

**4Q23**

**Quarterly Financial  
Report**

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## Basis of presentation

The consolidated income statement and balance sheet as of the end of December 2023 and 2022, together with the disclosures shown in this Financial Report, are presented in accordance with the accounting standards, principles and criteria defined in Note 1 to the Group's consolidated annual financial statements as of 31 December 2023.

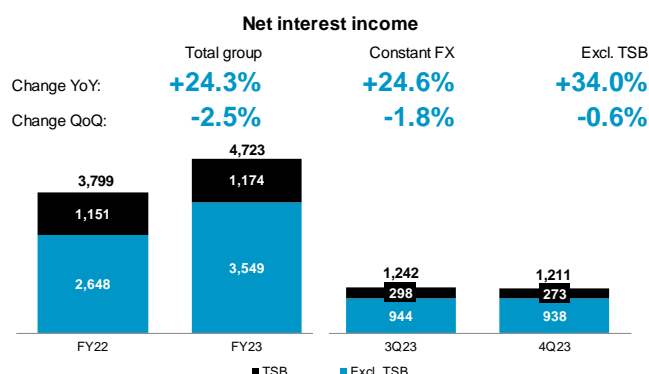
Pursuant to the Guidelines on alternative performance measures published by the European Securities and Markets Authority on 5 October 2015 (ESMA/2015/1415), a glossary has been included with the definitions and the reconciliation with the items presented in the financial statements of certain alternative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

# 1. Summary

## Net interest income

Net interest income followed a positive trend over the year, reaching 4,723 million euros as of the end of 2023, representing year-on-year growth of 24.3%, despite being negatively impacted by the depreciation of the pound sterling. At a constant exchange rate, this growth was 24.6%, mainly due to higher loan yields and improved income from the ALCO portfolio, supported by the increase in interest rates, offset by the higher cost of funds and wholesale funding.

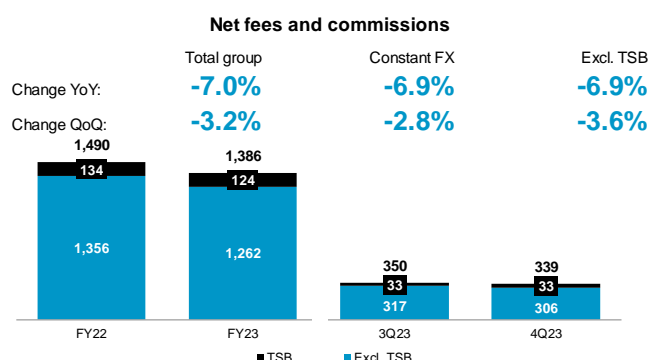
In the quarter, net interest income dropped by -2.5%, also affected by currency depreciation, being -1.8% at constant exchange rates, affected by reduced volumes, the higher cost of wholesale funding, the non-remuneration of minimum reserves required by the European Central Bank and the smaller contribution from TSB.



## Net fees and commissions

Net fees and commissions amounted to 1,386 million euros as of 2023 year-end, representing a year-on-year reduction of -7.0%, due mainly to fewer service fees, as well as fewer asset management fees, where it is worth mentioning fees on pension funds and insurance due to a change in the insurance product mix.

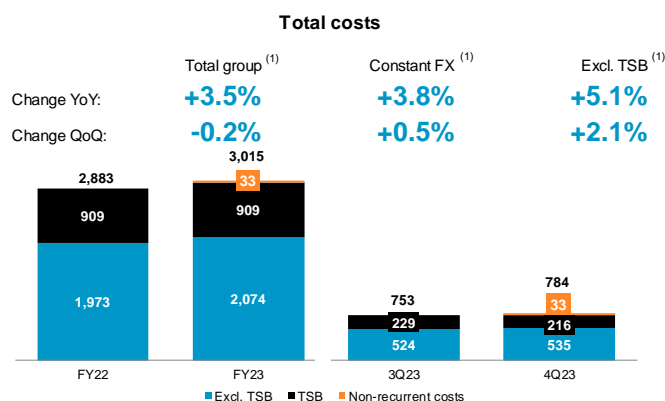
In the quarter, they were down by -3.2%, mainly due to the reduction of service fees, in turn impacted by the previous quarter's positive seasonality, and due to the decline of fees from risk transactions.



## Total costs

Total costs came to 3,015 million euros as of 2023 year-end, impacted by the booking of 33 million euros of non-recurrent restructuring costs at TSB in the fourth quarter. Excluding this impact, recurrent costs increased by 3.5% year-on-year due to both higher personnel expenses and higher general expenses, in particular marketing and technology expenses, which offset the reduction of amortisations.

Quarter-on-quarter, total costs posted an increase due to the aforesaid non-recurrent costs at TSB, as recurrent costs remained practically stable with respect to the previous quarter.

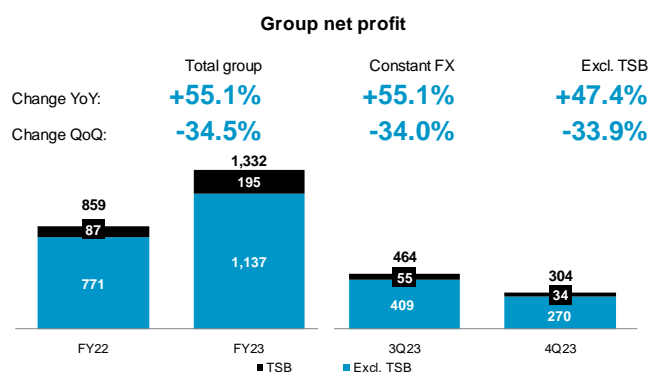


(1) Change over total recurrent costs.

## Net profit of the Group

The Group's net profit reached a new all-time high, amounting to 1,332 million euros as of 2023 year-end, with profit ex-TSB amounting to 1,137 million euros and profit at TSB to 195 million euros. This positive evolution of profits pushed the Group's ROTE up to 11.5%.

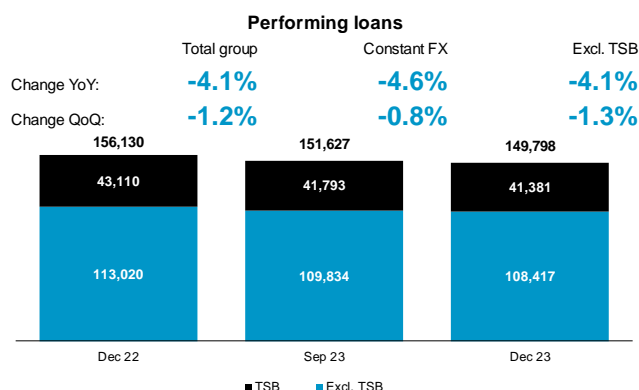
Core results (net interest income + fees and commissions – recurrent costs) grew by 29.9% year-on-year, driven by the increase of net interest income.



## Performing loans

Performing loans decreased by -4.1% year-on-year, impacted by the higher interest rate environment, where it is worth noting the reduction of mortgage volumes in both Spain and the United Kingdom, the lower volumes of loans granted to SMEs and corporates, as well as the maturity of Treasury loans in public sector.

Quarter-on-quarter, lending was down by -1.2%, affected in the same way by the smaller volume of mortgages and loans granted to SMEs and corporates.

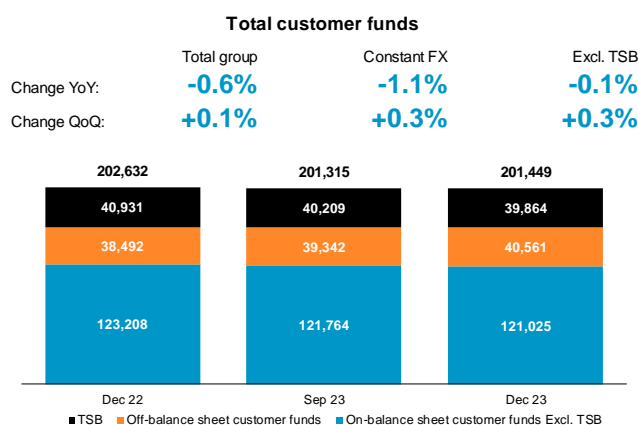


## Customer funds

On-balance sheet customer funds dropped by -2.0% year-on-year, mainly due to the lower volume of sight accounts, as customers moved funds to get more returns on their savings, which is partly reflected in the growth of off-balance sheet funds and in the increase of term deposits and retail issuances, particularly commercial paper. Similarly, customer funds posted a -0.7% reduction in the quarter.

The loan-to-deposit ratio improved during the quarter to 94.0%, generating a funding gap of c.800 million euros in the quarter and of c.2,300 million euros in the year.

Off-balance sheet funds recorded year-on-year growth of 5.4%, with increases across all segments, particularly in mutual funds, due both to increased yields and to a positive volume of net inflows. Mutual funds continued to follow a positive trend in the quarter, and they were the main driver behind the 3.1% growth of off-balance sheet funds.



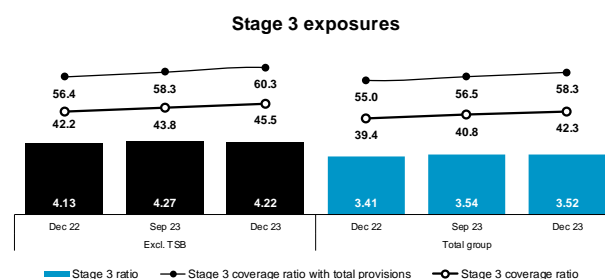
## Non-performing assets (NPAs)

The balance of NPAs was reduced by 223 million euros over the year, the reduction in the fourth quarter being 182 million euros, while the coverage ratio considering total provisions rose to 55.6%.

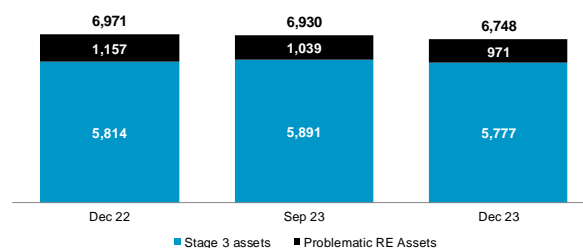
The Group's stage 3 ratio stood at 3.5% and the stage 3 coverage ratio considering total provisions rose to 58.3%. The stage 3 coverage ratio also increased to 42.3%.

The gross NPA ratio was 4.1%, while the net NPA ratio stood at 1.8% considering total provisions.

The Group's credit cost of risk stood at 43 bps and the total cost of risk stood at 55 bps as of 2023 year-end, both remaining stable in the quarter.

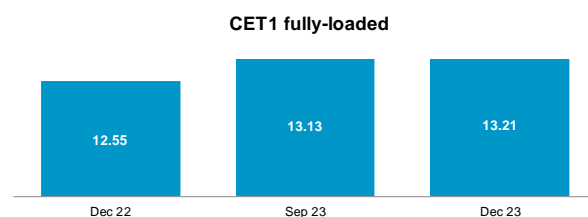


## Problematic assets



## Capital ratio

The fully-loaded CET1 ratio increased by 8 bps in the quarter, standing at 13.21%, while the Total Capital ratio reached 17.78%, thus standing above requirements for 2024, with an MDA buffer of 428 bps.



## 2. Key figures

	Excl. TSB			Total group		
	31.12.22	31.12.23	YoY (%) <sup>(7)</sup>	31.12.22	31.12.23	YoY (%) <sup>(7)</sup>
<b>Profit and loss account (€ millions)</b>						
Net interest income	2,648	3,549	34.0	3,799	4,723	24.3
Core revenues	4,004	4,811	20.2	5,289	6,109	15.5
Gross operating income	3,985	4,571	14.7	5,180	5,862	13.2
Pre-provisions income	2,012	2,497	24.1	2,298	2,847	23.9
Attributable net profit	771	1,137	47.4	859	1,332	55.1
<b>Balance sheet (€ millions)</b>						
Total assets	198,894	183,918	-7.5	251,380	235,173	-6.4
Performing gross loans	113,020	108,417	-4.1	156,130	149,798	-4.1
Gross loans to customers	118,005	113,405	-3.9	161,750	155,459	-3.9
On-balance sheet customer funds	123,208	121,025	-1.8	164,140	160,888	-2.0
Off-balance sheet customer funds	38,492	40,561	5.4	38,492	40,561	5.4
Total customer funds	161,701	161,585	-0.1	202,632	201,449	-0.6
Net equity	--	--	--	13,224	13,879	5.0
Shareholders' equity	--	--	--	13,841	14,344	3.6
<b>Profitability and efficiency ratios (%)</b>						
ROA	--	--	--	0.34	0.54	--
RORWA	--	--	--	1.08	1.70	--
ROE	--	--	--	6.31	9.48	--
ROTE	--	--	--	7.76	11.49	--
Efficiency	39.77	37.07	--	45.12	42.59	--
Efficiency with amortisation & depreciation	49.51	45.37	--	55.65	51.44	--
<b>Risk management</b> (1)						
Stage 3 exposures (€ millions)	5,250	5,165	-1.6	5,814	5,777	-0.6
Total problematic assets (€ millions)	6,406	6,136	-4.2	6,971	6,748	-3.2
Stage 3 ratio (%)	4.13	4.22	--	3.41	3.52	--
Stage 3 coverage ratio (%)	42.2	45.5	--	39.4	42.3	--
Stage 3 coverage ratio with total provisions (%)	56.4	60.3	--	55.0	58.3	--
Problematic assets coverage (%)	53.1	57.0	--	52.3	55.6	--
<b>Liquidity management (%)</b>						
Loan-to-deposit ratio	92.5	90.5	--	95.6	94.0	--
LCR	267	264	--	234	228	--
NSFR	--	--	--	138	140	--
<b>Capital management</b>						
Risk weighted assets (RWA) (€ millions)	--	--	--	79,545	78,343	-1.5
Common Equity Tier 1 (%)	--	--	--	12.68	13.21	4.2
Common Equity Tier 1 fully-loaded (%)	--	--	--	12.55	13.21	6.0
Tier 1 (%)	--	--	--	14.75	15.44	4.7
Total capital ratio (%)	--	--	--	17.08	17.78	4.0
MREL (% RWA)	--	--	--	26.29	27.86	6.0
MREL (% LRE)	--	--	--	8.24	9.34	13.3
Leverage ratio (%)	--	--	--	4.62	5.19	12.3
<b>Share data (period end)</b>						
Number of shareholders	--	--	--	218,610	213,560	-2.3
Number of outstanding shares (millions)	--	--	--	5,602	5,403	-3.6
Share price (€)	--	--	--	0.881	1.113	25.8
Market capitalisation (€ millions)	--	--	--	4,934	6,014	22.1
Earnings per share (EPS) (€)	--	--	--	0.13	0.23	76.9
Book value per share (€)	--	--	--	2.47	2.65	7.3
TBV per share (€)	--	--	--	2.03	2.20	8.4
Price / Tangible book value (times)	--	--	--	0.43	0.51	18.6
Price / Earnings ratio (P/E) (times)	--	--	--	6.58	4.94	-25.1
<b>Other data</b>						
Branches	1,241	1,209	--	1,461	1,420	-2.8
Employees	13,413	13,890	3.6	18,895	19,316	2.2

(1) The NPA coverage ratio is based on total provisions.

(2) Taking into account the best estimate as of the date of publication of this report.

(3) Total number of shares minus the final position of treasury shares (including the buyback programme).

(4) Historical values not adjusted.

(5) Net profit adjusted by the Additional Tier 1 coupons recorded under shareholders' equity. Calculated based on the average number of shares (average number of total shares minus average treasury shares and average number of shares subject to a buyback programme).

(6) The cumulative EUR/GBP exchange rate as of 31.12.2023 applied throughout the report is 0.8706 in the case of the income statement and 0.8691 in the case of the balance sheet.

(7) Throughout this document, YoY changes in relation to the income statement refer to the cumulative twelve-month period of 2023 versus the same cumulative twelve-month period of 2022.

## 3. Performance review

### Macroeconomic environment

#### Global economic, political and financial context

The economic landscape continued to show considerable divergence on a regional scale.

In the eurozone, economic activity continued to show signs of fragility in Q4 2023, after the economy posted a quarter-on-quarter contraction of 0.1% in the previous quarter. Retail sales remained all but stagnant throughout 2023, while industrial output was 2% below pre-pandemic levels. The one positive note was the strength demonstrated by the labour market, with the unemployment rate falling again to a new record low. In terms of countries, Germany continued to stand out in a negative light and its economy showed considerable weakness, contracting by 0.3% in 2023, the worst figure recorded since 2009 if one does not consider the pandemic years. In addition, the German government will need to adopt a more restrictive fiscal policy, after its Constitutional Court ruled that part of the finance allocated to an off-budget fund for the climate and digital transition was illegal. On the other hand, after complex and protracted negotiations, EU governments formally agreed on a proposal to reform the European bloc's tax framework at the end of 2023. This proposal will need to be negotiated with the European Parliament and is expected to come into force before the European elections scheduled to take place in June 2024.

The United States, for its part, has been growing above its potential, on the strength of domestic demand. GDP rose by 1.2% QoQ in Q3 2023, the strongest rate since the end of 2021, with a sizeable contribution from private consumption. However, there are some leading indicators that point towards economic deterioration going forward. The job market is in a similar situation as, even though it continued to show considerable resilience, there are also some signs that it is starting to slow, with reduced levels of job creation.

As for prices, the disinflation process continued in various developed economies, surprising to the downside in the Eurozone in particular. In this region, inflation fell to below 3.0% year-on-year for the first time since 2021. In any case, core inflation, which excludes energy and food, is still at historically high levels.

Lastly, in relation to geopolitics, a new conflict broke out in the Middle East between Israel and Hamas. The conflict sparked attacks on cargo ships in the Red Sea, leading to a significant reduction in maritime traffic along that route, with the ensuing increase in transportation costs.

#### Economic situation in Spain

In Spain, after slowing slightly in Q3 2023 to 0.4% quarter-on-quarter (Q2 2023: 0.5%), GDP data for Q4 2023 indicate that economic activity was at least as dynamic as it had been in Q3 2023. In this respect, both labour market data, which went from less to more in Q4 2023, and business turnover point towards sustained growth. Even in the industrial sector, where performance over the past twelve months has been weak, signs of improvement began to emerge in several indicators, including industrial output and business confidence. Against this backdrop, the Bank of Spain estimates quarter-on-quarter GDP growth of 0.3% in Q4 2023, while AIReF (the

Independent Authority for Fiscal Responsibility) suggests that growth could be over 0.5%. In relation to economic policy, it is worth mentioning the extension of several measures introduced to combat inflation (such as VAT cuts and public transport subsidies), the expansion of the temporary Code of Good Practice so that it also covers vulnerable mortgage borrowers, and the extension of windfall taxes on banks and energy companies.

As for inflation, this remained slightly above 3.0% throughout the quarter, although the contribution of its different components varied. The reduced negative contribution from prices of energy products stood out but was largely offset by the smaller contributions of prices on processed foods and services. Core inflation, for its part, fell from the previous quarter to around 3.5%.

#### Economic situation in the United Kingdom

The UK economy showed no signs of recovery in Q3 2023. GDP recorded a slight contraction during that quarter, thus remaining very much stagnant during the last year and a half. Both the service sector and the manufacturing industry performed poorly, although towards the end of the year there was a slight improvement in consumer sentiment. In terms of political developments, the government announced that it would be introducing a national insurance tax cut for workers and offering investment incentives to companies in the form of enhanced tax relief.

