

4Q22

**Quarterly Financial
Report**

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Basis of presentation

The consolidated income statement and balance sheet as of the end of December 2022 and 2021, 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 2022.

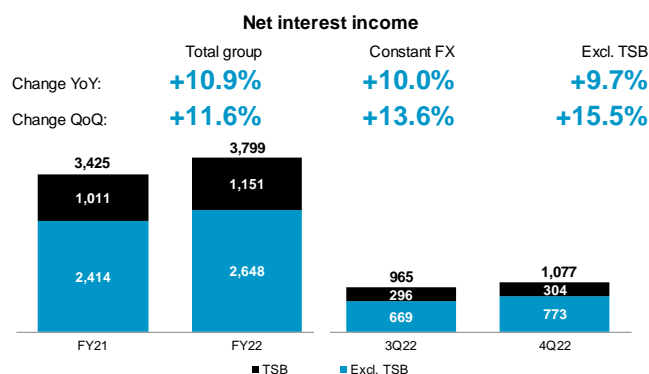
Pursuant to the Guidelines on alternative performance measures published by the European Securities and Markets Authority on 5 October 2015 (ESMA/2015/1415), a glossary has been included with the definitions and the reconciliation with the items presented in the financial statements of certain alternative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

1. Summary

Net interest income

Net interest income followed a positive trend, ending 2022 at 3,799 million euros, representing year-on-year growth of 10.9%, due to higher loan book yields, improved revenue from the fixed-income portfolio, as well as strong growth of volumes, where it is particularly worth mentioning the growth of mortgages at TSB; all these facts served to offset higher wholesale funding costs.

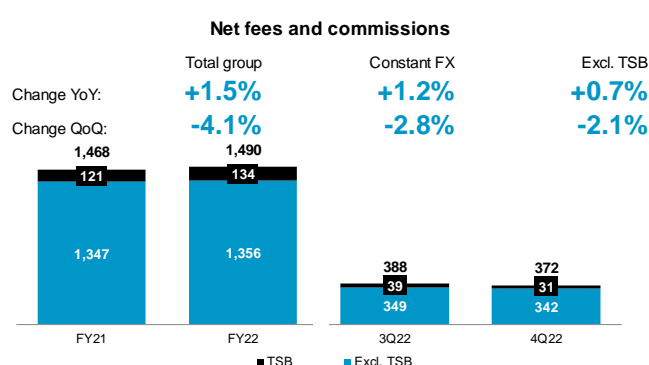
In the quarter, this item grew by 11.6%, also supported mainly by higher yields and the increased contribution of the ALCO portfolio, which offset the increased wholesale funding costs.



Net fees and commissions

Net fees and commissions amounted to 1,490 million euros as at the end of 2022, representing year-on-year growth of 1.5%, driven by service fees, where it is particularly worth mentioning the higher levels of card transactions and currency exchange, and also driven by fees related to risk transactions.

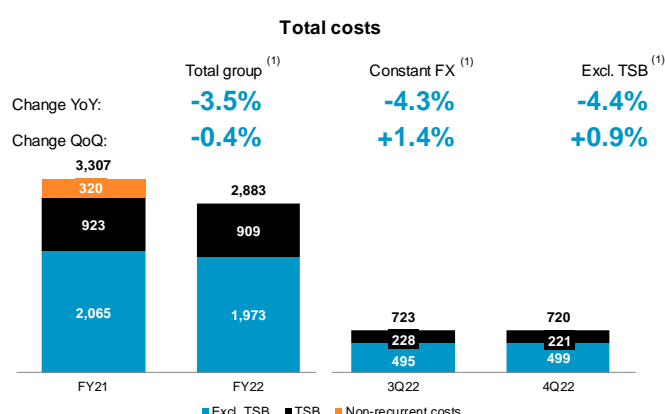
In quarterly terms, this item fell by -4.1%, due to a reduction in service fees, in particular fees on payment cards affected by seasonality and fees on sight accounts.



Total costs

Total costs followed a positive trend, amounting to 2,883 million euros as at the end of 2022, representing a -12.8% reduction from the figure as at the end of 2021, which included non-recurrent costs arising from the efficiency plans carried out. Excluding this impact, recurrent costs fell by -3.5% year-on-year, driven by savings on staff expenses delivered by the efficiency plans and also by the efforts made to reduce general expenses.

Quarter-on-quarter, total costs were down by -0.4%, mainly due to a reduction in general expenses.

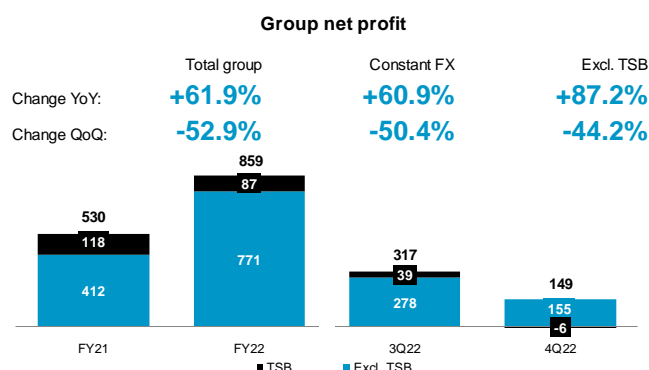


Net profit of the Group

As at the end of 2022, the Group's net profit amounted to 859 million euros, with profit ex-TSB amounting to 771 million euros and profit at TSB to 87 million euros, representing year-on-year growth of 61.9%. ROTE stood at 7.8%.

In the quarter, profit amounted to 149 million euros, impacted by the expense related to the contribution to the Deposit Guarantee Fund (DGF) and the payment of the tax on deposits of credit institutions (IDEC), and by the impact of the agreement regarding the issues emerged following the migration of the TSB's IT platform, which was partially offset by insurance claims.

It is worth highlighting the good performance of core results (net interest income + net fees and commissions – recurrent costs), which increased by 26.3% year-on-year and by 15.5% in the quarter.

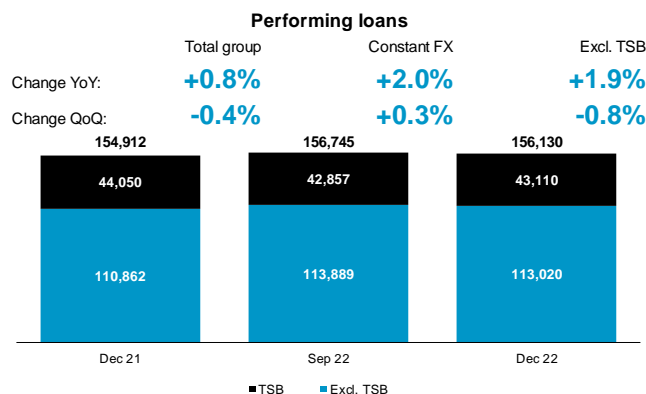


(1) Change in recurrent costs.

Performing loans

Performing loans grew by 0.8% year-on-year, affected by the depreciation of the pound sterling over the year. At a constant exchange rate, performing loans grew by 2.0%, driven by growth in all geographies, although particular note should be taken of the growth of TSB's mortgage book and of the good performance in Spain, mainly in terms of its lending to individuals, notably mortgages, and in terms of its lending to SMEs and Corporates.

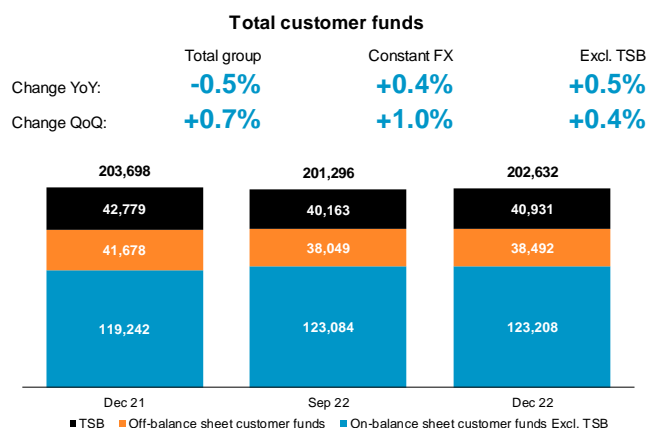
In quarterly terms, lending dropped by -0.4%, also impacted by currency depreciations. At a constant exchange rate, this item grew by 0.3%, supported by the growth of foreign businesses.



Customer funds

On-balance sheet customer funds increased by 1.3% year-on-year and by 0.5% in the quarter, affected by the evolution of foreign currencies. At a constant exchange rate, they grew by 2.5% year-on-year and by 1.0% in the quarter, due to both the positive evolution of term deposits, in particular at TSB, and by the growth of sight accounts.

Off-balance sheet funds recorded a reduction of -7.6% year-on-year, impacted by volatility in financial markets, particularly in mutual funds, while in the quarter the trend shifts and they grew by 1.2%, also driven by positive flow of net mutual fund subscriptions.



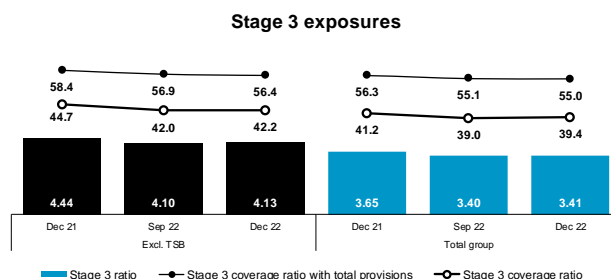
Non-performing assets

The balance of NPAs fell during the quarter and amounted to 6,971 million euros (gross) as at the end of 2022, with coverage remaining steady at 52.3% considering total provisions.

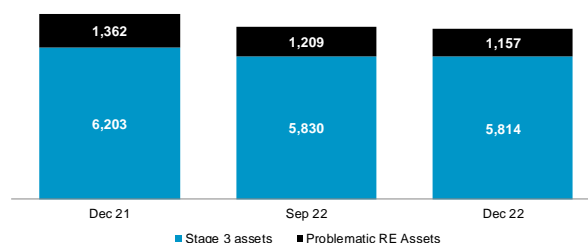
The Group's stage 3 ratio stood at 3.4%, while the stage 3 coverage ratio considering total provisions stood at 55.0% and the stage 3 coverage ratio increased during the quarter to 39.4%.

The gross NPA ratio was 4.1%, while the net NPA ratio stood at 1.9% considering total provisions.

The Group's credit cost of risk stood at 44 bps and the total cost of risk stood at 60 bps as at the end of 2022, improving by 5 bps and 11 bps respectively compared to the end of 2021.

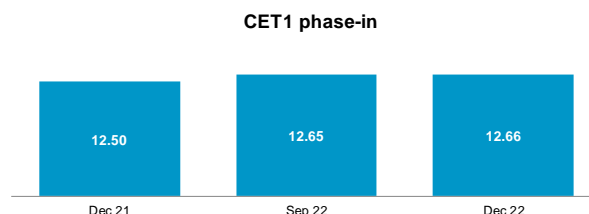


Problematic assets



Capital ratio

The phase-in CET1 ratio stood at 12.66%, while the Total Capital ratio stood at 17.13%, which is above the requirements, with an MDA buffer of 402 bps. The fully-loaded CET1 ratio stood at 12.54%.



2. Key figures

	Excl. TSB			Total group		
	31.12.21	31.12.22	YoY (%) ⁽⁶⁾	31.12.21	31.12.22	YoY (%) ⁽⁶⁾
Profit and loss account (€ million)						
Net interest income	2,414	2,648	9.7	3,425	3,799	10.9
Core revenues	3,761	4,004	6.5	4,893	5,289	8.1
Gross operating income	3,925	3,985	1.5	5,026	5,180	3.1
Pre-provisions income	1,560	2,012	29.0	1,719	2,298	33.7
Attributable net profit	412	771	87.2	530	859	61.9
Balance sheet (€ million)						
Total assets	199,369	198,894	-0.2	251,947	251,380	-0.2
Performing gross loans	110,862	113,020	1.9	154,912	156,130	0.8
Gross loans to customers	115,878	118,005	1.8	160,668	161,750	0.7
On-balance sheet customer funds	119,242	123,208	3.3	162,020	164,140	1.3
Off-balance sheet customer funds	41,678	38,492	-7.6	41,678	38,492	-7.6
Total customer funds	160,919	161,701	0.5	203,698	202,632	-0.5
Net equity	--	--	--	12,996	13,224	1.8
Shareholders' equity	--	--	--	13,357	13,841	3.6
Profitability and efficiency ratios (%)						
ROA	--	--	--	0.22	0.34	--
RORWA	--	--	--	0.66	1.08	--
ROE	--	--	--	4.05	6.31	--
ROTE	--	--	--	5.05	7.76	--
Efficiency	50.85	39.77	--	55.33	45.12	--
Efficiency with amortisation & depreciation	60.26	49.51	--	65.80	55.65	--
Risk management ⁽¹⁾						
Stage 3 exposures (€million)	5,559	5,250	-5.6	6,203	5,814	-6.3
Total problematic assets (€million)	6,921	6,406	-7.4	7,565	6,971	-7.9
Stage 3 ratio (%)	4.44	4.13	--	3.65	3.41	--
Stage 3 coverage ratio (%)	44.7	42.2	--	41.2	39.4	--
Stage 3 coverage ratio with total provisions (%)	58.4	56.4	--	56.3	55.0	--
Problematic assets coverage (%)	54.5	53.1	--	53.1	52.3	--
Liquidity management ⁽²⁾						
Loan-to-deposits ratio	93.6	92.5	--	96.3	95.6	--
LCR	249	267	--	221	234	--
NSFR	--	--	--	141	138	--
Capital management						
Risk weighted assets (RWA) (€million)	--	--	--	80,646	79,612	-1.3
Common Equity Tier 1 (%)	--	--	--	12.50	12.66	--
Common Equity Tier 1 fully-loaded (%)	--	--	--	12.22	12.54	--
Tier 1 (%)	--	--	--	15.47	14.73	--
Total capital ratio (%)	--	--	--	17.98	17.13	--
MREL (%RWA)	--	--	--	26.27	26.34	--
MREL (%LRE)	--	--	--	10.01	8.26	--
Leverage ratio (%)	--	--	--	5.90	4.62	--
Share data (period end)						
Number of shareholders	--	--	--	228,432	218,610	--
Total number of shares (million)	--	--	--	5,627	5,627	--
Share price (€)	--	--	--	0.592	0.881	--
Market capitalisation (€million)	--	--	--	3,306	4,927	--
Earnings per share (EPS) (€)	--	--	--	0.08	0.13	--
Book value per share (€)	--	--	--	2.39	2.47	--
TBV per share (€)	--	--	--	192	203	--
Price / Tangible book value (times)	--	--	--	0.31	0.43	--
Price / Earnings ratio (P/E) (times)	--	--	--	7.69	6.58	--
Other data						
Branches	1,303	1,243	--	1,593	1,463	--
Employees	14,308	13,413	--	20,070	18,895	--

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

(2) Taking into account the best estimate as at the date of publication of this 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 at 31.12.2022 applied throughout the report is 0.8532 in the case of the income statement and 0.8869 in the case of the balance sheet.

(6) Throughout this document, YoY changes in relation to the income statement refer to the cumulative twelve-month period of 2022 versus the same cumulative twelve-month period of 2021.

3. Performance review

Macroeconomic environment

Global economic, political and financial context

The energy crisis in Europe has become a less central topic and everything suggests that strict energy rationing over the winter can be avoided. This is thanks to unusually mild temperatures, which have considerably reduced the demand for gas. Europe has also been able to find other energy sources to serve as an alternative to Russian gas (gas from Norway, liquefied natural gas and the use of other forms of energy). This all helped gas reserves on the continent to reach record-high levels.

