


1Q22

results

April 28, 2022

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1Q22  
highlights

## Another set of solid results

Sabadell  
committed to  
sustainability

Medium and  
long-term ESG  
targets

Commercial  
activity increased  
over the quarter

Traditional Q1  
seasonality

CET1 FL  
**12.45%**

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RoTE  
**6.5%**

Asset quality  
remained stable

Net NPA ratio of 2.1%

Group net profit  
of €213M in the  
quarter

TSB net profit of £21M

# Sabadell “Commitment to Sustainability”

Our “Commitment to Sustainability” is structured around 4 strategic pillars

 **INSTITUTION**  
Progress as a Sustainable Institution

 **CUSTOMERS**  
Support customers in the transition to a sustainable economy

 **INVESTORS**  
Offer investment opportunities that contribute to sustainability

 **SOCIETY**  
Work together for a sustainable and cohesive society

An action-oriented approach to meet our objectives



- ✔ The 4 strategic pillars materialise in 60 objectives
- ✔ Objectives are concrete, measurable and scheduled
- ✔ Specific levers defined to achieve each objective

# ESG targets aligned with best practices

## Some examples of specific objectives

### INSTITUTION

Progress as a Sustainable Institution

- **Neutrality of own greenhouse gas emissions (%)**

2021	2025
100%	100%
Spain + UK	All geographies

- **Women in the Management Team (%)**

2021	2025
29%	33%

... and 24 more objectives

### CUSTOMERS

Support customers in the transition to a sustainable economy

- **Sustainable finance** (€bn mobilised in cumulative terms)

2021	2025
>11	>65

- **Vehicles with an ECO or zero-emissions label** (% of total vehicles)

2021	2025
8%	50%

... and 15 more objectives

### INVESTORS

Offer investment opportunities that contribute to sustainability

- **Participation in the issuance of customers' sustainability bonds** (€bn cumulative)

2021	2025
>3.5	>17

- **AuMs invested in sustainability funds (%)** <sup>1</sup>

2021	2025
21%	80%

... and 7 more objectives

### SOCIETY

Work together for a sustainable and cohesive society

- **# beneficiaries of financial education programmes** (annual) <sup>2</sup>

2021	2025
>6,300	>10,000

- **No. of corporate volunteers in social impact projects** (annual)

2021	2025
>1,300	>2,000

... and 6 more objectives

More information on Sabadell's Commitment to Sustainability at <https://www.grupbancsabadell.com/corp/en/sustainability/commitment-to-sustainability.html>

<sup>1</sup> Funds sold under the SABAM and other Amundi asset managers' brands. They are considered sustainability funds according to Article 8 or 9 of the EU SFDR. Article 8: financial product that promotes, among other characteristics, environmental or social characteristics or a combination of those characteristics. Article 9: financial product that has sustainable investment as its objective. <sup>2</sup> To achieve this target, new population sectors will be added, including seniors and vulnerable groups.

# Performing loans remained stable in the quarter

## Performing loans across geographies

€M	Mar-22	QoQ	YoY
Spain	97,893	-0.3%	+0.9%
UK (TSB)	44,294	+0.6%	+11.0%
Other international	12,484	-0.6%	-2.3% <sup>1</sup>
<b>Total</b>	<b>154,672</b>	<b>-0.1%</b>	<b>+3.3%<sup>1</sup></b>

Stable volumes in Spain and positive dynamics in the UK

## Total customer funds

€M	Mar-22	QoQ	YoY
On-balance sheet	161,316	-0.4%	+5.4%
Off-balance sheet	40,624	-2.5%	+4.9% <sup>1</sup>
<b>Total</b>	<b>201,940</b>	<b>-0.9%</b>	<b>+5.3%<sup>1</sup></b>

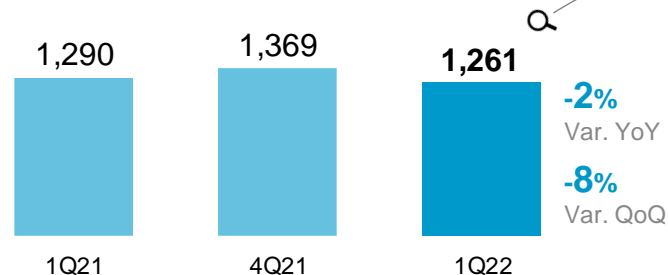
Mutual funds quarterly growth impacted by financial market volatility

Note: Excludes accrual adjustments and CAM Asset Protection Scheme account receivable. Performing loan growth in local currencies is as follows: TSB: +1.2% QoQ, +10.2% YoY; Other international: -2.2% QoQ, -9.0% YoY. <sup>1</sup> For comparison purposes YoY variation excludes BancSabadell d'Andorra (business sold in July 2021). Including BancSabadell d'Andorra in March 2021, the YoY variation would have been -5.2% for Other international and +3.1% for Total Performing loans across geographies. For Off-balance sheet customer funds, the YoY variation would have been +2.9% and for Total customer funds, +4.5%.

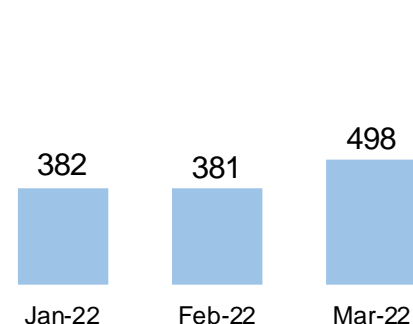
# Positive monthly trends in new lending to individuals

## Quarterly new lending in Spain €M

### Mortgages



## Monthly evolution €M



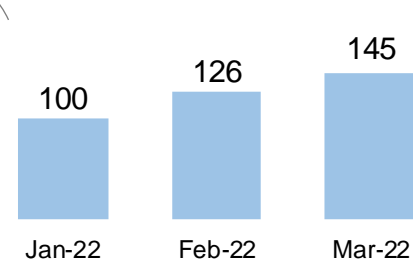
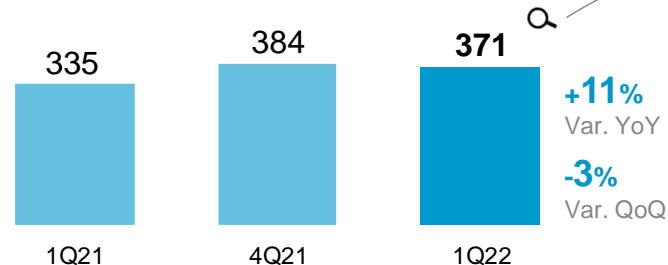
## Relevant market shares

### Mortgages stock

**6.6%** as at Dec-21  
+11bps in 2021

New lending  
**7.4%** in 4Q21

### Consumer loans



### Consumer loans stock

**3.6%** as at Dec-21  
+4bps in 2021

New lending  
**4.6%** in 4Q21

Note: Market shares source is Bank of Spain (latest available data) and refers to performing stock. Bank of Spain, as per its own methodology, does not include non-residents in Spain and only includes loans for property purchases or refurbishment in mortgages and loans for purchase of consumer durables and services in consumer loans.

