042	-36,856	-38,627	4.8	-69,351	88.2
Taxes other than income tax	-23,716	-23,531	-23,228	-28,910	-25,012	-26,865	-24,595	-8.4	-24,649	-8.2
Others	-38,568	-38,197	-38,127	-37,393	-39,891	-35,266	-37,392	6.0	-87,786	148.9
Other general expenses	-151,871	-141,576	-137,926	-139,341	-146,339	-146,154	-144,781	-0.9	-265,184	81.4
Total	-450,637	-452,505	-434,714	-435,462	-447,386	-460,612	-448,751	-2.6	-681,986	48.1
								Change (%) 30.09.14		Change (%) 30.09.14
Accumulated September								1.4	-1,589,984	18.8

(1) EURGBP applied to the P&L account is 0.7234 (average for 3Q15).

Personnel expenses (€mn)



Other general expenses (€mn)



Once again, the cost/income ratio improved, reaching 50.25% at the end of September 2015 (47.50% at the end of September 2015 excluding TSB, 48.58% at the end of June 2015 and 48.82% at the end of March 2015). For this calculation, non-recurrent trading income and exchange differences were excluded for all periods, as well as the linear accrual of contributions to the Deposit Guarantee Fund.

The first nine months of 2015 ended with a **pre-provisions income** of €2,434.2 million (up 14.1% year-on-year). Accruing for the contribution to the Deposit Guarantee Fund on a linear basis for both years, the year-on-year variation in pre-provisions income would be +15.2% (€2,295.0 million as of 30 September 2015). Excluding TSB, pre-provisions income at the end of September 2015 would amount to €2,380.3 million (+11.6% year-on-year). Accruing for the contribution to the Deposit Guarantee Fund on a linear basis for both years, the year-on-year

variation of pre-provisions income would be +12.5% (€2,241.1 million as of 30 September 2015).

Provisions for loan losses and other impairments (mainly real estate and financial assets) amounted to €1,955.2 million in the first nine months of 2015, compared with €1,725.0 million in the first nine months of 2014, reflecting in both periods the additional provisions recognised as a result of the higher trading income obtained from the ALCO portfolio and including, in 2015, the additional provisions arising from the negative goodwill generated by the acquisition of TSB.

Capital gains from asset disposals amounted to -€17.5 million in the first nine months of 2015, compared with €85.3 million in the same period of 2014. In the first nine months of 2014, capital gains from asset disposals mainly included an extraordinary income of €80 million (net of arrangement expenses) from signing a reinsurance

contract with SCOR Global Life for Mediterráneo Vida's individual life assurance portfolio.

The negative goodwill generated in 2015 relates entirely to the badwill (net of tax) generated as a result of the acquisition of TSB. This extraordinary result was neutralised by additional impairments. As part of the preliminary PPA (Purchase Price Allocation) exercise, the expected loss on the customer loan book was estimated in order to adjust it to its estimated fair value, and intangible assets were estimated at a value that reflects the value of contractual rights arising from relations with TSB customers for core deposits.

After deducting income tax and minority interests, net income attributable to the group amounted to €579.8 million

at the end of the first nine months of 2015, 59.4% more than the result obtained in the same period in 2014 (€363.8 million). Accruing the Deposit Guarantee Fund contributions in both years, net income attributable to the group at the end of September 2015 would amount to €482.4 million, compared with €265.3 million at the end of September 2014, representing a year-on-year increase of 81.9%.

Excluding TSB, net profit attributable to the group amounted to €540.2 million at the end of September 2015, 48.5% more than the result from that same period in 2014. Accruing the Deposit Guarantee Fund contributions in both years, net income attributable to the group at the end of September 2015 would amount to €442.8 million, representing a year-on-year increase of 66.9%.

