

4Q21

**Quarterly Financial
Report**

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Basis of presentation

The consolidated income statement and balance sheet as of the end of December 2021 and 2020, together with the disclosures shown in this Financial Report, are presented in accordance with the accounting standards, principles and criteria defined in Note 1 to the Group's consolidated annual financial statements as of 31 December 2021.

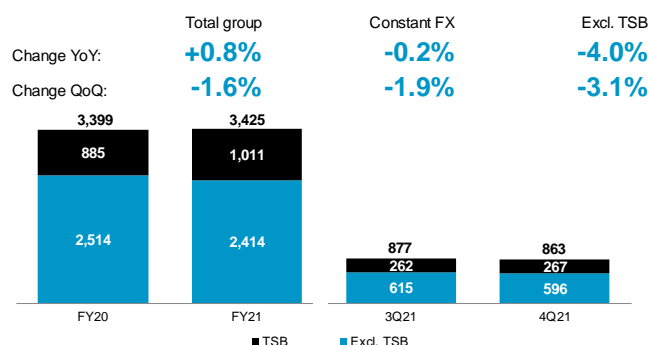
Pursuant to the Guidelines on alternative performance measures published by the European Securities and Markets Authority on 5 October 2015 (ESMA/2015/1415), a glossary has been included with the definitions and the reconciliation with the items presented in the financial statements of certain alternative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

1. Summary

Net interest income

Net interest income amounted to 3,425 million euros as of year-end 2021, representing growth of 0.8% year-on-year, driven mainly by the good evolution of volumes, particularly growth of mortgages at TSB, by increased revenue from TLTRO III, and by the higher remuneration earned on corporate deposits, which offset the reduced contribution of the ALCO portfolio and lower yields on loans.

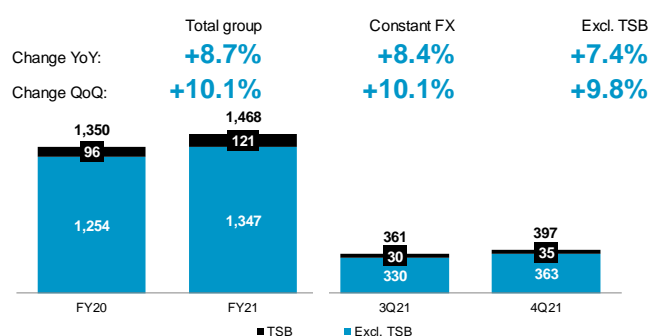
In the quarter, NII was reduced by -1.6%, mainly due to the smaller contribution of the ALCO portfolio following the disposals carried out in the previous quarter to fund the second phase of the efficiency plan in Spain.



Net fees and commissions

Fees and commissions amounted to 1,468 million euros, representing year-on-year growth of 8.7%, mainly driven by the good performance of service fees and asset management fees.

In the quarter, they grew by 10.1%, supported by robust activity, syndicated loans and positive seasonality related to asset management and insurance business success fees.

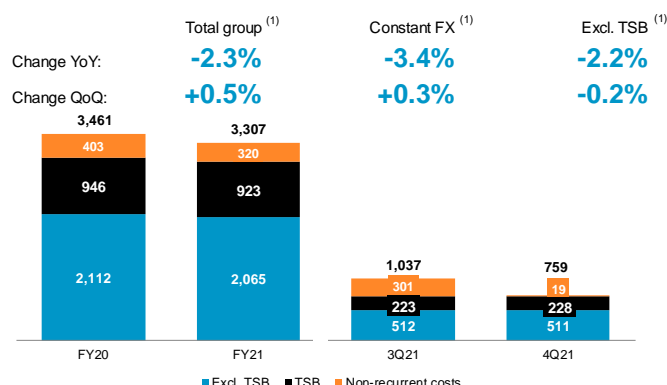


Total costs

Total costs amounted to 3,307 million euros as of year-end 2021 and included 301 million euros of non-recurrent costs related to the second phase of the efficiency plan in Spain in the third quarter and 19 million euros at TSB due to branch closures.

Recurrent costs were down by -2.3% year-on-year, driven down by savings on staff expenses delivered by the first phase of the efficiency plan in Spain and by a reduction of general expenses at TSB.

Quarter-on-quarter comparison shows that costs fell sharply, as the third quarter includes the aforesaid extraordinary costs.

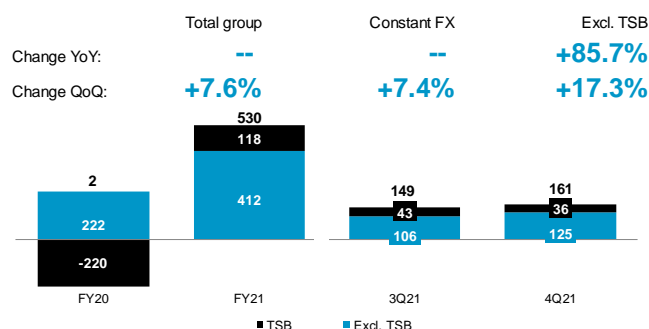


Net profit of the Group

As of year-end 2021, the Group's net profit amounted to 530 million euros, with profit ex-TSB amounting to 412 million euros and profit at TSB reaching 118 million euros.

In the quarter, profit amounted to 161 million euros, impacted by the expense incurred as a result of the contribution to the Deposit Guarantee Fund (DGF) and the payment of the tax on deposits of credit institutions (IDEC), and by capital gains on the sale of BanSabadell Renting and BancSabadell d'Andorra.

The good momentum of core results (net interest income + fees and commissions – recurrent costs) continued, increasing by 12.6% in the year and by 3.6% in the quarter.

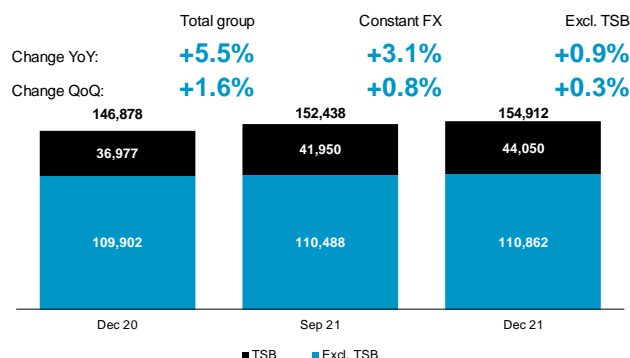


(1) Change in recurrent costs.

Performing loans

Performing loans showed good growth, increasing by 5.5% during the year. Excluding the APS impact following the 1,691 million euros of the payment received by the DGF during the year (171 million euros in the fourth quarter), this increase amounted to 6.7% year-on-year, supported by good performance across all segments in Spain and by the growth of the mortgage portfolio at TSB.

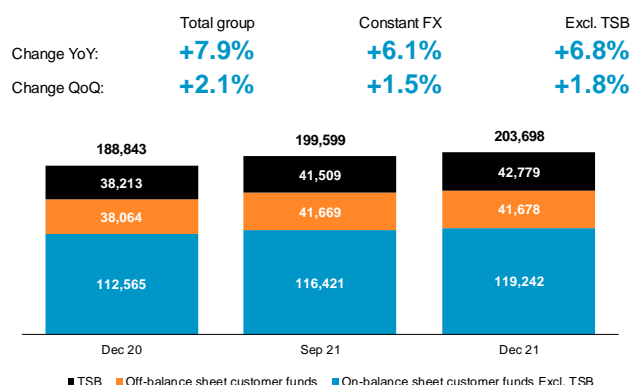
In the quarter, performing loans excluding the APS impact were up by 1.7%, primarily supported by the increase in mortgage lending at TSB and corporate lending in Spain.



Customer funds

On-balance sheet customer funds increased by 7.5% in the year and by 2.6% in the quarter, while sight deposit accounts continued to grow, which offset the decline in term deposits.

Off-balance sheet funds continued to increase, climbing 9.5% year-on-year, mainly supported by the larger volume of net mutual fund subscriptions. They remained stable in the quarter, despite being impacted by the outgoing balance of 842 million euros associated with BancSabadell d'Andorra following its sale. Excluding this impact, they grew by 11.6% in the year and by 2.1% in the quarter.



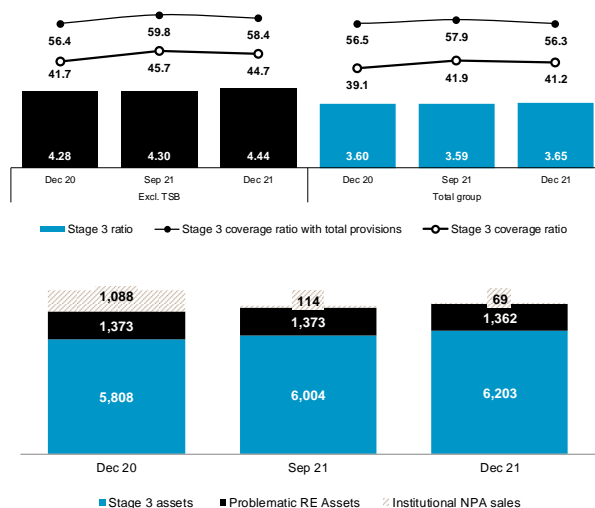
Problematic assets (*)

The balance of NPAs amounted to 7,565 million euros in gross terms, with coverage standing at 53.1% including total provisions.

The Group's stage 3 ratio stood at 3.7%, while the stage 3 coverage ratio considering total provisions stood at 56.3% and the stage 3 coverage ratio at 41.2%.

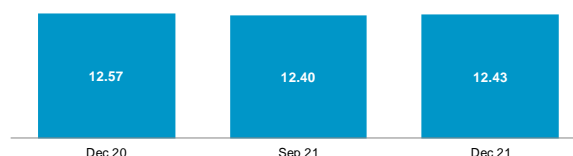
The gross NPA ratio remained steady at 4.4%, while the net NPA ratio stood at 2.1% including total provisions.

The Group's credit cost of risk stood at 49 bps as of year-end 2021, thus improving by 2 bps relative to the previous quarter and by 37 bps relative to year-end 2020. The total cost of risk amounted to 72 bps.



Capital ratio

The phase-in CET1 ratio stood at 12.43%, having increased by 3 bps from the previous quarter, while the Total Capital ratio stood at 17.90%, remaining above the regulatory requirement, with an MDA buffer of 391 bps. The fully-loaded CET1 ratio stood at 12.18%, growing by 6 bps in the quarter and by 16 bps in the year.



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

2. Key figures

	Excl. TSB			Total group			
	31.12.20	31.12.21	YoY (%) ⁽⁶⁾	31.12.20	31.12.21	YoY (%) ⁽⁶⁾	
Profit and loss account (€ million)							
Net interest income	2,514	2,414	-4.0	3,399	3,425	0.8	
Core revenues	3,768	3,761	-0.2	4,749	4,893	3.0	
Gross operating income	4,294	3,925	-8.6	5,302	5,026	-5.2	
Pre-provisions income	1,868	1,560	-16.5	1,841	1,719	-6.6	
Attributable net profit	222	42	85.7	2	530	--	
Balance sheet (€ million)							
Total assets	191,230	199,369	4.3	235,763	251,947	6.9	
Performing gross loans	109,902	110,862	0.9	146,878	154,912	5.5	
Gross loans to customers	114,724	115,878	1.0	152,265	160,668	5.5	
On-balance sheet customer funds	112,565	119,242	5.9	150,778	162,020	7.5	
Off-balance sheet customer funds	38,064	41,678	9.5	38,064	41,678	9.5	
Total customer funds	150,630	160,919	6.8	188,843	203,698	7.9	
Net equity	--	--	--	12,492	12,996	4.0	
Shareholders' equity	--	--	--	12,944	13,357	3.2	
Profitability and efficiency ratios (%)							
ROA	--	--	--	0.00	0.22	--	
RORWA	--	--	--	0.00	0.66	--	
ROE	--	--	--	0.02	4.05	--	
ROTE	--	--	--	0.02	5.05	--	
Efficiency	48.05	50.85	--	55.41	55.33	--	
Risk management							
Stage 3 exposures (€million)	(1)	5,308	5,559	4.7	5,808	6,203	6.8
Total problematic assets (€million)	(1)	6,681	6,921	3.6	7,182	7,565	5.3
Stage 3 ratio (%)	(1)	4.28	4.44	--	3.60	3.65	--
Stage 3 coverage ratio (%)	(1)	41.7	44.7	--	39.1	41.2	--
Stage 3 coverage ratio with total provisions (%)	(1)	56.4	58.4	--	56.5	56.3	--
Problematic assets coverage (%)	(1)	52.3	54.5	--	52.6	53.1	--
Liquidity management (%)							
Loan-to-deposits ratio		97.8	93.6	--	97.6	96.3	--
LCR		219	249	--	198	221	--
NSFR	(2)	--	--	--	127	141	--
Capital management							
Risk weighted assets (RWA) (€million)		--	--	--	78,858	80,899	2.6
Common Equity Tier 1 (%)		--	--	--	12.57	12.43	--
Common Equity Tier 1 fully-loaded (%)		--	--	--	12.02	12.18	--
Tier 1 (%)		--	--	--	14.03	15.39	--
Total capital ratio (%)		--	--	--	16.14	17.90	--
MREL (% RWA)		--	--	--	24.74	26.16	--
MREL (% LRE)		--	--	--	9.28	10.02	--
Leverage ratio (%)		--	--	--	5.25	5.90	--
Share data (period end)							
Number of shareholders		--	--	--	244,225	228,432	--
Average number of shares (million)		--	--	--	5,582	5,586	--
Share price (€)	(3)	--	--	--	0.354	0.592	--
Market capitalisation (€million)		--	--	--	1,976	3,306	--
Earnings per share (EPS) (€)	(4)	--	--	--	-0.01	0.08	--
Book value per share (€)		--	--	--	2.32	2.39	--
TBV per share (€)		--	--	--	1.85	1.92	--
Price / Book value (times)		--	--	--	0.15	0.25	--
Price / Earnings ratio (P/E) (times)		--	--	--	-27.75	7.69	--
Other data							
Branches		1,629	1,303	--	2,083	1,593	--
Employees		16,749	14,308	--	23,458	20,070	--

- (1) NPA portfolios sold to institutional investors have been reclassified as non-current assets held for sale, therefore the figures are shown excluding these assets. The NPA coverage ratio is based on total provisions.
- (2) Calculated based on the CRR II methodology since March 2021, while in 2020 it was calculated using the Basel Committee approach, considering the best estimate as of the date of publication of the report.
- (3) Historical values not adjusted.
- (4) Net profit adjusted by the Additional Tier 1 coupons recorded under shareholders' equity.
- (5) The cumulative EUR/GBP exchange rate as of 31.12.2021 applied to income statements throughout the report is 0.8594 and the exchange rate used specifically for 4Q21 is 0.8477. In the case of the balance sheet is 0.8403.
- (6) Throughout this document, YoY changes in relation to the income statement refer to the cumulative twelve-month period of 2021 versus the cumulative twelve-month period of 2020.

3. Performance review

Macroeconomic environment

Global economic, political and financial context

The pandemic took a turn for the worse in 4Q21 and is once again a key factor influencing economic activity and financial markets. More specifically, a new variant called Omicron emerged, which rapidly spread across the entire globe, causing a hitherto unseen surge of infections. On the plus side, however, the reduced rate of hospitalisations and deaths confirmed that this new wave is less severe. Against this backdrop, most countries are dealing with the current wave of infections by adopting a limited number of containment measures. These measures are mostly intended to boost vaccination numbers among groups with high levels of vaccine hesitancy. Only a few countries, such as Austria, have taken a more strict approach, reintroducing lockdown measures for the entire population.

In terms of activity, the latest confidence indicators are starting to reflect a negative impact resulting from the new wave of Covid-19, particularly in the service sector, although for now growth dynamics continue to be favourable overall. In more negative news, it is worth highlighting activity trends in Germany, where it is estimated that GDP may have contracted in the final quarter of the year, additionally weighed down by ongoing issues in global production chains.