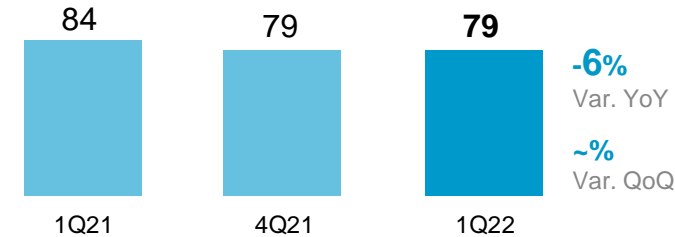


# Insurance remained stable while mutual funds were impacted by market volatility in the quarter

## Quarterly new production in Spain €M

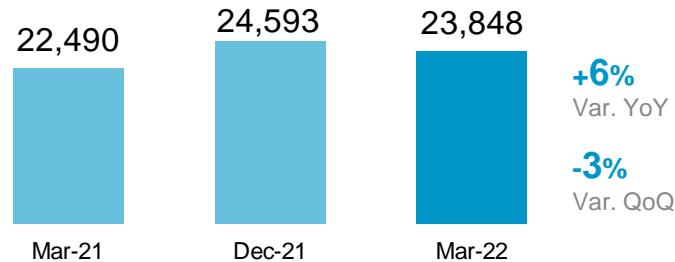
### Protection insurance

New premiums

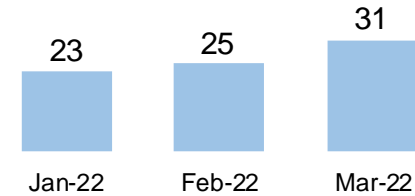


### Assets under Management

€M



## Monthly Evolution €M



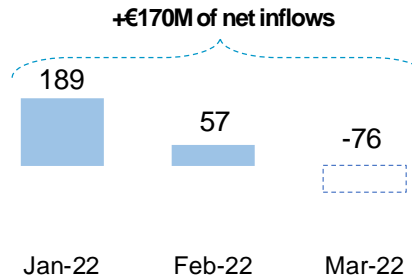
## Relevant market shares

### Life insurance premiums

(on a yearly accumulated basis)

**9.4%** in 2021  
+69bps in 2021

## Net inflows of mutual funds - monthly evolution €M



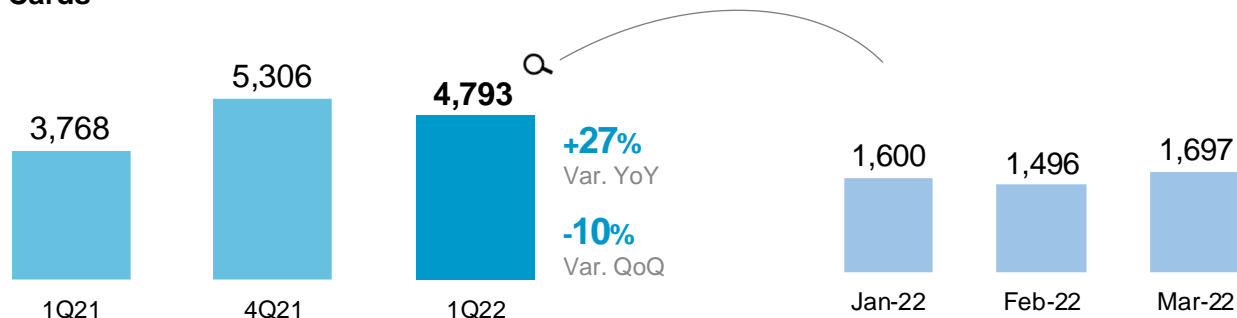
### Mutual funds stock

**5.5%** as at Mar-22  
-3bps YtD

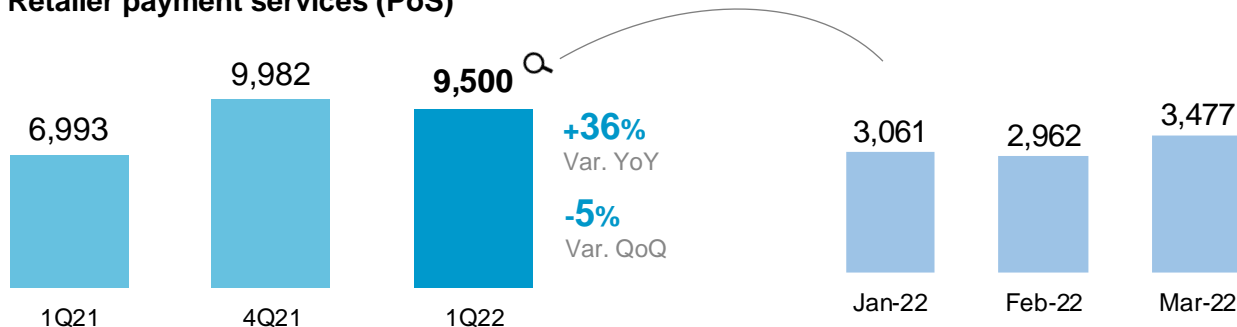
# Payment services record YoY increase north of 25%

## Quarterly turnover evolution in Spain €M

### Cards



### Retailer payment services (PoS)



Note: Market share source is Servired, latest available data.

## Monthly evolution €M

## Relevant market shares

**Cards turnover**  
(on a yearly accumulated basis)

**7.6%** in 2021  
-14bps in 2021

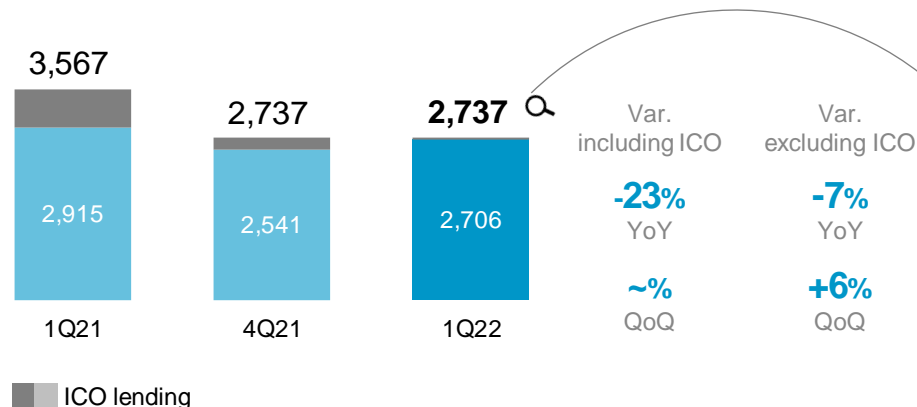
**PoS turnover**  
(on a yearly accumulated basis)

**16.0%** in 2021  
-91bps in 2021

# of PoS devices  
**19.2%** as at Dec-21  
+65bps in 2021

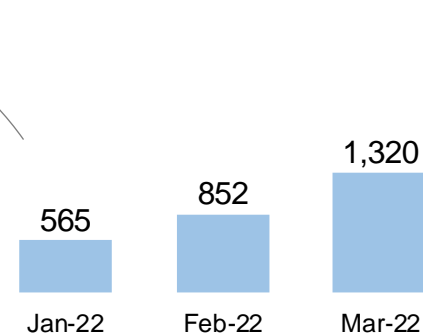
# New lending in business banking increased gradually over the quarter

## Business banking in Spain - new lending €M



Var. including ICO	Var. excluding ICO
<b>-23%</b> YoY	<b>-7%</b> YoY
<b>~%</b> QoQ	<b>+6%</b> QoQ

## Monthly evolution €M



## Relevant market shares

**Business lending stock**  
**9.7%** as at Dec-21  
 +19bps in 2021

## Measures taken by the Spanish Government to mitigate the impacts of rising energy prices

### New ICO guaranteed loans scheme

- Amount: €10bn
- Available until 31<sup>st</sup> December 2022
- Grace period: 12 months

### Direct support to companies €1.5bn

- Agriculture, livestock farming and fisheries sector
- Electricity and gas intensive industries
- Road transport activities

### Direct support to families and tax breaks

- Subsidies of €0.2/litre for fuel
- Monthly rents capped until June
- Extension of the electricity social protection programme and tax aids for electricity

# Mixed evolution of the loan book across segments

## Performing loans by segments, ex-TSB

€Bn

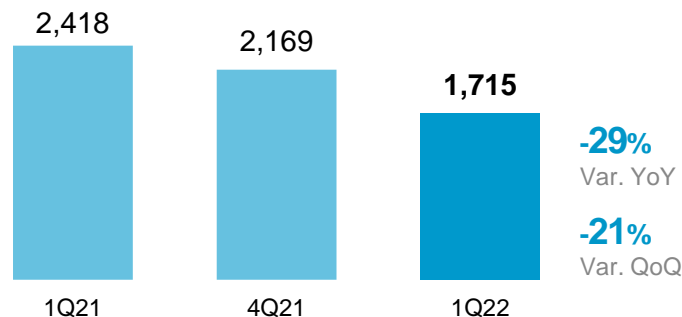
	Mar-22	QoQ	YoY		Mar-22	QoQ	YoY
<b>Mortgages</b>	<b>38.5</b>	+0.0%	+1.7%	<b>Mexico</b>	<b>3.8</b>	-0.3%	+3.7%
<b>Consumer loans</b>	<b>3.1</b>	+0.9%	+11.1% <sup>1</sup>	<b>Miami</b>	<b>4.9</b>	-3.8%	-0.9%
<b>SMEs &amp; Corporates</b>	<b>43.1</b>	-0.3%	-0.4%	<b>Foreign branches</b>	<b>3.8</b>	+3.4%	-9.0% <sup>3</sup>
<b>Public sector</b>	<b>9.1</b>	-0.7%	+2.6%	<b>Total international</b>	<b>12.5</b>	<b>-0.6%</b>	<b>-2.3%<sup>3</sup></b>
<b>Other lending<sup>2</sup></b>	<b>4.1</b>	-3.4%	-3.4% <sup>1</sup>				
<b>Total Spain</b>	<b>97.9</b>	<b>-0.3%</b>	<b>+0.9%</b>				

Note: Excludes accrual adjustments and CAM Asset Protection Scheme. <sup>1</sup> €150M of Consumer loans reclassified to Other lending. The data points for 2021 have been amended accordingly for comparison purposes. <sup>2</sup> Includes loans to self-employed and credit lines. <sup>3</sup> For comparison purposes YoY variation excludes BancSabadell d'Andorra (business sold in July 2021). Including BancSabadell d'Andorra in March 2021, the YoY variation would have been -5.2% for Total international and -16.7% for Foreign branches.