Balance sheet

Balance sheet

(€million)	30.09.14	31.12.14	31.03.15	30.06.15	(4) 30.09.15	Change (%)	
						30.09.14	30.06.15
Cash and balance with Central Banks	1,310	1,190	1,606	7,227	7,590	479.5	5.0
Trading and derivatives portfolios and other financial assets	3,113	3,253	3,785	3,060	3,258	4.7	6.5
Available-for-sale financial assets	21,190	21,096	24,427	23,570	25,750	2.15	9.2
Loans and advances	117,444	117,895	117,789	148,418	147,339	25.5	-0.7
Balances with financial institutions	(1) 3,696	4,623	4,237	4,414	3,847	4.1	-12.8
Loans to customers (net)	110,776	110,836	111,117	141,890	141,379	27.6	-0.4
Debt securities	2,971	2,436	2,436	2,113	2,114	-28.9	0.0
Investments in associated companies	495	513	768	596	297	-39.9	-50.1
Property, plant and equipment	3,811	3,983	3,976	4,156	4,245	11.4	2.1
Intangible assets	1,540	1,591	1,600	2,011	2,021	3.12	0.5
Other assets	13,883	13,824	13,529	14,921	14,640	5.5	-1.9
Total assets	162,785	163,346	167,480	203,959	205,141	26.0	0.6
Trading and derivatives portfolios	2,203	2,254	2,619	2,293	2,308	4.7	0.7
Financial liabilities at amortised cost	144,920	145,580	148,860	185,202	186,014	28.4	0.4
Central banks	4,003	7,202	8,905	11,008	11,460	186.3	4.1
Credit institutions	(2) 15,534	16,288	17,695	14,567	18,331	18.0	25.8
Customer deposits	102,112	98,208	98,176	132,330	131,573	28.9	-0.6
Debt and other tradable securities	19,593	20,196	20,378	20,103	20,508	4.7	2.0
Subordinated liabilities	1,082	1,012	946	1,490	1,494	38.1	0.3
Other financial liabilities	2,596	2,673	2,761	5,704	2,649	2.0	-53.6
Liabilities under insurance contracts	2,363	2,390	2,413	2,266	2,261	-4.3	-0.2
Provisions	443	395	362	402	387	-12.6	-3.6
Other liabilities	1,525	1,510	1,645	1,720	1,804	18.3	4.9
Subtotal liabilities	151,455	152,130	155,901	191,883	192,775	27.3	0.5
Shareholders' equity	(3) 10,298	10,224	10,409	12,062	12,080	17.3	0.1
Valuation adjustments	981	937	1,116	-22	249	-74.6	--
Minority interest	52	55	55	37	38	-27.5	1.8
Equity	11,330	11,216	11,579	12,077	12,366	9.1	2.4
Total liabilities and equity	162,785	163,346	167,480	203,959	205,141	26.0	0.6

(1) Balances with financial institutions include the following amounts of repos: €269 million as of 30.09.14, €900 million as of 30.06.15 and €1,223 million as of 30.09.15.

(2) Deposits with central banks and credit institutions include the following amounts of repos: €5,360 million as of 30.09.14, €5,616 million as of 30.06.15 and €9,925 million as of 30.09.15.

(3) Includes other capital instruments (€728 million as of 30.09.14, €736 million as of 30.06.15 and €227 million as of 30.09.15), mainly mandatory convertible bonds.

(4) EURGBP applied to the balance sheet is 0.7114 as of 30.06.15 and 0.7385 as of 30.09.15

At the end of the first nine months of 2015, Banco Sabadell Group's total assets amounted to €205,141.1 million, i.e. a 26.0% year-on-year increase, or an increase of 1.9% excluding TSB (totaling €165,928.0 million).

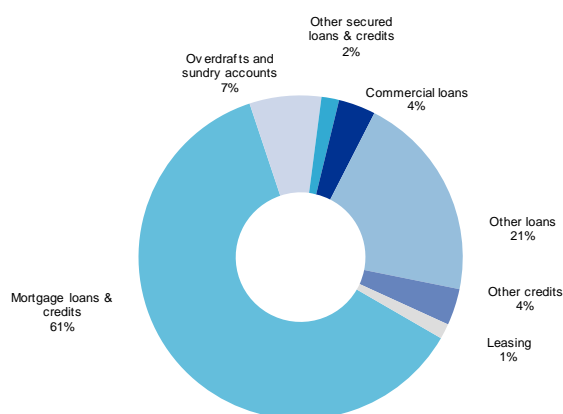
Loans to customers

Gross loans to customers (excluding repos) accounted for 72% of total consolidated assets and amounted to €148,094.6 million at the end of September 2015. This item increased by 25.1% year-on-year, primarily due to the acquisition of TSB. Excluding TSB, gross loans to customers (excluding repos) amounted to €117,767.9 million as of 30 September 2015, a year-on-year decrease of 0.5%. Performing gross loans to customers (excluding repos) were practically the same as the previous quarter (+0.1% excluding TSB). Lending to SMEs, new mortgage production and consumer loans also accelerated, and market shares improved.