As for inflation, prices corrected sharply but remained above the target of 2%. Core inflation slowed to 5.1% in November, while headline inflation was 3.9%. The moderation of energy and food prices drove this momentum.

Signs that the job market is cooling remained. Wage growth slowed, although from very high rates, while job vacancies continued to gradually return to normality.

The price correction in the real estate market came to a stop, with Q4 2023 data showing price increases, helped by somewhat less demanding borrowing conditions. In any event, new mortgage lending volumes remained below their historical levels.

#### Economic situation in Mexico

Consumption and investment ended 2023 on a very positive note in Mexico, after a year in which the country positioned itself as the top trading partner for the United States, ranking above China and Canada. Private consumption was underpinned by (i) the favourable development of the job market and salaries, (ii) huge remittance flows, (iii) the government's social benefit schemes, and (iv) the strength of the Mexican peso, which boosted imports. Similarly, among the factors that may have influenced the positive performance of investment are the near-shoring process, the government's promotion of infrastructure expenditure towards the end of López Obrador's mandate and, as occurred with private consumption, the peso's lowering effect on imported machinery and equipment prices. As for inflation, core inflation continued to fall, while the energy and food components of inflation rebounded. In this context, the official

interest rate was kept at 11.25%, although the central bank signalled that it may start to cut rates at the end of Q1 2024.

### Fixed-income markets

During the last quarter, the ECB kept its deposit rate at 4.00% (a record high) and announced that the PEPP QT would begin in the second half of 2024. Specifically, the ECB intends to reduce the PEPP portfolio by 7.5 billion euros per month on average (around 50% of maturing principal payments under PEPP) and to stop fully reinvesting redemptions coming due in the PEPP portfolio by the end of 2024. The ECB insisted that it will keep interest rates at restrictive levels for as long as necessary. Most of the central bank's members thought it was too early to discuss rate cuts and emphasised that they need more data on the evolution of salaries before any decision can be made.

The Federal Reserve kept US rates unchanged in the range of 5.25-5.50% during the quarter. At its December meeting, the tone was somewhat more relaxed and opened the door to discussion of future rate cuts. Members of the Fed forecast cuts of 75 bps (compared to the 50 bps of the previous meeting) throughout 2024, which would leave rates at 4.50%-4.75% at the end of the year. However, in subsequent statements, Fed members reiterated that a restrictive monetary policy is necessary to achieve the inflation target.

The BoE kept the base rate at 5.25% in its December meeting, citing both the improvement of prices and the deterioration of activity, although it still showed concern over wage growth. In relation to outlooks, BoE members believe it is too early to discuss rate cuts and continued to stress that monetary policy will have to remain at restrictive levels for a prolonged period.

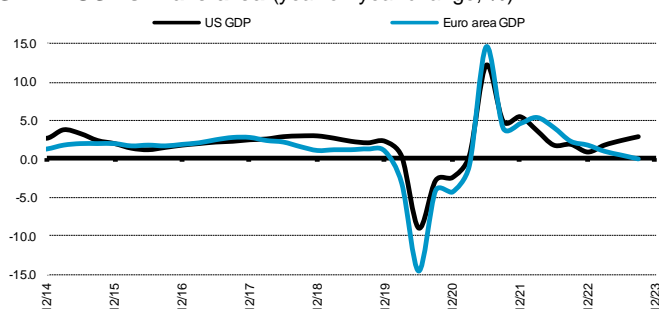
Long-term government bond yields slid on both sides of the Atlantic after the sharp upturn observed in the previous months. US government bond yields fell to their lowest levels since the summer while, in the case of Germany, they reached levels not seen since the end of 2022. The decline in yields was influenced by a downward revision of estimates of long-term debt supply by the US Treasury, upside surprises in inflation and in certain economic figures on both sides of the Atlantic, and by financial markets' expectations that central banks would start their rate cut cycles sooner and more aggressively.

Risk premiums in the periphery contracted in a context in which the markets priced in expectations that the ECB could start its rate cut cycle in March 2024 given the positive trend of inflation. Furthermore, Standard & Poor's and Fitch, two of the main credit rating agencies, assigned an Investment Grade rating to Greece's public debt, while Moody's upgraded Portugal's credit rating and improved Italy's rating outlook.

### Equity markets

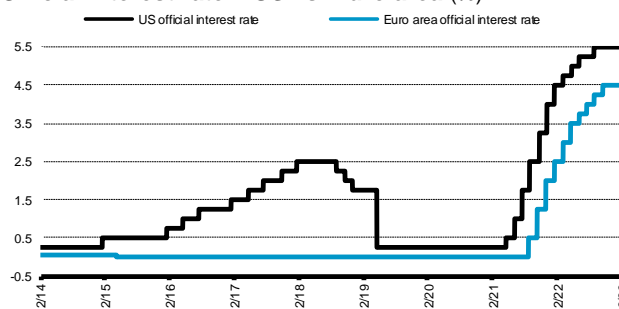
Equity indices in the main developed economies performed well throughout the quarter, in a context in which financial markets predicted an earlier and more aggressive easing of monetary policy by central banks. The S&P 500, for instance, gained 6.4% in euros (11.2% in dollars). A positive trend was also observed in Europe, with the Euro Stoxx 50 increasing by 8.3% in euros. The German DAX in particular stood out in a positive light, increasing by 8.9%. Equity indices in the periphery also showed increases, although these were more moderate.

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



Source: Bloomberg

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



### Exchange rates: Parity vs. euro

Fx	31.12.22	31.03.23	30.06.23	30.09.23	31.12.23
USD	1.0666	1.0875	1.0866	1.0594	1.1050
GBP	0.8869	0.8792	0.8583	0.8646	0.8691
MXN	20.8560	19.6392	18.5614	18.5030	18.7231

Source: Bank of Spain



## Income statement

### Summary of results:

Banco Sabadell Group earned attributable profit of 1,332 million euros as of 2023 year-end, representing year-on-year growth of 55.1%, of which 1,137 million euros were recorded ex-TSB and 195 million euros correspond to TSB. The Group's ROTE increased by 373 bps compared to the previous year, reaching 11.5%.

This Group's profit was mainly driven by the good performance of core results (net interest income + fees and commissions – recurrent costs), which increased by 29.9% year-on-year due to the improvement of net interest income, mainly supported by higher interest rates.

This growth of net interest income pushed up gross income and consequently brought an improvement in the Group's cost-to-income ratio, in spite of the increase in costs, which went from 45.1% in 2022 to 42.6%.

Lastly, it is worth mentioning the improvement in provisions and impairments during the year, which allowed the Group's total cost of risk to be reduced from 60 bps in 2022 to 55 bps.

### Quarterly income statement (cumulative)

(€ millions)	Excl. TSB					Total group						
	FY22	FY22 (*)	FY23	YoY (%)	YoY (%) (*)	FY22	FY22 (*)	FY23	YoY (%) at constant FX	YoY (%)	YoY (%) (*)	
<b>Net interest income</b>	<b>2,648</b>	<b>2,648</b>	<b>3,549</b>	<b>34.0</b>	<b>34.0</b>	<b>3,799</b>	<b>3,799</b>	<b>4,723</b>	<b>24.3</b>	<b>24.6</b>	<b>24.3</b>	
Net fees and commissions	1,356	1,356	1,262	-6.9	-6.9	1,490	1,490	1,386	-7.0	-6.9	-7.0	
<b>Core revenues</b>	<b>4,004</b>	<b>4,004</b>	<b>4,811</b>	<b>20.2</b>	<b>20.2</b>	<b>5,289</b>	<b>5,289</b>	<b>6,109</b>	<b>15.5</b>	<b>15.8</b>	<b>15.5</b>	
Net trading income and exchange differences	98	98	52	-46.6	-46.6	104	104	68	-34.0	-32.5	-34.0	
Income from equity method and dividends	125	156	131	5.2	-15.6	125	156	131	5.2	5.2	-15.6	
Other operating income/expense	-242	-242	-424	75.2	75.2	-337	-337	-447	32.5	33.6	32.5	
<b>Gross operating income</b>	<b>3,985</b>	<b>4,016</b>	<b>4,571</b>	<b>14.7</b>	<b>13.8</b>	<b>5,180</b>	<b>5,211</b>	<b>5,862</b>	<b>13.2</b>	<b>13.4</b>	<b>12.5</b>	
Operating expenses	-1,585	-1,585	-1,694	6.9	6.9	-2,337	-2,337	-2,496	6.8	7.2	6.8	
Personnel expenses	-1,035	-1,035	-1,103	6.5	6.5	-1,392	-1,392	-1,495	7.4	7.7	7.4	
Other general expenses	-550	-550	-591	7.6	7.6	-946	-946	-1,002	5.9	6.4	5.9	
Amortisation & depreciation	-388	-388	-380	-2.3	-2.3	-545	-545	-519	-4.8	-4.5	-4.8	
Total costs	-1,973	-1,973	-2,074	5.1	5.1	-2,883	-2,883	-3,015	4.6	5.0	4.6	
Memorandum item:												
Recurrent costs	-1,973	-1,973	-2,074	5.1	5.1	-2,883	-2,883	-2,982	3.5	3.8	3.5	
Non-recurrent costs	0	0	0	--	--	0	0	-33	--	--	--	
<b>Pre-provisions income</b>	<b>2,012</b>	<b>2,043</b>	<b>2,497</b>	<b>24.1</b>	<b>22.2</b>	<b>2,298</b>	<b>2,328</b>	<b>2,847</b>	<b>23.9</b>	<b>23.9</b>	<b>22.3</b>	
Provisions for NPLs	-761	-761	-735	-3.5	-3.5	-825	-825	-813	-1.5	-1.5	-1.5	
Provisions for other financial assets	-72	-72	-21	-70.7	-70.7	-111	-111	-18	-84.1	-84.0	-84.1	
Other impairments	-96	-96	-80	-17.0	-17.0	-96	-96	-80	-17.0	-17.0	-17.0	
Gains on sale of assets and other results	-23	-23	-45	94.7	94.7	-23	-23	-46	101.8	89.6	101.8	
<b>Profit before tax</b>	<b>1,060</b>	<b>1,091</b>	<b>1,616</b>	<b>52.5</b>	<b>48.2</b>	<b>1,243</b>	<b>1,273</b>	<b>1,891</b>	<b>52.2</b>	<b>52.3</b>	<b>48.5</b>	
Income tax	-278	-278	-478	71.8	71.8	-373	-373	-557	49.3	49.8	49.3	
Minority interest	11	11	1	-86.8	-86.8	11	11	1	-86.8	-86.8	-86.8	
<b>Attributable net profit</b>	<b>771</b>	<b>802</b>	<b>1,137</b>	<b>47.4</b>	<b>41.8</b>	<b>859</b>	<b>889</b>	<b>1,332</b>	<b>55.1</b>	<b>55.1</b>	<b>49.8</b>	
Memorandum item:												
Core results (NII + net fees and commissions - costs)	(1)	2,031	2,031	2,738	34.8	34.8	2,406	2,406	3,127	29.9	30.0	29.9

(1) Considering recurrent costs.

(\*) Shown for comparative purposes only. Data restated to factor in the application of IFRS 17.



## Quarterly income statement

(€millions)	Excl. TSB						Total group							
	4 Q22	1Q23	2 Q23	3 Q23	4 Q23	QoQ (%)	4 Q22	1Q23	2 Q23	3 Q23	4 Q23	QoQ (%)	QoQ (%) at constant FX	
<b>Net interest income</b>	<b>773</b>	<b>797</b>	<b>870</b>	<b>944</b>	<b>938</b>	<b>-0.6</b>	<b>1,077</b>	<b>1,100</b>	<b>1,170</b>	<b>1,242</b>	<b>1,211</b>	<b>-2.5</b>	<b>-1.8</b>	
Net fees and commissions	342	322	317	317	306	-3.6	372	350	347	350	339	-3.2	-2.8	
<b>Core revenues</b>	<b>1,115</b>	<b>1,119</b>	<b>1,187</b>	<b>1,261</b>	<b>1,244</b>	<b>-1.4</b>	<b>1,449</b>	<b>1,450</b>	<b>1,517</b>	<b>1,592</b>	<b>1,550</b>	<b>-2.6</b>	<b>-2.0</b>	
Net trading income and exchange differences	-4	-6	32	24	2	-89.9	-9	1	30	32	5	-84.8	-83.8	
Income from equity method and dividends	12	31	40	23	36	53.5	12	31	40	23	36	53.5	53.5	
Other operating income/expense	-113	-161	-80	0	-183	--	-178	-172	-89	-9	-177	--	--	
<b>Gross operating income</b>	<b>1,009</b>	<b>983</b>	<b>1,180</b>	<b>1,309</b>	<b>1,099</b>	<b>-16.0</b>	<b>1,273</b>	<b>1,311</b>	<b>1,498</b>	<b>1,638</b>	<b>1,414</b>	<b>-13.7</b>	<b>-13.1</b>	
Operating expenses	-400	-405	-412	-435	-442	1.7	-584	-593	-611	-634	-658	3.8	4.5	
Personnel expenses	-258	-264	-274	-282	-283	0.1	-349	-350	-367	-376	-401	6.6	7.4	
Other general expenses	-142	-141	-138	-153	-160	4.5	-235	-243	-244	-258	-257	-0.4	0.2	
Amortisation & depreciation	-99	-100	-98	-89	-93	4.4	-136	-138	-136	-119	-126	6.3	7.0	
Total costs	-499	-504	-510	-524	-535	2.1	-720	-730	-748	-753	-784	4.2	4.9	
Memorandum item:														
Recurrent costs	-499	-504	-510	-524	-535	2.1	-720	-730	-748	-753	-751	-0.2	0.5	
Non-recurrent costs	0	0	0	0	0	--	0	0	0	0	-33	--	--	
<b>Pre-provisions income</b>	<b>510</b>	<b>479</b>	<b>670</b>	<b>785</b>	<b>564</b>	<b>-28.1</b>	<b>553</b>	<b>581</b>	<b>750</b>	<b>885</b>	<b>630</b>	<b>-28.8</b>	<b>-28.4</b>	
Provisions for NPLs	-243	-200	-201	-168	-165	-1.6	-265	-217	-216	-189	-191	0.8	1.3	
Provisions for other financial assets	-25	-11	-4	-5	0	-100.0	-34	-14	7	-6	-5	-19.6	-20.3	
Other impairments	-24	-6	-23	-19	-32	71.4	-24	-6	-23	-19	-32	71.4	71.4	
Gains on sale of assets and other results	-7	-3	-11	-17	-15	-14.1	-7	-3	-11	-17	-15	-11.0	-12.4	
<b>Profit before tax</b>	<b>210</b>	<b>259</b>	<b>430</b>	<b>576</b>	<b>351</b>	<b>-39.0</b>	<b>223</b>	<b>342</b>	<b>507</b>	<b>654</b>	<b>387</b>	<b>-40.8</b>	<b>-40.4</b>	
Income tax	-58	-108	-122	-167	-80	-51.9	-77	-137	-148	-190	-82	-56.7	-56.3	
Minority interest	-3	0	1	0	1	--	-3	0	1	0	1	--	--	
<b>Attributable net profit</b>	<b>155</b>	<b>151</b>	<b>307</b>	<b>409</b>	<b>270</b>	<b>-33.9</b>	<b>149</b>	<b>205</b>	<b>359</b>	<b>464</b>	<b>304</b>	<b>-34.5</b>	<b>-34.0</b>	
Memorandum item:														
Core results (NII+net fees and commissions - costs)	(1)	615	615	677	737	708	-3.9	729	720	769	839	799	-4.8	-4.2

(1) Considering recurrent costs.

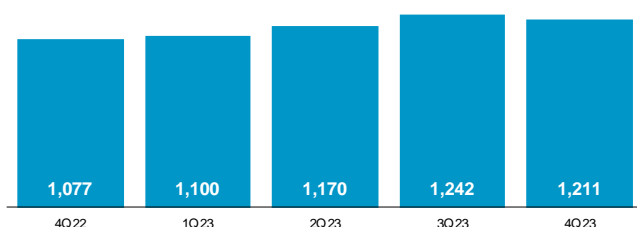
### Net interest income:

Net interest income at the end of 2023 stood at 4,723 million euros, representing growth of 24.3% in year-on-year terms and a reduction of -2.5% in the quarter, the quarterly reduction excluding TSB being -0.6%.

This year-on-year growth was mainly driven by higher loan yields, higher earnings on the fixed-income portfolio and the greater contribution of liquidity, all of which offset the higher costs of both funds and wholesale funding. In the quarter, net interest income was mainly impacted by lower volumes, higher wholesale funding costs, the non-remuneration of the European Central Bank's minimum reserves and the smaller contribution by TSB, driven by margin compression, higher cost of deposits and an extraordinary impact.

### Evolution of net interest income

Total group (€ millions)



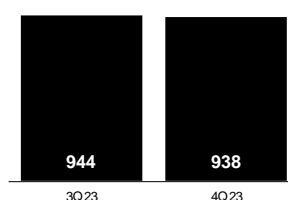
	Total group	Constant FX
Change YoY:	<b>+24.3%</b>	<b>+24.6%</b>
Change QoQ:	<b>-2.5%</b>	<b>-1.8%</b>

### Customer spread and net interest margin:

The customer spread improved by 58 bps compared to the previous year, driven by the increase in loan yields, which offset the higher cost of deposits. In quarter-on-quarter terms, it remained stable at 2.99%, as the increase in loan yields was neutralised by the increased cost of deposits.

Similarly, the net interest margin as a percentage of average total assets rose by 46 bps in the year, falling by 1 bp in the quarter, reaching 2.01%.