# Loan growth in line with expectations

## Quarterly new mortgage lending

£M



- ✓ YoY stock growth supported by 2021 market dynamics (stamp duty)
- ✓ TSB continues to increase stock market share at slower pace

## Mortgage market share

Stock, performing. Feb-22



## Performing loans<sup>1</sup>

£Bn

	Mar-22	QoQ	YoY
Secured	<b>34.9</b>	+1.4%	+11.5%
Consumer lending	<b>1.3</b>	+1.7%	+1.7%
Other unsecured lending	<b>1.3</b>	-4.5%	-9.9%
<b>Total</b>	<b>37.5</b>	+1.2%	+10.2%

<sup>1</sup> Excludes accrual adjustments.

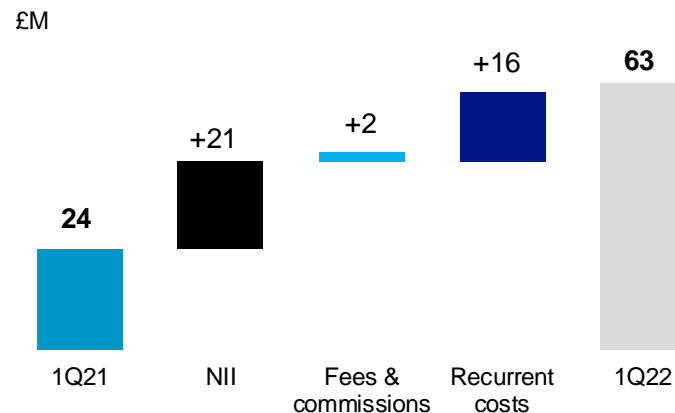
# TSB's net profit improving YoY

## TSB standalone P&L and its contribution to Sabadell

£M	1Q22	1Q22/4Q21	1Q22/1Q21
NII	226	0.1%	10.1%
Fees & commissions	25	-13.6%	9.7%
Recurrent costs <sup>1</sup>	-189	1.1%	-7.9%
<b>Core results<sup>1,2</sup></b>	<b>63</b>	<b>-8.5%</b>	<b>165.3%</b>
Total provisions & impairments	-10	n.m.	-52.2%
<b>Profit before taxes</b>	<b>46</b>	<b>-2.7%</b>	<b>n.m.</b>
Income tax	-25	85.9%	n.m.
<b>Net profit</b>	<b>21</b>	<b>-38.6%</b>	<b>131.1%</b>

Contribution to Sabadell Group (€M)<sup>3</sup> 19

## TSB core results, YoY



- ✓ NII stable despite fewer calendar days (- £5M). Lowest quarterly NII of the year going forward
- ✓ Profit Before Taxes (£46M) stable in the quarter
- ✓ Net profit impacted by an increase in taxes of £13M related to the revaluation of DTAs due to reduction of the bank levy from 8% to 3%

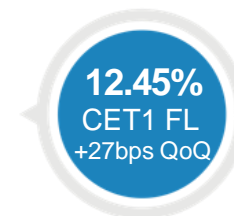
<sup>1</sup> Excludes £16M in 2021 of non-recurrent costs related to the efficiency plans in UK. <sup>2</sup> NII + fees – recurrent costs. <sup>3</sup> Consolidated financials at Group level include TSB acquisition-related core deposits and brand intangibles amortisation of €40M pre-tax per year in 2022, €23M in 2023 and €5M in 2024, which are deducted from TSB standalone financials.

# Group net profit of €213M in the quarter

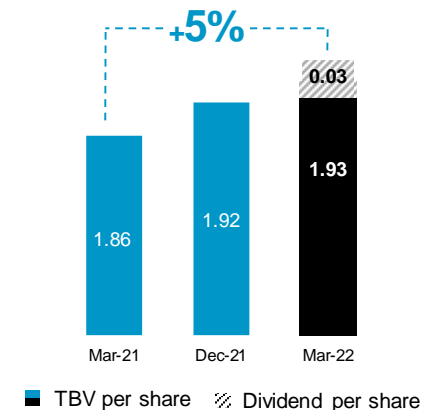
	1Q22 (€M)	1Q22/4Q21	1Q22/1Q21
<b>NII</b>	858	-0.6%	+3.0%
<b>Fees</b>	359	-9.7%	+5.0%
<b>Recurrent costs<sup>1</sup></b>	-726	-1.9%	-5.6%
<b>Core results<sup>1,2</sup></b>	<b>491</b>	<b>-5.7%</b>	<b>+20.9%</b>
<b>Provisions</b>	-227	-27.9%	-36.0%
<b>Net profit</b>	<b>213</b>	<b>+32.8%</b>	<b>&gt;100%</b>

**Q1 profitability implies RoTE of 6.5%**

## Capital generation



## Shareholder value creation<sup>3</sup>



<sup>1</sup> Excludes €19M of non-recurrent costs in 4Q21 in UK. <sup>2</sup> NII + fees – recurrent costs. <sup>3</sup> TBV per share in Mar-22 already deducts dividends paid per share (3 euro cents per share).



2

# Financial results



# Income statement

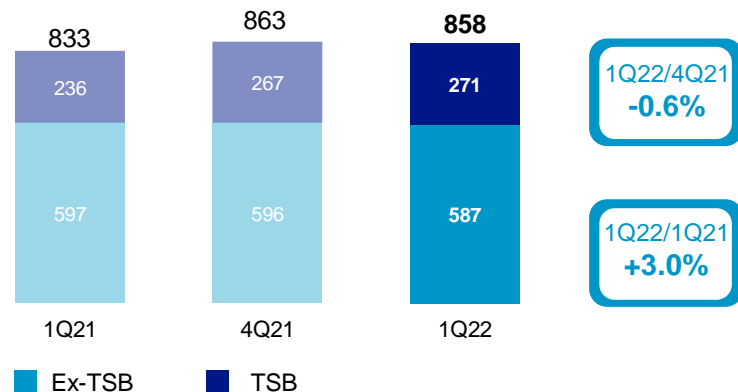
€M	Sabadell Group			Sabadell ex-TSB		
	1Q22	1Q22/4Q21	1Q22/1Q21	1Q22	1Q22/4Q21	1Q22/1Q21
Net interest income	858	-0.6%	3.0%	587	-1.5%	-1.7%
Fees & commissions	359	-9.7%	5.0%	328	-9.5%	4.2%
<b>Core banking revenue</b>	<b>1,217</b>	<b>-3.5%</b>	<b>3.6%</b>	<b>916</b>	<b>-4.5%</b>	<b>0.3%</b>
Trading income & forex	33	n.m.	40.8%	28	n.m.	94.6%
Other income & expenses	36	n.m.	11.2%	48	n.m.	47.0%
<b>Gross operating income</b>	<b>1,285</b>	<b>14.9%</b>	<b>4.5%</b>	<b>991</b>	<b>19.3%</b>	<b>3.3%</b>
Total costs	-726	-4.3%	-5.6%	-493	-3.5%	-7.2%
<b>Pre-provisions income</b>	<b>560</b>	<b>55.6%</b>	<b>21.3%</b>	<b>497</b>	<b>55.8%</b>	<b>16.4%</b>
Total provisions & impairments	-227	-27.9%	-36.0%	-215	-35.8%	-35.0%
Gains on sale of assets and other results	-13	n.m.	n.m.	-13	n.m.	n.m.
<b>Profit before taxes</b>	<b>320</b>	<b>243.4%</b>	<b>195.9%</b>	<b>269</b>	<b>569.3%</b>	<b>168.9%</b>
Taxes	-93	n.m.	206.2%	-62	n.m.	148.1%
Minority interest	-13	n.m.	191.8%	-13	n.m.	191.8%
<b>Attributable net profit</b>	<b>213</b>	<b>32.8%</b>	<b>191.9%</b>	<b>194</b>	<b>55.8%</b>	<b>174.8%</b>
<b>Core results<sup>1</sup></b>	<b>491</b>	<b>-5.7%</b>	<b>20.9%</b>	<b>422</b>	<b>-5.7%</b>	<b>10.9%</b>

Note: EUR/GBP exchange rate of 0.8364 for 1Q22. <sup>1</sup> QoQ growth, NII + fees – costs (excluding €19M of non-recurrent costs related to the efficiency plan in UK in 4Q21).