(@million)	ex. TSB					Total group					
	30.09.14	31.12.14	31.03.15	30.06.15	30.09.15	Change (%)		30.06.15	(1)	Change (%)	
						30.09.14	30.06.15			30.09.14	30.06.15
Mortgage loans & credits	58,353	57,112	56,948	56,031	55,998	-4.0	-0.1	83,198	83,094	42.4	-0.1
Other secured loans & credits	4,010	2,155	2,157	2,247	2,350	-41.4	4.6	2,247	2,350	-41.4	4.6
Commercial loans	4,407	4,867	4,763	4,960	4,732	7.4	-4.6	5,245	4,994	13.3	-4.8
Other loans	21,368	24,195	25,539	26,142	26,184	22.5	0.2	27,889	27,865	30.4	-0.1
Other credits	3,863	4,188	4,427	4,739	4,937	27.8	4.2	4,739	4,937	27.8	4.2
Leasing	2,122	2,124	2,092	2,070	2,038	-3.9	-1.6	2,070	2,038	-3.9	-1.6
Overdrafts and sundry accounts	7,773	7,738	8,036	8,608	8,638	11.1	0.3	9,696	9,695	24.7	0.0
Performing gross loans to customers (excluding repos and accrual adjustments)	101,894	102,380	103,963	104,798	104,876	2.9	0.1	135,084	134,973	32.5	-0.1
Non-performing loans	16,554	15,714	14,716	13,835	13,025	-21.3	-5.9	14,087	13,248	-20.0	-6.0
Accruals	-86	-130	-153	-217	-133	54.3	-38.5	-209	-126	45.7	-39.9
Performing gross loans to customers (excluding repos)	118,361	117,964	118,527	118,416	117,768	-0.5	-0.5	148,963	148,095	25.1	-0.6
Reverse repos	814	588	66	410	531	-34.8	29.6	410	531	-34.8	29.6
Gross loans to customers	119,175	118,552	118,593	118,826	118,299	-0.7	-0.4	149,372	148,625	24.7	-0.5
NPL and country-risk provisions	-8,399	-7,716	-7,476	-7,220	-7,007	-16.6	-3.0	-7,482	-7,247	-13.7	-3.1
Loans to customers (net)	110,776	110,836	111,117	111,605	111,292	0.5	-0.3	141,890	141,379	27.6	-0.4

(1) EURGBP applied to the balance sheet is 0.7114 as of 30.06.15 and 0.7385 as of 30.09.15

Loans to customers as of 30.09.15 (%) (*)

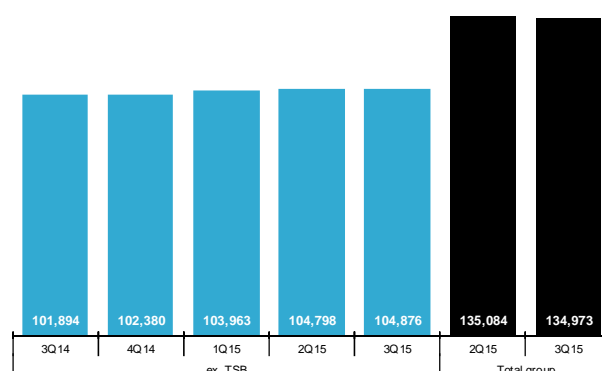


(*) Excluding doubtful assets and accrual adjustments.

Customer funds

At the end of September 2015, **on-balance sheet customer funds** totaled €129,957.2 million, a 33.5% year-on-year increase. Excluding the acquisition of TSB, the variation would be -€1.8%. Sight accounts amounted to €82,726.4 million, a year-on-year increase of 89.4% (20.8% excluding TSB) and term deposits amounted to €47,364.6 million, 16.9% less than the same period in the previous year (24.6% less than the same period in the previous year excluding TSB), in line with the decline in interest rates in

Performing gross loans to customers (excluding repos and accrual adjustments) (€mn)



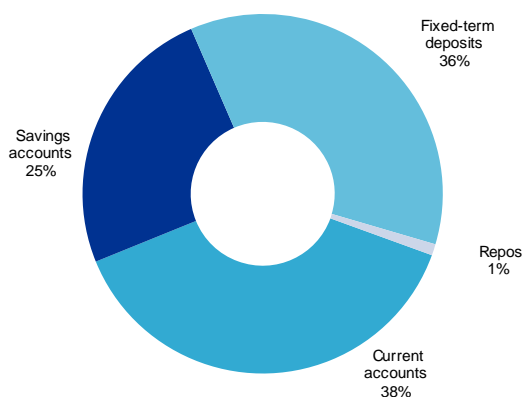
financial markets, which resulted in savers seeking alternative investment vehicles with the prospect of higher returns.

Off-balance sheet customer funds amounted to a total of €35,715.9 million, 20.4% more than the previous year. Within this item, assets in mutual funds amounted to €20,389.6 million as of 30 September 2015, i.e. a 39.0% increase year-on-year and 29.8% year-to-date. Managed accounts also increased significantly, to €3,770.5 million (+34.3% y/y).