Another aspect that has continued to attract attention in the quarter has been inflation, which ended the year at its highest level for several decades in the United States (7.0% year-on-year) and in the Eurozone (5%). It is worth highlighting that in the US, inflationary pressure cannot be attributed to any single CPI component, whereas in the Eurozone most of the upturn of inflation can be explained by rising energy prices and several base effects. Geopolitical tensions between Russia, the US and the EU in relation to Ukraine, together with forecasts of a colder winter, caused gas prices in Europe to surge to record highs.

Lastly, in the political landscape, Olaf Scholz became Germany's new Chancellor, leading a government coalition formed by the Social Democratic Party (SPD), the Greens and the Liberals, and is set to follow a more constructive approach to European integration than his predecessor.

Economic situation in Spain

In Spain, after GDP was revised upwards in 3Q21, activity data for 4Q21 generally reflected good performance. Social security enrolments, which are already above pre-Covid levels, continued to grow at a good pace during the quarter. In the same vein, several private consumption indicators picked up in the quarter, despite levels slowing in December in light of the spread of the Omicron variant. Business confidence indicators, on the other hand, remained above pre-Covid levels in spite of their deterioration as a result of supply difficulties and rising inflation, which ended the year at its highest level since 1992. Negative data that are worth noting include tourism expenditure and vehicle registrations, which remain far below pre-pandemic levels.

With regard to economic policy, it is worth highlighting the consensus reached between the Government, company unions and trade unions to agree on a labour reform that will

need to be endorsed by Congress, as well as the receipt of the first funds disbursed from Next Generation EU following the pre-financing received in summer.

Economic situation in the United Kingdom

Although recovery has continued to lose steam, in November GDP recovered pre-crisis levels (Feb 20) in its monthly index. Leading indicators for December suggest that the economy may have been affected by the rapid spread of the Omicron variant. In relation to the labour market, the unemployment rate has continued to decline, falling to 4.1% in November, standing just one tenth of a percent above pre-crisis levels, demonstrating that the withdrawal of support measures has not produced any significant impact. Companies continue to report difficulties in finding candidates that meet their desired profiles, although there is no evidence as yet of any substantial wage increase.

For its part, inflation jumped to 5.4% year-on-year in December.

In the property market, house prices have continued to rebound in recent months, with year-on-year growth as of the end of December standing at 9.8%, the highest figure since July 2007. This rebound is particularly noteworthy given the recent end of support measures and is partly explained by other factors that have also been supporting the sector, such as: (i) scarcity of demand, (ii) cash accumulated by households during the pandemic, (iii) increased preference for more spacious housing in light of the growth of telecommuting, (iv) favourable situation in the labour market, and (v) low interest rate environment.

Economic situation in Mexico

The Mexican economy continued to exhibit slightly subdued performance in 4Q21, with vehicle production still affected by global supply issues. Inflation, on the other hand, continued to rise. This, together with the more restrictive tone of the Federal Reserve, prompted the central bank to accelerate the pace of its rate hikes, placing the benchmark interest rate at 5.50%. Where the currency is concerned, there were prominent movements, with depreciation taking it to its lowest levels in over a year in its currency pair with the dollar, although this movement was fully reversed in the final quarter of the year. The peso's initial vulnerability was fuelled by uncertainty with regard to who would replace Alejandro Díaz de León as Governor of Banxico from 2022 onwards.

Fixed-income markets

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

The ECB slowed the pace of its asset purchases under PEPP (programme implemented during the pandemic) in 4Q21 and confirmed that it would discontinue them in March 2022. After the PEPP ends, the ECB will temporarily increase traditional QE. On a separate note, it announced that the special conditions applied to TLTRO III (minimum rate of -1.00%) will not be extended beyond June 2022. With regard to inflation,

the central bank maintained that its rebound is temporary, although there were signs of growing concern among its members. The ECB has insisted that it is unlikely to increase interest rates in 2022.

The Fed, for its part, showed a clearly hawkish tone in its December meeting. In particular, it drastically increased its inflation forecasts for the end of 2022, it stopped referring to the inflation rebound as transitory and it recognised that it had already reached its inflation target. It also emphasised the substantial improvement that has taken place in the labour market. This prompted it to speed up its tapering of bond purchases. Jerome Powell, Chair of the Federal Reserve, said he did not envisage a long delay between ending tapering and starting rate hikes. The Fed now foresees three rate hikes in 2022, three in 2023 and two in 2024. He pointed out that two-thirds of participants now expect three or more rate hikes in 2022, in sharp contrast to the September meeting, when none of them had any such expectations. Lastly, Powell revealed for the first time that discussions about shrinking the balance sheet have started.

The Bank of England (BoE) increased its base rate by 15 bp to 0.25% in its December meeting, amid growing concerns about a widespread rise in prices and tighter labour market conditions. The BoE also announced it would cut its asset purchase programme in mid-December.

Long-term US and German government bond yields fluctuated, eventually ending 4Q21 at levels similar to those of the previous quarter. In particular, in the first part of the quarter, yields dipped in the face of the new Omicron variant. This decline was subsequently reversed in light of the news that the new wave of infections is proving less severe, together with the Fed's more hawkish tone.

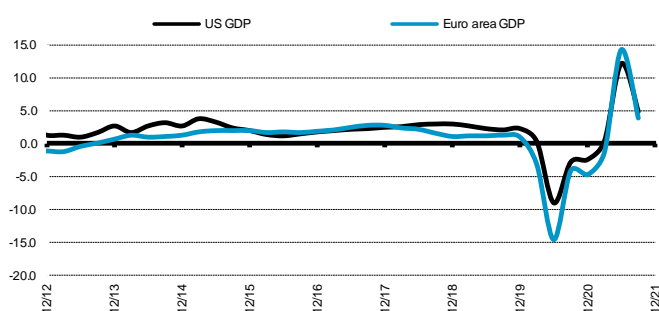
Risk premiums in the periphery, on the other hand, rebounded to the highest levels of the year, against a backdrop in which the ECB continued moving ahead with its strategy of discontinuing pandemic measures and in which the market continued to price in the first interest rate hike towards the end of 2022. In any event, risk premiums remained contained thanks to, among other aspects, the upgrade of Italy's rating by Fitch.

Equity markets

The performance of equity markets in 4Q21 was shaped by the Omicron variant and inflationary tensions. In October, equity markets weathered issues in supply chains, and the positive start of the 3Q21 results campaign served to boost most stock markets. In November, the emergence of the Omicron variant, along with greater inflationary pressure and worse economic confidence data, triggered generalised sales in most indices. Finally, in December, stock markets rebounded in the face of the increased survival rate of the new variant, leaving quarterly gains in most indices with the exception of the IBEX.

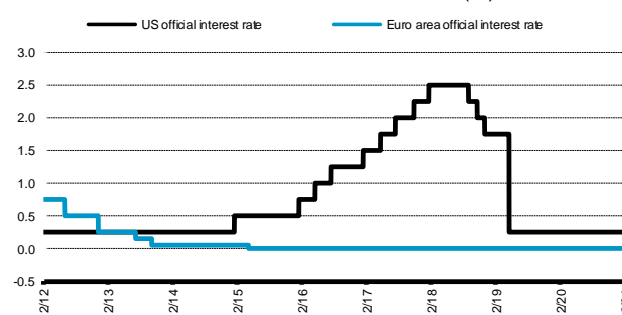
In any event, the year ended with significant gains, led in Europe by France's CAC (+28.9% in euros), with Euro STOXX 50 recording gains of +21.0% in euros and IBEX 35 up by 7.9% in euros. In the United States, S&P500 gained +36.2% in euros and Japan's Nikkei rose by +2.1% in euros. In Latin America, Brazil's Bovespa ended the year with a decline of -11.1% in euros, while Mexico's Mexbol gained +26.5% in euros.

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



Source: Bloomberg

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



Exchange rates: Parity vs. euro

Fx	31.12.20	31.03.21	30.06.21	30.09.21	31.12.21
USD	1.2271	1.1725	1.1884	1.1579	1.1326
GBP	0.8990	0.8521	0.8581	0.8605	0.8403
MXN	24.4160	24.0506	23.5784	23.7439	23.1438

Source: Bank of Spain

Income statement

Summary of results:

Banco Sabadell Group has generated attributable profit of 530 million euros as of year-end 2021, of which 412 million euros are recorded ex-TSB and 118 million euros correspond to TSB, which has consolidated its positive contribution to the Group.

It is worth noting the good performance of core results (net interest income + fees and commissions – recurrent costs) in the year, which increased by 12.6%, due to both the growth of net interest income and fees & commissions, and also due to the efforts made to reduce costs. In the quarter, this item increased by 3.6%, driven by the growth of fees and commissions.

It is also worth highlighting that this quarter included Banco Sabadell's contribution to the Deposit Guarantee Fund (DGF) of -116 million euros (the Group's contribution for this item in the year was -129 million euros), as well as the payment of the tax on deposits of credit institutions (IDEC) of -33 million euros.

In addition, 42 million euros gross (41 million euros net) were recognised as capital gains on the disposal of BanSabadell Renting and 12 million euros gross (2 million euros net) were recognised following the sale of BancSabadell d'Andorra.

Income statement

(€ million)	Excl. TSB			Total group				
	FY20	FY21	YoY (%)	FY20	FY21	YoY (%)	YoY (%) at constant FX	
Net interest income	2,514	2,414	-4.0	3,399	3,425	0.8	-0.2	
Net fees and commissions	1,254	1,347	7.4	1,350	1,468	8.7	8.4	
Core revenues	3,768	3,761	-0.2	4,749	4,893	3.0	2.2	
Net trading income and exchange differences	774	342	-55.9	800	344	-57.0	-57.0	
Income from equity method and dividends	37	102	174.9	37	102	174.9	174.9	
Other operating income/expense	-286	-279	-2.2	-284	-313	10.1	10.0	
Gross operating income	4,294	3,925	-8.6	5,302	5,026	-5.2	-5.9	
Operating expenses	-2,063	-1,996	-3.3	-2,938	-2,781	-5.4	-6.4	
Personnel expenses	-1,486	-1,414	-4.9	-1,885	-1,777	-5.7	-6.4	
Other general expenses	-577	-582	1.0	-1,054	-1,004	-4.7	-6.2	
Amortisation & depreciation	-363	-370	1.9	-523	-527	0.6	-0.5	
Total costs	-2,426	-2,366	-2.5	-3,461	-3,307	-4.4	-5.5	
Memorandum item:								
Recurrent costs	-2,112	-2,065	-2.2	-3,058	-2,988	-2.3	-3.4	
Non-recurrent costs	-314	-301	-4.1	-403	-320	-20.7	-21.3	
Pre-provisions income	1,868	1,560	-16.5	1,841	1,719	-6.6	-6.6	
Provisions for NPLs	-1,653	-950	-42.5	-1,832	-950	-48.1	-48.3	
Provisions for other financial assets	-127	-97	-24.2	-188	-97	-48.7	-49.2	
Other impairments	-254	-178	-30.1	-254	-178	-30.1	-30.1	
Gains on sale of assets and other results	317	135	-57.5	313	126	-59.7	-59.7	
Profit before tax	150	470	212.7	-121	620	--	--	
Income tax	73	-49	--	124	-81	--	--	
Minority interest	1	8	--	1	8	--	--	
Attributable net profit	222	412	85.7	2	530	--	--	
Memorandum item:								
Core results (NII + net fees and commissions - costs)	(1)	1,656	1,697	2.5	1,691	1,905	12.6	12.5

(1) Calculation taking account of recurrent costs.

Quarterly income statement

(€million)	Excl. TSB						Total group						QoQ (%) at constant FX
	4 Q20	1Q21	2 Q21	3 Q21	4 Q21	QoQ (%)	4 Q20	1Q21	2 Q21	3 Q21	4 Q21	QoQ (%)	
Net interest income	627	597	606	615	596	-3.1	854	833	852	877	863	-1.6	-1.9
Net fees and commissions	323	315	339	330	363	9.8	350	342	368	361	397	10.1	10.1
Core revenues	951	912	945	945	959	1.4	1,204	1,175	1,220	1,238	1,260	1.8	1.6
Net trading income and exchange differences	69	14	7	323	-2	--	622	23	5	320	-4	--	--
Income from equity method and dividends	12	46	10	11	35	208.5	12	46	10	11	35	208.5	208.5
Other operating income/expense	-168	-13	-99	-6	-160	--	-172	-14	-108	-18	-173	--	--
Gross operating income	1,414	959	862	1,273	831	-34.8	1,666	1,230	1,127	1,551	1,118	-27.9	-28.1
Operating expenses	-737	-440	-416	-722	-418	-42.1	-937	-640	-611	-909	-621	-31.7	-31.9
Personnel expenses	-580	-296	-273	-570	-274	-52.0	-672	-385	-369	-656	-367	-44.0	-44.1
Other general expenses	-157	-144	-143	-151	-144	-4.8	-265	-255	-242	-253	-254	0.1	-0.3
Amortisation & depreciation	-93	-92	-93	-92	-93	1.6	-137	-129	-133	-128	-138	7.9	7.6
Total costs	-830	-532	-509	-813	-511	-37.1	-1,074	-769	-743	-1,037	-759	-26.8	-27.1
Memorandum item:													
Recurrent costs	-516	-532	-509	-512	-511	-0.2	-742	-769	-743	-736	-740	0.5	0.3
Non-recurrent costs	-314	0	0	-301	0	-100.0	-332	0	0	-301	-19	-93.7	-93.7
Pre-provisions income	584	427	353	460	319	-30.6	592	461	383	515	360	-30.1	-30.2
Provisions for NPLs	-668	-290	-187	-235	-238	1.2	-676	-313	-192	-228	-217	-4.8	-4.8
Provisions for other financial assets	-42	-18	-30	-10	-39	292.5	-104	-18	-30	-10	-39	292.5	292.5
Other impairments	-103	-24	-44	-52	-58	12.8	-103	-24	-44	-52	-58	12.8	12.8
Gains on sale of assets and other results	14	4	75	0	56	--	15	1	73	5	48	--	--
Profit before tax	-215	100	166	163	40	-75.3	-277	108	190	229	93	-59.4	-59.6
Income tax	80	-25	-53	-55	83	--	77	-30	-40	-78	67	--	--
Minority interest	0	5	2	2	-1	--	0	5	2	2	-1	--	--
Attributable net profit	-136	71	111	106	125	17.3	-201	73	147	149	161	7.6	7.4
Memorandum item:													
Core results (NII + net fees and commissions - costs)	(1)	434	381	436	433	3.4	462	406	477	502	520	3.6	3.5

(1) Calculation taking account of recurrent costs.

Net interest income:

Net interest income amounted to 3,425 million euros as of year-end 2021, representing growth of 0.8% year-on-year, driven mainly by the good evolution of volumes, notably including the growth of mortgages at TSB, by increased revenue from TLTRO III, and by the higher remuneration earned on corporate deposits, which offset the reduced contribution of the ALCO portfolio and lower yields on loans. In the quarter, net interest income was down by -1.6%, mainly due to the smaller contribution of the ALCO portfolio following the disposals carried out in the previous quarter to fund the second phase of the efficiency plan in Spain.

Excluding TSB, net interest income amounted to 2,414 million euros as of year-end 2021, representing a decrease of -4.0% compared to the previous year, due to the smaller contribution of the ALCO portfolio following the disposals carried out in 2020 and 2021, as well as lower yields on the credit portfolio. In the quarter, this item fell by -3.1%, also due to the smaller contribution of the ALCO portfolio following the disposals carried out in the third quarter of 2021.