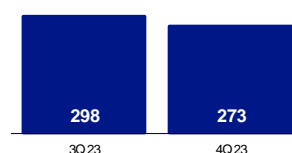
Sabadell ex - TSB (€ millions)



Change YoY:  
**+34.0%**

Change QoQ:  
**-0.6%**

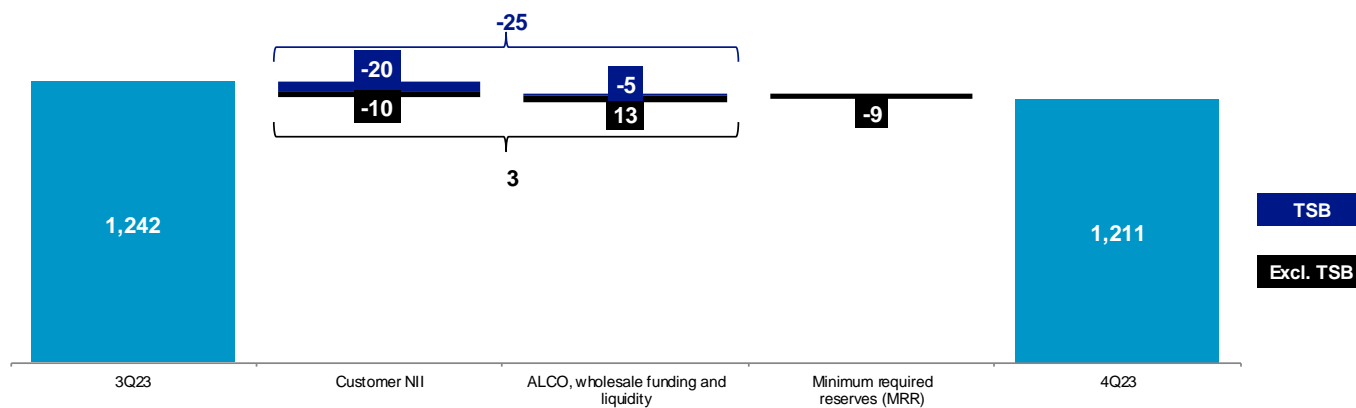
TSB (€ millions)



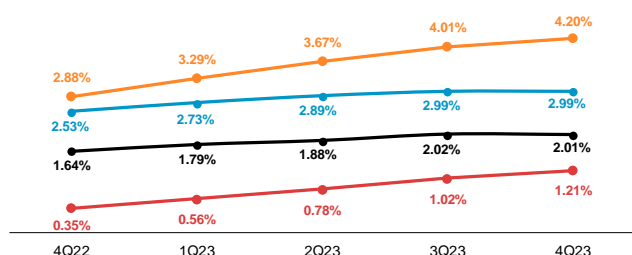
Change YoY:  
**+2.0%**  
**+4.1%** Constant FX

Change QoQ:  
**-8.2%**  
**-7.1%** Constant FX

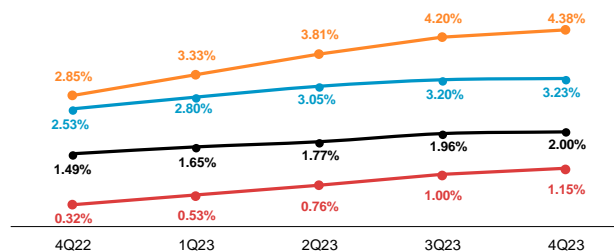
### Quarterly evolution of net interest income (€ million)



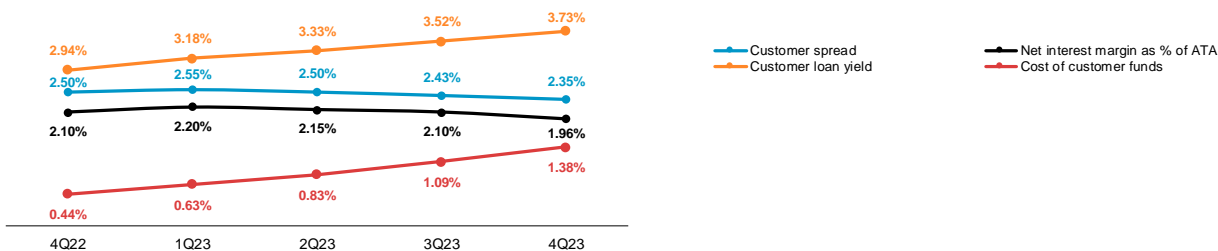
### Net interest income, Group (%)



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



### Net interest income, TSB (%)



## Gains and charges in the quarter

### Total Group

(€ millions)	4 Q22			1Q23			2 Q23			3 Q23			4 Q23		
	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)	49,632	1.62	202	44,352	2.75	301	45,491	3.44	390	39,474	3.87	386	39,240	4.05	401
Loans to customers (net)	158,716	2.88	1,150	155,284	3.29	1,258	154,297	3.67	1,413	154,449	4.01	1,561	151,914	4.20	1,607
Fixed-income securities	28,483	1.70	122	28,818	2.34	166	28,961	2.80	202	28,511	3.19	229	27,848	3.36	236
Equity securities	922	--	--	743	--	--	835	--	--	882	--	--	974	--	--
Tang. & intang. assets	4,752	--	--	4,659	--	--	4,584	--	--	4,540	--	--	4,523	--	--
Other assets	17,405	1.93	85	15,056	2.70	100	15,076	3.10	116	16,059	3.54	143	14,248	4.12	148
<b>Total assets</b>	<b>259,909</b>	<b>2.38</b>	<b>1,559</b>	<b>248,912</b>	<b>2.97</b>	<b>1,825</b>	<b>249,243</b>	<b>3.41</b>	<b>2,122</b>	<b>243,916</b>	<b>3.77</b>	<b>2,319</b>	<b>238,748</b>	<b>3.97</b>	<b>2,392</b>
Financial institutions (2)	46,426	-1.09	-127	36,788	-2.60	-236	36,073	-3.35	-301	27,663	-3.78	-264	25,579	-4.09	-264
Customer deposits	163,043	-0.35	-144	161,138	-0.56	-221	160,352	-0.78	-310	161,163	-1.02	-415	159,613	-1.21	-486
Capital markets	22,602	-2.11	-120	25,074	-2.57	-159	26,425	-3.21	-211	27,156	-3.53	-241	26,837	-3.91	-264
Other liabilities	14,438	-2.50	-91	12,870	-3.43	-109	13,377	-3.88	-130	14,630	-4.25	-157	12,780	-5.15	-166
Shareholders' equity	13,400	--	--	13,042	--	--	13,017	--	--	13,304	--	--	13,938	--	--
<b>Total funds</b>	<b>259,909</b>	<b>-0.74</b>	<b>-482</b>	<b>248,912</b>	<b>-1.18</b>	<b>-725</b>	<b>249,243</b>	<b>-1.53</b>	<b>-952</b>	<b>243,916</b>	<b>-1.75</b>	<b>-1,077</b>	<b>238,748</b>	<b>-1.96</b>	<b>-1,180</b>
<b>Net interest income</b>			<b>1,077</b>			<b>1,100</b>			<b>1,170</b>			<b>1,242</b>			<b>1,211</b>
<b>Customer spread</b>		<b>2.53</b>			<b>2.73</b>			<b>2.89</b>		<b>2.99</b>				<b>2.99</b>	
<b>Net interest margin as % of ATA</b>		<b>1.64</b>			<b>1.79</b>			<b>1.88</b>		<b>2.02</b>				<b>2.01</b>	

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

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 negative interest on the balances of credit institutions, the most significant item being TLTRO III borrowing in 2022.

### Sabadell ex-TSB

(€ millions)	4 Q22			1Q23			2 Q23			3 Q23			4 Q23		
	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)	43,854	1.49	165	38,630	2.63	250	39,363	3.32	326	33,510	3.70	312	32,747	3.87	319
Loans to customers (net)	114,851	2.85	825	112,346	3.33	922	111,722	3.81	1,060	111,782	4.20	1,183	110,051	4.38	1,214
Fixed-income securities	25,915	1.64	107	26,435	2.29	149	26,615	2.73	181	26,082	3.07	202	25,583	3.25	209
Other assets	21,050	0.57	30	18,988	0.52	24	19,013	0.59	28	19,645	0.56	28	18,556	0.87	41
<b>Total assets</b>	<b>205,669</b>	<b>2.17</b>	<b>1,127</b>	<b>196,399</b>	<b>2.78</b>	<b>1,346</b>	<b>196,713</b>	<b>3.25</b>	<b>1,596</b>	<b>191,018</b>	<b>3.58</b>	<b>1,725</b>	<b>186,937</b>	<b>3.79</b>	<b>1,784</b>
Financial institutions (2)	39,442	-0.78	-78	30,939	-2.38	-181	31,270	-3.18	-248	22,977	-3.51	-203	20,941	-3.85	-203
Customer deposits	122,462	-0.32	-99	120,722	-0.53	-158	119,805	-0.76	-226	120,789	-1.00	-304	119,891	-1.15	-348
Capital markets	20,725	-2.06	-108	23,018	-2.51	-143	23,788	-3.11	-184	24,392	-3.39	-209	23,712	-3.67	-220
Other liabilities and shareholders' equity	23,040	-1.21	-70	21,720	-1.25	-67	21,851	-1.23	-67	22,861	-1.12	-65	22,393	-1.33	-75
<b>Total funds</b>	<b>205,669</b>	<b>-0.68</b>	<b>-354</b>	<b>196,399</b>	<b>-1.13</b>	<b>-549</b>	<b>196,713</b>	<b>-1.48</b>	<b>-725</b>	<b>191,018</b>	<b>-1.62</b>	<b>-781</b>	<b>186,937</b>	<b>-1.79</b>	<b>-846</b>
<b>Net interest income</b>			<b>773</b>			<b>797</b>			<b>870</b>			<b>944</b>			<b>938</b>
<b>Customer spread</b>		<b>2.53</b>			<b>2.80</b>			<b>3.05</b>		<b>3.20</b>				<b>3.23</b>	
<b>Net interest margin as % of ATA</b>		<b>1.49</b>			<b>1.65</b>			<b>1.77</b>		<b>1.96</b>				<b>2.00</b>	

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

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 negative interest on the balances of credit institutions, the most significant item being TLTRO III borrowing in 2022.

### Net trading income and exchange differences:

As of 2023 year-end, this item came to a total of 68 million euros, a reduction compared to the end of 2022, mainly due to reduced gains on trading derivatives, a key factor that was also behind the smaller contribution of this heading in the quarter.

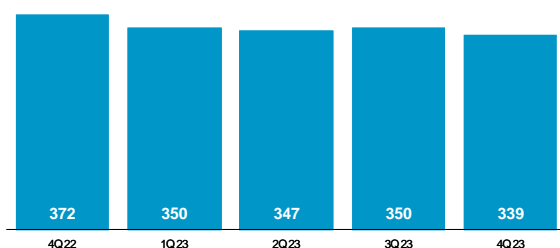
### Net fees and commissions:

Net fees and commissions fell by -7.0% year-on-year and ended 2023 at 1,386 million euros, mainly due to fewer service fees, as well as reduced asset management fees, where it is particularly worth mentioning -26 million euros of fees on the sale of pension funds and insurance due to a change in the insurance product mix.

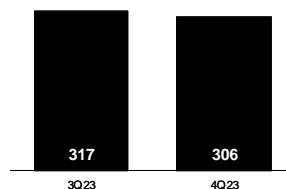
Quarter-on-quarter, this item declined by -3.2%, mainly due to the reduction in service fees, particularly card fees, which were down from the third quarter due to a seasonal effect. In addition, fees from risk transactions were more subdued in the quarter.

## Evolution of net fees and commissions

Total group (€ millions)



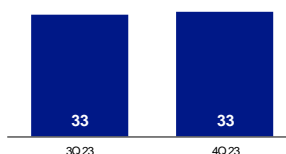
Sabadell ex - TSB (€ millions)



Change YoY:  
**-6.9%**

Change QoQ:  
**-3.6%**

TSB (€ millions)



Change YoY:  
**-7.3%**  
**-5.4%** Constant FX

Change QoQ:  
**+1.3%**  
**+2.3%** Constant FX

	Total group	Constant FX
Change YoY:	<b>-7.0%</b>	<b>-6.9%</b>
Change QoQ:	<b>-3.2%</b>	<b>-2.8%</b>

## Net fees and commissions

(€ millions)	Excl. TSB			Total group			Excl. TSB			Total group		
	3 Q23	4 Q23	QoQ (%)	3 Q23	4 Q23	QoQ (%)	FY22	FY23	YoY (%)	FY22	FY23	YoY (%)
Lending fees	47	45	-5.0	47	45	-5.0	180	183	1.6	180	183	1.6
Guarantees commissions	26	26	-0.2	26	26	-0.2	102	103	1.1	102	103	1.1
<b>Risk transaction fees</b>	<b>73</b>	<b>71</b>	<b>-3.3</b>	<b>73</b>	<b>71</b>	<b>-3.3</b>	<b>282</b>	<b>286</b>	<b>1.4</b>	<b>283</b>	<b>286</b>	<b>1.4</b>
Cards	49	43	-11.3	68	63	-7.3	179	175	-2.5	256	252	-1.8
Payment orders	19	20	4.3	20	21	4.2	81	81	-0.7	83	82	-0.8
Securities	15	14	-6.1	15	14	-6.1	53	57	7.3	53	57	7.3
Sight accounts	60	60	-0.5	67	71	4.7	246	246	0.0	286	277	-3.3
Foreign currency and notes exchange	23	21	-7.0	30	27	-9.0	115	89	-22.5	143	117	-18.4
Other transactions	9	6	-34.7	5	-1	--	71	35	-50.8	48	12	-75.0
<b>Commissions for services</b>	<b>175</b>	<b>164</b>	<b>-6.0</b>	<b>205</b>	<b>195</b>	<b>-5.0</b>	<b>746</b>	<b>683</b>	<b>-8.5</b>	<b>870</b>	<b>797</b>	<b>-8.4</b>
Mutual funds	30	26	-11.4	30	26	-11.4	122	115	-6.0	122	115	-6.0
Pension funds and insurance brokerage	34	37	10.3	37	40	10.0	184	155	-15.7	194	165	-14.8
Managed accounts	5	7	25.2	5	7	25.2	22	23	4.6	22	23	4.6
<b>Asset Under Management commissions</b>	<b>69</b>	<b>71</b>	<b>2.2</b>	<b>72</b>	<b>73</b>	<b>2.3</b>	<b>328</b>	<b>293</b>	<b>-10.7</b>	<b>338</b>	<b>303</b>	<b>-10.4</b>
<b>Total commissions</b>	<b>317</b>	<b>306</b>	<b>-3.6</b>	<b>350</b>	<b>339</b>	<b>-3.2</b>	<b>1,356</b>	<b>1,262</b>	<b>-6.9</b>	<b>1,490</b>	<b>1,386</b>	<b>-7.0</b>

### Income from equity method and dividends:

This item amounted to 131 million euros as of the end of 2023, increasing from the previous year, when it stood at 125 million euros, mainly due to the increased contribution of the insurance business, which offset the smaller earnings of BS Capital investees. In quarter-on-quarter terms, it showed a positive balance variation, mainly due to the larger contribution from the insurance business.

### Other operating income and expenses:

This item amounted to -447 million euros as of 2023 year-end, compared to -337 million euros in the previous year. This negative variation is mainly explained by the recognition of a -156 million euros payment corresponding to the new banking tax, booked in the first quarter of 2023, and by the larger contribution made to Banco Sabadell's Deposit Guarantee Fund (DGF) (-132 million euros in 2023 compared to -114 million euros in 2022), which was partially offset by the booking of a smaller contribution to the Single Resolution Fund (SRF) (-76 million euros in 2023 compared to -100 million euros in 2022), given the reduction of the target calculated by the SRB (Single Resolution Board). It is also worth mentioning that 2022 was impacted by the recognition of -57 million euros, net, resulting from the agreement regarding the incidents that took place following the migration of TSB's IT platform, which were partially offset with a tax-payable amount of 45 million euros (32 million euros, net) due to insurance claim recoveries, with this item amounting to a total net amount of -25 million euros, while in 2023, an additional 16 million euros was recognised for TSB's insurance compensation.

The quarterly balance variation is mainly explained by the aforementioned recognition of the contribution to Banco Sabadell's Deposit Guarantee Fund (DGF), amounting to -132 million euros, and by the payment of the tax on deposits of credit institutions (*Impuesto sobre Depósitos de Entidades de Crédito*, IDEC), which amounted to -34 million euros.

### Total costs:

Total costs came to -3,015 million euros as of 2023 year-end, impacted by the booking of -33 million euros of non-recurrent restructuring costs at TSB in the fourth quarter. Excluding this impact, recurrent costs increased by 3.5% year-on-year due to both higher personnel expenses and higher general expenses, where particular note should be taken of marketing and technology expenses, which offset the reduction of amortisations.

Quarter-on-quarter, total costs posted an increase due to the aforesaid non-recurrent costs at TSB, with the level of recurrent costs remaining practically stable with respect to the previous quarter.

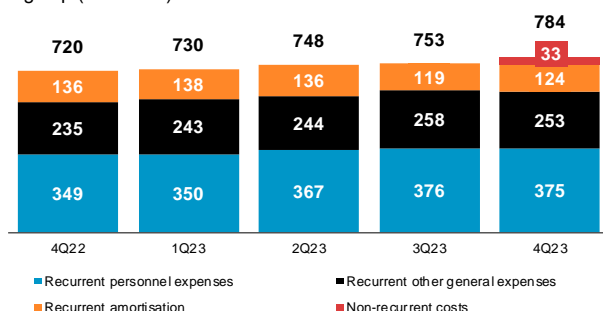
It should be pointed out that the cost-to-income ratio improved with respect to the year 2022, going from 45.1% to 42.6% and, if including amortisations, going from 55.6% to 51.4%.

### Total costs

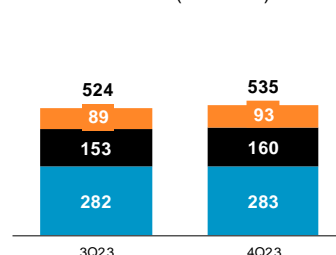
(€ millions)	Excl. TSB			Total group			Excl. TSB			Total group		
	3 Q23	4 Q23	QoQ (%)	3 Q23	4 Q23	QoQ (%)	FY22	FY23	YoY (%)	FY22	FY23	YoY (%)
<b>Personnel expenses</b>	<b>-282</b>	<b>-283</b>	<b>0.1</b>	<b>-376</b>	<b>-401</b>	<b>6.6</b>	<b>-1,035</b>	<b>-1,103</b>	<b>6.5</b>	<b>-1,392</b>	<b>-1,495</b>	<b>7.4</b>
IT and communications	-59	-52	-11.6	-113	-110	-3.0	-217	-223	2.5	-422	-442	4.8
Advertising	-17	-25	48.9	-24	-31	29.0	-42	-66	57.1	-72	-97	35.0
Premises and office supplies	-9	-7	-18.9	-16	-16	1.1	-39	-33	-14.1	-65	-63	-3.6
Technical reports and judicial expenses	-6	-5	-20.9	-10	-8	-20.6	-20	-22	10.5	-39	-36	-8.1
Subcontracted administrative services	-13	-12	-9.3	-33	-22	-33.7	-46	-50	8.5	-113	-118	4.9
Contributions and taxes	-27	-32	19.3	-30	-35	18.5	-103	-107	3.9	-114	-117	2.1
Others	-22	-26	20.2	-32	-35	7.9	-82	-90	9.8	-121	-129	6.7
<b>Other general expenses</b>	<b>-153</b>	<b>-160</b>	<b>4.5</b>	<b>-258</b>	<b>-257</b>	<b>-0.4</b>	<b>-550</b>	<b>-591</b>	<b>7.6</b>	<b>-946</b>	<b>-1,002</b>	<b>5.9</b>
<b>Amortisation &amp; depreciation</b>	<b>-89</b>	<b>-93</b>	<b>4.4</b>	<b>-119</b>	<b>-126</b>	<b>6.3</b>	<b>-388</b>	<b>-380</b>	<b>-2.3</b>	<b>-545</b>	<b>-519</b>	<b>-4.8</b>
<b>Total costs</b>	<b>-524</b>	<b>-535</b>	<b>2.1</b>	<b>-753</b>	<b>-784</b>	<b>4.2</b>	<b>-1,973</b>	<b>-2,074</b>	<b>5.1</b>	<b>-2,883</b>	<b>-3,015</b>	<b>4.6</b>
Memorandum item:												
Recurrent costs	-524	-535	2.1	-753	-751	-0.2	-1,973	-2,074	5.1	-2,883	-2,982	3.5
Non-recurrent costs	0	0	--	0	-33	--	0	0	--	0	-33	--
Efficiency ratio (%)							39.77	37.07		45.12	42.59	
Efficiency ratio with amortisation & depreciation (%)							49.51	45.37		55.65	51.44	

## Evolution of total costs

Total group (€ millions)



Sabadell ex - TSB (€ millions)



Recurrent costs

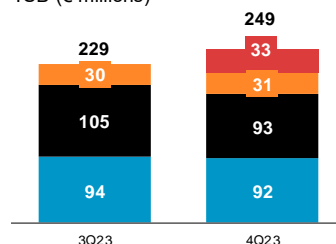
Change YoY:

**+5.1%**

Change QoQ:

**+2.1%**

TSB (€ millions)



Recurrent costs

Change YoY:

**-0.1%**

**+1.9%** Constant FX

Change QoQ:

**-5.6%**

**-4.5%** Constant FX

	Total group <sup>(1)</sup>	Constant FX <sup>(1)</sup>
Change YoY:	<b>+3.5%</b>	<b>+3.8%</b>
Change QoQ:	<b>-0.2%</b>	<b>+0.5%</b>

(1) Change over total recurrent costs.