(@million)	ex. TSB					Change (%)		Total group				
	30.09.14	31.12.14	31.03.15	30.06.15	30.09.15	30.09.14	30.06.15	(2)		Change (%)		
								30.06.15	30.09.15	30.09.14	30.06.15	
On-balance sheet customer funds	(1)	97,375	94,461	94,899	95,345	95,576	-1.8	0.2	130,370	129,957	33.5	-0.3
Customer deposits		102,112	98,208	98,176	96,813	96,627	-5.4	-0.2	132,330	131,573	28.9	-0.6
Current accounts		32,007	31,099	32,800	36,545	39,101	22.2	7.0	48,098	50,321	57.2	4.6
Savings accounts		11,663	12,176	12,680	13,495	13,644	17.0	1.1	32,688	32,405	177.8	-0.9
Fixed-term deposits		57,020	53,396	50,561	45,510	42,965	-24.6	-5.6	49,789	47,365	-16.9	-4.9
Repos		1,130	1,292	1,903	1,085	757	-33.1	-30.3	1,594	1,334	18.0	-16.3
Accruals		508	448	419	357	336	-33.9	-5.9	357	336	-33.9	-5.9
Derivative hedging adjustments		-216	-202	-186	-179	-175	-19.2	-2.5	-196	-188	-13.3	-4.5
Debt and other tradable securities		19,593	20,196	20,378	20,089	20,494	4.6	2.0	20,103	20,508	4.7	2.0
Subordinated liabilities		1,082	1,012	946	929	938	-13.4	1.0	1,490	1,494	38.1	0.3
Liabilities under insurance contracts		2,363	2,390	2,413	2,266	2,261	-4.3	-0.2	2,266	2,261	-4.3	-0.2
On-balance sheet funds		125,150	121,807	121,914	120,096	120,320	-3.9	0.2	156,189	155,837	24.5	-0.2
Mutual funds		14,665	15,706	18,674	20,230	20,390	39.0	0.8	20,230	20,390	39.0	0.8
Equity funds		1,013	954	1,215	1,387	1,251	23.5	-9.8	1,387	1,251	23.5	-9.8
Balanced funds		1,678	1,695	2,860	3,806	3,906	132.7	2.6	3,806	3,906	132.7	2.6
Fixed-income funds		3,254	3,830	4,105	4,312	4,372	34.4	1.4	4,312	4,372	34.4	1.4
Guaranteed return funds		3,542	3,794	3,673	3,322	3,370	-4.8	1.5	3,322	3,370	-4.8	1.5
Real estate funds		9	9	16	16	39	323.1	144.2	16	39	323.1	144.2
Dedicated investment companies		1,711	1,725	1,890	1,898	1,919	12.2	1.1	1,898	1,919	12.2	1.1
Third-party funds		3,458	3,699	4,915	5,489	5,532	60.0	0.8	5,489	5,532	60.0	0.8
Managed accounts		2,807	2,918	3,791	3,735	3,770	34.3	1.0	3,735	3,770	34.3	1.0
Pension funds		4,367	4,335	4,529	4,362	4,242	-2.9	-2.7	4,362	4,242	-2.9	-2.7
Individual		2,893	2,862	2,989	2,858	2,774	-4.1	-2.9	2,858	2,774	-4.1	-2.9
Company		1,453	1,457	1,524	1,488	1,452	-0.1	-2.4	1,488	1,452	-0.1	-2.4
Group		20	16	17	16	16	-21.4	-1.6	16	16	-21.4	-1.6
Third-party insurance products		7,824	7,421	7,220	7,083	7,314	-6.5	3.3	7,083	7,314	-6.5	3.3
Off-balance sheet customer funds		29,664	30,379	34,215	35,410	35,716	20.4	0.9	35,410	35,716	20.4	0.9
Funds under management		154,814	152,185	156,128	155,506	156,036	0.8	0.3	191,599	191,553	23.7	0.0

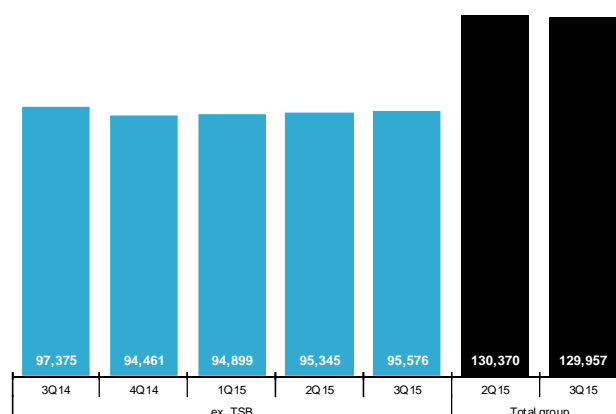
(1) Includes customer deposits (ex-repos) and other liabilities placed by the branch network: mandatory convertible bonds, non-convertible bonds of Banco Sabadell, commercial paper and others.
 (2) EURGBP applied to the balance sheet is 0.7114 as of 30.06.15 and 0.7385 as of 30.09.15

Customer deposits as of 30.09.15 (%) (*)



(*) Excluding adjustments from accruals and hedging derivatives.

On-balance sheet customer funds (€mn)



Debt and other tradable securities amounted to €20,507.8 million as of 30 September 2015 (€20,494.3 million excluding TSB), compared with €19,592.9 million the previous year. Growth in commercial paper and bonds offset the reduction in ABSs and mortgage-covered bonds.