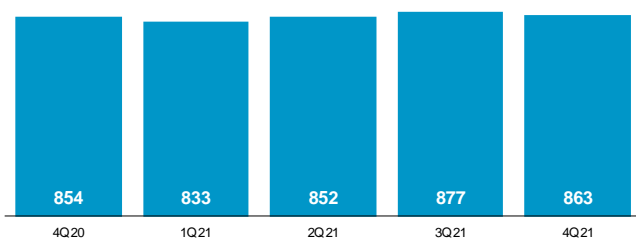
Net interest income in TSB stood at 1,011 million euros, growing by 14.3% year-on-year and by 1.7% in the quarter; both of these changes were mainly the result of the strong growth of mortgage lending volumes.

Customer spread and net interest margin:

The customer spread stood at 2.23% (2.14% excluding TSB), remaining stable in the quarter. The net interest margin as a percentage of average total assets stood at 1.36% (1.19% excluding TSB), declining relative to the previous quarter due to the increase in liquidity following the ALCO portfolio sales in the third quarter and the increase in borrowing under the TFSME (Term Funding Scheme with additional incentives for SMEs).

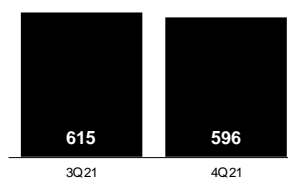
Evolution of net interest income

Total group (€ millions)



	Total group	Constant FX
Change YoY:	+0.8%	-0.2%
Change QoQ:	-1.6%	-1.9%

Sabadell ex - TSB (€ millions)



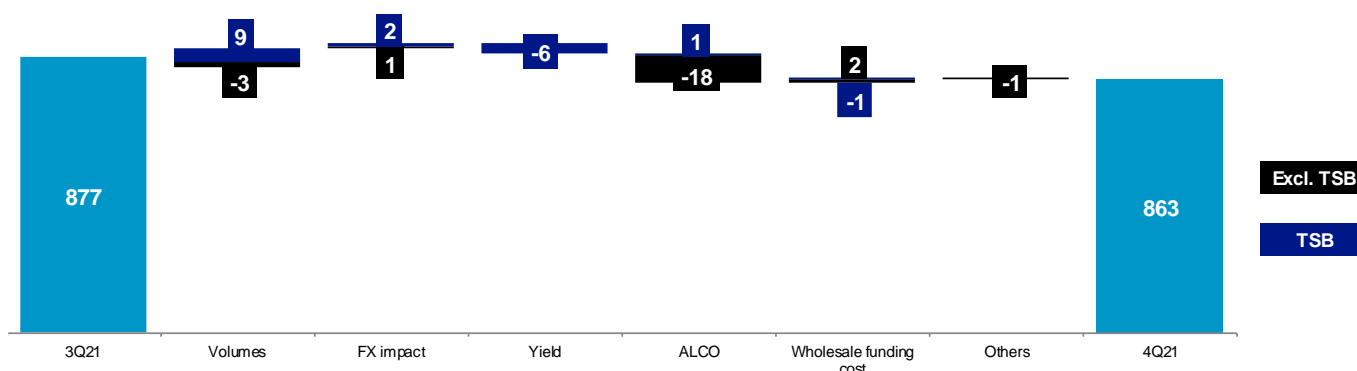
Change YoY: **-4.0%**
Change QoQ: **-3.1%**

TSB (€ millions)

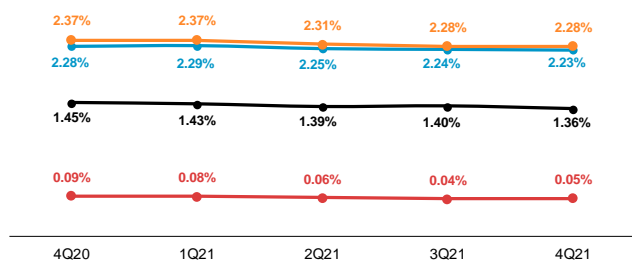


Change YoY: **+14.3%**
+10.5% Constant FX
Change QoQ: **+1.7%**
+0.8% Constant FX

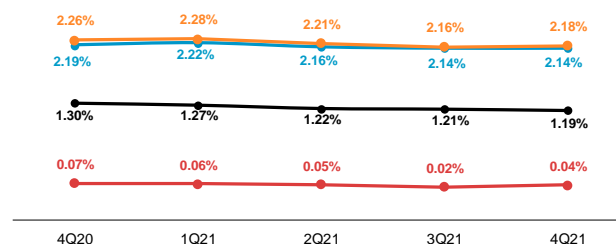
Quarterly evolution of net interest income (€ millions)



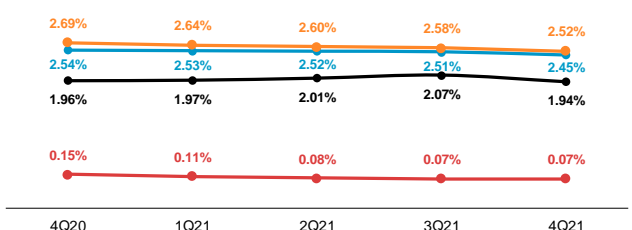
Net interest income, Group (%)



Net interest income, ex-TSB (%)



Net interest income, TSB (%)



Gains and charges in the quarter

Total Group

(€ million)	4 Q20			1Q21			2 Q21			3 Q21			4 Q21		
	Avg. balance	Rate %	Results	Avg. balance	Rate %	Results	Avg. balance	Rate %	Results	Avg. balance	Rate %	Results	Avg. balance	Rate %	Results
Cash and cash equivalents (1)	38,368	-0.17	-16	41,910	-0.21	-21	48,149	-0.32	-38	49,896	-0.26	-32	54,665	-0.24	-33
Loans to customers (net)	146,229	2.37	871	148,164	2.37	866	151,579	2.31	875	153,649	2.28	881	155,218	2.28	891
Fixed-income securities	27,693	0.72	50	25,998	0.67	42	26,344	0.63	41	26,080	0.65	43	22,365	0.50	28
Equity securities	956	--	--	1,007	--	--	1,120	--	--	1,046	--	--	1,003	--	--
Tang. & intang. assets	5,385	--	--	5,429	--	--	5,278	--	--	5,027	--	--	4,986	--	--
Other assets	15,742	0.74	29	14,453	0.36	13	13,062	0.34	11	13,061	0.29	10	12,368	0.19	6
Total assets	234,374	1.59	934	236,160	1.54	899	245,532	1.45	889	248,759	1.44	901	250,605	1.41	893
Financial institutions (2)	34,379	0.69	60	34,679	0.70	60	38,111	0.78	74	38,420	0.77	75	41,134	0.69	72
Customer deposits (3)	154,676	-0.09	-34	157,698	-0.08	-30	163,316	-0.06	-23	165,534	-0.04	-15	164,344	-0.05	-21
Capital markets	22,753	-1.27	-72	22,366	-1.31	-72	22,480	-1.15	-64	23,455	-1.10	-65	22,794	-1.12	-64
Other liabilities	9,701	-1.36	-33	8,845	-1.12	-24	9,018	-1.08	-24	8,591	-0.86	-19	9,359	-0.71	-17
Shareholders' equity	12,865	--	--	12,573	--	--	12,607	--	--	12,758	--	--	12,975	--	--
Total funds	234,374	-0.14	-80	236,160	-0.11	-66	245,532	-0.06	-37	248,759	-0.04	-24	250,605	-0.05	-30
Net interest income			854			833			852			877			863
Customer spread		2.28			2.29			2.25		2.24				2.23	
Net interest margin as % of ATA		1.45			1.43			1.39		1.40				1.36	

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

Sabadell ex-TSB

(€ million)	4 Q20			1Q21			2 Q21			3 Q21			4 Q21		
	Avg. balance	Rate %	Results	Avg. balance	Rate %	Results	Avg. balance	Rate %	Results	Avg. balance	Rate %	Results	Avg. balance	Rate %	Results
Cash and cash equivalents (1)	33,362	-0.20	-17	36,812	-0.25	-22	44,290	-0.34	-37	46,570	-0.27	-32	49,101	-0.26	-32
Loans to customers (net)	109,738	2.26	623	109,318	2.28	613	111,126	2.21	612	111,726	2.16	608	111,405	2.18	613
Fixed-income securities	24,822	0.75	47	22,662	0.73	41	23,818	0.74	44	23,177	0.77	45	19,366	0.60	29
Other assets	22,892	0.69	40	21,579	0.42	22	20,231	0.34	17	19,976	0.27	14	19,158	0.23	11
Total assets	190,814	1.44	693	190,371	1.39	654	199,465	1.28	636	201,450	1.25	635	199,030	1.24	622
Financial institutions (2)	30,967	0.78	61	31,512	0.78	61	35,729	0.84	75	35,478	0.84	75	35,364	0.83	74
Customer deposits (3)	117,332	-0.07	-20	118,090	-0.06	-19	122,669	-0.05	-14	124,269	-0.02	-7	122,361	-0.04	-14
Capital markets	20,907	-1.25	-66	20,479	-1.29	-65	20,798	-1.15	-60	21,412	-1.14	-62	20,715	-1.14	-60
Other liabilities and shareholders' equity	2,1608	-0.74	-40	20,290	-0.68	-34	20,270	-0.61	-31	20,291	-0.53	-27	20,589	-0.50	-26
Total funds	190,814	-0.14	-65	190,371	-0.12	-57	199,465	-0.06	-30	201,450	-0.04	-20	199,030	-0.05	-26
Net interest income			627			597			606			615			596
Customer spread		2.19			2.22			2.16		2.14				2.14	
Net interest margin as % of ATA		1.30			1.27			1.22		1.21				1.19	

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

Income from equity method and dividends:

This item amounted to 102 million euros as of year-end 2021, after recording higher earnings from investees related to renewable energy, which explains the variation relative to previous quarter and in year-on-year terms.

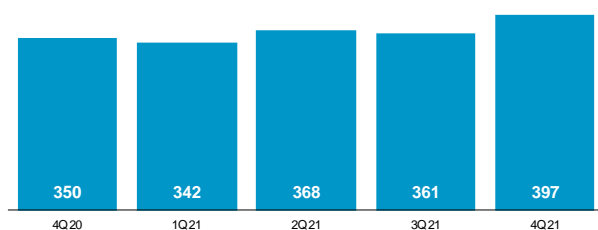
Net fees and commissions:

Net fees and commissions amounted to 1,468 million euros as of year-end 2021, representing year-on-year growth of 8.7% (7.4% excluding TSB), supported by the growth of service fees and asset management fees, which more than offset the decline attributable to the 30 million euros contribution of Sabadell Asset Management after the sale carried out on 30 June 2020.

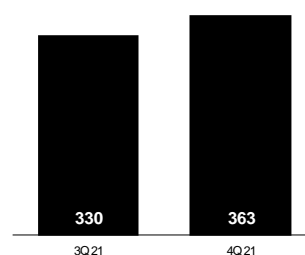
The quarter-on-quarter comparison shows that net fees and commissions grew by 10.1% (9.8% excluding TSB), supported by robust activity, syndicated loans and positive seasonality related to asset management and insurance business success fees.

Evolution of net fees and commissions

Total group (€ millions)



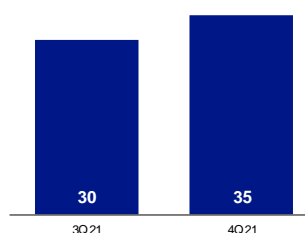
Sabadell ex - TSB (€ millions)



Change YoY:
+7.4%

Change QoQ:
+9.8%

TSB (€ millions)



Change YoY:
+24.9%
+20.8% Constant FX

Change QoQ:
+13.9%
+13.0% Constant FX

	Total group	Constant FX
Change YoY:	+8.7%	+8.4%
Change QoQ:	+10.1%	+10.1%

Fees and commissions

(€ million)	Excl. TSB			Total group			Excl. TSB			Total group		
	3 Q21	4 Q21	QoQ (%)	3 Q21	4 Q21	QoQ (%)	FY20	FY21	YoY (%)	FY20	FY21	YoY (%)
Lending fees	42	43	4.3	42	43	4.3	159	169	6.0	159	169	6.0
Guarantees commissions	25	27	7.4	25	27	7.4	100	102	1.2	100	102	1.2
Risk transaction fees	67	70	5.5	67	70	5.5	260	270	4.1	260	270	4.1
Cards	44	39	-10.9	60	56	-5.3	155	161	4.3	197	223	13.0
Payment orders	18	20	8.7	19	20	8.6	55	72	31.7	57	74	30.4
Securities	16	18	10.3	16	18	10.3	71	67	-5.3	71	67	-5.3
Custodian mutual and pension funds	0	0	--	0	0	--	14	7	-51.6	14	7	-51.6
Sight accounts	62	62	-0.3	72	75	3.4	191	248	30.2	240	293	22.2
Foreign currency and notes exchange	22	25	15.5	28	32	12.9	89	90	0.8	100	112	11.5
Other transactions	21	24	14.3	15	17	13.0	95	84	-11.5	76	64	-16.0
Commissions for services	182	187	2.6	210	218	3.9	669	730	9.1	755	840	11.2
Mutual funds	33	33	2.2	33	33	2.2	123	122	-1.0	123	122	-1.0
Pension funds and insurance brokerage	42	52	22.2	45	55	22.3	178	188	5.6	188	198	5.4
Wealth management	6	20	229.6	6	20	229.6	24	38	53.6	24	38	53.6
Asset Under Management commissions	81	105	29.7	84	109	29.5	325	347	6.7	336	358	6.6
Total	330	363	9.8	361	397	10.1	1,254	1,347	7.4	1,350	1,468	8.7

Net trading income and exchange differences:

As of year-end 2021, this item amounted to a total of 344 million euros (342 million euros excluding TSB) and mainly included 324 million euros of capital gains generated in September by sales from the ALCO portfolio classified in the amortised cost portfolio to fund the second phase of the efficiency plan carried out in Spain. In 2020, it amounted to 800 million euros (774 million euros excluding TSB), as it also included sales from the amortised cost portfolio to fund efficiency plans and part of the sales of non-performing assets carried out in that year.

Other operating income and expenses:

This item stood at -313 million euros as of year-end 2021 (-279 million euros excluding TSB), while in the previous year it amounted to -284 million euros (-286 million euros not including TSB), as TSB included the positive impact of the insurance compensation and the recognition of the final payment from Lloyds Banking Group, both related to the technological migration.

This quarter it is worth highlighting Banco Sabadell's contribution to the Deposit Guarantee Fund (DGF) of -116 million euros and the payment of the tax on deposits of credit institutions (IDEC) of -33 million euros.

Total costs:

Total costs amounted to -3,307 million euros as of year-end 2021 (-2,366 million euros excluding TSB), and included -301 million euros of non-recurrent costs resulting from the second phase of the efficiency plan carried out in Spain in the third quarter and -19 million euros due to TSB branch closures.

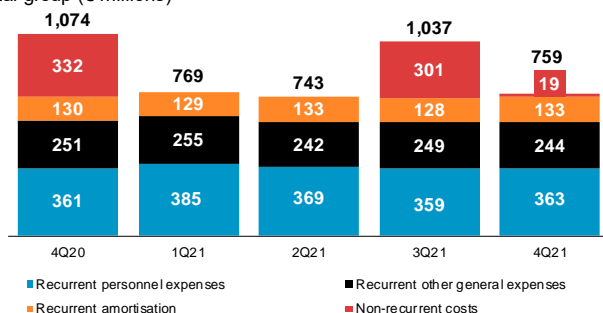
Recurrent costs were down by -2.3% (-2.2% excluding TSB) relative to the same period in the previous year, driven by savings on staff expenses delivered by the first phase of the efficiency plan in Spain, and by a reduction of general expenses at TSB.