On the other hand, inflation has eased off on a global scale and it would appear to be past its peak. In the Eurozone, the most recent price data have surprised to the downside, thanks to the fall of energy prices. On a more negative note, it is worth noting that underlying inflation, which excludes energy and food, has continued to rebound and has reached an all-time high. Another example of this easing of inflationary pressures on a global scale can be seen in the United States, where inflation in December fell to its lowest since October 2021.

With regard to activity, there have been persistent concerns over global economic growth as a result of the interest rate hikes, the inflation shock and the cut of Russian gas supplies to Europe, although the bleakest forecasts for the European economy have not materialised as yet. In the United States, the sectors most sensitive to interest rates, such as the real estate sector, have shown clear signs of deterioration. In the Eurozone, the hardest-hit sectors have been those that are more electricity-intensive, with notable declines in production. This is in sharp contrast with the still-positive evolution of the labour market in the Eurozone and in the United States, where the unemployment rate remains at a record low.

Lastly, in China, in December the country's authorities announced that they would be scrapping the zero-Covid policy, which translated into an increase in mobility and, consequently, a greater number of infections. However, economic activity in the Asian country continued to be affected by the lockdown measures put in place in response to the pandemic and GDP became stagnant in Q4 2022.

Economic situation in Spain

After recording robust growth in the first half of the year, economic activity indicators from the last few months of the year suggest that GDP growth will remain subdued in Q4 2022 (Q3 2022: 0.1% quarter-on-quarter). According to the Bank of Spain, companies are expecting turnover to have stabilised in Q4 2022, while business and consumer confidence levels have been recovering during the quarter and are therefore expected to end the year at levels similar to those recorded in Q3 2022. In terms of consumption data, on the other hand, there have been mixed signals, while industrial production, for its part, performed poorly in October and November. Against this backdrop, the Bank of Spain expects to see quarterly GDP growth of 0.1% in Q4 2022.

Inflation data surprised to the downside, in line with that observed in the Eurozone, and in December inflation fell for the fifth consecutive month (to 5.5% year-on-year), influenced by the fall in prices of electricity and fuel. On the negative side, underlying inflation continued to climb to 6.7% year-on-year in December and is already the highest it has been since 1992.

Lastly, with regard to economic policy, a particularly noteworthy development was the government's approval of a new financial aid package, which extends many of the already existing measures put in place to tackle inflation and which also adds other new measures such as a VAT cut for basic food items and a 200 euros cheque for vulnerable households, in addition to limiting fuel discounts to specific groups of people only.

Economic situation in the United Kingdom

Rishi Sunak's new government put UK financial markets at ease following the turbulent episode triggered by the mini budget unveiled by the previous government. Under Sunak's leadership, the UK executive unveiled a new budgetary plan in the medium term, which was more prudent than the one presented by the previous government and which considered a reduction of public spending and a tax increase.

On the other hand, inflation continued to ease off, in the same way as in other developed economies, and in December it fell to 10.5%. All of the signs are that inflation reached its peak in October.

In terms of economic activity, this was weighed down by high inflation and monetary policy tightening. The real estate market, which is particularly sensitive to interest rate hikes, has been especially hard-hit. House prices have already recorded four consecutive months of declines.

The labour market, for its part, continued to prove resilient to economic weakness and, although the unemployment rate rose to 3.7%, it remains at historically low levels. Against this backdrop, wages have been rising at a historically robust pace.

Economic situation in Mexico

The Mexican economy has proved resilient to the effects of the military conflict in Ukraine. GDP recovered pre-Covid levels in Q3 2022, much earlier than consensus expectations. On the other hand, inflation indicators have showed signs that it is easing off, although certain upside risks do remain. In December, CPI inflation fell to 7.8% year-on-year after having peaked at 8.7% in August. In more negative terms, food prices remain high. The Mexican currency performed well in this context, standing out as one of the most resilient emerging currencies thanks, in part, to China's abandonment of its zero-Covid policy.

Fixed-income markets

Central banks continued to focus on combatting inflation and, in general, they maintained a hawkish tone.

In December, the ECB reduced the scale of its rate hikes to 50 bps and it placed the deposit facility rate at 2.00%, a level that can be considered to be at neutrality. Since July, the central bank has raised interest rates by an unprecedented 250 bps. The ECB displayed a hawkish stance, signalling that interest rates would need to keep increasing significantly until restrictive levels were reached. With regard to its quantitative tightening policy, the ECB indicated that it would begin reducing its balance sheet in March 2023 and that it would no longer reinvest all of the principal payments from maturing securities acquired under its Asset Purchase Programme (APP). With regard to TLTRO III, banks have already repaid almost half of all the liquidity injected through these operations.

The Fed also maintained a clearly hawkish tone and signalled that interest rates will need to remain at restrictive levels for some time as, although inflation is easing off, it remains high. In its November and December meetings it therefore continued to raise interest rates until they reached the 4.25-4.50% range. Altogether, the Fed raised interest rates by a total of 425 bps in nine months, making this the most aggressive rate hike cycle in several decades. In its most recent forecasts, the Fed announced that rates would be 5.10% at the end of 2023 and 4.10% at the end of 2024. The central bank also forged ahead with its balance sheet reduction policy.

The BoE increased the base rate in its last few meetings, raising it to 3.50%, the highest rate since 2008. The central bank stated that it believed further base rate hikes were

necessary given the continued labour market tightness, and it appeared particularly concerned over wage growth. In early November, the BoE also began selling assets from its balance sheet and it has already begun to unwind the gilts it acquired during the turbulent financial episode triggered by the government under Liz Truss.

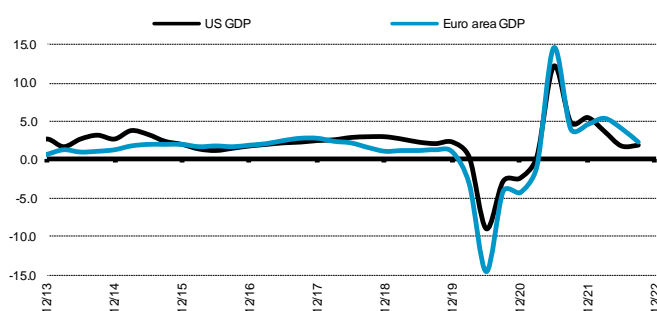
German 10-year government bond yields rebounded sharply during the quarter, reaching their highest levels since 2011, in light of the ECB's clearly hawkish discourse. In the United States, 10-year government bond yields fluctuated. They rebounded sharply in the first part of the quarter, influenced by the hawkish tone of the Fed. However, in the last few weeks of the year, bond yields practically reversed their previous swing, amid signs that inflation was easing off and following the Fed's confirmation that it would be slowing the pace of its rate hikes.

Risk premiums of peripheral countries declined, particularly that of Italy, influenced by China's abandonment of its zero-Covid policy and the signs that inflation was easing off.

Equity markets

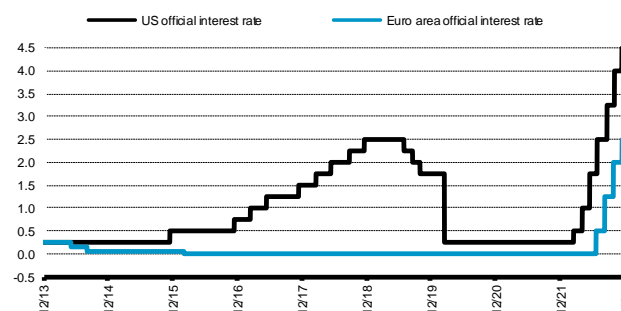
Equity markets performed well in Q4 2022, influenced by China's abandonment of its zero-Covid policy, the signs that inflation is easing off on a global scale, and the indications that the deterioration of economic activity in the Eurozone was less severe than initially estimated. In Europe, the Euro Stoxx rebounded by 14.3%, while the IBEX posted growth of almost 12% during the quarter. In the United States, the S&P 500 also posted a 7.1% increase in dollars (dropping by 2.1% in euros, due to the appreciation experienced by the euro during the quarter). Lastly, the Chinese Hang Seng also posted gains (almost 15% in yuan and 5.6% 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	31.12.21	31.03.22	30.06.22	30.09.22	31.12.22
USD	1.1326	1.1101	1.0387	0.9748	1.0666
GBP	0.8403	0.8460	0.8582	0.8830	0.8869
MXN	23.1438	22.0903	20.9641	19.6393	20.8560

Source: Bank of Spain

Income statement

Summary of results:

Banco Sabadell Group generated attributable profit of 859 million euros as at the end of 2022, of which 771 million euros are recorded ex-TSB and 87 million euros correspond to TSB, thus representing year-on-year growth of 61.9% and bringing the Group's ROTe to 7.8%.

This Group profit was mainly driven by the good performance of core results (net interest income + net fees and commissions – recurrent costs), which increased by 26.3% year-on-year, due to the improvement of net interest income and net fees and commissions, as well as the efforts made to reduce costs. In the quarter, core results grew by 15.5%, with the increase of net interest income being particularly worthy of note.

It should also be mentioned that the efforts made to reduce costs allowed the Group's cost-to-income ratio to be brought down during the year to 45.1% as at the end of 2022, compared to 55.3% as at the end of 2021. Considering amortisations and depreciations, the cost-to-income ratio fell to 55.6% as at year-end, from 65.8% in 2021.

It should be borne in mind that the fourth quarter of the year was impacted, as usual, by Banco Sabadell's contribution to the Deposit Guarantee Fund (DGF), which amounted to -114 million euros in 2022, and by the payment of the tax on deposits of credit institutions (IDEC), which amounted to -35 million euros.

In addition, this quarter was also affected by the impact of the agreement regarding the issues emerged following the migration of the IT platform of TSB, amounting to -57 million euros, net. This was partially offset by a tax-payable amount of 45 million euros (32 million euros, net) of insurance claim recoveries. Excluding the net impact of -25 million euros, the Group's ROTe stood at 8.0%.

Income statement

(€ million)	Excl. TSB			Total group				
	FY21	FY22	YoY (%)	FY21	FY22	YoY (%)	YoY (%) at constant FX	
Net interest income	2,414	2,648	9.7	3,425	3,799	10.9	10.0	
Net fees and commissions	1,347	1,356	0.7	1,468	1,490	1.5	1.2	
Core revenues	3,761	4,004	6.5	4,893	5,289	8.1	7.3	
Net trading income and exchange differences	342	98	-71.3	344	104	-69.9	-69.9	
Income from equity method and dividends	102	125	22.9	102	125	22.9	22.9	
Other operating income/expense	-279	-242	-13.4	-313	-337	7.9	7.3	
Gross operating income	3,925	3,985	1.5	5,026	5,180	3.1	2.4	
Operating expenses	-1,996	-1,585	-20.6	-2,781	-2,337	-15.9	-16.6	
Personnel expenses	-1,414	-1,035	-26.8	-1,777	-1,392	-21.7	-22.2	
Other general expenses	-582	-550	-5.6	-1,004	-946	-5.8	-6.7	
Amortisation & depreciation	-370	-388	5.0	-527	-545	3.5	3.0	
Total costs	-2,366	-1,973	-16.6	-3,307	-2,883	-12.8	-13.5	
Memorandum item:								
Recurrent costs	-2,065	-1,973	-4.4	-2,988	-2,883	-3.5	-4.3	
Non-recurrent costs	-301	0	-100.0	-320	0	-100.0	-100.0	
Pre-provisions income	1,560	2,012	29.0	1,719	2,298	33.7	32.9	
Provisions for NPLs	-950	-761	-19.9	-950	-825	-13.2	-13.7	
Provisions for other financial assets	-97	-72	-25.8	-97	-111	15.0	15.0	
Other impairments	-178	-96	-46.1	-178	-96	-46.1	-46.2	
Gains on sale of assets and other results	135	-23	--	126	-23	--	--	
Profit before tax	470	1,060	125.6	620	1,243	100.4	99.4	
Income tax	-49	-278	--	-81	-373	--	--	
Minority interest	8	11	26.9	8	11	26.9	26.9	
Attributable net profit	412	771	87.2	530	859	61.9	60.9	
Memorandum item:								
Core results (NII + net fees and commissions - costs)	(1)	1,697	2,031	19.7	1,905	2,406	26.3	25.6

(1) Calculation taking account of recurrent costs.

Quarterly income statement

(€million)	Excl. TSB						Total group						QoQ (%) at constant FX
	4 Q21	1Q22	2 Q22	3 Q22	4 Q22	QoQ (%)	4 Q21	1Q22	2 Q22	3 Q22	4 Q22	QoQ (%)	
Net interest income	596	587	619	669	773	15.5	863	858	899	965	1,077	11.6	13.6
Net fees and commissions	363	328	337	349	342	-2.1	397	359	371	388	372	-4.1	-2.8
Core revenues	959	916	956	1,018	1,115	9.5	1,260	1,217	1,269	1,354	1,449	7.1	8.9
Net trading income and exchange differences	-2	28	53	22	-4	--	-4	33	50	30	-9	--	--
Income from equity method and dividends	35	59	26	28	12	-57.9	35	59	26	28	12	-57.9	-57.9
Other operating income/expense	-160	-11	-115	-3	-113	--	-173	-23	-124	-12	-178	--	--
Gross operating income	831	991	919	1,066	1,009	-5.3	1,118	1,285	1,222	1,400	1,273	-9.1	-7.3
Operating expenses	-418	-399	-390	-396	-400	1.0	-621	-590	-577	-586	-584	-0.4	1.5
Personnel expenses	-274	-261	-258	-259	-258	-0.6	-367	-350	-345	-348	-349	0.2	2.5
Other general expenses	-144	-139	-132	-137	-142	4.1	-254	-240	-232	-238	-235	-1.2	0.1
Amortisation & depreciation	-93	-94	-96	-99	-99	0.4	-138	-136	-137	-137	-136	-0.3	0.8
Total costs	-511	-493	-485	-495	-499	0.9	-759	-726	-714	-723	-720	-0.4	1.4
Memorandum item:													
Recurrent costs	-511	-493	-485	-495	-499	0.9	-740	-726	-714	-723	-720	-0.4	1.4
Non-recurrent costs	0	0	0	0	0	--	-19	0	0	0	0	--	--
Pre-provisions income	319	497	434	571	510	-10.7	360	560	508	677	553	-18.3	-16.6
Provisions for NPLs	-238	-184	-175	-159	-243	53.2	-217	-195	-184	-180	-265	47.2	46.1
Provisions for other financial assets	-39	-11	-18	-18	-25	42.8	-39	-11	-28	-38	-34	-10.6	-9.9
Other impairments	-58	-20	-36	-16	-24	52.0	-58	-20	-36	-16	-24	52.0	52.0
Gains on sale of assets and other results	56	-13	-6	3	-7	--	48	-13	-6	3	-7	--	--
Profit before tax	40	269	199	382	210	-45.1	93	320	253	447	223	-50.0	-47.6
Income tax	83	-62	-54	-104	-58	-44.5	67	-93	-73	-130	-77	-40.6	-38.4
Minority interest	-1	13	1	0	-3	--	-1	13	1	0	-3	--	--
Attributable net profit	125	194	144	278	155	-44.2	161	213	179	317	149	-52.9	-50.4
Memorandum item:													
Core results (NII + net fees and commissions - costs)	(1)	447	422	470	523	6.15	520	491	555	631	729	15.5	17.5

(1) Calculation taking account of recurrent costs.

Net interest income:

Net interest income continued with its positive trend and amounted to 3,799 million euros as at the end of 2022, representing growth of 10.9% year-on-year and of 11.6% in the quarter.

This year-on-year growth is due mainly to higher yields on the loan book, in turn supported by higher interest rates, the increased contribution of the ALCO portfolio, as well as the good evolution of volumes, which it is particularly worth mentioning TSB's loan book growth. All these facts served to offset the higher wholesale funding costs.