Total **funds under management** amounted to €191,552.6 million as of 30 September 2015 (€156,036.0 million

excluding TSB) compared with €154,813.7 million as of 30 September 2014, i.e. a year-on-year increase of 23.7% (0.8% excluding TSB).

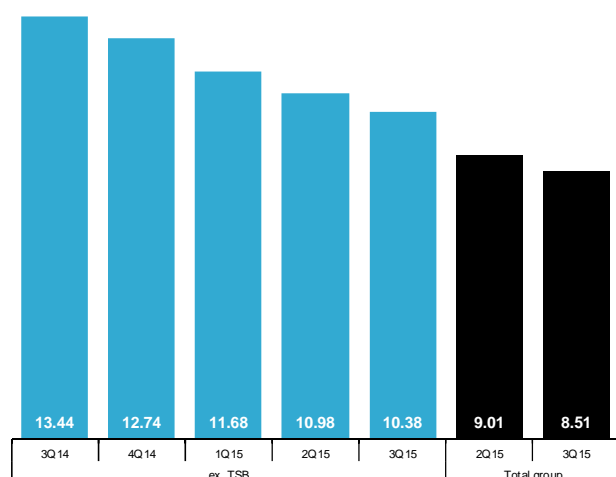
Risk and capital management

At the end of September 2015, Banco Sabadell Group had €13,122.3 million in NPLs (excluding TSB), i.e. a quarter-on-quarter decline of €840 million, and a decline of €2,788 million during the first nine months of the year. The non-performing loans (NPLs) ratio continued to decline, reaching 10.38% as of 30 September 2015 (8.51% including TSB),

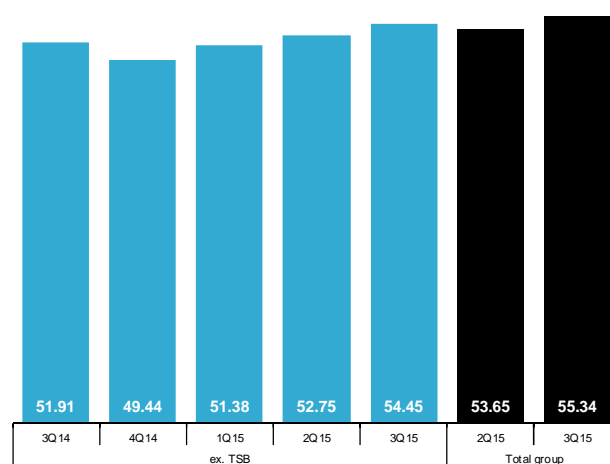
compared with 10.98% at the end of the previous quarter (-60bp) and 12.74% as of 31 December 2014 (-236 bp).

The group's NPL ratio continued to decline in the quarter due to the sharp reduction in NPLs, while the provisions for problematic assets increased to comfortable levels.

NPL ratio (%)



NPL coverage ratio (%)



NPL ratio by segment

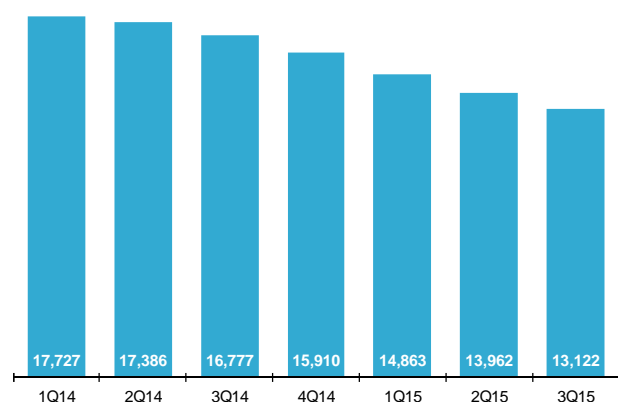
ex. TSB	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15	3Q15
Real estate development and/or construction purposes	52.56%	52.11%	51.47%	52.17%	49.21%	47.21%	47.84%
Construction purposes non-related to real estate dev.	8.38%	7.41%	7.35%	8.08%	9.03%	8.74%	8.58%
Large corporates	6.19%	6.13%	6.30%	6.46%	6.55%	6.14%	5.41%
SM E and small retailers and self-employed	13.08%	13.08%	13.11%	12.60%	12.20%	11.96%	11.38%
Individuals with 1st mortgage guarantee assets	9.85%	9.75%	9.23%	9.25%	9.12%	8.76%	8.27%
NPL ratio	13.94%	13.85%	13.44%	12.74%	11.68%	10.98%	10.38%

The following table shows the performance of the Group's problematic assets, whose decline has accelerated in recent quarters.