Total costs

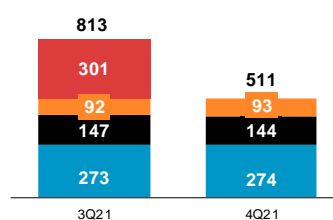
(€ million)	Excl. TSB			Total group			Excl. TSB			Total group		
	3 Q21	4 Q21	QoQ (%)	3 Q21	4 Q21	QoQ (%)	FY20	FY21	YoY (%)	FY20	FY21	YoY (%)
Personnel expenses	-570	-274	-52.0	-656	-367	-44.0	-1,486	-1,414	-4.9	-1,885	-1,777	-5.7
IT and communications	-61	-61	0.2	-111	-112	0.4	-207	-239	15.6	-395	-446	13.0
Advertising	-10	-7	-33.1	-20	-17	-15.9	-42	-39	-7.4	-88	-79	-9.5
Premises and office supplies	-11	-8	-21.9	-20	-29	47.9	-40	-38	-3.7	-103	-78	-23.9
Technical reports and judicial expenses	-6	-11	79.6	-10	-15	59.4	-42	-28	-33.0	-62	-43	-31.4
Subcontracted administrative services	-11	-8	-28.1	-28	-19	-31.3	-51	-44	-14.1	-157	-113	-27.8
Contributions and taxes	-32	-27	-14.5	-35	-29	-17.0	-128	-119	-7.2	-144	-130	-9.4
Others	-20	-22	6.1	-30	-33	8.4	-67	-75	12.2	-105	-114	8.4
Other general expenses	-151	-144	-4.8	-253	-254	0.1	-577	-582	1.0	-1,054	-1,004	-4.7
Amortisation & depreciation	-92	-93	1.6	-128	-138	7.9	-363	-370	1.9	-523	-527	0.6
Total costs	-813	-511	-37.1	-1,037	-759	-26.8	-2,426	-2,366	-2.5	-3,461	-3,307	-4.4
Memorandum item:												
Recurrent costs	-512	-511	-0.2	-736	-740	0.5	-2,112	-2,065	-2.2	-3,058	-2,988	-2.3
Non-recurrent costs	-301	0	-100.0	-301	-19	-93.7	-314	-301	-4.1	-403	-320	-20.7

Evolution of total costs

Total group (€ millions)



Sabadell ex - TSB (€ millions)



Recurrent costs

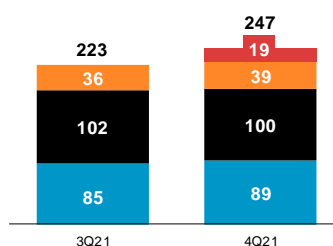
Change YoY:

-2.2%

Change QoQ:

-0.2%

TSB (€ millions)



Recurrent costs

Change YoY:

-2.4%

-5.7% Constant FX

Change QoQ:

+2.2%

+1.4% Constant FX

	Total group ⁽¹⁾	Constant FX ⁽¹⁾
Change YoY:	-2.3%	-3.4%
Change QoQ:	+0.5%	+0.3%

(1) Change over total recurrent costs.

Core results:

As of year-end 2021, core results (net interest income + fees and commissions – recurrent costs) stood at 1,905 million euros, representing growth of 12.6% year-on-year as a result of the improved net interest income

and the good evolution of fees and commissions, as well as the aforesaid cost savings. Core results grew by 3.6% in the quarter, driven by the good evolution of fees and commissions.

(€ million)	Total group					
	3 Q21	4 Q21	QoQ (%)	FY 20	FY 21	YoY (%)
Net interest income	877	863	-1.6	3,399	3,425	0.8
Net fees and commissions	361	397	10.1	1,350	1,468	8.7
Recurrent costs	-736	-740	0.5	-3,058	-2,988	-2.3
Core results	502	520	3.6	1,691	1,905	12.6

Provisions for loan losses and other impairments:

This item amounted to -1,225 million euros as of year-end 2021 (-1,225 million euros excluding TSB), compared to -2,275 million euros (-2,035 million euros excluding TSB) at the end of the previous year; it therefore shows a substantial reduction mainly due to the fact that extraordinary provisions associated with the impact of Covid-19 had been booked in the previous year and also due to NPA portfolio sales.

In the quarter, TSB released provisions as macroeconomic scenarios were updated to reflect lower unemployment levels and a higher house price index.

This level of provisions represents a credit cost of risk for the Group of 49 bps as of year-end 2021, thus improving by 2 bps relative to September 2021 and by 37 bps relative to December 2020. The total cost of risk was 72 bps.

Gains on sale of assets and other results:

Gains on sale of assets and other results stood at 126 million euros as of year-end 2021, and mainly included 83 million euros gross (59 million euros net) from the sale of the depository business in the second quarter, 42 million euros gross (41 million euros net) from the sale of the BanSabadell Renting business, and 12 million euros gross (2 million euros net) following the sale of BancSabadell d'Andorra in the fourth quarter. In the previous year, this item mainly incorporated the capital gain on the sale of Sabadell Asset Management of 293 million euros (net).

Net profit:

The Group's net profit amounted to 530 million euros as of year-end 2021 (412 million euros excluding TSB) representing a sharp year-on-year increase due mainly to the improvement of core revenues, the reduction of costs and because fewer provisions were booked.

Balance sheet

Highlights:

Performing loans followed a positive trend in the year, supported by the good evolution of all segments in Spain and by the growth of TSB's mortgage book. Performing loans also showed a positive evolution during the quarter, driven by the growth of mortgage lending at TSB and of corporate lending in Spain.

In the year, 1,691 million euros have been paid by the DGF, of which 171 million euros were collected in the fourth quarter.

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

Off-balance sheet funds followed an upward trend, supported by the growth of mutual funds, mainly due to new inflows in the year. It is worth noting that the fourth quarter was impacted by the outflow of 842 million euros associated with BancSabadell d'Andorra following its sale.

Balance sheet

(€million)	31.12.20	30.09.21	31.12.21	Change	
				YoY (%)	QoQ (%)
Cash, cash balances at central banks and other demand deposits	35,185	50,757	49,213	39.9	-3.0
Financial assets held for trading and fair value with changes in PL	2,793	1,969	2,051	-26.6	4.1
Financial assets in fair value OCI	6,677	6,581	6,870	2.9	4.4
Financial assets at amortised cost	174,488	173,589	178,869	2.5	3.0
Loans and advances to customers	149,183	154,741	157,366	5.5	1.7
Loans and advances of central banks and credit institutions	7,214	3,769	6,313	-12.5	67.5
Debt securities	18,091	15,079	15,190	-16.0	0.7
Investments in subsidiaries, joint ventures and associates	780	604	639	-18.1	5.8
Tangible assets	3,200	2,778	2,777	-13.2	-0.1
Intangible assets	2,596	2,563	2,581	-0.6	0.7
Other assets	10,044	11,081	8,946	-10.9	-19.3
Total assets	235,763	249,922	251,947	6.9	0.8
Financial liabilities held for trading and fair value with changes in PL	2,654	1,526	1,380	-48.0	-9.6
Financial liabilities at amortised cost	217,391	231,863	235,179	8.2	1.4
Central banks	31,881	36,264	38,250	20.0	5.5
Credit institutions	10,083	9,956	8,817	-12.6	-11.4
Customer deposits	151,270	158,660	162,239	7.3	2.3
Debt securities issued	20,413	21,726	21,051	3.1	-3.1
Other financial liabilities	3,743	5,258	4,822	28.8	-8.3
Provisions	984	935	886	-9.9	-5.2
Other liabilities	2,244	2,721	1,505	-32.9	-44.7
Subtotal liabilities	223,272	237,045	238,950	7.0	0.8
Shareholders' equity	12,944	13,251	13,357	3.2	0.8
Accumulated other comprehensive income	-524	-451	-386	-26.4	-14.6
Minority interest	72	77	25	-65.1	-67.7
Net equity	12,492	12,877	12,996	4.0	0.9
Total liabilities and equity	235,763	249,922	251,947	6.9	0.8
Financial guarantees granted	2,036	2,034	2,034	-0.1	0.0
Commitments for loans granted	29,295	29,026	28,403	-3.0	-2.1
Other commitments granted	7,595	7,410	7,385	-2.8	-0.3

Assets:

The Group's total assets amounted to 251,947 million euros, representing an increase of 6.9% year-on-year and of 0.8% in the quarter.

Excluding TSB, total assets amounted to 199,369 million euros, increasing by 4.3% year-on-year and decreasing by -0.9% in the quarter.

Loans and advances to customers:

Performing loans ended the financial year 2021 with a balance of 154,912 million euros (110,862 million euros excluding TSB), representing growth of 5.5% year-on-year (0.9% excluding TSB) and of 1.6% in the quarter (0.3% excluding TSB).

Excluding the impact of the APS, they grew by 6.7% year-on-year (2.5% excluding TSB) and by 1.7% in the quarter (0.5% excluding TSB).

In Spain, performing loans, excluding the APS, grew by 2.3% year-on-year, mainly driven by lending to corporates, SMEs and the self-employed, by increased mortgage lending to individuals, and by the growth of public sector lending and consumer loan volumes. In the quarter, this item increased by 0.3%, mainly due to the growth of corporate lending. Foreign branches are included in this scope and their balance amounted to 8,789 million euros, representing a decline of -6.4% year-on-year and of -4.5% in the quarter.

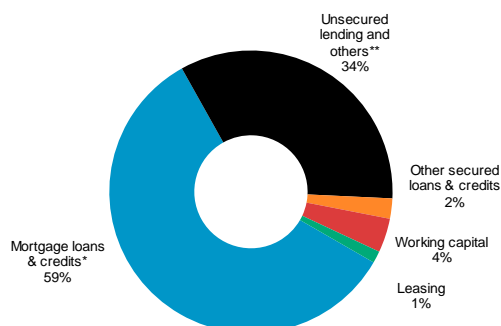
In TSB, lending was up by 19.1% year-on-year and 5.0% in the quarter, supported by the appreciation of the pound. At constant exchange rates, the growth stands at 11.3% year-on-year and 2.5% in the quarter, with the strong growth of the mortgage book standing out in both cases.

Mexico saw growth of 5.6% year-on-year and 6.2% in the quarter, supported by the appreciation of the Mexican peso. Considering a constant exchange rate, lending volumes presented a decline of -1.3% year-on-year, as a result of a conservative policy followed when granting new loans, but showed growth of 3.7% in the quarter due to particular transactions.

Loans and advances to customers

(€ million)	Excl. TSB					Total group				
	31.12.20	30.09.21	31.12.21	Change		31.12.20	30.09.21	31.12.21	Change	
				YoY (%)	QoQ (%)				YoY (%)	QoQ (%)
Mortgage loans & credits	49,623	49,938	49,640	0.0	-0.6	83,573	88,962	90,718	8.5	2.0
Other secured loans & credits	3,054	2,781	2,999	-1.8	7.9	3,698	3,414	3,596	-2.8	5.3
Working capital	4,991	5,200	6,050	21.2	16.3	4,991	5,200	6,050	21.2	16.3
Leasing	2,231	2,126	2,106	-5.6	-1.0	2,231	2,126	2,106	-5.6	-1.0
Unsecured lending and others	50,004	50,443	50,067	0.1	-0.7	52,386	52,736	52,443	0.1	-0.6
Performing gross loans	109,902	110,488	110,862	0.9	0.3	146,878	152,438	154,912	5.5	1.6
Of which: APS	1,761	241	70	-96.0	-70.8	1,761	241	70	-96.0	-70.8
Performing gross loans excluding APS	108,141	110,247	110,791	2.5	0.5	145,117	152,197	154,842	6.7	1.7
Stage 3 assets (customer)	4,820	4,874	5,055	4.9	3.7	5,320	5,521	5,698	7.1	3.2
Accruals	-62	-25	-39	-36.8	55.0	3	60	58	--	-3.3
Gross loans to customers (excluding repos)	114,660	115,337	115,878	1.1	0.5	152,201	158,020	160,668	5.6	1.7
Reverse repos	63	0	0	-100.0	--	63	0	0	-100.0	--
Gross loans to customers	114,724	115,337	115,878	1.0	0.5	152,265	158,020	160,668	5.5	1.7
NPL and country-risk provisions	-2,816	-3,027	-3,076	9.3	1.6	-3,081	-3,279	-3,302	7.2	0.7
Loans and advances to customers	111,908	112,310	112,801	0.8	0.4	149,183	154,741	157,366	5.5	1.7

Loans and advances to customers, by product type 31.12.2021 (%) (*)

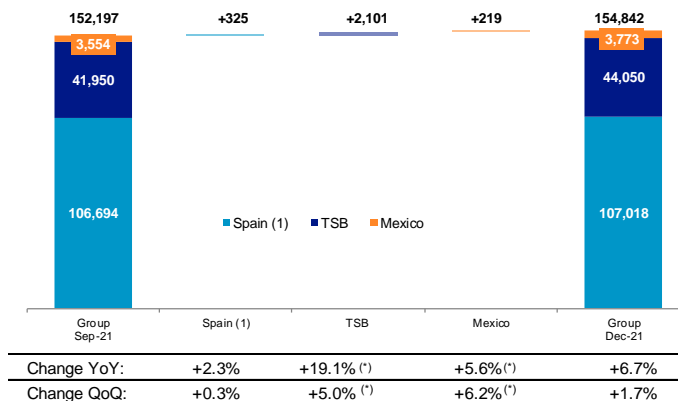


*Includes mortgage loans and credits both to individuals and companies.

**Includes ICO loans.

(*) Excluding stage 3 assets and accrual adjustments.

Performing loans ex-APS: performance by geography (€ million)



(*) In TSB +11.3% YoY and +2.5% QoQ in GBP and in Mexico -1.3% YoY and +3.7% QoQ in MXN.

(1) Spain includes foreign branches (€8,789M in Dec 21 and €9,199M in Sep 21).

Liabilities:

Customer funds:

As of year-end 2021, on-balance sheet customer funds amounted to 162,020 million euros (119,242 million euros excluding TSB), representing year-on-year growth of 7.5% (5.9% excluding TSB) and a quarterly increase of 2.6% (2.4% excluding TSB). This growth was driven by the increase in sight deposit accounts, which offset the decline of term deposits.

Sight deposit account balances amounted to 147,268 million euros (106,578 million euros excluding TSB), representing an increase of 13.0% year-on-year (12.4% excluding TSB) and of 3.5% in the quarter (3.6% excluding TSB), mainly as funds flowed out of term deposits as a result of the low interest rate on savings accounts.

Term deposits amounted to 14,813 million euros (12,725 million euros excluding TSB), representing a decline of -28.8% from the previous year (-29.6% excluding TSB) and of -6.0% from the previous quarter (-6.7% excluding TSB), as funds flowed through to sight deposit accounts.

At TSB, on-balance sheet customer funds increased by 11.9% year-on-year and by 3.1% in the quarter, impacted in both cases by the appreciation of the pound sterling. At a constant exchange rate, they increased by 4.6% year-on-year and by 0.6% in the quarter, supported by the growth of current accounts, reflecting higher levels of consumer savings.

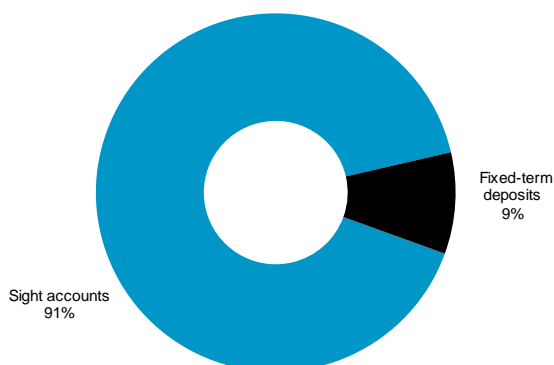
Off-balance sheet customer funds amounted to a total of 41,678 million euros as of year-end 2021, growing by 9.5% year-on-year, due to the growth of mutual funds, in turn supported primarily by a larger volume of net subscriptions, while off-balance sheet funds remained stable in the quarter, despite being impacted by the outflow of balances attributable to BancSabadell d'Andorra following its sale. Excluding this impact, they grew by 11.6% in the year and by 2.1% in the quarter.