# NII increased by low single digits YoY

## Group NII

€M



### Customer spread

2.29%

2.23%

**2.24%**

### Net interest margin

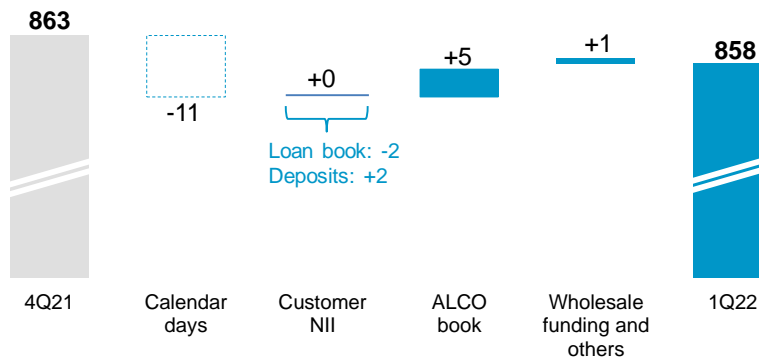
1.43%

1.36%

**1.38%**

## Group NII QoQ evolution

€M

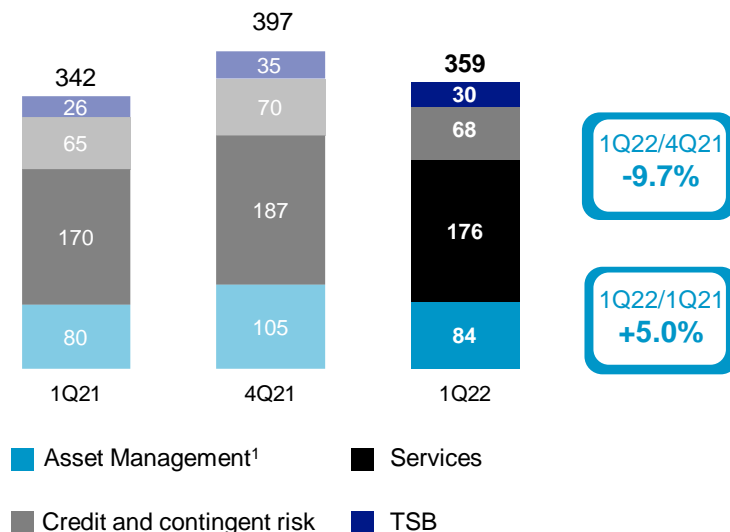


- NII impacted in the quarter by fewer calendar days
- Tailwinds from higher interest rates and ALCO reinvestment to come from 2Q22 onwards while headwind from TLTRO-III to come in 2H22

# Fees grew by mid-single digits YoY across the board

## Group fees & commissions

€M



## Group fees & commissions

	1Q22/4Q21		1Q22/1Q21	
Credit and contingent risk	-€3M	-3.7%	+€2M	+3.7%
Services	-€14M	-6.5%	+€10M	+5.3%
Asset Mgmt. <sup>1</sup>	-€22M	-20.0%	+€4M	+5.3%

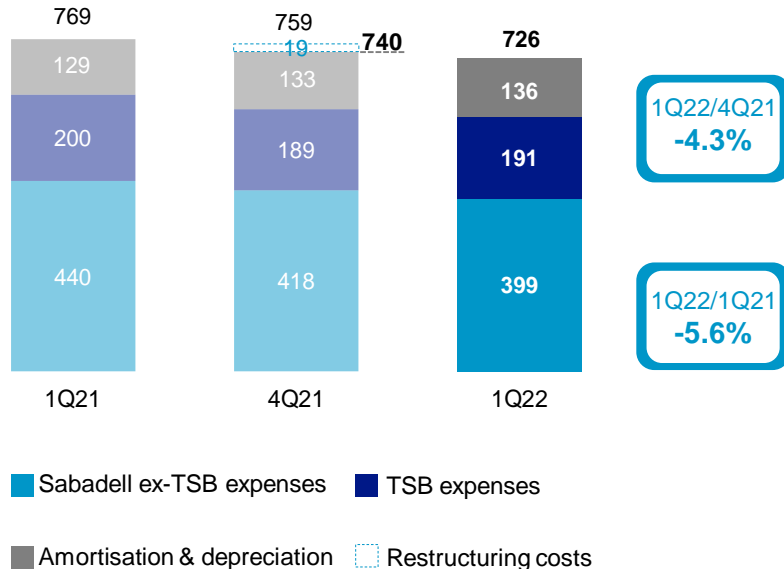
- Credit risk fees impacted by seasonality
- Service fees down in the quarter due to lower syndicated loan fees (-€11M vs. 4Q21)
- After a positive performance of 4Q21 related to success fees (amounting to €17M), asset management fees decreased in the quarter, also due to capital market volatility

<sup>1</sup> Includes mutual funds, pension funds, insurance brokerage and wealth management fees.

# Costs decreased as savings from efficiency plan have started to come through

## Group costs

€M



- Efficiency plan fully executed and completed by the end of 1Q22
- Reconfirming our guidance of €110M savings for 2022
- €13M savings already booked in Q1
- The remaining savings up to €110M will materialise in the remaining three quarters of 2022
- Suppliers' agreements renegotiated to keep pushing the cost base down

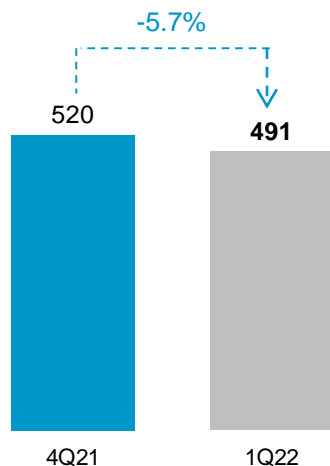
### Savings vs. 2021

**€110M  
in 2022**

# Jaws expected to widen in the coming quarters

## Group core results QoQ<sup>1</sup>

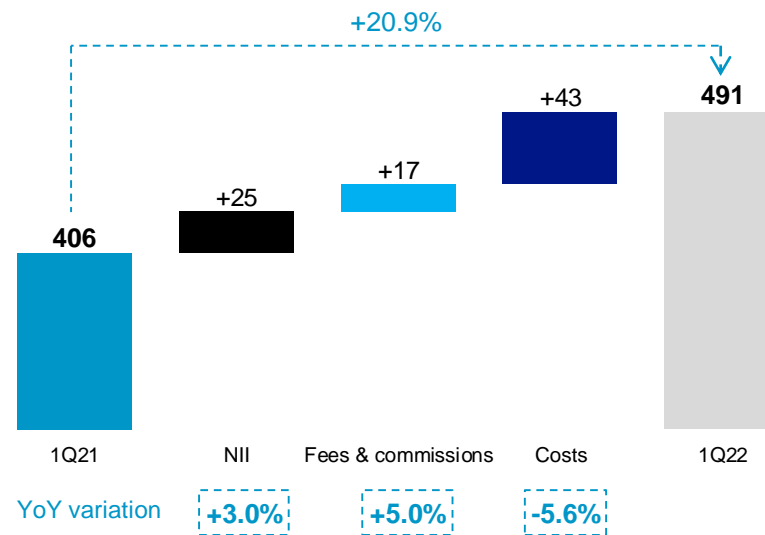
€M



- NII impacted by fewer calendar days
- Fees impacted by financial market volatility and by success fees and one-offs in 4Q21
- Cost savings from efficiency plan only just starting to come through