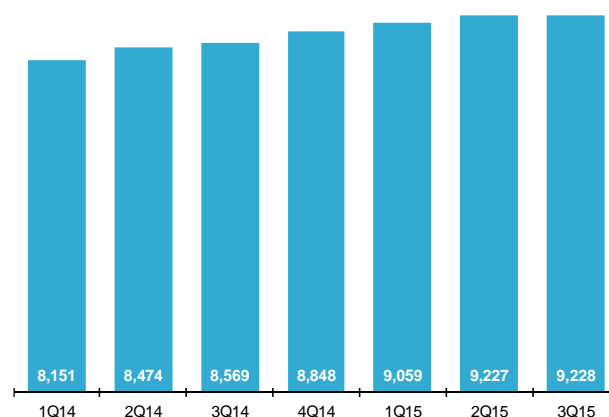
Trend in NPLs and real estate assets exTSB

(€million)	3Q14	4Q14	1Q15	2Q15	3Q15
Ordinary net entries	-385	-569	-802	-730	-540
Change in real estate assets	96	279	211	167	1
Net entries plus change in real estate assets	-289	-290	-591	-563	-539
Write-offs	224	298	245	170	300
Real estate assets and NPL quarterly change	-513	-588	-836	-733	-839

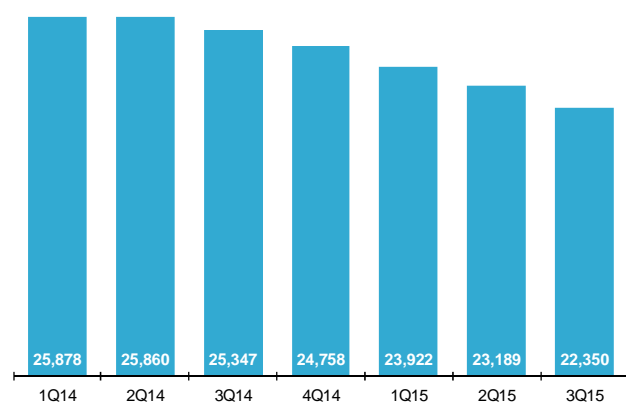
NPL exposures – Group ex. TSB (€mn)



Real estate assets ex. - TSB (€mn)



Problematic assets ex. TSB (€mn)



The volume of problematic assets, excluding TSB, declined by €839 million in the quarter. In the last 12 months, this item has been reduced by €2,996 million.

Shareholders' equity

(€million)	30.09.14	31.12.14	31.03.15	30.06.15	30.09.15	Change (%)	
						30.09.14	30.06.15
Shareholders' equity	10,298	10,224	10,409	12,062	12,080	17.3	0.1
Issued capital	502	503	503	648	665	32.6	2.6
Reserves	8,881	8,702	9,073	10,400	10,838	22.0	4.2
Other equity instruments	(1) 728	734	739	736	278	-619	-62.3
Less: treasury shares	-78	-87	-81	-74	-280	257.4	277.2
Attributable net profit	265	372	175	352	580	118.6	64.6
Less: dividends and payments	0	0	0	0	0	--	--
Valuation adjustments	981	937	1,116	-22	249	-74.6	--
Minority interest	52	55	55	37	38	-27.5	1.8
Equity	11,330	11,216	11,579	12,077	12,366	9.1	2.4

(1) Relates mainly to the issuance of mandatory convertible bonds.

At the end of the first nine months of 2015, **shareholders' equity** amounted to €12,366.5 million.

In the third quarter of 2015, €460 million of mandatory subordinated convertible bonds were converted into

shares. In October and November 2015 will convert €17.7 and 264.7 million, respectively, of mandatory convertible subordinated bonds into shares.

Capital ratios

(€million)	30.09.14	31.12.14	31.03.15	30.06.15	30.09.15
Issued capital	502	503	503	648	665
Reserves	8,951	8,856	8,993	10,540	10,952
Minority interest	44	29	24	24	25
Deductions	-616	-684	-673	-1,131	-1,622
Common Equity Tier 1	8,880	8,703	8,847	10,082	10,019
Common Equity Tier 1	11.8%	11.7%	11.8%	11.5%	11.6%
Primary capital	8,880	8,703	8,847	10,082	10,019
Tier I	11.8%	11.7%	11.8%	11.5%	11.6%
Secondary capital	914	839	777	1,363	1,243
Tier II	1.2%	1.1%	1.0%	1.5%	1.4%
Total capital	9,795	9,542	9,624	11,445	11,262
Minimum capital requirement	6,028	5,953	5,996	7,025	6,929
Capital surplus	3,766	3,588	3,628	4,420	4,333
Total capital ratio	13.0%	12.8%	12.8%	13.0%	13.0%
Risk weighted assets (RWA)	75,354	74,418	74,945	87,810	86,612

Banco Sabadell had a phase-in Common Equity Tier 1 (CET1) ratio of 11.6% as of 30 September 2015.