Funds under management and third-party funds:

This item amounted to a total of 224,968 million euros (180,101 million euros excluding TSB), representing a year-on-year increase of 7.3% (6.1% excluding TSB) and quarterly growth of 1.3% (1.2% excluding TSB).

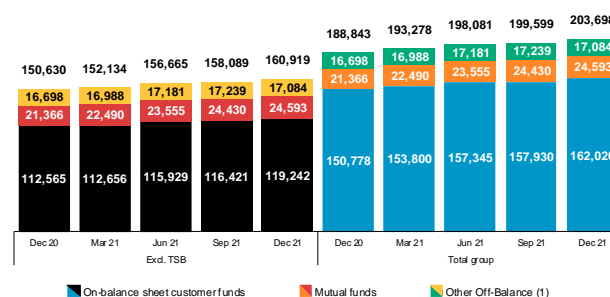
Exposures to central banks included 32,000 million euros related to the ECB, remaining stable in the quarter, and 6,545 million euros related to the Bank of England, up by 3,041 million euros in the quarter, due to the increase of the TFSME (Term Funding Scheme with additional incentives for SMEs).

Customer deposits, 31.12.2021 (%) (*)



(*) Excluding accrual adjustments and hedging derivatives.

Evolution of customer funds (€ million)



	Excl. TSB (*)	Total group (*)
Change YoY:	+5.9%	+7.5%
Change QoQ:	+2.4%	+2.6%

(*) Change on balance sheet customer funds.

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

Customer funds

(€ million)	Excl. TSB					Total group				
	31.12.20	30.09.21	31.12.21	Change		31.12.20	30.09.21	31.12.21	Change	
				YoY (%)	QoQ (%)				YoY (%)	QoQ (%)
Financial liabilities at amortised cost	173,726	183,883	183,340	5.5	-0.3	217,391	231,863	235,179	8.2	1.4
Non-retail financial liabilities	61,160	67,462	64,098	4.8	-5.0	66,612	73,933	73,159	9.8	-1.0
Central banks	28,471	32,760	31,703	11.3	-3.2	31,881	36,264	38,250	20.0	5.5
Credit institutions	10,078	9,956	8,815	-12.5	-11.5	10,083	9,956	8,817	-12.6	-11.4
Institutional issues	19,057	19,936	19,182	0.7	-3.8	20,905	22,456	21,270	1.7	-5.3
Other financial liabilities	3,554	4,810	4,398	23.8	-8.6	3,743	5,258	4,822	28.8	-8.3
On-balance sheet customer funds	112,565	116,421	119,242	5.9	2.4	150,778	157,930	162,020	7.5	2.6
Customer deposits	113,034	116,663	119,454	5.7	2.4	151,270	158,660	162,239	7.3	2.3
Sight accounts	94,800	102,904	106,578	12.4	3.6	130,295	142,292	147,268	13.0	3.5
Fixed-term deposits	(1) 18,086	13,643	12,725	-29.6	-6.7	20,805	15,765	14,813	-28.8	-6.0
Repos	13	0	60	--	--	13	484	60	--	-87.5
Accruals and derivative hedging adjustments	135	115	91	-32.5	-21.0	157	119	98	-37.8	-17.6
Debt and other marketable securities	16,121	16,211	14,741	-8.6	-9.1	17,510	18,243	16,822	-3.9	-7.8
Subordinated liabilities	(2) 2,468	3,483	4,229	71.3	21.4	2,903	3,483	4,229	45.7	21.4
On-balance sheet funds	131,623	136,357	138,423	5.2	1.5	171,683	180,386	183,290	6.8	1.6
Mutual funds	21,366	24,430	24,593	15.1	0.7	21,366	24,430	24,593	15.1	0.7
Managed mutual funds	443	458	0	-100.0	-100.0	443	458	0	-100.0	-100.0
Dedicated investment companies	1,295	1,434	1,365	5.4	-4.8	1,295	1,434	1,365	5.4	-4.8
Third-party funds	19,627	22,538	23,228	18.3	3.1	19,627	22,538	23,228	18.3	3.1
Managed accounts	3,298	3,879	3,795	15.1	-2.2	3,298	3,879	3,795	15.1	-2.2
Pension funds	3,349	3,458	3,525	5.2	1.9	3,349	3,458	3,525	5.2	1.9
Individual	2,173	2,250	2,300	5.8	2.2	2,173	2,250	2,300	5.8	2.2
Company	1,165	1,202	1,219	4.6	1.4	1,165	1,202	1,219	4.6	1.4
Group	11	6	6	-45.0	-2.2	11	6	6	-45.0	-2.2
Third-party insurance products	10,051	9,902	9,765	-2.9	-1.4	10,051	9,902	9,765	-2.9	-1.4
Off-balance sheet customer funds	38,064	41,669	41,678	9.5	0.0	38,064	41,669	41,678	9.5	0.0
Funds under management and third-party funds	169,687	178,025	180,101	6.1	1.2	209,748	222,055	224,968	7.3	1.3

- (1) Includes deposits redeemable at notice and hybrid financial liabilities.
(2) Subordinated liabilities of debt securities.

Equity:

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

Equity

(€ million)	31.12.20	30.09.21	31.12.21	Change	
				YoY	QoQ
Shareholders' equity	12,944	13,251	13,357	413	106
Issued capital	703	703	703	0	0
Reserves	12,255	12,190	12,139	-117	-51
Of which: AT1	-221	-291	-321	-101	-30
Other equity	20	18	19	-1	1
Less: treasury shares	-38	-30	-35	3	-4
Attributable net profit	2	370	530	528	161
Accumulated other comprehensive income	-524	-451	-386	138	66
Minority interest	72	77	25	-47	-52
Net equity	12,492	12,877	12,996	505	119

Risk management

Highlights:

The Group's stage 3 ratio stood at 3.7% as of year-end 2021.

In the year, net stage 3 volumes increased by 395 million euros, of which 190 million euros were as a result of regulatory changes to the definition of default in TSB's mortgage portfolio in the first quarter and c.150 million euros due to NPL portfolio repurchases throughout the year (from portfolios sold in 2019 and 2020). Likewise, the increase in net stage 3 volumes of 199 million euros in the quarter was affected by part of the repurchased commented.

With regard to the breakdown of loans by stages, it should be noted that 88.7% are classified as stage 1 with a coverage level of 0.3%, the balance of stage 2 loans represents 7.6% of the total with coverage of 4.0% and the balance of stage 3 loans represents 3.7% of the total with coverage of 41.2%.

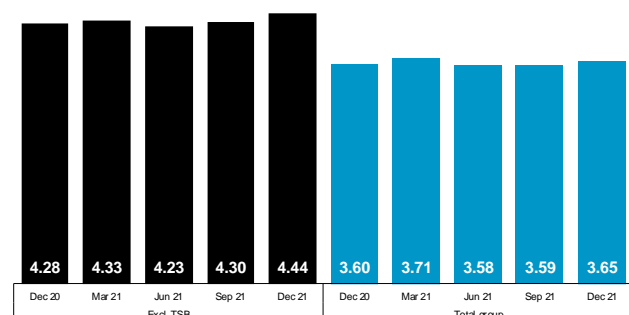
The NPA coverage ratio including total provisions stood at 53.1%, with the stage 3 coverage ratio including total provisions standing at 56.3% and the foreclosed asset coverage ratio standing at 38.2%.

Risk management:

Problematic assets showed a balance of 7,565 million euros as of year-end 2021, of which 6,203 million euros correspond to stage 3 assets and 1,362 million euros correspond to foreclosed assets.

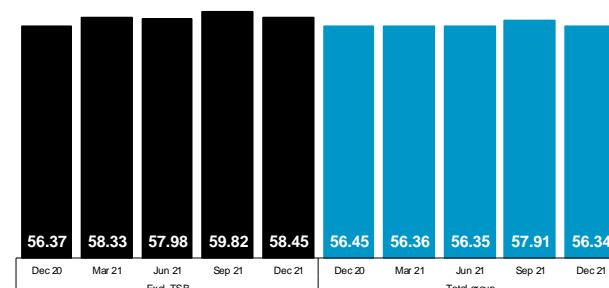
The gross NPA ratio stood at 4.4%, while the net NPA ratio considering total provisions stood at 2.1%.

Stage 3 ratios (%) (*)



(*) Calculated including contingent exposures.

Stage 3 coverage ratios with total provisions (%) (*)

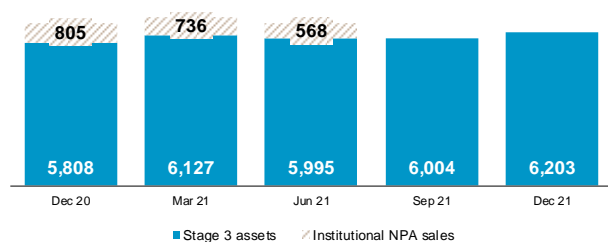


Stage 3 ratios, by segment (*)

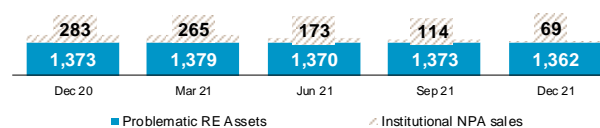
Total group	Dec 20	Mar 21	Jun 21	Sep 21	Dec 21
Real estate development and/or construction purposes	8.10%	8.20%	8.62%	9.05%	9.79%
Construction purposes non-related to real estate dev.	13.26%	12.93%	12.97%	11.77%	11.95%
Large corporates	2.20%	2.48%	2.16%	2.28%	2.35%
SME and small retailers and self-employed	6.72%	6.54%	6.35%	6.14%	6.40%
Individuals with 1st mortgage guarantee assets	2.36%	2.53%	2.45%	2.51%	2.50%
Stage 3 ratio	3.60%	3.71%	3.58%	3.59%	3.65%

(*) Calculated including contingent exposures.

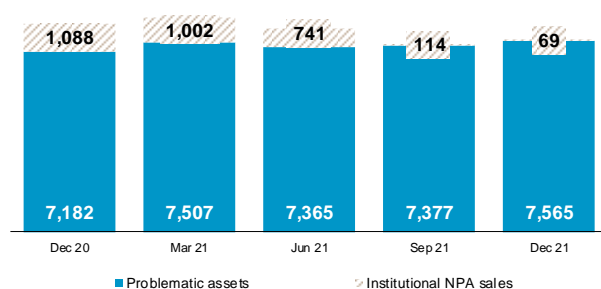
Evolution of stage 3 assets (€ million) ^(*)



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



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



(*) Calculated including contingent exposures.

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

Evolution of Group stage 3 and foreclosed assets

(€million)		4Q20	1Q21	2Q21	3Q21	4Q21
Gross entries (stage 3)	(1)	1,151	757	537	511	804
Recoveries and sales	(1) (2)	-1,364	-342	-536	-373	-516
Net stage 3 entries		-213	415	1	139	287
Gross entries (foreclosed assets)		83	47	31	63	37
Sales	(2)	-230	-41	-40	-59	-49
Change in foreclosed assets		-147	6	-9	3	-11
Net stage 3 entries + Change in foreclosed assets		-359	420	-8	142	276
Write-offs		-106	-95	-133	-129	-89
Foreclosed assets and stage 3 quarterly change		-466	325	-142	13	187

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

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

Evolution of Group problematic asset coverage^(*)

(€ million)	Dec 20	Mar 21	Jun 21	Sep 21	Dec 21
Stage 3 exposures	5,808	6,127	5,995	6,004	6,203
Total provisions	3,279	3,453	3,378	3,477	3,495
Stage 3 coverage ratio with total provisions (%)	56.5%	56.4%	56.4%	57.9%	56.3%
Stage 3 exposures	5,808	6,127	5,995	6,004	6,203
Stage 3 provisions	2,272	2,335	2,374	2,513	2,553
Stage 3 coverage ratio (%)	39.1%	38.1%	39.6%	41.9%	41.2%
Problematic RE Assets	1,373	1,379	1,370	1,373	1,362
Provisions	502	510	511	508	520
Problematic Real Estate coverage ratio (%)	36.6%	37.0%	37.3%	37.0%	38.2%
Total problematic assets	7,182	7,507	7,365	7,377	7,565
Provisions	3,781	3,963	3,889	3,985	4,014
Problematic assets coverage (%)	52.6%	52.8%	52.8%	54.0%	53.1%
Gross loans and guarantees granted + problematic RE Assets	162,847	166,618	168,767	168,608	171,298
Gross NPA ratio (%)	(1) 4.4%	4.5%	4.4%	4.4%	4.4%
Net problematic assets	3,401	3,543	3,476	3,393	3,550
Net NPA ratio (%)	(1) 2.1%	2.1%	2.1%	2.0%	2.1%
Net problematic assets as of % of total assets	1.4%	1.4%	1.4%	1.4%	1.4%

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

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

Forbearance and restructured loans

The outstanding balance of forbore and restructured loans as at the year-end 2021 was as follows:

(€million)	Dec 20		Mar 21		Jun 21		Sep 21		Dec 21	
	Total	Of which: stage 3	Total	Of which: stage 3	Total	Of which: stage 3	Total	Of which: stage 3	Total	Of which: stage 3
Public sector	15	9	10	9	10	8	10	8	9	8
Companies and self employed	3,547	1,721	4,687	1,943	5,111	1,902	5,151	1,851	4,931	1,912
Of which: Financing for construction and real estate development	309	136	263	128	341	146	323	141	309	143
Individuals	1,776	978	1,813	1,025	1,833	1,050	1,910	1,086	1,907	1,090
Total	5,338	2,707	6,511	2,977	6,954	2,960	7,070	2,946	6,848	3,010
Provisions	1,135	957	1,300	1,051	1,261	1,053	1,311	1,113	1,331	1,144
Coverage ratio	21.3%	35.4%	20.0%	35.3%	18.1%	35.6%	18.5%	37.8%	19.4%	38.0%

Foreclosed assets (*)

(€million)	Gross amount	Allowances for losses
Real estate assets deriving from financing of construction and real estate development	686	264
Finished buildings	631	236
Housing	400	145
Rest	230	91
Buildings under construction	7	4
Housing	6	4
Rest	0	0
Land	48	24
Building land	30	13
Other land	19	11
Real estate assets deriving from home loan mortgages	646	242
Real estate assets acquired in discharge of debts	30	13
Total real-estate portfolio	1,362	520

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

Breakdown of loans and provisions, by stages

(€ million)	Stage 1	Stage 2	Stage 3
Loans to customers and guarantees granted	150,815	12,918	6,203
<i>Change QoQ</i>	1.2%	5.6%	3.3%
Provisions	430	512	2,553
Coverage	0.3%	4.0%	41.2%
% Stage / Total Loans	88.7%	7.6%	3.7%

Liquidity management

Highlights:

The Group has a solid liquidity position, with an LCR (Liquidity Coverage Ratio) of 221% as of year-end 2021 (249% excluding TSB and 194% in TSB) and total liquid assets of 57,168 million euros.

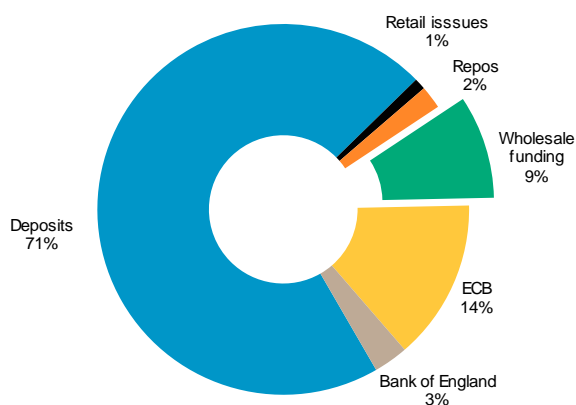
The loan-to-deposit ratio as of year-end 2021 was 96.3%, with a balanced retail funding structure.