In the same way, the increase during the quarter was mainly driven by higher loan book yields and increased revenue from the fixed-income portfolio, which served to offset the higher wholesale funding costs.

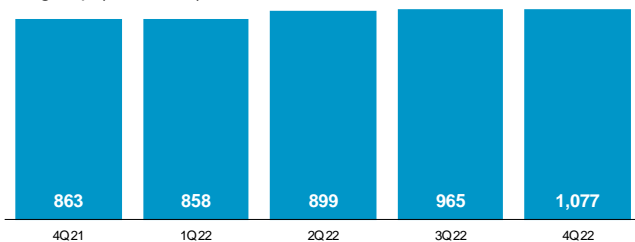
Customer spread and margin on average total assets:

The customer spread increased by 21 bps in the quarter and by 33 bps compared to the fourth quarter of 2021, standing at 2.53%, driven by the increase in loan yields, which offset the higher cost of deposits, impacted by TSB, Mexico and Miami.

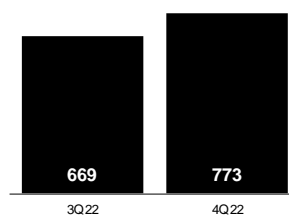
Similarly, the net interest margin as a percentage of average total assets rose by 18 bps in the quarter and by 28 bps compared to the fourth quarter of 2021, reaching 1.64%.

Evolution of net interest income

Total group (€ millions)



Sabadell ex - TSB (€ millions)

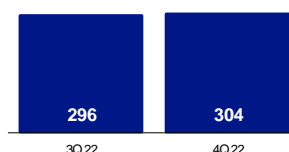


Change YoY:
+9.7%

Change QoQ:
+15.5%

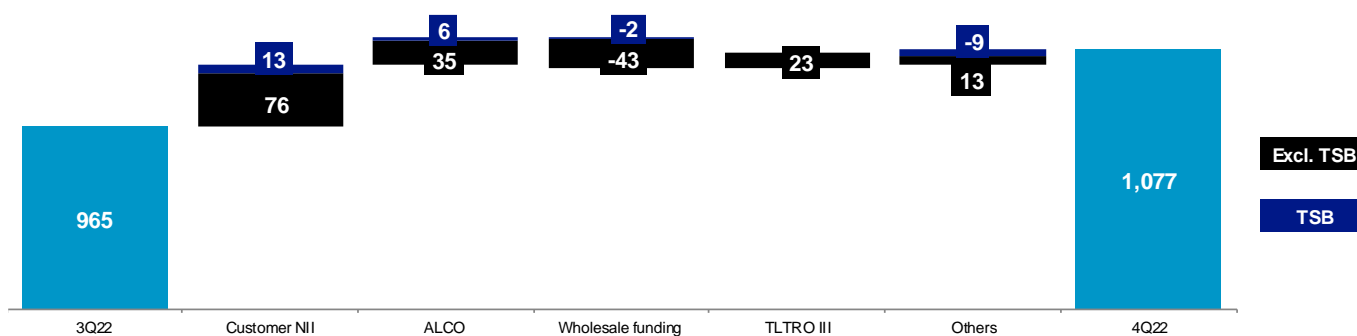
	Total group	Constant FX
Change YoY:	+10.9%	+10.0%
Change QoQ:	+11.6%	+13.6%

TSB (€ millions)

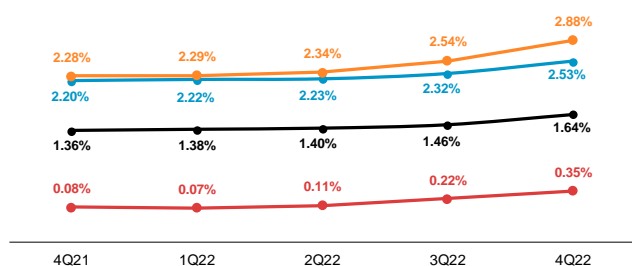


	Constant FX
Change YoY:	+13.8% +13.0%
Change QoQ:	+2.6% +4.1%

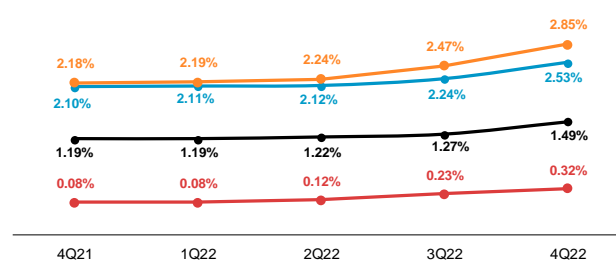
Quarterly evolution of net interest income (€ million)



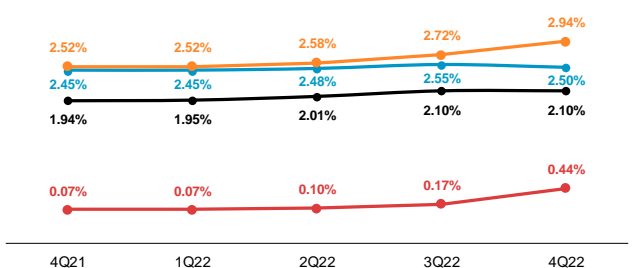
Net interest income, Group (%)



Net interest income, ex-TSB (%)



Net interest income, TSB (%)



Legend: Customer spread (blue), Customer loan yield (orange), Net interest margin as % of ATA (black), Cost of customer funds (red)

Gains and charges in the quarter

Total Group

(€ million)	4 Q21			1Q22			2 Q22			3 Q22			4 Q22		
	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)	54,665	-0.24	-33	55,536	-0.22	-29	54,056	-0.13	-18	54,979	0.39	54	49,632	1.62	202
Loans to customers (net)	155,218	2.28	891	155,878	2.29	879	157,837	2.34	919	159,007	2.54	1,018	158,716	2.88	1,150
Fixed-income securities	22,365	0.50	28	23,117	0.59	33	25,315	0.85	54	27,926	1.14	81	28,483	1.70	122
Equity securities	1,003	--	--	844	--	--	921	--	--	925	--	--	922	--	--
Tang. & intang. assets	4,986	--	--	4,906	--	--	4,842	--	--	4,785	--	--	4,752	--	--
Other assets	12,368	0.19	6	11,974	0.44	13	13,323	0.93	31	14,553	1.40	51	17,405	1.93	85
Total assets	250,605	1.41	893	252,255	1.44	896	256,295	1.54	987	262,174	1.82	1,203	259,909	2.38	1,559
Financial institutions (2)	47,911	0.68	82	47,923	0.64	76	49,144	0.53	65	49,752	-0.03	-4	46,426	-1.09	-127
Customer deposits	157,567	-0.08	-31	160,319	-0.07	-29	162,073	-0.11	-46	164,089	-0.22	-90	163,043	-0.35	-144
Capital markets	22,794	-1.12	-64	22,171	-1.07	-59	22,108	-1.13	-62	22,332	-1.33	-75	22,602	-2.11	-120
Other liabilities	9,359	-0.71	-17	8,800	-1.17	-25	9,954	-1.78	-44	12,698	-2.14	-69	14,438	-2.50	-91
Shareholders' equity	12,975	--	--	13,042	--	--	13,017	--	--	13,304	--	--	13,400	--	--
Total funds	250,605	-0.05	-30	252,255	-0.06	-38	256,295	-0.14	-88	262,174	-0.36	-238	259,909	-0.74	-482
Net interest income			863			858			899			965			1,077
Customer spread		2.20			2.22			2.23			2.32			2.53	
Net interest margin as % of ATA		1.36			1.38			1.40			1.46			1.64	

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

(2) Includes repos.

Financial income or expenses arising from the application of negative interest rates are recorded in line with the nature of the associated asset or liability. The credit institutions heading on the liabilities side includes negative interest rates applied to balances of credit institutions on the liabilities side, the most significant item being TLTRO III borrowing.

Sabadell ex-TSB

(€ million)	4 Q21			1Q22			2 Q22			3 Q22			4 Q22		
	Avg. balance	Rate %	Results	Avg. balance	Rate %	Results	Avg. balance	Rate %	Results	Avg. balance	Rate %	Results	Avg. balance	Rate %	Results
Cash and cash equivalents (1)	49,101	-0.26	-32	49,869	-0.26	-32	48,660	-0.22	-27	49,867	0.29	37	43,854	1.49	165
Loans to customers (net)	111,405	2.18	613	110,966	2.19	599	113,279	2.24	633	114,829	2.47	715	114,851	2.85	825
Fixed-income securities	19,366	0.60	29	20,202	0.66	33	22,575	0.90	51	25,136	1.14	72	25,915	1.64	107
Other assets	19,158	0.23	11	18,299	0.22	10	19,044	0.29	14	19,565	0.39	19	21,050	0.57	30
Total assets	199,030	1.24	622	199,336	1.24	610	203,557	1.32	671	209,397	1.60	843	205,669	2.17	1,127
Financial institutions (2)	42,141	0.79	84	41,095	0.82	83	42,336	0.76	80	43,070	0.20	22	39,442	-0.78	-78
Customer deposits	115,584	-0.08	-24	118,055	-0.08	-22	120,644	-0.12	-36	123,482	-0.23	-73	122,462	-0.32	-99
Capital markets	20,715	-1.14	-60	20,065	-1.08	-53	20,023	-1.09	-55	20,232	-1.27	-65	20,725	-2.06	-108
Other liabilities and shareholders' equity	20,589	-0.50	-26	20,121	-0.60	-30	20,555	-0.81	-41	22,614	-1.03	-59	23,040	-1.21	-70
Total funds	199,030	-0.05	-26	199,336	-0.05	-23	203,557	-0.10	-52	209,397	-0.33	-174	205,669	-0.68	-354
Net interest income			596			587			619			669			773
Customer spread		2.10			2.11			2.12			2.24			2.53	
Net interest margin as % of ATA		1.19			1.19			1.22			1.27			1.49	

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

(2) Includes repos.

Financial income or expenses arising from the application of negative interest rates are recorded in line with the nature of the associated asset or liability. The credit institutions heading on the liabilities side includes negative interest rates applied to balances of credit institutions on the liabilities side, the most significant item being TLTRO III borrowing.

Net trading income and exchange differences:

As at the end of 2022, this item amounted to a total of 104 million euros, a reduction compared to the previous year, which included 324 million euros gained on sales from the ALCO portfolio executed to fund the second phase of the efficiency plan carried out in Spain. This item showed a quarter-on-quarter reduction, as fewer gains on trading derivatives were recognised.

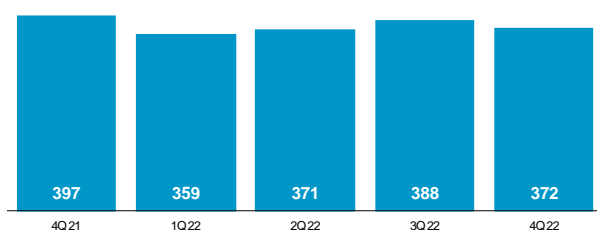
Net fees and commissions:

Net fees and commissions grew by 1.5% year-on-year, ending the financial year 2022 at 1,490 million euros, driven by service fees, on which point it is particularly worth mentioning the higher levels of card transactions and currency exchange, as well as the increased fee revenue from risk transactions, which offset the reduction of asset management fees, which in turn were impacted by the drop in success fees received on asset and insurance management.

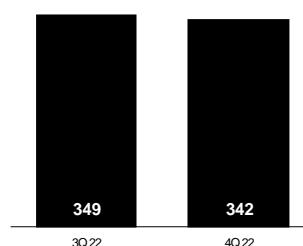
They fell by -4.1% in quarter-on-quarter terms, due a decline in service fees, in particular the drop in card fees revenue due to the seasonal effect and the fall in sight account fees, which in the previous quarter included positive one-off impacts at TSB.

Evolution of net fees and commissions

Total group (€ millions)



Sabadell ex - TSB (€ millions)

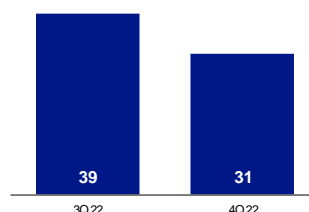


Change YoY:
+0.7%

Change QoQ:
-2.1%

	Total group	Constant FX
Change YoY:	+1.5%	+1.2%
Change QoQ:	-4.1%	-2.8%

TSB (€ millions)



Change YoY:
+11.0%
+10.2% Constant FX

Change QoQ:
-22.4%
-20.9% Constant FX

Net fees and commissions

(€million)	Excl. TSB			Total group			Excl. TSB			Total group		
	3 Q22	4 Q22	QoQ (%)	3 Q22	4 Q22	QoQ (%)	FY 21	FY 22	YoY (%)	FY 21	FY 22	YoY (%)
Lending fees	45	47	4.0	45	47	4.0	169	180	6.9	169	180	6.9
Guarantees commissions	26	25	-5.0	26	25	-5.0	102	102	0.4	102	102	0.4
Risk transaction fees	72	72	0.6	72	72	0.6	270	282	4.5	270	283	4.5
Cards	49	42	-14.5	70	63	-9.8	161	179	11.2	223	256	15.3
Payment orders	21	21	-1.7	22	21	-1.6	72	81	12.7	74	83	11.8
Securities	12	12	0.2	12	12	0.2	67	53	-20.5	67	53	-20.5
Custodian mutual and pension funds	0	0	--	0	0	--	7	0	-100.0	7	0	-100.0
Sight accounts	67	60	-10.1	79	68	-13.9	248	246	-1.1	293	286	-2.3
Foreign currency and notes exchange	30	28	-4.0	38	35	-7.1	90	115	28.0	112	143	27.7
Other transactions	18	24	32.8	13	15	16.8	84	71	-14.9	64	48	-25.1
Commissions for services	197	187	-4.9	234	215	-8.0	730	746	2.3	840	870	3.6
Mutual funds	31	29	-7.3	31	29	-7.3	122	122	0.4	122	122	0.4
Pension funds and insurance brokerage	44	49	11.3	46	52	11.2	188	184	-2.2	198	194	-2.3
Wealth management	6	5	-13.9	6	5	-13.9	38	22	-41.8	38	22	-41.8
Asset Under Management commissions	81	83	2.3	83	85	2.5	347	328	-5.6	358	338	-5.5
Total	349	342	-2.1	388	372	-4.1	1,347	1,356	0.7	1,468	1,490	1.5

Income from equity method and dividends:

This item amounted to 125 million euros as at the end of 2022, increasing from the previous year, mainly due to the increased contribution of the insurance business. In the quarter, this item showed a reduction due to the reduced earnings of BanSabadell Capital investees.

Other operating income and expenses:

This item amounted to -337 million euros as at the end of 2022, increasing from the end of 2021 due to the recognition of a larger contribution of the Single Resolution Fund (SRF) owing to an increase in the contribution rate at the systemic level, and also because this year does not include the positive contribution of BanSabadell Renting after its sale.

It is worth mentioning that this quarter includes the recognition of -57 million euros, net, resulting from the agreement regarding the issues emerged following the migration of the IT platform of TSB, which were partially offset with a tax-payable amount of 45 million euros (32 million euros, net) due to insurance claim recoveries, amounting to a total net of -25 million euros. Also worth noting is Banco Sabadell's contribution to the Deposit Guarantee Fund (DGF) of -114 million euros and the payment of the tax on deposits of credit institutions (IDEC) of -35 million euros.

Total costs:

Total costs followed a positive trend, amounting to -2,883 million euros as at the end of 2022, representing a -12.8% reduction from the figure as at the end of 2021, which included -320 million euros of non-recurrent costs arising from the efficiency plans carried out in Spain and the United Kingdom. Not including this impact, recurrent costs fell by -3.5% year-on-year, driven by savings on staff expenses delivered by the efficiency plans and also by a reduction of general expenses.