This quarter, €460 million of mandatory subordinated convertible bonds were converted into shares, resulting in an increase in capital and reserves in the quarter. This increase in capital and reserves is not reflected in the ratio,

as this conversion has reduced the Lower Tier 1 balance which offsets the excess of deductions, thereby neutralising their effect.

The fully loaded Common Equity Tier 1 (CET1) ratio reached 11.4% at the end of September 2015.

Credit ratings

Agency	Date	Long term	Short term	Outlook
DBRS	29.09.2015	BBB (high)	R-1 (low)	Stable
Standard & Poor's ⁽¹⁾	27.04.2015	BB+	B	Negative
Moody's	17.06.2015	Ba1	NP	Stable

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On 29 September 2015, DBRS Ratings Limited concluded its review of ratings of various European banking groups that it initiated on 20 May 2015, reflecting the agency's vision of European regulation and legislation, where the probability of systemic support is less certain. This review concluded with the lowering of credit ratings of 31 European banking groups.

This action implied a long-term reduction of the long-term rating of Banco Sabadell from A low to BBB high. Its short-term rating has been confirmed as R1 low.

Furthermore, DBRS reviewed the outlook on Banco Sabadell to stable (from negative), reflecting the improvement of the bank's core fundamentals, particularly those of asset quality and profitability.

Liquidity management

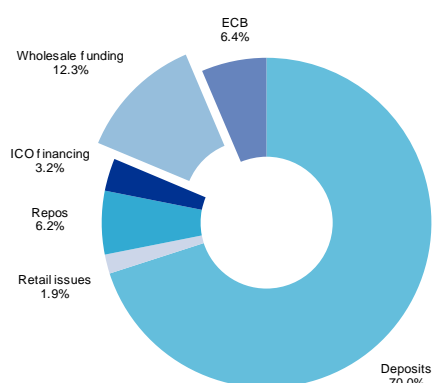
(€ million)	30.09.14	31.12.14	31.03.15	30.06.15	30.09.15 (1)
Gross loans to customers, excluding repos	118,361	117,964	118,527	148,963	148,095
NPL and country-risk provisions	-8,399	-7,716	-7,476	-7,482	-7,247
Brokered loans	-7,939	-7,869	-7,546	-6,624	-6,930
Adjusted net loans and advances	102,024	102,380	103,505	134,857	133,918
On-balance sheet customer funds	97,375	94,461	94,899	130,370	129,957
Adjusted loan-to-deposits ratio (%)	104.8	108.4	109.1	103.4	103.0

(1) EURGBP applied to the balance sheet is 0.7114 as of 30.06.15 and 0.7385 as of 30.09.15

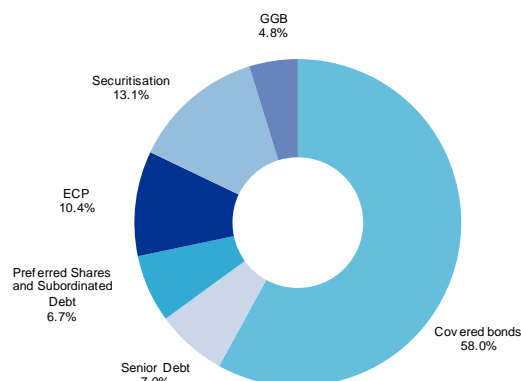
Sabadell maintains a balanced retail funding structure, with an adjusted loan-to-deposits ratio of 103.0% as of 30 September 2015 (108.6% excluding TSB, which is stable compared with previous quarters).

The group's funding structure, wholesale funding breakdown and maturity calendar are detailed below.

Funding structure, 30.09.15



Wholesale funding breakdown, 30.09.15



Wholesale funding maturity calendar

(€million)	2015	2016	2017	2018	2019	2020	2021	2022	>2022	Outstanding balance
Covered bonds (CH)	476	2,876	2,022	1,561	924	1,122	2,013	1,119	739	12,852
GGB	0	0	1,059	0	0	0	0	0	0	1,059
Senior Debt	0	1,412	0	100	0	0	0	25	0	1,537
Preferred Shares and Subordinated Debt	0	318	66	0	0	425	562	0	15	1,386
Other mid- and long-term financial instruments	0	0	0	18	0	0	10	0	7	35
Total	476	4,606	3,147	1,679	924	1,547	2,585	1,144	761	16,869

The Liquidity Coverage Ratio (LCR) was above 100% as of 30 September 2015.

Results by business units

The tables below summarise earnings and other indicators of the group's business units.

The information presented here is based on the individual financial statements of each Group company, on consolidation eliminations and adjustments, and on analytical accounting of revenues and expenses in cases in which a business is spread over more than one legal entity, to enable customer revenues and costs to be assigned to specific units.