In 2021, the Bank has carried out different issuances, including 500 million euros of Tier 2 and 500 million euros of AT1 issued in the first quarter of the year, 500 million euros of Senior Non-Preferred debt (green issuance) and 500 million pounds of mortgage covered bonds at TSB issued in the second quarter, and 750 million euros of AT1 issued in the fourth quarter of the year.

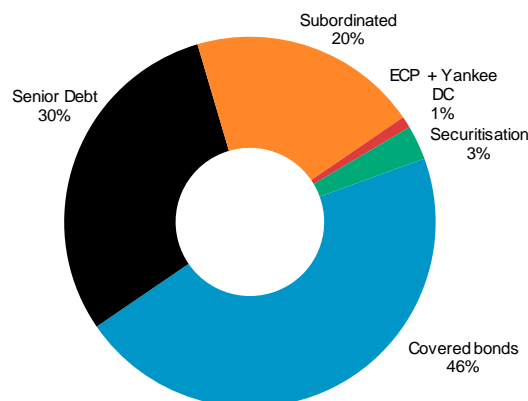
(€ million)		31.12.20	30.09.21	31.12.21
Loans and advances to customers	(1)	149,120	154,741	157,366
Brokered loans		-1,977	-1,357	-1,290
Adjusted net loans and advances		147,143	153,384	156,076
On-balance sheet customer funds		150,778	157,930	162,020
Loan-to-deposits ratio (%)		97.6	97.1	96.3

(1) Excludes reverse repos.

Funding structure, 31.12.2021 (%)



Wholesale funding breakdown, 31.12.2021 (%)



Maturities

(€million)	2022	2023	2024	2025	2026	>2026	Outstanding balance
Covered bonds	1,717	1,388	2,743	836	390	2,680	9,754
Senior Debt	695	1,489	745	1,609	0	500	5,038
Senior Non Preferred Debt	0	0	975	500	67	500	2,042
Subordinated	0	0	0	0	500	1,315	1,815
Total	2,412	2,877	4,463	2,945	957	4,995	18,649

New issuances in the year

(€ million)	1Q21	2Q21	3Q21	4Q21
Covered bonds	0	583	0	0
Senior Non Preferred Debt	0	500	0	67
Subordinated	500	0	0	0
AT1	500	0	0	750
Total	1,000	1,083	0	817

Maturities in the year

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

Capital management and credit ratings

Highlights:

The phase-in CET1 ratio stood at 12.43% as of year-end 2021, growing by 3 bps relative to the preceding quarter.

This CET1 ratio included 25 bps of IFRS9 transitional adjustments, therefore the fully-loaded CET1 ratio stood at 12.18%, growing by 6 bps compared to the previous quarter and by 16 bps in the year. Of this quarterly growth, 17 bps corresponded to the sales of BanSabadell Renting and BancSabadell d'Andorra and 3 bps to organic capital generation, which were offset with -10 bps of front-loaded regulatory impacts and -4 bps of organic growth of risk-weighted assets.

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

The phase-in Total Capital ratio stood at 17.90% as of year-end 2021, remaining above requirements with an MDA buffer of 391 bps, which increase by 3 bps relative to the previous quarter.

The phase-in leverage ratio reached 5.90%.

The MREL ratio as a percentage of RWAs increased in the quarter and stood at 26.16%, above the requirement for the year 2024 (24.50%), while the MREL ratio as a percentage of the leverage ratio exposure was 10.02%, also above the requirement for the year 2024 (6.22%).

The Board will submit a proposal at the next Annual General Meeting for a cash dividend payment of 3 euro cents, implying c.30% pay-out ratio and a dividend yield of 4.7%⁽¹⁾.

(1) Calculated based on the closing price of Sabadell's share as of 25 January 2022.

Capital ratios

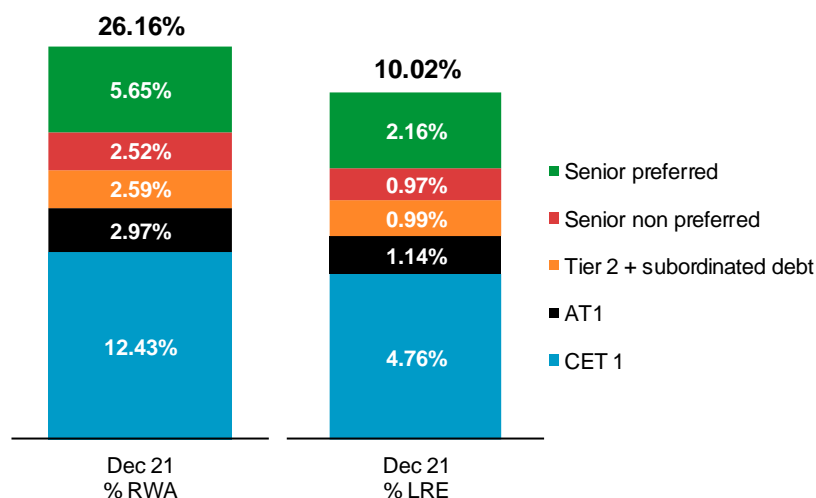
(€ million)	Phase-in			Fully-loaded		
	31.12.20	30.09.21	31.12.21	31.12.20	30.09.21	31.12.21
Issued capital	703	703	703	703	703	703
Reserves	12,278	12,467	12,529	12,278	12,467	12,529
Minority interest	9	10	0	9	10	0
Deductions	(1) -3,079	-3,252	-3,180	-3,504	-3,470	-3,371
Common Equity Tier 1	9,911	9,929	10,053	9,487	9,711	9,861
CET 1 (%)	12.57%	12.40%	12.43%	12.02%	12.12%	12.18%
Preference shares and other	1,154	1,654	2,400	1,154	1,654	2,400
Primary capital	11,065	11,582	12,453	10,640	11,364	12,261
Tier I (%)	14.03%	14.46%	15.39%	13.49%	14.19%	15.15%
Secondary capital	1,665	2,037	2,030	1,910	2,037	2,030
Tier II (%)	2.11%	2.54%	2.51%	2.42%	2.54%	2.51%
Total capital	12,729	13,620	14,483	12,550	13,402	14,291
Total capital ratio (%)	16.14%	17.01%	17.90%	15.91%	16.73%	17.65%
Risk weighted assets (RWA)	78,858	80,085	80,899	78,901	80,105	80,946
Leverage ratio (%)	5.25%	5.43%	5.90%	5.06%	5.34%	5.81%
CET 1 - BS (non-consolidated basis) (%)	14.32%	13.61%	13.60%			
Tier I - BS (non-consolidated basis) (%)	15.81%	15.63%	16.55%			
Tier II - BS (non-consolidated basis) (%)	1.70%	2.40%	2.40%			
Total capital ratio - BS (non-consolidated basis) (%)	17.51%	18.03%	18.95%			
ADIs	(2) 2,370	2,553	2,587			

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

(1) Includes IFRS 9 transitional adjustments.

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

Evolution of Group MREL (% RWAs, % LRE)



Credit ratings

Agency	Date	Long term	Short term	Outlook
DBRS	30.09.2021	A (low)	R-1 (low)	Negative
S&P Global Rating ⁽¹⁾	29.11.2021	BBB-	A-3	Stable
Moody's	15.07.2021	Baa3	P-2	Stable
Fitch Ratings	22.09.2021	BBB-	F3	Stable

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On 20 May 2021, **DBRS Ratings GmbH** affirmed the long-term and short-term credit rating of Banco Sabadell of 'A (low)' and 'R-1 (low)' with a negative outlook, in light of the economic situation brought about by Covid-19. On 30 September 2021, DBRS published its full credit rating ('A (low)' and 'R-1 (low)') with a negative outlook.

On 24 June 2021, **S&P Global Ratings** revised Banco Sabadell's long-term rating, placing it at BBB- (previously BBB), with a stable outlook, to reflect the challenges of profitability, efficiency and digitisation that await the new management team. The short-term rating was changed from A-2 to A-3. In November, S&P again revised Banco Sabadell's credit rating and, on the 29th of that month, it published a new report improving its appraisal of Banco Sabadell but nevertheless keeping the same rating, outlook and challenges published in the first half-year.

On 15 July 2021, following a change in its credit rating methodology for banks, **Moody's Investors Service** confirmed its ratings of Banco Sabadell's long-term deposits and long-term senior debt, keeping them at 'Baa2' and 'Baa3', respectively, with a stable outlook, and it improved its rating of long-term junior debt from Ba3 to Ba2. The agency reiterated the improved quality of assets as a result of the Bank's significant reduction of problematic assets and its comfortable liquidity position.

On 22 September 2021, **Fitch Ratings** affirmed Banco Sabadell's long-term rating of 'BBB-', with a stable outlook, reflecting the Group's adequate capitalisation and risk diversification and its challenges in relation to profitability and keeping cost of risk contained. The short-term rating remained at 'F3'.

Results, by business unit

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

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

- Three geographical regions: Banking Business in Spain, United Kingdom and Mexico.
- Each business unit is allocated capital equivalent to 12% of its risk-weighted assets, assigning all of the corresponding deductions to each business unit and allocating the surplus of own funds to Banking Business Spain.

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

Segmentation by geographical region and business unit

- **Banking Business Spain** includes Retail Banking, Business Banking and Corporate Banking, where Retail and Business Banking are managed under the same Commercial Network:
 - Retail Banking: Offers financial products and services to individuals. These include investment products and medium and long-term finance, such as consumer loans, mortgages and leasing or rental services, as well as short-term finance. Funds come mainly from customer deposits and sight deposit accounts, savings insurance, mutual funds and pension plans. The main services also include payment methods such as cards and insurance linked to consumer loans and mortgages.
 - Business Banking: Offers financial products and services to companies and self-employed workers. These include investment and financing products, such as working capital products, revolving loans and medium- and long-term finance. It also offers customised structured finance and capital market solutions, as well as specialised advice for businesses. Funds mainly come from deposits, customer sight deposit accounts and mutual funds. The main services also include collection/payment methods such as cards and POS terminals, as well as import and export services.
- Corporate Banking: This unit is responsible for managing the segment of large corporations which, because of their unique characteristics, require a tailor-made service, supplementing the range of transaction banking products with the services of the specialised units, thus offering a single, all-encompassing solution to their needs, taking into account the features of the economic activity sector and the markets in which they operate. It has units that develop custom products for large corporations and financial institutions. The units responsible for the development of these custom products do so for the entire Banco Sabadell Group, extending their capabilities to the 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 2021

(€ million)	Banking business Spain	Banking business United Kingdom	Banking Business Mexico	Total
Net interest income	2,302	1,011	113	3,425
Net fees and commissions	1,336	121	11	1,468
Core revenues	3,638	1,132	123	4,893
Net trading income and exchange differences	342	2	0	344
Income from equity method and dividends	102	0	0	102
Other operating income/expense	-269	-33	-10	-313
Gross operating income	3,812	1,101	114	5,026
Operating expenses	-1,915	-785	-81	-2,781
Amortisation & depreciation	-361	-157	-9	-527
Pre-provisions income	1,536	159	24	1,719
Total provisions & impairments	-1,193	0	-32	-1,225
Gains on sale of assets and other results	135	-9	0	126
Profit before tax	478	150	-8	620
Income tax	-58	-32	9	-81
Minority interest	8	0	0	8
Attributable net profit	412	118	1	530
ROE	4.2%	4.5%	0.1%	4.0%
Efficiency	50.2%	71.3%	71.1%	55.3%
Stage 3 ratio	4.6%	1.4%	1.0%	3.7%
Stage 3 coverage ratio with total provisions	57.6%	38.1%	265.7%	56.3%

Profit and loss 2020

(€ million)	Banking business Spain	Banking business United Kingdom	Banking Business Mexico	Total
Net interest income	2,400	885	114	3,399
Net fees and commissions	1,246	96	7	1,350
Core revenues	3,646	981	122	4,749
Net trading income and exchange differences	770	25	4	800
Income from equity method and dividends	37	0	0	37
Other operating income/expense	-271	2	-14	-284
Gross operating income	4,182	1,008	112	5,302
Operating expenses	-1,991	-875	-72	-2,938
Amortisation & depreciation	-353	-160	-10	-523
Pre-provisions income	1,838	-27	30	1,841
Total provisions & impairments	-2,007	-240	-27	-2,275
Gains on sale of assets and other results	317	-4	0	313
Profit before tax	147	-271	3	-121
Income tax	71	51	1	124
Minority interest	1	0	0	1
Attributable net profit	218	-220	4	2
ROE	2.2%	--	0.6%	0.0%
Efficiency	47.6%	86.8%	64.3%	55.4%
Stage 3 ratio	4.4%	1.3%	0.5%	3.6%
Stage 3 coverage ratio with total provisions	55.7%	57.4%	231.6%	56.5%

Balance sheet 2021

(€ million)	Banking business Spain	Banking business United Kingdom	Banking Business Mexico	Total
Total assets	191,162	55,657	5,128	251,947
Performing gross loans	107,089	44,050	3,773	154,912
RE exposure	842	0	0	842
Subtotal liabilities	181,389	53,012	4,550	238,950
On-balance sheet customer funds	116,788	42,779	2,453	162,020
Capital markets w/ wholesale funding	18,090	2,975	0	21,065
Equity	9,773	2,645	578	12,996
Off-balance sheet customer funds	41,678	0	0	41,678

Balance sheet 2020

(€ million)	Banking business Spain	Banking business United Kingdom	Banking Business Mexico	Total
Total assets	183,896	47,284	4,584	235,763
Performing gross loans	106,327	36,977	3,574	146,878
RE exposure	871	0	0	871
Subtotal liabilities	174,677	44,673	3,922	223,272
On-balance sheet customer funds	110,571	38,213	1,994	150,778
Capital markets w/ wholesale funding	18,332	2,319	0	20,651
Equity	9,219	2,611	661	12,492
Off-balance sheet customer funds	38,064	0	0	38,064

Banking Business Spain

Net profit as of year-end 2021 amounted to 412 million euros, representing year-on-year growth of 89.0%, mainly as a result of the good performance of net fees and commissions, the reduction of costs, and the booking of fewer provisions in the year.

Net interest income amounted to 2,302 million euros, -4.1% lower than the year-end 2020 figure, mainly due to the reduced contribution of the ALCO portfolio following the sales carried out and also due to lower yields on loans, which offset the higher revenues from TLTRO III and the higher remuneration earned on corporate deposits.

Net fees and commissions stood at 1,336 million euros, 7.2% higher than in the same period of the previous year, mainly due to the good performance of service fees and asset management fees.

Net trading income and exchange differences amounted to 342 million euros and mainly included 324 million euros due to sales from the amortised cost portfolio used to fund the second phase of the efficiency plan carried out in Spain in September, while as of year-end 2020 this item amounted to 770 million euros, as it also included sales from the amortised

cost portfolio to fund efficiency plans as well as part of the NPA portfolio sales carried out in the previous year.

Equity-accounted results showed strong growth due to higher earnings recorded by investees related to renewable energies.

Operating expenses were down by -3.8% in the year, after having reflected the savings on staff expenses delivered with the first phase of the efficiency plan of 2020.

Provisions and impairments amounted to -1,193 million euros, representing a reduction of -40.6%, as the previous year included extraordinary provisions associated with the impact of Covid-19 and with NPA disposals.

Capital gains mainly included 83 million euros gross (59 million euros net) from the sale of the depository business in the second quarter of 2021, 42 million euros gross (41 million euros net) from the sale of BanSabadell Renting, and 12 million euros gross (2 million euros net) following the sale of BancSabadell d'Andorra in the fourth quarter.

Income tax were impacted by the treatment of the investees results.