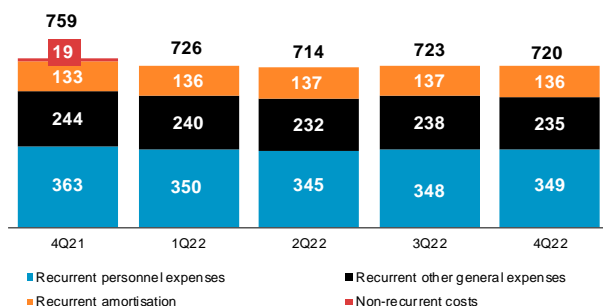
In the quarter, costs fell by -0.4%, mainly due to a decline of general expenses at TSB.

Total costs

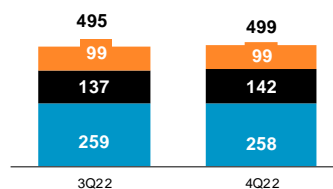
(€ million)	Excl. TSB			Total group			Excl. TSB			Total group		
	3 Q22	4 Q22	QoQ (%)	3 Q22	4 Q22	QoQ (%)	FY21	FY22	YoY (%)	FY21	FY22	YoY (%)
Personnel expenses	-259	-258	-0.6	-348	-349	0.2	-1,414	-1,035	-26.8	-1,777	-1,392	-21.7
IT and communications	-50	-55	9.3	-103	-101	-2.1	-239	-217	-9.0	-446	-422	-5.4
Advertising	-12	-10	-21.1	-21	-18	-16.0	-39	-42	7.4	-79	-72	-9.9
Premises and office supplies	-12	-8	-30.9	-18	-15	-20.2	-38	-39	1.0	-78	-65	-16.4
Technical reports and judicial expenses	-5	-4	-19.6	-10	-9	-15.1	-28	-20	-28.8	-43	-39	-8.8
Subcontracted administrative services	-15	-9	-41.4	-32	-23	-27.3	-44	-46	5.9	-113	-113	-0.1
Contributions and taxes	-20	-33	70.7	-22	-36	66.6	-119	-103	-13.1	-130	-114	-12.4
Others	-23	-24	2.4	-31	-33	7.8	-75	-82	9.2	-114	-121	5.9
Other general expenses	-137	-142	4.1	-238	-235	-1.2	-582	-550	-5.6	-1,004	-946	-5.8
Amortisation & depreciation	-99	-99	0.4	-137	-136	-0.3	-370	-388	5.0	-527	-545	3.5
Total costs	-495	-499	0.9	-723	-720	-0.4	-2,366	-1,973	-16.6	-3,307	-2,883	-12.8
Memorandum item:												
Recurrent costs	-495	-499	0.9	-723	-720	-0.4	-2,065	-1,973	-4.4	-2,988	-2,883	-3.5
Non-recurrent costs	0	0	--	0	0	--	-301	0	-100.0	-320	0	-100.0
Efficiency ratio (%)							50.85	39.77		55.33	45.12	
Efficiency ratio with amortisation & depreciation (%)							60.26	49.51		65.80	55.65	

Evolution of total costs

Total group (€ millions)



Sabadell ex - TSB (€ millions)



Recurrent costs

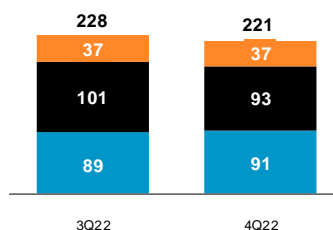
Change YoY:

-4.4%

Change QoQ:

+0.9%

TSB (€ millions)



Recurrent costs

Change YoY:

-1.5%

-2.2% Constant FX

Change QoQ:

-3.1%

-1.6% Constant FX

	Total group ⁽¹⁾	Constant FX ⁽¹⁾
Change YoY:	-3.5%	-4.3%
Change QoQ:	-0.4%	+1.4%

(1) Change over total recurrent costs.

Core results:

Core results (net interest income + net fees and commissions – recurrent costs) followed a positive trend, standing at 2,406 million euros as at the end of 2022, growing by 26.3% year-on-year as a result of the good

evolution of net interest income and the growth of net fees and commissions, as well as the reduction of costs. In the quarter, they grew by 15.5%, mainly supported by the improvement of net interest income.

(€million)

	Total group					
	3 Q22	4 Q22	QoQ (%)	FY21	FY22	YoY (%)
Net interest income	965	1,077	11.6	3,425	3,799	10.9
Net fees and commissions	388	372	-4.1	1,468	1,490	1.5
Recurrent costs	-723	-720	-0.4	-2,988	-2,883	-3.5
Core results	631	729	15.5	1,905	2,406	26.3

Provisions for loan losses and other impairments:

This item amounted to -1,032 million euros as at the end of 2022, compared to -1,225 million euros at the end of the previous year, representing a year-on-year reduction of -15.7% due to lower credit provisions and a reduction of real estate provisions.

In the quarter, provisions increased as a result of greater loan loss provisions allocated following updates in the macroeconomic environment.

This level of provisions resulted in a Group credit cost of risk for the year of 44 bps and a total cost of risk of 60 bps as at the end of 2022, improving by 5 bps and 11 bps respectively compared to the end of 2021.

Gains on sale of assets and other results:

Capital gains on the sale of assets and other results amounted to -23 million euros as at the end of 2022, mainly including write-offs of IT assets. The change from the end of the previous year is due to the fact that the previous year mainly included 83 million euros (gross) from the sale of the depositary business and 42 million euros (gross) from the sale of the BanSabadell Renting business, while the quarterly change is explained by the recognition of write-offs from IT assets in Mexico in the fourth quarter of the year.

Net profit:

The Group's net profit amounted to 859 million euros as at the end of 2022, representing year-on-year growth of 61.9%, mainly driven by the core revenue improvement, cost savings and the booking of fewer provisions.

Balance sheet

Highlights:

Performing loans continued to follow a positive trend over the year, despite being negatively impacted by the depreciation of the pound sterling. Not including the exchange rate effect, lending volumes grew year-on-year in all geographies, and they also grew in the quarter, supported by foreign business.

Term deposits also followed a positive trend and this, alongside the growth of sight accounts, was the driving force behind the year-on-year and quarterly growth of on-balance sheet customer funds, affected by the evolution of foreign currencies.

Off-balance sheet funds recorded a year-on-year reduction, impacted by volatility in financial markets, particularly in mutual funds, while in the quarter the trend shifts and they grew, also driven by a positive flow of net mutual fund subscriptions.

Balance sheet

(€million)	31.12.21	30.09.22	31.12.22	Change	
				YoY (%)	QoQ (%)
Cash, cash balances at central banks and other demand deposits	49,213	43,971	41,260	-16.2	-6.2
Financial assets held for trading and fair value with changes in PL	2,051	5,953	4,095	99.6	-31.2
Financial assets in fair value OCI	6,870	5,826	5,802	-15.5	-0.4
Financial assets at amortised cost	178,869	189,323	185,045	3.5	-2.3
Loans and advances to customers	157,366	159,365	158,730	0.9	-0.4
Loans and advances of central banks and credit institutions	6,313	9,384	4,863	-23.0	-48.2
Debt securities	15,190	20,574	21,453	41.2	4.3
Investments in subsidiaries, joint ventures and associates	639	531	515	-19.3	-2.9
Tangible assets	2,777	2,590	2,582	-7.0	-0.3
Intangible assets	2,581	2,493	2,484	-3.8	-0.4
Other assets	8,946	9,720	9,596	7.3	-1.3
Total assets	251,947	260,407	251,380	-0.2	-3.5
Financial liabilities held for trading and fair value with changes in PL	1,380	4,956	3,598	160.8	-27.4
Financial liabilities at amortised cost	235,179	239,663	232,530	-1.1	-3.0
Central banks	38,250	37,605	27,844	-27.2	-26.0
Credit institutions	8,817	9,512	11,373	29.0	19.6
Customer deposits	162,239	163,551	164,076	1.1	0.3
Debt securities issued	21,051	21,622	22,578	7.3	4.4
Other financial liabilities	4,822	7,373	6,659	38.1	-9.7
Provisions	886	631	645	-27.3	2.1
Other liabilities	1,505	1,794	1,382	-8.2	-23.0
Subtotal liabilities	238,950	247,044	238,155	-0.3	-3.6
Shareholders' equity	13,357	13,815	13,841	3.6	0.2
Accumulated other comprehensive income	-386	-489	-651	68.7	32.9
Minority interest	25	38	34	37.5	-8.6
Net equity	12,996	13,363	13,224	1.8	-1.0
Total liabilities and equity	251,947	260,407	251,380	-0.2	-3.5
Financial guarantees granted	2,034	2,102	2,087	2.6	-0.7
Commitments for loans granted	28,403	28,569	27,461	-3.3	-3.9
Other commitments granted	7,385	8,292	9,674	31.0	16.7

Assets:

The Group's total assets amounted to 251,380 million euros, representing a decrease of -0.2% year-on-year and of -3.5% in the quarter, affected by the evolution of foreign currencies. At constant exchange rates, they grew by 0.8% year-on-year and fell by -3.2% in the quarter, affected by the 10,000 million euros TLTRO III repayment.

Similarly, excluding TSB, total assets amounted to 198,894 million euros, falling by -0.2% year-on-year and by -4.2% in the quarter.

Loans and advances to customers:

Gross performing loans ended the year 2022 with a balance of 156,130 million euros, growing by 0.8% year-on-year and dipping by -0.4% in the quarter, due to foreign currency depreciation. At constant exchange rates, this item increased by 2.0% year-on-year and by 0.3% in the quarter.

In Spain, gross performing loans grew by 1.7% year-on-year, due mainly to lending to individuals, in particular mortgages, as well as SMEs and Corporates. Conversely, in the quarter, lending volumes dipped by -0.7%, impacted mainly by the depreciation of the US dollar.

Gross performing loans in foreign branches (included in the Spain perimeter) amounted to 9,485 million euros, up by 7.9% year-on-year and down by -2.8% in the quarter, in both cases impacted by changes in the US dollar currency. At constant exchange rates, year-on-year growth stood at 5.3%, while the quarter saw growth of 2.9% due to the increased levels of business.

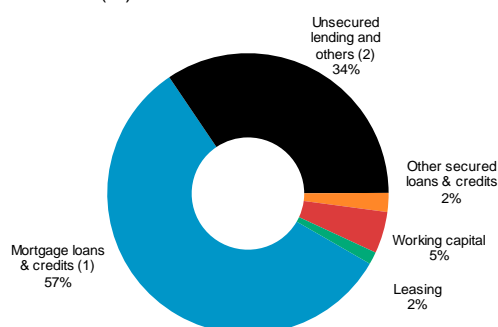
At TSB, lending was impacted by the depreciation of the pound sterling in the year and in the quarter, recording a year-on-year decline of -2.1% and a quarterly increase of 0.6%. At a constant exchange rate, it increased by 3.3% year-on-year and by 1.0% in the quarter, in both cases supported by the growth of the mortgage book.

Mexico recorded year-on-year growth of 9.5%, underpinned by the appreciation of the Mexican peso and the US dollar, while in the quarter, currency depreciation caused a -2.9% decline in lending. At constant exchange rates, year-on-year growth stood at 1.4%, and the quarter saw growth of 4.8%, due to increased levels of lending.

Loans and advances to customers

(€ million)	Excl. TSB					Total group				
	31.12.21	30.09.22	31.12.22	Change		31.12.21	30.09.22	31.12.22	Change	
				YoY (%)	QoQ (%)				YoY (%)	QoQ (%)
Mortgage loans & credits	49,640	49,449	49,433	-0.4	0.0	90,718	89,513	89,340	-1.5	-0.2
Other secured loans & credits	2,999	3,034	3,000	0.0	-1.1	3,596	3,476	3,412	-5.1	-1.8
Working capital	6,050	6,760	7,489	23.8	10.8	6,050	6,760	7,489	23.8	10.8
Leasing	2,106	2,163	2,227	5.7	2.9	2,106	2,163	2,227	5.7	2.9
Unsecured lending and others	50,067	52,484	50,872	1.6	-3.1	52,443	54,833	53,663	2.3	-2.1
Performing gross loans	110,862	113,889	113,020	1.9	-0.8	154,912	156,745	156,130	0.8	-0.4
Of which: APS	70	70	70	0.0	0.0	70	70	70	0.0	0.0
Performing gross loans excluding APS	110,791	113,818	112,950	1.9	-0.8	154,842	156,675	156,060	0.8	-0.4
Stage 3 assets (customer)	5,055	4,767	4,897	-3.1	2.7	5,698	5,358	5,461	-4.2	1.9
Accruals	-39	85	87	--	2.4	58	184	159	173.2	-13.6
Gross loans to customers (excluding repos)	115,878	118,741	118,005	1.8	-0.6	160,668	162,288	161,750	0.7	-0.3
Reverse repos	0	115	0	--	-100.0	0	115	0	--	-100.0
Gross loans to customers	115,878	118,856	118,005	1.8	-0.7	160,668	162,403	161,750	0.7	-0.4
NPL and country-risk provisions	-3,076	-2,822	-2,797	-9.1	-0.9	-3,302	-3,038	-3,020	-8.5	-0.6
Loans and advances to customers	112,801	116,034	115,208	2.1	-0.7	157,366	159,365	158,730	0.9	-0.4

Loans and advances to customers, by product type 31.12.2022 (%) ⁽¹⁾

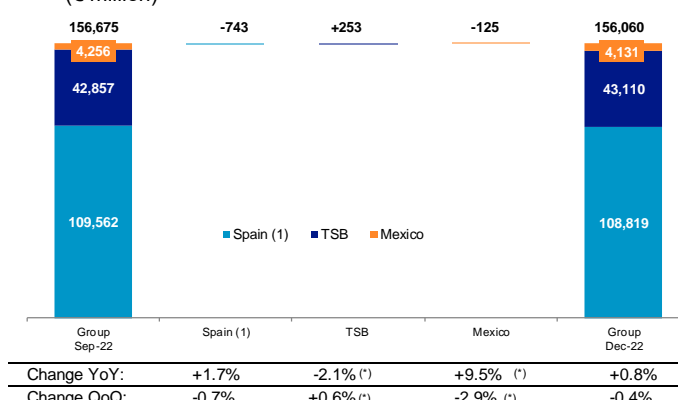


(1) Includes mortgage loans and credits both to individuals and companies.

(2) Includes IOO loans.

(*) Excluding stage 3 assets and accrual adjustments.

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



(*) In TSB +3.3% YoY and +1.0% QoQ in GBP and in Mexico +1.4% YoY and +4.8% QoQ in MXN.

(1) Spain includes foreign branches (€9,485M in Dec 22 and €9,753M in Sep 22).

Liabilities:

Customer funds:

As at the end of 2022, on-balance sheet customer funds amounted to a total of 164,140 million euros, representing a year-on-year increase of 1.3% and quarterly growth of 0.5%, affected by the evolution of foreign currencies. At constant exchange rates, they grew by 2.5% year-on-year and by 1.0% in the quarter, due to both the positive evolution of term deposits, in particular at TSB, and sight accounts.

Sight account balances amounted to 147,540 million euros, growing by 0.2% year-on-year and dropping by -0.1% in the quarter, affected by the depreciation of foreign currencies, as if one considers constant exchange rates, they actually grew by 1.5% in the year and by 0.2% in the quarter.

Term deposits came to a total of 16,141 million euros, growing by 9.0% compared to the end of 2021, and by 1.5% in the quarter. Considering constant exchange rates, growth was 8.3% in the year and 3.1% in the quarter.

Total off-balance sheet funds amounted to 38,492 million euros as at the end of 2022, representing a reduction of -7.6% year-on-year, impacted by volatility in financial markets, particularly in mutual funds, while in the quarter the trend shifts and they grew by 1.2%, also driven by positive flow of net mutual fund subscriptions.