## Group core results YoY

€M



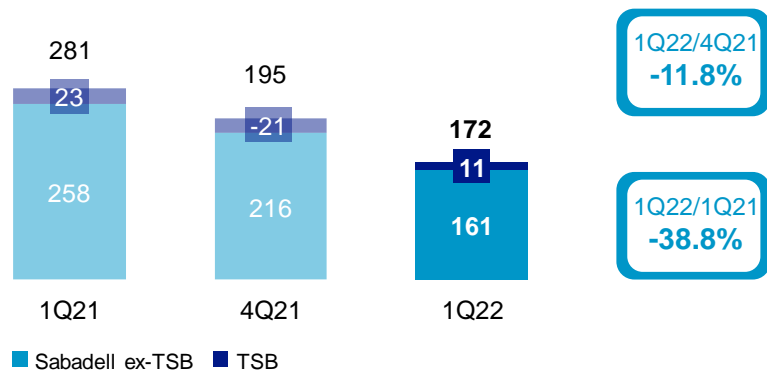
- Core results to improve in the coming quarters

<sup>1</sup> NII + fees – costs (excluding €19M of non-recurrent costs related to the efficiency plans in UK in 4Q21).

# Credit cost of risk improved, standing at 41bps

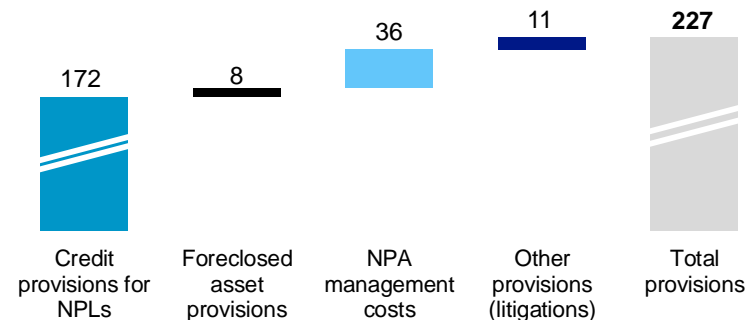
## Group credit provisions

€M

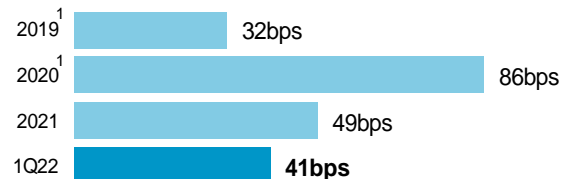


## Group total provisions 1Q22 breakdown

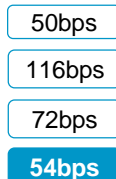
€M



## Group Credit CoR



## Group Total CoR



- Credit cost of risk in line with guidance, despite the current macroeconomic environment
- NPA management costs and other provisions to remain stable going forward

<sup>1</sup> Excludes provisions related to institutional sales of NPL portfolios.



3

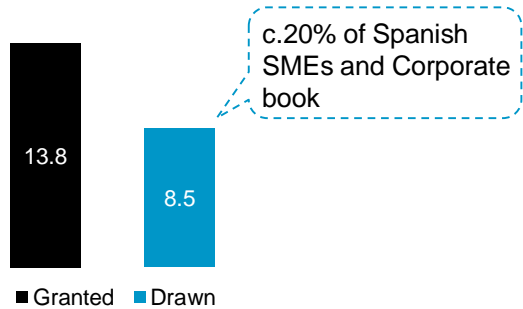
# Balance sheet

# Stable dynamics in asset quality

## ICO loans (State guaranteed loans)

### Stock status update remains stable

€Bn

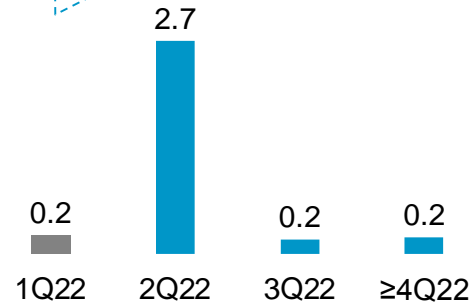


- Small amount granted in the quarter (c.€30M)
- 95% of ICO exposure is performing
- 64% of portfolio already paying principal
- 76% of exposure covered by the State guarantee (CoR only on 24% of exposure)

### ICO grace period maturities breakdown

€Bn

- €245M of grace periods expired in 1Q22
- c.92% of loans are performing
- 85% of non-performing amounts classified as unlikely to pay

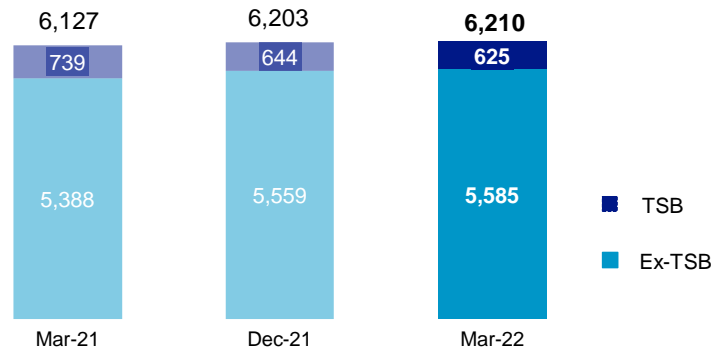
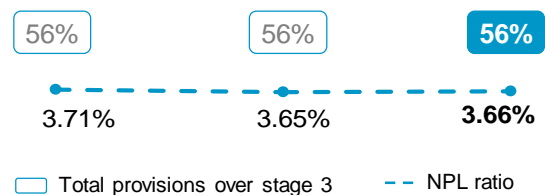




# NPLs remained stable in the quarter

## Group NPLs and NPL ratio

€M

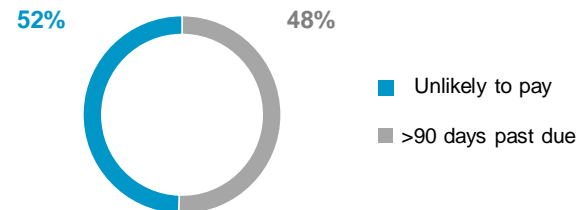


## Exposure by stage and coverage ratio

	Stage 1	Stage 2	Stage 3
% of total book	88.8%	7.6%	3.7%
<b>Coverage</b>	<b>0.3%</b>	<b>3.9%</b>	<b>41.2%</b>

▪ Stable coverage levels

## Group NPL composition

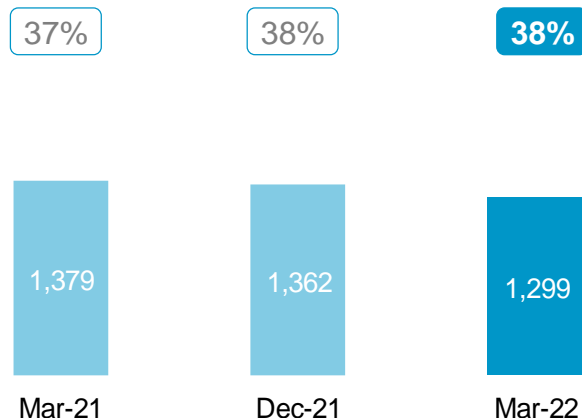


Note: Stage 3 exposure includes contingent risk.