## Core results:

Core results (net interest income + fees and commissions – recurrent costs) followed a positive trend over the year, standing at 3,127 million euros as of 2023 year-end, representing year-on-year growth of 29.9%, as a result of

the positive trend followed by net interest income. Conversely, in the quarter, this item fell by -4.8%, affected by the negative evolution of net interest income and fees and commissions mentioned above.

(€ millions)	Total group					
	3 Q23	4 Q23	QoQ (%)	FY22	FY23	YoY (%)
Net interest income	1,242	1,211	-2.5	3,799	4,723	24.3
Net fees and commissions	350	339	-3.2	1,490	1,386	-7.0
Recurrent costs	-753	-751	-0.2	-2,883	-2,982	3.5
<b>Core results</b>	<b>839</b>	<b>799</b>	<b>-4.8</b>	<b>2,406</b>	<b>3,127</b>	<b>29.9</b>

## Provisions for loan losses and other impairments:

This item amounted to -910 million euros as of the end of 2023, compared to -1,032 million euros at the end of the previous year, representing a reduction of -11.8% due to the lower credit provisions, as well as financial assets and real estate provisions.

In the quarter, provisions increased by 6.4%, mainly due to the booking of more credit provisions and the increase other provisions.

This level of provisions resulted in a Group's credit cost of risk of 43 bps and a total cost of risk of 55 bps as of 2023 year-end, both remaining stable in the quarter, with total cost of risk improving by 5 bps during the year, while credit cost of risk did so by 1 bp.

## Gains on sale of assets and other results:

Capital gains on the sale of assets and other results amounted to -46 million euros as of 2023 year-end, increasing in year-on-year terms due to the recognition of more asset write-offs.

In the quarter, this item came to -15 million euros, practically in line with the previous quarter.

## Net profit:

The Group's net profit amounted to 1,332 million euros as of 2023 year-end, 55.1% higher than as of 2022 year-end, mainly driven by improved net interest income.

## Balance sheet

### Highlights:

Performing loans decreased in year-on-year terms, impacted by the higher interest rate environment, where it is worth noting the reduction of mortgage volumes in both Spain and the United Kingdom, the smaller volumes of loans granted to SMEs and corporates, as well as the maturity of Treasury loans in public sector. They also decreased in the quarter, due to the reduced volumes of mortgage loans and of loans to SMEs and corporates.

On-balance sheet customer funds dropped year-on-year, mainly due to the smaller volume of sight accounts, as customers moved funds to get more returns on their savings, which was partly reflected in the growth of off-balance sheet funds and in the increase of term deposits

and retail issuances, particularly commercial paper. The reduction during the quarter is also explained by the reduction of sight accounts, which was partially offset by the growth of term deposits.

The loan-to-deposit ratio improved during the quarter to 94.0%, generating a funding gap of c.800 million euros in the quarter and of c.2,300 million euros in the year.

Off-balance sheet funds also increased year-on-year, driven by growth across all segments, most notably the positive evolution of mutual funds, in terms of both yields and net inflows. Mutual funds continued to follow a positive trend in the quarter and were behind the growth of off-balance sheet funds.

### Balance sheet

(€millions)	31.12.22	31.12.22 (*)	30.09.23	31.12.23	Change		
					YoY (%)	YoY (%)	QoQ (%)
Cash, cash balances at central banks and other demand deposits	41,260	41,260	35,270	29,986	-27.3	-27.3	-15.0
Financial assets held for trading and fair value with changes in PL	4,095	4,095	3,802	2,860	-30.2	-30.2	-24.8
Financial assets in fair value OCI	5,802	5,802	5,448	6,269	8.0	8.0	15.1
Financial assets at amortised cost	185,045	185,045	183,533	180,914	-2.2	-2.2	-14
Loans and advances to customers	158,730	158,730	154,348	152,260	-4.1	-4.1	-14
Loans and advances of central banks and credit institutions	4,863	4,863	7,582	7,152	47.1	47.1	-5.7
Debt securities	21,453	21,453	21,604	21,501	0.2	0.2	-0.5
Investments in subsidiaries, joint ventures and associates	515	377	499	463	-10.2	22.8	-7.3
Tangible assets	2,582	2,582	2,383	2,297	-11.0	-11.0	-3.6
Intangible assets	2,484	2,484	2,426	2,483	0.0	0.0	2.3
Other assets	9,596	9,596	9,900	9,902	3.2	3.2	0.0
<b>Total assets</b>	<b>251,380</b>	<b>251,241</b>	<b>243,261</b>	<b>235,173</b>	<b>-6.4</b>	<b>-6.4</b>	<b>-3.3</b>
Financial liabilities held for trading and fair value with changes in PL	3,598	3,598	3,840	2,867	-20.3	-20.3	-25.3
Financial liabilities at amortised cost	232,530	232,530	223,283	216,072	-7.1	-7.1	-3.2
Central banks	27,844	27,844	9,743	9,776	-64.9	-64.9	0.3
Credit institutions	11,373	11,373	16,600	13,840	21.7	21.7	-25.6
Customer deposits	164,076	164,076	160,907	160,331	-2.3	-2.3	-0.4
Debt securities issued	22,578	22,578	27,452	25,791	14.2	14.2	-6.1
Other financial liabilities	6,659	6,659	6,581	6,333	-4.9	-4.9	-3.8
Provisions	645	645	538	536	-16.8	-16.8	-0.4
Other liabilities	1,382	1,382	1,822	1,818	31.6	31.6	-0.2
<b>Subtotal liabilities</b>	<b>238,155</b>	<b>238,155</b>	<b>229,483</b>	<b>221,294</b>	<b>-7.1</b>	<b>-7.1</b>	<b>-3.6</b>
Shareholders' equity	13,841	13,635	14,263	14,344	3.6	5.2	0.6
Accumulated other comprehensive income	-651	-583	-519	-499	-23.3	-14.5	-3.8
Minority interest	34	34	34	34	-0.4	-0.4	0.2
<b>Net equity</b>	<b>13,224</b>	<b>13,086</b>	<b>13,778</b>	<b>13,879</b>	<b>5.0</b>	<b>6.1</b>	<b>0.7</b>
<b>Total liabilities and equity</b>	<b>251,380</b>	<b>251,241</b>	<b>243,261</b>	<b>235,173</b>	<b>-6.4</b>	<b>-6.4</b>	<b>-3.3</b>
Financial guarantees granted	2,087	2,087	2,065	2,064	-1.1	-1.1	0.0
Commitments for loans granted	27,461	27,461	27,215	27,036	-1.5	-1.5	-0.7
Other commitments granted	9,674	9,674	8,088	7,943	-17.9	-17.9	-1.8

(\*) Shown for comparative purposes only. Data restated to factor in the application of IFRS 17.

### Assets:

The Group's total assets amounted to 235,173 million euros, dropping by -6.4% year-on-year, affected by the 17,000 million euros TLTRO III repayment and the 1,500 million pounds sterling repayment made to the Bank of England

under the TFSME (Term Funding Scheme with additional incentives for SMEs). In quarter-on-quarter terms, total assets were down by -3.3%.



## Loans and advances to customers:

Performing gross loans ended the year 2023 with a balance of 149,798 million euros, declining by -4.1% year-on-year and by -1.2% in the quarter.

In Spain, performing loans decreased by -4.6% year-on-year, impacted by reduced balances of SMEs and corporates, the maturity of Public Treasury loans and by a smaller volume of mortgages. This reduction in the balance of SMEs and corporates, together with the decline of mortgages, also drove the -1.3% reduction in the quarter.

Performing gross loans in foreign branches (Europe and Miami, which are included in the Spain perimeter) amounted to 9,211 million euros, thus falling by -2.9% year-on-year, affected by the depreciation of the US dollar, and also during the quarter, dropping by -1.2%, although excluding this effect it grew by 1.4%.

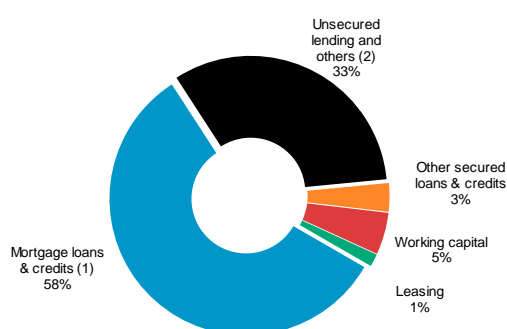
In TSB, loans dropped by -4.0% year-on-year, benefitting from the appreciation of the pound sterling, as considering a constant exchange rate this reduction was -5.9% due to the reduced volume of the mortgage book. With respect to the previous quarter, lending was impacted by the depreciation of the pound sterling, recording a decline of -1.0%, while considering a constant exchange rate it dropped by -0.5%, due to a decline in mortgages.

Mexico saw growth of 11.0% year-on-year and a decline of -1.9% in the quarter, in both cases impacted by the exchange movements of the Mexican peso. At constant exchange rates, however, year-on-year growth was 7.1%, and it increased by 0.6% in the quarter.

## Loans and advances to customers

(€ millions)	Excl. TSB					Total group				
	31.12.22	30.09.23	31.12.23	Change		31.12.22	30.09.23	31.12.23	Change	
				YoY (%)	QoQ (%)				YoY (%)	QoQ (%)
Mortgage loans & credits	49,433	47,959	47,344	-4.2	-1.3	89,340	87,123	86,162	-3.6	-1.1
Other secured loans & credits	3,000	5,116	4,723	57.4	-7.7	3,412	5,475	5,064	48.4	-7.5
Working capital	7,489	6,829	7,465	-0.3	9.3	7,489	6,829	7,465	-0.3	9.3
Leasing	2,227	2,265	2,236	0.4	-1.3	2,227	2,265	2,236	0.4	-1.3
Unsecured lending and others	50,872	47,665	46,648	-8.3	-2.1	53,663	49,935	48,870	-8.9	-2.1
<b>Performing gross loans</b>	<b>113,020</b>	<b>109,834</b>	<b>108,417</b>	<b>-4.1</b>	<b>-1.3</b>	<b>156,130</b>	<b>151,627</b>	<b>149,798</b>	<b>-4.1</b>	<b>-1.2</b>
Stage 3 assets (customer)	4,897	4,958	4,861	-0.7	-2.0	5,461	5,561	5,472	0.2	-1.6
Accruals	87	179	110	25.8	-38.7	159	243	172	7.9	-29.4
<b>Gross loans to customers (excluding repos)</b>	<b>118,005</b>	<b>114,971</b>	<b>113,388</b>	<b>-3.9</b>	<b>-1.4</b>	<b>161,750</b>	<b>157,431</b>	<b>155,442</b>	<b>-3.9</b>	<b>-1.3</b>
Reverse repos	0	74	17	--	-76.4	0	74	17	--	-76.4
<b>Gross loans to customers</b>	<b>118,005</b>	<b>115,045</b>	<b>113,405</b>	<b>-3.9</b>	<b>-1.4</b>	<b>161,750</b>	<b>157,505</b>	<b>155,459</b>	<b>-3.9</b>	<b>-1.3</b>
NPL and country-risk provisions	-2,797	-2,925	-2,955	5.7	1.0	-3,020	-3,157	-3,199	5.9	1.3
<b>Loans and advances to customers</b>	<b>115,208</b>	<b>112,120</b>	<b>110,450</b>	<b>-4.1</b>	<b>-1.5</b>	<b>158,730</b>	<b>154,348</b>	<b>152,260</b>	<b>-4.1</b>	<b>-1.4</b>

## Loans and advances to customers, by product type, 31.12.2023 (%) <sup>(1)</sup>

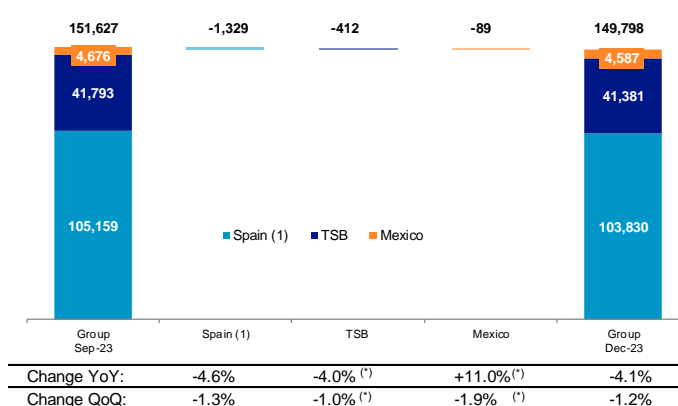


(1) Includes mortgage loans and credits both to individuals and companies.

(2) Includes IOO loans.

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

## Gross performing loans, by geography (€ million)



(\*) In TSB -5.9% YoY and -0.5% QoQ in GBP and in Mexico +7.1% YoY and +0.6% QoQ in MXN.

(1) Spain includes foreign branches (€9,211M in Dec 23 and €9,328M in Sep 23).

## Liabilities:

### Customer funds:

Total customer funds amounted to 201,449 million euros as of the end of 2023, representing a year-on-year reduction of -0.6%, while in the quarter the balance remained stable.

As regards on-balance sheet customer funds, these totalled 160,888 million euros, representing a year-on-year decline of -2.0%, driven by the reduced balance of sight accounts, which was partially offset by the growth of term deposits and retail issuances, mainly commercial paper. In the quarter, they were down by -0.7%, also explained by the reduction of sight accounts, which was partially offset by the larger balance of term deposits.

Sight account balances amounted to 134,243 million euros, representing a reduction of -9.0% compared to 2022 and of -1.7% compared to the previous quarter.

Term deposits came to a total of 25,588 million euros, representing an increase of 58.5% year-on-year and of 5.8% in the quarter.

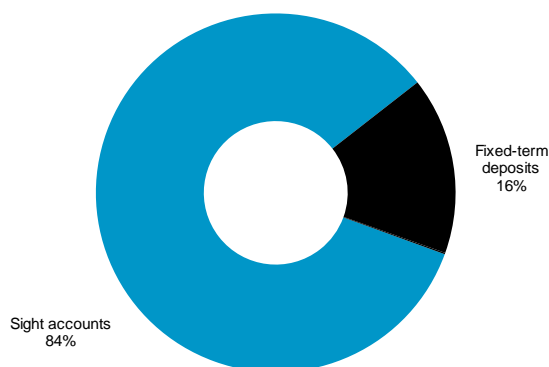
Total off-balance sheet customer funds came to 40,561 million euros as of the end of 2023, reflecting an increase of 5.4% in year-on-year terms, driven by growth across all segments and most notably by the good performance of mutual funds, in terms of both yields and net inflows. Mutual funds' momentum continued in the quarter and was the main driver behind the 3.1% growth of off-balance sheet funds.

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

This item amounted to a total of 226,682 million euros, representing a year-on-year increase of 0.7% and a slight reduction in the quarter of -0.4%.

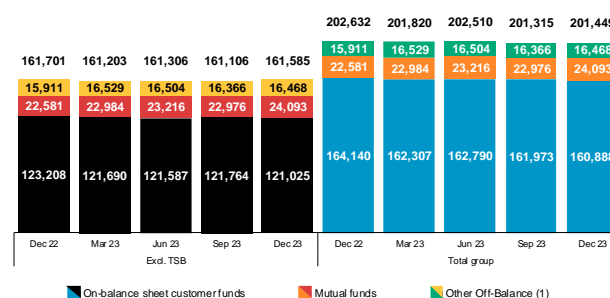
Exposure with central banks includes 5,000 million euros of TLTRO III and 4,000 million pounds of TFSME (Term Funding Scheme with additional incentives for SMEs), remaining in line with the previous quarter.

### Customer deposits, 31.12.2023 (%) (\*)



(\*) Excluding accrual adjustments and hedging derivatives.

### Evolution of customer funds (€ million)



#### On-balance sheet customer funds

	Excl. TSB	Total group
Change YoY:	-1.8%	-2.0%
Change QoQ:	-0.6%	-0.7%

#### Total customer funds

	Excl. TSB	Total group
Change YoY:	-0.1%	-0.6%
Change QoQ:	0.3%	0.1%

(1) Includes pension funds, third-party insurance products and managed accounts.

## Customer funds

(€millions)	Excl. TSB					Total group				
	31.12.22	30.09.23	31.12.23	Change		31.12.22	30.09.23	31.12.23	Change	
				YoY (%)	QoQ (%)				YoY (%)	QoQ (%)
<b>Financial liabilities at amortised cost</b>	<b>181,843</b>	<b>173,093</b>	<b>166,805</b>	<b>-8.3</b>	<b>-3.6</b>	<b>232,530</b>	<b>223,283</b>	<b>216,072</b>	<b>-7.1</b>	<b>-3.2</b>
Non-retail financial liabilities	58,635	51,329	45,780	-21.9	-10.8	68,390	61,310	55,184	-19.3	-10.0
Central banks	21,599	5,056	5,107	-76.4	1.0	27,844	9,743	9,776	-64.9	0.3
Credit institutions	11,372	18,599	13,840	21.7	-25.6	11,373	18,600	13,840	21.7	-25.6
Institutional issues	20,657	23,061	21,919	6.1	-5.0	22,514	26,386	25,234	12.1	-4.4
Other financial liabilities	5,007	4,613	4,915	-1.8	6.5	6,659	6,581	6,333	-4.9	-3.8
<b>On-balance sheet customer funds</b>	<b>(1) 123,208</b>	<b>121,764</b>	<b>121,025</b>	<b>-1.8</b>	<b>-0.6</b>	<b>164,140</b>	<b>161,973</b>	<b>160,888</b>	<b>-2.0</b>	<b>-0.7</b>
Customer deposits	122,701	120,564	120,328	-1.9	-0.2	164,076	160,907	160,331	-2.3	-0.4
Sight accounts	(1) 10,156	10,164	10,046	-9.2	-1.6	147,540	136,511	134,243	-9.0	-1.7
Fixed-term deposits	(1) 12,594	18,845	19,921	58.2	5.7	16,141	24,184	25,588	58.5	5.8
Repos	0	0	200	--	--	405	0	200	-50.5	--
Accruals and derivative hedging adjustments	-49	78	160	--	104.1	-9	212	299	--	41.0
Debt and other marketable securities	(1) 17,687	20,170	19,023	7.6	-5.7	19,100	23,362	22,198	16.2	-5.0
Subordinated liabilities	(2) 3,478	4,091	3,593	3.3	-12.2	3,478	4,091	3,593	3.3	-12.2
<b>On-balance sheet funds</b>	<b>143,865</b>	<b>144,825</b>	<b>142,944</b>	<b>-0.6</b>	<b>-1.3</b>	<b>186,654</b>	<b>188,359</b>	<b>186,122</b>	<b>-0.3</b>	<b>-1.2</b>
Mutual funds	22,581	22,976	24,093	6.7	4.9	22,581	22,976	24,093	6.7	4.9
Dedicated investment companies	703	584	589	-16.2	0.9	703	584	589	-16.2	0.9
Third-party funds	21,878	22,392	23,504	7.4	5.0	21,878	22,392	23,504	7.4	5.0
Managed accounts	3,532	3,633	3,598	1.9	-1.0	3,532	3,633	3,598	1.9	-1.0
Pension funds	3,182	3,179	3,249	2.1	2.2	3,182	3,179	3,249	2.1	2.2
Individual	2,065	2,062	2,103	1.8	2.0	2,065	2,062	2,103	1.8	2.0
Company	1,112	1,112	1,141	2.6	2.6	1,112	1,112	1,141	2.6	2.6
Group	5	5	5	-8.1	-1.1	5	5	5	-8.1	-1.1
Third-party insurance products	9,197	9,554	9,621	4.6	0.7	9,197	9,554	9,621	4.6	0.7
<b>Off-balance sheet customer funds</b>	<b>38,492</b>	<b>39,342</b>	<b>40,561</b>	<b>5.4</b>	<b>3.1</b>	<b>38,492</b>	<b>39,342</b>	<b>40,561</b>	<b>5.4</b>	<b>3.1</b>
<b>Funds under management and third-party funds</b>	<b>182,358</b>	<b>184,167</b>	<b>183,504</b>	<b>0.6</b>	<b>-0.4</b>	<b>225,146</b>	<b>227,702</b>	<b>226,682</b>	<b>0.7</b>	<b>-0.4</b>

- (1) On-balance sheet customer funds at the Group level as of 31.12.2023 included 134,243 million euros of sight accounts (136,511 million euros as of 30.09.2023 and 147,540 million euros as of 31.12.2022), 25,237 million euros of term deposits excluding multi-seller covered bonds, subordinated deposits and Yankee CD (23,718 million euros as of 30.09.2023 and 15,690 million euros as of 31.12.2022) and 1,408 million euros of retail issuances (commercial paper), included in 'debt and other marketable securities' (1,744 million euros as of 30.09.2023 and 910 million euros as of 31.12.2022).
- (2) Subordinated liabilities of debt securities.