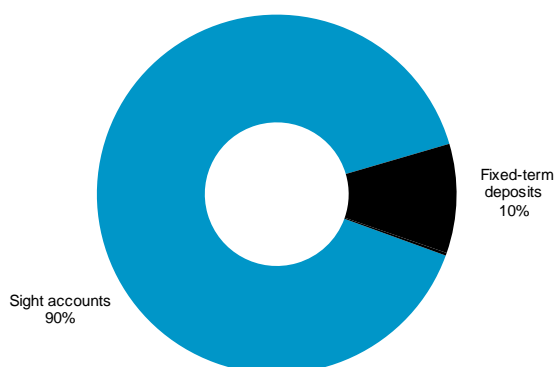
Funds under management and third-party funds:

This item amounted to a total of 225,146 million euros, representing a slight year-on-year increase of 0.1% and a quarterly increase of 0.9%.

Exposures to central banks included 22,000 million euros of ECB borrowing, with the balance falling during the quarter by 10,000 million euros following the early repayment of TLTRO III. It also includes 6,201 million euros with the Bank of England, which remained stable in the quarter.

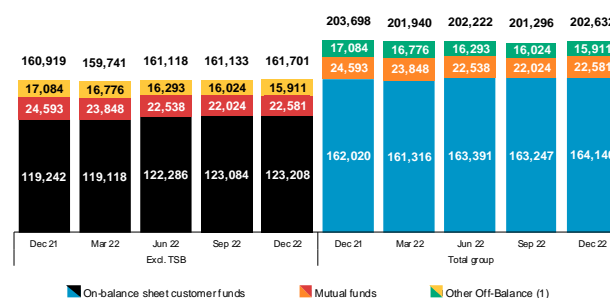
It is worth noting that a further 6,000 million euros of TLTRO III funding was repaid in January 2023, meaning that 50% of the total amount has now been repaid.

Customer deposits, 31.12.2022 (%) (*)



(*) Excluding accrual adjustments and hedging derivatives.

Evolution of customer funds (€ million)



Excl. TSB (*)

Change YoY: **+3.3%**

Change QoQ: **+0.1%**

Total group (*)

Change YoY: **+1.3%**

Change QoQ: **+0.5%**

(*) Change on balance sheet customer funds.

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

Customer funds

(€million)	Excl. TSB					Total group				
	31.12.21	30.09.22	31.12.22	Change		31.12.21	30.09.22	31.12.22	Change	
				YoY (%)	QoQ (%)				YoY (%)	QoQ (%)
Financial liabilities at amortised cost	183,340	189,183	181,843	-0.8	-3.9	235,179	239,663	232,530	-1.1	-3.0
Non-retail financial liabilities	64,098	66,099	58,635	-8.5	-11.3	73,159	76,416	68,390	-6.5	-10.5
Central banks	31,703	31,351	21,599	-31.9	-31.1	38,250	37,605	27,844	-27.2	-26.0
Credit institutions	8,815	9,511	11,372	29.0	19.6	8,817	9,512	11,373	29.0	19.6
Institutional issues	19,182	19,916	20,657	7.7	3.7	21,270	21,926	22,514	5.8	2.7
Other financial liabilities	4,398	5,320	5,007	13.8	-5.9	4,822	7,373	6,659	38.1	-9.7
On-balance sheet customer funds	119,242	123,084	123,208	3.3	0.1	162,020	163,247	164,140	1.3	0.5
Customer deposits	119,454	123,363	122,701	2.7	-0.5	162,239	163,551	164,076	1.1	0.3
Sight accounts	106,578	109,315	110,156	3.4	0.8	147,268	147,664	147,540	0.2	-0.1
Fixed-term deposits	(1) 12,725	14,091	12,594	-1.0	-10.6	14,813	15,905	16,141	9.0	1.5
Repos	60	0	0	-100.0	--	60	12	405	--	--
Accruals and derivative hedging adjustments	91	-43	-49	--	13.8	98	-29	-9	--	-68.0
Debt and other marketable securities	14,741	16,154	17,687	20.0	9.5	16,822	18,138	19,100	13.5	5.3
Subordinated liabilities	(2) 4,229	3,484	3,478	-17.8	-0.2	4,229	3,484	3,478	-17.8	-0.2
On-balance sheet funds	138,423	143,001	143,865	3.9	0.6	183,290	185,173	186,654	1.8	0.8
Mutual funds	24,593	22,024	22,581	-8.2	2.5	24,593	22,024	22,581	-8.2	2.5
Managed mutual funds	0	0	0	--	--	0	0	0	--	--
Dedicated investment companies	1,365	964	703	-48.5	-27.1	1,365	964	703	-48.5	-27.1
Third-party funds	23,228	21,060	21,878	-5.8	3.9	23,228	21,060	21,878	-5.8	3.9
Managed accounts	3,795	3,431	3,532	-6.9	2.9	3,795	3,431	3,532	-6.9	2.9
Pension funds	3,525	3,164	3,182	-9.7	0.6	3,525	3,164	3,182	-9.7	0.6
Individual	2,300	2,053	2,065	-10.2	0.6	2,300	2,053	2,065	-10.2	0.6
Company	1,219	1,106	1,112	-8.8	0.6	1,219	1,106	1,112	-8.8	0.6
Group	6	5	5	-10.6	-0.7	6	5	5	-10.6	-0.7
Third-party insurance products	9,765	9,429	9,197	-5.8	-2.5	9,765	9,429	9,197	-5.8	-2.5
Off-balance sheet customer funds	41,678	38,049	38,492	-7.6	1.2	41,678	38,049	38,492	-7.6	1.2
Funds under management and third-party funds	180,101	181,050	182,358	1.3	0.7	224,968	223,222	225,146	0.1	0.9

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

Equity:

The following table shows the evolution of equity as at the end of 2022:

Equity

(€million)	31.12.21	30.09.22	31.12.22	Change	
				YoY	QoQ
Shareholders' equity	13,357	13,815	13,841	484	26
Issued capital	703	703	703	0	0
Reserves	12,139	12,416	12,393	254	-23
Other equity	19	20	22	2	2
Less: treasury shares	-35	-33	-24	11	9
Attributable net profit	530	709	859	328	149
Less: interim dividends	0	0	-112	-112	-112
Accumulated other comprehensive income	-386	-489	-651	-265	-161
Minority interest	25	38	34	9	-3
Net equity	12,996	13,363	13,224	228	-139

Risk management

Highlights:

The Group's stage 3 ratio stood at 3.4% as at year-end 2022, falling by -25 bps with respect to the previous year.

In the quarter, non-performing assets (NPAs) were reduced by -68 million euros, of which -15 million euros correspond to the stage 3 balances and -53 million euros correspond to the reduction of foreclosed assets.

With regard to the breakdown of loans by stages, it should be noted that 88.2% are classified as stage 1 with a coverage level of 0.3%, the balance of stage 2 loans represents 8.4% of the total with coverage of 3.6%, and the balance of stage 3 loans represents 3.4% of the total with coverage of 39.4%.

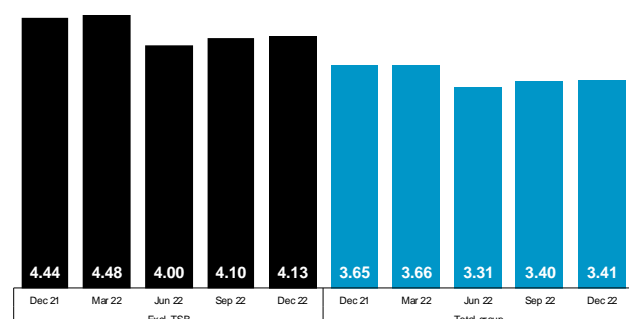
The NPA coverage ratio including total provisions remained stable in the quarter at 52.3%, with the stage 3 coverage ratio including total provisions standing at 55.0% and the foreclosed asset coverage ratio standing at 38.3%.

Risk management:

Non-performing assets showed a balance of 6,971 million euros as at the end of 2022, of which 5,814 million euros correspond to stage 3 assets and 1,157 million euros correspond to foreclosed assets.

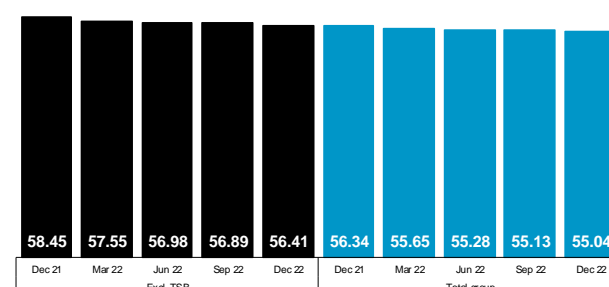
The gross NPA ratio stood at 4.1%, while the net NPA ratio considering total provisions stood at 1.9%.

Stage 3 ratios (%) (*)



(*) Calculated including contingent exposures.

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

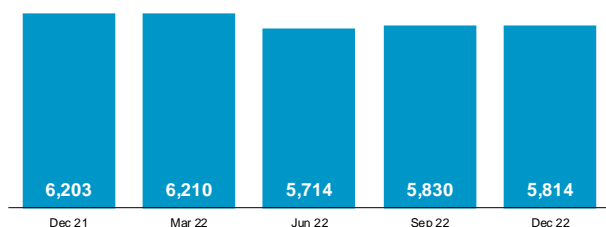


Stage 3 ratios, by segment (*)

Total group	Dec 21	Mar 22	Jun 22	Sep 22	Dec 22
Real estate development and/or construction purposes	9.79%	8.86%	7.77%	8.23%	6.95%
Construction purposes non-related to real estate dev.	11.95%	9.49%	12.04%	11.28%	7.06%
Large corporates	2.35%	2.45%	2.21%	2.00%	2.02%
SME and small retailers and self-employed	6.40%	6.54%	5.84%	6.33%	7.62%
Individuals with 1st mortgage guarantee assets	2.50%	2.47%	2.35%	2.37%	2.08%
Stage 3 ratio	3.65%	3.66%	3.31%	3.40%	3.41%

(*) Calculated including contingent exposures.

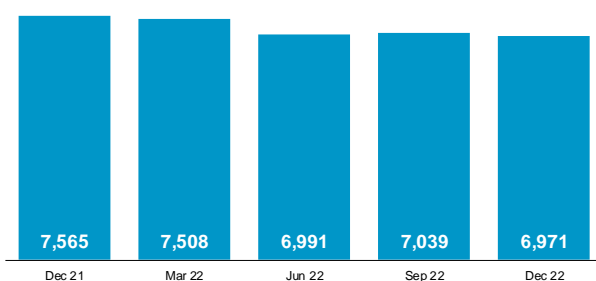
Evolution of stage 3 assets (€ million) ^(*)



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



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



^(*) Calculated including contingent exposures.

The table below shows the evolution of problematic assets over the last few quarters:

Evolution of Group stage 3 and foreclosed assets

(€million)	4Q21	1Q22	2Q22	3Q22	4Q22
Gross entries (stage 3)	804	640	586	670	978
Recoveries and sales	-516	-488	-1,007	-462	-910
Net stage 3 entries	287	153	-421	208	68
Gross entries (foreclosed assets)	37	16	21	13	17
Sales	-49	-79	-43	-81	-70
Change in foreclosed assets	-11	-63	-22	-68	-53
Net stage 3 entries + Change in foreclosed assets	276	89	-443	140	15
Write-offs	-89	-146	-74	-92	-83
Foreclosed assets and stage 3 quarterly change	187	-56	-517	48	-68

Evolution of Group problematic asset coverage ^(*)

(€ million)	Dec 21	Mar 22	Jun 22	Sep 22	Dec 22
Stage 3 exposures	6,203	6,210	5,714	5,830	5,814
Total provisions	3,495	3,456	3,159	3,214	3,200
Stage 3 coverage ratio with total provisions (%)	56.3%	55.7%	55.3%	55.1%	55.0%
Stage 3 exposures	6,203	6,210	5,714	5,830	5,814
Stage 3 provisions	2,553	2,560	2,263	2,273	2,292
Stage 3 coverage ratio (%)	41.2%	41.2%	39.6%	39.0%	39.4%
Problematic RE Assets	1,362	1,299	1,277	1,209	1,157
Provisions	520	494	499	470	443
Problematic Real Estate coverage ratio (%)	38.2%	38.0%	39.0%	38.9%	38.3%
Total problematic assets	7,565	7,508	6,991	7,039	6,971
Provisions	4,014	3,950	3,658	3,684	3,644
Problematic assets coverage (%)	53.1%	52.6%	52.3%	52.3%	52.3%
Gross loans to customers excluding repos + guarantees granted + problematic RE Assets	171,298	171,005	174,040	172,594	171,910
Gross NPA ratio (%)	(1) 4.4%	4.4%	4.0%	4.1%	4.1%
Net problematic assets	3,550	3,559	3,334	3,355	3,327
Net NPA ratio (%)	(1) 2.1%	2.1%	1.9%	1.9%	1.9%
Net problematic assets as of % of total assets	1.4%	1.4%	1.3%	1.3%	1.3%

(*) Includes contingent exposures.

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

Forbearance and restructured loans

The outstanding balance of forbore and restructured loans as at the end of 2022 is as follows:

(€million)	Dec 21		Mar 22		Jun 22		Sep 22		Dec 22	
	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	9	8	10	8	9	7	9	7	8	7
Companies and self employed	4,931	1,912	4,768	1,990	4,553	1,830	4,354	1,911	4,016	1,804
Of which: Financing for construction and real estate development	309	143	296	155	293	151	283	153	257	136
Individuals	1,907	1,090	1,862	1,055	1,755	993	1,674	992	1,570	933
Total	6,848	3,010	6,640	3,052	6,317	2,830	6,037	2,910	5,594	2,744
Provisions	1,331	1,144	1,267	1,122	1,142	1,009	1,146	1,033	1,081	981
Coverage ratio	19.4%	38.0%	19.1%	36.8%	18.1%	35.6%	19.0%	35.5%	19.3%	35.7%

Foreclosed assets (*)

(€million)	Gross amount	Allowances for losses
Real estate assets deriving from financing of construction and real estate development	531	215
Finished buildings	485	188
Housing	286	95
Rest	199	93
Buildings under construction	5	3
Housing	5	3
Rest	0	0
Land	41	24
Building land	22	12
Other land	19	12
Real estate assets deriving from home loan mortgages	598	218
Real estate assets acquired in discharge of debts	27	10
Total real-estate portfolio	1,157	443

(*) 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
Gross loans to customers excluding repos and guarantees granted	150,602	14,337	5,814
<i>Change QoQ</i>	<i>-0.8%</i>	<i>3.9%</i>	<i>-0.3%</i>
Provisions	398	510	2,292
Coverage	0.3%	3.6%	39.4%
% Stage / Total Loans	88.2%	8.4%	3.4%

Liquidity management

Highlights:

The Group has a sound liquidity position, with an LCR (Liquidity Coverage Ratio) of 234% as at the end of 2022 (267% excluding TSB and 196% at TSB) and total liquid assets of 56,611 million euros.

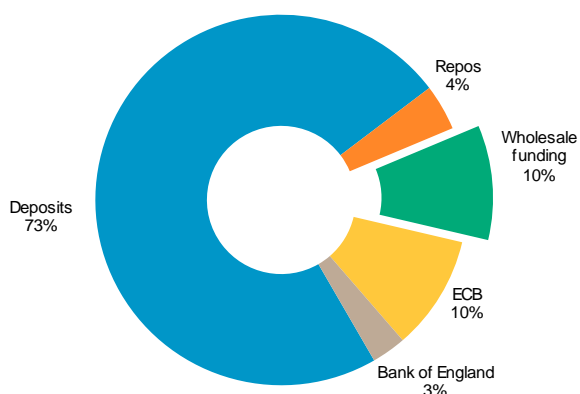
The loan-to-deposit ratio as at the end of 2022 was 95.6%, with a balanced retail funding structure.