# NPA ratios remained stable

## Group foreclosed assets

€M

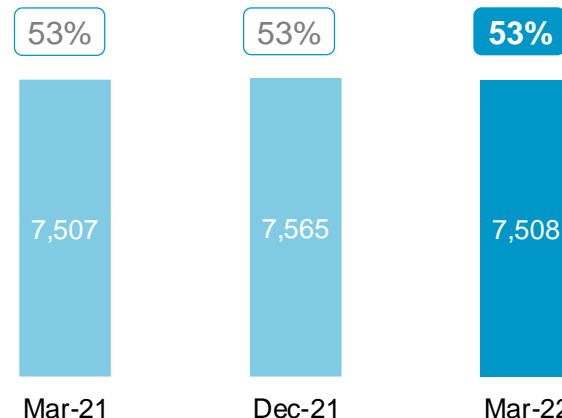


Coverage ratio

95% of total foreclosed assets are finished buildings

## Group NPAs

€M



## Group key ratios

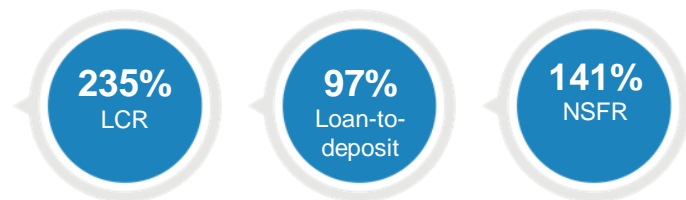
	Mar-20	Dec-21	Mar-22
Gross NPA ratio <sup>1</sup>	4.5%	4.4%	4.4%
Net NPA ratio	2.1%	2.1%	2.1%
Net NPAs / total assets	1.4%	1.4%	1.4%

Note: Includes contingent risk. NPA coverage ratio calculated as (total provisions for credit + total provisions for foreclosed assets) / (stage 3 + foreclosed assets). <sup>1</sup> NPAs / (gross loans + foreclosed assets). Gross loans includes accrual adjustments.

# Liquidity stands close to record levels

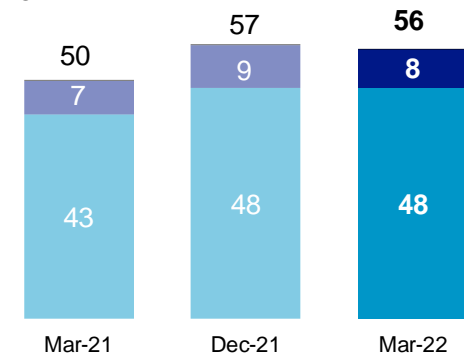
## Substantial liquidity buffers

Sabadell Group



## Total liquid assets

€Bn



■ Sabadell, ex-TSB HQLAs ■ TSB HQLAs

## Credit ratings

Group long-term credit rating and outlook

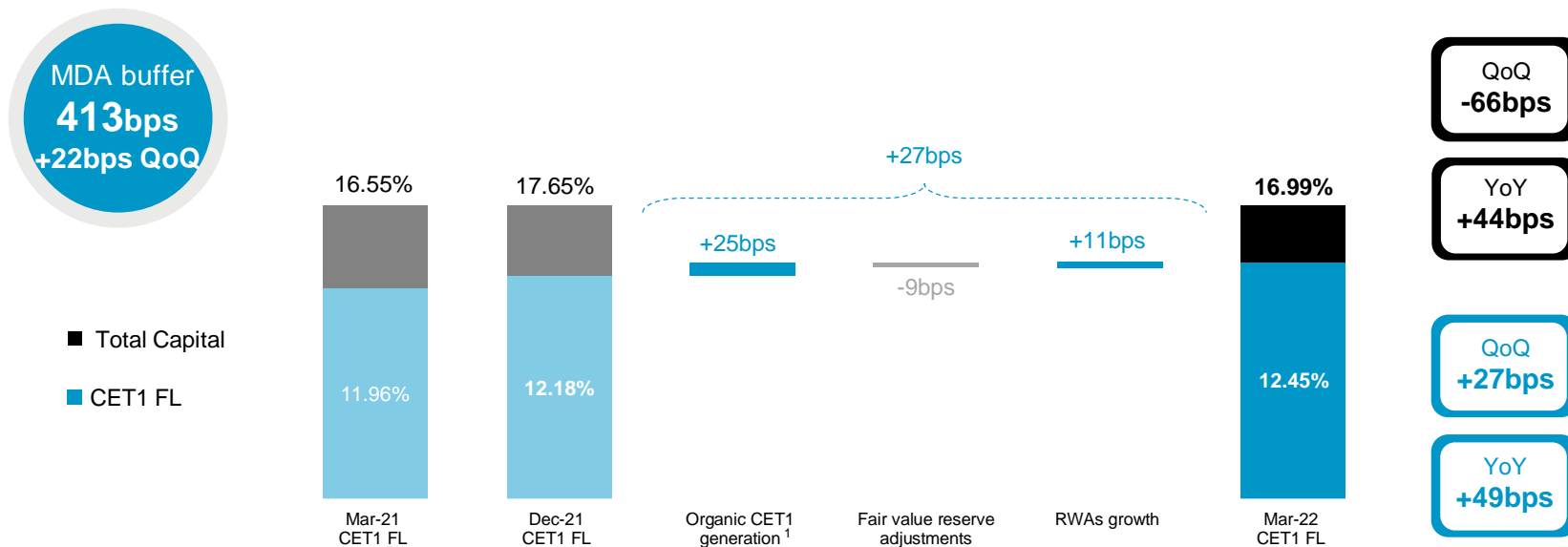
Standard & Poor's	BBB- Stable	Fitch Ratings	BBB- Stable
Moody's	Baa3 Stable	DBRS	A (low) Negative

## Outstanding central bank funding

- TLTRO-III: €32Bn outstanding
- TFSME: £5.5Bn outstanding

# CET1 FL increased by 27bps in the quarter

## CET1 FL evolution

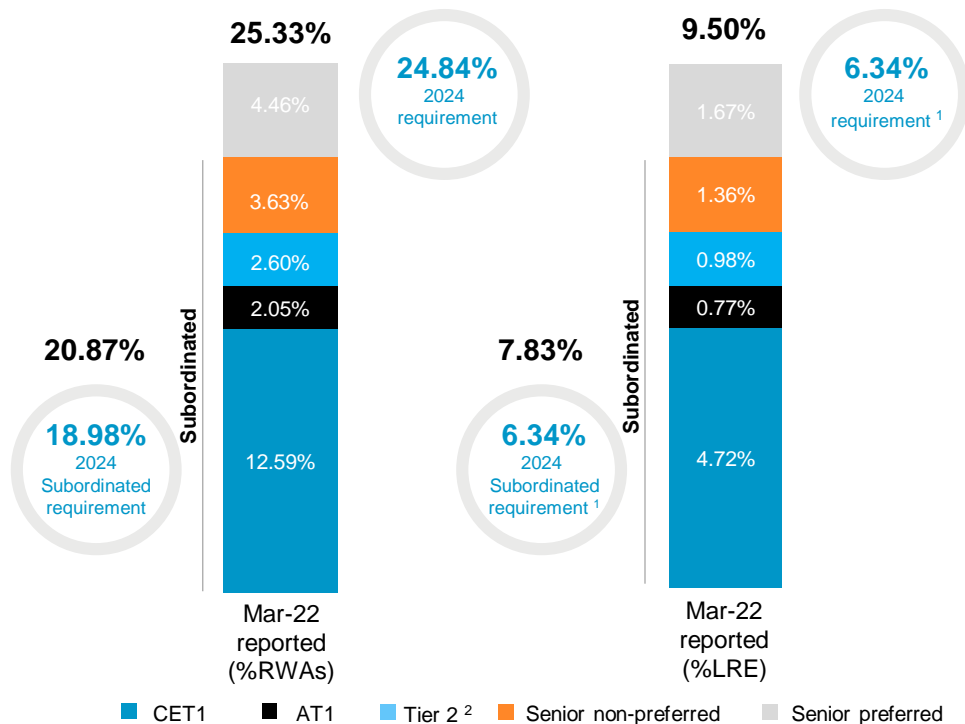


<sup>1</sup> Accruing 31.8% cash dividend pay-out

# Compliant with current 2024 MREL requirements

## MREL position, Sabadell Group

% Risk Weighted Assets (RWAs), % Leverage Ratio Exposure (LRE)



## 2022 YTD public issuances

- 16-Mar / €750M Green Senior Non-Preferred (2.625% coupon)
- ✓ Maturity of 4 years non-call 3 years

## Early redemption of €750M AT1 (6.50% coupon)

## Funding plan

- AT1/Tier 2: keep buckets completed
- Senior preferred/ non-preferred: keep management buffer above MREL requirements
- Covered bonds: tap the market

Note: Ratios include the Combined Buffer Requirement (2.75%) and IFRS9 transitional arrangements. <sup>1</sup> Pro-forma requirements recalibrated by SRB due to the expiry of the ECB relief measure allowing the exclusion of certain exposures to central banks from the total exposure measure. <sup>2</sup> For illustrative purposes, the Tier 2 category includes subordinated debt that is no longer recognised as Own Funds when the instrument has a residual maturity of less than 5 years (Art. 62(2) CRR II) but remains eligible for MREL purposes.