## Equity:

The following table shows the evolution of equity as of 2023 year-end:

### Equity

(€millions)	31.12.22	31.12.22 (*)	30.09.23	31.12.23	Change		
					YoY	YoY (*)	QoQ
<b>Shareholders' equity</b>	<b>13,841</b>	<b>13,635</b>	<b>14,263</b>	<b>14,344</b>	<b>503</b>	<b>709</b>	<b>81</b>
Issued capital	703	703	703	680	-23	-23	-23
Reserves	12,393	12,157	12,723	12,512	119	356	-211
Other equity	22	22	20	21	0	0	1
Less: treasury shares	-24	-24	-212	-40	-16	-16	172
Attributable net profit	859	889	1,028	1,332	474	443	304
Less: interim dividends	-112	-112	0	-162	-50	-50	-162
<b>Accumulated other comprehensive income</b>	<b>-651</b>	<b>-583</b>	<b>-519</b>	<b>-499</b>	<b>152</b>	<b>84</b>	<b>20</b>
<b>Minority interest</b>	<b>34</b>	<b>34</b>	<b>34</b>	<b>34</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net equity</b>	<b>13,224</b>	<b>13,086</b>	<b>13,778</b>	<b>13,879</b>	<b>655</b>	<b>793</b>	<b>101</b>

(\*) Shown for comparative purposes only. Data restated to factor in the application of IFRS 17.

## Risk management

### Highlights:

In the last twelve months, non-performing assets have been reduced by -223 million euros, -182 million euros in the last quarter, of which those classified as stage 3 fell by -114 million euros while foreclosed assets did so by -68 million euros.

It is worth highlighting the higher NPA coverage ratio including total provisions, which rose to 55.6% from 53.9% as of September 2023. The stage 3 coverage ratio considering total provisions as of 2023 year-end stood at 58.3%, also improving from 56.5% as of September 2023. The foreclosed asset coverage ratio increased in the quarter and stood at 39.6% as of 2023 year-end, compared to 38.9% in September 2023.

The Group's stage 3 ratio stood at 3.5% as of the 2023 year-end closing, increasing by 11 bps over the year, affected by reduced lending volumes and dropping by 2 bps in the quarter.

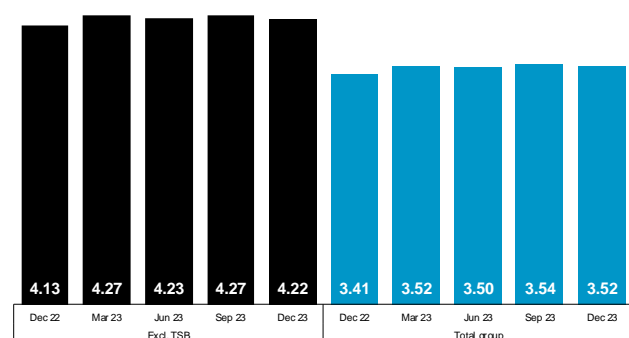
With regard to the breakdown of loans by stages, it should be noted that 89.0% are classified as stage 1 with a coverage level of 0.3%, the balance of stage 2 loans represents 7.4% of total loans with coverage of 4.1%, while the balance of stage 3 loans represents 3.5% of the total with coverage of 42.3%, reflecting an improvement on the previous quarter, when it was 40.8%. Excluding TSB, the stage 3 coverage ratio as of the end of 2023 stood at 45.5%, improving from 43.8% as of September 2023.

### Risk management:

Non-performing assets showed a balance of 6,748 million euros as of 2023 year-end, of which 5,777 million euros correspond to stage 3 assets and 971 million euros correspond to foreclosed assets.

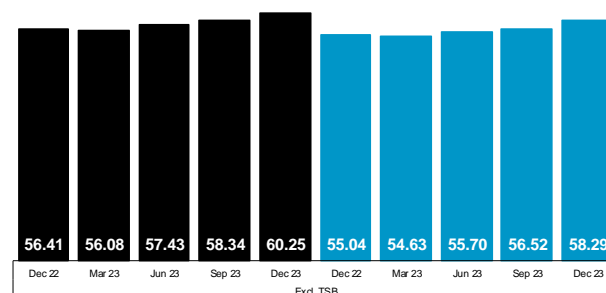
The gross NPA ratio stood at 4.1%, while the net NPA ratio considering total provisions stood at 1.8%.

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



(\*) Calculated including contingent exposures.

### Stage 3 coverage ratios with total provisions (%) <sup>(\*)</sup>

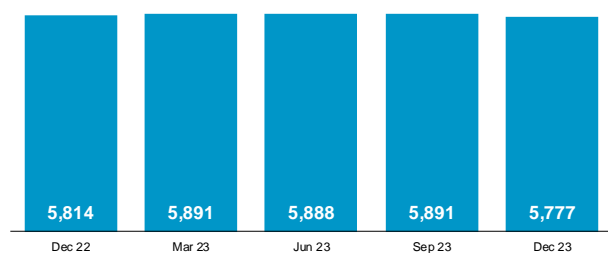


### Stage 3 ratios, by segment <sup>(\*)</sup>

Total group	Dec 22	Mar 23	Jun 23	Sep 23	Dec 23
Real estate development and/or construction purposes	6.95%	7.30%	7.19%	7.09%	6.44%
Construction purposes non-related to real estate dev.	7.06%	9.17%	6.80%	6.61%	5.25%
Large corporates	2.02%	2.22%	2.29%	2.52%	2.47%
SME and small retailers and self-employed	7.62%	7.87%	7.69%	8.54%	8.52%
Individuals with 1st mortgage guarantee assets	2.08%	2.14%	2.19%	2.26%	2.29%
<b>Stage 3 ratio</b>	<b>3.41%</b>	<b>3.52%</b>	<b>3.50%</b>	<b>3.54%</b>	<b>3.52%</b>

(\*) Calculated including contingent exposures.

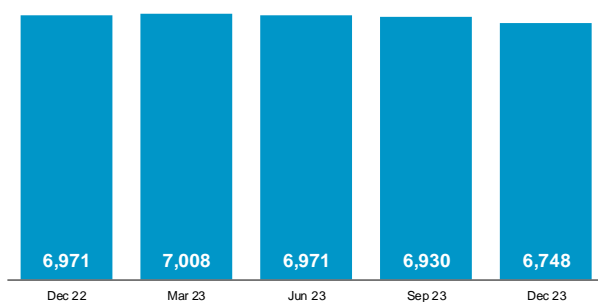
### Evolution of stage 3 loans (€ million) <sup>(\*)</sup>



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



### Evolution of non-performing assets (€ million) <sup>(\*)</sup>



(\*) Calculated including contingent exposures.

The table below shows the evolution of non-performing assets over the last few quarters:

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

(€millions)	4Q22	1Q23	2Q23	3Q23	4Q23
Gross entries (stage 3)	978	687	751	658	601
Recoveries and sales	-90	-504	-641	-573	-635
<b>Net stage 3 entries</b>	<b>68</b>	<b>183</b>	<b>111</b>	<b>85</b>	<b>-35</b>
Gross entries (foreclosed assets)	17	12	46	19	6
Sales	-70	-52	-79	-63	-73
<b>Change in foreclosed assets</b>	<b>-53</b>	<b>-40</b>	<b>-34</b>	<b>-44</b>	<b>-68</b>
<b>Net stage 3 entries + Change in foreclosed assets</b>	<b>15</b>	<b>143</b>	<b>77</b>	<b>41</b>	<b>-103</b>
Write-offs	-83	-106	-114	-82	-79
<b>Foreclosed assets and stage 3 quarterly change</b>	<b>-68</b>	<b>37</b>	<b>-37</b>	<b>-41</b>	<b>-182</b>

## Evolution of Group non-performing asset coverage <sup>(\*)</sup>

(€ millions)	Dec 22	Mar 23	Jun 23	Sep 23	Dec 23
Stage 3 exposures	5,814	5,891	5,888	5,891	5,777
Total provisions	3,200	3,219	3,280	3,329	3,368
<b>Stage 3 coverage ratio with total provisions (%)</b>	<b>55.0%</b>	<b>54.6%</b>	<b>55.7%</b>	<b>56.5%</b>	<b>58.3%</b>
Stage 3 exposures	5,814	5,891	5,888	5,891	5,777
Stage 3 provisions	2,292	2,328	2,361	2,402	2,445
<b>Stage 3 coverage ratio (%)</b>	<b>39.4%</b>	<b>39.5%</b>	<b>40.1%</b>	<b>40.8%</b>	<b>42.3%</b>
Problematic RE Assets	1,157	1,117	1,083	1,039	971
Provisions	443	429	419	404	385
<b>Problematic Real Estate coverage ratio (%)</b>	<b>38.3%</b>	<b>38.4%</b>	<b>38.7%</b>	<b>38.9%</b>	<b>39.6%</b>
Total problematic assets	6,971	7,008	6,971	6,930	6,748
Provisions	3,644	3,648	3,699	3,733	3,752
<b>Problematic assets coverage (%)</b>	<b>52.3%</b>	<b>52.0%</b>	<b>53.1%</b>	<b>53.9%</b>	<b>55.6%</b>
Gross loans to customers excluding repos +financial guarantees and other guarantees granted + problematic RE Assets	171,910	168,347	169,497	167,348	165,309
<b>Gross NPA ratio (%)</b>	(1) <b>4.1%</b>	<b>4.2%</b>	<b>4.1%</b>	<b>4.1%</b>	<b>4.1%</b>
Net problematic assets	3,327	3,360	3,272	3,196	2,996
<b>Net NPA ratio (%)</b>	(1) <b>1.9%</b>	<b>2.0%</b>	<b>1.9%</b>	<b>1.9%</b>	<b>1.8%</b>
<b>Net problematic assets as % of total assets</b>	<b>1.3%</b>	<b>1.4%</b>	<b>1.3%</b>	<b>1.3%</b>	<b>1.3%</b>

(\*) Includes contingent exposures.

(1) The gross NPA ratio is calculated as gross non-performing assets divided by gross customer lending excluding repos and guarantees given plus foreclosed assets, while the net NPA ratio is calculated as net non-performing assets, including all provisions, divided by gross customer lending excluding repos and guarantees given plus foreclosed assets.

## Forbearance and restructured loans

Stage 3 balances of forbearance and restructured loans as of 2023 year-end showed a year-on-year reduction of -2.0%,

standing at 2,690 million euros, while the coverage ratio rose to 37.5% from 35.7% as of the end of December 2022.

(€ millions)	Dec 22		Mar 23		Jun 23		Sep 23		Dec 23	
	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	8	7	8	7	7	1	7	1	6	1
Companies and self employed	4,016	1,804	3,920	1,822	3,693	1,792	3,405	1,746	3,395	1,668
Of which: Financing for construction and real estate development	257	136	247	137	245	140	234	135	239	144
Individuals	1,570	933	1,605	969	1,605	1,015	1,565	1,013	1,547	1,022
<b>Total</b>	<b>5,594</b>	<b>2,744</b>	<b>5,533</b>	<b>2,797</b>	<b>5,304</b>	<b>2,807</b>	<b>4,977</b>	<b>2,759</b>	<b>4,949</b>	<b>2,690</b>
<b>Provisions</b>	<b>1,081</b>	<b>981</b>	<b>1,020</b>	<b>925</b>	<b>1,119</b>	<b>1,023</b>	<b>1,124</b>	<b>1,032</b>	<b>1,100</b>	<b>1,009</b>
<b>Coverage ratio</b>	<b>19.3%</b>	<b>35.7%</b>	<b>18.4%</b>	<b>33.1%</b>	<b>21.1%</b>	<b>36.4%</b>	<b>22.6%</b>	<b>37.4%</b>	<b>22.2%</b>	<b>37.5%</b>

## Foreclosed assets (\*)

(€millions)	Gross amount	Allowances for losses
<b>Real estate assets deriving from financing of construction and real estate development</b>	<b>407</b>	<b>176</b>
Finished buildings	367	152
Housing	201	69
Rest	165	83
Buildings under construction	2	1
Housing	2	1
Rest	0	0
Land	38	23
Building land	20	11
Other land	18	11
<b>Real estate assets deriving from home loan mortgages</b>	<b>540</b>	<b>198</b>
<b>Real estate assets acquired in discharge of debts</b>	<b>25</b>	<b>11</b>
<b>Total real-estate portfolio</b>	<b>971</b>	<b>385</b>

(\*) Foreclosed assets, including properties outside Spain, considering the collateral in the original loan.

## Breakdown of loans and provisions, by stages

In terms of the breakdown of loans by stages, it is worth noting that 89.0% was classified as stage 1 with coverage of 0.3% and the balance was reduced by -2.8% year-on-year. Stage 2 balances accounted for 7.4% of the total credit balance, with coverage standing at 4.1% and representing a

balance reduction of -14.8% during the year. Lastly, stage 3 loans accounted for 3.5% of the total, with coverage of 42.3%, representing a balance reduction of -0.6% year-on-year.

(€ millions)	Stage 1	Stage 2	Stage 3
Gross loans to customers excluding repos and financial guarantees and other guarantees granted (off-balance)	146,340	12,221	5,777
Change QoQ	-0.8%	-4.8%	-1.9%
Change YoY	-2.8%	-14.8%	-0.6%
Provisions	421	501	2,445
<b>% Stage / Total Loans</b>	<b>89.0%</b>	<b>7.4%</b>	<b>3.5%</b>
<b>Coverage group</b>	<b>0.3%</b>	<b>4.1%</b>	<b>42.3%</b>
<b>Coverage excl. TSB</b>	<b>0.3%</b>	<b>5.2%</b>	<b>45.5%</b>



## Liquidity management

### Highlights:

The Group has a sound liquidity position, with an LCR (Liquidity Coverage Ratio) of 228% as of 2023 year-end (264% excluding TSB and 203% at TSB) and total liquid assets of 61,783 million euros.

The loan-to-deposit ratio as of 2023 year-end was 94.0%, with a balanced retail funding structure.

Worthy of note are the issuances carried out by Banco Sabadell during 2023, amounting to 4,450 million euros, of which 1,200 million euros correspond to mortgage covered

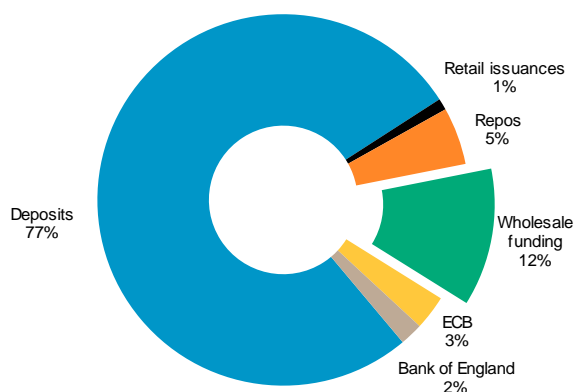
bonds (one issue in the amount of 1,000 million euros and the other in the amount of 200 million euros), two issues of 750 million euros each one corresponds to senior non preferred debt, 750 million euros correspond to senior preferred debt (green bonds), 500 million euros correspond to Additional Tier 1 preferred securities and 500 million euros to Tier 2 subordinated debt.

In addition, TSB issued two mortgage covered bond, one amounting to 1,000 million pounds and the other to 750 million pounds.

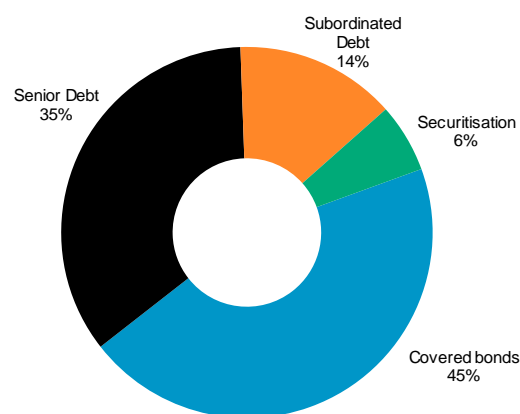
(€ millions)		31.12.22	30.09.23	31.12.23
Loans and advances to customers	(1)	158,730	154,274	152,243
Brokered loans		-1,806	-1,119	-953
<b>Adjusted net loans and advances</b>		<b>156,924</b>	<b>153,155</b>	<b>151,290</b>
<b>On-balance sheet customer funds</b>		<b>164,140</b>	<b>161,973</b>	<b>160,888</b>
<b>Loan-to-deposit ratio (%)</b>		<b>95.6</b>	<b>94.6</b>	<b>94.0</b>

(1) Excludes reverse repos.