Of particular note among the issues carried out by Banco Sabadell are the 750 million euro Senior Non Preferred debt issuance (green bonds) in the first quarter of the year, the 1,000 million euro mortgage covered bonds issuance in the second quarter, the 500 million euro Senior Non Preferred debt issuance in the third quarter of the year, and 750 million euro Senior Preferred (green bonds) and the 500 million euro mortgage covered bond issuance in the fourth quarter of the year.

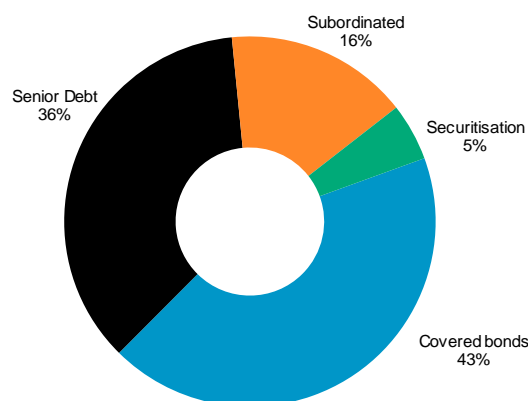
(€ million)		31.12.21	30.09.22	31.12.22
Loans and advances to customers	(1)	157,366	159,250	158,730
Brokered loans		-1,290	-1,368	-1,806
Adjusted net loans and advances		156,076	157,882	156,924
On-balance sheet customer funds		162,020	163,247	164,140
Loan-to-deposits ratio (%)		96.3	96.7	95.6

(1) Excludes reverse repos.

Funding structure, 31.12.2022 (%)



Wholesale market breakdown, 31.12.2022 (%)



Maturities

(€ million)	2023	2024	2025	2026	2027	2028	>2028	Outstanding balance
Covered bonds	1,388	2,696	836	390	1,100	1,549	1,450	9,409
Senior Debt	1,002	745	1,489	0	500	750	0	4,486
Senior Non Preferred Debt	0	975	500	1,317	18	500	195	3,505
Subordinated	0	0	0	500	0	500	815	1,815
Total	2,390	4,416	2,825	2,207	1,618	3,299	2,460	19,215

New issuances in the year

(€ million)	1Q22	2Q22	3Q22	4Q22
Covered bonds	0	1,000	0	500
Senior Debt	0	0	0	750
Senior Non Preferred Debt	870	9	509	75
Total	870	1,009	509	1,325

Maturities in the year

(€ million)	1Q22	2Q22	3Q22	4Q22
Covered bonds	300	0	450	950
Senior Debt	604	525	50	3
Deuda senior no preferente	0	0	0	120
AT1	0	750	0	0
Total	904	1,275	500	1,073

Capital management and credit ratings

Highlights:

The phase-in CET1 ratio stood at 12.66% as at the end of 2022, increasing by 1 bps compared to September 2022.

This CET1 ratio includes 12 bps of IFRS 9 transitional adjustments, therefore the fully-loaded CET1 ratio is 12.54%, growing by 2 bps in the quarter. Of this quarterly growth, 8 bps correspond to organic capital generation and 7 bps to the reduction of risk-weighted assets, which offset the -11 bps due to the increase of the pay-out ratio to 50% and the -2 bps of valuation adjustments of the fair value portfolio. This year, the fully-loaded CET1 ratio increased by 32 bps.

The minimum prudential requirements applicable to Banco Sabadell following the Supervisory Review and Evaluation Process (SREP) were 8.64% for CET1 and 13.08% for Total Capital, including the countercyclical buffer (0.18%), linked to exposures in the United Kingdom, where a countercyclical buffer of 1% has been established effective from December 2022.

The phase-in Total Capital ratio stood at 17.13% as at the end of 2022, thus remaining above requirements with an MDA buffer of 402 bps.

The phase-in leverage ratio was 4.62%.

The MREL ratio as a percentage of RWAs stood at 26.34%, above the requirement for the year 2024 (25.33%), while the MREL ratio as a percentage of the Leverage Ratio Exposure (LRE) was 8.26%, also above the requirement for 2024 (6.36%).

The pay-out ratio increased to 50%, combining a cash dividend with a share buyback.

Capital ratios

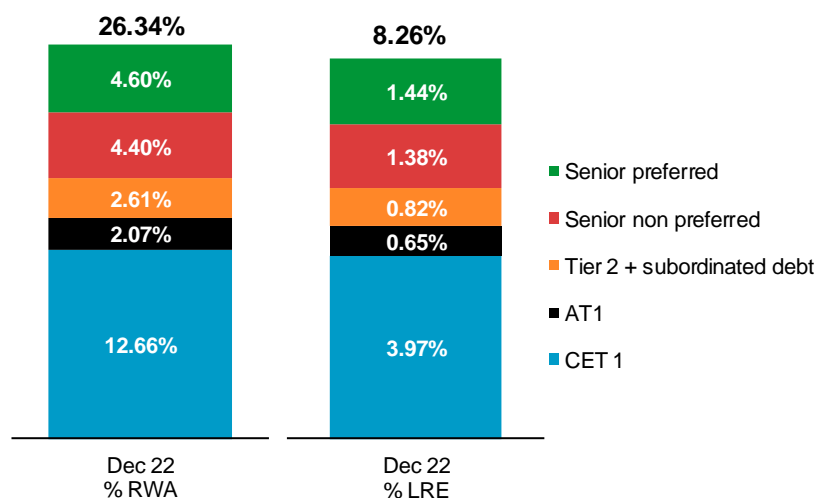
(€million)	Phase-in			Fully-loaded		
	31.12.21	30.09.22	31.12.22	31.12.21	30.09.22	31.12.22
Issued capital	703	703	703	703	703	703
Reserves	12,519	12,856	12,839	12,519	12,856	12,839
Minority interest	0	0	0	0	0	0
Deductions	(1) -3,143	-3,325	-3,465	-3,363	-3,435	-3,556
Common Equity Tier 1	10,080	10,235	10,078	9,860	10,124	9,986
CET 1 (%)	12.50%	12.65%	12.66%	12.22%	12.52%	12.54%
Preference shares and other	2,400	1,650	1,650	2,400	1,650	1,650
Primary capital	12,480	11,885	11,728	12,260	11,774	11,636
Tier I (%)	15.47%	14.69%	14.73%	15.19%	14.56%	14.61%
Secondary capital	2,021	1,926	1,911	2,021	1,941	1,911
Tier II (%)	2.51%	2.38%	2.40%	2.51%	2.40%	2.40%
Total capital	14,501	13,811	13,638	14,281	13,715	13,547
Total capital ratio (%)	17.98%	17.08%	17.13%	17.70%	16.95%	17.01%
Risk weighted assets (RWA)	80,646	80,880	79,612	80,689	80,894	79,633
Leverage ratio (%)	5.90%	4.62%	4.62%	5.80%	4.58%	4.59%
CET 1 - BS (non-consolidated basis) (%)	13.70%	13.45%	13.28%			
Tier I - BS (non-consolidated basis) (%)	16.67%	15.47%	15.31%			
Tier II - BS (non-consolidated basis) (%)	2.41%	2.29%	2.27%			
Total capital ratio - BS (non-consolidated basis) (%)	19.08%	17.76%	17.58%			
ADIs	(2) 2,587	2,968	2,920			

Note: The CET1 ratio includes the dividend accrual with a pay-out ratio of 50% for 2022.

(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	07.07.2022	A (low)	R-1 (low)	Stable
S&P Global Rating ⁽¹⁾	21.11.2022	BBB	A-2	Stable
Moody's	21.12.2022	Baa3	P-2	Positive
Fitch Ratings	15.07.2022	BBB-	F3	Stable

(1) Copyright by Standard & Poor's, A division of the McGraw-Hill Companies, Inc. Reproduced with permission of Standard & Poor's.

On 18 May 2022, **DBRS Ratings GmbH** affirmed Banco Sabadell's long-term rating of A (low), upgrading its outlook from negative to stable, in order to reflect its view that the impact of COVID-19 on the Bank has been less than anticipated in both Spain and the United Kingdom, Sabadell's key operating markets. The short-term rating was also maintained at R-1 (low). The full report on the revision was published on 7 July.

On 20 October 2022, **S&P Global Ratings** revised and upgraded its long and short-term issuer credit ratings of Banco Sabadell to BBB/A-2 from BBB-/A-3 with a stable outlook. It also revised and upgraded its ratings of senior preferred debt to BBB from BBB- and its long-term resolution counterparty rating to BBB+ from BBB. The remaining ratings all remained unchanged. The stable outlook reflects the progress made on the strategic plan and the expectation that Sabadell will continue to deliver on its plan and gradually enhance the solidity and profitability of the franchise. The full report on the revision was published on 21 November.

On 7 November 2022, **Moody's Investors Service** affirmed the ratings of Banco Sabadell's long-term deposits and long-term senior debt of 'Baa2' and 'Baa3', upgrading its outlook to positive from stable, reflecting the possibility that the rating could improve over the next 12-18 months if Banco Sabadell continues improving its profitability due to the growth of its net interest income and its containment of operating costs and credit provisions. The short-term rating was also affirmed at 'P-2'. The full report on the revision was published on 21 December.

On 30 June 2022, **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. It indicated that the factors that had a negative outlook (asset quality and profitability) had stabilised. The short-term rating was kept at 'F3'. The full report on the revision was published on 15 July.

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

In terms of the other criteria applied, segment information is first structured with a breakdown by geographical 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** groups together the Retail Banking, Business Banking and Corporate Banking business units, where Individuals and Businesses are managed under the same Branch Network:
 - Retail Banking: Offers financial products and services to individuals. These include investment products and medium- and long-term finance, such as consumer loans, home 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 products and finance, such as working capital products, revolving loans and medium- and long-term finance. It also offers custom structured finance and capital market solutions, as well as specialised advice for businesses. Funds mainly come from 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 particular features of the economic activity sector and the markets in which they operate. It has units that develop custom products for large corporations and financial institutions. The units responsible for the development of these custom products do so for the entire Banco Sabadell Group, extending their capabilities to the Corporate and Institutional Banking segment. Through its international presence in 17 countries, with representative offices and operational branches, it offers financial and advisory solutions to large Spanish and international corporations and financial institutions. It has operational branches in London, Paris, Lisbon, Casablanca and Miami.
- **Banking Business United Kingdom:**

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

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

The information presented herein is based on the standalone accounting records of each Group company, after all consolidation disposals and adjustments have been made.

Each business unit bears its own direct costs, calculated on the basis of general accounting.

Key information relating to the segmentation of the Group's activity is given hereafter.

Profit and loss 2022

(€ million)	Banking business Spain	Banking business United Kingdom	Banking Business Mexico	Total
Net interest income	2,499	1,151	149	3,799
Net fees and commissions	1,344	134	12	1,490
Core revenues	3,843	1,284	162	5,289
Net trading income and exchange differences	95	6	3	104
Income from equity method and dividends	125	0	0	125
Other operating income/expense	-225	-95	-17	-337
Gross operating income	3,837	1,195	148	5,180
Operating expenses	-1,513	-753	-72	-2,337
Amortisation & depreciation	-374	-157	-14	-545
Total costs	-1,887	-909	-86	-2,883
Pre-provisions income	1,951	285	62	2,298
Total provisions & impairments	-920	-104	-9	-1,032
Gains on sale of assets and other results	-9	1	-14	-23
Profit before tax	1,021	182	39	1,243
Income tax	-270	-95	-8	-373
Minority interest	11	0	0	11
Attributable net profit	740	87	31	859
ROTE	8.7%	4.2%	6.6%	7.8%
Efficiency	40.3%	63.0%	48.7%	45.1%
Efficiency with amortisation & depreciation	50.2%	76.1%	58.3%	55.6%
Stage 3 ratio	4.2%	1.3%	2.3%	3.4%
Stage 3 coverage ratio with total provisions	56.2%	42.3%	70.1%	55.0%

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
Total costs	-2,276	-942	-89	-3,307
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
ROTE	5.3%	5.4%	-0.5%	5.0%
Efficiency	50.2%	71.3%	71.1%	55.3%
Efficiency with amortisation & depreciation	59.7%	85.6%	78.7%	65.8%
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%

Balance sheet 2022

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

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

Banking Business Spain

Net profit as at the end of 2022 amounted to 740 million euros, representing sharp year-on-year growth, mainly as a result of the good performance of net interest income, the reduction of costs, and the booking of fewer provisions.

Net interest income amounted to 2,499 million euros as at 2022 year-end, growing by 8.6% year-on-year due to higher loan book yields, in turn supported by higher interest rates, the increased contribution to the ALCO portfolio and the good growth of volumes, which all served to offset higher wholesale funding costs.

Net fees and commissions amounted to 1,344 million euros, 0.6% higher than at the end of 2021, due to the increase in service fees, were it is particularly worth mentioning the higher levels of card transactions and currency exchange, as well as fees related to risk transactions.

Net trading income and exchange differences amounted to 95 million euros, a reduction compared to the previous year, which included 324 million euros gained on sales from the ALCO portfolio executed to fund the second phase of the efficiency plan.

(€ million)	FY21	FY22	YoY (%)
Net interest income	2,302	2,499	8.6
Net fees and commissions	1,336	1,344	0.6
Core revenues	3,638	3,843	5.6
Net trading income and exchange differences	342	95	-72.3
Income from equity method and dividends	102	125	22.9
Other operating income/expense	-269	-225	-16.6
Gross operating income	3,812	3,837	0.7
Operating expenses	-1,915	-1,513	-21.0
Amortisation & depreciation	-361	-374	3.6
Total costs	-2,276	-1,887	-17.1
Pre-provisions income	1,536	1,951	27.0
Total provisions & impairments	-1,193	-920	-22.9
Gains on sale of assets and other results	135	-9	--
Profit before tax	478	1,021	113.7
Income tax	-58	-270	--
Minority interest	8	11	26.9
Attributable net profit	412	740	79.8

Accumulated ratios	FY21	FY22	YoY (%)
ROTE	5.3%	8.7%	
Efficiency	50.2%	40.3%	
Efficiency with amortisation & depreciation	59.7%	50.2%	
Stage 3 ratio	4.6%	4.2%	
Stage 3 coverage ratio with total provisions	57.6%	56.2%	

Performing loans grew by 1.7% year-on-year, due mainly to lending to individuals, mainly mortgages, and SMEs and Corporates.

(€ million)	FY21	FY22	YoY (%)
Total assets	191,162	189,545	-0.8
Performing gross loans	107,089	108,889	1.7
RE exposure	842	713	-15.3
Subtotal liabilities	181,389	179,402	-1.1
On-balance sheet customer funds	116,788	120,118	2.9
Capital markets w/ wholesale funding	18,090	19,444	7.5
Equity	9,773	10,143	3.8
Off-balance sheet customer funds	41,678	38,492	-7.6
Other data			
Employees	13,855	12,991	
Branches	1,288	1,228	

Equity-accounted results and dividends showed year-on-year growth of 22.9% due mainly to the increased contribution of the insurance business.

Other income and expenses were positively impacted by the insurance claim recoveries associated with TSB's IT migration.

Total costs fell by -17.1% year-on-year, as the previous year included -301 million euros of non-recurrent costs related to the efficiency plan carried out. Not including this impact, costs decreased by -4.5% due to both lower staff expenses as a result of the cost savings delivered by the efficiency plans, and due to the recognition of lower general expenses.

Provisions and impairments amounted to -920 million euros, down by -22.9% year-on-year, due to the booking of fewer provisions for both loan losses and real estate assets.

Gains on the sale of assets and other results showed a year-on-year reduction, as the previous year mainly included 83 million euros (gross) gained on the sale of the depository business and 42 million euros (gross) from the sale of the BanSabadell Renting business.