4

Closing remarks

# Closing remarks

## Commercial Activity

- ✓ Loan growth in line with expectations
- ✓ Interest rates on the rise, although macro environment could impact on volumes

## Costs & Efficiency

- ✓ Spanish efficiency plan completed
- ✓ Contracts renewed
- ✓ Confirmed cost savings of €110M in 2022

## Asset Quality


- ✓ Asset quality stable
- ✓ Cost of risk in line with guidance, in the range of 2019 and 2021 (32-49bps)

## Capital & Profitability

- ✓ CET1 FL at 12.45%
- ✓ Core results growing +21% YoY
- ✓ Group net profit of €213M

**1Q22 RoTE of 6.5%, bolstering confidence in our guidance of >6% RoTE in 2022**

# Appendix

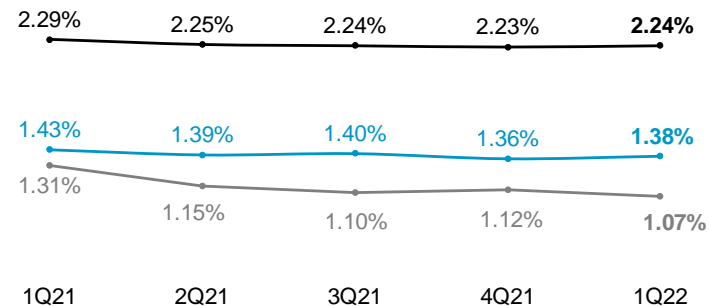
- 1 Group NIM and customer spread
  - 2 Service quality
  - 3 Group debt maturities and issuances
  - 4 ALCO portfolio
  - 5 ICO lending
  - 6 TSB asset quality
  - 7 RWAs breakdown
  - 8 MDA buffer
- 



# 1. Group NIM and customer spread

## Sabadell Group

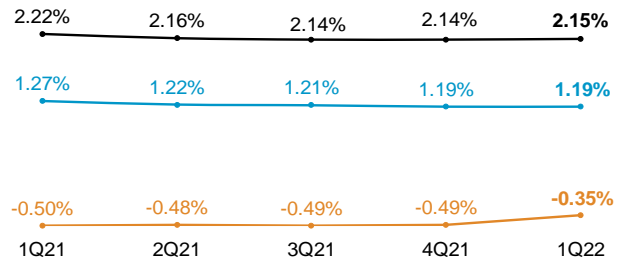
In euros



- Customer spread
- Wholesale funding cost
- NIM as % of average total assets
- 12M Euribor (quarterly avg.)
- BoE base rate (quarterly avg.)

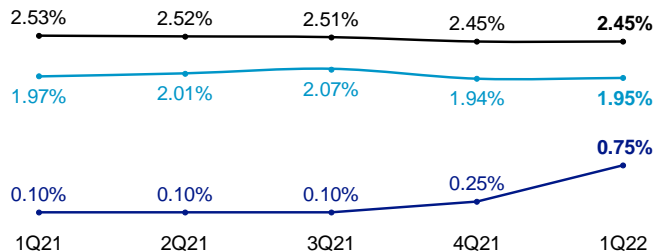
## Sabadell ex-TSB

In euros



## TSB

In euros



## 2. Service quality index and NPS

**Sabadell**

**Spain**

### Service quality index



Sector average



### NPS Online banking



### Net promoter score (NPS)

SMEs	12%	#1
Corporates	35%	#1
Personal banking	13%	
Retail banking	-9%	

### NPS Mobile



**TSB UK**

### NPS Bank

4-month average (Mar-22)



### NPS Mobile

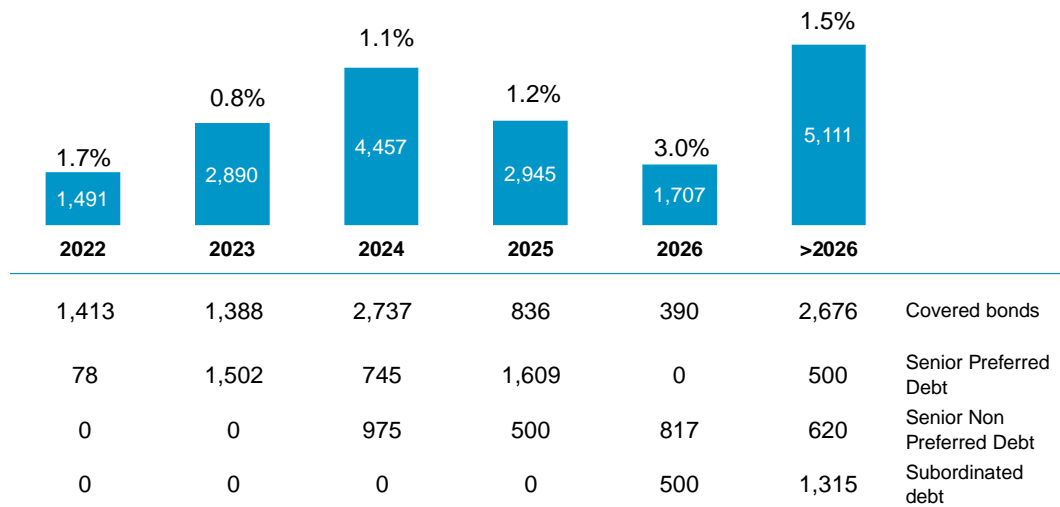
13-week average (Mar-22)



### 3. Group debt maturities and issuances

#### Debt maturities and average cost

Maturities in €M and average cost in %



#### Main debt maturities in the last 6 months

Instrument	Date	Size	Coupon
Covered bonds	12/11/2021	€1,308M	0.88%
Covered bonds	09/12/2021	€200M	1.05%
Covered bonds	21/02/2022	€300M	4.50%
Senior preferred bonds	28/03/2022	€601M	0.70%

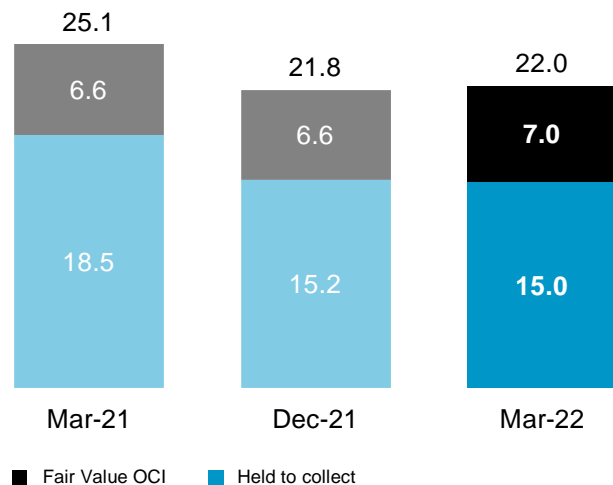
#### Main debt maturities in the next 12 months

Instrument	Date	Size	Coupon
Covered bonds	20/07/2022	€200M	5.13%
Covered bonds	26/09/2022	€250M	0.16%
Covered bonds	05/12/2022	€100M	0.00%
TSB Covered bonds	07/12/2022	€595M	1.02%
Covered bonds	12/12/2022	€194M	3.75%
Senior preferred bonds	05/03/2023	€975M	0.88%

Note: Debt maturities excludes AT1 issuance.

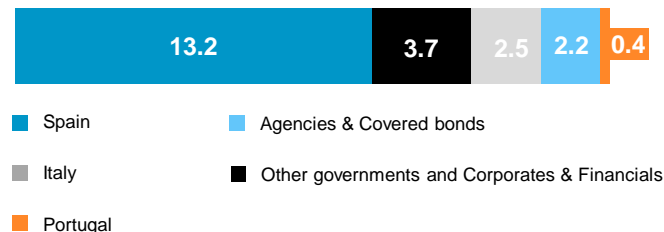
## 4. ALCO portfolio

Evolution of fixed income portfolio. Sabadell Group. €Bn



Mar-22	Yield	Total duration <sup>1</sup>	Avg. maturity
FV OCI	0.5%	0.5 years	6.2 years
Total	0.7%	1.9 years	7.4 years

Fixed income portfolio composition. Sabadell Group. €Bn. Mar-22.