### Funding structure, 31.12.2023 (%)



### Wholesale market breakdown, 31.12.2023 (%)



### Maturities

(€ millions)	2024	2025	2026	2027	2028	2029	>2029	Outstanding balance
Covered bonds	2,425	836	1,390	2,251	2,423	950	700	10,976
Senior preferred	758	1,489	0	500	750	750	0	4,247
Senior non preferred	395	500	1,317	18	500	1,500	195	4,425
Subordinated Debt	0	0	500	0	0	0	1,315	185
<b>Total</b>	<b>3,578</b>	<b>2,825</b>	<b>3,207</b>	<b>2,769</b>	<b>3,673</b>	<b>3,200</b>	<b>2,210</b>	<b>21,462</b>

### New issuances in the year

(€ millions)	1Q23	2Q23	3Q23	4Q23
Covered bonds	2,137		867	200
Senior preferred		750		
Senior non preferred	750		750	
Subordinated Debt	500			
AT1	500			
<b>Total</b>	<b>3,887</b>	<b>750</b>	<b>1,617</b>	<b>200</b>

### Maturities in the year

(€ millions)	1Q23	2Q23	3Q23	4Q23
Covered bonds	0	250	341	1,088
Senior preferred	1,004	9	0	1
Senior non preferred	0	0	580	0
Subordinated Debt				500
AT1	400	0	0	0
<b>Total</b>	<b>1,404</b>	<b>259</b>	<b>921</b>	<b>1,589</b>

## Capital management and credit ratings

### Highlights:

The fully-loaded and phase-in CET1 ratios stood at 13.21% as of the end of December 2023, growing by 8 bps in the quarter, of which 19 bps correspond to the organic generation of capital, 2 bps to fair value reserve adjustments and -13 bps to the reduction of operational risk risk-weighted assets update.

The minimum prudential requirements applicable to Banco Sabadell as from 1 January 2024 following the Supervisory Review and Evaluation Process (SREP) are 8.93% for CET1 and 13.42% for Total Capital.

The fully-loaded and phase-in Total Capital ratios stood at 17.78% as of 2023 year-end, thus remaining above the requirements for 2024 with an MDA buffer of 428 bps.

The Leverage ratio was 5.19% in both fully-loaded and phase-in terms.

The MREL ratio as a percentage of RWAs stood at 27.86%, above the requirement for the year 2024 (25.65%<sup>1</sup>), while the MREL ratio as a percentage of the Leverage Ratio Exposure (LRE) was 9.34%, also above the requirement for 2024 (6.35%).

The Board of Directors of Banco Sabadell has resolved to propose to the next Annual General Meeting of Shareholders a supplementary dividend of 3 cents of a euro (gross) per share charged to the results of the 2023 financial year, to be paid in cash. The Board of Directors has also resolved to establish, out of the 2023 earnings, a buyback programme of treasury shares for their redemption through a resolution for share capital reduction to be proposed to the Annual General Meeting of Shareholders, of up to a maximum amount of €340 million euros, whose terms, once they are set by the Board of Directors, will be the content of a new announcement before starting its execution.

The total shareholders remuneration corresponding to 2023, which combines the cash dividend and the share buyback programme, will, therefore, be equivalent to a 50% of the attributable net profit.

<sup>1</sup> The ratio includes the combined buffer requirement, estimated at 3.13% for 2024.

### Capital ratios

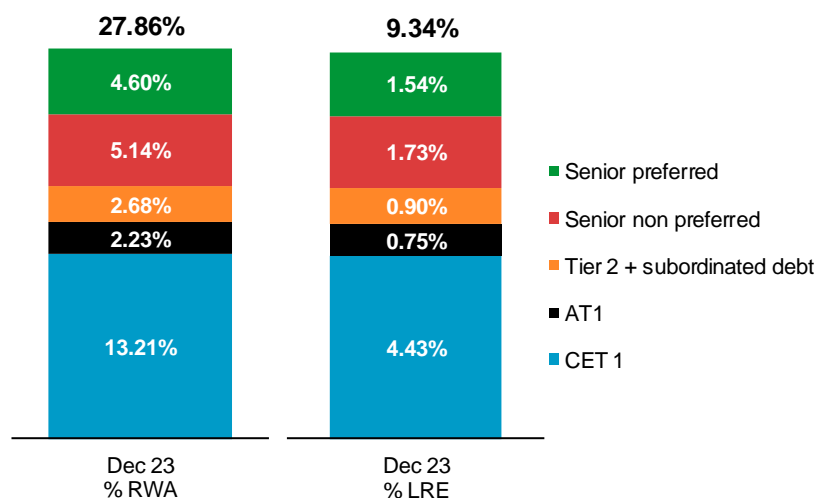
(€millions)	Phase-in			Fully-loaded		
	31.12.22	30.09.23	31.12.23	31.12.22	30.09.23	31.12.23
Issued capital	703	703	680	703	703	680
Reserves	12,839	13,213	13,198	12,839	13,213	13,198
Deductions	(1) -3,460	-3,568	-3,531	-3,557	-3,568	-3,531
<b>Common Equity Tier 1</b>	<b>10,083</b>	<b>10,348</b>	<b>10,347</b>	<b>9,985</b>	<b>10,348</b>	<b>10,347</b>
<b>CET 1 (%)</b>	<b>12.68%</b>	<b>13.13%</b>	<b>13.21%</b>	<b>12.55%</b>	<b>13.13%</b>	<b>13.21%</b>
Preference shares and other	1,650	1,750	1,750	1,650	1,750	1,750
<b>Primary capital</b>	<b>11,733</b>	<b>12,098</b>	<b>12,097</b>	<b>11,635</b>	<b>12,098</b>	<b>12,097</b>
<b>Tier I (%)</b>	<b>14.75%</b>	<b>15.35%</b>	<b>15.44%</b>	<b>14.62%</b>	<b>15.35%</b>	<b>15.44%</b>
<b>Secondary capital</b>	<b>1,855</b>	<b>2,358</b>	<b>1,831</b>	<b>1,911</b>	<b>2,358</b>	<b>1,831</b>
<b>Tier II (%)</b>	<b>2.33%</b>	<b>2.99%</b>	<b>2.34%</b>	<b>2.40%</b>	<b>2.99%</b>	<b>2.34%</b>
<b>Total capital</b>	<b>13,588</b>	<b>14,456</b>	<b>13,928</b>	<b>13,546</b>	<b>14,456</b>	<b>13,928</b>
<b>Total capital ratio (%)</b>	<b>17.08%</b>	<b>18.35%</b>	<b>17.78%</b>	<b>17.03%</b>	<b>18.35%</b>	<b>17.78%</b>
<b>Risk weighted assets (RWA)</b>	<b>79,545</b>	<b>78,795</b>	<b>78,343</b>	<b>79,560</b>	<b>78,795</b>	<b>78,343</b>
<b>Leverage ratio (%)</b>	<b>4.62%</b>	<b>5.01%</b>	<b>5.19%</b>	<b>4.59%</b>	<b>5.01%</b>	<b>5.19%</b>
<b>CET 1 - BS (non-consolidated basis) (%)</b>	<b>13.30%</b>	<b>13.54%</b>	<b>13.64%</b>			
<b>Tier I - BS (non-consolidated basis) (%)</b>	<b>15.32%</b>	<b>15.72%</b>	<b>15.82%</b>			
<b>Tier II - BS (non-consolidated basis) (%)</b>	<b>2.27%</b>	<b>2.87%</b>	<b>2.20%</b>			
<b>Total capital ratio - BS (non-consolidated basis) (%)</b>	<b>17.59%</b>	<b>18.59%</b>	<b>18.02%</b>			
<b>ADIs</b>	(2) <b>2,920</b>	<b>3,588</b>	<b>3,657</b>			

Note: The CET1 ratio includes the dividend accrual with a pay-out ratio of 50% for 2023.

(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 Group MREL (% RWAs, % LRE)



### Credit ratings

Agency	Date	Long term	Short term	Outlook
DBRS	24.05.2023	A (low)	R-1 (low)	Stable
S&P Global Rating <sup>(1)</sup>	25.05.2023	BBB	A-2	Positive
Moody's	07.11.2023	Baa2	P-2	Stable
Fitch Ratings	30.06.2023	BBB-	F3	Positive

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On 12 May 2023, **DBRS Ratings GmbH** affirmed Banco Sabadell's long-term issuer rating of A (low) with a stable outlook, reflecting the strength of the franchise as Spain's fourth largest banking group. It also took a positive view of its solid asset quality profile, its strong position in wholesale funding and liquidity, and the Group's satisfactory capitalisation. The short-term rating remained at R-1 (low). The full report on the revision was published on 24 May.

On 21 April 2023, **S&P Global Ratings** affirmed Banco Sabadell's long-term rating of 'BBB', improving the outlook to positive from stable, reflecting the possibility that the rating may be upgraded over the next 12-24 months if Banco Sabadell continues closing its efficiency and profitability gap with peers, and achieving returns more commensurate with the magnitude and depth of its franchise. The short-term rating was also maintained at 'A-2'. The full report on the revision was published on 25 May.

On 27 October 2023, **Moody's Investors Service** upgraded the rating of Banco Sabadell's long-term deposits from 'Baa2' to 'Baa1' and that of its long-term senior debt from 'Baa3' to 'Baa2', changing the outlook of both ratings from positive to stable. This rating upgrade reflects the gradual strengthening of Banco Sabadell's credit profile, mainly in terms of asset quality and profitability, and Moody's view that the interest rate environment will support further profitability improvements over the outlook horizon, while the increase in non-performing assets will remain contained. The short-term rating was maintained at 'P-2'. The full report on the revision was published on 7 November.

On 13 June 2023, **Fitch Ratings** affirmed its long-term rating of Banco Sabadell of 'BBB-', improving the outlook to positive from stable, mainly reflecting Fitch's expectations that Sabadell's profitability will continue to structurally improve due to higher interest rates, contained credit provisions and improved earnings of the Bank's UK subsidiary. The short-term rating remained at 'F3'. The full report on the revision was published on 30 June.

## Results, by business unit

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

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

- Three geographical areas: 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 geographical area and then broken down according to the customers at which each segment is aimed.

### Segmentation by geographical area and business unit

- **Banking Business Spain** groups together the Retail Banking, Business Banking and Corporate Banking business units, with individuals and businesses managed under the same branch network:
  - Retail Banking: Offers financial products and services to individuals for personal use. These include investment products and medium- and long-term finance, such as consumer loans, mortgages and leasing or rental services, as well as other short-term finance. Funds come mainly from customers' term and sight accounts, savings insurance, mutual funds and pension plans. The main services also include payment methods such as cards and insurance products in their different forms.
  - 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 custom structured finance and capital market solutions, as well as specialised advice for businesses. Funds mainly come from customers' term and sight accounts and mutual funds. The main services also include collection/payment solutions such as cards and POS terminals, as well as import and export services. It also includes Private Banking, which offers personalised expert advice, backed by specialised and high-value product capabilities for our customers.
- 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 particular 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 Corporate and Institutional 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:**

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

The information presented herein is based on the standalone 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 information relating to the segmentation of the Group's activity is given hereafter.

## Profit and loss 2023

(€ millions)	Banking business Spain	Banking business United Kingdom	Banking Business Mexico	Total
<b>Net interest income</b>	<b>3,353</b>	<b>1,174</b>	<b>196</b>	<b>4,723</b>
Net fees and commissions	1,247	124	15	1,386
<b>Core revenues</b>	<b>4,601</b>	<b>1,298</b>	<b>211</b>	<b>6,109</b>
Net trading income and exchange differences	45	16	8	68
Income from equity method and dividends	131	0	0	131
Other operating income/expense	-404	-23	-20	-447
<b>Gross operating income</b>	<b>4,372</b>	<b>1,291</b>	<b>198</b>	<b>5,862</b>
Operating expenses	-1,604	-802	-91	-2,496
Amortisation & depreciation	-362	-139	-18	-519
Total costs	-1,965	-941	-108	-3,015
<b>Pre-provisions income</b>	<b>2,407</b>	<b>350</b>	<b>90</b>	<b>2,847</b>
Total provisions & impairments	-816	-75	-19	-910
Gains on sale of assets and other results	-27	0	-19	-46
<b>Profit before tax</b>	<b>1,564</b>	<b>274</b>	<b>53</b>	<b>1,891</b>
Income tax	-469	-80	-9	-557
Minority interest	1	0	0	1
<b>Attributable net profit</b>	<b>1,093</b>	<b>195</b>	<b>44</b>	<b>1,332</b>
ROTE	12.0%	10.0%	8.9%	11.5%
Efficiency	37.2%	62.1%	45.7%	42.6%
Efficiency with amortisation & depreciation	45.6%	72.9%	54.7%	51.4%
Stage 3 ratio	4.3%	1.5%	2.4%	3.5%
Stage 3 coverage ratio with total provisions	59.9%	41.8%	74.3%	58.3%

## Profit and loss 2022

(€ millions)	Banking business Spain	Banking business United Kingdom	Banking Business Mexico	Total
<b>Net interest income</b>	<b>2,499</b>	<b>1,151</b>	<b>149</b>	<b>3,799</b>
Net fees and commissions	1,344	134	12	1,490
<b>Core revenues</b>	<b>3,843</b>	<b>1,284</b>	<b>162</b>	<b>5,289</b>
Net trading income and exchange differences	95	6	3	104
Income from equity method and dividends	125	0	0	125
Other operating income/expense	-225	-95	-17	-337
<b>Gross operating income</b>	<b>3,837</b>	<b>1,195</b>	<b>148</b>	<b>5,180</b>
Operating expenses	-1,513	-753	-72	-2,337
Amortisation & depreciation	-374	-157	-14	-545
Total costs	-1,887	-909	-86	-2,883
<b>Pre-provisions income</b>	<b>1,951</b>	<b>285</b>	<b>62</b>	<b>2,298</b>
Total provisions & impairments	-920	-104	-9	-1,032
Gains on sale of assets and other results	-9	1	-14	-23
<b>Profit before tax</b>	<b>1,021</b>	<b>182</b>	<b>39</b>	<b>1,243</b>
Income tax	-270	-95	-8	-373
Minority interest	11	0	0	11
<b>Attributable net profit</b>	<b>740</b>	<b>87</b>	<b>31</b>	<b>859</b>
ROTE	8.7%	4.2%	6.6%	7.8%
Efficiency	40.3%	63.0%	48.7%	45.1%
Efficiency with amortisation & depreciation	50.2%	76.1%	58.3%	56.5%
Stage 3 ratio	4.2%	1.3%	2.3%	3.4%
Stage 3 coverage ratio with total provisions	56.2%	42.3%	70.1%	55.0%

## Balance sheet 2023

(€ millions)	Banking business Spain	Banking business United Kingdom	Banking Business Mexico	Total
<b>Total assets</b>	<b>173,648</b>	<b>54,855</b>	<b>6,670</b>	<b>235,173</b>
Performing gross loans	103,830	41,381	4,587	149,798
RE exposure	586	0	0	586
<b>Subtotal liabilities</b>	<b>162,767</b>	<b>52,487</b>	<b>6,039</b>	<b>221,294</b>
On-balance sheet customer funds	117,820	39,864	3,205	160,888
Capital markets w/wholesale funding	19,949	4,545	0	24,494
<b>Equity</b>	<b>10,880</b>	<b>2,368</b>	<b>631</b>	<b>13,879</b>
Off-balance sheet customer funds	40,561	0	0	40,561

## Balance sheet 2022

(€ millions)	Banking business Spain	Banking business United Kingdom	Banking Business Mexico	Total
<b>Total assets</b>	<b>189,545</b>	<b>55,810</b>	<b>6,025</b>	<b>251,380</b>
Performing gross loans	108,889	43,110	4,131	156,130
RE exposure	713	0	0	713
<b>Subtotal liabilities</b>	<b>179,402</b>	<b>53,316</b>	<b>5,437</b>	<b>238,155</b>
On-balance sheet customer funds	120,118	40,931	3,090	164,140
Capital markets w/wholesale funding	19,444	2,537	0	21,981
<b>Equity</b>	<b>10,143</b>	<b>2,494</b>	<b>588</b>	<b>13,224</b>
Off-balance sheet customer funds	38,492	0	0	38,492

## Banking Business Spain

Net profit as of the end of 2023 amounted to 1,093 million euros, representing a year-on-year increase of 47.7%, mainly driven by the good evolution of net interest income.

Net interest income amounted to 3,353 million euros as of the end of 2023, growing by 34.2% year-on-year, due to higher loan yields and improved fixed-income revenue, underpinned by higher interest rates, which offset the higher costs of funds and wholesale funding.

Net fees and commissions stood at 1,247 million euros, -7.2% less than at year-end 2022, mainly due to the drop in service fees and asset management fees, particularly fees on pension funds and insurance due to the change in the insurance product mix.

Net trading income and exchange differences amounted to 45 million euros, which represents a reduction in year-on-year terms, mainly due to trading derivatives.

Income from equity-method and dividends showed a year-on-year increase of 5.2%, mainly due to the larger contribution of the insurance business, which offset the reduced earnings of BS Capital investees.

Other income and expenses were mainly impacted by the -156 million euros banking tax paid in 2023.

Total costs recorded a year-on-year increase of 4.2%, due to higher personnel expenses in the wake of inflationary pressures, and to the increase in general expenses, particularly marketing and technology expenses.

Provisions and impairments amounted to -816 million euros, down by -11.2% year-on-year, due to the booking of fewer provisions for both loan losses and financial assets, as well as lower impairment of real estate assets.

(€ millions)	FY22	FY23	YoY (%)	Simple evolution							
				1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23
<b>Net interest income</b>	<b>2,499</b>	<b>3,353</b>	<b>34.2</b>	<b>556</b>	<b>583</b>	<b>629</b>	<b>730</b>	<b>752</b>	<b>821</b>	<b>895</b>	<b>885</b>
Net fees and commissions	1,344	1,247	-7.2	326	334	346	338	321	314	311	301
<b>Core revenues</b>	<b>3,843</b>	<b>4,601</b>	<b>19.7</b>	<b>882</b>	<b>917</b>	<b>975</b>	<b>1,068</b>	<b>1,073</b>	<b>1,135</b>	<b>1,206</b>	<b>1,186</b>
Net trading income and exchange differences	95	45	-52.7	27	52	21	-5	-6	32	22	-3
Income from equity method and dividends	125	131	5.2	59	26	28	12	31	40	23	36
Other operating income/expense	-225	-404	79.9	-7	-110	1	-109	-157	-74	3	-176
<b>Gross operating income</b>	<b>3,837</b>	<b>4,372</b>	<b>13.9</b>	<b>961</b>	<b>885</b>	<b>1,025</b>	<b>967</b>	<b>941</b>	<b>1,133</b>	<b>1,255</b>	<b>1,043</b>
Operating expenses	-1,513	-1,604	6.0	-385	-372	-375	-382	-388	-393	-412	-412
Amortisation & depreciation	-374	-362	-3.3	-91	-92	-95	-95	-95	-90	-88	-89
Total costs	-1,887	-1,965	4.2	-476	-464	-470	-477	-483	-482	-499	-501
<b>Pre-provisions income</b>	<b>1,951</b>	<b>2,407</b>	<b>23.4</b>	<b>485</b>	<b>421</b>	<b>555</b>	<b>489</b>	<b>458</b>	<b>651</b>	<b>756</b>	<b>542</b>
Total provisions & impairments	-920	-816	-11.2	-218	-226	-193	-284	-214	-217	-192	-194
Gains on sale of assets and other results	-9	-27	189.6	-10	-7	6	2	-1	-11	-4	-10
<b>Profit before tax</b>	<b>1,021</b>	<b>1,564</b>	<b>53.1</b>	<b>257</b>	<b>188</b>	<b>369</b>	<b>208</b>	<b>243</b>	<b>423</b>	<b>560</b>	<b>338</b>
Income tax	-270	-469	73.3	-59	-53	-103	-55	-106	-122	-164	-76
Minority interest	11	1	-86.8	13	1	0	-3	0	1	0	1
<b>Attributable net profit</b>	<b>740</b>	<b>1,093</b>	<b>47.7</b>	<b>184</b>	<b>135</b>	<b>265</b>	<b>156</b>	<b>137</b>	<b>300</b>	<b>395</b>	<b>261</b>
<b>Accumulated ratios</b>											
ROTE	8.7%	12.0%		7.2%	7.4%	8.4%	8.7%	9.5%	10.8%	12.3%	12.0%
Efficiency	40.3%	37.2%		42.5%	41.4%	40.5%	40.3%	39.0%	37.1%	36.5%	37.2%
Efficiency with amortisation & depreciation	50.2%	45.6%		52.6%	51.4%	50.5%	50.2%	48.6%	45.8%	44.8%	45.6%
Stage 3 ratio	4.2%	4.3%		4.6%	4.1%	4.2%	4.2%	4.3%	4.3%	4.3%	4.3%
Stage 3 coverage ratio with total provisions	56.2%	59.9%		57.3%	56.7%	56.5%	56.2%	55.8%	57.2%	58.1%	59.9%

Performing gross loans decreased by -4.6% compared to the previous year, impacted by the higher interest rate environment, where particular note should be taken of the reduced balances of SMEs and corporates, the maturity of Public Treasury loans and the smaller volume of mortgages.