Simple evolution									
	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	
Net interest income	570	579	586	566	556	583	629	730	
Net fees and commissions	314	336	327	359	326	334	346	338	
Core revenues	885	916	913	925	882	917	975	1,068	
Net trading income and exchange differences	15	7	323	-4	27	52	21	-5	
Income from equity method and dividends	46	10	11	35	59	26	28	12	
Other operating income/expense	-13	-97	-4	-155	-7	-110	1	-109	
Gross operating income	933	835	1,243	800	961	885	1,025	967	
Operating expenses	-424	-398	-697	-397	-385	-372	-375	-382	
Amortisation & depreciation	-90	-91	-90	-90	-91	-92	-95	-95	
Total costs	-513	-488	-787	-476	-464	-470	-477	-477	
Pre-provisions income	420	347	455	313	485	421	555	489	
Total provisions & impairments	-322	-261	-280	-330	-218	-226	-193	-284	
Gains on sale of assets and other results	4	75	0	56	-10	-7	6	2	
Profit before tax	102	161	176	40	257	188	369	208	
Income tax	-27	-53	-59	82	-59	-53	-103	-55	
Minority interest	5	2	2	-1	13	1	0	-3	
Attributable net profit	71	105	114	122	184	135	265	156	
ROTE	1.6%	4.1%	4.0%	5.3%	7.2%	7.4%	8.4%	8.7%	
Efficiency	48.4%	47.2%	51.9%	50.2%	42.5%	41.4%	40.5%	40.3%	
Efficiency with amortisation & depreciation	58.7%	57.6%	61.2%	59.7%	52.6%	51.4%	50.5%	50.2%	
Stage 3 ratio	4.5%	4.3%	4.4%	4.6%	4.6%	4.1%	4.2%	4.2%	
Stage 3 coverage ratio with total provisions	57.6%	57.3%	59.1%	57.6%	57.3%	56.7%	56.5%	56.2%	

On-balance sheet customer funds increased by 2.9% year-on-year, supported by sight accounts and term deposits. Off-balance sheet funds fell by -7.6% year-on-year mainly on mutual funds, impacted by financial market volatility.

Simple evolution									
	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	
Total assets	190,290	195,172	193,511	191,162	192,156	196,349	198,115	189,545	
Performing gross loans	106,815	108,042	106,935	107,089	106,687	110,177	109,632	108,889	
RE exposure	869	859	865	842	805	778	739	713	
Subtotal liabilities	181,057	185,748	183,860	181,389	182,368	186,480	187,892	179,402	
On-balance sheet customer funds	110,624	113,776	114,256	116,788	116,670	119,636	119,773	120,118	
Capital markets w/ wholesale funding	18,815	19,188	18,888	18,090	18,707	18,213	19,020	19,444	
Equity	9,233	9,423	9,651	9,773	9,789	9,869	10,223	10,143	
Off-balance sheet customer funds	39,478	40,736	41,669	41,678	40,624	38,831	38,049	38,492	
Other data									
Employees	14,518	14,648	14,618	13,855	12,836	12,949	13,061	12,991	
Branches	1,613	1,613	1,509	1,288	1,289	1,290	1,288	1,228	

Banking Business UK

Net profit amounted to 87 million euros as at 2022 year-end, impacted by -57 million euros (net), following the agreement regarding the issues emerged following the migration of the IT platform, recognised in the fourth quarter of 2022.

Net interest income amounted to a total of 1,151 million euros, 13.8% higher than in the previous year due to the growth of mortgage volumes and higher interest rates.

Net fees and commissions increased by 11.0% year-on-year, mainly due to higher service fees, particularly card fees.

Total costs amounted to -909 million euros, falling by -3.5% year-on-year, whereas in the previous year total costs were impacted by -19 million euros of non-recurrent costs arising from the efficiency plan. Not including this impact, total costs fell by -1.5%, due both to improved staff expenses and lower general expenses.

Provisions and impairments amounted to -104 million euros, representing year-on-year growth, mainly because the previous year included releases of provisions.

Corporation tax reflected an impact of -15 million euros as at the end of 2022 as a result of the impact on deferred tax assets following the bank levy review in the United Kingdom, which reduced this levy from 8% to 3%. However, the figure as at the end of 2021 includes +23 million euros due to the corporation tax increase.

(€ million)	FY21	FY22	YoY (%)	YoY (%)	Simple evolution							
				at constant FX	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22
Net interest income	1,011	1,151	13.8	13.0	236	246	262	267	271	280	296	304
Net fees and commissions	121	134	11.0	10.2	26	29	30	35	30	34	39	31
Core revenues	1,132	1,284	13.5	12.7	262	275	293	301	301	314	335	334
Net trading income and exchange differences	2	6	127.7	126.1	9	-2	-3	-2	5	-3	8	-5
Income from equity method and dividends	0	0	--	--	0	0	0	0	0	0	0	0
Other operating income/expense	-33	-95	186.4	184.3	0	-9	-12	-12	-12	-9	-9	-65
Gross operating income	1,101	1,195	8.5	7.8	271	264	278	288	294	302	334	264
Operating expenses	-785	-753	-4.1	-4.8	-200	-194	-188	-203	-191	-188	-190	-184
Amortisation & depreciation	-157	-157	0.0	-0.8	-37	-40	-36	-44	-42	-41	-37	-37
Total costs	-942	-909	-3.5	-4.2	-237	-234	-223	-247	-232	-229	-228	-221
Pre-provisions income	159	285	79.6	78.3	34	30	55	40	62	74	107	43
Total provisions & impairments	0	-104	--	--	-23	-5	7	21	-11	-20	-41	-30
Gains on sale of assets and other results	-9	1	--	--	-3	-1	4	-8	0	0	0	1
Profit before tax	150	182	21.5	20.6	8	23	66	53	50	53	65	14
Income tax	-32	-95	197.6	195.5	-5	13	-23	-17	-31	-19	-26	-20
Minority interest	0	0	--	--	0	0	0	0	0	0	0	0
Attributable net profit	118	87	-26.2	-26.7	2	36	43	36	19	35	39	-6

Accumulated ratios

ROTE	5.4%	4.2%
Efficiency	71.3%	63.0%
Efficiency with amortisation & depreciation	85.6%	76.1%
Stage 3 ratio	1.4%	1.3%
Stage 3 coverage ratio with total provisions	38.1%	42.3%

In TSB, lending fell by -2.1% year-on-year, negatively impacted by the depreciation of the pound sterling. Considering a constant exchange rate, this item showed an increase of 3.3% as a result of the growth of the mortgage book.

Similarly, on-balance sheet customer funds decreased by -4.3% in the year, affected by the depreciation of the pound sterling, whereas, considering a constant exchange rate, they actually grew by 1.0% due to the larger volume of term deposits.

(€ million)	FY21	FY22	YoY (%)	YoY (%)	Simple evolution							
				at constant FX	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22
Total assets	55,657	55,810	0.3	5.8	49,917	50,233	51,672	55,657	55,978	55,297	55,808	55,810
Performing gross loans	44,050	43,110	-2.1	3.3	39,893	40,959	41,950	44,050	44,294	43,903	42,857	43,110
Subtotal liabilities	53,012	53,316	0.6	6.2	47,193	47,604	49,067	53,012	53,371	52,708	53,263	53,316
On-balance sheet customer funds	42,779	40,931	-4.3	1.0	41,144	41,416	41,509	42,779	42,199	41,105	40,163	40,931
Capital markets w/ wholesale funding	2,975	2,537	-14.7	-10.0	2,799	2,914	2,905	2,975	2,955	2,913	2,831	2,537
Equity	2,645	2,494	-5.7	-0.5	2,724	2,629	2,604	2,645	2,607	2,589	2,545	2,494

Other data

Employees	5,762	5,482
Branches	290	220

0.5%	3.6%	5.0%	5.4%	3.6%	5.2%	6.0%	4.2%
73.8%	73.7%	71.6%	71.3%	64.7%	63.4%	61.1%	63.0%
87.4%	88.0%	85.4%	85.6%	78.9%	77.2%	74.0%	76.1%
1.8%	1.6%	1.5%	1.4%	1.4%	1.3%	1.4%	1.3%
42.0%	43.6%	42.1%	38.1%	38.7%	40.3%	39.7%	42.3%
6.451	5.978	5.926	5.762	5.702	5.595	5.503	5.482
373	290	290	290	290	220	220	220

Mexico

Net profit as at the end of 2022 was 31 million euros, representing sharp year-on-year growth supported mainly by improved net interest income and by a reduced allocation of provisions.

Net interest income amounted to 149 million euros, increasing by 32.4% year-on-year, due to the interest rate hike and the appreciation of the Mexican peso.

Net fees and commissions amounted to 12 million euros as at the end of 2022, growing by 1 million euros compared to the previous year due to increased commercial activity.

Total costs came to -86 million euros, falling by -3.5% year-on-year due to improved general and staff expenses, which offset the increase of amortisations/depreciations.

Provisions and impairments were below the previous year's levels due to an improvement in the loan book, as well as payments received from single-name customers.

Gains on sale of assets and other results includes the recognition of asset write-offs from IT.

(€ million)	FY21	FY22	YoY (%) at constant FX	Simple evolution								
				1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	
Net interest income	113	149	32.4	16.4	27	27	29	30	31	36	40	43
Net fees and commissions	11	12	17.2	3.0	1	2	4	4	3	3	3	4
Core revenues	123	162	31.1	15.2	28	29	32	34	33	38	43	47
Net trading income and exchange differences	0	3	--	--	-1	0	0	1	0	1	1	1
Income from equity method and dividends	0	0	--	--	0	0	0	0	0	0	0	0
Other operating income/expense	-10	-17	73.9	13.9	-1	-2	-2	-5	-4	-5	-4	-5
Gross operating income	114	148	30.2	18.0	26	27	31	30	30	35	40	43
Operating expenses	-81	-72	-10.8	-21.6	-16	-19	-24	-21	-15	-18	-21	-18
Amortisation & depreciation	-9	-14	65.9	45.8	-2	-2	-1	-3	-3	-3	-4	-4
Total costs	-89	-86	-3.5	-15.1	-18	-21	-26	-24	-18	-21	-25	-22
Pre-provisions income	24	62	154.3	160.1	7	6	5	6	12	13	15	21
Total provisions & impairments	-32	-9	-73.0	-76.3	-9	-1	-17	-5	3	-2	0	-9
Gains on sale of assets and other results	0	-14	--	--	0	0	0	0	-3	0	-2	-9
Profit before tax	-8	39	--	--	-2	6	-12	0	12	11	13	2
Income tax	9	-8	--	--	2	0	5	2	-3	-2	-1	-3
Minority interest	0	0	--	--	0	0	0	0	0	0	0	0
Attributable net profit	1	31	--	--	0	6	-8	2	10	9	13	0
Accumulated ratios												
ROTE	-0.5%	6.6%			-0.2%	1.7%	-1.0%	-0.5%	7.9%	8.2%	9.0%	6.6%
Efficiency	71.1%	48.7%			63.7%	66.2%	71.2%	71.1%	49.0%	50.8%	51.3%	48.7%
Efficiency with amortisation & depreciation	78.7%	58.3%			71.4%	74.1%	78.0%	78.7%	58.8%	60.4%	60.9%	58.3%
Stage 3 ratio	1.0%	2.3%			0.2%	0.3%	1.0%	1.0%	2.3%	2.3%	2.2%	2.3%
Stage 3 coverage ratio with total provisions	265.7%	70.1%			477.4%	416.9%	164.4%	265.7%	71.6%	73.3%	79.7%	70.1%

Performing loans grew by 9.5% year-on-year, supported by the appreciation of the Mexican peso and the US dollar. At constant exchange rates, this increase was 1.4%.

Similarly, on-balance sheet customer funds increased by 26.0% year-on-year, supported by foreign currency appreciation. At constant exchange rates, this item increased by 14.6%.

(€ million)	FY21	FY22	YoY (%) at constant FX	Simple evolution								
				1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	
Total assets	5,128	6,025	17.5	8.2	4,665	4,715	4,740	5,128	5,121	5,583	6,483	6,025
Performing gross loans	3,773	4,131	9.5	1.4	3,626	3,514	3,554	3,773	3,762	4,065	4,256	4,131
Subtotal liabilities	4,550	5,437	19.5	10.4	3,992	4,095	4,118	4,550	4,576	4,990	5,888	5,437
On-balance sheet customer funds	2,453	3,090	26.0	14.6	2,031	2,153	2,164	2,453	2,448	2,650	3,311	3,090
Equity	578	588	1.7	-8.4	673	620	622	578	545	592	595	588
Other data												
Employees	453	422			483	469	478	453	447	431	423	422
Branches	15	15			15	15	15	15	15	15	15	15

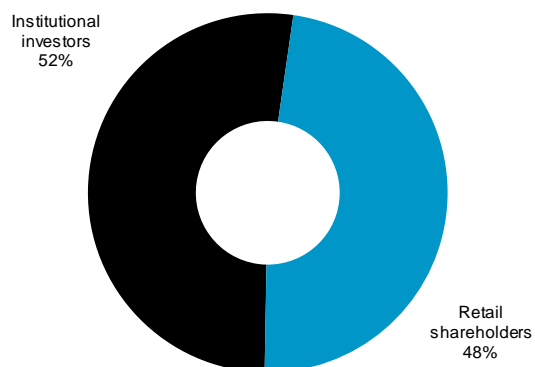
4. Share price performance

	31.12.21	30.09.22	31.12.22	
Shareholders and trading				
Number of shareholders	228,432	224,151	218,610	
Total number of shares (million)	5,627	5,627	5,627	
Average daily trading volume (millions shares)	33	46	41	
Share price (€) (1)				
Opening session (of the year)	0.354	0.592	0.592	
High (of the year)	0.743	0.950	0.950	
Low (of the year)	0.343	0.565	0.565	
Closing session	0.592	0.688	0.881	
Market capitalisation (€ million)	3,306	3,851	4,927	
Stock market multiples				
Earnings per share (EPS) (€)	(2)	0.08	0.14	0.13
Book value (€ million)		13,357	13,758	13,841
Book value per share (€)		2.39	2.46	2.47
Tangible book value (€ million)		10,750	11,252	11,357
TBV per share (€)		1.92	2.01	2.03
Price / Tangible book value (times)		0.31	0.34	0.43
Price / Earnings ratio (P/E) (times)		7.69	5.09	6.58

(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 at 31 December 2022

Comparative evolution of SAB share price

Period from 31.12.2021 to 31.12.2022



5. Key developments in the quarter

S&P upgrades ratings for Banco Sabadell

On 20 October 2022, S&P Global Ratings, raised the following ratings of Banco Sabadell:

- Long and short-term issuer credit rating (ICR) to BBB/A-2 from BBB-/A-3, setting the outlook stable.
- Senior preferred debt rating to BBB from BBB-.
- Long-term resolution counterparty rating (RCR) to BBB+ from BBB.

The rest of the ratings assigned to Banco Sabadell by S&P Global Ratings remain unchanged.

The Banco Sabadell Board of Directors resolves to distribute a dividend

In a meeting held on 26 October 2022, the Banco Sabadell Board of Directors resolved to distribute an interim cash dividend out of the earnings of 2022 amounting to EUR 0.02 (gross) per share, to be paid on 30 December 2022.

Moody's upgrades outlook for Banco Sabadell

On 7 November 2022, Moody's Investors Service changed the outlook on the Banco Sabadell's long-term deposit and senior unsecured debt ratings to positive from stable, maintaining deposits ratings and senior unsecured debt ratings at "Baa2/Baa3" respectively.

Banco Sabadell receives notice of SREP requirements for 2023

On 15 December 2022, Banco Sabadell received the European Central Bank decision regarding the minimum prudential requirements as a result of the supervisory review and evaluation process (SREP) that apply from 1 January 2023.