- The capital position's sensitivity to bond spread volatility remains low as Fair Value OCI composition is small with short duration
- Option to reinvest in 2022

## 5. ICO lending in Covid-19 sensitive sectors

### Corporates and SMEs most sensitive to Covid-19<sup>1</sup>

Mar-22. €Bn

	Performing loans	EAD	ICO lending
Tourism, Hospitality & Leisure	6.4	7.2	17%
Transport	3.2	3.6	14%
of which, Airlines	0.3	0.3	2%
Auto	1.5	1.7	24%
Retail (non food)	1.3	1.4	25%
Oil	0.2	0.3	0%
<b>Total most Covid-sensitive</b>	<b>12.6</b>	<b>14.3</b>	<b>17%</b>
<b>% of Group performing loans</b>	<b>8%</b>	<b>7%</b>	

<sup>1</sup> Excludes TSB.

## 6. TSB asset quality, liquidity and solvency position

### Asset quality

	Mar-21	Dec-21	Mar-22
NPL ratio	1.8%	1.4%	1.4%
Coverage ratio	42%	38%	39%
Cost of risk <sup>1</sup> (YtD)	0.24%	0.00%	0.10%

### Solvency

	Mar-21	Dec-21	Mar-22
CET1 ratio <sup>2</sup>	15.2%	15.9%	15.9%
Leverage ratio <sup>3</sup>	3.8%	3.6%	3.6%

### Liquidity

	Mar-21	Dec-21	Mar-22
LCR	154%	194%	185%

Note: NPA coverage ratio calculated as (total provisions for credit + total provisions for foreclosed assets) / (stage 3 + foreclosed assets).<sup>1</sup> Calculated as P&L impairment charge divided by period-end gross spot balances.

<sup>2</sup> CET1 ratio on a transitional basis. The Mar-22 CET1 FL ratio is 15.8%. <sup>3</sup> Calculated using EBA standards and on a transitional basis.

## 7. RWAs breakdown

Mar-22 RWAs: €80,303M

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### By type:

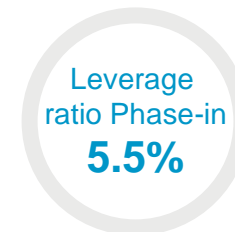
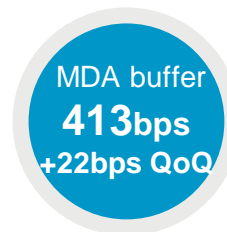
- Credit risk: €71.5Bn
- Market risk: €0.8Bn
- Operational risk: €7.9Bn
- Others: €0.1Bn

### By geography:

- Spain: €62.7Bn
  - UK: €14.5Bn
  - Mexico: €3.1Bn
-

## 8. Ample MDA buffer at 413bps, better than guidance

Group capital requirements		Group capital position
Pillar 1 CET1	4.50%	
Pillar 2 CET1 Requirement (P2R)	1.21% <sup>1</sup>	
Capital Conservation Buffer	2.50%	
Countercyclical Buffer	-	
Other Systemically Important Institutions	0.25%	
<b>CET1</b>	<b>8.46%</b>	<b>12.59%</b>
AT1	1.90% <sup>1</sup>	2.05%
Tier 2	2.54% <sup>1</sup>	2.49%
<b>Total Capital</b>	<b>12.90%</b>	<b>17.13%</b>



- MDA stands at 413bps above 8.46% requirement
- P2R requirement decreased -10bps
- 1% Countercyclical Buffer in UK would represent 18bps<sup>2</sup> for Sabadell
- Leverage ratio phase-in increased +19bps YoY

<sup>1</sup> Applying Article 104a CRD which assumes the bank can use excess Tier 2 and AT1 to meet P2R (in total 94bps of excess hybrid capital, of which 40bps would be AT1 and 54bps Tier 2). <sup>2</sup> Based on RWAs as of Mar-22.



# Glossary

Term	Definition
<b>CAM APS</b>	Banco CAM asset protection scheme. As a result of the acquisition of Banco CAM on 1 June 2012, the Asset Protection Scheme (APS) envisaged in the protocol on financial assistance measures for the restructuring of Banco CAM came into force with retroactive effect from 31 July 2011. Under the scheme, which covers a specific portfolio of assets with a gross value of €24.6Bn as at 31 July 2011, the Deposit Guarantee Fund (DGF) bears 80% of the losses on the portfolio for a period of ten years, once impairment allowances in respect of those assets have been fully applied
<b>CCyB</b>	Countercyclical Buffer
<b>CCB</b>	Capital Conservation Buffer
<b>D-SIB</b>	Domestic Systemically Important Banks
<b>EAD</b>	Exposure at default calculated as sum of amount drawn, amount available plus guarantees
<b>HQLAs</b>	High quality liquid assets
<b>HTC</b>	Held to collect
<b>ICO</b>	Spanish Official Credit Institute
<b>LCR</b>	Liquidity coverage ratio: High quality liquid assets (HQLAs) divided by total net cash outflows
<b>LRE</b>	Leverage Ratio Exposure is equivalent to total assets and a variety of off-balance sheet items including derivatives and repurchase agreements, among others
<b>NIM</b>	Net interest margin
<b>NPS</b>	The Net Promoter Score is obtained by asking customers “On a scale of 0-10, where 0 is not at all likely and 10 is extremely likely, how likely are you to recommend Sabadell to a friend or colleague?”. NPS is the percentage of customers who score 9-10 after subtracting the percentage who score 0-6
<b>P2R</b>	Pillar 2 Requirement
<b>RWA</b>	Risk weighted assets
<b>TBV</b>	Tangible book value
<b>TFSME</b>	Term Funding Scheme with additional incentives for SMEs
<b>TLTRO</b>	Targeted Longer-Term Refinancing Operations

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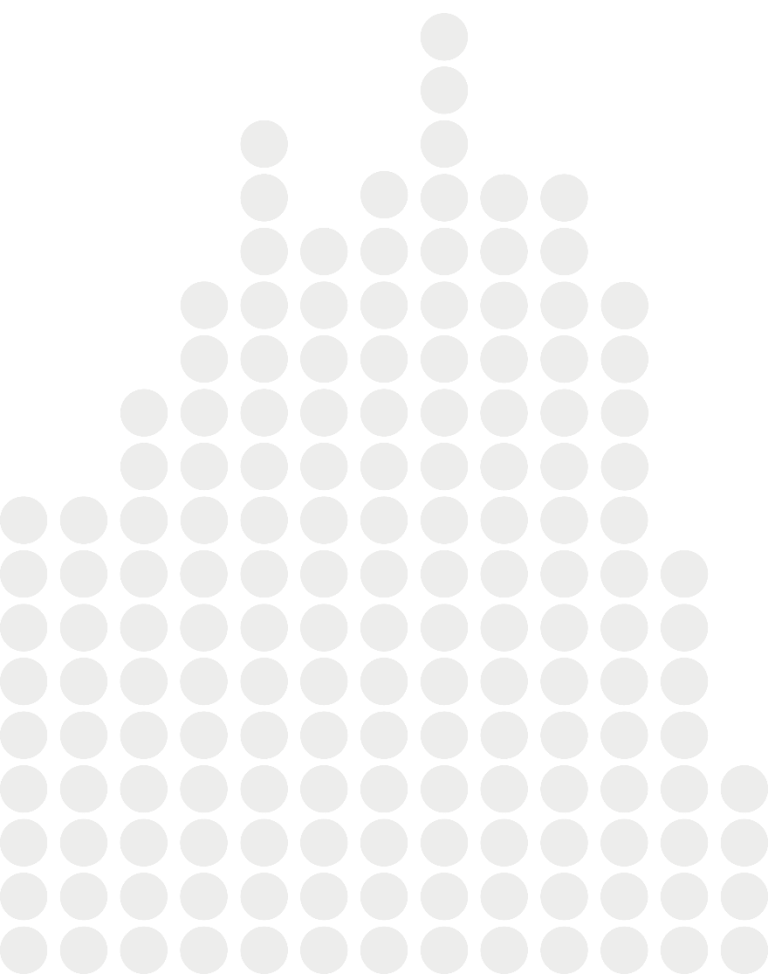
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