On-balance sheet customer funds fell by -1.9% year-on-year, due to the reduction of sight accounts, as customers searched for products that offer higher returns on savings, which was partially offset by an increase in term deposits and commercial paper. Off-balance sheet funds increased by 5.4%, mainly due to mutual funds.

(€ millions)	Dec 22	Dec 23	YoY (%)	Simple evolution							
				Mar 22	Jun 22	Sep 22	Dec 22	Mar 23	Jun 23	Sep 23	Dec 23
<b>Total assets</b>	<b>189,545</b>	<b>173,648</b>	<b>-8.4</b>	<b>192,156</b>	<b>196,349</b>	<b>198,115</b>	<b>189,545</b>	<b>186,941</b>	<b>180,613</b>	<b>180,767</b>	<b>173,648</b>
Performing gross loans	108,889	103,830	-4.6	106,687	110,177	109,632	108,889	106,524	106,965	105,159	103,830
RE exposure	713	586	-17.8	805	778	739	713	688	664	635	586
<b>Subtotal liabilities</b>	<b>179,402</b>	<b>162,767</b>	<b>-9.3</b>	<b>182,368</b>	<b>186,480</b>	<b>187,892</b>	<b>179,402</b>	<b>176,757</b>	<b>170,063</b>	<b>169,961</b>	<b>162,767</b>
On-balance sheet customer funds	120,118	117,820	-1.9	116,670	119,636	119,773	120,118	118,177	117,905	118,163	117,820
Capital markets w/wholesale funding	19,444	19,949	2.6	18,707	18,213	19,020	19,444	20,734	21,119	21,662	19,949
<b>Equity</b>	<b>10,143</b>	<b>10,880</b>	<b>7.3</b>	<b>9,789</b>	<b>9,869</b>	<b>10,223</b>	<b>10,143</b>	<b>10,185</b>	<b>10,550</b>	<b>10,807</b>	<b>10,880</b>
Off-balance sheet customer funds	38,492	40,561	5.4	40,624	38,831	38,049	38,492	39,513	39,720	39,342	40,561
<b>Other data</b>											
Employees	12,991	13,455		12,836	12,949	13,061	12,991	13,077	13,369	13,397	13,455
Branches	1,226	1,194		1,289	1,290	1,288	1,226	1,222	1,221	1,188	1,194

## Banking Business United Kingdom

Net profit amounted to 195 million euros as of 2023 year-end, representing strong year-on-year growth, mainly on the strength of improved net interest income and reduced provisions. In addition, 16 million euros were recognised in 2023 for the collection of insurance compensation in connection with the IT migration, while 2022 included the recognition of -57 million euros, net, derived from the migration-related incidents.

Net interest income came to a total of 1,174 million euros, 2.0% more than in the previous year, mainly on the strength of a higher loan book yield due to higher interest rates and also due to the fixed-income portfolio, which offset the increased cost of funds and wholesale funding. At constant exchange rates, net interest income increased by 4.1%.

Net fees and commissions came to 124 million euros as of 2023 year-end, recording a year-on-year reduction of -7.3%, due to reduced fees charged on sight accounts.

Total costs stood at -941 million euros, increasing by 3.5% year-on-year, impacted by the depreciation of the pound sterling. At constant exchange rates, costs increased by 5.6%, due to the booking of -33 million euros of non-recurrent restructuring costs, the increase of recurrent costs being 1.9%, due both to higher personnel expenses and to higher general expenses, mainly technology and marketing costs, which offset the reduction of amortisations.

Provisions and impairments amounted to -75 million euros, falling by -27.6% year-on-year, mainly due to the reduced provisions for financial assets (conduct) in 2023.

(€ millions)	FY22	FY23	YoY (%)	YoY (%) at constant FX	Simple evolution							
					1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23
<b>Net interest income</b>	<b>1,151</b>	<b>1,174</b>	<b>2.0</b>	<b>4.1</b>	<b>271</b>	<b>280</b>	<b>296</b>	<b>304</b>	<b>303</b>	<b>300</b>	<b>298</b>	<b>273</b>
Net fees and commissions	134	124	-7.3	-5.4	30	34	39	31	28	30	33	33
<b>Core revenues</b>	<b>1,284</b>	<b>1,298</b>	<b>1.1</b>	<b>3.1</b>	<b>301</b>	<b>314</b>	<b>335</b>	<b>334</b>	<b>331</b>	<b>330</b>	<b>331</b>	<b>307</b>
Net trading income and exchange differences	6	16	186.3	192.2	5	-3	8	-5	7	-2	8	2
Income from equity method and dividends	0	0	--	--	0	0	0	0	0	0	0	0
Other operating income/expense	-95	-23	-76.0	-75.5	-12	-9	-9	-65	-11	-9	-9	6
<b>Gross operating income</b>	<b>1,195</b>	<b>1,291</b>	<b>8.1</b>	<b>10.3</b>	<b>294</b>	<b>302</b>	<b>334</b>	<b>264</b>	<b>328</b>	<b>318</b>	<b>330</b>	<b>315</b>
Operating expenses	-753	-802	6.6	8.7	-191	-188	-190	-184	-188	-199	-199	-216
Amortisation & depreciation	-157	-139	-11.1	-9.2	-42	-41	-37	-37	-38	-38	-30	-33
Total costs	-909	-941	3.5	5.6	-232	-229	-228	-221	-226	-238	-229	-249
<b>Pre-provisions income</b>	<b>285</b>	<b>350</b>	<b>22.5</b>	<b>25.0</b>	<b>62</b>	<b>74</b>	<b>107</b>	<b>43</b>	<b>102</b>	<b>81</b>	<b>101</b>	<b>66</b>
Total provisions & impairments	-104	-75	-27.6	-26.1	-11	-20	-41	-30	-19	-4	-22	-30
Gains on sale of assets and other results	1	0	-100.0	-100.0	0	0	0	1	0	0	0	-1
<b>Profit before tax</b>	<b>182</b>	<b>274</b>	<b>50.4</b>	<b>53.5</b>	<b>50</b>	<b>53</b>	<b>65</b>	<b>14</b>	<b>83</b>	<b>77</b>	<b>78</b>	<b>36</b>
Income tax	-95	-80	-16.4	-14.7	-31	-19	-26	-20	-29	-25	-23	-2
Minority interest	0	0	--	--	0	0	0	0	0	0	0	0
<b>Attributable net profit</b>	<b>87</b>	<b>195</b>	<b>123.4</b>	<b>128.0</b>	<b>19</b>	<b>35</b>	<b>39</b>	<b>-6</b>	<b>53</b>	<b>52</b>	<b>55</b>	<b>34</b>
<b>Accumulated ratios</b>												
ROTE	4.2%	10.0%			3.6%	5.2%	6.0%	4.2%	11.0%	10.9%	11.0%	10.0%
Efficiency	63.0%	62.1%			64.7%	63.4%	61.1%	63.0%	57.4%	59.9%	60.1%	62.1%
Efficiency w/it amortisation & depreciation	76.1%	72.9%			78.9%	77.2%	74.0%	76.1%	68.9%	71.7%	71.0%	72.9%
Stage 3 ratio	1.3%	1.5%			1.4%	1.3%	1.4%	1.3%	1.4%	1.4%	1.4%	1.5%
Stage 3 coverage ratio w/it total provisions	42.3%	41.8%			38.7%	40.3%	39.7%	42.3%	41.3%	40.4%	40.5%	41.8%

Loans dropped by -4.0% year-on-year, benefitting from the appreciation of the pound sterling, as considering a constant exchange rate they fell by -5.9% due to a smaller mortgage book.

On-balance sheet customer funds fell by -2.6% year-on-year, underpinned by the appreciation of the pound. At a constant exchange rate, they fell by -4.6%, due to a reduction of sight accounts, which was partially offset by the increase in term deposits.

(€ millions)	Dec 22	Dec 23	YoY (%)	YoY (%) at constant FX	Simple evolution							
					Mar 22	Jun 22	Sep 22	Dec 22	Mar 23	Jun 23	Sep 23	Dec 23
<b>Total assets</b>	<b>55,810</b>	<b>54,855</b>	<b>-1.7</b>	<b>-3.7</b>	<b>55,978</b>	<b>55,297</b>	<b>55,808</b>	<b>55,810</b>	<b>55,127</b>	<b>56,086</b>	<b>55,497</b>	<b>54,855</b>
Performing gross loans	43,110	41,381	-4.0	-5.9	44,294	43,903	42,857	43,110	41,993	42,526	41,793	41,381
<b>Subtotal liabilities</b>	<b>53,316</b>	<b>52,487</b>	<b>-1.6</b>	<b>-3.5</b>	<b>53,371</b>	<b>52,708</b>	<b>53,263</b>	<b>53,316</b>	<b>52,740</b>	<b>53,719</b>	<b>53,149</b>	<b>52,487</b>
On-balance sheet customer funds	40,931	39,864	-2.6	-4.6	42,199	41,105	40,163	40,931	40,617	41,203	40,209	39,864
Capital markets w/ wholesale funding	2,537	4,545	79.2	75.6	2,955	2,913	2,831	2,537	3,697	3,787	4,337	4,545
<b>Equity</b>	<b>2,494</b>	<b>2,368</b>	<b>-5.0</b>	<b>-7.0</b>	<b>2,607</b>	<b>2,589</b>	<b>2,545</b>	<b>2,494</b>	<b>2,387</b>	<b>2,368</b>	<b>2,348</b>	<b>2,368</b>
<b>Other data</b>												
Employees	5,482	5,426			5,702	5,595	5,503	5,482	5,656	5,618	5,510	5,426
Branches	220	211			290	220	220	220	220	211	211	211



## Banking Business Mexico

Net profit as of 2023 year-end amounted to 44 million euros, representing year-on-year growth of 40.6%, supported by the appreciation of the Mexican peso. At constant exchange rates, this growth was 29.0%, mainly due to the good performance of net interest income.

Net interest income came to 196 million euros, growing by 31.2% year-on-year, or 19.0% at constant exchange rates, underpinned by higher yields on the loan book and higher revenue from the fixed-income portfolio.

Net fees and commissions came to 15 million euros as of 2023 year-end, increasing by 3 million euros compared to the previous year due to higher levels of commercial activity.

Total costs amounted to -108 million euros, increasing by 25.8% compared to the previous year, affected by the appreciation of the Mexican peso. At constant exchange rates, costs increased by 14.1%, mainly due to higher general expenses, particularly marketing costs.

Provisions and impairments stood above the 2022 year-end figure, which included releases of several borrowers' provisions.

Capital gains on asset sales and other results were more negative due to an increase in IT asset write-offs.

(€ millions)	FY22	FY23	YoY (%)	YoY (%) at constant FX	Simple evolution							
					1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23
<b>Net interest income</b>	<b>149</b>	<b>196</b>	<b>31.2</b>	<b>19.0</b>	<b>31</b>	<b>36</b>	<b>40</b>	<b>43</b>	<b>45</b>	<b>49</b>	<b>49</b>	<b>53</b>
Net fees and commissions	12	15	19.6	8.5	3	3	3	4	2	3	6	5
<b>Core revenues</b>	<b>162</b>	<b>211</b>	<b>30.3</b>	<b>18.2</b>	<b>33</b>	<b>38</b>	<b>43</b>	<b>47</b>	<b>46</b>	<b>52</b>	<b>55</b>	<b>57</b>
Net trading income and exchange differences	3	8	127.1	105.9	0	1	1	1	-1	1	2	5
Income from equity method and dividends	0	0	--	--	0	0	0	0	0	0	0	0
Other operating income/expense	-17	-20	14.8	4.6	-4	-5	-4	-5	-4	-6	-3	-7
<b>Gross operating income</b>	<b>148</b>	<b>198</b>	<b>34.3</b>	<b>21.7</b>	<b>30</b>	<b>35</b>	<b>40</b>	<b>43</b>	<b>42</b>	<b>47</b>	<b>54</b>	<b>56</b>
Operating expenses	-72	-91	26.0	14.3	-15	-18	-21	-18	-17	-19	-24	-31
Amortisation & depreciation	-14	-18	24.7	13.1	-3	-3	-4	-4	-4	-8	-1	-4
Total costs	-86	-108	25.8	14.1	-18	-21	-25	-22	-21	-27	-25	-35
<b>Pre-provisions income</b>	<b>62</b>	<b>90</b>	<b>46.2</b>	<b>32.4</b>	<b>12</b>	<b>13</b>	<b>15</b>	<b>21</b>	<b>21</b>	<b>19</b>	<b>29</b>	<b>21</b>
Total provisions & impairments	-9	-19	114.9	94.9	3	-2	0	-9	-3	-12	0	-4
Gains on sale of assets and other results	-14	-19	32.1	19.8	-3	0	-2	-9	-1	0	-13	-4
<b>Profit before tax</b>	<b>39</b>	<b>53</b>	<b>35.9</b>	<b>23.0</b>	<b>12</b>	<b>11</b>	<b>13</b>	<b>2</b>	<b>16</b>	<b>7</b>	<b>16</b>	<b>13</b>
Income tax	-8	-9	16.2	-0.3	-3	-2	-1	-3	-2	-1	-2	-4
Minority interest	0	0	--	--	0	0	0	0	0	0	0	0
<b>Attributable net profit</b>	<b>31</b>	<b>44</b>	<b>40.6</b>	<b>29.0</b>	<b>10</b>	<b>9</b>	<b>13</b>	<b>0</b>	<b>14</b>	<b>7</b>	<b>14</b>	<b>9</b>
<b>Accumulated ratios</b>												
ROTE	6.6%	8.9%			7.9%	8.2%	9.0%	6.6%	12.8%	9.1%	9.6%	8.9%
Efficiency	48.7%	45.7%			49.0%	50.8%	51.3%	48.7%	40.8%	41.2%	42.1%	45.7%
Efficiency w/it amortisation & depreciation	58.3%	54.7%			58.8%	60.4%	60.9%	58.3%	50.9%	55.1%	51.8%	54.7%
Stage 3 ratio	2.3%	2.4%			2.3%	2.3%	2.2%	2.3%	2.5%	3.1%	2.9%	2.4%
Stage 3 coverage ratio w/it total provisions	70.1%	74.3%			71.6%	73.3%	79.7%	70.1%	69.7%	65.8%	66.0%	74.3%

Performing loans grew by 11.0% year-on-year, impacted by the appreciation of the Mexican peso. At constant exchange rates, this increase was 7.1%.

On-balance sheet customer funds increased by 3.7% year-on-year, supported by the appreciation of the Mexican peso, given that at constant exchange rates they declined by -4.8%.

(€ millions)	Dec 22	Dec 23	YoY (%)	YoY (%) at constant FX	Simple evolution							
					Mar 22	Jun 22	Sep 22	Dec 22	Mar 23	Jun 23	Sep 23	Dec 23
<b>Total assets</b>	<b>6,025</b>	<b>6,670</b>	<b>10.7</b>	<b>4.8</b>	<b>5,121</b>	<b>5,583</b>	<b>6,483</b>	<b>6,025</b>	<b>6,411</b>	<b>6,753</b>	<b>6,997</b>	<b>6,670</b>
Performing gross loans	4,131	4,587	11.0	7.1	3,762	4,065	4,256	4,131	4,119	4,343	4,676	4,587
<b>Subtotal liabilities</b>	<b>5,437</b>	<b>6,039</b>	<b>11.1</b>	<b>5.8</b>	<b>4,576</b>	<b>4,990</b>	<b>5,888</b>	<b>5,437</b>	<b>5,838</b>	<b>6,151</b>	<b>6,373</b>	<b>6,039</b>
On-balance sheet customer funds	3,090	3,205	3.7	-4.8	2,448	2,650	3,311	3,090	3,513	3,681	3,601	3,205
<b>Equity</b>	<b>588</b>	<b>631</b>	<b>7.3</b>	<b>-3.7</b>	<b>545</b>	<b>592</b>	<b>595</b>	<b>588</b>	<b>573</b>	<b>602</b>	<b>624</b>	<b>631</b>
<b>Other data</b>												
Employees	422	435			447	431	423	422	418	418	424	435
Branches	15	15			15	15	15	15	15	15	15	15

## 4. Share price performance

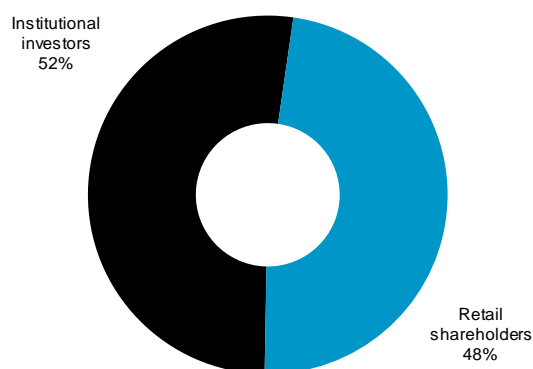
	31.12.22	30.09.23	31.12.23
<b>Shareholders and trading</b>			
Number of shareholders	218,610	218,033	213,560
Number of outstanding shares (millions) (1)	5,602	5,432	5,403
Average daily trading volume (millions shares)	41	31	30
<b>Share price (€) (2)</b>			
Opening session (of the year)	0.592	0.881	0.881
High (of the year)	0.950	1.334	1.364
Low (of the year)	0.565	0.873	0.873
Closing session	0.881	1.101	1.113
Market capitalisation (€ millions)	4,934	5,978	6,014
<b>Stock market multiples</b>			
Earnings per share (EPS) (€) (3)	0.13	0.23	0.23
Book value (€ million)	13,841	14,231	14,344
Book value per share (€)	2.47	2.62	2.65
Tangible book value (€ million)	11,357	11,805	11,861
TBV per share (€)	2.03	2.17	2.20
Price / Tangible book value (times)	0.43	0.51	0.51
Price / Earnings ratio (P/E) (times)	6.58	4.89	4.94

(1) Total number of shares minus the final position of treasury shares (including the buyback programme).

(2) Historical values not adjusted.

(3) Net profit adjusted by the Additional Tier 1 coupons recorded under shareholders' equity. Calculated based on the average number of shares (average number of total shares minus average treasury shares and average number of shares subject to a buyback programme).