The requirement for Banco Sabadell at consolidated level is to keep at all times a minimum Common Equity Tier I ratio of 8.65% (CET1 phased-in) and a minimum Total Capital phased-in of 13.09%

These ratios include the minimum Pillar 1 requirement (8.00%, of which CET1 4.50%), the Pillar 2 requirement (2.15%, of which CET1 1.21%), the capital conservation buffer (2.50%), the requirement derived from its consideration as "other systemically important institution" (0.25%) and the countercyclical buffer (0.19%), linked to exposures in UK, where a 1% countercyclical buffer has been established applying from December 2022.

TSB Bank plc. reaches agreement regarding the incidents occurring following the migration of its IT platform.

Related to the Relevant Fact number 266505 filed by Banco Sabadell on 7th June 2018, TSB Bank plc. (TSB), on 16th December 2022 has reached an agreement with British regulators on the conclusions of the investigation into the causes and circumstances related to the issues that emerged following the migration of the IT platform of TSB. Said agreement requires TSB to pay 48.65 million pounds to the British Regulators, which will be accounted for by TSB in the fourth quarter.

Banco Sabadell receives notice of MREL requirements for 2024

On 11 January 2023, Banco Sabadell has received the communication through the Bank of Spain of the decision made by the Single Resolution Board (SRB) on the minimum requirement for own funds and eligible liabilities (MREL) and the subordination requirement applicable to Banco Sabadell on a consolidated basis.

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

- The minimum requirement for MREL is 22.22% of the total risk exposure amount (TREA) and 6.36% of the leverage ratio exposure (LRE).
- The subordination requirement is 17.23% of TREA and 6.36% of LRE.

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

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

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

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

The Banco Sabadell Board of Directors resolves to propose the distribution of a dividend

In a meeting held on 25 January 2023 and complying with the Shareholder Remuneration Policy approved at the same meeting, the Banco Sabadell Board of Directors has resolved to propose to the next Annual General Meeting of Shareholders a supplementary dividend of €0.02 (gross) per share charged to the results of the 2022 financial year, to be paid in cash foreseeably in the month following the holding of the Annual General Meeting of Shareholders.

This dividend adds on to the interim cash dividend amounting to €0.02 (gross) per share which was approved by the Banco Sabadell Board of Directors on 26th October 2022, and which was paid on 30th December 2022.

In addition to this cash dividend, Banco Sabadell Board of Directors has also agreed to establish, out of the 2022 earnings, a share buyback programme, subject to the corresponding previous authorizations, up to a maximum of €204 million euros, whose terms will be the content of a new announcement before its execution.

The total shareholders remuneration corresponding to 2022, which combines the cash dividend and the share buyback programme, will, therefore, be equivalent to a 50% of the attributable net profit.

6. Glossary of terms on performance measures

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

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

		Definition and calculation	Page
ROA	(*) (**)	Consolidated income during the year / ATA. In the numerator the annualization of the profit obtained to date is considered and adjusted by contributions to deposit guarantee and resolution funds (DGF and SRF) 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
Efficiency ratio with amortisation & depreciation	(*)	Administrative expenses and amortisation & depreciation / adjusted gross income. The denominator includes the linear accrual of contributions to deposit guarantee fund 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.	8
Gains on sale of assets and other results		Includes the following accounting items: net gains or losses on derecognition of non-financial assets, excluding investment properties, and gains or losses on sales of equity holdings and other items included in the profit or loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations.	8
Pre-provisions income		Comprised of the following accounting items: gross income plus administration and amortisation/depreciation expenses.	8
Customer spread	(**)	Difference between return and cost of assets and liabilities related to customers. The ratio has been calculated taking into account the difference between the average rate charged by the bank for customers loans and the average rate paid by the bank for the customers deposits. The average customers loans rate is the annualised ratio between the financial income from customer loans and the average daily balance of customer loans. The average rate of customers funds is the annualised ratio between the financial expenses on customers funds and the average daily balance of customers funds.	9
Credit cost of risk (bps)		Ratio between provisions for NPLs / gross loans to customers excluding repos and guarantees granted. The numerator considers the linear annualization of the provisions for NPLs. In addition, the costs associated with the stage 3 management assets are adjusted.	14
Total cost of risk (bps)		Ratio between total provisions & impairments / gross loans to customers excluding repos and guarantees granted and problematic RE Assets. The numerator considers the linear annualization of total provisions & impairments.	14
Other assets		Includes the following accounting items: derivatives - hedge accounting, fair value changes of the hedged items in portfolio hedge of interest rate risk, tax assets, other assets, assets under insurance or reinsurance contracts and non-current assets and disposal groups classified as held for sale.	15
Other liabilities		Includes the following accounting items: derivatives - hedge accounting, tax liabilities, fair value changes of the hedged items in portfolio hedge of interest rate risk, other liabilities and liabilities included in disposal groups classified as held for sale.	15
Gross loans to customers		Includes loans and advances to customers excluding impairment allowances.	16
Performing gross loans		Includes gross loans to customers excluding repos, stage 3 assets and accrual adjustments.	16
On-balance sheet customer funds		Includes customer deposits (ex repos) and other liabilities placed by the branch network (Banco Sabadell non-convertible bonds, commercial paper and others).	18
Off-balance sheet customer funds		Includes mutual funds, 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).	19
Problematic assets coverage		Ratio between provisions associated with problematic assets / total problematic assets.	19
Stage 3 ratio		Calculated using the ratio where the numerator includes: i) the assets classified in stage 3 including other valuation adjustments (accrued interest, commissions and others) classified in stage 3 of loans and advances that are not classified as non-current assets held for sale and ii) the guarantees granted classified in stage 3. The denominator includes: (i) gross loans to customers excluding repos and (ii) guarantees granted.	19
Problematic assets		Sum of stage 3 exposures and problematic real estate assets. Also referred to as non-performing assets (NPAs).	21
Problematic Real Estate coverage ratio		Ratio between allowances for impairment of problematic RE assets / total problematic RE assets. Amount of problematic RE assets includes property classified in the portfolio of non-current asset and disposable groups classified as held for sale, excluding real estate investments with significant latent capital gains and rental properties, for which there is an agreement of sale that will be carried out after a reform process.	21
Stage 3 exposures		Includes: (i) stage 3 assets including other valuation adjustments (accrued interest, commissions and others) classified in stage 3 of loans and advances that are not classified as non-current assets held for sale and ii) guarantees granted classified in stage 3.	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 c.30% in 2021 y c.50% in 2022, that is different from the regulatory criteria which decreases that amount based on the obligations to fulfill for the rest of the year. The denominator has been calculated based on the Group's best estimate.	24
Market capitalisation		Share price multiplied by the average number of outstanding shares at the end of the period.	31
Earnings per share	(*)	Ratio between net profit attributed to the Group and the average number of outstanding shares at the end of the period. In the numerator the annualization of the profit obtained to date is considered and adjusted by the Additional Tier 1 coupon payment registered in equity as well as by contributions to deposit guarantee and resolution funds (DGF and SRF) and tax on deposits of credit institutions (IDEC), except year end.	31
Book value per share	(*)	Ratio between book value / average number of outstanding shares at the end of the period. Book value refers to equity, adjusted by contributions to deposit guarantee and resolution funds (DGF and SRF) and tax on deposits of credit institutions (IDEC), except at year end.	31
TBV per share	(*)	Ratio between tangible book value and the average number of outstanding shares at the end of the period. The tangible book value is calculated as the sum of equity adjusted by intangible assets and the goodwill of the investees, and by contributions to deposit guarantee and resolution funds (DGF and SRF) and tax on deposits of credit institutions (IDEC), except year end.	31
Price / Tangible book value (times)	(*)	Ratio between share price / tangible book value per share.	31
Price / Earnings ratio (P/E) (times)	(*)	Ratio between share price / earnings per share.	31

(*) The accrual on a straight-line basis of contributions to the deposit guarantee fund and the resolution fund, 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 funds calculated using the month-end balance from December of the previous year.

Alternative Performance measures	Conciliation (€millions)	FY21	FY22
ROA	Average total assets	245,313	257,692
	Consolidated net profit	539	869
	ROA (%)	0.22	0.34
ROE	Average equity	13,106	13,598
	Attributable net profit	530	859
	ROE (%)	4.05	6.31
RORWA	Risk weighted assets (RWA)	80,646	79,612
	Attributable net profit	530	859
	RORWA (%)	0.66	1.08
ROTE	Average equity (excluding intangible assets)	10,508	11,061
	Attributable net profit	530	859
	ROTE (%)	5.05	7.76
Efficiency ratio	Gross operating income	5,026	5,180
	Operating expenses	-2,781	-2,337
	Efficiency ratio (%)	55.33	45.12
	Amortisation & depreciation	-527	-545
	Efficiency ratio with amortisation & depreciation (%)	65.80	55.65
Other operating income/expense	Other operating income	155	122
	Other operating expenses	-467	-459
	Income from assets under insurance or reinsurance contracts	0	0
	Expenses on liabilities under insurance or reinsurance contracts	0	0
	Other operating income/expense	-313	-337
Total provisions & impairments	Provisions or reversal of provisions	-88	-97
	Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss and net modification losses or gains	-960	-840
	Provisions for NPLs and other financial assets	-1,047	-936
	Impairment or reversal of impairment of investments in joint ventures and associates	-9	-12
	Impairment or reversal of impairment on non-financial assets	-106	-61
	Profit or loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations	-7	-28
	Gains or losses on sales of equity holdings and other items	-55	2
	Gains from sales of investment properties and associates	0	3
	Other impairments	-178	-96
	Total provisions & impairments	-1,225	-1,032
Gains on sale of assets and other results	Gains or losses on derecognition of non-financial assets, net	71	-17
	Gains or losses on sales of equity holdings and other items	55	-2
	Gains from sales of investment properties and associates	0	-3
	Gains on sale of assets and other results	126	-23
Pre-provisions income	Gross operating income	5,026	5,180
	Operating expenses	-2,781	-2,337
	Personnel expenses	-1,777	-1,392
	Other general expenses	-1,004	-946
	Amortisation & depreciation	-527	-545
	Pre-provisions income	1,719	2,298
Customer spread (*)	Loans to customers (net)		
	Avg.balance	152,176	157,870
	Results	3,513	3,966
	Rate %	2.31	2.51
	Customer deposits		
	Avg.balance	154,610	162,393
	Results	-135	-309
Rate %	-0.09	-0.19	
	Customer spread	2.22	2.32
Other assets	Derivatives - Hedge accounting	525	3,072
	Fair value changes of the hedged items in portfolio hedge of interest rate risk	-4	-1,546
	Tax assets	7,027	6,851
	Other assets	620	480
	Non-current assets and disposal groups classified as held for sale	778	738
	Other assets	8,946	9,596
Other liabilities	Derivatives - Hedge accounting	512	1,242
	Fair value changes of the hedged items in portfolio hedge of interest rate risk	19	-959
	Tax liabilities	205	227
	Other liabilities	768	872
	Liabilities included in disposal groups classified as held for sale	0	0
	Other liabilities	1,505	1,382

(*) Customer spread calculated using cumulative data.

Alternative Performance measures	Conciliation (€millions)	FY21	FY22
Performing gross loans	Mortgage loans & credits	90,718	89,340
	Other secured loans & credits	3,596	3,412
	Working capital	6,050	7,489
	Leasing	2,106	2,227
	Unsecured lending and others	52,443	53,663
	Performing gross loans	154,912	156,130
	Stage 3 assets (customer)	5,698	5,461
	Accruals	58	159
	Gross loans to customers excluding repos	160,668	161,750
	Reverse repos	0	0
Gross loans to customers	Gross loans to customers	160,668	161,750
	NPL and country-risk provisions	-3,302	-3,020
	Loans and advances to customers	157,366	158,730
On-balance sheet customer funds	Financial liabilities at amortised cost	235,179	232,530
	Non-retail financial liabilities	73,159	68,390
	Central banks	38,250	27,844
	Credit institutions	8,817	11,373
	Institutional issues	21,270	22,514
	Other financial liabilities	4,822	6,659
	On-balance sheet customer funds	162,020	164,140
	Customer deposits	162,239	164,076
	Sight accounts	147,268	147,540
	Fixed-term deposits including available and hybrid financial liabilities	14,813	16,141
Repos	60	405	
Accruals and derivative hedging adjustments	98	-9	
Debt and other marketable securities	16,822	19,100	
Subordinated liabilities (*)	4,229	3,478	
On-balance sheet funds	On-balance sheet funds	183,290	186,654
	Mutual funds	24,593	22,581
	Managed accounts	3,795	3,532
Off-balance sheet customer funds	Pension funds	3,525	3,182
	Third-party insurance products	9,765	9,197
	Off-balance sheet customer funds	41,678	38,492
Funds under management and third-party funds	Funds under management and third-party funds	224,968	225,146
Stage 3 exposures	Stage 3 assets (includes valuation adjustments)	5,729	5,491
	Guarantees granted in stage 3	475	324
	Stage 3 exposures (€ million)	6,203	5,814
Stage 3 coverage ratio with total provisions (%)	Stage 3 exposures	6,203	5,814
	Total provisions	3,495	3,200
	Stage 3 coverage ratio with total provisions (%)	56.3%	55.0%
Stage 3 coverage ratio (%)	Stage 3 exposures	6,203	5,814
	Stage 3 provisions	2,553	2,292
	Stage 3 coverage ratio (%)	41.2%	39.4%
Problematic Real Estate coverage ratio (%)	Problematic RE Assets	1,362	1,157
	Provisions	520	443
	Problematic Real Estate coverage ratio (%)	38.2%	38.3%
Problematic assets	Stage 3 exposures	6,203	5,814
	Problematic RE Assets	1,362	1,157
	Problematic assets	7,565	6,971
Problematic assets coverage (%)	Provisions of problematic assets	4,014	3,644
	Problematic assets coverage (%)	53.1%	52.3%
	Stage 3 ratio (%)	Stage 3 exposures	6,203
Gross loans to customers excluding repos		160,668	161,750
Guarantees granted		9,268	9,003
Credit cost of risk (bps)	Stage 3 ratio (%)	3.65%	3.41%
	Gross loans to customers excluding repos and guarantees granted	169,937	170,753
	Provisions for NPLs	-950	-825
NPLs costs	-118	-82	
Credit cost of risk (bps)	49	44	
Total cost of risk (bps)	Gross loans to customers excluding repos and guarantees granted	169,937	170,753
	Problematic RE Assets	1,362	1,157
	Total provisions & impairments	-1,225	-1,032
Total cost of risk (bps)	72	60	
Loan-to-deposits ratio (%)	Adjusted net loans and advances w/o repos by brokered loans	166,076	166,924
	On-balance sheet customer funds	162,020	164,140
	Loan-to-deposits ratio (%)	96.3%	95.6%
Market capitalisation (€million)	Average number of shares (million)	5,586	5,594
	Share price (€)	0.592	0.881
	Market capitalisation (€million)	3,306	4,927
Earnings per share (EPS) (€)	Net profit attributed to the Group adjusted	430	748
	Attributable net profit	530	859
	Accrued AT1	-101	-110
Book value per share (€)	Average number of shares (million)	5,586	5,594
	Book value per share (€)	2.39	2.47
	Intangible assets	2,607	2,484
TBV per share (€)	Tangible book value (€million)	10,750	11,357
	TBV per share (€)	1.92	2.03
	Share price (€)	0.592	0.881
Price / Tangible book value (times)	Price / Tangible book value (times)	0.31	0.43
Price / Earnings ratio (P/E) (times)	Price / Earnings ratio (P/E) (times)	7.69	6.58

(*) 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

Shareholder and Investor Relations

For further information, contact:



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