(€ million)	FY20	FY21	YoY (%)
Net interest income	2,400	2,302	-4.1
Net fees and commissions	1,246	1,336	7.2
Core revenues	3,646	3,638	-0.2
Net trading income and exchange differences	770	342	-56.6
Income from equity method and dividends	37	102	174.9
Other operating income/expense	-271	-269	-0.7
Gross operating income	4,182	3,812	-8.8
Operating expenses	-1,991	-1,915	-3.8
Amortisation & depreciation	-353	-361	2.2
Pre-provisions income	1,838	1,536	-16.4
Total provisions & impairments	-2,007	-1,193	-40.6
Gains on sale of assets and other results	317	135	-57.5
Profit before tax	147	478	224.4
Income tax	71	-58	--
Minority interest	1	8	--
Attributable net profit	218	412	89.0
Accumulated ratios			
RDE	2.2%	4.2%	
Efficiency	47.6%	50.2%	
Stage 3 ratio	4.4%	4.6%	
Stage 3 coverage ratio with total provisions	55.7%	57.6%	

Performing loans showed a year-on-year increase of 0.7%, despite the payment by the DGF of 1,691 million euros related to the APS. Excluding the APS, lending growth was 2.3%, driven by lending to corporates, SMEs and self-employed professionals, as well as by the growth of mortgage loans granted to individuals, public sector and consumer lending.

(€ million)	FY20	FY21	YoY (%)
Total assets	183,896	191,162	4.0
Performing gross loans	106,327	107,089	0.7
RE exposure	871	842	-3.4
Subtotal liabilities	174,677	181,389	3.8
On-balance sheet customer funds	110,571	116,788	5.6
Capital markets w/wholesale funding	18,332	18,090	-1.3
Equity	9,219	9,773	6.0
Off-balance sheet customer funds	38,064	41,678	9.5
Other data			
Employees	16,260	13,855	
Branches	1,614	1,288	

Simple evolution							
1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21
611	591	597	600	570	579	586	566
324	302	299	321	314	336	327	359
935	893	896	922	885	916	913	925
133	0	20	618	15	7	323	-4
4	10	11	12	46	10	11	35
-16	-78	-16	-162	-13	-97	-4	-155
1,056	825	911	1,389	933	835	1,243	800
-422	-432	-424	-713	-424	-398	-697	-397
-85	-87	-91	-90	-90	-91	-90	-90
549	306	397	585	420	347	455	313
-410	-548	-249	-801	-322	-261	-280	-330
1	274	28	15	4	75	0	56
141	32	175	-201	102	161	176	40
-46	77	-34	75	-27	-53	-59	82
1	-2	2	0	5	2	2	-1
94	110	139	-126	71	105	114	122
2.4%	3.7%	3.8%	2.2%	1.2%	3.2%	3.1%	4.2%
39.9%	45.4%	45.7%	47.6%	45.4%	46.4%	50.4%	50.2%
4.7%	4.7%	4.6%	4.4%	4.5%	4.3%	4.4%	4.6%
52.7%	55.6%	55.8%	55.7%	57.6%	57.3%	59.1%	57.6%

On-balance sheet customer funds grew by 5.6% year-on-year, driven by sight deposit accounts, partly as the result of funds flowing out of term deposits due to the low interest rate environment. Off-balance sheet funds increased by 9.5% year-on-year, impacted by the outflow of balances of BancSabadell d'Andorra. Excluding this impact, this item grew by 11.6% due to the increase in net mutual fund subscriptions.

Simple evolution							
1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21
173,442	184,315	186,331	183,896	190,290	195,172	193,511	191,162
105,008	107,175	106,505	106,327	106,815	108,042	106,935	107,089
859	946	979	871	869	859	865	842
163,665	174,798	176,852	174,677	181,057	185,748	183,860	181,389
107,803	109,485	109,750	110,571	110,624	113,776	114,256	116,788
20,762	19,842	20,164	18,332	18,815	19,188	18,888	18,090
9,777	9,517	9,479	9,219	9,233	9,423	9,651	9,773
40,044	41,718	36,865	38,064	39,478	40,736	41,669	41,678
16,668	16,570	16,391	16,260	14,518	14,648	14,618	13,855
1,847	1,753	1,704	1,614	1,613	1,613	1,509	1,288

Banking Business United Kingdom

Net profit stood at 118 million euros as of year-end 2021, representing a significant improvement on the previous year's figure of -220 million euros, due to the growth of core revenues, lower costs and fewer provisions.

Net interest income amounted to a total of 1,011 million euros, 14.3% higher than in the previous year, supported by the strong growth of mortgage volumes.

Net fees and commissions increased by 24.9% year-on-year, mainly due to higher service fees, particularly card fees.

Operating expenses stood at -785 million euros and fell by -10.3% year-on-year, due to the improvement of both staff expenses and general expenses. -19 million euros of non-recurrent costs were recognised in 2021 as a result of branch closures.

Provisions and impairments amounted to 0 million euros, following the release of provisions as macroeconomic scenarios were updated to reflect a lower level of unemployment and a higher house price index. The previous year included extraordinary provisions associated with the impact of Covid-19.

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

(€ million)	FY20	FY21	YoY (%)	YoY (%) at constant FX	Simple evolution							
					1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21
Net interest income	885	1,011	14.3	10.5	242	200	217	226	236	246	262	267
Net fees and commissions	96	121	24.9	20.8	22	21	26	27	26	29	30	35
Core revenues	981	1,132	15.3	11.5	264	221	243	253	262	275	293	301
Net trading income and exchange differences	25	2	-90.3	-90.6	14	5	3	3	9	-2	-3	-2
Income from equity method and dividends	0	0	--	--	0	0	0	0	0	0	0	0
Other operating income/expense	2	-33	--	--	1	12	-7	-4	0	-9	-12	-12
Gross operating income	1,008	1,101	9.2	5.6	280	237	239	252	271	264	278	288
Operating expenses	-875	-785	-10.3	-13.3	-212	-208	-255	-200	-200	-194	-188	-203
Amortisation & depreciation	-160	-157	-2.2	-5.4	-38	-40	-38	-44	-37	-40	-36	-44
Pre-provisions income	-27	159	--	--	29	-12	-53	8	34	30	55	40
Total provisions & impairments	-240	0	-100.0	-100.0	-38	-83	-49	-71	-23	-5	7	21
Gains on sale of assets and other results	-4	-9	120.6	113.3	0	1	-5	1	-3	-1	4	-8
Profit before tax	-271	150	--	--	-8	-94	-107	-62	8	23	66	53
Income tax	51	-32	--	--	1	30	23	-3	-5	13	-23	-17
Minority interest	0	0	--	--	0	0	0	0	0	0	0	0
Attributable net profit	-220	118	--	--	-7	-64	-84	-65	2	36	43	36
Accumulated ratios												
ROE	--	4.5%			--	--	--	--	0.4%	2.9%	4.1%	4.5%
Efficiency	86.8%	71.3%			75.7%	81.3%	89.3%	86.8%	73.8%	73.7%	71.6%	71.3%
Stage 3 ratio	1.3%	1.4%			1.2%	1.6%	1.4%	1.3%	1.6%	1.6%	1.5%	1.4%
Stage 3 coverage ratio w/ total provisions	57.4%	38.1%			48.9%	51.9%	58.9%	57.4%	42.0%	43.6%	42.1%	38.1%

In TSB, lending grew by 19.1% year-on-year, supported by the appreciation of the pound. Considering a constant exchange rate, this item increased by 11.3% year-on-year due to the growth of the mortgage book.

On-balance sheet customer funds increased by 11.9%. Considering a constant exchange rate, this item increased by 4.6% year-on-year, due to the increase in current accounts, reflecting higher levels of customer savings.

(€ million)	FY20	FY21	YoY (%)	YoY (%) at constant FX	Simple evolution							
					1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21
Total assets	47,284	55,657	17.7	10.0	45,460	45,099	45,349	47,284	49,917	50,233	51,672	55,657
Performing gross loans	36,977	44,050	19.1	11.3	34,844	34,190	35,415	36,977	39,893	40,959	41,950	44,050
Subtotal liabilities	44,673	53,012	18.7	10.9	43,095	42,562	42,735	44,673	47,193	47,604	49,067	53,012
On-balance sheet customer funds	38,213	42,779	11.9	4.6	34,590	36,047	36,784	38,213	41,144	41,416	41,509	42,779
Capital markets w/ wholesale funding	2,319	2,975	28.3	19.9	2,290	2,189	1,792	2,319	2,799	2,914	2,905	2,975
Equity	2,611	2,645	1.3	-5.3	2,365	2,537	2,614	2,611	2,724	2,629	2,604	2,645
Other data												
Employees	6,709	5,762			7,276	7,133	7,028	6,709	6,451	5,978	5,926	5,762
Branches	454	290			534	503	485	454	373	290	290	290

Mexico

Net profit as of year-end 2021 amounted to 1 million euros, representing a decline in year-on-year terms, mainly due to reduced net interest income and increased costs and provisions.

Net interest income amounted to 113 million euros, decreasing by -1.4%, affected by smaller volumes.

Net fees and commissions amounted to 11 million euros, growing by 41.6% relative to the previous year due to particular transactions and higher levels of activity.

Operating expenses stood at -81 million euros, increasing from the previous year due to higher staff expenses and higher IT costs.

Provisions and impairments amounted to -32 million euros, higher than in the previous year due to the update of models.

(€ million)	FY20	FY21	YoY (%)	YoY (%) at constant FX	Simple evolution							
					1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21
Net interest income	114	113	-1.4	-3.6	32	29	27	27	27	27	29	30
Net fees and commissions	7	11	41.6	38.6	3	1	2	2	1	2	4	4
Core revenues	122	123	1.2	-1.0	34	30	29	29	28	29	32	34
Net trading income and exchange differences	4	0	-100.0	-100.0	4	0	-1	1	-1	0	0	1
Income from equity method and dividends	0	0	--	--	0	0	0	0	0	0	0	0
Other operating income/expense	-14	-10	-30.5	-32.0	-3	-3	-3	-5	-1	-2	-2	-5
Gross operating income	112	114	1.3	-0.9	35	27	25	25	26	27	31	30
Operating expenses	-72	-81	12.1	9.7	-19	-14	-16	-24	-16	-19	-24	-21
Amortisation & depreciation	-10	-9	-10.9	-12.8	-2	-2	-3	-3	-2	-2	-1	-3
Pre-provisions income	30	24	-20.5	-22.2	15	11	6	-2	7	6	5	6
Total provisions & impairments	-27	-32	17.9	15.3	-7	-4	-4	-12	-9	-1	-17	-5
Gains on sale of assets and other results	0	0	--	--	0	0	0	0	0	0	0	0
Profit before tax	3	-8	--	--	8	7	2	-14	-2	6	-12	0
Income tax	1	9	--	--	-2	-1	0	5	2	0	5	2
Minority interest	0	0	--	--	0	0	0	0	0	0	0	0
Attributable net profit	4	1	-88.1	-88.3	6	6	2	-10	0	6	-8	2
Accumulated ratios												
ROE	0.6%	0.1%			3.8%	3.8%	2.8%	0.6%	--	1.8%	--	0.1%
Efficiency	64.3%	71.1%			52.9%	52.0%	55.5%	64.3%	63.7%	66.2%	71.2%	71.1%
Stage 3 ratio	0.5%	1.0%			1.1%	0.8%	0.6%	0.5%	0.2%	0.3%	1.0%	1.0%
Stage 3 coverage ratio w total provisions	231.6%	265.7%			111.4%	132.5%	166.3%	231.6%	477.4%	416.9%	164.4%	265.7%

Performing loans grew by 5.6% year-on-year, supported by the evolution of the Mexican peso. Considering a constant exchange rate, lending volumes presented a decline of -1.3%, as a result of a conservative policy for granting new loans.

On-balance sheet customer funds increased by 23.0% year-on-year, supported by the performance of the Mexican peso. Considering a constant exchange rate, this item increased by 16.2%.

(€ million)	FY20	FY21	YoY (%)	YoY (%) at constant FX	Simple evolution							
					1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21
Total assets	4,584	5,128	11.9	4.8	4,384	5,033	4,413	4,584	4,665	4,715	4,740	5,128
Performing gross loans	3,574	3,773	5.6	-1.3	3,623	3,767	3,543	3,574	3,626	3,514	3,554	3,773
Subtotal liabilities	3,922	4,550	16.0	8.5	3,754	4,370	3,776	3,922	3,992	4,095	4,118	4,550
On-balance sheet customer funds	1,994	2,453	23.0	16.2	1,612	2,040	1,629	1,994	2,031	2,153	2,164	2,453
Equity	661	578	-12.6	-17.1	630	664	638	661	673	620	622	578
Other data												
Employees	489	453			471	503	499	489	483	469	478	453
Branches	15	15			15	15	15	15	15	15	15	15

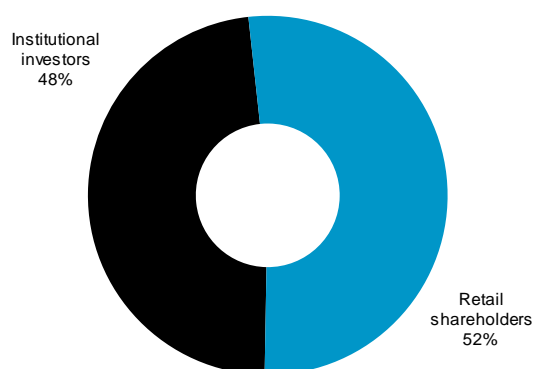
4. Share price performance

	31.12.20	30.09.21	31.12.21	
Shareholders and trading				
Number of shareholders	244,225	229,745	228,432	
Average number of shares (million)	5,582	5,586	5,586	
Average daily trading volume (millions shares)	59	35	33	
Share price (€) (1)				
Opening session (of the year)	1.040	0.354	0.354	
High (of the year)	1.080	0.743	0.743	
Low (of the year)	0.250	0.343	0.343	
Closing session	0.354	0.726	0.592	
Market capitalisation (€ million)	1,976	4,053	3,306	
Stock market multiples				
Earnings per share (EPS) (€)	(2)	-0.01	0.06	0.08
Book value (€ million)		12,944	13,190	13,357
Book value per share (€)		2.32	2.36	2.39
Tangible book value (€ million)		10,322	10,602	10,750
TBV per share (€)		1.85	1.90	1.92
Price / Book value (times)		0.15	0.31	0.25
Price / Earnings ratio (P/E) (times)		-27.75	12.73	7.69

(1) Historical values not adjusted.

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

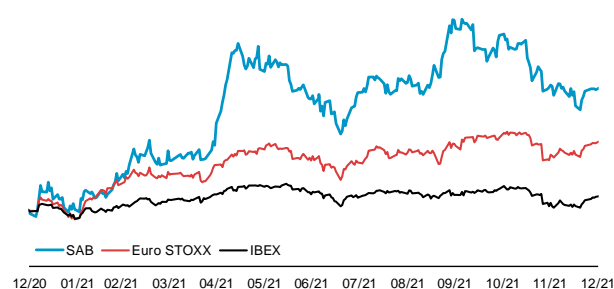
Shareholder breakdown (%)



Source: GEM, data as of 31 December 2021

Comparative evolution of SAB share price

Period from 31.12.2020 to 31.12.2021



5. Key developments in the quarter

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

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

MoraBanc has committed vis-à-vis Banco Sabadell to offering the minority shareholders of BancSabadell d'Andorra, S.A. the acquisition of their shares on the same economic terms as those agreed with Banco Sabadell. This transaction contributes with 7 basis points to the ratio Common Equity Tier 1 (CET1) fully-loaded.