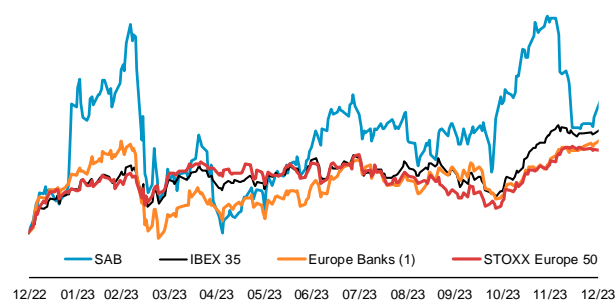
### Shareholder breakdown (%)



Source: GEM, data as of 31 December 2023

### Comparative evolution of SAB share price

Period from 31.12.2022 to 31.12.2023



(1) STOXX Europe 600 Banks

## 5. Key developments in the quarter

### **Banco Sabadell undertakes merger with Bansabadell Financiación**

After obtaining the relevant authorisations, on 10 October 2023, the deed of the merger by absorption of Bansabadell Financiación E.F.C., S.A. (absorbed company) by Banco Sabadell (absorbing company) registered with the Commercial Registry of Alicante. Bansabadell Financiación E.F.C., S.A. was directly and fully owned by Banco Sabadell.

### **Banco Sabadell's Board of Directors agrees dividend distribution**

At its meeting held on 25 October 2023, the Banco Sabadell Board of Directors agreed to distribute an interim cash dividend out of the earnings of 2023 amounting to 3 cents of a euro (gross) per share, to be paid on 29 December 2023.

### **Moody's Investors Service upgrades Banco Sabadell's long-term deposits rating**

On 27 October 2023, Moody's Investors Service has upgraded Banco Sabadell's long-term deposit ratings to Baa1 from Baa2 and its senior unsecured debt ratings to Baa2 from Baa3, and changed the outlook on both ratings to stable from positive.

The upgrade reflects the gradual strengthening of the Banco Sabadell's credit profile, principally in terms of asset quality and profitability, and Moody's view that the higher interest rates will support further improvements in profitability during the outlook period, while the build-up of new problem loans will remain contained.

The short-term deposit ratings were affirmed at Prime-2.

### **Banco Sabadell receives notification of SREP requirements**

On 30 November 2023, Banco Sabadell received the European Central Bank decision regarding the minimum prudential requirements as a result of the supervisory review and evaluation process (SREP) that will apply from 1 January 2024.

The requirement for Banco Sabadell at consolidated level is to keep a minimum Common Equity Tier I ratio of 8.93% (CET1 phased-in) and a minimum Total Capital phased-in of 13.42%

These ratios include the minimum Pillar 1 requirement (8.00%, of which CET1 4.50%), the Pillar 2 requirement which increases by 0.10% (2.25% of which CET1 1.27%), the capital conservation buffer (2.50%), the requirement derived from its consideration as "other systemically important institution" (0.25%) and the countercyclical buffer (0.42%), linked to exposures in UK.

### **Banco Sabadell reduces its share capital by redeeming treasury shares**

Further to the Other Relevant Information filing dated 30 November 2023 with registration number 25610 in relation to Banco Sabadell's execution of a share capital reduction through the redemption of all of its treasury shares acquired during the Buyback Programme, Banco Sabadell announces that on 11 December 2023, the public deed corresponding to the capital reduction (along with the corresponding amendment of the Articles of Association) was entered in Alicante's Companies Register, the capital reduction amounting to 23,342,906.75 euros, achieved through the redemption of 186,743,254 treasury shares.

Consequently, Banco Sabadell's share capital resulting from the capital reduction is set at 680,027,680.875 euros, represented by 5,440,221,447 shares with a par value of 0.125 euros each, all belonging to the same class and series.

### **Banco Sabadell receives notification of MREL requirements**

On 19 December 2023, Banco Sabadell has received the communication through the Bank of Spain of the decision made by the Single Resolution Board (SRB) on the minimum requirement for own funds and eligible liabilities (MREL) and the subordination requirement applicable to Banco Sabadell on a consolidated basis.

Banco Sabadell needs to meet the following requirements from 1 January 2024:

- The minimum requirement for MREL is 22.52% of the total risk exposure amount (TREA) and 6.35% of the leverage ratio exposure (LRE).
- The subordination requirement is 17.31% of TREA and 6.35% of LRE.

The decision sets out the following interim requirements that must be met from 1 January 2022:

- The MREL requirement is 21.05% of TREA and 6.22% of LRE.
- The subordination requirement is 14.45% of TREA and 6.06% of LRE.

The own funds used by the entity to meet the combined buffer requirement (CBR) will not be eligible to meet its MREL and subordination requirements expressed in terms of TREA.

Banco Sabadell is already compliant with the requirements that need to be met from 1 January 2024 onwards, which are consistent with Banco Sabadell's expectations and in line with its funding plans.

**Banco Sabadell Board of Directors has resolved to propose to the next Annual General Meeting of Shareholders a final dividend per share and a share buyback programme**

In the meeting held on 31 January 2024 and complying with the shareholder remuneration policy approved at the same meeting, the Board of Directors of Banco Sabadell has resolved to propose to the next Annual General Meeting of Shareholders a supplementary dividend of 3 cents of a euro (gross) per share charged to the results of the 2023 financial year, to be paid in cash foreseeably during the month following the holding of the Annual General Meeting of Shareholders.

This dividend adds on to the interim cash dividend amounting to 3 cents of a euro (gross) per share which was approved by the Board of Directors of Banco Sabadell on 25 October 2023, and which was paid on 29 December 2023.

In addition to this cash dividend, the Board of Directors of Banco Sabadell, after having obtained the prior permission of the competent authority, has also resolved to establish, out of the 2023 earnings, a buyback programme of treasury shares for their redemption through a resolution for share capital reduction to be proposed to the Annual General Meeting of Shareholders, of up to a maximum amount of €340 million euros, whose terms, once they are set by the Board of Directors, will be the content of a new announcement before starting its execution.

The total shareholders remuneration corresponding to 2023, which combines the cash dividend and the share buyback programme, will, therefore, be equivalent to a 50% of the attributable net profit.

## 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 industry (Alternative Performance Measures, or APMs) as monitoring indicators to manage the Group's assets and liabilities, as well as its financial and economic situation, which facilitates its comparison with other institutions.

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), tax on deposits of credit institutions (IDEC), and banking tax (BT), 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), tax on deposits of credit institutions (IDEC), and banking tax (BT), 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), tax on deposits of credit institutions (IDEC) and banking tax (BT), 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), tax on deposits of credit institutions (IDEC) and banking tax (BT), 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 (DGF and SRF), tax on deposits of credit institutions (IDEC), and banking tax (BT), except year end.	5
Efficiency ratio with amortisation & depreciation	(*) Administrative expenses and amortisation & depreciation / adjusted gross income. The denominator includes the linear accrual of contributions to deposit guarantee fund, resolution fund and tax on deposits of credit institution and banking tax (BT), 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.	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.	9
Credit cost of risk (bps)	Ratio between provisions for NPLs / gross loans to customers excluding repos and financial guarantees and other guarantees granted. The numerator considers the linear annualization of the provisions for NPLs. In addition, the costs associated with the stage 3 management assets are adjusted.	14
Total cost of risk (bps)	Ratio between total provisions & impairments / gross loans to customers excluding repos and financial guarantees and other guarantees granted and problematic RE Assets. The numerator considers the linear annualization of total provisions & impairments.	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, wealth 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 off-balance exposure) / total stage 3 exposures (including stage 3 financial guarantees and other guarantees).	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 off-balance exposure) / total stage 3 exposures (including stage 3 financial guarantees and other guarantees).	19
Problematic assets coverage	Ratio between provisions associated with problematic assets / total problematic assets.	19
Stage 3 ratio	commissions and others) classified in stage 3 of loans and advances that are not classified as non-current assets held for sale and ii) the financial guarantees and other guarantees classified in stage 3 granted. The denominator includes: (i) gross loans to customers excluding repos and (ii) financial guarantees and other guarantees granted.	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	Includes: (i) stage 3 assets including other valuation adjustments (accrued interest, commissions and others) classified in stage 3 of loans and advances that are not classified as non-current assets held for sale and ii) financial guarantees and other guarantees classified in stage 3 granted.	21
Loan-to-deposit 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 c.50%, 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 number of outstanding shares (total number of shares excluding the final position of treasury shares and the buyback programme) 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 (average number of total shares excluding the average of treasury shares and the average number of shares subject to a buyback programme) 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), tax on deposits of credit institutions (IDEC) and banking tax (BT), except year end.	31
Book value per share	(*) Ratio between book value / number of outstanding shares (total number of shares excluding the final position of treasury shares and the buyback programme) at the end of the period. Book value refers to equity, adjusted by contributions to deposit guarantee and resolution funds (DGF and SRF), tax on deposits of credit institutions (IDEC) and banking tax (BT), except year end.	31
TBV per share	(*) Ratio between tangible book value and the number of outstanding shares (total number of shares excluding the final position of treasury shares and the buyback programme) 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), tax on deposits of credit institutions (IDEC), and banking tax (BT), except year end.	31
Price / Tangible book value (times)	(*) Ratio between share price / tangible 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, the tax on deposits of credit institutions, as well as the bank levy, 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 shareholders' equity calculated using the month-end balance from December of the previous year.

Alternative Performance measures	Conciliation (€millions)	FY22	FY23
ROA	Average total assets	257,692	245,173
	Consolidated net profit	869	1,334
	<b>ROA (%)</b>	<b>0.34</b>	<b>0.54</b>
ROE	Average equity	13,598	14,053
	Attributable net profit	859	1,332
	<b>ROE (%)</b>	<b>6.31</b>	<b>9.48</b>
RORWA	Risk weighted assets (RWA)	79,545	78,343
	Attributable net profit	859	1,332
	<b>RORWA (%)</b>	<b>1.08</b>	<b>1.70</b>
ROTE	Average equity (excluding intangible assets)	11,061	11,594
	Attributable net profit	859	1,332
	<b>ROTE (%)</b>	<b>7.76</b>	<b>11.49</b>
Efficiency ratio	Gross operating income	5,180	5,862
	Operating expenses	-2,337	-2,496
	<b>Efficiency ratio (%)</b>	<b>45.12</b>	<b>42.59</b>
	<b>Efficiency ratio with amortisation &amp; depreciation (%)</b>	<b>55.65</b>	<b>51.44</b>
Other operating income/expense	Amortisation & depreciation	-545	-519
	Other operating income	122	91
	Other operating expenses	-459	-538
	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>-337</b>	<b>-447</b>
Total provisions & impairments	Provisions or reversal of provisions	-97	-6
	Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss and net modification losses or gains	-840	-824
	<b>Provisions for NPLs and other financial assets</b>	<b>-936</b>	<b>-831</b>
	Impairment or reversal of impairment of investments in joint ventures and associates	-12	0
	Impairment or reversal of impairment on non-financial assets	-61	-26
	Profit or loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations	-28	-60
	Gains or losses on sales of equity holdings and other items	2	2
	Gains from sales of investment properties and associates	3	4
	<b>Other impairments</b>	<b>-96</b>	<b>-80</b>
	<b>Total provisions &amp; impairments</b>	<b>-1,032</b>	<b>-910</b>
Gains on sale of assets and other results	Gains or losses on derecognition of non-financial assets, net	-17	-39
	Gains or losses on sales of equity holdings and other items	-2	-2
	Gains from sales of investment properties and associates	-3	-4
	<b>Gains on sale of assets and other results</b>	<b>-23</b>	<b>-46</b>
Pre-provisions income	Gross operating income	5,180	5,862
	Operating expenses	-2,337	-2,496
	Personnel expenses	-1,392	-1,495
	Other general expenses	-946	-1,002
	Amortisation & depreciation	-545	-519
	<b>Pre-provisions income</b>	<b>2,298</b>	<b>2,847</b>
Customer spread (*)	Loans to customers (net)		
	Avge. balance	157,870	153,978
	Results	3,966	5,840
	Rate %	2.51	3.79
	Customer deposits		
	Avge. balance	162,393	160,564
	Results	-309	-1,432
Rate %	-0.19	-0.89	
	<b>Customer spread</b>	<b>2.32</b>	<b>2.90</b>
Other assets	Derivatives - Hedge accounting	3,072	2,425
	Fair value changes of the hedged items in portfolio hedge of interest rate risk	-1,546	-568
	Tax assets	6,851	6,838
	Other assets	480	436
	No-current assets and disposal groups classified as held for sale	738	771
	<b>Other assets</b>	<b>9,596</b>	<b>9,902</b>
Other liabilities	Derivatives - Hedge accounting	1,242	1,172
	Fair value changes of the hedged items in portfolio hedge of interest rate risk	-959	-422
	Tax liabilities	227	333
	Other liabilities	872	723
	Liabilities included in disposal groups classified as held for sale	0	13
	<b>Other liabilities</b>	<b>1,382</b>	<b>1,818</b>

(\*) Customer margin calculated using cumulative data.

Alternative Performance measures	Conciliation (€millions)	FY22	FY23
Performing gross loans	Mortgage loans & credits	89,340	86,162
	Other secured loans & credits	3,412	5,064
	Working capital	7,489	7,465
	Leasing	2,227	2,236
	Unsecured lending and others	53,663	48,870
	<b>Performing gross loans</b>	<b>156,130</b>	<b>149,798</b>
	Stage 3 assets (customer)	5,461	5,472
	Accruals	159	172
	<b>Gross loans to customers excluding repos</b>	<b>161,750</b>	<b>155,442</b>
	Reverse repos	0	17
Gross loans to customers	<b>Gross loans to customers</b>	<b>161,750</b>	<b>155,459</b>
	NPL and country-risk provisions	-3,020	-3,199
	<b>Loans and advances to customers</b>	<b>158,730</b>	<b>152,260</b>
On-balance sheet customer funds	Financial liabilities at amortised cost	232,530	216,072
	Non-retail financial liabilities	68,390	55,184
	Central banks	27,844	9,776
	Credit institutions	113,733	13,840
	Institutional issues	22,514	25,234
	Other financial liabilities	6,659	6,333
	<b>On-balance sheet customer funds</b>	<b>164,140</b>	<b>160,888</b>
	Customer deposits	164,076	160,331
	Sight accounts	147,540	134,243
	Fixed-term deposits including available and hybrid financial liabilities	16,141	25,588
On-balance sheet funds	Repos	405	200
	Accruals and derivative hedging adjustments	-9	299
	Debt and other marketable securities	19,100	22,198
	Subordinated liabilities (*)	3,478	3,593
	<b>On-balance sheet funds</b>	<b>186,654</b>	<b>186,122</b>
	Mutual funds	22,581	24,093
	Managed accounts	3,532	3,598
	Pension funds	3,182	3,249
	Third-party insurance products	9,197	9,621
	<b>Off-balance sheet customer funds</b>	<b>38,492</b>	<b>40,561</b>
Funds under management and third-party funds	<b>Funds under management and third-party funds</b>	<b>225,146</b>	<b>226,682</b>
	Stage 3 assets (includes valuation adjustments)	5,491	5,510
Stage 3 exposures	Financial guarantees and other guarantees classified in stage 3 granted (off-balance)	324	268
	<b>Stage 3 exposures (€ millions)</b>	<b>5,814</b>	<b>5,777</b>
	Stage 3 exposures	5,814	5,777
Stage 3 coverage ratio with total provisions (%)	Total provisions	3,200	3,368
	<b>Stage 3 coverage ratio with total provisions (%)</b>	<b>55.0%</b>	<b>58.3%</b>
	Stage 3 exposures	5,814	5,777
Stage 3 coverage ratio (%)	Stage 3 provisions	2,292	2,445
	<b>Stage 3 coverage ratio (%)</b>	<b>39.4%</b>	<b>42.3%</b>
	Problematic RE Assets	1,157	971
Problematic Real Estate coverage ratio (%)	Provisions	443	385
	<b>Problematic Real Estate coverage ratio (%)</b>	<b>38.3%</b>	<b>39.6%</b>
	Stage 3 exposures	5,814	5,777
Problematic assets	Problematic RE Assets	1,157	971
	<b>Problematic assets</b>	<b>6,971</b>	<b>6,748</b>
	Provisions of problematic assets	3,644	3,752
Problematic assets coverage (%)	<b>Problematic assets coverage (%)</b>	<b>52.3%</b>	<b>55.6%</b>
	Stage 3 exposures	5,814	5,777
	Gross loans to customers excluding repos	161,750	155,442
Stage 3 ratio (%)	Financial guarantees and other guarantees granted (off-balance)	9,003	8,896
	<b>Stage 3 ratio (%)</b>	<b>3.41%</b>	<b>3.52%</b>
	Gross loans to customers excluding repos and financial guarantees and other guarantees granted (off-balance)	170,753	164,338
Credit cost of risk (bps)	Provisions for NPLs	-825	-813
	NPLs costs	-82	-106
	<b>Credit cost of risk (bps)</b>	<b>44</b>	<b>43</b>
	Gross loans to customers excluding repos and financial guarantees and other guarantees granted (off-balance)	170,753	164,338
Total cost of risk (bps)	Problematic RE Assets	1,157	971
	Total provisions & impairments	-1032	-910
	<b>Total cost of risk (bps)</b>	<b>60</b>	<b>55</b>
	Adjusted net loans and advances w/o repos by brokered loans	156,924	151,290
Loan-to-deposit ratio (%)	On-balance sheet customer funds	164,140	160,888
	<b>Loan-to-deposit ratio (%)</b>	<b>95.6%</b>	<b>94.0%</b>
	Number of outstanding shares (millions)	5,602	5,403
Market capitalisation (€millions)	Share price (€)	0.881	1.113
	<b>Market capitalisation (€millions)</b>	<b>4,934</b>	<b>6,014</b>
	Net profit attributed to the Group adjusted	748	1,217
Earnings per share (EPS) (€)	Attributable net profit	859	1,332
	Accrued AT1	-110	-115
	Average number of outstanding shares (excluding the average of treasury shares and the average number of shares subject to a buyback programme) (€millions)	5,594	5,401
	<b>Earnings per share (EPS) (€)</b>	<b>0.13</b>	<b>0.23</b>
	Shareholders' equity	13,841	14,344
Book value per share (€)	Number of outstanding shares (millions)	5,602	5,403
	<b>Book value per share (€)</b>	<b>2.47</b>	<b>2.65</b>
	Intangible assets	2,484	2,483
TBV per share (€)	Tangible book value (€million)	11,357	11,861
	<b>TBV per share (€)</b>	<b>2.03</b>	<b>2.20</b>
	Share price (€)	0.881	1.113
Price / Tangible book value (times)	<b>Price / Tangible book value (times)</b>	<b>0.43</b>	<b>0.51</b>
Price / Earnings ratio (P/E) (times)	<b>Price / Earnings ratio (P/E) (times)</b>	<b>6.58</b>	<b>4.94</b>

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

See list, definition and purpose of the APMs used by Banco Sabadell Group here: [www.grupbancasabadell.com/ACCIONISTAS\\_E\\_INVERSORES/INFORMACION\\_ECONOMICO\\_FINANCIERA/MEDIDAS\\_ALTERNATIVAS\\_DEL\\_RENDIMIENTO](http://www.grupbancasabadell.com/ACCIONISTAS_E_INVERSORES/INFORMACION_ECONOMICO_FINANCIERA/MEDIDAS_ALTERNATIVAS_DEL_RENDIMIENTO)



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