Each business unit is treated as an independent business and transactions between them for product distribution or

the provision of services and systems are priced on an arm's-length basis. The aggregated impact on the Group profit and loss account is zero.

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

Moreover, capital is assigned such that each business has capital equivalent to the regulatory amount required to reach the Group's target ratios on the basis of its risk assets.

30.09.2014	Gross operating income (€'000)	Profit before tax (€'000)	ROE	Cost / income ratio	Employees	Domestic branches
Commercial banking	1,835,475	375,461	11.5%	55.6%	12,567	2,270
Corporate banking	152,768	60,745	8.2%	12.9%	114	2
Private Banking	45,365	16,218	44.8%	60.5%	276	12
Investment management	28,757	13,009	47.0%	54.8%	149	--
Asset Transformation	-28,930	-654,451	-35.7%	--	754	--
Total		-189,018				

30.09.2015	Gross operating income (€'000)	Profit before tax (€'000)	ROE	Cost / income ratio	Employees	Domestic branches
Commercial banking	2,209,829	498,147	15.2%	47.6%	12,494	2,221
Corporate banking	160,246	94,044	12.2%	14.3%	121	2
Private Banking	62,249	23,490	58.6%	45.8%	268	12
Investment management	41,795	25,537	116.5%	38.9%	148	--
Asset Transformation	30,151	-395,223	-19.5%	--	694	--
TSB (**)	305,643	53,904	3.2%	79.7%	8,354	628
Total		299,899				

(*) The reconciliation with total group assets must include amounts not assigned to the business units shown, and the tax effect.

(**) As of 30 June 2015, the Group acquired control of TSB Banking Group PLC on 30 June 2015. As a result of consolidating the latter, the balance sheet figures are not comparable with those of the preceding periods. EURGBP applied to the balance sheet is 0.7385 and to the P&L account is 0.7234.

Share price performance

	30.09.14	31.12.14	30.09.15	Change (%) YoY
Shareholders and trading				
Number of shareholders	232,411	231,481	274,220	18.0
Number of shares	4,013,205,919	4,024,460,614	5,318,076,677	32.5
Average daily trading volume (number of shares)	27,272,391	27,272,221	32,794,525	20.2
Share price (€)				
	(1)			
Opening session (of the year)	1.896	1.896	2.205	
High (of the year)	2.713	2.713	2.499	
Low (of the year)	1.820	1.820	1.577	
Closing session (end of quarter)	2.344	2.205	1.642	
Market capitalisation (€ '000)	9,406,955	8,873,936	8,732,282	
Stock market multiples				
Earnings per share (EPS) (€)	(2)	0.09	0.09	0.12
Book value per share (€)		2.57	2.54	2.25
Price / Book value (times)		0.91	0.87	0.73
Price / Earnings ratio (P/E) (times)		26.53	23.88	13.54
Including conversion of convertible bonds:				
Fully diluted number of shares including conversion of convertible bonds		4,286,241,467	4,289,732,386	5,473,585,224
Earnings per share (EPS) (€)	(2)	0.08	0.09	0.12
Book value per share (€)		2.40	2.38	2.19
Price / Book value (times)		0.98	0.93	0.75

(1) Without adjusting historical values.

(2) Assuming linear annualisation of income to date and accrual of contributions to the Deposit Guarantee Fund.

Other key developments in the quarter

Completion of compulsory acquisition process of all shares of TSB

As a continuation of the event published on 30 June 2015, regarding the formal offer (Bid) to acquire TSB, Banco Sabadell, having attained more than 90% of the shares to which the Bid was addressed, Banco Sabadell resolved to exercise the compulsory acquisition or squeeze out regarding those shares of TSB whose owners did not accept the bid, under the same conditions in accordance with English company law, thereby acquiring 100% of TSB shares.

On 20 August 2015, the process of compulsory acquisition of the total of TSB shares was completed, achieving ownership of 100% of the social capital of TSB.

Acquisition of shares of 4.99% of the share capital of Banco GNB Sudameris, S.A.

Dated 1 October 2015, Banco Sabadell has acquired 8,238,084 shares of the Colombian Bank, Banco GNB Sudameris, S.A. ("GNB Sudameris Bank"), representing the 4.99% of its share capital, for a price of fifty million dollars (\$50,000,000).

Simultaneously to the purchase, Banco Sabadell has subscribed with Starmites Corporation, s.à.r.l., a company owned by the Gilinski family who owns Gilex Holding, B.V., which is the majority shareholder of GNB Sudameris Bank, an agreement granting each other options to purchase and sale on the acquired share options.

The acquisition is complemented by an agreement of strategic commercial cooperation which aims to take advantage of mutual opportunities offered by the markets in which it operates GNB Sudameris Bank and Banco Sabadell.

Investor Relations

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