Banco Sabadell reaches a collective dismissal agreement in Spain

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

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

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

Banco Sabadell transfers capital of BanSabadell Renting to ALD Automotive

On 30 November 2021, following the Other Relevant Information of 29 April 2021, after obtaining the relevant authorisations, Banco Sabadell and the ALD Automotive group have formalised a long-term strategic relationship, to offer vehicle leasing products, which will allow Banco Sabadell to improve its customer value proposition for mobility solutions, with a larger and more innovative range of vehicle leasing products.

The transaction includes the sale of 100% of the share capital of Bansabadell Renting, S.L.U. for an amount of 59 million euros.

The transaction contributes with 10 basis points to the ratio Common Equity Tier 1 (CET1) fully-loaded.

The Board resolved to propose to the next Annual General Meeting the distribution of a cash dividend payment of 3 euro cents (gross) per share

The Board of Directors of Banco Sabadell held on 26 January 2022, resolved to propose to the next Annual General Meeting of Shareholders the distribution of a dividend of €0.03 (gross) per share charged to the results of the 2021 financial year, to be paid in cash foreseeably in the second quarter.

6. Glossary of terms on performance measures

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

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

	Definition and calculation	Page
ROA	(*) (**) Consolidated income during the year / ATA. In the numerator the annualization of the profit obtained to date is considered and adjusted by contributions to deposit guarantee and resolution funds (DGF and SRF) and tax on deposits of credit institutions (IDEC), except year end.	5
ROE	(*) (***) Profit attributed to the Group / average equity. In the numerator the annualization of the profit obtained to date is considered and adjusted by contributions to deposit guarantee and resolution funds (DGF and SRF) and tax on deposits of credit institutions (IDEC), except year end.	5
RORWA	(*) Profit attributed to the Group / risk-weighted assets (RWA). In the numerator the annualization of the profit obtained to date is considered and adjusted by contributions to deposit guarantee and resolution funds (DGF and SRF) and tax on deposits of credit institutions (IDEC), except year end.	5
ROTE	(*) (***) Profit attributed to the Group / average equity. In the numerator the annualization of the profit obtained to date is considered and adjusted by contributions to deposit guarantee and resolution funds (DGF and SRF) and tax on deposits of credit institutions (IDEC), except year end. The denominator excludes intangible assets and the goodwill of the investees.	5
Efficiency ratio	(*) Administrative expenses / adjusted gross income. The denominator includes the linear accrual of contributions to deposit guarantee fund and resolution fund and tax on deposits of credit institutions, except year end.	5
Other operating income/expense	Includes the following accounting items: other operating income and other operating expense as well as income from assets and expenses on liabilities under insurance or reinsurance contracts.	8
Total provisions & impairments	Includes the following accounting items: (i) provisions or reversal of provisions, (ii) impairment or reversal of impairment on financial assets not measured at fair value through profit or loss and net modification losses or gains, (iii) impairment or reversal of impairment of investments in joint ventures and associates, (iv) impairment or reversal of impairment on non-financial assets, (v) profit or loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations (excluding gains or losses on sales of equity holdings and other items) and (vi) investment properties in the net gains or losses on derecognition of non-financial assets (including only gains or losses on the sale of investment properties).	8
Gains on sale of assets and other results	Includes the following accounting items: net gains or losses on derecognition of non-financial assets, excluding investment properties, and gains or losses on sales of equity holdings and other items included in the profit or loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations.	8
Pre-provisions income	Comprised of the following accounting items: gross income plus administration and amortisation/depreciation expenses.	8
Customer spread	(**) Difference between return and cost of assets and liabilities related to customers. The ratio has been calculated taking into account the difference between the average rate charged by the bank for customers loans and the average rate paid by the bank for the customers deposits. The average customers loans rate is the annualised ratio between the financial income from customer loans and the average daily balance of customer loans. The average rate of customers funds is the annualised ratio between the financial expenses on customers funds and the average daily balance of customers funds.	10
Credit cost of risk (bps)	Ratio between provisions for NPLs / loans to customer and guarantees granted. The numerator considers the linear annualization of the provisions for NPLs. In addition, the costs associated with the stage 3 management assets and provisions for institutional NPA sales are adjusted.	14
Other assets	Includes the following accounting items: derivatives - hedge accounting, fair value changes of the hedged items in portfolio hedge of interest rate risk, tax assets, other assets, assets under insurance or reinsurance contracts and non-current assets and disposal groups classified as held for sale.	15
Other liabilities	Includes the following accounting items: derivatives - hedge accounting, tax liabilities, fair value changes of the hedged items in portfolio hedge of interest rate risk, other liabilities and liabilities included in disposal groups classified as held for sale.	15
Gross loans to customers	Includes loans and advances to customers excluding impairment allowances.	16
Performing gross loans	Includes gross loans to customers excluding repos, stage 3 assets and accrual adjustments.	16
On-balance sheet customer funds	Includes customer deposits (ex repos) and other liabilities placed by the branch network (Banco Sabadell non-convertible bonds, commercial paper and others).	18
Off-balance sheet customer funds	Includes mutual funds, asset management, pension funds and third-party insurance products.	18
On-balance sheet funds	Includes accounting sub-headings of customer deposits, debt securities issued (debt and other tradable securities and subordinated liabilities).	18
Funds under management and third-party funds	Sum of on-balance sheet and off-balance sheet customer funds.	18
Stage 3 coverage ratio with total provisions	Shows the % of stage 3 exposures covered by total provisions. Calculated using the ratio between the allowance of loans and advances to customers (including allowances for guarantees granted) / total stage 3 exposures (including stage 3 guarantees granted).	19
Stage 3 coverage ratio	Shows the % of stage 3 exposures covered by stage 3 provisions. Calculated using the ratio between the stage 3 allowance of loans and advances to customers (including stage 3 allowances for guarantees granted) / total stage 3 exposures (including stage 3 guarantees granted).	22
Problematic assets coverage	Ratio between provisions associated with problematic assets / total problematic assets.	22
Stage 3 ratio	Shows the % of stage 3 exposures over total risk assumed by customers not classified as non-current assets held for sale. Calculated using the ratio between stage 3 exposures, including guarantees granted / loans to customer and guarantees granted. See table for the definition of stage 3 exposures.	19
Problematic assets	Sum of stage 3 exposures and problematic real estate assets. Also referred to as non-performing assets (NPAs).	21
Problematic Real Estate coverage ratio	Ratio between allowances for impairment of problematic RE assets / total problematic RE assets. Amount of problematic RE assets includes property classified in the portfolio of non-current asset and disposable groups classified as held for sale, excluding real estate investments with significant latent capital gains and rental properties, for which there is an agreement of sale that will be carried out after a reform process.	21
Stage 3 exposures	Sum of accounting items: stage 3 loans and advances to customers and stage 3 guarantees granted.	21
Loan-to-deposits ratio	Net loans and receivables divided by retail funding. The numerator excludes mediation loans. The denominator considers real estate funding and customer funds.	23
Total capital ratio	Ratio between total capital and the risk weighted assets. Total capital includes the accounting profit assuming a pay-out of 50% (except year 2020), that is different from the regulatory criteria which decreases that amount based on the obligations to fulfil for the rest of the year. The denominator has been calculated based on the Group's best estimate.	24
Market capitalisation	Share price multiplied by the average number of outstanding shares at the end of the period.	31
Earnings per share	(*) Ratio between net profit attributed to the Group and the average number of outstanding shares at the end of the period. In the numerator the annualization of the profit obtained to date is considered and adjusted by the Additional Tier I coupon payment registered in equity as well as by contributions to deposit guarantee and resolution funds (DGF and SRF) and tax on deposits of credit institutions (IDEC), except year end.	31
Book value per share	(*) Ratio between book value / average number of outstanding shares at the end of the period. Book value refers to equity, adjusted by contributions to deposit guarantee and resolution funds (DGF and SRF) and tax on deposits of credit institutions (IDEC), except at year end.	31
TBV per share	(*) Ratio between tangible book value and the average number of outstanding shares at the end of the period. The tangible book value is calculated as the sum of equity adjusted by intangible assets and the goodwill of the investees, and by contributions to deposit guarantee and resolution funds (DGF and SRF) and tax on deposits of credit institutions (IDEC), except year end.	31
Price / Book value (times)	(*) Ratio between share price / book value per share.	31
Price / Earnings ratio (P/E) (times)	(*) Ratio between share price / earnings per share.	31

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

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

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

Alternative Performance measures	Conciliation (€millions)	FY 20	FY 21
ROA	Average total assets	227,639	245,313
	Consolidated net profit	3	539
	ROA (%)	0.00	0.22
ROE	Average equity	13,151	13,106
	Attributable net profit	2	530
	ROE (%)	0.02	4.05
RORWA	Risk weighted assets (RWA)	78,858	80,899
	Attributable net profit	2	530
	RORWA (%)	0.00	0.66
ROTE	Average equity (excluding intangible assets)	10,558	10,508
	Attributable net profit	2	530
	ROTE (%)	0.02	5.05
Efficiency ratio	Gross operating income	5,302	5,026
	Operating expenses	-2,938	-2,781
	Efficiency ratio (%)	55.41	55.33
Other operating income/expense	Other operating income	225	155
	Other operating expenses	-509	-467
	Income from assets under insurance or reinsurance contracts	0	0
	Expenses on liabilities under insurance or reinsurance contracts	0	0
	Other operating income/expense	-284	-313
Total provisions & impairments	Provisions or reversal of provisions	-275	-88
	Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss	-1,745	-960
	Provisions for NPLs and other financial assets	-2,020	-1,047
	Impairment or reversal of impairment of investments in joint ventures and associates	0	-9
	Impairment or reversal of impairment on non-financial assets	-40	-106
	Profit or loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations	103	-7
	Gains or losses on sales of equity holdings and other items	-320	-55
	Gains from sales of investment properties and associates	4	0
	Other impairments	-254	-178
	Total provisions & impairments	-2,275	-1,225
Gains on sale of assets and other results	Gains or losses on derecognition of non-financial assets, net	-3	71
	Gains or losses on sales of equity holdings and other items	320	55
	Gains from sales of investment properties and associates	-4	0
	Gains on sale of assets and other results	313	126
Pre-provisions income	Gross operating income	5,302	5,026
	Operating expenses	-2,938	-2,781
	Personnel expenses	-1,885	-1,777
	Other general expenses	-1,054	-1,004
	Amortisation & depreciation	-523	-527
Pre-provisions income	1,841	1,719	
Customer spread (*)	Loans to customers (net)		
	Avge. balance	144,207	152,176
	Results	3,628	3,513
	Rate %	2.52	2.31
	Customer deposits		
	Avge. balance	152,495	152,749
	Results	-223	-88
Rate %	-0.15	-0.05	
Customer spread	2.37	2.26	
Other assets	Derivatives - Hedge accounting	550	525
	Fair value changes of the hedged items in portfolio hedge of interest rate risk	459	-4
	Tax assets	7,152	7,027
	Other assets	908	620
	Non-current assets and disposal groups classified as held for sale	976	778
Other assets	10,044	8,946	
Other liabilities	Derivatives - Hedge accounting	783	512
	Fair value changes of the hedged items in portfolio hedge of interest rate risk	372	19
	Tax liabilities	206	205
	Other liabilities	883	768
	Liabilities included in disposal groups classified as held for sale	0	0
Other liabilities	2,244	1,505	

(*) Customer spread calculated using cumulative data.

Alternative Performance measures	Conciliation (€millions)	FY20	FY21
Performing gross loans	Mortgage loans & credits	83,573	90,718
	Other secured loans & credits	3,698	3,596
	Working capital	4,991	6,050
	Leasing	2,231	2,106
	Unsecured lending and others	52,386	52,443
	Performing gross loans	146,878	154,912
Gross loans to customers	Stage 3 assets (customer)	5,320	5,698
	Accruals	3	58
	Gross loans to customers excluding repos	152,201	160,668
	Reverse repos	63	0
	Gross loans to customers	152,265	160,668
Loans and advances to customers	NPL and country-risk provisions	-3,081	-3,302
	Loans and advances to customers	149,183	157,366
On-balance sheet customer funds	Financial liabilities at amortised cost	217,391	235,179
	Non-retail financial liabilities	66,612	73,159
	Central banks	31881	38,250
	Credit institutions	10,083	8,817
	Institutional issues	20,905	21,270
	Other financial liabilities	3,743	4,822
	On-balance sheet customer funds	150,778	162,020
	Customer deposits	151,270	162,239
	Sight accounts	130,295	147,268
	Fixed-term deposits including available and hybrid financial liabilities	20,805	14,813
On-balance sheet funds	Repos	13	60
	Accruals and derivative hedging adjustments	157	98
	Debt and other marketable securities	17,510	16,822
	Subordinated liabilities (*)	2,903	4,229
	On-balance sheet funds	171,683	183,290
	Mutual funds	21,366	24,593
	Managed accounts	3,298	3,795
	Pension funds	3,349	3,525
	Third-party insurance products	10,051	9,765
	Off-balance sheet customer funds	38,064	41,678
Funds under management and third-party funds	209,748	224,968	
Stage 3 exposures	Customer, central banks and financial institutions loans and advances	5,351	5,729
	Guarantees granted in stage 3	457	475
	Stage 3 exposures (€ million)	5,808	6,203
Stage 3 coverage ratio with total provisions (%)	Stage 3 exposures	5,808	6,203
	Total provisions	3,279	3,495
	Stage 3 coverage ratio with total provisions (%)	56.5%	56.3%
Stage 3 coverage ratio (%)	Stage 3 exposures	5,808	6,203
	Stage 3 provisions	2,272	2,553
	Stage 3 coverage ratio (%)	39.1%	41.2%
Problematic Real Estate coverage ratio (%)	Problematic RE Assets	1,373	1,362
	Provisions	502	520
	Problematic Real Estate coverage ratio (%)	36.6%	38.2%
Problematic assets	Stage 3 exposures	5,808	6,203
	Problematic RE Assets	1,373	1,362
	Problematic assets	7,182	7,565
Problematic assets coverage (%)	Provisions of problematic assets	3,781	4,014
	Problematic assets coverage (%)	52.6%	53.1%
	Stage 3 ratio (%)	Stage 3 exposures	5,808
Loans to customers and guarantees granted		161,474	169,937
Stage 3 ratio (%)		3.60%	3.65%
Credit cost of risk (bps)	Loans to customers and guarantees granted	161,474	169,937
	Provisions for NPLs	-1,832	-950
	NPLs costs	-117	-118
	Provisions for institutional NPA sales	-325	0
	Credit cost of risk (bps)	86	49
Loan-to-deposits ratio (%)	Adjusted net loans and advances w/o repos by brokered loans	147,143	156,076
	On-balance sheet customer funds	150,778	162,020
	Loan-to-deposits ratio (%)	97.6%	96.3%
Market capitalisation (€million)	Average number of shares (million)	5,582	5,586
	Share price (€)	0.354	0.592
	Market capitalisation (€million)	1,976	3,306
Earnings per share (EPS) (€)	Net profit attributed to the Group adjusted	-71	430
	Attributable net profit	2	530
	Accrued AT1	-73	-101
	Average number of shares (million)	5,582	5,586
Earnings per share (EPS) (€)	-0.01	0.08	
Book value per share (€)	Shareholders' equity	2,944	13,357
	Average number of shares (million)	5,582	5,586
	Book value per share (€)	2.32	2.39
TBV per share (€)	Intangible assets	2,622	2,607
	Tangible book value (€million)	10,322	10,750
	TBV per share (€)	1.85	1.92
Price / Book value (times)	Share price (€)	0.354	0.592
	Price / Book value (times)	0.15	0.25
Price / Earnings ratio (P/E) (times)	Price / Earnings ratio (P/E) (times)	-27.75	7.69

(*) Refers to subordinated liabilities of debt securities.

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

www.grupbancsabadell.com/INFORMACION_ACCIONISTAS_E_INVERSORES/INFORMACION_FINANCIERA/MEDIDAS_ALTERNATIVAS_DEL_RENDIMIENTO

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